

### Contents

#### Updates

**DLF:** DLF likely to sell Amanresorts

**CESC:** Retail continues to eat into power value

**Banks/Financial Institutions:** Pricing power to return as excess liquidity wanes away

#### News Round-up

- ▶ Bharti Airtel (BHARTI IN), the new owner of Zains's Africa operations, will invest USD 100mn in Uganda over 2 years on technology upgrades & network expansion. *(ECNT)*
- ▶ Reliance Industries (RIL IN) failed attempt to take over LyondellBasell, may not be the final one. The Netherlands-based major expects the bid to come again in the coming years. *(BSTD)*
- ▶ International rating agency Moody's said the risk profile of Reliance Industries (RIL IN) has increased following its entry into untested telecom space by acquiring Infotel Broadband Services, but has retained the outlook of the Mukesh Ambani-owned company. *(BSTD)*
- ▶ Reliance Ind. (RIL IN) has opened channels with MTNL to market its 3G services as a franchisee. *(FNLE)*
- ▶ HCL Technologies (HCLT IN) denied any plans to merge with the group's computer hardware subsidiary HCL Infosystems (HCLI IN). *(ECNT)*
- ▶ Nagarjuna Construction Company Ltd (NJCC IN) is planning to dilute about 49 percent stake by roping in a foreign partner in the Special Purpose Vehicle (SPV) executing the 1320- MW coal fired plant in Srikakulam, Andhra Pradesh. *(THBL)*
- ▶ TVS Motor Company (TVSL IN) says it has put its electric vehicle production plans on hold due to lukewarm response from the market. *(BSTD)*
- ▶ SBG Project Investments made an open offer to acquire an additional 20% stake in Maytas Infra (MAY IN) at INR 195.72 per share. *(BSTD)*
- ▶ Zydus Cadila has received pharmaceutical for conducting phase-I clinical trial from the Drug Controller General of India for ZYOGI, an oral, anti-diabetic molecule that has been developed at Zydus Research Centre, for an investment of USD 7-8 mn. *(BSTD)*
- ▶ The Bajaj-Renault-Nissan alliance's small car project continues to get side-lined, as plans of production and branding are yet to take shape. *(BSTD)*
- ▶ GVK PIL (GVKP IN) has said it plans to install an 800-megawatt gas-based combined cycle power plant at its Gautami plant site at USD 680 mn. *(BSTD)*
- ▶ Tata Steel (TATA IN) said its USD 3.19 bn expansion plan of the Jamshedpur facility had received clearance from the environment ministry. *(BSTD)*
- ▶ Oil India has secured an extension for petroleum exploration licenses (PELs) for 10 of its 16 independently held blocks in Assam and Arunachal Pradesh. *(BSTD)*
- ▶ BEML Ltd (BEML IN) Plans to invest USD 144 mn in the new and existing facilities by 2012-13. *(THBL)*

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

### EQUITY MARKETS

India	Change %			
	21-Jun	1-day	1-mo	3-mo
Sensex	17,877	1.7	8.7	2.7
Nifty	5,353	1.7	8.6	2.8
<b>Global/Regional indices</b>				
Dow Jones	10,442	(0.1)	2.4	(3.2)
Nasdaq Composite	2,289	(0.9)	2.7	(4.4)
FTSE	5,299	0.9	4.7	(6.1)
Nikkie	10,175	(0.6)	4.0	(6.0)
Hang Seng	20,844	(0.3)	6.6	(0.4)
KOSPI	1,734	(0.3)	8.3	3.7
<b>Value traded – India</b>				
Cash (NSE+BSE)	167		167	175
Derivatives (NSE)	1,198		1,207	758
Deri. open interest	1,538		1,473	1,345

#### Forex/money market

	Change, basis points			
	21-Jun	1-day	1-mo	3-mo
Rs/US\$	45.8	(43)	(117)	16
10yr govt bond, %	7.6	(2)	17	(31)

#### Net investment (US\$m)

	18-Jun	MTD	CYTD
FIs	151	773	5,373
MFs	(10)	160	(282)

#### Top movers -3mo basis

Best performers	Change, %			
	21-Jun	1-day	1-mo	3-mo
IBULL IN Equity	135.4	0.2	(7.3)	32.5
BJFIN IN Equity	417.3	3.3	(8.8)	31.3
UNTP IN Equity	194.3	2.1	17.8	25.4
BJAUT IN Equity	2316.9	1.5	10.4	25.1
TT IN Equity	1183.9	4.6	7.8	24.2
<b>Worst performers</b>				
GRASIM IN Equity	1789.4	1.7	(27.1)	(38.1)
ABAN IN Equity	744.9	1.9	9.4	(37.7)
EDSL IN Equity	525.9	1.9	8.4	(30.2)
PUNJ IN Equity	126.5	2.1	(4.2)	(28.4)
NMDC IN Equity	267.0	0.8	(2.5)	(22.8)

JUNE 21, 2010

**UPDATE**

Coverage view: **Cautious**

Price (Rs): **290**

Target price (Rs): **340**

BSE-30: **17,877**

**DLF likely to sell Amanresorts.** DLF plans to sell a controlling stake in Amanresorts for US\$300-350 mn as per media reports. We believe this would be a positive development as DLF takes steps to reduce its net debt of Rs164 bn and reduce its net debt/equity to 0.4-0.5X from 0.53X currently. We maintain an ADD rating on DLF with a target price of Rs340, which is based on par with our Sept 2011 NAV.

**Company data and valuation summary**

DLF

**Stock data**

52-week range (Rs) (high,low) 520-252

Market Cap. (Rs bn) 495.6

**Shareholding pattern (%)**

Promoters 78.6

FIIs 14.8

MFs 0.3

**Price performance (%)**

Absolute 1M 7.9 3M (7.3) 12M (12.3)

Rel. to BSE-30 (0.8) (8.8) (28.7)

**Forecasts/Valuations**

2010 2011E 2012E

EPS (Rs) 9.6 16.3 25.1

EPS growth (%) (64.0) 69.4 53.8

P/E (X) 30.1 17.8 11.6

Sales (Rs bn) 72.2 116.4 141.1

Net profits (Rs bn) 16.3 27.6 42.4

EBITDA (Rs bn) 34.9 54.1 70.6

EV/EBITDA (X) 19.4 12.3 9.2

ROE (%) 6.4 9.9 13.8

Div. Yield (%) 1.0 1.0 1.7

**Media reports on sale of Amanresorts—part of deleveraging plan**

DLF plans to sell a controlling stake in Amanresorts for about US\$300-350 mn as per media reports. DLF had bought a 97% stake in Aman in 2007 from Adrian Zecha to acquire a controlling interest in Amanresorts at an estimated enterprise value of US\$400 mn. Amanresorts currently own and manage 23 luxury hotels worldwide in 13 countries that include India, Thailand, Indonesia, France and USA (see exhibit).

We view this as a positive development as it is in line with the deleveraging plan of DLF. We note that post the consolidation, DLF now has a net debt of Rs164 bn (including pref. shares) as of 4QFY10 compared to Rs117 bn in 1QFY10. However, we believe the debt position is still manageable as DLF would generate a rental income of Rs15-16 bn/year from the current portfolio itself. Management highlighted that interest cost for their borrowings has come down to 10.5% in 4QFY10 compared to 11.9% in Dec 2008, which would save ~Rs2 bn of interest cost annually. DLF is targeting to reduce its net debt/equity to 0.4-0.5X from 0.53X currently. DLF has to make debt repayments of Rs26 bn in FY2011E.

**Key events that would determine near-term stock performance**

We believe that DLF stock performance would likely depend on the events that will pan out over the next few months.

- **Mumbai residential launch.** DLF will likely launch the residential project in NTC Mills, Lower Parel in 1Q or 2QFY2011E. DLF had converted this site to a 3 mn sq. ft residential project and a 0.6 mn sq. ft retail mall from a commercial project in 4QFY10. We assume a pricing of Rs20,000/sq.ft and this project can likely have both pricing as well as volume upside risk.

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- ▶ **Commercial recovery could be positive trigger.** DLF has 13 mn sq. ft of leasable commercial space in DAL of which only approx. 50% is leased. DLF will benefit from any recovery in commercial leasing as balance area is almost ready inventory, which can be delivered within six months. We also believe that new commercial starts can start from 4QCY10 as inventory reduces and various developers start planning for demand accruing in 2HCY12E.
- ▶ **DAL listing.** We believe DAL listing in Singapore REIT market will be NAV accretive because of the lower cap rates in Singapore compared to India. Also this could create availability of funds to invest in further projects.
- ▶ **Operating cash flow cycle turns positive.** Despite large tax payments of Rs5 bn, DLF generated marginal operating cash flow for 4QFY10. We believe pace of operating cash flow will increase sharply from 1QFY11. Management indicated that DLF is getting cash collections of Rs6-7 bn/month from its ongoing projects. Post consolidation, DLF will have an annual rental income of Rs15-16 bn, which further give comfort on cash flow visibility. Apart from this, DLF also has steady income from power business, hotels and maintenance activities.

### We reiterate our ADD rating

We maintain our ADD rating as our target price of Rs340 provides an upside of more than 20%. Our target price of Rs340/share is based on par with our Sept 2011-based NAV of Rs340/share. DLF has consolidated 100% of DCCDL and Caraf in 4QFY10 (only 13 days of operations). The promoter's 40% stake in DCCDL is held through 9% convertible preference shares of Rs16 bn convertible post April 2011. We adjust promoter's 40% stake in DCCDL from our estimated Sep '11-based NAV.

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### Amanresorts operates 23 luxury resorts

Year	Resort	Country
1988	Amanpuri	Phuket, Thailand
1989	Hotel Bora Bora	French Polynesia
1989	Amandari	Indonesia
1992	Le Mélézin	French Alps, France
1992	Amanusa	Bali, Indonesia
1993	Amankila	Bali, Indonesia
1993	Amanpulo	Philippines
1997	Amanjiwo	Indonesia
1998	Amangani	Wyoming, USA
2000	Amanjena	Morocco
2002	Amansara	Cambodia
2003	Aman-i-Khás	India
2004	Amankora	Bhutan
2005	Amanbagh	India
2005	Amangalla	Sri Lanka
2005	Amanwella	Sri Lanka
2006	Amanyara	Turks & Caicos Islands

Source: Company, Kotak Institutional Equities

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**Gross debt increases to Rs217 bn post consolidation of DCCDL and Caraf**  
Debt position (Rs bn), 4QFY09-4QFY10

	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10
Gross opening debt		163.2	147.8	147.3	171.7
Less: Repaid during quarter		(34.6)	(3.9)	(4.4)	(14.0)
New loans		19.2	1.8	27.0	37.9
Net debt availed		147.8	145.6	169.9	195.6
Debt increase due to consolidation			1.7	1.8	21.2
Gross debt position	163.5	147.8	147.3	171.7	216.8
Less:					
Cash in hand	12.0	17.0	11.1	26.8	55.0
Equity shown as Debt / JV Co. debt	12.0	13.9	14.8	16.6	13.5
<b>Net debt</b>	<b>139.5</b>	<b>116.9</b>	<b>121.4</b>	<b>128.3</b>	<b>148.2</b>
Add: Pref shares					16.0
<b>Total obligations</b>					<b>164.2</b>

Source: Company, Kotak Institutional Equities

**Our estimate for DLF's NAV is Rs342/ share**  
NAV sensitivity to growth rate in selling prices

Valuation Methodology	Sept '11 based NAV Growth rate in selling prices			
	0%	3%	5%	10%
<b>Valuation of land reserves</b>	<b>537</b>	<b>626</b>	<b>727</b>	<b>883</b>
Residential	216	257	317	376
Retail	124	145	188	205
Commercial (sold)	76	97	126	160
Commercial (leased)	87	89	146	93
Add: 22 Hotel sites	1X land acquisition cost	25	25	25
Add: Construction JV	10X FY2010E P/E	4	4	4
Add: Investments in power business		15	15	15
Less: Net debt as on March 31, 2010		(183)	(183)	(183)
Less: Land cost to be paid as on March 31, 2010		(5)	(5)	(5)
NAV (Rs bn)	392	481	583	738
<b>NAV/share (Rs)</b>	<b>229</b>	<b>280</b>	<b>340</b>	<b>430</b>
Total no. of shares including ESOPs of 17 mn shares (mn)			1,716	
<b>Target price @ par to NAV</b>			<b>340</b>	

Source: Kotak Institutional Equities estimates

## Profit model of DLF, March fiscal year-ends, 2007-2012E (Rs mn)

	2007	2008	2009	2010E	2011E	2012E
<b>Total revenues</b>	<b>39,233</b>	<b>144,329</b>	<b>100,440</b>	<b>74,210</b>	<b>116,353</b>	<b>141,116</b>
Land costs	(6,319)	(39,998)	-	-	(13,686)	(13,559)
Construction costs	-	-	(33,330)	(25,840)	(30,834)	(36,937)
Employee costs	(922)	(2,998)	(4,590)	(4,690)	(6,045)	(7,980)
SG&A costs	(3,958)	(4,229)	(7,640)	(8,670)	(11,678)	(12,079)
<b>EBITDA</b>	<b>28,034</b>	<b>97,105</b>	<b>54,880</b>	<b>35,010</b>	<b>54,111</b>	<b>70,561</b>
Other income	1,108	2,464	4,970	4,330	3,131	4,188
Interest	(3,076)	(3,100)	(3,570)	(11,080)	(14,606)	(13,318)
Depreciation	(571)	(901)	(2,360)	(3,250)	(4,182)	(4,458)
<b>Pretax profits</b>	<b>25,494</b>	<b>95,568</b>	<b>53,920</b>	<b>25,010</b>	<b>38,453</b>	<b>56,974</b>
Profit/(loss) share of associates	-	-	-	-	-	-
Current tax	(6,058)	(17,146)	(7,790)	(6,960)	(11,874)	(15,513)
Deferred tax	-	(176)	680	186	1,018	975
<b>Net income</b>	<b>19,436</b>	<b>78,247</b>	<b>46,810</b>	<b>18,236</b>	<b>27,597</b>	<b>42,437</b>
<b>Reported net income</b>	<b>19,425</b>	<b>78,156</b>	<b>46,300</b>	<b>18,136</b>	<b>27,597</b>	<b>42,437</b>

**EPS (Rs)**

Primary	13.0	47.1	27.6	10.8	16.3	25.1
Fully diluted	13.0	46.6	27.3	10.7	16.2	24.8

**Shares outstanding (mn)**

Year end	1,530	1,705	1,697	1,691	1,691	1,691
Primary	1,496	1,661	1,697	1,691	1,691	1,691
Fully diluted	1,496	1,678	1,714	1,708	1,708	1,708

**Cash flow per share (Rs)**

Primary	4.2	46.4	18.1	7.0	14.3	23.2
Fully diluted	4.2	45.9	17.9	6.9	14.2	23.0

**Growth (%)**

Net income (adjusted)	913	302	(41)	(61)	52	54
EPS (adjusted)	2	259	(41)	(61)	51	54
DCF/share	(77)	1,000	(61)	(61)	105	62

Cash tax rate (%)	24	18	14	28	31	27
Effective tax rate (%)	24	18	13	27	28	26

Source: Kotak Institutional Equities estimates

## Balance model of DLF, March fiscal year-ends, 2007-2012E (Rs mn)

	2007	2008	2009	2010E	2011E	2012E
<b>Equity</b>						
Share capital	3,059	3,410	3,394	3,382	3,382	3,382
Reserves/surplus	36,613	193,473	238,144	265,209	287,020	319,815
<b>Total equity</b>	<b>39,672</b>	<b>196,883</b>	<b>241,538</b>	<b>268,591</b>	<b>290,403</b>	<b>323,197</b>
Deferred tax liability/(asset)	187	359	(414)	(600)	(1,618)	(2,593)
<b>Liabilities</b>						
Secured loans	92,053	80,534	132,623	201,178	196,178	196,178
Unsecured loans	7,275	42,237	30,578	—	—	—
<b>Total borrowings</b>	<b>99,328</b>	<b>122,771</b>	<b>163,201</b>	<b>201,178</b>	<b>196,178</b>	<b>196,178</b>
Current liabilities	42,429	72,157	78,244	82,755	99,922	117,380
<b>Total capital</b>	<b>181,708</b>	<b>396,065</b>	<b>488,906</b>	<b>558,260</b>	<b>591,221</b>	<b>640,498</b>
<b>Assets</b>						
Cash	4,155	21,421	11,956	17,737	25,909	39,419
Current assets	124,639	244,579	304,268	286,626	303,570	326,019
Gross block	17,787	51,626	84,867	120,987	128,687	137,157
Less: accumulated depreciation	2,412	3,435	5,743	9,947	14,129	18,587
Net fixed assets	15,375	48,191	79,124	111,040	114,558	118,570
Capital work-in-progress	26,497	51,840	56,882	105,608	109,935	119,241
<b>Total fixed assets</b>	<b>41,872</b>	<b>100,031</b>	<b>136,006</b>	<b>216,648</b>	<b>224,492</b>	<b>237,811</b>
Intangible assets	—	—	—	—	—	—
Investments	11,042	30,033	36,676	37,158	37,158	37,158
Misc. expenses	—	—	—	—	—	—
<b>Total assets</b>	<b>181,708</b>	<b>396,065</b>	<b>488,906</b>	<b>558,260</b>	<b>591,221</b>	<b>640,498</b>
<b>Leverage ratios (%)</b>						
Debt/equity	249.2	62.2	67.7	75.1	67.9	61.2
Debt/capitalization	71.4	38.4	40.4	42.9	40.5	38.0
Net debt/equity	238.8	51.4	62.7	68.5	59.0	48.9
Net debt/capitalization	70.5	33.9	38.5	40.6	37.1	32.8
<b>RoAE</b>	<b>78.6</b>	<b>65.9</b>	<b>21.1</b>	<b>7.1</b>	<b>9.9</b>	<b>13.9</b>
<b>RoACE</b>	<b>22.9</b>	<b>35.3</b>	<b>13.6</b>	<b>6.0</b>	<b>7.7</b>	<b>10.2</b>

Source: Kotak Institutional Equities estimates

**JUNE 22, 2010**
**UPDATE**

Coverage view: **Attractive**

Price (Rs): **386**

Target price (Rs): **439**

BSE-30: **17,877**

**Retail continues to eat into power value.** CESC reported consolidated results, reflecting operating loss of Rs3 bn in the retail business in comparison to Rs7.5 bn operating profit of the power business. We have revised our valuations for CESC to factor funding of retail losses of Rs5.4 bn (Rs3 bn previously); despite that our fair value estimate of Rs439/share (Rs455 previously) offers 13% upside to CMP. Continuing retail losses remain the key risk to our rating and target price.

**Company data and valuation summary**

CESC

Stock data		Forecasts/Valuations			
		2010	2011E	2012E	
52-week range (Rs) (high,low)	452-260	EPS (Rs)	35.2	42.2	45.7
Market Cap. (Rs bn)	48.3	EPS growth (%)	9.3	19.6	8.4
Shareholding pattern (%)		P/E (X)	11.0	9.2	8.5
Promoters	52.5	Sales (Rs bn)	32.9	34.2	35.1
FIs	18.6	Net profits (Rs bn)	4.4	5.3	5.7
MFs	15.3	EBITDA (Rs bn)	8.2	10.6	11.3
Price performance (%)		EV/EBITDA (X)	7.0	6.4	7.2
Absolute	4.9	ROE (%)	11.1	11.7	11.4
Rel. to BSE-30	(3.5)	Div. Yield (%)	1.1	1.4	1.5
1M	3M	12M			

**Consolidated earnings—no respite from mounting retail losses**

CESC reported consolidated revenues of Rs42 bn, operating profit of Rs4.5 bn and PAT of Rs2 bn in FY2010. Operating losses of Rs3 bn in the retail business eroded the Rs7.5 bn profitability of the power business. Reported profits include an exceptional expense of Rs430 mn on account of write-offs resulting from closure non-viable and loss-making stores in the retail business in FY2010. We have revised our estimate for funding losses in retail to Rs5.4 bn (Rs3.0 bn previously) to factor in continued cash loss in the retail business.

We, however, note that management has indicated improvement in operations including (1) savings of ~Rs1,000 mn mainly on advertisement & corporate operating expenditure in FY2010 and (2) improvement in sales from 660/sqft in FY2009 to ~811/sqft in FY2010. In our view, any positive development in the retail business such as (1) sustainable reduction in losses, or (2) sale of stake in the retail business, or (3) infusion of equity through relaxation of FDI norms, will likely trigger the stock performance for CESC.

**Power—attractively valued with limited risk to earnings**

We continue to remain optimistic on CESC's core power business and estimate a steady growth in regulated equity—Rs183/share in FY2011E and highlight that value for the core power business accounts for 76% of our fair value estimate for CESC. The growth in the extant power business will likely be driven by incremental capex incurred in the distribution segment. We note that commissioning of Budge Budge III (250 MW) in 4QFY10 will benefit FY2011E earnings from its first full year of operation and will also allow CESC to benefit from sale of power at short-term rates during off-peak hours.

Meanwhile, Chandrapur (600 MW) under Dhariwal Infrastructures Ltd (DIPL) has achieved significant milestones with land, fuel and environmental clearances already in place. The project has achieved financial closure and BoP and BTG orders have been placed with Punj Lloyd and Shanghai Electric Group, respectively. DIPL contributes Rs81/share to our target price.

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### Maintain ADD with a revised target price of Rs439/share

We maintain our ADD rating with a revised target price of Rs439/share as we increase our estimate for funding losses in retail business to Rs5.4 bn from Rs3.0 bn previously. Our target price comprises (1) Rs336 for Kolkata business (inclusive of 250 MW expansion at Budge Budge), (2) Rs81/share for 100% ownership in DIPL for capacity of 600 MW, and (3) Rs21/share for real estate business based on September 11-based NAV.

**Exhibit 1: Our September 11-based SOTP yields a TP of Rs439/share**  
CESC Sum-of-the-parts valuation

	Methodology	Key assumptions	FY2011E Book value per share (Rs)	Per share value (Rs)
Kolkata generation, transmission & distribution	<b>DCF to equity</b> Disc. rate: 12% Terminal year growth: 2%	The business enjoys very high predictability of cash flows, regular reinvestments and high profitability (>20% RoE) from operational efficiencies and incentives.	183	336
Real-estate	<b>DCF</b> Disc. rate: 15% Terminal year growth: 5%	<b>Mall</b> Area for lease (sq. ft) 400,000 Rental (Rs/sq. ft) 120 Inflation in rental (%) 5 CESC's share (%) (A) 100 CESC's retainable share of A (%) 67 <b>35 acre land at Mulajore</b> Area for sale (sq. ft) 2,500,000 Rate (Rs/sq. ft) 600 CESC's share (%) (A) 100 CESC's retainable share of A (%) 67		21
Cash and investible surplus on books	<b>Market value</b>	Marketable securities & cash on books (Rs bn): 11.9 Regulatory liability/unallocable debt (Rs bn) (3.4) Cash paid for controlling stake in DIPL (Rs bn) (3.0) Cash infusion required in retail (Rs bn) (5.4) —		—
DIPL 600 MW	<b>DCF to equity</b> Disc. rate: 12.5%	50% of the capacity available for merchant sale at a sustainable tariff of Rs3/kwh		81
<b>SOTP value</b>			<b>263</b>	<b>439</b>

Source: Company, Kotak Institutional Equities estimates

### Capacity expansion to drive future earnings and valuations

CESC plans to add another 4,520 MW of capacity in the next 4-5 years which would take its total installed capacity to 5,745 MW. Most of these capacities are planned to sell power outside the license area apart from Haldia phase I which will cater to the Kolkata distribution business along with part merchant sale. We note visible and satisfactory progress in the Chandrapur project (600 MW, owned by DIPL) which has achieved financial closure and BoP and BTG orders have been placed. Progress on Haldia I (600 MW) has been slow as the entire land is still not under possession. The company has acquired ~80% of land (287 acres) and balance is still under progress. Other projects are in various stages of planning. Exhibit 2 below highlights the progress of various projects on key parameters.

**Exhibit 2: Significant progress in Chandrapur, Haldia continues to lag**  
Execution status of CESC's projects under development

Project	Capacity (MW)	Cost (Rs bn)	Fuel	Land	Environmental clearance	Fuel arrangement	Financial closure	Expected CoD
Haldia I	600	30	Thermal	WIP	✓	✓	WIP	FY2013
Chandrapur	600	29	Thermal	✓	✓	✓	✓	FY2013
Dumka	1,000	50	Thermal	WIP	✗	✓	✗	FY2014
Dhenkanal	1,320	62	Thermal	✓	✗	✗	✗	FY2014
Pirpainty	1,000	47	Thermal	✗	✗	✗	✗	FY2015
<b>Total</b>	<b>4,520</b>	<b>218</b>						

Source: Company, Kotak Institutional Equities

**Exhibit 3: Profit model, balance sheet, cash model of CESC (ex-retail), March fiscal year-ends, 2007-12E (Rs mn)**

	2007	2008	2009	2010E	2011E	2012E
<b>Profit model (Rs mn)</b>						
Net sales	24,843	27,750	30,313	32,930	34,201	35,059
<b>EBITDA</b>	<b>6,364</b>	<b>6,045</b>	<b>6,885</b>	<b>7,501</b>	<b>9,951</b>	<b>10,570</b>
Other income	927	1,285	1,568	1,560	1,512	1,719
Interest	(2,305)	(1,885)	(2,170)	(1,780)	(2,770)	(2,917)
Depreciation	(1,579)	(1,685)	(1,700)	(2,060)	(2,426)	(2,552)
Pretax profits	3,407	3,760	4,583	5,220	6,267	6,820
Tax	(400)	(476)	(552)	(816)	(1,000)	(1,108)
<b>Net profits</b>	<b>3,007</b>	<b>3,285</b>	<b>4,031</b>	<b>4,404</b>	<b>5,267</b>	<b>5,711</b>
Extraordinary items	—	269	115	—	—	—
<b>Earnings per share (Rs)</b>	<b>36.2</b>	<b>27.8</b>	<b>32.3</b>	<b>35.2</b>	<b>42.2</b>	<b>45.7</b>
<b>Balance sheet (Rs mn)</b>						
Total equity	20,939	31,701	37,292	42,139	47,620	52,306
Total borrowings	17,983	16,288	23,981	27,719	38,018	51,134
Current liabilities	16,350	19,559	24,152	25,126	25,321	25,599
<b>Total liabilities and equity</b>	<b>55,271</b>	<b>67,548</b>	<b>85,425</b>	<b>94,984</b>	<b>110,959</b>	<b>129,039</b>
Cash	7,314	9,864	18,216	16,571	16,319	16,118
Current assets	8,110	9,752	9,868	10,293	10,354	10,482
Total fixed assets	37,340	42,148	54,159	63,853	80,027	98,186
Investments	2,414	5,697	3,104	3,104	3,104	3,104
Deferred Expenditure	93	86	79	72	65	57
<b>Total assets</b>	<b>55,271</b>	<b>67,548</b>	<b>85,425</b>	<b>93,894</b>	<b>109,869</b>	<b>127,948</b>
<b>Free cash flow (Rs mn)</b>						
Operating cash flow, excl. working capital	6,433	6,375	7,176	7,234	9,332	9,895
Working capital	4,240	1,567	4,478	548	135	150
Capital expenditure	(5,594)	(8,353)	(14,932)	(11,755)	(18,599)	(20,711)
Investments	(0)	(408)	(82)	—	—	—
<b>Free cash flow</b>	<b>5,080</b>	<b>(819)</b>	<b>(3,360)</b>	<b>(3,973)</b>	<b>(9,132)</b>	<b>(10,666)</b>

Source: Company, Kotak Institutional Equities estimates



Exhibit 4: Profit model of CESC (Consolidated), March fiscal year-ends, 2008-12E (Rs mn)

	2008	2009	2010	2011E	2012E
Power	27,746	30,313	33,000	34,201	35,059
Retail	7,681	10,197	9,040	11,370	11,891
<b>Net Sales</b>	<b>35,428</b>	<b>40,510</b>	<b>42,040</b>	<b>45,571</b>	<b>46,950</b>
Employee costs	(3,850)	(4,760)	(4,980)	(5,232)	(5,613)
Cost of electrical energy purchased	(3,783)	(4,120)	(6,370)	(1,487)	(2,574)
Cost of fuel	(8,658)	(9,450)	(10,770)	(12,134)	(12,134)
Cost of goods sold for retail business	(6,576)	(9,080)	(7,960)	(9,850)	(10,282)
Other expenditure	(8,584)	(10,560)	(7,410)	(8,671)	(7,432)
<b>Operating profit</b>	<b>3,977</b>	<b>2,540</b>	<b>4,550</b>	<b>8,197</b>	<b>8,916</b>
Depreciation	(1,962)	(2,160)	(2,510)	(2,876)	(3,032)
Power	(1,692)	(1,749)	(2,060)	(2,426)	(2,552)
Retail	(277)	(411)	(450)	(450)	(450)
Property	(0)	-	-	-	(31)
Other income	1,693	2,065	2,170	1,912	2,119
Power	1,249	1,568	1,560	1,512	1,719
Retail	444	497	610	400	400
Interest	(1,480)	(1,570)	(2,040)	(3,350)	(3,693)
<b>Profit before tax</b>	<b>2,227</b>	<b>875</b>	<b>2,170</b>	<b>3,883</b>	<b>4,309</b>
Current tax	(489)	(570)	(900)	(1,010)	(1,119)
Deferred tax	620	1,130	720	-	-
<b>Profit after tax before minority interest</b>	<b>2,358</b>	<b>1,435</b>	<b>1,990</b>	<b>2,873</b>	<b>3,190</b>
Minority interest	47	10	10	-	-
<b>Net profit</b>	<b>2,405</b>	<b>1,445</b>	<b>2,000</b>	<b>2,873</b>	<b>3,190</b>
Extraordinary income (expense)	269	(675)	(430)	-	-
<b>Reported net profit</b>	<b>2,674</b>	<b>770</b>	<b>1,570</b>	<b>2,873</b>	<b>3,190</b>

Source: Company, Kotak Institutional Equities estimates

JUNE 21, 2010

UPDATE

BSE-30: 17,877

**Pricing power to return as excess liquidity wanes away.** We expect pricing power to improve as the excess liquidity in the system has now been used up for credit. The banking system has already turned net borrowers from RBI. Short-term rates have already moved up and we expect both deposits and lending rates to start rising soon. However, given a strong pricing power, we expect margins to remain strong. Best picks would be Axis Bank, HDFC Bank and SBI amongst larger banks.

#### Expect pricing power to return on the back of lower liquidity

We see pricing power coming back to banks with the current liquidity conditions and, importantly, visibility of credit offtake. We expect margins to improve in FY2011E for most banks under coverage as asset book re-prices much faster than deposits. This is despite assuming higher rates on savings deposits. We also believe that the introduction of base rate would be somewhat positive for margins in a tighter liquidity environment.

#### Margins to remain strong despite higher savings deposit rates

In light of the strong pricing power, we expect margins for the sector to remain strong despite the higher savings deposit costs. The public banks are likely to be bigger beneficiaries (esp. SBI and Union Bank) which carried excess liquidity on their balance sheet all through last year, resulting in lower margins. Thus, even as we expect deposit rates (including revised savings deposit rates) to start moving up, enough pricing power will lead to firm lending rates.

#### Faster credit growth; tighter liquidity to result in rising rates

Credit growth has picked up to 19.3% yoy (as of June 4), compared to a deposit growth of 14.3% yoy. CD ratio which bottomed at 69% in September 2009 has already inched up to 72%. Incremental CD ratio is running at 110% since November 2009 (87% since March 2010). While banks have been comfortable on their pace of deposit mobilizations, we expect rates to start going up now, on the back of tighter liquidity conditions and slower deposit growth. Wholesale rates have already moved up (200 bps from April 2010) and are now similar to retail deposits rates - we expect announcements on new deposit rates to come in sooner than later.

#### Liquidity tightens with 3G/advance tax; interest rates still lower compared to March 2010

Over the past fortnight banks have been net borrowers to the tune of Rs330 bn (average) as the impact of 3G/advance tax payments. With the balance from BWA payments expected, we expect liquidity to remain tight till July till the money comes back into the system. While the call rates have moved to 5% levels from 3.75% levels, long term interest rates continue to remain soft compared to March 2010. The 10-year G Sec is lower by 24 bps while the 2 year is flat. Banks should be able to show treasury profits this quarter but we understand that select banks have lowered their duration by shifting to HTM from AFS.

#### Rate hikes likely in July, but CRR hike unlikely

As inflation continues to remain higher than expected, we expect RBI to raise its benchmark rates in July by 25-50 bps and an overall 100 bps during FY2011E. It has already affected a CRR hike of 75 bps thus far and given the current liquidity conditions, do not expect further CRR hikes in the near term.

#### QUICK NUMBERS

- **Average borrowings through repo are at Rs330 bn in the past fortnight.**
- **Tight liquidity is positive for margins for banks**
- **Retail deposit rates to increase as deposit mobilisation in the system still slow**

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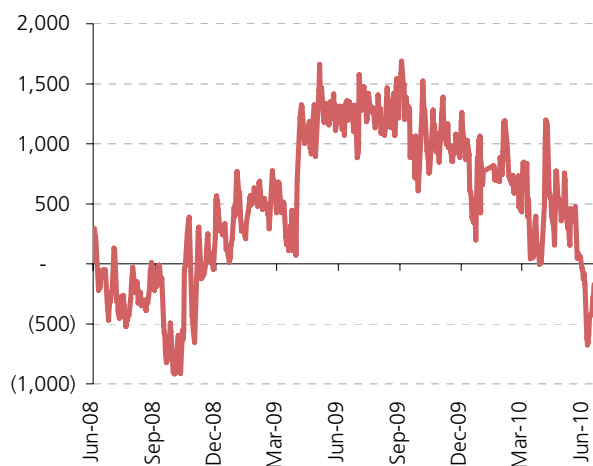
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### System moves net negative on liquidity

In the past fortnight, system liquidity has turned negative and banks have been continuously borrowing through the repo window. On an average, banks have been borrowing about Rs330 bn from the repo window. Call market rates are at over 5% levels with liquidity tightening due to 3G (Rs670 bn) and advance tax outflows. Certificate of Deposits and commercial paper has also seen a rise in interest rates since April 2010 by over 200 bps. With the impending payment for BWA (Rs385 bn) expected this fortnight (June 22), we expect liquidity to remain tight till July.

#### Liquidity has dried up in the past fortnight

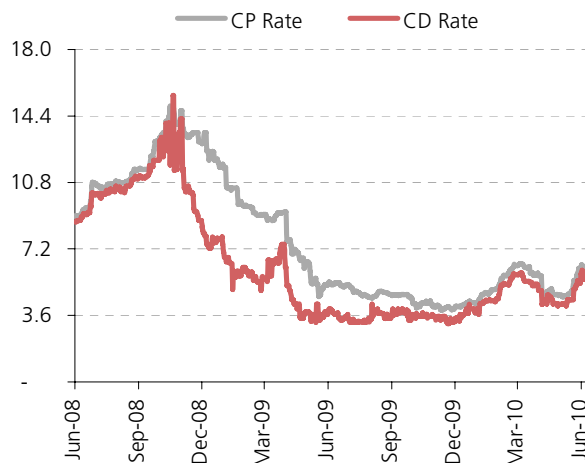
Net position of banks in the reverse repo window of RBI (Rs bn)



Source: Bloomberg

#### Short term rates have seen a rise in the past one month

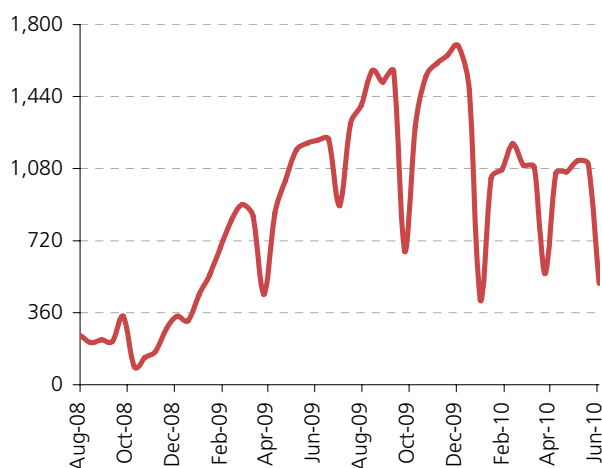
CP and CD rates, 2008-2011 (%)



Source: Bloomberg

#### Investment in mutual funds declined sharply June, 2010

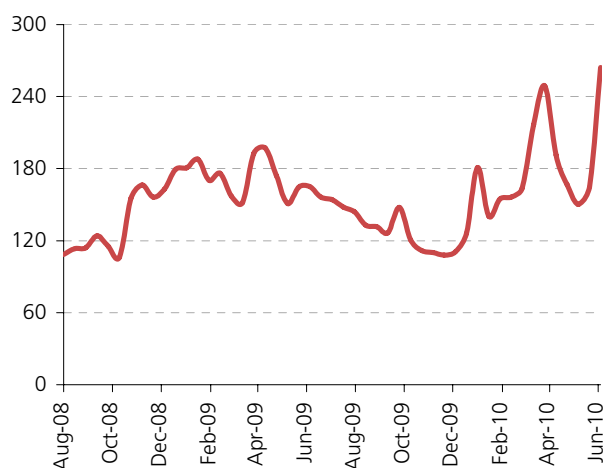
Bank's investment in mutual funds, (Rs bn)



Source: Kotak Institutional Equities, Company

#### Last reported fortnight saw a rise in CP investments

Banks investment in commercial paper, (Rs bn)

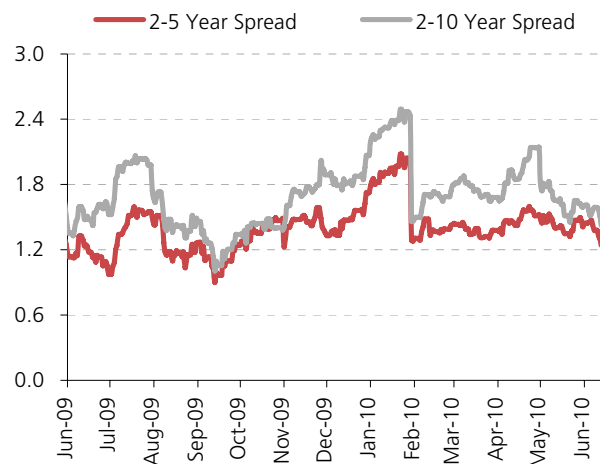


Source: Kotak Institutional Equities, Company

Spreads have remained soft with most of the G Sec instruments trading below their March 2010 levels. The 10 year G-Sec is still below its March levels by 29 bps, while the 2 year is flat in this period. With the recent auction, we are quite comfortable on the government borrowing program for the current fiscal. Further, select commodities like fuel have cooled from their recent highs which gives further comfort from an interest rate perspective.

#### Decline in 10 year has been higher since March, 2010

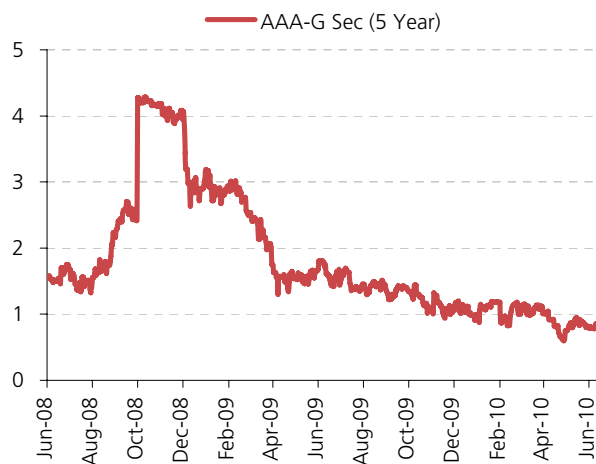
Spreads between 2 year with 5 year and 10 year, (%)



Source: Kotak Institutional Equities, Bloomberg

#### Corporate bonds spreads has declined since March 2010

Spread between 5 year AAA corporate bond and 5 Year G Sec, (%)



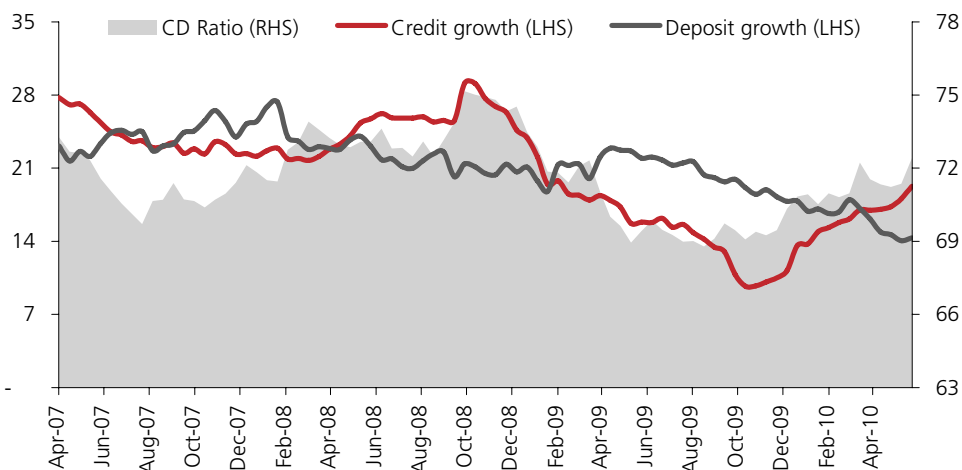
Source: Kotak Institutional Equities, Bloomberg

### Credit growth has picked up but deposit growth has lagged

Credit growth for the week ended June 4, 2010 increased to 19.3% yoy compared to a lackluster deposit growth of 14.3% yoy. Deposit growth which peaked in May 2009 at 22.9% for the past two years has been consistently decelerating. CD ratio which bottomed at 69% has already inched up to 72%. Banks are currently comfortable funding credit from their investment book (as of June 4, 2010 banks had invested Rs506 bn in mutual funds compared to Rs1.1 tn on May 21, 2010). Incremental CD ratio is running at 110% since November 2009 (87% since March 2010).

#### Credit growth has accelerated while deposits growth are not catching up

Credit and deposit growth, CD ratio for the sector, (%)



Source: RBI

Pick-up in credit offtake and drop in liquidity (normalized as we expect liquidity to return from the advance tax/3G BWA payments) should be a reasonable incentive for banks to start increasing their deposit rates. 3 months Certificate of Deposit is currently at 6.3% compared to 4% in the retail deposit rates. While we have not seen any definite action from banks, we expect announcements on new deposit rates to come in sooner than later.

#### Deposit rates continues to remain low

Retail term deposit rates for various banks as of June, 2010 (%)

	7-14 days	15-30 days	31-45 days	46-90 days	91-179 days	180-269 days	270-364 days	1 Year- less than 2 years	2 Year- less than 3 years	3 years and above
Allahabad Bank	2.50	2.75	3.00	4.00	5.00	5.50	5.50	6.50	6.75	7.00
Andhra Bank	2.00	3.00	3.00	4.00	5.00	5.50	5.50	6.50	6.50	7.00
Bank of Baroda	2.50	3.00	3.00	4.00	5.00	5.50	5.50	6.50	7.00	7.00
Bank of India	2.50	2.75	3.00	4.00	4.75	5.50	5.75	6.50	6.75	7.00
Canara Bank	1.50	2.75	2.75	4.00	5.00	5.50	5.75	6.75	7.00	7.0-7.5
OBC	2.00	2.75	3.00	4.00	5.00	5.50	5.75	6.50	6.75	7.00
Punjab National Bank	2.50	2.75	2.75	4.00	4.50	5.50	5.50	6.50	6.75	7.00
State Bank of India		2.50	2.50	3.50	4.75	5.25	5.25	6.00	6.50	6.5-7.5
Union Bank of India	1.50	3.00	3.00	4.00	4.50	5.00	5.25	6.50	7.00	7.25-7.5
ICICI Bank	—	3.50	3.50	3.50	5.25	6.00	6.00	6.25	7.00	7.5-7.75
Axis Bank	—	2.50	3.00	3.5-4.0	4.5-5.0	6.00	6.00	6.5-6.6	7.00	7.00
HDFC Bank	2.25	2.25	3.00	3.50	4.50	5.50	5.75	6.50	7.00	7.50
Federal Bank	2.00	3.00	3.00	4.00	5.25	6.25	6.25	7.25	7.50	7.75-8

Source: Kotak Institutional Equities, company websites

#### Expect pricing power to return on the back of lower liquidity

We see pricing power coming back to banks with the current liquidity conditions and importantly, visibility of credit offtake. We expect margins to improve in FY2011E for most banks under coverage as banks asset book re-prices much faster than deposits. We are factoring margins to improve by 5-10 bps for most banks under our coverage. Lending yields, which has declined by over 100 bps in the past year, should see improvement from current levels.

#### Pricing power would return to banks with reduced liquidity

Yield on advances, March fiscal year end, 4QFY08-4QFY12E (%)

	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10
<b>Public banks</b>					
Andhra Bank	11.5	11.2	11.2	10.9	10.6
Bank of Baroda	9.5	8.7	8.7	8.7	8.2
Bank of India	9.7	9.3	9.0	8.4	8.1
Canara Bank	10.8	10.1	10.0	10.0	9.8
Corporation	10.8	10.6	10.1	9.9	9.2
Indian Bank	10.9	11.0	10.8	10.9	10.2
IOB	10.3	10.2	10.0	10.0	9.4
OBC	10.5	10.4	10.3	10.3	10.2
PNB	11.3	10.7	10.8	10.4	10.2
SBI	10.2	10.0	10.0	9.8	9.7
Union Bank	11.1	10.3	10.1	10.2	9.5
<b>Old private</b>					
Federal Bank	12.3	11.4	11.6	11.4	11.0
J&K Bank	11.5	11.6	11.2	11.1	10.5
<b>New private</b>					
Axis Bank*	10.5	9.9	9.8	9.6	8.8
HDFC Bank*	12.5	11.9	11.1	10.4	9.9
ICICI Bank*	9.7	9.8	9.2	8.6	8.5

(KS calculated)

Source: Company, Kotak Institutional Equities estimates

#### Pricing power to remain in favor of banks in FY2011

Net interest margins, March fiscal year end, FY2008-FY2012E (%)

	2008	2009	2010	2011E	2012E
<b>Public banks</b>					
Andhra Bank	2.7	2.7	2.8	2.8	2.7
BoB	2.6	2.6	2.4	2.5	2.5
Bol	2.7	2.8	2.4	2.5	2.5
Canara Bank	2.1	2.5	2.4	2.4	2.5
Corporation Bank	2.5	2.3	2.3	2.3	2.2
Indian Bank	3.2	3.5	3.7	3.4	3.3
IOB	3.0	2.7	2.6	2.7	2.8
OBC	2.1	2.0	2.4	2.7	2.6
PNB	3.2	3.3	3.3	3.2	3.3
SBI	2.8	2.6	2.5	2.7	2.7
Union Bank	2.7	2.8	2.4	2.6	2.7
<b>Old private</b>					
Federal Bank	3.2	3.8	3.5	3.6	3.5
J&K Bank	2.7	2.9	2.9	3.1	3.1
<b>New private</b>					
Axis Bank	2.9	3.0	3.1	3.1	3.1
HDFC Bank	5.1	4.9	4.3	3.9	3.8
ICICI Bank	2.1	2.4	2.4	2.7	2.8

Source: Company, Kotak Institutional Equities estimates

### Key risks are manageable by banks

In the near term there are four key concerns on margins improvement in the near term. However, we believe that banks would be able to comfortably re-price their balance sheet.

- ▶ Impact of savings rate: Based on our calculations for FY2010 numbers, we see the impact to be about 13 bps (19 bps on the outside) for banks under coverage.
- ▶ RBI hike of policy rates: Impact of the recent CRR hike would be less than 5 bps. Importantly, RBI has been continuously signaling the market of its intention to hike policy rates. As they are relatively expected, banks are not being caught by surprise, which helps in pricing their loans.
- ▶ Base rate: With most banks flushed with liquidity last year and lending at a steep discount to their PLR, the near-term impact would be positive. However, the full impact would be witnessed in 2HFY10 as banks adjust their base rates.
- ▶ Pick-up of priority sector portfolio in 4QFY10: While it remains difficult to quantify the impact, it would be negative (for select banks especially private banks) till some of this portfolio runs off by 1HFY10.

### Impact of savings rate for the quarter would be at 13-19 bps

Deposit composition and impact with the current change to 3.5% from FY2011 (FY2010 financials)

	Total deposits Rs bn	Savings Rs bn	Current Rs bn	Savings proportion (%)	Current proportion (%)	Total (%)	Average daily interest rates	
							3.00%	2.75%
<b>Public banks</b>								
Andhra Bank	777	161	67	20.7	8.7	29.4	0.10	0.16
BoB	2,410	525	189	21.8	7.9	29.6	0.11	0.16
Bol	2,298	481	159	20.9	6.9	27.8	0.10	0.16
Canara Bank	2,347	500	180	21.3	7.7	29.0	0.11	0.16
Corporation Bank	927	130	135	14.0	14.5	28.6	0.07	0.11
Indian Bank	882	218	66	24.7	7.5	32.2	0.12	0.19
IOB	1,108	266	100	24.0	9.0	33.0	0.12	0.18
OBC	1,203	198	102	16.5	8.5	25.0	0.08	0.12
PNB	2,493	746	225	29.9	9.0	38.9	0.15	0.22
SBI	8,041	2,575	1,226	32.0	15.2	47.3	0.16	0.24
Union Bank	1,700	377	162	22.2	9.5	31.7	0.11	0.17
<b>Old private banks</b>								
Federal Bank	361	76	18	21.1	5.1	26.2	0.11	0.16
J&K Bank	372	103	49	27.6	13.1	40.7	0.14	0.21
<b>New private banks</b>								
Axis Bank	1,413	339	322	24.0	22.8	46.7	0.12	0.18
HDFC Bank	1,674	499	372	29.8	22.2	52.0	0.15	0.22
ICICI Bank	2,020	532	310	26.3	15.3	41.7	0.13	0.20
<b>Coverage universe</b>	<b>30,027</b>	<b>7,725</b>	<b>3,682</b>	<b>25.7</b>	<b>12.3</b>	<b>38.0</b>	<b>0.13</b>	<b>0.19</b>

Source: Kotak Institutional Equities, Company

## Valuations of key financial companies, March fiscal year-ends

	Reco.	Price	Market	EPS (Rs)			PER (X)			BVPS (Rs)			PBR (X)			RoE (%)		
		(Rs)	cap.	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E
Public banks																		
Andhra Bank	BUY	135	1.4	22	23	26	6.3	5.8	5.1	91	108	127	1.5	1.3	1.1	26	24	22
Bank of Baroda	BUY	721	5.7	84	90	111	8.6	8.0	6.5	376	447	535	1.9	1.6	1.3	24	22	23
Bank of India	REDUCE	341	3.9	33	40	56	10.3	8.4	6.1	239	269	312	1.4	1.3	1.1	14	16	19
Canara Bank	ADD	423	3.8	74	77	94	5.7	5.5	4.5	309	375	454	1.4	1.1	0.9	22	20	20
Corporation Bank	BUY	538	1.7	82	87	100	6.6	6.2	5.4	403	469	545	1.3	1.1	1.0	22	20	20
Indian Bank	BUY	222	2.1	35	32	41	6.3	7.0	5.4	155	180	213	1.4	1.2	1.0	25	19	21
IOB	BUY	103	1.2	13	15	26	7.9	6.7	3.9	119	132	155	0.9	0.8	0.7	10	11	16
OBC	ADD	332	1.8	45	63	73	7.3	5.3	4.5	292	340	396	1.1	1.0	0.8	15	18	18
PNB	BUY	1,050	7.2	124	128	157	8.5	8.2	6.7	515	613	733	2.0	1.7	1.4	26	23	23
SBI	BUY	2,388	33.2	144	171	198	16.5	14.0	12.1	1,039	1,172	1,330	2.3	2.0	1.8	15	15	16
SBI incl. banking subs	BUY	2,388	33.2	174	201	201	13.7	11.9	11.9	1,276	1,441	1,599	1.9	1.7	1.5	15	15	15
SBI (core banking business)	BUY	2,388	33.2	136	172	179	17.6	13.9	13.3	949	1,082	1,240	2.5	2.2	1.9	15	17	16
Union Bank	BUY	319	3.5	41	46	57	7.8	7.0	5.6	174	212	260	1.8	1.5	1.2	26	24	24
Old private banks																		
Federal Bank	BUY	333	1.2	27	39	48	12.3	8.6	6.9	274	305	343	1.2	1.1	1.0	10	13	15
J&K Bank	BUY	801	0.8	106	112	141	7.6	7.1	5.7	621	706	812	1.3	1.1	1.0	18	17	19
New private banks																		
Axis Bank	ADD	1,247	11.1	62	79	102	20.1	15.8	12.2	396	457	536	3.1	2.7	2.3	19	18	20
HDFC Bank	BUY	1,999	20.1	65	86	112	30.6	23.2	17.8	470	536	622	4.3	3.7	3.2	16	17	19
ICICI Bank	REDUCE	900	22.0	36	48	58	24.9	18.9	15.4	463	492	528	1.9	1.8	1.7	8	10	11
ICICI standalone	REDUCE	613	15.0	33	44	54	18.7	14.0	11.3	348	377	413	1.8	1.6	1.5	10	12	14
Non-banks																		
HDFC	ADD	2,985	18.9	98	117	141	30.3	25.5	21.2	529	598	682	5.6	5.0	4.4	20	21	22
HDFC core	ADD	1,731	11.0	83	98	118	20.8	17.7	14.7	227	287	362	7.6	6.0	4.8	25	31	38
IDFC	ADD	173	4.9	8	9	11	21.2	18.8	15.4	54	61	70	3.2	2.8	2.5	16	16	17
India Infoline	BUY	100	0.6	8	9	10	12.3	11.2	10.0	56	62	68	1.8	1.6	1.5	15	16	17
LIC Hsg Fin	ADD	1,012	2.1	70	93	104	14.5	10.9	9.7	357	426	504	2.8	2.4	2.0	24	24	22
Mahindra Finance	BUY	459	0.8	36	43	50	12.9	10.8	9.2	180	212	249	2.5	2.2	1.8	21	22	22
Power Finance Corporation	REDUCE	291	7.3	20	23	26	14.2	12.9	11.2	118	134	152	2.5	2.2	1.9	19	18	18
Shriram Transport	ADD	598	2.2	39	49	62	15.3	12.2	9.6	172	204	245	3.5	2.9	2.4	28	26	28
Rural Electrification Corp.	ADD	291	6.3	20	25	31	14.4	11.9	9.5	112	128	148	2.6	2.3	2.0	22	20	22
Reliance Capital	ADD	767	4.1	14	16	14	55.6	47.5	54.2	279	288	296	2.7	2.7	2.6	5	6	5

Source: Kotak Institutional Equities

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

	21-Jun-10		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target 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)	(%)	(US\$ mn)		
Automobiles																															
Ashok Leyland	63	ADD	84,141	1,839	1,330	2.8	3.9	5.0	84.5	37.5	29.7	22.4	16.3	12.6	13.3	10.2	8.6	2.1	2.0	1.8	2.4	1.6	1.6	11.1	12.7	15.0	60	(5.1)	10.0		
Bajaj Auto	2,317	ADD	335,210	7,327	145	117.5	159.9	173.2	159.8	36.1	8.3	19.7	14.5	13.4	12.5	10.0	9.1	10.6	6.7	4.8	0.9	0.9	0.9	66.6	54.8	39.8	2,330	0.6	11.9		
Hero Honda	2,026	SELL	404,672	8,845	200	111.8	121.5	135.7	74.1	8.7	11.7	18.1	16.7	14.9	11.7	11.0	9.5	11.2	7.7	5.7	1.5	1.6	1.8	59.1	56.6	43.8	1,800	(11.2)	24.2		
Mahindra & Mahindra	637	BUY	368,412	8,052	578	34.9	39.0	43.9	132.5	11.7	12.5	18.3	16.3	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	(1.1)	28.5		
Maruti Suzuki	1,376	ADD	397,736	8,693	289	86.4	94.1	104.2	104.9	8.9	10.8	15.9	14.6	13.2	8.6	8.0	6.9	3.3	2.7	2.3	0.4	0.5	0.5	23.3	20.6	18.9	1,400	1.7	19.1		
Tata Motors	807	ADD	481,296	10,520	596	23.9	27.2	35.5	138.9	13.5	30.6	33.7	29.7	22.7	13.2	13.2	11.6	2.4	2.1	1.8	0.7	0.7	0.7	8.1	7.5	8.6	900	11.5	102.8		
Automobiles																															
Banks/Financial Institutions																															
Andhra Bank	135	BUY	65,548	1,433	485	21.0	21.1	25.4	56.1	0.6	20.0	6.4	6.4	5.3	—	—	—	1.4	1.2	1.0	3.1	3.1	3.8	24.4	20.2	20.7	160	18.4	6.1		
Axis Bank	1,247	ADD	505,416	11,047	405	62.1	77.4	98.5	22.7	24.7	27.3	20.1	16.1	12.7	—	—	—	3.1	2.7	2.3	1.0	1.2	1.5	18.9	18.1	19.9	1,360	9.0	53.0		
Bank of Baroda	721	BUY	263,564	5,761	366	83.7	89.8	111.0	37.3	7.3	23.6	8.6	8.0	6.5	—	—	—	1.9	1.6	1.3	2.1	2.2	2.8	24.4	21.8	22.6	825	14.4	11.0		
Bank of India	341	REDUCE	179,232	3,917	526	33.1	42.7	56.7	(42.1)	28.9	32.8	10.3	8.0	6.0	—	—	—	1.4	1.2	1.1	2.1	2.6	3.5	14.2	16.4	19.1	360	5.6	6.0		
Canara Bank	423	ADD	173,615	3,795	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	2.8	23.0	19.6	20.1	500	18.1	6.7		
Corporation Bank	538	BUY	77,213	1,688	143	81.6	86.7	100.3	31.1	6.3	15.7	6.6	6.2	5.4	—	—	—	1.3	1.1	1.0	3.1	3.3	3.8	21.9	19.9	19.8	650	20.8	1.2		
Federal Bank	333	BUY	56,980	1,245	171	27.2	38.7	48.0	(7.2)	42.3	24.2	12.3	8.6	6.9	—	—	—	1.2	1.1	1.0	1.5	2.1	2.7	10.3	13.4	14.8	360	8.1	5.4		
HDFC	2,985	ADD	857,153	18,735	287	98.4	118.2	143.7	22.7	20.1	21.5	30.3	25.2	20.8	—	—	—	5.6	5.0	4.4	1.2	1.4	1.7	20.0	21.0	22.4	3,200	7.2	41.5		
HDFC Bank	1,999	BUY	914,960	19,998	458	64.4	84.1	110.4	22.1	30.6	31.2	31.0	23.8	18.1	—	—	—	4.3	3.7	3.2	0.6	0.8	1.0	16.1	16.7	19.1	2,200	10.1	33.8		
ICICI Bank	900	REDUCE	1,003,178	21,926	1,115	36.1	46.5	58.0	6.9	28.9	24.7	24.9	19.3	15.5	—	—	—	2.0	1.8	1.7	1.3	1.7	2.1	8.1	9.8	11.5	980	8.9	97.6		
IDFC	173	ADD	225,268	4,924	1,301	8.2	9.2	11.2	41.1	12.9	21.9	21.2	18.8	15.4	—	—	—	3.2	2.8	2.5	0.9	1.0	1.2	16.1	16.0	17.1	180	4.0	19.2		
India Infoline	100	BUY	31,289	684	312	8.1	8.9	10.0	59.2	9.8	12.5	12.3	11.2	10.0	—	—	—	2.0	1.6	1.4	3.2	1.9	2.3	16.4	15.9	16.1	140	39.5	3.7		
Indian Bank	222	BUY	95,538	2,088	430	35.1	35.5	43.8	25.5	1.1	23.6	6.3	6.3	5.1	—	—	—	1.4	1.2	1.0	2.7	2.8	3.4	24.0	20.3	21.2	280	26.0	4.3		
Indian Overseas Bank	103	BUY	56,196	1,228	545	13.0	15.4	26.4	(46.7)	18.9	71.3	7.9	6.7	3.9	—	—	—	0.9	0.8	0.7	4.0	4.4	4.8	9.6	10.6	16.3	120	16.3	3.7		
J&K Bank	801	BUY	38,848	849	48	105.7	112.3	140.6	25.1	6.3	25.2	7.6	7.1	5.7	—	—	—	1.4	1.2	1.1	2.7	2.9	3.7	17.3	16.9	18.5	850	6.1	0.5		
LIC Housing Finance	1,012	ADD	96,139	2,101	95	69.7	93.2	104.2	11.4	33.8	11.7	14.5	10.9	9.7	—	—	—	3.0	2.5	2.1	1.5	2.0	2.2	23.6	23.8	22.4	1,050	3.7	22.2		
Mahindra & Mahindra Financial	459	BUY	44,064	963	96	35.7	42.6	49.8	59.3	19.3	16.8	12.9	10.8	9.2	—	—	—	2.6	2.2	1.9	1.7	2.0	2.3	21.4	21.7	21.6	500	8.9	1.1		
Oriental Bank of Commerce	332	ADD	83,104	1,816	251	45.3	52.8	58.6	25.3	16.5	11.0	7.3	6.3	5.7	—	—	—	1.2	1.0	0.9	2.7	3.2	3.6	14.1	15.4	15.3	400	20.6	4.7		
PFC	291	SELL	333,886	7,298	1,148	20.5	22.5	25.9	53.5	9.9	15.1	14.2	12.9	11.2	—	—	—	2.6	2.3	2.0	1.8	1.9	2.2	18.8	18.0	18.2	240	(17.5)	2.5		
Punjab National Bank	1,050	BUY	331,083	7,236	315	123.8	128.0	156.5	26.3	3.4	22.2	8.5	8.2	6.7	—	—	—	2.0	1.7	1.4	2.1	2.4	3.0	26.4	22.7	23.3	1,150	9.5	7.8		
Reliance Capital	767	ADD	188,817	4,127	246	13.8	16.1	14.1	(64.9)	17.0	(12.4)	55.6	47.5	54.2	—	—	—	2.7	2.7	2.6	0.8	0.8	0.7	5.0	5.7	4.8	875	14.1	34.7		
Rural Electrification Corp.	291	ADD	287,725	6,289	987	20.3	24.6	30.7	23.2	21.2	24.9	14.4	11.9	9.5	—	—	—	2.6	2.3	2.0	2.2	2.5	3.2	22.0	20.5	22.2	300	3.0	14.4		
Shriram Transport	598	ADD	133,404	2,916	223	39.2	49.1	62.4	30.1	25.4	27.2	15.3	12.2	9.6	—	—	—	3.6	3.1	2.6	2.0	2.5	3.1	28.4	26.1	27.8	600	0.4	4.9		
SREI	81	NR	9,408	206	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	2,388	BUY	1,515,967	33,134	635	144.4	178.1	223.0	0.5	23.4	25.2	16.5	13.4	10.7	—	—	—	2.3	2.0	1.8	1.7	1.8	1.8	14.8	16.1	17.8	2,700	13.1	100.3		
Union Bank	319	BUY	161,082	3,521	505	41.1	45.8	57.3	20.2	11.5	25.0	7.8	7.0	5.6	—	—	—	1.8	1.5	1.2	1.7	2.1	2.6	26.2	23.7	24.3	380	19.2	4.9		
Banks/Financial Institutions																															
Cement																															
ACC	883	SELL	165,832	3,625	188	83.2	61.8	63.4	47.9	(25.7)	2.6	10.6	14.3	13.9	5.7	6.7	5.8	2.6	2.3	2.0	2.7	2.7	2.7	29.3	19.4	17.7	830	(6.0)	9.4		
Ambuja Cements	118	SELL	179,869	3,931	1,522	8.0	7.9	8.1	11.4	(1.8)	2.6	14.8	15.0	14.6	8.3	8.5	7.7	2.6	2.3	2.1	1.6	1.8	1.8	19.3	16.7	15.3	98	(17.1)	6.4		
Grasim Industries	1,789	ADD	164,070	3,586	92	301.0	240.1	282.0	26.1	(20.2)	17.5	5.9	7.5	6.3	3.8	3.9	3.0	1.3	1.1	1.0	1.9	1.9	1.9	22.9	16.4	16.7	2,150	20.2	9.6		
India Cements	115	SELL	35,323	772	307	10.0	10.4	11.3	n/a	3.1	9.1	11.5	11.1	10.2	5.7	5.7	5.5	0.8	0.8	0.7	1.8	2.8	2.8	8.2	7.7	8.0	110	(4.4)	4.2		
Shree Cement	2,003	BUY	69,768	1,525	35	208.0	221.1	242.5	19.0	6.3	9.7	9.6	9.1	8.3	4.7	4.6	3.6	3.8	2.7	2.0	0.5	0.5	0.5	48.0	35.0	28.1	2,550	27.3	0.9		
UltraTech Cement	970	SELL	120,693	2,638	124	88.2	67.1	77.2	12.0	(23.9)	15.0	11.0	14.4	12.6	5.7	6.5	5.3	2.2	1.9	1.7	0.8	0.8	0.8	26.6	16.8	16.7	940	(3.0)	2.8		
Cement																															
Consumer products																															
Asian Paints	2,430	BUY	233,051	5,094	96	71.6	82.1	98.1	85.4	14.7	19.5	33.9	29.6	24.8	21.2	18.2	14.9	14.4	11.5	9.3	1.1	1.4	1.7	51.6	44.5	42.5	2,300	(5.3)	2.3		
Colgate-Palmolive (India)	838	REDUCE	113,982	2,491	136	29.7	33.0	37.6	37.6	11.1	13.9	28.2	25.4	22.3	20.9	18.5	15.7	35.7	27.9	22.4	2.4	2.7	3.1	150.2	122.2	109.9	760	(9.3)	2.5		
Dabur India	191	BUY	165,592	3,619	866	5.8	6.8	8.2	28.1	17.6	20.8	33.0	28.0	23.2	24.5	19.6	16.3	15.7	12.9	10.6	1.6	1.9	2.3	54.3	51.1	50.7	200	4.6	2.2		
GlaxoSmithKline Consumer (a)	1,751	ADD	73,625	1,609	42	55.4	70.0	82.9	23.6	26.5	18.4	31.6	25.0	21.1	17.4	14.7	12.0	8.2	6.8	5.7	1.0	1.3	1.5	27.9	29.6	29.2	1,800	2.8	1.0		
Godrej Consumer Products	347	NR	106,803	2,334	308	8.7	9.8	11.6	29.7	13.2	18.2	39.9	35.3	29.9	28.3	25.3	21.3	9.1	8.0	7.9	1.2	1.2	1.2	30.7	24.1	27.8	—	—	3.5		
Hindustan Unilever	299	REDUCE	563,936	12,367	2,179	9.7	10.4	11.8	1.7	7.3	14.0	26.7	24.9	21.9	18.0	16.9	14.2	22.1	19.0	16.5	2.9	3.3	3.7	91.6	82.2	80.8	230	(11.1)	14.2		
ITC	289	BUY	1,127,191	24,632	3,769	10.8	12.4	14.5	24.4	17.4	16.9	27.8	24.1	20.6	17.1	16.1	12.7	7.9	8.8	5.8	3.3	1.8	2.0	29.9	32.2	32.1	315	5.3	23.0		
Ublint Foodworks	307																														



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

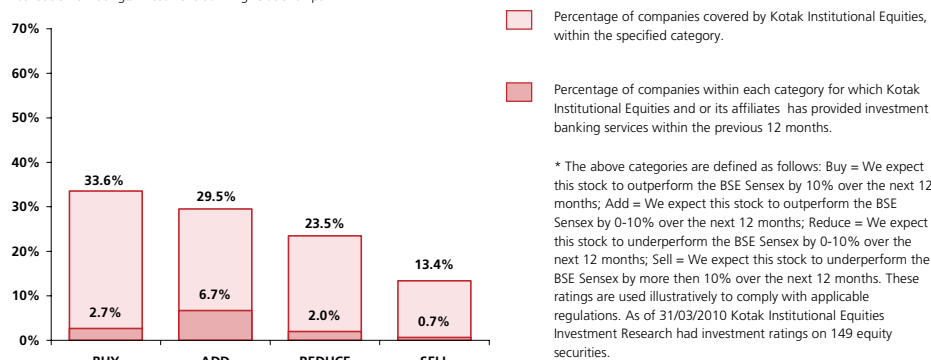
	21-Jun-10		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target			
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	(Rs)	(%)	(US\$ mn)	
<b>Energy</b>																														
Bharat Petroleum	527	RS	190,369	4,161	362	63.3	53.6	59.2	207.3	(15.3)	10.4	8.3	9.8	8.9	4.9	4.9	4.4	1.3	1.2	1.1	2.7	3.4	3.7	15.9	12.2	12.3	—	—	9.7	
Cairn India	310	SELL	588,345	12,859	1,897	5.3	28.5	40.0	—	433	40.5	58	11	7.8	45.4	7.4	5.3	1.7	1.5	1.3	—	—	4.8	3.0	14.6	18.1	250	(19.4)	19.6	
Castrol India (a)	425	REDUCE	105,007	2,295	247	15.4	19.6	20.6	44.6	27.0	5.3	27.6	21.7	20.6	16.3	13.3	12.5	22.8	21.3	19.6	2.9	3.7	3.8	83.8	101.6	99.2	365	(14.0)	1.3	
GAIL (India)	473	ADD	600,435	13,124	1,268	24.8	26.4	37.1	11.7	6.8	40.5	19.1	17.9	12.7	10.7	11.0	9.1	3.3	2.9	2.5	1.6	1.8	2.5	17.4	16.5	20.2	485	2.5	18.3	
GSPL	98	REDUCE	54,923	1,200	562	7.4	8.9	9.1	234.7	21.5	1.3	13.3	10.9	10.8	6.9	5.8	5.2	3.2	2.6	2.3	1.0	2.3	3.7	27.3	26.3	22.5	80	(18.1)	4.0	
Hindustan Petroleum	343	RS	116,162	2,539	339	54.7	44.6	56.3	222.7	(18.6)	26.4	6.3	7.7	6.1	2.3	2.7	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	334	RS	812,028	17,748	2,428	49.9	34.3	35.7	406.8	(31.3)	4.2	6.7	9.8	9.4	4.6	5.5	4.7	1.5	1.4	1.3	3.9	3.1	3.2	22.7	13.9	13.3	—	—	6.6	
Oil India	1,265	BUY	304,283	6,651	240	115.1	127.0	140.6	—	10.3	10.7	11.0	10.0	9.0	4.5	3.7	3.1	2.1	1.8	1.6	2.7	3.1	3.4	16.7	17.3	17.0	1,350	6.7	3.3	
Oil & Natural Gas Corporation	1,204	BUY	2,575,755	56,298	2,139	91.4	121.9	129.5	1.3	33.3	6.2	13.2	9.9	9.3	4.8	4.0	3.4	1.9	1.7	1.6	2.7	3.5	3.6	14.6	17.5	16.7	1,375	14.2	30.1	
Petronet LNG	79	REDUCE	58,913	1,288	750	5.4	6.2	7.9	—	14.9	28.0	14.6	12.7	9.9	9.2	7.6	6.6	2.3	2.0	1.7	2.2	2.5	3.5	15.9	15.9	17.6	82	4.4	4.3	
Reliance Industries	1,066	SELL	3,171,374	69,316	2,976	49.6	62.9	80.2	(1.8)	26.6	27.5	21.5	17.0	13.3	10.8	8.2	6.8	2.1	2.0	1.8	1.4	1.8	2.1	11.4	13.2	15.3	985	(7.6)	126.9	
<b>Energy</b>		<b>Cautious</b>	<b>8,577,593</b>	<b>187,478</b>					<b>33.5</b>	<b>19.3</b>	<b>17.1</b>	<b>14.3</b>	<b>12.0</b>	<b>10.2</b>	<b>7.0</b>	<b>5.9</b>	<b>5.0</b>	<b>2.0</b>	<b>1.8</b>	<b>1.6</b>	<b>2.1</b>	<b>2.4</b>	<b>3.0</b>	<b>13.8</b>	<b>14.9</b>	<b>15.7</b>				
<b>Industrials</b>																														
ABB	870	REDUCE	184,329	4,029	212	16.7	23.3	37.2	(35.2)	39.2	59.8	52.0	37.3	23.4	29.8	22.0	13.6	7.6	6.5	5.2	0.2	0.4	0.4	15.6	18.8	24.7	840	(3.4)	7.6	
BGR Energy Systems	773	BUY	55,645	1,216	72	16.0	28.0	39.7	32.2	74.6	41.9	48.2	27.6	19.5	27.1	15.7	11.4	9.9	7.9	6.0	0.4	0.9	1.0	22.3	31.8	35.1	800	3.5	2.7	
Bharat Electronics	1,801	REDUCE	144,116	3,150	80	93.9	111.8	127.4	(9.6)	19.1	13.9	19.2	16.1	14.1	9.3	7.5	6.3	3.2	2.8	2.4	1.4	1.4	1.4	17.9	18.7	18.5	1,790	(0.6)	3.2	
Bharat Heavy Electricals	2,461	ADD	1,204,856	26,334	490	92.0	115.8	136.2	44.1	25.8	17.7	26.8	21.3	18.1	14.9	11.7	9.5	7.4	5.9	4.7	0.8	1.0	1.2	30.8	30.7	28.9	2,500	1.6	32.8	
Crompton Greaves	255	BUY	163,659	3,577	642	12.8	13.3	15.8	46.5	3.2	19.0	19.9	19.2	16.2	11.5	10.5	8.7	6.2	4.9	3.9	0.7	0.7	0.8	36.8	28.5	26.8	290	13.7	8.5	
Larsen & Toubro	1,836	BUY	1,103,622	24,122	601	58.1	71.2	90.4	16.0	22.4	27.0	31.6	25.8	20.3	16.8	14.2	11.7	4.9	4.1	3.5	0.6	0.7	0.8	18.6	17.5	18.7	1,900	3.5	55.1	
Maharashtra Seamless	389	BUY	27,411	599	71	40.2	43.6	49.8	12.1	8.5	14.2	9.7	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	15.8	0.7	
Siemens	736	REDUCE	248,049	5,422	337	25.0	29.6	34.3	55.2	18.6	16.0	29.5	24.9	21.4	17.4	14.3	12.0	7.3	5.9	4.9	0.7	0.8	0.9	27.3	26.3	25.1	635	(13.7)	7.6	
Suzlon Energy	57	REDUCE	91,488	2,000	1,594	(5.9)	0.3	5.3	(182.3)	(104.4)	1,931.8	(9.7)	22.3	10.9	16.9	8.7	5.6	0.8	0.8	0.8	—	—	0.3	(8.8)	0.4	7.5	70	22.0	28.8	
Thermax	733	BUY	87,355	1,909	119	21.7	29.4	37.6	(10.4)	35.4	27.7	33.7	24.9	19.5	18.1	14.0	11.0	8.0	6.6	5.4	0.5	1.2	1.5	24.9	29.1	30.5	750	2.3	1.0	
Volta	197	REDUCE	65,122	1,423	331	10.9	11.3	12.6	57.4	3.8	12.1	18.1	17.5	15.6	10.6	9.4	8.0	6.1	5.0	4.1	1.6	1.7	1.9	38.3	31.3	28.8	200	1.6	4.2	
<b>Industrials</b>		<b>Attractive</b>	<b>3,375,651</b>	<b>73,781</b>					<b>3.7</b>	<b>33.5</b>	<b>27.4</b>	<b>31.1</b>	<b>23.3</b>	<b>18.3</b>	<b>15.6</b>	<b>12.3</b>	<b>9.8</b>	<b>5.0</b>	<b>4.3</b>	<b>3.6</b>	<b>0.7</b>	<b>0.8</b>	<b>1.0</b>	<b>16.2</b>	<b>18.4</b>	<b>19.7</b>				
<b>Infrastructure</b>																														
Container Corporation	1,297	REDUCE	168,532	3,684	130	61.1	74.3	85.9	0.3	21.7	15.6	21.2	17.4	15.1	14.9	12.1	10.1	3.9	3.3	2.9	1.1	1.3	1.5	19.6	20.6	20.5	1,250	(3.6)	1.6	
GMR Infrastructure	57	ADD	209,202	4,572	3,667	0.4	0.2	0.1	(43.8)	(48.9)	(40.0)	132.4	259.1	431.6	23.4	15.1	14.1	2.0	1.7	1.7	—	—	—	2.4	1.2	0.7	65	13.9	6.0	
GVK Power & Infrastructure	44	BUY	69,880	1,527	1,579	0.8	1.1	1.4	6.7	33.5	32.4	54.4	40.7	30.8	18.5	16.9	17.4	2.2	2.1	2.0	—	—	0.7	0.7	4.7	5.3	6.7	54	22.0	6.2
IRB Infrastructure	276	RS	91,816	2,007	332	9.7	12.6	12.1	83.8	29.2	(3.7)	28.4	22.0	22.8	13.4	11.9	11.1	4.0	3.0	2.5	—	—	—	15.6	15.7	11.9	—	—	4.9	
Mundra Port and SEZ	718	REDUCE	289,686	6,332	403	15.1	24.1	35.7	40.8	59.5	48.4	47.6	29.8	20.1	30.6	19.7	14.0	7.9	6.1	4.6	—	—	—	18.5	23.2	26.1	725	1.0	13.9	
<b>Infrastructure</b>		<b>Attractive</b>	<b>829,116</b>	<b>18,122</b>					<b>12.7</b>	<b>29.5</b>	<b>24.1</b>	<b>41.2</b>	<b>31.8</b>	<b>25.6</b>	<b>20.8</b>	<b>15.3</b>	<b>13.2</b>	<b>3.5</b>	<b>2.9</b>	<b>2.6</b>	<b>—</b>	<b>—</b>	<b>0.4</b>	<b>8.4</b>	<b>9.2</b>	<b>10.2</b>				
<b>Media</b>																														
DB Corp	250	ADD	45,454	993	181	10.6	12.9	15.7	276.4	21.0	22.3	23.6	19.5	15.9	13.0	10.8	8.5	6.5	5.2	4.4	0.8	1.6	2.4	38.2	29.6	29.9	280	11.8	10.3	
DishTV	43	ADD	45,673	998	1,063	(2.5)	(1.2)	0.6	(61.6)	(52.4)	(146.5)	(17.0)	(35.8)	77.0	66.4	21.5	11.6	11.2	16.3	13.4	—	—	—	248.6	(37.1)	19.1	45	4.8	3.2	
HT Media	151	NR	35,426	774	235	6.1	7.8	9.4	623.3	27.0	20.9	24.7	19.4	16.1	12.4	10.2	8.4	3.6	3.2	2.9	0.7	1.3	2.7	15.6	17.6	19.2	—	—	0.2	
Jagran Prakashan	127	ADD	38,173	834	301	5.8	6.4	7.5	91.9	9.5	16.7	21.7	19.8	17.0	13.1	11.5	9.9	6.2	5.6	5.0	2.8	2.8	3.2	30.0	29.8	31.0	130	2.6	0.7	
Sun TV Network	404	REDUCE	159,208	3,480	394	13.1	17.9	22.8	44.8	36.0	27.5	30.7	22.6	17.7	17.4	13.0	10.3	8.2	6.9	5.7	1.9	1.9	2.2	28.4	33.5	35.5	420	4.0	1.6	
Zee Entertainment Enterprises	293	REDUCE	127,162	2,779	434	10.5	12.0	14.7	24.4	14.4	22.2	27.9	24.4	19.9	20.7	16.4	13.0	3.4	3.3	3.1	0.8	1.0	1.2	13.0	14.1	16.4	265	(9.6)	9.4	
<b>Media</b>		<b>Neutral</b>	<b>451,097</b>	<b>9,860</b>					<b>183.3</b>	<b>41.2</b>	<b>36.3</b>	<b>37.3</b>	<b>26.4</b>	<b>19.4</b>	<b>17.9</b>	<b>13.7</b>	<b>10.6</b>	<b>5.4</b>	<b>5.0</b>	<b>4.4</b>	<b>1.3</b>	<b>1.4</b>	<b>1.9</b>	<b>14.5</b>	<b>18.8</b>	<b>22.9</b>				
<b>Metals</b>																														
Hindalco Industries	154	ADD	293,982	6,425	1,914	5.7	12.5	14.7	(64.5)	119.8	18.2	27.1	12.3	10.4	7.9	8.5	8.8	1.3	1.2	1.1	0.9	0.9	0.9	10.3	10.2	11.0	190	23.7	42.5	
Hindustan Zinc	1,015	BUY	428,954	9,376	423	95.6	117.5	133.2	48.2	22.8	13.4	10.6	8.6	7.6	6.5	4.6	3.0	2.3	1.8	1.5	0.6	0.6	0.6	24.2	23.5	21.4	1,400	37.9	4.4	

Source: Company, Bloomberg, Kotak Institutional Equities estimates

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Source: Kotak Institutional Equities

As of March 31, 2010

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