

Contents

Updates

Coal India: New directive from environment ministry - yet another stumbling block

HDFC Bank: Business as usual; Management meet and annual report updates

News Round-up

- ▶ The RBI said there was no stress on liquidity in the short term. (THBL)
- ▶ GAIL India (GAIL IN) has received its board's approval for a foray into natural gas-based power generation. It will set up its first power plant at Uran in Maharashtra with an investment of around USD 178 mn. (BSTD)
- ▶ SAIL (SAIL IN) is planning to invest USD 15.61 bn in the next two-three years to meet the rising demand from the infrastructure sector. (BSTD)
- ▶ The passenger car platform Bajaj Auto (BJAUT IN) is building for Renault-Nissan will have multiple uses and will be profitable in itself. The original equipment manufacturer (OEM) deal to make a small car that Renault-Nissan will sell under their brand name is a bonus. (BSTD)
- ▶ Pantaloon Retail India Ltd (PF IN) has completed realignment of its business by transferring its value retail formats - Big Bazaar and Food Bazaar - to Future Value Retail Ltd. (BSTD)
- ▶ IBM secured a contract from India Infoline (IIFL IN) worth USD 66 mn to transform the latter's IT Infrastructure and manage IT costs. (BSTD)
- ▶ NMDC (NMDC IN) had signed a non-binding MoU with Minemakers Ltd to develop the Wonarah phosphate deposit in Australia and would buy a 50% stake in the project after undertaking a joint feasibility study. (BSTD)
- ▶ HDIL (HDIL IN) finally received the approval of the Mumbai Metropolitan Region Development Authority (MMRDA) to rehabilitate slum dwellers after a delay of more than one and a half years. The company is hopeful things would move quickly from here and expedite Phase II of the project. (BSTD)
- ▶ Disney eyes higher stake in UTV Software (UTV IN), may delist company. (BSTD)
- ▶ Adani Power Ltd (ADANI IN) has become the largest private sector thermal power producer in India, with the commissioning of the second supercritical unit of 660 Mw at its Mundra (Kutch) plant. The 4,620 Mw coal-fired plant comprises five supercritical units of 660 Mw each and four units of 330 Mw each. (BSTD)
- ▶ Adani Power (ADANI IN) plans to invest USD 444 mn in building solar power plants with a capacity to generate 140 Mw. (ECNT)
- ▶ Cox & Kings (COXK IN) is planning to raise USD 333 mn through a QIP to foreign institutional investors. (FNLE)
- ▶ GMR Infrastructure (GMRI IN) plans to grow its power transmission business to handle projects worth about USD 667 mn over the next three years, from two projects worth USD 89 mn currently. (FNLE)

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

EQUITY MARKETS

India	Change %		
	6-Jun	1-day	1-mo
Sensex	18,420	0.2	(0.5)
Nifty	5,532	0.3	(0.3)
Global/Regional indices			
Dow Jones	12,090	(0.5)	(4.3)
Nasdaq Composite	2,703	(1.1)	(4.4)
FTSE	5,863	0.1	(1.9)
Nikkie	9,376	(0.1)	(4.9)
Hang Seng	22,784	(0.7)	(1.6)
KOSPI	2,096	(0.8)	(2.4)
Value traded – India			
Cash (NSE+BSE)	104	130	146
Derivatives (NSE)	740	1,150	1,048
Deri. open interest	1,228	1,320	1,255

Forex/money market

	Change, basis points			
	6-Jun	1-day	1-mo	3-mo
Rs/US\$	44.8	(5)	(4)	(29)
10yr govt bond, %	8.3	-	9	34

Net investment (US\$m)

	3-Jun	MTD	CYTD
FIs	120	187	(53)
MFs	(63)	(26)	(282)

Top movers -3mo basis

		Change, %			
		6-Jun	1-day	1-mo	3-mo
Best performers					
APNT	IN Equity	3170.1	0.1	17.4	26.5
DIVL	IN Equity	777.4	0.6	13.1	26.3
MSEZ	IN Equity	159.9	(0.7)	21.2	21.6
HH	IN Equity	1860.5	(0.0)	5.4	21.4
RBXY	IN Equity	541.0	1.3	25.8	21.3
Worst performers					
POWF	IN Equity	203.1	(0.4)	(5.3)	(22.8)
NACL	IN Equity	90.5	0.2	1.6	(19.5)
GMRI	IN Equity	32.3	(1.2)	(12.9)	(18.9)
SBIN	IN Equity	2317.2	0.2	(12.6)	(11.7)
HNDL	IN Equity	186.3	(1.5)	(7.6)	(11.3)

JUNE 07, 2011

UPDATE

Coverage view: **Attractive**

Price (Rs): **394**

Target price (Rs): **460**

BSE-30: **18,420**

New directive from environment ministry—yet another stumbling block. The Ministry of Environment and Forests (MoEF) has issued a new directive mandating forest clearance as a prerequisite for environment clearance. This further protracts the already cumbersome mine development process and CIL estimates the new directive could stymie its coal production to the tune of ~11 mtpa. We remain optimistic that the joint meeting of the various ministries convened by the prime minister will forge a more practical solution.

Company data and valuation summary

Coal India

Stock data

52-week range (Rs) (high,low)	422-245
Market Cap. (Rs bn)	2,488.0

Shareholding pattern (%)

Promoters	90.0
FIs	6.1
MFs	1.2

Price performance (%)

	1M	3M	12M
Absolute	6.5	21.5	0.0
Rel. to BSE-30	7.1	21.9	0.0

Forecasts/Valuations

	2011	2012E	2013E
EPS (Rs)	17.3	24.5	28.6
EPS growth (%)	13.6	41.7	16.8
P/E (X)	22.8	16.1	13.8
Sales (Rs bn)	551.8	634.4	692.1
Net profits (Rs bn)	109.3	154.8	180.8
EBITDA (Rs bn)	162.8	199.0	222.8
EV/EBITDA (X)	12.5	9.7	8.1
ROE (%)	35.1	38.9	35.8
Div. Yield (%)	1.3	1.9	2.2

Another environmental directive after softening stance on previous issues

In a new directive issued by the MoEF, coal mining projects will have to obtain a forest clearance prior to being granted an environment clearance, further prolonging the process of mine development. We note that previously the two clearances were independent and hence projects not covered by a forest cover could go ahead with mine development upon receiving the environmental clearance. However, a new directive mandates forest clearance as a pre-requisite for environmental clearance. CIL management estimates that nearly 11 mtpa of coal production may be at risk on account of the new directive issued by MoEF. We note that our current dispatch estimates factor sales of 452 mn tons in FY2012E versus CIL's internal target of 477 mn tons, thereby building sufficient cushion for loss of sales volumes.

CEPI—beginning to see some headway, moratorium lifted over 20 clusters

Environmental hurdles in the form of a moratorium on CEPI affected areas and mines classified as 'No-Go' have plagued production growth in the recent past, though there are glimmers of resolution of the impasse between the Ministry of Environment and Forest (MoEF) and the Ministry of Coal (MoC) on these issues. We note that of 43 clusters labeled as critically affected by CEPI (which prevented any new mining activity to be undertaken in these clusters), 20 have been freed up as of March 2011. For the remaining 23 clusters, the moratorium has been extended till September 2011. This frees up CIL's Talcher coal fields and would allow CIL to proceed with development of new projects in this coalfield.

Maintain BUY rating and target price of Rs460/share

We maintain our BUY rating and target price of Rs460/share as our estimates already factor lower-than-targeted volume sales. Our target price is based on 13X FY2013E EPS adjusted for overburden removal and interest income and implies an EV/EBITDA of 9.4X on FY2013E EBITDA (adjusted for overburden removal). CIL currently trades at 10X FY2013E EPS (adjusted) and 7.6X FY2013E EBITDA (adjusted). In our view, CIL will likely continue to command premium multiples to account for (1) expectations of narrowing discount to global coal prices and (2) constantly improving employee efficiency metrics that will further propel margin expansion.

Murtuza Arsiwalla
murtuza.arsiwalla@kotak.com
Mumbai: +91-22-6634-1125

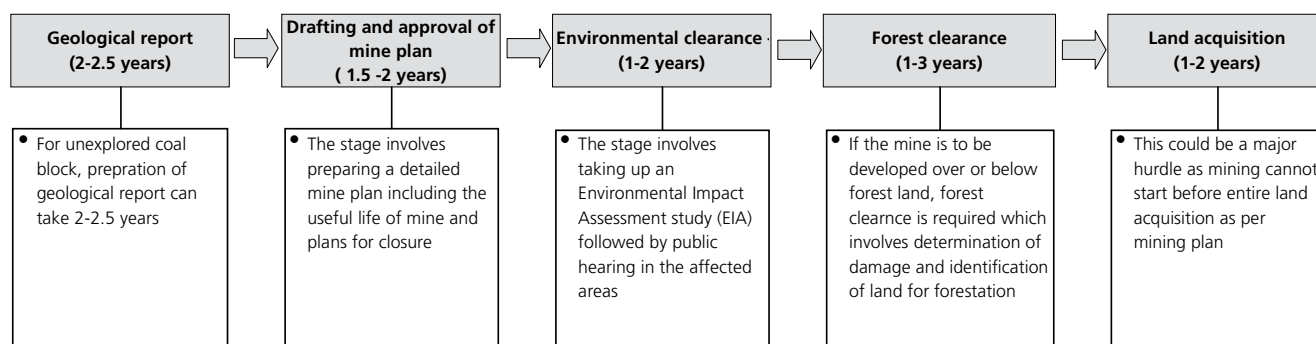
Shubham Satyarth
shubham.satyarth@kotak.com
Mumbai: +91-22-6634-1320

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

'No go'—still struggling with past directives from MoEF

Pursuant to a proposal dated July 8, 2010, MoEF introduced initiatives for the identification of environmentally sensitive areas classified as 'No-Go' where coal mining activities would not be permitted. 'No-go' areas for mining have been defined as those that have over 30 per cent gross forest cover or over 10 per cent weighted forest cover. Several significant coal fields where CIL is currently carrying on mining activities have been classified as 'No-go' including large mines such as North Karanpura in Jharkhand, Ib Valley in Orissa and Chhattisgarh, Singrauli Coalfield in Madhya Pradesh and Uttar Pradesh and Talcher coalfield in Orissa.

Exhibit 1: Mine development is already a prolonged and cumbersome process plagued by excessive clearances
Stages in the development of a coal mine



Source: Kotak Institutional Equities

Exhibit 2: Our target price is based on 13X FY2013E adjusted-EPs
Computation of CIL's target price

EBITDA (Rs bn)	205
OBR (Rs bn)	29
Adjusted EBITDA (Rs bn)	234
Interest income (Rs bn)	43
PAT (Rs bn)	181
Adjusted PAT (Rs bn)	170
EPS (Rs/share)	29
Adjusted EPS (Rs/share)	27
P/E on FY2013E adjusted PAT (X)	13
Value of coal business (Rs bn)	2,219
Cash (Rs bn)	684
Market Cap (Rs bn)	2,903
Target price	460

Notes.

- (1) Adjusted EBITDA is calculated after removing the effect OBR adjustment.
- (2) Adjusted PAT is calculating after removing the effect of OBR adjustment and interest income net of taxes.

Source: Kotak Institutional Equities estimates

Exhibit 3: Profit model, balance sheet, cash model of CIL, March fiscal year ends, 2009-2015E (Rs mn)

	2009	2010	2011	2012E	2013E	2014E	2015E
Profit model							
Net sales	387,888	446,153	502,336	589,465	642,696	700,661	756,664
Coal issued for other purpose	20,220	20,690	23,969	29,103	32,826	35,666	38,587
Transport and loading recovery	14,698	12,260	12,920	13,554	14,275	14,914	15,461
Total income	424,142	485,774	551,758	634,356	692,061	753,092	811,714
EBITDA	39,309	114,735	147,711	181,533	205,359	235,003	261,119
Interest income	28,447	26,940	19,925	32,267	43,232	55,523	69,999
Other Income (ex transport, interest)	8,051	13,209	15,118	17,447	17,447	17,447	17,447
Interest expense	(1,789)	(1,560)	(791)	(1,293)	(1,193)	(1,134)	(1,118)
Depreciation	(16,909)	(13,138)	(16,729)	(17,437)	(19,159)	(20,523)	(21,537)
Pretax profits	57,110	140,186	165,234	212,518	245,686	286,316	325,910
Tax	(36,336)	(43,996)	(55,959)	(57,691)	(64,899)	(81,859)	(94,824)
Net income	20,774	96,190	109,275	154,827	180,787	204,457	231,085
Extraordinary items	13	35	(602)	—	—	—	—
Reported profit	20,787	96,224	108,674	154,827	180,787	204,457	231,085
Earnings per share (Rs)	3	15	17	25	29	32	37
Balance sheet							
Paid-up common stock	63,164	63,164	63,164	63,164	63,164	63,164	63,164
Total shareholders' equity	191,651	257,952	333,172	427,617	537,897	662,615	803,577
Minority interest	19	236	326	326	326	326	326
Total borrowings	21,485	20,869	15,536	15,469	13,148	12,540	12,140
Shifting and rehab fund	12,238	14,774	16,214	19,528	24,251	29,765	36,001
Total liabilities and equity	225,393	293,831	365,247	462,940	575,622	705,246	852,044
Net fixed assets	110,212	120,354	115,252	145,597	163,862	172,265	169,803
Capital work-in progress	19,195	22,107	35,357	52,601	52,477	48,958	45,430
Investments	15,052	12,823	10,637	10,637	10,637	10,637	10,637
Cash	296,950	390,778	458,623	559,258	683,844	841,825	1,031,337
Current assets (excl. cash)	174,009	152,466	185,337	200,765	218,276	236,626	253,642
Current liabilities and provisions	399,293	414,316	448,725	514,100	561,253	611,950	665,134
Deferred tax asset	9,268	9,604	8,732	8,182	7,778	6,884	6,328
Misc. expenditure	—	15	34	—	—	—	—
Total assets	225,393	293,831	365,248	462,940	575,622	705,246	852,044
Free cash flow							
Operating cash flow, excl. working capital	39,616	106,073	125,248	172,815	200,349	225,874	253,178
Working capital changes	77,708	22,856	1,538	49,947	29,642	32,347	36,168
Capital expenditure	(18,758)	(19,804)	(24,878)	(65,025)	(37,299)	(25,408)	(15,547)
Free cash flow	98,567	109,125	101,908	157,737	192,692	232,813	273,799
Ratios							
Net debt/equity (%)	(143.7)	(143.4)	(133.0)	(127.2)	(124.7)	(125.2)	(126.8)
Return on equity (%)	11	43	37	41	37	34	32
Book value per share (Rs)	30	41	53	68	85	105	127
ROCE (%)	11	43	38	43	39	36	33

Source: Company, Kotak Institutional Equities estimates

JUNE 07, 2011
UPDATE

Coverage view: **Attractive**

Price (Rs): **2,381**

Target price (Rs): **2,800**

BSE-30: **18,420**

Business as usual; Management meet and annual report updates. We update our financial models for FY2011 as per the latest annual report and broadly maintain our estimates. Business remains strong and the management does not expect any material slowdown in business, despite rising rates and slower economic growth. We maintain our positive outlook on the bank and expect earnings growth to remain strong at about 30% levels for FY2012-13E on the back of lower provisions. Retain ADD rating; revise TP to ₹2,800 (from ₹2,500 earlier), as we roll over to FY2013E.

Company data and valuation summary

HDFC Bank

Stock data

52-week range (Rs) (high,low) 2,540-1,808

Market Cap. (Rs bn) 1,107.8

Shareholding pattern (%)

Promoters 23.4

FIs 46.0

MFs 4.7

Price performance (%)

Absolute 1M 3M 12M 3.7 7.3 26.3

Rel. to BSE-30 4.2 7.7 17.4

Forecasts/Valuations

	2011	2012E	2013E
EPS (Rs)	84.4	110.2	140.4
EPS growth (%)	39.7	30.6	27.3
P/E (X)	28.2	21.6	17.0
NII (Rs bn)	105.4	123.9	154.0
Net profits (Rs bn)	39.3	51.3	65.3
BVPS	545.5	630.6	738.8
P/B (X)	4.4	3.8	3.2
ROE (%)	16.7	18.7	20.5
Div. Yield (%)	0.7	0.9	1.2

FY2012 to see healthy loan growth, stable margins and limited asset quality risks

Our recent interaction with the management indicates that (1) credit growth should remain comfortable at about 20% in FY2011 for the industry as underlying economic growth has resilience at 7.5% levels and banks would be primary beneficiaries. HDFC Bank would grow at a rate marginally higher than industry average. (2) Pricing environment continues to remain conducive for achieving margins in the range of 4-4.2%. Pricing discipline is healthy across different product segments in the industry. (3) Asset quality trends are positive with the current phase witnessing lowest delinquencies across product portfolios.

Lower provisions to drive earnings in FY2012E

We maintain our earnings growth at about 30% for FY2012-13E as the bank would see lower provisions: FY2011 saw higher provisions due to (1) floating provisions (2) provisions for MTM forex exposure and (3) microfinance exposure. We expect revenues to grow by 22% CAGR for FY2012-13E, factoring a 20 bps decline in NIMs. Fee income growth is likely to track overall growth but pressure would remain from the bancassurance business (revised fee income), which would be visible for the entire year in FY2012. Despite the adverse pricing environment in 2HFY11, bancassurance fee income to overall fee income was flat at 20% yoy. Concentration of the top 20 depositors and borrowers was at 8.8% and 16% in FY2011 (8.4% and 14.4% in FY2010), respectively.

NPL ratios improve in retail segment; bank in the best of the delinquency cycle

Asset quality trends remains positive with limited headwinds across product segments--possibly the best phase across segments for the bank. Gross NPLs for 4QFY11 was at 1.1% while net NPLs were at 0.2%. Overall slippages declined to 1.1% in FY2011 compared to 2.6% in FY2010. Write-offs declined by about 50% yoy (FY2010-11 saw higher write-offs from erstwhile CBoP merger). Segment-wise, the retail NPL ratio declined to 0.6% from 1.1%, agriculture and allied NPL ratio declined to 0.5% from 0.9%, services NPLs declined to 1.6% from 3.9% while industry showed a marginal increase to 1.7% from 1.5%. We are building slippages to be higher at 1.4-1.7% in FY2012-13E. The top four NPL accounts contributed to 18% of overall NPL compared to 14% in FY2011.

Manish Karwa

manish.karwa@kotak.com
Mumbai: +91-22-6634-1350

M B Mahesh

mb.mahesh@kotak.com
Mumbai: +91-22-6634-1231

Nischint Chawathe

nischint.chawathe@kotak.com
Mumbai: +91-22-6634-1545

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

HDFC Bank—estimate changes

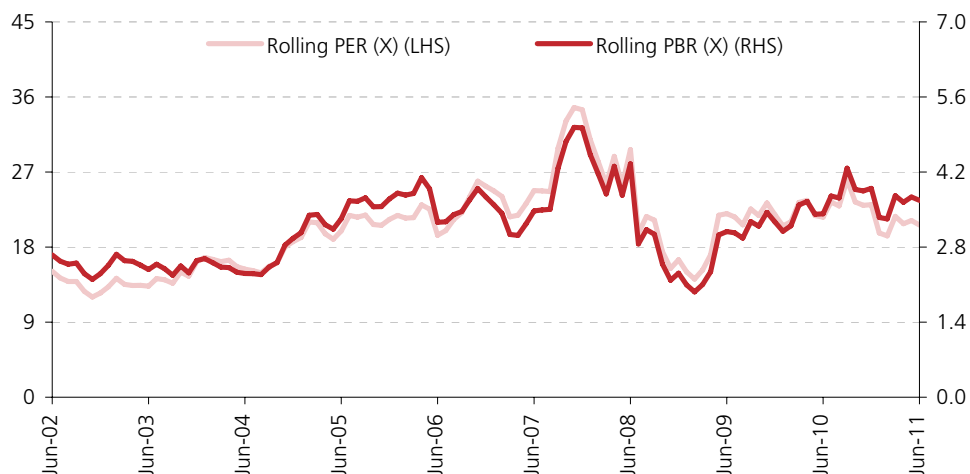
March fiscal year-ends, 2012-2013E, ₹ bn

	New estimates		Old estimates		% change	
	2012E	2013E	2012E	2013E	2012E	2013E
Net loan growth (%)	21.6	22.3	25.1	25.0		
Retail loan to total loans (%)	43.9	29.9	39.9	26.4		
Total assets	3,521	4,436	3,353	4,109	5.0	7.9
Total income	176.7	218.6	174.9	216.4	1.0	1.0
Net interest income	123.9	154.0	124.2	154.8	(0.2)	(0.6)
NIM (%)	4.2	4.0	4.2	4.2		
Other income	52.8	64.7	50.7	61.6	4.0	5.0
Fee income	40.3	48.6	40.7	49.1	(0.9)	(1.0)
Expenses	84.9	102.4	82.5	97.8	2.9	4.7
Employee cost	34.5	42.0	35.1	42.0	(1.7)	0.0
Other cost	50.4	60.4	47.4	55.8	6.4	8.2
Loan loss provisions	15.1	19.5	16.6	21.9	(9.4)	(11.3)
PBT	76.0	96.8	75.3	96.2	1.0	0.6
PAT	51.3	65.3	51.2	65.4	0.2	(0.1)
PBT-treasury+provisions	90.7	114.7	91.3	117.1	(0.7)	(2.1)
EPS (Rs)	110.2	140.4	111.8	142.9	(1.4)	(1.8)
BVPS (Rs)	630.6	738.8	625.0	736.8	0.9	0.3

Source: Company, Kotak Institutional Equities estimates

Rolling PER and PBR for HDFC Bank

June 2002-June 2011, (X)



Source: Kotak Institutional Equities

HDFC Bank growth rates and key ratios
 March fiscal year-ends, 2008-2013E (%)

	2008	2009	2010	2011	2012E	2013E
Growth rates (%)						
Net loan	35.1	55.9	27.3	27.1	21.6	22.3
Customer assets growth	26.5	40.4	26.8	26.2	21.5	22.2
Retail loans to Customer assets	61.7	61.8	57.6	49.8	43.9	29.9
Net fixed assets	21.6	44.6	24.5	2.6	4.2	1.4
Cash and bank balance	61.4	18.5	71.0	(0.9)	22.2	18.8
Total Asset	46.0	37.6	21.4	24.7	26.9	26.0
Deposits	47.5	41.7	17.2	24.6	26.1	23.4
Current	45.2	(1.1)	30.9	24.8	13.2	17.2
Savings	33.5	73.3	1.1	22.9	37.5	28.2
Fixed	58.7	33.5	42.9	27.2	17.8	19.1
Net interest income	48.7	34.5	13.0	25.7	17.5	24.2
Loan loss provisions	41.2	42.0	12.3	(26.1)	5.1	29.2
Total other income	50.4	44.2	15.7	13.9	21.8	22.5
Net fee income	32.7	43.3	15.2	27.1	12.1	20.5
Net capital gains	(453.4)	58.2	(9.8)	(115.2)	(309.0)	45.5
Net exchange gains	48.7	111.4	2.0	50.9	20.0	22.0
Operating expenses	54.7	47.7	4.2	24.1	18.7	20.5
Employee expenses	67.5	72.0	2.3	23.9	21.7	21.7
Key ratios (%)						
Yield on average earning assets	9.7	10.8	8.3	8.4	8.7	8.9
Yield on average loans	12.6	15.0	10.8	10.6	10.9	11.2
Yield on average investments	7.9	7.4	6.8	7.2	7.4	7.5
Average cost of funds	5.2	6.7	4.6	4.5	5.3	5.8
Interest on deposits	5.2	6.6	4.5	4.3	5.1	5.6
Difference	4.6	4.1	3.7	3.9	3.4	3.1
Net interest income/earning assets	5.1	4.9	4.3	4.4	4.2	4.0
New provisions/average net loans	2.2	2.1	1.7	1.0	0.9	0.9
Interest income/total income	70.7	69.3	68.8	70.9	70.1	70.4
Fee income to total income	22.0	22.9	23.2	24.2	22.8	22.2
Fees income to PBT	75.2	74.5	66.0	61.8	53.1	50.2
Net trading income to PBT	(2.0)	11.6	8.0	(0.9)	0.5	1.7
Exchange inc./PBT	12.4	18.1	14.2	15.8	14.5	13.9
Operating expenses/total income	48.0	51.7	47.3	48.1	48.1	46.8
Operating expenses/assets	3.3	3.5	2.8	2.9	2.7	2.6
Operating profit /AWF	1.9	1.9	2.0	2.5	2.5	2.5
Tax rate	30.3	32.0	31.3	32.5	32.5	32.5
Dividend payout ratio	18.9	18.9	18.6	19.6	19.6	19.6
Share of deposits						
Current	28.5	19.9	22.2	22.3	20.0	19.0
Fixed	45.5	55.6	48.0	47.3	51.6	53.6
Savings	26.0	24.4	29.8	30.4	28.4	27.4
Loans-to-deposit ratio	62.9	69.2	75.2	76.7	74.0	73.3
Equity/assets (EoY)	8.6	8.2	9.7	9.2	8.3	7.7
Asset quality trends (%)						
Gross NPL	1.4	2.0	1.4	1.0	1.2	1.4
Net NPL	0.5	0.6	0.3	0.2	0.3	0.4
Slippages	2.6	5.4	2.6	1.1	1.4	1.7
Provision coverage (ex writeoff)	67.1	67.8	78.4	82.5	72.6	69.4
Dupont analysis (%)						
Net interest income	4.7	4.7	4.1	4.2	3.9	3.9
Loan loss provisions	1.1	1.1	1.0	0.6	0.5	0.5
Net other income	2.0	2.1	1.9	1.7	1.7	1.6
Operating expenses	3.6	3.6	2.9	3.1	2.7	2.6
Invnt. depreciation	—	—	—	—	—	—
(1- tax rate)	69.7	68.0	68.7	67.5	67.5	67.5
ROA	1.4	1.4	1.5	1.6	1.6	1.6
Average assets/average equity	12.5	11.9	11.1	10.7	11.5	12.5
ROE	17.7	16.9	16.1	16.7	18.7	20.5

Source: Company, Kotak Institutional Equities estimates

HDFC Bank P&L and balance sheet

March fiscal year-ends, 2008-2013E (₹ mn)

	2008	2009	2010	2011	2012E	2013E
Income statement						
Total interest income	104,034	163,323	161,729	199,282	259,148	337,676
Loans	69,667	121,368	120,983	150,850	192,432	243,120
Investments	31,604	40,080	39,813	46,754	64,409	92,970
Cash and deposits	2,762	1,876	933	1,678	2,307	1,586
Total interest expense	48,871	89,111	77,863	93,851	135,221	183,710
Deposits from customers	43,827	80,155	69,977	80,283	121,379	165,413
Net interest income	55,163	74,212	83,866	105,431	123,927	153,965
Loan loss provisions	12,160	17,263	19,391	14,330	15,067	19,460
Net interest income (after prov.)	43,002	56,949	64,475	91,101	108,860	134,505
Other income	22,825	32,906	38,077	43,352	52,785	64,682
Net fee income	17,145	24,573	28,306	35,967	40,331	48,597
Net capital gains	2,418	3,826	3,451	(526)	1,100	1,600
Net exchange gains	2,831	5,986	6,103	9,208	11,050	13,481
Operating expenses	37,456	55,328	57,645	71,529	84,928	102,381
Employee expenses	13,014	22,382	22,892	28,360	34,507	42,010
Depreciation on investments	2,884	—	—	—	700	—
Other Provisions	2,683	1,528	2,010	4,731	—	—
Pretax income	22,811	32,999	42,898	58,193	76,017	96,807
Tax provisions	6,909	10,549	13,410	18,929	24,726	31,489
Net Profit	15,902	22,449	29,488	39,264	51,291	65,318
% growth	39.3	41.2	31.4	33.2	30.6	27.3
Operating profit	35,229	47,964	60,847	77,780	90,684	114,667
% growth	33.8	36.1	26.9	27.8	16.6	26.4
Balance sheet						
Cash and bank balance	147,783	175,066	299,424	296,688	362,416	430,455
Cash	9,401	15,862	24,353	29,980	32,977	36,275
Balance with RBI	116,131	119,410	130,480	221,029	283,759	348,499
Balance with banks	9,949	9,051	7,092	12,046	12,046	12,046
Net value of investments	493,933	588,252	586,154	709,294	1,041,891	1,452,798
Govt. and other securities	316,656	521,566	510,499	536,513	869,994	1,280,901
Shares	345	397	1,035	935	935	935
Debentures and bonds	62,517	19,428	11,393	5,348	5,348	5,348
Net loans and advances	634,269	988,830	1,258,306	1,599,827	1,945,312	2,379,092
Fixed assets	11,751	16,989	21,150	21,706	22,624	22,936
Net leased assets	—	—	—	—	—	—
Net Owned assets	11,751	16,989	21,150	21,706	22,624	22,936
Other assets	44,027	63,568	59,551	146,011	148,303	150,824
Total assets	1,331,764	1,832,706	2,224,586	2,773,526	3,520,546	4,436,104
Deposits	1,007,686	1,428,116	1,674,044	2,085,864	2,630,247	3,246,003
Borrowings and bills payable	108,852	120,860	188,414	200,302	225,586	255,927
Other liabilities	100,254	133,257	146,902	233,567	371,360	590,444
Total liabilities	1,216,792	1,682,233	2,009,361	2,519,733	3,227,193	4,092,374
Paid-up capital	3,544	4,254	4,577	4,652	4,652	4,652
Reserves & surplus	111,428	146,219	210,648	249,140	288,700	339,078
Total shareholders' equity	114,972	150,473	215,225	253,793	293,352	343,730

Source: Company, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation summary of key Indian companies

Company	6-Jun-11		Mkt cap.		O/S shares (mn)	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)		2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	(Rs)	(%)	(US\$ mn)
Automobiles																													
Ashok Leyland	51	SELL	67,978	1,519	1,330	4.7	4.2	4.7	68.2	(10.8)	11.7	10.8	12.1	10.8	7.5	8.1	7.3	1.5	1.4	1.3	2.0	2.0	2.0	21.3	16.4	16.3	52	1.8	6.6
Bajaj Auto	1,362	ADD	394,076	8,804	289	90.5	100.0	110.8	44.1	10.6	10.8	15.1	13.6	12.3	14.1	13.2	12.4	8.0	6.2	4.8	2.9	2.9	2.9	84.9	50.7	43.3	1,550	13.8	14.2
Bharat Forge	312	ADD	74,049	1,654	237	11.9	18.3	23.0	1,324.3	54.0	25.6	26.2	17.0	13.6	11.7	8.6	7.1	3.3	2.8	2.3	1.1	—	—	7.8	14.6	16.7	355	13.8	2.3
Exide Industries	163	ADD	138,635	3,097	850	7.3	8.8	10.8	15.4	20.1	23.4	22.4	18.6	15.1	15.7	13.1	10.8	5.1	4.1	3.3	0.8	0.8	0.8	25.0	24.4	24.5	175	7.3	5.4
Hero Honda	1,861	REDUCE	371,542	8,301	200	99.3	108.5	127.6	(11.1)	9.2	17.5	18.7	17.1	14.6	12.2	9.1	7.6	8.0	8.2	7.8	5.6	3.8	3.8	56.5	62.5	60.8	1,722	(7.4)	23.9
Mahindra & Mahindra	658	ADD	403,766	9,021	614	41.7	43.9	48.9	22.7	5.2	11.4	15.8	15.0	13.4	12.2	11.1	9.8	3.8	3.2	2.7	1.7	1.7	1.7	27.3	23.2	22.0	770	17.1	26.8
Maruti Suzuki	1,232	BUY	355,925	7,952	289	79.2	94.4	110.4	(8.4)	19.2	17.0	15.6	13.1	11.2	9.9	8.2	6.3	2.5	2.1	1.8	0.4	0.5	0.5	17.6	17.8	17.7	1,730	40.4	12.8
Tata Motors	1,024	ADD	680,761	15,209	665	136.0	134.5	146.4	737.9	(1.1)	8.8	7.5	7.6	7.0	5.3	5.4	4.8	3.5	2.5	1.9	1.9	1.4	1.4	66.1	38.8	31.1	1,290	26.0	60.4
Automobiles																													
Cautious			2,486,732	55,557					88.1	5.7	12.3	12.4	11.7	10.5	8.4	7.8	6.8	3.9	3.2	2.6	2.3	1.9	1.9	31.7	27.1	24.8			
Banks/Financial Institutions																													
Andhra Bank	145	BUY	81,111	1,812	560	22.6	23.7	27.9	5.0	4.7	17.6	6.4	6.1	5.2	—	—	—	1.2	1.1	0.9	3.8	4.0	4.7	23.2	19.0	19.5	190	31.1	2.7
Axis Bank	1,235	BUY	507,214	11,332	411	82.5	99.3	123.4	33.0	20.3	24.3	15.0	12.4	10.0	—	—	—	2.7	2.3	1.9	1.1	1.4	1.7	19.3	19.8	20.8	1,700	37.6	50.2
Bank of Baroda	853	BUY	335,022	7,485	393	108.0	116.4	139.6	29.1	7.8	19.9	7.9	7.3	6.1	—	—	—	1.7	1.4	1.2	1.9	2.1	2.5	25.3	21.1	21.3	1,250	46.6	9.1
Bank of India	421	ADD	230,161	5,142	547	45.5	60.5	69.9	37.4	33.1	15.5	9.2	6.9	6.0	—	—	—	1.4	1.2	1.1	1.7	2.2	2.6	17.3	19.2	19.0	560	33.1	11.9
Canara Bank	529	ADD	234,369	5,236	443	90.9	91.3	108.9	23.3	0.5	19.3	5.8	5.8	4.9	—	—	—	1.3	1.1	0.9	2.1	2.3	2.3	23.2	18.6	18.9	700	32.3	15.1
Corporation Bank	528	ADD	78,227	1,748	148	95.4	96.1	114.1	16.4	0.7	18.7	5.5	5.5	4.6	—	—	—	1.1	1.0	0.8	3.8	3.7	4.3	21.9	18.5	19.0	700	32.6	1.1
Federal Bank	445	BUY	76,117	1,701	171	34.3	44.9	57.0	26.3	31.0	26.7	13.0	9.9	7.8	—	—	—	1.5	1.4	1.2	1.9	2.5	3.2	12.0	14.3	16.2	500	12.4	4.5
HDFC	671	REDUCE	983,776	21,979	1,467	24.1	27.9	31.8	22.4	15.9	14.1	27.8	24.0	21.1	—	—	—	5.7	5.0	3.8	1.3	1.6	1.8	21.7	22.2	21.4	745	11.1	42.5
HDFC Bank	2,381	ADD	1,107,819	24,750	465	84.4	110.2	140.4	31.0	30.6	27.3	28.2	21.6	17.0	—	—	—	4.4	3.8	3.2	0.7	0.9	1.2	16.7	18.7	20.5	2,800	17.6	46.1
ICICI Bank	1,058	ADD	1,218,683	27,227	1,152	44.7	58.2	69.0	23.9	30.1	18.7	23.7	18.2	15.3	—	—	—	2.2	2.1	1.9	1.3	1.6	2.0	9.7	11.8	12.9	1,300	22.9	94.7
IDFC	137	ADD	206,032	4,603	1,506	8.8	10.5	12.9	4.8	19.4	22.9	15.6	13.0	10.6	—	—	—	2.0	1.7	1.5	1.1	1.5	1.8	14.7	13.8	14.7	170	24.3	20.7
India Infoline	77	BUY	25,048	560	327	7.3	7.8	8.9	(9.8)	5.8	15.3	10.4	9.9	8.6	—	—	—	1.4	1.2	1.1	3.7	2.2	2.5	13.1	13.4	13.5	95	24.1	1.4
Indian Bank	218	BUY	93,668	2,093	430	38.8	43.7	53.3	10.5	12.5	22.1	5.6	5.0	4.1	—	—	—	1.2	1.0	0.8	3.4	3.6	4.4	22.3	21.1	21.8	350	60.6	2.3
Indian Overseas Bank	143	ADD	88,234	1,971	619	17.3	23.5	30.7	33.6	35.4	30.9	8.2	6.1	4.6	—	—	—	1.1	0.9	0.8	3.5	3.0	3.3	12.7	14.6	16.8	190	33.2	3.2
IndusInd Bank	266	BUY	123,805	2,766	466	12.4	15.4	18.7	45.3	23.9	21.7	21.4	17.3	14.2	—	—	—	3.4	2.9	2.6	0.8	0.9	1.1	20.0	17.4	18.3	315	18.5	4.7
J&K Bank	795	ADD	38,571	862	48	126.9	136.9	152.9	20.1	7.9	11.7	6.3	5.8	5.2	—	—	—	1.1	1.0	0.9	3.3	3.5	3.9	19.0	17.8	17.4	900	13.1	0.7
LIC Housing Finance	228	ADD	108,479	2,424	475	20.5	22.4	27.6	47.2	9.0	23.3	11.1	10.2	8.3	—	—	—	2.6	2.2	1.8	1.9	2.1	2.6	25.8	23.3	24.0	270	18.2	35.4
Mahindra & Mahindra Financial	665	ADD	68,115	1,522	102	45.2	61.9	70.9	26.0	36.9	14.6	14.7	10.7	9.4	—	—	—	2.8	2.4	2.0	1.5	2.0	2.3	22.0	23.3	22.5	925	39.1	2.6
Oriental Bank of Commerce	351	ADD	102,467	2,289	292	51.5	56.8	65.8	13.7	10.3	15.8	6.8	6.2	5.3	—	—	—	1.0	0.9	0.8	2.9	3.3	3.8	15.5	14.2	14.8	450	28.1	5.6
PFC	203	REDUCE	233,055	5,207	1,148	22.8	27.3	32.4	11.0	19.7	19.0	8.9	7.4	6.3	—	—	—	1.5	1.4	1.2	2.2	2.7	3.2	18.3	19.0	19.5	250	23.1	14.4
Punjab National Bank	1,083	BUY	342,979	7,663	317	139.9	166.4	201.5	13.0	18.9	21.1	7.7	6.5	5.4	—	—	—	1.7	1.4	1.2	2.6	3.1	3.8	24.0	23.5	23.7	1,500	38.6	7.2
Reliance Capital	529	ADD	130,268	2,910	246	9.3	16.5	24.6	(25.3)	77.0	49.6	56.9	32.1	21.5	—	—	—	1.9	1.8	1.7	0.7	1.2	1.9	3.3	5.7	8.2	600	13.4	31.8
Rural Electrification Corp.	216	ADD	213,276	4,765	987	26.0	29.3	32.8	28.1	12.7	12.2	8.3	7.4	6.6	—	—	—	1.7	1.5	1.3	3.5	4.5	5.1	21.5	21.2	20.9	250	15.7	14.7
Shriram Transport	702	REDUCE	156,700	3,501	223	55.1	65.5	77.2	40.8	18.8	17.9	12.7	10.7	9.1	—	—	—	3.2	2.7	2.3	1.6	1.9	2.2	28.1	26.7	25.8	750	6.8	13.9
SKS Microfinance	368	REDUCE	27,131	606	74	15.7	(39.1)	3.9	(41.8)	(349.4)	(109.9)	23.5	(9.4)	95.0	—	—	—	1.5	1.8	1.7	—	—	—	8.3	(17.4)	1.9	350	(5.0)	5.9
State Bank of India	2,317	BUY	1,482,976	33,132	640	129.1	200.6	258.2	(10.6)	55.4	28.7	17.9	11.5	9.0	—	—	—	2.3	2.0	1.7	1.3	1.4	1.5	12.6	18.3	20.1	3,100	33.8	143.6
Union Bank	323	BUY	169,445	3,786	525	39.4	52.0	62.2	(4.0)	31.8	19.8	8.2	6.2	5.2	—	—	—	1.5	1.3	1.1	2.5	3.3	3.9	20.9	22.5	22.6	425	31.8	4.9
Yes Bank	298	BUY	101,204	2,261	340	21.1	26.3	33.1	40.4	24.7	25.9	14.1	11.3	9.0	—	—	—	2.7	2.2	1.8	0.7	0.9	1.1	21.0	21.7	22.4	420	41.0	18.4
Banks/Financial Institutions																													
Attractive			8,563,952	191,330					19.6	23.1	22.3	14.1	11.5	9.4	—	—	—	2.2	1.9	1.7	1.5	1.8	2.1	15.9	17.0	17.8			
Cement																													
ACC	1,041	REDUCE	195,508	4,368	188	55.6	63.8	79.1	(33.2)	14.8	24.1	18.7	16.3	13.1	11.4	9.2	7.0	2.9	2.6	2.3	3.4	2.2	2.2	17.5	18.2	19.4	1,050	0.9	7.0
Ambuja Cements	143	SELL	217,395	4,857	1,522	7.9	8.4	10.9	(1.5)	6.6	29.2	18.1	17.0	13.2	11.0	9.4	7.0	2.8	2.5	2.2	1.4	1.6	1.7	16.6	15.8	18.3	145	1.5	10.3
Grasim Industries	2,279	BUY	208,998	4,669	92	233.3	277.7	319.7	(22.5)	19.0	15.1	9.8	8.2	7.1	6.2	4.7	3.8	1.4	1.2	1.1	1.5	1.5	1.5	15.8	16.3	16.3	3,100	36.0	6.1
India Cements	84	REDUCE	25,911	579	307	2.2	8.3	10.8	(77.6)	270.2	29.5	37.5	10.1	7.8	11.7	6.2	4.4	0.6	0.6	0.6	3.8	3.8	3.8	1.8	6.4	8.0	92	9.1	0.8
Shree Cement	1,790	REDUCE	62,366	1,393	35	57.2	137.4	155.1	(72.5)	140.4	12.9	31.3	13.0	11.5	7.0	4.9	4.0	3.3	2.7	2.3	0.6	0.6	0.6	10.7	22.9	21.8	2,025	13.1	1.4
UltraTech Cement	1,014	BUY	277,931	6,209	274	44.9	84.1	103.1	(49.2)	87.4	22.6	22.6	12.1	9.8	11.0	6.6	5.0	2.2	1.9	1.6	0.6	0.6	0.6	16.7	19.6	20.0	1,350	33.1	3.5
Cement		Neutral	988,109	22,076					(23.4)	37.1	21.2	16.8	12.3	10.1	8.9	6.4	5.0	2.1	1.8										

Kotak Institutional Equities: Valuation summary of key Indian companies

	6-Jun-11		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target	Upside	ADVT-3mo
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	shares (mn)	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	(Rs)	(%)	(US\$ mn)
Consumer products																													
Asian Paints	3,170	REDUCE	304,070	6,793	96	80.8	94.6	111.4	13.0	17.1	17.7	39.2	33.5	28.5	26.2	21.3	17.5	14.8	11.5	9.2	1.0	0.9	1.1	43.9	40.0	36.8	2,900	(8.5)	9.0
Colgate-Palmolive (India)	914	SELL	124,325	2,778	136	29.6	34.3	39.2	(4.9)	16.0	14.1	30.9	26.6	23.3	26.7	23.0	19.3	32.4	28.2	23.2	2.4	2.8	3.0	113.4	113.2	108.9	900	(1.6)	1.6
Dabur India	113	ADD	195,972	4,378	1,731	3.3	3.7	4.3	13.4	11.8	16.5	34.4	30.8	26.5	27.1	22.2	19.2	15.1	11.6	9.2	1.0	1.1	1.3	51.5	43.3	39.5	110	(2.8)	5.2
GlaxoSmithkline Consumer (a)	2,334	ADD	98,139	2,193	42	71.3	85.4	101.5	28.8	19.8	18.9	32.7	27.3	23.0	23.5	19.9	16.5	10.5	8.5	6.9	2.1	1.2	1.4	32.2	33.5	32.5	2,700	15.7	0.7
Godrej Consumer Products	431	ADD	139,548	3,118	324	14.6	17.3	20.7	29.1	18.3	19.7	29.5	24.9	20.8	23.7	18.6	15.3	7.8	7.3	6.6	1.0	0.7	0.7	34.6	30.4	33.3	470	9.0	1.5
Hindustan Unilever	315	ADD	680,115	15,195	2,159	9.6	11.3	13.4	2.1	17.7	17.9	32.7	27.8	23.6	27.0	23.1	18.9	25.8	22.1	18.9	2.4	2.9	3.5	80.6	85.8	86.5	340	8.0	14.3
ITC	193	ADD	1,484,007	33,155	7,697	6.5	8.0	9.1	22.1	23.1	13.5	29.8	24.2	21.3	20.1	16.3	14.2	9.4	8.0	6.9	2.3	1.9	2.3	34.3	37.3	36.2	230	19.3	31.8
Jubilant Foodworks	812	SELL	52,429	1,171	65	11.2	14.7	20.0	98.7	31.7	35.9	72.8	55.3	40.7	43.7	29.7	22.4	27.4	18.3	12.6	—	—	—	46.5	39.7	36.7	550	(32.3)	24.8
Jyothy Laboratories	206	ADD	16,602	371	81	10.5	11.7	13.3	(5.0)	11.4	14.2	19.6	17.6	15.4	17.2	12.9	10.5	2.5	2.3	2.1	2.8	2.3	2.8	12.3	13.3	14.0	240	16.6	1.3
Marico	140	ADD	85,587	1,912	612	4.2	5.5	6.5	10.9	29.4	18.6	33.2	25.6	21.6	22.2	17.6	14.7	9.1	7.1	5.6	0.5	0.7	0.8	32.8	31.8	29.5	160	14.3	0.8
Nestle India (a)	4,141	REDUCE	399,282	8,921	96	86.8	104.6	123.9	16.7	20.5	18.4	47.7	39.6	33.4	31.7	25.8	21.4	46.7	33.6	25.3	1.2	1.4	1.7	116.5	98.7	86.3	3,500	(15.5)	3.0
Tata Global Beverages	93	ADD	57,604	1,287	618	4.0	6.0	6.8	(34.6)	52.6	13.0	23.5	15.4	13.7	9.2	7.8	6.7	1.1	1.1	1.1	2.1	3.3	3.7	6.5	9.6	10.4	110	18.1	3.6
Titan Industries	4,369	ADD	193,930	4,333	44	105.3	130.7	153.6	83.9	24.0	17.6	41.5	33.4	28.4	30.3	23.2	19.0	16.8	11.6	8.5	0.3	0.3	0.4	49.4	41.0	34.4	4,800	9.9	34.2
United Spirits	1,028	ADD	129,123	2,885	126	29.5	39.2	50.6	8.3	32.8	29.0	34.8	26.2	20.3	17.2	13.3	11.4	3.0	2.7	2.4	0.3	0.2	0.4	9.1	10.7	12.5	1,300	26.4	8.0
Consumer products		Cautious	3,960,733	88,488					15.9	21.4	16.3	33.2	27.3	23.5	23.0	18.8	15.9	10.4	8.9	7.6	1.8	1.7	2.1	31.3	32.5	32.4			
Constructions																													
IVRCL	69	BUY	18,304	409	267	5.9	7.9	9.8	(25.2)	33.6	24.5	11.6	8.7	7.0	7.4	6.3	5.7	0.9	0.8	0.7	0.6	0.6	0.6	8.2	10.1	11.3	125	82.3	5.5
Nagarjuna Construction Co.	84	BUY	21,438	479	257	6.4	7.0	8.9	(10.7)	10.5	25.8	13.1	11.9	9.4	9.2	8.4	7.5	0.9	0.9	0.8	2.4	2.4	2.4	7.1	7.4	8.9	140	67.6	2.7
Punj Lloyd	62	REDUCE	21,020	470	340	(1.5)	5.2	8.2	(56.6)	(449.2)	57.5	(41.7)	11.9	7.6	8.5	6.3	5.3	0.7	0.7	0.6	(0.1)	0.7	1.2	(1.7)	5.8	8.5	75	21.2	8.5
Sadbhav Engineering	149	BUY	22,298	498	150	8.0	10.0	12.1	55.1	25.4	21.1	18.7	14.9	12.3	11.3	9.2	7.7	3.5	2.9	2.3	0.4	0.4	0.4	18.6	19.2	19.0	190	27.8	0.6
Construction		Attractive	83,059	1,856					14.1	83.7	32.2	21.3	11.6	8.8	8.7	7.2	6.2	1.0	1.0	0.9	0.8	1.0	1.1	4.9	8.4	10.1			
Energy																													
Aban Offshore	570	BUY	24,820	555	44	116.2	103.6	104.0	9.0	(10.8)	0.3	4.9	5.5	5.5	7.1	6.6	6.7	1.2	1.0	0.9	0.6	0.7	0.8	29.2	19.9	16.5	775	35.9	14.7
Bharat Petroleum	612	ADD	221,281	4,944	362	45.7	41.7	54.1	(20.7)	(8.7)	29.7	13.4	14.7	11.3	9.6	9.0	7.1	1.5	1.4	1.3	2.3	2.2	2.9	10.8	9.2	11.1	735	20.1	9.1
Cairn India	336	REDUCE	638,284	14,260	1,902	33.3	61.8	63.1	501.1	85.6	2.0	10.1	5.4	5.3	7.4	4.0	3.4	1.6	1.3	1.1	—	1.5	6.0	16.9	25.9	22.7	340	1.3	60.3
Castrol India (a)	496	SELL	122,700	2,741	247	19.8	20.7	21.3	28.7	4.6	2.7	25.0	23.9	23.3	15.9	15.7	15.1	23.8	21.8	20.6	3.0	3.2	3.4	100.5	95.0	90.9	385	(22.4)	1.7
GAIL (India)	432	ADD	548,174	12,247	1,268	28.1	34.3	35.0	13.4	22.3	1.8	15.4	12.6	12.4	9.6	9.0	8.5	2.6	2.2	1.9	1.7	2.1	2.2	17.4	18.3	16.0	525	21.5	11.3
GSPL	99	REDUCE	55,836	1,247	563	9.0	8.1	9.0	23.1	(10.3)	11.9	11.0	12.3	11.0	7.0	7.2	6.6	2.5	2.1	1.8	1.0	1.6	2.7	25.5	18.2	17.4	92	(7.3)	2.4
Hindustan Petroleum	371	ADD	125,637	2,807	339	45.7	29.2	39.3	(11.4)	(36.0)	34.6	8.1	12.7	9.4	3.2	3.7	3.0	0.8	0.8	0.7	3.8	2.4	3.3	10.1	5.8	7.4	455	22.8	7.2
Indian Oil Corporation	320	ADD	776,094	17,339	2,428	31.8	30.3	35.1	(35.4)	(4.7)	15.9	10.1	10.6	9.1	8.0	7.7	6.0	1.3	1.2	1.1	3.0	2.9	3.4	12.9	11.5	12.2	410	28.3	5.2
Oil India	1,289	ADD	309,958	6,925	240	120.1	141.1	147.7	4.3	17.5	4.7	10.7	9.1	8.7	4.5	3.6	3.2	1.8	1.6	1.5	2.9	3.5	3.6	16.2	16.9	15.8	1,515	17.5	2.2
Oil & Natural Gas Corporation	276	BUY	2,360,048	52,727	8,556	25.2	31.2	31.4	9.9	23.7	0.7	10.9	8.8	8.8	4.1	3.7	3.3	1.6	1.4	1.3	3.2	3.3	3.6	14.7	16.4	14.7	340	23.3	29.9
Petronet LNG	139	SELL	104,138	2,327	750	8.1	9.3	9.5	50.5	15.0	1.8	17.1	14.9	14.6	10.1	9.1	9.4	3.4	2.9	2.5	1.4	2.2	2.2	20.9	20.2	17.7	105	(24.4)	5.2
Reliance Industries	938	REDUCE	2,792,620	62,391	2,978	62.0	68.0	70.9	24.8	9.8	4.2	15.1	13.8	13.2	8.1	7.3	6.6	1.7	1.5	1.4	0.9	1.0	1.1	13.0	12.9	12.0	1,020	8.8	94.9
Energy		Cautious	8,079,589	180,509					12.6	18.8	4.5	11.9	10.0	9.6	6.4	5.6	4.9	1.7	1.5	1.3	1.9	2.1	2.7	14.0	14.7	13.9			
Industrials																													
ABB	849	SELL	179,836	4,018	212	3.0	21.1	27.3	(82.2)	606.1	29.6	284.4	40.3	31.1	207.5	27.2	20.4	7.4	6.4	5.5	0.2	0.4	0.4	2.6	17.1	19.1	700	(17.5)	2.1
BGR Energy Systems	482	REDUCE	34,762	777	72	44.8	45.8	46.9	60.0	2.2	2.6	10.8	10.5	10.3	6.9	6.2	5.7	3.7	2.9	2.4	1.9	1.9	2.0	39.0	30.6	25.4	470	(2.4)	7.1
Bharat Electronics	1,675	REDUCE	134,016	2,994	80	102.9	120.8	133.9	7.0	17.4	10.8	16.3	13.9	12.5	10.0	7.4	6.3	2.6	2.3	2.0	1.5	1.5	1.5	17.2	17.7	17.2	2,000	19.4	1.0
Bharat Heavy Electricals	1,914	REDUCE	937,088	20,936	490	122.8	134.6	150.1	39.7	9.6	11.5	15.6	14.2	12.8	10.4	9.4	8.0	4.6	3.7	3.1	1.4	1.5	1.7	33.3	29.1	26.4	2,275	18.8	39.6
Crompton Greaves	265	BUY	169,741	3,792	642	14.3	15.8	18.4	11.5	10.1	16.6	18.5	16.8	14.4	12.3	10.1	8.2	5.2	4.1	3.3	0.7	0.8	0.9	31.7	27.2	25.4	310	17.2	8.1
Larsen & Toubro	1,728	ADD	1,045,665	23,362	605	69.3	84.1	102.9	19.5	21.4	22.4	24.9	20.5	16.8	16.6	12.1	10.1	4.0	3.3	2.8	0.7	0.8	0.8	17.2	17.4	17.9	1,875	8.5	73.0
Maharashtra Seamless	358	ADD	25,278	565	71	46.6	42.4	47.2	20.6	(9.0)	11.4	7.7	8.5	7.6	3.8	4.0	3.2	1.0	0.9	0.8	2.3	2.4	2.6	13.4	11.2	11.6	418	16.6	0.3
Siemens	897	REDUCE	302,416	6,756	337	22.4	31.7	33.6	39.5	41.3	5.9	40.0	28.3	26.7	23.7	18.0	16.7	9.3	7.4	6.1	0.6	0.7	0.8	25.2	29.3	25.2	860	(4.1)	12.2
Suzlon Energy	51	REDUCE	81,758	1,827	1,594	(6.0)	(0.0)	4.6	(2.8)	(99.9)	(62,927.5)	(8.6)	(7,049.6)	11.2	30.3	9.9	6.5	1.2	1.3	1.2	—	—	0.4	(14.4)	(0.0)	11.1	5.5	7.2	27.2

Kotak Institutional Equities: Valuation summary of key Indian companies

	6-Jun-11		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target	Upside	ADVT-3mo
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	(Rs)	(%)	(US\$ mn)
Media																													
DB Corp	230	BUY	41,807	934	182	14.2	14.6	17.5	33.5	2.8	19.8	16.2	15.8	13.2	10.4	9.4	7.9	5.1	4.4	3.9	1.7	2.6	4.3	35.1	29.8	31.4	320	39.1	0.2
DishTV	77	ADD	81,835	1,828	1,062	(1.8)	(0.0)	1.2	(27.5)	(97.2)	(2,583.4)	(43.1)	(1,548.4)	62.4	38.2	17.9	12.0	38.9	39.9	24.3	—	—	—	(62.3)	(2.5)	48.5	85	10.3	4.3
Eros International	154	BUY	14,245	318	93	12.7	16.2	20.3	31.4	28.1	24.7	12.1	9.5	7.6	8.8	7.1	5.2	2.0	1.7	1.4	—	—	—	25.0	19.4	19.7	230	49.7	0.6
Hindustan Media Ventures	143	BUY	10,504	235	73	7.3	9.0	12.0	198.7	22.7	33.9	19.6	15.9	11.9	9.5	8.4	6.1	2.6	2.2	2.0	—	—	2.1	22.3	15.1	17.5	200	39.7	0.2
HT Media	158	ADD	37,224	832	235	7.7	8.6	11.3	26.3	11.5	31.2	20.5	18.4	14.0	9.8	8.5	6.5	2.7	2.5	2.3	1.3	2.5	3.8	15.0	13.9	17.1	170	7.3	0.4
Jagran Prakashan	126	BUY	37,945	848	301	6.8	7.6	8.9	17.2	11.1	17.1	18.4	16.6	14.2	10.6	9.6	8.1	5.5	4.8	4.3	2.8	3.2	4.0	31.5	30.9	32.3	170	34.9	0.3
Sun TV Network	305	ADD	120,096	2,683	394	19.6	22.5	26.7	48.5	14.8	18.8	15.6	13.5	11.4	9.3	8.0	6.6	5.0	4.4	3.9	2.9	3.9	5.3	36.6	35.9	37.6	480	57.5	12.5
Zee Entertainment Enterprises	140	BUY	136,971	3,060	978	5.7	7.1	8.4	7.3	24.9	18.5	24.6	19.7	16.6	16.8	12.8	10.6	3.2	3.1	3.0	1.0	1.1	1.3	13.8	16.4	18.8	180	28.6	6.2
Media		Neutral	480,627	10,738					49.8	27.3	25.9	24.6	19.3	15.3	13.1	10.5	8.4	4.4	4.0	3.7	1.5	2.0	2.7	18.0	20.9	24.0			
Metals & Mining																													
Coal India	394	BUY	2,488,016	55,586	6,316	17.3	24.5	28.6	13.6	41.7	16.8	22.8	16.1	13.8	13.8	10.7	8.8	7.1	5.6	4.4	1.3	1.9	2.2	35.1	38.9	35.8	460	16.8	37.6
Hindalco Industries	186	ADD	356,578	7,966	1,914	12.8	18.2	18.6	(36.0)	42.7	2.1	14.6	10.2	10.0	7.6	6.9	7.3	1.2	1.1	1.0	0.8	0.8	0.8	9.7	11.4	10.5	235	26.1	32.1
Hindustan Zinc	133	BUY	562,136	12,559	4,225	11.6	14.6	16.0	21.8	25.1	9.5	11.4	9.1	8.3	7.3	4.8	3.8	2.4	1.9	1.6	0.8	0.8	0.8	24.2	24.3	21.5	170	27.8	5.9
Jindal Steel and Power	632	REDUCE	590,478	13,192	934	40.2	51.3	58.6	5.1	27.6	14.2	15.7	12.3	10.8	11.3	9.1	8.4	3.9	3.0	2.3	0.3	0.3	0.3	30.8	29.3	25.7	700	10.8	17.2
JSW Steel	936	REDUCE	232,262	5,189	248	78.6	87.4	113.7	(2.2)	11.2	30.0	11.9	10.7	8.2	7.6	5.6	5.3	1.3	1.0	0.9	1.2	1.0	1.0	11.9	10.3	11.4	990	5.8	29.8
National Aluminium Co.	91	SELL	233,240	5,211	2,577	4.1	5.0	5.3	36.3	20.5	6.0	21.8	18.1	17.1	11.9	9.4	8.5	2.1	1.9	1.8	1.7	1.7	1.7	9.9	11.1	11.0	76	(16.0)	1.4
Sesa Goa	285	REDUCE	253,832	5,671	890	47.5	41.9	36.7	60.6	(11.8)	(12.3)	6.0	6.8	7.8	3.1	4.7	5.1	1.9	1.5	1.3	1.4	1.4	1.4	36.6	23.2	17.2	305	6.9	20.6
Sterile Industries	168	BUY	565,094	12,625	3,362	15.2	21.3	24.4	26.2	40.2	14.8	11.1	7.9	6.9	7.4	4.6	3.7	1.4	1.2	1.0	0.7	0.7	0.7	13.0	15.9	15.7	220	30.9	17.9
Tata Steel	568	BUY	551,664	12,325	971	76.0	70.8	85.8	(2,278.5)	(6.9)	21.2	7.5	8.0	6.6	6.6	6.1	5.3	1.6	1.3	1.1	2.1	—	—	24.9	17.8	18.4	750	32.1	55.9
Metals & Mining		Attractive	5,833,300	130,324					39.3	23.2	13.1	14.1	11.4	10.1	8.7	7.1	6.2	2.6	2.2	1.8	1.1	1.2	1.3	18.6	19.1	18.2			
Pharmaceutical																													
Apollo Hospitals	489	BUY	64,633	1,444	132	13.9	17.6	21.8	27.0	26.9	23.5	35.1	27.7	22.4	16.2	12.6	10.7	3.5	3.1	2.6	—	—	—	10.0	11.4	12.2	565	15.6	0.9
Biocon	360	BUY	71,980	1,608	200	18.4	21.6	24.2	23.8	17.4	12.3	19.6	16.7	14.9	11.3	9.7	8.5	3.5	2.9	2.6	—	—	—	19.4	19.4	18.7	480	33.4	3.3
Cipla	332	REDUCE	266,329	5,950	803	12.1	16.3	18.8	(12.0)	35.4	15.4	27.5	20.3	17.6	22.3	15.8	13.3	4.0	3.5	3.0	0.8	0.8	0.8	15.4	18.2	—	330	(0.5)	9.0
Cadila Healthcare	887	BUY	181,704	4,060	205	34.7	42.2	51.7	40.6	21.4	22.7	25.6	21.0	17.2	22.0	16.4	13.1	8.4	6.4	5.0	0.7	1.0	1.2	37.5	34.5	32.8	1,130	27.3	1.8
Dishman Pharma & chemicals	94	SELL	7,653	171	81	9.8	8.0	9.4	(31.8)	(18.7)	17.2	9.6	11.8	10.0	9.8	7.5	6.7	0.9	0.8	0.8	—	—	—	9.6	7.2	7.9	95	1.0	0.3
Divi's Laboratories	777	BUY	103,081	2,303	133	32.4	40.3	46.2	25.7	24.4	14.7	24.0	19.3	16.8	19.7	14.6	12.4	5.7	4.8	4.1	—	—	—	25.9	27.1	26.2	900	15.8	5.2
GlaxoSmithkline Pharmaceuticals (a)	2,369	REDUCE	200,661	4,483	85	68.3	80.2	91.8	15.5	17.5	14.4	34.7	29.5	25.8	23.4	20.2	17.2	10.3	9.4	8.5	—	—	—	30.9	33.3	34.7	2,300	(2.9)	1.7
Glenmark Pharmaceuticals	308	REDUCE	86,195	1,926	280	17.6	20.6	25.9	38.3	17.3	25.9	17.5	14.9	11.9	15.5	12.4	10.1	3.1	2.6	2.2	—	—	—	18.4	18.2	19.3	330	7.2	4.8
Jubilant Life Sciences	163	REDUCE	25,926	579	159	14.4	16.4	19.3	(45.6)	13.7	17.4	11.3	9.9	8.5	10.0	8.2	7.5	1.2	1.1	1.0	1.2	1.5	2.2	12.3	11.5	12.2	195	19.8	0.6
Lupin	443	ADD	197,800	4,419	446	19.3	20.4	25.2	26.1	5.6	23.3	22.9	21.7	17.6	19.3	15.9	13.0	5.9	4.9	4.0	0.7	0.8	0.9	29.5	25.0	25.2	500	12.8	9.9
Ranbaxy Laboratories	541	SELL	227,762	5,089	421	40.8	20.5	22.4	478.2	(49.9)	9.4	13.2	26.4	24.2	16.2	17.9	15.4	4.0	3.5	3.0	—	—	—	34.5	14.3	13.6	365	(32.5)	11.9
Sun Pharmaceuticals	478	ADD	495,017	11,059	1,036	17.5	19.5	22.7	34.4	10.9	16.6	27.3	24.6	21.1	23.1	19.6	16.2	4.8	4.1	3.5	0.7	0.8	1.0	22.9	19.6	19.6	515	7.7	9.8
Pharmaceuticals		Cautious	2,279,313	50,923					30.1	5.5	3.5	23.8	22.5	21.8	17.7	14.7	14.2	3.8	3.2	3.1	0.5	0.5	0.6	15.8	14.4	14.0			
Property																													
DLF	233	ADD	398,638	8,906	1,715	9.1	11.9	15.7	(14.5)	31.3	31.8	25.6	19.5	14.8	16.7	13.1	10.0	1.5	1.4	1.3	0.9	1.1	1.3	5.4	7.5	9.2	270	16.1	31.9
Housing Development & Infrastructure	169	ADD	74,574	1,666	441	19.8	28.9	34.6	24.3	46.0	19.7	8.5	5.8	4.9	10.5	5.4	4.4	0.8	0.7	0.6	—	0.6	0.9	10.0	12.4	12.8	190	12.4	20.4
Indiabulls Real Estate	116	RS	46,640	1,042	402	4.0	8.5	15.4	(1,095.5)	114.1	81.5	29.2	13.6	7.5	18.5	15.1	6.6	0.4	0.4	0.4	—	—	0.6	1.4	2.9	5.0	—	—	11.7
Mahindra Life Space Developer	375	ADD	15,287	342	41	25.0	29.7	37.2	30.3	18.9	25.4	15.0	12.6	10.1	11.6	8.2	6.0	1.5	1.3	1.2	1.3	1.2	1.3	10.4	11.2	12.7	470	25.5	0.2
Oberoi Realty	237	BUY	78,067	1,744	330	15.7	20.0	28.0	14.7	27.6	39.7	15.1	11.8	8.5	11.1	7.7	4.8	2.3	2.0	1.6	0.4	0.6	1.1	19.9	18.2	21.3	315	33.0	0.3
Phoenix Mills	187	BUY	27,115	606	145	6.3	7.5	10.7	52.5	18.4	43.8	29.7	25.1	17.4	21.7	17.9	13.2	1.7	1.6	1.5	0.8	1.1	1.1	5.8	6.6	8.9	300	60.3	0.4
Puravankara Projects	96	REDUCE	20,403	456	213	5.5	9.1	11.2	(18.9)	65.2	22.4	17.3	10.5	8.6	21.3	10.8	8.9	1.3	1.2	1.1	1.0	1.6	2.1	8.0	12.1	13.4	110	15.1	0.2
Sobha Developers	256	BUY	25,129	561	98	18.7	23.4	27.7	33.0	25.0	18.5	13.7	11.0	9.2	11.7	9.1	7.2	1.3	1.2	1.1	1.2	1.4	—	10.1	11.6	12.3	385	50.1	0.7
Unitech	34	RS	89,854	2,007	2,666	2.3	3.9	5.3	(23.4)	69.1	35.2	14.5	8.6	6.4	15.6	8.9	5.9	0.8	0.7	0.6	—	—	—	5.4	8.4	10.3	—	—	27.9
Property		Cautious	775,708	17,330					5.1	44.6	33.1	18.7	13.0	9.7	15.1	10.4	7.6	1.1	1.0	0.9	0.6	0.8	1.0	6.0	8.0	9.7			

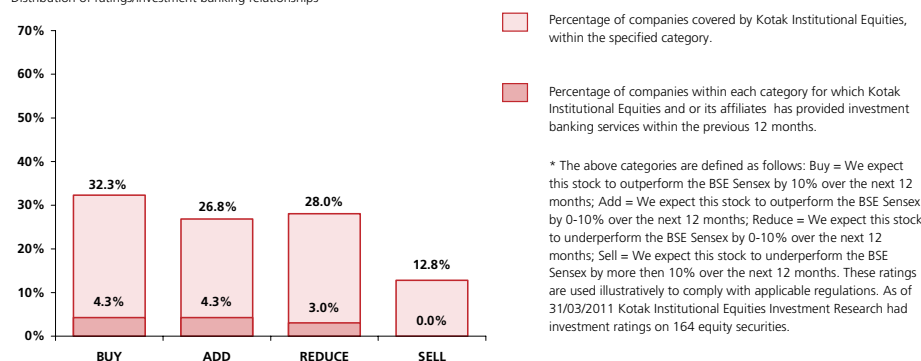
Kotak Institutional Equities: Valuation summary of key Indian companies

	6-Jun-11		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)	shares (mn)	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	2011E	2012E	2013E	price (Rs)	Upside (%)	ADVT-3mo (US\$ mn)	
Sugar																														
Bajaj Hindustan	66	SELL	15,166	339	228	(8.0)	(1.2)	2.1	(348.8)	(85.6)	(282.4)	(8.3)	(57.4)	31.5	18.4	7.5	6.3	0.5	0.5	0.5	0.9	0.9	0.9	(6.0)	(0.9)	1.6	80	20.5	2.1	
Balrampur Chini Mills	61	ADD	15,585	348	257	0.8	8.3	8.4	(89.9)	974.0	1.0	78.3	7.3	7.2	11.1	4.8	3.8	1.2	1.0	0.9	0.7	0.7	0.7	1.5	14.8	13.1	90	48.3	1.9	
Shree Renuka Sugars	63	REDUCE	41,863	935	670	10.5	4.3	5.9	214.4	(59.5)	37.9	6.0	14.7	10.7	4.2	2.9	2.1	1.7	1.4	1.2	1.6	1.6	1.6	34.4	11.1	13.8	75	20.0	8.0	
Sugar		Cautious	72,613	1,622					18.4	(17.0)	39.1	12.7	15.4	11.0	8.3	4.5	3.4	1.1	0.9	0.9	1.3	1.3	1.3	8.3	6.1	7.7				
Technology																														
HCL Technologies	510	REDUCE	359,198	8,025	705	23.1	30.8	36.4	31.9	33.4	18.1	22.0	16.5	14.0	13.4	10.3	8.6	4.6	3.9	3.3	1.5	1.6	1.6	22.1	25.4	25.5	490	(3.8)	10.2	
Hexaware Technologies	66	BUY	19,337	432	291	3.0	6.6	7.4	(36.5)	122.6	11.3	22.4	10.1	9.0	17.0	7.7	6.2	2.0	1.7	1.5	2.2	1.9	2.3	9.4	18.5	17.9	80	20.4	2.6	
Infosys Technologies	2,838	BUY	1,628,955	36,393	574	119.7	144.8	172.6	10.5	20.9	19.2	23.7	19.6	16.4	16.3	13.2	10.9	6.3	5.2	4.3	2.1	1.5	1.8	28.0	29.0	28.7	3,450	21.6	103.7	
Mahindra Satyam	90	REDUCE	105,605	2,359	1,176	4.2	4.9	6.1	68.9	17.0	23.2	21.4	18.3	14.8	17.2	9.9	7.7	6.1	4.6	3.5	—	—	—	27.6	28.8	26.9	80	(10.9)	13.8	
Mindtree	354	REDUCE	14,561	325	41	24.7	33.9	38.6	(52.7)	37.3	14.0	14.3	10.4	9.2	8.0	6.0	4.9	1.9	1.6	1.5	0.7	1.0	3.3	14.4	16.6	16.7	370	4.6	0.4	
Mphasis BFL	465	SELL	97,912	2,187	211	51.8	36.6	36.0	18.8	(29.2)	(1.7)	9.0	12.7	12.9	7.6	9.6	8.4	3.0	2.5	2.1	0.9	1.0	1.1	38.6	21.3	17.7	360	(22.5)	6.4	
Polaris Software Lab	187	SELL	18,634	416	100	19.3	18.9	20.9	25.7	(2.2)	10.8	9.7	9.9	8.9	6.3	5.2	4.5	1.8	1.6	1.4	2.0	2.1	2.2	20.2	16.9	16.4	175	(6.4)	4.2	
TCS	1,164	BUY	2,278,866	50,913	1,957	44.4	54.2	63.1	26.3	22.2	16.5	26.2	21.5	18.4	19.8	15.5	13.1	9.0	7.4	6.1	1.5	1.9	2.2	37.6	37.8	36.2	1,350	15.9	43.2	
Tech Mahindra	705	REDUCE	88,767	1,983	126	48.8	66.3	70.8	(25.2)	36.0	6.7	14.4	10.6	10.0	9.8	9.4	8.8	2.6	2.3	2.0	0.6	0.6	1.4	20.5	23.9	22.3	665	(5.6)	5.4	
Wipro	445	ADD	1,092,153	24,400	2,454	21.6	24.2	27.5	14.5	11.9	13.8	20.6	18.4	16.2	15.3	13.0	11.0	4.6	3.8	3.2	1.0	1.1	1.4	24.3	22.5	21.6	525	18.0	12.1	
Technology		Attractive	5,767,165	128,846					16.9	17.8	15.9	22.4	19.0	16.4	16.2	13.2	11.1	5.9	4.9	4.1	1.7	1.5	1.8	26.4	25.8	25.1				
Telecom																														
Bharti Airtel	380	REDUCE	1,443,088	32,241	3,798	15.9	19.7	24.5	(32.6)	23.9	24.1	23.9	19.3	15.5	10.3	7.9	6.5	3.0	2.6	2.2	—	—	—	13.3	14.3	15.3	345	(9.2)	35.1	
IDEA	70	REDUCE	229,501	5,127	3,300	2.4	1.2	2.6	(11.2)	(48.9)	107.7	28.7	56.1	27.0	9.6	8.4	6.8	1.9	1.8	1.7	—	—	—	6.9	3.5	6.8	55	(20.9)	4.4	
MTNL	45	SELL	28,350	633	630	(10.4)	(9.1)	(8.4)	(33.7)	(11.9)	(8.1)	(4.3)	(4.9)	(5.4)	(0.3)	(0.4)	(0.5)	0.3	0.3	0.3	—	—	—	(6.1)	(5.7)	(5.5)	35	(22.2)	1.0	
Reliance Communications	93	SELL	197,258	4,407	2,133	6.3	7.1	9.7	(68.0)	12.0	37.6	14.7	13.1	9.5	5.7	6.0	5.0	0.6	0.5	0.5	—	—	—	3.4	4.1	5.4	95	2.7	22.9	
Tata Communications	221	REDUCE	62,985	1,407	285	15.2	15.7	15.9	8.2	3.5	1.5	14.6	14.1	13.9	6.7	6.4	6.0	0.9	0.8	0.8	3.4	3.8	4.1	5.5	5.5	5.4	205	(7.2)	2.1	
Telecom		Cautious	1,961,182	43,816					(43.0)	16.7	30.9	24.6	21.1	16.1	9.1	7.6	6.3	1.7	1.6	1.4	0.1	0.1	0.1	7.0	7.5	9.0				
Utilities																														
Adani Power	113	REDUCE	245,795	5,491	2,180	2.4	15.2	16.8	200.4	544.8	10.5	47.9	7.4	6.7	33.7	6.6	4.8	3.9	2.6	1.9	—	—	—	8.5	41.6	32.0	120	6.4	2.1	
CESC	277	BUY	34,626	774	125	37.7	42.5	51.3	9.1	12.7	20.8	7.3	6.5	5.4	5.4	5.8	5.5	0.7	0.7	0.6	1.8	1.9	2.2	10.5	10.7	11.5	440	58.8	0.7	
JSW Energy	72	SELL	117,506	2,625	1,640	5.1	7.6	5.9	12.9	47.6	(22.0)	14.0	9.5	12.1	14.2	6.7	6.1	2.1	1.7	1.5	—	—	—	16.2	19.9	13.2	70	(2.3)	2.2	
Lanco Infratech	32	BUY	70,247	1,569	2,223	2.0	4.0	4.6	(5.8)	97.6	15.9	15.7	8.0	6.9	11.5	8.6	7.8	1.8	1.4	1.1	—	—	—	12.2	19.6	18.3	54	70.9	7.1	
NHPC	25	BUY	301,983	6,747	12,301	1.3	1.9	2.3	(27.2)	39.6	20.8	18.2	13.0	10.8	13.3	9.1	7.4	1.1	1.0	1.0	1.7	2.1	2.5	6.3	8.2	9.4	30	22.2	2.9	
NTPC	174	REDUCE	1,434,299	32,044	8,245	11.0	11.9	12.7	5.3	7.4	6.8	15.8	14.7	13.7	13.0	12.0	11.2	2.1	1.9	1.7	2.2	2.0	2.2	13.7	13.5	13.3	200	15.0	9.2	
Reliance Infrastructure	551	BUY	147,403	3,293	267	58.0	66.6	73.3	(6.5)	14.8	10.0	9.5	8.3	7.5	9.6	5.3	4.0	0.6	0.6	0.6	1.7	1.9	2.1	6.4	10.5	11.5	975	76.9	24.9	
Reliance Power	118	SELL	330,017	7,373	2,805	2.7	3.8	3.1	(5.0)	40.1	(17.9)	43.4	31.0	37.8	251.8	107.1	17.7	2.0	1.9	1.8	—	—	—	4.9	6.3	4.9	110	(6.5)	9.1	
Tata Power	1,249	ADD	308,370	6,889	247	76.4	96.1	110.4	20.2	25.7	15.0	16.4	13.0	11.3	12.3	10.6	8.3	2.1	1.9	1.7	1.1	1.2	1.4	13.9	15.4	15.6	1,480	18.5	7.1	
Utilities		Cautious	2,990,246	66,806					5.0	35.0	7.8	17.4	12.8	11.9	15.6	10.9	8.9	1.7	1.6	1.4	1.4	1.4	1.6	10.1	12.3	12.0				
Others																														
Carborundum Universal	263	BUY	24,590	549	93	17.8	18.0	22.1	62.9	1.3	23.1	14.8	14.6	11.9	9.5	8.5	7.1	3.0	2.6	2.2	1.4	1.4	1.8	21.4	20.0	20.9	300	13.9	0.2	
Havells India	409	ADD	51,083	1,141	125	22.8	28.9	32.0	270.5	27.1	10.7	18.0	14.2	12.8	11.7	9.3	8.1	7.5	5.0	3.7	0.6	0.7	0.7	51.3	42.6	33.4	450	9.9	3.4	
Jaiprakash Associates	83	BUY	183,237	4,094	2,214	5.5	5.8	5.8	214.7	5.2	(0.3)	15.0	14.3	14.3	11.5	9.8	9.6	1.8	1.7	1.5	—	—	—	13.2	12.3	11.1	135	63.1	26.1	
Jet Airways	449	BUY	38,741	866	86	(10.1)	31.6	70.8	(85.6)	(414)	124.2	(44.6)	14.2	6.3	9.0	7.4	5.8	2.2	1.9	1.5	—	—	—	(5.0)	14.6	26.5	650	44.8	11.3	
Sintex	182	SELL	49,382	1,103	272	17.0	19.2	20.3	40.2	13.4	5.7	10.7	9.4	8.9	8.3	7.3	6.5	1.9	1.6	1.4	0.7	0.8	0.8	17.9	16.9	15.1	170	(6.4)	6.6	
SpiceJet	35	BUY	14,186	317	403	2.4	3.2	4.6	(4.2)	32.1	41.6	14.5	10.9	7.7	10.0	11.3	7.9	4.5	3.2	2.3	—	—	—	(653)	34.4	34.4	65	84.7	3.2	
Tata Chemicals	377	REDUCE	96,158	2,148	255	26.1	32.6	38.6	(1.3)	25.1	18.2	14.5	11.6	9.8	8.3	6.0	5.2	1.8	1.6	1.4	2.6	3.2	4.0	16.9	18.5	19.5	380	0.7	3.4	
United Phosphorus	160	BUY	73,771	1,648	462	12.4	17.5	20.3	4.0	41.5	15.9	12.9	9.1	7.9	7.7	5.3	4.5	2.0	1.7	1.4	1.2	1.9	2.2	17.9	19.7	19.5	220	37.6	4.7	
Others			531,146	11,867					124.6	25.9	17.7	15.3	12.1	10.3	10.0	8.2	7.4	2.1	1.8	1.6	0.8	1.0	1.3	13.7	15.1	15.3				
KS universe (b)			48,595,993	1,085,701					18.1	21.1	14.6	16.5	13.6	11.9	10.4	8.6	7.4	2.6	2.2	2.0	1.4	1.5	1.8	15.5	16.3	16.4				
KS universe (b) ex-Energy			40,516,404	905,192					19.9	21.8	17.5	17.9	14.7	12.5	12.3	9.9	8.4	2.9	2.5	2.2	1.3	1.4	1.6	16.0	16.9	17.2				
KS universe (d) ex-Energy & ex-Commodities			33,694,995	752,793					18.2	21.0	18.4	18.8	15.5	13.1	12.7	11.0	9.2	2.9	2.6	2.2	1.4	1.4	1.6	15.6	16.5	17.1				

"Each of the analysts named below hereby certifies that, with respect to each subject company and its securities for which the analyst is responsible in this report, (1) all of the views expressed in this report accurately reflect his or her personal views about the subject companies and securities, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report: Manish Karwa, Murtuza Arsiwalla."

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities

As of March 31, 2011

Ratings and other definitions/identifiers

Definitions of ratings

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

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

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

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

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

Other definitions

Coverage view. The coverage view represents each analyst's overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: **Attractive, Neutral, Cautious.**

Other ratings/identifiers

NR = Not Rated. The investment rating and target price, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

CS = Coverage Suspended. Kotak Securities has suspended coverage of this company.

NC = Not Covered. Kotak Securities does not cover this company.

RS = Rating Suspended. Kotak Securities Research has suspended the investment rating and price target, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA = Not Available or Not Applicable. The information is not available for display or is not applicable.

NM = Not Meaningful. The information is not meaningful and is therefore excluded.

Corporate Office

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

Overseas Offices

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

Kotak Mahindra Inc
50 Main Street, Suite No.310
Westchester Financial Centre
White Plains, New York 10606
Tel: +1-914-997-6120

Copyright 2011 Kotak Institutional Equities (Kotak Securities Limited). All rights reserved.

1. Note that the research analysts contributing to this report may not be registered/qualified as research analysts with FINRA; and
2. Such research analysts may not be associated persons of Kotak Mahindra Inc and therefore, may not be subject to NASD Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Kotak Securities Limited and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We along with our affiliates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Investment Research Department. Our research professionals provide important input into our investment banking and other business selection processes. Investors should assume that Kotak Securities Limited and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may participate in the solicitation of such business. Our research professionals are paid in part based on the profitability of Kotak Securities Limited, which include earnings from investment banking and other business. Kotak Securities Limited generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, Kotak Securities Limited generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of Kotak Securities Limited. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. Kotak Securities Limited does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment.

Certain transactions -including those involving futures, options, and other derivatives as well as non-investment-grade securities - give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavor to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether Kotak Securities Limited and its affiliates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by Kotak Mahindra Mutual Fund. Kotak Securities Limited and its non US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies affectively assume currency risk. In addition options involve risks and are not suitable for all investors. Please ensure that you have read and understood the current derivatives risk disclosure document before entering into any derivative transactions.

This report has not been prepared by Kotak Mahindra Inc. (KMInc). However KMInc has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. Any reference to Kotak Securities Limited shall also be deemed to mean and include Kotak Mahindra Inc.