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Changes in Recommendation

Thermax: Strong cash flows led by working capital; valuation limit positive stance

Updates

State Bank of India: On a strong footing

Reliance Power: Krishnapatnam UMPP achieves financial closure

Media: 1QFY11 ratings update—Star's resurgence pressures Zee, Colors

News Round-up

- ▶ India's food price index rose 12.63% in the year of June 26, as against the previous week's annual rise of 12.92%. The fuel price index, however, climbed 18.02%, as compared with last week's 12.9%. *(BSTD)*
- ▶ SEBI may take a final decision on the proposal to introduce physical delivery in equity derivatives in a month. *(ECNT)*
- ▶ Oil and gas explorers such as Reliance Industries Ltd, (RIL IN) ONGC, (ONGC IN) and ENI have got a three-year rig holiday to complete their exploration activities for blocks awarded under licensing rounds up-to NELP-V. *(THBL)*
- ▶ Oil explorers get 3 year drilling holiday, idea is to compensate for the time lost in undertaking the proposed work due to lack of deep water rigs or drilling platforms since 2007. *(FNLE)*
- ▶ Reliance Power (RPWR IN) has raised USD 2.79 bn as debt from a consortium of 15 domestic banks and financial institutions to achieve financial closure for its second ultra mega power project coming up at Krishnapatnam in Andhra Pradesh. Will set up the 4,000 mw plant at a cost of USD 3.72 bn. *(BSTD)*
- ▶ Insurance firms of private banks get FDI cover. Other downstream investment by Indian-owned foreign banks to be treated as FDI. ICICI Bank (ICICIB IN), HDFC Bank (HDFCB IN), IndusInd Bank (IIB IN), ING Vysya Bank (VYSB IN), and Yes Bank (YES IN) will be affected. Foreign Shareholding of these lenders exceeds 50%. They will be more cautious in making downstream investment. May lead to restructuring of shareholding pattern. *(BSTD)*
- ▶ IDFC (IDFC IN) said it would raise USD 179 mn through issuing shares to private equity firm Actis and Khazanah. Last month, its board had approved raising USD 744 mn as long-term resources to meet its growth plans. *(BSTD)*
- ▶ Bajaj Auto (BJAUT IN) and the Renault-Nissan signed a MoU to produce the ultra-low-cost car (ULC), which is likely to hit the market by 2012 in India and overseas. *(BSTD)*
- ▶ ICICI Bank Ltd (ICICIB IN) seeks to raise over USD 500 mn selling bonds to fund its overseas operations. *(BSTD)*
- ▶ HCL Infosystems (HCLI IN) bought a 60% stake in Dubai-based IT services and solutions company NTS Group for USD 6.5 mn. *(BSTD)*

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

EQUITY MARKETS

India	Change %			
	8-Jul	1-day	1-mo	3-mo
Sensex	17,652	1.0	6.0	(1.6)
Nifty	5,297	1.1	5.9	(1.2)
Global/Regional indices				
Dow Jones	10,139	1.2	2.4	(7.8)
Nasdaq Composite	2,175	0.7	0.8	(11.4)
FTSE	5,105	1.8	0.4	(11.5)
Nikkie	9,542	0.1	1.1	(14.8)
Hang Seng	20,175	0.6	2.8	(9.2)
KOSPI	1,706	0.4	3.6	(1.1)
Value traded – India				
Cash (NSE+BSE)	150		168	172
Derivatives (NSE)	691		806	632
Deri. open interest	1,345		1,242	1,119

Forex/money market

	Change, basis points			
	8-Jul	1-day	1-mo	3-mo
Rs/US\$	46.9	(16)	(8)	250
10yr govt bond, %	7.6	(1)	13	(26)
Net investment (US\$m)				
	7-Jul		MTD	CYTD
FIs	7		99	6,799
MFs	10		(28)	(282)

Top movers -3mo basis

Best performers	Change, %			
	8-Jul	1-day	1-mo	3-mo
HPCL IN Equity	477.3	3.6	34.6	54.6
BPCL IN Equity	698.5	6.0	26.4	38.1
IOCL IN Equity	396.5	2.1	14.6	36.9
AL IN Equity	69.1	2.2	12.0	23.2
ONGC IN Equity	1285.7	1.6	8.0	20.9
Worst performers				
ABAN IN Equity	862.2	2.1	33.1	(31.2)
RNR IN Equity	44.8	(0.7)	(13.2)	(30.9)
EDSL IN Equity	532.2	0.6	(2.0)	(28.5)
TATA IN Equity	484.8	2.1	4.7	(28.3)
PUNJ IN Equity	136.0	0.4	17.0	(25.7)

JULY 09, 2010
CHANGE IN RECO.

 Coverage view: **Attractive**

 Price (Rs): **749**

 Target price (Rs): **810**

 BSE-30: **17,652**

Strong cash flows led by working capital; valuation limit positive stance. Strong operating cash of Rs7.4 bn in FY2010 (versus Rs1.4 bn in FY2009) led by working capital (customer advances). EBITDA margin in FY2010 could be partially supported by FY2009 exchange losses (Rs0.9 bn) switching to gains in FY2010 (Rs0.25 bn). Expect 1QFY11E revenue growth of 50% yoy on backlog (up 80% yoy) and base effect (25% decline FY2010). Maintain estimates; downgrade to ADD on valuations (TP: Rs810).

Company data and valuation summary

Thermax

Stock data

52-week range (Rs) (high,low) 785-390

Market Cap. (Rs bn) 89.2

Shareholding pattern (%)

Promoters 62.0

FIs 8.9

MFs 12.1

Price performance (%)

	1M	3M	12M
Absolute	6.3	6.3	87.9
Rel. to BSE-30	0.3	8.0	46.4

Forecasts/Valuations

	2010	2011E	2012E
EPS (Rs)	21.7	27.9	36.6
EPS growth (%)	(10.4)	28.3	31.3
P/E (X)	34.5	26.8	20.4
Sales (Rs bn)	33.7	43.8	57.6
Net profits (Rs bn)	2.6	3.3	4.4
EBITDA (Rs bn)	3.9	5.1	6.9
EV/EBITDA (X)	20.0	16.1	11.7
ROE (%)	25.0	28.0	30.3
Div. Yield (%)	0.7	1.1	1.4

Strong cash flow driven by working capital improvement – customer advances and creditors

Thermax reported strong operating cash flow of Rs7.4 bn in FY2010 (versus Rs1.4 bn in FY2009) led by improvement in working capital (negative 48 days at end- FY2010 from 1 day at end-FY2009). Working capital improvement was driven by – (1) increase in customer advance (led by large order backlog) to 115 days at end-FY2010 from 66 days at end-FY2009, and (2) increase in sundry creditors to 84 days at end-FY2010 from 44 days at end-FY2009. FY2010 capex was Rs0.9 bn versus about Rs1.6-1.7 bn in FY2009 and FY2008. Standalone cash of Rs6 bn would be sufficient to fund – (1) Rs1.8 bn equity for super-critical JV, and (2) Rs1.7 bn for Purolite settlement.

Exports down 20% yoy in FY2010; margins potentially supported by absence of Rs0.9 bn fx loss

Exports income (excl. deemed exports) of Rs5.6 bn in FY2010 was down 20% yoy. Value of imports was relatively flat yoy at Rs3.1 bn in FY2010. Thermax remained a net export company (net export of Rs2.4 bn in FY2010 versus Rs4 bn in FY2009). EBITDA margin of 12.1% in FY2010 could be partially supported by forex gain of Rs0.3 bn in FY2010 versus a forex loss of Rs0.9 bn in FY2009. Forex loss in FY2009 contributed 270 bps as % of sales to SG&A expense; although may have been partially offset by higher reported income due to forex movement.

Expect about 50% yoy revenue growth in 1QFY11E on the back of robust backlog (up 80% yoy)

Expect 1QFY11E revenues of Rs7.9 bn, up 47% yoy, led by backlog of Rs53 bn at end-FY2010 (up 82% yoy) and base effect (25% decline in 1QFY2010). EBITDA margins may decline about 100 bps yoy led by commodity price pressure although operating leverage should cushion impact.

Maintain earning estimates; reduce to ADD with a revised TP of Rs810/share

We maintain estimates of Rs28 and Rs37 for FY2011E and FY2012E, respectively. Our TP of Rs810 comprises – (a) Rs735 for core business (20X P/E on FY2012E) and (b) Rs75 for super critical JV. We recommend ADD (from BUY earlier) based on recent stock performance (outperformed BSE-30 Index by 9% since May) and thereby limited upside to FY2012E based target price. Highlight potential upside from participation in re-bidding of 660 MW bulk tendering. Key risks include — (1) slower-than-expected execution of large orders, (2) margin and working capital pressure as execution of large orders ramp-up, and (3) slower-than-expected ramp up of utility scale business.

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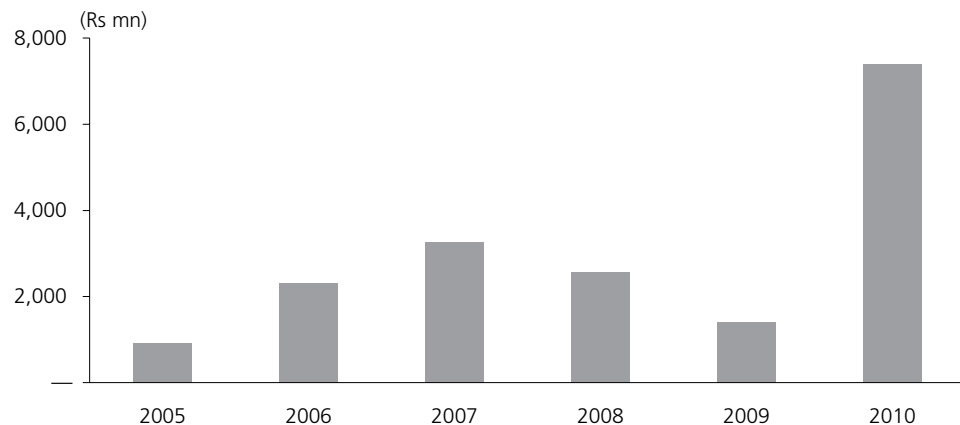
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Strong cash flow generation driven by working capital improvement

Thermax reported strong cash flow from operations of Rs7.4 bn in FY2010 (versus Rs1.4 bn in FY2009) on the back of significant improvement in working capital. The company has about Rs6 bn of cash on the standalone balance sheet which would be sufficient for – (1) about Rs1.75 bn of equity requirement for super-critical JV, and (2) Rs1.74 bn to be paid to Puro-lite for out of court settlement. The company reported FY2010 capex of Rs880 mn versus about Rs1.6-1.7 bn in FY2009 and FY2008.

Strong cash flow from operations on the back of significant working capital improvement

Cash flow from operations for Thermax (standalone), March fiscal year-ends, 2005-10 (Rs mn)

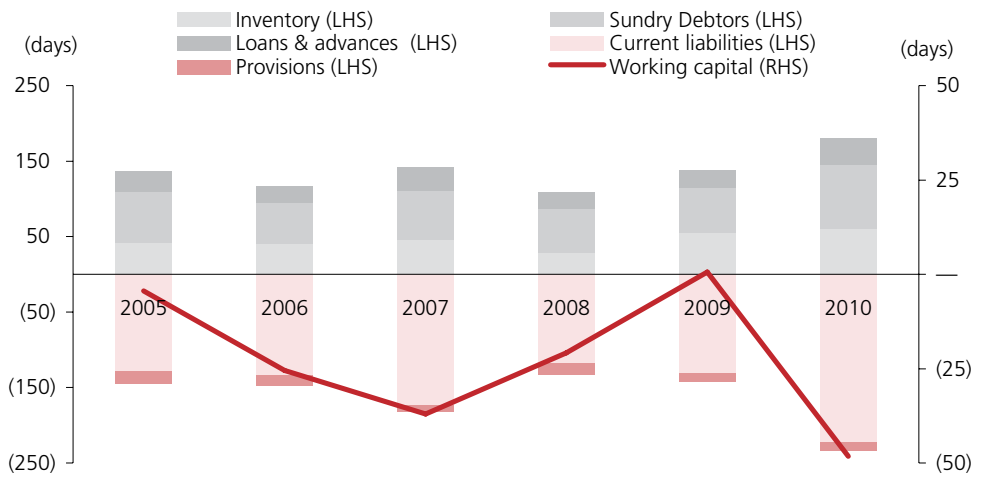


Source: Company, Kotak Institutional Equities

Working capital improvement fueled by customer advances and creditors

Working capital of the company, as days of sales, improved significantly to negative 48 days at end- FY2010 from about 1 day at end-FY2009. The improvement in working capital was driven by significant increase in current liabilities as days of sales led by – (1) increase in customer advance to 115 days at end-FY2010 from 66 days at end-FY2009, and (2) increase in sundry creditors to 84 days at end-FY2010 from 44 days at end-FY2009. Although sundry debtors as days of sales increased to 86 days at end-FY2010 from 60 days at end-FY2009; the increase was more than compensated by favorable increase in sundry creditors as days of sales.

Working capital has improved as higher order inflows fueled customer advances (current liabilities)
 Working capital details for Thermax, March fiscal year-ends, 2005-10 (days)



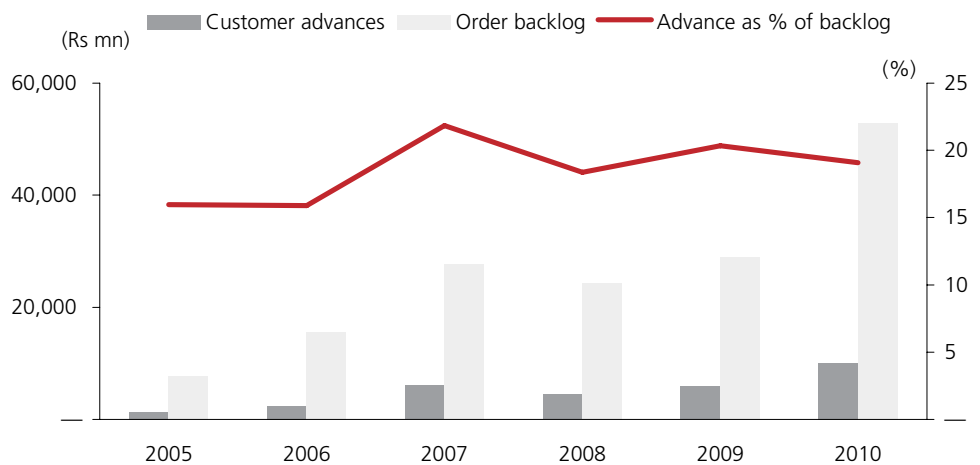
Source: Company, Kotak Institutional Equities

Order backlog is a key driver of working capital as it fuels customer advances

Customer advances have been historically about 18-20% of sales. High level of advances at end-FY2010 is driven by about 80% yoy increase in backlog to Rs53 bn at end-FY2010.

Order backlog is a key driver of working capital as it determines customer advances

Customer advances and order backlog trends for Thermax, March fiscal year-ends, 2005-2010



Source: Company, Kotak Institutional Equities

Exports down 20% yoy in FY2010; remains a net export company nevertheless

Thermax reported exports income (excluding deemed exports) of Rs5.6 bn in FY2010, down 20% yoy versus Rs7 bn in FY2009. Value of imports remained relatively flat yoy at Rs3.1 bn in FY2010. The company still remained a net export company (net export of Rs2.4 bn in FY2010 versus Rs4 bn in FY2009). In FY2010 Thermax's exports stood at 18% of sales while imports was about 15% of raw material costs.

Exports have reduce about 20% yoy in FY2010, but remains a net export company

Value of export and imports for Thermax (standalone), March fiscal year-ends, 2007-10



Source: Company, Kotak Institutional Equities

Margins in FY2010 could be partially supported by absence of Rs0.9 bn forex loss

EBITDA margin of 12.1% in FY2010 could be partially supported by exchange gain of Rs0.3 bn in FY2010 versus a loss of Rs0.9 bn reported in FY2009. The exchange loss in FY2009 would have resulted in about 270 bps decline in selling and admin expenses as a percentage of sales; although part of it may have been offset by potentially higher income recorded in FY2009 due to exchange rate movement.

Margins in FY2010 could be partially supported by absence of Rs0.9 bn of exchange loss

Revenues, key operating costs and EBITDA of Thermax (standalone), March fiscal year-ends, 2007-10 (Rs mn)

	2007	2008	2009	2010
Total operating income	21,730	32,042	32,644	31,855
Exchange difference income	49	142	—	258
Exchange gain as % of income	0.2	0.4	—	0.8
Total operating costs	(18,940)	(27,946)	(28,499)	(28,013)
Raw materials consumed	(14,294)	(21,804)	(20,976)	(20,585)
S,G&A expenses	(2,735)	(3,731)	(4,977)	(4,502)
Exchange loss	—	—	(895)	—
Employees	(1,911)	(2,411)	(2,546)	(2,927)
EBITDA	2,791	4,096	4,144	3,841
Ratios (%)				
Raw materials/sales	65.8	68.0	64.3	64.6
S,G&A exp./sales	12.6	11.6	15.2	14.1
Exchange loss/sales	—	—	2.7	—
Employee cost/sales	8.8	7.5	7.8	9.2
EBITDA margin	12.8	12.8	12.7	12.1

Source: Company, Kotak Institutional Equities

Other takeaways from the annual report

- ▶ The company has incubated a **new subsidiary – Thermax Onsite Energy Solutions Ltd (TOES)** to provide utilities - such as steam, chilled water and other energy solutions - as deliverables rather than equipment.
- ▶ Thermax plans to **set up two new facilities** – (1) specialty chemical facility in Jhagadia in Gujarat and (2) assembly facility for air pollution control in Solapur in Maharashtra. Although the capacity of the new facilities is not disclosed; the company has already acquired land for both the facilities – 40 acres for the former and 25 acres for the latter.
- ▶ Thermax has set up a **250 kW solar thermal project** in Maharashtra as a green energy initiative under PPP. Although a small-sized plant, it underscores the company’s interest to participate in potential business generated from **National Solar Mission** – an enabling policy framework with the objective to generate 20 GW from solar power by 2012.
- ▶ The solar business unit also installed a novel cooling system consisting of 70 solar concentrators for an auto manufacturing facility near Pune in Maharashtra.

Expect strong growth in 1QFY11E on the back of robust backlog

We estimate that Thermax would record revenues of Rs7.9 bn in 1QFY11E, up 47% yoy, on the back of a robust backlog of Rs53 bn at end-FY2010 (up 82% yoy). EBITDA margins are expected to reduce by about 100 bps yoy to 11.8% on primarily account of commodity price pressure. We expect the company to report PAT of about 900 mn, up 32% yoy.

Thermax (standalone) - 1QFY11E - key numbers (Rs mn)

	1QFY11E	1QFY10	4QFY10	% change		FY2011E	FY2010	% chg
				1QFY10	4QFY10			FY2010
Total income	7,892	5,376	12,193	46.8	(35.3)	41,537	31,855	30.4
Expenses	(6,965)	(4,687)	(10,727)	48.6	(35.1)	(36,669)	(28,014)	30.9
EBITDA	927	689	1,466	34.5	(36.7)	4,868	3,841	26.7
Other income	107	103	179			426	498	
PBDIT	1,034	792	1,645	30.5	(37.1)	5,294	4,339	22.0
Interest	(4)	(5)	(3)	(19.9)	22.1	(15)	(15)	—
Depreciation	(117)	(95)	(101)	22.7	15.9	(469)	(404)	15.9
PBT	913	692	1,541	31.9	(40.7)	4,810	3,919	22.7
Tax	(301)	(227)	(549)	32.7	(45.1)	(1,597)	(1,356)	17.7
Net profit	612	465	992	31.6	(38.3)	3,213	2,563	25.4
Key ratios (%)								
EBITDA margin	11.8	12.8	12.0	(1.1)	(0.3)	11.7	12.1	(0.3)
PBT margin	11.6	12.9	12.6			11.6	12.3	
Tax rate	33.0	32.8	35.6			33.2	34.6	
PAT margin	7.8	8.6	8.1			7.7	8.0	

Source: Company, Kotak Institutional Equities estimates

Segment projections reasonable as we build moderate growth and execution

We believe our segmental assumptions are reasonable as we have built:

- ▶ **Large power plants:** 2-3 utility or large captive orders (up to 300 MW) in FY2011E and FY2012E each, with a gradual pick up in execution of large orders. Thermax has already secured a Rs6 bn captive order in FY2011E. We have assumed that EBIT margin in large orders would be about 100-200 bps below core energy segment business
- ▶ **Core energy business:** Modest 5-10% growth in inflows in the core energy business (excluding utility orders) with lower execution rate than historical as orders size increases.
- ▶ **Environment segment:** Assume 5-15% growth in order inflows in environment segment with lower execution rate than historical as orders size increases.

Segment-wise standalone revenues and margins for Thermax, March fiscal year-ends, 2007-2013E (Rs mn)

	2007	2008	2009	2010E	2011E	2012E	2013E
Energy segment excluding utility orders							
Revenue	17,093	26,207	25,173	22,761	27,387	33,941	39,052
Growth (%)	39.6	53.3	(3.9)	(9.6)	20.3	23.9	15.1
Order inflow	28,324	20,770	31,710	36,342	37,432	41,175	45,293
Growth (%)	59.0	(26.7)	52.7	14.6	3.0	10.0	10.0
Order backlog	24,680	19,340	20,709	31,079	41,124	48,358	54,599
Growth (%)	77.5	(21.6)	7.1	50.1	32.3	17.6	12.9
Bill to book ratio (%)	60.9	74.7	71.5	58.5	55.0	55.0	55.0
EBIT	2,553	3,705	3,315	2,873	3,232	4,005	4,608
EBIT Margin (%)	14.9	14.1	13.2	12.6	11.8	11.8	11.8
Utility and large power plant business							
Revenue	—	—	—	1,321	4,620	10,003	15,837
Growth (%)	—	—	—	—	249.8	116.5	58.3
Order inflow	—	—	3,800	10,010	17,017	22,973	29,865
Growth (%)	—	—	—	163.4	70.0	35.0	30.0
Order backlog	—	—	3,800	12,489	24,887	37,857	51,885
Growth (%)	—	—	—	228.7	99.3	52.1	37.1
Bill to book ratio (%)	—	—	—	15.0	22.0	27.5	30.0
EBIT	—	—	—	139	485	1,050	1,663
EBIT Margin (%)	—	—	—	10.5	10.5	10.5	10.5
Total for energy segment							
Revenue	17,093	26,207	25,173	24,082	32,007	43,944	54,889
Growth (%)	39.6	53.3	(3.9)	(4.3)	32.9	37.3	24.9
Order inflow	28,324	20,770	35,510	46,352	54,449	64,148	75,158
Growth (%)	59.0	(26.7)	71.0	30.5	17.5	17.8	17.2
Order backlog	24,680	19,340	24,509	43,568	66,010	86,215	106,484
Growth (%)	77.5	(21.6)	26.7	77.8	51.5	30.6	23.5
Bill to book ratio (%)	60.9	74.7	67.9	50.5	45.2	44.8	44.3
EBIT	2,553	3,705	3,315	3,012	3,717	5,055	6,271
EBIT Margin (%)	14.9	14.1	13.2	12.5	11.6	11.5	11.4
Environment segment							
Revenue	5,261	6,513	8,113	8,410	10,413	12,218	14,112
Growth (%)	29.9	23.8	24.6	3.7	23.8	17.3	15.5
Order inflow	6,577	7,420	7,310	11,578	11,925	13,714	15,771
Growth (%)	34.8	12.8	(1.5)	58.4	3.0	15.0	15.0
Order backlog	3,000	5,000	4,461	7,922	9,434	10,930	12,589
Growth (%)	82.3	66.7	(10.8)	77.6	19.1	15.9	15.2
Bill to book ratio (%)	106.6	97.1	93.7	82.0	75.0	75.0	75.0
EBIT	665	792	1,140	1,173	1,406	1,649	1,835
EBIT Margin (%)	12.6	12.2	14.0	14.0	13.5	13.5	13.0
Sum of Segments							
Revenues	21,368	31,568	32,111	31,855	40,850	54,084	66,448
Growth (%)	45.9	47.7	1.7	(0.8)	28.2	32.4	22.9
EBIT	2,973	4,296	4,211	4,073	4,826	6,312	7,623
Margin (%)	13.9	13.6	13.1	12.8	11.8	11.7	11.5
Order inflow	34,901	28,190	42,820	57,930	66,375	77,863	90,929
Growth (%)	53.8	(19.2)	51.9	35.3	14.6	17.3	16.8
Order backlog	27,680	24,340	28,970	52,810	75,444	97,145	119,073
Growth (%)	78.0	(12.1)	19.0	82.3	42.9	28.8	22.6

Assume modest growth in order inflows in the core energy business (excluding utility orders).

Execution rate of order book would be less than historical as company takes larger-sized orders and projects.

2-3 utility order (up to about 300 MW) each year.

Gradual pick up in execution of large orders. Assume large orders to be about 24-36 months execution cycle.

EBIT margins for large utility projects assumed to be 100-200 bps below core energy segment business.

Assume modest growth in order inflows in FY2011E-12E

Assume slower execution as order size increase, for e.g. municipal sewage plants.

Source: Company, Kotak Institutional Equities estimates

Maintain earning estimates; reduce to ADD with a revised TP of Rs810/ share

We maintain our earning estimates of Rs27.9 and Rs36.6 for FY2011E and FY2012E, respectively. We have increased our target price to Rs810/ share (Rs750 earlier) as we roll-over P/E multiple to FY2012E from Sep-11E. Our target price of Rs810 comprises of – (a) Rs735/ share for the core business (implying 20X P/E on FY2012E EPS) and (b) Rs75 for 51% stake in a super critical JV with B&W. Thermax has traded at an average P/E of 18X over the last five years and we have used a 10% premium to the historical average on evidence of scale up towards (a) full EPC of larger captive/small utility plants in standalone and (b) supercritical utility plants through JV. We recommend ADD (from BUY earlier) based on recent stock performance (outperformed BSE-30 Index by about 9% since our previous note in May-10) and thereby limited upside to our FY2012E based target price. Key risks to our estimates include — (1) slower-than-expected execution of large orders, (2) margin and working capital pressure as execution of large-sized orders ramp up, and (3) delay in setting up super-critical JV facility and winning large utility orders.

Consolidated balance sheet, profit model and cash flow statement of Thermax, March fiscal year-ends, 2007-13E (Rs mn)

	2007	2008	2009	2010E	2011E	2012E	2013E
Balance sheet							
Shareholders funds	5,899	7,595	9,924	10,782	12,981	15,874	19,386
Loan funds	22	—	41	80	80	80	80
Total sources of funds	6,122	7,908	10,331	11,396	13,595	16,488	20,000
Net block	1,671	2,878	4,911	5,369	6,070	6,929	7,837
CWIP	118	607	177	115	309	409	501
Net fixed assets	1,789	3,485	5,088	5,484	6,380	7,337	8,338
Investments	5,741	5,601	1,443	3,703	4,203	5,453	6,703
Cash balances	972	580	3,696	6,702	3,502	3,596	4,882
Net current assets excluding cash	(2,515)	(1,977)	(103)	(4,790)	(787)	(196)	(220)
Total application of funds	6,122	7,908	10,331	11,396	13,595	16,488	20,000
Profit model							
Total operating income	23,267	34,815	34,603	33,703	43,771	57,598	70,626
Total operating costs	(20,433)	(30,528)	(30,371)	(29,758)	(38,715)	(50,748)	(62,279)
EBITDA	2,834	4,288	4,232	3,945	5,056	6,850	8,347
Other income	360	439	404	515	445	293	277
PBDIT	3,194	4,727	4,636	4,460	5,501	7,143	8,623
Financial charges	(15)	(17)	(38)	(21)	(21)	(21)	(21)
Depreciation	(195)	(232)	(351)	(434)	(499)	(581)	(676)
Pre-tax profit	2,984	4,478	4,247	4,005	4,982	6,541	7,927
Taxation	(1,046)	(1,571)	(1,357)	(1,415)	(1,659)	(2,176)	(2,636)
Adjusted PAT	1,937	2,907	2,889	2,589	3,323	4,364	5,290
Extraordinary items, net of tax	—	—	—	(1,149)	—	—	—
Profit after tax	1,937	2,907	2,889	1,441	3,323	4,364	5,290
Cash flow statement							
Operating profit before working capital changes	2,145	3,228	3,268	3,015	3,822	4,946	5,966
Change in working capital / other adjustments	1,313	(538)	(1,874)	4,687	(4,003)	(591)	24
Cash flow from operating activities	3,457	2,689	1,394	7,702	(181)	4,355	5,991
Fixed Assets	(544)	(1,966)	(1,915)	(830)	(1,395)	(1,539)	(1,677)
Investments	(1,772)	140	4,158	(2,260)	(500)	(1,250)	(1,250)
Cash (used) / realised in investing activities	(2,316)	(1,826)	2,243	(3,090)	(1,895)	(2,789)	(2,927)
Dividend paid	(825)	(1,115)	(697)	(695)	(1,124)	(1,471)	(1,778)
Cash (used) / realised in financing activities	(680)	(1,233)	(520)	(450)	(1,124)	(1,471)	(1,778)
Cash generated / utilised	425	(392)	3,116	2,998	(3,200)	94	1,286
Cash at beginning of year	547	972	580	3,696	6,702	3,502	3,596
Cash at end of year	972	580	3,696	6,694	3,502	3,596	4,882
Key ratios (%)							
EBITDA margin	12.2	12.3	12.2	11.7	11.6	11.9	11.8
PAT margin	8.3	8.4	8.4	7.7	7.6	7.6	7.5
RoE	36.9	43.1	33.0	25.0	28.0	30.3	30.0
RoCE	36.8	43.2	33.2	25.0	27.9	30.2	30.0
EPS (Rs)	16.3	24.4	24.3	21.7	27.9	36.6	44.4

Source: Company, Kotak Institutional Equities estimates

Preliminary model of JV suggests incremental value of about Rs75/share

In our view, the JV facility may take about two years to set up. We expect that the JV would secure a few orders by the time the facility is operational; and would thus start to book revenues by FY2013E. With a typical execution cycle of 2-3 years, we expect that the JV would commission initial orders in FY2015-16E. Our preliminary DCF model suggests a value of about Rs75/share for Thermax's 51% stake. Our main assumptions for the model are:

- ▶ Capex of Rs7 bn with 1:1 debt equity and start of revenue booking in FY2013E.
- ▶ Business would scale up to deliver about 2,200 MW p. a. (70% capacity utilization) by FY2016E. This would imply a market share of 12% in the utility space (total thermal installation at a rate of 17 GW p. a. during XII plan). We have further assumed capacity expansion to 5,000 MW by FY2017E.
- ▶ Unit realization of Rs12 mn/MW, 12-13% EBITDA margin, and working capital of 45 days.

Preliminary valuation of the utility JV suggests an incremental value of about Rs75/share for Thermax

DCF valuation of Thermax's JV with B&W PCG, March fiscal year-ends, 2011E-21E (Rs mn)

	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Capacity	—	—	3000	3000	3000	3000	5000	5000	5000	5000	5000
MW equipment delivered	—	—	750	1,500	2,100	2,100	2,500	3,250	3,750	3,750	3,750
Realisation per MW (Rs mn)	—	—	12.0	12.6	13.2	13.9	14.6	15.3	16.1	16.9	17.7
Revenues (Rs mn)	—	—	9,000	18,900	27,783	29,172	36,465	49,775	60,304	63,320	66,485
Revenue growth (%)	—	—	-	110.00	47.00	5.00	25.00	36.50	21.15	5.00	5.00
EBIT	—	—	391	1,726	2,452	2,261	3,450	5,110	6,416	6,741	7,083
EBIT margin (%)	—	—	4.3	9.1	8.8	7.8	9.5	10.3	10.6	10.6	10.7
EBIT*(1 - tax)	—	—	256	1,131	1,606	1,481	2,260	3,347	4,202	4,416	4,639
Depreciation	—	—	509	542	882	1,240	1,291	1,360	1,424	1,490	1,560
Capital expenditure	(2,000)	(5,000)	(270)	(473)	(4,862)	(5,105)	(729)	(995)	(905)	(950)	(997)
Change in working capital	—	—	(1,350)	(1,485)	(1,332)	(208)	(1,094)	(1,996)	(1,579)	(452)	(475)
Free cash flow for the firm	(2,000)	(5,000)	(855)	(285)	(3,706)	(2,593)	1,727	1,716	3,142	4,504	4,727
No of years	—	1	2	3	4	5	6	7	8	9	10
Discount factor	1.0	0.9	0.8	0.7	0.7	0.6	0.5	0.5	0.4	0.4	0.3
Sum of cash flows	(3,983)										
Terminal value	20,169										
Total value	16,186										
Per share valuation (Rs)	69										
							Discount rate (%)	12.5			
							Terminal growth rate (%)	5.0			

Source: Kotak Institutional Equities estimates

Upside to our estimates for the JV could stem from (1) incremental orders which would provide better visibility, and (2) order wins from potential participation in re-bidding of 660 MW and in the next round of 800 MW bulk tendering. Our estimates for the JV could have a downside risk from (1) significant delay in setting up planned capacity or bidding for XII plan orders, and (2) margin pressure and lower margins led by under-utilization of capacity.

Snapshot of financials of Thermax's power equipment JV with B&W, March fiscal year-ends, 2011E-21E (Rs mn)

	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2019E	2021E
Balance Sheet									
Shareholders funds	1,000	3,500	3,378	4,122	4,928	5,355	6,606	12,388	20,547
Capital	1,000	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Reserves and surplus	—	—	(122)	622	1,428	1,855	3,106	8,888	17,047
Loans	1,000	3,500	5,250	5,500	11,500	15,500	15,000	12,500	5,000
Total capital employed	2,000	7,000	8,628	9,622	16,428	20,855	21,606	24,888	25,547
Gross block	2,000	7,000	6,761	6,692	10,671	14,537	13,975	13,091	11,988
Net current assets	—	—	1,867	2,931	5,757	6,319	7,631	11,796	13,559
Total capital employed	2,000	7,000	8,628	9,622	16,428	20,855	21,606	24,888	25,547
Profit Model									
Revenues	—	—	9,000	18,900	27,783	29,172	36,465	60,304	66,485
EBITDA	—	—	900	2,268	3,334	3,501	4,740	7,840	8,643
Interest expenses	—	—	578	605	1,265	1,705	1,650	1,375	550
Depreciation	—	—	509	542	882	1,240	1,291	1,424	1,560
Profit before tax	—	—	(186)	1,136	1,230	652	1,909	5,151	6,674
Tax	—	—	(64)	392	424	225	659	1,777	2,303
Profit after tax	—	—	(122)	744	806	427	1,251	3,374	4,371
Cash flow statement									
Operating cash flow before working capital changes	—	—	387	1,286	1,688	1,667	2,541	4,798	5,932
Change in working capital / other adjustments	—	—	(1,350)	(1,485)	(1,332)	(208)	(1,094)	(1,579)	(475)
Cash flow from operating activities	—	—	(963)	(199)	356	1,459	1,447	3,218	5,457
Fixed Assets	(2,000)	(5,000)	(270)	(473)	(4,862)	(5,105)	(729)	(905)	(997)
Cash (used) / realised in investing activities	(2,000)	(5,000)	(270)	(473)	(4,862)	(5,105)	(729)	(905)	(997)
Issue of share capital	1,000	2,500	—	—	—	—	—	—	—
Borrowings	1,000	2,500	1,750	250	6,000	4,000	(500)	(1,500)	(5,000)
Cash (used) / realised in financing activities	2,000	5,000	1,750	250	6,000	4,000	(500)	(1,500)	(5,000)
Cash generated / utilised	—	—	517	(421)	1,494	354	218	814	(541)
Cash at beginning of year	—	—	—	517	96	1,589	1,943	1,937	4,127
Cash at end of year	—	—	517	96	1,589	1,943	2,161	2,751	3,586
Key ratios (%)									
EBITDA margin (%)	—	—	10.0	12.0	12.0	12.0	13.0	13.0	13.0
PAT margin (%)	—	—	(1.4)	3.9	2.9	1.5	3.4	5.6	6.6
Return on equity (%)	—	—	(3.6)	19.8	17.8	8.3	20.9	31.5	23.8
Return on capital employed (%)	—	—	3.3	12.5	12.5	8.3	11.0	17.8	18.3

Source: Kotak Institutional Equities estimates

Working capital has improved as higher order inflows fueled customer advances
Working capital details for Thermax (standalone), March fiscal year-ends, 2007-12E (Rs mn)

	2007	2008	2009	2010	2011E	2012E
Inventory	2,756	2,553	4,933	5,225	6,259	7,522
Sundry Debtors	3,825	5,053	5,408	7,471	8,535	12,035
Other current assets	219	304	387	525	569	752
Loans & advances	1,870	1,905	2,022	3,014	2,845	3,761
Total current assets (excl. cash)	8,669	9,815	12,749	16,235	18,208	24,069
Current liabilities	10,334	10,276	11,749	19,468	17,070	21,813
Provisions	537	1,365	949	975	1,138	1,504
Total current liabilities	10,871	11,641	12,698	20,442	18,208	23,317
Net working capital (excl. cash)	(2,202)	(1,826)	51	(4,207)	—	752
Working capital as days of sales						
Inventory	46	29	55	60	55	50
Sundry Debtors	64	58	60	86	75	80
Other current assets	4	3	4	6	5	5
Loans & advances	31	22	23	35	25	25
Current liabilities	174	117	131	223	150	145
Provisions	9	16	11	11	10	10
Net working capital (excl. cash)	(37)	(21)	1	(48)	—	5

Source: Company, Kotak Institutional Equities estimates

JULY 09, 2010

UPDATE

Coverage view: **Attractive**

Price (Rs): **2,357**

Target price (Rs): **2,900**

BSE-30: **17,652**

On a strong footing. We reiterate our BUY call on SBI, as tight liquidity, re-pricing of deposits will likely result in improved margins, (up by at least 25 bps). Better productivity of newer branches and lower new investment costs are likely to lower cost-income ratio, aiding earnings. Positive macro environment bodes well for asset quality and the management expects lower slippages in FY2011E. Earnings expected to grow at 22% CAGR over FY2010-12E, with an upward bias. Raise TP to Rs2,900 (Rs2,700 earlier).

Company data and valuation summary

State Bank of India

Stock data

52-week range (Rs) (high,low) 2,630-1,511

Market Cap. (Rs bn) 1,496.3

Shareholding pattern (%)

Promoters 59.4

FIs 13.7

MFs 4.4

Price performance (%)

	1M	3M	12M
Absolute	3.7	11.9	46.9
Rel. to BSE-30	(2.1)	13.7	14.5

Forecasts/Valuations

	2010	2011E	2012E
EPS (Rs)	144.4	170.9	210.6
EPS growth (%)	0.5	18.3	23.2
P/E (X)	16.3	13.8	11.2
NII (Rs bn)	236.7	300.8	356.9
Net profits (Rs bn)	91.7	108.5	133.7
BVPS	1,038.8	1,172.2	1,343.0
P/B (X)	2.3	2.0	1.8
ROE (%)	14.8	15.5	16.7
Div. Yield (%)	1.3	1.4	1.4

SBI, one of the best-placed banks in the current environment

We believe that in an environment of reasonably tight liquidity and strong credit growth, banks with high CASA, and higher liquidity on balance sheet are ideally placed. We like SBI as we expect steady margin improvement, falling cost-income ratios and improving NPL levels – all leading to a healthy earnings growth for SBI in FY2011-12E. Stock trades at 1.5X FY2012E cons BV. We raise our TP to Rs2,900, as we roll over our TP to FY2012 multiples.

Margins could surprise positively, on back of pick-up in credit and better pricing power

We believe that NIMs should surprise positively over the next few quarters as the full impact of (1) liquidity returning to normalized levels (SBI was earning negative spreads with its surplus funds in FY2010), (2) upward re-pricing of short-term wholesale loans, and (3) retail deposits still remaining unchanged and high CASA ratio should result in higher than estimated NII growth. We have currently factored conservative NII growth of 27% in FY2011E. The bank should also be able to pass the costs of higher savings deposit rates and CRR hikes in the current environment. We are factoring margins at 2.7% (KIE calculations) for FY2011E, up 25 bps over FY2010.

Positive macro environment bodes well for asset quality

We expect healthy trends on asset quality front for SBI, on the back of the positive macro environment. In our recent conversation, the management has been highlighting better asset quality trends, aided by recoveries of past NPLs. We currently expect gross delinquencies of 2.2% in FY2011E, similar to FY2010, higher than management guidance.

SBI along with ICICI Bank are amongst the few banks to have received relaxation to reach 70% provision coverage ratio (PCR). The bank's PCR is currently at 59% (including technical write-off) and we have factored LLP at 100 bps for FY2011-12. SBI will have to reach this by September 2011 (6 quarters as against 2 quarters for the industry). Hence the impact on earnings only to meet the regulatory requirements would be lower with LLP at about 20 bps (annualized) and the balance for normal slippages.

QUICK NUMBERS

- Best-placed to ride the tight liquidity conditions
- Expecting improvement in cost-income rate
- Revising target price to Rs2,900 from Rs2,700 earlier

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Lower costs in FY2011E, will support earnings as well

We see the bank focusing on productivity improvements for investments made over the past two years and lower one-time costs – this is likely to result in cost-income ratio well below 50% in FY2011-12E. In FY2010, the cost-income ratio had moved to 53% from 47% in FY2009 mainly due to (1) investments in infrastructure (new branches and ATMs) as well as new employees, (2) one-time costs on salary revision and pension liability. With new investments likely to slow down coupled with better productivity of new branches (2,226) being opened over last couple of years, we expect better cost leverage resulting in improving RoAs and RoEs over next few years.

Capital infusion likely by end FY2011E; management intent is to be adequately capitalised

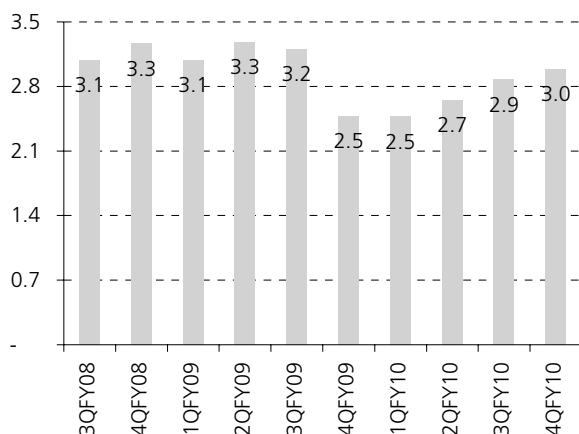
SBI is likely to raise equity capital by end FY2011E, likely through a rights offering. We view this capital raising plans as positive from a medium-term perspective as it allows the bank to focus on balance sheet growth rather than capital preservation exercise. Tier-1 ratio is comfortable at 9.5% currently and we are not currently factoring any dilution in our estimates.

KEY FACTORS INFLUENCING EARNINGS IN FY2011E

Pricing power re-emerges and should result in higher margins

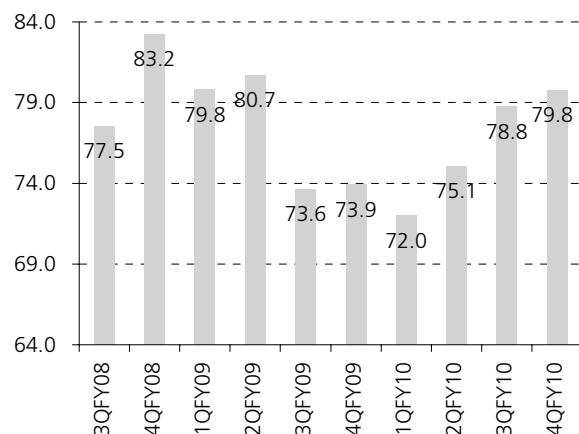
We are reasonably confident that the underlying interest rates, liquidity conditions, credit growth and improving CD ratio will result in steady improvement in margins for SBI. We are currently factoring NII growth of 27% and margins to improve by 25 bps in FY2011E, conservative given the underlying conditions.

Net interest margins (KS calc) showing continuous improvement
NIM's for SBI, March fiscal year-ends, 3QFY08-4QFY10 (%)



Source: Kotak Institutional Equities

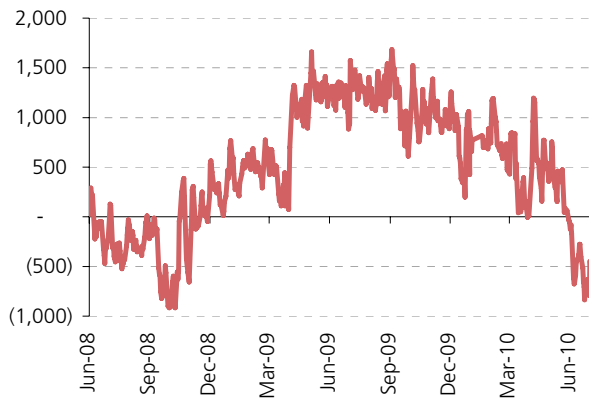
Improvement in CD ratio will help expand margins
CD ratio for SBI, March fiscal year-ends, 3QFY08-4QFY10 (%)



Source: Kotak Institutional Equities

Banks have turned net borrowers in 1QFY11

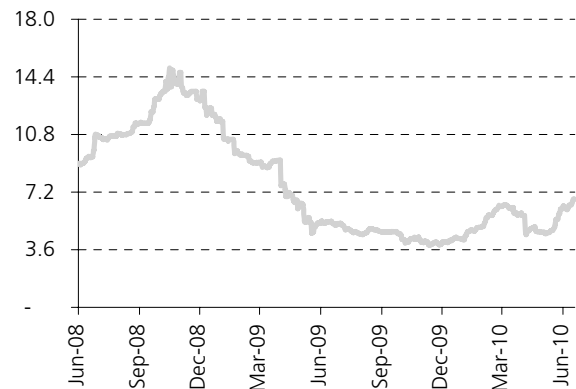
Net position of banks in the reverse repo window of RBI (Rs bn)



Source: Kotak Institutional Equities

Wholesale lending rates has started inching upwards

Interest rates for 3 months commercial paper (%)



Source: Kotak Institutional Equities

Banks have turned net borrowers in 1QFY11

With the outflow from 3G/BWA and advance tax flows, banks have turned net borrowers as against a surplus in FY2010. For the past month, the sector has been net borrowers of about Rs. 553 bn daily through the repo window. This is in sharp contrast to FY2010 when SBI had operating with surplus liquidity of Rs732 bn (average) resulting in a negative carry of Rs22 bn (about 9% of NII in FY2010). While we expect liquidity conditions to improve this month, the steady credit growth and low deposit growth will result in banks like SBI having no surplus liquidity for a prolonged period of time.

Sector credit growth is at 20% with incremental CD ratio is currently over 200%

Improved economic conditions are slowly reflecting in revival in credit consumption with 1QFY11 showing impressive credit growth at 20% while deposits growth has been relatively muted at 14% yoy. This has resulted in incremental CD ratio at over 200% for the quarter. We believe that SBI would continue to be a direct beneficiary (incremental CD ratio was at 191% in 2HFY10 for the bank partly aiding margin improvement) as it continues to focus on credit growth.

Wholesale loans should get re-priced upwards

1QFY11 has seen CP rates, a suitable proxy for the wholesale short term loans, steadily inching upwards. Surplus liquidity resulted in lending at rates well below their respective base rates in FY2010. With upward re-pricing we can expect further improvement in margins. Also, in the medium term, implementation of base rate would result in adjustments of interest rates for all loans, especially short term.

Retail term deposit rates have been stable since 3QFY10

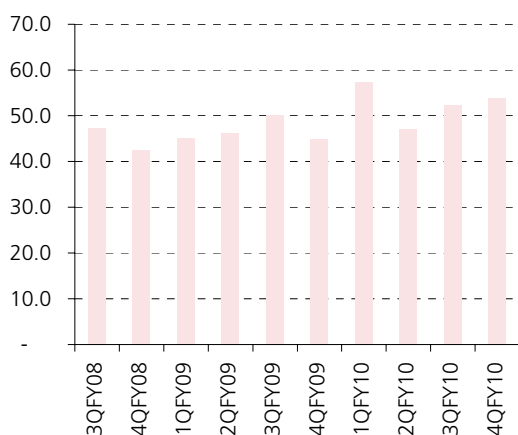
SBI has not revised its deposit rates over the last eight months, despite interest rates steadily inching upwards. With steady re-pricing of its retail term deposits, we can expect deposit costs to remain stable in FY2011E (after adjusting the cost of revised savings deposits). SBI's cost of funds has declined by only 50 bps from the peak of 6.3% in 4QFY09 and the full benefit of the CASA ratio improvement of 560 bps (47% in FY2010 compared to 42% in FY2009) is yet to fully reflect in cost of funds.

Lower investments and one-offs can result in lower cost-income ratio

We are currently factoring an improvement in cost-income ratio of about 400 bps to 48% in FY2011, which can be conservative, as (1) huge investments in infrastructure (branches, ATMs) and sharp increase in employee costs is unlikely to be repeated in this year, and (2) there would be no costs on account of wage revision (catch-up) while higher interest rates can keep pension costs lower.

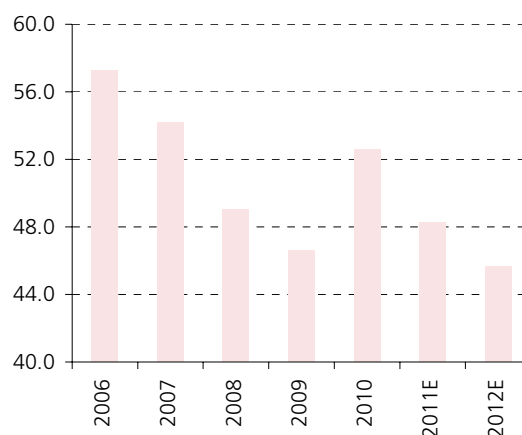
- ▶ In the past two years, SBI has added about 2,200 branches (22% increase from FY2010) and nearly tripled its ATM network (16,400 ATMs in FY2010 compared to 5,960 in FY2008) which has resulted in elevated investment costs. The bank is looking to improve its productivity from these branches and will expand moderately in FY2011.
- ▶ The bank has increased its employee base by 12% to 200,300 employees in the past two years. We expect overall employee base to remain flat/decline marginally in FY2011. This would result in better operating leverage.
- ▶ SBI provided Rs6.3 bn (5% of employee expenses in FY2010) for revision for wage arrears; which will not repeat in FY2011-12E.

Cost-income ratio has been above 50% through FY2010
Cost-income ratio, March fiscal year-ends, 3QFY08-4QFY10 (%)



Source: Kotak Institutional Equities

Cost-income ratio to show improvement in FY2011-12E
Cost-income ratio, March fiscal year-ends, 3QFY08-4QFY10 (%)



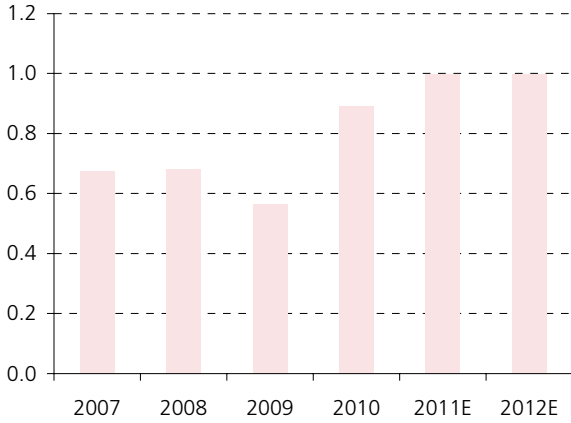
Source: Kotak Institutional Equities

Relaxation to meet 70% PCR and improving macro conditions can reduce LLP

We are currently factoring LLP of 1% for FY2011-12E to meet the requirement of 70% PCR and factor further slippages in the current fiscal. However, with the relaxation coming through (RBI allowing SBI to meet the regulatory requirement in the next 6 quarters by September 2011); the provisioning could be spaced over the next six quarters and will reduce volatility in earnings.

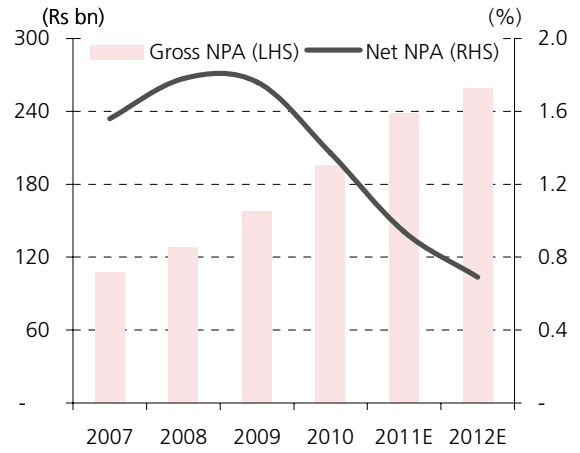
Further, we are currently factoring gross NPA to see further deterioration (normal slippages as well as slippages from restructured book which is currently at about 10%). Strong improvement in macro environment can not only result in lower slippages but also in better recovery/upgradations which can reduce the overall loan loss provisions for the bank.

LLP has been assumed conservatively at 1% to meet 70% PCR and higher slippages
 Loan loss provisions, March fiscal year-ends, FY2007-12E (%)



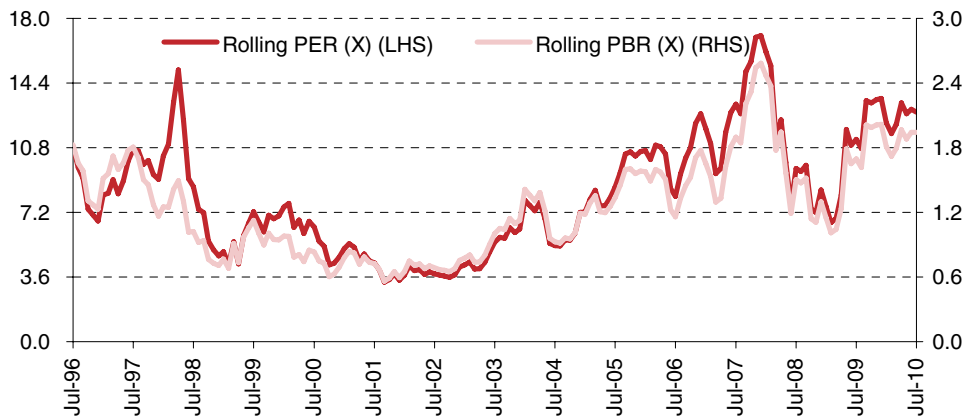
Source: Kotak Institutional Equities

We continue to remain conservative on asset quality for SBI
 Gross NPA (absolute) and net NPA (%), March fiscal year-ends, FY2007-12E



Source: Kotak Institutional Equities

Rolling PER and PBR (X) for State Bank of India
 March fiscal year-ends, July 1996-July 2010 (X)



Source: Kotak Institutional Equities

SBI SOTP valuation based on FY2012E

	SBI holding (%)	NW FY2012E (Rs mn)	Multiple assumed (X)	Value FY2012 (Rs mn)	Value per share FY2012 (Rs)	Methodology adopted
SBI standalone					2,359	Residual income model
Non banking subsidiaries and investments						
SBI Life				85,195	134	Based on appraisal value
SBI MF	63%			13,572	21	4% of AUM of Rs37.4 tn (20% CAGR - AUM)
NSE	8%			14,976	24	NSE value at Rs130 bn (last transaction)
UTI MF	17%			3,966	6	4% of Rs583 bn AUM (20% AUM growth over FY2009)
SBI Caps	86%			14,048	22	10X 2012 PAT
SBI DFHI	57%			6,892	11	1X FY2012 networth
Value of all non-bank subsidiaries					219	
SBI Associate banks						
State Bank of Bikaner and Jaipur	75%	20,766	1.3	26,995		BV multiple based on RoE
State Bank of Hyderabad	100%	37,870	1.3	49,231		BV multiple based on RoE
State Bank of Mysore	92%	25,869	1.3	33,630		BV multiple based on RoE
State Bank of Patiala	100%	36,603	1.3	47,584		BV multiple based on RoE
State Bank of Travancore	75%	26,970	1.3	35,061		BV multiple based on RoE
State Bank of Indore	98%	19,906	1.3	25,877		BV multiple based on RoE
Banking subsidiaries and associates		167,983		218,378		
post discount of 10%		151,185		196,540	310	
Value of all subsidiaries					529	
Total value of the bank					2,888	

Source: Kotak Institutional Equities

SBI forecasts and valuation

March fiscal year-ends, 2008-2012E

	Net int. income	PAT	EPS	P/E	BVPS	P/B	BVPS including banking subsidiaries	P/B Cons banking book	RoE
	(Rs mn)	(Rs mn)	(Rs)	(X)	(Rs)	(X)	(Rs)	(X)	(%)
2008	170,212	67,291	106.6	22.1	772	3.1	954	2.5	16.8
2009	208,731	91,212	143.7	16.4	913	2.6	1,122	2.1	17.1
2010	236,714	91,661	144.4	16.3	1,039	2.3	1,270	1.9	14.8
2011E	300,833	108,470	170.9	13.8	1,172	2.0	1,439	1.6	15.5
2012E	356,943	133,689	210.6	11.2	1,343	1.8	1,600	1.5	16.7

Source: Kotak Institutional Equities, Company

SBI --growth rates and key ratios
March fiscal year-ends, 2008-2012E (%)

	2008	2009	2010	2011E	2012E
Growth rates (%)					
Net loan	23.5	30.2	16.5	22.9	20.7
Total Asset	27.4	33.7	9.2	18.9	17.2
Deposits	23.4	38.1	8.4	23.9	20.7
Current	19.7	12.9	10.7	19.8	22.8
Savings	19.4	28.5	29.9	22.0	18.8
Fixed	27.0	51.9	(2.1)	26.3	21.3
Net interest income	13.0	22.6	13.4	27.1	18.7
Loan loss provisions	27.2	5.5	92.9	34.7	21.7
Total other income	28.6	46.1	17.9	8.8	14.6
Net fee income	23.1	28.8	26.6	18.0	15.0
Net capital gains	(1,397.4)	171.2	(17.5)	(38.6)	15—
Net exchange gains	109.0	70.2	34.6	10.0	10.0
Operating expenses	6.6	24.1	29.8	10.2	10.8
Employee expenses	(1.8)	25.2	30.9	9.7	10.0
Key ratios (%)					
Yield on average earning assets	8.2	8.1	7.4	7.7	8.0
Yield on average loans	9.3	9.7	8.6	8.8	9.0
Yield on average investments	7.4	7.0	6.6	6.7	7.0
Average cost of funds	5.6	5.8	5.3	5.3	5.6
Interest on deposits	5.6	5.9	5.6	5.5	5.8
Difference	2.6	2.3	2.1	2.4	2.4
Net interest income/earning assets	2.8	2.6	2.5	2.7	2.7
New provisions/average net loans	0.7	0.6	0.9	1.0	1.0
Interest income/total income	66.2	62.2	61.3	64.9	65.7
Fee income to total income	23.0	22.7	25.0	24.5	24.1
Operating expenses/total income	49.1	46.6	52.6	48.3	45.7
Tax rate	35.5	35.7	34.2	33.0	33.0
Dividend payout ratio	20.2	20.2	20.8	18.7	16.1
Share of deposits					
Current	18.3	14.9	15.2	14.7	15.0
Fixed	53.0	58.4	52.7	53.7	54.0
Savings	28.7	26.7	32.0	31.5	31.0
Loans-to-deposit ratio	77.6	73.1	78.6	77.9	77.9
Equity/assets (EoY)	6.8	6.0	6.3	5.9	5.8
Dupont analysis (%)					
Net interest income	2.6	2.5	2.3	2.6	2.6
Loan loss provisions	0.4	0.3	0.5	0.6	0.6
Net other income	1.3	1.5	1.5	1.4	1.4
Operating expenses	2.0	1.9	2.0	2.0	1.9
Invt. depreciation	(0.0)	0.1	(0.1)	—	—
(1- tax rate)	64.5	64.3	65.8	67.0	67.0
ROA	1.0	1.1	0.9	0.9	1.0
Average assets/average equity	16.0	15.8	16.3	16.4	17.0
ROE	16.8	17.1	14.8	15.5	16.7

Source: Kotak Institutional Equities

SBI –P&L and balance sheet

March fiscal year-ends, 2008-2012E (Rs mn)

	2008	2009	2010	2011E	2012E
Income statement					
Total interest income	489,503	637,884	709,939	842,621	1,042,061
Loans	352,281	464,047	506,326	616,435	767,148
Investments	119,442	155,741	177,363	201,618	247,183
Total interest expense	319,291	429,153	473,225	541,788	685,118
Net interest income	170,212	208,731	236,714	300,833	356,943
Loan loss provisions	25,679	27,098	52,279	70,412	85,674
Net interest income (after prov.)	144,533	181,634	184,435	230,421	271,269
Other income	86,839	126,908	149,682	162,910	186,643
Net fee income	59,143	76,172	96,409	113,762	130,826
Net capital gains	9,463	25,667	21,168	13,000	15,000
Net exchange gains	6,927	11,792	15,871	17,458	19,204
Operating expenses	126,086	156,487	203,187	223,935	248,176
Employee expenses	77,859	97,473	127,546	139,881	153,870
Depreciation on investments	(887)	7,072	(9,880)	1,500—	3,000—
Other Provisions	1,894	3,176	1,549	6,000	7,200
Pretax income	104,389	141,806	139,261	161,896	199,536
Tax provisions	37,098	50,594	47,600	53,426	65,847
Net Profit	67,291	91,212	91,661	108,470	133,689
% growth	48.2	35.5	0.5	18.3	23.2
PBT - Treasury + Provisions	121,612	153,485	162,041	226,808	280,410
% growth	20.73	26.21	5.57	39.97	23.63
Balance sheet					
Cash and bank balance	674,663	1,044,038	961,816	915,506	1,018,705
Cash	32,203	42,955	68,410	68,410	68,410
Balance with RBI	483,143	512,507	544,476	498,166	601,366
Balance with banks	37,135	116,152	121,511	121,511	121,511
Net value of investments	1,895,013	2,759,540	2,857,901	3,442,662	3,881,284
Govt. and other securities	1,407,340	2,262,175	2,267,060	2,862,831	3,301,453
Shares	45,025	45,904	71,994	71,994	71,994
Debentures and bonds	176,288	148,890	161,274	161,274	161,274
Net loans and advances	4,167,682	5,425,032	6,319,142	7,763,312	9,371,555
Fixed assets	33,735	38,378	44,129	47,271	49,295
Other assets	444,170	377,333	351,128	351,128	351,128
Total assets	7,215,263	9,644,321	10,534,115	12,519,879	14,671,967
Deposits	5,374,060	7,420,731	8,041,162	9,963,317	12,027,311
Current	981,335	1,107,536	1,225,794	1,468,991	1,803,374
Fixed	2,850,411	4,330,953	4,240,765	5,354,108	6,493,330
Savings	1,542,293	1,982,243	2,574,603	3,140,218	3,730,607
Borrowings and bills payable	921,767	1,029,880	1,241,099	1,241,099	1,241,099
Other liabilities	429,110	614,233	592,361	571,269	550,927
Total liabilities	6,724,936	9,064,844	9,874,622	11,775,684	13,819,337
Total shareholders' equity	490,327	579,477	659,492	744,194	852,630

Source: Kotak Institutional Equities

JULY 08, 2010

UPDATE

Coverage view: **Attractive**

Price (Rs): **175**

Target price (Rs): **135**

BSE-30: **17,652**

Krishnapatnam UMPP achieves financial closure. Reliance Power (RPWR) announced the financial closure of Krishnapatnam UMPP, having tied up debt commitment of ~Rs130 bn from a consortium of over 15 banks and financial institutions. Although RPWR now has two UMPPs financially closed, overall progress on these projects has been tepid resulting in commissioning delays. We maintain our SELL rating with a revised target price of Rs135/share.

Company data and valuation summary

Reliance Power

Stock data

52-week range (Rs) (high,low) 190-130

Market Cap. (Rs bn) 419.7

Shareholding pattern (%)

Promoters 84.8

FIs 3.7

MFs 0.3

Price performance (%)

Absolute 1M 3M 12M

Rel. to BSE-30 8.6 11.7 (13.5)

Forecasts/Valuations

	2010	2011E	2012E
EPS (Rs)	2.9	3.1	5.4
EPS growth (%)	179.7	7.4	76.4
P/E (X)	61.4	57.1	32.4
Sales (Rs bn)	0.2	14.7	49.6
Net profits (Rs bn)	6.8	7.3	13.0
EBITDA (Rs bn)	(1.1)	8.1	26.3
EV/EBITDA (X)	(555.7)	98.9	34.0
ROE (%)	4.8	5.0	8.2
Div. Yield (%)	0.0	0.0	0.0

Financial closure achieved with debt commitment for 75% of the project cost

Reliance Power (RPWR) announced the financial closure of Krishnapatnam UMPP, having tied up debt commitment of ~Rs130 bn from a consortium of over 15 banks and financial institutions. We note that RPWR has now financially closed two of its three UMPPs following the financial closure of Sasan UMPP in April 2009 and now has finances secured for 10,000 MW of capacity.

Krishnapatnam is an imported coal-based UMPP with an estimated cost of Rs175 bn and will be financed by 75:25 debt-to-equity ratio. Coal for the project will be imported from Indonesia. RPWR has signed Power Purchase Agreement (PPA) with 11 procurers encompassing four states (Andhra Pradesh, Tamil Nadu, Karnataka and Maharashtra) at a levelized tariff of Rs2.33/kwh.

UMPPs – financial closure may step up execution pace, sedate so far

Although achieving financial closure marks a key milestone in the development of the power project, we believe that progress on the three UMPPs has been tepid so far with both Sasan and Krishnapatnam missing the original commissioning guidance. We highlight the status of the three UMPPs:

- ▶ Sasan UMPP: Boiler foundation work is close to completion and mine development has commenced but land acquisition still remains a concern with only 64% of the total requirement of 3,488 acres having so far been acquired.
- ▶ Talaiya UMPP: Only 20% of land required for the plant has been acquired and acquisition for coal block land has not yet commenced.
- ▶ Krishnapatnam UMPP: Most of the land has been acquired and BTG contract was awarded to Reliance Infrastructures (RELI) in October 2009. With financial closure achieved, Krishnapatnam is expected to commission as per schedule.

Exhibit 1 below highlights the execution status of near-term projects of RPWR.

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Maintain SELL with a revised target price of Rs135/share

We maintain our SELL rating on RPWR with a revised target price of Rs135/share (Rs128 previously) based on March 2012 SOTP. Our target price implies a P/B of 2X on FY2011E book value. We highlight that a bulk of valuations for RPWR are contributed from the 3,960 MW Chitrangi project in Madhya Pradesh. We project RPWR's EPS at Rs3.1 for FY2011E and Rs5.4 (previously Rs5.1/share) in FY2012E. We believe that acceleration of the commissioning schedule across the various projects being implemented by the company can provide upside to our estimates.

Our earnings estimates and valuation do not factor in the likely dilution of 14.5% ownership in favor of Reliance Natural Resources Ltd, based on the proposed merger of the two entities in bid to secure gas allocation for RPWR.

RELI to source 135 MW from Butibori for Mumbai distribution

In a separate development, Vidarbha Industries Power Ltd (developer of the 600 MW Butibori project) has entered into an agreement with RELI for supply of 135 MW power for two years, starting April 2012, at a rate of Rs4.85/kwh. We have accordingly modified our model to reflect the transaction.

We also note that RELI has tied up with two more suppliers (55 MW with Abhijeet Group and 260 MW with KSW-Wardha Power) in an effort to shore up its supply for Mumbai distribution business.

Exhibit 1: Progress on UMPPs have been sedate with both Sasan and Krishnapatnam missing original commissioning guidance
Execution status of near-term projects of RPWR

Project	Capacity (MW)	Land	Fuel	Environment clearance	Financial Closure	EPC award	Expected CoD
Rosa I	600	✓	✓	✓	✓	✓	Mar-10
Rosa II	600	✓	✓	✓	✓	✓	Dec-10
Butibori	300	✓	✓	✓	✓	✓	Mar-12
Sasan	3,960	WIP	✓	✓	✓	✓	Jun-13
Krishnapatnam	4,000	WIP	✓	✓	✓	✗	Jul-15
Dadri	7,480	✓	✗	✓	✗	✗	Mar-13
Chitrangi	3,960	WIP	✓	WIP	✗	✗	Jul-14
Tilaya	4,000	✗	✓	✗	✗	✗	Jun-17

Source: Company, Kotak Institutional Equities estimates

Exhibit 2: Chitrangi contributes 26% of our gross value of power projects
Gross value of power projects (Rs bn)

Project	Type	Capacity (MW)	Equity Investment (Rs bn)	P/B (X)	RPWR's share	Value (Rs bn)	Cost of equity (%)
Rosa I	Coal	600	6.0	2.1	100%	12.6	12.5
Rosa II	Coal	600	6.2	2.8	100%	17.3	12.5
Butibori	Coal	600	7.0	5.4	74%	28.1	12.5
Sasan UMPP	Coal	3,960	41.0	1.0	100%	42.2	12.5
Krishnapatnam UMPP	Imported coal	4,000	48.6	1.0	100%	47.7	12.5
Dadri	Gas	6,400	38.4	1.9	100%	74.3	15.0
Chitrangi	Coal	3,960	47.5	3.5	100%	165.6	15.0
Total		20,120		2.0		387.8	

Source: Company, Kotak Institutional Equities estimates

Exhibit 3: Our SOTP-based target price is Rs135/share
Valuation of RPWR

	Valuation	
	(Rs bn)	(Rs/share)
Gross value of power projects	388	162
Less: Equity to be invested	(200)	(84)
Add: Cash available/equity infused	135	56
Net Value	323	135

Source: Company, Kotak Institutional Equities estimates

Exhibit 4: Profit model, balance sheet, cash model of Reliance Power Ltd, March fiscal year ends, 2009-2015E (Rs mn)

	2009	2010E	2011E	2012E	2013E	2014E	2015E
Profit model							
Net revenues	—	207	14,734	49,643	130,194	259,346	319,602
EBITDA	(1,031)	(1,073)	8,066	26,288	55,256	124,781	159,469
Other income	3,604	8,227	5,536	6,358	3,247	12,570	18,570
Interest (expense)/income	—	(70)	(3,336)	(9,383)	(25,336)	(51,312)	(55,965)
Depreciation	(2)	(57)	(1,419)	(5,331)	(15,384)	(33,591)	(39,136)
Pretax profits	2,570	7,026	8,846	17,932	17,782	52,448	82,938
Tax	(119)	(187)	(375)	(1,866)	(3,136)	(6,060)	(9,036)
Deferred taxation	—	—	(1,125)	(2,563)	(1,382)	(12,804)	(10,400)
Minority interest	—	—	1	(543)	(1,491)	(925)	(969)
Net income	2,445	6,839	7,346	12,960	11,773	32,659	62,534
Extraordinary items	—	—	—	—	—	—	—
Reported profit	2,445	6,839	7,346	12,960	11,773	32,659	62,534
Earnings per share (Rs)	1.1	2.9	3.1	5.4	4.9	13.6	26.1
Balance sheet							
Paid-up common stock	23,968	23,968	23,968	23,968	23,968	23,968	23,968
Total shareholders' equity	137,791	144,630	151,976	164,936	176,709	209,368	260,929
Deferred taxation liability	—	50	1,175	3,738	5,120	17,924	28,324
Minority interest	—	1,462	1,679	2,223	3,714	4,639	5,608
Total borrowings	13,325	244,172	402,007	480,013	521,981	523,111	490,212
Total liabilities and equity	151,116	390,313	556,838	650,909	707,524	755,042	785,072
Net fixed assets	2,879	16,916	95,782	232,814	563,170	685,833	672,151
Capital work-in progress	46,780	304,071	432,280	398,568	126,960	21,648	—
Investments	103,172	—	—	—	—	—	—
Cash	216	68,869	25,507	8,764	(2,085)	21,058	81,804
Net current assets (excl. cash)	(1,931)	458	3,268	10,764	19,479	26,503	31,117
Net current assets (incl. cash)	(1,715)	69,326	28,775	19,528	17,394	47,561	112,921
Total assets	151,116	390,313	556,838	650,909	707,524	755,042	785,072
Free cash flow							
Operating cash flow, excl. working capital	2,447	6,946	9,889	21,397	30,030	79,979	113,038
Working capital changes	(4,065)	(2,389)	(2,811)	(7,496)	(8,715)	(7,024)	(4,614)
Capital expenditure	(39,351)	(271,385)	(208,494)	(108,650)	(74,132)	(50,942)	(3,806)
Free cash flow	(40,969)	(266,828)	(201,416)	(94,749)	(52,817)	22,013	104,619
Ratios							
Net debt/equity (%)	10	120	245	282	290	235	153
Return on equity (%)	1.8	4.8	5.0	8.2	6.9	16.9	26.6
Book value per share (Rs)	57.5	60.4	63.9	70.4	75.9	94.8	120.7
ROCE (%)	—	2.6	2.1	3.4	4.7	9.1	13.8

Source: Company, Kotak Institutional Equities estimates

JULY 09, 2010

UPDATE

BSE-30: 17,652

1QFY11 ratings update—Star’s resurgence pressures Zee, Colors. Even as sports (IPL Season 3, FIFA World Cup) content dominated audience mindshare in 1QFY11, Hindi GE segment witnessed renewed action with the re-launch of Star Plus, the flagship channel of STAR Network. The makeover resulted in Star Plus garnering 350+ GRPs in the last few weeks with modest market share loss for Colors (excl. movies) and Zee TV. In response, Zee TV and Colors as also Sony TV and Imagine TV are planning to revamp their under-performing content slate. The status quo was largely maintained in regional markets but risk of Hindi GE-style competition remains.

Sports (IPL Season 3 and FIFA World Cup) top draw though Hindi GE retains loyal audience

Sports content almost completely dominated in 1QFY11 with IPL Season 3 on SET MAX and then FIFA World Cup 2010 on ESPN garnering a significant share of the overall TV viewership/ratings (see Exhibit 1). T20 World Cup on Star Cricket fizzled out after its initial promise with the Indian team’s exit from the tournament. Nonetheless, sports channels likely captured a disproportionate share of advertising spends in 1QFY11 given the pan-India audience/reach and an attractive demographic (male and youth) they deliver to the advertisers. Large advertisers such as telecom, autos and durable advertised heavily on sports properties in 1QFY11.

Hindi GE segment largely held on to its loyal housewife audience with limited impact on ratings of leading Hindi GE channels or overall Hindi GE segment ratings in 1QFY10 (see Exhibit 2); thus, we expect only moderate (5-10%) impact on advertising revenues of Hindi GE segment also helped by the strong recovery in the media/advertising market in India. However, FY2011E entails a strong sports calendar (ODI World Cup followed by IPL Season 4 with 10 teams instead of 8 previously) and advertising revenue fragmentation is unavoidable. Genres such as Cinema and News were impacted more given audience (male and youth) overlap (see Exhibit 3-4).

Intra-segment competition—resurgent Star Plus post makeover pressures Zee TV and Colors

Hindi segment witnessed renewed intra-segment competition with the re-launch of Star Plus resulting in the channel establishing a large lead over Zee TV and Colors (see Exhibit 5). Even as a number of changes (new logo, tagline et al) have been made to its positioning, the transformation has been (1) led by launch of new content (fiction and non-fiction) and (2) been underway for some period of time (6-8 months given the consistent improvement in its ratings; see Exhibit 2). Star Plus is now the dominant player in the 9-11pm timeslots in the weekday primetime band with two new programs (Tere Liye, Pratigya; see Exhibit 6); the channel is also supported by its popular weekend non-fiction dance content, ‘Zara Nachke Dikha’.

Zee TV and Colors were moderately impacted by the resurgence of Star Plus with loss of 15-20 GRPs over the last 3 weeks. We are not inclined to attribute sustained 400+ GRPs to Star Plus though it has done well to capture audience mindshare; it will have to sustain the momentum with continued innovation in content. Typically, media buyers tend to look at 13 weeks of ratings data to decide their media plan and advertising rates, giving Zee TV and Colors some time to revamp their content. Zee TV is reported to replace one of its non-performing programs ‘Do Saheliyan’ with ‘Mera Naam...’ (see Exhibit 7); Zee’s weekend program ‘Dance India Dance’ is the most popular non-fiction program. Colors is reported to be revamping its existing slate supported by launch of its flagship non-fiction program, ‘Khatron Ke Khiladi’; lack of popular weekend non-fiction content has been a weak link in Colors’ portfolio.

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Regional entertainment markets—status quo in 1QFY11 but for how long

Exhibits 8-13 present the ratings performance of key GE channels across the 6 important regional entertainment markets (Tamil, Malayalam, Telugu, Kannada, Marathi and Bengali) over time. The status quo was largely maintained across regional markets in 1QFY11 with only minor changes to market share of leading channels. Moderate changes in genre or channel ratings could be explained by specific factors (impact of strong performance of Mumbai Indians in IPL on Marathi GE segment ratings; impact of FIFA WC 2010 on Bengali GE segment ratings; recovery in some Sun TV channel ratings likely led by significant investments in popular movie content).

However, we remain unconvinced on the apparent strength of the rating performance of leadership channels (large ratings gap over second-placed GE channels) in their respective markets. The cautious view stems from the conviction that creativity (innovation and differentiation in content) cannot be monopolized. In fact, very much to the contrary, the experience of Zee Bangla (see Exhibit 13) and Star Plus (see Exhibit 14) showcase the sharp decline in ratings in the face of strong competition from existing and new channels; distribution is likely the only effective long-term barrier to competition and all regional markets (except possibly Tamil) are open distribution markets.

Quarterly trends in All-India GRPs for Sports channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
ESPN	12	56	6	5	8	3	3	3	3	3	10	3	33
SET MAX (a)	146	117	109	103	269	114	114	139	246	111	106	154	175
Neo Cricket	—	—	—	—	20	3	91	34	2	2	75	66	13
Neo Sports	3	2	60	9	5	—	—	—	—	—	—	1	—
Star Cricket	—	84	13	41	13	28	5	14	54	26	19	11	23
Star Sports	8	7	5	55	4	4	3	4	3	3	12	2	3
Ten Sports	28	23	33	27	22	46	25	22	26	42	22	18	21

Note:

(a) MAX is a sports+movie channel and thus, 4QFY10-1QFY11 ratings must be seen in the context of 2Q-3QFY10 ratings.

Source: TAM Media Research, Kotak Institutional Equities

Quarterly trends in HSM GRPs for Hindi GE channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
Colors	—	—	—	—	—	122	219	267	259	287	322	312	275
Imagine TV	—	—	—	67	81	84	69	69	93	115	106	108	98
SAB TV	60	41	30	30	31	30	39	48	53	67	73	84	84
Sony TV	117	137	100	87	87	103	92	87	83	126	173	153	154
Star One	74	68	59	67	70	84	78	65	58	51	48	42	45
Star Plus	348	348	351	323	331	314	250	300	259	277	256	294	337
Zee TV	234	291	279	273	222	219	178	206	229	256	250	264	255

Source: TAM Media Research, Kotak Institutional Equities

Quarterly trends in HSM GRPs for Hindi Cinema channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
FILMY	37	43	41	35	43	44	28	21	22	26	28	27	25
SET MAX (a)	182	155	144	136	315	153	151	174	282	147	141	184	208
Star Gold	115	108	100	99	103	104	97	96	90	101	97	99	100
UTV Action	—	—	12	14	14	16	18	13	11	15	19	32	34
UTV Movies	—	—	—	6	24	31	34	32	29	40	45	43	37
Zee Cinema	151	154	138	137	155	149	156	158	161	151	133	123	114

Notes:

(a) Includes IPL ratings in 1QFY09 for Season 1, in 1QFY10 for Season 2 and 4QFY10-1QFY11 for Season 3.

Source: TAM Media Research, Kotak Institutional Equities

Quarterly trends in HSM GRPs for Hindi News channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
Aaj Tak	47	58	43	47	39	43	47	40	32	30	29	29	24
IBN 7	28	30	21	21	17	22	24	17	15	14	14	13	11
India TV	34	44	34	38	39	42	41	36	26	27	26	25	21
NDTV India	22	23	17	18	15	19	19	13	14	16	14	13	10
News 24	-	-	1	12	11	13	13	10	8	8	8	9	8
Star News	40	53	43	44	35	38	39	32	25	25	23	25	20
Zee News	29	27	23	25	21	25	25	21	16	17	16	18	13

Source: TAM Media Research, Kotak Institutional Equities

Weekly trends in HSM GRPs for Hindi GE channels

	4-Apr	11-Apr	18-Apr	25-Apr	2-May	9-May	16-May	23-May	30-May	6-Jun	13-Jun	20-Jun	27-Jun
Colors	258	269	276	288	278	288	264	295	271	288	276	253	269
Imagine TV	96	101	97	104	93	97	103	103	100	94	93	91	85
SAB TV	78	76	74	80	78	73	90	89	93	101	93	97	104
Sony TV	146	156	147	175	179	153	158	164	149	147	125	148	141
Star One	46	39	38	40	34	41	41	49	55	51	50	47	52
Star Plus	319	317	298	286	337	337	315	336	317	335	443	411	362
Zee TV	260	268	284	279	267	245	245	249	249	256	231	211	228

Source: TAM Media Research, Kotak Institutional Equities

Weekday ratings performance of Star Plus programs (%)

Time	Program	20-Jun					27-Jun				
		Mon	Tue	Wed	Thu	Avg	Mon	Tue	Wed	Thu	Avg
Afternoon											
12.30-01.00 PM	Yeh Rishta Kya Kehlata Hai	1.9	1.7	2.4	2.3	2.1	1.5	1.7	1.6	1.6	1.6
01.00-01.30 PM	Tere Mere Sapne	1.8	1.9	1.7	1.8	1.8	1.3	1.6	1.6	1.6	1.5
01.30-02.00 PM	Hamari Devrani	1.9	1.7	1.9	1.8	1.8	1.5	1.5	1.7	1.7	1.6
02.00-02.30 PM	Raja Ki Aayegi Baarat	1.5	1.7	1.7	1.6	1.6	1.5	1.3	1.5	1.2	1.4
02.30-03.00 PM	Behenein	1.1	1.1	1.3	1.0	1.2	1.3	1.1	1.1	1.0	1.1
03.00-03.30 PM	Chand Chupa Badal Mein	1.3	1.2	1.2	1.2	1.2	1.3	1.0	0.7	0.7	0.9
03.30-04.00 PM	Bidayi	1.4	1.4	1.5	1.3	1.4	1.2	1.3	1.2	1.2	1.2
04.00-04.30 PM	Yeh Rishta Kya Kehlata Hai	1.6	1.3	1.5	1.5	1.5	1.1	1.1	1.6	1.0	1.2
Primetime											
07.00-07.30 PM	Saathiya Saath Nibhana	1.6	1.9	2.1	1.8	1.8	1.7	1.8	1.9	1.8	1.8
07.30-08.00 PM	Sasural Genda Phool	2.6	2.8	2.7	2.6	2.7	2.6	2.7	2.8	2.8	2.7
08.00-08.30 PM	Chand Chupa Badal Mein	2.4	2.2	2.3	2.1	2.3	1.8	1.6	1.5	1.3	1.5
08.30-09.00 PM	Behenein	3.6	3.0	3.0	2.5	3.0	2.8	3.0	2.7	2.6	2.7
09.00-09.30 PM	Bidayi	7.2	7.1	6.8	5.7	6.7	5.9	5.6	5.2	5.0	5.4
09.30-10.00 PM	Yeh Rishta Kya Kehlata Hai	5.8	6.5	7.0	5.8	6.3	5.5	5.1	4.7	4.6	5.0
10.00-10.30 PM	Tere Liye	4.0	4.1	4.2	3.8	4.0	3.7	3.8	4.1	3.8	3.9
10.30-11.00 PM	Pratigya	5.0	5.4	5.6	5.8	5.4	5.1	5.4	5.2	5.4	5.3
11.00-11.30 PM	Chand Chupa Badal Mein	1.4	1.4	1.8	1.7	1.5	1.3	1.3	1.4	1.4	1.4
11.30-12.00 PM	Sasural Genda Phool	1.3	1.2	1.2	1.3	1.3	1.4	1.0	1.2	1.2	1.2

Source: TAM Media Research, Kotak Institutional Equities

Weekday ratings performance of Zee TV programs (%)

Time	Program	20-Jun					27-Jun				
		Mon	Tue	Wed	Thu	Avg	Mon	Tue	Wed	Thu	Avg
Afternoon											
12.30-01.00 PM	Yahan Mein Ghar Ghar Kheli	0.5	0.6	0.8	0.5	0.6	0.5	0.5	0.6	0.8	0.6
01.00-01.30 PM	Jhansi Ki Rani	0.7	0.8	0.9	0.6	0.7	0.7	0.7	0.6	0.6	0.6
01.30-02.00 PM	Pavitra Rishta	0.9	0.9	0.9	0.7	0.8	0.8	0.8	0.8	0.9	0.8
02.00-02.30 PM	Chhoti Bahu	0.7	0.8	1.0	0.7	0.8	0.9	0.6	0.7	0.9	0.8
02.30-03.00 PM	Do Saheliyaan	0.6	0.5	0.6	0.5	0.6	0.6	0.4	0.4	0.6	0.5
03.00-03.30 PM	Agle Janam Mohe Bitiya Hi Kijo	0.6	0.4	0.4	0.5	0.5	0.7	0.4	0.6	0.6	0.6
03.30-04.00 PM	12/24 Karol bagh	0.4	0.3	0.3	0.4	0.4	0.3	0.4	0.6	0.4	0.4
04.00-04.30 PM	Yahan Mein Ghar Ghar Kheli	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.4
Primetime											
07.00-07.30 PM	Ghar Ghar Mein	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.5	0.4	0.5
07.30-08.00 PM	Chhoti Bahu	2.1	2.4	2.2	2.1	2.2	2.4	2.5	2.7	2.2	2.5
08.00-08.30 PM	Jhansi Ki Rani	3.3	3.7	3.4	3.3	3.4	3.6	3.6	3.9	3.7	3.7
08.30-09.00 PM	Yahan Mein Ghar Ghar Kheli	2.5	2.8	2.7	2.6	2.6	2.8	2.9	3.2	3.5	3.1
09.00-09.30 PM	Pavitra Rishta	3.8	4.5	4.4	4.8	4.4	4.6	4.5	5.5	5.8	5.1
09.30-10.00 PM	Agle Janam Mohe Bitiya Hi Kijc	2.5	2.9	3.2	3.1	2.9	3.0	2.9	3.2	3.4	3.1
10.00-10.30 PM	12/24 Karol bagh	1.8	1.8	2.1	2.0	1.9	2.3	2.2	2.0	1.9	2.1
10.30-11.00 PM	Do Saheliyaan	0.9	1.0	0.9	1.0	0.9	1.2	1.0	1.2	1.1	1.1
11.00-11.30 PM	Pavitra Rishta	1.4	1.4	1.4	1.3	1.4	1.5	1.5	1.3	1.6	1.5
11.30-12.00 PM	Jhansi Ki Rani	0.9	1.0	0.8	1.0	0.9	1.1	1.0	1.0	1.3	1.1

Source: TAM Media Research, Kotak Institutional Equities

Weekday ratings performance of Colors' programs (%)

Time	Program	20-Jun					27-Jun				
		Mon	Tue	Wed	Thu	Avg	Mon	Tue	Wed	Thu	Avg
Afternoon											
12.30-01.00 PM	Balika Vadhu	0.8	0.9	0.7	0.6	0.7	0.7	0.9	0.8	0.8	0.8
01.00-01.30 PM	Kitchen Champion	1.3	1.9	1.9	1.5	1.7	1.3	1.6	1.7	1.8	1.6
01.30-02.00 PM	Kitchen Champion	1.3	1.9	1.9	1.5	1.7	1.3	1.6	1.7	1.8	1.6
02.00-02.30 PM	Aise Karo Na Vida	1.3	1.4	1.1	1.0	1.2	1.0	1.0	0.8	1.2	1.0
02.30-03.00 PM	Ganga	1.0	1.0	0.8	0.8	0.9	0.7	0.8	0.6	0.9	0.8
03.00-03.30 PM	Na Aana Is Des Laado	1.0	0.8	0.9	0.8	0.9	0.7	0.8	0.8	1.0	0.8
03.30-04.00 PM	Uttaran	0.8	1.0	0.8	0.7	0.8	0.7	0.7	0.7	0.7	0.7
04.00-04.30 PM	Laagi Tujhse Lagan	0.8	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6
Primetime											
07.00-07.30 PM	Bhagyavidhata	1.3	1.5	1.3	1.2	1.3	1.1	1.4	1.6	1.6	1.4
07.30-08.00 PM	Thoda Hai Bas Thode Ki	1.1	1.3	1.2	1.1	1.2	1.0	1.0	1.3	1.5	1.2
08.00-08.30 PM	Balika Vadhu	3.7	3.9	3.7	3.6	3.7	3.5	3.6	4.2	5.0	4.1
08.30-09.00 PM	Bairi Piya	2.2	2.5	2.2	2.1	2.3	2.2	2.0	2.4	2.6	2.3
09.00-09.30 PM	Yeh Pyar Na Hoga Kam	1.6	1.5	1.7	1.4	1.5	1.4	1.4	1.5	2.0	1.6
09.30-10.00 PM	Laagi Tujhse Lagan	3.1	2.8	2.9	2.6	2.8	3.2	3.6	2.6	3.4	3.2
10.00-10.30 PM	Uttaran	4.2	4.0	4.2	3.5	4.0	4.0	4.7	4.1	4.8	4.4
10.30-11.00 PM	Na Aana Is Des Laado	3.6	3.5	3.4	3.5	3.5	3.6	3.5	3.7	4.0	3.7
11.00-11.30 PM	Balika Vadhu	2.4	2.0	1.9	2.3	2.1	2.1	2.0	2.4	2.8	2.3
11.30-12.00 PM	Thoda Hai Bas Thode Ki	0.7	0.6	0.7	0.6	0.7	0.4	0.7	0.8	0.8	0.7

Source: TAM Media Research, Kotak Institutional Equities

Quarterly trends in Tamil Nadu GRPs for Tamil channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
KTV	615	505	547	496	552	511	504	494	470	433	466	439	428
Kalaigarnar TV	—	78	352	365	334	330	310	290	253	265	262	241	214
Raj TV	104	85	83	69	58	75	78	63	61	74	64	66	48
Sun TV	1,652	1,543	1,509	1,460	1,514	1,483	1,454	1,440	1,408	1,503	1,501	1,444	1,395
Vijay TV	193	250	248	203	181	154	176	150	155	171	188	171	160

Source: TAM Media Research, Kotak Institutional Equities

Quarterly trends in Kerala GRPs for Malayalam channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
Amrita TV	116	116	83	71	66	101	98	86	72	97	94	81	85
Asianet	712	860	904	866	802	699	739	825	957	1,008	955	932	910
Asianet Plus	222	235	223	180	193	177	194	186	289	281	247	243	213
Kairali	133	145	142	160	137	143	116	110	136	135	135	127	142
Kiran TV	155	155	155	146	170	163	181	197	200	217	206	234	204
Surya TV	722	700	649	678	750	577	608	569	649	612	606	573	565

Source: TAM Media Research, Kotak Institutional Equities

Quarterly trends in Andhra Pradesh GRPs for Telugu channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
Eenadu TV	449	449	460	473	427	353	357	356	364	349	396	392	341
Gemini TV	892	906	832	776	768	725	769	726	687	696	674	711	729
Maa Telugu	281	345	385	385	433	366	371	343	379	425	422	411	361
Teja TV	486	450	465	446	437	396	390	376	381	343	386	369	370
Zee Telugu	135	181	215	293	275	295	355	350	375	364	390	375	323

Source: TAM Media Research, Kotak Institutional Equities

Quarterly trends in Karnataka GRPs for Kannada channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
ETV Kannada	358	392	328	309	291	264	265	257	249	252	226	223	188
Kasturi	—	6	110	120	116	186	149	131	100	101	95	106	82
Suvarna	8	81	93	106	90	121	129	145	173	277	235	207	220
Udaya Movies	325	322	361	329	303	302	349	361	327	295	267	217	250
Udaya TV	721	814	798	673	640	628	606	594	558	537	490	466	486
Zee Kannada	88	90	83	141	219	237	240	205	165	221	187	178	171

Source: TAM Media Research, Kotak Institutional Equities

Quarterly trends in Maharashtra GRPs for Marathi channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
ETV Marathi	162	195	162	150	143	167	154	171	155	153	132	111	107
Mi Marathi	45	43	36	48	38	37	21	21	21	23	23	33	32
Star Pravah	—	—	—	—	—	—	25	59	74	112	122	123	102
Zee Marathi	246	259	263	300	278	313	293	290	244	244	240	236	201
Zee Talkies	—	27	72	61	59	76	70	73	72	80	73	62	52

Source: TAM Media Research, Kotak Institutional Equities

Quarterly trends in West Bengal GRPs for Bengali channels

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10	3QFY10	4QFY10	1QFY11
Akash Bangla	108	127	111	106	80	87	72	102	92	89	80	57	49
Sony Aath	—	—	4	42	58	61	51	49	28	37	49	73	64
ETV Bangla	351	371	331	327	306	352	320	292	257	223	220	207	145
Star Jalsha	—	—	—	—	—	27	173	247	326	457	559	486	454
Zee Bangla	309	326	363	435	356	335	314	367	275	312	272	217	183

Source: TAM Media Research, Kotak Institutional Equities

 Quarterly trends in HSM GRPs for Hindi GE channels

	1QFY05	2QFY05	3QFY05	4QFY05	1QFY06	2QFY06	3QFY06	4QFY06	1QFY07	2QFY07	3QFY07	4QFY07	1QFY08
SAB TV	28	31	25	24	19	18	27	30	33	51	58	67	60
Sahara One	65	64	62	59	55	82	74	94	68	55	99	92	85
Sony TV	190	192	186	181	174	168	140	133	120	130	139	113	117
Star One	—	—	16	24	33	65	89	54	64	67	100	65	74
Star Plus	665	574	585	569	558	560	563	521	505	483	489	422	348
Zee TV	134	130	135	147	146	142	137	179	205	239	253	211	234

Source: TAM Media Research, Kotak Institutional Equities

Kotak Institutional Equities: Valuation summary of key Indian companies

Company	8-Jul-10		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)		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	69	ADD	91,857	1,960	1,330	2.8	4.1	5.5	84.5	46.1	34.3	24.5	16.7	12.5	14.3	10.3	8.6	2.3	2.1	1.9	2.2	1.4	1.4	11.1	13.4	16.2	60	(13.1)	9.9
Bajaj Auto	2,402	ADD	347,580	7,416	145	117.5	166.0	182.9	159.8	41.3	10.1	20.4	14.5	13.1	12.8	9.8	8.6	10.8	6.6	4.6	0.8	0.8	0.8	66.6	56.3	41.0	2,330	(3.0)	10.8
Bharat Forge	323	ADD	77,741	1,659	240	0.7	11.4	18.7	(92.0)	1,553.7	64.6	470.1	28.4	17.3	23.4	11.0	7.7	2.1	1.9	1.8	—	—	—	0.9	13.9	18.2	335	3.6	4.0
Hero Honda	2,008	SELL	400,908	8,554	200	111.8	121.5	135.7	74.1	8.7	11.7	18.0	16.5	14.8	11.6	10.9	9.4	11.1	7.6	5.6	1.5	1.6	1.8	59.1	56.6	43.8	1,800	(10.3)	19.9
Mahindra & Mahindra	622	BUY	359,851	7,678	578	34.9	40.7	48.7	132.5	16.6	19.7	17.8	15.3	12.8	11.8	10.0	8.3	4.5	3.5	2.8	1.5	1.5	1.6	30.0	25.9	24.7	680	9.3	26.7
Maruti Suzuki	1,403	ADD	405,583	8,654	289	86.4	94.1	104.2	104.9	8.9	10.8	16.2	14.9	13.5	8.8	8.2	7.1	3.4	2.8	2.3	0.4	0.5	0.5	23.3	20.6	18.9	1,400	(0.2)	19.4
Tata Motors	756	ADD	450,801	9,619	596	23.9	27.2	35.5	138.9	13.5	30.6	31.6	27.8	21.3	12.6	12.6	11.0	2.2	2.0	1.7	0.7	0.8	0.8	8.1	7.5	8.6	900	19.0	93.8
Automobiles		Cautious	2,134,321	45,539					109.8	21.0	17.4	20.9	17.3	14.7	11.8	10.4	8.9	3.9	3.2	2.7	1.0	1.0	1.1	18.6	18.6	18.1			
Banks/Financial Institutions																													
Andhra Bank	134	BUY	65,014	1,387	485	21.0	21.1	25.4	56.1	0.6	20.0	6.4	6.3	5.3	—	—	—	1.4	1.2	1.0	3.1	3.2	3.8	24.4	20.2	20.7	160	19.4	5.0
Axis Bank	1,242	ADD	503,044	10,733	405	62.1	77.4	98.5	22.7	24.7	27.3	20.0	16.0	12.6	—	—	—	3.1	2.7	2.3	1.0	1.2	1.5	18.9	18.1	19.9	1,360	9.5	49.3
Bank of Baroda	719	BUY	262,814	5,608	366	83.7	93.2	114.7	37.3	11.4	23.0	8.6	7.7	6.3	—	—	—	1.9	1.6	1.3	2.1	2.3	2.9	24.4	22.6	23.2	825	14.7	10.7
Bank of India	368	REDUCE	193,563	4,130	526	33.1	42.7	56.7	(42.1)	28.9	32.8	11.1	8.6	6.5	—	—	—	1.5	1.3	1.2	1.9	2.5	3.3	14.2	16.4	19.1	360	(2.2)	6.0
Canara Bank	464	ADD	190,076	4,056	410	73.7	77.0	93.6	45.8	4.5	21.4	6.3	6.0	5.0	—	—	—	1.5	1.2	1.0	1.7	2.2	2.6	23.0	19.6	20.1	500	7.9	7.0
Corporation Bank	528	BUY	75,742	1,616	143	81.6	86.7	100.3	31.1	6.3	15.7	6.5	6.1	5.3	—	—	—	1.3	1.1	1.0	3.1	3.3	3.8	21.9	19.9	19.8	650	23.1	1.1
Federal Bank	353	BUY	60,306	1,287	171	27.2	38.7	48.0	(7.2)	42.3	24.2	13.0	9.1	7.3	—	—	—	1.3	1.2	1.0	1.4	2.0	2.5	10.3	13.4	14.8	360	2.1	5.7
HDFC	2,942	ADD	844,591	18,021	287	98.4	116.9	140.8	22.7	18.8	20.4	29.9	25.2	20.9	—	—	—	5.6	4.9	4.3	1.2	1.4	1.7	20.0	20.7	22.0	3,200	8.8	37.5
HDFC Bank	1,946	BUY	890,631	19,003	458	64.4	84.1	110.4	22.1	30.6	31.2	30.2	23.1	17.6	—	—	—	4.1	3.6	3.1	0.6	0.8	1.1	16.1	16.7	19.1	2,200	13.1	29.2
ICICI Bank	862	REDUCE	961,369	20,512	1,115	36.1	47.5	58.4	6.9	31.7	22.9	23.9	18.1	14.8	—	—	—	1.9	1.8	1.6	1.4	1.8	2.2	8.0	10.0	11.5	980	13.6	88.1
IDFC	181	ADD	236,001	5,036	1,301	8.2	9.2	11.2	41.1	12.9	21.9	22.2	19.7	16.2	—	—	—	3.4	3.0	2.6	0.9	0.9	1.1	16.1	16.0	17.1	195	7.5	22.1
India Infoline	94	BUY	29,309	625	312	8.1	8.9	10.0	59.2	9.8	12.5	11.6	10.5	9.4	—	—	—	1.8	1.5	1.3	3.4	2.0	2.5	16.4	15.9	16.1	140	48.9	3.7
Indian Bank	239	BUY	102,694	2,191	430	35.1	35.5	43.8	25.5	1.1	23.6	6.8	6.7	5.5	—	—	—	1.5	1.3	1.1	2.5	2.6	3.2	24.0	20.3	21.2	280	17.2	4.3
Indian Overseas Bank	107	BUY	58,375	1,246	545	13.0	15.4	26.4	(46.7)	18.9	71.3	8.3	6.9	4.1	—	—	—	0.9	0.8	0.7	3.8	4.2	4.6	9.6	10.6	16.3	120	12.0	3.9
J&K Bank	830	BUY	40,227	858	48	105.7	112.3	140.6	25.1	6.3	25.2	7.8	7.4	5.9	—	—	—	1.4	1.2	1.1	2.7	2.8	3.5	17.3	16.9	18.5	850	2.5	0.5
UC Housing Finance	995	ADD	94,491	2,016	95	69.7	93.2	104.2	11.4	33.8	11.7	14.3	10.7	9.5	—	—	—	2.9	2.5	2.1	1.5	2.0	2.3	23.6	23.8	22.4	1,050	5.6	19.1
Mahindra & Mahindra Financial	474	BUY	45,461	970	96	35.7	42.6	49.8	59.3	19.3	16.8	13.3	11.1	9.5	—	—	—	2.7	2.3	1.9	1.6	1.9	2.2	21.4	21.7	21.6	500	5.6	1.2
Oriental Bank of Commerce	336	ADD	84,194	1,796	251	45.3	52.8	58.6	25.3	16.5	11.0	7.4	6.4	5.7	—	—	—	1.2	1.1	0.9	2.7	3.2	3.5	14.1	15.4	15.3	400	19.0	4.2
PFC	304	REDUCE	348,979	7,446	1,148	20.5	22.5	25.9	53.5	9.9	15.1	14.8	13.5	11.7	—	—	—	2.7	2.4	2.1	1.7	1.9	2.1	18.8	18.0	18.2	240	(21.1)	2.8
Punjab National Bank	1,058	BUY	333,622	7,118	315	123.8	138.8	169.6	26.3	12.1	22.2	8.5	7.6	6.2	—	—	—	2.1	1.7	1.4	2.1	2.6	3.2	26.4	24.5	24.7	1,150	8.7	8.0
Reliance Capital	760	ADD	187,057	3,991	246	13.8	16.1	14.1	(64.9)	17.0	(12.4)	55.1	47.1	53.7	—	—	—	2.7	2.6	2.6	0.9	0.9	0.7	5.0	5.7	4.8	875	15.1	37.0
Rural Electrification Corp.	295	ADD	291,280	6,215	987	20.3	24.6	30.7	23.2	21.2	24.9	14.5	12.0	9.6	—	—	—	2.6	2.3	2.0	2.2	2.5	3.1	22.0	20.5	22.2	300	1.7	14.3
Shriram Transport	598	ADD	133,360	2,845	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	4.1
SREI	85	NR	9,879	211	116	8.3	7.9	9.9	17.8	(4.8)	25.8	10.3	10.8	8.6	—	—	—	0.8	0.8	0.7	1.4	1.4	1.4	11.1	10.5	12.3	—	—	4.0
State Bank of India	2,357	BUY	1,496,286	31,926	635	144.4	178.1	223.0	0.5	23.4	25.2	16.3	13.2	10.6	—	—	—	2.3	2.0	1.8	1.7	1.8	1.9	14.8	16.1	17.8	2,700	14.6	98.1
Union Bank	314	BUY	158,506	3,382	505	41.1	45.8	57.3	20.2	11.5	25.0	7.6	6.8	5.5	—	—	—	1.8	1.5	1.2	1.8	2.1	2.7	26.2	23.7	24.3	380	21.1	4.3
Yes Bank	276	BUY	93,680	1,999	340	15.0	17.9	22.7	46.7	18.9	27.0	18.4	15.5	12.2	—	—	—	3.0	2.6	2.2	0.5	0.6	0.8	20.3	18.1	19.4	335	21.5	19.3
Banks/Financial Institutions		Attractive	7,790,553	166,225					14.7	18.6	24.0	15.5	13.1	10.5	—	—	—	2.4	2.1	1.8	1.5	1.7	2.1	15.5	16.2	17.4			
Cement																													
ACC	843	SELL	158,336	3,378	188	83.2	61.8	63.4	47.9	(25.7)	2.6	10.1	13.6	13.3	5.4	6.4	5.5	2.5	2.2	1.9	2.8	2.8	2.8	29.3	19.4	17.7	830	(1.5)	8.1
Ambuja Cements	113	SELL	171,876	3,667	1,522	8.0	7.9	8.1	11.4	(1.8)	2.6	14.1	14.4	14.0	7.9	8.2	7.4	2.5	2.2	2.0	1.7	1.9	1.9	19.3	16.7	15.3	98	(13.2)	5.4
Grasim Industries	1,863	ADD	170,773	3,644	92	301.0	240.1	282.0	26.1	(20.2)	17.5	6.2	7.8	6.6	3.9	4.0	3.1	1.4	1.2	1.0	1.8	1.8	1.8	22.9	16.4	16.7	2,150	15.4	8.6
India Cements	108	SELL	33,051	705	307	10.0	10.4	11.3	(43.5)	3.1	9.1	10.7	10.4	9.5	5.4	5.4	5.2	0.8	0.7	0.7	2.0	3.0	3.0	8.2	7.7	8.0	110	2.2	2.8

Kotak Institutional Equities: Valuation summary of key Indian companies

Company	8-Jul-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	
	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)	
Consumer products																														
Asian Paints	2,350	BUY	225,450	4,810	96	71.5	81.5	101.1	85.3	13.9	24.2	32.9	28.9	23.2	20.2	17.9	14.3	14.0	11.2	9.0	1.1	1.5	1.8	51.8	44.4	44.0	2,500	6.4	2.6	
Colgate-Palmolive (India)	853	REDUCE	116,056	2,476	136	29.7	33.0	37.6	37.6	11.1	13.9	28.7	25.9	22.7	21.3	18.8	16.0	36.3	28.4	22.8	2.3	2.6	3.0	150.2	122.2	109.9	760	(10.9)	2.3	
Dabur India	211	BUY	183,091	3,907	866	5.8	6.8	8.2	28.1	17.6	20.8	36.5	31.0	25.7	27.1	21.7	18.0	17.4	14.3	11.8	1.5	1.7	2.0	54.3	51.1	50.7	200	(5.4)	2.3	
GlaxoSmithkline Consumer (a)	1,790	ADD	75,288	1,606	42	55.4	70.0	82.9	23.6	26.5	18.4	32.3	25.6	21.6	17.9	15.1	12.3	8.4	7.0	5.8	1.0	1.3	1.5	27.9	29.6	29.2	1,800	0.5	0.7	
Godrej Consumer Products	349	NR	107,635	2,297	308	8.7	9.8	11.6	29.7	13.2	18.2	40.3	35.6	30.1	28.5	25.5	21.4	9.2	8.0	8.0	1.1	1.1	1.1	30.7	24.1	27.8	—	—	3.4	
Hindustan Unilever	266	REDUCE	580,718	12,391	2,179	9.7	10.4	11.8	1.7	7.3	14.0	27.5	25.7	22.5	18.6	17.5	14.7	22.8	19.6	16.9	2.9	3.2	3.6	91.6	82.2	80.8	230	(13.7)	13.0	
ITC	303	BUY	1,142,454	24,376	3,769	10.8	12.4	14.5	24.4	15.4	16.9	28.1	24.4	20.9	17.4	15.3	12.9	8.0	6.9	5.9	3.3	1.8	2.0	29.9	32.2	32.1	315	3.9	21.8	
Jubilant Foodworks	334	REDUCE	21,634	462	65	5.5	7.7	9.7	340.6	39.3	25.3	60.2	43.2	34.5	32.5	22.8	16.1	18.4	12.9	9.4	—	—	—	46.6	35.1	31.5	290	(13.1)	9.7	
Jyothy Laboratories	264	NR	19,169	409	73	11.0	12.9	15.3	99.6	17.0	18.3	23.9	20.5	17.3	18.5	14.0	11.5	4.7	4.0	3.4	1.8	1.3	1.8	18.6	20.2	20.5	—	(100.0)	1.3	
Nestle India (a)	3,048	REDUCE	293,846	6,270	96	74.4	87.0	105.5	27.0	17.0	21.3	41.0	35.0	28.9	27.1	24.0	20.6	50.6	40.1	31.7	1.6	2.0	2.4	136.0	127.8	122.7	3,000	(1.6)	2.3	
Tata Tea	121	BUY	74,579	1,591	618	6.6	7.4	8.4	23.4	11.1	13.8	18.2	16.4	14.4	11.6	9.5	8.5	1.5	1.4	1.3	1.8	2.0	2.3	10.9	11.4	12.0	125	3.6	3.8	
Consumer products		Attractive	2,839,920	60,595					23.4	13.7	17.2	29.9	26.3	22.4	19.2	17.0	14.3	10.2	8.8	7.6	2.5	2.1	2.3	34.0	33.4	33.8				
Constructions																														
IVRCL	187	BUY	49,824	1,063	267	7.8	10.3	12.4	(7.7)	32.4	19.7	23.9	18.0	15.1	12.5	10.2	8.7	2.5	2.2	1.9	0.2	0.2	0.2	10.9	12.8	13.5	215	15.2	7.2	
Nagarjuna Construction Co.	185	BUY	47,506	1,014	257	7.1	11.5	14.3	6.1	61.1	24.1	26.0	16.1	13.0	12.5	9.4	7.8	2.1	1.9	1.7	0.9	1.1	1.1	9.3	12.5	13.9	210	13.4	3.8	
Punj Lloyd	136	REDUCE	46,071	983	339	(12.9)	9.8	12.0	79.2	(175.4)	22.4	(10.5)	13.9	11.4	37.4	7.3	6.7	1.5	1.4	1.2	(0.1)	0.3	0.8	(15.8)	10.3	11.4	140	3.0	12.7	
Sadbhav Engineering	1,342	BUY	20,137	430	15	43.1	62.0	84.0	(15.8)	43.9	35.5	31.2	21.7	16.0	17.3	11.2	9.1	4.9	3.3	2.7	0.2	0.4	0.4	13.3	14.1	17.4	1,450	8.0	0.3	
Construction		Attractive	163,538	3,489					(96.9)	14,481	24.4	2,415.4	16.6	13.3	17.1	8.9	7.7	2.1	1.9	1.7	0.3	0.5	0.7	0.1	11.3	12.5				
Energy																														
Aban Offshore	862	ADD	37,503	800	43	94.5	172.3	103.6	(2.5)	82.3	(39.8)	9.1	5.0	8.3	8.4	6.2	6.8	1.7	0.9	0.9	0.4	0.4	0.5	21.7	20.8	11.1	900	4.4	50.2	
Bharat Petroleum	699	ADD	252,536	5,388	362	63.5	54.3	67.6	208	(14)	24.5	11	13	10.3	6.0	6.2	5.3	1.8	1.6	1.5	2.0	2.6	3.2	16.0	12.3	13.9	660	(5.5)	20.7	
Cairn india	301	SELL	571,272	12,189	1,897	5.3	28.5	40.0	24.3	433.4	40.5	56.4	10.6	7.5	44.2	7.2	5.1	1.7	1.4	1.3	—	—	—	5.0	3.0	14.6	18.1	250	(17.0)	17.1
Castrol India (a)	431	REDUCE	106,516	2,273	247	15.4	19.6	20.6	45	27	5.3	28	22	20.9	16.6	13.5	12.7	23.1	21.6	19.9	2.9	3.6	3.7	83.8	101.6	99.2	365	(15.3)	1.1	
GAIL (India)	470	ADD	595,678	12,710	1,268	24.8	26.2	38.8	11.7	5.8	48.0	19.0	17.9	12.1	10.6	11.1	8.6	3.3	2.9	2.5	1.6	1.8	2.7	17.4	16.3	21.1	495	5.4	18.2	
GSPL	103	REDUCE	57,792	1,233	562	7.4	8.9	9.1	235	22	1.3	14	11	11.3	7.2	6.0	5.4	3.4	2.7	2.4	1.0	2.2	3.5	27.3	26.3	22.5	80	(22.1)	4.4	
Hindustan Petroleum	477	ADD	161,793	3,452	339	54.7	45.0	62.0	222.7	(17.9)	38.0	8.7	10.6	7.7	3.3	3.8	2.9	1.2	1.1	1.0	2.5	2.9	4.1	13.9	10.3	13.0	500	4.8	25.5	
Indian Oil Corporation	397	ADD	962,682	20,541	2,428	49.9	34.0	37.4	407	(32)	10.0	8	12	10.6	5.3	6.4	5.3	1.8	1.6	1.5	3.3	2.6	2.8	22.7	13.8	14.0	410	3.4	15.8	
Oil India	1,407	BUY	338,223	7,217	240	115.1	130.7	152.0	13.8	13.5	16.3	12.2	10.8	9.3	5.2	4.2	3.4	2.3	2.0	1.8	2.4	3.1	3.6	16.7	17.8	18.2	1,440	2.4	7.1	
Oil & Natural Gas Corporation	1,286	BUY	2,749,967	58,675	2,139	91.4	124.9	141.1	1	37	12.9	14	10	9.1	5.1	4.3	3.5	2.1	1.8	1.6	2.6	3.3	3.7	14.6	17.9	18.0	1,450	12.8	36.0	
Petronet LNG	78	REDUCE	58,838	1,255	750	5.4	5.5	8.2	(22.0)	2.6	47.8	14.5	14.2	9.6	8.9	8.4	6.7	2.3	2.0	1.8	2.2	2.5	3.5	15.9	14.3	18.6	82	4.5	4.2	
Reliance Industries	1,057	SELL	3,145,930	67,124	2,976	49.6	62.9	80.2	(2)	27	27.5	21	17	13.2	10.7	8.1	6.7	2.1	1.9	1.7	1.4	1.8	2.2	11.4	13.2	15.3	985	(6.8)	119.4	
Energy		Cautious	9,038,728	192,857					33.2	20.8	20.8	14.9	12.4	10.2	7.3	6.2	5.1	2.1	1.9	1.7	2.0	2.3	3.1	13.8	15.0	16.3				
Industrials																														
ABB	863	REDUCE	182,792	3,900	212	16.7	23.3	37.2	(35.2)	39.2	59.8	51.5	37.0	23.2	29.6	21.8	13.5	7.5	6.4	5.2	0.2	0.4	0.4	15.6	18.8	24.7	840	(2.6)	6.7	
BGR Energy Systems	749	BUY	53,939	1,151	72	16.0	28.0	39.7	32.2	74.6	41.9	46.7	26.8	18.9	26.3	15.2	11.0	9.6	7.6	5.8	0.4	0.9	1.1	22.3	31.8	35.1	800	6.8	3.1	
Bharat Electronics	1,801	REDUCE	144,076	3,074	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)	2.5	
Bharat Heavy Electricals	2,387	REDUCE	1,168,264	24,927	490	88.1	113.1	137.5	37.9	28.4	21.6	27.1	21.1	17.4	15.1	11.4	9.3	7.3	5.8	4.7	0.8	1.0	1.2	29.9	30.8	29.8	2,500	4.8	28.7	
Crompton Greaves	248	BUY	159,136	3,395	642	12.8	13.3	15.8	46.5	3.2	19.0	19.3	18.7	15.7	11.2	10.2	8.4	6.1	4.8	3.8	0.7	0.7	0.9	36.8	28.5	26.8	290	16.9	7.7	
Larsen & Toubro	1,820	BUY	1,093,736	23,337	601	58.1	71.2	90.4	16.0	22.4	27.0	31.3	25.6	20.1	16.7	14.1	11.6	4.9	4.1	3.5	0.6	0.7	0.8	18.6	17.5	18.7	1,900	4.4	53.6	
Maharashtra Seamless	388	BUY	27,330	583	71	40.2	43.6	49.8	12.1	8.5	14.2	9.6	8.9	7.8	5.1	4.4	3.5	1.7	1.5	1.3	1.6	2.0	2.6	19.3	17.9	17.7	450	16.1	0.4	
Siemens	725	REDUCE	244,357	5,214	337	25.0	29.6	34.3	55.2	18.6	16.0	29.0	24.5	21.1	17.1	14.0	11.8	7.2	5.9	4.8	0.7	0.8	0.9	27.3	26.3	25.1	635	(12.4)	7.0	
Suzlon Energy	58	REDUCE	92,923	1,983	1,594	(5.9)	0.3	5.3	(182.3)	(104.4)	1,931.8	(9.8)	224.7	11.1	17.0	8.8	5.7	0.8	0.9	0.8	—	—	—	0.3	(8.8)	0.4	7.5	70	20.1	27

Kotak Institutional Equities: Valuation summary of key Indian companies

Company	8-Jul-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
	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)
Infrastructure																													
Container Corporation	1,430	REDUCE	185,871	3,966	130	61.1	74.3	85.9	0.3	21.7	15.6	23.4	19.2	16.6	16.6	13.5	11.4	4.3	3.7	3.2	1.0	1.2	1.4	19.6	20.6	20.5	1,250	(12.6)	1.8
GMR Infrastructure	59	ADD	215,803	4,605	3,667	0.4	0.2	0.1	(43.8)	(48.9)	(40.0)	136.6	267.3	445.2	23.9	15.4	14.4	2.0	1.8	1.7	—	—	—	2.4	1.2	0.7	65	10.5	5.9
GVK Power & Infrastructure	44	BUY	69,011	1,472	1,579	0.8	1.1	1.4	6.7	33.5	32.4	53.7	40.2	30.4	18.4	16.8	17.2	2.2	2.1	2.0	—	0.7	0.7	4.7	5.3	6.7	54	23.6	5.7
IRB Infrastructure	262	RS	87,079	1,858	332	9.7	12.6	12.1	83.8	29.2	(3.7)	26.9	20.9	21.7	12.9	11.5	10.7	3.8	2.9	2.3	—	—	—	15.6	15.7	11.9	—	—	4.1
Mundra Port and SEZ	724	REDUCE	291,945	6,229	403	15.1	24.1	35.7	40.8	59.5	48.4	47.9	30.1	20.2	30.8	19.8	14.1	8.0	6.2	4.6	—	—	—	18.5	23.2	26.1	725	0.2	6.4
Infrastructure		Attractive	849,710	18,130		12.7	29.5	24.1	42.2	32.6	26.3	21.2	15.6	13.4	3.5	3.0	2.7	—	—	—	0.4	0.4	0.4	18.5	19.2	10.2			
Media																													
DB Corp	240	ADD	43,467	927	181	10.6	12.9	15.7	276.4	21.0	22.3	22.5	18.6	15.2	12.5	10.3	8.1	6.2	5.0	4.2	0.8	1.7	2.5	38.2	29.6	29.9	280	16.9	0.3
DishTV	45	ADD	47,587	1,015	1,063	(2.5)	(1.2)	0.5	(62.6)	(49.9)	(141.4)	(18.2)	(36.4)	87.9	59.4	21.6	11.8	11.5	16.7	14.1	—	—	—	250.2	(37.4)	17.4	47	5.0	3.5
HT Media	152	NR	35,697	762	235	6.1	7.8	9.4	623.3	27.0	20.9	24.9	19.6	16.2	12.4	10.3	8.5	3.7	3.3	3.0	0.7	1.3	2.6	15.6	17.6	19.2	—	—	0.3
Jagran Prakashan	124	ADD	37,330	797	301	5.8	6.4	7.5	91.9	9.5	16.7	21.2	19.4	16.6	12.8	11.3	9.6	6.1	5.5	4.9	2.8	2.8	3.2	30.0	29.8	31.0	130	4.9	0.6
Sun TV Network	431	REDUCE	169,829	3,624	394	13.1	17.9	22.8	44.8	36.0	27.5	32.8	24.1	18.9	18.6	13.9	11.0	8.8	7.4	6.1	1.7	1.7	2.1	28.4	33.5	35.5	420	(2.5)	1.7
Zee Entertainment Enterprises	301	REDUCE	130,764	2,790	434	10.5	12.0	14.7	24.4	14.4	22.2	28.7	25.1	20.5	21.3	16.9	13.4	3.5	3.4	3.2	0.8	1.0	1.2	13.0	14.1	16.4	265	(12.0)	9.3
Media		Neutral	464,674	9,915					185.0	40.2	36.2	38.2	27.3	20.0	18.4	14.1	10.9	5.6	5.1	4.6	1.2	1.4	1.8	14.6	18.7	22.8			
Metals																													
Hindalco Industries	145	ADD	277,235	5,915	1,914	5.7	12.6	15.1	(64.5)	122.5	19.4	25.5	11.5	9.6	7.7	8.2	8.4	1.2	1.1	1.0	0.9	0.9	0.9	10.3	10.4	11.2	185	27.7	41.6
Hindustan Zinc	951	BUY	401,912	8,576	423	95.6	117.5	133.2	48.2	22.8	13.4	9.9	8.1	7.1	6.0	4.1	2.7	2.1	1.7	1.4	0.6	0.6	0.6	24.2	23.5	21.4	1,400	47.2	4.2
Jindal Steel and Power	621	SELL	576,607	12,303	928	38.5	48.7	50.8	17.2	26.5	4.3	16.1	12.8	12.2	10.1	8.2	7.6	5.0	3.6	2.8	0.2	0.2	0.2	37.3	33.0	25.7	575	(7.5)	30.8
JSW Steel	1,074	REDUCE	213,419	4,554	199	80.4	106.4	136.9	447.0	32.3	28.7	13.4	10.1	7.8	8.4	7.1	5.7	1.8	1.5	1.2	0.8	0.4	0.4	15.4	16.4	17.3	1,150	7.1	54.5
National Aluminium Co.	425	SELL	273,961	5,845	644	10.1	28.0	27.7	(49.0)	178.6	(1.2)	42.2	15.2	15.4	18.7	7.4	6.8	2.5	2.2	1.9	0.5	0.5	0.5	6.1	15.4	13.3	320	(24.7)	1.3
Sesa Goa	351	REDUCE	311,930	6,656	890	29.6	61.4	62.4	32.2	107.6	1.8	11.9	5.7	5.6	9.6	3.5	2.8	4.0	2.4	1.7	0.9	0.9	0.9	36.7	48.0	34.1	420	19.8	80.5
Sterilite Industries	165	ADD	554,673	11,835	3,362	12.0	16.9	20.8	21.9	40.6	23.2	13.7	9.8	7.9	10.5	7.7	5.8	1.6	1.4	1.2	2.1	2.1	2.1	13.2	15.0	16.4	220	33.3	49.8
Tata Steel	485	BUY	430,167	9,178	887	3.2	78.7	93.5	(97.1)	2,331.6	18.7	149.7	6.2	5.2	17.1	5.8	4.9	1.7	1.4	1.1	1.7	1.7	1.7	1.1	24.7	23.8	700	44.4	108.6
Metals		Cautious	3,039,904	64,862					(28.9)	89.6	13.7	17.0	9.0	7.9	10.3	6.4	5.4	2.1	1.7	1.4	1.0	1.0	1.0	12.4	19.4	18.3			
Pharmaceutical																													
Biocon	317	BUY	63,400	1,353	200	14.7	18.7	23.0	212.6	27.7	23.0	21.6	16.9	13.8	12.4	10.4	8.4	3.5	3.1	2.6	—	—	0.1	17.9	19.7	20.7	345	8.8	3.6
Cipla	339	REDUCE	272,552	5,815	803	13.5	12.8	15.6	35.9	(4.9)	21.9	25.2	26.5	21.7	18.7	17.5	14.7	4.6	4.1	3.5	0.7	0.7	0.7	19.9	16.3	17.4	280	(17.5)	10.3
Cadila Healthcare	657	REDUCE	134,561	2,871	205	24.7	29.6	34.9	66.9	20.0	17.6	26.6	22.2	18.8	17.1	14.4	12.5	8.4	6.4	5.1	0.8	0.9	1.1	36.1	32.8	30.3	535	(18.6)	1.5
Dishman Pharma & chemicals	208	BUY	16,913	361	81	14.4	17.2	28.8	(19.7)	19.4	67.0	14.4	12.1	7.2	10.5	8.7	6.2	2.1	1.8	1.5	—	—	—	15.5	16.3	22.7	300	44.3	0.7
Divi's Laboratories	761	ADD	100,534	2,145	132	25.8	34.3	43.9	(18.3)	33.3	27.9	29.5	22.2	17.3	22.0	16.3	12.4	6.7	5.5	4.5	—	—	—	24.8	27.2	28.4	800	5.1	3.1
Dr Reddy's Laboratories	1,462	REDUCE	247,572	5,282	169	48.1	66.7	70.8	48.3	38.8	6.1	30.4	21.9	20.6	16.8	12.7	11.8	6.6	5.2	4.3	0.5	0.5	0.6	22.2	26.3	22.6	1,150	(21.3)	14.9
GlaxoSmithkline Pharmaceuticals (a)	2,137	REDUCE	181,027	3,863	85	59.1	69.1	79.2	8.1	17.0	14.5	36.2	30.9	27.0	20.9	17.9	15.3	10.1	8.6	7.4	—	—	—	29.8	30.2	29.5	1,800	(15.8)	1.4
Glenmark Pharmaceuticals	280	NR	76,713	1,637	274	12.7	19.2	20.3	14.7	50.6	5.6	22.0	14.6	13.8	14.1	9.2	8.8	3.3	2.7	2.3	—	—	—	16.7	19.9	17.6	—	—	5.0
Jubilant Organosys	379	BUY	60,200	1,284	159	26.5	33.7	39.3	49.0	27.1	16.7	14.3	11.2	9.6	10.1	9.0	7.4	2.7	2.2	1.8	0.5	0.7	0.8	26.3	22.0	21.1	400	5.5	3.2
Lupin	1,924	ADD	170,473	3,637	89	76.9	104.1	122.5	27.8	35.3	17.6	25.0	18.5	15.7	21.3	15.5	12.2	7.3	5.5	4.2	0.7	0.8	0.8	36.6	34.4	30.7	1,920	(0.2)	6.9
Piramal Healthcare	499	REDUCE	104,385	2,227	209	23.4	13.4	11.0	35.5	(42.9)	(17.6)	21.4	37.4	45.4	15.7	6.1	4.4	6.2	1.1	1.0	1.1	1.2	0.7	32.1	141.2	16.6	490	(1.9)	31.8
Ranbaxy Laboratories	462	SELL	197,749	4,219	428	7.1	28.0	11.7	(128.4)	297.1	(58.3)	65.4	16.5	39.5	16.0	9.6	19.1	5.0	4.0	3.7	—	0.9	0.9	6.9	24.6	9.1	220	(52.3)	10.7
Sun Pharmaceuticals	1,753	REDUCE	363,040	7,746	207	65.2	67.7	77.6	(25.7)	3.8	14.6	26.9	25.9	22.6	20.3	18.3	15.4	4.4	3.9	3.4	0.8	0.8	0.8	17.8	16.2	16.2	1,560	(11.0)	8.4
Pharmaceuticals		Attractive	1,989,120	42,441					44.7	27.3	5.9	27.7	21.7	20.5	17.2	13.3	12.5	5.2	3.8	3.2	0.5	0.6	0.6	18.9	17.3	15.6			
Property																													
DLF	283	ADD	482,904	10,304	1,708	9.6	16.3	25.1	(64.0)	69.4	53.8	29.3	17.3	11.3	19.1	12.1	9.1	1.8	1.7	1.5	1.1	1.1	1.8	6.4	9.9	13.8	340	20.3	49.0
Indiabulls Real Estate	159	RS	63,755	1,360	401	1.6	4.0	8.0	109.7	151.7	101.7	100.2	39.8	19.7	(65)	32.8	8.5	0.7	0.7	0.7	—	—	—	0.8	1.8	3.5	285	79.4	20.4
Mahindra Life Space Developer	491	ADD	20,668	441	42	18.9	20.3	27.5	82.4	7.3	35.8	26.0	24.3	17.9	22.0	18.4	10.2	2.2	2.1	1.9	0.8	0.8	0.8	8.4	8.5	1			

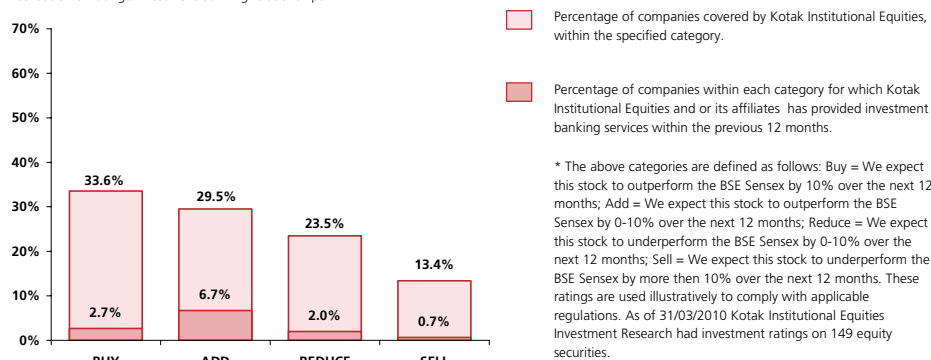
Kotak Institutional Equities: Valuation summary of key Indian companies

Company	8-Jul-10		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)		2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	(Rs)	(%)	(US\$ mn)	
Retail																														
Titan Industries	2,491	ADD	110,563	2,359	44	62.7	76.1	96.2	41.5	21.3	26.5	39.7	32.7	25.9	28.2	22.1	17.3	14.0	10.5	7.9	0.4	0.5	0.5	40.7	36.6	34.8	2,400	(3.6)	4.1	
Retail		Neutral	110,563	2,359					41.5	21.3	26.5	39.7	32.7	25.9	28.2	22.1	17.3	14.0	10.5	7.9	0.4	0.5	0.5	35.2	32.0	30.5				
Sugar																														
Bajaj Hindustan	116	SELL	22,121	472	191	9.7	9.9	8.9	201.1	2.2	(10.4)	11.9	11.6	13.0	7.0	5.8	5.4	0.9	0.8	0.8	0.6	0.6	0.6	8.1	7.5	6.3	99	(14.4)	6.5	
Balrampur Chini Mills	84	ADD	21,580	460	257	3.7	10.4	7.0	(51.9)	183.7	(32.7)	22.9	8.1	12.0	9.6	5.5	6.0	1.6	1.4	1.3	0.5	0.5	0.5	7.0	18.1	11.0	92	9.5	6.5	
Shree Renuka Sugars	69	BUY	46,216	986	670	9.9	7.6	7.8	196.4	(23.2)	3.1	7.0	9.1	8.8	4.8	5.4	4.7	1.8	1.5	1.3	0.6	0.5	0.5	32.0	18.1	15.7	76	10.1	15.2	
Sugar		Cautious	89,917	1,919					96.1	2.5	(9.4)	9.5	9.3	10.3	6.2	5.6	5.2	1.4	1.2	1.1	0.6	0.5	0.5	14.9	13.3	10.8				
Technology																														
HCL Technologies	360	REDUCE	248,090	5,293	690	17.8	25.1	28.5	2.0	40.6	13.6	20.2	14.3	12.6	10.2	8.8	7.3	3.9	3.2	2.7	1.1	1.1	1.7	20.8	24.9	23.3	370	2.9	13.2	
Hexaware Technologies	80	REDUCE	11,449	244	144	9.3	5.1	9.4	127.7	(45.4)	84.0	8.5	15.6	8.5	4.3	8.8	4.7	1.3	1.3	1.1	1.3	1.3	1.3	17.8	8.4	14.0	72	(9.7)	2.9	
Infosys Technologies	2,829	BUY	1,623,559	34,641	574	108.3	125.2	150.5	5.7	15.6	20.2	26.1	22.6	18.8	19.1	15.6	12.7	7.0	5.8	4.8	0.9	1.2	1.5	30.1	28.2	28.0	3,100	9.6	65.6	
Mphasis BFL	615	REDUCE	128,253	2,736	208	43.6	49.0	45.6	207.5	12.5	(7.0)	14.1	12.5	13.5	11.2	10.0	9.1	5.5	3.9	3.1	0.6	0.7	0.7	48.1	36.4	25.8	550	(10.6)	9.4	
Mindtree	573	REDUCE	23,601	504	41	52.2	38.9	51.6	294.3	(25.5)	32.6	11.0	14.7	11.1	9.4	9.1	6.4	3.5	2.9	2.3	0.4	0.7	0.9	35.2	21.4	23.1	550	(4.1)	2.3	
Patni Computer Systems	507	REDUCE	67,526	1,441	133	36.6	42.3	38.6	36.4	15.6	(8.7)	13.9	12.0	13.1	7.2	6.3	5.5	1.9	1.8	1.6	1.4	1.7	1.5	18.2	15.8	12.8	450	(11.2)	6.2	
Polaris Software Lab	196	SELL	19,566	417	100	15.4	19.1	18.6	16.9	24.3	(2.7)	12.8	10.3	10.6	6.6	8.2	7.1	2.2	1.9	1.7	1.8	1.9	2.0	18.6	20.1	17.0	180	(8.3)	3.5	
TCS	777	BUY	1,520,353	32,439	1,957	35.1	41.1	46.3	32.8	16.9	12.8	22.1	18.9	16.8	17.0	13.8	11.4	7.3	6.0	5.1	2.6	2.1	2.4	37.6	34.8	32.8	900	15.9	30.3	
Wipro	395	ADD	967,412	20,641	2,447	18.9	21.9	25.0	22.1	16.2	14.4	21.0	18.1	15.8	15.8	13.0	10.7	4.9	4.0	3.4	0.9	1.1	1.3	26.5	24.6	23.2	465	17.6	15.5	
Technology		Attractive	4,609,808	98,358					22.9	16.7	14.2	22.1	18.9	16.5	16.0	13.3	11.0	5.9	4.9	4.1	1.5	1.5	1.7	26.7	25.8	24.6				
Telecom																														
Bharti Airtel	281	REDUCE	1,066,936	22,765	3,798	24.0	21.4	24.2	7.5	(10.8)	13.2	11.7	13.1	11.6	6.6	6.2	5.3	2.4	2.1	1.8	1.1	1.4	1.8	24.1	17.0	16.5	290	3.2	44.0	
IDEA	59	REDUCE	195,018	4,161	3,300	2.7	1.3	2.3	(5.8)	(51.7)	71.9	21.6	44.8	26.0	7.7	7.6	6.2	1.7	1.7	1.6	—	—	—	7.2	3.8	6.3	50	(15.4)	8.8	
MTNL	66	SELL	41,360	882	630	(15.6)	(10.4)	(9.1)	(750.8)	(33.7)	(11.9)	(4.2)	(6.3)	(7.2)	(0.5)	(0.6)	(0.9)	0.4	0.4	0.4	—	—	—	(8.5)	(6.1)	(5.7)	50	(23.8)	2.6	
Reliance Communications	188	SELL	400,487	8,545	2,133	22.1	14.1	18.2	(30.2)	(36.2)	29.1	8.5	13.4	10.3	7.6	8.4	6.4	1.0	1.0	0.9	0.4	—	—	—	11.7	7.4	8.9	175	(6.8)	39.7
Tata Communications	266	REDUCE	75,810	1,618	285	14.0	15.2	15.7	3.2	8.2	3.5	19.0	17.5	17.0	7.8	7.2	6.8	1.1	1.0	1.0	2.4	2.8	3.2	5.2	5.5	5.5	225	(15.4)	1.3	
Telecom		Cautious	1,779,611	37,971					(15.1)	(19.8)	20.7	12.4	15.5	12.9	7.3	7.2	5.9	1.6	1.4	1.3	0.8	1.0	1.2	12.7	9.3	10.2				
Utilities																														
Adani Power	125	ADD	273,372	5,833	2,180	0.8	4.9	16.4	—	524.1	235.3	160.0	25.6	7.6	124.5	17.1	6.2	5.0	4.2	2.7	—	—	—	4.4	17.8	43.0	130	3.7	3.1	
CESC	393	ADD	49,037	1,046	125	35.2	42.2	45.7	9.3	19.6	8.4	11.1	9.3	8.6	7.1	6.4	7.2	1.2	1.0	0.9	1.1	1.3	1.5	11.1	11.7	11.4	439	11.8	2.0	
Lanco Infratech	67	BUY	160,293	3,420	2,405	2.0	3.6	4.5	35.1	82.2	26.4	33.9	18.6	14.7	20.2	8.6	8.4	4.7	3.7	3.0	—	—	—	15.8	20.6	21.0	70	5.0	9.5	
NTPC	199	REDUCE	1,644,146	35,081	8,245	10.6	12.4	14.7	7.8	16.8	18.9	18.8	16.1	13.6	14.6	12.4	10.4	2.6	2.4	2.2	2.0	2.3	2.8	14.2	15.3	16.6	200	0.3	10.5	
Reliance Infrastructure	1,181	ADD	290,647	6,201	246	61.8	62.7	80.3	(1.5)	1.6	28.0	19.1	18.8	14.7	20.4	19.6	13.4	1.5	1.4	1.3	0.7	0.8	0.9	6.3	7.3	10.1	1,100	(6.9)	47.6	
Reliance Power	175	SELL	419,671	8,954	2,397	2.5	3.1	5.1	141.5	24.4	66.1	71.1	57.1	34.4	99.0	36.1	2.9	2.8	2.6	—	—	—	—	4.2	5.0	7.8	128	(26.9)	22.4	
Tata Power	1,306	ADD	322,452	6,880	247	60.2	69.2	88.5	20.1	15.0	27.8	21.7	18.9	14.8	13.7	12.4	10.6	2.5	2.2	2.0	0.9	1.1	1.1	12.9	12.5	14.3	1,420	8.7	10.4	
Utilities		Attractive	3,159,618	67,416					15.3	23.9	36.7	23.6	19.1	14.0	19.4	14.8	11.1	2.6	2.3	2.1	1.2	1.4	1.7	10.8	12.3	14.9				
Others																														
Havells India	633	SELL	38,102	813	60	5.3	31.6	45.0	3.7	497.9	42.6	119.9	20.0	14.1	16.6	10.3	8.4	10.5	6.9	4.7	—	—	—	6.6	41.6	39.7	480	(24.2)	8.0	
Jaiprakash Associates	123	BUY	262,803	5,607	2,129	1.5	5.9	7.9	(27.2)	305.4	34.4	84.8	20.9	15.6	21.6	13.7	10.1	3.1	2.7	2.4	—	—	—	4.1	13.9	16.3	183	48.2	34.0	
Jindal Saw	203	ADD	59,829	1,277	294	27.5	19.3	17.9	121.9	(29.8)	(7.2)	7.4	10.5	11.4	5.3	6.1	5.8	1.6	1.3	1.2	—	—	—	20.5	12.9	11.1	243	19.5	5.1	
PSL	127	BUY	6,784	145	53	22.9	25.4	28.2	3.3	10.6	11.0	5.5	5.0	4.5	3.2	2.6	2.8	0.7	0.7	0.6	5.1	5.1	5.5	12.6	11.7	12.0	175	37.9	0.6	
Sintex	321	BUY	43,747	933	136	24.1	29.8	34.3	0.5	23.5	15.1	13.3	10.8	9.4	9.7	7.4	6.1	2.0	1.7	1.4	—	—	—	15.1	15.6	15.2	380	18.6	3.3	
Tata Chemicals	325	ADD	79,128	1,688	243	26.4	32.4	37.3	(27.1)	22.6	15.1	12.3	10.0	8.7	6.6	5.6	4.8	1.7	1.5	1.3	2.7	2.8	2.8	16.0	18.4	18.3	360	10.7	3.1	
Welspun Gujarat Stahl Rohren	236	REDUCE	48,450	1,034	205	25.1	23.0	24.4	44.9	(8.1)	5.8	9.4	10.2	9.7	5.2	5.4	4.7	1.7	1.4	1.2	0.8	0.9	0.9	20.6	14.8	13.5	245	3.9	7.8	
United Phosphorus	177	BUY	81,803	1,745	463	11.9	15.6	19.0	18.8	30.2	22.1	14.8	11.4	9.3	8.5	7.1	5.7	2.4	2.0	1.7	0.8	1.1	1.1	17.7	19.0	19.5	250	41.4	9.4	
Others			620,646	13,243					11.6	40.3	19.3	13.7	11.5	11.0	8.9	7.4	2.3	2.0	1.7	0.7	0.7	0.7	12.0							

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As of March 31, 2010

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