INDIA DAILY

December 22, 2008

EQUITY MARKETS

		Change, %		
India	**19-Dec**	**1-day**	**1-mo**	**3-mo**
Sensex	10,100	0.2	13.3	(27.8)
Nifty	3,078	0.5	14.3	(27.1)
Global/Regional indices				
Dow Jones	8,579	(0.3)	6.6	(22.1)
FTSE	4,287	(1.0)	13.4	(18.1)
Nikkie	8,710	1.4	10.1	(28.0)
Hang Seng	15,068	(0.4)	19.0	(23.3)
KOSPI	1,198	1.4	19.3	(18.0)

Value traded - India

			Moving avg, Rs bn	
	19-Dec		**1-mo**	**3-mo**
Cash (NSE+BSE)	182.6		134.5	147.5
Derivatives (NSE)	506.7		416.6	740
Deri. open interest	657.2		531	893

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Updates

News Roundup

Corporate

- Twenty five days after terror struck them, the Trident and Taj Mahal Hotels of Mumbai opened their doors to the public once again. Many Mumbaikars turned up to remember those who lost their lives and honor those who saved lives. (IBN)
- Diversified business group ITC, international hotel chain Accor and some high net worth individuals are in the race to acquire six hotel properties owned by real estate major Unitech. The country's second-largest real estate player after DLF wants to exit the hotel business as a severe financial crunch has hit the company's core business activity and crimped its plans to raise funds. (ET)
- Promoters of media and entertainment house Pyramid Saimira may have to soon make an open offer to its shareholders to acquire a further 20% stake in the company as they have purchased more than 5% equity in the open market in the past year. (Hindu)

Economic and political

- India's telecom commission, the top decision-making government body for the sector, has rejected the regulator's proposal to levy an administrative charge on firms winning 3G spectrum in an auction due in January. (FE)
- The IT industry in the country is expected to clock a growth of 20% in 2008-09 despite the prevailing economic recession and the Indian economy which has of late witnessed a slowdown, is set to regain its high growth momentum by September next year, feels Ganesh Natarajan, chairman, Nasscom. (BS)
- The Country's largest lender, State Bank of India, has announced a 0.75% cut in its prime lending rate and a 0.25-1 per cent reduction in deposit rates from January 1. (FE)
- A Parliamentary Panel has supported the view of the Securities and Exchange Board of India that the anti-money laundering law in the country should provide for the refund of proceeds that are attached in securities market offences such as insider trading and takeover violations. (BL)

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line.

Forex/money market

		Change, basis points		
	19-Dec	**1-day**	**1-mo**	**3-mo**
Rs/US$	47.3	0	(265)	183
6mo fwd prem, %	#N/A Sec	######	######	######
10yr govt bond, %	5.2	1	(198)	(317)

Commodity market

		Change, %		
	19-Dec	**1-day**	**1-mo**	**3-mo**
Gold (US$/OZ)	845.5	0.9	5.6	(5.7)
Silver (US$/OZ)	11.0	1.2	14.0	(18.1)
Crude (US$/BBL)	42.2	1.1	(11.2)	(59.5)

Net investment (US$mn)

	18-Dec		**MTD**	**CYTD**
FIIs	(13)		417	(13,247)
MFs	(38)		(110)	3,359

Top movers -3mo basis

		Change, %		
Best performers	**19-Dec**	**1-day**	**1-mo**	**3-mo**
Union Bank Of India	168	0.6	16.6	12.5
Tata Communicatio	514	0.7	24.5	11.9
Indian Oil Corporati	424	4.5	11.5	10.9
Hindustan Unilever	266	4.0	13.0	6.4
Punjab National Bar	522	3.7	15.8	1.1
Worst performers				
Housing Developme	167	9.0	99.3	(25.0)
Bajaj Finserv Ltd	111	5.0	(2.5)	(71.6)
Suzlon Energy Limit	58	(0.5)	17.7	(70.7)
Aban Offshore Limi	739	(1.5)	1.5	(69.3)
Unitech Limited	44	16.3	38.3	(65.6)

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Technology

WIPR.BO, Rs249	
Rating	ADD
Sector coverage view	Cautious
Target Price (Rs)	280
52W High -Low (Rs)	552 - 180
Market Cap (Rs bn)	364.1

Financials

March y/e	2008	2009E	2010E
Sales (Rs bn)	197.4	253.2	271.7
Net Profit (Rs bn)	32.2	36.7	39.2
EPS (Rs)	22.2	25.1	26.8
EPS gth	*12.6*	*13.0*	*6.7*
P/E (x)	11.2	9.9	9.3
EV/EBITDA (x)	8.9	6.8	6.0
Div yield (%)	2.5	3.0	3.3

Shareholding, September 2008

	Pattern	% of Portfolio	Over/(under) weight
Promoters	79.4	-	-
FIIs	7.8	0.7	(0.9)
MFs	0.5	0.2	(1.3)
UTI	-	-	(1.5)
LIC	1.1	0.4	(1.1)

Wipro: Challenges ahead—some industry-wide, some unique to the company. Reducing estimates and target price

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- **Demand environment remains uncertain and challenging**
- **Focus on rationalizing cost structure given challenging demand environment**
- **Wipro's demand challenges are unique in nature**
- **Reducing revenue and EPS estimates**

Our recent meetings with the Wipro management highlighted the company's sustained focus on rationalizing its cost structure in the wake of challenging demand environment. In line with industry peers, Wipro faces an uncertain and weak demand environment; however, Wipro's challenges appear unique on vertical-wise demand outlook. We expect Wipro to outperform the industry on volume/revenue growth in the BFSI and TSP verticals; however, telecom OEM segment will continue to be a drag on the company with increasing troubles at some of its large clients. We factor in the demand challenges and adverse cross-currency movements into our revenue estimates and reduce FY2009E-FY2011E US$ revenue estimates by 2-7%. Aggressive hedging will limit participation in Rupee depreciation benefits and we reduce our EPS estimate for FY2009-11E by 3-9% despite a favorable change in our Re/US$ assumption. We also reduce our DCF-based target price on the stock to Rs280/share (Rs360/share earlier). Inexpensive valuations at 9.3X FY2010E and 8.6X FY2011E earnings should limit downside though near-term catalysts appear unlikely. Maintain ADD.

Demand environment remains uncertain and challenging. In line with the commentary from its large peers, Wipro indicated that the demand environment continues to remain uncertain and volumes will likely remain weak for at least the December 2008 and March 2009 quarters as (1) pace of project deferrals has increased over the past two months, (2) the company is seeing lower-than-usual renewal of finished projects and (3) decision-making remains slow, leading to longer sales cycles for new customers as well as new contracts from existing customers. The company also indicated the possibility of a sequential volume decline in March 2009 quarter. Volumes for the December 2008 quarter are expected to be in line with the company guidance of ~1% sequential growth. However, adverse cross-currency movements could mean US$ revenue guidance (+1% qoq) miss by 2-3%, in our view.

Focus on rationalizing cost structure given challenging demand environment. Wipro management reiterated its ongoing cost rationalization strategy that has reflected in a negative net hiring (within Global IT services) in FY2009E YTD and the lowest offshore wage hikes (7-8%) in the peer group. We highlight some of the other steps the company is undertaking to rationalize costs further—(1) no wage hike for its onsite employees (wage revision onsite happens in January for Wipro), (2) the company indicated that it could consider no offshore wage hikes in FY2010E, if demand fails to pick up, (3) remains cautious on hiring as focus continues on maintaining high levels of utilization, (4) tighter promotion process and (5) targeting 50-100 bps margin savings from reduction in overheads like support staff costs, travel and communication expenses. The company did indicate that it would not cut back on sales and marketing expenses.

Wipro's demand challenges are somewhat unique in nature. While the volume growth challenges facing Wipro are similar to the industry peers, the company is facing the same from different verticals as compared to the industry. We expect Wipro to post reasonable volume growth in the BFSI and TSP verticals. Some of the company's recently won contracts in the BFSI vertical (UBS and Credit Suisse in particular) are in the ramp-up phase and should help the company sustain momentum in this vertical. Similarly, in the TSP space, the company continues to gain market share in the some of its large accounts. However, telecom OEMs will continue to be a drag on volume/revenue growth for the next 3-4 quarters at least. Wipro also indicated strong deal-flow momentum in the retail and energy & utilities verticals.

And so is its participation in Rupee depreciation benefits. Wipro's hedging is aggressive as compared to its peers—the company has US$2.6 bn of hedges on a gross basis and US$2.1 bn on a net basis as of September 30, 2008 (effective covering five quarters of net cash inflows for the company). These hedges have been taken at rates of 39.5-47 and would mean lower rupee realization for Wipro in FY2010E. The unrealized losses carried in the other comprehensive income in the balance sheet was Rs13.8 bn, marked to market at September 30, 2008 rate. We factor in Wipro's hedge positions in our average Re/US$ realization for the company and build in an average realization of Rs44.5 and Rs44.3 for FY2010E and FY2011E for Wipro as compared to Rs48 and Rs47 for other tier-I names (except HCLT), respectively.

Reducing revenue estimates to factor in challenging demand environment and revised cross-currency assumptions. We have revised our revenue growth estimates for FY2009E, FY2010E and FY2011E to 19.1%, 5.5% and 14.9% from 21.8%, 10.5% and 14.7%, respectively, earlier. We build in volume growth of 11.6% and like-on-like pricing decline of 3% onsite and 4% offshore for the Global IT services business in FY2010E.

Reducing EPS estimates and target price; maintain ADD. We have reduced our FY2009E, FY2010E and FY2011E EPS by 3.4%, 6.7% and 8.7% to Rs25.1, Rs26.8 and Rs29, respectively. We also reduce our target price to Rs280 (Rs360 earlier). Maintain ADD; inexpensive valuations at 9.3X FY2010E and 8.6X FY2011E earnings should limit downside though near-term catalysts appear unlikely.

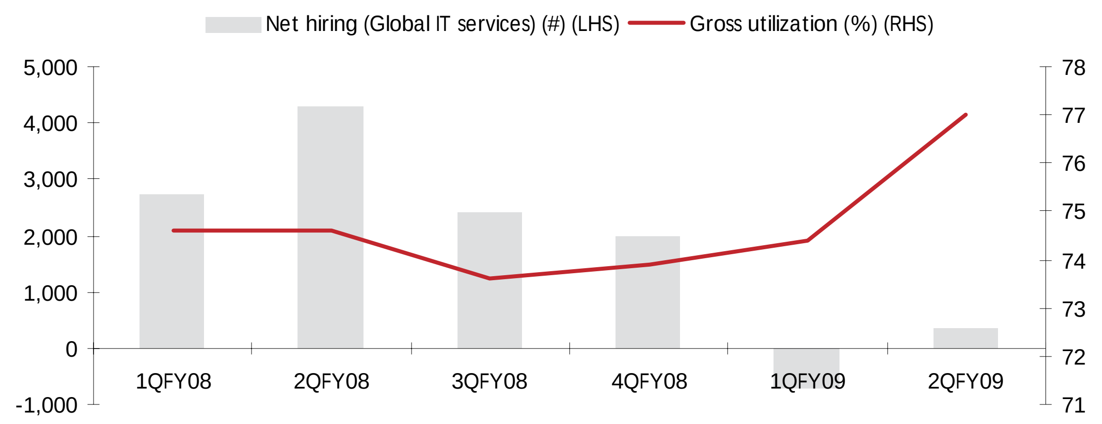
Financial services vertical continues to be a growth area for Wipro

Vertical-wise revenue split (Wipro Global IT), 1QFY08-2QFY09

	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08
Revenues (US$ mn)						
Technology	104	112	131	127	129	128
Telecom	88	91	98	105	110	105
Communications, Media, and Service Providers	72	82	92	93	94	94
Total TMT	263	285	321	325	333	327
Financial Services	**185**	**207**	**238**	**257**	**271**	**292**
Manufacturing and Healthcare	137	152	184	202	203	215
Retail and Transportation	123	135	152	156	168	183
Energy and Utilities	71	80	84	92	93	92
Total IT Services	**779**	**858**	**979**	**1,032**	**1,068**	**1,110**
Growth qoq (%)						
Technology		7.6	17.7	(3.3)	1.8	(1.2)
Telecom		3.3	7.7	7.5	4.5	(4.1)
Communications, Media, and Service Providers		14.9	11.8	0.9	1.2	0.4
Total TMT		8.1	12.8	1.2	2.5	(1.7)
Financial Services		**11.9**	**15.1**	**8.0**	**5.6**	**7.7**
Manufacturing and Healthcare		10.7	21.2	9.8	0.3	6.2
Retail and Transportation		9.4	12.7	2.6	7.6	9.3
Energy and Utilities		12.5	5.6	9.0	1.2	(0.8)
Total IT Services		**10.1**	**14.2**	**5.4**	**3.5**	**4.0**

Source: Company.

Drop in net hiring over the last two quarters has been driven by focus on improving utilization



Source: Company data

Wipro: Key changes to FY2009E-11E estimates

	Revised			Earlier			Change (%)		
Rs mn	**FY2009**	**FY2010**	**FY2011**	**FY2009**	**FY2010**	**FY2011**	**FY2009**	**FY2010**	**FY2011**
IT Services revenues (US$ mn)	**4,342**	**4,581**	**5,262**	**4,443**	**4,908**	**5,632**	**(2.3)**	**(6.7)**	**(6.6)**
Revenue growth (%)	**19.1**	**5.5**	**14.9**	**21.8**	**10.5**	**14.7**			
Rupee/ US$ rate	43.7	44.5	44.3	43.5	43.5	43.3	*0.4*	*2.2*	*2.2*
EBITDA margin (%)	24.1	22.9	21.5	24.4	23.0	21.9			
EBIT margin (%) (ex forex gains)	**20.3**	**18.8**	**18.1**	**20.6**	**18.9**	**18.4**			
Total EBITDA (Rs mn)	50,218	52,638	56,640	51,389	55,422	60,378	*(2.3)*	*(5.0)*	*(6.2)*
Total EBITDA margin (%)	19.8	19.4	18.4	20.0	19.6	18.9			
EPS/ share (Rs)	**25.1**	**26.8**	**29.0**	**26.0**	**28.7**	**31.7**	**(3.4)**	**(6.7)**	**(8.7)**
EPS/share (ex intangible amortization)	**26.2**	**27.9**	**29.3**	**27.1**	**29.8**	**32.0**	**(3.3)**	**(6.4)**	**(8.6)**

Source: Kotak Institutional Equities estimates.

Profit model, balance sheet, cash model of Wipro Limited, 2007-2011E, March fiscal year-ends (Rs mn)

	2007	**2008**	**2009E**	**2010E**	**2011E**
Profit model					
Revenues	**149,431**	**197,428**	**253,151**	**271,692**	**307,496**
Cost of revenues (incl. deprn)	(102,576)	(138,872)	(177,393)	(191,151)	(218,924)
Revenues	**46,855**	**58,556**	**75,758**	**80,540**	**88,573**
SG&A expenses (incl. deprn)	(16,719)	(24,229)	(32,711)	(36,246)	(41,211)
EBITA	**30,136**	**34,327**	**43,047**	**44,294**	**47,361**
Amortization of intangibles	(269)	(617)	(1,542)	(1,640)	(400)
EBIT	**29,867**	**33,710**	**41,505**	**42,654**	**46,961**
Other income	2,667	2,167	(27)	3,301	5,373
Pre-tax profits	**32,534**	**35,877**	**41,479**	**45,955**	**52,334**
Provision for tax	(4,423)	(3,873)	(5,108)	(7,142)	(10,350)
PAT	**28,111**	**32,004**	**36,370**	**38,813**	**41,983**
Equity in earnings of affiliate	318	257	385	374	393
Reported PAT	**28,429**	**32,261**	**36,755**	**39,187**	**42,376**
EPS (Rs)	**19.7**	**22.2**	**25.1**	**26.8**	**29.0**
Balance Sheet					
Shareholders funds	101,468	129,367	156,392	182,906	211,299
Deferred tax liability/(assets)	464	—	—	—	—
Borrowings	1,330	17,281	3,538	3,797	4,297
Minority interest	—	114	114	114	114
Total liabilities	**103,262**	**146,762**	**160,044**	**186,817**	**215,710**
Net fixed assets	26,541	39,822	45,894	45,140	48,420
Cash and bank balances	52,060	54,078	43,887	50,099	70,724
Net current assets excluding cash	5,685	(2,274)	15,766	38,164	42,805
Other assets	18,975	55,136	54,530	53,448	53,795
Total assets	**103,262**	**146,762**	**160,078**	**186,851**	**215,744**
Cashflow statement					
Operating profit before working capital changes	36,269	39,670	51,024	52,638	56,640
Change in working capital/other adjustments	2,496	(13,256)	(8,280)	(2,322)	(4,496)
Capital expenditure	(12,695)	(14,194)	(13,244)	(7,589)	(12,559)
Investments/ acquisitions	(7,700)	(38,068)	—	—	—
Free cash flow	**18,371**	**(25,848)**	**29,501**	**42,726**	**39,586**

Source: Company data, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation Summary of Key Indian Companies

	19-Dec-08		Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price	Upside	ADVT-3mo
Company	Price (Rs)	Rating	(Rs mn)	(US$ mn)	(mn)	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	(Rs)	(%)	(US$ mn)
Automobiles																													
Bajaj Auto	404	REDUCE	58,496	1,238	145	59.3	57.4	58.5	(53.4)	(3.2)	1.9	6.8	7.0	6.9	5.0	5.4	5.1	3.7	3.1	2.7	4.9	4.9	4.9	21.0	37.1	32.2	300	(25.8)	—
Hero Honda	823	REDUCE	164,293	3,477	200	48.5	60.3	69.3	12.8	24.5	14.9	17.0	13.6	11.9	10.7	9.0	8.1	5.3	4.3	3.5	2.3	2.4	2.4	34.0	34.8	32.3	800	(2.8)	11.3
Mahindra & Mahindra	323	ADD	83,328	1,763	258	38.1	20.3	19.9	(2.0)	(46.7)	(1.7)	8.5	15.9	16.2	6.6	11.9	9.8	1.9	1.6	1.4	3.4	2.9	3.0	27.8	14.5	12.2	365	13.1	6.2
Maruti Suzuki	549	REDUCE	158,777	3,360	289	59.9	46.5	51.5	10.8	(22.3)	10.7	9.2	11.8	10.7	5.3	6.2	5.5	1.8	1.6	1.4	0.9	0.9	0.9	22.2	14.6	14.2	435	(20.8)	15.6
Tata Motors	179	SELL	112,995	2,391	631	32.1	25.0	20.0	(31.6)	(22.1)	(20.0)	5.6	7.2	8.9	4.3	6.3	6.7	1.3	0.5	0.7	5.1	7.8	7.8	24.7	12.8	7.9	120	(32.9)	11.8
Automobiles		**Cautious**	**577,889**	**12,229**					**(0.8)**	**(16.0)**	**0.2**	**8.8**	**10.5**	**10.5**	5.9	7.2	6.8	**2.2**	**1.6**	**1.4**	**2.9**	**3.4**	**3.4**	**24.6**	**15.1**	**13.6**			
Banks/Financial Institutions																													
Andhra Bank	58	REDUCE	28,227	597	485	11.9	11.6	12.1	7.0	(2.4)	4.7	4.9	5.0	4.8	—	—	—	0.9	0.8	0.7	6.9	5.0	5.2	18.0	16.3	15.3	65	11.7	0.7
Axis Bank	546	REDUCE	195,309	4,133	358	32.2	39.7	51.8	37.7	23.2	30.5	16.9	13.8	10.5	—	—	—	2.4	2.1	1.8	1.0	1.4	1.8	17.6	15.2	17.5	750	37.4	63.6
Bank of Baroda	275	ADD	100,502	2,127	366	39.3	40.9	43.7	39.8	4.1	6.8	7.0	6.7	6.3	—	—	—	1.2	1.0	0.9	2.9	3.0	3.2	14.6	13.0	12.7	330	20.0	8.5
Bank of India	292	BUY	153,567	3,250	526	40.6	48.0	46.3	76.6	18.2	(3.6)	7.2	6.1	6.3	—	—	—	1.9	1.5	1.2	1.4	1.7	1.7	27.6	25.4	20.1	370	26.7	20.5
Canara Bank	192	REDUCE	78,741	1,666	410	38.2	40.0	38.3	10.1	4.8	(4.3)	5.0	4.8	5.0	—	—	—	1.1	0.9	0.8	4.2	3.1	3.1	15.0	14.7	12.6	220	14.6	4.6
Central Bank of India	41	SELL	16,449	348	404	11.6	9.4	17.1	(24.6)	(18.6)	81.0	3.5	4.3	2.4	—	—	—	0.8	0.5	0.4	4.9	—	—	15.3	11.6	16.7	55	35.1	0.4
Corporation Bank	197	BUY	28,257	598	143	51.3	51.3	51.5	37.2	0.2	0.3	3.8	3.8	3.8	—	—	—	0.7	0.6	0.5	5.3	5.3	5.4	18.4	16.3	14.6	310	57.4	0.5
Federal Bank	148	BUY	25,244	534	171	34.4	26.6	29.8	0.5	(22.7)	12.2	4.3	5.6	4.9	—	—	—	0.7	0.6	0.5	2.7	3.3	3.8	13.6	11.1	11.4	300	103.3	1.6
Future Capital Holdings	181	BUY	11,466	243	63	(4.5)	4.5	28.8	(689.8)	(198.6)	546.1	(40.2)	40.7	6.3	—	—	—	1.6	1.5	1.2	—	—	—	(6.7)	3.8	21.4	440	142.6	0.3
HDFC	1,524	ADD	437,376	9,256	287	85.8	72.7	84.2	38.2	(15.3)	15.8	17.8	21.0	18.1	—	—	—	3.7	3.2	2.9	1.6	1.4	1.7	27.8	16.3	16.7	1,950	28.0	90.6
HDFC Bank	1,052	BUY	445,341	9,424	423	46.0	55.6	68.9	28.7	20.9	23.9	22.9	18.9	15.3	—	—	—	3.9	3.0	2.1	0.7	0.9	1.1	17.7	17.9	17.1	1,350	28.3	54.8
ICICI Bank	473	ADD	526,074	11,133	1,113	39.9	29.9	34.0	15.4	(25.2)	13.7	11.8	15.8	13.9	—	—	—	1.1	1.1	1.0	2.3	1.6	1.8	11.7	7.0	7.5	450	(4.8)	161.6
IDFC	70	ADD	90,730	1,920	1,294	5.7	6.4	7.2	3.0	13.3	11.8	12.3	10.9	9.7	—	—	—	1.6	1.5	1.3	1.7	1.6	1.7	17.6	14.2	14.2	85	21.3	16.8
India Infoline	51	ADD	14,542	308	287	5.6	6.3	6.2	85.6	12.0	(1.2)	9.0	8.1	8.2	1.9	3.7	3.3	1.2	1.1	1.0	2.4	2.7	2.6	20.7	14.1	12.9	70	38.3	3.0
Indian Bank	130	ADD	55,999	1,185	430	22.5	22.8	23.5	33.9	1.0	3.1	5.8	5.7	5.6	—	—	—	1.3	1.1	0.9	2.3	2.2	2.3	23.4	18.8	16.7	160	22.8	1.7
Indian Overseas Bank	69	BUY	37,755	799	545	22.1	21.9	20.1	19.2	(0.6)	(8.5)	3.1	3.2	3.5	—	—	—	0.8	0.7	0.6	5.4	7.2	7.9	27.2	22.5	17.7	130	87.6	1.2
J&K Bank	339	ADD	16,434	348	48	74.2	76.3	72.8	31.2	2.8	(4.7)	4.6	4.4	4.7	—	—	—	0.8	0.7	0.6	4.6	4.7	4.5	16.8	15.3	13.1	500	47.5	0.1
LIC Housing Finance	225	ADD	19,082	404	85	45.5	54.6	56.2	38.7	19.8	2.9	4.9	4.1	4.0	—	—	—	1.0	0.8	0.7	4.5	5.3	5.5	—	—	—	325	44.8	5.1
Mahindra & Mahindra Financial	186	SELL	17,692	374	95	20.8	16.8	22.3	32.6	(19.5)	33.3	8.9	11.1	8.3	—	—	—	1.4	1.3	1.1	2.5	2.3	3.0	16.9	11.7	14.2	190	2.3	0.1
Oriental Bank of Commerce	156	ADD	38,959	824	251	23.9	44.0	30.0	(27.6)	84.3	(31.8)	6.5	3.5	5.2	—	—	—	0.8	0.6	0.6	3.0	5.7	3.9	6.2	17.8	10.9	200	28.6	2.0
PFC	124	ADD	142,266	3,011	1,148	11.4	12.6	15.7	2.4	10.7	24.9	10.9	9.9	7.9	—	—	—	1.4	1.3	1.1	2.8	1.4	1.7	13.5	13.3	14.8	140	12.9	2.0
Punjab National Bank	522	BUY	164,478	3,481	315	65.0	81.5	86.0	33.0	25.4	5.5	8.0	6.4	6.1	—	—	—	1.7	1.4	1.2	2.5	3.1	3.3	18.0	19.5	18.0	650	24.6	11.1
Shriram Transport	198	ADD	40,210	851	203	19.2	28.4	29.7	85.7	48.2	4.5	10.3	7.0	6.7	—	—	—	2.3	2.0	1.6	2.5	4.3	4.7	26.9	28.6	25.8	305	54.0	1.2
SREI	46	BUY	5,320	113	116	11.4	7.6	7.6	57.4	(33.5)	(0.2)	4.0	6.0	6.0	—	—	—	0.8	0.5	0.5	2.6	5.0	6.1	23.1	13.9	12.8	100	118.6	0.4
State Bank of India	1,287	BUY	812,987	17,204	631	106.6	116.5	105.2	23.5	9.4	(9.7)	12.1	11.0	12.2	—	—	—	1.9	1.7	1.5	1.7	1.7	1.7	16.8	14.2	11.6	1,600	24.3	132.0
Union Bank	168	BUY	84,961	1,798	505	27.5	30.9	31.0	64.1	12.6	0.2	6.1	5.4	5.4	—	—	—	1.2	1.0	0.9	2.4	2.8	2.8	26.8	24.9	20.7	220	30.8	5.2
Banks/Financial Institutions		**Attractive**	**3,587,967**	**75,928**					**36.9**	**9.7**	**5.6**	**10.9**	**10.0**	**9.4**	**—**	**—**	**—**	**1.7**	**1.5**	**1.3**	**2.0**	**1.9**	**2.1**	**15.4**	**14.7**	**13.6**			
Cement																													
ACC	496	REDUCE	93,622	1,981	189	64.1	56.2	43.4	13.0	(12.3)	(22.6)	7.7	8.8	11.4	3.9	4.1	5.6	2.1	1.8	1.7	4.7	4.7	4.7	33.3	23.5	16.4	550	10.8	5.5
Ambuja Cements	71	REDUCE	108,393	2,294	1,522	7.6	7.8	5.4	(11.2)	2.8	(30.5)	9.4	9.2	13.2	4.8	4.9	6.3	2.2	1.7	1.6	3.6	4.2	3.0	26.6	21.0	12.7	60	(15.7)	3.2
Grasim Industries	1,230	ADD	112,788	2,387	92	284.6	220.9	176.1	32.6	(22.4)	(20.3)	4.3	5.6	7.0	3.3	4.1	4.3	1.2	1.0	0.9	2.5	2.7	2.7	33.1	20.3	14.1	1,400	13.8	5.2
India Cements	104	BUY	29,244	619	282	24.5	22.7	20.1	n/a	(7.3)	(11.3)	4.2	4.6	5.2	3.8	3.2	3.5	0.8	0.7	0.7	1.8	2.1	2.1	25.8	18.6	14.5	145	39.8	2.1
Shree Cement	497	BUY	17,304	366	35	90.2	109.0	70.5	99.5	20.9	(35.3)	5.5	4.6	7.0	3.0	3.5	3.4	2.6	1.8	1.4	1.6	1.6	1.6	56.9	46.6	22.6	850	71.1	0.1
UltraTech Cement	360	BUY	45,112	955	125	81.4	70.9	53.3	28.5	(12.9)	(24.9)	4.4	5.1	6.8	3.4	3.7	4.2	1.4	1.1	1.0	2.1	2.3	2.3	45.2	28.7	17.7	550	52.7	1.4
Cement		**Cautious**	**406,463**	**8,601**					**19.3**	**(11.6)**	**(23.3)**	**5.8**	**6.6**	**8.6**	**3.7**	**4.0**	**4.7**	**1.6**	**1.3**	**1.2**	**3.2**	**3.4**	**3.1**	**26.8**	**19.8**	**13.7**			
Consumer (Discretionary)																													
Radico Khaitan	65	REDUCE	6,686	141	102	2.2	1.7	3.3	(41.4)	(24.7)	93.1	29.1	38.7	20.0	11.2	12.1	9.8	2.7	2.5	2.2	0.9	—	—	11.7	6.7	11.7	65	(0.4)	0.3
United Breweries	81	REDUCE	19,336	409	240	2.1	2.2	2.7	(2.2)	2.5	24.4	38.2	37.3	30.0	12.2	9.5	7.7	3.2	1.8	1.7	—	—	—	8.0	4.4	5.8	105	30.4	0.1
United Spirits	969	BUY	90,763	1,921	94	40.0	40.1	52.4	50.8	0.1	30.9	24.2	24.2	18.5	13.1	11.6	10.2	3.8	3.8	2.8	0.0	0.0	0.0	18.8	15.9	17.7	1,050	8.4	7.6
Consumer (Discretionary)		**Neutral**	**116,785**	**2,471**					**31.3**	**(1.9)**	**31.9**	**25.1**	**25.6**	**19.4**	**12.9**	**11.3**	**9.8**	**3.6**	**2.9**	**2.5**	**0.1**	**0.0**	**0.0**	**14.4**	**11.2**	**13.0**			
Consumer products																													
Asian Paints	899	ADD	86,275	1,826	96	39.5	45.2	50.9	40.4	14.5	12.6	22.8	19.9	17.7	13.7	12.1	10.2	8.8	7.0	5.8	1.7	1.9	2.2	44.6	40.4	36.9	1,075	19.5	1.2
Colgate-Palmolive (India)	402	REDUCE	54,717	1,158	136	17.1	19.1	21.7	16.8	11.7	13.8	23.5	21.1	18.5	19.6	17.2	14.7	29.9	29.6	29.2	3.2	4.0	4.6	100.4	141.4	159.6	400	(0.6)	0.9
GlaxoSmithkline Consumer (a)	564	ADD	23,698	501	42	38.7	44.4	49.3	26.9	14.7	11.2	14.6	12.7	11.4	7.4	6.7	5.6	3.6	3.1	2.6	2.1	2.6	2.9	27.4	26.5	25.1	700	24.2	0.2
Godrej Consumer Products	129	ADD	33,347	706	258	7.1	7.3	8.7	18.7	3.0	20.3	18.3	17.8	14.8	15.9	15.9	12.0	18.8	4.9	4.3	2.8	3.1	3.1	109.6	45.0	42.2	140	8.4	0.3
Hindustan Unilever	266	REDUCE	578,443	12,241	2,177	8.1	9.1	10.7	15.4	12.1	17.8	32.7	29.2	24.8	26.5	22.6	19.1	40.2	37.4	34.6	4.0	3.2	3.8	85.2	133.3	145.6	245	(7.8)	29.9
ITC	179	ADD	674,770	14,279	3,769	8.3	8.8	10.0	15.4	6.2	13.9	21.6	20.4	17.9	13.8	12.5	11.0	5.4	4.7	4.1	2.0	2.1	2.2	27.7	25.7	25.6	200	11.7	29.5
Jyothy Laboratories	85	ADD	1,231	26	15	31.0	42.1	68.3	(12.8)	35.8	62.3	2.7	2.0	1.2	1.2	0.4	(0.4)	0.3	0.3	0.2	11.0	12.4	13.8	11.5	13.1	17.9	740	772.1	
Nestle India (a)	1,352	ADD	130,383	2,759	96	44.5	56.4	68.1	31.3	26.8	20.7	30.4	24.0	19.9	18.3	15.1	12.7	25.3	19.4	15.1	2.0	2.5	3.1	94.8	91.4	85.4	1,740	28.7	1.8
Tata Tea	589	BUY	36,411	771	62	54.1	63.3	67.3	3.6	17.2	6.2	10.9	9.3	8.8	4.2	3.7	3.1	0.8	0.7	0.7	2.5	3.0	3.2	9.7	9.4	9.4	1,100	86.8	1.1
Consumer products		**Cautious**	**1,619,276**	**34,267**					**17.1**	**11.0**	**15.5**	**24.4**	**22.0**	**19.1**	**16.0**	**14.2**	**12.3**	**7.5**	**6.5**	**5.8**	**2.8**	**2.7**	**3.0**	**30.6**	**29.6**	**30.2**			
Constructions																													
Consolidated Construction Co.	216	ADD	7,966	169	37	24.0	26.9	33.6	67.6	11.9	24.8	9.0	8.0	6.4	6.0	4.8	4.0	1.8	1.5	1.2	1.2	1.8	2.3	27.7	20.1	21.1	290	34.5	0.1
IVRCL	145	BUY	19,647	416	135	15.5	16.4	18.2	27.2	5.3	11.3	9.3	8.9	8.0	8.1	6.8	5.7	1.2	1.1	1.0	1.0	0.5	0.5	14.4	13.0	12.8	230	58.5	12.8
Nagarjuna Construction Co.	72	BUY	16,552	350	229	7.2	7.5	9.1	14.5	4.6	22.1	10.1	9.6	7.9	7.8	7.1	6.4	1.1	1.9	0.9	1.5	1.9	2.2	12.6	10.5	11.7	115	59.2	3.2
Punj Lloyd	164	REDUCE	53,029	1,122	323	10.0	17.8	18.0	323.5	78.2	1.5	16.4	9.2	9.1	9.0	6.3	5.6	1.9	1.5	1.4	0.2	0.5	0.5	16.8	19.2	16.5	180	9.8	34.3
Sadbhav Engineering	295	BUY	3,861	82	13	40.5	62.6	78.1	68.2	54.4	24.8	7.3	4.7	3.8	4.8	2.7	1.7	1.3	0.9	0.8	1.3	1.7	2.0	16.3	19.6	20.5	820	178.2	0.2
Construction		**Attractive**	**101,054**	**2,138**					**94.7**	**37.4**	**10.4**	**12.1**	**8.8**	**8.0**	**8.0**	**6.2**	**5.4**	**1.5**	**1.3**	**1.1**	**0.7**	**0.9**	**1.0**	**12.5**	**14.9**	**14.3**			

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation Summary of Key Indian Companies

Company	19-Dec-08 Price (Rs)	Rating	Mkt cap. (Rs mn)	Mkt cap. (US$ mn)	O/S shares (mn)	EPS (Rs) 2008	EPS (Rs) 2009E	EPS (Rs) 2010E	EPS growth (%) 2008	EPS growth (%) 2009E	EPS growth (%) 2010E	PER (X) 2008	PER (X) 2009E	PER (X) 2010E	EV/EBITDA (X) 2008	EV/EBITDA (X) 2009E	EV/EBITDA (X) 2010E	Price/BV (X) 2008	Price/BV (X) 2009E	Price/BV (X) 2010E	Dividend yield (%) 2008	Dividend yield (%) 2009E	Dividend yield (%) 2010E	RoE (%) 2008	RoE (%) 2009E	RoE (%) 2010E	Target price (Rs)	Upside (%)	ADVT-3mo (US$ mn)
Energy																													
Bharat Petroleum	385	REDUCE	126,343	2,674	328	41.3	30.4	42.8	(21.2)	(26.4)	41.0	9.3	12.7	9.0	4.3	4.8	3.6	1.0	1.0	0.8	1.1	0.8	1.1	11.8	7.9	10.1	370	(4.0)	7.2
Cairn india	153	BUY	285,701	6,046	1,868	(0.1)	3.5	12.5	(105)	(3,032)	259	(1,283)	44	12.2	35.3	22.7	8.0	1.0	0.9	0.8	—	—	—	(0.1)	2.1	6.9	240	56.9	17.9
Castrol India (a)	305	ADD	37,723	798	124	20.1	23.1	25.2	64.6	15.1	8.8	15.2	13.2	12.1	8.8	7.5	6.9	9.2	8.7	8.4	4.6	5.9	6.6	59.5	67.8	70.7	380	24.5	0.3
GAIL (India)	216	REDUCE	274,308	5,805	1,268	20.4	25.1	25.8	21.0	22.9	3.1	10.6	8.6	8.4	5.4	5.1	6.2	1.9	1.7	1.4	3.1	3.7	3.7	18.1	19.6	17.4	220	1.7	14.7
GSPL	29	BUY	16,518	350	563	1.8	2.7	3.7	10.1	47.6	37.7	16.3	11.0	8.0	6.0	5.7	4.2	1.3	1.2	1.1	1.7	2.5	3.5	8.8	11.5	14.2	60	104.4	1.2
Hindustan Petroleum	276	REDUCE	93,482	1,978	339	33.5	26.0	33.6	(16.4)	(22.3)	29.0	8.2	10.6	8.2	7.2	5.6	3.9	0.8	0.7	0.6	1.1	0.8	1.1	9.6	6.8	8.0	270	(2.1)	6.9
Indian Oil Corporation	424	REDUCE	499,855	10,578	1,179	61.3	32.4	53.8	31.0	(47.2)	66.0	6.9	13.1	7.9	4.2	8.3	6.5	1.1	1.0	0.9	1.3	0.7	1.3	17.4	8.1	12.1	450	6.2	3.7
Oil & Natural Gas Corporation	711	BUY	1,520,642	32,179	2,139	92.7	129.0	139.6	9.1	39.1	8.2	7.7	5.5	5.1	2.7	2.1	1.8	1.5	1.3	1.1	4.5	5.6	6.3	19.6	23.9	22.1	1,075	51.2	50.8
Petronet LNG	35	ADD	26,475	560	750	6.3	6.0	7.1	—	(5.7)	18.7	5.6	5.9	5.0	3.8	5.2	4.1	1.4	1.2	0.9	4.2	4.2	4.2	26.7	20.6	20.3	60	70.0	1.0
Reliance Industries	1,351	REDUCE	1,855,335	39,262	1,373	101.7	83.6	120.1	23.0	(17.8)	43.6	13.3	16.2	11.2	8.6	9.0	5.1	2.1	1.8	1.5	0.9	1.0	1.5	18.5	12.4	15.6	1,325	(1.9)	292.4
Reliance Petroleum	89	REDUCE	400,500	8,475	4,500	(1.1)	(0.0)	9.9	n/a	n/a	####	n/a	####	9.0	n/a	#DIV/0!	7.9	3.0	3.0	2.4	—	—	2.2	(3.5)	(0.0)	29.5	80	(10.1)	42.6
Energy		**Neutral**	**5,136,880**	**108,706**					**11.4**	**8.4**	**35.9**	**11.0**	**10.1**	**7.4**	**5.5**	**5.5**	**4.1**	**1.6**	**1.4**	**1.2**	**2.1**	**2.4**	**3.0**	**14.6**	**13.5**	**16.2**			
Industrials																													
ABB	472	REDUCE	100,084	2,118	212	23.2	25.5	29.8	44.5	10.0	16.6	20.4	18.5	15.9	11.7	10.5	8.6	6.2	4.8	3.8	0.5	0.6	0.7	34.8	29.2	26.9	500	5.9	6.5
BGR Energy Systems	155	ADD	11,192	237	72	12.1	17.6	23.2	(67.4)	45.3	31.9	12.8	8.8	6.7	8.5	6.0	5.4	2.4	1.9	1.6	1.3	1.8	2.4	31.4	24.2	26.0	275	76.9	0.4
Bharat Electronics	709	ADD	56,712	1,200	80	102.0	105.5	111.8	11.2	3.4	6.0	7.0	6.7	6.3	2.5	1.9	1.6	1.7	1.4	1.2	2.9	3.5	3.5	27.7	23.1	20.8	950	34.0	1.0
Bharat Heavy Electricals	1,442	BUY	705,986	14,940	490	58.4	72.2	98.0	22.9	23.7	35.6	24.7	20.0	14.7	13.1	10.3	7.7	6.6	5.3	4.1	1.1	1.1	1.5	29.2	29.2	31.5	1,475	2.3	81.3
Larsen & Toubro	819	REDUCE	485,599	10,276	593	37.9	52.5	60.4	20.8	38.4	15.1	21.6	15.6	13.6	14.4	10.0	8.7	4.1	3.1	2.6	1.0	2.4	2.5	22.7	22.5	20.7	840	2.5	88.7
Maharashtra Seamless	165	BUY	11,606	246	71	29.4	37.4	37.9	(23.5)	27.6	1.2	5.6	4.4	4.3	3.4	2.8	2.6	1.0	0.9	0.7	3.0	3.4	3.5	19.7	21.1	18.0	250	51.9	0.5
Siemens	284	REDUCE	95,787	2,027	337	18.2	14.2	18.7	60.4	(22.2)	32.2	15.6	20.0	15.2	8.7	8.9	7.6	5.2	4.2	3.4	0.8	1.2	1.2	39.9	23.1	24.8	275	(3.2)	6.9
Suzlon Energy	58	BUY	91,196	1,930	1,567	6.6	7.1	10.2	9.5	8.4	42.9	8.9	8.2	5.7	5.4	7.7	6.0	1.0	0.9	0.8	1.6	1.7	1.7	16.3	11.8	14.9	125	114.8	58.9
Industrials		**Neutral**	**1,558,163**	**32,974**					**24.6**	**20.1**	**25.7**	**18.7**	**15.6**	**12.4**	**10.7**	**8.9**	**7.3**	**3.9**	**3.2**	**2.6**	**1.1**	**1.6**	**1.8**	**20.8**	**20.3**	**21.0**			
Infrastructure																													
IRB Infrastructure	132	ADD	43,705	925	332	3.4	7.0	14.0	150.9	104.8	99.7	38.4	18.7	9.4	13.8	11.4	6.0	2.6	2.3	1.8	—	—	—	10.7	13.1	21.4	130	(1.1)	0.4
Media																													
DishTV	20	REDUCE	13,108	277	644	(9.6)	(7.8)	(4.2)	n/a	(19.1)	(45.7)	(2.1)	(2.6)	(4.8)	(8.0)	(4.7)	(17.7)	(2.9)	7.1	(6.1)	—	—	—	167.9	375.0	NA	20	(1.7)	1.2
HT Media	76	BUY	17,733	375	234	4.3	3.1	6.0	4.7	(28.8)	94.1	17.5	24.6	12.7	9.7	10.8	6.2	2.0	1.9	1.7	0.5	0.5	1.1	12.2	8.1	14.4	130	71.7	0.1
Jagran Prakashan	58	BUY	17,543	371	301	3.3	3.2	4.6	33.5	(2.7)	45.1	17.9	18.4	12.7	9.8	10.3	7.2	3.3	3.1	2.8	3.4	3.3	3.9	18.7	17.3	23.2	84	44.2	0.1
Sun TV Network	166	BUY	65,457	1,385	394	8.3	9.2	11.1	30.7	10.7	20.8	20.0	18.1	15.0	10.3	9.2	7.7	4.3	3.9	3.5	1.5	2.4	3.3	24.8	23.3	25.0	210	26.4	2.1
Zee Entertainment Enterprises	139	BUY	60,092	1,272	434	8.9	9.6	10.8	62.6	8.5	12.2	15.6	14.4	12.8	11.5	9.5	8.5	2.0	1.8	1.6	1.4	1.8	2.1	14.2	13.7	13.8	175	26.3	6.2
Zee News	37	BUY	8,775	186	240	1.5	1.8	2.2	396.2	17.0	21.0	23.7	20.2	16.7	12.8	11.0	9.0	4.2	3.6	3.1	1.1	1.1	1.4	19.2	19.5	20.2	40	9.3	0.3
Media		**Attractive**	**182,708**	**3,866**					**30.8**	**(10.2)**	**73.8**	**34.1**	**38.0**	**21.8**	**13.8**	**12.3**	**9.0**	**3.3**	**2.6**	**2.5**	**1.4**	**1.9**	**2.4**	**9.5**	**6.9**	**11.5**			
Metals																													
Hindalco Industries	54	SELL	94,816	2,006	1,753	13.8	9.5	7.3	(10.0)	(30.9)	(23.8)	3.9	5.7	7.4	5.7	5.1	5.5	0.4	0.3	0.3	—	—	—	14.4	10.6	7.1	40	(26.1)	17.0
National Aluminium Co.	186	BUY	119,745	2,534	644	25.3	20.4	21.2	(31.5)	(19.4)	3.9	7.3	9.1	8.8	3.1	3.9	3.2	1.3	1.2	1.1	3.2	3.2	3.2	18.3	13.3	12.7	230	23.8	4.6
Jindal Steel and Power	901	BUY	138,650	2,934	154	101.8	87.5	77.7	123.0	(14.1)	(11.2)	8.8	10.3	11.6	7.5	6.9	7.3	3.3	2.4	2.0	0.5	0.7	0.8	43.8	27.2	19.1	1,250	38.8	19.8
JSW Steel	227	SELL	42,385	897	187	86.1	6.8	16.4	16.1	(92.1)	142.0	2.6	33.5	13.8	4.6	7.3	7.6	0.5	0.4	0.4	6.2	0.9	0.9	20.7	9.9	3.1	140	(38.2)	9.5
Hindustan Zinc	336	ADD	141,907	3,003	423	104.0	77.2	55.9	(1.0)	(25.8)	(27.6)	3.2	4.4	6.0	2.4	3.0	4.3	1.2	0.9	0.8	1.5	2.2	3.0	43.6	23.5	14.3	400	19.1	2.2
Sesa Goa	84	ADD	66,404	1,405	787	18.9	22.0	13.3	145.9	16.3	(39.8)	4.5	3.8	6.4	3.0	2.4	3.6	2.3	1.6	1.5	4.1	8.3	8.3	67.7	50.5	24.4	100	18.6	23.0
Sterlite Industries	281	BUY	198,839	4,208	708	64.3	45.7	35.6	(22.6)	(28.9)	(22.0)	4.4	6.1	7.9	3.6	4.8	6.7	0.8	0.8	0.7	—	—	—	26.1	13.3	9.7	405	44.3	28.8
Tata Steel	229	BUY	188,318	3,985	822	75.7	130.0	107.2	43.8	71.6	(17.5)	3.0	1.8	2.1	3.8	2.8	3.0	0.5	0.4	0.4	6.3	5.6	5.7	46.3	38.0	27.6	350	52.8	56.3
Metals		**Neutral**	**991,064**	**20,973**					**12.7**	**1.9**	**(21.9)**	**4.2**	**4.1**	**5.2**	**4.1**	**3.9**	**4.4**	**0.8**	**0.7**	**0.6**	**2.4**	**2.5**	**2.6**	**19.9**	**16.7**	**11.7**			
Pharmaceutical																													
Biocon	123	BUY	24,650	522	200	23.3	9.7	14.8	126.0	(58.5)	52.8	5.3	12.8	8.4	6.7	6.7	4.8	1.7	1.5	1.3	0.1	0.1	0.1	17.6	12.3	16.7	230	86.6	0.5
Cipla	193	REDUCE	149,978	3,174	777	9.0	10.3	12.7	4.9	13.8	23.3	21.4	18.8	15.2	15.7	13.9	11.6	4.0	3.5	3.0	1.0	1.3	1.6	20.1	19.7	21.0	220	14.0	7.1
Dishman Pharma & chemicals	138	BUY	11,187	237	81	14.7	15.4	28.1	30.5	4.6	82.8	9.3	8.9	4.9	8.7	8.2	5.0	2.0	1.6	1.3	0.0	0.0	0.0	26.8	19.9	29.0	400	190.8	0.4
Divi's Laboratories	1,313	BUY	84,780	1,794	65	53.2	80.1	101.4	85.8	50.5	26.7	24.7	16.4	12.9	20.1	13.1	10.0	10.0	6.3	4.4	0.1	0.1	0.1	49.8	47.4	40.0	1,980	50.8	4.3
Dr Reddy's Laboratories	476	BUY	80,577	1,705	169	26.1	26.4	36.6	(57.2)	1.2	38.7	18.3	18.1	13.0	8.9	7.8	6.5	1.8	1.6	1.5	0.8	0.8	0.8	10.3	9.5	12.0	675	41.7	5.3
Glenmark Pharmaceuticals	298	BUY	79,131	1,675	266	25.8	36.5	44.3	98.4	41.3	21.2	11.5	8.1	6.7	10.3	6.2	5.1	5.2	2.8	2.0	0.0	0.0	0.1	57.4	44.1	35.5	725	143.6	6.5
Jubilant Organosys	114	BUY	20,630	437	181	22.1	11.0	29.6	69.9	(50.4)	170.2	5.2	10.4	3.8	6.1	10.0	5.0	1.6	1.2	1.1	1.1	1.5	1.9	37.0	14.9	32.2	475	317.2	0.4
Lupin	602	BUY	53,340	1,129	89	49.8	48.9	59.7	30.2	(1.9)	22.2	12.1	12.3	10.1	14.4	10.1	8.3	4.1	2.6	2.2	1.5	1.6	1.9	37.9	28.4	24.2	950	57.8	2.7
Piramal Healthcare	246	BUY	51,477	1,089	209	17.7	17.4	24.7	66.8	(2.1)	42.0	13.9	14.2	10.0	10.4	10.0	7.3	4.7	3.8	2.9	1.7	1.6	1.8	30.9	28.7	33.2	410	66.5	1.1
Ranbaxy Laboratories	217	ADD	91,001	1,926	419	23.3	(0.9)	12.2	70.4	NA	NA	9.3	NA	17.7	8.6	24.2	5.6	3.0	1.6	0.9	3.5	4.8	6.1	29.8	(0.9)	8.0	340	56.6	18.1
Sun Pharmaceuticals	1,089	BUY	225,498	4,772	207	74.7	90.9	80.8	78.9	21.7	(11.1)	14.6	12.0	13.5	12.1	9.1	9.4	4.3	3.3	2.7	1.0	1.0	1.2	38.3	32.3	22.8	1,765	62.1	23.7
Pharmaceuticals		**Attractive**	**872,249**	**18,458**					**34.1**	**(2.3)**	**33.3**	**14.5**	**14.9**	**11.2**	**11.1**	**10.1**	**7.5**	**3.6**	**2.6**	**2.0**	**1.1**	**1.3**	**1.6**	**24.5**	**17.7**	**18.0**			
Property																													
DLF	308	BUY	524,907	11,108	1,705	46.1	44.6	47.4	263.2	(3.2)	6.2	6.7	6.9	6.5	6.4	6.6	5.5	2.7	2.0	1.6	1.6	2.3	2.3	66.5	33.4	27.6	440	42.9	81.1
Housing Development & Infrastruc	167	BUY	46,117	976	275	51.2	44.8	42.1	118.6	(12.5)	(5.9)	3.3	3.7	4.0	4.4	4.9	4.7	1.3	1.0	0.8	2.3	3.0	3.6	64.5	29.5	22.3	380	127.0	53.4
Indiabulls Real Estate	159	ADD	41,054	869	258	16.4	5.5	5.0	2,383.9	(66.8)	(8.4)	9.7	29.2	31.9	(1,430.3)	(322.0)	16.9	0.7	0.6	0.6	0.2	0.0	0.0	10.6	2.3	1.9	200	25.5	41.6
IVR Prime Urban Developers	45	BUY	2,874	61	64	27.0	2.9	9.7	552.8	(89.4)	238.9	1.7	15.6	4.6	0.4	19.6	7.5	0.3	0.3	0.3	8.9	11.2	15.6	31.9	1.8	6.3	170	279.5	0.1
Mahindra Life Space Developer	184	BUY	7,751	164	42	16.8	13.1	17.1	307.7	(22.2)	30.9	11.0	14.1	10.7	20.0	13.8	7.0	0.9	0.8	0.8	1.5	2.1	2.1	8.4	6.1	7.6	500	171.3	0.4
Phoenix Mills	81	BUY	11,703	248	145	12.4	5.5	12.0	89.5	(55.9)	119.9	6.5	14.8	6.7	7.8	13.0	4.6	0.8	0.8	0.7	—	—	—	22.1	5.4	10.9	280	246.5	0.5
Puravankara Projects	55	ADD	11,632	246	213	11.2	10.1	10.8	67.3	(10.6)	7.6	4.8	5.4	5.0	8.4	11.2	10.5	1.0	0.9	0.8	3.7	3.7	5.5	34.2	17.0	16.2	120	120.2	0.2
Sobha	117	REDUCE	8,551	181	73	31.7	30.8	33.5	42.9	(3.0)	8.7	3.7	3.8	3.5	7.0	6.0	5.9	0.8	0.7	0.6	5.5	3.4	3.4	25.3	20.3	18.7	250	113.1	0.7

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Kotak Institutional Equities: Valuation Summary of Key Indian Companies

Property		**Cautious**	**726,424**	**15,372**					**193.3**	**(8.1)**	**4.8**	**5.9**	**6.5**	**6.2**	**6.4**	**6.4**	**5.4**	**1.9**	**1.5**	**1.3**	**1.7**	**2.4**	**3.0**	**32.1**	**23.3**	**20.5**			
	19-Dec-08		**Mkt cap.**		**O/S shares**	**EPS (Rs)**			**EPS growth (%)**			**PER (X)**			**EV/EBITDA (X)**			**Price/BV (X)**			**Dividend yield (%)**			**RoE (%)**			**Target price**	**Upside**	**ADVT-3mo**
Company	**Price (Rs)**	**Rating**	**(Rs mn)**	**(US$ mn)**	**(mn)**	**2008**	**2009E**	**2010E**	**2008**	**2009E**	**2010E**	**2008**	**2009E**	**2010E**	**2008**	**2009E**	**2010E**	**2008**	**2009E**	**2010E**	**2008**	**2009E**	**2010E**	**2008**	**2009E**	**2010E**	**(Rs)**	**(%)**	**(US$ mn)**
Retail																													
Pantaloon Retail	217	BUY	37,313	790	172	8.0	12.1	18.4	93.1	50.4	52.2	27.0	18.0	11.8	10.6	7.2	5.9	2.2	1.4	1.3	0.3	0.4	0.5	8.5	9.1	10.8	370	70.5	1.5
Titan Industries	982	BUY	43,586	922	44	35.1	48.5	54.7	55.2	38.4	12.8	28.0	20.2	17.9	18.9	12.8	10.9	9.3	6.7	5.2	0.8	1.0	1.1	37.7	38.5	32.6	1,280	30.4	3.4
Vishal Retail	113	ADD	2,533	54	22	18.1	14.9	20.6	37.2	(17.6)	38.4	6.3	7.6	5.5	5.9	5.0	3.7	0.9	0.8	0.7	—	—	—	20.2	11.5	14.0	125	10.5	0.1
Retail			**83,432**	**1,766**					**31.8**	**41.8**	**32.6**	**25.9**	**18.3**	**13.8**	**12.3**	**8.5**	**6.9**	**3.4**	**2.3**	**2.0**	**0.5**	**0.7**	**0.8**	**13.2**	**12.6**	**14.6**			
Technology																													
HCL Technologies	140	REDUCE	97,231	2,058	695	15.3	20.6	21.7	(19.0)	35.0	5.4	9.2	6.8	6.4	4.6	3.3	3.0	2.0	1.5	1.4	5.7	5.7	5.7	21.4	23.8	22.7	200	43.0	4.7
Hexaware Technologies	21	SELL	2,956	63	142	7.7	2.9	3.8	(13.7)	(62.4)	32.1	2.7	7.2	5.5	(0.2)	1.0	0.7	0.4	0.4	0.4	4.4	7.7	7.7	15.1	5.8	7.4	25	20.2	0.1
Infosys Technologies	1,191	BUY	683,806	14,471	574	79.1	100.8	108.6	18.0	27.5	7.8	15.1	11.8	11.0	11.5	8.5	7.3	5.0	3.8	3.0	2.8	2.1	2.2	36.1	36.4	30.9	1,500	25.9	68.9
Mphasis BFL	156	REDUCE	32,608	690	208	12.2	22.3	23.4	67.6	81.7	5.0	12.8	7.0	6.7	7.6	4.5	3.6	2.8	0.4	1.7	2.2	2.6	2.9	23.6	34.6	28.4	190	21.5	0.7
Mindtree	241	BUY	9,516	201	40	26.7	30.7	39.6	12.3	14.7	29.0	9.0	7.9	6.1	7.9	4.1	3.7	1.8	1.4	1.1	1.1	—	—	21.3	17.2	17.8	450	86.8	0.2
Patni Computer Systems	133	SELL	17,163	363	129	33.2	26.3	30.8	29.2	(20.8)	16.9	4.0	5.1	4.3	0.8	0.9	(0.1)	0.6	0.6	0.5	1.6	2.0	2.3	19.2	14.1	12.0	160	19.9	0.7
Polaris Software Lab	42	SELL	4,089	87	98	7.4	12.8	11.6	(27.6)	71.6	(9.6)	5.6	3.3	3.6	1.9	1.0	0.7	0.6	0.5	0.5	4.2	4.2	4.2	11.7	17.8	14.1	70	68.3	0.7
Satyam Computer Services	163	SELL	110,964	2,348	682	25.2	33.0	28.3	17.7	30.9	(14.4)	6.4	4.9	5.8	3.7	2.3	2.1	1.5	1.2	1.1	6.0	7.4	8.6	26.0	27.7	19.9	150—	—	44.2
TCS	514	REDUCE	502,565	10,635	979	51.3	56.4	63.0	21.5	10.0	11.6	10.0	9.1	8.2	8.0	6.5	5.9	4.1	3.2	2.7	2.7	3.8	4.9	47.0	39.3	35.6	650	26.6	29.2
Tech Mahindra	265	BUY	32,981	698	125	59.1	76.4	85.0	25.7	29.4	11.2	4.5	3.5	3.1	3.9	2.0	1.2	2.6	1.5	1.0	2.0	2.3	2.3	70.7	58.0	40.9	700	164.5	2.2
Wipro	249	ADD	364,111	7,705	1,462	22.2	25.1	26.8	12.6	13.0	6.7	11.2	9.9	9.3	8.9	6.8	6.0	2.8	2.3	2.0	2.5	3.0	3.3	27.9	25.7	23.1	280	12.4	13.2
Technology		**Cautious**	**1,857,990**	**39,318**					**16.1**	**20.5**	**6.4**	**10.7**	**8.9**	**8.4**	**7.9**	**5.9**	**5.2**	**3.2**	**2.5**	**2.1**	**3.0**	**3.2**	**3.7**	**29.4**	**28.2**	**25.0**			
Telecom																													
Bharti Airtel Ltd	722	BUY	1,369,714	28,986	1,898	35.3	45.3	55.1	65.0	28.3	21.7	20.4	15.9	13.1	12.4	9.4	7.2	6.1	4.4	3.3	—	0.5	0.8	39.1	31.9	28.5	800	10.8	95.1
IDEA	53	REDUCE	171,041	3,620	3,236	3.9	3.3	3.4	78.5	(17.6)	5.7	13.4	16.2	15.4	10.1	6.4	5.5	4.8	1.2	1.1	—	—	—	36.4	12.0	8.0	70	32.5	9.1
MTNL	80	REDUCE	50,432	1,067	630	7.1	5.1	5.5	(11.0)	(28.4)	7.6	11.2	15.6	14.5	2.3	3.4	3.0	0.4	0.4	0.4	5.0	7.5	7.5	3.5	2.2	2.4	80	(0.1)	1.7
Reliance Communications	216	SELL	446,551	9,450	2,064	26.1	26.3	33.1	84.3	0.5	25.8	8.3	8.2	6.5	7.1	7.0	5.7	1.5	1.3	1.1	0.3	—	—	16.8	18.3	18.7	265	22.5	64.9
Tata Communications	514	REDUCE	146,390	3,098	285	10.9	13.6	14.0	(36.3)	24.0	3.2	46.9	37.8	36.7	19.5	16.1	14.6	2.2	2.1	2.1	0.9	1.0	1.3	4.4	5.4	5.2	400	(22.1)	5.3
Telecom		**Cautious**	**2,184,128**	**46,220**					**65.7**	**16.3**	**21.0**	**15.1**	**13.0**	**10.7**	**10.2**	**8.4**	**6.7**	**3.0**	**2.2**	**1.9**	**0.4**	**0.7**	**0.8**	**19.6**	**17.0**	**17.3**			
Transportation																													
Container Corporation	632	REDUCE	82,115	1,738	130	57.7	69.4	74.2	7.8	20.3	6.8	10.9	9.1	8.5	7.0	5.6	4.9	2.6	2.1	1.8	2.0	2.3	2.5	25.8	25.6	22.8	800	26.6	1.1
Transportation		**Cautious**	**82,115**	**1,738**					**7.8**	**20.3**	**6.8**	**10.9**	**9.1**	**8.5**	**7.0**	**5.6**	**4.9**	**2.6**	**2.1**	**1.8**	**2.0**	**2.3**	**2.5**	**23.5**	**23.3**	**21.0**			
Utilities																													
CESC	270	BUY	33,751	714	125	27.8	31.9	36.9	(23.3)	14.9	15.8	9.7	8.5	7.3	5.0	4.6	5.6	1.1	0.9	0.8	1.5	1.7	2.0	12.5	11.7	11.9	450	66.6	1.5
Lanco Infratech	163	BUY	36,168	765	222	14.8	17.5	26.0	75.2	18.2	48.3	11.0	9.3	6.3	9.4	12.6	10.6	2.0	1.6	1.3	—	—	—	19.7	19.2	23.0	370	127.4	9.5
NTPC	182	REDUCE	1,502,324	31,792	8,245	9.3	9.0	9.7	7.9	(3.2)	7.9	19.5	20.2	18.7	13.6	14.6	13.8	2.8	2.6	2.4	1.9	1.9	2.0	14.9	13.2	13.1	160	(12.2)	36.5
Reliance Infrastructure	620	BUY	143,083	3,028	231	37.6	53.6	56.8	13.9	42.6	6.0	16.5	11.6	10.9	23.1	18.4	18.0	0.9	0.9	0.8	1.0	1.2	1.3	4.3	6.2	6.6	1,250	101.7	80.7
Reliance Power	125	REDUCE	300,199	6,353	2,397	0.4	2.1	2.6	—	443.9	25.2	329.3	60.6	48.4	—	—	—	2.2	2.1	2.0	—	—	—	1.2	3.5	4.3	180	43.7	18.8
Tata Power	741	BUY	164,877	3,489	223	31.8	69.9	103.4	19.5	119.6	47.9	23.3	10.6	7.2	11.4	8.1	7.4	1.9	1.6	1.3	1.5	1.5	1.6	9.6	16.3	20.1	1,230	66.1	17.2
Utilities		**Attractive**	**2,180,403**	**46,141**					**12.2**	**14.9**	**15.4**	**21.7**	**18.9**	**16.4**	**14.4**	**14.9**	**14.9**	**2.2**	**2.1**	**1.9**	**1.5**	**1.5**	**1.6**	**10.3**	**10.8**	**11.5**			
Others																													
Aban Offshore	739	BUY	27,976	592	38	72.3	147.5	410.7	(1,066)	104.0	178.5	10.2	5.0	1.8	12.0	7.4	4.2	3.2	1.8	0.9	0.5	0.7	1.1	51.7	47.1	57.4	1,100	48.9	16.3
Educomp Solutions	2,727	BUY	51,869	1,098	19	35.2	63.9	108.1	114	81.7	69.2	77.6	42.7	25.2	41.0	17.7	11.0	16.9	7.1	5.7	0.1	0.2	0.3	33.5	23.3	24.3	2,550	(6.5)	54.4
Havells India	132	BUY	7,991	169	61	26.6	19.7	34.5	40	(25.9)	75.1	5.0	6.7	3.8	5.3	5.3	3.7	1.2	1.0	0.7	1.8	2.4	3.1	33.7	16.5	22.2	365	176.4	0.4
Jaiprakash Associates	89	BUY	105,907	2,241	1,188	4.9	7.3	11.0	7	49.5	50.9	18.2	12.2	8.1	12.1	9.2	8.6	2.1	1.8	1.5	0.0	0.0	0.0	15.4	16.1	20.5	205	129.9	46.1
Jindal Saw	240	BUY	14,728	312	61	66.6	86.9	82.9	(43)	30.6	(4.7)	3.6	2.8	2.9	3.1	1.6	1.3	0.5	0.4	0.4	3.0	5.4	6.2	12.5	14.4	12.3	500	108.2	0.9
PSL	80	BUY	3,465	73	44	21.1	43.6	58.3	4	106.9	33.7	3.8	1.8	1.4	3.3	2.9	2.0	0.6	0.5	0.4	6.4	7.5	9.4	11.3	15.0	17.5	280	252.2	0.1
Sintex	183	BUY	29,730	629	163	19.5	23.4	31.2	58	19.6	33.5	9.4	7.8	5.9	8.7	6.2	4.3	1.8	1.2	1.0	0.5	0.7	1.0	14.0	14.8	15.9	460	151.4	1.7
Welspun Gujarat Stahl Rohren	115	BUY	21,671	459	189	20.6	25.9	36.6	94	25.9	41.6	5.6	4.4	3.1	6.7	4.1	2.7	1.2	0.9	0.7	1.6	3.3	3.5	27.1	23.9	26.6	220	91.6	4.1
Others			**263,338**	**5,573**					**28.6**	**68.5**	**56.5**	**13.4**	**7.9**	**5.1**	**9.8**	**6.8**	**5.3**	**1.9**	**1.5**	**1.2**	**0.6**	**0.9**	**1.2**	**14.4**	**18.8**	**22.8**			
KS universe (b)			**22,572,034**	**477,664**					**25.6**	**8.3**	**13.7**	**11.5**	**10.6**	**9.3**	**7.3**	**6.9**	**6.0**	**2.1**	**1.7**	**1.5**	**1.9**	**2.1**	**2.4**	**17.9**	**16.2**	**16.1**			
KS universe (b) ex-Energy			**17,435,154**	**368,959**					**30.8**	**8.3**	**6.8**	**11.6**	**10.7**	**10.0**	**8.3**	**7.7**	**7.2**	**2.2**	**1.9**	**1.6**	**1.8**	**2.0**	**2.2**	**19.3**	**17.3**	**16.0**			
KS universe (d) ex-Energy & ex-Commodities			**16,037,627**	**339,385**					**35.9**	**10.7**	**13.5**	**13.4**	**12.1**	**10.7**	**10.4**	**9.2**	**8.0**	**2.5**	**2.1**	**1.8**	**1.7**	**1.9**	**2.1**	**18.9**	**17.3**	**16.9**			

Note:

(a) 2007 means calendar year 2006, similarly for 2008 and 2009 for these particular companies.

(b) EV/Sales & EV/EBITDA for KS universe excludes Banking Sector.

(c) Rupee-US Dollar exchange rate (Rs/US$)= 47.26

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Source: Company, Bloomberg, Kotak Institutional Equities estimates

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Kotak Institutional Equities Research coverage universe

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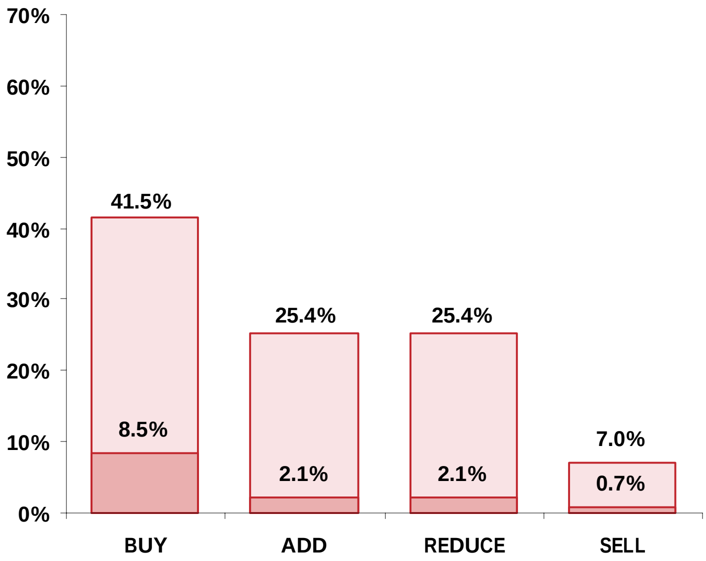

Percentage of companies covered by Kotak Institutional Equities, within the specified category.

Percentage of companies within each category for which Kotak Institutional Equities and or its affiliates has provided investment banking services within the previous 12 months.

* The above categories are defined as follows: Buy = OP; Hold = IL; Sell = U. Buy, Hold and Sell are not defined Kotak Institutional Equities ratings and should not be constructed as investment opinions. Rather, these ratings are used illustratively to comply with applicable regulations. As of 30/09/2008 Kotak Institutional Equities Investment Research had investment ratings on 143 equity securities.

Source: Kotak Institutional Equities

As of September 30, 2008

Ratings and other definitions/identifiers

Rating system

Definitions of ratings

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

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

Other definitions

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