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Daily Alerts

Results, Change in Reco

HDFC Bank: Consistent but expensive

- ▶ Well-placed among peers but expensive valuations driving the downgrade
- ▶ Earnings growth maintained at 30%; best revenue growth seen in recent quarters

EQUITY MARKETS

India	Change %			
	13-Jul	1-day	1-mo	3-mo
Sensex	17,214	(0.1)	1.6	0.4
Nifty	5,227	(0.2)	1.7	0.0

Global/Regional indices

Dow Jones	12,777	1.6	0.1	(1.1)
Nasdaq Composite	2,908	1.5	1.2	(2.7)
FTSE	5,666	1.0	3.4	(0.0)
Nikkie	8,724	0.0	1.8	(7.9)
Hang Seng	19,200	0.6	(0.2)	(6.8)
KOSPI	1,813	0.0	(2.4)	(9.0)

Value traded – India

Cash (NSE+BSE)	108	118	118
Derivatives (NSE)	989	984	1,371
Deri. open interest	1,345	1,171	1,124

Forex/money market

	Change, basis points			
	13-Jul	1-day	1-mo	3-mo
Rs/US\$	55.1	15	(75)	354
10yr govt bond, %	8.3	-	(1)	(25)

Net investment (US\$mn)

	12-Jul	MTD	CYTD
FII	56	1,221	9,738
MFs	(40)	(232)	(282)

Top movers -3mo basis

	Change, %			
	13-Jul	1-day	1-mo	3-mo
Best performers				
DIVI	IN	Equity	1046.3	(0.4)
HPCL	IN	Equity	350.5	(1.2)
GNP	IN	Equity	381.9	(1.9)
TCS	IN	Equity	1249.4	1.1
Z	IN	Equity	144.5	1.2
Worst performers				
IVRC	IN	Equity	47.6	(3.5)
ADE	IN	Equity	222.4	(1.1)
TTMT	IN	Equity	236.0	(0.4)
ABNL	IN	Equity	775.0	(1.2)
SUEL	IN	Equity	19.3	(0.5)

JULY 13, 2012
RESULT, CHANGE IN RECO.
Coverage view: Neutral
Price (Rs): 587
Target price (Rs): 575
BSE-30: 17,214

Consistent but expensive. HDFC Bank's earnings growth (30% yoy) was driven by a relatively strong revenue growth (26% yoy) primarily due to higher non-interest income. However, we believe that maintaining the current pace of earnings growth may be difficult over the medium term as loan growth is about 20%. Lower provisions (floating) and operating leverage can provide comfort in the near term. We find the bank trading at expensive multiples at 3.3X FY2014 book and 16X EPS, delivering RoEs of 20% and earnings growth of 25-27% CAGR for FY2012-14E. Downgrade to REDUCE from ADD; revise TP to ₹575 (from ₹565 earlier).

Company data and valuation summary
HDFC Bank
Stock data

52-week range (Rs) (high,low)	594-400
Market Cap. (Rs bn)	1,377.6
Shareholding pattern (%)	
Promoters	23.1
FIIs	48.0
MFs	4.1
Price performance (%)	1M 3M 12M
Absolute	8.4 10.9 16.5
Rel. to BSE-30	6.3 10.1 25.8

Forecasts/Valuations	2012	2013E	2014E
EPS (Rs)	22.0	28.0	35.0
EPS growth (%)	30.4	27.3	24.9
P/E (X)	26.7	20.9	16.8
NII (Rs bn)	123.0	153.9	189.5
Net profits (Rs bn)	51.7	65.8	82.2
BVPS	126.5	147.4	172.8
P/B (X)	4.6	4.0	3.4
ROE (%)	18.7	20.3	21.5
Div. Yield (%)	0.7	0.9	1.2

Well-placed among peers but expensive valuations driving the downgrade

We downgrade HDFC Bank to REDUCE from ADD as consistent outperformance and rich valuations leave limited scope for near-term appreciation. We value the bank at ₹575 (from ₹565 earlier)—4X FY2013E book (3.3X FY2014E book) and 21X FY2013E EPS (16X FY2014E EPS). We expect 27% CAGR in earnings for FY2012-14E and RoEs in the range of 20% (RoAs of 1.6-1.7%).

The quality of earnings growth remains a concern as revenue growth (since FY2009) is slower than earnings growth. Loan growth is marginally ahead of industry average while benign competitive environment in retail and high yields in the corporate book are aiding the bank to deliver high risk-adjusted returns—trends that could reverse in the near future. The current macro environment gives limited headroom for higher fee income contribution, especially as retail assets slow down.

Nevertheless, HDFC Bank has multiple drivers to support near-term earnings: (1) Higher credit costs are unlikely to be a source of concern as the bank is likely to reduce the amount of floating provisions (₹7 bn in FY2012 and ₹6.7 bn in FY2011). (2) Better operating leverage as operating expenses remained high in recent quarters (20% growth despite collection costs declining) on the back of higher branch/ATM expansion. The ability to drive business growth from these branches remains to be seen and is a key concern. (3) Coverage ratio stands comfortable at 81% and tier-1 ratio is comfortable at 11%.

Earnings growth maintained at 30%; best revenue growth seen in recent quarters

HDFC Bank's earnings growth of 30% yoy was led by a relatively healthy revenue growth (26% yoy). Net interest income grew 22% yoy, in line with asset growth, despite rising borrowings cost partly due to a shift in asset mix. Non-interest income grew 37% yoy—a very strong performance led by solid fee income growth (24% yoy), exchange income (37% yoy) and positive contribution from treasury (compared to a loss in 1QFY12). The bank continued to make floating provisions primarily due to strong revenue growth and stable asset quality. CASA ratio was at 46% as compared to 48% in the previous quarter—the only key negative from the results.

QUICK NUMBERS

- **Revenue growth at 26% yoy; non-interest income grows 37% yoy**
- **Gross NPL stable at 1%; coverage ratio healthy at 81%**
- **Expensive valuation; downgrade to REDUCE (from ADD)**

Revenue growth continues to lag earnings growth

Revenue and earnings growth, March fiscal year-ends, 2006-1QFY13 (%)

	2006	2007	2008	2009	2010	2011	2012	1QFY13
Revenue growth								
Net interest income	48.2	45.7	40.9	42.0	13.0	25.7	16.6	22.3
Non interest income	58.0	35.0	50.4	44.2	15.7	13.9	21.0	36.6
Total revenue	51.1	42.4	43.7	42.6	13.8	22.0	17.9	26.3
Loans	37.1	33.9	35.1	55.9	27.3	27.1	22.2	21.5
Balance sheet	42.9	24.1	46.0	37.6	21.4	24.7	21.8	25.9
Earnings growth	30.8	31.1	39.3	41.2	31.4	33.2	31.6	30.6

Source: Company, Kotak Institutional Equities

Asset quality stable qoq; provision coverage healthy at 81%

HDFC Bank's balance sheet shows limited concern on asset quality as compared to the sector. Retail assets continue to deliver superior risk-adjusted returns currently. Gross NPL increased 4% qoq to ₹20.9 bn (1% of loans, similar to the previous quarter) while net NPL increased 12% qoq to ₹4 bn (0.2% of loans). Restructured loans were stable at 0.3% of loans indicating limited stress in the corporate portfolio. Provision coverage ratio was healthy at 81% (82% in March 2012). The management has indicated that default rates in retail products are steadily increasing though they are well below historic levels.

Credit costs have remained low with most of the provisions for the quarter being made for floating provisions. We believe that the bank is likely to reduce floating provisions if there is a sharp increase in credit costs. We are building loan-loss provisions at 0.9-1.0% levels for FY2013-14E and slippages to increase to 1.6-1.7% of loans from 1% in FY2011-12.

HDFC Bank has maintained a healthy provision coverage ratio in the past

Break-up of provisions made during a year, March fiscal year-ends, 2006-1QFY13

	2006	2007	2008	2009	2010	2011	2012	1QFY13
NPAs	3,849	6,911	10,264	16,058	19,389	7,630	6,516	1,748
Standard assets	949	1,699	1,897	1,205	—	—	1,505	600
Investment depreciation	2,452	2,411	—	—	—	—	934	—
Floating	—	—	—	50	500	6,700	7,000	2,400
Securitized assets	—	120	39	(79)	(0)	26	98	—
Restructured assets	—	—	—	11	150	(44)	(41)	—
Contingencies	—	518	2,644	1,547	1,361	4,749	(1,645)	125
Oustanding provisions	7,249	11,658	14,843	18,791	21,400	19,061	14,367	4,873

Source: Company, Kotak Institutional Equities

Retail segment continues to drive loan growth; loan growth at 22% yoy

HDFC Bank's loan book grew 22% yoy (9% qoq) to ₹2.1 tn as of June 2012 driven by healthy growth in retail (33% yoy, 4% qoq)—52% of total loans. Non-retail loan book grew 9% yoy (15% qoq). Growth in retail loan was driven by healthy growth in commercial vehicles (60% yoy), housing loans (23% yoy), credit cards (42% yoy) and personal loans (35% yoy). The bank has slowly started to increase exposure towards unsecured loans—which is >20% compared to ~19% in FY2012. Market share improvement in vehicle loans despite extremely weak industry volumes is coming through a combination of increase in branch presence and benign competitive intensity, especially from public banks and smaller NBFCs. We expect the contribution from retail to decline over the next few quarters as disbursements is unlikely keep the current pace. We are building overall loan growth at 19% CAGR for FY2012-14E.

Proportion of retail loans has increased since 2010
Break-up of loan book, March fiscal year-ends, 2006-1QFY13 (%)

	2006	2007	2008	2009	2010	2011	2012	1QFY13
Total loans (Rs bn)	351	469	634	989	1,258	1,600	1,954	2,133
Retail	60.6	60.3	61.9	61.8	50.2	50.1	54.8	52.4
Unsecured	13.4	13.6	15.5	12.8	10.0	9.5	10.7	10.5
Business loans	6.8	11.1	13.5	12.8	8.7	9.4	9.5	9.2
Others	40.3	35.6	33.0	36.2	31.5	31.2	34.6	32.8
Corporate and others	39.4	39.7	38.1	38.2	49.8	49.9	45.2	47.6

Source: Company, Kotak Institutional Equities

Margin improve 10 bps qoq at 4.3% driven by better asset yields

NIM improved by 10 bps qoq to 4.3% as the bank benefitted from improvement of lending yields despite overall costs increasing further from 4QFY12 levels. Loan yields (KS calc) improved by 40 bps as the composition of retail assets shifted towards higher unsecured assets (contribution from unsecured assets to total retail loans increased by 60 bps qoq to 20%). Cost of funds (KS calc) increased by about 50 bps to 6.5% as contribution from CASA deposits to total deposits declined qoq to 46% from 48% in the previous quarter. Investment yields (KS calc) were flat at about 7.5% (KS calc). CD ratio increased to 83% from 79% in March 2012. NII grew by 22% yoy (3% qoq) to ₹35 bn. We expect margins to remain stable at 4-4.2% levels but decline from current levels as the bank has taken lending rate cuts in 1QFY13 and the composition shifts to the corporate segment.

Strong performance on fee income; treasury reports a marginal profit

Overall non-interest income grew by 37% yoy to ₹15.3 bn on the back of strong growth in core fee income, forex income and positive contribution from treasury income. Core fee income grew by 24% yoy primarily driven by retail fees (including wealth management fees as the negative impact of commission has played out) while growth in foreign exchange income was strong at 37% yoy. Treasury reported an income (including revaluation) of ₹665 mn compared to ₹715 mn loss in 4QFY12 and ₹413 mn loss in 1QFY12.

We are factoring overall non-interest income to grow by 24% CAGR for FY2012-14E but expect core fee income to grow by 18% CAGR as we expect the contribution from treasury income to improve as interest rates cool down from current levels.

Others key highlights

- ▶ Cost-income ratio declined to 49% as compared to 51% levels reported in the previous quarter. Operating expenses declined 1% qoq, led by 6% qoq decline in non-staff expenses. Aggressive opening of branches and ATMs resulted in sharp increase in costs over the past few quarters. The bank has opened 20 branches and 796 ATMs in 1QFY13 taking the total branch network to 2,564 branches and 9,709 ATMs, respectively. We expect this ratio to remain stable at 47-48% levels over the next few quarters as the bank is unlikely to make aggressive investments in infrastructure if there is a significant increase in earnings pressure.
- ▶ Tier-1 ratio comfortable at 10.9% with overall CAR at 15.5%. Tier-1 ratio adjusted for earnings is about 11.5%.
- ▶ CASA ratio declined to 46% as compared to 48% in the previous quarter as current account balances growth showed was fairly muted. On the other hand, growth in savings deposits remains healthy at 18% yoy. Decline in CASA ratio was also due to higher share of deposits coming through non-resident deposits.

HDFC Bank has expanded its network aggressively over the past few years
March fiscal year-ends, 2006-1QFY13

	2006	2007	2008	2009	2010	2011	2012	1QFY13
Branches	535	684	761	1,412	1,725	1,986	2,544	2,564
ATMs	1,323	1,605	1,977	3,295	4,232	5,471	8,913	9,709

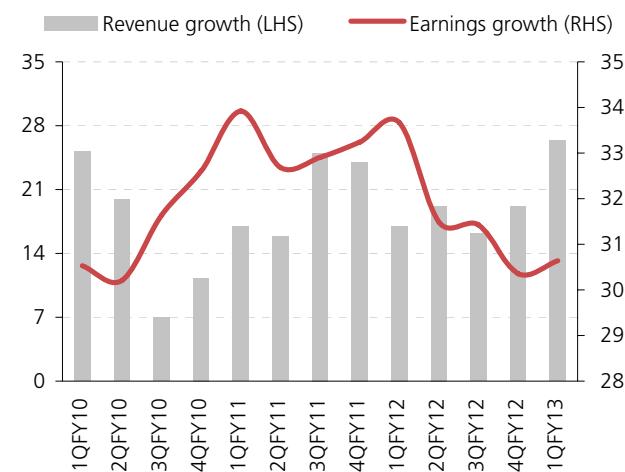
Source: Company, Kotak Institutional Equities

HDFC Bank has the highest opex-to-assets ratio among private sector banks
Operating expenses to total assets, March fiscal year-ends, 2009-12 (%)

	Opex to total assets (%)				Employee costs to total assets (%)			
	2009	2010	2011	2012	2009	2010	2011	2012
HDFC Bank	3.6	2.9	3.1	2.8	1.4	1.1	1.1	1.1
IndusInd Bank	2.2	2.4	2.5	2.6	0.7	0.9	0.9	0.9
ICICI Bank	1.8	1.6	1.7	1.8	0.5	0.5	0.7	0.8
Axis Bank	2.2	2.3	2.3	2.3	0.8	0.8	0.8	0.8
Yes Bank	2.1	1.7	1.5	1.4	1.1	0.9	0.8	0.7

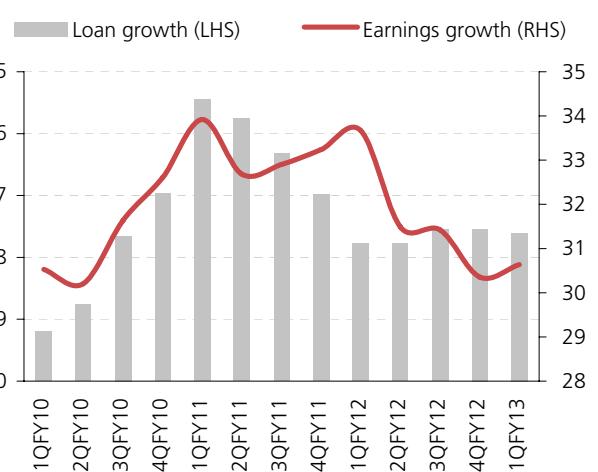
Source: Company, Kotak Institutional Equities

Earnings growth is higher than revenue growth since FY2010
Earnings and revenue growth, March fiscal year-ends, 1QFY10-1QFY13 (%)



Source: Company, Kotak Institutional Equities

Excluding one-off, earnings growth is ahead of loan growth
Earnings and loan growth, March fiscal year-ends, 1QFY10-1QFY13 (%)



Source: Company, Kotak Institutional Equities

HDFC Bank, quarterly performance

March fiscal year-ends, 1QFY12-1QFY13 (₹ mn)

	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13	% chg	1QFY13E	Actual Vs KS
Interest income	59,780	67,177	72,026	73,880	80,074	34	75,585	6
Interest on advances	45,142	49,948	54,175	56,101	60,635	34	57,518	5
Interest on investments	14,107	16,182	17,476	17,281	18,787	33	17,202	9
Other interest	531	1,047	376	498	652	23	865	(25)
Interest expense	31,300	37,732	40,867	39,997	45,234	45	41,345	9
Net interest income	28,480	29,445	31,160	33,883	34,841	22	34,240	2
Non-int.income	11,200	12,117	14,200	14,920	15,295	37	13,515	13
- fee income	9,227	9,879	11,276	12,373	11,433	24	10,611	8
- exchange income	2,301	2,180	3,656	3,252	3,148	37	2,602	21
- sale of invts.	(413)	(13)	(818)	(715)	665	(261)	100	565
Non treasury income	11,613	12,130	15,018	15,635	14,630	26	13,415	9
Total income	39,680	41,562	45,360	48,803	50,135	26	47,755	5
Op. expenses	19,346	20,304	21,580	24,671	24,326	26	23,606	3
Employee cost	7,810	8,231	8,674	9,284	9,932	27	9,762	2
Other cost	11,536	12,073	12,905	15,387	14,394	25	13,844	4
Operating profit	20,334	21,258	23,780	24,132	25,809	27	24,149	7
Provisions and cont.	4,437	3,661	3,292	2,983	4,873	10	3,659	33
NPLs	4,137	3,461	2,893	2,917	4,748	15	3,646	30
PBT	15,897	17,598	20,488	21,149	20,936	32	20,490	2
Tax	5,047	5,604	6,191	6,618	6,762	34	6,399	6
Net profit	10,850	11,994	14,297	14,531	14,174	31	14,091	1
Tax rate (%)	31.7	31.8	30.2	31.3	32.3			
Op.profit excl treasury gains	20,747	21,271	24,598	24,847	25,144			
Key balance sheet items (Rs bn)								
Total deposits	2,112	2,307	2,325	2,467	2,575	22.0		
Savings deposits	648	690	703	740	767	18.4		
Current deposits	388	402	426	454	417	7.4		
Term deposits	1,076	1,215	1,196	1,273	1,392	29.4		
CASA ratio (%)	49.1	47.3	48.6	48.4	46.0	3.1		
Loans	1,770	1,899	1,958	1,954	2,133	20.6		
Retail credit	839	929	1,003	1,071	1,119	33.4		
Housing loans	110	123	131	143	136	23.2		
Car loans	232	246	258	264	275	18.5		
Loan against sec	11	10	10	10	10	(9.6)		
Personal loans	110	120	131	139	148	34.6		
Two wheeler	21	22	24	25	27	28.4		
Credit cards	54	59	65	70	77	42.2		
Commercial vehicles	91	113	126	131	144	59.5		
Business Banking	154	168	174	186	195	27.0		

Notes:

(1) Retail loans have been reclassified to meet regulatory guidelines.

Source: Company, Kotak Institutional Equities estimates

HDFC Bank—key parameters and balance sheet
March fiscal year-ends, 1QFY12-1QFY13

	1QFY12	2QFY12	3QFY12	4QFY12	1QFY13
Yield management measures (%)					
NIM	4.2	4.1	4.1	4.2	4.3
Asset quality details					
Gross NPL(Rs mn)	18,331	18,949	20,206	19,994	20,863
Gross NPL (%)	1.0	1.0	1.0	1.0	1.0
Net NPLs (Rs mn)	3,185	3,553	3,980	3,523	3,960
Net NPL (%)	0.2	0.2	0.2	0.2	0.2
Capital adequacy ratios (%)					
CAR	16.9	16.5	16.3	16.5	15.5
Tier I	11.4	11.4	11.2	11.6	10.9
Tier II	5.5	5.1	5.1	4.9	4.6
Other key details					
Branches	2,111	2,150	2,201	2,544	2,564
ATM network	5,998	6,520	7,110	8,913	9,709
Cities covered	1,111	1,141	1,174	1,399	1,416
Balance sheet snapshot (Rs bn)					
Capital and liabilities					
Capital	5	5	5	5	5
Reserves and surplus	262	275	290	295	311
Deposits	2,112	2,307	2,325	2,467	2,575
Borrowings	220	223	244	238	261
Subordinated debt	—	—	—	—	—
Other liabilities and provisions	262	348	491	374	448
Total	2,859	3,157	3,355	3,379	3,600
Assets					
Cash and balances with RBI	177	218	190	150	183
Balances with banks, money at call and short notice	35	20	35	59	57
Investments	729	786	802	975	902
Advances	1,755	1,885	1,943	1,954	2,133
Fixed assets	22	22	22	23	24
Other assets	141	227	363	217	301
Total	2,859	3,157	3,355	3,379	3,600

Source: Company

HDFC Bank—estimate changes
March fiscal year-ends, 2012-14E (₹ bn)

	New estimates			Old estimates		% change	
	2013E	2014E	2015E	2013E	2014E	2013E	2014E
Net loan growth (%)	19.7	18.8	18.0	19.7	18.8		
Total assets	4,270	5,354	6,454	4,272	5,352	(0.0)	0.0
Total income	222.2	273.0	329.4	219.5	269.1	1.2	1.5
Net interest income	153.9	189.5	230.0	152.7	189.0	0.8	0.3
NIM (%)	4.3	4.1	4.0	4.2	4.1		
Other income	68.3	83.5	99.4	66.8	80.1	2.2	4.3
Fee income	50.5	59.5	70.2	50.5	59.5	0.0	0.0
Expenses	105.4	127.5	146.5	105.7	124.3	(0.3)	2.5
Employee cost	39.9	48.4	54.7	39.1	46.5	2.0	4.1
Other cost	65.5	79.1	91.8	66.5	77.8	(1.5)	1.6
Loan loss provisions	20.2	26.1	33.9	18.2	25.6	10.9	2.0
PBT	95.6	119.5	149.1	95.5	119.2	0.1	0.2
PAT	65.8	82.2	102.5	65.2	81.4	0.9	0.9
PBT-treasury+provisions	114.8	141.1	178.0	111.8	141.3	2.7	(0.2)
EPS (Rs)	28.0	35.0	43.7	27.8	34.7	0.8	0.9
BVPS (Rs)	149	176	210	149	176	0.1	0.1

Source: Company, Kotak Institutional Equities estimates

RoE break-up
March fiscal year-ends, 2006-12 (%)

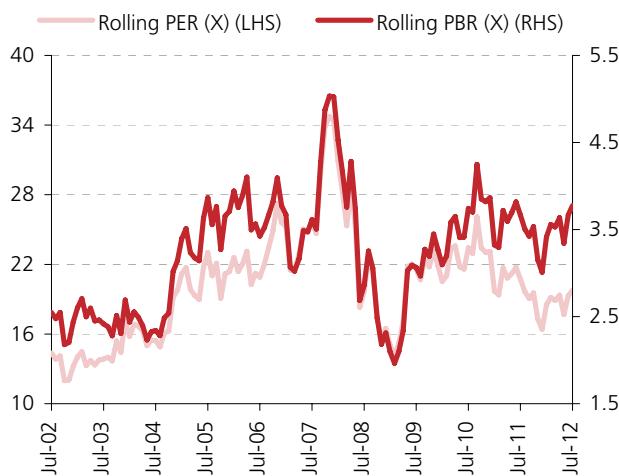
	2006	2007	2008	2009	2010	2011	2012
Net interest income	4.1	4.5	4.7	4.7	4.1	4.2	4.0
Other income	1.8	1.8	2.0	2.1	1.9	1.7	1.7
Treasury	(0.1)	(0.1)	0.2	0.2	0.2	(0.0)	(0.1)
Others	1.9	1.9	1.8	1.8	1.7	1.8	1.8
Total income	5.5	6.1	6.7	6.8	6.0	6.0	5.7
Operating expenses	2.7	3.0	3.6	3.6	2.9	3.1	2.8
Employees	0.8	0.9	1.2	1.4	1.1	1.1	1.1
Others	1.9	2.1	2.4	2.2	1.8	1.9	1.7
Pre provision income	2.8	3.0	3.1	3.2	3.1	2.9	2.9
Loan loss provisions	0.8	1.0	1.1	1.1	1.0	0.6	0.5
Investment Depreciation	—	—	—	—	—	—	—
Pre -tax pre extraordinary income	2.0	2.0	2.0	2.1	2.1	2.3	2.4
RoA pre-tax/prov/treasury/extr.	2.9	3.1	2.9	2.9	2.9	2.9	3.0
(1- tax rate)	69.5	69.6	69.7	68.0	68.7	67.5	68.8
ROA	1.4	1.4	1.4	1.4	1.5	1.6	1.7
Avg assets/avg equity	12.7	14.0	12.5	11.9	11.1	10.7	11.1
ROE	17.7	19.5	17.7	16.9	16.1	16.7	18.7

Notes

(a) Net interest income includes income from mutual fund reported under income from investments.

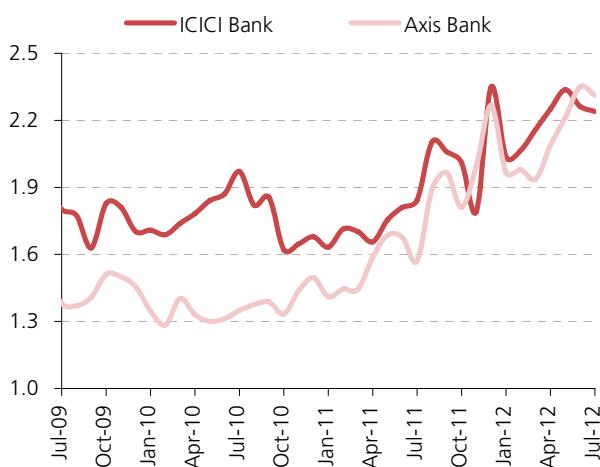
Source: Company, Kotak Institutional Equities

Rolling PER and PBR for HDFC Bank
July 2002-July 2012, (X)



Source: Company, Kotak Institutional Equities

Valuation premium over ICICI and Axis Bank at historic levels
HDFC Bank PBR to ICICI and Axis Bank PBR, July 2009-12 (X)



Source: Company, Kotak Institutional Equities

HDFC Bank growth rates and key ratios
March fiscal year-ends, 2009-15E (%)

	2009	2010	2011	2012	2013E	2014E	2015E
Growth rates (%)							
Net loan	55.9	27.3	27.1	22.2	19.7	18.8	18.0
Customer assets growth	40.4	26.8	26.2	22.4	19.6	18.7	17.9
Retail loans to Customer assets	61.8	57.6	49.9	54.5	32.1	27.6	23.9
Net fixed assets	44.6	24.5	2.6	8.1	25.2	(3.7)	(4.3)
Cash and bank balance	18.5	71.0	(0.9)	(29.4)	167.4	17.8	13.3
Total Asset	37.6	21.4	24.7	21.8	26.4	25.4	20.5
Deposits	41.7	17.2	24.6	18.3	21.9	19.8	19.0
Current	(1.1)	30.9	24.8	(2.3)	25.8	19.8	19.0
Savings	73.3	1.1	22.9	29.0	22.9	22.1	21.3
Fixed	33.5	42.9	27.2	16.6	17.8	15.7	14.8
Net interest income	42.0	13.0	25.7	16.6	25.2	23.1	21.4
Loan loss provisions	42.0	12.3	(26.1)	4.8	34.3	29.3	29.9
Total other income	44.2	15.7	13.9	21.0	30.2	22.4	19.0
Net fee income	43.3	15.2	27.1	18.9	18.1	17.8	18.0
Net capital gains	58.2	(9.8)	(115.2)	272.2	(202.1)	125.0	11.1
Net exchange gains	111.4	2.0	50.9	37.4	15.0	25.0	25.0
Operating expenses	47.7	4.2	24.1	20.1	22.7	21.0	14.9
Employee expenses	72.0	2.3	23.9	19.9	17.3	21.3	13.1
Key ratios (%)							
Yield on average earning assets	10.8	8.3	8.4	9.5	9.1	8.6	8.3
Yield on average loans	15.0	10.8	10.6	11.6	11.5	11.4	10.9
Yield on average investments	7.4	6.8	7.2	7.7	7.1	7.0	6.8
Average cost of funds	6.7	4.6	4.5	5.9	5.6	5.4	5.2
Interest on deposits	6.6	4.5	4.3	5.6	5.4	5.1	4.9
Difference	4.1	3.7	3.9	3.6	3.5	3.2	3.1
Net interest income/earning assets	4.9	4.3	4.4	4.3	4.3	4.1	4.0
New provisions/average net loans	2.1	1.7	1.0	0.8	0.9	1.0	1.1
Interest income/total income	69.3	68.8	70.9	70.1	69.3	69.4	69.8
Fee income to total income	22.9	23.2	24.2	24.4	22.7	21.8	21.3
Fees income to PBT	74.5	66.0	61.8	56.9	52.8	49.8	47.1
Net trading income to PBT	11.6	8.0	(0.9)	(2.6)	2.1	3.8	3.4
Exchange inc./PBT	18.1	14.2	15.8	16.8	15.2	15.2	15.3
Operating expenses/total income	51.7	47.3	48.1	49.0	47.4	46.7	44.5
Operating expenses/assets	3.5	2.8	2.9	2.8	2.8	2.6	2.5
Operating profit /AWF	1.9	2.0	2.5	2.7	2.6	2.5	2.5
Tax rate	32.0	31.3	32.5	31.2	31.2	31.2	31.2
Dividend payout ratio	18.9	18.6	19.6	19.5	19.5	19.5	19.5
Share of deposits							
Current	19.9	22.2	22.3	18.4	19.0	19.0	19.0
Fixed	55.6	48.0	47.3	51.6	52.0	53.0	54.0
Savings	24.4	29.8	30.4	30.0	29.0	28.0	27.0
Loans-to-deposit ratio	69.2	75.2	76.7	79.2	77.8	77.1	76.4
Equity/assets (EoY)	8.2	9.7	9.2	8.9	8.2	7.7	7.6
Asset quality trends (%)							
Gross NPL	1.9	1.4	1.0	1.0	1.2	1.4	1.5
Net NPL	0.6	0.3	0.2	0.2	0.3	0.4	0.5
Slippages	5.4	2.6	1.1	1.0	1.6	1.7	1.7
Provision coverage (ex writeoff)	67.8	78.4	82.5	82.4	76.9	69.1	68.1
Dupont analysis (%)							
Net interest income	4.7	4.1	4.2	4.0	4.0	3.9	3.9
Loan loss provisions	1.1	1.0	0.6	0.5	0.5	0.5	0.6
Net other income	2.1	1.9	1.7	1.7	1.8	1.7	1.7
Operating expenses	3.6	2.9	3.1	2.8	2.8	2.6	2.5
Inv. depreciation	—	—	—	—	—	—	—
(1- tax rate)	68.0	68.7	67.5	68.8	68.8	68.8	68.8
ROA	1.4	1.5	1.6	1.7	1.7	1.7	1.7
Average assets/average equity	11.9	11.1	10.7	11.1	11.8	12.6	13.0
ROE	16.9	16.1	16.7	18.7	20.3	21.5	22.6

Source: Company, Kotak Institutional Equities estimates

HDFC Bank—P&L and balance sheet
March fiscal year-ends, 2009-15E (₹ mn)

	2009	2010	2011	2012	2013E	2014E	2015E
Income statement							
Total interest income	163,323	161,729	199,282	272,864	328,484	399,540	472,155
Loans	121,368	120,983	150,850	205,366	247,852	292,520	331,396
Investments	40,080	39,813	46,754	65,046	77,171	102,752	135,837
Cash and deposits	1,876	933	1,678	2,452	3,462	4,268	4,922
Total interest expense	89,111	77,863	93,851	149,896	174,554	210,045	242,133
Deposits from customers	80,155	69,977	80,283	126,897	146,717	169,134	192,787
Net interest income	74,212	83,866	105,431	122,968	153,931	189,495	230,022
Loan loss provisions	17,263	19,391	14,330	15,021	20,180	26,099	33,908
Net interest income (after prov.)	56,949	64,475	91,101	107,947	133,751	163,395	196,114
Other income	32,906	38,077	43,352	52,437	68,269	83,540	99,428
Net fee income	24,573	28,306	35,967	42,755	50,505	59,518	70,227
Net capital gains	3,826	3,451	(526)	(1,959)	2,000	4,500	5,000
Net exchange gains	5,986	6,103	9,208	12,654	14,552	18,190	22,737
Operating expenses	55,328	57,645	71,529	85,901	105,381	127,465	146,488
Employee expenses	22,382	22,892	28,360	33,999	39,894	48,402	54,734
Depreciation on investments	—	—	—	—	—	—	—
Other Provisions	1,528	2,010	4,731	(654)	1,000	—	—
Pretax income	32,999	42,898	58,193	75,137	95,639	119,470	149,054
Tax provisions	10,549	13,410	18,929	23,466	29,869	37,312	46,551
Net Profit	22,449	29,488	39,264	51,671	65,770	82,158	102,503
% growth	41.2	31.4	33.2	31.6	27.3	24.9	24.8
Operating profit	47,964	60,847	77,780	91,463	114,819	141,069	177,962
% growth	36.1	26.9	27.8	17.6	25.5	22.9	26.2
Balance sheet							
Cash and bank balance	175,066	299,424	296,688	209,377	559,861	659,449	746,930
Cash	15,862	24,353	29,980	43,070	107,674	123,825	136,208
Balance with RBI	119,410	130,480	221,029	106,841	341,844	424,881	499,980
Balance with banks	9,051	7,092	12,046	20,158	40,316	40,316	40,316
Net value of investments	588,252	586,154	709,294	974,829	1,191,468	1,734,872	2,247,778
Govt. and other securities	521,566	510,499	536,513	762,178	978,824	1,522,228	2,035,134
Shares	397	1,035	935	836	836	836	836
Debentures and bonds	19,428	11,393	5,348	9,628	9,628	9,628	9,628
Net loans and advances	988,830	1,258,306	1,599,827	1,954,200	2,339,402	2,778,111	3,276,839
Fixed assets	16,989	21,150	21,706	23,472	29,394	28,315	27,105
Net leased assets	—	—	—	—	—	—	—
Net Owned assets	16,989	21,150	21,706	23,472	29,394	28,315	27,105
Other assets	63,568	59,551	146,011	217,216	150,112	153,472	154,928
Total assets	1,832,706	2,224,586	2,773,526	3,379,095	4,270,236	5,354,219	6,453,580
Deposits	1,428,116	1,674,044	2,085,864	2,467,064	3,007,549	3,604,323	4,290,376
Borrowings and bills payable	120,860	188,414	200,302	293,122	459,223	693,218	758,152
Other liabilities	133,257	146,902	233,567	319,661	453,474	643,301	912,590
Total liabilities	1,682,233	2,009,361	2,519,733	3,079,848	3,920,246	4,940,842	5,961,119
Paid-up capital	4,254	4,577	4,652	4,693	4,693	4,693	4,693
Reserves & surplus	146,219	210,648	249,140	294,553	345,297	408,684	487,768
Total shareholders' equity	150,473	215,225	253,793	299,247	349,990	413,378	492,462

Source: Company, Kotak Institutional Equities estimates

June 2012: Results calendar

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Mon	Tue	Wed	Thu	Fri	Sat
16-Jul	17-Jul	18-Jul	19-Jul	20-Jul	21-Jul
Castrol India	Axis Bank	Bajaj Auto	DB Corp	Binani Industries	Bank of Maharashtra
Exide Industries	Bajaj Finserv	Bajaj Holdings	DishTV	Crompton Greaves	Jaiprakash Power Ventures
Mindtree			Dr Reddy's Laboratories	Hindustan Zinc	
South Indian Bank			Hero Motorcorp	HT Media	
			HMVL	JSW Energy	
			Kotak Mahindra Bank	Karnataka Bank	
			L&T Finance Holdings	Reliance Industries	
			Zee News	Ultratech Cement	
				United Phosphorus	
				Zee Entertainment	
23-Jul	24-Jul	25-Jul	26-Jul	27-Jul	28-Jul
Cairn India	Ashok Leyland	Aventis Pharma	ACC	Central Bank of India	Godrej Industries
Colgate Palmolive	Container Corp	Jubilant Foodworks	Ambuja Cements	CESC	Maruti Suzuki
Coromandel International	II&FS Investment Managers	Madras Cements	Bajaj Electricals	Grasim Industries	
Dabur India	ING Vysya Bank	Power Grid	BHEL	HCC	
Hindustan Unilever	LIC Housing Finance		Deepak Fertilizers	ICICI Bank	
Idea Cellular	Lupin		Gujarat Gas	MMFSL	
Indian Bank	Mahindra Lifespace Developer		JSW Steel	Neyveli Lignite	
L&T	Mangalore Refinery		Thermax	REC	
SJVN	Polaris Technology				
Tata Global Beverages	Torrent Power				
	Wipro				
30-Jul	31-Jul	1-Aug	2-Aug	3-Aug	4-Aug
Bharat Electronics	Hexaware Technologies	Century Textiles	3i Infotech	Marico	Godrej Consumer
	Shoppers Stop		Berger Paints	Motherson Sumi	
	Titan Industries				
6-Aug	7-Aug	8-Aug	9-Aug	10-Aug	11-Aug
		ABB	Ranbaxy Laboratories	BPCL	
		Mahindra & Mahindra			
13-Aug	14-Aug	15-Aug	16-Aug	17-Aug	18-Aug
		Hindalco Industries			

Source: BSE, NSE, Kotak Institutional Equities

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	13-Jul-12		Mkt cap.			O/S shares			EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			Target price			
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	(Rs)	(%)	ADVT-3mo				
Automobiles																														
Apollo Tyres	83	BUY	41,688	756	504	7.5	10.8	13.0	(13.9)	43.5	20.2	11.0	7.7	6.4	6.1	4.7	3.9	1.4	1.2	1.0	0.5	0.7	0.9	14.6	18.0	18.3	95	14.9	5.2	
Ashok Leyland	24	ADD	64,921	1,177	2,661	2.1	2.8	3.5	(10.6)	29.9	27.2	11.5	8.9	7.0	7.2	6.1	4.7	1.4	1.3	1.1	4.1	4.1	4.1	17.5	20.6	23.3	33	35.2	3.5	
Bajaj Auto	1,499	ADD	433,825	7,867	289	103.8	109.3	130.2	14.9	5.3	19.1	14.4	13.7	11.5	10.4	10.3	8.7	7.1	5.6	4.4	3.0	2.9	3.5	54.5	45.6	42.9	1,675	11.7	14.6	
Bharat Forge	301	REDUCE	71,404	1,295	237	19.7	20.2	24.9	57.0	2.4	23.6	15.3	14.9	12.1	8.5	7.8	6.6	2.9	2.5	2.2	1.3	1.7	2.0	16.2	17.8	17.6	325	8.0	2.2	
Exide Industries	138	SELL	117,173	2,125	850	5.4	6.4	7.4	(27.2)	18.4	15.3	25.4	21.5	18.6	16.9	14.4	12.6	3.8	3.4	2.9	0.9	0.9	0.9	15.9	16.7	16.9	105	(23.8)	2.8	
Hero Motocorp	2,087	SELL	416,724	7,557	200	119.1	136.2	137.8	19.8	14.4	1.1	17.5	15.3	15.1	13.5	11.3	10.0	7.6	6.0	5.0	2.2	2.6	2.6	62.1	52.6	41.5	1,900	(8.9)	18.2	
Mahindra & Mahindra	720	BUY	441,988	8,015	614	45.1	46.8	53.5	8.1	3.7	14.2	16.0	15.4	13.5	12.3	10.8	9.2	3.5	3.0	2.6	1.6	2.0	2.2	24.6	21.9	21.7	850	18.1	17.8	
Maruti Suzuki	1,184	NR	357,648	6,486	302	56.6	69.6	95.9	(28.6)	22.9	37.9	20.9	17.0	12.3	15.9	10.8	7.0	2.3	2.1	1.8	0.6	0.6	11.1	12.8	15.6	—	—	17.6		
Tata Motors	236	BUY	784,534	14,227	3,325	43.2	40.1	52.0	58.7	(7.0)	29.5	5.5	5.9	4.5	4.5	3.8	3.2	2.3	1.7	1.3	1.6	1.6	2.0	51.7	34.7	31.3	300	27.1	64.6	
Automobiles	Cautious	2,763,433	50,112			26.4	2.8	21.6	9.7	9.5	7.8	7.0	5.9	4.9	3.0	2.4	2.0	2.1	2.3	2.6	30.9	25.6	25.3							
Banks/Financial Institutions																														
Andhra Bank	115	ADD	64,464	1,169	560	24.0	22.0	25.3	6.1	(8.3)	15.0	4.8	5.2	4.5	—	—	—	0.9	0.8	0.7	4.8	4.4	5.0	19.2	15.6	15.9	135	17.2	1.5	
Axis Bank	1,035	ADD	427,542	7,753	413	101.2	102.9	109.2	22.6	1.6	6.2	10.2	10.1	9.5	—	—	—	2.0	1.7	1.5	1.6	1.7	2.0	17.3	16.1	1,250	20.8	51.2		
Bajaj Finserv	688	REDUCE	99,605	1,806	145	64.0	65.6	76.3	(18.2)	2.6	16.2	10.8	10.5	9.0	—	—	—	1.8	1.5	1.3	1.8	1.8	1.8	20.5	15.5	15.1	680	(1.2)	1.4	
Bank of Baroda	719	REDUCE	296,460	5,376	412	121.4	116.3	114.6	12.4	(4.2)	(1.5)	5.9	6.2	6.3	—	—	—	1.2	1.0	0.9	2.4	2.8	2.7	22.2	17.2	14.9	730	1.5	12.3	
Bank of India	338	BUY	194,044	3,519	575	46.8	60.4	67.7	2.9	29.2	12.1	7.2	5.6	5.0	—	—	—	1.1	1.0	0.9	2.1	3.2	3.6	15.1	16.5	16.2	430	27.3	4.2	
Canara Bank	426	REDUCE	188,696	3,422	443	74.1	77.1	90.8	(18.5)	4.1	17.7	5.7	5.5	4.7	—	—	—	1.0	0.9	0.8	2.6	2.8	2.8	15.4	14.2	14.8	450	5.6	5.2	
Corporation Bank	422	BUY	62,459	1,133	148	101.7	96.9	118.1	6.6	(4.7)	21.9	4.1	4.4	3.6	—	—	—	0.8	0.7	0.7	4.9	4.8	5.9	19.5	16.3	17.5	540	28.1	1.1	
Federal Bank	435	BUY	74,338	1,348	171	45.4	42.9	47.0	32.3	(5.6)	9.6	9.6	10.1	9.2	—	—	—	1.3	1.2	1.1	2.1	2.0	1.1	14.4	12.2	12.2	500	15.0	1.7	
HDFC	676	REDUCE	1,035,978	18,786	1,532	27.9	32.3	38.1	15.8	15.8	17.9	24.2	20.9	17.8	—	—	—	5.4	4.1	3.6	1.6	1.8	2.1	22.7	22.4	21.8	660	(2.4)	29.3	
HDFC Bank	587	REDUCE	1,377,623	24,982	2,347	22.0	28.0	35.0	30.4	27.3	24.9	26.7	20.9	16.8	—	—	—	4.6	4.0	3.4	0.7	0.9	1.2	18.7	20.3	21.5	575	(2.1)	28.8	
ICICI Bank	926	BUY	1,067,523	19,358	1,153	56.1	62.3	67.0	25.4	11.0	7.6	16.5	14.9	13.8	—	—	—	1.8	1.7	1.6	1.8	2.0	2.2	11.2	11.4	11.4	1,100	18.8	69.1	
IDFC	137	BUY	207,292	3,759	1,509	10.3	12.2	14.6	17.3	18.8	19.5	13.4	11.2	9.4	—	—	—	1.7	1.5	1.4	1.5	1.8	2.1	13.6	14.1	15.0	145	5.5	17.2	
India Infeline	58	REDUCE	18,855	342	327	4.5	4.5	5.2	(38.3)	(1.0)	15.0	12.7	12.8	11.2	—	—	—	1.1	0.9	0.9	2.3	1.3	1.5	7.7	7.7	8.0	55	(4.8)	0.5	
Indian Bank	186	BUY	80,023	1,451	430	39.8	40.0	43.9	2.7	0.4	9.8	4.7	4.7	4.2	—	—	—	0.9	0.8	0.7	2.0	2.0	2.2	19.5	16.9	16.0	260	39.6	1.1	
Indian Overseas Bank	84	REDUCE	66,589	1,208	797	13.2	19.2	24.2	(24.0)	45.6	26.3	6.3	4.4	3.4	—	—	—	0.7	0.6	0.6	5.4	6.3	7.6	9.9	12.2	14.0	100	19.7	1.8	
IndusInd Bank	337	ADD	157,639	2,859	468	17.2	19.3	22.7	38.5	12.4	17.6	19.6	17.5	14.9	—	—	—	3.7	3.2	2.7	0.7	0.7	0.9	20.1	18.7	18.5	360	6.8	3.2	
J&K Bank	814	ADD	39,471	716	48	165.7	163.1	177.0	30.6	(1.6)	8.6	4.9	5.0	4.6	—	—	—	1.0	0.8	0.7	4.1	4.5	21.2	18.0	17.1	950	16.7	0.7		
LIC Housing Finance	263	ADD	132,928	2,411	505	18.1	25.4	30.7	(11.8)	40.1	21.1	14.5	10.4	8.6	—	—	—	2.4	2.1	1.8	1.3	1.9	2.3	18.6	20.7	21.3	290	10.2	7.7	
Mahindra & Mahindra Financial	656	BUY	67,219	1,219	102	60.5	76.2	90.1	33.9	26.0	18.2	10.8	8.6	7.3	—	—	—	2.3	2.0	1.7	2.6	3.0	3.0	22.8	24.1	23.8	825	25.7	2.1	
Muthoot Finance	135	BUY	50,348	913	372	24.0	18.8	21.4	52.4	(21.6)	13.8	5.6	7.2	6.3	—	—	—	1.7	1.4	1.1	3.0	—	—	41.9	22.7	21.0	190	40.3	—	
Oriental Bank of Commerce	257	BUY	74,983	1,360	292	39.1	57.3	58.7	(24.0)	46.5	2.5	6.6	4.5	4.4	—	—	—	0.8	0.7	0.7	3.1	4.5	4.6	9.9	13.3	12.4	330	28.4	1.8	
PFC	185	BUY	244,208	4,428	1,319	23.0	28.1	31.1	0.9	0.9	22.1	10.6	8.0	6.6	6.0	—	—	—	1.2	1.1	1.1	3.2	4.0	4.4	16.9	16.9	16.6	185	(0.1)	9.2
Punjab National Bank	843	ADD	285,912	5,185	339	144.0	146.5	165.3	2.9	1.8	12.8	5.9	5.8	5.1	—	—	—	1.2	1.1	1.0	2.6	2.7	3.0	21.0	17.4	17.0	900	6.8	8.7	
Reliance Capital	360	ADD	88,642	1,607	246	21.1	30.1	31.7	126.7	42.5	5.4	17.1	12.0	11.4	—	—	—	0.8	0.8	0.7	2.3	3.3	3.5	5.8	6.6	6.7	450	25.0	25.6	
Rural Electrification Corp.	193	BUY	190,912	3,462	987	28.6	35.1	38.9	10.0	23.0	10.7	6.8	5.5	5.0	—	—	—	1.4	1.3	1.2	3.9	4.8	5.3	20.5	21.8	20.8	230	19.0	8.0	
Shriram City Union Finance	744	BUY	41,177	747	55	65.4	80.5	98.8	34.7	23.0	22.8	11.4	9.3	7.5	—	—	—	2.4	1.8	1.4	0.8	1.4	1.8	23.3	22.4	22.6	850	14.2	0.1	
Shriram Transport	567	BUY	126,442	2,293	223	56.4	63.5	71.7	2.3	12.6	12.9	10.1	8.9	7.9	—	—	—	2.												

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	13-Jul-12		Mkt cap.			O/S shares			EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			Target price		
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	(Rs)	(%)	(US\$ mn)			
Consumer products																													
Asian Paints	3,708	SELL	355,695	6,450	96	99.9	115.6	137.2	23.6	15.7	18.7	37.1	32.1	27.0	26.5	21.7	18.0	13.8	10.1	8.0	1.1	0.9	0.9	42.9	37.4	33.7	3,000	(19.1)	6.7
Colgate-Palmolive (India)	1,131	SELL	153,801	2,789	136	32.8	39.5	45.7	10.9	20.2	15.8	34.4	28.7	24.8	29.4	24.0	20.4	35.3	28.9	25.2	2.2	2.4	3.0	109.0	110.9	108.9	1,100	(2.7)	1.9
Dabur India	115	ADD	199,360	3,615	1,740	3.7	4.4	5.1	13.3	17.7	16.4	31.0	26.3	22.6	23.7	20.3	17.2	11.9	9.9	7.9	1.1	1.3	1.6	43.9	41.9	39.5	120	4.8	2.6
GlaxoSmithKline Consumer	2,663	ADD	111,996	2,031	42	84.5	105.5	122.7	18.5	24.9	16.4	31.5	25.3	21.7	23.8	19.4	16.0	10.1	8.4	7.0	1.3	1.6	1.9	33.8	35.2	34.3	3,000	12.7	1.6
Godrej Consumer Products	571	ADD	184,754	3,350	324	17.7	22.6	26.1	18.7	27.8	15.6	32.3	25.3	21.9	24.7	17.9	15.0	6.6	5.0	4.4	0.6	0.7	25.2	23.5	24.8	575	0.7	5.1	
Hindustan Unilever	441	ADD	952,277	17,273	2,159	11.9	14.3	16.7	20.6	20.4	16.6	37.0	30.8	26.4	31.2	23.5	19.4	27.1	23.5	20.3	2.0	2.7	3.1	83.8	81.9	83.2	480	8.8	16.3
ITC	254	ADD	1,947,435	35,315	7,681	8.0	9.2	10.4	25.2	14.6	13.1	31.6	27.6	24.4	22.3	18.7	16.2	9.9	8.8	7.1	1.8	2.0	1.2	35.5	35.2	33.3	265	4.5	27.5
Jubilant Foodworks	1,231	SELL	80,763	1,465	66	16.7	24.2	34.9	49.3	44.5	44.6	73.6	51.0	35.3	42.4	28.7	20.7	27.0	17.6	11.8	—	—	—	44.7	41.8	40.0	900	(26.9)	16.8
Jyothy Laboratories	124	ADD	9,601	174	78	10.8	11.0	12.6	4.0	2.2	14.3	11.5	11.3	9.8	13.2	9.7	8.4	1.4	1.3	1.2	3.8	4.7	4.7	12.4	11.6	12.3	220	77.8	0.5
Nestle India	4,483	SELL	432,198	7,837	96	104.6	125.3	146.5	20.5	19.8	16.9	42.9	35.8	30.6	28.3	23.9	19.3	33.9	23.7	17.5	1.1	1.3	1.5	94.7	77.9	65.7	4,000	(10.8)	3.3
Tata Global Beverages	114	BUY	70,621	1,281	618	5.4	6.0	7.4	36.3	12.1	22.1	21.2	18.9	15.5	12.6	9.8	8.1	1.2	1.2	1.6	1.8	2.1	7.8	8.0	9.3	120	5.1	3.6	
Titan Industries	217	ADD	192,561	3,492	888	6.7	8.1	9.7	36.5	21.2	19.2	32.3	26.7	22.4	21.9	17.8	14.2	13.3	10.1	7.3	1.0	1.4	0.5	47.9	43.2	37.8	270	24.5	11.3
United Spirits	775	ADD	97,329	1,765	126	16.6	30.3	39.2	(53.0)	82.7	29.3	46.7	25.6	19.8	15.9	12.0	10.5	2.1	1.9	1.8	0.2	0.3	0.4	4.7	7.9	9.4	700	(9.7)	26.5
Consumer products	Attractive	4,900,952	88,874			19.7	19.0	16.2	34.1	28.6	24.6	24.3	19.5	16.5	10.4	8.9	7.4	1.5	1.8	1.6	30.6	31.2	30.2						
Construction																													
IVRCL	48	REDUCE	12,696	230	267	0.9	3.3	6.0	(84.7)	264.1	83.6	52.7	14.5	7.9	9.4	7.3	5.8	0.6	0.6	0.8	0.8	0.8	1.2	4.3	7.5	50	5.2	10.9	
NCC	42	ADD	10,853	197	257	1.4	2.5	3.6	(78.0)	81.5	43.1	30.1	16.6	11.6	8.1	7.0	7.7	0.5	0.4	1.4	1.4	2.4	12.9	11.3	11.2	55	30.0	2.6	
Puri Lloyd	57	REDUCE	19,356	351	340	3.3	3.3	7.0	(322.9)	(0.5)	113.7	17.2	17.3	8.1	7.3	6.7	5.7	0.6	0.6	0.4	0.5	1.1	3.7	3.6	7.3	60	5.3	2.6	
Sadbhav Engineering	142	BUY	21,328	387	150	9.3	12.5	19.3	0.1	34.7	15.3	11.4	8.5	8.5	6.9	2.7	2.3	2.0	0.4	0.4	1.7	17.7	15.2	17.2	180	26.8	0.4		
Construction	Attractive	64,234	1,165			(19.5)	29.7	68.5	20.6	15.9	9.4	8.1	7.1	6.2	0.8	0.7	0.7	0.7	0.7	1.0	3.8	4.7	7.4						
Energy																													
Aban Offshore	428	RS	18,628	338	44	68.3	77.1	87.5	(49.1)	12.9	13.5	6.3	5.6	4.9	8.4	6.8	6.4	0.6	0.6	0.8	1.1	1.2	12.3	13.1	12.3	—	—	6.1	
Bharat Petroleum	387	ADD	279,507	5,069	723	18.1	24.6	(6.8)	8.7	24.8	21.3	19.6	15.7	11.3	10.8	10.1	1.7	1.6	1.5	1.4	1.9	7.9	8.1	9.5	430	11.2	8.3		
Cairn India	216	ADD	603,025	10,935	1,907	41.6	55.2	61.1	25.0	32.6	10.6	7.6	5.7	5.2	5.6	3.8	3.1	1.3	1.1	1.0	—	3.5	4.7	17.9	20.7	20.4	350	10.7	27.2
Castrol India	555	SELL	137,129	2,487	247	18.9	20.7	21.7	(4.4)	9.4	4.8	29.3	26.8	25.6	20.0	18.4	17.5	25.0	23.0	21.4	2.7	2.9	3.1	87.9	89.4	86.6	400	(27.9)	1.0
GAIL (India)	363	BUY	460,839	8,357	1,268	30.3	29.4	31.9	7.7	(3.0)	8.4	12.0	12.3	11.4	8.0	7.6	6.8	2.0	1.8	4.2	2.3	2.6	16.6	14.3	13.9	415	14.2	7.5	
GSPL	70	BUY	39,219	711	563	9.3	8.0	7.7	4.2	(13.6)	(4.5)	7.5	8.7	9.1	4.9	5.2	5.2	1.4	1.2	1.1	1.4	1.4	1.4	20.6	15.0	12.5	85	22.0	1.5
Hindustan Petroleum	350	SELL	118,806	2,154	339	26.9	23.7	32.8	(34.2)	(12.0)	38.4	13.0	14.8	10.7	2.9	3.1	2.9	0.7	0.7	2.4	2.1	2.9	5.4	4.6	6.1	295	6.3	2.6	
Indian Oil Corporation	271	ADD	658,581	11,943	2,428	32.7	22.8	27.3	0.8	(30.2)	19.7	8.3	11.9	9.9	5.9	7.8	7.3	1.1	1.0	0.9	1.8	1.1	1.8	12.9	8.5	9.4	295	8.8	2.6
Oil India	485	BUY	291,756	5,291	601	58.6	61.6	62.3	22.0	5.1	1.1	8.3	7.9	7.8	3.2	2.6	2.2	1.5	1.4	1.2	3.9	4.3	4.5	17.6	16.5	15.1	570	17.4	1.2
Oil & Natural Gas Corporation	285	ADD	2,439,178	44,232	8,556	32.8	32.5	34.1	33.1	(0.9)	4.7	8.7	8.8	3.7	3.4	2.9	1.5	1.3	1.2	3.4	3.5	3.9	17.0	14.9	14.0	305	7.0	12.9	
Petronet LNG	148	ADD	110,963	2,012	750	14.1	14.0	13.2	70.7	(0.8)	(5.9)	10.5	10.6	11.2	7.2	7.6	6.7	2.9	2.3	1.9	1.7	1.7	1.7	29.7	23.3	17.9	150	1.4	5.7
Reliance Industries	719	REDUCE	2,141,849	38,840	2,981	61.3	58.5	58.9	(1.1)	(4.5)	0.6	11.7	12.3	12.0	7.0	7.2	6.5	1.2	1.1	1.0	1.2	1.2	1.1	17.7	10.3	9.5	750	4.4	46.2
Energy	Neutral	7,299,479	132,369			13.3	(1.3)	6.2	9.6	9.7	9.2	5.4	5.2	4.7	1.4	1.2	1.1	2.1	2.4	2.8	14.1	12.6	12.2						
Industrials																													
ABB	783	SELL	165,882	3,008	212	8.7	19.9	23.7	192.0	128.7	19.1	89.9	39.3	33.0	57.5	24.2	20.5	6.5	5.8	5.0	0.4	0.4	0.4	7.4	15.6	16.3	500	(36.1)	0.7
BGR Energy Systems	305	REDUCE	22,020	399	72	31.1	28.4	32.3	(30.7)	(8.6)	13.7	9.8	10.7	9.4	6.4	6.1	5.7	2.0	1.7	1.5	2.3	1.9	2.1	21.7	17.1	1			

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	13-Jul-12	Rating	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
	Price (Rs)		(Rs mn)	(US\$ mn)	(mn)	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	(Rs)	(%)	(US\$ mn)		
Media																															
DB Corp	199	BUY	36,445	661	183	11.0	13.3	15.9	(21.9)	20.3	20.3	18.0	15.0	12.5	10.3	8.7	7.2	3.9	3.4	3.2	2.0	3.0	5.0	22.8	24.2	26.6	290	45.8	0.4		
DishTV	69	ADD	73,825	1,339	1,063	(1.3)	0.3	1.3	(24.4)	(124.3)	306.9	(51.5)	212.0	52.1	16.8	13.2	10.3	(76.3)	(119.3)	92.5	—	—	—	844.9	(43.9)	1,581.0	80	15.2	3.9		
Hindustan Media Ventures	121	BUY	8,880	161	73	8.9	10.4	12.5	22.3	16.0	20.6	13.5	11.7	9.7	7.1	5.8	4.5	2.0	1.8	1.6	0.8	1.7	3.3	15.9	16.2	17.3	190	57.0	0.0		
HT Media	98	ADD	23,026	418	235	7.0	7.5	10.9	(8.4)	5.8	46.7	13.9	13.1	9.0	5.9	4.9	3.1	1.5	1.3	1.2	0.4	2.0	4.1	11.0	10.6	14.3	130	32.8	0.3		
Jagran Prakashan	84	BUY	26,470	480	316	5.6	6.1	7.1	(17.3)	7.5	17.5	14.9	13.8	11.8	8.2	7.6	6.5	3.5	3.3	2.9	4.2	4.2	4.2	24.5	24.5	26.1	130	55.3	0.3		
Sun TV Network	297	REDUCE	116,963	2,121	394	17.6	17.9	18.9	(10.0)	2.0	5.6	16.9	16.6	15.7	10.3	9.8	9.2	4.4	4.0	3.7	3.2	3.4	4.0	28.6	26.3	25.6	320	7.8	5.4		
Zee Entertainment Enterprises	145	ADD	138,720	2,516	960	6.0	7.0	8.6	(0.5)	16.6	23.2	24.2	20.8	16.9	16.7	13.7	11.0	3.0	2.9	2.8	0.9	1.0	1.3	13.0	14.4	17.0	160	10.7	4.3		
Media			Attractive	441,053	7,998				(5.0)	20.7	22.2	23.5	19.5	15.9	11.7	10.2	8.4	3.8	3.5	3.2	1.6	1.9	2.4	16.0	17.8	19.9					
Metals & Mining																															
Coal India	354	BUY	2,236,625	40,559	6,316	23.3	26.6	31.9	34.5	14.1	20.0	15.2	13.3	11.1	9.9	8.2	6.3	5.0	4.1	3.3	2.0	2.2	2.7	37.1	33.8	32.8	390	10.1	12.7		
Hindalco Industries	120	REDUCE	230,554	4,181	1,915	17.7	16.4	14.8	38.9	(7.8)	(9.6)	6.8	7.4	8.1	7.0	6.8	6.3	0.7	0.7	0.6	1.2	1.2	1.2	11.1	9.4	7.9	115	(4.5)	19.0		
Hindustan Zinc	118	ADD	497,494	9,022	4,225	13.2	13.0	15.5	13.2	(1.5)	19.5	8.9	9.1	7.6	5.2	4.4	3.1	1.9	1.6	1.4	2.0	2.0	2.2	22.6	18.9	19.4	145	23.1	1.4		
Jindal Steel and Power	431	ADD	402,992	7,308	935	42.4	44.7	48.0	5.6	5.4	7.4	10.2	9.6	9.0	8.1	7.7	7.0	2.2	1.8	1.5	0.4	0.4	0.4	24.6	20.7	18.4	480	11.3	17.4		
JSW Steel	692	REDUCE	156,279	2,834	226	23.8	62.6	66.7	(69.7)	163.2	6.5	29.1	11.0	10.4	5.4	6.1	6.1	0.9	0.9	0.8	1.1	1.4	8.2	8.2	8.2	640	(7.4)	29.6			
National Aluminium Co.	58	SELL	148,449	2,692	2,577	3.4	3.8	4.0	(18.6)	11.6	5.1	17.0	15.3	14.5	8.7	6.6	5.5	1.3	1.2	1.1	1.7	1.7	7.6	8.1	8.0	53	(8.0)	0.3			
Sesa Goa	191	ADD	165,955	3,009	869	31.0	47.3	38.6	(36.2)	52.6	(18.5)	6.2	4.0	4.9	5.6	6.2	8.7	1.1	0.9	0.8	2.4	2.4	2.4	11.4	9.6	5.9	210	10.0	9.5		
Sterlite Industries	103	ADD	347,212	6,296	3,361	15.8	14.4	17.2	3.9	(8.5)	19.1	6.6	7.2	6.0	3.8	3.4	2.9	2.9	0.7	0.6	1.9	1.9	1.9	12.1	10.1	11.0	126	22.0	13.5		
Tata Steel	425	ADD	412,849	7,487	971	26.1	54.2	67.8	(65.4)	108.1	24.9	16.3	7.8	7.6	7.4	5.9	5.1	1.0	0.9	0.8	2.8	2.8	6.7	12.7	14.3	480	12.9	32.7			
Metals & Mining			Cautious	4,598,409	83,388				(2.2)	14.0	13.1	10.0	8.8	7.1	6.3	5.4	1.8	1.6	1.4	1.9	2.0	2.2	16.2	16.1	16.0						
Pharmaceutical																															
Apollo Hospitals	636	ADD	88,290	1,601	139	15.8	22.0	28.0	19.3	39.3	27.1	40.2	28.9	22.7	17.2	14.3	11.9	3.5	3.1	2.8	—	—	—	9.6	11.1	12.7	700	10.1	1.4		
Biocon	245	ADD	49,000	889	200	16.9	19.9	21.5	(8.0)	17.7	8.2	14.5	12.3	11.4	7.6	6.2	5.6	2.2	1.9	1.7	—	—	—	15.7	16.5	16.0	265	8.2	2.1		
Cipla	329	REDUCE	264,041	4,788	803	14.3	17.7	20.0	16.1	23.5	13.4	23.0	18.6	16.4	18.4	14.0	12.3	3.5	3.1	2.7	0.9	1.1	1.2	15.9	17.3	17.2	315	(4.2)	7.6		
Cadila Healthcare	783	ADD	160,257	2,906	205	31.9	38.5	44.9	(8.2)	20.8	16.7	24.6	20.3	17.4	19.3	14.6	12.7	6.2	5.1	4.2	1.0	1.1	1.3	27.5	27.5	26.4	810	3.5	1.1		
Dishman Pharma & chemicals	63	REDUCE	5,128	93	81	5.1	8.3	10.2	(48.6)	64.7	22.6	7.6	6.2	7.8	5.9	5.1	0.6	0.5	0.5	—	—	—	4.6	7.2	8.4	50	(20.7)	0.6			
Divi's Laboratories	1,046	ADD	138,990	2,519	133	40.2	52.2	61.1	24.1	30.0	17.0	26.0	20.0	17.1	19.6	14.4	12.3	6.5	5.4	4.5	—	—	—	27.1	29.6	28.9	1,085	3.7	3.8		
Dr Reddy's Laboratories	1,647	REDUCE	279,865	5,075	170	83.9	104.2	114.9	29.2	24.2	10.3	19.6	15.8	14.3	12.6	10.3	9.2	4.9	3.9	3.2	0.8	1.0	1.1	27.6	27.3	24.3	1,740	5.7	8.9		
GlaxoSmithKline Pharmaceuticals	2,041	SELL	172,849	3,134	85	74.3	82.3	92.7	8.8	10.8	12.6	27.5	24.8	22.0	19.7	16.8	14.6	8.9	8.4	7.6	2.2	2.8	2.8	32.4	34.8	36.1	1,930	(5.4)	1.0		
Glenmark Pharmaceuticals	382	REDUCE	103,315	1,874	271	21.9	22.1	26.2	29.3	1.0	18.6	17.4	17.3	14.6	20.7	13.0	11.1	4.3	3.5	2.9	—	—	—	26.7	22.5	22.0	345	(9.7)	4.2		
Jubilant Life Sciences	168	REDUCE	25,762	485	159	1.0	31.0	37.4	(93.1)	3,007.3	20.7	168.5	5.4	4.5	7.4	5.7	4.8	1.1	0.9	0.8	1.2	1.8	2.4	16.2	19.4	19.7	185	10.1	0.2		
Lupin	555	ADD	248,635	4,509	448	19.4	27.4	31.6	0.6	41.8	15.2	28.7	20.2	17.5	19.7	14.3	12.0	6.1	4.9	4.0	0.6	0.8	1.0	23.8	27.3	25.4	550	(0.9)	6.4		
Ranbaxy Laboratories	490	SELL	206,753	3,749	422	19.8	37.4	25.8	(51.2)	88.6	(30.8)	24.7	13.1	19.0	15.5	10.4	14.4	5.1	3.6	3.0	—	—	—	17.3	32.7	17.7	445	(9.2)	8.5		
Sun Pharmaceuticals	616	ADD	638,292	11,575	1,036	25.0	26.1	29.1	42.5	4.7	11.2	24.7	23.6	21.2	18.1	15.7	13.6	4.8	4.0	3.4	0.7	0.8	1.0	23.9	20.4	19.4	650	5.5	7.6		
Pharmaceuticals			Attractive	2,382,077	43,197				11.0	24.7	6.2	22.8	18.3	17.3	15.8	12.2	12.0	3.5	3.0	3.2	0.7	0.9	0.9	15.4	16.3	18.8					
Property																															
DLF	208	ADD	356,888	6,472	1,715	7.1	12.7	16.9	(22.1)	79.7	33.1	29.4	16.4	12.3	15.2	11.6	8.9	1.3	1.2	1.2	1.4	1.7	4.5	7.6	9.5	260	24.9	20.8			
Housing Development & Infrastructure	87	BUY																													

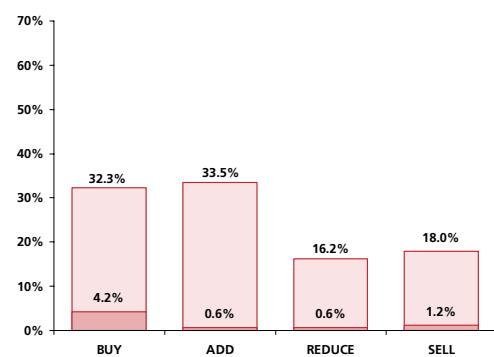
Kotak Institutional Equities: Valuation summary of KIE Universe stocks

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Company	13-Jul-12 Price (Rs)	Rating	Mkt cap. (Rs mn) (US\$ mn)		O/S shares (mn)			EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			Target RoE (%)			Upside (%)			ADVT-3mo (US\$ mn)		
			2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E		
Technology																																		
HCL Technologies	484	REDUCE	345,774	6,270	715	32.6	38.4	40.7	42.8	17.7	6.0	14.8	12.6	11.9	8.9	7.8	7.1	3.1	2.5	2.2	1.6	1.7	1.7	22.1	21.6	20.2	445	(8.0)	11.7					
Hexaware Technologies	114	ADD	33,518	608	294	9.1	12.5	13.5	207.9	37.1	8.4	12.6	9.2	8.4	11.1	6.3	5.4	3.3	2.6	2.2	2.6	2.8	3.1	26.9	32.0	28.2	140	22.6	3.6					
Infosys	2,230	REDUCE	1,279,905	23,210	574	144.9	166.0	172.8	21.0	14.6	4.1	15.4	13.4	12.9	10.0	8.3	7.7	4.1	3.4	2.9	2.1	2.4	2.7	24.4	2,350	5.4	73.1							
Mahindra Satyam	81	BUY	95,315	1,728	1,176	10.2	9.1	9.9	142.3	(10.5)	8.3	8.0	8.9	8.2	6.5	4.4	3.8	3.2	2.3	1.9	—	—	2.4	50.4	30.5	25.8	88	8.6	4.1					
Mindtree	657	ADD	27,041	490	41	53.1	68.4	72.1	115.1	28.8	5.4	12.4	9.6	9.1	9.2	6.1	5.5	2.8	2.4	2.0	0.8	3.1	3.3	26.2	26.8	24.0	685	4.3	2.4					
Mphasis	383	SELL	80,791	1,465	211	39.0	37.6	36.9	(24.6)	(3.7)	(1.8)	9.8	10.2	10.4	8.2	6.8	6.4	2.1	1.8	1.5	1.2	1.3	1.4	22.8	18.7	15.9	355	(7.4)	1.3					
Polaris Financial Technology	120	REDUCE	11,949	217	100	20.8	19.3	21.4	7.4	(6.8)	10.4	5.8	6.2	5.6	3.2	2.7	2.3	1.0	0.9	0.8	3.3	3.4	3.6	18.1	14.5	14.4	120	0.1	1.6					
TCS	1,249	REDUCE	2,445,326	44,344	1,957	54.4	68.1	70.6	22.0	25.3	3.7	23.0	18.3	17.7	16.3	13.1	12.5	7.5	6.2	5.2	2.0	2.2	2.3	36.8	36.9	31.9	1,125	(10.0)	38.2					
Tech Mahindra	713	BUY	90,868	1,648	127	80.2	90.8	88.2	66.9	13.3	(2.9)	8.9	7.8	8.1	8.1	8.8	8.2	2.2	2.0	1.8	0.6	1.4	1.5	28.4	27.4	23.7	750	5.2	2.1					
Wipro	359	REDUCE	881,336	15,982	2,456	22.7	27.6	29.1	5.2	21.5	5.3	13.0	12.4	10.8	8.4	7.7	3.1	2.6	2.2	1.3	1.7	1.9	21.2	21.7	19.5	375	4.5	11.0						
Technology	Cautious		5,291,823	95,962			20.6	18.5	4.2	17.1	14.4	13.8	11.9	9.6	9.0	4.4	3.6	3.1	1.8	2.1	2.2	25.5	25.2	22.6										
Telecom																																		
Bharti Airtel	308	ADD	1,169,471	21,207	3,798	11.2	18.0	22.3	(29.6)	60.7	23.5	27.5	17.1	13.8	7.8	6.3	5.3	2.3	2.1	1.8	—	0.5	0.7	8.6	12.7	14.0	375	21.8	21.1					
IDEA	83	ADD	274,174	4,972	3,303	2.2	4.7	7.0	(19.6)	113.7	50.6	37.9	17.8	11.8	8.1	6.1	4.8	2.1	1.9	1.6	—	—	—	5.7	11.2	14.8	95	14.5	5.2					
MTNL	26	RS	16,097	292	630	(9.1)	(8.4)	(8.3)	(11.9)	(8.1)	(1.7)	(2.8)	(3.0)	(3.1)	0.4	0.5	0.6	0.2	0.2	0.2	—	—	—	(5.7)	(5.5)	(5.8)	—	—	0.7					
Reliance Communications	68	SELL	140,971	2,556	2,064	4.5	2.3	5.1	(31.1)	(48.1)	117.6	15.2	29.3	13.4	7.7	6.7	5.7	0.4	0.4	—	—	—	—	2.6	1.5	3.2	60	(12.2)	13.8					
Tata Communications	245	REDUCE	69,725	1,264	285	(28.0)	(24.2)	(18.3)	12.3	(13.5)	(24.4)	(8.7)	(10.1)	(13.4)	10.0	7.8	6.9	2.5	3.2	4.0	—	—	—	(24.9)	(27.7)	(26.6)	210	(14.2)	1.0					
Telecom	Attractive		1,670,438	30,292			(34.4)	68.7	41.0	36.8	21.8	15.5	8.0	6.5	5.4	1.5	1.5	1.3	—	—	0.5	4.2	6.7	8.6										
Utilities																																		
Adani Power	50	SELL	120,258	2,181	2,393	(0.4)	5.5	4.7	(116.4)	(1,517.6)	(14.9)	(130.1)	9.2	10.8	26.4	7.8	6.0	1.8	1.5	1.3	—	—	—	(1.4)	18.1	13.2	48	(4.5)	3.0					
CESC	301	BUY	37,637	683	125	25.9	26.4	37.7	8.0	1.9	42.8	11.6	11.4	8.0	8.7	9.2	5.7	0.6	0.6	1.5	1.6	1.7	—	5.5	5.4	7.4	355	17.8	1.1					
JSW Energy	54	SELL	88,314	1,601	1,640	2.0	3.2	3.5	(60.6)	57.3	11.5	26.7	16.9	15.2	13.5	7.2	6.3	1.5	1.4	1.3	—	—	—	5.8	8.7	8.9	50	(7.1)	2.6					
Lanco Infratech	16	BUY	34,901	633	2,223	(0.5)	0.7	1.0	(131.8)	(229.9)	51.1	(30.0)	23.1	15.3	11.0	7.6	6.7	0.7	0.7	0.6	—	—	—	(2.5)	3.1	4.3	26	65.6	9.4					
NHPC	19	BUY	228,179	4,138	12,301	2.4	2.2	2.4	79.5	(9.8)	7.7	7.7	8.5	7.9	7.1	7.0	6.0	0.8	0.8	0.7	3.6	3.3	3.6	10.8	9.1	9.2	26	40.2	1.2					
NTPC	160	REDUCE	1,317,213	23,886	8,245	11.2	12.0	15.3	2.4	6.9	27.6	14.3	13.4	10.5	12.5	11.4	8.7	1.8	1.6	1.5	2.1	2.2	2.9	12.8	12.6	14.7	160	0.2	5.9					
Power Grid	112	ADD	518,761	9,407	4,630	7.1	8.2	9.2	23.0	16.0	11.6	15.8	13.7	12.2	12.3	10.4	9.3	2.2	2.0	1.8	1.9	2.2	2.5	14.6	15.4	15.5	125	11.6	5.0					
Reliance Infrastructure	547	BUY	143,838	2,608	263	60.3	67.5	73.9	4.0	11.9	9.4	8.1	7.4	11.0	4.8	3.5	0.6	0.5	1.9	2.1	2.1	2.1	8.9	9.8	10.2	890	62.8	25.8						
Reliance Power	106	SELL	296,221	5,372	2,805	3.1	3.3	2.7	14.0	8.1	(18.4)	34.2	31.6	38.7	54.7	27.0	17.9	1.7	1.6	1.5	—	—	—	5.0	5.2	4.0	76	(28.0)	10.3					
Tata Power	99	BUY	243,379	4,413	2,468	4.6	7.5	6.7	10.4	63.6	(10.7)	21.4	13.1	14.6	11.0	7.7	7.1	1.8	1.6	1.5	1.7	1.7	8.1	13.2	10.8	115	16.6	6.2						
Utilities	Neutral		3,028,701	54,922			(0.3)	19.0	14.0	15.5	13.0	11.4	12.6	9.8	8.1	1.5	1.4	1.3	1.7	1.9	2.2	9.5	10.5	11.0										
Others																																		
Carborundum Universal	161	REDUCE	30,144	547	187	11.6	11.4	12.7	27.0	(1.9)	11.9	13.9	14.2	12.7	8.4	7.8	6.9	2.9	2.5	2.1	1.6	1.5	1.7	27.8	21.2	20.1	150	(7.0)	0.1					
Coromandel International	255	SELL	72,069	1,307	283	22.5	22.7	24.6	(8.5)	0.9	8.5	11.4	11.3	10.4	9.5	8.1	7.5	3.0	2.6	2.2	2.9	3.0	3.2	27.5	23.3	21.9	260	1.9	0.4					
Havells India	588	ADD	73,380	1,331	125	31.5	36.5	41.7	61.6	16.0	14.3	18.7	16.1	14.1	11.8	9.5	8.3	7.3	5.4	4.2	1.1	1.2	1.3	45.6	38.4	33.3	600	2.0	3.0					
Jaiprakash Associates	78	BUY	164,906	2,990	2,126	2.9	7.1	10.8	(51.5)	142.3	51.9	26.5	11.0	7.2	11.5	8.5	6.6	1.4	1.3	1.1	—	—	5.6	12.5	16.7	88	13.5	23.6						
Jet Airways	377	SELL	32,512	590	86	(233.8)	(33.8)	(29.1)	2,225.0	(86)	(13.9)	(1.6)	(11.2)	(13.0)																				

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Source: Kotak Institutional Equities

As of June 30, 2012

Ratings and other definitions/identifiers

Definitions of ratings

Definitions of ratings

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SELL. We expect this stock to deliver <-5% returns over the next 12 months.

Our target prices are also on a 12-month horizon basis.

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