

Contents

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) |
| Nikkei | 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\$m)

| | 12-Jul | | MTD | CYTD |
|-----|--------|--|-------|-------|
| FIs | 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) | 13.3 | 29.2 |
| HPCL | IN Equity | 350.5 | (1.2) | 17.0 | 23.8 |
| GNP | IN Equity | 381.9 | (1.9) | 4.6 | 19.9 |
| TCS | IN Equity | 1249.4 | 1.1 | (1.8) | 17.5 |
| Z | IN Equity | 144.5 | 1.2 | 7.0 | 15.9 |
| Worst performers | | | | | |
| IVRC | IN Equity | 47.6 | (3.5) | (1.9) | (32.9) |
| ADE | IN Equity | 222.4 | (1.1) | (0.1) | (27.1) |
| TTMT | IN Equity | 236.0 | (0.4) | (1.8) | (21.5) |
| ABNL | IN Equity | 775.0 | (1.2) | 1.0 | (20.5) |
| SUEL | IN Equity | 19.3 | (0.5) | 7.5 | (19.9) |

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 |
| FIs | 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.

REDUCE

JULY 13, 2012

RESULT, CHANGE IN RECO.

Coverage view: **Neutral**

Price (Rs): **587**

Target price (Rs): **575**

BSE-30: **17,214**
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 |
| Outstanding 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

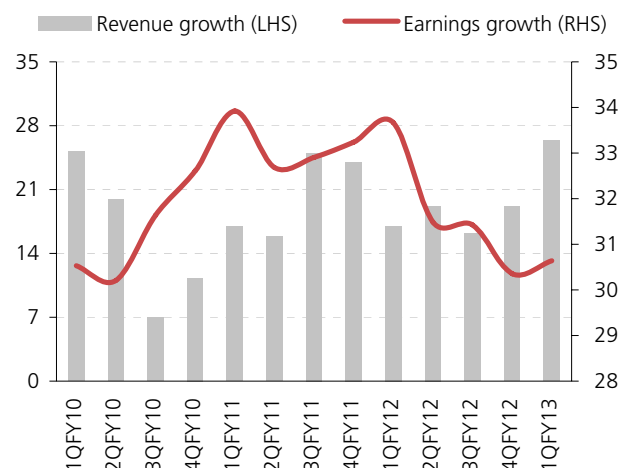
HDFC Bank has the highest opex-to-assets ratio among private sector banks
Operating expenses to total assets, March fiscal year-ends, 2009-12 (%)

| | 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

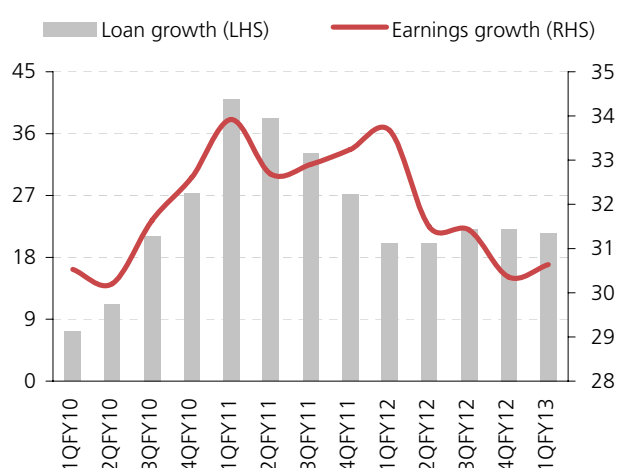
Earnings and revenue growth, March fiscal year-ends, 1QFY10-1QFY13 (%)



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

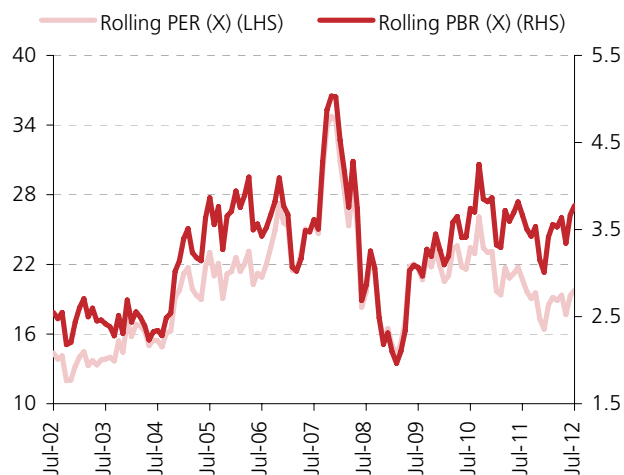
March fiscal year-ends, 2006-12 (%)

| | 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 |

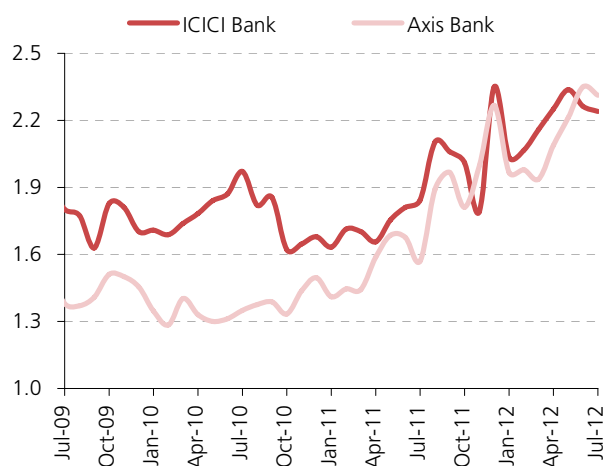
Notes

(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 |
| Invnt. 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

| 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 | |
| | | | HMV | 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

Source: Company, Bloomberg, Kotak Institutional Equities estimates

| Company | 13-Jul-12 | | Mkt cap. | | O/S | EPS (Rs) | | | EPS growth (%) | | | PER (X) | | | EV/EBITDA (X) | | | Price/BV (X) | | | Dividend yield (%) | | | RoE (%) | | | Target | Upside | ADVT-3mo |
|-------------------------------|------------|--------|-----------|-----------|---------|----------|--------|--------|----------------|--------|-------|---------|-------|-------|---------------|-------|-------|--------------|-------|-------|--------------------|-------|-------|---------|--------|--------|---------|--------|----------|
| | 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 | 2012 | 2013E | 2014E | (Rs) | | |
| 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 | 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 | 1.5 | 1.6 | 1.7 | 20.0 | 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 | 2.1 | 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 Infoline | 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 | 4.1 | 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 | 7.1 |
| 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 | 2.0 | 2.6 | 3.0 | 22.8 | 24.1 | 23.8 | 825 | 25.7 | 2.7 |
| 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 | 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 | — | — | — | 2.1 | 1.9 | 1.6 | 2.0 | 2.2 | 2.5 | 23.1 | 21.7 | 20.8 | 650 | 14.7 | 2.4 |
| SKS Microfinance | 84 | RS | 6,322 | 115 | 75 | (89.1) | (27.5) | (19.0) | (667.7) | (69.1) | 5.4 | (0.9) | (3.1) | (2.9) | — | — | — | 0.5 | 0.6 | 0.8 | — | — | — | (44.7) | (19.3) | (24.8) | — | — | 2.3 |
| State Bank of India | 2,178 | BUY | 1,461,827 | 26,509 | 671 | 174.5 | 211.4 | 229.7 | 34.0 | 21.1 | 8.7 | 12.5 | 10.3 | 9.5 | — | — | — | 2.2 | 1.9 | 1.7 | 1.6 | 1.7 | 1.8 | 15.7 | 15.8 | 15.2 | 2,375 | 9.0 | 138.6 |
| Union Bank | 212 | BUY | 116,964 | 2,121 | 551 | 32.3 | 41.5 | 43.3 | (18.2) | 28.7 | 4.3 | 6.6 | 5.1 | 4.9 | — | — | — | 1.1 | 0.9 | 0.8 | 3.8 | 4.0 | 4.0 | 14.8 | 16.5 | 15.2 | 280 | 31.8 | 4.1 |
| Yes Bank | 349 | ADD | 123,282 | 2,236 | 353 | 27.7 | 31.0 | 39.0 | 32.1 | 12.1 | 25.8 | 12.6 | 11.3 | 9.0 | — | — | — | 2.7 | 2.2 | 1.9 | 1.1 | 1.3 | 1.6 | 23.1 | 21.3 | 22.4 | 385 | 10.2 | 19.6 |
| Banks/Financial Institutions | | | Neutral | 8,469,768 | 153,591 | | | | 14.7 | 14.8 | 12.3 | 11.7 | 10.2 | 9.1 | — | — | — | 1.9 | 1.7 | 1.5 | 1.8 | 2.0 | 2.2 | 16.5 | 16.8 | 16.9 | | | |
| Cement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ACC | 1,264 | SELL | 237,471 | 4,306 | 188 | 57.1 | 68.8 | 78.9 | 7.8 | 20.6 | 14.6 | 22.1 | 18.4 | 16.0 | 12.6 | 9.7 | 7.9 | 3.1 | 2.8 | 2.5 | 2.6 | 1.9 | 1.9 | 16.9 | 17.3 | 17.5 | 1,060 | (16.1) | 10.7 |
| Ambuja Cements | 168 | SELL | 255,759 | 4,638 | 1,522 | 7.8 | 10.3 | 11.6 | (1.2) | 32.8 | 12.4 | 21.6 | 16.2 | 14.4 | 12.4 | 9.5 | 8.3 | 2.9 | 2.7 | 2.5 | 1.3 | 1.6 | 2.3 | 14.6 | 17.8 | 18.0 | 150 | (10.7) | 7.9 |
| Grasim Industries | 2,639 | BUY | 242,008 | 4,389 | 92 | 288.6 | 282.9 | 309.2 | 24.4 | (2.0) | 9.3 | 9.1 | 9.3 | 8.5 | 5.5 | 5.3 | 4.6 | 1.4 | 1.3 | 1.1 | 1.3 | 1.3 | 1.3 | 16.9 | 14.4 | 13.9 | 2,800 | 6.1 | 3.1 |
| India Cements | 82 | ADD | 25,112 | 455 | 307 | 9.0 | 10.8 | 13.6 | 373.8 | 20.8 | 26.0 | 9.1 | 7.6 | 6.0 | 4.5 | 4.3 | 3.4 | 0.6 | 0.5 | 0.5 | 3.9 | 3.9 | 3.9 | 6.9 | 8.1 | 9.4 | 110 | 34.6 | 2.4 |
| Shree Cement | 2,904 | SELL | 101,176 | 1,835 | 35 | 75.8 | 133.5 | 129.5 | 32.6 | 76.1 | (3.0) | 38.3 | 21.8 | 22.4 | 9.0 | 7.5 | 7.5 | 4.8 | 4.1 | 3.7 | 0.6 | 0.7 | 0.7 | 13.1 | 20.2 | 17.3 | 2,300</ | | |

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

| Company | 13-Jul-12 | | Mkt cap. | | O/S | EPS (Rs) | | | EPS growth (%) | | | PER (X) | | | EV/EBITDA (X) | | | Price/BV (X) | | | Dividend yield (%) | | | RoE (%) | | | Target | Upside | ADVT-3mo |
|-------------------------------|------------|--------|------------|-----------|---------|----------|-------|-------|----------------|--------|---------|---------|--------|-------|---------------|-------|-------|--------------|-------|-------|--------------------|-------|-------|---------|-------|-------|--------|--------|----------|
| | 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 | 2012 | 2013E | 2014E | (Rs) | | |
| 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 | 0.6 | 0.7 | 25.2 | 23.5 | 24.8 | 575 | 0.7 | 5.1 |
| Hindustan Unilever | 441 | ADD | 952,527 | 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 | 23.3 | 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 | 1.1 | 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 | | | |
| Constructions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | 0.6 | 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 | 0.4 | 1.4 | 1.4 | 2.4 | 12.9 | 11.3 | 11.2 | 55 | 30.0 | 2.6 |
| Punj 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 | 0.6 | 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 | 9.3 | 12.5 | 19.3 | 0.1 | 34.7 | 15.3 | 15.3 | 11.4 | 8.5 | 8.5 | 6.9 | 2.7 | 2.3 | 2.0 | 0.4 | 0.4 | 0.4 | 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 | 0.6 | 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 | 19.7 | 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 | 1.5 | 1.9 | 7.9 | 8.1 | 9.5 | 430 | 11.2 | 8.3 |
| Cairn India | 316 | 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 | 1.6 | 2.4 | 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 | 0.7 | 2.4 | 2.1 | 2.9 | 5.4 | 4.6 | 6.1 | 295 | (15.8) | 6.3 |
| 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 | 8.4 | 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 | 12.2 | 7.0 | 7.2 | 6.5 | 1.2 | 1.1 | 1.0 | 1.2 | 1.2 | 1.2 | 11.7 | 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 | 17.1 | 260 | (14.8) | 5.5 |
| Bharat Electronics | 1,336 | REDUCE | 106,888 | 1,938 | 80 | 89.3 | 120.4 | 131.6 | (16.8) | 34.9 | 9.3 | 15.0 | 11.1 | 10.2 | 8.0 | 3.8 | 2.6 | 1.9 | 1.7 | 1.5 | 1.9 | 1.9 | 1.9 | 13.2 | 16.0 | 15.5 | 1,550 | 16.0 | 0.8 |
| Bharat Heavy Electricals | 232 | SELL | 566,742 | 10,277 | 2,448 | 28.8 | 26.4 | 23.1 | 17.1 | (8.0) | (12.5) | 8.1 | 8.8 | 10.0 | 5.4 | 5.6 | 6.1 | 2.2 | 1.9 | 1.6 | 2.7 | 2.4 | 2.1 | 30.9 | 23.3 | 17.5 | 200 | (13.6) | 23.1 |
| Crompton Greaves | 126 | ADD | 80,893 | 1,467 | 642 | 5.7 | 8.6 | 11.0 | (60.0) | 49.7 | 28.1 | 22.0 | 14.7 | 11.5 | 9.7 | 7.7 | 6.2 | 2.2 | 2.0 | 1.7 | 1.1 | 1.2 | 1.3 | 10.6 | 14.3 | 16.2 | 145 | 15.0 | 4.7 |
| Cummins India | 433 | SELL | 119,889 | 2,174 | 277 | 22.0 | 23.1 | 26.7 | (0.9) | 4.6 | 15.8 | 19.6 | 18.7 | 16.2 | 17.9 | 15.8 | 13.5 | 5.9 | 5.2 | 4.7 | 2.5 | 2.6 | 3.0 | 30.7 | 28.2 | 28.8 | 420 | (2.9) | 2.3 |
| KEC International | 57 | BUY | 14,654 | 266 | 257 | 6.9 | 8.5 | 9.7 | (14.1) | 23.3 | 14.5 | 8.3 | 6.7 | 5.9 | 5.4 | 5.3 | 4.7 | 1.3 | 1.1 | 0.9 | 2.1 | 2.2 | 2.6 | 16.4 | 17.5 | 17.3 | 75 | 31.6 | 0.3 |
| Larsen & Toubro | 1,405 | ADD | 855,282 | 15,510 | 609 | 81.2 | 85.4 | 94.2 | 20.0 | 5.1 | 10.3 | 17.3 | 16.4 | 14.9 | 12.2 | 11.1 | 10.3 | 2.7 | 2.3 | 2.0 | 1.0 | 1.0 | 1.0 | 17.1 | 15.2 | 14.5 | 1,375 | (2.1) | 55.7 |
| Maharashtra Seamless | 326 | BUY | 22,972 | 417 | 71 | 45.0 | 42.1 | 47.4 | (6.6) | (6.5) | 12.6 | 7.2 | 7.7 | 6.9 | 4.4 | 3.8 | 3.0 | 0.8 | 0.8 | 0.7 | 2.8 | 2.6 | 2.9 | 11.8 | 10.3 | 10.8 | 425 | 30.5 | 0.1 |
| Siemens | 698 | SELL | 237,492 | 4,307 | 340 | 23.9 | 28.3 | 32.0 | (6.2) | 18.2 | 13.0 | 29.2 | 24.7 | 21.8 | 18.0 | 15.2 | 13.1 | 5.3 | 4.5 | 3.9 | 0.7 | 0.8 | 0.9 | 19.4 | 19.8 | 19.3 | 575 | (17.6) | 2.3 |
| Suzlon Energy | 19 | REDUCE | 34,303 | 622 | 1,777 | (4.0) | (0.3) | 0.7 | (34.1) | (91.7) | (322.5) | (4.9) | (58.5) | 26.3 | 8.0 | 6.7 | 6.0 | 0.7 | 0.7 | 0.7 | 1.0 | 1.0 | 1.0 | (11.7) | (1.1) | 2.6 | 15 | (22.3) | 8.8 |
| Tecpro Systems</ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

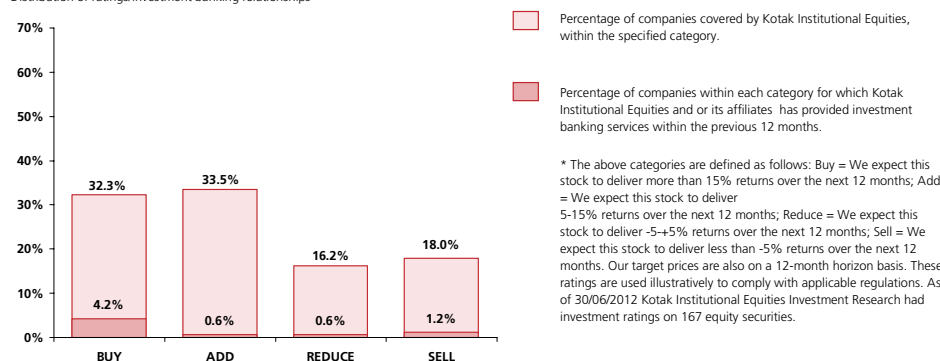
| | 13-Jul-12 | | Mkt cap. | | O/S | EPS (Rs) | | | EPS growth (%) | | | PER (X) | | | EV/EBITDA (X) | | | Price/BV (X) | | | Dividend yield (%) | | | RoE (%) | | | Target | | Upside | ADVT-3mo |
|--------------------------------------|------------|------------|-----------|-----------|-------------|----------|-------|-------|----------------|---------|--------|---------|-------|-------|---------------|-------|-------|--------------|---------|-------|--------------------|-------|-------|---------|--------|---------|--------|--------|-----------|----------|
| Company | Price (Rs) | Rating | (Rs mn) | (US\$ mn) | shares (mn) | 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 | 2.0 | 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 | 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 | 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 | 0.8 | 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 | 6.3 | 7.4 | 5.9 | 5.1 | 1.0 | 0.9 | 0.8 | 2.8 | 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 | 11.4 | 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 | 12.5 | 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 | 138,890 | 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 | 26,762 | 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 | 1.1 | 1.2 | 1.4 | 1.7 | 4.5 | 7.6 | 9.5 | 260 | 24.9 | 20.8 | |
| Housing Development & Infrastructure | 87 | BUY | 36,265 | 658 | 419 | 22.0 | 28.8 | 28.8 | 11.3 | 30.5 | 0.2 | 3.9 | 3.0 | 3.0 | 5.0 | 4.4 | 4.0 | 0.4 | 0.3 | 0.3 | — | 1.7 | 2.3 | 8.3 | 10.8 | 9.6 | 105 | 21.3 | 32.1 | |
| Mahindra Life Space Developer | 324 | BUY | 13,239 | 240 | 41 | 29.4 | 29.8 | 34.3 | 18.0 | 1.3 | 15.1 | 11.0 | 10.9 | 9.5 | 10.8 | 8.4 | 8.2 | 1.2 | 1.1 | 1.0 | 1.4 | 1.5 | 1.7 | 11.2 | 10.4 | 11.0 | 390 | 20.2 | 0.0 | |
| Oberoi Realty | 236 | BUY | 77,886 | 1,412 | 330 | 14.1 | 14.3 | 22.4 | (10.5) | 1.4 | 57.3 | 16.8 | 16.6 | 10.5 | 13.4 | 10.5 | 6.6 | 2.1 | 1.9 | 1.7 | 0.8 | 1.1 | 1.3 | 13.1 | 12.0 | 16.9 | 300 | 27.0 | 0.4 | |
| Phoenix Mills | 180 | BUY | 26,116 | 474 | 145 | 7.3 | 10.7 | 11.5 | 14.9 | 46.9 | 7.9 | 24.8 | 16.9 | 15.6 | 18.9 | 13.2 | 12.5 | 1.6 | 1.5 | 1.4 | 1.1 | 1.1 | 1.1 | 6.4 | 8.9 | 9.0 | 300 | 66.4 | 0.2 | |
| Sobha Developers | 340 | BUY | 33,303 | 604 | 98 | 21.4 | 25.1 | 37.4 | 13.8 | 17.1 | 49.2 | 15.9 | 13.5 | 9.1 | 9.6 | 8.6 | 6.0 | 1.7 | 1.5 | 1.3 | 1.5 | 1.5 | 1.5 | 10.9 | 11.7 | 15.6 | 430 | 26.6 | 1.1 | |
| Unitech | 24 | RS | 63,838 | 1,158 | 2,616 | 0.9 | 1.8 | 2.3 | (56.1) | 84.8 | 32.7 | 25.7 | 13.9 | 10.5 | 27.7 | 15.2 | 11.7 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | 2.1 | 3.7 | 4.7 | — | — | 7.9 | |
| Property | | Cautious | 607,533 | 11,017 | | | | | (17.4) | 52.1 | 26.7 | 19.2 | 12.6 | 10.0 | 13.2 | 10.2 | 8.0 | 1.0 | 1.0 | 0.9 | 1.2 | 1.5 | 1.7 | 5.4 | 7.7 | 9.0 | | | | |

Kotak Institutional Equities: Valuation summary of KIE Universe stocks

| | 13-Jul-12 | | Mkt cap. | | O/S | EPS (Rs) | | | EPS growth (%) | | | PER (X) | | | EV/EBITDA (X) | | | Price/BV (X) | | | Dividend yield (%) | | | RoE (%) | | | Target | | |
|--|------------|------------|------------|-----------|-------------|----------|--------|--------|----------------|-----------|---------|---------|--------|--------|---------------|-------|-------|--------------|-------|--------|--------------------|-------|-------|---------|--------|--------|--------|------------|--------------------|
| Company | Price (Rs) | Rating | (Rs mn) | (US\$ mn) | shares (mn) | 2012 | 2013E | 2014E | 2012 | 2013E | 2014E | 2012 | 2013E | 2014E | 2012 | 2013E | 2014E | 2012 | 2013E | 2014E | 2012 | 2013E | 2014E | 2012 | 2013E | 2014E | (Rs) | Upside (%) | ADVT-3mo (US\$ mn) |
| 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 | 2.3 | 2.4 | 29.0 | 27.7 | 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 | 11.5 | 8.1 | 8.8 | 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 | 15.8 | 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 | 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 | 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 | 7.8 | 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 | 9.1 | 8.1 | 7.4 | 11.0 | 4.8 | 3.5 | 0.6 | 0.6 | 0.5 | 1.9 | 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 | (40.6) | 63.6 | (10.7) | 21.4 | 13.1 | 14.6 | 11.0 | 7.7 | 7.1 | 1.8 | 1.6 | 1.5 | 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) | (168.8) | 11.0 | 10.4 | (7.7) | (4.6) | (3.4) | — | — | — | — | — | — | 280 | (25.7) | 12.7 |
| Rallis India | 130 | BUY | 25,353 | 460 | 195 | 5.1 | 8.2 | 9.4 | (21.6) | 61 | 14.7 | 25.6 | 15.9 | 13.8 | 12.5 | 9.8 | 8.4 | 4.6 | 3.8 | 3.1 | 1.5 | 1.5 | 1.5 | 21.6 | 25.1 | 23.4 | 145 | 11.2 | 1.1 |
| SpiceJet | 34 | BUY | 14,852 | 269 | 441 | (13.3) | (0.5) | 2.4 | (635.0) | (96.3) | (584.6) | (2.5) | (68.2) | 14.1 | (6.1) | 22.9 | 9.4 | (10.4) | (9.1) | (25.4) | — | — | — | (658) | 14.2 | (95.0) | 45 | 33.7 | 2.9 |
| Tata Chemicals | 321 | REDUCE | 81,726 | 1,482 | 255 | 32.9 | 38.8 | 42.3 | 25.4 | 17.9 | 9.0 | 9.7 | 8.3 | 7.6 | 5.2 | 4.4 | 3.7 | 1.3 | 1.2 | 1.0 | 3.7 | 4.7 | 5.3 | 18.6 | 19.5 | 19.4 | 365 | 13.8 | 1.6 |
| United Phosphorus | 122 | BUY | 56,294 | 1,021 | 462 | 13.0 | 17.6 | 21.3 | 5.4 | 35.4 | 20.7 | 9.4 | 6.9 | 5.7 | 6.4 | 4.8 | 3.9 | 1.3 | 1.2 | 1.0 | 2.1 | 2.9 | 3.7 | 16.2 | 18.5 | — | 150 | 23.1 | 3.6 |
| Others | | | 551,236 | 9,996 | | | | | (77.7) | 456.2 | 30.8 | 68.6 | 12.3 | 9.4 | 11.9 | 7.9 | 6.5 | 2.1 | 1.9 | 1.6 | 1.4 | 1.7 | 1.9 | 3.1 | 15.1 | 17.0 | | | |
| KS universe (b) | | | 46,233,475 | 838,398 | | | | | 9.8 | 13.0 | 12.2 | 14.1 | 12.4 | 11.1 | 9.0 | 7.8 | 6.8 | 2.2 | 1.9 | 1.7 | 1.7 | 1.9 | 2.0 | 15.3 | 15.4 | 15.5 | | | |
| KS universe (b) ex-Energy | | | 38,933,996 | 706,029 | | | | | 8.8 | 17.3 | 13.7 | 15.4 | 13.1 | 11.5 | 10.6 | 8.7 | 7.5 | 2.4 | 2.1 | 1.9 | 1.6 | 1.8 | 1.9 | 15.7 | 16.3 | 16.5 | | | |
| KS universe (d) ex-Energy & ex-Commodities | | | 33,043,196 | 599,206 | | | | | 10.4 | 18.2 | 13.9 | 16.2 | 13.7 | 12.0 | 11.7 | 9.4 | 8.1 | 2.5 | 2.2 | 2.0 | 1.6 | 1.8 | 1.9 | 15.7 | 16.4 | 16.7 | | | |

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities

As of June 30, 2012

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Definitions of ratings

Definitions of ratings

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ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

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

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