

January 18, 2008

India Strategy Friday Flash

BSE-30: 19,701

India

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**Kotak Institutional Equities
Research**

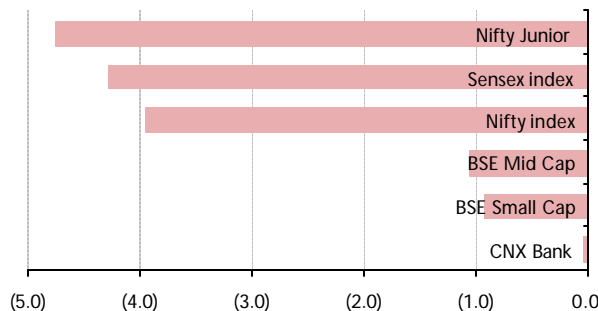
Important disclosures appear at the back of this report.

Powerless week. During the past week, Sensex lost 881 points (4.3%) closing at 19,701 largely on (1) rising concerns on US slowdown (2) no major 3QFY08 earnings surprises and (3) liquidity squeeze due large offerings in the primary market. The fall was led by HDFC, Bharti Airtel and Infosys contributing more than 270 points to the Sensex fall. FII flows were negative with net outflow of US\$594 mn in Indian equities. We expect the markets will likely remain volatile with individual stock movements driven by quarterly expectations.

Market highlights for the week ending Thursday, January 17, 2008

- Largest gainers: Educomp Solutions (26%), Welspun Gujarat Stahl Rohren (14%), Sadbhav Eng (11%)
- Largest losers: Patni Computer Systems (-12%), Lanco (-11%), Satyam Computer Services (-11%)

Relative performance of regional indices (% Change 1 Week)



Source: Bloomberg.

Earnings calendar

Date	Companies
18-Jan	HDFC, PFC, Wipro, HCC, IFCI, Wockhardt
19-Jan	ICICI Bank, Idea Cellular, Ultratech Cement, IPCA Labs
21-Jan	ONGC, Satyam Computer, Glenmark, CBOP, HDFC Bank, Kotak Mahindra Bank, Edelweiss Cap
22-Jan	Tech Mahindra, Corp Bank, Grasim, Sesa Goa, I-flex, Lupin, BOI
23-Jan	Polaris, Bajaj Hindustan, Union Bank, Dena Bank, Chennai Pet
24-Jan	SBI, GMR Infra, CBOI, PNB, HDIL
25-Jan	BEML, Bharat Electronics, Ashok Leyland, TVS Motors, Dr Reddy's, BHEL, Federal Bank, Novartis, TVS Motors

Our top recommendations

Exhibit 1: Kotak Institutional Equities, Top 10, 17 January, 2008

Companies	Sector	Rating	Mkt cap.	CMP	Target	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
			(US\$ mn)	(Rs)	(Rs)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E
ICICI Bank	Banking	ADD	37,189	1,322	1,200	34.6	35.7	47.3	38.2	37.0	28.0	—	—	—
Larsen & Toubro	Industrials	BUY	29,849	4,078	4,050	62.8	91.1	122.9	64.9	44.7	33.2	40.4	28.0	20.8
ITC	Consumer Products	BUY	20,663	217	250	7.2	8.3	9.7	30.1	26.1	22.4	19.2	16.5	13.7
Maruti Suzuki	Automobiles	BUY	6,376	867	1,200	54.0	75.3	88.9	16.0	11.5	9.8	9.4	6.8	5.6
Mahindra & Mahindra	Automobiles	BUY	4,939	752	875	37.4	44.1	44.5	20.1	17.1	16.9	13.5	12.3	11.5
Infosys Technologies	Technology	BUY	21,770	1,491	2,000	67.0	79.7	94.7	22.3	18.7	15.7	18.1	14.9	11.8
Suzlon Energy	Industrials	ADD	15,188	1,979	2,250	30.0	39.6	69.2	65.9	50.0	28.6	44.7	30.0	19.2
Hindalco Industries	Metals	BUY	6,343	191	210	19.6	17.5	15.9	9.7	10.9	12.0	7.2	6.7	6.8
Mid-cap. banking basket														
Andhra Bank	Banking	BUY	1,395	113	120	11.1	12.6	13.5	10.2	9.0	8.4	—	—	—
Corporation Bank	Banking	BUY	1,572	431	470	37.4	44.7	49.2	11.5	9.6	8.8	—	—	—
Federal Bank	Banking	ADD	926	340	330	34.2	40.2	33.0	9.9	8.5	10.3	—	—	—
J&K Bank	Banking	ADD	1,044	847	850	56.6	66.0	71.3	15.0	12.8	11.9	—	—	—
Union Bank	Banking	BUY	2,705	211	230	16.7	21.7	26.4	12.6	9.7	8.0	—	—	—
Mid-cap. infrastructure basket														
IVRCL	Construction	BUY	1,809	528	570	12.4	13.5	20.4	42.5	39.2	25.9	32.3	20.3	14.7
Kalpataru Power Transmission	Transmission	ADD	1,092	1,620	1,800	60.2	77.4	91.8	26.9	20.9	17.6	16.7	13.3	10.9
Maharashtra Seamless	Industrials	BUY	990	549	680	33.5	37.8	45.0	16.4	14.5	12.2	10.0	8.4	6.7
Nagarjuna Construction Co.	Construction	BUY	1,812	308	365	6.5	9.2	12.7	47.2	33.6	24.2	29.7	18.6	14.3
Sadbhav Engineering	Construction	BUY	500	1,500	1,385	23.7	43.9	69.5	63.3	34.2	21.6	34.8	19.2	11.9
BSE-30				19,701										

Source: Company, Bloomberg, Kotak Institutional Equities.

Our model portfolio

Exhibit 2: Kotak Institutional Equities Model Portfolio

Company	17-Jan		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	(bps)
Bajaj Auto	2,442	BUY	1.3	—	(134)
Mahindra & Mahindra	752	BUY	1.2	2.7	150
Maruti Suzuki	867	BUY	1.1	2.6	150
Tata Motors	737	BUY	1.4	1.4	—
Automobiles			5.1	6.7	166
Punjab National Bank	660	BUY	—	1.0	100
State Bank of India	2,419	—	4.3	3.3	(100)
PSU Banking			4.3	4.3	—
HDFC	2,850	REDUCE	5.6	4.1	(150)
HDFC Bank	1,647	REDUCE	3.6	—	(364)
ICICI Bank	1,322	ADD	10.5	12.0	150
Pvt Banking/Financing			19.7	16.1	(364)
ACC	860	SELL	0.9	—	(89.3)
Ambuja Cements	131	SELL	1.0	—	(100)
Grasim Industries	3,307	ADD	1.9	1.9	—
Cement			3.8	1.9	(190)
Hindustan Unilever	217	ADD	1.7	—	(171)
ITC	217	BUY	3.6	5.1	150
Consumers			5.4	5.1	(21)
HPCL	330	ADD	—	1.0	100
Oil & Natural Gas Corporation	1,251	REDUCE	4.0	3.0	(100)
Reliance Industries	2,996	RS	13.3	11.4	(195)
Energy			17.3	15.3	(195)
Bharat Heavy Electricals	2,349	ADD	3.3	3.3	—
Larsen & Toubro	4,078	BUY	8.2	9.7	150
Suzlon Energy	1,979	ADD	—	1.5	150
Industrials			11.5	14.5	300
Hindalco Industries	191	BUY	1.4	2.9	150
Jindal Steel & Power	15,855	ADD	—	1.0	100
Sterlite Industries	931	ADD	—	1.5	150
Tata Steel	810	REDUCE	3.8	2.3	(150)
Metals			5.2	7.7	250

Company	17-Jan		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	(bps)
Cipla	209	REDUCE	0.7	—	(74)
Dr Reddy's	672	BUY	—	1.0	100
Ranbaxy Laboratories	368	BUY	0.8	—	(78)
Pharmaceuticals			1.5	1.0	(53)
DLF	1,086	ADD	1.7	1.7	—
Housing Development & Infrastructure	1,394	BUY	—	1.0	100
Real estate			1.7	2.7	100
Infosys Technologies	1,491	BUY	6.1	7.6	150
Satyam Computer Services	372	BUY	2.0	2.5	50
TCS	923	ADD	1.9	1.9	—
Wipro	460	ADD	1.1	—	(108)
Technology			11.0	12.0	92
Bharti Airtel Limited	872	REDUCE	5.2	2.4	(275)
Reliance Communications	729	—	4.0	1.5	(250)
Telecom			9.2	3.9	(525)
NTPC	256	SELL	2.3	1.3	(100)
Reliance Energy	2,213	NR	2.1	—	(210)
Tata Power	1,473	ADD	—	1.5	150
Utilities			4.4	2.8	(160)
Andhra Bank	113	BUY	—	0.6	60
Corporation Bank	431	BUY	—	0.6	60
Federal Bank	340	ADD	—	0.6	60
J&K Bank	847	ADD	—	0.6	60
Union Bank	211	BUY	—	0.6	60
Banking basket			—	3.0	300
IVRCL	528	BUY	—	0.6	60
Kalpataru Power Transmission	1,620	ADD	—	0.6	60
Maharashtra Seamless	549	BUY	—	0.6	60
Nagarjuna Construction Co.	308	BUY	—	0.6	60
Sadbhav Engineering	1,500	BUY	—	0.6	60
Infrastructure basket			—	3.0	300
BSE-30	19,701		100.0	100.0	—

Note:

(a) Weightages are with respect to December 12, 2007 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

Sensex valuation summary

Exhibit 3: Valuation summary of BSE-30 sectors, 17 January, 2008

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)		Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007	2008E	2007	2008E	2007	2008E
Automobiles	25,623	31.0	27.6	12.2	17.2	17.6	15.7	13.4	11.1	10.0	4.2	3.4	1.4	1.4	24.0	21.5
Banking	104,882	13.3	14.2	31.7	12.9	39.8	30.2	26.7	—	—	6.6	4.1	0.6	0.7	16.5	13.5
Consumers	32,862	21.2	19.8	14.9	16.2	30.4	26.4	22.7	20.8	16.7	9.5	8.7	2.1	2.7	31.2	33.0
Cement	16,889	27.7	89.5	21.5	10.6	15.3	12.6	11.4	9.0	7.1	4.1	3.2	1.3	1.5	26.5	25.1
Energy	163,681	16.9	21.9	23.6	18.0	21.6	17.4	14.8	10.6	9.3	4.0	3.4	1.3	1.4	18.5	19.6
Industrials	59,094	59.6	52.0	37.6	31.9	55.4	40.3	30.5	32.0	23.8	14.1	10.8	0.4	0.4	25.5	26.7
Metals	24,064	6.3	33.1	(0.6)	3.3	13.6	13.7	13.3	8.8	8.0	3.2	1.9	1.2	1.3	23.5	14.0
Pharmaceuticals	7,621	(26.3)	39.6	12.7	4.7	25.4	22.5	21.5	18.0	15.3	5.1	4.4	1.6	1.8	19.9	19.7
Property	41,311	121.6	913.2	398	27.8	83.6	16.8	13.1	59.0	13.5	40.9	7.4	—	0.5	49.0	44.3
Technology	68,081	28.6	44.4	21.2	18.5	22.0	18.2	15.3	16.3	13.1	7.4	5.8	1.2	1.7	33.5	31.8
Telecom	80,021	(107.4)	182.9	68.9	29.7	43.4	25.7	19.8	23.1	14.8	9.1	6.8	0.0	0.2	20.9	26.4
Utilities	66,442	17.0	16.1	12.3	9.0	34.3	30.5	28.0	18.2	18.3	4.4	4.1	1.0	1.3	12.9	13.4
BSE-30	690,571	20.7	36.0	31.8	18.1	28.3	21.5	18.2	15.3	12.2	5.9	4.4	0.9	1.1	20.7	20.7
BSE-30 ex-Energy	526,890	22.8	43.5	35.6	18.1	31.4	23.2	19.6	18.4	13.9	6.9	4.9	0.8	1.0	21.8	21.2
BSE-30 ex-Energy, Com.	485,937	25.2	42.2	41.3	19.9	34.9	24.7	20.6	21.1	15.4	7.5	5.4	0.7	1.0	21.3	21.9

Source: Company reports, Kotak Institutional Equities estimates.

Nifty valuation summary

Exhibit 4: Valuation summary of Nifty sectors, 17 January, 2008

	Mkt cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007E	2008E	2007E	2008E
Automobiles	29,160	28.9	20.6	10.7	16.1	17.4	15.7	13.5	10.8	9.8	8.4	4.3	3.5	1.5	1.5	24.8	22.1
Banking	110,192	11.6	13.2	29.7	11.7	36.4	28.1	25.1	—	—	—	6.0	3.9	0.7	0.7	16.6	13.9
Consumers	32,866	21.2	19.8	14.9	16.2	30.4	26.4	22.7	20.8	16.7	14.2	9.5	8.7	2.1	2.7	31.2	33.0
Cement	16,891	27.7	89.5	21.5	10.6	15.3	12.6	11.4	9.0	7.1	6.1	4.1	3.2	1.3	1.5	26.5	25.1
Energy	206,050	8.8	28.8	18.4	19.5	23.0	19.4	16.2	11.5	10.4	8.6	3.8	3.4	1.3	1.3	16.7	17.4
Industrials	89,462	65.7	43.8	38.7	40.8	60.8	43.9	31.2	35.5	25.8	18.8	15.7	11.9	0.3	0.4	25.8	27.1
Metals	38,069	20.7	65.6	(6.3)	0.8	10.7	11.4	11.3	6.3	6.0	5.9	3.1	1.8	1.1	1.2	28.7	16.0
Media	3,318	(34.6)	11.2	52.0	41.7	55.0	36.2	25.5	41.4	20.4	15.2	5.0	4.6	0.5	0.6	9.1	12.6
Property	20,246	151.9	1,389.1	37.5	50.3	61.0	44.4	29.5	39.3	30.2	21.3	39.9	22.1	-	0.2	65.4	49.8
Telecom	87,731	(53.9)	133.2	61.1	28.6	42.1	26.1	20.3	21.9	14.3	11.1	6.6	5.3	0.2	0.5	15.6	20.2
Technology	72,821	28.3	46.8	19.1	18.5	21.3	17.9	15.1	15.6	12.8	10.3	6.9	5.5	1.3	1.8	32.3	30.9
Utilities	75,180	18.4	14.8	13.7	10.8	36.1	31.8	28.7	19.1	19.1	19.4	4.5	4.1	1.0	1.2	12.6	13.1
NIFTY	800,496	18.4	39.6	19.6	18.0	27.0	22.5	19.1	14.5	12.7	10.8	5.4	4.2	0.9	1.1	19.9	18.8
NIFTY ex-Energy	594,446	23.8	44.9	20.2	17.3	28.7	23.9	20.3	16.4	14.1	12.1	6.2	4.6	0.8	1.0	21.6	19.4
NIFTY ex-Energy ex Com	556,377	24.3	41.2	25.6	19.9	32.4	25.8	21.5	19.2	16.0	13.3	6.7	5.2	0.8	1.0	20.5	20.1

Note:

(a) Following companies are excluded: SAIL

Source: Company reports, Kotak Institutional Equities estimates.

Regional valuation summary

Indian markets are most expensive based on CY2008E PEG ratio, 16 January, 2008

Earnings growth (%), P/E (X) and PEG ratio of regional indices

	Index	Earnings growth (%)				P/E (X)				PEG ratio (X)		
		2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E
Brazil	MSCI BRAZIL	7.3	20.3	13.5	9.8	16.5	13.9	12.2	11.1	0.8	1.0	1.2
China	I/B/E/S CHINA	19.4	48.3	32.4	21.3	57.9	33.3	25.1	20.1	1.2	1.0	1.2
Hong Kong	I/B/E/S HONG KONG	4.8	34.8	(2.6)	19.9	25.1	18.2	18.9	15.9	0.7	NA	0.9
India	MSCI INDIA	30.0	14.0	21.0	23.1	31.3	27.5	22.8	18.6	2.2	1.3	1.0
Korea	MSCI KOREA	(2.5)	8.5	15.8	14.5	14.7	13.7	11.8	10.3	1.7	0.9	0.8
Malaysia	MSCI MALAYSIA	21.7	43.1	(6.0)	11.8	21.9	15.6	16.6	14.8	0.5	NA	1.4
Mexico	MSCI MEXICO	27.7	13.7	22.2	8.6	16.3	14.4	11.8	10.8	1.2	0.6	1.4
Russia	MSCI RUSSIA	25.6	18.6	10.4	8.0	15.6	13.2	11.9	11.0	0.8	1.3	1.5
Taiwan	MSCI TAIWAN	22.1	28.7	15.0	8.1	16.6	12.7	11.1	10.2	0.6	0.9	1.4
Thailand	MSCI THAILAND	(21.7)	(0.4)	16.8	7.0	13.0	13.1	11.1	10.4	NA	0.8	1.6
Asia - Emerging markets	MSCI EM ASIA	9.1	19.4	16.2	14.3	20.2	17.0	14.7	12.8	1.0	1.1	1.0

Source: Thomson Datastream.

Valuation summary of BRIC's sectors

Valuation summary of BRICs sectors, 16 January, 2008

Earnings growth (%), P/E (X) and PEG ratio of regional indices

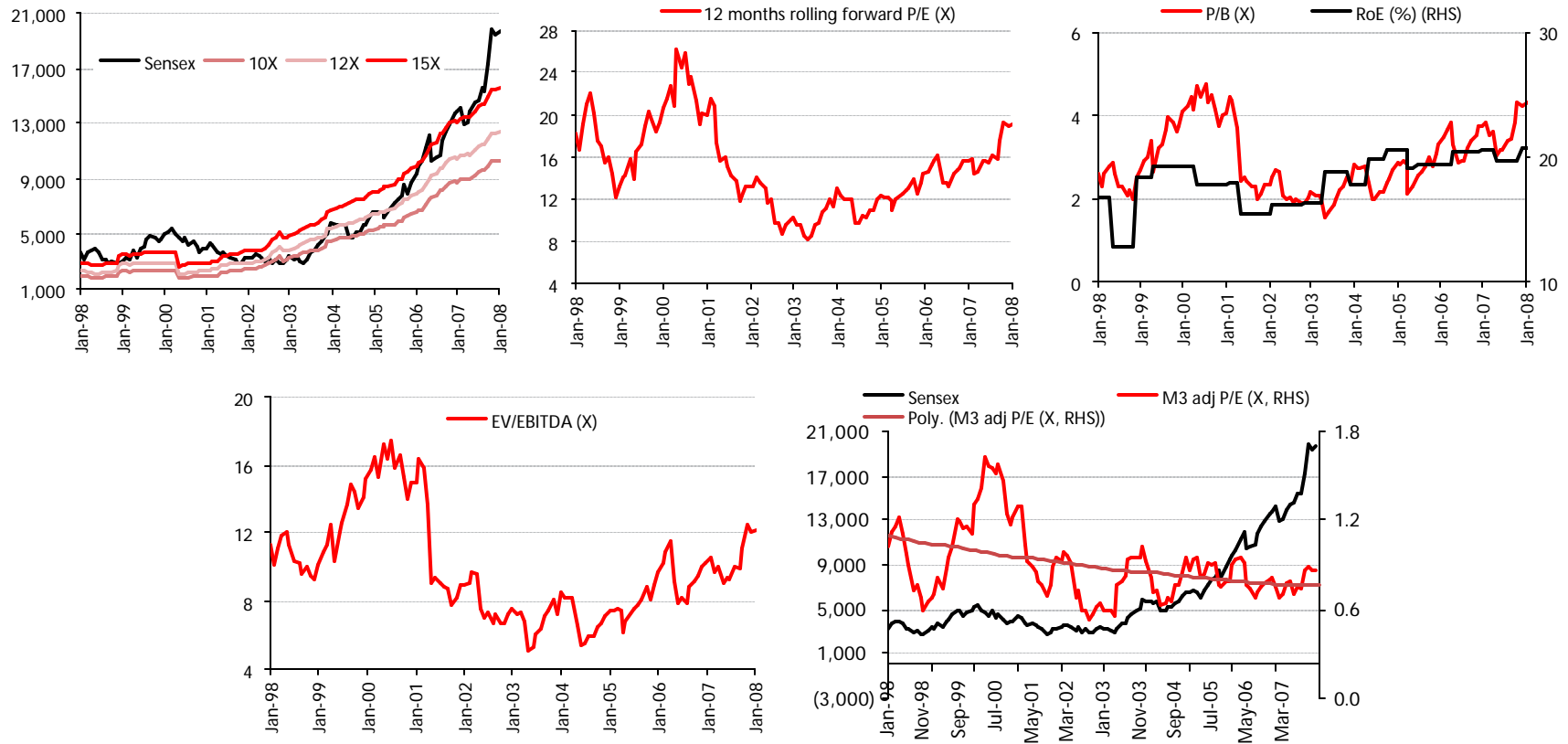
Index	Earnings growth (%)				P/E (X)				PEG ratio (X)			
	2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E	
Banking												
Brazil	MSCI Brazil Banks Industry Group	7.1	44.3	7.8	16.0	18.4	12.8	11.8	10.0	0.4	1.6	0.7
Russia	MSCI Russia Banks Industry Group	37.8	20.0	30.5	24.5	25.5	21.2	16.3	13.1	1.3	0.7	0.7
India	MSCI India Banks Industry Group	13.9	17.1	26.4	32.5	41.6	35.5	28.1	21.2	2.4	1.3	0.9
China	MSCI China Banks Industry Group	3.8	48.4	36.2	21.9	29.8	20.2	14.8	12.1	0.6	0.6	0.7
Consumers												
Brazil	MSCI Brazil Consumer Discretionary Sector	41.3	35.8	56.9	45.7	40.9	35.5	22.6	15.5	1.1	0.6	0.5
Russia	MSCI Russia Consumer Staples Sector	214.5	48.3	48.3	29.4	62.7	42.3	28.5	22.0	1.3	0.9	1.0
India	MSCI India Consumer Discretionary Sector	11.3	9.8	17.8	21.2	19.7	17.9	15.2	12.6	2.0	1.0	0.7
China	MSCI China Consumer Discretionary Sector	16.4	34.1	8.5	20.0	31.6	23.6	21.7	18.1	0.9	2.8	1.1
Energy												
Brazil	MSCI Brazil Energy Sector	9.2	(8.0)	25.2	0.9	14.1	15.3	12.3	12.2	NA	0.6	14.4
Russia	MSCI Russia Energy Sector	18.6	14.0	10.9	7.6	13.5	11.8	10.7	9.9	1.0	1.1	1.4
India	MSCI India Energy Sector	26.5	12.4	19.3	33.7	29.4	27.0	22.7	16.9	2.4	1.4	0.7
China	MSCI China Energy Sector	11.0	10.7	16.8	10.1	21.1	19.1	16.4	14.9	2.0	1.1	1.6
Industrials												
Brazil	MSCI Brazil Industrials Sector	(18.5)	(1.9)	70.9	7.3	27.3	27.8	16.3	15.2	NA	0.4	2.2
India	MSCI India Industrials Sector	31.6	8.5	29.1	30.3	46.2	41.5	32.5	25.5	5.4	1.4	1.1
China	MSCI China Industrials Sector	1.0	58.8	19.3	18.0	35.3	23.5	19.7	16.7	0.6	1.2	1.1
Metals												
Brazil	MSCI Brazil Metals & Mining Industry	(4.1)	37.3	6.4	9.2	15.9	11.6	10.9	10.0	0.4	1.8	1.2
Russia	MSCI Russia Metals & Mining Industry	68.4	47.1	(6.4)	(6.9)	12.1	8.2	8.8	9.4	0.3	NA	NA
India	MSCI India Metals & Mining Industry	54.9	4.7	11.2	(5.7)	15.4	14.7	13.2	14.0	3.3	1.3	NA
China	MSCI China Metals & Mining Industry	58.0	9.0	15.3	7.5	19.6	18.4	16.0	14.9	2.2	1.2	2.1
Property												
Brazil	MSCI Brazil Real Estate Industry Group	NA	NA	180.8	54.2	NA	48.9	17.4	11.3	NA	0.3	0.3
India	MSCI India Real Estate Industry Group	1,456.1	118.9	40.6	70.6	77.6	38.5	27.4	16.1	0.7	0.9	0.4
China	MSCI China Real Estate Industry Group	(2.1)	41.4	50.1	39.2	33.0	23.3	15.5	11.1	0.8	0.5	0.4
Technology												
Brazil	MSCI Brazil Information Technology Sector	NA	631.2	25.1	17.9	176.9	24.2	19.3	16.4	0.3	1.0	1.1
India	MSCI India Software & Services Industry Grc	42.6	18.1	19.7	12.2	23.2	19.6	16.4	14.6	1.3	1.0	1.3
China	MSCI China Software & Services Industry Gr	(3.3)	15.1	28.4	34.0	28.5	79.6	62.0	46.3	1.9	2.8	1.8
Telecom												
Brazil	MSCI Brazil Telecommunication Services Sec	234.1	77.2	29.8	25.1	24.0	13.5	10.4	8.3	0.3	0.5	0.4
Russia	MSCI Russia Diversified Telecommunications	(22.4)	13.8	17.9	27.9	34.0	29.9	25.3	19.8	2.5	1.7	0.9
India	MSCI India Telecommunication Services Sec:	(20.8)	35.8	29.7	23.8	46.3	34.1	26.3	21.2	1.3	1.1	1.1
China	MSCI China Telecommunication Services Sei	18.7	13.8	25.7	16.3	31.4	27.6	21.9	18.9	2.3	1.1	1.3
Utilities												
Brazil	MSCI Brazil Utilities Sector	15.0	4.3	1.2	13.1	12.1	11.6	11.5	10.2	2.9	9.9	0.9
Russia	MSCI Russia Utilities Sector	66.7	(63.9)	1.3	44.8	18.9	52.4	51.7	35.7	NA	39.4	1.2
India	MSCI India Utilities Sector	11.5	2.5	10.1	15.1	34.1	33.2	30.2	26.2	13.5	3.3	2.0
China	MSCI China Utilities Sector	9.7	14.2	16.7	15.2	22.9	20.0	17.2	14.9	1.6	1.2	1.1

Source: Thomson Datastream.

BSE-Sensex key parameters

Exhibit 5: Key fundamental indicators of BSE Sensex

Sensex (BSE-30) P/B, EV/EBITDA and 12-month forward rolling P/E, December 1997 - current



Source: Bloomberg, Company reports, Kotak Institutional Equities.

Market performance

- Performance of benchmark indices
- Performance of global indices
- Pricing performance of Sensex sectors
- Top gainers and losers (Stocks under Kotak coverage)
- Price-to-Earnings ratio analysis
- EV-to-EBITDA ratio analysis
- Volume momentum analysis

Relative performance of Indian markets

Exhibit 6: Key performance of benchmark indices
(base 100 as of January 14, 2007)

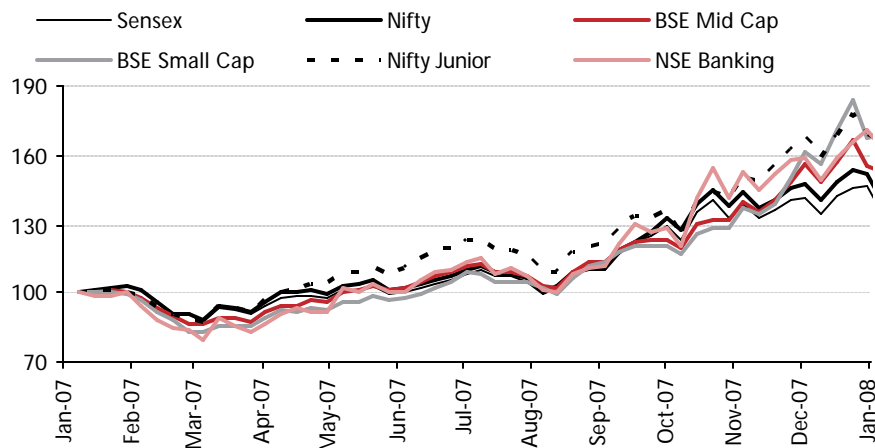


Exhibit 7: Weekly performance of the benchmark indices

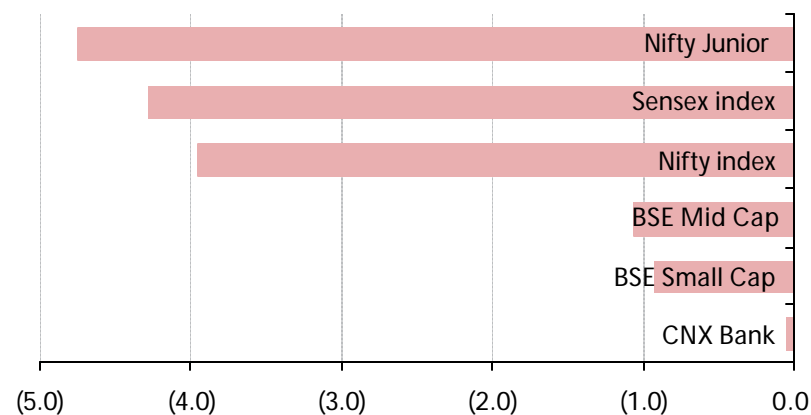


Exhibit 8: 1-month performance of the benchmark indices

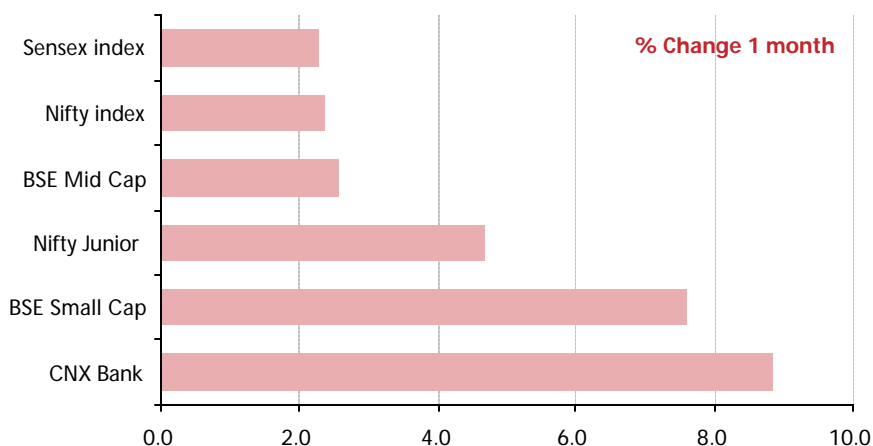
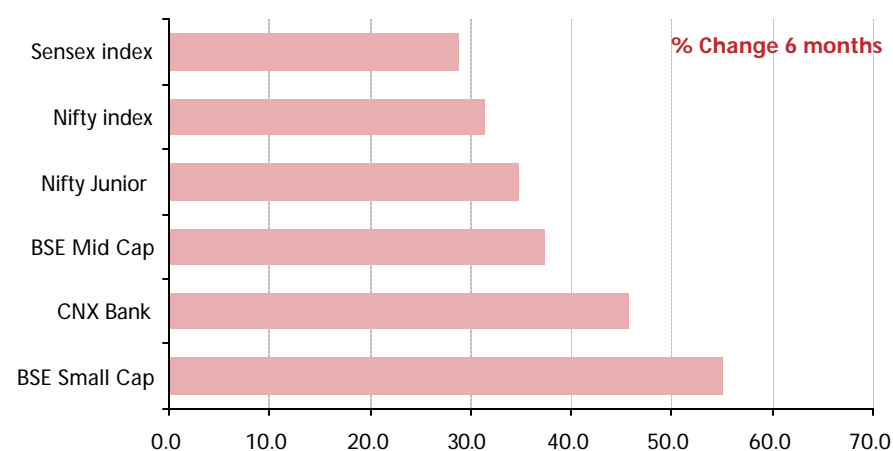


Exhibit 9: 6-month performance of the benchmark indices



Source: Bloomberg, Kotak Institutional Equities.

BSE-Sensex versus regional indices

Exhibit 10: Weekly performance

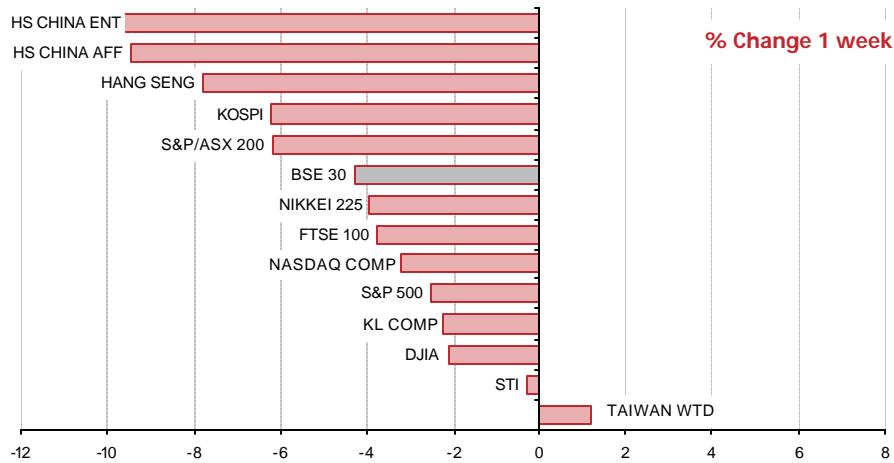


Exhibit 11: 3-month performance

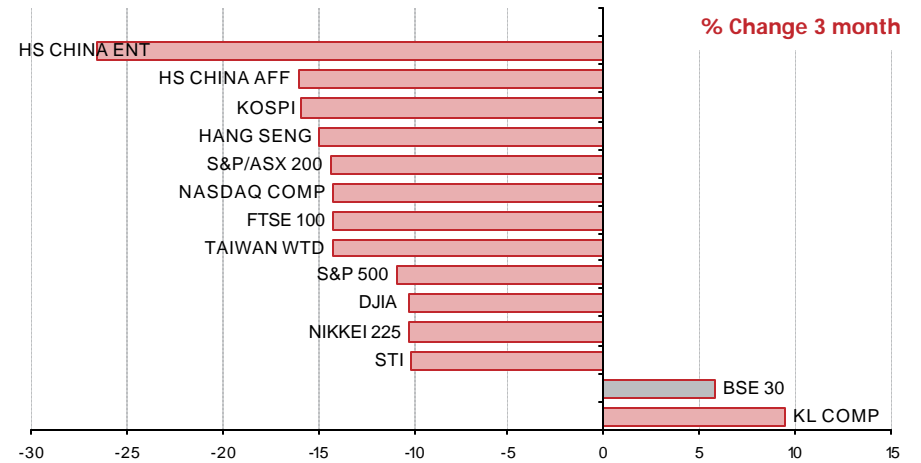


Exhibit 12: 6-month performance

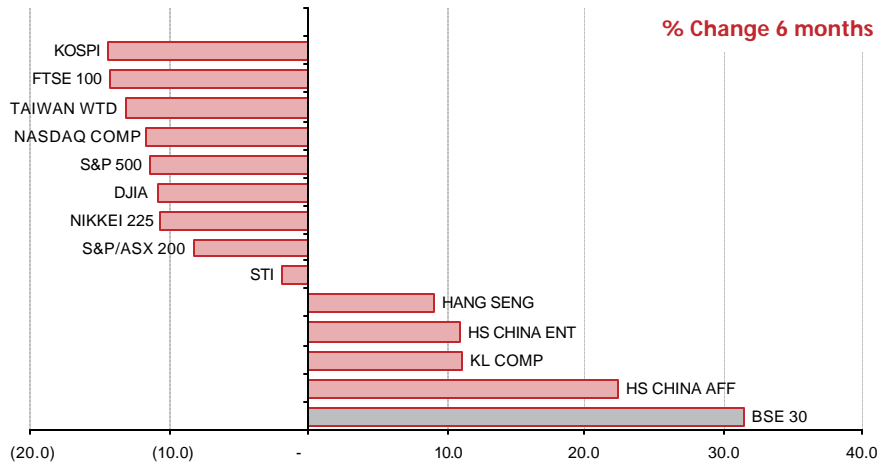
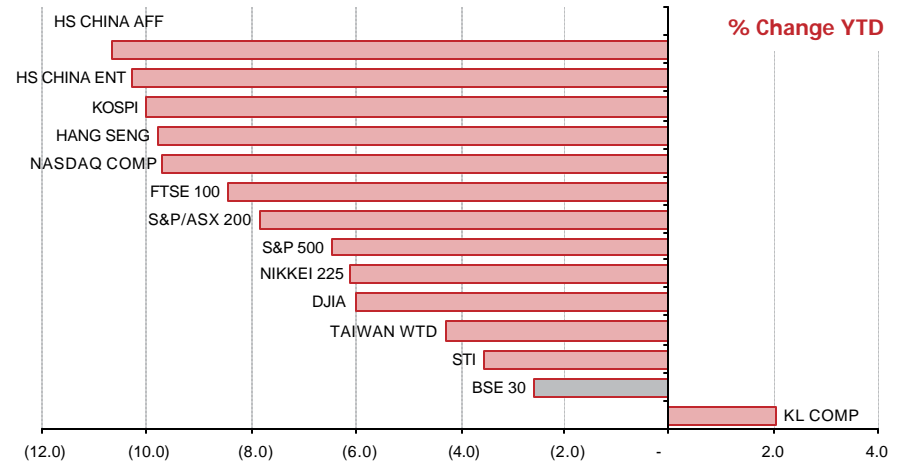


Exhibit 13: Year-to-date performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities.

Sectoral performance

Exhibit 14: Market performance of Sensex sectors, 17 January, 2008

	Mkt cap.	Change (%)						Relative change (%)			
	(US\$ m)	1-Day	1-mo	3-mo	6-mo	1-Year	CYTD	1-Day	1-mo	6-mo	1-Year
Automobiles	25,623	0.6	(6.2)	(11.5)	1.7	(16.3)	(7.6)	1.4	(8.3)	(21.1)	(40.0)
Banking	104,882	(1.5)	5.3	20.8	42.7	62.0	2.2	(0.6)	2.9	10.8	16.2
Consumers	32,862	2.9	7.1	12.3	26.9	15.3	2.6	3.7	4.7	(1.5)	(17.3)
Cement	16,889	(0.5)	(11.9)	(16.3)	(2.3)	(3.6)	(11.6)	0.4	(13.9)	(24.2)	(30.8)
Energy	163,681	(2.0)	7.6	11.1	52.0	78.4	2.8	(1.2)	5.2	18.0	28.0
Industrials	59,094	2.0	(1.6)	12.5	56.6	131.6	(5.8)	2.8	(3.8)	21.6	66.1
Metals	24,064	(0.8)	(2.5)	2.9	26.0	61.0	(12.8)	0.0	(4.7)	(2.2)	15.5
Pharmaceuticals	10,493	(0.3)	(4.8)	3.7	2.5	(17.3)	(7.8)	0.6	(6.9)	(20.5)	(40.7)
Telecom	79,983	0.3	(1.2)	(12.7)	13.0	45.0	(7.8)	1.1	(3.4)	(12.3)	4.0
Technology	68,081	(0.8)	(7.5)	(15.5)	(19.0)	(29.6)	(14.7)	0.0	(9.6)	(37.1)	(49.5)
Utilities	66,442	(1.4)	13.5	17.5	81.6	105.3	2.5	(0.6)	11.0	41.0	47.3
Sensex sum	652,094	(0.8)	2.3	5.3	28.8	39.4	(2.9)				

Source: Bloomberg, Kotak Institutional Equities.

Top gainers and losers

Exhibit 15: Top gainers and losers (stocks in Kotak Institutional Equities universe)

1-week performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Educomp Solutions	26.3	1 Patni Computer Systems	(11.6)
2 Welspun Gujarat Stahl Rohren	13.5	2 LANCO	(11.4)
3 Sadbhav Engineering	10.9	3 Satyam Computer Services	(11.4)
4 LIC Housing Finance	9.9	4 Container Corporation	(10.7)
5 Indian Bank	8.3	5 Suzlon Energy	(10.5)
6 Axis Bank	6.7	6 Reliance Energy	(10.2)
7 Housing Development & Infracore	6.5	7 Bharti Airtel Ltd	(9.7)
8 Monnet Ispat	6.5	8 HCL Technologies	(9.6)
9 Mahindra & Mahindra Financial	5.1	9 HDFC	(8.9)
10 Jindal Steel and Power	4.9	10 Tech Mahindra	(8.7)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Housing Development & Infracore	29.8	1 Castrol India	(21.6)
2 Axis Bank	19.9	2 HCL Technologies	(19.3)
3 Colgate-Palmolive (India)	18.2	3 Container Corporation	(17.7)
4 Educomp Solutions	16.4	4 LANCO	(17.3)
5 Aditya Birla Nuvo	15.5	5 Indian Oil Corporation	(17.3)
6 Indian Overseas Bank	7.8	6 Patni Computer Systems	(17.2)
7 Welspun Gujarat Stahl Rohren	14.8	7 Satyam Computer Services	(17.1)
8 Centurion Bank of Punjab	13.8	8 Rico Auto	(16.6)
9 Punjab Tractors	10.8	9 ACC	(16.0)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Housing Development & Infracore	44.2	1 ACC	(19.0)
2 Educomp Solutions	40.7	2 Vardhman	(16.1)
3 Aditya Birla Nuvo	30.6	3 Maruti Suzuki	(14.2)
4 Sadbhav Engineering	30.1	4 IVR Prime Urban Developers	(13.5)
5 Colgate-Palmolive (India)	24.5	5 Patni Computer Systems	(13.3)
6 SREI	23.3	6 Kalpataru Power Transmission	(12.7)
7 Centurion Bank of Punjab	22.8	7 Bajaj Auto	(12.6)
8 Reliance Energy	21.0	8 LANCO	(12.1)
9 Welspun Gujarat Stahl Rohren	21.0	9 HCL Technologies	(11.6)
10 Indian Bank	21.0	10 Container Corporation	(11.2)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	621.0	1 Hexaware Technologies	(56.8)
2 Educomp Solutions	466.2	2 Tech Mahindra	(51.6)
3 Welspun Gujarat Stahl Rohren	395.9	3 Polaris Software Lab	(46.4)
4 SREI	363.7	4 Vardhman	(44.8)
6 Reliance Energy	313.7	5 i-flex solutions	(33.3)
7 Reliance Petroleum	224.2	6 Patni Computer Systems	(32.6)
8 GMR Infrastructure	198.4	7 Infosys Technologies	(32.3)
9 Shriram Transport	193.7	8 Rico Auto	(30.9)
10 Sadbhav Engineering	190.9	9 TCS	(29.3)
11 LANCO	186.3	10 Wipro	(27.4)

Source: Kotak Institutional Equities.

Fundamental & technical indicators

- **Price-to-Earnings ratio analysis**
- **EV-EBTDA ratio analysis**
- **Volume momentum analysis**

Price-to-Earnings ratio analysis

Exhibit 16 and 17: Companies trading at a premiums/discounts to the sector based on comparable companies covered by Kotak Institutional Equities

Premium to 1 year rolling forward P/E (%)		Discount to 1 year rolling forward P/E (%)	
Company	Premium to sector	Company	Discount to sector
Jindal Steel and Power	229.0	Monnet Ispat	75.6
Reliance Energy	209.9	LIC Housing Finance	61.5
i-flex solutions	200.6	Maharashtra Seamless	59.2
Aditya Birla Nuvo	188.3	Canara Bank	55.8
VSNL	173.4	Dredging Corporation	55.6
HDFC	158.1	Hindustan Zinc	50.3
GSPL	155.4	Bharat Electronics	50.2

Exhibit 19: Companies trading at lowest P/E in the Kotak universe

Lowest 1 year rolling forward P/E (X)	
Company	Lowest P/E
Hexaware Technologies	7.8
LIC Housing Finance	8.4
Patni Computer Systems	9.1
Canara Bank	9.7
Maruti Udyog	10.0
Ipca Laboratories	10.4
Polaris Software Lab	10.4
Torrent Pharma	10.8
Tech Mahindra	10.9
Oil & Natural Gas Corporation	11.2

Exhibit 20: Companies trading at highest P/E in the Kotak universe

Highest 1 year forward P/E (X)	
Company	Highest P/E
Aditya Birla Nuvo	89.8
Reliance Energy	61.2
Siemens	47.5
Divi's Laboratories	43.0
Tata Power	36.1
VSNL	35.5
HDFC	34.7
Larsen & Toubro	34.2
Sun TV Network	33.1
Nestle India	32.5

Exhibit 18: Companies trading at all-time high historical P/Es, indicating re-rating of the multiples by market

Company	% discount to historical high
Canara Bank	0.0
HDFC	0.0
NTPC	0.0
Oriental Bank of Commerce	0.0
State Bank of India	0.0
Tata Power	0.0
Axis Bank	0.0
EIH	0.0
Aditya Birla Nuvo	0.0
Reliance Energy	0.4
Sintex	0.5
Asian Paints	0.7
Punjab National Bank	0.8
Oil & Natural Gas Corporation	0.8
Shriram Transport	1.9
Punjab	3.2

Note:

(a) Historical figures are generated since May 2000.

Source: Bloomberg, Kotak Institutional Equities

Enterprise Value-to-EBITDA ratio analysis

Exhibit 21 and 22: Companies trading at a premium to the sector based on comparable companies covered by Kotak Institutional Equities. Analysis done on 1- year forward EV-EBITDA

Trading at premium to the sectors
Premium to 1 year rolling forward EV/EBITDA (%)

Company	Sector premium
Petronet LNG	200.5
Gateway Distriparks	185.8
i-flex solutions	181.3
GAIL (India)	171.2
Aditya Birla Nuvo	148.2

Trading at discount to sectors
Discount to 1 year rolling forward EV/EBITDA (%)

Company	Sector discount
Maharashtra Seamless	38.4
Patni Computer Systems	40.0
Bharat Electronics	42.1
Dredging Corporation	45.4
Polaris Software Lab	50.2

Exhibit 23: Companies trading at highest EV/EBITDA amongst the Kotak coverage list

Highest 1 year rolling forward EV/EBITDA (X)

Company	Highest EV/EBITDA
Reliance Energy	59.8
Aditya Birla Nuvo	36.6
Siemens	27.2
Tata Power	24.9
ABB	24.5
Larsen & Toubro	24.2
i-flex solutions	21.0
Sintex	20.0

Exhibit 24: Companies trading at lowest EV/EBITDA amongst the Kotak coverage list

Lowest 1 year rolling forward EV/EBITDA (X)

Company	Lowest EV/EBITDA
Hexaware Technologies	4.2
Hindustan Zinc	4.2
Patni Computer Systems	4.6
Vardhman	5.0
Oil & Natural Gas Corporation	5.2
Hindustan Petroleum	5.7
Bharat Petroleum	5.7
Polaris Software Lab	5.8

Source: Bloomberg, Kotak Institutional Equities

Technical indicators

Exhibit 25: Volume momentum analysis

Volume Positive Momentum (5-day volume v/s 30-day volume)

Company	5-day average volumes	Price Change (%)	
		% increase	(1 month basis)
Motherson Sumi	265,603	231	(5.2)
ICICI Bank	1,093,919	98	13.3
Infosys Technologies	511,265	98	(8.1)
NTPC	5,736,759	85	11.8
Bharti Airtel Ltd	868,242	84	(3.6)
HDFC Bank	164,808	68	0.0
CESC	172,774	64	4.7

Volume Negative Momentum (5-day volume v/s 30-day volume)

Company	5-day average volumes	Price Change (%)	
		% decrease	(1 month basis)
EIH	109,679	(77)	2.0
GlaxoSmithkline (India)	9,219	(71)	(1.4)
IVRCL	53,675	(69)	10.3
Godrej Consumer Products	25,820	(67)	(9.0)
Torrent Pharma	31,279	(64)	(5.9)
MICO	2,840	(62)	(2.5)
Abbott India	2,148	(61)	(0.2)

Date	Sensex	Avg daily value traded (US\$ mn)	Institutional participation in total turnover		Sensex delivery (%)	Put-Call (X)
			FII%	MF%		
Apr-07	13,872	2,776	18.0	4.7	49.2	1.12
May-07	14,544	3,420	16.3	4.5	49.8	1.38
Jun-07	14,651	3,327	17.6	3.9	49.9	1.44
Jul-07	15,551	4,309	18.6	4.4	49.8	1.38
Aug-07	15,318	3,742	18.6	4.3	45.2	1.32
Sep-07	17,291	4,703	16.0	4.2	48.0	1.23
Oct-07	19,724	7,118	18.4	3.6	43.0	1.15
Nov-07	19,003	6,771	16.0	3.0	38.0	1.02
Dec-07	20,217	6,802	14.3	3.1	42.0	1.12
Jan-08	19,703	7,486	13.8	3.1	39.0	1.21

Source: Bloomberg, Kotak Institutional Equities.

Earnings momentum

- **Upgrades/downgrades in FY2008E and FY2009E in the past month**
- **Upgrades/downgrades in FY2008E and FY2009E in the past week**
- **Top changes in target prices in the past month**
- **Top changes in ratings in the past month**

Changes in earnings estimates in the past 1 month

Exhibit 28: Changes in earnings estimates in the past 1 month

FY2008 earnings upgrades (KIE) (1 month)		
	Company	% Change
1	DLF	21.8
2	Indian Bank	15.9
3	IDFC	14.1
4	Welspun Gujarat Stahl Rohren	9.3
5	Petronet LNG	7.9
6	PSL	7.5
7	Jindal Saw	4.8
8	LIC Housing Finance	4.1
9	TCS	1.7
10	Axis Bank	1.5

FY2009 earnings upgrades (KIE) (1 month)		
	Company	% Change
1	Cairn India	20.1
2	DLF	19.1
3	IDFC	13.6
4	Welspun Gujarat Stahl Rohren	13.4
5	Petronet LNG	7.4
6	Jindal Saw	6.7
7	Reliance Petroleum	3.8
8	Sun TV Network	2.5
9	Axis Bank	2.1
10	National Aluminium Co.	2.0

FY2008 earnings downgrades (KIE) (1 month)		
	Company	% Change
1	Shree Cement	(4.7)
2	HCL Technologies	(1.5)
3	Infosys Technologies	(0.8)
4	Rajesh Exports	(0.7)
5	Wipro	(0.4)
6	Jagran Prakashan	(0.3)

FY2009 earnings downgrades (KIE) (1 month)		
	Company	% Change
1	PSL	(6.8)
2	iGate Global Solutions	(4.4)
3	Shree Cement	(4.4)
4	i-flex solutions	(4.3)
5	Mphasis BFL	(4.1)
6	Polaris Software Lab	(3.8)
7	Infosys Technologies	(3.7)
8	Hexaware Technologies	(3.7)
9	Tech Mahindra	(3.3)
10	Mindtree	(3.2)

Source:Kotak Institutional Equities estimates.

Changes in earnings estimates in the past 1 week

Exhibit 28: Changes in earnings estimates in the past 1 week

FY2008 Earning Upgrades (KIE) (1 week)

Company	% Change
1 DLF	21.8
2 Indian Bank	15.9
3 IDFC	14.1
4 Welspun Gujarat Stahl Rohren	9.3
5 Petronet LNG	7.9
6 PSL	7.5
7 Jindal Saw	4.8
8 LIC Housing Finance	4.1
9 TCS	1.7
10 Axis Bank	1.5

FY2009 Earning Upgrades (KIE) (1 week)

Company	% Change
1 DLF	19.1
2 IDFC	13.6
3 Welspun Gujarat Stahl Rohren	13.4
4 Petronet LNG	7.4
5 Jindal Saw	6.7
6 Reliance Petroleum	3.8
7 Sun TV Network	2.5
8 Axis Bank	2.1
9 National Aluminium Co.	2.0
10 LIC Housing Finance	1.5

FY2008 Earning Downgrades (KIE) (1 week)

Company	% Change
1 Shree Cement	(4.7)
2 HCL Technologies	(1.5)
3 Infosys Technologies	(0.8)
4 Rajesh Exports	(0.7)
5 Wipro	(0.4)
4 Mindtree	(0.0)
7 DishTV	(0.0)

FY2009 Earning Downgrades (KIE) (1 week)

Company	% Change
1 PSL	(6.8)
2 iGate Global Solutions	(4.4)
3 Shree Cement	(4.4)
4 i-flex solutions	(4.3)
5 Mphasis BFL	(4.1)
6 Polaris Software Lab	(3.8)
7 Infosys Technologies	(3.7)
8 Hexaware Technologies	(3.7)
9 Tech Mahindra	(3.3)
10 Mindtree	(3.2)

Source:Kotak Institutional Equities estimates.

Changes in our target prices

Exhibit 28: Changes in target prices in the past 1 month

Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	Sintex	69.7	560	330
2	Monnet Ispat	53.3	575	375
3	DLF	43.7	1,250	870
4	Jindal Saw	31.7	1,100	835
5	Indian Bank	17.2	170	145
6	Petronet LNG	14.0	65	57
7	ITC	11.1	250	225
8	Cairn India	10.3	160	145
9	Welspun Gujarat Stahl Rohre	8.8	310	285
10	PSL	8.7	500	460

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Infosys Technologies	(9.1)	2,000	2,200
2	Satyam Computer Services	(5.5)	520	550
3	Polaris Software Lab	(4.5)	105	110
4	Wipro	(4.4)	545	570
5	TCS	(4.1)	1,175	1,225
6	Tech Mahindra	(3.8)	1,250	1,300
7	i-flex solutions	(3.6)	1,350	1,400
8	Mphasis BFL	(3.3)	290	300
9	HCL Technologies	(3.0)	320	330
10	Patni Computer Systems	(2.8)	350	360
11	Mindtree	(1.9)	520	530

Source: Kotak Institutional Equities.

Changes in our ratings

Exhibit 29: Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
Welspun Gujarat Stahl Rohren	Downgraded	SELL	REDUCE
PSL	Downgraded	ADD	BUY
Jindal Saw	Downgraded	ADD	BUY
India Infoline	Downgraded	SELL	ADD
Centurion Bank of Punjab	Downgraded	SELL	REDUCE
LANCO	Downgraded	Add	BUY
Monnet Ispat	Downgraded	ADD	BUY
Axis Bank	Downgraded	REDUCE	ADD
NTPC	Downgraded	SELL	ADD
Oriental Bank of Commerce	Downgraded	SELL	REDUCE
Indian Oil Corporation	Downgraded	SELL	REDUCE
Castrol India	Downgraded	REDUCE	ADD
HCL Technologies	Downgraded	REDUCE	ADD
Wipro	Downgraded	ADD	BUY

Source: Kotak Institutional Equities.

Source: Kotak Institutional Equities.

Flows

- **Trend in equity flows**
- **FII flows in other emerging markets**
- **IPO analysis**
- **Bulk deals**
- **Delivery position analysis**

Trend in equity flows

Exhibit 31: Net investments by mutual funds and FII in the cash market (US\$ mn)

	FII	MF
CY 1999	1,537	0
CY 2000	1,462	(150)
CY 2001	2,807	(1,110)
CY 2002	751	(685)
CY 2003	6,658	118
CY2004	8,382	(217)
CY 2005	10,776	2,873
CY 2006	8,632	3,585
CY 2007	17,335	1,525
CY 2008	(4)	31
Jan	(4)	31

Exhibit 32: Net foreign flows in the Derivatives market (US\$ mn)

	Index Futures	Index Options	Stock Futures	Stock Options
CY2004	(91)	608	(796)	4
CY2005	(676)	2,199	(668)	(42)
CY 2006	345	3,950	(3,690)	(83)
CY2007	(772)	12,436	(11,600)	(170)
CY2008	(91)	608	(796)	4
Jan	(91)	608	(796)	4

Source: Bloomberg, Kotak Institutional Equities

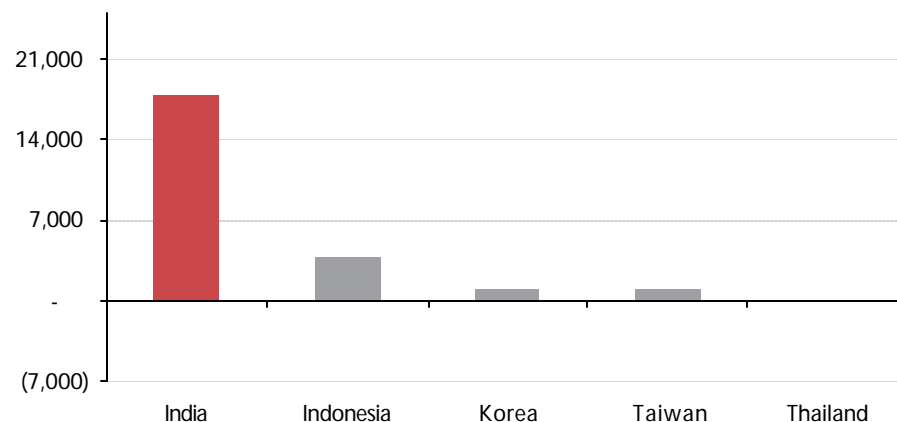
FII flows in other emerging markets

FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
18-Dec-07	(168)	(31)	(36)	(5)	(607)
19-Dec-07	10	(8)	(23)	(1)	(271)
20-Dec-07	67	-	(18)	(3)	(128)
24-Dec-07	134	-	-	-	42
26-Dec-07	51	10	2	1	600
27-Dec-07	265	29	25	(0)	234
28-Dec-07	209	427	16	0	283
31-Dec-07	91	-	-	-	198
1-Jan-08	-	-	-	-	35
2-Jan-08	(249)	6	0	(1)	(61)
3-Jan-08	(237)	(11)	(11)	(3)	180
4-Jan-08	(290)	77	(11)	(3)	126
7-Jan-08	(438)	36	(27)	(5)	(20)
8-Jan-08	(232)	54	(26)	(3)	261
9-Jan-08	(166)	54	(15)	(2)	68
10-Jan-08	(155)	-	(6)	(2)	(156)
11-Jan-08	(176)	-	3	(1)	28
14-Jan-08	732	9	(8)	(2)	43
15-Jan-08	685	(23)	(10)	(3)	56
16-Jan-08	-	(81)	(17)	(3)	(565)
Total	135	547	(162)	(35)	346

Net investments by FIIs in the cash market (US\$ mn) over last 1 year



Source: Bloomberg.

IPO analysis

Exhibit 33: Market performance since IPO/ Follow on offering

Name	Offer Shares	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Manaksia Ltd	16	160	2,480	08-Jan-08	168	148	5	(8)
Brigade Enterprises	17	390	6,484	31-Dec-07	378	344	(3)	(12)
Transformes & rectifiers	3	465	1,393	28-Dec-07	728	706	57	52
Eclerx Services	3	315	1,010	31-Dec-07	448	386	42	23
Kaushalya Infra	9	60	510	14-Dec-07	82	80	37	33
Empee Distilleries	5	400	1,920	26-Nov-07	318	306	(21)	(23)
Mundra Port & eco zone	40	440	17,710	27-Nov-07	962	1,023	119	132
Edelweiss Capital Ltd	8	825	6,919	12-Dec-07	1,510	1,515	83	84
Renaissance Jewellery Ltd	5	150	799	12-Dec-07	165	137	10	(9)
Kolte Patil	19	145	2,755	13-Dec-07	181	222	25	53
Maytas Infra	9	370	3,275	25-Oct-07	614	812	66	119
Consolidated Construction	5	370	1,887	15-Oct-07	791	1,177	114	218
Religare Enterprises	76	185	1,402	21-Nov-07	521	647	182	250
Supreme Infrastructure	35	108	375	18-Oct-07	175	164	62	52
Dhanus Technologies	38	295	1,131	17-Oct-07	311	301	5	2
Koutons Retail	35	415	1,462	12-Oct-07	590	967	42	133
Power Grid Corp	5,739	52	29,845	05-Oct-07	100	140	92	169
Magnum Ventures	176	30	529	20-Sep-07	49	31	62	2
Indowind Energy	125	65	813	14-Sep-07	115	135	76	107
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	1,842	18	123
Puravankara Projects	215	400	8,587	30-Aug-07	362	425	(10)	6
KPR Mill	59	225	1,330	28-Aug-07	174	175	(23)	(22)
TakeSolutions	21	730	1,533	27-Aug-07	926	1,143	27	57
Central Bank of India	800	102	8,160	21-Aug-07	115	136	13	33
SEL manufacturing	41	90	372	21-Aug-07	142	218	58	142
Refex Refrigerants	38	65	247	20-Aug-07	62	197	(5)	203
Zylog Systems	36	350	1,260	17-Aug-07	431	346	23	(1)
IVR Prime	142	550	7,783	16-Aug-07	418	389	(24)	(29)
OMAXE Ltd	178	310	5,517	09-Aug-07	349	452	13	46
Alpa Laboratories	95	68	646	06-Aug-07	55	45	(19)	(34)
Simplex projects	30	185	555	03-Aug-07	272	419	47	126
Everonn Systems	36	140	500	01-Aug-07	478	1,186	241	747
Allied Digital	45	190	859	25-Jul-07	331	952	74	401
Housing Development & Infra	297	500	14,850	24-Jul-07	558	1,394	12	179
Soice Communications	1,131	46	5,203	18-Jul-07	61	47	32	2
Roman Tarmat	29	175	508	09-Jul-07	319	179	82	3
DLF	1,750	525	91,875	05-Jul-07	570	1,086	9	107
Vishal Retail	40	270	1,082	04-Jul-07	752	917	179	239
Nitin Fire Protection	34	190	644	05-Jun-07	484	536	155	182
Insecticides Ind	32	115	369	30-May-07	110	86	(5)	(25)
MIC Electronics	51	150	765	30-May-07	336	874	124	483
Binani Cements	205	75	1,538	28-May-07	69	118	(8)	57
Hilton Metal Forging	55	70	382	24-May-07	68	53	(3)	(24)
Bhagwati Hotels	230	40	920	17-May-07	51	78	27	95
Fortis Healthcare	460	108	4,968	09-May-07	100	100	(7)	(7)
Advanta IndiaLtd	34	640	2,163	19-Apr-07	850	1,380	33	116

Source: Bloomberg and Kotak Institutional Equities.

Exhibit 34: Forthcoming IPO/Follow on offerings

Company	Issue
EMAAR MGF LAND LTD.	IPO
JAIPRAKASH POWER VENTURES LTD.	IPO
UTI ASSET MANAGEMENT CO.LTD.	IPO
NATIONAL HYDROELECTRIC POWER CORP.LTD.	IPO
OIL INDIA LTD.	IPO
ACME TELE POWER LTD.	IPO
RURAL ELECTRIFICATION CORP.LTD.	IPO
IRB INFRASTRUCTURE DEVELOPERS LTD.	IPO
WOCKHARDT HOSPITALS LTD.	IPO
D.B.CORP.LTD.	IPO
MAHINDRA HOLIDAYS & RESORTS INDIA LTD.	IPO
ONMOBILE GLOBAL LTD.	IPO
RAMKY INFRASTRUCTURE LTD.	IPO
GAMMON INFRASTRUCTURE PROJECTS LTD.	IPO
VASCON ENGINEERS LTD.	IPO
PRINCE FOUNDATIONS LTD.	IPO
RNS INFRASTRUCTURE LTD.	IPO
AUSTRAL COKE & PROJECTS LTD.	IPO
PRIDE HOTELS LTD.	IPO
RESURGERE MINES & MINERALS INDIA LTD.	IPO
XENITIS INFOTECH LTD.	IPO
RAMSARUP LOHH UDYOG LTD.	IPO
TCG LIFESCIENCES LTD.	IPO
KNR CONSTRUCTIONS LTD.	IPO
GOKUL REFOILS & SOLVENT LTD.	IPO
PERSISTENT SYSTEMS LTD.	IPO
BIRLA COTSYN (INDIA) LTD.	IPO
INFINITY INFOTECH PARKS LTD.	IPO
SURYA FOODS & AGRO LTD.	IPO
TECPRO SYSTEMS LTD.	IPO
NEEL METAL PRODUCTS LTD.	IPO
GSS AMERICA INFOTECH LTD.	IPO
YBRANT TECHNOLOGIES LTD.	IPO
SHRIRAM EPC LTD.	IPO
EURO MULTIVISION LTD.	IPO
MAN INFRACONSTRUCTION LTD.	IPO

Source: Primedatabase .

Bulk deals

Bulk/block deals during the week

Deal Date	Scrip Name	Action	Quantity	Price	Value		Exchange
					(Rs mn)		
15-Jan-08	Indiabulls Financial Serv	BUY	1500000	879	1319		NSE
15-Jan-08	Indiabulls Real Estate Li	SELL	1613232	747	1204		NSE
10-Jan-08	ICSA (India) Limited	SELL	800000	538	430		NSE
10-Jan-08	Prakash Industries Ltd.	BUY	925000	335	310		NSE
10-Jan-08	Prakash Industries Ltd.	SELL	900000	335	302		NSE
15-Jan-08	Rajesh Exports Ltd.	BUY	270050	882	238		NSE
10-Jan-08	MADHUCON PRO	SELL	293456	756	222		BSE
11-Jan-08	Balrampur Chini Mills	BUY	1975000	109	216		NSE
15-Jan-08	Shree Renuka Sugars Limit	SELL	167000	1292	216		NSE
10-Jan-08	MADHUCON PRO	BUY	200000	763	153		BSE
15-Jan-08	AUROBINDO PH	BUY	324445	465	151		BSE
14-Jan-08	MIC ELECT	BUY	150000	914	137		BSE
10-Jan-08	GAYATRI PROJ	BUY	202000	600	121		BSE
10-Jan-08	LOK HOUSI CO	SELL	275000	326	90		BSE
10-Jan-08	Easun Reyrolle Relays	BUY	231296	339	78		NSE
15-Jan-08	MANAP GEN FI	BUY	434800	180	78		BSE
11-Jan-08	Aries Agro Limited	BUY	350000	195	68		NSE
14-Jan-08	MOUNT EVE MI	SELL	275292	182	50		BSE
15-Jan-08	NRB BEARING	SELL	513894	86	44		BSE
15-Jan-08	NRB BEARING	BUY	500000	86	43		BSE
11-Jan-08	NRB Bearings Limited	BUY	500000	86	43		NSE
11-Jan-08	NRB Bearings Limited	SELL	500000	86	43		NSE
16-Jan-08	Prithvi Information Solut	BUY	113000	308	35		NSE
10-Jan-08	DHAMPUR SUGAR MILLS LTD	BUY	306000	106	33		NSE
16-Jan-08	Prithvi Information Solut	SELL	100000	300	30		NSE
14-Jan-08	MOUNT EVE MI	BUY	155292	179	28		BSE
16-Jan-08	Bartronics India Limited	SELL	100000	250	25		NSE
11-Jan-08	Aries Agro Limited	SELL	81994	251	21		NSE
15-Jan-08	Aries Agro Limited	BUY	88169	227	20		NSE
14-Jan-08	Shri Lakshmi Cotsyn Limit	SELL	102252	167	17		NSE
14-Jan-08	SHRILAKSHMI	SELL	91318	166	15		BSE

Source: BSE and NSE

Delivery positions

Exhibit 36: Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Kec International Ltd	47	96
Sintex Industries Limited	55	98
Ipca Laboratories Limited	53	92
Novartis India Limited	39	76
Bharat Electronics Limited	44	76
Nagarjuna Construction Co	37	69
Indian Overseas Bank	46	73
Jyoti Structures Limited	39	65
Ultratech Cement Ltd	63	86

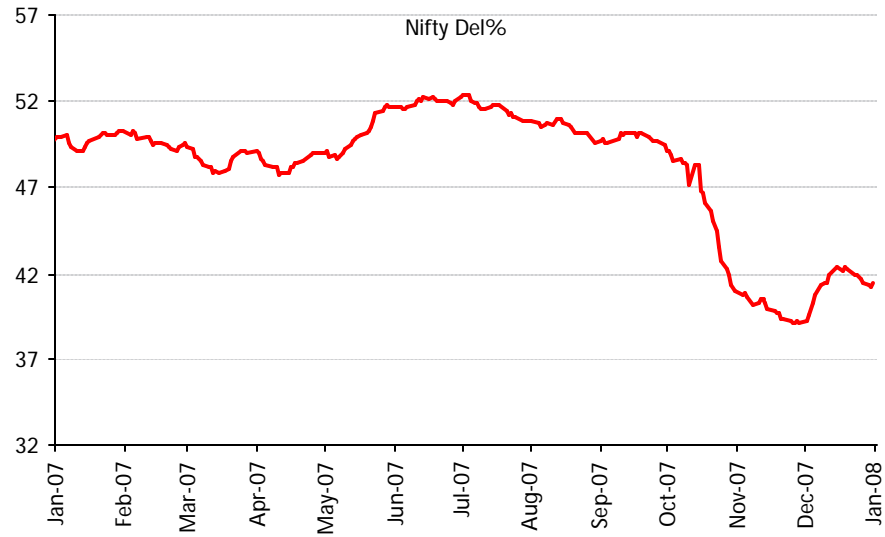
Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Motherson Sumi Systems Ltd	90	51
CESC Limited	64	26
Punj Lloyd Limited	35	-
Asian Paints Ltd	92	59
Monnet Ispat & Energy Ltd	91	60
Great Eastern Shipping Co	70	39
Patni Computer Systems Ltd	77	46
Bank Of Baroda	54	30
Nicholas Piramal India Ltd	81	59

Source: Bloomberg and Kotak Institutional Equities.

Market movement indicators

Exhibit 39: Aggregate delivery percentage

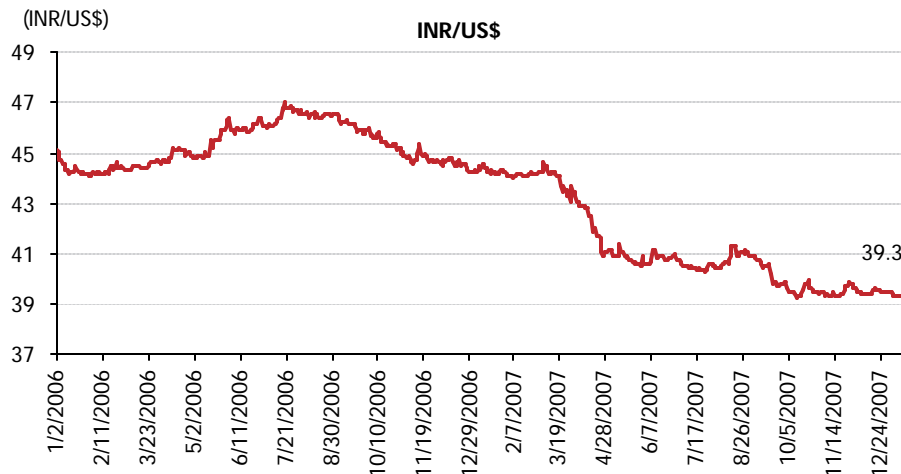
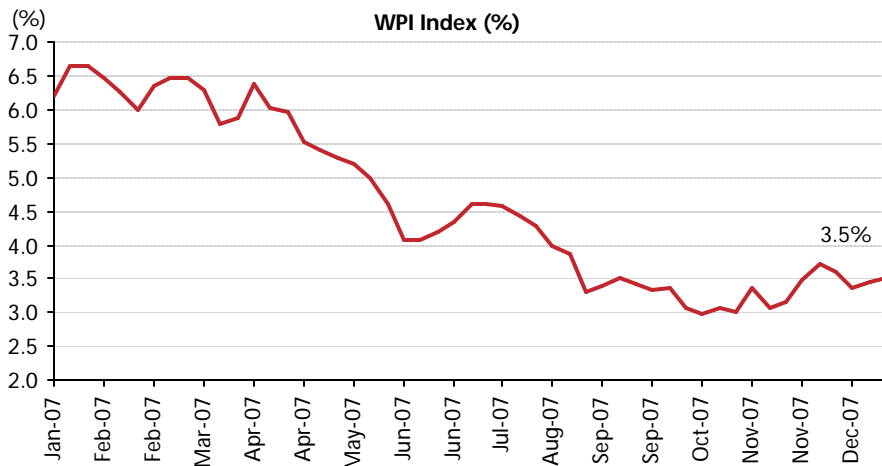
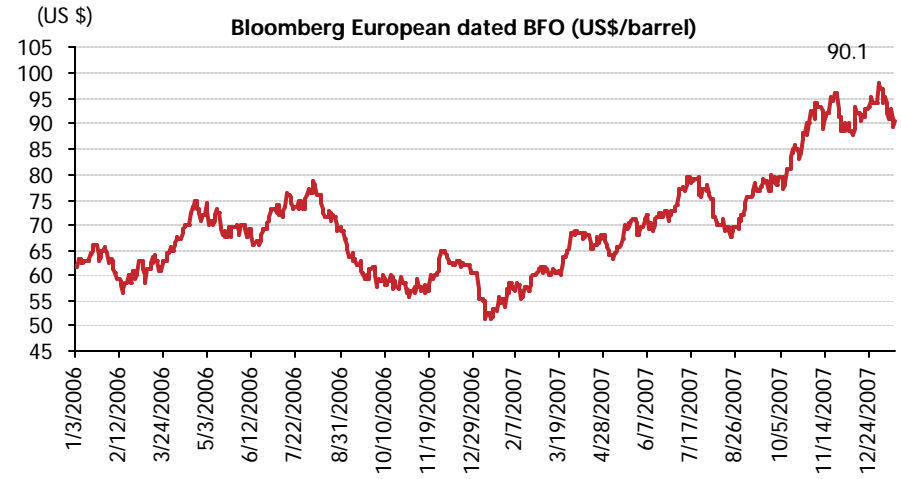
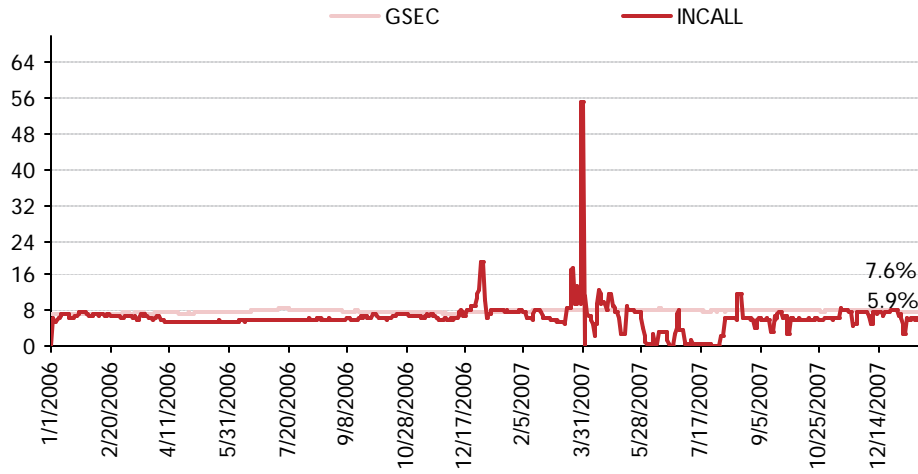


Source: Bloomberg and Kotak Institutional Equities.

Economic indicators

Economic indicators

Exhibit 41: Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

Kotak valuation summary

Valuation summary

Kotak Institutional Equities Universe

Company	17-Jan-08		Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price	Upside	ADVT-3mo
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	(Rs)	(%)	(US\$ mn)
Automobiles																													
Bajaj Auto	2,442	BUY	247,110	6,286	101	127.2	114.5	151.9	14.5	(10.0)	32.7	19.2	21.3	16.1	13.3	14.3	11.2	4.4	4.0	3.5	1.6	1.6	1.6	23.7	18.8	22.3	2,750	12.6	14.9
Maruti Suzuki	867	BUY	250,650	6,376	289	54.0	75.3	88.9	31.4	39.3	18.0	16.0	11.5	9.8	9.4	6.8	5.6	3.6	2.7	2.1	0.5	0.5	0.5	24.9	26.8	24.3	1,200	38.4	4.2
Mahindra & Mahindra	752	BUY	194,148	4,939	258	37.4	44.1	44.5	42.4	17.7	1.0	20.1	17.1	16.9	13.5	12.3	11.5	5.4	3.4	3.1	1.5	1.3	1.3	32.4	25.6	20.0	875	16.3	17.6
Tata Motors	737	BUY	315,341	8,022	428	47.0	45.7	53.2	20.0	(2.9)	16.5	15.7	16.1	13.8	10.0	9.8	8.6	4.1	3.1	2.9	1.8	1.8	1.8	27.7	23.4	22.8	915	24.2	26.6
Automobiles		Attractive	1,007,250	25,623					27.6	12.9	17.2	17.6	15.7	13.4	11.1	11.0	10.0	4.2	3.4	2.8	1.4	1.4	1.4	24.0	21.5	20.9			
Banks/Financial Institutions																													
Andhra Bank	113	BUY	54,829	1,395	485	11.1	12.6	13.5	10.8	13.2	7.3	10.2	9.0	8.4	—	—	—	1.8	1.6	1.5	3.4	3.8	4.1	17.8	18.2	17.6	120	6.1	4.4
Axis Bank	1,160	REDUCE	383,101	9,746	330	23.4	32.8	42.2	34.4	40.2	28.6	49.6	35.3	27.5	—	—	—	12.8	4.5	3.9	0.4	0.6	0.8	21.0	17.8	16.0	850	(26.7)	3.7
Bank of Baroda	464	SELL	169,641	4,315	366	28.1	35.3	38.9	24.1	25.6	10.2	16.5	13.2	11.9	—	—	—	2.2	2.0	1.8	1.5	1.7	1.8	12.4	14.5	14.7	375	(19.2)	9.9
Canara Bank	352	SELL	144,156	3,667	410	34.7	33.1	28.7	5.8	(4.4)	(13.4)	10.1	10.6	12.3	—	—	—	2.0	1.7	1.5	2.0	1.8	2.0	16.3	12.8	10.5	250	(28.9)	6.3
Corporation Bank	431	BUY	61,800	1,572	143	37.4	44.7	49.2	20.6	19.7	9.9	11.5	9.6	8.8	—	—	—	1.6	1.5	1.3	2.1	2.5	2.9	15.0	16.3	16.3	470	9.1	1.6
Central Bank of India	136	ADD	55,024	1,400	404	15.4	13.2	14.7	570.9	(14.4)	11.4	8.9	10.4	9.3	—	—	—	3.3	1.8	1.6	1.8	1.9	2.1	16.0	14.1	13.4	150	10.2	6.2
Centurion Bank of Punjab	67	SELL	113,552	2,889	1,686	0.8	1.0	1.5	35.6	22.0	43.5	79.7	65.3	45.5	—	—	—	10.0	6.4	5.5	-	-	-	11.5	9.9	12.8	45	(33.2)	21.5
Federal Bank	340	ADD	36,410	926	107	34.2	40.2	33.0	30.0	17.6	(18.0)	9.9	8.5	10.3	—	—	—	2.6	0.9	0.8	0.9	2.4	3.1	21.2	15.5	13.5	330	(2.9)	4.4
HDFC	2,850	REDUCE	817,125	20,787	287	62.1	79.0	82.9	23.6	27.3	4.9	45.9	36.1	34.4	—	—	—	14.7	6.7	6.0	0.7	1.0	1.0	31.3	25.5	18.4	2,200	(22.8)	71.4
HDFC Bank	1,647	REDUCE	570,970	14,525	347	35.7	47.4	60.5	28.5	32.7	27.5	46.1	34.7	27.2	—	—	—	8.9	4.8	4.2	0.4	0.6	0.8	19.5	17.9	16.9	1,300	(21.1)	28.5
ICICI Bank	1,322	ADD	1,461,911	37,189	1,106	34.6	35.7	47.3	5.6	3.3	32.3	38.2	37.0	28.0	—	—	—	6.0	2.9	2.9	0.6	0.6	0.9	13.4	10.4	10.7	1,200	(9.2)	125.1
IDFC	218	SELL	282,081	7,176	1,291	4.4	6.1	8.4	25.8	40.5	37.1	50.1	35.7	26.0	—	—	—	9.6	5.1	4.6	0.4	0.6	0.9	17.9	18.6	18.5	150	(31.3)	65.8
India Infoline	1,626	SELL	87,389	2,223	54	15.1	26.8	49.9	39.3	77.5	86.5	107.9	60.8	32.6	62.1	27.2	14.2	26.9	16.2	4.2	0.2	-	-	29.1	33.3	26.8	1,350	(17.0)	13.0
Indian Bank	224	SELL	96,118	2,445	430	16.8	27.9	24.8	148.1	65.8	(11.2)	13.3	8.0	9.0	—	—	—	3.2	2.6	2.2	1.3	3.1	2.8	25.8	31.3	23.7	170	(24.0)	5.9
Indian Overseas Bank	193	ADD	104,928	2,669	545	18.5	22.2	23.2	28.7	19.8	4.8	10.4	8.7	8.3	—	—	—	2.6	2.3	1.9	1.8	2.3	2.6	28.1	28.0	24.6	150	(22.1)	2.9
J&K Bank	847	ADD	41,056	1,044	48	56.6	66.0	71.3	55.2	16.6	8.1	15.0	12.8	11.9	—	—	—	2.3	2.0	1.7	1.4	1.6	1.7	14.4	15.0	14.5	850	0.4	0.5
LIC Housing Finance	382	ADD	32,503	827	85	32.8	43.7	46.8	33.9	33.0	7.0	11.6	8.8	8.2	—	—	—	2.6	1.8	1.5	2.1	2.7	2.9	-	-	-	350	(8.5)	15.7
Mahindra & Mahindra Financial	318	ADD	26,674	679	84	15.7	18.9	24.0	25.5	20.0	27.5	20.2	16.8	13.2	—	—	—	3.7	3.2	2.8	1.3	1.5	1.9	18.1	19.0	21.0	265	(16.5)	1.1
Oriental Bank of Commerce	307	SELL	76,828	1,954	251	33.0	32.4	34.0	2.9	(1.6)	5.0	9.3	9.5	9.0	—	—	—	1.6	1.5	1.3	1.5	1.5	1.6	10.9	9.9	10.0	240	(21.7)	4.3
PFCL	252	SELL	289,524	7,365	1,148	11.1	12.4	15.9	9.5	12.2	28.3	22.8	20.3	15.8	—	—	—	3.0	2.7	2.4	0.9	0.7	0.9	12.6	13.9	15.8	150	(40.5)	14.0
Punjab National Bank	660	BUY	208,178	5,296	315	48.8	56.7	57.9	7.0	16.0	2.2	13.5	11.6	11.4	—	—	—	2.3	2.0	1.6	2.0	1.1	1.1	15.5	16.0	14.3	620	(6.1)	13.9
SREI	248	BUY	27,011	687	109	7.3	10.3	7.5	63.6	41.2	(26.8)	34.1	24.1	33.0	—	—	—	5.9	5.0	2.3	0.4	0.8	1.1	18.1	21.8	17.2	240	(3.1)	4.2
State Bank of India	2,419	NR	1,272,907	32,381	526	86.3	114.7	107.5	3.1	32.9	(6.3)	28.0	21.1	22.5	—	—	—	4.8	4.3	3.6	0.6	0.7	0.7	15.4	18.7	16.0	-	-	98.9
Union Bank	211	BUY	106,353	2,705	505	16.7	21.7	26.4	14.8	29.9	21.6	12.6	9.7	8.0	—	—	—	2.0	1.8	1.5	1.7	2.3	2.8	19.2	21.3	21.9	230	9.2	7.7
Banks/Financial Institutions		Attractive	6,520,067	165,863					18.1	27.8	13.0	28.7	22.5	19.9	—	—	—	4.8	3.4	2.9	0.8	0.9	1.1	16.8	14.9	14.7			
Cement																													
ACC	860	SELL	162,315	4,129	189	56.7	72.7	77.2	93.7	28.2	6.2	15.2	11.8	11.1	9.0	7.1	6.3	4.7	3.5	2.9	2.0	2.0	2.0	39.7	37.2	30.5	900	4.6	20.8
Ambuja Cements	131	SELL	198,400	5,047	1,517	8.5	9.2	10.3	72.9	8.1	12.0	15.3	14.2	12.6	11.1	8.8	7.6	5.1	4.0	3.2	1.4	2.0	1.1	44.5	33.1	29.5	130	(0.6)	11.3
Grasim Industries	3,307	ADD	303,200	7,713	92	214.6	271.8	305.3	98.9	26.7	12.3	15.4	12.2	10.8	8.1	6.3	5.5	3.4	2.6	2.1	0.8	0.9	1.0	24.5	24.3	21.4	3,400	2.8	11.9
India Cements	258	REDUCE	72,609	1,847	282	26.1	25.4	27.9	n/a	(2.8)	9.8	9.9	10.2	9.2	12.2	7.1	6.1	3.4	2.1	1.8	—	0.7	0.8	31.4	26.5	21.6	270	4.8	16.6
Shree Cement	1,312	ADD	45,689	1,162	35	45.2	112.5	132.3	(5.9)	148.8	17.6	29.0	11.7	9.9	8.7	5.3	4.4	10.1	5.5	3.8	0.5	0.5	0.6	38.6	60.8	45.3	1,600	22.0	0.6
UltraTech Cement	897	SELL	111,630	2,840	124	63.3	73.0	81.2	255.1	15.2	11.3	14.2	12.3	11.0	8.6	7.4	6.7	4.8	3.6	2.7	0.7	0.8	0.9	55.8	41.8	33.3	850	(5.2)	3.5
Cement		Cautious	893,844	22,738					116.2	24.3	11.0	15.3	12.3	11.1	9.1	7.0	6.1	4.2	3.1	2.5	1.1	1.3	1.2	27.5	25.7	22.5			
Consumer Products																													
Asian Paints	1,108	ADD	106,289	2,704	96	28.1	38.3	44.3	22.0	36.1	15.8	39.4	28.9	25.0	23.0	17.4	14.6	13.9	11.0	8.8	1.2	1.4	1.6	39.5	43.5	40.2	1,000	(9.8)	2.0
Colgate-Palmolive (India)	482	BUY	65,494	1,666	136	14.6	16.8	19.2	32.6	14.9	14.1	32.9	28.6	25.1	24.1	21.8	18.7	23.3	35.1	29.9	2.0	2.6	3.0	72.2	98.0	129.1	455	(5.5)	3.3
GlaxoSmithKline Consumer (a)	690	ADD	29,018	738	42	30.2	40.9	47.4	18.5	25.5	15.8	22.9	16.9	14.6	11.8	9.0	7.5	5.1	4.3	3.7	1.4	2.0	2.3	24.9					

Valuation summary

Kotak Institutional Equities Universe

Company	17-Jan-08		Mkt cap.		O/S Shares (mn)	EPS (Rs)			EPS Growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price (Rs)	Upside (%)	ADVT-3mo (US\$ mn)
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E			
Industrials																													
ABB	1,384	REDUCE	293,345	7,462	212	16.1	24.7	36.0	55.6	54.0	45.4	86.2	56.0	38.5	52.2	33.5	22.8	24.5	17.8	12.5	0.1	0.2	0.2	32.4	36.8	38.2	1,575	13.8	15.9
AIA Engineering	1,596	BUY	30,006	763	19	51.4	64.3	98.4	74.4	25.2	53.1	31.1	24.8	16.2	22.2	17.1	10.6	6.1	5.0	3.9	0.2	0.3	0.6	25.1	21.7	26.1	1,750	9.6	1.5
Bharat Electronics	1,879	REDUCE	150,332	3,824	80	91.7	105.7	126.0	21.9	15.3	19.3	20.5	17.8	14.9	11.1	9.2	7.4	5.6	4.5	3.7	1.0	1.3	1.3	30.3	28.1	27.2	1,900	1.1	4.3
Bharat Heavy Electricals	2,349	ADD	1,149,638	29,245	490	49.3	64.3	82.1	44.1	30.4	27.7	47.6	36.5	28.6	25.9	20.2	15.8	13.1	10.3	8.1	0.5	0.6	0.8	30.0	31.6	31.8	2,500	6.5	71.1
Dredging Corporation	974	ADD	27,261	693	28	55.9	76.1	70.3	(8.4)	36.1	(7.6)	17.4	12.8	13.8	10.7	8.2	8.2	2.5	2.1	1.9	1.5	1.5	1.5	13.2	12.4	10.8	775	(20.4)	3.5
Larsen & Toubro	4,078	BUY	1,173,358	29,849	288	62.8	91.1	122.9	59.4	45.1	34.8	64.9	44.7	33.2	40.4	28.0	20.8	15.3	11.2	8.4	0.2	0.2	0.2	27.6	28.9	29.4	4,050	(0.7)	9.9
Maharashtra Seamless	549	BUY	38,907	990	71	33.5	37.8	45.0	38.3	12.7	19.0	16.4	14.5	12.2	10.0	8.4	6.7	3.9	3.1	2.5	0.7	0.8	0.9	32.6	23.6	22.6	680	23.8	4.4
Siemens	1,998	REDUCE	336,831	8,569	169	22.7	31.3	44.3	31.3	38.0	41.2	88.0	63.8	45.1	50.4	36.4	25.0	27.1	18.5	13.8	0.2	0.2	0.3	35.3	34.5	34.9	1,850	(7.4)	19.9
Suzlon Energy	1,979	ADD	597,047	15,188	302	30.0	39.6	69.2	14.2	31.8	74.8	65.9	50.0	28.6	44.7	30.0	19.2	17.0	13.2	5.4	0.2	0.3	0.3	27.6	29.7	27.9	2,250	13.7	46.1
Industrials		Attractive	3,796,726	96,584					40.6	35.1	37.3	54.2	40.1	29.2	32.2	23.9	17.7	13.7	10.5	7.3	0.3	0.4	0.5	25.3	26.2	25.1			
Media																													
DishTV	88	REDUCE	37,534	955	428	(5.9)	(8.1)	(7.2)	n/a	37.6	(11.1)	(14.9)	(10.9)	(12.2)	(20.6)	(24.9)	(156)	(95.1)	(9.7)	(5.4)	—	—	—	(330.6)	162.8	57.0	80	(8.7)	14.7
HT Media	234	ADD	54,856	1,395	234	4.1	6.8	10.7	53.6	63.9	57.7	56.7	34.6	21.9	31.5	20.0	12.4	6.9	6.0	4.9	0.1	0.4	0.9	12.8	18.5	24.5	250	6.7	1.0
Jagran Prakashan	158	ADD	47,660	1,212	301	2.4	4.2	6.0	44.5	71.7	42.1	64.9	37.8	26.6	38.6	22.4	15	9.3	8.6	7.7	0.9	1.5	2.1	14.7	23.6	30.5	147	(7.1)	0.5
Sun TV Network	387	SELL	152,312	3,875	394	6.3	9.3	12.5	20.8	46.3	34.5	60.9	41.7	31.0	34.2	23.0	17.0	12.8	10.6	8.7	0.4	0.6	1.0	32.9	27.8	30.8	315	(18.5)	4.9
Zee Entertainment Enterprises	300	SELL	130,070	3,309	434	5.5	8.3	11.8	11.2	52.0	41.7	55.0	36.2	25.5	41.3	23.5	17	5.0	4.6	4.1	0.5	0.6	0.9	10.0	13.2	16.8	260	(13.3)	13.4
Media		Cautious	422,432	10,746					14.6	65.3	69.1	105.0	63.5	37.6	48.9	28.1	18.3	8.3	7.8	7.0	0.4	0.6	1.0	7.9	12.3	18.7			
Metals																													
Hindalco Industries	191	BUY	249,343	6,343	1,307	19.6	17.5	15.9	55.2	(10.9)	(8.8)	9.7	10.9	12.0	7.2	6.7	6.8	1.8	1.3	1.2	0.7	0.9	0.9	21.0	14.3	10.8	210	10.1	27.9
National Aluminium Co.	450	ADD	290,165	7,381	644	37.0	27.7	25.1	55.4	(25.0)	(9.4)	12.2	16.2	17.9	6.4	8.5	9.5	3.5	3.0	2.7	1.7	1.7	1.7	32.1	20.1	16.1	375	(16.7)	3.7
Jindal Steel and Power	15,855	ADD	488,222	12,420	31	280.8	361.2	526.4	47.6	28.6	45.7	56.5	43.9	30.1	33.5	26.1	19.0	15.9	11.6	8.3	0.1	0.1	0.1	28.2	26.4	27.4	14,500	(8.5)	92.0
JSW Steel	1,158	ADD	215,158	5,473	186	67.8	92.0	107.6	51.3	35.7	16.9	17.1	12.6	10.8	9.0	8.2	7.8	3.3	2.2	1.8	1.1	1.6	1.6	22.1	21.2	18.7	1,040	(10.2)	25.1
Hindustan Zinc	738	BUY	311,763	7,931	423	105.1	99.2	108.4	201.7	(5.6)	9.2	7.0	7.4	6.8	4.8	4.5	3.6	3.9	2.6	1.9	0.7	1.0	1.0	73.4	42.3	32.6	1,110	50.4	3.0
Sesa Goa	3,382	BUY	133,107	3,386	39	154.1	192.8	323.9	12.5	25.1	68.0	21.9	17.5	10.4	14.7	11.0	6.2	8.6	6.6	4.5	1.5	2.1	2.4	45.4	42.6	50.9	3,810	12.7	20.8
Sterilite Industries	931	ADD	659,891	16,787	708	83.1	62.2	62.8	37.5	(25.2)	1.0	11.2	15.0	14.8	7.7	7.2	6.6	6.1	2.9	2.5	—	—	—	50.7	26.0	17.9	1,025	10.0	75.5
Tata Steel	810	REDUCE	696,608	17,721	860	50.9	53.6	58.6	(20.9)	5.4	9.3	15.9	15.1	13.8	9.7	8.6	8.4	4.4	2.2	2.0	1.4	1.4	1.4	36.8	23.3	15.0	775	(4.3)	60.7
Metals		Neutral	3,044,257	77,442					78.0	(1.3)	8.6	14.4	14.6	13.4	8.8	8.3	7.6	4.5	2.8	2.3	1.8	0.9	0.9	31.2	19.0	17.5			
Oil & Gas																													
Bharat Petroleum	443	NR	145,274	3,696	328	52.3	42.4	25.6	578.0	(18.9)	(39.6)	8.5	10.4	17.3	4.2	4.6	6.1	1.2	1.3	1.1	4.0	4.0	2.4	16.2	11.8	6.7	—	—	11.8
Cairn India	235	SELL	414,319	10,540	1,765	2.3	0.5	1.9	27.6	(80.2)	313.5	102.1	515.1	124.6	56.1	49.8	40.7	1.4	1.4	1.4	—	—	—	2.7	0.3	1.1	160	(31.8)	32.7
Castrol India (a)	283	REDUCE	34,959	889	124	12.2	18.3	20.4	3.2	50.1	11.3	23.2	15.4	13.9	13.4	8.9	8.0	8.2	7.4	6.7	3.2	4.2	5.0	36.6	50.5	50.7	310	9.6	0.9
GAIL (India)	497	SELL	420,542	10,698	846	25.3	28.6	29.4	(9.5)	12.9	3.1	19.7	17.4	16.9	11.5	10.4	9.4	3.3	2.9	2.7	2.0	2.0	2.2	16.8	16.8	15.4	380	(23.6)	32.8
GSPL	92	SELL	50,100	1,274	544	1.6	1.4	4.4	40.0	(15.3)	220.8	56.3	66.4	20.7	20.0	16.5	9.6	4.7	4.4	3.8	0.5	0.5	1.5	8.8	6.9	19.8	59	(35.9)	16.9
Hindustan Petroleum	330	ADD	111,820	2,845	339	40.0	26.8	27.2	503.8	(33.1)	1.7	8.2	12.3	12.1	5.0	6.4	5.5	1.0	1.0	0.9	5.5	3.0	3.0	11.9	7.5	7.2	400	21.2	18.8
Indian Oil Corporation	657	SELL	774,518	19,703	1,179	46.8	66.1	45.3	21.3	41.1	(31.5)	14.0	9.9	14.5	6.4	5.0	6.1	2.0	1.8	1.6	2.9	3.1	2.3	15.0	18.4	11.2	500	(23.9)	19.3
Oil & Natural Gas Corporation	1,251	REDUCE	2,675,962	68,073	2,139	83.3	108.2	113.0	13.5	29.9	4.4	15.0	11.6	11.1	6.2	5.3	4.7	3.0	2.6	2.2	2.5	2.6	2.6	19.9	22.5	20.5	1,100	(12.1)	68.7
Petronet LNG	109	SELL	81,413	2,071	750	4.2	6.2	5.4	—	48.0	(12.7)	26.0	17.6	20.1	13.7	10.5	12.5	5.3	4.1	3.4	1.2	1.4	0.9	22.4	25.3	18.0	65	(40.1)	28.7
Reliance Industries	2,996	RS	3,758,346	95,608	1,254	82.8	94.5	127.9	31.2	14.1	35.3	36.2	31.7	23.4	19.0	17.4	12.1	5.3	5.2	3.3	0.4	0.5	0.6	19.1	17.8	19.6	—	—	330.9
Reliance Petroleum	219	SELL	986,850	25,104	4,500	(0.0)	(0.0)	4.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	38.4	7.3	7.3	6.4	—	—	—	(0.0)	(0.1)	14.0	175	(20.2)	327.3
Oil & Gas		Neutral	9,454,103	240,501					29.2	21.2	11.6	22.6	18.7	16.7	11.1	9.8	8.6	3.4	3.0	2.5	1.3	1.4	1.4	14.9	16.0	15.2			
Pharmaceutical																													
Cipla	209	REDUCE	162,454	4,133	777	8.6	7.5	8.4	6.0	(12.6)	11.7	24.3	27.8	24.9	17.6	18.9	17.1	5.0	4.5	4.1	1.0	1.2	1.4	25.6	17.1	17.3	180	(13.9)	9.0
Dr Reddy's Laboratories	672	BUY	112,896	2,872	168	60.9	35.3	50.3	536.8	(42.0)	42.4	11.0	19.0	13.4	6.7	9.7	7.6	2.8	2.5	2.2									

Valuation summary

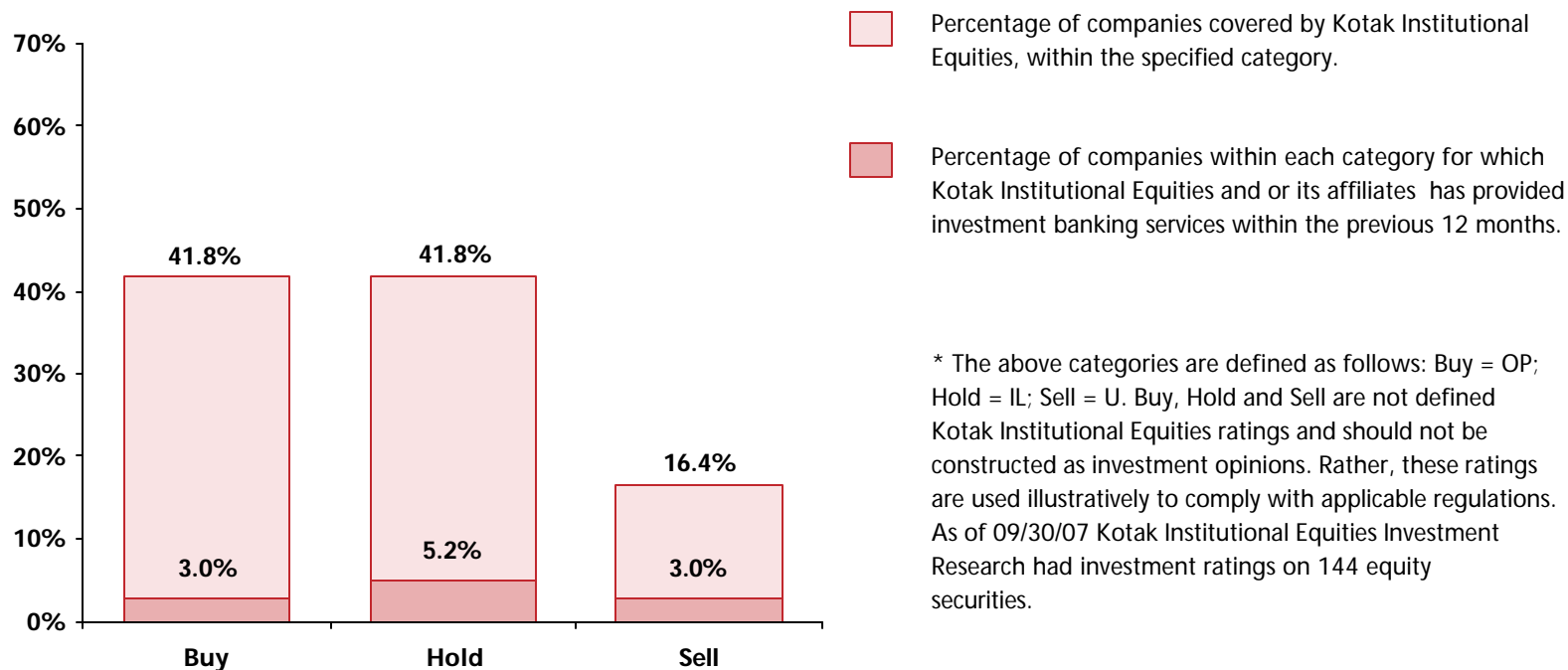
Kotak Institutional Equities Universe

Company	17-Jan-08		Mkt cap.		O/S Shares	EPS (Rs)			EPS Growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price	Upside	ADVT-3mo	
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	(Rs)	(%)	(US\$ mn)	
Pipes																														
Jindal Saw	1,015	ADD	56,851	1,446	56	73.2	66.0	112.2	138.0	(9.9)	70.1	13.9	15.4	9.0	7.1	8.0	5.0	2.1	1.9	1.5	0.6	0.6	0.6	20.1	13.6	19.4	1,100	8.3	6.9	
PSL	467	ADD	19,304	491	41	20.2	28.4	40.5	16.7	40.1	42.9	23.1	16.5	11.5	12.9	9.6	6.9	5.5	2.7	2.4	0.9	1.2	1.4	10.7	12.5	14.5	500	7.1	1.1	
Welspun Gujarat Stahl Rohren	525	SELL	98,029	2,494	187	10.6	22.0	25.9	48.7	108.5	17.5	49.6	23.8	20.3	32.7	17.9	11.3	13.4	5.3	4.5	0.4	0.5	0.9	22.0	30.4	25.1	310	(40.9)	20.1	
Pipes																														
			174,185	4,431				105.0	40.0	52.7	29.2	20.8	13.6				14.4	12.3	7.9	4.6	3.3	2.6	0.5	0.6	0.9	15.8	15.8	19.2		
Retail																														
Pantaloon Retail	779	REDUCE	114,311	2,908	147	6.1	10.5	15.0	26.7	73.1	42.7	128.6	74.3	52.1	49.9	34.8	25.1	11.0	10.0	8.8	0.4	0.5	0.6	10.7	13.2	16.3	425	(45.4)	3.2	
Rajesh Exports	873	BUY	42,297	1,076	48	27.4	45.7	65.1	47.2	66.7	42.5	31.8	19.1	13.4	8.3	1.9	1.3	13.7	3.6	2.9	0.2	0.3	0.3	32.9	18.9	21.5	1,410	61.5	11.9	
Retail																														
			156,608	3,984				45.4	97.3	42.6	82.4	41.7	29.3				30.3	17.1	13.4	11.6	6.8	5.7	0.4	0.4	0.5	14.1	16.3	19.4		
Technology																														
HCL Technologies	268	REDUCE	185,982	4,731	695	18.9	18.6	21.9	65.7	(1.6)	18.2	14.2	14.4	12.2	12.7	10.9	8.8	3.5	3.4	3.0	3.0	3.0	3.0	28.5	25.1	26.3	320	19.6	9.5	
Hexaware Technologies	80	SELL	11,328	288	142	8.9	8.1	10.1	16.1	(9.3)	24.9	9.0	9.9	7.9	6.0	5.9	4.2	1.5	1.5	1.3	2.0	2.0	2.0	22.8	15.5	18.2	90	12.9	0.8	
i-flex solutions	1,433	SELL	119,386	3,037	83	33.2	34.4	48.1	15.9	3.4	39.9	43.1	41.7	29.8	31.3	28.6	20.1	5.3	4.9	4.4	-	0.7	0.8	15.3	12.2	15.5	1,350	(5.8)	2.1	
iGate Global Solutions	404	NR	12,803	326	32	15.7	23.8	28.0	101.5	51.7	17.7	25.8	17.0	14.4	13.8	9.7	7.7	4.1	3.4	2.8	0.6	0.6	0.7	17.2	22.0	21.6	-	-	0.3	
Infosys Technologies	1,491	BUY	855,777	21,770	574	67.0	79.7	94.7	48.7	19.0	18.8	22.3	18.7	15.7	18.1	14.9	11.8	7.5	5.7	4.5	0.9	1.1	1.2	40.7	34.8	31.9	2,000	34.1	80.6	
Mphasis BFL	282	REDUCE	58,888	1,498	208	7.3	13.8	17.9	(21.5)	88.8	29.9	38.7	20.5	15.8	28.2	12.6	9.4	5.8	0.8	4.0	0.8	1.2	1.4	14.4	25.9	27.7	290	2.7	0.5	
Mindtree	443	ADD	17,102	435	39	22.8	24.5	31.3	23.3	7.5	27.9	19.5	18.1	14.1	15.3	13.8	10.3	3.9	3.2	2.6	0.2	0.6	0.7	31.9	20.1	21.1	520	17.4	1.3	
Patni Computer Systems	275	SELL	38,169	971	139	25.7	31.5	29.0	19.2	22.5	(8.0)	10.7	8.7	9.5	5.3	4.4	4.3	1.7	1.6	1.4	0.7	1.1	1.1	12.5	19.7	16.1	350	27.5	4.3	
Polaris Software Lab	117	SELL	11,462	292	98	10.3	9.1	11.1	359.1	(120.0)	23.1	11.3	12.9	10.5	6.3	7.0	5.4	1.9	1.7	1.5	1.5	1.5	1.5	17.7	14.0	15.3	105	(9.9)	2.9	
Satyam Computer Services	372	BUY	249,914	6,358	671	21.4	25.4	30.3	41.7	18.3	19.6	17.4	14.7	12.3	13.8	10.9	8.4	4.3	3.5	2.9	2.1	2.7	3.2	27.9	26.5	25.8	520	39.6	32.9	
TCS	923	ADD	902,915	22,969	979	42.2	52.6	60.3	43.3	24.7	14.5	21.9	17.5	15.3	17.4	14.2	11.8	10.1	7.8	6.1	1.2	2.3	2.6	55.8	50.0	44.7	1,175	27.4	36.2	
Tech Mahindra	957	REDUCE	116,582	2,966	122	47.0	60.6	83.1	124.3	29.0	37.2	20.4	15.8	11.5	15.8	12.8	8.3	13.1	7.1	4.4	0.3	0.4	0.5	81.3	62.2	50.1	1,250	30.7	3.1	
Wipro	460	ADD	667,653	16,984	1,450	19.8	22.6	28.0	39.3	14.3	23.8	23.2	20.3	16.4	18.1	16.2	12.0	6.6	5.3	4.3	1.2	1.4	1.8	31.7	28.9	28.9	545	18.4	13.2	
Technology																														
			3,247,960	82,624				48.4	19.2	19.9	21.4	18.0	15.0				16.9	14.0	11.0	6.5	5.3	4.2	1.2	1.7	2.0	30.3	29.3	28.3		
Telecom																														
Bharti Airtel Ltd	872	REDUCE	1,652,875	42,047	1,896	21.4	34.6	45.7	100.3	61.8	32.0	40.7	25.2	19.1	22.8	14.8	10.7	14.1	9.0	6.2	-	0.2	0.5	42.4	43.8	38.6	790	(9.4)	116.0	
IDEA	143	SELL	376,879	9,587	2,635	2.2	4.3	5.5	146.3	95.2	28.2	65.6	33.6	26.2	27.4	18.1	13.5	10.6	8.0	6.1	0.7	-	-	21.5	27.1	26.6	120	(16.1)	22.3	
MTNL	182	SELL	114,786	2,920	630	7.2	7.9	8.8	8.1	9.9	11.7	25.4	23.1	20.7	10.2	8.6	8.0	1.0	1.0	0.9	3.3	8.9	4.4	3.4	2.7	3.9	135	(25.9)	23.2	
Reliance Communications	729	NR	1,491,244	37,935	2,045	14.2	25.3	32.1	554.4	78.2	27.1	51.4	28.8	22.7	26.5	17.4	12.9	6.5	5.3	4.3	0.1	-	-	17.8	16.6	22.1	-	-	156.6	
VSNL	659	REDUCE	187,858	4,779	285	17.2	15.9	19.1	(7.8)	(7.2)	19.7	38.4	41.3	34.5	16.0	17.7	15.1	2.9	2.8	2.6	0.7	0.7	0.8	7.4	6.6	7.5	550	(16.6)	17.1	
Telecom																														
			3,823,642	97,269				134.0	65.9	28.6	44.3	26.7	20.8				23.4	15.9	11.8	6.8	5.5	4.4	0.2	0.5	0.4	15.4	20.5	21.2		
Textiles																														
Vardhman	148	ADD	9,340	238	63	29.5	22.7	31.6	3.9	(22.9)	39.0	5.0	6.5	4.7	5.8	6.9	5.0	0.6	0.6	0.5	2.4	2.1	3.0	14.1	8.9	11.2	220	48.3	0.4	
Textiles																														
Transmission Towers																														
JSL	269	ADD	22,317	568	83	6.6	10.7	13.1	81.2	61.1	23.0	40.7	25.3	20.5	18.7	13.4	11.2	8.8	6.6	5.1	0.2	0.2	0.2	29.8	30.0	28.0	275	2.1	1.0	
Kalpataru Power Transmission	1,620	ADD	42,914	1,092	26	60.2	77.4	91.8	67.6	28.7	18.6	26.9	20.9	17.6	16.7	13.3	10.9	6.5	5.1	4.1	0.5	0.6	0.6	38.8	27.6	25.9	1,800	11.1	1.5	
KEC	817	BUY	30,979	788	38	27.3	37.4	48.9	92.4	36.9	30.8	29.9	21.8	16.7	13.2	10.7	9.0	10.9	7.5	5.3	0.2	0.4	0.4	43.5	40.4	37.0	835	2.2	1.2	
Transmission																														
			96,210	2,447				115.0	37.0	23.5	30.3	22.1	17.9				15.7	12.3	10.3	8.0	6.1	4.6	0.3	0.4	0.5	26.6	27.4	25.9		
Transportation																														
Container Corporation	1,589	REDUCE	103,269	2,627	65	106.3	126.6	143.7	31.9	19.1	13.5	15.0	12.6	11.1	10.1	8.4	7.3	3.9	3.1	2.5	1.1	1.3	1.4	29.1	27.5	25.2	2,200	38.5	3.3	
Gateway Distriparks	148	ADD	17,098	435	115	6.8	6.8	9.0	8.7	(0.4)	33.2	21.8	21.9	16.4	17.9	16.1	11.9	2.7	2.5	2.2	1.1	1.1	1.5	13.0	11.8	14.4	180	21.3	5.4	
GE Shipping	471	ADD	71,689	1,824	152	59.6	85.9	46.6	(3.9)	44.1	(45.8)	7.9	5.5	10.1	7.7	6.8	8.1	2.3	1.7	1.5	2.4	2.7	2.5	32.7	35.7	15.9	525	11.5	8.9	
Jet Airways	904	REDUCE	78,077	1,986	86	(0.2)	6.4	62.4	-	-	-	-	-	-	29.9	12.3	6.1	2.8	3.4	2.8	0.1	0.1	1.4	(0.1)	2.2	21.3	800	(13.4)	3.3	
Transportation																														
			270,133	6,872				(15.9)	35.2	1.0	16.1	11.9	11.8				12.3	9.2	7.0	2.9	2.6	2.2	1.2	1.3	1.6	18.1	21.5	18.6		
Utilities																														
LANCO	697	ADD	154,954	3,942	222	8.5	16.1	31.2	52.4	89.5	94.4	82.2	43.4	22.3	40.7	29.1	16.6	10.3	8.3	6.0	-	-	-	23.5	21.1	31.3	470	(32.6)	32.0	
NTPC	256	SELL	2,107,953	53,624	8,245	8.3	9.4	10.3	17.8	12.9	9.6	30.7	27.2	24.8	20.2	19.7	20.0	4.3	3.9</											

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Source: Kotak Institutional Equities.

As of September 30, 2007

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New rating system

Definitions of ratings

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

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Old rating system

OP = Outperform. We expect this stock to outperform the BSE Sensex over the next 12 months.

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