

August 8, 2008

India Strategy Friday Flash

BSE-30: 15,117

India

Analysts

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**Kotak Institutional Equities
Research**

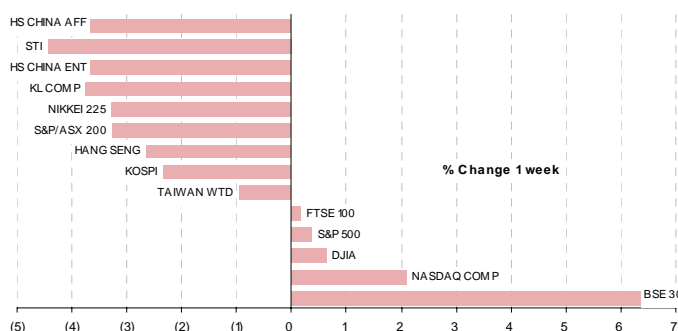
Important disclosures appear at the back of this report.

Back to 15K. During the past week, the BSE-30 Index gained 762 points (5.3%) to close at 15,117. Sentiment was positive with the BSE-30 Index posting better-than-expected 1QFY09 earnings growth (reported earnings growth of 16.6% yoy versus our expectations of 6.3%). This was largely driven by a robust performance of the banking sector. Banking stocks were among the major gainers in the market contributing 300 points to the rise in the BSE-30 Index. A sharp decline in prices of global crude oil boosted the market sentiments further.

Market highlights for the week ending Thursday, August 7, 2008

- Largest gainers: Dish TV (25%), Jaiprakash Associates (20%), Ashok Leyland (19%)
- Largest losers: Reliance Communications (-13%), Sadbhav Engineering (-11%), Tata Power (-9%)

Relative performance of regional indices (% Change 1 Week)



Source: Bloomberg.

Flows in emerging markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
30-Jul-08	(13)	-	(6)	(35)	(97)	(151)
31-Jul-08	17	12	(9)	(9)	148	160
1-Aug-08	55	(47)	(4)	(35)	(85)	(115)
4-Aug-08	(134)	(34)	(3)	(24)	(99)	(293)
5-Aug-08	(179)	(83)	(14)	-	16	(261)
Total	(254)	(152)	(35)	(102)	(117)	(660)

Our top recommendations

Kotak Institutional Equities, Top-10, August 7, 2008

Companies	Sector	Rating	Mkt cap. (US\$ mn)	CMP (Rs)	Target (Rs)	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
						2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E
ITC	Consumer products	BUY	16,954	192	230	8.0	9.1	10.4	23.9	21.1	18.4	15.8	13.8	11.9
Larsen & Toubro	Industrials	BUY	19,299	2,759	3,600	75.9	117.5	149.1	36.4	23.5	18.5	22.5	14.1	11.1
ICICI Bank	Banking	ADD	18,596	708	870	39.9	31.1	41.8	17.7	22.8	16.9	0.0	0.0	0.0
DLF	Property	BUY	22,413	557	660	43.8	49.8	55.1	12.7	11.2	10.1	11.2	9.6	7.9
Oil & Natural Gas Corporation	Energy	BUY	51,723	1,024	1,225	92.8	129.3	149.2	11.0	7.9	6.9	4.2	3.2	2.7
Reliance Infrastructure	Utilities	BUY	5,586	1,025	1,250	46.7	48.0	56.3	21.9	21.4	18.2	27.6	36.5	25.1
Jindal Steel and Power	Metals	BUY	7,581	2,086	2,900	80.4	111.6	117.0	25.9	18.7	17.8	16.3	12.1	11.0
Tata Power	Utilities	BUY	5,777	1,050	1,540	29.7	38.1	39.9	35.4	27.5	26.3	24.2	21.5	21.9
Sun Pharmaceuticals	Pharmaceuticals	BUY	7,105	1,447	1,780	71.5	84.3	77.5	20.2	17.2	18.7	16.6	12.9	13.4
Mid-cap. pharmaceutical basket														
Biocon	Pharmaceuticals	BUY	912	386	615	22.5	24.5	32.0	17.1	15.8	12.1	10.9	9.8	7.8
Dishman Pharma & Chemicals	Pharmaceuticals	BUY	595	310	515	14.7	19.7	27.7	21.1	15.7	11.2	15.7	11.8	8.7
Divi's Laboratories	Pharmaceuticals	BUY	2,222	1,458	2,330	56.6	77.9	103.6	25.8	18.7	14.1	22.3	15.3	11.0
Jubilant Organosys	Pharmaceuticals	BUY	1,512	354	700	22.1	19.5	35.5	16.0	18.1	10.0	12.6	13.6	8.6
Piramal Healthcare	Pharmaceuticals	BUY	1,702	345	530	17.6	20.0	26.5	19.6	17.3	13.0	14.2	11.8	9.1
BSE-30				15,117										

Source: Company, Bloomberg, Kotak Institutional Equities.

Our model portfolio

Kotak Institutional Equities Model Portfolio

Company	07-Aug		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Mahindra & Mahindra	575	ADD	1.1	—	(113)
Maruti Suzuki	672	ADD	0.9	0.9	—
Tata Motors	446	SELL	1.5	—	(148)
Automobiles			3.5	0.9	(261)
State Bank of India	1,523	ADD	4.1	4.1	—
PSU Banking			4.1	4.1	—
HDFC	2,478	ADD	5.8	3.8	(200)
HDFC Bank	1,253	BUY	4.0	4.0	—
ICICI Bank	708	ADD	7.5	9.5	200
Pvt. Banking/Financing			17.3	17.3	—
ACC	639	REDUCE	0.7	—	(69)
Grasim Industries	2,089	ADD	1.4	—	(137)
Jaiprakash Associates	188	BUY	1.2	1.7	50
Cement			3.2	1.7	(156)
Hindustan Unilever	242	REDUCE	2.5	2.5	—
ITC	192	BUY	4.8	6.8	200
Consumers			7.3	9.3	200
Oil & Natural Gas Corporation	1,024	BUY	4.2	5.7	150
Reliance Industries	2,273	RS	14.2	11.0	(324)
Energy			18.4	16.7	(174)
Bharat Heavy Electricals	1,772	ADD	2.9	—	(289)
Larsen & Toubro	2,759	BUY	7.0	9.0	200
Industrials			9.9	9.0	(89)
Hindalco Industries	142	REDUCE	1.7	—	(166)
Jindal Steel & Power	2,086	BUY	—	3.0	300

Company	07-Aug		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Sterlite Industries	616	ADD	0.7	0.7	—
Tata Steel	645	ADD	3.7	3.7	—
Metals			6.0	7.4	134
Sun Pharmaceuticals	1,447	BUY	—	3.0	300
Ranbaxy Laboratories	504	REDUCE	1.4	—	(141)
Pharmaceuticals			1.4	3.0	159
DLF	557	BUY	1.4	2.9	150
Real estate			1.4	2.9	150
Infosys Technologies	1,726	BUY	8.0	9.5	150
Satyam Computer Services	417	BUY	2.6	3.1	50
TCS	853	REDUCE	2.0	—	(199)
Wipro	450	ADD	1.2	1.2	—
Technology			13.8	13.8	1
Bharti Airtel Limited	849	REDUCE	5.4	3.9	(150)
Reliance Communications	438	SELL	3.0	—	(298)
Telecom			8.4	3.9	(448)
NTPC	184	REDUCE	2.2	—	(216)
Reliance Infrastructure	1,025	BUY	1.6	3.6	200
Tata Power	1,050	BUY	1.5	3.5	200
Utilities			5.3	7.1	184
Biocon	386	BUY	—	0.6	60
Dishman Pharma & chemicals	310	BUY	—	0.6	60
Divi's Laboratories	1,458	BUY	—	0.6	60
Jubilant Organosys	354	BUY	—	0.6	60
Piramal Healthcare	345	BUY	—	0.6	60
Pharmaceutical mid-cap. basket			—	3.0	300
BSE-30			100.0	100.0	—

Note:
(a) Weights are with respect to August 7, 2008 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

Sensex valuation summary

Valuation summary of BSE-30 sectors, August 7, 2008

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2007	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2008	2009E	2008	2009E
Automobiles	14,346	32.0	5.8	(8.2)	0.5	12.8	14.0	13.9	8.4	8.6	8.2	2.7	1.7	1.6	1.8	21.3	12.5
Banking	71,311	14.2	43.9	(7.6)	31.1	20.1	21.7	16.6	—	—	—	2.7	2.4	1.2	1.1	13.3	11.1
Cement	7,441	97.6	25.7	(7.9)	(11.7)	8.2	8.9	10.1	4.5	4.7	4.9	1.9	1.6	2.3	2.4	23.7	18.2
Consumers	29,694	19.8	12.2	13.3	14.6	26.1	23.0	20.1	18.5	14.6	12.6	8.8	7.8	2.9	2.6	33.8	33.9
Diversified	4,812	172.9	20.7	54.7	53.5	33.2	21.4	14.0	15.7	11.6	10.8	4.1	3.5	—	—	12.2	16.3
Energy	123,456	25.2	12.9	24.3	39.1	15.2	12.2	8.8	7.4	5.9	4.2	2.7	2.2	1.6	1.9	17.7	17.8
Industrials	40,170	48.8	23.7	36.9	28.8	33.2	24.2	18.8	19.1	13.7	10.6	7.4	5.4	0.7	0.8	22.3	22.3
Metals	23,233	67.8	(2.7)	14.2	(1.4)	8.6	7.6	7.7	4.7	4.3	4.1	1.4	1.1	1.3	1.4	15.6	14.4
Pharmaceuticals	5,031	115.8	70.5	(44.5)	83.2	24.2	43.7	23.9	16.9	19.7	11.6	7.0	3.2	1.5	2.1	29.0	7.4
Property	22,636	913.2	284.0	13.9	10.5	12.7	11.2	10.1	10.9	9.4	7.7	4.8	3.5	0.9	1.3	38.0	31.7
Technology	65,853	44.3	19.3	22.9	17.1	19.1	15.5	13.3	13.9	11.0	8.8	6.0	4.7	1.8	2.0	31.2	30.3
Telecom	59,758	182.9	71.6	24.8	21.2	20.1	16.1	13.3	12.6	9.9	7.8	4.9	3.8	0.2	0.4	24.5	23.6
Utilities	47,570	33.4	7.3	7.9	8.6	21.8	20.2	18.6	13.2	14.4	15.2	2.7	2.5	1.7	1.8	12.6	12.4
BSE-30 Index	515,311	42.7	25.1	15.1	22.5	17.5	15.2	12.4	10.0	8.5	7.0	3.3	2.7	1.4	1.5	19.0	17.9
BSE-30 ex-Energy	391,855	52.0	30.4	11.6	15.5	18.4	16.4	14.2	11.4	10.0	8.8	3.6	2.9	1.3	1.4	19.6	17.9
BSE-30 ex-Energy, Com.	361,180	47.1	37.8	12.2	19.3	20.3	18.1	15.2	13.6	11.6	9.9	4.1	3.4	1.3	1.4	20.2	18.6
BSE-30 ex-Technology	449,458	42.4	25.9	14.1	23.3	17.3	15.1	12.3	9.5	8.2	6.8	3.1	2.6	1.3	1.4	18.1	16.9

Note:

(1) EV/EBITDA excludes banks.

Source: Company reports, Kotak Institutional Equities estimates.

Nifty valuation summary

Valuation summary of Nifty sectors, August 7, 2008

	Mkt cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div yield (%)		RoE (%)	
		2007	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2008E	2009E	2008E	2009E
Automobiles	18,220	22.2	6.9	(3.8)	2.5	13.5	14.0	13.7	8.7	8.8	8.3	3.0	2.0	1.8	2.0	22.5	14.3
Banking	74,954	13.2	42.5	(6.0)	29.2	18.6	19.8	15.3	—	—	—	2.6	2.3	1.3	1.2	13.9	11.7
Consumers	29,642	19.8	12.2	13.3	14.6	26.1	23.0	20.1	18.5	14.6	12.6	8.8	7.8	2.9	2.6	33.8	33.9
Cement	10,686	89.5	14.7	(4.6)	(13.2)	9.0	9.5	10.9	4.9	5.1	5.4	2.1	1.7	2.5	2.7	23.5	18.4
Energy	153,789	28.6	9.7	28.4	56.7	17.1	13.3	8.5	8.3	6.6	4.4	2.5	2.0	1.5	1.7	14.4	15.3
Industrials	50,512	41.6	26.8	38.3	34.1	29.4	21.3	15.9	16.5	12.3	9.4	6.0	4.5	0.7	0.8	20.4	21.4
Metals	29,336	65.6	(7.7)	14.9	0.1	9.6	8.3	8.3	5.1	4.6	4.4	1.5	1.2	1.4	1.5	15.8	14.8
Media	2,111	11.2	62.6	17.8	32.7	23.0	19.5	14.7	16.8	11.1	8.6	3.1	2.8	1.0	1.3	13.6	14.2
Property	29,521	1,062.5	178.0	15.7	13.2	13.7	11.9	10.5	11.4	9.7	8.0	5.4	3.9	0.8	1.2	39.2	32.9
Pharmaceuticals	18,829	87.3	19.4	3.3	14.7	22.6	21.9	19.1	15.8	13.9	11.6	4.8	3.5	0.9	1.2	21.1	15.8
Telecom	67,550	(149.5)	67.2	23.8	20.9	20.6	16.6	13.7	12.7	9.8	7.8	4.7	3.7	0.2	0.4	22.6	22.0
Technology	69,433	46.6	15.7	24.5	16.9	18.8	15.1	12.9	13.6	10.6	8.5	5.7	4.5	1.9	2.0	30.3	29.9
Utilities	47,486	33.4	7.3	7.9	8.6	21.8	20.2	18.6	13.2	14.4	15.2	2.7	2.5	1.7	1.8	12.6	12.4
NIFTY	602,068	44.1	21.6	16.9	27.5	17.8	15.3	12.0	10.3	9.2	7.3	3.2	2.6	1.3	1.5	17.9	17.3
NIFTY ex-Energy	448,280	51.8	26.6	12.8	15.5	18.1	16.1	13.9	11.4	10.8	9.5	3.6	2.9	1.3	1.4	19.7	18.2
NIFTY ex-Energy ex Com	418,944	49.3	33.6	12.5	17.7	19.3	17.2	14.6	12.7	12.1	10.4	4.0	3.2	1.3	1.4	20.4	18.9

Note:

(a) Following companies are excluded: Power Grid, SAIL.

Source: Company reports, Kotak Institutional Equities estimates.

Regional valuation summary

Valuations of Indian markets are reasonable based on CY2008E PEG ratio, August 6, 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	19.6	19.6	18.9	9.2	12.5	10.4	8.7	8.0	0.6	0.6	1.0
China	V/B/E/S CHINA	60.0	29.2	21.9	17.8	22.5	16.2	13.3	11.2	0.8	0.7	0.7
Hong Kong	V/B/E/S HONG KONG	47.7	(2.8)	17.6	15.3	13.0	13.7	11.7	10.7	NA	0.8	0.8
India	MSCI INDIA	19.0	15.0	24.7	10.1	17.4	14.6	11.7	10.1	1.2	0.6	1.2
Korea	MSCI KOREA	6.4	11.1	15.4	13.4	11.8	10.6	9.2	8.1	1.1	0.7	0.7
Malaysia	MSCI MALAYSIA	48.3	(11.5)	9.6	8.7	11.4	12.9	11.8	10.8	NA	1.3	1.4
Mexico	MSCI MEXICO	11.7	6.3	16.3	13.0	13.2	12.4	10.7	10.2	2.1	0.8	0.8
Russia	MSCI RUSSIA	30.8	31.3	14.2	3.7	9.9	7.6	6.6	6.4	0.3	0.5	1.8
Taiwan	MSCI TAIWAN	25.1	(8.8)	11.9	13.6	11.5	12.6	11.2	9.9	NA	1.1	0.8
Thailand	MSCI THAILAND	(35.1)	114.2	8.3	9.0	20.0	9.3	8.6	7.9	0.2	1.1	1.0
Asia - Emerging markets	MSCI EM ASIA	19.3	8.3	16.6	13.3	13.5	12.5	10.7	9.4	1.6	0.8	0.8

Source: Thomson Datastream.

Valuation summary of BRICs sectors (1)

Valuation summary of BRICs sectors, August 6, 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	21.2	11.6	20.6	14.5	11.8	10.6	8.8	7.7	1.0	0.5	0.6
Russia	MSCI Russia Banks Industry Group	15.4	35.5	25.2	26.1	15.6	11.5	9.2	7.3	0.4	0.5	0.4
India	MSCI India Banks Industry Group	16.5	15.8	21.9	NA	19.9	17.2	14.1	NA	1.3	0.8	NA
China	MSCI China Banks Industry Group	46.7	52.4	18.6	17.4	20.0	13.1	11.1	9.4	0.4	0.7	0.6
Consumers												
Brazil	MSCI Brazil Consumer Discretionary Sector	6.7	69.0	52.1	28.8	33.4	19.8	13.0	10.1	0.5	0.4	0.5
Russia	MSCI Russia Consumer Staples Sector	46.5	46.1	33.7	19.9	31.0	21.2	15.8	13.2	0.7	0.6	0.8
India	MSCI India Consumer Discretionary Sector	12.0	7.9	15.1	23.3	11.3	10.5	9.1	9.1	1.4	0.7	0.4
China	MSCI China Consumer Discretionary Sector	35.8	4.9	21.0	17.3	16.0	15.2	12.6	10.7	3.2	0.7	0.7
Energy												
Brazil	MSCI Brazil Energy Sector	(17.0)	47.3	12.7	10.7	14.9	10.1	9.0	8.1	0.3	0.8	0.8
Russia	MSCI Russia Energy Sector	26.8	36.3	14.1	(0.3)	9.2	6.7	5.9	5.9	0.3	0.5	NA
India	MSCI India Energy Sector	27.3	20.3	43.6	6.3	20.7	14.9	10.4	9.6	1.0	0.3	1.6
China	MSCI China Energy Sector	5.9	10.7	17.7	8.2	13.3	12.0	10.2	9.4	1.2	0.7	1.3
Industrials												
Brazil	MSCI Brazil Industrials Sector	(11.8)	55.2	13.6	21.8	23.4	15.1	13.3	10.9	0.4	1.1	0.6
India	MSCI India Industrials Sector	0.7	11.9	27.9	23.5	22.8	20.7	16.2	13.1	1.9	0.7	0.7
China	MSCI China Industrials Sector	89.0	(1.3)	14.5	20.8	12.9	13.0	11.4	9.4	NA	0.9	0.5
Metals												
Brazil	MSCI Brazil Metals & Mining Industry	58.6	10.6	23.2	0.1	9.5	8.5	6.9	6.9	0.9	0.4	133.3
Russia	MSCI Russia Metals & Mining Industry	46.5	(1.6)	1.2	0.1	6.7	6.8	6.8	6.8	NA	5.6	88.9
India	MSCI India Metals & Mining Industry	1.7	17.6	19.1	NA	10.5	8.0	6.7	NA	0.6	0.4	NA
China	MSCI China Metals & Mining Industry	(3.8)	12.0	11.6	5.6	11.7	10.4	9.3	8.8	1.0	0.9	NA

Source: Thomson Datastream.

Valuation summary of BRICs sectors (2)

Valuation summary of BRICs sectors, August 6, 2008

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

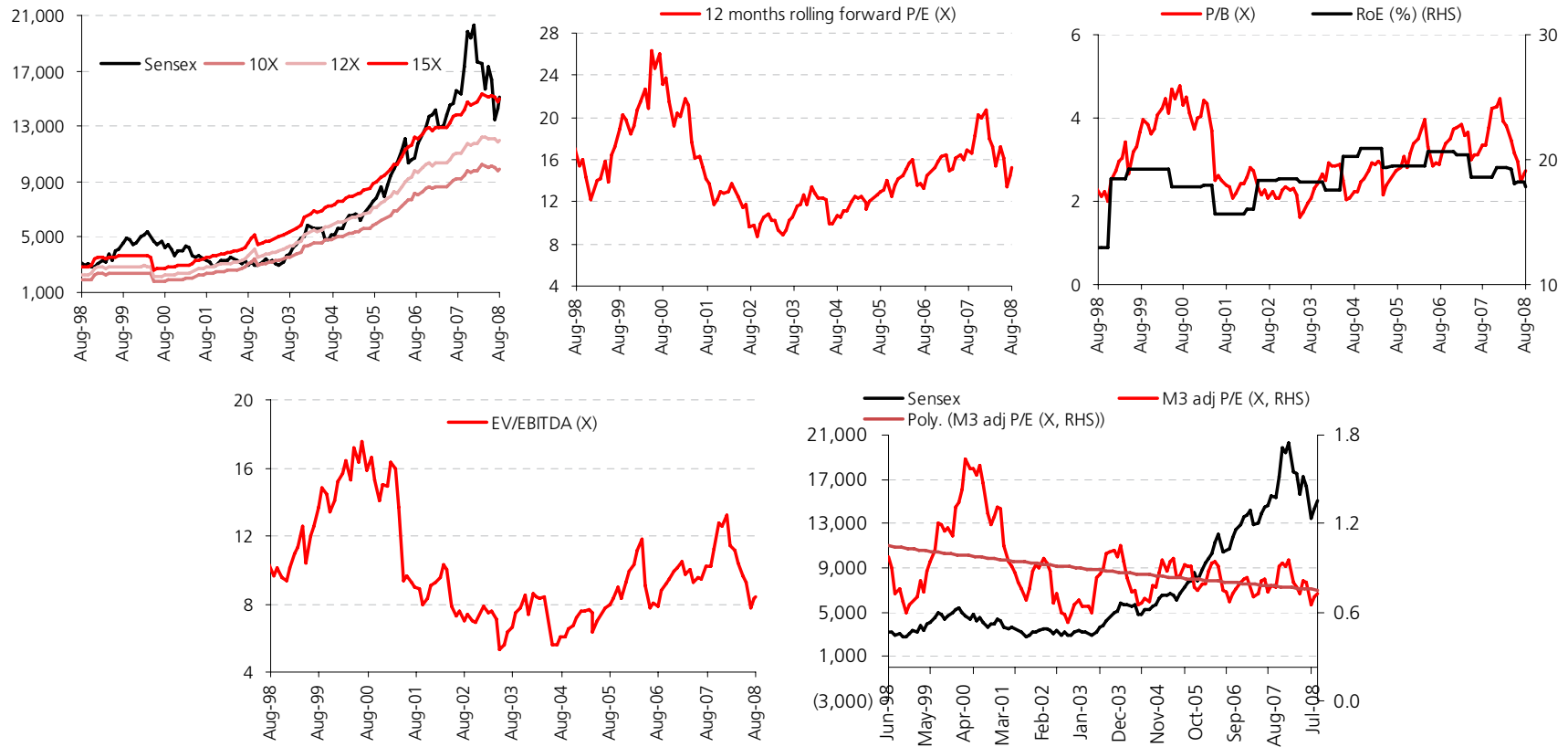
Index		Earnings growth (%)				P/E (X)				PEG ratio (X)		
		2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E
Property												
Brazil	MSCI Brazil Real Estate Industry Group	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
India	MSCI India Real Estate Industry Group	367.5	15.4	41.6	13.9	11.4	10.1	7.1	6.2	0.7	0.2	0.5
China	MSCI China Real Estate Industry Group	45.5	13.7	29.9	30.3	12.7	11.1	8.6	6.5	0.9	0.4	0.3
Technology												
Brazil	MSCI Brazil Information Technology Sector	565.9	34.9	20.4	13.0	27.4	20.3	16.8	14.9	0.8	1.0	1.3
India	MSCI India Software & Services Industry Gr	18.8	21.7	15.9	12.6	17.2	14.1	12.2	10.8	0.8	0.9	1.0
China	MSCI China Software & Services Industry Gr	56.5	50.4	37.4	34.7	66.1	43.9	32.0	23.7	1.3	1.2	0.9
Telecom												
Brazil	MSCI Brazil Telecommunication Services Sec	108.4	(3.4)	8.1	14.1	9.8	10.1	9.4	8.2	NA	1.3	0.7
Russia	MSCI Russia Diversified Telecommunications	62.0	37.8	21.8	19.5	21.8	15.8	13.0	10.9	0.6	0.7	0.7
India	MSCI India Telecommunication Services Sec	50.4	18.1	22.7	19.0	19.7	16.7	13.6	11.4	1.1	0.7	0.7
China	MSCI China Telecommunication Services Ser	20.7	24.6	14.6	11.8	19.5	15.7	13.7	12.2	0.8	1.1	1.2
Utilities												
Brazil	MSCI Brazil Utilities Sector	3.8	4.4	9.6	15.5	12.5	11.9	10.9	9.4	2.8	1.2	0.7
Russia	MSCI Russia Utilities Sector	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
India	MSCI India Utilities Sector	6.1	12.9	15.6	10.8	18.6	14.8	12.8	11.6	1.4	0.9	1.2
China	MSCI China Utilities Sector	11.0	(13.9)	24.8	15.9	13.6	15.8	12.7	10.9	NA	0.6	0.8

Source: Thomson Datastream.

BSE-Sensex key parameters

Key fundamental indicators of BSE Sensex

Sensex (BSE-30) P/B, EV/EBITDA and 12-month forward rolling P/E, August 1999 - current



Source: Bloomberg, Company reports, Kotak Institutional Equities.

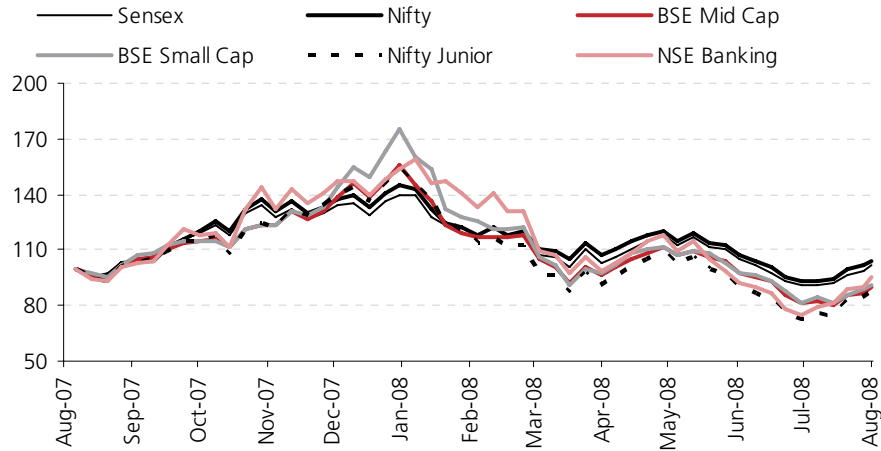
Market performance

- Performance of benchmark indices
- Performance of global indices
- Pricing performance of Sensex sectors
- Top gainers and losers (Stocks under Kotak coverage)

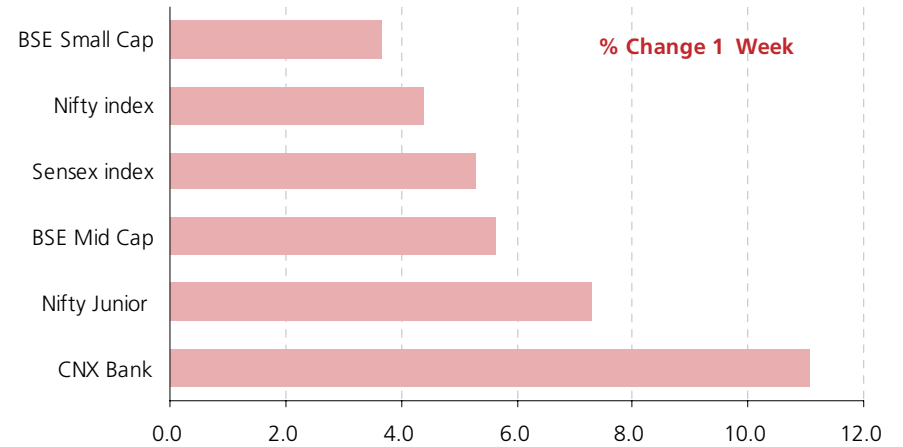
Relative performance of Indian markets

Key performance of benchmark indices

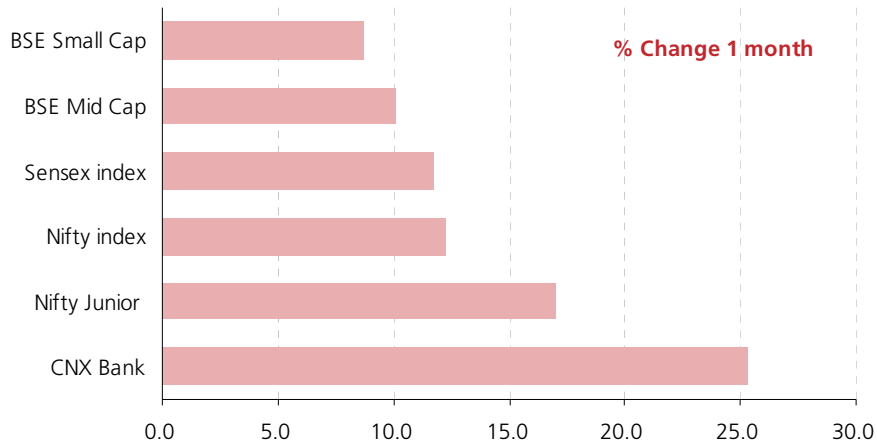
(base 100 as of June, 2007)



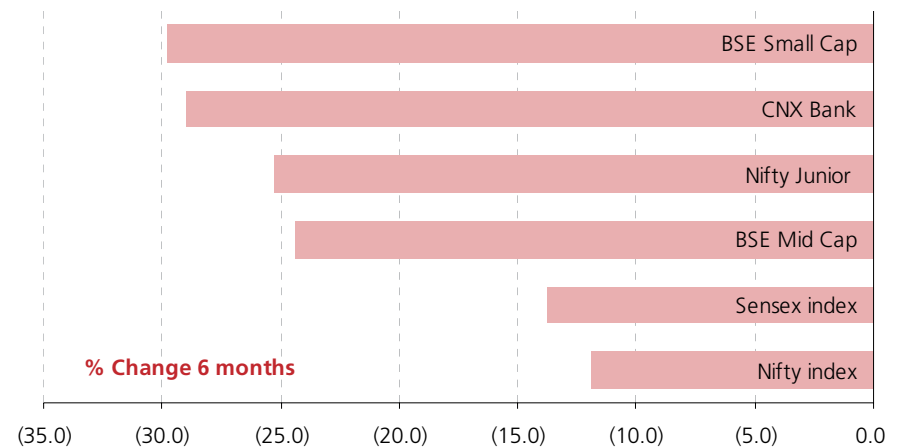
Weekly performance of the benchmark indices



1-month performance of the benchmark indices



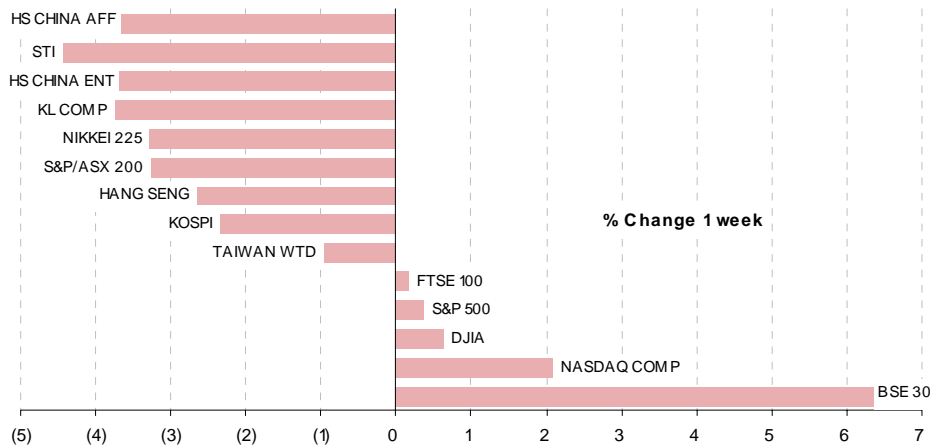
6-month performance of the benchmark indices



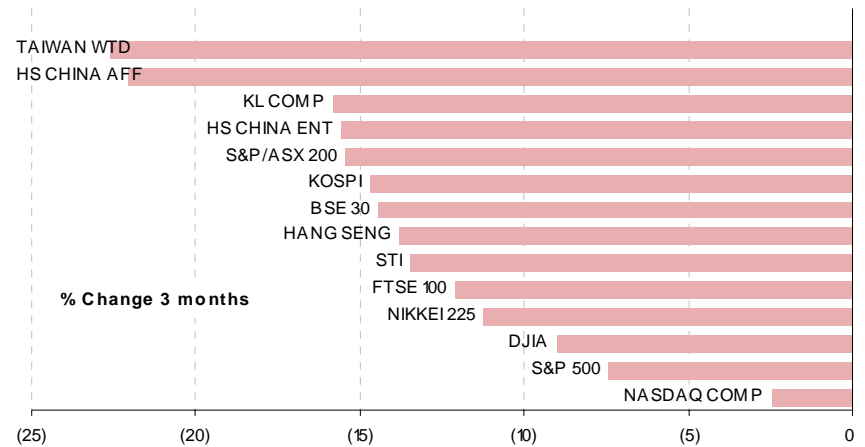
Source: Bloomberg, Kotak Institutional Equities.

BSE-Sensex versus regional indices

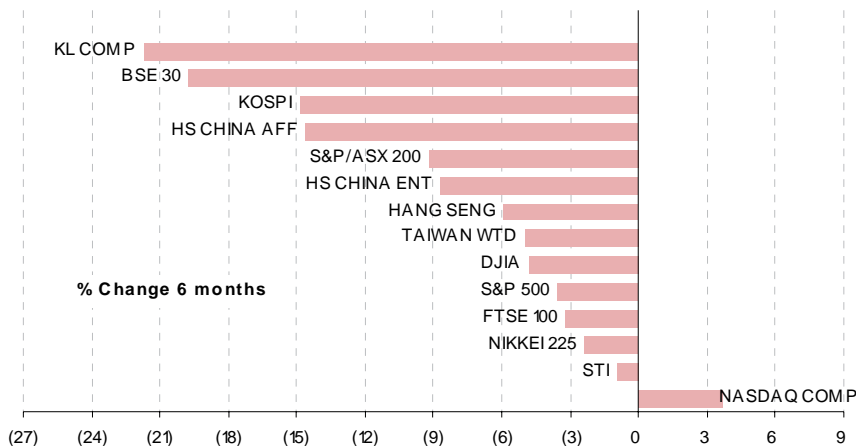
Weekly performance



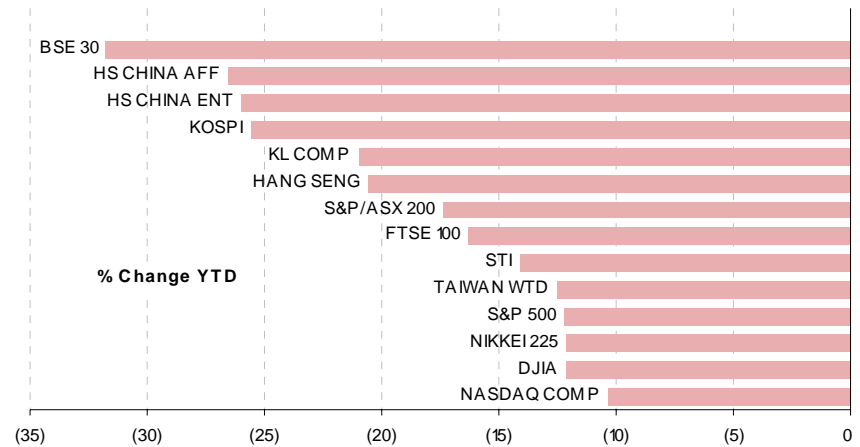
3-month performance



6-month performance



Year-to-date performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities.

Kotak Institutional Equities Research, August 8, 2008

Sectoral performance

Market performance of Sensex sectors, August 7, 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	16,278	2.8	13.4	(21.9)	(23.9)	(22.1)	(33.2)	2.5	1.5	(9.0)	(23.0)
Banking	71,311	1.5	23.1	(16.4)	(26.5)	(0.9)	(31.2)	1.2	10.1	(11.2)	(2.2)
Consumers	29,694	0.0	11.0	(10.8)	7.9	17.5	(0.3)	(0.3)	(0.7)	19.0	16.0
Cement	7,441	1.5	23.5	(11.7)	(22.8)	(31.3)	(41.0)	1.2	10.5	(8.0)	(32.1)
Diversified	5,560	1.4	17.2	(31.7)	(45.0)	11.2	(56.1)	1.1	4.9	(27.5)	9.9
Energy	123,456	(0.4)	13.7	(10.0)	(2.2)	22.2	(19.5)	(0.6)	1.7	10.1	20.7
Industrials	40,170	(1.7)	18.8	(4.3)	(18.5)	9.0	(32.7)	(1.9)	6.3	(4.1)	7.6
Metals	29,535	1.6	(1.2)	(24.1)	(16.7)	4.5	(35.2)	1.3	(11.6)	(2.6)	3.3
Pharmaceuticals	5,031	(1.9)	(6.0)	8.0	34.8	36.4	18.3	(2.2)	(15.9)	42.7	34.7
Property	22,636	2.2	30.8	(14.4)	(34.2)	(5.4)	(48.1)	1.9	17.1	(18.0)	(6.5)
Telecom	59,965	(2.3)	11.9	(5.6)	(15.4)	(9.0)	(26.7)	(2.6)	0.1	(1.4)	(10.1)
Technology	65,853	0.3	(2.7)	(9.8)	7.4	(12.2)	(12.1)	0.0	(12.9)	18.6	(13.3)
Utilities	47,570	1.2	16.3	(11.6)	(19.9)	16.5	(31.3)	1.0	4.0	(5.4)	15.1
Sensex sum	524,499	0.3	11.8	(12.8)	(13.7)	1.2	(25.5)				

Source: Bloomberg, Kotak Institutional Equities.

Top gainers and losers

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

1-week performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 DishTV	24.8	1 Reliance Communications	(12.6)
2 Jaiprakash Associates	19.5	2 Sadbhav Engineering	(10.5)
3 Ashok Leyland	19.2	3 Tata Power	(9.3)
4 Indian Bank	17.8	4 Consolidated Construction Co.	(6.5)
5 Canara Bank	17.8	5 National Aluminium Co.	(5.7)
6 Indian Overseas Bank	17.4	6 Tata Tea	(5.2)
7 United Breweries	17.0	7 Sterlite Industries	(2.9)
8 Maruti Suzuki	16.7	8 Hindustan Zinc	(2.3)
9 Grasim Industries	15.6	9 Aventis Pharma	(2.2)
10 Federal Bank	15.0	10 Sesa Goa	(2.0)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Sun Pharmaceuticals	20.2	1 Sobha	(69.0)
2 Ranbaxy Laboratories	18.3	2 ABG Shipyard	(65.2)
3 Hero Honda	17.8	3 Rajesh Exports	(64.6)
4 Lupin	16.4	4 Rico Auto	(64.4)
5 Piramal Healthcare	13.7	5 DishTV	(63.4)
6 Hindustan unilever	13.4	6 Unitech	(63.4)
7 Asian Paints	12.8	7 Nagarjuna Construction Co.	(63.2)
8 Nestle India	11.4	8 India Infoline	(62.1)
9 GlaxoSmithkline (India)	10.0	9 Lanco Infratech	(60.6)
10 Cipla	6.8	10 GMR Infrastructure	(59.5)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Phoenix Mills	55.0	1 Radico Khaitan	(14.4)
2 BGR Energy Systems	39.7	2 Satyam Computer Services	(13.5)
3 Bharat Petroleum	37.8	3 HCL Technologies	(8.2)
4 Jet Airways	36.0	4 Sun TV Network	(8.1)
5 Bank of Baroda	34.1	5 IDFC	(7.0)
6 Reliance Infrastructure	31.5	6 Punjab Tractors	(6.4)
7 DLF	30.8	7 Ranbaxy Laboratories	(6.0)
8 Castrol India	30.8	8 Dr Reddy's Laboratories	(4.7)
9 Union Bank	30.7	9 Nagarjuna Construction Co.	(4.7)
10 Polaris Software Lab	30.6	10 Mahindra & Mahindra Financial	(4.7)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	168.2	1 Sobha	(66.2)
2 Sesa Goa	83.9	2 DishTV	(57.0)
3 LIC Housing Finance	80.2	3 Hexaware Technologies	(56.7)
4 Shriram Transport	75.6	4 Radico Khaitan	(54.5)
5 Cairn India	68.4	5 Shree Cement	(51.5)
6 Monnet Ispat	59.3	6 Rico Auto	(50.9)
7 Piramal Healthcare	58.9	7 Phoenix Mills	(49.0)
8 Sun Pharmaceuticals	57.8	8 Wockhardt	(46.3)
9 National Aluminium Co.	56.6	9 Kalpataru Power Transmission	(44.4)
10 Tata Power	52.1	10 Patni Computer Systems	(44.1)

Source: Kotak Institutional Equities.

Fundamental & technical indicators

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

Price-to-Earnings ratio analysis

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
Tata Communications	262.5	Rajesh Exports	71.9
Phoenix Mills	236.1	Maharashtra Seamless	67.9
Aditya Birla Nuvo	230.5	Indian Bank	64.2
Cairn India	225.5	Andhra Bank	62.7
HDFC	193.1	Dredging Corporation	58.4
United Breweries	191.9	Jyothy Laboratories	58.1

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

Lowest 1 year rolling forward P/E (X)

Company	Lowest P/E
Vardhman	2.6
Jindal Saw	4.8
Indian Bank	5.0
Andhra Bank	5.2
Rajesh Exports	5.5
Hexaware Technologies	5.5
IVR Prime Urban Developers	5.9
Union Bank	6.0
Corporation Bank	6.0
PSL	6.0
Oriental Bank of Commerce	6.3

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

Highest 1 year forward P/E (X)

Company	Highest P/E
United Breweries	50.5
Aditya Birla Nuvo	48.7
Educomp Solutions	39.8
Tata Communications	39.0
Tata Power	27.0
Siemens	26.9
HDFC	26.8
Ranbaxy Laboratories	26.8
Nestle India	26.3
Titan Industries	26.3
Asian Paints	26.0

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

Company	% discount to historical high
Monnet Ispat	3.5
Asian Paints	9.6
Sun Pharmaceuticals	12.4
GE Shipping	18.3
HDFC	18.4
Torrent Pharma	18.6
Jubilant Organosys	21.9
Cipla	23.8
Dishman Pharma & Chemicals	27.8
Tata Power	28.8
Nestle India	28.9
HDFC Bank	29.8
Shriram Transport	30.3
NTPC	30.3

Note:

(a) Historical figures are generated since May 2000.

Source: Bloomberg, Kotak Institutional Equities

Enterprise Value-to-EBITDA ratio analysis

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
Cairn India	296.8
Jindal Steel and Power	209.9
Puravankara Projects	201.8
Castrol India	195.1
Tata Communications	189.5
Aditya Birla Nuvo	176.1

Trading at discount to sectors

Discount to 1 year rolling forward EV/EBITDA (%)

Company	Sector discount
Hexaware Technologies	22.5
MTNL	22.7
Maharashtra Seamless	22.8
Dredging Corporation	31.9
Bharat Electronics	32.1
Tata Tea	32.3

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
Aditya Birla Nuvo	21.8
Tata Power	21.7
Hindustan Lever	19.0
Educomp Solutions	19.0
Puravankara Projects	17.8
Titan Industries	17.2
Tata Communications	16.6

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	2.1
Maharashtra Seamless	2.8
Hindustan Petroleum	3.0
Oil & Natural Gas Corporation	3.1
Patni Computer Systems	3.1
Bharat Petroleum	3.3
Hindustan Zinc	3.4

Source: Bloomberg, Kotak Institutional Equities

Technical indicators

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)
Vardhman	53,714	227	(2.7)
J&K Bank	118,320	222	0.5
Bharat Forge	748,477	176	13.3
UltraTech Cement	162,626	151	14.8
AIA Engineering	18,155	127	16.0
Patni Computer Systems	649,426	126	(2.2)

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

Company	5-day average volumes	Price Change (%)	
		% decrease	(1 month basis)
Apollo Hospital	3,607	(98)	0.3
HT Media	7,838	(94)	18.0
Motherson Sumi	4,788	(93)	2.7
Jubilant Organosys	10,070	(78)	12.2
MMFSL	5,005	(71)	(4.7)
Lakshmi	2,704	(68)	2.1

Date	Sensex	Avg daily value traded (US\$ mn)	Institutional participation in total turnover	
			FII%	MF%
Apr-07	13,872	2,776	18.0	4.7
May-07	14,544	3,420	16.3	4.5
Jun-07	14,651	3,327	17.6	3.9
Jul-07	15,551	4,309	18.6	4.4
Aug-07	15,318	3,742	18.6	4.3
Sep-07	17,291	4,703	16.0	4.2
Oct-07	19,724	7,118	18.4	3.6
Nov-07	19,003	6,771	16.0	3.0
Dec-07	20,217	6,802	14.3	3.1
Jan-08	17,649	6,695	18.4	4.6
Feb-08	17,579	4,631	17.8	4.2
Mar-08	15,833	4,955	19.6	4.4
Apr-08	17,287	6,176	16.3	3.2
May-08	16,416	4,903	15.7	3.2
Jun-08	14,422	4,433	17.8	3.5
Jul-08	14,355	4,497	15.6	3.9
Aug-08	15,117	5,185	9.2	2.2

Source: Bloomberg, Kotak Institutional Equities.

Earnings momentum

- **Upgrades/downgrades in FY2009E and FY2010E (in the past one week and one month)**
- **Top changes in target prices in the past month**
- **Changes in ratings in the past month**

Changes in earnings estimates

Changes in earnings estimates in the past one week

FY2009 Earning Upgrades (KIE) (1 week)

	Company	% Change
1	Castrol India (a)	21.3
2	SREI	12.1
3	National Aluminium Co.	9.8
4	Indian Overseas Bank	9.7
5	J&K Bank	9.4
6	Suzlon Energy	7.3
7	Corporation Bank	6.7
8	Shriram Transport	3.4
9	MTNL	1.4
10	HCL Technologies	1.0

FY2010 earnings upgrade (KIE) (1 week)

	Company	% Change
1	Castrol India (a)	15.3
2	Suzlon Energy	9.9
3	National Aluminium Co.	7.8
4	Corporation Bank	3.9
5	Federal Bank	3.1
6	Indian Overseas Bank	1.8
7	Shriram Transport	0.7
8	Canara Bank	0.0
9	HDFC Bank	0.0
10	Wipro	-

FY2009 Earning Downgrades (KIE) (1 week)

	Company	% Change
1	Rajesh Exports	(39.2)
2	Jindal Saw	(21.8)
3	Maharashtra Seamless	(16.5)
4	Lanco Infratech	(12.5)
5	Andhra Bank	(10.7)
6	Titan Industries	(9.9)
7	Nagarjuna Construction Co.	(7.2)
8	HT Media	(6.8)
9	Reliance Communications	(4.0)
10	AIA Engineering	(3.0)

FY2010 earnings downgrades (KIE) (1 week)

	Company	% Change
1	Rajesh Exports	(35.4)
2	Maharashtra Seamless	(18.6)
3	SREI	(16.2)
4	Jindal Saw	(15.6)
5	Lanco Infratech	(11.7)
6	Titan Industries	(9.5)
7	Nagarjuna Construction Co.	(6.9)
8	Dishman Pharma & chemicals	(5.6)
9	Andhra Bank	(5.5)
10	Reliance Communications	(5.3)

Source:Kotak Institutional Equities estimates.

Changes in earnings estimates

Changes in earnings estimates in the past one month

FY2009 earnings upgrades (KIE) (1 month)

Company	% Change
1 GE Shipping	70.2
2 Castrol India (a)	21.3
3 LIC Housing Finance	18.3
4 Hero Honda	13.8
5 Grasim Industries	12.6
6 SREI	12.1
7 Petronet LNG	11.4
8 Cipla	10.0
9 Puravankara Projects	9.9
10 National Aluminium Co.	9.8

FY2010 earnings upgrades (KIE) (1 month)

Company	% Change
1 Petronet LNG	16.1
2 Castrol India (a)	15.3
3 Hero Honda	14.2
4 GE Shipping	10.4
5 Grasim Industries	10.1
6 LIC Housing Finance	10.0
7 Suzlon Energy	9.9
8 Cipla	9.2
9 Canara Bank	8.4
10 Dishman Pharma & chemicals	8.1

FY2009 earnings downgrades (KIE) (1 month)

Company	% Change
1 IVR Prime Urban Developers	(43.9)
2 Hexaware Technologies	(43.8)
3 Aban Offshore	(39.7)
4 Rajesh Exports	(39.2)
5 Mahindra Life Space Developer	(31.0)
6 Ranbaxy Laboratories	(28.8)
7 Tata Motors	(27.6)
8 Radico Khaitan	(21.8)
9 Jindal Saw	(21.8)
10 Central Bank of India	(21.7)

FY2010 earnings downgrades (KIE) (1 month)

Company	% Change
1 IVR Prime Urban Developers	(54.9)
2 Mahindra Life Space Developer	(51.9)
3 Hexaware Technologies	(45.1)
4 Tata Motors	(36.8)
5 Rajesh Exports	(35.4)
6 Aban Offshore	(31.7)
7 IDFC	(24.5)
8 Maharashtra Seamless	(18.6)
9 Maruti Suzuki	(18.2)
10 SREI	(16.2)

Source:Kotak Institutional Equities estimates.

Changes in our target prices

Changes in target prices in the past 1 month

Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	Cipla	15.0	230	200
2	LIC Housing Finance	14.8	350	305
3	Castrol India	14.8	350	305
4	Glenmark Pharmaceuticals	10.0	770	700
5	Siemens	9.6	570	520
6	Indian Oil Corporation	8.7	500	460
7	Hero Honda	7.1	750	700
8	Petronet LNG	6.1	70	66
9	Bharat Heavy Electricals	5.7	1,850	1,750
10	Punjab National Bank	4.0	650	625
11	Sun Pharmaceuticals	3.5	1,780	1,720
12	Bharat Petroleum	2.9	360	350
13	Oil & Natural Gas Corporation	2.1	1,225	1,200

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	India Infoline	(37.1)	770	1,225
2	Hexaware Technologies	(33.3)	50	75
3	Maharashtra Seamless	(33.3)	390	585
4	Rajesh Exports	(29.4)	120	170
5	Aban Offshore	(24.3)	2,800	3,700
6	IDFC	(24.2)	125	165
7	ABB	(22.2)	875	1,125
8	Maruti Suzuki	(21.0)	790	1,000
9	Sterlite Industries	(20.0)	800	1,000
10	Tata Motors	(19.0)	425	525
11	HCL Technologies	(16.7)	250	300
12	MTNL	(16.7)	100	120
13	Jindal Saw	(16.7)	900	1,080
14	Reliance Petroleum	(15.0)	170	200
15	Satyam Computer Services	(13.8)	500	580
16	Dredging Corporation	(13.6)	475	550
17	Andhra Bank	(13.3)	65	75
18	Wipro	(12.5)	490	560
19	Biocon	(12.1)	615	700
20	Hindustan Zinc	(11.8)	750	850

Source: Kotak Institutional Equities.

Changes in our ratings

Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
Aban offshore	Downgraded	REDUCE	ADD
IDFC	Downgraded	REDUCE	ADD
Mahindra & Mahindra Financial	Downgraded	SELL	REDUCE
Maruti Suzuki	Downgraded	ADD	BUY
NTPC	Downgraded	REDUCE	ADD
Puravankara Projects	Downgraded	REDUCE	ADD
Reliance Petroleum	Downgraded	REDUCE	ADD
Sobha	Downgraded	REDUCE	ADD

Company name		Rating	
		Current	Previous
AIA Engineering	Upgraded	BUY	REDUCE
Canara Bank	Upgraded	REDUCE	SELL
Educomp Solutions	Upgraded	ADD	REDUCE
Gateway Distriparks	Upgraded	BUY	REDUCE
GE Shipping	Upgraded	BUY	ADD
Grasim Industries	Upgraded	ADD	REDUCE
LIC Housing Finance	Upgraded	ADD	REDUCE
Maharashtra Seamless	Upgraded	BUY	ADD
Petronet LNG	Upgraded	ADD	SELL
Sesa Goa	Upgraded	BUY	ADD
Sintex	Upgraded	BUY	ADD
Sun TV Network	Upgraded	REDUCE	SELL
Tech Mahindra	Upgraded	BUY	ADD

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

Net investments by mutual funds and FIIs 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	(6,914)	2,575
Jan	(4,271)	1,848
Feb	1,211	125
Mar	31	(459)
Apr	315	(6)
May	(1,158)	(83)
June	(2,622)	775
July	(251)	345
August	(168)	29

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

	Index Futures	Stock Futures
CY2004	(91)	(796)
CY2005	(676)	(668)
CY 2006	345	(3,690)
CY2007	(772)	(11,600)
CY2008	3,687	1,364
Jan	(573)	1,566
Feb	563	334
Mar	1,122	394
Apr	1,162	(26)
May	(755)	(384)
June	(1,011)	236
July	2,292	(310)
August	887	(446)

Source: Bloomberg, Kotak Institutional Equities

FII flows in other emerging markets

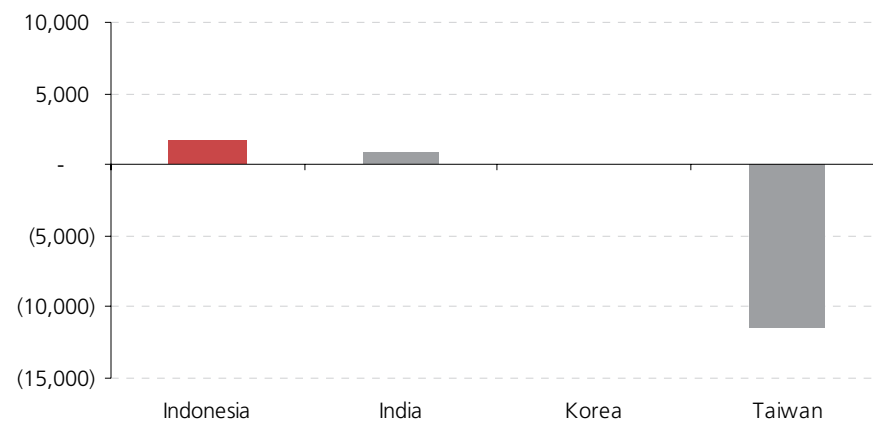
FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
9-Jul-08	(161)	(47)	(2)	(111)	(71)
10-Jul-08	(21)	(32)	6	(85)	(86)
11-Jul-08	(154)	13	3	(33)	(77)
14-Jul-08	(227)	13	(4)	(60)	(53)
15-Jul-08	(276)	(1)	(3)	(74)	(169)
16-Jul-08	(106)	63	(6)	(111)	(52)
17-Jul-08	(39)	(28)	(1)	-	133
18-Jul-08	(40)	(15)	(4)	(82)	146
21-Jul-08	283	1	(3)	(13)	(28)
22-Jul-08	(162)	29	(5)	(15)	(97)
23-Jul-08	(6)	(36)	(8)	(23)	406
24-Jul-08	30	30	115	(13)	138
25-Jul-08	(324)	8	(0)	(20)	(135)
28-Jul-08	-	11	(6)	(10)	(151)
29-Jul-08	(589)	5	(2)	(12)	(82)
30-Jul-08	(13)	-	(6)	(35)	(97)
31-Jul-08	17	12	(9)	(9)	148
1-Aug-08	55	(47)	(4)	(35)	(85)
4-Aug-08	(134)	(34)	(3)	(24)	(99)
5-Aug-08	(179)	(83)	(14)	-	16
Total	(2,045)	(140)	43	(764)	(296)

Source: Bloomberg.

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



IPO analysis

Market performance since IPO/ Follow on offering

Name	Shares (mn)	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Archidply Industries Ltd	7	74	490	04-Jul-08	51	38	(31)	(48)
Sita Shreee Food Products Ltd	11	30	315	08-Apr-08	38	19	26	(38)
Onmobile Global Ltd	11	450	4,905	19-Feb-08	522	519	16	15
Rural electrification	156	105	16,393	11-Mar-08	121	93	15	(11)
Shriram EPC Ltd	4	330	1,320	20-Feb-08	294	258	(11)	(22)
KNR Construction Ltd	8	180	1,417	18-Feb-08	154	67	(14)	(63)
Cords cable industries Ltd	3	135	416	13-Feb-08	138	83	2	(39)
J Kumar Infracprojects Ltd	7	120	780	12-Feb-08	103	93	(14)	(23)
Manjushree Extrusions Ltd	5	45	231	28-Feb-08	53	24	17	(47)
Reliance Power Ltd	260	450	117,000	11-Feb-08	373	167	(17)	(63)
Future Capital Holding	6	765	4,913	31-Jan-08	908	363	19	(53)
Precision Pipes and Profiles	5	150	750	11-Jan-08	139	74	(8)	(51)
Porwal Auto Components	5	75	375	14-Jan-08	80	19	6	(74)
Aries Agro Limited	5	130	585	11-Jan-08	252	115	94	(12)
Manaksia Ltd	16	160	2,480	08-Jan-08	168	79	5	(51)
BGR	9	480	4,385	03-Jan-08	901	313	88	(35)
Burnpur Cement	22	12	263	03-Jan-08	46	18	286	48
Transformes & rectifiers	3	465	1,393	28-Dec-07	728	351	57	(25)
Brigade Enterprises	17	390	6,484	31-Dec-07	378	134	(3)	(66)
Eclerx Services	3	315	1,010	31-Dec-07	448	204	42	(35)
Jyothy Lab	4	690	3,057	19-Dec-07	793	460	15	(33)
Kaushalya Infra	9	60	510	14-Dec-07	82	27	37	(55)
Empee Distilleries	5	400	1,920	26-Nov-07	318	104	(21)	(74)
Mundra Port & eco zone	40	440	17,710	27-Nov-07	962	574	119	30
Edelweiss Capital Ltd	8	825	6,918	12-Dec-07	1,510	615	83	(26)
Renaissance Jewellery Ltd	5	150	798	12-Dec-07	165	52	10	(66)
Koite Patil	19	145	2,755	13-Dec-07	181	84	25	(42)
Maytas Infra	9	370	3,275	25-Oct-07	614	413	66	12
Consolidated Construction	4	510	1,887	15-Oct-07	791	561	55	10
Religare Enterprises	76	185	1,402	21-Nov-07	521	385	182	108
Supreme Infrastructure	35	108	375	18-Oct-07	175	76	62	(30)
Dhanus Technologies	38	295	1,131	17-Oct-07	311	140	5	(52)
Koutons Retail	35	415	1,462	12-Oct-07	590	800	42	93
Power Grid Corp	5,739	52	29,845	05-Oct-07	100	100	92	92
Magnum Ventures	176	30	529	20-Sep-07	49	16	62	(46)
Indowind Energy	125	65	813	14-Sep-07	115	62	76	(5)
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	105	18	(87)
Puravankara Projects	215	400	8,587	30-Aug-07	362	208	(10)	(48)
KPR Mill	59	225	1,330	28-Aug-07	174	102	(23)	(55)
TakeSolutions	21	730	1,533	27-Aug-07	926	507	27	(31)
Central Bank of India	800	102	8,160	21-Aug-07	115	63	13	(38)
SEL manufacturing	41	90	372	21-Aug-07	142	629	58	599
Refex Refrigerants	38	65	247	20-Aug-07	62	302	(5)	365
Zylog Systems	36	350	1,260	17-Aug-07	431	259	23	(26)
IVR Prime	142	550	7,783	16-Aug-07	418	187	(24)	(66)
OMAXE Ltd	178	310	5,517	09-Aug-07	349	139	13	(55)

Source: Bloomberg and Kotak Institutional Equities.

Forthcoming IPO/Follow on offerings

Company Name	Issue
RELIANCE INFRATEL LTD.	IPO
ADANI POWER LTD.	IPO
FUTURE VENTURES INDIA LTD.	IPO
BHARAT OMAN REFINERIES LTD.	IPO
OIL INDIA LTD.	IPO
D.B.CORP. LTD.	IPO
MAHINDRA HOLIDAYS & RESORTS INDIA LTD.	IPO
GODREJ PROPERTIES LTD.	IPO
PIPAVAV SHIPYARD LTD.	IPO
MULTI COMMODITY EXCHANGE OF INDIA LTD.	IPO
COX & KINGS (INDIA) LTD.	IPO
RAMKY INFRASTRUCTURE LTD.	IPO
rites LTD.	IPO
AJANTA MANUFACTURING LTD.	IPO
ASHOKA BUILDCON LTD.	IPO
C.MAHENDRA EXPORTS LTD.	IPO
TRIVENI INFRASTRUCTURE DEVELOPMENT CO.LTD.	IPO
APOLLO HEALTH STREET LTD.	IPO
MICROSEC FINANCIAL SERVICES LTD.	IPO
PERSISTENT SYSTEMS LTD.	IPO
PNC INFRATECH LTD.	IPO
EURO MULTIVISION LTD.	IPO
VRL LOGISTICS LTD.	IPO
ARSS INFRASTRUCTURE PROJECTS LTD.	IPO
MAN INFRACONSTRUCTION LTD.	IPO
EXCEL INFOWAYS LTD.	IPO
MANDHANA INDUSTRIES LTD.	IPO
RADIANT INFO SYSTEMS LTD.	IPO
SHANKARA PIPES INDIA LTD.	IPO
RAJ OIL MILLS LTD.	IPO
VJAI INFRASTRUCTURE LTD.	IPO
CHIRPAL INDUSTRIES LTD.	IPO
INFINITE COMPUTER SOLUTIONS (INDIA) LTD.	IPO
KHADIM INDIA LTD.	IPO
GEMINI ENGI-FAB LTD.	IPO
ALKALI METALS LTD.	IPO
GINI & JONY LTD.	IPO
NEOTERIC INFORMATIQUE LTD.	IPO
SEA TV NETWORK LTD.	IPO
20 MICRONS LTD.	IPO
EDSERV SOFTSYSTEMS LTD.	IPO
ELYSIUM PHARMACEUTICALS LTD.	IPO
CHEMCEL BIO-TECH LTD.	IPO
FINEOTEX CHEMICAL LTD.	IPO

Source: Primedatabase.

Bulk Deals

Major bulk/block deals

Date	Security Name	Buy/Sell	Quantity	Price	Value		Exchange
					(Rs mn)		
4-Aug	Spice Communications Limi	BUY	9,393,012	73	686		NSE
4-Aug	MONSANTO IND	BUY	432,000	1,489	643		BSE
4-Aug	MONSANTO IND	SELL	432,000	1,489	643		BSE
31-Jul	Sterling Biotech Ltd.	SELL	2,150,000	240	517		NSE
6-Aug	New Delhi Television Limi	BUY	1,250,000	410	513		NSE
4-Aug	Spice Communications Limi	SELL	4,049,470	73	296		NSE
31-Jul	LIC Housing Finance Ltd	BUY	758,200	324	245		NSE
5-Aug	ADVANTA	SELL	300,000	762	229		BSE
1-Aug	Shree Renuka Sugars Limit	SELL	1,465,000	127	186		NSE
31-Jul	Shree Renuka Sugars Limit	BUY	1,400,000	126	176		NSE
5-Aug	ESS DEE ALUM	SELL	500,000	335	168		BSE
5-Aug	ADVANTA	BUY	186,000	762	142		BSE
1-Aug	Balrampur Chini Mills	SELL	1,400,000	86	121		NSE
6-Aug	Moser-baer (I) Ltd	SELL	1,019,122	97	99		NSE
6-Aug	South Indian Bank Ltd.	SELL	532,968	115	61		NSE
4-Aug	KIRLOSAR PN	SELL	150,400	400	60		BSE
6-Aug	Bajaj Auto Finance Ltd	SELL	480,000	122	58		NSE
6-Aug	South Indian Bank Ltd.	BUY	505,905	115	58		NSE
6-Aug	Kalindee Rail Nirman (Eng	BUY	200,000	190	38		NSE
5-Aug	HARITA SEAT	SELL	511,072	66	34		BSE
4-Aug	WIRE& WIRLES	SELL	1,125,000	24	28		BSE
4-Aug	Wire and Wireless (India)	SELL	1,125,000	24	27		NSE
5-Aug	PRAJAY ENG S	BUY	377,443	71	27		BSE
5-Aug	PRAJAY ENG S	SELL	377,443	71	27		BSE
30-Jul	SILVERLINE T	SELL	950,000	19	18		BSE
31-Jul	Gwalior Chemical Industri	BUY	142,056	110	16		NSE
4-Aug	INTENS TECH	SELL	716,257	19	14		BSE

Source: BSE, NSE.

Delivery positions

Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Jyothy Laboratories Ltd	22	81
Ipca Laboratories Limited	18	72
Godrej Consumer Products Ltd	32	80
ACC Limited	19	62
Apollo Hospitals Enterprise	60	99
Andhra Bank	24	58
Abg Shipyard Ltd	47	80
Pantaloon Retail India Ltd	42	74
Bharat Electronics Limited	55	86

Decrease in delivery % (KIE universe)

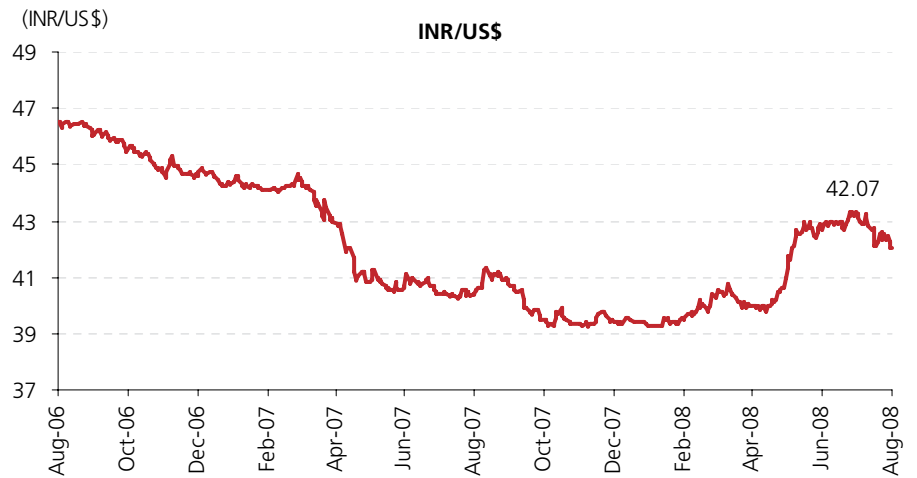
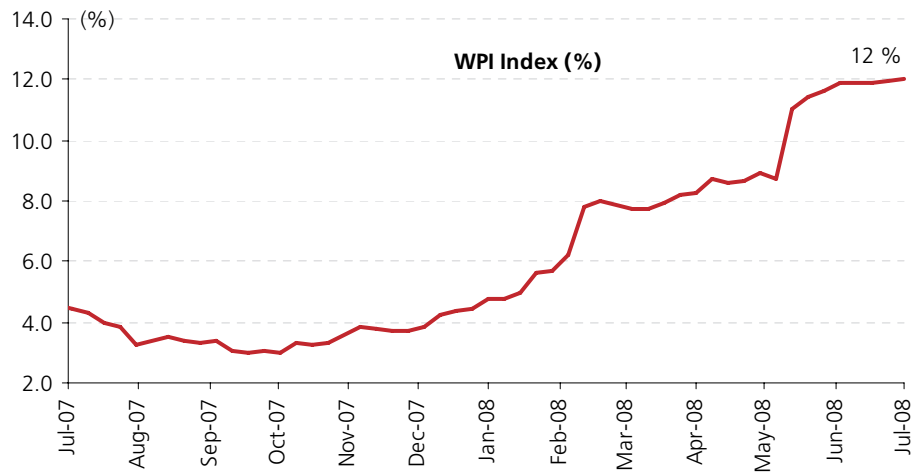
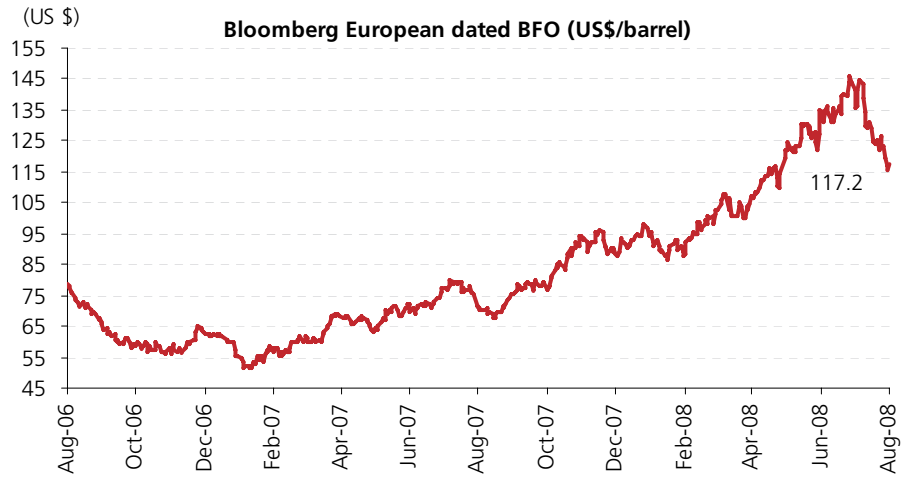
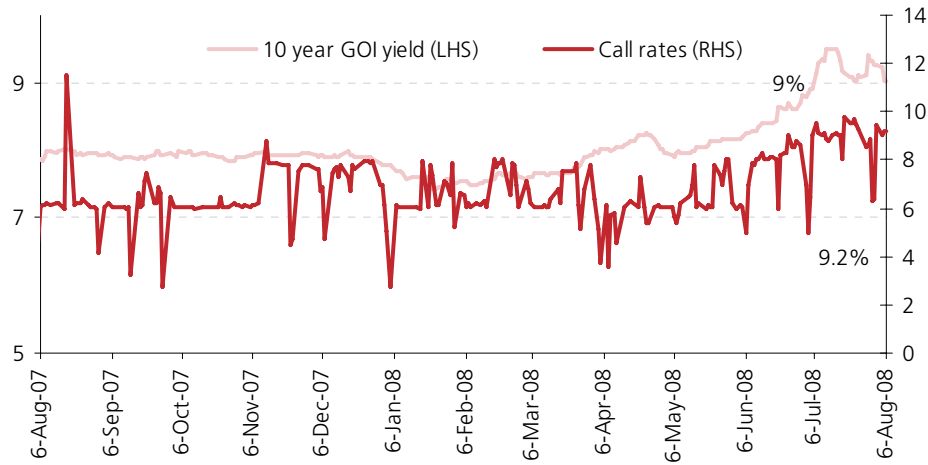
Name	Delivery %	
	Previous week	Current week
Consolidated Construction Co	85	19
Ht Media Ltd	100	50
Jagran Prakashan Limited	98	59
Micro Inks Ltd	96	59
Jindal Saw Ltd	71	35
Dr. Reddy'S Laboratories	76	42
Puravankara Projects Ltd	50	17
Mahindra Lifespace Developer	92	60
Dishman Pharmaceuticals & Ch	91	60

Source: Bloomberg and Kotak Institutional Equities.

Economic indicators

Economic indicators

Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

Kotak valuation summary

Valuation summary

Kotak Institutional Equities Universe

Company	07-Aug-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)		2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E			
Automobiles																													
Bajaj Auto	560	ADD	81,030	1,913	145	59.3	58.7	63.2	(53.4)	(1.1)	7.8	9.4	9.5	8.9	6.6	6.7	6.1	5.1	4.1	3.3	3.6	3.6	3.6	21.0	41.5	36.4	630	12.5	—
Hero Honda	821	REDUCE	163,864	3,868	200	48.5	57.0	62.6	12.8	17.5	9.9	16.9	14.4	13.1	10.6	10.0	9.0	5.3	4.3	3.6	2.4	2.4	2.4	34.0	33.1	30.1	750	(8.6)	5.1
Mahindra & Mahindra	575	ADD	148,089	3,496	257	37.8	43.5	44.9	(2.8)	15.1	3.2	15.2	13.2	12.8	11.5	10.1	9.3	3.4	2.7	2.2	1.9	1.6	1.7	28.0	23.7	19.6	720	25.2	7.8
Maruti Suzuki	672	ADD	194,121	4,583	289	59.9	60.0	65.1	10.8	0.2	8.4	11.2	11.2	10.3	6.3	6.1	5.5	2.2	1.9	1.6	0.7	0.7	0.7	22.1	18.3	16.8	790	17.6	14.1
Tata Motors	446	SELL	259,485	6,126	581	47.4	25.1	22.3	0.9	(47.1)	(10.9)	9.4	17.8	20.0	8.9	10.2	10.2	2.9	1.0	1.3	2.2	2.9	2.9	24.3	9.8	7.4	425	(4.8)	10.9
Automobiles																													
Banks/Financial Institutions																													
Andhra Bank	60	REDUCE	28,979	684	485	11.9	9.3	11.6	7.0	(21.2)	23.7	5.0	6.4	5.2	—	—	—	0.9	0.9	0.8	6.7	3.9	4.8	18.0	13.3	14.9	65	8.8	0.8
Axis Bank	747	REDUCE	267,048	6,304	358	32.2	35.8	55.1	37.7	11.0	53.9	23.2	20.9	13.6	—	—	—	3.3	2.7	2.4	0.8	0.9	1.4	17.6	13.8	18.7	750	0.5	49.3
Bank of Baroda	283	ADD	103,609	2,446	366	39.3	32.1	42.4	39.8	(18.2)	32.1	7.2	8.8	6.7	—	—	—	1.2	1.1	1.0	2.8	2.3	3.1	14.6	10.3	12.6	310	9.4	4.5
Canara Bank	215	REDUCE	88,232	2,083	410	38.2	21.2	38.5	10.1	(44.6)	81.7	5.6	10.2	5.6	—	—	—	1.2	1.1	0.9	3.7	3.3	3.5	15.0	8.1	13.6	190	(11.7)	3.3
Central Bank of India	63	SELL	25,501	602	404	13.6	4.7	15.5	(11.4)	(65.5)	229.9	4.6	13.4	4.1	—	—	—	1.3	1.0	0.9	3.2	—	—	14.1	5.4	16.4	70	10.9	0.7
Centurion Bank of Punjab	41	REDUCE	82,670	1,952	1,997	1.0	1.3	2.3	18.3	33.7	74.1	41.4	30.9	17.8	—	—	—	4.6	4.0	—	—	—	—	9.6	11.7	17.5	45	8.7	2.5
Corporation Bank	277	ADD	39,704	937	143	51.3	42.6	53.5	37.2	(17.0)	25.8	5.4	6.5	5.2	—	—	—	0.9	0.8	0.8	3.8	3.2	4.0	18.4	13.7	15.4	355	28.3	0.4
Federal Bank	220	BUY	37,602	888	171	34.4	18.5	32.3	0.5	(46.2)	74.7	6.4	11.9	6.8	—	—	—	1.0	0.9	0.8	1.8	1.6	2.7	13.6	7.8	12.6	275	25.1	2.3
HDFC	2,478	ADD	711,146	16,788	287	85.8	83.7	100.1	38.2	(2.4)	19.6	28.9	29.6	24.7	—	—	—	6.0	5.1	4.5	1.0	1.0	1.2	27.8	18.6	19.3	2,350	(5.2)	63.6
HDFC Bank	1,253	BUY	530,231	12,517	423	46.0	52.5	67.4	28.7	14.1	28.4	27.2	23.9	18.6	—	—	—	4.6	3.6	2.5	0.6	0.8	1.0	17.7	17.0	16.9	1,300	3.8	36.8
ICICI Bank	708	ADD	787,721	18,596	1,113	39.9	31.1	41.8	15.4	(22.1)	34.3	17.7	22.8	16.9	—	—	—	1.7	1.6	1.5	1.6	1.1	1.5	11.7	7.3	9.2	870	22.9	119.5
IDFC	105	REDUCE	135,772	3,205	1,294	5.7	6.7	8.1	2.9	18.4	20.3	18.5	15.6	13.0	—	—	—	2.4	2.2	2.0	1.1	1.7	2.0	17.6	14.9	16.1	125	19.2	26.8
India Infoline	731	ADD	51,157	1,208	70	28.0	33.3	49.1	85.6	19.1	47.4	26.1	21.9	14.9	10.9	10.8	8.1	4.2	2.7	2.4	0.7	1.0	1.4	20.7	14.9	17.0	770	5.3	6.0
Indian Bank	113	ADD	48,671	1,149	430	22.5	17.9	25.5	33.9	(20.4)	42.0	5.0	6.3	4.4	—	—	—	1.1	1.0	0.8	2.6	2.0	2.9	23.4	15.2	18.5	140	23.6	2.1
Indian Overseas Bank	98	ADD	53,554	1,264	545	22.1	18.9	22.5	19.2	(14.2)	18.7	4.5	5.2	4.4	—	—	—	1.1	1.0	0.8	3.8	5.1	5.6	27.2	19.7	20.1	130	32.2	1.1
J&K Bank	505	ADD	24,491	578	48	74.2	75.4	75.0	31.2	1.6	(0.6)	6.8	6.7	6.7	—	—	—	1.2	1.0	0.9	3.0	3.0	3.0	16.8	15.1	13.4	750	48.5	0.3
LIC Housing Finance	334	ADD	28,397	670	85	45.5	52.1	55.2	38.7	14.3	6.1	7.3	6.4	6.0	—	—	—	1.5	1.3	1.1	3.0	3.4	3.6	—	—	—	350	4.8	6.4
Mahindra & Mahindra Financial	245	SELL	23,349	551	95	20.8	22.9	27.3	32.6	9.9	19.4	11.8	10.7	9.0	—	—	—	1.9	1.6	1.4	1.9	2.3	2.8	16.9	15.7	16.7	215	(12.2)	0.2
Oriental Bank of Commerce	169	ADD	42,354	1,000	251	23.9	22.6	30.5	(27.6)	(5.2)	34.7	7.1	7.5	5.5	—	—	—	0.9	0.8	0.7	2.8	2.7	3.6	6.2	9.5	11.7	200	18.3	1.6
PFC	146	REDUCE	167,287	3,949	1,148	11.4	13.0	15.8	2.6	14.3	21.1	12.8	11.2	9.2	—	—	—	1.6	1.5	1.3	1.1	1.2	1.5	13.4	13.6	14.6	130	(10.8)	5.3
Punjab National Bank	502	BUY	158,361	3,738	315	65.0	68.5	79.7	33.0	5.4	16.4	7.7	7.3	6.3	—	—	—	1.7	1.3	1.2	2.6	2.7	3.2	18.0	16.5	17.1	650	29.4	10.1
SREI	112	BUY	14,951	353	134	11.4	5.5	8.1	57.4	(51.8)	47.8	9.8	20.2	13.7	—	—	—	2.3	1.2	1.2	0.9	2.1	2.5	23.1	11.6	12.5	160	43.5	0.7
State Bank of India	1,523	ADD	961,856	22,707	631	106.6	90.1	119.0	23.5	(15.4)	32.0	14.3	16.9	12.8	—	—	—	2.3	2.0	1.8	1.4	1.4	1.5	16.8	11.1	13.4	1,700	11.6	58.5
Union Bank	146	BUY	73,596	1,737	505	27.5	18.4	29.2	64.1	(33.2)	59.1	5.3	7.9	5.0	—	—	—	1.0	0.9	0.8	2.7	1.9	3.0	26.8	15.5	21.1	200	37.3	3.4
Banks/Financial Institutions																													
Cement																													
ACC	639	REDUCE	120,588	2,847	189	64.1	61.2	47.7	13.0	(4.5)	(22.0)	10.0	10.5	13.4	5.2	5.4	6.9	2.7	2.3	2.1	3.6	3.6	3.6	33.3	25.3	17.5	610	(4.6)	10.6
Ambuja Cements	90	REDUCE	136,862	3,231	1,522	7.6	8.0	6.6	(11.2)	6.4	(17.5)	11.9	11.2	13.5	6.1	6.8	7.4	2.7	2.1	1.9	2.9	3.3	2.4	26.6	21.7	15.4	95	5.7	4.9
Grasim Industries	2,089	ADD	191,522	4,521	92	284.6	257.6	240.4	32.6	(9.5)	(6.7)	7.3	8.1	8.7	4.2	4.4	4.2	1.6	1.4	1.2	1.5	1.6	1.6	25.3	18.3	14.5	2,320	11.1	6.1
India Cements	166	ADD	46,804	1,105	282	24.5	19.1	19.9	n/a	(21.8)	4.1	6.8	8.7	8.3	4.9	5.2	4.5	1.4	1.2	1.1	1.1	1.3	1.3	25.9	15.8	14.4	160	(3.6)	4.7
Shree Cement	644	BUY	22,426	529	35	85.9	98.5	60.0	90.0	14.7	(39.0)	7.5	6.5	10.7	3.1	2.8	2.8	3.4	2.4	2.0	1.1	1.2	1.2	53.5	42.5	20.5	1,080	67.8	0.3
UltraTech Cement	635	BUY	79,596	1,879	125	81.4	80.6	59.1	28.5	(0.9)	(26.7)	7.8	7.9	10.7	5.3	5.3	6.1	2.5	1.9	1.6	1.2	1.3	1.3	45.2	32.1	18.9	700	10.2	1.0
Cement																													
Consumer (Discretionary)																													
Radico Khaitan	77	REDUCE	9,065	214	118	3.4	3.2	3.8	8.4	(7.0)	21.5	22.7	24.4	20.1	10.5	10.5	9.6	1.8	1.7	1.6	0.6	0.6	0.6	9.4	8.1	9.0	91	18.1	0.2
United Breweries	180	REDUCE	43,209	1,020	240	1.9	2.4	4.4	(11.6)	25.7	82.1	94.5	75.2	41.3	22.7	18.0	13.6	7.5	4.1	3.8	—	—	—	8.3	7.1	9.6	160	(11.1)	0.6
United Spirits	1,344	BUY	125,879	2,972	94	40.0	45.5	59.1	50.8	13.7	29.8	33.6	29.5	22.8	16.2	14.2	12.3	5.3	4.3	3.8	0.0	0.0	0.0	18.8	17.9	19.4	1,600	19.1	8.0
Consumer (Discretionary)																													
Consumer products																													
Asian Paints	1,240	ADD	118,941	2,808	96	38.3	44.3	52.4	36.1	15.8	18.2	32.4	28.0	23.7	19.5	16.4	13.7	12.3	9.9	8.0	1.2	1.4	1.6	43.5	40.2	38.3	1,240	-	1.4
Colgate-Palmolive (India)	428	ADD	58,205	1,374	136	17.3	19.2	22.4	18.4	10.6	17.0	24.7	22.3	19.1	19.5	16.5	13.9	31.1	26.5	22.6	3.0	3.4	3.9	100.8	128.5	128.3	420	(1.9)	1.3
GlaxoSmithkline Consumer (a)	658	BUY	27,673	653	42	38.5	45.5	53.8	27.4																				

Valuation summary

Kotak Institutional Equities Universe

Company	07-Aug-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)		2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	(Rs)	(%)	(US\$ mn)
Energy																													
Bharat Petroleum	329	REDUCE	107,722	2,543	328	39.8	40.7	38.3	(24.0)	2.1	(5.9)	8.2	8.1	8.6	3.3	3.7	2.7	0.8	0.8	0.7	1.3	1.3	1.2	11.4	10.4	8.9	360	9.6	6.2
Cairn India	246	SELL	458,671	10,828	1,868	(0.1)	3.9	19.4	(105)	(3,390)	395	(2,060)	63	12.6	57.3	25.6	8.7	1.5	1.4	1.2	—	—	—	(0.1)	2.3	10.5	230	(6.3)	78.7
Castrol India (a)	320	ADD	39,559	934	124	20.1	23.6	24.1	64.6	17.5	2.1	15.9	13.5	13.3	9.2	8.0	7.8	9.6	9.0	8.3	4.4	5.6	5.6	59.5	68.5	65.2	350	9.4	0.4
GAIL (India)	407	BUY	344,053	8,122	846	30.8	36.6	42.0	21.7	19.0	14.8	13.2	11.1	9.7	7.6	6.8	6.8	2.4	2.1	1.8	2.5	2.7	3.2	18.2	19.1	18.7	450	10.6	14.8
GSPL	60	ADD	33,847	799	563	1.8	3.6	5.1	8.5	103.8	40.2	33.9	16.6	11.9	10.6	7.4	5.2	2.7	2.4	2.1	0.8	1.7	2.4	8.7	15.3	18.8	69	14.7	2.4
Hindustan Petroleum	239	REDUCE	80,975	1,912	339	33.5	26.1	33.4	(16.4)	(21.9)	27.7	7.1	9.1	7.2	5.8	3.8	2.3	0.7	0.6	0.6	1.3	1.0	1.3	9.6	6.8	7.9	260	8.8	6.6
Indian Oil Corporation	443	REDUCE	522,262	12,329	1,179	60.5	40.9	61.8	29.2	(32.5)	51.2	7.3	10.8	7.2	4.7	8.4	7.7	1.2	1.1	0.9	1.3	1.1	1.6	17.2	10.1	13.5	500	12.9	5.6
Oil & Natural Gas Corporation	1,024	BUY	2,190,969	51,723	2,139	92.8	129.3	149.2	9.1	39.3	15.4	11.0	7.9	6.9	4.2	3.2	2.7	2.1	1.8	1.5	3.1	3.5	4.4	19.3	23.4	22.8	1,225	19.6	61.9
Petronet LNG	62	ADD	46,538	1,099	750	6.3	5.8	6.5	—	(7.6)	10.5	9.8	10.6	9.6	6.1	7.5	6.2	2.5	2.1	1.7	2.4	2.4	2.4	26.7	20.2	18.6	70	12.8	3.0
Reliance Industries	2,273	RS	2,987,083	70,517	1,314	101.7	97.4	171.9	23.0	(4.2)	76.4	22.3	23.3	13.2	13.3	11.5	6.1	3.3	3.0	2.2	0.5	0.6	0.9	18.5	14.4	21.6	—	—	268.3
Reliance Petroleum	166	REDUCE	745,650	17,603	4,500	(1.1)	2.0	19.1	n/a	n/a	840.9	n/a	81.7	8.7	n/a	35.8	7.2	5.5	5.2	3.4	—	—	1.2	(3.5)	6.6	47.3	170	2.6	123.8
Energy		Cautious	7,557,328	178,407					11.1	18.4	55.0	16.2	13.7	8.8	8.0	7.0	5.0	2.3	2.0	1.7	1.4	1.6	2.1	14.4	14.4	19.1			
Industrials																													
ABB	855	REDUCE	181,235	4,278	212	23.2	28.6	35.4	44.5	23.2	23.7	36.9	29.9	24.2	21.9	17.3	13.5	11.1	8.4	6.5	0.3	0.3	0.4	34.8	32.1	30.3	875	2.3	10.6
AIA Engineering	1,446	BUY	27,180	642	19	70.9	89.4	114.2	38.1	26.1	27.7	20.4	16.2	12.7	15.2	10.1	7.7	4.4	3.6	2.9	0.4	0.6	0.8	24.0	24.2	24.6	1,600	10.7	0.3
BGR Energy Systems	313	BUY	22,532	532	72	12.3	18.3	23.2	(67.1)	49.5	26.7	25.5	17.1	13.5	15.5	10.4	8.8	4.5	3.6	2.9	0.4	0.6	0.7	30.1	23.5	24.1	325	3.9	3.6
Bharat Electronics	980	ADD	78,400	1,851	80	102.1	104.4	111.1	11.3	2.3	6.4	9.6	9.4	8.8	3.9	3.6	3.1	2.4	2.0	1.7	2.6	2.6	2.6	27.9	23.1	20.9	1,200	22.4	1.9
Bharat Heavy Electricals	1,772	ADD	867,332	20,475	490	58.4	71.0	91.6	23.0	21.4	29.0	30.3	25.0	19.3	16.3	13.3	10.2	7.9	6.4	5.1	0.7	0.9	1.1	29.0	28.4	29.5	1,850	4.4	76.1
Dredging Corporation	507	REDUCE	14,199	335	28	55.3	48.7	57.0	(8.3)	(12.0)	17.2	9.2	10.4	8.9	5.2	5.0	4.1	1.1	1.0	3.0	3.0	3.0	12.5	10.3	11.1	475	(6.3)	0.1	
Larsen & Toubro	2,759	BUY	817,511	19,299	296	75.9	117.5	149.1	20.8	54.8	27.0	36.4	23.5	18.5	22.5	14.1	11.1	6.9	4.6	3.7	0.6	0.7	0.7	22.7	23.6	22.4	3,600	30.5	119.2
Maharashtra Seamless	319	BUY	22,474	531	71	31.4	37.5	44.7	(18.3)	19.6	19.1	10.1	8.5	7.1	6.2	5.4	4.6	1.9	1.6	1.3	1.4	1.8	2.1	20.9	20.8	20.7	390	22.4	1.2
Siemens	563	ADD	189,922	4,484	337	18.2	18.8	26.7	60.4	3.1	42.1	30.9	30.0	21.1	18.3	17.4	12.0	10.3	8.1	6.1	0.4	0.5	0.6	39.9	30.2	32.9	570	1.2	7.8
Suzlon Energy	242	ADD	379,359	8,956	1,567	6.6	11.4	17.7	n/a	n/a	840.9	n/a	81.7	8.7	n/a	35.8	7.2	5.5	5.2	3.4	—	—	1.2	(3.5)	6.6	47.3	170	2.6	123.8
Industrials		Neutral	2,600,144	61,382					24.2	33.1	31.4	30.1	22.6	17.2	17.3	13.1	10.2	6.2	4.8	3.8	0.6	0.8	0.9	20.5	21.0	22.1			
Infrastructure																													
IRB Infrastructure	148	BUY	49,206	1,162	332	3.4	7.3	15.7	150.9	111.5	116.3	43.2	20.4	9.4	15.1	13.8	6.4	3.0	2.5	1.9	—	—	—	10.7	13.4	23.3	195	31.7	1.2
Media																													
DishTV	38	BUY	20,073	474	535	(9.8)	(8.2)	(4.0)	n/a	(16.3)	(51.1)	(3.8)	(4.6)	(9.4)	(11.5)	(12.7)	42.5	(4.4)	(50.6)	(6.8)	—	—	—	168.3	176.0	152.9	55	46.7	2.4
HT Media	124	BUY	29,012	685	234	4.3	4.2	7.5	4.7	(2.0)	77.1	28.6	29.2	16.5	16.4	16.2	9.1	3.4	3.1	2.7	0.3	0.3	0.6	12.2	11.0	17.2	175	41.3	0.3
Jagran Prakashan	68	BUY	20,359	481	301	3.3	3.2	5.0	33.5	(0.8)	55.6	20.8	20.9	13.4	11.9	11.2	7.4	3.6	3.3	2.9	1.9	1.9	3.0	18.3	16.5	23.1	95	40.5	0.1
Sun TV Network	249	REDUCE	98,047	2,315	394	8.4	10.0	12.7	33.1	18.3	27.2	29.5	24.9	19.6	15.6	13.0	10.7	7.0	6.2	6.0	1.0	1.5	3.8	25.6	26.0	30.3	265	6.5	1.9
Zee Entertainment Enterprises	204	ADD	88,469	2,089	434	8.9	10.5	13.9	62.6	17.8	32.7	23.0	19.5	14.7	16.7	12.6	9.6	3.1	2.8	2.5	1.0	1.3	1.7	14.2	15.1	17.8	260	27.4	6.8
Media		Neutral	255,960	6,043					24.1	21.5	33.5	51.3	42.2	21.8	20.6	15.7	10.5	4.9	4.1	3.8	0.9	1.2	2.4	9.6	9.6	17.4			
Metals																													
Hindako Industries	142	REDUCE	248,210	5,860	1,742	13.1	16.2	14.6	(10.9)	23.5	(9.9)	10.9	8.8	9.8	6.7	5.3	5.2	1.4	0.8	0.9	0.9	1.3	1.3	14.3	12.7	9.4	150	5.3	13.8
National Aluminium Co.	401	REDUCE	258,143	6,094	644	25.2	30.3	33.5	(31.8)	20.0	10.6	15.9	13.2	12.0	8.4	7.1	5.7	2.8	2.4	2.1	1.9	1.9	1.9	18.4	19.4	18.7	370	(7.7)	6.7
Jindal Steel and Power	2,086	BUY	321,125	7,581	154	80.4	111.6	117.0	83.2	38.9	4.8	25.9	18.7	17.8	16.3	12.1	11.0	7.4	5.2	3.9	—	—	—	34.3	32.8	25.1	2,900	39.0	30.1
JSW Steel	787	ADD	146,151	3,450	186	92.0	103.1	146.8	35.7	12.0	42.4	8.5	7.6	5.4	6.2	6.3	4.5	1.5	1.2	1.0	2.3	2.3	2.3	21.2	18.1	21.0	1,040	32.2	27.4
Hindustan Zinc	583	ADD	246,146	5,811	423	104.0	72.2	71.5	(1.0)	(30.6)	(1.0)	5.6	8.1	8.1	3.9	4.9	4.4	2.0	1.6	1.4	1.3	1.3	1.7	44.0	22.5	18.4	750	28.7	6.2
Sesa Goa	3,307	BUY	130,154	3,073	39	376.8	451.1	463.2	144.6	19.7	2.7	8.8	7.3	7.1	5.7	4.5	4.0	4.7	3.1	2.3	2.1	2.4	3.0	68.6	50.8	36.9	3,900	17.9	55.2
Sterite Industries	616	ADD	436,326	10,300	708	63.7	52.3	51.5	(23.3)	(17.9)	(1.6)	9.7	11.8	12.0	5.5	5.5	5.0	1.9	1.6	1.4	—	—	—	26.6	14.8	12.6	800	29.9	30.7
Tata Steel	645	ADD	554,217	13,083	860	51.9	73.7	75.4	2.1	41.8	2.4	12.4	8.8	8.5	7.0	5.5	5.6	1.8	1.5	1.3	1.8	1.8	2.0	22.5	18.6	15.7	800	24.1	76.2
Metals		Attractive	2,340,473	55,252					3.7	7.1	4.0	10.8	10.0	9.7	6.7	6.1	5.5	2.1	1.7	1.5	1.1	1.2	1.3	19.7	17.0	15.2			
Pharmaceutical																													
Bicon	386	BUY	38,645	912	100	22.5	24.5	32.0</																					

Valuation summary

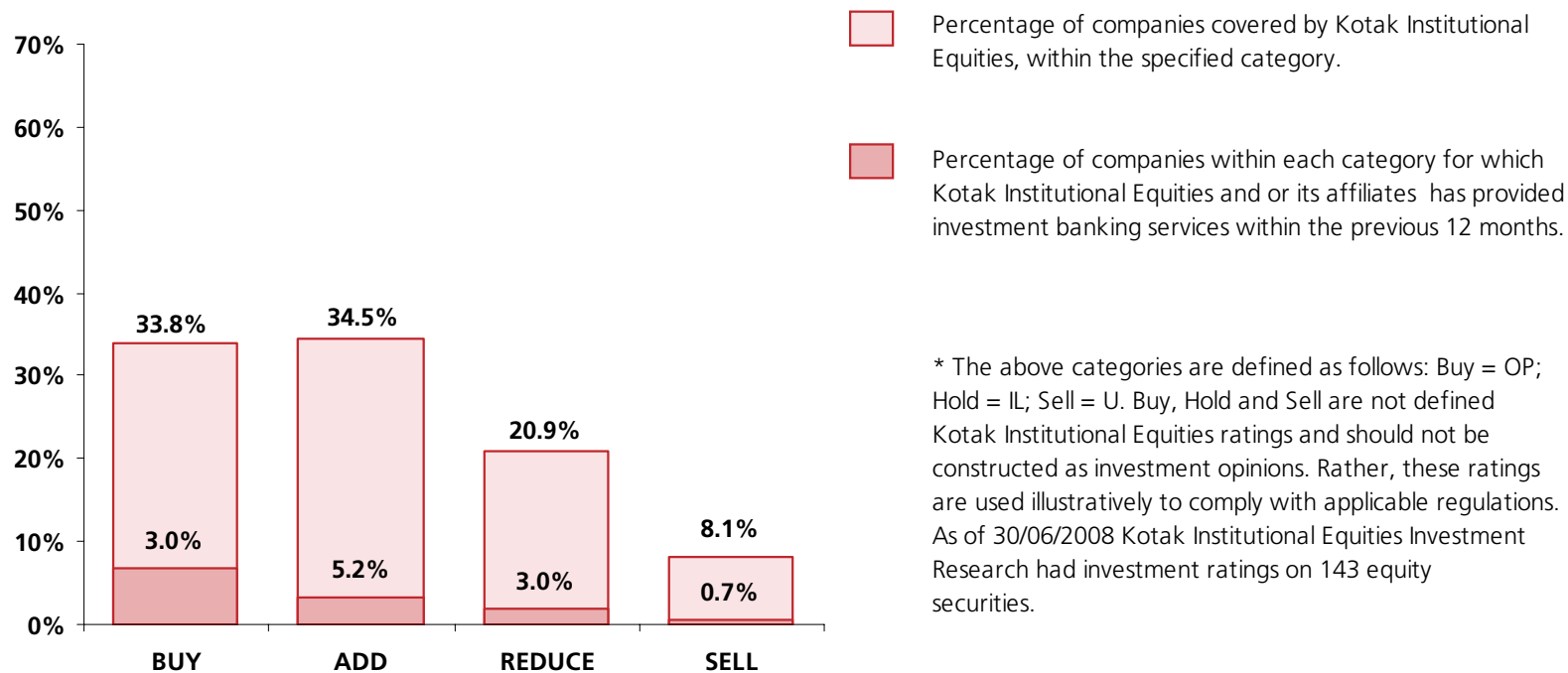
Kotak Institutional Equities Universe

Company	07-Aug-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)		2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	(Rs)
Retail																														
Pantaloon Retail	379	BUY	65,135	1,538	172	8.0	14.2	19.9	93.2	76.5	39.9	47.1	26.7	19.1	17.8	11.6	9.5	3.8	2.4	2.2	0.1	0.2	0.3	8.6	10.7	11.5	460	21.4	1.4	
Rajesh Exports	53	BUY	15,525	367	291	8.2	5.9	6.9	80.4	(28.2)	16.6	6.5	9.0	7.7	2.6	1.7	1.0	2.0	1.1	1.0	0.6	0.8	0.9	26.8	12.3	13.5	120	124.7	3.9	
Titan Industries	1,270	BUY	56,377	1,331	44	35.1	41.1	49.8	55.2	17.3	21.0	36.2	30.9	25.5	24.3	19.0	15.2	12.0	9.2	7.2	0.6	0.7	0.9	37.7	33.6	31.6	1,350	6.3	4.4	
Vishal Retail	391	ADD	8,760	207	22	18.1	21.6	35.6	37.2	19.2	65.2	21.6	18.1	11.0	10.9	7.4	5.6	3.2	2.7	2.2	-	-	-	20.2	16.2	22.1	485	24.0	0.1	
Retail			145,797	3,442					53.0	20.1	32.7	27.6	23.0	17.3	13.4	10.5	8.5	4.5	3.0	2.6	0.4	0.5	0.5	16.4	12.9	14.8				
Technology																														
HCL Technologies	224	REDUCE	155,333	3,667	695	15.3	22.3	25.4	(19.0)	46.0	13.8	14.6	10.0	8.8	8.2	6.5	5.5	3.2	2.6	2.2	3.6	3.6	3.6	21.4	28.1	27.3	250	11.9	6.6	
Hexaware Technologies	51	SELL	7,305	172	142	7.7	4.7	5.6	(13.7)	(38.2)	18.5	6.7	10.8	9.2	3.4	3.6	2.7	1.0	1.0	0.9	3.1	3.1	3.1	15.1	9.4	10.4	50	(2.7)	0.5	
Infosys Technologies	1,726	BUY	990,810	23,390	574	79.1	102.1	118.1	18.0	29.1	15.7	21.8	16.9	14.6	17.3	13.1	10.5	7.2	5.5	4.3	1.9	1.4	1.7	36.1	36.8	33.1	2,100	21.7	96.5	
Mphasis BFL	229	SELL	47,703	1,126	208	12.2	15.6	18.5	67.6	27.3	18.8	18.7	14.7	12.3	11.2	8.8	7.2	4.1	0.6	2.9	1.5	1.7	2.0	23.6	25.6	25.4	220	(3.8)	2.7	
Mindtree	382	BUY	14,967	353	39	26.1	35.7	43.4	14.8	36.5	21.7	14.6	10.7	8.8	12.2	7.6	5.8	2.8	2.2	1.8	0.7	0.9	1.1	21.3	23.5	22.9	550	44.1	0.6	
Patni Computer Systems	232	SELL	32,234	761	139	33.4	25.2	29.7	29.7	(24.5)	17.7	7.0	9.2	7.8	3.9	3.6	2.6	1.2	1.1	1.0	0.8	1.0	1.2	19.2	11.7	12.7	260	12.1	1.3	
Polaris Software Lab	99	SELL	9,766	231	98	7.4	10.1	11.8	(27.6)	36.0	16.2	13.3	9.8	8.4	6.7	4.9	3.9	1.5	1.3	1.2	1.8	1.8	1.8	11.7	14.3	14.8	90	(9.4)	5.9	
Satyam Computer Services	417	BUY	284,196	6,709	682	25.2	32.2	37.5	17.7	27.6	16.5	16.5	16.5	16.5	13.2	9.5	7.7	3.9	3.2	2.6	2.4	2.9	3.4	26.0	27.1	25.7	500	20.0	53.0	
TCS	853	REDUCE	835,097	19,714	979	51.3	58.7	67.9	21.5	14.5	15.6	16.6	14.5	12.6	13.6	11.4	9.6	6.7	5.3	4.3	1.6	2.4	3.2	47.0	40.8	37.8	900	5.5	37.3	
Tech Mahindra	777	BUY	96,774	2,285	125	59.1	74.8	89.4	25.7	26.7	19.4	13.2	10.4	8.7	11.6	7.4	5.5	7.7	4.3	2.9	0.5	-	0.8	70.7	55.8	41.6	900	15.9	9.5	
Wipro	450	ADD	651,920	15,390	1,450	22.2	27.5	33.5	12.6	23.6	21.8	20.2	16.4	13.4	16.2	12.1	9.6	5.0	4.1	3.4	1.4	1.8	2.3	27.9	27.6	27.4	490	9.0	14.9	
Technology			Neutral	3,126,105	73,799					16.1	23.8	17.0	18.1	14.6	12.5	14.0	10.9	8.8	5.3	4.2	3.4	1.8	2.0	2.4	29.5	29.0	27.6			
Telecom																														
Bharti Airtel Ltd	849	REDUCE	1,611,981	38,054	1,898	35.3	47.0	57.0	65.0	33.2	21.1	24.1	18.1	14.9	14.6	10.6	8.2	7.1	5.1	3.8	-	0.5	0.7	39.1	32.9	29.1	840	(1.1)	91.0	
IDEA	89	REDUCE	235,278	5,554	2,639	3.9	4.6	5.5	78.5	15.7	20.8	22.6	19.5	16.2	12.9	9.6	7.9	6.6	5.0	3.8	-	-	-	36.4	29.1	26.6	100	12.2	28.8	
MTNL	110	REDUCE	69,143	1,632	630	6.0	6.5	7.0	(25.2)	7.7	8.2	18.3	17.0	15.7	2.7	3.0	2.9	0.6	0.6	0.6	5.5	5.5	5.5	2.7	2.9	3.2	100	(8.9)	3.8	
Reliance Communications	438	SELL	903,103	21,320	2,064	25.0	28.6	34.8	76.4	14.1	21.9	17.5	15.3	12.6	12.2	10.4	8.1	3.2	2.6	2.2	0.2	-	-	16.1	19.9	19.8	390	(10.9)	96.2	
Tata Communications	458	REDUCE	130,416	3,079	285	10.9	12.0	13.3	(36.3)	9.2	11.2	41.8	38.3	34.4	17.4	16.2	14.1	2.0	1.9	1.8	1.0	1.1	1.4	4.4	4.7	4.9	430	(6.0)	3.4	
Telecom			Cautious	2,949,921	69,639					61.9	23.9	20.6	20.9	16.9	14.0	13.2	10.4	8.2	4.1	3.3	2.7	0.4	0.5	0.6	19.4	19.6	19.3			
Transportation																														
Container Corporation	840	ADD	109,164	2,577	130	57.7	67.5	75.0	7.8	17.0	11.0	14.5	12.4	11.2	9.9	8.4	7.0	3.4	2.8	2.4	1.5	1.7	1.9	25.8	24.9	23.1	950	13.1	1.0	
Gateway Distriparks	95	BUY	10,974	259	115	6.4	8.1	10.8	(5.0)	26.5	33.5	14.8	11.7	8.8	10.3	7.7	5.8	1.6	1.5	1.3	3.1	3.5	3.6	10.8	12.9	15.8	125	31.5	1.6	
GE Shipping	416	BUY	63,321	1,495	152	105.9	72.7	48.2	77.6	(31.3)	(33.7)	3.9	5.7	8.6	5.5	6.5	7.3	1.5	1.2	1.1	3.6	4.4	2.9	43.2	23.4	13.7	500	20.2	4.0	
Jet Airways	484	SELL	41,810	987	86	(76.5)	(123.3)	96.4	(2,857)	71	206.7	(6.3)	(3.9)	5.0	59.0	17.4	6.2	0.9	1.2	1.0	-	-	1.4	(19.5)	(26.5)	21.5	450	(8.2)	1.9	
Transportation			Neutral	225,269	5,318					3.9	(42.9)	162.9	12.7	22.2	8.4	12.4	10.2	6.6	1.8	1.7	1.5	1.9	2.2	2.1	13.9	7.7	17.4			
Utilities																														
CESC	367	BUY	45,883	1,083	125	27.8	28.2	31.1	(23.3)	1.4	10.4	13.2	13.0	11.8	6.7	7.6	8.4	1.4	1.3	1.2	1.1	1.1	1.3	12.5	10.6	10.5	500	36.1	1.3	
Lanco Infratech	333	BUY	74,004	1,747	222	16.0	18.7	31.3	88.4	17.4	67.1	20.9	17.8	10.6	15.4	17.4	14.2	3.7	3.1	2.4	(1.8)	-	-	20.2	18.9	25.2	530	59.2	27.4	
NTPC	184	REDUCE	1,513,867	35,738	8,245	8.9	9.5	10.3	3.5	6.7	8.0	20.5	19.2	17.8	14.8	15.8	15.7	2.8	2.6	2.5	1.9	2.1	2.8	14.4	14.2	14.3	179	(2.5)	36.3	
Reliance Infrastructure	1,025	BUY	236,625	5,586	231	46.7	48.0	56.3	20.7	2.6	17.3	21.9	21.4	18.2	27.6	36.5	25.1	2.0	1.9	1.8	0.6	0.8	1.2	-	-	-	1,250	22.0	94.0	
Reliance Power	167	REDUCE	399,067	9,421	2,397	0.4	2.1	2.6	-	443.9	25.2	437.8	80.5	64.3	-	-	-	2.9	2.7	2.7	-	-	-	1.2	3.5	4.3	180	8.1	60.4	
Tata Power	1,050	BUY	244,704	5,777	233	29.7	38.1	39.9	11.6	28.5	4.6	35.4	27.5	26.3	24.2	21.5	21.9	3.3	2.5	2.2	0.9	0.9	0.9	10.0	10.3	9.0	1,540	46.6	28.7	
Utilities			Attractive	2,514,150	59,352					10.0	12.3	11.6	25.3	22.6	20.2	17.9	19.9	20.1	2.7	2.5	2.3	1.3	1.4	1.9	10.8	11.2	11.6			
Others																														
Aban Offshore	2,540	REDUCE	97,956	2,312	39	72.3	295.8	498.4	(1,066)	309.2	68.5	35.1	8.6	5.1	17.9	7.8	5.3	11.2	4.5	2.5	0.1	0.4	0.6	51.7	62.9	52.9	2,800	10.2	22.3	
ABG Shipyard	345	-	17,561	415	51	22.8	32.1	56.2	39.0	40.6	74.8	15.1	10.7	6.1	10.4	7.9	4.6	2.7	2.0	1.1	0.5	0.6	0.8	20.4	21.5	24.7	-	126.1	0.6	
Aditya Birla Nuvo	1,347	ADD	125,703	2,967	93	22.9	26.6	29.2	(5.6)	16.0	9.8	58.8	50.7	46.2	25.1	22.6	20.8	3.7	3.5	3.3	0.4	0.5	0.5	6.4	7.1	7.4	2,000	48.5	4.4	
Educomp Solutions	3,356	ADD	63,487	1,499	19	33.9	66.6	109.1	91.6	96.4	63.7	98.9	50.4	30.8	53.6	24.1	14.6	21.8	7.9	6.6	0.1	0.2	0.3	29.3	24.2	24.2	3,650	8.8	14.3	
Jainprakash Associates	188	BUY	233,201	5,505	1,242	4.9	7.6	11.6	6.5	54.7	53.5	38.3	24.8	16.1	19.6	13.6	12.3	4.7	3.8	3.3	0.0	0.0	0.0	15.4	17.5	22.6	255	35.9	60.5	
Jindal Saw	543	BUY	33,302	786	61	57.7	90.7	110.4	(50.2)	57.0	21.7	9.4	6.0	4.9	5.															

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As of June 30, 2008

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Old rating system

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