

**May 23, 2008**

# India Strategy Friday Flash

BSE-30: 16,907

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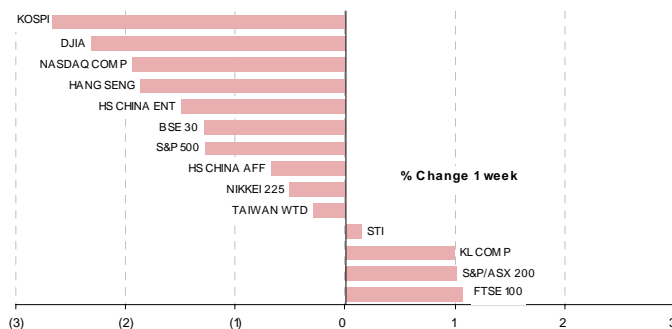
**Kotak Institutional Equities  
Research**

Important disclosures appear at the back of this report.

**Skidding on high oil prices.** During the past week, the Sensex lost 446 points (2.6%) to close at 16,907. On a currency-adjusted basis (US\$ terms), the Sensex lost 3.8%—one of the worst performing index in the region. The decline was led by banking stocks which contributed 208 points to the fall in Sensex. Macro-economic parameters continued to remain weak with (1) crude continuing to trade at +US\$130/bbl and (2) high inflation at 7.8%.

**Market highlights for the week ending Thursday, May 22, 2008**

- Largest gainers: Lupin (15%), Cairn India (12%), Sterlite Industries (11%)
- Largest losers: Tech Mahindra (-10%), PFC (-10%), Titan Industries (-7%)

**Relative performance of regional indices (% Change 5 days)**


Source: Bloomberg.

**Flows in emerging markets**

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
13-May-08	433	45	3	(1)	46	526
14-May-08	459	2	(2)	0	64	523
15-May-08	765	19	(1)	1	181	965
16-May-08	742	45	(6)	3	14	798
20-May-08	(145)	-	(8)	3	(79)	(229)
<b>Total</b>	<b>2,253</b>	<b>110</b>	<b>(14)</b>	<b>7</b>	<b>226</b>	<b>2,583</b>

# Our top recommendations

## Kotak Institutional Equities, Top-10, May 22, 2008

Companies	Sector	Rating	Mkt cap.	CMP	Target	EPS (Rs)			P/E (X)			EV/EBDITA (X)			
			(US\$ mn)	(Rs)	(Rs)	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	
ICICI Bank	Banking	ADD	22,797	881	1,000	39.9	35.4	46.2	22.1	24.9	19.1	—	—	—	
Larsen & Toubro	Industrials	BUY	20,084	2,918	3,400	78.0	109.1	140.1	37.4	26.8	20.8	20.6	15.6	12.0	
ITC	Consumer products	BUY	19,443	223	250	8.3	9.7	11.2	26.8	23.0	19.9	17.0	14.2	12.1	
DLF	Property	BUY	24,612	621	850	46.2	55.7	62.3	13.4	11.1	10.0	11.8	9.6	7.7	
State Bank of India	Banking	ADD	23,590	1,606	2,000	106.5	108.0	131.3	15.1	14.9	12.2	—	—	—	
Maruti Suzuki	Automobiles	BUY	5,416	806	1,000	59.9	72.1	79.6	13.5	11.2	10.1	7.6	6.3	5.5	
Jindal Steel and Power	Metals	ADD	8,710	2,432	2,900	77.3	106.9	101.5	31.5	22.8	24.0	19.4	14.7	14.3	
Tata Power	Utilities	ADD	8,013	1,479	1,540	29.7	38.1	39.9	49.8	38.8	37.1	31.9	28.3	28.3	
<b>Mid-cap. pharmaceutical basket</b>															
Biocon	Pharmaceuticals	BUY	1,100	473	700	22.4	24.6	32.8	21.1	19.2	14.4	13.5	13.0	9.7	
Dishman Pharma & Chemicals	Pharmaceuticals	BUY	593	313	540	14.5	22.0	31.5	21.6	14.2	10.0	14.6	10.4	7.6	
Divi's Laboratories	Pharmaceuticals	BUY	2,194	1,461	1,915	51.4	65.9	95.7	28.4	22.2	15.3	23.3	17.8	12.1	
Jubilant Organosys	Pharmaceuticals	BUY	1,496	355	530	22.8	23.7	27.9	15.6	15.0	12.7	12.3	11.6	9.1	
Piramal Healthcare	Pharmaceuticals	BUY	1,685	347	470	17.6	21.9	26.7	19.7	15.8	13.0	14.3	11.1	8.9	
<b>Mid-cap. infrastructure basket</b>															
IVRCL	Construction	BUY	1,346	430	570	13.8	20.6	27.4	31.1	20.8	15.7	17.2	12.0	9.3	
Jindal Saw	Pipes	BUY	775	595	1,080	71.7	115.9	130.8	8.3	5.1	4.5	4.8	2.9	2.3	
Lanco Infratech	Utilities	BUY	2,805	543	670	17.6	33.8	69.0	30.9	16.1	7.9	25.2	13.3	6.9	
Nagarjuna Construction Co.	Construction	BUY	1,121	200	310	8.3	11.3	14.8	24.1	17.7	13.5	14.8	11.5	9.5	
Punj Lloyd	Construction	BUY	2,537	340	420	10.4	16.9	24.7	32.8	20.1	13.8	18.6	12.1	8.8	
<b>BSE-30</b>				<b>16,907</b>											

Source: Company, Bloomberg, Kotak Institutional Equities.

# Our model portfolio

## Kotak Institutional Equities Model Portfolio

Company	22-May		Weightage (%)		Diff. (bps)	Company	22-May		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.			Price (Rs)	Rating	BSE-30	KS reco.	
Mahindra & Mahindra	653	BUY	1.2	1.2	—	Cipla	203	REDUCE	0.9	—	(91)
Maruti Suzuki	806	BUY	0.9	2.4	150	Sun Pharmaceuticals	1,312	BUY	—	1.0	100
Tata Motors	661	BUY	1.5	—	(147)	Ranbaxy Laboratories	498	BUY	1.0	1.0	—
<b>Automobiles</b>			<b>3.6</b>	<b>3.6</b>	<b>3</b>	<b>Pharmaceuticals</b>			<b>1.9</b>	<b>2.0</b>	<b>9</b>
State Bank of India	1,606	ADD	4.2	5.7	150	DLF	621	BUY	1.5	3.0	150
<b>PSU Banking</b>			<b>4.2</b>	<b>5.7</b>	<b>150</b>	<b>Real estate</b>			<b>1.5</b>	<b>3.0</b>	<b>150</b>
HDFC	2,628	REDUCE	5.4	4.9	(50)	Infosys Technologies	1,864	BUY	7.2	8.0	75
HDFC Bank	1,384	BUY	4.6	4.6	—	Satyam Computer Services	491	BUY	2.6	3.4	75
ICICI Bank	881	ADD	8.6	10.1	150	TCS	961	REDUCE	1.9	—	(189)
<b>Pvt. Banking/Financing</b>			<b>18.7</b>	<b>19.7</b>	<b>100</b>	Wipro	489	ADD	1.2	1.2	—
ACC	680	REDUCE	0.7	—	(71)	<b>Technology</b>			<b>12.9</b>	<b>12.6</b>	<b>(39)</b>
Ambuja Cements	104	REDUCE	0.8	—	(77)	Bharti Airtel Limited	818	REDUCE	4.9	3.9	(100)
Grasim Industries	2,302	ADD	1.4	—	(136)	Reliance Communications	586	SELL	3.3	—	(330)
Jaiprakash Associates	246	BUY	1.5	1.5	—	<b>Telecom</b>			<b>8.2</b>	<b>3.9</b>	<b>(430)</b>
<b>Cement</b>			<b>4.4</b>	<b>1.5</b>	<b>(285)</b>	NTPC	179	REDUCE	2.0	—	(204)
Hindustan Unilever	235	ADD	2.2	1.2	(100)	Reliance Infrastructure	1,324	NR	2.1	2.6	50
ITC	223	BUY	4.8	6.3	150	Tata Power	1,479	ADD	—	2.0	200
<b>Consumers</b>			<b>7.1</b>	<b>7.6</b>	<b>50</b>	<b>Utilities</b>			<b>4.1</b>	<b>4.6</b>	<b>46</b>
Oil & Natural Gas Corporation	926	BUY	3.7	1.7	(200)	Biocon	473	BUY	—	0.6	60
Reliance Industries	2,626	RS	14.6	12.2	(243)	Dishman Pharma & chemicals	313	BUY	—	0.6	60
<b>Energy</b>			<b>18.3</b>	<b>13.9</b>	<b>(443)</b>	Divi's Laboratories	1,461	BUY	—	0.6	60
Bharat Heavy Electricals	1,748	REDUCE	2.7	—	(272)	Jubilant Organosys	355	BUY	—	0.6	60
Larsen & Toubro	2,918	BUY	6.9	8.9	200	Piramal Healthcare	347	BUY	—	0.6	60
<b>Industrials</b>			<b>9.7</b>	<b>8.9</b>	<b>(72)</b>	<b>Pharmaceutical mid-cap. basket</b>			<b>—</b>	<b>3.0</b>	<b>300</b>
Hindalco Industries	198	ADD	1.4	—	(140)	IVRCL	430	BUY	—	0.6	60
Jindal Steel & Power	2,432	ADD	—	2.0	200	Jindal Saw	595	BUY	—	0.6	60
JSW Steel	1,078	ADD	—	1.0	100	Lanco Infratech	543	BUY	—	0.6	60
Tata Steel	909	ADD	4.0	4.0	—	Nagarjuna Construction Co.	200	BUY	—	0.6	60
<b>Metals</b>			<b>5.4</b>	<b>7.0</b>	<b>160</b>	Punj Lloyd	340	BUY	—	0.6	60
						<b>Infrastructure mid-cap. basket</b>			<b>—</b>	<b>3.0</b>	<b>300</b>
						<b>BSE-30</b>			<b>16,907</b>	<b>100.0</b>	<b>100.0</b>
											<b>—</b>

Note:  
(a) Weights are with respect to May 5, 2008 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

# Sensex valuation summary

## Valuation summary of BSE-30 sectors, May 22, 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	15,905	32.0	10.5	11.8	6.3	13.9	12.5	11.7	8.8	7.7	7.1	3.1	2.5	1.4	1.4	22.0	20.3
Banking	78,216	14.2	43.9	5.3	26.0	22.5	21.4	17.0	—	—	—	3.0	2.5	1.1	1.0	13.1	11.7
Cement	11,572	89.5	19.1	(1.6)	(4.6)	9.6	9.8	10.3	5.2	5.1	4.9	2.3	1.9	2.3	2.4	24.3	19.5
Consumers	31,326	19.8	14.8	15.4	15.3	27.6	23.9	20.7	19.0	15.0	12.8	9.4	8.2	2.6	2.4	34.0	34.1
Diversified	6,158	172.9	20.8	80.3	56.7	43.5	24.1	15.4	18.2	12.4	10.9	6.1	5.0	—	—	14.1	20.9
Energy	126,364	25.7	22.1	18.8	33.8	14.7	12.3	9.2	7.5	6.4	4.7	2.8	2.3	1.8	2.0	18.9	18.4
Industrials	39,993	51.8	21.1	32.4	30.2	33.9	25.6	19.7	18.4	14.0	11.3	7.3	5.5	0.5	0.6	21.7	21.5
Metals	24,192	33.1	(0.6)	26.5	(1.4)	15.1	11.9	12.1	8.7	7.2	7.3	2.1	1.8	1.2	1.2	14.0	15.3
Pharmaceuticals	7,992	39.6	23.9	1.1	25.1	23.5	23.3	18.6	16.3	16.1	13.2	5.0	4.5	1.6	1.8	21.3	19.1
Property	24,612	913.2	305.2	20.7	11.8	13.4	11.1	10.0	11.5	9.3	7.5	5.3	3.8	0.8	1.1	39.2	33.7
Technology	71,044	44.3	19.3	18.6	14.0	21.1	17.8	15.6	15.5	12.6	10.5	6.6	5.3	1.8	1.8	31.2	29.6
Telecom	63,953	182.9	71.6	30.4	22.7	22.1	17.0	13.8	13.8	10.1	8.0	5.4	4.1	0.2	0.4	24.5	24.4
Utilities	41,542	17.2	14.7	6.2	8.8	20.2	19.1	17.5	12.6	13.7	14.6	2.8	2.6	1.9	2.0	13.6	13.4
<b>BSE-30 Index</b>	<b>542,869</b>	<b>38.2</b>	<b>30.4</b>	<b>17.3</b>	<b>21.1</b>	<b>18.7</b>	<b>16.0</b>	<b>13.2</b>	<b>10.8</b>	<b>9.2</b>	<b>7.7</b>	<b>3.7</b>	<b>3.0</b>	<b>1.4</b>	<b>1.5</b>	<b>19.7</b>	<b>19.0</b>
<b>BSE-30 ex-Energy</b>	<b>416,506</b>	<b>44.9</b>	<b>34.2</b>	<b>16.8</b>	<b>15.6</b>	<b>20.5</b>	<b>17.5</b>	<b>15.2</b>	<b>12.8</b>	<b>10.8</b>	<b>9.5</b>	<b>4.1</b>	<b>3.4</b>	<b>1.2</b>	<b>1.3</b>	<b>20.0</b>	<b>19.3</b>
<b>BSE-30 ex-Energy, Com.</b>	<b>380,741</b>	<b>43.8</b>	<b>39.9</b>	<b>17.1</b>	<b>18.5</b>	<b>21.7</b>	<b>18.5</b>	<b>15.6</b>	<b>14.2</b>	<b>11.7</b>	<b>10.1</b>	<b>4.5</b>	<b>3.7</b>	<b>1.2</b>	<b>1.3</b>	<b>20.6</b>	<b>19.9</b>
<b>BSE-30 ex-Technology</b>	<b>471,826</b>	<b>37.4</b>	<b>32.0</b>	<b>17.2</b>	<b>22.1</b>	<b>18.4</b>	<b>15.7</b>	<b>12.9</b>	<b>10.3</b>	<b>8.9</b>	<b>7.4</b>	<b>3.5</b>	<b>2.9</b>	<b>1.3</b>	<b>1.4</b>	<b>18.8</b>	<b>18.2</b>

Note:

(1) EV/EBITDA excludes banks.

Source: Company reports, Kotak Institutional Equities estimates.

# Nifty valuation summary

## Valuation summary of Nifty sectors, May 22, 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	19,602	20.6	7.6	12.2	7.9	11.9	10.6	9.8	7.7	6.8	6.3	2.7	2.2	2.1	2.1	22.4	21.1
Banking	82,294	13.2	42.5	5.1	24.8	20.8	19.8	15.9	—	—	—	2.9	2.4	1.1	1.1	13.8	12.2
Consumers	31,378	19.8	14.8	15.4	15.3	27.6	23.9	20.7	19.0	15.0	12.8	9.4	8.2	2.6	2.4	34.0	34.1
Cement	11,591	89.5	19.1	(1.6)	(4.6)	9.6	9.8	10.3	5.2	5.1	4.9	2.3	1.9	2.3	2.4	24.3	19.5
Energy	159,189	29.6	21.3	20.8	49.2	16.2	13.4	9.0	8.5	7.2	4.9	2.6	2.1	1.7	1.8	15.9	16.0
Industrials	51,460	43.6	20.8	39.8	34.7	31.7	22.6	16.8	17.0	13.0	10.1	6.4	4.9	0.5	0.6	20.3	21.8
Metals	38,419	65.6	(8.0)	13.5	(0.0)	12.8	11.3	11.3	6.8	6.0	5.8	2.0	1.7	1.0	1.0	15.7	15.4
Media	2,400	11.2	49.4	29.7	29.8	29.1	22.4	17.3	19.1	13.1	10.1	3.6	3.2	0.9	1.1	12.3	14.3
Property	35,015	1,062.5	199.7	22.2	14.7	15.4	12.6	11.0	12.7	10.2	8.3	6.3	4.4	0.7	1.0	41.0	35.1
Pharmaceuticals	17,030	87.3	3.2	28.3	4.2	24.2	18.9	18.1	16.4	13.3	12.1	4.5	3.8	1.2	1.4	18.7	20.3
Telecom	73,039	(149.5)	66.7	30.2	22.6	22.8	17.5	14.3	13.9	10.2	8.1	5.1	4.0	0.2	0.4	22.5	22.9
Technology	75,849	46.6	17.3	18.5	13.9	20.7	17.4	15.3	15.1	12.3	10.2	6.3	5.1	1.9	1.9	30.3	29.1
Utilities	49,638	15.9	15.2	7.8	8.4	22.4	20.8	19.2	14.0	14.9	15.7	2.9	2.7	1.7	1.8	13.2	12.9
<b>NIFTY</b>	<b>646,904</b>	<b>42.5</b>	<b>25.7</b>	<b>18.0</b>	<b>25.0</b>	<b>18.7</b>	<b>15.9</b>	<b>12.7</b>	<b>10.9</b>	<b>9.9</b>	<b>7.9</b>	<b>3.5</b>	<b>2.9</b>	<b>1.3</b>	<b>1.4</b>	<b>18.5</b>	<b>18.2</b>
<b>NIFTY ex-Energy</b>	<b>487,715</b>	<b>48.7</b>	<b>27.5</b>	<b>16.8</b>	<b>15.0</b>	<b>19.7</b>	<b>16.9</b>	<b>14.7</b>	<b>12.3</b>	<b>11.4</b>	<b>10.0</b>	<b>3.9</b>	<b>3.3</b>	<b>1.2</b>	<b>1.3</b>	<b>19.9</b>	<b>19.2</b>
<b>NIFTY ex-Energy ex Com</b>	<b>449,296</b>	<b>45.7</b>	<b>34.7</b>	<b>17.3</b>	<b>17.0</b>	<b>20.7</b>	<b>17.6</b>	<b>15.1</b>	<b>13.4</b>	<b>12.5</b>	<b>10.8</b>	<b>4.3</b>	<b>3.5</b>	<b>1.2</b>	<b>1.3</b>	<b>20.6</b>	<b>19.9</b>

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, May 21, 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	18.8	15.9	16.1	16.2	15.6	13.4	11.6	10.0	1.0	0.8	0.7
China	V/B/E/S CHINA	58.2	29.8	20.9	15.7	28.2	20.0	16.6	14.0	0.9	1.0	1.1
Hong Kong	V/B/E/S HONG KONG	43.2	(6.1)	17.5	15.3	15.5	16.9	14.4	13.0	NA	1.0	0.9
India	MSCI INDIA	16.9	20.4	24.5	14.0	21.3	18.0	14.4	12.5	1.0	0.7	1.0
Korea	MSCI KOREA	7.1	16.2	13.7	12.0	14.5	12.3	10.8	9.7	0.9	0.9	0.9
Malaysia	MSCI MALAYSIA	48.6	(11.5)	10.5	8.2	12.9	14.5	13.1	12.2	NA	1.4	1.6
Mexico	MSCI MEXICO	13.0	10.5	11.4	10.0	15.1	13.7	12.3	12.1	1.4	1.2	1.2
Russia	MSCI RUSSIA	23.8	21.1	11.9	1.9	12.7	10.5	9.4	9.3	0.6	0.9	5.0
Taiwan	MSCI TAIWAN	18.8	0.1	14.1	7.1	14.7	14.7	12.8	11.5	156.0	1.0	1.8
Thailand	MSCI THAILAND	(29.6)	98.7	8.0	7.2	23.2	11.5	10.7	10.0	0.2	1.4	1.5
<b>Asia - Emerging markets</b>	<b>MSCI EM ASIA</b>	<b>18.1</b>	<b>13.4</b>	<b>15.5</b>	<b>11.2</b>	<b>16.4</b>	<b>14.5</b>	<b>12.6</b>	<b>11.1</b>	<b>1.2</b>	<b>0.9</b>	<b>1.1</b>

Source: Thomson Datastream.

# Valuation summary of BRICs sectors (1)

## Valuation summary of BRICs sectors, May 21, 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	
<b>Banking</b>												
Brazil	MSCI Brazil Banks Industry Group	18.9	11.8	18.6	17.4	13.8	12.3	10.4	8.9	1.2	0.7	0.6
Russia	MSCI Russia Banks Industry Group	15.4	33.7	23.9	34.0	17.7	13.2	10.7	8.0	0.5	0.6	0.3
India	MSCI India Banks Industry Group	16.8	22.7	25.3	NA	26.7	22.9	18.3	NA	1.2	0.9	NA
China	MSCI China Banks Industry Group	47.0	46.0	19.7	17.3	22.6	15.5	12.9	11.0	0.5	0.8	0.7
<b>Consumers</b>												
Brazil	MSCI Brazil Consumer Discretionary Sector	2.4	57.0	51.5	24.8	37.4	23.8	15.7	12.6	0.7	0.5	0.6
Russia	MSCI Russia Consumer Staples Sector	46.5	41.5	29.4	24.8	38.5	27.2	21.0	16.9	0.9	0.9	0.8
India	MSCI India Consumer Discretionary Sector	1.2	25.9	16.9	30.4	16.9	13.0	11.1	11.1	0.7	0.8	0.4
China	MSCI China Consumer Discretionary Sector	40.1	2.8	19.8	18.6	18.1	17.6	14.7	12.7	6.4	0.9	0.8
<b>Energy</b>												
Brazil	MSCI Brazil Energy Sector	(17.0)	64.7	4.9	6.7	18.4	11.1	10.6	10.0	0.3	2.3	1.6
Russia	MSCI Russia Energy Sector	21.5	18.0	13.4	(9.7)	10.7	9.1	8.0	9.0	0.6	0.7	NA
India	MSCI India Energy Sector	23.7	19.2	37.3	9.9	22.3	19.3	14.1	13.0	1.2	0.5	1.4
China	MSCI China Energy Sector	6.2	19.2	11.3	1.7	16.4	13.8	12.4	12.2	0.9	1.2	7.1
<b>Industrials</b>												
Brazil	MSCI Brazil Industrials Sector	(12.3)	75.9	19.9	26.9	29.4	16.7	14.0	11.0	0.4	0.8	0.5
India	MSCI India Industrials Sector	(1.4)	36.4	28.5	1.5	32.1	23.8	18.5	18.0	0.9	0.8	12.5
China	MSCI China Industrials Sector	89.1	2.7	14.0	21.2	16.2	15.8	13.9	11.5	6.0	1.1	0.7
<b>Metals</b>												
Brazil	MSCI Brazil Metals & Mining Industry	58.6	1.0	21.1	5.8	12.6	12.5	10.3	9.7	12.9	0.6	1.8
Russia	MSCI Russia Metals & Mining Industry	47.9	(1.2)	(0.8)	(4.0)	9.1	9.2	9.2	9.6	NA	NA	NA
India	MSCI India Metals & Mining Industry	(2.7)	26.3	14.0	NA	13.0	10.3	9.0	NA	0.5	0.7	NA
China	MSCI China Metals & Mining Industry	(2.5)	22.4	6.9	6.9	16.3	13.3	12.5	11.7	0.7	1.9	NA

Source: Thomson Datastream.

# Valuation summary of BRICs sectors (2)

## Valuation summary of BRICs sectors, May 21, 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
<b>Property</b>												
Brazil	MSCI Brazil Real Estate Industry Group	NA	606.1	48.7	33.2	119.0	16.8	11.3	8.5	NA	0.3	NA
India	MSCI India Real Estate Industry Group	182.2	26.2	66.2	33.9	22.5	17.8	10.7	7.6	0.9	0.3	0.3
China	MSCI China Real Estate Industry Group	52.8	24.6	36.6	26.8	19.3	15.5	11.3	8.9	0.8	0.4	0.4
<b>Technology</b>												
Brazil	MSCI Brazil Information Technology Sector	565.9	35.0	20.3	14.2	33.3	24.7	20.5	18.0	1.0	1.2	1.4
India	MSCI India Software & Services Industry Gr	18.9	14.8	11.8	18.1	21.8	18.2	16.3	13.8	1.5	1.5	0.9
China	MSCI China Software & Services Industry Gr	24.1	16.2	27.3	30.7	44.7	38.5	30.2	23.1	2.8	1.4	1.0
<b>Telecom</b>												
Brazil	MSCI Brazil Telecommunication Services Sec	105.0	(2.0)	11.5	22.7	10.9	11.2	10.0	8.2	NA	1.0	0.4
Russia	MSCI Russia Diversified Telecommunications	11.5	6.3	32.7	13.7	27.8	26.2	19.7	17.3	4.4	0.8	1.4
India	MSCI India Telecommunication Services Sec	35.5	27.3	19.4	12.7	22.9	18.0	15.1	13.4	0.8	0.9	1.2
China	MSCI China Telecommunication Services Ser	19.0	24.1	16.1	14.5	25.7	20.7	17.8	15.6	1.1	1.3	1.2
<b>Utilities</b>												
Brazil	MSCI Brazil Utilities Sector	3.4	3.9	11.3	24.3	12.2	11.8	10.6	8.5	3.1	1.0	0.4
Russia	MSCI Russia Utilities Sector	(63.0)	16.3	5.2	171.6	36.5	31.4	29.9	11.0	2.2	6.1	0.2
India	MSCI India Utilities Sector	2.4	9.4	12.0	14.4	23.8	21.8	19.4	15.6	2.5	1.8	1.4
China	MSCI China Utilities Sector	9.2	(1.0)	18.8	9.1	17.1	17.3	14.5	13.6	NA	0.9	1.6

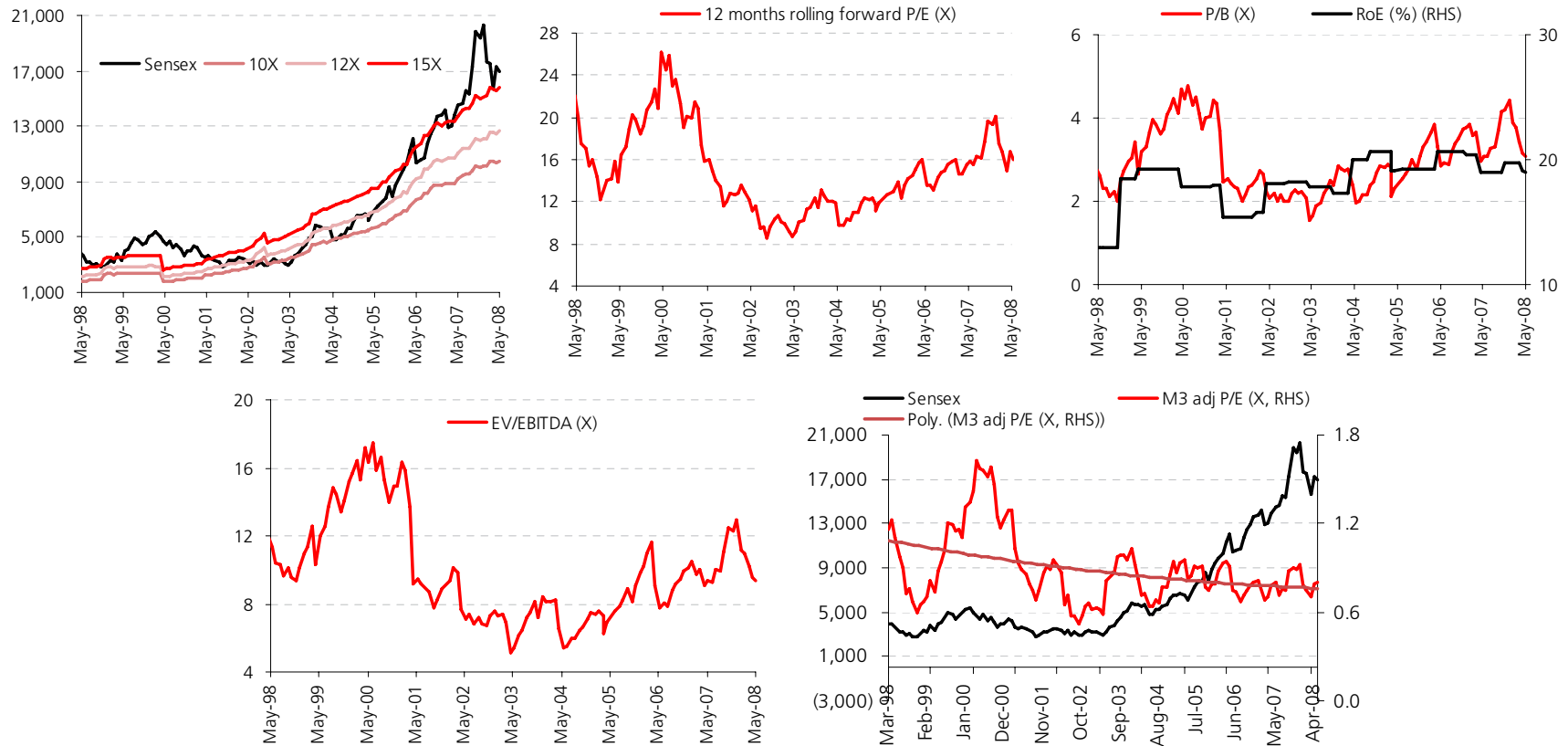
Source: Thomson Datastream.



# BSE-Sensex key parameters

## Key fundamental indicators of BSE Sensex

Sensex (BSE-30) P/B, EV/EBITDA and 12-month forward rolling P/E, May 1998 - current



Source: Bloomberg, Company reports, Kotak Institutional Equities.

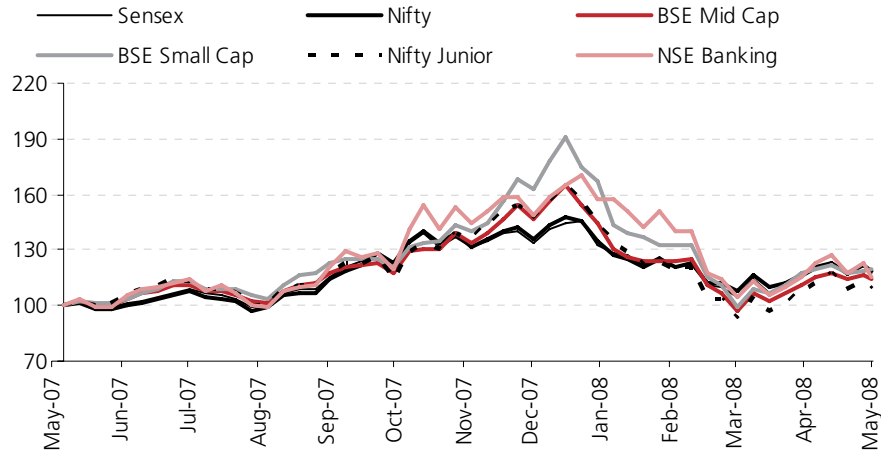
## Market performance

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

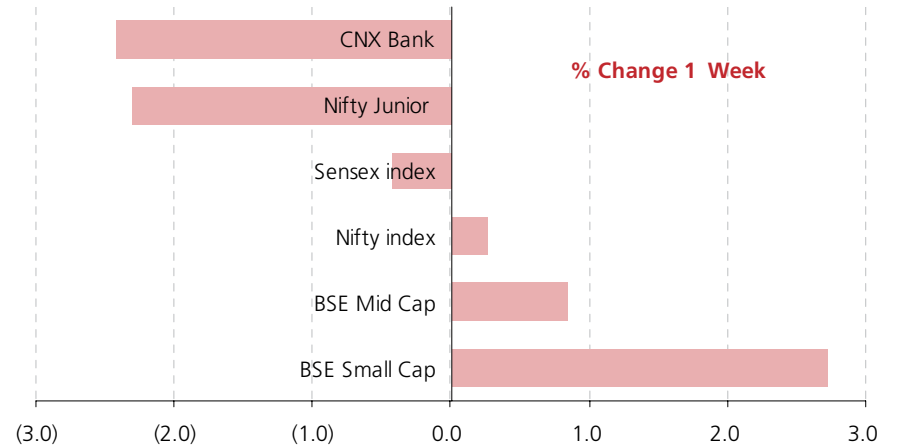
# Relative performance of Indian markets

## Key performance of benchmark indices

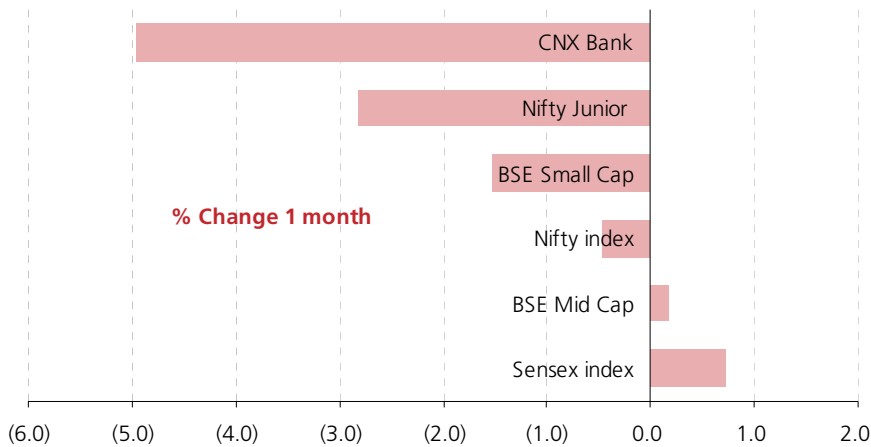
(base 100 as of May, 2007)



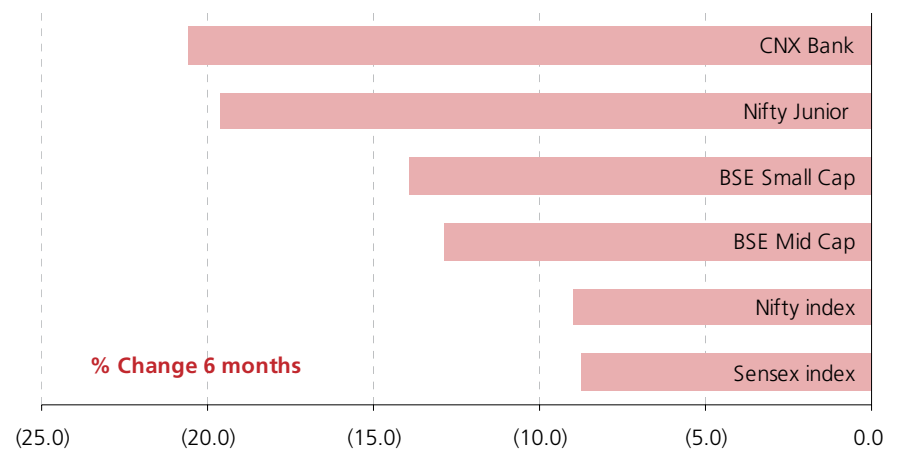
## Weekly performance of the benchmark indices



## 1-month performance of the benchmark indices



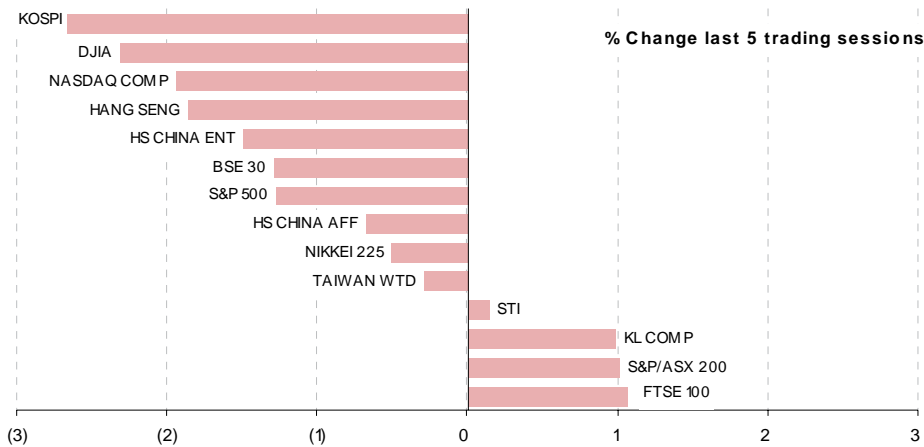
## 6-month performance of the benchmark indices



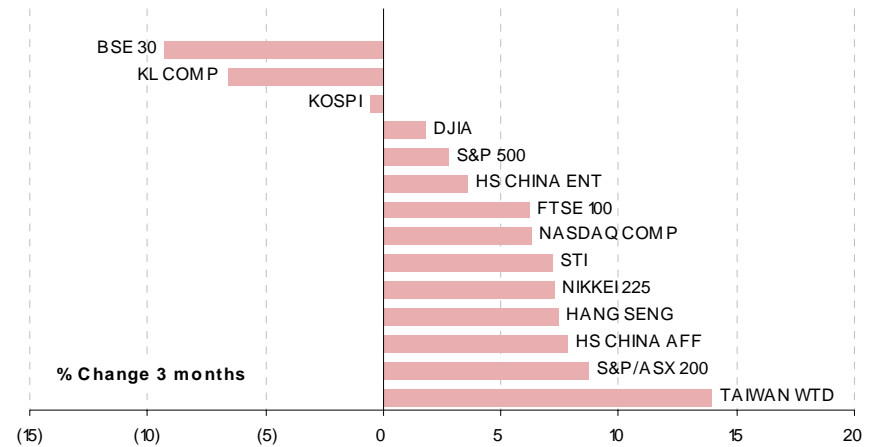
Source: Bloomberg, Kotak Institutional Equities.

# BSE-Sensex versus regional indices

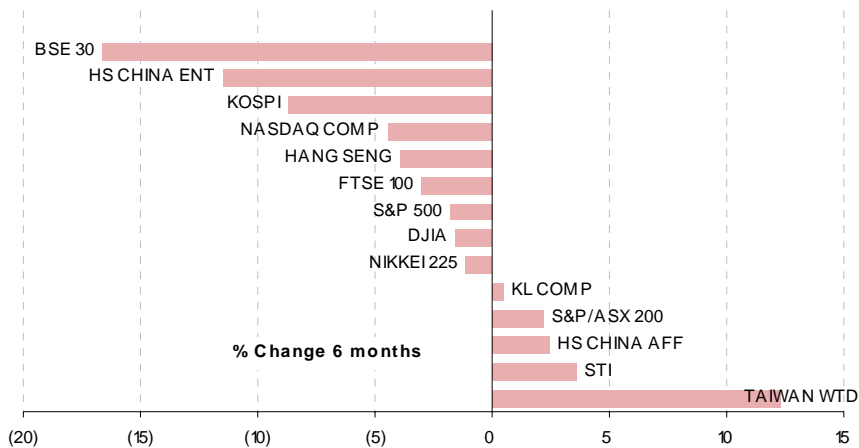
## Weekly performance



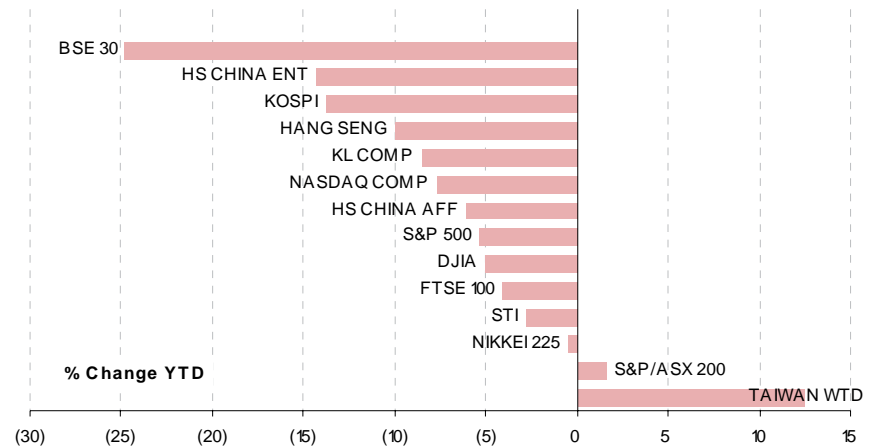
## 3-month performance



## 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, May 23, 2008

# Sectoral performance

## Market performance of Sensex sectors, May 22, 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	15,905	(2.5)	4.9	0.4	(9.9)	(7.6)	(17.3)	(0.6)	4.1	(1.1)	(21.0)
Banking	78,216	(2.9)	(3.6)	(14.9)	(17.2)	18.6	(23.3)	(0.9)	(4.3)	(7.7)	1.4
Consumers	31,326	(1.5)	2.1	10.4	19.0	26.8	7.8	0.5	1.4	25.5	8.4
Cement	11,572	(1.4)	(12.3)	(14.3)	(35.0)	(13.8)	(33.9)	0.5	(13.0)	(24.2)	(26.3)
Diversified	7,111	(2.7)	-	(0.5)	(24.0)	-	(42.4)	(0.7)	(0.7)	(14.0)	59.5
Energy	126,364	(1.6)	(4.3)	1.8	(10.0)	25.7	(15.6)	0.4	(5.0)	(1.2)	7.5
Industrials	39,993	(1.9)	(3.5)	(15.0)	(28.1)	47.1	(31.2)	0.0	(4.2)	(17.8)	25.8
Metals	24,192	(1.0)	12.4	10.3	10.0	55.4	(4.2)	0.9	11.6	17.2	32.8
Pharmaceuticals	7,992	(0.9)	(5.0)	11.8	18.9	10.6	6.1	1.1	(5.7)	25.5	(5.5)
Property	24,612	(1.7)	(8.2)	(25.4)	(24.3)	-	(42.2)	0.2	(8.9)	(14.3)	-
Telecom	64,185	(1.6)	(0.2)	(2.0)	(11.2)	1.8	(19.5)	0.3	(1.0)	(2.2)	(12.9)
Technology	71,044	(0.6)	12.8	12.9	12.0	(10.2)	(2.8)	1.3	12.0	19.1	(23.2)
Utilities	41,542	(2.2)	(7.4)	(10.6)	(20.7)	26.9	(30.6)	(0.2)	(8.1)	(11.0)	8.5
<b>Sensex sum</b>	<b>544,054</b>	<b>(1.9)</b>	<b>0.7</b>	<b>(2.5)</b>	<b>(8.7)</b>	<b>17.0</b>	<b>(16.7)</b>				

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 Lupin	14.6	1 Tech Mahindra	(9.7)
2 Cairn India	12.3	2 PFC	(9.4)
3 Sterlite Industries	11.0	3 Titan Industries	(7.3)
4 Pantaloon Retail	10.3	4 Reliance Infrastructure	(7.3)
5 Lakshmi	8.9	5 Sintex	(7.2)
6 Tata Power	8.9	6 Nestle India	(6.8)
7 i-flex solutions	8.8	7 Jubilant organosys	(6.5)
8 JSW Steel	8.1	8 IDFC	(6.5)
9 Aditya Birla Nuvo	7.8	9 Mphasis BFL	(6.0)
10 Shriram Transport	7.1	10 Mahindra & Mahindra Financial	(6.0)

### CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Cairn India	24.3	1 India Infoline	(56.1)
2 Ranbaxy Laboratories	17.0	2 IVR Prime Urban Developers	(54.0)
3 Nestle India	16.6	3 Rico Auto	(52.1)
4 Piramal Healthcare	14.3	4 Indian Oil Corporation	(48.8)
5 Hero Honda	13.3	5 Maharashtra Seamless	(48.3)
6 Asian Paints	11.4	6 Jagran Prakashan	(48.2)
7 Hindustan unilever	9.8	7 JSL	(47.5)
8 Colgate-Palmolive (India)	9.8	8 HT Media	(46.7)
9 Sun Pharmaceuticals	9.0	9 PFC	(46.4)
10 Satyam Computer Services	8.7	10 Puravankara Projects	(46.1)

### 1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Mahindra Life Space Developer	35.3	1 Jyothy Laboratories	(21.4)
2 GE Shipping	26.3	2 UltraTech Cement	(17.6)
3 Sesa Goa	24.9	3 ACC	(17.3)
4 Hindustan Zinc	23.5	4 Shree Cement	(16.9)
5 Lupin	22.9	5 EIH	(16.5)
6 JSW Steel	22.8	6 ABB	(15.2)
7 Castrol India	22.7	7 Indian Bank	(13.0)
8 Cairn India	22.6	8 Bharat Petroleum	(12.6)
9 Sun TV Network	21.9	9 Cipla	(12.2)
10 Lakshmi	21.7	10 Oil & Natural Gas Corporation	(12.0)

### 1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	291.9	1 Hexaware Technologies	(60.0)
2 SREI	151.8	2 DishTV	(54.5)
3 Tata Power	141.8	3 Patni Computer Systems	(47.0)
4 Sesa Goa	139.9	4 Tech Mahindra	(43.2)
5 Reliance Infrastructure	139.7	5 Sobha	(42.5)
6 Shriram Transport	139.1	6 Rico Auto	(42.3)
7 Welspun Gujarat Stahl Rohren	137.2	7 Siemens	(39.4)
8 Educomp Solutions	136.8	8 Mindtree	(38.6)
9 Cairn India	109.3	9 United Breweries	(38.1)
10 GE Shipping	104.6	10 Aventis Pharma	(38.0)

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
Cairn India	402.5	Maharashtra Seamless	73.2
United Breweries	211.7	Rajesh Exports	67.4
Centurion Bank of Punjab	210.8	Monnet Ispat	64.5
Jindal Steel and Power	199.1	Indian Bank	62.8
HDFC	192.8	Union Bank	61.2
Aditya Birla Nuvo	189.8	Hindustan Petroleum	58.4

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

Lowest 1 year rolling forward P/E (X)	
Company	Lowest P/E
Jindal Saw	5.1
Hindustan Petroleum	5.5
Indian Bank	6.0
Union Bank	6.2
Lakshmi	6.4
Maharashtra Seamless	6.4
Andhra Bank	6.9
Indian Oil Corporation	7.1
Oriental Bank of Commerce	7.3
Federal Bank	7.4

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

Highest 1 year forward P/E (X)	
Company	Highest P/E
GMR Infrastructure	93.7
United Breweries	77.6
Aditya Birla Nuvo	54.0
Cairn India	53.5
Educomp Solutions	52.1
Reliance Infrastructure	38.4
ABB	36.3
Pantaloon Retail	35.9
Tata Power	34.5
Tata Communications	34.1

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

Company	% discount to historical high
HDFC	3.5
KEC	8.6
Tata Power	10.2
Sun Pharmaceuticals	12.9
Monnet Ispat	13.3
GE Shipping	13.7
Sterlite Industries	15.6
Ashok Leyland	15.6
Reliance Industries	15.9
MICO	16.8
Punjab National Bank	18.1
ITC	18.3
State Bank of India	19.8
Nestle India	20.2
Sintex	20.5
GAIL (India)	20.8
Dishman Pharma & Chemicals	21.1
Shriram Transport	22.5

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	704.8
Petronet LNG	231.0
Castrol India	212.9
Reliance Infrastructure	209.2
Jindal Steel and Power	196.0

## Trading at discount to sectors

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

Company	Sector discount
Maharashtra Seamless	22.8
MTNL	25.0
Dredging Corporation	32.1
Hexaware Technologies	32.7
Aventis Pharma	37.7

## 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
GMR Infrastructure	30.8
Cairn India	28.3
Educomp Solutions	26.7
Aditya Birla Nuvo	25.4
i-flex solutions	20.2
Pantaloon Retail	19.4
United Breweries	19.4

## 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
Oil & Natural Gas Corporation	3.0
Maharashtra Seamless	3.2
Hindustan Petroleum	3.6
Bharat Petroleum	3.8
Hexaware Technologies	4.1

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)	
Lupin	782,271	308	22.9
Punjab National Bank	1,758,700	144	(10.3)
Hindalco Industries	8,501,286	135	2.4
Glaxo SmithKline Consumer	45,230	131	15.7
Dr Reddy's Laboratories	610,117	111	11.2
Cairn India	22,604,352	95	22.6

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

Company	5-day average volumes	Price Change (%)	
		% decrease (1 month basis)	
United Breweries	9,076	(96)	3.1
MMFSL	9,021	(83)	(10.3)
Lakshmi	21,855	(83)	21.7
Dishman Pharma & Chemicals	24,854	(80)	(0.4)
AIA Engineering	2,279	(79)	(2.5)
Jagran Prakashan	30,622	(78)	(8.2)

Date	Sensex	Institutional participation in total turnover		
		Avg daily value traded (US\$ mn)	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	16,907	4,966	13.7	2.7

Source: Bloomberg, Kotak Institutional Equities.

## Earnings momentum

- **Upgrades/downgrades in FY2009E**
- **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 and one month

### FY2009 Earning Upgrades (KIE) (1 week)

	Company	% Change
1	Punjab National Bank	21.5
2	Oil & Natural Gas Corporation	8.7
3	Bank of Baroda	2.4
4	Tech Mahindra	0.5

### FY2009 Earning Downgrades (KIE) (1 week)

	Company	% Change
1	HT Media	(39.9)
2	Indian Oil Corporation	(33.1)
3	Hindustan Petroleum	(30.7)
4	Bharat Petroleum	(17.0)
5	Suzlon Energy	(12.8)

### FY2009 earnings upgrades (KIE) (1 month)

	Company	% Change
1	Punjab National Bank	21.5
2	Oil & Natural Gas Corporation	8.7
3	Sintex	4.1
4	Bank of Baroda	2.4
5	GAIL (India)	1.9
6	IVRCL	1.1
7	Tech Mahindra	0.5

### FY2009 earnings downgrades (KIE) (1 month)

	Company	% Change
1	HT Media	(39.9)
2	Indian Oil Corporation	(33.1)
3	Hindustan Petroleum	(30.7)
4	Consolidated Construction Co.	(19.1)
5	Mphasis BFL	(17.6)
6	Bharat Petroleum	(17.0)
7	Suzlon Energy	(12.8)
8	Nagarjuna Construction Co.	(11.0)
9	State Bank of India	(9.9)
10	Gateway Distriparks	(9.8)
11	Piramal Healthcare	(8.8)
12	Punj Lloyd	(5.1)
13	JSW Steel	(4.2)
14	Mahindra & Mahindra	(3.4)
15	DLF	(2.7)

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	Glaxo Smithkline Consumer	23.1	800	650
2	Nestle India	21.8	1,900	1,560
3	Asian Paints	11.7	1,240	1,110
4	Jaiprakash Associates	10.7	310	280
5	Consolidated Construction Co.	9.6	800	730
6	Indian Overseas Bank	6.7	160	150
7	Tech Mahindra	5.9	900	850
8	HDFC	5.9	2,700	2,550
9	Titan Industries	3.8	1,350	1,300
10	Housing Development & Infrastr	3.8	960	925
11	GAIL (India)	3.5	440	425

### Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Hindustan Petroleum	(35.0)	260	400
2	Indian Oil Corporation	(23.3)	460	600
3	Bharat Petroleum	(22.2)	350	450
4	HT Media	(17.8)	185	225
5	Jyothy Laboratories	(17.8)	740	900
6	Gateway Distriparks	(16.7)	125	150
7	Nagarjuna Construction Co.	(15.1)	310	365
8	Oil & Natural Gas Corporation	(13.2)	1,150	1,325
9	ABB	(10.0)	1,125	1,250
10	Punj Lloyd	(6.7)	420	450
11	Puravankara Projects	(6.7)	350	375
12	DLF	(6.1)	850	905
13	Mahindra & Mahindra	(6.0)	860	915
14	Mphasis BFL	(4.8)	200	210
15	GE Shipping	(4.8)	500	525
16	Hindalco Industries	(4.4)	215	225
17	KEC	(4.2)	800	835
18	Larsen & Toubro	(1.4)	3,400	3,450

Source: Kotak Institutional Equities.

# Changes in our ratings

## Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
ABB	Downgraded	REDUCE	ADD
Cairn India	Downgraded	SELL	REDUCE
Central Bank of India	Downgraded	SELL	ADD
Gateway Distriparks	Downgraded	REDUCE	ADD
GSPL	Downgraded	REDUCE	ADD
HDFC	Downgraded	REDUCE	ADD
Hindustan Petroleum	Downgraded	REDUCE	BUY
Indian Oil Corporation	Downgraded	REDUCE	ADD
Jyothy Laboratories	Downgraded	ADD	BUY
KEC	Downgraded	ADD	BUY
Maharashtra Seamless	Downgraded	ADD	BUY
Mphasis BFL	Downgraded	SELL	REDUCE
Puravankara Projects	Downgraded	ADD	BUY
Tech Mahindra	Downgraded	ADD	BUY

Company name		Rating	
		Current	Previous
Consolidated Construction Co.	Upgraded	ADD	REDUCE
Glaxo Smithkline Consumer	Upgraded	BUY	ADD
IDEA	Upgraded	REDUCE	SELL
Oriental Bank of Commerce	Upgraded	ADD	REDUCE

Source:Kotak Institutional Equities.

## Flows

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

# Trend in equity flows

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

	FII	MF
Jan-00	0	0
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
CY 2005	8,382	(217)
CY 2006	8,632	3,585
CY 2007	17,335	1,525
<b>CY 2008</b>	(2,709)	1,309
Jan	(4,271)	1,848
Feb	1,211	125
Mar	31	(450)
Apr	315	(15)
May	6	(200)

## 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)
<b>CY2008</b>	2,022	6,561	2,056	110
Jan	(573)	1,479	1,566	(21)
Feb	563	1,379	334	(21)
Mar	1,122	822	394	32
Apr	1,162	2,299	(26)	119
May	(252)	581	(212)	1

Source: Bloomberg, Kotak Institutional Equities



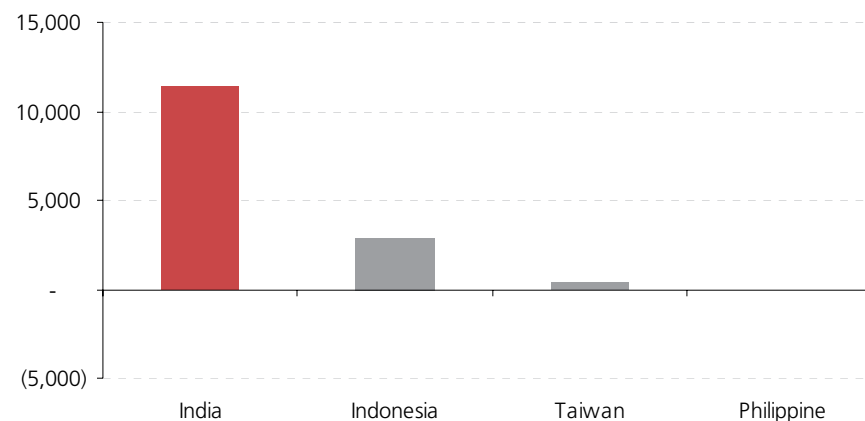
# FII flows in other emerging markets

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

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
21-Apr-08	199	7	(15)	1	69
22-Apr-08	(265)	(28)	(21)	(0)	97
23-Apr-08	(199)	(14)	(11)	(1)	(65)
24-Apr-08	(373)	21	(18)	(0)	(130)
25-Apr-08	(173)	2	(14)	(1)	87
28-Apr-08	195	23	4	(0)	20
29-Apr-08	(483)	18	(4)	(0)	86
30-Apr-08	(120)	(1)	3	(1)	(21)
2-May-08	34	30	(4)	0	179
5-May-08	(488)	60	3	-	(76)
6-May-08	(107)	42	4	1	(181)
7-May-08	56	72	(6)	1	81
8-May-08	(495)	20	(10)	0	(100)
9-May-08	(295)	(1)	(8)	(0)	(92)
12-May-08	(200)	4	91	(1)	(31)
13-May-08	433	45	3	(1)	46
14-May-08	459	2	(2)	0	64
15-May-08	765	19	(1)	1	181
16-May-08	742	45	(6)	3	14
20-May-08	(145)	-	(8)	3	(79)
<b>Total</b>	<b>(460)</b>	<b>366</b>	<b>(18)</b>	<b>6</b>	<b>147</b>

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



Source: Bloomberg.

# 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
AISHWARYA TELECOM LIMITED	4	35	140	07-May-08	91	107	160	206
Sita Shreee Food Products Ltd	11	30	315	08-Apr-08	38	45	26	51
Onmobile Global Ltd	11	450	4,905	19-Feb-08	522	651	16	45
Rural electrification	156	105	16,393	11-Mar-08	121	115	15	9
KNR Construction Ltd	8	180	1,417	18-Feb-08	154	112	(14)	(38)
Cords cable industries Ltd	3	135	416	13-Feb-08	138	122	2	(9)
J Kumar Infraprojects Ltd	7	120	780	12-Feb-08	103	121	(14)	1
Manjushree Extrusions Ltd	5	45	231	28-Feb-08	53	27	17	(39)
Reliance Power Ltd	260	450	117,000	11-Feb-08	373	439	(17)	(2)
Future Capital Holding	6	765	4,913	31-Jan-08	908	546	19	(29)
Precision Pipes and Profiles	5	150	750	11-Jan-08	139	95	(8)	(37)
Porwal Auto Components	5	75	375	14-Jan-08	80	28	6	(62)
Aries Agro Limited	5	130	585	11-Jan-08	252	142	94	9
Manaksia Ltd	16	160	2,480	08-Jan-08	168	93	5	(42)
BGR	9	480	4,385	03-Jan-08	901	456	88	(5)
Burnpur Cement	22	12	263	03-Jan-08	46	22	286	85
Transformes & rectifiers	3	465	1,393	28-Dec-07	728	422	57	(9)
Brigade Enterprises	17	390	6,484	31-Dec-07	378	217	(3)	(44)
Eclerx Services	3	315	1,010	31-Dec-07	448	290	42	(8)
Jyothy Lab	4	690	3,057	19-Dec-07	793	523	15	(24)
Kaushalya Infra	9	60	510	14-Dec-07	82	39	37	(36)
Empee Distilleries	5	400	1,920	26-Nov-07	318	158	(21)	(61)
Mundra Port & eco zone	40	440	17,710	27-Nov-07	962	884	119	101
Edelweiss Capital Ltd	8	825	6,918	12-Dec-07	1,510	777	83	(6)
Renaissance Jewellery Ltd	5	150	798	12-Dec-07	165	78	10	(48)
Kolte Patil	19	145	2,755	13-Dec-07	181	125	25	(14)
Maytas Infra	9	370	3,275	25-Oct-07	614	625	66	69
Consolidated Construction	4	510	1,887	15-Oct-07	791	625	55	23
Religare Enterprises	76	185	1,402	21-Nov-07	521	400	182	116
Supreme Infrastructure	35	108	375	18-Oct-07	175	95	62	(12)
Dhanus Technologies	38	295	1,131	17-Oct-07	311	274	5	(7)
Koutons Retail	35	415	1,462	12-Oct-07	590	750	42	81
Power Grid Corp	5,739	52	29,845	05-Oct-07	100	102	92	96
Magnum Ventures	176	30	529	20-Sep-07	49	16	62	(47)
Indowind Energy	125	65	813	14-Sep-07	115	71	76	10
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	811	18	(2)
Puravankara Projects	215	400	8,587	30-Aug-07	362	245	(10)	(39)
KPR Mill	59	225	1,330	28-Aug-07	174	115	(23)	(49)
TakeSolutions	21	730	1,533	27-Aug-07	926	740	27	1
Central Bank of India	800	102	8,160	21-Aug-07	115	90	13	(12)
SEL manufacturing	41	90	372	21-Aug-07	142	443	58	392
Refex Refrigererants	38	65	247	20-Aug-07	62	219	(5)	236
Zylog Systems	36	350	1,260	17-Aug-07	431	276	23	(21)
IVR Prime	142	550	7,783	16-Aug-07	418	209	(24)	(62)

Source: Bloomberg and Kotak Institutional Equities.

## Forthcoming IPO/Follow on offerings

Company Name	Issue
RELIANCE INFRATEL LTD.	IPO
ADANI POWER LTD.	IPO
JAIPRAKASH POWER VENTURES LTD.	IPO
JSW ENERGY LTD.	IPO
FUTURE VENTURES INDIA LTD.	IPO
BHARAT OMAN REFINERIES LTD.	IPO
UTI ASSET MANAGEMENT CO.LTD.	IPO
KSK ENERGY VENTURES LTD.	IPO
OIL INDIA LTD.	IPO
ACME TELE POWER LTD.	IPO
D.B.CORP.LTD.	IPO
MAHINDRA HOLIDAYS & RESORTS INDIA LTD.	IPO
PIPAVAV SHIPYARD LTD.	IPO
MULTI COMMODITY EXCHANGE OF INDIA LTD.	IPO
COX & KINGS (INDIA) LTD.	IPO
RAMKY INFRASTRUCTURE LTD.	IPO
VASCON ENGINEERS LTD.	IPO
RISES LTD.	IPO
PRINCE FOUNDATIONS LTD.	IPO
AJANTA MANUFACTURING LTD.	IPO
ASHOKA BUILDCON LTD.	IPO
AUSTRAL COKE & PROJECTS LTD.	IPO
PRIDE HOTELS LTD.	IPO
VIRGO ENGINEERS LTD.	IPO
TRIVENI INFRASTRUCTURE DEVELOPMENT CO.LTD.	IPO
RESURGERE MINES & MINERALS INDIA LTD.	IPO
TCG LIFESCIENCES LTD.	IPO
APOLLO HEALTH STREET LTD.	IPO
MICROSEC FINANCIAL SERVICES LTD.	IPO
INFINITY INFOTECH PARKS LTD.	IPO
BIRLA COTSYN (INDIA) LTD.	IPO
PNC INFRATECH LTD.	IPO
SURYA FOODS & AGRO LTD.	IPO
NEEL METAL PRODUCTS LTD.	IPO
EURO MULTIVISION LTD.	IPO
VRL LOGISTICS LTD.	IPO
ARSS INFRASTRUCTURE PROJECTS LTD.	IPO
NU TEK INDIA LTD.	IPO
RITHVIK PROJECTS LTD.	IPO
MAN INFRACONSTRUCTION LTD.	IPO
MANDHANA INDUSTRIES LTD.	IPO
SHANKARA PIPES INDIA LTD.	IPO
JHAVERI FLEXO INDIA LTD.	FFO
NKG INFRASTRUCTURE LTD.	IPO

Source: Primedatabase.

# Bulk Deals

## Major bulk/block deals

Deal Date	Scrip Name	Action	Quantity	Price	Value (Rs mn)	Exchange
16-May	Shriram City	Sell	1200000	385	462	BSE
14-May	Marico Ltd	Sell	4825500	65	311	BSE
14-May	Marico Ltd	Buy	4800000	65	310	BSE
16-May	Shriram City	Sell	733333	385	282	BSE
20-May	Jet Airways	Sell	434864	539	234	BSE
15-May	Asian Elect	Buy	1267093	180	228	BSE
15-May	Asian Elect	Sell	1267093	180	228	BSE
21-May	Adlabs Films Limited	Sell	249245	723	180	NSE
15-May	Unichem Laboratories Ltd.	Sell	1057230	145	153	NSE
15-May	Unichem Laboratories Ltd.	Buy	1030000	145	149	NSE
20-May	Ganesh Housing Corp Ltd	Sell	400000	346	138	NSE
20-May	Ganesh Housing Corp Ltd	Buy	400000	346	138	NSE
14-May	Ccl Produts	Sell	808265	160	129	BSE
20-May	Shriram City	Buy	300000	385	116	BSE
16-May	Shriram City	Sell	266667	385	103	BSE
15-May	Era Infra Engineering Ltd	Buy	125000	620	78	NSE
15-May	Era Infra Engineering Ltd	Sell	125000	620	78	NSE
20-May	Shriram City	Sell	200000	385	77	BSE
20-May	Om Met Infra	Sell	1854000	40	75	BSE
16-May	Aptech Limited	Buy	269750	247	67	NSE
15-May	Brushman Ind	Buy	605892	98	59	BSE
20-May	Bihar Tubes	Buy	299953	177	53	BSE
20-May	Om Met Infra	Buy	1309063	40	53	BSE
16-May	Webel Sl Ene	Sell	124303	350	44	BSE
16-May	Webel Sl Ene	Buy	100812	350	35	BSE
20-May	Ccl Produts	Sell	142759	170	24	BSE
20-May	Om Met Infra	Buy	591238	40	24	BSE

Source: BSE, NSE.

# Delivery positions

## Top increase/(decrease) in delivery percentage

### Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Abg Shipyard Ltd	50	86
Asian Paints Ltd	63	96
Maharashtra Seamless Ltd	46	74
Pfizer Limited	59	87
MPHASIS LIMITED	59	81
Mahindra & Mahindra Fin Secs Corporation Bank	72	93
Infrastructure Dev Finance	46	65
Ipca Laboratories Limited	73	92

### Decrease in delivery % (KIE universe)

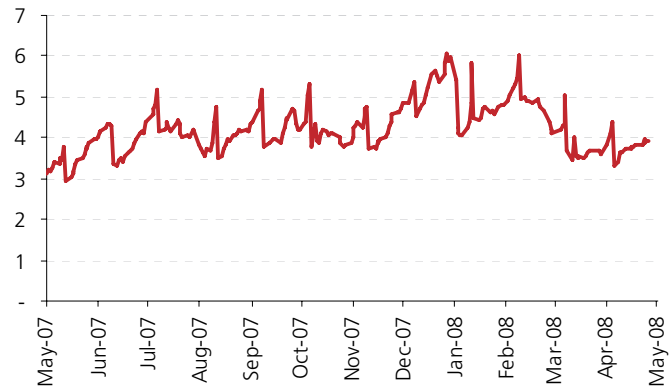
Name	Delivery %	
	Previous week	Current week
Jammu & Kashmir Bank Ltd	94	19
Sadbhav Engineering Ltd	92	21
Lupin Ltd	74	19
Canara Bank	80	27
United Spirits Limited	74	27
Reliance Communications Ltd	65	22
Sintex Industries Limited	89	48
Suzlon Energy Limited	78	38
Idea Cellular Limited	84	45

Source: Bloomberg and Kotak Institutional Equities.

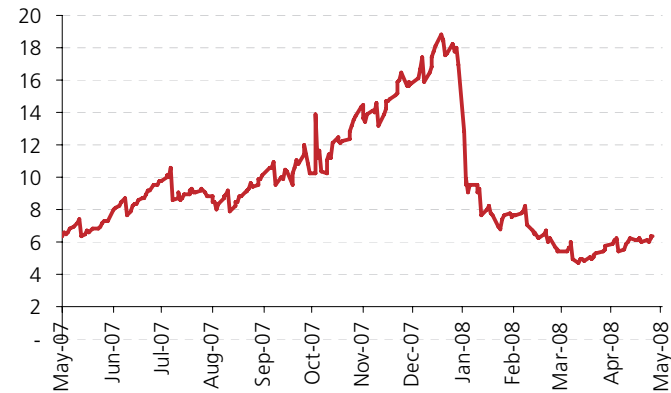
# Open interest analysis

## National Stock Exchange (US\$ bn)

India Index futures open interest



India stock futures open interest

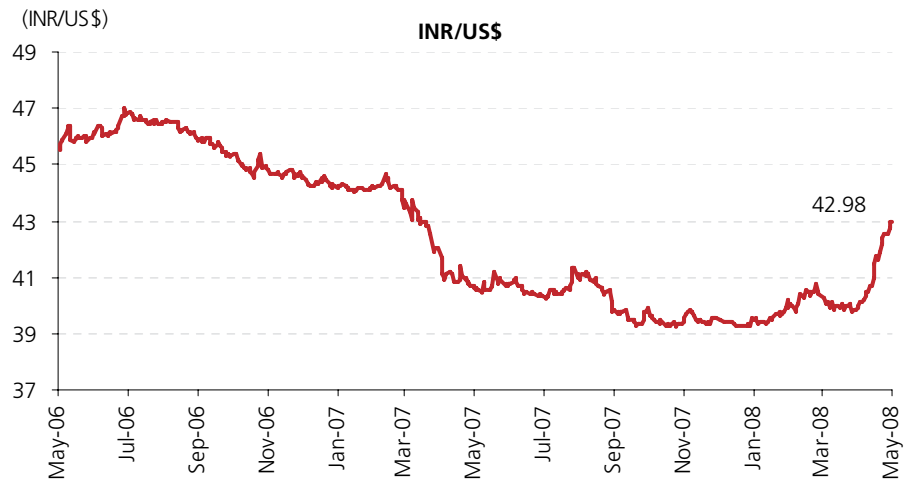
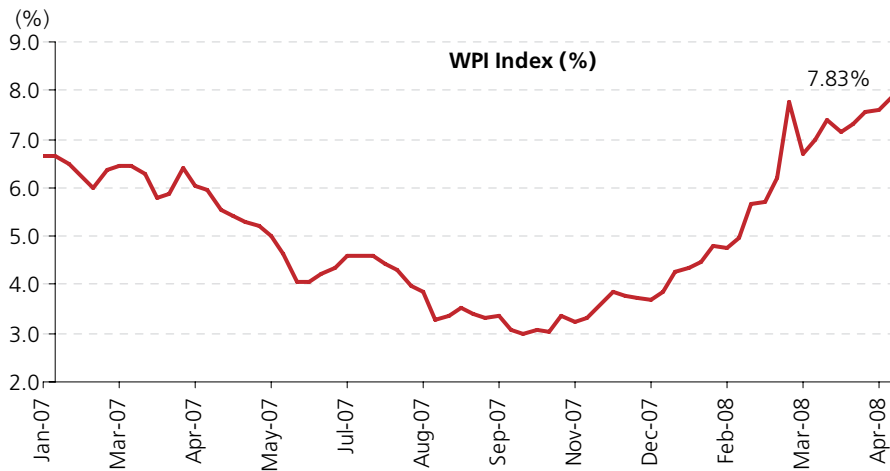
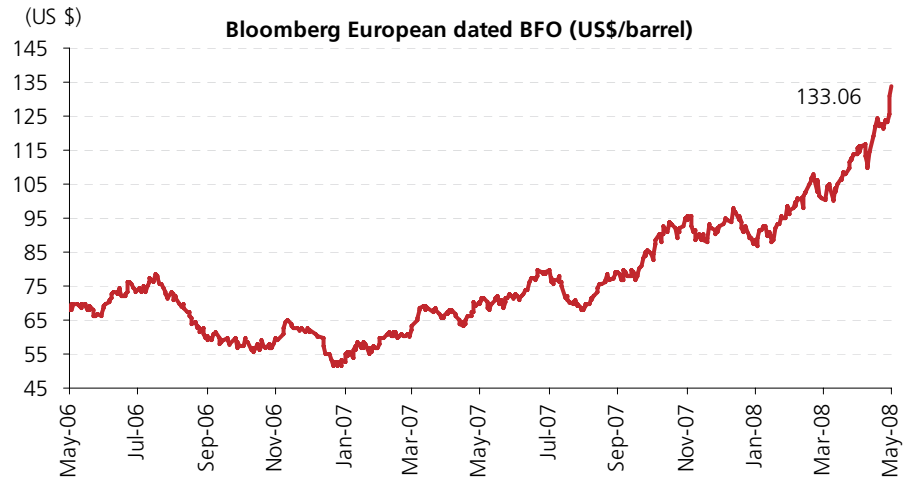
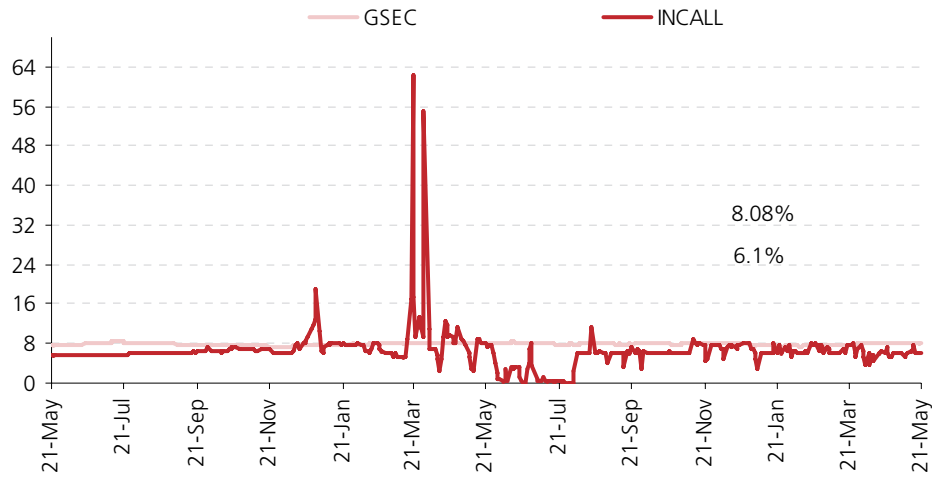


Source: Bloomberg and Kotak Institutional Equities.

## Economic indicators

# Economic indicators

## Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

## **Kotak valuation summary**





# Valuation summary

## Kotak Institutional Equities Universe

Company	22-May-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)		2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E			
<b>Energy</b>																													
Bharat Petroleum	347	REDUCE	113,705	2,645	328	64.9	39.1	38.8	23.7	(39.6)	(1.0)	5.3	8.9	8.9	3.0	4.2	3.5	0.9	0.9	0.8	8.9	5.2	5.1	17.6	9.8	9.0	350	0.9	5.3
Cairn India	320	SELL	592,903	13,792	1,855	(0.1)	3.2	18.4	(105.9)	(2,374)	482	(2,300)	101	17.4	72.6	38.9	12.0	2.0	1.8	1.6	—	—	—	(0.1)	1.9	10.0	220	(31.2)	57.8
Castrol India (a)	304	REDUCE	37,611	875	124	20.1	20.5	21.8	64.6	2.2	6.3	15.1	14.8	13.9	8.7	8.6	8.1	9.1	8.4	7.8	4.6	4.9	5.3	59.5	59.2	58.3	305	0.3	0.8
GAIL (India)	392	REDUCE	331,875	7,720	846	30.8	32.6	35.7	21.7	6.0	9.4	12.8	12.0	11.0	7.3	6.8	6.0	2.3	2.1	1.8	2.5	2.8	3.1	18.2	17.1	16.7	440	12.1	14.3
GSPL	70	REDUCE	39,277	914	563	1.6	4.7	5.5	(1.1)	192.4	15.2	43.1	14.7	12.8	12.4	7.3	5.6	3.2	2.7	2.4	0.7	2.1	2.4	7.9	19.8	19.7	65	(6.9)	4.2
Hindustan Petroleum	235	REDUCE	79,602	1,852	339	47.8	31.9	32.6	19.5	(33.2)	2.0	4.9	7.4	7.2	3.6	3.5	2.8	0.7	0.6	0.6	9.4	7.7	7.8	13.0	7.9	7.7	260	10.7	5.9
Indian Oil Corporation	407	REDUCE	479,983	11,165	1,179	82.4	43.1	56.3	75.9	(47.7)	30.7	4.9	9.4	7.2	3.7	7.6	7.2	1.1	1.1	1.0	9.4	6.2	7.0	22.4	10.5	13.0	460	13.0	6.6
Oil & Natural Gas Corporation	926	BUY	1,980,823	46,076	2,139	104.4	131.7	148.4	22.8	26.1	12.7	8.9	7.0	6.2	3.7	3.1	2.6	1.9	1.6	1.4	3.9	4.3	4.5	21.6	23.6	22.9	1,150	24.2	43.1
Petronet LNG	75	SELL	55,913	1,301	750	6.3	5.2	5.6	—	(16.3)	6.1	11.9	14.2	13.4	7.5	9.6	8.1	3.0	2.5	2.1	2.0	1.3	1.3	26.5	18.4	16.3	66	(11.5)	5.9
Reliance Industries	2,626	RS	3,451,549	80,287	1,314	105.0	104.7	172.5	25.5	(0.3)	64.7	25.0	25.1	15.2	14.9	12.9	7.4	3.8	3.4	2.6	0.5	0.6	0.9	18.9	15.2	21.6	—	—	218.3
Reliance Petroleum	187	REDUCE	841,950	19,585	4,500	—	4.9	20.6	n/a	n/a	321.6	n/a	38.2	9.1	n/a	11.8	7.9	6.3	5.4	3.5	—	—	1.1	—	15.1	47.0	185	(1.1)	128.7
<b>Energy</b>		<b>Cautious</b>	<b>8,005,192</b>	<b>186,211</b>					<b>28.8</b>	<b>6.7</b>	<b>46.0</b>	<b>14.7</b>	<b>13.8</b>	<b>9.4</b>	<b>7.8</b>	<b>7.5</b>	<b>5.5</b>	<b>2.5</b>	<b>2.1</b>	<b>1.8</b>	<b>2.1</b>	<b>2.0</b>	<b>2.4</b>	<b>16.8</b>	<b>15.3</b>	<b>19.4</b>			
<b>Industrials</b>																													
ABB	1,001	REDUCE	212,152	4,935	212	23.2	30.4	40.7	44.5	31.1	33.6	43.1	32.9	24.6	25.8	19.3	14.0	13.0	9.7	7.2	0.2	0.3	0.3	34.8	33.8	33.5	1,125	12.4	10.5
AIA Engineering	1,590	BUY	29,882	695	19	69.1	92.2	117.3	34.5	33.5	27.2	23.0	17.2	13.6	16.2	11.2	8.1	4.9	3.9	3.1	0.4	0.6	0.8	23.4	25.0	25.1	1,750	10.1	0.5
BGR Energy Systems	456	REDUCE	32,803	763	72	11.9	16.6	23.0	(67.9)	38.9	38.6	38.2	27.5	19.8	21.5	15.6	11.9	6.5	5.4	4.3	0.3	0.4	0.5	29.3	21.4	24.2	460	1.0	1.4
Bharat Electronics	1,246	ADD	99,644	2,318	80	96.9	108.1	115.5	5.7	11.6	6.8	12.9	11.5	10.8	6.2	5.1	4.6	3.1	2.6	2.2	2.0	2.0	2.0	26.2	24.2	21.8	1,475	18.4	3.5
Bharat Heavy Electricals	1,748	REDUCE	855,901	19,909	490	57.1	71.3	92.8	16.1	24.9	30.2	30.6	24.5	18.8	16.3	12.6	10.5	7.9	6.3	5.1	0.7	0.9	1.1	28.4	28.6	29.9	2,100	20.1	73.3
Dredging Corporation	630	REDUCE	17,640	410	28	49.5	60.9	64.2	(14.6)	23.0	5.4	12.7	10.4	9.8	6.3	4.7	3.8	1.4	1.3	1.2	2.4	2.4	2.4	11.8	13.1	12.5	775	23.0	0.3
Larsen & Toubro	2,918	BUY	863,394	20,084	296	78.0	109.1	140.1	24.2	39.8	28.4	37.4	26.8	20.8	20.6	15.6	12.0	6.9	4.9	3.8	0.3	0.3	0.3	22.6	21.4	20.9	3,400	16.5	89.8
Maharashtra Seamless	327	ADD	23,155	539	71	37.8	45.0	55.0	12.7	19.0	22.3	8.6	7.3	5.9	4.6	3.4	2.4	1.8	1.5	1.2	1.4	1.5	1.5	23.6	22.6	22.3	585	79.0	1.9
Siemens	584	REDUCE	196,969	4,582	337	18.2	17.4	25.8	60.4	(4.2)	47.9	32.1	33.5	22.6	19.0	19.4	12.9	10.7	8.5	6.4	0.4	0.4	0.5	39.9	28.3	32.3	600	2.7	16.0
Suzlon Energy	291	ADD	454,923	10,582	1,566	5.1	11.5	17.0	(15.2)	126.1	47.7	57.0	25.1	17.1	26.5	17.0	12.8	6.1	5.1	4.0	0.3	0.3	0.3	14.6	22.0	26.3	350	20.5	53.3
<b>Industrials</b>		<b>Neutral</b>	<b>2,786,464</b>	<b>64,817</b>					<b>18.9</b>	<b>36.1</b>	<b>31.7</b>	<b>33.2</b>	<b>24.4</b>	<b>18.5</b>	<b>18.4</b>	<b>14.0</b>	<b>11.1</b>	<b>6.8</b>	<b>5.3</b>	<b>4.2</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>20.4</b>	<b>21.6</b>	<b>22.6</b>			
<b>Media</b>																													
DishTV	56	ADD	23,916	556	428	(9.5)	(9.5)	(6.4)	n/a	0.3	(33.2)	(5.9)	(5.9)	(8.8)	(14.1)	(30.7)	37.0	(5.5)	(2.8)	(2.1)	—	—	—	172.0	64.0	27.7	65	16.4	3.8
HT Media	137	BUY	32,101	747	234	4.3	4.5	7.8	4.7	5.1	72.7	31.7	30.1	17.5	18.1	17.2	10.0	3.7	3.5	3.1	0.7	1.1	1.5	12.3	11.9	18.7	185	35.0	0.5
Jagran Prakashan	83	BUY	24,877	579	301	3.5	4.6	6.4	41.9	33.6	38.8	23.9	17.9	12.9	13.7	9.9	7.2	4.4	4.0	3.5	1.9	2.5	3.5	19.5	23.5	28.8	130	57.4	0.2
Sun TV Network	360	SELL	141,889	3,301	394	9.3	12.6	15.8	46.9	35.2	25.6	38.6	28.6	22.8	23.7	17.2	13.9	9.8	8.0	7.7	0.7	1.0	3.3	27.9	31.0	34.7	320	(11.1)	1.3
Zee Entertainment Enterprises	237	ADD	102,755	2,390	434	8.2	10.6	13.7	49.4	29.7	29.8	29.1	22.4	17.3	19.0	14.9	11.2	3.6	3.2	2.8	0.9	1.1	1.4	12.9	15.1	17.4	260	9.7	9.0
<b>Media</b>		<b>Neutral</b>	<b>325,538</b>	<b>7,572</b>					<b>29.2</b>	<b>52.6</b>	<b>66.9</b>	<b>62.6</b>	<b>41.0</b>	<b>24.6</b>	<b>25.8</b>	<b>18.4</b>	<b>12.6</b>	<b>6.1</b>	<b>5.7</b>	<b>5.3</b>	<b>0.8</b>	<b>1.1</b>	<b>2.3</b>	<b>9.8</b>	<b>14.0</b>	<b>21.7</b>			
<b>Metals</b>																													
Hindalco Industries	198	ADD	258,295	6,008	1,307	17.5	18.1	16.5	(10.9)	3.4	(8.6)	11.3	10.9	12.0	6.9	6.3	6.2	1.4	1.3	1.1	0.9	0.9	0.9	14.3	12.2	10.0	215	8.8	19.6
National Aluminium Co.	533	REDUCE	343,449	7,989	644	26.3	27.6	31.0	(28.8)	4.7	12.7	20.2	19.3	17.2	10.7	10.4	8.4	3.6	3.2	2.9	1.4	1.4	1.4	19.1	17.7	17.7	400	(25.0)	6.1
Jindal Steel and Power	2,432	ADD	374,426	8,710	154	77.3	106.9	101.5	37.6	38.3	(5.0)	31.5	22.8	24.0	19.4	14.7	14.3	8.7	6.2	4.9	0.2	0.2	0.2	27.7	27.3	20.5	2,900	19.2	39.5
JSW Steel	1,078	ADD	200,352	4,660	186	92.0	103.1	146.8	35.7	12.0	42.4	11.7	10.5	7.3	7.8	7.7	5.6	2.0	1.7	1.4	1.7	1.7	1.7	21.2	18.1	21.0	1,040	(3.6)	19.7
Hindustan Zinc	718	ADD	303,397	7,057	423	97.5	86.0	83.4	(7.3)	(11.8)	(3.0)	7.4	8.3	8.6	5.2	4.6	4.3	2.5	2.0	1.6	1.0	1.0	1.4	43.6	26.3	20.5	850	18.4	6.0
Sesa Goa	4,086	ADD	160,821	3,741	39	376.8	512.4	561.2	144.6	36.0	9.5	10.8	8.0	7.3	7.1	4.9	4.0	5.8	3.6	2.6	1.7	2.0	2.4	68.6	55.8	41.1	4,400	7.7	41.8
Sterlite Industries	950	ADD	673,105	15,657	708	60.1	57.7	56.1	(27.7)	(4.0)	(2.6)	15.8	16.5	16.9	8.4	7.5	7.2	2.9	2.5	2.2	—	—	—	26.4	16.3	13.7	1,000	5.3	26.7
Tata Steel	909	ADD	781,733	18,184	860	53.6	73.9	74.9	5.4	37.9	1.3	17.0	12.3	12.1	9.6	7.6	7.7	2.5	2.2	1.9	1.3	1.3	1.4	23.3	18.6	15.6	800	(12.0)	58.7
<b>Metals</b>		<b>Attractive</b>	<b>3,095,579</b>	<b>72,007</b>					<b>1.0</b>	<b>11.4</b>	<b>3.4</b>	<b>14.5</b>	<b>13.0</b>	<b>12.6</b>	<b>8.7</b>	<b>7.6</b>	<b>7.0</b>	<b>2.8</b>	<b>2.3</b>	<b>2.0</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>19.3</b>	<b>18.0</b>	<b>15.9</b>			
<b>Pharmaceutical</b>																													
Biocon	473	BUY	47,305	1,100	100	22.4	24.6	32.8	8.7	9.9	33.3	21.1	19.2	14.4	13.5	13.0	9.7	3.2	2.8	2.4	0.1	0.1	0.1	17.6	15.5	18.0	700	48.0	2.6
Cipla	203	REDUCE																											

# Valuation summary

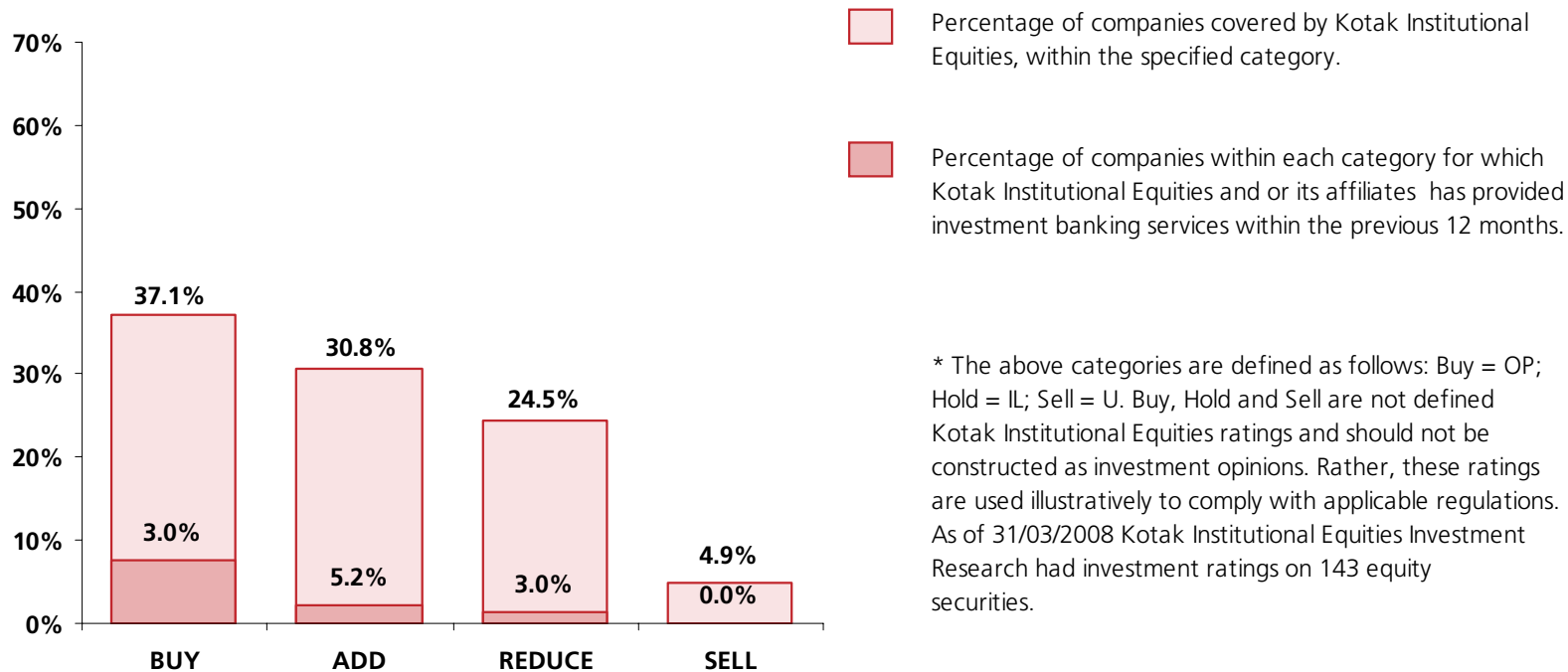
## Kotak Institutional Equities Universe

Company	22-May-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)		2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E				
<b>Pipes</b>																														
Jindal Saw	595	BUY	33,317	775	56	71.7	115.9	130.8	(38.2)	61.7	12.9	8.3	5.1	4.5	4.8	2.9	2.3	1.1	0.9	0.8	1.4	2.4	2.7	13.9	20.1	19.2	1,080	81.5	2.7	
PSL	364	BUY	15,055	350	41	28.4	40.5	55.8	40.1	42.9	37.7	12.8	9.0	6.5	8.0	5.8	4.2	2.3	1.9	1.5	1.5	1.8	1.9	12.5	14.5	17.3	500	37.3	0.3	
Welspun Gujarat Stahl Rohren	376	REDUCE	70,609	1,642	188	21.5	31.4	49.6	103.7	45.7	58.2	17.5	12.0	7.6	34.1	7.5	5.0	4.0	2.8	2.0	0.8	1.7	2.7	28.1	26.9	31.2	375	(0.3)	13.5	
<b>Pipes</b>		<b>Attractive</b>	<b>118,980</b>	<b>2,768</b>					<b>(25.7)</b>	<b>218.2</b>	<b>36.0</b>	<b>27.1</b>	<b>8.5</b>	<b>6.3</b>	<b>11.6</b>	<b>5.3</b>	<b>3.9</b>	<b>2.2</b>	<b>1.7</b>	<b>1.4</b>	<b>1.1</b>	<b>1.9</b>	<b>2.6</b>	<b>8.0</b>	<b>20.2</b>	<b>21.8</b>				
<b>Retail</b>																														
Rajesh Exports	95	BUY	27,500	640	291	7.7	10.5	12.3	69.3	36.0	17.2	12.2	9.0	7.7	4.6	3.5	2.7	2.6	2.1	1.8	2.4	2.6	2.9	21.2	23.8	23.1	200	111.6	5.2	
Titan Industries	1,198	BUY	53,167	1,237	44	35.1	43.8	54.6	55.2	25.1	24.6	34.2	27.3	21.9	22.7	18.1	14.2	11.3	8.5	6.5	0.7	0.8	0.9	37.8	35.6	33.7	1,350	12.7	4.9	
<b>Retail</b>			<b>80,668</b>	<b>1,876</b>					<b>89.0</b>	<b>31.6</b>	<b>20.1</b>	<b>21.2</b>	<b>16.1</b>	<b>13.4</b>	<b>22.7</b>	<b>12.2</b>	<b>9.0</b>	<b>7.5</b>	<b>5.3</b>	<b>4.2</b>	<b>3.4</b>	<b>2.0</b>	<b>2.2</b>	<b>1.6</b>	<b>24.8</b>	<b>26.2</b>	<b>25.4</b>			
<b>Shipyards</b>																														
ABG Shipyard	595	BUY	30,275	704	51	22.8	32.1	56.2	39.0	40.6	74.8	26.0	18.5	10.6	16.9	12.3	6.9	4.7	3.5	2.0	0.3	0.4	0.5	20.4	21.5	24.7	780	31.1	0.8	
<b>Technology</b>																														
HCL Technologies	289	REDUCE	201,133	4,679	695	18.4	21.7	24.4	(2.5)	17.8	12.9	15.7	13.4	11.8	11.4	9.6	8.0	3.6	3.2	2.8	2.8	2.8	2.8	24.5	25.7	25.5	260	(10.2)	7.7	
Hexaware Technologies	66	SELL	9,423	219	142	7.7	7.8	9.4	(13.7)	1.3	20.9	8.6	8.5	7.1	5.2	4.3	3.2	1.3	1.2	1.0	2.4	2.4	2.4	15.1	14.9	16.0	70	5.6	1.3	
Infosys Technologies	1,864	BUY	1,069,735	24,883	574	79.1	94.7	108.1	18.0	19.8	14.1	23.6	19.7	17.2	18.8	15.2	12.5	7.8	6.0	4.8	1.8	1.2	1.4	36.1	34.5	31.1	1,800	(3.4)	83.7	
Mphasis BFL	234	SELL	48,849	1,136	208	12.2	13.5	16.0	67.6	10.1	18.8	19.1	17.4	14.6	11.5	10.4	8.6	4.2	0.6	3.1	1.5	1.7	1.9	23.6	22.5	23.0	200	(14.6)	2.1	
Mindtree	472	BUY	18,508	431	39	26.1	32.5	38.5	14.8	24.3	18.5	18.0	14.5	12.3	15.1	10.5	8.3	3.5	2.8	2.3	0.6	0.7	0.8	21.3	21.6	20.9	480	1.7	1.2	
Patni Computer Systems	277	SELL	38,440	894	139	32.8	24.0	27.8	27.4	(26.7)	15.8	8.4	11.5	9.9	5.3	5.3	3.9	1.4	1.3	1.2	0.7	0.9	1.0	19.2	12.1	12.8	270	(2.4)	1.6	
Polaris Software Lab	109	SELL	10,754	250	98	7.4	9.0	10.4	(27.6)	20.6	15.7	14.7	12.2	10.5	7.6	6.0	5.0	1.6	1.5	1.3	1.6	1.6	1.6	11.7	12.8	13.4	85	(22.3)	4.5	
Satyam Computer Services	491	BUY	334,938	7,791	682	25.2	30.5	35.0	17.7	20.9	14.7	19.5	16.1	14.0	15.9	12.5	10.1	4.6	3.8	3.1	2.0	2.4	2.9	26.0	25.9	24.5	500	1.8	53.7	
TCS	961	REDUCE	940,591	21,879	979	51.3	57.9	65.4	21.5	12.8	13.1	18.7	16.6	14.7	15.3	13.0	11.3	7.6	6.1	5.0	2.1	2.4	2.7	47.0	40.7	37.4	950	(1.2)	30.9	
Tech Mahindra	842	ADD	104,923	2,441	125	59.1	71.0	84.4	25.7	20.3	18.7	14.3	11.9	10.0	12.7	9.0	6.9	8.7	5.0	3.3	0.5	0.6	0.7	72.2	56.3	42.2	900	6.9	13.1	
Wipro	489	ADD	708,905	16,490	1,450	22.2	27.4	31.5	12.6	23.3	14.8	22.0	17.8	15.5	17.6	13.1	10.7	5.5	4.4	3.7	1.3	1.7	2.0	27.9	27.5	26.0	490	0.2	14.2	
<b>Technology</b>		<b>Neutral</b>	<b>3,486,201</b>	<b>81,093</b>					<b>17.5</b>	<b>17.9</b>	<b>14.2</b>	<b>19.9</b>	<b>16.9</b>	<b>14.8</b>	<b>15.8</b>	<b>12.7</b>	<b>10.6</b>	<b>5.9</b>	<b>4.8</b>	<b>3.9</b>	<b>1.8</b>	<b>1.8</b>	<b>2.1</b>	<b>29.9</b>	<b>28.2</b>	<b>26.5</b>				
<b>Telecom</b>																														
Bharti Airtel Ltd	818	REDUCE	1,550,305	36,062	1,896	35.3	46.0	55.7	65.0	30.2	21.2	23.2	17.8	14.7	14.0	9.9	7.5	6.9	4.9	3.7	—	0.5	0.7	39.1	32.3	28.6	840	2.7	80.1	
IDEA	107	REDUCE	283,571	6,596	2,639	4.0	4.8	5.8	78.9	21.1	21.5	27.2	22.4	18.5	15.1	11.3	9.2	8.0	5.9	4.5	—	—	—	36.5	30.3	27.5	110	2.4	25.6	
MTNL	103	ADD	65,111	1,515	630	6.0	6.4	7.2	(25.2)	6.2	13.4	17.2	16.2	14.3	2.2	2.0	1.8	0.6	0.6	0.6	5.8	5.8	5.8	2.7	2.9	3.4	120	16.1	6.0	
Reliance Communications	586	SELL	1,208,988	28,123	2,064	25.0	32.6	40.1	76.4	30.4	22.9	23.4	17.9	14.6	15.9	11.8	9.5	4.3	3.4	2.9	0.1	—	1.4	16.1	22.2	22.5	550	(6.1)	82.6	
Tata Communications	500	REDUCE	142,586	3,317	285	9.2	14.4	17.2	(46.2)	55.6	19.9	54.1	34.8	29.0	18.6	13.9	11.9	2.2	2.1	2.0	0.9	1.0	1.3	3.7	5.7	6.6	530	5.9	5.1	
<b>Telecom</b>		<b>Cautious</b>	<b>3,250,561</b>	<b>75,612</b>					<b>61.3</b>	<b>30.1</b>	<b>22.4</b>	<b>23.1</b>	<b>17.8</b>	<b>14.5</b>	<b>14.5</b>	<b>10.6</b>	<b>8.4</b>	<b>4.5</b>	<b>3.6</b>	<b>3.0</b>	<b>0.3</b>	<b>0.5</b>	<b>1.1</b>	<b>19.3</b>	<b>20.3</b>	<b>20.5</b>				
<b>Textiles</b>																														
Vardhman	135	ADD	8,500	198	63	22.7	31.6	42.3	(22.9)	39.0	33.9	5.9	4.3	3.2	6.7	4.8	3.8	0.5	0.5	0.4	2.4	3.3	4.4	8.9	11.2	13.5	175	29.6	0.1	
<b>Transmission Towers</b>																														
JSL	147	ADD	12,154	283	83	11.7	15.0	17.0	75.8	28.2	13.5	12.6	9.8	8.6	7.3	5.9	5.2	3.3	2.5	2.0	0.7	0.7	0.7	29.7	29.0	25.5	275	87.5	1.1	
Kalpataru Power Transmission	1,034	ADD	27,402	637	26	67.5	86.5	93.7	12.2	28.1	8.3	15.3	12.0	11.0	9.3	7.1	6.1	3.4	2.7	2.2	1.0	1.0	1.2	24.5	25.3	22.2	1,700	64.4	0.8	
KEC	562	ADD	21,306	496	38	40.6	49.2	58.0	48.7	21.2	17.8	13.8	11.4	9.7	7.2	6.2	5.3	5.0	3.6	2.7	0.5	0.6	0.7	43.1	36.3	31.2	800	42.4	0.9	
<b>Transmission</b>		<b>Attractive</b>	<b>60,862</b>	<b>1,416</b>					<b>34.9</b>	<b>25.7</b>	<b>12.7</b>	<b>14.2</b>	<b>11.3</b>	<b>10.0</b>	<b>8.0</b>	<b>6.4</b>	<b>5.6</b>	<b>3.8</b>	<b>2.9</b>	<b>2.3</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>26.7</b>	<b>25.7</b>	<b>22.9</b>				
<b>Transportation</b>																														
Container Corporation	880	REDUCE	114,428	2,662	130	58.3	65.1	71.7	8.8	11.7	10.2	15.1	13.5	12.3	10.5	9.0	7.6	3.6	3.0	2.5	1.4	1.6	1.7	26.0	24.1	22.3	950	7.9	1.1	
Gateway Striparks	117	REDUCE	13,526	315	115	6.4	8.1	10.8	(5.0)	26.5	33.5	18.3	14.4	10.8	12.8	9.4	7.0	1.9	1.8	1.6	2.5	2.8	2.9	10.8	12.9	15.8	125	6.7	2.0	
GE Shipping	512	ADD	78,000	1,814	152	95.4	42.7	43.7	60.2	(55.2)	2.3	5.4	12.0	11.7	6.6	8.9	7.9	1.8	1.6	1.5	2.9	2.1	2.1	39.1	14.3	13.3	500	(2.4)	3.9	
Jet Airways	543	REDUCE	46,877	1,090	86	6.4	62.4	65.2	(3,208)	1,007	(5.1)	84.2	8.7	8.3	9.7	4.8	4.6	2.0	1.7	1.5	0.2	2.4	2.5	2.2	21.3	18.9	800	54.9	2.2	
<b>Transportation</b>		<b>Neutral</b>	<b>252,831</b>	<b>5,881</b>					<b>39.4</b>	<b>(9.0)</b>	<b>7.3</b>	<b>10.8</b>	<b>11.9</b>	<b>11.1</b>	<b>8.8</b>	<b>6.9</b>	<b>6.2</b>	<b>2.4</b>	<b>2.1</b>	<b>1.8</b>	<b>1.7</b>	<b>1.9</b>	<b>2.0</b>	<b>22.2</b>	<b>17.6</b>	<b>16.5</b>				
<b>Utilities</b>																														
CESC	495	BUY	61,862	1,439	125	27.4	29.1	33.4	(24.4)	6.2	14.8	18.1	17.0	14.8	10.2	8.9	6.9	2.0	1.8	1.6	0.8	0.9	1.0	12.5	11.0	11.2	630	27.2	2.3	
LANCO	543	BUY	120,598	2,805	222	17.6	33.8	69.0	107.1	92.4	104.4	30.9	16.1	7.9	25.2	13.3	6.9	6.3	4.5	2.9	—	—	—	22.9	33.0	44.9	670	23.5	22.1	
NTPC	179	REDUCE	1,473,877	34,284	8,245	9.4	10.3	11.2	12.9	9.6	8.7	19.0	17.4	16.0	14.1	15.0	14.9	2.8												

# Disclosures

## Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



\* The above categories are defined as follows: Buy = OP; Hold = IL; Sell = U. Buy, Hold and Sell are not defined Kotak Institutional Equities ratings and should not be constructed as investment opinions. Rather, these ratings are used illustratively to comply with applicable regulations. As of 31/03/2008 Kotak Institutional Equities Investment Research had investment ratings on 143 equity securities.

Source: Kotak Institutional Equities.

As of March 31, 2008

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# Ratings and other definitions/identifiers

## New rating system

### Definitions of ratings

**BUY.** We expect this stock to outperform the BSE Sensex by 10% over the next 12 months.

**ADD.** We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months.

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

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

## Old rating system

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

**IL** = In-Line. We expect this stock to perform in line with the BSE Sensex over the next 12 months.

**U** = Underperform. We expect this stock to underperform the BSE Sensex over the next 12 months.

## Other definitions

**Coverage view.** The coverage view represents each analyst's overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: Attractive (A), Neutral (N), Cautious (C).

## Other ratings/identifiers

**NR = Not Rated.** The investment rating and target price, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

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