

May 28, 2010

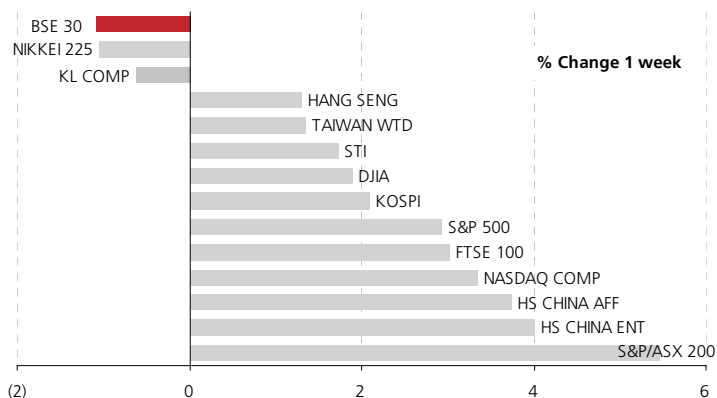
BSE-30: 16,666

Brothers in arms? During the past week, the BSE-30 index gained 147 points (0.9%) to close at 16,666. Reliance Industries, ITC Limited and ICICI Bank were the largest gainers, together contributing 127 points to the recovery of the Index; the dissolution of no-compete agreements between RIL and R-ADAG groups may allow RIL to pursue new investment areas and ITC reported strong 4QFY10 results led by continued traction in the cigarette segment and strong improvement in performance across almost all non-cigarette segments. The BSE-30 Index is trading at 15X FY2011E 'EPS' and 12.4X FY2012E 'EPS'.

Market highlights for the week ending Thursday, May 27, 2010

- Largest gainers: Jyothy Laboratories (12%), Reliance Power (12%), Reliance Infrastructure (7%)
- Largest losers: Grasim Industries (-26%), Shree Cement (-11%), Piramal Healthcare (-10%)

Relative performance of regional indices (% Change 1 week)



Note:
Returns are adjusted for currency changes

Source: Bloomberg, Kotak Institutional Equities

Flows in emerging markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
19-May-10	(307)	(52)	(9)	(146)	(320)	(834)
20-May-10	(269)	(100)	(8)	-	(152)	(530)
21-May-10	(355)	(83)	(4)	-	(315)	(756)
24-May-10	10	23	(4)	(239)	(189)	(399)
25-May-10	(283)	(7)	1	(139)	(300)	(727)
Total	(1,204)	(219)	(24)	(524)	(1,276)	(3,246)

Source: SEBI, Kotak Institutional Equities

Sanjeev Prasad

sanjeev.prasad@kotak.com
Mumbai: +91-22-6634-1229

Sunita Baldawa

sunita.baldawa@kotak.com
Mumbai: +91-22-6634-1325

Karan Durante

karan.durante@kotak.com
Mumbai: +91-22-6634-1527

OUR TOP RECOMMENDATIONS

Kotak Institutional Equities, Top-10, March fiscal year-ends, 2010-12E

Companies	Sector	Rating	Mkt cap. (US\$ mn)	CMP (Rs)	Target (Rs)	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
						2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E
ITC	Consumer products	BUY	21,985	276	315	10.8	12.4	14.5	25.6	22.2	19.0	15.7	13.9	11.6
Mahindra & Mahindra	Automobiles	BUY	6,587	528	615	32.3	36.7	42.6	16.4	14.4	12.4	10.7	9.6	8.2
Sterlite Industries	Metals	ADD	11,445	644	875	48.1	67.6	83.3	13.4	9.5	7.7	10.3	7.4	5.5
Jaiprakash Associates	Diversified	BUY	5,517	124	170	4.3	7.1	10.1	28.8	17.4	12.2	15.4	13.6	9.5
Infosys Technologies	Technology	BUY	32,081	2,643	3,100	108.3	125.2	150.5	24.4	21.1	17.6	17.7	14.5	11.7
HDFC Bank	Banking	BUY	18,128	1,897	2,200	65.2	86.2	112.2	29.1	22.0	16.9	0.0	0.0	0.0
Tata Power	Utilities	BUY	6,504	1,246	1,500	60.2	76.1	95.3	20.7	16.4	13.1	13.3	11.3	9.7
Larsen & Toubro	Industrials	BUY	20,698	1,629	1,850	58.1	69.7	87.7	28.0	23.4	18.6	15.2	13.0	10.8
Construction and Industrial stocks basket														
Crompton Greaves	Industrials	BUY	3,224	238	290	12.8	13.3	15.8	18.5	17.9	15.1	10.7	9.8	8.0
IVRCL	Constructions	BUY	862	153	215	7.8	10.3	12.4	19.5	14.8	12.3	10.7	8.8	7.5
Nagarjuna Construction Co.	Constructions	BUY	925	170	210	7.1	11.5	14.3	23.9	14.8	11.9	11.7	8.9	7.3
Thermax	Industrials	BUY	1,741	691	750	21.7	29.4	37.6	31.8	23.5	18.4	17.0	13.1	10.3
PSU bank basket														
Bank of Baroda	Banking	BUY	5,548	718	825	83.7	89.8	111.0	8.6	8.0	6.5	—	—	—
Indian Bank	Banking	BUY	1,950	215	280	35.1	35.5	43.8	6.1	6.1	4.9	—	—	—
Punjab National Bank	Banking	BUY	6,587	988	1,150	123.8	128.0	156.5	8.0	7.7	6.3	—	—	—
Union Bank	Banking	BUY	3,103	291	380	41.1	45.8	57.3	7.1	6.3	5.1	—	—	—
BSE-30				16,666										

Source: Company, Bloomberg, Kotak Institutional Equities estimates

OUR MODEL PORTFOLIO

Kotak Institutional Equities Model Portfolio

Company	27-May		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Hero Honda	1,899	SELL	1.4	—	(144)
Mahindra & Mahindra	528	BUY	1.9	3.4	150
Maruti Suzuki	1,238	REDUCE	1.4	—	(143)
Tata Motors	742	ADD	2.4	2.4	—
Automobiles			7.1	5.8	(137)
Bank of Baroda	718	BUY	—	1.5	150
Indian Bank	215	BUY	—	1.5	150
Punjab National Bank	988	BUY	—	1.5	150
State Bank of India	2,219	BUY	5.0	5.0	—
Union Bank	291	BUY	—	1.5	150
PSU Banking			5.0	11.0	600
HDFC	2,764	ADD	5.5	6.0	50
HDFC Bank	1,897	BUY	5.3	6.8	150
ICICI Bank	857	REDUCE	7.8	6.8	(100)
Pvt. Banking/Financing			18.7	19.7	100
ACC	818	SELL	0.7	—	(70)
Grasim Industries	1,872	REDUCE	1.4	—	(140)
Jaiprakash Associates	124	BUY	1.2	2.7	150
Cement			3.3	2.7	(60)
Hindustan Unilever	233	REDUCE	2.0	—	(197)
ITC	276	BUY	5.3	6.8	150
Consumers			7.2	6.8	(47)
Oil & Natural Gas Corporation	1,123	BUY	3.4	2.9	(50)
Reliance Industries	1,022	SELL	12.3	6.6	(565)
Energy			15.7	9.5	(615)
Bharat Heavy Electricals	2,296	ADD	3.2	3.2	—
Crompton Greaves	238	BUY	—	1.0	100

Note:

(a) Weights are with respect to May 10, 2010 prices.

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Company	27-May		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
IRCL	153	BUY	—	1.0	100
Larsen & Toubro	1,629	BUY	6.4	7.4	100
Nagarjuna Construction Co.	170	BUY	—	1.0	100
Thermax	691	BUY	—	1.0	100
Industrials/Construction			9.6	14.6	500
Hindalco Industries	148	ADD	1.8	—	(179)
Sterlite Industries	644	ADD	2.2	3.2	100
Tata Steel	492	BUY	2.8	1.8	(100)
Metals			6.8	5.0	(179)
Cipla	317	REDUCE	1.3	—	(127)
Pharmaceuticals			1.3	—	(127)
DLF	271	ADD	1.0	—	(99)
Real estate			1.0	—	(99)
Infosys Technologies	2,643	BUY	10.0	11.5	150
TCS	742	BUY	3.4	4.4	100
Wipro	657	ADD	1.5	3.0	150
Technology			14.9	18.9	400
Bharti Airtel	261	REDUCE	3.0	—	(298)
Reliance Communications	139	SELL	0.9	—	(88)
Telecom			3.9	—	(386)
NTPC	197	REDUCE	2.6	1.6	(100)
Reliance Infrastructure	1,055	ADD	1.2	1.2	—
Tata Power	1,246	BUY	1.8	3.3	150
Utilities			5.5	6.0	50
BSE-30	16,666		100.0	100.0	—

SENSEX VALUATION SUMMARY

Valuation summary of BSE-30 sectors, March fiscal year-ends, 2010-12E

	Mkt-cap. (US\$ mn)	EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2010E	2011E	2010E	2011E
Automobiles	31,520	127.4	5.2	14.1	17.2	16.3	14.3	10.5	9.9	8.5	3.4	2.8	0.9	1.0	19.8	17.2
Banking	84,897	9.0	25.4	25.4	21.2	16.9	13.5	—	—	—	2.6	2.4	1.4	1.6	12.3	14.0
Cement	3,251	47.9	(25.7)	2.6	9.8	13.2	12.9	5.3	6.2	5.3	2.4	2.1	2.9	2.9	24.4	15.8
Consumers	32,722	15.6	12.6	15.9	25.1	22.3	19.2	15.8	13.5	11.4	9.2	7.9	3.5	2.5	36.7	35.6
Diversified	5,517	115.0	65.5	42.2	28.8	17.4	12.2	14.4	13.0	9.3	3.2	2.8	—	—	11.2	15.9
Energy	115,120	3.8	26.1	23.5	15.1	12.0	9.7	6.8	5.3	4.4	1.9	1.8	2.1	2.5	12.9	14.7
Industrials	44,466	31.9	23.5	21.2	26.3	21.3	17.6	14.5	11.9	9.8	5.4	4.5	0.8	0.9	20.7	20.9
Metals	38,896	(52.0)	124.9	16.9	21.2	9.4	8.0	10.6	6.6	5.7	1.9	1.6	0.8	0.8	9.1	17.2
Pharmaceuticals	5,382	32.1	1.1	21.9	25.0	24.7	20.3	17.4	16.4	13.7	4.4	3.9	0.8	0.8	17.5	15.6
Property	9,770	(64.1)	69.4	53.8	28.4	16.7	10.9	17.3	11.0	8.3	1.7	1.6	1.1	1.1	6.1	9.5
Technology	83,104	19.3	16.4	15.8	22.2	19.1	16.5	15.6	12.5	10.2	6.2	5.1	1.6	1.6	27.8	26.7
Telecom	27,206	(9.3)	(19.6)	17.4	9.2	11.4	9.7	5.4	5.4	4.6	1.6	1.4	1.0	1.2	16.8	12.0
Utilities	46,397	10.4	16.0	20.8	18.7	16.1	13.3	12.5	11.2	9.6	2.3	2.1	1.7	2.0	12.2	13.0
BSE-30 Index	528,247	1.5	23.4	21.0	18.5	15.0	12.4	9.9	8.1	6.9	2.7	2.4	1.6	1.7	14.7	16.0
BSE-30 ex-Energy	413,127	0.6	22.4	20.0	19.7	16.1	13.4	11.6	9.6	8.1	3.1	2.7	1.4	1.4	15.5	16.6
BSE-30 ex-Energy, Com.	370,980	12.0	13.2	20.8	19.8	17.5	14.5	12.0	10.6	8.9	3.3	2.9	1.5	1.5	16.5	16.5
BSE-30 ex-Technology	445,143	(0.8)	24.4	21.7	17.9	14.4	11.8	9.3	7.6	6.5	2.5	2.2	1.6	1.7	13.7	15.2

Note:

(1) EV/EBITDA excludes banks.

Source: Company, Kotak Institutional Equities estimates

NIFTY VALUATION SUMMARY

Valuation summary of Nifty sectors, March fiscal year-ends, 2010-12E

	Mkt cap. (US\$ mn)	EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)		Div yield (%)		RoE (%)	
		2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2010E	2011E	2010E	2011E
Automobiles	31,520	127.4	5.2	14.1	17.2	16.3	14.3	10.5	9.9	8.5	3.4	2.8	0.9	1.0	19.8	17.2
Banking	109,492	11.4	21.5	24.6	19.3	15.9	12.8	—	—	—	2.6	2.3	1.4	1.6	13.4	14.6
Consumers	32,722	15.6	12.6	15.9	25.1	22.3	19.2	15.8	13.5	11.4	9.2	7.9	3.5	2.5	36.7	35.6
Cement	6,764	29.3	(15.2)	2.6	11.5	13.6	13.2	6.3	7.0	6.2	2.4	2.1	2.3	2.4	20.8	15.5
Energy	143,087	8.3	32.2	25.7	15.9	12.0	9.6	7.4	5.7	4.7	2.0	1.8	1.9	2.3	12.3	14.6
Industrials	55,245	(0.5)	38.3	29.3	31.7	22.9	17.7	15.2	11.9	9.5	4.7	4.0	0.7	0.9	14.9	17.5
Metals	38,896	(52.0)	124.9	16.9	21.2	9.4	8.0	10.6	6.6	5.7	1.9	1.6	0.8	0.8	9.1	17.2
Property	13,722	(58.3)	61.0	47.9	27.1	16.9	11.4	17.4	11.4	8.2	1.7	1.6	0.8	0.8	6.4	9.3
Pharmaceuticals	16,293	62.8	35.8	(7.1)	28.9	21.3	22.9	17.0	13.4	14.7	4.3	3.7	0.6	0.8	14.8	17.2
Telecom	30,656	(8.8)	(21.5)	19.6	9.7	12.4	10.4	5.5	5.5	4.7	1.5	1.4	0.9	1.0	15.8	11.1
Technology	88,505	18.0	17.7	15.5	22.0	18.7	16.2	15.4	12.3	10.0	6.0	4.9	1.6	1.6	27.2	26.4
Utilities	54,236	13.3	16.4	23.1	20.8	17.9	14.5	14.7	13.4	11.2	2.3	2.1	1.5	1.7	11.2	12.0
NIFTY	626,655	2.6	25.3	21.9	19.0	15.2	12.4	10.7	8.9	7.5	2.7	2.4	1.4	1.6	14.1	15.6
NIFTY ex-Energy	483,569	0.6	22.7	20.4	20.1	16.4	13.6	12.6	10.8	9.1	3.0	2.6	1.3	1.4	14.9	16.0
NIFTY ex-Energy ex Com	444,672	10.7	14.2	21.0	20.1	17.6	14.5	13.0	12.0	10.0	3.1	2.8	1.4	1.4	15.7	15.8

Note:

(a) Following companies are excluded: Kotak Mahindra Bank, Power Grid and SAIL.

Source: Company, Kotak Institutional Equities estimates

REGIONAL VALUATION SUMMARY

Valuation summary of regional indices, Calendar year-ends, 2009-11E

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

	Index	Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2009	2010E	2011E	2009	2010E	2011E	2009	2010E
Brazil	MSCI BRAZIL	(3.0)	33.9	27.3	15.1	11.1	8.7	0.4	0.4
China	I/B/E/S CHINA	25.4	32.3	22.2	22.4	17.2	13.8	0.7	0.8
Hong Kong	I/B/E/S HONG KONG	17.6	17.8	13.3	16.0	13.5	11.9	0.9	1.0
India	MSCI INDIA	8.8	28.1	21.6	21.0	16.5	13.6	0.7	0.8
Korea	MSCI KOREA	57.1	48.9	6.4	14.0	9.4	8.8	0.3	1.5
Malaysia	MSCI MALAYSIA	(18.8)	24.6	14.1	19.5	15.7	13.7	0.8	1.1
Mexico	MSCI MEXICO	15.2	23.3	20.6	18.1	14.6	12.1	0.8	0.7
Russia	MSCI RUSSIA	(25.6)	33.3	26.6	9.0	6.8	5.4	0.3	0.3
Taiwan	MSCI TAIWAN	39.0	82.3	13.5	24.3	13.4	11.7	NA	1.0
Thailand	MSCI THAILAND	19.8	19.3	18.3	14.1	11.8	10.0	0.7	0.6
Asia - Emerging markets	MSCI EM ASIA	24.4	39.7	13.3	17.2	12.4	10.9	0.4	0.9

Source: Thomson Datastream

VALUATION SUMMARY OF BRICS SECTORS (1)

Valuation summary of BRICs sectors, Calendar year-ends, 2009-11E

Index		Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2009	2010E	2011E	2009	2010E	2011E	2009	2010E
Banking									
Russia	MSCI Russia Banks Industry Group	(76.6)	508.5	NA	68.7	11.3	6.5	0.1	NA
India	MSCI India Banks Industry Group	26.7	15.4	23.9	22.5	19.5	15.7	1.5	0.8
China	MSCI China Banks Industry Group	16.4	22.9	19.0	12.0	9.8	8.2	0.5	0.5
Brazil	MSCI Brazil Banks Industry Group	15.3	21.5	19.1	13.3	10.9	9.2	0.6	0.6
Consumers									
Russia	MSCI Russia Consumer Staples Sector	17.7	40.5	39.2	31.3	22.2	16.0	0.8	0.6
India	MSCI India Consumer Discretionary Sector	71.7	12.9	18.8	16.1	14.3	12.0	1.2	0.8
China	MSCI China Consumer Discretionary Sector	23.7	24.7	17.1	20.9	16.8	14.3	0.8	1.0
Brazil	MSCI Brazil Consumer Discretionary Sector	89.2	35.1	32.5	16.4	12.1	9.2	0.5	0.4
Energy									
Russia	MSCI Russia Energy Sector	(13.6)	12.7	9.7	6.0	5.3	4.8	0.5	0.5
India	MSCI India Energy Sector	2.8	32.6	17.6	17.3	13.1	11.1	0.5	0.7
China	MSCI China Energy Sector	(5.5)	30.5	13.1	14.3	10.9	9.7	0.5	0.8
Brazil	MSCI Brazil Energy Sector	(9.4)	0.4	16.0	10.6	10.6	9.1	27.5	0.7
Industrials									
India	MSCI India Industrials Sector	238.5	58.0	34.6	32.3	20.6	15.3	0.6	0.6
China	MSCI China Industrials Sector	35.0	60.0	19.9	23.5	14.7	12.2	0.4	0.7
Metals									
Russia	MSCI Russia Metals & Mining Industry	(74.1)	197.4	21.4	29.1	9.8	8.1	0.1	0.5
India	MSCI India Metals & Mining Industry	(14.4)	78.1	24.5	19.2	10.8	8.7	0.2	0.4
China	MSCI China Metals & Mining Industry	(8.5)	132.6	19.9	29.2	12.6	10.5	0.2	0.6
Brazil	MSCI Brazil Metals & Mining Industry	(43.5)	124.1	48.0	21.9	9.8	6.6	0.2	0.2

Source: Thomson Datastream

VALUATION SUMMARY OF BRICS SECTORS (2)

Valuation summary of BRICs sectors, Calendar year-ends, 2009-11E

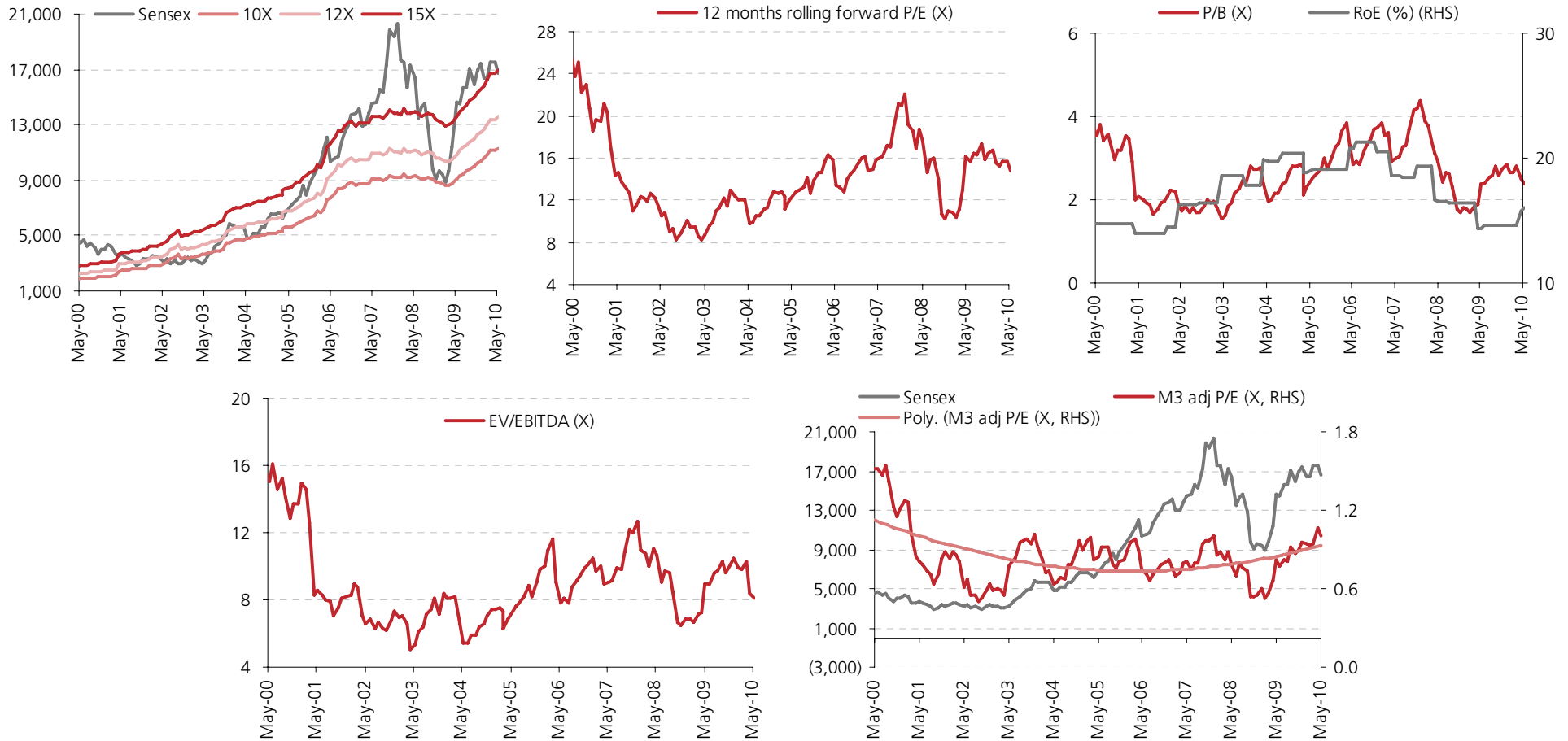
Index		Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2009	2010E	2011E	2009	2010E	2011E	2009	2010E
Property									
India	MSCI India Real Estate Industry Group	(56.1)	64.8	49.9	29.0	17.6	11.7	0.4	0.4
China	MSCI China Real Estate Industry Group	14.8	23.0	19.6	13.0	10.6	8.8	0.6	0.5
Technology									
India	MSCI India Software & Services Industry Group	2.7	13.1	17.2	23.5	20.8	17.7	1.8	1.2
China	MSCI China Software & Services Industry Group	63.0	51.7	32.4	51.8	34.1	25.8	1.0	1.1
Brazil	MSCI Brazil Software & Services Industry Group	13.5	11.5	5.7	14.5	13.0	12.3	1.3	2.3
Telecom									
India	MSCI India Telecommunication Services Sector	(29.9)	(21.6)	20.0	10.2	13.1	10.9	NA	0.7
China	MSCI China Telecommunication Services Sector	(4.5)	1.1	5.1	12.6	12.5	11.9	11.4	2.4
Utilities									
India	MSCI India Utilities Sector	6.8	14.9	16.7	20.2	17.6	15.0	1.4	1.0
China	MSCI China Utilities Sector	424.5	3.8	21.6	15.3	14.7	12.1	4.1	0.7
Brazil	MSCI Brazil Utilities Sector	(12.0)	21.4	8.9	11.2	9.3	8.5	0.5	1.0

Source: Thomson Datastream

BSE-SENSEX KEY PARAMETERS

Key fundamental indicators of BSE-30 Index

BSE-30 Index P/B, EV/EBITDA and 12-month forward rolling P/E, May 2000- current



Source: Bloomberg, RBI, Kotak Institutional Equities

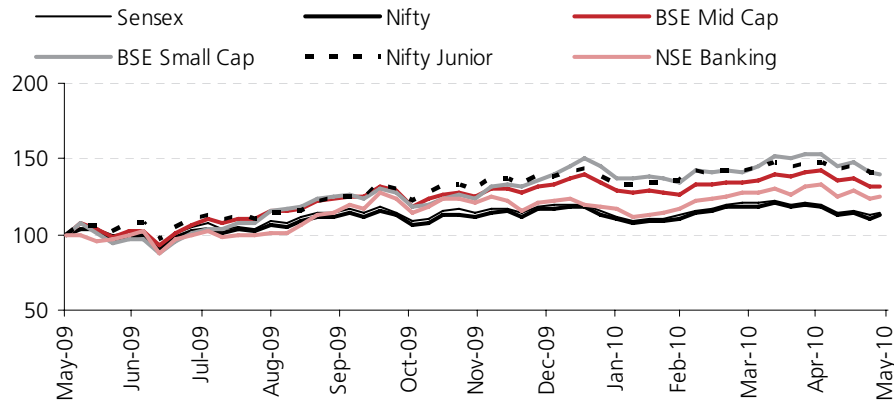
MARKET PERFORMANCE

- PERFORMANCE OF BENCHMARK INDICES
- PERFORMANCE OF GLOBAL INDICES
- PRICING PERFORMANCE OF SENSEX SECTORS
- TOP GAINERS AND LOSERS (STOCKS UNDER KOTAK COVERAGE)
- TECHNICAL INDICATORS

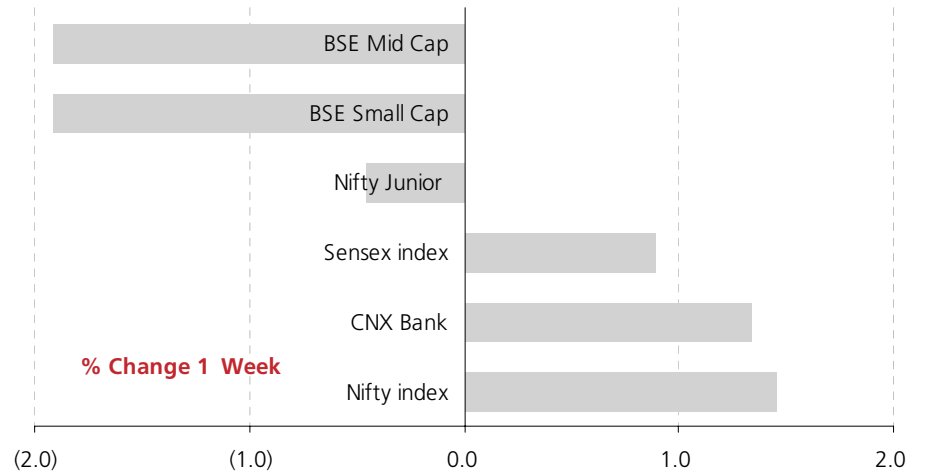
RELATIVE PERFORMANCE OF INDIAN MARKETS

Key performance of benchmark indices

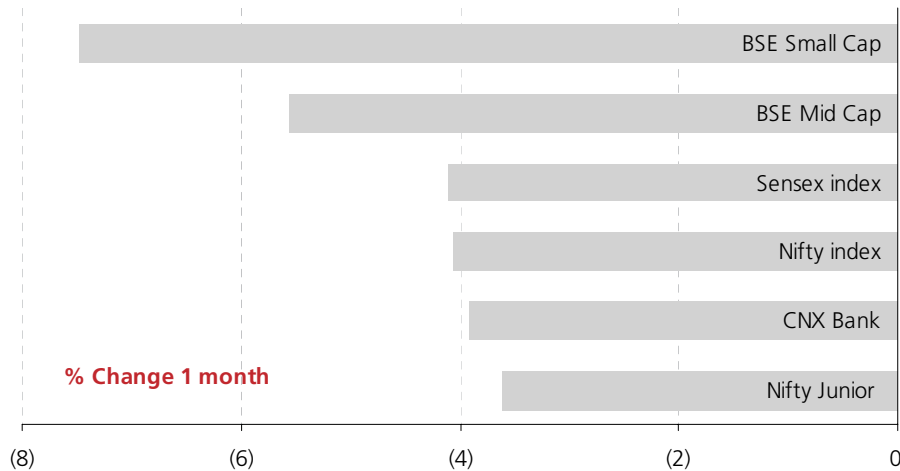
(base 100 as of May, 2009)



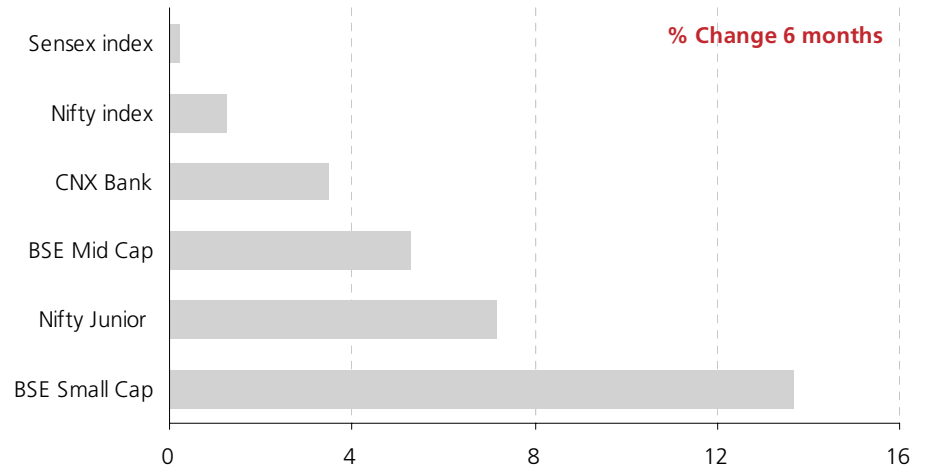
Weekly performance of the benchmark indices



1-month performance of the benchmark indices



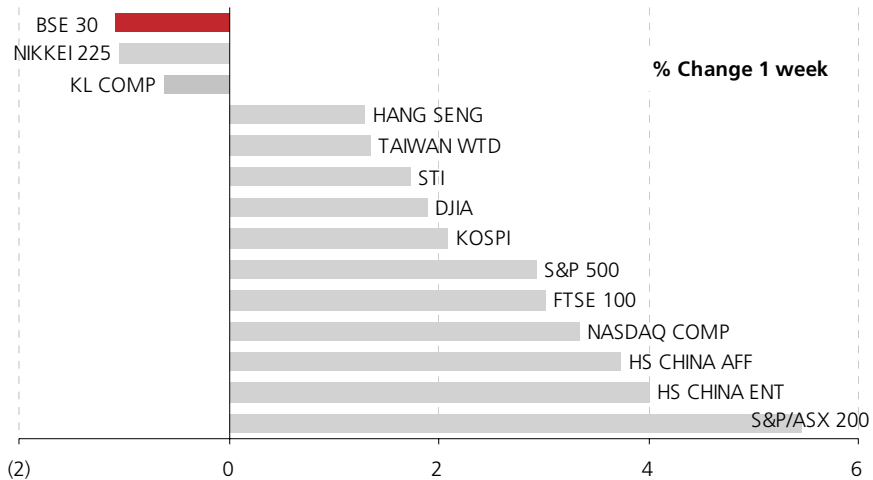
6-month performance of the benchmark indices



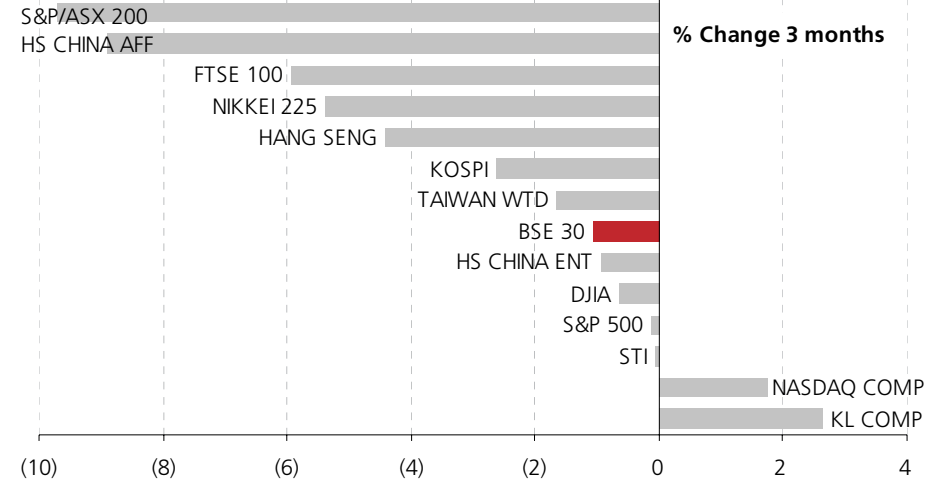
Source: Bloomberg, Kotak Institutional Equities

BSE-SENSEX VERSUS REGIONAL INDICES

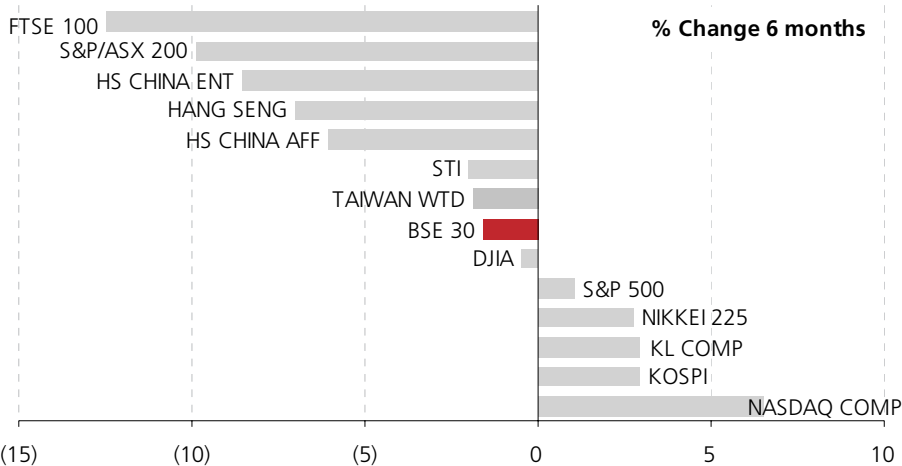
Weekly performance



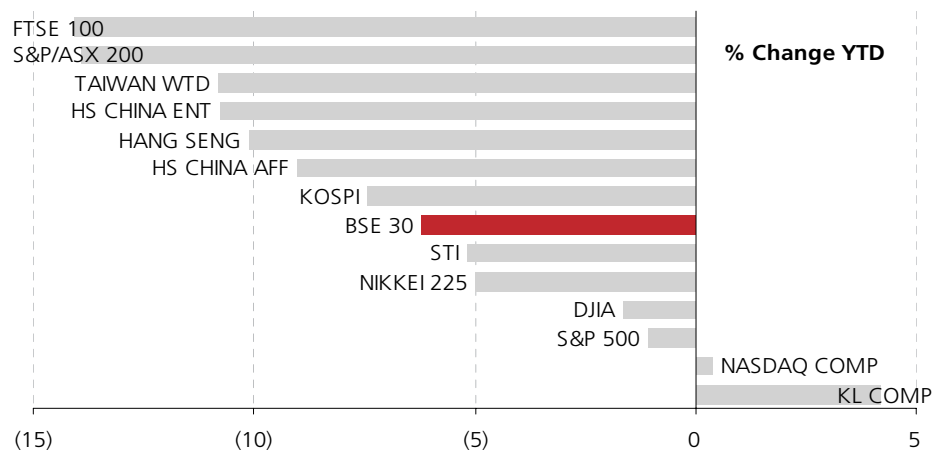
3-month performance



6-month performance



CYTD performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities

SECTORAL PERFORMANCE

Market performance of Sensex sectors, May 27, 2010

	Mkt cap. (US\$ m)	Change (%)				Relative change (%)			
		1-Day	1-mo	6-mo	1-Year	1-Day	1-mo	6-mo	1-Year
Automobiles	31,520	2.5	(2.9)	1.8	60.1	0.8	1.2	1.6	37.3
Banking	84,897	2.3	(3.0)	1.9	23.4	0.6	1.2	1.7	5.9
Consumers	32,722	1.9	0.2	(2.4)	29.3	0.2	4.5	(2.6)	10.9
Cement	3,251	(1.4)	(9.9)	3.4	12.5	(3.1)	(6.0)	3.2	(3.5)
Diversified	5,517	1.3	(15.1)	(13.4)	(3.3)	(0.4)	(11.5)	(13.6)	(17.0)
Energy	115,120	3.0	3.7	(2.9)	(4.8)	1.2	8.1	(3.1)	(18.3)
Industrials	44,466	1.6	(2.9)	2.8	13.7	(0.1)	1.2	2.6	(2.5)
Metals	38,896	1.7	(18.8)	(10.8)	37.9	(0.0)	(15.3)	(11.0)	18.3
Pharmaceuticals	5,382	(0.8)	(5.9)	(1.1)	41.7	(2.4)	(1.8)	(1.3)	21.5
Property	9,770	2.6	(11.9)	(22.8)	(27.4)	0.9	(8.1)	(23.0)	(37.8)
Telecom	27,206	(0.1)	(12.4)	(10.2)	(40.0)	(1.8)	(8.7)	(10.4)	(48.6)
Technology	83,104	0.8	(3.4)	10.4	87.6	(0.9)	0.8	10.2	60.9
Utilities	46,397	1.1	(4.7)	(4.5)	(4.5)	(0.6)	(0.6)	(4.7)	(18.1)
Sensex sum	528,247	1.7	(4.1)	0.2	16.6				

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 Jyothy Laboratories	12.4	1 Grasim Industries	(25.8)
2 Reliance Power	11.5	2 Shree Cement	(10.8)
3 Reliance Infrastructure	7.3	3 Piramal Healthcare	(10.2)
4 Jubilant Foodworks	7.2	4 Tata Tea	(8.9)
5 Balrampur Chini Mills	6.7	5 Sintex	(8.1)
6 Jaiprakash Associates	6.4	6 Container Corporation	(7.6)
7 ITC	5.1	7 Canara Bank	(7.1)
8 Nagarjuna Construction Co.	5.1	8 IDEA	(6.9)
9 Divi's Laboratories	5.0	9 PSL	(6.7)
10 Sun Pharmaceuticals	4.6	10 India Infoline	(6.6)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jyothy Laboratories	24.4	1 Aban Offshore	(41.6)
2 Indian Oil Corporation	21.6	2 Grasim Industries	(33.2)
3 United Phosphorus	16.7	3 Hindustan Zinc	(21.8)
4 Hindustan Petroleum	16.3	4 IDEA	(21.7)
5 Federal Bank	15.5	5 Sesa Goa	(21.2)
6 Bharat Petroleum	13.4	6 Tata Steel	(21.1)
7 Godrej Consumer Products	11.9	7 Sterlite Industries	(20.8)
8 J&K Bank	9.0	8 Housing Development & Infrastru	(20.7)
9 Oil & Natural Gas Corporation	8.0	9 Tech Mahindra	(19.4)
10 Ashok Leyland	7.5	10 Sintex	(18.8)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Titan Industries	53.2	1 Bajaj Hindustan	(54.8)
2 Bank of Baroda	39.7	2 Shree Renuka Sugars	(50.4)
3 Federal Bank	38.9	3 Aban Offshore	(46.6)
4 Cadila Healthcare	38.7	4 Housing Development & Infrastru	(41.7)
5 Piramal Healthcare	37.3	5 Balrampur Chini Mills	(40.9)
6 J&K Bank	29.7	6 Tech Mahindra	(37.4)
7 Oriental Bank of Commerce	29.1	7 Suzlon Energy	(35.7)
8 Castrol India (a)	26.4	8 Punj Lloyd	(34.4)
9 GlaxoSmithKline Consumer (a)	25.4	9 Indiabulls Real Estate	(33.8)
10 Mahindra Life Space Developer	24.5	10 PSL	(30.9)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Cadila Healthcare	165.2	1 Reliance Communications	(53.2)
2 Jyothy Laboratories	154.1	2 Tata communications	(51.9)
3 Patni Computer Systems	151.9	3 IDEA	(37.3)
4 Jindal Saw	149.7	4 Suzlon Energy	(36.0)
5 Castrol India (a)	128.0	5 Bharti Airtel	(34.5)
6 TCS	123.7	6 Indiabulls Real Estate	(33.3)
7 Tata Motors	122.8	7 India Infoline	(32.9)
8 Bajaj Auto	122.4	8 Reliance Capital	(31.1)
9 Lupin	112.8	9 GMR Infrastructure	(29.4)
10 HCL Technologies	112.1	10 Punj Lloyd	(29.2)

Source: Kotak Institutional Equities

TECHNICAL INDICATORS

Volume momentum analysis

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

Company	5-day average		Price Change (%)
	volumes	% increase	(1 month basis)
Piramal Healthcare	17,284,840	301	(2.0)
Grasim Industries	580,976	217	(33.2)
MTNL	2,125,237	129	(2.9)
Federal Bank	1,777,252	113	15.5
Oil & Natural Gas Corporation	2,544,403	111	8.0
Shree Cement	41,774	107	(14.6)

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

Company	5-day average		Price Change (%)
	volumes	% decrease	(1 month basis)
Mindtree	61,702	(79)	(16.3)
Mahindra Life Space Developer	27,370	(75)	(10.3)
Havells India	112,396	(73)	(9.0)
Jagran Prakashan	91,318	(72)	(9.8)
Mahindra & Mahindra Financial	26,520	(70)	(8.4)
Glenmark Pharmaceuticals	330,951	(69)	2.4

Date	Sensex	Avg daily value traded	Institutional participation in total turnover	
		(US\$ mn)	FII%	MF%
May-09	14,625	5,235	13.3	3.5
Jun-09	14,494	6,380	9.8	3.4
Jul-09	15,670	5,049	11.5	3.8
Aug-09	15,667	4,759	10.3	3.5
Sep-09	17,126	5,035	12.4	3.5
Oct-09	15,896	5,079	13.9	4.0
Nov-09	16,926	4,589	11.2	3.5
Dec-09	17,465	4,616	11.3	3.8
Jan-10	16,358	4,793	13.3	3.8
Feb-10	16,430	3,545	12.3	3.7
Mar-10	17,693	3,976	13.3	3.8
Apr-10	17,559	4,083	15.4	3.7
May-10	16,666	3,852	15.3	4.2

Source: Bloomberg, Kotak Institutional Equities

EARNINGS MOMENTUM

- UPGRADES/DOWNGRADES IN EARNINGS IN PAST 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 month

FY2011 earnings upgrades (KIE) (1 month)

Company	% Change
1 Ranbaxy Laboratories	128.0
2 Cairn India	40.6
3 Oil India	19.0
4 Bajaj Auto	16.0
5 Tata Power	13.5
6 Oil & Natural Gas Corporation	13.2
7 Nagarjuna Construction Co.	9.3
8 GAIL (India)	8.2
9 Sterlite Industries	7.9
10 Rural Electrification Corp.	7.9
11 Tata Tea	5.6
12 Glenmark Pharmaceuticals	5.6
13 HT Media	5.5
14 Larsen & Toubro	5.4
15 Reliance Communications	5.1

FY2012 earnings upgrades (KIE) (1 month)

Company	% Change
1 Ranbaxy Laboratories	55.5
2 Havells India	37.3
3 Oil India	23.9
4 Bajaj Auto	15.7
5 Divi's laboratories	14.5
6 Tata Tea	12.8
7 Rural Electrification Corp.	12.2
8 Nagarjuna Construction Co.	11.9
9 State Bank of India	10.9
10 Oil & Natural Gas Corporation	10.8
11 Tata Power	10.5
12 DLF	9.9
13 Larsen & Toubro	8.6
14 Sterlite Industries	7.1
15 Jubilant Foodworks	6.6

FY2011 earnings downgrades (KIE) (1 month)

Company	% Change
1 Piramal Healthcare	(46.8)
2 Bajaj Hindustan	(43.6)
3 Aban Offshore	(35.1)
4 Grasim Industries	(17.0)
5 Bank of India	(15.3)
6 Sadbhav Engineering	(15.2)
7 Bharat Petroleum	(13.1)
8 GSPL	(10.3)
9 Hindustan Petroleum	(10.2)
10 Reliance Infrastructure	(8.5)
11 Jubilant organosys	(8.2)
12 ABB	(6.5)
13 Sun Pharmaceuticals	(6.0)
14 Jagran Prakashan	(4.5)
15 Shree Cement	(3.4)

FY2012 earnings downgrades (KIE) (1 month)

Company	% Change
1 Piramal Healthcare	(63.7)
2 Aban Offshore	(49.2)
3 Grasim Industries	(16.6)
4 Sadbhav Engineering	(15.5)
5 GSPL	(13.2)
6 Bank of India	(13.0)
7 Reliance Infrastructure	(12.5)
8 Bajaj Hindustan	(12.4)
9 Reliance Power	(10.7)
10 Bharat Petroleum	(9.3)
11 Glenmark Pharmaceuticals	(8.9)
12 Jagran Prakashan	(5.8)
13 Mphasis BFL	(4.8)
14 Hindustan Unilever	(4.2)
15 Thermax	(4.1)

Source: Kotak Institutional Equities estimates

CHANGES IN OUR TARGET PRICES

Changes in target prices in the past one month

Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	Havells India	37.1	480	350
2	JSW Steel	35.3	1,150	850
3	BGR Energy Systems	27.0	635	500
4	Sintex	22.6	380	310
5	J&K Bank	21.4	850	700
6	Bajaj Auto	20.7	2,330	1,930
7	Lupin	20.0	1,920	1,600
8	HDFC	18.5	3,200	2,700
9	Oil India	17.4	1,350	1,150
10	Nagarjuna Construction Co.	16.7	210	180
11	Divi's Laboratories	14.3	800	700
12	ABB	13.5	840	740
13	Punjab National Bank	12.7	1,150	1,020
14	Maharashtra Seamless	12.5	450	400
15	ITC	12.5	315	280
16	State Bank of India	12.5	2,700	2,400
17	Oil & Natural Gas Corporation	12.5	1,350	1,200
18	Sadbhav Engineering	12.1	1,570	1,400
19	Colgate-Palmolive (India)	11.8	760	680
20	Jubilant Foodworks	11.5	290	260
21	India Cements	10.0	110	100
22	Ashok Leyland	9.1	60	55
23	Rural Electrification Corp.	9.1	300	275
24	GAIL (India)	9.0	485	445
25	Union Bank	8.6	380	350

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Aban Offshore	(40.0)	900	1,500
2	Bajaj Hindustan	(34.0)	99	150
3	Reliance power	(20.0)	128	160
4	Reliance Infrastructure	(12.0)	1,100	1,250
5	Reliance Communications	(6.7)	140	150
6	Cipla	(5.1)	280	295
7	GMR Infrastructure	(4.4)	65	68
8	Bharat Electronics	(4.3)	1,790	1,870
9	Mphasis BFL	(3.5)	550	570
10	Reliance Industries	(3.4)	985	1,020
11	Thermax	(3.2)	750	775

Source: Kotak Institutional Equities estimates

CHANGES IN OUR RATINGS

Changes in ratings over the past one month

Company name		Rating	
		Current	Previous
Aban offshore	Downgraded	ADD	BUY
Reliance Infrastructure	Downgraded	ADD	BUY
Reliance Power	Downgraded	SELL	REDUCE
Voltas	Downgraded	ADD	BUY

Company name		Rating	
		Current	Previous
ABB	Upgraded	REDUCE	SELL
GAIL (India)	Upgraded	ADD	REDUCE
GVK Power & Infrastructure	Upgraded	BUY	ADD
JSW Steel	Upgraded	REDUCE	SELL
Oil & Natural Gas Corporation	Upgraded	BUY	REDUCE
Oil India	Upgraded	BUY	REDUCE
Titan Industries	Upgraded	ADD	REDUCE

Source: Kotak Institutional Equities estimates

FLOWS

- TREND IN EQUITY FLOWS
- FII FLOWS IN OTHER EMERGING MARKETS
- IPO ANALYSIS
- BULK DEALS
- DELIVERY POSITION ANALYSIS
- NIFTY DELIVERY

TREND IN EQUITY FLOWS

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

	FII	MF
CY2000	1,462	(150)
CY2001	2,807	(1,112)
CY2002	751	(686)
CY2003	6,658	118
CY2004	8,382	(218)
CY2005	10,776	2,877
CY2006	8,632	3,590
CY2007	17,335	1,390
CY2008	(13,336)	3,022
CY2009	17,854	(1,230)
CY2010	4,326	(1,784)
Jan	(230)	(286)
Feb	464	(155)
Mar	4,135	(831)
Apr	2,220	(321)
May	(2,263)	(191)

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	4,013	1,238
CY2009	(1,560)	(2,232)
CY2010	(1,910)	492
Jan	(1,544)	(424)
Feb	1,266	632
Mar	233	(724)
Apr	(1,325)	7
May	(542)	1,001

Source: Bloomberg, Kotak Institutional Equities

FII FLOWS IN OTHER EMERGING MARKETS

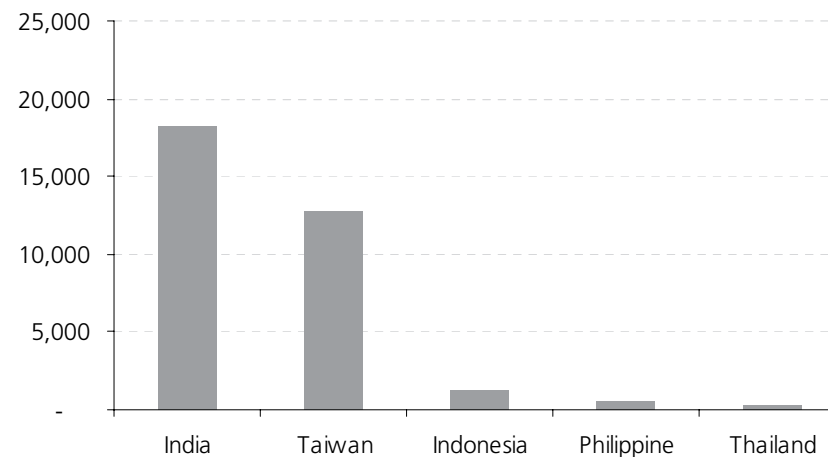
FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
28-Apr-10	(239.4)	(41.5)	(3.0)	(74.0)	(7.0)
29-Apr-10	(152.2)	(30.5)	(5.0)	(50.3)	177.3
30-Apr-10	445.7	61.0	11.1	23.6	121.3
3-May-10	(169.4)	24.6	-	-	(53.0)
4-May-10	(71.0)	20.7	6.7	(47.2)	23.5
5-May-10	(777.2)	(69.5)	11.4	-	(309.6)
6-May-10	(421.9)	(91.0)	104.6	(176.3)	(102.1)
7-May-10	(399.0)	(72.7)	(9.9)	(160.5)	(348.8)
10-May-10	(294.9)	(13.9)	-	(64.3)	155.1
11-May-10	(321.7)	80.8	(25.6)	(92.0)	32.9
12-May-10	(105.7)	15.4	(5.7)	(43.7)	(36.6)
13-May-10	272.2	-	(14.5)	(81.0)	19.1
14-May-10	51.9	22.5	(2.2)	(173.3)	(45.4)
17-May-10	(330.8)	(40.7)	(1.6)	(130.3)	(225.6)
18-May-10	1.6	1.8	(7.5)	(81.7)	(96.4)
19-May-10	(307.1)	(51.8)	(8.7)	(145.5)	(320.4)
20-May-10	(269.4)	(100.1)	(8.3)	-	(152.0)
21-May-10	(354.7)	(82.9)	(4.2)	-	(314.6)
24-May-10	9.7	23.1	(4.1)	(239.1)	(189.0)
25-May-10	(282.6)	(6.9)	1.4	(139.0)	(299.9)
Total	(3,716)	(352)	35	(1,675)	(1,971)

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	Price	Value	Date of	Price		Performance (%)	
	(mn)	(Rs)	(Rs mn)	Listing	Day 1	Latest	Day 1	Since Listing
Jaypee Infratech Ltd.	225	102	22,929	5/21/2010	91	83	(10)	(18)
SJVN Ltd.	415	26	10,790	5/20/2010	25	24	(3)	(8)
Mandhana Industries	8	130	1,079	5/19/2010	134	141	3	9
Tarapur Transformers	9	75	638	5/18/2010	57	39	(23)	(48)
Nitesh Estates Ltd	75	54	4,050	5/13/2010	51	45	(5)	(16)
Talwalkars Better Value Fit	6	128	774	5/10/2010	163	168	27	31
Goenka Diamonds & Jewels Ltd.	10	135	1,350	4/16/2010	128	89	(5)	(34)
Intrasoft Technologies Ltd.	4	145	537	4/12/2010	159	115	10	(21)
Shree Ganesh Jewellery House	14	260	3,710	4/9/2010	165	127	(37)	(51)
Persistent Sytems Ltd.	5	310	1,680	2/18/2010	406	371	31	20
Pradip Overseas Ltd.	11	110	1,166	4/5/2010	107	72	(3)	(35)
IL&FS Transportation Network	27	258	7,000	3/30/2010	275	280	6	8
DQ Entertainment International Ltd.	16	80	1,284	3/29/2010	107	90	34	13
NMDC Ltd.	332	300	99,673	3/26/2010	299	265	(0)	(12)
United Bank of India	50	66	3,300	3/18/2010	69	77	4	17
Man Infraconstruction Ltd.	6	252	1,418	3/11/2010	350	305	39	21
Texmo Pipes & Products Ltd.	5	90	450	3/10/2010	137	40	52	(55)
Rural Electrification Corp.	172	206	35,306	8-Mar-10	241	272	17	32
ARSS Infrastructure Projects	2	450	1,030	3/3/2010	737	1,050	64	133
Hathway Cables and Datacom	28	140	3,885	2/25/2010	208	189	48	35
DB Realty Ltd.	32	468	15,000	2/24/2010	456	394	(3)	(16)
Emmbi Polyarns Ltd.	9	40	346	2/24/2010	29	15	(28)	(63)
Aqua Logistics Ltd.	7	220	1,512	2/23/2010	245	454	11	106
Thangamayil Jewellery Ltd.	4	75	288	2/19/2010	70	99	(6)	32
NTPC Ltd.	412	206	84,816	18-Feb-10	205	197	(0)	(4)
Syncom Healthcare Ltd.	8	75	563	2/15/2010	88	37	17	(50)
Vascon Engineers Ltd.	11	165	1,782	2/15/2010	148	138	(10)	(16)
Jubilant Foodworks Ltd.	23	145	3,287	2/8/2010	229	280	58	93
Infinite Computer Solutions	12	165	1,898	2/3/2010	192	170	16	3
MBL Infrastructures Ltd.	6	180	1,026	1/11/2010	207	202	15	12
DB Corp Ltd	18	212	3,853	1/6/2010	266	237	25	12
Godrej Properties	9	490	4,621	1/5/2010	537	525	10	7
JSW Energy Ltd	270	100	26,982	1/4/2010	101	114	1	14
Cox & Kings	18	330	6,104	12/11/2009	425	447	29	35
Astec Lifesciences	8	82	615	11/25/2009	84	59	2	(29)
Den Networks	19	195	3,621	11/24/2009	163	207	(16)	6
Indiabulls Power	340	45	15,291	10/30/2009	40	29	(12)	(37)
Thinksoft Global Services	4	125	456	10/26/2009	164	137	32	10
Euro Multivision	9	75	660	10/15/2009	54	23	(29)	(69)
Pipavav Shipyard	85	58	4,956	10/9/2009	57	81	(2)	40
Oil India	26	1,050	27,773	9/30/2009	1,141	1,266	9	21
Globus Spirits	8	100	750	9/23/2009	91	132	(9)	32
Jindal Cotex	12	75	934	9/22/2009	87	84	16	12
NHPC	1,677	36	60,385	9/1/2009	37	29	2	(20)
Adani Power	302	100	30,165	8/20/2009	100	116	0	16

Source: Bloomberg, Kotak Institutional Equities

Forthcoming IPO/Follow on offerings

Company Name	Issue
Jindal Power Ltd.	IPO
Sterlite Energy Ltd.	IPO
Reliance Infratel Ltd.	IPO
Emaar Mgf Land Ltd.	IPO
Sahara Prime City Ltd.	IPO
Gujarat State Petroleum Corp.Ltd.	IPO
Lodha Developers Ltd.	IPO
BPTP Ltd.	IPO
Ambience Ltd.	IPO
Avantha Power & Infrastructure Ltd.	IPO
SKS Microfinance Ltd.	IPO
Oberoi Realty Ltd.	IPO
Prestige Estates Projects Ltd.	IPO
Orient Green Power Co.Ltd.	IPO
Raheja Universal Ltd.	IPO
Glenmark Generics Ltd.	IPO
Ramky Infrastructure Ltd.	IPO
Gujarat Pipavav Port Ltd.	IPO
Neptune Developers Ltd.	IPO
Kumar Urban Development Ltd.	IPO
Great Eastern Energy Corp.Ltd.	IPO
Indosolar Ltd.	IPO
Bajaj Corp.Ltd.	IPO
Greatship (India) Ltd.	IPO
You Broadband & Cable India Ltd.	IPO
Eros International Media Ltd.	IPO
Ashoka Buildcon Ltd.	IPO
Hindustan Media Ventures Ltd.	IPO
Claris Lifesciences Ltd.	IPO
Electrosteel Integrated Ltd.	IPO
Tecpro Systems Ltd.	IPO
BS Transcomm Ltd.	IPO
Parabolic Drugs Ltd.	IPO

Source: Prime Database

BULK DEALS

Major bulk deals

Date	Company	Action	Quantity	Price	Value		Exchange
					(Rs mn)		
24-May-10	Adani Enterprises	SELL	5,136,274	548	2,815		NSE
24-May-10	Adani Enterprises	BUY	5,000,000	548	2,740		BSE
27-May-10	GTL	BUY	521,250	389	203		NSE
26-May-10	Ruchi Soya Industries	SELL	2,000,000	91	182		NSE
25-May-10	Tata Motors DVR 'A' Ord	SELL	372,992	474	177		NSE
26-May-10	Ruchi Soya Industries	SELL	1,727,580	91	157		BSE
25-May-10	Bank Of Rajasthan	BUY	953,440	158	151		NSE
21-May-10	Bajaj Auto Finance	SELL	312,621	475	148		NSE
19-May-10	Take Solutions	SELL	5,790,924	23	132		BSE
24-May-10	Surya Roshni	SELL	1,277,374	87	111		NSE
25-May-10	South Indian Bank	BUY	570,000	155	88		NSE
19-May-10	Take Solutions	BUY	3,500,000	23	80		BSE
27-May-10	OnMobile Global	BUY	300,000	262	79		NSE
27-May-10	Mercator Lines	SELL	1,464,434	45	65		NSE
27-May-10	Orchid Chemicals	SELL	425,758	133	57		NSE
24-May-10	Pennar Industries	BUY	1,000,000	39	39		BSE
24-May-10	Pennar Industries	SELL	971,944	40	38		BSE
27-May-10	Noida Toll Bridge Company	SELL	1,336,600	27	36		NSE
26-May-10	PVR	BUY	176,467	148	26		NSE
26-May-10	PVR	SELL	176,467	148	26		NSE
26-May-10	TCI Industries	SELL	10,000	2,210	22		BSE
19-May-10	Take Solutions	BUY	800,000	23	18		BSE
26-May-10	Country Club	SELL	897,396	19	17		BSE
26-May-10	Bihar Tubes	SELL	111,572	103	11		BSE

Source: BSE, NSE

DELIVERY POSITIONS

Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Shriram Transport Finance	24	97
Crompton Greaves Ltd	36	80
United Phosphorus Ltd	32	73
Lupin Ltd	37	76
Power Finance Corporation	28	66
India Infoline Ltd	36	74
Ultratech Cement Ltd	31	69
Tata Power Co Ltd	33	70
Thermax Ltd	39	76

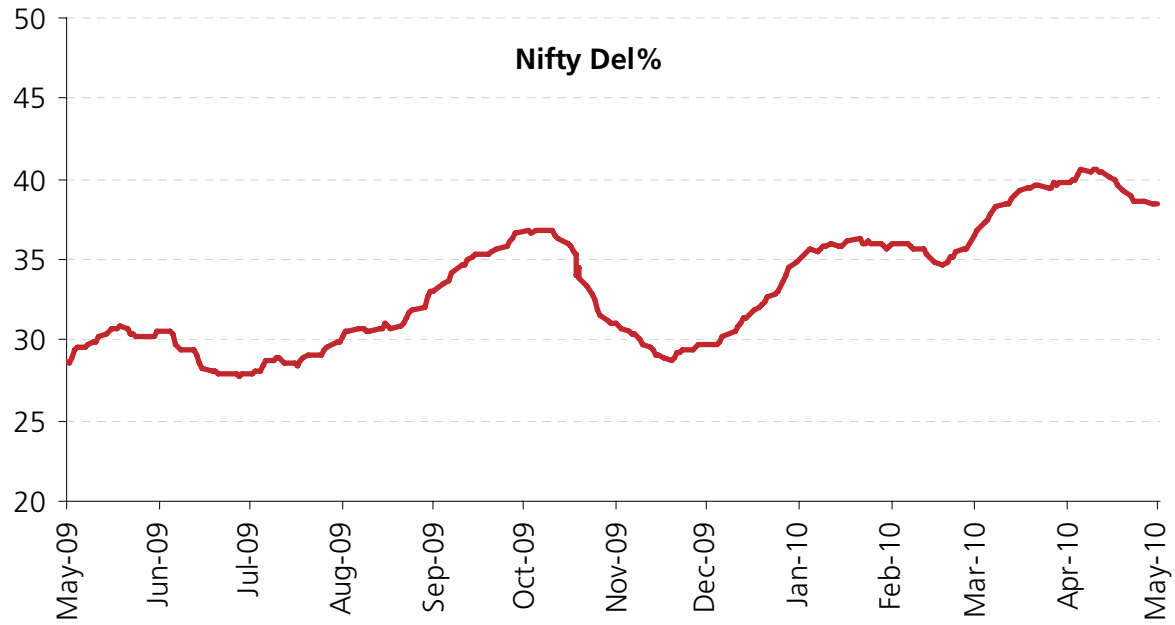
Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Voltas Ltd	77	28
Mindtree Ltd	97	49
Piramal Healthcare Ltd	45	11
Sterlite Industries India Lt	54	27
Mahindra & Mahindra Ltd	47	21
Jsw Steel Ltd	32	9
Nestle India Ltd	80	57
Siemens India Ltd	40	20
Maruti Suzuki India Ltd	57	39

Source: Bloomberg, Kotak Institutional Equities

NIFTY DELIVERY

Nifty delivery percentage

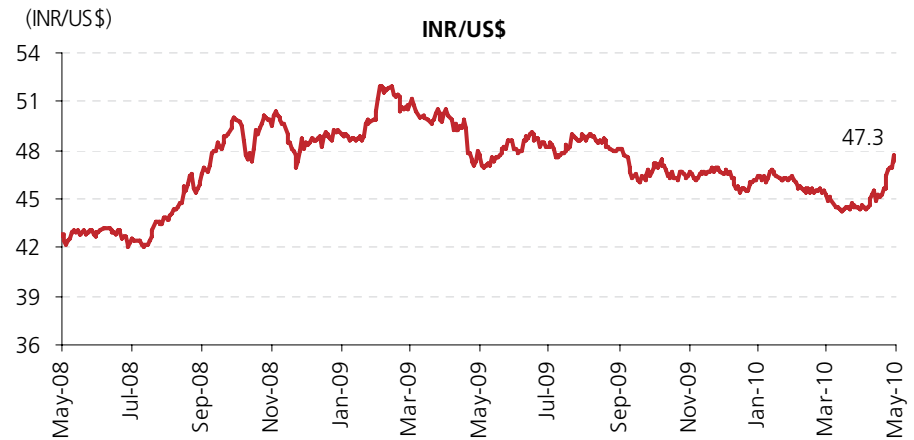
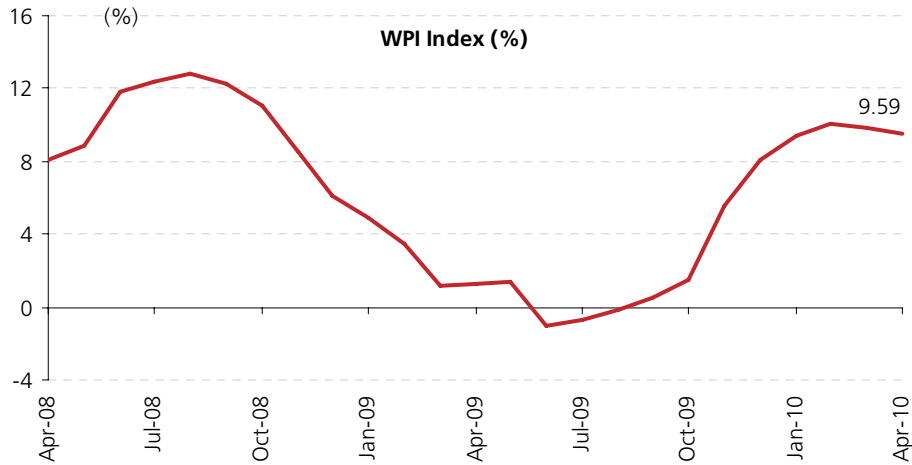
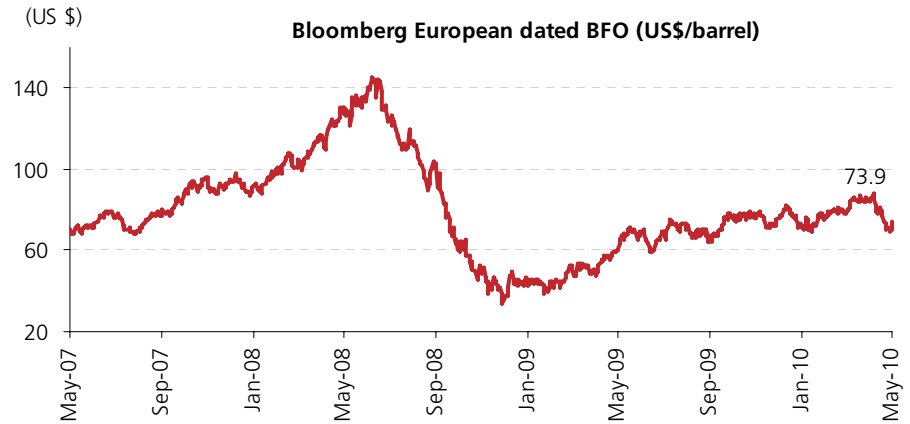
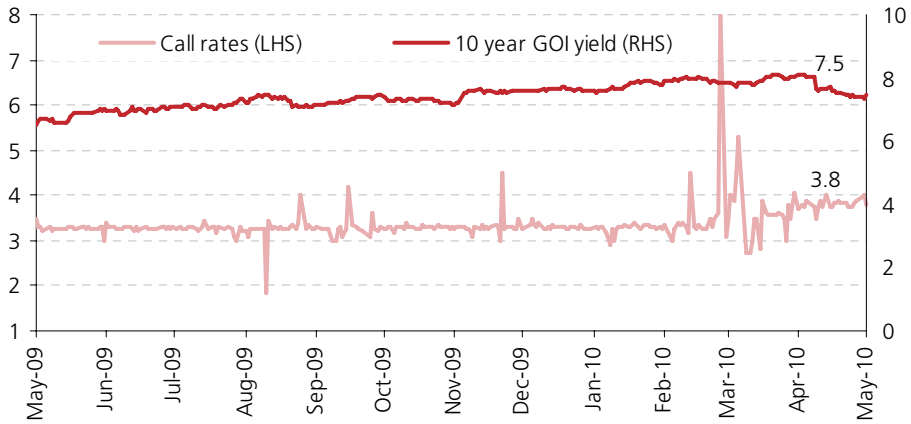


Source: Bloomberg, Kotak Institutional Equities

ECONOMIC INDICATORS

ECONOMIC INDICATORS

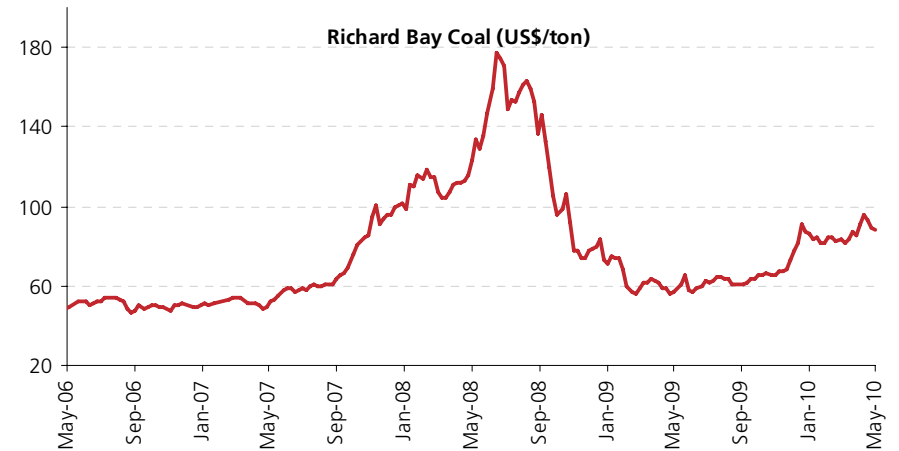
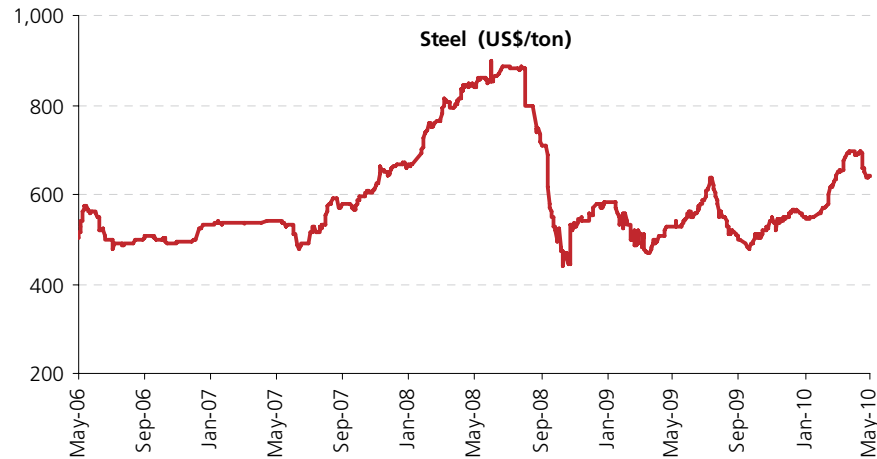
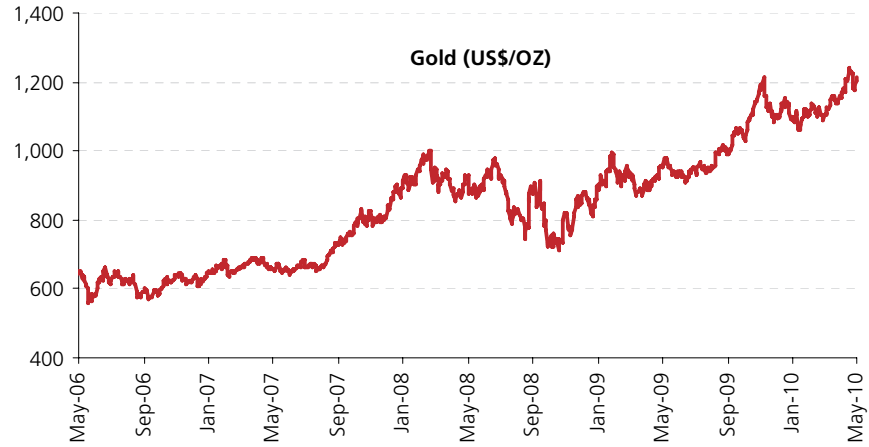
Key economic parameters



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

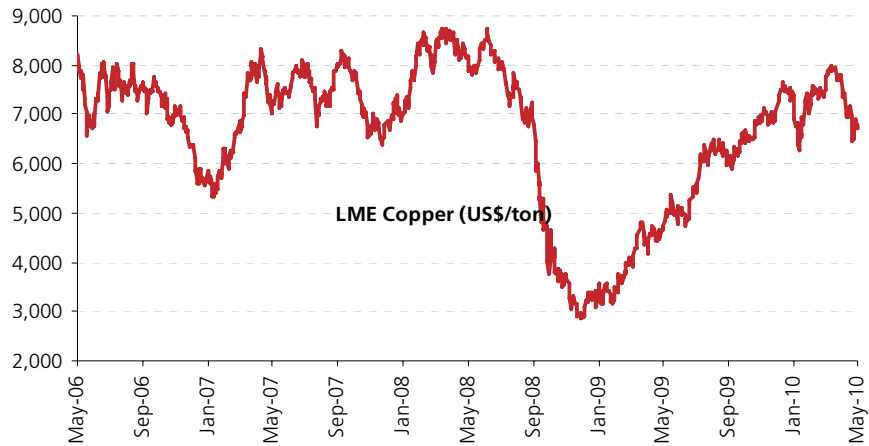
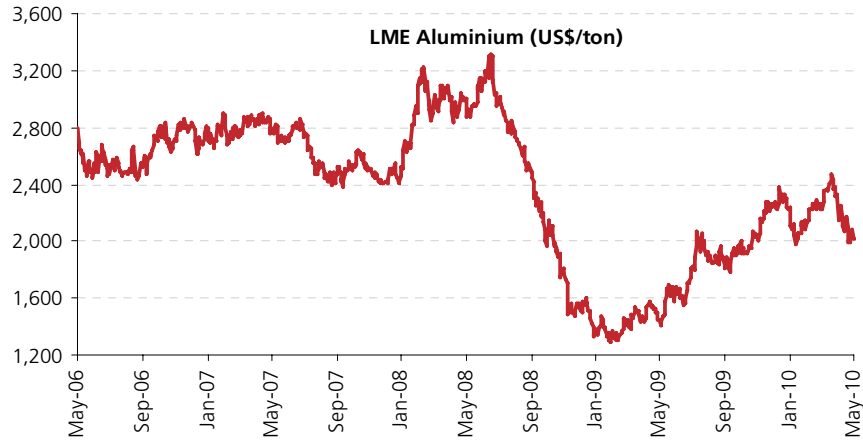
Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

KOTAK VALUATION SUMMARY

VALUATION SUMMARY

Kotak Institutional Equities Universe

Company	27-May-10 Price (Rs)	Rating	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)	
			(Rs mn)	(US\$ mn)		2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E				
			Price (Rs)	Rating		(Rs mn)	(US\$ mn)	(mn)	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E				
Energy																														
Bharat Petroleum	573	RS	207,072	4,378	362	63.3	53.6	59.2	207.3	(15.3)	10.4	9.0	10.7	9.7	5.1	5.2	4.7	1.4	1.3	1.2	2.4	3.1	3.4	15.9	12.2	12.3	—	—	8.3	
Cairn India	286	SELL	542,059	11,461	1,897	5.3	28.5	40.0	—	433	40.5	54	10	7.1	42.0	6.9	4.8	1.6	1.4	1.2	—	—	5.2	3.0	14.6	18.1	250	(12.5)	19.2	
Castrol India (a)	377	REDUCE	93,113	1,969	247	15.4	19.6	20.6	44.6	27.0	5.3	24.4	19.2	18.3	14.4	11.7	11.0	20.2	18.9	17.4	3.3	4.1	4.2	83.8	101.6	99.2	330	(12.4)	1.7	
GAIL (India)	452	ADD	573,543	12,127	1,268	24.8	26.4	37.1	11.7	6.8	40.5	18.3	17.1	12.2	10.2	10.6	8.7	3.2	2.8	2.4	1.7	1.9	2.7	17.4	16.5	20.2	485	7.3	17.3	
GSPL	91	REDUCE	50,958	1,077	562	7.4	8.9	9.1	234.7	21.5	1.3	12.3	10.1	10.0	6.5	5.4	4.9	3.0	2.4	2.1	1.1	2.5	4.0	27.3	26.3	22.5	80	(11.7)	4.0	
Hindustan Petroleum	351	RS	119,111	2,518	339	54.7	44.6	56.3	222.7	(18.6)	26.4	6.4	7.9	6.2	2.4	2.8	2.3	0.9	0.8	0.7	3.4	4.0	5.0	13.9	10.1	11.7	—	—	6.7	
Indian Oil Corporation	340	RS	826,107	17,467	2,428	33.0	32.1	33.4	235.4	(2.7)	3.9	10.3	10.6	10.2	6.4	5.4	4.8	1.5	1.4	1.2	1.9	1.9	1.9	15.3	13.1	12.3	—	—	5.5	
Oil India	1,266	BUY	304,415	6,437	240	115.1	127.0	140.6	—	10.3	10.7	11.0	10.0	9.0	4.5	3.8	3.1	2.1	1.8	1.6	2.7	3.1	3.4	16.7	17.3	17.0	1,350	6.6	3.5	
Oil & Natural Gas Corporation	1,123	BUY	2,402,398	50,796	2,139	92.6	116.4	140.0	—	2.0	25.7	12.1	9.6	8.0	4.3	3.4	2.9	1.8	1.6	1.5	2.8	3.4	4.1	14.9	17.0	18.2	1,350	20.2	26.3	
Petronet LNG	81	REDUCE	60,863	1,287	750	5.4	6.2	7.9	—	14.9	28.0	15.0	13.1	10.2	9.5	7.8	6.8	2.4	2.1	1.8	2.2	2.5	3.4	15.9	15.9	17.6	82	1.0	4.3	
Reliance Industries	1,022	SELL	3,042,216	64,324	2,976	49.6	62.9	80.2	(1.8)	26.6	27.5	20.6	16.3	12.7	10.4	7.8	6.5	2.1	1.9	1.7	1.4	1.8	2.2	11.4	13.2	15.3	985	(3.6)	125.3	
Energy																														
Industrials	Cautious		8,221,854	173,842		24.6	24.5	22.4			14.6	11.7	9.6	7.0	5.5	4.7	1.9	1.7	1.5	1.9	2.3	3.1	13.0	14.5	15.9					
ABB	850	REDUCE	180,016	3,806	212	16.7	23.3	37.2	(32.2)	39.2	59.8	50.8	36.5	22.8	29.1	21.5	13.3	7.4	6.3	5.1	0.2	0.4	0.4	15.6	18.8	24.7	840	(1.1)	8.2	
BGR Energy Systems	573	ADD	41,224	872	72	24.4	33.4	41.0	(52.4)	36.8	22.6	23.4	17.1	14.0	13.3	9.8	8.1	5.9	4.6	3.6	0.7	1.0	1.2	27.8	30.1	29.1	635	10.9	2.1	
Bharat Electronics	1,662	REDUCE	132,980	2,812	80	93.9	111.8	127.4	(9.6)	19.1	13.9	17.7	14.9	13.0	8.4	6.7	5.6	3.0	2.6	2.2	1.5	1.5	1.5	17.9	18.7	18.5	1,790	7.7	3.9	
Bharat Heavy Electricals	2,296	ADD	1,124,109	23,768	690	92.0	115.8	136.2	44.1	25.8	17.7	25.0	19.8	16.9	13.8	10.8	8.8	6.9	5.5	4.4	0.9	1.1	1.3	30.8	30.7	28.9	2,500	8.9	31.8	
Crompton Greaves	238	BUY	152,496	3,224	642	12.8	13.3	15.8	46.5	3.2	19.0	18.5	17.9	15.1	10.7	9.8	8.0	5.8	4.6	3.6	0.7	0.8	0.9	36.8	28.5	26.8	290	22.0	9.4	
Larsen & Toubro	1,629	BUY	978,917	20,698	601	58.1	69.7	87.7	16.0	19.9	25.9	28.0	23.4	18.6	15.2	13.0	10.8	4.4	3.7	3.1	0.7	0.7	0.9	18.6	17.2	18.3	1,850	13.6	50.7	
Maharashtra Seamless	381	BUY	26,851	568	71	40.2	43.6	49.8	12.1	8.5	14.2	9.5	8.7	7.6	5.0	4.3	3.4	1.7	1.5	1.3	1.6	2.1	2.6	19.3	17.9	17.7	450	18.2	0.8	
Siemens	703	REDUCE	237,158	5,014	337	25.0	29.6	34.3	55.2	18.6	16.0	28.2	23.8	20.5	16.6	13.6	11.4	7.0	5.7	4.7	0.7	0.8	1.0	27.3	26.3	25.1	635	(9.7)	7.4	
Suzlon Energy	58	REDUCE	92,604	1,958	1,594	(5.9)	0.3	5.3	(182.3)	(104.4)	1,931.8	(9.8)	224.0	11.0	16.9	8.7	5.7	0.8	0.9	0.8	—	—	—	0.3	(8.8)	0.4	7.5	70	20.5	31.7
Thermax	691	BUY	82,362	1,741	119	21.7	29.4	37.6	(10.4)	35.4	27.7	31.8	23.5	18.4	17.0	13.1	10.3	7.6	6.2	5.1	0.5	1.2	1.6	24.9	29.1	30.5	750	8.5	1.2	
Voltas	171	ADD	56,539	1,195	331	9.6	10.4	11.8	38.5	8.5	13.6	17.9	16.5	14.5	9.8	8.7	7.3	5.5	4.5	3.7	1.5	1.6	1.8	34.6	30.1	27.9	195	14.1	3.4	
Industrials																														
Infrastructure	Attractive		3,105,257	65,657		3.5	32.6	26.9		28.6	21.6	17.0	14.3	11.4	9.1	4.6	3.9	3.3	0.8	0.9	1.1	16.2	18.3	19.5						
Container Corporation	1,210	REDUCE	157,230	3,324	130	61.1	74.3	85.9	0.3	21.7	15.6	19.8	16.3	14.1	13.8	11.2	9.3	3.6	3.1	2.7	1.2	1.4	1.6	19.6	20.6	20.5	1,250	3.3	2.0	
GMR Infrastructure	57	ADD	210,119	4,443	3,667	0.4	0.2	0.1	(43.8)	(48.9)	(40.0)	133.0	260.3	433.4	23.4	15.1	14.2	2.0	1.7	1.7	—	—	—	2.4	1.2	0.7	65	13.4	6.2	
GVK Power & Infrastructure	41	BUY	64,748	1,369	1,579	0.8	1.1	1.4	6.7	33.5	32.4	50.4	37.7	28.5	17.6	16.2	16.7	2.0	2.0	1.9	—	0.7	0.7	4.7	5.3	6.7	54	31.7	6.5	
IRB Infrastructure	258	RS	85,783	1,814	332	9.7	12.6	12.1	83.8	29.2	(3.7)	26.5	20.5	21.3	12.7	11.4	10.6	3.7	2.8	2.3	—	—	—	15.6	15.7	11.9	—	—	4.4	
Mundra Port and SEZ	670	REDUCE	270,257	5,714	403	15.1	24.1	35.7	40.8	59.5	48.4	44.4	27.8	18.7	28.7	18.5	13.1	7.4	5.7	4.3	—	—	—	18.5	23.2	26.1	725	8.2	16.4	
Infrastructure																														
Media	Attractive		788,138	16,664		12.7	29.5	24.1		39.2	30.2	24.4	19.9	14.7	12.7	3.3	2.8	2.5	—	—	—	0.4	8.4	9.2	10.2					
DB Corp	237	ADD	42,931	908	181	10.6	12.9	15.7	276.4	21.0	22.3	22.3	18.4	15.1	12.3	10.2	8.0	6.1	4.9	4.2	0.8	1.7	2.5	38.2	29.6	29.9	280	18.4	10.0	
DishTV	38	ADD	40,462	856	103	(2.5)	(1.2)	0.6	(61.6)	(52.4)	(146.5)	(15.1)	(31.7)	68.2	59.3	19.3	10.5	9.9	14.4	11.9	—	—	—	248.6	(37.1)	19.1	45	18.3	2.7	
HT Media	146	NR	34,263	724	235	6.1	7.8	9.4	623.3	27.0	20.9	23.9	18.8	15.6	11.9	9.9	8.1	3.5	3.1	2.8	0.7	1.4	2.7	15.6	17.6	19.2	—	—	0.3	
Jagran Prakashan	106	ADD	31,984	676	301	5.8	6.4	7.5	91.9	9.5	16.7	18.2	16.6	14.2	10.9	9.6	8.2	5.2	4.7	4.2	3.3	3.3	3.8	30.0	29.8	31.0	130	22.4	2.0	
Sun TV Network	402	REDUCE	158,381	3,349	394	12.1	14.6	17.8	33.3	21.0	21.6	33.2	27.4	22.6	19.1	15.4	12.7	7.7	6.7	5.9	1.0	1.5	2.0	25.4	26.4	28.0	295	(26.6)	2.1	
Zee Entertainment Enterprises	277	REDUCE	120,370	2,545	434	10.5	12.0	14.7	24.4	14.4	22.2	26.4	23.1	18.9	19.5	15.5	12.3	3.3	3.1	3.0	0.9	1.0	1.3	13.0	14.1	16.4	265	(4.5)	8.6	
Media																														
Metals	Neutral		428,392	9,058		173.7	35.3	34.8		36.7	27.1	20.1	17.6	13.8	10.8	5.1	4.7	4.2	1.0	1.4	1.9	13.8	17.3	21.1						
Hindalco Industries	148	ADD	284,030	6,005	1,914	4.2	12.4	14.9	(74.0)	197.9	20.7	35.7	12.0	9.9	8.2	8.3	8.4	1.3	1.2	1.1	0.9	0.9	0.9	9.1	10.3	11.3	190	28.0	35.2	
Hindustan Zinc	946	BUY	399,525	8,448	423	95.6	70.1	76.6	48																					

VALUATION SUMMARY

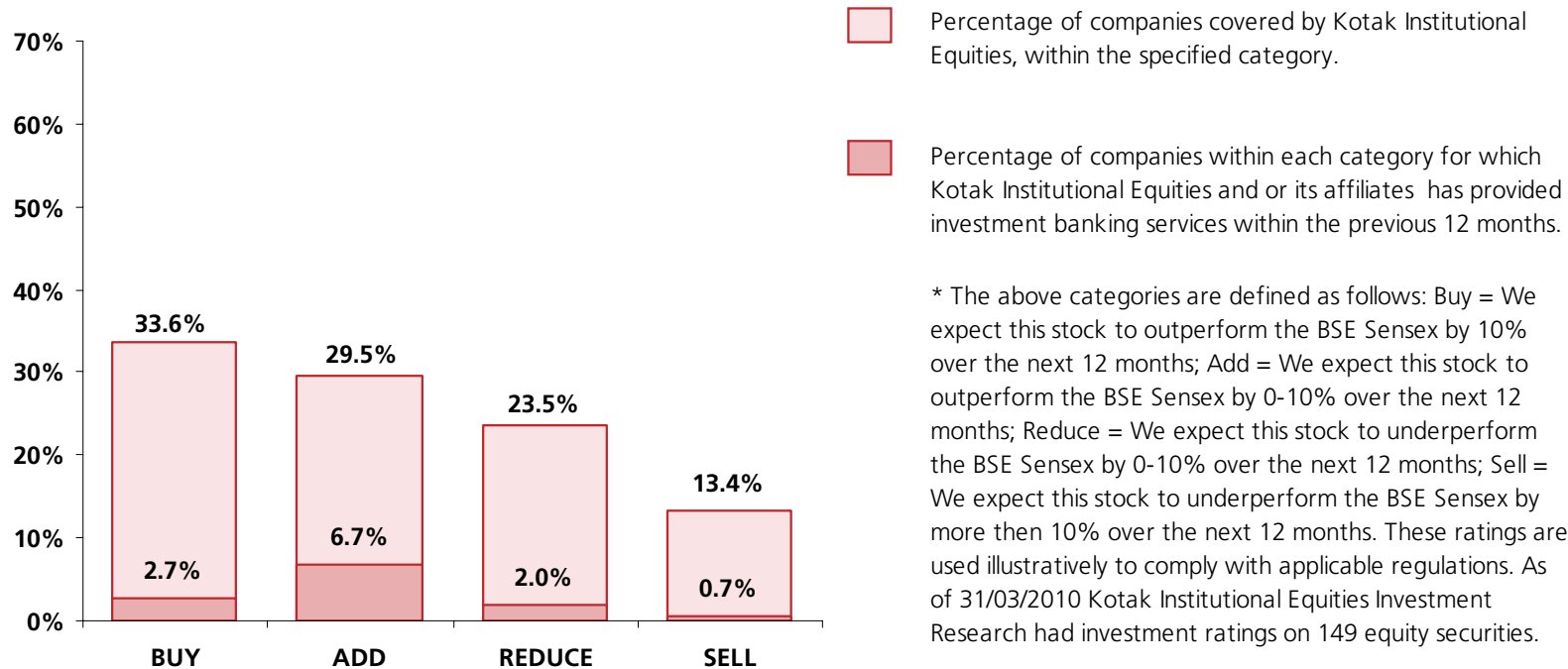
Kotak Institutional Equities Universe

Company	27-May-10	Rating	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)		(Rs mn)	(US\$ mn)		2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E			
Retail																													
Titan Industries	2,181	ADD	96,824	2,047	44	62.7	76.1	96.2	41.5	21.3	26.5	34.8	28.7	22.7	24.7	19.3	15.1	12.3	9.2	6.9	0.5	0.6	0.6	40.7	36.6	34.8	2,400	10.0	4.4
Retail		Neutral	96,824	2,047					41.5	21.3	26.5	34.8	28.7	22.7	24.7	19.3	15.1	12.3	9.2	6.9	0.5	0.6	0.6	35.2	32.0	30.5			
Sugar																													
Bajaj Hindustan	102	SELL	19,442	411	191	9.7	9.9	8.9	—	2.2	(10.4)	10.5	10.2	11.4	6.6	5.5	5.1	0.8	0.7	0.7	0.7	0.7	0.7	8.1	7.5	6.3	99	(2.6)	10.0
Balrampur Chini Mills	78	ADD	20,130	426	257	3.7	10.4	7.0	—	183.7	(32.7)	21.3	7.5	11.2	9.1	5.2	5.6	1.5	1.3	1.2	0.6	0.6	0.6	7.0	18.1	11.0	92	17.3	9.5
Shree Renuka Sugars	55	BUY	36,872	780	670	9.9	7.6	7.8	196.4	(23.2)	3.1	5.6	7.2	7.0	3.9	4.4	3.7	1.5	1.2	1.0	0.7	0.6	0.6	32.0	18.1	15.7	76	38.1	23.1
Sugar		Cautious	76,444	1,616					96.1	2.5	(9.4)	8.1	7.9	8.7	5.6	5.0	4.5	1.2	1.0	0.9	0.7	0.6	0.6	14.9	13.3	10.8			
Technology																													
HCL Technologies	370	REDUCE	255,404	5,400	690	17.8	25.1	28.5	2.0	40.6	13.6	20.7	14.8	13.0	10.5	9.1	7.5	4.0	3.3	2.8	1.1	1.1	1.6	20.8	24.9	23.3	370	(0.0)	8.7
Hexaware Technologies	75	REDUCE	10,795	228	144	9.3	5.1	9.4	127.7	(45.4)	84.0	8.0	14.7	8.0	3.9	8.1	4.3	1.3	1.2	1.1	1.3	1.3	1.3	17.8	8.4	14.0	72	(4.2)	2.6
Infosys Technologies	2,643	BUY	1,517,283	32,081	574	108.3	125.2	150.5	5.7	15.6	20.2	24.4	21.1	17.6	17.7	14.5	11.7	6.6	5.4	4.5	0.9	1.3	1.6	30.1	28.2	28.0	3,100	17.3	70.6
Mphasis BFL	599	REDUCE	124,875	2,640	208	43.6	49.0	45.6	207.5	12.5	(7.0)	13.7	12.2	13.1	10.9	9.7	8.8	5.3	3.8	3.0	0.6	0.7	0.8	48.1	36.4	25.8	550	(8.2)	9.6
Mindtree	536	REDUCE	22,047	466	41	52.2	38.9	51.6	294.3	(25.5)	32.6	10.3	13.8	10.4	8.8	8.5	6.0	3.3	2.7	2.2	0.4	0.7	1.0	35.2	21.4	23.1	550	2.7	3.0
Patni Computer Systems	547	REDUCE	72,814	1,540	133	36.6	42.3	38.6	36.4	15.6	(8.7)	14.9	12.9	14.2	8.0	7.1	6.2	2.0	1.9	1.7	1.3	1.5	1.4	18.2	15.8	12.8	450	(17.7)	5.0
Polaris Software Lab	178	SELL	17,742	375	100	15.4	19.1	18.6	16.9	24.3	(2.7)	11.6	9.3	9.6	5.7	7.4	6.3	2.0	1.7	1.5	2.0	2.1	2.2	18.6	20.1	17.0	180	1.2	3.7
TCS	742	BUY	1,451,949	30,700	1,957	35.1	41.1	46.3	32.8	16.9	12.8	21.1	18.1	16.0	16.2	13.1	10.9	6.9	5.8	4.8	2.7	2.2	2.5	37.6	34.8	32.8	900	21.3	35.8
Wipro	657	ADD	961,192	20,323	1,462	31.4	36.7	41.9	22.1	16.7	14.4	20.9	17.9	15.7	15.7	12.9	10.6	4.9	4.0	3.3	0.9	1.1	1.3	26.5	24.6	23.2	775	17.9	16.6
Technology		Attractive	4,434,100	93,754					22.9	16.7	14.2	21.2	18.2	15.9	15.4	12.8	10.5	5.7	4.7	3.9	1.5	1.5	1.8	26.7	25.8	24.6			
Telecom																													
Bharti Airtel	261	REDUCE	989,844	20,929	3,798	24.0	21.4	24.2	7.5	(10.8)	13.2	10.9	12.2	10.7	6.1	5.8	4.9	2.2	1.9	1.6	1.1	1.5	1.9	24.1	17.0	16.5	290	11.3	44.0
IDEA	49	REDUCE	163,175	3,450	3,300	2.7	1.3	2.3	(5.8)	(51.7)	71.9	18.1	37.4	21.8	6.7	6.7	5.5	1.4	1.4	1.3	—	—	—	7.2	3.8	6.3	50	1.1	8.4
MTNL	55	SELL	34,808	736	630	(15.6)	(10.4)	(9.1)	(750.8)	(33.7)	(11.9)	(3.5)	(5.3)	(6.0)	0.2	0.3	0.3	0.3	0.3	0.4	—	—	—	(8.5)	(6.1)	(5.7)	50	(9.5)	1.6
Reliance Communications	139	SELL	296,847	6,276	2,133	22.1	14.1	18.2	(30.2)	(36.2)	29.1	6.3	9.9	7.7	6.3	6.9	5.1	0.8	0.7	0.7	0.6	—	—	11.7	7.4	8.9	140	0.6	14.1
Tata Communications	239	REDUCE	68,243	1,443	285	14.0	15.2	15.7	3.2	8.2	3.5	17.1	15.8	15.3	7.0	6.5	6.2	1.0	0.9	0.9	2.7	3.1	3.5	5.2	5.5	5.5	400	67.0	1.2
Telecom		Cautious	1,552,917	32,835					(15.1)	(19.8)	20.7	10.9	13.5	11.2	6.5	6.4	5.2	1.4	1.3	1.1	1.0	1.1	1.4	12.7	9.3	10.2			
Utilities																													
Adani Power	116	ADD	253,098	5,351	2,180	0.8	4.9	16.4	—	524.1	235.3	148.2	23.7	7.1	117.2	16.2	5.9	4.6	3.9	2.5	—	—	—	4.4	17.8	43.0	130	12.0	10.0
CESC	360	ADD	44,983	951	125	34.1	43.3	46.7	5.6	27.0	7.9	10.6	8.3	7.7	6.1	6.0	6.8	1.1	0.9	0.9	1.2	1.5	1.6	10.7	12.1	11.7	455	26.4	2.0
Lanco Infratech	60	BUY	145,382	3,074	2,405	1.8	3.6	4.3	23.9	101.3	18.5	33.6	16.7	14.1	23.0	9.6	9.3	4.2	3.4	2.8	—	—	—	14.5	20.9	20.0	60	(0.7)	10.0
NTPC	197	REDUCE	1,627,242	34,406	8,245	10.6	12.4	14.7	7.8	16.8	18.9	18.6	16.0	13.4	14.5	12.3	10.3	2.5	2.3	2.1	2.0	2.3	2.8	14.2	15.3	16.6	200	1.3	14.0
Reliance Infrastructure	1,055	ADD	259,484	5,487	246	61.8	62.7	80.3	(1.5)	1.6	28.0	17.1	16.8	13.1	18.4	17.8	12.1	1.3	1.3	1.2	0.8	0.9	1.0	6.3	7.3	10.1	1,100	4.3	37.6
Reliance Power	155	SELL	370,778	7,840	2,397	2.5	3.1	5.1	—	24.4	66.1	62.8	50.5	30.4	-	-	-	2.6	2.5	2.3	—	—	—	4.2	5.0	7.8	128	(17.3)	10.9
Tata Power	1,246	BUY	307,605	6,504	247	60.2	76.1	95.3	20.1	26.4	25.2	20.7	16.4	13.1	13.3	11.3	9.7	2.4	2.1	1.9	1.0	1.1	1.2	12.9	13.6	15.2	1,500	20.4	12.8
Utilities		Attractive	3,008,573	63,613					14.8	25.8	35.9	22.6	18.0	13.2	18.8	14.4	10.8	2.4	2.2	2.0	1.3	1.5	1.7	10.8	12.4	15.0			
Others																													
Aban Offshore	685	ADD	29,801	630	43	94.5	172.3	103.6	(2.5)	82.3	(39.8)	7.2	4.0	6.6	8.1	5.9	6.4	1.3	0.7	0.7	0.5	0.5	0.6	21.7	20.8	11.1	900	31.4	47.0
Havells India	554	SELL	33,336	705	60	5.3	31.6	45.0	3.7	497.9	42.6	104.9	17.5	12.3	15.0	9.3	7.5	9.2	6.1	4.1	0.5	0.5	0.5	6.6	41.6	39.7	480	(13.4)	8.7
Jaiprakash Associates	124	BUY	260,936	5,517	2,107	4.3	7.1	10.1	115.0	65.5	42.2	28.8	17.4	12.2	15.4	13.6	9.5	3.2	2.8	2.3	—	—	—	12.3	17.1	20.5	170	37.3	36.5
Jindal Saw	181	ADD	53,372	1,129	294	27.5	19.3	17.9	121.9	(29.8)	(7.2)	6.6	9.4	10.1	4.8	5.5	5.2	1.4	1.2	1.1	0.5	0.5	0.5	20.5	12.9	11.1	243	33.9	9.8
PSL	121	BUY	6,442	136	53	29.8	25.4	24.1	34.1	(14.8)	(5.1)	4.0	4.7	5.0	2.7	2.5	2.7	0.7	0.6	0.6	5.4	5.4	5.8	13.6	11.7	10.8	175	45.2	0.7
Sintex	264	BUY	36,069	763	136	24.1	29.8	34.3	0.5	23.5	15.1	11.0	8.9	7.7	8.2	6.2	5.1	1.7	1.4	1.2	0.4	0.5	0.5	15.1	15.6	15.2	380	43.8	4.7
Tata Chemicals	328	ADD	79,785	1,687	243	28.6	30.1	35.9	7.4	5.1	19.3	11.5	10.9	9.1	6.5	5.8	4.9	1.7	1.5	1.3	2.7	2.7	2.7	17.2	17.3	17.9	340	3.7	3.3
Welspun Gujarat Stahl Rohren	219	REDUCE	44,895	949	205	25.1	23.0	24.4	44.9	(8.1)	5.8	8.7	9.5	9.0	4.9	5.0	4.4	1.5	1.3	1.1	0.9	0.9	1.0						

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As of March 31, 2010

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Old rating system

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