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India Strategy Friday Flash

BSE-30: 17,759

India

Analysts

Sanjeev Prasad

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

Puneet Jain

Puneet.j@kotak.com
Mumbai: +91-22-6634-1255

Bhavesh Shah

bhavesh.shah@kotak.com
Mumbai: +91-22-6634-1498

Kotak Institutional Equities
Research

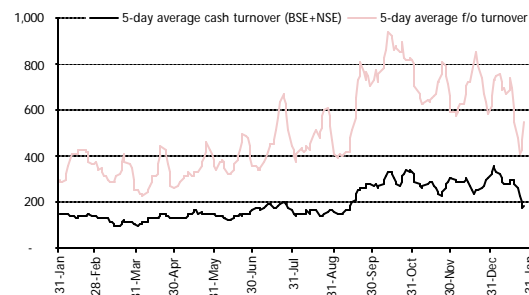
Important disclosures appear at the
back of this report.

Sensex gains on weak volumes. During the past week, market volumes remained at a low level despite (1) the conclusion of 3QFY08/4QCY07 results, (2) announcement of RBI's monetary policy and (3) another 50 bps rate cut in the Federal Funds Target Rate. The 5-day average cash market turnover (BSE+NSE) was down to Rs184 bn from its peak of Rs352 bn on January 8, 2008. Further, the 5-day average F/O market turnover was down to Rs550 bn compared to Rs947 bn on December 27, 2007 (previous expiry). The Sensex gained 427 points (2.5%) led by HDFC, Infosys and L&T. FII flows were negative with net outflow of US\$767 mn from Indian equities.

Market highlights for the week ending Thursday, January 31, 2008

- Largest gainers: Rajesh Exports (34%), Asian Paints (24%), GE Shipping (24%)
- Largest losers: Bharat Electronics (-12%), India Infoline (-12%), ABG Shipyard (-12%)

5-day average turnover in cash (BSE+NSE) and F&O market



Source: Bloomberg.

Flows in emerging markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
24-Jan-08	54	53	(21)	(2)	(335)	(250)
25-Jan-08	123	29	(4)	0	166	314
28-Jan-08	(126)	32	(11)	(1)	(375)	(481)
29-Jan-08	110	44	(6)	1	(71)	78
30-Jan-08	-	21	2	(0)	(152)	(128)
Total	161	180	(40)	(2)	(767)	(468)

Our top recommendations

Kotak Institutional Equities, Top 10, 31 January, 2008

Companies	Sector	Rating	Mkt cap. (US\$ mn)	CMP (Rs)	Target (Rs)	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
						2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E
ICICI Bank	Banking	ADD	32,168	1,146	1,200	34.6	36.7	45.7	33.1	31.2	25.1	—	—	—
Larsen & Toubro	Industrials	BUY	26,886	3,680	4,050	62.8	91.6	123.5	58.6	40.2	29.8	36.6	25.1	18.7
ITC	Consumer Products	BUY	18,541	195	250	7.2	8.3	9.7	27.0	23.4	20.1	17.2	14.8	12.3
Infosys Technologies	Technology	BUY	21,915	1,504	2,000	67.0	79.7	94.7	22.5	18.9	15.9	18.3	15.0	11.9
DLF	Property	BUY	35,161	813	1,220	12.7	55.0	72.3	64.0	14.8	11.2	52.8	12.1	9.1
Sterlite Industries	Metals	ADD	13,507	751	1,000	83.1	59.7	57.2	9.0	12.6	13.1	6.4	6.4	5.8
Tata Power	Utilities	ADD	7,571	1,280	1,540	26.6	29.7	38.1	48.1	43.1	33.6	27.6	28.3	25.2
Suzlon Energy	Industrials	ADD	12,227	308	450	6.0	6.8	13.3	51.2	45.1	23.2	36.5	26.7	17.0
Maruti Suzuki	Automobiles	BUY	6,227	849	1,200	54.0	67.6	88.4	15.7	12.6	9.6	9.2	7.7	5.6
Mid-cap. basket														
IVRCL	Construction	BUY	1,544	452	570	12.4	13.5	20.4	36.4	33.6	22.1	27.9	17.4	12.7
Jindal Saw	Pipes	ADD	1,264	890	1,100	73.2	66.0	112.2	12.1	13.5	7.9	6.2	7.1	4.4
Nagarjuna Construction Co.	Construction	BUY	1,564	266	365	6.5	9.2	12.7	40.8	29.0	20.9	26.2	16.4	12.6
Rajesh Exports	Retail	BUY	1,169	158	235	13.7	7.6	10.8	11.6	20.8	14.6	21.1	9.1	7.2
Union Bank	Banking	BUY	2,455	191	250	16.7	22.7	26.2	11.4	8.4	7.3	—	—	—
BSE-30				17,649										

Source: Company, Bloomberg, Kotak Institutional Equities.

Our model portfolio

Kotak Institutional Equities Model Portfolio

Company	31-Jan		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Bajaj Auto	2,356	BUY	1.2	—	(116)
Mahindra & Mahindra	669	BUY	1.2	1.2	—
Maruti Suzuki	849	BUY	1.0	2.5	150
Tata Motors	706	BUY	1.4	1.4	—
Automobiles			4.8	5.1	34
Punjab National Bank	649	BUY	—	1.0	100
State Bank of India	2,162	NR	4.4	4.9	50
PSU Banking			4.4	5.9	150
HDFC	2,844	REDUCE	5.6	4.1	(150)
HDFC Bank	1,568	ADD	3.6	2.1	(150)
ICICI Bank	1,146	ADD	11.1	12.6	150
Pvt Banking/Financing			20.2	18.7	(150)
ACC	783	REDUCE	0.7	0.7	—
Ambuja Cements	120	SELL	1.0	—	(99)
Grasim Industries	2,949	ADD	1.8	—	(177)
Cement			3.5	0.7	(276)
Hindustan Unilever	207	ADD	1.9	—	(188)
ITC	195	BUY	4.5	6.0	150
Consumers			6.4	6.0	(38)
HPCL	256	ADD	—	1.0	100
Oil & Natural Gas Corporation	988	ADD	4.1	4.1	—
Reliance Industries	2,480	RS	13.6	11.9	(166)
Energy			17.7	17.0	(66)
Bharat Heavy Electricals	2,064	ADD	3.1	3.1	—
Larsen & Toubro	3,680	BUY	8.1	9.6	150
Suzlon Energy	308	ADD	—	1.5	150
Industrials			11.2	14.2	300

Company	31-Jan		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Hindalco Industries	166	BUY	1.3	—	(129)
Jindal Steel & Power	2,317	ADD	—	1.0	100
Sterlite Industries	751	ADD	—	1.5	150
Tata Steel	734	REDUCE	3.7	2.7	(100)
Metals			5.0	5.2	21
Cipla	188	REDUCE	0.8	—	(82)
Dr Reddy's	528	ADD	—	1.0	100
Ranbaxy Laboratories	351	BUY	0.8	0.8	—
Pharmaceuticals			1.6	1.8	18
DLF	813	BUY	1.7	3.0	130.0
Housing Development & Infrastructure	887	BUY	—	1.0	100
Real estate			1.7	4.0	230
Infosys Technologies	1,504	BUY	5.8	7.3	150
Satyam Computer Services	389	BUY	2.0	4.0	200
TCS	875	ADD	1.7	—	(174)
Wipro	413	ADD	1.1	—	(109)
Technology			10.6	11.3	67
Bharti Airtel Limited	864	REDUCE	4.7	2.2	(250)
Reliance Communications	602	NR	3.7	2.7	(100)
Telecom			8.4	4.9	(350)
NTPC	198	REDUCE	2.2	—	(217)
Reliance Energy	1,984	NR	2.2	—	(224)
Tata Power	1,280	ADD	—	2.0	200
Utilities			4.4	2.0	(241)
IVRCL	452	BUY	—	0.6	60
Jindal Saw	890	ADD	—	0.6	60
Nagarjuna Construction Co.	266	BUY	—	0.6	60
Rajesh Exports	158	BUY	—	0.6	60
Union Bank	191	BUY	—	0.6	60
Mid-cap. basket			—	3.0	300

Note:

(a) Weightages are with respect to January 21, 2008 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

Sensex valuation summary

Valuation summary of BSE-30 sectors, 31 January, 2008

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)		Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007	2008E	2007	2008E	2007	2008E
Automobiles	24,335	31.0	27.6	9.7	17.2	16.7	15.3	13.0	10.5	9.9	4.0	3.2	1.5	1.4	24.0	21.2
Banking	95,556	13.3	14.2	34.3	12.5	36.3	27.0	24.0	—	—	6.0	3.7	0.6	0.8	16.5	13.8
Consumers	30,110	21.2	19.8	14.9	16.2	27.9	24.3	20.9	19.0	15.3	8.7	8.0	2.3	3.0	31.2	33.0
Cement	15,218	27.7	89.5	18.2	10.6	13.8	11.7	10.6	8.2	6.4	3.7	2.9	1.4	1.9	26.5	24.4
Energy	132,629	16.9	23.2	17.6	15.9	17.3	14.7	12.7	8.5	7.4	3.2	2.7	1.6	1.7	18.7	18.3
Industrials	52,537	59.6	52.0	37.9	31.9	49.3	35.8	27.1	28.5	21.0	12.6	9.6	0.4	0.5	25.5	26.7
Metals	21,511	6.3	33.1	(0.6)	3.3	12.2	12.3	11.9	7.9	7.2	2.9	1.7	1.3	1.5	23.5	14.0
Pharmaceuticals	7,042	(26.3)	39.6	20.4	(1.8)	23.5	19.5	19.9	16.8	13.6	4.7	4.1	1.7	2.0	19.9	20.8
Property	35,161	121.6	913.2	383	31.5	71.3	14.8	11.2	50.8	11.9	34.9	6.4	—	0.6	49.0	43.5
Technology	65,506	28.6	44.4	20.7	18.6	21.3	17.6	14.8	15.6	12.6	7.1	5.6	1.2	1.8	33.5	31.7
Telecom	72,891	(107.4)	182.9	69.9	28.7	39.6	23.3	18.1	21.1	13.7	8.3	6.2	0.0	0.2	20.9	26.4
Utilities	52,897	17.0	16.1	12.3	9.0	27.4	24.4	22.4	14.5	14.8	3.5	3.3	1.3	1.6	12.9	13.4
BSE-30	605,392	20.7	36.5	29.7	17.5	24.8	19.1	16.3	13.3	10.7	5.1	3.9	1.0	1.2	20.7	20.3
BSE-30 ex-Energy	472,763	22.8	43.5	35.3	18.2	28.2	20.9	17.7	16.5	12.6	6.2	4.4	0.8	1.1	21.8	21.1
BSE-30 ex-Energy, Com.	436,035	25.2	42.2	41.2	20.0	31.4	22.2	18.5	18.9	13.9	6.7	4.9	0.8	1.1	21.3	21.9

Source: Company reports, Kotak Institutional Equities estimates.

Nifty valuation summary

Valuation summary of Nifty sectors, 31 January, 2008

	Mkt cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007E	2008E	2007E	2008E
Automobiles	27,765	28.9	20.6	8.5	16.0	16.6	15.3	13.2	10.3	9.6	8.2	4.1	3.3	1.6	1.6	24.8	21.8
Banking	100,742	11.6	13.2	32.5	11.8	33.3	25.2	22.5	—	—	—	5.5	3.6	0.7	0.8	16.6	14.1
Consumers	30,108	21.2	19.8	14.9	16.2	27.9	24.3	20.9	19.0	15.3	13.0	8.7	8.0	2.3	3.0	31.2	33.0
Cement	15,217	27.7	89.5	18.2	10.6	13.8	11.7	10.6	8.2	6.4	5.7	3.7	2.9	1.4	1.9	26.5	24.4
Energy	165,059	8.8	29.9	13.3	18.2	18.3	16.1	13.7	9.2	8.3	7.0	3.1	2.6	1.6	1.6	16.9	16.4
Industrials	67,846	65.7	43.8	36.7	41.9	46.2	33.8	23.8	27.0	19.7	14.4	11.9	8.2	0.4	0.5	25.8	24.1
Metals	33,855	20.7	65.6	(8.2)	(0.5)	9.6	10.4	10.5	5.6	5.5	5.5	2.7	1.6	1.2	1.3	28.7	15.7
Media	3,128	(34.6)	11.2	59.9	40.2	51.9	32.5	23.2	39.2	19.0	14.1	4.7	4.3	0.5	0.7	9.1	13.4
Property	15,604	151.9	1,389.1	37.5	50.3	47.1	34.3	22.8	30.7	23.4	16.5	30.8	17.1	-	0.3	65.4	49.8
Telecom	78,491	(53.9)	134.8	57.4	29.5	37.5	23.8	18.4	19.8	13.3	10.2	5.9	4.7	0.2	0.4	15.7	19.7
Technology	69,904	28.3	46.8	18.8	18.6	20.5	17.3	14.6	15.0	12.3	9.8	6.6	5.3	1.3	1.9	32.3	30.8
Utilities	60,464	18.4	14.8	13.0	10.5	29.1	25.8	23.3	15.4	15.8	16.4	3.7	3.3	1.2	1.5	12.6	13.0
NIFTY	685,245	18.4	40.0	17.5	17.5	23.1	19.6	16.7	12.3	10.9	9.4	4.6	3.6	1.1	1.3	19.9	18.3
NIFTY ex-Energy	520,186	23.8	45.0	19.3	17.2	25.1	21.1	18.0	14.2	12.4	10.7	5.4	4.0	0.9	1.2	21.6	19.2
NIFTY ex-Energy ex Com	486,331	24.3	41.3	25.0	19.8	28.4	22.7	18.9	16.7	14.0	11.7	5.8	4.5	0.9	1.2	20.5	19.9

Note:

(a) Following companies are excluded: SAIL.

Source: Company reports, Kotak Institutional Equities estimates.

Regional valuation summary

Indian markets are most expensive based on CY2008E PEG ratio, 30 January, 2008

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

	Index	Earnings growth (%)				P/E (X)				PEG ratio (X)		
		2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E
Brazil	MSCI BRAZIL	7.3	21.0	13.2	11.7	14.7	12.3	10.9	9.7	0.7	0.9	0.9
China	I/B/E/S CHINA	19.0	51.9	31.6	20.8	49.7	28.6	21.7	17.4	1.0	0.9	1.0
Hong Kong	I/B/E/S HONG KONG	3.9	35.2	(1.9)	19.4	20.5	14.8	15.2	12.9	0.6	NA	0.8
India	MSCI INDIA	30.0	14.5	20.7	22.7	24.5	21.5	17.8	14.6	1.7	1.0	0.8
Korea	MSCI KOREA	(2.5)	7.9	15.9	14.2	13.0	12.1	10.4	9.1	1.6	0.8	0.7
Malaysia	MSCI MALAYSIA	21.9	43.3	(5.9)	11.8	19.8	14.2	15.1	13.5	0.5	NA	1.3
Mexico	MSCI MEXICO	27.7	13.5	22.5	8.8	15.3	13.6	11.1	10.1	1.1	0.6	1.3
Russia	MSCI RUSSIA	25.6	18.6	11.5	8.3	13.4	11.3	10.1	9.4	0.7	1.0	1.2
Taiwan	MSCI TAIWAN	22.2	27.8	13.8	8.0	15.8	12.2	10.7	9.9	0.6	0.9	1.3
Thailand	MSCI THAILAND	(38.6)	(34.2)	102.4	6.5	14.2	20.1	9.9	9.3	NA	0.2	1.5
Asia - Emerging markets	MSCI EM ASIA	8.2	18.2	17.6	14.0	17.2	14.6	12.4	10.9	0.9	0.8	0.9

Source: Thomson Datastream.

Valuation summary of BRICs sectors (1)

Valuation summary of BRICs sectors, 30 January, 2008

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

Index	Earnings growth (%)				P/E (X)				PEG ratio (X)			
	2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E	
Banking												
Brazil	MSCI Brazil Banks Industry Group	7.1	44.7	9.0	14.7	16.4	11.3	10.4	8.9	0.4	1.3	0.7
Russia	MSCI Russia Banks Industry Group	37.8	20.5	30.3	24.5	22.4	18.5	14.2	11.4	1.1	0.6	0.6
India	MSCI India Banks Industry Group	13.9	17.5	26.8	28.9	35.1	29.9	23.5	18.3	2.0	1.1	0.8
China	MSCI China Banks Industry Group	3.8	49.2	35.1	20.7	24.3	16.5	12.2	10.1	0.5	0.5	0.6
Consumers												
Brazil	MSCI Brazil Consumer Discretionary Sector	41.3	34.2	57.5	47.5	36.5	32.4	20.5	13.9	1.1	0.6	0.4
Russia	MSCI Russia Consumer Staples Sector	214.5	48.3	48.3	29.4	52.1	35.1	23.7	18.3	1.1	0.7	0.8
India	MSCI India Consumer Discretionary Sector	11.3	9.0	18.1	20.9	15.7	14.4	12.2	10.1	1.7	0.8	0.6
China	MSCI China Consumer Discretionary Sector	16.4	34.3	9.2	20.4	23.8	17.7	16.2	13.5	0.7	1.9	0.8
Energy												
Brazil	MSCI Brazil Energy Sector	9.2	(8.0)	25.2	0.9	12.3	13.4	10.7	10.6	NA	0.5	12.6
Russia	MSCI Russia Energy Sector	18.6	14.1	12.1	6.4	11.5	10.1	9.0	8.5	0.8	0.8	1.4
India	MSCI India Energy Sector	26.5	16.0	17.2	33.7	22.6	20.0	17.1	12.8	1.4	1.2	0.5
China	MSCI China Energy Sector	11.0	10.8	18.3	8.7	15.3	13.8	11.6	10.7	1.4	0.8	1.3
Industrials												
Brazil	MSCI Brazil Industrials Sector	(18.5)	1.8	69.3	4.5	23.8	23.4	13.8	14.4	13.4	0.3	3.1
India	MSCI India Industrials Sector	31.6	8.4	28.9	30.7	36.7	32.8	25.9	20.3	4.4	1.1	0.8
China	MSCI China Industrials Sector	1.1	62.9	17.0	17.3	26.3	17.2	14.7	12.5	0.4	1.0	0.8
Metals												
Brazil	MSCI Brazil Metals & Mining Industry	(4.1)	39.1	5.0	15.4	14.3	10.3	9.8	8.5	0.4	2.1	0.6
Russia	MSCI Russia Metals & Mining Industry	68.4	45.4	(5.1)	(0.2)	10.6	7.3	7.7	7.7	0.2	NA	NA
India	MSCI India Metals & Mining Industry	54.9	3.7	12.4	(4.1)	10.9	10.5	9.4	9.8	3.0	0.9	NA
China	MSCI China Metals & Mining Industry	58.0	6.9	15.5	6.9	15.2	14.4	12.5	11.6	2.2	0.9	1.8

Source: Thomson Datastream.

Valuation summary of BRICs sectors (2)

Valuation summary of BRICs sectors, 30 January, 2008

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

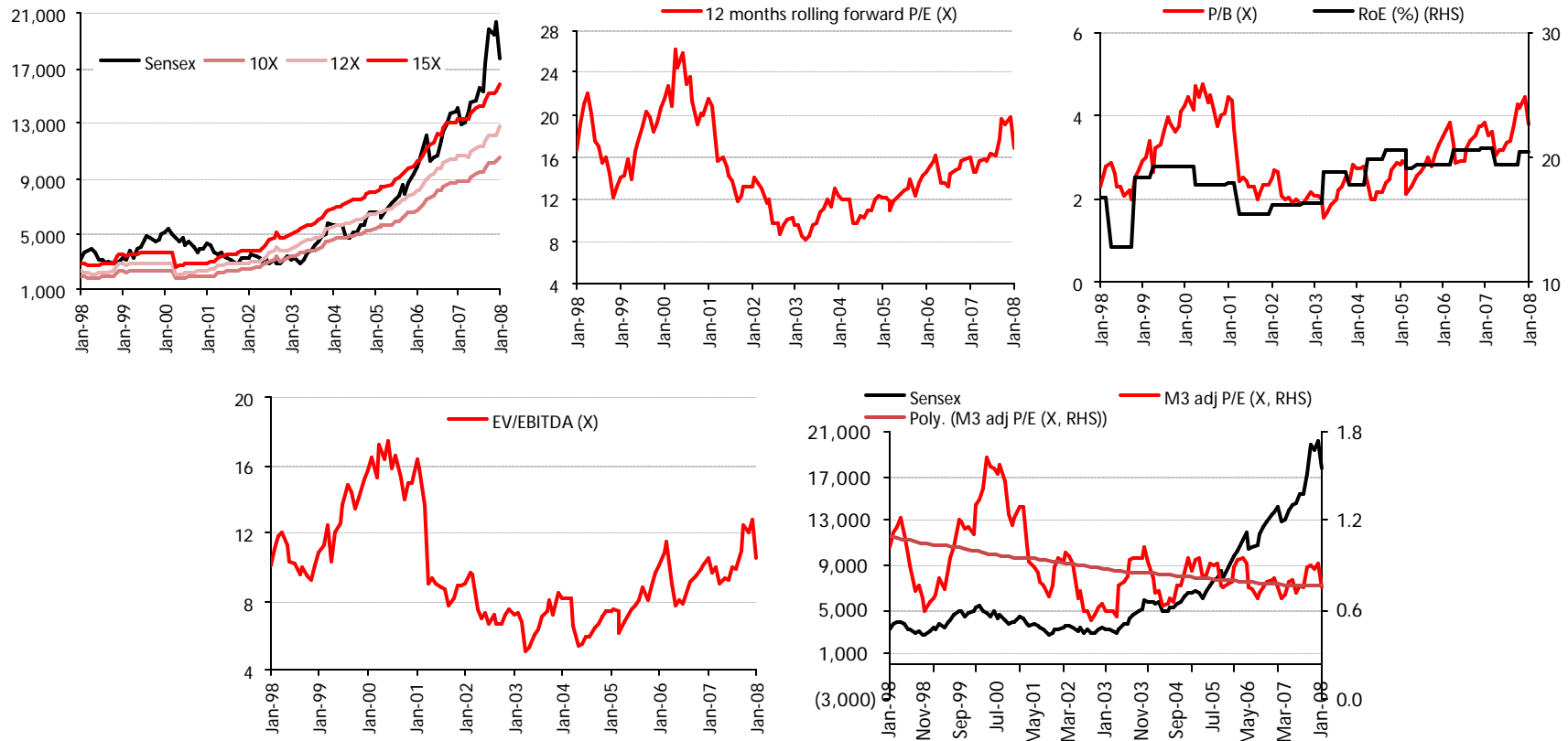
Index		Earnings growth (%)				P/E (X)				PEG ratio (X)		
		2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E
Property												
Brazil	MSCI Brazil Real Estate Industry Group	NA	NA	180.8	54.2	NA	38.0	13.5	8.8	NA	0.2	0.2
India	MSCI India Real Estate Industry Group	1,456.1	116.4	42.2	73.7	55.7	28.1	19.7	11.4	0.5	0.7	0.3
China	MSCI China Real Estate Industry Group	(2.1)	40.0	52.8	37.6	25.5	18.1	11.8	8.6	0.6	0.3	0.3
Technology												
Brazil	MSCI Brazil Information Technology Sector	NA	631.2	25.1	17.9	139.1	19.0	15.2	12.9	0.2	0.8	0.8
India	MSCI India Software & Services Industry Gr	42.6	18.3	18.6	11.5	19.2	16.3	13.7	12.3	1.1	0.9	1.2
China	MSCI China Software & Services Industry Gr	(3.3)	15.4	27.1	32.1	19.9	58.6	46.1	34.9	1.3	2.2	1.4
Telecom												
Brazil	MSCI Brazil Telecommunication Services Sec	234.1	77.4	30.3	23.2	21.8	12.3	9.4	7.7	0.3	0.4	0.4
Russia	MSCI Russia Diversified Telecommunications	(22.4)	12.6	18.8	25.6	30.2	26.8	22.6	18.0	2.4	1.4	0.9
India	MSCI India Telecommunication Services Sec	(20.8)	35.9	28.8	23.9	32.9	24.3	18.8	15.2	0.9	0.8	0.8
China	MSCI China Telecommunication Services Ser	18.7	13.5	26.0	16.2	25.7	22.7	18.0	15.5	1.9	0.9	1.1
Utilities												
Brazil	MSCI Brazil Utilities Sector	15.0	4.6	0.6	12.2	11.1	10.7	10.6	9.4	2.4	17.2	0.9
Russia	MSCI Russia Utilities Sector	66.7	(63.2)	(0.6)	46.3	16.5	44.9	45.2	30.9	NA	NA	1.0
India	MSCI India Utilities Sector	11.5	2.0	10.2	14.0	24.4	23.9	21.7	19.1	12.1	2.3	1.6
China	MSCI China Utilities Sector	9.7	14.1	16.4	15.1	18.1	15.8	13.6	11.8	1.3	1.0	0.9

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, December 1997 - current



Source: Bloomberg, Company reports, Kotak Institutional Equities.

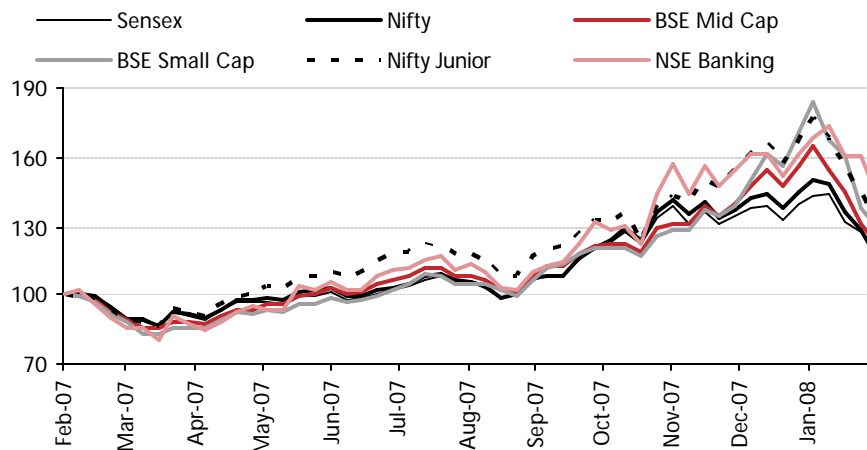
Market performance

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

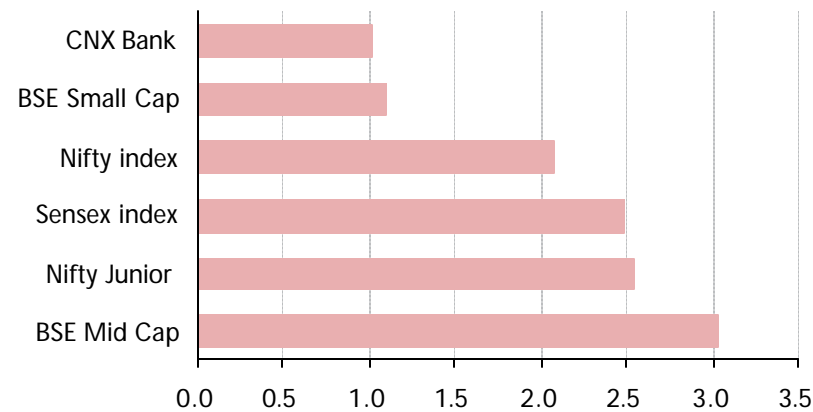
Relative performance of Indian markets

Key performance of benchmark indices

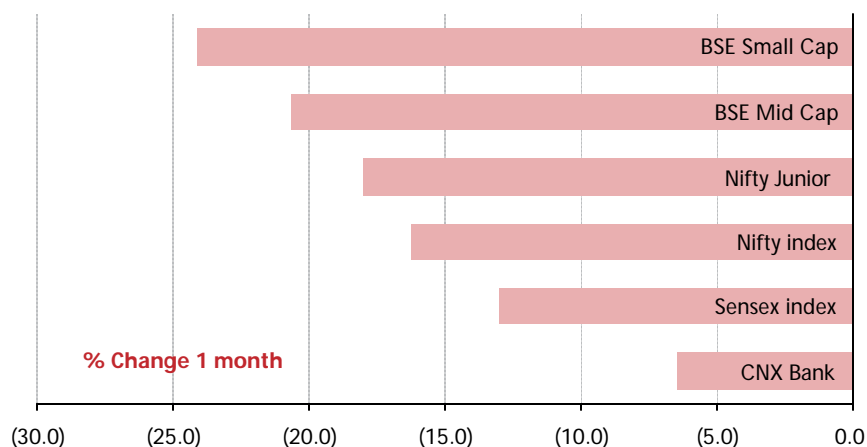
(base 100 as of February 4, 2007)



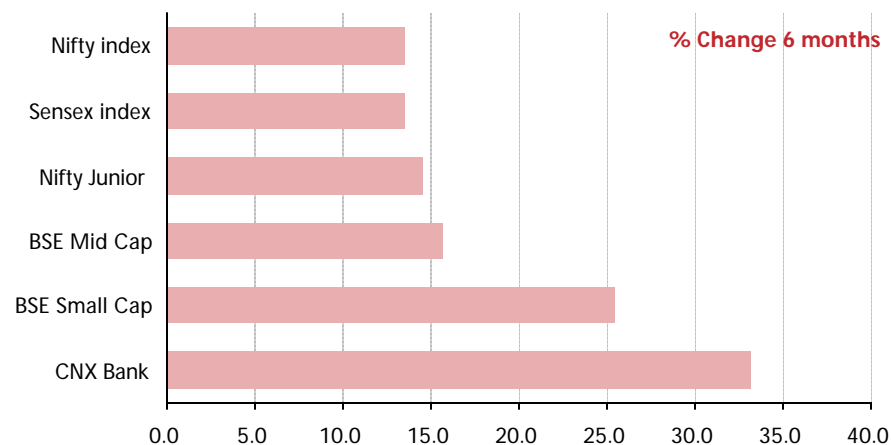
Weekly performance of the benchmark indices



1-month performance of the benchmark indices



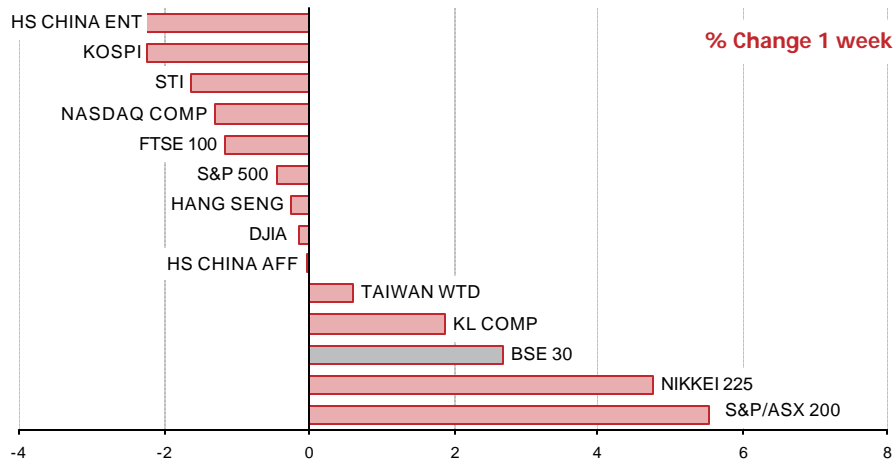
6-month performance of the benchmark indices



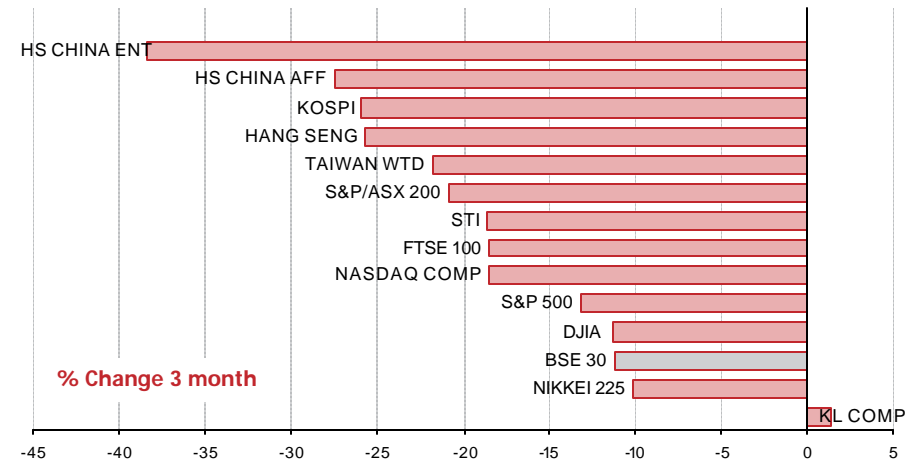
Source: Bloomberg, Kotak Institutional Equities.

BSE-Sensex versus regional indices

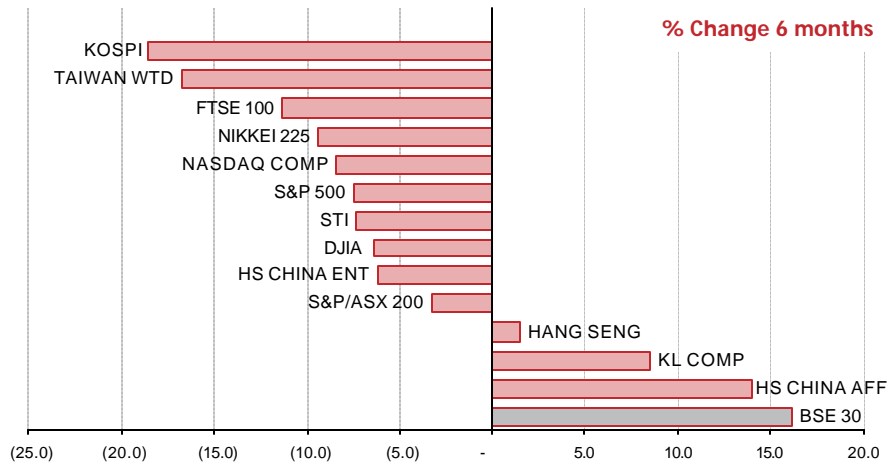
Weekly performance



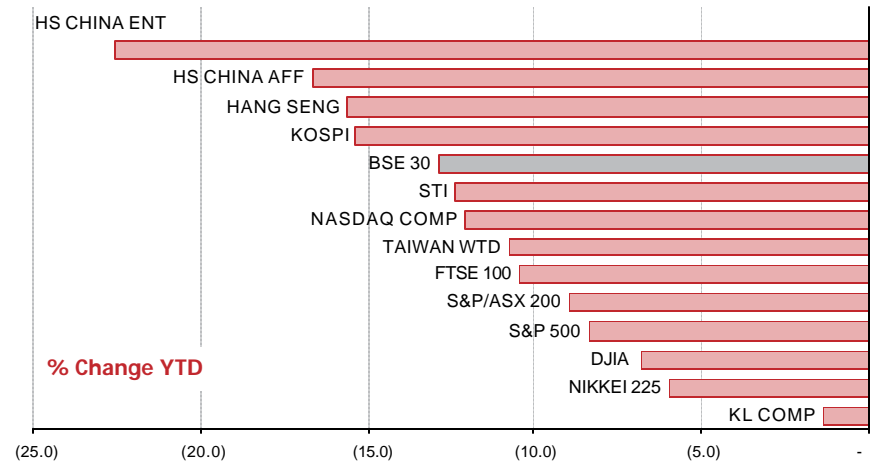
3-month performance



6-month performance



Year-to-date performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities.

Sectoral performance

Market performance of Sensex sectors, 31 January, 2008

	Mkt cap.	Change (%)						Relative change (%)			
	(US\$ m)	1-Day	1-mo	3-mo	6-mo	1-Year	CYTD	1-Day	1-mo	6-mo	1-Year
Automobiles	24,335	1.0	(12.1)	(11.2)	(1.2)	(17.2)	(12.1)	1.6	0.8	(12.9)	(33.9)
Banking	95,556	(2.0)	(5.0)	(0.6)	33.2	53.1	(5.0)	(1.4)	7.1	17.4	22.3
Consumers	30,110	0.5	(5.8)	5.1	8.4	6.9	(5.8)	1.1	6.4	(4.5)	(14.6)
Cement	15,218	(0.8)	(20.2)	(21.4)	(10.6)	(8.5)	(20.2)	(0.2)	(6.3)	(21.2)	(27.0)
Energy	132,629	1.1	(16.5)	(15.2)	20.7	43.4	(16.5)	1.7	(3.1)	6.3	14.5
Industrials	52,537	(1.0)	(16.1)	(17.2)	29.5	92.9	(16.1)	(0.3)	(2.7)	14.1	54.0
Metals	21,511	(0.6)	(21.9)	(18.1)	17.6	45.4	(21.9)	0.0	(7.8)	3.6	16.1
Pharmaceuticals	7,042	(0.6)	(14.4)	(7.0)	(5.5)	(19.2)	(14.4)	(0.0)	(1.2)	(16.7)	(35.5)
Property	35,161	(5.8)	(24.3)	(14.4)	32.8	-	(24.3)	(5.1)	(10.0)	17.0	-
Telecom	72,853	0.1	(15.9)	(17.7)	0.5	25.6	(15.9)	0.7	(2.6)	(11.4)	0.3
Technology	65,506	0.5	(17.8)	(17.4)	(22.1)	(31.1)	(17.8)	1.2	(4.2)	(31.3)	(45.0)
Utilities	52,897	(1.6)	(18.2)	(13.1)	34.7	61.8	(18.2)	(0.9)	(4.6)	18.7	29.2
Sensex sum	605,354	(0.6)	(13.0)	(11.0)	13.5	25.2	(13.0)				

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 Rajesh Exports	34.4	1 Bharat Electronics	(12.0)
2 Asian Paints	24.3	2 India Infoline	(11.9)
1 GE Shipping	24.1	3 ABG Shipyard	(11.5)
2 Sun Pharmaceuticals	21.0	4 Mahindra Life Space Developer	(11.2)
1 Jindal Steel and Power	19.3	5 Suzlon Energy	(9.1)
2 GVK Power	17.8	6 DLF	(9.0)
1 GSPL	17.5	7 Educomp Solutions	(8.8)
2 Tata Tea	16.3	8 Bharat Petroleum	(8.7)
1 IVR Prime Urban Developers	13.1	9 Cadila Healthcare	(8.6)
2 Jindal Saw	12.6	10 TVS Motor Co	(7.3)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Axis Bank	14.9	1 TVS Motor Co	(44.2)
2 Asian Paints	13.0	2 LANCO	(42.7)
3 Indian Bank	7.0	3 Hotel Leela	(40.5)
4 Rajesh Exports	4.7	4 Rico Auto	(39.8)
5 Welspun Gujarat Stahl Rohren	4.3	5 Indian Oil Corporation	(39.5)
6 Lakshmi	3.2	6 India Infoline	(38.9)
7 Colgate-Palmolive (India)	2.9	7 Tech Mahindra	(38.8)
8 iGate Global Solutions	1.7	8 Maharashtra Seamless	(38.1)
		9 MTNL	(37.8)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Axis Bank	14.9	1 TVS Motor Co	(44.2)
2 Asian Paints	13.0	2 LANCO	(42.7)
3 Indian Bank	7.0	3 Hotel Leela	(40.5)
4 Rajesh Exports	4.7	4 Rico Auto	(39.8)
5 Welspun Gujarat Stahl Rohren	4.3	5 Indian Oil Corporation	(39.5)
6 Lakshmi	3.2	6 India Infoline	(38.9)
7 Colgate-Palmolive (India)	2.9	7 Tech Mahindra	(38.8)
8 iGate Global Solutions	1.7	8 Maharashtra Seamless	(38.1)
9 IPCL	-	9 MTNL	(37.8)
10 #N/A	#N/A	10 IVR Prime Urban Developers	(37.2)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	397.1	1 Polaris Software Lab	(63.4)
2 Welspun Gujarat Stahl Rohren	307.4	2 Hexaware Technologies	(60.8)
3 SREI	294.5	3 Tech Mahindra	(60.2)
4 Reliance Energy	286.3	4 Vardhman	(51.0)
6 Educomp Solutions	242.4	5 i-flex solutions	(50.2)
7 Shriram Transport	182.3	6 Rico Auto	(50.0)
8 Reliance Petroleum	145.4	7 TVS Motor Co	(46.1)
9 Sadbhav Engineering	135.2	8 Patni Computer Systems	(41.4)
10 Larsen & Toubro	131.8	9 Aventis Pharma	(35.5)
11 GMR Infrastructure	129.3	10 Maharashtra Seamless	(35.5)

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
Reliance Energy	237.3	DishTV	121.8
Jindal Steel and Power	202.4	Monnet Ispat	77.9
Aditya Birla Nuvo	185.8	Federal Bank	69.0
HDFC	174.7	Andhra Bank	65.5
GSPL	167.1	LIC Housing Finance	65.2
Welspun Gujarat Stahl Rohren	160.2	Corporation Bank	64.5
Siemens	150.0	Dredging Corporation	58.9

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

Lowest 1 year rolling forward P/E (X)	
Company	Lowest P/E
Hindustan Zinc	5.7
Federal Bank	6.1
Hexaware Technologies	6.5
Andhra Bank	6.8
Corporation Bank	7.0
Polaris Software Lab	7.4
Tech Mahindra	7.9
Patni Computer Systems	8.6
Oil & Natural Gas Corporation	8.8
Jindal Saw	8.9

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

Highest 1 year forward P/E (X)	
Company	Highest P/E
Aditya Birla Nuvo	77.0
Educomp Solutions	60.0
Reliance Energy	54.9
Siemens	39.8
HDFC	34.6
Divi's Laboratories	34.1
Centurion Bank of Punjab	33.5
ABB	32.9
Nestle India	31.7
Tata Power	31.4

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

Company	% discount to historical high
HDFC	0.0
Axis Bank	0.0
Shriram Transport	0.3
Aditya Birla Nuvo	2.1
Punjab National Bank	2.5
Sun Pharmaceuticals	3.9
Monnet Ispat	4.4
MMFSL	7.4
State Bank of India	8.3
Tata Power	8.3
Reliance Energy	10.7
Oriental Bank of Commerce	13.8
HDFC Bank	14.3
Canara Bank	14.5
IDFC	14.6
Nestle India	15.2
Bank of Baroda	15.8

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
Reliance Energy	329.6
Jindal Steel and Power	221.9
GAIL (India)	169.1
Petronet LNG	165.2
Castrol India	161.6

Trading at discount to sectors

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

Company	Sector discount
Monnet Ispat	27.9
MTNL	35.0
Bharat Electronics	38.8
Dredging Corporation	40.0
Glaxo SmithKline Consumer	48.7

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
Reliance Energy	53.9
Aditya Birla Nuvo	31.9
Siemens	22.4
Tata Power	22.2
Larsen & Toubro	21.9
ABB	19.7
Sintex	18.7
Nestle India	17.9

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

Lowest 1 year rolling forward EV/EBITDA (X)

Company	Lowest EV/EBITDA
Hexaware Technologies	3.1
MTNL	3.8
Polaris Software Lab	3.8
Oil & Natural Gas Corporation	3.9
TVS Motor Co	4.0
Patni Computer Systems	4.2
Bharat Petroleum	4.8
Aventis Pharma	4.9

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)
Dr Reddy's Laboratories	215,350	148	(28.2)
Canara Bank	410,082	81	(12.8)
Sintex	238,717	66	(14.9)
Bharti Airtel Ltd	892,780	59	(13.1)
CESC	189,673	51	(20.7)
GE Shipping	144,363	49	(26.9)
Suzlon Energy	1,332,764	42	(20.6)

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

Company	5-day average volumes	Price Change (%)	
		% decrease	(1 month basis)
Castrol India	15,420	(80)	(23.7)
Rico Auto	188,445	(79)	(39.8)
Aventis Pharma	1,519	(76)	(21.5)
Ipca Laboratories	2,964	(74)	(7.0)
Colgate-Palmolive (India)	36,592	(73)	2.9
Pfizer	2,065	(72)	(6.8)
VSNL	59,177	(71)	(33.2)

Date	Sensex	Avg daily value traded (US\$ mn)	Institutional participation in total turnover		Sensex delivery (%)	Put-Call (X)
			FII%	MF%		
Apr-07	13,872	2,776	18.0	4.7	49.2	1.12
May-07	14,544	3,420	16.3	4.5	49.8	1.38
Jun-07	14,651	3,327	17.6	3.9	49.9	1.44
Jul-07	15,551	4,309	18.6	4.4	49.8	1.38
Aug-07	15,318	3,742	18.6	4.3	45.2	1.32
Sep-07	17,291	4,703	16.0	4.2	48.0	1.23
Oct-07	19,724	7,118	18.4	3.6	43.0	1.15
Nov-07	19,003	6,771	16.0	3.0	38.0	1.02
Dec-07	20,217	6,802	14.3	3.1	42.0	1.12
Jan-08	17,759	6,705	17.5	4.4	39.0	1.21

Source: Bloomberg, Kotak Institutional Equities.

Earnings momentum

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

Changes in earnings estimates in the past 1 month

Changes in earnings estimates in the past 1 month

FY2008 earnings upgrades (KIE) (1 month)

Company	% Change
1 Sesa Goa	63.2
2 Shriram Transport	40.4
3 GSPL	21.7
4 DLF	18.0
5 Central Bank of India	16.1
6 Indian Oil Corporation	15.9
7 Indian Bank	15.9
8 Cipla	15.5
9 UltraTech Cement	15.2
10 Canara Bank	14.8

FY2009 earnings upgrades (KIE) (1 month)

Company	% Change
1 Shriram Transport	53.5
2 Sesa Goa	36.8
3 Indian Oil Corporation	25.8
4 Mahindra Life Space Developer	23.6
5 DLF	18.7
6 Educomp Solutions	14.5
7 Housing Development & Infrastructure	14.2
8 IDFC	13.6
9 Welspun Gujarat Stahl Rohren	13.4
10 HDFC	12.4

FY2008 earnings downgrades (KIE) (1 month)

Company	% Change
1 VSNL	(42.1)
2 Dredging Corporation	(35.0)
3 MTNL	(19.0)
4 Bharat Electronics	(16.1)
5 Polaris Software Lab	(16.0)
6 Jagran Prakashan	(15.2)
7 Dr Reddy's Laboratories	(14.7)
8 Suzlon Energy	(13.8)
9 Kalpataru Power Transmission	(12.8)
10 DishTV	(11.0)

FY2009 earnings downgrades (KIE) (1 month)

Company	% Change
1 VSNL	(24.7)
2 DishTV	(24.5)
3 Dr Reddy's Laboratories	(19.4)
4 Dredging Corporation	(13.5)
5 Hindustan Zinc	(13.3)
6 Tech Mahindra	(12.6)
7 GlaxoSmithkline Consumer (a)	(11.7)
8 Reliance Industries	(11.7)
9 Bharat Electronics	(10.9)
10 ACC	(10.9)

Source:Kotak Institutional Equities estimates.

Changes in earnings estimates in the past 1 week

Changes in earnings estimates in the past 1 week

FY2008 Earning Upgrades (KIE) (1 week)

Company	% Change
1 Indian Oil Corporation	15.9
2 Bank of Baroda	12.3
3 J&K Bank	11.0
4 Lanco	9.3
5 Mahindra & Mahindra Financial	6.8
6 Bajaj Auto	6.6
7 Oriental Bank of Commerce	2.9
8 Andhra Bank	0.9

FY2009 Earning Upgrades (KIE) (1 week)

Company	% Change
1 Indian Oil Corporation	25.8
2 Lanco	8.2
3 J&K Bank	4.6
4 Bank of Baroda	3.9
5 Mahindra & Mahindra Financial	3.8
4 SREI	1.7
5 Oriental Bank of Commerce	1.3

FY2008 Earning Downgrades (KIE) (1 week)

Company	% Change
1 Dredging Corporation	(35.0)
2 MTNL	(19.0)
3 Kalpataru Power Transmission	(12.8)
4 ACC	(10.4)
5 Mphasis BFL	(9.6)
6 SREI	(6.9)
7 GlaxoSmithkline Consumer (a)	(6.0)

FY2009 Earning Downgrades (KIE) (1 week)

Company	% Change
1 Dredging Corporation	(13.5)
2 GlaxoSmithkline Consumer (a)	(11.7)
3 ACC	(10.9)
4 Bajaj Auto	(10.3)
5 Mphasis BFL	(6.0)
6 Kalpataru Power Transmission	(5.8)
7 Andhra Bank	(4.4)
8 Indian Overseas Bank	(2.2)
9 MTNL	(2.1)
10 Sobha	(1.4)

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	Sintex	69.7	560	330
2	Shriram Transport	67.5	335	200
3	Monnet Ispat	53.3	575	375
4	Tata Power	45.3	1,540	1,060
5	GE Shipping	43.8	525	365
6	Lanco	42.6	670	470
7	DLF	40.2	1,220	870
8	Jindal Saw	31.7	1,100	835
9	Educomp Solutions	21.7	3,650	3,000
10	Oil & Natural Gas Corporatio	20.5	1,325	1,100
11	Sesa Goa	18.1	4,500	3,810
12	Indian Bank	17.2	170	145
13	Housing Development & Infr:	16.5	1,200	1,030
14	HDFC Bank	15.4	1,500	1,300
15	Petronet LNG	14.0	65	57
16	Aditya Birla Nuvo	11.7	2,100	1,880
17	Zee Entertainment Enterpris	11.5	290	260
18	HDFC	11.4	2,450	2,200
19	ITC	11.1	250	225

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Tech Mahindra	(23.1)	1,000	1,300
2	Vardhman	(20.5)	175	220
3	MTNL	(18.5)	110	135
4	Mphasis BFL	(16.7)	250	300
5	Polaris Software Lab	(13.6)	95	110
6	Mindtree	(13.2)	460	530
7	ACC	(11.1)	800	900
8	Hindustan Petroleum	(10.0)	360	400
9	Hindustan Zinc	(9.9)	1,000	1,110
10	Glaxo Smithkline Consumer	(9.7)	650	720
11	Infosys Technologies	(9.1)	2,000	2,200
12	Bharat Electronics	(7.9)	1,750	1,900
13	DishTV	(6.3)	75	80
14	Kalpataru Power Transmission	(5.6)	1,700	1,800
15	Satyam Computer Services	(5.5)	520	550
16	Wipro	(4.4)	545	570
17	Andhra Bank	(4.2)	115	120

Source:Kotak Institutional Equities.

Changes in our ratings

Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
Aditya Birla Nuvo	Downgraded	ADD	BUY
Axis Bank	Downgraded	REDUCE	ADD
Castrol India	Downgraded	REDUCE	ADD
Dr Reddy's Laboratories	Downgraded	ADD	BUY
Dredging Corporation	Downgraded	REDUCE	ADD
Educomp Solutions	Downgraded	REDUCE	ADD
Hindustan Zinc	Downgraded	ADD	BUY
Indian Oil Corporation	Downgraded	SELL	REDUCE
Jindal Saw	Downgraded	ADD	BUY
Lanco	Downgraded	Add	BUY
Mahindra & Mahindra Financial	Downgraded	REDUCE	ADD
Monnet Ispat	Downgraded	ADD	BUY
National Aluminium Co	Downgraded	REDUCE	ADD
NTPC	Downgraded	REDUCE	ADD
Oriental Bank of Commerce	Downgraded	SELL	REDUCE
PSL	Downgraded	ADD	BUY
Sadbhav Engineering	Downgraded	ADD	BUY
Welspun Gujarat Stahl Rohren	Downgraded	SELL	REDUCE

Company name		Rating	
		Current	Previous
ACC	Upgraded	REDUCE	SELL
Canara Bank	Upgraded	REDUCE	SELL
CESC	Upgraded	BUY	ADD
DLF	Upgraded	BUY	ADD
Federal Bank	Upgraded	BUY	ADD
GE Shipping	Upgraded	ADD	REDUCE
HDFC Bank	Upgraded	ADD	REDUCE
Mindtree	Upgraded	BUY	ADD
Oil & Natural Gas Corporation	Upgraded	ADD	REDUCE
Punj	Upgraded	BUY	REDUCE
Sesa Goa	Upgraded	BUY	ADD
UltraTech Cement	Upgraded	REDUCE	SELL
Zee Entertainment Enterprises	Upgraded	ADD	SELL

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
CY 1999	1,537	0
CY 2000	1,462	(150)
CY 2001	2,807	(1,110)
CY 2002	751	(685)
CY 2003	6,658	118
CY2004	8,382	(217)
CY 2005	10,776	2,873
CY 2006	8,632	3,585
CY 2007	17,335	1,525
CY 2008	(3,278)	1,226
Jan	(3,278)	1,226

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

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

Source: Bloomberg, Kotak Institutional Equities

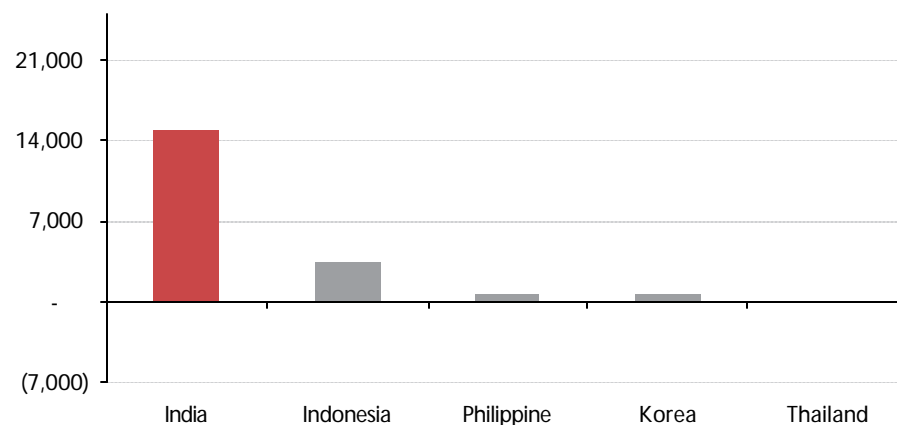
FII flows in other emerging markets

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

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
3-Jan-08	(237)	(11)	(11)	(3)	180
4-Jan-08	(290)	77	(11)	(3)	126
7-Jan-08	(438)	36	(27)	(5)	(20)
8-Jan-08	(232)	54	(26)	(3)	261
9-Jan-08	(166)	54	(15)	(2)	68
10-Jan-08	(155)	-	(6)	(2)	(156)
11-Jan-08	(176)	-	3	(1)	28
14-Jan-08	732	9	(8)	(2)	43
15-Jan-08	677	(23)	(10)	(3)	56
16-Jan-08	79	(81)	(17)	(3)	(565)
17-Jan-08	(210)	(33)	(36)	(3)	(542)
18-Jan-08	(379)	(15)	(24)	(1)	(336)
21-Jan-08	(214)	(124)	(25)	(2)	(601)
22-Jan-08	(620)	4	(12)	(5)	(559)
23-Jan-08	15	(39)	(29)	(2)	(620)
24-Jan-08	54	53	(21)	(2)	(335)
25-Jan-08	123	29	(4)	0	166
28-Jan-08	(126)	32	(11)	(1)	(375)
29-Jan-08	110	44	(6)	1	(71)
30-Jan-08	-	21	2	(0)	(152)
Total	(1,451)	89	(294)	(42)	(3,404)

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	Offer Shares	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Aries Agro Limited	5	130	585	11-Jan-08	252	172	94	33
Manaksia Ltd	16	160	2,480	08-Jan-08	168	95	5	(41)
Transformes & rectifiers	3	465	1,393	28-Dec-07	728	576	57	24
Eclerx Services	3	315	1,010	31-Dec-07	448	335	42	6
Jyothy Lab	4	690	3,057	19-Dec-07	793	798	15	16
Kaushalya Infra	9	60	510	14-Dec-07	82	53	37	(12)
Empee Distilleries	5	400	1,920	26-Nov-07	318	219	(21)	(45)
Mundra Port & eco zone	40	440	17,710	27-Nov-07	962	835	119	90
Edelweiss Capital Ltd	8	825	6,919	12-Dec-07	1,510	1,056	83	28
Renaissance Jewellery Ltd	5	150	799	12-Dec-07	165	113	10	(25)
Kolte Patil	19	145	2,755	13-Dec-07	181	166	25	14
Maytas Infra	9	370	3,275	25-Oct-07	614	800	66	116
Consolidated Construction	5	370	1,887	15-Oct-07	791	1,050	114	184
Religare Enterprises	76	185	1,402	21-Nov-07	521	525	182	184
Supreme Infrastructure	35	108	375	18-Oct-07	175	118	62	9
Dhanus Technologies	38	295	1,131	17-Oct-07	311	174	5	(41)
Koutons Retail	35	415	1,462	12-Oct-07	590	961	42	131
Power Grid Corp	5,739	52	29,845	05-Oct-07	100	103	92	99
Magnum Ventures	176	30	529	20-Sep-07	49	21	62	(30)
Indowind Energy	125	65	813	14-Sep-07	115	94	76	44
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	1,322	18	60
Puravankara Projects	215	400	8,587	30-Aug-07	362	325	(10)	(19)
KPR Mill	59	225	1,330	28-Aug-07	174	129	(23)	(43)
TakeSolutions	21	730	1,533	27-Aug-07	926	999	27	37
Central Bank of India	800	102	8,160	21-Aug-07	115	108	13	6
SEL manufacturing	41	90	372	21-Aug-07	142	236	58	162
Refex Refrigerants	38	65	247	20-Aug-07	62	152	(5)	134
Zylog Systems	36	350	1,260	17-Aug-07	431	287	23	(18)
IVR Prime	142	550	7,783	16-Aug-07	418	285	(24)	(48)
OMAXE Ltd	178	310	5,517	09-Aug-07	349	284	13	(8)
Alpa Laboratories	95	68	646	06-Aug-07	55	35	(19)	(49)
Simplex projects	30	185	555	03-Aug-07	272	423	47	128
Everonn Systems	36	140	500	01-Aug-07	478	788	241	463
Allied Digital	45	190	859	25-Jul-07	331	841	74	343
Housing Development & Infra	297	500	14,850	24-Jul-07	558	887	12	77
Soice Communications	1,131	46	5,203	18-Jul-07	61	36	32	(21)
Roman Tarmat	29	175	508	09-Jul-07	319	133	82	(24)
DLF	1,750	525	91,875	05-Jul-07	570	813	9	55
Vishal Retail	40	270	1,082	04-Jul-07	752	779	179	189
Nitin Fire Protection	34	190	644	05-Jun-07	484	456	155	140
Insecticides Ind	32	115	369	30-May-07	110	61	(5)	(47)
MIC Electronics	51	150	765	30-May-07	336	779	124	420
Binani Cements	205	75	1,538	28-May-07	69	89	(8)	19
Hilton Metal Forging	55	70	382	24-May-07	68	38	(3)	(46)
Bhagwati Hotels	230	40	920	17-May-07	51	69	27	73

Source: Bloomberg and Kotak Institutional Equities.

Forthcoming IPO/Follow on offerings

JAIPRAKASH POWER VENTURES LTD.	IPO
JSW ENERGY LTD.	IPO
NATIONAL HYDROELECTRIC POWER CORP.LTD.	IPO
UTI ASSET MANAGEMENT CO.LTD.	IPO
OIL INDIA LTD.	IPO
ACME TELE POWER LTD.	IPO
RURAL ELECTRIFICATION CORP.LTD.	IPO
ASHOKA BUILDCON LTD.	IPO
D.B.CORP.LTD.	IPO
MAHINDRA HOLIDAYS & RESORTS INDIA LTD.	IPO
PIPAVAV SHIPYARD LTD.	IPO
COX & KINGS (INDIA) LTD.	IPO
RAMKY INFRASTRUCTURE LTD.	IPO
GAMMON INFRASTRUCTURE PROJECTS LTD.	IPO
VASCON ENGINEERS LTD.	IPO
PRINCE FOUNDATIONS LTD.	IPO
RNS INFRASTRUCTURE LTD.	IPO
AUSTRAL COKE & PROJECTS LTD.	IPO
PRIDE HOTELS LTD.	IPO
VIRGO ENGINEERS LTD.	IPO
RESURGERE MINES & MINERALS INDIA LTD.	IPO
XENITIS INFOTECH LTD.	IPO
RAMSARUP LOHH UDYOG LTD.	IPO
TCG LIFESCIENCES LTD.	IPO
GOKUL REFOILS & SOLVENT LTD.	IPO
PERSISTENT SYSTEMS LTD.	IPO
BIRLA COTSYN (INDIA) LTD.	IPO
INFINITY INFOTECH PARKS LTD.	IPO
PNC INFRATECH LTD.	IPO
SURYA FOODS & AGRO LTD.	IPO
NEEL METAL PRODUCTS LTD.	IPO
TECPRO SYSTEMS LTD.	IPO
EURO MULTIVISION LTD.	IPO
GSS AMERICA INFOTECH LTD.	IPO
YBRANT TECHNOLOGIES LTD.	IPO
RITHWIK PROJECTS LTD.	IPO
MAN INFRACONSTRUCTION LTD.	IPO

Source: Primedatabase .

Bulk deals

Bulk/block deals during the week

Deal Date	Scrip Name	Action	Quantity	Price	Value (Rs mn)	Exchange
29-Jan	Videocon Industries Limit	BUY	3404350	505	1717	NSE
29-Jan	Videocon Industries Limit	SELL	2679418	505	1352	NSE
24-Jan	AKRUTI CITY	BUY	585000	1125	658	BSE
24-Jan	Akruti City Limited	BUY	415000	1225	508	NSE
25-Jan	Educomp Solutions Limited	SELL	89150	4088	364	NSE
25-Jan	Rei Agro Limited	BUY	336361	920	309	NSE
25-Jan	Rei Agro Limited	BUY	321000	920	295	NSE
29-Jan	Lakshmi Energy and Foods	BUY	999190	275	275	NSE
23-Jan	LUPIN LTD	SELL	420000	518	218	BSE
29-Jan	TECH ELE ENG	SELL	793460	258	204	BSE
29-Jan	PRAKASH IND.	BUY	705000	278	196	BSE
24-Jan	RAJESH EXPOT	BUY	250000	700	175	BSE
24-Jan	Rajesh Exports Ltd.	BUY	250000	700	175	NSE
25-Jan	RAJESH EXPOT	BUY	225000	720	162	BSE
25-Jan	Rajesh Exports Ltd.	BUY	225000	720	162	NSE
29-Jan	DIAMON CABLE	BUY	300000	510	153	BSE
29-Jan	Prakash Industries Ltd.	BUY	517929	276	143	NSE
29-Jan	TECH ELE ENG	BUY	486000	258	125	BSE
25-Jan	Rolta India Ltd.	SELL	424623	281	119	NSE
25-Jan	Aurobindo Pharma Ltd.	BUY	286804	364	104	NSE
30-Jan	Orchid Chemicals Ltd.	BUY	387731	244	95	NSE
24-Jan	MICRO INKS	SELL	309342	305	94	BSE
24-Jan	MICRO INKS	BUY	309292	305	94	BSE
25-Jan	VESUVIUSINDA	BUY	400000	220	88	BSE
25-Jan	VESUVIUSINDA	SELL	400000	220	88	BSE
23-Jan	SUJANATOWER	BUY	486725	174	85	BSE
25-Jan	Hind. Oil Exploration	BUY	600000	106	64	NSE
24-Jan	FEDDERS LLYO	SELL	596129	102	61	BSE
24-Jan	FEDDERS LLYO	BUY	596000	102	61	BSE
24-Jan	GKW Ltd	SELL	600000	85	51	NSE

Source: BSE and NSE

Delivery positions

Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Sun Tv Network Limited	27	99
Bharat Forge Limited	41	81
Abg Shipyard Ltd	63	99
Nagarjuna Construction Co	52	85
Itc Ltd	35	67
CESC Limited	52	80
Tvs Motor Co Ltd	35	60
Monnet Ispat & Energy Ltd	70	93
Micro Inks Ltd	67	90

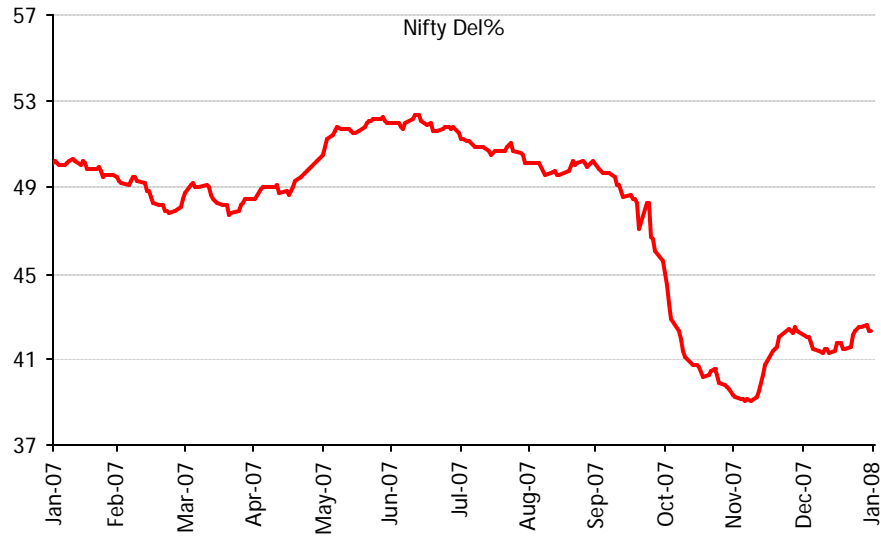
Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Sadbhav Engineering Ltd	56	9
Punj Lloyd Limited	41	-
Mindtree Consulting Limited	69	36
Pantaloon Retail India Ltd	98	65
Jagran Prakashan Limited	86	54
Grasim Industries Ltd	84	55
Indian Bank	84	57
Motherson Sumi Systems Ltd	85	60
Tata Tea Limited	91	67

Source: Bloomberg and Kotak Institutional Equities.

Market movement indicators

Aggregate delivery percentage

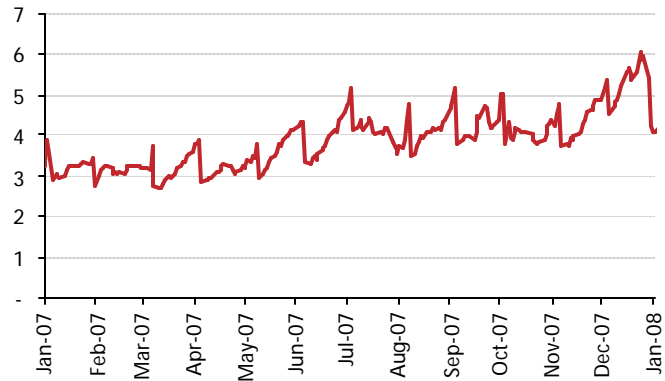


Source: Bloomberg and Kotak Institutional Equities.

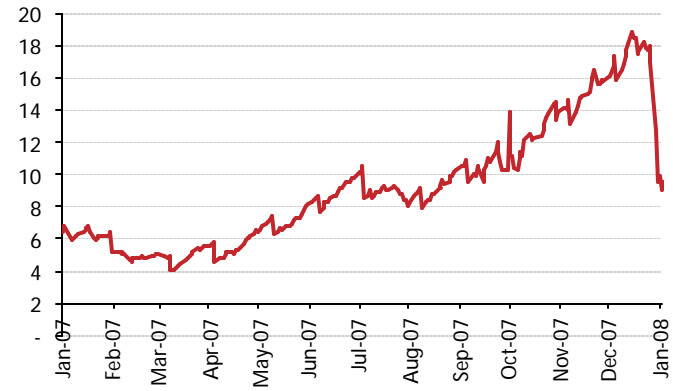
Open interest analysis

National Stock Exchange (US\$ bn)

India Index futures open interest



India stock futures open interest

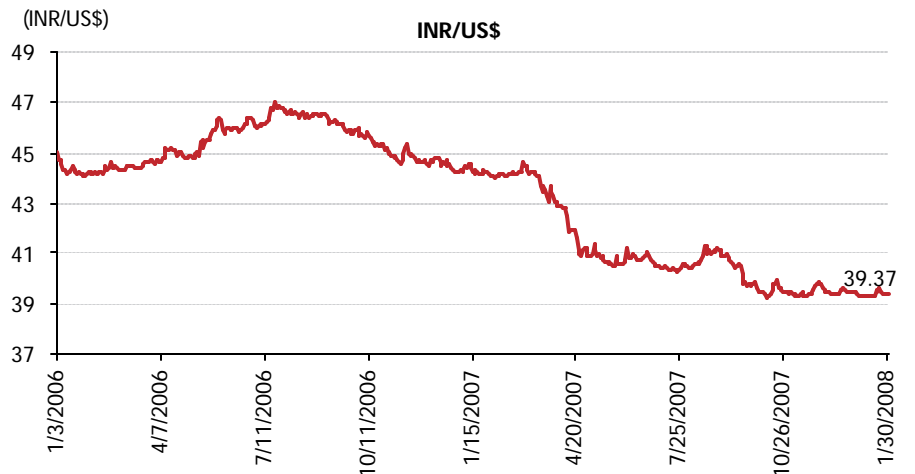
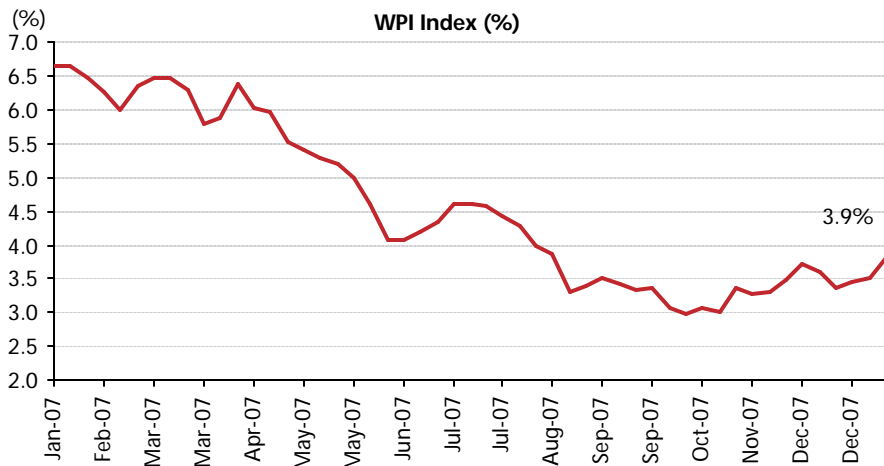
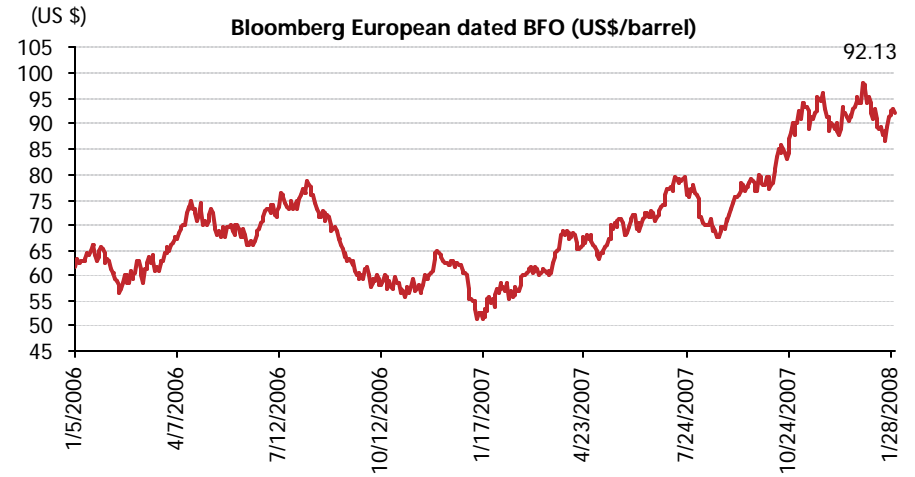
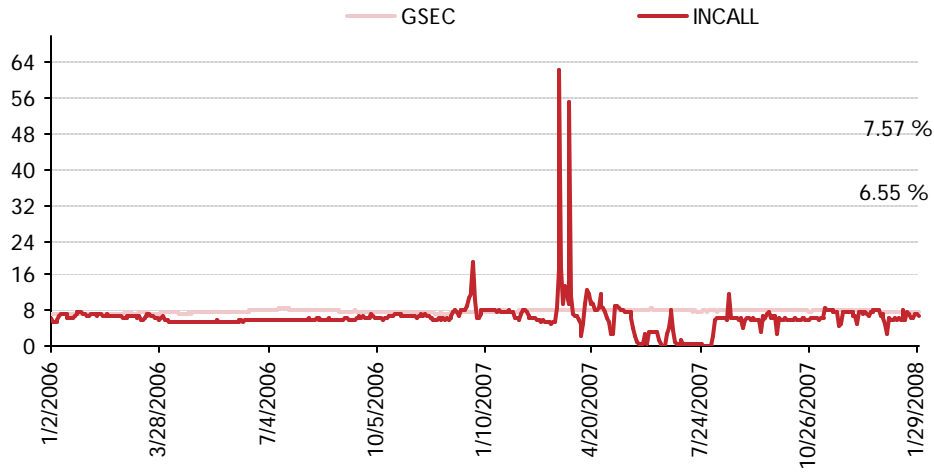


Source: Bloomberg and Kotak Institutional Equities.

Economic indicators

Economic indicators

Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

Kotak valuation summary

Valuation summary

Kotak Institutional Equities Universe

Company	31-Jan-08		Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price		ADVT- 3mo (US\$ mn)
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	(Rs)	(%)	
Automobiles																													
Bajaj Auto	2,356	BUY	238,353	6,051	101	127.2	122.0	136.3	14.5	(4.1)	11.8	18.5	19.3	17.3	12.9	13.1	12.0	4.2	3.8	3.4	1.7	1.7	1.7	23.7	20.0	19.9	2,815	19.5	13.5
Mahindra & Mahindra	669	BUY	172,718	4,385	258	37.4	44.2	44.5	42.4	18.2	0.7	17.9	15.1	15.0	12.1	11.2	10.5	4.8	3.0	2.8	1.6	1.4	1.4	32.4	25.7	19.9	915	36.7	16.7
Maruti Suzuki	849	BUY	245,274	6,227	289	54.0	67.6	88.4	31.4	25.0	30.8	15.7	12.6	9.6	9.2	7.7	5.6	3.5	2.7	2.1	0.5	0.5	0.5	24.9	24.5	24.9	1,200	41.4	3.5
Tata Motors	706	BUY	302,203	7,672	428	47.0	45.7	53.2	20.0	(2.9)	16.5	15.0	15.5	13.3	9.6	9.5	8.3	3.9	3.0	2.8	1.9	1.9	1.9	27.7	23.4	22.8	915	29.6	25.1
Automobiles																													
		Attractive	958,548	24,335					27.6	9.7	17.2	16.7	15.3	13.0	10.5	9.9	8.3	4.0	3.2	2.7	1.5	1.4	1.4	24.0	21.2	20.6			
Banks/Financial Institutions																													
Andhra Bank	91	BUY	44,159	1,121	485	11.1	12.7	12.9	10.8	14.3	1.7	8.2	7.2	7.1	—	—	—	1.5	1.4	1.2	4.2	4.2	4.2	17.8	19.0	17.8	115	26.3	4.3
Axis Bank	1,111	REDUCE	366,963	9,316	330	23.4	32.8	42.2	34.4	40.2	28.6	47.5	33.9	26.3	—	—	—	12.3	4.3	3.7	0.4	0.6	0.8	21.0	17.8	16.0	850	(23.5)	3.8
Bank of Baroda	389	ADD	142,153	3,609	366	28.1	39.6	40.4	24.1	41.0	2.0	13.8	9.8	9.6	—	—	—	1.8	1.6	1.5	1.8	2.0	2.1	12.4	16.1	15.0	400	2.9	9.8
Canara Bank	289	REDUCE	118,675	3,013	410	34.7	38.0	30.4	5.8	9.7	(20.0)	8.4	7.6	9.5	—	—	—	1.7	1.4	1.2	2.4	2.2	2.4	16.3	14.6	10.9	250	(13.6)	7.3
Central Bank of India	108	ADD	43,506	1,104	404	15.4	15.3	15.3	570.9	(0.6)	(0.1)	7.0	7.1	7.1	—	—	—	2.6	1.5	1.3	2.3	2.8	2.8	16.0	16.2	13.7	130	20.8	6.1
Centurion Bank of Punjab	54	REDUCE	91,634	2,326	1,686	0.8	1.0	1.5	35.6	24.1	39.9	64.3	51.8	37.0	—	—	—	8.0	5.1	4.4	-	-	-	11.5	10.1	12.7	45	(17.2)	24.3
Corporation Bank	340	BUY	48,783	1,238	143	37.4	46.9	49.3	20.6	25.4	5.1	9.1	7.3	6.9	—	—	—	1.3	1.2	1.0	2.6	2.8	2.9	15.0	17.0	16.0	470	38.2	1.6
Federal Bank	311	BUY	33,298	845	107	34.2	38.5	32.1	40.0	12.5	(16.6)	9.1	8.1	9.7	—	—	—	2.4	0.9	0.8	1.0	2.5	3.3	21.2	14.8	13.2	340	9.4	4.6
HDFC	2,844	REDUCE	815,332	20,699	287	62.1	83.7	93.2	23.6	34.8	11.4	45.8	34.0	30.5	—	—	—	14.7	6.6	5.9	0.7	1.0	1.1	31.3	26.9	20.4	2,450	(13.8)	62.2
HDFC Bank	1,568	ADD	543,550	13,799	347	35.7	48.4	64.4	28.5	35.4	33.0	43.9	32.4	24.4	—	—	—	8.4	4.6	4.0	0.4	0.6	0.8	19.5	18.3	17.9	1,500	(4.3)	30.0
ICICI Bank	1,146	ADD	1,267,089	32,168	1,106	34.6	36.7	45.7	5.6	6.2	24.3	33.1	31.2	25.1	—	—	—	5.2	2.5	2.5	0.7	0.7	1.0	13.4	10.7	10.3	1,200	4.7	128.4
IDFC	200	SELL	258,773	6,570	1,291	4.4	6.1	8.4	25.8	40.5	37.1	46.0	32.7	23.9	—	—	—	8.8	4.7	4.2	0.4	0.7	1.0	17.9	18.6	18.5	150	(25.1)	68.9
India Infoline	1,179	ADD	67,693	1,719	57	15.1	28.8	54.9	39.3	91.3	90.3	78.2	40.9	21.5	48.1	19.3	9.9	20.8	6.1	3.2	0.2	-	-	29.1	23.1	23.9	1,400	18.8	13.1
Indian Bank	208	SELL	89,371	2,269	430	16.8	27.9	24.8	148.1	65.8	(11.2)	12.4	7.5	8.4	—	—	—	3.0	2.4	2.0	1.4	3.4	3.0	25.8	31.3	23.7	170	(18.2)	6.0
Indian Overseas Bank	162	ADD	88,367	2,243	545	18.5	22.3	22.7	28.7	20.7	1.7	8.8	7.3	7.1	—	—	—	2.2	1.9	1.6	2.2	2.8	3.1	28.1	28.1	24.1	150	(7.5)	3.1
J&K Bank	765	ADD	37,087	942	48	56.6	73.3	74.6	55.2	29.5	1.8	13.5	10.4	10.2	—	—	—	2.1	1.8	1.5	1.5	1.9	2.0	14.4	16.6	14.9	850	11.1	0.5
LIC Housing Finance	284	ADD	26,567	674	93	32.8	40.3	45.1	33.9	22.6	12.0	8.7	7.1	6.3	—	—	—	2.1	1.2	1.1	2.6	3.4	3.8	-	-	-	350	23.0	15.9
Mahindra & Mahindra Financial	301	REDUCE	28,608	726	95	15.7	20.1	24.9	25.5	28.2	23.8	19.2	15.0	12.1	—	—	—	3.9	2.3	2.0	1.2	1.5	2.1	18.1	16.3	16.9	290	(3.8)	1.2
Oriental Bank of Commerce	254	SELL	63,637	1,616	251	33.0	33.4	34.5	2.9	1.3	3.3	7.7	7.6	7.4	—	—	—	1.4	1.2	1.1	1.9	1.9	2.0	10.9	10.3	10.1	240	(5.5)	4.2
PFC	192	SELL	219,855	5,581	1,148	11.1	12.3	15.0	9.8	10.7	21.8	17.3	15.6	12.8	—	—	—	2.3	2.1	1.9	1.2	0.9	1.1	12.7	14.1	15.2	150	(21.7)	11.1
Punjab National Bank	649	BUY	204,505	5,192	315	48.8	58.6	62.3	7.0	19.9	6.3	13.3	11.1	10.4	—	—	—	2.2	1.9	1.6	2.0	1.6	1.7	15.5	16.5	15.5	650	0.2	13.7
SREI	206	BUY	22,484	571	109	7.3	9.6	7.6	63.6	31.5	(20.1)	28.4	21.6	27.0	—	—	—	4.9	4.1	1.9	0.5	1.0	1.4	18.1	23.4	17.3	240	16.4	3.9
State Bank of India	2,162	NR	1,137,990	28,890	526	86.3	114.7	107.5	3.1	32.9	(6.3)	25.1	18.9	20.1	—	—	—	4.3	3.8	3.3	0.6	0.7	0.8	15.4	18.7	16.0	-	-	93.0
Union Bank	191	BUY	96,705	2,455	505	16.7	22.7	26.2	14.8	35.9	15.1	11.4	8.4	7.3	—	—	—	1.9	1.6	1.4	1.8	2.4	2.7	19.2	22.1	21.4	250	30.6	7.3
Banks/Financial Institutions																													
		Attractive	5,856,781	148,687					18.2	31.9	11.1	25.8	19.6	17.6	—	—	—	4.4	3.0	2.6	0.9	1.0	1.2	16.9	15.3	14.8			
Cement																													
ACC	783	REDUCE	147,639	3,748	189	56.7	65.1	68.8	93.7	14.9	5.7	13.8	12.0	11.4	8.2	6.6	6.3	4.3	3.3	2.8	2.2	3.0	3.0	39.7	34.0	28.1	800	2.2	17.3
Ambuja Cements	120	SELL	181,412	4,606	1,517	8.5	9.2	10.3	72.9	8.1	12.0	14.0	12.9	11.6	10.1	8.1	6.9	4.7	3.7	2.9	1.5	2.2	1.3	44.5	33.1	29.5	130	8.7	7.0
Grasim Industries	2,949	ADD	270,371	6,864	92	214.6	271.8	305.3	98.9	26.7	12.3	13.7	10.8	9.7	7.3	5.7	4.9	3.0	2.3	1.8	0.9	1.1	1.1	24.5	24.3	21.4	3,400	15.3	11.2
India Cements	208	REDUCE	58,572	1,487	282	26.1	25.4	27.9	n/a	(2.8)	9.8	8.0	8.2	7.5	10.3	5.9	5.0	2.7	1.7	1.4	—	0.9	1.0	31.4	26.5	21.6	270	29.9	15.4
Shree Cement	1,289	ADD	44,903	1,140	35	45.2	112.5	132.3	(5.9)	148.8	17.6	28.5	11.5	9.7	8.5	5.2	4.3	10.0	5.4	3.8	0.5	0.5	0.6	38.6	60.8	45.3	1,600	24.1	0.6
UltraTech Cement	861	REDUCE	107,136	2,720	124	63.3	84.0	86.7	255.1	32.7	3.2	13.6	10.2	9.9	8.2	6.3	6.0	4.6	3.3	2.5	0.8	0.9	1.0	55.8	46.7	33.7	850	(1.2)	3.5
Cement																													
		Cautious	810,033	20,564					116.2	24.2	9.9	13.8	11.1	10.1	8.3	6.3	5.6	3.8	2.8	2.3	1.2	1.6	1.4	27.5	25.5	22.3			
Consumer Products																													
Asian Paints	1,246	ADD	119,487	3,033	96	28.1	38.3	44.3	22.0	36.1	15.8	44.3	32.5	28.1	25.9	19.6	16.5	15.6	12.3	9.9	1.0	1.2	1.4	39.5	43.5	40.2	1,110	(10.9)	2.5
Colgate-Palmolive (India)	419	BUY	57,022	1,448	136	14.6	16.8	19.2	32.6	14.9	14.1	28.6	24.9	21.9	20.9	18.9	16.2	20.3	30.5	26.0	2.3	3.0	3.4	72.2	98.0	129.1	455	8.5	3.0
GlaxoSmithKline Consumer (a)	602	ADD	25,336	643	42	30.2	38.5	41.8	18.5	27.4	8.7	20.0	15.7	14.4	10.1	8.1	7.2	4.5	3.8	3.3	1.7	2.1							

Valuation summary

Kotak Institutional Equities Universe

Company	31-Jan-08		Mkt cap.		O/S Shares (mn)	EPS (Rs)			EPS Growth (%)			PER (X)		EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price (Rs)	Upside (%)	ADVT-3mo (US\$ mn)		
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E				2009E	
Industrials																														
ABB	1,120	REDUCE	237,422	6,027	212	16.1	24.7	36.0	55.6	54.0	45.4	69.8	45.3	31.2	42.0	26.9	18.2	19.9	14.4	10.1	0.2	0.3	0.3	32.4	36.8	38.2	1,575	40.6	14.3	
AIA Engineering	1,489	BUY	27,995	711	19	51.4	64.3	98.4	74.4	25.2	53.1	29.0	23.2	15.1	20.6	15.9	9.8	5.7	4.7	3.7	0.2	0.4	0.7	25.1	21.7	26.1	1,750	17.5	1.2	
Bharat Electronics	1,560	REDUCE	124,760	3,167	80	91.7	88.7	112.3	21.9	(3.3)	26.7	17.0	17.6	13.9	8.9	8.5	6.5	4.6	3.9	3.2	1.2	1.6	1.6	30.3	24.1	25.5	1,750	12.2	3.7	
Bharat Heavy Electricals	2,064	ADD	1,010,418	25,652	490	49.3	64.3	82.1	44.1	30.4	27.7	41.8	32.1	25.1	22.6	17.5	13.7	11.5	9.1	7.1	0.5	0.7	0.9	30.0	31.6	31.8	2,500	21.1	65.9	
Dredging Corporation	776	REDUCE	21,720	551	28	57.9	49.5	60.9	(9.4)	(14.6)	23.0	13.4	15.7	12.7	7.9	8.3	6.3	1.9	1.8	1.6	1.9	1.9	1.9	14.9	11.8	13.1	775	(0.1)	2.9	
Larsen & Toubro	3,680	BUY	1,059,021	26,886	288	62.8	91.6	123.5	59.4	45.8	34.8	58.6	40.2	29.8	36.6	25.1	18.7	13.8	10.1	7.5	0.3	0.3	0.3	27.6	29.0	29.4	4,050	10.0	9.8	
Maharashtra Seamless	390	BUY	27,622	701	71	33.5	37.8	45.0	38.3	12.7	19.0	11.6	10.3	8.7	6.9	5.7	4.3	2.7	2.2	1.8	1.0	1.2	1.3	32.6	23.6	22.6	680	74.4	4.1	
Siemens	1,674	REDUCE	282,161	7,163	169	22.7	31.3	44.3	31.3	38.0	41.2	73.7	53.4	37.8	41.8	30.1	20.5	22.7	15.5	11.5	0.2	0.3	0.3	35.3	34.5	34.9	1,850	10.5	19.2	
Suzlon Energy	308	ADD	481,619	12,227	1,566	6.0	6.8	13.3	14.2	13.6	94.5	51.2	45.1	23.2	36.5	26.7	17.0	13.7	6.3	5.0	0.3	0.3	0.3	27.6	19.1	24.0	450	46.3	42.3	
Industrials		Attractive	3,272,737	83,085					40.4	30.4	39.9	46.6	35.8	25.6	27.7	21.0	15.5	11.8	8.4	6.5	0.4	0.5	0.5	25.3	23.4	25.0				
Infrastructure																														
GMR Infrastructure	174	NR	287,783	7,306	1,655	1.1	1.8	2.1	97.5	66.6	17.6	165.0	99.0	84.2	57.0	63.4	30.8	12.6	10.6	8.7	-	-	-	10.6	11.6	11.4	-	-	89.3	
Media																														
DishTV	67	REDUCE	29,550	750	441	(5.8)	(9.0)	(8.9)	n/a	53.9	(0.3)	(11.5)	(7.5)	(7.5)	(16.3)	(16.7)	(35)	(74.9)	(9.9)	(4.2)	-	-	-	(330.6)	234.8	80.5	75	11.9	14.7	
HT Media	200	ADD	46,764	1,187	234	4.1	6.2	9.8	53.6	50.9	57.8	48.3	32.0	20.3	26.7	18.0	11.3	5.9	5.1	4.3	0.2	0.5	1.0	12.8	17.2	23.1	260	30.2	1.0	
Jagran Prakashan	125	ADD	37,586	954	301	2.4	3.6	5.6	44.5	45.6	57.0	51.2	35.1	22.4	30.2	20.4	13	7.4	6.8	6.0	1.2	1.4	2.2	14.7	20.1	28.5	145	16.2	0.4	
Sun TV Network	350	REDUCE	137,967	3,503	394	6.3	9.3	12.5	20.8	45.9	34.7	55.2	37.8	28.1	30.9	20.7	15.5	11.6	9.6	7.9	0.4	0.7	1.1	32.9	27.8	30.8	320	(8.6)	5.1	
Zee Entertainment Enterprises	284	ADD	122,916	3,120	434	5.5	8.7	12.2	11.2	59.9	40.2	51.9	32.5	23.2	39.1	22.1	16	4.7	4.3	3.9	0.5	0.7	1.0	10.0	13.9	17.7	290	2.3	11.8	
Media		Cautious	374,784	9,515					14.6	49.6	69.7	93.2	62.3	46.3	43.3	26.1	17.1	7.4	6.9	6.3	0.5	0.7	1.1	7.9	11.1	17.2				
Metals																														
Hindalco Industries	166	BUY	216,607	5,499	1,307	19.6	17.5	15.9	55.2	(10.9)	(8.8)	8.4	9.5	10.4	6.5	5.9	5.9	1.6	1.1	1.1	0.8	1.1	1.1	21.0	14.3	10.8	210	26.7	25.5	
National Aluminium Co.	429	REDUCE	276,538	7,021	644	37.0	26.3	24.6	55.4	(28.8)	(6.4)	11.6	16.3	17.4	6.1	8.4	9.2	3.3	2.9	2.6	1.7	1.7	1.7	32.1	19.1	16.0	375	(12.6)	3.8	
Jindal Steel and Power	2,317	ADD	356,713	9,056	154	56.2	77.3	106.9	47.6	37.6	38.3	41.3	30.0	21.7	25.1	18.5	14.1	11.6	8.3	5.9	0.2	0.2	0.2	28.2	27.7	27.3	2,900	25.2	96.8	
JSW Steel	967	ADD	179,601	4,560	186	67.8	92.0	107.6	51.3	35.7	16.9	14.3	10.5	9.0	7.7	7.2	6.9	2.7	1.8	1.5	1.3	1.9	1.9	22.1	21.2	18.7	1,040	7.6	24.6	
Hindustan Zinc	604	ADD	255,232	6,480	423	105.1	95.6	93.9	201.7	(9.1)	(1.7)	5.7	6.3	6.4	4.0	4.1	3.3	3.2	2.2	1.7	0.8	1.2	1.2	73.4	41.1	29.2	1,000	65.5	2.7	
Sesa Goa	3,030	BUY	119,275	3,028	39	154.1	314.6	443.1	12.5	104.2	40.8	19.7	9.6	6.8	13.1	5.8	3.7	7.7	4.8	3.0	1.7	2.3	2.6	45.4	61.2	54.2	4,500	48.5	18.3	
Sterlite Industries	751	ADD	532,044	13,507	708	83.1	59.7	57.2	37.5	(28.1)	(4.3)	9.0	12.6	13.1	6.4	6.4	5.8	4.9	2.3	2.0	-	-	-	50.7	24.9	16.3	1,000	33.2	71.9	
Tata Steel	734	REDUCE	630,700	16,012	860	50.9	53.6	58.6	(20.9)	5.4	9.3	14.4	13.7	12.5	8.8	7.8	7.7	4.0	2.0	1.8	1.5	1.6	1.6	36.8	23.3	15.0	775	5.7	51.6	
Metals		Neutral	2,566,709	65,161					78.0	(0.6)	5.3	12.1	12.2	11.6	7.5	7.2	6.6	3.8	2.3	2.0	0.9	1.1	1.1	31.2	19.1	17.1				
Oil & Gas																														
Bharat Petroleum	364	NR	119,180	3,026	328	52.3	42.4	25.6	578.0	(18.9)	(39.6)	6.9	8.6	14.2	3.5	3.9	5.2	1.0	1.0	0.9	4.9	4.9	2.9	16.2	11.8	6.7	-	-	12.2	
Cairn India	194	SELL	342,294	8,690	1,765	2.3	0.5	1.9	27.6	(80.2)	313.5	84.3	425.6	102.9	44.8	40.8	33.7	1.2	1.2	1.1	-	-	-	2.7	0.3	1.1	160	(17.5)	31.2	
Castrol India (a)	275	REDUCE	34,032	864	124	12.2	18.3	20.4	3.2	50.1	11.3	22.5	15.0	13.5	13.0	8.7	7.7	8.0	7.2	6.5	3.3	4.4	5.1	36.6	50.5	50.7	310	12.6	0.8	
GAIL (India)	416	SELL	351,960	8,935	846	25.3	28.6	29.4	(9.5)	12.9	3.1	16.5	14.6	14.1	9.6	8.7	7.8	2.8	2.5	2.2	2.4	2.4	2.6	16.8	16.8	15.4	380	(8.7)	33.7	
GSPL	80	SELL	43,355	1,101	544	1.6	1.7	4.9	40.0	3.1	188.3	48.7	47.2	16.4	17.6	13.7	8.0	4.1	3.8	3.2	0.6	0.6	1.9	8.8	8.4	21.3	65	(18.4)	18.7	
Hindustan Petroleum	256	ADD	86,703	2,201	339	40.0	25.1	30.6	503.8	(37.2)	21.6	6.4	10.2	8.4	4.2	5.7	4.5	0.8	0.7	0.7	7.0	3.9	3.9	11.9	7.0	8.0	360	40.7	19.7	
Indian Oil Corporation	481	SELL	566,722	14,387	1,179	46.8	76.6	56.9	21.3	63.6	(25.7)	10.3	6.3	8.4	4.9	3.5	3.8	1.5	1.3	1.1	4.0	4.2	3.2	15.0	21.2	13.7	550	14.5	20.8	
Oil & Natural Gas Corporation	988	ADD	2,114,076	53,670	2,139	84.4	101.0	112.4	15.0	19.6	11.3	11.7	9.8	8.8	4.8	4.0	3.5	2.3	2.0	1.8	3.1	3.3	3.3	20.3	20.9	20.4	1,325	34.1	66.3	
Petronet LNG	72	SELL	54,338	1,379	750	4.2	6.2	5.4	-	48.0	(12.7)	17.3	11.7	13.4	9.6	7.3	9.1	3.6	2.7	2.3	1.7	2.1	1.4	22.4	25.3	18.0	65	(10.3)	28.6	
Reliance Industries	2,480	RS	3,110,161	78,958	1,254	83.4	100.8	112.9	32.0	20.9	12.0	29.7	24.6	22.0	15.8	14.1	11.1	4.4	4.1	2.7	0.5	0.6	0.7	19.3	18.4	16.7	-	-	320.4	
Reliance Petroleum	160	SELL	720,000	18,279	4,500	(0.0)	(0.0)	4.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29.2	5.4	5.4	4.7	-	-	-	(0.0						

Valuation summary

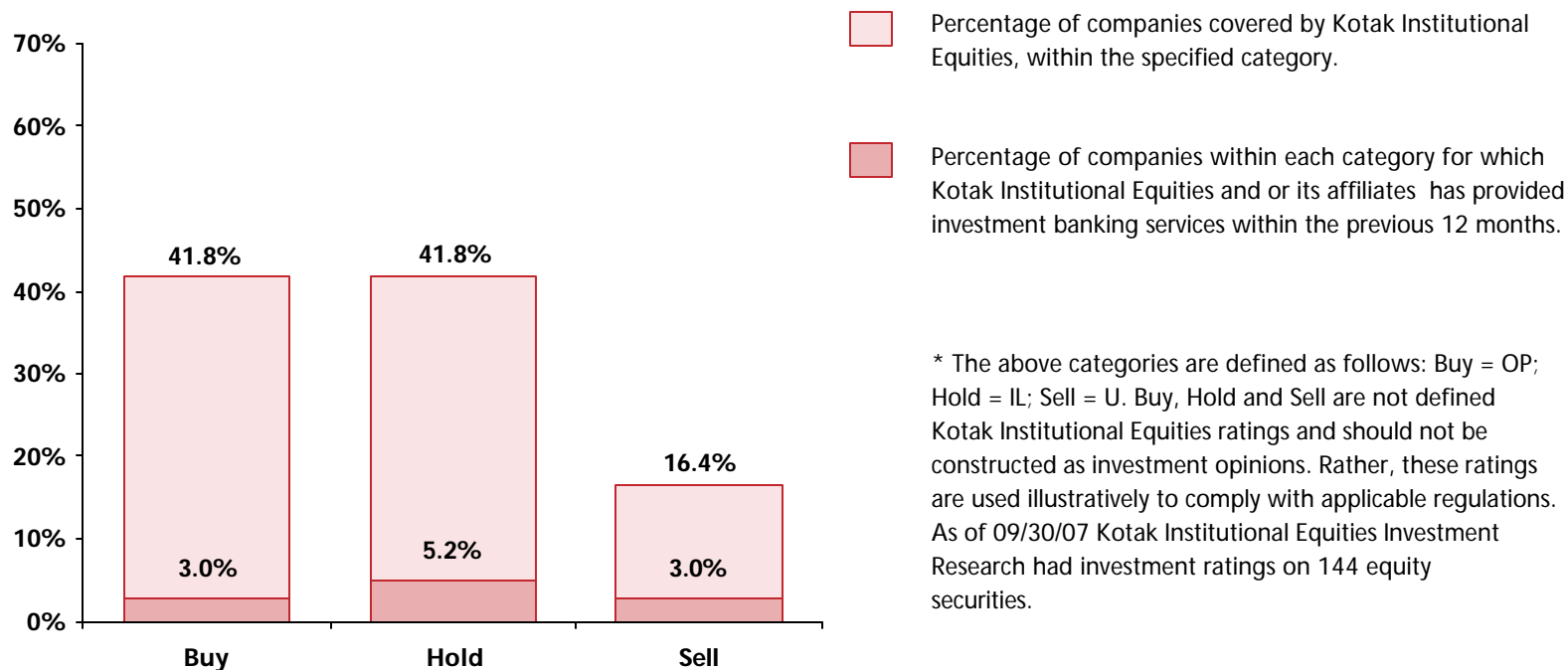
Kotak Institutional Equities Universe

Company	31-Jan-08		Mktcap.		O/S Shares		EPS (Rs)			EPS Growth (%)			PER (X)		EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price	Upside	ADVT-3mo
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	(Rs)	(%)	(US\$ mn)
Pipes																													
Jindal Saw	890	ADD	49,808	1,264	56	73.2	66.0	112.2	138.0	(9.9)	70.1	12.1	13.5	7.9	6.2	7.1	4.4	1.8	1.6	1.4	0.7	0.7	0.7	20.1	13.6	19.4	1,100	23.7	7.2
PSL	411	ADD	17,006	432	41	20.2	28.4	40.5	16.7	40.1	42.9	20.3	14.5	10.2	11.7	8.7	6.3	4.8	2.4	2.1	1.1	1.3	1.6	10.7	12.5	14.5	500	21.6	0.9
Welspun Gujarat Stahl Röhren	476	SELL	89,014	2,260	187	10.6	22.0	25.9	48.7	108.5	17.5	45.1	21.6	18.4	30.0	16.6	10.4	12.1	4.8	4.1	0.4	0.5	1.0	22.0	30.4	25.1	310	(34.9)	20.0
Pipes		Attractive	155,827	3,956					105.0	40.0	52.7	26.1	18.6	12.2	13.0	11.1	7.2	4.1	2.9	2.3	0.6	0.7	1.0	15.8	15.8	19.2			
Retail																													
Pantaloon Retail	597	REDUCE	87,544	2,222	147	6.1	10.5	15.0	26.7	73.1	42.7	98.5	56.9	39.9	38.7	27.2	19.8	8.4	7.7	6.8	0.6	0.7	0.8	10.7	13.2	16.3	425	(28.8)	3.5
Rajesh Exports	158	BUY	46,037	1,169	291	13.7	7.6	10.8	47.2	(44.4)	42.5	11.6	20.8	14.6	21.1	9.1	7.2	14.9	4.2	3.4	0.2	1.4	1.6	32.9	20.0	23.6	235	48.4	12.2
Retail			133,581	3,391					45.4	97.3	42.6	70.2	35.6	25.0	30.4	17.4	13.5	9.9	6.0	5.1	0.4	0.9	1.0	14.1	16.7	20.4			
Shipyards																													
ABG Shipyards	713	NR	36,297	921	51	22.2	32.7	57.4	35.1	47.5	75.3	32.1	21.8	12.4	19.9	13.5	7.3	5.6	4.3	3.0	0.3	0.4	0.4	19.8	22.3	28.4	—	—	2.8
Technology																													
HCL Technologies	250	REDUCE	173,403	4,402	695	18.9	18.7	22.1	65.7	(1.0)	18.5	13.2	13.4	11.3	11.7	9.8	7.9	3.2	3.2	2.8	3.2	3.2	3.2	28.5	25.2	26.4	320	28.3	9.7
Hexaware Technologies	67	SELL	9,452	240	142	8.9	8.1	10.1	16.1	(9.3)	24.9	7.5	8.3	6.6	4.6	4.5	3.1	1.3	1.3	1.1	2.4	2.4	2.4	22.8	15.5	18.2	90	35.3	0.8
i-flex solutions	969	SELL	80,707	2,049	83	33.2	34.4	48.1	15.9	3.4	39.9	29.2	28.2	20.1	20.5	18.7	13.0	3.6	3.3	3.0	-	1.0	1.2	15.3	12.2	15.5	1,350	39.3	1.9
iGate Global Solutions	404	NR	12,813	325	32	15.7	23.8	28.0	101.5	51.7	17.7	25.8	17.0	14.4	13.8	9.7	7.7	4.1	3.4	2.8	0.6	0.6	0.7	17.2	22.0	21.6	—	—	0.5
Infosys Technologies	1,504	BUY	863,239	21,915	574	67.0	79.7	94.7	48.7	19.0	18.8	22.5	18.9	15.9	18.3	15.0	11.9	7.6	5.8	4.5	0.8	1.0	1.2	40.7	34.8	31.9	2,000	33.0	77.0
Mphasis BFL	225	REDUCE	46,994	1,193	208	7.3	12.5	16.8	(21.5)	70.6	35.1	30.9	18.1	13.4	22.3	10.4	8.0	4.7	0.7	3.3	1.0	1.6	1.8	14.4	23.7	26.8	250	10.9	0.5
Mindtree	343	BUY	13,260	337	39	22.8	23.6	30.3	23.3	3.8	28.3	15.1	14.5	11.3	11.7	10.3	7.9	3.0	2.5	2.1	0.3	0.7	0.9	31.9	19.4	20.6	460	34.0	1.1
Patni Computer Systems	260	SELL	36,112	917	139	25.7	31.5	29.0	19.2	22.5	(8.0)	10.1	8.2	9.0	4.7	4.7	3.9	1.6	1.5	1.3	0.8	1.2	1.1	12.5	19.7	16.1	350	34.7	3.7
Polaris Software Lab	83	SELL	8,149	207	98	10.3	7.6	10.5	359.1	(26.1)	38.1	8.1	10.9	7.9	4.3	5.1	3.7	1.4	1.2	1.1	2.1	2.1	2.1	17.7	11.9	14.8	95	14.6	3.0
Satyam Computer Services	389	BUY	261,153	6,630	671	21.4	25.5	30.2	41.7	19.0	18.6	18.1	15.3	12.9	14.5	11.5	9.0	4.5	3.7	3.0	2.0	2.6	3.1	27.9	26.6	25.7	520	33.6	30.7
TCS	875	ADD	856,528	21,745	979	42.2	52.6	60.3	43.3	24.7	14.5	20.7	16.6	14.5	16.5	13.4	11.2	9.6	7.4	5.8	1.3	2.4	2.8	55.8	50.0	44.7	1,175	34.2	31.8
Tech Mahindra	693	REDUCE	84,383	2,142	122	47.0	59.9	75.1	124.4	27.4	25.4	14.7	11.6	9.2	11.4	9.4	6.3	9.2	5.1	3.3	0.4	0.6	0.7	79.9	60.5	46.0	1,000	44.4	2.4
Wipro	413	ADD	599,358	15,216	1,450	19.8	22.2	27.7	39.3	12.1	24.8	20.9	18.6	14.9	16.1	14.5	10.7	5.9	4.8	3.9	1.3	1.5	2.0	31.7	28.4	28.6	545	31.8	11.5
Technology		Attractive	3,045,549	77,318					48.4	18.6	19.6	20.1	16.9	14.2	15.7	13.1	10.3	6.1	4.9	4.0	1.3	1.8	2.1	30.3	29.1	28.1			
Telecom																													
Bharti Airtel Ltd	864	REDUCE	1,638,940	41,608	1,896	21.4	35.0	45.5	100.3	63.3	30.2	40.4	24.7	19.0	22.6	14.9	10.8	14.0	8.9	6.1	—	0.2	0.5	42.4	44.1	38.3	810	(6.3)	103.6
IDEA	124	SELL	325,862	8,273	2,635	2.2	4.0	5.2	149.8	80.5	30.9	55.9	31.0	23.7	23.9	16.4	12.1	14.9	9.2	6.6	—	—	—	30.9	36.7	32.5	115	(7.0)	18.1
MTNL	120	SELL	75,317	1,912	630	8.0	6.4	8.6	21.1	(20.5)	34.9	14.9	18.7	13.9	7.0	6.8	5.9	0.6	0.6	0.6	3.3	5.0	5.0	4.1	2.8	3.7	110	(8.0)	19.9
Reliance Communications	602	NR	1,230,759	31,245	2,045	14.2	25.3	32.1	554.4	78.2	27.1	42.4	23.8	18.7	22.0	14.4	10.7	5.4	4.4	3.5	0.1	—	—	17.8	16.6	22.1	—	—	133.9
VSNL	510	REDUCE	145,464	3,693	285	17.2	9.2	14.4	(7.8)	(46.2)	55.6	29.7	55.2	35.5	12.2	19.0	14.2	2.3	2.2	2.1	0.9	0.9	1.0	7.4	3.7	5.7	530	3.8	15.6
Telecom		Cautious	3,416,342	86,731					136.3	61.0	29.6	39.2	24.3	18.8	21.0	14.7	10.8	6.2	4.9	4.0	0.1	0.3	0.5	15.9	20.2	21.0			
Textiles																													
Vardhman	123	ADD	7,769	197	63	29.5	22.7	31.6	3.9	(22.9)	39.0	4.2	5.4	3.9	5.4	6.5	4.7	0.5	0.5	0.4	2.9	2.6	3.7	14.1	8.9	11.2	175	41.8	0.4
Transmission Towers																													
JSL	235	ADD	19,442	494	83	6.6	10.7	13.1	81.2	61.1	23.0	35.5	22.0	17.9	16.4	11.7	9.8	7.7	5.8	4.4	0.2	0.3	0.3	29.8	30.0	28.0	275	17.2	0.9
Kalpataru Power Transmission	1,444	ADD	38,248	971	26	60.2	67.5	86.5	67.6	12.2	28.1	24.0	21.4	16.7	14.8	13.3	10.2	5.8	4.7	3.8	0.5	0.7	0.7	38.8	24.5	25.3	1,700	17.8	1.3
KEC	733	BUY	27,774	705	38	27.3	37.4	48.9	92.4	36.9	30.8	26.8	19.6	15.0	12.0	9.7	8.1	9.8	6.7	4.8	0.3	0.4	0.5	43.5	40.4	37.0	835	14.0	1.1
Transmission		Attractive	85,464	2,170					115.0	28.7	27.9	26.9	20.9	16.3	14.0	11.5	9.3	7.1	5.5	4.2	0.4	0.5	0.5	26.6	26.2	25.7			
Transportation																													
Container Corporation	1,771	REDUCE	115,114	2,922	65	106.3	126.6	143.7	31.9	19.1	13.5	16.7	14.0	12.3	11.4	9.5	8.4	4.3	3.5	2.8	1.0	1.1	1.3	29.1	27.5	25.2	2,200	24.2	2.4
Gateway Distriparks	108	ADD	12,407	315	115	6.8	6.8	9.0	8.7	(0.4)	33.2	15.8	15.9	11.9	12.3	11.1	8.1	2.0	1.8	1.6	1.6	1.6	2.1	13.0	11.8	14.4	180	67.2	5.5
GE Shipping	408	ADD	62,073	1,576	152	59.6	85.9	46.6	(3.9)	44.1	(45.8)	6.8	4.7	8.8	6.8	6.1	7.4	2.0	1.5	1.3	2.8	3.2	2.9	32.7	35.7	15.9	525	28.8	8.0
Jet Airways	755	REDUCE	65,201	1,655	86	(0.2)	6.4	62.4	—	—	—	—	—	—	26.3	11.2	5.6	2.3	2.8	2.4	0.1	0.2	1.7	(0.1)	2.2	21.3	800	6.9	3.1
Transportation		Neutral	254,794	6,468					(15.9)	35.2	1.0	15.2	11.3	11.1	11.7	8.8	6.7	2.8	2.4	2.1	1.2	1.4	1.7	18.1	21.5	18.6			
Utilities																													
LANCO	483	BUY	107,382	2,726	222	8.5	17.6	33.8	52.4	107.1	92.4	57.0	27.5	14.3	29.3	23.3	1												

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As of September 30, 2007

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New rating system

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

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Old rating system

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