

February 18, 2011

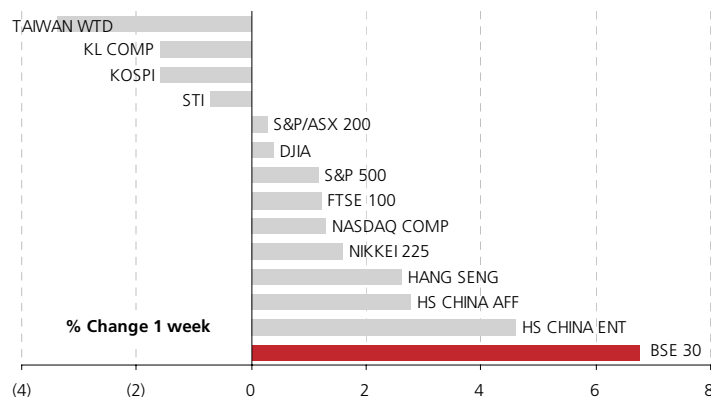
BSE-30: 18,507

Heady rush. During the past week, the BSE-30 Index gained 1,044 points (5.98 %) to close at 18,507. ICICI Bank, L&T and Reliance Industries remained the largest gainers, together contributing 395 points to the index rise. 3QFY11 earnings season concluded with BSE-30 posting a 17.5% yoy increase in earnings versus our expected 18.9%. Post 3QFY11 results, we expect the net income of the BSE-30 Index to grow 21.8% in FY2011E and 18.2% in FY2012E compared to 21.8% and 22% at the start of the 3QFY11 results season. On the economy front, WPI inflation came at 8.23% for January 2011 versus 8.43% for December.

Market highlights for the week ending Thursday, Feb 17, 2011

- Largest gainers: Sobha Developers (34%), IVRCL (24%), United Spirits (22%)
- Largest losers: Jubilant Life Sciences (-13%), Dishman Pharma & Chemicals (-13%), Shree Renuka Sugars (-4%)

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)						
7-Feb-11	-	(9)	(0)	(97)	0	(106)
8-Feb-11	64	25	(8)	(45)	(117)	(81)
9-Feb-11	(194)	(50)	(8)	(50)	(63)	(364)
10-Feb-11	-	58	(16)	(91)	(185)	(235)
11-Feb-11	-	(20)	(16)	(83)	(95)	(214)
Total	(130)	4	(48)	(365)	(460)	(1,000)

Source: SEBI, Kotak Institutional Equities

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OUR TOP RECOMMENDATIONS

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

Companies	Sector	Rating	Mkt cap.	CMP	Target	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
			(US\$ mn)	(Rs)	(Rs)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E
Infosys Technologies	Technology	BUY	39,415	3,113	3,700	108.3	120.0	155.2	28.7	25.9	20.1	21.1	18.0	13.9
ICICI Bank	Banking	ADD	26,830	1,057	1,230	36.1	45.8	58.0	29.3	23.1	18.2	—	—	—
State Bank of India	Banking	BUY	38,935	2,781	3,400	144.4	175.2	225.2	19.3	15.9	12.3	—	—	—
Oil & Natural Gas Corporation	Energy	BUY	52,430	278	355	23.0	28.2	32.5	12.1	9.9	8.5	4.4	3.8	3.3
TCS	Technology	BUY	47,881	1,109	1,350	35.1	44.4	54.0	31.6	25.0	20.5	24.1	18.5	14.4
Mahindra & Mahindra	Automobiles	BUY	9,083	670	800	35.1	42.8	47.7	19.1	15.6	14.0	13.4	10.9	9.7
Wipro	Technology	ADD	23,315	432	525	18.9	21.7	25.6	22.9	19.9	16.9	17.3	14.6	11.8
Tata Steel	Metals & Mining	BUY	14,641	655	710	(3.3)	64.4	69.7	(198.5)	10.2	9.4	12.3	6.8	6.1
Sterlite Industries	Metals & Mining	BUY	12,148	164	200	12.0	13.0	19.4	13.6	12.6	8.4	8.7	7.2	4.4
PSU bank basket														
Bank of Baroda	Banking	BUY	7,415	920	1,200	83.7	108.0	120.5	11.0	8.5	7.6	—	—	—
Indian Bank	Banking	ADD	2,091	221	320	35.1	37.9	43.5	6.3	5.8	5.1	—	—	—
Punjab National Bank	Banking	BUY	7,701	1,107	1,500	123.9	138.2	166.1	8.9	8.0	6.7	—	—	—
Union Bank	Banking	BUY	3,889	349	420	41.1	40.9	53.8	8.5	8.5	6.5	—	—	—
BSE-30				18,507										

Source: Company, Bloomberg, Kotak Institutional Equities estimates

OUR MODEL PORTFOLIO

Kotak Institutional Equities Model Portfolio

Company	17-Feb	Rating	Weightage (%)		Diff.
	Price (Rs)		BSE-30	KS reco.	
Bajaj Auto	1,351	ADD	1.3	1.3	—
Hero Honda	1,498	REDUCE	1.0	—	(104)
Mahindra & Mahindra	670	BUY	2.1	3.1	100
Maruti Suzuki	1,228	BUY	1.2	1.2	—
Tata Motors	1,249	ADD	3.7	1.7	(200)
Automobiles			9.4	7.3	(204)
Bank of Baroda	920	BUY	—	1.5	150
Indian Bank	221	ADD	—	1.5	150
Punjab National Bank	1,107	BUY	—	1.5	150
State Bank of India	2,781	BUY	5.4	6.9	150
Union Bank	349	BUY	—	1.5	150
PSU Banking			5.4	12.9	750
HDFC	650	REDUCE	5.7	3.7	(200)
HDFC Bank	2,186	ADD	5.3	6.8	150
ICICI Bank	1,057	ADD	8.3	9.8	150
Pvt. Banking/Financing			19.4	20.4	100
Jaiprakash Associates	90	BUY	0.7	0.7	—
Cement			0.7	0.7	—
Hindustan Unilever	274	SELL	2.0	—	(205)
ITC	158	ADD	5.8	6.8	100
Consumers			7.8	6.8	(105)
Bharat Petroleum	615	BUY	—	1.0	100
Oil & Natural Gas Corporation	278	BUY	3.3	4.8	150
Reliance Industries	954	REDUCE	10.6	6.4	(422)
Energy			13.9	12.2	(172)
Bharat Heavy Electricals	2,082	REDUCE	2.4	—	(244)

Note:

Source: Company, Kotak Institutional Equities estimates

Company	17-Feb	Rating	Weightage (%)		Diff.
	Price (Rs)		BSE-30	KS reco.	
Larsen & Toubro	1,695	REDUCE	6.1	4.6	(150)
Industrials/Construction			8.5	4.6	(394)
Hindalco Industries	211	ADD	2.0	3.0	100
Jindal Steel and Power	669	REDUCE	1.9	—	(187)
Sterlite Industries	164	BUY	1.9	3.4	150
Tata Steel	655	BUY	3.0	4.5	150
Metals			8.7	10.8	213
Cipla	305	REDUCE	1.1	—	(111)
Pharmaceuticals			1.1	—	(111)
DLF	238	ADD	0.7	0.7	—
Real estate			0.7	0.7	—
Infosys Technologies	3,113	BUY	10.4	11.9	150
TCS	1,109	BUY	4.4	5.9	150
Wipro	432	ADD	1.8	3.3	150
Technology			16.6	21.1	450
Bharti Airtel	340	REDUCE	3.0	—	(300)
Reliance Communications	100	SELL	0.5	—	(52)
Telecom			3.5	—	(353)
Lanco Infratech	40	BUY	—	1.0	100
NTPC	181	REDUCE	2.0	—	(205)
Reliance Infrastructure	641	BUY	0.7	—	(70)
Tata Power	1,287	ADD	1.5	1.5	—
Utilities			4.3	2.5	(175)
BSE-30	18,507		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 (%)	
		2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2010	2011E	2010	2011E
Automobiles	50,400	393.4	86.3	8.1	23.5	12.6	11.7	11.7	8.0	7.2	6.5	4.1	1.2	1.1	27.7	32.4
Banking	108,346	9.0	25.4	26.1	25.9	20.7	16.4	—	—	—	3.2	2.9	1.0	1.1	12.3	13.8
Consumers	39,894	14.7	15.8	18.5	29.6	25.5	21.5	18.6	15.7	13.2	10.4	8.7	3.0	2.1	35.1	34.2
Diversified	4,405	(8.0)	188.8	11.6	51.6	17.9	16.0	17.4	11.7	10.6	2.3	2.0	—	—	4.5	11.4
Energy	114,973	3.2	23.4	13.5	14.5	11.8	10.4	6.5	5.3	4.6	1.9	1.7	1.8	2.8	12.9	14.4
Industrials	45,082	28.6	30.7	18.4	26.2	20.1	17.0	14.8	11.3	9.5	5.3	4.3	0.8	0.9	20.4	21.6
Metals	49,425	(38.7)	60.3	19.6	20.2	12.6	10.5	9.0	7.2	6.1	2.4	1.9	0.6	0.7	12.0	15.4
Pharmaceuticals	5,401	40.4	(10.4)	32.3	22.6	25.3	19.1	16.0	16.9	13.1	4.1	3.7	0.7	0.8	18.3	14.6
Property	8,982	(60.1)	(5.5)	37.3	22.6	23.9	17.4	15.6	13.6	11.2	1.3	1.3	0.9	1.2	5.9	5.4
Technology	110,542	19.3	18.1	23.2	28.4	24.0	19.5	20.0	16.2	12.6	7.9	6.7	1.2	1.6	27.8	27.7
Telecom	33,146	(5.9)	(41.8)	22.8	11.0	18.9	15.4	7.4	9.0	7.3	1.8	1.6	—	—	16.0	8.5
Utilities	43,653	10.4	0.0	17.7	16.9	16.9	14.3	10.8	11.0	10.3	2.0	1.9	1.8	1.8	12.0	11.0
BSE-30 Index	614,250	5.1	21.8	18.2	20.5	16.8	14.2	10.4	8.8	7.6	3.1	2.7	1.3	1.5	15.0	15.9
BSE-30 ex-Energy	499,277	5.8	21.3	19.9	22.6	18.7	15.6	12.5	10.6	9.0	3.6	3.1	1.2	1.2	15.9	16.5
BSE-30 ex-Energy, Com.	449,852	16.3	16.4	20.0	22.9	19.7	16.4	13.5	11.6	9.8	3.8	3.3	1.2	1.3	16.6	16.7
BSE-30 ex-Technology	503,708	3.2	22.4	17.5	19.3	15.8	13.4	9.4	8.0	7.0	2.7	2.4	1.3	1.5	14.0	15.0

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 (%)	
		2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2010	2011E	2010	2011E
Automobiles	50,400	393.4	86.3	8.1	23.5	12.6	11.7	11.7	8.0	7.2	6.5	4.1	1.2	1.1	27.7	32.4
Banking	135,086	11.5	22.9	25.5	22.9	18.6	14.8	—	—	—	3.1	2.7	1.0	1.2	13.3	14.4
Consumers	39,894	14.7	15.8	18.5	29.6	25.5	21.5	18.6	15.7	13.2	10.4	8.7	3.0	2.1	35.1	34.2
Cement	8,351	29.3	(21.6)	2.3	13.6	17.4	17.0	7.4	8.6	7.3	2.8	2.6	2.1	2.0	20.9	14.8
Diversified	4,405	(8.0)	188.8	11.6	51.6	17.9	16.0	17.4	11.7	10.6	2.3	2.0	—	—	4.5	11.4
Energy	145,905	10.0	32.0	18.8	15.7	11.9	10.0	7.3	5.7	4.9	1.9	1.7	1.6	2.5	12.2	14.6
Industrials	53,119	(2.2)	39.0	30.6	31.8	22.9	17.5	15.1	12.0	9.6	5.0	4.1	0.8	0.9	15.7	18.1
Metals & Mining	55,527	(31.7)	63.7	19.3	18.3	11.2	9.4	8.8	6.8	5.9	2.5	2.0	0.7	0.8	13.6	17.4
Property	8,982	(60.1)	(5.5)	37.3	22.6	23.9	17.4	15.6	13.6	11.2	1.3	1.3	0.9	1.2	5.9	5.4
Pharmaceuticals	25,640	62.4	39.6	4.4	32.8	23.5	22.5	19.3	14.8	14.2	5.4	4.4	0.5	0.7	16.4	18.7
Telecom	33,146	(5.9)	(41.8)	22.8	11.0	18.9	15.4	7.4	9.0	7.3	1.8	1.6	0.1	—	16.0	8.5
Technology	117,755	18.3	18.8	23.6	28.2	23.7	19.2	19.7	15.9	12.3	7.6	6.4	1.2	1.6	26.8	27.0
Utilities	51,116	14.2	1.0	19.0	18.7	18.5	15.5	12.1	13.5	12.2	2.1	1.9	1.6	1.5	11.1	10.2
NIFTY	729,326	7.7	25.1	19.9	20.7	16.6	13.8	11.1	9.3	8.0	3.0	2.6	1.2	1.4	14.7	15.9
NIFTY ex-Energy	583,421	6.9	22.6	20.3	22.5	18.4	15.3	13.2	11.3	9.6	3.6	3.0	1.1	1.2	15.8	16.5
NIFTY ex-Energy ex Com	527,894	15.6	17.2	20.5	23.1	19.7	16.3	14.4	12.6	10.6	3.7	3.2	1.2	1.2	16.1	16.3

Note:

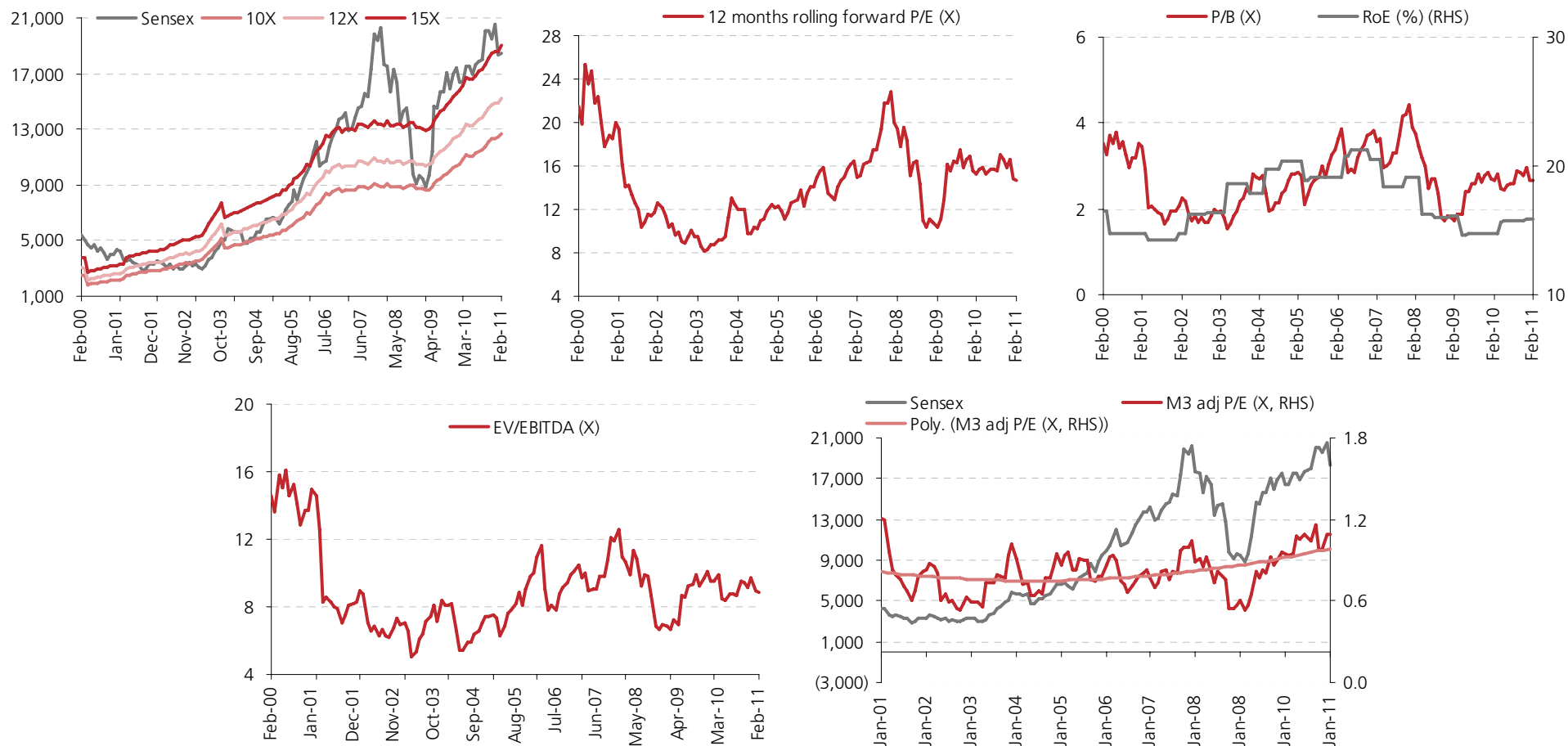
(a) Following companies are excluded: Kotak Mahindra Bank, Power Grid and SAIL.

Source: Company, Kotak Institutional Equities estimates

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, Feb 2000- current



Source: Bloomberg, RBI, Kotak Institutional Equities

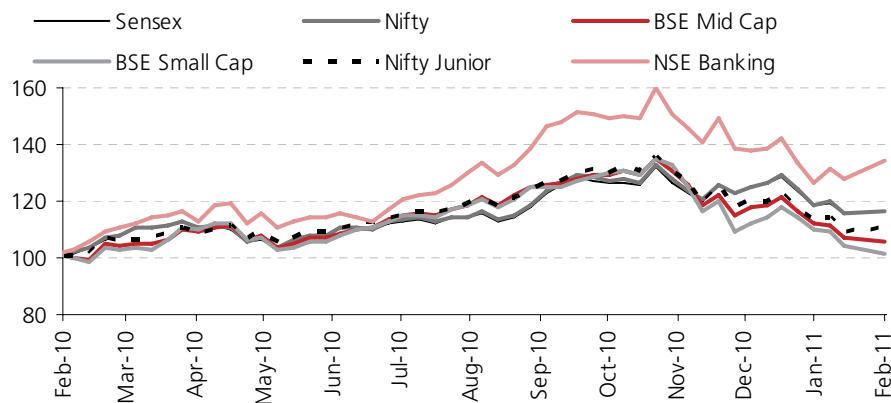
MARKET PERFORMANCE

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

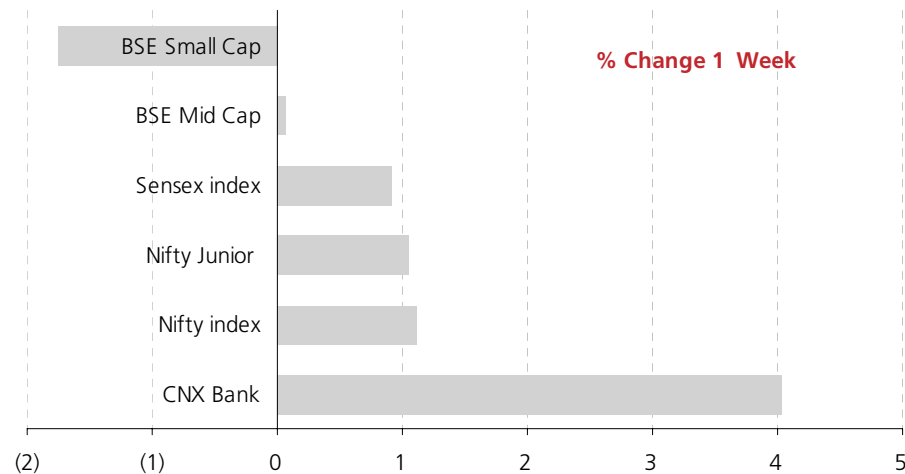
RELATIVE PERFORMANCE OF INDIAN MARKETS

Key performance of benchmark indices

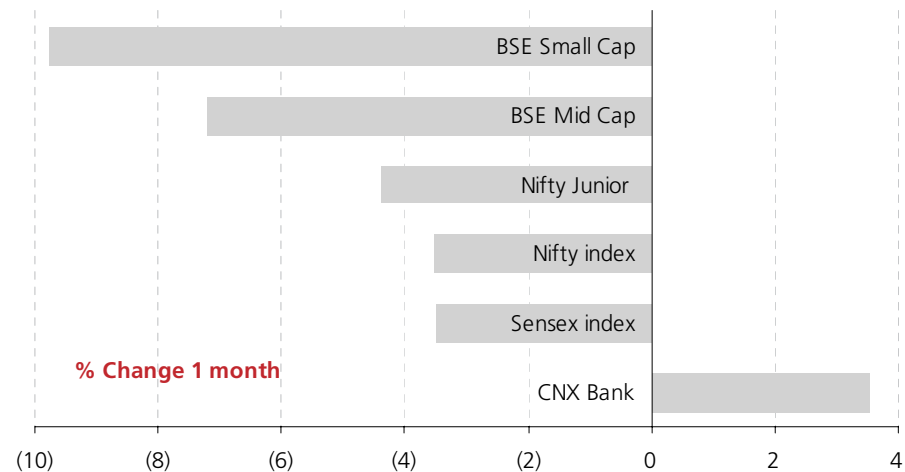
(base 100 as of February 2010)



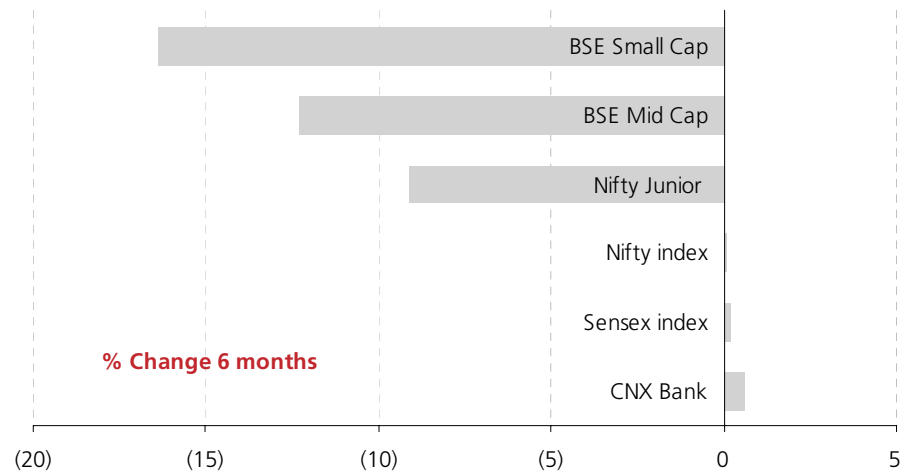
Weekly performance of the benchmark indices



1-month performance of the benchmark indices



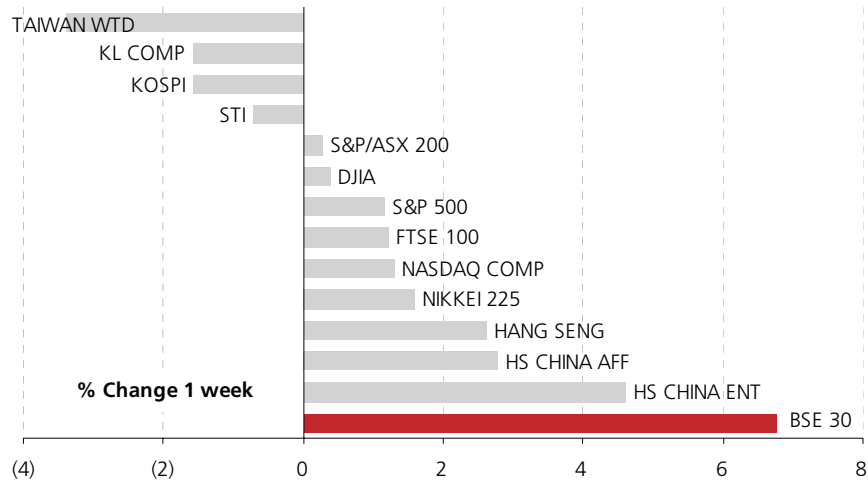
6-month performance of the benchmark indices



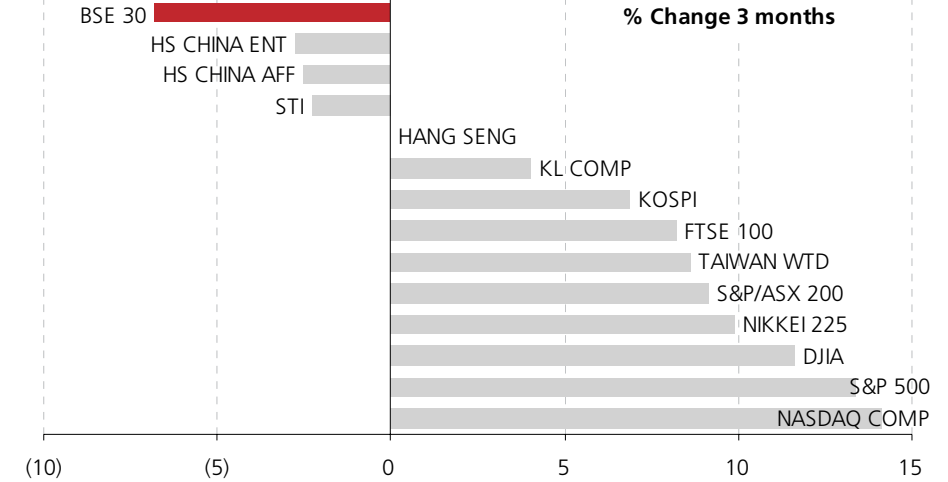
Source: Bloomberg, Kotak Institutional Equities

BSE-SENSEX VERSUS REGIONAL INDICES

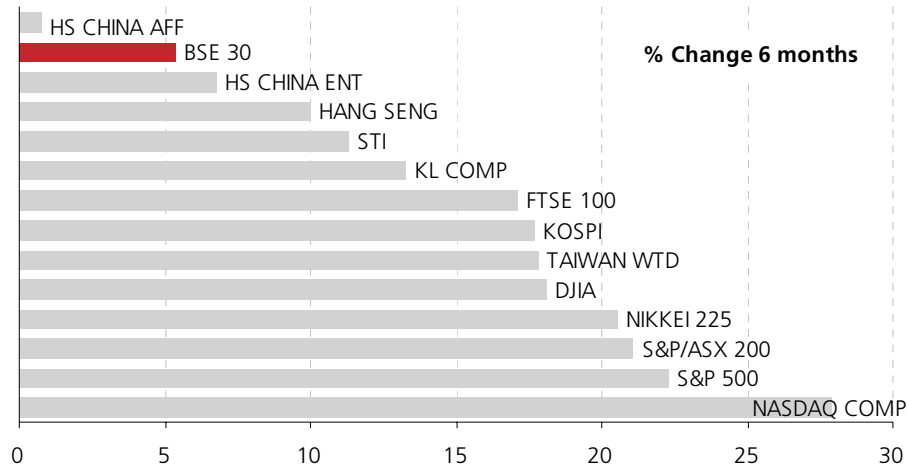
Weekly performance



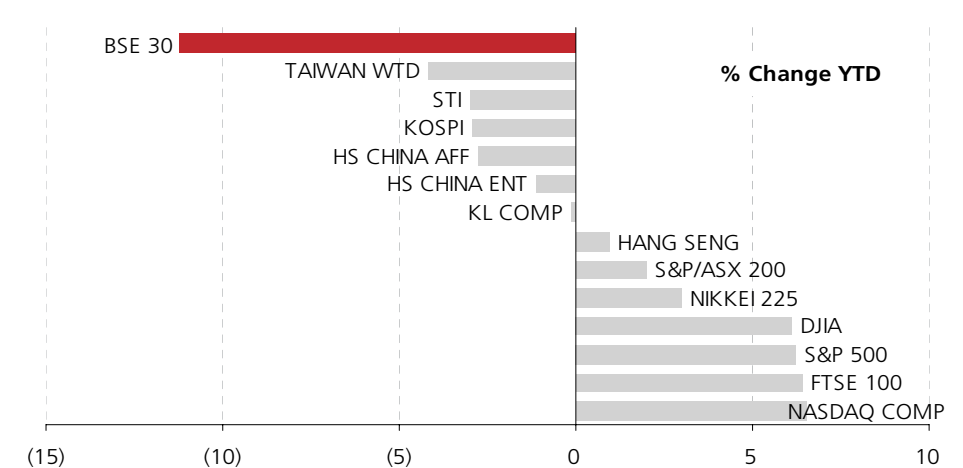
3-month performance



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

Company	Mkt cap (US\$ m)	Change (%)				Relative Change (%)			
		1-Day	1-mo	6-mo	1-Year	1-Day	1-mo	6-mo	1-Year
Automobiles	50,400	1.0	(1.8)	5.0	28.5	(0.2)	0.2	2.5	14.0
Banking	108,346	2.1	5.7	4.0	33.7	1.0	7.9	1.4	18.7
Consumers	39,894	0.4	(8.3)	0.5	23.3	(0.7)	(6.4)	(1.9)	9.5
Diversified	4,405	(0.1)	2.2	(23.0)	(34.8)	(1.2)	4.3	(24.9)	(42.1)
Energy	114,973	0.3	(4.7)	(6.5)	(3.9)	(0.9)	(2.8)	(8.9)	(14.6)
Industrials	45,082	2.1	(2.0)	(10.5)	(0.9)	0.9	0.0	(12.7)	(12.0)
Metals	49,425	0.6	(0.7)	12.6	4.8	(0.5)	1.3	9.8	(7.0)
Pharmaceuticals	5,401	(0.2)	(12.0)	0.5	(4.0)	(1.3)	(10.2)	(2.0)	(14.8)
Property	8,982	(0.3)	(5.1)	(25.3)	(22.3)	(1.4)	(3.1)	(27.2)	(31.0)
Technology	110,542	0.4	(4.4)	18.4	29.2	(0.8)	(2.4)	15.5	14.7
Telecom	33,146	3.0	(6.3)	(3.3)	5.6	1.9	(4.4)	(5.7)	(6.2)
Utilities	43,653	(0.1)	(4.3)	(10.3)	(12.2)	(1.3)	(2.4)	(12.5)	(22.1)
Sensex sum	614,250	1.1	(2.0)	2.5	12.6				

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 Sobha Developers	33.6	1 Jubilant Life Sciences	(13.4)
2 IVRCL	24.5	2 Dishman Pharma & chemicals	(13.0)
3 United Spirits	21.7	3 Shree Renuka Sugars	(4.4)
4 Hexaware Technologies	20.7	4 DLF	(3.3)
5 Nagarjuna Construction Co.	20.4	5 Hindalco Industries	(2.0)
6 LIC Housing Finance	19.5	6 Cipla	(1.8)
7 Tech Mahindra	18.8	7 Petronet LNG	(1.3)
8 Housing Development & Infrastr	18.5	8 Patni Computer Systems	(0.6)
9 Jaiprakash Associates	18.4	9 Siemens	(0.5)
10 Mindtree	18.3	10 HCL Technologies	(0.5)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 LIC Housing Finance	32.5	1 Unitech	(35.4)
2 Welspun Corp	25.7	2 Jubilant Life Sciences	(34.7)
3 Andhra Bank	18.5	3 Dishman Pharma & chemicals	(28.6)
4 Mahindra & Mahindra Financial	15.0	4 Lanco Infratech	(27.3)
5 Polaris Software Lab	14.5	5 IVRCL	(24.8)
6 Siemens	14.0	6 Reliance Communications	(24.1)
7 Canara Bank	13.1	7 Punj Lloyd	(23.4)
8 Union Bank	11.0	8 GVK Power & Infrastructure	(20.2)
9 Bank of Baroda	10.9	9 SREI	(19.8)
10 Yes Bank	10.7	10 Sun TV Network	(18.5)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Saw	14.6	1 Unitech	(44.6)
2 Polaris Software Lab	11.1	2 Jubilant Life Sciences	(38.4)
3 Welspun Corp	10.2	3 IVRCL	(38.1)
4 National Aluminium Co.	4.7	4 Lanco Infratech	(37.0)
5 Siemens	2.7	5 Dishman Pharma & chemicals	(35.7)
6 Mundra Port and SEZ	2.6	6 Bajaj Hindustan	(34.2)
7 LIC Housing Finance	2.6	7 Punj Lloyd	(32.9)
8 Bank of Baroda	2.6	8 Reliance Communications	(31.2)
9 HCL Technologies	2.5	9 GVK Power & Infrastructure	(29.7)
10 Mphasis BFL	1.8	10 BGR Energy Systems	(28.6)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 United Breweries	149.7	1 Punj Lloyd	(59.2)
2 Mahindra & Mahindra Financial	112.7	2 Bajaj Hindustan	(57.0)
3 Titan Industries	83.3	3 Aban Offshore	(52.8)
4 Tata Motors	75.5	4 Housing Development & Infrastru	(52.2)
5 Cadila Healthcare	67.8	5 Dishman Pharma & chemicals	(51.4)
6 Bank of Baroda	59.4	6 Unitech	(50.7)
7 Petronet LNG	59.1	7 IVRCL	(49.5)
8 Shriram Transport	58.9	8 PSL	(49.1)
9 Hexaware Technologies	57.3	9 Jubilant Life Sciences	(46.3)
10 Canara Bank	56.3	10 Reliance Communications	(41.4)

Source: 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)
Dishman Pharma & Chemicals	405,230	231	(28.6)
Container Corporation	168,719	174	(10.3)
United Spirits	1,038,540	163	(11.0)
Nestle India (a)	119,512	159	(6.4)
Reliance Communications	24,204,940	159	(24.1)
IDEA	12,641,580	156	(5.7)

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

Company	5-day average volumes	Price Change (%)	
		% decrease	(1 month basis)
Mahindra & Mahindra Financial	58,923	(69)	15.0
Mahindra Life Space Developer	28,370	(68)	7.6
Puravankara Projects	13,875	(60)	2.4
Sadbhav Engineering	94,429	(57)	(4.8)
Shree Cement	7,601	(53)	(4.5)
GlaxoSmithKline Consumer (a)	9,877	(51)	(0.7)

Date	Sensex	Avg daily value traded (US\$ mn)	Institutional participation in total turnover	
			FII%	MF%
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	16,495	3,782	15.2	4.0
Jun-10	17,701	3,674	12.1	3.4
Jul-10	17,868	3,642	14.8	3.7
Aug-10	17,971	4,069	13.5	3.6
Sep-10	20,069	4,471	15.4	3.6
Oct-10	20,032	5,032	15.6	3.4
Nov-10	19,521	4,942	17.3	3.2
Dec-10	20,509	4,355	16.4	3.5
Jan-11	18,226	3,646	18.4	3.6
Feb-11	18,507	3,575	16.1	2.7

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 IDEA	54.9
2 Titan Industries	27.7
3 Reliance Infrastructure	21.3
4 Cairn India	17.4
5 GSPL	17.3
6 Hexaware Technologies	16.9
7 Mahindra Satyam	16.3
8 Grasim Industries	15.1
9 Sobha Developers	14.9
10 Jubilant Foodworks	14.6
11 Jaiprakash Associates	14.1
12 NHPC	12.3
13 Ashok Leyland	11.9
14 Canara Bank	8.9
15 Hindalco Industries	8.5
16 National Aluminium Co.	7.8
17 Andhra Bank	7.8
18 Mahindra Life Space Developer	7.8
19 Indian Bank	6.3
20 Housing Development & Infrastructure	6.3

FY2012 earnings upgrades (KIE) (1 month)

Company	% Change
1 IDEA	43.7
2 GSPL	18.0
3 Reliance Capital	17.3
4 Sesa Goa	15.7
5 Reliance Infrastructure	13.7
6 Titan Industries	13.6
7 Cairn India	12.0
8 Jubilant Foodworks	11.0
9 Grasim Industries	9.4
10 Hexaware Technologies	9.2
11 Suzlon Energy	7.6
12 National Aluminium Co.	7.6
13 NHPC	7.0
14 Sterlite Industries	6.1
15 Corporation Bank	5.3
16 Sobha Developers	5.1
17 Andhra Bank	5.0
18 Marico	4.5
19 Bharti Airtel	4.5
20 Mahindra Satyam	3.1

FY2011 earnings downgrades (KIE) (1 month)

Company	% Change
1 Reliance Capital	(49.6)
2 Shree Cement	(44.9)
3 India Cements	(43.7)
4 Jet Airways	(42.8)
5 Unitech	(37.0)
6 SKS Microfinance	(32.0)
7 Reliance Power	(26.7)
8 DLF	(26.1)
9 UltraTech Cement	(22.6)
10 Adani Power	(22.1)
11 Nagarjuna Construction Co.	(18.6)
12 Jubilant Life Sciences	(16.6)
13 Balrampur Chini Mills	(15.7)
14 Spicejet	(13.6)
15 Cipla	(13.5)
16 Shree Renuka Sugars	(12.8)
17 DishTV	(11.4)
18 Jyothy Laboratories	(11.4)
19 Hindustan Petroleum	(11.3)
20 Zee Entertainment Enterprises	(10.6)

FY2012 earnings downgrades (KIE) (1 month)

Company	% Change
1 DishTV	(62.8)
2 Jet Airways	(37.5)
3 SKS Microfinance	(34.8)
4 DLF	(34.6)
5 Spicejet	(34.3)
6 Jubilant Life Sciences	(32.9)
7 Shree Cement	(32.4)
8 Punj Lloyd	(29.1)
9 Shree Renuka Sugars	(27.3)
10 Reliance Power	(24.9)
11 Unitech	(23.8)
12 Balrampur Chini Mills	(21.4)
13 Hindustan Petroleum	(18.9)
14 Oberoi Realty	(18.3)
15 Bharat Petroleum	(17.3)
16 Nagarjuna Construction Co.	(16.6)
17 Thermax	(14.9)
18 UltraTech Cement	(14.7)
19 Jindal Steel and Power	(14.5)
20 ACC	(14.4)

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 DishTV	15.8	66	57
2 Titan Industries	13.9	4,100	3,600
3 Jubilant Foodworks	12.5	450	400
4 Hexaware Technologies	8.0	135	125
5 Marico	7.7	140	130
6 Tata Motors	5.7	1,305	1,235
7 National Aluminium Co.	5.3	300	285
8 Sesa Goa	5.0	315	300
9 Grasim Industries	4.0	2,600	2,500
10 Jagran Prakashan	3.3	155	150
11 ITC	2.8	185	180
12 Jindal Steel and Power	2.4	640	625
13 Cipla	1.7	300	295
14 DB Corp	1.6	325	320
16 GSPL	1.1	90	89

Downgrades in target prices (1 month)

Company	% Change	New	Old
1 Housing Development & Infrast	(41.9)	180	310
2 Jubilant Life Sciences	(37.1)	220	350
3 Punj Lloyd	(35.7)	90	140
4 IVRCL	(34.2)	125	190
5 Jet Airways	(30.3)	850	1,220
6 BGR Energy Systems	(30.2)	600	860
7 Shree Cement	(30.0)	1,680	2,400
8 MTNL	(30.0)	35	50
9 DLF	(29.3)	265	375
10 Reliance Communications	(28.0)	90	125
11 SKS Microfinance	(26.3)	700	950
12 SpiceJet	(26.1)	85	115
13 Reliance Capital	(25.0)	600	800
14 India Infoline	(23.1)	100	130
15 Oriental Bank of Commerce	(22.4)	450	580
16 GVK Power & Infrastructure	(22.2)	42	54
17 Nagarjuna Construction Co.	(22.0)	160	205
18 Thermax	(21.2)	760	965
19 IDFC	(20.5)	175	220
20 Mahindra Life Space Develop	(20.3)	435	546
21 Puravankara Projects	(19.4)	100	124
22 Bajaj Hindustan	(18.4)	80	98
23 Suzlon Energy	(18.2)	45	55
24 Hindustan Petroleum	(16.2)	490	585
25 Federal Bank	(15.1)	450	530
26 J&K Bank	(15.0)	850	1,000
27 Reliance Power	(14.8)	115	135
28 Maruti Suzuki	(14.2)	1,460	1,701
29 Bharat Petroleum	(14.0)	740	860
30 Jaiprakash Associates	(12.9)	135	155

Source: Kotak Institutional Equities estimates

CHANGES IN OUR RATINGS

Changes in ratings over the past one month

Company name		Rating	
		Current	Previous
Axis Bank	Upgraded	BUY	ADD
Bajaj Auto	Upgraded	ADD	REDUCE
Cadila Healthcare	Upgraded	ADD	REDUCE
DishTV	Upgraded	ADD	REDUCE
GSPL	Upgraded	REDUCE	SELL
Mahindra Life Space Developer	Upgraded	BUY	ADD
NHPC	Upgraded	REDUCE	SELL
Reliance Capital	Upgraded	ADD	REDUCE
Zee Entertainment Enterprises	Upgraded	ADD	REDUCE

Company name		Rating	
		Current	Previous
ACC	Downgraded	SELL	REDUCE
BGR Energy Systems	Downgraded	REDUCE	BUY
Bharat Heavy Electricals	Downgraded	REDUCE	ADD
Hindustan Media Ventures	Downgraded	ADD	BUY
Jubilant Life Sciences	Downgraded	REDUCE	BUY
Larsen & Toubro	Downgraded	REDUCE	ADD
NTPC	Downgraded	REDUCE	ADD
Oil India	Downgraded	ADD	BUY
Shree Cement	Downgraded	REDUCE	BUY
SKS Microfinance	Downgraded	REDUCE	BUY
Sun Pharmaceuticals	Downgraded	ADD	BUY

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

	FII	MF
CY1999	1,738	0
CY2000	1,469	(147)
CY2001	2,741	(1,063)
CY2002	738	(619)
CY2003	6,702	110
CY2004	8,627	(257)
CY2005	10,901	3,034
CY2006	8,338	3,379
CY2007	17,335	1,390
CY2008	(13,336)	3,253
CY2009	17,639	(1,154)
CY2010	29,321	(5,939)
CY2011	(1,706)	230
Jan	(1,387)	131
Feb	(319)	99

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

	Index Futures	Stock Futures
CY2004	(97)	(829)
CY2005	(670)	(663)
CY2006	293	(3,767)
CY2007	(834)	(12,568)
CY2008	3,901	1,356
CY2009	(1,560)	(2,232)
CY2010	(2,271)	(2,779)
CY2011	(852)	1,276
Jan	(1,254)	527
Feb	401	749

Source: Bloomberg, Kotak Institutional Equities

FII FLOWS IN OTHER EMERGING MARKETS

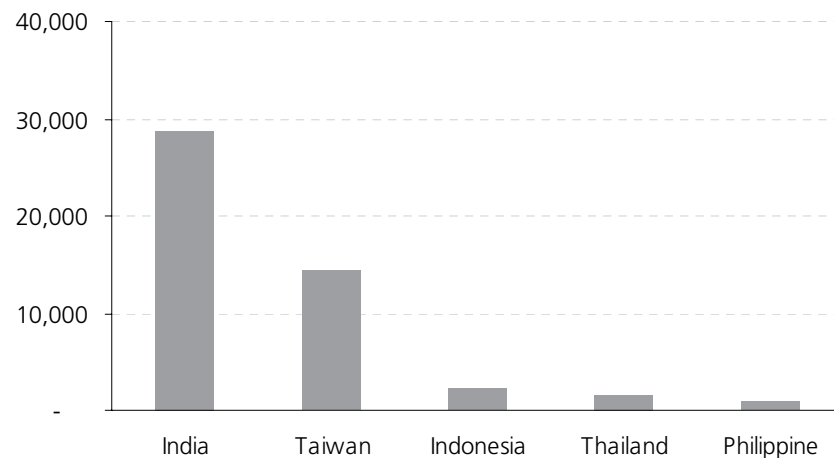
FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
14-Jan-11	150	(35)	3	(142)	(153)
17-Jan-11	86	(13)	(7)	(50)	(12)
18-Jan-11	192	3	(5)	(12)	39
19-Jan-11	370	21	(17)	5	(46)
20-Jan-11	22	(4)	1	(86)	(183)
21-Jan-11	(254)	(115)	(19)	(253)	8
24-Jan-11	9	(28)	(15)	(131)	43
25-Jan-11	266	37	7	20	94
27-Jan-11	465	80	25	41	(307)
28-Jan-11	309	(29)	1	(23)	(130)
31-Jan-11	-	(22)	(25)	(29)	(196)
1-Feb-11	-	24	(16)	34	(93)
2-Feb-11	-	15	(8)	29	(10)
3-Feb-11	-	-	(12)	(1)	145
4-Feb-11	-	(9)	(4)	9	49
7-Feb-11	-	(9)	(0)	(97)	0
8-Feb-11	64	25	(8)	(45)	(117)
9-Feb-11	(194)	(50)	(8)	(50)	(63)
10-Feb-11	-	58	(16)	(91)	(185)
11-Feb-11	-	(20)	(16)	(83)	(95)
Total	1,485	(70)	(141)	(956)	(1,211)

Source: Bloomberg

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



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
Omkar Speciality Chemicals Ltd	8	98	794	2/10/2011	46	37	(53)	(62)
Midvalley Entertainment Ltd	9	70	600	1/27/2011	56	72	(20)	3
C Mahendra Exports Ltd	15	110	1,650	1/20/2011	111	184	1	67
Shekhawati Poly-Yarn Ltd	12	30	360	1/12/2011	48	30	58	(1)
Ravi Kumar Distilleries Ltd	12	64	736	12/27/2010	80	30	25	(53)
Punjab & Sind Bank	40	120	4,800	12/30/2010	127	105	6	(13)
A2Z Maintenance And Engine	19	400	7,763	12/23/2010	329	272	(18)	(32)
Claris Lifesciences Ltd	13	228	2,880	12/20/2010	206	196	(10)	(14)
Shipping Corp Of India Ltd	85	133	11,264	12/15/2010	133	114	(0)	(14)
Moil Ltd	34	375	12,600	12/15/2010	465	415	24	11
Power Grid Corp Of India Ltd	842	90	75,759	2/18/2010	97	99	7	10
Gravita India Ltd	4	125	450	11/16/2010	210	245	68	96
Coal India Ltd	632	245	154,751	11/4/2010	343	305	40	25
Gyscoal Alloys Limited	8	71	547	10/27/2010	82	20	15	(72)
Bs Transcomm Ltd	8	248	1,904	10/27/2010	381	107	54	(57)
Prestige Estates Projects	65	183	11,817	10/27/2010	193	121	6	(34)
Commercial Engineers & Body	14	127	1,724	10/18/2010	113	32	(11)	(75)
Oberoi Realty Ltd	40	260	10,286	10/20/2010	283	248	9	(5)
Bedmutha Industries Ltd	9	102	918	10/14/2010	179	101	76	(1)
Sea Tv Network Ltd	5	100	502	10/14/2010	105	28	5	(72)
Ashoka Buildcon Ltd	7	324	2,250	10/14/2010	331	267	2	(18)
Va Tech Wabag Ltd	4	1,310	4,726	10/13/2010	1,708	1,316	30	0
Cantabil Retail India Ltd	8	127	1,050	10/12/2010	105	43	(17)	(66)
Tecpro Systems Ltd	8	355	2,680	10/12/2010	406	297	14	(16)
Gallantt Ispat Ltd	8	50	405	10/11/2010	81	68	62	37
Electrosteel Steels Ltd	226	11	2,481	10/8/2010	11	8	2	(24)
Orient Green Power Co Ltd	191	47	9,000	10/8/2010	45	25	(5)	(46)
Ramky Infrastructure Ltd	12	450	5,300	10/8/2010	387	301	(14)	(33)
Career Point Infosystems Ltd	4	310	1,151	10/6/2010	628	361	103	16
Eros International Media Ltd	20	175	3,500	10/6/2010	190	156	9	(11)
Microsec Financial Services	13	118	1,475	10/5/2010	111	47	(6)	(60)
Indosolar Limited	123	29	3,570	9/29/2010	24	21	(18)	(29)
Gujarat Pipavav Port Ltd	109	46	5,000	9/9/2010	54	55	18	19
Prakash Steelage Ltd	6	110	688	8/25/2010	185	126	69	14
Bajaj Corp Ltd	5	660	2,970	8/18/2010	759	519	15	(21)
SKS Microfinance Ltd	17	985	16,540	8/16/2010	1,089	651	11	(34)

Source: Bloomberg, Kotak Institutional Equities

Forthcoming IPO/Follow on offerings

Company Name	Issue
Jindal Power Ltd.	IPO
Sterlite Energy Ltd.	IPO
Hindustan Copper Ltd.	FPO
Sahara Prime City Ltd.	IPO
Gujarat State Petroleum Corp.Ltd.	IPO
Embassy Property Developments Ltd.	IPO
Lavasa Corp.Ltd.	IPO
Emaar Mgf Land Ltd.	IPO
Bptp Ltd.	IPO
L&T Finance Holdings Ltd.	IPO
Avantha Power & Infrastructure Ltd.	IPO
Ind-Barath Power Infra Ltd.	IPO
Ambience Ltd.	IPO
Kalpataru Ltd.	IPO
Reid & Taylor (India) Ltd.	IPO
Nimbus Communications Ltd.	IPO
Raheja Universal Ltd.	IPO
lot Infrastructure & Energy Services Ltd.	IPO
Muthoot Finance Ltd.	IPO
Future Ventures India Ltd.	IPO
Tata Autocomp Systems Ltd.	IPO
Ptc India Financial Services Ltd.	IPO
Joyalukkas India Ltd.	IPO
Entertainment World Developers Ltd.	IPO
Glenmark Generics Ltd.	IPO
Endurance Technologies Ltd.	IPO
Neptune Developers Ltd.	IPO
Kumar Urban Development Ltd.	IPO
Micromax Informatics Ltd.	IPO
Greatship (India) Ltd.	IPO
Lokmat Media Ltd.	IPO
Vrl Logistics Ltd.*	IPO
You Broadband & Cable India Ltd.	IPO

Source: Prime Database

BULK DEALS

Major bulk deals

Date	Company	Action	Quantity	Price	Value	Exchange
					(Rs mn)	
9-Feb-11	Marico	SELL	8,723,229	114	994	BSE
9-Feb-11	Ruchi Soya Industries	BUY	1,764,000	99	175	BSE
10-Feb-11	Allied Digital Services	SELL	1,196,468	75	90	NSE
16-Feb-11	Adhunik Metaliks	BUY	900,000	93	84	NSE
10-Feb-11	Phillips Carbon Black	SELL	443,082	118	52	BSE
10-Feb-11	Development Credit Bank	SELL	1,146,650	40	45	NSE
14-Feb-11	Kirloskar Pneumatic	BUY	110,000	395	43	BSE
10-Feb-11	Allied Digital Services	SELL	547,383	75	41	BSE
15-Feb-11	Talwalkar Fitness	SELL	184,893	200	37	NSE
10-Feb-11	Kavveri Telecom Products	BUY	250,000	113	28	BSE
10-Feb-11	Kavveri Telecom Products	BUY	250,000	113	28	NSE
11-Feb-11	Allied Digital Services	SELL	359,306	78	28	BSE
16-Feb-11	Bartronics India	SELL	358,500	67	24	NSE
11-Feb-11	Allied Digital Services	SELL	292,002	78	23	NSE
10-Feb-11	Omkar Speciality Chemicals	SELL	395,658	52	20	NSE
11-Feb-11	Omkar Speciality Chemicals	SELL	261,000	41	11	BSE
10-Feb-11	Omkar Speciality Chemicals	BUY	144,700	59	9	NSE
11-Feb-11	Omkar Speciality Chemicals	SELL	192,346	40	8	NSE

Source: BSE, NSE

DELIVERY POSITIONS

Top increase/(decrease) in delivery percentage

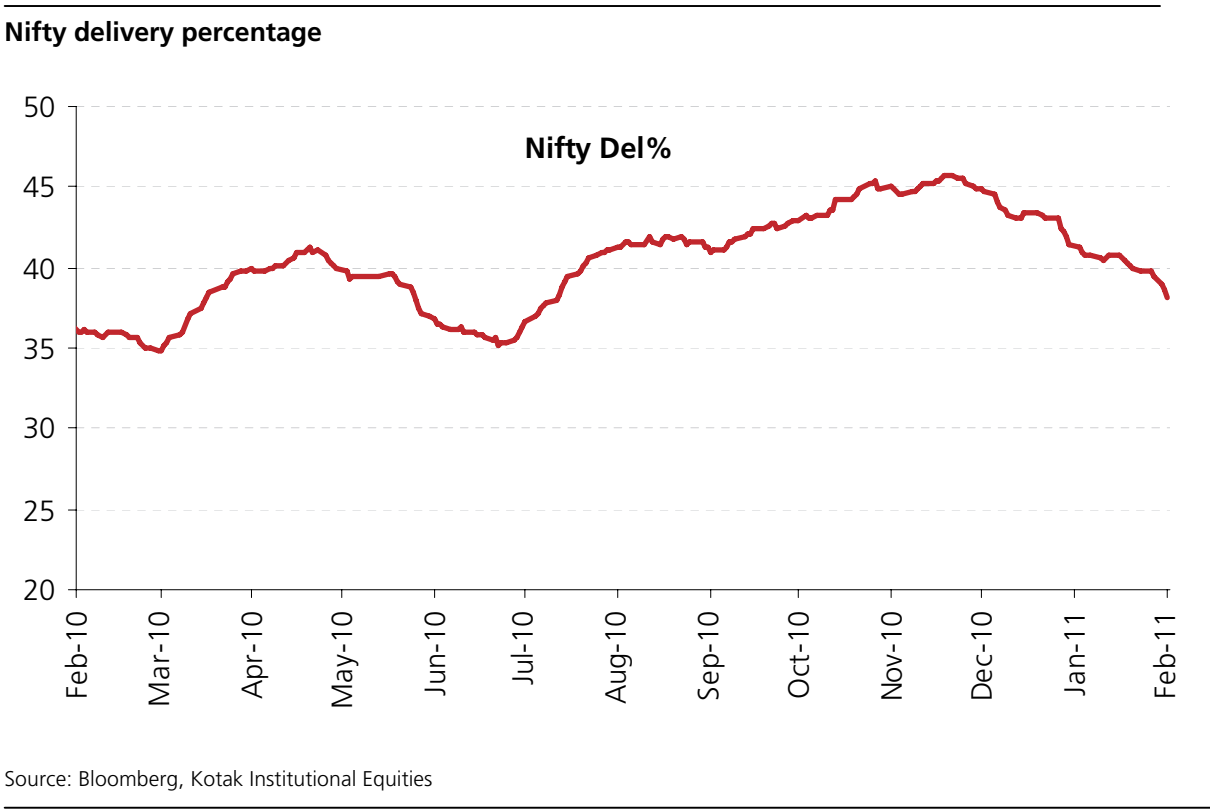
Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Divi'S Laboratories Ltd	27	79
Dr. Reddy'S Laboratories	23	66
Cairn India Ltd	22	58
Power Finance Corporation	54	88
Tata Global Beverages Ltd	30	59
Pantaloon Retail India Ltd	28	54
Patni Computer Systems Ltd	18	40
Tata Motors Ltd	21	43
Mundra Port And Sez Ltd	16	37

Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Shriram Transport Finance	93	32
Dishman Pharmaceuticals & Ch	83	30
Glaxosmithkline Consumer Hea	94	44
Welspun Corp Ltd	84	36
Rural Electrification Corp	70	28
Cesc Ltd	59	20
Oil & Natural Gas Corp Ltd	69	35
D.B. Corp Ltd	79	47
Nagarjuna Construction Co	75	44

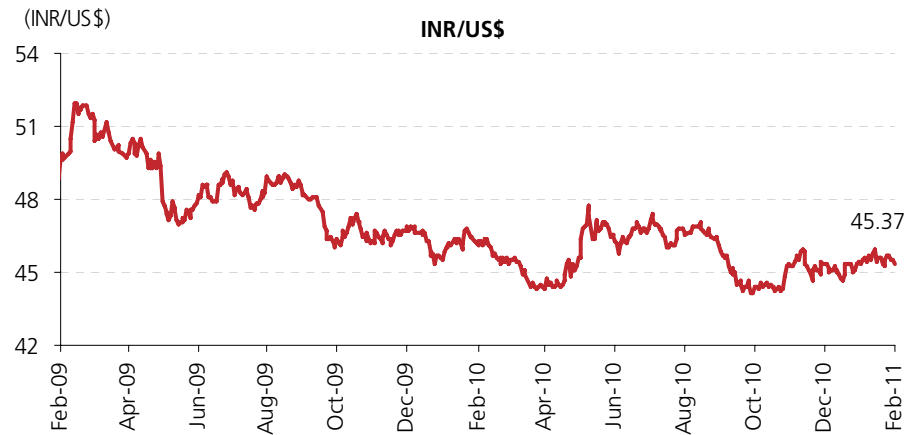
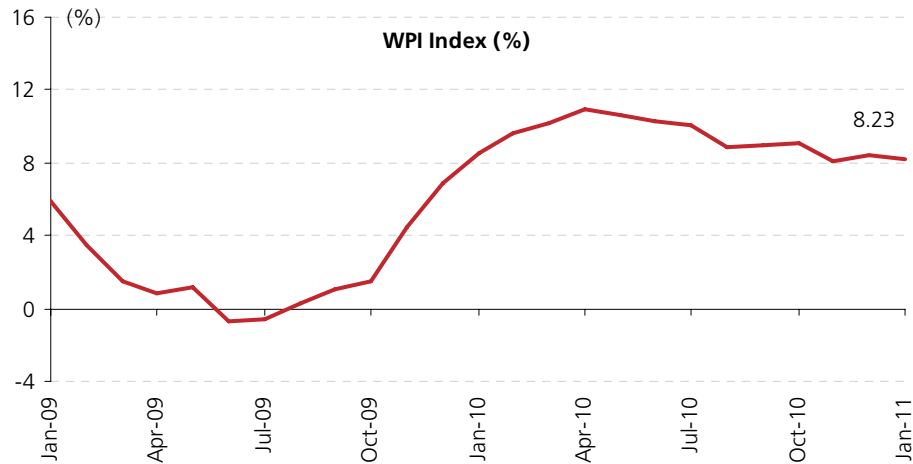
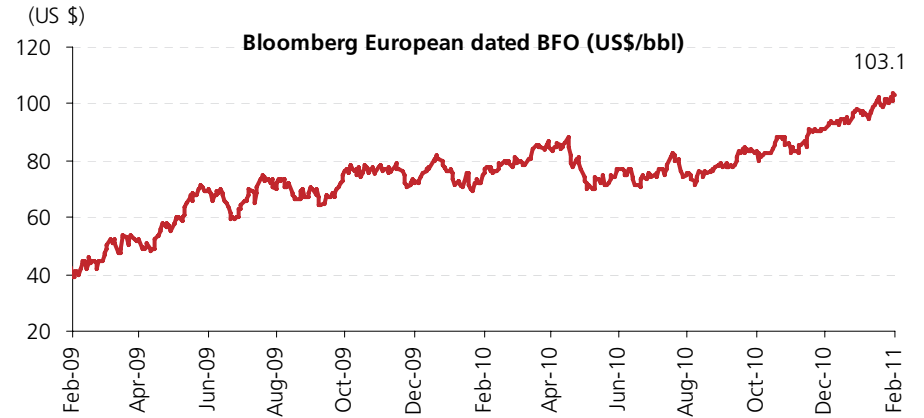
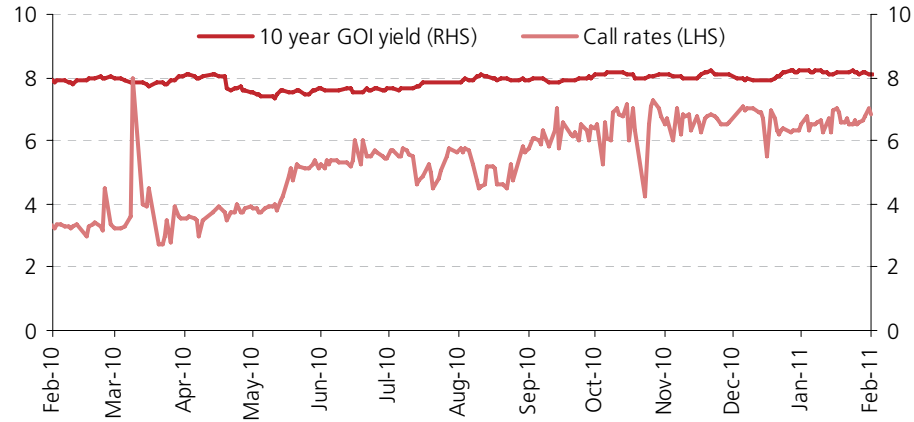
Source: Bloomberg, Kotak Institutional Equities



ECONOMIC INDICATORS

ECONOMIC INDICATORS

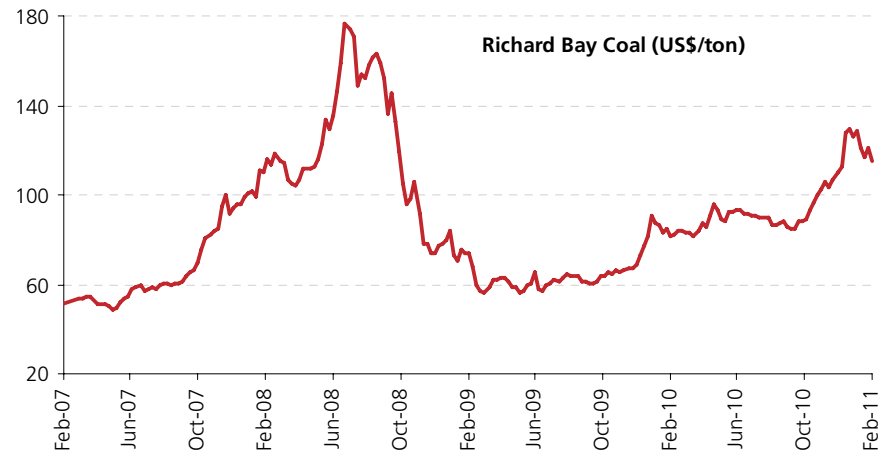
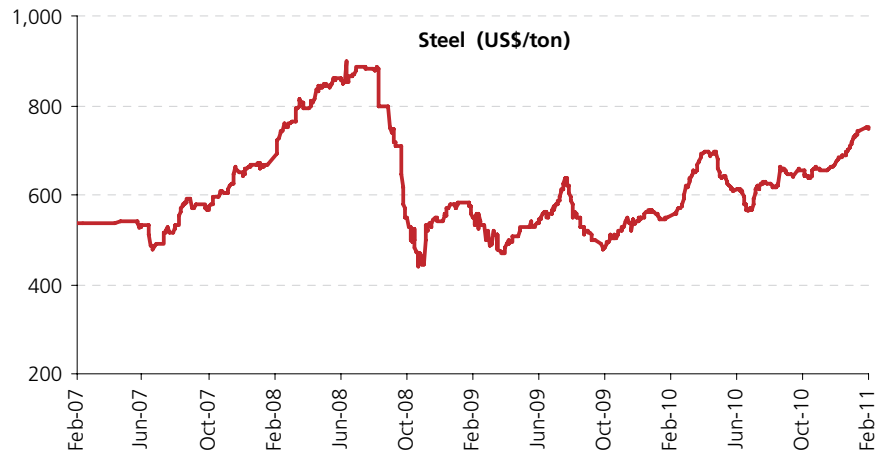
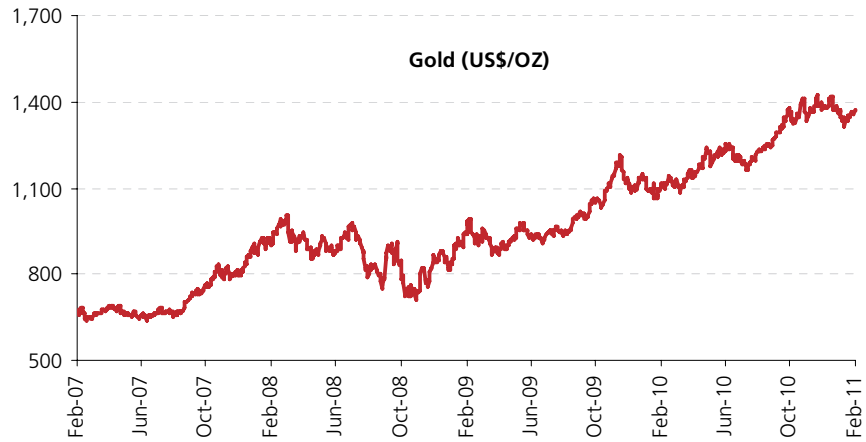
Key economic parameters



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

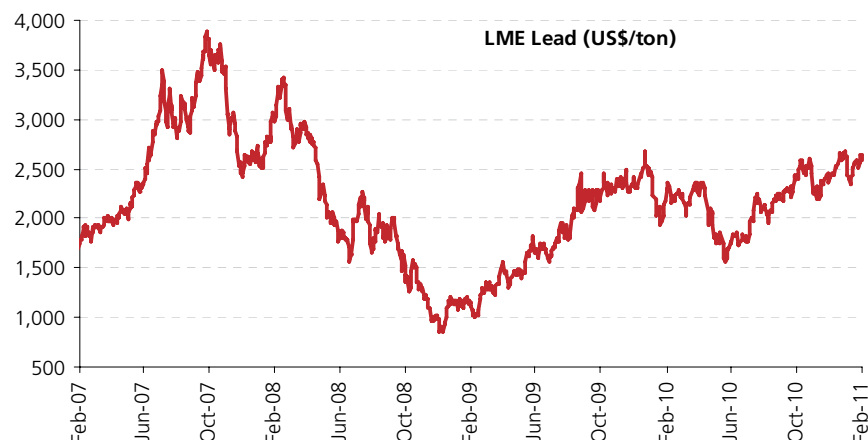
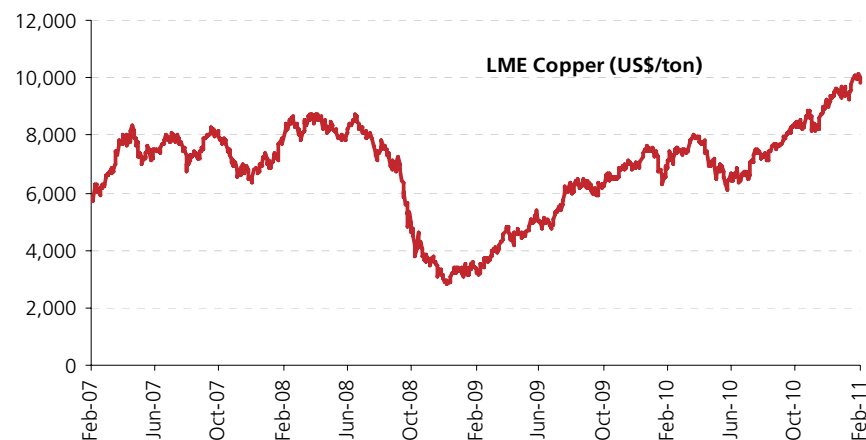
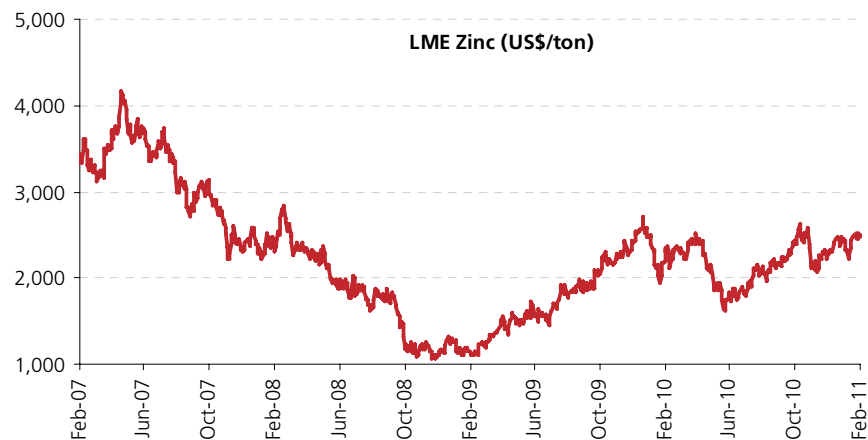
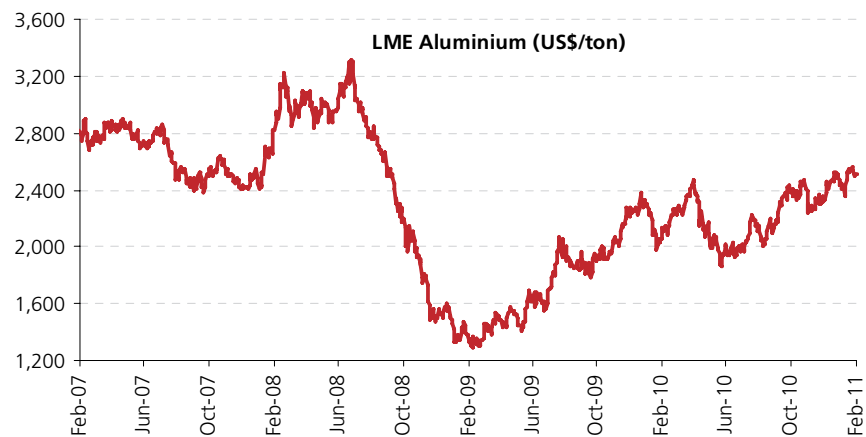
Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

KOTAK VALUATION SUMMARY

VALUATION SUMMARY

Kotak Institutional Equities Universe

	17-Feb-11		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target	Upside	ADVT-
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	shares (mn)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	(Rs)	(%)	(US\$ mn)
Automobiles																													
Ashok Leyland	53	SELL	70,905	1,564	1,330	2.8	4.3	4.7	84.5	53.5	8.1	18.9	12.3	11.4	11.4	8.3	7.9	1.7	1.6	1.4	2.8	1.9	1.9	10.9	13.6	13.4	56	5.1	8.0
Bajaj Auto	1,351	ADD	391,052	8,625	289	62.8	90.3	100.0	128.2	43.8	10.8	21.5	15.0	13.5	14.9	10.6	9.5	13.3	8.5	5.9	1.5	1.9	1.9	70.9	68.5	50.6	1,500	11.0	23.2
Bharat Forge	323	ADD	77,335	1,706	239	0.7	12.4	19.7	(92.0)	1,705	59.1	470.5	26.1	16.4	24.1	11.4	7.8	5.0	3.7	3.0	—	—	—	6.1	8.5	16.4	405	25.2	4.1
Hero Honda	1,498	REDUCE	299,171	6,598	200	111.8	97.8	109.8	73.9	(12.5)	12.3	13.4	15.3	13.6	8.0	9.4	7.9	8.3	6.2	4.8	2.0	2.0	2.0	59.0	45.0	39.5	1,485	(0.9)	34.2
Mahindra & Mahindra	670	BUY	411,813	9,083	615	35.1	42.8	47.7	133.6	22.1	11.6	19.1	15.6	14.0	13.4	10.9	9.7	5.1	3.8	3.1	1.3	1.4	1.5	30.0	27.6	24.5	800	19.5	36.1
Maruti Suzuki	1,228	BUY	354,796	7,825	289	86.4	78.4	91.8	105.0	(9.3)	17.0	14.2	15.7	13.4	7.4	8.0	6.6	3.0	2.5	2.1	0.5	0.4	0.5	23.3	17.4	17.3	1,460	18.9	9.6
Tata Motors	1,249	ADD	829,708	18,300	665	18.5	129.9	133.6	(141.1)	603.4	2.9	67.6	9.6	9.3	13.4	6.4	6.1	9.9	3.9	2.8	1.0	0.5	0.5	15.3	58.6	34.9	1,305	4.5	113.1
Automobiles		Cautious	2,434,779	53,700					327.4	87.7	8.9	24.1	12.8	11.8	11.9	8.1	7.3	6.0	3.9	3.0	1.2	1.1	1.1	24.8	30.4	25.8			
Banks/Financial Institutions																													
Andhra Bank	151	BUY	73,187	1,614	485	21.6	25.9	28.0	60.1	20.2	8.2	7.0	5.8	5.4	—	—	—	1.7	1.4	1.2	3.3	4.0	4.3	26.0	25.8	23.4	190	25.9	4.6
Axis Bank	1,318	BUY	533,817	11,774	405	62.1	81.7	99.9	22.7	31.6	22.3	21.2	16.1	13.2	—	—	—	3.3	2.9	2.5	0.9	1.2	1.5	19.2	19.1	20.1	1,600	21.4	58.9
Bank of Baroda	920	BUY	336,194	7,415	366	83.7	108.0	120.5	37.3	29.1	11.6	11.0	8.5	7.6	—	—	—	2.4	2.0	1.7	1.6	2.1	2.3	24.4	25.8	23.7	1,200	30.5	9.1
Bank of India	448	ADD	235,715	5,199	526	33.1	51.4	64.4	(42.1)	55.1	25.5	13.5	8.7	7.0	—	—	—	1.8	1.6	1.4	1.6	2.4	3.0	14.2	19.5	21.0	560	24.9	15.0
Canara Bank	597	ADD	244,934	5,402	410	73.7	98.7	102.0	45.8	34.0	3.3	8.1	6.1	5.9	—	—	—	2.0	1.5	1.2	1.7	1.7	2.0	22.5	24.6	20.9	700	17.2	18.9
Corporation Bank	576	ADD	82,563	1,821	143	82.0	89.3	97.9	31.8	8.9	9.7	7.0	6.4	5.9	—	—	—	1.4	1.2	1.1	2.9	3.1	3.4	22.0	20.4	19.3	700	21.6	1.2
Federal Bank	384	ADD	65,660	1,448	171	27.2	34.3	44.5	(7.1)	26.3	29.7	14.1	11.2	8.6	—	—	—	1.4	1.3	1.2	1.3	1.6	2.1	10.3	11.9	14.0	450	17.2	5.7
HDFC	650	REDUCE	933,179	20,582	1,436	19.7	24.1	27.1	22.7	22.2	12.6	33.0	27.0	24.0	—	—	—	6.1	5.4	4.8	1.1	1.3	1.5	20.0	21.3	21.2	690	6.1	45.2
HDFC Bank	2,186	ADD	1,000,444	22,065	458	64.4	86.2	111.8	22.1	33.8	29.8	33.9	25.4	19.5	—	—	—	4.6	4.1	3.5	0.5	0.7	1.0	16.1	17.1	19.2	2,400	9.8	46.7
ICICI Bank	1,057	ADD	1,216,490	26,830	1,151	36.1	45.8	58.0	6.9	26.7	26.8	29.3	23.1	18.2	—	—	—	2.4	2.2	2.0	1.1	1.3	1.6	8.0	9.9	11.6	1,230	16.4	116.9
IDFC	146	ADD	212,409	4,685	1,458	8.4	9.1	10.9	44.9	8.3	19.5	17.4	16.0	13.4	—	—	—	3.0	2.0	1.7	0.9	1.1	1.5	16.6	15.0	13.9	175	20.2	26.8
India Infoline	75	BUY	22,530	497	299	8.1	7.4	8.0	59.2	(9.0)	8.1	9.3	10.2	9.4	—	—	—	1.4	1.3	1.1	4.4	4.2	2.5	14.7	13.2	13.8	100	32.6	4.7
Indian Bank	221	ADD	94,786	2,091	430	35.1	37.9	43.5	25.5	8.1	14.6	6.3	5.8	5.1	—	—	—	1.4	1.2	1.0	2.9	3.1	3.5	24.1	21.7	21.0	320	45.1	2.9
Indian Overseas Bank	135	BUY	73,630	1,624	545	13.0	17.6	24.1	(46.7)	35.3	37.1	10.4	7.7	5.6	—	—	—	1.2	1.0	0.9	2.6	2.8	3.1	9.6	12.1	14.9	180	33.2	3.6
J&K Bank	772	ADD	37,419	825	48	105.7	123.5	136.6	25.0	16.9	10.6	7.3	6.2	5.6	—	—	—	1.3	1.1	1.0	2.9	3.3	3.7	18.2	18.5	17.8	850	10.2	1.0
LIC Housing Finance	200	ADD	95,204	2,100	475	13.9	19.3	21.4	11.5	38.5	10.9	14.4	10.4	9.4	—	—	—	2.9	2.4	2.0	1.5	2.1	2.3	23.6	24.6	22.8	206	2.8	77.0
Oriental Bank of Commerce	339	ADD	85,046	1,876	251	45.3	59.1	64.9	25.3	30.5	9.8	7.5	5.7	5.2	—	—	—	1.2	1.0	0.9	2.7	3.5	3.8	14.5	16.9	16.4	450	32.6	8.8
PFC	259	REDUCE	296,871	6,548	1,148	20.5	24.1	28.2	54.0	17.5	17.0	12.6	10.7	9.2	—	—	—	2.3	2.0	1.7	1.7	1.9	2.2	19.0	19.3	19.5	300	16.0	4.1
Punjab National Bank	1,107	BUY	349,166	7,701	315	123.9	138.2	166.1	26.4	11.5	20.3	8.9	8.0	6.7	—	—	—	2.1	1.8	1.5	2.0	2.5	3.1	26.2	23.9	24.0	1,500	35.5	9.7
Reliance Capital	478	ADD	117,775	2,598	246	13.1	6.6	17.0	(66.7)	(49.8)	159.7	36.6	72.9	28.1	—	—	—	1.7	1.7	1.6	1.4	0.5	1.4	5.0	2.3	5.9	600	25.4	26.7
Rural Electrification Corp.	245	REDUCE	242,306	5,344	987	20.3	25.5	29.2	23.2	25.9	14.5	12.1	9.6	8.4	—	—	—	2.2	1.9	1.7	2.6	3.1	3.6	22.0	21.2	21.2	275	12.1	21.5
Shriram Transport	751	ADD	167,645	3,698	223	39.2	56.1	66.8	30.1	43.2	19.1	19.2	13.4	11.2	—	—	—	4.5	3.6	3.0	0.8	1.5	1.8	28.4	28.9	27.7	800	6.5	7.3
SKS Microfinance	651	REDUCE	47,964	1,058	74	26.9	24.2	36.5	61.1	(10.3)	50.9	24.2	26.9	17.8	—	—	—	5.0	2.6	2.2	—	—	—	21.7	12.6	13.5	700	7.5	14.9
SREI	45	NR	5,187	114	116	8.3	7.9	9.9	17.8	(4.8)	25.8	5.4	5.7	4.5	—	—	—	0.4	0.4	0.4	2.7	2.7	2.7	11.1	10.5	12.3	—	—	3.6
State Bank of India	2,781	BUY	1,765,323	38,935	635	144.4	175.2	225.2	0.5	21.3	28.6	19.3	15.9	12.3	—	—	—	2.7	2.4	2.0	1.1	1.2	1.2	14.8	15.8	17.7	3,400	22.3	208.4
Union Bank	349	BUY	176,337	3,889	505	41.1	40.9	53.8	20.2	(0.4)	31.6	8.5	8.5	6.5	—	—	—	2.0	1.7	1.4	1.6	1.6	2.1	26.2	21.4	23.3	420	20.3	5.2
Yes Bank	282	BUY	95,820	2,113	340	15.0	21.4	26.4	46.7	42.4	23.5	18.8	13.2	10.7	—	—	—	3.1	2.6	2.1	0.5	0.8	0.9	20.3	21.3	21.7	370	31.2	22.9
Banks/Financial Institutions		Attractive	8,676,621	191,368					15.0	24.1	20.9	17.2	13.8	11.4	—	—	—	2.7	2.3	2.0	1.3	1.5	1.8	15.5	16.6	17.4			
Cement																													
ACC	997	SELL	187,354	4,132	188	83.2	51.7	54.5	47.9	(37.9)	5.4	12.0	19.3	18.3	6.4	8.9	7.2	2.9	2.7	2.5	2.7	2.3	2.3	29.3	16.4	15.8	920	(7.7)	10.4
Ambuja Cements	126	SELL	191,515	4,224	1,522	8.0	7.9	7.9	11.4	(0.7)	(0.1)	15.7	15.8	15.9	8.7	8.4	7.4	2.8	2.4	2.2	1.5	1.6	1.8	19.3	16.8	15.0	108	(14.1)	4.9
Grasim Industries	2,333	ADD	213,890	4,717	92	301.0	224.3	261.1	26.1	(25.5)	16.4	7.8	10.4	8.9	4.6	5.4	4.2	1.7	1.5	1.3	1.4	1.5	1.5	22.9	15.4	15.7	2,600	11.5	3.3
India Cements	93	SELL	28,659	632	307	10.0	3.0	6.8	(43.5)	(70.5)	130.5	9.3	31.5	13.7	5.4	9.4	6.4	0.7	0.7	0.7	2.3	3.4	3.4	8.2	2.3	5.3	85	(8.9)	2.4
Shree Cement	1,710	REDUCE	59,558	1,314	35	208.0	84.0	161.7	19.0	(59.6)	92.6	8.2	20.4	10.6	4.0	7.0	3.9	3.3	2.9	2.4	0.6	0.6	0.6	48.0	15.2	25.0	1,680	(1.7)	0.6
UltraTech Cement	940	REDUCE	257,541	5,680	274	88.2	42.3	79.7	12.0	(52.1)	88.6	10.7	22.2	11.8	12.4	9.9	5.7	4.											

VALUATION SUMMARY

Kotak Institutional Equities Universe

	17-Feb-11		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target		ADVT-
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	shares (mn)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	(Rs)	Upside (%)	3mo (US\$ mn)
Consumer products																													
Asian Paints	2,595	ADD	248,893	5,489	96	71.5	82.6	100.4	85.3	15.5	21.5	36.3	31.4	25.9	22.4	19.6	15.9	15.5	12.3	9.9	1.0	1.4	1.7	51.8	44.9	43.5	3,000	15.6	5.6
Colgate-Palmolive (India)	825	SELL	112,174	2,474	136	31.1	31.0	36.0	44.2	(0.5)	16.2	26.5	26.6	22.9	21.7	19.8	17.3	34.4	29.7	25.7	2.4	2.8	3.3	156.1	119.7	120.3	800	(3.0)	2.7
Dabur India	100	ADD	173,380	3,824	1,731	2.9	3.2	3.8	28.1	11.7	17.9	34.6	30.9	26.2	26.1	21.4	18.0	18.3	12.7	9.9	1.0	1.1	1.3	57.4	49.0	42.7	110	9.8	4.9
GlaxoSmithkline Consumer (a)	2,123	ADD	89,271	1,969	42	55.4	71.9	84.1	23.6	29.8	17.1	38.3	29.5	25.2	21.6	18.6	16.0	10.0	9.3	7.6	0.8	2.4	1.3	27.9	32.4	33.0	2,400	13.1	1.0
Godrej Consumer Products	351	ADD	113,467	2,503	324	11.3	13.6	17.1	69.5	20.0	26.1	30.9	25.8	20.4	24.5	18.3	14.3	11.8	6.3	5.8	1.1	0.9	0.9	44.6	31.9	29.6	440	25.5	1.9
Hindustan Unilever	274	SELL	597,673	13,182	2,182	9.4	9.6	11.4	(0.9)	2.2	17.9	29.1	28.4	24.1	19.9	20.6	17.4	23.1	20.2	17.5	2.8	2.9	3.4	71.1	75.9	77.8	250	(8.7)	15.4
ITC	158	ADD	1,212,229	26,736	7,651	5.3	6.5	7.8	22.6	22.8	19.0	29.9	24.3	20.4	18.1	15.5	12.8	8.2	6.8	6.0	3.1	1.7	2.4	29.2	32.1	32.4	185	16.8	28.8
Jubilant Foodworks	499	SELL	31,845	702	64	5.6	11.5	14.5	347.1	104.4	26.3	88.8	43.5	34.4	47.6	25.8	17.4	27.1	16.7	11.2	—	—	—	47.3	47.6	39.1	450	(9.8)	13.2
Jyothy Laboratories	226	ADD	17,339	382	77	11.0	11.4	13.7	99.6	3.8	19.4	20.5	19.8	16.6	16.3	12.8	10.2	4.2	2.5	2.2	2.0	1.6	2.2	14.8	12.8	14.6	270	19.3	0.5
Marico	125	ADD	76,536	1,688	612	4.4	5.0	5.6	32.9	12.2	12.8	28.2	25.1	22.2	19.3	17.7	14.7	11.5	8.4	6.5	0.5	0.7	0.8	48.9	39.2	33.3	140	11.9	2.3
Nestle India (a)	3,442	REDUCE	331,873	7,320	96	74.4	88.4	108.0	27.0	18.8	22.1	46.3	38.9	31.9	30.6	26.2	21.6	57.1	44.5	34.4	1.4	1.8	2.1	136.0	128.5	121.8	3,100	(9.9)	2.8
Tata Global Beverages	102	ADD	62,860	1,386	618	6.1	5.2	5.9	14.5	(14.0)	14.2	16.8	19.5	17.1	8.0	8.6	7.8	1.3	1.2	1.2	2.0	1.7	1.9	10.2	8.4	9.1	110	8.2	2.9
Titan Industries	3,294	ADD	146,232	3,225	44	57.3	107.1	125.9	29.3	87.1	17.5	57.5	30.7	26.2	36.6	22.4	18.5	19.8	12.7	8.8	0.5	0.4	0.4	38.7	50.3	39.8	4,100	24.5	33.4
United Spirits	1,192	ADD	149,765	3,303	126	27.3	33.1	47.0	49.9	21.5	41.9	43.7	36.0	25.4	16.7	15.6	12.8	4.0	3.6	3.2	0.2	0.2	0.3	9.8	10.5	13.3	1,550	30.0	8.8
Consumer products			Cautious	3,363,535	74,185				24.8	17.4	19.7	32.5	27.7	23.2	20.2	17.9	14.9	10.1	8.4	7.2	2.1	1.7	2.1	31.0	30.2	31.3			
Constructions																													
IVRCL	80	BUY	21,241	468	267	7.9	7.0	8.9	(6.6)	(11.7)	28.1	10.1	11.4	8.9	6.7	7.4	6.3	1.1	1.0	0.9	1.0	0.5	0.5	11.5	9.6	11.2	125	57.1	8.0
Nagarjuna Construction Co.	108	BUY	27,750	612	257	7.1	7.2	9.7	6.1	1.2	34.3	15.2	15.0	11.2	8.5	9.5	7.9	1.2	1.2	1.1	1.2	1.8	1.8	9.3	8.0	10.1	160	47.9	3.7
Punj Lloyd	75	REDUCE	25,469	562	340	(3.4)	1.3	8.5	(52.6)	(137.2)	567.0	(21.9)	58.9	8.8	17.5	8.5	6.0	0.8	0.8	0.8	0.2	0.1	1.0	(4.2)	1.4	9.0	90	20.0	11.3
Sadbhav Engineering	99	BUY	14,850	328	150	5.1	6.2	8.7	0.5	20.2	41.0	19.3	16.0	11.4	13.6	9.0	7.5	3.7	2.9	2.7	0.3	6.1	6.1	15.8	17.8	23.9	175	76.8	0.4
Construction			Attractive	89,309	1,970				56.2	48.4	78.7	26.1	17.6	9.8	10.5	8.5	6.7	1.2	1.1	1.0	0.7	1.7	2.0	4.5	6.4	10.4			
Energy																													
Aban Offshore	601	BUY	26,127	576	44	106.6	104.6	107.6	10.0	(1.9)	2.9	5.6	5.7	5.6	7.9	6.6	6.4	1.2	1.2	1.1	0.6	0.6	0.7	24.3	26.1	20.4	815	35.7	16.3
Bharat Petroleum	615	BUY	222,492	4,907	362	57.6	52.9	49.5	224.5	(8.2)	(6.4)	10.7	11.6	12.4	6.2	6.4	6.6	1.6	1.5	1.4	2.3	2.7	2.7	14.6	12.4	10.7	740	20.2	11.1
Cairn India	320	RS	606,273	13,372	1,897	5.5	30.2	49.1	29.0	445.6	62.6	57.7	10.6	6.5	45.4	7.9	4.9	1.8	1.5	1.4	—	—	4.7	3.1	15.6	22.4	—	—	16.0
Castrol India (a)	428	SELL	105,898	2,336	247	15.4	21.0	21.7	44.6	36.2	3.5	27.8	20.4	19.7	16.5	12.6	12.0	23.0	21.9	20.7	2.9	4.0	4.1	83.8	109.9	107.9	390	(8.9)	0.8
GAIL (India)	453	ADD	574,558	12,672	1,268	24.8	29.4	37.4	11.7	18.8	27.3	18.3	15.4	12.1	10.2	9.2	8.1	3.2	2.8	2.3	1.7	2.0	2.5	17.4	18.1	19.8	540	19.2	14.3
GSPL	96	REDUCE	54,192	1,195	562	7.3	8.5	8.6	232.7	16.8	0.9	13.2	11.3	11.2	6.8	7.0	6.4	3.2	2.5	2.2	1.0	2.2	3.6	27.1	24.9	21.1	90	(6.6)	4.0
Hindustan Petroleum	356	BUY	120,535	2,658	339	51.6	46.3	39.5	204.2	(10.3)	(14.7)	6.9	7.7	9.0	2.5	2.6	2.7	0.9	0.8	0.8	3.4	4.1	3.5	13.1	10.6	8.3	490	37.8	10.0
Indian Oil Corporation	329	BUY	797,946	17,599	2,428	49.1	34.8	35.2	399.0	(29.2)	1.0	6.7	9.4	9.3	5.1	5.8	5.4	1.5	1.4	1.2	4.0	3.2	3.2	22.4	14.1	13.1	440	33.9	9.0
Oil India	1,285	ADD	308,924	6,813	240	115.2	135.5	145.1	13.9	17.7	7.1	11.2	9.5	8.9	4.9	3.6	3.2	2.1	1.8	1.6	2.6	3.3	3.5	16.8	18.3	17.3	1,490	16.0	2.5
Oil & Natural Gas Corporation	278	BUY	2,377,159	52,430	8,556	23.0	28.2	32.5	0.9	22.6	15.4	12.1	9.9	8.5	4.4	3.8	3.3	1.8	1.7	1.5	3.0	5.0	4.0	14.8	16.2	17.3	355	27.8	32.8
Petronet LNG	117	SELL	87,900	1,939	750	5.4	8.0	9.1	(22.0)	48.9	13.8	21.7	14.6	12.8	12.3	8.9	8.2	3.4	2.9	2.5	1.5	2.1	2.6	15.9	20.4	19.7	105	(10.4)	6.0
Reliance Industries	954	REDUCE	2,838,955	62,615	2,976	49.6	61.7	68.6	(1.8)	24.2	11.2	19.2	15.5	13.9	9.8	7.5	6.4	1.9	1.7	1.6	0.7	0.9	1.1	11.4	12.9	12.9	990	3.8	124.8
Energy			Neutral	8,120,958	179,112				34.7	18.1	15.0	13.5	11.4	9.9	6.7	5.7	4.9	1.9	1.7	1.5	1.9	2.6	2.8	13.8	14.8	15.2			
Industrials																													
ABB	665	REDUCE	140,993	3,110	212	16.7	10.8	31.4	(35.2)	(35.4)	190.2	39.8	61.6	21.2	22.6	32.0	12.0	5.8	5.5	4.5	0.3	0.5	0.5	15.6	9.2	23.2	725	9.0	1.7
BGR Energy Systems	519	REDUCE	37,375	824	72	28.0	40.9	46.4	74.6	46.3	13.4	18.5	12.7	11.2	10.5	7.9	6.8	5.3	4.0	3.1	1.3	1.6	1.8	31.8	36.0	31.6	600	15.6	8.2
Bharat Electronics	1,675	REDUCE	133,968	2,955	80	96.1	105.6	120.1	(7.4)	9.9	13.7	17.4	15.9	13.9	8.0	7.0	5.9	3.0	2.6	2.3	1.1	1.5	1.5	17.5	17.6	17.6	1,800	7.5	1.5
Bharat Heavy Electricals	2,082	REDUCE	1,019,205	22,479	490	87.9	115.5	140.1	37.7	31.4	21.3	23.7	18.0	14.9	13.0	10.2	8.2	6.4	5.1	4.0	0.9	1.2	1.4	29.8	31.3	30.2	2,400	15.3	33.1
Crompton Greaves	268	BUY	171,890	3,791	642	12.8	14.4	16.2	46.5	12.0	12.5	20.9	18.6	16.5	12.0	10.7	9.0	6.9	5.2	4.1	0.5	0.7	0.8	37.9	31.9	27.8	310	15.7	7.2
Larsen & Toubro	1,695	REDUCE	1,026,086	22,631	605	57.9	73.0	82.0	15.6	26.0	12.3	29.3	23.2	20.7	16.6	12.4	10.8	4.6	3.8	3.3	0.7	0.7	0.8	18.6	17.9	17.0	1,775	4.7	66.6
Maharashtra Seamless	344	ADD	24,241	535	71	38.6	44.2	39.3	7.7	14.3	(10.9)	8.9	7.8	8.7	4.6	3.6	3.8	1.0	1.0	0.9	1.7	2.3	2.3	14.8	12.8	10.5	418	21.6	0.5
Siemens	843	REDUCE	284,226	6,269	337	22.4	27.4	33.2	39.5	21.9	21.3	37.6	30.8	25.4	20.1	18.4	14.9	8.8	7.2	5.9	0.6	0.7	0.8	25.2	25.6	25.5	735	(12.8)	9.6
Suzlon Energy	50	REDUCE	80,403	1,773	1,594	(6.2)	(3.7)	3.5	(185.4)	(40.3)	(196.0)	(8.2)	(13.7)	14.3	14.0														

VALUATION SUMMARY

Kotak Institutional Equities Universe

	17-Feb-11		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target		ADVT-
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	(Rs)	Upside	3mo
Media																													
DB Corp	239	BUY	43,406	957	182	10.6	12.6	14.0	286.5	18.8	10.8	22.5	18.9	17.1	12.6	10.6	9.7	6.7	5.5	4.7	0.8	1.7	2.5	40.3	31.8	29.7	325	36.0	0.3
DishTV	63	ADD	67,178	1,482	1,062	(2.5)	(1.6)	0.2	(63.1)	(33.2)	(109.5)	(25.6)	(38.4)	405.4	73.9	30.6	14.7	16.8	29.8	27.8	—	—	—	234.3	(56.0)	7.1	66	4.3	5.2
Hindustan Media Ventures	165	ADD	12,097	267	73	2.5	7.9	10.0	NM	220.4	27.5	67.3	21.0	16.5	17.9	13.0	10.6	3.4	2.8	2.4	4.5	4.5	6.1	17.9	23.7	16.4	200	21.3	0.0
HT Media	148	ADD	34,862	769	235	6.1	7.0	8.5	623.3	15.4	21.0	24.3	21.1	17.4	12.6	9.5	7.7	3.4	2.5	2.3	0.2	1.3	2.7	15.3	13.8	13.9	170	14.6	0.2
Jagran Prakashan	117	BUY	35,219	777	301	5.8	7.0	7.9	92.0	19.2	13.4	20.0	16.8	14.8	12.0	9.7	8.7	5.8	5.2	4.7	3.0	3.4	4.3	30.0	32.4	33.4	155	32.5	0.5
Sun TV Network	412	REDUCE	162,479	3,584	394	13.1	18.3	22.7	44.0	39.7	24.1	31.5	22.6	18.2	17.9	13.0	10.6	8.4	7.0	5.9	1.8	1.8	2.4	28.3	34.2	35.5	450	9.1	6.6
Zee Entertainment Enterprises	119	ADD	116,181	2,562	978	5.3	4.8	6.2	26.3	(9.7)	28.4	22.3	24.7	19.2	18.3	15.5	11.9	2.9	2.8	2.7	0.9	1.1	1.2	12.7	11.8	14.7	130	9.5	7.5
Media		Cautious	471,422	10,397					195.8	36.1	35.9	38.2	28.1	20.7	18.4	13.8	10.8	5.4	4.7	4.3	1.2	1.4	1.9	14.2	16.8	21.0			
Metals & Mining																													
Coal India	305	ADD	1,926,807	42,497	6,316	15.2	16.5	20.5	363.0	8.4	24.1	20.0	18.5	14.9	12.1	9.9	8.5	7.1	5.7	4.6	1.1	1.6	2.0	40.4	34.1	34.1	345	13.1	47.0
Hindalco Industries	211	ADD	404,620	8,924	1,914	20.0	16.2	16.9	25.0	(18.8)	4.3	10.6	13.0	12.5	6.1	7.3	7.5	1.9	1.7	1.5	0.6	0.6	0.6	20.4	13.6	12.7	250	18.3	50.4
Hindustan Zinc	1,285	BUY	543,144	11,979	423	95.6	103.7	125.5	48.2	8.4	21.0	13.4	12.4	10.2	9.1	7.5	5.0	2.9	2.4	1.9	0.5	0.5	0.5	25.1	21.7	21.5	1,535	19.4	4.9
Jindal Steel and Power	669	REDUCE	623,089	13,743	931	38.2	41.0	48.0	16.9	7.1	17.3	17.5	16.3	13.9	12.1	11.1	9.1	5.5	4.1	3.2	0.2	0.3	0.3	37.7	29.2	26.0	640	(4.3)	24.5
JSW Steel	922	REDUCE	228,787	5,046	248	80.4	67.1	99.2	481.1	(16.5)	47.9	11.5	13.7	9.3	9.3	8.2	5.5	2.1	1.3	1.0	0.8	1.0	1.0	16.0	11.6	12.1	1,000	8.5	38.4
National Aluminium Co.	410	SELL	263,941	5,821	644	12.2	18.3	20.5	(37.2)	50.5	12.0	33.6	22.3	20.0	15.7	10.5	8.9	2.5	2.4	2.2	0.6	1.2	1.2	7.8	10.9	11.3	300	(26.8)	0.6
Sesa Goa	311	REDUCE	276,831	6,106	890	29.6	52.6	62.2	23.5	77.9	18.3	10.5	5.9	5.0	8.7	3.6	4.8	3.4	2.0	1.5	1.1	1.2	1.2	35.8	32.9	33.0	315	1.2	25.7
Sterlite Industries	164	BUY	550,807	12,148	3,362	12.0	13.0	19.4	2.8	8.0	49.4	13.6	12.6	8.4	8.7	7.2	4.4	1.5	1.3	1.2	0.6	0.6	0.6	12.9	11.2	14.8	200	22.1	26.0
Tata Steel	655	BUY	663,802	14,641	1,013	(3.3)	64.4	69.7	(103.6)	(2,051.8)	8.2	(198.5)	10.2	9.4	12.3	6.8	6.1	2.9	1.9	1.6	1.1	1.2	—	(1.5)	22.4	18.4	710	8.4	108.3
Metals & Mining		Attractive	5,481,827	120,905					9.4	34.8	21.7	18.4	13.7	11.2	10.2	8.0	6.6	3.3	2.6	2.1	0.8	1.1	1.1	17.7	18.7	18.8			
Pharmaceutical																													
Apollo Hospitals	475	BUY	61,095	1,347	129	10.9	14.0	19.0	28.8	28.2	35.7	43.3	33.8	24.9	20.9	14.9	11.8	3.6	3.4	2.9	—	—	—	8.3	10.4	12.1	565	19.1	1.6
Biocon	345	ADD	68,920	1,520	200	14.8	18.3	22.7	216.4	23.4	24.2	23.2	18.8	15.2	13.4	10.2	8.5	3.8	3.3	2.8	—	—	—	17.9	19.3	20.5	445	29.1	5.5
Cipla	305	REDUCE	245,052	5,405	803	13.7	12.1	16.0	38.1	(11.9)	32.3	22.3	25.3	19.1	16.0	16.9	13.1	4.1	3.7	3.2	0.7	0.8	0.8	21.1	15.4	17.9	300	(1.7)	13.6
Cadila Healthcare	783	ADD	160,380	3,537	205	24.7	33.3	38.2	66.9	34.9	14.7	31.7	23.5	20.5	20.4	16.1	13.7	9.8	7.4	5.8	0.6	0.9	1.0	36.0	35.9	31.6	880	12.3	1.7
Dishman Pharma & chemicals	101	ADD	8,194	181	81	14.4	15.8	20.7	(19.7)	9.7	30.7	7.0	6.4	4.9	6.7	5.9	4.6	1.0	0.9	0.8	—	—	—	15.5	15.1	17.0	210	108.4	0.6
Divi's Laboratories	646	REDUCE	85,603	1,888	133	25.8	26.8	37.1	(19.2)	3.9	38.6	25.1	24.1	17.4	18.5	17.8	12.2	5.6	4.9	4.1	—	—	—	24.7	21.7	25.6	700	8.4	2.4
Dr Reddy's Laboratories	1,526	REDUCE	259,180	5,716	170	48.0	68.4	72.2	48.1	42.6	5.5	31.8	22.3	21.1	17.6	12.7	11.8	6.9	5.4	4.4	0.7	0.5	0.6	22.2	27.0	22.9	1,150	(24.6)	15.0
GlaxoSmithkline Pharmaceuticals (a)	2,231	REDUCE	188,968	4,168	85	59.1	70.2	79.6	8.1	18.7	13.5	37.8	31.8	28.0	21.9	18.5	16.0	10.6	9.0	7.7	—	—	—	29.8	30.7	29.7	2,000	(10.4)	1.2
Glenmark Pharmaceuticals	289	REDUCE	80,987	1,786	280	12.7	17.6	20.6	14.3	38.3	17.3	22.8	16.5	14.0	14.7	11.1	9.9	3.4	2.9	2.4	—	—	—	16.4	18.4	18.2	330	14.1	6.0
Jubilant Life Sciences	172	REDUCE	27,376	604	159	26.5	14.6	16.9	49.0	(45.1)	15.9	6.5	11.8	10.2	6.2	9.6	7.8	1.2	1.3	1.2	1.1	1.2	1.5	26.3	11.9	12.1	220	28.0	1.3
Lupin	415	ADD	184,439	4,068	445	15.3	17.6	22.4	27.3	15.0	26.9	27.1	23.5	18.5	22.7	19.4	15.1	7.1	5.8	4.6	0.7	0.8	1.1	34.1	27.3	28.0	465	12.1	14.8
Ranbaxy Laboratories	512	SELL	219,426	4,840	428	7.2	24.0	14.6	(128.9)	234.8	(39.4)	71.3	21.3	35.2	17.6	11.4	17.9	5.6	4.0	3.7	—	0.8	0.8	7.0	20.1	10.4	340	(33.6)	10.9
Sun Pharmaceuticals	424	ADD	439,560	9,695	1,036	13.0	17.4	19.7	(25.7)	33.4	13.1	32.5	24.4	21.6	25.8	18.3	15.0	5.5	4.6	3.8	0.6	0.6	0.6	18.2	21.0	19.9	480	13.1	10.6
Pharmaceuticals		Cautious	2,119,996	46,758					45.3	20.0	12.8	28.7	23.9	21.2	17.9	14.2	12.5	5.3	3.6	3.1	0.5	0.6	0.6	18.6	14.8	14.4			
Property																													
DLF	238	ADD	407,511	8,988	1,714	10.6	10.0	13.8	(60.1)	(5.5)	37.3	22.4	23.7	17.3	17.5	14.9	12.3	1.3	1.3	1.2	0.9	1.2	2.1	6.6	5.5	7.3	265	11.5	46.5
Housing Development & Infrastructure	150	ADD	62,354	1,375	415	15.9	23.0	28.4	(24.4)	44.0	23.9	9.4	6.5	5.3	7.5	7.6	4.6	0.9	0.7	0.6	—	—	—	10.0	11.8	12.5	180	19.8	30.0
Indiabulls Real Estate	115	RS	46,036	1,015	402	(0.4)	3.1	8.5	(134.9)	(865.5)	178.9	(287.4)	37.5	13.5	(45.6)	52.1	15.4	0.4	0.4	0.4	—	—	—	(0.2)	1.0	2.9	—	—	21.4
Mahindra Life Space Developer	351	BUY	14,324	316	41	19.2	21.7	30.4	69.7	13.1	40.1	18.3	16.2	11.6	16.4	13.5	8.0	1.5	1.4	1.3	1.0	1.1	1.3	8.6	9.0	11.6	435	23.9	0.4
Oberoi Realty	248	BUY	81,628	1,800	330	13.7	18.7	24.9	57.1	36.9	32.7	18.1	13.2	10.0	15.9	8.7	5.7	4.4	2.4	1.9	0.1	0.4	0.6	27.7	23.3	21.5	305	23.2	1.0
Phoenix Mills	182	BUY	26,391	582	145	4.1	6.1	7.6	(16.7)	48.6	24.2	44.1	29.6	23.9	37.0	22.3	17.1	1.7	1.6	1.6	0.7	0.8	1.1	3.9	5.7	6.7	300	64.7	0.3
Puravankara Projects	108	REDUCE	22,964	506	213	6.8	7.3	8.8	0.6	7.6	19.9	15.8	14.7	12.2	18.3	16.6	11.9	1.6	1.5	1.4	1.9	1.9	1.9	10.5	10.5	11.6	100	(7.1)	0.1
Sobha Developers	266	BUY	26,105	576	98	14.1	18.8	24.0	(7.1)	33.4	27.9	18.9	14.2	11.1	15.2	11.4	8.8	1.5	1.4	1.2	0.4	0.5	0.6	9.7	10.1	11.7	380	42.7	1.7
Unitech	37	RS	97,987	2,161	2,666	3.0	2.4	3.9	(58.8)	(21.3)	62.1	12.1	15.4	9.5	14.9	16.7	9.4	0.9	0.8	0.8	0.9	—	—	9.0	5.6	8.3	-	(100.0)	41.9
Property		Cautious	785,300	17,320					(44.6)	15.3	42.0	19.9	17.3	12.2	16.3	13.9	9.8	1.2	1.1	1.0	0.7	0.8	1.3	5.9	6.1	8.1			

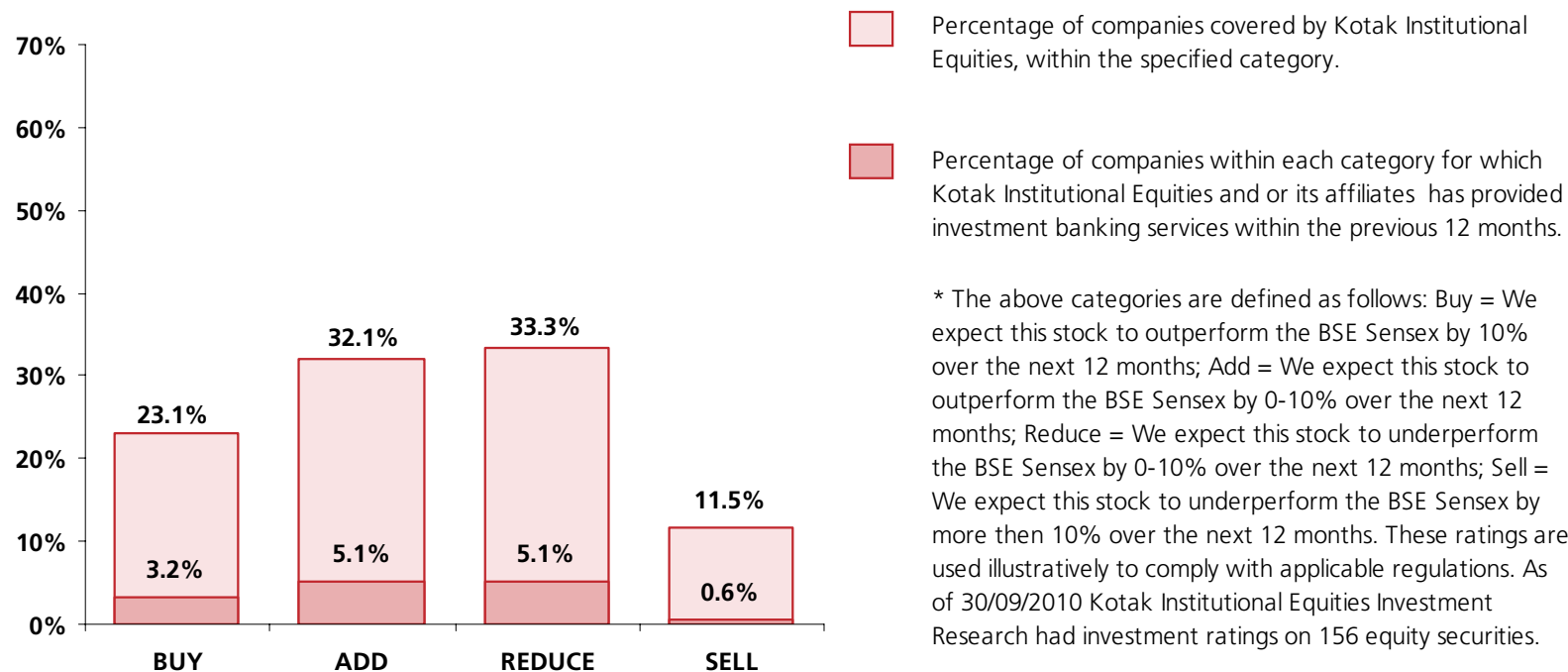
VALUATION SUMMARY

Kotak Institutional Equities Universe

	17-Feb-11		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target		ADVT-	
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	shares (mn)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	(Rs)	Upside (%)	3mo (US\$ mn)	
Sugar																														
Bajaj Hindustan	78	SELL	14,955	330	191	(7.9)	0.2	6.4	(343.6)	(102.5)	3,238.8	(9.9)	405.2	12.1	10.1	6.3	4.6	0.7	0.7	0.7	0.9	0.9	0.9	(7.1)	0.2	5.8	80	2.4	4.6	
Balrampur Chini Mills	74	ADD	18,871	416	257	0.8	8.3	8.4	(89.9)	974.0	1.0	94.8	8.8	8.7	12.4	5.4	4.3	1.4	1.2	1.1	0.6	0.6	0.6	1.5	14.8	13.1	90	22.4	3.9	
Shree Renuka Sugars	82	REDUCE	55,125	1,216	670	8.8	4.4	4.2	164.5	(49.8)	(4.2)	9.3	18.6	19.4	5.9	8.8	8.1	2.2	1.8	1.5	0.5	0.4	0.4	29.1	11.4	9.8	90	9.4	24.6	
Sugar		Cautious	88,951	1,962					(4.2)	11.6	21.3	19.3	17.3	14.3	8.0	7.0	5.7	1.5	1.3	1.2	0.6	0.5	0.5	7.7	7.7	8.2				
Technology																														
HCL Technologies	467	REDUCE	327,215	7,217	700	17.5	22.8	29.6	0.2	30.3	29.4	26.7	20.5	15.8	13.2	12.4	9.7	4.6	4.2	3.6	0.8	1.6	1.7	19.3	21.7	24.5	440	(5.9)	10.8	
Hexaware Technologies	114	BUY	16,311	360	144	9.3	5.9	11.3	127.7	(36.5)	90.9	12.1	19.1	10.0	6.7	13.8	6.7	1.9	1.7	1.5	0.9	2.6	2.2	17.8	9.4	16.1	135	18.9	6.7	
Infosys Technologies	3,113	BUY	1,787,063	39,415	574	108.3	120.0	155.2	5.7	10.8	29.3	28.7	25.9	20.1	21.1	18.0	13.9	7.8	6.9	5.6	0.8	1.9	1.5	30.1	28.1	30.9	3,700	18.8	73.8	
Mahindra Satyam	63	REDUCE	74,441	1,642	1,176	2.5	3.1	4.3	(190.7)	24.7	37.4	25.5	20.4	14.9	11.6	11.4	6.9	4.0	3.5	3.3	—	—	—	58.5	18.5	23.2	70	10.6	14.4	
Mindtree	452	REDUCE	18,588	410	41	52.2	27.1	41.5	294.3	(48.1)	53.1	8.7	16.7	10.9	7.4	8.9	5.6	2.8	2.4	2.0	0.5	0.6	0.9	35.2	15.4	19.9	500	10.7	0.7	
Mphasis BFL	685	SELL	144,324	3,183	211	43.6	51.8	48.9	207.6	18.8	(5.5)	15.7	13.2	14.0	12.6	11.3	9.8	6.2	4.4	3.4	0.5	0.6	0.7	48.1	38.6	27.4	610	(10.9)	5.8	
Polaris Software Lab	194	SELL	19,332	426	100	15.4	19.5	19.5	16.9	26.8	0.3	12.6	9.9	9.9	6.4	8.0	6.7	2.2	1.9	1.6	1.8	1.9	2.0	18.6	20.5	17.7	175	(9.7)	4.7	
TCS	1,109	BUY	2,170,926	47,881	1,957	35.1	44.4	54.0	32.8	26.4	21.6	31.6	25.0	20.5	24.1	18.5	14.4	10.4	8.5	7.0	1.8	1.6	1.9	37.6	37.4	37.2	1,350	21.7	43.9	
Tech Mahindra	667	REDUCE	82,617	1,822	124	65.1	65.1	65.9	(9.6)	(0.1)	1.3	10.2	10.2	10.1	8.3	9.1	8.4	2.9	2.3	2.0	0.5	0.3	0.3	34.5	26.3	22.1	720	8.0	3.2	
Wipro	432	ADD	1,057,082	23,315	2,447	18.9	21.7	25.6	22.1	15.2	17.7	22.9	19.9	16.9	17.3	14.6	11.8	5.4	4.4	3.7	0.8	1.0	1.2	26.5	24.4	23.7	525	21.5	18.3	
Technology		Attractive	5,774,916	127,369					24.6	17.5	21.1	26.2	22.3	18.4	18.9	16.0	12.6	6.8	5.9	4.9	1.2	1.7	1.6	26.1	26.3	26.4				
Telecom																														
Bharti Airtel	340	REDUCE	1,290,614	28,465	3,798	23.6	17.1	21.3	5.8	(27.7)	24.6	14.4	19.9	16.0	8.2	9.5	7.5	3.1	2.7	2.3	—	—	—	24.4	14.3	15.3	305	(10.3)	36.8	
IDEA	65	REDUCE	214,982	4,742	3,300	2.7	2.4	1.2	(5.8)	(11.2)	(48.9)	23.8	26.8	52.5	8.3	9.2	8.0	1.9	1.8	1.7	—	—	—	7.2	6.9	3.5	55	(15.6)	7.6	
MTNL	45	SELL	28,445	627	630	(15.6)	(10.4)	(9.1)	(750.8)	(33.7)	(11.9)	(2.9)	(4.4)	(4.9)	0.9	1.1	1.5	0.3	0.3	0.3	—	—	—	(8.5)	(6.1)	(5.7)	35	(22.5)	1.3	
Reliance Communications	100	SELL	213,145	4,701	2,133	19.7	6.9	7.9	(30.9)	(65.2)	15.0	5.1	14.6	12.7	6.4	8.2	7.4	0.5	0.5	0.5	0.8	—	—	11.0	3.3	3.7	90	(10.0)	24.2	
Tata Communications	215	REDUCE	61,389	1,354	285	14.0	15.2	15.7	3.2	8.2	3.5	15.4	14.2	13.7	6.4	5.9	5.6	0.9	0.8	0.8	3.0	3.5	3.9	5.2	5.5	5.5	225	4.5	0.9	
Telecom		Cautious	1,808,575	39,889					(12.3)	(38.9)	17.9	12.9	21.2	18.0	7.9	9.3	7.6	1.6	1.5	1.4	0.2	0.1	0.1	12.1	6.9	7.6				
Utilities																														
Adani Power	123	ADD	268,140	5,914	2,180	0.8	2.8	16.5	NM	252.0	500.1	157.0	44.6	7.4	131.3	31.7	6.7	4.6	4.2	2.7	—	—	—	4.2	9.9	44.1	140	13.8	4.0	
CESC	301	BUY	37,612	830	125	34.6	36.6	42.7	8.5	5.8	16.8	8.7	8.2	7.0	5.4	5.0	5.7	0.9	0.8	0.7	1.4	1.5	1.8	10.8	10.2	10.8	459	52.5	1.3	
Lanco Infratech	40	BUY	96,200	2,122	2,405	2.1	3.6	4.9	46.6	67.4	36.6	18.8	11.2	8.2	12.2	8.5	6.5	2.9	2.3	1.8	—	—	—	17.4	21.0	22.5	80	100.0	8.7	
NHPC	25	REDUCE	306,288	6,755	12,301	1.9	1.5	1.7	74.9	(19.4)	15.6	13.4	16.7	14.4	9.2	9.9	7.9	1.2	1.2	1.1	2.2	1.6	1.9	9.7	7.1	7.8	28	12.4	4.3	
NTPC	181	REDUCE	1,491,192	32,889	8,245	10.5	10.1	11.9	6.8	(3.2)	17.6	17.2	17.8	15.2	13.2	13.4	12.1	2.3	2.2	2.0	2.1	1.9	2.3	14.1	12.6	13.7	195	7.8	11.6	
Reliance Infrastructure	641	BUY	171,569	3,784	267	62.0	60.8	70.8	(1.0)	(1.9)	16.3	10.3	10.5	9.1	10.5	7.4	6.1	0.8	0.7	0.7	1.0	1.4	1.6	6.5	9.1	10.7	1,030	60.6	32.2	
Reliance Power	121	SELL	338,573	7,467	2,805	2.9	2.9	4.0	179.7	0.1	38.4	42.3	42.3	30.5	(335.1)	236.4	51.0	2.3	2.1	1.9	—	—	—	4.8	5.2	6.6	115	(4.7)	11.9	
Tata Power	1,287	ADD	317,701	7,007	247	63.5	70.7	84.4	26.7	11.3	19.4	20.3	18.2	15.2	12.4	12.5	11.7	2.5	2.3	2.0	0.9	1.1	1.2	13.8	13.0	14.0	1,415	9.9	7.1	
Utilities		Cautious	3,027,274	66,768					22.6	3.6	37.2	19.3	18.7	13.6	14.6	14.6	10.9	2.0	1.8	1.7	1.4	1.3	1.5	10.4	9.9	12.3				
Others																														
Havells India	336	ADD	41,956	925	125	6.1	23.2	28.9	141.3	278.2	24.5	54.7	14.5	11.6	15.7	9.9	7.8	9.8	6.1	4.1	0.6	0.7	0.8	14.3	52.1	42.4	425	26.4	1.7	
Jaiprakash Associates	90	BUY	199,844	4,408	2,214	1.7	5.1	5.6	(12.7)	188.8	11.6	51.6	17.9	16.0	22.2	12.8	11.2	2.3	2.0	1.8	—	—	—	5.1	12.2	12.1	135	49.6	31.0	
Jet Airways	508	BUY	43,817	966	86	(69.8)	25.6	58.7	(71.7)	(136.7)	129.5	(7.3)	19.8	8.6	12.5	7.9	6.5	2.5	2.2	1.8	—	—	—	—	12.0	23.0	850	67.5	19.4	
Sintex	156	REDUCE	42,378	935	272	12.1	14.4	16.5	(49.6)	19.3	14.5	12.9	10.8	9.4	11.4	8.8	7.4	2.0	1.7	1.4	0.8	0.8	0.9	15.5	15.7	15.3	180	15.5	7.1	
SpiceJet	48	BUY	19,505	430	403	2.5	5.2	6.1	(117.4)	104.4	16.8	19.1	9.3	8.0	22.3	4.8	5.9	(5.7)	4.6	2.9	—	—	—	(15.9)	516.3	44.8	85	75.6	4.3	
Tata Chemicals	322	REDUCE	78,292	1,727	243	26.4	26.8	35.4	(27.1)	1.5	31.9	12.2	12.0	9.1	6.4	5.7	4.3	1.7	1.5	1.3	2.8	3.0	3.0	16.0	16.9	19.3	370	15.0	3.8	
United Phosphorus	144	BUY	66,459	1,466	462	11.9	12.9	17.6	18.1	8.3	37.3	12.1	11.2	8.1	6.6	5.7	4.3	2.2	1.7	1.5	1.3	1.4	1.4	19.1	17.5	19.4	220	53.1	6.9	
Others			492,251	10,857					(539.8)	140.7	29.0	34.1	14.2	11.0	13.2	9.3	8.0	2.4	2.0	1.7	0.7	0.8	0.8	7.2	14.2	15.7				
KS universe (b)			47,450,291	1,046,544					21.1	20.0	20.6	19.2	16.0	13.2	11.3	9.6	8.1	2.9	2.5	2.2	1.2	1.5	1.6	15.3	15.7	16.5				
KS universe (b) ex-Energy			39,329,332	867,431					17.3	20.6	22.3	21.0	17.4	14.2	13.6	11.7	9.5	3.3	2.8	2.4	1.1	1.2	1.4	15.8	16.0	16.9				
KS universe (d) ex-Energy & ex-Commodities			32,908,989	725,827					19.0	20.1	22.2	21.9	18.3	14.9	15.4	13.1	10.6	3.3	2.9	2.5	1.2	1.3	1.4	15.3	15.6	16.7				

Kotak Institutional Equities Research coverage universe

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Source: Kotak Institutional Equities

As of September 30, 2010

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Old rating system

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