

April 11, 2008

# India Strategy Friday Flash

BSE-30: 15,695

India

## Analysts

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**Kotak Institutional Equities  
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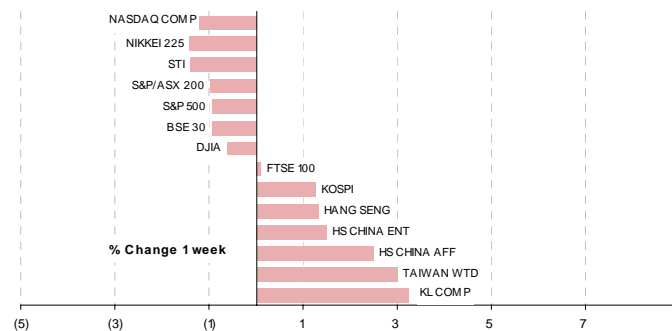
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**Woes continue.** During the past week, the Sensex lost 137 points (0.9%) to close at 15,695. Market sentiments continued to remain weak owing to (1) a significant increase in inflation to 7% from the previous week's 6.7% and (2) a likely slowdown in corporate earnings for 4QFY08E. We are expecting earnings growth of BSE-30 Index ex-Energy for 4QFY08E to decelerate to 14.3% yoy—the slowest since December 2005. Performance of global markets was mixed, shadowed by (1) continued concerns on credit losses and (2) a significant increase in the price of crude oil (closing at US\$108/bbl).

## Market highlights for the week ending Thursday, April 10, 2008

- Largest gainers: Max India (19%), Sintex (18%), Rajesh Exports (18%)
- Largest losers: Tata Communications (-13%), ABG Shipyards (-9%), Sadbhav Engineering (-9%)

## Relative performance of regional indices (% Change 1 Week)



Source: Bloomberg.

## Flows in emerging markets

| Date                               | Taiwan       | Indonesia | Philippines | Thailand | India      | Total     |
|------------------------------------|--------------|-----------|-------------|----------|------------|-----------|
| Investments in past week (US\$ mn) |              |           |             |          |            |           |
| 2-Apr-08                           | 284          | (70)      | 3           | 0        | (5)        | 213       |
| 3-Apr-08                           | (178)        | 80        | 12          | (0)      | (135)      | (220)     |
| 4-Apr-08                           | -            | (39)      | 5           | (1)      | 338        | 303       |
| 7-Apr-08                           | (109)        | (11)      | -           | -        | 93         | (27)      |
| 8-Apr-08                           | (332)        | 63        | 16          | 1        | 37         | (214)     |
| <b>Total</b>                       | <b>(334)</b> | <b>23</b> | <b>37</b>   | <b>0</b> | <b>329</b> | <b>55</b> |

# Our top recommendations

## Kotak Institutional Equities, Top 10, April 10, 2008

| Companies                     | Sector            | Rating | Mkt cap.<br>(US\$ mn) | CMP<br>(Rs)   | Target<br>(Rs) | EPS (Rs) |       |       | P/E (X) |       |       | EV/EBDITA (X) |       |       |
|-------------------------------|-------------------|--------|-----------------------|---------------|----------------|----------|-------|-------|---------|-------|-------|---------------|-------|-------|
|                               |                   |        |                       |               |                | 2007     | 2008E | 2009E | 2007    | 2008E | 2009E | 2007          | 2008E | 2009E |
| ICICI Bank                    | Banking           | ADD    | 22,160                | 801           | 900            | 34.6     | 35.5  | 33.3  | 23.2    | 22.6  | 24.0  | —             | —     | —     |
| Larsen & Toubro               | Industrials       | BUY    | 19,554                | 2,678         | 3,800          | 62.8     | 79.7  | 114.7 | 42.6    | 33.6  | 23.3  | 27.4          | 18.8  | 14.2  |
| ITC                           | Consumer products | BUY    | 19,463                | 208           | 250            | 7.2      | 8.3   | 9.7   | 28.8    | 25.0  | 21.4  | 18.4          | 15.8  | 13.1  |
| DLF                           | Property          | BUY    | 25,586                | 600           | 905            | 12.7     | 45.4  | 59.8  | 47.2    | 13.2  | 10.0  | 39.9          | 11.0  | 8.3   |
| HDFC Bank                     | Banking           | BUY    | 14,948                | 1,326         | 1,500          | 35.7     | 50.4  | 55.7  | 37.1    | 26.3  | 23.8  | —             | —     | —     |
| Maruti Suzuki                 | Automobiles       | BUY    | 5,334                 | 738           | 1,100          | 54.0     | 66.3  | 82.3  | 13.7    | 11.1  | 9.0   | 7.9           | 6.8   | 5.3   |
| Satyam Computer Services      | Technology        | BUY    | 7,108                 | 423           | 500            | 21.4     | 25.5  | 30.2  | 0.0     | 16.6  | 14.0  | 16.0          | 13.1  | 10.4  |
| Oil & Natural Gas Corporation | Energy            | BUY    | 53,631                | 1,002         | 1,325          | 84.4     | 102.1 | 121.2 | 11.9    | 9.8   | 8.3   | 4.8           | 4.0   | 3.4   |
| Tata Power                    | Utilities         | ADD    | 6,992                 | 1,200         | 1,540          | 26.6     | 29.7  | 38.1  | 45.1    | 40.4  | 31.5  | 26.0          | 26.9  | 24.0  |
| <b>Mid-cap. basket</b>        |                   |        |                       |               |                |          |       |       |         |       |       |               |       |       |
| IVRCL                         | Construction      | BUY    | 1,301                 | 386           | 570            | 12.4     | 13.5  | 20.4  | 31.1    | 28.7  | 18.9  | 24.0          | 14.9  | 11.0  |
| Jindal Saw                    | Pipes             | BUY    | 841                   | 601           | 1,150          | 115.9    | 77.0  | 120.4 | 5.2     | 7.8   | 5.0   | 4.7           | 4.5   | 2.7   |
| Lanco Infratech               | Utilities         | BUY    | 2,200                 | 396           | 670            | 8.5      | 17.6  | 33.8  | 46.7    | 22.5  | 11.7  | 24.7          | 20.5  | 11.3  |
| Nagarjuna Construction Co.    | Construction      | BUY    | 1,102                 | 190           | 365            | 6.5      | 9.2   | 12.7  | 29.2    | 20.8  | 15.0  | 19.7          | 12.2  | 9.5   |
| Rajesh Exports                | Retail            | BUY    | 669                   | 92            | 200            | 4.6      | 7.7   | 10.5  | 20.1    | 11.9  | 8.7   | 12.1          | 4.4   | 3.3   |
| <b>BSE-30</b>                 |                   |        |                       | <b>15,695</b> |                |          |       |       |         |       |       |               |       |       |

Source: Company, Bloomberg, Kotak Institutional Equities.

# Our model portfolio

## Kotak Institutional Equities Model Portfolio

| Company                       | 10-Apr     |        | Weightage (%) |             | Diff. (bps)  |
|-------------------------------|------------|--------|---------------|-------------|--------------|
|                               | Price (Rs) | Rating | BSE-30        | KS reco.    |              |
| Mahindra & Mahindra           | 612        | BUY    | 1.3           | 1.3         | —            |
| Maruti Suzuki                 | 738        | BUY    | 1.1           | 2.6         | 150          |
| Tata Motors                   | 624        | BUY    | 1.6           | —           | (165)        |
| <b>Automobiles</b>            |            |        | <b>4.1</b>    | <b>4.0</b>  | <b>(15)</b>  |
| Punjab National Bank          | 506        | BUY    | —             | 1.5         | 150          |
| State Bank of India           | 1,662      | ADD    | 3.8           | 4.8         | 100          |
| <b>PSU Banking</b>            |            |        | <b>3.8</b>    | <b>6.3</b>  | <b>250</b>   |
| HDFC                          | 2,381      | ADD    | 5.6           | 4.6         | (100)        |
| HDFC Bank                     | 1,326      | BUY    | 4.7           | 6.2         | 150          |
| ICICI Bank                    | 801        | ADD    | 8.6           | 10.6        | 200          |
| <b>Pvt. Banking/Financing</b> |            |        | <b>18.9</b>   | <b>21.4</b> | <b>250</b>   |
| ACC                           | 814        | REDUCE | 0.9           | 0.9         | —            |
| Ambuja Cements                | 122        | REDUCE | 1.1           | —           | (109)        |
| Grasim Industries             | 2,570      | ADD    | 1.7           | —           | (174)        |
| Jaiprakash Associates         | 221        | NC     | 1.1           | —           | (113)        |
| <b>Cement</b>                 |            |        | <b>4.9</b>    | <b>0.9</b>  | <b>(397)</b> |
| Hindustan Unilever            | 240        | ADD    | 2.5           | 2.5         | —            |
| ITC                           | 208        | BUY    | 4.8           | 6.3         | 150          |
| <b>Consumers</b>              |            |        | <b>7.3</b>    | <b>8.8</b>  | <b>150</b>   |
| Oil & Natural Gas Corporation | 1,002      | BUY    | 4.1           | 5.6         | 150          |
| Reliance Industries           | 2,468      | RS     | 13.4          | 10.9        | (241)        |
| <b>Energy</b>                 |            |        | <b>17.5</b>   | <b>16.6</b> | <b>(91)</b>  |
| Bharat Heavy Electricals      | 1,765      | ADD    | 3.1           | —           | (310)        |
| Larsen & Toubro               | 2,678      | BUY    | 7.5           | 9.5         | 200          |
| <b>Industrials</b>            |            |        | <b>10.6</b>   | <b>9.5</b>  | <b>(110)</b> |
| Hindalco Industries           | 173        | ADD    | 1.4           | —           | (136)        |
| Jindal Steel & Power          | 1,828      | ADD    | —             | 1.5         | 150          |
| Tata Steel                    | 686        | REDUCE | 3.5           | 1.5         | (200)        |
| <b>Metals</b>                 |            |        | <b>4.8</b>    | <b>3.0</b>  | <b>(186)</b> |

| Company                              | 10-Apr        |        | Weightage (%) |              | Diff. (bps)  |
|--------------------------------------|---------------|--------|---------------|--------------|--------------|
|                                      | Price (Rs)    | Rating | BSE-30        | KS reco.     |              |
| Cipla                                | 214           | REDUCE | 1.0           | —            | (101)        |
| Dishman Pharma & chemicals           | 290           | BUY    | —             | 1.0          | 100          |
| Sun Pharmaceuticals                  | 1,289         | BUY    | —             | 1.0          | 100          |
| Ranbaxy Laboratories                 | 451           | BUY    | 1.1           | 1.1          | —            |
| <b>Pharmaceuticals</b>               |               |        | <b>2.1</b>    | <b>3.1</b>   | <b>99</b>    |
| DLF                                  | 600           | BUY    | 1.5           | 3.0          | 150          |
| Housing Development & Infrastructure | 618           | BUY    | —             | 1.0          | 100          |
| <b>Real estate</b>                   |               |        | <b>1.5</b>    | <b>4.0</b>   | <b>250</b>   |
| Infosys Technologies                 | 1,453         | BUY    | 6.4           | 6.9          | 50           |
| Satyam Computer Services             | 423           | BUY    | 2.4           | 3.9          | 150          |
| TCS                                  | 901           | ADD    | 1.9           | —            | (195)        |
| Wipro                                | 407           | ADD    | 1.1           | 1.6          | 50           |
| <b>Technology</b>                    |               |        | <b>11.9</b>   | <b>12.5</b>  | <b>55</b>    |
| Bharti Airtel Limited                | 799           | REDUCE | 5.1           | 3.1          | (200)        |
| Reliance Communications              | 484           | SELL   | 3.5           | —            | (352)        |
| <b>Telecom</b>                       |               |        | <b>8.7</b>    | <b>3.1</b>   | <b>(552)</b> |
| NTPC                                 | 186           | REDUCE | 2.3           | —            | (229)        |
| Reliance Energy                      | 1,253         | NR     | 1.7           | 2.0          | 25           |
| Tata Power                           | 1,200         | ADD    | —             | 2.0          | 200          |
| <b>Utilities</b>                     |               |        | <b>4.0</b>    | <b>4.0</b>   | <b>(3)</b>   |
| IVRCL                                | 386           | BUY    | —             | 0.6          | 60           |
| Jindal Saw                           | 601           | BUY    | —             | 0.6          | 60           |
| Lanco Infratech                      | 396           | BUY    | —             | 0.6          | 60           |
| Nagarjuna Construction Co.           | 190           | BUY    | —             | 0.6          | 60           |
| Rajesh Exports                       | 92            | BUY    | —             | 0.6          | 60           |
| <b>Mid-cap. basket</b>               |               |        | <b>—</b>      | <b>3.0</b>   | <b>300</b>   |
| <b>BSE-30</b>                        | <b>15,695</b> |        | <b>100.0</b>  | <b>100.0</b> | <b>—</b>     |

Note:

(a) Weights are with respect to March 24, 2008 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

# Sensex valuation summary

## Valuation summary of BSE-30 sectors, April 10, 2008

|                               | Mkt-cap.<br>(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                   | 15,962                | 28.9           | 32.0        | 15.2        | 13.9        | 14.4        | 12.5        | 11.0        | 8.8           | 8.1         | 3.5          | 2.7        | 1.6           | 1.5        | 24.3        | 21.8        |
| Banking                       | 76,428                | 13.3           | 14.2        | 40.2        | 12.4        | 29.5        | 21.0        | 18.7        | —             | —           | 4.9          | 2.6        | 0.8           | 1.0        | 16.5        | 12.2        |
| Cement                        | 14,367                | 27.7           | 89.5        | 16.5        | 8.5         | 13.3        | 11.4        | 10.5        | 7.8           | 6.1         | 3.5          | 2.7        | 1.5           | 1.9        | 26.5        | 24.0        |
| Consumers                     | 32,531                | 21.2           | 19.8        | 14.8        | 15.4        | 30.6        | 26.6        | 23.1        | 21.0          | 16.9        | 9.5          | 9.1        | 2.1           | 2.7        | 31.2        | 34.0        |
| Energy                        | 131,064               | 16.9           | 23.2        | 17.0        | 20.0        | 17.4        | 14.8        | 12.4        | 8.6           | 7.4         | 3.2          | 2.7        | 1.6           | 1.8        | 18.7        | 18.3        |
| Industrials                   | 41,170                | 59.6           | 51.8        | 23.1        | 36.8        | 39.3        | 31.9        | 23.3        | 23.1          | 17.6        | 10.0         | 7.0        | 0.5           | 0.5        | 25.4        | 22.0        |
| Metals                        | 20,424                | 6.3            | 33.1        | (0.6)       | 26.5        | 11.8        | 11.8        | 9.4         | 7.7           | 6.9         | 2.8          | 1.7        | 1.4           | 1.5        | 23.5        | 14.0        |
| Pharmaceuticals               | 8,363                 | (26.3)         | 39.6        | 21.7        | (3.0)       | 28.4        | 23.3        | 24.0        | 19.9          | 16.1        | 5.6          | 4.9        | 1.4           | 1.6        | 19.9        | 21.0        |
| Property                      | 25,586                | 121.6          | 913.2       | 298.1       | 31.9        | 52.7        | 13.2        | 10.0        | 38.4          | 10.9        | 25.8         | 5.1        | -             | 0.8        | 49.0        | 38.8        |
| Technology                    | 64,778                | 28.6           | 44.4        | 20.6        | 17.9        | 21.3        | 17.7        | 15.0        | 15.7          | 12.7        | 7.2          | 5.6        | 1.2           | 1.8        | 33.5        | 31.7        |
| Telecom                       | 62,691                | 107.4          | 182.9       | 67.6        | 26.1        | 34.6        | 20.6        | 16.4        | 18.5          | 12.3        | 7.2          | 5.3        | 0.0           | 0.2        | 20.9        | 25.7        |
| Utilities                     | 45,756                | 17.0           | 16.1        | 11.8        | 9.6         | 24.0        | 21.5        | 19.6        | 12.7          | 13.1        | 3.1          | 2.8        | 1.5           | 1.8        | 12.9        | 13.2        |
| <b>BSE-30 Index</b>           | <b>539,119</b>        | <b>20.5</b>    | <b>36.8</b> | <b>28.0</b> | <b>19.4</b> | <b>22.7</b> | <b>17.8</b> | <b>14.9</b> | <b>12.4</b>   | <b>10.1</b> | <b>4.7</b>   | <b>3.4</b> | <b>1.1</b>    | <b>1.4</b> | <b>20.7</b> | <b>19.3</b> |
| <b>BSE-30 ex-Energy</b>       | <b>408,056</b>        | <b>22.5</b>    | <b>44.3</b> | <b>33.2</b> | <b>19.1</b> | <b>25.2</b> | <b>18.9</b> | <b>15.9</b> | <b>15.1</b>   | <b>11.7</b> | <b>5.5</b>   | <b>3.7</b> | <b>0.9</b>    | <b>1.3</b> | <b>21.8</b> | <b>19.8</b> |
| <b>BSE-30 ex-Energy, Com.</b> | <b>373,265</b>        | <b>24.8</b>    | <b>43.0</b> | <b>38.9</b> | <b>19.1</b> | <b>28.0</b> | <b>20.1</b> | <b>16.9</b> | <b>17.2</b>   | <b>12.9</b> | <b>6.0</b>   | <b>4.1</b> | <b>0.9</b>    | <b>1.2</b> | <b>21.3</b> | <b>20.3</b> |

Note

(1) Excluding Jaiprakash Associates.

Source: Company reports, Kotak Institutional Equities estimates.

# Nifty valuation summary

## Valuation summary of Nifty sectors, April 10, 2008

|                               | Mkt cap.<br>(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      | 2007          | 2008E      | 2007        | 2008E       |
| Automobiles                   | 19,677                | 28.9           | 20.6        | 9.6         | 18.9        | 12.0        | 10.9        | 9.2         | 7.5           | 7.0         | 5.9         | 3.0          | 2.4        | 2.2           | 2.2        | 24.8        | 22.0        |
| Banking                       | 80,369                | 11.6           | 13.2        | 40.8        | 13.7        | 27.0        | 19.2        | 16.9        | —             | —           | —           | 4.5          | 2.5        | 0.9           | 1.0        | 16.6        | 12.9        |
| Consumers                     | 32,510                | 21.2           | 19.8        | 14.8        | 15.4        | 30.6        | 26.6        | 23.1        | 21.0          | 16.9        | 14.4        | 9.5          | 9.1        | 2.1           | 2.7        | 31.2        | 34.0        |
| Cement                        | 14,358                | 27.7           | 89.5        | 16.5        | 8.5         | 13.3        | 11.4        | 10.5        | 7.8           | 6.1         | 5.5         | 3.5          | 2.7        | 1.5           | 1.9        | 26.5        | 24.0        |
| Energy                        | 165,052               | 13.3           | 27.2        | 14.7        | 21.7        | 19.1        | 16.6        | 13.7        | 9.5           | 8.5         | 7.0         | 2.9          | 2.5        | 1.5           | 1.6        | 15.1        | 15.1        |
| Industrials                   | 54,003                | 65.7           | 43.8        | 30.3        | 46.1        | 37.4        | 28.7        | 19.6        | 21.8          | 15.9        | 11.8        | 9.6          | 6.2        | 0.5           | 0.6        | 25.8        | 21.7        |
| Metals                        | 32,795                | 20.7           | 65.6        | (8.2)       | 13.4        | 9.4         | 10.2        | 9.0         | 5.5           | 5.4         | 4.8         | 2.7          | 1.6        | 1.2           | 1.3        | 28.7        | 15.7        |
| Media                         | 2,592                 | (34.6)         | 11.2        | 59.9        | 40.2        | 43.7        | 27.3        | 19.5        | 33.1          | 16.0        | 11.8        | 4.0          | 3.7        | 0.6           | 0.8        | 9.1         | 13.4        |
| Property                      | 36,247                | 130.3          | 1,062.5     | 195.4       | 31.3        | 44.6        | 15.1        | 11.5        | 31.4          | 12.1        | 9.2         | 24.3         | 6.1        | -             | 0.7        | 54.5        | 40.7        |
| Telecom                       | 71,626                | (89.6)         | 149.5       | 63.2        | 27.1        | 34.7        | 21.3        | 16.7        | 17.9          | 12.3        | 9.4         | 6.6          | 5.0        | 0.1           | 0.2        | 19.1        | 23.5        |
| Technology                    | 68,858                | 28.3           | 46.8        | 18.8        | 18.6        | 20.5        | 17.3        | 14.6        | 15.0          | 12.3        | 9.9         | 6.6          | 5.3        | 1.3           | 1.9        | 32.3        | 30.8        |
| Utilities                     | 52,715                | 18.4           | 14.8        | 12.5        | 11.0        | 25.8        | 22.9        | 20.6        | 13.6          | 14.1        | 14.8        | 3.2          | 2.9        | 1.4           | 1.7        | 12.6        | 12.8        |
| <b>NIFTY</b>                  | <b>648,290</b>        | <b>20.9</b>    | <b>41.6</b> | <b>23.7</b> | <b>20.7</b> | <b>22.0</b> | <b>17.8</b> | <b>14.8</b> | <b>12.1</b>   | <b>10.8</b> | <b>9.1</b>  | <b>4.3</b>   | <b>3.2</b> | <b>1.1</b>    | <b>1.3</b> | <b>19.6</b> | <b>18.2</b> |
| <b>NIFTY ex-Energy</b>        | <b>483,237</b>        | <b>25.0</b>    | <b>48.6</b> | <b>27.4</b> | <b>20.4</b> | <b>23.3</b> | <b>18.3</b> | <b>15.2</b> | <b>13.6</b>   | <b>12.2</b> | <b>10.3</b> | <b>5.2</b>   | <b>3.6</b> | <b>0.9</b>    | <b>1.2</b> | <b>22.4</b> | <b>19.7</b> |
| <b>NIFTY ex-Energy ex Com</b> | <b>450,443</b>        | <b>25.8</b>    | <b>45.6</b> | <b>34.6</b> | <b>21.3</b> | <b>26.1</b> | <b>19.4</b> | <b>16.0</b> | <b>15.9</b>   | <b>13.8</b> | <b>11.4</b> | <b>5.6</b>   | <b>3.9</b> | <b>0.9</b>    | <b>1.2</b> | <b>21.5</b> | <b>20.4</b> |

Note:

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

Source: Company reports, Kotak Institutional Equities estimates.

# Regional valuation summary

Valuations of Indian markets are reasonable based on CY2008E PEG ratio, April 10, 2008

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

|                                | Index               | Earnings growth (%) |             |             |             | P/E (X)     |             |             |             | PEG ratio (X) |            |            |
|--------------------------------|---------------------|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|------------|------------|
|                                |                     | 2007                | 2008E       | 2009E       | 2010E       | 2007        | 2008E       | 2009E       | 2010E       | 2007          | 2008E      | 2009E      |
| Brazil                         | MSCI BRAZIL         | 19.0                | 17.4        | 16.7        | 6.9         | 13.7        | 11.7        | 10.0        | 9.4         | 0.8           | 0.7        | 1.4        |
| China                          | V/B/E/S CHINA       | 56.5                | 29.5        | 19.9        | 15.0        | 24.6        | 18.1        | 14.8        | 12.5        | 0.8           | 0.9        | 1.0        |
| Hong Kong                      | V/B/E/S HONG KONG   | 43.0                | (3.5)       | 17.8        | 13.7        | 14.4        | 15.2        | 13.0        | 12.3        | NA            | 0.9        | 1.0        |
| India                          | MSCI INDIA          | 14.6                | 21.7        | 24.2        | 21.1        | 19.8        | 16.5        | 13.2        | 11.0        | 0.9           | 0.7        | 0.6        |
| Korea                          | MSCI KOREA          | 6.6                 | 14.8        | 13.9        | 12.1        | 13.6        | 11.6        | 10.2        | 9.1         | 0.9           | 0.8        | 0.8        |
| Malaysia                       | MSCI MALAYSIA       | 51.2                | (10.0)      | 11.0        | 7.4         | 12.9        | 14.3        | 12.9        | 12.1        | NA            | 1.3        | 1.7        |
| Mexico                         | MSCI MEXICO         | 13.0                | 14.4        | 14.9        | 9.7         | 15.8        | 13.9        | 12.1        | 12.0        | 1.1           | 0.9        | 1.2        |
| Russia                         | MSCI RUSSIA         | 22.0                | 14.8        | 10.0        | 3.0         | 11.4        | 10.0        | 9.1         | 8.9         | 0.8           | 1.0        | 3.0        |
| Taiwan                         | MSCI TAIWAN         | 27.2                | 5.0         | 13.4        | 3.9         | 13.8        | 13.3        | 11.7        | 11.2        | 2.8           | 1.0        | 3.0        |
| Thailand                       | MSCI THAILAND       | (29.6)              | 97.1        | 7.1         | 6.9         | 22.8        | 11.4        | 10.6        | 9.9         | 0.2           | 1.6        | 1.5        |
| <b>Asia - Emerging markets</b> | <b>MSCI EM ASIA</b> | <b>19.4</b>         | <b>14.3</b> | <b>15.3</b> | <b>11.0</b> | <b>15.3</b> | <b>13.3</b> | <b>11.5</b> | <b>10.3</b> | <b>1.1</b>    | <b>0.9</b> | <b>1.0</b> |

Source: Thomson Datastream.

# Valuation summary of BRICs sectors (1)

## Valuation summary of BRICs sectors, April 10, 2008

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

| Index              |   | Earnings growth (%) |       |       |        | P/E (X) |       |       |       | PEG ratio (X) |       |       |
|--------------------|---|---------------------|-------|-------|--------|---------|-------|-------|-------|---------------|-------|-------|
|                    |   | 2007                | 2008E | 2009E | 2010E  | 2007    | 2008E | 2009E | 2010E | 2007          | 2008E | 2009E |
| <b>Banking</b>     |   |                     |       |       |        |         |       |       |       |               |       |       |
| Brazil             | MSCI Brazil Banks Industry Group          | 19.0                | 14.6  | 16.1  | 15.8   | 11.9    | 10.4  | 9.0   | 7.7   | 0.8           | 0.6   | 0.6   |
| Russia             | MSCI Russia Banks Industry Group          | 17.7                | 32.4  | 24.8  | 38.7   | 16.1    | 12.1  | 9.7   | 7.0   | 0.5           | 0.5   | 0.3   |
| India              | MSCI India Banks Industry Group           | 17.1                | 25.3  | 28.7  | NA     | 24.0    | 19.2  | 14.9  | NA    | 1.0           | 0.7   | NA    |
| China              | MSCI China Banks Industry Group           | 48.5                | 37.3  | 19.2  | 13.1   | 19.2    | 14.0  | 11.7  | 10.4  | 0.5           | 0.7   | 0.9   |
| <b>Consumers</b>   |   |                     |       |       |        |         |       |       |       |               |       |       |
| Brazil             | MSCI Brazil Consumer Discretionary Sector | 2.4                 | 61.1  | 54.6  | 28.0   | 34.4    | 21.3  | 13.8  | 10.8  | 0.6           | 0.4   | 0.5   |
| Russia             | MSCI Russia Consumer Staples Sector       | 46.5                | 41.1  | 31.7  | 36.8   | 33.3    | 23.6  | 17.9  | 13.1  | 0.8           | 0.7   | 0.5   |
| India              | MSCI India Consumer Discretionary Sector  | 12.5                | 16.4  | 18.9  | 27.2   | 14.4    | 12.4  | 10.4  | 10.7  | 0.9           | 0.7   | 0.4   |
| China              | MSCI China Consumer Discretionary Sector  | 43.8                | 1.4   | 19.8  | 17.1   | 15.6    | 15.4  | 12.9  | 11.5  | 11.2          | 0.8   | 0.8   |
| <b>Energy</b>      |   |                     |       |       |        |         |       |       |       |               |       |       |
| Brazil             | MSCI Brazil Energy Sector                 | (17.0)              | 43.0  | 4.9   | 8.4    | 15.5    | 10.8  | 10.3  | 9.5   | 0.4           | 2.2   | 1.2   |
| Russia             | MSCI Russia Energy Sector                 | 18.2                | 15.6  | 9.9   | (3.0)  | 10.4    | 9.0   | 8.2   | 8.6   | 0.7           | 0.9   | NA    |
| India              | MSCI India Energy Sector                  | 21.8                | 17.8  | 41.1  | 22.9   | 20.8    | 17.7  | 12.5  | 10.3  | 1.2           | 0.4   | 0.5   |
| China              | MSCI China Energy Sector                  | 8.8                 | 17.9  | 9.9   | 4.6    | 13.2    | 11.2  | 10.2  | 9.7   | 0.7           | 1.1   | 2.2   |
| <b>Industrials</b> |   |                     |       |       |        |         |       |       |       |               |       |       |
| Brazil             | MSCI Brazil Industrials Sector            | (12.3)              | 79.8  | 23.9  | 26.3   | 26.6    | 14.8  | 12.5  | 9.9   | 0.3           | 0.6   | 0.5   |
| India              | MSCI India Industrials Sector             | 1.8                 | 26.8  | 27.5  | (5.4)  | 28.3    | 23.0  | 17.1  | 16.4  | 1.1           | 0.8   | NA    |
| China              | MSCI China Industrials Sector             | 83.3                | 4.9   | 16.3  | 16.9   | 15.0    | 14.3  | 12.4  | 10.5  | 3.1           | 0.9   | 0.7   |
| <b>Metals</b>      |   |                     |       |       |        |         |       |       |       |               |       |       |
| Brazil             | MSCI Brazil Metals & Mining Industry      | 60.2                | 3.4   | 23.4  | (13.7) | 11.4    | 11.0  | 8.9   | 10.4  | 3.4           | 0.5   | NA    |
| Russia             | MSCI Russia Metals & Mining Industry      | 48.5                | (0.4) | (2.5) | (5.6)  | 8.8     | 8.8   | 9.1   | 9.2   | NA            | NA    | NA    |
| India              | MSCI India Metals & Mining Industry       | (2.8)               | 26.7  | 9.6   | NA     | 11.3    | 8.9   | 8.2   | NA    | 0.4           | 0.9   | NA    |
| China              | MSCI China Metals & Mining Industry       | 1.1                 | 22.8  | 7.3   | 10.0   | 13.8    | 11.2  | 10.5  | 10.1  | 0.6           | 1.5   | NA    |

Source: Thomson Datastream.

# Valuation summary of BRICs sectors (2)

## Valuation summary of BRICs sectors, April 10, 2008

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

| Index             |   | Earnings growth (%) |       |       |       | P/E (X) |       |       |       | PEG ratio (X) |       |       |
|-------------------|---|---------------------|-------|-------|-------|---------|-------|-------|-------|---------------|-------|-------|
|                   |   | 2007                | 2008E | 2009E | 2010E | 2007    | 2008E | 2009E | 2010E | 2007          | 2008E | 2009E |
| <b>Property</b>   |   |                     |       |       |       |         |       |       |       |               |       |       |
| Brazil            | MSCI Brazil Real Estate Industry Group      | NA                  | 586.4 | 52.8  | 17.2  | 104.6   | 15.2  | 10.0  | 8.5   | NA            | 0.3   | NA    |
| India             | MSCI India Real Estate Industry Group       | 130.9               | 38.4  | 63.5  | 54.4  | 20.9    | 15.1  | 9.2   | 5.9   | 0.5           | 0.2   | 0.2   |
| China             | MSCI China Real Estate Industry Group       | 53.3                | 27.0  | 35.5  | 24.9  | 16.7    | 13.1  | 9.7   | 8.2   | 0.6           | 0.4   | 0.4   |
| <b>Technology</b> |   |                     |       |       |       |         |       |       |       |               |       |       |
| Brazil            | MSCI Brazil Information Technology Sector   | 637.6               | 24.4  | 18.3  | 16.4  | 26.4    | 21.3  | 18.0  | 15.4  | 1.1           | 1.2   | 1.1   |
| India             | MSCI India Software & Services Industry Grc | 18.5                | 17.5  | 11.0  | 21.4  | 16.9    | 14.4  | 12.9  | 10.7  | 1.0           | 1.3   | 0.6   |
| China             | MSCI China Software & Services Industry Gr  | 24.1                | 17.3  | 31.8  | 31.6  | 44.9    | 38.2  | 29.0  | 22.0  | 2.6           | 1.2   | 0.9   |
| <b>Telecom</b>    |   |                     |       |       |       |         |       |       |       |               |       |       |
| Brazil            | MSCI Brazil Telecommunication Services Sec  | 105.0               | 4.0   | 18.1  | 30.5  | 11.5    | 11.1  | 9.4   | 7.2   | 2.9           | 0.6   | 0.3   |
| Russia            | MSCI Russia Diversified Telecommunications  | 13.6                | 5.4   | 31.4  | 6.4   | 29.1    | 27.6  | 21.0  | 23.3  | 5.4           | 0.9   | 3.3   |
| India             | MSCI India Telecommunication Services Sec   | 41.3                | 23.0  | 21.7  | 12.2  | 21.2    | 17.2  | 14.2  | 12.1  | 0.9           | 0.8   | 1.2   |
| China             | MSCI China Telecommunication Services Ser   | 18.9                | 24.8  | 15.8  | 14.0  | 22.5    | 18.0  | 15.6  | 13.7  | 0.9           | 1.1   | 1.1   |
| <b>Utilities</b>  |   |                     |       |       |       |         |       |       |       |               |       |       |
| Brazil            | MSCI Brazil Utilities Sector                | (0.5)               | 9.0   | 10.3  | 38.0  | 12.0    | 11.0  | 10.0  | 7.2   | 1.3           | 1.1   | 0.3   |
| Russia            | MSCI Russia Utilities Sector                | (61.9)              | 19.0  | 1.3   | 194.1 | 36.4    | 30.6  | 30.2  | 10.3  | 1.9           | 23.9  | 0.2   |
| India             | MSCI India Utilities Sector                 | 2.3                 | 10.0  | 13.5  | 13.4  | 22.4    | 20.3  | 17.9  | 15.0  | 2.2           | 1.5   | 1.3   |
| China             | MSCI China Utilities Sector                 | 9.5                 | 7.5   | 15.0  | 7.7   | 14.2    | 13.2  | 11.5  | 10.7  | 1.9           | 0.9   | 1.5   |

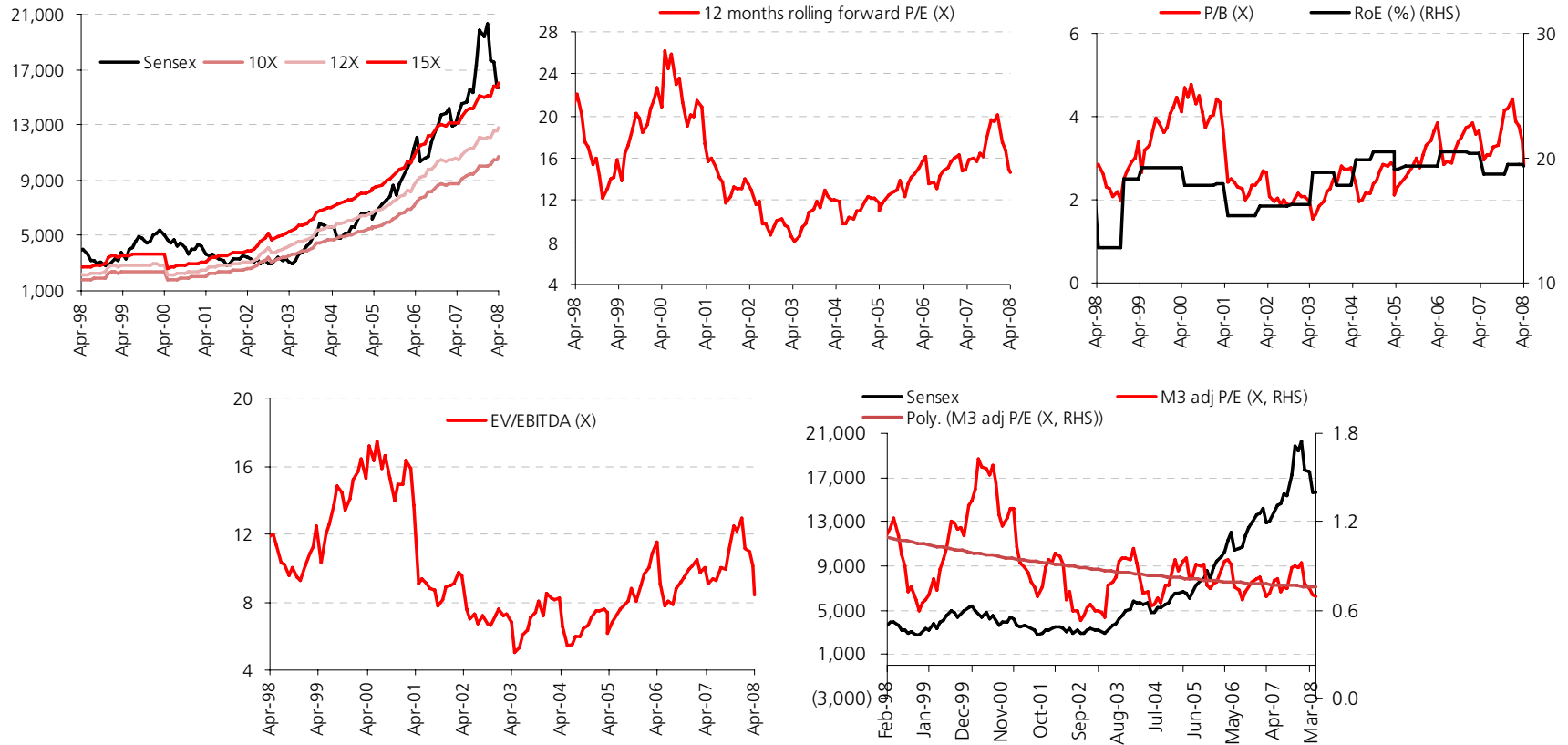
Source: Thomson Datastream.



# BSE-Sensex key parameters

## Key fundamental indicators of BSE Sensex

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



Source: Bloomberg, Company reports, Kotak Institutional Equities.

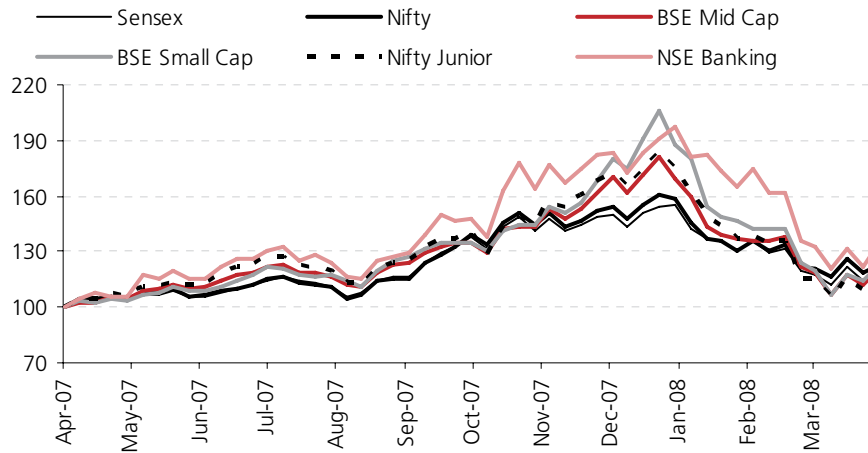
## Market performance

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

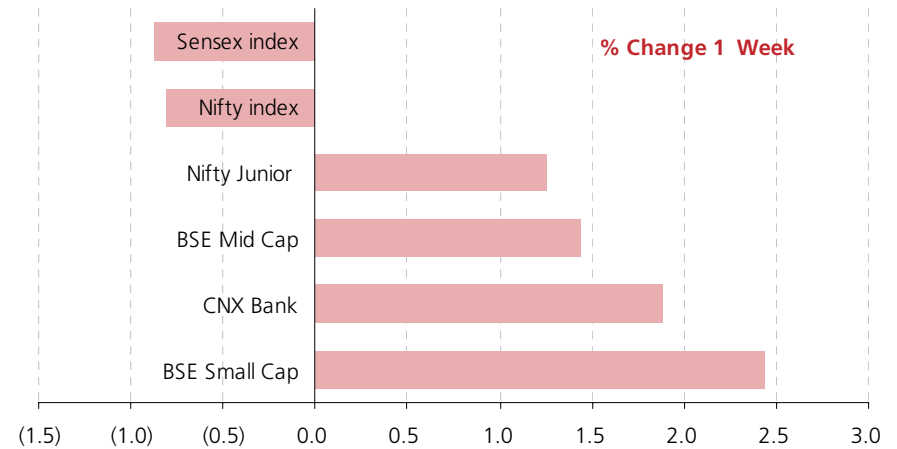
# Relative performance of Indian markets

## Key performance of benchmark indices

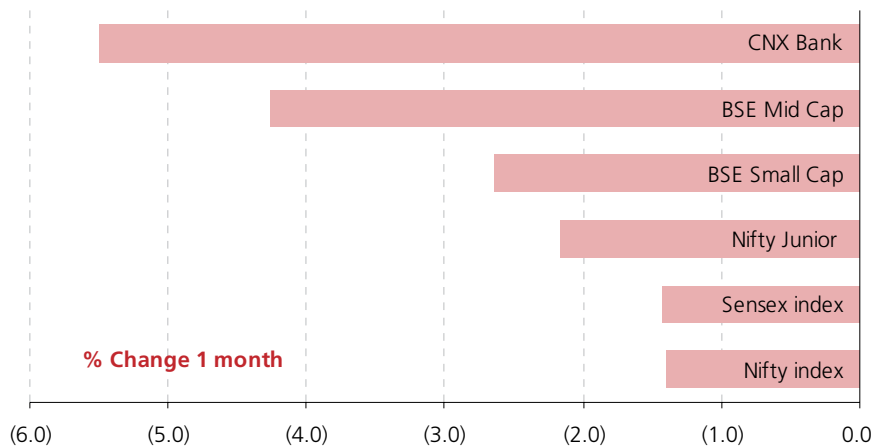
(base 100 as of March, 2007)



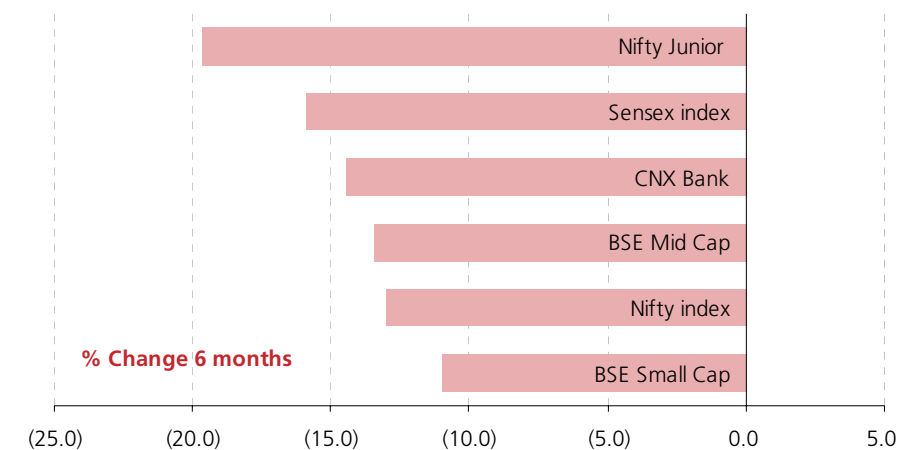
## Weekly performance of the benchmark indices



## 1-month performance of the benchmark indices



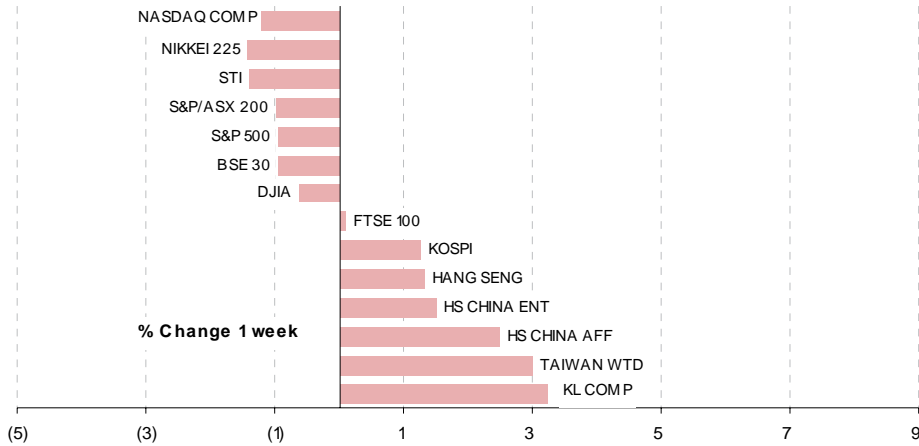
## 6-month performance of the benchmark indices



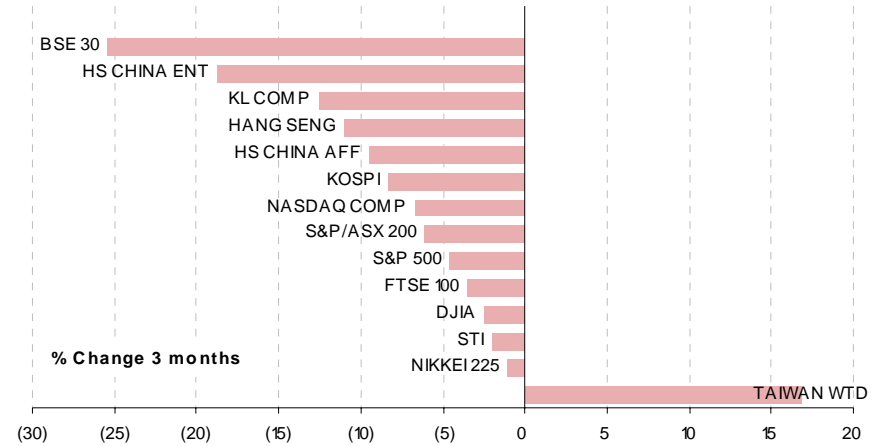
Source: Bloomberg, Kotak Institutional Equities.

# BSE-Sensex versus regional indices

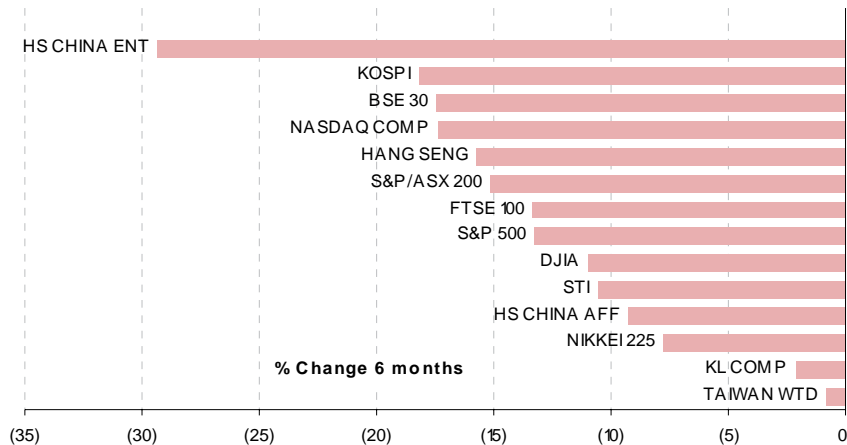
## Weekly performance



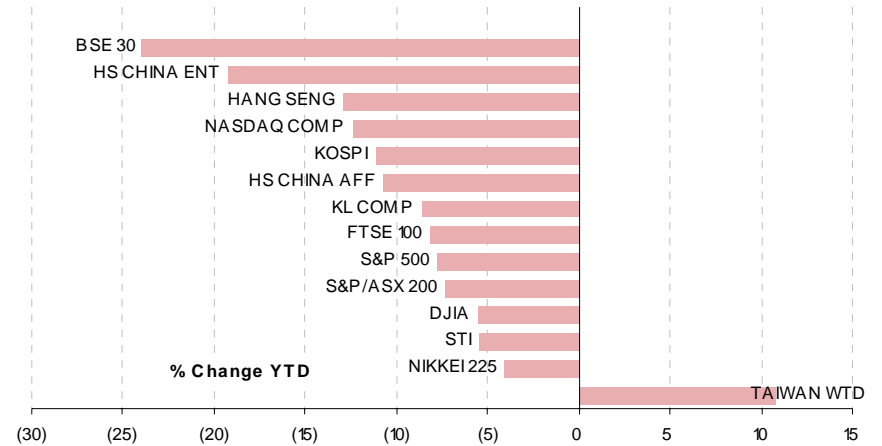
## 3-month performance



## 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, April 10, 2008

|                   | Mkt cap.       | Change (%)   |              |               |               |             |               | Relative change (%) |        |        |        |
|-------------------|----------------|--------------|--------------|---------------|---------------|-------------|---------------|---------------------|--------|--------|--------|
|                   | (US\$ m)       | 1-Day        | 1-mo         | 3-mo          | 6-mo          | 1-Year      | CYTD          | 1-Day               | 1-mo   | 6-mo   | 1-Year |
| Automobiles       | 15,962         | (0.2)        | (11.3)       | (19.2)        | (25.7)        | (11.8)      | (22.7)        | 0.4                 | (9.7)  | (8.4)  | (25.9) |
| Banking           | 76,428         | (2.8)        | (7.4)        | (30.4)        | (13.0)        | 29.6        | (26.6)        | (2.1)               | (5.9)  | 2.5    | 8.9    |
| Consumers         | 32,531         | (0.6)        | 8.4          | (1.5)         | 10.6          | 23.5        | 3.8           | 0.0                 | 9.7    | 22.9   | 3.8    |
| Cement            | 14,367         | 0.5          | (0.7)        | (18.1)        | (27.7)        | 12.3        | (23.5)        | 1.1                 | 0.7    | (10.2) | (5.7)  |
| Energy            | 131,064        | 0.8          | 6.4          | (20.1)        | (3.7)         | 45.4        | (16.3)        | 1.4                 | 7.8    | 10.5   | 22.2   |
| Industrials       | 41,170         | 0.4          | (5.0)        | (32.0)        | (22.6)        | 54.6        | (33.7)        | 1.0                 | (3.5)  | (5.8)  | 29.9   |
| Metals            | 20,424         | 0.9          | (14.6)       | (18.3)        | (5.6)         | 47.2        | (24.7)        | 1.5                 | (12.9) | 8.8    | 23.7   |
| Pharmaceuticals   | 8,363          | (2.9)        | 5.3          | 9.4           | 8.4           | 6.2         | 3.2           | (2.3)               | 6.6    | 20.9   | (10.8) |
| Property          | 25,586         | (1.6)        | (11.8)       | (47.5)        | (32.8)        | -           | (44.1)        | (1.0)               | (10.2) | (14.6) | -      |
| Telecom           | 62,877         | (2.5)        | (6.0)        | (27.6)        | (28.7)        | 8.7         | (26.6)        | (1.9)               | (4.5)  | (11.1) | (8.6)  |
| Technology        | 64,778         | (0.1)        | 4.1          | (9.5)         | (23.3)        | (24.1)      | (17.5)        | 0.5                 | 5.5    | (6.4)  | (36.2) |
| Utilities         | 45,756         | 0.2          | 0.2          | (34.1)        | (15.9)        | 28.7        | (28.7)        | 0.8                 | 1.6    | (0.0)  | 8.2    |
| <b>Sensex sum</b> | <b>539,305</b> | <b>(0.6)</b> | <b>(1.4)</b> | <b>(23.7)</b> | <b>(15.9)</b> | <b>19.0</b> | <b>(22.6)</b> |                     |        |        |        |

Source: Bloomberg, Kotak Institutional Equities.

# Top gainers and losers

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

### 1-week performance

| Top Gainers           |          | Top Losers                        |          |
|-----------------------|----------|-----------------------------------|----------|
| Company               | % Change | Company                           | % Change |
| 1 Max                 | 18.9     | 1 Tata communications             | (12.6)   |
| 2 Sintex              | 18.0     | 2 ABG Shipyard                    | (9.4)    |
| 3 Rajesh Exports      | 17.7     | 3 Sadbhav Engineering             | (9.0)    |
| 4 Tech Mahindra       | 14.2     | 4 Lakshmi                         | (7.5)    |
| 5 Divi's Laboratories | 12.4     | 5 Housing Development & Infrastru | (7.0)    |
| 6 Mindtree            | 11.6     | 6 Dr Reddy's Laboratories         | (6.7)    |
| 7 Educomp Solutions   | 10.8     | 7 Wipro                           | (6.6)    |
| 8 Sterlite Industries | 9.3      | 8 Maruti Suzuki                   | (6.4)    |
| 9 Cadila Healthcare   | 9.1      | 9 Maharashtra Seamless            | (6.3)    |
| 10 Sesa Goa           | 8.9      | 10 JSW Steel                      | (6.3)    |

### CYTD performance

| Top Gainers                 |          | Top Losers                      |          |
|-----------------------------|----------|---------------------------------|----------|
| Company                     | % Change | Company                         | % Change |
| 1 Hindustan unilever        | 12.2     | 1 IVR Prime Urban Developers    | (59.4)   |
| 2 Asian Paints              | 9.7      | 2 India Infoline                | (59.4)   |
| 3 Hero Honda                | 7.0      | 3 Maharashtra Seamless          | (53.9)   |
| 4 Ranbaxy Laboratories      | 5.8      | 4 TVS Motor Co                  | (53.6)   |
| 5 Sun Pharmaceuticals       | 5.5      | 5 Rico Auto                     | (52.5)   |
| 6 Colgate-Palmolive (India) | 3.2      | 6 DishTV                        | (51.7)   |
| 7 Nestle India              | 2.2      | 7 Mahindra Life Space Developer | (51.5)   |
| 8 Jubilant organosys        | 0.9      | 8 Purvankara Projects           | (46.8)   |
| 9 Cipla                     | 0.7      | 9 Jet Airways                   | (46.2)   |

### 1- month performance

| Top Gainers              |          | Top Losers                   |          |
|--------------------------|----------|------------------------------|----------|
| Company                  | % Change | Company                      | % Change |
| 1 Tech Mahindra          | 29.8     | 1 HT Media                   | (23.5)   |
| 2 Mindtree               | 19.5     | 2 Jindal Saw                 | (23.1)   |
| 3 Corporation Bank       | 19.0     | 3 JSW Steel                  | (22.1)   |
| 4 Patni Computer Systems | 17.8     | 4 Nagarjuna Construction Co. | (21.5)   |
| 5 Suzlon Energy          | 15.9     | 5 KEC                        | (20.9)   |
| 6 Petronet LNG           | 14.6     | 6 Rico Auto                  | (19.0)   |
| 7 Central Bank of India  | 13.1     | 7 Maruti Suzuki              | (17.4)   |
| 8 Ipca Laboratories      | 11.9     | 8 TVS Motor Co               | (17.1)   |
| 9 Container Corporation  | 10.1     | 9 Oriental Bank of Commerce  | (16.0)   |
| 10 ITC                   | 9.1      | 10 Tata Steel                | (15.6)   |

### 1-year performance

| Top Gainers                    |          | Top Losers               |          |
|--------------------------------|----------|--------------------------|----------|
| Company                        | % Change | Company                  | % Change |
| 1 Welspun Gujarat Stahl Rohren | 272.8    | 1 Hexaware Technologies  | (60.0)   |
| 2 Jindal Steel and Power       | 268.0    | 2 Mindtree               | (54.4)   |
| 3 Educomp Solutions            | 209.8    | 3 i-flex solutions       | (53.0)   |
| 4 SREI                         | 196.5    | 4 Polaris Software Lab   | (50.2)   |
| 5 Sadbhav Engineering          | 175.1    | 5 Maharashtra Seamless   | (48.0)   |
| 6 Shriram Transport            | 173.5    | 6 Vardhman               | (46.3)   |
| 7 Reliance Energy              | 145.9    | 7 Rico Auto              | (43.2)   |
| 8 Reliance Petroleum           | 144.8    | 8 TVS Motor Co           | (41.2)   |
| 9 Tata Power                   | 134.5    | 9 Patni Computer Systems | (41.1)   |
| 10 Divi's Laboratories         | 107.7    | 10 Tech Mahindra         | (40.6)   |

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 (%) |                   |
|---|-------------------|
| Company                                   | Premium to sector |
| Tata Communications                       | 191.3             |
| Aditya Birla Nuvo                         | 187.6             |
| Centurion Bank of Punjab                  | 182.7             |
| Reliance Energy                           | 178.1             |
| Jindal Steel and Power                    | 170.3             |
| ICICI Bank                                | 167.3             |
| HDFC Bank                                 | 161.7             |

| Discount to 1 year rolling forward P/E (%) |                    |
|--|--------------------|
| Company                                    | Discount to sector |
| Federal Bank                               | 67.3               |
| Rajesh Exports                             | 64.1               |
| Monnet Ispat                               | 61.8               |
| Union Bank                                 | 58.1               |
| Central Bank of India                      | 57.1               |
| Hindustan Petroleum                        | 56.3               |

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

| Lowest 1 year rolling forward P/E (X) |            |
|---------------------------------------|------------|
| Company                               | Lowest P/E |
| Federal Bank                          | 4.5        |
| Jindal Saw                            | 4.9        |
| Hindustan Petroleum                   | 5.3        |
| Union Bank                            | 5.7        |
| Hindustan Zinc                        | 5.7        |
| Central Bank of India                 | 5.9        |
| Indian Bank                           | 6.2        |
| Andhra Bank                           | 6.3        |
| Corporation Bank                      | 6.5        |

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

| Highest 1 year forward P/E (X) |             |
|--------------------------------|-------------|
| Company                        | Highest P/E |
| GMR Infrastructure             | 68.2        |
| Educomp Solutions              | 53.5        |
| Aditya Birla Nuvo              | 51.0        |
| Reliance Energy                | 35.2        |
| Tata Communications            | 32.6        |
| Tata Power                     | 31.5        |
| Pantaloon Retail               | 31.3        |
| Ipca Laboratories              | 27.9        |
| Titan Industries               | 27.6        |

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

| Company                       | % discount to historical high |
|-------------------------------|-------------------------------|
| Asian Paints                  | 5.1                           |
| AIA Engineering               | 7.0                           |
| Monnet Ispat                  | 7.5                           |
| Jubilant Organosys            | 9.2                           |
| HDFC                          | 16.3                          |
| Welspun Gujarat Stahl Rohren  | 16.4                          |
| GE Shipping                   | 16.8                          |
| HDFC Bank                     | 17.0                          |
| Tata Power                    | 17.1                          |
| Cipla                         | 17.3                          |
| Shriram Transport             | 20.9                          |
| Indian Bank                   | 21.9                          |
| GAIL (India)                  | 22.2                          |
| ITC                           | 22.5                          |
| Sterlite Industries           | 23.3                          |
| Sun Pharmaceuticals           | 23.3                          |
| Dishman Pharma & Chemicals    | 24.8                          |
| Oil & Natural Gas Corporation | 24.9                          |

Note:

(a) Historical figures are generated since May 2000.

Source: Bloomberg, Kotak Institutional Equities



# Enterprise Value-to-EBITDA ratio analysis

Companies trading at a premium to the sector based on comparable companies covered by Kotak Institutional Equities. Analysis done on 1- year forward EV-EBITDA

## Trading at premium to the sectors

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

| Company             | Sector premium |
|---------------------|----------------|
| Cairn India         | 703.3          |
| Reliance Energy     | 244.8          |
| Castrol India       | 161.5          |
| Tata Power          | 160.0          |
| Gateway Distriparks | 155.7          |

## Trading at discount to sectors

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

| Company                    | Sector discount |
|----------------------------|-----------------|
| Maharashtra Seamless       | 24.8            |
| IVR Prime Urban Developers | 25.1            |
| Polaris Software Lab       | 38.9            |
| Dredging Corporation       | 39.0            |

## 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 |
|---------------------|-------------------|
| Cairn India         | 32.0              |
| Educomp Solutions   | 26.6              |
| Aditya Birla Nuvo   | 22.5              |
| Hindustan Lever     | 20.3              |
| ABB                 | 18.9              |
| Divi's Laboratories | 17.7              |
| Cipla               | 17.5              |

## 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 |
|-------------------------------|------------------|
| MTNL                          | 2.2              |
| Maharashtra Seamless          | 3.3              |
| Hindustan Zinc                | 3.4              |
| IVR Prime Urban Developers    | 3.4              |
| Hindustan Petroleum           | 3.7              |
| Oil & Natural Gas Corporation | 3.7              |
| Indian Oil Corporation        | 3.9              |

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) |        |
| Bharat Heavy Electricals | 1,185,331             | 226                        | (7.6)  |
| Bharat Electronics       | 111,819               | 171                        | (12.3) |
| Sintex                   | 274,077               | 126                        | 3.1    |
| KEC                      | 38,248                | 116                        | (20.9) |
| JSL                      | 218,197               | 102                        | (14.8) |
| i-flex solutions         | 22,146                | 89                         | 0.8    |
| Mahindra & Mahindra      | 317,657               | 81                         | (8.4)  |

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

| Company                   | 5-day average volumes | Price Change (%)           |        |
|---------------------------|-----------------------|----------------------------|--------|
|                           |                       | % decrease (1 month basis) |        |
| Glaxo SmithKline Consumer | 1,572                 | (93)                       | (1.4)  |
| EIH                       | 15,505                | (92)                       | (10.5) |
| Motherson Sumi            | 511                   | (87)                       | 5.9    |
| Asian Paints              | 8,917                 | (86)                       | 4.6    |
| Maharashtra Seamless      | 10,140                | (83)                       | (1.5)  |
| Monnet Ispat              | 21,575                | (75)                       | 6.9    |
| Lupin                     | 13,488                | (72)                       | (4.2)  |

| 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 | 17,649 | 6,695                            | 18.4  | 4.6 | 41.0                | 1.23         |
| Feb-08 | 17,579 | 4,631                            | 17.8  | 4.2 | 39.0                | 1.15         |
| Mar-08 | 15,833 | 4,955                            | 19.6  | 4.4 | 37.0                | 1.20         |

Source: Bloomberg, Kotak Institutional Equities.

## Earnings momentum

- **Upgrades/downgrades in FY2008E and FY2009E in the past month**
- **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

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

|   | <b>Company</b>               | <b>% Change</b> |
|---|------------------------------|-----------------|
| 1 | Cairn India                  | 26.7            |
| 2 | Welspun Gujarat Stahl Rohren | 14.7            |
| 3 | State Bank of India          | 11.5            |
| 4 | GAIL (India)                 | 3.7             |
| 5 | Dr Reddy's Laboratories      | 1.9             |
| 6 | Sun TV Network               | 1.0             |
| 7 | Rajesh Exports               | 0.5             |
| 8 | HDFC                         | 0.4             |
| 9 | SREI                         | 0.1             |

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

|   | <b>Company</b>            | <b>% Change</b> |
|---|---------------------------|-----------------|
| 1 | MTNL                      | (19.1)          |
| 2 | Sesa Goa                  | (15.7)          |
| 3 | Oriental Bank of Commerce | (11.8)          |
| 4 | Maruti Suzuki             | (11.5)          |
| 5 | Punjab National Bank      | (10.9)          |
| 6 | Indian Overseas Bank      | (10.2)          |
| 7 | Union Bank                | (9.6)           |
| 8 | India Infoline            | (9.3)           |
| 9 | Bharat Heavy Electricals  | (9.0)           |

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 | Welspun Gujarat Stahl Rohren | 11.3     | 345 | 310 |
| 2 | Cairn India                  | 10.5     | 210 | 190 |
| 3 | MTNL                         | 9.1      | 120 | 110 |
| 4 | GAIL (India)                 | 6.3      | 425 | 400 |

### Downgrades in target prices (1 month)

|    | Company                  | % Change | New   | Old   |
|----|--------------------------|----------|-------|-------|
| 1  | Hexaware Technologies    | (22.2)   | 70    | 90    |
| 2  | i-flex solutions         | (18.5)   | 1,100 | 1,350 |
| 3  | Sesa Goa                 | (17.8)   | 3,700 | 4,500 |
| 4  | Bharat Heavy Electricals | (16.0)   | 2,100 | 2,500 |
| 5  | Mphasis BFL              | (16.0)   | 210   | 250   |
| 6  | Bharat Electronics       | (15.7)   | 1,475 | 1,750 |
| 7  | Patni Computer Systems   | (15.6)   | 270   | 320   |
| 8  | Tata Motors              | (12.2)   | 825   | 940   |
| 9  | Maruti Suzuki            | (11.3)   | 1,100 | 1,240 |
| 10 | TCS                      | (10.6)   | 1,050 | 1,175 |
| 11 | Polaris Software Lab     | (10.5)   | 85    | 95    |
| 12 | Wipro                    | (10.1)   | 490   | 545   |
| 13 | Infosys Technologies     | (10.0)   | 1,800 | 2,000 |
| 14 | HCL Technologies         | (9.4)    | 290   | 320   |
| 15 | Mindtree                 | (7.6)    | 425   | 460   |
| 16 | DishTV                   | (7.1)    | 65    | 70    |
| 17 | Rajesh Exports           | (7.0)    | 200   | 215   |
| 18 | Satyam Computer Services | (3.8)    | 500   | 520   |

Source:Kotak Institutional Equities.

# Changes in our ratings

## Changes in ratings over the past 1 month

| Company name |            | Rating  |          |
|--------------|------------|---------|----------|
|              |            | Current | Previous |
| Sobha        | Downgraded | REDUCE  | ADD      |

| Company name                 |          | Rating  |          |
|------------------------------|----------|---------|----------|
|                              |          | Current | Previous |
| Bharat Electronics           | Upgraded | ADD     | REDUCE   |
| Cairn India                  | Upgraded | REDUCE  | SELL     |
| Centurion Bank of Punjab     | Upgraded | BUY     | REDUCE   |
| DishTV                       | Upgraded | ADD     | REDUCE   |
| GSPL                         | Upgraded | ADD     | SELL     |
| Indian Bank                  | Upgraded | REDUCE  | SELL     |
| Jagran Prakashan             | Upgraded | BUY     | ADD      |
| MTNL                         | Upgraded | ADD     | SELL     |
| Oriental Bank of Commerce    | Upgraded | REDUCE  | SELL     |
| PFC                          | Upgraded | REDUCE  | SELL     |
| PSL                          | Upgraded | BUY     | ADD      |
| Sadbhav Engineering          | Upgraded | BUY     | ADD      |
| Welspun Gujarat Stahl Rohren | Upgraded | REDUCE  | 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 FIIs in the cash market (US\$ mn)

|                | FII     | MF      |
|----------------|---------|---------|
| CY 1999        | 1,537   | 0       |
| CY 2000        | 1,462   | (150)   |
| CY 2001        | 2,807   | (1,110) |
| CY 2002        | 751     | (685)   |
| CY 2003        | 6,658   | 118     |
| CY2004         | 8,382   | (217)   |
| CY 2005        | 10,776  | 2,873   |
| CY 2006        | 8,632   | 3,585   |
| CY 2007        | 17,335  | 1,525   |
| <b>CY 2008</b> | (2,995) | 1,379   |
| Jan            | (4,271) | 1,848   |
| Feb            | 1,211   | 125     |
| Mar            | 31      | (450)   |
| Apr            | 35      | (145)   |

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

|               | Index Futures | Index Options | Stock Futures | Stock Options |
|---------------|---------------|---------------|---------------|---------------|
| CY2004        | (91)          | 608           | (796)         | 4             |
| CY2005        | (676)         | 2,199         | (668)         | (42)          |
| CY 2006       | 345           | 3,950         | (3,690)       | (83)          |
| CY2007        | (772)         | 12,436        | (11,600)      | (170)         |
| <b>CY2008</b> | 1,187         | 3,723         | 2,365         | (7)           |
| Jan           | (573)         | 1,479         | 1,566         | (21)          |
| Feb           | 563           | 1,379         | 334           | (21)          |
| Mar           | 1,122         | 822           | 394           | 32            |
| Apr           | 75            | 44            | 71            | 2             |

Source: Bloomberg, Kotak Institutional Equities



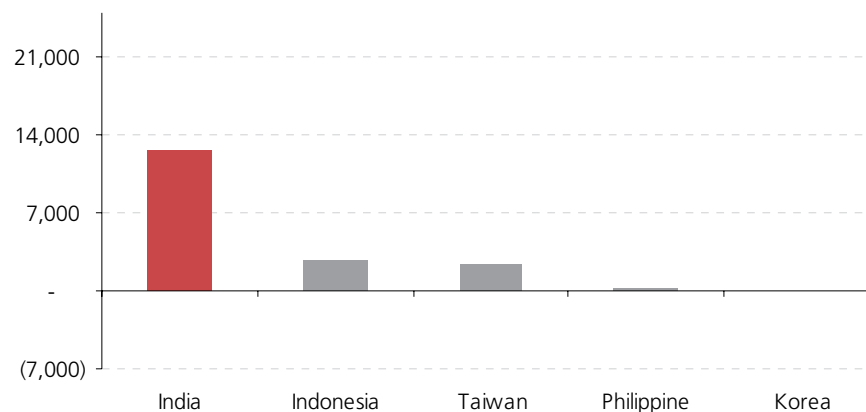
# FII flows in other emerging markets

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

Flows in the cash markets

| Date         | Taiwan         | Indonesia    | Philippine  | Thailand   | India      |
|--------------|----------------|--------------|-------------|------------|------------|
| 10-Mar-08    | (569)          | (152)        | (20)        | (2)        | (282)      |
| 11-Mar-08    | (389)          | (119)        | (19)        | 0          | (43)       |
| 12-Mar-08    | 438            | 8            | (11)        | 1          | 36         |
| 13-Mar-08    | (472)          | (12)         | (13)        | (1)        | (43)       |
| 14-Mar-08    | (495)          | 106          | (6)         | (0)        | (32)       |
| 17-Mar-08    | (913)          | (26)         | (3)         | (1)        | (157)      |
| 18-Mar-08    | (609)          | (15)         | (5)         | (3)        | (171)      |
| 19-Mar-08    | 113            | 12           | 8           | 0          | 133        |
| 24-Mar-08    | 1,943          | (11)         | (19)        | 0          | 80         |
| 25-Mar-08    | 631            | (2)          | (5)         | 1          | 334        |
| 26-Mar-08    | 59             | 47           | 4           | 0          | 138        |
| 27-Mar-08    | (848)          | 13           | (1)         | 1          | 107        |
| 28-Mar-08    | (310)          | 40           | (10)        | 0          | (28)       |
| 31-Mar-08    | (299)          | 18           | 20          | 1          | 3          |
| 1-Apr-08     | (283)          | (63)         | 3           | 0          | (295)      |
| 2-Apr-08     | 284            | (70)         | 3           | 0          | (5)        |
| 3-Apr-08     | (178)          | 80           | 12          | (0)        | (135)      |
| 4-Apr-08     | -              | (39)         | 5           | (1)        | 338        |
| 7-Apr-08     | (109)          | (11)         | -           | -          | 93         |
| 8-Apr-08     | (332)          | 63           | 16          | 1          | 37         |
| <b>Total</b> | <b>(2,338)</b> | <b>(132)</b> | <b>(40)</b> | <b>(2)</b> | <b>110</b> |

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



Source: Bloomberg.

# IPO analysis

## Market performance since IPO/ Follow on offering

| Name                              | Shares<br>(mn) | Price<br>(Rs) | Value<br>(Rs mn) | Date of<br>Listing | Price |        | Performance (%) |               |
|-----------------------------------|----------------|---------------|------------------|--------------------|-------|--------|-----------------|---------------|
|                                   |                |               |                  |                    | Day 1 | Latest | Day 1           | Since Listing |
| Onmobile Global Ltd               | 11             | 450           | 4,905            | 19-Feb-08          | 522   | 609    | 16              | 35            |
| Rural electrification             | 156            | 105           | 16,393           | 11-Mar-08          | 121   | 111    | 15              | 6             |
| Rural Electrification Corp.       | 156            | 105           | 16,393           | 11-Mar-08          | 121   | 102    | 15              | (3)           |
| Shriram EPC Ltd                   | 4              | 330           | 1,320            | 20-Feb-08          | 294   | 228    | (11)            | (31)          |
| IRB Infrastructure Developers Ltd | 51             | 220           | 11,233           | 25-Feb-08          | 189   | 176    | (14)            | (20)          |
| Bang Overseas Ltd                 | 4              | 207           | 725              | 20-Feb-08          | 172   | 151    | (17)            | (27)          |
| Tulsi Extrusions Ltd              | 6              | 85            | 485              | 25-Feb-08          | 140   | 79     | 64              | (7)           |
| KNR Construction Ltd              | 8              | 180           | 1,417            | 18-Feb-08          | 154   | 92     | (14)            | (49)          |
| Cords cable industries Ltd        | 3              | 135           | 416              | 13-Feb-08          | 138   | 88     | 2               | (35)          |
| J Kumar Infraprojects Ltd         | 7              | 120           | 780              | 12-Feb-08          | 103   | 93     | (14)            | (22)          |
| Manjushree Extrusions Ltd         | 5              | 45            | 231              | 28-Feb-08          | 53    | 25     | 17              | (45)          |
| Reliance Power Ltd                | 260            | 450           | 117,000          | 11-Feb-08          | 373   | 358    | (17)            | (20)          |
| Future Capital Holding            | 6              | 765           | 4,913            | 31-Jan-08          | 908   | 565    | 19              | (26)          |
| Precision Pipes and Profiles      | 5              | 150           | 750              | 11-Jan-08          | 139   | 76     | (8)             | (49)          |
| Porwal Auto Components            | 5              | 75            | 375              | 14-Jan-08          | 80    | 25     | 6               | (67)          |
| Aries Agro Limited                | 5              | 130           | 585              | 11-Jan-08          | 252   | 120    | 94              | (8)           |
| Manaksia Ltd                      | 16             | 160           | 2,480            | 08-Jan-08          | 168   | 80     | 5               | (50)          |
| BGR                               | 9              | 480           | 4,385            | 03-Jan-08          | 901   | 424    | 88              | (12)          |
| Burnpur Cement                    | 22             | 12            | 263              | 03-Jan-08          | 46    | 21     | 286             | 78            |
| Transformes & rectifiers          | 3              | 465           | 1,393            | 28-Dec-07          | 728   | 418    | 57              | (10)          |
| Brigade Enterprises               | 17             | 390           | 6,484            | 31-Dec-07          | 378   | 172    | (3)             | (56)          |
| Eclerx Services                   | 3              | 315           | 1,010            | 31-Dec-07          | 448   | 278    | 42              | (12)          |
| Jyothy Lab                        | 4              | 690           | 3,057            | 19-Dec-07          | 793   | 655    | 15              | (5)           |
| Kaushalya Infra                   | 9              | 60            | 510              | 14-Dec-07          | 82    | 41     | 37              | (32)          |
| Empee Distilleries                | 5              | 400           | 1,920            | 26-Nov-07          | 318   | 159    | (21)            | (60)          |
| Mundra Port & eco zone            | 40             | 440           | 17,710           | 27-Nov-07          | 962   | 606    | 119             | 38            |
| Edelweiss Capital ltd             | 8              | 825           | 6,918            | 12-Dec-07          | 1,510 | 762    | 83              | (8)           |
| Renaissance Jewellery Ltd         | 5              | 150           | 798              | 12-Dec-07          | 165   | 71     | 10              | (53)          |
| Kolte Patil                       | 19             | 145           | 2,755            | 13-Dec-07          | 181   | 109    | 25              | (25)          |
| Maytas Infra                      | 9              | 370           | 3,275            | 25-Oct-07          | 614   | 640    | 66              | 73            |
| Consolidated Construction         | 4              | 510           | 1,887            | 15-Oct-07          | 791   | 631    | 55              | 24            |
| Religare Enterprises              | 76             | 185           | 1,402            | 21-Nov-07          | 521   | 370    | 182             | 100           |
| Supreme Infrastructure            | 35             | 108           | 375              | 18-Oct-07          | 175   | 85     | 62              | (21)          |
| Dhanus Technologies               | 38             | 295           | 1,131            | 17-Oct-07          | 311   | 216    | 5               | (27)          |
| Koutons Retail                    | 35             | 415           | 1,462            | 12-Oct-07          | 590   | 792    | 42              | 91            |
| Power Grid Corp                   | 5,739          | 52            | 29,845           | 05-Oct-07          | 100   | 98     | 92              | 89            |
| Magnum Ventures                   | 176            | 30            | 529              | 20-Sep-07          | 49    | 14     | 62              | (53)          |
| Indowind Energy                   | 125            | 65            | 813              | 14-Sep-07          | 115   | 81     | 76              | 25            |
| Motilal Oswal Financial           | 30             | 825           | 2,461            | 11-Sep-07          | 977   | 650    | 18              | (21)          |
| Puravankara Projects              | 215            | 400           | 8,587            | 30-Aug-07          | 362   | 243    | (10)            | (39)          |
| KPR Mill                          | 59             | 225           | 1,330            | 28-Aug-07          | 174   | 104    | (23)            | (54)          |
| TakeSolutions                     | 21             | 730           | 1,533            | 27-Aug-07          | 926   | 790    | 27              | 8             |
| Central Bank of India             | 800            | 102           | 8,160            | 21-Aug-07          | 115   | 90     | 13              | (12)          |
| SEL manufacturing                 | 41             | 90            | 372              | 21-Aug-07          | 142   | 397    | 58              | 341           |
| Refex Refrigerants                | 38             | 65            | 247              | 20-Aug-07          | 62    | 169    | (5)             | 159           |
| Zylog Systems                     | 36             | 350           | 1,260            | 17-Aug-07          | 431   | 222    | 23              | (36)          |
| IVR Prime                         | 142            | 550           | 7,783            | 16-Aug-07          | 418   | 184    | (24)            | (67)          |
| OMAXE Ltd                         | 178            | 310           | 5,517            | 09-Aug-07          | 349   | 201    | 13              | (35)          |

Source: Bloomberg and Kotak Institutional Equities.

## Forthcoming IPO/Follow on offerings

|  |     |
|--|-----|
| RELIANCE INFRATEL LTD.                 | IPO |
| JAIPRAKASH POWER VENTURES LTD.         | IPO |
| JSW ENERGY LTD.                        | IPO |
| NATIONAL HYDROELECTRIC POWER CORP.LTD. | IPO |
| FUTURE VENTURES INDIA LTD.             | IPO |
| BHARAT OMAN REFINERIES LTD.            | IPO |
| UTI ASSET MANAGEMENT CO.LTD.           | IPO |
| OIL INDIA LTD.                         | IPO |
| ACME TELE POWER LTD.                   | IPO |
| ASHOKA BUILDCON LTD.                   | IPO |
| D.B.CORP.LTD.                          | IPO |
| MAHINDRA HOLIDAYS & RESORTS INDIA LTD. | IPO |
| PIPAVAV SHIPYARD LTD.                  | IPO |
| MULTI COMMODITY EXCHANGE OF INDIA LTD. | IPO |
| COX & KINGS (INDIA) LTD.               | IPO |
| RAMKY INFRASTRUCTURE LTD.              | IPO |
| VASCON ENGINEERS LTD.                  | IPO |
| RITES LTD.                             | IPO |
| PRINCE FOUNDATIONS LTD.                | IPO |
| RNS INFRASTRUCTURE LTD.                | IPO |
| PRIDE HOTELS LTD.                      | IPO |
| AUSTRAL COKE & PROJECTS LTD.           | IPO |
| VIRGO ENGINEERS LTD.                   | IPO |
| RESURGERE MINES & MINERALS INDIA LTD.  | IPO |
| TCG LIFESCIENCES LTD.                  | IPO |
| APOLLO HEALTH STREET LTD.              | IPO |
| GOKUL REFOILS & SOLVENT LTD.           | IPO |
| MICROSEC FINANCIAL SERVICES 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 |
| VRL LOGISTICS LTD.                     | IPO |
| ARSS INFRASTRUCTURE PROJECTS LTD.      | IPO |
| RITHVIK PROJECTS LTD.                  | IPO |
| KSK ENERGY VENTURES LTD.               | IPO |
| MAN INFRACONSTRUCTION LTD.             | IPO |
| MANDHANA INDUSTRIES LTD.               | IPO |
| NU TEK INDIA LTD.                      | IPO |
| ANU'S LABORATORIES LTD.                | IPO |
| SHANKARA PIPES INDIA LTD.              | IPO |

Source: Primedatabase.

# Bulk Deals

## Major bulk/block deals

| Deal Date | Scrip Name                | Action | Quantity | Price | Value<br>(Rs mn) | Exchange |
|-----------|---------------------------|--------|----------|-------|------------------|----------|
| 03-Apr    | Punjab National Bank      | SELL   | 5744875  | 549   | 3154             | NSE      |
| 03-Apr    | Punjab National Bank      | BUY    | 5744875  | 549   | 3154             | NSE      |
| 07-Apr    | Indian Overseas Bank      | SELL   | 18431173 | 128   | 2360             | NSE      |
| 07-Apr    | Indian Overseas Bank      | BUY    | 18431173 | 128   | 2360             | NSE      |
| 03-Apr    | Oriental Bank of Commerce | SELL   | 10521768 | 180   | 1894             | NSE      |
| 03-Apr    | Oriental Bank of Commerce | BUY    | 10521768 | 180   | 1894             | NSE      |
| 04-Apr    | Vijaya Bank               | SELL   | 13377000 | 49    | 653              | NSE      |
| 04-Apr    | Vijaya Bank               | BUY    | 13377000 | 49    | 653              | NSE      |
| 07-Apr    | BEML LTD                  | SELL   | 663521   | 980   | 650              | BSE      |
| 07-Apr    | BEML LTD                  | BUY    | 663324   | 980   | 650              | BSE      |
| 03-Apr    | Indiabulls Securities Lim | SELL   | 1926144  | 93    | 179              | NSE      |
| 07-Apr    | Indiabulls Securities Lim | BUY    | 1465000  | 99    | 145              | NSE      |
| 03-Apr    | PREMIER LTD               | SELL   | 796694   | 90    | 72               | BSE      |
| 04-Apr    | GIC HOUSI FI              | SELL   | 1036791  | 62    | 64               | BSE      |
| 03-Apr    | COUNTRY CLUB              | BUY    | 102000   | 610   | 62               | BSE      |
| 03-Apr    | COUNTRY CLUB              | SELL   | 102000   | 610   | 62               | BSE      |
| 03-Apr    | Shree Ashtavinayak Cine V | BUY    | 102501   | 365   | 37               | NSE      |
| 07-Apr    | GTC Industries Ltd        | SELL   | 145945   | 194   | 28               | NSE      |
| 03-Apr    | ETC NETWORK               | BUY    | 100000   | 250   | 25               | BSE      |
| 03-Apr    | ETC NETWORK               | SELL   | 93957    | 250   | 23               | BSE      |
| 09-Apr    | Logix Microsystems Limite | SELL   | 175435   | 121   | 21               | NSE      |
| 04-Apr    | GREMAC INFRA              | SELL   | 84181    | 116   | 10               | BSE      |

Source: BSE, NSE.

# Delivery positions

## Top increase/(decrease) in delivery percentage

### Increase in delivery % (KIE universe)

| Name                         | Delivery %    |              |
|------------------------------|---------------|--------------|
|                              | Previous week | Current week |
| Dishman Pharmaceuticals & Ch | 43            | 96           |
| Aditya Birla Nuvo Limited    | 24            | 70           |
| Jubilant Organosys Ltd       | 49            | 95           |
| Aia Engineering Ltd          | 54            | 100          |
| Gateway Distriparks Ltd      | 29            | 72           |
| Godrej Consumer Products Ltd | 51            | 93           |
| Mahindra & Mahindra Fin Secs | 60            | 99           |
| Sterlite Industries India Lt | 27            | 62           |
| Puravankara Projects Ltd     | 43            | 77           |

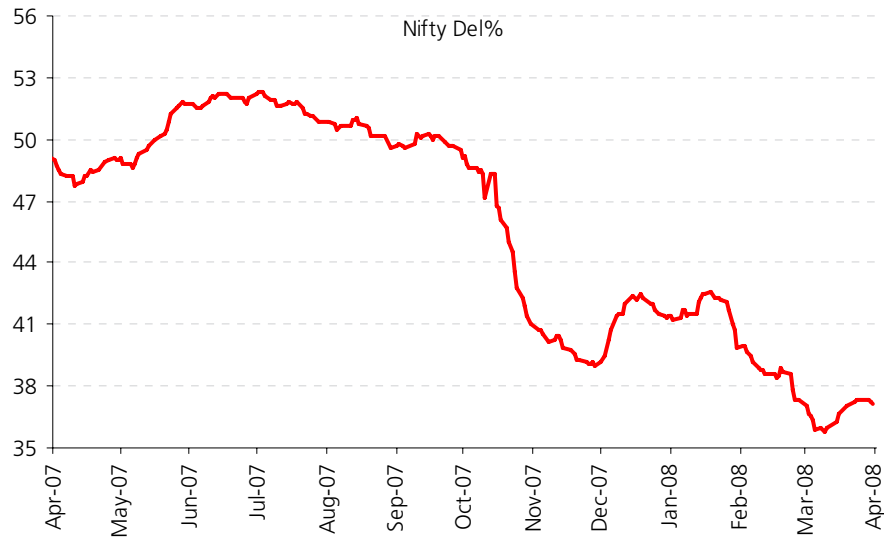
### Decrease in delivery % (KIE universe)

| Name                         | Delivery %    |              |
|------------------------------|---------------|--------------|
|                              | Previous week | Current week |
| Lakshmi Energy & Foods Ltd   | 98            | 51           |
| Siemens India Limited        | 70            | 26           |
| Jammu & Kashmir Bank Ltd     | 74            | 34           |
| Dr. Reddy'S Laboratories     | 67            | 31           |
| Aventis Pharma Ltd           | 94            | 59           |
| Nagarjuna Construction Co    | 67            | 34           |
| Oriental Bank Of Commerce    | 85            | 54           |
| Glaxosmithkline Consumer Hea | 89            | 61           |
| Balaji Telefilms Ltd         | 78            | 50           |

Source: Bloomberg and Kotak Institutional Equities.

# Market movement indicators

Aggregate delivery percentage

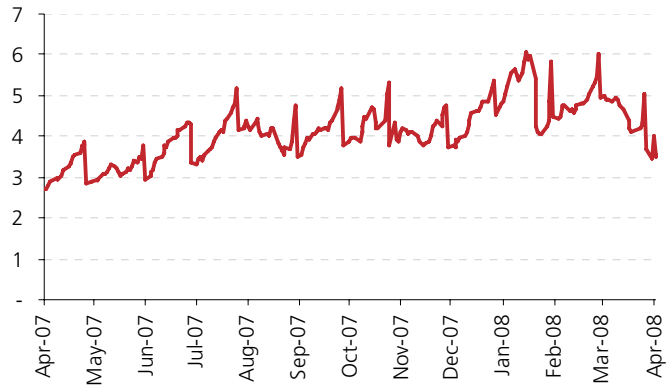


Source: Bloomberg and Kotak Institutional Equities.

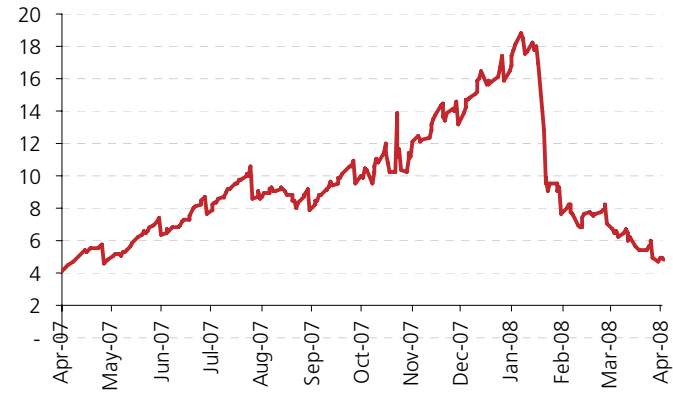
# Open interest analysis

## National Stock Exchange (US\$ bn)

India Index futures open interest



India stock futures open interest

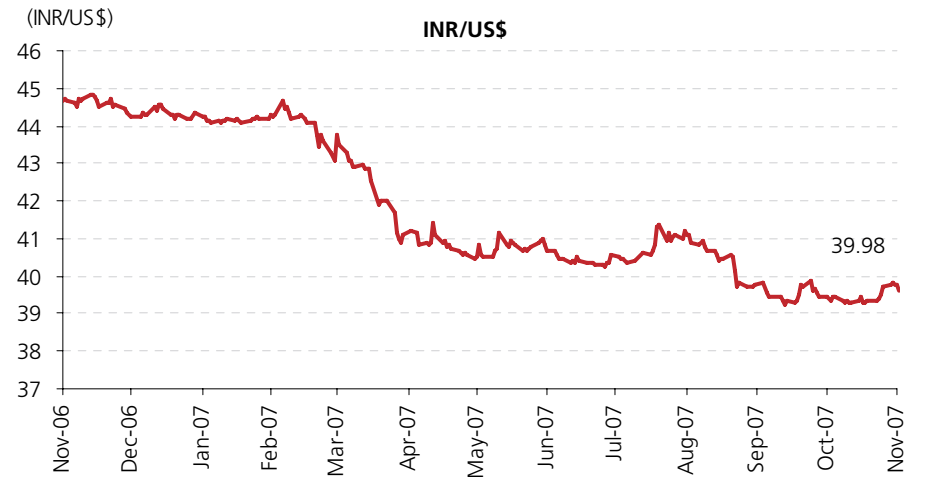
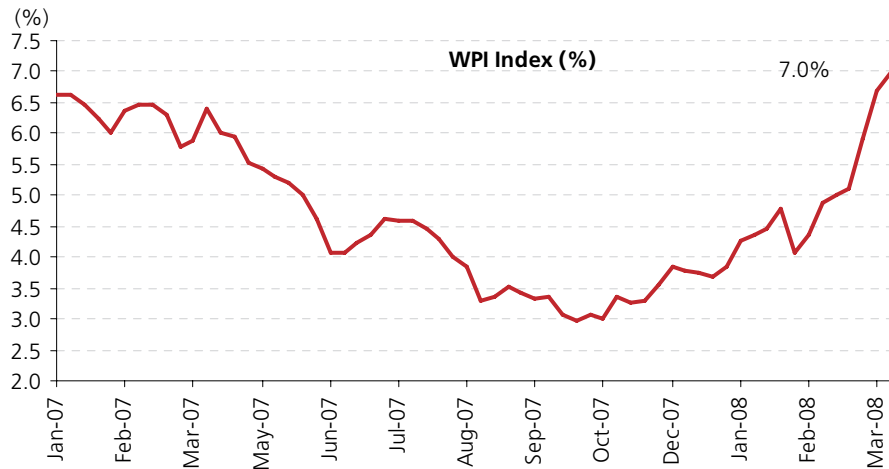
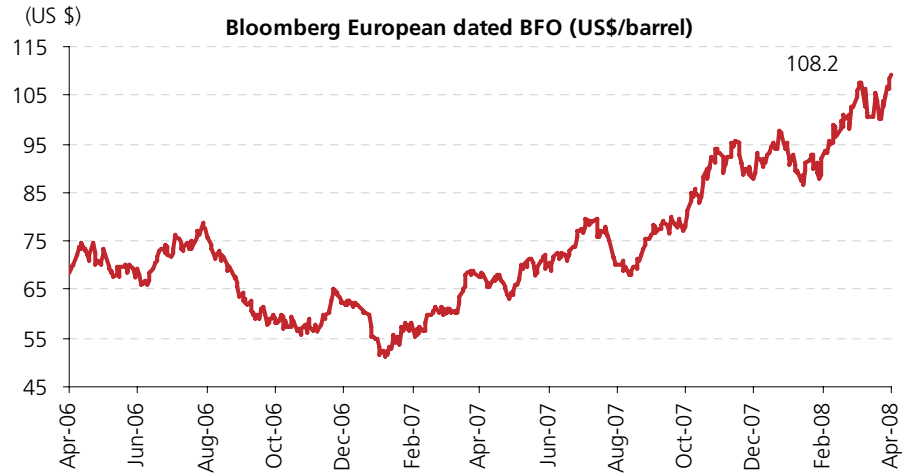
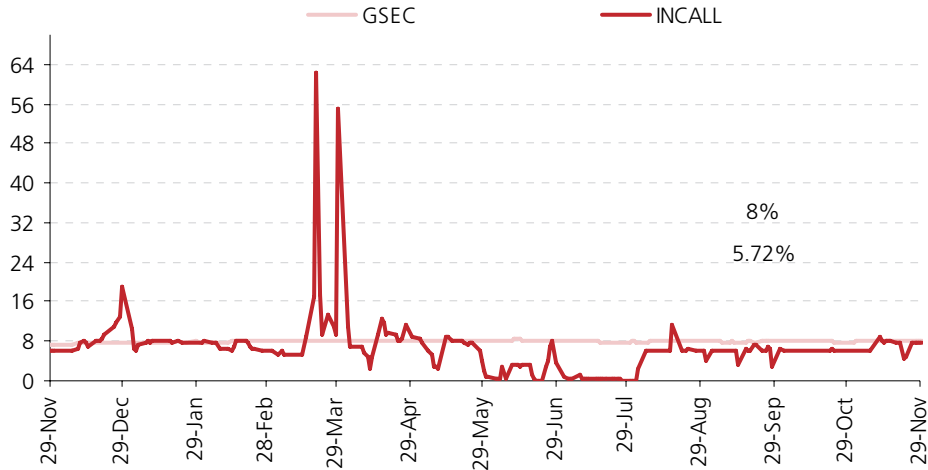


Source: Bloomberg and Kotak Institutional Equities.

## Economic indicators

# Economic indicators

## Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.



## **Kotak valuation summary**



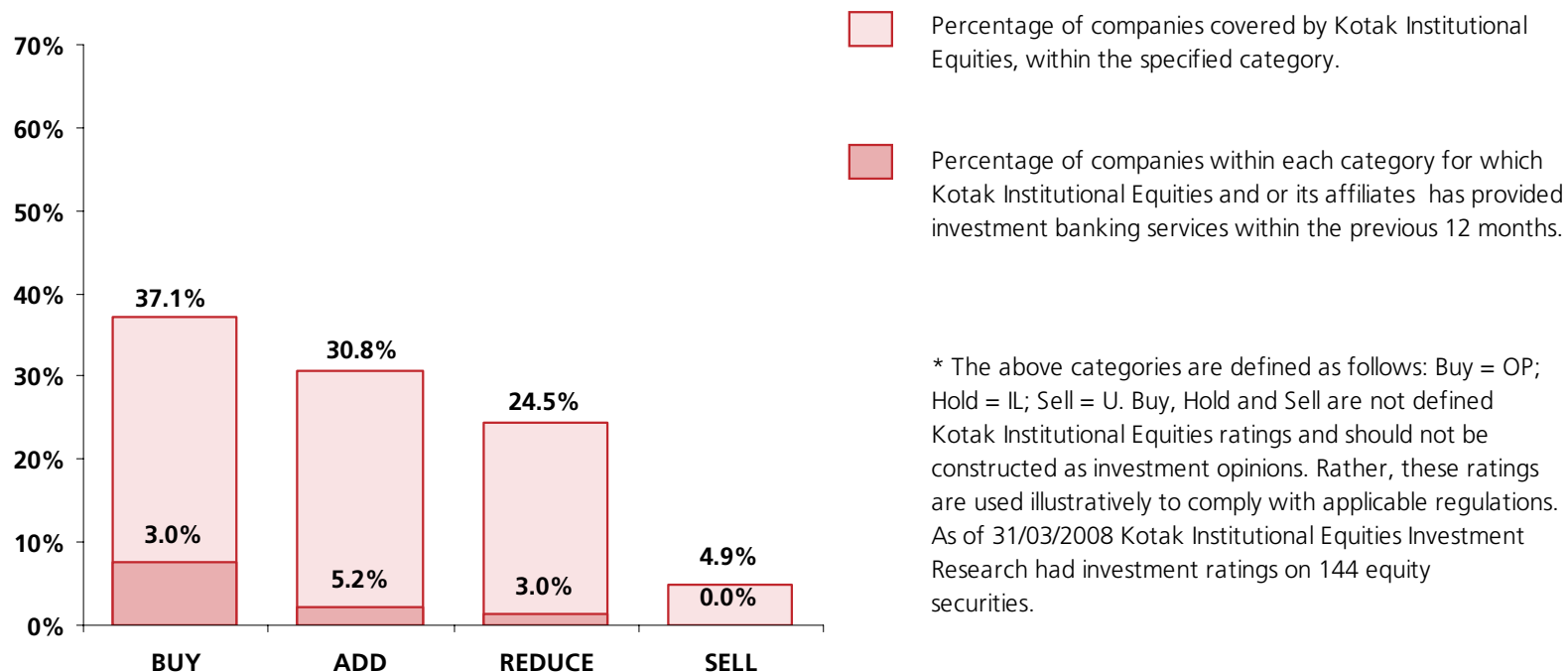




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## Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities.

As of March 31, 2008

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## New rating system

### Definitions of ratings

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

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

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

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

## Old rating system

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

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

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

## Other definitions

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

## Other ratings/identifiers

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