

July 11, 2008

# India Strategy Friday Flash

BSE-30: 13,926

India

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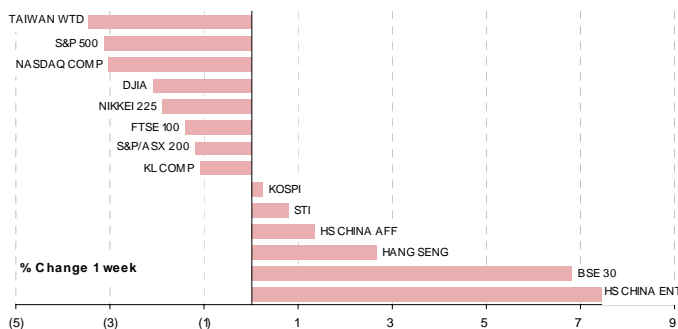
Important disclosures appear at the back of this report.

**Markets take a breather, finally.** During the past week, Sensex gained 832 points (6.4%) to close at 13,926. Market sentiment was positive owing to (1) decrease in crude oil prices and (2) withdrawal of support by Left parties to the UPA government (in anticipation that key economic reforms may now go through). We expect 1QFY09E earnings growth of BSE-30 Index (ex-metals) to decelerate to 5.4% yoy led by (1) decline in earnings of pharmaceuticals, banking and cement companies and (2) high base of June 2007 quarter (34% yoy growth).

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

- Largest gainers: Siemens (25%), Jet Airways (24%), BPCL (24%)
- Largest losers: Phoenix Mills (-11%), Cair India (-6%), Federal Bank (-5%)

## 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-Jul-08	(474)	6	(4)	(2)	(87)	(560)
3-Jul-08	(537)	(109)	(42)	(4)	(174)	(866)
4-Jul-08	(353)	2	(5)	(1)	132	(225)
7-Jul-08	11	(20)	(3)	(1)	(79)	(93)
8-Jul-08	(680)	(13)	(15)	(3)	42	(670)
<b>Total</b>	<b>(2,033)</b>	<b>(134)</b>	<b>(69)</b>	<b>(11)</b>	<b>(167)</b>	<b>(2,414)</b>

# Our top recommendations

## Kotak Institutional Equities, Top-10, July 10, 2008

Companies	Sector	Rating	Mkt cap. (US\$ mn)	CMP (Rs)	Target (Rs)	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
						2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E
ITC	Consumer products	BUY	15,591	179	250	8.4	9.5	11.0	21.4	18.9	16.3	14.0	12.3	10.3
Larsen & Toubro	Industrials	BUY	17,426	2,532	3,600	77.9	116.7	148.9	32.5	21.7	17.0	18.1	13.1	10.3
ICICI Bank	Banking	ADD	15,970	617	870	39.9	30.5	39.7	15.5	20.2	15.6	—	—	—
DLF	Property	BUY	18,235	460	660	44.5	51.2	55.3	10.3	9.0	8.3	9.4	8.0	6.5
HDFC Bank	Banking	BUY	10,443	1,054	1,400	53.6	52.3	74.2	19.7	20.1	14.2	—	—	—
Maruti Suzuki	Automobiles	BUY	3,802	566	1,000	59.9	72.1	79.6	9.4	7.8	7.1	5.4	4.5	3.9
Jindal Steel and Power	Metals	ADD	6,650	1,857	2,900	80.4	111.6	117.0	23.1	16.6	15.9	14.6	10.9	9.9
Tata Power	Utilities	BUY	5,647	1,042	1,540	29.7	38.1	39.9	35.1	27.3	26.1	24.0	21.4	21.8
Sun Pharmaceuticals	Pharmaceuticals	BUY	6,381	1,319	1,720	71.5	86.7	73.7	18.5	15.2	17.9	15.0	11.8	12.7
<b>Mid-cap. pharmaceutical basket</b>														
Biocon	Pharmaceuticals	BUY	929	399	700	22.4	24.6	32.8	17.8	16.2	12.2	11.3	10.9	8.1
Dishman Pharma & Chemicals	Pharmaceuticals	BUY	537	284	515	14.9	20.5	27.1	19.0	13.9	10.5	14.4	10.0	7.9
Divi's Laboratories	Pharmaceuticals	BUY	2,062	1,373	2,400	53.2	79.4	110.8	25.8	17.3	12.4	21.0	14.1	9.6
Jubilant Organosys	Pharmaceuticals	BUY	1,296	308	530	22.8	23.7	27.9	13.5	13.0	11.0	10.9	10.3	8.1
Piramal Healthcare	Pharmaceuticals	BUY	1,407	289	530	17.6	21.9	26.7	16.5	13.2	10.8	12.2	9.4	7.5
<b>BSE-30</b>				<b>13,926</b>										

Source: Company, Bloomberg, Kotak Institutional Equities.

# Our model portfolio

## Kotak Institutional Equities Model Portfolio

Company	10-Jul		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Mahindra & Mahindra	536	ADD	1.1	—	(109)
Maruti Suzuki	566	BUY	1.0	2.5	150
Tata Motors	400	SELL	1.8	—	(176)
<b>Automobiles</b>			<b>3.9</b>	<b>2.5</b>	<b>(136)</b>
State Bank of India	1,237	ADD	3.5	—	(353)
<b>PSU Banking</b>			<b>3.5</b>	<b>—</b>	<b>(353)</b>
HDFC	2,116	ADD	5.4	5.4	—
HDFC Bank	1,054	BUY	4.1	5.6	150
ICICI Bank	617	ADD	7.9	9.4	150
<b>Pvt. Banking/Financing</b>			<b>17.4</b>	<b>20.4</b>	<b>300</b>
ACC	553	REDUCE	0.7	—	(67)
Ambuja Cements	79	REDUCE	0.7	—	(68)
Grasim Industries	1,741	REDUCE	1.4	—	(140)
Jaiprakash Associates	171	BUY	1.2	1.2	—
<b>Cement</b>			<b>3.9</b>	<b>1.2</b>	<b>(275)</b>
Hindustan Unilever	219	ADD	2.3	2.3	—
ITC	179	BUY	5.3	8.3	300
<b>Consumers</b>			<b>7.6</b>	<b>10.6</b>	<b>300</b>
Oil & Natural Gas Corporation	883	BUY	3.5	4.5	100
Reliance Industries	2,047	RS	14.2	10.6	(354)
<b>Energy</b>			<b>17.7</b>	<b>15.2</b>	<b>(254)</b>
Bharat Heavy Electricals	1,563	ADD	2.4	—	(236)
Larsen & Toubro	2,532	BUY	6.9	8.9	200
<b>Industrials</b>			<b>9.2</b>	<b>8.9</b>	<b>(36)</b>
Hindalco Industries	153	REDUCE	1.5	—	(152)
Jindal Steel & Power	1,857	ADD	—	3.0	300
Tata Steel	699	ADD	4.6	4.6	—
<b>Metals</b>			<b>6.1</b>	<b>7.6</b>	<b>148</b>

Company	10-Jul		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Cipla	212	REDUCE	1.0	—	(98)
Sun Pharmaceuticals	1,319	BUY	—	3.0	300
Ranbaxy Laboratories	538	REDUCE	1.3	—	(126)
<b>Pharmaceuticals</b>			<b>2.2</b>	<b>3.0</b>	<b>76</b>
DLF	460	BUY	1.3	2.8	150
<b>Real estate</b>			<b>1.3</b>	<b>2.8</b>	<b>150</b>
Infosys Technologies	1,805	BUY	8.5	10.3	175
Satyam Computer Services	478	BUY	2.9	2.9	—
TCS	868	REDUCE	2.2	—	(219)
Wipro	431	ADD	1.3	1.3	—
<b>Technology</b>			<b>15.0</b>	<b>14.6</b>	<b>(44)</b>
Bharti Airtel Limited	742	REDUCE	5.0	4.3	(75)
Reliance Communications	445	SELL	3.6	—	(361)
<b>Telecom</b>			<b>8.6</b>	<b>4.3</b>	<b>(436)</b>
Lanco Infratech	300	BUY	—	0.6	60
NTPC	167	ADD	1.8	1.8	—
Reliance Infrastructure	856	NR	1.6	1.6	—
Tata Power	1,042	BUY	—	2.0	200
<b>Utilities</b>			<b>3.5</b>	<b>6.1</b>	<b>260</b>
Biocon	399	BUY	—	0.6	60
Dishman Pharma & chemicals	284	BUY	—	0.6	60
Divi's Laboratories	1,373	BUY	—	0.6	60
Jubilant Organosys	308	BUY	—	0.6	60
Piramal Healthcare	289	BUY	—	0.6	60
<b>Pharmaceutical mid-cap. basket</b>			<b>—</b>	<b>3.0</b>	<b>300</b>
<b>BSE-30</b>	<b>13,926</b>		<b>100.0</b>	<b>100.0</b>	<b>—</b>

Note:  
(a) Weighs are with respect to June 30, 2008 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

# Sensex valuation summary

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

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2007	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2008	2009E	2008	2009E
Automobiles	12,416	32.0	5.8	11.1	5.6	11.4	10.2	9.7	7.6	6.9	6.5	2.4	1.5	1.8	2.1	21.3	14.7
Banking	58,557	14.2	46.4	(10.5)	31.9	16.6	18.5	14.1	—	—	—	2.2	1.9	1.4	1.3	13.4	10.5
Cement	8,952	89.5	14.7	(8.4)	(12.4)	7.7	8.5	9.7	4.2	4.5	4.7	1.8	1.5	2.9	3.1	23.5	17.9
Consumers	26,652	19.8	15.1	13.2	15.6	23.4	20.7	17.9	16.4	13.0	11.1	8.1	7.1	3.2	2.9	34.4	34.1
Diversified	4,276	172.9	20.7	54.7	53.5	30.2	19.5	12.7	14.8	11.0	10.2	3.7	3.2	—	—	12.2	16.3
Energy	106,483	25.2	13.1	30.5	34.9	13.4	10.3	7.6	6.5	5.1	3.7	2.4	1.9	1.9	2.3	17.7	18.8
Industrials	35,227	48.8	25.1	35.1	27.2	29.5	21.8	17.2	16.0	12.3	9.7	6.6	4.9	0.7	0.9	22.5	22.3
Metals	20,185	33.1	(2.7)	35.6	(1.4)	12.9	9.5	9.6	7.4	5.9	5.9	1.8	1.4	1.4	1.5	13.7	14.7
Pharmaceuticals	9,071	39.6	25.2	(7.2)	30.5	26.4	28.5	21.8	18.1	17.5	12.9	5.8	3.6	1.3	1.7	22.0	12.7
Property	18,235	913.2	290.1	15.2	7.9	10.3	9.0	8.3	9.2	7.8	6.4	4.0	2.9	1.1	1.5	38.3	32.2
Technology	66,000	44.3	19.3	25.4	19.0	19.6	15.6	13.1	14.3	11.0	8.8	6.1	4.8	1.9	2.0	31.2	30.9
Telecom	53,912	182.9	71.6	30.4	22.7	18.6	14.3	11.6	11.7	8.6	6.8	4.6	3.5	0.2	0.4	24.5	24.4
Utilities	36,712	20.1	3.3	7.4	8.2	19.4	18.1	16.7	11.4	12.7	13.9	2.4	2.3	2.0	2.1	12.6	12.6
<b>BSE-30 Index</b>	<b>456,678</b>	<b>38.2</b>	<b>26.1</b>	<b>19.3</b>	<b>22.1</b>	<b>16.3</b>	<b>13.7</b>	<b>11.2</b>	<b>9.5</b>	<b>7.9</b>	<b>6.5</b>	<b>3.1</b>	<b>2.5</b>	<b>1.6</b>	<b>1.7</b>	<b>19.2</b>	<b>18.5</b>
<b>BSE-30 ex-Energy</b>	<b>350,194</b>	<b>45.2</b>	<b>32.2</b>	<b>14.8</b>	<b>16.3</b>	<b>17.4</b>	<b>15.2</b>	<b>13.1</b>	<b>11.3</b>	<b>9.5</b>	<b>8.3</b>	<b>3.5</b>	<b>2.8</b>	<b>1.5</b>	<b>1.6</b>	<b>19.8</b>	<b>18.4</b>
<b>BSE-30 ex-Energy, Com.</b>	<b>321,058</b>	<b>44.1</b>	<b>38.0</b>	<b>14.5</b>	<b>19.7</b>	<b>18.5</b>	<b>16.2</b>	<b>13.5</b>	<b>12.6</b>	<b>10.4</b>	<b>8.9</b>	<b>3.8</b>	<b>3.1</b>	<b>1.4</b>	<b>1.5</b>	<b>20.4</b>	<b>19.0</b>
<b>BSE-30 ex-Technology</b>	<b>390,678</b>	<b>37.3</b>	<b>27.1</b>	<b>18.4</b>	<b>22.5</b>	<b>15.8</b>	<b>13.4</b>	<b>10.9</b>	<b>8.9</b>	<b>7.5</b>	<b>6.2</b>	<b>2.9</b>	<b>2.3</b>	<b>1.5</b>	<b>1.7</b>	<b>18.2</b>	<b>17.5</b>

Note:

(1) EV/EBITDA excludes banks.

Source: Company reports, Kotak Institutional Equities estimates.

# Nifty valuation summary

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

	Mkt cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div yield (%)		RoE (%)	
		2007	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2008E	2009E	2008E	2009E
Automobiles	15,575	22.2	6.9	9.7	6.2	11.8	10.8	10.2	7.8	7.2	6.6	2.7	1.7	2.1	2.2	22.5	15.9
Banking	61,305	13.2	44.7	(9.6)	30.7	15.3	17.0	13.0	—	—	—	2.2	1.9	1.5	1.4	14.0	11.1
Consumers	26,584	19.8	15.1	13.2	15.6	23.4	20.7	17.9	16.4	13.0	11.1	8.1	7.1	3.2	2.9	34.4	34.1
Cement	8,929	89.5	14.7	(8.4)	(12.4)	7.7	8.5	9.7	4.2	4.5	4.7	1.8	1.5	2.9	3.1	23.5	17.9
Energy	135,108	28.6	10.0	34.0	54.7	15.3	11.5	7.4	7.5	5.9	4.0	2.2	1.8	1.6	2.0	14.4	16.1
Industrials	44,674	41.6	28.3	34.7	33.0	26.4	19.6	14.7	14.4	11.4	8.8	5.7	4.3	0.7	0.9	21.5	22.0
Metals	29,741	65.6	(9.0)	18.2	(0.1)	10.1	8.5	8.5	5.3	4.6	4.4	1.6	1.3	1.3	1.4	15.6	15.0
Media	1,985	11.2	49.4	29.7	29.8	24.1	18.6	14.3	15.8	10.8	8.3	3.0	2.7	1.1	1.3	12.3	14.3
Property	24,732	1,062.5	181.7	16.8	11.0	11.7	10.0	9.0	10.0	8.4	7.0	4.6	3.3	1.0	1.4	39.5	33.3
Pharmaceuticals	17,956	87.3	17.4	12.4	5.7	22.5	20.0	18.9	15.7	13.4	11.6	4.7	3.4	1.1	1.4	20.9	17.0
Telecom	60,932	(149.5)	67.3	29.0	22.5	19.0	14.8	12.0	11.8	8.7	7.0	4.3	3.4	0.3	0.4	22.6	22.7
Technology	69,856	46.6	17.1	25.1	19.1	19.2	15.3	12.9	13.9	10.7	8.5	5.8	4.6	2.0	2.1	30.3	30.1
Utilities	42,251	18.5	4.6	9.0	7.9	20.6	18.9	17.5	12.3	13.4	14.5	2.5	2.3	1.9	2.0	12.3	12.2
<b>NIFTY</b>	<b>539,629</b>	<b>42.7</b>	<b>21.9</b>	<b>19.5</b>	<b>27.5</b>	<b>16.4</b>	<b>13.7</b>	<b>10.8</b>	<b>9.5</b>	<b>8.4</b>	<b>6.6</b>	<b>2.9</b>	<b>2.4</b>	<b>1.5</b>	<b>1.7</b>	<b>18.0</b>	<b>17.6</b>
<b>NIFTY ex-Energy</b>	<b>404,521</b>	<b>49.6</b>	<b>26.9</b>	<b>14.2</b>	<b>15.8</b>	<b>16.8</b>	<b>14.7</b>	<b>12.7</b>	<b>10.7</b>	<b>9.9</b>	<b>8.7</b>	<b>3.3</b>	<b>2.7</b>	<b>1.5</b>	<b>1.5</b>	<b>19.8</b>	<b>18.4</b>
<b>NIFTY ex-Energy ex Com</b>	<b>374,780</b>	<b>46.7</b>	<b>34.3</b>	<b>13.7</b>	<b>18.1</b>	<b>17.7</b>	<b>15.6</b>	<b>13.2</b>	<b>11.8</b>	<b>11.1</b>	<b>9.5</b>	<b>3.6</b>	<b>3.0</b>	<b>1.5</b>	<b>1.6</b>	<b>20.5</b>	<b>19.0</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, July 9, 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	19.4	17.1	18.7	12.1	14.1	12.0	10.1	9.0	0.8	0.6	0.8
China	V/B/E/S CHINA	59.8	30.1	22.1	16.7	20.8	15.0	12.3	10.5	0.7	0.7	0.7
Hong Kong	V/B/E/S HONG KONG	50.1	(6.3)	17.6	15.6	13.2	14.5	12.4	11.0	NA	0.8	0.8
India	MSCI INDIA	19.7	16.9	24.2	17.4	16.7	13.7	11.1	9.1	1.0	0.6	0.6
Korea	MSCI KOREA	6.4	17.1	15.9	11.8	12.8	10.9	9.4	8.4	0.7	0.7	0.8
Malaysia	MSCI MALAYSIA	48.3	(10.4)	10.3	8.0	11.7	13.0	11.8	10.9	NA	1.3	1.5
Mexico	MSCI MEXICO	11.7	6.0	12.8	14.3	14.1	13.3	11.8	11.0	2.4	1.0	0.8
Russia	MSCI RUSSIA	31.7	31.3	13.7	(0.2)	11.5	8.8	7.7	7.8	0.4	0.6	NA
Taiwan	MSCI TAIWAN	25.4	2.0	12.1	9.5	12.5	12.3	10.9	10.1	6.2	1.0	1.1
Thailand	MSCI THAILAND	(35.1)	114.1	8.4	9.3	23.1	10.7	9.9	9.0	0.2	1.3	1.1
<b>Asia - Emerging markets</b>	<b>MSCI EM ASIA</b>	<b>19.5</b>	<b>13.3</b>	<b>16.4</b>	<b>12.7</b>	<b>14.1</b>	<b>12.4</b>	<b>10.7</b>	<b>9.5</b>	<b>1.1</b>	<b>0.8</b>	<b>0.8</b>

Source: Thomson Datastream.

# Valuation summary of BRICs sectors (1)

## Valuation summary of BRICs sectors, July 9, 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	21.2	13.4	18.0	15.0	11.7	10.3	8.7	7.6	0.9	0.6	0.6
Russia	MSCI Russia Banks Industry Group	15.4	35.1	24.2	25.3	16.0	11.8	9.5	7.6	0.5	0.5	0.4
India	MSCI India Banks Industry Group	16.5	24.8	21.8	NA	18.3	14.7	12.0	NA	0.7	0.7	NA
China	MSCI China Banks Industry Group	46.7	48.0	19.7	18.2	19.1	12.9	10.8	9.1	0.4	0.7	0.6
<b>Consumers</b>												
Brazil	MSCI Brazil Consumer Discretionary Sector	6.7	68.8	50.0	27.7	33.2	19.6	13.1	10.3	0.5	0.4	0.5
Russia	MSCI Russia Consumer Staples Sector	46.5	44.7	32.8	21.9	31.4	21.7	16.3	13.4	0.7	0.7	0.7
India	MSCI India Consumer Discretionary Sector	10.3	9.8	16.5	23.9	10.5	9.6	8.2	8.2	1.1	0.6	0.3
China	MSCI China Consumer Discretionary Sector	35.8	4.9	21.2	18.2	16.8	16.1	13.2	11.2	3.4	0.8	0.7
<b>Energy</b>												
Brazil	MSCI Brazil Energy Sector	(17.0)	46.2	11.6	8.5	18.8	12.9	11.5	10.6	0.4	1.1	1.3
Russia	MSCI Russia Energy Sector	28.1	35.8	13.7	(5.0)	10.8	7.9	7.0	7.4	0.3	0.6	NA
India	MSCI India Energy Sector	27.3	19.4	40.6	8.6	20.5	14.3	10.2	9.4	1.1	0.4	1.2
China	MSCI China Energy Sector	5.9	15.4	14.1	4.3	14.0	12.1	10.6	10.2	0.9	0.9	2.5
<b>Industrials</b>												
Brazil	MSCI Brazil Industrials Sector	(11.8)	65.7	18.1	28.8	22.0	13.3	11.2	8.7	0.3	0.7	0.4
India	MSCI India Industrials Sector	0.7	14.4	31.2	27.0	20.1	17.7	13.5	10.6	1.4	0.6	0.5
China	MSCI China Industrials Sector	89.0	2.6	14.1	20.5	12.9	12.6	11.0	9.1	4.9	0.9	0.5
<b>Metals</b>												
Brazil	MSCI Brazil Metals & Mining Industry	59.0	3.8	26.2	5.6	11.3	10.9	8.6	8.2	3.0	0.4	1.5
Russia	MSCI Russia Metals & Mining Industry	46.5	(0.3)	2.2	(1.0)	8.6	8.7	8.5	8.6	NA	3.9	NA
India	MSCI India Metals & Mining Industry	1.7	21.6	16.6	NA	10.7	8.1	6.9	NA	0.5	0.5	NA
China	MSCI China Metals & Mining Industry	(3.8)	14.4	9.2	7.3	12.4	10.8	9.9	9.3	0.9	1.2	NA

Source: Thomson Datastream.

## Valuation summary of BRICs sectors (2)

### Valuation summary of BRICs sectors, July 9, 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	NA	NA	NA	NA	NA	NA	NA	NA	#VALUE!	NA
India	MSCI India Real Estate Industry Group	206.2	22.9	47.0	21.8	10.6	8.7	5.9	4.8	0.5	0.2	0.3
China	MSCI China Real Estate Industry Group	45.5	14.3	39.0	23.7	12.6	11.1	8.0	6.4	0.9	0.3	0.3
<b>Technology</b>												
Brazil	MSCI Brazil Information Technology Sector	565.9	33.7	20.3	13.7	28.7	21.5	17.8	15.7	0.9	1.1	1.3
India	MSCI India Software & Services Industry Gr	18.8	18.6	15.2	15.7	19.1	16.1	13.9	12.0	1.0	1.1	0.9
China	MSCI China Software & Services Industry Gr	56.5	51.0	37.7	34.9	63.5	42.0	30.5	22.6	1.2	1.1	0.9
<b>Telecom</b>												
Brazil	MSCI Brazil Telecommunication Services Sec	103.8	(2.4)	10.4	22.2	10.3	10.5	9.5	7.8	NA	1.0	0.4
Russia	MSCI Russia Diversified Telecommunications	62.0	37.9	22.3	17.2	22.2	16.1	13.2	11.2	0.6	0.7	0.8
India	MSCI India Telecommunication Services Sec	50.4	19.5	22.3	18.6	16.1	13.4	11.0	9.3	0.8	0.6	0.6
China	MSCI China Telecommunication Services Ser	20.7	24.6	15.2	13.3	19.9	16.0	13.9	12.3	0.8	1.1	1.0
<b>Utilities</b>												
Brazil	MSCI Brazil Utilities Sector	3.8	2.5	9.1	18.2	12.5	12.2	11.2	9.5	4.9	1.3	0.6
Russia	MSCI Russia Utilities Sector	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
India	MSCI India Utilities Sector	14.4	2.0	13.0	37.6	14.8	15.0	13.2	9.7	7.6	1.2	0.4
China	MSCI China Utilities Sector	11.0	(7.0)	20.6	15.6	14.8	16.0	13.2	11.4	NA	0.8	0.8

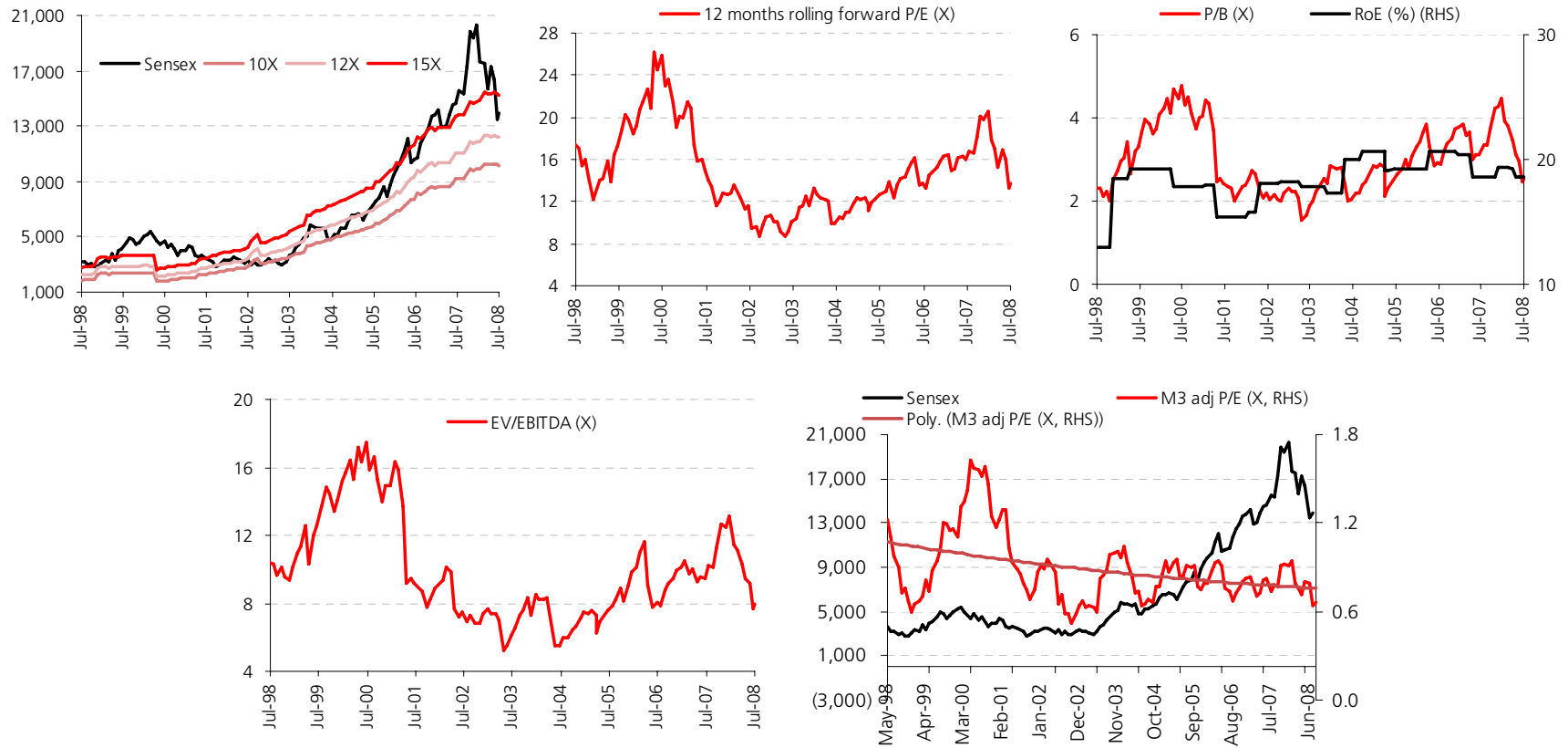
Source: Thomson Datastream.



# BSE-Sensex key parameters

## Key fundamental indicators of BSE Sensex

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



Source: Bloomberg, Company reports, Kotak Institutional Equities.

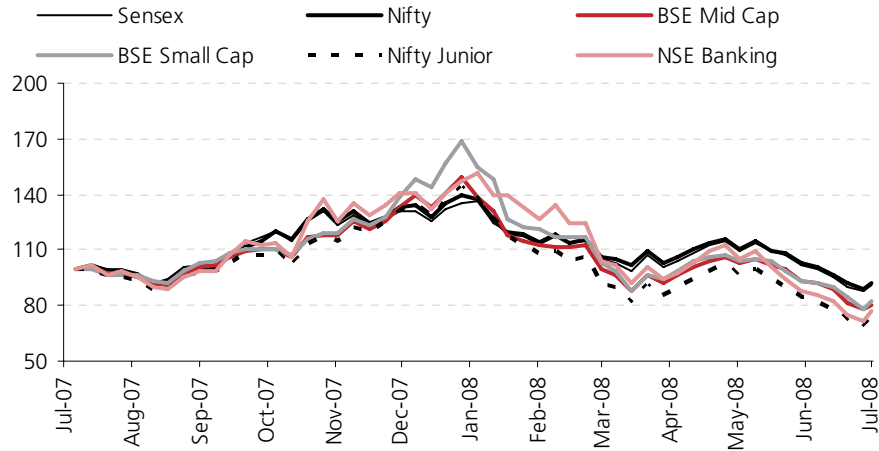
## Market performance

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

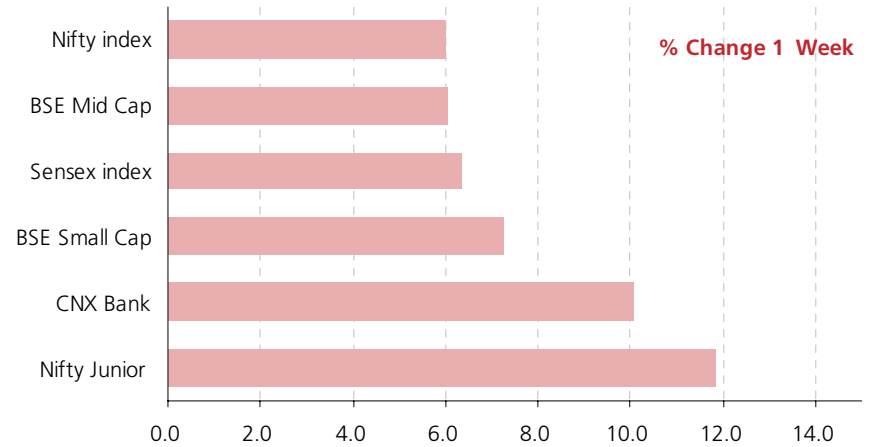
# Relative performance of Indian markets

## Key performance of benchmark indices

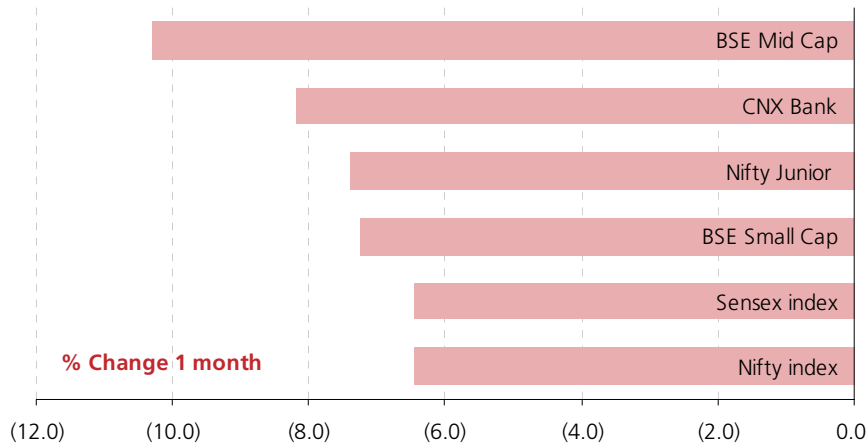
(base 100 as of June, 2007)



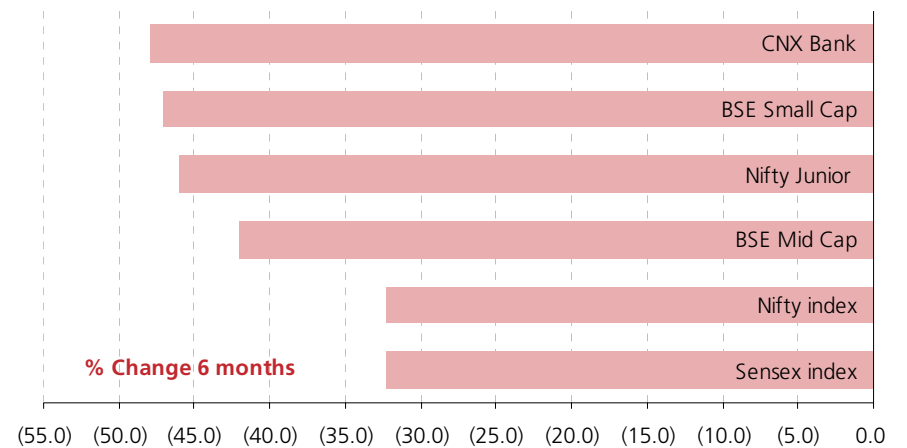
## Weekly performance of the benchmark indices



## 1-month performance of the benchmark indices



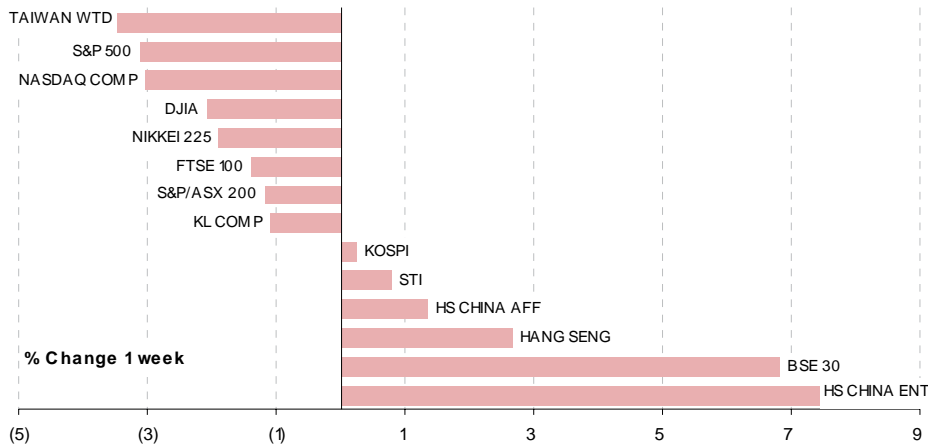
## 6-month performance of the benchmark indices



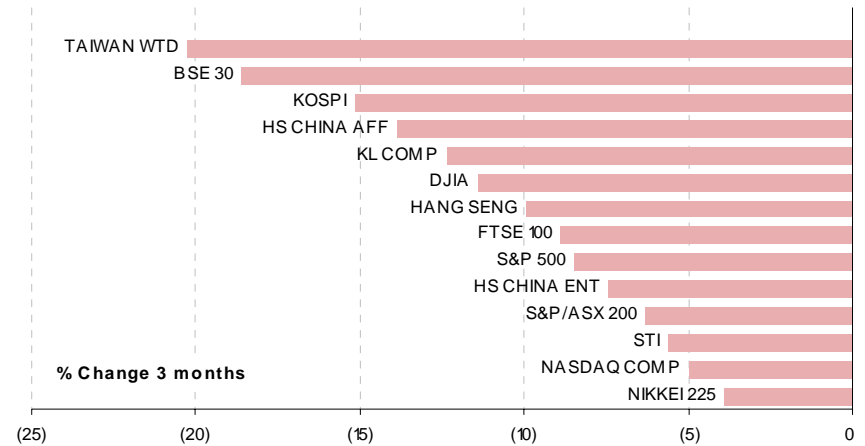
Source: Bloomberg, Kotak Institutional Equities.

# BSE-Sensex versus regional indices

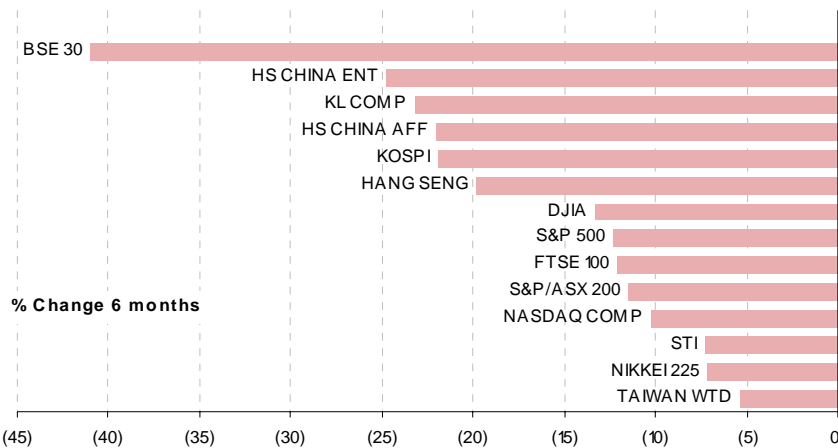
## Weekly performance



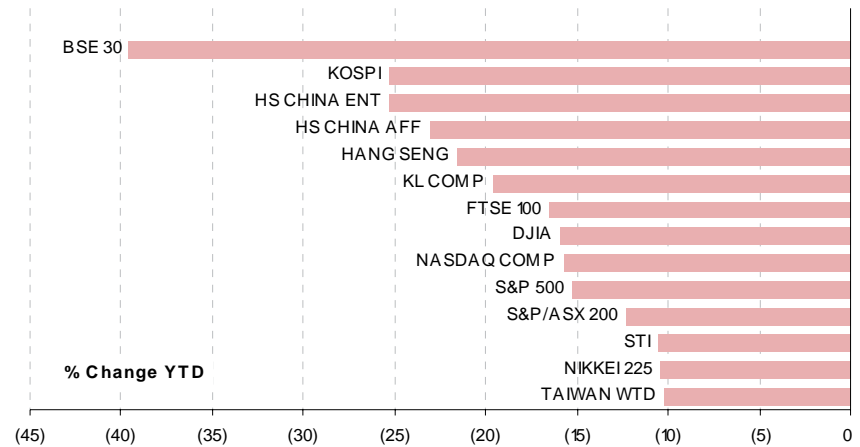
## 3-month performance



## 6-month performance



## Year-to-date performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities.

Kotak Institutional Equities Research, July 11, 2008

# Sectoral performance

## Market performance of Sensex sectors, July 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	14,094	(1.6)	(16.8)	(24.8)	(38.0)	(35.7)	(40.2)	(1.3)	(9.7)	(4.3)	(26.5)
Banking	58,557	0.4	(6.8)	(20.9)	(44.9)	(16.9)	(42.1)	0.7	(0.3)	(9.5)	(9.0)
Consumers	26,652	(1.1)	(9.4)	(11.6)	(13.2)	13.7	(8.2)	(0.9)	(2.7)	14.5	19.5
Cement	8,952	1.6	(13.4)	(33.0)	(45.1)	(40.1)	(48.9)	1.9	(6.5)	(9.7)	(30.7)
Diversified	4,940	(1.3)	(3.2)	(19.7)	(60.4)	-	(60.0)	(1.0)	3.0	(21.2)	12.5
Energy	106,483	(0.7)	(1.8)	(15.1)	(32.2)	10.1	(28.9)	(0.4)	4.4	0.1	16.1
Industrials	35,227	(0.1)	5.0	(8.8)	(37.9)	2.8	(39.4)	0.2	10.8	(4.2)	9.3
Metals	20,185	3.8	(14.3)	(2.7)	(20.0)	15.4	(26.4)	4.0	(7.3)	9.3	21.1
Pharmaceuticals	9,071	0.5	(2.2)	9.7	20.1	23.2	13.5	0.7	4.0	39.7	28.3
Property	18,235	2.1	(4.2)	(23.4)	(59.7)	-	(57.2)	2.4	2.2	(20.7)	-
Telecom	54,083	0.0	(10.8)	(7.5)	(33.1)	(16.1)	(32.2)	0.3	(4.1)	(0.6)	(8.3)
Technology	66,000	(0.9)	(3.5)	9.4	(1.3)	(16.8)	(9.7)	(0.6)	2.8	23.5	(8.9)
Utilities	36,712	(0.5)	0.5	(13.7)	(43.1)	10.3	(38.6)	(0.2)	6.6	(8.1)	16.4
<b>Sensex sum</b>	<b>459,191</b>	<b>(0.3)</b>	<b>(6.5)</b>	<b>(11.3)</b>	<b>(32.3)</b>	<b>(7.2)</b>	<b>(31.4)</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 Siemens	24.9	1 Phoenix Mills	(10.8)
2 Jet Airways	24.1	2 Cairn India	(5.8)
3 Bharat Petroleum	23.7	3 Federal Bank	(4.6)
4 Jaiprakash Associates	23.3	4 Sun Pharmaceuticals	(4.6)
5 Polaris Software Lab	22.8	5 Sintex	(4.2)
6 DLF	20.1	6 Mahindra & Mahindra Financial	(3.6)
7 PFC	19.2	7 Kalpataru Power Transmission	(3.2)
8 Housing Development & Infrastr	19.2	8 Canara Bank	(2.8)
7 Sun TV Network	18.9	9 Piramal Healthcare	(2.3)
8 Reliance Infrastructure	18.3	10 Lupin	(1.8)

### CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Ranbaxy Laboratories	26.5	1 Phoenix Mills	(75.0)
2 GlaxoSmithkline (India)	11.4	2 Sobha	(70.4)
3 Sun Pharmaceuticals	9.6	3 DishTV	(67.4)
4 Lupin	7.3	4 India Infoline	(65.7)
5 Nestle India	7.1	5 ABG Shipyard	(65.4)
6 Satyam Computer Services	5.7	6 Lanco Infratech	(64.5)
7 Hindustan unilever	2.2	7 Unitech	(64.5)
8 Infosys Technologies	2.0	8 Rico Auto	(64.0)
		9 Rajesh Exports	(63.4)
		10 GMR Infrastructure	(62.0)

### 1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Bharat Heavy Electricals	13.0	1 Phoenix Mills	(55.6)
2 India Infoline	10.1	2 Sobha	(32.2)
3 Hindustan Petroleum	6.6	3 Jet Airways	(28.2)
4 Oil & Natural Gas Corporation	6.4	4 JSW Steel	(25.1)
5 GlaxoSmithkline (India)	4.0	5 Wockhardt	(24.1)
		6 Maruti Suzuki	(23.7)
		7 Suzlon Energy	(22.8)
		8 Piramal Healthcare	(22.8)
		9 Rajesh Exports	(22.6)
		10 Indian Overseas Bank	(21.6)

### 1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	158.9	1 Sobha	(71.2)
2 Shriram Transport	82.1	2 Phoenix Mills	(70.9)
3 Monnet Ispat	73.5	3 DishTV	(66.3)
4 Sesa Goa	73.0	4 Hexaware Technologies	(66.0)
5 Cairn India	56.1	5 Shree Cement	(58.9)
6 Tata Power	55.3	6 Rico Auto	(58.2)
7 Reliance Petroleum	51.5	7 HT Media	(54.8)
8 Ranbaxy Laboratories	48.7	8 TVS Motor Co	(54.2)
9 Nestle India	39.7	9 United Breweries	(53.6)
10 Reliance Infrastructure	39.2	10 Suzlon Energy	(52.9)

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	244.4
Aditya Birla Nuvo	232.3
HDFC	189.1
Mahindra Life Space Developer	182.6
Ranbaxy Laboratories	178.0
United Breweries	174.5

### Discount to 1 year rolling forward P/E (%)

Company	Discount to sector
DishTV	115.5
Rajesh Exports	69.7
Maharashtra Seamless	68.3
Indian Bank	67.2
Andhra Bank	61.9

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

### Lowest 1 year rolling forward P/E (X)

Company	Lowest P/E
Vardhman	3.0
Indian Bank	4.0
Jindal Saw	4.1
Andhra Bank	4.6
Union Bank	4.9
Oriental Bank of Commerce	5.4
LIC Housing Finance	5.7
Rajesh Exports	5.8
Housing Development & Infrastru	5.8
Punjab National Bank	5.8

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

### Highest 1 year forward P/E (X)

Company	Highest P/E
Aditya Birla Nuvo	43.8
United Breweries	40.5
Educomp Solutions	34.7
Tata Communications	34.2
Ranbaxy Laboratories	29.5
ABB	26.8
Cairn India	26.4
Nestle India	25.7
Sun TV Network	23.9

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

### Company % discount to historical high

Company	% discount to historical high
Monnet Ispat	6.4
Sun Pharmaceuticals	21.2
Asian Paints	23.4
GE Shipping	24.0
Cipla	27.8
Tata Power	29.1
HDFC	30.0
Nestle India	30.5
Jubilant Organosys	31.0
Dishman Pharma & Chemicals	32.3
Shriram Transport	32.3
ITC	34.8
Sterlite Industries	35.8

Note:

(a) Historical figures are generated since May 2000.

Source: Bloomberg, Kotak Institutional Equities



# Enterprise Value-to-EBITDA ratio analysis

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

## Trading at premium to the sectors

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

Company	Sector premium
Cairn India	357.3
Puravankara Projects	218.3
Titan Industries	189.5
Jindal Steel and Power	187.9
Indian Oil Corporation	181.7

## Trading at discount to sectors

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

Company	Sector discount
MTNL	16.1
Maharashtra Seamless	21.7
Hexaware Technologies	26.3
Dredging Corporation	33.3
Polaris Software Lab	34.5

## 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
Tata Power	21.5
Aditya Birla Nuvo	20.0
Hindustan Lever	17.3
Puravankara Projects	17.1
Educomp Solutions	16.4
Ranbaxy Laboratories	16.0

## 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	1.3
Maharashtra Seamless	2.5
Oil & Natural Gas Corporation	2.6
Hexaware Technologies	2.6
Hindustan Petroleum	2.9
Bharat Petroleum	3.1

Source: Bloomberg, Kotak Institutional Equities

# Technical indicators

## Volume momentum analysis

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

Company	5-day average volumes	Price Change (%)	
		% increase (1 month basis)	
Apollo Hospital	1,039,700	432	0.1
EIH	675,179	198	0.0
Nagarjuna Construction Co.	1,844,802	83	(18.9)
Castrol India	96,799	78	(6.7)
i-flex solutions	334,206	75	0.0
Siemens	983,951	71	(2.2)

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

Company	5-day average volumes	Price Change (%)	
		% decrease (1 month basis)	
Lakshmi	2,499	(95)	(4.4)
Aventis Pharma	803	(90)	(1.1)
Sadbhav Engineering	3,726	(87)	(16.2)
Torrent Pharma	65,814	(87)	(5.9)
Consolidated Construction Co.	364	(86)	(9.2)
HT Media	19,170	(86)	(14.9)

Date	Sensex	Avg daily value traded (US\$ mn)	Institutional participation in total turnover	
			FII%	MF%
Apr-07	13,872	2,776	18.0	4.7
May-07	14,544	3,420	16.3	4.5
Jun-07	14,651	3,327	17.6	3.9
Jul-07	15,551	4,309	18.6	4.4
Aug-07	15,318	3,742	18.6	4.3
Sep-07	17,291	4,703	16.0	4.2
Oct-07	19,724	7,118	18.4	3.6
Nov-07	19,003	6,771	16.0	3.0
Dec-07	20,217	6,802	14.3	3.1
Jan-08	17,649	6,695	18.4	4.6
Feb-08	17,579	4,631	17.8	4.2
Mar-08	15,833	4,955	19.6	4.4
Apr-08	17,287	6,176	16.3	3.2
May-08	16,416	4,903	15.7	3.2
Jun-08	14,422	4,433	17.8	3.5

Source: Bloomberg, Kotak Institutional Equities.

## Earnings momentum

- **Upgrades/downgrades in FY2009E**
- **Top changes in target prices in the past month**
- **Changes in ratings in the past month**

# Changes in earnings estimates

## Changes in earnings estimates in the past one month

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

Company	% Change
1 Cairn India	24.1
2 PSL	14.3
3 GAIL (India)	12.3
4 BGR Energy Systems	7.7
5 Titan Industries	4.1
6 Welspun Gujarat Stahl Rohren	1.5
7 NTPC	1.4
8 Reliance Industries	1.2

### FY2010 earnings upgrades (KIE) (1 month)

Company	% Change
1 PSL	19.7
2 GAIL (India)	17.9
3 Indian Bank	10.8
4 Reliance Petroleum	6.4
5 Cairn India	5.6
6 Welspun Gujarat Stahl Rohren	4.7
7 Dredging Corporation	2.3
8 Oil & Natural Gas Corporation	1.9
9 NTPC	1.2
10 BGR Energy Systems	1.1

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

Company	% Change
1 Jet Airways	(297.5)
2 Central Bank of India	(44.5)
3 SREI	(35.6)
4 Lanco Infratech	(32.7)
5 Jagran Prakashan	(31.1)
6 Federal Bank	(30.1)
7 GSPL	(23.6)
8 Tata Communications	(23.6)
9 DishTV	(21.8)
10 Oriental Bank of Commerce	(21.5)

### FY2010 earnings downgrades (KIE) (1 month)

Company	% Change
1 Lanco Infratech	(49.2)
2 Shree Cement	(32.9)
3 SREI	(29.6)
4 India Infoline	(26.6)
5 DishTV	(26.4)
6 Puravankara Projects	(25.7)
7 Tata Communications	(25.7)
8 Jagran Prakashan	(23.1)
9 Sobha	(20.4)
10 UltraTech Cement	(20.3)

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	Piramal HealthCare	12.8	530	470
2	Reliance Petroleum	8.1	200	185
3	GSPL	4.6	68	65
4	Cairn India	4.5	230	220
5	GAIL (India)	2.3	450	440

### Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Jet Airways	(43.8)	450	800
2	Puravankara Projects	(37.1)	220	350
3	Sobha	(34.4)	400	610
4	Hindalco Industries	(30.2)	150	215
5	Dredging Corporation	(29.0)	550	775
6	Jagran Prakashan	(26.9)	95	130
7	Unitech	(24.0)	190	250
8	DLF	(22.4)	660	850
9	Phoenix Mills	(22.2)	350	450
10	Sadbhav Engineering	(20.6)	1,100	1,385
11	Radico Khaitan	(20.2)	91	114
12	IVRCL	(19.6)	430	535
13	Nagarjuna Construction Co.	(19.3)	230	285
14	Tata Communications	(18.9)	430	530
15	Ambuja Cements	(18.8)	95	117
16	ACC	(18.8)	650	800
17	Housing Development & Infrastr	(18.8)	780	960
18	Jaiprakash Associates	(17.7)	255	310
19	Central Bank of India	(17.6)	70	85
20	United Spirits	(17.4)	1,600	1,936
21	Shree Cement	(16.9)	1,080	1,300
22	BGR Energy Systems	(16.7)	325	390
23	Lanco Infratech	(16.2)	545	650

Source: Kotak Institutional Equities.

# Changes in our ratings

## Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
Jet Airways	Downgraded	SELL	REDUCE
Hindalco Industries	Downgraded	REDUCE	ADD
Grasim Industries	Downgraded	REDUCE	ADD

Company name		Rating	
		Current	Previous
BGR Energy Systems	Upgraded	BUY	ADD
Consolidated Construction Co.	Upgraded	BUY	ADD
Reliance Petroleum	Upgraded	ADD	REDUCE
DishTV	Upgraded	BUY	ADD
GSPL	Upgraded	ADD	REDUCE
Siemens	Upgraded	ADD	REDUCE
Shree Cement	Upgraded	BUY	ADD
Indian Overseas Bank	Upgraded	ADD	REDUCE
UltraTech Cement	Upgraded	BUY	REDUCE
GAIL (India)	Upgraded	ADD	REDUCE

Source:Kotak Institutional Equities.

## Flows

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

# Trend in equity flows

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

	FII	MF
CY 1999	1,537	0
CY 2000	1,462	(150)
CY 2001	2,807	(1,110)
CY 2002	751	(685)
CY 2003	6,658	118
CY 2005	8,382	(217)
CY 2006	8,632	3,585
CY 2007	17,335	1,525
<b>CY 2008</b>	(6,618)	2,336
Jan	(4,271)	1,848
Feb	1,211	125
Mar	31	(459)
Apr	315	(6)
May	(1,158)	(83)
June	(2,622)	775
July	(123)	135

## 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>	736	8,264	2,500	353
Jan	(573)	1,479	1,566	(21)
Feb	563	1,379	334	(21)
Mar	1,122	822	394	32
Apr	1,162	2,299	(26)	119
May	(755)	1,450	(384)	105
June	(1,011)	611	236	128
July	228	224	381	11

Source: Bloomberg, Kotak Institutional Equities



# FII flows in other emerging markets

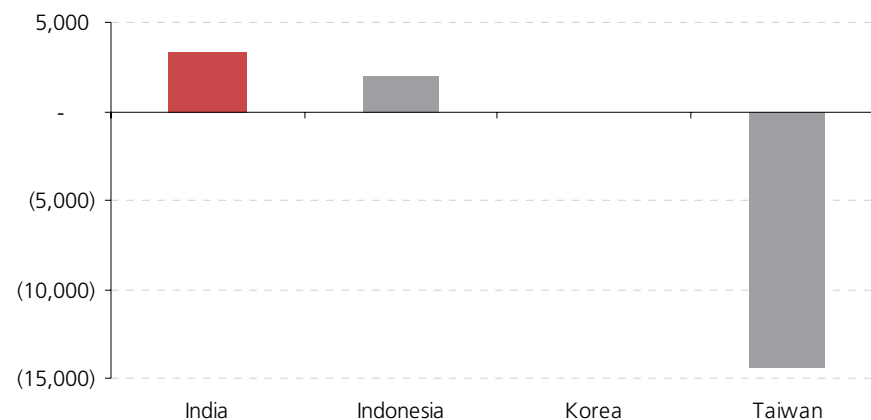
## FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
11-Jun-08	(77)	(62)	(13)	(1)	(38)
12-Jun-08	(526)	39	(7)	(3)	(283)
13-Jun-08	(217)	19	(14)	(1)	(13)
16-Jun-08	29	10	(3)	(0)	(132)
17-Jun-08	2	(25)	(4)	(2)	92
18-Jun-08	(138)	9	2	(1)	(112)
19-Jun-08	(616)	80	1	(2)	(87)
20-Jun-08	(287)	40	7	(2)	(236)
23-Jun-08	(120)	(116)	(3)	(2)	(154)
24-Jun-08	(293)	(5)	(5)	(1)	68
25-Jun-08	79	(14)	(4)	(1)	(26)
26-Jun-08	(131)	(21)	6	0	(116)
27-Jun-08	(344)	6	107	(2)	(185)
30-Jun-08	(45)	(5)	5	(1)	(56)
1-Jul-08	181	12	10	-	43
2-Jul-08	(474)	6	(4)	(2)	(87)
3-Jul-08	(537)	(109)	(42)	(4)	(174)
4-Jul-08	(353)	2	(5)	(1)	132
7-Jul-08	11	(20)	(3)	(1)	(79)
8-Jul-08	(680)	(13)	(15)	(3)	42
<b>Total</b>	<b>(4,537)</b>	<b>(166)</b>	<b>16</b>	<b>(30)</b>	<b>(1,401)</b>

Source: Bloomberg.

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



# IPO analysis

## Market performance since IPO/ Follow on offering

Name	Shares (mn)	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Sita Shreee Food Products Ltd	11	30	315	08-Apr-08	38	20	26	(35)
Rural electrification	156	105	16,393	11-Mar-08	121	81	15	(23)
Shriram EPC Ltd	4	330	1,320	20-Feb-08	294	121	(11)	(63)
IRB Infrastructure Developers Ltd	51	220	11,233	25-Feb-08	189	153	(14)	(30)
KNR Construction Ltd	8	180	1,417	18-Feb-08	154	55	(14)	(69)
Cords cable industries Ltd	3	135	416	13-Feb-08	138	89	2	(34)
J Kumar Infraprojects Ltd	7	120	780	12-Feb-08	103	90	(14)	(25)
Manjushree Extrusions Ltd	5	45	231	28-Feb-08	53	20	17	(56)
Reliance Power Ltd	260	450	117,000	11-Feb-08	373	148	(17)	(67)
Future Capital Holding	6	765	4,913	31-Jan-08	908	309	19	(60)
Precision Pipes and Profiles	5	150	750	11-Jan-08	139	76	(8)	(49)
Porwal Auto Components	5	75	375	14-Jan-08	80	16	6	(78)
Aries Agro Limited	5	130	585	11-Jan-08	252	110	94	(15)
Manaksia Ltd	16	160	2,480	08-Jan-08	168	64	5	(60)
BGR	9	480	4,385	03-Jan-08	901	241	88	(50)
Burnpur Cement	22	12	263	03-Jan-08	46	17	286	38
Transformes & rectifiers	3	465	1,393	28-Dec-07	728	286	57	(39)
Brigade Enterprises	17	390	6,484	31-Dec-07	378	112	(3)	(71)
Eclerx Services	3	315	1,010	31-Dec-07	448	202	42	(36)
Jyothy Lab	4	690	3,057	19-Dec-07	793	448	15	(35)
Kaushalya Infra	9	60	510	14-Dec-07	82	28	37	(54)
Empee Distilleries	5	400	1,920	26-Nov-07	318	109	(21)	(73)
Mundra Port & eco zone	40	440	17,710	27-Nov-07	962	568	119	29
Edelweiss Capital Ltd	8	825	6,918	12-Dec-07	1,510	556	83	(33)
Renaissance Jewellery Ltd	5	150	798	12-Dec-07	165	47	10	(69)
Kolte Patil	19	145	2,755	13-Dec-07	181	62	25	(57)
Maytas Infra	9	370	3,275	25-Oct-07	614	437	66	18
Consolidated Construction	4	510	1,887	15-Oct-07	791	508	55	(0)
Religare Enterprises	76	185	1,402	21-Nov-07	521	395	182	113
Supreme Infrastructure	35	108	375	18-Oct-07	175	58	62	(46)
Dhanus Technologies	38	295	1,131	17-Oct-07	311	163	5	(45)
Koutons Retail	35	415	1,462	12-Oct-07	590	751	42	81
Power Grid Corp	5,739	52	29,845	05-Oct-07	100	88	92	70
Magnum Ventures	176	30	529	20-Sep-07	49	11	62	(63)
Indowind Energy	125	65	813	14-Sep-07	115	58	76	(11)
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	542	18	(34)
Puravankara Projects	215	400	8,587	30-Aug-07	362	191	(10)	(52)
KPR Mill	59	225	1,330	28-Aug-07	174	95	(23)	(58)
TakeSolutions	21	730	1,533	27-Aug-07	926	561	27	(23)
Central Bank of India	800	102	8,160	21-Aug-07	115	61	13	(41)
SEL manufacturing	41	90	372	21-Aug-07	142	603	58	570
Refex Refrigerants	38	65	247	20-Aug-07	62	198	(5)	205
Zylog Systems	36	350	1,260	17-Aug-07	431	268	23	(23)
IVR Prime	142	550	7,783	16-Aug-07	418	185	(24)	(66)
OMAXE Ltd	178	310	5,517	09-Aug-07	349	141	13	(54)
Alpa Laboratories	95	68	646	06-Aug-07	55	19	(19)	(72)

Source: Bloomberg and Kotak Institutional Equities.

## Forthcoming IPO/Follow on offerings

Company Name	Issue
RELIANCE INFRATEL LTD.	IPO
ADANI POWER LTD.	IPO
JSW ENERGY LTD.	IPO
FUTURE VENTURES INDIA LTD.	IPO
BHARAT OMAN REFINERIES LTD.	IPO
UTI ASSET MANAGEMENT CO.LTD.	IPO
OIL INDIA LTD.	IPO
MAHINDRA HOLIDAYS & RESORTS INDIA LTD.	IPO
D.B.CORP.LTD.	IPO
GODREJ PROPERTIES LTD.	IPO
PIPAVAV SHIPYARD LTD.	IPO
MULTI COMMODITY EXCHANGE OF INDIA LTD.	IPO
COX & KINGS (INDIA) LTD.	IPO
RAMKY INFRASTRUCTURE LTD.	IPO
RITES LTD.	IPO
AJANTA MANUFACTURING LTD.	IPO
ASHOKA BUILDCON LTD.	IPO
C.MAHENDRA EXPORTS LTD.	IPO
AUSTRAL COKE & PROJECTS LTD.	IPO
TRIVENI INFRASTRUCTURE DEVELOPMENT CO.LTD.	IPO
CELLEBRUM TECHNOLOGIES LTD.	IPO
APOLLO HEALTH STREET LTD.	IPO
MICROSEC FINANCIAL SERVICES LTD.	IPO
INFINITY INFOTECH PARKS LTD.	IPO
PNC INFRATECH LTD.	IPO
RESURGERE MINES & MINERALS INDIA LTD.	IPO
EURO MULTIVISION LTD.	IPO
VRL LOGISTICS LTD.	IPO
ARSS INFRASTRUCTURE PROJECTS LTD.	IPO
MAN INFRACONSTRUCTION LTD.	IPO
NU TEK INDIA LTD.	IPO
MANDHANA INDUSTRIES LTD.	IPO
SHANKARA PIPES INDIA LTD.	IPO
RAJ OIL MILLS LTD.	IPO
VIJAI INFRASTRUCTURE LTD.	IPO
CHIRPAL INDUSTRIES LTD.	IPO
INFINITE COMPUTER SOLUTIONS (INDIA) LTD.	IPO
KHADIM INDIA LTD.	IPO
ALKALI METALS LTD.	IPO
GINI & JONY LTD.	IPO
NEOTERIC INFORMATIQUE LTD.	IPO
SEA TV NETWORK LTD.	IPO
20 MICRONS LTD.	IPO
VISHAL INFORMATION TECHNOLOGIES LTD.	IPO

Source: Primedatabase.

# Bulk Deals

## Major bulk/block deals

Date	Security Name	Buy/Sell	Quantity	Price	Value (Rs mn)	Exchange
7-Jul	Apollo Hospitals Ltd	SELL	2,595,159	500	1,298	BSE
4-Jul	JAIN IRRI SY	SELL	2,234,242	442	988	NSE
8-Jul	Shriram Trans Fin Co. Ltd	SELL	3,128,257	290	907	BSE
8-Jul	Shriram Trans Fin Co. Ltd	BUY	3,128,257	290	907	BSE
9-Jul	Puravankara Projects Limi	BUY	3,101,201	191	592	BSE
9-Jul	Puravankara Projects Limi	SELL	3,101,201	191	592	BSE
4-Jul	JAI CORP LIM	SELL	1,942,184	284	551	NSE
7-Jul	APOLLO HOS E	SELL	1,081,220	500	541	NSE
2-Jul	AMTEK AUTO L	SELL	2,000,000	235	469	NSE
4-Jul	BAJ HOLD INV	SELL	1,016,689	430	437	NSE
3-Jul	Spice Communications Limi	SELL	4,259,096	73	309	BSE
3-Jul	SPICE TELE	SELL	3,640,000	73	264	NSE
9-Jul	Apollo Hospitals Ltd	SELL	395,000	500	198	BSE
4-Jul	ING Vysya Bank Limited	SELL	965,130	196	189	BSE
9-Jul	Apollo Hospitals Ltd	SELL	333,733	500	167	BSE
4-Jul	ING Vysya Bank Limited	BUY	837,936	196	164	BSE
3-Jul	Triveni Engineering & Ind	BUY	1,700,000	79	134	BSE
4-Jul	Nagarjuna Fert & Chem	SELL	4,120,000	30	124	BSE
4-Jul	TVS MOTOR L	BUY	4,754,922	25	119	NSE
4-Jul	ELDER PHARMA	SELL	348,416	302	105	NSE
9-Jul	Kalpataru Pow Trans Ltd	SELL	136,923	750	103	BSE
4-Jul	TVS MOTOR L	SELL	3,268,891	25	82	NSE
4-Jul	SHRENUJ &COM	SELL	2,441,000	25	61	NSE
7-Jul	NITCO TILES	SELL	600,000	100	60	NSE
4-Jul	Saregama India Ltd.	SELL	560,000	93	52	BSE
3-Jul	TEMPT.FOODS	BUY	160,000	322	52	NSE
7-Jul	NITCO TILES	SELL	500,000	100	50	NSE

Source: BSE, NSE.

# Delivery positions

## Top increase/(decrease) in delivery percentage

### Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Psl Ltd	45	96
Aia Engineering Ltd	32	81
Federal Bank Ltd	32	79
TATA TEA LTD	35	82
Bharat Electronics Limited	45	81
Shree Cement Limited	36	72
Lakshmi Energy & Foods Ltd	60	94
Tvs Motor Co Ltd	57	88
Ipca Laboratories Limited	69	100

### Decrease in delivery % (KIE universe)

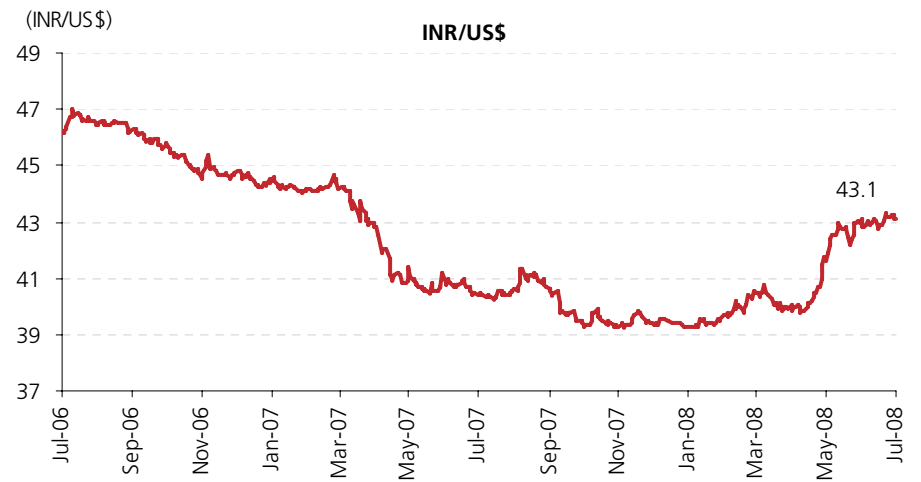
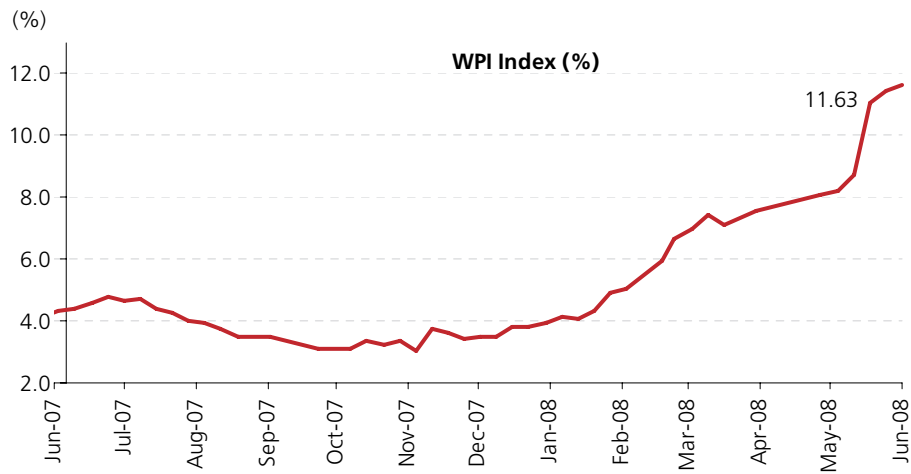
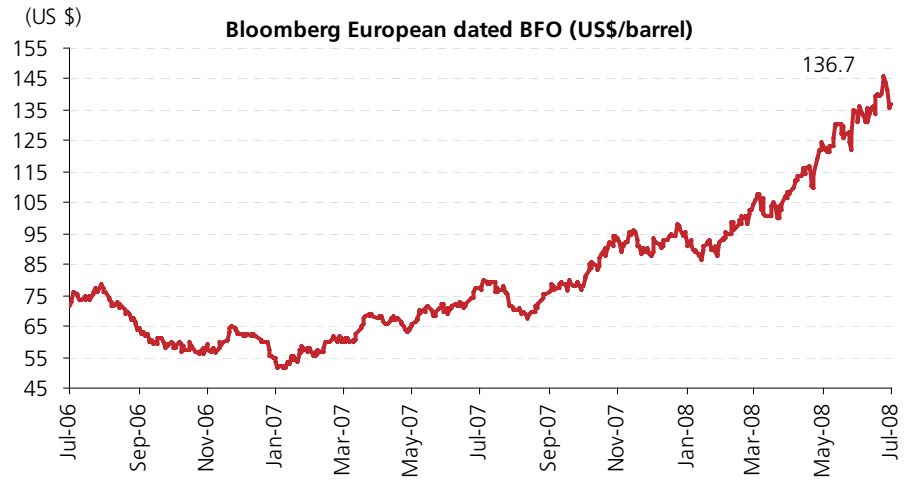
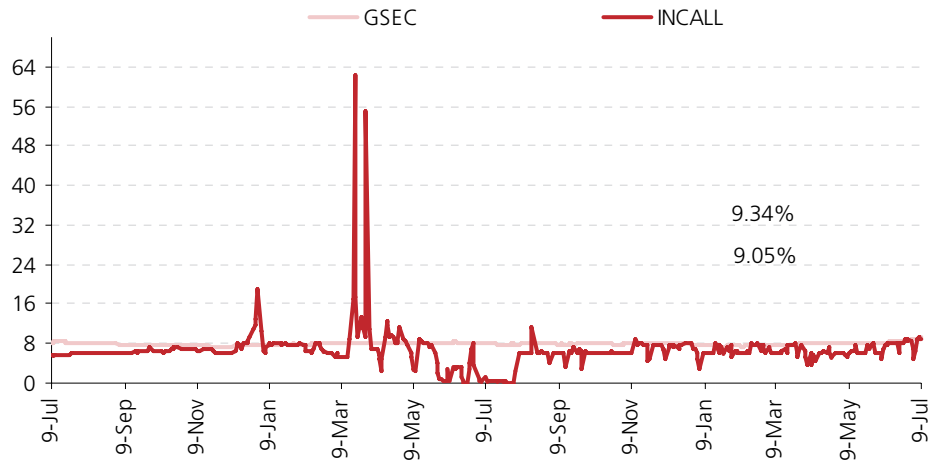
Name	Delivery %	
	Previous week	Current week
Sadbhav Engineering Ltd	92	6
Ht Media Ltd	99	43
Bharat Petroleum Corp Ltd	74	23
Siemens India Limited	79	29
Consolidated Construction Co	100	52
India Cements Limited	86	44
Punjab National Bank	61	20
Sintex Industries Limited	64	23
ABB Ltd India	80	42

Source: Bloomberg and Kotak Institutional Equities.

## Economic indicators

# Economic indicators

## Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

## **Kotak valuation summary**

# Valuation summary

## Kotak Institutional Equities Universe

Company	10-Jul-08		Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price (Rs)	Upside (%)	ADVT-3mo (US\$ mn)
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E			
<b>Automobiles</b>																													
Bajaj Auto	498	ADD	72,117	1,677	145	59.3	58.7	63.2	(53.4)	(1.1)	7.8	8.4	8.5	7.9	6.0	6.1	5.5	4.5	3.6	3.0	4.0	4.0	4.0	21.0	41.5	36.4	630	26.4	—
Hero Honda	689	REDUCE	137,513	3,198	200	48.5	50.0	54.8	12.8	3.3	9.5	14.2	13.8	12.6	8.9	8.4	7.6	4.4	3.8	3.2	2.9	2.9	2.9	34.0	29.7	27.8	700	1.7	4.9
Mahindra & Mahindra	536	ADD	138,101	3,212	257	37.8	43.5	44.9	(2.8)	15.1	3.2	14.2	12.3	11.9	10.8	9.6	8.8	3.2	2.5	2.1	2.0	1.7	1.8	28.0	23.7	19.6	720	34.2	8.9
Maruti Suzuki	566	BUY	163,444	3,802	289	59.9	72.1	79.6	10.8	20.4	10.3	9.4	7.8	7.1	5.4	4.5	3.9	1.9	1.5	1.3	0.8	0.8	0.8	22.1	21.5	19.4	1,000	76.8	13.8
Tata Motors	400	SELL	232,281	5,403	581	47.4	34.6	35.4	0.9	(26.9)	2.1	8.4	11.5	11.3	8.1	8.1	7.9	2.6	0.9	1.1	2.5	3.2	3.2	24.3	14.1	10.2	525	31.4	12.3
<b>Automobiles</b>																													
<b>Banks/Financial Institutions</b>																													
Andhra Bank	53	REDUCE	25,681	597	485	11.9	11.0	12.3	7.0	(7.0)	11.1	4.5	4.8	4.3	—	—	—	0.8	0.7	0.7	7.6	6.3	6.9	18.0	15.6	15.7	75	41.6	0.8
Axis Bank	678	REDUCE	242,688	5,645	358	32.2	38.9	54.1	37.7	20.8	38.9	21.1	17.4	12.5	—	—	—	3.0	2.5	2.1	0.8	1.1	1.5	17.6	15.0	18.2	830	22.3	36.6
Bank of Baroda	218	ADD	79,758	1,855	366	39.3	29.8	40.5	39.8	(24.2)	35.9	5.6	7.3	5.4	—	—	—	0.9	0.8	0.7	3.7	2.8	3.8	14.4	9.4	11.9	310	42.1	3.8
Canara Bank	169	SELL	69,249	1,611	410	38.2	23.1	35.5	10.1	(39.6)	53.9	4.4	7.3	4.8	—	—	—	1.0	0.8	0.7	4.7	4.1	4.4	15.0	8.8	12.6	190	12.5	3.2
Central Bank of India	61	SELL	24,471	569	404	13.6	6.0	15.6	(11.4)	(55.9)	159.5	4.4	10.1	3.9	—	—	—	1.2	1.0	0.8	3.3	—	—	14.1	6.9	16.3	70	15.6	0.9
Centurion Bank of Punjab	41	REDUCE	82,670	1,923	1,997	1.0	1.3	2.3	18.3	33.7	74.1	41.4	30.9	17.8	—	—	—	4.6	4.0	—	—	—	—	9.6	11.7	17.5	45	8.7	5.1
Corporation Bank	278	ADD	39,854	927	143	51.2	41.2	52.9	37.1	(19.7)	28.5	5.4	6.7	5.3	—	—	—	0.9	0.9	0.8	3.8	3.0	3.9	18.4	13.3	15.3	355	27.8	0.4
Federal Bank	176	BUY	30,107	700	171	34.4	22.4	31.3	0.5	(34.9)	39.8	5.1	7.9	5.6	—	—	—	0.8	0.7	0.6	2.3	2.4	3.3	13.6	9.4	12.1	275	56.4	2.1
HDFC	2,116	ADD	601,107	13,981	284	85.8	86.5	103.3	38.2	0.8	19.5	24.7	24.5	20.5	—	—	—	5.0	4.4	3.9	1.2	1.2	1.5	27.8	19.3	20.2	2,650	25.2	52.5
HDFC Bank	1,054	BUY	448,991	10,443	426	53.6	52.3	74.2	49.8	(2.3)	41.9	19.7	20.1	14.2	—	—	—	3.9	2.8	2.0	0.7	0.8	1.1	20.7	16.3	16.7	1,400	32.8	27.9
ICICI Bank	617	ADD	686,610	15,970	1,113	39.9	30.5	39.7	15.4	(23.6)	30.0	15.5	20.2	15.6	—	—	—	1.4	1.4	1.3	1.8	1.2	1.6	11.6	7.0	8.6	870	41.0	104.3
IDFC	113	ADD	146,028	3,397	1,294	5.7	7.9	10.7	31.4	38.1	35.4	19.7	14.3	10.5	—	—	—	2.6	2.3	2.0	1.1	1.7	2.4	17.7	17.4	20.6	165	46.2	22.0
India Infoline	662	ADD	46,510	1,082	70	27.7	36.5	50.6	83.7	31.9	38.7	23.9	18.1	13.1	11.8	9.3	7.9	3.5	2.3	2.0	0.6	0.7	1.0	19.3	15.2	16.5	1,225	85.2	7.1
Indian Bank	89	ADD	38,164	888	430	22.5	19.1	25.9	33.9	(15.0)	35.5	3.9	4.6	3.4	—	—	—	0.9	0.7	0.6	3.4	2.8	3.7	23.4	16.1	18.7	140	57.7	2.3
Indian Overseas Bank	81	ADD	44,074	1,025	545	22.1	18.9	23.6	19.2	(14.6)	25.1	3.7	4.3	3.4	—	—	—	0.9	0.8	0.7	4.6	6.1	6.8	27.2	19.6	21.0	130	60.7	1.2
J&K Bank	498	ADD	24,137	561	48	74.2	69.0	75.1	31.2	(7.1)	8.9	6.7	7.2	6.6	—	—	—	1.1	1.0	0.9	3.0	2.8	3.0	16.8	13.8	13.6	750	50.7	0.2
LIC Housing Finance	264	REDUCE	22,435	522	85	45.6	44.0	50.2	38.7	(3.4)	14.1	5.8	6.0	5.3	—	—	—	1.3	1.1	0.9	3.8	3.7	4.2	—	—	—	305	15.6	6.2
Mahindra & Mahindra Financial	250	REDUCE	23,815	554	95	20.8	24.6	28.7	32.6	18.3	16.5	12.0	10.1	8.7	—	—	—	1.9	1.7	1.5	1.8	2.5	2.9	16.9	16.8	17.4	225	(10.0)	0.2
Oriental Bank of Commerce	140	ADD	35,188	818	251	23.9	22.6	33.2	(27.6)	(5.3)	47.1	5.9	6.2	4.2	—	—	—	0.7	0.6	0.5	3.3	3.2	4.7	6.2	9.4	12.8	200	42.4	1.7
PFC	123	REDUCE	141,520	3,292	1,148	11.4	13.2	15.2	2.6	16.0	14.9	10.8	9.3	8.1	—	—	—	1.4	1.2	1.1	1.3	1.5	1.7	13.4	13.8	14.1	140	13.5	5.6
Punjab National Bank	396	BUY	124,923	2,906	315	65.0	63.0	77.5	33.0	(3.0)	22.9	6.1	6.3	5.1	—	—	—	1.3	1.1	0.9	3.3	3.2	3.9	19.3	17.2	18.4	625	57.7	8.6
SREI	100	BUY	13,436	313	134	11.4	4.9	9.7	57.4	(57.0)	97.7	8.8	20.4	10.3	—	—	—	2.1	1.1	1.1	1.0	2.3	2.8	23.1	10.9	14.0	175	74.7	0.8
State Bank of India	1,237	ADD	780,845	18,162	631	106.6	87.2	117.2	23.5	(18.2)	34.4	11.6	14.2	10.6	—	—	—	1.8	1.6	1.4	1.7	1.7	1.8	16.8	10.8	13.3	1,700	37.5	48.2
Union Bank	117	BUY	59,074	1,374	505	27.5	20.9	29.3	64.1	(23.8)	39.9	4.3	5.6	4.0	—	—	—	0.8	0.7	0.6	3.4	2.7	3.8	26.8	17.5	20.8	200	71.0	3.0
<b>Banks/Financial Institutions</b>																													
<b>Cement</b>																													
ACC	553	REDUCE	104,327	2,427	189	64.1	65.0	51.6	13.0	1.5	(20.6)	8.6	8.5	10.7	4.4	4.3	5.6	2.3	2.0	1.8	4.2	4.2	4.2	33.3	26.8	18.7	650	17.5	10.8
Ambuja Cements	79	REDUCE	120,953	2,813	1,522	7.6	8.0	6.6	(11.2)	6.4	(17.5)	10.5	9.9	12.0	5.3	6.0	6.5	2.4	1.9	1.7	3.3	3.8	2.7	26.6	21.7	15.4	95	19.6	5.4
Grasim Industries	1,741	REDUCE	159,596	3,712	92	284.6	228.9	218.4	32.6	(19.6)	(4.6)	6.1	7.6	8.0	3.6	4.0	3.7	1.4	1.2	1.0	1.8	1.9	1.9	25.3	16.5	13.6	2,320	33.3	7.4
India Cements	139	ADD	39,109	910	282	24.5	22.2	21.9	n/a	(9.3)	(1.5)	5.7	6.2	6.3	4.2	4.3	3.4	1.1	1.0	0.9	1.3	1.5	1.5	25.9	18.0	15.3	160	15.3	6.2
Shree Cement	546	BUY	19,025	442	35	85.9	97.8	60.0	90.0	13.8	(38.6)	6.4	5.6	9.1	2.7	2.3	2.3	2.8	2.0	1.7	1.3	1.5	1.5	53.5	42.0	20.4	1,080	97.8	0.2
UltraTech Cement	552	BUY	68,725	1,598	124	81.4	81.9	61.4	28.5	0.7	(25.0)	6.8	6.7	9.0	4.5	4.3	4.8	2.1	1.6	1.4	1.4	1.5	1.5	45.4	32.5	19.5	750	35.9	1.1
<b>Cement</b>																													
<b>Consumer (Discretionary)</b>																													
Radico Khaitan	88	REDUCE	10,406	242	118	3.3	4.0	4.5	4.6	23.2	11.8	27.0	21.9	19.6	13.0	11.5	10.4	2.1	1.9	1.8	0.5	0.5	0.5	7.1	10.3	10.3	91	2.9	0.3
United Breweries	138	REDUCE	33,103	770	240	1.9	2.4	4.4	(11.6)	25.7	82.1	72.4	57.6	31.6	18.0	13.9	10.5	5.8	3.2	2.9	—	—	—	8.3	7.1	9.6	160	16.0	0.5
United Spirits	1,176	BUY	110,157	2,562	94	40.0	50.9	65.4	50.8	27.2	28.6	29.4	23.1	18.0	14.8	12.6	10.8	4.7	3.7	3.2	0.0	0.0	0.0	18.8	19.8	20.9	1,600	36.0	8.8
<b>Consumer (Discretionary)</b>																													
<b>Consumer products</b>																													
Asian Paints	1,036	ADD	99,335	2,310	96	38.3	44.3	52.4	36.1	15.8	18.2	27.0	23.4	19.8	16.3	13.7	11.3	10.3	8.3	6.7	1.4	1.7	1.9	43.5	40.2	38.3	1,240	19.7	1.4
Colgate-Palmolive (India)	369	ADD	50,243	1,169	136	17.3	19.2	22.4	18.4	10.6	17.0	21.3	19.3	16.5	16.8	14.2	11.9	26.8	22.9	19.5	3.5	3.9	4.6	100.8	128.5	128.3	455	23.2	1.3
GlaxoSmithKline Consumer (a)	628	BUY	26,411	614	42	38.5</																							



# Valuation summary

## Kotak Institutional Equities Universe

Company	10-Jul-08		Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price (Rs)	Upside (%)	ADVT-3mo (US\$ mn)				
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E				
<b>Energy</b>																																	
Bharat Petroleum	279	REDUCE	91,561	2,130	328	40.7	38.4	39.1	(22.2)	(5.6)	1.8	6.9	7.3	7.1	2.9	3.4	2.5	0.7	0.7	0.6	1.6	1.4	1.4	11.7	9.9	9.1	350	25.3	5.6				
Cairn India	242	SELL	452,507	10,525	1,868	(0.1)	3.9	19.4	(105)	(3,390)	395	(2,032)	62	12.5	56.6	25.2	8.6	1.5	1.4	1.2	—	—	—	(0.1)	2.3	10.5	230	(5.1)	77.7				
Castrol India (a)	246	REDUCE	30,446	708	124	20.1	19.5	20.9	64.6	(3.1)	7.4	12.2	12.6	11.8	6.9	7.3	6.8	7.4	7.0	6.7	5.7	6.1	6.5	59.5	57.0	58.2	305	23.9	0.9				
GAIL (India)	353	ADD	298,726	6,948	846	30.8	36.6	42.0	21.7	19.0	14.8	11.5	9.6	8.4	6.6	5.9	6.1	2.1	1.8	1.5	2.8	3.1	3.7	18.2	19.1	18.7	450	27.4	13.6				
GSPL	60	ADD	33,932	789	563	1.8	3.6	5.1	8.5	103.8	40.2	34.0	16.7	11.9	10.6	7.5	5.2	2.7	2.4	2.1	0.8	1.7	2.4	8.7	15.3	18.8	68	12.8	3.4				
Hindustan Petroleum	210	REDUCE	71,163	1,655	339	33.5	31.1	33.5	(16.4)	(7.2)	8.0	6.3	6.8	6.3	5.4	3.3	2.4	0.6	0.5	0.5	1.4	8.6	9.3	9.6	7.5	7.7	260	23.8	6.5				
Indian Oil Corporation	362	REDUCE	426,619	9,923	1,179	60.5	41.0	60.2	29.2	(32.2)	46.9	6.0	8.8	6.0	4.1	8.0	7.5	0.9	0.9	0.8	1.5	1.4	2.0	17.2	10.1	13.2	460	27.2	6.3				
Oil & Natural Gas Corporation	883	BUY	1,887,996	43,914	2,139	93.1	133.6	153.1	9.5	43.4	14.7	9.5	6.6	5.8	3.5	2.7	2.3	1.8	1.6	1.3	3.6	4.5	4.8	19.4	24.3	23.9	1,200	35.9	57.3				
Petronet LNG	58	SELL	43,200	1,005	750	6.3	5.2	5.6	—	(16.3)	6.1	9.2	11.0	10.3	6.0	8.0	6.8	2.3	1.9	1.6	2.6	1.7	1.7	26.5	18.4	16.3	66	14.6	4.8				
Reliance Industries	2,047	RS	2,690,096	62,570	1,314	101.7	106.0	174.3	23.0	4.2	64.4	20.1	19.3	11.7	12.1	9.5	5.3	3.0	2.7	2.0	0.6	0.7	1.0	18.5	15.6	21.9	—	—	259.8				
Reliance Petroleum	171	ADD	770,175	17,914	4,500	(1.1)	2.3	21.9	n/a	n/a	862.3	n/a	75.0	7.8	n/a	35.3	6.7	5.7	5.3	3.3	—	—	1.2	(3.5)	7.4	52.3	200	16.9	132.1				
<b>Energy</b>		<b>Cautious</b>	<b>6,796,420</b>	<b>158,080</b>					<b>11.4</b>	<b>23.2</b>	<b>52.6</b>	<b>14.5</b>	<b>11.8</b>	<b>7.7</b>	<b>7.2</b>	<b>6.4</b>	<b>4.6</b>	<b>2.1</b>	<b>1.8</b>	<b>1.5</b>	<b>1.6</b>	<b>1.9</b>	<b>2.3</b>	<b>14.4</b>	<b>15.1</b>	<b>19.7</b>							
<b>Industrials</b>																																	
ABB	905	REDUCE	191,841	4,462	212	23.2	30.4	40.7	44.5	31.1	33.6	39.0	29.8	22.3	23.2	17.3	12.5	11.8	8.8	6.5	0.2	0.3	0.4	34.8	33.8	33.5	1,125	24.3	8.5				
AIA Engineering	1,265	BUY	23,785	553	19	69.1	92.2	117.3	34.5	33.5	27.2	18.3	13.7	10.8	12.6	8.8	6.3	3.9	3.1	2.5	0.5	0.7	1.0	23.4	25.0	25.1	1,750	38.3	0.3				
BGR Energy Systems	241	BUY	17,327	403	72	12.3	17.9	23.2	(67.1)	45.7	30.1	19.6	13.5	10.4	12.1	8.4	7.3	3.4	2.8	2.3	0.5	0.7	1.0	30.1	22.9	24.2	325	35.1	1.2				
Bharat Electronics	1,076	ADD	86,048	2,001	80	96.9	108.1	115.5	5.7	11.6	6.8	11.1	10.0	9.3	5.0	4.1	3.7	2.7	2.2	1.9	2.3	2.3	2.3	26.2	24.2	21.8	1,350	25.5	2.3				
Bharat Heavy Electricals	1,563	ADD	765,316	17,801	490	58.4	71.2	89.1	23.0	21.8	25.2	26.8	22.0	17.5	14.1	11.5	9.1	7.0	5.6	4.6	0.8	1.0	1.2	29.0	28.5	28.7	1,750	11.9	70.0				
Dredging Corporation	490	REDUCE	13,730	319	28	55.3	57.1	65.6	(8.3)	3.2	15.0	8.9	8.6	7.5	5.0	4.1	3.3	1.1	1.0	0.9	3.1	3.1	3.1	12.5	11.8	12.4	550	12.2	0.1				
Larsen & Toubro	2,532	BUY	749,211	17,426	296	77.9	116.7	148.9	24.0	49.9	27.6	32.5	21.7	17.0	18.1	13.1	10.3	6.3	4.3	3.4	0.7	0.8	0.8	23.3	23.5	22.4	3,600	42.2	100.4				
Maharashtra Seamless	286	ADD	20,251	471	71	37.8	45.0	55.0	12.7	19.0	22.3	7.6	6.4	5.2	3.9	2.8	1.9	1.6	1.3	1.0	1.6	1.7	1.7	23.6	22.6	22.3	585	104.7	1.6				
Siemens	481	ADD	162,225	3,773	337	18.2	17.4	25.8	60.4	(4.2)	47.9	26.4	27.6	18.7	15.5	15.8	10.4	8.8	7.0	5.3	0.5	0.5	0.6	39.9	28.3	32.3	520	8.1	9.6				
Suzlon Energy	208	ADD	325,672	7,575	1,566	6.8	10.6	16.1	13.0	56.7	51.5	30.7	19.6	12.9	16.8	13.5	10.2	4.3	3.6	2.9	0.5	0.5	0.5	19.0	19.9	24.9	325	56.3	54.8				
<b>Industrials</b>	<b>Neutral</b>		<b>2,355,403</b>	<b>54,785</b>					<b>25.1</b>	<b>31.6</b>	<b>30.4</b>	<b>27.0</b>	<b>20.5</b>	<b>15.7</b>	<b>15.1</b>	<b>12.0</b>	<b>9.3</b>	<b>5.8</b>	<b>4.5</b>	<b>3.6</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>21.4</b>	<b>21.7</b>	<b>22.7</b>							
<b>Media</b>																																	
DishTV	33	BUY	21,454	499	642	(6.4)	(7.5)	(4.7)	n/a	16.1	(37.1)	(5.2)	(4.5)	(7.1)	(12.4)	(13.5)	51.2	(4.7)	(28.3)	(5.7)	—	—	—	167.9	181.5	133.0	55	64.7	3.3				
HT Media	107	BUY	25,039	582	234	4.3	4.5	7.8	4.7	5.1	72.7	24.7	23.5	13.6	14.0	13.4	7.8	2.9	2.7	2.4	0.9	1.4	1.9	12.3	11.9	18.7	185	73.1	0.5				
Jaaran Prakashan	64	BUY	19,335	450	301	3.3	3.2	4.9	33.5	(2.2)	54.9	19.7	20.2	13.0	11.3	10.7	7.2	3.4	3.1	2.8	2.0	2.0	3.1	18.3	16.3	22.7	95	48.0	0.1				
Sun TV Network	286	SELL	112,707	2,621	394	8.3	10.8	14.2	30.7	30.7	31.1	34.5	26.4	20.1	18.1	13.9	11.2	8.1	7.0	6.7	0.9	1.3	3.7	25.2	28.0	33.2	300	4.9	2.0				
Zee Entertainment Enterprises	197	ADD	85,326	1,985	434	8.2	10.6	13.7	49.4	29.7	29.8	24.1	18.6	14.3	15.8	12.3	9.2	3.0	2.7	2.3	1.1	1.3	1.7	12.9	15.1	17.4	260	32.1	8.2				
<b>Media</b>	<b>Neutral</b>		<b>263,861</b>	<b>6,137</b>					<b>16.2</b>	<b>30.4</b>	<b>94.8</b>	<b>56.5</b>	<b>43.3</b>	<b>22.2</b>	<b>21.0</b>	<b>15.9</b>	<b>10.5</b>	<b>5.0</b>	<b>4.2</b>	<b>4.0</b>	<b>1.0</b>	<b>1.3</b>	<b>2.5</b>	<b>8.9</b>	<b>9.7</b>	<b>17.8</b>							
<b>Metals</b>																																	
Hindalco Industries	153	REDUCE	266,855	6,207	1,742	13.1	16.2	14.6	(10.9)	23.5	(9.9)	11.7	9.5	10.5	7.1	5.6	5.6	1.5	0.9	0.9	0.9	1.2	1.2	14.3	12.7	9.4	150	(2.1)	13.6				
National Aluminium Co.	360	REDUCE	232,242	5,402	644	26.3	27.6	31.0	(28.8)	4.7	12.7	13.7	13.1	11.6	6.9	6.9	5.4	2.5	2.2	1.9	2.1	2.1	2.1	19.1	17.7	17.7	400	11.0	5.1				
Jindal Steel and Power	1,857	ADD	285,891	6,650	154	80.4	111.6	117.0	83.2	38.9	4.8	23.1	16.6	15.9	14.6	10.9	9.9	6.6	4.6	3.5	—	—	—	34.3	32.8	25.1	2,900	56.2	33.9				
JSW Steel	830	ADD	154,140	3,585	186	92.0	103.1	146.8	35.7	12.0	42.4	9.0	8.0	5.7	6.4	6.5	4.7	1.6	1.3	1.1	2.2	2.2	2.2	21.2	18.1	21.0	1,040	25.3	26.5				
Hindustan Zinc	550	ADD	232,481	5,407	423	97.5	86.0	83.4	(7.3)	(11.8)	(3.0)	5.6	6.4	6.6	3.8	3.3	3.0	1.9	1.5	1.2	1.4	1.4	1.8	43.6	26.3	20.5	850	54.5	6.1				
Sesa Goa	3,071	ADD	120,883	2,812	39	376.8	451.1	463.2	144.6	19.7	2.7	8.2	6.8	6.6	5.3	4.2	3.7	4.4	2.9	2.1	2.3	2.6	3.3	68.6	50.8	36.9	3,900	27.0	54.6				
Sterlite Industries	651	ADD	461,336	10,730	708	60.1	57.7	56.1	(27.7)	(4.0)	(2.6)	10.8	11.3	11.6	5.8	5.0	4.7	2.0	1.7	1.5	—	—	—	26.4	16.3	13.7	1,000	53.6	26.9				
Tata Steel	699	ADD	600,950	13,978	860	51.9	73.7	75.4	2.1	41.8	2.4	13.5	9.5	9.3	7.5	6.0	6.0	2.0	1.7	1.4	1.7	1.7	1.9	22.5	18.6	15.7	800	14.5	67.4				
<b>Metals</b>	<b>Attractive</b>																																

# Valuation summary

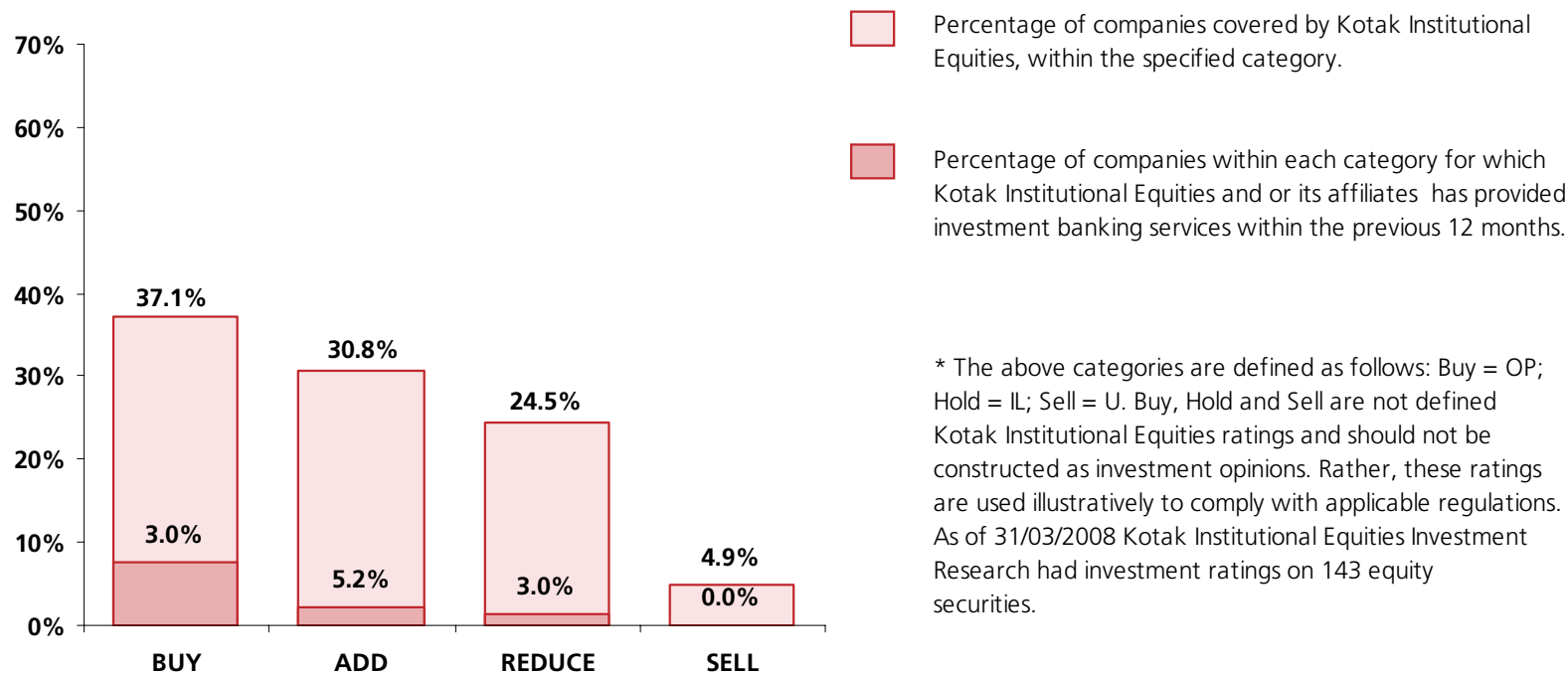
## Kotak Institutional Equities Universe

Company	10-Jul-08		Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price (Rs)	Upside (%)	ADVT-3mo (US\$ mn)	
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E				
<b>Retail</b>																														
Pantalone Retail	380	BUY	65,410	1,521	172	8.0	14.2	19.9	93.2	76.5	39.9	47.3	26.8	19.2	17.9	11.6	9.5	3.8	2.4	2.2	0.1	0.2	0.3	8.6	10.7	11.5	460	20.9	1.4	
Rajesh Exports	55	BUY	16,048	373	291	8.2	9.7	10.7	80.4	18.0	9.7	6.7	5.7	5.2	2.9	1.1	0.4	2.2	1.1	1.0	0.5	0.8	0.8	28.4	19.3	18.7	170	208.0	5.1	
Titan Industries	1,080	BUY	47,960	1,116	44	35.1	45.7	55.0	55.2	30.2	20.4	30.8	23.7	19.7	20.5	15.7	12.6	10.2	7.6	5.8	0.7	0.9	1.0	37.8	36.8	33.5	1,350	24.9	5.1	
<b>Retail</b>			<b>129,419</b>	<b>3,010</b>					<b>51.9</b>	<b>45.4</b>	<b>26.2</b>	<b>26.5</b>	<b>18.2</b>	<b>14.4</b>	<b>13.0</b>	<b>9.2</b>	<b>7.6</b>	<b>4.5</b>	<b>2.8</b>	<b>2.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>	<b>16.8</b>	<b>15.1</b>	<b>16.3</b>				
<b>Technology</b>																														
HCL Technologies	250	REDUCE	173,437	4,034	695	18.0	22.1	26.4	(4.4)	22.4	19.7	13.8	11.3	9.4	9.5	7.5	6.0	3.1	2.6	2.2	3.2	3.2	3.2	23.9	24.7	25.8	300	20.2	8.5	
Hexaware Technologies	56	SELL	7,952	185	142	7.7	8.4	10.2	(13.7)	10.1	21.2	7.3	6.6	5.5	3.9	2.9	2.0	1.1	1.0	0.9	2.9	2.9	2.9	15.1	16.1	17.1	75	34.0	0.7	
Infosys Technologies	1,805	BUY	1,036,214	24,102	574	79.1	102.8	119.6	18.0	30.0	16.3	22.8	17.6	15.1	18.2	13.5	10.8	7.5	5.7	4.5	1.8	1.4	1.6	36.1	37.0	33.4	2,200	21.9	99.2	
Mphasis BFL	210	SELL	43,856	1,020	208	12.2	14.7	17.8	67.6	20.4	20.7	17.2	14.3	11.8	10.3	8.6	7.1	3.8	0.5	2.7	1.7	1.9	2.1	23.6	24.4	24.8	220	4.6	2.4	
Mindtree	395	BUY	15,490	360	39	26.1	35.7	43.4	14.8	36.5	21.7	15.1	11.1	9.1	12.6	7.9	6.0	2.9	2.3	1.9	0.7	0.9	1.1	21.3	23.5	22.9	550	39.3	1.2	
Patni Computer Systems	247	SELL	34,277	797	139	33.4	25.5	30.1	29.7	(23.4)	18.0	7.4	9.7	8.2	4.3	4.0	2.9	1.3	1.2	1.1	0.8	1.0	1.1	19.2	11.9	12.9	290	17.6	1.3	
Polaris Software Lab	80	SELL	7,889	183	98	7.4	9.6	11.4	(27.6)	28.7	18.8	10.8	8.4	7.0	5.1	3.7	2.9	1.2	1.1	1.0	2.2	2.2	2.2	11.7	13.6	14.4	90	12.1	4.4	
Satyam Computer Services	478	BUY	325,936	7,581	682	25.2	32.5	39.3	17.7	28.7	20.9	18.9	14.7	12.2	15.4	11.1	8.8	4.5	3.6	2.9	2.1	2.5	2.9	26.0	27.3	26.7	580	21.4	54.6	
TCS	868	REDUCE	849,825	19,766	979	51.3	60.8	72.1	21.5	18.6	18.5	16.9	14.3	12.0	13.8	10.9	9.1	6.9	5.5	4.4	2.4	2.8	3.3	47.0	42.6	40.4	1,100	26.7	40.1	
Tech Mahindra	749	ADD	93,354	2,171	125	59.1	74.2	91.5	25.7	25.7	23.2	12.7	10.1	8.2	11.3	7.5	5.5	7.7	4.4	2.8	0.5	0.7	0.8	72.2	58.1	44.3	950	26.8	12.3	
Wipro	431	ADD	625,603	14,551	1,450	22.2	28.1	34.5	15.6	26.3	22.7	19.4	15.4	12.5	15.5	11.1	8.6	4.8	3.9	3.2	1.5	1.9	2.4	27.9	28.1	28.0	560	29.8	14.9	
<b>Technology</b>		<b>Neutral</b>	<b>3,213,833</b>	<b>74,752</b>					<b>17.4</b>	<b>24.5</b>	<b>19.2</b>	<b>18.4</b>	<b>14.8</b>	<b>12.4</b>	<b>14.5</b>	<b>10.9</b>	<b>8.7</b>	<b>5.4</b>	<b>4.3</b>	<b>3.5</b>	<b>2.0</b>	<b>2.1</b>	<b>2.4</b>	<b>29.5</b>	<b>29.3</b>	<b>28.2</b>				
<b>Telecom</b>																														
Bharti Airtel Ltd	742	REDUCE	1,406,309	32,710	1,896	35.3	46.0	55.7	65.0	30.2	21.2	21.0	16.1	13.3	12.7	9.1	6.8	6.2	4.5	3.3	—	0.5	0.8	39.1	32.3	28.6	840	13.2	87.9	
IDEA	87	REDUCE	228,546	5,316	2,639	4.0	4.8	5.8	78.9	21.1	21.5	21.9	18.1	14.9	12.7	9.6	8.0	6.4	4.8	3.6	—	—	—	36.5	30.3	27.5	110	27.0	34.4	
MTNL	94	ADD	58,968	1,372	630	6.0	6.4	7.2	(25.2)	6.2	13.4	15.6	14.7	12.9	1.5	1.3	1.2	0.5	0.5	0.5	6.4	6.4	6.4	2.7	2.9	3.4	120	28.2	4.6	
Reliance Communications	445	SELL	918,893	21,373	2,064	25.0	32.6	40.1	76.4	30.4	22.9	17.8	13.6	11.1	12.4	9.3	7.5	3.2	2.6	2.2	0.2	—	1.9	16.1	22.2	22.5	550	23.5	85.2	
Tata Communications	396	REDUCE	112,832	2,624	285	11.0	11.0	12.8	(36.3)	0.3	16.5	36.0	30.9	14.1	15.2	13.2	1.2	1.7	1.6	1.6	1.1	1.3	1.6	4.4	4.3	4.8	430	8.6	4.0	
<b>Telecom</b>		<b>Cautious</b>	<b>2,725,548</b>	<b>63,394</b>					<b>61.9</b>	<b>29.0</b>	<b>22.3</b>	<b>19.3</b>	<b>15.0</b>	<b>12.2</b>	<b>12.3</b>	<b>9.1</b>	<b>7.2</b>	<b>3.7</b>	<b>3.0</b>	<b>2.5</b>	<b>0.4</b>	<b>0.5</b>	<b>1.3</b>	<b>19.4</b>	<b>20.2</b>	<b>20.4</b>				
<b>Transportation</b>																														
Container Corporation	783	REDUCE	101,722	2,366	130	58.3	65.1	71.7	8.8	11.7	10.2	13.4	12.0	10.9	9.2	7.8	6.6	3.2	2.7	2.2	1.6	1.8	2.0	26.0	24.1	22.3	950	21.4	1.0	
Gateway Distriparks	77	REDUCE	8,873	206	115	6.4	8.1	10.8	(5.0)	26.5	33.5	12.0	9.5	7.1	8.3	6.3	4.8	1.3	1.2	1.1	3.8	4.3	4.4	10.8	12.9	15.8	125	62.7	2.3	
GE Shipping	386	ADD	58,776	1,367	152	95.4	42.7	43.7	60.2	(55.2)	2.3	4.0	9.0	8.8	5.2	7.3	6.5	1.4	1.2	1.1	3.9	2.8	2.8	39.1	14.3	13.3	500	29.5	4.2	
Jet Airways	398	SELL	34,385	800	86	(76.5)	(123.3)	96.4	(2,857)	71	206.7	(5.2)	(3.2)	4.1	56.1	16.7	5.9	0.8	1.0	0.8	—	—	—	1.7	(19.5)	(26.5)	21.5	450	15.1	2.0
<b>Transportation</b>		<b>Neutral</b>	<b>203,757</b>	<b>4,739</b>					<b>(5.0)</b>	<b>(67.7)</b>	<b>386.2</b>	<b>12.5</b>	<b>38.8</b>	<b>8.0</b>	<b>11.6</b>	<b>10.2</b>	<b>6.2</b>	<b>1.6</b>	<b>1.6</b>	<b>1.4</b>	<b>2.1</b>	<b>1.9</b>	<b>2.2</b>	<b>12.7</b>	<b>4.1</b>	<b>17.2</b>				
<b>Utilities</b>																														
CESC	375	BUY	46,801	1,089	125	27.4	29.1	33.4	(24.4)	6.2	14.8	13.7	12.9	11.2	7.7	6.7	5.2	1.5	1.3	1.2	1.1	1.2	1.3	12.5	11.0	11.2	560	49.5	1.7	
Lanco Infratech	300	BUY	66,623	1,550	222	15.9	21.4	35.4	88.0	34.4	65.5	18.8	14.0	8.5	14.4	15.0	12.1	3.3	2.7	2.0	(2.0)	—	—	20.2	21.3	27.5	545	81.8	27.6	
NTPC	167	ADD	1,376,580	32,018	8,245	8.9	9.5	10.3	3.5	6.7	8.0	18.7	17.5	16.2	13.5	14.7	14.8	2.6	2.4	2.2	2.1	2.3	3.1	14.4	14.2	14.3	179	7.2	36.2	
Reliance Infrastructure	856	NR	201,812	4,694	236	32.5	37.1	40.7	(6.8)	14.3	9.8	26.4	23.1	21.0	30.4	22.2	21.1	1.8	1.7	1.6	1.3	1.1	1.2	10.3	7.6	8.0	—	—	86.0	
Tata Power	1,042	BUY	242,771	5,647	233	29.7	38.1	39.9	11.6	28.5	4.6	35.1	27.3	26.1	24.0	21.4	21.8	3.2	2.5	2.2	0.9	0.9	0.9	10.0	10.3	9.0	1,540	47.8	23.6	
<b>Utilities</b>		<b>Attractive</b>	<b>1,934,587</b>	<b>44,997</b>					<b>6.5</b>	<b>10.1</b>	<b>10.7</b>	<b>20.3</b>	<b>18.5</b>	<b>16.7</b>	<b>15.0</b>	<b>15.4</b>	<b>14.9</b>	<b>2.5</b>	<b>2.3</b>	<b>2.1</b>	<b>1.7</b>	<b>1.9</b>	<b>2.4</b>	<b>12.3</b>	<b>12.3</b>	<b>12.6</b>				
<b>Others</b>																														
Aban Offshore	2,812	ADD	108,450	2,522	39	150.1	490.3	730.0	(2,107)	226.6	48.9	18.7	5.7	3.9	15.9	6.8	4.6	7.9	3.2	1.8	0.2	0.4	0.5	55.4	61.4	48.8	3,700	31.6	21.1	
ABG Shipyard	343	-	17,477	406	51	22.8	32.1	56.2	39.0	40.6	74.8	15.0	10.7	6.1	10.3	7.8	4.6	2.7	2.0	1.1	0.5	0.6	0.8	20.4	21.5	24.7	—	127.2	0.7	
Aditya Birla Nuvo	1,201	ADD	112,084	2,607	93	22.9	26.6	29.2	(5.6)	16.0	9.8	52.5	45.2	41.2	22.9	20.5	19.0	3.3	3.1	3.0	0.5	0.5	0.5	6.4	7.1	7.4	2,000	66.5	4.2	
Educomp Solutions	2,799	RED																												

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## Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



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

Source: Kotak Institutional Equities.

As of March 31, 2008

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## 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.

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

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