

October 12, 2007

India Strategy Friday Flash

BSE-30: 18,814

India

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**Kotak Institutional Equities
Research**

Important disclosures appear at the back of this report.

Dream run continues. During the past week, Sensex surged another 1,034 points (5.8%) in line with other regional markets, closing at 18,814. Sensex gains continued to remain narrow-based with the top five stocks contributing more than 785 points (76%) to the rise. FII investments continued to remain robust with FIIs infusing more than US\$2.8 bn in Indian equities. Domestic institutions continued to remain net sellers withdrawing US\$451 mn from the market.

Market highlights for the week ending Thursday, October 11, 2007

- Largest gainers: iGate Global Solutions (55%), VSNL (21%), L&T (20%)
- Largest losers: Motherson Sumi. (-10%), Andhra Bank (-8%), Ashok Leyland (-7%)

Expected result announcement dates

Date	Companies
12-Oct	HDFC Bank
14-Oct	IDFC
15-Oct	TCS, Petronet, Jaiprakash Associates, Indian Bank
16-Oct	IDBI, HCL Technologies
17-Oct	Gail, Reliance Energy
18-Oct	Reliance Industries, Hexaware, Hero Honda, Ranbaxy
19-Oct	Bajaj Auto, Wipro, ICICI Bank

Source: Company, Bloomberg.

Flows in emerging markets

Flows in the cash markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
1-Oct-07	18	25	(10)	30	538	601
3-Oct-07	548	38	17	9	775	1,386
4-Oct-07	(97)	28	46	(29)	141	89
8-Oct-07	288	-	12	-	838	1,138
9-Oct-07	(30)	-	3	-	484	456
Total	726	91	68	10	2,775	3,670

Our top recommendations

Exhibit 1: Kotak Institutional Equities, Top 10, 11 October, 2007

Companies	Sector	Rating	CMP	Mkt cap.	Target	EPS (Rs)			P/E (X)			EV/EBDITA (X)			Liquidity: 3mo
			(Rs)	(US\$ mn)	(Rs)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	(Rs mn)
ICICI Bank	Banking	OP	1,090	28,754	1,200	34.6	36.8	56.8	31.5	29.6	19.2	—	—	—	3,167
Larsen & Toubro	Industrials	OP	3,487	25,360	2,725	65.1	88.0	112.4	53.6	39.6	31.0	34.5	24.8	19.2	280
ITC	Consumer Products	OP	190	18,051	225	7.2	8.3	9.6	26.3	22.8	19.8	16.7	14.3	12.0	1,294
Maruti Suzuki	Automobiles	OP	1,119	8,226	1,110	54.0	62.4	84.1	20.7	17.9	13.3	12.2	10.6	7.8	189
Bharat Heavy Electricals	Industrials	OP	2,421	30,158	2,025	49.3	66.4	84.1	49.1	36.4	28.8	26.7	20.2	15.9	2,258
Bajaj Auto	Automobiles	OP	2,620	6,745	2,750	127.2	114.5	151.9	20.6	22.9	17.2	14.2	15.3	12.0	663
NTPC	Utilities	IL	222	46,661	215	8.3	9.3	10.2	26.7	23.9	21.8	17.5	17.2	17.4	1,433
Aditya Birla Nuvo	Diversified	OP	1,761	4,180	1,660	22.8	25.0	26.8	77.3	70.4	65.7	35.2	33.3	30.2	287
Punjab National Bank	Banking	OP	512	4,107	610	48.8	55.2	63.3	10.5	9.3	8.1	0.0	0.0	0.0	424
Mid Cap Basket															
Andhra Bank	Banking	OP	90	1,111	120	11.1	12.4	13.0	8.1	7.3	6.9	—	—	—	148
Kalpataru Power Transmission	Transmission	OP	1,672	1,128	1,650	60.2	77.4	91.8	27.8	21.6	18.2	17.3	13.8	11.3	42
Mahindra Gesco	Property	OP	606	648	920	8.9	11.3	47.5	68.5	53.6	12.8	42.0	33.0	10.7	227
Nagarjuna Construction Co.	Construction	OP	303	1,782	300	6.5	10.3	14.0	46.4	29.3	21.6	29.3	17.1	13.4	290
PSL	Pipes	OP	380	401	420	21.2	27.6	41.1	17.9	13.8	9.2	11.3	8.5	6.0	52
BSE-30			18,814												

Source: Company, Bloomberg, Kotak Institutional Equities.

Our model portfolio

Exhibit 2: Kotak Institutional Equities Model Portfolio

Company	11-Oct		Weightage (%)		Diff.	Company	11-Oct		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	KS Reco.		Price (Rs)	Rating	BSE-30	KS reco.	(bps)
Tata Motors	830	—	1.6	0.0	(160)	Bharat Heavy Electricals	2,421	OP	3.0	5.0	200
Maruti Suzuki	1,119	OP	1.0	3.0	200	ABB	1,425	OP	—	1.5	150
Bajaj Auto	2,620	OP	1.5	2.5	100	Larsen & Toubro	3,487	OP	6.2	8.2	200
Mahindra & Mahindra	814	—	1.3	2.3	100	Industrials			9.2	14.7	550
Automobiles			5.4	7.8	240	Tata Steel	850	IL	4.3	2.3	(200)
State Bank of India	1,945	IL	3.7	2.2	(150)	Hindalco Industries	176	OP	1.4	1.4	—
Punjab National Bank	512	OP	—	2.0	200	Sterlite Industries	822	OP	—	1.5	150
Andhra Bank	90	OP	—	0.6	60	Metals			5.8	5.3	(50)
PSU Banking			3.7	4.8	110	Ranbaxy Laboratories	431	—	1.0	—	(96)
HDFC Bank	1,456	IL	3.2	2.7	(50)	Dr Reddy's Laboratories	630	—	0.7	—	(68)
ICICI Bank	1,090	OP	9.1	12.1	300	Cipla	191	—	0.8	—	(78)
HDFC	2,521	IL	5.4	2.9	(250)	Pharmaceuticals			2.4	—	(243)
Pvt Banking/Financing			17.7	17.7	—	Infosys Technologies	1,976	OP	8.1	5.8	(225)
Grasim Industries	3,800	IL	2.1	2.1	—	Satyam Computer Services	448	OP	2.4	1.4	(100)
ACC	1,260	U	1.1	—	(114)	TCS	1,072	IL	1.8	—	(175)
Ambuja Cements	152	IL	1.5	—	(149)	Wipro	488	OP	1.1	1.1	—
Cement			4.7	2.1	(263)	Technology			13.3	8.3	(500)
Hindustan Unilever	226	IL	2.0	—	(204)	Bharti Airtel Limited	1,096	U	5.3	3.1	(225)
ITC	190	OP	4.0	6.0	200	Reliance Communications	741	U	3.8	1.3	(250)
Consumers			6.1	6.0	(4)	Telecom			9.1	4.3	(475)
Aditya Birla Nuvo	1,761	OP	—	2.0	200	NTPC	222	IL	2.3	4.3	200
Diversified			—	2.0	200	Reliance Energy	1,598	IL	2.1	2.1	—
Reliance Industries	2,630	U	14.6	13.1	(155)	Utilities			4.4	6.4	200
Oil & Natural Gas Corporation	1,066	OP	3.5	3.5	—	Nagarjuna Construction Co.	303	OP	—	0.6	60
Reliance Petroleum	177	OP	—	1.5	150	Mahindra Gesco	606	OP	—	0.6	60
Energy			18.1	18.1	(5)	Kalpataru Power Transmission	1,672	OP	—	0.6	60
Note:						PSL	380	OP	—	0.6	60

(a) weightages are with respect to October 4, 2007 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

Sensex valuation summary

Exhibit 3: Valuation summary of BSE-30 sectors, 11 October 2007

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)		Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007	2008E	2007	2008E	2007	2008E
Banking	86,037	13.3	14.2	23.1	29.2	32.6	26.5	20.5	—	—	5.4	3.4	0.7	0.8	16.5	12.6
Technology	81,209	28.6	44.4	21.5	23.0	26.3	21.6	17.6	19.6	15.7	8.8	6.9	1.0	1.4	33.5	31.9
Consumers	30,695	21.2	19.4	15.2	14.3	28.4	24.7	21.6	19.5	15.7	8.9	7.8	2.2	2.4	31.3	31.8
Pharmaceuticals	10,502	(15.1)	136.7	(17.3)	20.2	18.1	22.0	18.3	13.2	14.7	3.8	3.4	1.4	1.4	21.2	15.6
Metals	24,436	6.3	33.1	(3.3)	(11.6)	13.8	14.3	16.2	8.9	8.7	3.3	2.0	1.2	1.3	23.5	13.7
Automobiles	28,849	26.3	28.9	8.9	25.0	20.3	18.7	14.9	10.7	9.7	4.7	4.0	1.2	1.3	23.3	21.3
Energy	155,288	16.9	19.9	18.1	17.0	20.8	17.6	15.0	10.3	9.0	3.8	3.3	1.3	1.4	18.4	19.0
Industrials	55,518	57.2	56.3	35.8	28.0	51.4	37.8	29.6	29.9	22.2	13.6	10.4	0.4	0.5	26.4	27.4
Cement	20,796	27.7	89.5	21.3	8.6	18.9	15.5	14.3	10.9	8.6	5.0	3.9	1.0	1.2	26.5	25.0
Telecom	91,481	(107.4)	182.9	63.9	33.8	49.6	30.3	22.6	26.3	17.0	10.4	7.9	0.0	0.2	20.9	26.0
Utilities	55,920	17.0	16.1	11.4	9.1	28.9	25.9	23.7	15.3	15.6	3.7	3.5	1.2	1.5	12.9	13.3
BSE-30	640,731	20.4	34.5	19.9	19.2	26.7	22.3	18.7	14.6	12.4	5.4	4.3	1.0	1.1	20.4	19.3
BSE-30 ex-Energy	485,443	22.4	42.3	20.7	20.1	29.4	24.3	20.2	17.3	14.4	6.3	4.7	0.8	1.0	21.5	19.4
BSE-30 ex-Energy, Com.	440,211	24.7	40.7	23.8	24.2	32.2	26.0	20.9	19.5	15.9	6.7	5.2	0.8	1.0	20.9	19.9

Source: Company reports, Kotak Institutional Equities estimates.

Nifty valuation summary

Exhibit 4: Valuation summary of Nifty sectors, 11 October, 2007

	Mkt cap. (US\$ mn)	EPS Growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007E	2008E	2007E	2008E
Banking	90,147	11.6	13.2	21.8	27.5	29.8	24.4	19.2	—	—	—	4.9	3.2	0.8	0.8	16.6	13.0
Technology	86,734	28.3	46.8	19.3	22.9	25.4	21.3	17.3	18.8	15.3	12.0	8.2	6.5	1.1	1.5	32.2	30.6
Consumers	30,696	21.2	19.4	15.2	14.3	28.4	24.7	21.6	19.5	15.7	13.4	8.9	7.8	2.2	2.4	31.3	31.8
Metals	35,440	20.7	65.6	(9.6)	(5.0)	10.0	11.0	11.6	5.9	5.9	6.1	2.9	1.7	1.2	1.2	28.7	15.5
Automobiles	32,682	25.1	21.5	7.8	22.8	20.0	18.5	15.1	10.6	9.6	7.7	4.8	4.1	1.4	1.5	24.2	21.9
Energy	189,868	8.8	27.0	14.5	23.2	21.5	18.7	15.2	10.8	9.8	7.8	3.6	3.2	1.4	1.4	16.7	16.9
Industrials	82,248	64.0	46.7	40.2	32.1	55.4	39.5	29.9	32.7	23.6	17.8	14.8	11.2	0.3	0.4	26.7	28.4
Cement	20,797	27.7	89.5	21.3	8.6	18.9	15.5	14.3	10.9	8.6	7.7	5.0	3.9	1.0	1.2	26.5	25.0
Telecom	98,030	(53.9)	133.2	58.6	31.7	47.0	29.7	22.5	24.4	16.1	12.4	7.3	6.0	0.2	0.3	15.6	20.2
Utilities	15,718	39.1	(2.8)	23.5	17.3	49.2	39.8	34.0	25.8	23.9	23.0	3.9	3.5	0.4	0.7	7.9	8.8
Media	3,845	(34.6)	11.2	53.7	40.8	63.7	41.4	29.4	47.9	23.7	17.4	5.8	5.3	0.4	0.6	9.1	12.7
NIFTY	704,259	18.4	39.5	16.9	21.2	25.6	21.9	18.1	14.1	12.1	10.0	5.2	4.1	1.0	1.1	20.2	18.6
NIFTY ex-Energy	514,391	24.4	46.3	18.1	20.3	27.6	23.4	19.4	16.3	13.6	11.4	6.2	4.5	0.8	1.0	22.5	19.5
NIFTY ex-Energy ex Com	478,951	25.2	42.4	24.6	24.6	31.8	25.5	20.4	19.8	15.5	12.5	6.8	5.2	0.8	1.0	21.4	20.3

Note:

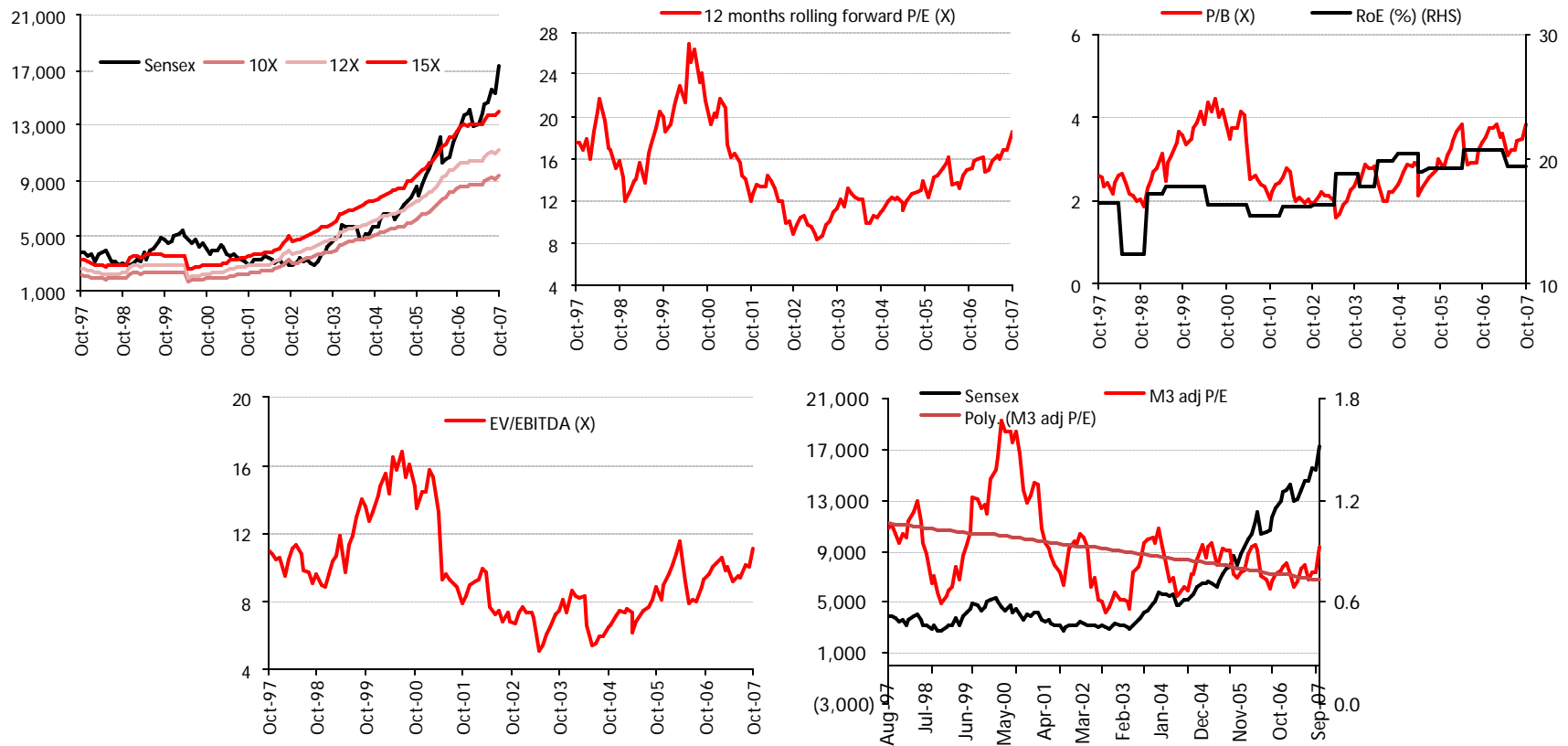
(a) Following companies are excluded: SAIL, Dabur and IPCL

Source: Company reports, Kotak Institutional Equities estimates.

BSE-Sensex key parameters

Exhibit 5: Key fundamental indicators of BSE Sensex

Sensex (BSE-30) P/B, EV/EBITDA and 12-month forward rolling P/E, April 1997 - current



Source: Bloomberg, Company reports, Kotak Institutional Equities.

Market performance

- Performance of benchmark indices
- Performance of global indices
- Pricing performance of Sensex sectors
- Top gainers and losers (Stocks under Kotak coverage)
- Price-to-Earnings ratio analysis
- EV-to-EBITDA ratio analysis
- Volume momentum analysis

Relative performance of Indian markets

Exhibit 6: Key performance of benchmark indices
(base 100 as of October 15, 2006)

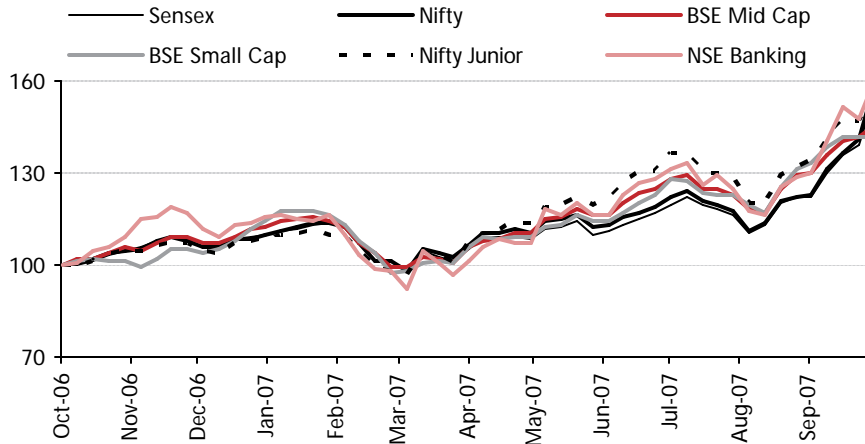


Exhibit 7: Weekly performance of the benchmark indices

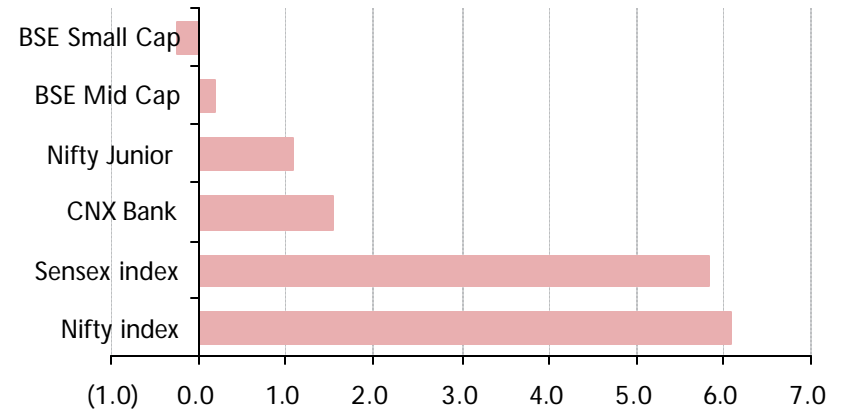


Exhibit 8: 1-month performance of the benchmark indices

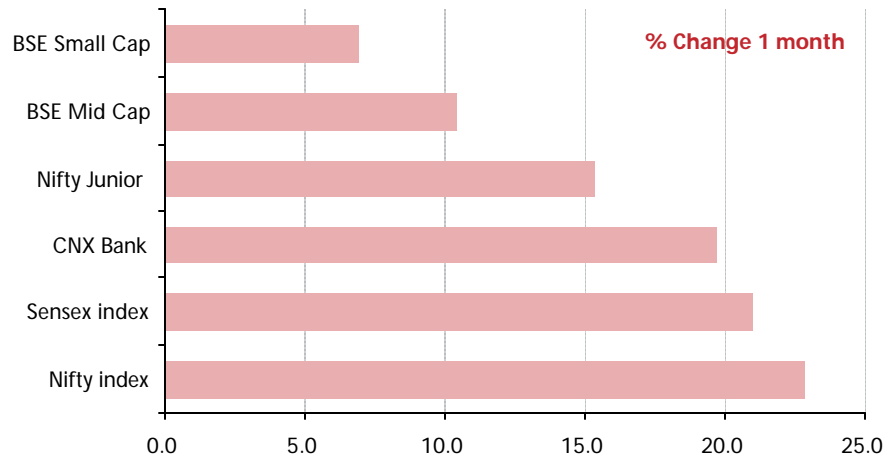
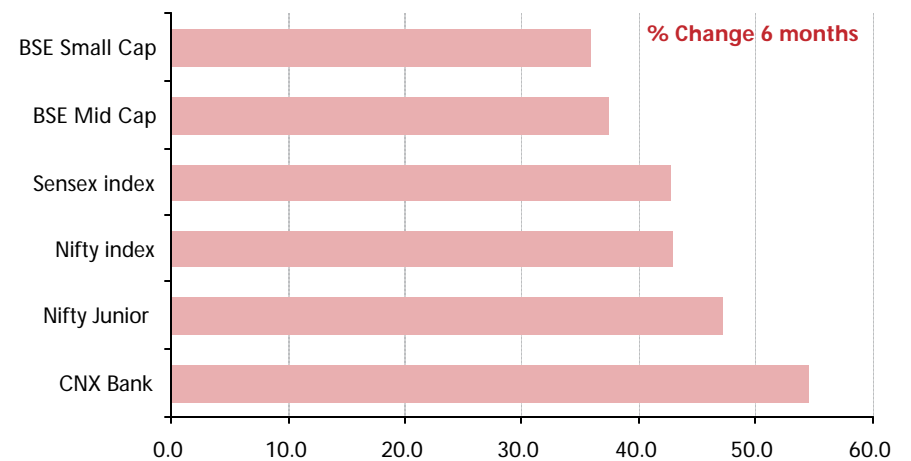


Exhibit 9: 6-month performance of the benchmark indices



Source: Bloomberg, Kotak Institutional Equities.

BSE-Sensex versus regional indices

Exhibit 10: Weekly performance

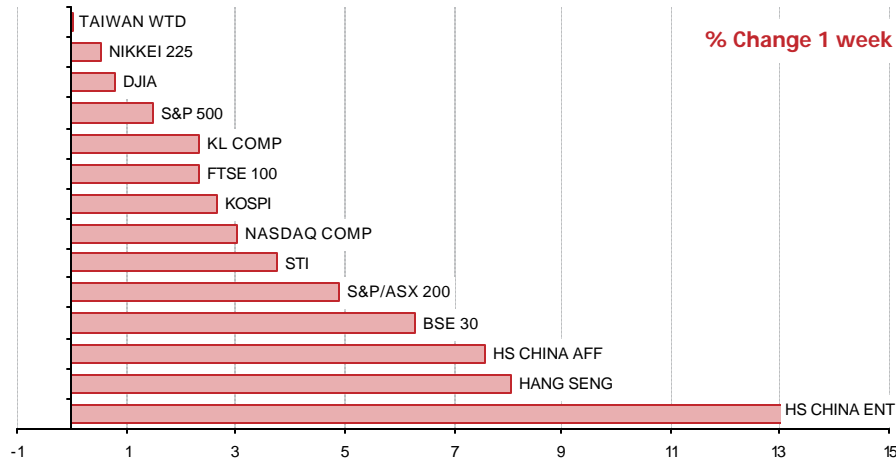


Exhibit 11: 3-month performance

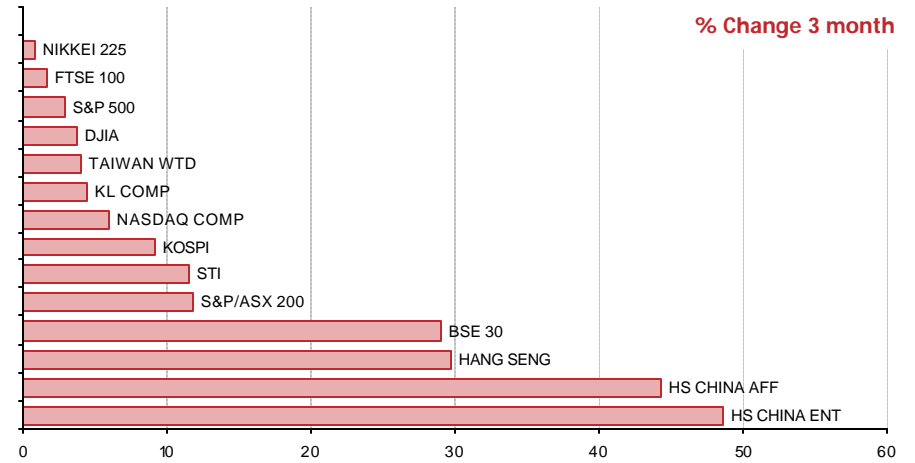
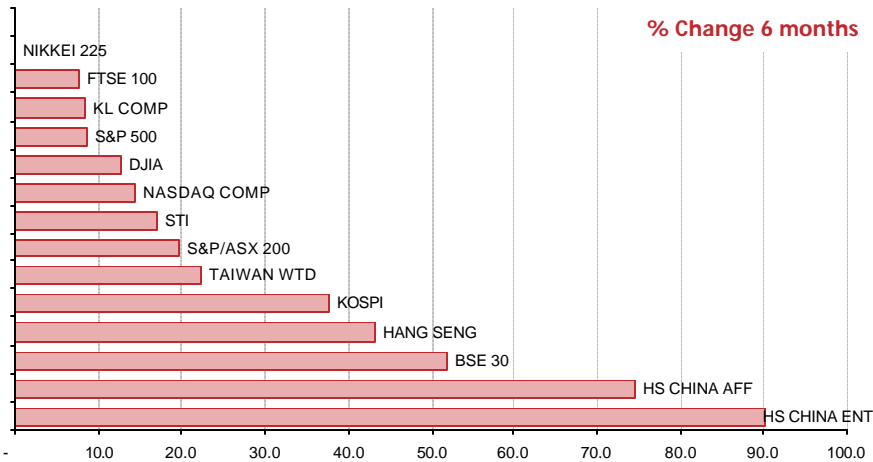


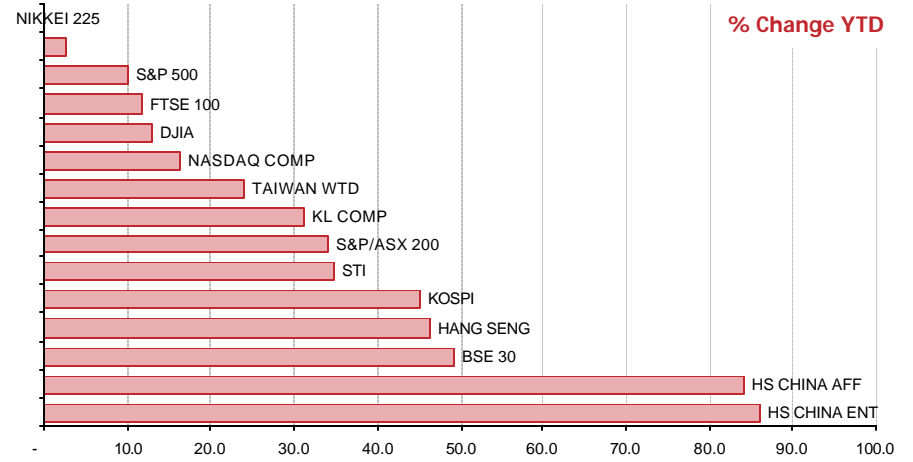
Exhibit 12: 6-month performance



note.

(a) Returns are adjusted for the currency changes

Exhibit 13: Year-to-date performance



Source: Bloomberg, BSE, Kotak Institutional Equities.

Kotak Institutional Equities Research, October 12, 2007

Sectoral performance

Exhibit 14: Market performance of Sensex sectors, 11 October, 2007

	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
Banking	86,037	1.5	20.1	23.1	53.6	70.0	40.0	0.6	(0.8)	7.6	11.6
Technology	81,209	(5.4)	6.4	(3.1)	(6.1)	(0.4)	(13.3)	(6.2)	(12.1)	(34.2)	(34.6)
Consumers	30,695	2.1	3.5	18.7	14.6	(0.5)	6.3	1.3	(14.5)	(19.7)	(34.7)
Pharmaceuticals	10,502	0.0	2.7	0.8	(3.4)	(12.5)	(13.0)	(0.8)	(15.2)	(32.3)	(42.6)
Metals	24,436	1.1	17.9	25.3	53.4	45.6	49.5	0.3	(2.6)	7.5	(4.4)
Automobiles	28,849	2.7	20.1	19.9	21.2	1.8	0.3	1.8	(0.7)	(15.1)	(33.1)
Energy	155,288	2.3	31.0	38.7	56.6	86.6	64.6	1.5	8.2	9.7	22.5
Industrials	55,518	3.7	30.2	50.3	105.4	135.2	123.8	2.8	7.6	44.0	54.5
Cement	20,796	2.9	13.6	25.0	61.8	36.0	21.1	2.1	(6.2)	13.3	(10.7)
Telecom	91,433	2.3	32.4	30.1	55.5	126.2	66.7	1.4	9.4	9.0	48.6
Utilities	55,920	1.7	21.4	54.7	54.7	86.5	76.8	0.8	0.3	8.4	22.5
Sensex sum	640,683	0.8	21.0	26.2	42.7	52.3	36.5				

Source: Kotak Institutional Equities.

Top gainers and losers

Exhibit 15: Top gainers and losers (stocks in Kotak Institutional Equities universe)

1-week performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 iGate Global Solutions	55.3	1 Motherson Sumi	(10.3)
2 VSNL	20.6	2 Andhra Bank	(8.2)
3 Larsen & Toubro	20.4	3 Ashok Leyland	(7.2)
4 IDFC	19.4	4 Vardhman	(6.8)
5 Reliance Communications	16.8	5 Novartis India	(6.0)
6 Jindal Steel and power	16.7	6 Godrej Consumer Products	(5.8)
7 Tech Mahindra	16.4	7 Hotel Leela	(5.7)
8 Bharat Heavy Electricals	15.8	8 Petronet LNG	(5.0)
9 Bharti Airtel Ltd	14.0	9 Indian Oil Corporation	(4.8)
10 Sobha	13.3	10 Polaris Software Lab	(4.7)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Welspun Gujarat Stahl Rohrer	243.1	1 Vardhman	(47.4)
2 Jindal Steel and power	223.8	2 Rico Auto	(43.6)
3 India Infoline	221.6	3 Hexaware Technologies	(39.4)
4 Educomp Solutions	212.4	4 Mahindra Gesco	(30.8)
5 Reliance Energy	207.4	5 Polaris Software Lab	(30.4)
6 Reliance Petroleum	180.7	6 TVS Motor Co	(27.7)
7 ABG Shipyard	152.0	7 Hotel Leela	(26.2)
8 GMR Infrastructure	146.4	8 Cipla	(23.8)
9 Larsen & Toubro	141.6	9 Dr Reddy's Laboratories	(22.4)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Reliance Energy	85.8	1 Mindtree	(14.4)
2 Jindal Steel and power	77.1	2 Torrent Pharma	(13.1)
3 Tata Power	49.5	3 DishTV	(12.8)
4 DLF	48.8	4 TVS Motor Co	(11.3)
5 LANCO	44.5	5 Godrej Consumer Products	(9.4)
6 iGate Global Solutions	41.9	6 Container Corporation	(6.9)
7 IDFC	39.3	7 AIA Engineering	(6.5)
8 Sesa Goa	38.1	8 Punjab Tractors	(5.7)
9 Reliance Petroleum	37.6	9 Ipca Laboratories	(5.0)
10 India Infoline	37.5	10 Maharashtra Seamless	(5.0)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 India Infoline	450.4	1 Rico Auto	(53.8)
2 Educomp Solutions	362.9	2 Vardhman	(51.2)
3 Jindal Steel and power	326.6	3 TVS Motor Co	(47.2)
4 Welspun Gujarat Stahl Rohrer	320.5	4 Novartis India	(30.8)
6 Reliance Energy	247.1	5 Hotel Leela	(28.1)
7 GMR Infrastructure	242.1	6 Godrej Consumer Products	(27.2)
8 Divi's Laboratories	217.3	7 Cipla	(26.8)
9 JSW Steel	201.3	8 Aventis Pharma	(26.4)
10 Larsen & Toubro	177.0	9 Mahindra Gesco	(26.3)
11 Reliance Petroleum	169.4	10 Hexaware Technologies	(25.9)

Source: Kotak Institutional Equities.

Fundamental & technical indicators

- **Price-to-Earnings ratio analysis**
- **EV-EBTDA ratio analysis**
- **Volume momentum analysis**

Price-to-Earnings ratio analysis

Exhibit 16 and 17: Companies trading at a premiums/discounts to the sector based on comparable companies covered by Kotak Institutional Equities

Premium to 1 year rolling forward P/E (%)		Discount to 1 year rolling forward P/E (%)	
Company	Premium to sector	Company	Discount to sector
GVKPIL	186.7	Monnet Ispat	76.5
HDFC	182.9	Dredging Corporation	70.0
i-flex solutions	181.6	Andhra Bank	60.7
Reliance Energy	179.1	Maharashtra Seamless	58.4
Jet Airways	178.3	Canara Bank	56.8
Aditya Birla Nuvo	175.0	Punjab National Bank	52.5
Reliance Industries	163.2	Bank of Baroda	50.8

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

Lowest 1 year rolling forward P/E (X)	
Company	Lowest P/E
LIC Housing Finance	6.3
Andhra Bank	7.1
Canara Bank	7.8
Hindustan Petroleum	8.0
Punjab National Bank	8.5
Bank of Baroda	8.8
Corporation Bank	8.8
Monnet Ispat	9.1
Dredging Corporation	9.3
Oriental Bank of Commerce	9.5
Ipca Laboratories	9.7

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	67.6
GVKPIL	46.4
ABB	45.6
Reliance Energy	44.5
Siemens	35.8
Divi's Laboratories	35.7
Larsen & Toubro	33.8
Zee Entertainment Enterprises	33.4
HDFC	32.9
Bharat Heavy Electricals	31.6
Suzlon Energy	30.7

Exhibit 18: Companies trading at all-time high historical P/Es, indicating re-rating of the multiples by market

Company	% discount to historical high
Bharat Heavy Electricals	0.0
CESC	0.0
GAIL (India)	0.0
GE Shipping	0.0
Grasim Industries	0.0
HDFC	0.0
Larsen & Toubro	0.0
NTPC	0.0
Reliance Energy	0.0
Reliance Industries	0.0
Tata Power	0.0
VSNL	0.0
IDFC	0.0
Nagarjuna Construction Co.	0.0
Sintex	0.0
Monnet Ispat	0.0
Shriram Transport	0.0

Note:

(a) Historical figures are generated since May 2000.

Source: Bloomberg, Kotak Institutional Equities

Enterprise Value-to-EBITDA ratio analysis

Exhibit 21 and 22: Companies trading at a premium to the sector based on comparable companies covered by Kotak Institutional Equities. Analysis done on 1- year forward EV -EBITDA

Trading at premium to the sectors
Premium to 1 year rolling forward EV/EBITDA (%)

Company	Sector premium
Reliance Energy	257.6
Petronet LNG	182.9
Gateway Distriparks	177.5
i-flex solutions	166.4
Jindal Steel and Power	161.7

Trading at discount to sectors
Discount to 1 year rolling forward EV/EBITDA (%)

Company	Sector discount
Dredging Corporation	28.5
Maharashtra Seamless	39.7
MTNL	45.3
Bharat Electronics	45.8
Hexaware Technologies	47.4

Exhibit 23: Companies trading at highest EV/EBITDA amongst the Kotak coverage list

Highest 1 year rolling forward EV/EBITDA (X)

Company	Highest EV/EBITDA
Reliance Energy	44.2
Aditya Birla Nuvo	31.5
Divi's Laboratories	27.3
ABB	27.1
i-flex solutions	24.4
Larsen & Toubro	24.0
Siemens	20.8

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
Oil & Natural Gas Corporation	4.6
Bharat Petroleum	4.7
Lakshmi	4.8
Vardhman	5.0
Rico Auto	5.0
Dredging Corporation	5.5
Novartis India	5.5
Abbott India	6.3

Source: Bloomberg, Kotak Institutional Equities

Technical indicators

Exhibit 25: Volume momentum analysis

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

Company	5-day average volumes	Increase (%)	Price Change (1month basis %)
Torrent Pharma	630,583	346	(13.1)
iGate Global Solutions	312,437	257	41.9
Jindal Steel and Power	95,191	254	77.1
Cadila Healthcare	117,521	201	1.7
Container Corporation	78,728	147	(6.9)
Tata Power	654,259	146	25.1
CESC	398,292	140	5.3

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

Company	5-day average volumes	% decrease	% Price Change (1month basis)
Motherson Sumi	7,914	(81)	0.4
Asian Paints	7,129	(79)	5.3
Hexaware Technologies	70,593	(77)	(0.2)
Welspun India	30,503	(74)	0.0
Canara Bank	25,918	(62)	5.3
Ipca Laboratories	4,947	(54)	(5.0)
Novartis India	25,904	(53)	3.6

Date	Sensex	Avg daily value traded	Institutional participation in total turnover		Sensex Put-Call delivery	Put-Call (X)
		(US\$ mn)	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	18,814	6,699	13.8	2.4	49.0	1.28

Source: Bloomberg, Kotak Institutional Equities.

Earnings momentum

Top upgrades and downgrades in 2008 estimates in the past month

- **Top changes in target prices in the past month**
- **Top changes in ratings in the past month**

Top upgrades/downgrades

Exhibit 26: Kotak Institutional Equities earning upgrades/downgrades in the past 1 month

FY2008 earnings upgrades (KIE) (1 month)

	Company	% Change
1	Cairn India	124.2
2	GSPL	15.4
3	CESC	11.3
4	PFC	10.9
5	Reliance Industries	8.4
6	Nagarjuna Construction Co.	7.6
7	iGate Global Solutions	6.8
8	NTPC	0.4

FY2008 earnings downgrades (KIE) (1 month)

	Company	% Change
1	GMR Infrastructure	(80.0)
2	Sobha	(14.9)
3	Zee Entertainment Enterprises	(3.8)
4	Punj	(3.7)
5	HT Media	(2.1)
6	ICICI Bank	(1.5)

Source: Kotak Institutional Equities, Bloomberg.

Changes in our target prices

Exhibit 28: Changes in target prices in the past 1 month

Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	Sesa Goa	46.2	2,850	1,950
2	Hindalco Industries	42.9	200	140
3	Reliance Petroleum	36.0	170	125
4	Nagarjuna Construction Co.	35.7	300	221
5	NTPC	26.5	215	170
6	Punj	23.0	375	305
7	ICICI Bank	20.0	1,200	1,000
8	PFC	20.0	150	125
9	HT Media	9.1	240	220
10	Reliance Industries	9.1	1,800	1,650
11	Zee Entertainment Enterpris	8.7	250	230
12	Aditya Birla Nuvo	7.1	1,660	1,550
13	Cairn India	3.6	145	140
14	GSPL	1.7	59	58

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Polaris Software Lab	(15.4)	110	130
2	Hexaware Technologies	(15.2)	140	165
3	Patni Computer Systems	(15.1)	450	530

Source: Kotak Institutional Equities.

Changes in our ratings

Exhibit 29: Changes in ratings in the past 1 month

Company name		Rating	
		Current	Previous
DLF	Downgraded	IL	OP
Sobha	Downgraded	IL	OP
Punj	Upgraded	OP	IL
Sesa Goa	Upgraded	OP	IL
HT Media	Upgraded	OP	IL
Patni Computer Systems	Downgraded	IL	OP

Source: Kotak Institutional Equities.

Flows

- **Trend in equity flows**
- **FII flows in other emerging markets**
- **IPO analysis**
- **Delivery position analysis**
- **Bulk deals of the week**

Trend in equity flows

Exhibit 31: Net investments by mutual funds and FIs 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	15,794	190
Jan	40	(298)
Feb	1,249	(61)
March	317	(365)
April	1,257	217
May	1,085	401
June	1,759	100
July	4,530	(218)
August	(1,861)	1,037
September	4,645	(187)
October	2,775	(436)

Exhibit 32: 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	2,106	9,280	(5,647)	(95)
Jan	13	960	(632)	(27)
Feb	(937)	682	(313)	0
Mar	1,132	630	467	(8)
Apr	264	810	(111)	(15)
May	320	516	(1,246)	(10)
June	(1,025)	980	(568)	(16)
July	(821)	1,860	(1,649)	(4)
August	1,037	1,235	(303)	(15)
September	2,122	1,607	(1,291)	(1)

Exhibit 33: Net investments by all domestic institutions (MFs, FIs, Banks and Insurance) (US\$ mn)

Date	Amount	Date	Amount
Apr-07	208	9-Oct	(136)
May-07	753	8-Oct	(37)
Jun-07	1,120	5-Oct	(52)
Jul-07	(145)	4-Oct	(170)
Aug-07	2,230	3-Oct	(57)
Sep-07	(1,221)	Total	(451)
Oct-07	(868)		
Total	2,076		

Source: Bloomberg, Kotak Institutional Equities

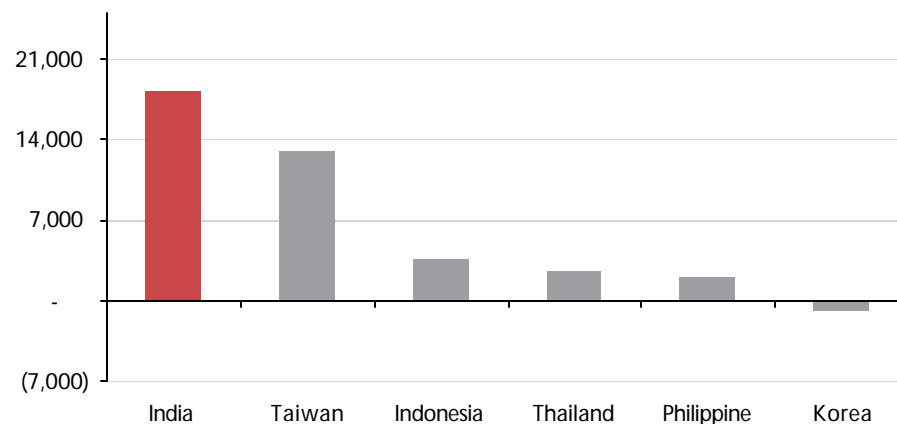
FII flows in other emerging markets

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

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
10-Sep-07	(392)	(32)	5	(17)	(15)
11-Sep-07	(121)	10	(1)	3	109
12-Sep-07	(41)	(28)	(14)	(24)	69
13-Sep-07	(60)	(17)	(31)	(19)	(11)
14-Sep-07	289	23	(13)	4	284
17-Sep-07	(247)	12	(11)	(34)	(66)
18-Sep-07	-	20	0	(27)	(34)
19-Sep-07	779	81	3	6	609
20-Sep-07	383	33	(1)	44	399
21-Sep-07	(64)	14	(3)	51	226
24-Sep-07	-	30	(10)	67	315
25-Sep-07	-	(9)	(8)	3	380
26-Sep-07	83	19	(12)	(20)	246
27-Sep-07	451	24	(4)	30	596
28-Sep-07	312	25	13	30	856
1-Oct-07	18	25	(10)	30	538
3-Oct-07	548	38	17	9	775
4-Oct-07	(97)	28	46	(29)	141
8-Oct-07	288	-	12	-	838
9-Oct-07	(30)	-	3	-	484
Total	2,099	296	(19)	107	6,738

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



Source: Bloomberg.

IPO analysis

Exhibit 33: Market performance since IPO/ Follow on offering

Name	Offer Shares	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Magnum Ventures	176	30	529	20-Sep-07	49	28	62	(8)
Indowind Energy	125	65	813	14-Sep-07	115	170	76	162
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	1,232	18	49
Puravankara Projects	215	400	8,587	30-Aug-07	362	478	(10)	19
KPR Mill	59	225	1,330	28-Aug-07	174	125	(23)	(44)
TakeSolutions	21	730	1,533	27-Aug-07	926	1,193	27	63
Central Bank of India	800	102	8,160	21-Aug-07	115	129	13	27
SEL manufacturing	41	90	372	21-Aug-07	142	94	58	4
Refex Refrigerants	38	65	247	20-Aug-07	62	69	(5)	5
Zylog Systems	36	350	1,260	17-Aug-07	431	375	23	7
IVR Prime	142	550	7,783	16-Aug-07	418	452	(24)	(18)
OMAXE Ltd	178	310	5,517	09-Aug-07	349	322	13	4
Alpa Laboratories	95	68	646	06-Aug-07	55	44	(19)	(36)
Simplex projects	30	185	555	03-Aug-07	272	290	47	57
Everonn Systems	36	140	500	01-Aug-07	478	614	241	338
Allied Digital	45	190	859	25-Jul-07	331	399	74	110
Housing Development & Infra	297	500	14,850	24-Jul-07	558	782	12	56
Soice Communications	1,131	46	5,203	18-Jul-07	61	55	32	19
Roman Tarmat	29	175	508	09-Jul-07	319	172	82	(2)
DLF	1,750	525	91,875	05-Jul-07	570	919	9	75
Vishal Retail	40	270	1,082	04-Jul-07	752	748	179	177
Nitin Fire Protection	34	190	644	05-Jun-07	484	402	155	112
Insecticides Ind	32	115	369	30-May-07	110	57	(5)	(50)
MIC Electronics	51	150	765	30-May-07	336	519	124	246
Binani Cements	205	75	1,538	28-May-07	69	103	(8)	38
Hilton Metal Forging	55	70	382	24-May-07	68	35	(3)	(50)
Bhagwati Hotels	230	40	920	17-May-07	51	46	27	16
Fortis Healthcare	460	108	4,968	09-May-07	100	84	(7)	(23)
Advanta IndiaLtd	34	640	2,163	19-Apr-07	850	1,081	33	69
ICRA Ltd	26	330	852	13-Apr-07	798	965	142	192
Orbit Corp Ltd	91	110	1,001	12-Apr-07	128	633	16	475
Gremach Infrastructure	69	86	590	11-Apr-07	84	282	(2)	228
Astral Polytechn	30	115	342	20-Mar-07	105	128	(9)	12
Abhishek Mills L	41	100	410	19-Mar-07	91	41	(9)	(59)
AMD Metplast Ltd	102	75	763	19-Mar-07	78	43	4	(43)
Jagjanani Textil	81	25	203	19-Mar-07	23	10	(7)	(60)
Lawreshwar Polym	87	16	139	19-Mar-07	14	9	(13)	(46)
Page Industries	28	360	1,009	16-Mar-07	282	440	(22)	22
Raj Television N	36	257	917	16-Mar-07	226	217	(12)	(15)
Euro Ceramics	56	165	928	09-Mar-07	119	219	(28)	32
Idea Cellular	2,833	75	21,250	09-Mar-07	86	143	14	91
Mudra Lifestyle	96	90	862	09-Mar-07	64	78	(29)	(14)
Vijayeshwari Textiles	90	100	900	09-Mar-07	69	59	(31)	(41)
Indus Fila Ltd	48	170	823	08-Mar-07	132	212	(22)	25
Broadcast Initiatives	86	120	1,026	07-Mar-07	69	49	(42)	(59)
Evinix Accessories	35	120	420	07-Mar-07	74	216	(39)	80
Mindtree Consulting	56	425	2,377	07-Mar-07	620	499	46	17
Oriental Trimex	100	48	480	07-Mar-07	29	18	(39)	(62)

Source: Bloomberg and Kotak Institutional Equities.

Exhibit 34: Forthcoming IPO/Follow on offerings

Company	Issue
National Hydroelectric Power Corp.Ltd.	IPO
Mundra Port & Special Economic Zone Ltd.	IPO
Brigade Enterprises Ltd.	IPO
Rural Electrification Corp.Ltd.	IPO
Wockhardt Hospitals Ltd.	IPO
Bgr Energy Systems Ltd.	IPO
Onmobile Global Ltd.	IPO
Kolte-Patil Developers Ltd.	IPO
Edelweiss Capital Ltd.	IPO
Jyothy Laboratories Ltd.	IPO
Rns Infrastructure Ltd.	IPO
Manaksia Ltd.	FPO
Empee Distilleries Ltd.	IPO
Ramsarup Lohh Udyog Ltd.	IPO
Religare Enterprises Ltd.	IPO
Tecpro Systems Ltd.	IPO
Gss America Infotech Ltd.	IPO
Eclerx Services Ltd.	IPO
Man Infraconstruction Ltd.	IPO
Rithwik Projects Ltd.	IPO
Uma Precision Ltd.	IPO
Bang Overseas Ltd.	IPO
Precision Pipes & Profiles Co.Ltd.	IPO
J.Kumar Infraprojects Ltd.	IPO
Globus Spirits Ltd.	IPO
Brahamputra Consortium Ltd.	IPO
Varun Industries Ltd.	IPO
Cords Cable Industries Ltd.	IPO
Essel Shyam Communication Ltd.	IPO
Khadim India Ltd.	IPO
M.S.Khurana Engineering Ltd.	IPO
Midvalley Entertainment Ltd.	IPO
Veena Industries Ltd.	IPO
Aries Agro Ltd.	IPO
Alkali Metals Ltd.	IPO
Niraj Cement Structurals Ltd.	IPO
Renaissance Jewellery Ltd.	IPO
Tulsi Extrusions Ltd.	IPO
Kiri Dyes & Chemicals Ltd.	IPO
Kaushalya Infrastructure Development Corp.Ltd.	IPO
Svec Constructions Ltd.	IPO

Source: Primedatabase .

Summary of bulk/block deals

Exhibit 35: Bulk/block deals for the week

Deal Date	Company	Action	Quantity	Price	Value (Rs n Exchange)
05-Oct-07	Dabur India Ltd.	BUY	15,118,900	107	1,618 NSE
09-Oct-07	Housing Development and I	BUY	1,359,982	743	1,010 NSE
05-Oct-07	Emco Limited	BUY	500,000	1,060	530 NSE
09-Oct-07	GATEWAY DIST	SELL	2,500,000	138	345 BSE
05-Oct-07	Emco Limited	SELL	318,370	1,060	337 NSE
08-Oct-07	Ganesh Housing Corp Ltd	BUY	650,000	492	320 NSE
08-Oct-07	Ganesh Housing Corp Ltd	SELL	650,000	492	320 NSE
09-Oct-07	BIOCON LTD	SELL	650,000	483	314 BSE
10-Oct-07	IFCI Ltd.	SELL	3,285,876	85	281 NSE
05-Oct-07	Emco Limited	SELL	225,152	1,060	239 NSE
05-Oct-07	Nava Bharat Ventures Ltd.	BUY	640,000	296	189 NSE
05-Oct-07	Sadbhav Engineering Limit	BUY	267,350	660	176 NSE
10-Oct-07	Birla Jute & Industries	SELL	500,000	336	168 NSE
08-Oct-07	S. KUMARS NAT	SELL	1,446,644	111	161 BSE
08-Oct-07	S. KUMARS NAT	BUY	1,446,644	111	161 BSE
05-Oct-07	NAV BHAR VEN	BUY	542,044	295	160 BSE
09-Oct-07	SICAL LOG	SELL	640,554	232	149 BSE
09-Oct-07	SUNPHA ADV	SELL	1,926,017	76	146 BSE
09-Oct-07	GATEWAY DIST	BUY	1,000,000	138	138 BSE
10-Oct-07	Aptech Limited	SELL	257,000	370	95 NSE
08-Oct-07	MERCATOR LIN	BUY	1,141,500	79	90 BSE
09-Oct-07	Oswal Chem & Fert Ltd.	SELL	1,949,210	43	84 NSE
10-Oct-07	Subex Azure Limited	BUY	200,000	418	84 NSE
05-Oct-07	Gateway Distriparks Limit	BUY	580,000	144	84 NSE
08-Oct-07	SUJANATOWER	BUY	500,000	155	78 BSE
09-Oct-07	IOL Broadband Limited	BUY	150,000	505	76 NSE
10-Oct-07	PTC India Limited	BUY	838,160	90	75 NSE
05-Oct-07	SUJANATOWER	BUY	500,000	150	75 BSE
08-Oct-07	Kewal Kiran Clothing Limi	BUY	175,155	370	65 NSE
05-Oct-07	KIRLOSAR PN	BUY	100,000	550	55 BSE
09-Oct-07	C & C CONSTR	SELL	200,000	215	43 BSE
09-Oct-07	C & C CONSTR	BUY	200,000	215	43 BSE
05-Oct-07	KIRLOSAR PN	SELL	75,000	550	41 BSE

Source: BSE and NSE website.

Delivery positions

Exhibit 36: Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
National Aluminium Co Ltd	43	78
Container Corp Of India Ltd	61	95
Dredging Corp Of India Ltd	62	95
Ht Media Ltd	69	97
LIC Housing Finance	37	63
Pfizer Limited	72	97
Apollo Hospitals Enterprise	55	80
Indian Overseas Bank	35	60
Wipro Ltd	46	68

Decrease in delivery % (KIE universe)

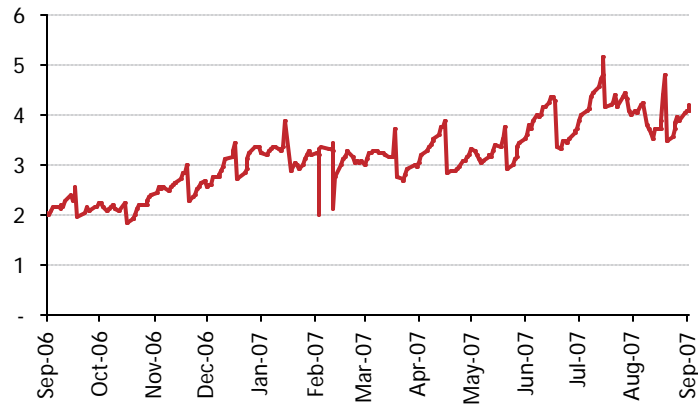
Name	Delivery %	
	Previous week	Current week
Punj Lloyd Limited	82	-
Jindal Steel & Power Ltd	59	26
Ipca Laboratories Limited	97	65
Glaxosmithkline Pharmaceutic	92	60
Ultratech Cement Ltd	83	52
Pantaloon Retail India Ltd	62	32
Suzlon Energy Limited	67	37
ABB Ltd India	52	24
Indian Hotels Co Limited	85	57

Source: Bloomberg and Kotak Institutional Equities.

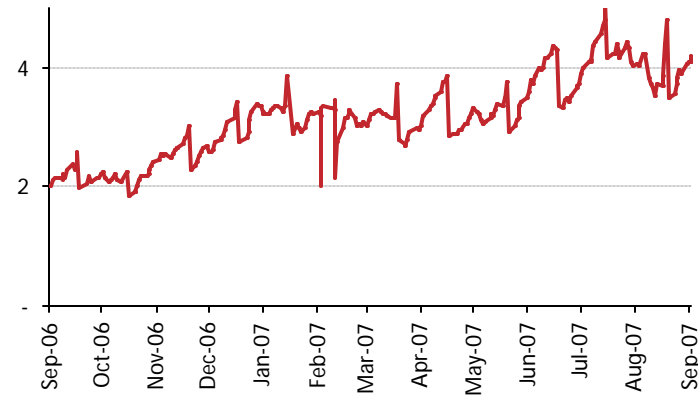
Open interest analysis

Exhibit 37: National Stock Exchange (US\$ bn)

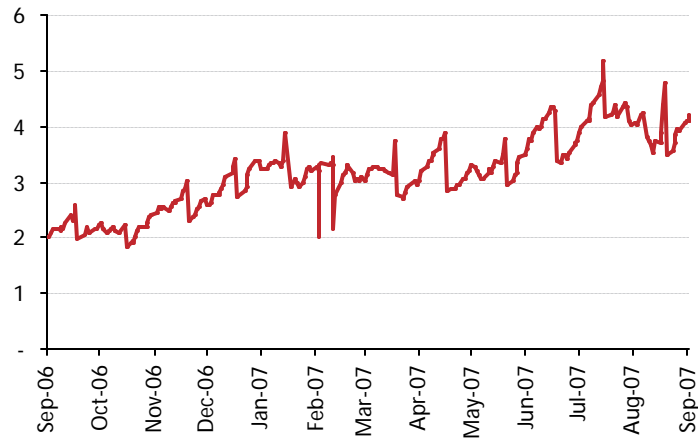
India Index futures open interest



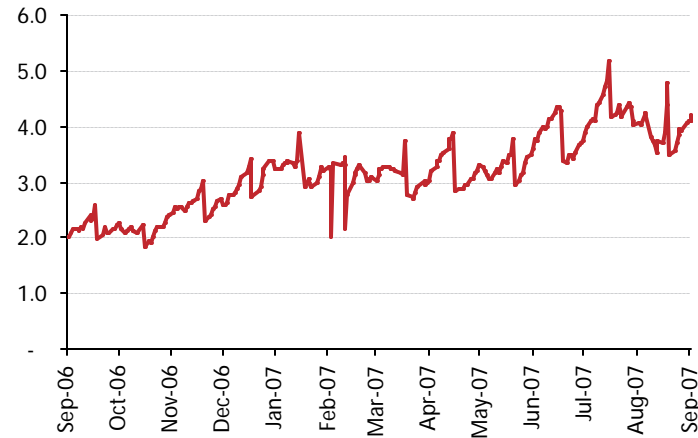
India stock futures open interest



India Index option open interest



India stock option open interest

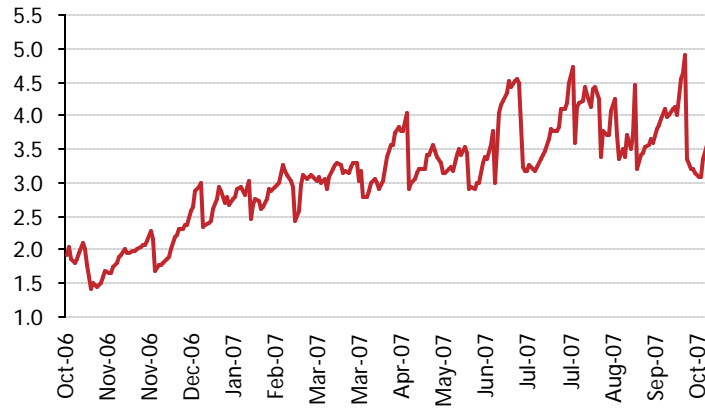


Source: Bloomberg and Kotak Institutional Equities.

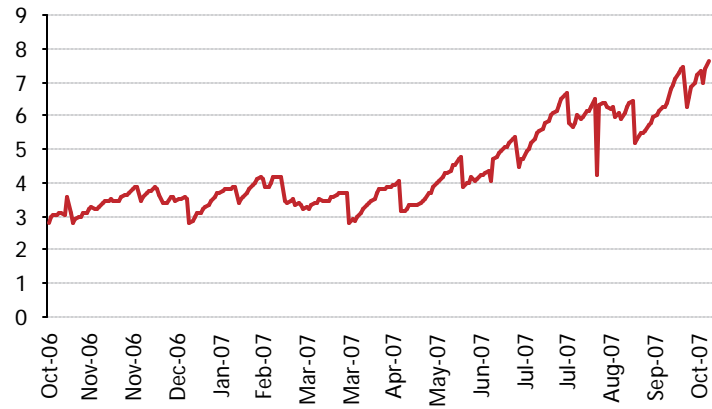
Open interest analysis

Exhibit 38: Open interest position movement for foreign institutional investors (US\$ bn)

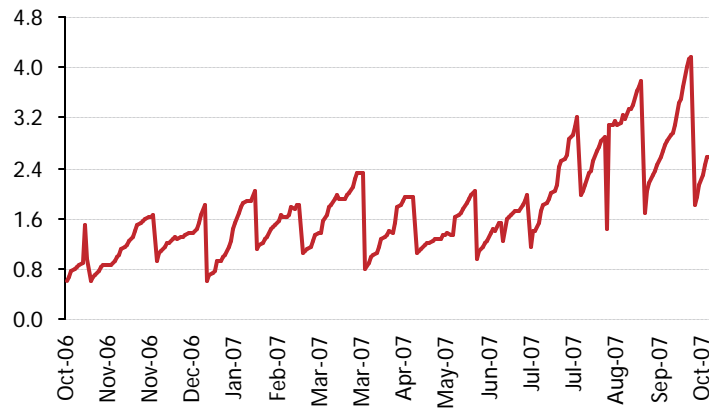
Index futures value of open interest



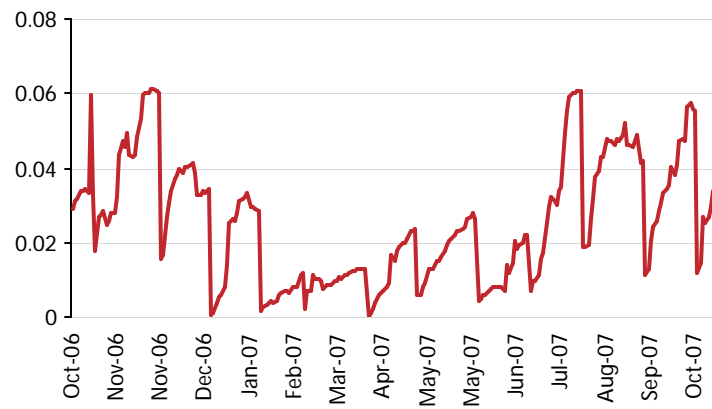
Stock futures value of open interest



Index options value of open interest



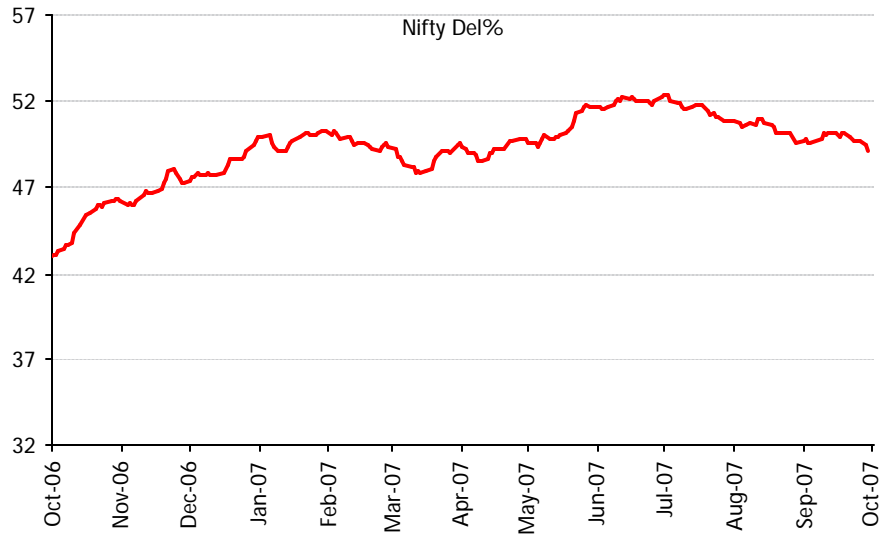
Stock options value of open interest



Source: Bloomberg and Kotak Institutional Equities.

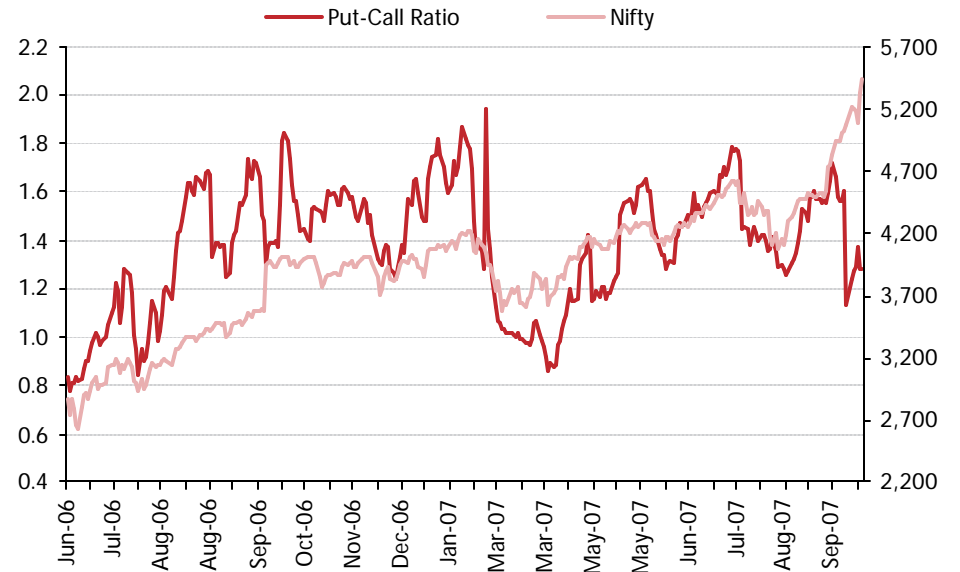
Market movement indicators

Exhibit 39: Aggregate delivery percentage



Source: Bloomberg and Kotak Institutional Equities.

Exhibit 40: Put call ratio versus Nifty



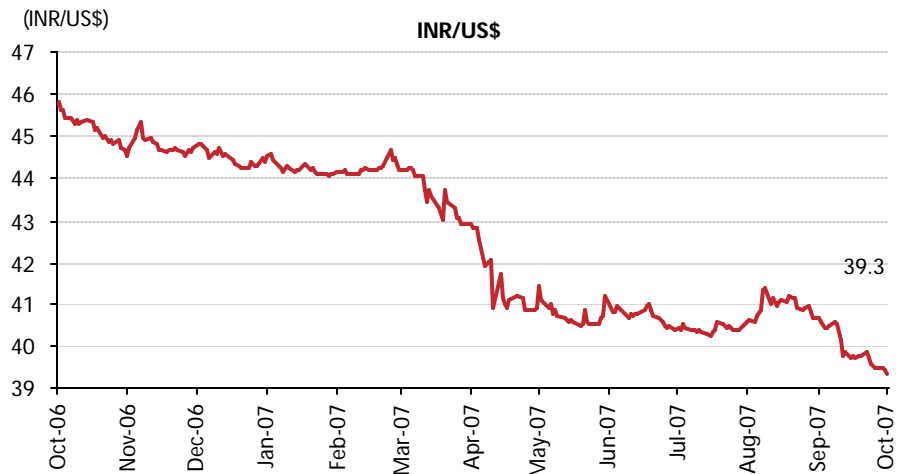
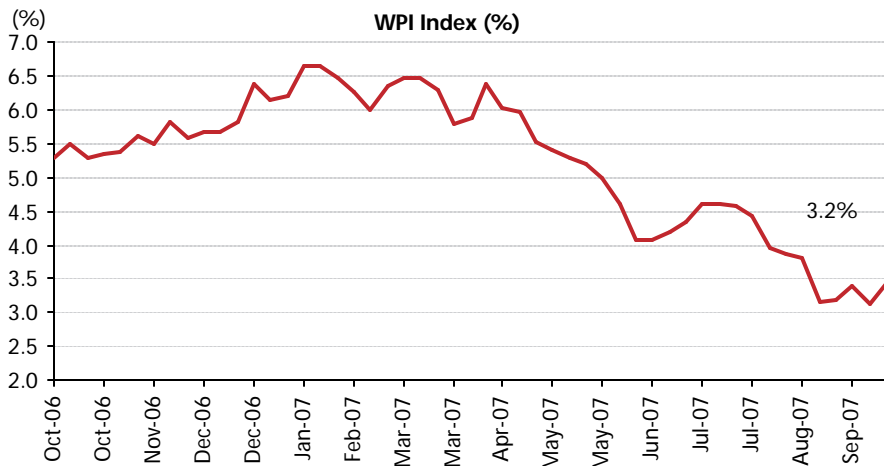
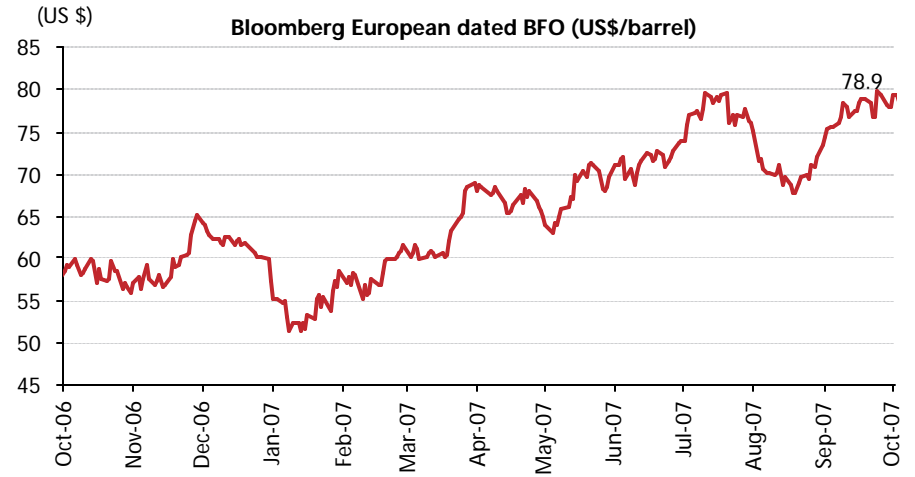
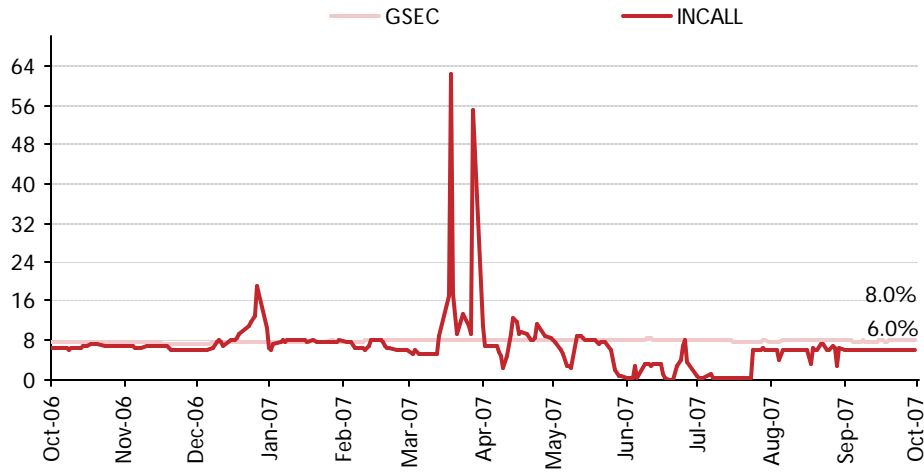
Put call is for Nifty open interest

Source: Bloomberg and Kotak Institutional Equities.

Economic indicators

Economic indicators

Exhibit 41: Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

Kotak valuation summary

Valuation summary

Kotak Institutional Equities Universe

Company	11-Oct-07		Mkt cap.		O/S shares		EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price		ADVT-3mo	
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	(Rs)	(%)
Automobiles																															
Bajaj Auto	2,620	OP	265,091	6,745	101	127.2	114.5	151.9	14.5	(10.0)	32.7	20.6	22.9	17.2	14.2	15.3	12.0	4.7	4.3	3.7	1.5	1.5	1.5	23.7	18.8	22.3	2,750	5.0	16.9		
Maruti Suzuki	1,119	OP	323,275	8,226	289	54.0	62.4	84.1	31.4	15.5	34.6	20.7	17.9	13.3	12.2	10.6	7.8	4.6	3.7	2.9	0.4	0.4	0.4	24.9	22.8	24.1	1,110	(0.8)	4.8		
Automobiles			588,366	14,971					23.2	4.0	33.9	20.7	19.9	14.8	13.1	12.3	9.3	4.7	3.9	3.2	0.9	0.9	0.9	22.6	19.7	21.4					
Banks/Financial Institutions																															
Andhra Bank	90	OP	43,650	1,111	485	11.1	12.4	13.0	10.8	11.5	5.1	8.1	7.3	6.9	—	—	—	1.4	1.4	1.2	4.2	4.7	4.9	17.8	18.4	17.8	120	33.3	3.8		
Axis Bank	759	U	248,084	6,313	327	23.4	30.2	38.7	34.4	29.2	28.0	32.4	25.1	19.6	—	—	—	8.3	3.1	2.6	0.6	0.8	1.1	21.0	16.8	15.2	570	(24.9)	5.9		
Canara Bank	268	L	109,921	2,797	410	34.7	30.5	37.4	5.8	(11.9)	22.6	7.7	8.8	7.2	—	—	—	1.6	1.3	1.1	2.6	2.4	2.6	16.3	11.9	13.6	250	(6.8)	3.7		
Corporation Bank	377	L	54,140	1,378	143	37.4	40.5	44.2	20.6	8.3	9.2	10.1	9.3	8.5	—	—	—	1.4	1.3	1.2	2.4	2.6	2.9	15.0	14.9	14.9	360	(4.6)	1.6		
Centurion Bank of Punjab	45	U	75,588	1,923	1,691	0.8	1.1	1.6	35.6	31.4	48.0	52.9	40.2	27.2	—	—	—	6.6	5.3	4.4	—	—	—	11.5	11.9	15.8	35	(21.7)	4.3		
Federal Bank	380	OP	32,529	828	86	34.2	43.4	46.4	30.0	27.0	6.8	11.1	8.7	8.2	—	—	—	2.4	1.9	1.6	1.1	2.3	2.4	21.2	22.2	20.4	340	(10.5)	2.0		
HDFC	2,521	L	722,932	18,395	287	62.1	68.9	82.3	23.6	11.0	19.4	40.6	36.6	30.6	—	—	—	13.0	6.0	5.4	0.8	1.0	1.1	31.3	22.5	18.5	1,700	(32.6)	37.0		
HDFC Bank	1,456	L	504,881	12,847	347	35.7	47.2	61.2	28.5	32.1	29.5	40.7	30.8	23.8	—	—	—	7.8	4.2	3.7	0.4	0.6	0.9	19.5	17.9	17.1	1,250	(14.2)	18.9		
ICICI Bank	1,090	OP	1,130,019	28,754	1,037	34.6	36.8	56.8	5.6	6.3	54.3	31.5	29.6	19.2	—	—	—	4.6	2.4	2.2	0.8	0.8	1.4	13.4	10.7	12.7	1,200	10.1	80.6		
IDFC	185	L	238,629	6,072	1,291	4.4	5.2	7.2	25.8	19.8	38.3	42.4	35.4	25.6	—	—	—	8.1	4.3	3.9	0.5	0.7	1.1	17.9	16.0	16.0	120	(35.1)	27.2		
India Infoline	982	U	52,774	1,343	54	15.1	19.2	31.6	39.3	27.5	64.4	65.2	51.1	31.1	37.6	20.6	14.0	16.2	10.6	5.0	0.3	0.3	0.6	29.1	25.1	26.3	670	(31.8)	28.1		
Indian Bank	149	L	64,079	1,631	430	16.8	23.9	22.8	148.1	42.0	(4.6)	8.9	6.2	6.5	—	—	—	2.1	1.8	1.5	2.0	4.0	3.8	25.8	27.3	22.5	135	(9.5)	4.7		
Indian Overseas Bank	137	OP	74,474	1,895	545	18.5	21.5	22.6	28.7	16.1	5.3	7.4	6.4	6.0	—	—	—	1.9	1.6	1.3	2.6	3.3	3.6	28.1	27.2	24.2	150	9.7	1.9		
J&K Bank	724	OP	35,099	893	48	56.6	65.4	78.2	55.2	15.6	19.5	12.8	11.1	9.3	—	—	—	2.0	1.7	1.5	1.6	1.8	2.2	14.4	14.9	15.8	875	20.9	0.7		
LIC Housing Finance	238	OP	20,242	515	85	32.8	35.9	38.9	33.9	9.3	8.2	7.2	6.6	6.1	—	—	—	1.6	1.2	1.0	3.4	3.4	3.9	—	—	—	240	0.8	2.3		
Mahindra & Mahindra Financial	241	L	20,261	516	84	15.7	18.5	23.3	25.5	17.6	25.9	15.4	13.1	10.4	—	—	—	2.8	2.5	2.1	1.7	1.9	2.4	18.1	18.6	20.4	265	9.9	0.5		
Oriental Bank of Commerce	231	L	57,850	1,472	251	33.0	32.9	34.7	2.9	(0.1)	5.4	7.0	7.0	6.7	—	—	—	1.2	1.1	1.0	2.0	2.0	2.2	10.9	10.1	10.2	240	3.9	2.6		
PFC	211	U	242,638	6,174	1,148	11.1	12.4	15.9	9.5	12.2	28.3	19.1	17.0	13.3	—	—	—	2.5	2.3	2.0	1.1	0.8	1.0	12.6	13.9	15.8	150	(29.0)	23.9		
Punjab National Bank	512	OP	161,388	4,107	315	48.8	55.2	63.3	7.0	13.1	14.7	10.5	9.3	8.1	—	—	—	1.8	1.5	1.3	2.5	1.4	1.6	15.5	15.6	15.7	610	19.2	10.8		
Shriram Transport	220	OP	42,076	1,071	191	10.3	13.7	16.5	23.5	32.7	20.5	21.3	16.1	13.3	—	—	—	4.1	3.3	2.8	1.3	1.8	2.2	19.8	21.6	21.9	200	(9.2)	0.7		
State Bank of India	1,945	L	1,023,415	26,041	526	86.3	101.3	107.7	3.1	17.4	6.4	22.5	19.2	18.1	—	—	—	3.9	3.4	2.9	0.7	0.8	0.9	15.4	16.7	16.2	1,450	(25.4)	93.6		
Banks/Financial Institutions			4,954,666	126,073					16.4	20.1	23.9	24.3	20.2	16.3	—	—	—	4.1	2.8	2.5	0.9	1.0	1.3	16.9	14.1	15.2					
Cement																															
ACC	1,260	U	237,743	6,049	189	56.7	71.7	77.6	93.7	26.4	8.2	22.2	17.6	16.2	13.3	10.7	9.5	6.9	5.1	4.2	1.3	1.4	1.4	39.7	36.8	30.8	900	(28.6)	29.7		
Ambuja Cements	152	L	231,088	5,880	1,517	8.5	10.1	11.1	72.9	18.6	9.3	17.8	15.0	13.7	12.8	8.8	8.1	6.0	4.5	3.6	1.2	1.7	1.0	44.5	35.8	30.5	130	(14.7)	21.6		
Grasim Industries	3,800	L	348,459	8,867	92	214.6	258.1	279.6	98.9	20.3	8.3	17.7	14.7	13.6	9.1	7.6	6.8	3.9	3.1	2.5	0.7	0.8	0.9	24.5	23.2	20.2	2,900	(23.7)	11.3		
India Cements	293	L	76,341	1,943	260	26.1	29.6	27.7	n/a	13.5	(6.4)	11.2	9.9	10.6	12.7	8.1	7.0	3.5	2.8	2.2	—	1—	1—	31.4	31.8	23.6	230	(21.6)	21.7		
Shree Cement	1,589	L	55,342	1,408	35	101.6	125.5	135.9	111.6	23.4	8.3	15.6	12.7	11.7	10.1	7.5	6.6	7.7	4.8	3.4	0.3	0.4	0.4	65.5	47.0	34.5	1,300	(18.2)	0.6		
UltraTech Cement	1,099	U	136,808	3,481	124	63.3	68.2	81.3	255.1	7.6	19.2	17.4	16.1	13.5	10.3	9.4	8.1	5.9	4.4	3.4	0.6	0.7	0.7	55.8	39.6	34.0	750	(31.8)	3.1		
Cement			1,085,781	27,628					123.4	20.8	8.2	17.9	14.8	13.7	10.9	8.6	7.6	5.0	3.9	3.1	0.9	1.1	1.0	28.1	26.1	22.5					
Consumer Products																															
Asian Paints	979	L	93,949	2,391	96	28.1	34.3	41.4	22.0	21.8	20.7	34.8	28.6	23.7	20.3	16.6	13.7	12.3	10.1	8.3	1.3	1.5	1.8	39.5	39.9	39.5	890	(9.1)	1.4		
Colgate-Palmolive (India)	415	L	56,464	1,437	136	14.6	16.1	17.6	32.6	10.0	9.5	28.4	25.8	23.6	20.6	19.3	17.0	20.1	30.5	26.3	2.3	2.9	3.2	72.2	94.1	120.1	340	(18.1)	4.0		
GlaxoSmithKline Consumer (a)	614	L	25,841	658	42	30.2	35.9	40.0	18.5	19.0	11.4	20.4	17.1	15.4	10.4	8.6	7.4	4.6	3.9	3.4	1.6	1.9	2.2	24.9	25.6	24.5	625	1.7	0.3		
Godrej Consumer Products	127	OP	28,784	732	226	5.9	7.0	8.1	11.4	18.9	16.0	21.7	18.2	15.7	16.8	13.7	11.8	20.8	15.4	11.3	2.9	3.1	3.3	127.4	102.5	86.6	185	45.2	0.3		
Hindustan Unilever	226	L	496,931	12,645	2,201	7.0	8.0	9.1	17.6	14.8	12.9	32.2	28.1	24.9	25.6	22.6	19.0	18.7	18.0	17.4	3.0	3.4	3.8	62.2	65.4	71.1	230	1.9	17.0		
ITC	190	OP	709,391	18,051	3,742	7.2	8.3	9.6	20.4	15.4	15.1	26.3	22.8	19.8	16.7	14.3	12.0	6.5	5.6	4.8	1.6	1.7	1.9	27.7	27.6	27.3	225	18.7	32.9		
Nestle India (a)	1,301	L	125,480	3,193	96	33.9	43.0	48.1	(0.7)	26.7	12.0	38.4	30.3	27.0	22.4	18.5	16.1	32.3	25.0	20.1	2.0	2.1	2.3	88.0	93.1	82.5	1,150	(11.6)	1.3		
Tata Tea	853	L	52,731	1,342	62	50.6	45.1	57.6	(2.5)	(10.9)	27.6	16.8	18.9	14.8	12.2	11.2	10.8	1.8	1.5	1.4	1.4	1									

Valuation summary

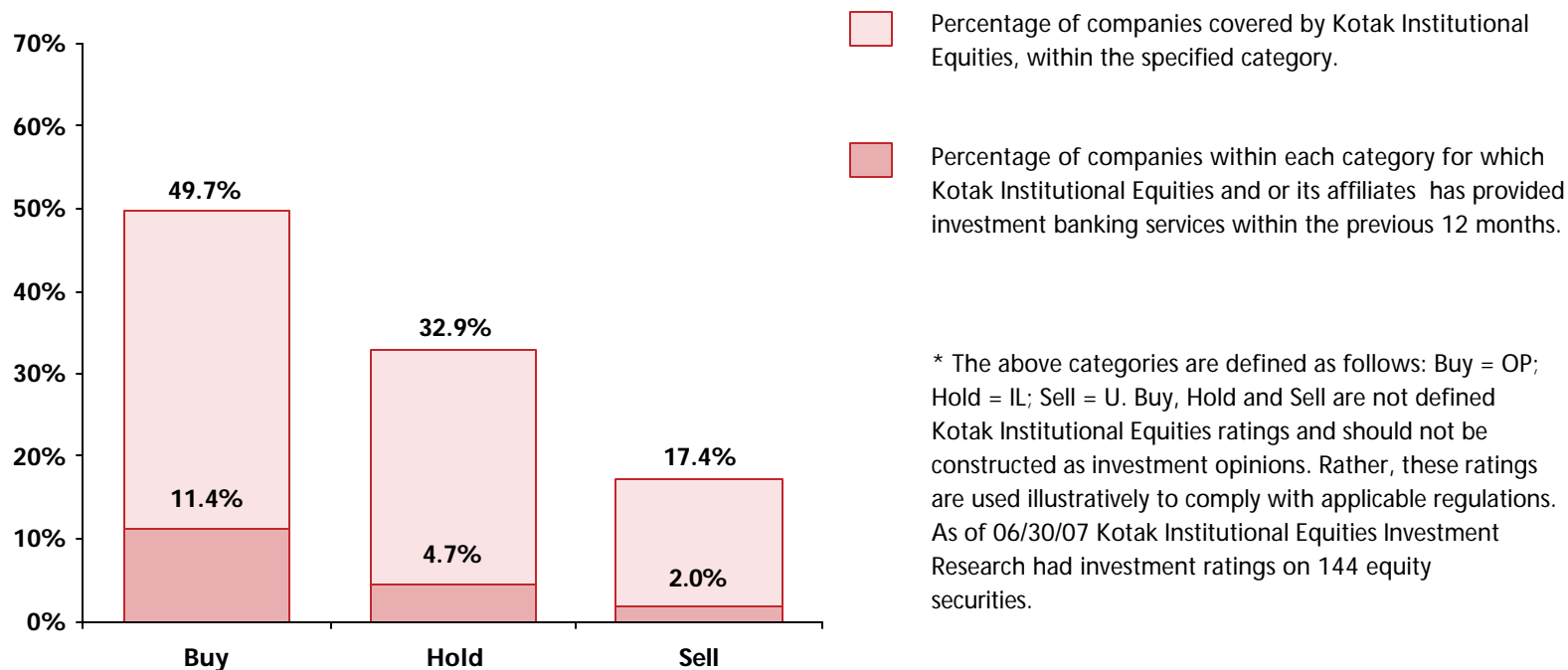
Kotak Institutional Equities Universe

Company	11-Oct-07		Mkt cap.		O/S Shares	EPS (Rs)			EPS Growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price	Upside	ADVT-3mo
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	(Rs)	(%)	US\$ mn
Technology																													
HCL Technologies	312	L	217,014	5,522	695	18.9	18.4	22.3	65.7	(2.4)	21.2	16.6	17.0	14.0	15.1	12.3	9.7	4.0	3.6	3.0	2.5	2.6	2.6	28.4	24.2	25.9	360	15.3	7.7
Hexaware Technologies	121	L	17,184	437	142	8.9	10.0	12.7	16.1	12.3	27.3	13.6	12.1	9.5	10.4	7.7	5.7	2.3	2.0	1.7	1.3	1.3	1.3	22.8	17.6	19.2	140	15.8	0.6
i-flex solutions	1,858	U	154,721	3,937	83	33.2	41.7	64.1	15.9	25.4	53.7	55.9	44.6	29.0	41.1	31.0	20.6	6.9	6.2	5.3	-	0.5	0.6	15.3	14.6	19.6	1,675	(9.8)	2.8
iGate Global Solutions	340	NR	10,776	274	32	15.7	23.8	29.3	101.5	51.7	23.2	21.7	14.3	11.6	11.6	8.4	6.3	3.5	2.9	2.4	0.7	0.8	0.8	17.2	22.0	22.5	-	(100.0)	1.0
Infosys Technologies	1,976	OP	1,134,224	28,861	574	67.0	80.7	99.9	48.7	20.5	23.8	29.5	24.5	19.8	24.4	20.3	15.4	10.0	7.6	5.9	0.6	0.8	1.0	40.7	35.2	33.5	2,250	13.9	96.0
Mphasis BFL	297	L	61,859	1,574	208	7.3	14.1	18.8	(21.5)	92.5	33.7	40.6	21.1	15.8	29.7	13.0	9.6	6.1	0.8	4.1	0.8	1.2	1.3	14.4	26.4	28.8	300	1.1	1.3
Mindtree	499	U	19,255	490	39	21.8	25.7	33.8	18.2	18.0	31.2	22.9	19.4	14.8	17.3	14.9	10.8	4.4	3.6	2.9	0.2	0.5	0.7	30.5	21.0	22.4	550	10.3	2.5
Patni Computer Systems	473	L	65,775	1,674	139	25.7	30.0	34.2	19.2	16.7	13.9	18.4	15.8	13.8	11.0	9.9	7.9	2.9	2.7	2.3	0.4	0.6	0.7	12.5	18.6	18.2	450	(4.9)	14.0
Polaris Software Lab	120	U	11,821	301	98	10.3	10.5	12.9	359.1	1.8	23.3	11.7	11.5	9.3	6.6	6.5	4.8	2.0	1.7	1.5	1.5	1.5	1.5	17.7	16.0	17.2	110	(8.5)	3.4
Satyam Computer Services	448	OP	300,574	7,648	671	21.4	25.3	31.5	41.7	18.0	24.5	20.9	17.7	14.2	17.0	13.6	10.2	5.2	4.2	3.4	1.7	2.2	2.7	27.9	26.4	26.7	570	27.2	40.5
TCS	1,072	L	1,048,972	26,691	979	42.2	51.8	61.9	43.3	22.7	19.5	25.4	20.7	17.3	20.3	16.7	13.4	11.7	9.0	7.1	1.1	1.9	2.3	55.8	49.3	45.8	1,300	21.3	34.8
Tech Mahindra	1,518	L	184,984	4,707	122	47.0	66.0	96.0	124.3	40.5	45.6	32.3	23.0	15.8	25.1	18.6	11.7	20.7	10.8	6.3	0.2	0.3	0.3	81.3	66.0	54.1	1,500	(1.2)	7.2
Wipro	488	OP	707,745	18,009	1,450	19.8	23.1	29.2	39.3	16.7	26.4	24.6	21.1	16.7	19.3	16.4	12.1	7.0	5.6	4.5	1.1	1.4	1.8	31.7	29.4	29.8	560	14.7	18.2
Technology	Cautious		3,934,903	100,125					48.4	21.1	24.5	25.9	21.4	17.2	20.7	16.9	12.8	7.8	6.3	5.0	1.0	1.4	1.7	30.2	29.3	28.9			
Telecom																													
Bharti Airtel Ltd	1,096	U	2,078,133	52,879	1,896	21.4	34.4	45.8	n/a	60.9	33.1	51.2	31.8	23.9	28.5	18.4	13.4	17.8	11.6	8.1	—	0.2	0.4	42.4	44.2	39.8	750	(31.6)	34.1
IDEA	143	U	377,801	9,613	2,635	2.2	4.9	6.0	146.3	125.9	21.8	65.7	29.1	23.9	27.5	16.8	12.6	10.6	7.8	5.9	0.7	—	—	21.5	30.8	27.9	110	(23.3)	23.0
MTNL	163	U	102,407	2,606	630	7.2	9.4	10.0	8.1	31.4	6.5	22.7	17.3	16.2	8.8	6.7	6.4	0.9	0.9	0.9	3.7	4.7	4.9	3.4	4.4	4.6	135	(16.9)	6.4
Reliance Communications	741	U	1,515,166	38,554	2,045	14.2	23.9	32.1	n/a	68.4	34.4	52.2	31.0	23.1	26.9	17.9	13.1	6.6	5.4	4.4	0.1	0.1	0.2	17.8	20.3	22.3	500	(32.5)	115.1
VSNL	543	OP	154,841	3,940	285	17.2	18.1	20.6	(7.8)	5.3	13.7	31.6	30.0	26.4	13.1	13.2	11.7	2.4	2.3	2.1	0.8	0.8	0.9	7.4	8.0	8.0	550	1.2	4.4
Telecom	Cautious		4,228,347	107,592					134.0	65.6	30.8	49.0	29.6	22.6	25.8	17.3	12.9	7.5	6.1	4.9	0.2	0.3	0.4	15.4	20.7	21.8			
Textiles																													
Vardhman	145	L	9,120	232	63	29.5	22.7	31.6	3.9	(22.9)	39.0	4.9	6.4	4.6	5.8	6.8	4.9	0.6	0.5	0.5	2.5	2.2	3.1	14.1	8.9	11.2	220	51.9	0.1
Transmission Towers																													
JSL	250	OP	20,672	526	83	6.6	10.7	13.1	81.2	61.1	23.0	37.7	23.4	19.0	17.4	12.5	10.4	8.2	6.1	4.7	0.2	0.2	0.2	29.8	30.0	28.0	275	10.2	1.2
Kalpataru Power Transmission	1,672	OP	44,312	1,128	26	60.2	77.4	91.8	67.6	28.7	18.6	27.8	21.6	18.2	17.3	13.8	11.3	6.7	5.3	4.2	0.4	0.6	0.6	38.8	27.6	25.9	1,650	(1.3)	1.1
KEC	666	OP	25,250	643	38	27.3	34.5	42.6	92.4	26.3	23.4	24.4	19.3	15.6	11.0	9.7	8.5	8.9	6.3	4.6	0.3	0.5	0.5	43.5	37.9	33.8	725	8.9	1.0
Transmission	Attractive		90,234	2,296					115.0	33.5	21.0	28.4	21.3	17.6	14.8	12.0	10.1	7.5	5.7	4.4	0.4	0.5	0.5	26.6	26.9	25.2			
Transportation																													
Container Corporation	2,007	L	130,432	3,319	65	106.3	129.6	149.8	31.9	22.0	15.5	18.9	15.5	13.4	13.1	10.6	9.1	4.9	3.9	3.1	0.9	1.0	1.1	29.1	28.1	25.9	2,425	20.8	1.7
Gateway Distriparks	140	OP	16,147	411	115	6.8	6.8	9.0	8.7	(0.4)	33.2	20.6	20.7	15.5	16.8	15.1	11.1	2.6	2.3	2.1	1.2	1.2	1.6	13.0	11.8	14.4	180	28.5	2.1
GE Shipping	371	L	56,462	1,437	152	59.6	35.6	29.7	(3.9)	(40.2)	(16.6)	6.2	7.1	7.7	1.8	1.6	1.5	4.0	2.4	2.0	4.0	2.4	2.0	33.1	16.6	12.5	335	(9.7)	5.1
Jet Airways	944	U	81,517	2,074	86	(0.2)	0.2	57.0	—	—	—	—	—	—	31.4	12.6	6.2	2.9	3.4	2.9	0.1	0.0	1.2	(0.1)	0.1	18.7	800	(17.7)	4.6
Transportation	Neutral		284,557	7,241					(15.9)	(12.5)	38.0	17.0	19.4	14.1	12.9	10.4	7.4	3.1	2.9	2.5	1.3	1.0	1.3	18.4	14.8	17.5			
Utilities																													
CESC	570	L	65,724	1,672	115	36.2	26.4	29.4	32.4	(27.0)	11.1	15.7	21.6	19.4	10.5	10.7	10.3	3.1	2.7	2.3	0.4	0.7	0.8	16.0	13.4	12.9	425	(25.4)	6.8
LANCO	431	OP	95,878	2,440	222	8.5	15.2	30.5	52.4	79.5	100.7	50.9	28.3	14.1	26.6	21.6	12.6	6.3	5.2	3.8	—	—	—	23.5	20.1	31.0	252	(41.6)	24.2
NTPC	222	L	1,833,791	46,661	8,245	8.3	9.3	10.2	17.8	11.9	9.7	26.7	23.9	21.8	17.5	17.2	17.4	3.7	3.4	3.2	1.4	1.7	1.8	14.5	15.0	15.1	215	(3.3)	36.5
Reliance Energy	1,598	L	363,863	9,259	228	34.8	35.2	36.4	(4.0)	1.0	3.4	45.9	45.4	43.9	51.3	44.8	42.8	3.8	3.6	3.4	0.2	0.6	0.6	8.5	8.1	8.0	810	(49.3)	128.8
Tata Power	1,089	L	253,814	6,458	233	23.8	32.2	42.5	(9.8)	35.4	32.1	45.9	33.9	25.6	27.7	24.5	22.4	4.0	3.4	2.7	0.7	0.8	0.9	8.4	10.9	11.8	670	(38.5)	16.0
Utilities	Attractive		2,613,070	66,490					17.1	14.7	14.1	30.4	26.5	23.2	20.2	19.4	18.4	3.8	3.5	3.1	1.1	1.4	1.5	12.5	13.1	13.5			
KS universe (b)			37,712,727	959,611					41.9	21.0	20.6	26.0	21.5	17.8	15.2	12.8	10.7	5.0	3.9	3.3	0.9	1.1	1.2	19.1	18.2	18.5			
KS universe (b) ex-Energy			29,242,161	744,075					48.9	23.1	22.7	28.2	22.9	18.7	18.4	15.0	12.2	6.1	4.5	3.7	0.7	0.9	1.1	21.5	19.5	20.1			
KS universe (d) ex-Energy & ex-Commodities			25,563,678	650,475					39.2	31.1																			

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Kotak Institutional Equities Research coverage universe

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Source: Kotak Institutional Equities.

As of June 30, 2007

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