

March 5, 2010

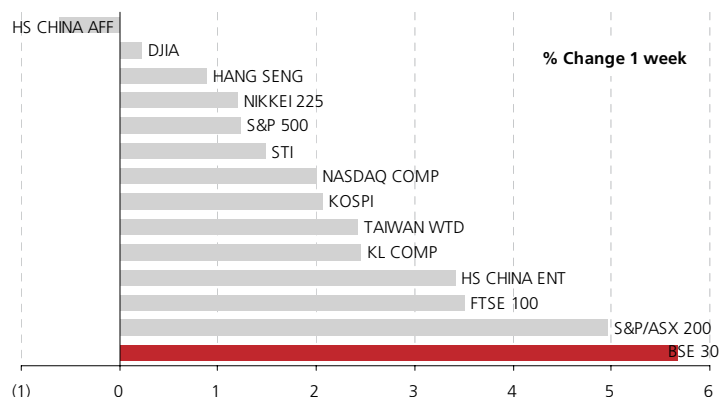
BSE-30: 16,972

Post-budget rally. During the past week, the BSE-30 Index gained 718 points (4.4%) to close at 16,972. Reliance Industries, ICICI Bank and Tata Motors were the largest gainers, together contributing more than 200 points to the rise. Other tailwinds: (1) Heavy inflows from FII (2) government's commitment—as stated in the Union Budget—to bring down the GFD/GDP ratio to 4.8% in FY2012E and reduce personal tax rates. We expect the BSE-30 Index to grow by 1.4% in FY2010E and 21.2% in FY2011E.

Market highlights for the week ending Thursday, March 4, 2010

- Largest gainers: Sesa Goa (21%), Tata Motors (19%), Ashok Leyland (18%)
- Largest losers: Mphasis BFL (-9%), Bharat Petroleum (-8%), Hindustan Petroleum (-6%)

Relative performance of regional indices (% Change 1 week)



Note:
Returns are adjusted for currency changes

Source: Bloomberg, Kotak Institutional Equities

Flows in emerging markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
23-Feb-10	22	(10)	2	54	161	229
24-Feb-10	(171)	(20)	(1)	49	133	(10)
25-Feb-10	(301)	(120)	(5)	58	(53)	(421)
26-Feb-10	(47)	-	(2)	35	237	223
2-Mar-10	-	42	2	134	333	512
Total	(498)	(108)	(4)	330	812	533

Source: SEBI, Kotak Institutional Equities

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OUR TOP RECOMMENDATIONS

Kotak Institutional Equities, Top-10, March fiscal year-ends, 2009-11E

Companies	Sector	Rating	Mkt cap. (US\$ mn)	CMP (Rs)	Target (Rs)	EPS (Rs)			P/E (X)			EV/EBDITA (X)			
						2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	
ITC	Consumer products	BUY	20,353	246	280	8.7	10.5	12.3	28.4	23.3	20.0	17.4	14.1	12.3	
HDFC Bank	Banking	BUY	17,673	1,781	1,800	52.8	64.8	84.4	33.8	27.5	21.1	0.0	0.0	0.0	
Tata Steel	Metals	BUY	12,028	618	700	110.1	3.2	78.7	5.6	190.7	7.8	6.0	19.2	6.5	
Sterlite Industries	Metals	ADD	15,025	815	850	46.8	44.9	54.2	17.4	18.1	15.0	12.9	10.0	7.6	
Jaiprakash Associates	Diversified	BUY	6,659	144	170	2.0	4.3	7.1	72.0	33.5	20.2	26.9	16.9	14.7	
Infosys Technologies	Technology	BUY	33,057	2,624	3,000	102.4	108.5	124.2	25.6	24.2	21.1	19.4	17.1	13.8	
Reliance Infrastructure	Utilities	BUY	5,095	1,025	1,250	62.7	63.7	68.6	16.4	16.1	14.9	20.5	18.9	15.1	
Tata Power	Utilities	BUY	7,253	1,339	1,485	50.2	57.7	67.0	26.7	23.2	20.0	12.4	13.9	12.8	
Larsen & Toubro	Industrials	BUY	20,961	1,589	1,700	50.1	53.7	64.5	31.7	29.6	24.6	20.3	16.2	13.9	
PSU bank basket															
Bank of Baroda	Banking	BUY	4,888	609	650	60.9	75.0	77.2	10.0	8.1	7.9	—	—	—	
Punjab National Bank	Banking	BUY	6,444	931	1,020	98.0	116.3	129.1	9.5	8.0	7.2	—	—	—	
Union Bank	Banking	BUY	3,034	274	350	34.2	37.9	38.7	8.0	7.2	7.1	—	—	—	
BSE-30				16,972											

Source: Company, Bloomberg, Kotak Institutional Equities estimates

OUR MODEL PORTFOLIO

Kotak Institutional Equities Model Portfolio

Company	04-Mar		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Hero Honda	1,800	REDUCE	1.5	—	(145)
Mahindra & Mahindra	1,078	ADD	1.8	2.3	50
Maruti Suzuki	1,457	REDUCE	1.7	1.2	(50)
Tata Motors	813	ADD	2.0	—	(199)
Automobiles			7.0	3.5	(344)
Bank of Baroda	609	BUY	—	1.5	150
Punjab National Bank	931	BUY	—	1.0	100
State Bank of India	2,033	BUY	4.6	4.6	—
Union Bank	274	BUY	—	1.0	100
PSU Banking			4.6	8.1	350
HDFC	2,596	ADD	5.2	5.2	—
HDFC Bank	1,781	BUY	5.0	6.5	150
ICICI Bank	898	ADD	7.9	7.9	—
Pvt. Banking/Financing			18.2	19.7	150
ACC	964	REDUCE	0.8	—	(78)
Grasim Industries	2,791	REDUCE	1.5	—	(152)
Jaiprakash Associates	144	BUY	1.3	2.8	150
Cement			3.5	2.8	(79)
Hindustan Unilever	243	BUY	2.1	2.6	50
ITC	246	BUY	5.0	6.5	150
Consumers			7.1	9.1	200
Oil & Natural Gas Corporation	1,095	REDUCE	3.9	2.9	(100)
Reliance Industries	1,014	SELL	11.7	6.2	(545)
Energy			15.6	9.1	(645)
Bharat Heavy Electricals	2,447	ADD	3.3	3.3	—

Note:

(a) Weights are with respect to February 26, 2010 prices.

Source: Company, Bloomberg, Kotak Institutional Equities estimates

Company	04-Mar		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
VRCL	339	BUY	—	1.0	100
Larsen & Toubro	1,589	BUY	6.9	7.9	100
Nagarjuna Construction Co.	159	BUY	—	1.0	100
Industrials/Construction			10.2	13.2	300
Hindalco Industries	169	ADD	1.8	—	(178)
Sterlite Industries	815	ADD	2.4	3.9	150
Tata Steel	618	BUY	2.9	4.4	150
Metals			7.1	8.3	122
Sun Pharmaceuticals	1,587	ADD	1.0	—	—
Pharmaceuticals			1.0	—	(104)
DLF	304	REDUCE	1.0	—	(103)
Real estate			1.0	—	(103)
Infosys Technologies	2,624	BUY	10.4	11.9	150
TCS	764	BUY	3.7	4.7	100
Wipro	694	ADD	1.6	2.6	100
Technology			15.6	19.1	350
Bharti Airtel	294	REDUCE	3.0	—	(303)
Reliance Communications	164	SELL	0.9	—	(93)
Telecom			4.0	—	(396)
NTPC	207	NR	2.1	1.1	(100)
Reliance Infrastructure	1,025	BUY	1.2	2.7	150
Tata Power	1,339	BUY	1.7	3.2	150
Utilities			5.0	7.0	200
BSE-30	16,972		100.0	100.0	—

SENSEX VALUATION SUMMARY

Valuation summary of BSE-30 sectors, March fiscal year-ends, 2009-11E

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2008	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2009	2010E	2009	2010E
Automobiles	34,299	4.3	(30.8)	109.8	10.5	41.0	19.5	17.7	22.8	11.8	10.6	4.9	3.7	0.7	0.8	11.9	18.8
Banking	84,161	43.9	16.7	13.2	18.7	22.0	19.5	16.4	—	—	—	2.8	2.5	1.1	1.3	12.8	12.9
Cement	9,592	25.7	(15.0)	32.2	(14.9)	13.5	10.2	12.0	7.2	5.4	5.8	2.6	2.1	1.7	1.7	19.3	21.1
Consumers	31,999	15.5	8.6	16.3	16.9	27.3	23.5	20.1	18.1	14.6	12.5	8.7	7.8	2.3	2.7	32.0	33.3
Diversified	6,659	20.7	(30.8)	115.0	65.5	72.0	33.5	20.2	23.4	15.8	14.1	4.6	3.7	—	—	6.4	11.2
Energy	116,331	13.9	0.5	0.6	24.9	15.3	15.2	12.1	7.6	6.7	5.4	2.1	1.8	1.6	1.8	13.6	12.1
Industrials	47,249	21.3	19.4	27.5	23.7	35.5	27.8	22.5	20.7	15.5	12.7	7.7	5.6	0.7	0.8	21.6	20.2
Metals	34,152	10.5	(0.3)	(61.9)	187.9	12.1	31.8	11.1	7.9	11.0	6.4	2.1	1.8	0.8	0.5	17.1	5.6
Pharmaceuticals	7,214	89.6	22.3	(31.8)	6.9	18.1	26.5	24.8	14.2	19.3	17.3	4.5	4.0	0.9	0.9	25.1	15.1
Property	11,299	304.6	(42.3)	(54.7)	32.1	11.4	25.1	19.0	11.1	15.4	13.3	2.1	2.0	1.0	1.0	18.8	8.0
Technology	88,135	19.1	15.9	18.7	17.4	27.1	22.8	19.4	19.8	15.7	12.7	8.2	6.5	0.8	1.1	30.3	28.3
Telecom	31,875	74.9	21.6	(14.0)	(17.2)	9.4	11.0	13.2	6.7	6.5	6.8	2.0	1.7	0.6	0.8	20.9	15.4
Utilities	49,783	9.9	14.5	13.1	11.5	21.3	18.9	16.9	12.9	12.2	11.4	2.6	2.4	1.5	1.7	12.4	12.7
BSE-30 Index	552,748	27.9	3.7	1.4	21.2	19.2	19.0	15.6	11.0	10.1	8.5	3.1	2.7	1.2	1.3	16.3	14.2
BSE-30 ex-Energy	436,417	34.2	4.9	1.6	19.9	20.6	20.3	16.9	12.9	11.8	10.0	3.6	3.1	1.0	1.2	17.5	15.2
BSE-30 ex-Energy, Com.	392,673	39.8	6.9	10.6	12.3	22.3	20.2	18.0	14.7	12.5	11.2	3.9	3.3	1.0	1.2	17.5	16.5
BSE-30 ex-Technology	464,613	29.0	2.4	(0.9)	21.8	18.2	18.4	15.1	10.1	9.4	8.0	2.8	2.4	1.2	1.3	15.4	13.2

Note:

(1) EV/EBITDA excludes banks.

Source: Company, Kotak Institutional Equities estimates

NIFTY VALUATION SUMMARY

Valuation summary of Nifty sectors, March fiscal year-ends, 2009-11E

	Mkt cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div yield (%)		RoE (%)	
		2008	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2009	2010E	2009	2010E
Automobiles	34,299	4.3	(30.8)	109.8	10.5	41.0	19.5	17.7	22.8	11.8	10.6	4.9	3.7	0.7	0.8	11.9	18.8
Banking	108,875	43.2	21.3	13.6	17.4	20.6	18.2	15.5	—	—	—	2.9	2.5	1.1	1.3	14.0	13.7
Consumers	31,999	15.5	8.6	16.3	16.9	27.3	23.5	20.1	18.1	14.6	12.5	8.7	7.8	2.3	2.7	32.0	33.3
Cement	13,134	14.7	(12.7)	27.0	(14.6)	13.8	10.9	12.7	7.4	5.8	6.2	2.6	2.2	2.0	1.7	19.0	20.2
Energy	142,459	11.1	(0.1)	4.8	28.4	16.7	15.9	12.4	8.1	7.2	5.8	2.0	1.8	1.5	1.8	12.2	11.4
Industrials	59,029	24.9	14.0	0.4	38.9	32.7	32.6	23.5	18.0	15.9	12.4	6.2	4.9	0.6	0.7	19.1	15.0
Metals	47,971	14.5	12.2	(45.5)	113.1	13.8	25.2	11.8	8.8	10.8	6.8	2.6	2.2	0.6	0.4	19.2	8.8
Property	15,709	193.6	(39.9)	(49.2)	29.7	12.5	24.6	19.0	11.9	15.8	13.4	2.4	2.0	0.7	0.7	19.5	8.0
Pharmaceuticals	17,270	55.8	(30.8)	21.2	19.4	37.2	30.6	25.7	26.6	18.2	17.2	5.3	4.5	0.6	0.8	14.4	14.8
Telecom	36,061	76.9	18.9	(14.0)	(18.9)	10.1	11.7	14.4	6.9	6.6	6.9	1.9	1.6	0.6	0.7	18.6	13.9
Technology	93,662	15.2	16.4	17.5	18.7	26.5	22.5	19.0	19.3	15.5	12.4	7.8	6.2	0.9	1.1	29.5	27.6
Utilities	57,264	10.9	16.1	16.0	12.1	24.0	20.7	18.4	14.6	14.2	13.5	2.6	2.4	1.3	1.5	10.9	11.5
NIFTY	664,391	26.9	4.5	3.0	22.2	19.9	19.3	15.8	11.8	11.0	9.2	3.1	2.7	1.1	1.2	15.5	13.8
NIFTY ex-Energy	521,932	33.8	6.1	2.4	20.0	21.0	20.5	17.1	13.7	13.1	11.1	3.6	3.0	1.0	1.1	17.1	14.8
NIFTY ex-Energy ex Com	473,961	37.3	5.2	10.2	12.5	22.2	20.1	17.9	15.1	13.5	12.3	3.7	3.2	1.0	1.2	16.8	15.7

Note:

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

Source: Company, Kotak Institutional Equities estimates

REGIONAL VALUATION SUMMARY

Valuation summary of regional indices, Calendar year-ends, 2009-11E

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

	Index	Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2009	2010E	2011E	2009	2010E	2011E	2009	2010E
Brazil	MSCI BRAZIL	(1.6)	26.9	19.6	15.9	12.5	10.5	0.6	0.6
China	V/B/E/S CHINA	25.7	32.0	21.3	22.8	17.3	13.6	0.7	0.8
Hong Kong	V/B/E/S HONG KONG	16.0	13.9	16.4	15.9	13.9	12.0	1.1	0.8
India	MSCI INDIA	9.9	30.1	21.0	20.5	15.8	13.0	0.7	0.8
Korea	MSCI KOREA	62.6	38.0	9.6	13.4	9.6	8.7	0.4	1.0
Malaysia	MSCI MALAYSIA	(18.1)	22.8	13.7	18.4	15.0	13.2	0.8	1.1
Mexico	MSCI MEXICO	23.2	14.2	19.7	16.2	14.2	11.8	1.1	0.7
Russia	MSCI RUSSIA	(29.8)	35.1	33.7	10.0	7.4	5.5	0.3	0.2
Taiwan	MSCI TAIWAN	50.3	77.9	17.0	25.9	14.5	12.2	NA	0.9
Thailand	MSCI THAILAND	19.7	16.8	17.9	12.5	10.7	9.1	0.7	0.6
Asia - Emerging markets	MSCI EM ASIA	24.3	34.4	14.8	17.2	12.5	10.8	0.5	0.8

Source: Thomson Datastream

VALUATION SUMMARY OF BRICS SECTORS (1)

Valuation summary of BRICs sectors, Calendar year-ends, 2009-11E

Index		Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2009	2010E	2011E	2009	2010E	2011E	2009	2010E
Banking									
Russia	MSCI Russia Banks Industry Group	(80.3)	605.9	NA	87.1	12.3	7.3	0.1	NA
India	MSCI India Banks Industry Group	16.8	22.5	23.6	22.0	17.9	14.5	1.0	0.8
China	MSCI China Banks Industry Group	15.9	23.5	19.2	11.9	9.6	8.1	0.5	0.5
Brazil	MSCI Brazil Banks Industry Group	13.0	25.0	17.6	14.5	11.4	9.7	0.6	0.6
Consumers									
Russia	MSCI Russia Consumer Staples Sector	20.2	38.9	38.4	31.1	22.4	16.2	0.8	0.6
India	MSCI India Consumer Discretionary Sector	65.7	12.9	17.7	15.3	13.6	11.5	1.2	0.8
China	MSCI China Consumer Discretionary Sector	17.0	18.1	17.4	21.2	18.0	15.3	1.2	1.0
Brazil	MSCI Brazil Consumer Discretionary Sector	108.2	26.5	39.6	16.3	12.9	9.2	0.6	0.3
Energy									
Russia	MSCI Russia Energy Sector	(19.4)	15.9	17.4	6.7	5.8	4.9	0.4	0.3
India	MSCI India Energy Sector	3.0	34.9	16.9	16.8	12.5	10.7	0.5	0.7
China	MSCI China Energy Sector	(2.6)	26.0	11.5	13.7	10.8	9.7	0.5	0.9
Brazil	MSCI Brazil Energy Sector	(17.6)	11.9	15.1	13.0	11.6	10.1	1.1	0.8
Industrials									
India	MSCI India Industrials Sector	163.8	75.0	37.0	36.8	21.0	15.4	0.5	0.6
China	MSCI China Industrials Sector	39.2	45.3	24.6	23.9	16.5	13.3	0.5	0.7
Metals									
Russia	MSCI Russia Metals & Mining Industry	(79.1)	197.2	30.5	35.9	12.1	9.2	0.2	0.4
India	MSCI India Metals & Mining Industry	(17.6)	76.1	23.7	18.9	10.7	8.7	0.2	0.5
China	MSCI China Metals & Mining Industry	4.4	116.9	22.0	28.8	13.3	10.9	0.2	0.6
Brazil	MSCI Brazil Metals & Mining Industry	(43.3)	71.5	29.4	22.7	13.1	10.1	0.3	0.4

Source: Thomson Datastream

VALUATION SUMMARY OF BRICS SECTORS (2)

Valuation summary of BRICs sectors, Calendar year-ends, 2009-11E

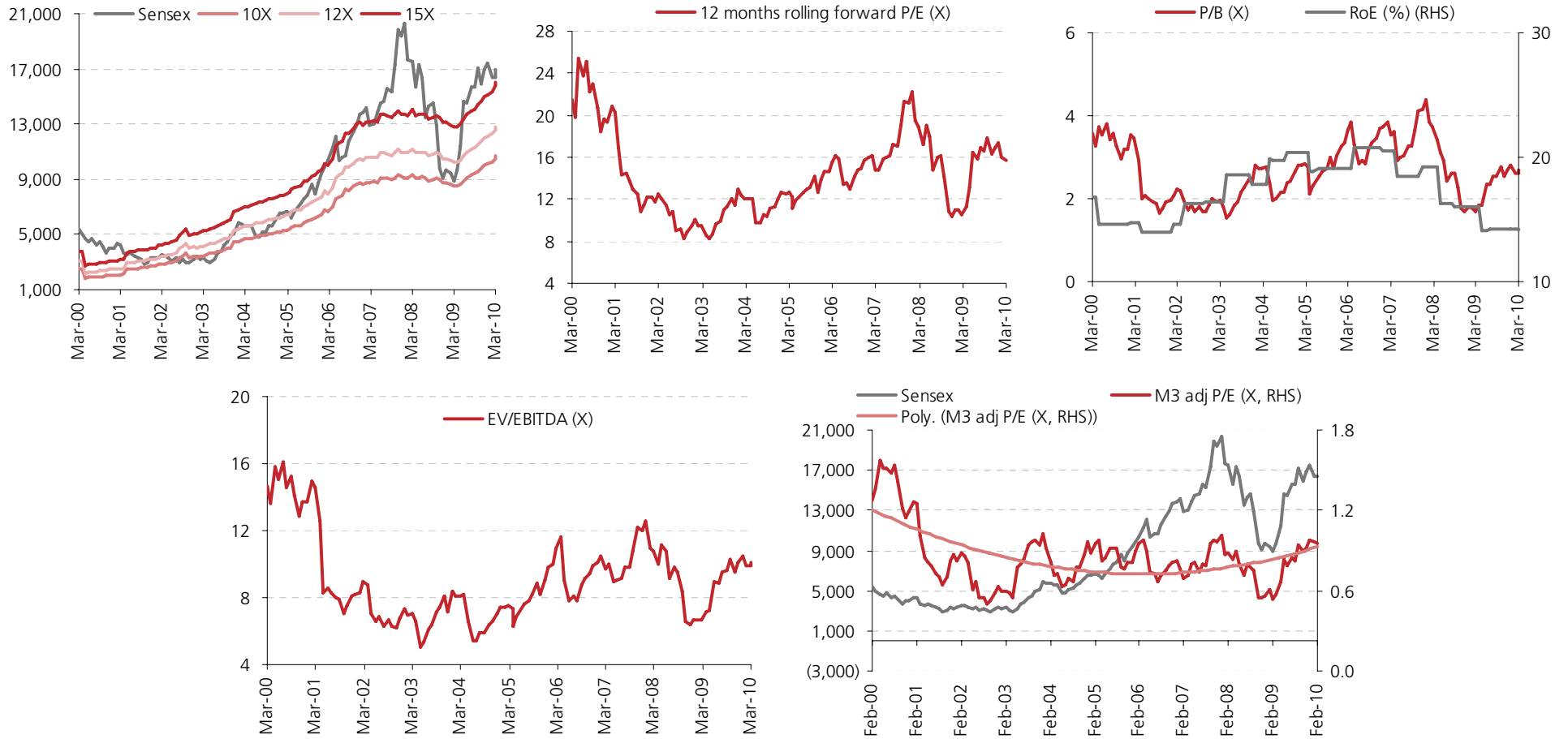
Index		Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2009	2010E	2011E	2009	2010E	2011E	2009	2010E
Property									
India	MSCI India Real Estate Industry Group	(50.8)	49.2	53.8	24.9	16.7	10.8	0.5	0.3
China	MSCI China Real Estate Industry Group	10.4	31.3	19.1	15.1	11.5	9.6	0.5	0.6
Technology									
India	MSCI India Software & Services Industry Group	1.7	15.8	17.2	23.0	19.9	17.0	1.5	1.2
China	MSCI China Software & Services Industry Group	63.2	44.1	33.6	50.3	34.9	26.1	1.1	1.0
Brazil	MSCI Brazil Software & Services Industry Group	13.5	9.7	4.3	12.5	11.4	10.9	1.3	2.7
Telecom									
Russia	MSCI Russia Diversified Telecommunications Services Industry	140.2	57.6	19.9	14.7	9.3	7.8	0.3	0.5
India	MSCI India Telecommunication Services Sector	(29.9)	(13.5)	14.7	10.0	11.5	10.0	NA	0.8
China	MSCI China Telecommunication Services Sector	(4.3)	0.5	5.4	12.7	12.6	11.9	25.9	2.3
Brazil	MSCI Brazil Telecommunication Services Sector	(7.1)	87.2	8.7	19.5	10.4	9.6	0.2	1.2
Utilities									
India	MSCI India Utilities Sector	10.3	14.4	13.2	18.5	16.1	14.3	1.3	1.2
China	MSCI China Utilities Sector	405.3	11.5	21.0	16.5	14.8	12.2	1.4	0.7
Brazil	MSCI Brazil Utilities Sector	(11.2)	18.7	7.9	11.2	9.5	8.8	0.6	1.2

Source: Thomson Datastream

BSE-SENSEX KEY PARAMETERS

Key fundamental indicators of BSE-30 Index

BSE-30 Index P/B, EV/EBITDA and 12-month forward rolling P/E, March 2000- current



Source: Bloomberg, RBI, Kotak Institutional Equities

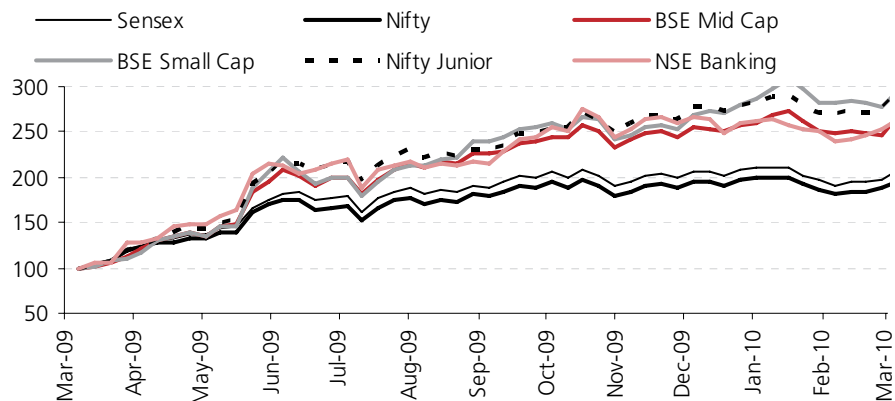
MARKET PERFORMANCE

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

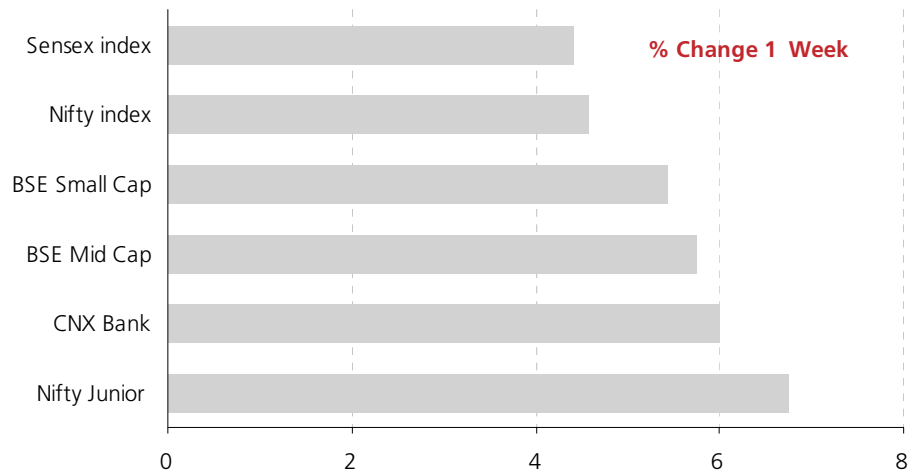
RELATIVE PERFORMANCE OF INDIAN MARKETS

Key performance of benchmark indices

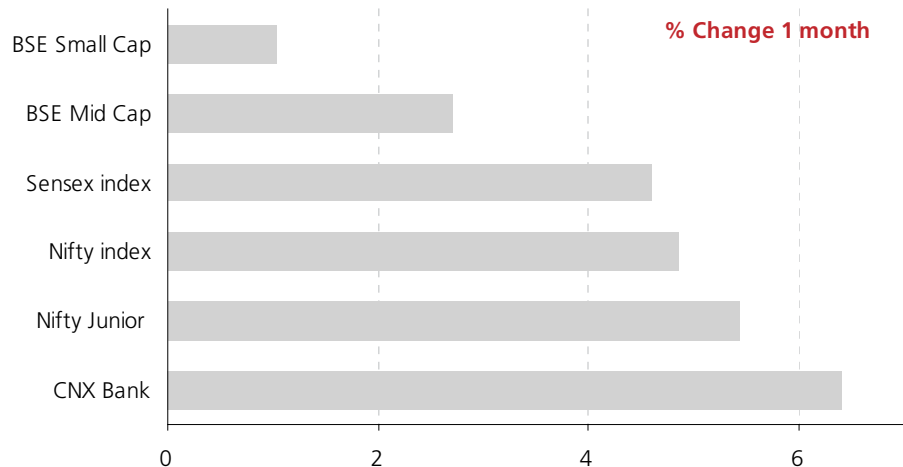
(base 100 as of March, 2009)



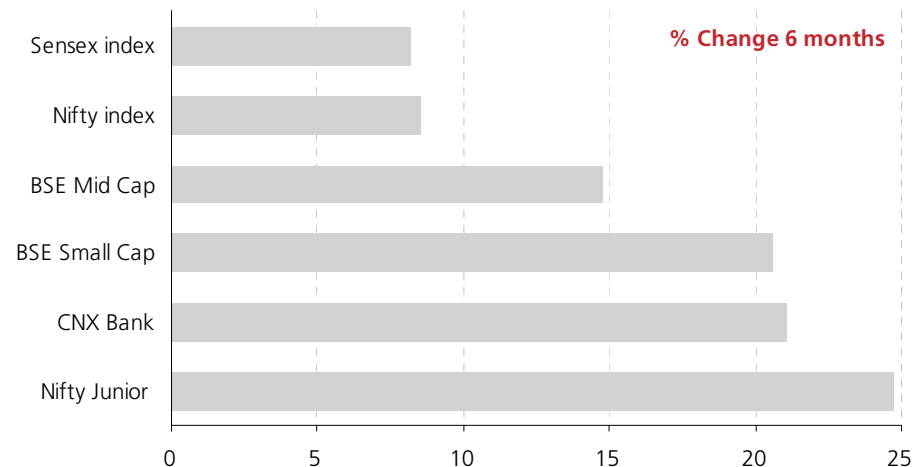
Weekly performance of the benchmark indices



1-month performance of the benchmark indices



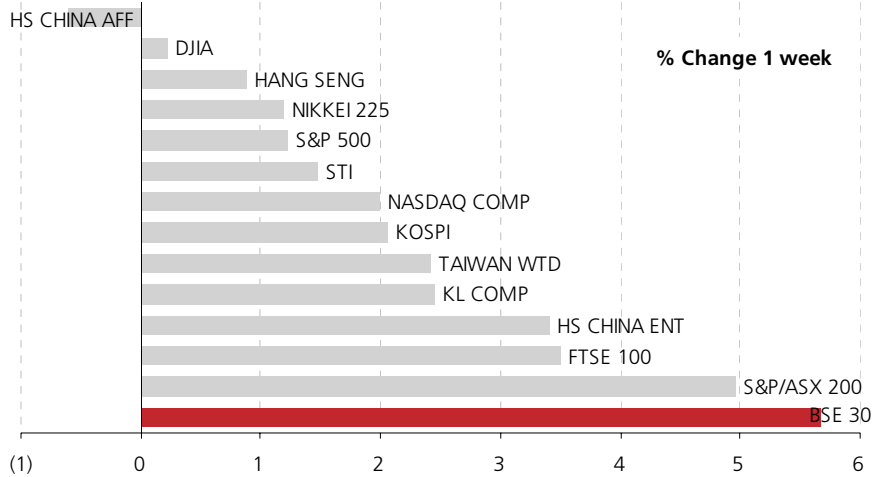
6-month performance of the benchmark indices



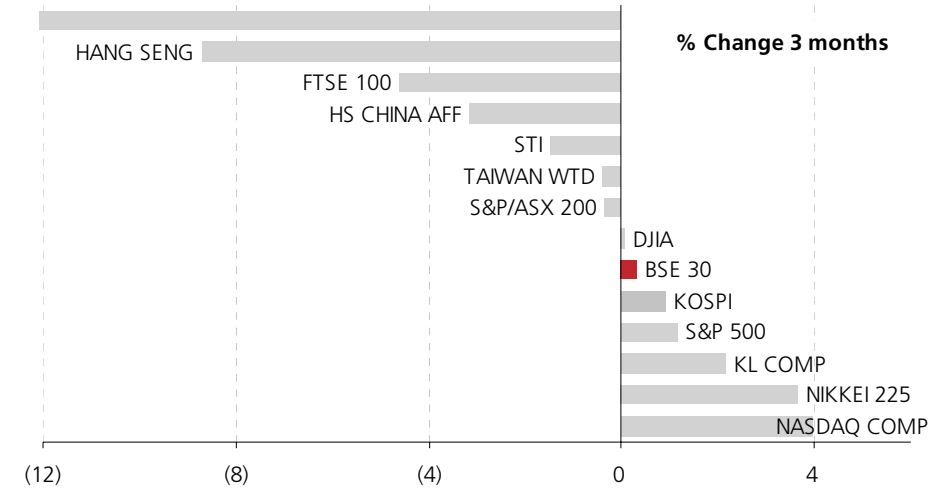
Source: Bloomberg, Kotak Institutional Equities

BSE-SENSEX VERSUS REGIONAL INDICES

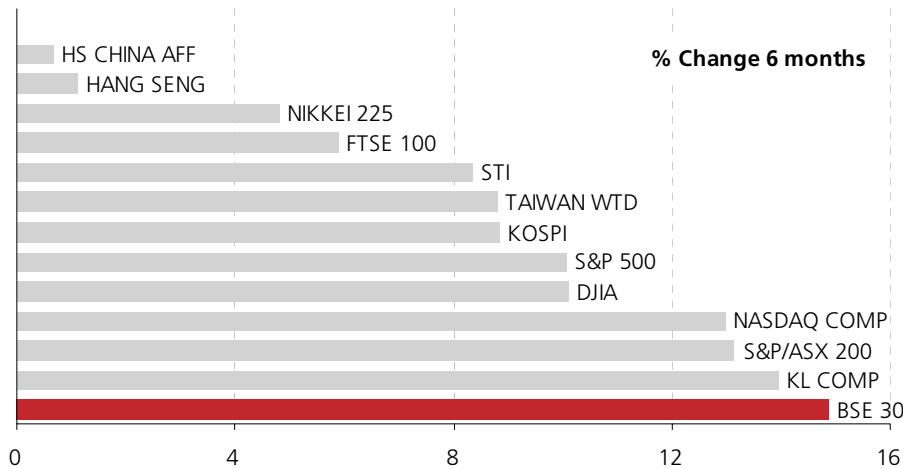
Weekly performance



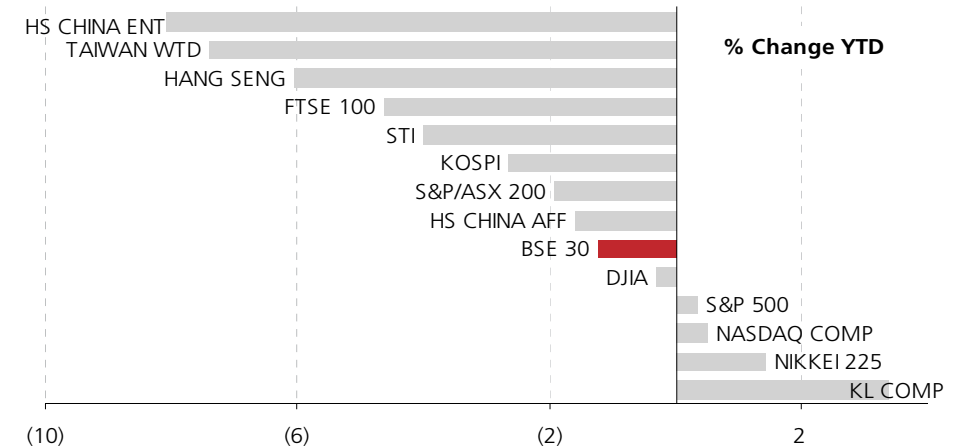
3-month performance



6-month performance



CYTD performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities

SECTORAL PERFORMANCE

Market performance of Sensex sectors, March 4, 2010

	Mkt cap. (US\$ m)	Change (%)				Relative change (%)			
		1-Day	1-mo	6-mo	1-Year	1-Day	1-mo	6-mo	1-Year
Automobiles	34,299	(0.3)	13.1	18.9	183.4	(0.2)	8.2	9.9	41.0
Banking	84,161	(0.1)	10.0	16.0	142.1	0.0	5.2	7.2	20.5
Consumers	31,999	1.3	1.6	(1.1)	28.9	1.4	(2.9)	(8.6)	(35.9)
Cement	9,592	0.9	10.6	10.8	93.1	1.1	5.8	2.4	(3.9)
Diversified	6,659	(1.0)	15.4	(0.8)	224.1	(0.9)	10.3	(8.3)	61.3
Energy	116,331	(0.8)	2.1	(2.0)	72.8	(0.7)	(2.4)	(9.4)	(14.0)
Industrials	47,249	0.1	8.7	6.3	122.0	0.3	4.0	(1.7)	10.5
Metals	34,152	0.4	13.5	35.8	276.9	0.6	8.5	25.5	87.6
Pharmaceuticals	7,214	1.6	7.7	31.2	59.3	1.8	2.9	21.3	(20.7)
Property	11,299	2.0	(1.4)	(26.6)	107.3	2.1	(5.7)	(32.1)	3.2
Telecom	31,910	0.9	(1.6)	(32.1)	3.8	1.1	(5.9)	(37.2)	(48.3)
Technology	88,135	(1.0)	8.3	29.0	180.0	(0.8)	3.5	19.3	39.4
Utilities	49,783	0.1	1.4	(0.5)	34.8	0.2	(3.0)	(8.0)	(32.9)
Sensex sum	552,783	(0.2)	4.6	8.2	100.9				

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 Sesa Goa	21.1	1 Mphasis BFL	(9.1)
2 Tata Motors	18.8	2 Bharat Petroleum	(8.1)
3 Ashok Leyland	18.0	3 Hindustan Petroleum	(6.4)
4 SREI	17.7	4 Indian Oil Corporation	(5.6)
5 Canara Bank	12.9	5 Shree Renuka Sugars	(2.8)
6 LIC Housing Finance	12.7	6 GAIL (India)	(1.5)
7 Crompton Greaves	12.6	7 ABB	(1.4)
8 Mahindra & Mahindra	12.6		
9 Suzlon Energy	12.5		
10 Welspun Gujarat Stahl Rohren	12.2		

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Titan Industries	31.2	1 Bajaj Hindustan	(28.5)
2 Mundra Port and SEZ	29.2	2 Hexaware Technologies	(25.5)
3 Cadila Healthcare	22.9	3 Indiabulls Real Estate	(24.1)
4 Siemens	20.6	4 Shree Renuka Sugars	(22.2)
5 UltraTech Cement	19.4	5 Mindtree	(21.4)
6 Bank of Baroda	18.5	6 Balrampur Chini Mills	(17.8)
7 Oriental Bank of Commerce	18.4	7 Bharat Petroleum	(15.8)
8 Mahindra Life Space Developer	17.1	8 DLF	(15.7)
9 Shree Cement	15.9	9 PSL	(15.2)
10 GlaxoSmithKline Consumer (a)	15.5	10 Lanco Infratech	(14.8)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Sesa Goa	32.2	1 Bajaj Hindustan	(8.7)
2 Hindalco Industries	22.5	2 Balrampur Chini Mills	(6.4)
3 Tata Motors	20.9	3 Bharat Petroleum	(5.9)
4 JSW Steel	20.2	4 Mphasis BFL	(4.9)
5 Hindustan Zinc	19.4	5 Tata communications	(4.9)
6 Cadila Healthcare	18.4	6 Phoenix Mills	(4.4)
7 UltraTech Cement	17.0	7 Shree Renuka Sugars	(4.2)
8 Lanco Infratech	17.0	8 Consolidated Construction Co.	(4.2)
9 SREI	16.9	9 Mindtree	(4.1)
10 Oriental Bank of Commerce	16.1	10 GAIL (India)	(3.8)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Saw	631.4	1 Tata communications	(28.3)
2 JSW Steel	554.1	2 Suzlon Energy	(22.5)
3 Sesa Goa	517.9	3 Bharti Airtel	(0.4)
4 Tata Motors	483.4		
5 Welspun Gujarat Stahl Rohren	415.7		
6 Voltas	415.6		
7 Havells India	398.1		
8 Patni Computer Systems	391.7		
9 Aban Offshore	385.2		
10 Sadbhav Engineering	366.0		

Source: Kotak Institutional Equities

TECHNICAL INDICATORS

Volume momentum analysis

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

Company	5-day average		Price Change (%)
	volumes	% increase	(1 month basis)
Ranbaxy Laboratories	8,351,839	202	17.1
Pantaloon Retail	1,148,063	138	0.0
Tata Power	1,395,216	117	4.1
Colgate-Palmolive (India)	231,961	113	1.8
Tata Motors	8,549,501	103	20.9
Mphasis BFL	1,909,504	101	(4.9)

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

Company	5-day average		Price Change (%)
	volumes	% decrease	(1 month basis)
Jagran Prakashan	35,938	(81)	(0.9)
Havells India	331,580	(79)	0.3
Mahindra Life Space Developer	39,659	(79)	6.6
Sun TV Network	179,094	(76)	0.7
Castrol India (a)	74,032	(71)	5.7
Sobha	160,719	(63)	(0.9)

Date	Sensex	Avg daily value traded	Institutional participation in total turnover	
		(US\$ mn)	FII%	MF%
Mar-09	9,709	3,374	11.8	4.1
Apr-09	11,403	4,624	10.5	3.4
May-09	14,625	5,235	13.3	3.5
Jun-09	14,494	6,380	9.8	3.4
Jul-09	15,670	5,049	11.5	3.8
Aug-09	15,667	4,759	10.3	3.5
Sep-09	17,126	5,035	12.4	3.5
Oct-09	15,896	5,079	13.9	4.0
Nov-09	16,926	4,589	11.2	3.5
Dec-09	17,465	4,616	11.3	3.8
Jan-10	16,358	4,793	13.3	3.8
Feb-10	16,430	3,545	12.3	3.7
Mar-10	16,972	5,116	12.9	3.7

Source: Bloomberg, Kotak Institutional Equities

EARNINGS MOMENTUM

- UPGRADES/DOWNGRADES IN EARNINGS IN PAST MONTH
- TOP CHANGES IN TARGET PRICES IN THE PAST MONTH
- CHANGES IN RATINGS IN THE PAST MONTH

CHANGES IN EARNINGS ESTIMATES

Changes in earnings estimates in the past one month

FY2010 earnings upgrades (KIE) (1 month)

Company	% Change
1 GMR Infrastructure	16.4
2 Sintex	4.3
3 Zee Entertainment Enterprises	3.0
4 Hexaware Technologies	2.5

FY2010 earnings downgrades (KIE) (1 month)

Company	% Change
1 Tata Steel	(71.1)
2 Ranbaxy Laboratories	(47.0)
3 ABB	(22.4)
4 IVRCL	(20.7)
5 Hindalco Industries	(19.6)
6 Cairn India	(10.4)
7 Castrol India (a)	(7.1)
8 Suzlon Energy	(7.1)
9 LIC Housing Finance	(6.8)
10 Sadbhav Engineering	(3.4)
11 GlaxoSmithkline Pharmaceuticals (a)	(1.7)
12 Sun Pharmaceuticals	(1.6)
13 ITC	(1.1)

FY2011 earnings upgrades (KIE) (1 month)

Company	% Change
1 GMR Infrastructure	17.5
2 Suzlon Energy	10.4
3 Patni Computer Systems	7.9
4 Sintex	4.6
5 GlaxoSmithkline Pharmaceuticals (a)	2.4
6 Mphasis BFL	2.2
7 Zee Entertainment Enterprises	0.9

FY2011 earnings downgrades (KIE) (1 month)

Company	% Change
1 Ranbaxy Laboratories	(30.3)
2 Hexaware Technologies	(23.6)
3 IVRCL	(19.1)
4 Cairn India	(15.0)
5 LIC Housing Finance	(14.7)
6 ABB	(9.3)
7 Hindalco Industries	(9.2)
8 Reliance Industries	(8.9)
9 Tata Power	(6.7)
10 Sadbhav Engineering	(5.6)
11 ITC	(4.9)
12 Tata Steel	(2.5)
13 Mahindra & Mahindra	(1.5)

Source: Kotak Institutional Equities estimates

CHANGES IN OUR TARGET PRICES

Changes in target prices in the past one month

Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	GlaxoSmithkline Pharmaceuticals	17.2	1,700	1,450
2	Union Bank	12.9	350	310
3	Sintex	10.7	310	280
4	Patni Computer Systems	9.8	450	410
5	Mahindra Life Space Developer	8.5	510	470
6	Ranbaxy Laboratories	4.8	220	210
7	Castrol India (a)	2.4	640	625

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Cairn India	(13.2)	230	265
2	ITC	(6.7)	280	300
3	ABB	(4.2)	690	720
4	Tata Steel	(2.8)	700	720
5	Mahindra & Mahindra	(1.6)	1,230	1,250
6	Reliance Industries	(1.1)	940	950

Source: Kotak Institutional Equities estimates

CHANGES IN OUR RATINGS

Changes in ratings over the past one month

Company name		Rating	
		Current	Previous
HDFC Bank	Upgraded	BUY	ADD
Jaiprakash Associates	Upgraded	BUY	ADD
Larsen & Toubro	Upgraded	BUY	ADD
Tata Power	Upgraded	BUY	ADD

Company name		Rating	
		Current	Previous
Cairn India	Downgraded	SELL	REDUCE
Castrol India (a)	Downgraded	REDUCE	ADD
Mundra Port and SEZ	Downgraded	ADD	BUY
Oil & Natural Gas Corporation	Downgraded	REDUCE	ADD
Oil India	Downgraded	REDUCE	ADD
Ranbaxy Laboratories	Downgraded	SELL	REDUCE

Source: Kotak Institutional Equities estimates

FLOWS

- TREND IN EQUITY FLOWS
- FII FLOWS IN OTHER EMERGING MARKETS
- IPO ANALYSIS
- BULK DEALS
- DELIVERY POSITION ANALYSIS
- NIFTY DELIVERY

TREND IN EQUITY FLOWS

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

	FII	MF
CY2000	1,462	(150)
CY2001	2,807	(1,112)
CY2002	751	(686)
CY2003	6,658	118
CY2004	8,382	(218)
CY2005	10,776	2,877
CY2006	8,632	3,590
CY2007	17,335	1,390
CY2008	(13,336)	3,022
CY2009	17,854	(1,230)
CY2010	567	(480)
Jan	(230)	(286)
Feb	464	(155)
Mar	333	(39)

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

	Index Futures	Stock Futures
CY2004	(91)	(796)
CY2005	(676)	(668)
CY 2006	345	(3,690)
CY2007	(772)	(11,600)
CY2008	4,013	1,238
CY2009	(1,560)	(2,232)
CY2010	(101)	347
Jan	(1,544)	(424)
Feb	1,266	632
Mar	177	139

Source: Bloomberg, Kotak Institutional Equities

FII FLOWS IN OTHER EMERGING MARKETS

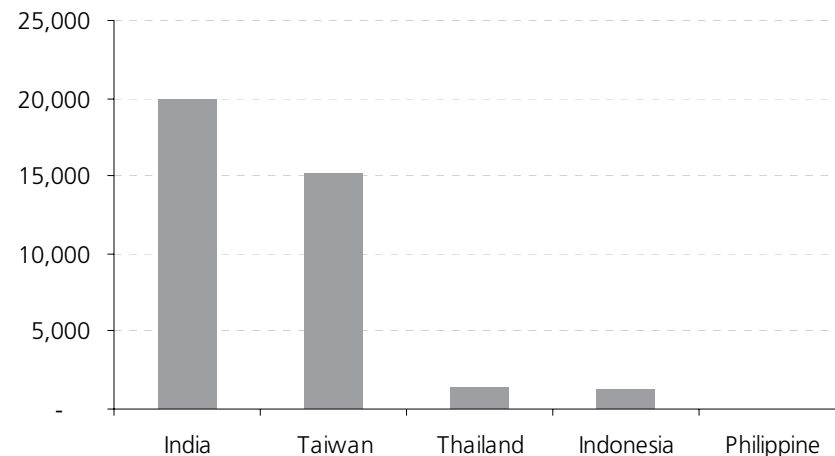
FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
1-Feb-10	(382.4)	(7.7)	(3.3)	(36.6)	(10.5)
2-Feb-10	(167.4)	12.5	5.7	(5.5)	2.4
3-Feb-10	(55.8)	(19.3)	2.6	35.0	105.5
4-Feb-10	(225.9)	14.0	3.5	37.2	(9.2)
5-Feb-10	(496.5)	(105.4)	(2.4)	(20.0)	(350.0)
8-Feb-10	(510.7)	(148.0)	(2.5)	(55.1)	(172.3)
9-Feb-10	(308.3)	(76.5)	7.4	(33.7)	(84.8)
10-Feb-10	(322.7)	7.4	15.6	18.5	(5.1)
11-Feb-10	-	12.7	2.7	(7.9)	75.5
15-Feb-10	-	153.2	8.4	(16.2)	46.9
16-Feb-10	-	13.2	1.0	(9.6)	55.6
17-Feb-10	-	56.0	10.0	5.8	266.0
18-Feb-10	-	18.6	6.0	17.3	(6.3)
19-Feb-10	-	(7.2)	3.7	(4.4)	63.1
22-Feb-10	111.1	(9.5)	4.3	29.4	8.6
23-Feb-10	21.8	(9.9)	2.3	53.6	161.3
24-Feb-10	(170.7)	(19.9)	(1.5)	49.1	133.2
25-Feb-10	(301.3)	(120.0)	(4.9)	57.7	(52.6)
26-Feb-10	(47.4)	-	(1.9)	35.4	236.7
2-Mar-10	-	42.1	2.2	134.3	333.5
Total	(2,856)	(194)	59	284	798

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
ARSS Infrastructure Projects	28	140	3,885	3/3/2010	737	815	427	482
Hathway Cables and Datacom	28	140	3,885	2/25/2010	208	214	48	53
DB Realty Ltd.	32	468	15,000	2/24/2010	456	458	(3)	(2)
Emmbi Polymers Ltd.	9	40	346	2/24/2010	29	26	(28)	(35)
Aqua Logistics Ltd.	7	220	1,512	2/23/2010	245	259	11	18
Thangamayil Jewellery Ltd.	4	75	288	2/19/2010	70	70	(6)	(6)
Syncom Healthcare Ltd.	8	75	563	2/15/2010	88	111	17	47
Vascon Engineers Ltd.	11	165	1,782	2/15/2010	148	134	(10)	(19)
Jubilant Foodworks Ltd.	23	145	3,287	2/8/2010	229	237	58	63
Infinite Computer Solutions	12	165	1,898	2/3/2010	192	195	16	18
MBL Infrastructures Ltd.	6	180	1,026	1/11/2010	207	228	15	26
DB Corp Ltd	18	212	3,853	1/6/2010	266	233	25	10
Godrej Properties	9	490	4,621	1/5/2010	537	518	10	6
JSW Energy Ltd	270	100	26,982	1/4/2010	101	106	1	6
Cox & Kings	18	330	6,104	12/11/2009	425	441	29	34
Astec Lifesciences	8	82	615	11/25/2009	84	53	2	(36)
Den Networks	19	195	3,621	11/24/2009	163	191	(16)	(2)
Indiabulls Power	340	45	15,291	10/30/2009	40	29	(12)	(35)
Thinksoft Global Services	4	125	456	10/26/2009	164	256	32	105
Euro Multivision	9	75	660	10/15/2009	54	28	(29)	(62)
Pipavav Shipyard	85	58	4,956	10/9/2009	57	56	(2)	(3)
Oil India	26	1,050	27,773	9/30/2009	1,141	1,140	9	9
Globus Spirits	8	100	750	9/23/2009	91	100	(9)	(1)
Jindal Cotex	12	75	934	9/22/2009	87	83	16	11
NHPC	1,677	36	60,385	9/1/2009	37	33	2	(8)
Adani Power	302	100	30,165	8/20/2009	100	107	0	7
Raj Oil Mills	10	120	1,140	8/12/2009	119	64	(1)	(46)
Excel Infoways	6	85	482	8/3/2009	96	44	13	(48)
Mahindra Holidays & Resorts	9	300	2,780	7/16/2009	317	472	6	57
Rishabhdev Technocable	9	33	297	6/29/2009	27	13	(18)	(62)
Edserv Softsystems	4	60	238	3/2/2009	138	273	130	354
Alkali Metals	3	103	263	11/6/2008	173	105	68	2
Chemcel Bio-Tech	15	16	246	10/13/2008	5	8	(67)	(50)
20 Microns	4	55	239	10/6/2008	34	41	(39)	(25)
Resurgere Mines & Minerals	4	270	1,202	9/1/2008	534	94	98	(65)
Nu Tek India	5	192	864	8/27/2008	199	33	4	(83)
Vishal Information Technolog	3	150	419	8/11/2008	13	10	(91)	(93)
Birla Cotsyn (India)	103	14	1,442	7/30/2008	1	1	(93)	(93)
Somi Conveyor Beltings	6	35	218	7/24/2008	26	14	(26)	(61)
Ksk Energy Ventures	35	240	8,307	7/14/2008	192	178	(20)	(26)
Lotus Eye Care Hospital	10	38	380	7/11/2008	36	28	(6)	(28)
First Winner Industries	6	125	688	7/8/2008	89	23	(29)	(82)
Archdipl Industries	7	74	490	7/4/2008	51	34	(31)	(54)
Avon Corporation	14	10	137	7/3/2008	12	7	19	(29)

Source: Bloomberg, Kotak Institutional Equities

Forthcoming IPO/Follow on offerings

Company Name	Issue
Jindal Power Ltd.	IPO
Sterlite Energy Ltd.	IPO
Reliance Infratel Ltd.	IPO
Emaar Mgf Land Ltd.	IPO
Sahara Prime City Ltd.	IPO
Lodha Developers Ltd.	IPO
Ambience Ltd.	IPO
Jaypee Infratech Ltd.	IPO
BPTP Ltd.	IPO
Oberoi Realty Ltd.	IPO
Prestige Estates Projects Ltd.	IPO
IL&FS Transportation Networks Ltd.	IPO
Glenmark Generics Ltd.	IPO
Gujarat Pipavav Port Ltd.	IPO
Neptune Developers Ltd.	IPO
Dq Entertainment (International) Ltd.	IPO
Nitesh Estates Ltd.	IPO
Kumar Urban Development Ltd.	IPO
Great Eastern Energy Corp.Ltd.	IPO
Indosolar Ltd.	IPO
Eros International Media Ltd.	IPO
Shree Ganesh Jewellery House Ltd.	IPO
Ashoka Buildcon Ltd.	IPO
BS Transcomm Ltd.	IPO
Parabolic Drugs Ltd.	IPO
Tara Health Foods Ltd.	IPO
Amr Constructions Ltd.	IPO
P.N.C.Infratech Ltd.	IPO
Pradip Overseas Ltd.	IPO
Goenka Diamond & Jewels Ltd.	IPO
Persistent Systems Ltd.	IPO
Mandhana Industries Ltd.	IPO
Radiant Info Systems Ltd.	IPO

Source: Prime Database

BULK DEALS

Major bulk deals

Date	Company	Action	Quantity	Price	Value (Rs mn)	Exchange
24-Feb-10	DB Realty	BUY	1,539,695	435	670	BSE
2-Mar-10	Tulip Telecom	BUY	567,721	937	532	BSE
2-Mar-10	Tulip Telecom	SELL	567,721	937	532	BSE
25-Feb-10	Tata Chemicals	SELL	1,288,580	279	360	NSE
26-Feb-10	Indiabulls Financial Services	SELL	2,010,000	103	208	NSE
25-Feb-10	Bajaj Hindusthan	SELL	1,290,000	151	194	NSE
24-Feb-10	Ackruti City	SELL	381,913	490	187	BSE
3-Mar-10	ARSS Infra Projects	BUY	160,000	689	110	NSE
26-Feb-10	Spicejet	BUY	1,600,000	57	91	BSE
25-Feb-10	Orchid Chemicals	SELL	426,300	163	69	NSE
24-Feb-10	ISMT	SELL	1,000,000	51	51	BSE
2-Mar-10	Tricom India Limited	BUY	348,062	14	5	NSE
24-Feb-10	Fact Enterprise	SELL	110,000	27	3	BSE

Source: BSE, NSE

DELIVERY POSITIONS

Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Oil India Ltd	47	92
Dishman Pharmaceuticals & Ch	24	66
Colgate Palmolive (India)	55	92
Cesc Ltd	40	72
Pantaloon Retail India Ltd	52	81
Sun Tv Network Ltd	32	61
Ultratech Cement Ltd	55	83
Bharti Airtel Ltd	34	61
Piramal Healthcare Ltd	40	64

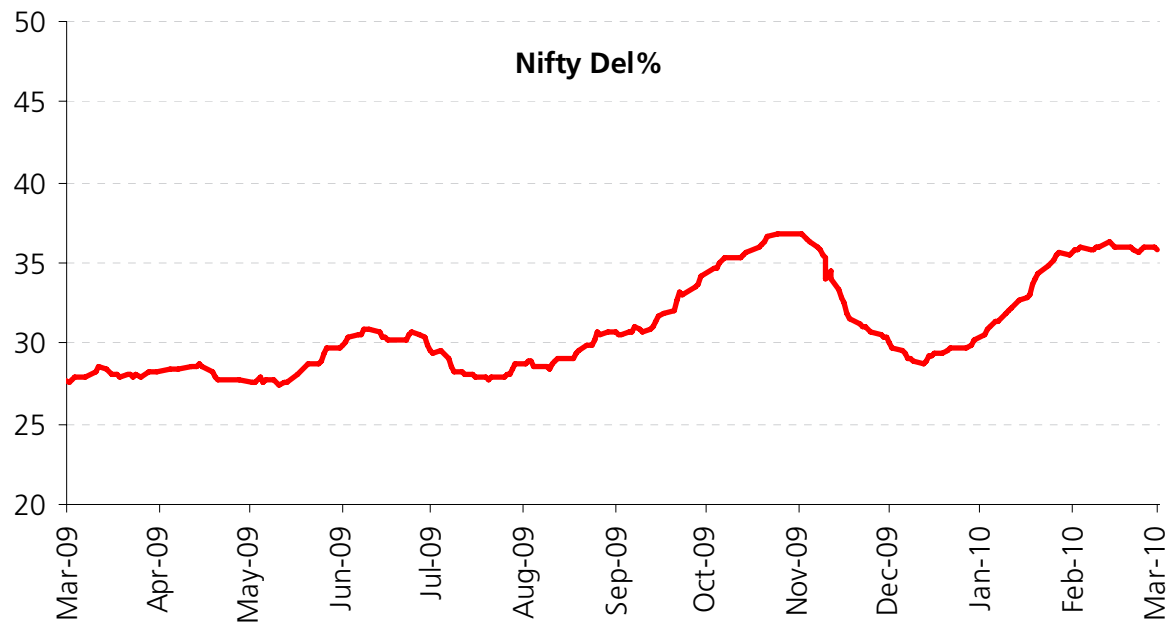
Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Zee News Ltd	66	24
Wipro Ltd	65	27
Ht Media Ltd	57	24
Power Finance Corporation	76	43
Dr. Reddy'S Laboratories	78	46
Bajaj Hindusthan Ltd	52	22
Indiabulls Real Estate Ltd	40	10
Rural Electrification Corp	40	12
Jagran Prakashan Limited	65	38

Source: Bloomberg, Kotak Institutional Equities

NIFTY DELIVERY

Nifty delivery percentage

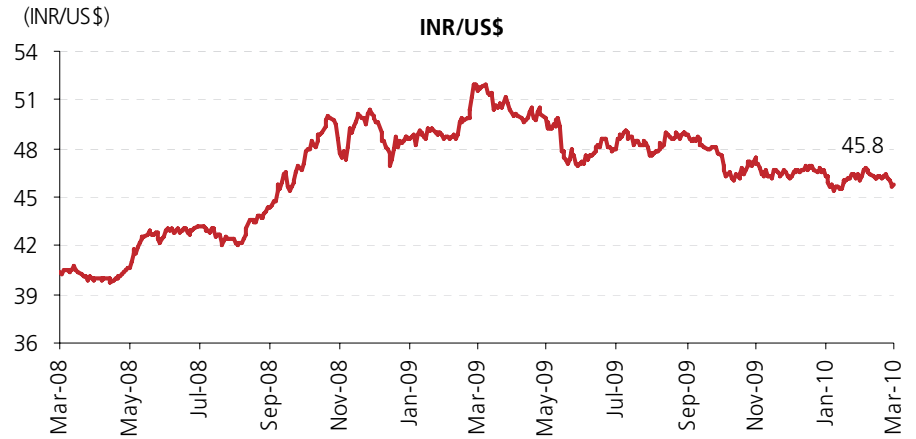
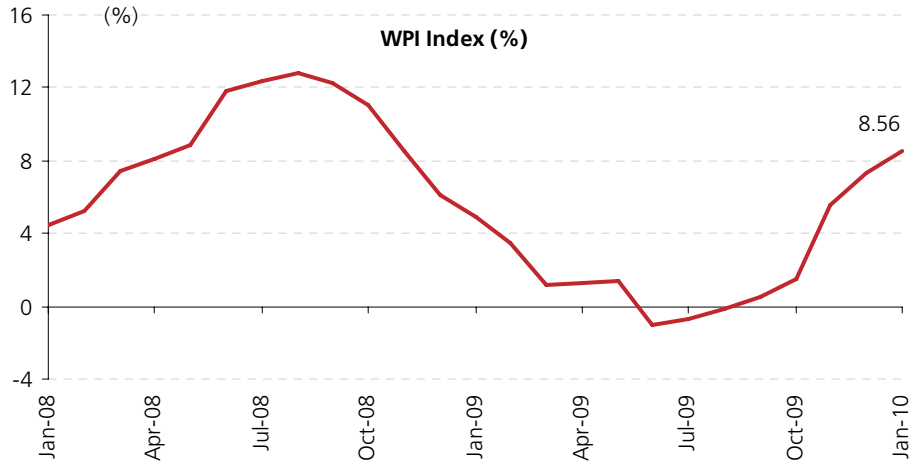
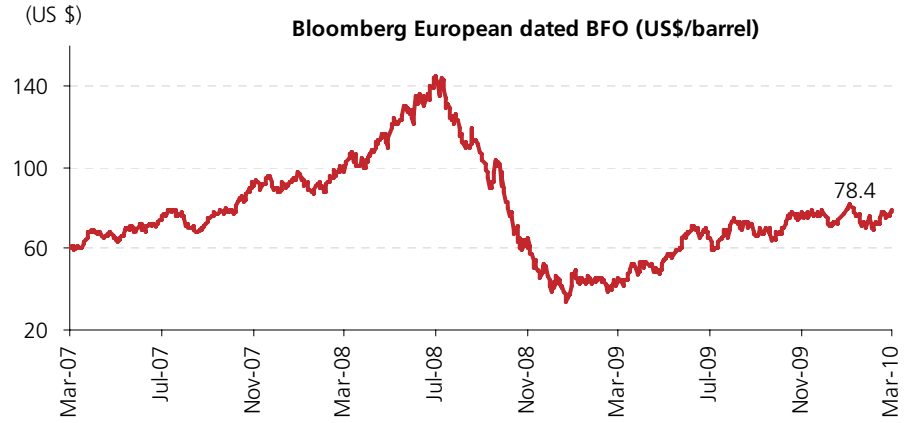
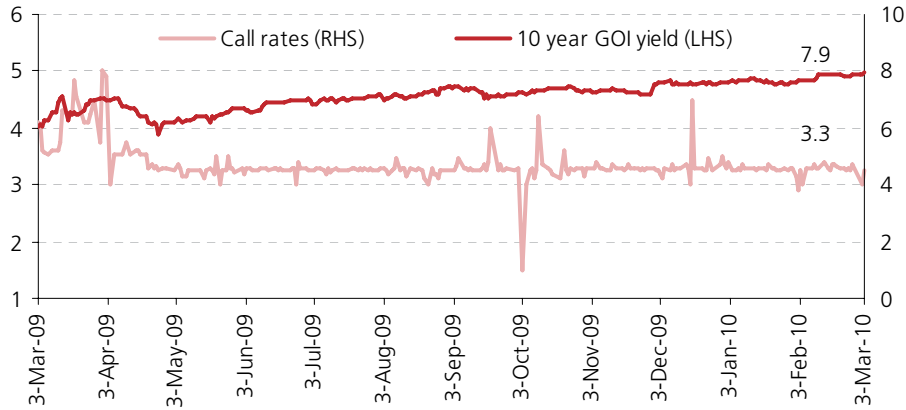


Source: Bloomberg, Kotak Institutional Equities

ECONOMIC INDICATORS

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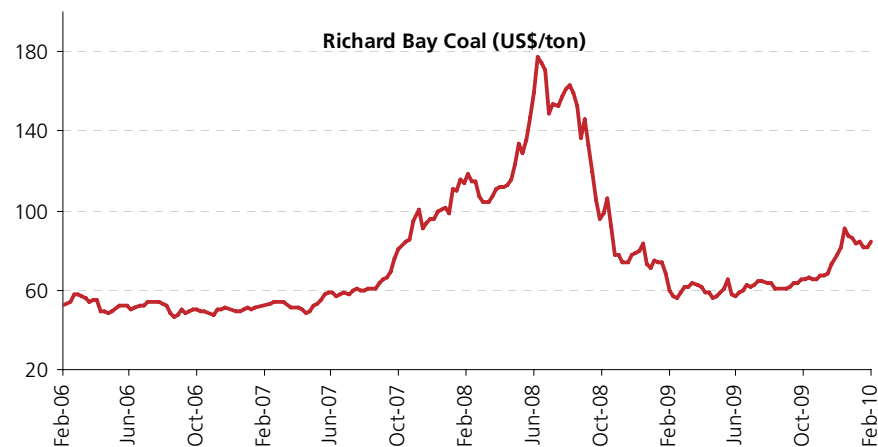
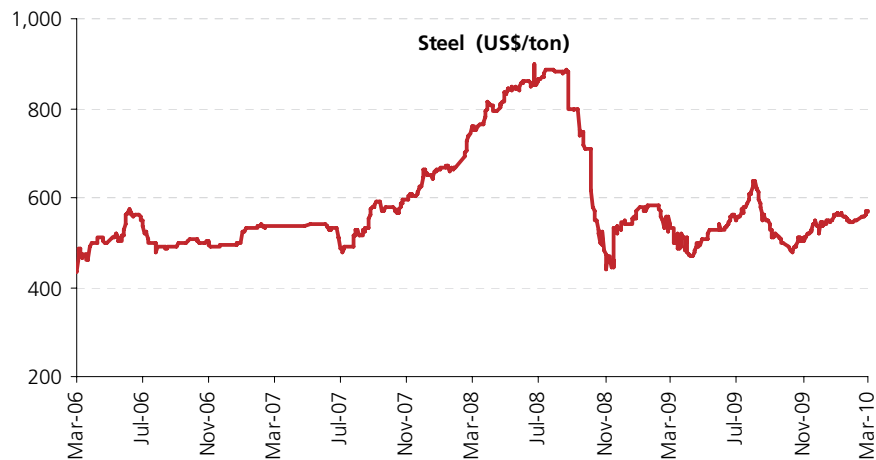
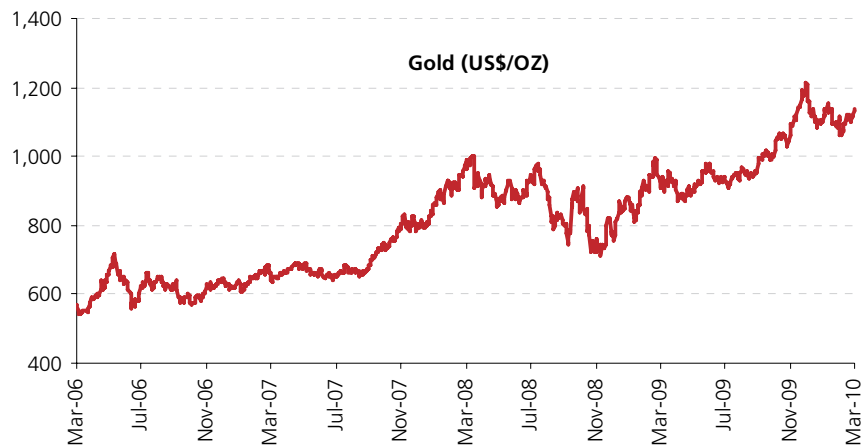
Key economic parameters



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

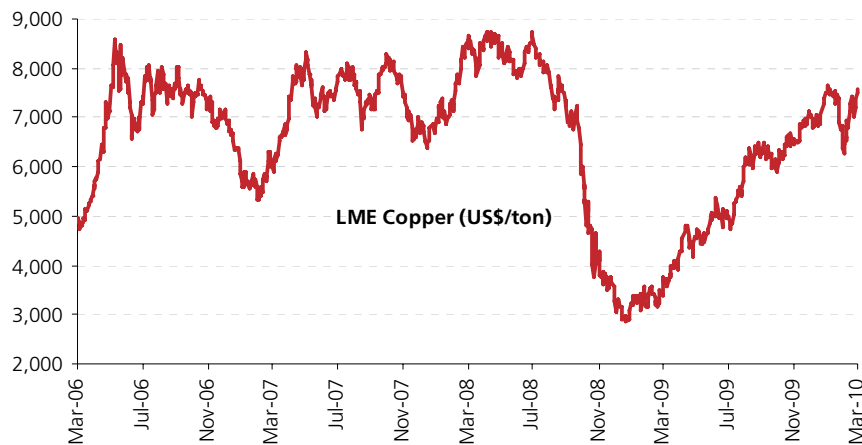
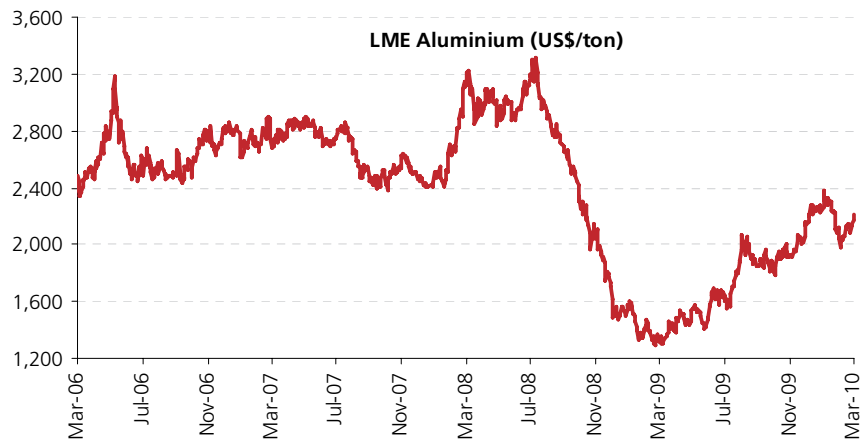
Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

Prices of key commodities



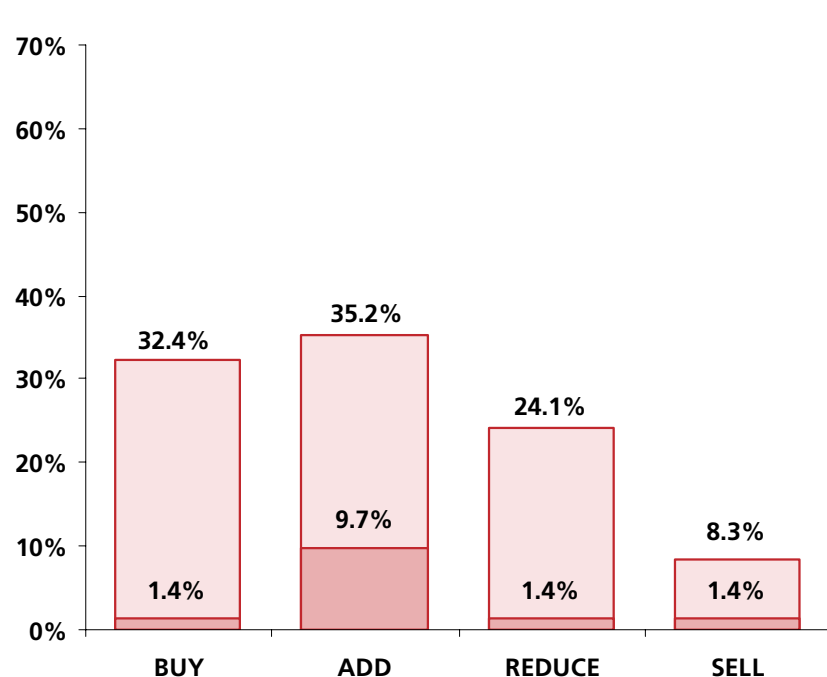
Source: Bloomberg, Kotak Institutional Equities

KOTAK VALUATION SUMMARY

DISCLOSURES

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



- Percentage of companies covered by Kotak Institutional Equities, within the specified category.
- Percentage of companies within each category for which Kotak Institutional Equities and/or its affiliates has provided investment banking services within the previous 12 months.

* The above categories are defined as follows: 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. These ratings are used illustratively to comply with applicable regulations. As of 31/12/2009 Kotak Institutional Equities Investment Research had investment ratings on 145 equity securities.

Source: Kotak Institutional Equities

As of December 31, 2009

Kotak Securities company-specific disclosures

Kotak Securities Limited and or its affiliates have received during the last 12 months compensation for investment banking services from the following companies, Mahindra & Mahindra Limited, Tata Motors Limited, Pantaloon Retail.

RATINGS AND OTHER DEFINITIONS/IDENTIFIERS

New rating system

Definitions of ratings

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

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

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

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

Old rating system

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

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

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

Other definitions

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

Other ratings/identifiers

NR = Not Rated. The investment rating and target price, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

CS = Coverage Suspended. Kotak Securities has suspended coverage of this company.

NC = Not Covered. Kotak Securities does not cover this company.

RS = Rating Suspended. Kotak Securities Research has suspended the investment rating and price target, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA = Not Available or Not Applicable. The information is not available for display or is not applicable.

NM = Not Meaningful. The information is not meaningful and is therefore excluded.

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