

November 4, 2011

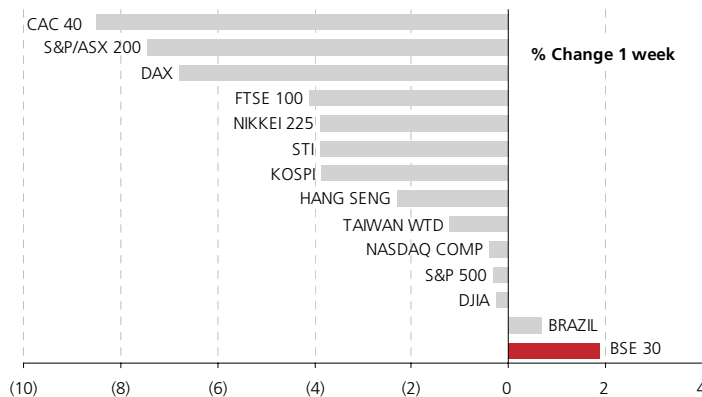
BSE-30: 17,482

Weak trends continue. During the past week, the BSE-30 Index lost 323 points (-1.8%) to close at 17,482. The downside was largely led by ICICI Bank, Tata Motors and Infosys, which together contributed 150 points to the Index fall. The markets continued to trade on a weak note on the back of weak global cues and profit booking. DIIs remained net sellers, divesting US\$389 mn from Indian equities, while FIIs remained net buyers, accounting for India inflows of US\$720 mn in the past five trading sessions.

Market highlights for the week ending Thursday, November 3, 2011

- Largest gainers: Bank of Baroda (+14%), PFC (+13.3%), Thermax (+13%)
- Largest losers: India Infoline (-7%), Eros International (-7%), ABB (-5%)

Relative performance of global indices (% Change 1 week)



Note:
Returns are adjusted for currency changes

Source: Bloomberg, Kotak Institutional Equities

Flows in emerging markets

Date	Korea	Taiwan	Indonesia	Philippines	Thailand	India
Investments in past week (US\$ mn)						
25-Oct-11	294	240	22	0	194	92
28-Oct-11	384	808	93	24	120	483
31-Oct-11	78	10	(0)	-	37	99
1-Nov-11	136	134	(7)	-	51	7
2-Nov-11	(333)	(184)	(18)	14	(73)	39
Total	559	1,009	89	38	328	720

Source: Bloomberg, SEBI, Kotak Institutional Equities

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OUR TOP RECOMMENDATIONS

Kotak Institutional Equities, Top-10, March fiscal year-ends, 2011-13E

Companies	Sector	Rating	Mkt cap. (US\$ mn)	CMP (Rs)	Target (Rs)	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
						2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E
HDFC Bank	Banking	ADD	22,807	482	560	16.9	22.0	28.1	28.5	21.9	17.2	—	—	—
ICICI Bank	Banking	BUY	20,579	878	1,100	44.7	56.9	60.0	19.6	15.4	14.6	—	—	—
Infosys Technologies	Technology	BUY	32,728	2,802	3,300	119.7	145.6	175.0	23.4	19.2	16.0	16.0	13.0	10.4
ITC	Consumers	ADD	32,851	210	230	6.4	7.9	9.0	32.8	26.8	23.5	21.8	18.2	15.8
Mahindra & Mahindra	Automobiles	ADD	10,491	840	900	41.7	46.9	52.2	20.1	17.9	16.1	15.4	13.0	11.5
State Bank of India	Banking	BUY	24,999	1,935	2,750	130.2	195.6	256.1	14.9	9.9	7.6	—	—	—
Sterlite Industries	Metals & Mining	BUY	8,272	121	165	15.2	12.9	13.9	8.0	9.3	8.7	5.0	4.3	3.5
Tata Steel	Metals & Mining	BUY	9,126	462	625	75.3	68.7	76.9	6.1	6.7	6.0	5.9	6.1	5.2
TCS	Technology	BUY	44,007	1,105	1,260	44.5	54.5	66.6	24.8	20.3	16.6	18.8	14.4	11.6
PSU bank basket														
Bank of Baroda	Banking	BUY	6,570	822	1,100	108.0	110.1	127.0	7.6	7.5	6.5	—	—	—
Punjab National Bank	Banking	BUY	6,368	988	1,350	140.0	157.0	181.8	7.1	6.3	5.4	—	—	—
BSE-30				17,482										

Source: Company, Bloomberg, Kotak Institutional Equities estimates

OUR MODEL PORTFOLIO

Kotak Institutional Equities Model Portfolio

Company	03-Nov		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	(bps)
Bajaj Auto	1,728	SELL	1.7	—	(170)
Hero Motocorp	2,071	SELL	1.6	—	(159)
Mahindra & Mahindra	840	ADD	2.8	4.3	150
Maruti Suzuki	1,130	ADD	1.2	1.2	—
Tata Motors	189	ADD	2.7	1.7	(100)
Automobiles			10.0	7.2	(278)
Bank of Baroda	822	BUY	—	2.0	200
Punjab National Bank	988	BUY	—	1.0	100
State Bank of India	1,935	BUY	4.0	4.0	—
PSU Banking			4.0	7.0	300
HDFC	683	REDUCE	6.7	5.7	(100)
HDFC Bank	482	ADD	6.5	8.0	150
ICICI Bank	878	BUY	7.4	8.9	150
Mahindra & Mahindra Financial	660	BUY	—	1.0	100
Pvt. Banking/Financing			20.5	23.5	300
Jaiprakash Associates	78	BUY	0.6	0.6	—
Cement			0.6	0.6	—
Hindustan Unilever	382	ADD	2.6	1.6	(100)
ITC	210	ADD	7.7	9.2	150
Consumers			10.3	10.8	50
Oil & Natural Gas Corporation	278	BUY	3.4	5.4	200
Reliance Industries	886	ADD	9.8	10.8	104
Energy			13.2	16.2	304
Bharat Heavy Electricals	329	REDUCE	2.1	—	(208)
Larsen & Toubro	1,380	REDUCE	6.4	2.4	(400)
Industrials/Construction			8.4	2.4	(608)

Company	03-Nov		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	(bps)
Zee Entertainment Enterpris	124	BUY	—	1.0	100
Media			—	1.0	100
Coal India	326	ADD	1.7	3.2	150
Hindalco Industries	136	ADD	1.4	—	(140)
Jindal Steel and Power	565	REDUCE	1.7	—	(166)
Sterlite Industries	121	BUY	1.5	3.0	150
Tata Steel	462	BUY	2.3	3.3	100
Metals & Mining			8.5	9.5	94
Cipla	291	REDUCE	1.1	—	(107)
Sun Pharmaceuticals	504	ADD	1.5	1.5	—
Pharmaceuticals			2.5	1.5	(107)
DLF	246	BUY	0.6	0.6	—
Real estate			0.6	0.6	—
Infosys Technologies	2,802	BUY	8.4	9.9	150
TCS	1,105	BUY	4.4	5.9	150
Wipro	371	ADD	1.5	—	(150)
Technology			14.3	15.8	150
Bharti Airtel	393	ADD	3.7	2.2	(150)
Telecom			3.7	2.2	(150)
NTPC	178	REDUCE	2.1	—	(205)
Tata Power	105	BUY	1.2	1.7	50
Utilities			3.3	1.7	(155)
BSE-30	17,482		100.0	100.0	—

(a) Weights are with respect to September 16, 2011 prices.

Source: Company, Kotak Institutional Equities estimates

SENSEX VALUATION SUMMARY

Valuation summary of BSE-30 sectors, March fiscal year-ends, 2011-13E

	Mkt-cap. (US\$ mn)	EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2011	2012E	2011	2012E
Automobiles	48,489	90.4	(3.4)	11.5	12.9	13.3	12.0	8.5	8.8	7.8	4.4	3.6	2.3	1.8	34.4	26.9
Banking	88,785	10.1	34.9	22.5	20.9	15.5	12.6	—	—	—	2.7	2.4	1.3	1.6	12.8	15.4
Consumers	49,647	16.7	20.2	15.8	34.2	28.4	24.6	24.6	20.3	17.2	12.6	10.9	2.1	2.1	36.8	38.2
Diversified	3,386	230.5	3.9	15.6	13.0	12.5	10.8	12.1	10.4	9.9	1.5	1.4	—	—	11.9	11.2
Energy	102,124	15.3	32.5	6.1	12.1	9.2	8.6	5.8	4.4	3.8	1.6	1.4	2.0	2.6	13.3	15.6
Industrials	33,495	30.1	8.2	10.0	16.2	15.0	13.7	11.8	10.0	9.2	3.5	2.9	1.5	1.3	21.8	19.3
Metals & Mining	75,274	42.1	14.4	14.4	12.6	11.0	9.6	7.7	6.8	5.9	2.4	2.0	1.2	1.7	19.0	18.3
Pharmaceuticals	15,370	15.3	17.3	17.6	26.9	23.0	19.5	23.0	17.5	14.5	4.4	3.8	0.8	0.9	16.5	16.6
Property	8,570	(14.5)	31.3	31.8	27.3	20.8	15.8	17.3	13.6	10.3	1.6	1.5	0.8	1.0	5.9	7.3
Technology	95,250	18.1	17.7	20.3	22.4	19.0	15.8	16.3	13.1	10.7	6.2	5.2	1.7	1.7	27.8	27.2
Telecom	30,399	(32.6)	14.5	53.7	24.7	21.6	14.0	10.5	8.2	6.2	3.1	2.7	—	—	12.4	12.4
Utilities	35,175	6.8	6.1	10.0	15.9	14.9	13.6	11.9	11.4	10.4	2.1	1.9	2.0	1.9	13.1	12.7
BSE-30 Index	585,964	21.5	19.2	14.9	16.8	14.1	12.3	9.7	8.2	7.1	2.9	2.5	1.6	1.7	16.9	17.5
BSE-30 ex-Energy	483,841	23.6	15.0	18.1	18.4	16.0	13.5	11.6	10.1	8.6	3.4	2.9	1.5	1.5	18.5	18.4
BSE-30 ex-Energy, Com.	408,567	19.1	15.2	19.2	20.1	17.4	14.6	13.2	11.5	9.7	3.7	3.2	1.6	1.5	18.4	18.4
BSE-30 ex-Technology	490,715	22.0	19.4	14.1	16.1	13.5	11.8	9.0	7.7	6.7	2.6	2.3	1.6	1.7	16.1	16.7

Note:

(1) EV/EBITDA excludes banks.

Source: Company, Kotak Institutional Equities estimates

NIFTY VALUATION SUMMARY

Valuation summary of Nifty sectors, March fiscal year-ends, 2011-13E

	Mkt cap. (US\$ mn)	EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)		Div yield (%)		RoE (%)	
		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2011	2012E	2011	2012E
Automobiles	48,489	90.4	(3.4)	11.5	12.9	13.3	12.0	8.5	8.8	7.8	4.4	3.6	2.3	1.8	34.4	26.9
Banking	108,755	13.2	29.1	21.0	17.8	13.8	11.4	—	—	—	2.5	2.2	1.4	1.6	14.1	16.0
Consumers	49,647	16.7	20.2	15.8	34.2	28.4	24.6	24.6	20.3	17.2	12.6	10.9	2.1	2.1	36.8	38.2
Cement	14,166	(21.1)	5.4	14.6	15.9	15.1	13.2	9.1	7.7	6.4	2.4	2.1	1.7	1.6	14.9	14.1
Diversified	3,386	230.5	3.9	15.6	13.0	12.5	10.8	12.1	10.4	9.9	1.5	1.4	—	—	11.9	11.2
Energy	129,430	25.0	31.1	6.5	12.1	9.2	8.6	6.2	4.9	4.2	1.6	1.5	1.8	2.4	13.6	15.8
Industrials	39,365	30.7	9.6	10.2	17.8	16.2	14.7	12.6	10.6	9.7	3.9	3.2	1.3	1.2	21.9	19.6
Metals & Mining	79,113	44.2	10.5	13.1	11.5	10.5	9.2	7.3	6.6	5.7	2.3	1.9	1.2	1.7	20.1	18.6
Property	8,570	(14.5)	31.3	31.8	27.3	20.8	15.8	17.3	13.6	10.3	1.6	1.5	0.8	1.0	5.9	7.3
Pharmaceuticals	25,470	98.4	(3.8)	18.7	22.2	23.1	19.5	19.8	17.2	14.1	4.6	3.9	0.6	0.7	20.7	16.9
Telecom	34,012	(46.0)	1.2	57.3	22.6	22.4	14.2	9.2	7.8	6.1	1.9	1.7	—	—	8.3	7.7
Technology	101,535	18.8	19.6	20.1	22.2	18.5	15.4	15.9	12.6	10.3	6.0	4.9	1.7	1.7	26.9	26.6
Utilities	43,336	6.5	6.6	10.4	16.1	15.1	13.7	13.8	12.4	10.2	1.7	1.6	1.8	1.6	10.7	10.6
NIFTY	685,274	21.6	17.5	14.6	16.1	13.7	12.0	9.9	8.4	7.3	2.6	2.3	1.5	1.7	16.3	16.7
NIFTY ex-Energy	555,843	20.5	12.8	17.8	17.5	15.5	13.2	11.7	10.3	8.7	3.1	2.7	1.5	1.5	17.5	17.2
NIFTY ex-Energy ex Com	476,730	15.2	13.5	19.0	19.1	16.9	14.2	13.4	11.6	9.7	3.2	2.8	1.5	1.5	16.9	16.8

Note:

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

Source: Company, Kotak Institutional Equities estimates

GLOBAL VALUATION SUMMARY

Valuation summary of global indices

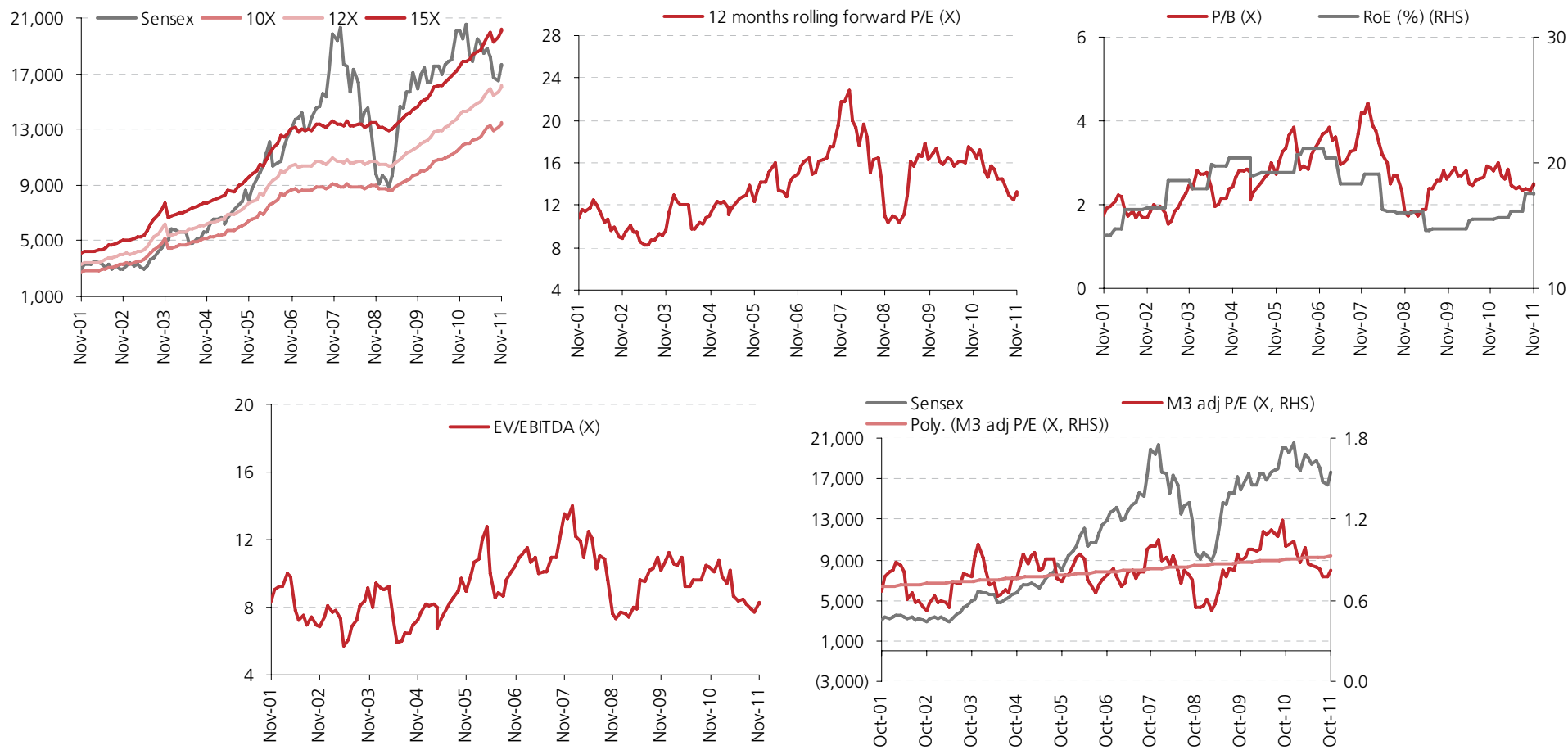
Country	Index	P/E (X)			Earnings growth (%)			P/B (X)		
		2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E
Brazil	MSCI BRAZIL	9.3	8.8	8.1	28.9	5.9	8.1	1.3	1.3	1.2
China	MSCI CHINA	10.3	9.2	8.2	34.0	13.2	11.9	1.7	1.5	1.3
France	MSCI FRANCE	9.7	9.3	8.7	39.2	4.7	7.1	1.1	1.0	1.0
Germany	MSCI GERMANY	9.7	9.6	8.8	103.0	1.2	9.0	1.3	1.2	1.1
Hong Kong	MSCI HONG KONG	14.4	12.1	13.5	35.8	19.5	(10.3)	1.3	1.2	1.1
India	MSCI INDIA	15.9	14.2	12.3	25.4	10.0	15.8	2.7	2.3	2.0
Indonesia	MSCI INDONESIA	17.3	14.4	12.5	21.7	20.4	15.2	4.3	3.5	3.0
Japan	MSCI JAPAN	15.0	13.2	10.8	52.2	13.1	21.4	1.0	0.9	0.9
Korea	MSCI KOREA	11.3	9.9	8.8	43.0	13.0	12.5	1.4	1.3	1.2
Malaysia	MSCI MALAYSIA	16.5	15.2	13.5	27.6	9.7	12.4	2.2	2.1	1.9
Mexico	MSCI MEXICO	21.2	23.7	14.0	(8.7)	(10.9)	69.0	3.5	2.4	2.2
Philippines	MSCI PHILIPPINES	16.2	15.1	13.4	30.6	7.2	12.5	2.7	2.5	2.2
Russia	MSCI RUSSIA	6.0	4.8	5.0	40.4	24.8	(3.9)	0.9	0.2	0.7
Singapore	MSCI SINGAPORE	12.8	12.8	11.9	26.9	1.1	7.1	1.6	1.4	1.3
Taiwan	MSCI TAIWAN	13.2	16.3	13.0	83.3	(19.6)	25.3	1.7	1.7	1.6
Thailand	MSCI THAILAND	12.4	10.5	9.4	33.1	17.6	11.7	2.1	1.8	1.6
UK	MSCI UNITED KINGDOM	11.5	10.0	9.1	40.9	14.9	9.6	1.7	1.5	1.4
US	MSCI UNITED STATES	15.0	12.9	11.6	47.4	15.5	11.1	2.1	1.9	1.8
EM	MSCI EM (EMERGING MARKETS)	11.3	10.3	9.2	34.1	9.6	12.5	1.6	1.2	1.4
EM Asia	MSCI EM ASIA	12.2	11.3	9.9	41.2	7.6	14.2	1.7	1.6	1.5

Source: Thomson Reuters, Kotak Institutional Equities

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, Nov 2001- current



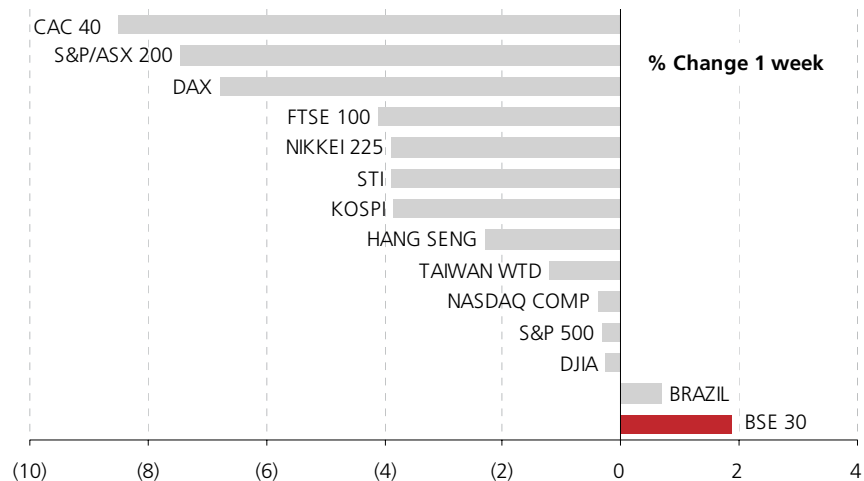
Source: BSE, RBI, Kotak Institutional Equities

MARKET PERFORMANCE

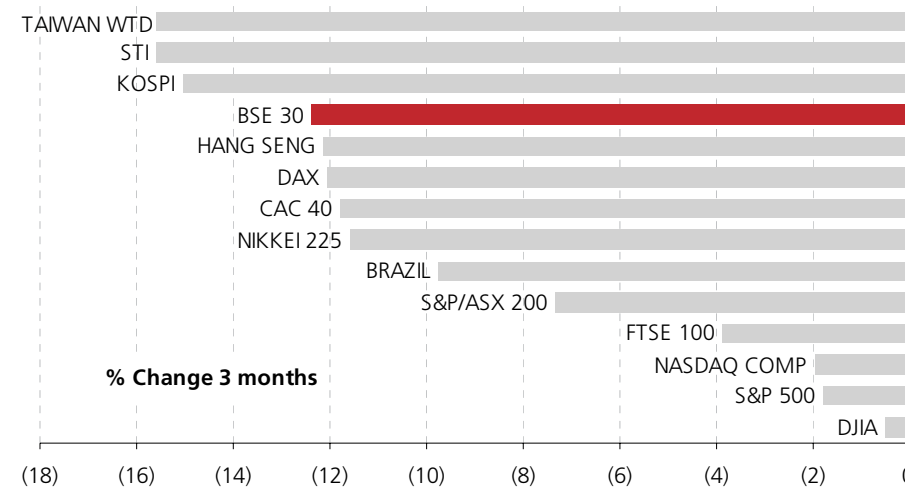
- PERFORMANCE OF GLOBAL INDICES
- PERFORMANCE OF BENCHMARK INDICES
- PERFORMANCE OF SECTOR INDICES
- PRICING PERFORMANCE OF SENSEX SECTORS
- TOP GAINERS AND LOSERS (STOCKS UNDER KOTAK COVERAGE)
- TECHNICAL INDICATORS

BSE-SENSEX VERSUS GLOBAL INDICES

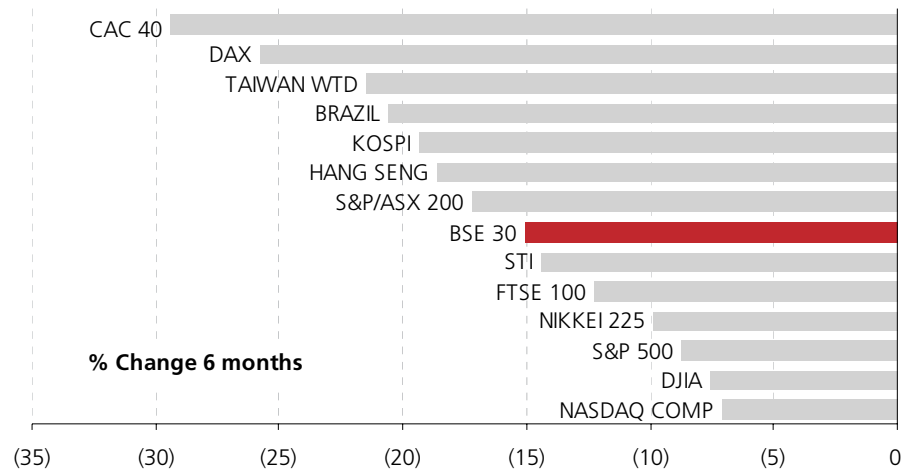
Weekly performance



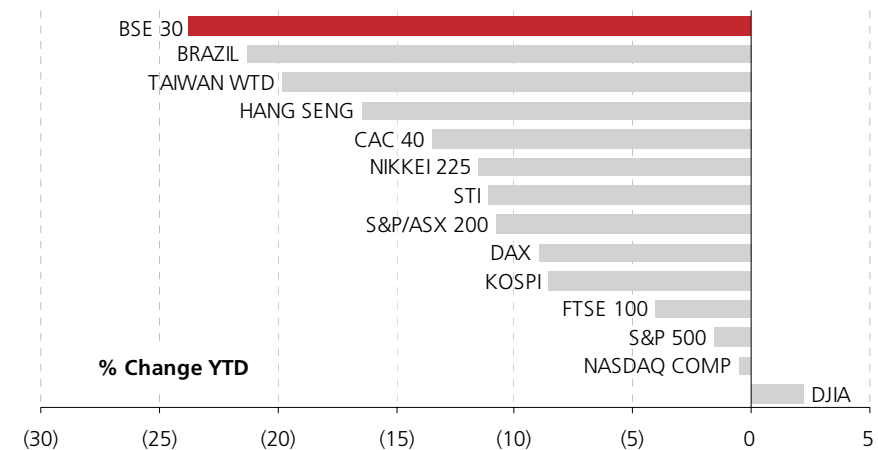
3-month performance



6-month performance



CYTD performance



Note:

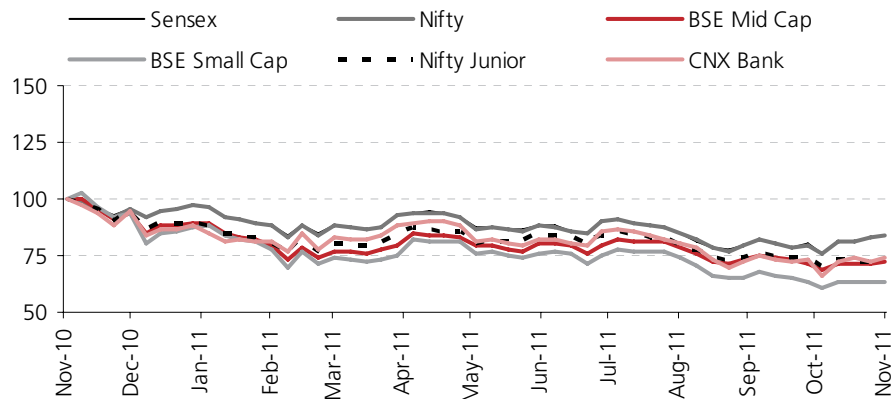
(a) Returns are adjusted for the currency changes

Source: Bloomberg, Kotak Institutional Equities

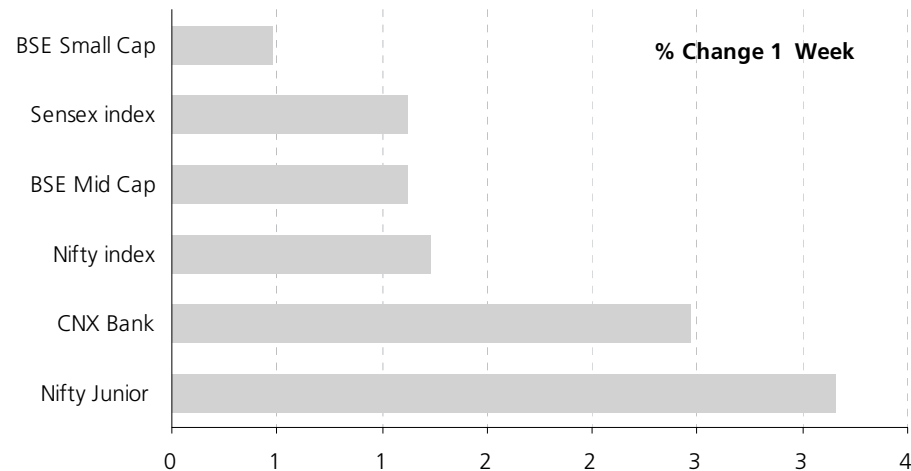
RELATIVE PERFORMANCE OF INDIAN MARKETS

Key performance of benchmark indices

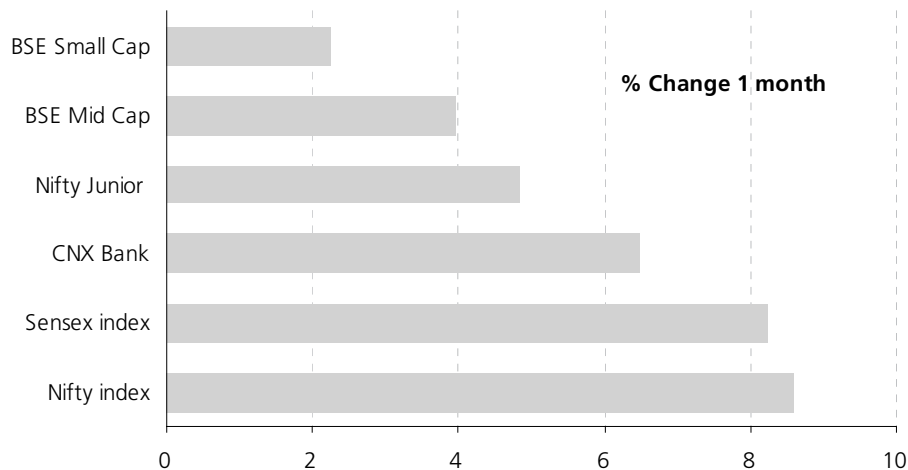
(base 100 as of Nov 2010)



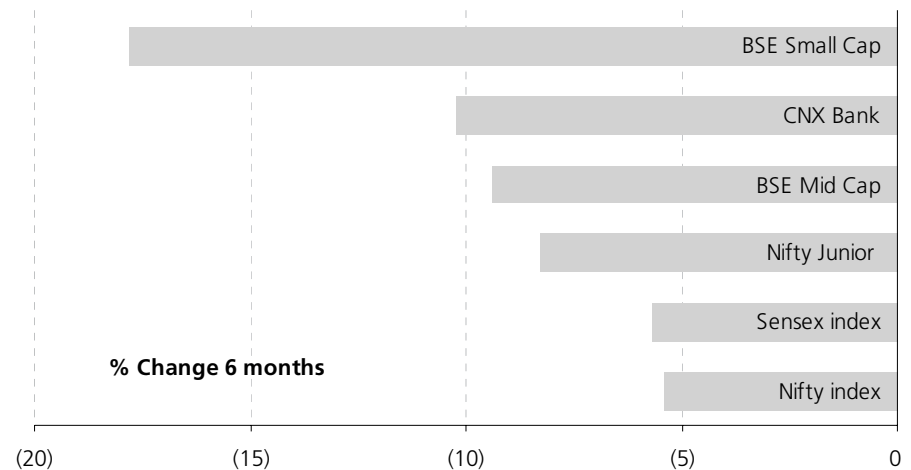
Weekly performance of the benchmark indices



1-month performance of the benchmark indices



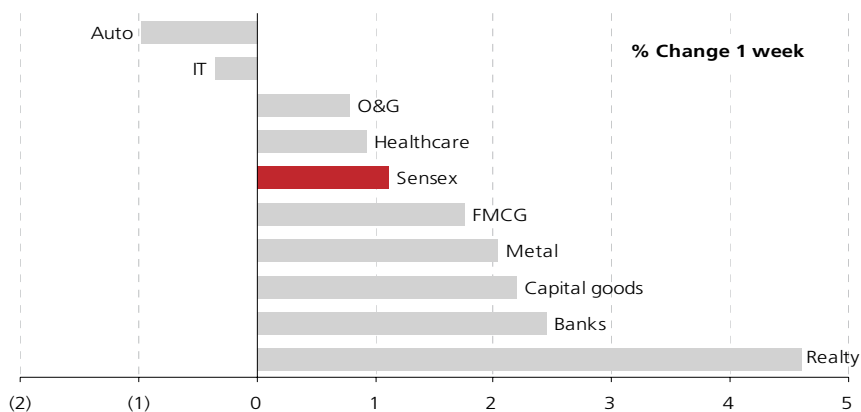
6-month performance of the benchmark indices



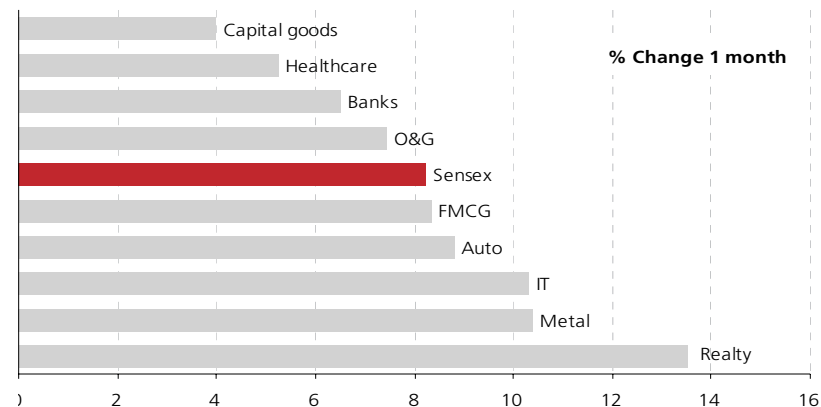
Source: Bloomberg, Kotak Institutional Equities

SECTORAL INDICES PERFORMANCE

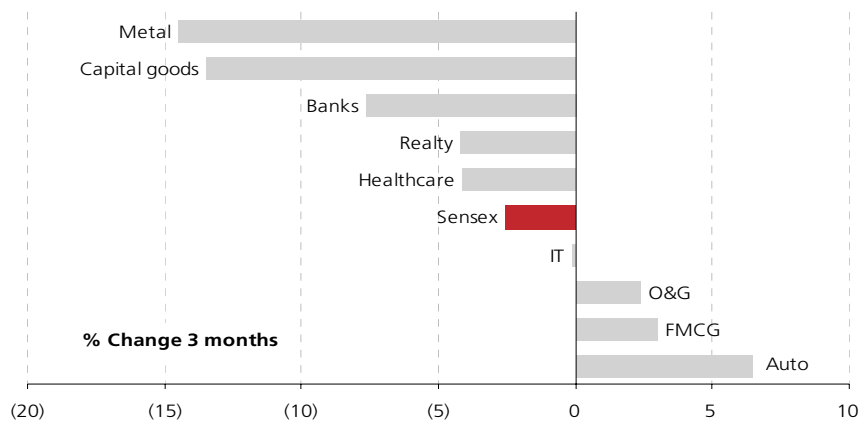
1-week performance



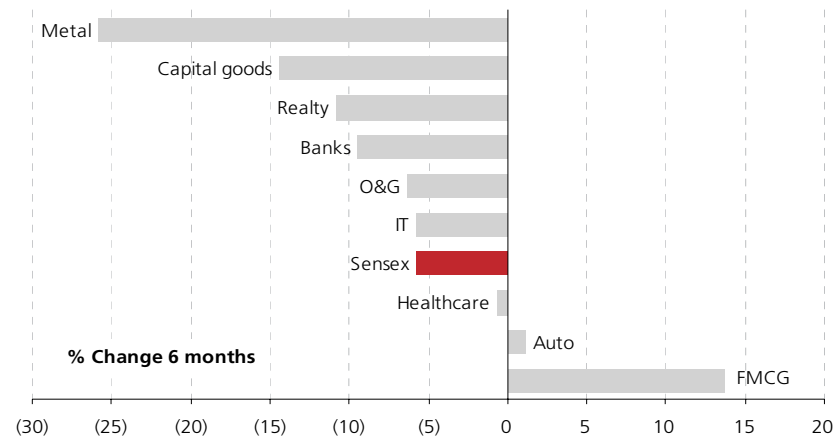
1-month performance



3-month performance



6-month performance



Source: Bloomberg, BSE, Kotak Institutional Equities

SECTORAL PERFORMANCE

Market performance of Sensex sectors

Company	Mkt cap (US\$ m)	Change (%)				Relative Change (%)			
		1-Day	1-mo	6-mo	1-Year	1-Day	1-mo	6-mo	1-Year
Automobiles	48,489	(0.5)	13.0	5.5	(7.1)	(0.6)	2.6	11.5	11.0
Banking	88,785	0.1	8.7	(11.0)	(25.2)	0.0	(1.3)	(6.0)	(10.6)
Consumers	49,647	(0.4)	12.1	21.0	22.4	(0.5)	1.7	27.8	46.2
Diversified	3,386	2.1	14.2	(8.9)	(39.0)	2.0	3.6	(3.7)	(27.1)
Energy	102,124	0.7	10.1	(8.3)	(19.3)	0.6	(0.1)	(3.1)	(3.6)
Industrials	33,495	1.7	2.6	(14.7)	(35.7)	1.6	(6.9)	(9.9)	(23.1)
Metals	75,274	(0.3)	8.0	(17.5)	(15.4)	(0.4)	(2.0)	(12.9)	1.1
Pharmaceuticals	15,370	(0.6)	9.0	6.8	1.4	(0.7)	(1.1)	12.8	21.1
Property	8,570	4.3	22.5	12.2	(30.8)	4.2	11.2	18.6	(17.3)
Technology	95,250	(0.6)	9.7	(5.3)	(5.1)	(0.7)	(0.4)	0.0	13.5
Telecom	30,399	2.3	6.4	6.4	20.6	2.2	(3.5)	12.4	44.2
Utilities	35,175	1.5	8.7	(3.6)	(11.4)	1.4	(1.4)	1.9	5.9
Sensex sum	585,964	0.1	10.2	(5.3)	(16.3)				

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 Bank of Baroda	14.3	1 India Infoline	(6.8)
2 PFC	13.3	2 Eros International	(6.5)
3 Thermax	13.2	3 ABB	(4.6)
4 Hindustan Unilever	12.1	4 United Spirits	(4.2)
5 Rural Electrification Corp.	12.0	5 Bharat Petroleum	(4.1)
6 JSW Steel	11.2	6 Jubilant Foodworks	(4.0)
7 Tech Mahindra	10.8	7 GVK Power & Infrastructure	(3.9)
8 Reliance Infrastructure	10.6	8 Dishman Pharma & chemicals	(3.9)
9 Jet Airways	10.6	9 Marico	(3.1)
10 Canara Bank	10.5	10 Hexaware Technologies	(3.0)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Eros International	57.9	1 Lanco Infratech	(75.3)
2 Hexaware Technologies	49.3	2 SpiceJet	(70.5)
3 IDEA	39.2	3 IVRCL	(70.0)
4 Petronet LNG	33.0	4 Dishman Pharma & chemicals	(67.9)
5 Jubilant Foodworks	30.1	5 SKS Microfinance	(67.6)
6 Marico	25.1	6 GVK Power & Infrastructure	(67.0)
7 Carborundum Universal	22.3	7 Jet Airways	(66.4)
8 Hindustan Unilever	22.2	8 Bajaj Hindustan	(65.0)
9 ITC	21.4	9 Nagarjuna Construction Co.	(62.5)
10 LIC Housing Finance	20.9	10 Unitech	(56.1)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Tata Motors	28.6	1 Dishman Pharma & chemicals	(14.7)
2 Aban Offshore	27.7	2 GVK Power & Infrastructure	(11.3)
3 Reliance Power	26.5	3 Jyothy Laboratories	(10.8)
4 Puravankara Projects	25.1	4 Hindustan Petroleum	(9.6)
5 Sun TV Network	24.6	5 Bajaj Hindustan	(6.9)
6 Rural Electrification Corp.	24.5	6 Bharat Petroleum	(6.5)
7 Jindal Steel and Power	23.6	7 SKS Microfinance	(5.9)
8 Reliance Infrastructure	23.5	8 Indian Oil Corporation	(5.9)
9 Yes Bank	23.4	9 Nagarjuna Construction Co.	(5.6)
10 DLF	22.5	10 Shriram Transport	(3.8)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Hexaware Technologies	96.4	1 SKS Microfinance	(79.1)
2 Jubilant Foodworks	47.2	2 Lanco Infratech	(75.3)
3 IDEA	43.9	3 IVRCL	(75.2)
4 Petronet LNG	36.2	4 SpiceJet	(72.7)
5 Hindustan Unilever	27.8	5 Dishman Pharma & chemicals	(71.3)
6 Nestle India (a)	20.8	6 GVK Power & Infrastructure	(70.1)
7 Bharti Airtel	20.6	7 Jet Airways	(68.2)
8 ITC	19.8	8 Bajaj Hindustan	(68.1)
9 Asian Paints	18.6	9 Unitech	(67.7)
10 Carborundum Universal	18.6	10 Nagarjuna Construction Co.	(65.7)

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)
GlaxoSmithKline Consumer (a)	53,277	169	(0.6)
Andhra Bank	1,629,631	148	(0.4)
Bank of Baroda	1,302,864	146	11.9
Colgate-Palmolive (India)	191,775	142	6.6
Hindustan Unilever Corporation Bank	7,720,623	142	17.2
	166,523	136	5.5

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

Company	5-day average		Price Change (%)
	volumes	% decrease	(1 month basis)
HT Media	9,141	(91)	(0.5)
Patni Computer Systems	101,957	(82)	15.6
Jagran Prakashan	19,401	(72)	2.8
DishTV	1,455,763	(59)	1.3
Petronet LNG	1,365,097	(54)	3.3
Crompton Greaves	1,338,976	(53)	(1.8)

Date	Sensex	Avg daily value traded	Institutional participation in total turnover	
		(US\$ mn)	FII%	MF%
Oct-10	20,032	5,032	15.6	3.4
Nov-10	19,521	4,942	17.3	3.2
Dec-10	20,509	4,355	16.4	3.5
Jan-11	18,226	3,646	18.4	3.6
Feb-11	18,490	3,638	18.4	3.8
Mar-11	19,445	3,289	14.1	3.1
Apr-11	19,136	3,697	18.2	3.3
May-11	18,503	2,979	19.7	4.1
Jun-11	18,846	2,833	16.9	3.3
Jul-11	18,197	3,092	18.4	3.9
Aug-11	16,677	3,025	18.7	4.3
Sep-11	16,698	2,407	20.1	3.5
Oct-11	17,482	2,560	17.8	4.0

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

FY2012 earnings upgrades (KIE) (1 month)

Company	% Change
1 Mindtree	19.5
2 Jubilant Life Sciences	17.0
3 Patni Computer Systems	17.0
4 Petronet LNG	16.1
5 Hexaware Technologies	12.5
6 NHPC	12.1
7 Hindustan Media Ventures	12.1
8 HCL Technologies	11.9
9 Suzlon Energy	10.9
10 Infosys Technologies	8.4
11 Hero Motocorp	8.4
12 Lupin	8.1
13 Polaris Software Lab	7.7
14 IRB Infrastructure	7.4
15 Thermax	6.3
16 J&K Bank	5.7
17 Bajaj Auto	5.7
18 Hindustan Unilever	4.9
19 Bharat Electronics	4.5
20 Cipla	3.6

FY2013 earnings upgrades (KIE) (1 month)

Company	% Change
1 IRB Infrastructure	42.3
2 Patni Computer Systems	26.2
3 Mindtree	22.0
4 Hexaware Technologies	20.8
5 Suzlon Energy	20.7
6 HCL Technologies	18.0
7 Jubilant Life Sciences	16.3
8 Petronet LNG	12.9
9 Hindustan Media Ventures	12.5
10 Polaris Software Lab	10.0
11 Infosys Technologies	9.2
12 TCS	9.0
13 Wipro	7.9
14 Hindustan Unilever	6.7
15 Thermax	6.2
16 NTPC	6.0
17 Hero Motocorp	5.6
18 Bajaj Auto	5.2
19 J&K Bank	5.0
20 UltraTech Cement	4.4

FY2012 earnings downgrades (KIE) (1 month)

Company	% Change
1 Bharat Petroleum	(38.9)
2 JSW Steel	(37.5)
3 Exide Industries	(33.5)
4 Hindustan Petroleum	(31.1)
5 Sterlite Industries	(23.8)
6 ABB	(18.8)
7 IDEA	(15.7)
8 Union Bank	(14.3)
9 Oberoi Realty	(14.0)
10 Oriental Bank of Commerce	(13.7)
11 DB Corp	(10.7)
12 Castrol India (a)	(10.3)
13 Crompton Greaves	(9.5)
14 Titan Industries	(8.7)
15 Maruti Suzuki	(8.7)
16 GAIL (India)	(7.4)
17 Tata Global Beverages	(6.5)
18 Canara Bank	(6.3)
19 Gujarat Pipavav Port	(5.8)
20 Marico	(5.3)

FY2013 earnings downgrades (KIE) (1 month)

Company	% Change
1 Sterlite Industries	(26.5)
2 Exide Industries	(22.9)
3 Hindustan Petroleum	(15.2)
4 JSW Steel	(14.2)
5 Crompton Greaves	(11.8)
6 Bharat Petroleum	(10.2)
7 Punjab National Bank	(9.8)
8 Jindal Steel and Power	(9.3)
9 Oriental Bank of Commerce	(9.1)
10 Andhra Bank	(8.8)
11 DB Corp	(8.5)
12 DishTV	(7.4)
13 Union Bank	(7.3)
14 Tata Global Beverages	(7.1)
15 Axis Bank	(6.7)
16 Canara Bank	(6.6)
17 Hindustan Zinc	(6.2)
18 GAIL (India)	(6.0)
19 Marico	(5.7)
20 Titan Industries	(5.5)

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	Patni Computer Systems	33.3	400	300
2	Hexaware Technologies	25.0	100	80
3	Mindtree	22.7	460	375
4	HCL Technologies	20.0	450	375
5	Infosys Technologies	13.8	3,300	2,900
6	Hindustan Unilever	13.5	420	370
7	Polaris Software Lab	11.5	145	130
8	Wipro	10.8	410	370
9	TCS	8.6	1,260	1,160
10	IRB Infrastructure	8.1	200	185
11	Petronet LNG	8.0	135	125
12	Hero Motocorp	5.6	1,900	1,800
13	Bajaj Auto	5.0	1,665	1,585
14	Hindustan Media Ventures	4.8	220	210
15	Jubilant Life Sciences	2.4	210	205
16	Divi's Laboratories	1.8	845	830

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Union Bank	(20.0)	340	425
2	Crompton Greaves	(20.0)	160	200
3	Exide Industries	(16.7)	100	120
4	Indian Overseas Bank	(15.8)	160	190
5	JSW Steel	(15.2)	560	660
6	Hindustan Zinc	(12.5)	140	160
7	Larsen & Toubro	(12.3)	1,425	1,625
8	Tata Communications	(12.2)	180	205
9	Bank of Baroda	(12.0)	1,100	1,250
10	Axis Bank	(11.8)	1,500	1,700
11	Sterlite Industries	(10.8)	165	185
12	Andhra Bank	(10.5)	170	190
13	Hindustan Petroleum	(10.5)	385	430
14	Punjab National Bank	(10.0)	1,350	1,500
15	Sun TV Network	(9.1)	400	440
16	Canara Bank	(8.3)	550	600
17	Tata Global Beverages	(8.3)	110	120
18	Bharat Petroleum	(7.7)	720	780
19	Sesa Goa	(6.5)	215	230
20	ABB	(5.7)	660	700
21	Marico	(5.4)	175	185
22	Jindal Steel and Power	(5.0)	565	595
23	DishTV	(5.0)	95	100
24	Corporation Bank	(4.8)	600	630
25	GAIL (India)	(4.5)	535	560

Source: Kotak Institutional Equities estimates

CHANGES IN OUR RATINGS

Changes in ratings over the past one month

Company name		Rating	
		Current	Previous
Crompton Greaves	Downgraded	ADD	BUY
Gujarat Pipavav Port	Downgraded	REDUCE	ADD
Hindustan Zinc	Downgraded	ADD	BUY
Reliance Industries	Downgraded	ADD	BUY

Company name		Rating	
		Current	Previous
HCL Technologies	Upgraded	REDUCE	SELL
IRB Infrastructure	Upgraded	BUY	ADD
Suzlon Energy	Upgraded	REDUCE	SELL
TCS	Upgraded	BUY	ADD
Thermax	Upgraded	ADD	REDUCE
Voltas	Upgraded	BUY	ADD

Source:Kotak Institutional Equities estimates

FLAWS

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

TREND IN EQUITY FLOWS

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

	FII	MF
CY1999	1,738	0
CY2000	1,469	(147)
CY2001	2,741	(1,063)
CY2002	738	(619)
CY2003	6,702	110
CY2004	8,627	(257)
CY2005	10,901	3,034
CY2006	8,338	3,379
CY2007	17,335	1,390
CY2008	(13,336)	3,253
CY2009	17,639	(1,154)
CY2010	29,321	(5,939)
CY2011	359	1,085
Jan	(1,387)	131
Feb	(826)	314
Mar	1,556	(57)
Apr	1,574	(104)
May	(1,156)	97
Jun	734	183
Jul	1,667	147
Aug	(2,107)	558
Sep	(204)	(109)
Oct	508	(74)

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

	Index Futures	Stock Futures
CY2004	(97)	(829)
CY2005	(670)	(663)
CY2006	293	(3,767)
CY2007	(834)	(12,568)
CY2008	3,901	1,356
CY2009	(1,560)	(2,232)
CY2010	(2,271)	(2,779)
CY2011	864	(1,186)
Jan	(1,254)	527
Feb	433	957
Mar	1,732	(495)
Apr	(1,061)	(1,598)
May	(613)	639
Jun	1,238	(607)
Jul	(727)	(1,202)
Aug	280	597
Sep	(636)	493
Oct	1,471	(497)

Source: Bloomberg, Kotak Institutional Equities

FII FLOWS IN OTHER EMERGING MARKETS

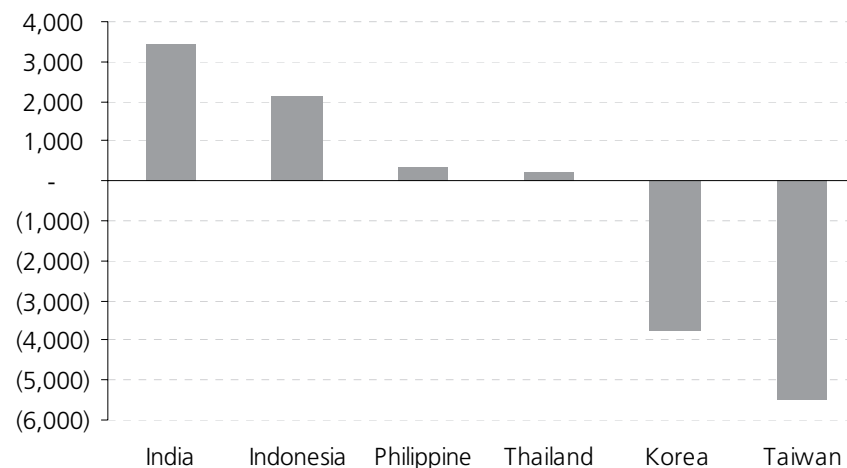
FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Korea	Taiwan	Indonesia	Philippine	Thailand	India
3-Oct-11	-	(439)	(60)	(6)	13	(158)
4-Oct-11	(396)	(94)	(51)	(26)	14	(196)
5-Oct-11	(281)	(98)	(56)	(14)	35	(197)
7-Oct-11	355	97	43	(2)	149	100
10-Oct-11	(96)	-	(1)	(8)	(4)	57
11-Oct-11	296	282	66	17	45	37
12-Oct-11	(14)	110	65	3	25	132
13-Oct-11	364	295	106	11	98	136
14-Oct-11	(44)	88	(19)	12	22	(17)
17-Oct-11	160	264	19	(1)	79	81
18-Oct-11	62	(94)	(4)	6	4	(51)
19-Oct-11	(43)	(74)	24	6	29	4
20-Oct-11	(130)	(319)	(22)	2	(4)	(87)
21-Oct-11	(251)	(71)	(34)	2	37	(36)
24-Oct-11	173	466	46	3	-	29
25-Oct-11	294	240	22	0	194	92
28-Oct-11	384	808	93	24	120	483
31-Oct-11	78	10	(0)	-	37	99
1-Nov-11	136	134	(7)	-	51	7
2-Nov-11	(333)	(184)	(18)	14	(73)	39
Total	714	1,422	212	43	872	555

Source: Bloomberg, Kotak Institutional Equities

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	Price	Value	Date of	Price		Performance (%)	
	(mn)	(Rs)	(Rs mn)	Listing	Day 1	Latest	Day 1	since listing
Indo Thai Securities Ltd	4	74	296	11/2/2011	23	21	(69)	(72)
M And B Switchgears Ltd	5	186	930	10/20/2011	318	200	71	8
Flexituff International Ltd	5	155	698	10/19/2011	166	228	7	47
Tijaria Polypipes Ltd	10	60	600	10/14/2011	19	12	(69)	(80)
Onelife Capital Advisors Ltd	3	110	369	10/17/2011	146	191	33	73
Rdb Rasayans Ltd	5	79	356	10/7/2011	21	12	(74)	(85)
Pg Electroplast Ltd	6	210	1,206	9/26/2011	415	213	98	1
Srs Ltd	35	58	2,030	9/16/2011	33	33	(43)	(43)
Td Power Systems Ltd	9	256	2,270	9/8/2011	275	253	8	(1)
Brooks Laboratories Ltd	6	100	630	9/5/2011	62	22	(39)	(78)
Tree House Education And Acc	8	135	1,138	2/18/2010	118	195	(13)	44
L&T Finance Holdings Ltd	238	52	12,360	8/12/2011	50	52	(4)	0
Inventure Growth & Securitie	7	117	786	8/4/2011	207	163	77	39
Bharatiya Global Infomedia L	7	82	551	7/28/2011	30	12	(64)	(86)
Birla Pacific Medspa Ltd	65	10	652	7/7/2011	20	18	100	79
Rushil Decor Ltd	5	72	389	7/7/2011	120	152	66	111
Readymade Steel India Ltd	3	108	347	7/13/2011	66	65	(38)	(40)
Vms Industries Ltd	6	40	258	6/14/2011	25	24	(39)	(40)
Timbor Home Ltd	4	63	232	6/22/2011	92	29	45	(54)
Aanjaneya Lifecare Ltd	5	234	1,170	5/27/2011	311	423	33	81
Sanghvi Forging & Engineerin	4	85	369	5/23/2011	112	25	32	(70)
Innovative Industries Ltd	19	117	2,174	5/13/2011	94	94	(20)	(20)
Future Ventures India Ltd	750	10	7,500	5/10/2011	8	9	(18)	(14)
Muthoot Finance Ltd	52	175	9,013	5/6/2011	176	176	1	1
Shilpi Cable Technologies Lt	8	69	559	4/8/2011	48	14	(30)	(79)
Ptc India Financial Services	157	28	4,388	3/30/2011	25	15	(11)	(46)
Lovable Lingerie Ltd	5	205	934	3/24/2011	250	480	22	134
Sudar Garments Ltd	9	77	700	3/11/2011	113	68	47	(12)
Fineotex Chemical Ltd	4	70	295	3/11/2011	130	177	86	153
Acropetal Technologies Ltd	19	90	1,700	3/10/2011	98	14	9	(84)
Omkar Speciality Chemicals L	8	98	794	2/10/2011	46	66	(53)	(33)
Midvalley Entertainment Ltd	9	70	600	1/27/2011	56	94	(20)	35
C Mahendra Exports Ltd	15	110	1,650	1/20/2011	111	169	1	54
Shekhawati Poly-Yarn Ltd	12	30	360	1/12/2011	48	36	58	21
Ravi Kumar Distilleries Ltd	12	64	736	12/27/2010	80	16	25	(74)
Punjab & Sind Bank	40	120	4,800	12/30/2010	127	75	6	(37)

Source: Bloomberg, Kotak Institutional Equities

Forthcoming IPO/Follow on offerings

Company Name	Issue
Hindustan Copper Ltd.	FPO
Sahara Prime City Ltd.	IPO
Embassy Property Developments Ltd.	IPO
Lavasa Corp.Ltd.	IPO
Samvardhana Motherson Finance Ltd.	IPO
Emaar Mgf Land Ltd.	IPO
Abhijeet Power Ltd.	IPO
Ind-Bharath Power Infra Ltd.	IPO
Skil Infrastructure Ltd.	IPO
Ortel Communications Ltd.	IPO
Reid & Taylor (India) Ltd.	IPO
Acb (India) Ltd.	IPO
Kalpataru Ltd.	IPO
lot Infrastructure & Energy Services Ltd.	IPO
Multi Commodity Exchange Of India Ltd.	IPO
Tata Autocomp Systems Ltd.	IPO
Ifci Factors Ltd.	IPO
Joyalukkas India Ltd.	IPO
Powerica Ltd.	IPO
Pc Jeweller Ltd.	IPO
Endurance Technologies Ltd.	IPO
Micromax Informatics Ltd.	IPO
Intas Pharmaceuticals Ltd.	IPO
Greatship (India) Ltd.	IPO
Lokmat Media Ltd.	IPO
Vrl Logistics Ltd.*	IPO
You Broadband & Cable India Ltd.	IPO
Just Dial Ltd.	IPO
Pme Power Solutions (India) Ltd.	IPO
Jain Infraprojects Ltd.	IPO
Pch Retail Ltd.	IPO
Nkg Infrastructure Ltd.*	IPO
Neesa Leisure Ltd.	IPO

Source: Prime Database

DELIVERY POSITIONS

Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Maharashtra Seamless Ltd	12	99
Mahindra Lifespace Developer	10	61
Asian Paints Ltd	39	88
Marico Ltd	39	87
Union Bank Of India	31	76
United Phosphorus Ltd	21	60
Reliance Industries Ltd	23	61
Godrej Consumer Products Ltd	33	70
Carborundum Universal Ltd	52	89

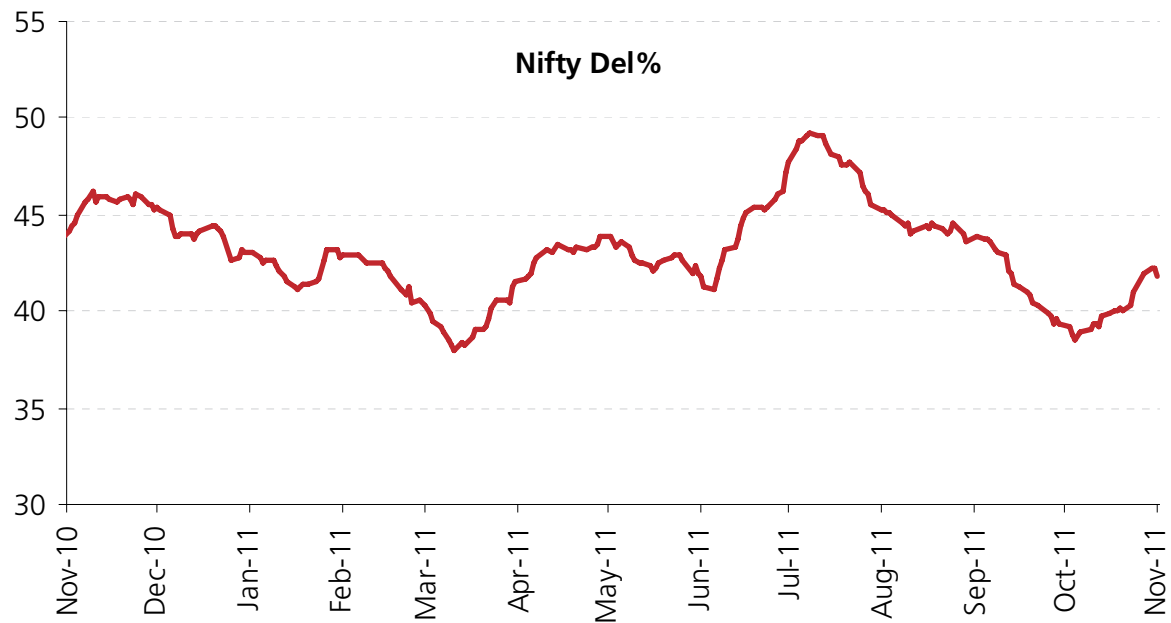
Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Oberoi Realty Ltd	94	52
Kec International Ltd	91	51
Puravankara Projects Ltd	78	39
Cadila Healthcare Ltd	89	52
Bharat Electronics Ltd	90	56
Tata Communications Ltd	67	33
Bharat Forge Ltd	71	44
Glenmark Pharmaceuticals Ltd	63	37
Gujarat State Petronet Ltd	57	32

Source: Bloomberg, Kotak Institutional Equities

NIFTY DELIVERY

Nifty aggregate delivery percentage

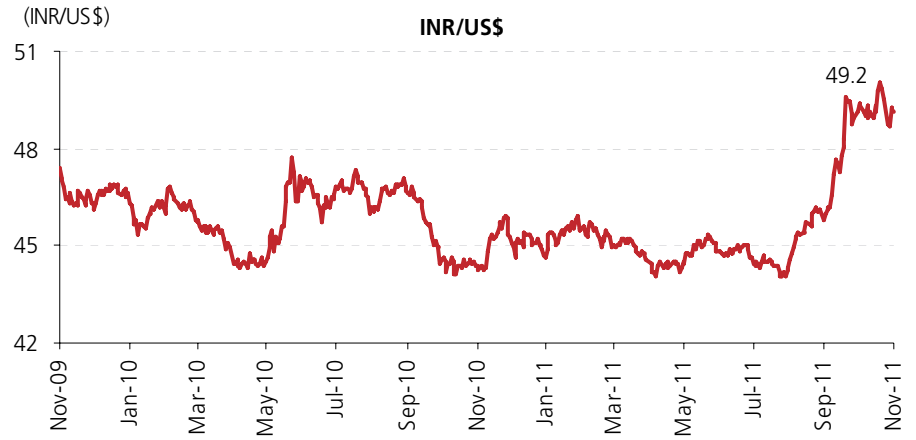
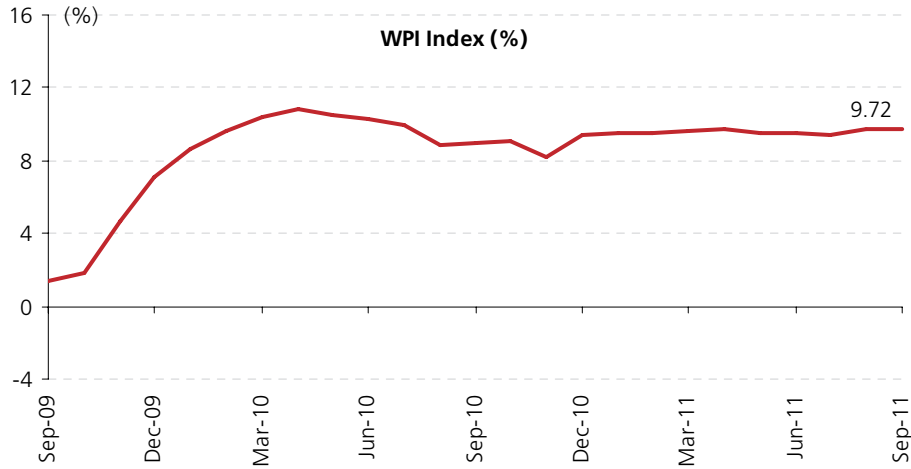
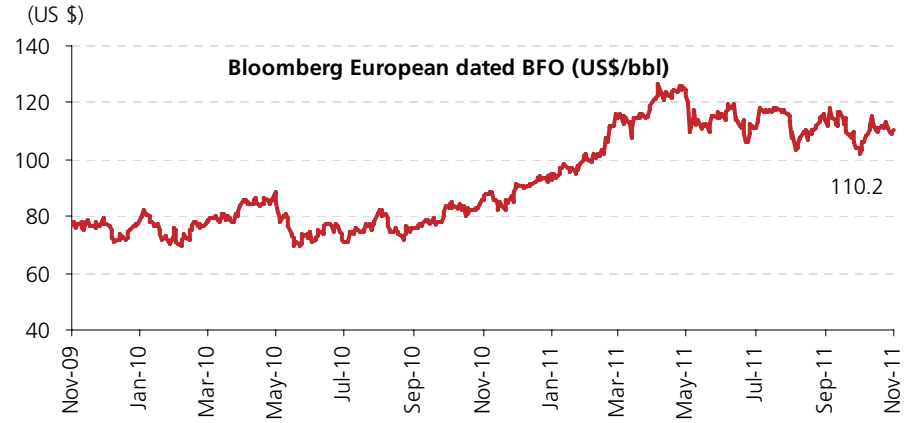
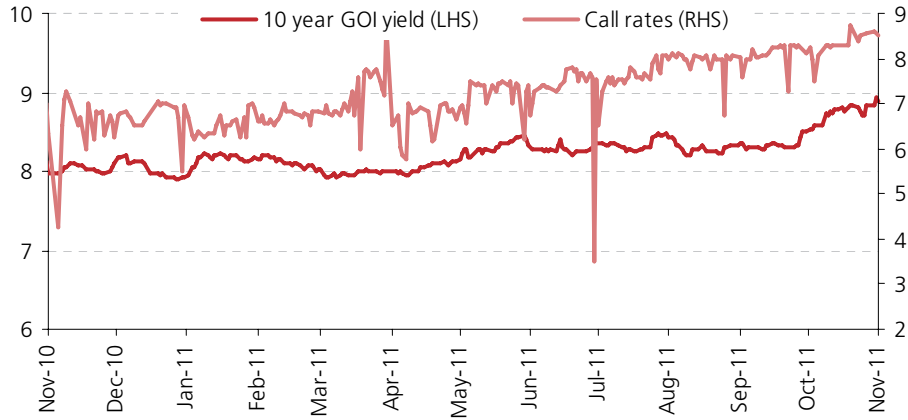


Source: Bloomberg, Kotak Institutional Equities

ECONOMIC INDICATORS

ECONOMIC INDICATORS

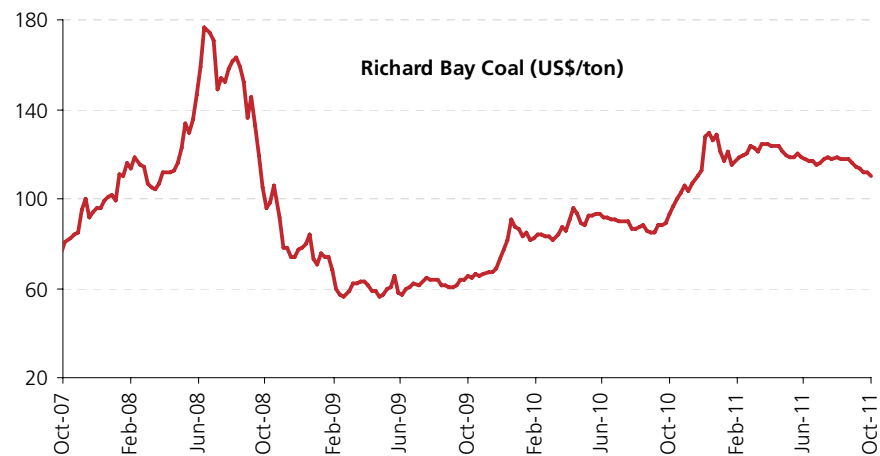
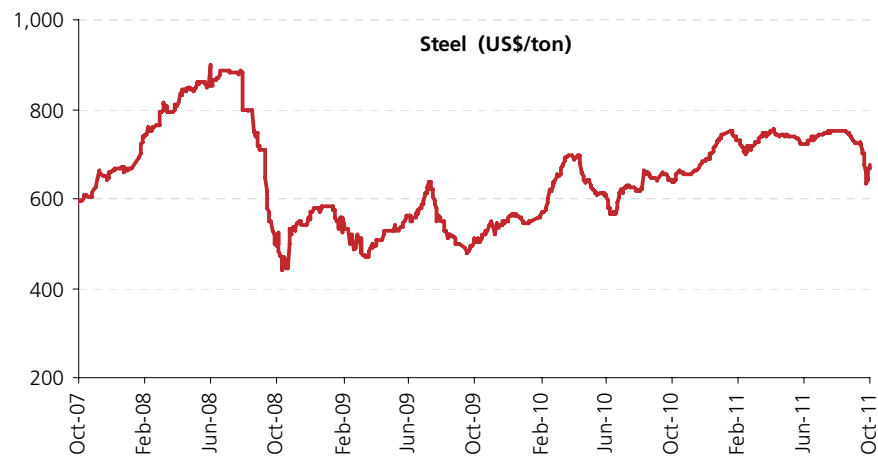
Key economic parameters



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

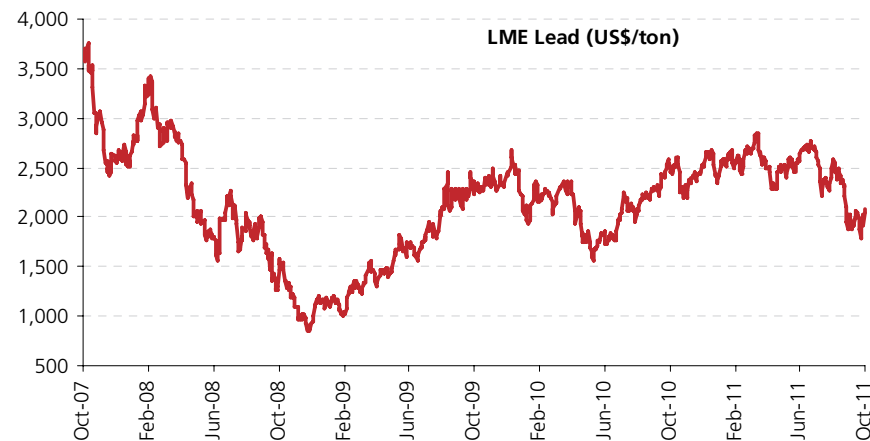
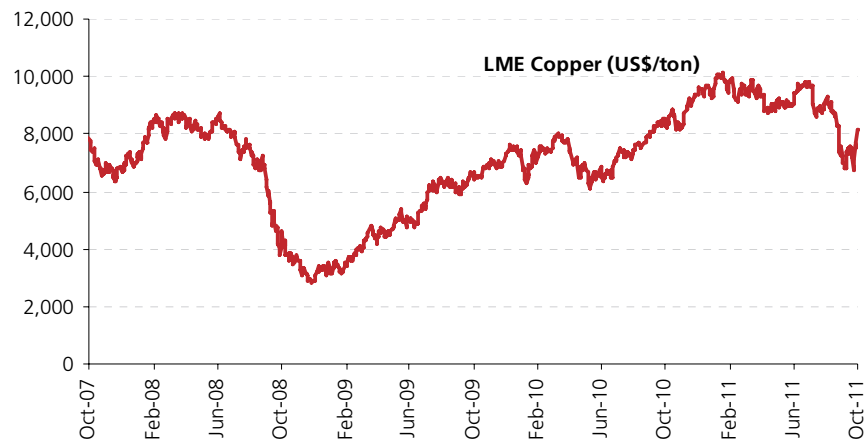
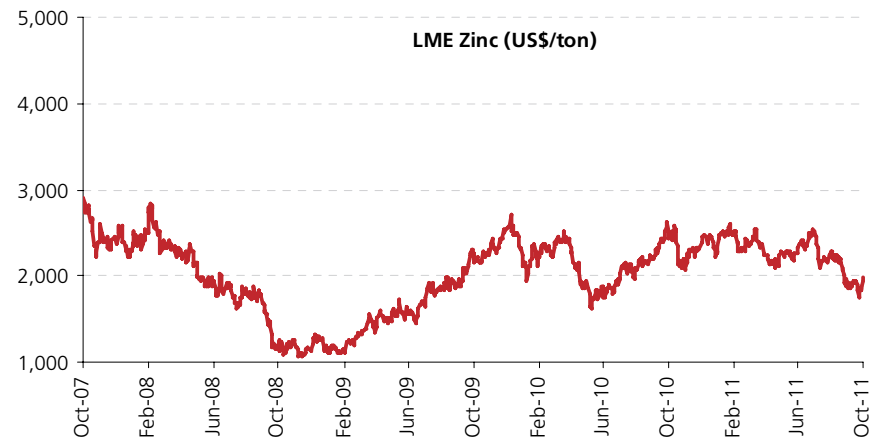
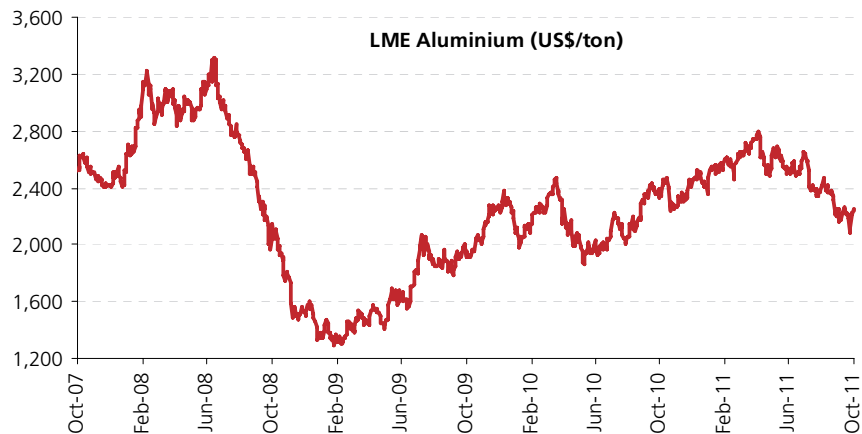
Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

Prices of key commodities



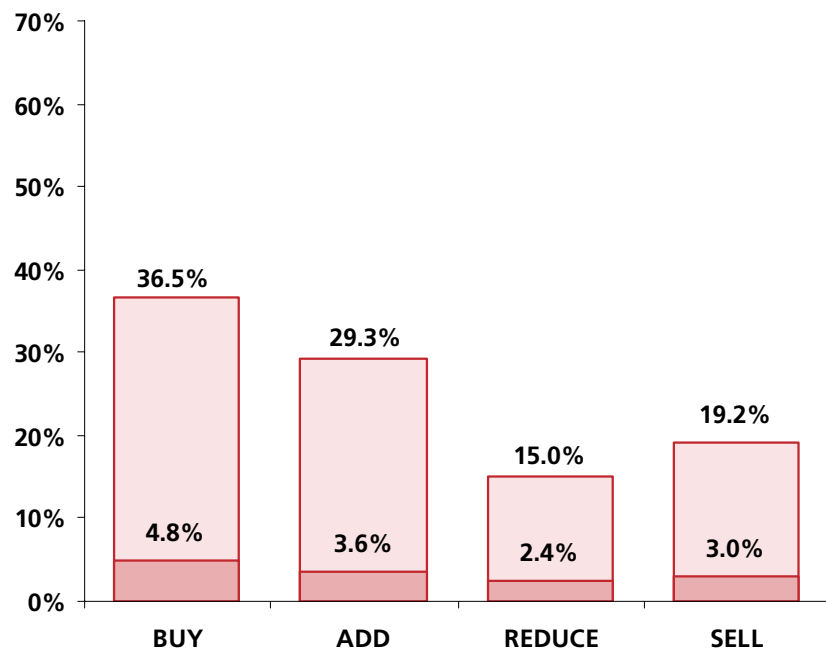
Source: Bloomberg, Kotak Institutional Equities

KOTAK VALUATION SUMMARY

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 deliver more than 17.5% returns over the next 12 months; Add = We expect this stock to deliver 7.5-17.5% returns over the next 12 months; Reduce = We expect this stock to deliver 0-7.5% returns over the next 12 months; Sell = We expect this stock to deliver less than 0% returns over the next 12 months. Our target prices are also on a 12-month horizon basis. These ratings are used illustratively to comply with applicable regulations. As of 30/09/2011 Kotak Institutional Equities Investment Research had investment ratings on 167 equity securities.

Source: Kotak Institutional Equities

As of September 30, 2011

RATINGS AND OTHER DEFINITIONS/IDENTIFIERS

Definitions of ratings

BUY. We expect this stock to deliver more than 17.5% returns over the next 12 months.

ADD. We expect this stock to deliver 7.5-17.5% returns over the next 12 months.

REDUCE. We expect this stock to deliver 0-7.5% returns over the next 12 months.

SELL. We expect this stock to deliver less than 0% returns over the next 12 months.

Our target prices are also on a 12-month horizon basis.

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, Neutral, Cautious.**

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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