

February 19, 2010

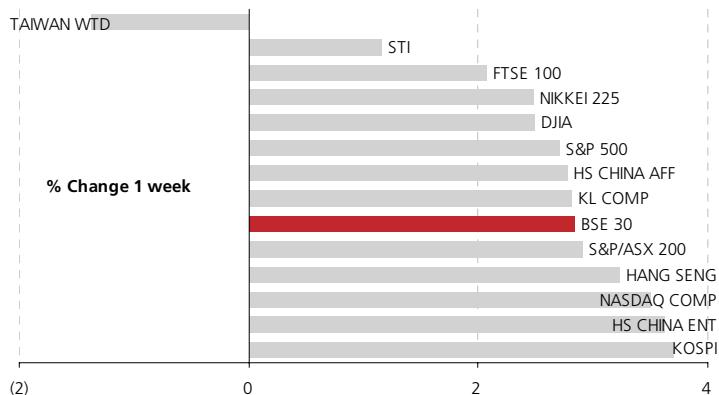
BSE-30: 16,328

**Up by a whisker.** During the past week, the BSE-30 Index remained volatile, gaining 175 points (1.1%) to close at 16,328. The rise was led by Tata Steel, Hindalco Industries and banking stocks, which together contributed 160 points to the gain. WPI (wholesale price index) climbed to 8.56% in January 2010 from 7.31% in December 2009 while IIP touched a new high of 16.8% in December 2009. The BSE-30 Index is currently trading at 18.4X FY2010E earnings and 14.9X FY2011E earnings.

#### Market highlights for the week ending Thursday, February 18, 2010

- Largest gainers: Hindalco Industries (12%), Tata Steel (11%), JSW Steel (10%)
- Largest losers: Bharti Airtel (-11%), Rural Electrification Corp. (-7%), Indiabulls Real Estate (-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
<b>Investments in past week (US\$ mn)</b>						
9-Feb-10	(179)	(77)	7	(34)	(85)	(366)
10-Feb-10	(71)	7	16	19	(5)	(35)
11-Feb-10	(229)	13	3	(8)	76	(146)
15-Feb-10	(490)	153	8	(16)	47	(298)
16-Feb-10	(489)	13	1	(10)	56	(429)
<b>Total</b>	<b>(1,458)</b>	<b>110</b>	<b>35</b>	<b>(49)</b>	<b>88</b>	<b>(1,273)</b>

Source: SEBI, Kotak Institutional Equities

**Sanjeev Prasad**  
sanjeev.prasad@kotak.com  
Mumbai: +91-22-6634-1229

**Sunita Baldawa**  
sunita.baldawa@kotak.com  
Mumbai: +91-22-6634-1325

**Karan Durante**  
karan.durante@kotak.com  
Mumbai: +91-22-6634-1527

# 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	20,307	248	300	8.7	10.7	13.0	28.7	23.3	19.2	17.6	14.1	11.9
HDFC Bank	Banking	BUY	16,522	1,684	1,800	52.8	64.8	84.4	31.9	26.0	20.0	0.0	0.0	0.0
Tata Steel	Metals	BUY	11,117	577	700	110.1	3.2	78.7	5.2	178.2	7.3	5.8	18.6	6.3
Sterlite Industries	Metals	ADD	14,057	771	850	46.8	44.9	54.2	16.5	17.2	14.2	12.1	9.3	7.1
Jaiprakash Associates	Diversified	BUY	6,215	136	170	2.0	4.3	7.1	68.0	31.6	19.1	26.0	16.3	14.2
Infosys Technologies	Technology	BUY	31,568	2,534	3,000	102.4	108.5	124.2	24.7	23.3	20.4	18.6	16.4	13.3
Reliance Infrastructure	Utilities	BUY	5,049	1,027	1,250	62.7	63.7	68.6	16.4	16.1	15.0	20.5	18.9	15.1
Tata Power	Utilities	ADD	6,713	1,253	1,485	50.2	57.9	71.9	25.0	21.7	17.4	11.8	13.5	12.3
Larsen & Toubro	Industrials	BUY	19,258	1,476	1,700	50.1	53.7	64.5	29.5	27.5	22.9	19.1	15.3	13.0
<b>PSU bank basket</b>														
Bank of Baroda	Banking	BUY	4,674	589	650	60.9	75.0	77.2	9.7	7.9	7.6	—	—	—
Punjab National Bank	Banking	BUY	6,132	896	1,020	98.0	116.3	129.1	9.1	7.7	6.9	—	—	—
Union Bank	Banking	BUY	2,662	243	310	34.2	37.9	38.7	7.1	6.4	6.3	—	—	—
<b>BSE-30</b>				<b>16,328</b>										

Source: Company, Bloomberg, Kotak Institutional Equities estimates

# OUR MODEL PORTFOLIO

## Kotak Institutional Equities Model Portfolio

Company	18-Feb		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	(bps)
Hero Honda	1,703	REDUCE	1.3	—	(130)
Mahindra & Mahindra	1,013	ADD	1.9	2.4	50
Maruti Suzuki	1,360	REDUCE	1.6	1.1	(50)
Tata Motors	710	ADD	2.0	—	(201)
<b>Automobiles</b>			<b>6.8</b>	<b>3.5</b>	<b>(330)</b>
Bank of Baroda	589	BUY	—	1.5	150
Punjab National Bank	896	BUY	—	1.0	100
State Bank of India	1,942	BUY	4.6	4.6	—
Union Bank	243	BUY	—	1.0	100
<b>PSU Banking</b>			<b>4.6</b>	<b>8.1</b>	<b>350</b>
HDFC	2,481	ADD	5.2	4.2	(100)
HDFC Bank	1,684	BUY	5.1	6.6	150
ICICI Bank	840	ADD	7.6	7.6	—
<b>Pvt. Banking/Financing</b>			<b>17.9</b>	<b>18.4</b>	<b>50</b>
ACC	909	REDUCE	0.7	—	(74)
Grasim Industries	2,707	REDUCE	1.5	—	(150)
Jaiprakash Associates	136	BUY	1.3	2.8	150
<b>Cement</b>			<b>3.5</b>	<b>2.8</b>	<b>(74)</b>
Hindustan Unilever	243	BUY	2.1	2.1	—
ITC	248	BUY	5.4	6.9	150
<b>Consumers</b>			<b>7.5</b>	<b>9.0</b>	<b>150</b>
Oil & Natural Gas Corporation	1,104	ADD	3.9	4.9	100
Reliance Industries	998	SELL	12.2	6.5	(576)
<b>Energy</b>			<b>16.2</b>	<b>11.4</b>	<b>(476)</b>
Bharat Heavy Electricals	2,374	ADD	3.3	3.3	—

Company	18-Feb		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	(bps)
VRCL	314	BUY	—	1.0	100
Larsen & Toubro	1,476	BUY	6.4	7.4	100
Nagarjuna Construction Co.	161	BUY	—	1.0	100
<b>Industrials/Construction</b>			<b>9.7</b>	<b>12.7</b>	<b>300</b>
Hindalco Industries	153	ADD	1.7	—	(170)
Sterlite Industries	771	ADD	2.4	3.9	150
Tata Steel	577	BUY	3.0	4.5	150
<b>Metals</b>			<b>7.1</b>	<b>8.4</b>	<b>130</b>
Sun Pharmaceuticals	1,545	ADD	1.0	—	—
<b>Pharmaceuticals</b>			<b>1.0</b>	<b>—</b>	<b>(101)</b>
DLF	304	REDUCE	1.2	—	(115)
<b>Real estate</b>			<b>1.2</b>	<b>—</b>	<b>(115)</b>
Infosys Technologies	2,534	BUY	9.8	10.8	100
TCS	759	BUY	3.6	4.1	50
Wipro	668	ADD	1.6	2.6	100
<b>Technology</b>			<b>15.0</b>	<b>17.5</b>	<b>250</b>
Bharti Airtel	282	REDUCE	3.3	—	(333)
Reliance Communications	168	SELL	1.0	—	(100)
<b>Telecom</b>			<b>4.3</b>	<b>—</b>	<b>(433)</b>
NTPC	205	NR	2.1	2.1	—
Reliance Infrastructure	1,027	BUY	1.2	2.7	150
Tata Power	1,253	ADD	1.8	3.3	150
<b>Utilities</b>			<b>5.2</b>	<b>8.2</b>	<b>300</b>
<b>BSE-30</b>	<b>16,328</b>		<b>100.0</b>	<b>100.0</b>	<b>—</b>

Note:

(a) Weights are with respect to February 3, 2010 prices.

Source: Company, Bloomberg, Kotak Institutional Equities estimates

# 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	31,195	4.3	(30.8)	109.8	10.5	37.7	18.0	16.3	21.0	11.0	9.8	4.5	3.4	0.8	0.8	11.9	18.8
Banking	78,908	43.9	16.7	13.2	18.7	20.9	18.4	15.5	—	—	—	2.7	2.4	1.2	1.3	12.8	12.9
Cement	9,095	25.7	(15.0)	32.2	(14.9)	12.9	9.8	11.5	7.0	5.2	5.5	2.5	2.1	1.8	1.8	19.3	21.1
Consumers	31,779	15.5	8.6	17.2	19.9	27.4	23.4	19.5	18.2	14.6	12.1	8.8	7.8	2.3	2.7	32.0	33.4
Diversified	6,215	20.7	(30.8)	115.0	65.5	68.0	31.6	19.1	22.5	15.2	13.6	4.3	3.5	—	—	6.4	11.2
Energy	114,409	13.9	0.5	0.9	30.3	15.2	15.0	11.5	7.5	6.7	5.3	2.1	1.8	1.7	1.8	13.6	12.1
Industrials	44,479	21.3	19.4	27.5	23.7	33.8	26.5	21.4	19.7	14.8	12.1	7.3	5.4	0.7	0.8	21.6	20.2
Metals	31,505	10.5	(0.3)	(61.9)	187.9	11.3	29.7	10.3	7.6	10.5	6.1	1.9	1.7	0.9	0.5	17.1	5.6
Pharmaceuticals	6,946	89.6	22.3	(30.7)	5.1	17.6	25.4	24.2	13.8	18.4	16.7	4.5	3.9	0.9	0.9	25.3	15.4
Property	11,149	304.6	(42.3)	(54.7)	32.1	11.3	25.0	18.9	11.1	15.3	13.2	2.1	2.0	1.0	1.0	18.8	8.0
Technology	84,999	19.1	15.9	18.7	17.4	26.4	22.3	18.9	19.3	15.3	12.3	8.0	6.3	0.8	1.1	30.3	28.3
Telecom	30,709	74.9	21.6	(14.0)	(17.2)	9.2	10.7	12.9	6.6	6.4	6.6	1.9	1.6	0.6	0.8	20.9	15.4
Utilities	48,471	9.9	14.5	13.2	12.5	21.0	18.6	16.5	12.7	12.0	11.2	2.6	2.4	1.5	1.8	12.4	12.7
<b>BSE-30 Index</b>	<b>529,859</b>	<b>27.9</b>	<b>3.7</b>	<b>1.5</b>	<b>22.8</b>	<b>18.6</b>	<b>18.4</b>	<b>14.9</b>	<b>10.8</b>	<b>9.8</b>	<b>8.2</b>	<b>3.0</b>	<b>2.6</b>	<b>1.2</b>	<b>1.3</b>	<b>16.3</b>	<b>14.2</b>
<b>BSE-30 ex-Energy</b>	<b>415,450</b>	<b>34.2</b>	<b>4.9</b>	<b>1.7</b>	<b>20.2</b>	<b>19.9</b>	<b>19.5</b>	<b>16.3</b>	<b>12.5</b>	<b>11.5</b>	<b>9.7</b>	<b>3.5</b>	<b>3.0</b>	<b>1.1</b>	<b>1.2</b>	<b>17.5</b>	<b>15.2</b>
<b>BSE-30 ex-Energy, Com.</b>	<b>374,849</b>	<b>39.8</b>	<b>6.9</b>	<b>10.6</b>	<b>12.6</b>	<b>21.5</b>	<b>19.4</b>	<b>17.3</b>	<b>14.2</b>	<b>12.1</b>	<b>10.8</b>	<b>3.8</b>	<b>3.2</b>	<b>1.1</b>	<b>1.3</b>	<b>17.5</b>	<b>16.5</b>
<b>BSE-30 ex-Technology</b>	<b>444,860</b>	<b>29.0</b>	<b>2.4</b>	<b>(0.7)</b>	<b>23.7</b>	<b>17.6</b>	<b>17.8</b>	<b>14.4</b>	<b>9.9</b>	<b>9.2</b>	<b>7.7</b>	<b>2.7</b>	<b>2.3</b>	<b>1.3</b>	<b>1.4</b>	<b>15.4</b>	<b>13.2</b>

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	31,195	4.3	(30.8)	109.8	10.5	37.7	18.0	16.3	21.0	11.0	9.8	4.5	3.4	0.8	0.8	11.9	18.8
Banking	102,475	43.2	21.3	13.6	17.4	19.6	17.3	14.7	—	—	—	2.7	2.4	1.2	1.3	14.0	13.7
Consumers	31,779	15.5	8.6	17.2	19.9	27.4	23.4	19.5	18.2	14.6	12.1	8.8	7.8	2.3	2.7	32.0	33.4
Cement	12,614	14.7	(12.7)	27.0	(14.6)	13.4	10.5	12.4	7.2	5.6	6.0	2.5	2.1	2.1	1.8	19.0	20.2
Energy	140,772	11.1	0.3	5.0	34.1	16.7	15.9	11.8	8.1	7.2	5.7	2.0	1.8	1.5	1.8	12.2	11.5
Industrials	55,698	24.9	14.0	1.3	37.9	31.2	30.8	22.3	17.2	15.1	11.9	6.0	4.7	0.6	0.7	19.1	15.1
Metals	44,018	14.5	12.2	(45.5)	113.1	12.8	23.4	11.0	8.3	10.2	6.4	2.4	2.1	0.7	0.4	19.2	8.8
Property	15,096	193.6	(39.9)	(49.2)	29.7	12.1	23.9	18.4	11.6	15.5	13.1	2.4	1.9	0.8	0.7	19.5	8.0
Pharmaceuticals	16,594	55.8	(30.8)	32.9	17.0	36.1	27.2	23.2	25.9	18.2	15.6	5.2	4.4	0.6	0.9	14.4	16.2
Telecom	34,694	76.9	18.9	(14.0)	(18.9)	9.8	11.4	14.0	6.7	6.4	6.7	1.8	1.6	0.6	0.7	18.6	13.9
Technology	90,441	15.2	16.4	17.5	18.7	25.9	22.0	18.5	18.8	15.1	12.1	7.6	6.1	0.9	1.1	29.5	27.6
Utilities	55,835	10.9	16.1	16.1	13.0	23.6	20.4	18.0	14.4	14.0	13.3	2.6	2.4	1.3	1.5	10.9	11.5
<b>NIFTY</b>	<b>637,425</b>	<b>26.9</b>	<b>4.5</b>	<b>3.3</b>	<b>23.8</b>	<b>19.3</b>	<b>18.7</b>	<b>15.1</b>	<b>11.5</b>	<b>10.7</b>	<b>8.9</b>	<b>3.0</b>	<b>2.6</b>	<b>1.1</b>	<b>1.3</b>	<b>15.5</b>	<b>13.8</b>
<b>NIFTY ex-Energy</b>	<b>496,653</b>	<b>33.8</b>	<b>6.1</b>	<b>2.7</b>	<b>20.2</b>	<b>20.2</b>	<b>19.7</b>	<b>16.4</b>	<b>13.3</b>	<b>12.6</b>	<b>10.7</b>	<b>3.5</b>	<b>2.9</b>	<b>1.0</b>	<b>1.1</b>	<b>17.1</b>	<b>14.9</b>
<b>NIFTY ex-Energy ex Com</b>	<b>452,635</b>	<b>37.3</b>	<b>5.2</b>	<b>10.6</b>	<b>12.7</b>	<b>21.4</b>	<b>19.4</b>	<b>17.2</b>	<b>14.7</b>	<b>13.1</b>	<b>11.9</b>	<b>3.6</b>	<b>3.1</b>	<b>1.0</b>	<b>1.2</b>	<b>16.8</b>	<b>15.8</b>

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	(6.8)	28.5	18.8	15.8	12.3	10.4	0.6	0.7
China	V/B/E/S CHINA	26.2	31.5	20.6	22.5	17.1	13.7	0.7	0.8
Hong Kong	V/B/E/S HONG KONG	12.7	14.7	15.6	15.5	13.5	11.8	1.1	0.9
India	MSCI INDIA	10.7	29.4	20.8	20.0	15.5	12.8	0.7	0.7
Korea	MSCI KOREA	57.4	38.0	9.7	12.8	9.3	8.4	0.3	1.0
Malaysia	MSCI MALAYSIA	(20.5)	25.0	14.3	18.5	14.8	12.9	0.7	1.0
Mexico	MSCI MEXICO	20.4	17.9	16.0	16.2	13.7	11.6	0.9	0.9
Russia	MSCI RUSSIA	(31.2)	33.0	39.8	10.0	7.5	5.4	0.3	0.2
Taiwan	MSCI TAIWAN	50.0	77.3	19.7	25.2	14.2	11.9	NA	0.7
Thailand	MSCI THAILAND	20.6	15.9	17.8	11.8	10.2	8.7	0.7	0.6
<b>Asia - Emerging markets</b>	<b>MSCI EM ASIA</b>	<b>25.6</b>	<b>34.4</b>	<b>15.4</b>	<b>16.3</b>	<b>12.1</b>	<b>10.5</b>	<b>0.5</b>	<b>0.8</b>

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
<b>Banking</b>									
Russia	MSCI Russia Banks Industry Group	(80.8)	618.1	NA	89.3	12.4	7.3	0.1	NA
India	MSCI India Banks Industry Group	16.6	22.5	23.9	20.9	17.1	13.8	0.9	0.7
China	MSCI China Banks Industry Group	16.0	23.2	19.3	11.6	9.4	7.9	0.5	0.5
Brazil	MSCI Brazil Banks Industry Group	8.0	21.9	18.0	14.1	11.5	9.8	0.6	0.6
<b>Consumers</b>									
Russia	MSCI Russia Consumer Staples Sector	26.2	39.9	27.7	28.9	20.7	16.2	0.7	0.7
India	MSCI India Consumer Discretionary Sector	65.1	13.0	18.0	15.4	13.6	11.5	1.2	0.8
China	MSCI China Consumer Discretionary Sector	16.3	18.0	17.3	19.7	16.7	14.2	1.1	1.0
Brazil	MSCI Brazil Consumer Discretionary Sector	103.0	29.3	36.5	16.4	12.7	9.3	0.6	0.3
<b>Energy</b>									
Russia	MSCI Russia Energy Sector	(20.6)	12.4	21.5	6.7	5.9	4.9	0.5	0.3
India	MSCI India Energy Sector	5.8	33.6	15.7	16.6	12.4	10.7	0.5	0.8
China	MSCI China Energy Sector	(2.7)	25.8	11.4	12.9	10.3	9.2	0.5	0.9
Brazil	MSCI Brazil Energy Sector	(20.4)	18.3	14.3	12.9	10.9	9.6	0.7	0.8
<b>Industrials</b>									
India	MSCI India Industrials Sector	159.5	75.9	36.9	36.7	20.9	15.2	0.5	0.6
China	MSCI China Industrials Sector	39.6	44.2	27.8	22.9	15.9	12.4	0.5	0.6
<b>Metals</b>									
Russia	MSCI Russia Metals & Mining Industry	(79.7)	208.8	27.5	35.5	11.5	9.0	0.2	0.4
India	MSCI India Metals & Mining Industry	(14.5)	69.8	23.2	17.5	10.3	8.4	0.3	0.4
China	MSCI China Metals & Mining Industry	4.4	115.5	21.8	26.9	12.5	10.2	0.2	0.6
Brazil	MSCI Brazil Metals & Mining Industry	(47.7)	74.8	25.3	22.1	12.6	10.2	0.3	0.5

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
<b>Property</b>									
India	MSCI India Real Estate Industry Group	(52.4)	52.8	53.3	27.0	17.7	11.5	0.5	0.3
China	MSCI China Real Estate Industry Group	9.3	32.0	20.2	14.5	11.0	9.1	0.5	0.5
<b>Technology</b>									
India	MSCI India Software & Services Industry Group	1.6	15.9	17.2	22.1	19.1	16.3	1.4	1.1
China	MSCI China Software & Services Industry Group	63.2	43.9	33.7	45.4	31.5	23.6	1.0	0.9
Brazil	MSCI Brazil Software & Services Industry Group	13.5	10.7	7.4	12.4	11.2	10.4	1.2	1.5
<b>Telecom</b>									
Russia	MSCI Russia Diversified Telecommunications Services Industry	139.6	52.3	19.5	14.0	9.2	7.7	0.3	0.5
India	MSCI India Telecommunication Services Sector	(30.4)	(13.1)	16.5	10.4	12.0	10.3	NA	0.7
China	MSCI China Telecommunication Services Sector	(3.9)	0.2	5.3	12.4	12.4	11.7	52.5	2.3
Brazil	MSCI Brazil Telecommunication Services Sector	(7.8)	83.2	9.3	20.8	11.3	10.4	0.2	1.2
<b>Utilities</b>									
India	MSCI India Utilities Sector	10.3	13.9	13.3	18.9	16.6	14.7	1.4	1.3
China	MSCI China Utilities Sector	405.2	11.4	21.0	16.3	14.6	12.1	1.4	0.7
Brazil	MSCI Brazil Utilities Sector	(10.1)	17.2	9.9	11.3	9.7	8.8	0.7	1.0

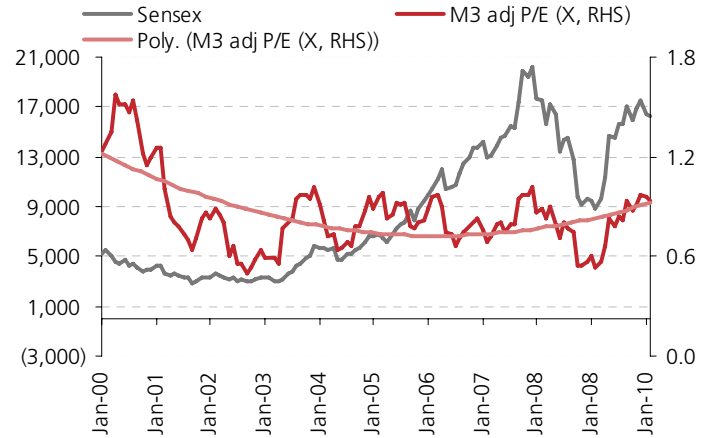
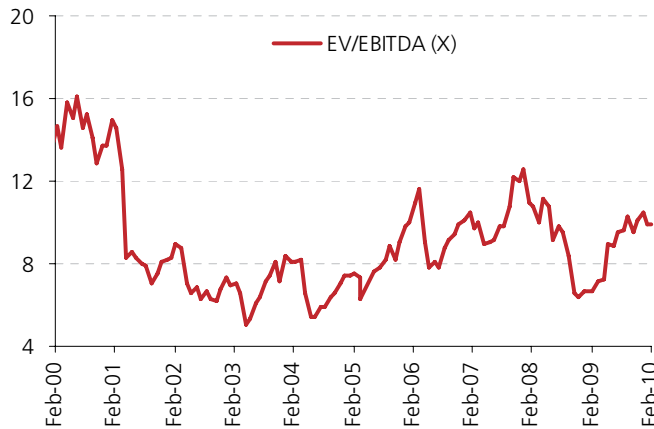
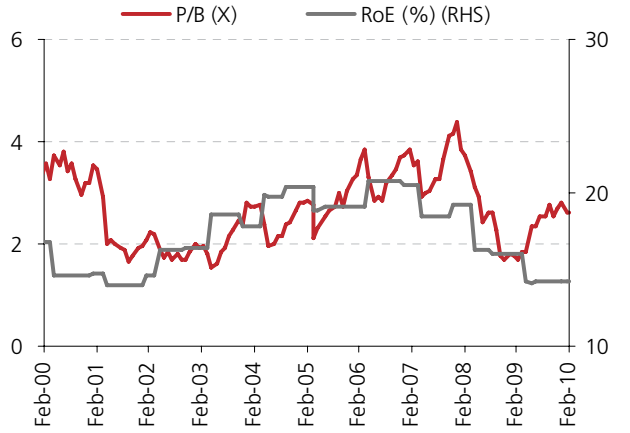
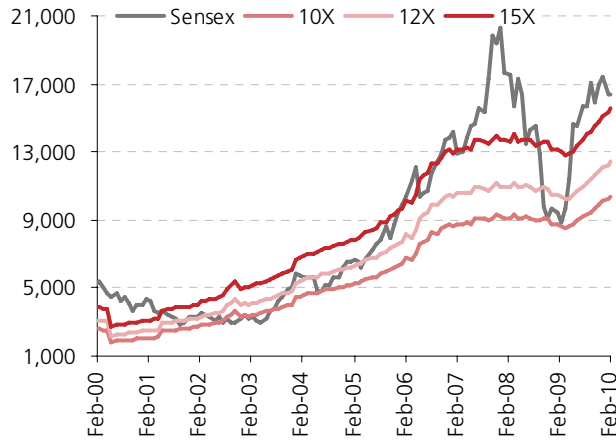
Source: Thomson Datastream



# 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, February 2000- current



Source: Bloomberg, RBI, Kotak Institutional Equities

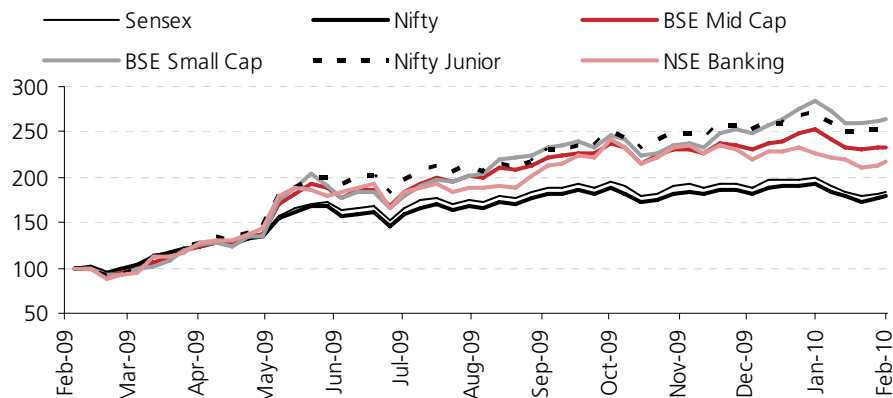
## MARKET PERFORMANCE

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

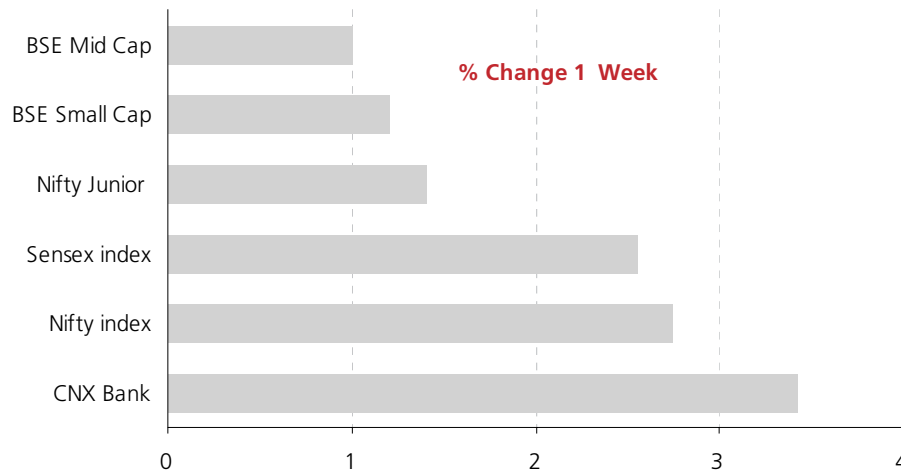
# RELATIVE PERFORMANCE OF INDIAN MARKETS

## Key performance of benchmark indices

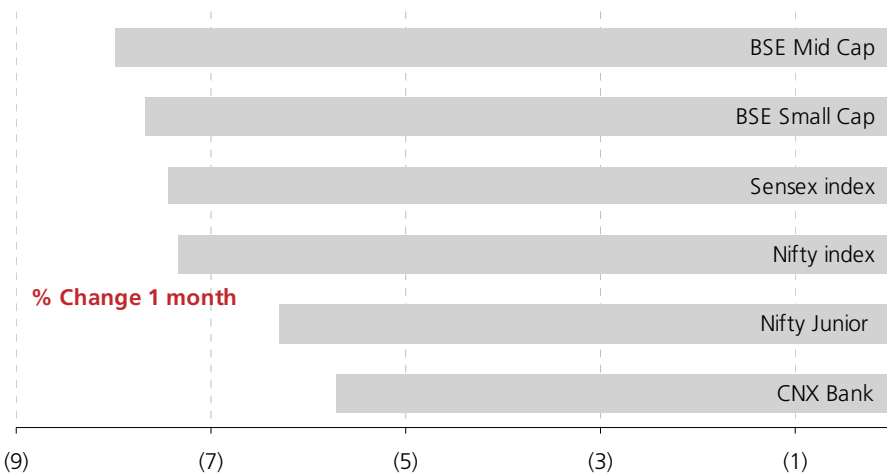
(base 100 as of February, 2009)



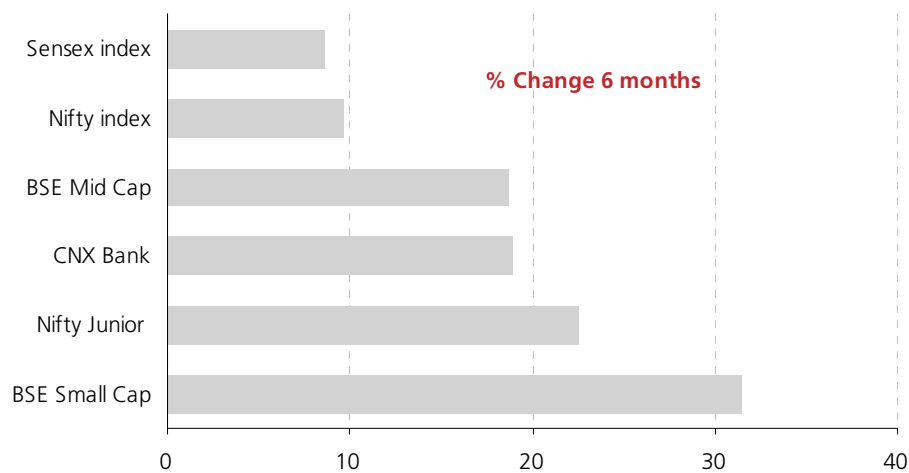
## Weekly performance of the benchmark indices



## 1-month performance of the benchmark indices



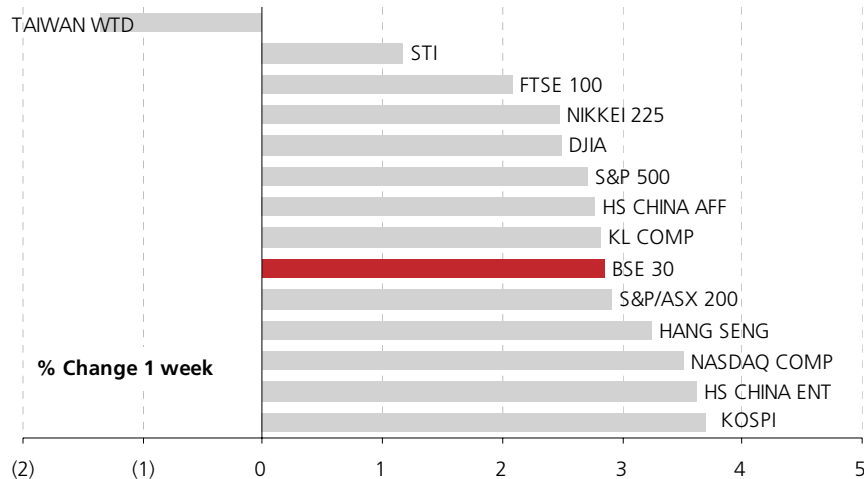
## 6-month performance of the benchmark indices



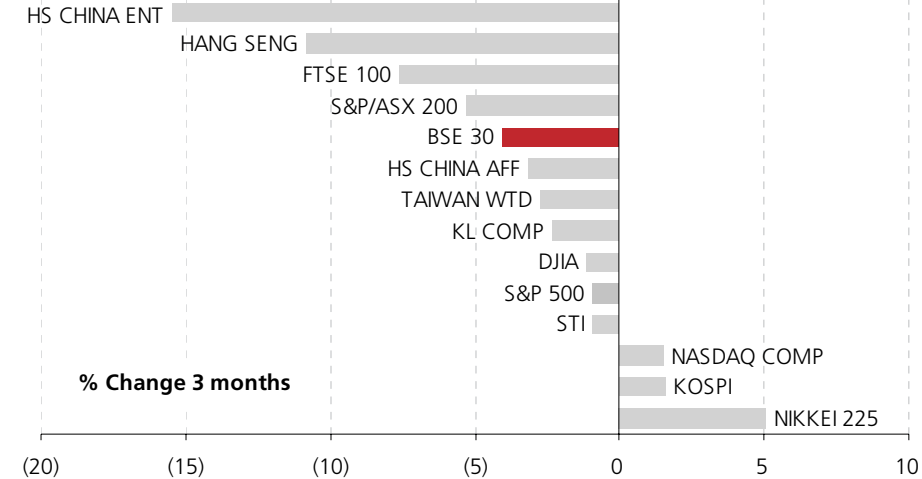
Source: Bloomberg, Kotak Institutional Equities

# BSE-SENSEX VERSUS REGIONAL INDICES

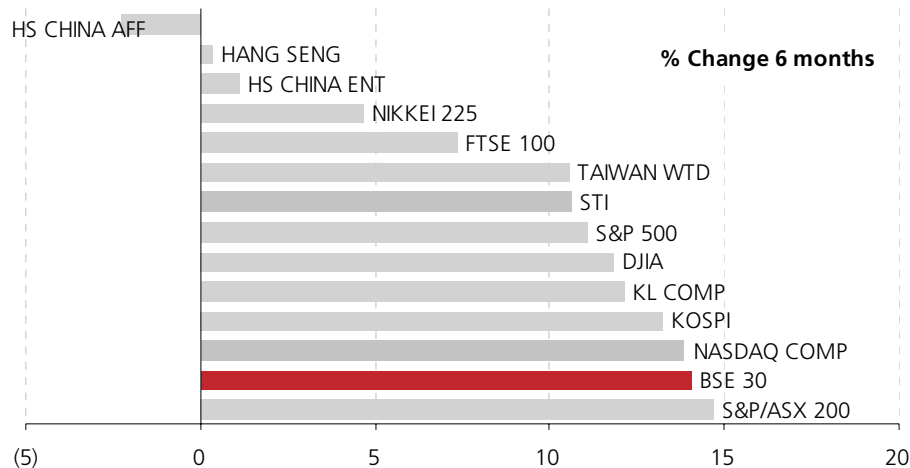
## Weekly performance



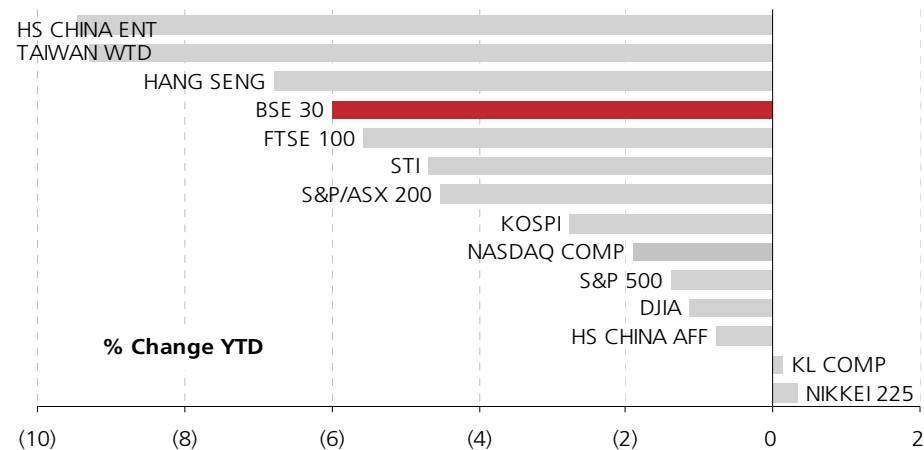
## 3-month performance



## 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, February 18, 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	31,195	(0.7)	(7.0)	29.3	170.7	(0.1)	0.4	19.1	49.4
Banking	78,908	0.2	(5.9)	13.7	94.3	0.8	1.5	4.7	7.3
Consumers	31,779	(0.6)	(2.3)	4.6	19.5	0.0	4.8	(3.7)	(34.0)
Cement	9,095	(1.2)	(2.2)	13.7	83.0	(0.6)	4.9	4.7	1.1
Diversified	6,215	(1.8)	(15.2)	(1.4)	196.5	(1.2)	(7.3)	(9.2)	63.7
Energy	114,409	(1.7)	(7.9)	0.8	57.8	(1.1)	(0.5)	(7.2)	(12.9)
Industrials	44,479	(0.4)	(5.2)	3.8	93.0	0.2	2.1	(4.5)	6.5
Metals	31,505	(1.5)	(9.8)	32.7	226.3	(0.9)	(2.2)	22.2	80.1
Pharmaceuticals	6,946	0.2	4.0	31.9	48.9	0.8	10.6	21.5	(17.8)
Property	11,149	(0.7)	(20.0)	(18.4)	94.7	(0.1)	(11.7)	(24.8)	7.5
Telecom	30,742	0.3	(11.6)	(30.4)	(9.6)	0.9	(3.8)	(35.9)	(50.1)
Technology	84,999	0.1	(5.0)	38.9	161.9	0.7	2.3	27.9	44.6
Utilities	48,471	0.9	(10.0)	0.7	25.6	1.5	(2.4)	(7.3)	(30.6)
<b>Sensex sum</b>	<b>529,892</b>	<b>(0.6)</b>	<b>(7.4)</b>	<b>8.6</b>	<b>81.1</b>				

Source: Bloomberg, Kotak Institutional Equities

# TOP GAINERS AND LOSERS

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

### 1-week performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Hindalco Industries	11.8	1 Bharti Airtel	(10.6)
2 Tata Steel	10.5	2 Rural Electrification Corp.	(7.1)
3 JSW Steel	10.4	3 Indiabulls Real Estate	(6.3)
4 IDFC	9.0	4 Asian Paints	(6.2)
5 Ranbaxy Laboratories	8.1	5 Jagran Prakashan	(6.0)
6 SREI	8.1	6 Consolidated Construction Co.	(5.4)
7 Axis Bank	7.2	7 PFC	(5.4)
8 Shree Cement	7.1	8 Phoenix Mills	(4.8)
9 Hindustan Zinc	7.1	9 DishTV	(4.6)
10 Aban Offshore	6.1	10 CESC	(4.1)

### CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Titan Industries	28.3	1 Indiabulls Real Estate	(27.4)
2 Mundra Port and SEZ	20.7	2 Hexaware Technologies	(24.8)
3 Mahindra Life Space Developer	18.2	3 Bajaj Hindustan	(23.4)
4 Siemens	16.3	4 Suzlon Energy	(21.7)
5 Bank of Baroda	14.6	5 Mindtree	(21.0)
6 UltraTech Cement	12.1	6 Shree Renuka Sugars	(17.0)
7 Axis Bank	11.0	7 Indian Overseas Bank	(16.5)
8 Grasim Industries	9.4	8 GMR Infrastructure	(16.5)
9 Havells India	9.2	9 Balrampur Chini Mills	(16.1)
10 Shree Cement	8.8	10 DLF	(15.9)

### 1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Titan Industries	19.0	1 SREI	(25.5)
2 Mahindra Life Space Developer	12.2	2 Hexaware Technologies	(24.8)
3 Lupin	9.1	3 Mindtree	(22.7)
4 Havells India	7.6	4 Indiabulls Real Estate	(22.3)
5 Dabur India	6.2	5 Dishman Pharma & chemicals	(20.8)
6 Bank of Baroda	6.1	6 DLF	(20.0)
7 Castrol India (a)	5.4	7 Rural Electrification Corp.	(19.1)
8 Siemens	5.0	8 Indian Overseas Bank	(19.1)
9 Jyothy Laboratories	4.9	9 Suzlon Energy	(18.9)
10 Mphasis BFL	4.7	10 National Aluminium Co.	(18.4)

### 1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Saw	489.6	1 Tata communications	(25.6)
2 Tata Motors	427.6	2 Suzlon Energy	(16.7)
3 JSW Steel	408.2	3 Bharti Airtel	(13.1)
4 Havells India	397.4	4 Hindustan unilever	(2.7)
5 Mphasis BFL	383.2		
6 Patni Computer Systems	347.0		
7 Sesa Goa	337.7		
8 Lanco Infratech	316.0		
9 Voltas	298.7		
10 Housing Development & Infrastr	298.2		

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)
Godrej Consumer Products	873,997	322	(2.1)
Sun TV Network	2,505,392	218	0.2
Jyothy Laboratories	293,403	164	4.9
Bharti Airtel	19,019,780	148	(12.1)
Castrol India (a)	388,507	147	5.4
Shree Cement	53,941	131	(3.8)

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

Company	5-day average		Price Change (%)
	volumes	% decrease	(1 month basis)
Mahindra & Mahindra Financial	12,064	(85)	(7.0)
Jagran Prakashan	47,803	(82)	(5.0)
National Aluminium Co.	279,414	(78)	(18.4)
Tata Tea	41,019	(76)	(7.3)
Corporation Bank	13,506	(76)	(1.5)
Indian Bank	132,506	(74)	(0.1)

Date	Sensex	Avg daily value traded	Institutional participation in total turnover	
		(US\$ mn)	FII%	MF%
Feb-09	8,692	2,653	11.4	3.3
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	16,328	3,476	11.4	3.3

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 Reliance Communications	24.3
2 Tata Chemicals	22.8
3 Titan Industries	13.8
4 J&K Bank	12.9
5 Ashok Leyland	9.6
6 Sobha	6.1
7 Sun Pharmaceuticals	5.4
8 PFC	5.3
9 GMR Infrastructure	5.0
10 Hexaware Technologies	2.5
11 Oil India	1.8

### FY2011 earnings upgrades (KIE) (1 month)

Company	% Change
1 Ashok Leyland	21.2
2 Ambuja Cements	12.5
3 Tata Chemicals	11.1
4 J&K Bank	10.3
5 Titan Industries	9.9
6 Lupin	9.4
7 GMR Infrastructure	8.1
8 Patni Computer Systems	7.9
9 Siemens	7.7
10 Reliance Communications	3.0
11 PSL	2.9
12 PFC	2.2
13 Sobha	1.8

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

Company	% Change
1 Tata Steel	(71.1)
2 Indian Oil Corporation	(30.6)
3 Hindalco Industries	(19.6)
4 BGR Energy Systems	(13.4)
5 Castrol India (a)	(7.1)
6 Jyothy Laboratories	(6.9)
7 Unitech	(4.0)
8 Federal Bank	(2.7)
9 Jindal Steel and Power	(1.3)
10 ACC	(1.0)

### FY2011 earnings downgrades (KIE) (1 month)

Company	% Change
1 Hexaware Technologies	(23.6)
2 Indian Oil Corporation	(15.9)
3 BGR Energy Systems	(9.9)
4 Oil India	(9.5)
5 Hindalco Industries	(9.2)
6 Jyothy Laboratories	(5.5)
7 Jindal Steel and Power	(3.9)
8 Jagran Prakashan	(2.8)
9 Tata Steel	(2.5)
10 Federal Bank	(2.0)
11 Sun Pharmaceuticals	(2.0)
12 Unitech	(1.6)
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	Sadbhav Engineering	36.6	1,400	1,025
2	Siemens	23.3	635	515
3	Jyothy Laboratories	17.6	200	170
4	Ashok Leyland	17.0	55	47
5	Bharat Electronics	15.1	1,870	1,625
6	Tata Chemicals	13.3	340	300
7	Lupin	11.9	1,600	1,430
8	Patni Computer Systems	9.8	450	410
9	ABB	9.1	720	660
10	Mahindra Life Space Developer	8.5	510	470
11	Titan Industries	8.3	1,300	1,200
12	Ambuja Cements	8.2	92	85
13	Sun Pharmaceuticals	7.1	1,500	1,400
14	PFC	5.0	210	200
15	Larsen & Toubro	3.0	1,700	1,650
16	Castrol India (a)	2.4	640	625

### Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Oil India	(9.8)	1,150	1,275
2	BGR Energy Systems	(5.7)	500	530
3	Tata Steel	(2.8)	700	720
4	Mahindra & Mahindra	(1.6)	1,230	1,250

Source: Kotak Institutional Equities estimates

# CHANGES IN OUR RATINGS

## Changes in ratings over the past one month

Company name		Rating	
		Current	Previous
Asian Paints	Upgraded	BUY	ADD
Bank of Baroda	Upgraded	BUY	ADD
DLF	Upgraded	REDUCE	SELL
HDFC Bank	Upgraded	BUY	ADD
Jaiprakash Associates	Upgraded	BUY	ADD
Lanco Infratech	Upgraded	BUY	ADD
Larsen & Toubro	Upgraded	BUY	ADD
Maruti Suzuki	Upgraded	REDUCE	SELL
Sadbhav Engineering	Upgraded	BUY	ADD
Sobha	Upgraded	ADD	REDUCE

Company name		Rating	
		Current	Previous
Bharat Electronics	Downgraded	REDUCE	ADD
Castrol India (a)	Downgraded	REDUCE	ADD
DishTV	Downgraded	REDUCE	ADD
Havells India	Downgraded	SELL	REDUCE
Hindalco Industries	Downgraded	ADD	BUY

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 FIIs in the cash market (US\$ mn)

	FII	MF
CY2000	1,462	(150)
CY2001	2,807	(1,059)
CY2002	751	(634)
CY2003	6,658	114
CY2004	8,382	(216)
CY2005	10,776	2,932
CY2006	8,632	3,561
CY2007	17,335	1,512
CY2008	(13,336)	3,128
CY2009	17,854	(1,273)
<b>CY2010</b>	<b>(576)</b>	<b>(352)</b>
Jan	(230)	(286)
Feb	(346)	(66)

### 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	2,453	(994)
CY2009	(1,560)	(2,232)
<b>CY2010</b>	<b>(696)</b>	<b>(98)</b>
Jan	(1,544)	(424)
Feb	848	326

Source: Bloomberg, Kotak Institutional Equities

# FII FLOWS IN OTHER EMERGING MARKETS

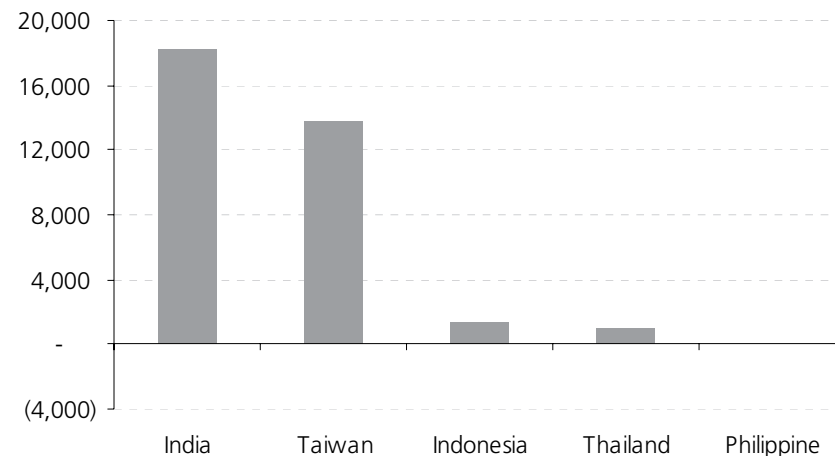
## FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
18-Jan-10	113.3	(32.1)	10.6	(50.5)	64.5
19-Jan-10	(101.7)	15.2	(1.9)	(6.5)	(99.0)
20-Jan-10	2.7	18.3	9.6	(34.9)	(7.0)
21-Jan-10	72.4	(49.4)	2.6	(41.0)	(123.9)
22-Jan-10	(671.2)	(108.1)	(9.8)	(36.9)	(446.1)
25-Jan-10	(353.5)	(49.4)	(5.7)	6.0	(195.0)
27-Jan-10	(240.8)	(48.2)	13.9	(15.9)	(414.7)
28-Jan-10	(287.8)	(8.3)	(4.5)	(3.1)	(467.2)
29-Jan-10	(346.7)	(17.1)	(4.1)	(34.3)	42.6
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	(331.5)	(105.4)	(2.4)	(20.0)	(350.0)
8-Feb-10	(372.8)	(148.0)	(2.5)	(55.1)	(172.3)
9-Feb-10	(178.6)	(76.5)	7.4	(33.7)	(84.8)
10-Feb-10	(71.0)	7.4	15.6	18.5	(5.1)
11-Feb-10	(228.9)	12.7	2.7	(7.9)	75.5
15-Feb-10	(490.3)	153.2	8.4	(16.2)	46.9
16-Feb-10	(489.2)	13.2	1.0	(9.6)	55.6
<b>Total</b>	<b>(4,807)</b>	<b>(423)</b>	<b>49</b>	<b>(311)</b>	<b>(1,992)</b>

Source: Bloomberg

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



# IPO ANALYSIS

## Market performance since IPO/ Follow on offering

Name	Shares (mn)	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Syncom Healthcare Ltd.	8	75	563	2/15/2010	88	83	17	11
Vascon Engineers Ltd.	11	165	1,782	2/15/2010	148	142	(10)	(14)
Jubilant Foodworks Ltd.	23	145	3,287	2/8/2010	229	231	58	59
Infinite Computer Solutions	12	165	1,898	2/3/2010	192	204	16	24
MBL Infrastructures Ltd.	6	180	1,026	1/11/2010	207	203	15	13
DB Corp Ltd	18	212	3,853	1/6/2010	266	236	25	11
Godrej Properties	9	490	4,621	1/5/2010	537	479	10	(2)
JSW Energy Ltd	270	100	26,982	1/4/2010	101	109	1	9
Cox & Kings	18	330	6,104	12/11/2009	425	448	29	36
Astec Lifesciences	8	82	615	11/25/2009	84	56	2	(32)
Den Networks	19	195	3,621	11/24/2009	163	189	(16)	(3)
Indiabulls Power	340	45	15,291	10/30/2009	40	31	(12)	(32)
Thinksoft Global Services	4	125	456	10/26/2009	164	286	32	129
Euro Multivision	9	75	660	10/15/2009	54	28	(29)	(63)
Pipavav Shipyard	85	58	4,956	10/9/2009	57	55	(2)	(5)
Oil India	26	1,050	27,773	9/30/2009	1,141	1,148	9	9
Globus Spirits	8	100	750	9/23/2009	91	101	(9)	1
Jindal Cotex	12	75	934	9/22/2009	87	84	16	12
NHPC	1,677	36	60,385	9/1/2009	37	33	2	(9)
Adani Power	302	100	30,165	8/20/2009	100	107	0	7
Raj Oil Mills	10	120	1,140	8/12/2009	119	66	(1)	(45)
Excel Infoways	6	85	482	8/3/2009	96	46	13	(46)
Mahindra Holidays & Resorts	9	300	2,780	7/16/2009	317	440	6	47
Rishabhdev Technocable	9	33	297	6/29/2009	27	12	(18)	(65)
Edserv Softsystems	4	60	238	3/2/2009	138	253	130	322
Alkali Metals	3	103	263	11/6/2008	173	109	68	6
Chemcel Bio-Tech	15	16	246	10/13/2008	5	9	(67)	(43)
20 Microns	4	55	239	10/6/2008	34	44	(39)	(21)
Resurgere Mines & Minerals	4	270	1,202	9/1/2008	534	96	98	(65)
Nu Tek India	5	192	864	8/27/2008	199	36	4	(81)
Vishal Information Technolog	3	150	419	8/11/2008	13	11	(91)	(93)
Birla Cotsyn (India)	103	14	1,442	7/30/2008	1	1	(93)	(92)
Somi Conveyor Beltings	6	35	218	7/24/2008	26	14	(26)	(59)
Ksk Energy Ventures	35	240	8,307	7/14/2008	192	185	(20)	(23)
Lotus Eye Care Hospital	10	38	380	7/11/2008	36	29	(6)	(24)
First Winner Industries	6	125	688	7/8/2008	89	26	(29)	(80)
Archidply Industries	7	74	490	7/4/2008	51	33	(31)	(55)
Avon Corporation	14	10	137	7/3/2008	12	8	19	(19)
Sejal Architectural Glass Lt	9	115	1,057	7/1/2008	81	52	(29)	(55)
Bafna Pharmaceuticals	6	40	256	6/27/2008	39	29	(4)	(28)
Niraj Cement Structural	3	190	618	6/19/2008	190	58	0	(70)
Anu'S Laboratories	4	210	802	6/4/2008	13	7	(94)	(97)
Gokul Refoils & Solvent	7	195	1,396	6/4/2008	36	54	(81)	(72)
Aishwarya Telecom	4	35	140	5/7/2008	91	47	160	34
Kiri Dyes And Chemicals	4	150	563	4/22/2008	159	727	6	385
Titagarh Wagons	2	540	1,287	4/21/2008	707	454	31	(16)
Sita Shree Food Products	11	30	315	4/7/2008	44	9	46	(70)
Gammon Infrastructure Projec	17	167	2,764	4/3/2008	32	23	(81)	(86)
V-Guard Industries	8	82	656	3/13/2008	76	84	(7)	3
Rural Electrification Corp	156	105	16,393	3/12/2008	121	214	16	104
Gss America Infotech	3	400	1,399	3/7/2008	501	300	25	(25)
Irb Infrastructure Developer	51	185	9,446	2/25/2008	190	258	3	40
Tulsi Extrusions	6	85	485	2/25/2008	141	28	66	(67)
Bang Overseas	4	207	725	2/20/2008	174	47	(16)	(77)
Shriram Epc	5	300	1,500	2/20/2008	287	196	(5)	(35)
Onmobile Global	11	440	4,796	2/19/2008	518	398	18	(10)
Knr Constructions	8	170	1,339	2/18/2008	155	126	(9)	(26)
Cords Cable Industries	3	135	416	2/13/2008	139	43	3	(68)

Source: Bloomberg, Kotak Institutional Equities

## Forthcoming IPO/Follow on offerings

Company Name	Issue
NMDC Ltd.	FPO
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
BPTPLtd.	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
United Bank Of India	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

Source: Prime Database

# BULK DEALS

## Major bulk deals

Date	Company	Action	Quantity	Price	Value	Exchange
					(Rs mn)	
10-Feb-10	AIA Engineering	BUY	1,915,000	355	680	BSE
10-Feb-10	AIA Engineering	BUY	1,358,244	355	482	BSE
15-Feb-10	Godrej Cons	BUY	1,814,900	256	465	BSE
15-Feb-10	Godrej Consumer Products	BUY	1,814,300	256	464	NSE
16-Feb-10	Bajaj Finserv	SELL	800,000	330	264	NSE
16-Feb-10	Bajaj Auto Finance	BUY	803,000	289	232	BSE
15-Feb-10	OnMobile Global	BUY	460,000	370	170	NSE
15-Feb-10	Camlin	SELL	6,000,000	23	138	BSE
15-Feb-10	OnMobile Global	BUY	300,000	370	111	NSE
17-Feb-10	Fame India	BUY	1,000,000	76	76	NSE
16-Feb-10	Bharati Shipyard	SELL	221,230	270	60	NSE
15-Feb-10	Bharati Shipyard	SELL	162,132	282	46	NSE
17-Feb-10	Bharati Shipyard	SELL	148,627	276	41	NSE
15-Feb-10	C & C Constructions	SELL	98,012	231	23	NSE
15-Feb-10	Syncom Healthcare	SELL	98,000	98	10	NSE
16-Feb-10	Quintegra Solutions	SELL	430,341	13	6	NSE
16-Feb-10	SNL Bearings	SELL	156,350	30	5	BSE
15-Feb-10	Foods & Inns	BUY	10,000	262	3	BSE
11-Feb-10	Foods & Inns	BUY	8,586	265	2	BSE

Source: BSE, NSE



# DELIVERY POSITIONS

## Top increase/(decrease) in delivery percentage

### Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Nagarjuna Construction Co	46	94
Crompton Greaves Ltd	42	83
Tata Power Co Ltd	51	85
Gvk Power & Infrastructure	38	71
Power Finance Corporation	57	87
Shree Cement Ltd	59	87
Jsw Steel Limited	15	42
Ht Media Ltd	68	95
United Phosphorus Ltd	30	55

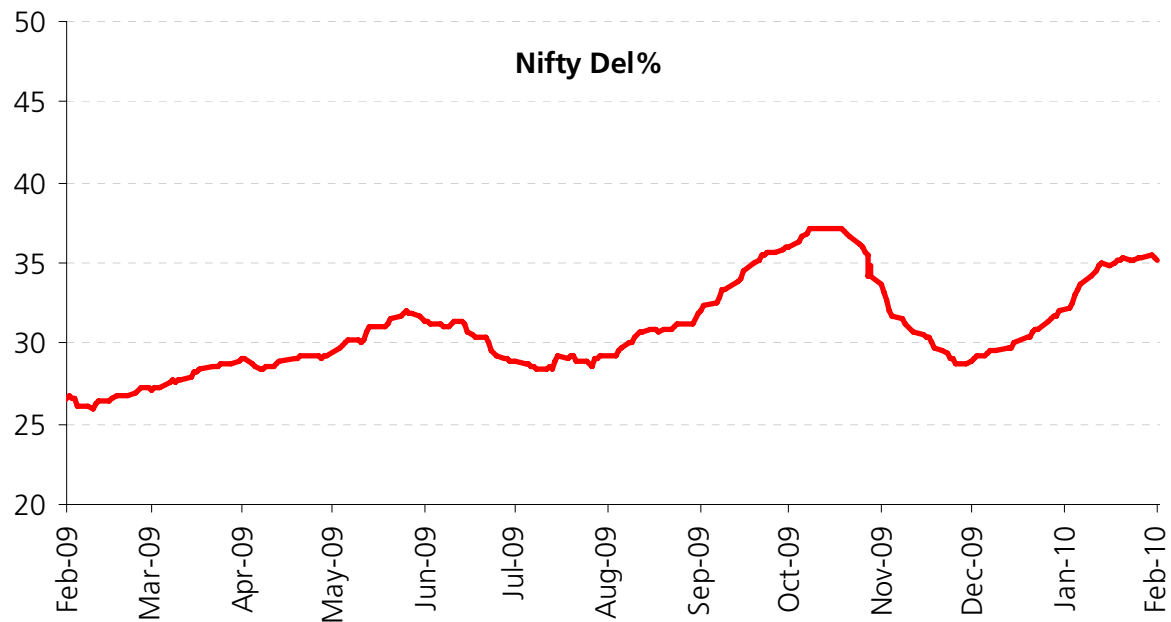
### Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Container Corp Of India Ltd	86	35
Maharashtra Seamless Ltd	54	6
Federal Bank Ltd	89	50
Hexaware Technologies Ltd	64	27
Asian Paints Ltd	60	30
Punjab National Bank	50	25
Wipro Ltd	50	26
Cesc Ltd	61	37
Shree Renuka Sugars Ltd	41	17

Source: Bloomberg, Kotak Institutional Equities

# NIFTY DELIVERY

Nifty delivery percentage

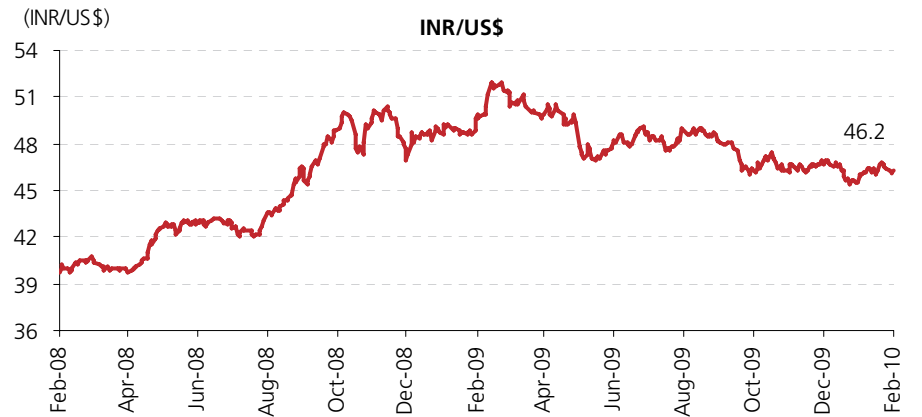
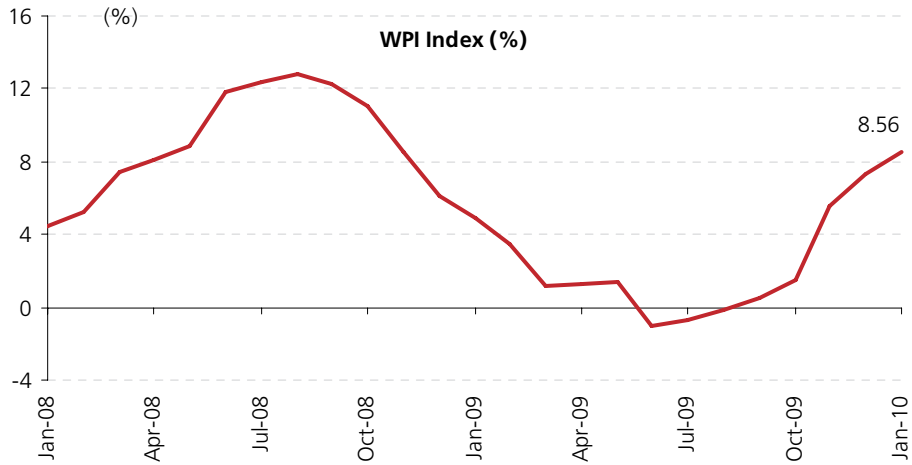
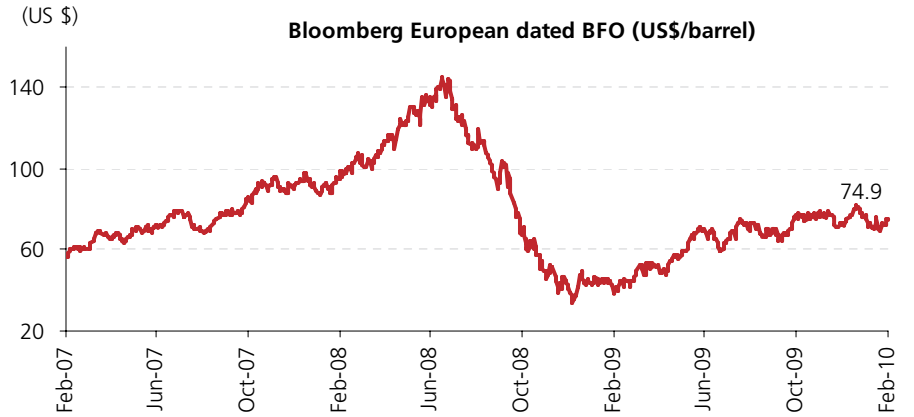
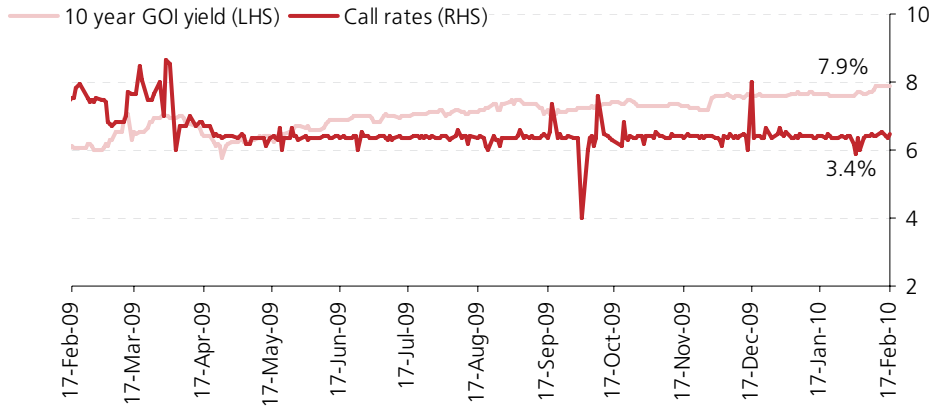


Source: Bloomberg, Kotak Institutional Equities

## ECONOMIC INDICATORS

# ECONOMIC INDICATORS

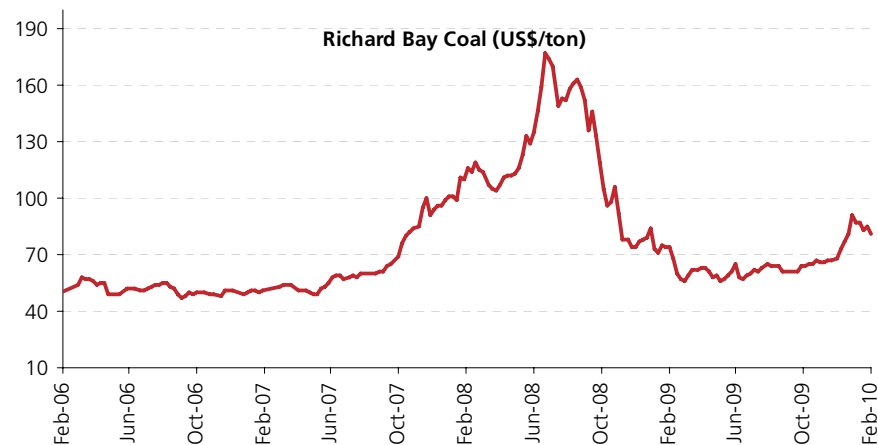
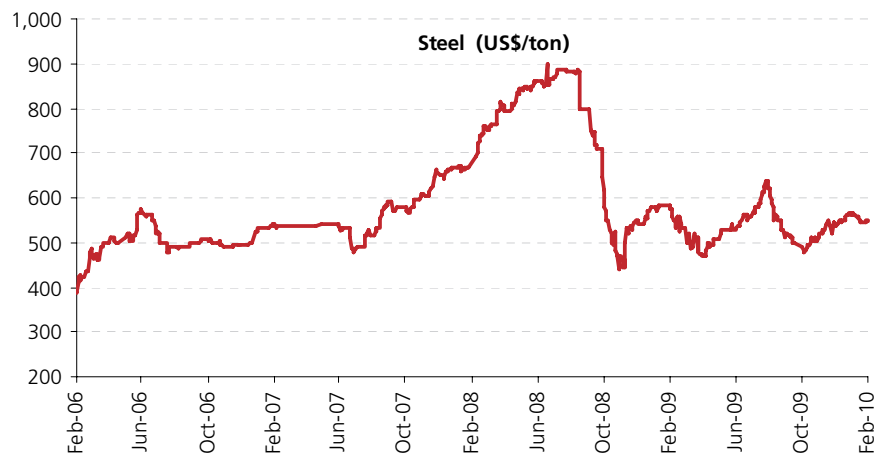
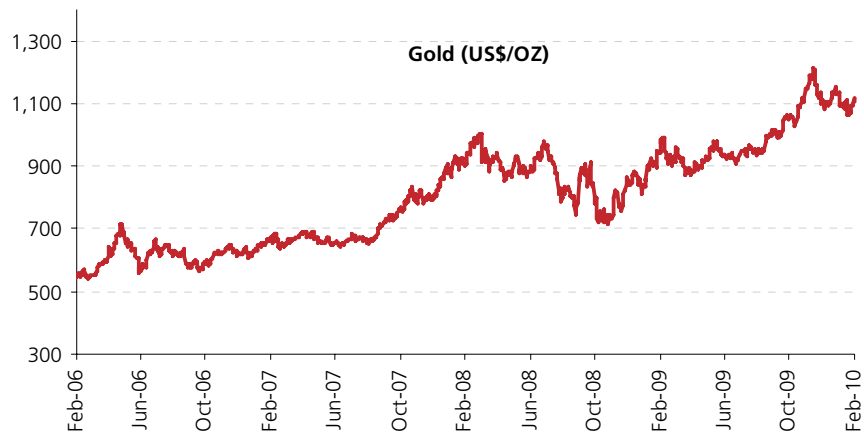
## Key economic parameters



Source: Bloomberg, Kotak Institutional Equities

# COMMODITIES

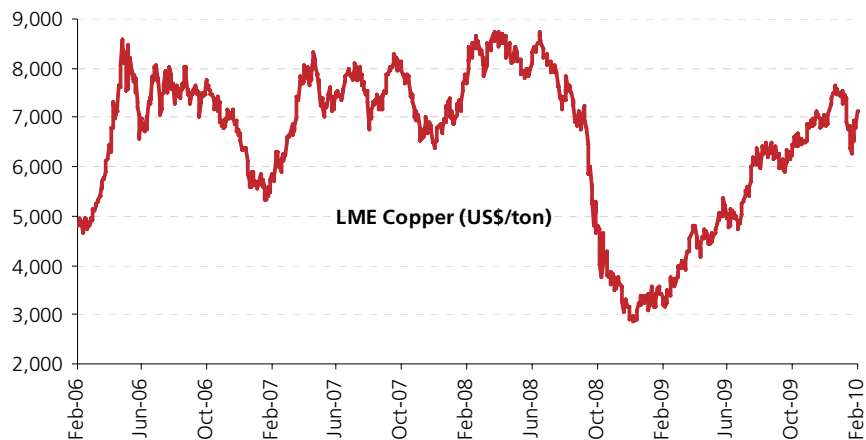
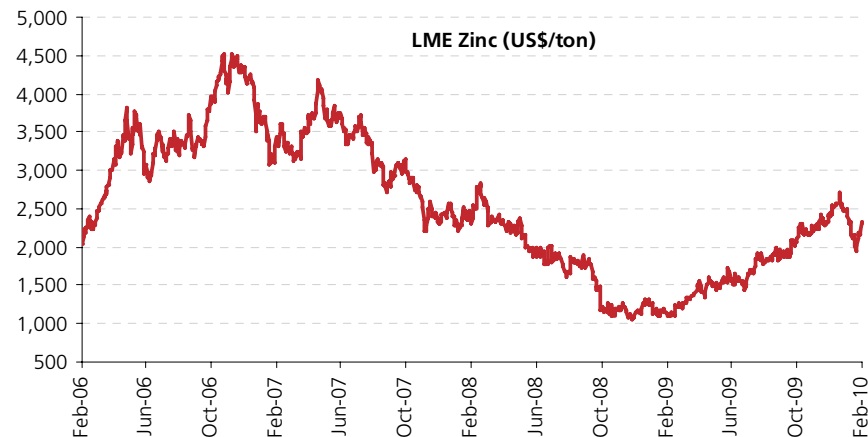
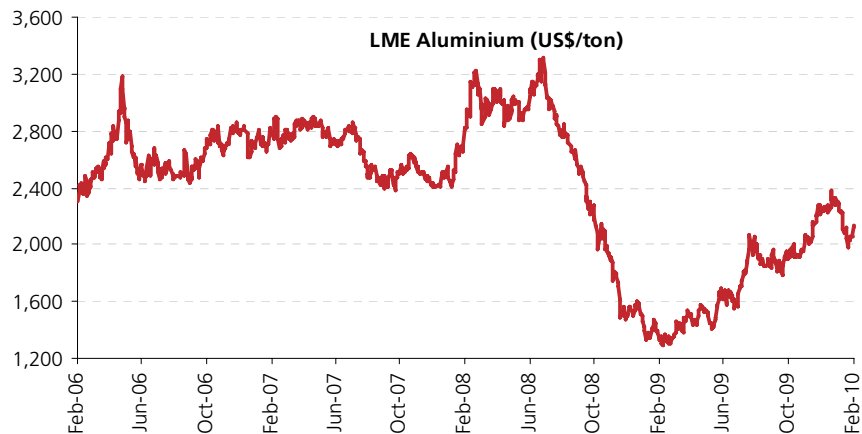
## Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

# COMMODITIES

## Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

## KOTAK VALUATION SUMMARY

# VALUATION SUMMARY

## Kotak Institutional Equities Universe

Company	18-Feb-10		Mkt cap.		O/S	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)	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	2009	2010E	2011E	(Rs)	(%)	(US\$ mn)
<b>Automobiles</b>																													
Ashok Leyland	50	ADD	66,384	1,441	1,330	1.5	3.1	3.9	(57.8)	105.8	24.5	32.6	15.9	12.7	17.8	10.8	8.4	1.8	1.6	1.5	2.0	2.0	2.0	6.2	12.1	12.4	55	10.2	5.0
Bajaj Auto	1,813	BUY	262,239	5,692	145	45.2	110.0	133.6	(13.4)	143.1	21.5	40.1	16.5	13.6	21.0	10.2	9.0	14.0	8.5	5.6	1.1	1.1	1.1	37.7	63.7	49.3	1,875	3.4	11.2
Hero Honda	1,703	REDUCE	340,089	7,382	200	64.2	107.4	116.0	32.4	67.3	8.0	26.5	15.9	14.7	15.8	9.8	8.5	8.6	6.1	4.6	1.2	1.3	1.3	36.4	45.1	35.8	1,625	(4.6)	18.4
Mahindra & Mahindra	1,013	ADD	298,633	6,482	295	30.0	64.4	72.7	(19.8)	114.5	12.8	33.8	15.7	13.9	23.7	10.3	9.2	5.7	3.8	3.0	0.9	0.9	0.9	17.4	29.9	23.9	1,230	21.4	23.9
Maruti Suzuki	1,360	REDUCE	392,939	8,529	289	42.2	85.1	90.3	(29.6)	101.7	6.1	32.2	16.0	15.1	19.2	8.9	8.1	4.1	3.3	2.7	0.3	0.4	0.4	13.5	23.0	19.8	1,350	(0.7)	25.7
Tata Motors	710	ADD	405,508	8,802	571	10.0	26.2	30.1	(78.2)	161.0	15.0	70.8	27.1	23.6	25.7	14.1	12.4	3.1	2.4	2.1	0.8	0.8	0.8	9.1	14.4	11.6	810	14.1	63.8
<b>Automobiles Cautious 1,765,791 38,328 (30.7) 114.3 12.8 37.8 17.6 15.6 20.9 10.8 9.6 4.7 3.6 2.9 0.9 0.9 0.9 12.4 20.2 18.8</b>																													
<b>Banks/Financial Institutions</b>																													
Andhra Bank	101	BUY	48,961	1,063	485	13.5	19.4	14.7	13.5	44.1	(24.4)	7.5	5.2	6.9	—	—	—	1.3	1.1	1.0	4.5	3.8	2.9	18.9	23.5	15.3	125	23.8	3.2
Axis Bank	1,099	ADD	417,437	9,061	380	50.6	63.3	74.5	56.9	25.1	17.7	21.7	17.4	14.7	—	—	—	4.1	2.6	2.3	0.9	1.1	1.4	19.1	18.4	17.5	1,160	5.6	43.9
Bank of Baroda	589	BUY	215,332	4,674	366	60.9	75.0	77.2	55.1	23.1	2.9	9.7	7.9	7.6	—	—	—	1.9	1.6	1.4	1.5	1.9	1.9	21.4	22.0	19.1	650	10.3	10.7
Bank of India	335	REDUCE	176,234	3,825	526	57.2	38.9	47.8	40.7	(32.0)	22.9	5.9	8.6	7.0	—	—	—	1.5	1.3	1.1	2.4	1.6	2.0	29.2	16.2	17.3	360	7.4	6.0
Canara Bank	379	ADD	155,390	3,373	410	50.5	75.2	69.7	32.4	48.8	(7.3)	7.5	5.0	5.4	—	—	—	1.5	1.2	1.0	2.1	2.1	2.6	18.3	22.8	17.8	470	24.0	6.1
Corporation Bank	442	BUY	63,335	1,375	143	62.3	71.1	65.0	21.5	14.1	(8.5)	7.1	6.2	6.8	—	—	—	1.3	1.1	1.0	2.8	3.2	3.0	19.6	19.3	15.5	540	22.3	0.6
Federal Bank	249	BUY	42,621	925	171	29.3	30.6	38.0	(14.8)	4.5	24.1	8.5	8.1	6.6	—	—	—	1.0	0.9	0.8	2.0	2.1	2.6	12.1	11.5	13.0	340	36.4	3.4
HDFC	2,481	ADD	705,706	15,318	284	80.2	98.5	115.4	(6.4)	22.7	17.2	30.9	25.2	21.5	—	—	—	5.4	4.9	4.3	1.2	1.4	1.6	18.2	19.7	20.3	2,700	8.8	43.1
HDFC Bank	1,684	BUY	761,154	16,522	452	52.8	64.8	84.4	17.6	22.8	30.2	31.9	26.0	20.0	—	—	—	5.1	3.6	3.1	0.6	0.7	0.9	16.9	16.1	16.7	1,800	6.9	34.9
ICICI Bank	840	ADD	935,219	20,300	1,113	33.8	37.3	47.0	(15.4)	10.6	26.0	24.9	22.5	17.9	—	—	—	1.9	1.8	1.7	1.3	1.5	1.8	7.8	8.2	9.8	890	5.9	98.3
IDFC	155	REDUCE	200,573	4,354	1,295	5.8	8.4	9.1	1.9	45.4	8.0	26.8	18.4	17.0	—	—	—	3.3	2.8	2.5	0.8	0.9	1.0	12.9	16.4	15.6	145	(6.4)	20.5
India Infoline	116	BUY	36,184	785	312	5.1	7.7	9.2	(8.7)	50.4	19.2	22.7	15.1	12.7	—	—	—	2.9	2.4	2.0	2.2	2.8	1.8	11.9	17.6	18.7	170	46.5	6.0
Indian Bank	175	BUY	75,296	1,634	430	28.0	34.2	34.7	24.1	22.4	1.4	6.3	5.1	5.0	—	—	—	1.4	1.1	1.0	2.9	3.4	3.4	22.9	23.3	20.0	230	31.3	2.7
Indian Overseas Bank	92	BUY	50,176	1,089	545	24.3	22.7	13.3	10.3	(6.9)	(41.1)	3.8	4.1	6.9	—	—	—	0.8	0.7	0.7	5.7	4.1	4.5	22.1	16.1	8.6	150	62.9	3.2
J&K Bank	614	BUY	29,755	646	48	84.5	105.5	112.3	13.8	24.8	6.4	7.3	5.8	5.5	—	—	—	1.3	1.1	1.0	2.8	3.4	3.7	16.7	18.1	16.9	700	14.1	0.8
LK Housing Finance	761	ADD	64,699	1,404	85	62.5	88.6	90.8	37.3	41.7	2.5	12.2	8.6	8.4	—	—	—	3.3	2.5	2.1	1.8	2.6	2.6	26.2	30.1	25.1	925	21.5	15.0
Mahindra & Mahindra Financial	336	BUY	32,112	697	96	22.4	31.9	37.2	7.5	42.2	16.5	15.0	10.5	9.0	—	—	—	2.3	1.9	1.7	1.6	2.4	2.8	15.4	19.3	19.6	415	23.7	0.8
Oriental Bank of Commerce	263	REDUCE	65,879	1,430	251	36.1	41.3	47.7	51.4	14.3	15.5	7.3	6.4	5.5	—	—	—	1.1	1.0	0.8	2.8	3.2	3.7	13.7	13.3	14.0	280	6.5	4.1
PFCL	235	SELL	269,209	5,843	1,148	13.3	19.7	21.4	17.4	47.7	8.6	17.6	11.9	11.0	—	—	—	2.4	2.1	1.9	1.7	2.1	2.3	18.9	18.4	17.6	210	(10.5)	4.2
Punjab National Bank	896	BUY	282,511	6,132	315	98.0	116.3	129.1	50.9	18.7	10.9	9.1	7.7	6.9	—	—	—	2.1	1.8	1.5	2.2	2.6	2.9	25.8	25.2	23.2	1,020	13.8	8.2
Reliance Capital	752	ADD	185,211	4,020	246	39.3	17.7	17.5	(5.6)	(55.1)	(1.1)	19.1	42.6	43.1	—	—	—	2.8	2.6	2.5	0.8	0.4	0.3	15.3	6.3	5.9	875	16.3	56.6
Shriram Transport	471	ADD	108,986	2,366	232	30.1	36.6	48.3	56.7	21.6	32.0	15.6	12.9	9.8	—	—	—	4.8	2.8	2.5	0.9	2.3	3.1	29.6	26.5	25.1	500	6.2	2.9
SREI	67	NR	7,762	168	116	7.0	8.3	7.9	(24.7)	17.8	(4.8)	9.5	8.1	8.5	—	—	—	0.8	0.7	0.6	1.5	1.8	1.8	12.8	11.1	10.5	115	72.3	3.8
State Bank of India	1,942	BUY	1,233,191	26,768	635	143.7	154.8	174.4	34.8	7.7	12.7	13.5	12.6	11.1	—	—	—	2.1	1.9	1.7	1.5	1.5	1.6	17.1	15.9	15.8	2,400	23.6	115.8
Union Bank	243	BUY	122,617	2,662	505	34.2	37.9	38.7	24.5	11.0	2.0	7.1	6.4	6.3	—	—	—	1.7	1.4	1.2	2.1	2.3	2.3	27.2	24.4	20.7	310	27.7	3.9
<b>Banks/Financial Institutions Attractive 6,469,380 140,425 27.0 15.3 10.8 14.9 12.9 11.6 — — — 2.4 2.0 1.8 1.4 1.6 1.8 16.1 15.8 15.5</b>																													
<b>Cement</b>																													
ACC	909	REDUCE	170,745	3,706	188	56.3	83.2	53.2	(12.2)	47.9	(36.1)	16.2	10.9	17.1	8.2	5.9	7.5	3.2	2.7	2.4	2.6	2.6	2.6	24.7	29.3	17.1	800	(12.0)	10.9
Ambuja Cements	107	REDUCE	162,133	3,519	1,522	7.2	8.0	6.9	(5.0)	11.4	(13.5)	14.8	13.3	15.4	8.0	7.4	7.8	2.7	2.3	2.1	2.8	1.8	2.0	19.7	19.3	14.7	92	(13.6)	6.2
Grasim Industries	2,707	REDUCE	248,246	5,388	92	238.6	297.3	289.2	(16.2)	24.6	(2.7)	11.3	9.1	9.4	6.5	4.8	4.8	2.1	1.8	1.5	1.2	1.2	1.3	21.1	21.4	17.6	2,500	(7.7)	10.8
India Cements	123	REDUCE	34,626	752	282	17.8	13.7	12.4	n/a	(23.1)	(9.1)	6.9	9.0	9.9	5.0	5.3	5.5	0.9	0.9	0.8	1.5	1.7	2.6	14.8	10.5	9.0	100	(18.4)	5.7
Shree Cement	2,103	BUY	73,250	1,590	35	174.8	267.3	228.9	93.8	52.9	(14.4)	12.0	7.9	9.2	7.9	4.8	4.4	6.1	3.5	2.5	0.5	0.5	0.5	65.7	56.1	31.8	2,400	14.1	0.8
UltraTech Cement	1,025	REDUCE	127,602	2,770	124	78.8	90.1	64.5	(3.1)	14.3	(28.4)	13.0	11.4	15.9	7.6	6.2	7.6	3.0	2.4	2.1	0.6	0.8	0.8	31.1	27.3	16.2	900	(12.2)	4.8
<b>Cement Neutral 816,603 17,725 (8.0) 23.6 (16.2) 12.7 10.3 12.3 7.1 5.6 6.0 2.5 2.1 1.8 1.7 1.5 1.6 20.0 20.5 15.0</b>																													
<b>Consumer products</b>																													
Asian Paints	1,858	BUY	178,205	3,868	96	38.6	72.9	83.4	(1.7)	88.8	14.4	48.1	25.5	22.3	28.7	16.0	13.7	15.6	12.7	10.5	0.9	2.1	2.4	36.6	57.2	53.4	2,100	13.0	1.9
Colgate-Palmolive (India)	698	REDUCE	94,964	2,061	136	21.6	29.4	33.4	26.3	36.1	13.8	32.4	23.8	20.9	26.8	19.4	16.0	43.9	39.5	35.5	2.1	3.4	3.8	155.1	174.9	178.8	700	0.2	1.6
Dabur India	169	BUY	146,273																										



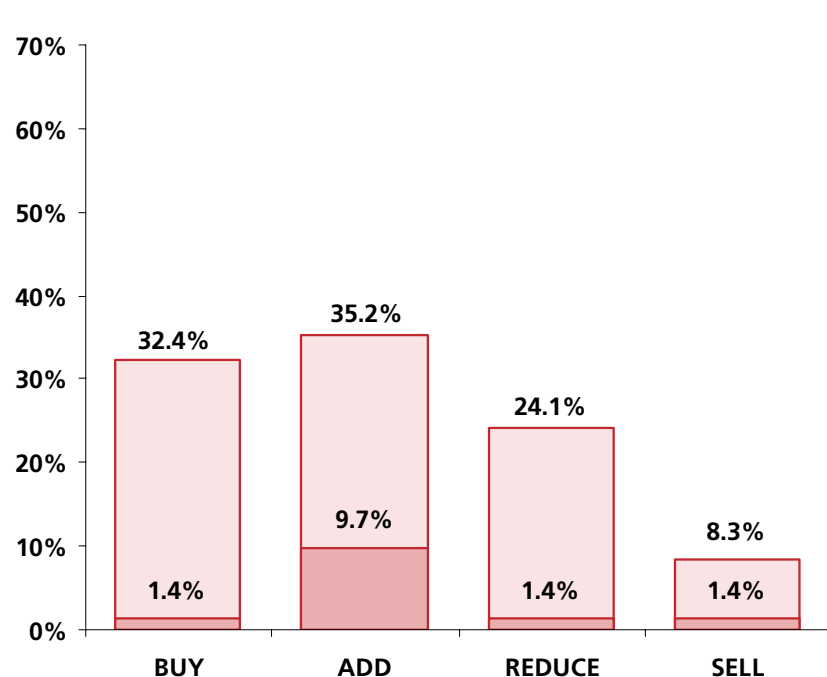




# DISCLOSURES

## 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.

# DISCLAIMER

---

Copyright 2009 Kotak Institutional Equities (Kotak Securities Limited). All rights reserved.

Kotak Securities Limited and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We along with our affiliates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Investment Research Department. Our research professionals provide important input into our investment banking and other business selection processes. Investors should assume that Kotak Securities Limited and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may participate in the solicitation of such business. Our research professionals are paid in part based on the profitability of Kotak Securities Limited, which include earnings from investment banking and other business. Kotak Securities Limited generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, Kotak Securities Limited generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of Kotak Securities Limited. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. Kotak Securities Limited does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment.

Certain transactions -including those involving futures, options, and other derivatives as well as non-investment-grade securities - give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavor to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether Kotak Securities Limited and its affiliates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by Kotak Mahindra Mutual Fund. Kotak Securities Limited and its non US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies affectively assume currency risk. In addition options involve risks and are not suitable for all investors. Please ensure that you have read and understood the current derivatives risk disclosure document before entering into any derivative transactions.

This report has not been prepared by Kotak Mahindra Inc. (KMInc). However KMInc has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. Any reference to Kotak Securities Limited shall also be deemed to mean and include Kotak Mahindra Inc.