

August 22, 2008

India Strategy Friday Flash

BSE-30: 14,244

India

Analysts

Sanjeev Prasad

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

Bhavesh Shah

Bhavesh.shah@kotak.com
Mumbai: +91-22-6634-1498

Sunita Baldawa

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

Kotak Institutional Equities Research

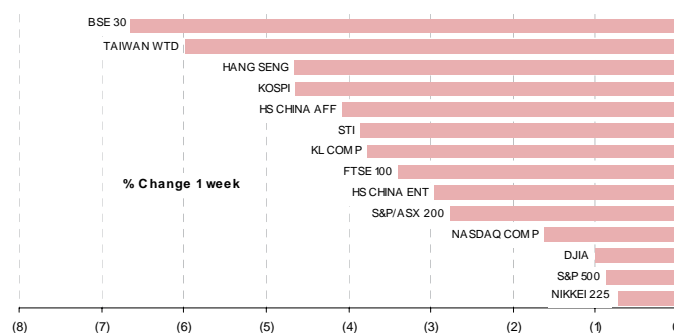
Important disclosures appear at the back of this report.

Slide show on weak volumes. During the past week, BSE-30 Index lost 849 points (5.63%) to close at 14,244. Selling pressure was witnessed across banking stocks due to (1) cautious outlook in a high inflation, high interest rate environment and (2) profit booking after their recent outperformance versus the benchmark indices. Reliance Industries, ICICI Bank, SBI were the largest losers together contributing 327 points to the BSE-30 Index fall. Market volumes were low during the week, averaging at US\$3.1bn (cash market).

Market highlights for the week ending Thursday, August 21, 2008

- Largest gainers: Sadbhav Engineering (7%), Jyothy Laboratories (5%), Mphasis BFL (5%)
- Largest losers: HDIL (-16%), India Infoline (-16%), Hindustan Petroleum (-14%)

Relative performance of regional indices (% Change 1 Week)



Source: Bloomberg.

Flows in emerging markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
13-Aug-08	(168)	0	(6)	(39)	(160)	(373)
14-Aug-08	(201)	43	(10)	2	(98)	(264)
15-Aug-08	(142)	52	(4)	(4)	-	(98)
18-Aug-08	(202)	-	-	-	-	(202)
19-Aug-08	(415)	(31)	(9)	-	(282)	(736)
Total	(1,128)	64	(29)	(41)	(540)	(1,673)

Our top recommendations

Kotak Institutional Equities, Top-10, August 21, 2008

Companies	Sector	Rating	Mkt cap. (US\$ mn)	CMP (Rs)	Target (Rs)	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
						2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E
ITC	Consumer products	BUY	16,098	182	230	8.0	9.1	10.4	22.7	20.0	17.5	14.9	13.1	11.2
Larsen & Toubro	Industrials	BUY	18,386	2,628	3,600	75.9	117.5	149.1	34.6	22.4	17.6	21.5	13.5	10.6
ICICI Bank	Banking	ADD	16,908	644	870	39.9	31.1	41.8	16.1	20.7	15.4	0.0	0.0	0.0
DLF	Property	BUY	19,385	482	660	43.8	49.8	55.1	11.0	9.7	8.7	9.9	8.4	6.9
Oil & Natural Gas Corporation	Energy	BUY	51,013	1,010	1,225	92.8	129.3	149.2	10.9	7.8	6.8	4.1	3.1	2.6
Reliance Infrastructure	Utilities	BUY	5,208	955	1,250	46.7	48.0	56.3	20.4	19.9	17.0	25.8	34.3	23.7
Jindal Steel and Power	Metals	BUY	6,916	1,903	2,900	80.4	111.6	117.0	23.7	17.0	16.3	15.0	11.1	10.1
Tata Power	Utilities	BUY	5,627	1,023	1,540	29.7	38.1	39.9	34.5	26.8	25.7	23.7	21.1	21.5
Sun Pharmaceuticals	Pharmaceuticals	BUY	7,120	1,450	1,780	71.5	84.3	77.5	20.3	17.2	18.7	16.6	12.9	13.4
Mid-cap. pharmaceutical basket														
Biocon	Pharmaceuticals	BUY	954	404	615	22.5	24.5	32.0	17.9	16.5	12.6	11.4	10.3	8.2
Dishman Pharma & Chemicals	Pharmaceuticals	BUY	582	303	515	14.7	19.7	27.7	20.6	15.3	11.0	15.4	11.6	8.6
Divi's Laboratories	Pharmaceuticals	BUY	2,297	1,507	2,330	56.6	77.9	103.6	26.7	19.4	14.6	23.0	15.9	11.4
Jubilant Organosys	Pharmaceuticals	BUY	1,548	362	700	22.1	19.5	35.5	16.4	18.5	10.2	12.9	13.9	8.8
Piramal Healthcare	Pharmaceuticals	BUY	1,483	301	530	17.6	20.0	26.5	17.1	15.0	11.4	12.6	10.4	7.9
BSE-30				14,244										

Source: Company, Bloomberg, Kotak Institutional Equities.

Our model portfolio

Kotak Institutional Equities Model Portfolio

Company	21-Aug		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Mahindra & Mahindra	540	ADD	1.1	—	(113)
Maruti Suzuki	619	ADD	0.9	0.9	—
Tata Motors	416	SELL	1.5	—	(148)
Automobiles			3.5	0.9	(261)
State Bank of India	1,343	ADD	4.1	4.1	—
PSU Banking			4.1	4.1	—
HDFC	2,208	ADD	5.8	3.8	(200)
HDFC Bank	1,166	BUY	4.0	4.0	—
ICICI Bank	644	ADD	7.5	9.5	200
Pvt. Banking/Financing			17.3	17.3	—
ACC	549	REDUCE	0.7	—	(69)
Grasim Industries	1,965	ADD	1.4	—	(137)
Jaiprakash Associates	163	BUY	1.2	1.7	50
Cement			3.2	1.7	(156)
Hindustan Unilever	236	REDUCE	2.5	2.5	—
ITC	182	BUY	4.8	6.8	200
Consumers			7.3	9.3	200
Oil & Natural Gas Corporation	1,010	BUY	4.2	5.7	150
Reliance Industries	2,213	RS	14.2	11.0	(324)
Energy			18.4	16.7	(174)
Bharat Heavy Electricals	1,671	ADD	2.9	—	(289)
Larsen & Toubro	2,628	BUY	7.0	9.0	200
Industrials			9.9	9.0	(89)
Hindalco Industries	128	REDUCE	1.7	—	(166)
Jindal Steel & Power	1,903	BUY	—	3.0	300

Company	21-Aug		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Sterlite Industries	601	ADD	0.7	0.7	—
Tata Steel	588	ADD	3.7	3.7	—
Metals			6.0	7.4	134
Sun Pharmaceuticals	1,450	BUY	—	3.0	300
Ranbaxy Laboratories	514	REDUCE	1.4	—	(141)
Pharmaceuticals			1.4	3.0	159
DLF	482	BUY	1.4	2.9	150
Real estate			1.4	2.9	150
Infosys Technologies	1,661	BUY	8.0	9.5	150
Satyam Computer Services	399	BUY	2.6	3.1	50
TCS	818	REDUCE	2.0	—	(199)
Wipro	421	ADD	1.2	1.2	—
Technology			13.8	13.8	1
Bharti Airtel Limited	799	REDUCE	5.4	3.9	(150)
Reliance Communications	398	SELL	3.0	—	(298)
Telecom			8.4	3.9	(448)
NTPC	174	REDUCE	2.2	—	(216)
Reliance Infrastructure	955	BUY	1.6	3.6	200
Tata Power	1,023	BUY	1.5	3.5	200
Utilities			5.3	7.1	184
Biocon	404	BUY	—	0.6	60
Dishman Pharma & chemicals	303	BUY	—	0.6	60
Divi's Laboratories	1,507	BUY	—	0.6	60
Jubilant Organosys	362	BUY	—	0.6	60
Piramal Healthcare	301	BUY	—	0.6	60
Pharmaceutical mid-cap. basket			—	3.0	300
BSE-30			100.0	100.0	—

Note:

(a) Weights are with respect to August 7, 2008 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

Sensex valuation summary

Valuation summary of BSE-30 sectors, August 21, 2008

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2007	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2008	2009E	2008	2009E
Automobiles	12,834	32.0	5.8	(8.2)	0.5	11.9	13.0	12.9	7.9	8.1	7.7	2.5	1.6	1.8	2.0	21.3	12.5
Banking	61,758	14.2	43.9	(7.6)	31.1	18.0	19.5	14.9	—	—	—	2.4	2.2	1.3	1.2	13.3	11.1
Cement	6,510	97.6	25.7	(7.9)	(11.7)	7.4	8.1	9.1	4.1	4.2	4.4	1.8	1.5	2.6	2.6	23.7	18.2
Consumers	27,420	19.8	12.2	13.3	14.6	25.0	22.1	19.3	17.7	14.0	12.0	8.5	7.5	3.0	2.8	33.8	33.9
Diversified	4,656	172.9	20.7	54.7	53.5	33.4	21.6	14.1	15.8	11.7	10.8	4.1	3.5	—	—	12.2	16.3
Energy	116,303	25.2	12.9	24.3	39.1	14.9	12.0	8.6	7.2	5.8	4.1	2.6	2.1	1.7	1.9	17.7	17.8
Industrials	36,636	48.8	23.7	36.9	28.8	31.4	23.0	17.8	18.1	13.0	10.1	7.0	5.1	0.7	0.8	22.3	22.3
Metals	26,492	67.8	(2.7)	14.2	(1.4)	10.2	9.0	9.1	5.5	5.0	4.9	1.6	1.3	1.1	1.1	15.6	14.4
Pharmaceuticals	4,941	115.8	70.5	(44.5)	83.2	24.7	44.6	24.4	17.2	20.1	11.9	7.2	3.3	1.5	2.0	29.0	7.4
Property	18,840	913.2	284.0	13.9	10.5	11.0	9.7	8.7	9.6	8.2	6.7	4.2	3.1	1.0	1.5	38.0	31.7
Technology	60,498	44.3	19.3	22.9	17.1	18.2	14.8	12.7	13.3	10.4	8.4	5.7	4.5	1.8	2.1	31.2	30.3
Telecom	54,514	182.9	71.6	24.8	21.2	19.1	15.3	12.6	12.0	9.4	7.4	4.7	3.6	0.2	0.4	24.5	23.6
Utilities	43,352	33.4	7.3	7.9	8.6	20.7	19.1	17.6	12.5	13.7	14.6	2.6	2.4	1.8	1.9	12.6	12.4
BSE-30 Index	474,753	42.7	25.1	15.1	22.5	16.7	14.5	11.9	9.6	8.2	6.8	3.2	2.6	1.4	1.6	19.0	17.9
BSE-30 ex-Energy	358,450	52.0	30.4	11.6	15.5	17.4	15.6	13.5	11.0	9.6	8.5	3.4	2.8	1.4	1.5	19.6	17.9
BSE-30 ex-Energy, Com.	325,448	47.1	37.8	12.2	19.3	19.1	17.0	14.2	12.9	11.0	9.4	3.8	3.2	1.4	1.5	20.2	18.6
BSE-30 ex-Technology	414,255	42.4	25.9	14.1	23.3	16.5	14.5	11.8	9.2	8.0	6.6	3.0	2.4	1.4	1.5	18.1	16.9

Note:

(1) EV/EBITDA excludes banks.

Source: Company reports, Kotak Institutional Equities estimates.

Nifty valuation summary

Valuation summary of Nifty sectors, August 21, 2008

	Mkt cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div yield (%)		RoE (%)	
		2007	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2008E	2009E	2008E	2009E
Automobiles	16,481	22.2	6.9	(3.8)	2.5	12.7	13.2	12.9	8.3	8.4	7.9	2.9	1.9	1.9	2.1	22.5	14.3
Banking	64,865	13.2	42.5	(6.0)	29.2	16.7	17.8	13.8	—	—	—	2.3	2.1	1.4	1.3	13.9	11.7
Consumers	27,368	19.8	12.2	13.3	14.6	25.0	22.1	19.3	17.7	14.0	12.0	8.5	7.5	3.0	2.8	33.8	33.9
Cement	9,252	89.5	14.7	(4.6)	(13.2)	8.1	8.5	9.8	4.4	4.6	4.9	1.9	1.6	2.8	3.0	23.5	18.4
Energy	152,525	28.6	9.7	28.4	56.7	17.6	13.7	8.7	8.5	6.8	4.6	2.5	2.1	1.4	1.6	14.4	15.3
Industrials	53,294	41.6	26.8	38.3	34.1	32.3	23.3	17.4	18.1	13.5	10.3	6.6	5.0	0.6	0.7	20.4	21.4
Metals	32,080	65.6	(7.7)	14.9	0.1	10.9	9.5	9.4	5.8	5.3	5.0	1.7	1.4	1.2	1.3	15.8	14.8
Media	2,080	11.2	62.6	17.8	32.7	23.5	20.0	15.0	17.2	11.4	8.8	3.2	2.8	1.0	1.2	13.6	14.2
Property	24,761	1,062.5	178.0	15.7	13.2	12.0	10.3	9.1	10.1	8.6	7.1	4.7	3.4	0.9	1.4	39.2	32.9
Pharmaceuticals	18,332	87.3	19.4	3.3	14.7	22.9	22.2	19.3	15.9	14.0	11.7	4.8	3.5	0.9	1.2	21.1	15.8
Telecom	62,084	(149.5)	67.2	23.8	20.9	19.7	15.9	13.1	12.1	9.4	7.5	4.4	3.5	0.2	0.4	22.6	22.0
Technology	63,923	46.6	15.7	24.5	16.9	18.0	14.4	12.4	12.9	10.1	8.1	5.4	4.3	1.9	2.1	30.3	29.9
Utilities	43,271	33.4	7.3	7.9	8.6	20.7	19.1	17.6	12.5	13.7	14.6	2.6	2.4	1.8	1.9	12.6	12.4
NIFTY	570,316	44.1	21.6	16.9	27.5	17.6	15.0	11.8	10.2	9.2	7.3	3.2	2.6	1.4	1.5	17.9	17.3
NIFTY ex-Energy	417,791	51.8	26.6	12.8	15.5	17.6	15.6	13.5	11.2	10.6	9.3	3.5	2.8	1.3	1.5	19.7	18.2
NIFTY ex-Energy ex Com	385,711	49.3	33.6	12.5	17.7	18.5	16.5	14.0	12.3	11.8	10.1	3.8	3.1	1.4	1.5	20.4	18.9

Note:

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

Source: Company reports, Kotak Institutional Equities estimates.

Regional valuation summary

Valuations of Indian markets are reasonable based on CY2008E PEG ratio, August 20, 2008

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

	Index	Earnings growth (%)				P/E (X)				PEG ratio (X)		
		2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E
Brazil	MSCI BRAZIL	19.6	19.5	20.5	9.3	11.6	9.7	8.0	7.3	0.6	0.5	0.9
China	V/B/E/S CHINA	60.0	29.0	21.6	17.3	19.4	14.3	11.7	10.0	0.7	0.7	0.7
Hong Kong	V/B/E/S HONG KONG	47.9	(3.8)	18.1	14.9	12.4	13.3	11.3	10.4	NA	0.7	0.8
India	MSCI INDIA	19.0	15.3	24.7	10.2	19.6	16.2	13.0	11.2	1.3	0.7	1.3
Korea	MSCI KOREA	6.5	8.7	15.9	13.4	12.0	11.0	9.5	8.4	1.4	0.7	0.7
Malaysia	MSCI MALAYSIA	48.3	(11.5)	8.9	8.8	11.1	12.6	11.6	10.6	NA	1.4	1.3
Mexico	MSCI MEXICO	11.7	7.3	16.5	11.4	13.0	12.2	10.5	10.1	1.8	0.7	0.9
Russia	MSCI RUSSIA	30.8	32.3	15.7	2.4	9.4	7.1	6.1	6.0	0.3	0.5	2.6
Taiwan	MSCI TAIWAN	25.3	(13.2)	12.6	14.4	12.2	14.1	12.5	10.9	NA	1.1	0.9
Thailand	MSCI THAILAND	(35.1)	114.7	7.9	8.6	21.2	9.8	9.1	8.4	0.2	1.2	1.1
Asia - Emerging markets	MSCI EM ASIA	19.4	6.4	16.7	13.3	13.7	12.8	11.0	9.6	2.1	0.8	0.8

Source: Thomson Datastream.

Valuation summary of BRICs sectors (1)

Valuation summary of BRICs sectors, August 20, 2008

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

Index		Earnings growth (%)				P/E (X)				PEG ratio (X)		
		2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E
Banking												
Brazil	MSCI Brazil Banks Industry Group	21.2	10.2	20.8	13.7	11.1	10.1	8.4	7.4	1.1	0.5	0.6
Russia	MSCI Russia Banks Industry Group	15.4	35.5	24.7	26.1	14.6	10.8	8.6	6.9	0.4	0.4	0.3
India	MSCI India Banks Industry Group	16.5	14.6	23.2	NA	23.8	20.8	16.9	NA	1.6	0.9	NA
China	MSCI China Banks Industry Group	46.7	53.4	17.9	17.1	19.7	12.8	10.9	9.3	0.4	0.7	0.6
Consumers												
Brazil	MSCI Brazil Consumer Discretionary Sector	6.7	68.1	49.7	31.5	32.7	19.4	13.0	9.9	0.5	0.4	0.4
Russia	MSCI Russia Consumer Staples Sector	46.5	40.9	32.6	20.2	25.5	18.1	13.6	11.3	0.6	0.6	0.7
India	MSCI India Consumer Discretionary Sector	12.0	8.7	13.9	22.4	12.5	11.5	10.1	9.8	1.4	0.8	0.5
China	MSCI China Consumer Discretionary Sector	35.8	4.1	20.4	17.1	15.4	14.8	12.3	10.5	3.8	0.7	0.7
Energy												
Brazil	MSCI Brazil Energy Sector	(17.0)	48.0	19.6	10.4	14.0	9.4	7.9	7.2	0.3	0.5	0.8
Russia	MSCI Russia Energy Sector	26.8	36.8	16.1	(1.5)	8.7	6.4	5.5	5.6	0.2	0.4	NA
India	MSCI India Energy Sector	27.3	27.1	44.0	6.5	24.7	16.8	11.6	10.9	0.9	0.4	1.8
China	MSCI China Energy Sector	5.9	10.3	16.6	5.8	12.4	11.2	9.6	9.1	1.2	0.7	1.7
Industrials												
Brazil	MSCI Brazil Industrials Sector	(11.8)	32.2	32.1	17.3	22.5	17.0	12.9	11.0	0.7	0.5	0.7
India	MSCI India Industrials Sector	0.7	9.0	28.5	23.0	26.0	24.1	18.8	15.3	2.9	0.8	0.8
China	MSCI China Industrials Sector	89.0	(2.2)	14.3	21.7	11.3	11.5	10.1	8.4	NA	0.8	0.5
Metals												
Brazil	MSCI Brazil Metals & Mining Industry	58.6	11.7	21.7	2.3	8.3	7.4	6.1	6.0	0.7	0.3	2.7
Russia	MSCI Russia Metals & Mining Industry	46.5	2.5	2.1	(2.5)	6.3	6.1	6.0	6.1	2.5	2.9	NA
India	MSCI India Metals & Mining Industry	1.7	17.5	19.2	NA	10.8	8.1	6.8	NA	0.6	0.4	NA
China	MSCI China Metals & Mining Industry	(3.8)	13.5	12.4	5.2	8.8	7.8	6.9	6.6	0.7	0.6	NA

Source: Thomson Datastream.

Valuation summary of BRICs sectors (2)

Valuation summary of BRICs sectors, August 20, 2008

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

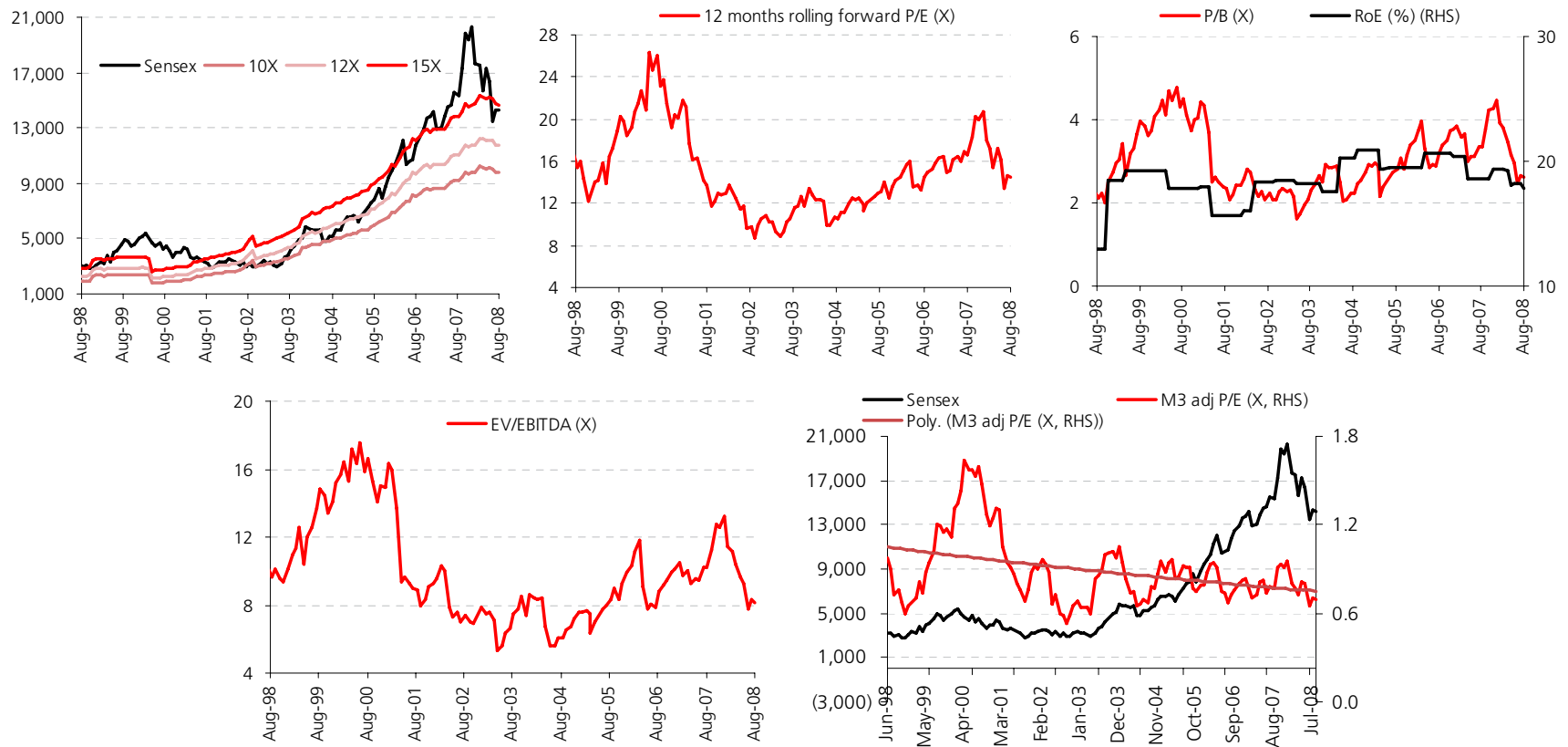
Index		Earnings growth (%)				P/E (X)				PEG ratio (X)		
		2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E
Property												
Brazil	MSCI Brazil Real Estate Industry Group	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
India	MSCI India Real Estate Industry Group	367.5	8.2	40.4	13.6	14.1	13.0	9.3	8.2	1.7	0.3	0.7
China	MSCI China Real Estate Industry Group	45.5	10.0	29.2	29.0	10.9	9.9	7.7	6.0	1.1	0.3	0.3
Technology												
Brazil	MSCI Brazil Information Technology Sector	565.9	39.2	21.8	15.6	27.2	19.5	16.0	13.9	0.7	0.9	1.0
India	MSCI India Software & Services Industry Gr	18.8	21.8	16.3	12.4	18.1	14.8	12.8	11.4	0.8	0.9	1.0
China	MSCI China Software & Services Industry Gr	56.5	56.0	35.6	33.8	64.3	41.2	30.4	22.7	1.1	1.2	0.9
Telecom												
Brazil	MSCI Brazil Telecommunication Services Sec	108.4	(2.9)	9.2	11.6	9.7	10.0	9.1	8.2	NA	1.1	0.8
Russia	MSCI Russia Diversified Telecommunications	62.0	37.7	21.8	19.5	19.9	14.4	11.8	9.9	0.5	0.7	0.6
India	MSCI India Telecommunication Services Sec	50.4	13.6	17.9	17.9	18.2	16.1	13.6	11.5	1.3	0.9	0.8
China	MSCI China Telecommunication Services Ser	20.7	23.5	14.9	10.4	18.2	14.7	12.8	11.6	0.8	1.0	1.2
Utilities												
Brazil	MSCI Brazil Utilities Sector	3.8	7.0	7.6	15.2	11.5	10.7	10.0	8.6	1.6	1.4	0.7
Russia	MSCI Russia Utilities Sector	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
India	MSCI India Utilities Sector	6.1	14.3	14.6	10.0	20.4	16.0	14.0	12.7	1.4	1.1	1.4
China	MSCI China Utilities Sector	11.0	(17.0)	21.6	19.3	14.0	16.9	13.9	11.6	NA	0.8	0.7

Source: Thomson Datastream.

BSE-Sensex key parameters

Key fundamental indicators of BSE Sensex

Sensex (BSE-30) P/B, EV/EBITDA and 12-month forward rolling P/E, August 1999 - current



Source: Bloomberg, Company reports, Kotak Institutional Equities.

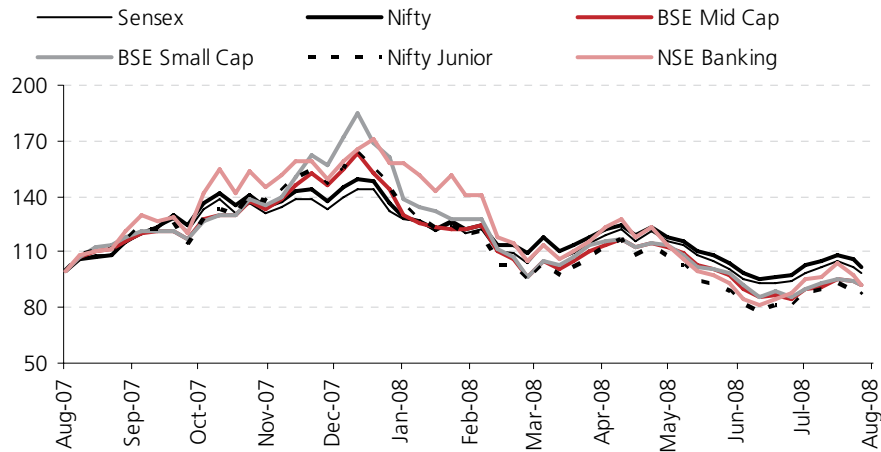
Market performance

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

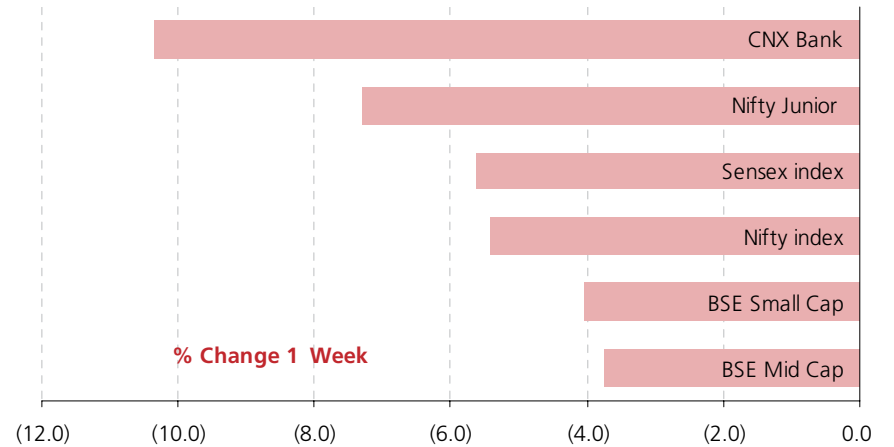
Relative performance of Indian markets

Key performance of benchmark indices

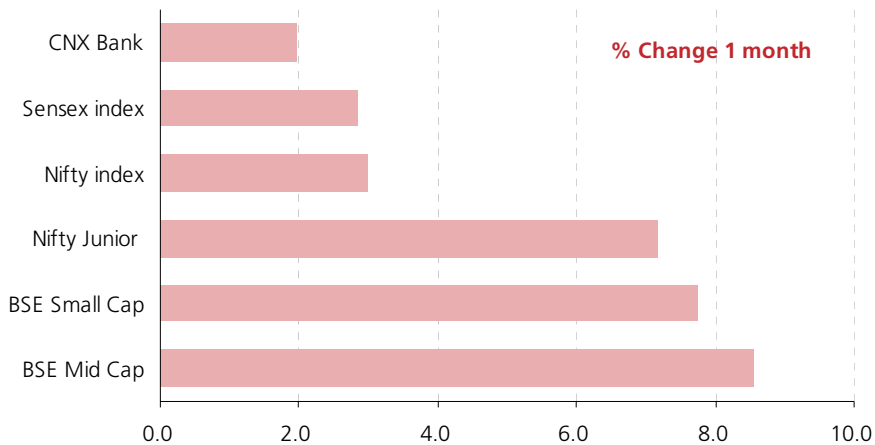
(base 100 as of June, 2007)



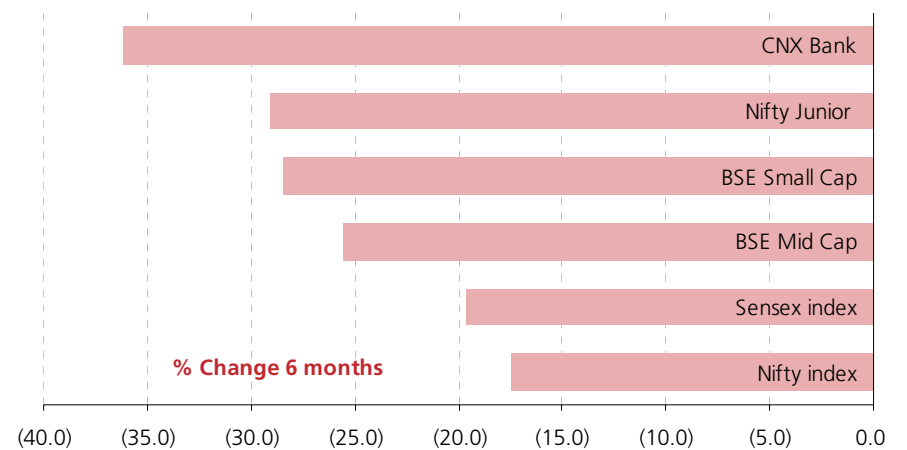
Weekly performance of the benchmark indices



1-month performance of the benchmark indices



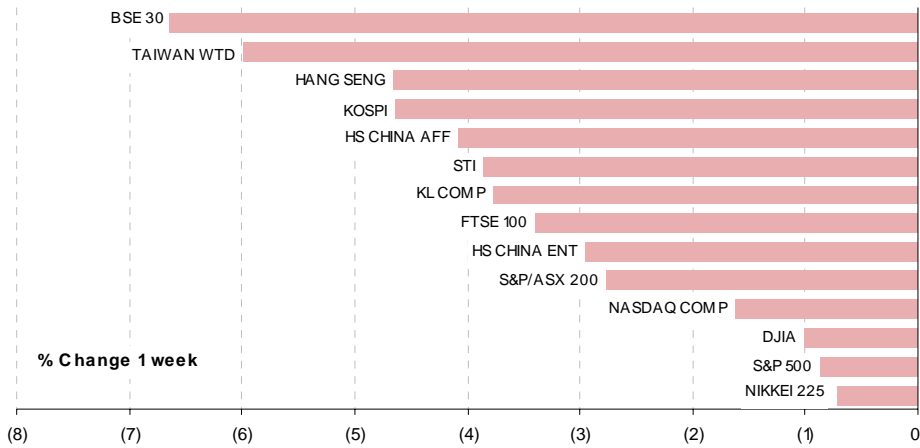
6-month performance of the benchmark indices



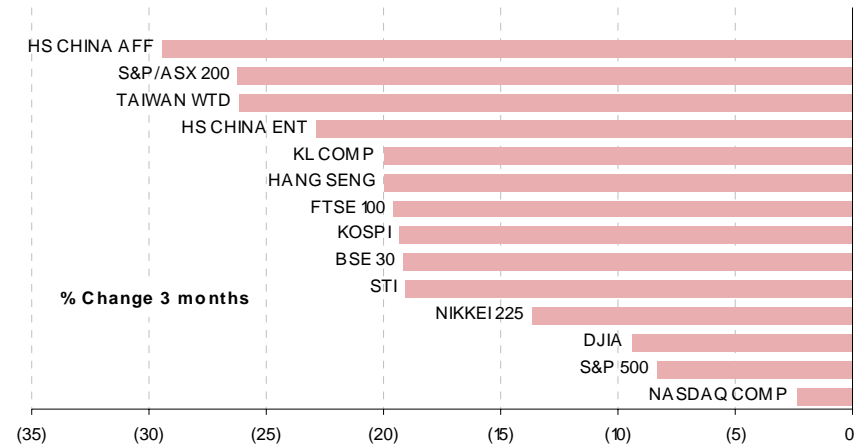
Source: Bloomberg, Kotak Institutional Equities.

BSE-Sensex versus regional indices

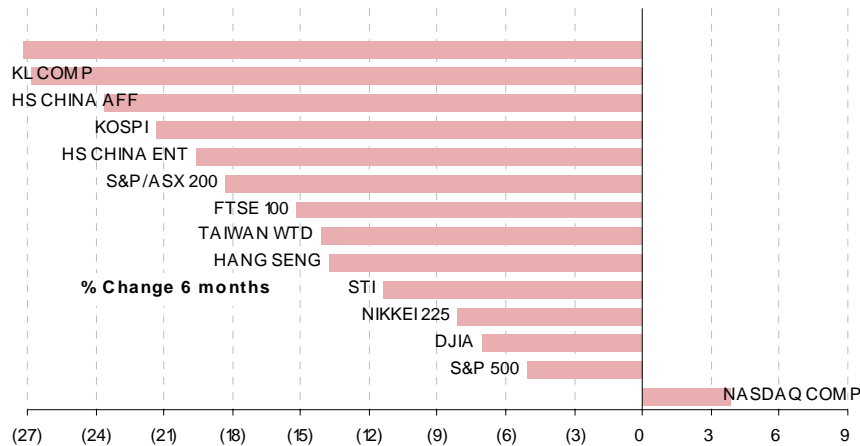
Weekly performance



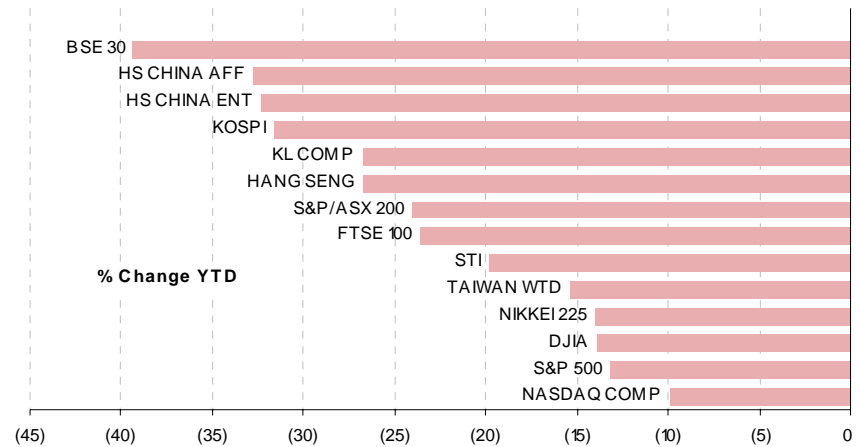
3-month performance



6-month performance



Year-to-date performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities.

Kotak Institutional Equities Research, August 22, 2008

Sectoral performance

Market performance of Sensex sectors, August 21, 2008

	Mkt cap.	Change (%)						Relative change (%)			
	(US\$ m)	1-Day	1-mo	3-mo	6-mo	1-Year	CYTD	1-Day	1-mo	6-mo	1-Year
Automobiles	14,561	(1.5)	(1.1)	(28.1)	(27.2)	(23.0)	(37.5)	1.4	(3.8)	(6.3)	(24.3)
Banking	61,758	(5.7)	2.5	(21.6)	(33.7)	(4.1)	(38.1)	(2.7)	(0.4)	(11.7)	(5.8)
Consumers	27,420	(1.5)	2.4	(12.6)	(3.0)	20.7	(4.3)	1.4	(0.4)	13.9	18.6
Cement	6,510	(3.1)	8.9	(17.0)	(29.9)	(33.5)	(46.4)	(0.2)	5.9	(8.6)	(34.7)
Diversified	4,656	(4.5)	(1.9)	(35.4)	(36.9)	-	(61.8)	(1.5)	(4.6)	(14.4)	(0.1)
Energy	116,303	(1.9)	4.0	(8.2)	(6.5)	27.2	(21.2)	1.0	1.2	11.0	24.9
Industrials	36,636	(3.4)	7.8	(9.0)	(22.0)	9.2	(36.2)	(0.5)	4.8	(2.0)	7.3
Metals	26,492	(2.6)	(3.1)	(36.1)	(27.4)	11.3	(39.6)	0.3	(5.7)	(6.4)	9.3
Pharmaceuticals	4,941	1.7	12.1	1.9	23.6	46.0	20.8	4.5	9.0	36.2	43.4
Property	18,840	(5.6)	3.8	(23.7)	(42.3)	(13.4)	(55.1)	(2.6)	1.0	(18.9)	(15.0)
Telecom	53,663	(2.8)	(4.0)	(16.7)	(18.3)	(8.0)	(31.8)	0.2	(6.7)	1.2	(9.7)
Technology	60,498	(2.4)	6.2	(14.2)	(4.7)	(10.2)	(16.0)	0.5	3.3	12.5	(11.8)
Utilities	43,352	(5.0)	(2.5)	(12.8)	(19.1)	15.6	(34.9)	(1.9)	(5.2)	0.5	13.5
Sensex sum	475,629	(3.0)	2.8	(17.4)	(19.7)	1.8	(29.8)				

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 Sadbhav Engineering	7.0	1 Housing Development & Infrastru	(16.2)
2 Jyothy Laboratories	5.4	2 India Infoline	(15.7)
3 Mphasis BFL	5.4	3 Hindustan Petroleum	(14.2)
4 Ranbaxy Laboratories	2.9	4 State Bank of India	(13.5)
5 Mahindra & Mahindra Financial	2.5	5 Pantaloon Retail	(13.5)
6 Nestle India	2.2	6 SREI	(13.0)
7 Infosys Technologies	2.2	7 Union Bank	(12.7)
8 Wockhardt	2.0	8 ACC	(12.6)
9 Cipla	2.0	9 Jaiprakash Associates	(12.4)
10 Glaxo SmithKline Consumer	1.4	10 DLF	(12.1)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Ranbaxy Laboratories	20.8	1 Sobha	(71.1)
2 Sun Pharmaceuticals	20.5	2 Rajesh Exports	(67.4)
3 Lupin	15.7	3 Unitech	(67.2)
4 Hero Honda	15.3	4 Rico Auto	(66.6)
5 Nestle India	13.6	5 Lanco Infratech	(65.4)
6 Cipla	11.2	6 Nagarjuna Construction Co.	(65.0)
7 GlaxoSmithkline (India)	10.4	7 India Infoline	(64.8)
8 Hindustan unilever	10.3	8 Phoenix Mills	(64.7)
9 Asian Paints	9.1	9 Housing Development & Infrastru	(63.7)
10 Jubilant organosys	5.0	10 DishTV	(62.6)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Phoenix Mills	46.0	1 Punjab Tractors	(23.3)
2 Sadbhav Engineering	41.8	2 Housing Development & Infrastru	(15.9)
3 DishTV	39.1	3 Sun TV Network	(14.4)
4 JSL	36.7	4 Aban Offshore	(14.2)
5 United Breweries	35.5	5 Dr Reddy's Laboratories	(12.5)
6 Castrol India	28.4	6 Reliance Communications	(10.8)
7 Polaris Software Lab	28.3	7 Hindalco Industries	(10.0)
8 GVK Power	28.0	8 Bharat Electronics	(8.8)
9 LIC Housing Finance	26.1	9 Lakshmi	(7.7)
10 Mphasis BFL	25.1	10 Lanco Infratech	(7.6)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	155.3	1 Sobha	(64.5)
2 Shriram Transport	122.6	2 Phoenix Mills	(61.7)
3 Sesa Goa	85.0	3 Hexaware Technologies	(58.9)
4 LIC Housing Finance	76.6	4 IVR Prime Urban Developers	(53.1)
5 Cairn India	75.3	5 Radico Khaitan	(53.0)
6 Monnet Ispat	71.0	6 Central Bank of India	(48.7)
7 Welspun Gujarat Stahl Rohren	61.5	7 DishTV	(48.0)
8 National Aluminium Co.	53.6	8 Rico Auto	(47.0)
9 Sun Pharmaceuticals	53.4	9 Shree Cement	(46.2)
10 Piramal Healthcare	51.7	10 Patni Computer Systems	(45.8)

Source: Kotak Institutional Equities.

Fundamental & Technical Indicators

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

Price-to-Earnings ratio analysis

Companies trading at a premiums/discounts to the sector based on comparable companies covered by Kotak Institutional Equities

Premium to 1 year rolling forward P/E (%)		Discount to 1 year rolling forward P/E (%)	
Company	Premium to sector	Company	Discount to sector
Tata Communications	255.2	Sesa	95.9
Aditya Birla Nuvo	242.0	GVKPIL	77.5
Cairn India	229.5	Rajesh Exports	71.9
Phoenix Mills	226.7	Maharashtra Seamless	67.9
United Breweries	197.8	Andhra Bank	61.7
Jindal Steel and Power	196.2	Indian Bank	59.8

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

Lowest 1 year rolling forward P/E (X)

Company	Lowest P/E
Housing Development & Infrastru	4.0
Andhra Bank	4.7
Jindal Saw	4.9
Indian Bank	5.0
Rajesh Exports	5.1
Hexaware Technologies	5.2
Union Bank	5.3
IVR Prime Urban Developers	5.5
Oriental Bank of Commerce	5.8
Corporation Bank	5.9
Central Bank of India	5.9

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

Highest 1 year forward P/E (X)

Company	Highest P/E
United Breweries	49.8
Aditya Birla Nuvo	45.7
Educomp Solutions	37.8
Tata Communications	35.3
Ranbaxy Laboratories	27.3
Nestle India	26.9
Siemens	26.4
Tata Power	26.3
ABB	25.9
Asian Paints	25.2
Titan Industries	24.5

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

Company	% discount to historical high
Monnet Ispat	7.9
Sun Pharmaceuticals	12.2
Asian Paints	12.5
Jubilant Organosys	20.0
Cipla	20.6
GE Shipping	24.3
Shriram Transport	25.4
HDFC	27.3
Nestle India	27.4
Dishman Pharma & Chemicals	29.4
Tata Power	30.6
Oil & Natural Gas Corporation	33.2
Container Corporation	33.7
NTPC	34.1
ITC	34.5

Note:

(a) Historical figures are generated since May 2000.

Source: Bloomberg, Kotak Institutional Equities

Enterprise Value-to-EBITDA ratio analysis

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

Trading at premium to the sectors

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

Company	Sector premium
Cairn India	300.9
Jindal Steel and Power	216.5
Titan Industries	214.8
Puravankara Projects	213.4
Castrol India	194.4
Tata Communications	182.0

Trading at discount to sectors

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

Company	Sector discount
Hexaware Technologies	20.1
Maharashtra Seamless	22.4
MTNL	26.7
Bharat Electronics	31.2
Dredging Corporation	31.9
Tata Tea	33.2

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

Highest 1 year rolling forward EV/EBITDA (X)

Company	Highest EV/EBITDA
LANCO	9.2
Container Corporation	7.6
Tata Power	6.2
Indian Oil Corporation	5.4
GVKPIL	5.3
Puravankara Projects	5.2
NTPC	4.1

Exhibit 24: Companies trading at lowest EV/EBITDA amongst the Kotak coverage list

Lowest 1 year rolling forward EV/EBITDA (X)

Company	Lowest EV/EBITDA
Hexaware Technologies	1.8
MTNL	2.2
Maharashtra Seamless	2.6
Housing Development & Infrastru	2.7
Hindustan Petroleum	2.8
Patni Computer Systems	3.0
Oil & Natural Gas Corporation	3.0

Source: Bloomberg, Kotak Institutional Equities

Technical indicators

Volume momentum analysis

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

Company	5-day average volumes	Price Change (%)	
		% increase (1 month basis)	
Apollo Hospital	151,937	127	(3.4)
DishTV	11,727,690	111	39.1
Radico Khaitan	435,811	107	(5.6)
GSPL	2,878,520	94	9.3
CESC	257,146	90	(0.9)
Mindtree	90,720	82	(2.5)

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

Company	5-day average volumes	Price Change (%)	
		% decrease (1 month basis)	
HT Media	6,201	(93)	13.5
Ipca Laboratories	4,685	(90)	5.4
BGR Energy Systems	124,285	(86)	(6.0)
Puravankara Projects	27,716	(81)	8.1
Dishman Pharma & Chemicals	9,052	(81)	15.7
Sadbhav Engineering	1,205	(79)	41.8

Date	Sensex	Avg daily value traded (US\$ mn)	Institutional participation in total turnover	
			FII%	MF%
Apr-07	13,872	2,776	18.0	4.7
May-07	14,544	3,420	16.3	4.5
Jun-07	14,651	3,327	17.6	3.9
Jul-07	15,551	4,309	18.6	4.4
Aug-07	15,318	3,742	18.6	4.3
Sep-07	17,291	4,703	16.0	4.2
Oct-07	19,724	7,118	18.4	3.6
Nov-07	19,003	6,771	16.0	3.0
Dec-07	20,217	6,802	14.3	3.1
Jan-08	17,649	6,695	18.4	4.6
Feb-08	17,579	4,631	17.8	4.2
Mar-08	15,833	4,955	19.6	4.4
Apr-08	17,287	6,176	16.3	3.2
May-08	16,416	4,903	15.7	3.2
Jun-08	14,422	4,433	17.8	3.5
Jul-08	14,355	4,497	15.6	3.9
Aug-08	14,244	4,525	13.2	3.1

Source: Bloomberg, Kotak Institutional Equities.

Earnings momentum

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

Changes in earnings estimates

Changes in earnings estimates in the past one month

FY2009 earnings upgrades (KIE) (1 month)

Company	% Change
1 Castrol India (a)	21.3
2 Hero Honda	13.8
3 Grasim Industries	12.6
4 SREI	12.1
5 Puravankara Projects	9.9
6 National Aluminium Co.	9.8
7 DishTV	9.6
8 J&K Bank	9.4
9 Tata Communications	8.8
10 Punjab National Bank	8.6

FY2010 earnings upgrades (KIE) (1 month)

Company	% Change
1 Castrol India (a)	15.3
2 Hero Honda	14.2
3 Grasim Industries	10.1
4 Suzlon Energy	9.9
5 Canara Bank	8.4
6 National Aluminium Co.	7.8
7 ICICI Bank	5.4
8 Sun Pharmaceuticals	5.1
9 Bank of Baroda	4.9
10 Mphasis BFL	4.1

FY2009 earnings downgrades (KIE) (1 month)

Company	% Change
1 IVR Prime Urban Developers	(43.9)
2 Hexaware Technologies	(43.8)
3 Aban Offshore	(39.7)
4 Rajesh Exports	(39.2)
5 Mahindra Life Space Developer	(31.0)
6 Ranbaxy Laboratories	(28.8)
7 Tata Motors	(27.6)
8 Jindal Saw	(21.8)
9 Central Bank of India	(21.7)
10 Federal Bank	(17.5)

FY2010 earnings downgrades (KIE) (1 month)

Company	% Change
1 IVR Prime Urban Developers	(54.9)
2 Mahindra Life Space Developer	(51.9)
3 Hexaware Technologies	(45.1)
4 Tata Motors	(36.8)
5 Rajesh Exports	(35.4)
6 Aban Offshore	(31.7)
7 Maharashtra Seamless	(18.6)
8 Mahindra & Mahindra	(17.3)
9 SREI	(16.2)
10 Jindal Saw	(15.6)

Source:Kotak Institutional Equities estimates.

Changes in our target prices

Changes in target prices in the past 1 month

Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	Castrol India	14.8	350	305
2	Glenmark Pharmaceuticals	10.0	770	700
3	Punj Lloyd	9.4	350	320
4	Indian Oil Corporation	8.7	500	460
5	Hero Honda	7.1	750	700
6	Punjab National Bank	4.0	650	625
7	Sun Pharmaceuticals	3.5	1,780	1,720
8	Bharat Petroleum	2.9	360	350
9	Oil & Natural Gas Corporation	2.1	1,225	1,200
10	GSPL	1.5	69	68

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Sobha	(37.5)	250	400
2	India Infoline	(36.7)	155	245
3	Hexaware Technologies	(33.3)	50	75
4	Maharashtra Seamless	(33.3)	390	585
5	Rajesh Exports	(29.4)	120	170
6	Aban Offshore	(24.3)	2,800	3,700
7	ABB	(22.2)	875	1,125
8	Sterlite Industries	(20.0)	800	1,000
9	Tata Motors	(19.0)	425	525
10	HCL Technologies	(16.7)	250	300
11	MTNL	(16.7)	100	120
12	Jindal Saw	(16.7)	900	1,080
13	Nagarjuna Construction Co.	(15.2)	195	230
14	Dredging Corporation	(13.6)	475	550
15	Andhra Bank	(13.3)	65	75

Source: Kotak Institutional Equities.

Changes in our ratings

Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
Aban offshore	Downgraded	REDUCE	ADD
BGR Energy Systems	Downgraded	REDUCE	BUY
IDFC	Downgraded	REDUCE	ADD
Mahindra & Mahindra Financial	Downgraded	SELL	REDUCE
Maruti Suzuki	Downgraded	ADD	BUY
NTPC	Downgraded	REDUCE	ADD
Puravankara Projects	Downgraded	REDUCE	ADD
Reliance Petroleum	Downgraded	REDUCE	ADD
Sobha	Downgraded	REDUCE	ADD

Company name		Rating	
		Current	Previous
AIA Engineering	Upgraded	BUY	REDUCE
Canara Bank	Upgraded	REDUCE	SELL
Educomp Solutions	Upgraded	ADD	REDUCE
Gateway Distriparks	Upgraded	BUY	REDUCE
GE Shipping	Upgraded	BUY	ADD
Lanco Infratech	Upgraded	BUY	ADD
LIC Housing Finance	Upgraded	ADD	REDUCE
Maharashtra Seamless	Upgraded	BUY	ADD
Petronet LNG	Upgraded	ADD	SELL
Sesa Goa	Upgraded	BUY	ADD
Sun TV Network	Upgraded	REDUCE	SELL
Tech Mahindra	Upgraded	BUY	ADD

Source:Kotak Institutional Equities.

Flows

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

Trend in equity flows

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

	FII	MF
CY 1999	1,537	0
CY 2000	1,462	(150)
CY 2001	2,807	(1,110)
CY 2002	751	(685)
CY 2003	6,658	118
CY2004	8,382	(217)
CY 2005	10,776	2,873
CY 2006	8,632	3,585
CY 2007	17,335	1,525
CY 2008	(7,029)	2,310
Jan	(4,271)	1,848
Feb	1,211	125
Mar	31	(459)
Apr	315	(6)
May	(1,158)	(83)
June	(2,622)	775
July	(251)	345
August	(283)	(235)

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	2,987	839
Jan	(573)	1,566
Feb	563	334
Mar	1,122	394
Apr	1,162	(26)
May	(755)	(384)
June	(1,011)	236
July	2,292	(310)
August	186	(971)

Source: Bloomberg, Kotak Institutional Equities

FII flows in other emerging markets

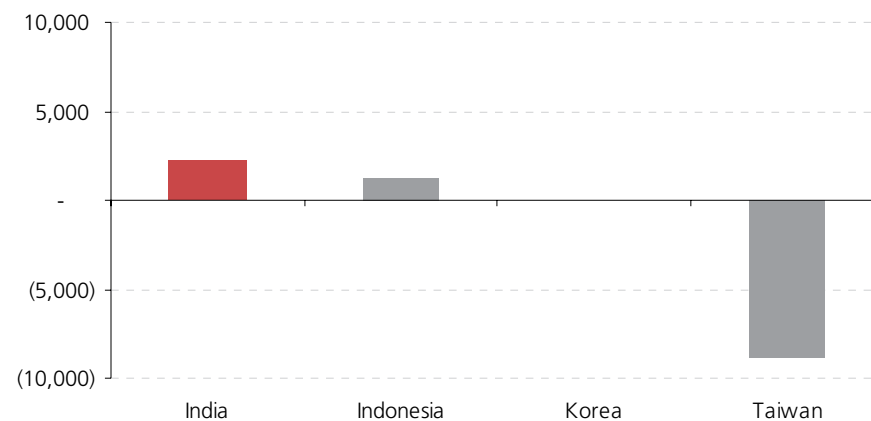
FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
23-Jul-08	(6)	(36)	(8)	(23)	406
24-Jul-08	30	30	115	(13)	138
25-Jul-08	(324)	8	(0)	(20)	(135)
28-Jul-08	-	11	(6)	(10)	(151)
29-Jul-08	(589)	5	(2)	(12)	(82)
30-Jul-08	(13)	-	(6)	(35)	(97)
31-Jul-08	17	12	(9)	(9)	148
1-Aug-08	55	(47)	(4)	(35)	(85)
4-Aug-08	(147)	(34)	(3)	(24)	(99)
5-Aug-08	(180)	(83)	(14)	(67)	16
6-Aug-08	355	(17)	(6)	9	404
7-Aug-08	(22)	16	(6)	(25)	(5)
8-Aug-08	194	6	(4)	13	20
11-Aug-08	246	(16)	(8)	(13)	102
12-Aug-08	182	(19)	(12)	(13)	(95)
13-Aug-08	(168)	0	(6)	(39)	(160)
14-Aug-08	(201)	43	(10)	2	(98)
15-Aug-08	(142)	52	(4)	(4)	-
18-Aug-08	(202)	-	-	-	-
19-Aug-08	(415)	(31)	(9)	-	(282)
Total	(1,328)	(101)	(2)	(316)	(58)

Source: Bloomberg.

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



IPO analysis

Market performance since IPO/ Follow on offering

Name	Shares (mn)	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Sita Shreee Food Products Ltd	11	30	315	08-Apr-08	38	17	26	(45)
Onmobile Global Ltd	11	450	4,905	19-Feb-08	522	509	16	13
Rural electrification	156	105	16,393	11-Mar-08	121	86	15	(18)
Shriram EPC Ltd	4	330	1,320	20-Feb-08	294	245	(11)	(26)
IRB Infrastructure Developers Ltd	51	220	11,233	25-Feb-08	189	154	(14)	(30)
Cords cable industries Ltd	3	135	416	13-Feb-08	138	82	2	(39)
J Kumar Infraprojects Ltd	7	120	780	12-Feb-08	103	88	(14)	(27)
Manjushree Extrusions Ltd	5	45	231	28-Feb-08	53	23	17	(49)
Reliance Power Ltd	260	450	117,000	11-Feb-08	373	155	(17)	(65)
Future Capital Holding	6	765	4,913	31-Jan-08	908	338	19	(56)
Precision Pipes and Profiles	5	150	750	11-Jan-08	139	67	(8)	(55)
Porwal Auto Components	5	75	375	14-Jan-08	80	17	6	(77)
Aries Agro Limited	5	130	585	11-Jan-08	252	107	94	(18)
Manaksia Ltd	16	160	2,480	08-Jan-08	168	73	5	(55)
BGR	9	480	4,385	03-Jan-08	901	302	88	(37)
Burnpur Cement	22	12	263	03-Jan-08	46	17	286	41
Transformes & rectifiers	3	465	1,393	28-Dec-07	728	335	57	(28)
Brigade Enterprises	17	390	6,484	31-Dec-07	378	118	(3)	(70)
Eclerx Services	3	315	1,010	31-Dec-07	448	197	42	(37)
Jyothy Lab	4	690	3,057	19-Dec-07	793	485	15	(30)
Kaushalya Infra	9	60	510	14-Dec-07	82	25	37	(58)
Empee Distilleries	5	400	1,920	26-Nov-07	318	121	(21)	(70)
Mundra Port & eco zone	40	440	17,710	27-Nov-07	962	564	119	28
Edelweiss Capital Ltd	8	825	6,918	12-Dec-07	1,510	588	83	(29)
Renaissance Jewellery Ltd	5	150	798	12-Dec-07	165	46	10	(70)
Kolte Patil	19	145	2,755	13-Dec-07	181	67	25	(53)
Maytas Infra	9	370	3,275	25-Oct-07	614	422	66	14
Consolidated Construction	4	510	1,887	15-Oct-07	791	550	55	8
Religare Enterprises	76	185	1,402	21-Nov-07	521	384	182	107
Supreme Infrastructure	35	108	375	18-Oct-07	175	71	62	(35)
Dhanus Technologies	38	295	1,131	17-Oct-07	311	153	5	(48)
Koutons Retail	35	415	1,462	12-Oct-07	590	815	42	96
Power Grid Corp	5,739	52	29,845	05-Oct-07	100	92	92	78
Magnum Ventures	176	30	529	20-Sep-07	49	17	62	(45)
Indowind Energy	125	65	813	14-Sep-07	115	57	76	(12)
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	116	18	(86)
Puravankara Projects	215	400	8,587	30-Aug-07	362	184	(10)	(54)
KPR Mill	59	225	1,330	28-Aug-07	174	97	(23)	(57)
TakeSolutions	21	730	1,533	27-Aug-07	926	587	27	(20)
Central Bank of India	800	102	8,160	21-Aug-07	115	59	13	(42)
SEL manufacturing	41	90	372	21-Aug-07	142	294	58	227
Refex Refrigerants	38	65	247	20-Aug-07	62	275	(5)	324
Zylog Systems	36	350	1,260	17-Aug-07	431	221	23	(37)
IVR Prime	142	550	7,783	16-Aug-07	418	175	(24)	(68)
OMAXE Ltd	178	310	5,517	09-Aug-07	349	123	13	(60)
Alpa Laboratories	95	68	646	06-Aug-07	55	23	(19)	(66)

Source: Bloomberg and Kotak Institutional Equities.

Forthcoming IPO/Follow on offerings

Company Name	Issue
ADANI POWER LTD.	IPO
FUTURE VENTURES INDIA LTD.	IPO
BHARAT OMAN REFINERIES LTD.	IPO
NHPC LTD.	IPO
OIL INDIA LTD.	IPO
D.B.CORP. LTD.	IPO
MAHINDRA HOLIDAYS & RESORTS INDIA LTD.	IPO
GODREJ PROPERTIES LTD.	IPO
PIPAVAV SHIPYARD LTD.	IPO
COX & KINGS (INDIA) LTD.	IPO
RAMKY INFRASTRUCTURE LTD.	IPO
RITES LTD.	IPO
ASHOKA BUILDCON LTD.	IPO
AJANTA MANUFACTURING LTD.	IPO
C.MAHENDRA EXPORTS LTD.	IPO
TRIVENI INFRASTRUCTURE DEVELOPMENT CO.LTD.	IPO
APOLLO HEALTH STREET LTD.	IPO
MICROSEC FINANCIAL SERVICES LTD.	IPO
PNC INFRATECH LTD.	IPO
PERSISTENT SYSTEMS LTD.	IPO
EURO MULTIVISION LTD.	IPO
RADIANT INFO SYSTEMS LTD.	IPO
VRL LOGISTICS LTD.	IPO
ARSS INFRASTRUCTURE PROJECTS LTD.	IPO
MAN INFRACONSTRUCTION LTD.	IPO
EXCEL INFOWAYS LTD.	IPO
MANDHANA INDUSTRIES LTD.	IPO
SHANKARA PIPES INDIA LTD.	IPO
RAJ OIL MILLS LTD.	IPO
VIJAI INFRASTRUCTURE LTD.	IPO
CHIRIPAL INDUSTRIES LTD.	IPO
INFINITE COMPUTER SOLUTIONS (INDIA) LTD.	IPO
GEMINI ENGI-FAB LTD.	IPO
TRINITY INDIA LTD.	IPO
ASTEC LIFESCIENCES LTD.	IPO
ALKALI METALS LTD.	IPO
GINI & JONY LTD.	IPO
NEOTERIC INFORMATIQUE LTD.	IPO
SEA TV NETWORK LTD.	IPO
20 MICRONS LTD.	IPO
RISHABHDEV TECHNOCABLE LTD.	FPO
EDSERV SOFTSYSTEMS LTD.	IPO
CHEMCEL BIO-TECH LTD.	IPO
FINEOTEX CHEMICAL LTD.	IPO

Source: Primedatabase.

Bulk Deals

Major bulk/block deals

Date	Security Name	Buy/Sell	Quantity	Price	Value		Exchange
					(Rs mn)		
14-Aug	K.P.R. MILL	BUY	1,700,000	99	168		BSE
14-Aug	K.P.R. MILL	SELL	1,700,000	99	168		BSE
18-Aug	RAIN COMMODI	SELL	406,919	220	90		BSE
13-Aug	ZEE NEWS	SELL	2,020,000	40	81		BSE
13-Aug	SESA GOA LTD	SELL	374,000	175	66		BSE
19-Aug	SESA GOA LTD	SELL	300,000	165	50		BSE
14-Aug	Sasken Commu Techno Ltd	BUY	178,071	154	27		NSE
14-Aug	Subex Limited	SELL	221,240	108	24		NSE
18-Aug	CERA SANITRY	SELL	40,000	135	5		BSE
18-Aug	Cera Sanitaryware Limited	SELL	40,000	135	5		NSE
14-Aug	Cera Sanitaryware Limited	SELL	39,616	130	5		NSE
14-Aug	CERA SANITRY	SELL	35,384	135	5		BSE
14-Aug	Man Aluminium Limited	SELL	146,552	28	4		NSE
19-Aug	ANJANI SYNTH	BUY	77,000	51	4		BSE
19-Aug	Octav Investments Limited	SELL	19,145	81	2		NSE
13-Aug	MAN ALUMIN	SELL	35,701	30	1		BSE

Source: BSE, NSE.

Delivery positions

Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Maharashtra Seamless Ltd	16	86
Kalpataru Power Transmission	27	81
Punjab Tractors Limited	33	86
CESC Limited	42	88
Jagran Prakashan Limited	23	65
Jyoti Structures Limited	34	74
Jsw Steel Limited	10	47
Monnet Ispat & Energy Ltd	48	83
Ivrcil Infrastructures & Proj	14	47

Decrease in delivery % (KIE universe)

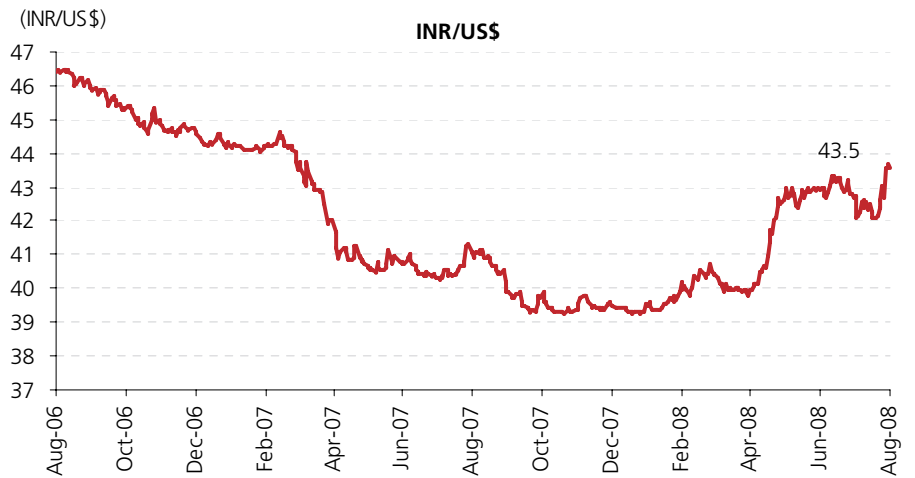
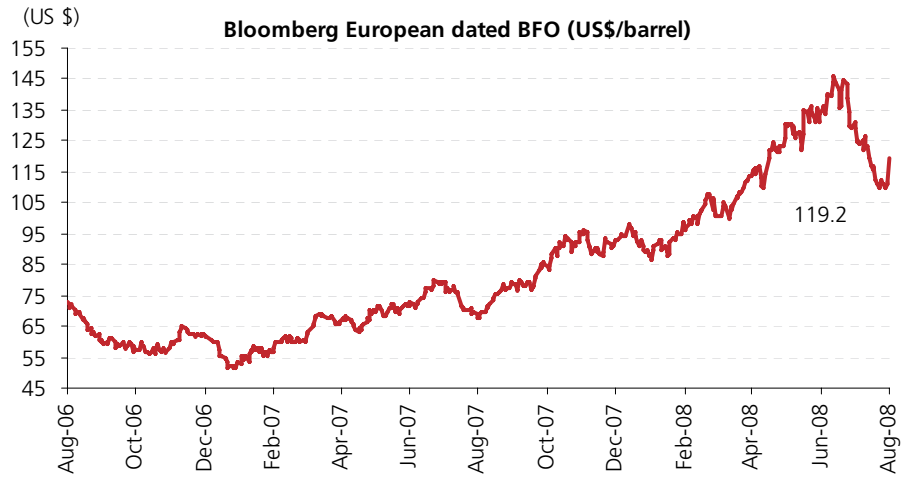
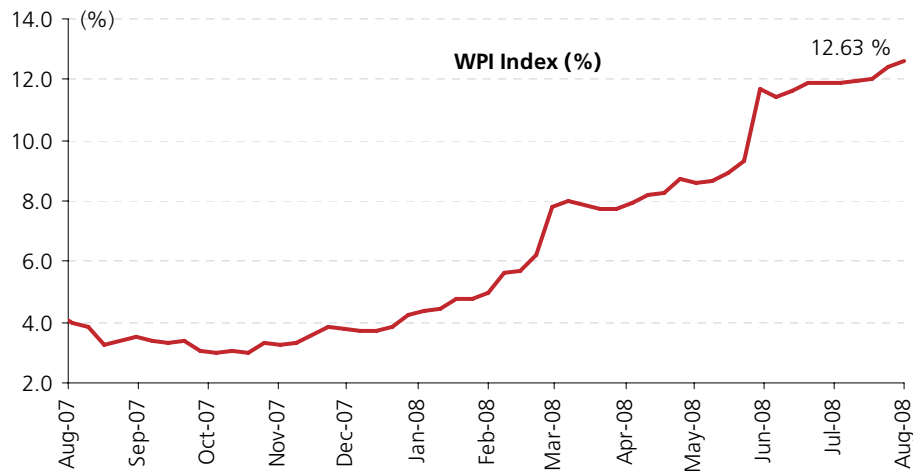
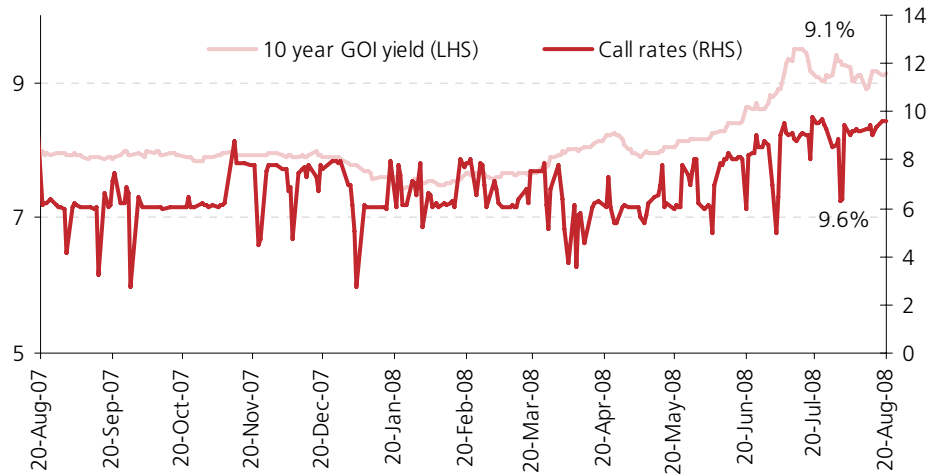
Name	Delivery %	
	Previous week	Current week
Aditya Birla Nuvo Limited	94	21
Shopper'S Stop Ltd	100	31
Puravankara Projects Ltd	83	26
Siemens India Limited	62	13
Radico Khaitan Ltd	73	35
Hindustan Zinc Limited	66	28
Pvr Ltd	94	58
Shriram Transport Finance	100	65
Federal Bank Ltd	91	57

Source: Bloomberg and Kotak Institutional Equities.

Economic indicators

Economic indicators

Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

Kotak valuation summary

Valuation summary

Kotak Institutional Equities Universe

Company	21-Aug-08 Price (Rs)	Rating	Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price (Rs)	Upside (%)	ADVT- 3mo (US\$ mn)
			(Rs mn)	(US\$ mn)		2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E			
Automobiles																													
Bajaj Auto	520	ADD	75,257	1,777	145	59.3	58.7	63.2	(53.4)	(1.1)	7.8	8.8	8.9	8.2	6.2	6.3	5.7	4.7	3.8	3.1	3.8	3.8	3.8	21.0	41.5	36.4	630	21.1	—
Hero Honda	803	REDUCE	160,299	3,784	200	48.5	57.0	62.6	12.8	17.5	9.9	16.6	14.1	12.8	10.4	9.7	8.8	5.2	4.3	3.5	2.5	2.5	2.5	34.0	33.1	30.1	750	(6.6)	5.1
Mahindra & Mahindra	540	ADD	139,336	3,289	258	38.1	36.9	37.2	(2.0)	(2.9)	0.6	14.2	14.6	14.5	10.4	10.1	9.3	3.2	2.5	2.1	2.0	1.7	1.8	27.8	22.0	17.8	640	18.6	7.1
Maruti Suzuki	619	ADD	178,761	4,220	289	59.9	60.0	65.1	10.8	0.2	8.4	10.3	10.3	9.5	5.8	5.6	5.1	2.1	1.7	1.5	0.7	0.7	0.7	22.1	18.3	16.8	790	27.7	14.7
Tata Motors	416	SELL	241,669	5,705	581	47.4	25.1	22.3	0.9	(47.1)	(10.9)	8.8	16.6	18.6	8.4	9.7	9.7	2.7	1.0	1.2	2.4	3.1	3.1	24.3	9.8	7.4	425	2.2	10.4
Automobiles			795,322	18,775					(0.8)	(6.1)	2.8	12.2	13.0	12.6	7.9	8.2	7.7	3.0	2.0	1.8	2.1	2.3	2.3	24.3	15.2	13.9			
Banks/Financial Institutions																													
Axis Bank	55	REDUCE	26,457	625	485	11.9	9.3	11.6	7.0	(21.2)	23.7	4.6	5.8	4.7	—	—	—	0.9	0.8	0.7	7.3	4.3	5.3	18.0	13.3	14.9	65	19.2	0.8
Bank of Baroda	649	REDUCE	232,189	5,481	358	32.2	35.8	55.1	37.7	11.0	53.9	20.1	18.1	11.8	—	—	—	2.8	2.4	2.1	0.9	1.0	1.6	17.6	13.8	18.7	750	15.5	54.1
Bank of India	253	ADD	92,405	2,181	366	39.3	32.1	42.4	39.8	(18.2)	32.1	6.4	7.9	6.0	—	—	—	1.1	0.9	0.9	3.2	2.6	3.4	14.6	10.3	12.6	310	22.6	4.6
Canara Bank	202	REDUCE	132,793	3,135	526	40.6	40.2	49.7	76.6	(1.0)	23.6	6.2	6.3	5.1	—	—	—	1.7	1.3	1.1	1.6	1.7	2.1	27.6	21.7	22.1	375	48.5	31.3
Central Bank of India	253	REDUCE	82,841	1,956	410	38.2	21.2	38.5	10.1	(44.6)	81.7	5.3	9.5	5.3	—	—	—	1.2	1.0	0.9	4.0	3.5	3.7	15.0	8.1	13.6	190	(6.0)	3.4
Corporation Bank	59	SELL	23,905	564	404	13.6	4.7	15.5	(11.4)	(65.5)	229.9	4.3	12.6	3.8	—	—	—	1.2	1.0	0.8	3.4	—	—	14.1	5.4	16.4	70	18.3	0.6
Federal Bank	271	ADD	38,879	918	143	51.3	42.6	53.5	37.2	(17.0)	25.8	5.3	6.4	5.1	—	—	—	0.9	0.8	0.7	3.9	3.2	4.0	18.4	13.7	15.4	355	31.0	0.4
HDFC	210	BUY	35,974	847	171	34.4	18.5	32.3	0.5	(46.2)	74.7	6.1	11.4	6.5	—	—	—	0.9	0.9	0.8	1.9	1.6	2.9	13.6	7.8	12.6	275	31.1	2.3
HDFC Bank	2,208	ADD	633,719	14,960	287	85.8	83.7	100.1	38.2	(2.4)	19.6	25.7	26.4	22.0	—	—	—	5.3	4.6	4.0	1.1	1.1	1.4	27.8	18.6	19.3	2,350	6.4	66.7
ICICI Bank	1,166	BUY	493,701	11,655	423	46.0	52.5	67.4	28.7	2.1	28.4	25.4	22.2	17.3	—	—	—	4.3	3.4	2.3	0.6	0.8	1.1	17.7	17.0	16.9	1,300	11.5	41.7
IDFC	644	ADD	716,231	16,908	1,113	39.9	31.1	41.8	15.4	(22.1)	34.3	16.1	20.7	15.4	—	—	—	1.5	1.5	1.4	1.7	1.2	1.6	11.7	7.3	9.2	870	35.2	127.5
Indo	92	REDUCE	119,011	2,810	1,294	5.7	6.7	8.1	2.9	18.4	20.3	16.2	13.7	11.4	—	—	—	2.1	1.9	1.7	1.3	2.0	2.2	17.6	14.9	16.1	125	35.9	29.4
India Infoline	136	ADD	47,550	1,123	350	28.0	6.7	9.8	85.6	(76.2)	47.4	4.9	20.4	13.8	10.0	10.1	7.5	3.9	2.5	2.2	0.7	1.1	1.6	20.7	14.9	17.0	155	14.1	5.8
Indian Bank	113	ADD	48,671	1,149	430	22.5	17.9	25.5	33.9	(20.4)	42.0	5.0	6.3	4.4	—	—	—	1.1	1.0	0.8	2.6	2.0	2.9	23.4	15.2	18.5	140	23.6	2.4
Indian Overseas Bank	89	ADD	48,514	1,145	545	22.1	18.9	22.5	19.2	(14.2)	18.7	4.0	4.7	4.0	—	—	—	1.0	0.9	0.7	4.2	5.6	6.1	27.2	19.7	20.1	130	46.0	1.0
J&K Bank	500	ADD	24,222	572	48	74.2	75.4	75.0	31.2	1.6	(0.6)	6.7	6.6	6.7	—	—	—	1.2	1.0	0.9	3.0	3.1	3.0	16.8	15.1	13.4	750	50.2	0.4
LIC Housing Finance	326	ADD	27,675	653	85	45.5	52.1	55.2	38.7	14.3	6.1	7.1	6.3	5.9	—	—	—	1.5	1.2	1.1	3.1	3.5	3.7	—	—	—	350	7.5	5.9
Mahindra & Mahindra Financial	249	SELL	23,773	561	95	20.8	22.9	27.3	32.6	9.9	19.4	12.0	10.9	9.1	—	—	—	1.9	1.7	1.5	1.8	2.3	2.7	16.9	15.7	16.7	215	(19.8)	0.1
Oriental Bank of Commerce	156	ADD	39,097	923	251	23.9	22.6	30.5	(27.6)	(5.2)	34.7	6.5	6.9	5.1	—	—	—	0.8	0.7	0.6	3.0	2.9	3.9	6.2	9.5	11.7	200	28.2	1.6
PF	131	REDUCE	150,759	3,559	1,148	11.4	13.0	15.8	2.6	14.3	21.1	11.5	10.1	8.3	—	—	—	1.5	1.3	1.2	1.2	1.4	1.6	13.4	13.6	14.6	130	(1.0)	4.8
Punjab National Bank	446	BUY	140,751	3,323	315	65.0	68.5	79.7	33.0	5.4	16.4	6.9	6.5	5.6	—	—	—	1.5	1.2	1.0	2.9	3.1	3.6	18.0	16.5	17.1	650	45.6	9.5
SREI	109	BUY	14,609	345	134	11.4	5.5	8.1	57.4	(51.8)	47.8	9.5	19.8	13.4	—	—	—	2.2	1.2	1.1	1.0	2.1	2.6	23.1	11.6	12.5	160	46.9	0.6
State Bank of India	1,343	ADD	848,128	20,022	631	106.6	90.1	119.0	23.5	(15.4)	32.0	12.6	14.9	11.3	—	—	—	2.0	1.8	1.6	1.6	1.6	1.7	16.8	11.1	13.4	1,700	26.6	65.2
Union Bank	128	BUY	64,731	1,528	505	27.5	18.4	29.2	64.1	(33.2)	59.1	4.7	7.0	4.4	—	—	—	0.9	0.8	0.7	3.1	2.1	3.4	26.8	15.5	21.1	200	56.1	3.4
Banks/Financial Institutions			Neutral	4,127,872	97,447				36.3	(7.2)	33.6	12.6	13.6	10.2	—	—	—	1.9	1.7	1.5	1.6	1.6	1.9	15.3	12.5	14.7			
Cement																													
ACC	549	REDUCE	103,573	2,445	189	64.1	61.2	47.7	13.0	(4.5)	(22.0)	8.6	9.0	11.5	4.4	4.5	5.9	2.3	2.0	1.8	4.2	4.2	4.2	33.3	25.3	17.5	610	11.1	10.1
Ambuja Cements	79	REDUCE	120,268	2,839	1,522	7.6	8.0	6.6	(11.2)	6.4	(17.5)	10.4	9.8	11.9	5.3	5.9	6.5	2.4	1.9	1.7	3.3	3.8	2.7	26.6	21.7	15.4	95	20.3	4.9
Grasim Industries	1,965	ADD	180,180	4,254	92	284.6	257.6	240.4	32.6	(9.5)	(6.7)	6.9	7.6	8.2	4.0	4.2	3.9	1.5	1.3	1.1	1.6	1.7	1.7	25.3	18.3	14.5	2,320	18.1	5.5
India Cements	138	ADD	39,010	921	282	24.5	19.1	19.9	n/a	(21.8)	4.1	5.7	7.2	7.0	4.2	4.5	3.8	1.1	1.0	0.9	1.3	1.5	1.5	25.9	15.8	14.4	160	15.6	4.2
Shree Cement	609	BUY	21,205	501	35	85.9	98.5	60.0	90.0	14.7	(39.0)	7.1	6.2	10.1	2.9	2.6	2.7	3.2	2.2	1.9	1.1	1.3	1.3	53.5	42.5	20.5	1,080	77.4	0.4
UltraTech Cement	592	BUY	74,135	1,750	125	81.4	80.6	59.1	28.5	(0.9)	(26.7)	7.3	7.3	10.0	5.0	5.0	5.8	2.3	1.8	1.5	1.3	1.4	1.4	45.2	32.1	18.9	700	18.3	1.0
Cement			Cautious	538,371	12,709				19.0	(4.8)	(15.2)	7.7	8.1	9.6	4.4	4.5	4.8	1.9	1.5	1.4	2.4	2.6	2.3	24.5	19.1	14.3			
Consumer (Discretionary)																													
Radico Khaitan	74	REDUCE	8,753	207	118	3.4	3.2	3.8	8.4	(7.0)	21.5	21.9	23.5	19.4	10.3	10.2	9.3	1.7	1.6	1.5	0.6	0.6	0.6	9.4	8.1	9.0	91	22.3	0.3
United Breweries	178	REDUCE	42,813	1,011	240	1.9	2.4	4.4	(11.6)	25.7	82.1	93.6	74.5	40.9	22.5	17.8	13.5	7.5	4.1	3.7	—	—	—	8.3	7.1	9.6	160	(10.3)	0.1
United Spirits	1,270	BUY	118,999	2,809	94	40.0	45.5	59.1	50.8	13.7																			

Valuation summary

Kotak Institutional Equities Universe

Company	21-Aug-08		Mkt cap.		O/S shares (mn)	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price (Rs)	Upside (%)	ADVT-3mo (US\$ mn)
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E			
Energy																													
Bharat Petroleum	300	REDUCE	98,412	2,323	328	39.8	40.7	38.3	(24.0)	2.1	(5.9)	7.5	7.4	7.8	3.1	3.5	2.5	0.7	0.7	0.6	1.5	1.4	1.3	11.4	10.4	8.9	360	19.9	6.0
Carm India	243	SELL	454,002	10,718	1,868	(0.1)	3.9	19.4	(105)	(3,390)	395	(2,039)	62	12.5	56.7	25.3	8.7	1.5	1.4	1.2	—	—	—	(0.1)	2.3	10.5	230	(5.4)	63.8
Castrol India (a)	312	ADD	38,514	909	124	20.1	23.6	24.1	64.6	17.5	2.1	15.5	13.2	12.9	9.0	7.8	7.6	9.3	8.7	8.1	4.5	5.8	5.8	59.5	68.5	65.2	350	12.4	0.4
GAIL (India)	389	BUY	329,212	7,772	846	30.8	36.6	42.0	21.7	19.0	14.8	12.7	10.6	9.3	7.3	6.5	6.6	2.3	2.0	1.7	2.6	2.8	3.3	18.2	19.1	18.7	450	15.6	14.9
GSPL	63	ADD	35,592	840	563	1.8	3.6	5.1	8.5	103.8	40.2	35.6	17.5	12.5	11.1	7.8	5.5	2.9	2.5	2.2	0.8	1.6	2.3	8.7	15.3	18.8	69	9.1	2.2
Hindustan Petroleum	204	REDUCE	69,281	1,636	339	33.5	26.1	33.4	(16.4)	(21.9)	27.7	6.1	7.8	6.1	5.4	3.5	2.1	0.6	0.5	0.5	1.5	1.1	1.5	9.6	6.8	7.9	260	27.2	6.4
Indian Oil Corporation	411	REDUCE	484,818	11,445	1,179	60.5	40.9	61.8	29.2	(32.5)	51.2	6.8	10.1	6.7	4.5	8.1	7.6	1.1	1.0	0.9	1.4	1.2	1.7	17.2	10.1	13.5	500	21.6	5.1
Oil & Natural Gas Corporation	1,010	BUY	2,160,918	51,013	2,139	92.8	129.3	149.2	9.1	39.3	15.4	10.9	7.8	6.8	4.1	3.1	2.6	2.1	1.8	1.5	3.2	3.6	4.5	19.3	23.4	22.8	1,225	21.3	62.7
Petronet LNG	62	ADD	46,388	1,095	750	6.3	5.8	6.5	—	(7.6)	10.5	9.8	10.6	9.6	6.1	7.5	6.2	2.5	2.0	1.7	2.4	2.4	2.4	26.7	20.2	18.6	70	13.2	2.7
Ranbaxy Industries	2,213	RS	2,908,285	68,656	1,314	101.7	97.4	171.9	23.0	(6.2)	76.4	21.7	22.7	12.9	13.0	11.2	5.9	3.3	2.9	2.2	0.6	0.7	0.9	18.5	14.4	21.6	—	—	270.0
Reliance Petroleum	158	REDUCE	709,650	16,753	4,500	(1.1)	2.0	19.1	n/a	n/a	840.9	n/a	77.8	8.3	n/a	34.3	6.9	5.3	4.9	3.2	—	—	1.3	(3.5)	6.6	47.3	170	7.8	112.8
Energy																													
Industrials																													
ABB	900	REDUCE	190,622	4,500	212	23.2	28.6	35.4	44.5	23.2	23.7	38.8	31.5	25.4	23.1	18.3	14.3	11.7	8.9	6.8	0.2	0.3	0.4	34.8	32.1	30.3	875	(2.7)	10.7
AIA Engineering	1,540	BUY	28,947	683	19	70.9	89.4	114.2	38.1	26.1	27.7	21.7	17.2	13.5	16.3	10.8	8.3	4.7	3.8	3.1	0.4	0.6	0.8	24.0	24.2	24.6	1,600	3.9	0.3
BGR Energy Systems	302	REDUCE	21,748	513	72	12.3	18.3	23.2	(67.1)	49.5	26.7	24.6	16.5	13.0	15.0	10.0	8.6	4.3	3.5	2.8	0.4	0.6	0.8	30.1	23.5	24.1	325	7.6	3.7
Bharat Electronics	935	ADD	74,804	1,766	80	102.1	104.4	111.1	11.3	2.3	6.4	9.2	9.0	8.4	3.6	3.3	2.9	2.3	1.9	1.6	2.7	2.7	2.7	27.9	23.1	20.9	1,200	28.3	2.0
Bharat Heavy Electricals	1,671	ADD	817,988	19,310	490	58.4	71.0	91.6	23.0	21.4	29.0	28.6	23.5	18.2	15.2	12.5	9.5	7.5	6.0	4.8	0.7	0.9	1.2	29.0	28.4	29.5	1,850	10.7	79.3
Dredging Corporation	492	REDUCE	13,776	325	28	55.3	48.7	57.0	(8.3)	(12.0)	17.2	8.9	10.1	8.6	5.0	4.7	3.9	1.1	1.0	1.0	3.0	3.0	3.0	12.5	10.3	11.1	475	(3.5)	0.1
Larsen & Toubro	2,628	BUY	778,837	18,386	296	75.9	117.5	149.1	20.8	54.8	27.0	34.6	22.4	17.6	21.5	13.5	10.6	6.6	4.4	3.5	0.6	0.8	0.8	22.7	23.6	22.4	3,600	37.0	123.1
Mahindra Seamless	305	BUY	21,505	508	71	31.4	37.5	44.7	(18.3)	19.6	19.1	9.7	8.1	6.8	5.9	5.2	4.4	1.9	1.6	1.3	1.5	1.8	2.2	20.9	20.8	20.7	390	27.9	0.8
Siemens	553	ADD	186,365	4,400	337	18.2	18.8	26.7	60.4	3.1	42.1	30.3	29.4	20.7	17.9	17.1	11.8	10.1	7.9	6.0	0.4	0.5	0.6	39.9	30.2	32.9	570	3.1	7.5
Suzlon Energy	226	ADD	353,426	8,343	1,567	6.6	11.4	17.7	9.5	73.5	55.1	34.3	19.8	12.7	17.0	12.9	9.8	3.9	3.2	2.5	0.4	0.4	0.4	16.3	17.7	22.1	300	33.0	52.3
Industrials																													
Infrastructure																													
IRB Infrastructure	154	BUY	51,283	1,211	332	3.4	7.3	15.7	150.9	111.5	116.3	45.0	21.3	9.8	15.6	14.2	6.6	3.1	2.7	2.0	—	—	—	10.7	13.4	23.3	195	26.4	0.9
Media																													
Dish TV	38	BUY	20,474	483	535	(9.8)	(8.2)	(4.0)	n/a	(16.3)	(51.1)	(3.9)	(4.7)	(9.6)	(11.7)	(13.0)	43.2	(4.5)	(51.6)	(6.9)	—	—	—	168.3	176.0	152.9	55	43.8	3.4
HT Media	120	BUY	28,122	664	234	4.3	4.2	7.5	4.7	(0.0)	77.1	27.8	28.3	16.0	15.8	15.7	8.8	3.3	3.0	2.6	0.3	0.3	0.7	12.2	11.0	17.2	175	45.8	0.3
Jagran Prakashan	70	BUY	21,082	498	301	3.3	3.2	5.0	33.5	(0.8)	55.6	21.5	17.7	13.9	12.4	11.6	7.7	3.7	3.4	3.0	1.9	1.8	2.9	18.3	16.5	23.1	95	35.7	0.2
Sun TV Network	237	REDUCE	93,417	2,205	394	8.4	10.0	12.7	33.1	18.3	27.2	28.1	23.7	18.7	14.8	12.3	10.2	6.7	5.9	5.7	1.1	1.6	4.0	25.6	26.0	30.3	265	11.8	1.8
Zee Entertainment Enterprises	209	ADD	90,572	2,138	434	8.9	10.5	13.9	62.6	17.8	32.7	23.5	20.0	15.0	17.1	12.9	9.8	3.2	2.8	2.5	1.0	1.2	1.7	14.2	15.1	17.8	260	24.5	6.5
Media																													
Metals																													
Hindalco Industries	128	REDUCE	223,816	5,284	1,742	13.1	16.2	14.6	(10.9)	23.5	(9.9)	9.8	7.9	8.8	6.1	4.8	4.7	1.2	0.8	0.8	1.0	1.4	1.4	14.3	12.7	9.4	150	16.8	12.2
National Aluminium Co.	382	REDUCE	246,223	5,813	644	25.2	30.3	33.5	(31.8)	20.0	10.6	15.2	12.6	11.4	7.9	6.8	5.4	2.6	2.3	2.0	2.0	2.0	2.0	18.4	19.4	18.7	370	(3.2)	6.6
Jindal Steel and Power	1,903	BUY	292,942	6,916	154	80.4	111.6	117.0	83.2	38.9	4.8	23.7	17.0	16.3	15.0	11.1	10.1	6.8	4.7	3.6	—	—	—	34.3	32.8	25.1	2,900	52.4	28.1
JSW Steel	757	ADD	140,597	3,319	186	92.0	103.1	146.8	35.7	12.0	42.4	8.2	7.3	5.2	6.0	6.2	4.4	1.4	1.2	1.0	2.4	2.4	2.4	21.2	18.1	21.0	1,040	37.4	24.9
Hindustan Zinc	567	ADD	239,660	5,658	423	104.0	72.2	71.5	(1.0)	(30.6)	(1.0)	5.5	7.9	7.9	3.8	4.8	4.3	2.0	1.6	1.3	1.3	1.3	1.8	44.0	22.5	18.4	750	32.2	3.9
Sesa Goa	159	BUY	6,249	148	39	376.8	451.1	463.2	144.6	19.7	2.7	0.4	0.4	0.3	0.1	(0.1)	(0.5)	0.2	0.1	0.1	44.1	50.4	63.0	68.6	50.8	36.9	3,900	#####	50.0
Sterilite Industries	601	ADD	425,557	10,046	708	63.7	52.3	51.5	(23.3)	(17.9)	(1.6)	9.4	11.5	11.7	5.3	5.4	4.9	1.8	1.6	1.4	—	—	—	26.6	14.8	12.6	800	33.2	31.4
Tata Steel	588	ADD	505,291	11,928	860	51.9	73.7	75.4	2.1	41.8	2.4	11.3	8.0	7.8	6.4	5.1	5.2	1.6	1.4	1.2	2.0	2.0	2.2	22.5	18.6	15.7	800	36.1	73.6
Metals																													
Pharmaceutical																													
Biocon	404	BUY	40,400	954	100	22.5	24.5	32.0	9.4	8.5	31.0	17.9	16.5	12.6	11.4	10.3	8.2	2.7	2.5	2.2	0.1	0.1	0.1	17.6	15.7	18.2	615	52.2	1.5
Cipla	237	REDUCE	183,868	4,341	777	9.0	9.8	11.8	4.9	8.5	21.1	26.3	24.2	20.0	18.6	17.1	14.3	5.0	4.4	3.8	1.1	1.3	1.5	20.2	19.2	20.5	230	(2.8)	8.3
Dishman Pharma & chemicals	303	BUY	24,644	582	81	14.7	19.7	27.7	30.5	34.1	40.1	20.6	15.3	11.0	15.4	11.6	8.6	4.3	3.4	2.7	0.0	0.0	0.0	26.8	24.8	27.3	515	70.0	0.4
Dai's Laboratories	1,507	BUY	97,296	2,297	65	56.6	77.9	103.6	85.6	37.7	33.0	26.7	19.4	14.6	23.0	15.9	11.4	11.4	7.4	5.0	0.1	0.1	0.1	52.9	46.5	41.3	2,330	54.6	5.4
Dr Reddy's Laboratories	593	BUY	99,693	2,353	168	26.1	36.6	43.1	(57.2)	40.4	37.8	22.7	16.2	13.8	10.3	7.1	2.2												

Valuation summary

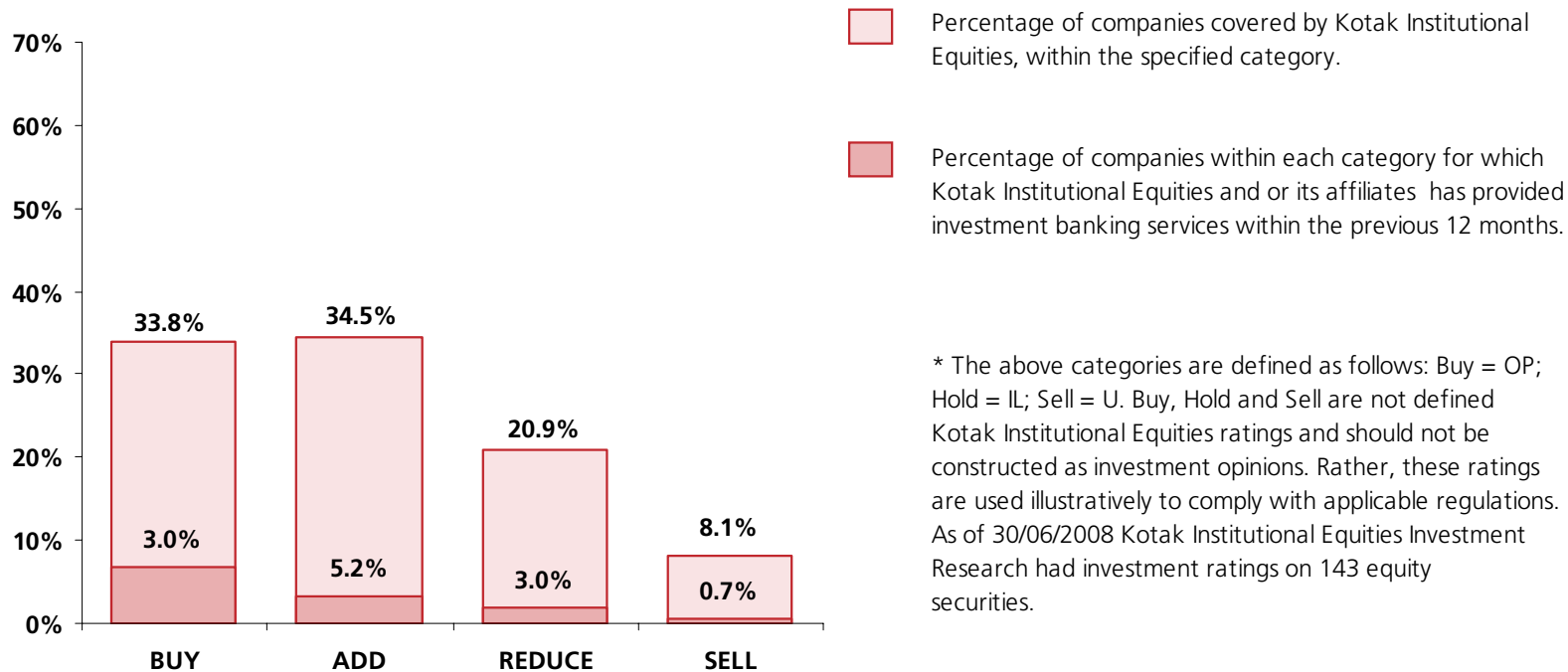
Kotak Institutional Equities Universe

Company	21-Aug-08		Mkt cap.		O/S shares		EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target price		ADVT-					
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	(mn)	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	(Rs)	(%)	(%)	(US\$ mn)	
Retail																																			
Pantaloen Retail	347	BUY	59,710	1,410	172	8.0	14.2	19.9	93.2	76.5	39.9	43.2	24.5	17.5	16.5	10.7	8.8	3.5	2.2	2.0	0.2	0.2	0.3	8.6	10.7	11.5	460	32.5	1.4						
Rajesh Exports	49	BUY	14,304	338	291	8.2	5.9	6.9	80.4	(28.2)	16.6	6.0	8.3	7.1	2.3	1.3	0.6	1.9	1.0	1.0	0.6	0.8	0.9	26.8	12.3	13.5	120	143.9	3.1						
Titan Industries	1,183	BUY	52,521	1,240	44	35.1	41.1	49.8	55.2	17.3	21.0	33.8	28.8	23.8	22.6	17.7	14.2	11.2	8.6	6.7	0.7	0.8	0.9	37.7	33.6	31.6	1,350	14.1	3.3						
Vshal Retail	399	ADD	8,937	211	22	18.1	21.6	35.6	37.2	19.2	65.2	22.1	18.5	11.2	11.0	7.5	5.6	3.3	2.8	2.2	-	-	-	20.2	16.2	22.1	485	21.6	0.2						
Retail			135,472	3,198					53.0	20.1	32.7	25.6	21.3	16.1	12.6	9.8	7.9	4.2	2.7	2.4	0.4	0.5	0.6	16.4	12.9	14.8									
Technology																																			
HCL Technologies	222	REDUCE	154,533	3,648	695	15.3	22.3	25.4	(19.0)	46.0	13.8	14.6	10.0	8.8	8.2	6.5	5.4	3.1	2.6	2.2	3.6	3.6	3.6	21.4	28.1	27.3	250	12.4	6.1						
Hexaware Technologies	48	SELL	6,794	160	142	7.7	4.7	5.6	(13.7)	(38.2)	18.5	6.2	10.1	8.5	3.0	3.1	2.3	1.0	0.9	0.8	3.3	3.3	3.3	15.1	9.4	10.4	50	4.6	0.5						
Infosys Technologies	1,661	BUY	953,672	22,514	574	79.1	102.1	118.1	18.0	29.1	15.7	21.0	16.3	14.1	16.6	12.5	10.1	6.9	5.3	4.2	2.0	1.5	1.7	36.1	36.8	33.1	2,100	26.4	90.2						
Mphasis BFL	227	SELL	47,306	1,117	208	12.2	15.6	18.5	67.6	27.3	18.8	18.5	14.6	12.2	11.1	8.7	7.1	4.1	0.6	2.8	1.5	1.8	2.0	23.6	25.6	25.4	220	(3.0)	1.9						
Mindtree	346	BUY	13,578	321	39	26.1	35.7	43.4	14.8	36.5	21.7	13.2	9.7	8.0	11.1	6.9	5.2	2.5	2.0	1.6	0.8	1.0	1.3	21.3	23.5	22.9	550	58.9	0.5						
Patni Computer Systems	227	SELL	31,532	744	139	33.4	25.2	29.7	29.7	(24.5)	17.7	6.8	9.0	7.6	3.8	3.5	2.5	1.2	1.1	1.0	0.9	1.0	1.2	19.2	11.7	12.7	260	14.6	1.2						
Polaris Software Lab	103	SELL	10,135	239	98	7.4	10.1	11.8	(27.6)	36.0	16.2	13.8	10.2	8.8	7.0	5.1	4.1	1.5	1.4	1.2	1.7	1.7	1.7	11.7	14.3	14.8	90	(12.7)	6.0						
Satyam Computer Services	399	BUY	272,329	6,429	682	25.2	32.2	37.5	17.7	27.6	16.5	15.8	12.4	10.6	12.5	9.0	7.3	3.8	3.0	2.5	2.5	3.0	3.5	26.0	27.1	25.7	500	25.2	44.5						
TCS	818	REDUCE	800,356	18,894	979	51.3	58.7	67.9	21.5	14.5	15.6	15.9	13.9	12.0	13.0	10.9	9.1	6.5	5.1	4.1	1.7	2.5	3.3	47.0	40.8	37.8	900	10.0	33.2						
Tech Mahindra	765	BUY	95,304	2,250	125	59.1	74.8	89.4	25.7	26.7	19.4	13.0	10.2	8.6	11.5	7.2	5.4	7.6	4.2	2.8	0.5	—	0.8	70.7	55.8	41.6	900	17.7	7.2						
Wipro	421	ADD	610,523	14,413	1,450	22.2	27.5	33.5	12.6	23.6	21.8	18.9	15.3	12.6	15.1	11.3	8.9	4.7	3.8	3.1	1.5	1.9	2.4	27.9	27.6	27.4	490	16.4	12.8						
Technology		Neutral	2,996,063	70,729					16.1	23.8	17.0	17.3	14.0	12.0	13.4	10.4	8.4	5.1	4.1	3.3	1.9	2.1	2.5	29.5	29.0	27.6									
Telecom																																			
Shanti Airtel Ltd	799	REDUCE	1,516,897	35,810	1,898	35.3	47.0	57.0	65.0	33.2	21.1	22.6	17.0	14.0	13.7	10.0	7.7	6.7	4.8	3.6	—	0.5	0.7	39.1	32.9	29.1	840	5.1	80.4						
IDEA	82	REDUCE	217,068	5,124	2,639	3.9	4.6	5.5	78.5	15.7	20.8	20.8	18.0	14.9	12.1	9.0	7.5	6.1	4.6	3.5	—	—	—	36.4	29.1	26.6	100	21.6	23.3						
MTNL	101	REDUCE	63,315	1,495	630	6.0	6.5	7.0	(25.2)	7.7	8.2	16.7	15.5	14.4	2.0	2.2	2.2	0.5	0.5	0.5	6.0	6.0	6.0	2.7	2.9	3.2	100	(0.5)	4.4						
Reliance Communications	398	SELL	822,091	19,407	2,064	25.0	28.6	34.8	76.4	14.1	21.9	15.9	13.9	11.4	11.2	9.6	7.5	2.9	2.4	2.0	0.2	—	—	16.1	19.9	19.8	390	(2.1)	95.2						
Tata Communications	414	REDUCE	117,990	2,785	285	10.9	12.0	13.3	(36.3)	9.2	11.2	37.8	34.6	31.2	15.8	14.7	12.8	1.8	1.7	1.7	1.1	1.2	1.6	4.4	4.7	4.9	430	3.9	3.3						
Telecom		Cautious	2,737,360	64,621					61.9	23.9	20.6	19.4	15.7	13.0	12.3	9.7	7.6	3.8	3.1	2.5	0.4	0.5	0.6	19.4	19.6	19.3									
Transportation																																			
Container Corporation	875	ADD	113,694	2,684	130	57.7	67.5	75.0	7.8	17.0	11.0	15.1	13.0	11.7	10.4	8.8	7.4	3.6	3.0	2.5	1.4	1.6	1.8	25.8	24.9	23.1	950	8.6	1.1						
Gateway Distriparks	90	BUY	10,426	246	115	6.4	8.1	10.8	(5.0)	26.5	33.5	14.1	11.1	8.3	9.8	7.3	5.6	1.5	1.4	1.3	3.2	3.7	3.8	10.8	12.9	15.8	125	38.4	1.4						
GE Shipping	385	BUY	58,670	1,385	152	105.9	72.7	48.2	77.6	(31.3)	(33.7)	3.6	5.3	8.0	5.2	6.2	6.9	1.4	1.1	1.0	3.9	4.7	3.1	43.2	23.4	13.7	500	29.8	3.4						
Jet Airways	478	SELL	41,292	975	86	(76.5)	(123.3)	39.4	(2,857)	71	206.7	(6.2)	(3.9)	5.0	58.8	17.4	6.2	0.9	1.2	1.0	—	—	—	1.5	(19.5)	(26.5)	21.5	450	(6.9)	1.7					
Transportation		Neutral	224,081	5,290					3.9	(42.9)	162.9	12.6	22.1	8.4	12.4	10.2	6.6	1.8	1.7	1.5	1.9	2.2	2.2	13.9	7.7	17.4									
Utilities																																			
CESC	347	BUY	43,309	1,022	125	27.8	28.2	31.1	(23.3)	1.4	10.4	12.5	12.3	11.1	6.3	7.2	8.1	1.4	1.2	1.1	1.2	1.2	1.4	12.5	10.6	10.5	500	44.2	1.3						
Lanco Infratech	292	BUY	64,845	1,531	222	16.0	18.7	31.3	88.4	17.4	67.1	18.3	15.6	9.3	14.2	16.6	13.7	3.2	2.7	2.1	(2.0)	—	—	20.2	18.9	25.2	530	81.7	25.6						
NTPC	174	REDUCE	1,430,588	33,772	8,245	8.9	9.5	10.3	3.5	6.7	8.0	19.4	18.2	16.8	14.0	15.1	15.1	2.7	2.5	2.3	2.1	2.2	3.0	14.4	14.2	14.3	179	3.2	36.3						
Reliance Infrastructure	955	BUY	220,600	5,208	231	46.7	48.0	56.3	20.7	2.6	17.3	20.4	19.9	17.0	25.8	34.3	23.7	1.8	1.8	1.6	0.7	0.9	1.3	—	—	—	1,250	30.8	95.7						
Reliance Power	155	REDUCE	372,463	8,793	2,397	0.4	2.1	2.6	—	443.9	25.2	408.6	75.1	60.0	—	—	—	2.7	2.5	2.5	—	—	—	1.2	3.5	4.3	180	15.8	55.9						
Tata Power	1,023	BUY	238,367	5,627	233	29.7	38.1	39.9	11.6	28.5	4.6	34.																							

Disclosures

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



* The above categories are defined as follows: Buy = OP; Hold = IL; Sell = U. Buy, Hold and Sell are not defined Kotak Institutional Equities ratings and should not be constructed as investment opinions. Rather, these ratings are used illustratively to comply with applicable regulations. As of 30/06/2008 Kotak Institutional Equities Investment Research had investment ratings on 143 equity securities.

Source: Kotak Institutional Equities.

As of June 30, 2008

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 2008 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.