

February 22, 2008

India Strategy Friday Flash

BSE-30: 17,735

India

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**Kotak Institutional Equities
Research**

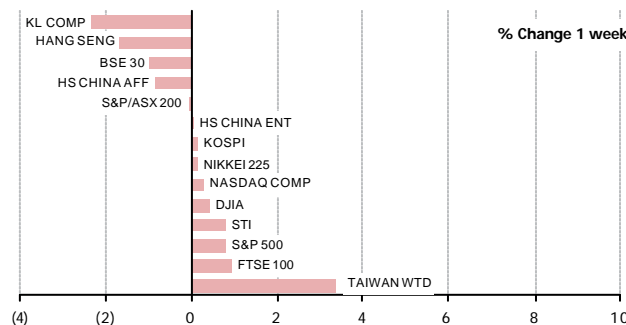
Important disclosures appear at the back of this report.

Tech keeps Indian indices afloat. During the past week, markets remained range-bound with the Sensex losing 31 points (-0.2%) to close at 17,735. Technology stocks contributed positively to the Sensex (114 points) owing to depreciation in the Rupee by 81bps to 1US\$=Rs39.9. Crude oil continued its upward trend, closing 2.4% above the previous week at US\$97.8 bbl. The Sensex is now trading at 16.5X FY2009E earnings with expected earnings growth of 17.4% for FY2009E. FII flows were positive with net inflow of US\$442 mn in Indian equities.

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

- Largest gainers: Sadbhav Engineering (27%), Hexaware Technologies (25%), Polaris Software (21%)
- Largest losers: BPCL (-10%), GVK Power (-10%), Suzlon Energy (-9%)

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-Feb-08	162	32	5	4	87	289
14-Feb-08	509	78	12	2	(293)	308
15-Feb-08	141	13	0	(0)	285	439
18-Feb-08	94	61	(2)	0	(29)	125
19-Feb-08	213	48	(2)	2	393	654
Total	1,120	232	14	7	442	1,816

Our top recommendations

Kotak Institutional Equities, Top 10, 21 February, 2008

Companies	Sector	Rating	Mkt cap.	CMP	Target	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
			(US\$ mn)	(Rs)	(Rs)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E
ICICI Bank	Banking	ADD	31,685	1,144	1,200	34.6	36.7	45.7	33.1	31.1	25.0	—	—	—
Larsen & Toubro	Industrials	BUY	24,923	3,458	4,050	62.8	91.6	123.5	55.1	37.8	28.0	34.5	23.7	17.6
ITC	Consumer Products	BUY	18,863	201	250	7.2	8.3	9.7	27.9	24.2	20.7	17.8	15.3	12.7
Infosys Technologies	Technology	BUY	23,437	1,630	2,000	67.0	79.7	94.7	24.3	20.5	17.2	19.9	16.4	13.1
DLF	Property	BUY	35,680	836	1,220	12.7	55.1	72.4	65.8	15.2	11.5	54.2	12.6	9.4
Sterlite Industries	Metals	ADD	14,208	801	1,000	83.1	59.7	57.2	9.6	13.4	14.0	6.8	6.9	6.2
Tata Power	Utilities	ADD	7,856	1,346	1,540	26.6	29.7	38.1	50.6	45.4	35.3	28.9	29.5	26.3
Suzlon Energy	Industrials	ADD	12,092	308	450	6.0	6.8	13.2	51.3	45.2	23.3	36.6	26.7	17.0
Maruti Suzuki	Automobiles	BUY	5,525	763	1,200	54.0	67.6	88.4	14.1	11.3	8.6	8.2	6.9	5.1
Mid-cap. basket														
IVRCL	Construction	BUY	1,595	473	570	12.4	13.5	20.4	38.1	35.1	23.2	29.1	18.2	13.3
Jindal Saw	Pipes	BUY	1,175	838	1,100	73.2	66.0	112.2	11.4	12.7	7.5	5.8	6.7	4.1
Nagarjuna Construction Co.	Construction	BUY	1,588	274	365	6.5	9.2	12.7	42.0	29.9	21.6	26.8	16.8	12.9
Rajesh Exports	Retail	BUY	872	120	215	4.6	7.6	10.5	26.2	15.8	11.4	15.8	6.5	5.2
Union Bank	Banking	BUY	2,359	186	250	16.7	22.7	26.2	11.1	8.2	7.1	—	—	—
BSE-30				17,735										

Source: Company, Bloomberg, Kotak Institutional Equities.

Our model portfolio

Kotak Institutional Equities Model Portfolio

Company	21-Feb		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	(bps)
Bajaj Auto	2,411	BUY	1.2	—	(116)
Mahindra & Mahindra	641	BUY	1.2	1.2	—
Maruti Suzuki	763	BUY	1.0	2.5	150
Tata Motors	709	BUY	1.4	1.4	—
Automobiles			4.8	5.1	34
Punjab National Bank	581	BUY	—	1.0	100
State Bank of India	2,179	NR	4.4	4.9	50
PSU Banking			4.4	5.9	150
HDFC	2,649	REDUCE	5.6	4.1	(150)
HDFC Bank	1,543	ADD	3.6	2.1	(150)
ICICI Bank	1,144	ADD	11.1	12.6	150
Pvt Banking/Financing			20.2	18.7	(150)
ACC	780	REDUCE	0.7	0.7	—
Ambuja Cements	120	REDUCE	1.0	—	(99)
Grasim Industries	2,804	ADD	1.8	—	(177)
Cement			3.5	0.7	(276)
Hindustan Unilever	220	ADD	1.9	—	(188)
ITC	201	BUY	4.5	6.0	150
Consumers			6.4	6.0	(38)
HPCL	294	BUY	—	1.0	100
Oil & Natural Gas Corporation	1,004	ADD	4.1	4.1	—
Reliance Industries	2,502	RS	13.6	11.9	(166)
Energy			17.7	17.0	(66)
Bharat Heavy Electricals	2,092	ADD	3.1	3.1	—
Larsen & Toubro	3,458	BUY	8.1	9.6	150
Suzlon Energy	308	ADD	—	1.5	150
Industrials			11.2	14.2	300

Company	21-Feb		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	(bps)
Hindalco Industries	189	BUY	1.3	—	(129)
Jindal Steel & Power	2,327	ADD	—	1.0	100
Sterlite Industries	801	ADD	—	1.5	150
Tata Steel	806	REDUCE	3.7	2.7	(100)
Metals			5.0	5.2	21
Cipla	188	REDUCE	0.8	—	(82)
Dr Reddy's	535	ADD	—	1.0	100
Ranbaxy Laboratories	416	BUY	0.8	0.8	—
Pharmaceuticals			1.6	1.8	18
DLF	836	BUY	1.7	3.0	130.0
Housing Development & Infrastructure	825	BUY	—	1.0	100
Real estate			1.7	4.0	230
Infosys Technologies	1,630	BUY	5.8	7.3	150
Satyam Computer Services	458	BUY	2.0	4.0	200
TCS	918	ADD	1.7	—	(174)
Wipro	432	ADD	1.1	—	(109)
Technology			10.6	11.3	67
Bharti Airtel Limited	869	REDUCE	4.7	2.2	(250)
Reliance Communications	589	NR	3.7	2.7	(100)
Telecom			8.4	4.9	(350)
NTPC	200	REDUCE	2.2	—	(217)
Reliance Energy	1,595	NR	2.2	—	(224)
Tata Power	1,346	ADD	—	2.0	200
Utilities			4.4	2.0	(241)
IVRCL	473	BUY	—	0.6	60
Jindal Saw	838	BUY	—	0.6	60
Nagarjuna Construction Co.	274	BUY	—	0.6	60
Rajesh Exports	120	BUY	—	0.6	60
Union Bank	186	BUY	—	0.6	60
Mid-cap. basket			—	3.0	300

Note:

(a) Weightages are with respect to January 21, 2008 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

Sensex valuation summary

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

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)		Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007	2008E	2007	2008E	2007	2008E
Automobiles	23,375	31.0	27.6	11.2	16.1	16.3	14.7	12.6	10.3	9.5	3.9	3.1	1.5	1.5	24.0	21.4
Banking	92,827	13.3	14.2	34.3	12.5	35.8	26.6	23.7	—	—	5.9	3.7	0.7	0.8	16.5	13.8
Consumers	31,012	21.2	19.8	14.9	16.2	29.1	25.3	21.8	19.9	16.0	9.1	8.4	2.2	2.8	31.2	33.0
Cement	14,674	27.7	89.5	16.5	8.5	13.5	11.6	10.7	8.0	6.2	3.6	2.8	1.4	1.9	26.5	24.0
Energy	132,357	16.9	23.2	17.6	15.9	17.5	14.9	12.9	8.6	7.5	3.3	2.7	1.5	1.7	18.7	18.3
Industrials	50,572	59.6	52.0	37.9	31.9	48.1	34.9	26.5	27.8	20.5	12.3	9.3	0.4	0.5	25.5	26.7
Metals	23,559	6.3	33.1	(0.6)	3.3	13.6	13.6	13.2	8.7	7.9	3.2	1.9	1.2	1.3	23.5	14.0
Pharmaceuticals	7,547	(26.3)	39.6	20.4	(1.8)	25.6	21.2	21.6	18.1	14.6	5.1	4.4	1.6	1.8	19.9	20.8
Property	35,680	121.6	913.2	383	31.5	73.3	15.2	11.6	52.2	12.3	35.9	6.6	—	0.6	49.0	43.5
Technology	69,323	28.6	44.4	20.7	18.6	22.8	18.9	15.9	16.8	13.6	7.6	6.0	1.1	1.6	33.5	31.7
Telecom	71,434	(107.4)	182.9	69.9	28.7	39.3	23.2	18.0	21.0	13.7	8.2	6.1	0.0	0.2	20.9	26.4
Utilities	50,771	17.0	16.1	11.8	9.6	26.6	23.8	21.7	14.1	14.5	3.4	3.1	1.3	1.6	12.9	13.2
BSE-30	603,131	20.7	36.5	29.7	17.4	25.1	19.3	16.5	13.5	10.8	5.2	3.9	1.0	1.2	20.7	20.2
BSE-30 ex-Energy	470,774	22.8	43.5	35.3	18.0	28.5	21.1	17.9	16.8	12.7	6.2	4.4	0.8	1.1	21.8	21.1
BSE-30 ex-Energy, Com.	432,540	25.2	42.2	41.3	20.0	31.6	22.4	18.6	19.1	14.0	6.7	4.9	0.8	1.1	21.3	21.9

Source: Company reports, Kotak Institutional Equities estimates.

Nifty valuation summary

Valuation summary of Nifty sectors, 21 February, 2008

	Mkt cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007E	2008E	2007E	2008E
Automobiles	27,037	28.9	20.6	9.8	15.1	16.4	14.9	13.0	10.1	9.4	8.1	4.1	3.3	1.6	1.6	24.8	22.0
Banking	97,458	11.6	13.2	32.5	11.8	32.7	24.7	22.1	—	—	—	5.4	3.5	0.7	0.8	16.6	14.1
Consumers	31,024	21.2	19.8	14.9	16.2	29.1	25.3	21.8	19.9	16.0	13.6	9.1	8.4	2.2	2.8	31.2	33.0
Cement	14,680	27.7	89.5	16.5	8.5	13.5	11.6	10.7	8.0	6.2	5.6	3.6	2.8	1.4	1.9	26.5	24.0
Energy	165,200	8.8	29.9	13.8	17.9	18.5	16.3	13.8	9.3	8.4	7.1	3.1	2.7	1.5	1.6	16.9	16.5
Industrials	65,799	65.7	43.8	36.7	41.8	45.4	33.2	23.4	26.5	19.4	14.2	11.7	8.0	0.4	0.5	25.8	24.1
Metals	35,675	20.7	65.6	(8.2)	(0.5)	10.2	11.1	11.2	6.0	5.8	5.9	2.9	1.7	1.1	1.2	28.7	15.7
Media	2,671	(34.6)	11.2	59.9	40.2	44.9	28.1	20.0	34.0	16.5	12.1	4.1	3.8	0.6	0.8	9.1	13.4
Property	15,113	151.9	1,389.1	38.4	35.8	46.2	33.4	24.6	30.1	22.9	17.1	30.2	16.7	-	0.3	65.4	50.0
Telecom	76,905	(53.9)	134.8	57.4	29.5	37.2	23.6	18.3	19.6	13.2	10.1	5.8	4.7	0.2	0.4	15.7	19.7
Technology	74,306	28.3	46.8	18.8	18.6	22.1	18.6	15.7	16.2	13.3	10.7	7.1	5.7	1.3	1.7	32.3	30.8
Utilities	58,650	18.4	14.8	12.5	11.0	28.6	25.4	22.9	15.1	15.5	16.1	3.6	3.3	1.2	1.5	12.6	12.8
NIFTY	682,222	18.4	40.0	17.8	17.5	23.3	19.7	16.8	12.5	11.0	9.5	4.6	3.6	1.1	1.3	19.9	18.3
NIFTY ex-Energy	517,021	23.8	45.0	19.5	17.3	25.3	21.2	18.1	14.4	12.6	10.8	5.5	4.1	0.9	1.2	21.6	19.2
NIFTY ex-Energy ex Com	481,346	24.3	41.3	25.2	20.0	28.4	22.7	18.9	16.8	14.1	11.8	5.8	4.5	0.9	1.1	20.5	19.8

Note:

(a) Following companies are excluded: SAIL.

Source: Company reports, Kotak Institutional Equities estimates.

Regional valuation summary

Valuations of Indian markets are reasonable based on CY2008E PEG ratio, 20 February, 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	20.3	14.8	13.6	0.2	13.6	11.9	10.5	10.7	0.9	0.9	68.4
China	I/B/E/S CHINA	54.1	31.3	21.0	9.3	29.8	22.7	18.2	13.9	1.0	1.1	2.0
Hong Kong	I/B/E/S HONG KONG	35.3	(1.6)	19.2	13.7	15.6	15.9	13.5	12.9	NA	0.8	1.0
India	MSCI INDIA	14.9	21.2	23.3	26.0	21.2	17.6	14.2	10.7	1.0	0.8	0.5
Korea	MSCI KOREA	6.8	15.6	14.3	13.8	12.5	10.8	9.5	8.3	0.8	0.8	0.7
Malaysia	MSCI MALAYSIA	44.0	(6.0)	11.7	5.9	14.9	15.8	14.2	13.6	NA	1.3	2.4
Mexico	MSCI MEXICO	13.3	21.6	10.1	5.5	14.6	12.0	11.6	10.7	0.7	1.2	2.1
Russia	MSCI RUSSIA	19.4	13.5	7.2	7.5	11.5	10.1	9.4	8.9	0.9	1.4	1.3
Taiwan	MSCI TAIWAN	29.9	10.3	8.8	0.3	12.4	11.3	10.4	10.5	1.2	1.3	37.1
Thailand	MSCI THAILAND	(33.8)	96.5	7.3	7.5	22.0	11.2	10.5	9.7	0.2	1.5	1.4
Asia - Emerging markets	MSCI EM ASIA	18.2	16.8	14.4	10.8	15.2	13.1	11.4	10.1	0.9	0.9	1.1

Source: Thomson Datastream.

Valuation summary of BRICs sectors (1)

Valuation summary of BRICs sectors, 20 February, 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	43.4	13.1	19.8	6.4	11.7	10.3	8.6	8.4	0.9	0.5	1.4
Russia	MSCI Russia Banks Industry Group	16.4	35.4	23.1	36.6	18.0	13.3	10.8	7.9	0.5	0.6	0.3
India	MSCI India Banks Industry Group	17.6	26.7	28.8	NA	29.2	23.0	17.9	NA	1.1	0.8	NA
China	MSCI China Banks Industry Group	47.0	34.9	20.9	(3.6)	17.7	13.1	10.9	11.2	0.5	0.6	NA
Consumers												
Brazil	MSCI Brazil Consumer Discretionary Sector	16.1	43.9	54.7	22.8	29.5	20.5	13.3	10.8	0.7	0.4	0.6
Russia	MSCI Russia Consumer Staples Sector	49.7	48.5	30.3	13.1	35.7	24.1	18.5	16.3	0.7	0.8	1.4
India	MSCI India Consumer Discretionary Sector	9.8	16.9	17.0	65.8	14.4	12.3	10.5	15.2	0.9	0.7	0.2
China	MSCI China Consumer Discretionary Sector	34.5	8.9	20.2	11.1	18.4	16.9	14.0	20.8	2.1	0.8	1.3
Energy												
Brazil	MSCI Brazil Energy Sector	(6.3)	25.5	(2.1)	2.5	15.1	12.0	12.3	12.0	0.6	NA	4.9
Russia	MSCI Russia Energy Sector	14.4	14.1	5.3	2.4	10.1	8.8	8.4	8.3	0.7	1.7	3.5
India	MSCI India Energy Sector	18.8	15.4	37.2	24.0	19.4	16.8	12.2	10.0	1.3	0.5	0.5
China	MSCI China Energy Sector	11.6	18.8	8.9	8.2	15.1	12.7	11.7	10.7	0.8	1.4	1.4
Industrials												
Brazil	MSCI Brazil Industrials Sector	0.5	66.5	7.1	24.7	25.9	15.6	14.6	10.9	0.4	2.2	0.6
India	MSCI India Industrials Sector	7.7	30.5	28.0	77.6	31.2	24.2	18.9	17.2	1.0	0.9	0.2
China	MSCI China Industrials Sector	63.9	16.2	15.8	17.4	18.9	16.3	14.1	11.8	1.2	1.0	0.8
Metals												
Brazil	MSCI Brazil Metals & Mining Industry	36.3	2.5	17.6	(19.7)	11.8	11.6	9.8	12.4	4.7	0.7	NA
Russia	MSCI Russia Metals & Mining Industry	50.6	(3.8)	(3.0)	(5.3)	8.5	8.9	9.1	9.5	NA	NA	NA
India	MSCI India Metals & Mining Industry	0.9	19.1	2.1	NA	10.8	9.0	8.8	NA	0.6	4.3	NA
China	MSCI China Metals & Mining Industry	6.3	15.9	7.8	(11.8)	13.9	12.0	11.1	9.4	0.9	1.5	NA

Source: Thomson Datastream.

Valuation summary of BRICs sectors (2)

Valuation summary of BRICs sectors, 20 February, 2008

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

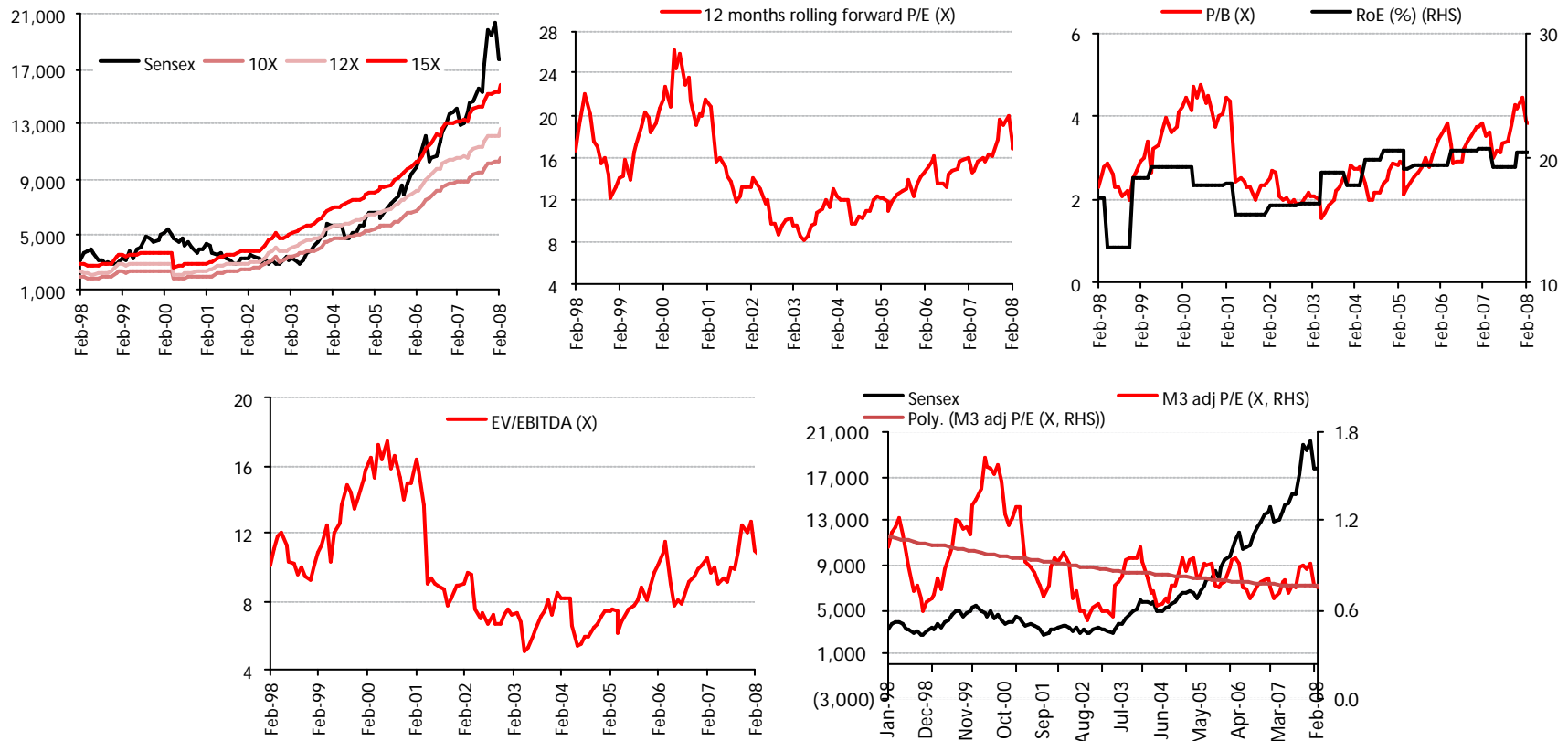
Index		Earnings growth (%)				P/E (X)				PEG ratio (X)		
		2007	2008E	2009E	2010E	2007	2008E	2009E	2010E	2007	2008E	2009E
Property												
Brazil	MSCI Brazil Real Estate Industry Group	NA	189.3	51.2	NA	42.9	14.8	9.8	NA	NA	0.3	NA
India	MSCI India Real Estate Industry Group	122.4	43.9	69.2	74.4	25.8	17.9	10.6	6.2	0.6	0.3	0.1
China	MSCI China Real Estate Industry Group	40.6	51.8	36.0	37.5	20.8	13.7	10.1	8.0	0.4	0.4	0.3
Technology												
Brazil	MSCI Brazil Information Technology Sector	631.2	25.1	17.9	17.1	23.0	18.4	15.6	13.3	0.9	1.0	0.9
India	MSCI India Software & Services Industry Grc	18.5	17.7	11.5	20.6	18.0	15.3	13.7	11.4	1.0	1.3	0.7
China	MSCI China Software & Services Industry Gr	15.3	25.8	31.6	8.7	62.1	49.4	37.5	15.6	2.4	1.6	4.3
Telecom												
Brazil	MSCI Brazil Telecommunication Services Sec	90.6	26.3	19.1	10.4	12.9	10.2	8.6	7.8	0.5	0.5	0.8
Russia	MSCI Russia Diversified Telecommunications	12.5	18.8	23.6	14.6	26.8	22.6	18.3	15.9	1.4	1.0	1.2
India	MSCI India Telecommunication Services Seci	38.6	26.3	23.0	14.5	23.5	18.6	15.1	12.9	0.9	0.8	1.0
China	MSCI China Telecommunication Services Ser	13.6	25.9	16.4	15.7	24.0	19.0	16.4	14.1	0.9	1.2	1.0
Utilities												
Brazil	MSCI Brazil Utilities Sector	6.1	0.3	11.7	20.6	11.0	10.9	9.8	8.8	32.5	0.9	0.5
Russia	MSCI Russia Utilities Sector	(61.5)	14.0	53.0	132.5	44.6	39.1	25.6	11.0	3.2	0.7	0.2
India	MSCI India Utilities Sector	2.3	10.4	13.5	(1.5)	22.7	20.6	18.2	16.8	2.2	1.5	NA
China	MSCI China Utilities Sector	13.2	13.3	13.6	20.4	16.5	14.5	12.7	10.6	1.2	1.1	0.6

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, December 1997 - current



Source: Bloomberg, Company reports, Kotak Institutional Equities

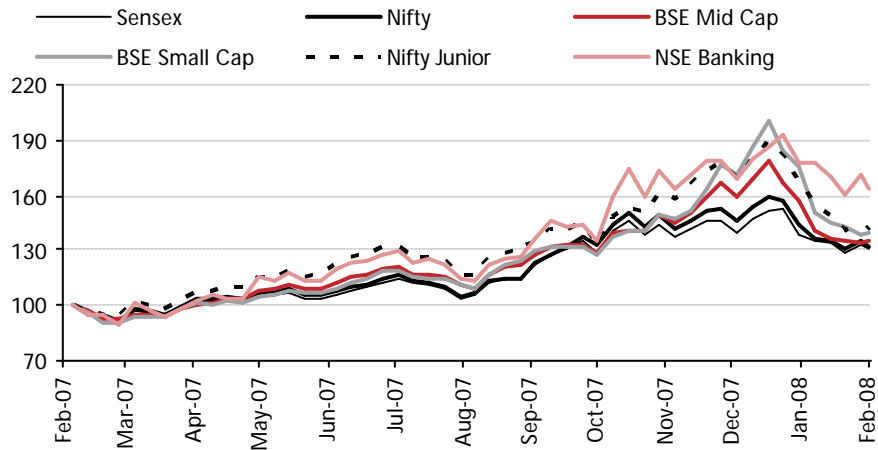
Market performance

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

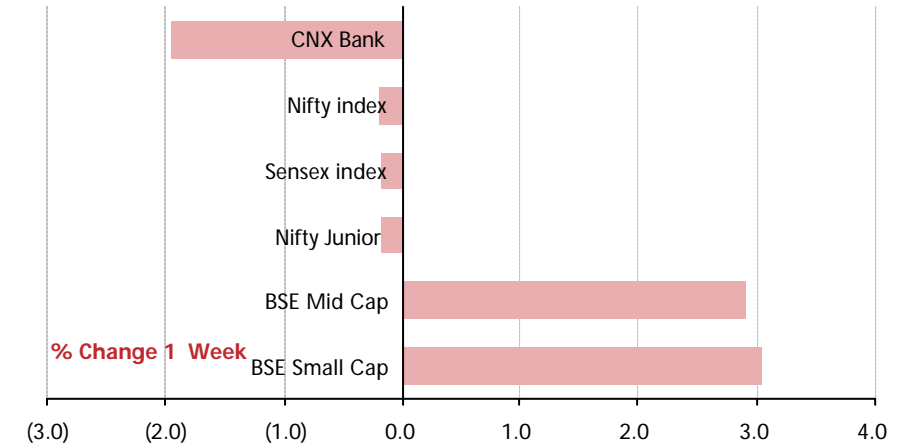
Relative performance of Indian markets

Key performance of benchmark indices

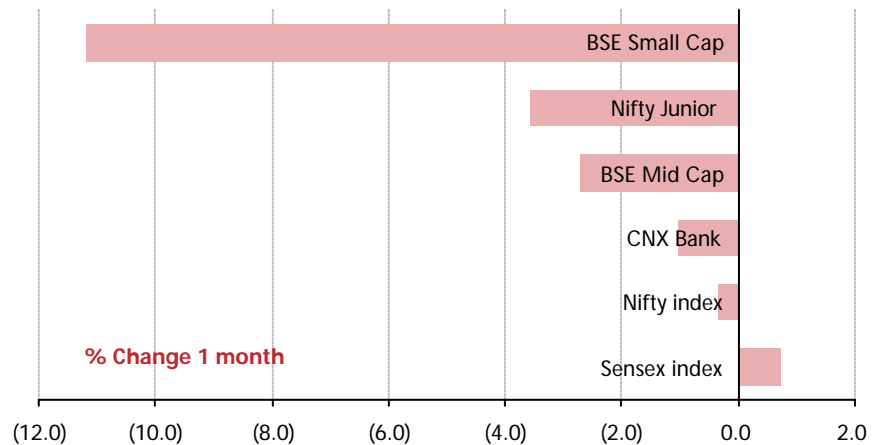
(base 100 as of March, 2007)



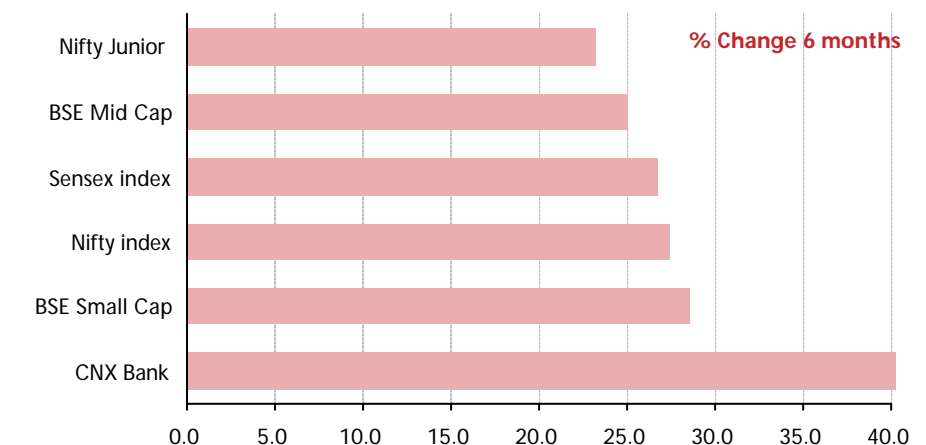
Weekly performance of the benchmark indices



1-month performance of the benchmark indices



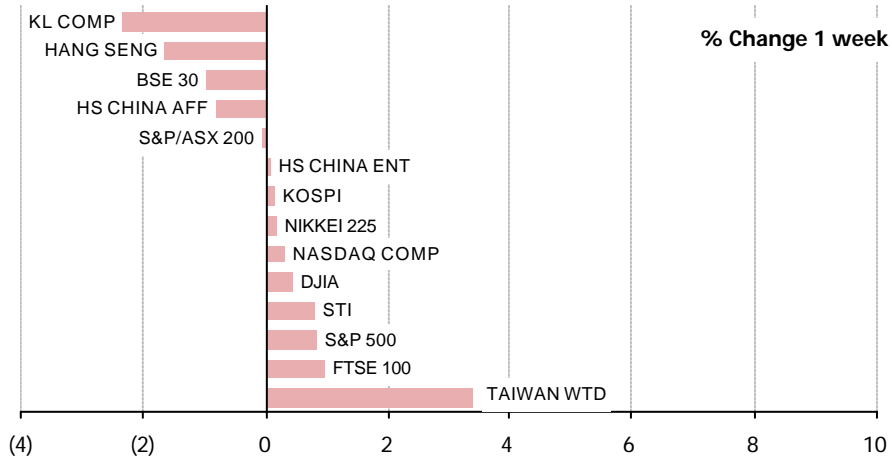
6-month performance of the benchmark indices



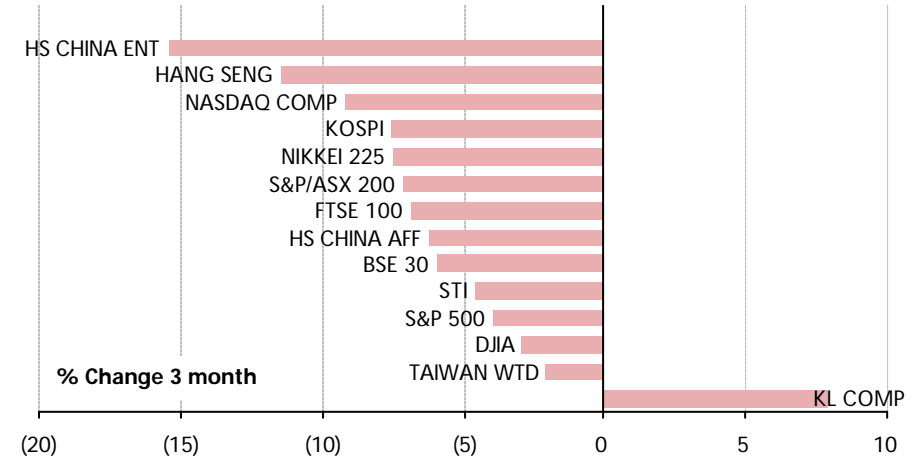
Source: Bloomberg, Kotak Institutional Equities.

BSE-Sensex versus regional indices

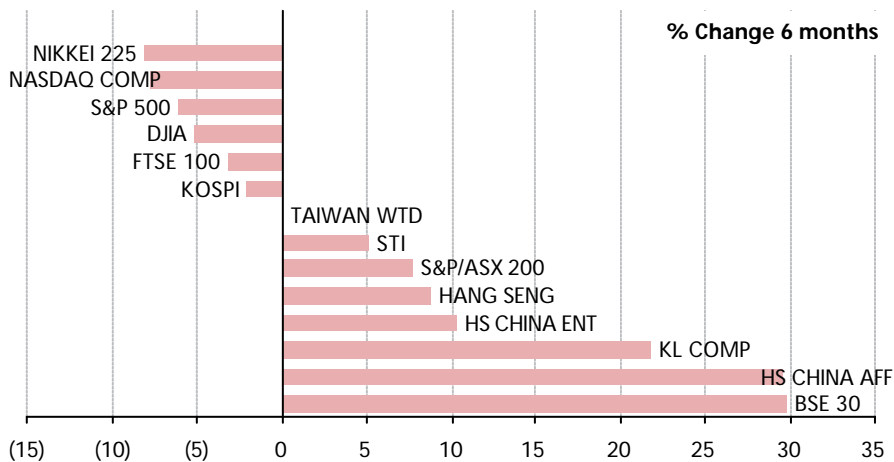
Weekly performance



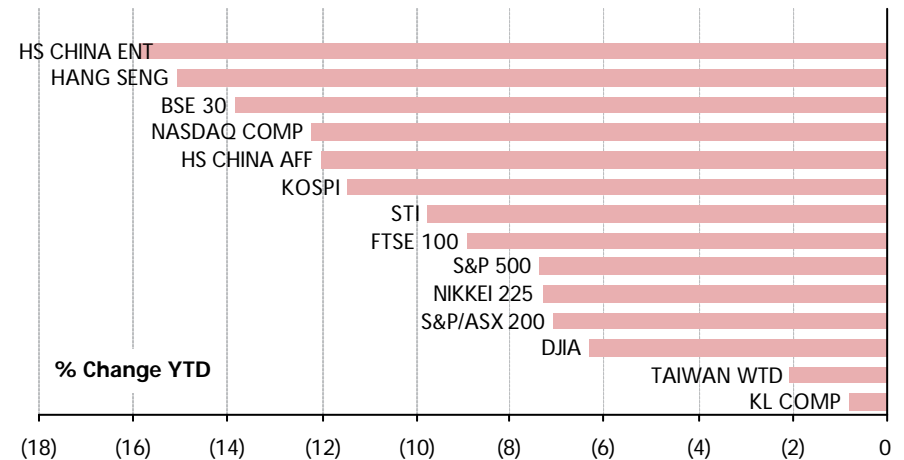
3-month performance



6-month performance



Year-to-date performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities.

Sectoral performance

Market performance of Sensex sectors, 21 February, 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	23,375	0.9	4.2	(6.3)	6.9	(19.5)	(14.4)	0.3	3.5	(15.7)	(35.6)
Banking	92,827	(1.7)	0.4	3.4	44.0	51.0	(6.5)	(2.4)	(0.3)	13.6	20.8
Consumers	31,012	0.9	3.0	8.9	24.3	14.1	(1.6)	0.3	2.3	(2.0)	(8.7)
Cement	14,674	0.9	(3.5)	(23.0)	(5.3)	(5.9)	(22.0)	0.3	(4.3)	(25.3)	(24.7)
Energy	132,357	0.5	(5.2)	(11.4)	36.2	45.6	(15.6)	(0.2)	(5.9)	7.4	16.5
Industrials	50,572	(0.8)	(3.7)	(15.8)	39.9	93.4	(18.1)	(1.5)	(4.4)	10.4	54.8
Metals	23,559	5.1	12.2	(0.8)	58.6	73.4	(13.3)	4.4	11.4	25.1	38.7
Pharmaceuticals	7,547	1.2	6.3	4.1	12.1	(11.5)	(7.0)	0.5	5.6	(11.6)	(29.2)
Property	35,680	2.6	(7.5)	(4.0)	50.3	-	(22.2)	1.9	(8.2)	18.5	-
Telecom	71,397	0.5	1.0	(8.0)	12.6	16.7	(16.4)	(0.2)	0.2	(11.2)	(6.6)
Technology	69,323	4.6	10.6	1.5	(5.6)	(28.4)	(11.8)	3.9	9.8	(25.6)	(42.7)
Utilities	50,771	1.2	(4.1)	(14.6)	37.0	56.2	(21.0)	0.5	(4.8)	8.0	24.9
Sensex sum	603,093	0.7	0.7	(4.7)	26.8	25.0	(12.6)				

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	26.9	1 Bharat Petroleum	(10.4)
2 Hexaware Technologies	25.3	2 GVK Power	(9.9)
3 Polaris Software Lab	21.2	3 Suzlon Energy	(8.8)
4 Bajaj Auto	16.2	4 Asian Paints	(8.8)
5 EIH	15.9	5 Maruti Suzuki	(8.1)
6 Hindalco Industries	15.7	6 HDFC	(7.5)
7 Centurion Bank of Punjab	15.4	7 Canara Bank	(7.1)
8 National Aluminium Co.	15.3	8 Reliance Energy	(6.6)
9 GE Shipping	14.7	9 ABB	(6.6)
10 ABG Shipyard	14.6	10 Rajesh Exports	(6.5)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Indian Bank	7.7	1 LANCO	(47.2)
2 Jubilant organosys	7.4	2 TVS Motor Co	(45.0)
3 Hero Honda	4.6	3 IVR Prime Urban Developers	(44.9)
4 Welspun Gujarat Stahl Rohren	3.6	4 Maharashtra Seamless	(44.4)
5 Axis Bank	3.6	5 India Infoline	(39.4)
6 Hindustan unilever	2.8	6 DishTV	(38.8)
7 EIH	2.7	7 Tech Mahindra	(38.3)
8 Satyam Computer Services	2.0	8 Rico Auto	(37.2)
9 iGate Global Solutions	1.7	9 MTNL	(36.8)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Sesa Goa	34.6	1 GVK Power	(25.2)
2 Satyam Computer Services	23.4	2 SREI	(23.1)
3 Jubilant organosys	21.5	3 Pantaloon Retail	(22.9)
4 JSW Steel	21.2	4 Bharat Electronics	(19.2)
5 Hexaware Technologies	19.4	5 TVS Motor Co	(18.5)
6 GE Shipping	18.2	6 Kalpataru Power Transmission	(17.1)
7 Infosys Technologies	17.3	7 Tech Mahindra	(16.7)
8 Bajaj Auto	16.8	8 Jagran Prakashan	(16.2)
9 EIH	16.2	9 Suzlon Energy	(15.7)
		10 Punj	(15.2)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	375.9	1 Tech Mahindra	(57.8)
2 Educomp Solutions	344.6	2 Polaris Software Lab	(53.6)
3 Welspun Gujarat Stahl Rohren	334.5	3 Hexaware Technologies	(53.1)
4 India Infoline	219.2	4 Vardhman	(50.8)
6 Reliance Energy	205.5	5 i-flex solutions	(45.7)
7 Shriram Transport	197.0	6 TVS Motor Co	(44.3)
8 Sadbhav Engineering	159.4	7 Rico Auto	(42.0)
9 JSW Steel	152.8	8 Maharashtra Seamless	(36.1)
10 Reliance Petroleum	137.5	9 Patni Computer Systems	(35.9)
11 GMR Infrastructure	128.1	10 Wipro	(35.4)

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 (%)

Company	Premium to sector
Reliance Energy	202.4
Aditya Birla Nuvo	197.6
Centurion Bank of Punjab	191.8
Unitech	186.4
HDFC	161.2
Tata Power	161.1
Welspun Gujarat Stahl Rohren	157.2

Discount to 1 year rolling forward P/E (%)

Company	Discount to sector
Monnet Ispat	69.5
Maharashtra Seamless	69.5
LIC Housing Finance	63.4
Central Bank of India	62.0
Union Bank	59.5
Rajesh Exports	59.2
Andhra Bank	59.0

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

Lowest 1 year rolling forward P/E (X)

Company	Lowest P/E
Federal Bank	5.8
Hindustan Petroleum	5.9
Hindustan Zinc	6.5
LIC Housing Finance	6.5
Indian Oil Corporation	7.2
Union Bank	7.2
Lakshmi	7.3
Andhra Bank	7.3
Corporation Bank	7.3
Sesa	7.4

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

Highest 1 year forward P/E (X)

Company	Highest P/E
Aditya Birla Nuvo	64.9
Educomp Solutions	60.0
Reliance Energy	45.2
Pantaloon Retail	36.6
ABB	36.2
Tata Power	36.0
Siemens	34.3
Centurion Bank of Punjab	34.1
Nestle India	30.1
HDFC	28.7

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

Company % discount to historical high

Company	% discount to historical high
Welspun Gujarat Stahl Rohren	0.0
Shriram Transport	3.8
JSW Steel	4.2
Jubilant Organosys	4.2
Tata Power	5.2
HDFC	7.1
Rajesh Exports	10.8
Monnet Ispat	10.9
GE Shipping	11.4
KEC	12.7
Canara Bank	13.1
Punjab National Bank	13.4
Oriental Bank of Commerce	14.3
Union Bank	14.6
State Bank of India	15.5
Sintex	15.6
Sadbhav Engineering	15.6
Asian Paints	16.5

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	763.0
Reliance Energy	271.3
Jindal Steel and Power	200.5
Castrol India	181.6
Petronet LNG	170.7

Trading at discount to sectors

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

Company	Sector discount
Maharashtra Seamless	26.4
GVKPIL	36.9
Dredging Corporation	38.8
Monnet Ispat	39.6
Polaris Software Lab	43.1

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

Highest 1 year rolling forward EV/EBITDA (X)

Company	Highest EV/EBITDA
Reliance Energy	44.2
Aditya Birla Nuvo	27.5
Tata Power	25.1
ABB	21.7
Siemens	20.6
Larsen & Toubro	20.0
Hindustan Lever	18.6
Divi's Laboratories	18.0

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

Lowest 1 year rolling forward EV/EBITDA (X)

Company	Lowest EV/EBITDA
Oil & Natural Gas Corporation	3.9
Hindustan Zinc	3.9
Indian Oil Corporation	4.0
Maharashtra Seamless	4.3
Sesa	4.5
Rico Auto	4.6
Hexaware Technologies	4.7

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)
Hexaware Technologies	3,142,377	358	19.4
Pfizer	25,235	270	10.6
Canara Bank	813,677	155	(2.4)
Jet Airways	112,596	154	(0.9)
ABB	171,081	106	(4.5)
HCL Technologies	570,707	103	14.3
Nicholas Piramal	111,001	86	11.5

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

Company	5-day average volumes	Price Change (%)	
		% decrease	(1 month basis)
Asian Paints	2,266	(97)	0.2
Motherson Sumi	2,707	(95)	(9.9)
Ipca Laboratories	1,085	(87)	(14.5)
Monnet Ispat	12,746	(87)	0.8
Sintex	28,739	(82)	(5.9)
Lupin	12,208	(80)	0.2
MMFSL	7,594	(79)	10.6

Date	Sensex	Avg daily value traded (US\$ mn)	Institutional participation in total turnover		Sensex delivery (%)	Put-Call (X)
			FII%	MF%		
Apr-07	13,872	2,776	18.0	4.7	49.2	1.12
May-07	14,544	3,420	16.3	4.5	49.8	1.38
Jun-07	14,651	3,327	17.6	3.9	49.9	1.44
Jul-07	15,551	4,309	18.6	4.4	49.8	1.38
Aug-07	15,318	3,742	18.6	4.3	45.2	1.32
Sep-07	17,291	4,703	16.0	4.2	48.0	1.23
Oct-07	19,724	7,118	18.4	3.6	43.0	1.15
Nov-07	19,003	6,771	16.0	3.0	38.0	1.02
Dec-07	20,217	6,802	15.1	3.1	42.0	1.12
Feb-08	17,135	4,689	17.0	3.4	39.0	1.21

Source: Bloomberg, Kotak Institutional Equities.

Earnings momentum

- **Upgrades/downgrades in FY2008E and FY2009E in the past month**
- **Top changes in target prices in the past month**
- **Top changes in ratings in the past month**

Changes in earnings estimates in the past 1 month

Changes in earnings estimates in the past 1 month

FY2008 earnings upgrades (KIE) (1 month)

Company	% Change
1 Hindustan Petroleum	134.7
2 Indian Oil Corporation	33.5
3 Nicholas Piramal	24.6
4 Siemens	16.3
5 Sun Pharmaceuticals	16.1
6 GAIL (India)	7.9
7 AIA Engineering	7.4
8 LIC Housing Finance	6.5
9 Tata Tea	6.4
10 CESC	6.2

FY2008 earnings downgrades (KIE) (1 month)

Company	% Change
1 Punj	(21.8)
2 Reliance Energy	(7.7)
3 ABB	(6.2)
4 Ambuja Cements	(5.2)
5 Castrol India (a)	(3.7)
6 Canara Bank	(1.7)
7 Bank of Baroda	(1.3)
8 Corporation Bank	(1.1)
9 Andhra Bank	(1.0)
10 Rajesh Exports	(0.6)

FY2009 earnings upgrades (KIE) (1 month)

Company	% Change
1 Sun Pharmaceuticals	66.0
2 Hindustan Petroleum	59.5
3 Indian Oil Corporation	53.6
4 Nicholas Piramal	22.6
5 Lanco	8.2
6 Tata Tea	6.0
7 Sesa Goa	5.8
8 Siemens	5.2
9 GAIL (India)	4.9
10 J&K Bank	4.6

FY2009 earnings downgrades (KIE) (1 month)

Company	% Change
1 Patni Computer Systems	(14.5)
2 Dredging Corporation	(13.5)
3 Ambuja Cements	(11.9)
4 GlaxoSmithkline Consumer (a)	(11.7)
5 ACC	(10.9)
6 Bajaj Auto	(10.3)
7 Unitech	(9.0)
8 Punj	(9.0)
9 Andhra Bank	(7.4)
10 AIA Engineering	(6.3)

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	Sun Pharmaceuticals	18.1	1,500	1,270
2	Hindustan Petroleum	18.1	425	360
3	Indian Oil Corporation	13.6	625	550
4	GAIL (India)	5.3	400	380

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Maharashtra Seamless	(14.0)	585	680
2	Punj	(10.0)	450	500
3	Patni Computer Systems	(8.6)	320	350
4	Rajesh Exports	(8.5)	215	235
5	Siemens	(8.1)	1,700	1,850
6	Castrol India	(6.5)	290	310
7	CESC	(3.1)	630	650

Source:Kotak Institutional Equities.

Changes in our ratings

Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
Colgate-Palmolive (India)	Downgraded	ADD	BUY
Punj	Downgraded	ADD	BUY

Company name		Rating	
		Current	Previous
ABB	Upgraded	ADD	REDUCE
Ambuja Cements	Upgraded	REDUCE	SELL
GAIL (India)	Upgraded	REDUCE	SELL
Hindustan Petroleum	Upgraded	BUY	ADD
Indian Oil Corporation	Upgraded	ADD	SELL
Jindal Saw	Upgraded	BUY	ADD
LIC Housing Finance	Upgraded	BUY	ADD
Reliance Petroleum	Upgraded	ADD	SELL

Source:Kotak Institutional Equities.

Flows

- **Trend in equity flows**
- **FII flows in other emerging markets**
- **IPO analysis**
- **Bulk deals**
- **Delivery position analysis**
- **Open interest 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	(3,129)	1,685
Jan	(4,271)	1,848
Feb	1,141	(163)

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

	Index Futures	Index Options	Stock Futures	Stock Options
CY2004	(91)	608	(796)	4
CY2005	(676)	2,199	(668)	(42)
CY 2006	345	3,950	(3,690)	(83)
CY2007	(772)	12,436	(11,600)	(170)
CY2008	36	2,186	2,058	(46)
Jan	(573)	1,479	1,566	(21)
Feb	608	707	491	(24)

Source: Bloomberg, Kotak Institutional Equities

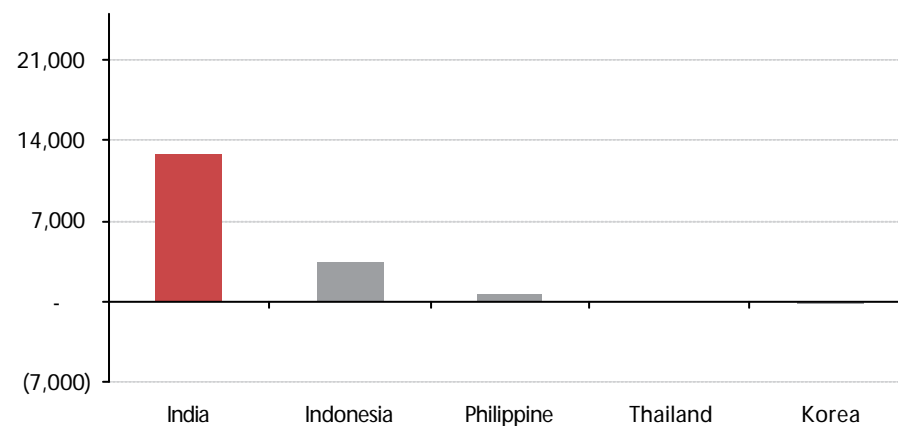
FII flows in other emerging markets

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

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
22-Jan-08	(620)	4	(12)	(5)	(559)
23-Jan-08	15	(39)	(29)	(2)	(620)
24-Jan-08	54	53	(21)	(2)	(335)
25-Jan-08	123	29	(4)	0	166
28-Jan-08	(126)	32	(11)	(1)	(375)
29-Jan-08	104	44	(6)	1	(71)
30-Jan-08	(37)	21	2	(0)	(152)
31-Jan-08	340	(2)	15	4	(841)
1-Feb-08	152	44	4	9	256
4-Feb-08	-	75	(0)	7	945
5-Feb-08	-	14	(8)	3	143
6-Feb-08	-	(70)	(20)	(0)	(131)
7-Feb-08	-	-	(5)	(0)	(42)
11-Feb-08	-	(25)	(4)	1	(458)
12-Feb-08	(125)	(33)	(6)	2	(29)
13-Feb-08	162	32	5	4	87
14-Feb-08	509	78	12	2	(293)
15-Feb-08	141	13	0	(0)	285
18-Feb-08	94	61	(2)	0	(29)
19-Feb-08	213	48	(2)	2	393
Total	1,001	380	(91)	23	(1,660)

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



Source: Bloomberg.

IPO analysis

Market performance since IPO/ Follow on offering

Name	Offer Shares	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Precision Pipes and Profiles	5	150	750	11-Jan-08	139	77	(8)	(49)
Porwal Auto Components	5	75	375	14-Jan-08	80	34	6	(55)
BGR	9	480	4,385	03-Jan-08	901	586	8.8	22
Transformes & rectifiers	3	465	1,393	28-Dec-07	728	519	5.7	12
Brigade Enterprises	17	390	6,484	31-Dec-07	378	280	(3)	(28)
Eclerx Services	3	315	1,010	31-Dec-07	448	326	4.2	3
Jyothy Lab	4	690	3,057	19-Dec-07	793	725	1.5	5
Kaushalya Infra	9	60	510	14-Dec-07	82	50	3.7	(17)
Empee Distilleries	5	400	1,920	26-Nov-07	318	187	(21)	(53)
Mundra Port & eco zone	40	440	17,710	27-Nov-07	962	739	11.9	68
Edelweiss Capital Ltd	8	825	6,919	12-Dec-07	1,510	897	8.3	9
Renaissance Jewellery Ltd	5	150	799	12-Dec-07	165	93	1.0	(38)
Kolte Patil	19	145	2,755	13-Dec-07	181	146	2.5	1
Maytas Infra	9	370	3,275	25-Oct-07	614	673	6.6	82
Consolidated Construction	5	370	1,887	15-Oct-07	791	885	11.4	139
Religare Enterprises	76	185	1,402	21-Nov-07	521	438	18.2	137
Supreme Infrastructure	35	108	375	18-Oct-07	175	105	6.2	(3)
Dhanus Technologies	38	295	1,131	17-Oct-07	311	178	5	(40)
Koutons Retail	35	415	1,462	12-Oct-07	590	1,045	4.2	152
Power Grid Corp	5,739	5.2	29,845	05-Oct-07	100	102	9.2	97
Magnum Ventures	176	30	529	20-Sep-07	49	21	6.2	(31)
Indowind Energy	125	65	813	14-Sep-07	115	90	7.6	39
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	1,001	1.8	21
Puravankara Projects	215	400	8,587	30-Aug-07	362	329	(10)	(18)
KPR Mill	59	225	1,330	28-Aug-07	174	138	(23)	(39)
TakeSolutions	21	730	1,533	27-Aug-07	926	1,017	2.7	39
Central Bank of India	800	102	8,160	21-Aug-07	115	103	1.3	1
SEL manufacturing	41	90	372	21-Aug-07	142	260	5.8	189
Refex Refrigerants	38	65	247	20-Aug-07	62	162	(5)	149
Zylog Systems	36	350	1,260	17-Aug-07	431	270	2.3	(23)
IVR Prime	142	550	7,783	16-Aug-07	418	250	(24)	(55)
OMAXE Ltd	178	310	5,517	09-Aug-07	349	259	1.3	(16)
Alpa Laboratories	95	68	646	06-Aug-07	55	31	(19)	(54)
Simplex projects	30	185	555	03-Aug-07	272	369	4.7	100
Everonn Systems	36	140	500	01-Aug-07	478	778	24.1	456
Allied Digital	45	190	859	25-Jul-07	331	803	7.4	323
Housing Development & Infra	297	500	14,850	24-Jul-07	558	825	1.2	65
Soice Communications	1,131	4.6	5,203	18-Jul-07	61	34	3.2	(27)
Roman Tarmat	29	175	508	09-Jul-07	319	118	8.2	(33)
DLF	1,750	525	91,875	05-Jul-07	570	836	9	59
Vishal Retail	40	270	1,082	04-Jul-07	752	801	17.9	197
Nitin Fire Protection	34	190	644	05-Jun-07	484	455	15.5	140
Insecticides Ind	32	115	369	30-May-07	110	56	(5)	(52)
MIC Electronics	51	150	765	30-May-07	336	774	12.4	416

Forthcoming IPO/Follow on offerings

RELIANCE INFRA TEL LTD.	IPO
JAIPRAKASH POWER VENTURES LTD.	IPO
JSW ENERGY LTD.	IPO
NATIONAL HYDROELECTRIC POWER CORP.LTD.	IPO
UTI ASSET MANAGEMENT CO.LTD.	IPO
OIL INDIA LTD.	IPO
ACME TELE POWER LTD.	IPO
ASHOKA BUILDCON LTD.	IPO
D.B.CORP.LTD.	IPO
MAHINDRA HOLIDAYS & RESORTS INDIA LTD.	IPO
PIPAVAV SHIPYARD LTD.	IPO
COX & KINGS (INDIA) LTD.	IPO
RAMKY INFRASTRUCTURE LTD.	IPO
GAMMON INFRASTRUCTURE PROJECTS LTD.	IPO
VASCON ENGINEERS LTD.	IPO
PRINCE FOUNDATIONS LTD.	IPO
RNS INFRASTRUCTURE LTD.	IPO
AUSTRAL COKE & PROJECTS LTD.	IPO
PRIDE HOTELS LTD.	IPO
VIRGO ENGINEERS LTD.	IPO
XENITIS INFOTECH LTD.	IPO
RESURGERE MINES & MINERALS INDIA LTD.	IPO
RAMSARUP LOHH UDYOG LTD.	IPO
TCG LIFESCIENCES LTD.	IPO
GOKUL REFOILS & SOLVENT LTD.	IPO
MICROSEC FINANCIAL SERVICES LTD.	IPO
PERSISTENT SYSTEMS LTD.	IPO
BIRLA COTSYN (INDIA) LTD.	IPO
INFINITY INFOTECH PARKS LTD.	IPO
PNC INFRA TECH LTD.	IPO
SURYA FOODS & AGRO LTD.	IPO
NEEL METAL PRODUCTS LTD.	IPO
TECPRO SYSTEMS LTD.	IPO
EURO MULTIVISION LTD.	IPO
YBRANT TECHNOLOGIES LTD.	IPO
RITHVIK PROJECTS LTD.	IPO
TITAGARH WAGONS LTD.	IPO

Source: Bloomberg and Kotak Institutional Equities.

Source: Primedatabase .

Bulk deals

Bulk/block deals during the week

Deal Date	Scrip Name	Action	Quantity	Price	(Rs mn)	Exchange
14-Feb	Jaiprakash Associates Lim	SELL	6327015	268	1697	NSE
15-Feb	CANARA BANK	S	2450000	294	720	BSE
15-Feb	Emco Limited	BUY	289600	1155	334	NSE
15-Feb	PTC India Limited	SELL	2534000	114	290	NSE
15-Feb	PTC India Limited	BUY	2533713	114	290	NSE
19-Feb	OnMobile Global Limited	BUY	600000	467	280	NSE
19-Feb	OnMobile Global Limited	BUY	540000	518	280	NSE
18-Feb	GITANJALI GE	B	970000	282	274	BSE
14-Feb	TUBE INVEST	B	4300000	63	269	BSE
19-Feb	B. L. Kashyap and Sons Li	SELL	162838	1630	265	NSE
15-Feb	Emco Limited	SELL	227086	1155	262	NSE
19-Feb	OnMobile Global Limited	SELL	350737	543	191	NSE
19-Feb	B. L. Kashyap and Sons Li	BUY	105282	1630	172	NSE
14-Feb	Jaiprakash Associates Lim	BUY	560000	260	146	NSE
19-Feb	Sundaram Finance Ltd.	SELL	149939	660	99	NSE
15-Feb	USHER AGRO	B	480000	165	79	BSE
18-Feb	Gateway Distriparks Limit	SELL	702971	109	76	NSE
14-Feb	TRF LIMITED	S	61309	1221	75	BSE
15-Feb	Emco Limited	SELL	62514	1155	72	NSE
14-Feb	MAN INDUST I	S	637275	101	64	BSE
14-Feb	MAN INDUSTRIES (I) LTD	SELL	600000	101	60	NSE
14-Feb	MAN INDUSTRIES (I) LTD	BUY	521694	101	53	NSE
14-Feb	MAN INDUST I	B	491617	101	50	BSE
18-Feb	KNR Constructions Limited	SELL	245000	166	41	NSE
14-Feb	MAN INDUSTRIES (I) LTD	SELL	306000	98	30	NSE
15-Feb	XL Telecom Limited	BUY	97430	300	29	NSE
18-Feb	XL Telecom Limited	BUY	87519	310	27	NSE

Source: BSE and NSE

Delivery positions

Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Gvk Power & Infrastructure	43	174
Ht Media Ltd	13	68
Canara Bank	30	76
Jagran Prakashan Limited	47	94
Godrej Consumer Products Ltd	65	96
I-Flex Solutions Ltd	34	64
India Cements Limited	38	67
Godrej Industries Ltd	50	79
Bharat Electronics Limited	60	88

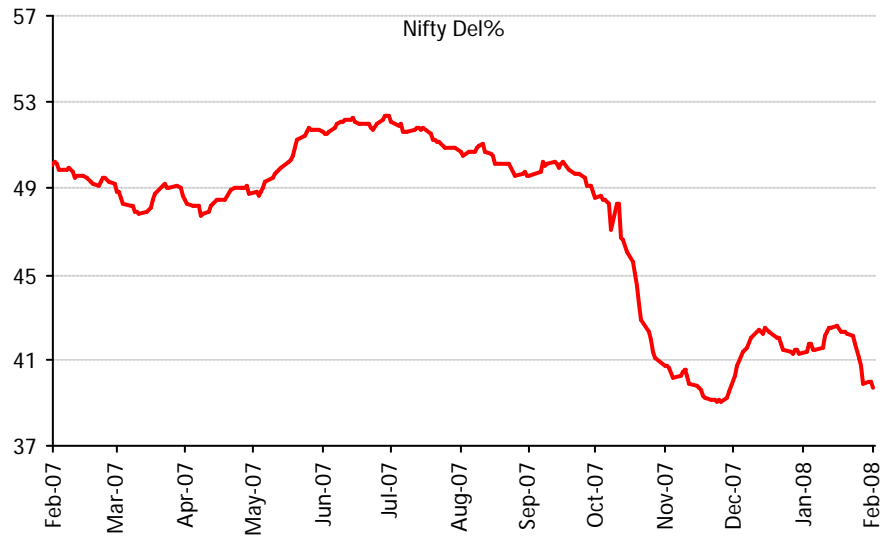
Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Sintex Industries Limited	78	28
India Infoline Limited	69	27
Nestle India Limited	99	59
Container Corp Of India Ltd	93	55
Mahindra Lifespace Developer	90	53
Novartis India Limited	95	64
Kalpataru Power Transmission	89	58
Sun Tv Network Limited	63	34
Micro Inks Ltd	87	59

Source: Bloomberg and Kotak Institutional Equities.

Market movement indicators

Aggregate delivery percentage

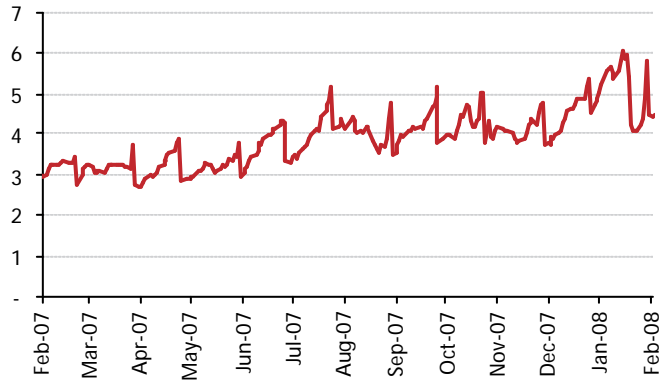


Source: Bloomberg and Kotak Institutional Equities.

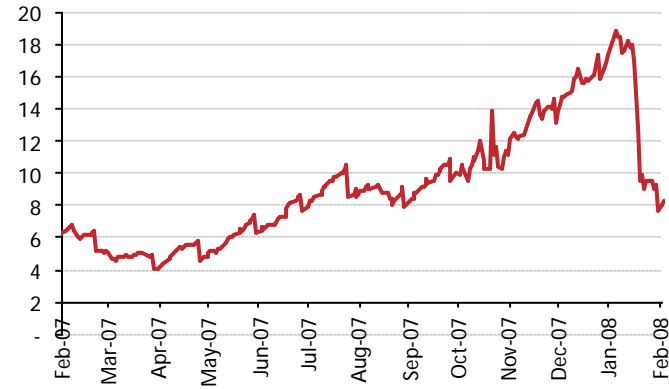
Open interest analysis

National Stock Exchange (US\$ bn)

India Index futures open interest



India stock futures open interest

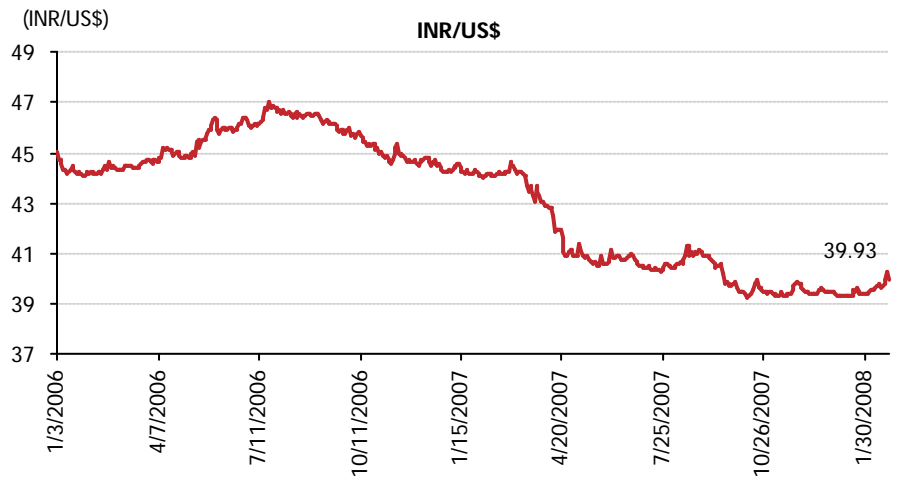
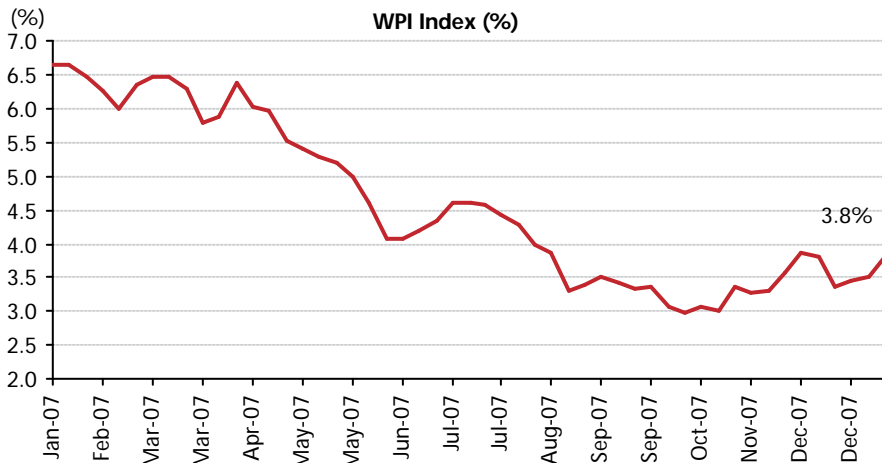
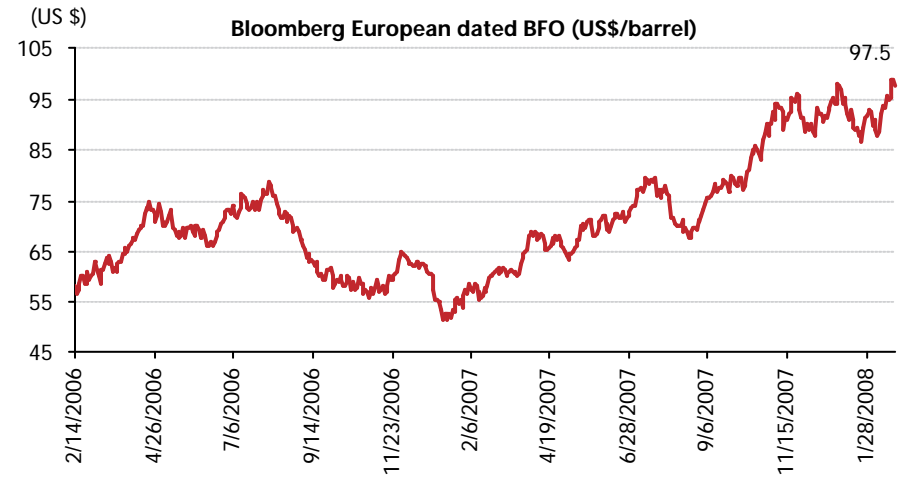
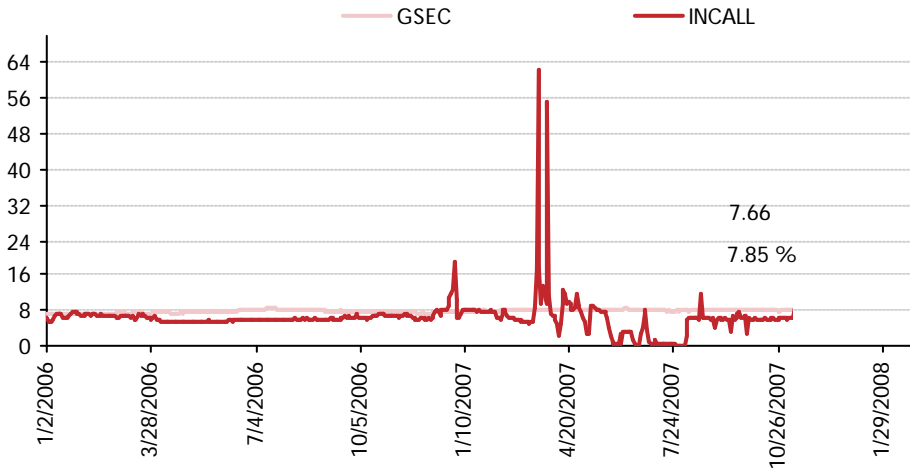


Source: Bloomberg and Kotak Institutional Equities.

Economic indicators

Economic indicators

Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

Kotak valuation summary

Valuation summary

Kotak Institutional Equities Universe

Company	21-Feb-08		Mkt cap.		O/S shares		EPS (Rs)			EPS growth (%)			PER (X)		EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target	ADVT-			
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	price	Upside
Automobiles																															
Bajaj Auto	2,411	BUY	243,938	6,110	101	127.2	122.0	136.3	14.5	(4.1)	11.8	19.0	19.8	17.7	13.1	13.3	12.2	4.3	3.9	3.5	1.7	1.7	1.7	23.7	20.0	19.9	2,815	16.8	13.3		
Mahindra & Mahindra	641	BUY	165,493	4,145	258	37.4	44.2	44.5	42.4	18.2	0.7	17.1	14.5	14.4	11.6	10.8	10.1	4.6	2.9	2.7	1.7	1.5	1.5	32.4	25.7	19.9	915	47.2	14.4		
Maruti Suzuki	763	BUY	220,608	5,525	289	54.0	67.6	88.4	31.4	25.0	30.8	14.1	11.3	8.6	8.2	6.9	5.1	3.1	2.5	1.9	0.6	0.6	0.6	24.9	24.5	24.9	1,200	57.2	2.6		
Tata Motors	709	BUY	303,273	7,596	428	47.0	47.7	54.0	20.0	1.4	13.3	15.1	14.9	13.1	9.6	9.2	8.2	4.0	3.0	2.8	1.9	1.9	1.9	27.7	24.2	22.9	915	29.1	22.8		
Automobiles			Attractive	933,312	23,375				27.6	11.2	16.1	16.3	14.7	12.6	10.3	9.5	8.1	3.9	3.1	2.6	1.5	1.5	1.5	24.0	21.4	20.7					
Banks/Financial Institutions																															
Andhra Bank	91	BUY	44,159	1,106	485	11.1	12.5	12.5	10.8	13.1	(0.5)	8.2	7.3	7.3	—	—	—	1.5	1.4	1.2	4.2	4.1	4.1	17.8	18.8	17.3	115	26.3	4.0		
Axis Bank	1,002	REDUCE	330,954	8,289	330	23.4	32.8	42.2	34.4	40.2	28.6	42.8	30.5	23.7	—	—	—	11.1	3.9	3.3	0.4	0.7	0.9	21.0	17.8	16.0	850	(15.2)	3.9		
Bank of Baroda	380	ADD	138,973	3,481	366	28.1	39.1	38.3	24.1	39.2	(2.1)	13.5	9.7	9.9	—	—	—	1.8	1.6	1.4	1.8	2.1	2.0	12.4	15.9	14.3	400	5.2	7.4		
Canara Bank	275	REDUCE	112,791	2,825	410	34.7	37.4	28.7	5.8	7.9	(23.1)	7.9	7.4	9.6	—	—	—	1.6	1.3	1.2	2.5	2.4	2.5	16.3	14.4	10.3	250	(9.1)	7.9		
Central Bank of India	103	ADD	41,627	1,043	404	15.4	15.3	15.3	570.9	(0.6)	(0.1)	6.7	6.7	6.8	—	—	—	2.5	1.4	1.3	2.4	3.0	3.0	16.0	16.2	13.7	130	26.2	4.9		
Centurion Bank of Punjab	57	REDUCE	96,186	2,409	1,686	0.8	1.0	1.5	35.6	24.1	39.9	67.5	54.4	38.9	—	—	—	8.4	5.4	4.7	—	—	—	11.5	10.1	12.7	45	(21.1)	24.2		
Corporation Bank	348	BUY	49,851	1,249	143	37.4	46.4	47.7	20.6	24.1	2.8	9.3	7.5	7.3	—	—	—	1.3	1.2	1.1	2.6	2.7	2.7	15.0	16.8	15.5	470	35.2	1.4		
Federal Bank	293	BUY	31,381	786	107	34.2	38.5	32.1	40.0	12.5	(16.6)	8.6	7.6	9.1	—	—	—	2.3	1.3	1.1	1.1	2.6	3.5	21.2	14.8	13.2	340	16.0	3.3		
HDFC	2,649	REDUCE	759,433	19,020	287	62.1	83.7	93.2	23.6	34.8	11.4	42.7	31.7	28.4	—	—	—	13.7	6.2	5.5	0.7	1.1	1.2	31.3	26.9	20.4	2,450	(7.5)	54.5		
HDFC Bank	1,543	ADD	534,849	13,395	347	35.7	48.4	64.4	28.5	35.4	33.0	43.2	31.9	24.0	—	—	—	8.3	4.5	3.9	0.4	0.6	0.9	19.5	18.3	17.9	1,500	(2.8)	29.3		
ICICI Bank	1,144	ADD	1,265,098	31,685	1,106	34.6	36.7	45.7	5.6	6.2	24.3	33.1	31.1	25.0	—	—	—	5.2	2.5	2.5	0.7	0.7	1.0	13.4	10.7	10.3	1,200	4.9	126.0		
IDFC	197	SELL	254,318	6,369	1,291	4.4	6.1	8.2	25.8	40.5	34.3	45.2	32.1	23.9	—	—	—	8.7	4.6	4.1	0.4	0.7	1.0	17.9	18.6	18.5	150	(23.8)	62.3		
India Infoline	1,168	ADD	67,058	1,680	57	15.1	28.8	54.9	39.3	91.3	90.3	77.5	40.5	21.3	47.7	19.1	9.9	20.6	6.0	3.2	0.2	—	—	29.1	23.1	23.9	1,400	19.9	12.8		
Indian Bank	209	SELL	89,994	2,254	430	16.8	27.9	24.8	148.1	65.8	(11.2)	12.4	7.5	8.4	—	—	—	3.0	2.4	2.0	1.4	3.3	3.0	25.8	31.3	23.7	170	(18.8)	6.5		
Indian Overseas Bank	170	ADD	92,861	2,326	545	18.5	22.3	22.7	28.7	20.7	1.7	9.2	7.6	7.5	—	—	—	2.3	2.0	1.6	2.1	2.6	2.9	28.1	28.1	24.1	150	(12.0)	2.9		
J&K Bank	715	ADD	34,672	868	48	56.6	73.3	74.6	55.2	29.5	1.8	12.6	9.8	9.6	—	—	—	1.9	1.7	1.4	1.6	2.1	2.1	14.4	16.6	14.9	850	18.9	0.5		
LIC Housing Finance	302	BUY	25,690	643	85	32.8	42.9	46.7	33.9	30.5	9.0	9.2	7.1	6.5	—	—	—	2.1	1.4	1.2	2.6	3.4	3.7	—	—	—	350	15.8	11.4		
Mahindra & Mahindra Financial	308	REDUCE	29,191	731	95	15.7	20.1	24.9	25.5	28.2	23.8	19.6	15.3	12.3	—	—	—	4.0	2.3	2.0	1.2	1.5	2.0	18.1	16.3	16.9	290	(5.7)	0.7		
Oriental Bank of Commerce	259	SELL	64,840	1,624	251	33.0	33.4	34.5	2.9	1.3	3.3	7.9	7.8	7.5	—	—	—	1.4	1.3	1.1	1.8	1.8	1.9	10.9	10.3	10.1	240	(7.3)	3.9		
PFC	193	SELL	221,117	5,538	1,148	11.1	12.3	15.0	9.8	10.7	21.8	17.4	15.7	12.9	—	—	—	2.3	2.1	1.9	1.2	0.9	1.1	12.7	14.1	15.2	150	(22.1)	7.9		
Punjab National Bank	581	BUY	183,317	4,591	315	48.8	58.6	62.3	7.0	19.9	6.3	11.9	9.9	9.3	—	—	—	2.0	1.7	1.4	2.2	1.8	1.9	15.5	16.5	15.5	650	11.8	11.6		
SREI	174	BUY	19,004	476	109	7.3	9.6	7.6	63.6	31.5	(20.1)	24.0	18.2	22.8	—	—	—	4.2	3.5	1.6	0.6	1.1	1.6	18.1	23.4	17.3	240	37.8	3.2		
State Bank of India	2,179	NR	1,146,963	28,726	526	86.3	114.7	107.5	3.1	32.9	(6.3)	25.3	19.0	20.3	—	—	—	4.3	3.9	3.3	0.6	0.7	0.8	15.4	18.7	16.0	—	—	73.2		
Union Bank	186	BUY	94,179	2,359	505	16.7	22.7	26.2	14.8	35.9	15.1	11.1	8.2	7.1	—	—	—	1.8	1.6	1.3	1.9	2.4	2.8	19.2	22.1	21.4	250	34.1	5.8		
Banks/Financial Institutions			Attractive	5,728,507	143,473				18.2	31.6	10.6	25.2	19.2	17.3	—	—	—	4.3	2.9	2.6	0.9	1.1	1.2	16.9	15.3	14.8					
Cement																															
ACC	780	REDUCE	147,092	3,684	189	56.7	65.1	68.8	93.7	14.9	5.7	13.7	12.0	11.3	8.2	6.6	6.2	4.2	3.3	2.8	2.2	3.0	3.0	39.7	34.0	28.1	800	2.6	17.1		
Ambuja Cements	120	REDUCE	181,715	4,551	1,517	8.5	8.8	9.1	72.9	2.4	4.1	14.0	13.7	13.1	10.2	7.7	7.4	4.7	3.6	2.8	1.5	2.2	2.5	44.5	31.0	24.4	117	(2.3)	6.5		
Grasim Industries	2,804	ADD	257,103	6,439	92	214.6	271.8	305.3	98.9	26.7	12.3	13.1	10.3	9.2	7.0	5.5	4.7	2.9	2.2	1.8	1.0	1.1	1.2	24.5	24.3	21.4	3,400	21.3	10.0		
India Cements	201	REDUCE	56,683	1,420	282	26.1	25.4	27.9	n/a	(2.8)	9.8	7.7	7.9	7.2	10.0	5.7	4.8	2.6	1.7	1.4	—	0.9	1.1	31.4	26.5	21.6	270	34.3	15.1		
Shree Cement	1,236	ADD	43,071	1,079	35	45.2	112.5	132.3	(5.9)	148.8	17.6	27.3	11.0	9.3	8.2	5.0	4.1	9.6	5.1	3.6	0.5	0.6	0.6	38.6	60.8	45.3	1,600	29.4	0.6		
UltraTech Cement	891	REDUCE	110,865	2,777	124	63.3	84.0	86.7	255.1	32.7	3.2	14.1	10.6	10.3	8.5	6.6	6.3	4.8	3.5	2.7	0.7	0.9	0.9	55.8	46.7	33.7	850	(4.6)	2.9		
Cement			Cautious	796,529	19,949				116.2	23.0	8.4	13.6	11.1	10.2	8.2	6.1	5.5	3.7	2.8	2.2	1.2	1.6	1.7	27.5	25.4	21.7					
Consumer Products																															
Asian Paints	1,052	ADD	100,951	2,528	96	28.1	38.3	44.3	22.0	36.1	15.8	37.4	27.5	23.7	21.8	16.5	13.9	13.2	10.4	8.4	1.2	1.4	1.7	39.5	43.5	40.2	1,110	5.5	2.6		
Colgate-Palmolive (India)	375	ADD	50,963	1,276	136	14.6	17.3	19.2	32.6	18.4	10.6	25.6	21.6	19.5	18.5	17.0	14.4	18.2	27.2	23.2	2.5	3.5	3.8	72.2	100.8	128.5	455	21.4	2.7		
GlaxoSmithKline Consumer (a)	590	ADD	24,825	622	42	30.2	38.5	41.8	18.5	27.4	8.7	19.6	15.3	14.1	9.9	7.9	7.1	4.4	3.7	3.2	1.7	2.2	2.3	24.9	27.3						

Valuation summary

Kotak Institutional Equities Universe

Company	21-Feb-08		Mkt cap.		O/S Shares (mn)	EPS (Rs)			EPS Growth (%)			PER (X)		EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target	Upside	ADVT-3mo	
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	Price (Rs)	(%)	(US\$ mn)
Industrials																													
ABB	1,219	ADD	258,295	6,469	212	16.1	23.2	34.6	55.6	44.5	49.2	75.9	52.5	35.2	45.8	31.4	20.7	21.6	15.9	11.3	0.2	0.2	0.3	32.4	34.9	37.6	1,575	29.2	12.5
AIA Engineering	1,558	BUY	29,283	733	19	51.4	69.1	92.2	74.4	34.5	33.5	30.3	22.6	16.9	21.6	15.8	11.0	6.0	4.8	3.8	0.2	0.4	0.6	25.1	23.4	25.0	1,750	12.3	0.8
Bharat Electronics	1,419	REDUCE	113,484	2,842	80	91.7	88.7	112.3	71.9	(3.3)	26.7	15.5	16.0	12.6	7.9	7.5	5.7	4.2	3.6	2.9	1.3	1.8	1.8	30.3	24.1	25.5	1,750	23.4	3.4
Bharat Heavy Electricals	2,092	ADD	1,024,100	25,649	490	49.3	64.3	82.1	44.1	30.4	27.7	42.4	32.5	25.5	22.9	17.8	13.9	11.7	9.2	7.2	0.5	0.7	0.9	30.0	31.6	31.8	2,500	19.5	60.2
Dredging Corporation	706	REDUCE	19,779	495	28	57.9	49.5	60.9	(9.4)	(14.6)	23.0	12.2	14.3	11.6	7.1	7.4	5.5	1.7	1.6	1.5	2.1	2.1	2.1	14.9	11.8	13.1	775	9.7	1.2
Larsen & Toubro	3,458	BUY	995,097	24,923	288	62.8	91.6	123.5	59.4	45.8	34.8	55.1	37.8	28.0	34.5	23.7	17.6	13.0	9.5	7.1	0.3	0.3	0.3	27.6	29.0	29.4	4,050	17.1	7.4
Maharashtra Seamless	350	BUY	24,785	621	71	33.5	37.8	45.0	38.3	12.7	19.0	10.4	9.3	7.8	6.1	5.0	3.7	2.5	2.0	1.6	1.1	1.3	1.4	32.6	23.6	22.6	585	67.2	3.9
Siemens	1,569	REDUCE	264,494	6,624	169	22.7	36.4	46.5	31.3	60.4	27.8	69.1	43.1	33.7	39.1	25.9	19.9	21.3	14.4	10.8	0.2	0.3	0.5	35.3	39.9	36.6	1,700	8.4	19.6
Suzlon Energy	308	ADD	482,793	12,092	1,566	6.0	6.8	13.2	14.2	13.6	93.7	51.3	45.2	23.3	36.6	26.7	17.0	13.7	6.3	5.0	0.3	0.3	0.3	27.6	19.0	23.9	450	45.9	38.6
Industrials		Attractive	3,212,110	80,449					40.4	31.3	38.8	45.8	34.9	25.1	27.2	20.6	15.3	11.6	8.2	6.4	0.4	0.5	0.6	25.3	23.6	25.5			
Infrastructure																													
GMR Infrastructure	184	NR	304,667	7,631	1,655	1.1	1.8	2.1	97.5	66.6	17.6	174.7	104.8	89.2	60.1	66.4	32.2	13.4	11.2	9.2	—	—	—	10.6	11.6	11.4	—	—	71.9
Media																													
DishTV	63	REDUCE	27,633	692	441	(5.8)	(9.0)	(8.9)	n/a	53.9	(0.3)	(10.8)	(7.0)	(7.0)	(15.3)	(15.8)	(33)	(70.0)	(9.3)	(4.0)	—	—	—	(330.6)	234.8	80.5	75	19.6	13.0
HT Media	201	ADD	47,174	1,181	234	4.1	6.2	9.8	53.6	50.9	57.8	48.7	32.3	20.5	26.9	18.2	11.4	6.0	5.2	4.4	0.1	0.5	1.0	12.8	17.2	23.1	260	29.1	1.1
Jagran Prakashan	113	ADD	34,002	852	301	2.4	3.6	5.6	44.5	45.6	57.0	46.3	31.8	20.2	27.2	18.5	12	6.7	6.1	5.4	1.3	1.6	2.5	14.7	20.1	28.5	145	28.4	0.4
Sun TV Network	312	REDUCE	122,815	3,076	394	6.3	9.3	12.5	20.8	45.9	34.7	49.1	33.7	25.0	27.4	18.4	13.6	10.3	8.5	7.0	0.5	0.8	1.2	32.9	27.8	30.8	320	2.7	4.9
Zee Entertainment Enterprises	245	ADD	106,311	2,663	434	5.5	8.7	12.2	11.2	59.9	40.2	44.9	28.1	20.0	33.9	19.1	14	4.1	3.7	3.4	0.6	0.8	1.1	10.0	13.9	17.7	290	18.3	10.6
Media		Cautious	337,935	8,464					14.6	49.6	69.7	84.0	56.2	33.1	39.0	23.5	15.4	6.7	6.2	5.7	0.5	0.8	1.2	7.9	11.1	17.2			
Metals																													
Hindalco Industries	189	BUY	247,579	6,201	1,307	19.6	17.5	15.9	55.2	(10.9)	(8.8)	9.7	10.8	11.9	7.2	6.6	6.7	1.8	1.3	1.2	0.7	0.9	0.9	21.0	14.3	10.8	210	10.8	19.4
National Aluminium Co.	403	REDUCE	259,496	6,499	644	37.0	26.3	24.6	55.4	(28.8)	(6.4)	10.9	15.3	16.3	5.7	7.8	8.6	3.1	2.8	2.5	1.9	1.9	1.9	32.1	19.1	16.0	375	(6.9)	3.7
Jindal Steel and Power	2,327	ADD	358,291	8,974	154	56.2	77.3	106.9	47.6	37.6	38.3	41.4	30.1	21.8	25.2	18.6	14.1	11.7	8.3	5.9	0.2	0.2	0.2	28.2	27.7	27.3	2,900	24.6	87.5
JSW Steel	1,143	ADD	212,270	5,316	186	67.8	92.0	107.6	51.3	35.7	16.9	16.8	12.4	10.6	8.9	8.1	7.8	3.2	2.2	1.8	1.1	1.6	1.6	22.1	21.2	18.7	1,040	(9.0)	25.9
Hindustan Zinc	610	ADD	257,915	6,460	423	105.1	95.6	93.9	201.7	(9.1)	(1.7)	5.8	6.4	6.5	4.0	4.1	3.4	3.3	2.2	1.7	0.8	1.2	1.2	73.4	41.1	29.2	1,000	63.8	2.4
Sesa Goa	3,367	BUY	132,526	3,319	39	154.1	314.6	468.8	12.5	104.2	49.0	21.8	10.7	7.2	14.6	6.5	3.9	8.6	5.3	3.3	1.5	2.1	2.4	45.4	61.2	56.4	4,500	33.7	14.1
Sterilite Industries	801	ADD	567,291	14,208	708	83.1	59.7	57.2	37.5	(28.1)	(4.3)	9.6	13.4	14.0	6.8	6.9	6.2	5.2	2.5	2.1	—	—	—	50.7	24.9	16.3	1,000	24.9	50.2
Tata Steel	806	REDUCE	693,083	17,359	860	50.9	53.6	58.6	(20.9)	5.4	9.3	15.8	15.0	13.8	9.6	8.5	8.4	4.3	2.2	2.0	1.4	1.4	1.4	36.8	23.3	15.0	775	(3.9)	52.0
Metals		Neutral	2,728,450	68,335					78.0	(0.6)	5.8	12.9	13.0	12.3	7.9	7.6	7.0	4.0	2.5	2.1	0.8	1.0	1.0	31.2	19.1	17.1			
Oil & Gas																													
Bharat Petroleum	417	NR	136,538	3,420	328	52.3	42.4	25.6	578.0	(18.9)	(39.6)	8.0	9.8	16.2	4.0	4.4	5.8	1.2	1.2	1.0	4.2	4.2	2.6	16.2	11.8	6.7	—	—	11.2
Calindia	213	SELL	375,835	9,413	1,765	2.3	0.5	1.9	27.6	(80.2)	313.5	92.6	467.3	113.0	50.0	45.0	36.9	1.3	1.3	1.2	—	—	—	2.7	0.3	1.1	160	(24.8)	27.1
Castrol India (a)	280	REDUCE	34,619	867	124	12.2	17.6	19.4	3.2	44.4	10.0	22.9	15.9	14.4	13.3	9.3	8.4	8.2	7.9	7.6	3.2	5.0	5.4	36.6	50.7	53.8	290	3.6	0.7
GAIL (India)	401	REDUCE	339,359	8,499	846	25.3	30.8	30.9	(9.5)	21.8	0.2	15.9	13.0	13.0	9.2	7.7	7.0	2.7	2.3	2.1	2.5	2.5	2.7	16.8	18.0	16.0	400	(0.3)	30.8
GSPL	72	SELL	39,085	979	544	1.6	1.7	4.9	40.0	3.1	188.3	43.9	42.6	14.8	16.1	12.6	7.3	3.7	3.4	2.9	0.7	0.7	2.1	8.8	8.4	21.3	65	(9.5)	17.0
Hindustan Petroleum	294	BUY	99,499	2,492	339	40.0	59.0	48.8	503.8	47.4	(17.4)	7.3	5.0	6.0	4.6	3.7	3.7	0.9	0.8	0.7	6.1	7.5	6.1	11.9	16.0	11.9	425	44.8	17.9
Indian Oil Corporation	524	ADD	617,964	15,477	1,179	46.8	102.2	69.5	21.3	118.3	(32.0)	11.2	5.1	7.5	5.3	3.0	3.6	1.6	1.4	1.2	3.7	7.3	4.8	15.0	15.6	16.2	625	19.3	20.0
Oil & Natural Gas Corporation	1,004	ADD	2,146,801	53,767	2,139	84.4	101.0	112.4	15.0	19.6	11.3	11.9	9.9	8.9	4.8	4.1	3.6	2.4	2.0	1.8	3.1	3.3	3.3	20.3	20.9	20.4	1,325	20.0	56.9
Petronet LNG	75	SELL	56,138	1,406	750	4.2	6.2	5.4	—	48.0	(12.7)	17.9	12.1	13.9	9.8	7.5	9.3	3.7	2.8	2.4	1.7	2.0	1.3	22.4	25.3	18.0	65	(13.2)	19.8
Reliance Industries	2,502	RS	3,137,882	78,589	1,254	83.4	100.8	112.9	32.0	20.9	12.0	30.0	24.8	22.2	16.0	14.3	11.2	4.4	4.1	2.7	0.5	0.6	0.7	19.3	18.4	16.7	—	—	288.7
Reliance Petroleum	163	ADD	733,275	18,365	4,500	—	—	4.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29.7	5.5	5.5	4.7	—	—	—	—	—	14.0	175	7.4	214.6
Oil & Gas		Neutral	7,716,994	193,275					30.2	30.3	5.5	18.3	14.1	13.3	9.0	7.3	6.8	2.8	2.4	2.0	1.6	2.0	1.9	15.0	16.9	15.3			
Pharmaceutical																													
Biocon	416	BUY	41,600	1,042	100	20.6	20.0	25.9	14.7	(2.8)	29.1	20.2	20.8	16.1	14.8	12.8	10.0	3.9	2.8	2.5	0.7	0.8	1.0	20.5	15.8	16.5	665	59	

Valuation summary

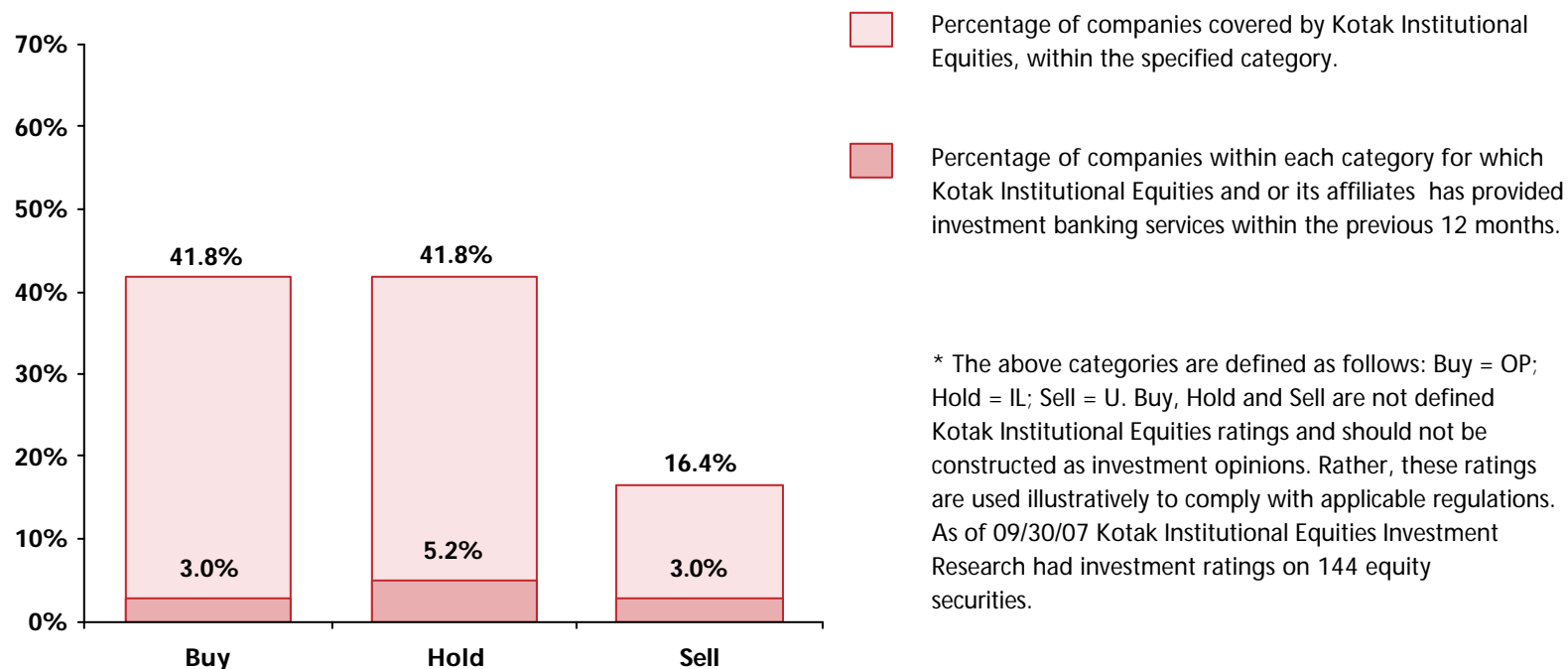
Kotak Institutional Equities Universe

Company	21-Feb-08		Mkt cap.		O/S Shares		EPS (Rs)			EPS Growth (%)			PER (X)		EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price		ADVT-3mo			
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	(Rs)	Upside	(%)
Pipes																																
Jindal Saw	838	BUY	46,930	1,175	56	73.2	66.0	112.2	138.0	(9.9)	70.1	11.4	12.7	7.5	5.8	6.7	4.1	1.7	1.5	1.3	0.7	0.8	0.8	16.1	13.6	19.4	1,100	31.2	6.6			
PSL	373	ADD	15,400	386	41	20.2	28.4	40.5	16.7	40.1	42.9	18.4	13.1	9.2	10.9	8.1	5.9	4.4	2.2	1.9	1.2	1.5	1.8	10.7	12.5	14.5	500	34.2	0.9			
Welspun Gujarat Stahl Rohren	473	SELL	88,453	2,215	187	10.6	22.0	25.9	48.7	108.5	17.5	44.8	21.5	18.3	29.9	16.5	10.4	12.1	4.8	4.1	0.4	0.5	1.0	22.0	30.4	25.1	310	(34.5)	18.3			
Pipes			Attractive	150,782	3,776				105.0	40.0	52.7	25.2	18.0	11.8	12.6	10.8	7.0	4.0	2.9	2.3	0.6	0.7	1.0	15.8	15.8	19.2						
Retail																																
Pantaloon Retail	534	REDUCE	78,291	1,961	147	6.1	10.5	15.0	26.7	73.1	42.7	88.1	50.9	35.7	34.8	24.6	17.9	7.5	6.9	6.1	0.7	0.7	0.8	10.7	13.2	16.3	425	(20.3)	3.3			
Rajesh Exports	120	BUY	34,819	872	291	4.6	7.6	10.5	47.2	65.6	38.5	26.2	15.8	11.4	15.8	6.5	5.2	10.8	3.2	2.7	0.2	1.9	2.1	31.4	20.5	23.6	215	79.7	12.3			
Retail				113,111	2,833				45.4	96.6	40.2	59.5	30.3	21.6	25.9	14.9	11.7	8.3	5.1	4.4	0.5	1.1	1.2	13.9	16.9	20.3						
Shipyards																																
ABG Shipyards	755	NR	38,432	963	51	22.2	32.7	57.4	35.1	47.5	75.3	34.0	23.1	13.2	21.0	14.3	7.8	6.0	4.5	3.2	0.3	0.3	0.4	19.8	22.3	28.4	—	—	2.8			
Technology																																
HCL Technologies	285	REDUCE	197,762	4,953	695	18.9	18.7	22.1	65.7	(1.0)	18.5	15.1	15.2	12.9	13.6	11.4	9.2	3.7	3.6	3.2	2.8	2.8	2.8	28.5	25.2	26.4	320	12.5	6.7			
Hexaware Technologies	80	SELL	11,306	283	142	8.9	8.1	10.1	16.1	(9.3)	24.9	9.0	9.9	7.9	6.0	5.9	4.2	1.5	1.5	1.3	2.0	2.0	2.0	22.8	15.5	18.2	90	13.1	1.1			
i-flex solutions	1,060	SELL	88,253	2,210	83	33.2	34.4	48.1	15.9	3.4	39.9	31.9	30.8	22.0	22.6	20.7	14.4	3.9	3.6	3.2	-	0.9	1.1	15.3	12.2	15.5	1,350	27.4	1.8			
iGate Global Solutions	404	NR	12,813	321	32	15.7	23.8	28.0	101.5	51.7	17.7	25.8	17.0	14.4	13.8	9.7	7.7	4.1	3.4	2.8	0.6	0.6	0.7	17.2	22.0	21.6	—	—	0.3			
Infosys Technologies	1,630	BUY	935,792	23,437	574	67.0	79.7	94.7	48.7	19.0	18.8	24.3	20.5	17.2	19.9	16.4	13.1	8.2	6.3	4.9	0.8	1.0	1.1	40.7	34.8	31.9	2,000	22.7	69.4			
Mphasis BFL	245	REDUCE	51,028	1,278	208	7.3	12.5	16.8	(21.5)	70.6	35.1	33.5	19.6	14.5	24.3	11.3	8.7	5.1	0.7	3.6	1.0	1.4	1.6	14.4	23.7	26.8	250	2.1	0.5			
Mindtree	369	BUY	14,246	357	39	22.8	23.6	30.3	23.3	3.8	28.3	16.2	15.6	12.2	12.7	11.1	8.5	3.3	2.7	2.2	0.3	0.7	0.8	31.9	19.4	20.6	460	24.7	1.0			
Patni Computer Systems	265	SELL	36,821	922	139	25.7	32.8	24.8	19.2	27.4	(24.3)	10.3	8.1	10.7	4.8	5.0	4.8	1.6	1.4	1.3	0.8	0.8	0.9	12.5	19.2	12.4	320	20.8	2.8			
Polaris Software Lab	99	SELL	9,766	245	98	10.3	7.6	10.5	359.1	(26.1)	38.1	9.7	13.1	9.5	5.3	6.4	4.7	1.6	1.5	1.3	1.8	1.8	1.8	17.7	11.9	14.8	95	(4.4)	3.4			
Satyam Computer Services	458	BUY	307,452	7,700	671	21.4	25.5	30.2	41.7	19.0	18.6	21.4	18.0	15.1	17.5	14.0	11.1	5.3	4.3	3.5	1.7	2.2	2.6	27.9	26.6	25.7	520	13.5	30.4			
TCS	918	ADD	898,755	22,510	979	42.2	52.6	60.3	43.3	24.7	14.5	21.8	17.4	15.2	17.4	14.1	11.8	10.0	7.7	6.1	1.3	2.3	2.6	55.8	50.0	44.7	1,175	27.9	24.9			
Tech Mahindra	699	REDUCE	85,132	2,132	122	47.0	59.9	75.1	124.4	27.4	25.4	14.9	17.7	9.3	11.5	9.5	6.4	9.3	5.1	3.3	0.4	0.6	0.7	79.9	60.5	46.0	1,000	43.1	2.1			
Wipro	432	ADD	625,893	15,676	1,450	19.8	22.2	27.7	39.3	12.1	24.8	21.8	19.4	15.6	16.9	15.1	11.2	6.2	5.0	4.0	1.3	1.5	1.9	31.7	28.4	28.6	545	26.3	11.0			
Technology			Attractive	3,275,020	82,024				48.4	18.7	19.1	21.6	18.2	15.3	17.0	14.2	11.2	6.5	5.3	4.3	1.2	1.6	1.9	30.3	29.0	27.9						
Telecom																																
Bharti Airtel Ltd	869	REDUCE	1,646,619	41,240	1,896	21.4	35.0	45.5	100.3	63.3	30.2	40.6	24.8	19.1	22.7	15.0	10.8	14.1	8.9	6.2	—	0.2	0.5	42.4	44.1	38.3	810	(6.7)	84.3			
IDEA	109	SELL	286,464	7,175	2,635	2.2	4.0	5.2	149.8	80.5	30.9	49.1	27.2	20.8	21.2	14.6	10.9	13.1	8.1	5.8	—	—	—	30.9	36.7	32.5	115	5.8	15.6			
MTNL	122	SELL	76,577	1,918	630	8.0	6.4	8.6	21.1	(20.5)	34.9	15.1	19.1	14.1	7.2	7.0	6.0	0.7	0.6	0.6	3.3	4.9	4.9	4.1	2.8	3.7	110	(9.5)	17.6			
Reliance Communications	589	NR	1,204,077	30,157	2,045	14.2	25.3	32.1	554.4	78.2	27.1	41.5	23.3	18.3	21.5	14.1	10.5	5.3	4.3	3.5	0.1	—	—	17.8	16.6	22.1	—	—	125.4			
Tata Communications	493	REDUCE	140,605	3,522	285	17.2	9.2	14.4	(7.8)	(46.2)	55.6	28.7	53.4	34.3	11.8	18.3	13.7	2.2	2.1	2.1	0.9	0.9	1.0	7.4	3.7	5.7	530	7.4	#VALUE!			
Telecom			Cautious	3,354,340	84,011				136.3	61.0	29.6	38.5	23.9	18.4	20.7	14.4	10.6	6.1	4.8	3.9	0.1	0.3	0.5	15.9	20.2	21.0						
Textiles																																
Vardhman	115	ADD	7,212	181	63	29.5	22.7	31.6	3.9	(22.9)	39.0	3.9	5.0	3.6	5.3	6.4	4.6	0.5	0.4	0.4	3.1	2.8	3.9	14.1	8.9	11.2	175	52.8	0.4			
Transmission Towers																																
JSL	210	ADD	17,391	436	83	6.6	10.7	13.1	81.2	61.1	23.0	31.7	19.7	16.0	14.7	10.6	8.8	6.9	5.2	4.0	0.2	0.3	0.3	29.8	30.0	28.0	275	31.0	0.8			
Kalpataru Power Transmission	1,246	ADD	33,021	827	26	60.2	67.5	86.5	67.6	12.2	28.1	20.7	18.5	14.4	12.7	11.4	8.7	5.0	4.1	3.3	0.6	0.8	0.8	38.8	24.5	25.3	1,700	36.4	1.1			
KEC	722	BUY	27,370	685	38	27.3	37.4	48.9	92.4	36.9	30.8	26.4	19.3	14.8	11.8	9.6	8.0	9.7	6.6	4.7	0.3	0.4	0.5	43.5	40.4	37.0	835	15.7	0.6			
Transmission			Attractive	77,782	1,948				115.0	28.7	27.9	24.5	19.0	14.9	12.8	10.5	8.5	6.5	5.0	3.8	0.4	0.6	0.6	26.6	26.2	25.7						
Transportation																																
Container Corporation	1,728	REDUCE	112,332	2,813	65	106.3	126.6	143.7	31.9	19.1	13.5	16.3	13.7	12.0	11.1	9.3	8.1	4.2	3.4	2.7	1.0	1.2	1.3	29.1	27.5	25.2	2,200	27.3	3.0			
Gateway Distriparks	108	ADD	12,488	313	115	6.8	6.8	9.0	8.7	(0.4)	33.2	15.9	16.0	12.0	12.4	11.2	8.2	2.0	1.8	1.6	1.6	1.6	2.1	13.0	11.8	14.4	180	66.1	5.3			
GE Shipping	437	ADD	66,496	1,665	152	59.6	85.9	46.6	(3.9)	44.1	(45.8)	7.3	5.1	9.4	7.2	6.4	7.7	2.1	1.6	1.4	2.6	2.9	2.7	32.7	35.7	15.9	525	20.2	7.0			
Jet Airways	764	REDUCE	65,978	1,652	86	(0.2)	6.4	62.4	—	—	—	—	—	—	26.6	11.3	5.6	2.3	2.8	2.4	0.1	0.2	1.7	(0.1)	2.2	21.3	800	5.4	3.2			
Transportation			Neutral	257,294	6,444				(15.9)	35.2	1.0	15.4	11.4	11.3	11.8	8.9	6.8	2.8	2.4	2.1	1.2	1.4	1.7	18.1	21.5	18.6						
Utilities																																
LANCO	445	BUY	98,946	2,478	222	8.5	17.6	33.8	52.4	107.1																						

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 09/30/07 Kotak Institutional Equities Investment Research had investment ratings on 144 equity securities.

Source: Kotak Institutional Equities.

As of September 30, 2007

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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

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