

August 10, 2007

## India Strategy Friday Flash

BSE-30: 15,100

India

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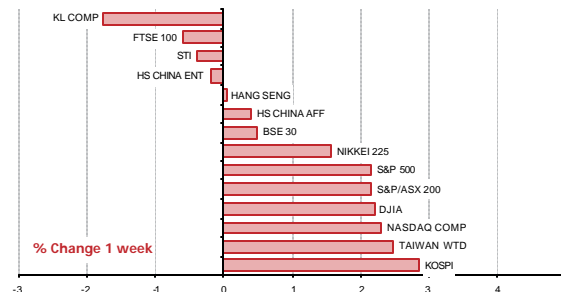
Kotak Institutional Equities  
Research

**Global cues.** Sensex witnessed a volatile week amidst (1) fears of slowdown in economic growth as a fallout of losses in US mortgage market and (2) RBI's revision in ECB policy to control and manage liquidity and exchange rate. During the past week, Sensex ended 164 points up at 15,100. The gain was largely contributed by Banking sector which contributed 60 points to Sensex rise.

### Market highlights for the week ending Thursday, August 9, 2007

- Largest gainers: Canara Bank (10%), Godrej Consumer (7%), Asian Paints (7%)
- Largest losers: Jindal Steel & Power (-6%), Novartis (-6%), HT Media (-6%)

Relative performance of Indian indices (% Change 1 Week)



Source: Company, Bloomberg

### Flows in emerging markets

#### Flows in the cash markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$mn)						
1-Aug-07	(1,499)	(13)	25	(143)	(241)	(1,871)
2-Aug-07	(204)	9	(17)	(95)	(104)	(411)
3-Aug-07	125	9	7	(38)	48	151
6-Aug-07	(550)	9	(9)	(90)	(289)	(928)
7-Aug-07	(191)	170	(9)	-	(31)	(60)
<b>Total</b>	<b>(2,319)</b>	<b>184</b>	<b>(3)</b>	<b>(366)</b>	<b>(617)</b>	<b>(3,120)</b>

# Our top recommendations

**Exhibit 1: Kotak Institutional Equities, Top 10, 9 August, 2007**

Companies	Sector	Rating	CMP	Mkt Cap	Target	EPS (Rs)			P/E (X)			EV/EBDITA (X)			Liquidity: 3mo
			(Rs)	(US\$ mn)	(Rs)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	(Rs mn)
Larsen & Toubro	Industrials	OP	2,450	17,280	2,725	65.1	88.0	112.4	37.6	27.9	21.8	24.5	17.7	13.7	237
ICICI Bank	Banking	IL	890	24,291	1,000	34.6	35.0	51.3	25.7	25.4	17.3	—	—	—	1,915
ITC	Consumer Products	OP	164	15,147	225	7.2	8.3	9.6	22.7	19.7	17.1	14.4	12.3	10.3	1,081
Wipro	Technology	OP	478	17,099	560	19.7	23.1	29.2	24.2	20.7	16.4	18.9	16.0	11.8	691
Bharat Heavy Electricals	Industrials	IL	1,733	20,929	1,550	49.3	61.4	74.2	35.1	28.2	23.4	20.0	16.3	13.2	1,660
Bajaj Auto	Automobiles	OP	2,291	5,718	2,780	118.2	130.3	151.5	19.4	17.6	15.1	9.0	8.2	6.8	1,120
Reliance Energy	Utilities	IL	758	4,258	810	34.8	26.7	27.3	21.8	28.4	27.8	25.8	30.2	29.0	1,768
Maruti Udyog	Automobiles	OP	829	5,909	910	54.0	58.4	68.5	15.3	14.2	12.1	7.8	6.6	5.5	555
Punjab National Bank	Banking	OP	512	3,985	610	48.8	55.2	63.3	10.5	9.3	8.1	—	—	—	492
<b>Mid Cap Basket</b>															
Andhra Bank	Banking	OP	85	1,018	120	11.1	12.4	13.0	7.7	6.9	6.5	—	—	—	97
Kalpataru Power Transmission	Transmission	OP	1,476	965	1,650	60.2	77.4	91.8	24.5	19.1	16.1	15.2	12.1	9.8	45
Mahindra Gesco	Property	OP	536	555	920	8.9	11.3	47.5	60.5	47.3	11.3	36.9	29.7	9.6	320
Nagarjuna Construction Co.	Construction	OP	198	1,014	221	7.3	9.6	13.0	27.1	20.7	15.3	18.1	12.4	9.8	273
PSL	Pipes	OP	339	347	420	21.2	27.6	41.1	16.0	12.3	8.3	10.4	7.9	5.5	34
<b>BSE-30</b>			<b>15,100</b>												

Source: Company, Bloomberg, Kotak Institutional Equities.

# Our model portfolio

Exhibit 2: Kotak Institutional Equities Model Portfolio

Company	09-Aug		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Bajaj Auto	2,291	—	1.6	2.6	100
Mahindra & Mahindra	688	—	1.4	2.4	100
Maruti Udyog	829	—	0.9	1.9	100
Tata Motors	663	—	1.6	0.6	(100)
<b>Automobiles</b>			<b>5.5</b>	<b>7.5</b>	<b>200</b>
Andhra Bank	85	OP	—	0.6	60
Punjab National Bank	512	OP	—	2.0	200
State Bank of India	1,650	IL	4.0	4.0	—
<b>PSU Banking</b>			<b>4.0</b>	<b>6.6</b>	<b>260</b>
HDFC	2,016	IL	5.0	—	(498)
HDFC Bank	1,155	IL	3.1	2.6	(50)
ICICI Bank	890	IL	9.8	11.8	200
<b>Pvt Banking/Financing</b>			<b>17.9</b>	<b>14.4</b>	<b>(348)</b>
ACC	1,001	U	1.1	—	(110)
Grasim Industries	2,920	IL	2.0	2.0	—
Ambuja Cements	128	IL	1.5	—	(152)
<b>Cement</b>			<b>4.6</b>	<b>2.0</b>	<b>(262)</b>
Hindustan Unilever	201	IL	2.2	—	(219)
ITC	164	OP	4.5	6.5	200
<b>Consumers</b>			<b>6.7</b>	<b>6.5</b>	<b>(19)</b>
Bharat Petroleum	318	OP	—	0.8	75
Hindustan Petroleum	253	OP	—	0.8	75
Oil & Natural Gas Corporation	867	OP	3.7	3.7	—
Reliance Industries	1,842	U	12.3	11.0	(134)
Reliance Petroleum	113	OP	—	0.5	50
<b>Energy</b>			<b>16.0</b>	<b>16.7</b>	<b>66</b>

Note:

(a) weightages are with respect to August 6, 2007 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

Company	09-Aug		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
ABB	1,119	OP	—	1.5	150
Bharat Heavy Electricals	1,733	IL	2.9	4.9	200
Larsen & Toubro	2,450	OP	6.3	8.3	200
<b>Industrials</b>			<b>9.1</b>	<b>14.6</b>	<b>550</b>
Hindalco Industries	156	—	1.5	—	(153)
Tata Steel	652	U	3.9	2.9	(100)
<b>Metals</b>			<b>5.4</b>	<b>2.9</b>	<b>(253)</b>
Cipla	188	—	0.9	—	(91)
Dr Reddy's Laboratories	638	—	0.8	—	(78)
Ranbaxy Laboratories	372	—	1.0	1.0	—
<b>Pharmaceuticals</b>			<b>2.7</b>	<b>1.0</b>	<b>(170)</b>
Infosys Technologies	1,936	OP	9.0	8.0	(100)
Satyam Computer Services	467	OP	2.9	2.9	—
TCS	1,147	IL	2.1	—	(214)
Wipro	478	OP	1.3	3.3	200
<b>Technology</b>			<b>15.4</b>	<b>14.3</b>	<b>(114)</b>
Bharti Airtel Limited	869	U	5.7	4.2	(150)
Reliance Communications	537	U	3.8	2.3	(150)
<b>Telecom</b>			<b>9.5</b>	<b>6.5</b>	<b>(300)</b>
NTPC	170	IL	2.0	2.0	—
Reliance Energy	758	IL	1.3	2.8	150
<b>Utilities</b>			<b>3.3</b>	<b>4.8</b>	<b>150</b>
Kalpataru Power Transmission	1,476	OP	—	0.6	60
Mahindra Gesco	536	OP	—	0.6	60
Nagarjuna Construction Co.	198	OP	—	0.6	60
PSL	339	OP	—	0.6	60
<b>Infrastructure basket</b>			<b>2.4</b>	<b>240</b>	

# Sensex valuation summary

Exhibit 3: Valuation summary of BSE-30 sectors, 9 August, 2007

	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
Banking	69,847	13.3	14.2	23.7	23.9	27.3	22.1	17.8	—	—	4.5	2.8	0.9	1.0	16.5	12.7
Technology	79,924	28.6	44.4	21.5	23.0	26.7	22.0	17.9	19.9	15.9	8.9	7.0	1.0	1.4	33.5	31.9
Consumers	26,065	21.2	19.4	15.2	14.3	24.9	21.6	18.9	16.9	13.6	7.8	6.9	2.5	2.7	31.3	31.8
Pharmaceuticals	9,614	(15.1)	136.7	(17.3)	20.2	17.1	20.7	17.2	12.5	13.9	3.6	3.2	1.5	1.5	21.2	15.6
Metals	18,871	6.3	32.9	(3.5)	(14.9)	11.0	11.5	13.5	6.9	7.0	2.6	1.6	0.3	0.3	23.6	14.1
Automobiles	22,615	26.9	28.0	11.4	16.5	16.6	14.9	12.8	7.7	6.7	3.8	3.2	1.6	1.7	23.2	21.7
Energy	109,031	16.9	15.2	17.7	16.3	15.7	13.3	11.4	7.7	6.8	2.8	2.5	1.8	2.0	18.2	18.8
Industrials	38,209	57.2	56.3	30.0	24.9	36.5	28.0	22.5	21.9	16.9	9.5	7.3	0.5	0.6	25.9	26.1
Cement	16,037	27.7	89.5	21.3	8.6	15.0	12.4	11.4	8.8	6.9	4.0	3.1	1.3	1.6	26.5	25.0
Telecom	67,775	(107.4)	182.9	63.9	33.8	37.9	23.1	17.3	20.2	13.1	7.9	6.0	0.0	0.2	20.9	26.0
Utilities	38,767	17.0	16.1	8.4	6.9	20.6	19.0	17.8	11.3	13.3	2.7	2.5	1.7	2.0	13.0	13.0
<b>BSE-30</b>	<b>496,755</b>	<b>20.5</b>	<b>32.8</b>	<b>19.5</b>	<b>17.4</b>	<b>21.6</b>	<b>18.1</b>	<b>15.4</b>	<b>11.7</b>	<b>10.1</b>	<b>4.4</b>	<b>3.5</b>	<b>1.1</b>	<b>1.3</b>	<b>20.4</b>	<b>19.2</b>
<b>BSE-30 ex-Energy</b>	<b>387,724</b>	<b>22.5</b>	<b>42.2</b>	<b>20.3</b>	<b>17.9</b>	<b>24.2</b>	<b>20.1</b>	<b>17.1</b>	<b>14.2</b>	<b>12.1</b>	<b>5.2</b>	<b>3.9</b>	<b>1.0</b>	<b>1.2</b>	<b>21.5</b>	<b>19.4</b>
<b>BSE-30 ex-Energy, Com.</b>	<b>352,816</b>	<b>24.7</b>	<b>40.6</b>	<b>23.3</b>	<b>21.9</b>	<b>26.6</b>	<b>21.6</b>	<b>17.7</b>	<b>16.0</b>	<b>13.3</b>	<b>5.6</b>	<b>4.3</b>	<b>1.0</b>	<b>1.2</b>	<b>20.9</b>	<b>19.8</b>

Source: Company reports, Kotak Institutional Equities estimates.

# Nifty valuation summary

Exhibit 4: Valuation summary of Nifty sectors, 9 August, 2007

	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
Banking	75,276	8.7	12.8	21.3	22.2	24.4	20.2	16.5	—	—	—	4.0	2.6	1.0	1.0	16.3	12.9
Technology	85,283	28.3	45.8	20.0	22.9	25.9	21.6	17.6	19.2	15.6	12.2	8.5	6.7	1.1	1.5	32.9	31.3
Consumers	26,068	21.2	19.4	15.2	14.3	24.9	21.6	18.9	16.9	13.6	11.7	7.8	6.9	2.5	2.7	31.3	31.8
Pharmaceuticals	12,153	(9.3)	108.0	(13.8)	18.6	18.7	21.7	18.3	13.0	14.1	12.1	4.1	3.7	1.7	1.8	22.1	17.2
Metals	22,989	9.5	37.9	(9.6)	(15.1)	10.0	11.1	13.0	6.0	6.5	7.4	2.5	1.6	0.8	0.8	24.6	14.7
Automobiles	25,960	25.6	20.7	10.0	15.4	16.4	15.0	13.0	7.8	6.8	5.6	4.0	3.3	1.7	1.9	24.1	22.3
Energy	120,712	8.8	22.5	15.3	13.6	14.6	12.6	11.1	7.3	6.4	5.3	2.6	2.3	2.1	2.2	17.6	17.9
Industrials	58,178	64.0	46.7	36.0	30.1	40.4	29.7	22.8	24.4	18.1	13.8	10.6	8.1	0.5	0.6	26.3	27.4
Cement	16,039	27.7	89.5	21.3	8.6	15.0	12.4	11.4	8.8	6.9	6.2	4.0	3.1	1.3	1.6	26.5	25.0
Telecom	45,967	(32.8)	68.3	53.6	30.0	36.5	23.8	18.3	19.9	12.9	9.9	6.3	5.1	0.3	0.5	17.3	21.5
Utilities	42,735	18.3	14.1	10.9	9.0	21.3	19.2	17.6	11.6	13.6	14.2	2.7	2.4	1.7	2.0	12.5	12.7
Media	3,382	(34.6)	2.9	72.6	32.4	62.4	36.2	27.3	43.8	21.3	16.2	5.0	4.6	0.3	0.6	8.1	12.6
<b>NIFTY</b>	<b>534,742</b>	<b>15.8</b>	<b>30.2</b>	<b>16.4</b>	<b>15.8</b>	<b>20.5</b>	<b>17.6</b>	<b>15.2</b>	<b>11.2</b>	<b>9.9</b>	<b>8.5</b>	<b>4.1</b>	<b>3.3</b>	<b>1.3</b>	<b>1.5</b>	<b>19.8</b>	<b>18.6</b>
<b>NIFTY ex-Energy</b>	<b>414,029</b>	<b>19.7</b>	<b>34.1</b>	<b>16.9</b>	<b>16.8</b>	<b>23.3</b>	<b>19.9</b>	<b>17.1</b>	<b>13.9</b>	<b>12.1</b>	<b>10.6</b>	<b>4.9</b>	<b>3.8</b>	<b>1.1</b>	<b>1.3</b>	<b>21.0</b>	<b>18.9</b>
<b>NIFTY ex-Energy ex Com</b>	<b>391,040</b>	<b>21.3</b>	<b>33.5</b>	<b>20.8</b>	<b>20.3</b>	<b>25.3</b>	<b>20.9</b>	<b>17.4</b>	<b>15.4</b>	<b>13.0</b>	<b>10.9</b>	<b>5.2</b>	<b>4.1</b>	<b>1.1</b>	<b>1.3</b>	<b>20.6</b>	<b>19.5</b>

Note:

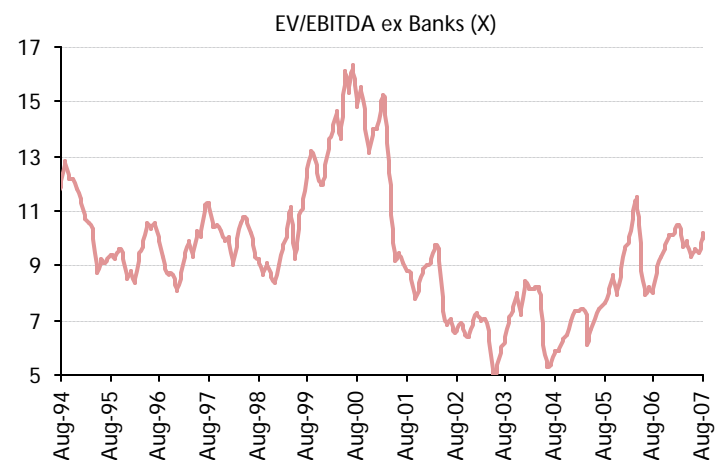
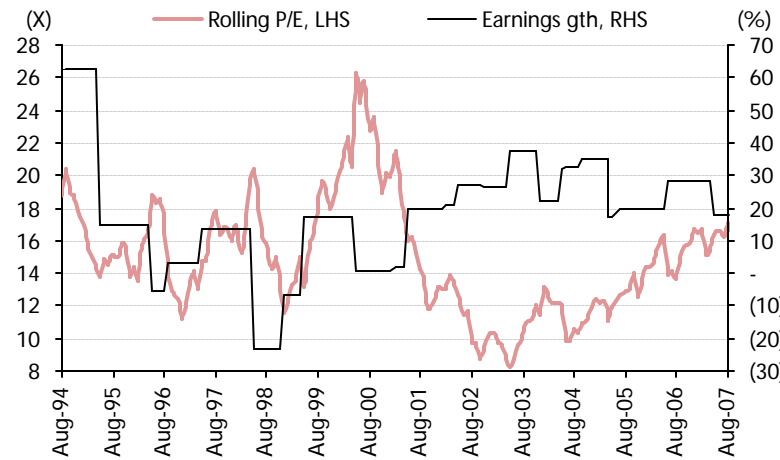
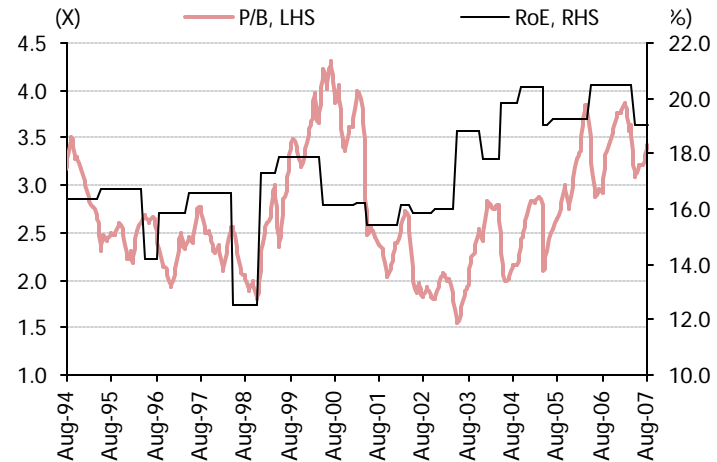
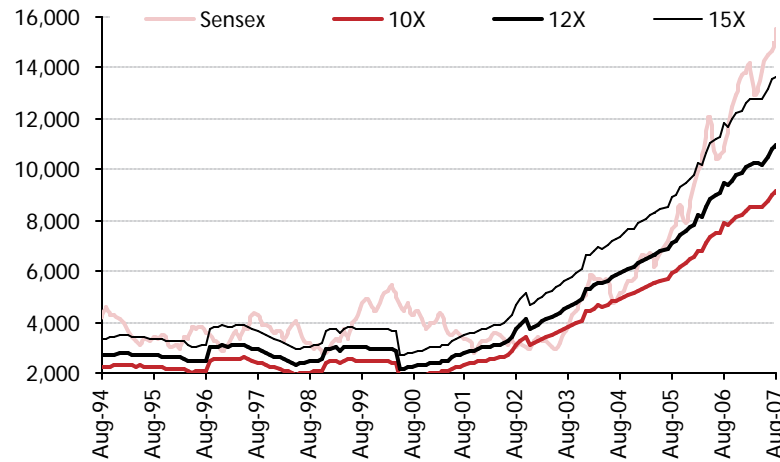
(a) Following companies are excluded: SAIL and Dabur

Source: Company reports, Kotak Institutional Equities estimates.

# BSE-Sensex key parameters

## Exhibit 5: Key fundamental indicators of BSE Sensex

Sensex (BSE-30) P/B, EV/EBITDA and 12-month forward rolling P/E, April 1993 - current



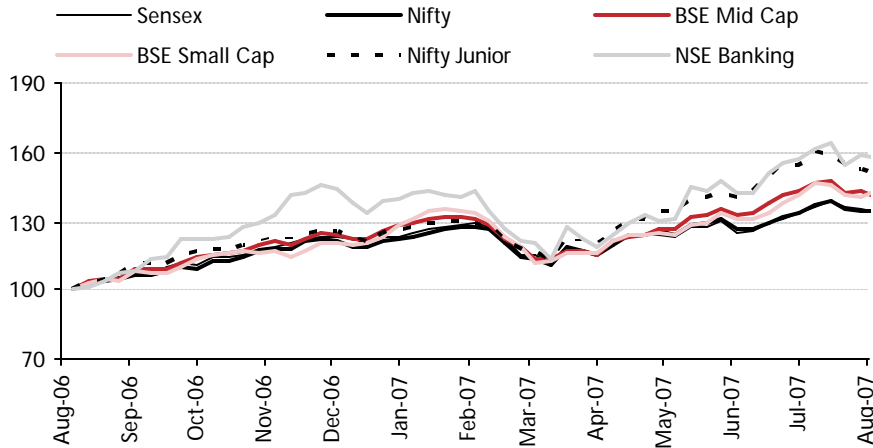
Source: Bloomberg, Company reports, Kotak Institutional Equities.

## Market performance

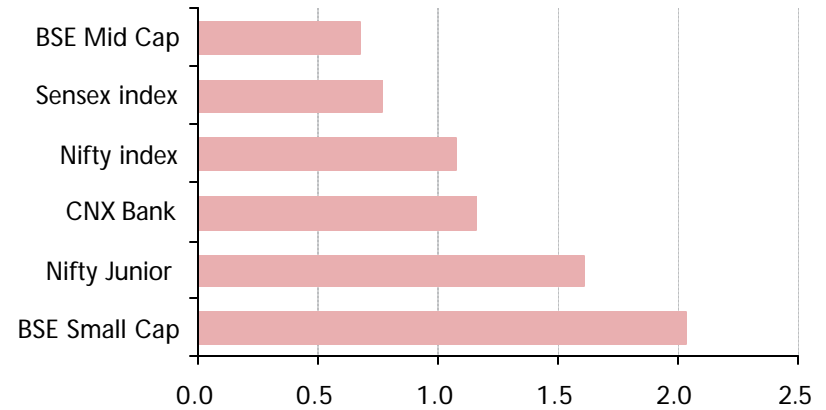
- Performance of benchmark indices
- Performance of global indices
- Pricing performance of Sensex sectors
- Top gainers and losers (Stocks under Kotak coverage)
- Price-to-Earnings ratio analysis
- EV-to-EBITDA ratio analysis
- Volume momentum analysis

# Relative performance of Indian markets

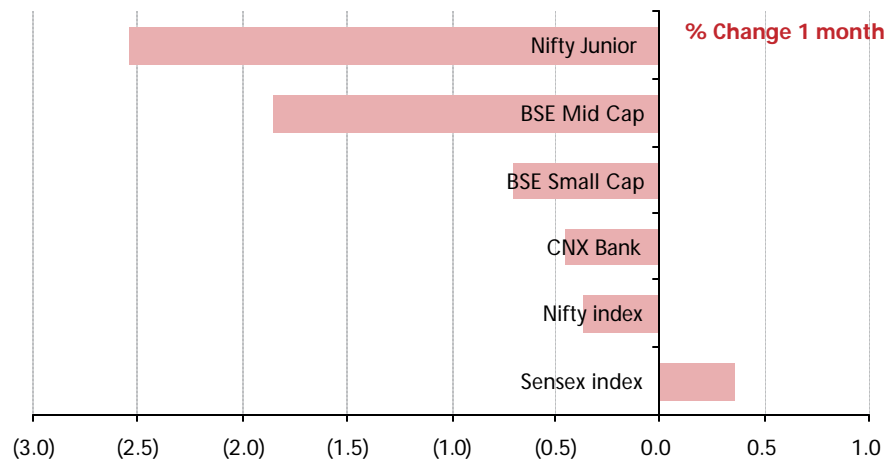
**Exhibit 6: Key performance of benchmark indices**  
(base 100 as of August 8, 2006)



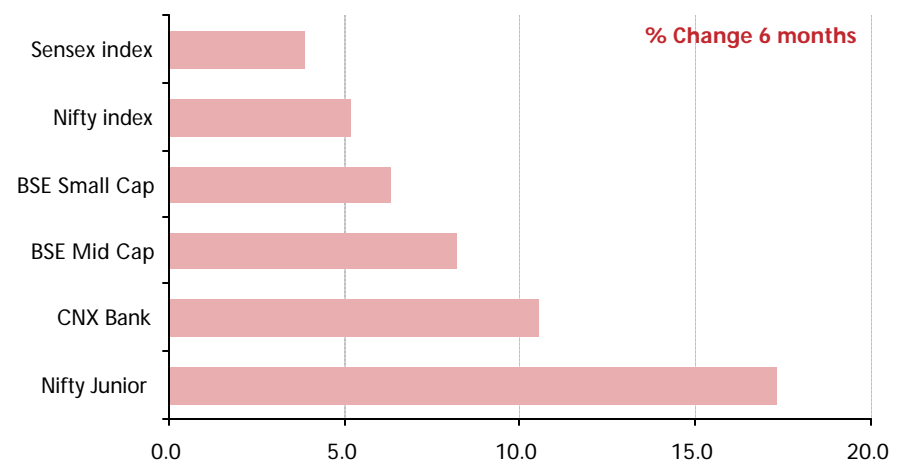
**Exhibit 7: Weekly performance of the benchmark indices**



**Exhibit 8: 1-month performance of the benchmark indices**



**Exhibit 9: 6-month performance of the benchmark indices**

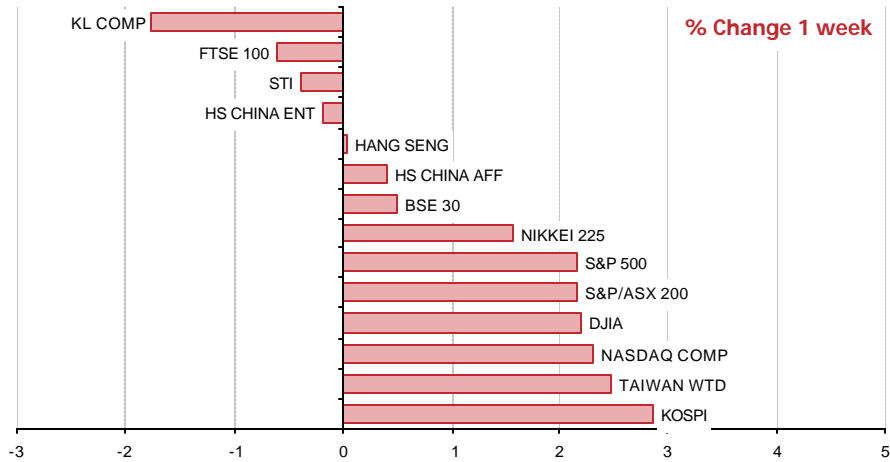


Source: Bloomberg, Kotak Institutional Equities.

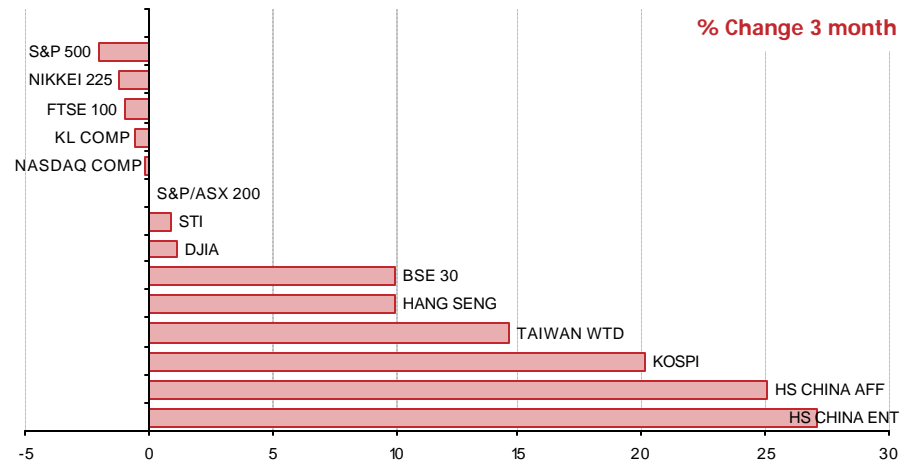


# BSE-Sensex versus regional indices

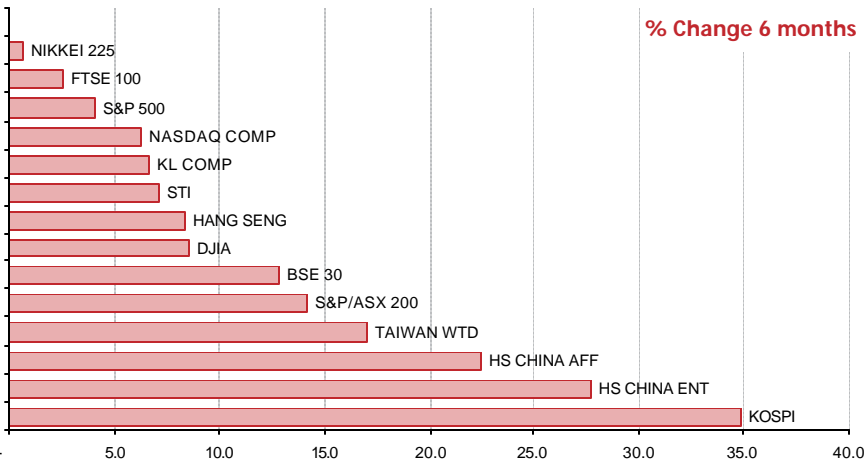
**Exhibit 10: Weekly performance**



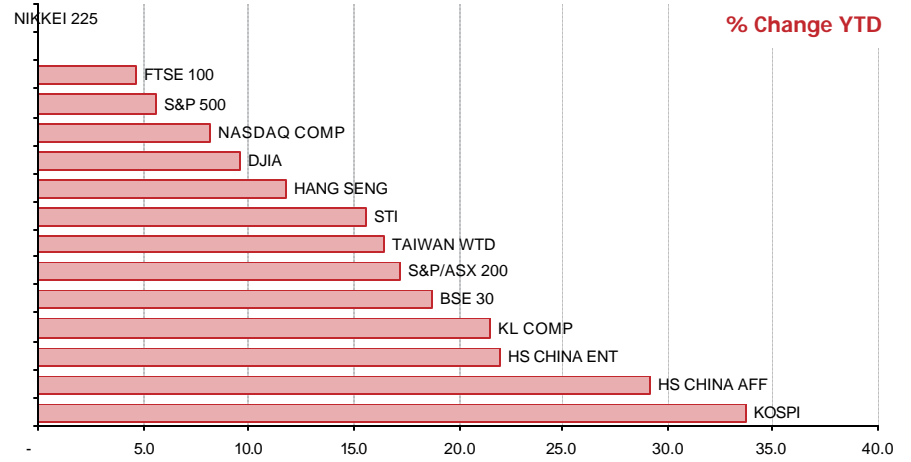
**Exhibit 11: 3-month performance**



**Exhibit 12: 6-month performance**



**Exhibit 13: Year-to-date performance**



note.

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities.

# Sectoral performance

Exhibit 14: Market performance of Sensex sectors, 9 August, 2007

	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
Banking	66,792	(1.5)	(0.9)	21.5	7.8	62.7	14.3	(0.1)	(1.3)	3.8	20.1
Technology	79,862	(0.9)	(4.4)	(6.1)	(16.1)	11.2	(12.0)	0.4	(4.7)	(19.2)	(17.9)
Consumers	26,177	(1.5)	4.3	3.4	(4.5)	(9.1)	(6.9)	(0.2)	3.9	(8.0)	(32.9)
Pharmaceuticals	9,667	(0.3)	(5.0)	(7.6)	(17.3)	(13.1)	(17.9)	1.0	(5.4)	(20.3)	(35.9)
Metals	14,525	(1.0)	3.2	13.3	20.5	14.0	16.0	0.3	2.8	16.0	(15.9)
Automobiles	22,098	(0.5)	(1.5)	(6.3)	(22.4)	(6.6)	(18.7)	0.9	(1.9)	(25.3)	(31.0)
Energy	109,046	(2.1)	2.8	6.0	15.6	43.0	21.7	(0.7)	2.4	11.3	5.5
Industrials	38,098	(0.1)	6.0	42.4	40.3	78.8	58.8	1.2	5.6	35.1	32.0
Cement	16,017	(2.1)	(0.2)	12.7	(2.2)	24.5	(3.7)	(0.7)	(0.5)	(5.9)	(8.1)
Telecom	67,764	(1.7)	(2.1)	9.3	14.4	103.3	27.4	(0.3)	(2.4)	10.2	50.0
Utilities	38,782	(1.1)	9.4	13.0	18.9	42.2	26.4	0.3	9.0	14.4	5.0
<b>Sensex sum</b>	<b>488,830</b>	<b>(1.4)</b>	<b>0.4</b>	<b>9.6</b>	<b>3.9</b>	<b>35.5</b>	<b>9.5</b>				

Source: Kotak Institutional Equities.

# Top gainers and losers

Exhibit 15: Top gainers and losers (stocks in Kotak Institutional Equities universe)

## 1-week performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Canara Bank	9.6	1 Jindal Steel and power	(6.4)
2 Godrej Consumer Products	6.9	2 Novartis India	(5.8)
3 Asian Paints	6.9	3 HT Media	(5.6)
4 Shriram Transport	6.4	4 Gateway Distriparks	(5.3)
5 GlaxoSmithkline (India)	5.6	5 SunTV	(5.0)
6 Jet Airways	5.5	6 Hotel Leela	(3.6)
7 Petronet LNG	5.4	7 VSNL	(3.2)
8 GVK Power	5.2	8 MICO	(3.1)
9 HCL Technologies	4.8	9 Lakshmi	(2.9)
10 TCS	4.7	10 JSL	(2.7)

## CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Divi's Laboratories	108.4	1 Vardhman	(48.5)
2 GVK Power	84.3	2 Rico Auto	(39.5)
3 GE Shipping	70.1	3 Mahindra Gesco	(38.9)
4 Larsen & Toubro	69.8	4 Hexaware Technologies	(38.8)
5 Jindal Steel and power	67.6	5 TVS Motor Co	(34.5)
6 Sterlite Industries	67.6	6 Polaris Software Lab	(32.6)
7 Monnet Ispat	67.2	7 iGate Global Solutions	(29.6)
8 IDFC	62.5	8 Hotel Leela	(27.0)
9 KEC	58.3	9 Welspun India	(26.9)
10 JSL	51.8	10 Tata Motors	(26.4)

## 1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Reliance Energy	23.1	1 Hexaware Technologies	(26.2)
2 Sintex	14.8	2 Polaris Software Lab	(24.8)
3 GVK Power	12.5	3 Rico Auto	(18.7)
4 Nestle India	10.8	4 iGate Global Solutions	(18.6)
5 Bharat Heavy Electricals	10.0	5 Patni Computer Systems	(18.2)
6 Asian Paints	9.6	6 i-flex solutions	(17.5)
7 Dredging Corporation	9.2	7 Tata Tea	(16.4)
8 Petronet LNG	8.9	8 Novartis India	(15.7)
9 Bajaj Auto	8.8	9 Tech Mahindra	(15.6)
10 Aditya Birla Nuvo	8.3	10 Micro Inks	(15.4)

## 1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Divi's Laboratories	248.9	1 Vardhman	(51.0)
2 GVK Power	232.6	2 Rico Auto	(45.0)
3 Jindal Steel and power	147.2	3 TVS Motor Co	(36.4)
4 Sterlite Industries	147.2	4 Novartis India	(22.9)
6 JSL	129.1	5 Arvind Mills	(21.0)
7 HT Media	128.0	6 Cipla	(19.0)
8 Punj	124.8	7 Welspun India	(16.7)
9 IDFC	119.0	8 Tata Motors	(16.5)
10 Bharti Airtel Ltd	115.5	9 Tata Tea	(16.1)
11 GE Shipping	113.1	10 Hexaware Technologies	(15.7)

Source: Kotak Institutional Equities.

# Price-to-Earnings ratio analysis

**Exhibit 16 and 17: 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
Max	1,151.4
i-flex solutions	208.9
Aditya Birla Nuvo	174.7
Divi's Laboratories	174.6
HDFC	170.4
Jet Airways	169.6
GSPL	167.8

Discount to 1 year rolling forward P/E (%)	
Company	Discount to sector
Monnet Ispat	79.0
Dredging Corporation	68.4
LIC Housing Finance	68.2
Lakshmi	65.5
Andhra Bank	57.6
iGate Global Solutions	49.7

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

Lowest 1 year rolling forward P/E (X)	
Company	Lowest P/E
Vardhman	5.4
Andhra Bank	6.7
Monnet Ispat	6.8
Lakshmi	7.1
Hindustan Petroleum	7.2
Bharat Petroleum	7.3
Indian Oil Corporation	7.5
Dredging Corporation	7.8
Oil & Natural Gas Corporation	8.2
Canara Bank	8.3
Bank of Baroda	8.3
Hindustan Zinc	8.6

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

Highest 1 year forward P/E (X)	
Company	Highest P/E
Max	374.3
Aditya Birla Nuvo	56.8
i-flex solutions	40.7
ABB	37.8
Siemens	33.7
Divi's Laboratories	32.5
Sun TV	32.3
Jet Airways	31.5
Nestle India	28.3
Reliance Energy	28.1
HDFC	27.1
HT Media	26.8

Note:

(a) Historical figures are generated since May 2000.

**Exhibit 18: Companies trading at all-time high historical P/Es, indicating re-rating of the multiples by market**

1 year rolling fwd P/E closest to historical high	
Company	% discount to historical high
CESC	0.0
HDFC	0.0
NTPC	0.0
State Bank of India	0.0
Axis Bank	0.0
Sintex	0.0
Shriram Transport	0.0
Aditya Birla Nuvo	1.4
Bharat Heavy Electricals	1.5
MTNL	3.0
KEC	3.6
Reliance Energy	5.0
ABB	5.2
Reliance Industries	5.2
Larsen & Toubro	7.5
IDFC	9.5
MICO	10.3
Canara Bank	11.5

Source: Bloomberg, Kotak Institutional Equities

# Enterprise Value-to-EBITDA ratio analysis

**Exhibit 21 and 22: 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
Max	1,285.1
Reliance Energy	211.4
Divi's Laboratories	194.9
i-flex solutions	189.5
Castrol India	188.9

**Trading at discount to sectors  
Discount to 1 year rolling forward EV/EBITDA (%)**

Company	Sector discount
Monnet Ispat	26.3
Lakshmi	37.4
Polaris Software Lab	38.3
Bharat Electronics	45.6
Novartis India	46.3

**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
Max	234.7
Reliance Energy	30.2
i-flex solutions	29.3
Aditya Birla Nuvo	27.2
Divi's Laboratories	24.8
ABB	22.3
Siemens	19.5
Hindustan Lever	18.4

**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
Bharat Petroleum	3.9
Hindustan Petroleum	4.1
Indian Oil Corporation	4.3
Dredging Corporation	4.5
Monnet Ispat	4.8
Vardhman	5.0
Lakshmi	5.0
GAIL (India)	5.8

Source: Bloomberg, Kotak Institutional Equities

# Technical indicators

## Exhibit 25: Volume momentum analysis

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

Company	5-day average volumes	Increase (%)	Price Change (1month basis %)
Hero Honda	97,232	104	(1.2)
Tata Motors	733,847	84	(7.4)
Patni Computer Systems	378,265	83	(18.2)
Polaris Software Lab	358,996	69	(24.8)
Punj	1,089,975	65	6.4
Glaxo SmithKline Consumer	12,993	48	3.4
Nestle India	64,671	47	(8.0)

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

Company	5-day average volumes	% decrease	% Price Change (1month basis)
MICO	1,315	(90)	(3.2)
MMFSL	4,938	(87)	(8.0)
Rico Auto	119,033	(78)	(18.7)
Nicholas Piramal	16,413	(77)	(10.3)
Lupin	32,331	(77)	(10.7)
TVS Motor Co	57,612	(76)	(6.3)
Asian Paints	6,703	(76)	9.6

Date	Sensex	Avg daily value traded	Institutional participation in total turnover		Sensex delivery	Put-Call
		(US\$ mn)	FII%	MF%	(%)	(X)
Jan-07	14,090	2,847	16.5	4.9	50.3	1.64
Feb-07	12,938	3,092	21.3	4.9	53.2	1.58
Mar-07	13,072	2,612	20.5	4.5	50.7	1.00
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	14,650	3,327	17.6	3.9	49.9	1.44
Jul-07	14,986	4,309	18.6	4.4	49.8	1.38
<b>Average of the first seven months</b>	<b>14,022</b>	<b>3,198</b>	<b>18.4</b>	<b>4.5</b>	<b>50.4</b>	<b>1.36</b>

Source: Bloomberg, Kotak Institutional Equities.

## Earnings momentum

**Top upgrades and downgrades in 2008 estimates in the past month**

- **Top changes in target prices in the past month**
- **Top changes in ratings in the past month**

# Top upgrades/downgrades

## Exhibit 26: Kotak Institutional Equities earning upgrades/downgrades in the past 1 month

### FY2008 earnings upgrades (KIE) (1 month)

	Company	% Change
1	IDEA	50.4
2	Dredging Corporation	47.7
3	Larsen & Toubro	20.0
4	Punj	19.7
5	Federal Bank	17.1
6	Cairn India	16.6
7	Shriram Transport	14.4
8	Reliance Industries	14.0
9	GAIL (India)	12.6
10	Mphasis BFL	12.2

### FY2008 earnings downgrades (KIE) (1 month)

	Company	% Change
1	DishTV	(33.0)
2	Hindustan Petroleum	(32.2)
3	Mahindra Gesco	(30.4)
4	Gateway Distriparks	(30.3)
5	CESC	(19.7)
6	Max	(18.8)
7	i-flex solutions	(18.2)
8	India Infoline	(17.1)
9	Canara Bank	(16.1)
10	Polaris Software Lab	(14.8)

Source: Kotak Institutional Equities, Bloomberg.



# Changes in our target prices

**Exhibit 28: Changes in target prices in the past 1 month**

## Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	India Infoline	59.5	670	420
2	ABB	44.8	1,325	915
3	Axis Bank	39.0	570	410
4	Larsen & Toubro	28.2	2,725	2,125
5	Punj	27.6	305	239
6	IDFC	26.3	120	95
7	Bharti Airtel Limited	25.0	750	600
8	ABG Shipyard	25.0	575	460
9	Reliance Communications	25.0	500	400
10	KEC	23.9	725	585
11	LANCO	23.5	252	204
12	Bharat Electronics	23.1	1,785	1,450
13	JSL	22.2	275	225
14	GE Shipping	19.6	335	280
15	Monnet Ispat	15.4	375	325
16	Nestle India	15.0	1,150	1,000
17	Colgate-Palmolive (India)	13.3	340	300
18	Siemens	12.7	1,550	1,375
19	Indian Bank	12.5	135	120
20	Shriram Transport	11.1	200	180
21	Kalpataru Power Transmissio	10.4	1,650	1,495
22	Container Corporation	10.2	2,425	2,200
23	HT Media	10.0	220	200

## Downgrades in target prices (1 month)

	Company	% Change	New
1	Canara Bank	(21.9)	250
2	Gateway Distriparks	(20.0)	180
3	Tech Mahindra	(18.9)	1,500
4	Wipro	(14.5)	560
5	Hindustan Petroleum	(12.0)	330
6	Suzlon Energy	(11.3)	1,450
7	Mphasis BFL	(6.3)	300

Source: Kotak Institutional Equities.

# Changes in our ratings

**Exhibit 29: Changes in ratings in the past 1 month**

Company name		Rating	
		Current	Previous
India Infoline	Downgraded	U	IL
Mahindra & Mahindra Financial	Downgraded	IL	OP
Siemens	Downgraded	IL	OP
Suzlon Energy	Downgraded	IL	OP
Reliance Energy	Downgraded	IL	OP
Canara Bank	Downgraded	IL	OP
Godrej Consumer Products	Upgraded	OP	IL
State Bank of India	Downgraded	IL	OP

Source: Kotak Institutional Equities.

## Flows

- **Trend in equity flows**
- **FII flows in other emerging markets**
- **IPO analysis**
- **Delivery position analysis**
- **Bulk deals of the week**

# Trend in equity flows

**Exhibit 31: Net investments by mutual funds and FII 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)
<b>CY 2005</b>	<b>10,776</b>	2,873
<b>CY 2006</b>	<b>8,632</b>	<b>3,585</b>
Jan	1,431	(229)
Feb	1,691	(55)
March	1,473	996
April	222	657
May	(1,829)	1,754
June	313	(341)
July	306	(18)
August	1,027	94
September	1,339	298
October	1,450	0
November	2,024	59
December	(814)	369
<b>CY 2007</b>	<b>9,618</b>	<b>(172)</b>
Jan	40	(298)
Feb	1,249	(61)
March	317	(365)
April	1,257	217
May	1,085	401
June	1,759	100
July	4,530	(199)
August	(617)	32

**Exhibit 32: Net foreign flows in the Derivatives market (US\$ mn)**

	Index Futures	Index Options	Stock Futures	Stock Options
<b>CY2004</b>	(91)	608	(796)	4
<b>CY2005</b>	(676)	2,199	(668)	(42)
CY 2006	345	3,950	(3,690)	(83)
Jan	424	268	(505)	(11)
Feb	(284)	438	(623)	(13)
Mar	209	342	(1,135)	26
Apr	(454)	229	(1,382)	(3)
May	211	165	754	2
June	562	(22)	891	(4)
July	128	226	468	(10)
August	(15)	346	(421)	(9)
Sep	(331)	322	(632)	(8)
Oct	850	674	(648)	(15)
November	(231)	662	(849)	(28)
December	(724)	300	391	(11)
<b>CY2007</b>	<b>(851)</b>	<b>6,903</b>	<b>(4,199)</b>	<b>(95)</b>
Jan	13	960	(632)	(27)
Feb	(937)	682	(313)	0
Mar	1,132	630	467	(8)
Apr	264	810	(111)	(15)
May	320	516	(1,246)	(10)
June	(1,025)	980	(568)	(16)
July	(821)	1,860	(1,649)	(4)
August	202	465	(147)	(16)

Source: Bloomberg, Kotak Institutional Equities

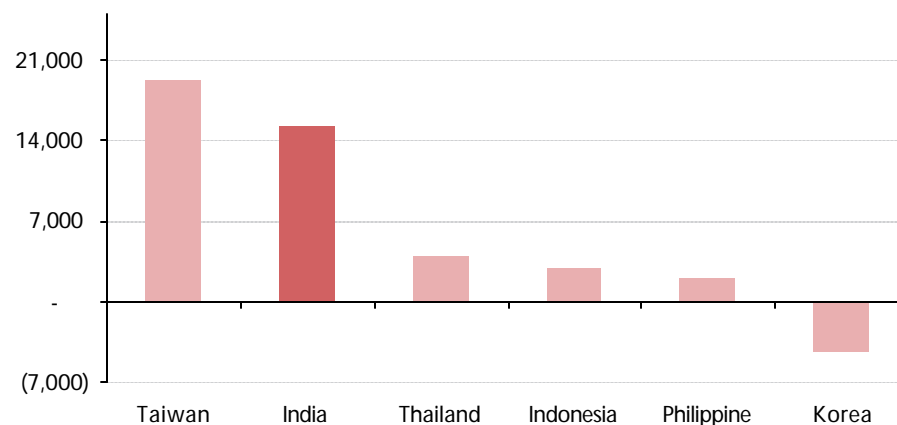
# FII flows in other emerging markets

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

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
11-Jul-07	(166)	(15)	(9)	(15)	89
12-Jul-07	62	11	11	86	172
13-Jul-07	541	27	(4)	44	576
16-Jul-07	(258)	21	(2)	24	407
17-Jul-07	56	11	(2)	5	232
18-Jul-07	(107)	17	(6)	(6)	303
19-Jul-07	(150)	37	(2)	(21)	217
20-Jul-07	359	53	1	2	300
23-Jul-07	(10)	20	14	73	269
24-Jul-07	522	17	(2)	62	315
25-Jul-07	(420)	(19)	(14)	10	(15)
26-Jul-07	169	(9)	97	4	61
27-Jul-07	(2,016)	(35)	(26)	(144)	(300)
30-Jul-07	(885)	(5)	(7)	-	(37)
31-Jul-07	(255)	25	(4)	(19)	106
1-Aug-07	(1,499)	(13)	25	(143)	(241)
2-Aug-07	(204)	9	(17)	(95)	(104)
3-Aug-07	125	9	7	(38)	48
6-Aug-07	(550)	9	(9)	(90)	(289)
7-Aug-07	(191)	170	(9)	-	(31)
<b>Total</b>	<b>(4,879)</b>	<b>340</b>	<b>40</b>	<b>(262)</b>	<b>2,078</b>

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



Source: Bloomberg.

# IPO analysis

## Exhibit 33: 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
Simplex projects	30	185	555	03-Aug-07	272	276	47	49
Everonn Systems	36	140	500	01-Aug-07	478	499	241	256
Allied Digital	45	190	859	25-Jul-07	331	306	74	61
Housing Development & Infra	297	500	14,850	24-Jul-07	558	510	12	2
Soice Communications	1,131	46	5,203	18-Jul-07	61	56	32	23
Roman Tarmat	29	175	508	09-Jul-07	319	217	82	24
DLF	1,750	525	91,875	05-Jul-07	570	596	9	14
Vishal Retail	40	270	1,082	04-Jul-07	752	655	179	143
Nitin Fire Protection	34	190	644	05-Jun-07	484	423	155	122
Insecticides Ind	32	115	369	30-May-07	110	75	(5)	(35)
MIC Electronics	51	150	765	30-May-07	336	370	124	147
Binani Cements	205	75	1,538	28-May-07	69	70	(8)	(7)
Hilton Metal Forging	55	70	382	24-May-07	68	39	(3)	(45)
Bhagwati Hotels	230	40	920	17-May-07	51	37	27	(7)
Fortis Healthcare	460	108	4,968	09-May-07	100	89	(7)	(18)
Advanta IndiaLtd	34	640	2,163	19-Apr-07	850	769	33	20
ICRA Ltd	26	330	852	13-Apr-07	798	1,000	142	203
Orbit Corp Ltd	91	110	1,001	12-Apr-07	128	450	16	309
Gremach Infrastructure	69	86	590	11-Apr-07	84	172	(2)	100
Astral Polytechn	30	115	342	20-Mar-07	105	116	(9)	1
Abhishek Mills L	41	100	410	19-Mar-07	91	40	(9)	(60)
AMD Metplast Ltd	102	75	763	19-Mar-07	78	47	4	(38)
Jagjanani Textil	81	25	203	19-Mar-07	23	11	(7)	(55)
Lawreshwar Polym	87	16	139	19-Mar-07	14	10	(13)	(38)
Page Industries	28	360	1,009	16-Mar-07	282	414	(22)	15
Raj Television N	36	257	917	16-Mar-07	226	206	(12)	(20)
Euro Ceramics	56	165	928	09-Mar-07	119	164	(28)	(1)
Idea Cellular	2,833	75	21,250	09-Mar-07	86	124	14	66
Mudra Lifestyle	96	90	862	09-Mar-07	64	66	(29)	(27)
Vijayeshwari Textiles	90	100	900	09-Mar-07	69	66	(31)	(34)
Indus Fila Ltd	48	170	823	08-Mar-07	132	209	(22)	23
Broadcast Initiatives	86	120	1,026	07-Mar-07	69	61	(42)	(49)
Evinix Accessories	35	120	420	07-Mar-07	74	149	(39)	24
Mindtree Consulting	56	425	2,377	07-Mar-07	620	588	46	38
Oriental Trimex	100	48	480	07-Mar-07	29	20	(39)	(59)
Indian Bank	896	91	8,149	01-Mar-07	98	146	8	61
SMS Pharma	26	380	979	28-Feb-07	358	294	(6)	(23)
C&C Construction	43	291	1,242	26-Feb-07	240	202	(18)	(31)
Transwarranty Finance	60	52	312	26-Feb-07	47	32	(9)	(38)
Power Finance Corp	1,173	85	9,972	23-Feb-07	112	180	31	111
Firstsource Solutions	693	64	4,435	22-Feb-07	80	80	24	25
House of Pearl Fashions	60	550	3,292	15-Feb-07	469	278	(15)	(49)
Redington India	132	113	1,495	15-Feb-07	163	287	44	154
Cinemax India	89	155	1,383	14-Feb-07	152	139	(2)	(10)
Technocraft Industries	83	105	874	12-Feb-07	101	75	(4)	(29)
Pochiraju Industries	125	30	376	09-Feb-07	49	23	64	(24)
Global Broadcast	42	250	1,050	08-Feb-07	510	866	104	246
Akruti Nirman	67	540	3,618	07-Feb-07	564	506	4	(6)
CambridgeTechnologies	63	38	240	07-Feb-07	100	46	163	22

Source: Bloomberg and Kotak Institutional Equities.

## Exhibit 34: Forthcoming IPO/Follow on offerings

Company	Type	Date
National Hydroelectric Power Corp.Ltd.	IPO	02/04/2007
Mundra Port & Special Economic Zone Ltd.	IPO	06/03/2007
Power Grid Corp.Of India Ltd.	IPO	17/04/2007
Kolte-Patil Developers Ltd.	IPO	05/02/2007
Maytas Infra Ltd.	IPO	27/07/2007
Jyothy Laboratories Ltd.	IPO	28/06/2007
Rns Infrastructure Ltd.	IPO	13/07/2007
Afcons Infrastructure Ltd.	IPO	26/04/2007
Bgr Energy Systems Ltd.	IPO	06/08/2007
Oswal Woolen Mills Ltd.	IPO	23/04/2007
Manaksia Ltd.	FPO	29/01/2007
Motilal Oswal Financial Services Ltd.	IPO	19/07/2007
Empee Distilleries Ltd.	IPO	24/05/2007
Ramsarup Lohh Udyog Ltd.	IPO	05/07/2007
Religare Enterprises Ltd.	IPO	02/07/2007
Consolidated Construction Consortium Ltd.	IPO	31/07/2007
Koutons Retail India Ltd.	IPO	16/04/2007
Dhanus Technologies Ltd.	IPO	28/06/2007
Gss America Infotech Ltd.	IPO	21/03/2007
Kaveri Seed Co.Ltd.	IPO	02/07/2007
Man Infraconstruction Ltd.	IPO	20/03/2007
Mbl Infrastructures Ltd.	IPO	05/10/2006
Uma Precision Ltd.	IPO	25/06/2007
Bang Overseas Ltd.	IPO	20/07/2007
Precision Pipes & Profiles Co.Ltd.	IPO	11/07/2007
Globus Spirits Ltd.	IPO	18/07/2007
Brahamputra Consortium Ltd.	IPO	26/07/2007
Indowind Energy Ltd.	IPO	23/05/2007
Essel Shyam Communication Ltd.	IPO	29/09/2006
M.S.Khurana Engineering Ltd.	IPO	30/03/2007
Midvalley Entertainment Ltd.	IPO	11/07/2007
Varun Industries Ltd.	IPO	28/06/2007
Veena Industries Ltd.	IPO	30/03/2007
Aries Agro Ltd.	IPO	04/04/2007
Niraj Cement Structurals Ltd.	IPO	02/08/2007
Renaissance Jewellery Ltd.	IPO	06/07/2007
Magnum Ventures Ltd.	IPO	09/07/2007
IT People (India) Ltd.	FPO	09/07/2007
Kaushalya Infrastructure Development Corp.Ltd.	IPO	06/12/2006
Vec Constructions Ltd.	IPO	30/04/2007
Steel City Securities Ltd.	IPO	17/02/2006
Manjushree Extrusions Ltd.	FPO	08/08/2007
Barak Valley Cements Ltd.	IPO	03/08/2007
Svpc Ltd.	IPO	27/04/2007
Supreme Infrastructure India Ltd.	IPO	26/07/2007
Burnpur Cement Ltd.	IPO	18/04/2007
Rathi Bars Ltd.	IPO	12/03/2007
Shaily Engineering Plastics Ltd.	FPO	22/12/2006
Aishwarya Telecom Ltd.	IPO	13/07/2007
Saamya Biotech (India) Ltd.	IPO	18/07/2007
Kamayani Patient Care (India) Ltd.	IPO	29/06/2007
Circuit Systems (India) Ltd.	IPO	29/06/2007

Source: Primedatabase .

# Summary of bulk/block deals

**Exhibit 35: Bulk/block deals for the week**

Deal Date	Scrip Name	Action	Quantity	Price	Value (Rsmn)	Exchange
6-Aug	PHOENIX MILL	BUY	300,000	2,000	600	BSE
6-Aug	PHOENIX MILL	SELL	250,000	2,000	500	BSE
3-Aug	India Infoline Limited	SELL	573,688	681	391	NSE
3-Aug	J&K BANK	BUY	291,500	672	196	BSE
2-Aug	GITANJALI GE	BUY	500,000	259	130	BSE
2-Aug	Gitanjali Gems Limited	BUY	500,000	259	130	NSE
3-Aug	Simplex Projects Limited	BUY	432,500	276	120	NSE
6-Aug	KARUT NET L	SELL	379,250	194	74	BSE
2-Aug	Provogue (India) Limited	BUY	100,000	624	62	NSE
3-Aug	KARUT NET L	SELL	254,750	205	52	BSE
2-Aug	JK Tyre & Industries Ltd	BUY	300,000	159	48	NSE
3-Aug	Simplex Projects Limited	SELL	147,633	281	41	NSE
3-Aug	Simplex Projects Limited	BUY	147,633	280	41	NSE
2-Aug	KARUT NET L	BUY	201,000	198	40	BSE
3-Aug	SIMPLEX PROJ	BUY	133,050	277	37	BSE
3-Aug	SIMPLEX PROJ	SELL	133,050	277	37	BSE
2-Aug	Karuturi Networks Limited	BUY	190,000	188	36	NSE
2-Aug	The Dhanalakshmi Bank Ltd	BUY	450,000	75	34	NSE
3-Aug	Simplex Projects Limited	SELL	114,022	278	32	NSE
3-Aug	Simplex Projects Limited	BUY	114,022	278	32	NSE
6-Aug	SOLECT CENTU	SELL	77,400	270	21	BSE
7-Aug	GRABAL ALOK-PMS	SELL	100,000	128	13	BSE
3-Aug	HITECH PLAST	BUY	150,000	78	12	BSE
6-Aug	SUJANA METAL	SELL	373,012	29	11	BSE
6-Aug	ALPA LAB	BUY	152,799	56	9	BSE
6-Aug	ALPA LAB	SELL	152,799	56	9	BSE
6-Aug	AXON INFOTEC	SELL	4,000	559	2	BSE
6-Aug	TELEPHOTO EN	BUY	35,617	30	1	BSE

Source: BSE and NSE website.

# Delivery positions

**Exhibit 36: Top increase/(decrease) in delivery percentage**

## Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Biocon Ltd	51	84
Punjab Tractors Limited	50	82
Indian Oil Corporation Ltd	66	96
Asian Paints Ltd	68	93
Sesa Goa Limited	30	55
Jindal Steel & Power Ltd	41	64
Mahanagar Telephone Nigam	31	53
I-Flex Solutions Ltd	16	38
Arvind Mills Limited	30	52

## Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Punj Lloyd Limited	48	-
CESC Limited	46	15
Apollo Hospitals Enterprise	62	33
Canara Bank	46	18
Siemens India Limited	65	37
Kec International Ltd	87	61
Bharti Airtel Limited	47	21
Punjab National Bank	54	30
Tata Consultancy Svs Ltd	66	44

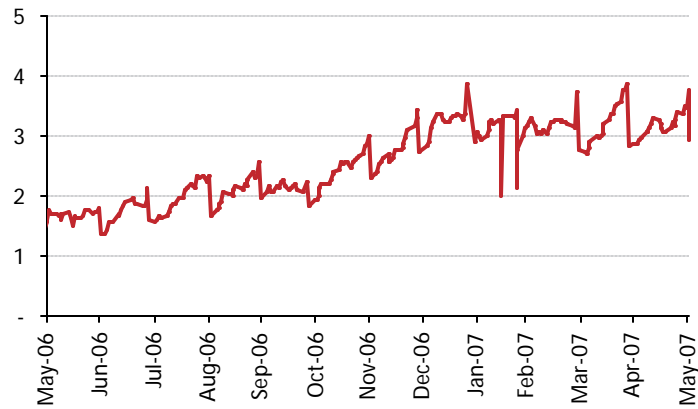
Source: Bloomberg and Kotak Institutional Equities.



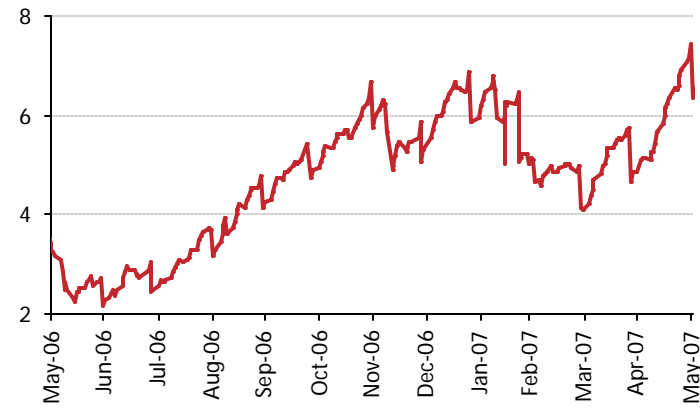
# Open interest analysis

**Exhibit 37: National Stock Exchange (US\$ bn)**

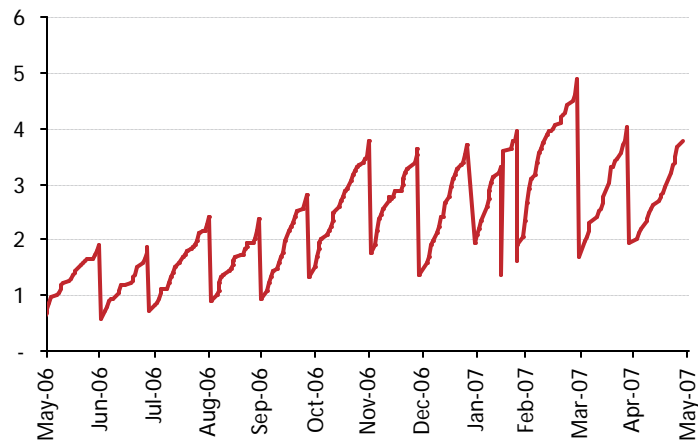
**India Index futures open interest**



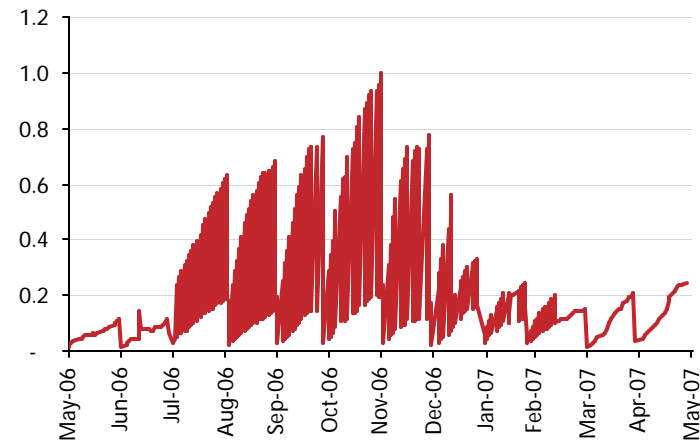
**India stock futures open interest**



**India Index option open interest**



**India stock option open interest**

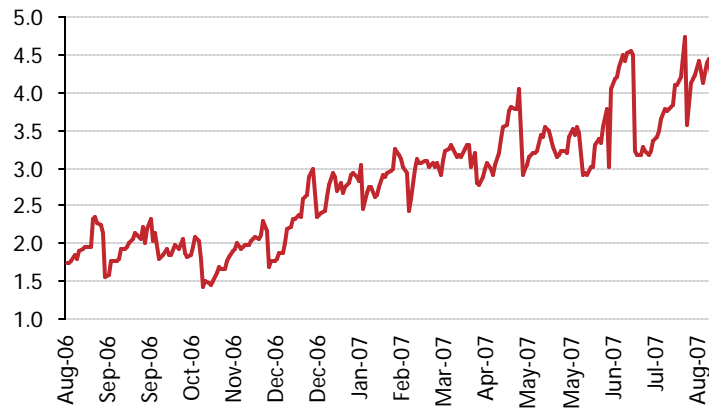


Source: Bloomberg and Kotak Institutional Equities.

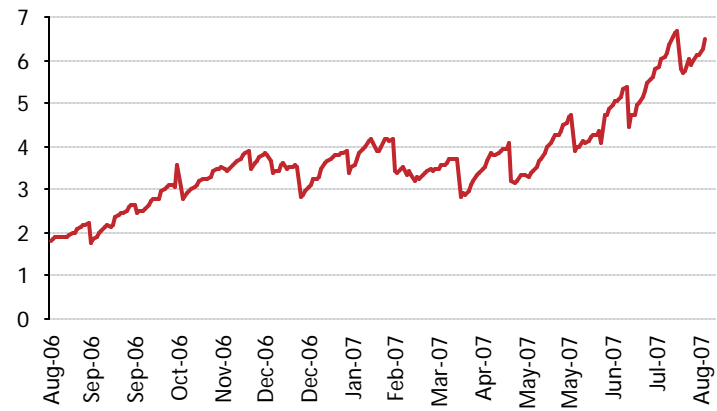
# Open interest analysis

**Exhibit 38: Open interest position movement for foreign institutional investors (US\$ bn)**

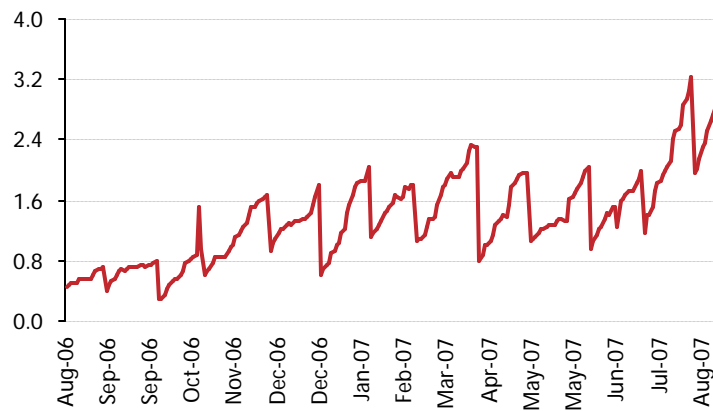
**Index futures value of open interest**



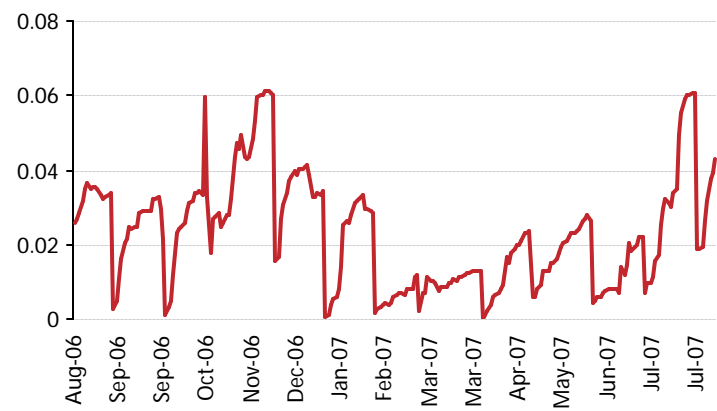
**Stock futures value of open interest**



**Index options value of open interest**



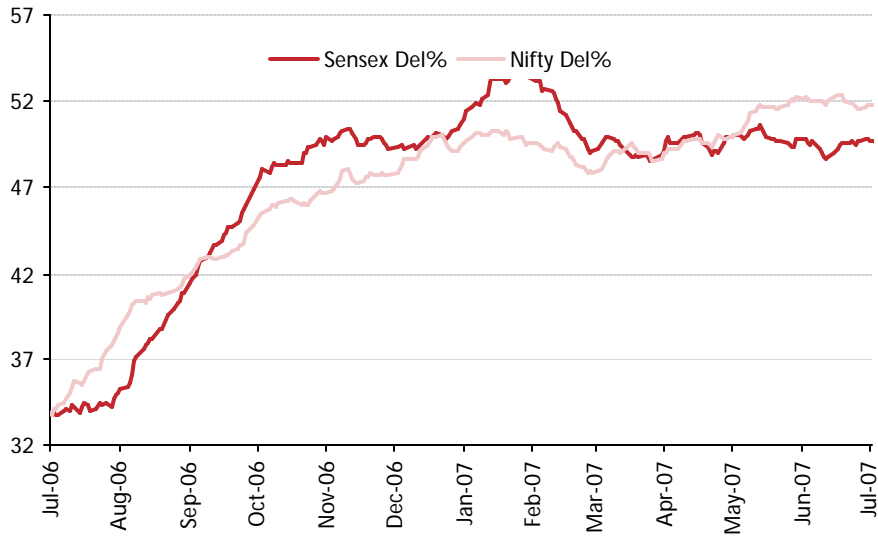
**Stock options value of open interest**



Source: Bloomberg and Kotak Institutional Equities.

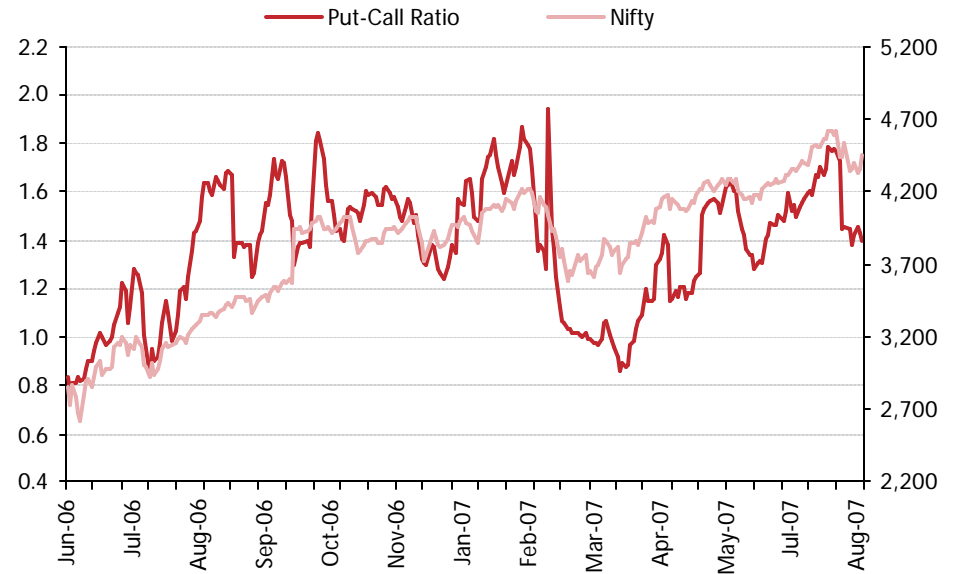
# Market movement indicators

**Exhibit 39: Aggregate delivery percentage**



Source: Bloomberg and Kotak Institutional Equities.

**Exhibit 40: Put call ratio versus Nifty**



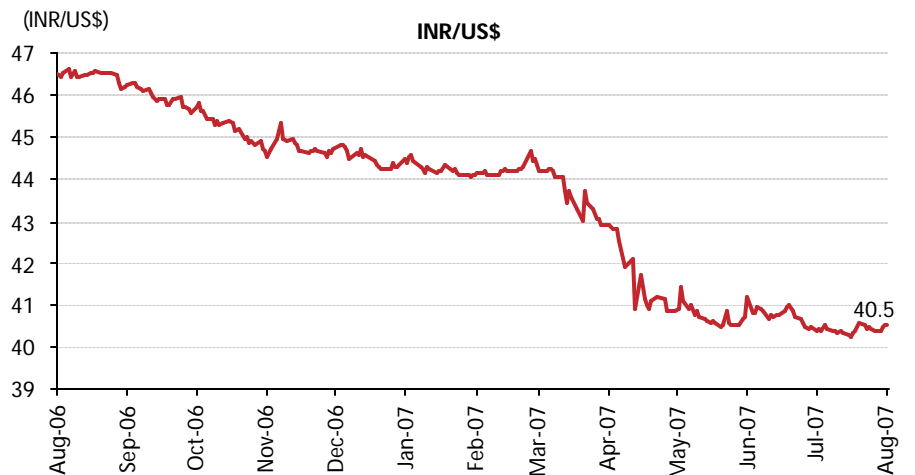
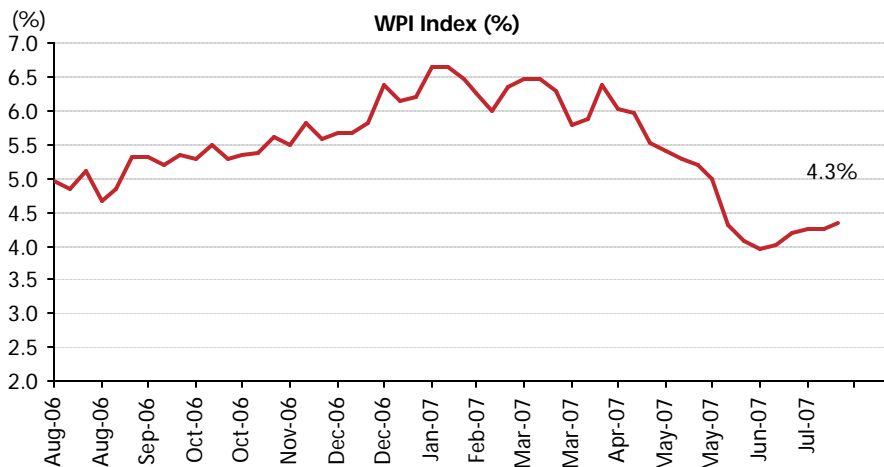
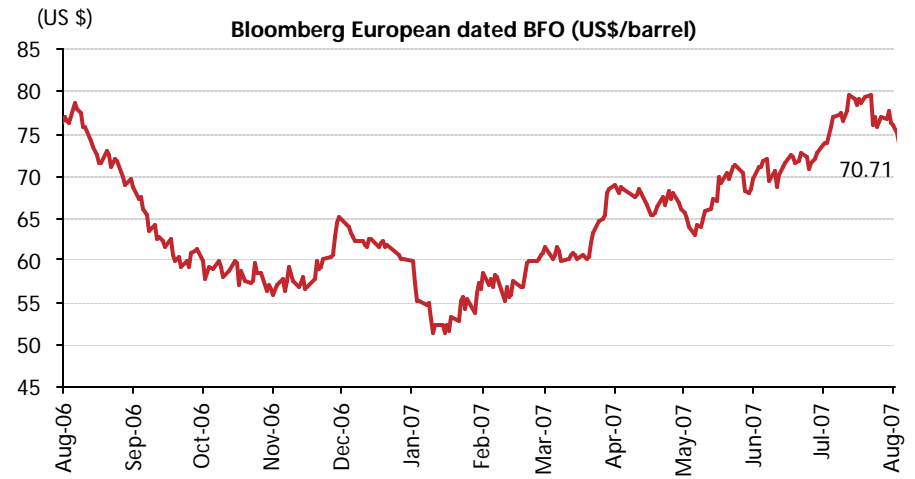
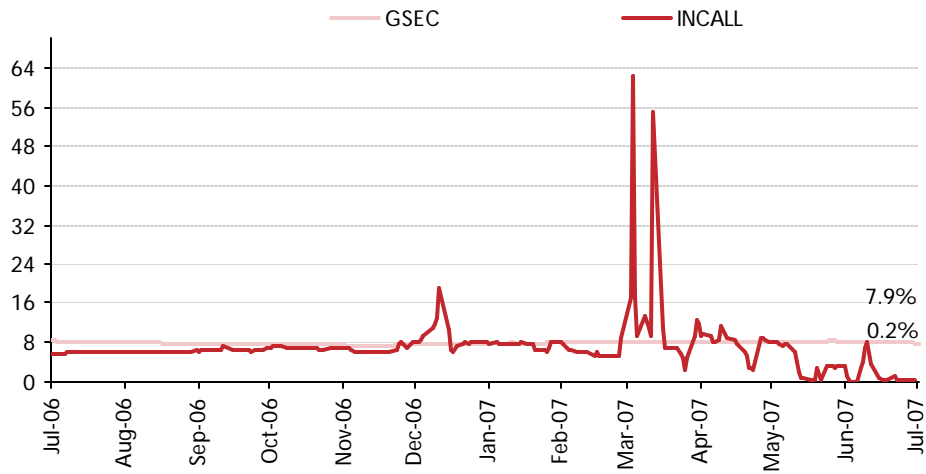
Put call is for Nifty open interest

Source: Bloomberg and Kotak Institutional Equities.

## Economic indicators

# Economic indicators

Exhibit 41: Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

## Kotak valuation summary

# Valuation summary

## Kotak Institutional Equities Universe

Company	09-Aug-07		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 m)	(US\$ m)	(mn)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	(Rs)	Upside (%)
<b>Banks/Financial Institutions</b>																															
Andhra Bank	85	OP	41,274	1,018	485	11.1	12.4	13.0	10.8	11.5	5.1	7.7	6.9	6.5	—	—	—	1.4	1.3	1.2	4.5	5.0	5.2	17.8	18.4	17.8	120	41.0	2.4		
Axis Bank	607	U	198,402	4,895	327	23.4	30.2	38.7	34.4	29.2	28.0	25.9	20.1	15.7	—	—	—	6.6	2.5	2.1	0.7	1.0	1.4	21.0	16.8	15.2	570	(6.1)	3.9		
Bank of Baroda	298	OP	108,817	2,685	366	28.1	35.0	37.4	24.1	24.7	6.7	10.6	8.5	8.0	—	—	—	1.4	1.3	1.1	2.3	2.6	2.8	12.4	14.4	14.2	330	10.8	5.8		
Canara Bank	276	IL	113,119	2,791	410	34.7	30.5	37.4	5.8	(11.9)	22.6	8.0	9.0	7.4	—	—	—	1.6	1.4	1.2	2.5	2.4	2.5	16.3	11.9	13.6	250	(9.4)	4.5		
Corporation Bank	361	IL	51,745	1,277	143	37.4	40.5	44.2	20.6	8.3	9.2	9.7	8.9	8.2	—	—	—	1.4	1.3	1.2	2.5	2.7	3.1	15.0	14.9	14.9	360	(0.2)	1.8		
Centurion Bank of Punjab	38	U	63,835	1,575	1,691	0.8	1.1	1.6	35.6	31.4	48.0	44.6	34.0	22.9	—	—	—	5.6	4.5	3.7	-	-	-	11.5	11.9	15.8	35	(7.3)	1.3		
Federal Bank	339	OP	29,024	716	86	34.2	43.4	46.4	30.0	27.0	6.8	9.9	7.8	7.3	—	—	—	2.1	1.7	1.4	1.2	2.6	2.7	21.2	22.2	20.4	340	0.3	2.3		
HDFC	2,016	IL	577,915	14,257	287	62.1	68.9	82.3	23.6	11.0	19.4	32.5	29.3	24.5	—	—	—	10.4	4.8	4.3	1.0	1.2	1.4	31.3	22.5	18.5	1,700	(15.7)	29.0		
HDFC Bank	1,155	IL	400,521	9,881	347	35.7	47.2	61.2	28.5	32.1	29.5	32.3	24.5	18.9	—	—	—	6.2	3.4	3.0	0.6	0.8	1.1	19.5	17.9	17.1	1,250	8.2	20.1		
ICICI Bank	890	IL	984,617	24,291	1,106	34.6	35.0	51.3	5.6	1.3	46.5	25.7	25.4	17.3	—	—	—	4.0	2.1	1.9	0.9	0.9	1.4	13.4	10.8	11.5	1,000	12.3	47.2		
IDFC	126	IL	162,572	4,011	1,291	4.4	5.2	7.2	25.8	19.8	38.3	28.9	24.1	17.4	—	—	—	5.5	2.9	2.6	0.7	1.0	1.6	17.9	16.0	16.0	120	(4.7)	20.6		
India Infoline	655	U	35,215	869	54	15.1	16.4	25.2	38.9	9.0	53.6	43.5	39.9	26.0	—	—	—	10.8	7.1	3.3	0.4	0.5	0.9	29.1	32.2	21.0	670	2.2	30.2		
Indian Bank	146	IL	62,918	1,552	430	16.8	23.9	22.8	148.1	42.0	(4.6)	8.7	6.1	6.4	—	—	—	2.1	1.7	1.5	2.0	4.1	3.9	25.8	27.3	22.5	135	(7.8)	3.9		
Indian Overseas Bank	127	OP	68,917	1,700	545	18.5	21.5	22.6	28.7	16.1	5.3	6.8	5.9	5.6	—	—	—	1.7	1.5	1.2	2.8	3.6	3.9	28.1	27.2	24.2	150	18.6	1.8		
J&K Bank	680	OP	32,994	814	48	56.6	65.4	78.2	55.2	15.6	19.5	12.0	10.4	8.7	—	—	—	1.8	1.6	1.4	1.7	1.9	2.3	14.4	14.9	15.8	875	28.6	0.7		
LIC Housing Finance	188	OP	15,958	394	85	32.8	35.9	38.9	33.9	9.3	8.2	5.7	5.2	4.8	—	—	—	1.3	0.9	0.8	4.3	4.3	5.0	-	-	-	240	27.8	1.9		
Mahindra & Mahindra Financial	241	IL	20,265	500	84	15.7	18.5	23.3	25.5	17.6	25.9	15.4	13.1	10.4	—	—	—	2.8	2.5	2.1	1.7	1.9	2.4	18.1	18.6	20.4	265	9.8	0.6		
Oriental Bank of Commerce	232	IL	58,138	1,434	251	33.0	32.9	34.7	2.9	(0.1)	5.4	7.0	7.0	6.7	—	—	—	1.2	1.1	1.0	2.0	2.0	2.2	10.9	10.1	10.2	240	3.4	2.8		
PFC	180	U	206,081	5,084	1,148	11.1	11.2	12.8	9.5	1.2	14.3	16.2	16.0	14.0	—	—	—	2.1	2.0	1.9	0.8	2.0	2.3	12.6	12.8	13.5	125	(30.4)	21.4		
Punjab National Bank	512	OP	161,545	3,985	315	48.8	55.2	63.3	7.0	13.1	14.7	10.5	9.3	8.1	—	—	—	1.8	1.5	1.3	2.5	1.4	1.6	15.5	15.6	15.7	610	19.1	12.1		
Shriram Transport	174	OP	33,286	821	191	10.3	13.7	16.5	23.5	32.7	20.5	16.8	12.7	10.5	—	—	—	3.2	2.6	2.2	1.7	2.3	2.7	19.8	21.6	21.9	200	14.8	0.7		
SREI	100	IL	10,893	269	109	7.3	8.2	10.3	63.6	13.1	24.9	13.7	12.2	9.7	—	—	—	2.4	2.1	1.9	1.0	1.0	1.0	18.0	17.4	18.5	110	10.2	4.3		
State Bank of India	1,650	IL	868,183	21,418	526	86.3	101.3	107.7	3.1	17.4	6.4	19.1	16.3	15.3	—	—	—	3.3	2.9	2.5	0.8	1.0	1.0	15.4	16.7	16.2	1,450	(12.1)	82.8		
<b>Banks/Financial Institutions</b>																															
Neutral			4,306,234	106,235					16.9	20.1	19.4	20.0	16.7	13.9	—	—	—	3.3	2.4	2.1	1.1	1.3	1.6	16.7	14.1	14.8					
<b>Cement</b>																															
ACC	1,001	U	188,819	4,658	189	56.7	71.7	77.6	93.7	26.4	8.2	17.6	14.0	12.9	11—	8—	7—	5.5	4.0	3.3	1.7	1.7	1.7	39.7	36.8	30.8	900	(10.1)	28.9		
Ambuja Cements	128	IL	193,546	4,775	1,517	8.5	10.1	11.1	72.9	18.6	9.3	14.9	12.6	11.5	11—	7—	7—	5.0	3.8	3.0	1.4	2.0	1.2	44.5	35.8	30.5	130	1.9	16.0		
Grasim Industries	2,920	IL	267,698	6,604	92	214.6	258.1	279.6	98.9	20.3	8.3	13.6	11.3	10.4	7—	6—	5—	3.0	2.4	1.9	1.0	1.1	1.1	24.5	23.2	20.2	2,900	(0.7)	9.9		
India Cements	219	IL	57,096	1,409	260	20.5	25.9	29.5	n/a	26.7	13.8	10.7	8.5	7.4	10—	7—	6—	4.3	2.8	2.1	-	-	-	45.3	41.6	32.4	200	(8.8)	14.8		
Shree Cement	1,287	IL	44,849	1,106	35	101.6	125.5	135.9	111.6	23.4	8.3	12.7	10.3	9.5	8—	6—	5—	6.3	3.9	2.8	0.4	0.5	0.5	65.5	47.0	34.5	1,300	1.0	0.8		
UltraTech Cement	887	U	110,416	2,724	124	63.3	68.2	81.3	255.1	7.6	19.2	14.0	13.0	10.9	8—	8—	7—	4.8	3.6	2.7	0.7	0.9	0.9	55.8	39.6	34.0	750	(15.4)	2.6		
Cautious			862,426	21,276					113.8	21.7	10.3	14.5	11.9	10.8	8.8	6.9	6.2	4.2	3.2	2.5	1.1	1.3	1.1	28.6	26.5	23.1					
<b>Consumer Products</b>																															
Asian Paints	939	IL	90,073	2,222	96	28.1	34.3	41.4	22.0	21.8	20.7	33.4	27.4	22.7	19—	16—	13—	11.8	9.7	8.0	1.4	1.6	1.9	39.5	39.9	39.5	890	(5.2)	1.1		
Colgate-Palmolive (India)	395	IL	53,676	1,324	136	14.6	16.1	17.6	32.6	10.0	9.5	27.0	24.5	22.4	20—	18—	16—	19.1	29.0	25.0	2.4	3.1	3.4	72.2	94.1	120.1	340	(13.9)	3.4		
GlaxoSmithKline Consumer (a)	596	IL	25,050	618	42	30.2	35.9	40.0	18.5	19.0	11.4	19.7	16.6	14.9	10—	8—	7—	4.4	3.8	3.3	1.7	2.0	2.2	24.9	25.6	24.5	625	4.9	0.4		
Godrej Consumer Products	141	OP	31,810	785	226	5.9	7.0	8.1	11.4	18.9	16.0	24.0	20.2	17.4	19—	15—	13—	23.0	17.0	12.5	2.7	2.8	3.0	127.4	102.5	86.6	185	31.3	0.3		
Hindustan Unilever	201	IL	442,560	10,918	2,201	7.0	8.0	9.1	17.6	14.8	12.9	28.7	25.0	22.1	23—	20—	17—	16.7	16.0	15.5	3.4	3.8	4.3	62.2	65.4	71.1	230	14.4	15.5		
ITC	164	OP	613,982	15,147	3,742	7.2	8.3	9.6	20.4	15.4	15.1	22.7	19.7	17.1	14—	12—	10—	5.6	4.9	4.2	1.9	2.0	2.2	27.7	27.6	27.3	225	37.1	26.7		
Nestle India (a)	1,274	IL	122,853	3,031	96	33.9	43.0	48.1	(0.7)	26.7	12.0	37.6	29.7	26.5	22—	18—	16—	31.6	24.5	19.7	2.0	2.1	2.4	88.0	93.1	82.5	1,150	(9.7)	1.8		
Lakshmi Energy & Foods	193	OP	11,603	286	60	12.5	21.4	35.6	61.5	71.4	66.5	15.5	9.1	5.4	12—	7—	4—	3.6	2.5	1.7	0.5	0.9	1.5	30.2	32.3	37.1	338	74.9	0.3		
Tata Tea	712	IL	44,042	1,087	62	50.6	45.1	57.6	(2.5)	(10.9)	27.6	14.1	15.8	12.4	11—	10—	10—	1.5	1.2	1.2	1.7	1.7	1.7	14.5	7.9	8.2	992	39.3	7.7		
Attractive			1,435,650	35,418					17.8	15.7	15.9	25.3	21.9	18.9	16.7	14.3	12.1	7.6	6.6	5.8	2.4	2.5	2.9	30.0	30.0	30.6					

# Valuation summary

## Kotak Institutional Equities Universe

Company	09-Aug-07		Mkt cap (Rs m)	Mkt cap (US\$ m)	O/S Shares (mn)	EPS Growth, %					PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price	Upside	ADVT- 3mo	
	Price (Rs)	Rating				2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	(Rs)	(%)	US\$ mn
<b>Industrials</b>																													
ABB	1,119	OP	237,147	5,850	212	16.1	25.5	35.4	55.6	58.5	39.2	69.7	44.0	31.6	42.0	25.6	18.2	19.8	14.2	10.1	0.2	0.3	0.3	32.4	37.7	37.4	1,325	18.4	14.2
AIA Engineering	1,379	OP	25,924	640	19	51.4	70.4	98.8	74.4	37.1	40.3	26.9	19.6	14.0	18.7	13.1	8.9	5.4	4.2	3.3	0.3	0.4	0.7	25.4	24.0	26.3	1,750	26.9	4.4
Bharat Electronics	1,650	L	131,960	3,255	80	86.3	103.3	119.0	14.8	19.7	15.1	19.1	16.0	13.9	8.7	7.1	6.4	5.0	4.1	3.3	1.3	1.5	1.5	29.0	28.3	26.5	1,785	8.2	6.3
Bharat Heavy Electricals	1,733	L	848,363	20,929	490	49.3	61.4	74.2	44.1	24.5	20.7	35.1	28.2	23.4	20.0	16.3	13.2	9.3	7.5	6.0	0.6	0.8	1.0	29.4	29.4	28.5	1,550	(10.6)	41.0
Dredging Corporation	550	L	15,401	380	28	55.9	71.6	68.9	(8.4)	28.0	(3.8)	9.8	7.7	8.0	5.3	4.2	3.7	1.4	1.2	1.1	2.7	2.7	2.7	13.2	12.4	10.8	625	13.6	0.2
Larsen & Toubro	2,450	OP	700,444	17,280	286	65.1	88.0	112.4	71.9	35.2	27.8	37.6	27.9	21.8	24.5	17.7	13.7	9.6	7.1	5.4	0.4	0.4	0.4	29.4	29.4	28.5	2,725	11.2	5.8
Maharashtra Seamless	600	OP	42,503	1,049	71	32.7	42.6	46.3	34.8	30.3	8.9	18.4	14.1	12.9	11.3	8.3	7.1	4.2	3.3	2.7	0.7	0.8	0.8	31.9	26.3	22.8	600	0.0	2.7
Siemens	1,252	L	211,071	5,207	169	22.7	30.3	46.8	31.3	33.5	54.3	55.1	41.3	26.8	30.8	23.4	14.0	17.0	12.9	9.4	0.3	0.4	0.6	35.3	35.5	40.7	1,550	23.8	12.8
Suzlon Energy	1,268	L	364,533	8,993	288	30.1	46.2	64.1	14.4	53.4	38.7	42.1	27.5	19.8	28.7	19.0	13.6	10.8	8.1	6.0	0.6	0.6	0.6	28.3	34.6	35.6	1,450	14.4	34.5
<b>Industrials</b>		<b>Attractive</b>	<b>2,577,344</b>	<b>63,583</b>					<b>41.9</b>	<b>34.0</b>	<b>27.5</b>	<b>36.8</b>	<b>27.4</b>	<b>21.5</b>	<b>22.2</b>	<b>16.7</b>	<b>12.9</b>	<b>9.4</b>	<b>7.3</b>	<b>5.6</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>25.6</b>	<b>26.6</b>	<b>26.3</b>			
<b>Infrastructure</b>																													
GMR Infrastructure	829	U	274,358	6,768	331	5.3	8.8	10.3	97.5	66.6	17.6	157.3	94.4	80.3	54.5	61.0	29.8	12.0	10.1	8.3	—	—	—	10.6	11.6	11.4	675	(18.5)	67.0
<b>Media</b>																													
DishTV	88	OP	37,705	930	428	(5.9)	(7.3)	(4.2)	n/a	23.9	(41.8)	(15.0)	(12.1)	(20.8)	(21.0)	(35.5)	49.9	(62.5)	(10.1)	(6.8)	-	-	-	###	144.1	39.2	115	30.6	12.1
HT Media	217	L	50,863	1,255	234	4.1	6.9	9.9	53.6	66.2	43.5	52.6	31.6	22.0	29.1	17.6	12.4	6.4	5.5	4.6	0.1	0.5	0.9	12.8	18.7	22.8	220	1.3	1.0
SunTV	369	U	145,258	3,584	394	6.3	10.0	13.4	20.8	57.4	34.6	58.1	36.9	27.4	32.6	20.5	15.1	12.2	9.9	8.0	0.4	0.7	1.0	32.9	29.6	32.2	310	(15.9)	5.8
Zee Entertainment Enterprises	315	U	137,095	3,382	435	5.0	8.7	11.5	2.9	72.6	32.4	62.4	36.2	27.3	43.8	24.2	18.0	5.0	4.6	4.0	0.3	0.6	0.8	9.1	13.2	15.7	230	(27.1)	18.0
<b>Media</b>		<b>Cautious</b>	<b>370,921</b>	<b>9,151</b>					<b>(1.7)</b>	<b>99.8</b>	<b>73.9</b>	<b>119.3</b>	<b>59.7</b>	<b>34.3</b>	<b>50.3</b>	<b>26.3</b>	<b>17.2</b>	<b>8.0</b>	<b>7.4</b>	<b>6.4</b>	<b>0.3</b>	<b>0.6</b>	<b>0.8</b>	<b>6.7</b>	<b>12.3</b>	<b>18.7</b>			
<b>Metals</b>																													
Jindal Steel and Power	3,801	OP	117,026	2,887	31	228.3	318.9	400.0	20.0	39.7	25.5	16.6	11.9	9.5	11.0	7.9	6.7	4.0	2.9	2.2	0.5	0.5	0.6	24.2	24.8	23.2	4,500	18.4	2.9
JSW Steel	636	L	109,426	2,700	172	73.3	82.6	89.4	51.3	12.8	8.1	8.7	7.7	7.1	5.2	5.6	6.5	1.7	1.3	1.1	2.1	3.1	3.1	22.1	19.6	17.5	700	10.0	9.4
Sesa Goa	1,827	L	71,907	1,774	39	154.1	157.0	195.6	12.5	1.9	24.6	11.9	11.6	9.3	7.8	7.1	5.4	4.7	3.8	3.1	2.7	3.8	4.4	45.4	36.1	36.5	1,950	6.7	5.4
Tata Steel	652	U	561,009	13,840	860	50.7	51.3	44.6	(21.1)	1.1	(13.1)	12.9	12.7	14.6	7.8	7.9	9.2	3.5	1.8	1.7	0.0	0.0	0.0	36.8	19.0	10.4	640	(1.9)	51.2
<b>Metals</b>		<b>Neutral</b>	<b>859,368</b>	<b>21,201</b>					<b>25.5</b>	<b>7.2</b>	<b>(0.8)</b>	<b>12.3</b>	<b>11.5</b>	<b>11.6</b>	<b>7.6</b>	<b>7.3</b>	<b>7.8</b>	<b>3.2</b>	<b>1.9</b>	<b>1.7</b>	<b>0.6</b>	<b>0.8</b>	<b>0.9</b>	<b>25.8</b>	<b>16.7</b>	<b>14.6</b>			
<b>Oil &amp; Gas</b>																													
Bharat Petroleum	318	OP	114,952	2,836	362	50.1	46.8	39.3	548.7	(6.6)	(15.9)	6.4	6.8	8.1	4.0	3.1	3.5	1.0	0.9	0.8	5.0	5.0	3.9	15.5	12.9	10.0	450	41.5	4.1
Cairn India	148	U	260,833	6,435	1,765	0.6	0.4	1.0	(66.0)	(29.2)	126.4	241.0	340.2	150.2	43.7	31.0	30.1	0.9	0.9	0.9	-	-	-	0.7	0.3	0.6	140	(5.2)	11.2
Castrol India (a)	255	OP	31,503	777	124	12.2	18.2	20.7	3.3	49.3	13.4	20.8	14.0	12.3	12.0	8.0	7.0	7.4	6.7	6.0	3.5	4.7	5.5	36.6	50.3	51.3	310	21.7	0.5
GAIL (India)	322	L	272,342	6,719	846	25.3	30.3	31.7	(9.3)	19.4	4.7	12.7	10.6	10.2	7.3	5.7	4.9	2.1	1.9	1.7	3.1	3.1	3.4	16.8	17.7	16.4	350	8.7	5.5
GSPL	55	L	30,033	741	545	1.6	2.0	4.1	40.4	21.0	108.6	33.6	27.8	13.3	12.9	10.0	6.4	2.8	2.6	2.2	0.9	1.1	2.3	8.9	9.8	18.2	58	5.2	1.3
Hindustan Petroleum	253	OP	85,616	2,112	339	40.0	35.7	34.8	503.7	(10.9)	(2.5)	6.3	7.1	7.3	4.3	4.3	3.9	0.8	0.7	0.7	7.1	5.5	5.4	12.0	9.9	9.0	330	30.6	6.0
Indian Oil Corporation	400	L	477,485	11,780	1,192	49.3	60.7	43.7	16.7	23.1	(28.0)	8.1	6.6	9.2	4.6	3.7	4.2	1.3	1.1	1.0	4.7	5.5	5.5	15.8	16.8	10.8	500	24.9	3.3
Oil & Natural Gas Corporation	867	OP	1,853,346	45,722	2,139	80.9	102.5	108.8	10.2	26.6	6.1	10.7	8.5	8.0	4.4	3.6	3.1	2.1	1.8	1.6	3.6	3.8	3.8	19.6	21.8	20.4	1,075	24.1	25.2
Petronet LNG	63	U	47,025	1,160	750	4.2	5.7	5.2	-	35.5	(8.0)	15.0	11.1	12.0	8.4	8.1	8.8	3.1	2.5	2.1	2.0	2.4	1.6	22.4	24.0	18.4	53	(15.5)	10.2
Reliance Industries	1,842	U	2,566,219	63,309	1,393	78.3	81.1	105.8	24.1	3.5	30.5	23.5	22.7	17.4	14.6	14.0	9.7	3.9	3.4	2.5	0.6	0.7	0.8	18.0	15.9	17.4	1,650	(10.4)	141.4
Reliance Petroleum	113	OP	507,600	12,523	4,500	(0.0)	(0.0)	4.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	23.1	3.8	3.8	3.3	-	-	-	(0.0)	(0.1)	13.0	125	10.8	39.3
<b>Oil &amp; Gas</b>		<b>Attractive</b>	<b>6,246,955</b>	<b>154,113</b>					<b>22.3</b>	<b>17.0</b>	<b>11.0</b>	<b>15.6</b>	<b>13.3</b>	<b>12.0</b>	<b>7.8</b>	<b>6.9</b>	<b>5.9</b>	<b>2.3</b>	<b>2.1</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>	<b>14.6</b>	<b>15.4</b>	<b>14.7</b>			
<b>Property</b>																													
Mahindra Gesco	536	OP	22,500	555	42	8.9	11.3	47.5	66.7	27.8	319.4	60.5	47.3	11.3	36.9	29.7	9.6	2.7	2.5	2.2	0.4	0.5	0.7	7.2	5.5	20.5	920	71.8	7.9
Sobha	837	OP	61,052	1,506	73	22.9	40.1	60.4	(45.9)	75.4	50.5	36.6	20.9	13.9	25.1	15.2	9.7	7.2	5.5	4.0	0.2	0.4	0.5	33.8	29.8	33.4	940	12.2	5.0
<b>Property</b>		<b>Attractive</b>	<b>83,551</b>	<b>2,061</b>					<b>91.6</b>	<b>66.9</b>	<b>87.2</b>	<b>41.2</b>	<b>24.7</b>	<b>13.2</b>	<b>27.3</b>	<b>17.6</b>	<b>9.6</b>	<b>5.0</b>	<b>4.2</b>	<b>3.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>41.0</b>	<b>35.3</b>	<b>53.9</b>			
<b>Pipes</b>																													
Jindal Saw	638	OP	35,709	881	56	51.4	67.4	101.9	67.1	31.1	51.2	12.4	9.5	6.3	7.5	5.6	3.7	2.0	1.7	1.3	0.9	1.0	1.0	18.8	21.0	25.1	790	23.9	1.8
PSL	339	OP	14,070	347	41	21.2	27.6	41.1	22.1	30.2	48.8	16.0	12.3	8.3	10.4	7.9	5.5	3.7	2.0	1.8	1.2	1.6	1.9	10.3	12.6	15.0	420	23.7	0.8
Welspun Gujarat Stahl Rohren	249	U	46,609	1,150	187	10.6	17.4	18.2	48.7	64.6	4.5	23.6	14.3	13.7	17.4	10.9	7.5	6.4	2.6	2.3	0.6	0.7	1.2	22.0	24.4</				



# Valuation summary

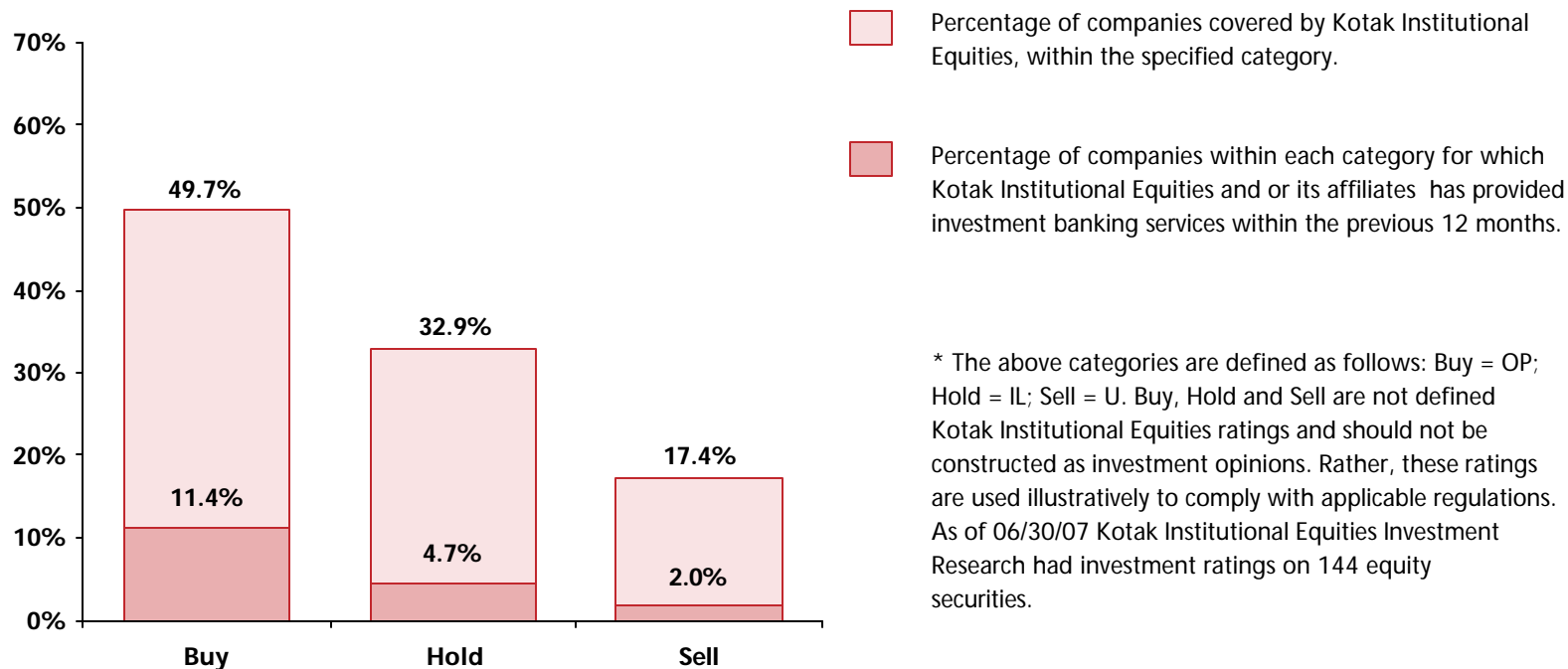
## Kotak Institutional Equities Universe

Company	09-Aug-07		Mkt cap		O/S Shares			EPS Growth, %			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price		ADVT-3mo	
	Price (Rs)	Rating	(Rs m)	(US\$ m)	(mn)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	(Rs)	(%)	US\$ mn
<b>Technology</b>																													
HCL Technologies	312	L	216,805	5,349	695	17.6	18.1	22.1	54.5	3.2	22.0	17.7	17.2	14.1	15.6	12.5	9.9	5.0	4.4	3.5	2.5	2.6	2.6	26.7	28.3	29.6	360	15.4	7.8
Hexaware Technologies	122	L	17,375	429	142	8.9	10.0	12.7	16.1	12.3	27.3	13.8	12.3	9.6	10.6	7.8	5.8	2.3	2.0	1.7	1.3	1.3	1.3	22.8	17.6	19.2	165	35.0	0.4
i-flex solutions	2,077	U	173,003	4,268	83	33.2	41.7	64.1	15.9	25.4	53.7	62.5	49.8	32.4	46.2	34.8	23.3	7.7	6.9	5.9	-	0.5	0.6	15.3	14.6	19.6	1,675	(19.4)	5.3
iGate Global Solutions	244	U	7,735	191	32	15.7	22.3	28.5	101.5	42.0	28.0	15.6	11.0	8.6	8.3	6.4	4.7	2.5	2.1	1.7	1.0	1.1	1.2	17.2	20.7	22.2	310	27.0	0.2
Infosys Technologies	1,936	OP	1,111,207	27,414	574	67.0	80.7	99.9	48.7	20.5	23.8	28.9	24.0	19.4	23.9	19.8	15.1	9.8	7.4	5.7	0.7	0.8	1.0	40.7	35.2	33.5	2,250	16.2	92.9
Mphasis BFL	291	L	60,650	1,496	208	7.3	14.1	18.8	(21.5)	92.5	33.7	39.8	20.7	15.5	29.1	12.8	9.4	6.0	0.8	4.0	0.8	1.2	1.4	14.4	26.4	28.8	300	3.1	1.5
Mindtree	588	U	22,696	560	39	21.8	25.7	33.8	18.2	18.0	31.2	26.9	22.8	17.4	20.4	17.6	12.8	5.2	4.3	3.4	0.2	0.4	0.6	30.5	21.0	22.4	650	10.6	6.8
Patni Computer Systems	420	OP	58,408	1,441	139	25.7	30.0	34.2	19.2	16.7	13.9	16.3	14.0	12.3	9.5	8.5	6.8	2.5	2.4	2.1	0.5	0.7	0.8	12.5	18.6	18.2	530	26.1	11.7
Polaris Software Lab	117	U	11,457	283	98	10.3	10.5	12.9	359.1	1.8	23.3	11.3	11.1	9.0	6.3	6.3	4.6	1.9	1.7	1.4	1.5	1.5	1.5	17.7	16.0	17.2	130	11.5	3.6
Satyam Computer Services	467	OP	313,424	7,732	671	21.4	25.3	31.5	41.7	18.0	24.5	21.8	18.5	14.8	17.9	14.3	10.8	5.4	4.4	3.6	1.7	2.1	2.6	27.9	26.4	26.7	570	22.0	38.8
TCS	1,147	L	1,121,976	27,679	979	42.2	51.8	61.9	43.3	22.7	19.5	27.2	22.1	18.5	21.8	17.9	14.4	12.5	9.7	7.6	1.0	1.8	2.2	55.8	49.3	45.8	1,300	13.4	34.9
Tech Mahindra	1,271	L	154,843	3,820	122	47.0	66.0	96.0	124.3	40.5	45.6	27.1	19.3	13.2	21.0	15.5	9.7	17.4	9.0	5.3	0.2	0.3	0.4	81.3	66.0	54.1	1,500	18.0	12.7
Wipro	478	OP	693,100	17,099	1,450	19.7	23.1	29.2	38.8	17.1	26.4	24.2	20.7	16.4	18.9	16.0	11.8	6.8	5.5	4.4	1.1	1.4	1.8	31.7	29.4	29.8	560	17.2	17.0
<b>Technology</b>	<b>Attractive</b>		<b>3,962,679</b>	<b>97,759</b>					<b>47.5</b>	<b>21.6</b>	<b>24.6</b>	<b>26.3</b>	<b>21.6</b>	<b>17.3</b>	<b>20.9</b>	<b>17.0</b>	<b>12.9</b>	<b>8.1</b>	<b>6.4</b>	<b>5.1</b>	<b>1.0</b>	<b>1.4</b>	<b>1.7</b>	<b>30.7</b>	<b>29.8</b>	<b>29.4</b>			
<b>Telecom</b>																													
Bharti Airtel Ltd	869	U	1,648,325	40,664	1,896	21.4	34.4	45.8	n/a	60.9	33.1	40.6	25.2	19.0	22.8	14.7	10.7	14.1	9.2	6.4	-	0.2	0.5	42.4	44.2	39.8	750	(13.7)	24.8
IDEA	124	U	327,349	8,076	2,635	22	4.9	6.0	146.3	125.9	21.8	57.0	25.2	20.7	24.0	14.7	11.1	9.2	6.7	5.1	0.8	-	-	21.5	30.8	27.9	110	(11.5)	23.9
MTNL	145	U	91,350	2,254	630	7.2	9.4	10.0	8.1	31.4	6.5	20.2	15.4	14.5	7.6	5.8	5.5	0.8	0.8	0.8	4.1	5.3	5.5	3.4	4.4	4.6	135	(6.9)	7.9
Reliance Communications	537	U	1,097,450	27,074	2,045	14.2	23.9	32.1	n/a	68.4	34.4	37.8	22.5	16.7	19.6	13.0	9.6	4.8	3.9	3.2	0.1	0.2	0.3	17.8	20.3	22.3	500	(6.8)	88.4
VSNL	428	OP	121,852	3,006	285	17.2	18.1	20.6	(7.8)	5.3	13.7	24.9	23.6	20.8	10.1	10.2	9.1	1.9	1.8	1.7	1.1	1.1	1.2	7.4	7.4	8.0	550	28.6	5.2
<b>Telecom</b>	<b>Cautious</b>		<b>3,286,325</b>	<b>81,074</b>					<b>134.0</b>	<b>65.6</b>	<b>30.8</b>	<b>38.1</b>	<b>23.0</b>	<b>17.6</b>	<b>20.1</b>	<b>13.5</b>	<b>10.1</b>	<b>5.9</b>	<b>4.8</b>	<b>3.8</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>15.4</b>	<b>20.7</b>	<b>21.8</b>			
<b>Textiles</b>																													
Vardhman	142	L	8,934	220	63	29.5	22.7	31.6	3.9	(22.9)	39.0	4.8	6.2	4.5	5.7	6.8	4.9	0.6	0.5	0.5	2.5	2.2	3.2	14.1	8.9	11.2	220	55.0	0.1
<b>Textiles</b>																													
<b>Transmission Towers</b>																													
JSL	199	OP	16,513	407	83	6.6	10.7	13.1	81.2	61.1	23.0	30.1	18.7	15.2	14.0	10.1	8.4	6.5	4.9	3.8	0.3	0.3	0.3	29.8	30.0	28.0	275	38.0	0.9
Kalpataru Power Transmission	1,476	OP	39,105	965	26	60.2	77.4	91.8	67.6	28.7	18.6	24.5	19.1	16.1	15.2	12.1	9.8	5.9	4.7	3.7	0.5	0.7	0.7	38.8	27.6	25.9	1,650	11.8	1.1
KEC	585	OP	22,166	547	38	27.3	34.5	42.6	92.4	26.3	23.4	21.4	16.9	13.7	9.8	8.6	7.5	7.8	5.5	4.1	0.3	0.5	0.6	43.5	37.9	33.8	725	24.0	0.8
<b>Transmission</b>	<b>Attractive</b>		<b>77,784</b>	<b>1,919</b>					<b>115.0</b>	<b>33.5</b>	<b>21.0</b>	<b>24.5</b>	<b>18.3</b>	<b>15.2</b>	<b>12.8</b>	<b>10.3</b>	<b>8.7</b>	<b>6.5</b>	<b>4.9</b>	<b>3.8</b>	<b>0.4</b>	<b>0.6</b>	<b>0.6</b>	<b>26.6</b>	<b>26.9</b>	<b>25.2</b>			
<b>Transportation</b>																													
Container Corporation	2,170	L	141,032	3,479	65	106.3	129.6	149.8	31.9	22.0	15.5	20.4	16.7	14.5	14.2	11.5	9.9	5.3	4.2	3.4	0.8	0.9	1.0	29.1	28.1	25.9	2,425	11.7	1.9
Gateway Distriparks	135	OP	15,519	383	115	6.8	6.8	9.0	8.7	(0.4)	33.2	19.8	19.9	14.9	16.0	14.4	10.6	2.5	2.3	2.0	1.3	1.3	1.7	13.0	11.8	14.4	180	33.7	3.0
GE Shipping	340	L	51,840	1,279	152	59.6	35.6	29.7	(3.9)	(40.2)	(16.6)	5.7	9.6	11.5	5.8	6.6	7.2	1.7	1.5	1.4	4.4	2.6	2.2	33.1	16.6	12.5	335	(1.6)	6.1
Jet Airways	750	U	64,789	1,598	86	(0.2)	0.2	57.0	(116.5)	(190.5)	-	-	-	-	26.8	11.1	5.5	2.3	2.7	2.3	0.1	0.0	1.6	(0.1)	0.1	18.7	800	7.7	4.9
<b>Transportation</b>	<b>Attractive</b>		<b>273,180</b>	<b>6,739</b>					<b>(15.9)</b>	<b>(12.5)</b>	<b>38.0</b>	<b>16.3</b>	<b>18.7</b>	<b>13.5</b>	<b>12.5</b>	<b>10.1</b>	<b>7.1</b>	<b>3.0</b>	<b>2.8</b>	<b>2.4</b>	<b>1.4</b>	<b>1.0</b>	<b>1.4</b>	<b>18.4</b>	<b>14.8</b>	<b>17.5</b>			
<b>Utilities</b>																													
CESC	460	L	53,040	1,309	115	36.0	23.7	28.4	31.8	(34.1)	19.5	12.8	19.4	16.2	8.9	9.3	7.2	2.6	2.2	2.0	0.6	0.8	0.9	16.1	12.4	12.8	425	(7.6)	5.0
LANCO	283	OP	62,866	1,551	222	8.5	15.2	30.5	52.4	79.5	100.7	33.4	18.6	9.3	18.7	17.0	10.5	4.2	3.4	2.5	-	-	-	23.5	20.1	31.0	252	(10.9)	11.3
NTPC	170	L	1,398,843	34,510	8,245	8.3	9.3	10.0	17.8	11.4	7.3	20.4	18.3	17.0	13.8	15.8	15.9	2.8	2.6	2.4	1.9	2.2	2.3	14.5	14.9	14.7	170	0.2	14.6
Reliance Energy	758	L	172,589	4,258	228	34.8	26.7	27.3	(4.0)	(23.4)	2.2	21.8	28.4	27.8	25.8	30.2	29.0	1.8	1.7	1.7	0.5	0.9	0.9	8.5	6.2	6.1	810	6.9	43.6
Tata Power	689	L	160,632	3,963	233	23.8	32.2	42.5	(9.8)	35.4	32.1	29.0	21.4	16.2	18.5	17.9	16.8	2.5	2.1	1.7	1.2	1.3	1.4	8.4	10.9	11.8	670	(2.8)	6.9
<b>Utilities</b>	<b>Attractive</b>		<b>1,847,971</b>	<b>45,590</b>					<b>17.1</b>	<b>11.8</b>	<b>12.6</b>	<b>21.5</b>	<b>19.2</b>	<b>17.1</b>	<b>14.7</b>	<b>16.4</b>	<b>15.5</b>	<b>2.7</b>	<b>2.5</b>	<b>2.2</b>	<b>1.6</b>	<b>1.9</b>	<b>2.0</b>	<b>12.5</b>	<b>12.8</b>	<b>13.0</b>			
<b>KS universe (b)</b>			<b>27,058,398</b>	<b>667,532</b>					<b>32.0</b>	<b>20.8</b>	<b>17.5</b>	<b>20.1</b>	<b>16.6</b>	<b>14.1</b>	<b>12.3</b>	<b>10.5</b>	<b>8.9</b>	<b>3.6</b>	<b>3.0</b>	<b>2.5</b>	<b>1.3</b>	<b>1.5</b>	<b>1.7</b>	<b>18.1</b>	<b>17.9</b>	<b>17.9</b>			
<b>KS universe (b) ex-Energy</b>			<b>20,811,443</b>	<b>513,419</b>					<b>36.5</b>	<b>22.4</b>	<b>20.2</b>	<b>22.0</b>	<b>17.9</b>	<b>14.9</b>	<b>15.5</b>	<b>12.8</b>	<b>10.6</b>	<b>4.4</b>	<b>3.4</b>	<b>2.9</b>	<b>1.1</b>	<b>1.3</b>	<b>1.5</b>	<b>20.1</b>	<b>19.1</b>	<b>19.5</b>			
<b>KS universe (d) ex-Energy &amp; ex-Commodities</b>			<b>19,089,650</b>	<b>470,942</b>					<b>34.0</b>	<b>23.7</b>	<b>22.4</b>	<b>23</b>																	

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## 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 06/30/07 Kotak Institutional Equities Investment Research had investment ratings on 144 equity securities.

Source: Kotak Institutional Equities.

As of June 30, 2007

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