

November 30, 2007

India Strategy Friday Flash

BSE-30: 19,003

India

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**Kotak Institutional Equities
Research**

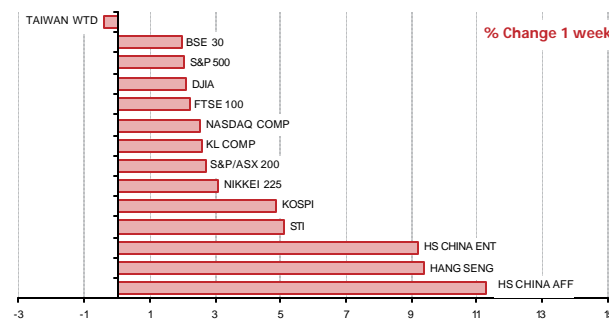
Important disclosures appear at the back of this report.

Dogging global cues. During the past week, the Sensex gained 477 points (2.6%) closing at 19,003 largely on (a) increased expectations that Federal Reserve will further lower the interest rates (b) a spurt in US retail sales post the thanksgiving weekend (c) softening crude prices from the previous week's high. The rise, which was in line with other regional indices was mainly lead by Reliance Industries, L&T and ICICI Bank, which together contributed more than 211 points to the Sensex rise. FIIs continued to remain net sellers, divesting US\$752 mn from Indian markets.

Market highlights for the week ending Thursday, November 29, 2007

- Largest gainers: Lanco (21%), Indian Bank (20%), Rico Auto (17%)
- Largest losers: Hexaware Technologies (-13%), Federal Bank (-12%), Zee Entertainment (-7%)
- CYTD institutional investments: FII-US\$16.1 bn; MF-US\$433 mn

BSE-30 Index was the largest gainer among regional indices



Source: Bloomberg, SEBI.

Flows in the cash markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
21-Nov-07	(628)	41	(2)	(126)	(551)	(1,266)
22-Nov-07	(269)	—	(4)	(82)	(209)	(564)
23-Nov-07	(134)	—	(16)	(41)	(43)	(234)
26-Nov-07	333	—	(2)	—	117	447
27-Nov-07	(222)	—	(5)	—	(65)	(293)
Total	(921)	41	(30)	(249)	(752)	(1,910)

Our top recommendations

Exhibit 1: Kotak Institutional Equities, Top 10, 29 November, 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)
ICICI Bank	Banking	ADD	1,162	32,312	1,200	34.6	35.7	47.3	33.6	32.5	24.6	—	—	—	4,279
Larsen & Toubro	Industrials	BUY	4,092	29,601	4,050	62.8	91.1	122.9	65.2	44.9	33.3	40.6	28.1	20.8	353
ITC	Consumer Products	BUY	185	17,437	225	7.2	8.3	9.6	25.7	22.3	19.3	16.3	14.0	11.8	1,248
Maruti Suzuki	Automobiles	BUY	990	7,195	1,200	54.0	75.3	88.9	18.3	13.2	11.1	10.8	7.8	6.4	253
Bharat Heavy Electricals	Industrials	ADD	2,687	33,063	2,500	49.3	64.3	82.1	54.5	41.8	32.7	29.8	23.4	18.3	2,812
Bajaj Auto	Automobiles	BUY	2,724	6,929	2,750	127.2	114.5	151.9	21.4	23.8	17.9	14.8	15.9	12.5	597
Infosys Technologies	Technology	BUY	1,570	22,648	2,200	67.0	80.4	98.4	23.4	19.5	15.9	19.1	15.8	12.1	3,637
Satyam Computer Services	Technology	BUY	426	7,179	550	21.4	25.4	31.1	19.8	16.8	13.7	16.1	12.9	9.8	1,450
Hindalco Industries	Metals	BUY	181	5,943	210	19.6	17.5	15.9	9.2	10.4	11.4	6.9	6.4	6.4	1,005
Mid Cap Basket															
Kalpataru Power Transmission	Transmission	ADD	1,942	1,294	1,800	60.2	77.4	91.8	32.3	25.1	21.2	20.2	16.1	13.3	48
IVRCL	Construction	BUY	460	1,557	570	12.4	13.5	20.4	37.0	34.2	22.5	28.4	17.7	12.9	651
Nagarjuna Construction Co.	Construction	BUY	309	1,799	365	6.5	9.2	12.7	47.4	33.7	24.3	29.8	18.7	14.3	355
PSL	Pipes	BUY	468	486	460	20.2	26.4	43.5	23.1	17.7	10.8	12.9	10.0	6.7	34
BSE-30			19,003												

Source: Company, Bloomberg, Kotak Institutional Equities.

Our model portfolio

Exhibit 2: Kotak Institutional Equities Model Portfolio

Company	29-Nov		Weightage (%)		Diff.	Company	29-Nov		Weightage (%)		Diff.
	Price (Rs)	Rating	BSE-30	KS reco.	KS Reco.		Price (Rs)	Rating	BSE-30	KS reco.	(bps)
Tata Motors	722	—	1.4	—	(141)	Tata Steel	802	REDUCE	4.2	1.9	(225)
Maruti Suzuki	990	BUY	0.9	2.4	150	Hindalco Industries	181	BUY	1.5	3.0	150
Bajaj Auto	2,724	BUY	1.3	2.8	150	Sterlite Industries	919	ADD	—	1.5	150
Mahindra & Mahindra	720	—	1.2	—	(118)	Metals			5.6	6.4	75
Automobiles			4.9	5.3	41	Ranbaxy Laboratories	379	—	0.9	—	(85)
State Bank of India	2,270	ADD	3.7	3.7	—	DLF	882	—	0.6	—	(60)
Punjab National Bank	593	BUY	—	0.5	50	Cipla	182	—	0.7	—	(68)
PSU Banking			3.7	4.2	50	Pharmaceuticals			2.1	—	(213)
HDFC Bank	1,677	REDUCE	3.5	3.0	(50)	Housing Development & Infrastr	797	BUY	—	1.0	100
ICICI Bank	1,162	ADD	10.0	13.0	300	Real estate			—	1.0	100
HDFC	2,688	REDUCE	5.5	4.0	(150)	Infosys Technologies	1,570	BUY	6.9	8.4	150
Pvt Banking/Financing			18.9	19.9	100	Satyam Computer Services	426	BUY	2.3	2.8	50
Grasim Industries	3,697	ADD	1.9	1.9	—	TCS	977	ADD	1.6	3.1	150
ACC	1,069	SELL	0.9	—	(93)	Wipro	451	BUY	1.1	—	(112)
Ambuja Cements	151	REDUCE	1.3	—	(134)	Technology			11.9	14.2	238
Cement			4.2	1.9	(227)	Bharti Airtel Limited	916	REDUCE	5.1	2.9	(225)
Hindustan Unilever	210	ADD	1.8	—	(175)	Reliance Communications	665	SELL	4.2	1.7	(250)
ITC	185	BUY	3.6	5.1	150	Telecom			9.3	4.6	(475)
Consumers			5.3	5.1	(25)	NTPC	232	ADD	2.3	2.3	—
Reliance Industries	2,818	RS	13.3	13.2	(10)	Reliance Energy	1,664	NR	2.4	—	(244)
Oil & Natural Gas Corporation	1,141	REDUCE	4.1	3.1	(100)	Tata Power	1,120	ADD	—	1.5	150
Energy			17.4	16.3	(110)	Utilities			4.7	3.8	(94)
Bharat Heavy Electricals	2,687	ADD	3.4	4.4	100	Nagarjuna Construction Co.	309	BUY	—	0.6	60
Larsen & Toubro	4,092	BUY	8.4	10.4	200	IVRCL	460	BUY	—	0.6	60
Industrials			11.8	14.8	300	Kalpataru Power Transmission	1,942	ADD	—	0.6	60
						PSL	468	BUY	—	0.6	60
						Infrastructure basket			—	2.4	240

Note:

(a) weightages are with respect to October 31, 2007 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

Sensex valuation summary

Exhibit 3: Valuation summary of BSE-30 sectors, 29 November, 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
Automobiles	26,154	26.3	29.3	15.3	16.3	18.6	16.1	13.9	10.5	9.2	4.4	3.5	1.4	1.4	23.7	21.8
Banking	96,329	13.3	14.2	31.7	12.9	37.0	28.1	24.9	—	—	6.1	3.8	0.6	0.7	16.5	13.5
Consumers	29,098	21.2	19.8	14.9	15.3	27.2	23.7	20.5	18.6	14.9	8.5	7.8	2.3	3.0	31.2	33.0
Cement	19,361	27.7	89.5	21.5	11.1	17.8	14.6	13.2	10.3	8.2	4.7	3.7	1.1	1.3	26.5	25.1
Energy	150,225	16.9	21.9	23.6	18.0	20.0	16.2	13.7	9.9	8.6	3.7	3.2	1.4	1.5	18.5	19.6
Industrials	62,664	59.6	52.0	37.6	31.9	59.4	43.2	32.7	34.3	25.5	15.1	11.5	0.3	0.4	25.5	26.7
Metals	23,281	6.3	33.1	(0.6)	3.3	13.3	13.4	13.0	8.6	7.8	3.1	1.9	1.2	1.3	23.5	14.0
Pharmaceuticals	7,097	(26.3)	39.6	12.7	4.7	24.0	21.3	20.3	17.1	14.5	4.8	4.2	1.7	1.9	19.9	19.7
Property	33,156	121.6	913.2	309	30.7	67.9	16.6	12.7	48.5	13.2	33.2	6.6	—	0.6	49.0	39.5
Technology	70,275	28.6	44.4	20.9	21.8	23.0	19.0	15.6	17.0	13.8	7.7	6.0	1.1	1.6	33.5	31.7
Telecom	77,860	(107.4)	182.9	68.9	29.7	42.7	25.3	19.5	22.8	14.5	8.9	6.7	0.0	0.2	20.9	26.4
Utilities	57,548	17.0	16.1	11.4	9.1	30.1	27.0	24.7	16.0	16.2	3.9	3.6	1.2	1.4	12.9	13.3
BSE-30	653,047	20.4	36.1	30.1	18.4	27.2	20.9	17.6	14.7	11.8	5.6	4.3	0.9	1.1	20.6	20.5
BSE-30 ex-Energy	502,821	22.4	43.8	33.1	18.6	30.4	22.8	19.2	17.8	13.7	6.6	4.8	0.8	1.0	21.8	20.8

Source: Company reports, Kotak Institutional Equities estimates.

Nifty valuation summary

Exhibit 4: Valuation summary of Nifty sectors, 29 November, 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
Automobiles	29,815	25.1	21.5	13.6	18.5	18.4	16.2	13.7	9.8	8.5	6.9	4.5	3.7	1.5	1.6	24.2	22.8
Banking	99,018	11.6	13.2	29.7	11.7	33.1	25.5	22.8	—	—	—	5.5	3.5	0.7	0.8	16.6	13.9
Consumers	29,099	21.2	19.8	14.9	15.3	27.2	23.7	20.5	18.6	14.9	12.8	8.5	7.8	2.3	3.0	31.2	33.0
Cement	19,362	27.7	89.5	21.5	11.1	17.8	14.6	13.2	10.3	8.2	7.1	4.7	3.7	1.1	1.3	26.5	25.1
Energy	189,000	8.8	28.8	18.4	19.3	21.3	18.0	15.1	10.7	9.7	7.9	3.6	3.1	1.4	1.4	16.7	17.4
Industrials	91,687	65.7	43.8	39.3	40.6	63.1	45.3	32.2	36.8	26.7	19.4	16.3	12.4	0.3	0.4	25.8	27.3
Metals	35,568	20.7	65.6	(6.3)	0.6	10.1	10.8	10.8	5.9	5.7	5.6	2.9	1.7	1.1	1.2	28.7	16.0
Media	3,080	(34.6)	11.2	52.0	41.7	51.6	34.0	24.0	38.9	19.2	14.3	4.7	4.3	0.5	0.7	9.1	12.6
Property	15,199	151.9	1,389.1	37.5	50.3	46.3	33.7	22.4	30.2	23.1	16.2	30.3	16.8	-	0.3	65.4	49.8
Telecom	84,413	(53.9)	133.2	61.1	28.6	41.0	25.4	19.8	21.3	13.9	10.8	6.4	5.1	0.2	0.5	15.6	20.2
Technology	75,752	28.3	46.8	19.0	21.6	22.4	18.8	15.5	16.5	13.5	10.7	7.2	5.8	1.2	1.7	32.2	30.6
Utilities	64,107	18.4	14.8	12.9	11.0	31.2	27.6	24.9	16.5	16.7	17.1	3.9	3.6	1.1	1.4	12.6	13.0
NIFTY	753,558	18.3	39.9	19.6	18.5	25.7	21.5	18.1	13.9	12.1	10.3	5.1	4.0	1.0	1.2	19.8	18.8
NIFTY ex-Energy	564,557	23.5	45.3	20.1	18.2	27.6	23.0	19.4	15.8	13.5	11.6	5.9	4.5	0.8	1.1	21.5	19.4
NIFTY ex-Energy ex Com	528,989	24.0	41.7	25.5	20.9	31.2	24.8	20.5	18.5	15.3	12.7	6.4	5.0	0.8	1.1	20.5	20.1

Note:

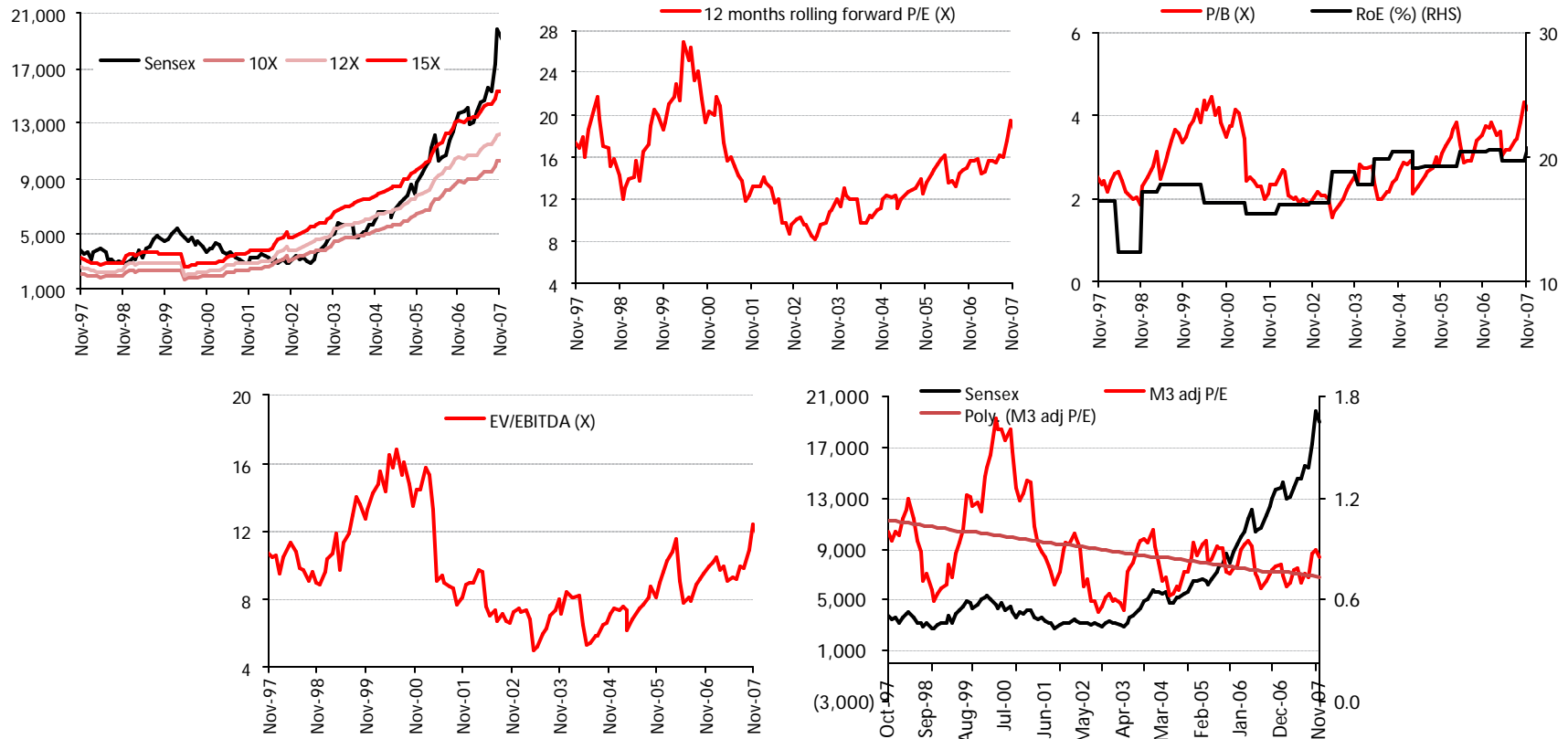
(a) Following companies are excluded: SAIL

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 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)
- 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 November 29, 2006)

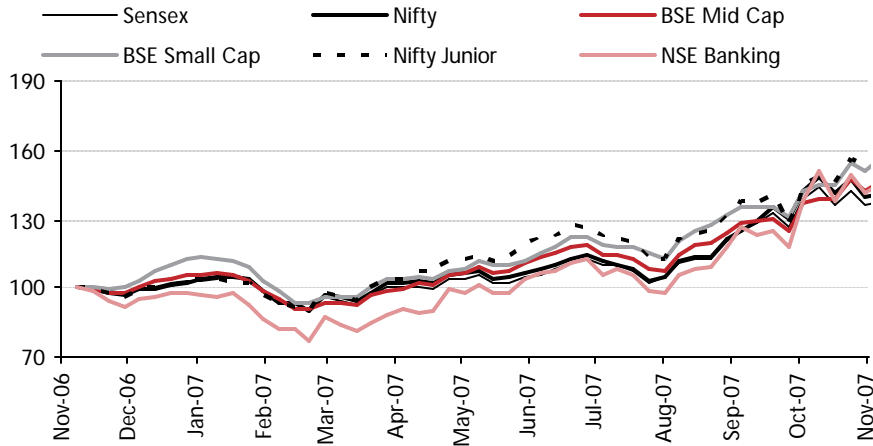


Exhibit 7: Weekly performance of the benchmark indices

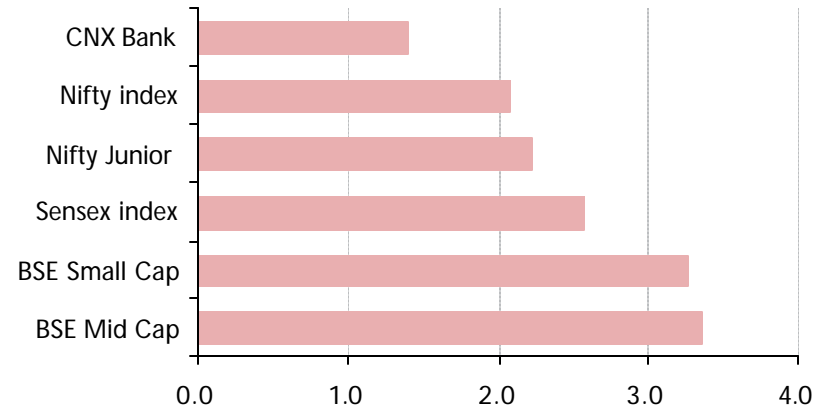


Exhibit 8: 1-month performance of the benchmark indices

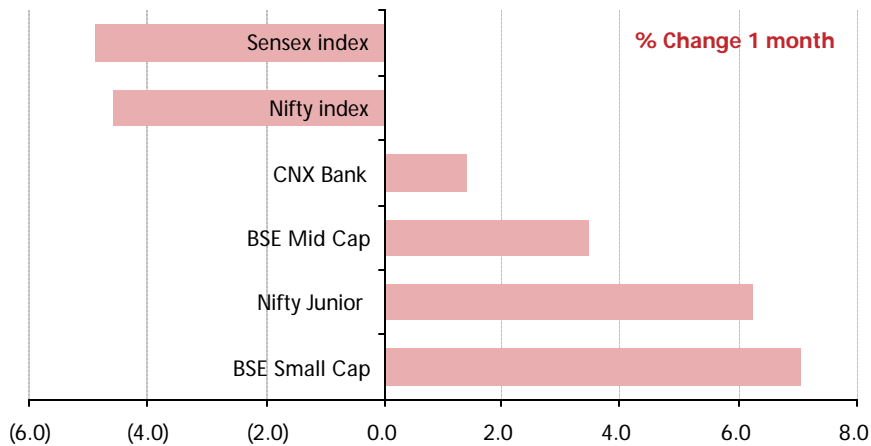
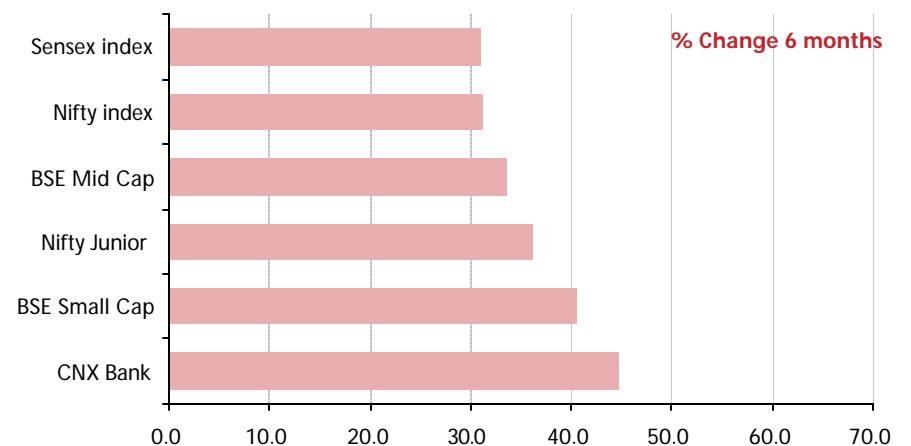


Exhibit 9: 6-month performance of the benchmark indices



Source: Bloomberg, Kotak Institutional Equities.

BSE-Sensex versus regional indices

Exhibit 10: Weekly performance

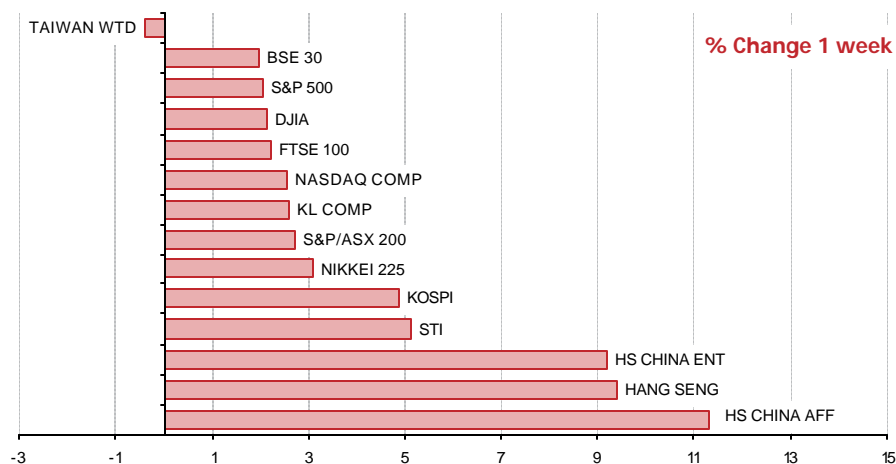


Exhibit 11: 3-month performance

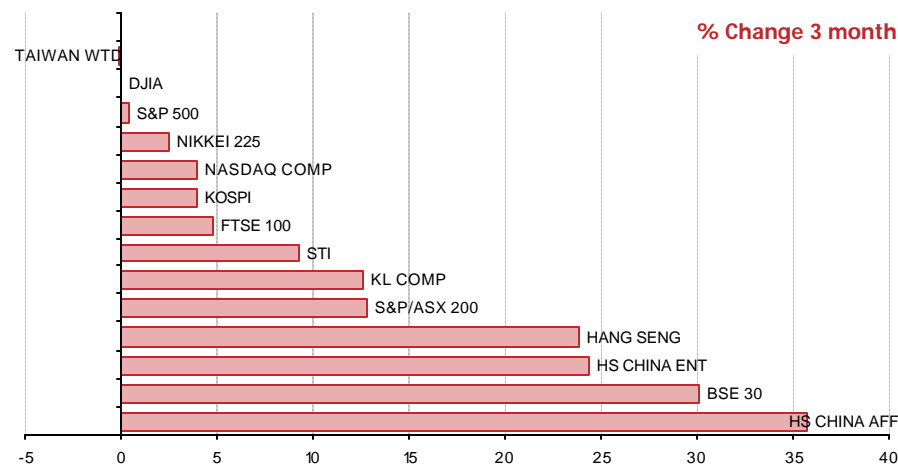


Exhibit 12: 6-month performance

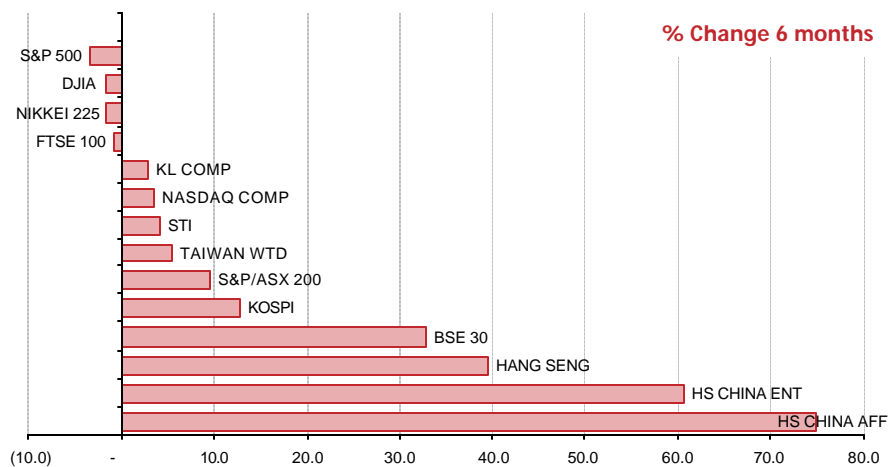
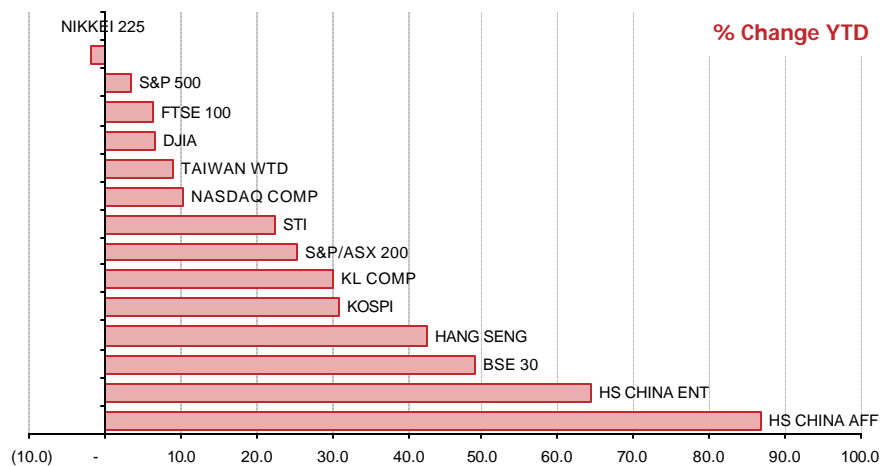


Exhibit 13: Year-to-date performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities.

Kotak Institutional Equities Research, November 30, 2007

Sectoral performance

Exhibit 14: Market performance of Sensex sectors, 29 November, 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
Automobiles	26,154	1.0	(7.9)	13.3	8.8	(3.4)	(8.1)	0.6	(2.8)	(17.0)	(30.7)
Banking	96,329	1.8	(1.0)	39.9	45.6	54.8	54.7	1.4	3.7	11.2	10.9
Consumers	29,098	(0.2)	(0.8)	7.5	8.7	(4.3)	1.9	(0.6)	3.8	(17.0)	(31.4)
Cement	19,361	(0.1)	(0.2)	15.7	35.5	11.0	14.1	(0.5)	4.5	3.5	(20.4)
Energy	150,225	0.3	(3.5)	43.9	43.6	75.8	73.0	0.0	1.3	9.7	26.0
Industrials	62,664	(1.0)	(0.7)	51.0	102.1	148.6	155.0	(1.3)	4.0	54.3	78.2
Metals	23,281	(2.0)	(10.0)	31.2	38.8	56.3	55.9	(2.3)	(4.9)	6.0	12.0
Pharmaceuticals	9,698	(1.0)	(4.4)	2.5	(9.3)	(15.9)	(19.1)	(1.3)	0.4	(30.8)	(39.7)
Telecom	77,820	(0.5)	(10.8)	13.4	16.9	51.7	43.6	(0.9)	(5.7)	(10.8)	8.7
Technology	70,275	0.1	(12.0)	(8.1)	(18.4)	(20.7)	(24.0)	(0.2)	(6.8)	(37.7)	(43.2)
Utilities	57,548	(0.1)	(1.1)	48.7	57.7	69.8	84.2	(0.5)	3.6	20.4	21.6
Sensex sum	622,453	0.3	(4.9)	26.7	31.0	39.6	37.8				

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 LANCO	21.3	1 Hexaware Technologies	(12.6)
2 Indian Bank	20.1	2 Federal Bank	(11.5)
3 Rico Auto	17.3	3 Zee Entertainment Enterprises	(7.2)
4 Sun TV Network	15.9	4 Dredging Corporation	(6.2)
5 Jindal Saw	15.1	5 Siemens	(5.9)
6 ABG Shipyard	15.1	6 GlaxoSmithkline (India)	(5.6)
7 Unitech	13.5	7 Mahindra Life Space Developer	(5.1)
8 Educomp Solutions	12.9	8 Nestle India	(4.9)
9 Lakshmi	12.5	9 Biocon	(3.6)
10 Indian Overseas Bank	12.1	10 Ranbaxy Laboratories	(3.6)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	461.2	1 Hexaware Technologies	(61.2)
2 Welspun Gujarat Stahl Rohrer	314.6	2 Vardhman	(47.2)
3 India Infoline	292.9	3 Tech Mahindra	(40.0)
4 Educomp Solutions	255.8	4 Polaris Software Lab	(38.1)
5 SREI	251.1	5 Rico Auto	(32.1)
6 GMR Infrastructure	247.5	6 Infosys Technologies	(29.9)
7 Reliance Petroleum	241.6	7 Mahindra Life Space Developer	(28.6)
8 ABG Shipyard	241.1	8 Aventis Pharma	(27.9)
9 Reliance Energy	220.1	9 TVS Motor Co	(27.7)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 GMR Infrastructure	54.1	1 Hexaware Technologies	(29.8)
2 Jindal Steel and Power	43.2	2 Patni Computer Systems	(27.2)
3 SREI	34.7	3 Tech Mahindra	(18.8)
4 DishTV	31.6	4 Zee Entertainment Enterprises	(18.0)
5 GSPL	29.1	5 Maruti Suzuki	(16.7)
6 Indian Bank	27.6	6 MTNL	(16.6)
7 ABG Shipyard	26.6	7 Infosys Technologies	(15.6)
8 Petronet LNG	20.0	8 Lupin	(14.9)
9 Hotel Leela	19.2	9 Reliance Communications	(14.3)
10 Hindustan Petroleum	18.6	10 Mindtree	(14.0)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	496.3	1 Hexaware Technologies	(57.0)
2 Educomp Solutions	434.6	2 Vardhman	(46.2)
3 Welspun Gujarat Stahl Rohrer	344.1	3 Mahindra Life Space Developer	(37.0)
4 India Infoline	332.6	4 TVS Motor Co	(36.4)
6 SREI	272.0	5 Aventis Pharma	(33.4)
7 GMR Infrastructure	229.2	6 Rico Auto	(31.3)
8 Reliance Petroleum	221.2	7 Infosys Technologies	(27.2)
9 Reliance Energy	211.6	8 Cipla	(27.1)
10 Larsen & Toubro	196.6	9 Wipro	(22.7)
11 JSW Steel	190.0	10 Patni Computer Systems	(22.2)

Source: Kotak Institutional Equities.

Fundamental & technical indicators

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

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 (%)		Discount to 1 year rolling forward P/E (%)	
Company	Premium to sector	Company	Discount to sector
Jindal Steel and Power	204.2	Monnet Ispat	77.4
i-flex solutions	198.8	Maharashtra Seamless	65.0
Aditya Birla Nuvo	170.0	Andhra Bank	63.1
HDFC	163.4	Canara Bank	62.2
GSPL	150.6	Dredging Corporation	58.6
Reliance Industries	146.0	Corporation Bank	56.9
HDFC Bank	145.4	Bharat Electronics	54.5

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

Lowest 1 year rolling forward P/E (X)	
Company	Lowest P/E
LIC Housing Finance	7.3
Andhra Bank	7.4
Hindustan Zinc	7.5
Canara Bank	7.6
Monnet Ispat	8.1
Corporation Bank	8.7
Ipca Laboratories	8.9
Bank of Baroda	9.4
Polaris Software Lab	10.0
Oil & Natural Gas Corporation	10.2
Punjab National Bank	10.3

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	61.4
ABB	48.1
Reliance Energy	46.3
Siemens	44.0
Larsen & Toubro	36.0
Bharat Heavy Electricals	35.3
HDFC	32.9
i-flex solutions	32.4
Sun TV Network	32.2
VSNL	31.0

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

Company	% discount to historical high
Bharat Heavy Electricals	0.0
CESC	0.0
Dredging Corporation	0.0
GAIL (India)	0.0
HDFC	0.0
Punjab National Bank	0.0
State Bank of India	0.0
EIH	0.0
Punjab	0.0
Sintex	0.0
Monnet Ispat	0.0
Shriram Transport	0.0
Kalpataru Power Transmission	0.0
GE Shipping	0.1
VSNL	0.9
IDFC	1.1

Note:

(a) Historical figures are generated since May 2000.

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
Petronet LNG	210.7
Gateway Distriparks	179.3
i-flex solutions	178.2
Bajaj Auto	165.2
GAIL (India)	164.0

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

Company	Sector discount
Hexaware Technologies	33.9
Bharat Electronics	38.7
Polaris Software Lab	43.6
Patni Computer Systems	44.7
MTNL	52.9

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	45.8
Divi's Laboratories	29.9
ABB	29.1
Aditya Birla Nuvo	26.2
Siemens	25.9
Larsen & Toubro	25.4
i-flex solutions	22.5
Bharat Heavy Electricals	20.1

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

Lowest 1 year rolling forward EV/EBITDA (X)

Company	Lowest EV/EBITDA
Hexaware Technologies	4.3
Oil & Natural Gas Corporation	4.7
Bharat Petroleum	4.8
Vardhman	5.0
Indian Oil Corporation	5.0
Hindustan Petroleum	5.1
Aventis Pharma	5.4
Polaris Software Lab	5.5

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 Increase volumes (%)	Price Change (%)	
			(1month basis %)
Welspun India	1,720,912	359	0.0
Rico Auto	1,467,441	184	16.0
Ashok Leyland	7,661,680	152	8.3
Colgate-Palmolive (India)	228,669	110	(0.7)
Siemens	195,236	81	(6.1)
iGate Global Solutions	46,257	61	2.8
Bajaj Auto	100,080	59	8.9

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

Company	5-day average volumes	% decrease	Price Change (%)	
				(1month basis %)
Bharat Forge	42,851	(84)	(9.9)	
Aventis Pharma	3,633	(77)	(8.6)	
Sun Pharmaceuticals	7,689	(75)	4.2	
Dr Reddy's Laboratories	26,111	(71)	0.7	
Torrent Pharma	17,245	(69)	(0.8)	
Biocon	91,802	(69)	5.6	
Castrol India	10,874	(69)	(8.3)	

Date	Sensex	Avg daily	Institutional		Sensex	Put-Call
		value traded	participation in total		delivery	
		(US\$ mn)	turnover		(%)	(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	6,685	14.8	2.7	42.0	1.02

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	India Infoline	15.0
2	DLF	8.2
3	Bharat Heavy Electricals	5.9
4	Reliance Communications	5.8
5	CESC	2.9
6	JSW Steel	2.3

Source: Kotak Institutional Equities estimates.

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	Jindal Steel and Power	52.6	14,500	9,500
2	JSW Steel	30.0	1,040	800
3	India Infoline	23.8	1,300	1,050
4	Aditya Birla Nuvo	13.3	1,880	1,660
5	LANCO	13.3	470	415
6	DLF	10.1	870	790
7	Reliance Communications	10.0	550	500

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Hexaware Technologies	(30.8)	90	130

Source:Kotak Institutional Equities.

Changes in our ratings

Exhibit 29: Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
Federal Bank	Downgraded	REDUCE	ADD
JSW Steel	Upgraded	ADD	REDUCE
GSPL	Downgraded	SELL	REDUCE
GAIL (India)	Downgraded	REDUCE	ADD

Source: Kotak Institutional Equities.

Flows

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

Trend in equity flows

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)
CY 2005	10,776	2,873
CY 2006	8,632	3,585
CY 2007	16,134	433
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	(218)
August	(1,861)	1,037
September	4,645	(187)
October	4,268	(439)
November	(1,153)	245

Exhibit 32: 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	(988)	10,936	(9,588)	(156)
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	1,037	1,235	(303)	(15)
September	2,122	1,607	(1,291)	(1)
October	(1,761)	1,210	(2,080)	(38)
November	(1,333)	446	(1,861)	(22)

Source: Bloomberg, Kotak Institutional Equities

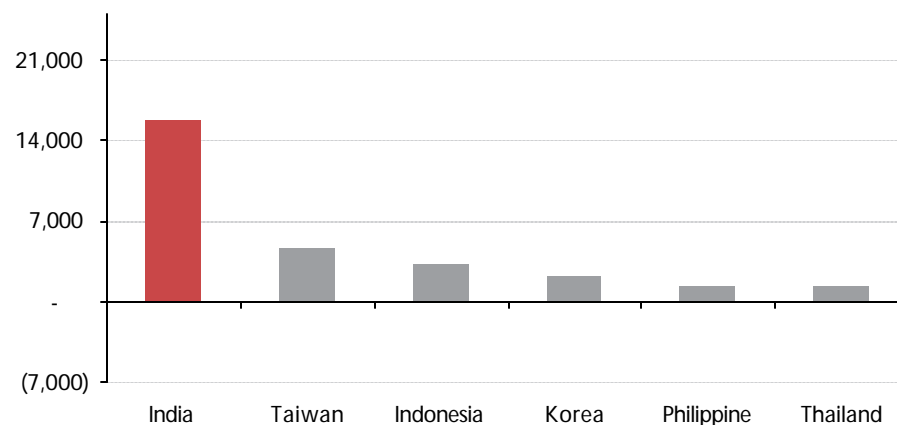
FII flows in other emerging markets

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

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
30-Oct-07	147	(319)	(6)	37	(75)
31-Oct-07	(29)	(41)	(10)	(5)	57
1-Nov-07	140	73	-	32	45
2-Nov-07	(652)	113	-	(85)	(189)
5-Nov-07	(360)	(28)	(8)	(165)	(163)
6-Nov-07	(447)	(43)	(49)	(125)	1
7-Nov-07	117	26	(6)	33	9
8-Nov-07	(441)	(20)	(22)	(80)	(71)
12-Nov-07	(695)	(5)	(7)	(144)	(203)
13-Nov-07	(416)	(33)	(34)	(93)	30
14-Nov-07	23	(4)	(6)	(19)	236
15-Nov-07	(137)	(2)	(10)	(29)	195
16-Nov-07	(606)	(43)	(14)	(54)	(20)
19-Nov-07	(147)	(12)	0	(76)	(7)
20-Nov-07	(443)	(28)	(23)	(155)	(266)
21-Nov-07	(628)	41	(2)	(126)	(551)
22-Nov-07	(269)	-	(4)	(82)	(209)
23-Nov-07	(134)	-	(16)	(41)	(43)
26-Nov-07	333	-	(2)	-	117
27-Nov-07	(222)	-	(5)	-	(65)
Total	(4,865)	(326)	(223)	(1,177)	(1,172)

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
Religare Enterprises	76	185	1,402	21-Nov-07	521	501	182	171
Dhanus Technologies	38	295	1,131	17-Oct-07	311	256	5	(13)
Koutons Retail	35	415	1,462	12-Oct-07	590	711	42	71
Power Grid Corp	5,739	52	29,845	05-Oct-07	100	143	92	175
Magnum Ventures	176	30	529	20-Sep-07	49	24	62	(21)
Indowind Energy	125	65	813	14-Sep-07	115	147	76	126
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	1,671	18	103
Puravankara Projects	215	400	8,587	30-Aug-07	362	388	(10)	(3)
KPR Mill	59	225	1,330	28-Aug-07	174	158	(23)	(30)
TakeSolutions	21	730	1,533	27-Aug-07	926	1,022	27	40
Central Bank of India	800	102	8,160	21-Aug-07	115	132	13	30
SEL manufacturing	41	90	372	21-Aug-07	142	97	58	8
Refex Refrigerants	38	65	247	20-Aug-07	62	148	(5)	127
Zylog Systems	36	350	1,260	17-Aug-07	431	312	23	(11)
IVR Prime	142	550	7,783	16-Aug-07	418	387	(24)	(30)
OMAXE Ltd	178	310	5,517	09-Aug-07	349	410	13	32
Alpa Laboratories	95	68	646	06-Aug-07	55	39	(19)	(43)
Simplex projects	30	185	555	03-Aug-07	272	320	47	73
Everonn Systems	36	140	500	01-Aug-07	478	463	241	231
Allied Digital	45	190	859	25-Jul-07	331	464	74	144
Housing Development & Infra	297	500	14,850	24-Jul-07	558	797	12	59
Soice Communications	1,131	46	5,203	18-Jul-07	61	48	32	3
Roman Tarmat	29	175	508	09-Jul-07	319	157	82	(11)
DLF	1,750	525	91,875	05-Jul-07	570	882	9	68
Vishal Retail	40	270	1,082	04-Jul-07	752	694	179	157
Nitin Fire Protection	34	190	644	05-Jun-07	484	404	155	113
Insecticides Ind	32	115	369	30-May-07	110	70	(5)	(39)
MIC Electronics	51	150	765	30-May-07	336	600	124	300
Binani Cements	205	75	1,538	28-May-07	69	121	(8)	62
Hilton Metal Forging	55	70	382	24-May-07	68	36	(3)	(48)
Bhagwati Hotels	230	40	920	17-May-07	51	79	27	98
Fortis Healthcare	460	108	4,968	09-May-07	100	80	(7)	(26)
Advanta IndiaLtd	34	640	2,163	19-Apr-07	850	1,044	33	63
ICRA Ltd	26	330	852	13-Apr-07	798	940	142	185
Orbit Corp Ltd	91	110	1,001	12-Apr-07	128	750	16	582
Gremach Infrastructure	69	86	590	11-Apr-07	84	322	(2)	274
Astral Polytechn	30	115	342	20-Mar-07	105	141	(9)	22
Abhishhek Mills L	41	100	410	19-Mar-07	91	51	(9)	(49)
AMD Metplast Ltd	102	75	763	19-Mar-07	78	42	4	(44)
Jagjanani Textil	81	25	203	19-Mar-07	23	12	(7)	(54)
Lawreshwar Polym	87	16	139	19-Mar-07	14	9	(13)	(46)
Page Industries	28	360	1,009	16-Mar-07	282	400	(22)	11
Raj Television N	36	257	917	16-Mar-07	226	184	(12)	(28)
Euro Ceramics	56	165	928	09-Mar-07	119	194	(28)	18
Idea Cellular	2,833	75	21,250	09-Mar-07	86	118	14	57
Mudra Lifestyle	96	90	862	09-Mar-07	64	89	(29)	(1)
Vijayeshwari Textiles	90	100	900	09-Mar-07	69	51	(31)	(49)
Indus Fila Ltd	48	170	823	08-Mar-07	132	293	(22)	72

Source: Bloomberg and Kotak Institutional Equities.

Exhibit 34: Forthcoming IPO/Follow on offerings

Company	Issue
RELIANCE POWER LTD.	IPO
EMAAR MGF LAND LTD.	IPO
NATIONAL HYDROELECTRIC POWER CORP.LTD.	IPO
FUTURE CAPITAL HOLDINGS LTD.	IPO
RURAL ELECTRIFICATION CORP.LTD.	IPO
IRB INFRASTRUCTURE DEVELOPERS LTD.	IPO
WOCKHARDT HOSPITALS LTD.	IPO
BGR ENERGY SYSTEMS LTD.	IPO
ONMOBILE GLOBAL LTD.	IPO
KOLTE-PATIL DEVELOPERS LTD.	IPO
BRIGADE ENTERPRISES LTD.	IPO
GAMMON INFRASTRUCTURE PROJECTS LTD.	IPO
JYOTHY LABORATORIES LTD.	IPO
PRINCE FOUNDATIONS LTD.	IPO
RNS INFRASTRUCTURE LTD.	IPO
MANAKSIA LTD.	FPO
RAMSARUP LOHH UDYOG LTD.	IPO
TCG LIFESCIENCES LTD.	IPO
KNR CONSTRUCTIONS LTD.	IPO
PERSISTENT SYSTEMS LTD.	IPO
SURYA FOODS & AGRO LTD.	IPO
NEEL METAL PRODUCTS LTD.	IPO
TECPRO SYSTEMS LTD.	IPO
TRANSFORMERS & RECTIFIERS (INDIA) LTD.	IPO
GSS AMERICA INFOTECH LTD.	IPO
ECLERX SERVICES LTD.	IPO
MAN INFRACONSTRUCTION LTD.	IPO
RITHVIK PROJECTS LTD.	IPO
SHRIRAM EPC LTD.	IPO
TITAGARH WAGONS LTD.	IPO
YBRANT TECHNOLOGIES LTD.	IPO
PRECISION PIPES & PROFILES CO.LTD.	IPO
ANU'S LABORATORIES LTD.	IPO
BANG OVERSEAS LTD.	IPO
JHAVERI FLEXO INDIA LTD.	FPO

Source: Primedatabase .

Bulk deals

Bulk/block deals during the week

Deal Date	Scrip Name	Action	Quantity	Price	value (Rs mn)	Exchange
28-Nov	VIDEOCON IND	Buy	1496000	413	618	BSE
28-Nov	VIDEOCON IND	Sell	1496000	413	618	BSE
27-Nov	PRAJAY ENG S	Sell	646541	369	239	BSE
27-Nov	PRAJAY ENG S	Buy	646541	369	239	BSE
26-Nov	ARSHIYA INTL	Buy	750000	268	201	BSE
27-Nov	Bombay Dyeing & Mfg Co.	SELL	195737	670.89	131	NSE
26-Nov	MARG CONSTRU	Buy	200000	420.24	84	BSE
23-Nov	KOPRAN LTD.	Sell	2360000	30.32	72	BSE
26-Nov	Empee Distilleries Limite	SELL	155000	384.21	60	NSE
23-Nov	SUJANATOWER	Sell	351126	139.94	49	BSE
26-Nov	Empee Distilleries Limite	SELL	129121	341.71	44	NSE
28-Nov	SARDA ENMIN	Sell	100300	417	42	BSE
28-Nov	IWIND ENERGY	Sell	250000	150	38	BSE
26-Nov	VAKRAN SOFTW	Sell	230914	160.06	37	BSE
28-Nov	SARDA ENMIN	Buy	75000	417	31	BSE
26-Nov	SUJANATOWER	Sell	204800	141.48	29	BSE
26-Nov	VAKRAN SOFTW	Buy	175000	159.98	28	BSE
26-Nov	Vakrangee Softwares Limit	BUY	175000	159.92	28	NSE
28-Nov	VAKRAN SOFTW	Buy	106573	168.03	18	BSE
26-Nov	J.K.INVESTO	Sell	65000	181.62	12	BSE
26-Nov	J.K.INVESTO	Buy	61848	181.97	11	BSE
26-Nov	PANASONIC	Buy	305350	29.15	9	BSE
27-Nov	KEC Infrastructures Ltd.	SELL	220000	38.67	9	NSE
23-Nov	Barak Valley Cements Limi	SELL	130101	60.88	8	NSE
23-Nov	BARAK VALL	Sell	129389	60.03	8	BSE
28-Nov	ALLIED COMP	Sell	142857	41	6	BSE
26-Nov	AHLCON PAREN	Buy	90599	62.5	6	BSE
26-Nov	KASHYAP TEC	Sell	500000	3.88	2	BSE
28-Nov	KASHYAP TEC	Sell	500000	3.79	2	BSE

Source: BSE and NSE

Delivery positions

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

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Sintex Industries Limited	49	98
Jyoti Structures Limited	49	84
Shoppers' Stop Ltd	64	98
Kec International Ltd	39	71
Pantaloon Retail India Ltd	55	85
Gvk Power & Infrastructure	69	96
India Cements Limited	38	65
Ht Media Ltd	73	100
Godrej Industries Ltd	48	72

Decrease in delivery % (KIE universe)

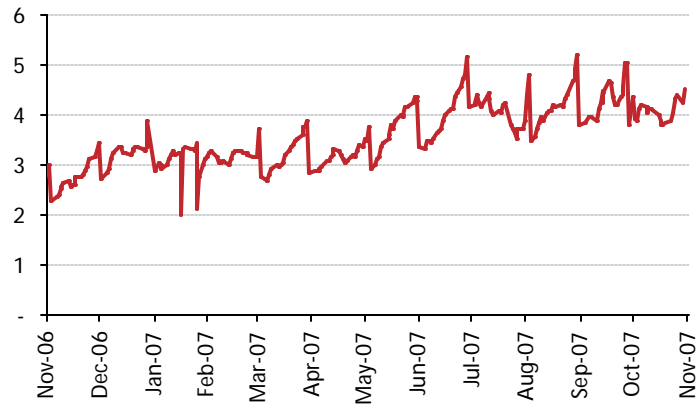
Name	Delivery %	
	Previous week	Current week
Punj Lloyd Limited	46	-
Jet Airways India Ltd	67	23
Bharat Forge Limited	62	28
Indian Hotels Co Limited	67	34
HCL Technologies Ltd	97	66
Infrastructure Dev Finance	53	27
Housing Development Finance	85	61
Oil & Natural Gas Corp Ltd	67	46
Wipro Ltd	57	36

Source: Bloomberg and Kotak Institutional Equities.

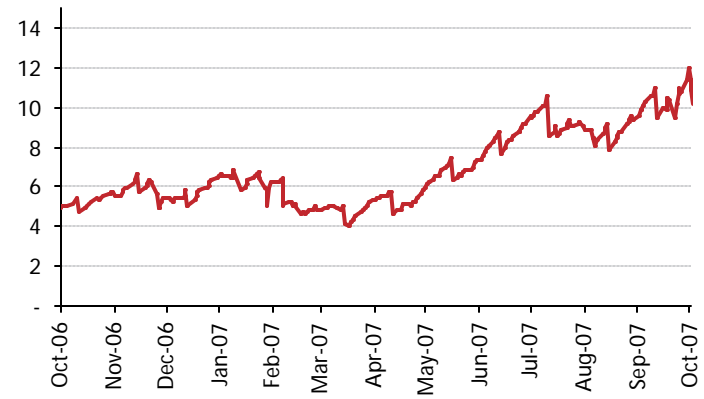
Open interest analysis

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

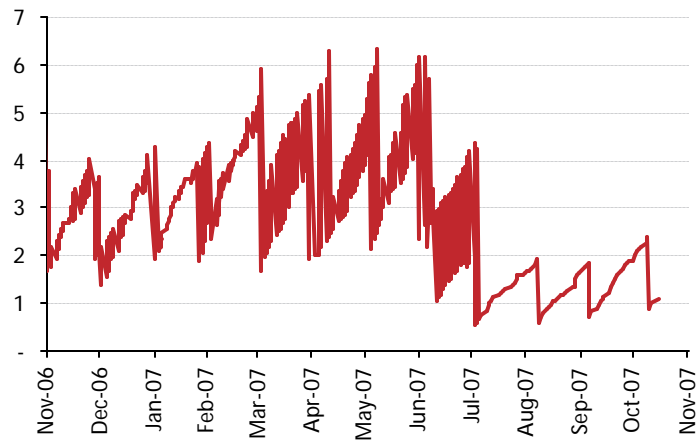
India Index futures open interest



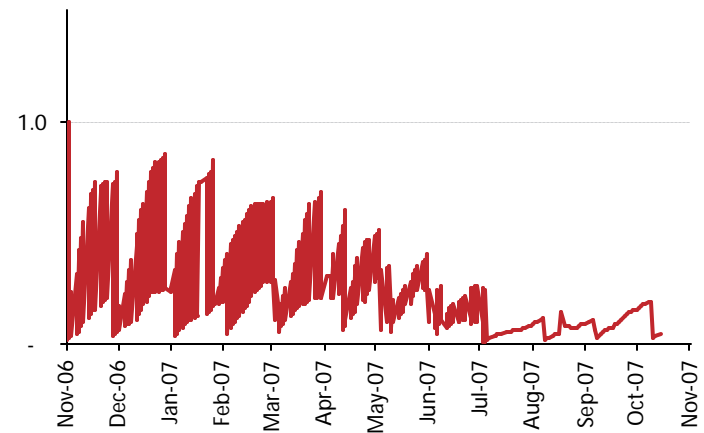
India stock futures open interest



India Index option open interest



India stock option open interest

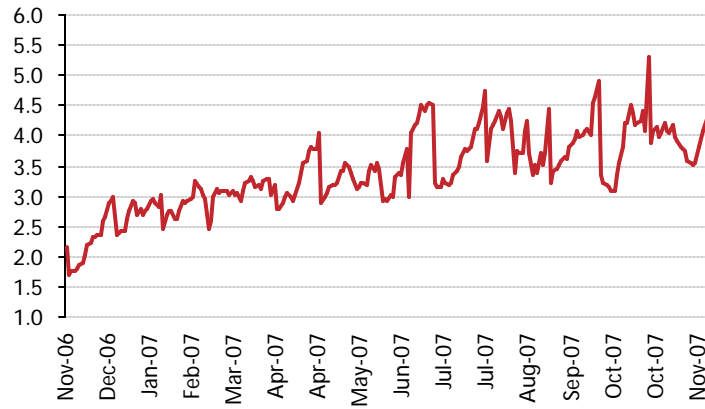


Source: Bloomberg and Kotak Institutional Equities.

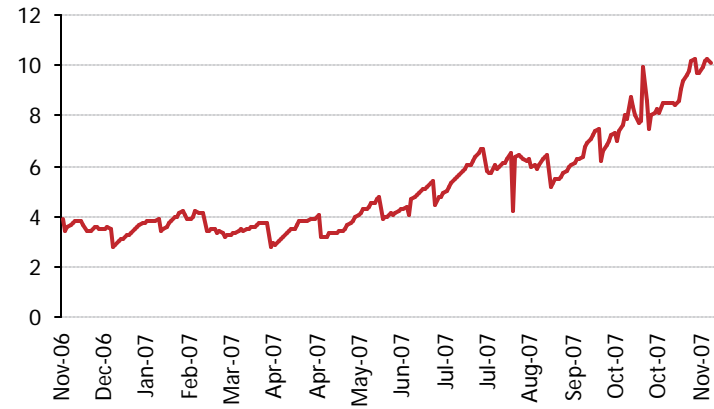
Open interest analysis

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

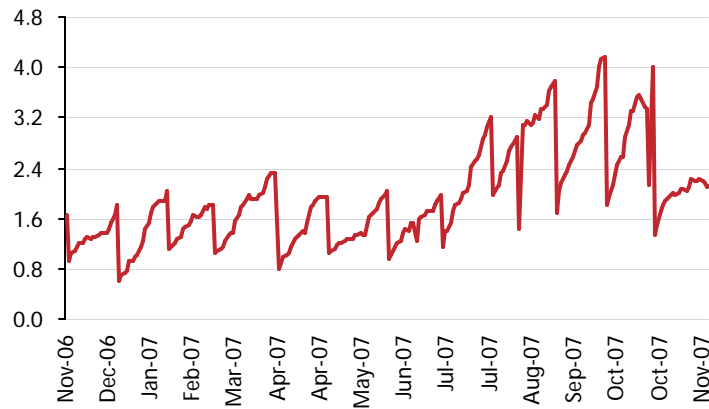
Index futures value of open interest



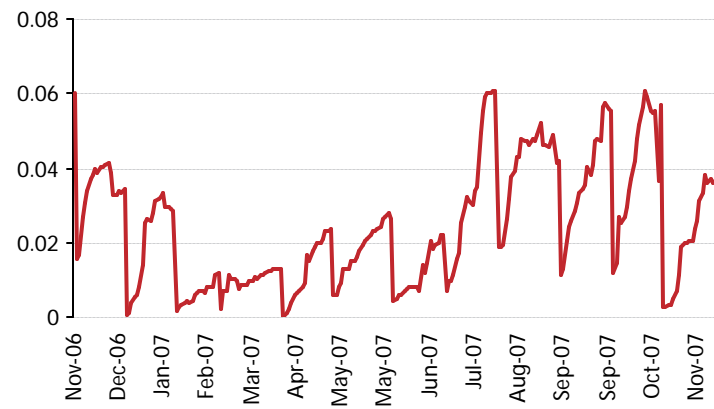
Stock futures value of open interest



Index options value of open interest



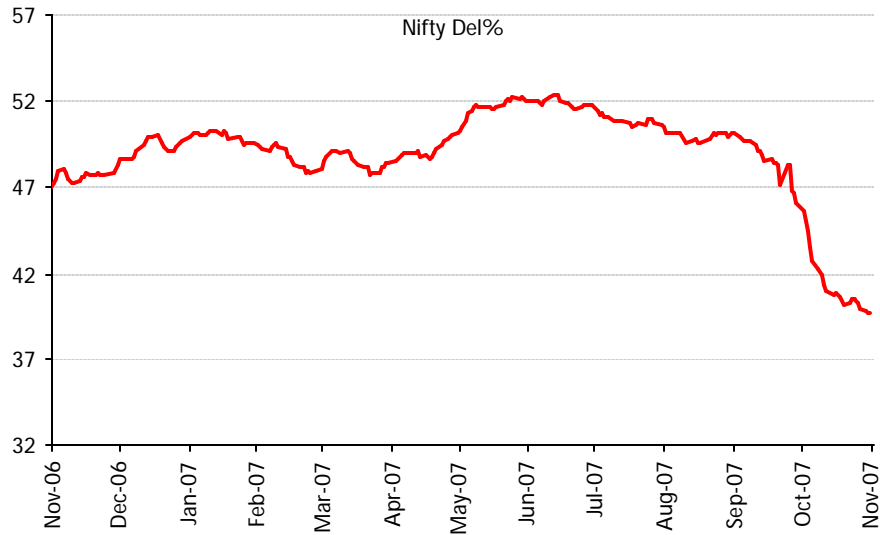
Stock options value of open interest



Source: Bloomberg and Kotak Institutional Equities.

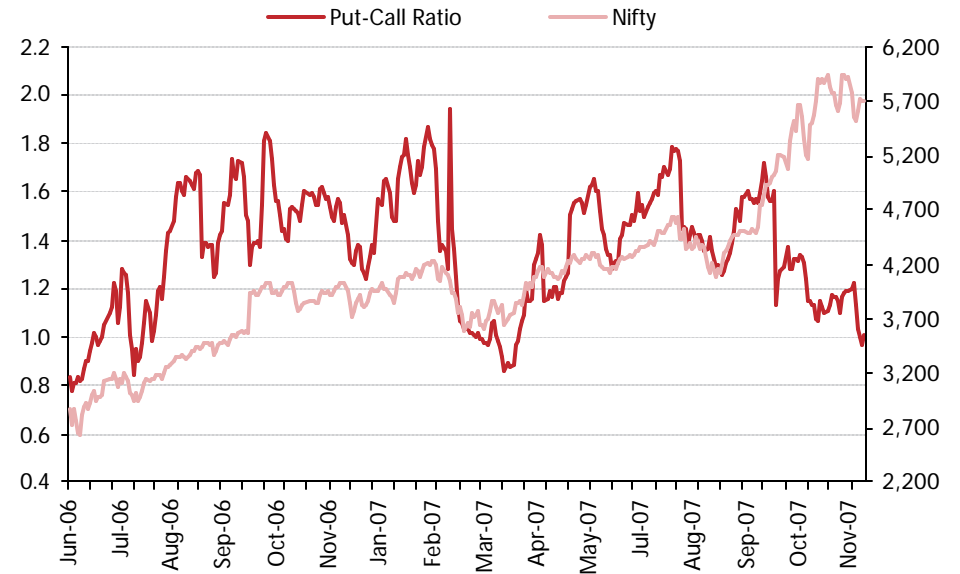
Market movement indicators

Exhibit 39: Aggregate delivery percentage



Source: Bloomberg and Kotak Institutional Equities.

Exhibit 40: Put call ratio versus Nifty



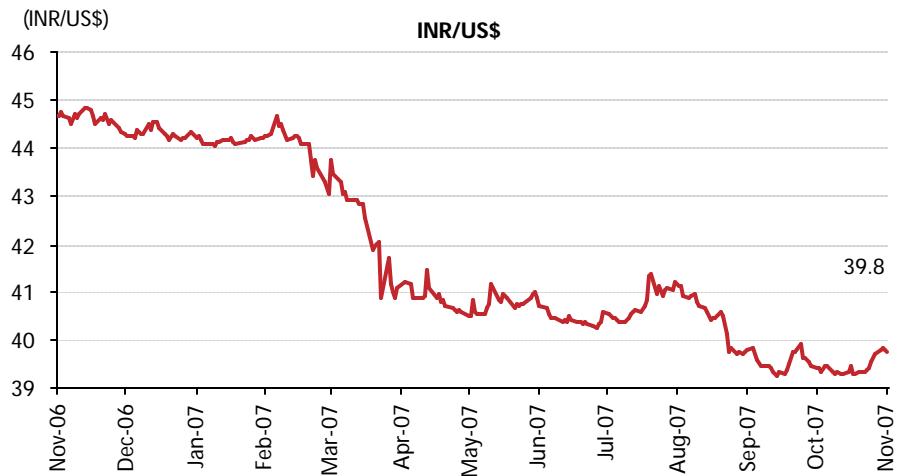
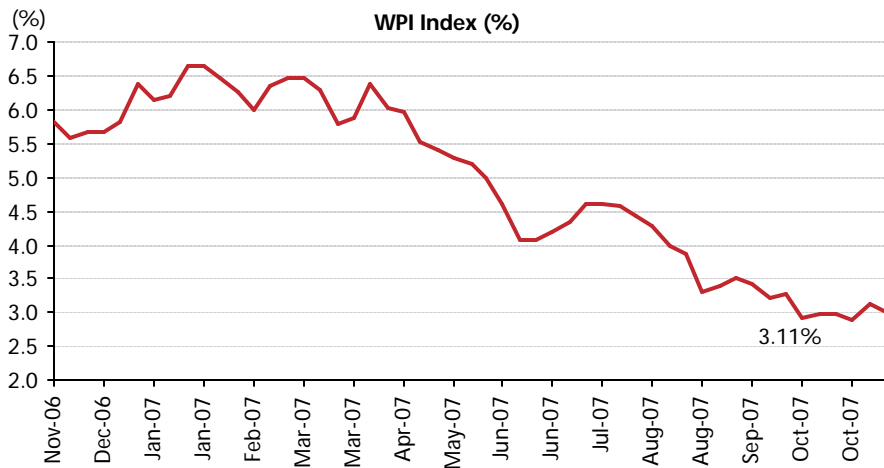
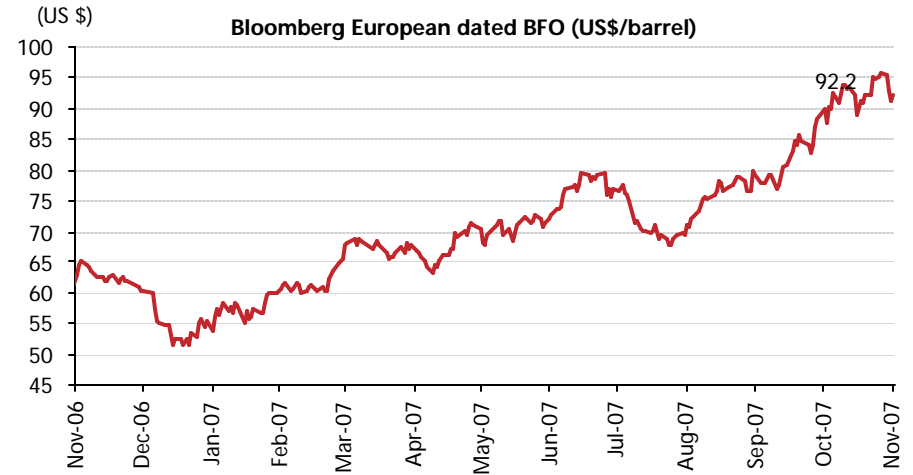
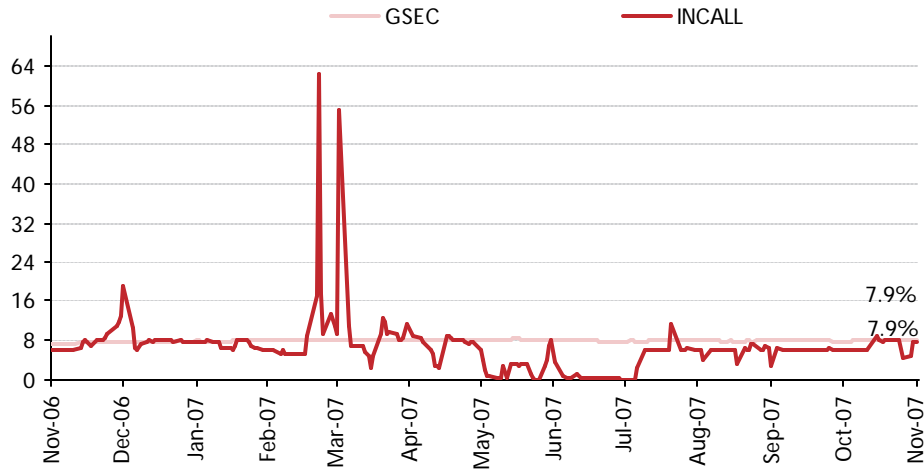
Put call is for Nifty open interest

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	29-Nov-07		Mkt cap.		O/S Shares (mn)	EPS (Rs)			EPS Growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price (Rs)	Upside (%)	ADVT-3mo US\$ mn
	Price (Rs)	Rating	(Rs. mn)	(US\$ mn)		2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E			
Industrials																													
ABB	1,548	REDUCE	328,087	8,247	212	16.1	24.7	36.0	55.6	54.0	45.4	96.4	62.6	43.1	58.5	37.6	25.6	27.4	19.9	14.0	0.1	0.2	0.2	32.4	36.8	38.2	1,575	1.7	16.4
AIA Engineering	1,483	BUY	27,875	701	19	51.4	64.3	98.4	74.4	25.2	53.1	28.9	23.1	15.1	20.5	15.8	9.8	5.7	4.6	3.6	0.2	0.4	0.7	25.1	21.7	26.1	1,750	18.0	1.9
Bharat Electronics	1,800	REDUCE	144,016	3,620	80	91.7	105.7	126.0	21.9	15.3	19.3	19.6	17.0	14.3	10.5	8.7	7.0	5.3	4.3	3.5	1.0	1.4	1.4	30.3	28.1	27.2	1,900	5.5	4.5
Bharat Heavy Electricals	2,687	ADD	1,315,291	33,063	490	49.3	64.3	82.1	44.1	30.4	27.7	54.5	41.8	32.7	29.8	23.4	18.3	15.0	11.8	9.3	0.4	0.5	0.7	30.0	31.6	31.8	2,500	(7.0)	70.7
Dredging Corporation	994	ADD	27,828	700	28	55.9	76.1	70.3	(8.4)	36.1	(7.6)	17.8	13.1	14.1	10.9	8.4	8.4	2.5	2.2	1.9	1.5	1.5	1.5	13.2	12.4	10.8	775	(22.0)	3.0
Larsen & Toubro	4,092	BUY	1,177,559	29,601	288	62.8	91.1	122.9	59.4	45.1	34.8	65.2	44.9	33.3	40.6	28.1	20.8	15.3	11.3	8.4	0.2	0.2	0.2	27.6	28.9	29.4	4,050	(1.0)	8.9
Maharashtra Seamless	495	BUY	35,043	881	71	33.5	37.8	45.0	38.3	12.7	19.0	14.7	13.1	11.0	8.9	7.5	5.9	3.5	2.8	2.2	0.8	0.9	1.0	32.6	23.6	22.6	680	37.5	3.4
Siemens	1,818	SELL	306,436	7,703	169	22.7	30.3	46.8	31.3	33.5	54.3	80.0	60.0	38.9	45.6	35.3	21.6	24.6	18.7	13.7	0.2	0.3	0.4	35.3	35.5	40.7	1,550	(14.7)	14.5
Suzlon Energy	1,827	REDUCE	551,180	13,855	302	30.1	41.4	71.7	14.4	37.8	73.1	60.7	44.1	25.5	41.4	27.1	17.6	15.7	12.0	8.4	0.3	0.3	0.3	27.7	30.9	38.8	1,850	1.3	41.8
Industrials																													
Infrastructure																													
GMR Infrastructure	247	SELL	408,954	10,280	1,655	1.1	1.8	2.1	97.5	66.6	17.6	234.5	140.7	119.7	79.3	85.0	40.4	17.9	15.1	12.4	—	—	—	10.6	11.6	11.4	135	(45.4)	87.0
Media																													
DishTV	83	REDUCE	35,435	891	428	(5.9)	(8.1)	(7.2)	n/a	37.6	(11.1)	(14.1)	(10.2)	(11.5)	(19.5)	(23.7)	(14.9)	(8.9)	(9.2)	(5.1)	—	—	—	(330.6)	162.8	57.0	80	(3.3)	9.2
HT Media	212	ADD	49,563	1,246	234	4.1	6.8	10.7	53.6	63.9	57.7	51.2	31.3	19.8	28.3	18.0	11.1	6.3	5.4	4.4	0.1	0.5	0.9	12.8	18.5	24.5	250	18.1	0.8
Jagran Prakashan	636	ADD	38,291	963	60	12.2	21.0	29.8	44.5	72.1	41.7	52.1	30.3	21.4	30.8	17.8	12	7.5	6.9	6.2	1.2	1.8	2.6	14.7	23.7	30.5	735	15.6	0.2
Sun TV Network	361	SELL	142,401	3,580	394	6.3	9.3	12.2	20.8	46.3	31.3	57.0	39.0	29.7	31.9	21.4	16.2	11.9	9.9	8.2	0.4	0.7	1.0	32.9	27.8	30.2	300	(17.0)	2.2
Zee Entertainment Enterprises	282	SELL	122,201	3,072	434	5.5	8.3	11.8	11.2	52.0	41.7	51.6	34.0	24.0	38.8	22.1	16	4.7	4.3	3.8	0.5	0.7	0.9	10.0	13.2	16.8	260	(7.8)	15.6
Media																													
Metals																													
Hindalco Industries	181	BUY	236,405	5,943	1,307	19.6	17.5	15.9	55.2	(10.9)	(8.8)	9.2	10.4	11.4	6.9	6.4	6.4	1.7	1.2	1.2	0.8	1.0	1.0	21.0	14.3	10.8	210	16.1	25.3
National Aluminium Co.	360	ADD	232,016	5,832	644	37.0	27.6	24.7	55.4	(25.3)	(10.7)	9.7	13.0	14.6	5.0	6.6	7.6	2.8	2.4	2.2	2.1	2.1	2.1	32.1	20.0	15.9	315	(12.5)	2.0
Jindal Steel and Power	12,726	ADD	391,859	9,850	31	280.8	361.2	526.4	47.6	28.6	45.7	45.3	35.2	24.2	27.3	21.3	15.5	12.8	9.3	6.6	0.1	0.2	0.2	28.2	26.4	27.4	14,500	13.9	51.1
JSW Steel	966	ADD	179,526	4,513	186	67.8	92.0	107.6	51.3	35.7	16.9	14.2	10.5	9.0	7.7	7.2	6.9	2.7	1.8	1.5	1.3	1.9	1.9	22.1	21.2	18.7	1,040	7.6	18.4
Hindustan Zinc	788	BUY	332,803	8,366	423	105.1	99.2	108.4	201.7	(5.6)	9.2	7.5	7.9	7.3	5.2	4.8	3.9	4.2	2.8	2.1	0.6	1.0	1.0	73.4	42.3	32.6	1,110	40.9	3.4
Sesa Goa	3,264	BUY	128,476	3,230	39	154.1	192.8	323.9	12.5	25.1	68.0	21.2	16.9	10.1	14.1	10.6	5.9	8.3	6.3	4.3	1.5	2.1	2.5	45.4	42.6	50.9	3,810	16.7	23.4
Sterilite Industries	919	ADD	651,177	16,369	708	83.1	62.2	62.8	37.5	(25.2)	1.0	11.1	14.8	14.6	7.6	7.1	6.5	6.0	2.8	2.4	—	—	—	50.7	26.0	17.9	1,025	11.5	57.4
Tata Steel	802	REDUCE	689,729	17,338	860	50.9	53.6	58.6	(20.9)	5.4	9.3	15.8	15.0	13.7	9.6	8.5	8.3	4.3	2.2	2.0	1.4	1.5	1.5	36.8	23.3	15.0	775	(3.4)	73.9
Metals																													
Oil & Gas																													
Bharat Petroleum	383	REDUCE	125,605	3,157	328	52.3	42.4	25.6	578.0	(18.9)	(39.6)	7.3	9.0	14.9	3.7	4.1	5.4	1.1	1.1	0.9	4.6	4.6	2.8	16.2	11.8	6.7	375	(2.1)	7.1
Cairn India	204	SELL	359,948	9,048	1,765	2.3	0.5	1.6	27.6	(78.0)	210.3	88.7	403.3	130.0	47.5	42.2	38.7	1.2	1.2	1.2	—	—	—	2.7	0.3	0.9	145	(28.9)	26.7
Castrol India (a)	271	ADD	33,506	842	124	12.2	18.3	20.4	3.2	50.1	11.3	22.2	14.8	13.3	12.8	8.5	7.6	7.9	7.1	6.4	3.3	4.4	5.2	36.6	50.5	50.7	310	14.4	0.6
GAIL (India)	418	REDUCE	353,482	8,886	846	25.3	28.6	29.4	(9.5)	12.9	3.1	16.5	14.6	14.2	9.6	8.7	7.8	2.8	2.5	2.2	2.4	2.4	2.6	16.8	16.8	15.4	380	(9.1)	19.9
GSPCL	72	SELL	38,894	978	544	1.6	1.4	4.4	40.0	(15.3)	220.8	43.7	51.6	16.1	16.0	13.5	7.8	3.7	3.5	2.9	0.7	0.6	1.9	8.8	6.9	19.8	59	(17.5)	3.8
Hindustan Petroleum	282	ADD	95,465	2,400	339	40.0	26.8	27.2	503.8	(33.1)	1.7	7.0	10.5	10.3	4.5	5.8	5.0	0.9	0.8	0.8	6.4	3.6	3.6	11.9	7.5	7.2	300	6.5	10.4
Indian Oil Corporation	530	REDUCE	624,450	15,697	1,179	46.8	66.1	45.3	21.3	41.1	(31.5)	11.3	8.0	11.7	5.4	4.1	4.9	1.7	1.5	1.3	3.6	3.8	2.9	15.0	18.4	11.2	500	(5.6)	8.7
Oil & Natural Gas Corporation	1,141	REDUCE	2,440,898	61,358	2,139	83.3	108.2	113.0	13.5	29.9	4.4	13.7	10.5	10.1	5.6	4.8	4.2	2.7	2.3	2.0	2.7	2.9	2.9	19.9	22.5	20.5	1,100	(3.6)	54.5
Petronet LNG	100	SELL	75,225	1,891	750	4.2	5.7	5.0	—	37.2	(12.4)	24.0	17.5	20.0	12.8	10.4	12.4	4.9	3.8	3.3	1.2	1.5	1.0	22.4	23.6	17.1	57	(43.2)	27.6
Reliance Industries	2,818	RS	3,535,260	88,867	1,254	82.8	94.5	127.9	31.2	14.1	35.3	34.0	29.8	22.0	18.0	16.4	11.3	5.0	4.9	3.1	0.4	0.5	0.6	19.1	17.8	19.6	—	—	313.9
Reliance Petroleum	215	SELL	967,725	24,326	4,500	(0.0)	(0.0)	4.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	38.7	7.2	7.2	6.3	—	—	—	(0.0)	(0.1)	13.5	170	(20.9)	257.8
Oil & Gas																													
Pharmaceutical																													
Cipla	182	REDUCE	141,078	3,546	777	8.6	7.5	8.4	6.0	(12.6)	11.7	21.1	24.2	21.6	15.2	16.4	14.8	4.4	3.9	3.6	1.1	1.4	1.7	25.6	17.1	17.3	180	(0.8)	11.2
Dr Reddy's Laboratories	616	BUY	103,476	2,601	168	60.9	35.3	50.3	536.8	(42.0)	42.4	10.1	17.4	12.2	6.2	8.9	6.9	2.6	2.3	2.0	0.6	1.3	1.8	31.8	14.0	17.6	800	29.8	7.0
Glenmark Pharmaceuticals	462	REDUCE	122,944	3,091	266	13.0	23.4	25.8	258.0	79.7	10.4	35.5	19.8	17.9	29.7	15.5	13.2	17.9	6.6	5.0	0.1	0.2	0.2	58.5	48.1	32.6	488	5.5	7.3
Ranbaxy Laboratories	379	BUY	141,229	3,550	373	13.7	20.0	19.8	115.7	45.9	(0.7)	27.7	19.0	19.1	18.9	13.3	13.5	5.3	4.5	4.0	2.2	2.5	2.8	20.3	26.9	24.0	485	28.0	17.7
Sun Pharmaceutical	1,099	BUY	228,521	5,744	208	41.7	44.9	49.4	35.1	7.6	10.0	26.3	24.5	22.2	24.1	18.9	16.1	7.9	4.8	4.0	0.6	0.8	1.0	36.0	25.4	20.6	1,270	15.6	1.4
Pharmaceuticals																													
Property																													

Valuation summary

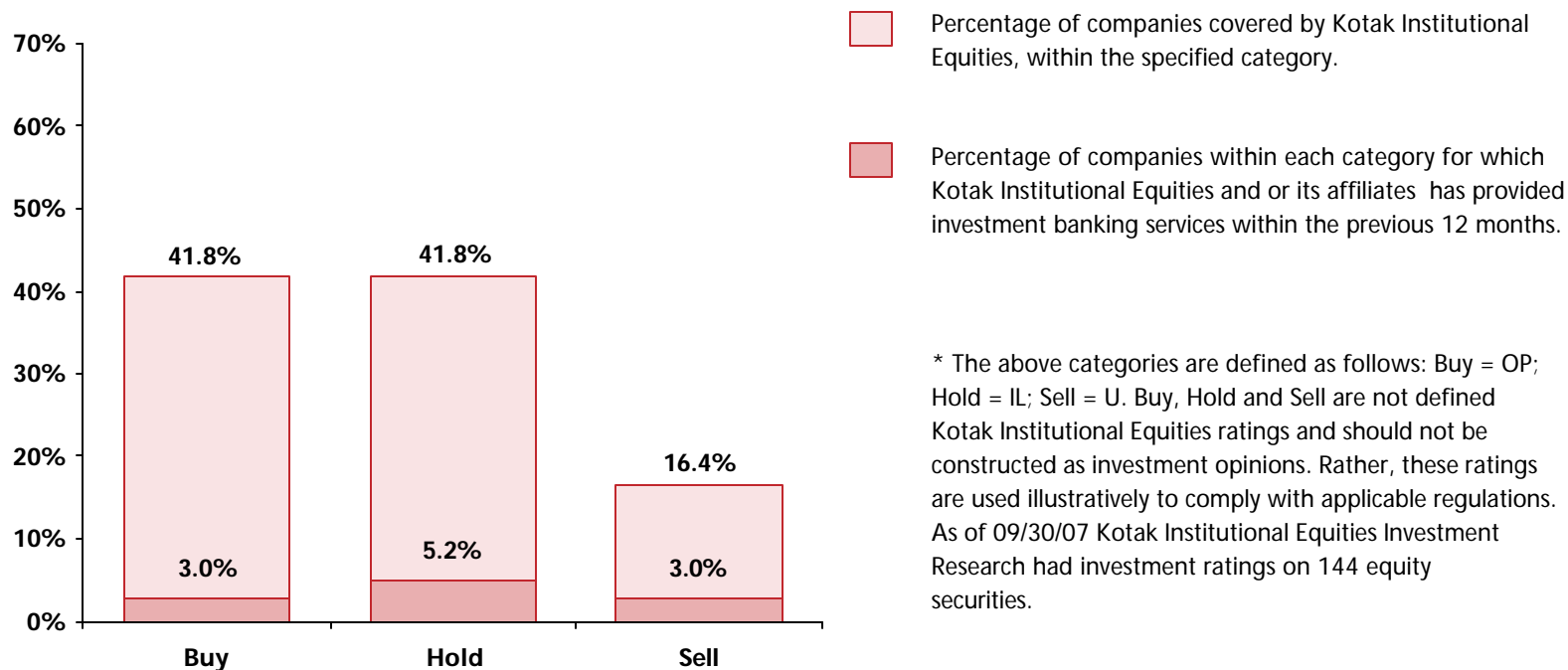
Kotak Institutional Equities Universe

Company	29-Nov-07		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	2007E	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	(Rs)	Upside	3mo	
Technology																														
HCL Technologies	313	ADD	217,813	5,475	695	18.9	18.8	22.4	65.7	(0.1)	19.1	16.6	16.6	14.0	15.2	12.9	10.4	4.1	3.9	3.4	2.5	2.6	2.6	28.5	25.3	26.4	330	5.3	10.6	
Hexaware Technologies	78	SELL	11,015	277	142	8.9	8.1	10.4	16.1	(9.3)	29.7	8.7	9.6	7.4	5.7	4.9	3.3	1.5	1.3	1.1	2.1	2.1	2.1	22.8	14.6	16.8	90	16.1	0.7	
i-flex solutions	1,454	SELL	121,110	3,044	83	33.2	34.4	50.2	15.9	3.4	46.2	43.8	42.3	28.9	31.8	29.1	19.7	5.4	4.9	4.4	-	0.7	0.8	15.3	12.2	16.1	1,400	(3.7)	2.2	
iGate Global Solutions	369	NR	11,700	294	32	15.7	23.8	29.3	101.5	51.7	23.2	23.6	15.5	12.6	12.6	8.8	6.6	3.8	3.1	2.6	0.6	0.7	0.8	17.2	22.0	22.5	—	—	0.8	
Infosys Technologies	1,570	BUY	900,950	22,648	574	67.0	80.4	98.4	48.7	20.0	22.4	23.4	19.5	15.9	19.1	15.8	12.1	7.9	6.0	4.7	0.8	1.0	1.2	40.7	35.1	33.0	2,200	40.2	91.4	
Mphasis BFL	278	REDUCE	57,991	1,458	208	7.3	13.8	18.7	(21.5)	88.8	35.4	38.1	20.2	14.9	27.8	12.4	9.0	5.8	0.8	3.9	0.8	1.3	1.4	14.4	25.9	28.7	300	7.9	0.7	
Mindtree	417	ADD	16,110	405	39	22.8	24.5	32.4	23.3	7.6	32.2	18.3	17.0	12.9	14.4	13.0	9.3	3.7	3.1	2.5	0.2	0.6	0.8	31.9	20.1	21.7	530	27.1	1.4	
Patni Computer Systems	315	SELL	43,792	1,101	139	25.7	31.5	29.9	19.2	22.5	(5.2)	12.3	10.0	10.5	6.4	5.4	5.2	1.9	1.8	1.6	0.6	1.0	0.9	12.5	19.7	16.3	360	14.3	10.3	
Polaris Software Lab	107	SELL	10,518	264	98	10.3	9.1	11.6	359.1	(12.0)	28.0	10.4	11.8	9.2	5.7	6.3	4.6	1.7	1.6	1.4	1.6	1.6	1.6	17.7	14.0	15.9	110	2.8	2.4	
Satyam Computer Services	426	BUY	285,578	7,179	671	21.4	25.4	31.1	41.7	18.3	22.5	19.8	16.8	13.7	16.1	12.9	9.8	5.0	4.0	3.3	1.8	2.3	2.8	27.9	26.5	26.4	550	29.2	36.5	
TCS	977	ADD	955,857	24,028	979	42.2	51.8	61.3	43.3	22.6	18.5	23.1	18.9	15.9	18.5	15.2	12.1	10.7	8.2	6.5	1.2	2.1	2.5	55.8	49.3	45.5	1,225	25.4	39.1	
Tech Mahindra	1,002	REDUCE	122,126	3,070	122	47.0	60.6	85.9	124.3	29.0	41.9	21.3	16.5	11.7	16.5	13.4	8.5	13.7	7.4	4.5	0.3	0.4	0.5	81.3	62.2	51.4	1,300	29.7	6.3	
Wipro	451	BUY	653,225	16,420	1,450	19.8	22.7	28.6	39.3	14.7	25.8	22.7	19.8	15.8	17.7	15.8	11.6	6.4	5.2	4.2	1.2	1.4	1.9	31.7	29.0	29.4	570	26.5	16.7	
Technology		Attractive	3,407,786	85,663					48.4	19.8	22.5	22.5	18.7	15.3	17.8	14.8	11.3	6.8	5.5	4.4	1.1	1.6	1.9	30.3	29.4	28.8				
Telecom																														
Bharti Airtel Ltd	916	REDUCE	1,736,012	43,639	1,896	21.4	34.6	45.7	100.3	61.8	32.0	42.8	26.4	20.0	23.9	15.5	11.2	14.9	9.5	6.5	—	0.2	0.4	42.4	43.8	38.6	775	(15.4)	88.0	
IDEA	118	SELL	310,619	7,808	2,635	2.2	4.3	5.5	146.3	95.2	28.2	54.1	27.7	21.6	22.9	15.2	11.4	8.7	6.6	5.1	0.8	—	—	21.5	27.1	26.6	110	(6.7)	23.8	
MTNL	161	SELL	101,336	2,547	630	7.2	7.9	8.8	8.1	9.9	11.7	22.5	20.4	18.3	8.7	7.3	6.8	0.9	0.8	0.8	3.7	10.1	5.0	3.4	2.7	3.9	135	(16.1)	14.2	
Reliance Communications	665	SELL	1,359,775	34,181	2,045	14.2	25.3	32.1	554.4	78.2	27.1	46.9	26.3	20.7	24.2	15.9	11.8	5.9	4.8	3.9	0.1	0.2	0.2	17.8	16.6	22.1	550	(17.3)	159.8	
VSNL	559	ADD	159,244	4,003	285	17.2	15.9	19.1	(7.8)	(7.2)	19.7	32.5	35.0	29.3	13.5	14.9	12.7	2.5	2.4	2.2	0.8	0.8	0.9	7.4	6.6	7.5	550	(1.6)	9.2	
Telecom		Cautious	3,666,985	92,179					134.0	65.9	28.6	42.5	25.6	19.9	22.4	15.2	11.3	6.5	5.2	4.2	0.2	0.5	0.5	15.4	20.5	21.2				
Textiles																														
Vardhman	146	ADD	9,164	230	63	29.5	22.7	31.6	3.9	(22.9)	39.0	4.9	6.4	4.6	5.8	6.8	4.9	0.6	0.5	0.5	2.5	2.2	3.1	14.1	8.9	11.2	220	51.2	0.0	
Textiles																														
Transmission Towers																														
JSL	289	ADD	23,912	601	83	6.6	10.7	13.1	81.2	61.1	23.0	43.6	27.1	22.0	19.9	14.3	12.0	9.4	7.1	5.4	0.2	0.2	0.2	29.8	30.0	28.0	275	(4.7)	1.1	
Kalpataru Power Transmission	1,942	ADD	51,460	1,294	26	60.2	77.4	91.8	67.6	28.7	18.6	32.3	25.1	21.2	20.2	16.1	13.3	7.8	6.1	4.9	0.4	0.5	0.5	38.8	27.6	25.9	1,800	(7.3)	1.2	
KEC	749	BUY	28,412	714	38	27.3	37.4	48.9	92.4	36.9	30.8	27.4	20.0	15.3	12.2	9.9	8.3	10.0	6.9	4.9	0.3	0.4	0.5	43.5	40.4	37.0	835	11.4	1.3	
Transmission		Attractive	103,784	2,609					115.0	37.0	23.5	32.6	23.8	19.3	16.9	13.3	11.1	8.7	6.5	5.0	0.3	0.4	0.4	26.6	27.4	25.9				
Transportation																														
Container Corporation	1,771	REDUCE	115,097	2,893	65	106.3	126.6	143.7	31.9	19.1	13.5	16.7	14.0	12.3	11.4	9.5	8.3	4.3	3.5	2.8	1.0	1.1	1.3	29.1	27.5	25.2	2,200	24.2	4.0	
Gateway Distriparks	139	ADD	16,072	404	115	6.8	6.8	9.0	8.7	(0.4)	33.2	20.5	20.6	15.5	16.7	15.0	11.1	2.5	2.3	2.1	1.2	1.2	1.6	13.0	11.8	14.4	180	29.1	3.0	
GE Shipping	475	REDUCE	72,374	1,819	152	59.6	33.0	26.8	(3.9)	(44.6)	(18.9)	8.0	14.4	17.8	7.8	9.2	9.9	2.3	2.1	1.9	3.1	1.7	1.4	32.7	15.2	11.2	365	(23.2)	7.9	
Jet Airways	822	REDUCE	70,998	1,785	86	(0.2)	6.4	62.4	—	—	—	—	—	—	27.9	11.7	5.8	2.5	3.1	2.6	0.1	0.2	1.6	(0.1)	2.2	21.3	800	(3.2)	4.4	
Transportation		Neutral	274,541	6,901					(15.9)	(12.9)	36.0	16.4	18.8	13.8	12.5	10.4	7.4	3.0	2.8	2.4	1.3	1.0	1.3	18.1	14.9	17.4				
Utilities																														
CESC	587	ADD	67,668	1,701	115	36.2	27.2	29.4	32.4	(24.9)	8.0	16.2	21.6	20.0	10.8	11.0	10.5	3.2	2.8	2.4	0.4	0.7	0.8	16.0	13.8	12.9	675	15.1	7.3	
LANCO	514	ADD	114,340	2,874	222	8.5	16.1	31.2	52.4	89.5	94.4	60.7	32.0	16.5	31.0	23.5	13.9	7.6	6.1	4.5	—	—	—	23.5	21.1	31.3	470	(8.6)	21.7	
NTPC	232	ADD	1,910,474	48,024	8,245	8.3	9.3	10.2	17.8	11.9	9.7	27.8	24.9	22.7	18.3	17.9	18.0	3.9	3.6	3.3	1.4	1.6	1.8	14.5	15.0	15.1	215	(7.2)	71.7	
Reliance Energy	1,664	NR	378,858	9,524	228	34.8	35.2	36.4	(4.0)	1.0	3.4	47.8	47.3	45.7	53.3	46.6	44.5	3.9	3.7	3.5	0.2	0.5	0.5	8.5	8.1	8.0	—	—	254.4	
Tata Power	1,120	ADD	260,827	6,557	233	26.6	32.2	42.5	(0.1)	21.3	31.7	42.1	34.7	26.4	24.8	23.3	20.9	4.1	3.4	2.7	0.7	0.8	0.8	9.4	10.8	11.6	1,060	(5.3)	47.7	
Utilities		Neutral	2,732,167	68,680					17.9	14.3	13.9	31.5	27.6 </																	

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Source: Kotak Institutional Equities.

As of September 30, 2007

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New rating system

Definitions of ratings

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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.

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