

June 4, 2010

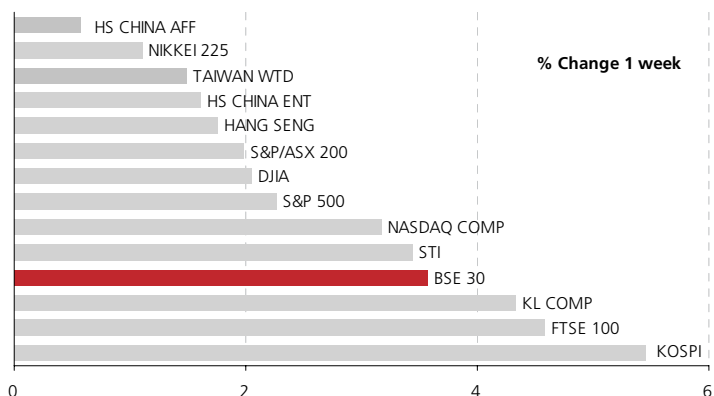
BSE-30: 17,022

GDP growth fuels earnings. During the past week, the BSE-30 index gained 356 points (2.1%) to close at 17,022 on the back of some semblance of stability in global markets. ONGC, Infosys and ITC were the largest gainers, together contributing 112 points to the recovery. The recently concluded 4QFY10 results were largely positive with Cement, Energy, Metals and Pharmaceuticals delivering better-than-expected results. India's 4QFY10 GDP growth of 8.6% was also marginally ahead of our expectations of 8.5%, fuelling earnings. We expect the 'EPS' of the market (BSE-30 Index) to grow by 25.6% in FY2011E and 18.8% in FY2012E. The market is currently trading at 15.3X FY2011E and 12.9X FY2012E earnings.

Market highlights for the week ending Thursday, June 3, 2010

- Largest gainers: Reliance Communications (22%), Jyothy Laboratories (18%), IVRCL (17%)
- Largest losers: Punj Lloyd (-10%), Mphasis BFL (-7%), Dishman Pharma & Chemicals (-6%)

Relative performance of regional indices (% Change 1 week)



Note:
Returns are adjusted for currency changes

Source: Bloomberg, Kotak Institutional Equities

Flows in emerging markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
25-May-10	(283)	(7)	1	(139)	(300)	(727)
26-May-10	(121)	44	(41)	(162)	(2)	(282)
28-May-10	(95)	-	12	-	104	20
31-May-10	40	101	8	20	172	342
1-Jun-10	(191)	(19)	1	(32)	(101)	(342)
Total	(649)	120	(19)	(313)	(127)	(988)

Source: SEBI, Kotak Institutional Equities

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

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

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

OUR TOP RECOMMENDATIONS

Kotak Institutional Equities, Top-10, March fiscal year-ends, 2010-12E

Companies	Sector	Rating	Mkt cap. (US\$ mn)	CMP (Rs)	Target (Rs)	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
						2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E
ITC	Consumer products	BUY	23,043	286	315	10.8	12.4	14.5	26.5	23.0	19.6	16.3	14.4	12.1
Mahindra & Mahindra	Automobiles	BUY	7,221	583	630	34.9	39.0	43.9	16.7	15.0	13.3	11.0	9.8	8.6
Sterlite Industries	Metals	ADD	11,731	652	875	48.1	67.6	83.3	13.6	9.6	7.8	10.4	7.5	5.6
Jaiprakash Associates	Diversified	BUY	5,567	122	183	1.5	8.0	10.8	83.8	15.3	11.3	21.5	12.9	9.2
Infosys Technologies	Technology	BUY	33,167	2,698	3,100	108.3	125.2	150.5	24.9	21.5	17.9	18.1	14.8	12.0
HDFC Bank	Banking	BUY	18,492	1,910	2,200	65.2	86.2	112.2	29.3	22.2	17.0	0.0	0.0	0.0
Oil & Natural Gas Corporation	Energy	BUY	55,467	1,211	1,375	91.4	121.9	129.5	13.2	9.9	9.3	4.8	4.1	3.5
Larsen & Toubro	Industrials	BUY	21,379	1,661	1,850	58.1	69.7	87.7	28.6	23.8	18.9	15.4	13.2	11.0
Construction and Industrial stocks basket														
BGR Energy Systems	Industrials	BUY	1,000	649	700	27.3	36.2	46.3	23.7	17.9	14.0	13.9	10.6	8.5
Crompton Greaves	Industrials	BUY	3,427	249	290	12.8	13.3	15.8	19.4	18.8	15.8	11.2	10.3	8.4
IVRCL	Construction	BUY	1,012	177	215	7.8	10.3	12.4	22.7	17.1	14.3	12.0	9.8	8.4
Nagarjuna Construction Co.	Construction	BUY	1,040	189	210	7.1	11.5	14.3	26.5	16.5	13.3	12.7	9.6	7.9
PSU bank basket														
Bank of Baroda	Banking	BUY	5,832	745	825	83.7	89.8	111.0	8.9	8.3	6.7	—	—	—
Indian Bank	Banking	BUY	2,109	229	280	35.1	35.5	43.8	6.5	6.5	5.2	—	—	—
Punjab National Bank	Banking	BUY	6,785	1,005	1,150	123.8	128.0	156.5	8.1	7.8	6.4	—	—	—
Union Bank	Banking	BUY	3,416	316	380	41.1	45.8	57.3	7.7	6.9	5.5	—	—	—
BSE-30				17,022										

Source: Company, Bloomberg, Kotak Institutional Equities estimates

OUR MODEL PORTFOLIO

Kotak Institutional Equities Model Portfolio

Company	03-Jun		Weightage (%)		Diff. (bps)	Company	03-Jun		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.			Price (Rs)	Rating	BSE-30	KS reco.	
Hero Honda	1,979	SELL	1.5	—	(150)	Crompton Greaves	249	BUY	—	1.0	100
Mahindra & Mahindra	583	BUY	1.9	3.4	150	IVRCL	177	BUY	—	1.0	100
Maruti Suzuki	1,297	ADD	1.4	1.4	—	Larsen & Toubro	1,661	BUY	6.7	7.7	100
Tata Motors	767	ADD	2.2	2.2	—	Nagarjuna Construction Co.	189	BUY	—	1.0	100
Automobiles			7.0	7.0	—	Industrials/Construction			9.8	14.8	500
Bank of Baroda	745	BUY	—	1.5	150	Hindalco Industries	146	ADD	1.5	—	(150)
Indian Bank	229	BUY	—	1.5	150	Jindal Steel and Power	635	SELL	2.1	—	(206)
Punjab National Bank	1,005	BUY	—	1.0	100	Sterlite Industries	652	ADD	1.9	2.9	100
State Bank of India	2,287	BUY	4.9	4.9	—	Tata Steel	486	BUY	2.3	0.3	(200)
Union Bank	316	BUY	—	1.0	100	Metals			7.8	3.2	(457)
PSU Banking			4.9	9.9	500	Cipla	325	REDUCE	1.3	—	(132)
HDFC	2,735	ADD	5.5	6.0	50	Pharmaceuticals			1.3	—	(132)
HDFC Bank	1,910	BUY	5.2	6.7	150	DLF	278	ADD	0.9	0.9	—
ICICI Bank	854	REDUCE	7.3	7.3	—	Real estate			0.9	0.9	—
Pvt. Banking/Financing			18.0	20.0	200	Infosys Technologies	2,698	BUY	10.0	11.5	150
ACC	842	SELL	0.7	—	(66)	TCS	765	BUY	3.4	4.4	100
Jaiprakash Associates	122	BUY	1.1	2.1	100	Wipro	656	ADD	1.5	2.5	100
Cement			1.7	2.1	34	Technology			14.9	18.4	350
Hindustan Unilever	247	REDUCE	2.0	—	(199)	Bharti Airtel	273	REDUCE	2.7	—	(267)
ITC	286	BUY	5.8	7.3	150	Reliance Communications	165	SELL	0.8	—	(81)
Consumers			7.8	7.3	(49)	Telecom			3.5	—	(348)
Oil & Natural Gas Corporation	1,211	BUY	3.8	4.8	100	NTPC	202	REDUCE	2.5	1.5	(100)
Oil India	1,314	BUY	—	1.0	100	Reliance Infrastructure	1,096	ADD	1.2	1.2	—
Reliance Industries	1,031	SELL	12.9	6.0	(697)	Tata Power	1,245	BUY	1.7	1.7	—
Energy			16.8	11.8	(497)	Utilities			5.5	4.5	(100)
Bharat Heavy Electricals	2,343	ADD	3.1	3.1	—	BSE-30			17,022	100.0	100.0
BGR Energy Systems	649	BUY	—	1.0	100						

Source: Company, Bloomberg, Kotak Institutional Equities estimates

SENSEX VALUATION SUMMARY

Valuation summary of BSE-30 sectors, March fiscal year-ends, 2010-12E

	Mkt-cap. (US\$ mn)	EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2010E	2011E	2010E	2011E
Automobiles	33,566	112.8	11.3	15.0	19.3	17.3	15.1	10.9	10.2	8.9	3.6	3.0	1.1	1.1	18.4	17.1
Banking	86,949	9.0	25.4	25.4	21.4	17.0	13.6	—	—	—	2.6	2.4	1.3	1.6	12.3	14.0
Cement	3,395	47.9	(25.7)	2.6	10.1	13.6	13.3	5.4	6.4	5.5	2.5	2.2	2.8	2.8	24.4	15.8
Consumers	34,623	15.6	12.6	15.9	26.2	23.2	20.0	16.6	14.2	11.9	9.6	8.3	3.4	2.4	36.7	35.6
Diversified	5,576	(26.4)	447.1	35.7	83.8	15.3	11.3	19.4	12.4	9.0	3.0	2.6	—	—	3.6	16.9
Energy	121,367	3.4	30.3	15.6	15.8	12.1	10.5	7.1	5.7	4.8	2.0	1.8	2.0	2.6	12.8	15.0
Industrials	46,022	31.9	23.5	21.2	26.8	21.7	17.9	14.8	12.1	10.0	5.5	4.5	0.8	0.9	20.7	20.9
Metals	39,631	(52.0)	124.9	16.9	21.2	9.4	8.1	10.6	6.6	5.7	1.9	1.6	0.8	0.8	9.1	17.2
Pharmaceuticals	5,605	32.1	1.1	21.9	25.7	25.4	20.8	17.9	16.8	14.1	4.5	4.0	0.8	0.8	17.5	15.6
Property	10,200	(64.1)	69.4	53.8	29.2	17.2	11.2	17.6	11.3	8.5	1.8	1.6	1.1	1.1	6.1	9.5
Technology	85,923	19.3	16.4	15.8	22.6	19.5	16.8	15.9	12.8	10.5	6.3	5.2	1.6	1.6	27.8	26.7
Telecom	29,816	(9.3)	(19.6)	17.4	9.9	12.4	10.5	5.8	5.8	4.9	1.7	1.5	0.9	1.1	16.8	12.0
Utilities	48,089	10.4	16.0	20.8	19.1	16.5	13.6	12.7	11.4	9.7	2.3	2.1	1.7	2.0	12.2	13.0
BSE-30 Index	550,762	0.5	25.6	18.8	19.2	15.3	12.9	10.2	8.4	7.1	2.8	2.5	1.5	1.7	14.5	16.1
BSE-30 ex-Energy	429,395	(0.5)	23.9	20.0	20.5	16.5	13.8	12.0	9.8	8.3	3.1	2.7	1.4	1.4	15.3	16.6
BSE-30 ex-Energy, Com.	386,369	10.6	14.8	20.8	20.6	17.9	14.8	12.5	10.9	9.1	3.4	2.9	1.5	1.5	16.3	16.5
BSE-30 ex-Technology	464,840	(1.9)	27.0	19.2	18.7	14.7	12.3	9.6	7.9	6.7	2.5	2.2	1.5	1.7	13.5	15.3

Note:

(1) EV/EBITDA excludes banks.

Source: Company, Kotak Institutional Equities estimates

NIFTY VALUATION SUMMARY

Valuation summary of Nifty sectors, March fiscal year-ends, 2010-12E

	Mkt cap. (US\$ mn)	EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)		Div yield (%)		RoE (%)	
		2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2010E	2011E	2010E	2011E
Automobiles	33,510	112.8	11.3	15.0	19.3	17.3	15.1	10.9	10.2	8.9	3.6	3.0	1.1	1.1	18.4	17.1
Banking	112,445	11.4	21.5	24.6	19.6	16.1	12.9	—	—	—	2.6	2.4	1.3	1.5	13.4	14.6
Consumers	34,565	15.6	12.6	15.9	26.2	23.2	20.0	16.6	14.2	11.9	9.6	8.3	3.4	2.4	36.7	35.6
Cement	7,113	29.3	(15.2)	2.6	11.9	14.1	13.7	6.5	7.3	6.4	2.5	2.2	2.2	2.3	20.8	15.5
Energy	150,060	8.0	35.7	19.2	16.6	12.2	10.2	7.6	6.0	5.1	2.0	1.8	1.8	2.3	12.2	14.8
Industrials	56,740	(0.5)	38.3	29.3	32.1	23.2	18.0	15.4	12.1	9.6	4.8	4.1	0.7	0.8	14.9	17.5
Metals	39,565	(52.0)	124.9	16.9	21.2	9.4	8.1	10.6	6.6	5.7	1.9	1.6	0.8	0.8	9.1	17.2
Property	14,198	(58.3)	61.0	47.9	27.7	17.2	11.6	17.7	11.6	8.3	1.8	1.6	0.8	0.8	6.4	9.3
Pharmaceuticals	17,117	62.8	35.8	(7.1)	30.0	22.1	23.8	17.7	14.0	15.3	4.4	3.8	0.6	0.8	14.8	17.2
Telecom	33,703	(8.8)	(21.5)	19.6	10.6	13.5	11.3	6.0	5.9	5.0	1.7	1.5	0.8	1.0	15.8	11.1
Technology	91,375	18.0	17.7	15.5	22.4	19.1	16.5	15.7	12.5	10.2	6.1	5.0	1.5	1.5	27.2	26.4
Utilities	56,304	13.3	16.4	23.1	21.3	18.3	14.9	15.0	13.6	11.3	2.4	2.2	1.4	1.7	11.2	12.0
NIFTY	652,264	1.8	27.2	20.1	19.7	15.5	12.9	11.0	9.2	7.8	2.7	2.4	1.4	1.6	13.9	15.6
NIFTY ex-Energy	502,204	(0.4)	24.1	20.4	20.9	16.8	14.0	13.0	11.0	9.3	3.1	2.7	1.3	1.4	14.7	16.0
NIFTY ex-Energy ex Com	462,638	9.5	15.6	21.0	20.8	18.0	14.9	13.4	12.3	10.3	3.2	2.8	1.4	1.4	15.5	15.8

Note:

(a) Following companies are excluded: Kotak Mahindra Bank, Power Grid and SAIL.

Source: Company, Kotak Institutional Equities estimates

REGIONAL VALUATION SUMMARY

Valuation summary of regional indices, Calendar year-ends, 2009-11E

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

	Index	Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2009	2010E	2011E	2009	2010E	2011E	2009	2010E
Brazil	MSCI BRAZIL	0.5	28.8	28.0	13.3	10.2	7.9	0.5	0.4
China	V/B/E/S CHINA	25.6	32.2	21.8	21.0	16.2	13.1	0.7	0.7
Hong Kong	V/B/E/S HONG KONG	16.9	18.9	12.9	14.7	12.3	10.9	0.8	1.0
India	MSCI INDIA	9.6	25.5	21.5	19.2	15.3	12.6	0.8	0.7
Korea	MSCI KOREA	57.1	49.7	6.5	12.7	8.5	8.0	0.3	1.3
Malaysia	MSCI MALAYSIA	(18.7)	23.4	14.3	17.9	14.5	12.7	0.8	1.0
Mexico	MSCI MEXICO	15.1	23.8	19.3	17.3	13.9	11.7	0.7	0.7
Russia	MSCI RUSSIA	(24.2)	30.9	29.5	7.8	5.9	4.6	0.3	0.2
Taiwan	MSCI TAIWAN	38.4	83.7	11.9	22.3	12.2	10.8	NA	1.0
Thailand	MSCI THAILAND	19.8	18.9	18.6	12.6	10.6	8.9	0.7	0.6
Asia - Emerging markets	MSCI EM ASIA	23.8	39.6	13.1	15.8	11.4	10.0	0.4	0.9

Source: Thomson Datastream

VALUATION SUMMARY OF BRICS SECTORS (1)

Valuation summary of BRICs sectors, Calendar year-ends, 2009-11E

Index		Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2009	2010E	2011E	2009	2010E	2011E	2009	2010E
Banking									
Russia	MSCI Russia Banks Industry Group	(76.6)	508.5	NA	68.7	11.3	6.5	0.1	NA
India	MSCI India Banks Industry Group	26.7	15.4	23.9	22.5	19.5	15.7	1.5	0.8
China	MSCI China Banks Industry Group	16.4	22.9	19.0	12.0	9.8	8.2	0.5	0.5
Brazil	MSCI Brazil Banks Industry Group	15.3	21.5	19.1	13.3	10.9	9.2	0.6	0.6
Consumers									
Russia	MSCI Russia Consumer Staples Sector	17.7	40.5	39.2	31.3	22.2	16.0	0.8	0.6
India	MSCI India Consumer Discretionary Sector	71.7	12.9	18.8	16.1	14.3	12.0	1.2	0.8
China	MSCI China Consumer Discretionary Sector	23.7	24.7	17.1	20.9	16.8	14.3	0.8	1.0
Brazil	MSCI Brazil Consumer Discretionary Sector	89.2	35.1	32.5	16.4	12.1	9.2	0.5	0.4
Energy									
Russia	MSCI Russia Energy Sector	(13.6)	12.7	9.7	6.0	5.3	4.8	0.5	0.5
India	MSCI India Energy Sector	2.8	32.6	17.6	17.3	13.1	11.1	0.5	0.7
China	MSCI China Energy Sector	(5.5)	30.5	13.1	14.3	10.9	9.7	0.5	0.8
Brazil	MSCI Brazil Energy Sector	(9.4)	0.4	16.0	10.6	10.6	9.1	27.5	0.7
Industrials									
India	MSCI India Industrials Sector	238.5	58.0	34.6	32.3	20.6	15.3	0.6	0.6
China	MSCI China Industrials Sector	35.0	60.0	19.9	23.5	14.7	12.2	0.4	0.7
Metals									
Russia	MSCI Russia Metals & Mining Industry	(74.1)	197.4	21.4	29.1	9.8	8.1	0.1	0.5
India	MSCI India Metals & Mining Industry	(14.4)	78.1	24.5	19.2	10.8	8.7	0.2	0.4
China	MSCI China Metals & Mining Industry	(8.5)	132.6	19.9	29.2	12.6	10.5	0.2	0.6
Brazil	MSCI Brazil Metals & Mining Industry	(43.5)	124.1	48.0	21.9	9.8	6.6	0.2	0.2

Source: Thomson Datastream

VALUATION SUMMARY OF BRICS SECTORS (2)

Valuation summary of BRICs sectors, Calendar year-ends, 2009-11E

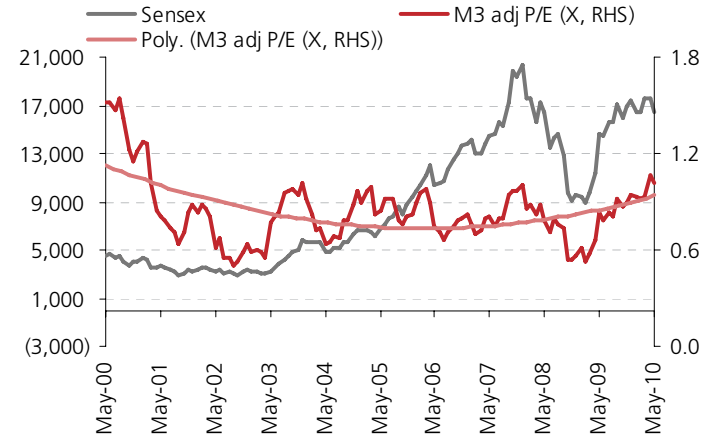
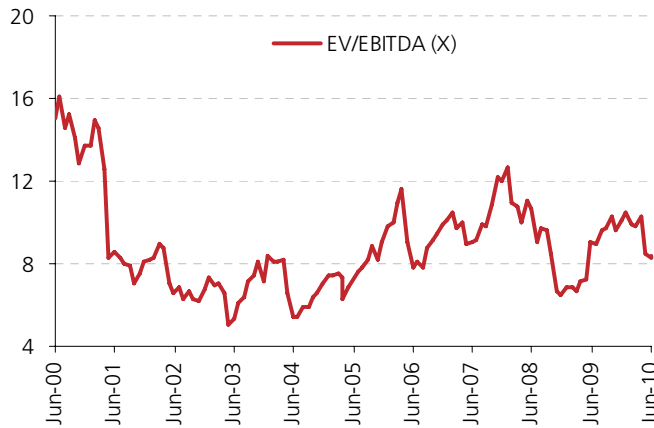
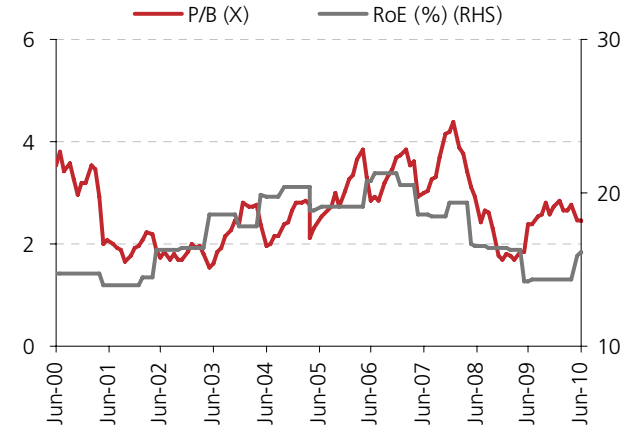
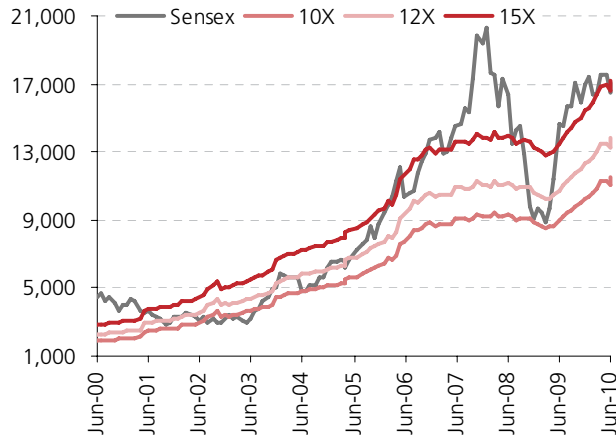
Index		Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2009	2010E	2011E	2009	2010E	2011E	2009	2010E
Property									
India	MSCI India Real Estate Industry Group	(56.1)	64.8	49.9	29.0	17.6	11.7	0.4	0.4
China	MSCI China Real Estate Industry Group	14.8	23.0	19.6	13.0	10.6	8.8	0.6	0.5
Technology									
India	MSCI India Software & Services Industry Group	2.7	13.1	17.2	23.5	20.8	17.7	1.8	1.2
China	MSCI China Software & Services Industry Group	63.0	51.7	32.4	51.8	34.1	25.8	1.0	1.1
Brazil	MSCI Brazil Software & Services Industry Group	13.5	11.5	5.7	14.5	13.0	12.3	1.3	2.3
Telecom									
India	MSCI India Telecommunication Services Sector	(29.9)	(21.6)	20.0	10.2	13.1	10.9	NA	0.7
China	MSCI China Telecommunication Services Sector	(4.5)	1.1	5.1	12.6	12.5	11.9	11.4	2.4
Utilities									
India	MSCI India Utilities Sector	6.8	14.9	16.7	20.2	17.6	15.0	1.4	1.0
China	MSCI China Utilities Sector	424.5	3.8	21.6	15.3	14.7	12.1	4.1	0.7
Brazil	MSCI Brazil Utilities Sector	(12.0)	21.4	8.9	11.2	9.3	8.5	0.5	1.0

Source: Thomson Datastream

BSE-SENSEX KEY PARAMETERS

Key fundamental indicators of BSE-30 Index

BSE-30 Index P/B, EV/EBITDA and 12-month forward rolling P/E, June 2000- current



Source: Bloomberg, RBI, Kotak Institutional Equities

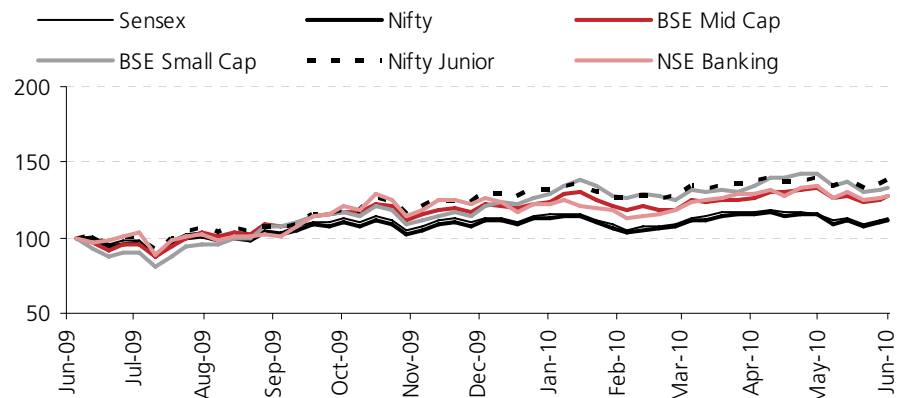
MARKET PERFORMANCE

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

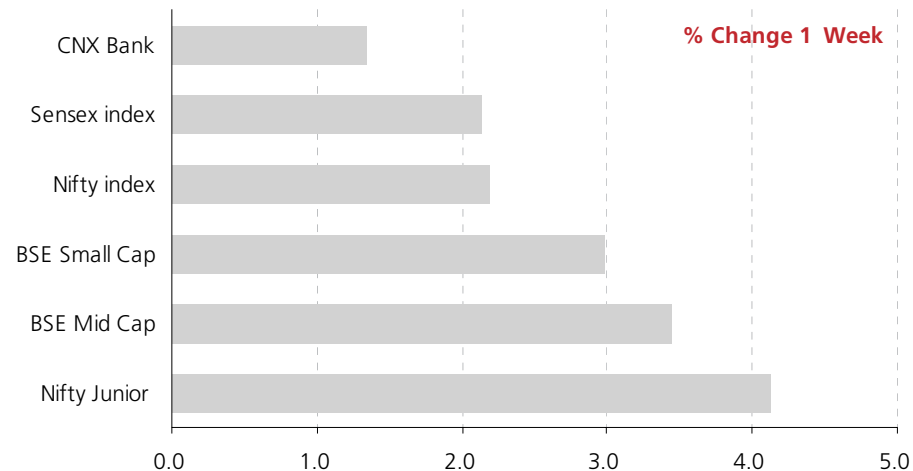
RELATIVE PERFORMANCE OF INDIAN MARKETS

Key performance of benchmark indices

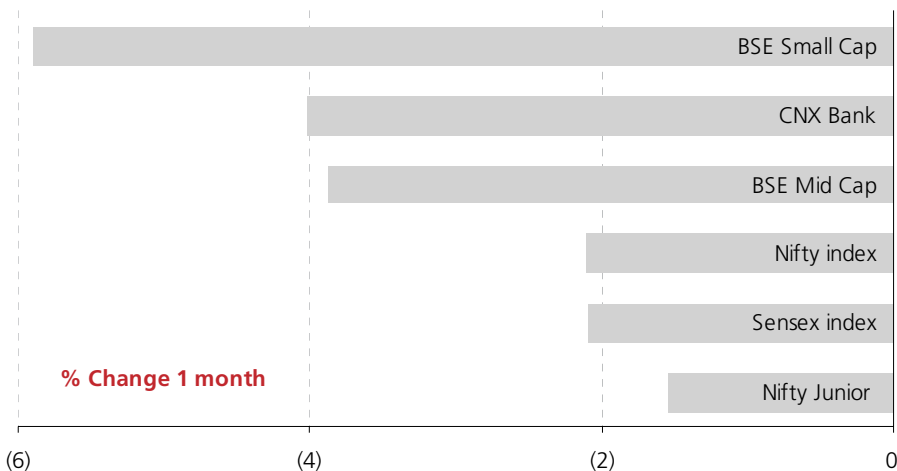
(base 100 as of June, 2009)



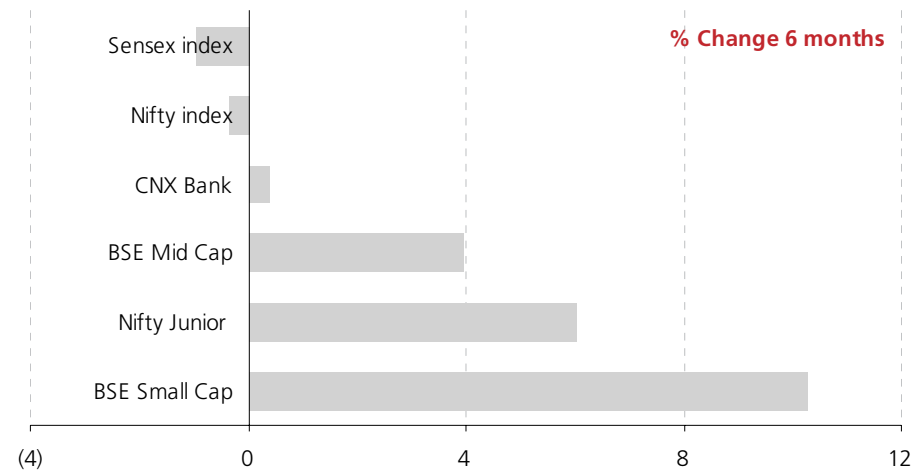
Weekly performance of the benchmark indices



1-month performance of the benchmark indices



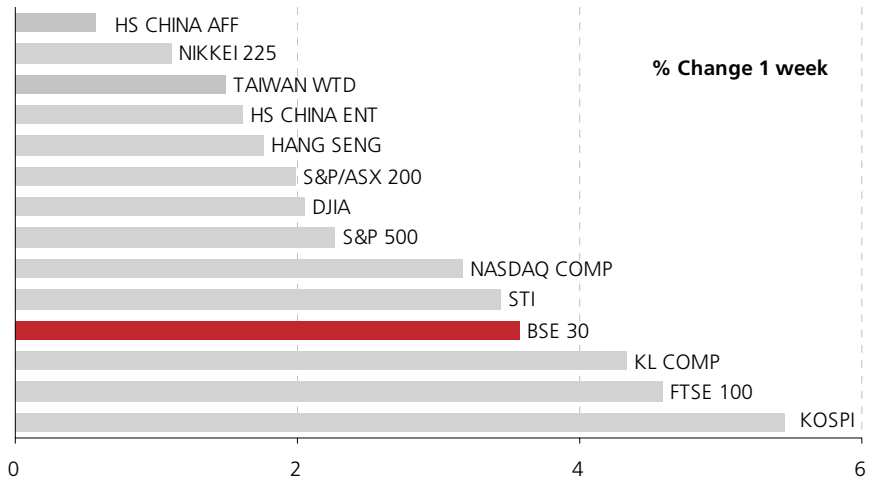
6-month performance of the benchmark indices



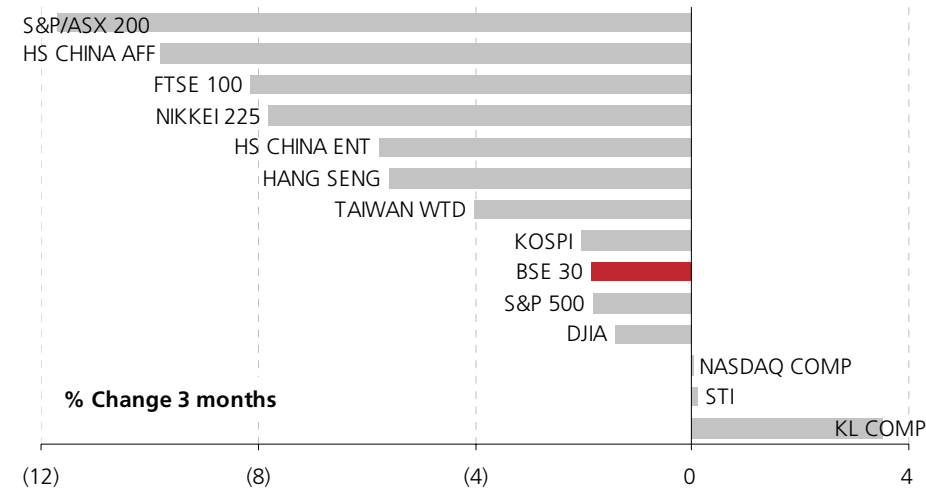
Source: Bloomberg, Kotak Institutional Equities

BSE-SENSEX VERSUS REGIONAL INDICES

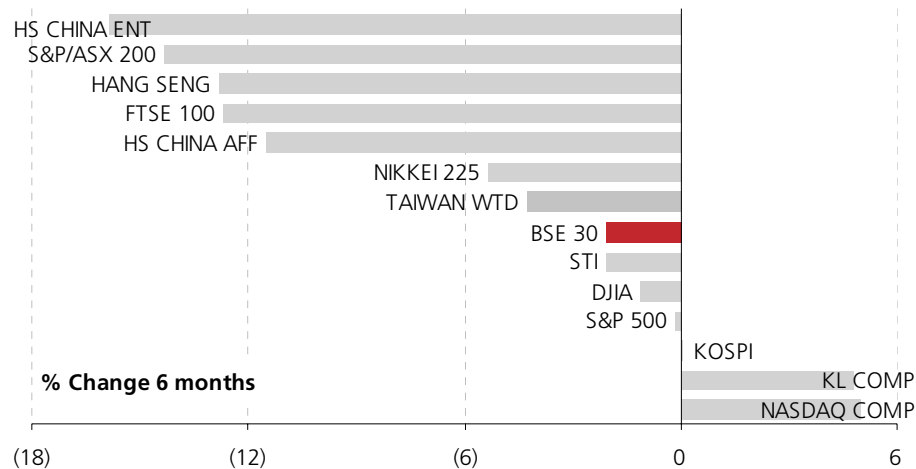
Weekly performance



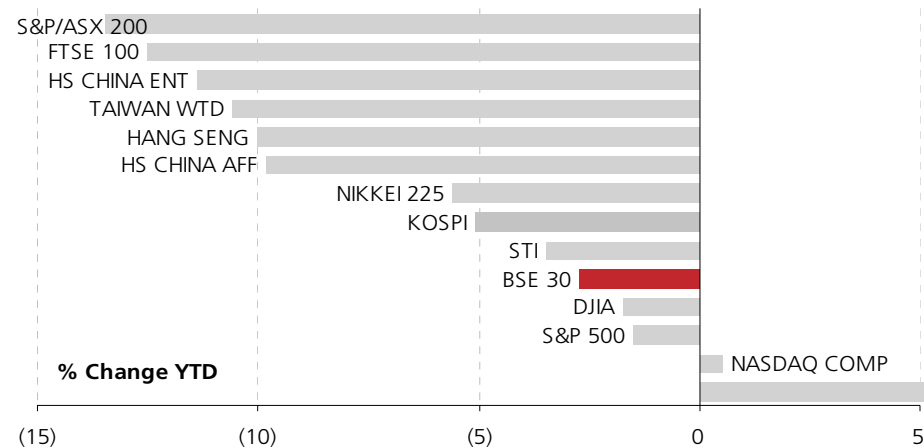
3-month performance



6-month performance



CYTD performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities

SECTORAL PERFORMANCE

Market performance of Sensex sectors, June 3, 2010

	Mkt cap. (US\$ m)	Change (%)				Relative change (%)			
		1-Day	1-mo	6-mo	1-Year	1-Day	1-mo	6-mo	1-Year
Automobiles	33,566	1.4	0.9	3.9	57.4	(0.3)	3.0	4.9	37.5
Banking	86,949	1.6	(2.4)	0.3	21.4	(0.1)	(0.3)	1.3	6.0
Consumers	34,623	2.3	8.0	3.5	23.5	0.6	10.3	4.4	7.9
Cement	3,395	1.9	(4.1)	3.7	0.8	0.2	(2.0)	4.7	(11.9)
Diversified	5,576	2.0	(12.8)	(20.0)	(21.0)	0.4	(12.3)	(19.6)	(30.3)
Energy	121,367	2.2	7.3	(1.8)	(3.6)	0.5	9.6	(0.9)	(15.8)
Industrials	46,022	1.3	0.5	4.3	10.5	(0.3)	2.7	5.3	(3.5)
Metals	39,631	1.8	(13.8)	(16.5)	23.8	0.1	(12.0)	(15.7)	8.1
Pharmaceuticals	5,605	0.2	(2.8)	(9.3)	38.8	(1.5)	(0.7)	(8.5)	21.3
Property	10,200	1.9	(7.6)	(26.8)	(33.1)	0.2	(5.6)	(26.1)	(41.6)
Telecom	29,816	2.4	(3.7)	(10.9)	(39.1)	0.7	(1.6)	(10.0)	(46.8)
Technology	85,923	1.6	0.5	9.4	82.2	(0.1)	2.7	10.4	59.1
Utilities	48,089	1.8	(1.5)	(3.7)	(6.8)	0.1	0.6	(2.8)	(18.6)
Sensex sum	550,762	1.7	(2.1)	(1.0)	14.5				

Source: Bloomberg, Kotak Institutional Equities

TOP GAINERS AND LOSERS

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

1-week performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Reliance Communications	22.5	1 Punj Lloyd	(10.3)
2 Jyothy Laboratories	18.3	2 Mphasis BFL	(6.9)
3 IVRCL	18.1	3 Dishman Pharma & chemicals	(6.3)
4 Sesa Goa	17.3	4 Suzlon Energy	(5.9)
5 Nagarjuna Construction Co.	16.8	5 Sobha	(4.7)
6 Havells India	15.1	6 Consolidated Construction Co.	(3.7)
7 Colgate-Palmolive (India)	14.5	7 Piramal Healthcare	(3.0)
8 Oil & Natural Gas Corporation	13.2	8 Grasim Industries	(2.7)
9 BGR Energy Systems	13.1	9 Welspun Gujarat Stahl Rohren	(1.7)
10 Mahindra & Mahindra	12.7	10 Hindalco Industries	(1.5)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jyothy Laboratories	26.5	1 Aban Offshore	(39.0)
2 Godrej Consumer Products	19.3	2 Grasim Industries	(30.9)
3 ABB	18.0	3 Punj Lloyd	(25.6)
4 Indian Oil Corporation	16.9	4 Suzlon Energy	(18.9)
5 Oil India	16.8	5 Welspun Gujarat Stahl Rohren	(18.4)
6 Federal Bank	16.5	6 PSL	(16.7)
7 Dr Reddy's Laboratories	13.2	7 Hindustan Zinc	(16.7)
8 Mahindra & Mahindra	12.6	8 Sterlite Industries	(16.0)
9 Bharat Petroleum	12.4	9 Tata Steel	(15.9)
10 Hindustan Petroleum	11.0	10 Mphasis BFL	(14.4)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Titan Industries	56.0	1 Bajaj Hindustan	(51.7)
2 Bank of Baroda	45.0	2 Aban Offshore	(45.8)
3 Federal Bank	41.9	3 Shree Renuka Sugars	(44.0)
4 Cadila Healthcare	40.1	4 Punj Lloyd	(42.4)
5 Piramal Healthcare	39.0	5 Balrampur Chini Mills	(40.0)
6 Andhra Bank	33.2	6 Suzlon Energy	(38.8)
7 BGR Energy Systems	32.1	7 Housing Development & Infrastru	(36.0)
8 Oriental Bank of Commerce	31.9	8 Indiabulls Real Estate	(30.0)
9 Castrol India (a)	31.6	9 PSL	(28.9)
10 Indian Bank	31.3	10 Tech Mahindra	(27.9)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Cadila Healthcare	172.5	1 Suzlon Energy	(59.6)
2 Castrol India (a)	140.2	2 Tata communications	(52.7)
3 Jyothy Laboratories	135.5	3 Reliance Communications	(51.9)
4 Sesa Goa	134.3	4 Punj Lloyd	(48.0)
5 Patni Computer Systems	119.4	5 Bajaj Hindustan	(41.0)
6 Lupin	118.5	6 India Infoline	(39.5)
7 HCL Technologies	117.5	7 Aban Offshore	(39.3)
8 TCS	116.5	8 GMR Infrastructure	(35.3)
9 Dr Reddy's Laboratories	116.2	9 Reliance Capital	(35.0)
10 Jindal Saw	114.4	10 Indiabulls Real Estate	(34.4)

Source: Kotak Institutional Equities

TECHNICAL INDICATORS

Volume momentum analysis

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

Company	5-day average		Price Change (%)
	volumes	% increase	(1 month basis)
Piramal Healthcare	17,284,840	301	(6.4)
Grasim Industries	580,976	217	(30.9)
MTNL	2,125,237	129	(0.4)
Federal Bank	1,777,252	113	16.5
Oil & Natural Gas Corporation	2,544,403	111	16.0
Shree Cement	41,774	107	(4.7)

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

Company	5-day average		Price Change (%)
	volumes	% decrease	(1 month basis)
Mindtree	61,702	(79)	(3.1)
Mahindra Life Space Developer	27,370	(75)	(6.0)
Havells India	112,396	(73)	5.7
Jagran Prakashan	91,318	(72)	(1.7)
Mahindra & Mahindra Financial	26,520	(70)	(1.4)
Glenmark Pharmaceuticals	330,951	(69)	(6.1)

Date	Sensex	Avg daily value traded	Institutional participation in total turnover	
		(US\$ mn)	FII%	MF%
May-09	14,625	5,235	13.3	3.5
Jun-09	14,494	6,380	9.8	3.4
Jul-09	15,670	5,049	11.5	3.8
Aug-09	15,667	4,759	10.3	3.5
Sep-09	17,126	5,035	12.4	3.5
Oct-09	15,896	5,079	13.9	4.0
Nov-09	16,926	4,589	11.2	3.5
Dec-09	17,465	4,616	11.3	3.8
Jan-10	16,358	4,793	13.3	3.8
Feb-10	16,430	3,545	12.3	3.7
Mar-10	17,693	3,976	13.3	3.8
Apr-10	17,559	4,083	15.4	3.7
May-10	16,495	3,852	16.5	4.1

Source: Bloomberg, Kotak Institutional Equities

EARNINGS MOMENTUM

- UPGRADES/DOWNGRADES IN EARNINGS IN PAST MONTH
- TOP CHANGES IN TARGET PRICES IN THE PAST MONTH
- CHANGES IN RATINGS IN THE PAST MONTH

CHANGES IN EARNINGS ESTIMATES

Changes in earnings estimates in the past one month

FY2011 earnings upgrades (KIE) (1 month)

Company	% Change
1 Cairn India	40.6
2 Sun TV Network	22.1
3 Oil India	19.0
4 Oil & Natural Gas Corporation	18.5
5 Tata Power	13.5
6 Jaiprakash Associates	12.0
7 Voltas	10.1
8 Nagarjuna Construction Co.	9.3
9 BGR Energy Systems	8.2
10 GAIL (India)	8.2
11 Sterlite Industries	7.9
12 Rural Electrification Corp.	7.9
13 Jyothy Laboratories	7.0
14 Indian Oil Corporation	6.7
15 Mahindra & Mahindra	6.1

FY2012 earnings upgrades (KIE) (1 month)

Company	% Change
1 Sun TV Network	28.0
2 Oil India	23.9
3 PSL	17.0
4 Divi's laboratories	14.5
5 BGR Energy Systems	12.9
6 Tata Tea	12.8
7 Rural Electrification Corp.	12.2
8 Nagarjuna Construction Co.	11.9
9 Lanco Infratech	11.7
10 State Bank of India	10.9
11 Tata Power	10.5
12 DLF	9.9
13 Voltas	9.2
14 Larsen & Toubro	8.6
15 Sterlite Industries	7.1

FY2011 earnings downgrades (KIE) (1 month)

Company	% Change
1 Piramal Healthcare	(46.8)
2 Aban Offshore	(35.1)
3 Punj Lloyd	(30.4)
4 Grasim Industries	(17.0)
5 Sadbhav Engineering	(15.2)
6 Bharat Petroleum	(13.1)
7 GSPL	(10.3)
8 Hindustan Petroleum	(10.2)
9 Tata Motors	(10.2)
10 Reliance Infrastructure	(8.5)
11 Jubilant organosys	(8.2)
12 ABB	(6.5)
13 Dishman Pharma & chemicals	(6.1)
14 Sun Pharmaceuticals	(6.0)
15 Lanco Infratech	(4.5)

FY2012 earnings downgrades (KIE) (1 month)

Company	% Change
1 Piramal Healthcare	(63.7)
2 Aban Offshore	(49.2)
3 Punj Lloyd	(28.2)
4 Grasim Industries	(16.6)
5 Sadbhav Engineering	(15.5)
6 GSPL	(13.2)
7 Reliance Infrastructure	(12.5)
8 Bharat Petroleum	(9.3)
9 Glenmark Pharmaceuticals	(8.9)
10 Jagran Prakashan	(5.8)
11 Mphasis BFL	(4.8)
12 Hindustan Unilever	(4.2)
13 Jubilant organosys	(3.0)
14 Dishman Pharma & chemicals	(2.7)
15 DB Corp	(2.7)

Source:Kotak Institutional Equities estimates

CHANGES IN OUR TARGET PRICES

Changes in target prices in the past one month

Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	Oil India	22.7	1,350	1,100
2	Sun TV Network	21.7	420	345
3	J&K Bank	21.4	850	700
4	Oil & Natural Gas Corporation	19.6	1,375	1,150
5	Nagarjuna Construction Co.	16.7	210	180
6	Lanco Infratech	16.7	70	60
7	Voltas	16.2	215	185
8	ABB	15.9	840	725
9	Divi's Laboratories	14.3	800	700
10	State Bank of India	12.5	2,700	2,400
11	ITC	12.5	315	280
12	Sadbhav Engineering	12.1	1,570	1,400
13	Colgate-Palmolive (India)	11.8	760	680
14	BGR Energy Systems	10.2	700	635
15	Asian Paints	9.5	2,300	2,100
16	Rural Electrification Corp.	9.1	300	275
17	GAIL (India)	9.0	485	445
18	Jaiprakash Associates	7.6	183	170
19	Jyothy Laboratories	7.0	230	215
20	Shree Cement	6.3	2,550	2,400
21	Federal Bank	5.9	360	340
22	IDFC	5.9	180	170
23	Larsen & Toubro	5.7	1,850	1,750
24	NTPC	5.3	200	190
25	IVRCL	4.9	215	205

Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Tata Communications	(43.8)	225	400
2	Aban Offshore	(40.0)	900	1,500
3	Punj Lloyd	(31.7)	140	205
4	Grasim Industries	(16.0)	2,100	2,500
5	Reliance Infrastructure	(12.0)	1,100	1,250
6	Reliance Communications	(6.7)	140	150
7	Reliance Industries	(5.3)	985	1,040
8	GMR Infrastructure	(4.4)	65	68
9	Mphasis BFL	(3.5)	550	570

Source: Kotak Institutional Equities estimates

CHANGES IN OUR RATINGS

Changes in ratings over the past one month

Company name		Rating	
		Current	Previous
Aban offshore	Downgraded	ADD	BUY
Reliance Infrastructure	Downgraded	ADD	BUY
Reliance Power	Downgraded	SELL	REDUCE
Voltas	Downgraded	ADD	BUY

Company name		Rating	
		Current	Previous
ABB	Upgraded	REDUCE	SELL
BGR Energy Systems	Upgraded	BUY	ADD
GAIL (India)	Upgraded	ADD	REDUCE
GVK Power & Infrastructure	Upgraded	BUY	ADD
IDFC	Upgraded	ADD	REDUCE
JSW Steel	Upgraded	REDUCE	SELL
Maruti Suzuki	Upgraded	ADD	REDUCE
Oil & Natural Gas Corporation	Upgraded	BUY	REDUCE
Oil India	Upgraded	BUY	REDUCE
Titan Industries	Upgraded	ADD	REDUCE

Source:Kotak Institutional Equities estimates

FLOWS

- TREND IN EQUITY FLOWS
- FII FLOWS IN OTHER EMERGING MARKETS
- IPO ANALYSIS
- BULK DEALS
- DELIVERY POSITION ANALYSIS
- NIFTY DELIVERY

TREND IN EQUITY FLOWS

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

	FII	MF
CY2000	1,462	(150)
CY2001	2,807	(1,112)
CY2002	751	(686)
CY2003	6,658	118
CY2004	8,382	(218)
CY2005	10,776	2,877
CY2006	8,632	3,590
CY2007	17,335	1,390
CY2008	(13,336)	3,022
CY2009	17,854	(1,230)
CY2010	4,600	(1,683)
Jan	(230)	(286)
Feb	464	(155)
Mar	4,135	(831)
Apr	2,220	(321)
May	(1,989)	(90)

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

	Index Futures	Stock Futures
CY2004	(91)	(796)
CY2005	(676)	(668)
CY 2006	345	(3,690)
CY2007	(772)	(11,600)
CY2008	4,013	1,238
CY2009	(1,560)	(2,232)
CY2010	(2,072)	739
Jan	(1,544)	(424)
Feb	1,266	632
Mar	233	(724)
Apr	(1,325)	7
May	(703)	1,248

Source: Bloomberg, Kotak Institutional Equities

FII FLOWS IN OTHER EMERGING MARKETS

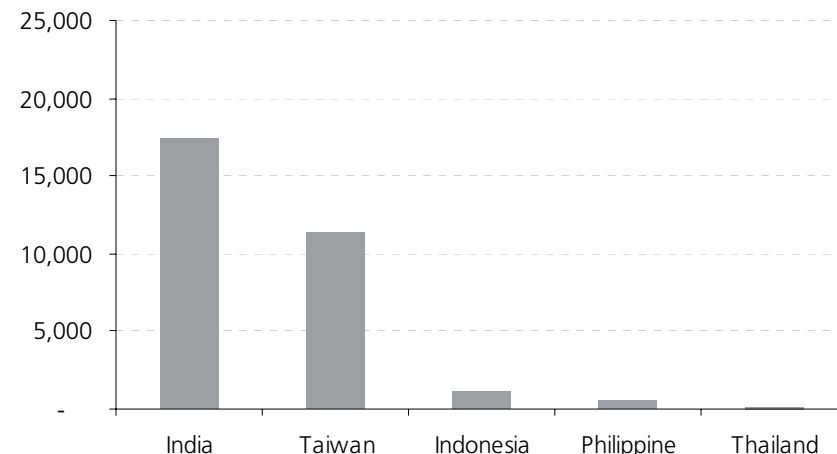
FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
4-May-10	(71.0)	20.7	6.7	(47.2)	23.5
5-May-10	(777.2)	(69.5)	11.4	-	(309.6)
6-May-10	(421.9)	(91.0)	104.6	(176.3)	(102.1)
7-May-10	(399.0)	(72.7)	(9.9)	(160.5)	(348.8)
10-May-10	(294.9)	(13.9)	-	(64.3)	155.1
11-May-10	(321.7)	80.8	(25.6)	(92.0)	32.9
12-May-10	(105.7)	15.4	(5.7)	(43.7)	(36.6)
13-May-10	272.2	-	(14.5)	(81.0)	19.1
14-May-10	51.9	22.5	(2.2)	(173.3)	(45.4)
17-May-10	(330.8)	(40.7)	(1.6)	(130.3)	(225.6)
18-May-10	1.6	1.8	(7.5)	(81.7)	(96.4)
19-May-10	(307.1)	(51.8)	(8.7)	(145.5)	(320.4)
20-May-10	(269.4)	(100.1)	(8.3)	-	(152.0)
21-May-10	(354.7)	(82.9)	(4.2)	-	(314.6)
24-May-10	9.7	23.1	(4.1)	(239.1)	(189.0)
25-May-10	(282.6)	(6.9)	1.4	(139.0)	(299.9)
26-May-10	(120.5)	44.3	(41.4)	(161.7)	(2.2)
28-May-10	(95.3)	-	11.8	-	103.9
31-May-10	40.4	101.0	8.4	20.1	172.4
1-Jun-10	(190.8)	(18.7)	1.0	(32.4)	(101.3)
Total	(3,967)	(239)	12	(1,748)	(2,037)

Source: Bloomberg

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



IPO ANALYSIS

Market performance since IPO/ Follow on offering

Name	Shares (mn)	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Jaypee Infratech Ltd.	225	102	22,929	5/21/2010	91	81	(10)	(20)
SJVN Ltd.	415	26	10,790	5/20/2010	25	24	(3)	(8)
Mandhana Industries	8	130	1,079	5/19/2010	134	141	3	8
Tarapur Transformers	9	75	638	5/18/2010	57	39	(23)	(48)
Nitesh Estates Ltd	75	54	4,050	5/13/2010	51	41	(5)	(25)
Talwalkars Better Value Fit	6	128	774	5/10/2010	163	176	27	37
Goenka Diamonds & Jewels Ltd.	10	135	1,350	4/16/2010	128	88	(5)	(35)
Intrasoft Technologies Ltd.	4	145	537	4/12/2010	159	115	10	(21)
Shree Ganesh Jewellery House	14	260	3,710	4/9/2010	165	120	(37)	(54)
Persistent Sytems Ltd.	5	310	1,680	2/18/2010	406	387	31	25
Pradip Overseas Ltd.	11	110	1,166	4/5/2010	107	72	(3)	(35)
IL&FS Transportation Network	27	258	7,000	3/30/2010	275	277	6	7
DQ Entertainment International Ltd.	16	80	1,284	3/29/2010	107	92	34	16
NMDC Ltd.	332	300	99,673	3/26/2010	299	273	(0)	(9)
United Bank of India	50	66	3,300	3/18/2010	69	79	4	20
Man Infraconstruction Ltd.	6	252	1,418	3/11/2010	350	304	39	20
Texmo Pipes & Products Ltd.	5	90	450	3/10/2010	137	41	52	(54)
Rural Electrification Corp.	172	206	35,306	8-Mar-10	241	278	17	35
ARSS Infrastructure Projects	2	450	1,030	3/3/2010	737	1,073	64	138
Hathway Cables and Datacom	28	140	3,885	2/25/2010	208	185	48	32
DB Realty Ltd.	32	468	15,000	2/24/2010	456	395	(3)	(16)
Emmbi Polyarns Ltd.	9	40	346	2/24/2010	29	16	(28)	(61)
Aqua Logistics Ltd.	7	220	1,512	2/23/2010	245	436	11	98
Thangamayil Jewellery Ltd.	4	75	288	2/19/2010	70	100	(6)	33
NTPC Ltd.	412	206	84,816	18-Feb-10	205	202	(0)	(2)
Syncom Healthcare Ltd.	8	75	563	2/15/2010	88	38	17	(49)
Vascon Engineers Ltd.	11	165	1,782	2/15/2010	148	136	(10)	(17)
Jubilant Foodworks Ltd.	23	145	3,287	2/8/2010	229	292	58	101
Infinite Computer Solutions	12	165	1,898	2/3/2010	192	171	16	4
MBL Infrastructures Ltd.	6	180	1,026	1/11/2010	207	215	15	19
DB Corp Ltd	18	212	3,853	1/6/2010	266	235	25	11
Godrej Properties	9	490	4,621	1/5/2010	537	522	10	7
JSW Energy Ltd	270	100	26,982	1/4/2010	101	121	1	21
Cox & Kings	18	330	6,104	12/11/2009	425	430	29	30
Astec Lifesciences	8	82	615	11/25/2009	84	61	2	(25)
Den Networks	19	195	3,621	11/24/2009	163	203	(16)	4
Indiabulls Power	340	45	15,291	10/30/2009	40	30	(12)	(34)
Thinksoft Global Services	4	125	456	10/26/2009	164	138	32	10
Euro Multivision	9	75	660	10/15/2009	54	24	(29)	(67)
Pipavav Shipyard	85	58	4,956	10/9/2009	57	86	(2)	49
Oil India	26	1,050	27,773	9/30/2009	1,141	1,314	9	25
Globus Spirits	8	100	750	9/23/2009	91	142	(9)	42
Jindal Cotex	12	75	934	9/22/2009	87	92	16	22
NHPC	1,677	36	60,385	9/1/2009	37	29	2	(19)
Adani Power	302	100	30,165	8/20/2009	100	119	0	19

Source: Bloomberg, Kotak Institutional Equities

Forthcoming IPO/Follow on offerings

Company Name	Issue
Jindal Power Ltd.	IPO
Sterlite Energy Ltd.	IPO
Reliance Infratel Ltd.	IPO
Emaar MGF Land Ltd.	IPO
Sahara Prime City Ltd.	IPO
Gujarat State Petroleum Corp.Ltd.	IPO
Lodha Developers Ltd.	IPO
BPTP Ltd.	IPO
Ambience Ltd.	IPO
Avantha Power & Infrastructure Ltd.	IPO
Sks Microfinance Ltd.	IPO
Oberoi Realty Ltd.	IPO
Prestige Estates Projects Ltd.	IPO
Orient Green Power Co.Ltd.	IPO
Raheja Universal Ltd.	IPO
Glenmark Generics Ltd.	IPO
Ramky Infrastructure Ltd.	IPO
Gujarat Pipavav Port Ltd.	IPO
Neptune Developers Ltd.	IPO
Kumar Urban Development Ltd.	IPO
Great Eastern Energy Corp.Ltd.	IPO
Indosolar Ltd.	IPO
Bajaj Corp.Ltd.	IPO
Greatship (India) Ltd.	IPO
Eros International Media Ltd.	IPO
Ashoka Buildcon Ltd.	IPO
Hindustan Media Ventures Ltd.	IPO
Claris Lifesciences Ltd.	IPO
Electrosteel Integrated Ltd.	IPO
Tecpro Systems Ltd.	IPO
BS Transcomm Ltd.	IPO
Parabolic Drugs Ltd.	IPO
Icomm Tele Ltd.	IPO

Source: Prime Database

BULK DEALS

Major bulk deals

Date	Company	Action	Quantity	Value		Exchange
				Price	(Rs mn)	
31-May-10	Mphasis	SELL	2,394,023	565	1,352	NSE
31-May-10	Mphasis	BUY	2,394,023	565	1,352	NSE
31-May-10	JM Financial	BUY	18,413,458	37	682	BSE
31-May-10	JM Financial	SELL	8,123,358	37	297	BSE
28-May-10	Arshiya International	BUY	1,452,489	190	276	NSE
28-May-10	Arshiya International	SELL	1,000,000	190	190	NSE
31-May-10	Deccan Chronicle Holdings	BUY	1,400,000	120	169	NSE
26-May-10	Ruchi Soya Industries	SELL	1,727,580	91	157	BSE
28-May-10	Arshiya International	SELL	452,500	190	86	NSE
2-Jun-10	Kiri Dyes and Chemicals	BUY	100,000	590	59	NSE
28-May-10	Wearology	BUY	200,000	87	17	BSE
28-May-10	Wearology	SELL	199,558	87	17	BSE
26-May-10	Country Club (India)	SELL	897,396	19	17	BSE
1-Jun-10	Sark Systems India	SELL	351,350	42	15	BSE
26-May-10	Bihar Tubes	SELL	111,572	103	11	BSE
28-May-10	Dwarikesh Sugar Industries	SELL	175,000	52	9	NSE
28-May-10	Dwarikesh Sugar Industries	SELL	85,000	52	4	BSE
28-May-10	Dhanus Technologies	SELL	123,000	13	2	BSE
28-May-10	Dhanus Technologies	SELL	102,000	14	1	NSE

Source: BSE, NSE

DELIVERY POSITIONS

Top increase/(decrease) in delivery percentage

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Union Bank Of India	26	68
Godrej Consumer Products Ltd	45	80
Nestle India Ltd	57	83
Irb Infrastructure Developer	17	42
Voltas Ltd	28	51
Mahanagar Telephone Nigam	37	59
Jammu & Kashmir Bank Ltd	43	65
Ivrc Infrastructures & Proj	27	47
Bharti Airtel Ltd	40	60

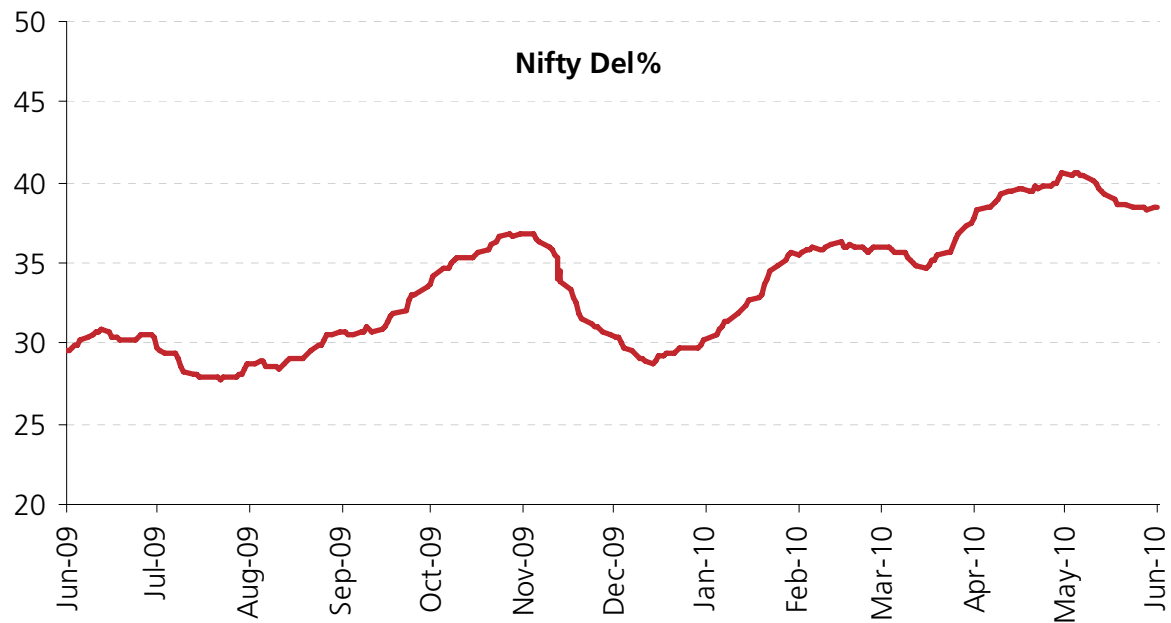
Decrease in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Shriram Transport Finance	97	25
Pantaloon Retail India Ltd	71	27
India Infoline Ltd	74	33
Phoenix Mills Ltd	70	28
United Phosphorus Ltd	73	32
Infrastructure Dev Finance	70	32
Power Finance Corporation	66	31
Indian Oil Corporation Ltd	62	33
Lupin Ltd	76	47

Source: Bloomberg, Kotak Institutional Equities

NIFTY DELIVERY

Nifty delivery percentage

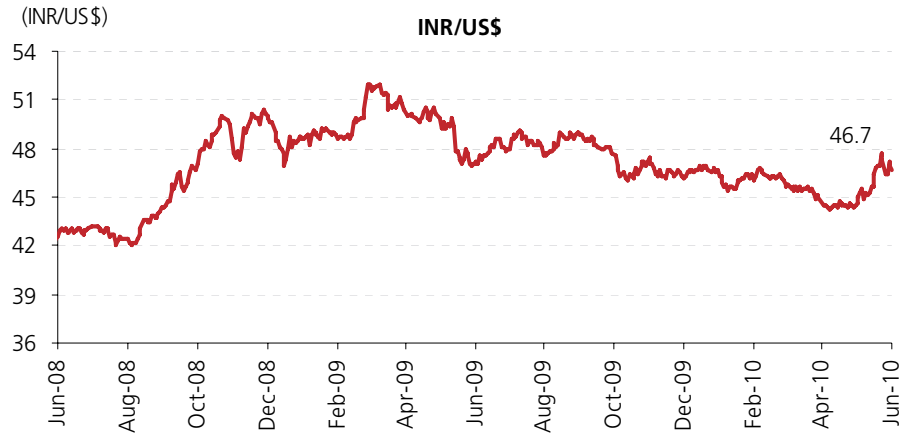
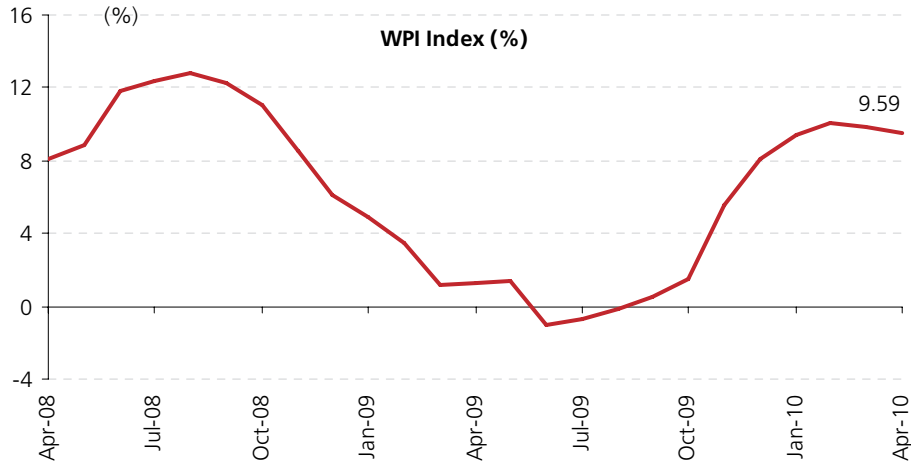
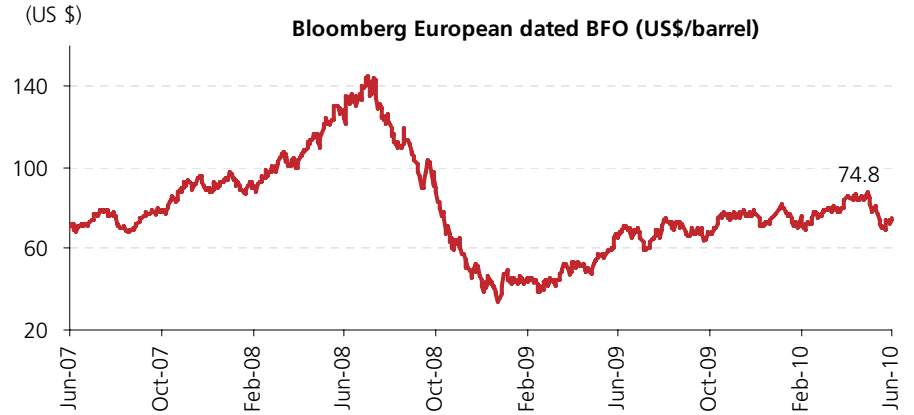
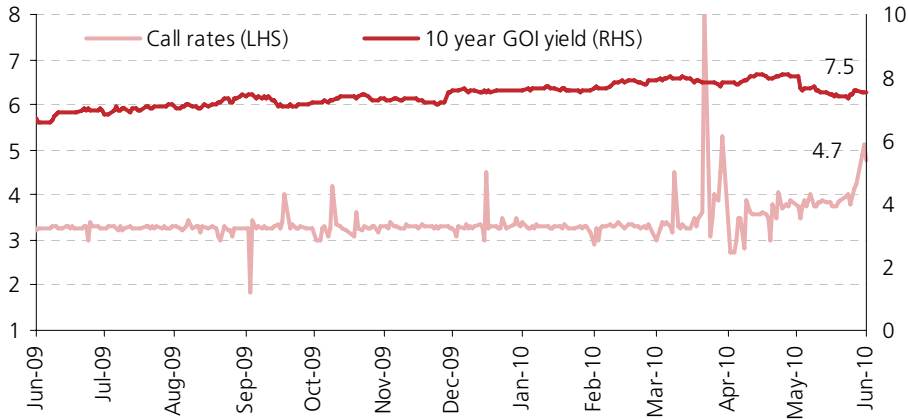


Source: Bloomberg, Kotak Institutional Equities

ECONOMIC INDICATORS

ECONOMIC INDICATORS

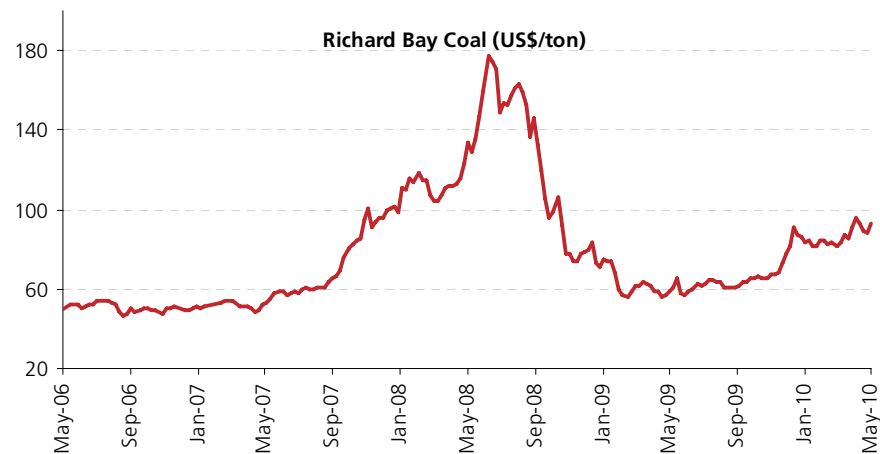
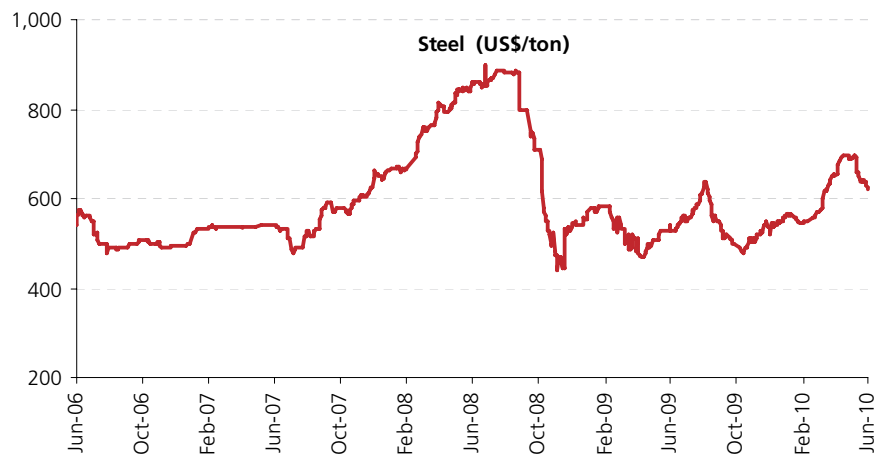
Key economic parameters



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

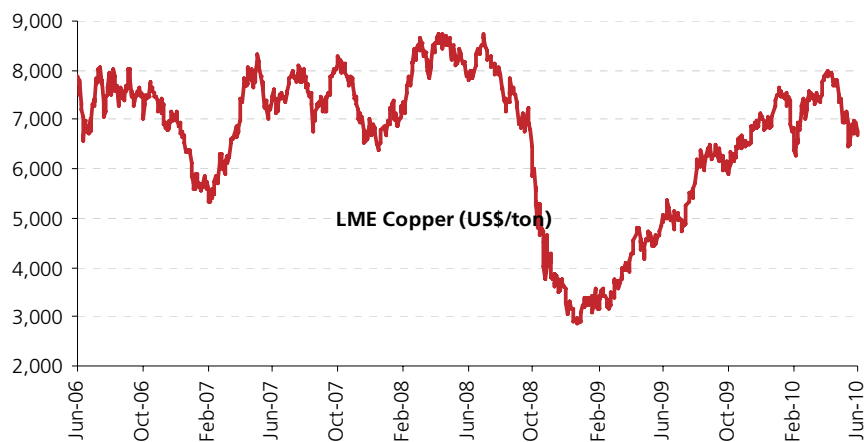
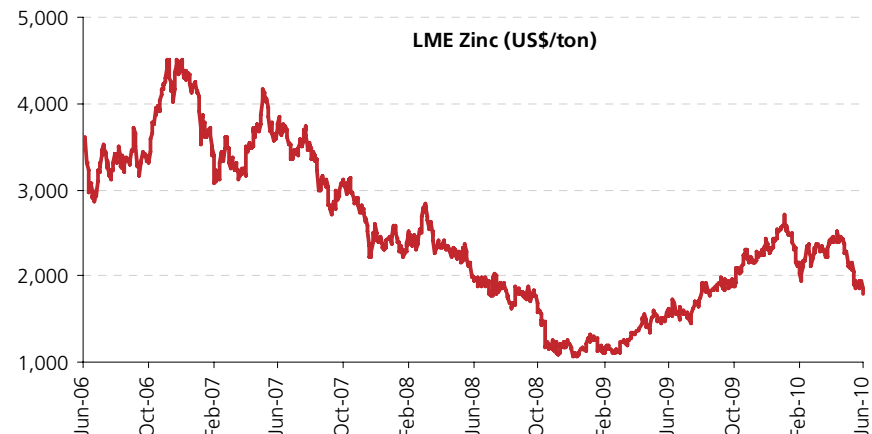
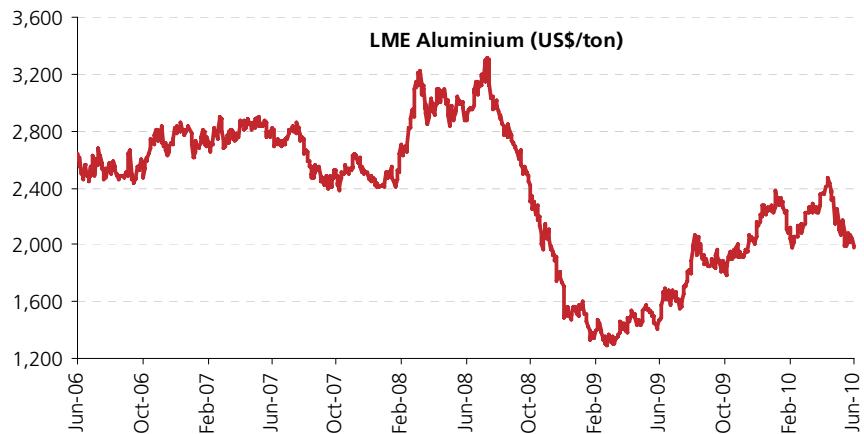
Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

COMMODITIES

Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

KOTAK VALUATION SUMMARY

VALUATION SUMMARY

Kotak Institutional Equities Universe

Company	03-Jun-10		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target	ADVT-	
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	shares (mn)	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	(Rs)	Upside (%)	3mo (US\$ mn)
Automobiles																													
Ashok Leyland	64	ADD	85,538	1,832	1,330	2.8	3.9	5.0	84.5	37.5	29.7	22.8	16.6	12.8	13.5	10.3	8.7	2.2	2.0	1.8	2.3	1.6	1.6	1.1	12.7	15.0	60	(6.7)	9.7
Bajaj Auto	2,199	ADD	318,087	6,812	145	117.5	159.9	173.2	159.8	36.1	8.3	18.7	13.8	12.7	11.8	9.5	8.6	10.0	6.4	4.5	0.9	0.9	0.9	66.6	54.8	39.8	2,330	6.0	11.5
Hero Honda	1,979	SELL	395,296	8,466	200	111.8	121.5	135.7	74.1	8.7	11.7	17.7	16.3	14.6	11.4	10.7	9.2	11.0	7.5	5.6	1.5	1.6	1.8	59.1	56.6	43.8	1,800	(9.1)	23.8
Mahindra & Mahindra	583	BUY	337,178	7,221	578	34.9	39.0	43.9	132.5	11.7	12.5	16.7	15.0	13.3	11.0	9.8	8.6	4.2	3.4	2.7	1.6	1.6	1.7	30.0	24.9	22.8	630	8.1	27.4
Maruti Suzuki	1,297	ADD	374,775	8,026	289	86.4	94.1	104.2	104.9	8.9	10.8	15.0	13.8	12.4	8.0	7.4	6.4	3.1	2.6	2.2	0.5	0.5	0.6	23.3	20.6	18.9	1,400	8.0	19.3
Tata Motors	767	ADD	457,419	9,796	596	23.9	27.2	35.5	138.9	13.5	30.6	32.1	28.2	21.6	12.7	12.7	11.2	2.2	2.0	1.7	0.7	0.7	0.7	8.1	7.5	8.6	900	17.3	112.5
Automobiles																													
Cautious																													
1,968,293 42,154 118.1 16.4 14.3 19.3 16.6 14.5 11.1 10.1 8.9 3.9 3.2 2.6 1.1 1.1 1.2 19.9 19.1 18.2																													
Banks/Financial Institutions																													
Andhra Bank	139	BUY	67,391	1,443	485	21.0	21.1	25.4	56.1	0.6	20.0	6.6	6.6	5.5	—	—	—	1.4	1.2	1.0	3.0	3.0	3.7	24.4	20.2	20.7	160	15.1	5.7
Axis Bank	1,242	ADD	503,390	10,781	405	62.1	77.4	98.5	22.7	24.7	27.3	20.0	16.1	12.6	—	—	—	3.1	2.7	2.3	1.0	1.2	1.5	18.9	18.1	19.9	1,360	9.5	52.9
Bank of Baroda	745	BUY	272,318	5,832	366	83.7	89.8	111.0	37.3	7.3	23.6	8.9	8.3	6.7	—	—	—	2.0	1.7	1.4	2.0	2.2	2.7	24.4	21.8	22.6	825	10.7	11.4
Bank of India	333	REDUCE	174,972	3,747	526	33.1	40.5	56.0	(42.1)	22.2	38.3	10.0	8.2	5.9	—	—	—	1.4	1.2	1.1	2.1	2.6	3.6	14.3	15.9	19.3	360	8.2	6.1
Canara Bank	415	ADD	170,150	3,644	410	73.7	77.0	93.6	45.8	4.5	21.4	5.6	5.4	4.4	—	—	—	1.3	1.1	0.9	1.9	2.4	2.9	23.0	19.6	20.1	500	20.5	6.8
Corporation Bank	538	BUY	77,184	1,653	143	81.6	86.7	100.3	31.1	6.3	15.7	6.6	6.2	5.4	—	—	—	1.3	1.1	1.0	3.1	3.3	3.8	21.9	19.9	19.8	650	20.8	1.0
Federal Bank	334	BUY	57,168	1,224	171	27.2	38.7	48.0	(7.2)	42.3	24.2	12.3	8.6	7.0	—	—	—	1.2	1.1	1.0	1.5	2.1	2.6	10.3	13.4	14.8	360	7.7	4.6
HDFC	2,735	ADD	785,303	16,819	287	98.4	118.2	143.7	22.7	20.1	21.5	27.8	23.1	19.0	—	—	—	5.2	4.6	4.0	1.3	1.5	1.8	20.0	21.0	22.4	3,200	17.0	39.5
HDFC Bank	1,910	BUY	863,432	18,492	452	65.2	86.2	112.2	23.6	32.1	30.2	29.3	22.2	17.0	—	—	—	4.0	3.5	3.0	0.6	0.9	1.1	16.2	17.0	19.2	2,200	15.2	33.7
ICICI Bank	854	REDUCE	952,228	20,394	1,115	36.1	46.5	58.0	6.9	28.9	24.7	23.7	18.4	14.7	—	—	—	1.9	1.7	1.6	1.4	1.8	2.2	8.1	9.8	11.5	980	14.7	95.6
IDFC	162	ADD	211,347	4,526	1,301	8.2	9.2	11.2	41.1	12.9	21.9	19.9	17.6	14.5	—	—	—	3.0	2.7	2.3	1.0	1.0	1.3	16.1	16.0	17.1	180	10.8	18.8
India Infoline	96	BUY	29,995	642	312	8.1	8.9	10.0	59.2	9.8	12.5	11.8	10.8	9.6	—	—	—	1.9	1.6	1.3	3.3	2.0	2.4	16.4	15.9	16.1	140	45.5	3.7
Indian Bank	229	BUY	98,460	2,109	430	35.1	35.5	43.8	25.5	1.1	23.6	6.5	6.5	5.2	—	—	—	1.5	1.2	1.0	2.6	2.7	3.3	24.0	20.3	21.2	280	22.2	4.0
Indian Overseas Bank	90	BUY	48,978	1,049	545	13.0	15.4	26.4	(46.7)	18.9	71.3	6.9	5.8	3.4	—	—	—	0.8	0.7	0.6	4.6	5.0	5.5	9.6	10.6	16.3	120	33.5	2.9
J&K Bank	753	BUY	36,501	782	48	105.7	112.3	140.6	25.1	6.3	25.2	7.1	6.7	5.4	—	—	—	1.3	1.1	1.0	2.9	3.1	3.9	17.3	16.9	18.5	850	12.9	0.6
LIC Housing Finance	969	ADD	92,045	1,971	95	69.7	93.2	104.2	11.4	33.8	11.7	13.9	10.4	9.3	—	—	—	2.8	2.4	2.0	1.5	2.1	2.3	23.6	23.8	22.4	1,050	8.4	21.1
Mahindra & Mahindra Financial	429	BUY	41,189	882	96	35.7	42.6	49.8	59.3	3.6	42.9	16.8	12.0	10.1	8.6	—	—	2.4	2.1	1.8	1.8	2.1	2.5	21.4	21.7	21.6	500	16.5	0.9
Oriental Bank of Commerce	330	ADD	82,691	1,771	251	45.3	52.8	58.6	25.3	16.5	11.0	7.3	6.3	5.6	—	—	—	1.2	1.0	0.9	2.8	3.2	3.6	14.1	15.4	15.3	400	21.2	5.1
PFCL	291	SELL	334,001	7,153	1,148	20.5	22.5	25.9	53.5	9.9	15.1	14.2	12.9	11.2	—	—	—	2.6	2.3	2.0	1.8	1.9	2.2	18.8	18.0	18.2	240	(17.5)	2.6
Punjab National Bank	1,005	BUY	316,816	6,785	315	123.8	128.0	156.5	26.3	3.4	22.2	8.1	7.8	6.4	—	—	—	2.0	1.6	1.4	2.2	2.6	3.1	26.4	22.7	23.3	1,150	14.5	7.3
Reliance Capital	673	ADD	165,878	3,548	246	13.8	16.1	14.1	(64.9)	17.0	(12.4)	48.8	41.7	47.6	—	—	—	2.4	2.3	2.3	1.0	1.0	0.8	5.0	5.7	4.8	875	30.0	29.5
Rural Electrification Corp.	278	ADD	274,001	5,868	987	20.3	24.6	30.7	23.2	21.2	24.9	13.7	11.3	9.0	—	—	—	2.5	2.2	1.9	2.3	2.7	3.3	22.0	20.5	22.2	300	8.1	16.4
Shriram Transport	581	ADD	129,555	2,775	223	39.2	49.1	62.4	30.1	25.4	27.2	14.8	11.8	9.3	—	—	—	3.5	3.0	2.5	2.0	2.5	3.2	28.4	26.1	27.8	600	3.3	5.2
SREI	83	NR	9,640	206	116	8.3	7.9	9.9	17.8	(4.8)	25.8	10.0	10.5	8.4	—	—	—	0.8	0.8	0.7	1.4	1.4	1.4	11.1	10.5	12.3	—	—	4.9
State Bank of India	2,287	BUY	1,452,161	31,101	635	144.4	178.1	223.0	0.5	23.4	25.2	15.8	12.8	10.3	—	—	—	2.2	2.0	1.7	1.7	1.8	1.9	14.8	16.1	17.8	2,700	18.0	95.1
Union Bank	316	BUY	159,491	3,416	505	41.1	45.8	57.3	20.2	11.5	25.0	7.7	6.9	5.5	—	—	—	1.8	1.5	1.2	1.7	2.1	2.7	26.2	23.7	24.3	380	20.3	4.8
Banks/Financial Institutions																													
Attractive																													
7,406,086 158,614 14.4 17.3 24.3 14.9 12.7 10.2 2.3 2.0 1.8 1.6 1.8 2.2 15.5 16.0 17.4																													
Cement																													
ACC	842	SELL	158,261	3,389	188	83.2	61.8	63.4	47.9	(25.7)	2.6	10.1	13.6	13.3	5.4	6.4	5.5	2.5	2.2	1.9	2.8	2.8	2.8	29.3	19.4	17.7	830	(1.5)	10.0
Ambuja Cements	114	SELL	173,855	3,723	1,522	8.0	7.9	8.1	11.4	(1.8)	2.6	14.3	14.5	14.2	8.0	8.3	7.5	2.5	2.2	2.0	1.6	1.9	1.9	19.3	16.7	15.3	98	(14.2)	6.9
Grasim Industries	1,790	REDUCE	164,084	3,514	92	301.0	240.1	282.0	26.1	(20.2)	17.5	5.9	7.5	6.3	3.8	3.9	3.0	1.3	1.1	1.0	1.9	1.9	1.9	22.9	16.4	16.7	2,100	17.3	10.8
India Cements	110	SELL	33,788	724	307	10.0	10.4	11.3	n/a	3.1	9.1	11.0	10.6	9.7	5.5	5.5	5.3	0.8	0.7	0.7	1.9	2.9	2.9	8.2	7.7	8.0	110	(0.0)	4.7
Shree Cement	2,001	BUY	69,713	1,493	35	208.0	221.1	242.5	19.0	6.3	9.7	9.6	9.1	8.3	4.7	4.6	3.6	3.8	2.7	2.0	0.5	0.5	0.5	48.0	35.0	28.1	2,550	27.4	0.9
UltraTech Cement	946	SELL	117,474	2,522	124	88.2	67.1	77.2	12.0	(23.9)	15.0	10.7	14.1	12.3	5.6	6.3	5.2	2.2	1.9	1.7	0.9	0.9	0.9	26.6	16.8	16.7	940	(0.6)	3.7
Cement																													
Neutral																													
717,774 15,366 19.3 (15.5) 10.4 9.4 11.1 10.0 5.1 5.4 4.5 1.9 1.7 1.5 1.7 1.8 1.8 20.5 15.1 14.6																													
Consumer products																													
Asian Paints	2,115	BUY	202,861	4,345	96	71.6	82.1	98.1	85.4	14.7	19.5	29.6	25.8	21.5	18.4	15.8	12.9	12.5	10.0	8.1									

VALUATION SUMMARY

Kotak Institutional Equities Universe

Company	03-Jun-10		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target	Upside	ADVT-
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	(Rs)	(%)	3mo
Energy																													
Bharat Petroleum	580	RS	209,657	4,490	362	63.3	53.6	59.2	207.3	(15.3)	10.4	9.2	10.8	9.8	5.2	5.2	4.8	1.5	1.3	1.2	2.4	3.0	3.4	15.9	12.2	12.3	—	—	8.6
Cairn india	292	SELL	553,915	11,863	1,897	5.3	28.5	40.0	—	473	40.5	55	10	7.3	42.9	7.0	5.0	1.6	1.4	1.3	—	—	5.1	3.0	14.6	18.1	250	(14.4)	19.5
Castrol India (a)	392	REDUCE	96,934	2,076	247	15.4	19.6	20.6	44.6	23.0	5.3	25.4	20.0	19.0	15.0	12.2	11.5	21.1	19.7	18.1	3.2	4.0	4.1	83.8	101.6	99.2	330	(15.8)	1.6
GAIL (India)	462	ADD	585,594	12,541	1,268	24.8	26.4	37.1	11.7	6.8	40.5	18.7	17.5	12.4	10.4	10.8	8.9	3.2	2.9	2.5	1.6	1.8	2.6	17.4	16.5	20.2	485	5.1	17.2
GSPL	99	REDUCE	55,626	1,191	562	7.4	8.9	9.1	234.7	21.5	1.3	13.4	11.1	10.9	6.9	5.8	5.2	3.3	2.6	2.3	1.0	2.3	3.7	27.3	26.3	22.5	80	(19.1)	4.2
Hindustan Petroleum	363	RS	123,061	2,636	339	54.7	44.6	56.3	222.7	(18.6)	26.4	6.6	8.1	6.4	2.5	2.9	2.4	0.9	0.8	0.8	3.3	3.8	4.9	13.9	10.1	11.7	—	—	7.1
Indian Oil Corporation	353	RS	856,824	18,350	2,428	49.9	34.3	35.7	406.8	(31.3)	4.2	7.1	10.3	9.9	4.9	5.7	4.9	1.6	1.5	1.3	3.7	2.9	3.0	22.7	13.9	13.3	—	—	5.9
Oil India	1,314	BUY	316,029	6,768	240	11.1	127.0	140.6	—	10.3	10.7	11.4	10.3	9.3	4.8	4.0	3.3	2.1	1.9	1.7	2.6	3.0	3.3	16.7	17.3	17.0	1,350	2.7	3.6
Oil & Natural Gas Corporation	1,211	BUY	2,589,871	55,467	2,139	91.4	121.9	129.5	1.3	33.3	6.2	13.2	9.9	9.3	4.8	4.1	3.5	2.0	1.7	1.6	2.7	3.5	3.6	14.6	17.5	16.7	1,375	13.6	27.5
Petroleum LNG	84	REDUCE	63,000	1,349	750	5.4	6.2	7.9	—	14.9	28.0	15.6	13.6	10.6	9.7	8.0	6.9	2.5	2.1	1.9	2.1	2.4	3.3	15.9	15.9	17.6	82	(2.4)	4.2
Reliance Industries	1,031	SELL	3,067,661	65,699	2,976	49.6	62.9	80.2	(1.8)	26.6	27.5	20.8	16.4	12.9	10.5	7.9	6.6	2.1	1.9	1.7	1.4	1.8	2.2	11.4	13.2	15.3	985	(4.4)	125.9
Energy																													
Cautious																													
8,518,171																													
182,431																													
33.5																													
19.3																													
17.1																													
14.2																													
10.6																													
10.1																													
6.9																													
5.9																													
6.6																													
2.0																													
1.8																													
1.6																													
2.1																													
2.4																													
3.1																													
13.8																													
14.9																													
15.7																													
Industrials																													
ABB	859	REDUCE	182,104	3,900	212	16.7	23.3	37.2	(35.2)	39.2	59.8	51.3	36.9	23.1	29.4	21.7	13.4	7.5	6.4	5.1	0.2	0.4	0.4	15.6	18.8	24.7	840	(2.3)	8.0
BGR Energy Systems	649	BUY	46,706	1,000	72	27.3	36.2	46.3	70.5	32.4	27.8	23.7	17.9	14.0	13.9	10.6	8.5	6.5	5.0	3.9	0.7	1.0	1.2	30.7	31.6	31.3	700	7.9	2.2
Bharat Electronics	1,709	REDUCE	136,736	2,928	80	93.9	111.8	127.4	(9.6)	19.1	13.9	18.2	15.3	13.4	8.7	7.0	5.8	3.1	2.7	2.3	1.5	1.5	1.5	17.9	18.7	18.5	1,790	4.7	3.8
Bharat Heavy Electricals	2,343	ADD	1,147,092	24,567	490	92.0	115.8	136.2	44.1	25.8	17.7	25.5	20.2	17.2	14.1	11.1	9.0	7.0	5.6	4.5	0.8	1.1	1.2	30.8	30.7	28.9	2,500	6.7	31.2
Crompton Greaves	249	BUY	160,003	3,427	642	12.8	13.3	15.8	46.5	3.2	19.4	19.4	18.8	15.8	11.2	10.3	8.4	6.1	4.8	3.8	0.7	0.7	0.9	36.8	28.5	26.8	290	16.3	9.3
Larsen & Toubro	1,661	BUY	998,239	21,379	601	58.1	69.7	87.7	16.0	19.9	25.9	28.6	23.8	18.9	15.4	13.2	11.0	4.5	3.7	3.2	0.7	0.7	0.8	18.6	17.2	18.3	1,850	11.4	50.7
Maharashtra Seamless	378	BUY	26,660	571	71	40.2	43.6	49.8	12.1	8.5	14.2	9.4	8.7	7.6	4.9	4.3	3.4	1.7	1.4	1.3	1.6	2.1	2.6	19.3	17.9	17.7	450	19.0	0.7
Siemens	693	REDUCE	233,770	5,007	337	25.0	29.6	34.3	55.2	18.6	16.0	27.8	23.4	20.2	16.3	13.3	11.2	6.9	5.6	4.6	0.7	0.8	1.0	27.3	26.3	25.1	635	(8.4)	7.3
Suzlon Energy	55	REDUCE	88,141	1,888	1,594	(5.9)	0.3	5.3	(182.3)	(104.4)	1,931.8	(9.3)	213.2	10.5	16.6	8.5	5.6	0.8	0.8	0.8	—	—	0.4	(8.8)	0.4	7.5	70	26.6	32.6
Thermax	685	BUY	81,665	1,749	119	21.7	29.4	37.6	(10.4)	35.4	27.7	31.5	23.3	18.2	16.8	13.0	10.2	7.5	6.2	5.0	0.5	1.2	1.6	24.9	29.1	30.5	750	9.4	1.1
Voltas	185	ADD	61,235	1,311	331	10.9	11.3	12.6	57.4	3.8	12.1	17.0	16.4	14.6	9.9	8.8	7.4	5.7	4.7	3.9	1.7	1.8	2.0	38.3	31.3	28.8	215	16.1	3.7
Industrials																													
Attractive																													
3,162,352																													
67,727																													
4.2																													
32.3																													
26.9																													
29.0																													
21.9																													
17.2																													
14.5																													
11.6																													
9.3																													
4.7																													
4.0																													
3.4																													
0.7																													
0.9																													
1.0																													
16.3																													
18.3																													
19.6																													
Infrastructure																													
Container Corporation	1,305	REDUCE	169,565	3,632	130	61.1	74.3	85.9	0.3	21.7	15.6	21.4	17.6	15.2	15.0	12.2	10.2	3.9	3.4	2.9	1.1	1.3	1.5	19.6	20.6	20.5	1,250	(4.2)	1.9
GMR Infrastructure	58	ADD	210,853	4,516	3,667	0.4	0.2	0.1	(43.8)	(48.9)	(40.0)	133.4	261.2	435.0	23.5	15.2	14.2	2.0	1.7	1.7	—	—	—	2.4	1.2	0.7	65	13.0	6.1
GVK Power & Infrastructure	43	BUY	68,617	1,470	1,074	0.8	1.1	1.4	6.7	33.5	32.4	53.4	40.0	30.2	18.3	16.8	17.2	2.2	2.1	2.0	—	0.7	0.7	4.7	5.3	6.7	54	24.3	6.3
IRB Infrastructure	258	RS	85,584	1,833	332	9.7	12.6	12.1	83.8	29.2	(3.7)	26.5	20.5	21.3	12.7	11.3	10.6	3.7	2.8	2.3	—	—	—	15.6	15.7	11.9	—	—	4.5
Mundra Port and SEZ	685	REDUCE	276,491	5,922	403	15.1	24.1	35.7	40.8	59.5	48.4	45.4	28.5	19.2	29.3	18.8	13.4	7.6	5.9	4.4	—	—	—	18.5	23.2	26.1	725	5.8	15.8
Infrastructure																													
Attractive																													
811,110																													
17,371																													
12.7																													
29.5																													
24.1																													
40.3																													
31.1																													
25.1																													
20.4																													
15.0																													
12.9																													
3.4																													
2.9																													
2.6																													
—																													
—																													
0.4																													
8.4																													
9.2																													
10.2																													
Media																													
DB Corp	235	ADD	42,650	913	181	10.6	12.9	15.7	276.4	21.0	22.3	22.1	18.3	15.0	12.2	10.1	8.0	6.1	4.9	4.1	0.9	1.7	2.6	38.2	29.6	29.9	280	19.1	10.2
DishTV	39	ADD	41,207	883	1,063	(2.5)	(1.2)	0.6	(61.6)	(52.4)	(146.5)	(15.4)	(32.3)	69.4	60.3	19.6	10.6	10.1	14.7	12.1	—	—	—	248.6	(37.1)	19.1	45	16.1	2.7
HT Media	153	NR	35,896	769	235	6.1	7.8	9.4	623.3	27.0	20.9	25.0	19.7	16.3	12.5	10.4	8.5	3.7	3.3	3.0	0.7	1.3	2.6	15.6	17.6	19.2	—	—	0.3
Jagran Prakashan	117	ADD	35,101	762	301	5.8	6.4	7.5	91.9	9.5	16.7	20.0	18.2	15.6	12.0	10.6	9.0	5.7	5.1	4.6	3.0	3.0	3.4	30.0	29.8	31.0	130	11.5	1.9
Sun TV Network	403	REDUCE	158,873	3,403	394	13.1	17.9	22.8	44.8	36.0	27.5	30.7	22.5	17.7	17.4	13.0	10.3	8.2	6.9	5.7	1.9	1.9	2.2	28.4	33.5	35.5	420	4.2	2.2
Zee Entertainment Enterprises	292	REDUCE	126,685	2,713	434	10.5	12.0	14.7	24.4	14.4	22.2	27.8	24.3	19.9	20.6	16.3	13.0	3.4	3.3	3.1	0.8	1.0	1.2	13.0	14.1	16.4	265	(9.2)	8.7
Media																													
Neutral																													
440,412																													
9,432																													
183.3																													
41.2																													
36.3																													
36.4																													
25.8																													

VALUATION SUMMARY

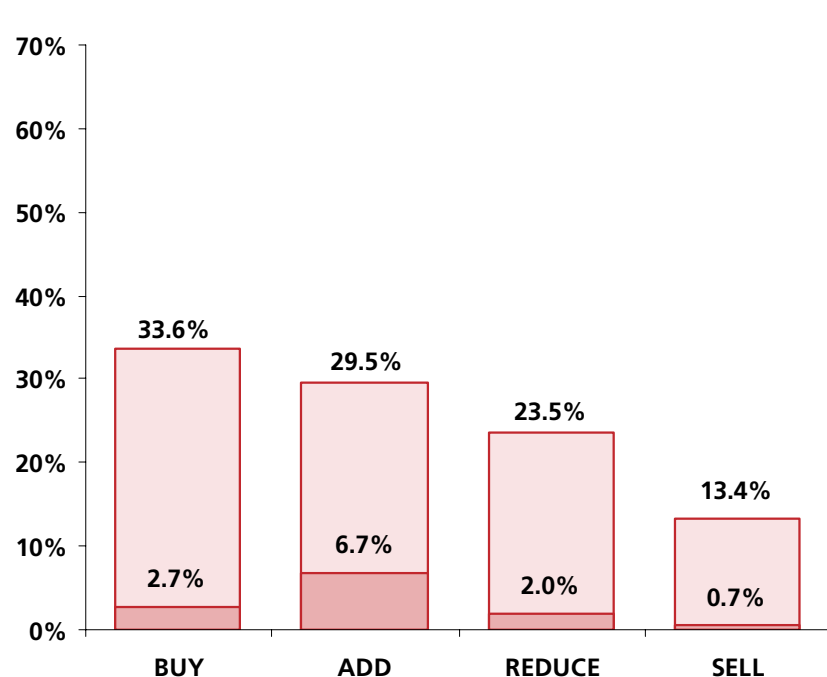
Kotak Institutional Equities Universe

Company	03-Jun-10		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)		2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	2010E	2011E	2012E	(Rs)
Retail																														
Titan Industries	2,220	ADD	98,546	2,111	44	62.7	76.1	96.2	41.5	21.3	26.5	35.4	29.2	23.1	25.2	19.7	15.3	12.5	9.3	7.0	0.5	0.5	0.6	40.7	36.6	34.8	2,400	8.1	4.3	
		Neutral	98,546	2,111					41.5	21.3	26.5	35.4	29.2	23.1	25.2	19.7	15.3	12.5	9.3	7.0	0.5	0.5	0.6	35.2	32.0	30.5				
Sugar																														
Bajaj Hindustan	109	SELL	20,791	445	191	9.7	9.9	8.9	—	2.2	(10.4)	11.2	10.9	12.2	6.8	5.6	5.3	0.9	0.8	0.7	0.6	0.6	0.6	8.1	7.5	6.3	99	(8.9)	10.0	
Bairampur Chini Mills	80	ADD	20,451	438	257	3.7	10.4	7.0	—	183.7	(32.7)	21.7	7.6	11.4	9.3	5.3	5.7	1.5	1.3	1.2	0.6	0.6	0.6	7.0	18.1	11.0	92	15.5	9.3	
Shree Renuka Sugars	62	BUY	41,695	893	670	9.9	7.6	7.8	196.4	(23.2)	3.1	6.3	8.2	7.9	4.4	4.9	4.2	1.6	1.4	1.1	0.6	0.6	0.6	32.0	18.1	15.7	76	22.1	23.4	
		Cautious	82,937	1,776					96.1	2.5	(9.4)	8.8	8.6	9.5	5.9	5.3	4.9	1.3	1.1	1.0	0.6	0.6	0.6	14.9	13.3	10.8				
Technology																														
HCL Technologies	379	REDUCE	261,234	5,595	690	17.8	25.1	28.5	2.0	40.6	13.6	21.2	15.1	13.3	10.8	9.3	7.7	4.1	3.4	2.9	1.1	1.1	1.6	20.8	24.9	23.3	370	(2.3)	8.5	
Hexaware Technologies	75	REDUCE	10,810	232	144	9.3	5.1	9.4	127.7	(45.4)	84.0	8.0	14.7	8.0	3.9	8.1	4.3	1.3	1.2	1.1	1.3	1.3	1.3	17.8	8.4	14.0	72	(4.3)	2.6	
Infosys Technologies	2,698	BUY	1,548,652	33,167	574	108.3	125.2	150.5	5.7	15.6	20.2	24.9	21.5	17.9	18.1	14.8	12.0	6.7	5.5	4.6	0.9	1.3	1.6	30.1	28.2	28.0	3,100	14.9	69.7	
Mphasis BFL	578	REDUCE	120,424	2,579	208	43.6	49.0	45.6	207.5	12.5	(7.0)	13.3	11.8	12.7	10.5	9.4	8.5	5.1	3.7	2.9	0.6	0.7	0.8	48.1	36.4	25.8	550	(4.8)	10.4	
Mindtree	559	REDUCE	23,006	493	41	52.2	38.9	51.6	294.3	(25.5)	32.6	10.7	14.4	10.8	9.2	8.9	6.3	3.4	2.8	2.3	0.4	0.7	0.9	35.2	21.4	23.1	550	(1.6)	2.9	
Patni Computer Systems	577	REDUCE	76,870	1,646	133	36.6	42.3	38.6	36.4	15.6	(8.7)	15.8	13.7	14.9	8.6	7.7	6.8	2.1	2.0	1.8	1.2	1.5	1.3	18.2	15.8	12.8	450	(22.0)	5.2	
Polaris Software Lab	181	SELL	18,086	387	100	15.4	19.1	18.6	16.9	24.3	(2.7)	11.8	9.5	9.8	5.9	7.5	6.5	2.1	1.8	1.6	1.9	2.0	2.1	18.6	20.1	17.0	180	(0.8)	3.7	
TCS	765	BUY	1,498,139	32,085	1,957	35.1	41.1	46.3	32.8	16.9	12.8	21.8	18.6	16.5	16.7	13.6	11.3	7.2	5.9	5.0	2.6	2.1	2.4	37.6	34.8	32.8	900	17.6	35.3	
Wipro	656	ADD	958,487	20,528	1,462	31.4	36.7	41.9	22.1	16.7	14.4	20.9	17.9	15.6	15.7	12.9	10.6	4.9	4.0	3.3	0.9	1.1	1.3	26.5	24.6	23.2	775	18.2	16.2	
		Attractive	4,515,707	96,712					22.9	16.7	14.2	21.6	18.5	16.2	15.7	13.0	10.7	5.8	4.8	4.0	1.5	1.5	1.8	26.7	25.8	24.6				
Telecom																														
Bharti Airtel	273	REDUCE	1,038,454	22,240	3,798	24.0	21.4	24.2	7.5	(10.8)	13.2	11.4	12.8	11.3	6.4	6.1	5.2	2.3	2.0	1.7	1.1	1.5	1.8	24.1	17.0	16.5	290	6.1	44.1	
IDEA	56	REDUCE	183,799	3,936	3,300	2.7	1.3	2.3	(5.8)	(51.7)	71.9	20.4	42.2	24.5	7.3	7.3	6.0	1.6	1.6	1.5	—	—	—	7.2	3.8	6.3	50	(10.2)	8.9	
MTNL	56	SELL	35,217	754	630	(15.6)	(10.4)	(9.1)	(750.8)	(33.7)	(11.9)	(3.6)	(5.4)	(6.1)	0.2	0.2	0.3	0.3	0.3	0.4	—	—	—	(8.5)	(6.1)	(5.7)	50	(10.6)	1.7	
Reliance Communications	165	SELL	351,439	7,527	2,133	22.1	14.1	18.2	(30.2)	(36.2)	29.1	7.5	11.7	9.1	7.0	7.7	5.8	0.9	0.8	0.8	0.5	—	—	11.7	7.4	8.9	140	(15.0)	18.1	
Tata Communications	245	REDUCE	69,825	1,495	285	14.0	15.2	15.7	3.2	8.2	3.5	17.5	16.2	15.6	7.2	6.6	6.3	1.0	1.0	0.9	2.7	3.1	3.5	5.2	5.5	5.5	225	(8.2)	1.3	
		Cautious	1,678,734	35,953					(15.1)	(19.8)	20.7	11.7	14.6	12.1	6.9	6.8	5.6	1.5	1.4	1.2	0.9	1.0	1.3	12.7	9.3	10.2				
Utilities																														
Adani Power	119	ADD	259,420	5,556	2,180	0.8	4.9	16.4	—	524.1	235.3	151.9	24.3	7.3	119.5	16.5	6.0	4.7	4.0	2.6	—	—	—	4.4	17.8	43.0	130	9.2	10.2	
CESC	375	ADD	46,901	1,004	125	34.1	43.3	46.7	5.6	27.0	7.9	11.0	8.7	8.0	6.3	6.1	6.9	1.1	1.0	0.9	1.2	1.4	1.6	10.7	12.1	11.7	455	21.2	2.1	
Lanco Infraitech	64	BUY	153,920	3,296	2,405	2.0	3.6	4.5	35.1	82.2	26.4	32.6	17.9	14.1	19.8	8.4	8.2	4.5	3.6	2.9	—	—	—	15.8	20.6	21.0	70	9.4	10.2	
NTPC	202	REDUCE	1,664,759	35,654	8,245	10.6	12.4	14.7	7.8	16.8	18.9	19.1	16.3	13.7	14.8	12.5	10.5	2.6	2.4	2.2	2.0	2.3	2.7	14.2	15.3	16.6	200	(0.9)	13.9	
Reliance Infrastructure	1,096	ADD	269,695	5,776	246	61.8	62.7	80.3	(1.5)	1.6	28.0	17.8	17.5	13.6	19.0	18.4	12.5	1.4	1.3	1.2	0.8	0.8	0.9	6.3	7.3	10.1	1,100	0.4	38.5	
Reliance Power	162	SELL	387,315	8,295	2,397	2.5	3.1	5.1	—	24.4	66.1	65.6	52.7	31.8	—	—	—	2.7	2.6	2.4	—	—	—	4.2	5.0	7.8	128	(20.8)	11.2	
Tata Power	1,245	BUY	307,222	6,580	247	60.2	76.1	95.3	20.1	26.4	25.2	20.7	16.4	13.1	13.3	11.3	9.7	2.4	2.1	1.9	1.0	1.1	1.2	12.9	13.6	15.2	1,500	20.5	12.3	
		Attractive	3,089,233	66,161					15.1	25.4	36.3	23.1	18.4	13.5	19.0	14.4	10.8	2.5	2.3	2.0	1.2	1.4	1.7	10.8	12.4	15.0				
Others																														
Aban Offshore	695	ADD	30,252	648	43	94.5	172.3	103.6	(2.5)	82.3	(39.8)	7.4	4.0	6.7	8.1	5.9	6.4	1.4	0.7	0.7	0.5	0.5	0.6	21.7	20.8	11.1	900	29.4	47.3	
Havells India	637	SELL	38,336	821	60	5.3	31.6	45.0	3.7	497.9	42.6	120.6	20.2	14.1	16.7	10.3	8.4	10.5	7.0	4.7	0.4	0.4	0.4	6.6	41.6	39.7	480	(24.7)	9.4	
Jaiprakash Associates	122	BUY	259,930	5,567	2,129	1.5	8.0	10.8	(27.2)	447.1	35.7	83.8	15.3	11.3	21.5	12.9	9.2	3.0	2.6	2.1	—	—	—	4.1	18.3	20.8	183	49.9	37.4	
Jindal Saw	192	ADD	56,417	1,208	294	27.5	19.3	17.9	121.9	(29.8)	(7.2)	7.0	9.9	10.7	5.0	5.7	5.5	1.5	1.2	1.1	0.5	0.4	0.4	20.5	12.9	11.1	243	26.7	9.5	
PSL	124	BUY	6,624	142	53	22.9	25.4	28.2	3.3	10.6	11.0	5.4	4.9	4.4	3.1	2.6	2.8	0.7	0.6	0.6	5.2	5.2	5.6	12.6	11.7	12.0	175	41.2	0.7	
Sintex	290	BUY	39,550	847	136	24.1	29.8	34.3	0.5	23.5	15.1	12.0	9.7	8.5	8.9	6.7	5.6	1.8	1.5	1.3	0.4	0.4	0.4	15.1	15.6	15.2	380	31.1	4.6	
Tata Chemicals	315	ADD	76,609	1,641	243	28.6	30.1	35.9	7.4	5.1	19.3	11.0	10.5	8.8	6.3	5.7	4.8	1.6	1.4	1.3	2.8	2.9	2.9	17.2	17.3	17.9	340	8.0	3.4	
Welspun Gujarat Stahl Rohren	219	REDUCE	45,060	965	205	25.1	23.0	24.4	44.9	(8.1)	5.8	8.8	9.5	9.0	4.9	5.0	4.4	1.5	1.3	1.1	0.9	0.9	1.0	20.6	14.3	13.5	245	11.7	10.6	
United Phosphorus	181	BUY	83,793	1,795	463	11.9	14.6	18.1	18.8	22.5	23.5	15.2	12.4	10.0	8.7	7.5	6.0	2.4	2.1	1.8	0.8	1.1	1.1	17.7	18.0	18.8	195	7.7	6.4	
		Others																												

DISCLOSURES

Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



- Percentage of companies covered by Kotak Institutional Equities, within the specified category.
- Percentage of companies within each category for which Kotak Institutional Equities and or its affiliates has provided investment banking services within the previous 12 months.

* The above categories are defined as follows: Buy = We expect this stock to outperform the BSE Sensex by 10% over the next 12 months; Add = We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months; Reduce = We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months; Sell = We expect this stock to underperform the BSE Sensex by more than 10% over the next 12 months. These ratings are used illustratively to comply with applicable regulations. As of 31/03/2010 Kotak Institutional Equities Investment Research had investment ratings on 149 equity securities.

Source: Kotak Institutional Equities

As of March 31, 2010

Kotak Securities company-specific disclosures

Kotak Securities Limited and or its affiliates have received during the last 12 months compensation for investment banking services from the following companies, Mahindra & Mahindra Limited, Tata Motors Limited, Pantaloon Retail.

RATINGS AND OTHER DEFINITIONS/IDENTIFIERS

New rating system

Definitions of ratings

BUY: We expect this stock to outperform the BSE Sensex by 10% over the next 12 months.

ADD: We expect this stock to outperform the BSE Sensex by 0-10% over the next 12 months.

REDUCE: We expect this stock to underperform the BSE Sensex by 0-10% over the next 12 months.

SELL: We expect this stock to underperform the BSE Sensex by more than 10% over the next 12 months

Old rating system

OP = Outperform. We expect this stock to outperform the BSE Sensex over the next 12 months.

IL = In-Line. We expect this stock to perform in line with the BSE Sensex over the next 12 months.

U = Underperform. We expect this stock to underperform the BSE Sensex over the next 12 months.

Other definitions

Coverage view. The coverage view represents each analyst's overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: Attractive (A), Neutral (N), Cautious (C).

Other ratings/identifiers

NR = Not Rated. The investment rating and target price, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

CS = Coverage Suspended. Kotak Securities has suspended coverage of this company.

NC = Not Covered. Kotak Securities does not cover this company.

RS = Rating Suspended. Kotak Securities Research has suspended the investment rating and price target, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA = Not Available or Not Applicable. The information is not available for display or is not applicable.

NM = Not Meaningful. The information is not meaningful and is therefore excluded.

DISCLAIMER

Copyright 2010 Kotak Institutional Equities (Kotak Securities Limited). All rights reserved.

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

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

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

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