

June 08, 2007

India Strategy Friday Flash

BSE-30: 14,186

India

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**Kotak Institutional Equities
Research**

Important disclosures appear at the back of this report.

Technically correct. Rising valuations led to profit booking. The 358 point (2.5%) correction in the BSE Sensex in the week to Thursday (June 7) was the largest among regional peers. This was led by Reliance Industries (101 points) and Industrials and Consumers (112 points).

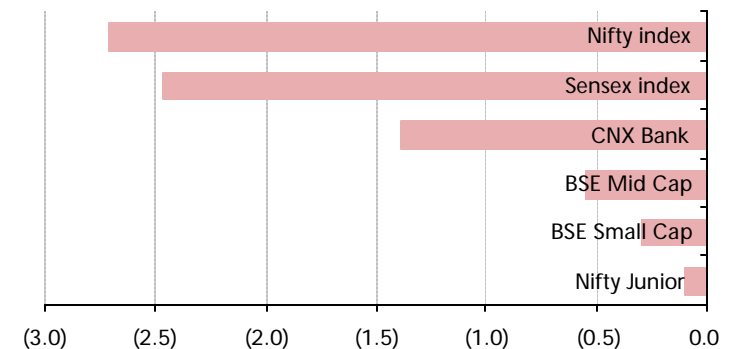
Market highlights for the week ending Thursday, June 7, 2007

- Largest gainers: Jindal Steel & Power (9%), I-Flex (9%), Ipca (7%)
- Largest losers: Tata Motors (-11%), Zee (-9%), Tata Tea (-9%)
- YTD Institutional flows: FIs: US\$4.1bn; MFs US\$(84)mn

Flows in the cash markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$mn)						
30-May-07	(143)	(1)	35	28	(90)	(170)
31-May-07	139	125	9	-	74	346
1-Jun-07	215	-	26	247	115	603
4-Jun-07	114	34	29	224	53	455
5-Jun-07	188	21	23	0	(9)	224
Total	514	180	121	500	142	1,458

Relative performance of Indian indices (% Change 1 Week)



Source: Company, Bloomberg, Kotak Institutional Equities., Note: _ indicates that the figure is not available

Our Top Recommendations

Exhibit 1: Kotak Institutional Equities, Top 10

7-Jun-07 Companies	Sector	Rating	CMP (Rs)	Mkt Cap (mn USD)	Target (Rs)	EPS (Rs)			P/E (X)			EV/EBDITA (X)			Liquidity: 3mo (Rs mn)
						2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	
Larsen & Toubro	Industrials	OP	1,897	13,313	2,125	65.1	73.3	87.9	29.1	25.9	21.6	19.2	16.0	13.2	188
Wipro	Technology	OP	545	19,539	655	20.3	24.3	30.4	26.9	22.4	17.9	21.9	17.0	12.8	810
State Bank of India	Banking	OP	1,360	17,581	1,400	86.3	102.6	108.0	15.8	13.3	12.6	0.0	0.0	0.0	2,364
Tata Power	Utilities	IL	582	3,038	670	20.2	33.4	44.3	28.8	17.4	13.1	14.2	10.1	8.5	180
Maruti Udyog	Automobiles	OP	761	5,398	910	54.0	58.4	68.5	14.1	13.0	11.1	7.1	5.9	5.0	742
Satyam Computer Services	Technology	IL	481	7,928	510	21.4	26.4	32.0	22.4	18.2	15.0	18.5	14.2	10.6	1,766
Bharat Heavy Electricals	Industrials	OP	1,338	16,080	1,350	48.7	63.6	74.5	27.5	21.0	17.9	12.8	12.1	10.0	1,638
HDFC Bank	Banking	IL	1,110	8,702	1,180	35.7	47.0	60.7	31.0	23.6	18.3	0.0	0.0	0.0	865
Reliance Petroleum	Energy	OP	98	10,845	100	0.0	0.0	3.9			25.4			22.2	1,014
Mid Cap Basket															
Indian Overseas Bank	Banking	OP	112	1,497	150	18.5	20.6	23.0	6.0	5.4	4.9	0.0	0.0	0.0	43
Kalpataru	Transmission	OP	1,345	875	1,495	60.2	77.4	91.8	22.4	17.4	14.7	13.8	10.9	8.9	64
Mahindra Gesco	Property	OP	598	617	920	10.1	16.3	44.4	59.2	36.8	13.5	33.9	22.3	10.7	448
NCCL	Construction	OP	169	861	204	7.3	8.9	12.0	23.1	19.0	14.1	15.9	11.6	9.2	206
Maharashtra Seamless	Industrials	OP	595	1,036	600	32.7	42.6	46.3	18.2	14.0	12.8	11.2	8.2	7.0	120
BSE-30			14,186												

Source: Company, Bloomberg, Kotak Institutional Equities.

Our Model Portfolio

Exhibit 2: Kotak Institutional Equities Model Portfolio

Company	07-Jun Price (Rs)	Rating	Weightage, %		Diff (bps)
			BSE-30	KS Reco	
State Bank of India	1,361	OP	3.0	5.0	200
Indian Overseas Bank	112	OP	-	0.8	80
Banking			3.0	5.8	280
HDFC Bank	1,113	IL	2.9	4.9	200
ICICI Bank	909	IL	8.8	8.8	-
HDFC	1,812	IL	4.2	-	(424)
Pvt Banking/ Financing			15.9	13.7	(224)
Infosys Technologies	1,954	OP	10.6	11.1	50
Satyam Computer Services	477	IL	3.3	5.3	200
Wipro	541	OP	1.9	3.9	200
Technology			18.7	20.3	166
Reliance Industries	1,683	U	13.8	9.5	(429)
Chemicals			13.8	9.5	(429)
Hindustan Lever	191	IL	2.4	0.4	(200)
ITC	156	OP	4.8	4.8	-
Consumers			7.2	5.2	(200)
Ranbaxy Laboratories	379	OP	1.1	1.1	-
Sun Pharmaceuticals	1,075	OP	-	1.0	100
Pharmaceuticals			3.4	2.1	(126)
Tata Motors	678	OP	2.0	2.0	-
Maruti Udyog	768	OP	1.1	3.1	200
Bajaj Auto	2,169	OP	2.1	2.1	-
Automobiles			5.9	7.2	121

Company	07-Jun Price (Rs)	Rating	Weightage, %		Diff (bps)
			BSE-30	KS Reco	
Bharat Heavy Electricals	1,343	OP	2.4	4.4	200
Larsen & Toubro	1,905	OP	4.9	6.9	200
Industrials			7.3	11.3	400
NTPC	155	IL	2.2	2.2	-
Tata Power	580	IL	-	2.0	200
Utilities			3.2	4.2	107
Grasim Industries	2,425	OP	2.1	2.1	-
ACC	808	IL	1.2	1.2	-
Cement			4.9	3.3	(165)
Bharti Airtel Limited	826	U	6.2	3.8	(239)
Reliance Communication	519	U	1.6	-	(164)
Telecom			7.8	3.8	(403)
Maharashtra Seamless	595	OP	-	0.8	80
NCCL	168	OP	-	0.8	80
Mahindra Gesco	597	OP	-	0.8	80
Kalpataru	1,340	OP	-	0.8	80
Infrastructure basket			-	3.2	320
Oil & Natural Gas Corporation	856	OP	4.5	4.5	-
Bharat Petroleum	342	OP	-	0.5	50
Reliance Petroleum	98	OP	-	2.0	200
Energy			4.5	7.0	250
Tata Iron & Steel Co	610	U	2.8	2.8	-
Sterlite Industries	537	OP	-	0.5	50
Metals			4.3	3.3	(97)
BSE-30			100.0	100.0	(0)

Source: Bloomberg, BSE, Kotak Institutional Equities. Note the weightages are with respect to February 28, 2006 prices.

Sensex Valuation Summary

Exhibit 3: Valuation summary of BSE-30 sectors

7-Jun-07	Mkt cap	EPS Growth, %				PER (X)			EV/EBITDA (X)		Price/BV (X)		Div Yield (%)		RoE, %	
Company	(US\$ m)	2006	2007E	2008E	2009E	2007	2008E	2009E	2007E	2008E	2007E	2008E	2007E	2008E	2007E	2008E
Banking	57,717	13.3	14.2	19.5	18.9	22.7	19.0	15.9	—	—	3.8	3.1	1.0	1.1	16.6	16.3
Technology	82,958	28.6	44.4	25.3	22.9	27.8	22.2	18.0	20.8	16.2	9.3	7.2	0.9	1.4	33.5	32.6
Chemicals	57,667	22.6	21.8	(10.0)	45.7	21.9	24.3	16.7	12.8	13.7	3.2	2.9	0.7	0.7	14.6	11.9
Consumers	24,665	21.2	18.9	16.0	13.8	23.8	20.5	18.0	16.0	12.8	7.4	6.5	2.5	2.9	31.2	31.9
Pharmaceuticals	10,178	(15.1)	136.7	(17.2)	20.0	18.2	22.0	18.3	13.2	14.8	3.9	3.5	1.4	1.4	21.3	15.7
Metals	13,202	6.3	34.3	(13.1)	(11.6)	7.7	8.8	10.0	4.4	4.1	1.8	1.2	2.0	2.6	22.9	14.0
Automobiles	21,036	25.1	17.1	8.3	14.2	15.7	14.5	12.7	7.5	6.7	3.8	3.2	1.8	2.0	24.1	22.0
Energy	45,013	14.0	18.2	14.2	0.3	9.9	8.6	8.6	4.2	3.7	2.1	1.8	3.5	3.9	20.8	21.0
Industrials	29,341	57.2	55.2	23.5	19.1	28.3	22.9	19.2	15.2	13.7	7.3	5.7	0.7	0.8	25.8	24.8
Cement	13,272	28.9	82.6	9.9	4.4	12.7	11.6	11.1	7.3	6.5	3.4	2.7	1.1	1.2	26.5	23.0
Telecom	64,668	(107.4)	192.9	54.4	37.0	35.0	22.7	16.6	19.3	12.9	8.8	6.5	—	—	25.2	28.5
Utilities	34,081	17.0	11.6	7.1	11.1	18.9	17.7	15.9	12.6	12.5	2.4	2.2	2.0	2.2	12.7	12.6
bse30	453,799	20.4	33.3	13.3	16.8	19.6	17.3	14.8	10.8	9.6	4.0	3.4	1.3	1.5	20.5	19.5
BSE-30 ex-Energy	408,786	22.4	37.6	13.1	20.8	22.0	19.5	16.1	13.3	11.7	4.5	3.7	1.0	1.3	20.4	19.2
BSE-30 ex-Energy ex Com	337,916	24.8	41.5	20.5	20.2	23.8	19.7	16.4	14.9	12.3	5.2	4.3	1.0	1.3	21.7	21.7

(a) EV/EBITDA excludes Banking Sector

Source: Company reports, Kotak Institutional Equities estimates.

Nifty Valuation Summary

Exhibit 4: Valuation summary of Nifty sectors

07-Jun-07 Company	Mkt cap (US\$ m)	EPS Growth, %				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE, %	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007E	2008E	2007E	2008E
Banking	63,012	8.7	12.8	20.6	16.0	20.5	17.0	14.7	—	—	—	3.3	2.7	1.0	1.2	16.1	15.9
Technology	88,817	28.2	45.8	23.4	22.8	27.1	21.9	17.9	20.2	15.9	12.5	8.9	7.0	1.0	1.5	32.9	31.9
Chemicals	60,158	23.0	21.7	(11.8)	39.6	20.4	23.1	16.5	11.6	12.6	8.5	3.0	2.7	0.7	0.7	14.9	11.9
Consumers	24,666	21.2	18.9	16.0	13.8	23.8	20.5	18.0	16.0	12.8	11.0	7.4	6.5	2.5	2.9	31.2	31.9
Pharmaceuticals	12,855	(9.4)	108.0	(13.7)	18.4	19.8	23.0	19.4	13.7	15.0	13.0	4.4	4.0	1.6	1.7	22.3	17.3
Metals	17,294	9.5	38.9	(16.7)	(12.5)	7.5	9.0	10.3	4.1	4.2	4.8	1.8	1.3	2.2	2.8	24.1	14.7
Automobiles	25,717	25.6	20.7	10.0	15.4	16.4	14.9	12.9	7.8	6.8	5.6	3.9	3.3	1.7	1.9	24.1	22.3
Energy	56,365	3.3	28.5	13.5	2.7	9.6	8.5	8.2	4.4	3.7	3.4	1.8	1.6	3.7	4.0	19.2	19.3
Industrials	49,017	64.0	45.9	35.0	22.4	34.3	25.4	20.8	19.2	15.5	12.3	9.0	6.9	0.6	0.7	26.2	27.1
Cement	13,272	28.9	82.6	9.9	4.4	12.7	11.6	11.1	7.3	6.5	5.8	3.4	2.7	1.1	1.2	26.5	23.0
Telecom	44,308	(32.8)	73.4	50.8	29.8	34.3	22.7	17.5	19.4	12.5	9.7	6.1	4.9	0.3	0.5	17.7	21.6
Utilities	37,117	18.3	8.8	10.4	12.9	19.5	17.7	15.6	12.6	12.1	12.4	2.4	2.2	2.0	2.1	12.1	12.4
Media	3,036	(34.6)	2.9	71.0	31.1	56.3	32.9	25.1	39.6	19.7	15.1	4.5	4.1	0.4	0.6	8.1	12.5
NIFTY	495,636	16.0	30.9	12.1	14.8	18.7	16.7	14.6	10.3	9.2	8.0	3.7	3.1	1.4	1.7	19.6	18.6
NIFTY ex-Energy	439,271	20.3	31.6	11.6	18.3	21.3	19.1	16.2	13.0	11.5	9.6	4.2	3.5	1.1	1.4	19.7	18.5
NIFTY ex-Energy ex Com	361,819	21.4	32.6	20.4	18.5	23.6	19.6	16.5	15.1	12.4	10.4	4.8	4.0	1.1	1.4	20.5	20.6

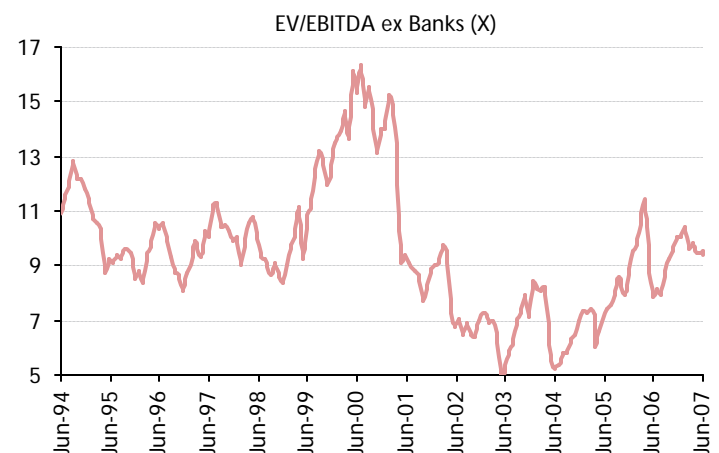
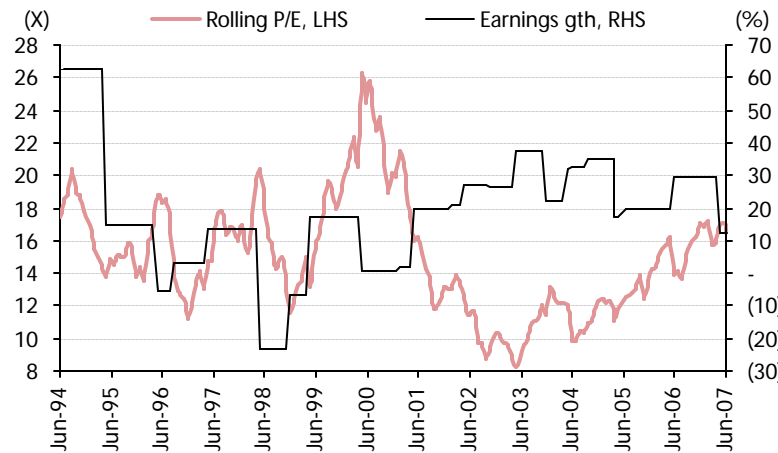
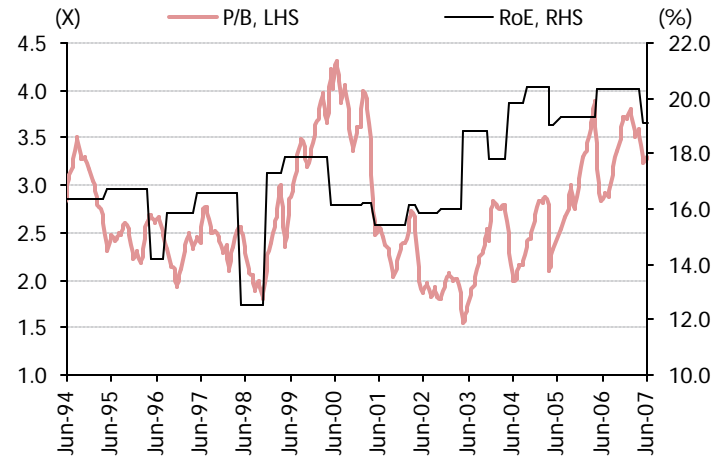
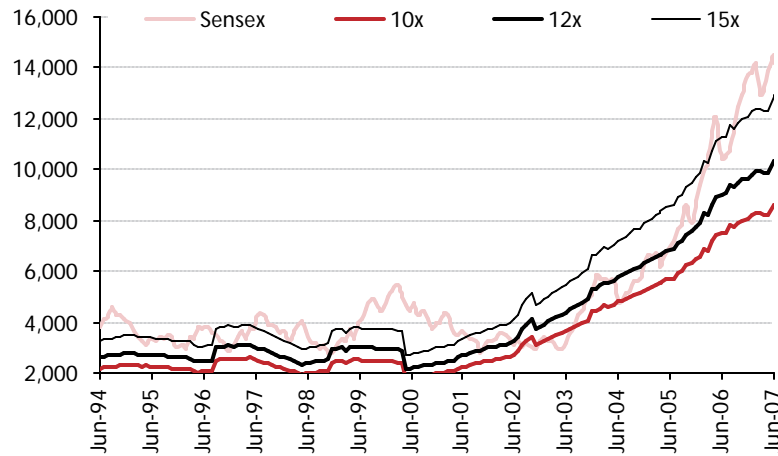
Note: Following companies are excluded: SAIL and Dabur.

Source: Company reports, Kotak Institutional Equities estimates.

BSE-Sensex Key Parameters

Exhibit 5: Key fundamental indicators of BSE Sensex

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



Source: Bloomberg, Company reports, Kotak Institutional Equities.

Market Performance

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

Relative performance of Indian markets

Exhibit 6: Key performance of benchmark indices
(base 100 as of September 10, 2005)

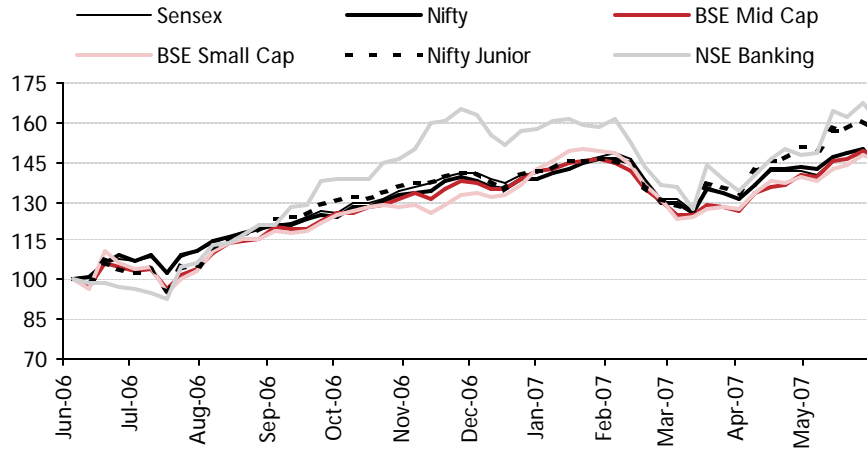


Exhibit 7: Weekly performance of the benchmark indices

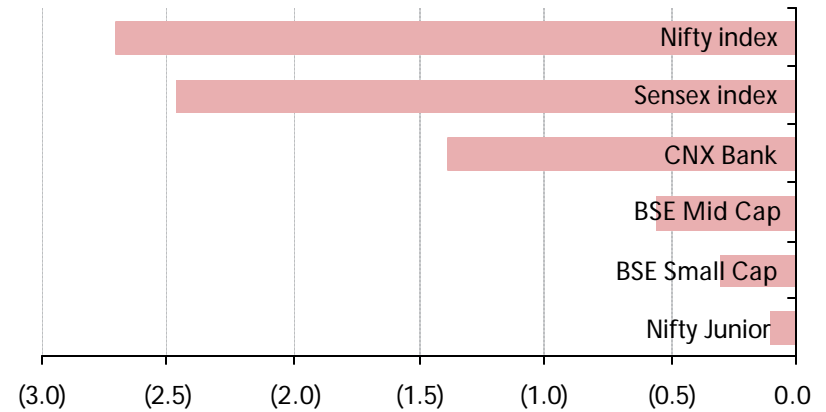


Exhibit 8: 1-month performance of the benchmark indices

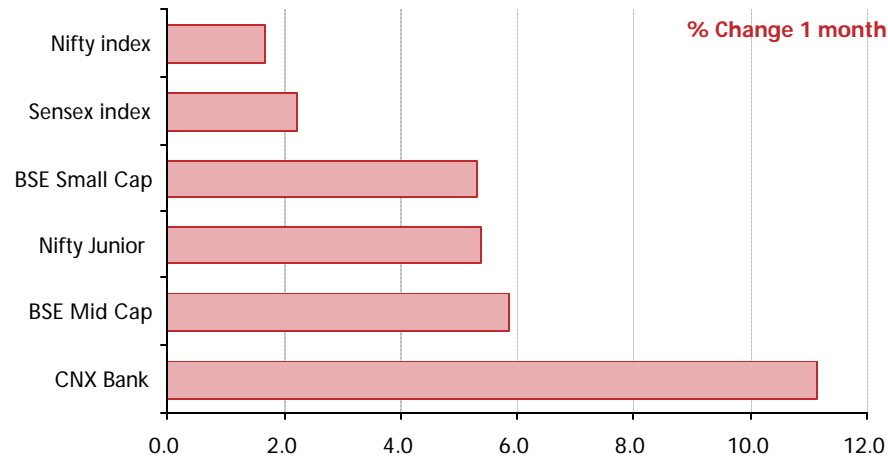
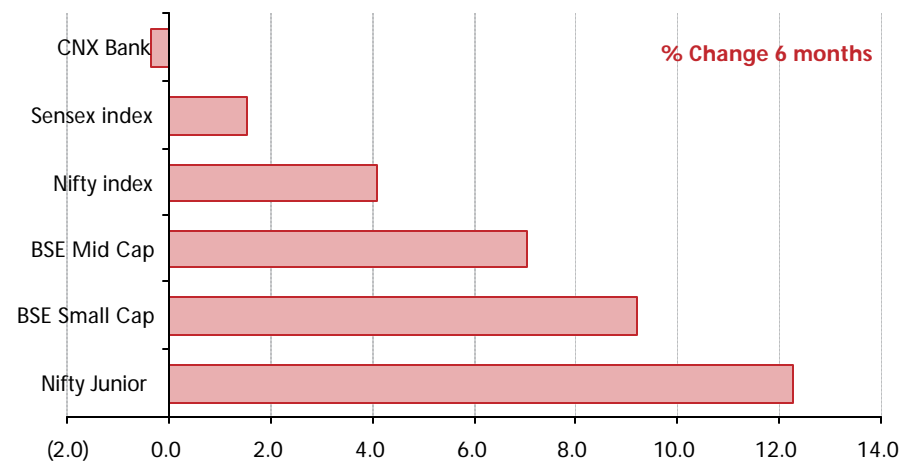


Exhibit 9: 6-month performance of the benchmark indices



Source: Bloomberg, Kotak Institutional Equities.

BSE-Sensex v/s regional indices

Exhibit 10: Weekly performance

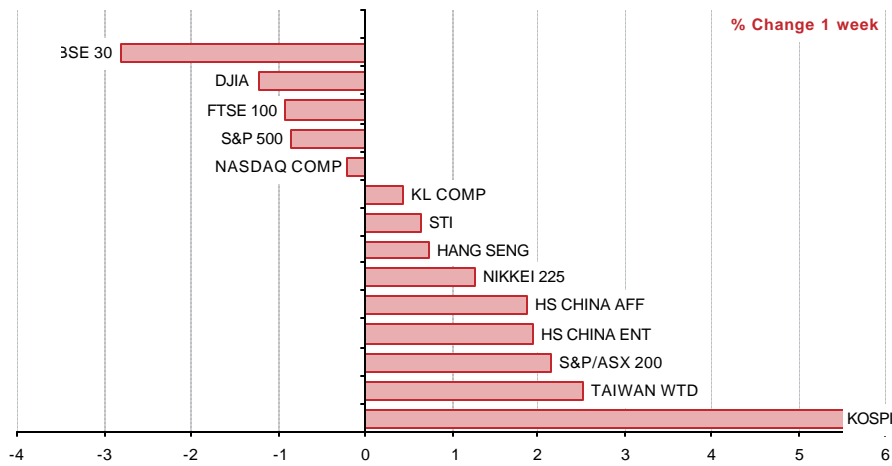


Exhibit 11: 3-month performance

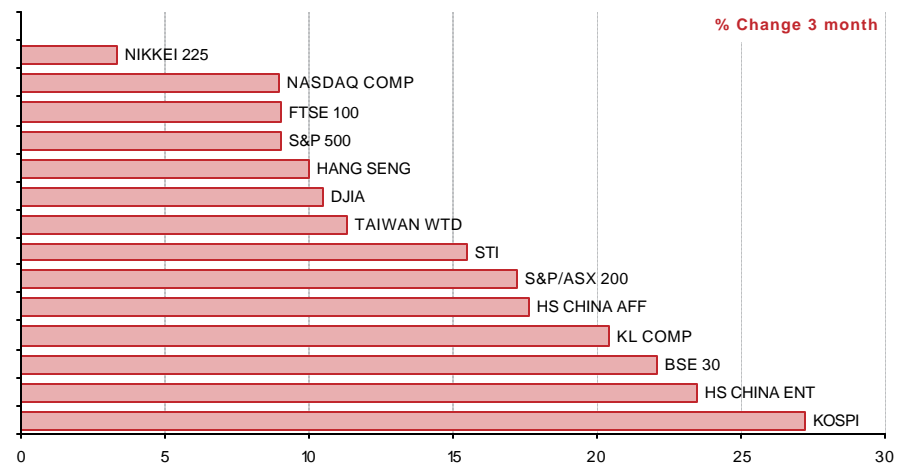


Exhibit 12: 6-month performance

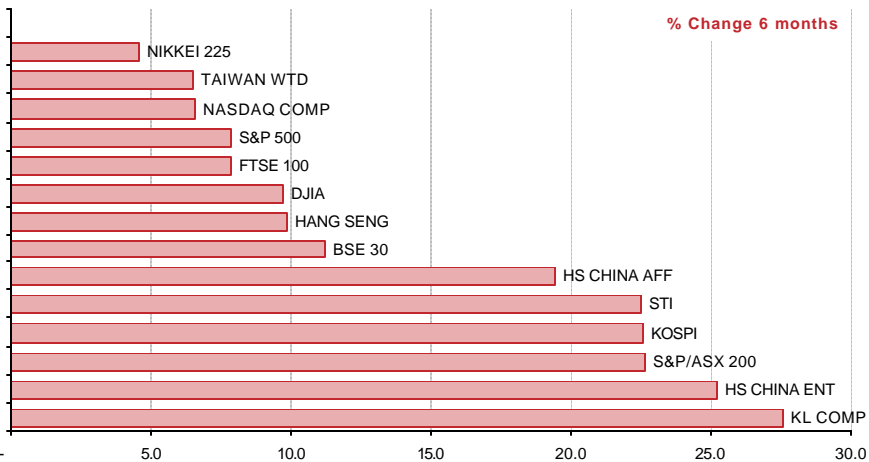
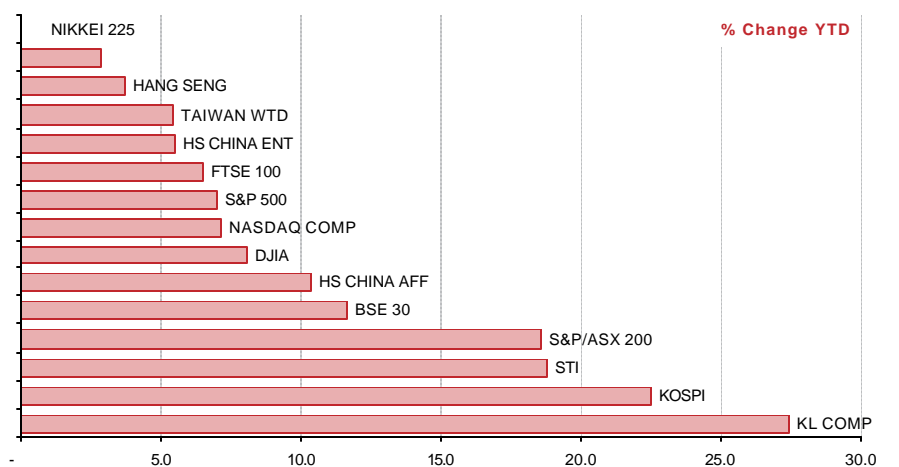


Exhibit 13: Year-to-date performance



Source: Bloomberg, BSE, Kotak Institutional Equities.

Note: Returns are adjusted for the currency changes

Sectoral performance

Exhibit 14: Market performance of Sensex sectors

07-Jun-07 Company	Mkt cap (US\$ m)	Change, %						Relative Change, %			
		1-Day	1-mo	3-mo	6-mo	1-Year	CYTD	1-Day	1-mo	6-mo	1-Year
Banking	57,714	(1.1)	12.9	21.7	4.5	64.5	6.3	(0.7)	10.3	2.8	12.9
Technology	83,640	1.1	(3.6)	(1.7)	(5.5)	37.2	(7.4)	1.4	(5.8)	(7.0)	(5.8)
Chemicals	57,681	(0.2)	4.9	30.6	29.4	88.8	32.5	0.1	2.4	27.3	29.7
Consumers	24,771	(1.9)	(2.8)	4.3	(18.3)	(4.7)	(11.6)	(1.5)	(5.0)	(19.6)	(34.6)
Pharmaceuticals	10,235	(0.1)	(3.2)	3.4	(10.4)	2.3	(12.7)	0.3	(5.4)	(11.9)	(29.8)
Metals	13,229	(0.6)	8.0	36.0	5.4	17.7	9.0	(0.2)	5.5	3.7	(19.1)
Automobiles	20,704	(1.7)	(7.8)	(5.5)	(19.1)	(6.3)	(18.4)	(1.3)	(10.0)	(20.4)	(35.7)
Energy	45,013	(1.0)	(7.4)	11.8	(0.6)	29.3	(1.6)	(0.6)	(9.5)	(2.3)	(11.2)
Industrials	29,423	(0.2)	9.8	32.2	12.4	64.2	23.2	0.1	7.3	10.5	12.8
Cement	13,303	(1.1)	(5.1)	7.5	(20.2)	29.7	(19.7)	(0.7)	(7.3)	(21.5)	(10.9)
Telecom	64,638	0.4	4.5	18.9	22.6	129.3	21.9	0.7	2.1	20.6	57.5
Utilities	34,291	(0.8)	(0.7)	16.1	1.5	51.8	12.2	(0.5)	(2.9)	(0.2)	4.2
Sensex sum	454,641	(0.3)	2.4	12.9	1.7	45.6	3.0				

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 Jindal Steel and power	9.1	1 Tata Motors	(10.5)
2 i-flex solutions	8.7	2 Zee Entertainment Enterprises	(9.3)
3 Ipca Laboratories	7.4	3 Tata Tea	(8.8)
4 Suzlon Energy	6.9	4 Rico Auto	(7.7)
5 Hindalco Industries	6.5	5 Vardhman	(7.7)
6 Petronet LNG	6.2	6 Container Corporation	(6.7)
7 Maharashtra Seamless	4.8	7 GSPL	(6.5)
8 Nicholas Piramal	4.8	8 Oil & Natural Gas Corporation	(6.5)
9 Mphasis BFL	4.2	9 Micro Inks	(6.3)
10 Patni Computer Systems	4.0	10 Castrol India	(6.3)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Divi's Laboratories	58.5	1 Rico Auto	(37.9)
2 Jindal Steel and power	54.3	2 Vardhman	(32.8)
3 Sterlite Industries	54.3	3 Mahindra Gesco	(31.9)
4 Monnet Ispat	51.8	4 UltraTech Cement	(26.8)
5 GE Shipping	48.3	5 ACC	(25.6)
6 IDFC	45.5	6 Tata Motors	(24.7)
7 KEC	43.5	7 TVS Motor Co	(23.3)
8 GVK Power	38.3	8 Welspun India	(22.2)
9 JSL	37.2	9 Hexaware Technologies	(22.1)
10 Kalpataru	35.3	10 Gujarat Ambuja	(21.9)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Divi's Laboratories	28.3	1 Rico Auto	(18.3)
2 Torrent Pharma	25.5	2 SunTV	(15.8)
3 Jindal Steel and power	21.9	3 Bajaj Auto	(15.5)
4 Sterlite Industries	21.9	4 Welspun India	(10.7)
5 Shriram Transport	21.7	5 Hexaware Technologies	(8.4)
6 State Bank of India	21.6	6 Hindustan Zinc	(8.3)
7 Petronet LNG	21.4	7 Dr Reddy's Laboratories	(8.1)
8 GVK Power	20.2	8 Gujarat Ambuja	(8.1)
9 Patni Computer Systems	17.6	9 Tech Mahindra	(7.8)
10 HT Media	16.3	10 Oil & Natural Gas Corporation	(7.4)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Divi's Laboratories	291.2	1 TVS Motor Co	(43.4)
2 HT Media	148.4	2 Rico Auto	(42.3)
3 Ipca Laboratories	142.3	3 Vardhman	(39.9)
4 i-flex solutions	137.4	4 Arvind Mills	(27.4)
5 JSL	136.0	5 Novartis India	(19.6)
6 Bharti Airtel Ltd	133.4	6 Welspun India	(18.3)
7 Jindal Steel and power	132.3	7 Bajaj Auto	(14.4)
8 Sterlite Industries	132.3	8 Hindustan Lever	(13.0)
9 GVK Power	122.1	9 Dredging Corporation	(10.9)
10 Polaris Software Lab	119.5	10 Lakshmi	(10.5)

Source: Kotak Institutional Equities.

Price-to-Earnings ratio analysis

Exhibit 16 and 17: Companies trading at a premiums/discounts to the sector based on comparable companies covered by Kotak Institutional Equities

Premium to 1 year rolling forward P/E	
Company	Premium to sector
Max	1,262.9
GSPL	259.1
i-flex solutions	200.0
GVKPIL	193.4
Castrol India	182.0
HDFC	178.7

Discount to 1 year rolling forward P/E	
Company	Discount to sector
Jet Airways	221.6
Monnet Ispat	78.9
LIC Housing Finance	65.1
Canara Bank	56.0
Sintex	55.0

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

Lowest 1 year rolling forward P/E	
Company	Lowest P/E
LIC Housing Finance	5.0
Hindustan Petroleum	5.1
Vardhman	5.2
Canara Bank	6.4
Monnet Ispat	6.4
Bharat Petroleum	6.4
Andhra Bank	6.9
Indian Oil Corporation	7.1
Corporation Bank	7.4
Hindustan Zinc	7.6

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

Highest 1 year forward P/E	
Company	Highest P/E
Max	384.2
Shoppers Stop	55.9
Aditya Birla Nuvo	50.9
i-flex solutions	42.1
ABB	35.1
Siemens	32.9
GVKPIL	32.8
Nestle India	28.7
Apollo Hospital	28.2
HT Media	27.7

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

1 year rolling fwd P/E closest to historical high	
Company	% discount to historical high
HDFC	0.0
Sun Pharmaceuticals	0.0
Max	0.0
Shriram Transport	0.0
Shoppers Stop	1.5
Bharat Electronics	2.6
State Bank of India	3.0
MICO	3.5
UTI Bank	3.7
IDFC	3.9
Asian Paints	4.2
NTPC	4.8
ABB	5.0
KEC	5.1
Larsen & Toubro	5.4
Reliance Industries	7.7
Aditya Birla Nuvo	8.3
VSNL	10.0

Note: Historic 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

Premium to 1 year rolling forward EV/ EBITDA

Company	Sector Premium
Max	16.7
Castrol India	1.2
i-flex solutions	0.9
Petronet LNG	0.8

Discount to 1 year rolling forward EV/ EBITDA

Company	Sector Discount
IPCL	0.6
Polaris Software Lab	0.6
iGate Global Solutions	0.5
CESC	0.5

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

Highest 1 year rolling forward EV/EBITDA

Company	Highest EV/ EBITDA
Max	313.7
i-flex solutions	30.5
Shoppers Stop	25.2
Aditya Birla Nuvo	24.9
ABB	20.4
Siemens	20.1
Divi's Laboratories	19.6
Sun Pharmaceuticals	18.7
Hindustan Lever	18.0
Infosys Technologies	17.8

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

Lowest 1 year rolling forward EV/EBITDA

Company	Lowest EV/ EBITDA
Bharat Petroleum	3.7
Oil & Natural Gas Corporation	3.9
Hindustan Zinc	4.3
Indian Oil Corporation	4.4
Vardhman	4.4
National Aluminium Co	4.5
Monnet Ispat	4.6
Lakshmi	4.6
IPCL	4.7
Sesa	4.9

Source: Bloomberg, Kotak Institutional Equities

Technical indicators

Exhibit 25: Volume momentum analysis

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

Company	5day average volumes	% Increase	% Price Change (1month basis)
Punj	2,473,442	244.0	25.3
Apollo Hospital	11,055	239.8	0.1
Sintex	459,391	230.4	15.5
Wipro	1,182,784	191.2	(2.6)
MMFSL	99,142	137.3	#N/A
GE Shipping	478,040	136.6	16.0
Aventis Pharma	10,401	123.0	7.5
Ashok Leyland	2,575,906	117.0	(5.5)
Hindalco Industries	2,133,558	116.0	3.5
iGate Global Solutions	49,112	102.0	0.2
Jindal Steel and Power	13,286	101.9	21.9
i-flex solutions	35,793	84.4	1.6
Shree Cement	32,028	83.0	12.7
Petronet LNG	4,058,028	78.2	21.4
MTNL	1,400,577	77.9	4.6
NTPC	1,199,838	61.0	(1.0)
National Aluminium Co	207,557	57.8	2.5
Cadila Healthcare	18,939	57.6	3.5
Corporation Bank	66,924	56.4	(1.2)
Maruti Udyog	311,101	56.2	(4.6)
Ipca Laboratories	34,283	54.0	6.5
Bharat Electronics	52,990	50.5	5.1
ITC	1,661,489	47.5	(3.3)
Bharat Forge	277,919	47.5	(5.8)

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

Company	5day average volumes	% decrease	% Price Change (1month basis)
Hexaware Technologies	19,183	(93.6)	(8.4)
Reliance Energy	128,662	(82.6)	3.1
Sesa	14,408	(82.3)	(1.3)
Shoppers Stop	785	(78.9)	(2.1)
EIH	16,305	(75.1)	(0.6)
Hotel Leela	195,830	(67.2)	3.9
Monnet Ispat	12,493	(63.9)	11.8
HDFC Bank	74,044	(63.4)	11.3
Bharti Airtel Ltd	89,950	(63.3)	0.4
GlaxoSmithkline (India)	20,518	(61.8)	16.0
ACC	88,915	(61.7)	(6.3)
TCS	126,017	(59.1)	(5.5)
Godrej Consumer Products	42,383	(57.7)	(2.1)
Divi's Laboratories	19,600	(57.6)	28.3
Tata Iron & Steel Co	564,065	(56.1)	10.5
UTI Bank	172,706	(52.8)	11.8
Castrol India	80,785	(52.0)	3.1
Ranbaxy Laboratories	135,803	(50.7)	(2.9)
Micro Inks	4,555	(50.1)	10.5
HDFC	53,529	(49.6)	11.2
Dr Reddy's Laboratories	103,931	(48.2)	(8.1)
IPCL	139,600	(47.2)	5.4
Bajaj Auto	94,293	(45.0)	(15.5)
LIC Housing Finance	64,299	(44.7)	12.5

Source: Bloomberg, Kotak Institutional Equities.

Earnings Momentum

- **Top upgrades and downgrades in 2007 estimates in the past month**
- **Top upgrades and downgrades in 2008 estimates in the past month**
- **Kotak Institutional Equities 2007 EPS estimates v/s consensus**
- **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	Divi's Laboratories	45.9
2	Hindustan Petroleum	35.2
3	Indian Oil Corporation	31.9
4	Kalpataru	22.6
5	LIC Housing Finance	21.2
6	Zee Entertainment Enterprises	14.3
7	Bharat Petroleum	13.8
8	Torrent Pharma	13.3
9	State Bank of India	4.1
10	Oriental Bank of Commerce	3.4

FY2008 earnings downgrades (KIE) (1 month)

	Company	% Change
1	Max	(29.2)
2	Sun Pharmaceuticals	(13.3)
3	Suzlon Energy	(11.3)
4	NCCL	(11.0)
5	Dr Reddy's Laboratories	(10.3)
6	Punjab National Bank	(8.0)
7	Corporation Bank	(6.5)
8	Bajaj Auto	(5.6)
9	Canara Bank	(4.6)
10	Wipro	(3.5)

Source: Kotak Institutional Equities, Bloomberg.

Note: FY07 earnings upgrade/ downgrade refers to variation in analyst's expectations and actual reported numbers

Premium/Discount to street expectations

Exhibit 27: Premium/(Discount) to consensus based on FY2007 EPS

Above consensus (Kotak) based on FY2008 EPS

Company	% Change
1 Indian Oil Corporation	29.1
2 Mahindra & Mahindra	24.4
3 Bharat Forge	22.6
4 ABG Shipyard	21.5
5 Bharat Petroleum	16.7
6 Divi's Laboratories	15.7
7 Indian Bank	14.0
9 MTNL	12.1
10 Pfizer	11.8

Below consensus (Kotak) based on FY2008 EPS

Company	% Change
1 GMR Infrastructure	(77.8)
2 Mahindra Gesco	(69.9)
3 GSPL	(38.4)
4 TVS Motor Co	(38.4)
5 Wockhardt (a)	(33.6)
6 Centurion Bank of Punjab	(33.3)
7 NCCL	(31.8)
8 Reliance Energy	(31.4)
9 iGate Global Solutions	(31.0)

Source: Kotak Institutional Equities, Bloomberg

Changes in our target prices

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

Upgrades in target prices (1 month)

	Company	% Change	Old	New
1	Divi's Laboratories	70.0	2,000	3,400
2	Tata Tea	38.7	715	992
3	Max	33.3	165	220
4	Punj	31.3	182	239
5	Kalpataru	30.0	1,150	1,495
6	Torrent Pharma	30.0	200	260
7	Larsen & Toubro	21.4	1,750	2,125
8	Shriram Transport	16.1	155	180
9	HCL Technologies	6.7	338	360
10	NCCL	3.0	198	204
11	Zee Entertainment Enterpris	2.4	210	215
12	Reliance Industries	1.8	1,375	1,400

Downgrades in target prices (1 month)

	Company	% Change	Old	New
1	Vardhman	(32.3)	325	220
2	Infosys Technologies	(8.0)	2,500	2,300
3	Wipro	(7.7)	710	655
4	TCS	(7.1)	1,400	1,300
5	Satyam Computer Services	(4.7)	535	510
6	Bajaj Auto	(2.8)	2,860	2,780

Source:Kotak Institutional Equities.

Changes in our ratings

Exhibit 29: Changes in ratings in the past 1 month

Company Name		Rating	
		Current	Previous
DishTV	Downgraded	IL	OP
Vardhman	Downgraded	IL	OP
GSPL	Upgraded	IL	U

Source: Kotak Institutional Equities.

New Initiations

Exhibit 30: New Initiations by KIE in the past 1 month

New Initiations By KIE (1 month)				
Company	Analyst	Rating	Date of report	TP
Centurion Bank of Punjab	Tabassum Inamdar	U	03-May-07	35
Federal Bank	Tabassum Inamdar	OP	03-May-07	340
J&K Bank	Tabassum Inamdar	OP	03-May-07	875
Reliance Petroleum	Sanjeev Prasad	OP	04-May-07	100
India Infoline	Nishchint Chawathe	IL	08-May-07	420
Mindtree	Kawaljeet Saluja	IL	16-May-07	750

Source: Kotak Institutional Equities.

Flows

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

Trend in equity flows

Exhibit 31: Net investments by Mutual Funds and FII in the cash market (US\$mn)

	FII	MF
CY 1999	1,537	0
CY 2000	1,462	(150)
CY 2001	2,807	(1,110)
CY 2002	751	(685)
CY 2003	6,658	118
CY2004	8,382	(217)
CY 2005	10,776	2,873
CY 2006	8,632	3,585
Jan	1,431	(229)
Feb	1,691	(55)
March	1,473	996
April	222	657
May	(1,829)	1,754
June	313	(341)
July	306	(18)
August	1,027	94
September	1,339	298
October	1,450	0
November	2,024	59
December	(814)	369
CY 2007	4,105	(84)
Jan	40	(298)
Feb	1,249	(61)
March	317	(365)
April	1,257	217
May	1,085	401
June	158	22

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)
Jan	424	268	(505)	(11)
Feb	(284)	438	(623)	(13)
Mar	209	342	(1,135)	26
Apr	(454)	229	(1,382)	(3)
May	211	165	754	2
June	562	(22)	891	(4)
July	128	226	468	(10)
August	(15)	346	(421)	(9)
Sep	(331)	322	(632)	(8)
Oct	850	674	(648)	(15)
November	(231)	662	(849)	(28)
December	(724)	300	391	(11)
CY2007	436	3,770	(1,910)	(62)
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	(357)	172	(74)	(3)

Source: Bloomberg, Kotak Institutional Equities

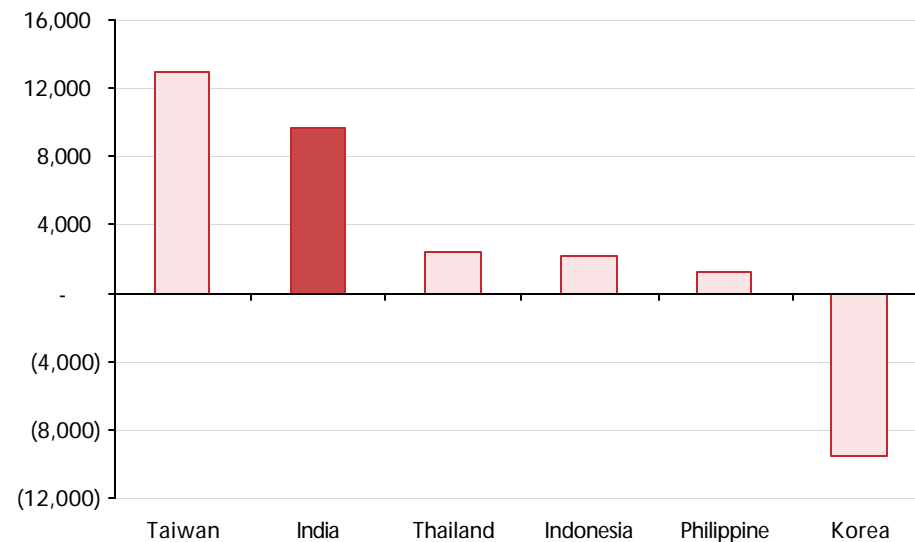
FII flows in other emerging markets

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

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
9-May-07	34	(0)	16	(28)	6
10-May-07	168	19	9	(15)	45
11-May-07	(195)	(30)	3	(15)	(80)
14-May-07	45	9	-	(1)	14
15-May-07	(183)	0	3	11	(79)
16-May-07	(172)	19	26	41	(33)
17-May-07	(7)	-	14	82	252
18-May-07	(133)	-	23	87	299
21-May-07	68	(3)	15	70	113
22-May-07	174	20	23	100	107
23-May-07	256	17	26	60	106
24-May-07	109	(13)	37	55	76
25-May-07	(310)	(7)	2	(9)	(35)
28-May-07	65	5	6	9	77
29-May-07	174	(9)	22	59	199
30-May-07	(143)	(1)	35	28	(90)
31-May-07	139	125	9	-	74
1-Jun-07	215	-	26	247	115
4-Jun-07	114	34	29	224	53
5-Jun-07	188	21	23	0	(9)
Total	606	207	345	1,007	1,210

Net investments by FIIs in the cash market (US\$m) 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
Nitin Fire Protection	39	190	732	05-Jun-07	484	429	15.5	126
Insecticides Ind	32	115	369	30-May-07	110	104	(5)	(9)
MIC Electronics	51	150	765	30-May-07	336	360	124	140
Binani Cements	205	75	1,538	28-May-07	69	66	(8)	(12)
Hilton Metal Forging	55	70	382	24-May-07	68	54	(3)	(23)
Bhagwati Hotels	230	40	920	17-May-07	51	40	27	1
Fortis Healthcare	460	108	4,968	09-May-07	100	89	(7)	(17)
Advanta India Ltd	34	640	2,163	19-Apr-07	850	913	33	43
ICRA Ltd	26	330	852	13-Apr-07	798	845	142	156
Orbit Corp Ltd	91	110	1,001	12-Apr-07	128	229	16	108
Gremach Infrastructure	69	86	590	11-Apr-07	84	136	(2)	58
Astral Polytechn	30	115	342	20-Mar-07	105	107	(9)	(7)
Abhishek Mills L	41	100	410	19-Mar-07	91	44	(9)	(56)
AMD Metplast Ltd	102	75	763	19-Mar-07	78	57	4	(24)
Jagjanani Textil	81	25	203	19-Mar-07	23	14	(7)	(45)
Lawreshwar Polym	87	16	139	19-Mar-07	14	12	(13)	(26)
Page Industries	28	360	1,009	16-Mar-07	282	358	(22)	(0)
Raj Television N	36	257	917	16-Mar-07	226	316	(12)	23
Euro Ceramics	56	165	928	09-Mar-07	119	142	(28)	(14)
Idea Cellular	2,833	75	21,250	09-Mar-07	86	121	14	61
Mudra Lifestyle	96	90	862	09-Mar-07	64	69	(29)	(23)
Vijayeshwari Textiles	90	100	900	09-Mar-07	69	62	(31)	(38)
Indus Fila Ltd	48	170	823	08-Mar-07	132	156	(22)	(8)
Broadcast Initiatives	86	120	1,026	07-Mar-07	69	77	(42)	(36)
Evinix Accessories	35	120	420	07-Mar-07	74	78	(39)	(35)
Mindtree Consulting	56	425	2,377	07-Mar-07	620	815	46	92
Oriental Trimex	100	48	480	07-Mar-07	29	23	(39)	(52)
Indian Bank	896	91	8,149	01-Mar-07	98	120	8	32
SMS Pharma	26	380	979	28-Feb-07	358	319	(6)	(16)
C&C Construction	43	291	1,242	26-Feb-07	240	177	(18)	(39)
Transwarranty Finance	60	52	312	26-Feb-07	47	35	(9)	(33)
Power Finance Corp	1,173	85	9,972	23-Feb-07	112	149	31	75
Firstsource Solutions	693	64	4,435	22-Feb-07	80	84	24	32
House of Pearl Fashions	60	550	3,292	15-Feb-07	469	332	(15)	(40)
Redington India	132	113	1,495	15-Feb-07	163	227	44	100
Cinemax India	89	155	1,383	14-Feb-07	152	160	(2)	3
Technocraft Industries	83	105	874	12-Feb-07	101	81	(4)	(23)
Pochiraju Industries	125	30	376	09-Feb-07	49	24	64	(19)
Global Broadcast	42	250	1,050	08-Feb-07	510	886	104	254
Akruti Nirman	67	540	3,618	07-Feb-07	564	356	4	(34)
Cambridge Technologies	63	38	240	07-Feb-07	100	56	163	46
Autoline Industries	33	225	750	31-Jan-07	258	239	15	6
Lumax Auto	30	75	226	16-Jan-07	110	92	47	23
Shree Ashtavinayak	37	160	596	10-Jan-07	226	229	41	43
Cairn India	5,385	160	86,155	09-Jan-07	138	139	(14)	(13)
Pyramid Saimira	84	100	844	05-Jan-07	158	338	58	238
Tanla Solutions	159	265	4,210	05-Jan-07	380	405	4.3	53
Nissan Copper Ltd.	6	39	25	29-Dec-06	129	35	230	(10)
Ess Dee Aluminium	70	225	1,566	28-Dec-06	238	400	6	78

Source: Bloomberg and Kotak Institutional Equities.

Exhibit 34: Forthcoming IPO/Follow on offerings

Name	Issue Type
DLF LTD.	IPO
HOUSING DEVELOPMENT & INFRASTRUCTURE LTD.	IPO
NATIONAL HYDROELECTRIC POWER CORP.LTD.	IPO
MUNDRA PORT & SPECIAL ECONOMIC ZONE LTD.	IPO
OMAXE LTD.	IPO
POWER GRID CORP.OF INDIA LTD.	IPO
PURAVANKARA PROJECTS LTD.	IPO
IVR PRIME URBAN DEVELOPERS LTD.	IPO
SPICE COMMUNICATIONS LTD.	IPO
KOLTE-PATIL DEVELOPERS LTD.	IPO
BHARAT EARTH MOVERS LTD.	FPO
MAYTAS INFRA LTD.	IPO
AFCONS INFRASTRUCTURE LTD.	IPO
OSWAL WOOLLEN MILLS LTD.	IPO
MANAKSIA LTD.	FPO
SEL MANUFACTURING CO.LTD.	IPO
K.P.R.MILL LTD.	IPO
MOTILAL OSWAL FINANCIAL SERVICES LTD.	IPO
ZYLOG SYSTEMS LTD.	IPO
TIME TECHNOPLAST LTD.	IPO
BINANI CEMENT LTD.	IPO
KOUTONS RETAIL INDIA LTD.	IPO
DHANUS TECHNOLOGIES LTD.	IPO
GSS AMERICA INFOTECH LTD.	IPO
VISHAL RETAIL LTD.	IPO
ODYSSEY INDIA LTD.	IPO
ASIAN GRANITO INDIA LTD.	IPO
MEGHMANI ORGANICS LTD.	IPO
NELCAST LTD.	IPO
ALLIED DIGITAL SERVICES LTD.	IPO
INDO FARM TRACTORS & MOTORS LTD.	IPO
MAN INFRACONSTRUCTION LTD.	IPO
MBL INFRASTRUCTURES LTD.	IPO
TITTAGARH WAGONS LTD.	IPO
KAVERI SEED CO.LTD.	IPO
SIMPLEX PROJECTS LTD.	IPO
UMA PRECISION LTD.	IPO
NTIN FIRE PROTECTION INDUSTRIES LTD.	IPO
TAKE SOLUTIONS LTD.	IPO
ALPA LABORATORIES LTD.	IPO
BRAHAMPUTRA CONSORTIUM LTD.	IPO
ESSEL SHYAM COMMUNICATION LTD.	IPO
INDOWIND ENERGY LTD.	IPO
M.S.KHURANA ENGINEERING LTD.	IPO
VEENA INDUSTRIES LTD.	IPO
ARIES AGRO LTD.	IPO
EVERONN SYSTEMS INDIA LTD.	IPO
ROMAN TARMAT LTD.	IPO
SURYACHAKRA POWER CORP.LTD.	IPO
GINI & JONY LTD.	IPO
JANKI CORP LTD.	IPO
NIRAJ CEMENT STRUCTURALS LTD.	IPO

Source: Primedatabase .

Summary of bulk/block deals

Exhibit 35: Bulk/block deals for the week

Date	Company	Action	Quantity	Price	Value (Rs.Mn)	Exchange
01-Jun	Suzlon Energy Limited	SELL	2,134,976	1,300	2,775	NSE
01-Jun	Suzlon Energy Limited	BUY	2,000,000	1,300	2,600	NSE
04-Jun	AUROBINDO PH	SELL	881,000	714	629	BSE
01-Jun	WELSP GUJ SR	BUY	1,500,000	181	272	BSE
04-Jun	PYRAMID SAIM	BUY	450,000	360	162	BSE
04-Jun	Everest Kanto Cylinder Li	SELL	115,194	1,133	131	NSE
04-Jun	NIIT Limited	SELL	114,000	912	104	NSE
01-Jun	Deccan Aviation Limited	BUY	680,000	150	102	NSE
04-Jun	TAJGVK HOTEL	BUY	500,000	165	82	BSE
01-Jun	MIC Electronics Limited	SELL	198,453	401	80	NSE
01-Jun	ESAB INDIA	SELL	193,313	400	77	BSE
01-Jun	MIC Electronics Limited	BUY	191,202	399	76	NSE
01-Jun	ESAB INDIA	BUY	190,000	400	76	BSE
04-Jun	Electrosteel Cast Ltd.	BUY	185,000	385	71	NSE
04-Jun	MIC Electronics Limited	SELL	180,432	374	67	NSE
04-Jun	MIC Electronics Limited	BUY	179,997	373	67	NSE
05-Jun	MCD HOLDING	SELL	185,408	338	63	BSE
05-Jun	MCD HOLDING	BUY	154,006	338	52	BSE
04-Jun	Allsec Technologies Limit	SELL	200,000	260	52	NSE
01-Jun	MIC Electronics Limited	BUY	130,368	395	51	NSE
01-Jun	MIC Electronics Limited	SELL	129,878	395	51	NSE
04-Jun	Allsec Technologies Limit	BUY	197,241	260	51	NSE
05-Jun	MIC ELECT	BUY	119,000	367	44	BSE
01-Jun	MIC Electronics Limited	SELL	105,614	390	41	NSE
01-Jun	MIC Electronics Limited	BUY	105,614	390	41	NSE
04-Jun	McDowell Holdings Limited	SELL	123,424	310	38	NSE
01-Jun	Raj Television Network Li	BUY	89,391	343	31	NSE
04-Jun	McDowell Holdings Limited	BUY	82,857	310	26	NSE
01-Jun	RAJ TELE	BUY	73,362	346	25	BSE
01-Jun	ACCENT TECH	SELL	200,000	107	21	BSE
01-Jun	DHAMPUR SUGAR MILLS LTD	SELL	299,618	69	21	NSE
04-Jun	MCD HOLDING	BUY	63,137	310	20	BSE
04-Jun	ASAHI SONG	SELL	160,599	105	17	BSE
04-Jun	GAYATRI PROJ	SELL	55,899	283	16	BSE
01-Jun	DEN SO INDIA	SELL	125,000	85	11	BSE
05-Jun	SAMTEL COLOR	SELL	623,443	17	10	BSE

Source: BSE and NSE website.

Delivery positions

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

Increase in delivery % (KIE)

Name	Delivery %	
	Previous week	Current week
Ipca Laboratories Limited	26.5	78.4
Shoppers' Stop Ltd	56.6	100.0
Itc Ltd	37.8	80.4
Motherson Sumi Systems Ltd	40.5	81.5
Tata Power Company Limited	28.8	69.6
Maruti Udyog Ltd	33.3	73.5
Suzlon Energy Limited	38.9	77.7
Motor Industries Co Limited	41.2	74.2
Ntpc Limited	36.9	66.2

Decrease in delivery % (KIE)

Name	Delivery %	
	Previous week	Current week
Wockhardt Limited	86.3	31.6
Sintex Industries Limited	85.7	41.7
Punj Lloyd Limited	40.1	0.0
Monnet Ispat & Energy Ltd	83.5	50.3
Abbott India Ltd	98.5	66.5
Lupin Ltd	66.8	36.7
CESC Limited	66.7	41.1
Shree Cement Limited	79.0	55.6
Infrastructure Dev Finance	62.0	40.7

Increase in total volumes during the week (BSE+NSE)

Name	Volume in Current week	% Increase
National Aluminium Co Ltd	1,047,506	1218.9
Asian Paints Ltd	77,066	910.8
Ht Media Ltd	199,471	882.5
Petronet Lng Ltd	23,638,200	646.1
Cadila Healthcare Ltd	50,513	591.2
Bharat Electronics Limited	448,351	552.0
Mahanagar Telephone Nigam	8,759,894	537.1
Tata Power Company Limited	501,441	482.3
Aventis Pharma Ltd	5,254	372.1
Nestle India Limited	27,922	349.0

Decrease in total volumes during the week (BSE+NSE)

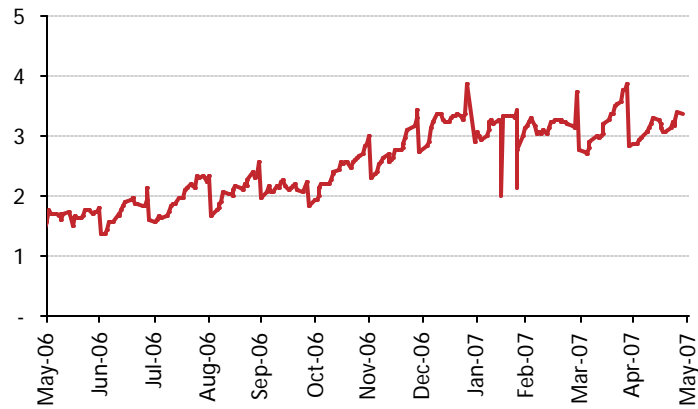
Name	Volume in Current week	% Decrease
Divi'S Laboratories Ltd	69,375	-91.9
Ipca Laboratories Limited	11,931	-85.4
Monnet Ispat & Energy Ltd	15,573	-84.5
Micro Inks Ltd	3,675	-76.4
Glaxosmithkline Consumer Hea	2,751	-71.0
Bharat Petroleum Corp Ltd	388,277	-69.2
Reliance Energy Ltd	404,101	-69.1
Tata Consultancy Svs Ltd	514,637	-68.2
Motherson Sumi Systems Ltd	79,761	-68.1
Sesa Goa Limited	49,728	-64.0

Source: Bloomberg and Kotak Institutional Equities.

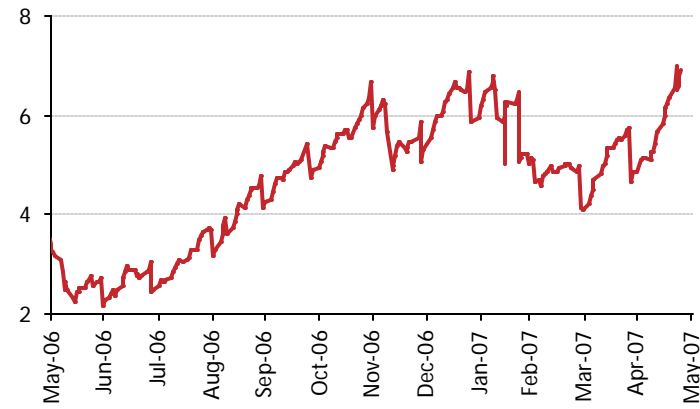
Open interest analysis

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

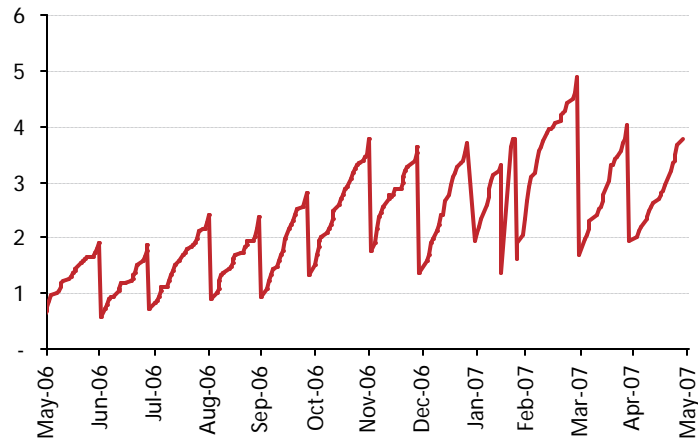
India Index futures open interest



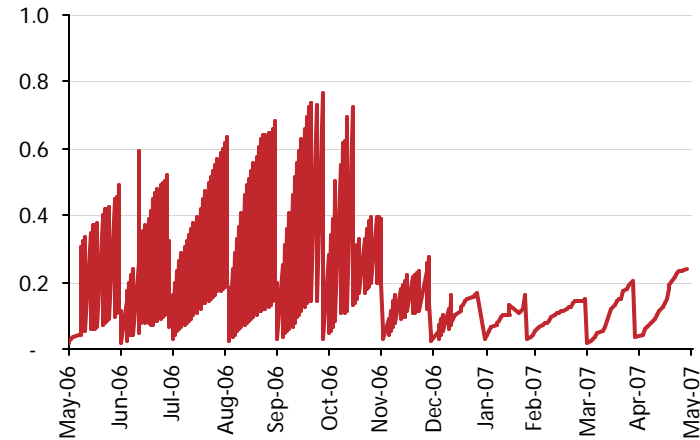
India stock futures open interest



India Index option open interest



India stock option open interest

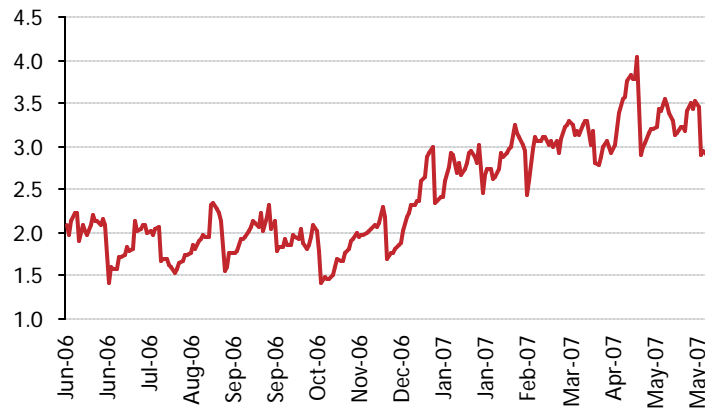


Source: Bloomberg and Kotak Institutional Equities.

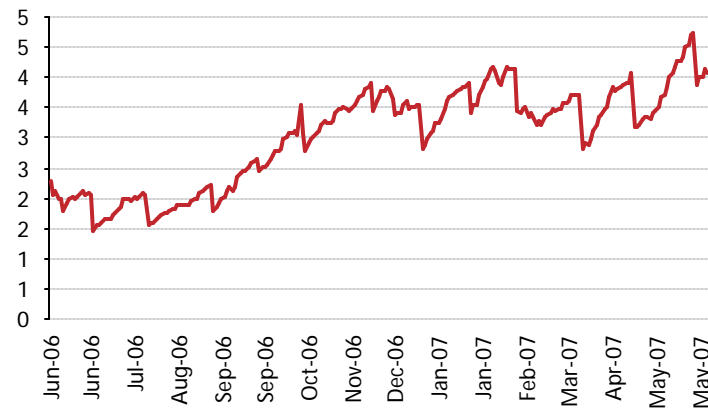
Open interest analysis

Exhibit 38: Open interest position movement for Foreign Institutional Investors (US\$ bn)

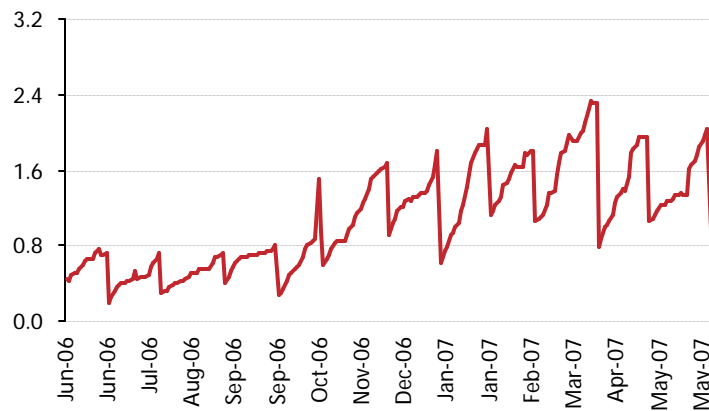
Index futures value of open interest



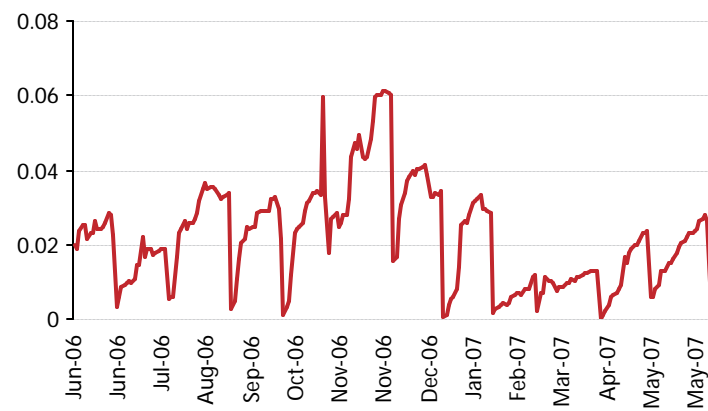
Stock futures value of open interest



Index options value of open interest



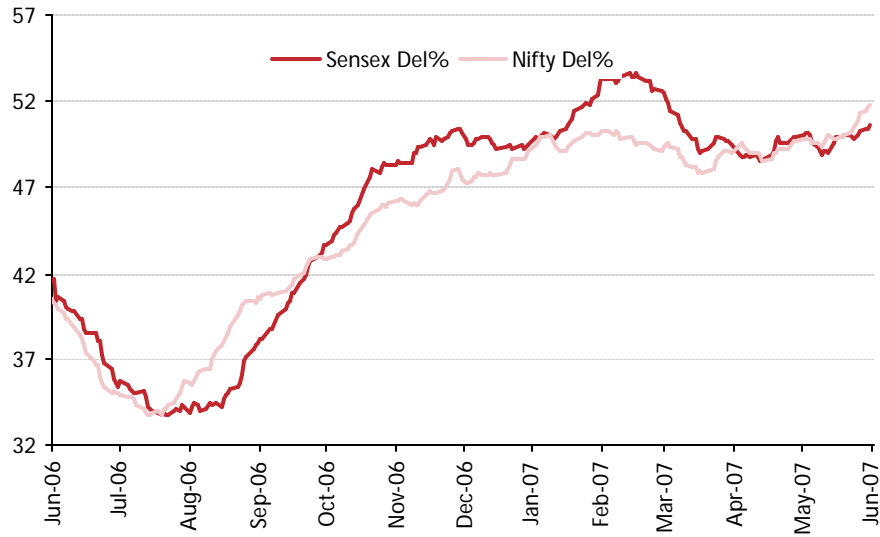
Stock options value of open interest



Source: Bloomberg and Kotak Institutional Equities.

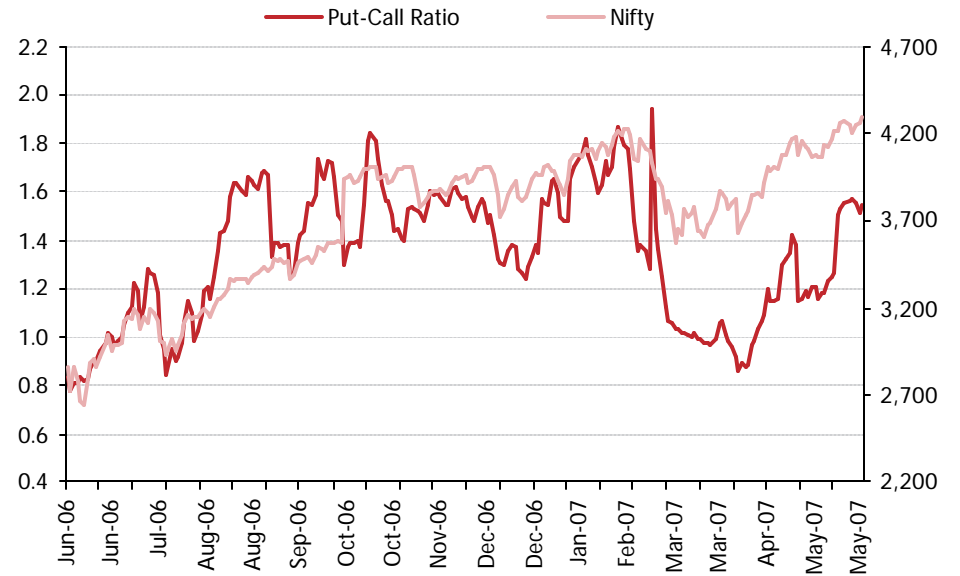
Market movement indicators

Exhibit 39: Aggregate delivery percentage



Source: Bloomberg and Kotak Institutional Equities.

Exhibit 40: Put call ratio v/s Nifty



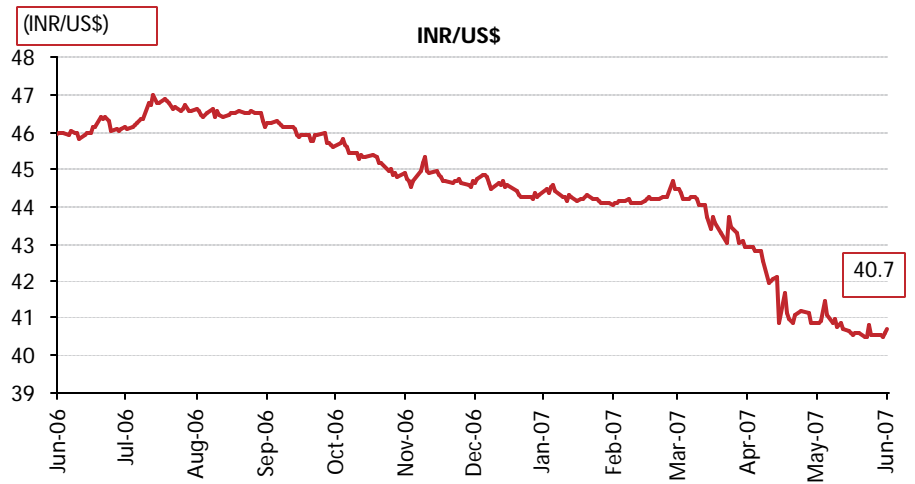
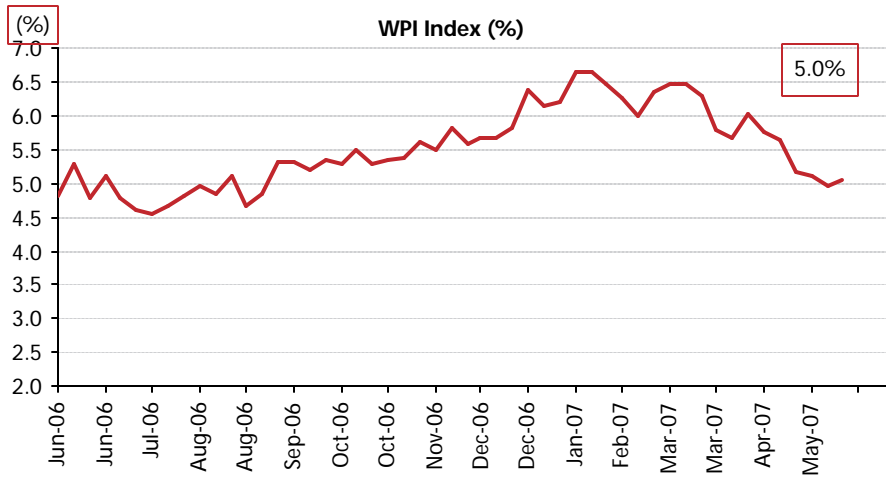
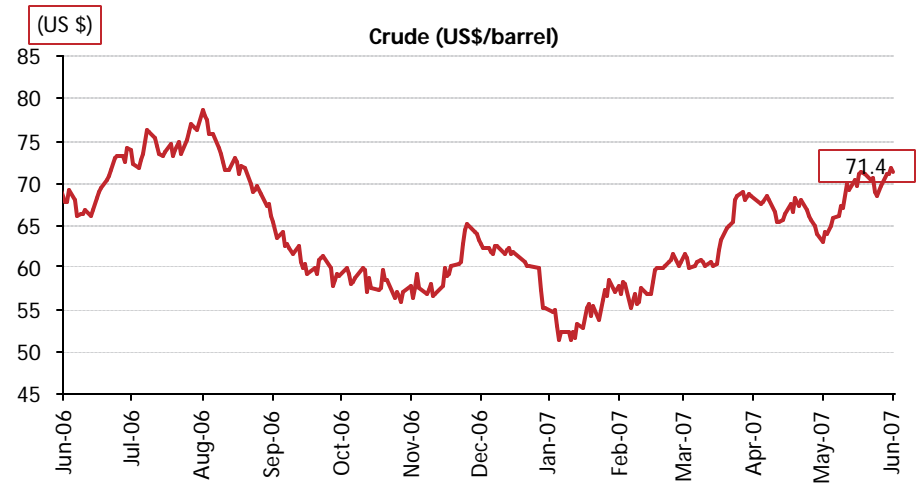
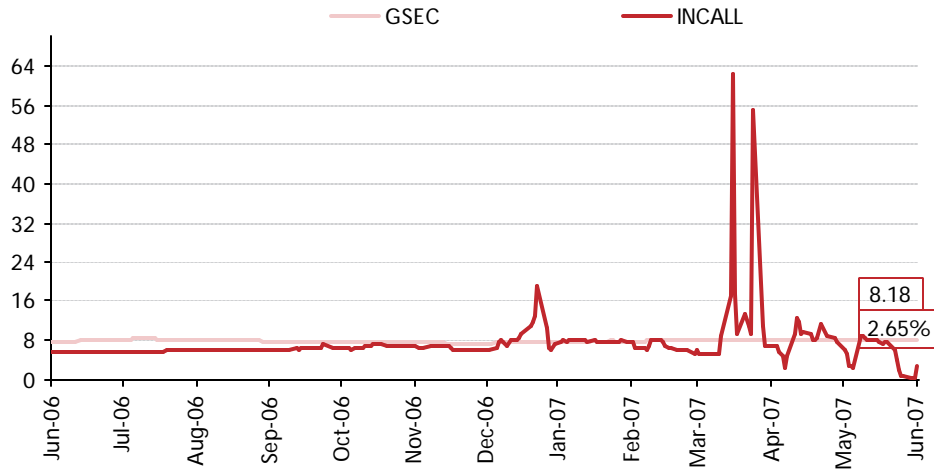
Put call is for Nifty open interest

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	07-Jun-07		Mkt cap		O/S Shares (m)	EPS (Rs)			EPS Growth, %			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target	ADVT-	
	Price (Rs)	Rating	(Rs m)	(US\$ m)		2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	Price (Rs)	Upside (%)	3mo US\$ mn
Banks/Financial Institutions																													
Andhra Bank	84	OP	40,764	1,002	485	11.1	11.9	13.1	10.8	7.0	10.0	7.6	7.1	6.4	-	-	-	1.4	1.3	1.1	4.5	4.8	5.3	17.8	17.7	17.9	125	48.7	1.3
Canara Bank	239	OP	97,888	2,407	410	34.7	36.4	40.7	5.8	5.0	11.8	6.9	6.6	5.9	-	-	-	1.3	1.1	1.0	2.9	2.7	2.9	16.3	14.0	14.3	320	34.0	3.9
Corporation Bank	313	IL	44,903	1,104	143	37.4	40.8	47.0	20.6	9.3	15.1	8.4	7.7	6.7	-	-	-	1.2	1.1	1.0	2.9	3.1	3.8	15.0	15.0	15.7	360	15.0	2.1
HDFC	1,812	IL	519,565	12,775	287	62.1	66.6	80.4	23.6	7.3	20.7	29.2	27.2	22.5	-	-	-	9.4	4.3	3.9	1.1	1.3	1.6	31.3	21.8	18.2	1,550	(14.5)	21.1
HDFC Bank	1,113	IL	355,321	8,737	319	35.7	47.0	60.7	28.5	31.6	29.0	31.1	23.6	18.3	-	-	-	5.7	4.8	4.0	0.6	0.8	1.1	19.9	22.2	24.0	1,180	6.1	21.4
ICICI Bank	909	IL	817,281	20,095	899	34.6	39.7	53.4	5.6	14.9	34.4	26.3	22.9	17.0	-	-	-	3.4	3.0	2.7	1.0	1.0	1.4	13.4	14.0	16.8	920	1.2	37.5
IDFC	113	IL	126,838	3,119	1,125	4.4	5.0	5.7	26.3	13.4	15.3	25.8	22.7	19.7	-	-	-	4.3	3.9	3.5	0.9	1.4	1.6	17.9	18.0	18.5	95	(15.7)	15.1
India Infoline	596	IL	31,800	782	53	15.1	19.8	25.6	39.3	31.1	29.5	39.4	30.1	23.2	22.7	14.0	11.0	9.8	7.0	5.7	0.5	0.7	0.8	29.2	27.1	26.9	420	(29.5)	n/a
Indian Bank	120	OP	51,766	1,273	430	16.8	23.6	21.8	148.1	40.2	(7.6)	7.2	5.1	5.5	-	-	-	1.7	1.4	1.2	2.5	4.9	4.5	25.8	27.0	21.7	120	(0.4)	n/a
Indian Overseas Bank	112	OP	60,990	1,500	545	18.5	20.6	23.0	28.7	11.4	11.6	6.0	5.4	4.9	-	-	-	1.5	1.3	1.0	3.1	4.0	4.4	28.1	25.4	23.4	150	34.0	1.0
LIC Housing Finance	173	OP	14,687	361	85	32.8	33.2	37.5	33.9	1.1	12.9	5.3	5.2	4.6	-	-	-	1.2	0.9	0.8	4.6	4.6	5.2	-	-	-	220	27.3	1.2
Mahindra & Mahindra Financial	238	OP	19,992	492	84	15.8	19.1	22.1	26.4	20.4	16.2	15.0	12.5	10.7	-	-	-	2.7	2.4	2.1	1.7	2.0	2.3	18.2	19.2	19.4	265	11.3	0.5
Oriental Bank of Commerce	222	IL	55,620	1,368	251	33.0	34.7	35.7	2.9	5.2	3.0	6.7	6.4	6.2	-	-	-	1.2	1.1	0.9	2.1	2.3	2.4	10.9	10.9	10.6	240	8.1	2.4
PFC	149	U	171,304	4,212	1,148	8.6	9.2	10.1	(9.1)	7.1	10.5	17.4	16.3	14.7	-	-	-	1.8	1.7	1.6	1.0	2.2	2.4	-	-	-	105	(29.6)	n/a
Punjab National Bank	506	OP	159,575	3,924	315	48.8	60.5	66.3	7.0	23.8	9.6	10.4	8.4	7.6	-	-	-	1.7	1.5	1.3	2.6	1.6	1.7	15.5	17.5	17.1	610	20.5	10.2
Shriram Transport	157	OP	30,000	738	191	10.3	12.0	14.7	23.5	16.0	22.2	15.2	13.1	10.7	-	-	-	2.9	2.4	2.1	1.8	2.5	3.0	19.8	19.2	20.1	180	14.6	0.3
SREI	97	OP	10,527	259	109	5.6	7.7	8.7	25.8	37.5	13.5	17.3	12.6	11.1	-	-	-	2.5	2.2	1.9	1.8	1.8	1.8	14.3	17.4	17.3	73	(24.4)	1.8
State Bank of India	1,361	OP	716,293	17,612	526	86.3	102.6	108.0	3.1	18.9	5.3	15.8	13.3	12.6	-	-	-	2.7	2.4	2.0	1.0	1.2	1.2	15.4	16.8	16.2	1,400	2.9	57.1
UTI Bank	566	U	159,417	3,920	282	23.4	30.4	35.9	34.4	29.9	18.1	24.2	18.6	15.8	-	-	-	5.3	4.2	3.3	0.9	1.0	1.2	21.0	22.9	22.7	410	(27.6)	16.1
Banks/Financial Institutions																													
Neutral		3,326,416	81,790			15.3	17.5	15.8	17.7	15.0	13.0	-	-	-	3.0	2.5	2.2	1.3	1.4	1.6	16.9	16.8	16.8						
Cement																													
ACC	808	IL	151,309	3,720	187	56.3	66.4	66.5	78.6	18.0	0.1	14.4	12.2	12.2	8.6	7.6	7.2	4.5	3.5	2.9	2.1	2.2	2.2	40.3	35.2	27.9	810	0.2	28.9
Grasim Industries	2,425	OP	222,348	5,467	92	207.4	215.6	238.5	92.3	4.0	10.6	11.7	11.2	10.2	6.0	5.7	4.8	2.4	2.0	1.6	0.7	0.7	0.7	23.5	19.4	17.4	2,440	0.6	11.4
Gujarat Ambuja	110	IL	166,097	4,084	1,506	8.6	9.6	9.6	55.2	11.8	(0.4)	12.8	11.5	11.5	9.1	7.0	6.7	4.7	3.5	2.8	0.7	1.0	1.2	48.2	38.0	28.7	110	(0.3)	22.6
India Cements	169	IL	43,880	1,079	260	19.3	21.6	23.2	n/a	12.3	7.3	8.7	7.8	7.3	8.1	5.8	4.9	3.3	2.3	1.7	-	-	-	42.1	35.4	27.5	170	0.9	19.2
Shree Cement	1,170	OP	40,760	1,002	35	101.6	112.2	127.4	111.6	10.4	13.6	11.5	10.4	9.2	7.6	6.3	5.3	5.7	3.7	2.7	0.4	0.5	0.5	65.5	43.1	33.8	1,090	(6.8)	1.1
UltraTech Cement	803	IL	99,972	2,458	124	61.5	62.7	76.1	244.6	1.9	21.5	13.1	12.8	10.5	7.6	7.2	6.1	4.3	3.2	2.4	0.3	0.3	0.3	54.4	36.3	31.7	710	(11.6)	2.5
Cement																													
Neutral		724,366	17,811			104.1	10.5	7.3	12.5	11.3	10.5	7.4	6.5	5.7	3.5	2.7	2.2	0.9	1.0	1.0	28.4	24.2	20.7						
Chemicals																													
IPCL	336	U	101,162	2,487	302	42.9	31.5	24.6	21.1	(26.7)	(21.9)	7.8	10.7	13.7	3.6	4.0	4.3	1.3	1.2	1.1	1.8	1.3	1.0	18.5	11.5	8.3	270	(19.5)	12.0
Reliance Industries	1,683	U	2,345,332	57,667	1,393	76.9	71.5	98.5	21.8	(7.0)	37.6	21.9	23.5	17.1	12.8	13.7	8.8	3.2	2.9	2.2	0.7	0.7	0.8	16.7	13.0	13.9	1,400	(16.8)	119.6
Chemicals																													
Neutral		2,446,494	60,155			21.7	(11.8)	39.6	20.4	23.1	16.5	11.6	12.6	8.5	3.0	2.7	2.1	0.7	0.7	0.8	14.9	11.9	12.9						
Consumer Products																													
Asian Paints	832	IL	79,805	1,962	96	27.8	33.2	40.6	20.5	19.3	22.3	29.9	25.1	20.5	17.4	14.4	11.8	10.3	8.6	6.9	1.6	1.7	1.9	39.1	38.8	38.7	850	2.2	1.0
Colgate-Palmolive (India)	356	U	48,454	1,191	136	13.4	15.2	16.3	21.2	13.8	6.8	26.6	23.4	21.9	19.2	16.3	14.9	15.7	14.0	12.5	2.6	3.0	3.2	62.8	63.4	60.5	300	(15.8)	2.2
GlaxoSmithKline Consumer (a)	544	IL	22,878	563	42	30.2	32.1	36.7	18.4	6.5	14.3	18.0	16.9	14.8	8.6	7.8	6.5	4.0	3.5	3.1	1.8	2.0	2.2	24.7	22.7	22.6	625	14.9	0.5
Godrej Consumer Products	133	IL	30,037	739	226	5.8	6.7	7.8	9.2	15.6	17.1	23.1	20.0	17.0	18.1	15.2	13.0	23.6	16.8	12.4	2.6	2.8	3.2	131.9	104.2	87.2	185	39.1	0.6
Hindustan Lever (a)	191	IL	421,318	10,359	2,201	7.0	8.0	9.1	17.6	14.8	12.9	27.3	23.8	21.1	21.5	19.0	16.0	15.9	15.3	14.7	3.6	4.0	4.5	62.2	65.4	71.1	230	20.2	16.8
ITC	156	OP	581,805	14,306	3,742	7.2	8.4	9.6	19.6	16.7	14.3	21.7	18.6	16.3	13.6	11.4	9.7	5.3	4.6	4.0	1.8	2.1	2.3	27.3	27.4	26.9	215	38.3	28.4
Tata Tea	841	IL	52,007	1,279	62	52.0	46.2	57.3	0.1	(11.1)	24.2	16.2	18.2	14.7	12.0	10.9	10.5	1.8	1.4	1.4	1.4	1.4	1.4	14.9	8.1	8.3	992	18.0	7.0
Consumer Products																													
Attractive		1,356,188	33,346			16.9	15.5	15.3	24.1	20.9	18.1	15.9	13.6	11.6	7.2	6.2	5.4	2.4	2.7	3.0	29.7	29.5	30.0						

Valuation summary

Kotak Institutional Equities Universe

Company	07-Jun-07		Mkt cap		O/S Shares (m)	EPS (Rs)			EPS Growth, %			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price (Rs)	Upside (%)	DVT-3mo (US\$ mn)
	Price (Rs)	Rating	(Rs m)	(US\$ m)		2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E			
Constructions																													
NOCL	168	OP	34,867	857	208	7.3	8.9	12.0	20.4	21.9	34.8	23.0	18.9	14.0	15.8	11.5	9.2	3.2	2.8	2.3	0.4	0.4	0.4	15.0	15.8	18.2	204	21.4	5.1
Punj	239	IL	62,327	1,533	261	6.7	10.6	14.7	225.3	57.0	38.7	35.4	22.6	16.3	19.1	12.3	9.5	4.9	4.1	3.4	0.3	0.4	0.5	14.7	21.3	24.6	239	0.1	9.9
Construction		Attractive	138,712	3,411					84.5	48.0	33.2	29.9	20.2	15.1	18.7	12.7	10.0	4.7	3.9	3.2	0.3	0.4	0.4	15.7	19.3	20.9			
Diversified																													
Aditya Birla Nuvo	1,295	OP	120,839	2,971	93	22.8	25.0	26.8	2.5	9.9	7.1	56.9	51.8	48.3	26.9	25.3	23.0	3.6	3.5	3.3	0.4	0.5	0.5	7.5	6.9	7.0	1,350	4.2	4.9
Max	248	IL	44,614	1,097	180	0.5	0.7	0.4	51.3	39.0	(40.3)	483.4	347.7	582.7	1,359.2	374.7	233.8	4.4	4.4	4.3	-	-	-	0.9	1.3	0.8	220	(11.3)	0.4
Monnet Ispat	286	OP	14,921	367	52	32.8	41.1	53.4	(1.5)	25.3	30.1	8.7	7.0	5.4	10.6	6.1	3.9	1.3	1.1	0.9	0.7	0.9	1.0	15.2	17.5	18.9	325	13.6	0.6
Sintex	230	OP	27,994	688	122	10.3	15.4	21.0	10.9	49.3	36.1	22.3	14.9	11.0	13.7	9.7	6.8	3.0	2.5	2.0	0.4	0.5	0.7	13.7	16.9	18.7	260	12.8	0.9
Healthcare																													
Apollo Hospital	496	OP	25,613	630	52	11.3	16.3	19.6	12.0	44.4	20.4	44.0	30.5	25.3	20.1	16.2	13.5	3.2	3.0	2.6	0.9	1.2	1.4	13.2	11.2	12.0	500	0.8	0.3
Industrials																													
ABB	4,540	OP	192,413	4,731	42	80.3	121.4	152.7	55.6	51.2	25.8	56.5	37.4	29.7	33.6	21.4	16.5	16.2	11.8	8.7	0.3	0.3	0.3	32.5	36.5	33.7	4,575	0.8	10.3
AIA Engineering	1,597	OP	30,018	738	19	47.6	71.9	93.5	61.5	51.1	30.1	33.6	22.2	17.1	22.0	14.9	10.9	6.3	5.0	4.0	0.2	0.4	0.5	23.8	25.1	25.9	1,615	1.1	1.6
Bharat Electronics	1,780	IL	142,400	3,501	80	86.3	103.3	119.0	14.8	19.7	15.1	20.6	17.2	15.0	9.6	7.9	7.1	5.4	4.4	3.6	1.2	1.4	1.4	29.0	28.3	26.5	1,450	(18.5)	6.4
Bharat Heavy Electricals	1,343	OP	657,425	16,165	490	48.7	63.6	74.5	42.3	30.5	17.3	27.6	21.1	18.0	12.9	12.1	10.0	7.2	5.8	4.6	0.8	1.1	1.2	29.1	30.3	28.5	1,350	0.5	40.3
Dredging Corporation	517	IL	14,476	356	28	55.9	48.5	44.8	(8.4)	(13.3)	(7.6)	9.2	10.7	11.5	4.9	5.2	5.1	1.3	1.2	1.1	2.9	2.9	2.9	13.2	12.4	10.8	575	11.2	0.1
Larsen & Toubro	1,905	OP	544,445	13,387	286	65.1	73.3	87.9	71.9	12.6	19.9	29.3	26.0	21.7	19.3	16.1	13.3	7.5	5.7	4.4	0.5	0.5	0.5	29.4	24.9	23.4	2,125	11.6	4.6
Maharashtra Seamless	595	OP	42,170	1,037	71	32.7	42.6	46.3	34.8	30.3	8.9	18.2	14.0	12.8	11.2	8.2	7.0	4.2	3.3	2.6	0.7	0.8	0.8	31.9	26.3	22.8	600	0.8	2.9
Siemens	1,283	OP	216,288	5,318	169	22.7	34.7	52.2	31.3	52.9	50.5	56.5	37.0	24.6	31.6	21.7	13.8	17.4	12.8	9.1	0.3	0.4	0.7	35.3	39.9	43.3	1,375	7.2	14.5
Suzlon Energy	1,374	OP	395,112	9,715	288	30.1	52.1	63.4	14.4	72.9	21.9	45.7	26.4	21.7	31.3	18.6	14.0	11.7	8.5	6.3	0.5	0.6	0.6	28.3	38.2	34.2	1,390	1.2	26.5
Industrials		Attractive	2,234,746	54,948					41.2	32.5	21.0	32.1	24.2	20.0	18.0	14.7	11.8	8.2	6.3	5.0	0.6	0.7	0.8	25.5	26.2	24.9			
Infrastructure																													
GMR Infrastructure	489	OP	161,893	3,981	331	2.0	1.1	9.0	(24.8)	(45.5)	718.6	243.8	447.2	54.6	36.5	41.5	20.8	7.8	6.7	5.5	-	-	-	4.3	1.6	11.0	465	(4.9)	10.9
Media																													
DishTV	120	IL	51,172	1,258	428	(5.8)	(5.4)	(3.2)	n/a	(5.5)	(41.5)	(20.8)	(22.0)	(37.6)	(30.8)	(160.2)	35.7	(93.1)	(17.8)	(12.1)	-	-	-	(361.0)	135.9	38.3	125	4.6	n/a
HT Media	221	IL	51,776	1,273	234	4.1	7.3	10.1	53.6	76.1	38.5	53.5	30.4	21.9	29.9	17.2	12.6	6.5	5.5	4.6	0.1	0.5	0.9	12.7	19.6	22.9	200	(9.5)	1.1
SunTV	1,363	U	93,896	2,309	69	29.2	46.2	64.5	39.2	58.1	39.5	46.6	29.5	21.1	26.2	15.9	11.6	8.7	7.2	5.7	0.4	0.7	1.1	29.1	26.8	30.3	1,200	(12.0)	4.8
Zee Entertainment Enterprises	284	U	123,507	3,037	435	5.0	8.6	11.3	2.9	71.0	31.1	56.3	32.9	25.1	39.6	22.0	16.6	4.5	4.1	3.6	0.4	0.6	0.9	9.1	13.1	15.4	215	(24.3)	11.6
Media		Neutral	274,215	6,742					32.8	68.0	28.2	50.4	30.0	23.4	30.4	17.6	14.0	5.7	4.9	4.5	0.3	0.6	0.9	11.3	16.5	19.1			
Oil & Gas																													
Bharat Petroleum	342	OP	123,647	3,040	362	50.1	51.3	58.5	548.6	24	14.0	6.8	6.7	5.8	4.2	3.0	2.8	1.1	1.0	0.9	4.7	4.7	5.3	15.5	14.3	14.6	450	31.6	4.7
Cairn India	138	U	242,914	5,973	1,765	0.6	0.4	0.6	(66.2)	(38.9)	59.9	225.6	369.3	230.9	40.6	38.8	32.6	0.8	0.8	0.8	-	-	-	0.7	0.2	0.4	130	(5.5)	7.3
Castrol India (a)	282	OP	34,860	857	124	12.1	18.4	20.0	1.9	52.4	9.1	23.4	15.3	14.1	13.4	9.1	8.3	8.2	7.4	6.8	3.2	4.3	5.0	36.1	50.6	50.1	300	6.4	0.7
GAIL (India)	289	IL	244,097	6,002	846	25.3	26.9	28.9	(9.3)	6.0	7.6	11.4	10.7	10.0	6.5	5.6	4.7	1.9	1.7	1.6	3.5	3.5	3.8	16.8	15.8	15.3	325	12.6	5.5
GSPL	54	U	29,380	722	545	1.6	1.8	4.0	35.1	11.8	124.4	34.1	30.5	13.6	13.6	10.2	6.4	2.7	2.5	2.1	0.5	0.5	0.9	8.5	8.5	16.7	53	(1.8)	0.9
Hindustan Petroleum	277	OP	93,819	2,307	339	40.0	52.6	59.5	503.7	31.5	13.1	6.9	5.3	4.6	4.5	3.5	2.8	0.9	0.8	0.7	6.5	7.2	8.2	12.0	14.4	14.8	375	35.5	4.9
Indian Oil Corporation	438	IL	522,140	12,838	1,192	47.0	62.1	61.2	11.1	32.3	(1.6)	9.3	7.0	7.2	4.9	4.1	3.7	1.4	1.2	1.1	4.3	5.0	5.0	15.0	17.3	15.2	500	14.2	2.6
Oil & Natural Gas Corporation	856	OP	1,830,674	45,013	2,139	86.8	99.1	99.3	18.2	14.2	0.3	9.9	8.6	8.6	4.2	3.7	3.4	2.1	1.8	1.6	3.5	3.9	3.9	21.1	21.0	18.7	1,075	25.6	27.3
Petronet LNG	55	U	41,250	1,014	750	4.2	5.3	5.1	-	26.3	(4.0)	13.2	10.4	10.9	7.7	8.1	8.6	2.8	2.3	1.9	2.3	2.7	1.8	22.6	22.7	18.3	47	(14.5)	5.9
Reliance Petroleum	98	OP	440,550	10,832	4,500	-	-	3.9	n/a	n/a	n/a	n/a	n/a	25.4	n/a	n/a	22.1	3.8	3.8	3.3	-	-	-	-	-	14.0	100	2.1	24.6
Oil & Gas		Attractive	3,603,330	88,599					25.7	17.1	7.1	12.0	10.2	9.5	5.6	5.0	4.5	1.8	1.6	1.4	3.0	3.3	3.4	14.7	15.6	15.1			

Valuation summary

Kotak Institutional Equities Universe

Company	07-Jun-07		Mkt cap (Rs m)	Mkt cap (US\$ m)	O/S Shares (m)	EPS (Rs)			EPS Growth, %			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield			RoE (%)			Target Price		ADVT-3m US\$ mn
	Price (Rs)	Rating				2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	
Pharmaceuticals																													
Aventis (a)	1,368	IL	31,506	775	23	73.5	82.4	92.5	8.2	12.1	12.2	18.6	16.6	14.8	10.4	8.6	7.4	5.3	4.5	3.9	2.3	2.4	2.5	30.8	29.6	28.2	1,470	7.5	0.3
Biocin	438	IL	43,800	1,077	100	20.0	22.7	25.7	15.0	13.6	12.9	21.9	19.3	17.1	15.3	12.7	11.0	4.1	3.5	3.0	0.7	0.9	1.1	20.6	19.9	19.3	460	5.0	4.3
Cadila Healthcare	334	OP	41,911	1,031	126	17.0	21.3	24.9	40.3	24.9	17.4	19.6	15.7	13.4	12.7	10.7	9.2	4.3	3.6	3.0	1.3	1.6	1.9	27.4	27.8	26.9	420	25.9	0.2
Cipla	214	U	164,311	4,040	766	8.6	9.6	11.5	10.9	11.7	19.1	24.9	22.3	18.7	17.8	16.3	14.0	4.9	4.2	3.6	1.0	1.1	1.3	25.4	21.1	21.6	225	4.9	11.6
Divi's Laboratories	4,844	U	63,109	1,552	13	143.9	182.9	207.8	165.4	27.1	13.6	33.7	26.5	23.3	25.7	19.8	17.2	11.3	7.9	5.9	0.2	0.3	0.3	42.6	36.7	30.3	3,400	(29.8)	13.0
Dr Reddy's Laboratories	646	U	108,543	2,669	168	65.7	30.0	34.4	669.6	(54.3)	14.6	9.8	21.5	18.8	7.1	12.7	11.3	2.3	2.1	1.9	0.6	0.6	0.8	34.8	11.7	12.1	620	(4.1)	14.6
GlaxoSmithkline Pharmaceuticals	1,285	U	108,835	2,676	85	42.7	46.3	51.4	18.1	8.5	10.9	30.1	27.7	25.0	16.9	15.8	14.2	9.3	8.9	8.6	2.4	2.7	3.0	33.8	32.2	34.3	1,100	(14.4)	2.3
Ipsa Laboratories	677	OP	16,925	416	25	50.1	60.0	72.3	103.8	19.8	20.4	13.5	11.3	9.4	9.2	7.8	6.5	3.2	2.6	2.1	1.1	1.6	1.9	29.6	28.1	27.2	800	18.2	0.5
Lupin	691	IL	55,519	1,365	80	35.0	35.0	38.9	78.3	0.0	11.2	19.7	19.7	17.8	13.2	13.7	11.8	5.6	4.4	3.5	0.7	0.7	0.8	40.8	30.3	26.5	730	5.6	4.9
Nicholas Piramal	264	IL	55,176	1,357	209	11.0	14.0	18.0	85.1	26.9	29.2	24.0	18.9	14.6	15.8	12.6	10.0	4.6	4.0	3.3	1.3	1.3	1.5	22.8	25.1	26.8	265	0.4	2.0
Novartis India	355	IL	11,346	279	32	24.6	28.1	32.3	(0.4)	14.2	14.9	14.4	12.6	11.0	8.2	7.1	6.0	3.2	3.0	2.7	4.2	4.5	4.8	22.5	23.8	-	465	31.0	0.2
Pfizer	840	OP	25,070	616	30	39.3	48.3	53.8	23.8	23.0	11.4	21.4	17.4	15.6	13.3	10.5	9.0	6.2	3.7	3.3	2.7	2.7	3.0	30.0	26.6	22.4	900	7.1	0.4
Ranbaxy Laboratories (a)	379	OP	141,078	3,469	373	12.8	16.0	20.0	92.4	25.4	25.1	29.7	23.7	18.9	18.9	15.2	12.8	5.4	4.8	4.3	2.4	2.4	2.7	20.3	23.8	26.8	450	18.9	11.1
Sun Pharmaceuticals	1,075	OP	222,615	5,474	207	37.4	43.5	54.6	35.0	16.4	25.4	28.8	24.7	19.7	23.6	18.8	14.4	8.4	5.1	4.2	0.6	0.7	0.7	37.8	26.7	24.0	1,050	(2.3)	2.2
Torrent Pharma	246	IL	20,795	511	85	11.1	15.0	17.4	66.4	35.7	16.3	22.2	16.4	14.1	14.8	11.9	10.1	4.5	3.7	3.0	1.0	1.4	1.6	24.4	27.4	26.2	260	5.8	0.4
Wockhardt (a)	421	U	46,045	1,132	109	20.9	22.5	25.9	(3.0)	7.8	15.2	20.2	18.7	16.2	13.4	10.2	8.7	4.0	3.2	2.6	1.2	1.2	1.4	26.5	22.5	21.1	390	(7.3)	0.6
Pharmaceuticals		Neutral	1,163,924	28,619					64.9	1.9	18.5	21.4	21.0	17.7	14.9	14.0	11.8	5.1	4.1	3.6	1.3	1.4	1.6	23.6	19.7	20.1			
Property																													
Mahindra Gesco	597	OP	25,060	616	42	10.1	16.3	44.4	90.0	61.1	173.0	59.1	36.7	13.4	33.8	22.2	10.7	3.0	2.8	2.4	0.3	0.5	0.7	8.2	7.8	18.8	920	54.2	11.0
Sobha	891	OP	64,956	1,597	73	22.9	40.1	60.4	(45.9)	75.4	50.5	38.9	22.2	14.7	26.6	16.1	10.2	7.6	5.8	4.3	0.2	0.3	0.4	33.8	29.8	33.4	940	5.5	9.1
Retail																													
Pantaloon Retail	436	IL	63,910	1,571	147	6.1	10.5	15.0	26.7	73.1	42.7	71.9	41.6	29.1	28.8	20.5	15.0	6.1	5.6	4.9	0.8	0.9	1.0	10.7	13.2	16.3	425	(2.4)	1.2
Shipyards																													
ABG Shipyards	409	OP	20,793	511	51	21.3	32.7	46.1	29.6	53.7	40.7	19.2	12.5	8.9	12.1	7.8	5.0	3.3	2.5	1.9	0.5	0.6	0.7	19.1	22.5	23.9	400	(2.1)	0.9
Technology																													
HCL Technologies	347	IL	241,200	5,931	695	17.6	18.1	22.1	54.5	3.2	22.0	19.7	19.1	15.7	17.5	14.0	11.1	5.5	4.9	3.9	2.3	2.3	2.3	26.7	28.3	29.6	360	3.7	12.9
Hexaware Technologies	156	IL	22,115	544	142	8.9	11.5	14.4	16.1	29.1	25.6	17.5	13.6	10.8	14.1	9.8	7.2	2.9	2.5	2.1	1.0	1.0	1.0	22.8	19.9	21.0	195	25.3	1.0
i-flexsolutions	2,390	U	199,081	4,895	83	33.2	51.0	74.2	15.9	53.3	45.5	71.9	46.9	32.2	53.5	33.4	23.3	8.8	7.7	6.5	-	0.4	0.5	15.3	17.5	21.8	1,675	(29.9)	4.1
iGate Global Solutions	347	U	11,003	271	32	15.7	22.5	30.0	101.5	43.5	33.2	22.1	15.4	11.6	11.8	8.0	5.8	3.6	3.0	2.4	0.7	0.7	0.8	17.2	20.9	23.2	325	(6.4)	0.5
Infosys Technologies	1,954	OP	1,121,366	27,572	574	67.0	83.8	103.4	48.7	25.1	23.5	29.2	23.3	18.9	24.1	18.7	14.3	9.9	7.5	5.8	0.7	0.9	1.1	40.7	36.5	34.5	2,300	17.7	93.5
Mphasis BFL	320	IL	52,503	1,291	164	7.3	12.5	16.1	(21.5)	71.5	28.6	43.8	25.5	19.9	25.4	17.8	13.7	7.0	1.2	4.9	0.9	1.1	1.3	17.0	25.0	26.8	320	-	1.3
Patni Computer Systems	554	OP	77,006	1,893	139	25.9	31.5	38.2	19.8	21.7	21.4	21.4	17.6	14.5	13.4	11.0	8.4	3.4	3.0	2.5	0.5	0.6	0.7	12.5	18.4	18.9	530	(4.3)	5.8
Polaris Software Lab	163	U	16,052	395	98	10.3	12.3	13.5	359.1	19.5	10.0	15.9	13.3	12.1	9.2	7.3	6.0	2.7	2.3	2.0	1.1	1.1	1.1	17.7	18.5	17.5	150	(8.1)	5.0
Satyam Computer Services	477	IL	320,201	7,873	671	21.4	26.4	32.0	41.7	23.1	21.3	22.2	18.1	14.9	18.3	14.1	10.5	5.6	4.5	3.6	1.6	2.1	2.5	27.9	27.4	26.8	510	6.9	42.9
TCS	1,207	IL	1,181,182	29,043	979	42.2	51.8	62.9	43.3	22.8	21.3	28.6	23.3	19.2	22.9	18.5	14.8	13.2	10.1	7.9	1.0	1.7	2.1	55.8	49.2	46.3	1,300	7.7	43.1
Tech Mahindra	1,498	IL	182,473	4,487	122	47.0	73.5	104.6	124.3	56.5	42.3	31.9	20.4	14.3	24.8	15.2	10.1	20.5	10.1	5.8	0.2	0.3	0.3	81.3	70.8	55.2	1,850	23.5	24.9
Wipro	541	OP	788,590	19,390	1,459	20.3	24.3	30.4	42.4	20.1	25.0	26.7	22.2	17.8	21.7	16.9	12.7	7.8	6.1	4.9	1.0	1.3	1.7	31.7	30.9	30.7	655	21.2	19.9
Technology		Attractive	4,267,284	104,925					47.1	25.7	23.2	28.0	22.3	18.1	22.3	17.3	13.3	8.6	6.8	5.4	0.9	1.3	1.6	30.7	30.5	29.9			

Valuation summary

Kotak Institutional Equities Universe

Company	07-Jun-07 Price (Rs)	Rating	Mkt cap (Rs m)	Mkt cap (US\$ m)	O/S Shares (m)	EPS (Rs)			EPS Growth, %			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield			RoE (%)			Target Price		ADVT-3m US\$ mn
						2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	2007E	2008E	
Telecom																													
Bharti Airtel Ltd	826	U	1,567,468	38,541	1,898	22.2	34.9	46.6	n/a	57.0	33.4	37.2	23.7	17.7	21.8	13.8	10.3	13.3	8.7	6.0	-	0.2	0.5	43.9	44.5	40.1	600	(27.4)	26.9
IDEA	121	U	319,181	7,848	2,635	2.2	3.3	4.1	146.3	50.2	25.7	55.5	37.0	29.4	23.4	15.6	12.0	8.9	7.2	5.8	0.8	-	-	21.5	21.6	21.8	100	(17.5)	-
MTNL	159	U	100,170	2,463	630	7.2	9.4	10.0	8.1	31.4	6.5	22.2	16.9	15.9	8.6	6.6	6.2	0.9	0.9	0.8	3.8	4.8	5.0	3.4	4.4	4.6	135	(15.1)	11.4
Reliance Communication	519	U	1,061,771	26,107	2,045	14.7	22.2	31.6	n/a	51.4	42.1	35.4	23.4	16.5	18.7	13.3	10.1	5.9	4.7	3.7	0.1	0.2	0.3	21.5	23.6	26.4	400	(23.0)	81.9
VSNL	471	OP	134,249	3,301	285	17.2	18.6	20.3	(7.9)	8.5	8.9	27.4	25.3	23.2	11.8	11.0	10.0	2.1	2.0	1.8	1.0	1.0	1.1	7.4	7.6	7.8	560	18.9	7.6
Telecom																													
		Cautious	2,863,659	70,412						141.1	51.6	34.4	34.2	22.5	16.8	19.2	13.1	10.0	6.0	4.8	3.8	0.2	0.4	0.6	17.6	21.5	23.0		
Textiles																													
Vardhman	185	IL	11,651	286	63	29.0	32.7	44.3	2.1	12.7	35.7	6.4	5.7	4.2	5.7	5.6	4.1	0.8	0.7	0.6	2.2	2.5	3.4	15.0	13.6	16.3	220	18.9	0.2
Transmission T																													
JSL	180	OP	14,922	367	83	6.6	10.7	13.1	81.2	61.1	23.0	27.2	16.9	13.7	12.8	9.1	7.6	5.9	4.4	3.4	0.3	0.3	0.3	29.8	30.0	28.0	225	24.9	0.7
Kalpataru	1,340	OP	35,503	873	26	60.2	77.4	91.8	67.6	28.7	18.6	22.3	17.3	14.6	13.7	10.9	8.8	5.4	4.2	3.4	0.6	0.7	0.7	38.8	27.6	25.9	1,495	11.6	1.6
KEC	530	OP	20,094	494	38	27.3	36.0	41.1	92.4	31.8	14.2	19.4	14.7	12.9	8.9	7.8	6.9	7.1	4.9	3.6	0.4	0.6	0.7	43.5	39.1	32.2	585	10.4	0.8
Transmission																													
		Attractive	70,520	1,734						115.0	35.3	18.1	22.2	16.4	13.9	11.6	9.4	7.8	5.9	4.5	3.4	0.4	0.6	0.6	26.6	27.2	24.8		
Transportation																													
Container Corporation	2,098	IL	136,317	3,352	65	106.3	129.7	135.3	31.9	22.1	4.3	19.7	16.2	15.5	13.7	10.6	10.1	5.1	4.1	3.4	0.9	1.0	1.1	29.1	28.1	23.7	2,200	4.9	0.7
Gateway Distriparks	177	IL	16,274	400	92	8.6	9.7	11.0	10.2	12.7	13.6	20.5	18.2	16.0	16.0	14.7	12.5	2.6	2.3	2.1	1.2	1.4	1.6	13.1	13.5	13.9	186	5.4	2.3
Jet Airways	773	U	66,736	1,641	86	(6.2)	(35.5)	18.7	(130)	546.9	177	(124.6)	(21.8)	41.2	40.9	12.4	5.7	2.5	3.2	3.0	(0.2)	(0.9)	0.5	(2.0)	(12.7)	7.4	400	(56.0)	10.1
Transportation																													
		Attractive	264,535	6,504						(18.5)	(29.5)	37.1	16.3	23.1	16.8	12.6	10.0	7.2	2.9	2.8	2.4	1.3	0.9	1.2	17.9	11.9	14.5		
Utilities																													
CESC	360	IL	30,359	746	84	36.0	29.6	38.3	31.8	(17.9)	29.6	10.0	12.2	9.4	5.9	6.3	4.6	1.5	1.3	1.1	1.0	1.2	1.6	16.1	11.3	12.8	396	10.0	4.7
LANCO	170	OP	37,835	930	222	8.7	14.0	24.9	55.9	61.1	78.2	19.6	12.2	6.8	13.6	16.1	11.0	2.3	1.9	1.5	-	-	-	21.9	17.0	24.5	204	19.9	3.3
NTPC	155	IL	1,273,924	31,323	8,245	8.0	8.8	9.8	13.5	9.2	11.8	19.3	17.6	15.8	17.7	15.6	15.4	2.6	2.4	2.2	2.1	2.3	2.5	14.0	14.1	14.6	160	3.6	14.2
Tata Power	580	IL	123,357	3,033	213	20.2	33.4	44.3	(23.5)	65.6	32.8	28.8	17.4	13.1	14.1	10.0	8.4	2.0	1.9	1.5	1.5	1.6	1.6	7.2	11.1	12.7	670	15.5	4.4
Utilities																													
		Attractive	1,549,267	38,094						9.7	9.4	13.5	19.2	17.6	15.5	16.2	14.3	13.5	2.3	2.2	2.0	1.9	2.1	2.4	12.1	12.3	12.7		
KS universe (b)																													
			27,987,690	688,165						36.9	13.2	15.3	19.1	16.8	14.6	11.0	9.7	8.3	3.6	3.1	2.6	1.3	1.5	1.7	18.9	18.3	17.9		
KS universe (b) ex-Energy																													
			24,384,359	599,566						40.1	12.2	17.5	20.9	18.6	15.9	13.3	11.6	9.7	4.3	3.6	3.0	1.1	1.3	1.4	20.5	19.2	18.8		
KS universe (d) ex-Energy & ex-Commodities																													
			19,620,593	482,434						33.0	22.2	20.7	24.8	20.3	16.8	17.0	13.6	11.0	4.9	4.1	3.5	1.1	1.3	1.5	19.7	20.3	20.7		

(a) 2003 means calendar year 2002, similarly for 2004 and 2005 for these particular companies

(b) EV/Sales & EV/EBITDA for KS universe excludes Banking Sector

Rupee-US Dollar exchange rate (Rs/US\$)= 40.67

Source: Bloomberg, Company reports, Kotak Institutional Equities estimates

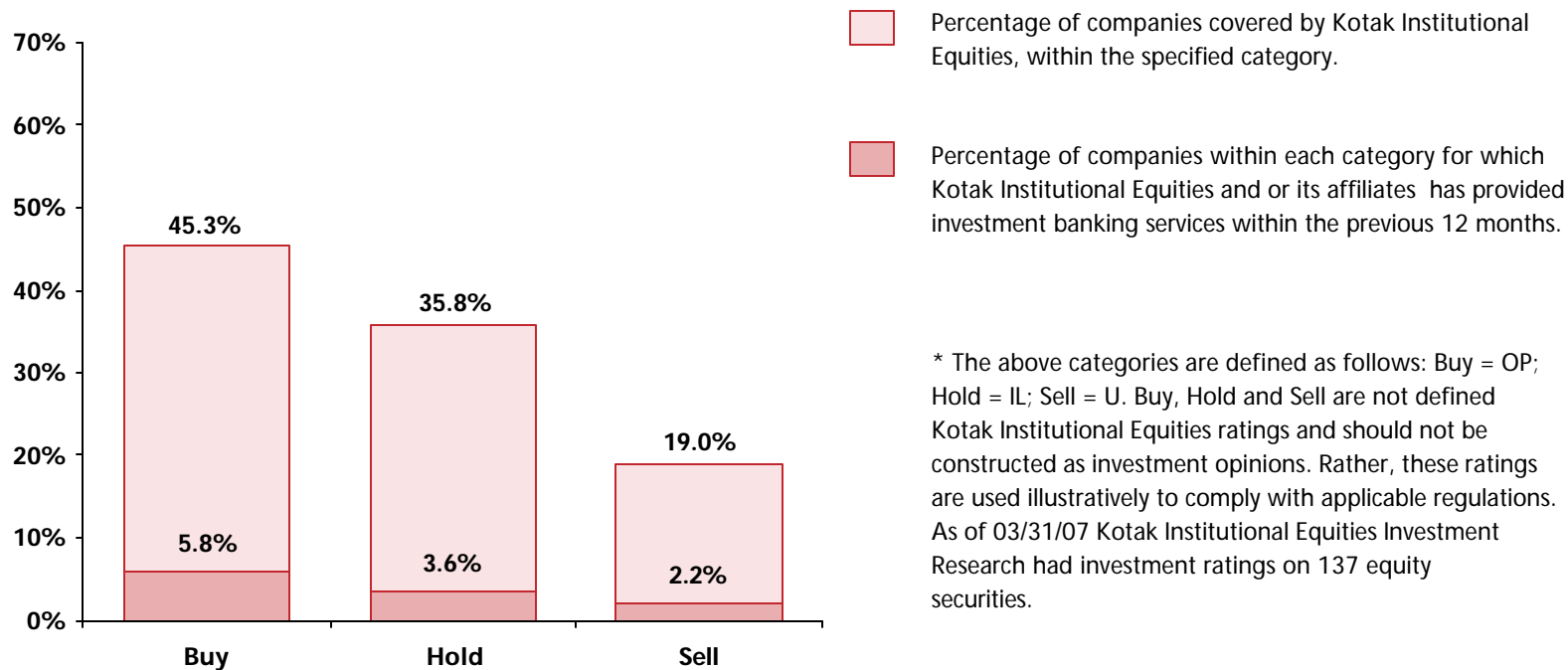
Source: Kotak Institutional Equities.

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Source: Kotak Institutional Equities.

As of March 31, 2007

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