

April 2, 2009

# India Strategy Friday Flash

BSE-30: 10,349

India

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**Kotak Institutional Equities  
Research**

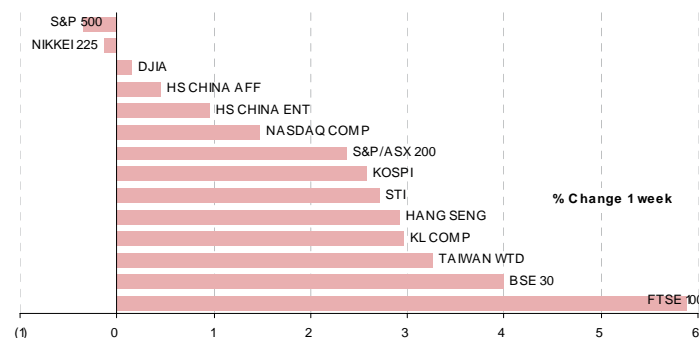
Important disclosures appear at the back of this report.

**Gaining ground still, leading the global pack.** During the past week, the BSE-30 Index gained 346 points (3.5%) to close at 10,349 (significantly outperforming global indices). The gains were largely led by Reliance Industries, L&T and ONGC, which together contributed 185 points to the Index rise. Markets are quoting at reasonable valuations with BSE-30 Index trading at 11.4X on FY2010E earnings. We expect FY2010E earnings for BSE Index to grow by 3% yoy and decline by 2.6% yoy on an ex-Energy basis.

## Market highlights for the week ending Thursday, April 2, 2009

- Largest gainers: JSW Steel (50%), J&K Bank (36%), HT Media (33%)
- Largest losers: HDFC (-5%), ICICI Bank (-4%), Hindustan Unilever (-4%)

## Relative performance of regional indices (% Change 1 Week)



Source: Bloomberg

## Flows in emerging markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
25-Mar-09	134	3	(4)	13	74	221
26-Mar-09	100	-	1	(4)	327	424
27-Mar-09	(40)	32	4	20	(67)	(51)
30-Mar-09	(66)	(4)	(6)	1	(115)	(190)
31-Mar-09	(37)	9	(3)	(10)	(132)	(173)
<b>Total</b>	<b>91</b>	<b>39</b>	<b>(7)</b>	<b>20</b>	<b>86</b>	<b>230</b>

Source: Bloomberg

# Our top recommendations

## Kotak Institutional Equities, Top-10, March fiscal year-ends, 2008-10E

Companies	Sector	Rating	Mkt cap.	CMP	Target	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
			(US\$ mn)	(Rs)	(Rs)	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E
State Bank of India	Banking	BUY	14,381	1,147	1,600	106.6	135.3	125.5	10.8	8.5	9.1	—	—	—
Jindal Steel and Power	Metals	BUY	3,743	1,225	1,400	82.7	179.7	171.6	14.8	6.8	7.1	11.3	5.0	4.8
Sterlite Industries	Metals	BUY	5,231	372	400	64.3	48.0	46.6	5.8	7.7	8.0	2.3	4.0	4.0
Cairn India	Energy	BUY	7,405	199	225	(0.1)	4.2	4.4	0.0	47.4	45.1	46.0	27.7	20.3
HDFC Bank	Banking	BUY	8,711	1,037	1,250	46.0	53.5	65.6	22.5	19.4	15.8	—	—	—
Tata Power	Utilities	BUY	3,743	847	1,000	31.8	65.2	90.2	26.6	13.0	9.4	12.5	9.4	9.0
Wipro	Technology	ADD	7,840	270	280	22.2	25.3	26.9	12.1	10.7	10.1	9.7	7.6	6.5
Oil & Natural Gas Corporation	Energy	ADD	37,002	871	900	92.7	103.9	103.9	9.4	8.4	8.4	3.4	3.1	2.8
Sun Pharmaceuticals	Pharmaceuticals	BUY	4,387	1,067	1,800	74.7	86.8	85.7	14.3	12.3	12.4	11.9	9.3	8.6
ITC	Consumer products	ADD	13,865	185	200	8.3	8.7	9.8	22.4	21.4	19.0	14.3	13.2	11.7
<b>BSE-30</b>				<b>10,349</b>										

Source: Company, Bloomberg, Kotak Institutional Equities estimates.

# Our model portfolio

## Kotak Institutional Equities Model Portfolio

Company	02-Apr	Rating	Weightage (%)		Diff. (bps)
	Price (Rs)		BSE-30	KS reco.	
Mahindra & Mahindra	421	ADD	1.1	—	(108)
Maruti Suzuki	795	ADD	1.6	—	(156)
Tata Motors	204	SELL	0.9	—	(85)
<b>Automobiles</b>			<b>3.5</b>	<b>—</b>	<b>(349)</b>
Punjab National Bank	429	BUY	—	1.5	150
State Bank of India	1,147	BUY	4.4	6.9	250
Union Bank	153	BUY	—	1.5	150
<b>PSU Banking</b>			<b>4.4</b>	<b>9.9</b>	<b>550</b>
HDFC	1,577	REDUCE	5.7	1.7	(400)
HDFC Bank	1,037	BUY	4.8	6.8	200
ICICI Bank	361	ADD	6.0	6.0	—
Rural Electrification Corp.	96	BUY	—	1.0	100
<b>Pvt. Banking/Financing</b>			<b>16.5</b>	<b>15.5</b>	<b>(100)</b>
ACC	602	REDUCE	0.9	—	(86)
Grasim Industries	1,602	ADD	1.6	—	(157)
Jaiprakash Associates	97	BUY	1.0	2.0	100
<b>Cement</b>			<b>3.5</b>	<b>2.0</b>	<b>(142)</b>
Hindustan Unilever	231	REDUCE	3.8	1.8	(200)
ITC	185	ADD	6.9	8.4	150
<b>Consumers</b>			<b>10.7</b>	<b>10.2</b>	<b>(50)</b>
Cairn India	199	BUY	—	4.0	400
Oil & Natural Gas Corporation	871	ADD	4.8	6.3	150
Reliance Industries	1,661	REDUCE	15.5	9.8	(572)
<b>Energy</b>			<b>20.3</b>	<b>20.1</b>	<b>(22)</b>
Bharat Heavy Electricals	1,536	ADD	3.7	3.7	—

Company	02-Apr	Rating	Weightage (%)		Diff. (bps)
	Price (Rs)		BSE-30	KS reco.	
Larsen & Toubro	718	REDUCE	4.9	1.9	(300)
<b>Industrials</b>			<b>8.6</b>	<b>5.6</b>	<b>(300)</b>
Hindalco Industries	57	ADD	0.9	—	(90)
Jindal Steel and Power	1,225	BUY	—	4.0	400
Sterlite Industries	372	BUY	1.4	2.9	150
Tata Steel	225	BUY	1.6	2.6	100
<b>Metals</b>			<b>4.0</b>	<b>9.6</b>	<b>560</b>
Glenmark Pharmaceuticals	160	BUY	—	1.0	100
Ranbaxy Laboratories	187	ADD	0.4	—	(40)
Sun Pharmaceuticals	1,067	BUY	1.3	3.3	200
<b>Pharmaceuticals</b>			<b>1.7</b>	<b>4.3</b>	<b>260</b>
DLF	203	REDUCE	0.7	—	(66)
<b>Real estate</b>			<b>0.7</b>	<b>—</b>	<b>(66)</b>
Infosys Technologies	1,419	BUY	9.6	9.6	—
TCS	579	REDUCE	1.9	—	(189)
Wipro	270	ADD	1.0	3.0	200
<b>Technology</b>			<b>12.5</b>	<b>12.6</b>	<b>11</b>
Bharti Airtel	639	ADD	5.8	3.8	(200)
Reliance Communications	197	SELL	1.8	—	(179)
<b>Telecom</b>			<b>7.6</b>	<b>3.8</b>	<b>(379)</b>
NTPC	184	REDUCE	3.2	—	(322)
Reliance Infrastructure	575	BUY	1.2	1.2	—
Tata Power	847	BUY	1.7	5.2	350
<b>Utilities</b>			<b>6.1</b>	<b>6.4</b>	<b>28</b>
<b>BSE-30</b>	<b>10,349</b>		<b>100.0</b>	<b>100.0</b>	<b>—</b>

Note:

1. Weights are with respect to March 25, 2009 prices.

Source: Bloomberg, BSE, Kotak Institutional Equities.

# Sensex valuation summary

## Valuation summary of BSE-30 sectors, March fiscal year-ends, 2008-10E

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2007	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2008	2009E	2008	2009E
Automobiles	8,706	32.0	6.0	(38.8)	23.8	9.6	15.7	12.7	5.7	9.4	6.9	2.1	1.6	2.2	0.8	21.6	10.2
Banking	38,894	14.2	43.9	12.5	0.1	13.5	12.0	12.0	—	—	—	1.8	1.6	1.8	1.8	13.3	13.4
Cement	5,015	97.6	25.7	(18.1)	(17.3)	6.8	8.3	10.1	4.0	4.6	4.9	1.9	1.6	2.8	2.9	28.0	19.4
Consumers	23,174	19.8	14.9	7.6	14.4	24.6	22.8	20.0	17.0	14.5	12.6	8.6	7.6	3.0	2.7	34.8	33.4
Diversified	2,618	172.9	20.7	22.7	33.4	22.3	18.2	13.6	12.3	11.0	9.4	2.7	2.4	—	—	12.2	13.0
Energy	79,922	25.8	13.9	7.6	17.7	12.0	11.1	9.5	5.8	5.3	4.2	2.2	1.8	2.0	2.2	18.2	16.0
Industrials	22,701	48.8	23.7	18.9	26.0	23.2	19.5	15.5	13.5	11.0	8.9	5.2	4.0	1.1	1.1	22.4	20.8
Metals	10,557	590.7	13.2	17.3	(46.3)	4.1	3.5	6.6	3.7	3.4	4.4	0.7	0.5	2.2	1.9	16.2	14.5
Pharmaceuticals	5,768	59.9	82.1	(37.8)	47.6	12.7	20.4	13.8	10.0	14.4	8.3	3.7	2.5	1.8	2.2	28.8	12.4
Property	6,658	913.2	304.9	(35.0)	(24.4)	4.4	6.8	8.9	4.5	7.4	8.5	1.8	1.4	2.0	2.0	39.9	20.9
Technology	34,246	44.7	19.1	15.5	9.0	13.9	12.0	11.0	10.0	8.5	7.1	4.5	3.7	2.3	2.2	32.7	30.5
Telecom	31,222	182.9	74.9	16.5	(4.4)	12.8	11.0	11.5	8.6	7.2	6.8	3.1	2.5	0.3	0.6	24.6	22.6
Utilities	35,412	32.1	9.9	13.4	16.7	19.8	17.4	14.9	10.5	10.2	10.0	2.3	2.1	1.8	1.8	11.7	12.2
<b>BSE-30 Index</b>	<b>304,893</b>	<b>54.5</b>	<b>28.8</b>	<b>5.9</b>	<b>3.0</b>	<b>12.5</b>	<b>11.8</b>	<b>11.4</b>	<b>7.2</b>	<b>6.9</b>	<b>6.3</b>	<b>2.4</b>	<b>2.0</b>	<b>1.8</b>	<b>1.8</b>	<b>19.3</b>	<b>16.8</b>
<b>BSE-30 ex-Energy</b>	<b>224,971</b>	<b>72.1</b>	<b>35.5</b>	<b>5.2</b>	<b>(2.6)</b>	<b>12.7</b>	<b>12.0</b>	<b>12.4</b>	<b>7.9</b>	<b>7.7</b>	<b>7.6</b>	<b>2.5</b>	<b>2.1</b>	<b>1.8</b>	<b>1.7</b>	<b>19.7</b>	<b>17.2</b>
<b>BSE-30 ex-Energy, Com.</b>	<b>209,399</b>	<b>46.9</b>	<b>40.9</b>	<b>4.3</b>	<b>6.6</b>	<b>14.4</b>	<b>13.9</b>	<b>13.0</b>	<b>9.7</b>	<b>9.4</b>	<b>8.4</b>	<b>2.9</b>	<b>2.5</b>	<b>1.7</b>	<b>1.6</b>	<b>20.1</b>	<b>17.8</b>
<b>BSE-30 ex-Technology</b>	<b>270,647</b>	<b>55.8</b>	<b>30.0</b>	<b>4.8</b>	<b>2.3</b>	<b>12.3</b>	<b>11.8</b>	<b>11.5</b>	<b>6.9</b>	<b>6.8</b>	<b>6.3</b>	<b>2.3</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>18.4</b>	<b>16.0</b>

Note:

(1) EV/EBITDA excludes banks.

Source: Company reports, Kotak Institutional Equities estimates

# Nifty valuation summary

## Valuation summary of Nifty sectors, March fiscal year-ends, 2008-10E

	Mkt cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div yield (%)		RoE (%)	
		2007	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2010E	2008E	2009E	2008E	2009E	2008E	2009E
Automobiles	13,046	22.2	7.1	(27.0)	25.4	11.6	15.9	12.7	6.7	9.3	6.9	2.6	2.0	2.1	1.2	22.8	12.8
Banking	42,731	13.2	42.5	16.0	(0.2)	12.7	10.9	11.0	—	—	—	1.8	1.6	1.9	1.9	13.9	14.3
Consumers	23,860	19.8	14.9	7.6	14.4	24.6	22.8	20.0	17.0	14.5	12.6	8.6	7.6	3.0	2.7	34.8	33.4
Cement	7,407	89.5	14.7	(13.9)	(19.0)	7.5	8.7	10.8	4.2	4.8	5.2	2.0	1.7	3.0	3.2	26.6	19.3
Energy	107,941	29.7	11.6	5.0	29.1	14.0	13.3	10.3	6.9	6.5	5.0	2.1	1.8	1.7	1.9	14.9	13.2
Industrials	28,627	41.6	26.7	13.1	17.5	20.0	17.7	15.0	11.4	10.1	8.7	4.1	3.3	1.1	1.1	20.5	18.6
Metals	13,823	336.0	5.7	13.0	(46.4)	4.7	4.2	7.7	3.7	3.5	4.6	0.8	0.6	2.3	1.8	16.3	14.3
Media	958	11.2	62.6	(7.5)	13.7	12.5	13.5	11.9	9.3	8.0	7.3	1.6	1.4	1.8	2.1	13.1	10.7
Property	8,064	1,062.5	193.8	(34.7)	(23.7)	4.3	6.5	8.5	4.7	7.3	8.5	1.7	1.4	1.8	1.7	41.0	21.3
Pharmaceuticals	9,414	38.5	55.8	(27.3)	48.7	15.5	21.3	14.3	12.0	15.2	9.4	4.0	2.9	1.5	1.8	25.6	13.8
Telecom	38,411	(149.5)	70.2	14.2	(4.9)	13.8	12.1	12.7	9.1	7.4	7.0	3.1	2.3	0.3	0.5	22.7	18.7
Technology	36,736	47.3	15.2	15.6	7.0	13.4	11.6	10.8	9.5	8.2	6.9	4.2	3.4	2.5	2.5	31.4	29.1
Utilities	41,737	32.1	10.9	15.8	18.6	22.4	19.4	16.3	11.2	11.2	11.6	2.3	2.1	1.6	1.6	10.1	10.8
<b>NIFTY</b>	<b>372,756</b>	<b>53.6</b>	<b>25.4</b>	<b>5.0</b>	<b>5.6</b>	<b>13.1</b>	<b>12.5</b>	<b>11.8</b>	<b>7.6</b>	<b>7.7</b>	<b>6.9</b>	<b>2.3</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>17.9</b>	<b>15.6</b>
<b>NIFTY ex-Energy</b>	<b>264,815</b>	<b>67.1</b>	<b>31.5</b>	<b>4.9</b>	<b>(3.1)</b>	<b>12.7</b>	<b>12.1</b>	<b>12.5</b>	<b>7.9</b>	<b>8.3</b>	<b>8.1</b>	<b>2.5</b>	<b>2.0</b>	<b>1.8</b>	<b>1.7</b>	<b>19.3</b>	<b>16.7</b>
<b>NIFTY ex-Energy ex Com</b>	<b>250,993</b>	<b>47.6</b>	<b>37.0</b>	<b>3.6</b>	<b>4.7</b>	<b>14.1</b>	<b>13.6</b>	<b>13.0</b>	<b>9.2</b>	<b>9.8</b>	<b>8.9</b>	<b>2.8</b>	<b>2.3</b>	<b>1.7</b>	<b>1.7</b>	<b>19.9</b>	<b>17.2</b>

Note:

(a) Following companies are excluded: Power Grid, Reliance Capital and SAIL.

Source: Company reports, Kotak Institutional Equities estimates

# Regional valuation summary

## Valuation summary of regional indices, Calendar year-ends, 2008-10E

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

	Index	Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2008	2009E	2010E	2008	2009E	2010E	2008	2009E
Brazil	MSCI BRAZIL	0.2	1.4	12.6	9.3	9.2	8.2	6.7	0.7
China	VB/E/S CHINA	1.4	8.3	18.5	17.1	15.7	12.8	2.1	0.8
Hong Kong	VB/E/S HONG KONG	(25.2)	(0.8)	13.1	11.4	11.6	10.4	NA	0.9
India	MSCI INDIA	(4.4)	3.5	16.2	11.8	11.4	9.8	3.3	0.7
Korea	MSCI KOREA	(33.2)	(1.2)	48.0	13.9	13.9	9.4	NA	0.3
Malaysia	MSCI MALAYSIA	(14.5)	(17.8)	10.2	10.8	13.2	12.0	NA	1.3
Mexico	MSCI MEXICO	14.5	(16.9)	29.4	8.3	10.0	7.6	NA	0.3
Russia	MSCI RUSSIA	11.8	(37.3)	26.8	3.6	5.7	4.5	NA	0.2
Taiwan	MSCI TAIWAN	(55.3)	(56.6)	211.9	18.8	46.0	15.4	NA	0.2
Thailand	MSCI THAILAND	56.6	4.3	15.5	9.1	8.8	7.6	2.1	0.6
<b>Asia - Emerging markets</b>	<b>MSCI EM ASIA</b>	<b>(23.8)</b>	<b>(8.1)</b>	<b>35.4</b>	<b>13.0</b>	<b>14.3</b>	<b>10.5</b>	<b>(1.6)</b>	<b>0.4</b>

Source: Thomson Datastream

# Valuation summary of BRICs sectors (1)

Valuation summary of BRICs sectors, Calendar year-ends, 2008-10E

Index		Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2008	2009E	2010E	2008	2009E	2010E	2008	2009E
<b>Banking</b>									
Brazil	MSCI Brazil Banks Industry Group	(5.7)	14.7	17.2	9.4	8.2	7.0	0.6	0.5
Russia	MSCI Russia Banks Industry Group	(3.7)	(64.8)	91.3	4.1	11.6	6.1	NA	0.1
India	MSCI India Banks Industry Group	8.8	12.7	17.1	13.1	11.6	9.9	1.0	0.7
China	MSCI China Banks Industry Group	38.1	(4.5)	14.0	9.0	9.4	8.3	NA	0.7
<b>Consumers</b>									
Brazil	MSCI Brazil Consumer Discretionary Sector	11.0	65.6	32.1	17.2	10.4	7.9	0.3	0.3
Russia	MSCI Russia Consumer Staples Sector	(27.4)	(11.9)	58.1	14.6	16.6	10.5	NA	0.3
India	MSCI India Consumer Discretionary Sector	(18.8)	17.2	18.1	12.7	10.8	9.2	0.7	0.6
China	MSCI China Consumer Discretionary Sector	1.9	(0.9)	12.7	11.0	11.1	9.9	NA	0.9
<b>Energy</b>									
Brazil	MSCI Brazil Energy Sector	63.5	(22.2)	(8.7)	8.8	11.3	12.4	NA	NA
Russia	MSCI Russia Energy Sector	22.3	(37.3)	18.2	3.3	5.2	4.4	NA	0.3
India	MSCI India Energy Sector	(7.9)	27.6	24.4	14.0	10.9	8.8	0.5	0.4
China	MSCI China Energy Sector	(1.0)	(17.5)	26.0	8.6	10.5	8.3	NA	0.4
<b>Industrials</b>									
Brazil	MSCI Brazil Industrials Sector	10.8	57.7	31.3	12.2	7.7	8.4	0.2	0.2
India	MSCI India Industrials Sector	(24.8)	27.1	14.9	18.2	14.4	12.5	0.7	1.0
China	MSCI China Industrials Sector	(58.2)	26.9	24.6	18.0	14.2	11.4	0.7	0.6
<b>Metals</b>									
Brazil	MSCI Brazil Metals & Mining Industry	(9.1)	(9.7)	18.8	6.4	7.1	6.0	NA	0.4
Russia	MSCI Russia Metals & Mining Industry	(29.7)	(72.3)	57.1	3.7	13.5	8.6	NA	0.2
India	MSCI India Metals & Mining Industry	(16.7)	(35.9)	31.3	4.6	7.2	5.5	NA	0.2
China	MSCI China Metals & Mining Industry	(50.7)	(40.1)	68.8	15.1	25.3	15.0	NA	0.4

Source: Thomson Datastream

# Valuation summary of BRICs sectors (2)

Valuation summary of BRICs sectors, Calendar year-ends, 2008-10E

Index		Earnings growth (%)			P/E (X)			PEG ratio (X)	
		2008	2009E	2010E	2008	2009E	2010E	2008	2009E
<b>Property</b>									
Brazil	MSCI Brazil Real Estate Industry Group	NA	NA	NA	NA	NA	NA	NA	NA
India	MSCI India Real Estate Industry Group	(37.0)	(50.0)	8.3	5.3	10.7	9.9	NA	1.3
China	MSCI China Real Estate Industry Group	(0.1)	(11.6)	19.7	11.2	12.7	10.5	NA	0.6
<b>Technology</b>									
Brazil	MSCI Brazil Information Technology Sector	70.7	6.3	13.5	14.1	13.3	11.7	2.2	1.0
India	MSCI India Software & Services Industry Group	17.8	2.4	5.3	11.8	11.5	11.0	4.9	2.2
China	MSCI China Software & Services Industry Group	74.9	23.4	26.5	32.3	26.2	20.7	1.4	1.0
<b>Telecom</b>									
Brazil	MSCI Brazil Telecommunication Services Sector	(27.3)	13.5	23.5	11.0	9.7	7.9	0.8	0.4
Russia	MSCI Russia Diversified Telecommunications Services Industry	0.9	(26.8)	37.8	8.4	11.4	8.3	NA	0.3
India	MSCI India Telecommunication Services Sector	6.9	(14.7)	7.9	7.4	8.7	8.0	NA	1.1
China	MSCI China Telecommunication Services Sector	25.3	(0.9)	3.2	10.6	10.7	10.3	NA	3.3
<b>Utilities</b>									
Brazil	MSCI Brazil Utilities Sector	11.3	3.7	17.8	8.2	7.9	6.7	2.2	0.4
Russia	MSCI Russia Utilities Sector	NA	NA	NA	NA	NA	NA	NA	NA
India	MSCI India Utilities Sector	14.6	5.0	3.7	12.8	12.2	11.8	2.6	3.3
China	MSCI China Utilities Sector	(90.7)	918.4	21.8	135.6	13.3	10.9	0.1	0.6

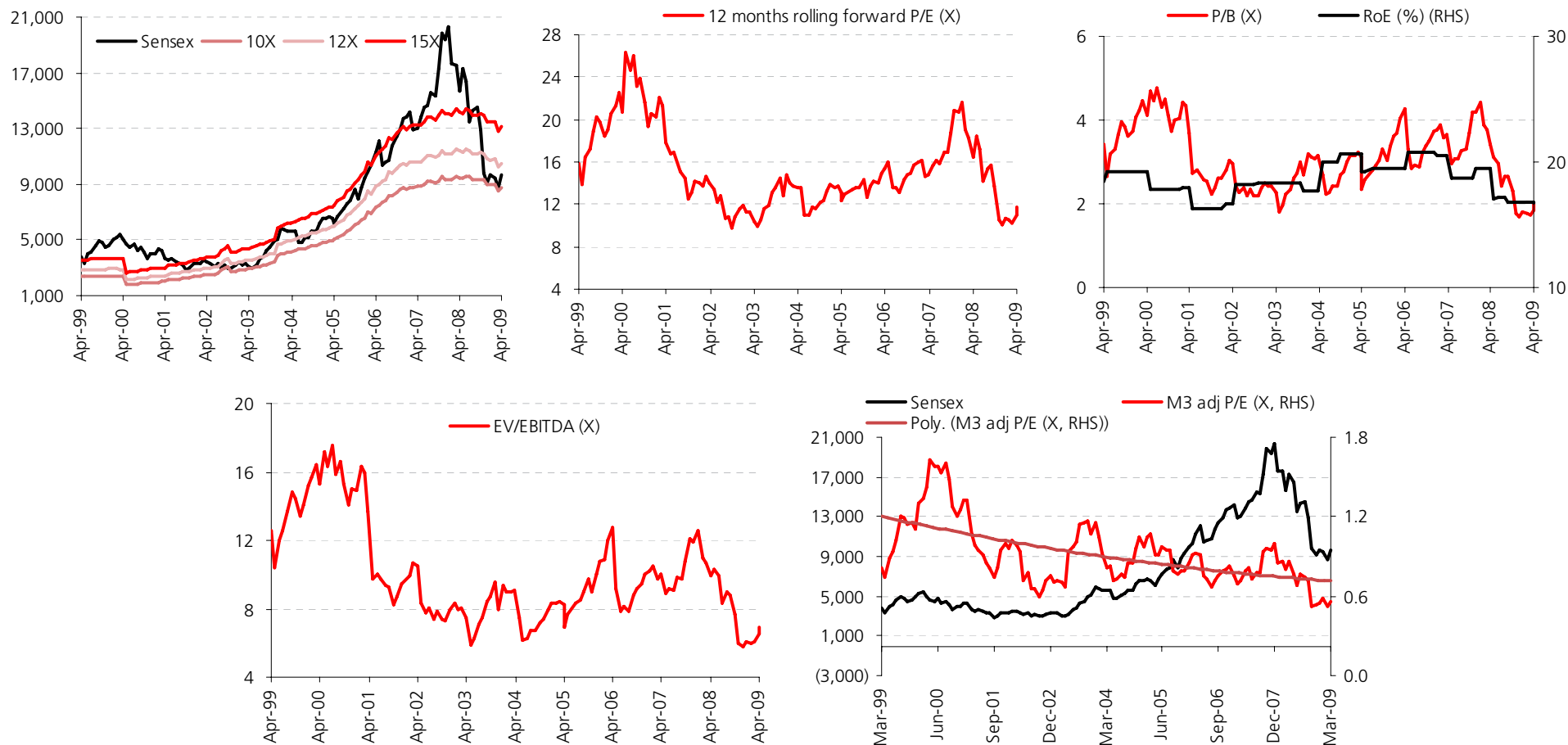
Source: Thomson Datastream



# 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, April 1999- current



Source: Bloomberg, Company reports, Kotak Institutional Equities

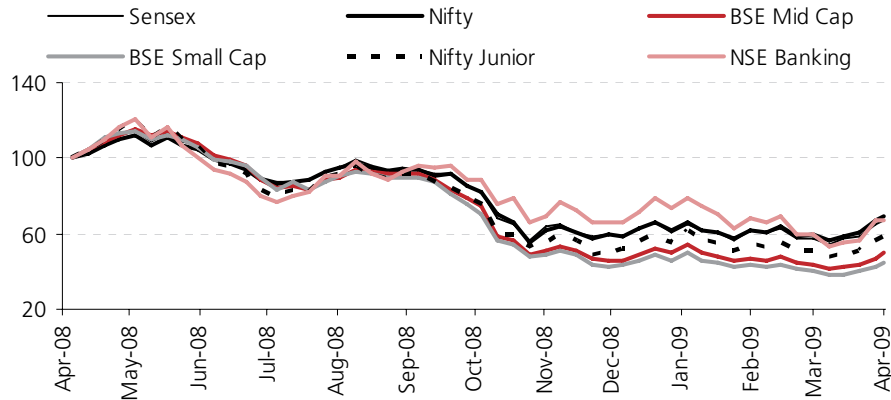
## Market performance

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

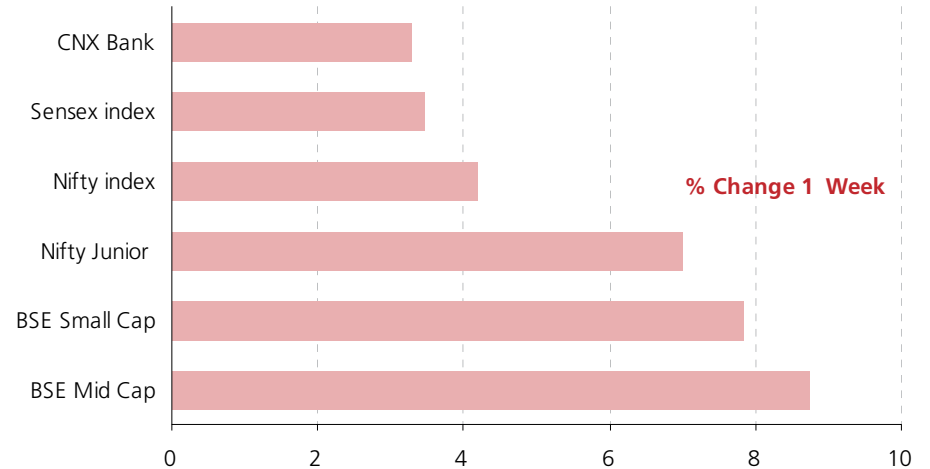
# Relative performance of Indian markets

## Key performance of benchmark indices

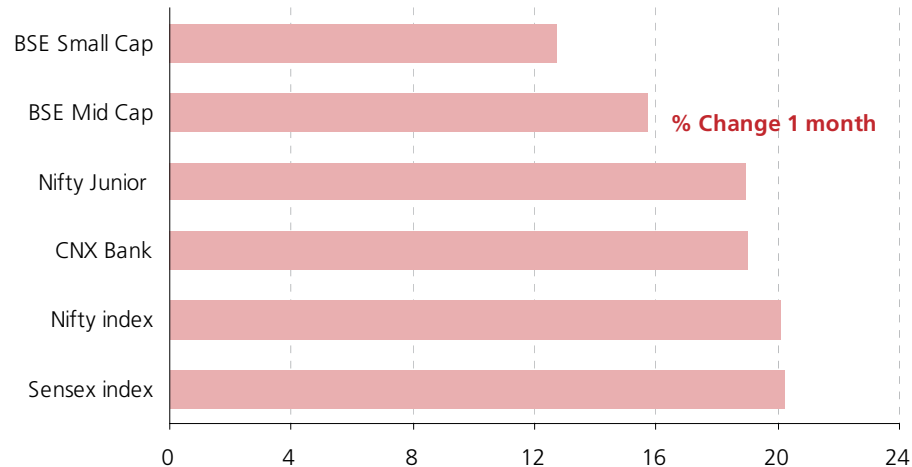
(base 100 as of April, 2008)



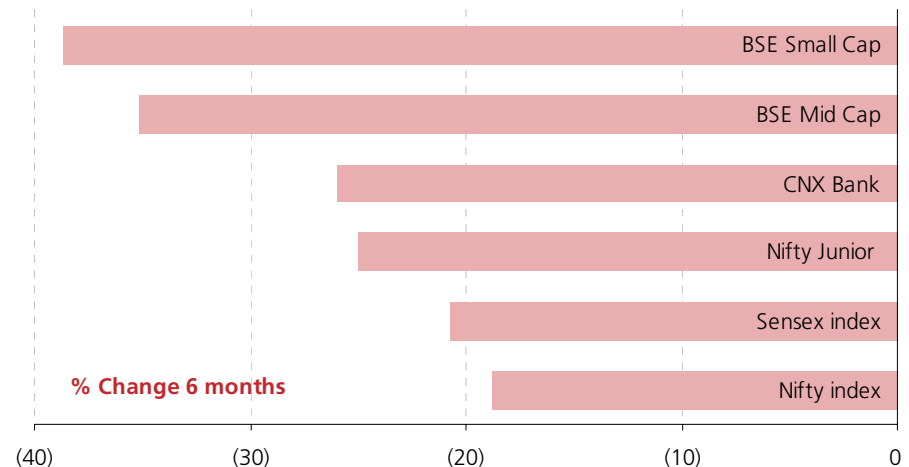
## Weekly performance of the benchmark indices



## 1-month performance of the benchmark indices



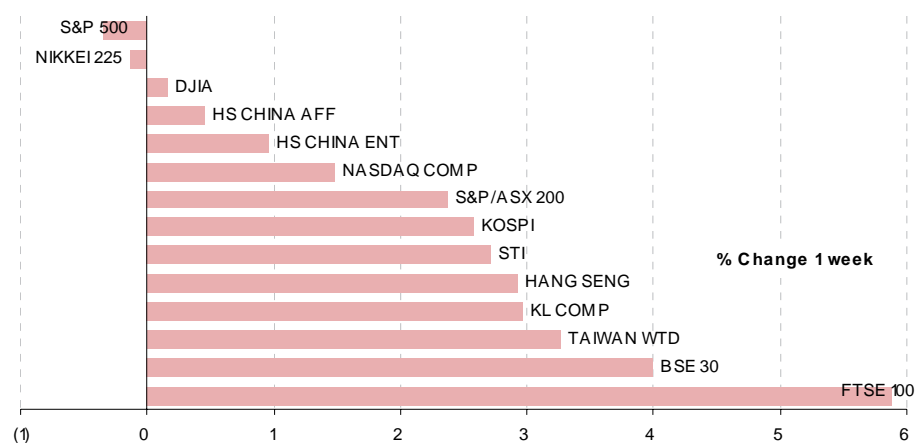
## 6-month performance of the benchmark indices



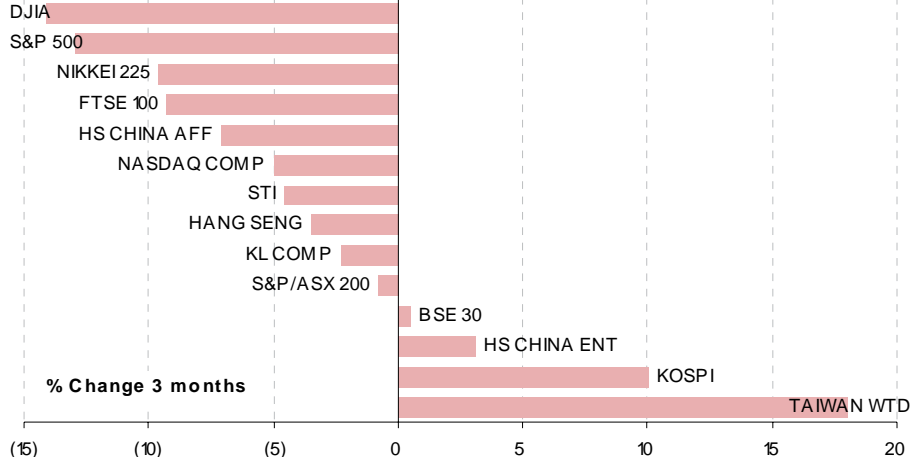
Source: Bloomberg, Kotak Institutional Equities

# BSE-Sensex versus regional indices

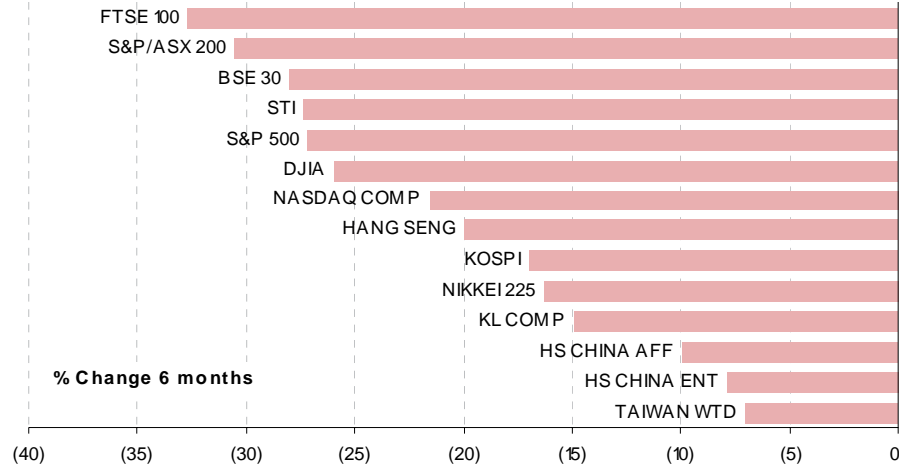
Weekly performance



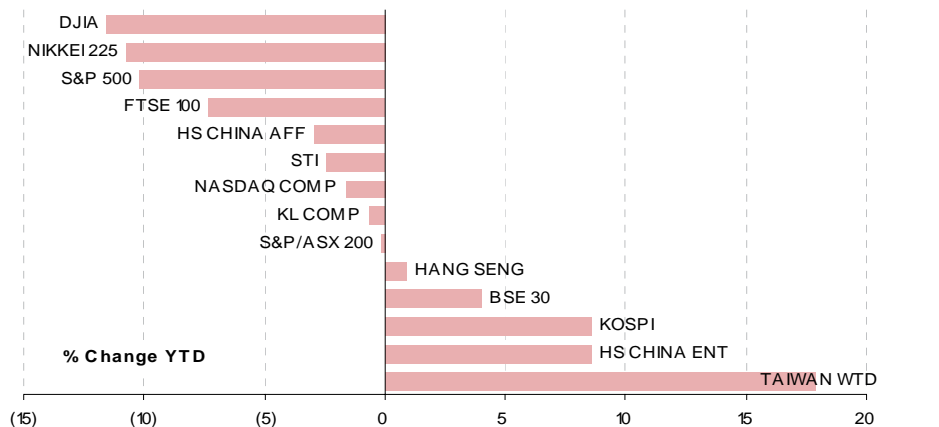
3-month performance



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, April 2, 2009

	Mkt cap.	Change (%)				Relative change (%)			
	(US\$ m)	1-Day	1-mo	6-mo	1-Year	1-Day	1-mo	6-mo	1-Year
Automobiles	8,706	4.7	25.9	(13.6)	(39.7)	0.2	4.7	5.9	(4.0)
Banking	38,894	4.8	20.0	(26.5)	(36.8)	0.3	(0.2)	(4.8)	(1.9)
Consumers	23,174	(0.7)	(0.5)	(6.1)	(7.4)	(5.0)	(17.3)	12.1	20.1
Cement	5,015	3.1	18.2	(7.2)	(34.6)	(1.3)	(1.7)	11.2	(0.2)
Diversified	2,618	13.3	54.6	(18.6)	(58.4)	8.4	28.5	1.8	(18.0)
Energy	79,922	6.5	33.5	(14.4)	(23.0)	1.9	11.1	5.2	8.4
Industrials	22,701	5.3	15.0	(21.5)	(33.0)	0.7	(4.3)	(0.6)	0.9
Metals	10,557	6.6	48.7	(34.8)	(58.0)	2.0	23.7	(11.6)	(17.6)
Pharmaceuticals	5,768	1.2	9.5	(26.4)	(32.7)	(3.1)	(9.0)	(4.7)	1.2
Property	6,658	14.4	35.9	(41.3)	(67.3)	9.4	13.1	(17.1)	(24.6)
Telecom	31,225	5.3	10.1	(26.7)	(38.5)	0.7	(8.4)	(4.9)	(3.1)
Technology	34,246	5.1	22.7	(11.2)	(22.2)	0.5	2.1	7.9	9.0
Utilities	35,412	3.4	5.8	0.6	(14.4)	(1.0)	(12.0)	17.7	14.8
<b>Sensex sum</b>	<b>304,896</b>	<b>4.5</b>	<b>20.2</b>	<b>(20.7)</b>	<b>(34.3)</b>				

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 JSW Steel	50.3	1 HDFC	(4.8)
2 J&K Bank	36.2	2 ICICI Bank	(3.8)
3 HT Media	33.1	3 Hindustan unilever	(3.6)
4 Punj Lloyd	30.5	4 Dishman Pharma & chemicals	(2.7)
5 Nagarjuna Construction Co.	27.5	5 Bharat Heavy Electricals	(1.9)
6 Phoenix Mills	25.9	6 National Aluminium Co.	(1.3)
7 PSL	24.0	7 Tata communications	(1.0)
8 Bharat Forge	20.6	8 IDEA	(0.9)
9 Housing Development & Infrastr	20.3	9 Jindal Steel and Power	(0.7)
10 Vishal Retail	18.8	10 Sun Pharmaceuticals	(0.7)

### CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Bajaj Auto	63.8	1 Vishal Retail	(60.5)
2 Shree Cement	60.6	2 Consolidated Construction Co.	(44.3)
3 Mahindra & Mahindra	53.2	3 Aban Offshore	(39.4)
4 Maruti Suzuki	52.7	4 Sintex	(38.9)
5 Sterlite Industries	43.0	5 Future Capital Holdings	(38.8)
6 UltraTech Cement	42.4	6 Indian Bank	(34.4)
7 Hindustan Zinc	39.4	7 Indian Overseas Bank	(32.1)
8 Shree Renuka Sugars	36.7	8 Dishman Pharma & chemicals	(31.5)
9 Mphasis BFL	35.0	9 Divi's Laboratories	(30.1)
10 Reliance Industries	34.8		

### 1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 JSW Steel	77.5	1 Dishman Pharma & chemicals	(9.4)
2 Nagarjuna Construction Co.	70.6	2 GlaxoSmithkline (India)	(9.0)
3 Mahindra Life Space Developer	68.0	3 Indian Oil Corporation	(7.6)
4 Jaiprakash Associates	54.6	4 Hindustan unilever	(5.6)
5 Sterlite Industries	54.3	5 Jubilant organosys	(4.4)
6 Phoenix Mills	52.2	6 Consolidated Construction Co.	(3.5)
7 Hindalco Industries	48.5	7 Hindustan Petroleum	(3.4)
8 Punj Lloyd	48.3	8 IRB Infrastructure	(2.6)
9 Novartis India	46.9	9 Future Capital Holdings	(2.0)
10 Biocon	46.3	10 Piramal Healthcare	(1.3)

### 1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Lupin	40.5	1 Vishal Retail	(95.1)
2 Hero Honda	39.1	2 Unitech	(86.3)
3 Novartis India	22.8	3 Aban Offshore	(86.2)
4 Colgate-Palmolive (India)	16.6	4 Sobha	(86.2)
5 Union Bank	8.0	5 Consolidated Construction Co.	(83.8)
6 GlaxoSmithkline (India)	7.3	6 Puravankara Projects	(82.6)
7 Mphasis BFL	6.5	7 Future Capital Holdings	(81.6)
8 Hindustan Petroleum	4.5	8 IVR Prime Urban Developers	(81.5)
		9 Housing Development & Infrastru	(80.5)
		10 Phoenix Mills	(79.0)

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)
PSL	440,537	389	24.0
Phoenix Mills	937,688	366	52.2
Havells India	378,373	285	35.8
Consolidated Construction Co.	11,462	197	(3.5)
Jagran Prakashan	221,955	192	18.6
Jindal Saw	562,065	188	18.8

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

Company	5-day average		Price Change (%)
	volumes	% decrease	(1 month basis)
Patni Computer Systems	167,295	(72)	39.8
Mahindra Life Space Developer	110,126	(72)	68.0
United Breweries	161,236	(68)	13.5
Hexaware Technologies	1,392,688	(65)	8.0
Shree Cement	12,231	(64)	31.5
Pantaloon Retail	199,482	(62)	38.6

Date	Sensex	Avg daily value traded	Institutional participation in total turnover	
		(US\$ mn)	FII%	MF%
Mar-08	15,833	4,955	19.6	4.4
Apr-08	17,287	6,176	16.3	3.2
May-08	16,416	4,903	15.7	3.2
Jun-08	14,422	4,433	17.8	3.5
Jul-08	14,355	4,497	15.6	3.9
Aug-08	14,565	4,107	14.3	3.3
Sep-08	12,860	4,344	19.6	3.7
Oct-08	9,788	3,632	19.3	4.0
Nov-08	9,093	3,247	12.8	3.7
Dec-08	9,647	3,458	9.9	3.3
Jan-09	9,424	3,233	11.8	4.1
Feb-09	8,692	2,653	11.4	3.3
Mar-09	9,709	3,323	11.8	4.0

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

### FY2009 earnings upgrades (KIE) (1 month)

Company	% Change
1 Jindal Steel and Power	94.4
2 Jubilant organosys	42.5
3 Mahindra & Mahindra	16.3
4 Biocon	10.2
5 Lupin	2.4
6 Grasim Industries	1.9
7 Aban Offshore	1.6
8 Wipro	1.0
9 Sun Pharmaceuticals	0.9
10 Hero Honda	0.8
11 UltraTech Cement	0.7
12 Crompton Greaves	0.4
13 ACC	0.4

### FY2010 earnings upgrades (KIE) (1 month)

Company	% Change
1 Jindal Steel and Power	117.6
2 Maruti Suzuki	38.5
3 Suzlon Energy	36.5
4 Dishman Pharma & chemicals	19.5
5 Sterlite Industries	15.1
6 UltraTech Cement	14.8
7 Cipla	13.9
8 Sun Pharmaceuticals	11.7
9 Mahindra & Mahindra	10.9
10 Biocon	10.4
11 Lupin	9.8
12 Grasim Industries	9.6
13 Reliance Industries	7.1
14 Dr Reddy's Laboratories	5.6

### FY2009 earnings downgrades (KIE) (1 month)

Company	% Change
1 Jindal Saw	(22.0)
2 Bajaj Auto	(18.4)
3 IRB Infrastructure	(15.0)
4 HCL Technologies	(11.2)
5 Dishman Pharma & chemicals	(9.9)
6 Dr Reddy's Laboratories	(8.6)
7 Container Corporation	(7.1)
8 Maruti Suzuki	(6.9)
9 Piramal Healthcare	(5.7)
10 HT Media	(5.4)
11 Sadbhav Engineering	(5.1)
12 Cipla	(2.6)
13 Glenmark Pharmaceuticals	(2.6)
14 Sterlite Industries	(2.1)
15 Indiabulls Real Estate	(2.1)

### FY2010 earnings downgrades (KIE) (1 month)

Company	% Change
1 Aban Offshore	(45.8)
2 Jindal Saw	(41.8)
3 IRB Infrastructure	(25.4)
4 Ranbaxy Laboratories	(23.3)
5 HCL Technologies	(21.6)
6 HT Media	(14.2)
7 Bajaj Auto	(9.4)
8 Tata Power	(9.0)
9 Container Corporation	(7.0)
10 Sadbhav Engineering	(5.8)
11 HDFC Bank	(1.9)
12 Castrol India (a)	(0.9)
13 Jubilant organosys	(0.0)

Source: Kotak Institutional Equities estimates

# Changes in our target prices

## Changes in target prices in the past 1 month

### Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	Mahindra & Mahindra	36.4	450	330
2	Bajaj Auto	24.2	615	495
3	Cipla	18.2	260	220
4	Lupin	15.8	1,100	950
5	Jindal Steel and Power	12.0	1,400	1,250
6	Dishman Pharma & chemicals	12.0	280	250
7	Divi's Laboratories	11.5	1,450	1,300
8	Sterlite Industries	9.6	400	365
9	Reliance Industries	8.3	1,625	1,500
10	Sun Pharmaceuticals	7.5	1,800	1,675
11	Grasim Industries	7.1	1,500	1,400
12	UltraTech Cement	4.8	550	525

### Downgrades in target prices (1 month)

	Company	% Change	New	Old
1	Aban Offshore	(40.0)	300	500
2	Jindal Saw	(40.0)	300	500
3	HCL Technologies	(21.4)	110	140
4	Crompton Greaves	(17.6)	140	170
5	IRB Infrastructure	(15.4)	110	130
6	Sadbhav Engineering	(15.4)	550	650
7	HT Media	(13.0)	100	115
8	Dr Reddy's Laboratories	(12.5)	700	800
9	Container Corporation	(8.1)	735	800
10	HDFC Bank	(7.4)	1,250	1,350

Source: Kotak Institutional Equities estimates

# Changes in our ratings

## Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
Bharat Heavy Electricals	Downgraded	ADD	BUY
Bharti Airtel	Downgraded	ADD	BUY
Crompton Greaves	Downgraded	ADD	BUY
GAIL (India)	Downgraded	REDUCE	ADD
Hero Honda	Downgraded	REDUCE	ADD
Oil & Natural Gas Corporation	Downgraded	ADD	BUY
Reliance Industries	Downgraded	REDUCE	ADD
Sadbhav Engineering	Downgraded	ADD	BUY
UltraTech Cement	Downgraded	ADD	BUY

Note:

1. Reliance Industries was upgraded to ADD in our March 9, 2009 company update  
The stock was subsequently downgraded to REDUCE in our March 27, 2009 company update.

Source: Kotak Institutional Equities

Company name		Rating	
		Current	Previous
Castrol India (a)	Upgraded	BUY	ADD
Cipla	Upgraded	ADD	REDUCE

## Flows

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

# Trend in equity flows

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

	FII	MF
CY1999	1,537	0
CY2000	1,462	(150)
CY2001	2,807	(1,110)
CY2002	751	(685)
CY2003	6,658	118
CY2004	8,382	(217)
CY2005	10,776	2,873
CY2006	8,632	3,585
CY2007	17,335	1,525
CY2008	(13,336)	3,312
<b>CY2009</b>	<b>(1,522)</b>	<b>(282)</b>
Jan	(1,054)	(192)
Feb	(667)	(281)
Mar	199	191

## 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	3,780	1,743
<b>CY2009</b>	<b>(233)</b>	<b>505</b>
Jan	(220)	473
Feb	(551)	143
Mar	538	(110)

Source: Bloomberg, Kotak Institutional Equities

# FII flows in other emerging markets

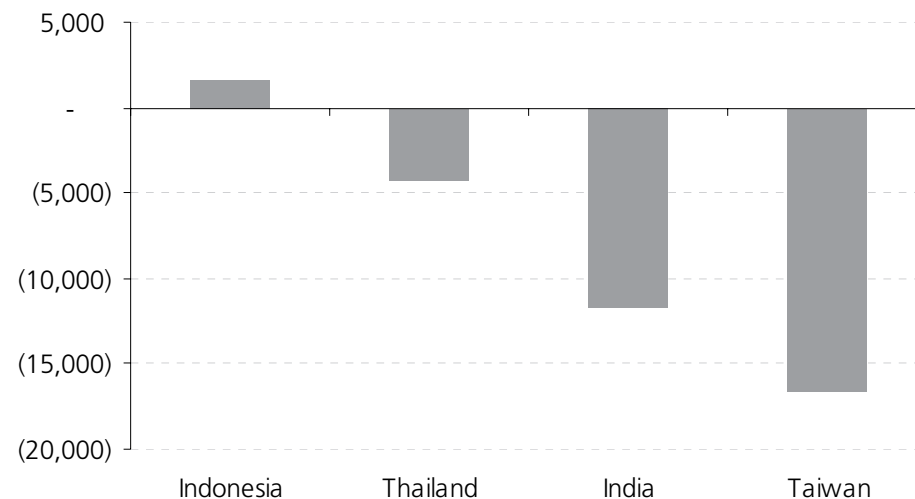
## FII flows in the various countries (US\$ mn)

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
2-Mar-09	(377)	(11)	(2)	(8)	(119)
3-Mar-09	(203)	(6)	(6)	(30)	(160)
4-Mar-09	(6)	(3)	0	(4)	(113)
5-Mar-09	144	6	(7)	13	(151)
6-Mar-09	102	1	(10)	(22)	(0)
9-Mar-09	(205)	-	(15)	(13)	3
12-Mar-09	13	10	(8)	(10)	(25)
13-Mar-09	333	9	2	15	48
16-Mar-09	84	4	(5)	6	(4)
17-Mar-09	105	(2)	(36)	0	110
18-Mar-09	180	2	(4)	8	88
19-Mar-09	23	11	(4)	7	39
20-Mar-09	(30)	11	0	2	12
23-Mar-09	135	27	(6)	35	78
24-Mar-09	119	40	(0)	37	173
25-Mar-09	134	3	(4)	13	74
26-Mar-09	100	-	1	(4)	327
27-Mar-09	(40)	32	4	20	(67)
30-Mar-09	(66)	(4)	(6)	1	(115)
31-Mar-09	(37)	9	(3)	(10)	(132)
<b>Total</b>	<b>508</b>	<b>138</b>	<b>(108)</b>	<b>58</b>	<b>67</b>

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
EdservSoftsystems	4	60	238	02-Mar-09	138	22	130	(64)
Sita Shreee Food Products Ltd	11	30	315	08-Apr-08	38	6	26	(80)
Onmobile Global Ltd	11	450	4,905	19-Feb-08	522	374	16	(17)
Rural electrification	156	105	16,393	11-Mar-08	121	96	15	(8)
Shriram EPC Ltd	4	330	1,320	20-Feb-08	294	136	(11)	(59)
KNR Construction Ltd	8	180	1,417	18-Feb-08	154	40	(14)	(78)
Cords cable industries Ltd	3	135	416	13-Feb-08	138	33	2	(76)
J Kumar Infraprojects Ltd	7	120	780	12-Feb-08	103	45	(14)	(63)
Manjushree Extrusions Ltd	5	45	231	28-Feb-08	53	15	17	(67)
Reliance Power Ltd	260	450	117,000	11-Feb-08	373	111	(17)	(75)
Future Capital Holding	6	765	4,913	31-Jan-08	908	111	19	(86)
Precision Pipes and Profiles	5	150	750	11-Jan-08	139	33	(8)	(78)
Porwal Auto Components	5	75	375	14-Jan-08	80	7	6	(91)
Aries Agro Limited	5	130	585	11-Jan-08	252	31	94	(76)
Manaksia Ltd	16	160	2,480	08-Jan-08	168	31	5	(81)
BGR	9	480	4,385	03-Jan-08	901	160	88	(67)
Burnpur Cement	22	12	263	03-Jan-08	46	9	286	(29)
Transformes & rectifiers	3	465	1,393	28-Dec-07	728	139	57	(70)
Brigade Enterprises	17	390	6,484	31-Dec-07	378	39	(3)	(90)
Eclerx Services	3	315	1,010	31-Dec-07	448	123	42	(61)
Jyothy Lab	4	690	3,057	19-Dec-07	793	63	15	(91)
Kaushalya Infra	9	60	510	14-Dec-07	82	9	37	(85)
Empee Distilleries	5	400	1,920	26-Nov-07	318	50	(21)	(87)
Mundra Port & eco zone	40	440	17,710	27-Nov-07	962	347	119	(21)
Edelweiss Capital Ltd	8	825	6,918	12-Dec-07	1,510	272	83	(67)
Renaissance Jewellery Ltd	5	150	798	12-Dec-07	165	22	10	(86)
Kolte Patil	19	145	2,755	13-Dec-07	181	23	25	(84)
Maytas Infra	9	370	3,275	25-Oct-07	614	35	66	(91)
Consolidated Construction	4	510	1,887	15-Oct-07	791	114	55	(78)
Religare Enterprises	76	185	1,402	21-Nov-07	521	325	182	76
Supreme Infrastructure	35	108	375	18-Oct-07	175	26	62	(76)
Dhanus Technologies	38	295	1,131	17-Oct-07	311	18	5	(94)
Koutons Retail	35	415	1,462	12-Oct-07	590	454	42	9
Power Grid Corp	5,739	52	29,845	05-Oct-07	100	94	92	80
Magnum Ventures	176	30	529	20-Sep-07	49	6	62	(80)
Indowind Energy	125	65	813	14-Sep-07	115	21	76	(68)
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	82	18	(90)
Puravankara Projects	215	400	8,587	30-Aug-07	362	43	(10)	(89)
KPR Mill	59	225	1,330	28-Aug-07	174	22	(23)	(90)

Source: Bloomberg, Kotak Institutional Equities

## Forthcoming IPO/Follow on offerings

Company Name	Issue
BHARAT OMAN REFINERIES LTD.	IPO
NHPC LTD.	IPO
OIL INDIA LTD.	IPO
GODREJ PROPERTIES LTD.	IPO
PIPAVAV SHIPYARD LTD.	IPO
GREAT EASTERN ENERGY CORP.LTD.	IPO
MAHINDRA HOLIDAYS & RESORTS INDIA LTD.	IPO
GUJARAT PIPAVAV PORT LTD.	IPO
C.MAHENDRA EXPORTS LTD.	IPO
BS TRANSCOMM LTD.	IPO
TRIVENI INFRASTRUCTURE DEVELOPMENT CO.LTD.	IPO
AMR CONSTRUCTIONS LTD.	IPO
JINDAL COTEX LTD.	IPO
PRADIP OVERSEAS LTD.	IPO
EURO MULTIVISION LTD.	IPO
MAYAJAAL ENTERTAINMENT LTD.	IPO
MBL INFRASTRUCTURES LTD.	IPO
RADIANT INFO SYSTEMS LTD.	IPO
ARSS INFRASTRUCTURE PROJECTS LTD.	IPO
ARAVALI INFRAPOWER LTD.	IPO
EXCEL INFOWAYS LTD.	IPO
RAJ OIL MILLS LTD.	IPO
CHIRIPAL INDUSTRIES LTD.	IPO
INFINITE COMPUTER SOLUTIONS (INDIA) LTD.	IPO
GLOBUS SPIRITS LTD.	IPO
SYNCOM HEALTHCARE LTD.	IPO
TEXMO PIPES & PRODUCTS LTD.	IPO
TRINITY INDIA LTD.	IPO
ASTEC LIFESCIENCES LTD.	IPO
SEA TV NETWORK LTD.	IPO
GINI & JONY LTD.	IPO
MIDVALLEY ENTERTAINMENT LTD.	IPO
NEOTERIC INFORMATIQUE LTD.	IPO
USHER ECO POWER LTD.	IPO
RISHABHDEV TECHNOCABLE LTD.	FPO
FINEOTEX CHEMICAL LTD.	IPO

Source: Primedatabase

# Bulk Deals

## Major bulk deals

Date	Company	Action	Quantity	Price	Value (Rs mn)	Exchange
24-Mar-09	United Spirits Limited	SELL	3,272,280	630	2,062	NSE
24-Mar-09	United Spirits Limited	BUY	1,490,541	630	939	NSE
18-Mar-09	VIJAYA BANK	SELL	24,889,424	20	494	BSE
24-Mar-09	United Spirits Limited	BUY	734,000	630	462	NSE
24-Mar-09	United Spirits Limited	BUY	733,000	630	462	NSE
24-Mar-09	United Spirits Limited	BUY	733,000	630	462	NSE
24-Mar-09	United Spirits Limited	SELL	678,698	630	428	NSE
24-Mar-09	GLENMARK PHA	SELL	2,713,295	150	406	BSE
24-Mar-09	GLENMARK PHA	BUY	2,713,295	150	406	BSE
25-Mar-09	AmtekAuto-Roll Sett	BUY	5,397,441	70	378	NSE
25-Mar-09	Unitech Ltd	BUY	9,600,000	31	294	NSE
25-Mar-09	AmtekAuto-Roll Sett	SELL	3,904,000	70	273	NSE
19-Mar-09	GODREJ INDUS	SELL	4,370,107	53	229	BSE
24-Mar-09	Techno Ele. & Eng. Co Ltd	SELL	2,830,669	72	204	NSE
19-Mar-09	Indiabulls Real Estate Li	BUY	2,083,198	97	202	NSE
23-Mar-09	BEML LTD	SELL	484,683	376	182	BSE
18-Mar-09	VIJAYA BANK	BUY	7,607,800	20	151	BSE
18-Mar-09	SIMPLX INFRA	SELL	1,100,000	125	138	BSE
19-Mar-09	GODREJ INDUS	BUY	2,400,000	53	126	BSE
18-Mar-09	SIMPLX INFRA	BUY	900,000	125	113	BSE
20-Mar-09	SHREE CEMENT LTD.	SELL	182,409	610	111	BSE
19-Mar-09	INFO EDGE	BUY	235,000	435	102	BSE
18-Mar-09	VIJAYA BANK	BUY	5,000,000	20	99	BSE
18-Mar-09	VIJAYA BANK	BUY	5,000,000	20	99	BSE
25-Mar-09	Jubilant Organsosys Limit	SELL	915,294	90	82	NSE
18-Mar-09	VIJAYA BANK	BUY	3,765,000	20	75	BSE
19-Mar-09	INFO EDGE	BUY	146,324	435	64	BSE
20-Mar-09	GEOD LTD	SELL	1,067,444	58	61	BSE
20-Mar-09	GEOD LTD	BUY	1,067,444	58	61	BSE
25-Mar-09	AmtekAuto-Roll Sett	SELL	800,000	70	56	NSE
25-Mar-09	Prakash Industries Ltd.	SELL	1,272,042	43	54	NSE

Source: BSE, NSE



# Delivery positions

## Top increase/(decrease) in delivery percentage

### Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Sun Tv Network Limited	17	81
Phoenix Mills Limited	34	93
Jubilant Organosys Ltd	42	99
Hexaware Technologies Ltd	17	71
Pantaloon Retail India Ltd	11	42
Psl Ltd	47	78
Hindustan Unilever Limited	53	81
Godrej Industries Ltd	33	58
Glaxosmithkline Consumer Hea	55	77

### Decrease in delivery % (KIE universe)

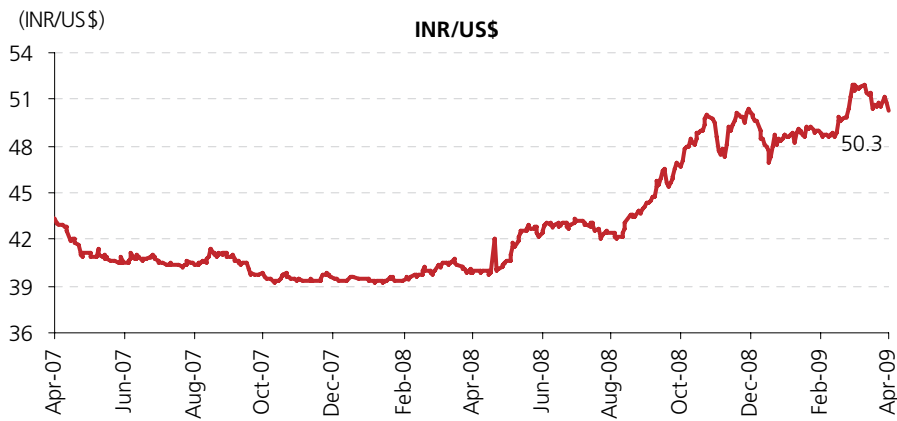
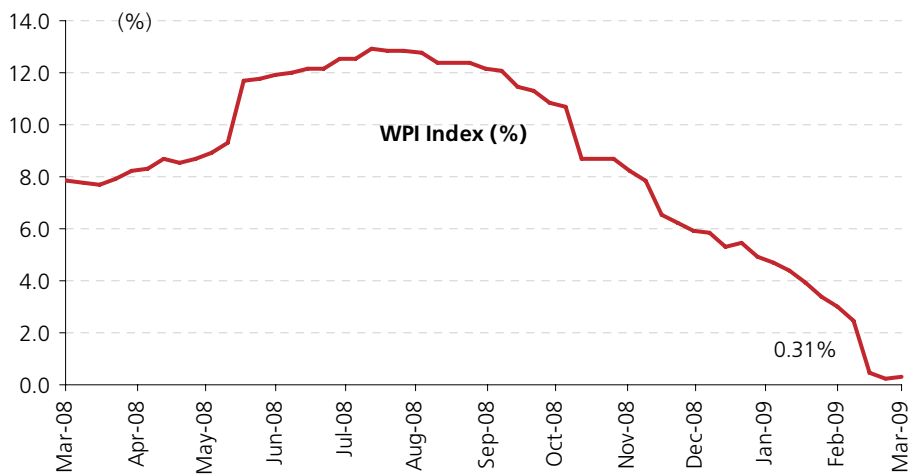
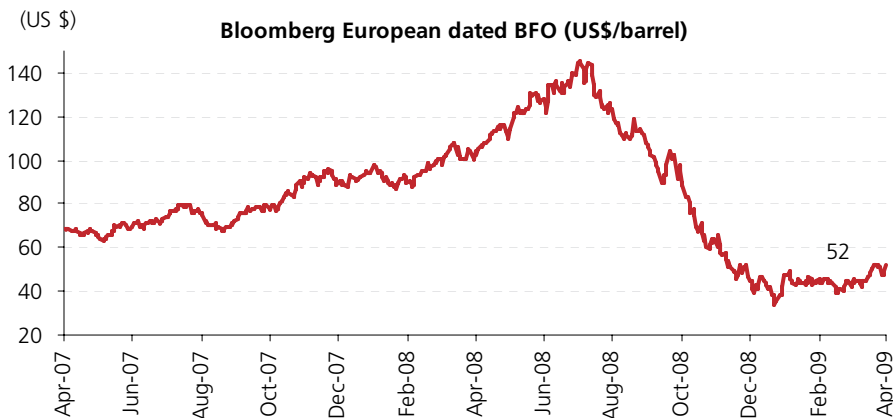
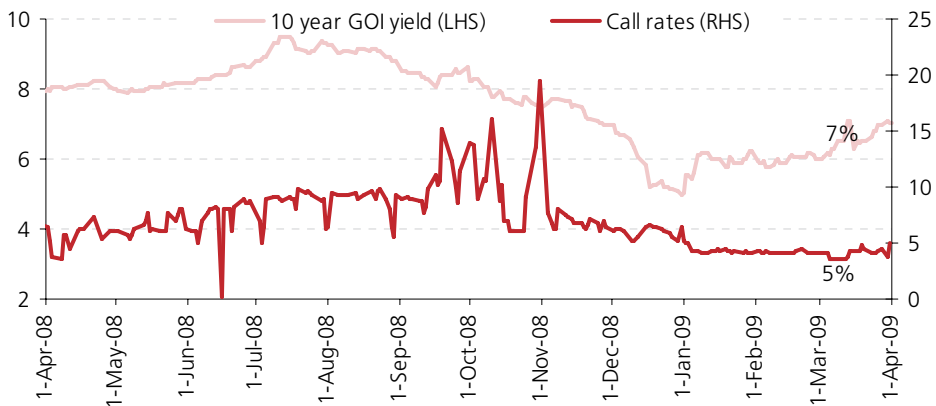
Name	Delivery %	
	Previous week	Current week
Dishman Pharmaceuticals & Ch	66	28
Havells India Limited	49	12
Mahindra & Mahindra Limited	62	25
Shree Cement Limited	99	63
Patni Computer Systems Ltd	85	50
Lupin Ltd	65	33
Jammu & Kashmir Bank Ltd	83	54
Mahanagar Telephone Nigam	49	21
Asian Paints Ltd	95	67

Source: Bloomberg, Kotak Institutional Equities

## Economic indicators

# Economic indicators

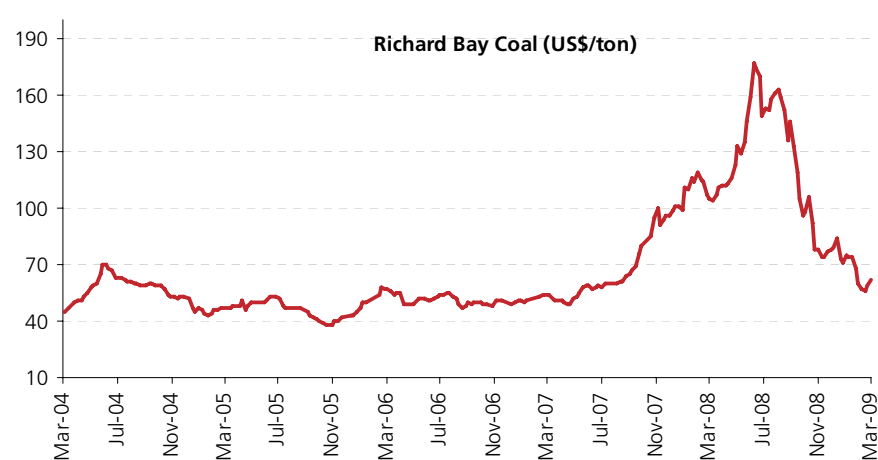
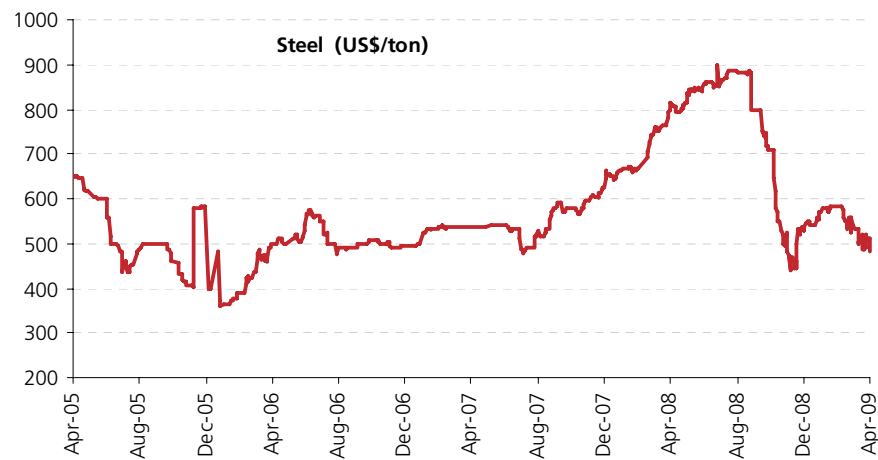
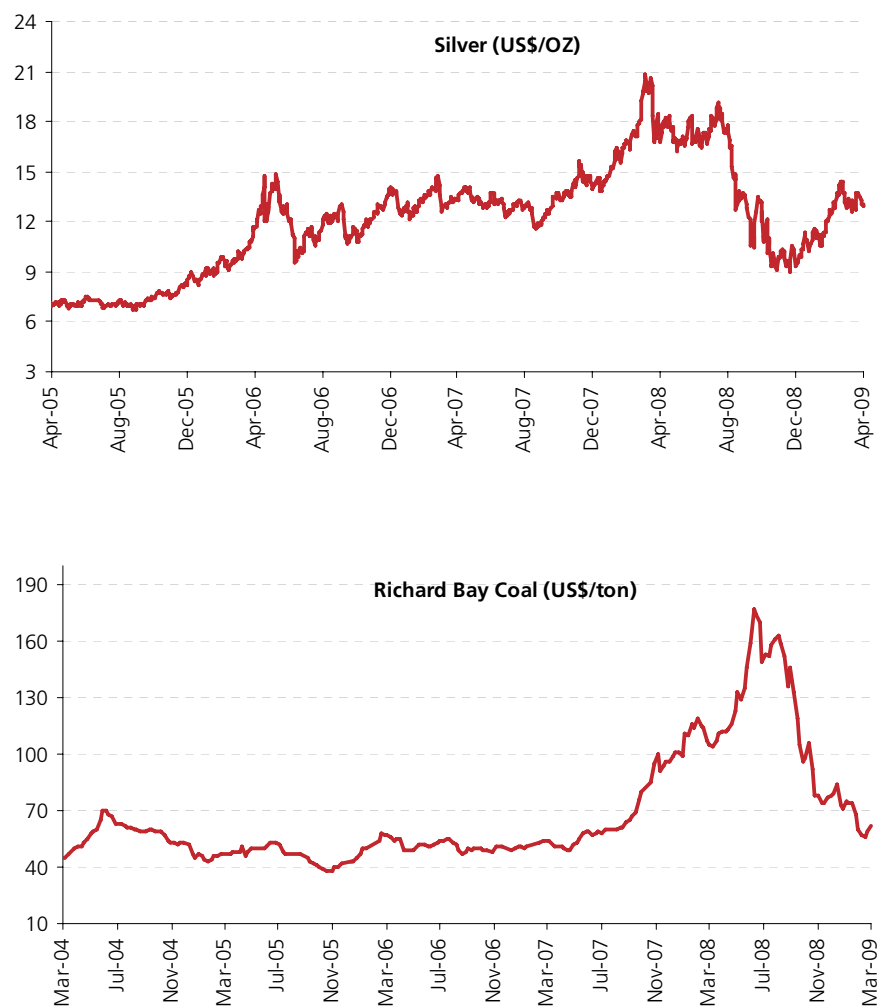
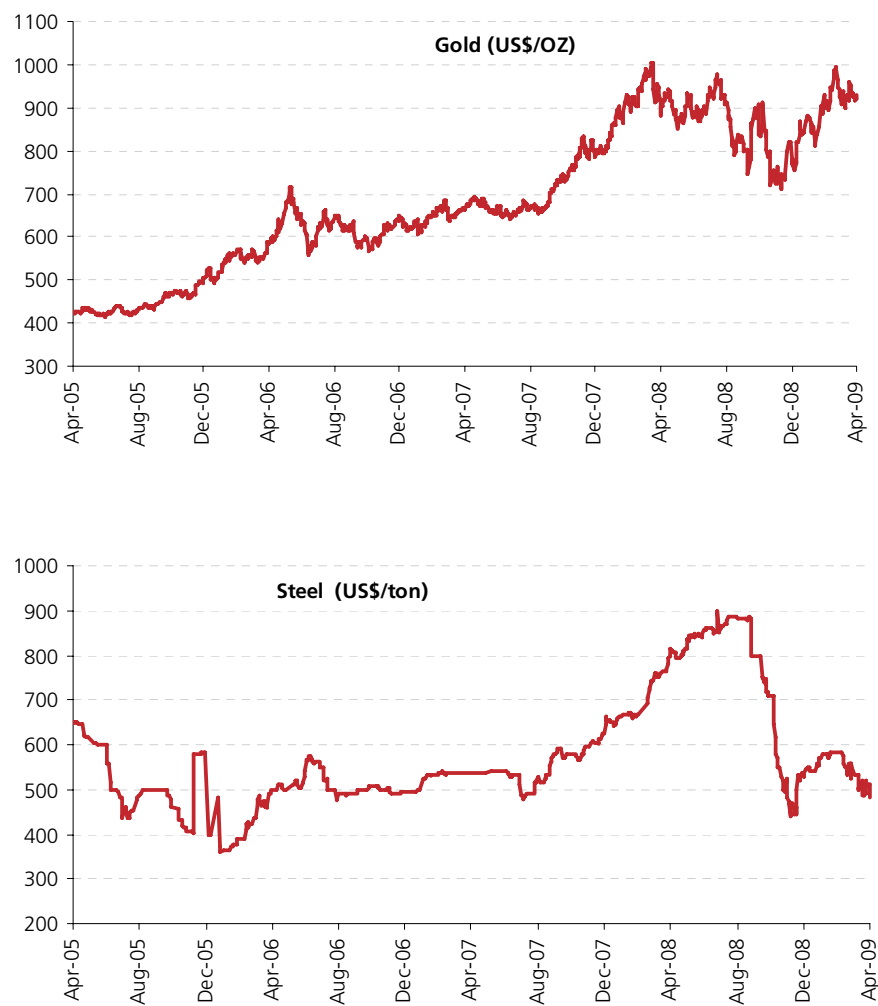
## Key economic parameters



Source: Bloomberg, Kotak Institutional Equities

# Commodities

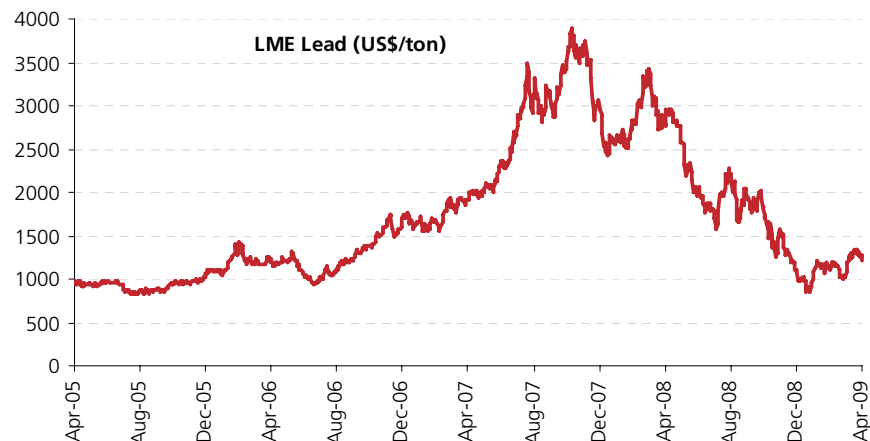
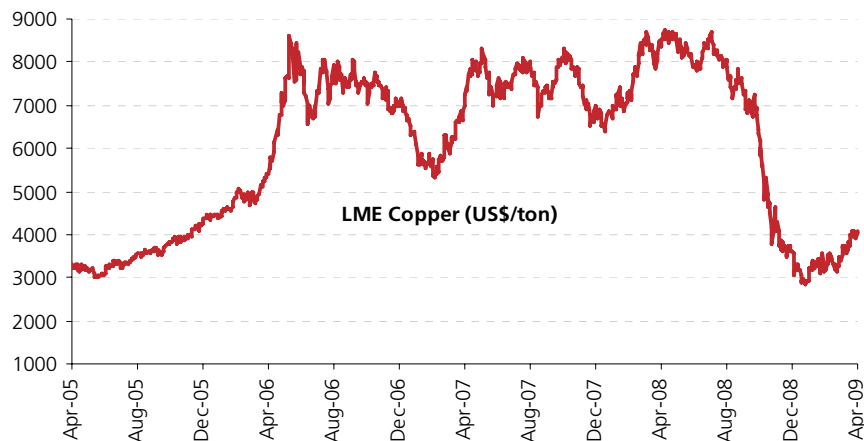
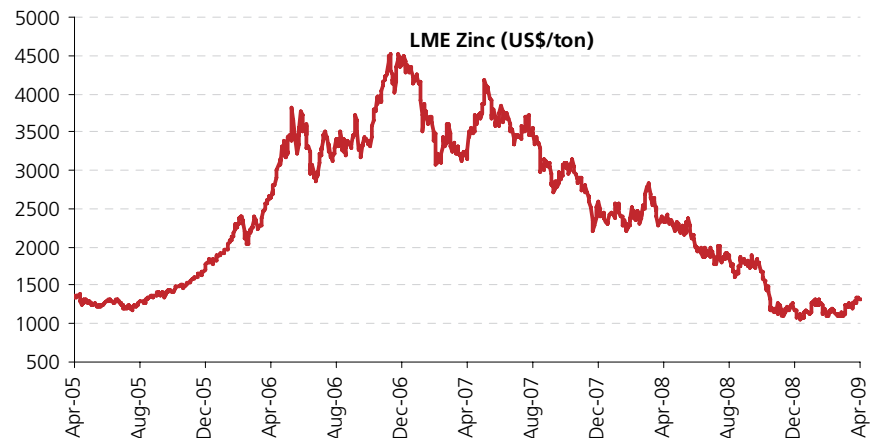
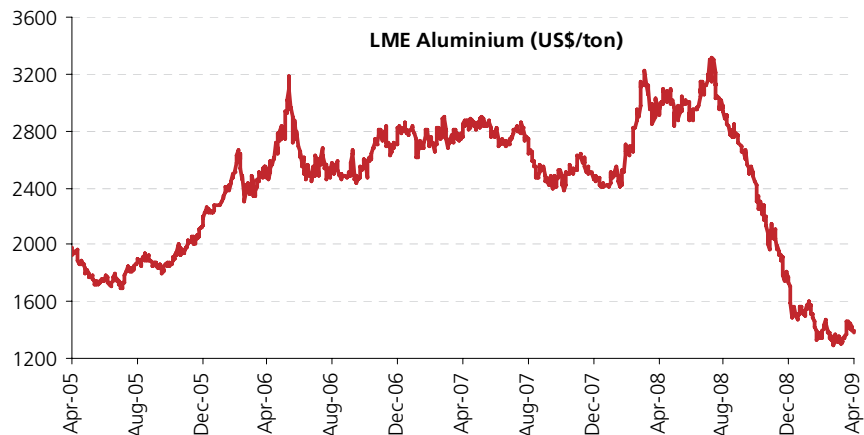
Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

# Commodities

## Prices of key commodities



Source: Bloomberg, Kotak Institutional Equities

## Kotak valuation summary

# Valuation summary

## Kotak Institutional Equities Universe

	02-Apr-09		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target	ADVT-	
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(shrs)	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	price (Rs)	Upside (%)	3mo (US\$ mn)
Automobiles																													
Bajaj Auto	641	REDUCE	92,706	1,841	145	52.2	50.7	61.5	(58.9)	(2.9)	21.4	12.3	12.6	10.4	7.4	7.3	5.9	5.8	4.7	3.7	3.1	3.1	3.1	21.0	41.0	39.4	615	(4.0)	1.5
Hero Honda	1,030	REDUCE	205,611	4,082	200	48.5	63.1	81.5	12.8	30.1	29.2	21.2	16.3	12.6	11.7	9.1	6.9	6.6	5.3	4.1	1.8	1.9	1.9	34.0	36.1	36.5	950	(7.7)	10.7
Mahindra & Mahindra	421	ADD	108,544	2,155	258	38.1	21.6	34.7	(2.0)	(43.2)	60.6	11.1	19.5	12.1	8.3	13.4	7.8	2.5	2.1	1.8	2.6	2.2	2.3	27.8	12.2	16.9	450	7.0	7.9
Maruti Suzuki	795	ADD	229,625	4,559	289	59.9	45.1	54.9	10.8	(24.7)	21.7	13.3	17.6	14.5	6.0	7.5	6.2	2.7	2.4	2.0	0.6	0.6	0.6	22.2	14.2	15.1	715	(10.0)	20.7
Tata Motors	204	SELL	113,318	2,250	556	36.5	18.5	19.0	(22.4)	(49.2)	2.7	5.6	11.0	10.7	4.3	9.7	7.2	1.3	0.7	0.8	5.1	—	—	24.7	9.1	7.3	120	(41.1)	13.3
Automobiles		Cautious	749,805	14,887					(2.4)	(24.2)	24.8	11.7	15.4	12.3	6.8	9.0	6.8	2.8	2.2	1.9	2.2	1.4	1.4	24.2	14.3	15.2			
Banks/Financial Institutions																													
Andhra Bank	48	ADD	23,377	464	485	11.9	12.4	10.8	7.0	4.9	(12.9)	4.1	3.9	4.4	—	—	—	0.8	0.7	0.7	8.3	6.5	5.6	18.0	17.4	13.6	75	55.6	0.3
Axis Bank	440	ADD	157,249	3,122	358	32.2	46.8	53.1	37.7	45.3	13.3	13.6	9.4	8.3	—	—	—	1.9	1.7	1.5	1.3	2.0	2.3	17.6	17.8	17.6	750	70.6	34.4
Bank of Baroda	244	ADD	89,353	1,774	366	39.3	52.0	50.5	39.8	32.4	(2.9)	6.2	4.7	4.8	—	—	—	1.0	0.9	0.9	3.3	4.3	4.2	14.6	16.3	14.2	330	35.0	5.7
Bank of India	226	ADD	119,067	2,364	526	40.6	54.1	49.9	76.6	33.1	(7.7)	5.6	4.2	4.5	—	—	—	1.5	1.1	1.0	1.8	2.5	2.3	27.6	28.2	21.1	330	45.8	11.1
Canara Bank	165	REDUCE	67,712	1,344	410	38.2	45.8	38.2	10.1	19.9	(16.6)	4.3	3.6	4.3	—	—	—	0.9	0.8	0.8	4.8	3.6	3.6	15.0	16.7	12.4	220	33.2	4.2
Corporation Bank	184	BUY	26,342	523	143	51.3	62.3	55.8	37.2	21.6	(10.4)	3.6	2.9	3.3	—	—	—	0.6	0.5	0.5	5.7	7.0	6.2	18.4	19.6	15.4	310	68.8	0.6
Federal Bank	149	BUY	25,527	507	171	34.4	31.7	31.6	0.5	(7.7)	(0.3)	4.3	4.7	4.7	—	—	—	0.7	0.6	0.5	2.7	3.9	3.9	13.6	13.1	11.8	280	87.6	1.2
Future Capital Holdings	111	BUY	7,005	139	63	(4.5)	4.5	28.8	(689.8)	(198.6)	546.1	(24.5)	24.9	3.9	—	—	—	1.0	0.9	0.7	—	—	—	(6.7)	3.8	21.4	440	297.1	0.5
HDFC	1,577	REDUCE	452,618	8,986	287	85.8	75.0	85.4	38.2	(12.6)	14.0	18.4	21.0	18.5	—	—	—	3.8	3.3	2.9	1.6	1.4	1.6	27.8	16.7	16.8	1,550	(1.7)	62.0
HDFC Bank	1,037	BUY	438,758	8,711	423	46.0	53.5	65.6	28.7	16.4	22.5	22.5	19.4	15.8	—	—	—	3.8	3.0	2.6	0.7	0.9	1.0	17.7	17.3	17.5	1,250	20.6	38.3
ICICI Bank	361	ADD	401,343	7,968	1,113	39.9	34.3	32.8	15.4	(14.0)	(4.5)	9.0	10.5	11.0	—	—	—	0.9	0.8	0.8	3.1	2.9	2.5	11.7	8.0	7.3	465	28.9	129.3
IDFC	62	ADD	80,052	1,589	1,294	5.7	6.0	6.3	3.0	5.3	5.9	10.9	10.3	9.8	—	—	—	1.4	1.3	1.2	1.9	1.7	1.8	17.6	13.2	12.7	75	21.3	10.5
India Infoline	65	ADD	18,795	373	287	5.6	4.9	4.3	85.6	(12.0)	(12.5)	11.7	13.3	15.2	—	—	—	1.5	1.5	1.5	1.8	4.3	3.8	20.7	11.5	9.8	60	(8.3)	3.5
Indian Bank	90	BUY	38,593	766	430	22.5	27.4	28.0	33.9	21.4	2.4	4.0	3.3	3.2	—	—	—	0.9	0.7	0.6	3.3	3.9	4.0	23.4	22.1	19.1	195	117.1	1.2
Indian Overseas Bank	49	BUY	26,559	527	545	22.1	26.5	21.7	19.2	20.1	(18.1)	2.2	1.8	2.2	—	—	—	0.5	0.4	0.4	7.7	8.4	7.7	27.2	26.4	18.0	120	146.2	1.2
J&K Bank	337	ADD	16,339	324	48	74.2	82.7	72.3	31.2	11.4	(12.6)	4.5	4.1	4.7	—	—	—	0.8	0.7	0.7	4.6	5.1	4.5	16.8	16.5	12.9	480	42.5	0.1
LIC Housing Finance	237	BUY	20,127	400	85	45.5	58.1	58.5	38.7	27.6	0.8	5.2	4.1	4.0	—	—	—	1.1	0.9	0.8	4.2	5.4	5.4	—	—	—	330	39.4	3.2
Mahindra & Mahindra Financial	205	SELL	19,537	388	95	20.8	18.5	22.6	32.6	(11.2)	22.0	9.8	11.1	9.1	—	—	—	1.6	1.4	1.2	2.2	2.3	2.8	16.9	12.8	14.2	190	(7.3)	0.0
Oriental Bank of Commerce	119	ADD	29,752	591	251	23.9	36.5	27.3	(27.6)	52.7	(25.0)	5.0	3.3	4.3	—	—	—	0.6	0.4	0.5	4.0	6.1	4.6	6.2	13.8	8.9	200	68.4	3.0
PFC	144	ADD	165,795	3,292	1,148	11.4	12.2	15.8	2.4	7.3	29.7	12.7	11.8	9.1	—	—	—	1.6	1.5	1.4	2.4	2.6	3.3	13.5	13.6	15.5	145	0.4	1.5
Punjab National Bank	429	BUY	135,217	2,685	315	65.0	91.6	89.9	33.0	40.9	(1.8)	6.6	4.7	4.8	—	—	—	1.4	1.2	1.1	3.0	4.3	4.2	18.0	21.7	18.5	650	51.6	15.5
Rural Electrification Corp.	96	BUY	82,640	1,641	859	10.9	15.3	17.7	9.8	40.4	15.5	8.8	6.3	5.4	—	—	—	1.3	1.2	1.0	3.1	5.1	5.9	17.1	19.8	19.9	125	29.9	1.5
Shriram Transport	185	REDUCE	37,529	745	203	19.2	28.6	27.0	85.7	49.0	(5.6)	9.6	6.5	6.8	—	—	—	2.1	1.8	1.5	2.7	4.6	4.6	26.9	28.8	23.6	215	16.3	0.9
SREI	30	ADD	3,431	68	116	11.4	7.3	6.9	57.4	(36.2)	(5.7)	2.6	4.0	4.3	—	—	—	0.5	0.3	0.3	4.1	7.8	9.5	23.1	13.1	11.5	50	69.5	1.0
State Bank of India	1,147	BUY	724,328	14,381	631	106.6	135.3	125.5	23.5	27.0	(7.3)	10.8	8.5	9.1	—	—	—	1.7	1.5	1.4	1.9	1.9	2.0	16.8	16.3	13.4	1,600	39.5	84.4
Union Bank	153	BUY	77,510	1,539	505	27.5	34.6	33.3	64.0	25.9	(3.6)	5.6	4.4	4.6	—	—	—	1.1	0.9	0.8	2.6	3.4	3.3	26.8	27.5	21.7	220	43.4	3.7
Banks/Financial Institutions		Attractive	3,284,557	65,212					36.9	22.5	(0.8)	9.9	8.1	8.1	—	—	—	1.5	1.3	1.2	2.2	2.5	2.5	15.3	16.3	15.0			
Cement																													
ACC	602	REDUCE	113,141	2,246	188	64.1	56.3	45.6	13.0	(12.2)	(19.0)	9.4	10.7	13.2	4.9	5.3	6.3	2.5	2.1	2.0	3.9	3.9	3.9	33.3	24.7	18.2	550	(8.7)	8.2
Ambuja Cements	74	REDUCE	113,036	2,244	1,522	7.6	7.6	5.8	(11.2)	0.2	(23.7)	9.8	9.8	12.8	5.0	5.3	6.2	2.2	1.9	1.7	3.5	4.0	2.5	26.6	20.8	14.1	60	(19.2)	2.9
Grasim Industries	1,602	REDUCE	146,919	2,917	92	284.6	225.7	188.5	32.6	(20.7)	(16.5)	5.6	7.1	8.5	3.7	4.3	4.4	1.6	1.4	1.2	1.9	2.1	2.1	33.1	20.7	14.9	1,500	(6.4)	8.9
India Cements	111	ADD	31,160	619	282	24.5	22.7	19.8	n/a	(7.3)	(12.8)	4.5	4.9	5.6	4.0	3.7	3.8	0.9	0.8	0.7	1.6	1.9	1.9	25.8	15.7	14.7	130	17.6	2.8
Shree Cement	739	BUY	25,736	511	35	90.2	129.9	72.5	99.5	44.0	(44.2)	8.2	5.7	10.2	3.3	3.3	4.2	3.9	2.5	2.0	1.1	1.1	1.1	56.9	53.2	21.7	850	15.1	0.3
UltraTech Cement	549	ADD	68,768	1,365	125	81.4	71.4	62.3	28.5	(12.2)	(12.8)	6.7	7.7	8.8	4.6	5.1	5.1	2.1	1.6	1.4	1.4	1.5	1.5	45.2	28.9	20.4	550	0.2	1.0
Cement		Cautious	498,761	9,902					19.3	(9.3)	(20.2)	7.1	7.9	9.9	4.2	4.6	5.0	1.9	1.6	1.4	2.6	2.8	2.4	26.8	20.3	14.3			
Consumer (Discretionary)																													
Radico Khaitan	66	REDUCE	6,762	134	102	2.2	2.6	3.3	(41.4)	15.0	26.3	29.4	25.6	20.3	11.3	11.5	9.8	2.7	2.4	2.2	0.9	—	—	11.7	10.0	11.4	65	(1.5)	0.4
United Breweries	99	REDUCE	23,681	470	240	2.1	1.9	2.4	(2.2)	(11.4)	31.0	46.8	52.8	40.3	14.3	11.3	8.8	3.9	2.2	2.1	—	—	—	8.0	3.6	5.4	85	(13.8)	0.4
United Spirits	694	BUY	65,392	1,298	94	28.9	32.7	48.0	(52.0)	13.2	46.9	24.0	21.2	14.5	10.9	10.6	9.1	2.9	2.8	2.1	0.2	0.3	0.3	14.0	13.5	16.8	900	29.6	56.0
Consumer (Discretionary)		Neutral	95,835	1,903					(3.6)	15.4	40.5	28.1	24.3	17.3	11.4	10.8	9.1	3.1	2.4	2.1	0.2	0.2</							

# Valuation summary

## Kotak Institutional Equities Universe

Company	02-Apr-09		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)		2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E							
<b>Energy</b>																																	
Bharat Petroleum	373	SELL	122,245	2,427	328	41.3	0.0	42.0	(21.1)	(99.9)	NA	9.0	NA	8.9	4.2	7.6	4.5	0.9	1.0	0.9	1.2	—	5.0	11.8	0.0	10.2	425	14.0	5.5				
Cairn India	199	BUY	372,962	7,405	1,871	(0.1)	4.2	4.4	(105)	(3,628)	5.2	(1,673)	47	45.1	46.0	27.7	20.3	1.2	1.1	1.1	—	—	(0.1)	2.5	2.5	225	12.9	13.4					
Castrol India (a)	342	BUY	42,334	841	124	17.6	21.3	25.6	44.4	20.7	20.2	19.4	16.1	13.4	10.7	9.0	7.5	10.3	9.4	8.4	4.1	4.4	5.3	52.2	60.9	66.3	390	13.9	0.2				
GAIL (India)	260	REDUCE	329,423	6,540	1,268	20.4	23.3	19.7	21.0	14.2	(15.6)	12.7	11.2	13.2	6.4	6.0	7.4	2.3	2.0	1.9	2.6	2.8	2.6	18.1	18.3	13.8	240	(7.6)	9.8				
GSPL	43	BUY	23,947	475	563	1.8	1.4	2.4	10.1	(22.4)	68.6	23.6	30.4	18.0	7.9	8.2	5.3	1.9	1.8	1.7	1.2	0.9	1.5	8.8	6.2	9.7	45	5.8	1.7				
Hindustan Petroleum	271	SELL	91,753	1,822	339	33.5	(10.5)	30.2	(16.4)	(131.5)	(386.8)	8.1	(25.7)	9.0	7.2	7.0	4.7	0.8	0.8	0.7	1.1	—	4.4	9.6	(2.9)	7.6	300	10.8	6.8				
Indian Oil Corporation	405	REDUCE	477,801	9,486	1,179	61.3	24.3	46.8	31.0	(60.3)	92.1	6.6	16.6	8.7	4.1	8.0	4.4	1.1	1.0	0.9	1.4	—	4.5	17.4	6.2	10.3	525	29.6	3.1				
Oil & Natural Gas Corporation	871	ADD	1,863,719	37,002	2,139	92.7	103.9	103.9	9.1	12.0	0.0	9.4	8.4	8.4	3.4	3.1	2.8	1.9	1.6	1.5	3.7	3.9	4.1	19.6	19.5	17.2	900	3.3	29.3				
Petronet LNG	44	ADD	32,925	654	750	6.3	5.5	5.9	—	(12.6)	6.6	6.9	7.9	7.4	4.6	6.6	5.2	1.7	1.5	1.2	3.4	3.4	3.4	26.7	19.2	17.2	52	18.5	1.4				
Reliance Industries	1,661	REDUCE	2,281,034	45,288	1,373	105.0	98.9	136.9	25.5	(5.8)	38.4	15.8	16.8	12.1	10.4	9.8	6.1	2.6	2.1	1.7	0.7	0.8	1.0	19.0	14.4	17.1	1,625	(2.2)	184.3				
Reliance Petroleum	104	NR	467,325	9,278	4,500	—	(0.0)	9.0	n/a	n/a	n/a	n/a	n/a	11.6	n/a	n/a	9.2	3.5	3.5	2.8	—	—	1.9	—	(0.0)	27.0	-	(100.0)	23.9				
<b>Energy</b>																																	
<b>Industrials</b>																																	
ABB	440	SELL	93,134	1,849	212	23.2	25.8	23.6	44.5	11.3	(8.8)	18.9	17.0	18.7	10.8	10.0	10.3	5.7	4.4	3.7	0.5	0.5	0.6	34.8	29.4	21.6	325	(26.1)	4.8				
BGR Energy Systems	160	REDUCE	11,520	229	72	12.1	15.3	20.7	(67.4)	26.1	35.4	13.2	10.5	7.7	7.7	6.0	5.2	2.4	2.0	1.7	1.3	1.5	2.1	31.4	21.3	23.9	165	3.1	0.8				
Bharat Electronics	910	ADD	72,780	1,445	80	102.0	105.5	111.8	11.2	3.4	6.0	8.9	8.6	8.1	3.8	3.1	2.7	2.2	1.8	1.6	2.3	2.7	2.7	27.7	23.1	20.8	950	4.4	0.9				
Bharat Heavy Electricals	1,536	ADD	751,878	14,928	490	58.4	64.9	92.6	22.9	11.2	42.5	26.3	23.7	16.6	14.0	12.5	9.0	7.0	5.7	4.5	1.0	0.9	1.3	29.2	26.6	30.5	1,475	(4.0)	46.6				
Crompton Greaves	131	ADD	47,968	952	367	11.2	14.0	15.2	43.0	25.3	8.4	11.7	9.3	8.6	6.5	5.5	5.0	3.7	2.8	2.2	1.2	1.3	1.4	36.1	33.7	28.1	140	7.0	4.5				
Larsen & Toubro	718	REDUCE	425,410	8,446	593	37.9	48.2	51.6	20.8	27.1	7.0	18.9	14.9	13.9	12.9	9.7	8.8	3.6	2.7	2.2	1.2	1.4	1.5	22.7	20.6	17.6	650	(9.4)	52.7				
Maharashtra Seamless	151	BUY	10,682	212	71	29.4	37.4	37.9	(23.5)	27.6	1.2	5.2	4.0	4.0	3.1	2.5	2.4	0.9	0.8	0.7	3.3	3.7	3.8	19.7	21.1	18.0	215	42.0	0.4				
Siemens	272	REDUCE	91,708	1,821	337	18.2	14.2	15.7	60.4	(22.2)	10.5	14.9	19.2	17.4	8.3	8.4	9.2	5.0	4.0	3.5	0.9	1.3	1.6	39.9	23.1	21.3	220	(19.1)	5.1				
Suzlon Energy	51	REDUCE	79,758	1,584	1,567	6.6	7.0	6.1	9.5	6.6	(13.1)	7.7	7.3	8.4	4.9	7.3	7.2	0.9	0.8	0.7	1.9	1.0	1.0	16.3	11.3	8.7	60	17.9	31.6				
<b>Industrials</b>																																	
<b>Infrastructure</b>																																	
IRB Infrastructure	94	ADD	31,292	621	332	3.4	5.6	10.4	150.9	63.5	85.5	27.5	16.8	9.1	10.8	10.3	5.9	1.9	1.7	1.4	—	—	—	10.7	10.6	16.8	110	16.8	0.6				
<b>Media</b>																																	
DishTV	26	REDUCE	16,618	330	644	(9.6)	(7.4)	(4.1)	n/a	(23.1)	(44.2)	(2.7)	(3.5)	(6.2)	(9.6)	(12.4)	(59.7)	(3.7)	(2.6)	(7.8)	—	—	—	167.9	86.7	NA	22	(14.7)	2.5				
HT Media	61	BUY	14,172	281	234	4.3	2.9	4.1	4.7	(32.3)	39.3	14.0	20.7	14.8	7.6	9.2	6.5	1.6	1.6	1.5	0.7	0.7	1.3	12.2	7.8	10.2	100	65.3	0.1				
Jagran Prakashan	58	BUY	17,378	345	301	3.3	2.9	4.1	33.5	(9.7)	38.7	17.7	19.6	14.2	9.7	10.9	7.7	3.2	3.0	2.8	3.5	2.5	3.5	18.7	15.9	20.4	75	30.0	0.1				
Sun TV Network	172	BUY	67,624	1,343	394	8.3	9.3	11.4	30.7	12.0	23.0	20.7	18.5	15.0	11.0	9.8	8.1	4.5	4.0	3.6	1.5	2.3	3.5	24.8	23.6	25.8	215	25.3	0.8				
Zee Entertainment Enterprises	111	BUY	48,148	956	434	8.9	8.2	9.3	62.6	(7.5)	13.7	12.5	13.5	11.9	9.3	9.7	8.6	1.6	1.4	1.3	1.8	2.1	2.4	14.2	11.8	12.2	145	30.6	5.8				
Zee News	34	BUY	8,080	160	240	1.5	1.9	2.1	396.2	24.0	6.9	21.8	17.6	16.4	11.8	9.8	8.7	3.8	3.3	2.8	1.2	1.2	1.5	19.2	20.5	18.9	38	12.8	0.3				
<b>Media</b>																																	
<b>Metals</b>																																	
Hindalco Industries	57	ADD	99,023	1,966	1,753	13.8	7.7	2.4	(10.0)	(44.4)	(69.2)	4.1	7.4	23.9	5.8	5.3	7.4	0.5	0.2	0.3	—	—	—	14.4	10.3	5.2	55	(2.7)	7.3				
National Aluminium Co.	231	SELL	148,707	2,952	644	25.3	19.7	10.3	(31.5)	(22.2)	(47.8)	9.1	11.7	22.5	4.1	5.6	7.2	1.6	1.4	1.4	2.6	1.5	0.9	18.3	12.7	6.2	135	(41.5)	1.8				
Jindal Steel and Power	1,225	BUY	188,549	3,743	154	82.7	179.7	171.6	80.5	117.2	(4.5)	14.8	6.8	7.1	11.3	5.0	4.8	4.3	2.6	1.9	—	0.5	0.6	35.4	48.4	31.0	1,400	14.3	20.7				
JSW Steel	305	SELL	57,078	1,133	187	86.1	8.7	45.7	16.1	(89.9)	423.3	3.5	34.9	6.7	5.0	7.7	6.1	0.6	0.6	0.5	4.6	0.7	0.7	20.7	10.2	7.9	185	(39.4)	5.7				
Hindustan Zinc	471	BUY	199,203	3,955	423	104.0	63.8	64.0	(1.0)	(38.6)	0.2	4.5	7.4	7.4	2.3	3.9	3.3	1.6	1.3	1.2	1.1	1.6	2.1	43.6	20.0	17.0	490	3.9	3.2				
Sesa Goa	105	BUY	82,818	1,644	787	19.0	23.7	19.6	146.0	24.8	(17.0)	5.6	4.4	5.4	2.9	2.7	2.6	2.9	1.9	1.5	2.5	3.3	3.3	67.8	51.2	30.5	115	9.3	13.2				
Sterlite Industries	372	BUY	263,453	5,231	708	64.3	48.0	46.6	(22.6)	(25.4)	(2.9)	5.8	7.7	8.0	2.3	4.0	4.0	1.1	1.0	0.9	—	—	—	26.1	13.8	12.2	400	7.6	24.3				
Tata Steel	225	BUY	185,030	3,674	822	75.7	130.7	56.1	43.8	72.5	(57.1)	3.0	1.7	4.0	3.8	3.0	4.0	0.5	0.4	0.4	6.4	5.7	5.8	46.3	38.1	15.6	290	28.8	44.9				
<b>Metals</b> </																																	



# Valuation summary

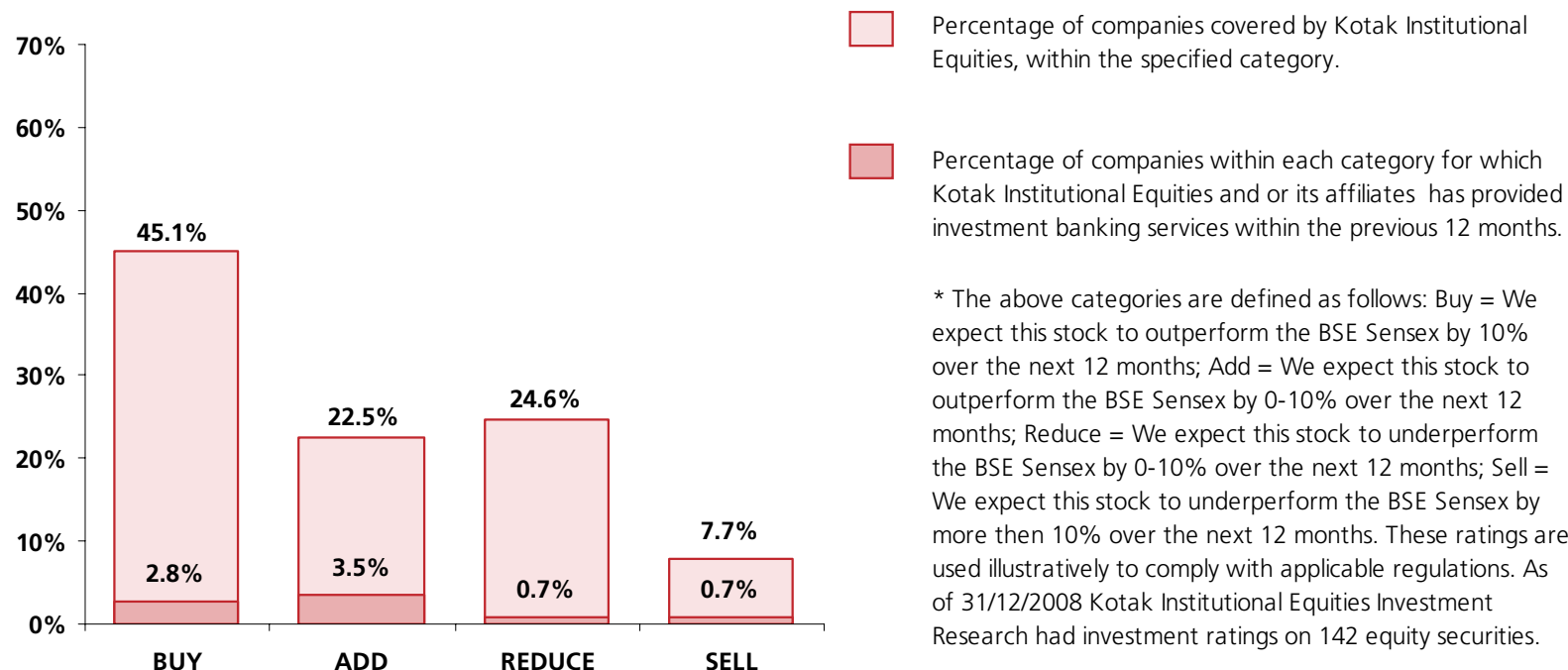
## Kotak Institutional Equities Universe

	02-Apr-09		Mkt cap.		O/S	EPS (Rs)			EPS growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend yield (%)			RoE (%)			Target	ADVT-	
Company	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	shares (mn)	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	2008	2009E	2010E	(Rs)	Upside (%)	3mo (US\$ mn)
Retail																													
Pantaloen Retail	168	REDUCE	26,723	531	159	7.9	8.3	10.2	90.0	4.4	23.3	21.2	20.3	16.5	10.4	8.4	7.5	1.4	1.4	1.3	0.5	0.5	0.6	8.2	6.7	7.8	165	(1.6)	1.3
Titan Industries	814	REDUCE	36,153	718	44	35.1	41.9	48.7	55.2	19.6	16.1	23.2	19.4	16.7	15.8	11.9	10.1	7.7	5.8	4.6	1.0	1.2	1.4	37.7	34.1	30.7	830	1.9	2.8
Vishal Retail	38	ADD	855	17	22	18.1	10.6	10.8	37.2	(41.2)	1.9	2.1	3.6	3.5	4.5	4.4	3.5	0.3	0.3	0.3	—	—	—	20.2	8.3	7.8	75	96.6	0.1
Retail			63,730	1,265					31.9	6.0	17.9	19.8	18.7	15.8	11.1	8.7	7.6	2.5	2.3	2.0	0.8	0.9	1.0	12.4	12.1	12.8			
Sugar																													
Balrampur Chini Mills	57	BUY	14,681	291	256	3.1	6.5	7.0	(272.9)	106.5	8.0	18.3	8.9	8.2	8.5	5.1	4.4	1.5	1.3	1.1	1.0	1.2	1.4	7.6	13.5	12.7	70	21.8	3.2
Shree Renuka Sugars	101	BUY	28,136	559	280	3.9	8.2	8.4	(87.3)	107.7	2.8	25.5	12.3	12.0	13.7	6.5	6.1	3.2	2.4	2.0	0.2	0.7	1.0	19.9	24.5	20.6	100	(0.5)	8.2
Bajaj Hindustan	52	SELL	7,360	146	141	(2.6)	(6.0)	0.8	375.9	126.2	NA	(19.7)	(8.7)	64.5	14.2	8.4	5.4	0.6	0.6	0.6	1.3	—	0.6	(6.8)	(7.0)	4.6	36	(30.8)	3.5
Sugar			50,177	996					526.3	96.1	38.3	29.8	15.2	11.0	12.1	6.7	5.4	1.6	1.4	1.3	0.6	0.7	1.0	5.3	9.5	11.7			
Technology																													
HCL Technologies	107	REDUCE	74,330	1,476	695	15.3	16.6	13.5	(19.0)	8.8	(18.6)	7.0	6.4	7.9	3.2	4.0	3.8	1.5	1.1	1.0	7.5	11.2	11.2	21.4	18.3	13.3	110	2.9	2.9
Hexaware Technologies	27	SELL	3,823	76	142	7.7	4.1	3.0	(13.7)	(46.4)	(27.8)	3.5	6.5	9.1	0.5	0.9	1.8	0.5	0.6	0.6	3.4	3.7	3.7	15.1	8.6	6.3	25	(7.1)	1.9
Infosys Technologies	1,419	BUY	814,736	16,176	574	79.1	101.8	112.0	18.0	28.8	10.0	18.0	13.9	12.7	14.0	9.8	8.4	5.9	4.5	3.6	2.3	1.8	1.9	36.1	36.7	31.6	1,500	5.7	50.9
Mphasis BFL	210	REDUCE	43,804	870	208	12.2	14.2	32.6	67.6	15.7	129.8	17.2	14.8	6.5	10.3	11.2	4.4	3.8	3.0	2.2	1.7	1.9	2.1	23.6	22.8	39.5	190	(9.6)	1.7
Mindtree	220	BUY	8,702	173	40	26.7	21.0	37.1	12.3	(21.6)	76.9	8.2	10.5	5.9	7.2	3.3	3.0	1.6	1.4	1.1	1.2	—	—	21.3	11.9	17.8	400	81.6	1.4
Patni Computer Systems	133	SELL	17,054	339	128	33.2	26.8	17.5	29.2	(19.3)	(34.7)	4.0	5.0	7.6	0.7	0.7	0.6	0.6	0.7	0.6	1.6	1.4	2.6	19.2	16.2	7.9	130	(2.1)	0.8
Polaris Software Lab	49	SELL	4,827	96	98	7.4	14.9	12.7	(27.6)	100.0	(14.9)	6.6	3.3	3.9	2.5	1.0	0.9	0.7	0.6	0.5	3.6	3.6	3.6	11.7	20.4	15.0	50	1.8	2.1
TCS	579	REDUCE	566,371	11,245	979	51.3	53.2	58.5	21.5	3.8	10.0	11.3	10.9	9.9	9.0	7.5	6.6	4.6	3.7	3.1	2.4	3.2	4.0	47.0	37.4	33.7	550	(5.0)	17.5
Tech Mahindra	281	BUY	34,999	695	125	59.1	67.6	58.7	25.7	14.5	(13.2)	4.8	4.2	4.8	4.2	2.5	2.4	2.8	1.7	1.3	1.9	2.1	2.2	70.7	53.1	31.6	320	13.9	3.1
Wipro	270	ADD	394,886	7,840	1,462	22.2	25.3	26.9	12.6	13.9	6.0	12.1	10.7	10.1	9.7	7.6	6.5	3.1	2.7	2.2	2.2	1.5	2.8	27.9	26.6	23.8	280	3.7	9.0
Technology		Neutral	1,963,532	38,984					15.5	14.8	7.2	12.6	11.0	10.3	9.5	7.4	6.5	3.8	3.1	2.6	2.5	2.5	3.1	30.4	28.3	25.0			
Telecom																													
Bharti Airtel	639	ADD	1,212,189	24,067	1,898	35.3	44.2	48.9	65.0	25.1	10.8	18.1	14.5	13.1	11.0	8.3	7.3	5.4	3.9	3.0	—	0.6	0.9	39.1	31.4	26.0	675	5.7	63.4
IDEA	51	REDUCE	165,216	3,280	3,236	3.9	2.6	2.1	78.5	(33.2)	(21.0)	12.9	19.3	24.5	9.8	6.7	6.5	4.7	1.2	1.2	—	—	—	36.4	10.1	5.1	50	(2.1)	5.3
MTNL	71	SELL	44,762	889	630	7.1	4.0	4.1	(11.0)	(44.3)	2.6	9.9	17.9	17.4	1.5	4.7	3.5	0.4	0.4	0.4	5.6	8.4	8.4	3.5	1.6	1.6	50	(29.6)	0.9
Reliance Communications	197	SELL	407,128	8,083	2,064	26.5	26.7	20.1	86.4	0.7	(24.7)	7.5	7.4	9.8	6.7	7.4	7.1	1.4	1.2	1.0	0.4	0.4	—	16.8	18.4	11.7	150	(24.0)	47.3
Tata Communications	527	REDUCE	150,266	2,983	285	10.9	13.6	14.0	(36.3)	24.0	3.2	48.2	38.8	37.6	20.0	16.5	15.0	2.3	2.2	2.1	0.9	0.9	1.2	4.4	5.4	5.2	400	(24.1)	2.2
Telecom		Cautious	1,979,560	39,302					65.7	12.7	(4.8)	13.7	12.2	12.8	9.4	8.1	7.4	2.7	2.0	1.8	0.5	0.7	0.9	19.6	16.7	13.8			
Transportation																													
Container Corporation	711	REDUCE	92,448	1,835	130	57.7	63.4	67.8	7.8	9.8	7.0	12.3	11.2	10.5	8.3	7.5	6.6	2.9	2.4	2.1	1.8	2.0	2.1	25.8	23.6	21.4	735	3.3	0.8
Transportation		Cautious	92,448	1,835					7.8	9.8	7.0	12.3	11.2	10.5	8.3	7.5	6.6	2.9	2.4	2.1	1.8	2.0	2.1	23.6	21.7	19.9			
Utilities																													
CESC	240	BUY	29,985	595	125	27.8	31.9	36.9	(23.3)	14.9	15.8	8.6	7.5	6.5	4.5	4.1	5.2	0.9	0.8	0.7	1.7	1.9	2.2	12.5	11.7	11.9	385	60.4	0.7
Lanco Infratech	162	BUY	36,035	715	222	14.8	14.6	17.1	75.2	(1.3)	16.6	10.9	11.1	9.5	9.4	20.5	15.7	2.0	1.6	1.4	—	—	—	19.7	16.2	15.8	265	63.5	4.7
NTPC	184	REDUCE	1,515,104	30,081	8,245	9.3	9.3	10.9	7.9	0.1	16.7	19.7	19.7	16.9	13.7	13.7	12.6	2.8	2.6	2.4	1.9	1.9	2.2	14.9	13.6	14.6	180	(2.0)	24.8
Reliance Infrastructure	575	BUY	132,831	2,637	231	37.6	59.9	56.2	13.9	59.4	(6.2)	15.3	9.6	10.2	10.9	10.4	10.4	0.8	0.8	0.7	1.1	1.3	1.4	4.3	6.2	6.7	970	68.6	79.3
Reliance Power	111	REDUCE	265,680	5,275	2,397	0.4	1.3	2.5	—	252.9	82.7	291.5	82.6	45.2	—	—	—	2.0	1.9	1.8	—	—	—	1.3	2.3	4.2	120	8.3	9.9
Tata Power	847	BUY	188,550	3,743	223	31.8	65.2	90.2	19.5	104.6	38.4	26.6	13.0	9.4	12.5	9.4	9.0	2.2	1.8	1.5	1.3	1.3	1.4	9.6	15.0	17.5	1,000	18.1	10.5
Utilities		Attractive	2,168,185	43,047					12.2	15.5	18.5	21.6	18.7	15.8	13.5	13.9	13.5	2.2	2.0	1.9	1.5	1.5	1.8	10.3	10.9	11.9			
Others																													
Aban Offshore	407	REDUCE	15,408	306	38	72.3	142.4	185.5	(1,066)	97.0	30.3	5.6	2.9	2.2	11.0	7.6	5.7	1.8	1.0	0.7	0.9	1.0	1.2	51.7	44.5	37.6	300	(26.2)	20.5
Educomp Solutions	2,339	BUY	44,494	883	19	35.2	64.2	108.1	114	82.7	68.3	66.6	36.4	21.6	35.3	16.1	9.9	14.5	6.1	4.9	0.1	0.3	0.4	33.5	23.4	24.3	2,550	9.0	81.8
Havells India	155	REDUCE	9,389	186	61	26.6	(1.0)	10.3	40	(103.7)	(1,135)	5.8	(156.4)	15.1	5.7	7.8	6.7	1.4	1.3	1.3	1.5	2.1	2.7	33.7	(0.9)	8.5	120	(22.7)	0.2
Jaiprakash Associates	97	BUY	135,785	2,696	1,403	4.9	5.3	7.1	7	8.6	33.4	19.8	18.2	13.6	13.9	11.8	10.0	2.7	2.4	2.1	0.0	0.0	0.0	15.4	13.9	16.3	105	8.5	36.1
Jindal Saw	182	BUY	10,001	199	55	64.8	67.8	48.2	(44)	4.6	(28.9)	2.8	2.7	3.8	2.7	2.4	2.2	0.4	0.3	0.3	2.6	2.7	2.2	12.2	11.4	7.4	300	64.6	0.5
PSL	82	BUY	3,567	71	44	21.1	24.3	43.7	4	15.3	79.6	3.9	3.4	1.9	4.7	4.5	3.7	0.5	0.4	0.4	11.0	9.7	9.8	11.3	10.6	14.2	145	77.2	0.1
Sintex	115	BUY	15,752	313	136	19.5	21.3	22.5	60	8.9	5.7	5.9	5.4	5.1	5.3	4.5	4.0	1.0	0.8	0.7	0.9	1.1	1.3	14.0	15.0	13.8	125	8.3	2.8
Tata Chemicals	151	BUY	35,487	705	235	39.6	25.5	24.3	90	(35.7)	(4.7)	3.8	5.9	6.2	5.7	4.0	3.4	1.6	1.3	1.1	0.9	1.2	0.8	30.7	17.2	13.7	190	25.9	1.5
Welspun Gujarat Stahl Rohren	81	BUY	15,215	302	189	20.6	20.9	21.0	94	1.5	0.7	3.9	3.9	3.8	5.7	4.0	3.4	0.9	0.7	0.6	1.6	2.2	1.5	27.1	20.0	17.3	100	24.1	4.5
United Phosphorus	106	BUY	49,018	973	462	9.3	11.4	14.8	30	21.7	30.4	11.4	9.3	7.2	7.2	5.5	3.7	2.2	1.6	1.4	0.9	1.4	1.9	20.0	18.7	20.0	140	32.0	1.0
Others																													
Others			334,115	6,634					42.5	17.1	13.6	10.1	8.6	7.6	8.4	7.0	5.9	1.7	1.4	1.2	1.1	1.2	1.3	16.9	15.8	15.6			
KS universe (b)			23,389,612	464,379					26.0	2.7	7.5	12	11.5	10.7	7.6	7.7	6.7	2.1	1.8	1.6	1.8	1.8	2.1	17.9	15.4	14.8			
KS universe (b) ex-Energy			17,284,144	343,161					30.8	6.0	(0.6)	11.5	10.9	10.9	8.2	8.1	7.8	2.2	1.8	1.6	1.8	1.8	2.0	19.2	16.9	14.9			
KS universe (d) ex-Energy & ex-Commodities			15,561,523	308,960					36.0	6.8	6.8	13.0	12.2	11.4															

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## Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities

As of December 31, 2008

## Kotak Securities company-specific disclosures

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## New rating system

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**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.

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