

December 14, 2007

India Strategy Friday Flash

BSE-30: 20,104

India

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**Kotak Institutional Equities
Research**

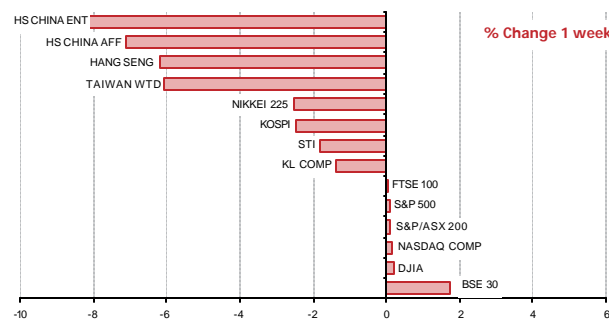
Important disclosures appear at the back of this report.

Outperforming peers. During the past week, the Sensex posted the highest gains amongst peer regional indices, gaining 309 points (1.6%) to close at 20,104. The rise was mainly led by banking stocks (triggered by a 25 bps cut by the Federal Funds Reserve) and Telecom stocks (post tower JV announced between Bharti, VOD, and Idea) contributing 213 and 93 points to the Sensex rise, respectively. FII flows were robust with net inflows of US\$719 mn in Indian equities.

Market highlights for the week ending Thursday, December 13, 2007

- Largest gainers: Vardhman (20%), GSPL (20%), National Aluminium Co. (16%)
- Largest losers: Bharat Heavy Electricals (-7%), Rico Auto (-6%), Pantaloon Retail (-6%)
- CYTD institutional investments: FII-US\$16.9 bn; MF-US\$821 mn

BSE-30 Index was the largest gainer among regional indices



Source: Bloomberg, SEBI.

Flows in the cash markets

Date	Taiwan	Indonesia	Philippines	Thailand	India	Total
Investments in past week (US\$ mn)						
5-Dec-07	32	(76)	(16)	—	268	209
6-Dec-07	526	54	4	1	204	789
7-Dec-07	534	40	5	0	1	582
10-Dec-07	(47)	5	(9)	—	75	24
11-Dec-07	139	18	(18)	(0)	171	309
Total	1,185	41	(34)	1	719	1,912

Our top recommendations

Exhibit 1: Kotak Institutional Equities, Top 10, 13 December, 2007

Companies	Sector	Rating	Mkt cap.	CMP	Target	EPS (Rs)			P/E (X)			EV/EBDITA (X)		
			(US\$ mn)	(Rs)	(Rs)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E
ICICI Bank	Banking	ADD	34,874	1,243	1,200	34.6	35.7	47.3	35.9	34.8	26.3	—	—	—
Larsen & Toubro	Industrials	BUY	30,926	4,235	4,050	62.8	91.1	122.9	67.4	46.5	34.5	41.9	29.0	21.5
ITC	Consumer Products	BUY	18,696	197	225	7.2	8.3	9.6	27.3	23.6	20.5	17.4	14.9	12.5
Maruti Suzuki	Automobiles	BUY	7,615	1,038	1,200	54.0	75.3	88.9	19.2	13.8	11.7	11.3	8.1	6.7
Mahindra & Mahindra	Automobiles	BUY	5,200	794	875	37.4	44.1	44.5	21.2	18.0	17.8	14.3	13.0	12.1
Infosys Technologies	Technology	BUY	24,162	1,659	2,200	67.0	80.4	98.4	24.8	20.6	16.9	20.3	16.7	12.9
Suzlon Energy	Industrials	ADD	15,062	1,967	2,250	30.0	39.6	68.8	65.5	49.7	28.6	44.4	29.9	19.1
Hindalco Industries	Metals	BUY	6,928	209	210	19.6	17.5	15.9	10.6	12.0	13.1	7.8	7.2	7.3
Mid-cap. banking basket														
Andhra Bank	Banking	BUY	1,359	110	120	11.1	12.6	13.5	10.0	8.8	8.2	—	—	—
Corporation Bank	Banking	BUY	1,610	442	470	37.4	44.7	49.2	11.8	9.9	9.0	—	—	—
Federal Bank	Banking	ADD	882	324	330	34.2	40.2	33.0	9.5	8.1	9.8	—	—	—
J&K Bank	Banking	ADD	1,074	873	850	56.6	66.0	71.3	15.4	13.2	12.2	—	—	—
Union Bank	Banking	BUY	2,673	209	230	16.7	21.7	26.4	12.5	9.6	7.9	—	—	—
Mid-cap. infrastructure basket														
IVRCL	Construction	BUY	1,756	514	570	12.4	13.5	20.4	41.3	38.2	25.2	31.5	19.7	14.3
Kalpataru Power Transmission	Transmission	ADD	1,296	1,928	1,800	60.2	77.4	91.8	32.0	24.9	21.0	20.0	16.0	13.2
Maharashtra Seamless	Industrials	BUY	1,101	613	680	33.5	37.8	45.0	18.3	16.2	13.6	11.2	9.5	7.6
Nagarjuna Construction Co.	Construction	BUY	2,028	345	365	6.5	9.2	12.7	52.9	37.6	27.2	33.0	20.7	15.8
Sadbhav Engineering	Construction	BUY	380	1,142	1,385	23.7	43.9	69.5	48.2	26.0	16.4	26.7	14.8	9.1
BSE-30				20,104										

Source: Company, Bloomberg, Kotak Institutional Equities.

Our model portfolio

Exhibit 2: Kotak Institutional Equities Model Portfolio

Company	13-Dec		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Bajaj Auto	2,819	BUY	1.3	—	(134)
Mahindra & Mahindra	794	BUY	1.2	2.7	150
Maruti Suzuki	1,038	BUY	1.1	2.6	150
Tata Motors	760	—	1.4	1.4	—
Automobiles			5.1	6.7	166
Punjab National Bank	686	BUY	—	1.0	100
State Bank of India	2,394	ADD	4.3	3.3	(100)
PSU Banking			4.3	4.3	—
HDFC	3,137	REDUCE	5.6	4.1	(150)
HDFC Bank	1,758	REDUCE	3.6	—	(364)
ICICI Bank	1,243	ADD	10.5	12.0	150
Pvt Banking/Financing			19.7	16.1	(364)
ACC	1,064	SELL	0.9	—	(89.3)
Ambuja Cements	147	SELL	1.0	—	(100)
Grasim Industries	3,715	ADD	1.9	1.9	—
Cement			3.8	1.9	(190)
Hindustan Unilever	212	ADD	1.7	—	(171)
ITC	197	BUY	3.6	5.1	150
Consumers			5.4	5.1	(21)
HPCL	327	ADD	—	1.0	100
Oil & Natural Gas Corporation	1,228	REDUCE	4.0	3.0	(100)
Reliance Industries	2,833	RS	13.3	11.4	(195)
Energy			17.3	15.3	(195)
Bharat Heavy Electricals	2,592	ADD	3.3	3.3	—
Larsen & Toubro	4,235	BUY	8.2	9.7	150
Suzlon Energy	1,967	ADD	—	1.5	150
Industrials			11.5	14.5	300
Hindalco Industries	209	BUY	1.4	2.9	150
Jindal Steel & Power	15,908	ADD	—	1.0	100
Sterlite Industries	1,072	ADD	—	1.5	150
Tata Steel	889	REDUCE	3.8	2.3	(150)
Metals			5.2	7.7	250

Company	13-Dec		Weightage (%)		Diff. (bps)
	Price (Rs)	Rating	BSE-30	KS reco.	
Cipla	204	REDUCE	0.7	—	(74)
Dr Reddy's	711	BUY	—	1.0	100
Ranbaxy Laboratories	411	BUY	0.8	—	(78)
Pharmaceuticals			1.5	1.0	(53)
DLF	1,023	ADD	1.7	1.7	—
Housing Development & Infrastructure	960	BUY	—	1.0	100
Real estate			1.7	2.7	100
Infosys Technologies	1,659	BUY	6.1	7.6	150
Satyam Computer Services	421	BUY	2.0	2.5	50
TCS	1,030	ADD	1.9	1.9	—
Wipro	500	BUY	1.1	—	(108)
Technology			11.0	12.0	92
Bharti Airtel Limited	988	REDUCE	5.2	2.4	(275)
Reliance Communications	762	SELL	4.0	1.5	(250)
Telecom			9.2	3.9	(525)
NTPC	246	ADD	2.3	1.3	(100)
Reliance Energy	1,912	NR	2.1	—	(210)
Tata Power	1,307	ADD	—	1.5	150
Utilities			4.4	2.8	(160)
Andhra Bank	110	BUY	—	0.6	60
Corporation Bank	442	BUY	—	0.6	60
Federal Bank	324	ADD	—	0.6	60
J&K Bank	873	ADD	—	0.6	60
Union Bank	209	BUY	—	0.6	60
Banking basket			—	3.0	300
IVRCL	514	BUY	—	0.6	60
Kalpataru Power Transmission	1,928	ADD	—	0.6	60
Maharashtra Seamless	613	BUY	—	0.6	60
Nagarjuna Construction Co.	345	BUY	—	0.6	60
Sadbhav Engineering	1,142	BUY	—	0.6	60
Infrastructure basket			—	3.0	300
BSE-30	20,104		100.0	100.0	—

Note:

(a) weightages are with respect to December 12, 2007 prices.

Source: BSE, Bloomberg, Kotak Institutional Equities.

Sensex valuation summary

Exhibit 3: Valuation summary of BSE-30 sectors, 13 December, 2007

	Mkt-cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)		Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007	2008E	2007	2008E	2007	2008E
Automobiles	27,867	26.3	29.3	15.3	16.3	19.6	17.0	14.6	11.1	9.7	4.6	3.7	1.3	1.3	23.7	21.8
Banking	105,143	13.3	14.2	31.7	12.9	40.0	30.4	26.9	—	—	6.6	4.1	0.6	0.7	16.5	13.5
Consumers	30,568	21.2	19.8	14.9	15.3	28.3	24.6	21.4	19.3	15.6	8.8	8.1	2.2	2.9	31.2	33.0
Cement	19,404	27.7	89.5	21.5	10.6	17.6	14.5	13.1	10.3	8.1	4.7	3.6	1.1	1.3	26.5	25.1
Energy	156,817	16.9	21.9	23.6	18.0	20.7	16.8	14.2	10.2	8.9	3.8	3.3	1.3	1.4	18.5	19.6
Industrials	63,120	59.6	52.0	37.6	31.9	59.3	43.1	32.7	34.2	25.5	15.1	11.5	0.3	0.4	25.5	26.7
Metals	26,335	6.3	33.1	(0.6)	3.3	15.0	15.1	14.6	9.5	8.7	3.5	2.1	1.1	1.2	23.5	14.0
Pharmaceuticals	7,908	(26.3)	39.6	12.7	4.7	26.4	23.5	22.4	18.7	15.9	5.3	4.6	1.5	1.8	19.9	19.7
Property	38,822	121.6	913.2	309	30.7	78.8	19.2	14.7	55.8	15.3	38.6	7.6	—	0.6	49.0	39.5
Technology	75,310	28.6	44.4	20.9	21.8	24.4	20.2	16.6	18.1	14.7	8.2	6.4	1.1	1.5	33.5	31.7
Telecom	87,114	(107.4)	182.9	68.9	29.7	47.3	28.0	21.6	25.2	16.1	9.9	7.4	0.0	0.2	20.9	26.4
Utilities	62,532	17.0	16.1	11.4	9.2	32.4	29.0	26.6	17.2	17.4	4.2	3.9	1.1	1.3	12.9	13.3
BSE-30	700,941	20.4	36.1	30.1	18.4	28.9	22.2	18.7	15.5	12.5	6.0	4.5	0.9	1.1	20.6	20.5
BSE-30 ex-Energy	544,124	22.4	43.8	33.1	18.6	32.6	24.5	20.6	19.1	14.6	7.1	5.1	0.7	1.0	21.8	20.8
BSE-30 ex-Energy, Com.	498,384	24.7	42.5	38.3	20.6	36.0	26.0	21.6	21.6	16.0	7.7	5.6	0.7	0.9	21.3	21.6

Source: Company reports, Kotak Institutional Equities estimates.

Nifty valuation summary

Exhibit 4: Valuation summary of Nifty sectors, 13 December 2007

	Mkt cap. (US\$ mn)	EPS growth (%)				PER (X)			EV/EBITDA (X)			Price/BV (X)		Div Yield (%)		RoE (%)	
		2006	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2007E	2008E	2007E	2008E
Automobiles	31,486	25.1	21.8	13.4	15.3	19.2	17.0	14.7	10.8	9.6	8.1	4.7	3.8	1.5	1.5	24.6	22.4
Banking	110,639	11.6	13.2	29.7	11.7	36.6	28.2	25.3	—	—	—	6.1	3.9	0.6	0.7	16.6	13.9
Consumers	30,570	21.2	19.8	14.9	15.3	28.3	24.6	21.4	19.3	15.6	13.3	8.8	8.1	2.2	2.9	31.2	33.0
Cement	19,406	27.7	89.5	21.5	10.6	17.6	14.5	13.1	10.3	8.1	7.1	4.7	3.6	1.1	1.3	26.5	25.1
Energy	199,927	8.8	28.8	18.4	19.3	22.4	18.9	15.8	11.2	10.2	8.3	3.7	3.3	1.3	1.3	16.7	17.4
Industrials	94,302	65.7	43.8	38.7	39.7	64.3	46.3	33.2	37.5	27.3	19.9	16.6	12.5	0.3	0.3	25.8	27.1
Metals	41,161	20.7	65.6	(6.3)	0.6	11.6	12.4	12.3	6.7	6.5	6.4	3.3	2.0	1.0	1.1	28.7	16.0
Media	3,504	(34.6)	11.2	52.0	41.7	58.2	38.3	27.0	43.8	21.6	16.2	5.3	4.8	0.5	0.6	9.1	12.6
Property	19,677	151.9	1,389.1	37.5	50.3	59.4	43.2	28.8	38.3	29.4	20.7	38.9	21.5	-	0.2	65.4	49.8
Telecom	94,901	(53.9)	133.2	61.1	28.6	45.7	28.3	22.0	23.7	15.5	12.0	7.1	5.7	0.2	0.5	15.6	20.2
Technology	80,738	28.3	46.8	19.0	21.6	23.7	19.9	16.4	17.4	14.4	11.3	7.7	6.1	1.2	1.6	32.3	30.9
Utilities	70,267	18.4	14.8	12.9	11.0	33.8	30.0	27.0	17.9	18.0	18.3	4.2	3.9	1.1	1.3	12.6	13.0
NIFTY	815,676	18.2	39.7	19.7	18.1	27.6	23.0	19.5	14.8	13.0	11.0	5.5	4.3	0.9	1.1	19.8	18.8
NIFTY ex-Energy	615,749	23.4	45.1	20.3	17.6	29.8	24.8	21.1	17.0	14.6	12.5	6.4	4.8	0.8	1.0	21.6	19.4
NIFTY ex-Energy ex Com	574,588	23.9	41.4	25.8	20.3	33.6	26.7	22.2	19.9	16.5	13.7	6.9	5.4	0.8	1.0	20.5	20.1

Note:

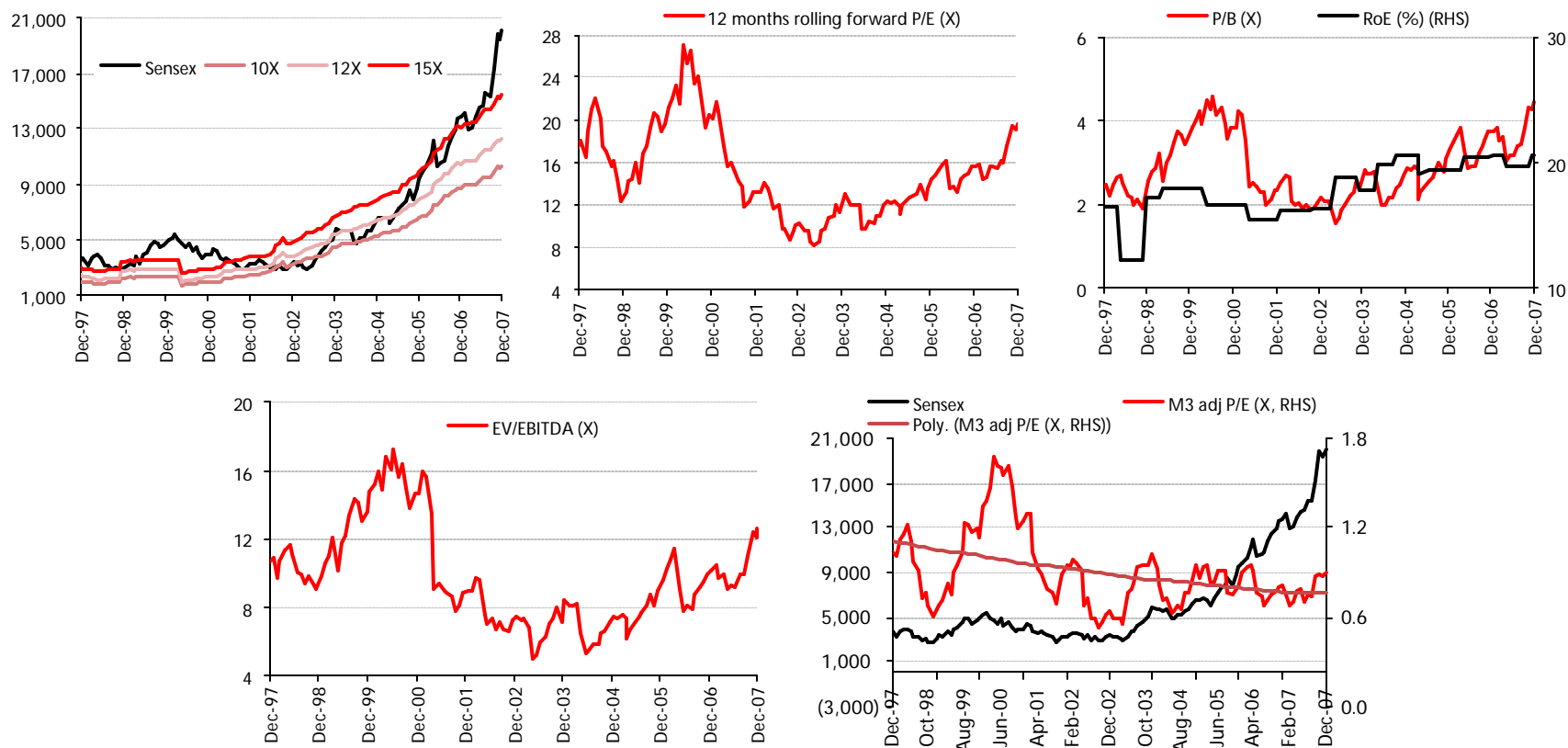
(a) Following companies are excluded: SAIL

Source: Company reports, Kotak Institutional Equities estimates.

BSE-Sensex key parameters

Exhibit 5: Key fundamental indicators of BSE Sensex

Sensex (BSE-30) P/B, EV/EBITDA and 12-month forward rolling P/E, April 1997 - current



Source: Bloomberg, Company reports, Kotak Institutional Equities.

Market performance

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

Relative performance of Indian markets

Exhibit 6: Key performance of benchmark indices
(base 100 as of December 13, 2006)

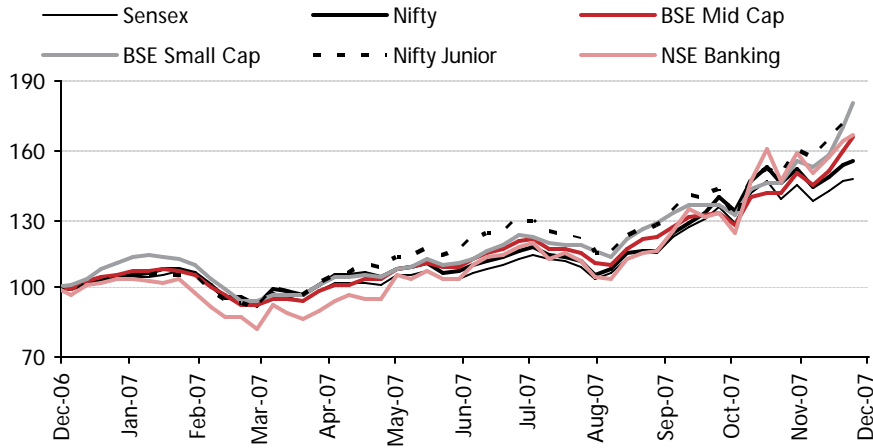


Exhibit 7: Weekly performance of the benchmark indices

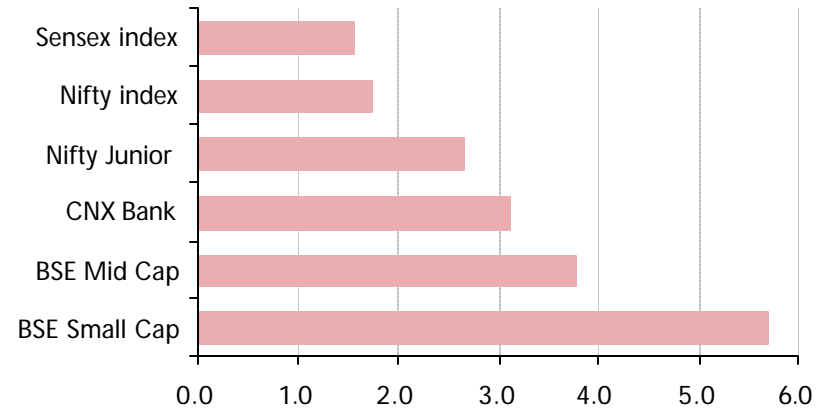


Exhibit 8: 1-month performance of the benchmark indices

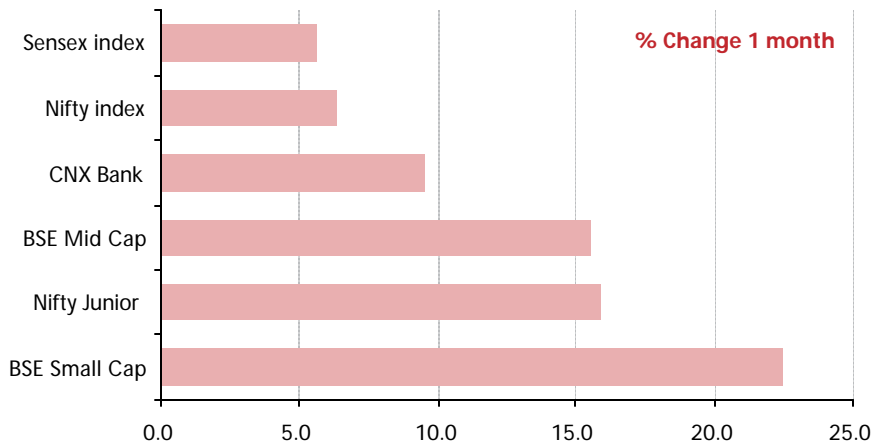
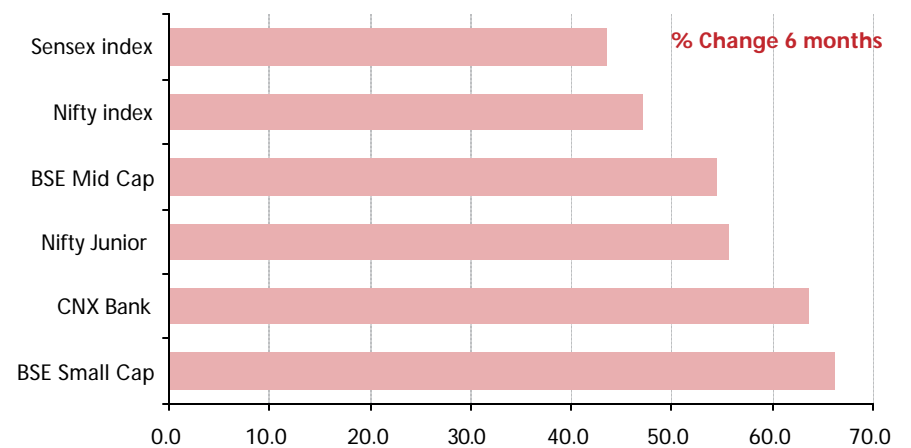


Exhibit 9: 6-month performance of the benchmark indices



Source: Bloomberg, Kotak Institutional Equities.

BSE-Sensex versus regional indices

Exhibit 10: Weekly performance

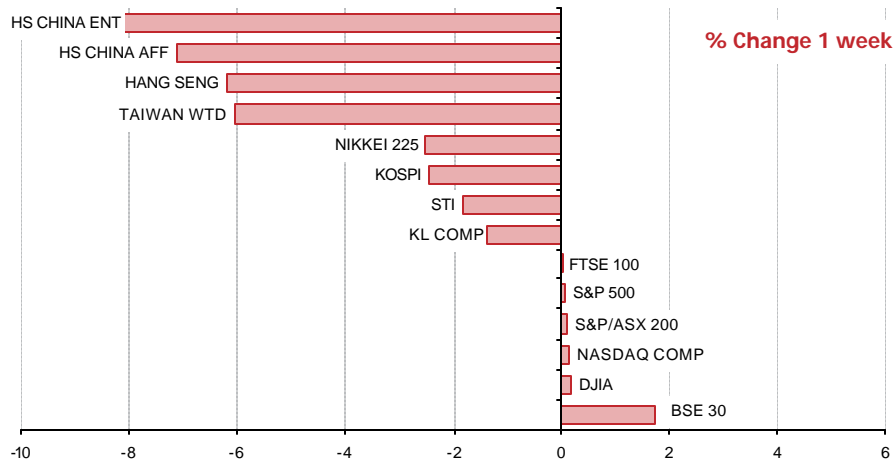


Exhibit 11: 3-month performance

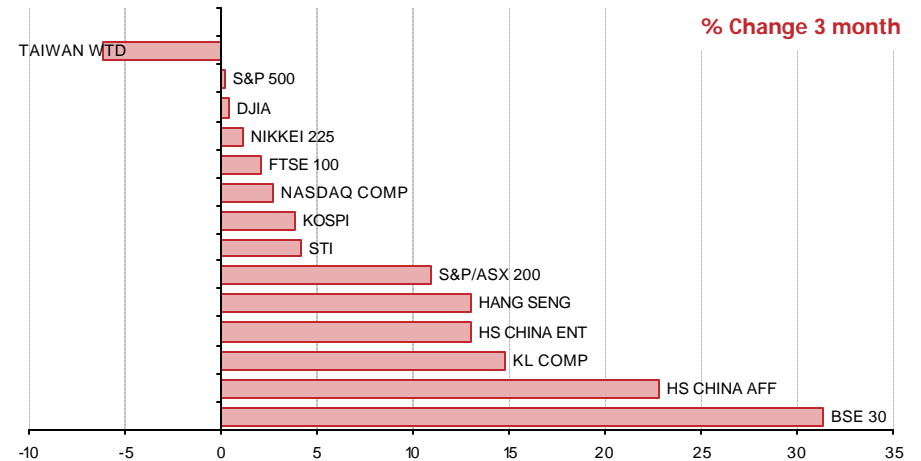


Exhibit 12: 6-month performance

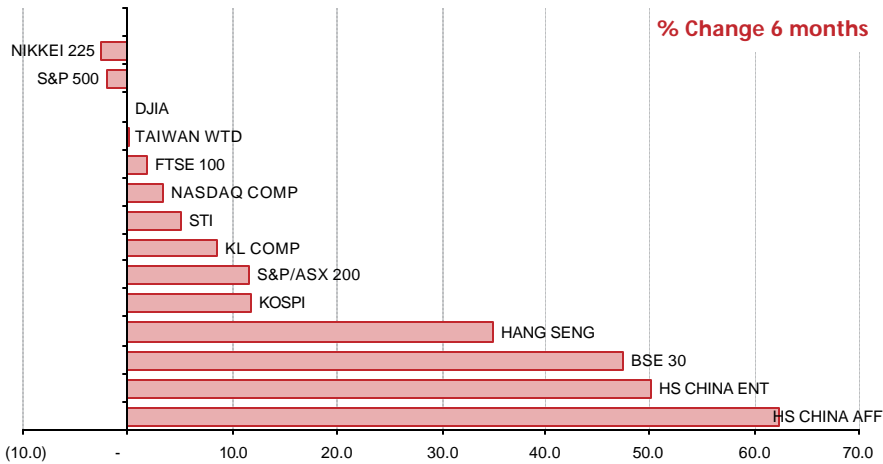
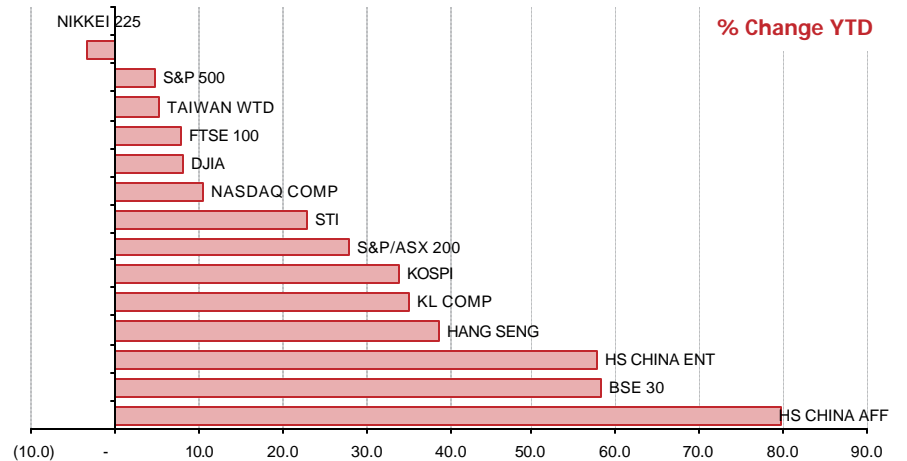


Exhibit 13: Year-to-date performance



Note:

(a) Returns are adjusted for the currency changes

Source: Bloomberg, BSE, Kotak Institutional Equities.

Sectoral performance

Exhibit 14: Market performance of Sensex sectors, 13 December, 2007

	Mkt cap.	Change (%)						Relative change (%)			
	(US\$ m)	1-Day	1-mo	3-mo	6-mo	1-Year	CYTD	1-Day	1-mo	6-mo	1-Year
Automobiles	27,867	(0.8)	10.9	13.6	27.8	4.1	(3.0)	0.5	5.0	(11.0)	(31.8)
Banking	105,143	(1.8)	9.1	42.3	61.5	75.8	67.3	(0.5)	3.3	12.5	15.3
Consumers	30,568	2.8	8.6	5.3	22.8	6.4	6.0	4.1	2.8	(14.5)	(30.3)
Cement	19,404	(0.8)	3.1	4.6	43.5	20.8	13.3	0.5	(2.4)	(0.0)	(20.8)
Energy	156,817	(2.0)	4.5	42.7	56.8	90.7	78.9	(0.7)	(1.0)	9.2	25.0
Industrials	63,120	(1.7)	(4.9)	48.6	110.7	148.1	154.4	(0.3)	(10.0)	46.8	62.7
Metals	26,335	2.5	5.7	40.6	56.8	88.4	74.7	3.8	0.0	9.2	23.5
Pharmaceuticals	10,936	2.1	7.7	7.9	7.0	(5.0)	(9.7)	3.4	2.0	(25.5)	(37.7)
Telecom	87,070	(3.7)	13.4	26.4	37.0	69.8	59.1	(2.3)	7.4	(4.6)	11.3
Technology	75,310	(1.6)	6.8	(1.6)	(13.0)	(13.7)	(19.4)	(0.3)	1.1	(39.4)	(43.4)
Utilities	62,532	(1.8)	(7.6)	38.1	78.3	93.8	98.2	(0.5)	(12.5)	24.2	27.1
Sensex sum	665,104	(1.3)	5.6	28.8	43.6	52.5	45.8				

Source: Bloomberg, 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 Vardhman	20.2	1 Bharat Heavy Electricals	(7.0)
2 GSPL	20.0	2 Rico Auto	(6.4)
3 National Aluminium Co.	16.4	3 Pantaloon Retail	(5.8)
4 Dredging Corporation	16.3	4 GMR Infrastructure	(5.5)
5 Sintex	16.2	5 Container Corporation	(5.2)
6 Centurion Bank of Punjab	15.5	6 Ambuja cements	(4.4)
7 JSW Steel	14.4	7 Satyam Computer Services	(3.6)
8 Jindal Saw	14.3	8 Nestle India	(3.5)
9 Indian Oil Corporation	12.1	9 Hotel Leela	(2.8)
10 Jet Airways	11.7	10 PFC	(2.8)

CYTD performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	601.5	1 Hexaware Technologies	(57.9)
2 Welspun Gujarat Stahl Rohrer	407.1	2 Vardhman	(34.2)
3 India Infoline	384.4	3 Tech Mahindra	(32.2)
4 Educomp Solutions	323.9	4 Rico Auto	(31.6)
5 SREI	309.3	5 Polaris Software Lab	(30.2)
6 Reliance Energy	267.8	6 Aventis Pharma	(26.1)
7 ABG Shipyard	260.9	7 Infosys Technologies	(26.0)
8 Reliance Petroleum	255.4	8 Patni Computer Systems	(21.5)
9 JSW Steel	245.0	9 TVS Motor Co	(19.7)

1- month performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 LANCO	106.0	1 NTPC	(9.6)
2 JSW Steel	51.1	2 Hexaware Technologies	(8.3)
3 SREI	46.1	3 Bharat Heavy Electricals	(6.7)
4 Jindal Steel and Power	42.5	4 Bharat Electronics	(6.0)
5 EIH	41.5	5 Federal Bank	(5.0)
6 Centurion Bank of Punjab	40.2	6 Container Corporation	(4.6)
7 Ashok Leyland	40.0	7 Biocon	(4.5)
8 India Infoline	39.8	8 Ranbaxy Laboratories	(3.2)
9 GSPL	39.0	9 Larsen & Toubro	(3.1)
10 Jindal Saw	38.6	10 PFC	(2.8)

1-year performance

Top Gainers		Top Losers	
Company	% Change	Company	% Change
1 Jindal Steel and Power	701.4	1 Hexaware Technologies	(53.8)
2 Educomp Solutions	571.1	2 Vardhman	(29.6)
3 India Infoline	480.0	3 Aventis Pharma	(27.7)
4 Welspun Gujarat Stahl Rohrer	431.8	4 Rico Auto	(25.9)
6 JSW Steel	326.4	5 Infosys Technologies	(22.9)
7 ABG Shipyard	318.2	6 i-flex solutions	(22.0)
8 Reliance Energy	271.3	7 TVS Motor Co	(18.4)
9 GMR Infrastructure	264.7	8 Patni Computer Systems	(15.1)
10 LANCO	261.9	9 Cipla	(14.4)
11 Reliance Petroleum	253.5	10 Container Corporation	(13.6)

Source: Kotak Institutional Equities.

Fundamental & technical indicators

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

Price-to-Earnings ratio analysis

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

Premium to 1 year rolling forward P/E (%)

Company	Premium to sector
Jindal Steel and Power	216.6
Reliance Energy	192.1
GSPL	180.0
HDFC	175.4
Aditya Birla Nuvo	173.8
VSNL	154.5
Jet Airways	150.7

Discount to 1 year rolling forward P/E (%)

Company	Discount to sector
Monnet Ispat	77.8
Andhra Bank	61.8
Canara Bank	59.4
Corporation Bank	57.8
Maharashtra Seamless	57.6
Bharat Electronics	54.6
Dredging Corporation	50.9

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

Lowest 1 year rolling forward P/E (X)

Company	Lowest P/E
Hindustan Zinc	7.7
Andhra Bank	8.3
Hexaware Technologies	8.4
LIC Housing Finance	8.4
Monnet Ispat	9.0
Corporation Bank	9.2
GE Shipping	9.3
Ipca Laboratories	9.4
Patni Computer Systems	10.8
Polaris Software Lab	11.0
Aventis Pharma	11.1

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

Highest 1 year forward P/E (X)

Company	Highest P/E
Aditya Birla Nuvo	70.1
GVKPIL	52.9
ABB	48.5
Siemens	47.4
HDFC	38.3
Larsen & Toubro	36.4
VSNL	36.0
Sun TV Network	35.4
i-flex solutions	34.0
Bharat Heavy Electricals	33.4

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

Company	% discount to historical high
Ashok Leyland	0.0
Bank of Baroda	0.0
Dredging Corporation	0.0
Divi's Laboratories	0.0
GAIL (India)	0.0
GE Shipping	0.0
HDFC	0.0
Indian Oil Corporation	0.0
NTPC	0.0
Punjab National Bank	0.0
Reliance Energy	0.0
Sun Pharmaceuticals	0.0
Tata Power	0.0
VSNL	0.0
EIH	0.0
IDFC	0.0

Note:

(a) Historical figures are generated since May 2000.

Source: Bloomberg, Kotak Institutional Equities

Enterprise Value-to-EBITDA ratio analysis

Exhibit 21 and 22: Companies trading at a premium to the sector based on comparable companies covered by Kotak Institutional Equities. Analysis done on 1- year forward EV-EBITDA

Trading at premium to the sectors	
Premium to 1 year rolling forward EV/EBITDA (%)	
Company	Sector premium
Petronet LNG	202.3
Gateway Distriparks	195.1
i-flex solutions	180.6
GAIL (India)	180.3
Bajaj Auto	159.8

Trading at discount to sectors	
Discount to 1 year rolling forward EV/EBITDA (%)	
Company	Sector discount
Maharashtra Seamless	40.5
Patni Computer Systems	45.5
Polaris Software Lab	47.1
Dredging Corporation	52.2
Hindustan Zinc	56.1

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

Highest 1 year rolling forward EV/EBITDA (X)	
Company	Highest EV/EBITDA
Reliance Energy	52.1
Divi's Laboratories	34.8
ABB	29.3
Aditya Birla Nuvo	29.3
Siemens	27.2
Larsen & Toubro	25.6
i-flex solutions	23.8
Tata Power	22.7

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

Lowest 1 year rolling forward EV/EBITDA (X)	
Company	Lowest EV/EBITDA
Hexaware Technologies	4.7
Hindustan Zinc	4.8
Oil & Natural Gas Corporation	5.1
Vardhman	5.4
Bharat Petroleum	5.4
Monnet Ispat	5.9
Patni Computer Systems	6.0
Tata Motors	6.2

Source: Bloomberg, Kotak Institutional Equities

Technical indicators

Exhibit 25: Volume momentum analysis

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

Company	5-day average Increase volumes (%)	Price Change (%)	
			(1month basis %)
EIH	914,339	353	41.5
Nicholas Piramal	272,860	151	14.8
Oriental Bank of Commerce	298,384	148	16.5
Polaris Software Lab	591,834	145	15.2
GlaxoSmithkline (India)	36,506	135	2.7
Sintex	201,180	93	11.3
Wockhardt	57,104	90	(1.2)

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

Company	5-day average volumes	% decrease	Price Change (%)	
				(1month basis %)
Dredging Corporation	21,098	(77)	5.1	
Container Corporation	8,180	(72)	(4.6)	
HCL Technologies	87,464	(68)	4.9	
iGate Global Solutions	11,519	(65)	9.1	
Larsen & Toubro	103,719	(62)	(3.1)	
Biocon	98,259	(60)	(4.5)	
Asian Paints	4,487	(59)	6.9	

Date	Sensex	Avg daily value traded (US\$ mn)	Institutional participation in total turnover		Sensex delivery (%)	Put-Call (X)
			FII%	MF%		
Apr-07	13,872	2,776	18.0	4.7	49.2	1.12
May-07	14,544	3,420	16.3	4.5	49.8	1.38
Jun-07	14,651	3,327	17.6	3.9	49.9	1.44
Jul-07	15,551	4,309	18.6	4.4	49.8	1.38
Aug-07	15,318	3,742	18.6	4.3	45.2	1.32
Sep-07	17,291	4,703	16.0	4.2	48.0	1.23
Oct-07	19,724	7,118	18.4	3.6	43.0	1.15
Nov-07	19,003	6,771	16.0	3.0	38.0	1.02
Dec-07	20,104	6,922	12.2	3.2	39.0	1.27

Source: Bloomberg, Kotak Institutional Equities.

Earnings momentum

- **Top upgrades and downgrades in 2008 estimates in the past month**
- **Top changes in target prices in the past month**
- **Top changes in ratings in the past month**

Top upgrades/downgrades

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

FY2008 earnings upgrades (KIE) (1 month)

	Company	% Change
1	India Infoline	15.0
2	Punj	8.5
3	DLF	8.2
4	Siemens	3.4
5	CESC	2.9
6	JSW Steel	2.3

FY2008 earnings downgrades (KIE) (1 month)

	Company	% Change
1	Suzlon Energy	(4.5)

Source: Kotak Institutional Equities estimates.

Changes in our target prices

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

Upgrades in target prices (1 month)

	Company	% Change	New	Old
1	Sun Pharmaceuticals	173.1	1,270	465
2	SREI	84.6	240	130
3	Jindal Steel and Power	52.6	14,500	9,500
4	GE Shipping	43.8	525	365
5	Hindustan Petroleum	33.3	400	300
6	Punj	33.3	500	375
7	India Infoline	23.8	1,300	1,050
8	Suzlon Energy	21.6	2,250	1,850
9	Bharat Petroleum	20.0	450	375
10	Siemens	19.4	1,850	1,550
11	IDEA	9.1	120	110
12	Bharti Airtel Limited	1.9	790	775

Downgrades in target prices (1 month)

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

Source: Kotak Institutional Equities.

Changes in our ratings

Exhibit 29: Changes in ratings over the past 1 month

Company name		Rating	
		Current	Previous
J&K Bank	Downgraded	ADD	BUY
Federal Bank	Upgraded	ADD	REDUCE
Centurion Bank of Punjab	Downgraded	REDUCE	ADD
Indian Bank	Downgraded	SELL	REDUCE
JSW Steel	Upgraded	ADD	REDUCE
SREI	Upgraded	BUY	ADD
Siemens	Upgraded	REDUCE	SELL
Suzlon Energy	Upgraded	ADD	REDUCE
Indian Overseas Bank	Downgraded	ADD	BUY
GE Shipping	Upgraded	ADD	REDUCE

Source:Kotak Institutional Equities.

Source: Kotak Institutional Equities.

Flows

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

Trend in equity flows

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

	FII	MF
CY 1999	1,537	0
CY 2000	1,462	(150)
CY 2001	2,807	(1,110)
CY 2002	751	(685)
CY 2003	6,658	118
CY2004	8,382	(217)
CY 2005	10,776	2,873
CY 2006	8,632	3,585
CY 2007	16,899	821
Jan	40	(298)
Feb	1,249	(61)
Mar	317	(365)
Apr	1,257	217
May	1,085	401
Jun	1,759	100
Jul	4,530	(218)
Aug	(1,861)	1,037
Sep	4,645	(187)
Oct	4,268	(439)
Nov	(1,140)	519
Dec	752	114

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

	Index Futures	Index Options	Stock Futures	Stock Options
CY2004	(91)	608	(796)	4
CY2005	(676)	2,199	(668)	(42)
CY 2006	345	3,950	(3,690)	(83)
CY2007	(410)	11,434	(10,056)	(158)
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)
Jun	(1,025)	980	(568)	(16)
Jul	(821)	1,860	(1,649)	(4)
Aug	1,037	1,235	(303)	(15)
Sep	2,122	1,607	(1,291)	(1)
Oct	(1,761)	1,210	(2,080)	(38)
Nov	(755)	944	(2,330)	(24)
Dec	391	434	(996)	(13)

Source: Bloomberg, Kotak Institutional Equities

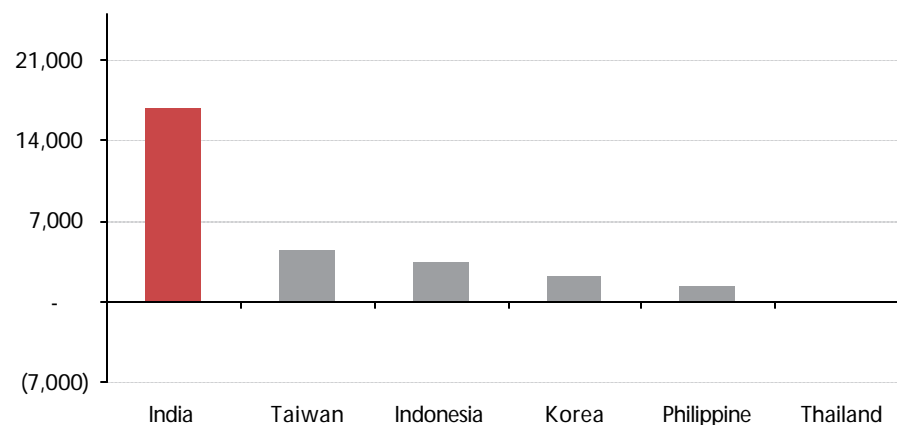
FII flows in other emerging markets

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

Flows in the cash markets

Date	Taiwan	Indonesia	Philippine	Thailand	India
14-Nov-07	23	(4)	(6)	(1)	236
15-Nov-07	(137)	(2)	(10)	(1)	195
16-Nov-07	(606)	(43)	(14)	(2)	(20)
19-Nov-07	(147)	(12)	0	(2)	(7)
20-Nov-07	(443)	(28)	(23)	(5)	(266)
21-Nov-07	(628)	41	(2)	(4)	(551)
22-Nov-07	(269)	(33)	(4)	(3)	(209)
23-Nov-07	(134)	33	(16)	(1)	(43)
26-Nov-07	333	62	(2)	(0)	117
27-Nov-07	(239)	(14)	(5)	(1)	(65)
28-Nov-07	(100)	49	(5)	(0)	(112)
29-Nov-07	298	(11)	22	(0)	(242)
30-Nov-07	374	(42)	-	1	367
3-Dec-07	(70)	15	(11)	(2)	28
4-Dec-07	(52)	(17)	(4)	(1)	5
5-Dec-07	32	(76)	(16)	-	268
6-Dec-07	526	54	4	1	204
7-Dec-07	534	40	5	0	1
10-Dec-07	(47)	5	(9)	-	75
11-Dec-07	139	18	(18)	(0)	171
Total	(613)	34	(113)	(20)	153

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



Source: Bloomberg.

IPO analysis

Exhibit 33: Market performance since IPO/ Follow on offering

Name	Offer Shares	Price (Rs)	Value (Rs mn)	Date of Listing	Price		Performance (%)	
					Day 1	Latest	Day 1	Since Listing
Religare Enterprises	76	185	1,402	21-Nov-07	521	529	182	186
Dhanus Technologies	38	295	1,131	17-Oct-07	311	287	5	(3)
Koutons Retail	35	415	1,462	12-Oct-07	590	775	42	87
Power Grid Corp	5,739	52	29,845	05-Oct-07	100	147	92	183
Magnum Ventures	176	30	529	20-Sep-07	49	30	62	(1)
Indowind Energy	125	65	813	14-Sep-07	115	139	76	114
Motilal Oswal Financial	30	825	2,461	11-Sep-07	977	1,777	18	115
Puravankara Projects	215	400	8,587	30-Aug-07	362	503	(10)	26
KPR Mill	59	225	1,330	28-Aug-07	174	169	(23)	(25)
TakeSolutions	21	730	1,533	27-Aug-07	926	1,178	27	61
Central Bank of India	800	102	8,160	21-Aug-07	115	142	13	39
SEL manufacturing	41	90	372	21-Aug-07	142	112	58	24
Refex Refrigerants	38	65	247	20-Aug-07	62	180	(5)	177
Zylog Systems	36	350	1,260	17-Aug-07	431	407	23	16
IVR Prime	142	550	7,783	16-Aug-07	418	491	(24)	(11)
OMAXE Ltd	178	310	5,517	09-Aug-07	349	575	13	86
Alpa Laboratories	95	68	646	06-Aug-07	55	49	(19)	(28)
Simplex projects	30	185	555	03-Aug-07	272	380	47	106
Everonn Systems	36	140	500	01-Aug-07	478	730	241	421
Allied Digital	45	190	859	25-Jul-07	331	520	74	174
Housing Development & Infra	297	500	14,850	24-Jul-07	558	960	12	92
Soice Communications	1,131	46	5,203	18-Jul-07	61	64	32	39
Roman Tarmat	29	175	508	09-Jul-07	319	202	82	16
DLF	1,750	525	91,875	05-Jul-07	570	1,023	9	95
Vishal Retail	40	270	1,082	04-Jul-07	752	839	179	211
Nitin Fire Protection	34	190	644	05-Jun-07	484	515	155	171
Insecticides Ind	32	115	369	30-May-07	110	82	(5)	(29)
MIC Electronics	51	150	765	30-May-07	336	740	124	393
Binani Cements	205	75	1,538	28-May-07	69	115	(8)	54
Hilton Metal Forging	55	70	382	24-May-07	68	45	(3)	(36)
Bhagwati Hotels	230	40	920	17-May-07	51	84	27	109
Fortis Healthcare	460	108	4,968	09-May-07	100	87	(7)	(19)
Advanta IndiaLtd	34	640	2,163	19-Apr-07	850	1,102	33	72
ICRA Ltd	26	330	852	13-Apr-07	798	944	142	186
Orbit Corp Ltd	91	110	1,001	12-Apr-07	128	869	16	690
Gremach Infrastructure	69	86	590	11-Apr-07	84	347	(2)	303
Astral Polytechn	30	115	342	20-Mar-07	105	176	(9)	53
Abhishek Mills L	41	100	410	19-Mar-07	91	71	(9)	(29)
AMD Metplast Ltd	102	75	763	19-Mar-07	78	60	4	(20)
Jagjanani Textil	81	25	203	19-Mar-07	23	15	(7)	(40)
Lawreshwar Polym	87	16	139	19-Mar-07	14	15	(13)	(9)
Page Industries	28	360	1,009	16-Mar-07	282	409	(22)	14
Raj Television N	36	257	917	16-Mar-07	226	211	(12)	(18)
Euro Ceramics	56	165	928	09-Mar-07	119	250	(28)	51
Idea Cellular	2,833	75	21,250	09-Mar-07	86	141	14	88
Mudra Lifestyle	96	90	862	09-Mar-07	64	96	(29)	7
Vijayeshwari Textiles	90	100	900	09-Mar-07	69	57	(31)	(43)
Indus Fila Ltd	48	170	823	08-Mar-07	132	333	(22)	96

Source: Bloomberg and Kotak Institutional Equities.

Exhibit 34: Forthcoming IPO/Follow on offerings

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

Source: Primedatabase .

Bulk deals

Bulk/block deals during the week

Deal Date	Scrip Name	Action	Quantity	Price	Value	
					(Rs mn)	Exchange
12-Dec	Edelweiss Capital Limited	BUY	982000	1535.78	1508	NSE
07-Dec	Moser-baer (I) Ltd	BUY	3378800	299.94	1013	NSE
07-Dec	Moser-baer (I) Ltd	SELL	3300000	300	990	NSE
10-Dec	Cadila Healthcare Ltd.	SELL	1630029	292	476	NSE
07-Dec	IOL Broadband Limited	BUY	606000	546.49	331	NSE
07-Dec	Amtek Indil	Sell	1700000	171	291	BSE
10-Dec	Micro Links	Buy	729342	389.81	284	BSE
10-Dec	Micro Links	Sell	729342	389.81	284	BSE
06-Dec	Dish Tv	Sell	2650000	97.42	258	BSE
07-Dec	Ahmednagar Forgings Ltd	BUY	990000	227.53	225	NSE
06-Dec	Mercator Lin	Buy	1462248	141.8	207	BSE
07-Dec	Gitanjali Gems Limited	SELL	425400	439.51	187	NSE
11-Dec	Balrampur Chini Mills	BUY	1600000	107.09	171	NSE
12-Dec	SRF Ltd.	BUY	840000	185.67	156	NSE
10-Dec	Balrampur Chini Mills	SELL	1400000	102.82	144	NSE
06-Dec	Micro Technologies (India)	BUY	500000	240	120	NSE
11-Dec	Era Constructions (India)	BUY	210000	567.27	119	NSE
07-Dec	Aftek Limited	SELL	1422000	79.44	113	NSE
10-Dec	Era Cons I	Buy	200000	555	111	BSE
11-Dec	Era Cons I	Buy	190000	567.15	108	BSE
06-Dec	Electrosteel Cast Ltd.	SELL	1251889	85.23	107	NSE
07-Dec	AFTEK LTD	Sell	1175000	79.43	93	BSE
08-Dec	TATA COFFEE	Sell	350000	255.02	89	BSE
07-Dec	Hind. Oil Exploration	SELL	566692	142.94	81	NSE
06-Dec	SUBEX AZURE	Buy	252646	303	77	BSE
06-Dec	Subex Azure Limited	BUY	243000	303	74	NSE
12-Dec	Everonn Systems India Lim	BUY	105262	628.02	66	NSE

Source: BSE and NSE

Delivery positions

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

Increase in delivery % (KIE universe)

Name	Delivery %	
	Previous week	Current week
Glaxosmithkline Consumer Hea	74	98
National Aluminium Co Ltd	40	62
India Cements Limited	34	56
Shree Cement Limited	77	97
Dredging Corp Of India Ltd	49	66
Ranbaxy Laboratories Ltd	49	65
IvrcI Infrastructures & Proj	19	33
EIH Limited	59	73
Godrej Consumer Products Ltd	50	63

Decrease in delivery % (KIE universe)

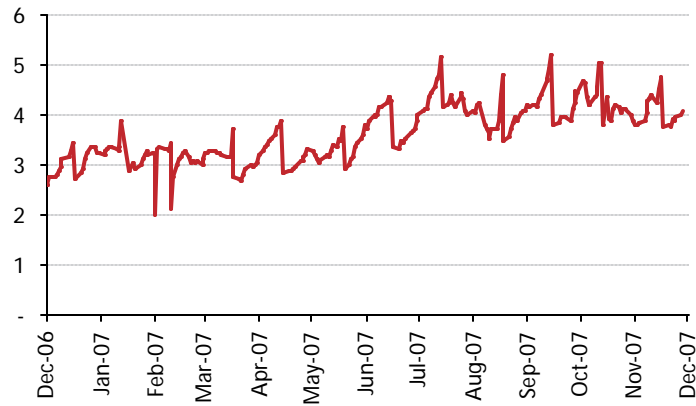
Name	Delivery %	
	Previous week	Current week
Motherson Sumi Systems Ltd	81	40
Micro Inks Ltd	92	59
Infrastructure Dev Finance	66	37
Bajaj Auto Limited	84	56
Bank Of Baroda	55	27
Siemens India Limited	65	39
Ntpc Limited	64	37
Container Corp Of India Ltd	93	68
Gvk Power & Infrastructure	93	69

Source: Bloomberg and Kotak Institutional Equities.

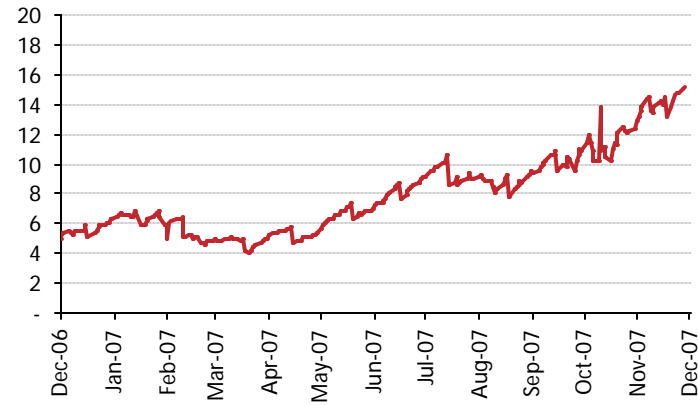
Open interest analysis

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

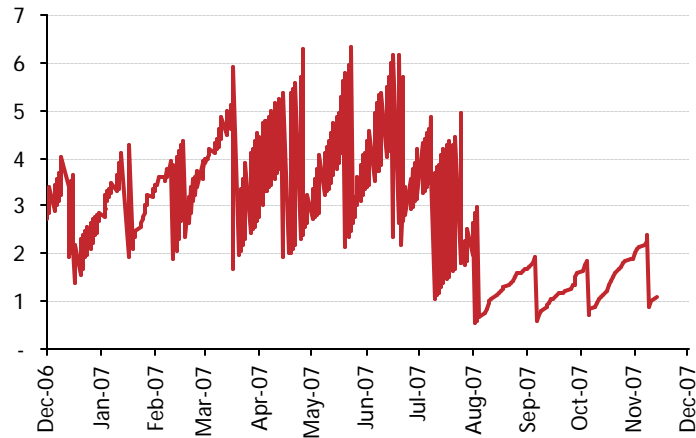
India Index futures open interest



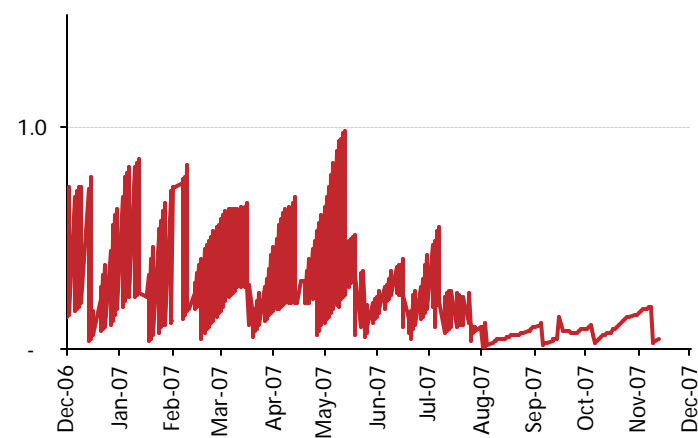
India stock futures open interest



India Index option open interest



India stock option open interest

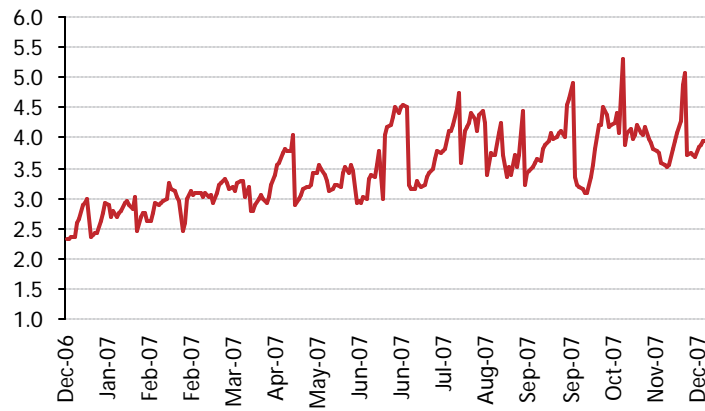


Source: Bloomberg and Kotak Institutional Equities.

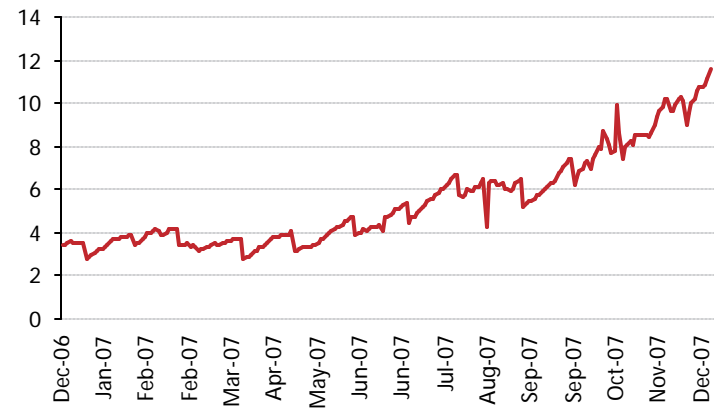
Open interest analysis

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

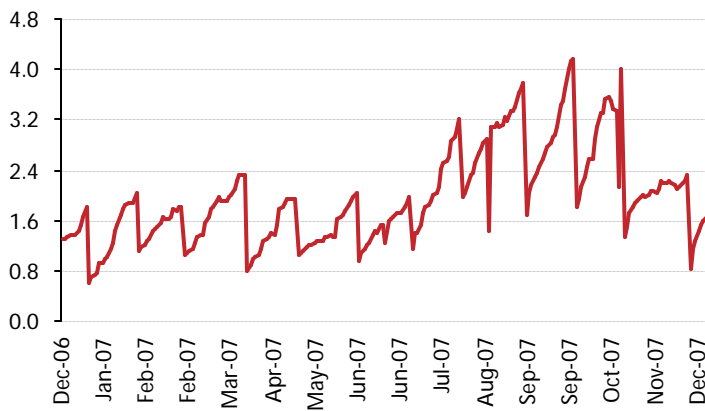
Index futures value of open interest



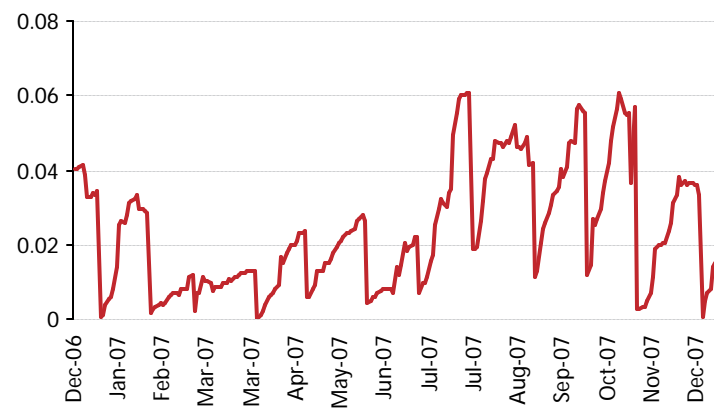
Stock futures value of open interest



Index options value of open interest



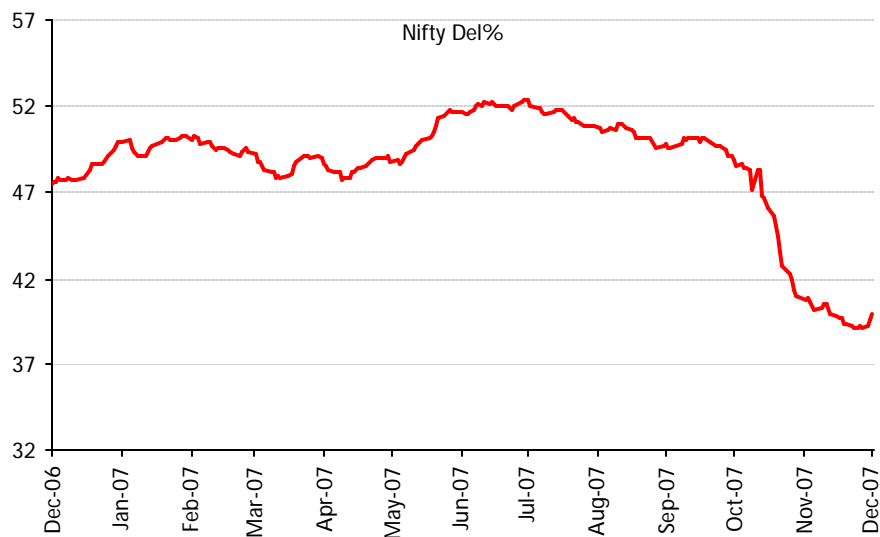
Stock options value of open interest



Source: Bloomberg and Kotak Institutional Equities.

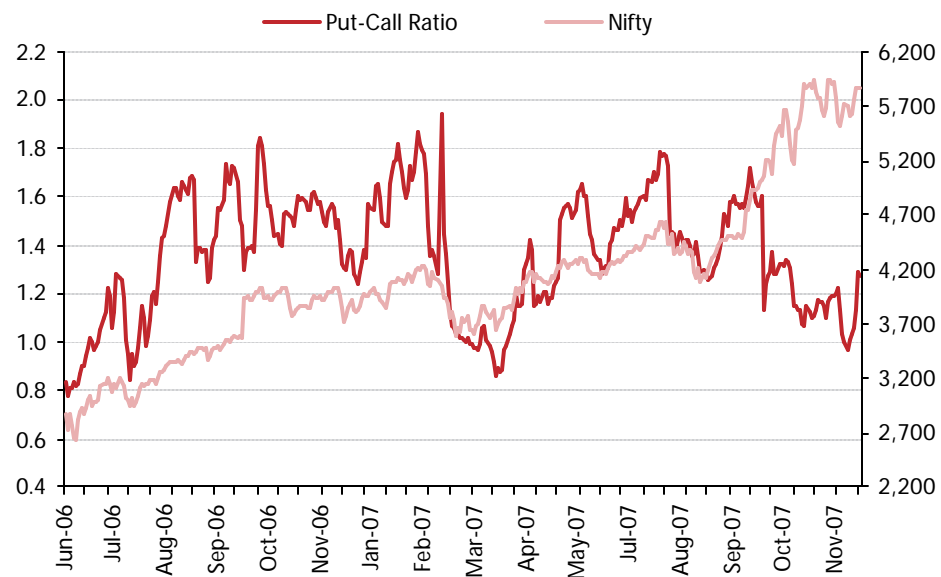
Market movement indicators

Exhibit 39: Aggregate delivery percentage



Source: Bloomberg and Kotak Institutional Equities.

Exhibit 40: Put call ratio versus Nifty



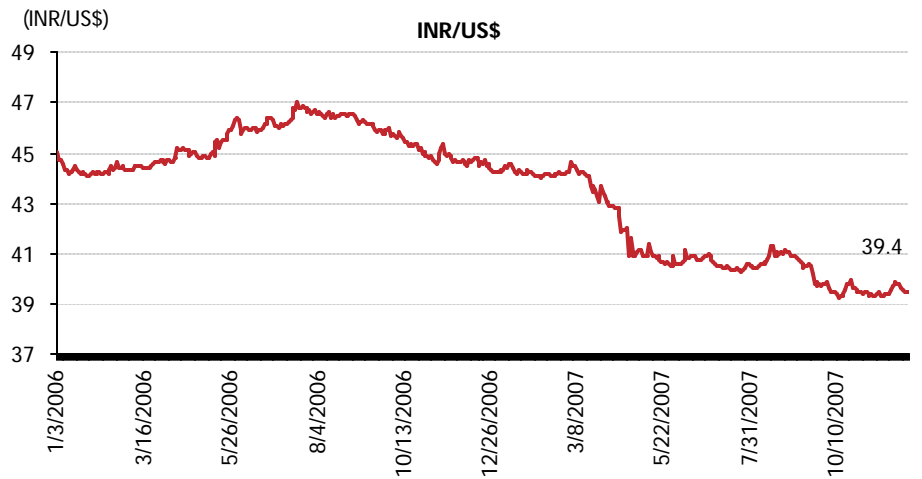
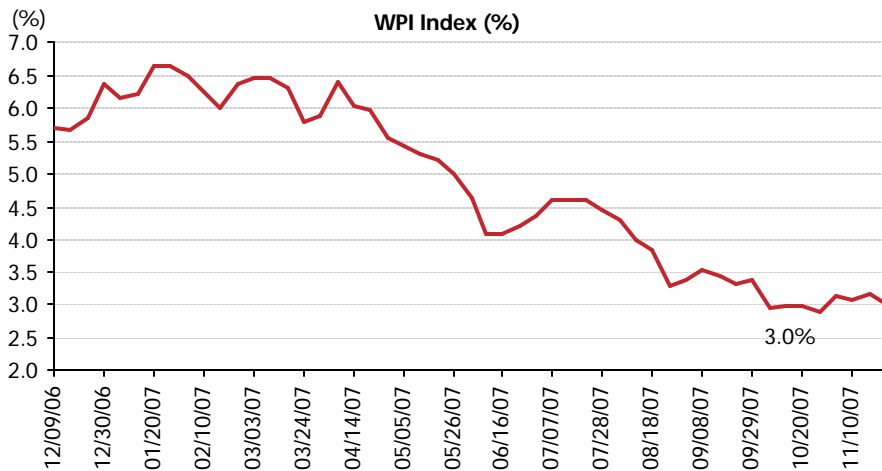
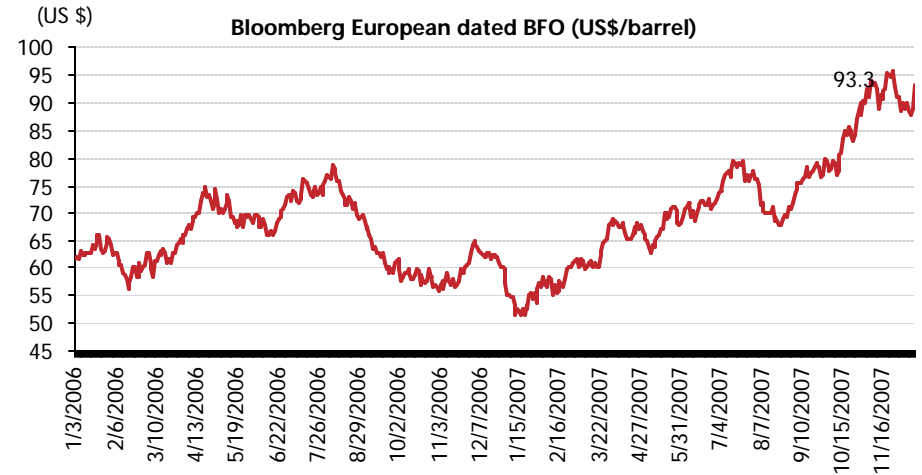
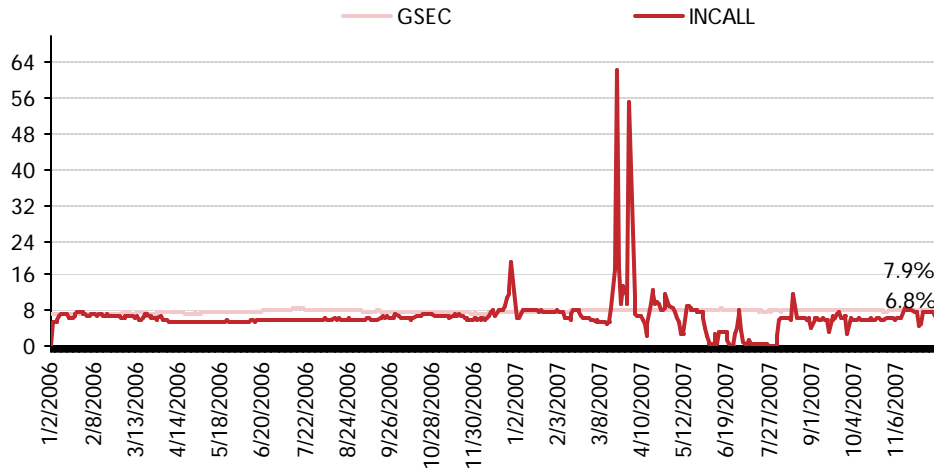
Put call is for Nifty open interest

Source: Bloomberg and Kotak Institutional Equities.

Economic indicators

Economic indicators

Exhibit 41: Key economic parameters



Source: Bloomberg and Kotak Institutional Equities.

Kotak valuation summary

Valuation summary

Kotak Institutional Equities Universe

Company	13-Dec-07		Mkt cap.		O/S Shares (mn)	EPS (Rs)			EPS Growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target		ADVT- 3mo US\$ mn
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)		2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007	2008E	2009E	2007E	2008E	2009E	2007E	2008E	2009E	Price (Rs)	Upside (%)	
Industrials																													
ABB	1,608	REDUCE	340,717	8,647	212	16.1	24.7	36.0	55.6	54.0	45.4	100.1	65.0	44.7	60.8	39.1	26.6	28.5	20.6	14.6	0.1	0.2	0.2	32.4	36.8	38.2	1,575	(2.0)	16.0
AIA Engineering	1,711	BUY	32,166	816	19	51.4	64.3	98.4	74.4	25.2	53.1	33.3	26.6	17.4	23.9	18.4	11.4	6.5	5.4	4.2	0.2	0.3	0.6	25.1	21.7	26.1	1,750	2.3	1.9
Bharat Electronics	1,836	REDUCE	146,840	3,726	80	91.7	105.7	126.0	21.9	15.3	19.3	20.0	17.4	14.6	10.8	8.9	7.2	5.5	4.4	3.6	1.0	1.4	1.4	30.3	28.1	27.2	1,900	3.5	4.7
Bharat Heavy Electricals	2,592	ADD	1,268,591	32,194	490	49.3	64.3	82.1	44.1	30.4	27.7	52.5	40.3	31.6	28.7	22.5	17.6	14.4	11.4	9.0	0.4	0.6	0.7	30.0	31.6	31.8	2,500	(3.5)	73.9
Dredging Corporation	1,178	ADD	32,992	837	28	55.9	76.1	70.3	(8.4)	36.1	(7.6)	21.1	15.5	16.8	13.3	10.3	10.4	3.0	2.6	2.3	1.3	1.3	1.3	13.2	12.4	10.8	775	(34.2)	32
Larsen & Toubro	4,235	BUY	1,218,650	30,926	288	62.8	91.1	122.9	59.4	45.1	34.8	67.4	46.5	34.5	41.9	29.0	21.5	15.9	11.7	8.7	0.2	0.2	0.2	27.6	28.9	29.4	4,050	(4.4)	9.6
Maharashtra Seamless	613	BUY	43,402	1,101	71	33.5	37.8	45.0	38.3	12.7	19.0	18.3	16.2	13.6	11.2	9.5	7.6	4.3	3.4	2.8	0.7	0.7	0.8	32.6	23.6	22.6	680	11.0	41
Siemens	1,945	REDUCE	327,846	8,320	169	22.7	31.3	44.3	31.3	38.0	41.2	85.6	62.1	43.9	49.0	35.4	24.2	26.4	18.0	13.4	0.2	0.2	0.3	35.3	34.5	34.9	1,850	(4.9)	17.6
Suzlon Energy	1,967	ADD	593,517	15,062	302	30.0	39.6	68.8	14.2	31.8	73.9	65.5	49.7	28.6	44.4	29.9	19.1	16.9	13.1	6.8	0.2	0.3	0.3	27.6	29.7	31.4	2,250	14.4	46.4
Industrials		Attractive	4,004,722	101,630					40.6	35.1	36.4	57.2	42.3	31.0	34.0	25.2	18.7	14.4	11.1	8.1	0.3	0.4	0.4	25.3	26.2	26.1			
Media																													
DishTV	92	REDUCE	39,418	1,000	428	(5.9)	(8.1)	(7.2)	n/a	37.6	(11.1)	(15.7)	(11.4)	(12.8)	(21.7)	(26.0)	(16.2)	(99.9)	(10.2)	(5.7)	—	—	—	(330.6)	162.8	57.0	80	(13.1)	12.8
HT Media	244	ADD	57,046	1,448	234	4.1	6.8	10.7	53.6	63.9	57.7	58.9	36.0	22.8	32.8	20.9	13.0	7.2	6.2	5.1	0.1	0.4	0.8	12.8	18.5	24.5	250	2.6	0.8
Jagran Prakashan	751	ADD	45,215	1,147	60	12.2	21.0	29.8	44.5	72.1	41.7	61.5	35.7	25.2	36.6	21.1	15.8	8.8	8.1	7.3	1.0	1.5	2.2	14.7	23.7	30.5	735	(2.1)	0.2
Sun TV Network	406	SELL	159,859	4,057	394	6.3	9.3	12.2	20.8	46.3	31.3	64.0	43.7	33.3	36.0	24.2	18.3	13.4	11.1	9.2	0.4	0.6	0.9	32.9	27.8	30.2	300	(26.0)	24
Zee Entertainment Enterprises	318	SELL	137,701	3,495	434	5.5	8.3	11.8	11.2	52.0	41.7	58.2	38.3	27.0	43.7	24.9	18	5.3	4.8	4.3	0.5	0.6	0.8	10.0	13.2	16.8	260	(18.1)	16.2
Media		Cautious	439,238	11,147					14.6	65.4	67.3	109.2	66.0	39.5	50.9	29.2	19.2	8.7	8.1	7.3	0.4	0.6	0.9	7.9	12.3	18.5			
Metals																													
Hindalco Industries	209	BUY	272,997	6,928	1,307	19.6	17.5	15.9	55.2	(10.9)	(8.8)	10.6	12.0	13.1	7.8	7.2	7.3	2.0	1.4	1.3	0.6	0.9	0.9	21.0	14.3	10.8	210	0.5	27.1
National Aluminium Co.	442	ADD	284,624	7,223	644	37.0	27.6	24.7	55.4	(25.3)	(10.7)	12.0	16.0	17.9	6.3	8.3	9.5	3.4	3.0	2.7	1.7	1.7	1.7	32.1	20.0	15.9	315	(28.7)	24
Jindal Steel and Power	15,908	ADD	489,856	12,431	31	280.8	361.2	526.4	47.6	28.6	45.7	56.6	44.0	30.2	33.6	26.2	19.1	16.0	11.6	8.3	0.1	0.1	0.1	28.2	26.4	27.4	14,500	(8.9)	71.0
JSW Steel	1,335	ADD	247,948	6,292	186	67.8	92.0	107.6	51.3	35.7	16.9	19.7	14.5	12.4	10.2	9.2	8.7	3.8	2.5	2.1	0.9	1.4	1.4	22.1	21.2	18.7	1,040	(22.1)	22.5
Hindustan Zinc	822	BUY	347,168	8,810	423	105.1	99.2	108.4	201.7	(5.6)	9.2	7.8	8.3	7.6	5.4	5.0	4.1	4.4	2.9	2.1	0.6	0.9	0.9	73.4	42.3	32.6	1,110	35.1	3.7
Sesa Goa	3,772	BUY	148,460	3,768	39	154.1	192.8	323.9	12.5	25.1	68.0	24.5	19.6	11.6	16.4	12.4	7.0	9.6	7.3	5.0	1.3	1.9	2.1	45.4	42.6	50.9	3,810	1.0	23.3
Sterilite Industries	1,072	ADD	759,576	19,276	708	83.1	62.2	62.8	37.5	(25.2)	1.0	12.9	17.2	17.1	8.8	8.3	7.6	7.0	3.3	2.8	—	—	—	50.7	26.0	17.9	1,025	(4.4)	68.6
Tata Steel	889	REDUCE	764,751	19,407	860	50.9	53.6	58.6	(20.9)	5.4	9.3	17.5	16.6	15.2	10.6	9.4	9.2	4.8	2.5	2.2	1.2	1.3	1.3	36.8	23.3	15.0	775	(12.9)	68.5
Metals		Neutral	3,315,380	84,136					78.0	(1.3)	85	15.7	15.9	14.6	9.5	9.0	8.3	4.9	3.0	2.6	0.7	0.8	0.8	31.2	19.0	17.5			
Oil & Gas																													
Bharat Petroleum	428	ADD	140,357	3,562	328	52.3	42.4	25.6	578.0	(18.9)	(39.6)	8.2	10.1	16.7	4.0	4.5	5.9	1.2	1.2	1.1	4.1	4.1	2.5	16.2	11.8	6.7	450	5.1	84
Cairn India	218	SELL	385,545	9,784	1,765	2.3	0.5	1.6	27.6	(78.0)	210.3	95.0	431.9	139.2	51.8	45.3	41.5	1.3	1.3	1.3	—	—	—	2.7	0.3	0.9	145	(33.6)	30.2
Castrol India (a)	278	ADD	34,403	873	124	12.2	18.3	20.4	3.2	50.1	11.3	22.8	15.2	13.6	13.2	8.8	8.1	7.3	6.6	3.2	4.3	5.0	36.6	50.5	50.7	310	11.4	0.6	
GAIL (India)	521	SELL	440,288	11,173	846	25.3	28.6	29.4	(9.5)	12.9	3.1	20.6	18.2	17.7	12.1	10.8	9.9	3.5	3.1	2.8	1.9	1.9	2.1	16.8	16.8	15.4	380	(27.0)	28.0
GSPL	98	SELL	53,119	1,348	544	1.6	1.4	4.4	40.0	(15.3)	220.8	59.6	70.4	22.0	21.0	17.4	10.1	5.0	4.7	4.0	0.5	0.4	1.4	8.8	6.9	19.8	59	(39.6)	7.8
Hindustan Petroleum	327	ADD	110,701	2,809	339	40.0	26.8	27.2	503.8	(33.1)	1.7	8.2	12.2	12.0	5.0	6.4	5.4	1.0	0.9	0.9	5.5	3.1	3.1	11.9	7.5	7.2	400	22.5	12.9
Indian Oil Corporation	672	REDUCE	792,975	20,124	1,179	46.8	66.1	45.3	21.3	41.1	(31.5)	14.4	10.2	14.9	6.6	5.1	6.2	2.1	1.8	1.7	2.9	3.0	2.3	15.0	18.4	11.2	500	(25.6)	12.1
Oil & Natural Gas Corporation	1,228	REDUCE	2,626,125	66,644	2,139	83.3	108.2	113.0	13.5	29.9	4.4	14.7	11.3	10.9	6.1	5.2	4.6	2.9	2.5	2.2	2.5	2.7	2.7	19.9	22.5	20.5	1,100	(10.4)	59.6
Petronet LNG	110	SELL	82,200	2,086	750	4.2	5.7	5.0	—	37.2	(12.4)	26.2	19.1	21.8	13.9	11.3	13.3	5.4	4.2	3.6	1.1	1.4	0.9	22.4	23.6	17.1	57	(48.0)	31.0
Reliance Industries	2,833	RS	3,553,260	90,173	1,254	82.8	94.5	127.9	31.2	14.1	35.3	34.2	30.0	22.1	18.0	16.5	11.4	5.0	4.9	3.1	0.4	0.5	0.6	19.1	17.8	19.6	—	—	332.0
Reliance Petroleum	224	SELL	1,006,875	25,552	4,500	(0.0)	(0.0)	4.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11.0	5.1	7.5	7.5	6.5	—	—	(0.0)	(0.1)	13.5	170	(24.0)	311.7
Oil & Gas		Neutral	9,225,848	234,129					29.2	21.2	11.3	22.1	18.2	16.4	10.8	9.6	8.4	3.3	2.9	2.5	1.4	1.4	1.4	14.9	16.0	15.2			
Pharmaceutical																													
Cipla	204	REDUCE	158,373	4,019	777	8.6	7.5	8.4	6.0	(12.6)	11.7	23.7	27.1	24.3	17.1	18.4	16.6	4.9	4.4	4.0	1.0	1.2	1.5	25.6	17.1	17.3	180	(11.7)	10.6
Dr Reddy's Laboratories	711	BUY	119,318	3,028	168	60.9	35.3	50.3	536.8	(42.0)	42.4	11.7	20.1	14.1	7.1	10.3	8.0	3.0	2.7	2.3	0.5</								

Valuation summary

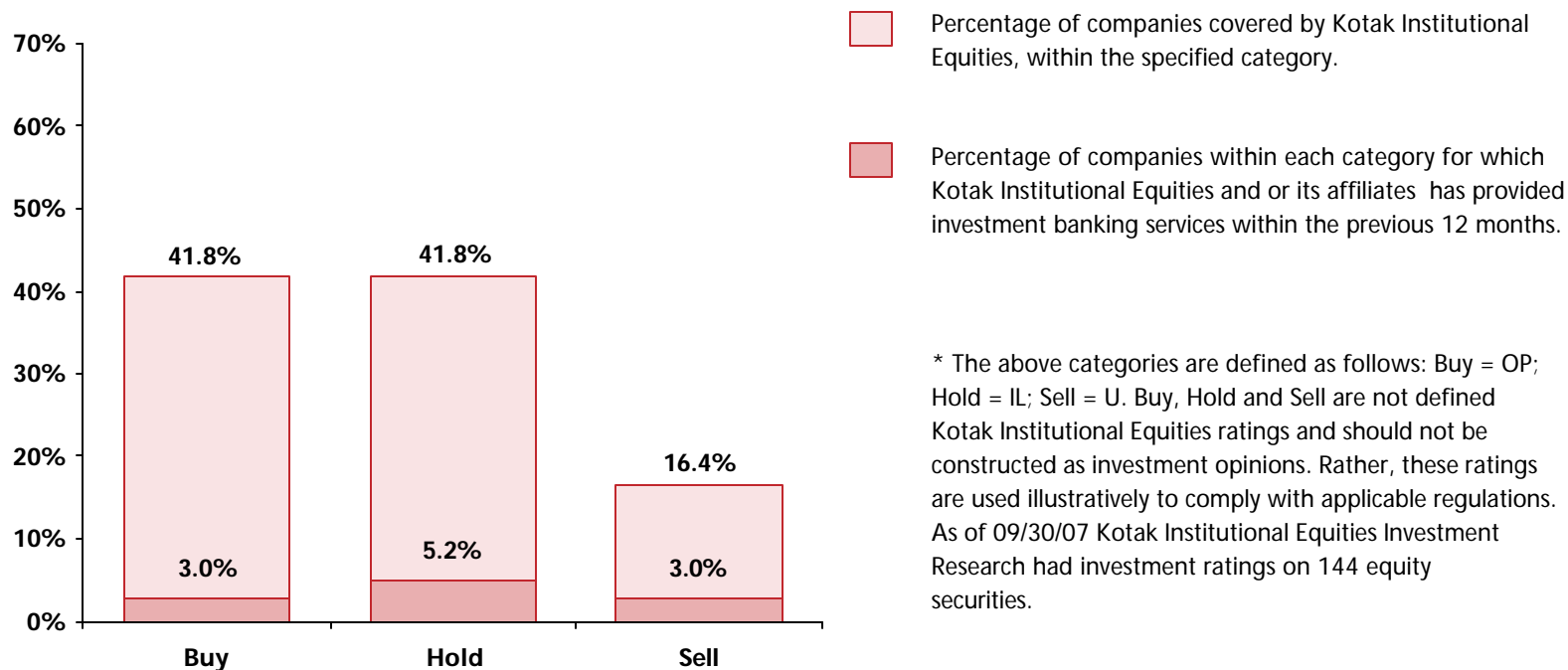
Kotak Institutional Equities Universe

Company	13-Dec-07		Mkt cap.		O/S Shares	EPS (Rs)			EPS Growth (%)			PER (X)			EV/EBITDA (X)			Price/BV (X)			Dividend Yield (%)			RoE (%)			Target Price	Upside	ADVT-3mo		
	Price (Rs)	Rating	(Rs mn)	(US\$ mn)	(mn)	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	2007	2008E	2009E	(Rs)	(%)
Pipes																															
Jindal Saw	1,036	BUY	57,991	1,472	56	73.2	63.0	105.1	138.0	(14.0)	67.0	14.1	16.5	9.8	7.2	8.5	5.4	2.1	1.9	1.6	0.6	0.6	0.6	20.1	13.0	18.4	835	(19.4)	4.2		
PSL	499	BUY	20,611	523	41	20.2	26.4	43.5	16.7	30.4	64.7	24.6	18.9	11.5	13.6	10.5	7.0	5.8	3.0	2.6	0.9	1.1	1.3	10.7	11.7	15.3	460	(7.7)	1.1		
Welspun Gujarat Stahl Rohren	470	REDUCE	87,743	2,227	187	10.6	20.2	22.8	48.7	90.7	13.3	44.4	23.3	20.6	29.7	16.7	10.9	12.0	4.8	4.2	0.4	0.5	0.9	22.0	28.2	22.9	285	(39.3)	25.9		
Pipes			166,345	4,221					105.0	30.9	52.7	27.8	21.3	13.9	13.8	12.2	7.9	4.4	3.2	2.6	0.5	0.6	0.8	16—	15—	18—					
Retail																															
Pantaloon Retail	661	REDUCE	97,061	2,463	147	6.1	10.5	15.0	26.7	73.1	42.7	109.2	63.1	44.2	42.7	29.9	21.7	9.3	8.5	7.5	0.5	0.6	0.7	10.7	13.2	16.3	425	(35.7)	3.7		
Rajesh Exports	940	BUY	45,536	1,156	48	27.4	46.0	65.4	47.2	67.8	42.3	34.3	20.4	14.4	9.9	3.0	2.0	14.8	3.9	3.1	0.2	0.2	0.3	32.9	19.0	21.5	1,410	50.0	12.3		
Retail			142,597	3,619					45.4	98.1	42.5	75.0	37.9	26.6	27.2	15.8	12.0	10.6	6.2	5.2	0.4	0.5	0.5	14—	16—	19—					
Technology																															
HCL Technologies	308	ADD	213,713	5,423	695	18.9	18.8	22.4	65.7	(0.1)	19.1	16.3	16.3	13.7	14.9	12.6	10.2	4.0	3.9	3.4	2.6	2.6	2.6	28.5	25.3	26.4	330	7.3	11.2		
Hexaware Technologies	84	SELL	11,939	303	142	8.9	8.1	10.4	16.1	(9.3)	29.7	9.5	10.4	8.0	6.4	5.6	3.8	1.6	1.4	1.2	1.9	1.9	1.9	22.8	14.6	16.8	90	7.1	0.6		
i-flex solutions	1,572	SELL	130,963	3,324	83	33.2	34.4	50.2	15.9	3.4	46.2	47.3	45.8	31.3	34.5	31.6	21.4	5.8	5.4	4.8	-	0.6	0.8	15.3	12.2	16.1	1,400	(11.0)	2.2		
iGate Global Solutions	397	NR	12,583	319	32	15.7	23.8	29.3	101.5	51.7	23.2	25.3	16.7	13.6	13.6	9.5	7.2	4.1	3.4	2.7	0.6	0.7	0.7	17.2	22.0	22.5	—	—	0.9		
Infosys Technologies	1,659	BUY	952,094	24,162	574	67.0	80.4	98.4	48.7	20.0	22.4	24.8	20.6	16.9	20.3	16.7	12.9	8.4	6.4	4.9	0.8	1.0	1.2	40.7	35.1	33.0	2,200	32.6	99.9		
Mphasis BFL	283	REDUCE	59,096	1,500	208	7.3	13.8	18.7	(21.5)	88.8	35.4	38.8	20.6	15.2	28.3	12.6	9.2	5.9	0.8	3.9	0.8	1.2	1.4	14.4	25.9	28.7	300	5.8	0.7		
Mindtree	482	ADD	18,597	472	39	22.8	24.5	32.4	23.3	7.6	32.2	21.1	19.7	14.9	16.7	15.1	10.9	4.3	3.5	2.9	0.2	0.5	0.7	31.9	20.1	21.7	530	10.1	1.4		
Patni Computer Systems	328	SELL	45,571	1,156	139	25.7	31.5	29.9	19.2	22.5	(5.2)	12.7	10.4	11.0	6.8	5.8	5.5	2.0	1.9	1.7	0.6	1.0	0.9	12.5	19.7	16.3	360	9.8	7.4		
Polaris Software Lab	121	SELL	11,865	301	98	10.3	9.1	11.6	359.1	(12.0)	28.0	11.7	13.3	10.4	6.6	7.3	5.4	2.0	1.8	1.6	1.4	1.4	1.4	17.7	14.0	15.9	110	(8.9)	2.8		
Satyam Computer Services	421	BUY	282,525	7,170	671	21.4	25.4	31.1	41.7	18.3	22.5	19.6	16.6	13.5	15.9	12.7	9.6	4.9	4.0	3.2	1.9	2.4	2.9	27.9	26.5	26.4	550	30.6	37.2		
TCS	1,030	ADD	1,007,675	25,572	979	42.2	51.8	61.3	43.3	22.6	18.5	24.4	19.9	16.8	19.5	16.0	12.8	11.2	8.7	6.8	1.1	2.0	2.4	55.8	49.3	45.5	1,225	19.0	41.2		
Tech Mahindra	1,132	REDUCE	137,949	3,501	122	47.0	60.6	85.9	124.3	29.0	41.9	24.1	18.7	13.2	18.7	15.2	9.6	15.5	8.4	5.1	0.3	0.4	0.5	81.3	62.2	51.4	1,300	14.8	5.6		
Wipro	500	BUY	725,290	18,406	1,450	19.8	22.7	28.6	39.3	14.7	25.8	25.2	22.0	17.5	19.8	17.6	12.9	7.1	5.8	4.6	1.1	1.3	1.7	31.7	29.0	29.4	570	14.0	16.8		
Technology			3,609,859	91,609					48.4	19.8	22.5	23.8	19.9	16.2	18.9	15.7	12.1	7.2	5.8	4.7	1.1	1.5	1.8	30.3	29.4	28.8					
Telecom																															
Bharti Airtel Ltd	988	REDUCE	1,872,804	47,527	1,896	21.4	34.6	45.7	100.3	61.8	32.0	46.1	28.5	21.6	25.8	16.7	12.1	16.0	10.2	7.0	—	0.2	0.4	42.4	43.8	38.6	790	(20.0)	100.8		
IDEA	141	SELL	370,951	9,414	2,635	2.2	4.3	5.5	146.3	95.2	28.2	64.5	33.1	25.8	27.0	17.9	13.3	10.4	7.9	6.1	0.7	—	—	21.5	27.1	26.6	120	(14.8)	25.6		
MTNL	189	SELL	118,818	3,015	630	7.2	7.9	8.8	8.1	9.9	11.7	26.3	24.0	21.4	10.7	9.0	8.4	1.0	1.0	1.0	3.2	8.6	4.2	3.4	2.7	3.9	135	(28.4)	18.2		
Reliance Communications	762	SELL	1,558,205	39,543	2,045	14.2	25.3	32.1	554.4	78.2	27.1	53.7	30.1	23.7	27.7	18.2	13.5	6.8	5.5	4.5	0.1	0.1	0.2	17.8	16.6	22.1	550	(27.8)	172.0		
VSNL	659	REDUCE	187,801	4,766	285	17.2	15.9	19.1	(7.8)	(7.2)	19.7	38.4	41.3	34.5	16.0	17.7	15.1	2.9	2.8	2.6	0.7	0.7	0.8	7.4	6.6	7.5	550	(16.5)	12.4		
Telecom			4,108,579	104,265					134.0	65.9	28.6	47.6	28.7	22.3	25.1	17.0	12.7	7.3	5.9	4.7	0.2	0.4	0.4	15.4	20.5	21.2					
Textiles																															
Vardhman	181	ADD	11,405	289	63	29.5	22.7	31.6	3.9	(22.9)	39.0	6.1	8.0	5.7	6.4	7.4	5.3	0.7	0.7	0.6	2.0	1.8	2.5	14.1	8.9	11.2	220	21.4	0.1		
Transmission Towers																															
JSL	291	ADD	24,144	613	83	6.6	10.7	13.1	81.2	61.1	23.0	44.0	27.3	22.2	20.1	14.5	12.1	9.5	7.2	5.5	0.2	0.2	0.2	29.8	30.0	28.0	275	(5.6)	1.1		
Kalpataru Power Transmission	1,928	ADD	51,072	1,296	26	60.2	77.4	91.8	67.6	28.7	18.6	32.0	24.9	21.0	20.0	16.0	13.2	7.7	6.1	4.8	0.4	0.5	0.5	38.8	27.6	25.9	1,800	(6.6)	1.3		
KEC	881	BUY	33,389	847	38	27.3	37.4	48.9	92.4	36.9	30.8	32.2	23.5	18.0	14.2	11.5	9.7	11.8	8.1	5.7	0.2	0.3	0.4	43.5	40.4	37.0	835	(5.2)	1.5		
Transmission			108,604	2,756					115.0	37.0	23.5	34.2	24.9	20.2	17.7	13.9	11.6	9.1	6.8	5.2	0.3	0.4	0.4	26.6	27.4	25.9					
Transportation																															
Container Corporation	1,795	REDUCE	116,628	2,960	65	106.3	126.6	143.7	31.9	19.1	13.5	16.9	14.2	12.5	11.6	9.7	8.5	4.4	3.5	2.8	1.0	1.1	1.3	29.1	27.5	25.2	2,200	22.6	4.0		
Gateway Distriparks	153	ADD	17,668	448	115	6.8	6.8	9.0	8.7	(0.4)	33.2	22.6	22.6	17.0	18.6	16.7	12.4	2.8	2.6	2.3	1.1	1.1	1.5	13.0	11.8	14.4	180	17.4	3.7		
GE Shipping	526	ADD	80,140	2,034	152	59.6	85.9	46.6	(3.9)	44.1	(45.8)	8.8	6.1	11.3	8.6	7.4	8.8	2.6	1.9	1.7	2.2	2.4	2.2	32.7	35.7	15.9	525	(0.2)	8.2		
Jet Airways	949	REDUCE	81,910	2,079	86	(0.2)	6.4	62.4	—	—	—	—	—	—	31.0	12.6	6.2	2.9	3.5	3.0	0.1	0.1	1.4	(0.1)	2.2	21.3	800	(18.2)	3.8		
Transportation			296,346	7,521					(15.9)	35.2	1.0	17.7	13.1	13.0	13.4	9.9	7.6	3.2	2.8	2.4	1.1	1.2	1.5	18.1	21.5	18.6					
Utilities																															
LANCO	835	ADD	185,654	4,711	222	8.5	16.1	31.2	52.4	89.5	94.4	98.5	52.0	26.7	48.0	33.3	18.6	12.3	9.9	7.2	—	—	—	23.5	21.1	31.3	470	(43.7)	25.6		
NTPC	246	ADD	2,028,797	51,486	8,245	8.3	9.3	10.2	17.8	11.9	9.8	29.6	26.4	24.0	19.5	19.0	18.9	4.1													

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Source: Kotak Institutional Equities.

As of September 30, 2007

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New rating system

Definitions of ratings

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Old rating system

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