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November 29, 2011

Industry View
In-Line

India Construction & Infrastructure

A Mixed Message – Challenging Present but Hopeful Future

Our key takeaway from the week-long infrastructure trip we organized is that companies are extremely cautious given the macro environment, while the Government is optimistic that they will find solutions to the various problems at hand.

Given the state of flux in the infrastructure sector, we hosted a series of meetings with Ministries / Govt agencies to get a macro viewpoint and met with a variety of companies to assess the situation from a micro viewpoint. Our key takeaways are:

Companies are Worried: Companies in the space are facing a situation where it seems that everything that could go wrong has gone wrong. Coal shortages, land hassles, labor availability, high interest rates, adverse currency movement, low ordering environment and intense competition for the few projects that are available are several problems that companies in the India construction & infrastructure space are facing.

Government remains Optimistic: On the other hand our interaction with the ministries indicates that the glass is half full, and given India's size and momentum, growth should continue to be robust (especially vs rest of the world), though slower than the last few years. They indicated that there are solutions (though not necessarily perfect ones) in the pipeline to some key issues such as the T&D Losses and renegotiation of PPAs for power plants (especially to account for non-delivery by Coal India on its commitments).

Our Conclusion: Our view is that the private sector's confidence to invest in capacity creation remains low & that both public and private capex are likely to take longer to recover this time. While the big-ticket reforms by the government have the potential to boost corporate confidence, the nearness to elections (F2014e) is likely to keep the corporate sector on the sidelines.

Schedule of Meetings

1	Jaiprakash Associates
2	Ministry of Environment
3	Dongfang Electric
4	Planning Commission of India
5	Power Finance Corporation
6	Tecpro Systems
7	Lanco InfraTech
8	Punj Lloyd Limited
9	NHAI
10	Engineers India Limited
11	Pipavav Shipyard Ltd
12	Larsen & Toubro Ltd
13	Adani Enterprises Ltd
14	IRB Infrastructure Developers
15	Reliance Infrastructure Ltd
16	Essar Port & Logistics
17	Grasim Industries Ltd
18	Leighton India Ltd
19	IDFC
20	GMR Infra
21	VA Tech Wabag Ltd

Key Takeaways from the Govt Agencies/Ministry Meetings

Company Management	Key Takeaway
Jaiprakash Associates *Mr Suren Jain, MD & CEO of JPVL*	1. **Restructuring Underway in Cement:** The company is in discussions with a foreign player to divest part of its cement stake in the West & Southern region plants (9.8 mn tons operational capacity, with another 10 mtpa in various stages of development) in order to reduce the debt at the parent level. 2. **Yamuna Expressway:** Expect the project to be ready by Dec-11 and should open to the public by Apr-11. Real estate sales in the Jaypee Infratech are seeing good momentum with realization moving up to Rs4,300/ sq ft. in H1F12 vs. average realization of around Rs 3,200/sq ft overall. 3. **Funding Gap of US$300 mn at Power:** JPA has 1.7 GW of operational hydropower capacity and expects to commission 5,500 MW over the next three years. The management expects 50% of the capex requirement of $600 mn for this commissioning schedule to be funded from internal accruals, while the rest would come from extermal sources (equity raising, FCCBs, securitization of existing plants, etc.).
Ministry of Environment *Dr Nalini Bhat, Advisor to the Ministry*	1. **Stringent Regulatory Environment Here to Stay:** Since 2009, the Environment Ministry has streamlined the process and introduced new regulations to ensure that forest reserves and natural resources are utilized in an optimum manner. 2. **No Concessions on Complying with the Law:** Dr. Bhat believes Indian promoters have taken the law for granted and taken business risks by investing in projects that don't have the necessary environment clearances. While concessions can be given on the pollution loads etc, there cannot be concessions on complying with the law, he said. The ministry is working with Ministry of Corporate Affairs to hold directors responsible for ensuring compliance with environmental laws. **3. Risk to Future Projects Reducing:** Following the success of the oil block bidding, the Environment Ministry is now working with the Coal Ministry to ensure that the blocks that come up for bidding for the private sector in F2012 have the necessary clearance before they are bid out. The government's plan is to conduct a detailed forestry survey and a geological survey across India to demarcate inviolate areas, and create clarity for the future.
Dongfang Electric *Mr Li Qi, India representativ e of DEC*	1. **Orders in India:** DEC has received orders of 40 GW from Indian IPPs & State Govts. Of this, 9GW (28 units) are operational; DEC expects to deliver 31 GW in the next 3-5 years. Majority of the orders are from private IPPs like Lanco, Adani, Abhijeet. 2. **Plans for India:** India is a very important market for DEC. It is evaluating a strategy to set up facilities for BTG manufacturing and stores & spares there. Currently, DEC has a stores & spares warehouse facility in Kolkata, which provides technical support, supplies spare parts and after-sales services to clients in India. 3. **Wind power equipment plans:** DEC has received international quality certification from the German testing agency TUV Sud for its 1.5MW wind turbine. Last year it signed a $203m contract with KSK Energy Ventures to supply 166 of its 1.5MW turbines. **4. Indian experience thus far:** For its initial couple of plants apart from BTG, DEC also undertook the engineering procurement construction (EPC) portion of the orders. However, due to time and cost overruns faced in these projects, it has been sub-contracting the EPC portion to third-party contractors and will limit itself to supplying the BTG equipment.

Company Management	Key Takeaway
Planning Commission *Mr Gajendra Haldea, Member Planning commission*	1. **Undue Pessimism Around:** Though India is plagued with problems of high inflation & interest rates, coal deficit situation etc, there is undue pessimism currently. Government will come up with a solution on the coal pass through issue, whereby both private parties and the government will have to compromise. 2. **Progress on DFC:** Land acquisition for the Dedicated Freight Corridor (DFC) has been moving at a steady pace and contracts may be awarded in the next 2 years. DFC should be operational by the end of the 12th plan. 3. **Investments for 12th plan:** Infrastructure investments have risen to 6.7% of GDP as the 11th plan with the private sector is contributing 36% and should go up to 50% in the 12th plan. Roads have already seen a steady pick-up in investments and Railways & Power will have to drive the next leg of growth. 4. **Financing:** Since banks are reaching their sectoral limits for granting new loans to power sector, the government has proposed an infrastructure debt fund to help refinance the projects that are operational and free up the limits for lending to new projects.
PFC *Mr Satnam Singh, Chairman & MD*	1. **Concerns on SEB's Financial Health Exaggerated:** PFC has been lending to State discoms for 25 years and over that time frame had seen only one NPA (from the Bihar SEB), which has also been collected in F1Q12. 2. **Restructured APDRP Implementation to Reduce T&D Losses:** PFC is the nodal agency for the restructured APDRP, which plans to use IT to reduce losses in 1,400 towns in India (which account for 40% of power consumption in the country). By March 2012, the company expects 500 of the 1,400 towns to be connected. The new structure is creating accountability for the states, with UP, Rajasthan, and MP already having come back with time bound plans for loss reduction. **3. Fuel Pass-through Issue Needs to be Resolved:** While the government has not made any commitments on Case 1 bids, on the rest, pass-through for change in coal prices, mix (import vs. linkage) will need to be given..
Tecpro Systems *Mr Khulbhushan Arora, CFO*	1. **Slow Order Inflows but Execution on Track:** Due to a delay in commissioning plants, Tecpro has seen a slowdown in order inflows for Balance-of plant. In H1F12 the company received Rs 14 bn of orders vs its target of Rs 45 bn for F12. However, with an order book of Rs 42 bn at 2.1x F11 revenues, the company is confident of achieving 35% revenue growth. 2. Though private player orders have slowed down, state owned companies like NTPC, NMDC & SAIL are calling for tenders for the BoP portion, which is seeing bidding interest from Tecpro, L&T, TRF, Tata projects to name a few. 3. **Labour Shortages:** The National Rural Employment Guarantee Scheme (NREGA) has led to a shortage of labour force in isolated cases in the system.

Company Management	Key Takeaway
Lanco Infra *Mr Suresh Kumar, CFO*	1. **Update on Griffin coal:** Griffin is currently mining 4 MTPA of coal, of which 3 MT is being supplied to the local Australian clients as per agreement and 0.7-1 MT is being exported. Lanco expects production to ramp up to 20 MTPA. 2. **Focusing on 9.3 GW of power:** Lanco currently has 4 GW of capacity. Given the uncertainties on fuel availability, both coal and gas, the company is focused on getting 9.3 GW of capacity operational first. 3. **Equity requirements can be internally financed:** Including the equity required for the Griffin coal block & 9.3 GW of power, Lanco has a total equity commitment of $1.1 bn to be infused over the next 3 years. With $6 bn worth of order book, Lanco is confident of generating $600 mn from it along with $450 mn from its existing power plants. This, along with $350 mn of cash available on hand, should fund its equity requirement for all its projects. 4. **Expects Transmission to be a key challenge ahead:** Apart from coal availability, Lanco believes that availability of transmission capacity will be the key challenge due to delays by PGCIL in setting up transmission lines. Lanco is already facing this issue with their Udupi plant.
Punj Lloyd *Mr Anil Jain, Head Investor relations*	1. **Competitive Intensity very high in India:** Punj highlighted that the industry is facing the perfect storm – high competitive intensity in an environment of low orders, high interest costs, expanding working capital cycles, and high commodity prices. Hence it has become very difficult to win orders in India. 2. **Update on Simon Carves (SC):** An administrator has been appointed to dispose of assets & liabilities and has ring fenced the liabilities of SC. Excluding the loans to SC which have been written off over a period of time, Punj has a maximum liability of Rs 1.3 bn as regards SC. 3. **Exposure to Libya:** Punj has 15% of its order book from Libya. Given the social unrest in the region, Punj expects any new government to focus on creating infrastructure. All the contracts entered into are insured and valid, which it expects to execute when the situation improves on ground. 4. **Rupee Depreciation** will benefit the company as a lot of revenues are in foreign currency.
National Highway Authority of India (NHAI) *Mr Nihar Ranjan Dash, Chief GM Finance*	1. **Awards will be in spurts:** In F12 NHAI has awarded ~3,300 kms of projects and will award 4,200 kms by Dec-11. However, given the bureaucratic process involved, iincluding engineer's feasibility report, approval from the PPAC etc, road awards will come in spurts and cannot be evened out. 2. **Cannot control the bids of private developers**: The premium received by NHAI has been way above their own expectations in a lot of projects. Developers have their own view on inflation, traffic growth and their cost of funds and banks also undertake due diligence while lending to a project, and hence NHAI cannot control the price at which developers bid. 3. '**Substitution' clause invoked if developers default:** NHAI assumes 5% traffic growth for all projects while bidding out. In the event of developers defaulting to lenders, NHAI will invoke the 'substitution clause' whereby the original developer is substituted with a new developer or else it has to repay the lenders as per the concession agreement. **4. Land acquisition status much better:** Apart from a few states like Goa & Kerala, the last couple of years saw a substantial improvement in acquiring land due to setting up of land acquisition units across India and giving them power.

Company Management	Key Takeaway
Engineers India *Mr Sudhir Jain, Investor Relations*	1. **Middle East Picking up; India Sluggish:** F2012 has been a sluggish year for EIL. EIL sees this as a cyclical problem though macro factors have aggravated the situation more. On the other hand Middle East countries like Saudi Arabia, Qatar, UAE have planned major expansions. 2. **Emerging areas of opportunities:** EIL provides end-to-end concept to commissioning solutions for projects and has Rs 63 bn of order book; 68% comprises LSTK contracts and 32% in the consulting business. EIL sees water (especially affluent water treatment & desalination plants) and nuclear/solar energy as emerging areas of opportunities.
Larsen & Toubro *Mr Arnob Mondal, GM Investor Relations*	1. **Power remains an Area of Concern:** Coal availability remains a serious issue that is deterring IPPs from giving out BTG orders. L&T continues to see big opportunities in the T&D space with Power Grid Corporation of India expected to invite tenders worth $20 bn over next 5 yrs. 2. **Competitive Intensity in Middle East:** L&T believes the Middle East continues to be a huge opportunity especially in Infrastructure Sector with Qatar alone expected to spend $70 bn for FIFA 2020. L&T, being a Tier 2 player after the Koreans, is more focused on $1-2 bn order size in Middle East. Given the fixed price contracts, managing costs and time overruns are key challenges. 3. **Key Focus Areas - Margins & Capital Allocation:** L&T will not compromise on margins at the cost of winning more orders. With current orderbook of $30 bn, L&T is confident of maintaining steady growth for the next couple of years. Capital Allocation is another area of focus for management as the company's investments in Nuclear Forging, Shipyard, Road Concessions business will likely act as a drag on its ROEs for a few years as these businesses have back ended returns. **4.** **L&T Infotech sale:** L&T believes that there is no compelling reason to divest at this time given the market conditions and the fact that L&T is a cash-flow generating company. However, it may evaluate various options of divesting its stake once L&T Infotech reaches $1 bn in revenues. **5.** **Future Growth Areas for Future:** L&T believes that Railways, Water, Nuclear Power and Defense will be key growth areas in the future.
Reliance Infra, *Mr Amit Jain, Head Investor Relations*	**1.** **Update on Metro business:** With daily ridership of 19,000 passengers which has been above its expectations, Delhi metro is clocking good revenues from advertising, passenger collections and rentals from real estate (30,000 sqft already leased @ Rs-550-600/sq ft.) Mumbai metro Phase I is expected to partially commission by Mar 12. Due to delays caused in Phase I, Rinfra will not start work on Phase II unless it has received full land needed and all approvals from various agencies. 2. **Power Distribution:** In the Mumbai sector, the company has created a regulatory asset (a result of the cost incurred being greater than the tariff charged) worth Rs 23 bn, which is to be recovered from the customers on RInfra Network over a period of six years. Further, the Govt. has also introduced a cross subsidization surcharge on all customers on the RInfra network, which ensures that there is no increase in burden from customers exiting to Tata Power. In the Delhi Sector, the company has created a regulatory asset worth Rs 67 bn. Further, the tariff has been hiked by 22% recently, and the company expects another hike in April 2012. **3.** **Cement Foray:** RInfra is setting up a 5 MT integrated cement plant near Nagpur and it is expected to be fully operational by F14 onwards. It plans to procure fly ash and power from Reliance Power Unit and it has its own limestone mine for clinker and will launch the brand in March 12**.**

Company Management	Key Takeaway
Adani Enterprises *Mr Kaushal Shah, Investor Relations*	1. **No risk on coal trading business:** Referring to the media article about coal piling up at ports in India (Economic Times, 15 Nov, 2011) AEL management clarified that smaller, inexperienced traders facing losses as power producers were refusing to take delivery of costly coal. Of the 40 MT of coal AEL expects to trade in F2012e, its current inventory is only 1 MT (out of which 50% is for SEBs), where the sale / purchase was back to back. Hence, there is no risk to AEL. 2. **Massive leverage at AEL consol:** The debt increase mainly stemmed from the commissioning of projects in Adani Power and the Abbott Point acquisition, plus commissioning of the new coal terminal at Mundra. On concerns of the impact of INR depreciation, management clarified that the debt's denomination is in the same currency as revenues and hence forms a natural hedge. 3. **No plans to buy stake in Gujarat Gas:** Contrary to media articles (Economic Times, 22-11-2011) AEL management denied any such appointment of M&A bankers and said that it has no plans to acquire stake in Gujarat Gas. 4. **Australia Mining Tax:** While the mining tax has indeed been passed in Australia, the set off of royalties and value addition leads to the tax incidence at 22.5%, rather than 30%.
Pipavav Shipyard *Mr Nikhil Gandhi , Chairman*	1. **Update on JV with Mazagon Dock Ltd:** Though a few competitors like L&T have complained to the Ministry of Defence (MoD) over the transparency process appointing Pipavav as JV partner for Mazagon Dock), Mr. Gandhi believes they have no legal stand. All procedures and due diligence were duly followed by the MoD over a 8 month period before Pipavav was selected as the JV partner. Mazagon Dock has $23 bn of orderbook, to be executed over next 5 yrs. 2. **Defence is a Huge opportunity –** Pipavav has current order book of $1.5 bn. With PSUs being overbooked, new Defense Procurement Policy of 2011, encouraging Indigenization and self dependency and a significant increase in defence expenditure in recent times, private shipyards such as Pipapav should have a huge opportunity of $50 bn in the next five years. 3. **On track to benefit from the opportunity:** Pipavav's current shipyard is 662 mts X 65 mt and after expansion it would be 740 mt X 90 mts. This would make it the 2nd biggest dry dock in the world after Hyundai's facility in Korea. It has no major investment planned for next 5 years.
IRB *Mr Virendra Mhaiskar, Chairman & MD*	1. **Competition Cooling Off:** There has been a steady pick-up in road awards from NHAI and given challenges faced by various developers due to macro conditions, management is seeing signs of cooling off of the competition. There are lots of distressed assets available for sale in the market; but IRB will look only at the appropriate time. 2. **IRB comfortable on Debt Position:** IRB expects to financially close Ahmedabad-Vadodara within the stipulated time limit of Jan-12. 60% of the company's net debt has fixed interest rate (avg cost @11%) for the next 2 years or more. The remaining 40% has an average cost of 12%. The company has also resorted to ECB loans to reduce its cost of debt. 3. **Not Excited about the OMT Opportunity:** IRB will continue to focus on adding $1 bn worth of BOT toll roads to its portfolio. Given there is low capex involved in Operation, Management & Transfer (OMT), the company expects intense competition in the OMT contracts planned to be awarded by the NHAI and is unlikely to bid for them 4. **Projects in Hand are on Track:** IRB's 4 projects under construction are on track and the company expects to commission them ahead of schedule. Ahmedabad project will start construction from F13 onwards, thus driving strong construction revenues for next 2 years.

Company Management	Key Takeaway
Essar Ports *Mr Rajiv Agarwal, MD & CEO*	1. **Capacity expansion to 130 MT by F2015:** Essar's current capacity of 88 MT is spread across 3 ports on the west coast and 2 berths on the east coast of India. Its current capacity utilization is 55% with F11 traffic of 40 MT (~98% from group cargo). The company is expanding its capacity to 130MT by F15 across its various ports and aims to have 25% cargo from external clients. **2.** **Natural draft helps handling large size vessels:** Vadinar port has a 20 mt draft with the other ports having 13-17 mt drafts, which helps the company handle large size vessels. Hazira is the only port which requires maintenance dredging after which it can handle vessels up to 125,000 tons. 3. **Take or pay contracts assure visibility:** Of the 130 MT by F2015, 90 MT has been tied up with clients, of which 70 MT is from group companies (steel, oil, power) and hence visibility on this cargo is very high. Key external customers include L&T at Hazira and Bhatia coal traders. Essar charges its group companies on an arm's length basis**.**
Grasim *Mr Adesh Gupta, CFO*	1. **Demand Slowdown because of Infrastructure, but Prices Bouncing Back:** According to the company, while the rural segment continues to do well, the urban segment and more importantly the infrastructure segment (due to the policy paralysis) have led to the demand slowdown. In the medium term, management expects demand growth to move back to trend (long-term average is around 8%). Also pricing has strengthened back to Q1 levels and the management expects a return to the Rs 800 – 1,000 / ton EBITDA. 2. **Setting up New Capacities More Challenging:** Grasim believes that the economic size capacity has moved up from one mn ton to around two mn tons. Also while setting up capacity used to take around 2.5-3 years, given the lengthening of the time taken to do preparatory work (Environment Clearance, land acquisition, etc.), capacity creation is likely to take around 5 years, with costs also likely to go up significantly after the enactment of the Land Acquisition Bill. While the group continues to grow (from 52 mt to 632 mt over the next 3 years), the increased difficulty bodes well for consolidation in the sector, as it is likely to keep the small / new players away.
GMR Infra *Mr Jitendra Jain, CFO Treasury*	1. **Coal Plan in Place for Power:** GMR expects approximately 5 GW of thermal power capacity to be operational by F15e, with coal supply in place for the next two years. By F13e, approximately 2 GW of thermal power capacity will be operational, which would require around 9 mn tons of coal. The co plans to procure partially through Coal India linkages, partially through e-auction, and the balance via imports from Indonesia mines (South African mines' coal will also act as a natural hedge). Further, GMR expects that prices of PPA contracts will increase going forward. 2. **Captive Coal Block to Start by F15e:** GMR has taken the initiative to develop its shared (with 5 other parties) coal block near Odissa. It has appointed a CEO to start the development of the mine. The mine is in the "Go-Area" and has received Ist level of environmental clearance from the centre. It is awaiting the second level of clearance from the State. The co expects to start production from F15e onwards and estimates 112 mn tons of coal as its share from the mine. 3. **Airport – As Good as It Gets:** On the Delhi Airport, the company is awaiting the tariff order from Airport Economic Regulatory Authority (AERA) on the ROE to be earned. It expects the order to be out by January 2012. To determine the ROE, AERA has recognized Rs 25 bn as GMR's Equity and Rs 15 bn as Quasi-Equity, which would pretty much be in line with GMR's demands.

Company Management	**Key Takeaway**
IDFC *Mr Bimal Giri, Director-Corporate planning, strategy & Investor Relations*	1. **Challenge to Grow Loan Book:** The co. believes that it will be challenging to grow its loan book beyond 15% in FY12 and FY13 due to the issues in thermal power. It believes that it is difficult to substitute the large size thermal projects with roads or ports which are smaller in size. 2. **Power Exposure a Concern but will have to be Resolved:** Management believes that a 'restructuring' of the power assets (43% of balance sheet), if any, would not be too challenging, as there are no demand issues of power, so once the project is operational, off take is certain. In addition, their calculations show that there would be no NPV loss if the tenure of the loan were extended, while keeping the other terms of the debt deal constant. Further, the coal pass-through issue has to be resolved eventually, given that the Government expects private sector to meet 50% of the capacity addition in the 12th Plan and that it's a systemic issue cutting across sponsors. 3. **Equity – Key Challenge –** IDFC believes that raising equity for infrastructure developers will be challenging in the current time. The stock markets are in yoyo mode and there is a valuation disconnect between the Private Equity investors and promoters. However, with 70% of the assets on its balance sheet being operational, IDFC is well placed on this front. 4. **Waiting for tide to turn:** IDFC will be targeting the refinancing market in a big way when the rate cycle turns, as being an NBFC, its cost of funding will come down faster than the banks with sticky deposits.
Leighton India *Mr Russell Waugh, Managing Director*	1. **Orders dry up leading to intense competition:** Leighton has a presence in oil & gas, mining, real estate and infrastructure segments. It aims to clock revenues of Rs 100 bn from Rs 20 bn in F11. However, for the last six months, Leighton has seen a considerable slowdown in the ordering environment in India along with intense competition across segments. 2. **Plenty of Coal Available; Inaction accounts for deficit situation**: In management's opinion, India has enough coal to meet its demand. Better mine plans, improving labour productivity and efficient use of equipment will lead to enough coal for the country. 3. **Better Management of Labor; Clean Balance Sheet:** Leighton has an in-house labour training institute in Gurgaon, India which train 3,000 labourers each year who are deployed across their various projects across India. Better working environment and benefits to laborers ensure low attrition and high morale. It is also able to manage its working capital cycle better than peers and has no debt on its books.
VA Tech Wabag *Mr Varadhrajan, CFO*	1. **Water Centric Company:** VA Tech provides Treatment and Distribution solution in Water Utilities and Industrial Water Segment. It is engaged in the end-to-end process from Design & Engineering to Operation & Maintenance, except civil construction. 2. **High Growth on the Anvil:** The co aims to grow 5X over the next five years to Euro 1 bn size. The company believes that 75-80% of this growth will be organic in nature and 25-20% will be inorganic in nature. Along with this, it also plans to grow the share of the high margin O&M segment from the current 15% to 18-20% over the same period. 3. **Decentralization Strategy**: Management plans to replicate the Indian model of "localizing" the foreign subsidiaries to reap better returns and to keep costs of operation down. Further, the company plans to provide its overseas subsidiaries engineering assistance from its Indian Engineering Centre in Pune and Baroda**.**

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(as of October 31, 2011)

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Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	**1126**	**40%**	**449**	**44%**	**40%**
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Total	**2,828**		**1018**		

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Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Not-Rated (NR) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country MSCI Index on a risk-adjusted basis, over the next 12-18 months.

Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.
Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.
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Industry Coverage:India Construction & Infrastructure

Company (Ticker)	Rating (as of)	Price* (11/28/2011)
Akshay Soni		
Adani Enterprises Ltd (ADEL.BO)	O (05/07/2010)	Rs318.9
GMR Infrastructure Ltd. (GMRI.BO)	U (11/27/2006)	Rs21
IVRCL Infrastructures & Projects LTD (IVRC.BO)	O (11/30/2006)	Rs35.35
Jaiprakash Associates Limited (JAIA.BO)	O (12/20/2005)	Rs63.9
Larsen & Toubro (LART.BO)	E (08/19/2011)	Rs1,279.3
Mundra Port & Special Economic Zone Ltd (MPSE.BO)	O (09/06/2011)	Rs126.25
Pratima Swaminathan		
IRB Infrastructure Developers Ltd (IRBI.BO)	O (11/29/2010)	Rs148.2
NCC Ltd. (NCCL.BO)	O (08/03/2009)	Rs40.05

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