Sensex: 15,046

India Strategy

It's pouring in Bombay !

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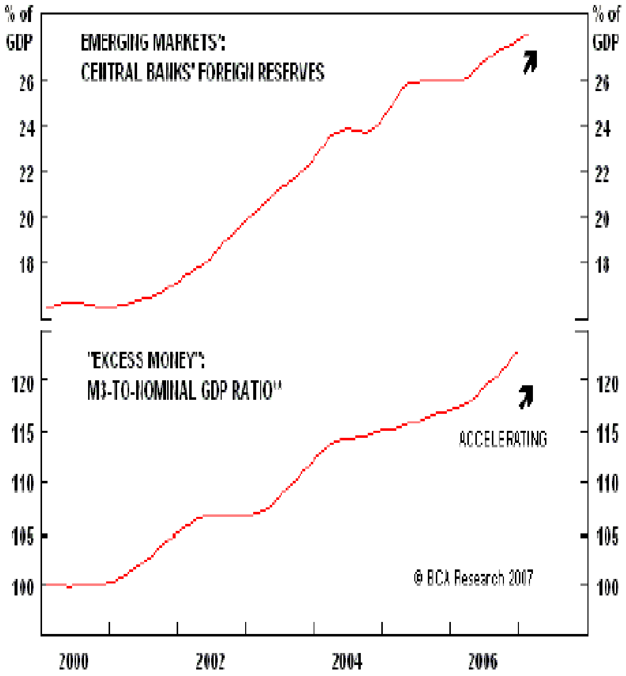
Investment Summary..

- **Markets recover in practice as fears recede, but will it go up in theory?**
  - **IPO fears**: Large issues absorbed
  - **Interest rate hike fears**: Hikes already having desired effects: Inflation & credit growth moderating. However, given the juggernaut of Fx inflows, CRR hike not ruled out
  - **GDP surprises on upside**: FY07 growth at 9.4% belies nay-sayers (FY08 ests hover around 9%). Manuf. IIP growth for April 07 at ~15% YoY
  - **INR**: While LT appreciation story remains intact, with interest rates topping off, high oil prices & RBI's need to buy USD, INR rise may be capped
  - **Monsoons**: Till July 4, 31 of the 36 met sub-divisions received excess-to-normal rains (~ 20% above average). IMD has forecast a Normal monsoon (93% of Long Period Average) for the current season
- **India Inc & Relative fundamentals:**
  - Deceleration of India Inc fundamentals at the margin due to higher costs, offset by increasing volumes & superb LT transformational strategies
  - **Liquidity**: Global paucity of Real Investment growth for geo-pol reasons leading to liquidity reflating all asset classes. Thus, capital will continue to seek Real Growth & Entrepreneurship in EMs/ places such as India (see chart)
- **Sensex at 18.3 FY08E EPS of Rs 824 not so cheap. But EPS growth of 19% in FY09 sets the base for 2009 + acceleration on secular factors**
- **Top Absolute Buys:** AllCargo, Bharti Airtel, BEL, Concor, Crompton, GCPL, Grasim, Hindustan Unilever, HDFC, L&T, Madras Cement, Maruti, Motherson Sumi, NIIT Tech, ONGC, PFC, Punj Lloyd, PNB, Rel. Energy, RIL, Satyam, Shree Cement, Sterlite, TCS, Tata Motors
- **Top Absolute Sells**: **ACC, BHEL, Hero Honda, Hindalco**

EMs: Unabated liquidity boom



*INCLUDES 20 EMERGING MARKET ECONOMIES
**MARKET-CAP WEIGHTED AGGREGATES; REBASED TO JANUARY 2000=100
NOTE: ALL SERIES SHOWN SMOOTHED

Source: BCA

Sensex Valuation

	P/E (x)	EPS (INR)	EPS Growth (%)
FY07	20.6	729	36%
FY08E	18.3	824	13%
FY09E	15.3	980	19%

State of the markets

Price performance since the Sensex low of 12415

Sensex gainers

Company	Current/ Sensex low
L&T	76%
SBI	65%
BHEL	57%
Tata Steel	52%
Reliance Com	39%

Sensex laggards

Company	Current/ Sensex low
Bajaj Auto	-13%
ITC	-4%
Cipla Ltd	-3%
Wipro	-1%
Tata Motors	-1%

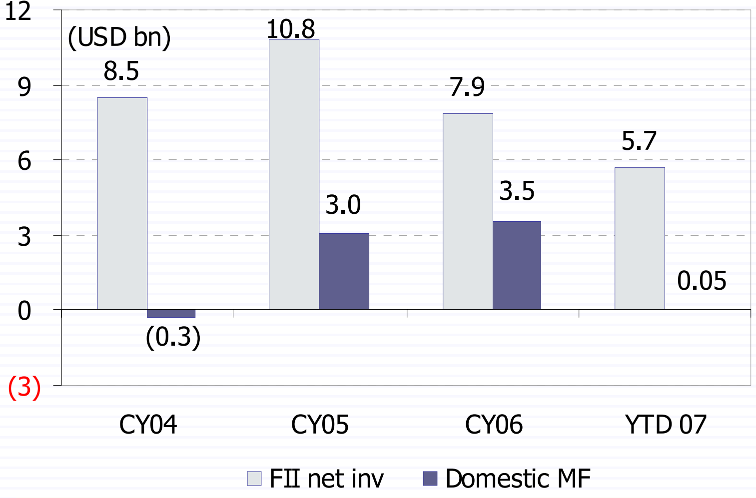
Sectoral gainers

Sectors	Current/ Sx low
Capital Goods	57%
Metals	35%
Banking	31%

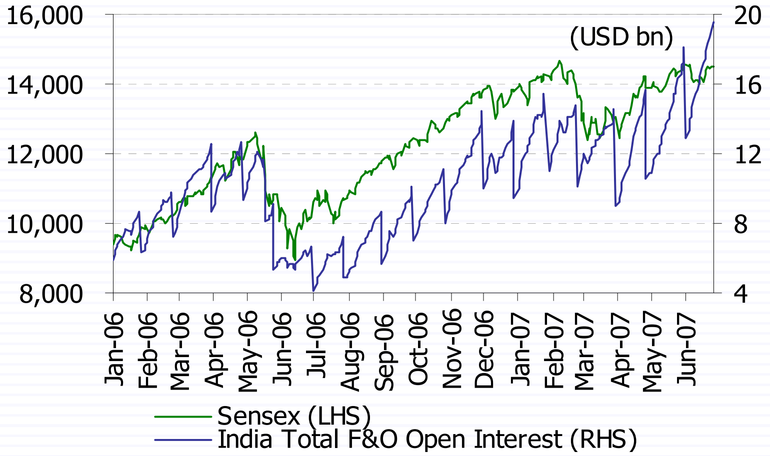
Sectoral laggards

Sectors	Current/ Sx low
Auto	3%
IT	6%
FMCG	8%

Funds continue to pour in....



F&O position vulnerable



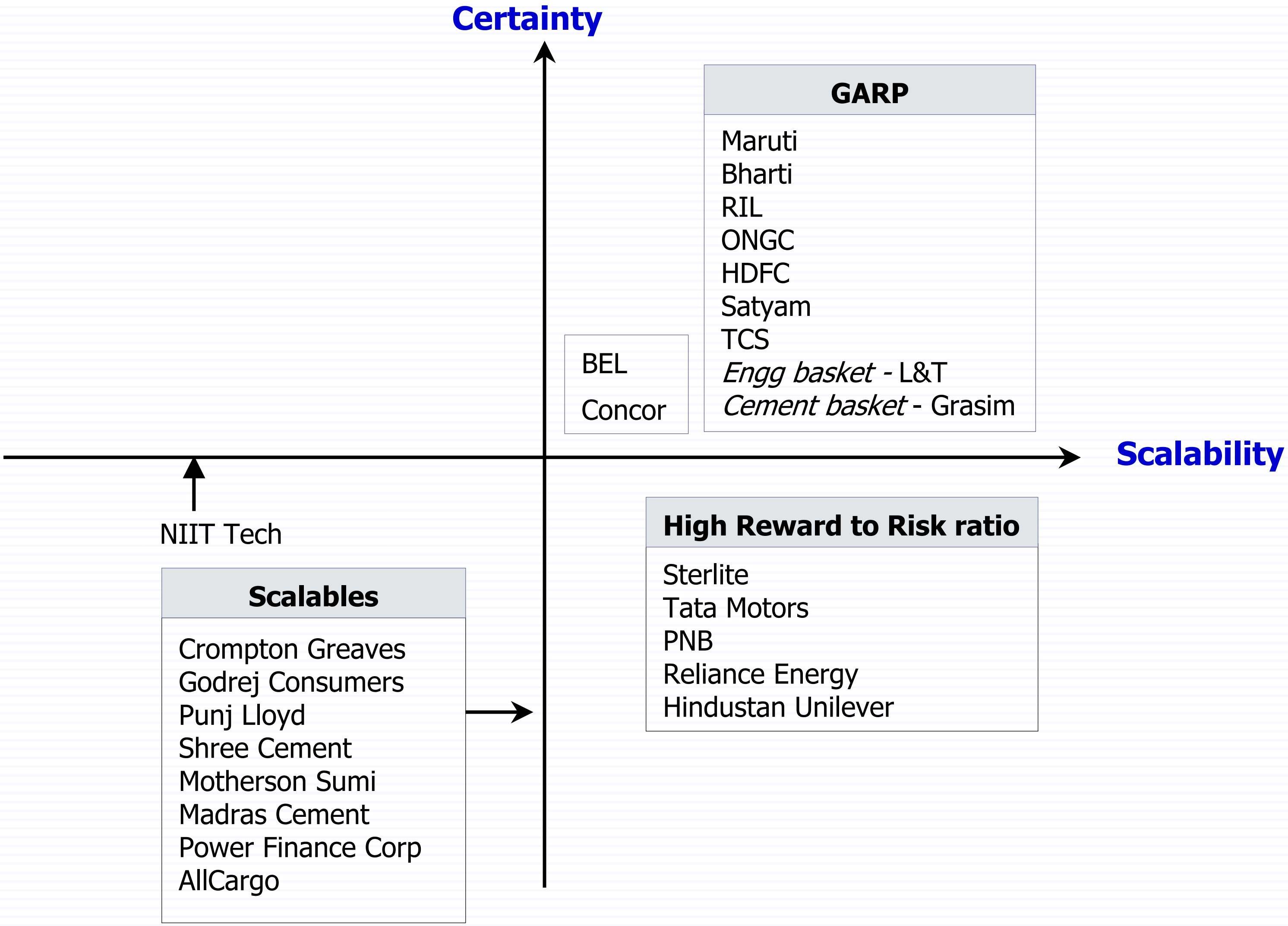
But huge equity pipeline

Company	Offer value (US$bn)	Time Frame
Tata Steel	2.5	2H07
SBI	1.0	2H07
Genpact	0.8	2H07
HDFC Bank	0.6	2H07
OIL India	0.5	2H07
Jet Airways	0.4	2H07
UTI Bank	0.4	2H07
Total	**~7.0**	

Source: Media reports
Issues >0.4bn considered, Offer types include ADR/GDR, IPO/FPO & Rights Issues

~USD 10bn equity supply still in the offing

Types of Bets & Top Picks



BEL
Concor

GARP

Maruti
Bharti
RIL
ONGC
HDFC
Satyam
TCS
Engg basket - L&T
Cement basket - Grasim

High Reward to Risk ratio

Sterlite
Tata Motors
PNB
Reliance Energy
Hindustan Unilever

Scalables

Crompton Greaves
Godrej Consumers
Punj Lloyd
Shree Cement
Motherson Sumi
Madras Cement
Power Finance Corp
AllCargo

Sectoral strategy

- **Large cap GARP: EPS certainty, but risk of De-rating high if momentum hiccupped**
  - Volume growth due to the juggernaut pyramiding up of demographics offsets all margin pressures
  - India Consumption + Infra story: Select cos with Entrepreneurship +Scaleability that can proxy best, the secular Indian volume surge story, offsetting concomitant margin pressures
  - ST relative outperformance in Telecom, Cement & Engg baskets
    - Telecom: Strong Subscriber growth, EBITDA improvement due to VAS and higher MoUs
    - Cement: Prices are rising as demand-supply mismatch is acute
    - Engg: In a pre-election year (Gen Elections in mid-2009) project announcements are usually banned. Hence, project announcements are likely to be advanced to Sep 07/ Aug 08 period

- **High Reward to Risk ratio:**
  - Upside to depend largely on the execution of management plans

- **Scalables/ Midcaps: Highly geared to GDP growth surprises vs large caps. However, need to choose scaleable models, which can Rerate stocks**
  - Trap: As GDP growth surprises on the upside, many marginal producers benefit disproportionately from demand/ supply mismatches due to Volume + Realization gains. However, on the flip side, there could be a double whammy on any deceleration & these remain vulnerable to factors such as raw material costs, exchange rates etc.
  - Hence, Cos short listed are those that are actively making strategic moves, ie have Rerating potential

Top Absolute Buys & Sells

Sector	Top BUYs	Top SELLS
Auto	Tata Motors, Maruti, Motherson Sumi	Hero Honda
Banking & Financial Services	HDFC, PFC, PNB	-
Cement	Grasim, Shree Cement, Madras Cement	ACC
Energy	Reliance Energy	-
Engineering	L&T, BEL, Crompton	BHEL
Infrastructure	Punj Lloyd	-
FMCG	Hindustan Unilever, Godrej Consumers	-
IT Services	TCS, Satyam, NIIT Tech	-
Metals	Sterlite	Hindalco
Petrochem	RIL, ONGC	-
Telecom	Bharti Airtel	-
Transportation	Concor, AllCargo	-

Top Absolute Buys and Sells

Company Name	Price (INR)	Mkt Cap (USD mn)	FDEPS (Rs) FY09E	PE (x) FY09E	Target Price (Rs)	Upside/ Downside (%)
Top Buys						
Reliance Industries Ltd	1,711	59,017	113	15	1,800	5
Oil & Natural Gas Corp Ltd	896	47,428	94	10	1,100	23
Bharti Airtel Ltd	884	41,491	40	22	936	6
Tata Consultancy Services Ltd	1,177	28,500	63	19	1,279	9
Larsen & Toubro Ltd	2,416	16,959	108	22	2,750	14
Housing Development Finance Corp	1,923	12,043	406	3.0	2,210	15
Hindustan Unilever LTD	195	10,672	9	21	230	18
Sterlite Industries India Ltd	624	10,939	90	7	874	40
Satyam Computer Services Ltd	492	8,122	30	16	540	10
Tata Motors Ltd	716	6,827	58	12	815	14
Grasim Industries Ltd	2,765	6,274	256	11	3,072	11
Maruti Udyog Ltd	794	5,679	63	13	841	6
Power Finance Corp Ltd	163	4,619	96	1.7	175	8
Punjab National Bank Ltd	544	4,246	405	1.3	640	18
Bharat Electronics Ltd	1,848	3,660	132	14	2,152	16
Container Corp Of India	2,259	3,634	154	15	2,600	15
Reliance Energy Ltd	616	3,482	43	14	650	6
Crompton Greaves Ltd	260	2,358	16	16	322	24
Punj Lloyd Ltd	269	1,736	19	14	300	12
Shree Cement Ltd	1,334	1,150	146	9	1,462	10
Madras Cements Ltd	3,386	1,012	317	11	3,649	8
Godrej Consumer Products Ltd	138	773	9	16	170	23
Motherson Sumi Systems Ltd	127	739	9	15	156	23
Allcargo Global Logistics Ltd	1,026	515	63	16	1,150	12
NIIT Technologies Ltd	518	501	52	10	627	21
Top Sells						
ACC Ltd	1,046	4,853	66	16	798	(24)
Hindalco Industries Ltd	155	4,696	19	8	146	(6)
Bharat Heavy Electricals Ltd	1,575	19,084	74	21	1,250	(21)
Hero Honda Motors Ltd	687	3,393	50	14	608	(11)

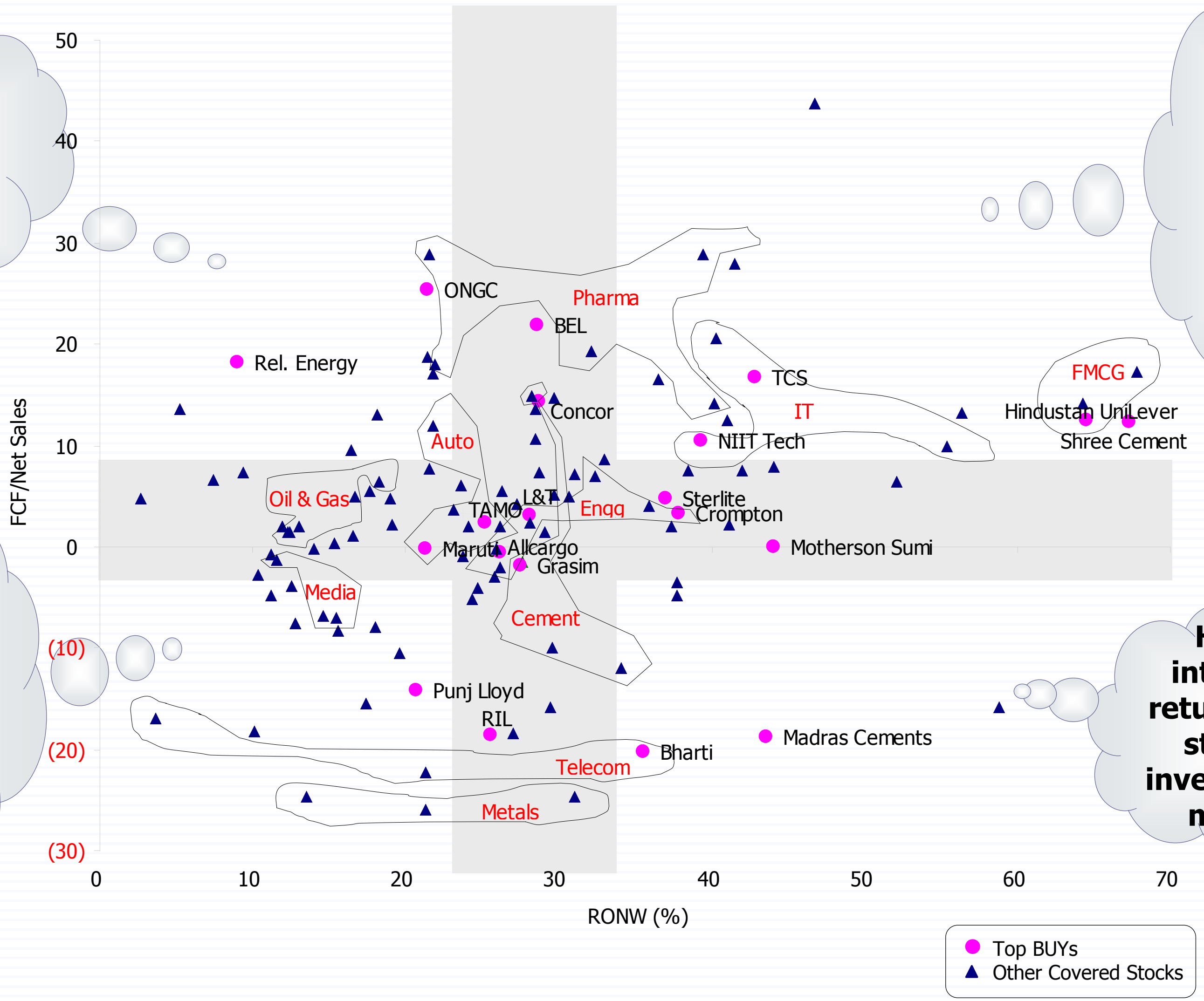
Note: Price as on July 9, 2007 ***Target price: for Bharti & Maruti under review, RIL upside unquantifiable.***

Source: ENAM estimates, Bloomberg; Note: For Banking: FDEPS=Adj Book Value, PE=P/ABV

FCF & RONW (FY08E) of Top Buys vs Sector-wise groupings of all Covered Stocks

Needs to diversify/ deploy cash to higher RoE businesses

Throwing cash @ high internal returns. But usually high P/E



Low internal returns, in investment mode: Focus on whether capex will boost RoE

High internal return, but still in investment mode

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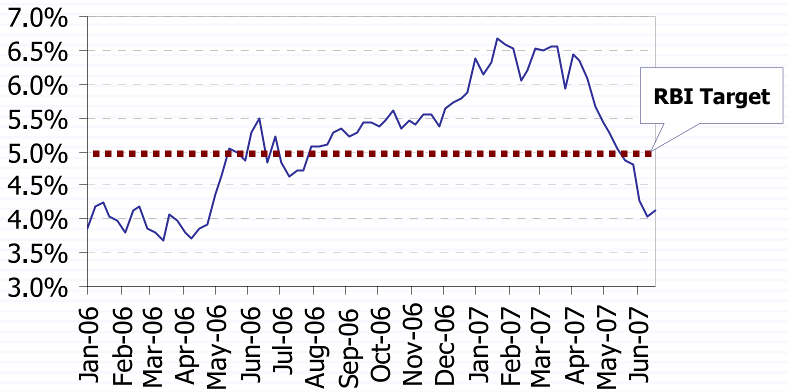
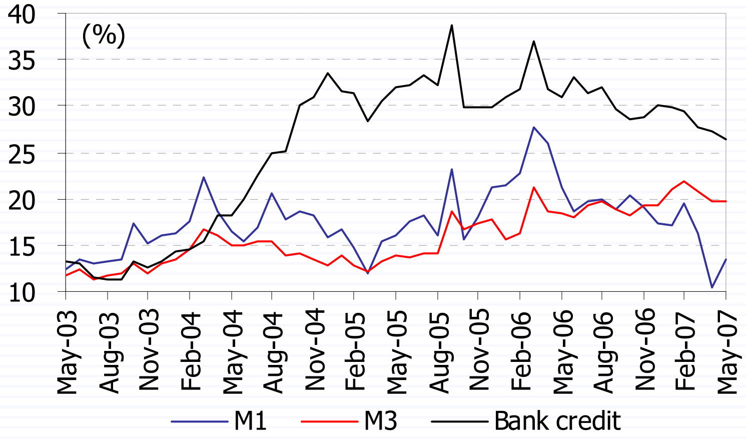
Macro Environment

Is the worst of the overheating behind us?

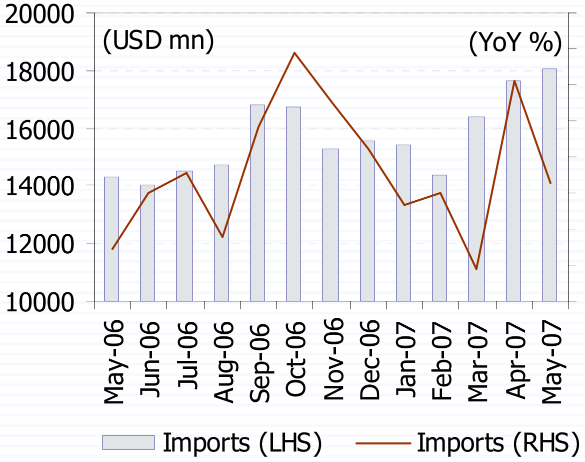
WPI has fallen below RBI's target of 5%



Money supply & credit growth: Moderating ..



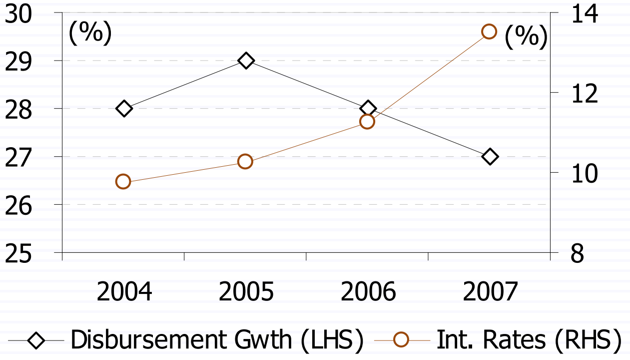
Though imports remain high



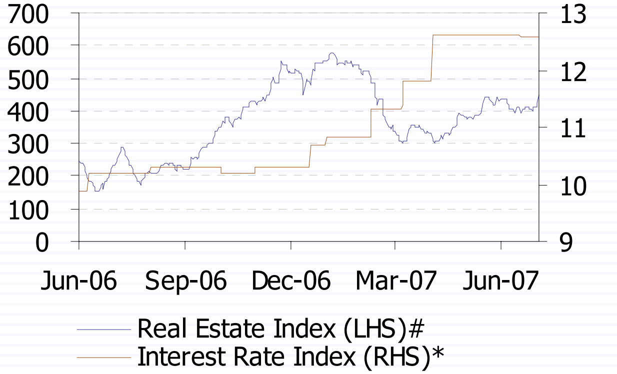
Inflation & credit growth moderation are consistent with RBI objectives

Monetary measures having desired outcome..

Higher interest rates affecting housing disbursals…



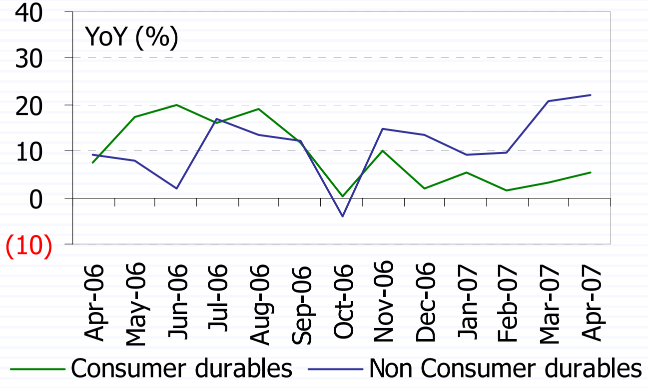
… mirrored by real estate stock prices



Source: HDFC, Trammell Crow Meghraj, ENAM Research
 # Free float weighted index of stocks under coverage + Ansal Housing, Ansal Properties & D.S Kulkarni Developers
** Average of home loan rates for HDFC Bank and ICICI Bank*

- **HDFC & ICICI have recently reduced interest rates on their variable rate loans for new borrowers by 25 bps – an indication of interest rates topping off?**

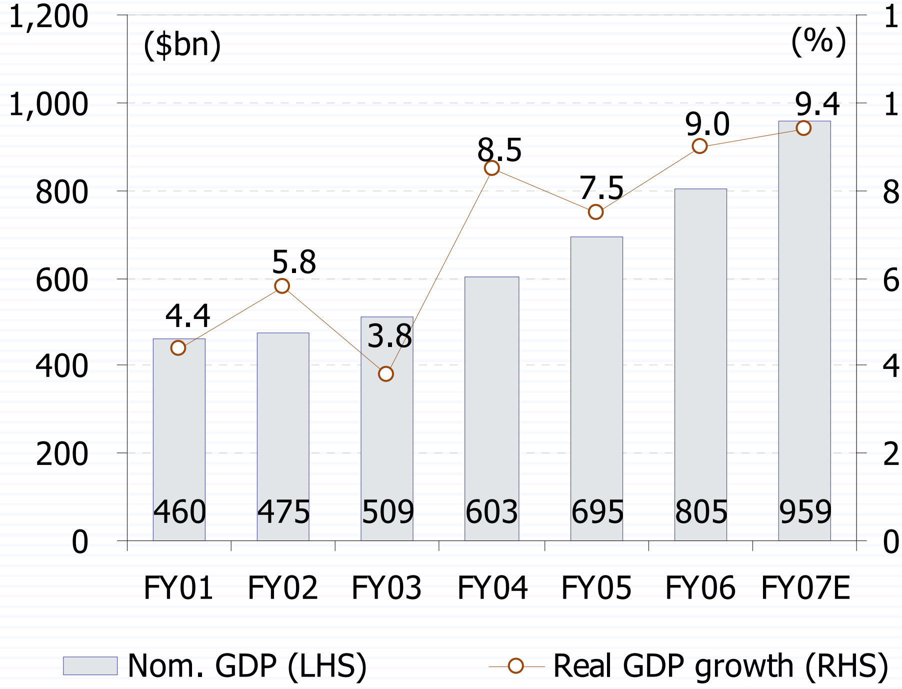
IIP: Consumer durables slipping…



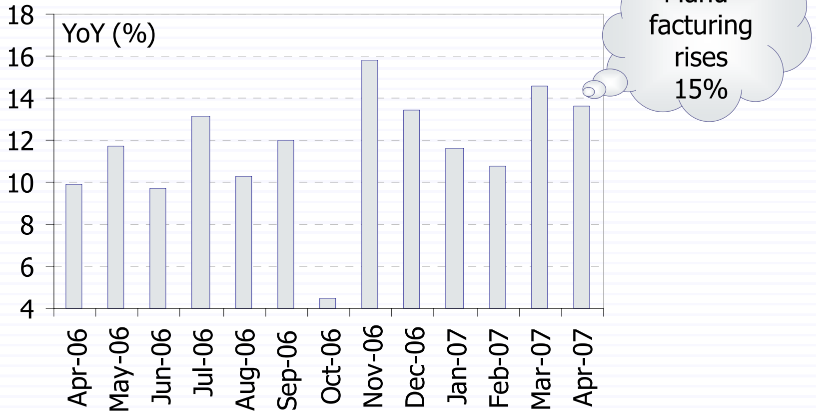
While interest rates seem to be topping out, CRR may continue to be the preferred tool for the RBI, if Fx inflows remain excessive

… without hurting growth

GDP revised upwards to 9.4% vs 9.2% earlier …

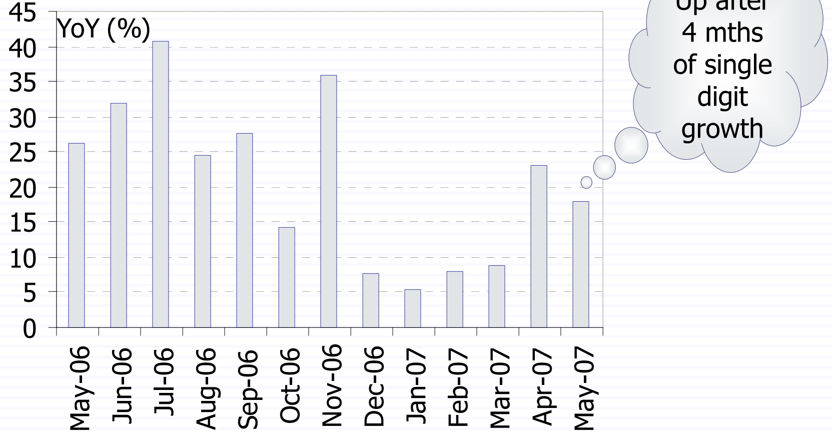


Industrial growth remains robust…



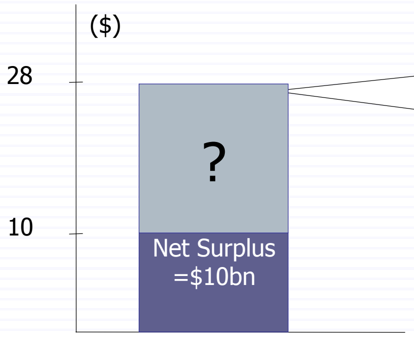
Manu-facturing rises 15%

Exports



Up after 4 mths of single digit growth

RBI imperatives



RBI will have to increase Fx Res by ~$18bn, assuming money demand at 17%

FY08E Reserve Addition

RBI will thus continue buying USD to boost rupee liquidity

- Thus, **CRR could remain a preferred tool** for mopping up the resultant excess rupee liquidity
- **MSS:** While the RBI can increase MSS ceiling, it will be wary of 'carry cost' as it has to pay market rates on T-Bills/ Bonds auctioned under MSS. Hence, even though outstanding MSS has reached Rs 880bn (vs a limit of Rs1.1 trillion), raising the ceiling in the immediate term seems unlikely
- **INR:** While LT INR appreciation case remains intact (due to continued fund inflows, probability of Fed rate cut in H2FY07, cyclical USD weakening), INR rise may be capped in the near term owing to:
  - RBI's need for buying dollars (as explained above)
  - Oil prices remain high exerting pressure on Current Account & INR
  - With inflation easing lately, export lobby pressure to intensify
  - With interest rates near their peaks in Euro zone and strong data from US, the USD may bounce back in the ST

INR/USD forecast

	FY07	FY08E	FY09E	FY10E
FY avg	45.2	41.7	39.7	37.8
FY end	43.5	39.9	39.5	36.1

Top Buys

Reliance Industries

RIL: A diversified conglomerate by 2012

- Capex of USD 20-22bn through 2012 on E&P, retailing and SEZ
  - Well diversified revenue stream mitigating cyclicality
- New ventures could potentially add USD 70-80bn to RIL's current market cap

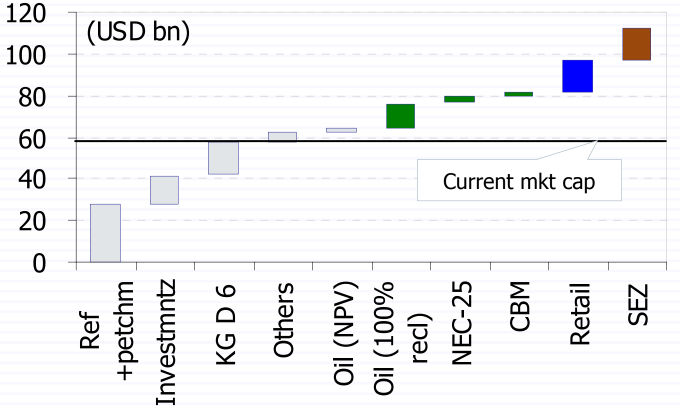
E&P the next growth engine

- Portfolio consists of quality assets; it mitigates reliance on success over one particular block.
- To contribute USD 4bn to standalone EBITDA by FY10
- Upsides exists from D3, D4, D9 and NEC-25 blocks

Organized retailing and SEZ offer huge upside

- Target to roll out 100 mn sq ft in organized retail
- Invest USD 5bn in SEZs

Key risk: Execution of diverse mega-plans in multi-skilled businesses



Crystal gazing into valuations...

Upsides from:

(1) Potential value unlocking of treasury stock
(2) Quality E&P portfolio
(3) City gas distribution

Financial summary **(CMP: Rs 1711)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	831,172	93,982	-	67.5	23	11.8	25.0	19.6	9.1	10.0
2007	1,054,554	118,163	-	84.8	26	16.1	34.6	24.3	11.6	11.0
2008E	1,163,906	123,735	81.4	88.1	4	19.4	25.5	17.0	14.5	11.0
2009E	1,311,756	158,812	93.7	113.0	28	15.1	23.2	16.2	11.3	13.5

*Source: Company, ENAM estimates; *Consensus broker estimates*

ONGC

Target to double domestic reserves by 2012

- In ST, stable volume through "smart" capex
  - Higher recovery ratio targeted
- For LT production growth capex upped significantly
  - Strong balance sheet = enables riskier bets

ONGC Videsh (OVL): A key valuation driver

- Achieved accretion of 1.5bn bbl of 1 P reserves in < 3 years
- Target: ~ 50% ONGC's domestic crude production by 2012
- Value to unlock over the medium to long term

A deep value stock: Awaits re-rating

- Domestic operations trades EV/ BoE of 4.5x
- Re-rating to be driven by new discoveries – domestic as well as overseas

Key risk: Inability to find and develop fields in a globally competitive environment

Valuations

	Value (Rs bn)	Value (USD bn)	Value (Rs/share)
ONGC Domestic assets (@ 5x EBITDA)	**1,470**	**35**	**687**
FY08E EBIDTA (after subsidy burden)	294		
Estimated value of ONGC Videsh (@10x BoE)	**526**	**12**	**246**
Investment Portfolio of ONGC (@ mkt price)	**387**	**9**	**181**
Valuation of ONGC	**2,383**	**57**	**1,114**

Financial summary

(CMP: Rs 896)

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	717,442	153,715	-	71.9	7	12.1	21.8	32.7	5.5	49.5
2007	952,447	202,213	-	94.5	32	9.3	23.8	34.7	4.6	35.7
2008E	929,646	210,162	92.3	98.3	4	9.1	21.4	29.9	4.5	34.6
2009E	919,656	201,025	92.4	94.0	(4)	9.5	18.1	24.9	4.2	32.3

*Source: Company, ENAM estimates; *Consensus broker estimates*

Bharti Airtel

New initiatives, 3G roll-out and increased FY08 capex: Strategic steps for consolidation

- FY08 capex of USD 3bn in existing operations, DTH initiatives and Sri Lanka foray (~1.7x FY07 EBITDA, v/s a USD 2.5bn indication in Q3FY07 which was exclusive of DTH/ Sri Lanka operations)
- A significant part would be capitalised towards its mobility business to consolidate its leadership status. Sustained increase in mkt share observed in the past few months. Current market share in wireless segment at 23.5%
- Expansion in the long distance segment with a 20,000-25,000 rkm roll-out in FY08 (on a 40,484 rkm coverage currently) would leverage the expected elasticity in the long distance market post recent cuts in roaming tariffs, reduction in ADC charges and lower share of long distance (15% of MoUs) in the GSM segment
- Expected release of 3G spectrum to accelerate subscriber additions and earnings quality

Tower business

- Tower business will provide further economies of scale
- No of towers to increase by ~30,000 from 39,000 in FY07 to 69,000 towers in FY08
- Vodafone deal may offer first mover advantage

Earnings quality to stage an uptrend

- Increase in market share of wireless net additions, greater elasticity in MoUs, higher growth in broadband segment and cost efficiencies inspire higher confidence in earnings

Key risks: Spectrum availability, competitive environment

Financial summary **(CMP: 884)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
2006	116,632	22,583	-	12.0	47.9	34.5	29.2	22.9	18.9
2007	185,195	42,571	-	22.5	87.9	33.9	37.0	30.4	20.0
2008E	265,365	59,396	33.1	31.3	39.5	28.2	35.6	31.6	16.1
2009E	338,896	75,528	43.8	39.9	27.2	22.2	32.2	30.1	12.4

TCS

- **Strong large deal momentum, improved visibility**
  - Large deal pipeline (10 deals with > than USD50mn+ each). Earlier contracts progressing as per expectations. Marquee ones include: (ABN Amro, Citibank, Qantas (USD 90mn over 7 years) Eli Lily - ~USD 35mn+ over 5 years, Somerfield – USD 65mn+ over 5 years)
  - Strong traction expected in the banking product business unit over the next 3-5 yrs
    - Separate business unit carved out in Q1FY08 for higher focus (may eventually achieve > USD500 mn revenue run-rate in ~ 3 yrs time)

- **Operational levers helping margins**
  - Ample room for further offshorization
    - Offshore component has been increasing steadily over the past few quarters, but still lower (41.3% in Q4FY07) than peers. TCS is targeting around 200-300 bps improvement over the next 4 quarters
    - Productivity gains from fixed price contracts and asset leveraged solutions
    - Profitability improvement in Pearl Insurance, Bank of China
  - Billing rates on an uptrend in new businesses ~3-5% on renewals and 5% on new signings
  - Increasing proportion of higher margin business (IMS, consulting, engg. services)

- **Key risks : Rupee appreciation, uncertainty in Global M&A**

Financial summary **(CMP: Rs 1177)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
2006	132,550	29,211	-	29.9	46	32.0	60.5	71.4	25.0
2007	186,334	41,315	-	42.2	41	29.1	54.5	62.0	23.4
2008E	240,705	50,030	53.4	51.2	21	23.0	44.0	50.6	17.5
2009E	313,391	62,002	65.4	63.4	24	18.6	38.0	45.1	13.3

*Source: Company, ENAM estimates; *Consensus broker estimates* 24.5

L&T

- **Best proxy to India's corporate and infra investment boom**
  - Indian corporate capex expected to surge @ 25% CAGR to USD 120bn over 2007-12
  - Indian infrastructure and real estate offers a USD 451bn construction opportunity over 2007-12
  - Higher crude oil prices are leading to higher capital outlays in the Middle East

- **Foray into high RoI defense and power generation equipment businesses to de-risk its business model and drive ~25% revenue CAGR & expand RoIs over 5 years**

- **Margin expansion of ~150bps through improving business mix to drive 40% earnings CAGR**
  - Favorable shift in order book mix; low margin roads down to 10% in FY07 from 20% in FY06, while high margin airports have increased from 5% in FY06 to 15% in FY07

- **Value unlocking of L&T Infotech and IDPL are future catalysts**
  - By 2009, L&T Infotech is expected to clock revenues of Rs 40bn (CAGR of 43%) and PAT of Rs 7.2bn (CAGR of 47%).
  - By 2009, L&T IDPL, a 78% BOOT sub, is estimated to have equity investments of Rs20bn in roads (18% IRR), Rs 4bn in ports (25% IRR) and Rs 1bn in airport (30% IRR). This implies a valuation of Rs 60bn for L&T's 78.4% stake

- **Key risk: Competition from Korean majors and Capex cycle reversal**

Financial summary **(CMP: Rs 2416)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	167,330	10,659	-	38.3	56	31.7	25.5	25.5	9.0	25.4
2007	209,425	19,004	-	65.1	70	24.9	31.5	26.9	16.0	12.5
2008E	270,904	22,720	72.0	77.8	20	31.0	28.1	27.2	17.3	15.0
2009E	358,394	31,610	94.8	108.3	39	22.3	29.6	32.0	12.3	17.5

*Source: Company, ENAM estimates; *Consensus broker estimates*

HDFC

- **No impact of mortgage slowdown, both disbursements and loan growth is robust**
  - Disbursement growth of 27%, and loan growth of 25% in FY07
  - Interest spread maintained at 2.18%
  - NIMs improved 5 bps to 3.14%
- **Provisioning norms of 0.4% by NHB on the non-housing portfolio will not have much impact**
- **FCCB unlikely to be converted in the near future**
- **Recent preferential allotment of ~USD 770mn will take care of insurance and banking needs**
- **Reduction of risk weightage to 50% from 75% likely in the future**
- **ROE, post preferential allotment, to average ~24% for the next two years**
- **Sum of parts give a one year price target of Rs 2,210**
- **Key risks: Deterioration in asset quality if property prices fall**

Financial summary

CMP: Rs 1,923

Y/E Mar	PAT (Rs. mn)	EPS (Rs.)	Change YoY (%)	P/E (x)	P/E* (x)	BV (Rs.)	P/BV (x)	P/BV* (x)	RoE (%)	ROA (%)
2006	12,573	50.4	20.6	38.1	22.6	179	10.7	7.2	30.1	2.7
2007	15,704	62.5	23.9	30.8	18.2	219	8.8	5.9	31.3	2.8
2008E	19,141	73.1	16.9	26.3	15.6	359	5.4	3.5	25.1	2.6
2009E	23,402	86.4	18.2	22.3	13.2	406	4.7	3.2	22.6	2.4

Source: Company, ENAM estimates, Value of investments at Rs.786 p/s. P/B and P/E* are calculated after deducting the value of investments. No dilution factored on account of FCCB conversion. For P/BV* calculations, BV is calculated after deducting the cost of subsidiaries from the reported BV. For example, the BV for P/BV* calculations is taken as Rs.406 (reported) – Rs.50 (cost of subsidiaries) =Rs.356 (Core BV available for leveraging). Pls see next page (second paragraph for calculation of Rs.50 (cost of subsidiaries).*

HDFC Group: Sum of Part Valuation

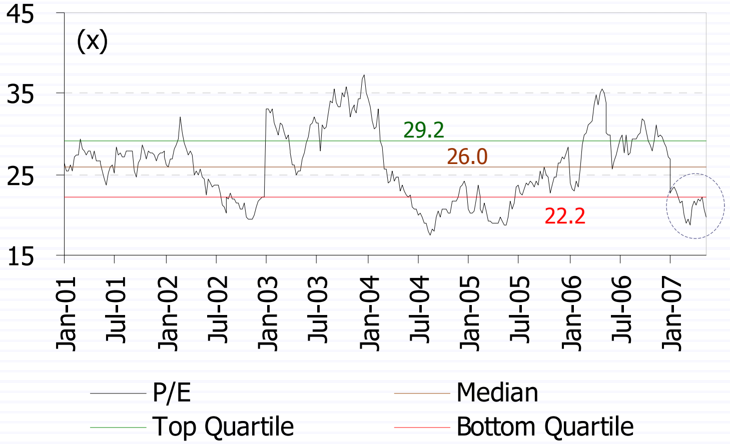
(Rs mn)	% holding	Total Value	Value assigned to HDFC	Value per share for HDFC	Note
HDFC	-	385,904	385,904	1,424	Based on 4x FY09E Core BV of Rs.356
HDFC Bank (post Pref & ADR)	23	391,600	90,499	284	Based on market value and 15% holding company discount
HDFC Standard Life	82	146,160	74,542	314	Based on 20% NBAP Margin and 20x FY09 NBAP and 51% economic stake
HDFC AMC	50	24,000	12,000	44	Valued at 6% of total AUM
HDFC Chubb General Insurance	100	4,944	4,944	18	Valued at 20x FY09E earnings
GRUH	55	4,830	2,632	10	Based on market value
IDFC	1.9	123,420	2,308	9	Based on current market price
Intelenet	50	6,895	3,448	13	Value at 1.5x FY08 revenues
ILFS	12	-	-	-	Not Valued
HDFC Real Estate Fund	80	2,500	2,000	9	Total corpus of Rs.10bn, domestic 7 years close ended, HDFC share Rs.1bn
HDFC International Fund	100	7,500	7,500	28	Total targeted corpus of $750m, to be finalised in 2-3 months, 9 years close ended fund
Other listed holdings	-	-	5,300	20	Based on market value
Other Non-Listed holdings	-	-	9,000	37	Estimated Value
Fair value of the group				**2,210**	**-**

Source: ENAM Research, Company

Hindustan Unilever

- **Bottomed out valuations: Scope for re-rating**
  - Underperformed the FMCG peer set in the last 12 months
  - Trading at 18x CY09 earnings - At a 6-year low
  - Intrinsic value at Rs 231/ share is under the J-Curve assumption, despite a higher cost of capital
  - Sustainable earnings momentum (~16% CAGR in next 2 years) & low valuations suggest headroom for re-rating
- **Structural growth intact**
  - Domestic growth ~12% CAGR in next 2 years
  - Market shares gained in the interim phase
- **LT triggers: Brand extensions, organized reach, tax rationalization & consumption J-curve**
- **A benign input cost environment & price increases affected in Q1CY07, are likely to improve EBITDA margin by 94bps in CY07**
- **Key risk: Higher brand investment, pricing competition**

Hindustan Unilever: 1yr FW-P/E



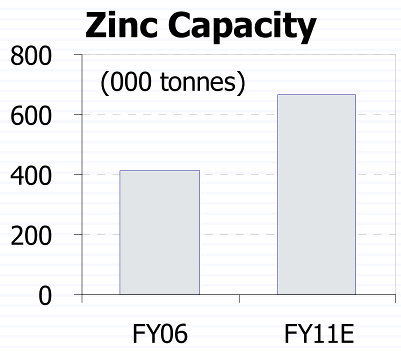
Financial summary **(CMP: Rs 195)**

Y/E Dec	Net Income (Rs mn)	Adj. PAT (Rs mn)	Consensus EPS* (Rs.)	Adj. EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2005	112,790	13,545	-	6.2	13	32.1	61.6	54.8	24.8	5.0
2006	122,791	15,397	-	7.0	13	31.0	61.2	72.6	24.2	6.0
2007E	136,521	17,863	8.1	8.1	16	24.1	64.6	78.3	18.4	6.7
2008E	151,188	20,807	9.3	9.4	16	20.7	71.8	88.6	15.7	7.5

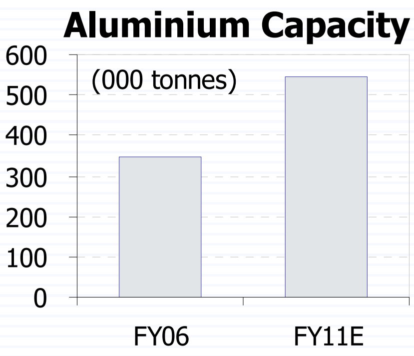
*Source: Company, ENAM estimates; *Consensus broker estimates*

Sterlite Industries

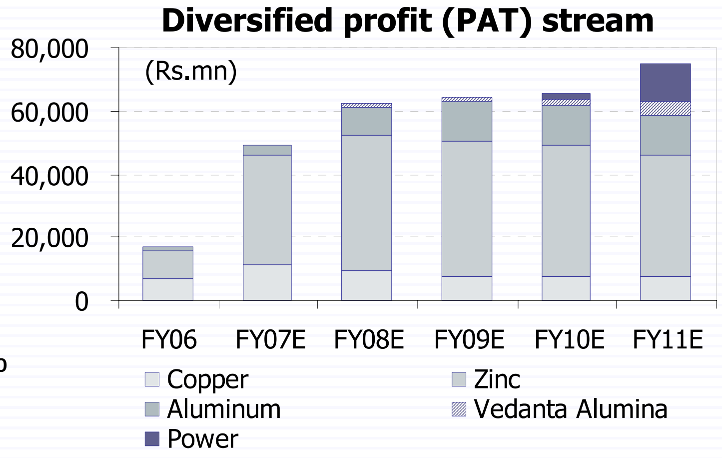
- **Sizable non-ferrous player, with interests in Zinc, Copper and Aluminium**
  - Rapid expansion of volumes across all business lines using large cash flows
  - Aluminium profitability expected to improve, after which it will be globally cost competitive in all metals
- **Sterlite would get access to all operating assets and cash flows of the Vedanta group**
  - Post proposed acquisition of GoI holdings, stakes to go up in BALCO (100%) & HZL (91%)
- **Earnings to be stable and diversified, reducing volatility from commodity cycles**
  - Entry into the high ROE power business by FY11
  - Zinc (~70% of profits in FY07) is the dominant driver. Overall profits expected to rise even if zinc prices halve
- **Valuations are extremely attractive**
  - Current mcap ~ Potential "free cash" by 2011- a 4 year payback
  - P/E multiple set to expand as sustainable ROE stays close to 40%
- **Key risk: Zinc prices falling > 15% p.a. for next 5 yrs**



Zinc Capacity



Aluminium Capacity



Diversified profit (PAT) stream

Financial summary

CMP: Rs 624

Y/E Mar	Sales (Rs.mn)	PAT (Rs. mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change YoY (%)	P/E (x)	RoE (%)	RoCE (%)	EV/EBIDTA (x)	DPS (Rs.)
2006	131,820	16,388	-	23.1	122	15.1	24.9	29	7.5	1.4
2007	243,868	45,434	-	64.2	177	7.3	39.2	58	2.7	4.0
2008E	242,727	60,402	69.8	85.3	33	7.3	40.7	51	4.2	4.0
2009E	216,531	63,901	71.6	90.3	6	6.9	43.7	54	3.7	4.0

*Source: Company, ENAM estimates; *Consensus broker estimates*

Satyam Computers

Revenue thrust continues

- Satyam continues to maintain its leadership status in the enterprise solutions and business intelligence space
  - Aligned with higher traction witnessed by best-of-breed vendors (SAP, Oracle, Microsoft etc)
- It signed marquee deals with Applied Materials, Nestle, Qantas (7-year contract). Transition management in line with expectations & profitability and will show an uptrend
- Current large deal pipeline is also very healthy and adds to better visibility
- Planned addition of ~14-15k people (gross basis) for FY08 (vs 10-12k at the start of FY07), underlines the management's confidence in business growth
- With ~165 Fortune 500 clients currently signed up, headroom for growth with effective client mining is high

Operational levers being utilized

- Satyam has consistently managed to increase offshore revenue share (from 46.0% in Q4FY06 to 50.6% in Q4FY07)
- Pricing uptakes in new assignments/ renegotiations in the region of 2-4%
- High growth business like enterprise solutions, engineering services to lead earnings growth
- Decline in attrition levels to improve net realizations (attrition down from a peak of 19.6% in Q1 to 15.7% in Q4FY07)
- BPO subsidiary Nipuna is on its way to achieving profitability at the net level (achieved break-even at operating level in Q307)

Key risks : Rupee appreciation, scale management

Financial summary **(CMP: Rs 492)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
2006	46,343	10,336	-	16.0	36	26.6	27.4	31.3	20.5
2007E	62,285	14,232	-	21.1	32	22.3	28.7	31.8	18.2
2008E	79,813	16,555	21.0	24.5	16	20.0	26.8	30.3	15.3
2009E	101,418	20,332	25.7	30.1	23	16.3	26.7	31.0	11.6

*Source: Company, ENAM estimates; *Consensus broker estimates*

Tata Motors

M&HCV volumes are key to short term profitability

- TAMO's product portfolio is highly leveraged towards M&HCV (~32% of volumes and >60% of EBITDA), making it highly vulnerable to a slowdown
- M&HCV volumes remain uncertain for FY08 owing to:
    - Increase in lending rates
    - Fleet operator economics at risk

However, long term drivers firmly in place

- TAMO is undertaking structural changes to mitigate product cyclicality and reduce the dependence on M&HCVs from 60% of EBITDA to less than half over the next 2-3 years
    - Agreement with FIAT to jointly manufacture and distribute FIAT cars in India by end FY08
    - Exports to increase from 18% to 25% in the next 2-3 years
    - Substantial potential value in five key subsidiaries, especially Tata Technologies

Key risk: Interest rates rise, dipping CV volumes in the short term

Financial summary **(CMP: Rs 716)**

Y/E Mar	Sales (Rs mn)	EBIDTA (Rs. m)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	232,063	28,501	17,293	-	42.9	19.8	21.8	32.1	30.8	14.0	12.3
2007	314,270	37,040	21,380	-	52.5	22.5	13.9	30.0	27.6	9.7	14.2
2008E	365,099	43,108	22,042	55.6	54.1	3.1	13.2	25.2	23.5	8.3	16.0
2009E	413,582	48,980	23,511	61.4	57.7	6.7	12.4	22.7	21.9	7.5	18.0

*Source: Company, ENAM estimates; *Consensus broker estimates*

Tata Motors: Sum of parts valuation

Target value of TAMO’s core business (Scenario analysis)

A. Automotive

PAT FY08E	18,019		
Target P/E (x)	*12*	*14*	*16*
Target Market cap (Rs.mn)	216,230	252,268	288,307
Value per share of TAMO (Rs.mn)	531	619	708

B. Subsidiaries

Subsidiaries	TAMO	Net Profit		ROCE (%)	RoE (%)	P/E	Valuation	share	per
	holding	FY07E	FY08E	FY07E	FY07E	(X)	(Rs mn)	of TAMO	share
Tata Daewoo	100%	833	1,052	11.8%	10.1%	10.0	10,519	10,519	26
HV Axles	100%	579	698	48.0%	33.5%	12.0	8,371	8,371	21
HV Transmission	100%	449	474	60.9%	37.3%	12.0	5,689	5,689	14
Telcon	60%	1,837	2,234	54.2%	40.1%	16.0	35,749	21,450	53
Tata Technologies	87%	161	386	10.5%	6.5%	15.0	5,794	5,036	12
TACO	50%	N.A.	N.A.	N.A.	N.A.	0.75*	28,275	14,109	35
Total non-core								***65,174***	***160***

C. Value of Investments

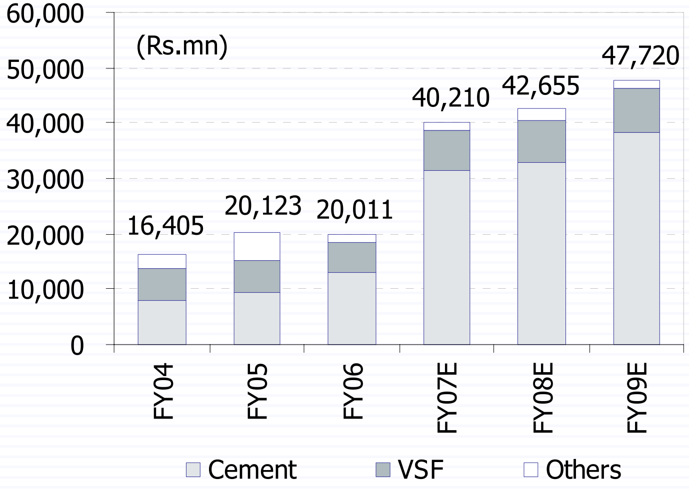
TCS (through Tata Sons) at 50% discount			36
Total Non Core Value			**196**
Total value per share for TAMO	**727**	**815**	**904**

*Source: ENAM Research, ROCE and ROE for Tata Technologies pertains to FY06, * TACO has been valued at Market Cap to sales ratio of 0.75x*

Grasim Industries

- **Successful transformation into a cement company**
  - Cement (with UltraTech) accounts for 75 % of EBITDA
  - Cement business to be a major growth driver going forward
- **Dominant cement business including UltraTech (51% ownership)**
  - Best volume growth prospects in the industry
  - Geographically diversified presence
- **VSF (~20% of EBITDA)**
  - Focus on volume growth, cost leadership (investment in pulp) and value added products are the key drivers
- **Earnings growth steady, attractive valuations**
  - Promoter ownership rising steadily
  - Significant volume growth (40%+) with regional diversification
  - Strong cash flows and low gearing
  - VSF expected to support growth over the next two years
  - Upgraded to sector **Outperformer** on higher target multiple
- **Key risk: Execution of greenfield capacities well before the Supply onslaught**

Op profit: Cement – a bulk of the profits



Source: Company, ENAM Research

Financial summary **(CMP: Rs 2765)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	100,098	8,989	-	98.1	(6)	21.0	18.1	18.5	11.2	20.0
2007	139,803	19,411	-	211.7	116	9.9	31.2	35.3	6.0	31.4
2008E	158,759	20,852	224.8	227.4	7	12.2	27.5	30.5	7.3	31.4
2009E	164,580	23,514	240.2	256.4	13	10.8	25.7	29.5	6.4	31.4

*Source: Company, ENAM estimates; *Consensus broker estimates*

Maruti Udyog

New launches to drive volumes

- Success of new product launches i.e. SX4 and Diesel Swift to drive volumes
- Other models are witnessing some slowdown primarily due to:
  - Rise in interest rates (>400bps over the last 12 months)
  - Increased competition in the small car market by launch of new products/ variants

Production set to double in the next 2-3 yrs

- Increase in capacity at Manesar from 0.1mn vehicles p.a. to 0.3mn vehicles p.a. by FY09, to service the growing domestic and export market
- Sourcing from Suzuki also set to increase:
  - Export of 100,000 units to Suzuki, which are to be sold in Europe and various international markets. Currently, Europe is the largest market and accounts for ~65% of total exports
- A diesel engine plant with an initial capacity of 0.1mn units p.a. (0.3mn units by FY09) at an investment of Rs 25bn is being setup. This is expected to give MUL an edge in the rapidly growing diesel car market

Key risks:

- Momentum-loss due to competitive entry of global players as market size increases
- Reduced profitability on account of increased competition in the compact car segment

Financial Summary **(CMP: 794)**

Y/E March	Net Sales (Rs mn)	EBITDA (Rs.mn)	Adj. PAT (Rs.mn)	Core EPS (Rs.)	Change YoY (%)	Core P/E (x)	RoE (%)	RoCE (%)	EV/ EBITDA (x)
FY06	120,034	16,266	11,890	36	40	21	24	35	13.5
FY07	145,922	19,903	15,745	45	45	16	26	37	10.0
FY08E	164,957	22,133	16,651	49	9	14	22	32	8.8
FY09E	186,133	24,890	18,138	55	10	13	20	29	7.7

Source: Company, ENAM estimates

Power Finance Corporation

- **USD 250bn of funding requirement in XI five year plan**
  - PFC doubled its market share to 20% in X year plan
- **Lending exposure largely to SPSUs**
  - Healthy asset quality due to escrow mechanism
  - Lending on Balance sheet basis
  - Gross NPAs at 0.1%, net NPAs at 0.06%
- **Loan growth of 22% CAGR in the last 5 years**
  - We expect higher growth rate of 24% in the next 5 yrs due to huge funding requirement, assuming similar market share
- **Generating incremental spread of ~2%**
  - Spreads likely to improve due to current liability structure
  - NIMs of ~3.5%, likely to be sustained due to improvement in spread and higher interest rate
- **Leveraging likely to improve from current levels of ~5x and Tier-I of 18.5%**
- **Normalized ROE of 16-17%, the stock can potentially quote at 1.8x FY09BV in one year's time - price target of Rs 175**
- **Unlike public sector banks, there is no FII limit on the stock, should enjoy superior valuations**
- **Key risk: Removal of section 36 1 (Viii) could lead to higher tax provisions**

Financial summary

CMP: Rs 163

Y/E Mar	PAT (Rs. mn)	EPS (Rs.)	Change YoY (%)	P/E (x)	BV (Rs.)	P/BV (x)	GNPAs (%)	Cost/ asset (%)	RoA (%)	RoE (%)	Tier-I (%)
2006	9,755	10.2	-9.0	16.0	72.6	2.2	0.3	0.15	2.7	15.6	18.2
2007	9,833	10.0	-1.2	16.2	80.4	2.0	0.1	0.12	2.6	12.5	18.4
2008E	12,430	12.0	19.2	13.6	88.1	1.8	0.2	0.11	2.7	14.7	16.2
2009E	15,454	14.9	24.3	10.9	97.6	1.7	0.2	0.10	2.7	16.0	14.4

Source: Company, ENAM estimates

Punjab National Bank

- Third largest public sector bank with pan-India presence (4,540 branches and extension counters)
- A high CASA ratio of ~48%, amongst the highest in the sector, is a key differentiator
- Best placed in a rising interest rate scenario on account of strong deposits franchise
- Management focus on margin rather than high credit growth seems to be paying off, PNB manages to maintain margin in excess of 4%
- Core banking solutions cover ~80% of the bank's business, management focus on increasing CBS coverage will augment fee income growth
- While asset quality had deteriorated in Q4FY07 (NNPAs at 0.76%) the management has been trying to control slippages
- Expect a healthy 22% CAGR in earnings during FY07-09, driven by 19% growth in advances and 17% growth in deposits
- Estimated sustainable RoE of ~20% implies that the stock could trade at 1.7x FY08E BV
- Key risks: Further deterioration in asset quality, fall in CASA ratio could impact margins

Financial summary

CMP: Rs 544

Y/E Mar	PAT (Rs. mn)	EPS (Rs.)	Change YoY (%)	P/E (x)	BV (Rs.)	P/BV (x)	NPAs (%)	RoE (%)	ROA (%)
2006	14,393	45.6	2.1	11.9	288	1.9	0.3	17.0	1.1
2007	15,401	48.8	7.0	11.1	322	1.7	0.8	16.0	1.0
2008E	19,671	62.4	27.7	8.7	372	1.5	0.8	18.0	1.1
2009E	23,303	73.9	18.5	7.4	431	1.3	0.8	18.4	1.1

Source: Company, ENAM estimates

BEL

- **Sustainable growth in core business of 19%+**
  - BEL is a near monopoly player in the strategic defense electronics and communication space in India
  - As per DOFA, India will be spending USD 100bn over the next 5 yrs on capital procurements, implying a 30% CAGR
- **Introduction of offset clause for any foreign purchases above Rs 300mn offer an additional USD10bn opportunity for Indian defense equipment companies**
  - BEL has indicated that it could garner a 20-30% share of the ~USD10bn offset market
  - BEL, being high on the learning curve and having an unmatched base of ~2,500 scientists is well geared to capitalize on this opportunity
- **Concerns over private competition over-played**
  - Life time servicing and spares support are also key factors responsible for BEL's success in the market
  - Being a PSU, only BEL engineers can be present at site, during war like situation, due to confidentiality issues
- **A robust business model with a sustainable RoE of 25%+**
  - Operating margin of 25% is sustainable given the 80:20 business mix of defense:civil and ability to cut cost by 60-65% post indigenization
  - Strong free cash generation due to negative working capital cycle and low capital intensity
- **Key risk: Complacency in addressing scalar opportunity forces govt to raise pvt. participation**

Financial summary **(CMP: Rs 1848)**

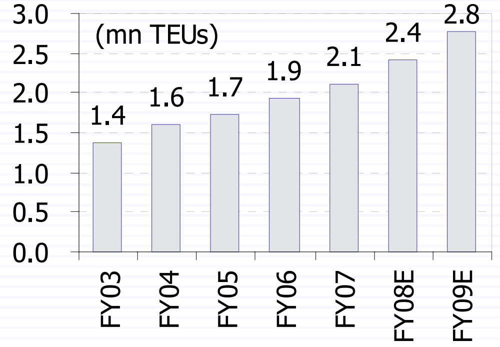
Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	34,532	5,840	-	73.0	23	18.1	32.4	48.3	9.9	14.6
2007	38,941	7,148	-	89.3	22	16.8	31.0	46.3	8.9	17.9
2008E	45,224	8,229	103.8	102.9	15	18.0	28.6	43.1	9.5	25.7
2009E	55,494	10,560	119.8	132.0	28	14.0	29.8	44.7	6.9	33.0

*Source: Company, ENAM estimates; *Consensus broker estimates*

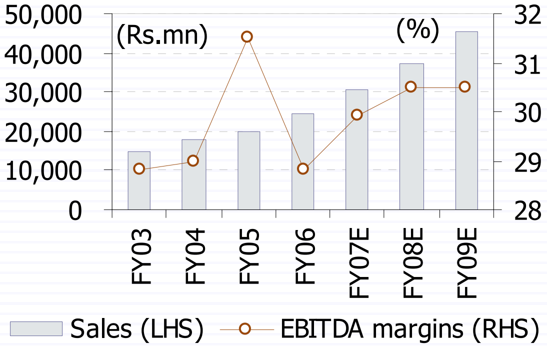
Container Corporation

- **Concor in a sweet spot - India's container traffic to double in the next 5 years**
- **Strategically well placed despite emergence of competitors**
  - A near monopoly in the container rail haulage business
  - Structural shift in the industry (private players allowed into container rail haulage)
  - Entry barriers keep rising despite entry of new private players
  - Concor has sizeable infrastructure, superior service quality and widespread network, and hence threat from competition is low
  - Customers (shipping companies and others) would collaborate with Concor rather than compete directly given its huge advantage due to its network of terminals
- **Strong fundamentals and attractive valuations**
  - Concor can grow at a fast pace given its aggressive capex plans and substantial cash flows
  - Revising EPS Estimates; FY08E EPS at Rs 130 and FY09E EPS at Rs 153

Concor: Projected Throughput



Concor: Sales & Margin Trend



Financial summary **(CMP: Rs 2259)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	24,332	5,240	-	80.6	23	17.9	27.7	35.3	12.4	18.0
2007	30,460	6,909	-	106.3	32	18.0	29.4	37.7	12.5	23.0
2008E	37,267	8,447	126.1	130.0	22	17.4	28.8	37.4	11.8	28.0
2009E	45,236	9,977	145.7	153.5	18	14.7	27.5	36.6	9.3	33.0

*Source: Company, ENAM estimates; *Consensus broker estimates*

Reliance Energy

Steady power operations
- Operating capacity of ~940 MW
  - Ref exhibit
- Steady-state operations
  - Estimated load growth of 4-5% pa
- EPC business has an order book of Rs 50bn
  - Steady contribution to EBIDTA

Ambitious growth plans
- Capacity addition plans of > 7,500 MW
  - At Dadri, coastal Maharashtra
- But, fuel linkages remain a challenge
  - Impeccable execution skills

Despite re-rating, valuation at discount to peers
- Current valuations factor in largely existing businesses
  - Treasury book trading at near book value
- Clarity on gas linkages/ new projects to trigger further re-rating

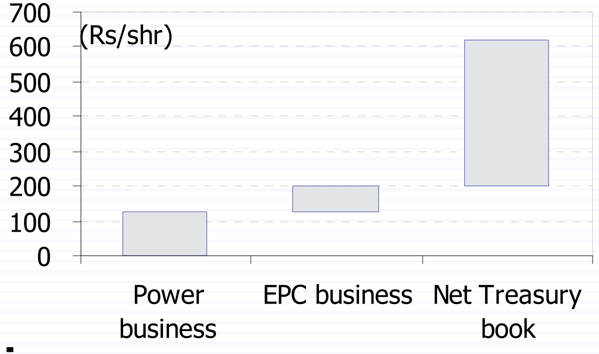
Trading at 1.4x FY08E Book Value of Rs 451
- Favourable risk reward scenario

Key risk: Cash deployment in non-core, non-lucrative businesses

Capacity breakup

	Capacity (MW)	FY07 PLF (%)	Fuel
Dahanu	500	100	Coal
Goa	49	92%	Naphtha
Wind Farm	6	44%	-
Samalkot	220	45%	Gas
BSES Kerala	165	-	Gas/Nap
Total	**934**		

Valuation breakdown



Financial summary **(CMP: Rs 616)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	39,195	7,309	-	34.4	23	17.8	10.0	8.6	14.7	5.6
2007	55,854	7,503	-	32.8	(5)	15.1	8.5	8.1	26.2	4.5
2008E	64,822	8,953	37.4	39.2	19	15.7	9.0	8.8	19.1	7.2
2009E	70,596	9,799	42.1	42.9	9	14.4	9.1	9.0	17.0	7.7

*Source: Company, ENAM estimates; *Consensus broker estimates*

Crompton Greaves

A play on global T&D market

- Gobal T&D market growth to accelerate to 6% in 2006-10 against 3% during 2001-06
- Crompton Greaves (CG) has an established global presence through the Pauwells and Ganz acquisitions
- Access to specialty products such as HV transformers, Gas insulated switchgear and power automation
- Strong brand equity of Pauwells and ability to provide turnkey solutions to help grow in mature markets

Future catalysts

- CG is currently perusing inorganic initiatives in the industrial drives space
- In Q107, global majors such as ABB, Areva and Siemens have reported 30-40% revenue growth and 12-15% EBIDTA margin in the power T&D business
- As Pauwells and Ganz (~50% of CG's revenue) operate in a similar geography and with a lower cost base, we expect Pauwells and Ganz to be the key FY08 earnings' drivers

Strong earnings growth and free cash flow

- Expect 48% CAGR in earnings through FY07-09E
- ~Rs 4bn cash and equivalents in FY09E, scope for inorganic growth

Key risk: Undercutting by global T&D equipment majors and reversal of domestic capex cycle

Financial summary **(CMP: Rs 260)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	41,635	2,161	-	5.9	105	25.2	36.4	31.5	15.2	1.1
2007	56,782	2,712	-	7.4	26	27.0	30.3	30.4	15.3	1.4
2008E	75,302	4,558	10.2	12.4	68	20.9	37.9	35.6	12.0	1.6
2009E	89,592	5,933	13.8	16.2	30	16.1	35.8	38.7	9.4	1.8

*Source: Company, ENAM estimates; *Consensus broker estimates*

Punj Lloyd

Strong macro tailwinds driven by investments in hydrocarbons sector (30% of revenues)

- High oil prices along with significant gas discoveries in KG basin are driving increased capital outlays in Indian and Middle Eastern countries
- IEA estimates that USD 20.2trn will be spend on energy by 2030 of which ~41% will be on oil & gas

SembCorp's acquisition – A good move

- Enhanced geographical reach, access to global oil & gas majors and pre-qualification in high growth sectors such as power, marine, airports, urban infrastructure are key strategic benefits from the acquisition
- Lack of management focus was the reason for losses, we expect SempCorp to positively contribute from FY08 onward. New orders have a better margin profile of ~7% compared to legacy orders with ~2% margins, which are barely ~16% of the order backlog
- SembCorp's negative working capital cycle has has reduces the overall WC cycle by 72 days to 115 days

Margin expansion of ~290bps due to high quality order book - to drive 73% earnings CAGR

- Quality of order book has improved significantly with high margin pipelines contributing ~50% of backlog
- Process plant and gas pipelines formed 17% and 31% of intake in FY07 against vs 13% and 15%, respectively in FY06

Key risks: Timely project execution and managing working capital

Financial summary **(CMP: Rs 269)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	16,846	391	-	6.9	504	31.2	4.8	10.1	31.0	0.2
2007	51,266	1,672	-	6.3	(9)	25.8	13.8	13.6	14.6	0.3
2008E	83,023	2,988	10.2	11.3	79	23.8	20.7	17.0	12.6	0.6
2009E	112,166	4,980	15.4	18.8	67	14.3	27.3	20.4	8.8	0.7

Source: Company, ENAM estimates

Shree Cement

- **One of the most profitable operators addressing the Northern region**
  - Cost competitive operations backed by captive power
  - EBITDA/ ton of ~Rs 1,200 in FY07 was one of the highest in the industry
  - Addressing the fast growing NCR market with location advantage (market share of > 15% in Delhi & Haryana)

- **Timely capacity additions at competitive cost**
  - Timely brownfield capacity additions slated to commission in FY08 & FY09
  - Brownfield capacity additions at a competitive capital cost of ~USD 45/ ton
  - Healthy cash flows are expected to fund the capex requirements

- **Earnings growth drivers**
  - Commissioning of capacities in FY07, FY08 and FY09 to provide volume growth in the respective financial years
  - Captive power backed production at competitive costs to compensate the capped realizations

- **Key risk: Increase in pet-coke prices in line with crude oil prices (as the company depends significantly on pet-coke)**

- **Valuations:**
  - High volume growth with robust cashflows and strong financials
  - Regional concentration
  - Location risk mitigated by the huge margin of safety on cost competitiveness

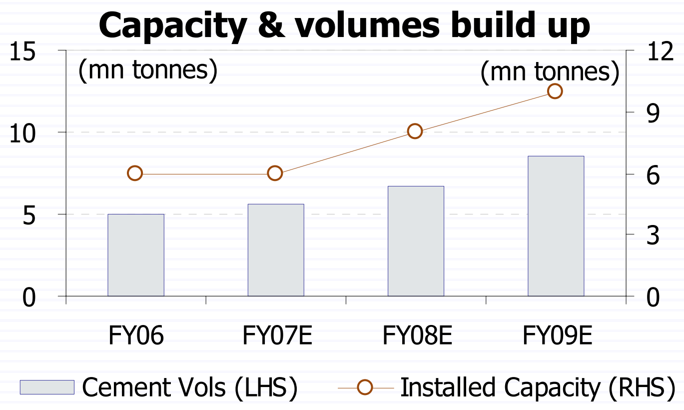
Financial summary **(CMP: Rs 1334)**

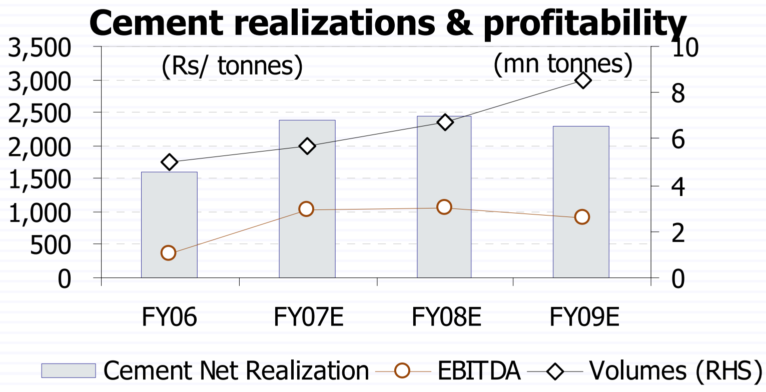
Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	6,677	1,595	-	45.8	74	19.5	54.5	28.8	14.7	5.7
2007E	13,680	2,843	-	81.6	78	11.3	76.2	43.6	6.4	6.8
2008E	18,230	4,422	122.9	126.9	56	10.5	67.3	49.7	6.6	8.0
2009E	22,084	5,094	134.1	146.2	15	9.1	46.1	49.0	5.4	8.2

*Source: Company, ENAM estimates; *Consensus broker estimates*

Madras Cements

- **Strong presence in the south with profitable operations**
  - Market share of ~10% in the Southern cement market
  - One of the most profitable cos earning EBITDA/ ton of ~Rs 1,000
- **Volume drivers in place with timely capacity additions**
  - Expansion of capacity by 4mtpa in a phased manner
  - Total capacity to reach 10mtpa by Q1FY09
- **Earnings growth drivers**
  - Volume growth on the back of phased expansions in FY08 & FY09
  - Cost competitiveness in manufacturing units, including expanded capacities, backed by captive power
  - Earnings estimates: FY08E EPS at Rs 297 and FY09E EPS at Rs317
- **Key risk: Execution of greenfield capacities well before the supply onslaught**


Capacity & volumes build up


Cement realizations & profitability

Source: Company, ENAM Estimates

Financial summary **(CMP: Rs 3386)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	9,890	797	-	66.0	38	32.8	22.0	14.9	14.6	17.1
2007	15,742	3,082	-	255.2	287	10.7	58.5	37.9	7.3	28.5
2008E	19,132	3,593	344.5	297.4	17	11.4	43.5	31.7	7.5	29.9
2009E	23,174	3,832	376.6	317.3	7	10.7	33.0	28.4	6.5	30.2

*Source: Company, ENAM estimates; *Consensus broker estimates*

Godrej Consumer

➲ Concerns overplayed

- Hair colour category growth remains strong and has forecasted 13% CAGR over the next 2 years. Current slowdown not structural
- Earnings growth at a 19% CAGR (FY07-09E) in line with peers, yet at a 20% discount to its peers

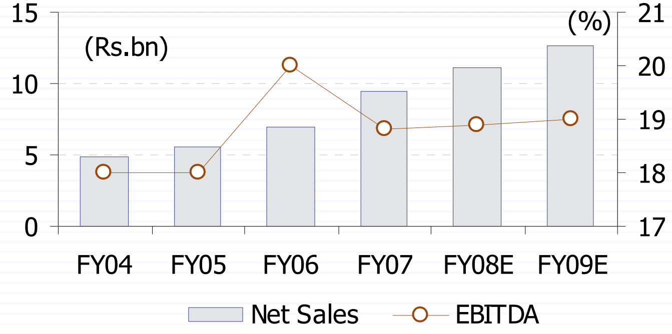
➲ ~Rs.6bn inorganic opportunity in the next 3 years

- Cash flow surplus estimated at ~Rs.3bn
- Keyline Brands provide synergetic benefits and rapid entry into newer markets. Both are earnings accretive

➲ A classic defensive growth story

- Sustainable organic growth at ~15% CAGR
- Was resilient during the down turn and became the leader during the broad-based FMCG revival
- Innovation, widening presence and a constant focus on shareholder value creation
- Scaling-up investment in manufacturing to avail tax benefits

Sustainable, scalable & profitable...



Assessing acquisition potential

(Rs. mn)	FY06-10
Free Cash Flow	6.100
Dividend Payout (@ 50%)	3,100
Cash Surplus	3,000
Assumed Debt Funding (1:1)	3,000
Feasible acquisition target	**6,000**

Financial summary **(CMP: Rs 138)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	6,980	1,138	-	5.0	33	36.1	177.0	129.2	29.2	3.5
2007	9,532	1,393	-	6.2	23	23.9	131.4	75.5	19.2	3.7
2008E	11,111	1,675	7.5	7.4	20	18.6	100.8	64.8	15.3	4.5
2009E	12,574	1,982	8.7	8.8	18	15.7	83.9	72.4	13.1	5.5

*Source: Company, ENAM estimates; *Consensus broker estimates*

Motherson Sumi

Dominant position in wiring harnesses

- MSSL has an estimated 65% domestic market share in Wiring Harnesses, which currently account for 69% of consolidated sales and remains a cash cow in the overall business portfolio
- Forays in the past 2-3 years include Polymers and Rubber/ Metal components which now account for 31% of sales

Growth drivers in place

- Wiring harness to be driven by strong production outlook for key OEM's (Maruti & Hyundai) and increased exports to its parent (Sumitomo)
- Polymers to be driven by rising content per car as OEMs strive for lighter vehicles, better mileage and compliance with stricter emission norms
- Over the next 2 years (FY07-09E), we expect CAGR of sales and FDEPS at 31% & 29%, respectively

Valuations

- We expect MSSL to trade at a premium to its peers on account of management track record and strong commitment from its parent - Sumitomo

Financial summary **(CMP: Rs 127)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	10,155	988	-	3.9	10	27.1	44.7	28.7	17.1	1.4
2007	15,276	1,333	-	5.2	32	20.8	51.5	27.9	12.0	1.4
2008E	19,925	1,663	6.7	6.4	25	19.8	44.1	29.6	10.8	2.3
2009E	26,115	2,205	8.3	8.5	33	14.9	41.7	32.4	9.1	3.2

*Source: Company, ENAM estimates; *Consensus broker estimates*

ENAM

AllCargo

A scalable model with geographical diversity

- MTO – Scaling up cargo consolidation domain. Acquired ECU Line, a leading NVOCC operator in the world
- CFS – Extending penetration in the hinterland
- Planned investment of Rs 3.5bn over 3 years across container logistic verticals

Revenues to grow at 47% CAGR CY06-CY08E

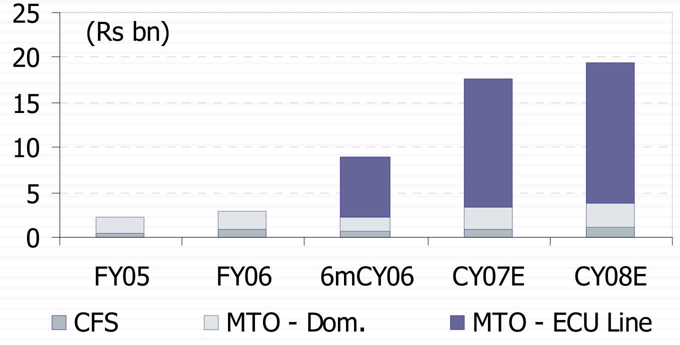
- Organic growth in the ECU line expected at 10% p.a.
- Extensions across logistic verticals have not been factored in our growth assumptions - Surface transport, International Air freight and logistic infrastructure
- Further inorganic initiatives in China & US NVOCC space could be expected

Earnings growth of 39% CAGR (annualized) through 9MCY06 - CY08E

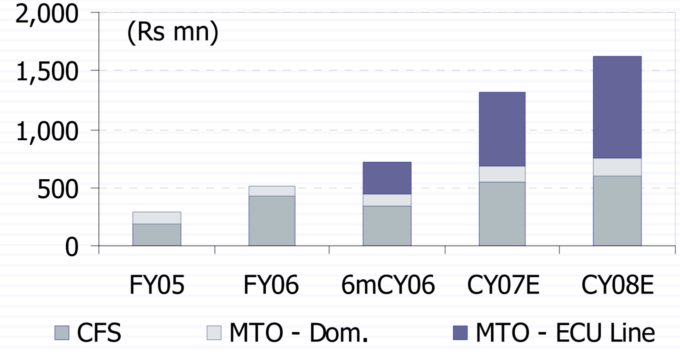
- Cost rationalization benefits of the ECU line to be off-set by margin decline in the CFS segment
- Earnings momentum to be driven by volume growth at the new CFS location and growth momentum in MTO

Key risk: Competitive pressures at JNPT port

AGLL: Revenue Trend



AGLL: EBIT Trend



Source: Company, ENAM Research

Financial summary **(CMP: Rs 1026)**

Y/E	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
FY06	2,712	471	-	25.9	4	0.0	46.9	46.2	-0.3	5.5
9mCY06	8,954	494	-	24.4	(6)	43.4	17.6	22.4	27.4	4.5
CY07E	17,619	1,039	55.0	51.3	110	20.0	23.4	27.1	13.8	6.5
CY08E	19,430	1,273	67.2	62.8	23	16.3	23.5	27.5	11.4	8.0

*Source: Company, ENAM estimates; Note: *CY06 for 9 months; * Financials include ECU acquisition*

NIIT Technologies

ENAM

Focused vertical strategy paying off

- Has evolved from a broad horizontal player to a vertically aligned solutions provider over the last 2-3 years
  - Client rationalization in non-focus verticals + expanded bouquet of offerings for select industries (BFSI, Transportation)
- NIIT Tech is already one of the leading Indian players in the insurance and travel/ transportation space
- Billing rates higher than peers, volume growth to accelerate revenue traction (CAGR FY07-09 21% incl. ROOM)

Inorganic initiatives: A perfect fit

- Acquisition of ROOM Solutions gives direct access and domain capability in the non-life insurance segment
  - Tremendous potential for offshoring and cross-selling BPO, IMS and PI services
- Adecco-NITEC JV is a big opportunity (Adecco, with a topline of US$23bn, is a staffing solutions company with access to Fortune500 clients)
  - JV has the potential of generating revenues of USD100-150mn in next 3-4 years

Margin expansion imminent

- BPO division still in a transition phase & has recently turned profitable
  - New multi-year large deal with a Fortune 500 client recently signed; staff reduction ongoing in select low-margin processes
- Economies of scale expected to kick in with widening employee pyramid, higher offshore business
- Transition/ integration of ROOM Solutions complete; expect benefits to accrue in coming quarters

Key risks: Abnormal salary hikes, increasing competition from bigger cos, scale management

Financial summary **(CMP: 518)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)
2006	6,075	663	-	16.9	11	13.6	25.9	26.4	7.5
2007	8,859	1,292	-	33.2	97	13.1	39.7	39.2	9.2
2008E	10,835	1,691	40.5	43.5	31	11.9	39.4	40.5	8.3
2009E	13,051	2,038	50.0	52.5	21	9.9	37.0	42.5	6.6

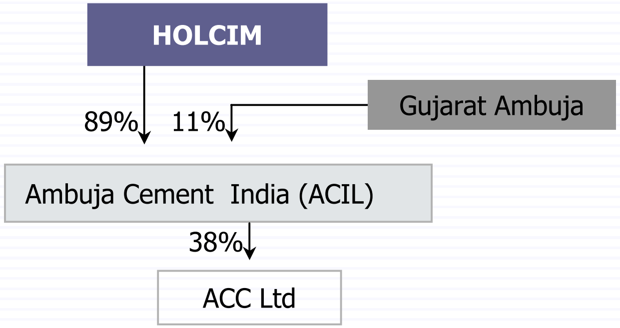
*Source: *Consensus broker estimates, Company, ENAM estimates*

Top Sells

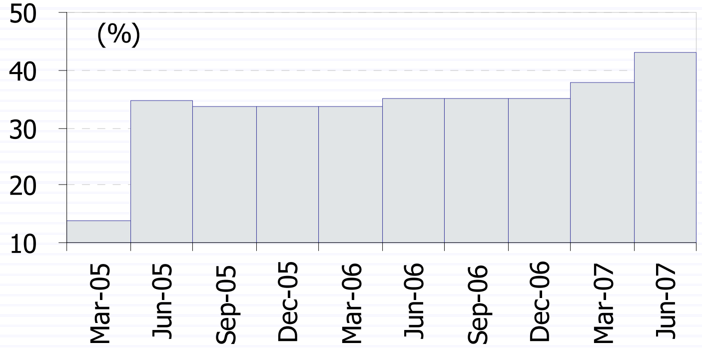
ACC

- **Market leader with strong MNC parentage from Holcim**
  - Focused cement business, unrelated activities disposed off
- **Also raising ownership stake**
  - Consolidation of ownership by Holcim – has been buying shares in the open market (stake raised to 43% recently)
- **Earnings growth drivers**
  - Volume drivers in place for CY07 and CY08 based on brownfield expansion
  - Stable margin, firm pricing and efficiency gains
- **Valuations**
  - Relatively overvalued

Ownership structure



Holcim's ownership to rise further



Source: Company, ENAM Research

Financial summary

(CMP: Rs 1046)

Y/E	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
CY05 Dec	42,748	3,821	-	20.5	12	26.1	17.9	18.8	15.4	9.0
CY06 Dec	58,937	10,455	-	56.0	174	18.7	33.3	40.3	11.3	15.1
CY07E Dec	66,435	12,023	71.0	64.2	15	16.3	29.7	39.9	10.4	16.0
CY08E Dec	69,074	12,444	71.2	66.5	3	15.7	25.0	35.3	10.1	16.5

*Source: Company, ENAM estimates; *Consensus broker estimates*

Hindalco Industries

- **Novelis acquisition - In the short term, consolidated earnings to decline**
  - Poor performance of Novelis due to price cap on can selling contract
  - Higher interest burden due to high financial leverage for the acquisition
- **Large greenfield expansion - In the long term, Hindalco to benefit from:**
  - Size has increased 3x in five years
- **Cost of production to decline in line with captive coal mining/ power and low cost alumina**
  - USD 900 per ton vs current USD 1,100 per ton and world average of USD 1,600 per ton
- **With the completion of can selling contract, the financials of Novelis will improve over the next three years**
- **Overvalued in the short term on earnings de-growth**
  - Falling ROCE/ ROE

Financial summary **(CMP: Rs 155)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	110,808	15,017	-	11.5	16	15.9	17.4	16.8	8.4	2.1
2007	183,130	27,145	-	20.8	81	6.3	24.5	22.3	3.3	1.7
2008E^	620,893	21,206	20.5	16.2	(22)	9.5	13.6	15.2	7.2	2.5
2009E^	611,745	24,372	17.8	18.6	15	8.3	12.3	11.5	6.8	2.5

*Source: *Consensus broker estimates, Company, ENAM EPS & DPS estimates on fully diluted equity; ^ Financials for consolidated Hindalco+ Novelis adjusted for dilution retrospectively*

BHEL

BHEL expected to lose market share going ahead

- Order intake for the PPE industry is expected to grow at a CAGR of 15% over the next five years
- However, ~2/3rd of the project intake will be in the supercritical + hydro + nuclear areas, which are not BHEL's forte
- Of the balance 47GW of thermal (coal) projects to be awarded in 11th plan, almost half are in the supercritical area, where BHEL is yet to demonstrate its competence
- BHEL unlikely to garner more than 25-30 GW worth of orders in the next five years, implying that surpassing FY07 order intake of 10GW is an uphill task

Industrial division – Increasing competitive intensity

- BHEL is expanding its transformers facility by ~50 % and doubling its industrial boilers capacity almost two fold
- However, the competitive intensity in its industry segment has increased significantly with most players in industrial boilers and T&D equipments also almost doubling their capacities

Business outlook

- Healthy order book of Rs550bn provides a strong near-term visibility.
- Order intake traction is likely to slow down going forward due to increasing competitive intensity and technology gaps
- We believe that a premium in valuations is not justified given these uncertainties

At CMP (Rs 1,575) the stock trades at a 12.7x FY09E EV/ EBITDA

Financial summary **(CMP: Rs 1575)**

Y/E March	Sales (Rs mn)	PAT (Rs mn)	Consensus EPS* (Rs.)	EPS (Rs.)	Change (YoY %)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs)
2006	136,007	16,662	-	34.0	64	33.8	27.5	39.4	19.6	8.3
2007	177,535	24,146	-	49.3	45	27.3	32.0	46.7	16.1	12.0
2008E	226,979	31,153	63.5	63.6	29	24.7	32.3	47.6	14.6	15.5
2009E	260,431	36,277	79.5	74.1	16	21.3	29.8	42.9	12.7	18.0

*Source: Company, ENAM estimates; *Consensus broker estimates*

Hero Honda

Losing momentum

- HH is facing stiff competition from Bajaj in the Value segment - its “bread and butter” segment
- HH has been gaining market share over the last few months, however even with aggressive pricing in 100cc, we believe that additional volumes may not necessarily result in higher margins
- HH has delayed the planned production at its new facility in Uttaranchal owing to lower demand off take, thus restricting it to pass the likely tax benefits from this plant. Bajaj has already started production of Platina from the tax benefit zone at Pantnagar helping it to aggressively re-price the bike in the price segment

HMSI: A competitor?

- HMSI already has products in the Value and Premium segment. HMSI is planning to launch a bike in the price segment. This will complete HMSI’s presence across all product segments

Margins to remain under pressure

- Operating margins for HH have been severely impacted by input costs and limited pricing power. We expect margins to remain under pressure on account of sluggish demand off take, rising cost pressures and higher advertising and marketing costs coupled with royalty payments for newer products
- Expensive valuations: At the CMP of Rs 687 , the stock trades at 15.5x and 13.9x FY08E and FY09E Core EPS of Rs 37 and Rs 41 respectively

Financial Summary **(CMP: 687)**

Y/E March	Net Sales (Rs mn)	EBITDA (Rs mn)	Core. PAT (Rs mn)	Core EPS (Rs)	Change YoY (%)	Core P/E (x)	RoE (%)	RoCE (%)	EV/ EBITDA (x)
FY06	87,140	13,645	8,442	42	22	18.4	55	72	14.0
FY07	99,000	11,730	7,155	36	(15)	16.0	38	50	9.5
FY08E	109,282	12,433	7,416	37	4	15.5	33	45	8.6
FY09E	122,124	13,992	8,257	41	11	13.9	30	41	7.1

Source: Company, ENAM estimates

Database

Database

			ENAM estimates					
			FDEPS (Rs.)		P/E (x)		RoE (%)	
Company Name	Price (Rs.)	Mkt. Cap (US$ m)	CY07E/ FY08E	CY08E/ FY09E	CY07E/ FY08E	CY08E/ FY09E	CY07E/ FY08E	CY08E/ FY09E
AUTO								
Tata Motors Ltd	716	6,827	54	58	13	12	25	23
Bajaj Auto Ltd	2,105	5,273	131	149	16	14	21	21
Maruti Udyog Ltd	794	5,679	58	63	14	13	22	20
Mahindra & Mahindra Ltd	779	4,736	38	43	10	9	26	25
Motor Industries Co Ltd	4,398	3,489	153	182	29	24	21	21
Hero Honda Motors Ltd	687	3,393	45	50	15	14	33	30
Bharat Forge Ltd	310	1,708	15	18	21	17	23	24
Ashok Leyland Ltd	38	1,255	4	4	10	10	24	22
Motherson Sumi Systems Ltd	127	739	6	9	20	15	44	42
TVS Motor Co Ltd	61	359	2	4	25	16	8	11
Apollo Tyres Ltd	346	397	29	33	12	11	11	13
Eicher Motors Ltd	350	244	23	26	15	13	12	12
BANKING			**Adj. BV (Rs.)**		**P/ABV (X)**			
State Bank of India Ltd	1,571	20,469	796	905	2.0	1.7	17	17
Housing Development Finance Corp	1,923	12,043	359	406	3.7	3.0	25	23
HDFC Bank Ltd	1,168	9,241	324	365	3.6	3.2	16	15
Reliance Capital Ltd	1,159	7,046	243	278	3.3	2.4	15	16
UTI Bank Ltd	633	4,425	198	226	3.2	2.8	17	15
Power Finance Corp Ltd	163	4,619	88	96	1.9	1.7	14	16
Punjab National Bank Ltd	544	4,246	350	405	1.6	1.3	18	18
Infrastructure Development Finance Co Ltd	129	3,583	42	46	3.1	2.8	15	13
Canara Bank	276	2,797	211	245	1.3	1.1	19	19
Bank of India	230	2,778	127	154	1.8	1.5	24	23
Bank of Baroda	278	2,507	261	294	1.1	0.9	14	14
Union Bank Of India	145	1,815	101	121	1.4	1.2	20	22
Centurion Bank of Punjab Ltd	42	1,637	9.2	10.2	4.6	4.1	11	13
Oriental Bank Of Commerce	237	1,471	245	280	1.0	0.8	15	16
Indian Bank	148	1,569	90	110	1.6	1.3	26	25
Corp Bank	341	1,209	292	336	1.2	1.0	16	17
Yes Bank Ltd	194	1,344	40	60	4.8	3.2	16	15
Federal Bank Ltd	309	654	202	241	1.5	1.3	21	21
Bank Of Maharashtra	52	550	40	44	1.3	1.2	18	19
LIC Housing Finance	215	451	189	220	1.1	1.0	19	18

Note: HDFC valuations are calculated after including the value of investments.

Database

			ENAM estimates					
			FDEPS (Rs.)		P/E (x)		RoE (%)	
Company Name	Price (Rs.)	Mkt. Cap (US$ m)	CY07E/ FY08E	CY08E/ FY09E	CY07E/ FY08E	CY08E/ FY09E	CY07E/ FY08E	CY08E/ FY09E
CEMENT								
Grasim Industries Ltd	2,765	6,274	227	256	12	11	28	26
Ambuja Cements Ltd	132	4,969	9	10	14	14	28	25
ACC Ltd	1,046	4,853	64	66	16	16	30	25
Jaiprakash Associates Ltd	825	4,476	28	36	30	23	30	24
Ultra Tech Cement Ltd	893	2,751	71	76	13	12	34	27
Century Textile & Industries Ltd	714	1,644	51	49	14	15	38	27
Shree Cement Ltd	1,334	1,150	127	146	11	9	67	46
India Cements Ltd	222	1,209	20	22	11	10	24	21
Madras Cements Ltd	3,386	1,012	297	317	11	11	44	33
Birla Corp Ltd	284	542	41	44	7	6	39	30
ENERGY								
NTPC Ltd	157	32,074	10	10	16	16	16	15
Reliance Energy Ltd	616	3,482	39	43	16	14	9	9
Tata Power Co Ltd	668	3,272	30	36	22	18	10	10
PTC India Ltd	68	253	3	4	24	17	15	20
ENGINEERING								
Bharat Heavy Electricals Ltd	1,575	19,084	64	74	25	21	32	30
Larsen & Toubro Ltd	2,416	16,959	78	108	31	22	28	30
Suzlon Energy Ltd	1,495	10,647	48	58	31	26	34	31
Siemens India Ltd	1,423	5,937	39	55	36	26	44	42
ABB Ltd India	1,114	5,846	24	33	46	34	36	35
Bharat Electronics Ltd	1,848	3,660	103	132	18	14	29	30
Crompton Greaves Ltd	260	2,358	12	16	21	16	38	36
Cummins India Ltd	348	1,706	16	18	22	19	27	26
Thermax Ltd	568	1,675	23	26	25	21	41	36
Bharat Earth Movers Ltd	1,255	1,141	63	80	20	16	20	19
Kirloskar Brothers Ltd	422	1,104	22	31	19	13	28	31
Voltas Ltd	125	1,021	4	5	33	23	26	30
AIA Engineering Ltd	1,700	791	79	112	22	15	26	29
Kirloskar Oil Engines	304	730	19	26	16	12	20	23
FMCG								
Hindustan Unilever LTD	195	10,672	8	9	24	21	65	72
Nestle India Ltd	1,150	2,744	41	49	28	24	93	96
Dabur India Ltd	101	2,161	4	4	29	24	68	73
Tata Tea Ltd	852	1,304	62	68	14	13	16	15
Titan Industries Ltd	1,280	1,406	35	44	36	29	37	35
Colgate-Palmolive India Ltd	385	1,297	19	22	21	17	85	91
Marico Ltd	56	845	3	3	21	18	42	38
Pidilite Industries Ltd	128	800	6	8	20	17	29	29
Godrej Consumer Products Ltd	138	773	7	9	19	16	101	84

Database

			ENAM estimates					
			FDEPS (Rs.)		P/E (x)		RoE (%)	
Company Name	Price (Rs.)	Mkt. Cap (US$ m)	CY07E/ FY08E	CY08E/ FY09E	CY07E/ FY08E	CY08E/ FY09E	CY07E/ FY08E	CY08E/ FY09E
FINANCIAL SERVICES								
Aditya Birla Nuvo	1,351	3,120	38	-	36	-	9	-
INFRASTRUCTURE								
GMR Infrastructure Ltd	745	6,105	6	12	134	64	7	13
Punj Lloyd Ltd	269	1,736	11	19	24	14	21	27
Nagarjuna Construction Co	202	1,044	10	11	21	18	18	18
Gammon India Ltd	430	932	13	15	33	28	12	13
Hindustan Construction Co	124	783	4	6	33	19	11	17
Patel Engineering Ltd	440	650	18	20	25	22	14	15
IT SERVICES								
Tata Consultancy Services Ltd	1,177	28,500	51	63	23	19	44	38
Infosys Technologies Ltd	1,993	28,180	81	102	25	20	38	36
Wipro Ltd	525	18,970	23	28	23	18	29	28
Satyam Computer Services Ltd	492	8,122	25	30	20	16	27	27
HCL Technologies Ltd	340	5,590	20	24	17	14	29	29
Tech Mahindra Ltd	1,505	4,516	65	87	23	17	55	50
Patni Computer Systems Ltd	513	1,762	31	35	17	15	18	17
Hexaware Technologies Ltd	166	545	11	13	16	13	19	20
NIIT Technologies Ltd	518	501	44	52	12	10	39	37
NIIT Ltd	1,168	634	41	59	28	20	28	32
Infotech Enterprises Ltd	381	436	22	28	17	13	30	30
Sasken Communications Technologies Ltd	497	351	28	36	18	14	17	19
Aztecsoft Ltd	89	99	8	11	11	8	19	21
MEDIA								
Sun TV Network Ltd	1,618	3,945	42	61	38	26	38	38
Zee Entertainment Enterprises Ltd	320	3,430	8	11	40	29	11	13
Adlabs Films Ltd	564	556	20	23	28	25	15	11
Inox Leisure Ltd	133	198	7	-	19	-	15	-
Cinemax India Ltd	157	109	12	-	13	-	52	-
METALS								
Steel Authority Of India	133	13,603	18	19	8	7	36	31
Tata Steel Ltd	626	9,429	68	91	9	7	21	27
Sterlite Industries India Ltd	624	10,939	85	90	7	7	41	44
Hindustan Zinc Ltd	721	7,538	107	111	7	6	47	34
Hindalco Industries Ltd	155	4,696	16	19	10	8	14	12
National Aluminium Co Ltd	264	4,208	29	30	9	9	22	19
Jindal Steel & Power Ltd	3,568	2,720	292	508	12	7	31	38
JSW Steel Ltd	632	2,457	86	109	7	6	26	26

Database

			FDEPS (Rs.)		P/E (x)		RoE (%)	
Company Name	**Price (Rs.)**	**Mkt. Cap (US$ m)**	**CY07E/ FY08E**	**CY08E/ FY09E**	**CY07E/ FY08E**	**CY08E/ FY09E**	**CY07E/ FY08E**	**CY08E/ FY09E**
OIL & GAS								
Reliance Industries Ltd	1,711	59,017	88	113	19	15	26	23
Oil & Natural Gas Corp Ltd	896	47,428	98	94	9	10	21	18
Indian Oil Corp Ltd	435	12,834	51	51	8	9	13	12
GAIL India Ltd	318	6,647	26	31	12	10	17	18
Bharat Petroleum Corp Ltd	337	3,018	47	44	7	8	12	11
Hindustan Petroleum Corp Ltd	267	2,243	42	39	6	7	12	11
Maharashtra Seamless Ltd	645	1,126	47	58	14	11	29	28
Chennai Petroleum Corp Ltd	268	986	42	41	6	7	18	16
Indraprastha Gas Ltd	121	418	12	14	10	9	30	30
PHARMACEUTICALS								
Sun Pharmaceuticals Industries Ltd	1,011	4,876	51	62	20	16	40	35
Cipla Ltd/India	211	4,063	9	11	22	18	22	23
Ranbaxy Laboratories Ltd	362	3,340	17	18	22	21	24	23
Dr Reddys Laboratories Ltd	676	2,808	36	41	19	16	14	14
GlaxoSmithKline Pharmaceuticals Ltd	1,260	2,641	48	53	26	24	32	31
Glenmark Pharmaceuticals Ltd	675	2,021	38	45	18	15	56	43
Divi's Laboratories Ltd	6,694	2,139	190	232	35	29	40	35
Nicholas Piramal India Ltd	294	1,523	13	16	23	18	24	26
Cadila Healthcare Ltd	358	1,113	20	24	18	15	26	26
Biocon Ltd	452	1,119	24	29	19	16	21	21
Jubilant Organosys Ltd	298	1,059	16	21	19	14	25	26
Apollo Hospitals Enterprise Ltd	497	635	15	18	33	28	11	12
Dishman Pharmaceuticals & Chemicals Ltd	337	615	15	21	22	16	38	36
Shasun Chemicals	140	167	12	13	12	11	24	21
REAL ESTATE								
Unitech Ltd	525	10,539	15	34	34	15	59	68
Sobha Developers Ltd	925	1,669	34	47	27	20	25	27
Parsvnath Developers Ltd	372	1,703	25	44	15	9	27	37
Akruti Nirman Ltd	490	808	26	54	19	9	29	41
RETAIL								
Pantaloon Retail India Ltd	499	1,736	12	19	42	27	17	23
Trent Ltd	734	344	36	-	20	-	13	-

Database

Company Name	Price (Rs.)	Mkt. Cap (US$ m)	FDEPS (Rs.) CY07E/ FY08E	FDEPS (Rs.) CY08E/ FY09E	P/E (x) CY07E/ FY08E	P/E (x) CY08E/ FY09E	RoE (%) CY07E/ FY08E	RoE (%) CY08E/ FY09E
TELECOM								
Bharti Airtel Ltd	884	41,491	31	40	28	22	36	32
Reliance Communications Ltd	552	24,245	21	27	27	20	19	20
Idea Cellular Ltd	121	5,307	3	4	38	27	21	23
Mahanagar Telephone Nigam	165	2,571	10	9	17	19	5	5
TEXTILES								
Lakshmi Machine Works Ltd	3,000	918	229	298	13	10	41	40
Raymond Ltd/India	304	462	17	23	18	13	7	10
Arvind Mills Ltd	46	241	2	4	24	12	3	5
Gokaldas Exports Ltd	234	199	24	28	10	8	19	20
TRANSPORTATION								
Container Corp Of India	2,259	3,634	130	154	17	15	29	27
Jet Airways India Ltd	802	1,714	(15)	24	(54)	34	(5)	5
Allcargo Global Logistics Ltd	1,026	515	51	63	20	16	23	23
Gateway Distriparks Ltd	187	427	10	13	19	14	14	17

Source: Company, ENAM Research

Note: HDFC valuations are calculated after including the value of investments.

Note: Price as on July 9, 2007

Trend watch

ECONOMIC

Jun-07		% chg			
	Current	**1M**	**3M**	**6M**	**12M**
Industrial Production Index - Apr					
General	256	(11.3)	(3.6)	9.4	13.6
Manufacturing	274	(11.7)	(3.3)	11.0	15.1
Mining	163	(16.6)	(10.5)	0.7	3.4
Electricity	215	(1.8)	(0.3)	1.3	8.7
Inflation Index					
WPI - June	212	0.1	1.2	1.8	4.4
CPI - May	129	0.8	0.8	1.6	6.6
Balance of payments (USD bn)					
Exports - May	11.9	12.2	22.3	20.6	18.1
Imports - May	18.1	2.5	25.9	18.3	26.4
Forex Reserves (Actuals) - June	213.5	204.9	199.2	177.3	162.9
INR/USD (Actuals) - June	40.6	41.2	44.3	44.7	46.4
Banking Trends (INRbn) - June					
Bank Credit	18,958	0.5	(1.4)	7.3	22.7
Bank Deposits	26,682	2.3	2.8	11.7	22.3
Non-food credit	18,518	0.6	(1.3)	7.2	25.1
Credit/Deposit ratio (actuals)	72.3	72.7	73.1	72.2	69.9
Money Supply (M3) % actuals - May	19.7	19.8	13.2	15.9	18.1

Interest Rates

Jun-07		**Actuals**			
	Current	**1M**	**3M**	**6M**	**12M**
10Y Bond Yield (%)	8.2	8.1	8.0	7.6	8.1
Reverse REPO (%)	6.0	6.0	6.0	6.0	5.8

SECTORAL

Jun-07		% chg			
	Current	**1M**	**3M**	**6M**	**12M**
Auto ('000) - May					
Passenger Car Sales	118	14.6	1.9	8.0	7.3
CV-Sales	18	15.3	(9.8)	(7.5)	17.3
2-W Sales	671	6.8	(0.8)	(7.0)	(7.5)
Cement					
Cement Desp (m tonnes) - May	14	2.8	9.3	14.3	11.2
Telecom					
Cellular subscribers outstanding (mn) - May	174	4.1	8.9	23.9	66.2
Actual net additions (mn) - May	6.8	4.4	6.1	6.7	4.3
Crude - June					
Bonny Light Crude Oil Spot Price ($/bbl)	74	4.8	5.7	18.3	0.1
GRM - Sweet	1.9	2.5	2.7	0.2	2.5
GRM - Sour	4.1	4.4	4.4	0.7	4.3
Commodities - June					
Zinc (LME) - $metric ton	3,339	(9.7)	2.6	(22.2)	3.1
Copper (LME) - $metric ton	7,678	2.9	11.0	21.7	3.4
Aluminium (MB) - $metric ton	2,676	(2.8)	(3.4)	(5.5)	3.3
Alumina (MB) - $metric ton	593	64.7	64.7	189.3	9.8
Hot Rolled Coil (MB) $metric ton	550	(2.7)	(3.1)	8.9	(9.1)
Billet - $metric ton	490	(1.0)	(10.1)	18.8	14.6
Gold (Rs/ 10gm)	8,725	(3.1)	(10.2)	(5.6)	(9.1)
Polyethelyene (Rs/Kg)	64	0.0	(2.3)	(2.3)	1.7
Polypropylene (Rs/Kg)	65	1.6	(1.5)	1.4	2.7
Polyester Optic Fibre (Rs/Kg)	66	3.4	1.2	(1.1)	(5.7)
Polyester Staple Fibre (Rs/Kg)	66	0.8	0.8	(2.2)	(0.8)
Others					
Tourist arrivals (nos) - May	271,454	(18.9)	(41.3)	(42.5)	5.0
Total comm traffic at ports ('000 tonnes) - May	40,538	(10.4)	(3.9)	4.5	23.6

Thank You

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