

Pause before year-end rally

We expect near term correction

Indian markets are entering a seasonally strong quarter. On an average October has been a poor month but markets rally sharply in December. While valuations are looking expensive to us, the bulls argue that they are not yet in a bubble territory. An ideal cocktail of easy liquidity and improving economy/earnings are providing support to the markets. While any meaningful change in the uptrend is unlikely till the global liquidity changes, we expect a near term correction in the market (maybe 7-10%) before the year-end rally, led by:

#1: Markets may sell on “good news on earnings”

While headline profits for Sensex companies should decline by 18%, ex-metals EBIDTA should grow 20% and profits 9.4%. While we think earnings will beat estimates, market expectations are running much higher. We expect markets to sell on “good news”. Secondly, the pace of analyst upgrades is starting to slow down which could be negative for markets.

#2: Cash with domestic MFs at 18-month low

Cash with domestic MFs are at an 18 month low of 8% (down from over 20% in Feb, 2009). These low levels of cash were last seen at the peak of the markets in Jan, 2008. While insurance companies are bigger buyers than MFs, it does indicate that buying from domestics will be lower going forward.

#3: Supply of paper to suck secondary market liquidity

Over next 6 months, we could see \$10 bn of primary issuances, largely in infrastructure and real estate sectors. This could cap secondary market performance.

#4: Inflation, interest rates could be worries

We expect headline inflation to show a rapid increase to 6-7% over next 6 months. We also expect RBI to hike interest rates in January.

Sector rotation - We like banks, pharma, cap goods

We think laggard sectors of last quarter like banks, capital goods and pharma will perform better in this quarter. On the other hand, we would be cautious on sectors like software and metals that did well in the previous quarter.

([India Strategy, 1 October 2009](#))

Most Preferred Stocks: SBI, M&M, Dr Reddys

Least Preferred Stocks: Infosys, Ambuja, Hindalco



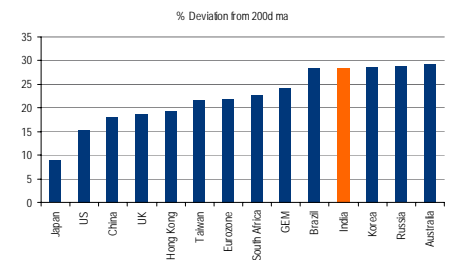
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Chart 1: Deviation from 200d ma – India one of the most overbought



Source: BofA Merrill Lynch Global Research

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Refer to important disclosures on page 14 to 15. Analyst Certification on Page 13.

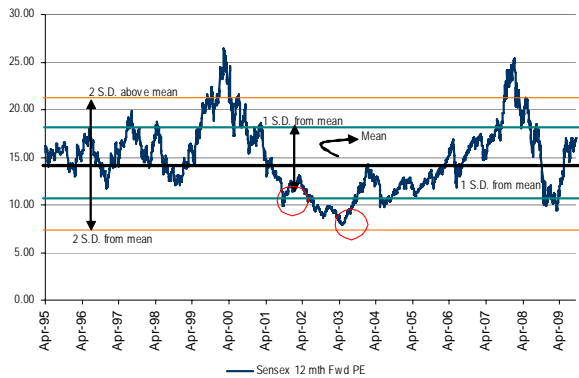
Pause before year-end rally

The market is currently having the best of both worlds – not only are the economy and earnings recovering but liquidity from the Central Banks is also easy. We believe valuations are factoring lot of the positives. Historically, however, easy liquidity creates bubble-like valuations before they burst. We believe markets are no longer cheap but probably they have some more room to go before they can be called in bubble territory. We expect markets to have a correction before the next rally.

Valuations no longer cheap

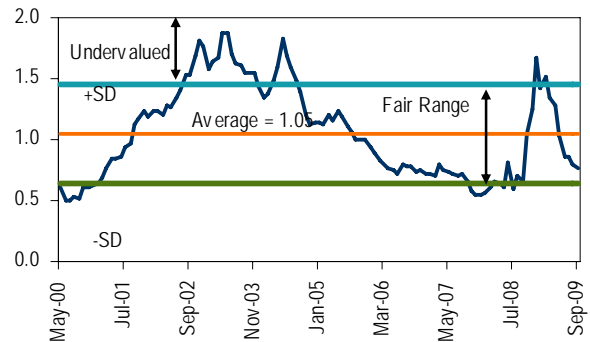
Markets now trade at 18x 1-year forward earnings, no longer cheap in a historic or regional context. Yet, they are below the peaks in previous rallies.

Chart 2: Valuations no longer cheap on PE



Source: BofA Merrill Lynch Global Research

Chart 3: Earnings yield chart- nearing the overvalued range

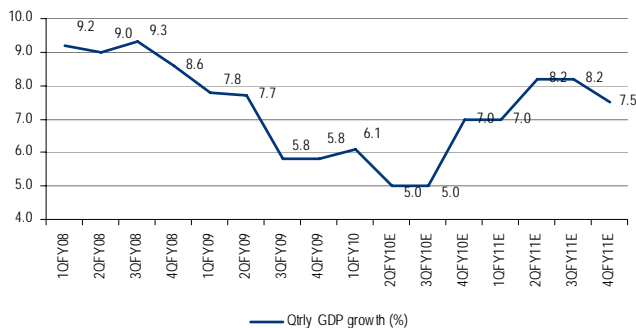


Source: BofA Merrill Lynch Global Research

... but both earnings and economy recovering

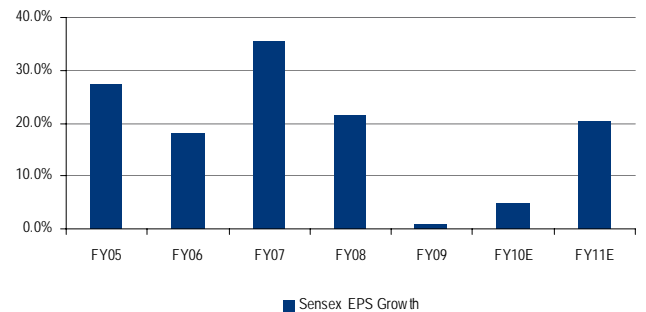
We expect both the economy and earnings to recover over next 6 months. From a yoy basis it gets even easier given the poor base of the previous year for the December and March, 2010 quarters.

Chart 4: Economy bottoming out



Source: BofA Merrill Lynch Global Research

Chart 5: Earnings to rebound in FY11

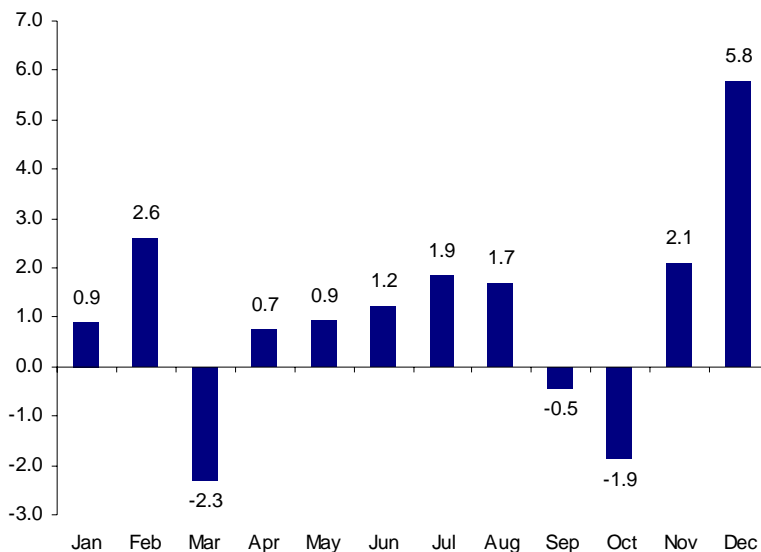


Source: BofA Merrill Lynch Global Research

Q4 - good year for markets though Oct is poor

The last quarter of the calendar year has typically been a good year for the markets. However, October is a poor month but is generally followed by a strong year-end rally.

Chart 6: Oct is not a good month



Source: BofA Merrill Lynch Global Research

We expect this year to be similar. We expect a 7-10% correction in the markets over next few weeks before a strong year-end rally. Our correction view is based on 4 factors:

#1: Result Season - "sell on good news"

We expect the current earnings season for the quarter ended September 30, 2009 to be the last quarter of headline decline in profits (we expect Sensex companies to report a drop in net profit by 18%). However, ex-metals, the EBITDA growth is near 20% and net profit growth is 9.4%, a sharp improvement over the previous quarter. While results will likely beat estimates, we think the market expectations are running much higher and the market may sell on "good news".

Table 1: Results summary for Q ended Sep'09E

	Sensex
All Companies:	
Sales Growth	-11.8%
Profit Growth	-17.6%
Excl. Financial Cos:	
Sales Growth	-13.0%
EBITDA Growth	-10.3%
Profit Growth	-25.1%
Excl. Metals	
Sales Growth	17.8%
EBITDA Growth	20.0%
Profit Growth	9.4%
Excl. Global Commodities:	
Sales Growth	12.8%
Profit Growth	13.1%

Source: BofA Merrill Lynch Global Research

Table 2: Results preview summary

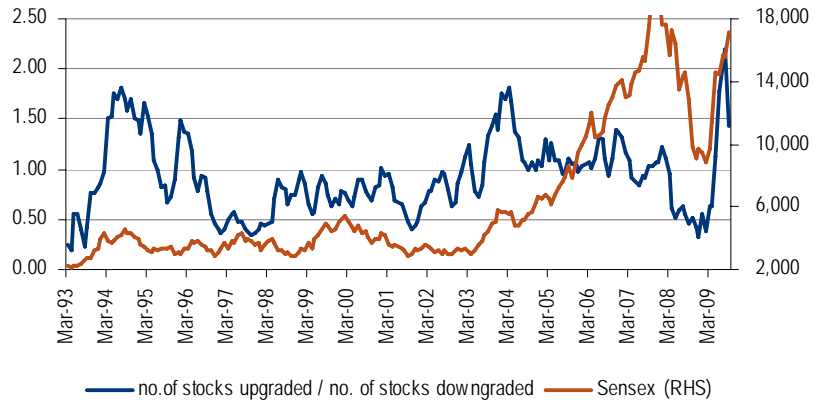
Rs. Mn	BSE 30		
	Sep-09E	Sep-08	Growth %
Sales Turnover	960,691	1,104,054	-13.0%
EBITDA	197,417	220,092	-10.3%
Other Income	20,719	14,800	40.0%
Depreciation	44,510	33,482	32.9%
Interest	19,936	14,736	35.3%
PBT	137,116	177,635	-22.8%
Tax	29,284	33,604	-12.9%
Net Profit	107,832	144,031	-25.1%
Net Profit (incl. Fin Cos)	142,998	173,637	-17.6%
Net Profit (excl. metals)	138,900	126,991	9.4%

Source: BofA Merrill Lynch Global Research

Earnings upgrade slowing

Our view is that earnings will see upgrades from current consensus forecasts. However, the pace of earnings revision is now coming down. This could be negative for markets near term.

Chart 7: Speed of earnings revision coming down

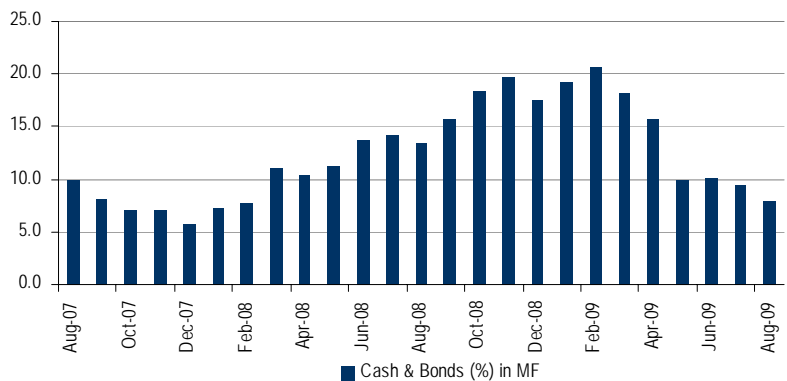


Source: BofA Merrill Lynch Global Research, IBES

#2: Is the capitulation over? Cash with MFs at 18 month low

Domestic mutual funds (MFs) have steadily reduced their cash positions. Cash levels now at 8% of assets are the lowest in 18 months and were last seen in Jan, 2008 at the peak of markets. While insurance companies are bigger players in the market than MFs, this gives some indication of the domestic sentiment currently.

Chart 8: Cash position in mutual funds coming down

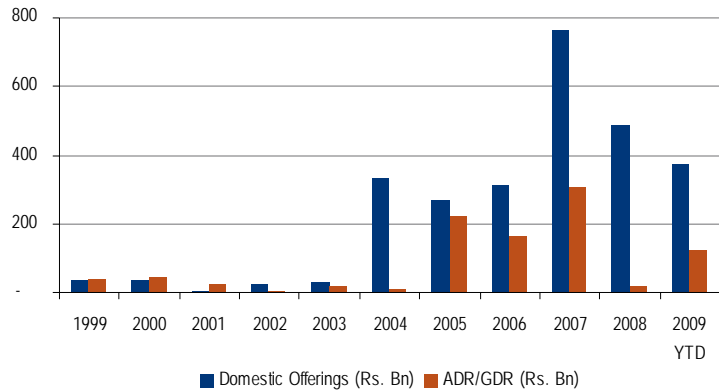


Source: BofA Merrill Lynch Global Research, Reuters

#3: Supply of paper waiting to suck liquidity

We believe the supply of paper in India is going to be large and may suck out lot of the liquidity from the secondary market. We think the next 6 months could see primary issuance of around \$10 bn, especially in the real estate and infrastructure space.

Chart 9: Supply of paper to rise

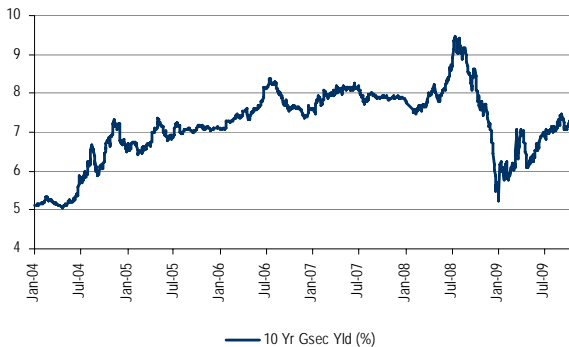


Source: BofA Merrill Lynch Global Research

#4: Rising inflation, interest rates is the risk

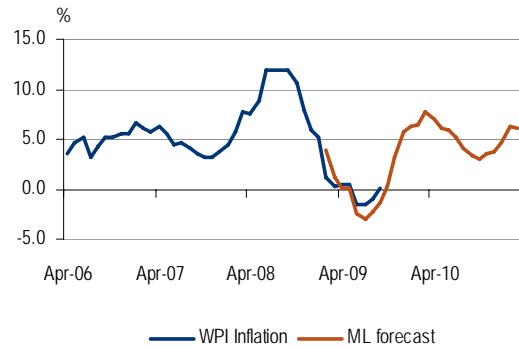
We think inflation has bottomed out and is set to rise sharply by the end of the fiscal year (March, 2010) to 6-7%. While this is partly led by agricultural commodity prices (due to poor rains), we believe it is still going to be a challenge for the RBI. We expect RBI to raise rates in their January policy given that money supply is still very easy.

Chart 10: 10 yr. yield rising up



Source: BofA Merrill Lynch Global Research

Chart 11: Inflation to push up rates



Source: BofA Merrill Lynch Global Research

Apart from interest rates, we believe the economy will face 2 challenges:

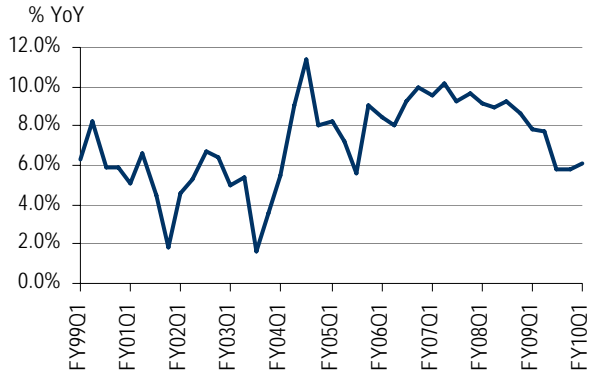
1. The Pay Commission that helped stimulate spending by Government employees is behind us.
2. The Government will likely to reverse some of the fiscal stimulus they had pumped into the economy through lower excise duties in Feb, 2010 budget.

India in Pictures

Macro Indicators

Micro Indicators

Chart 12: Quarterly Real GDP (% Change YoY)



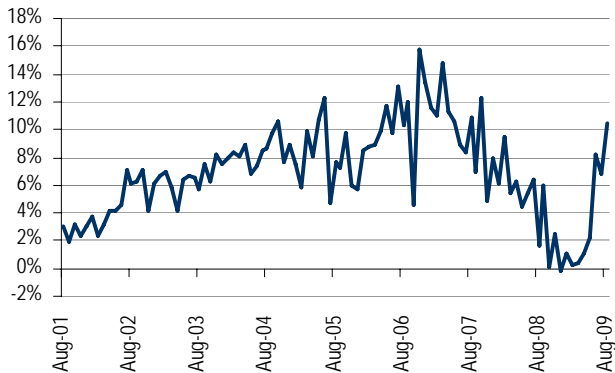
Source: CSO

Chart 13: Credit Growth (% Change YoY)



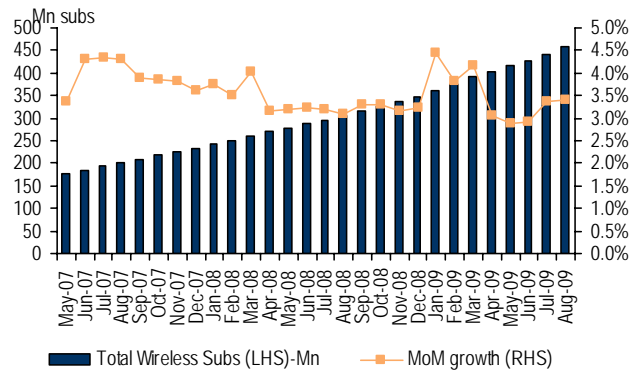
Source: RBI

Chart 14: IIP Growth (% Change YoY)



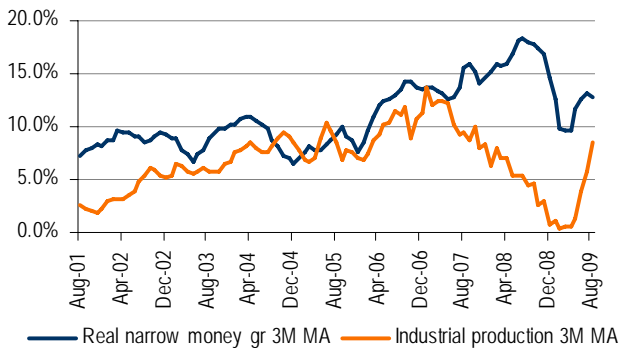
Source: CSO

Chart 15: Indian Wireless Market – Trend in Total Subscribers



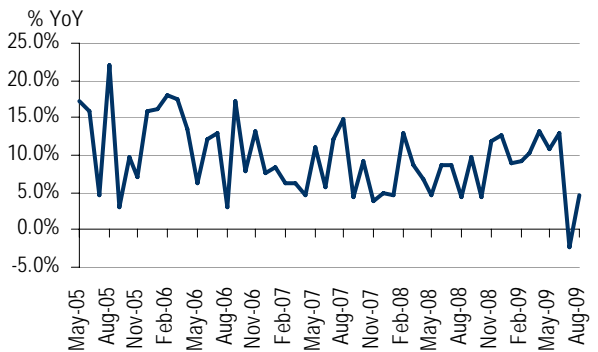
Source: COAI, AUSPI

Chart 16: Leading Economic Indicator (% Change YoY)



Source: CSO, RBI

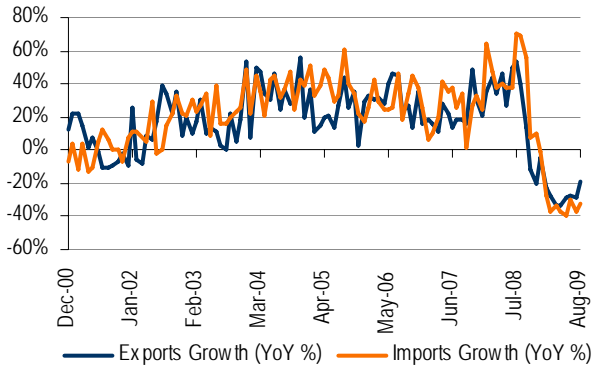
Chart 17: Cement Sales Growth (% Change YoY)



Source: Industry Data

15 October 2009

Chart 18: Export Import Growth (% Change YoY)



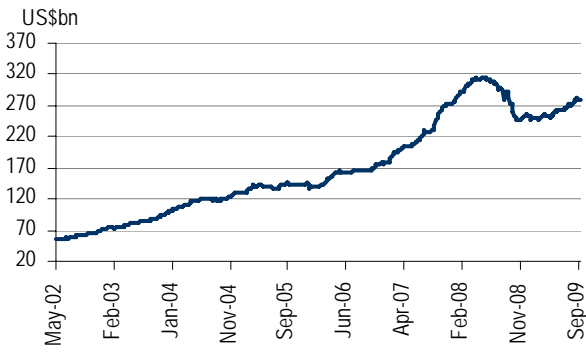
Source: CSO

Chart 19: Money Supply (% Change YoY)



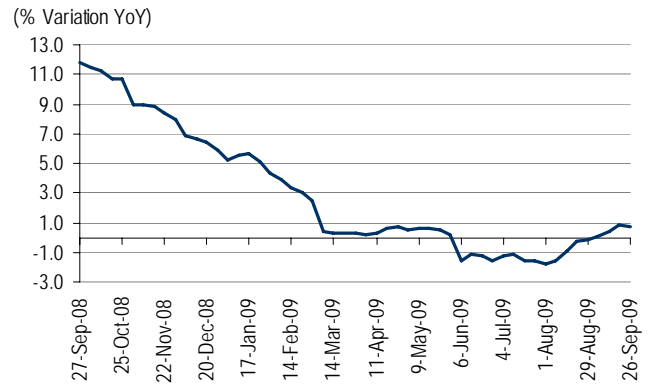
Source: RBI

Chart 20: Forex Reserves



Source: CEIC

Chart 21: Wholesale Price Index (% Change YoY)



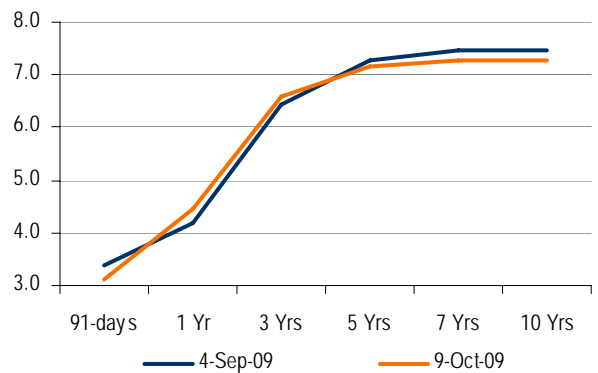
Source: RBI

Chart 22: Rupee vs Dollar



Source: Bloomberg

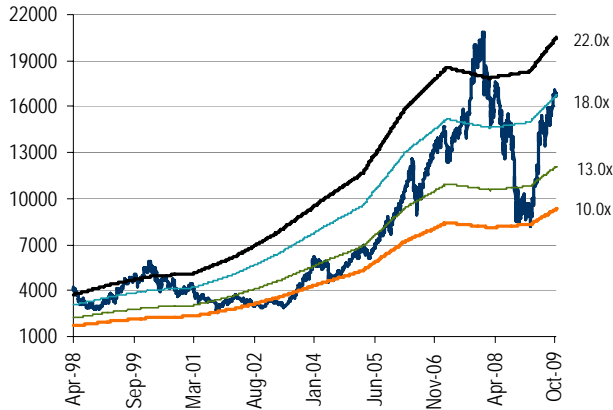
Chart 23: Yield Curve



Source: Market Information

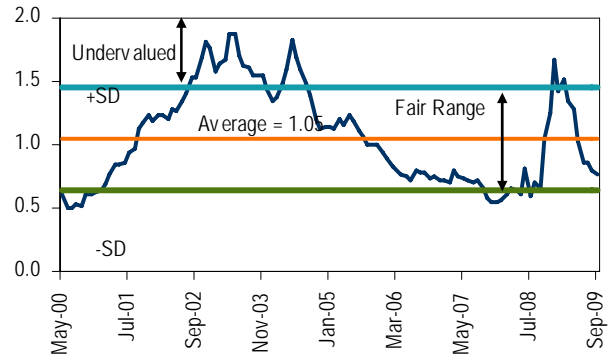
15 October 2009

Chart 24: PE Band



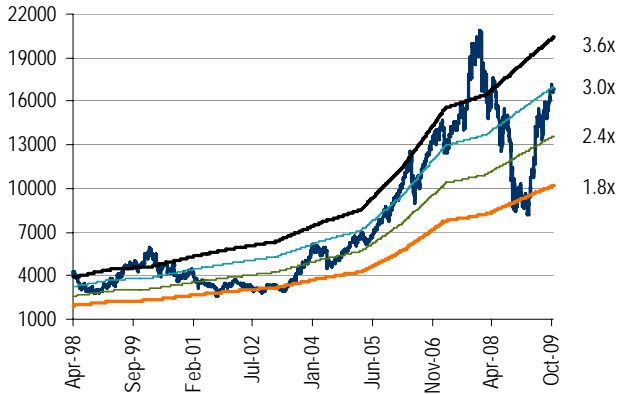
Source: BofA Merrill Lynch Global Research

Chart 25: Earnings Yield



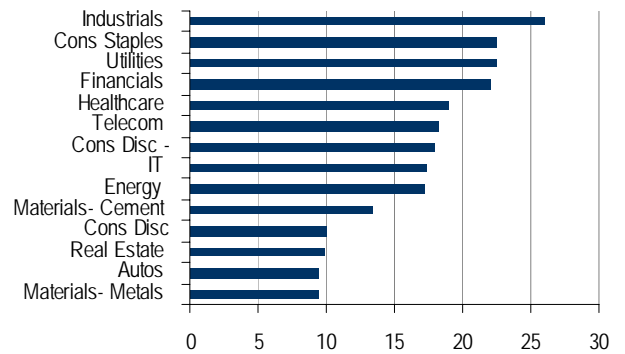
Source: BofA Merrill Lynch Global Research

Chart 26: P/BV Band



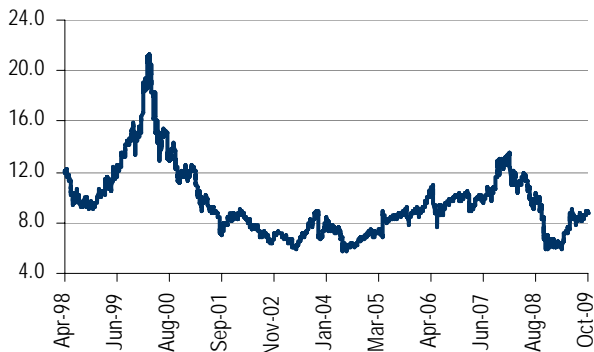
Source: BofA Merrill Lynch Global Research

Chart 27: Sector PEs (FY09E)



Source: BofA Merrill Lynch Global Research

Chart 28: EV/EBITDA



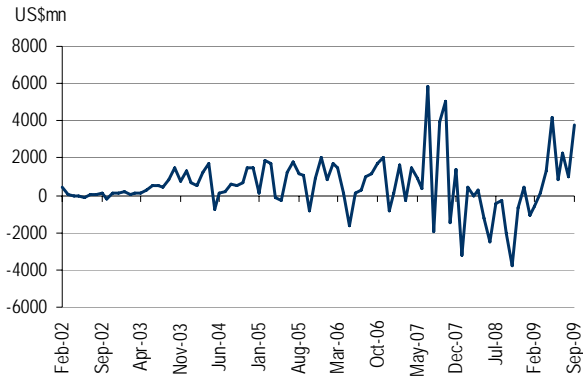
Source: BofA Merrill Lynch Global Research

Chart 29: 10-Year benchmark yield



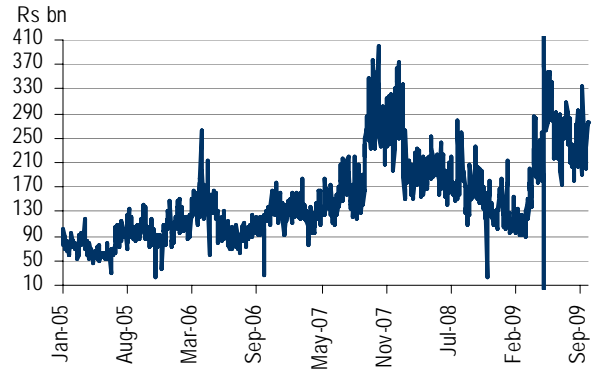
Source: BofA Merrill Lynch Global Research

Chart 30: Net Buy/Sell – Foreign Institutions In Equities



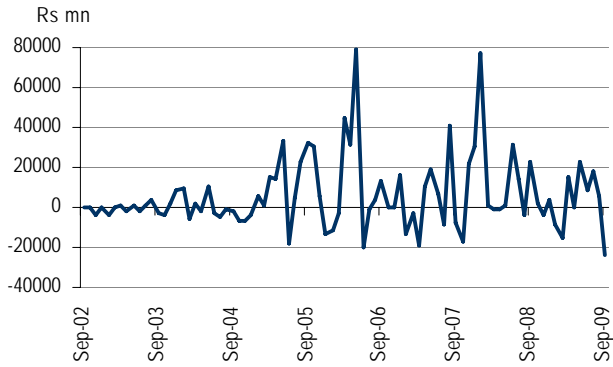
Source: SEBI

Chart 31: Daily Turnover (BSE+NSE)



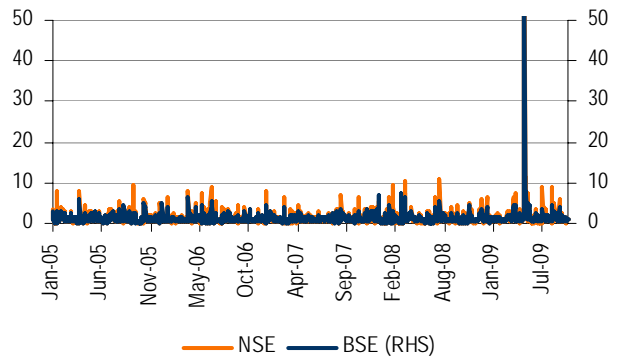
Source: BSE, NSE

Chart 32: Net Buy/Sell – Domestic Institutions In Equities



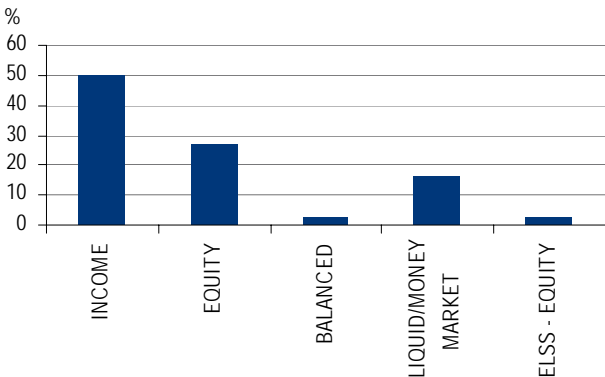
Source: SEBI

Chart 33: Advance Decline Ratio



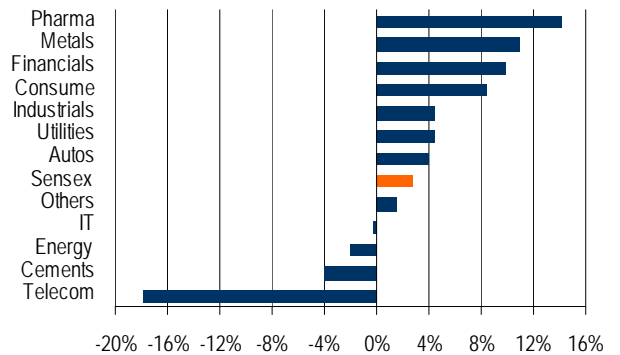
Source: BSE, NSE

Chart 34: MF – Asset Under Management (Sep '09)



Source: AMFI

Chart 35: 1-Month Sector Performance



Source: BofA Merrill Lynch Global Research

Table 3: India Valuation Table

Company	BofAML		Recco	Price	Rel Per (%)		Year End	EPS		EPS Gr		PE		EV/EBITDA		Dividend Yield (%)		RoE (%)		Analyst
	Ticker	Rating		09 Oct 2009	3mth	12mth		FY2010	2011	FY2010	2011	FY2010	2011	FY2010	2011	FY2010	2011	FY2010	2011	
ABB	ABVFF	C-3-7	Underperform	780.45	(8.5)	10.2	Dec	23.8	29.6	-5.7	24.2	32.7	26.4	19.1	15.6	32.0%	38.4%	21.8	22.3	Parekh,Bharat
Aditya Birla Nu	ADYAF	C-2-7	Neutral	953.90	(0.2)	21.1	Mar	-13.7	-0.9	70.2	93.5	NM	NM	13.8	10.7	46.8%	46.8%	-1.1	-0.2	Verma,Reena
Ambuja Cements	AMBUF	C-3-7	Underperform	99.35	(15.8)	(17.4)	Dec	9.6	10.5	35.3	9.0	10.3	9.5	6.5	5.7	282.9%	308.3%	23.8	22.0	Verma,Reena
APIL	ANSFF	C-3-7	Underperform	80.30	40.7	63.2	Mar	3.4	4.2	-65.2	23.1	23.6	19.2	16.6	15.6	34.6%	42.6%	3.0	3.5	Agarwal,Gagan
Ashok Leyland	XDBVF	C-3-7	Underperform	40.50	5.7	29.2	Mar	1.2	2.0	-18.8	62.1	32.8	20.2	15.9	11.5	246.9%	246.9%	5.2	7.3	Subrahmanyam,Arun
Asian Paints	XAPNF	C-1-7	Buy	1502.15	4.1	23.8	Mar	62.6	74.3	49.6	18.7	24.0	20.2	14.9	12.5	175.1%	207.2%	44.2	41.9	Bansal,Anuj
Assoc. Cement	ADCLF	C-3-7	Underperform	795.35	(15.4)	(12.0)	Dec	95.1	79.1	69.0	-16.8	8.4	10.1	5.3	6.1	424.9%	353.4%	33.4	23.5	Verma,Reena
Axis Bank	XAXSF	C-2-7	Neutral	996.45	9.5	45.2	Mar	57.8	67.4	14.2	16.5	17.2	14.8			110.4%	120.4%	16.9	16.1	Varma,Rajeev
Bajaj Auto	XBJBF	C-3-7	Underperform	1589.60	27.0	70.0	Mar	75.7	83.7	61.4	10.6	21.0	19.0	13.8	13.3	157.3%	157.3%	48.5	39.4	Subrahmanyam,Arun
Bajaj Hindusthan	BJJHF	C-1-7	Buy	185.05	(0.6)	96.0	Sep	28.2	16.8	310.0	-40.4	6.6	11.0	6.5	10.2	29.3%	29.3%	22.9	11.4	Satapathy,Sanjaya
Balaji Tele	BLJIF	C-3-7	Underperform	69.00	27.4	12.3	Mar	10.7	12.1	-19.2	12.9	6.4	5.7	2.0	1.8	507.2%	579.7%	15.5	15.9	Parekh,Bharat
Balrampur Chini	BMPRF	C-1-7	Buy	129.50	4.7	27.9	Sep	17.8	15.5	68.5	-12.9	7.3	8.4	6.0	6.8	77.2%	154.4%	30.4	21.1	Satapathy,Sanjaya
Bank of Baroda	BKBAF	C-2-7	Neutral	488.55	2.4	23.1	Mar	62.0	65.8	1.8	6.0	7.9	7.4			204.7%	225.2%	16.7	15.5	Varma,Rajeev
Bank of India	XDIIF	C-1-7	Buy	393.80	4.7	5.9	Mar	60.9	76.2	6.5	25.1	6.5	5.2			165.1%	190.5%	22.4	23.1	Varma,Rajeev
Bharat Forge	XUUVF	C-3-7	Underperform	269.85	65.4	44.7	Mar	6.9	9.6	-14.0	39.0	39.0	28.1	11.9	9.8	92.6%	111.2%	8.1	10.5	Subrahmanyam,Arun
Bharat Heavy	BHHEF	C-1-7	Buy	2429.30	(0.7)	5.2	Mar	91.6	114.2	21.0	24.7	26.5	21.3	18.2	14.0	74.1%	82.3%	30.6	30.1	Parekh,Bharat
Bharti	BHTIF	C-1-7	Buy	343.30	(28.4)	(33.1)	Mar	24.7	24.3	10.5	-1.4	13.9	14.1	8.6	8.3	0.0%	177.0%	26.9	21.6	Verma,Reena
BIOCON LTD	BCLTF	C-1-7	Buy	256.95	(0.8)	9.6	Mar	15.1	19.0	224.3	25.6	17.0	13.6	12.1	10.5	107.0%	116.8%	18.5	19.7	Bothra,Arvind
Bombay Rayon	BORYF	C-1-7	Buy	207.10	10.8	(13.6)	Mar	27.3	36.2	36.0	32.6	7.6	5.7	6.5	5.2	108.6%	120.7%	18.0	20.1	Sarawagi,Manish
BPCL	XBPCF	C-3-7	Underperform	563.10	1.0	(4.9)	Mar	37.1	42.9	111.8	15.4	15.2	13.1	9.7	9.7	195.3%	230.9%	9.8	10.6	Ginde,Vidyardhar
CADILA HEALTHCAR	CDLHF	C-1-7	Buy	514.70	19.2	17.1	Mar	25.9	32.7	8.0	26.5	19.9	15.7	11.0	9.5	126.3%	126.3%	25.9	26.7	Bothra,Arvind
Cairn India	XCANF	C-1-9	Buy	261.50	(0.2)	(14.8)	Mar	4.6	29.5	25.3	536.0	56.3	8.9	31.2	6.2	0.0%	458.9%	2.7	16.0	Ginde,Vidyardhar
Canara Bank	CNRKF	C-3-7	Underperform	342.65	14.0	30.0	Mar	51.6	59.9	2.2	15.9	6.6	5.7			248.1%	262.7%	16.2	16.4	Varma,Rajeev
Chambal Fert.	CHBZF	C-1-7	Buy	52.25	(15.3)	(27.1)	Mar	5.9	7.4	13.7	25.3	8.8	7.0	4.6	4.3	440.2%	478.5%	18.0	19.9	Deshmukh,Prasad
CIL	CUIDF	C-1-7	Buy	364.00	17.0	18.2	Mar	20.4	28.2	-12.9	38.4	17.9	12.9	15.9	11.6	192.3%	233.5%	25.1	29.3	Satapathy,Sanjaya
CIL	CUIDF	C-1-7	Buy	364.00	17.0	18.2	Mar	20.4	28.2	-12.9	38.4	17.9	12.9	15.9	11.6	192.3%	233.5%	25.1	29.3	Satapathy,Sanjaya
Colgate India	CPIYF	C-3-7	Underperform	679.10	(18.1)	(2.0)	Mar	25.3	29.2	18.5	15.5	26.8	23.2	21.7	19.0	279.3%	322.6%	143.0	135.8	Bansal,Anuj
Container Corp	CIDFF	C-1-7	Buy	1177.00	1.5	3.3	Mar	69.4	86.7	9.9	24.9	17.0	13.6	13.0	10.6	127.4%	144.4%	21.9	23.1	Satapathy,Sanjaya
Corporation Bank	XCRRF	C-1-7	Buy	422.65	15.3	44.4	Mar	69.6	79.3	11.8	13.9	6.1	5.3			319.4%	354.9%	19.2	19.0	Gandhi,Veekesh
Divi's Lab	XXQPF	C-3-7	Underperform	575.85	(6.5)	(18.5)	Mar	23.8	29.4	-27.2	23.1	24.2	19.6	18.4	14.9	52.1%	52.1%	22.8	23.2	Bothra,Arvind
DLF Limited	XVDUF	C-3-7	Underperform	416.05	21.2	21.3	Mar	10.3	10.8	-60.7	4.9	40.2	38.4	27.8	27.0	48.1%	52.1%	7.1	7.0	Agarwal,Gagan
Dr Reddy's Lab	DRYBF	C-1-7	Buy	958.70	(2.6)	20.4	Mar	53.0	67.5	36.7	27.4	18.1	14.2	11.0	9.2	65.2%	65.2%	24.4	27.1	Subrahmanyam,Arun
Educomp Solu	EUSOF	C-1-7	Buy	4622.55	0.0	38.0	Mar	122.5	184.7	83.1	50.8	37.8	25.0	16.2	11.1	6.5%	6.5%	25.0	21.5	Krishnan,Pratish
Eicher Motors	XEICF	C-1-7	Buy	512.00	32.4	61.3	Dec	31.3	45.8	401.6	46.3	16.4	11.2	6.4	4.4	195.3%	234.4%	7.7	11.9	Subrahmanyam,Arun
Exide Indus Ltd	XEDRF	C-1-7	Buy	100.25	21.8	35.6	Mar	6.0	7.0	65.1	16.2	16.7	14.4	10.1	9.2	79.8%	124.7%	40.2	34.5	Satapathy,Sanjaya
ExtService Holdi	EXLS	C-3-9	Underperform	15.04	13.6	(10.9)	Dec	0.4	0.6	-26.5	51.9	35.3	23.2	18.2	16.0	0.0%	0.0%	7.4	10.9	Ghosh,Mitali
Federal Bank	XFDRF	C-2-7	Neutral	223.75	(17.8)	(13.3)	Mar	29.6	35.4	1.0	19.6	7.6	6.3			245.8%	268.2%	11.2	12.2	Gandhi,Veekesh
Firstsource	FSSOF	C-3-9	Underperform	33.65	35.5	21.7	Mar	1.8	2.2	29.2	19.8	18.2	15.2	5.1	4.5	0.0%	0.0%	6.7	7.4	Ghosh,Mitali
Gail India	XGLAF	C-3-7	Underperform	382.30	(0.4)	(7.5)	Mar	21.7	25.4	-2.0	17.4	17.6	15.0	10.8	9.1	183.1%	209.3%	16.9	17.7	Ginde,Vidyardhar
Glenmark Pharm	XVQWF	C-3-7	Underperform	240.10	(9.3)	(12.3)	Mar	11.3	13.0	2.0	14.6	21.2	18.5	12.4	10.7	29.2%	29.2%	15.7	15.5	Bothra,Arvind
GMR Infra	GMRLF	C-3-7	Underperform	69.60	(9.9)	(16.1)	Mar	1.5	2.4	-4.3	65.1	47.4	28.7	16.8	11.4	0.0%	0.0%	4.1	6.4	Sarawagi,Manish
Godrej Consumer	XGOCF	C-1-7	Buy	255.45	21.0	27.2	Mar	9.5	11.2	40.9	18.5	27.0	22.8	17.1	14.5	259.4%	307.3%	28.3	22.6	Bansal,Anuj
Godrej Consumer	XGOCF	C-1-7	Buy	255.45	21.0	27.2	Mar	9.5	11.2	40.9	18.5	27.0	22.8	17.1	14.5	259.4%	307.3%	28.3	22.6	Bansal,Anuj
GSK India	GXOLF	C-2-7	Neutral	1518.05	(1.8)	(9.9)	Dec	62.0	68.8	13.4	11.0	24.5	22.1	16.3	14.6	263.5%	263.5%	31.7	32.0	Bothra,Arvind
Gujarat Inds	GUJIF	C-2-7	Neutral	114.95	25.4	17.1	Mar	10.8	11.4	34.3	5.5	10.7	10.1	7.4	6.2	217.5%	217.5%	12.9	12.4	Parekh,Bharat
Gujarat State	GJRSE	C-1-7	Buy	81.30	31.2	28.9	Mar	4.9	6.2	123.2	25.8	16.6	13.2	6.9	5.5	123.0%	123.0%	20.9	22.1	Ginde,Vidyardhar
GVK	GVPWF	C-1-9	Buy	44.05	(4.7)	6.9	Mar	1.6	2.9	107.2	83.2	28.1	15.3	14.6	9.7	0.0%	0.0%	8.8	12.9	Sarawagi,Manish
HCL	XHCLF	C-3-7	Underperform	297.20	36.5	57.9	Jun	15.1	23.0	-15.2	52.4	19.7	12.9	8.9	8.5	153.9%	145.7%	16.6	22.2	Ghosh,Mitali
HDFC	HGDFF	C-1-7	Buy	2693.50	(0.6)	2.5	Mar	93.9	111.9	16.9	19.2	28.7	24.1			129.9%	148.5%	19.6	21.1	Varma,Rajeev
HDFC Bank	XHDFE	C-1-7	Buy	1675.65	(1.4)	4.2	Mar	67.3	85.8	16.9	27.4	24.9	19.5			65.6%	71.6%	17.9	19.7	Varma,Rajeev
HDIL	XGHSF	C-3-7	Underperform	359.25	(5.1)	96.1	Mar	14.5	23.6	-43.4	62.5	24.7	15.2	13.2	10.0	0.0%	0.0%	8.6	12.5	Agarwal,Gagan
Hero Honda	HRHDF	C-2-7	Neutral	1645.55	(8.2)	0.2	Mar	105.2	118.6	63.9	12.8	15.6	13.9	11.5	10.6	182.3%	273.5%	48.2	42.5	Subrahmanyam,Arun
Hexaware Tech	XFTCF	C-3-7	Underperform	82.10	65.3	88.7	Dec	8.4	8.1	104.9	-3.8	9.8	10.2	5.4	6.1	95.0%	129.8%	17.7	16.0	Krishnan,Pratish
Hindalco	HNDFF	C-3-7	Underperform	128.10	42.8	41.1	Mar	8.6	8.8	-53.9	2.3	15.0	14.6	7.2	7.0	93.6%	95.8%	8.8	8.4	Basu,Bhaskar
Hindustan Petro.	XHTPF	C-3-7	Underperform	390.85	(1.4)	(3.3)	Mar	29.0	43.3	125.5	49.2	13.5	9.0	9.3	8.1	281.4%	409.4%	8.8	12.3	Ginde,Vidyardhar

Table 3: India Valuation Table

Company	BofAML			Price 09 Oct 2009	Rel Per (%)		Year End	EPS		EPS Gr		PE		EV/EBITDA		Dividend Yield (%)		RoE (%)		Analyst
	Ticker	Rating	Recco		3mth	12mth		FY2010	2011	FY2010	2011	FY2010	2011	FY2010	2011	FY2010	2011	FY2010	2011	
Hindustan Unilever	HINLF	C-3-7	Underperform	286.90	(12.9)	(20.1)	Mar	10.4	12.0	8.5	15.4	27.6	23.9	18.9	16.5	290.3%	335.0%	104.4	108.5	Bansal,Anuj
ICICI Bank	ICIJF	C-1-7	Buy	901.80	16.4	47.2	Mar	36.7	48.7	8.8	32.6	24.5	18.5			144.2%	155.2%	8.1	10.1	Varma,Rajeev
IDBI	XDBIF	C-3-7	Underperform	130.35	18.9	55.5	Mar	12.7	15.3	7.4	20.5	10.2	8.5			230.1%	268.5%	11.9	13.0	Gandhi, Veekesh
Idea Cellular	IDEAF	C-2-9	Neutral	62.45	(25.0)	(26.6)	Mar	2.6	0.2	-15.9	-90.5	23.7	250.3	9.3	9.2	0.0%	0.0%	5.7	0.5	Verma,Reena
India Cements	INIAF	C-3-9	Underperform	129.30	(22.0)	(27.0)	Mar	21.8	19.0	18.9	-12.9	5.9	6.8	4.4	4.9	165.6%	165.6%	19.2	14.3	Verma,Reena
IndiaBulls Finan	IBLFF	C-1-7	Buy	184.05	(8.6)	17.0	Mar	11.9	15.3	273.0	28.4	15.4	12.0			217.3%	326.0%	9.5	10.3	Gandhi, Veekesh
Indiabulls Real	IBELF	C-2-7	Neutral	293.65	30.9	38.0	Mar	5.9	9.4	39.4	59.3	49.5	31.1	208.5	122.2	68.1%	68.1%	2.9	4.5	Agarwal,Gagan
Indian Bank	INDIF	C-1-7	Buy	168.25	12.2	19.9	Mar	33.8	39.9	20.2	18.2	5.0	4.2			326.9%	356.6%	20.5	21.6	Varma,Rajeev
Infosys Tech	INFYF	C-3-7	Underperform	2177.60	2.7	(0.9)	Mar	101.4	105.5	-1.1	4.0	21.5	20.6	15.0	13.8	114.8%	119.4%	28.4	24.1	Ghosh,Mitali
Infotech India	IFKFF	C-3-7	Underperform	253.60	17.6	69.8	Mar	24.1	25.1	-8.9	4.4	10.5	10.1	4.3	4.5	78.9%	98.6%	15.8	14.2	Krishnan,Pratish
Infrastruct Dev	IFDFF	C-3-7	Underperform	149.50	0.4	45.3	Mar	6.8	8.1	15.7	20.4	22.1	18.3			87.0%	93.6%	13.6	15.1	Varma,Rajeev
IOC	IOCOF	C-3-7	Underperform	661.35	(2.2)	0.4	Mar	39.9	63.3	86.3	58.6	16.6	10.5	10.5	8.5	211.7%	332.7%	10.4	15.3	Ginde,Vidyadhar
ITC Limited	ITCTF	C-1-7	Buy	249.65	(3.8)	(13.4)	Mar	10.5	12.5	21.5	18.9	23.7	19.9	14.7	12.5	189.7%	225.6%	27.1	28.3	Bansal,Anuj
IVRCL Infrastruc	IIFRF	C-1-7	Buy	371.00	(3.7)	65.5	Mar	19.4	24.8	21.4	27.9	19.1	14.9	11.1	9.3	39.2%	46.8%	13.9	16.1	Parekh,Bharat
Jain Irrign	JNIDF	C-1-7	Buy	810.20	(7.6)	18.8	Mar	36.3	50.5	34.3	39.3	22.3	16.0	10.9	8.6	67.1%	93.5%	24.8	26.0	Deshmukh,Prasad
Jaiprakash	JPRKF	C-1-7	Buy	238.10	3.8	35.7	Mar	8.0	9.0	36.3	11.9	29.6	26.5	14.7	12.4	42.0%	46.2%	15.8	15.2	Parekh,Bharat
Jaiprakash Hydro	XJSHF	C-1-7	Buy	78.30	(10.1)	25.7	Mar	1.7	1.2	-43.6	-28.7	45.5	63.8	34.9	35.9	44.9%	47.9%	4.3	1.6	Parekh,Bharat
Jet Airways	JTAFI	C-1-9	Buy	434.90	54.9	27.7	Mar	-71.5	28.6	63.5	NM	NM	15.2	16.6	8.0	0.0%	0.0%	-31.5	13.8	Subrahmanyam,Arun
JSPL	XJDLF	C-3-7	Underperform	600.65	15.1	71.3	Mar	39.6	38.1	22.3	-3.8	15.2	15.8	10.6	10.9	109.5%	105.3%	47.8	33.9	Basu,Bhaskar
JSW Steel	XJWJF	C-1-7	Buy	889.85	39.8	66.2	Mar	51.4	69.4	8.3	34.9	17.3	12.8	8.6	7.0	145.2%	188.6%	13.0	14.8	Basu,Bhaskar
K S Oils	XKSOE	C-1-7	Buy	67.30	9.3	(7.8)	Mar	5.9	8.0	27.6	34.6	11.3	8.4	7.1	5.5	42.3%	57.0%	20.6	21.6	Deshmukh,Prasad
Larsen & Toubro	LTOUF	C-1-7	Buy	1633.30	(2.3)	27.4	Mar	65.0	78.0	26.9	20.0	25.1	20.9	18.0	15.0	76.5%	76.5%	24.3	23.4	Parekh,Bharat
Lupin Limited	LPMCF	C-1-7	Buy	1233.40	26.1	23.2	Mar	71.2	97.8	26.0	37.3	17.3	12.6	12.7	9.4	121.6%	162.2%	34.5	33.8	Subrahmanyam,Arun
Lupin Limited	LPMCF	C-1-7	Buy	1233.40	26.1	23.2	Mar	71.2	97.8	26.0	37.3	17.3	12.6	12.7	9.4	121.6%	162.2%	34.5	33.8	Subrahmanyam,Arun
M & M	MAHFF	C-1-7	Buy	891.40	4.2	32.6	Mar	80.7	88.9	49.6	10.2	11.0	10.0	6.8	5.9	168.3%	201.9%	26.0	23.4	Subrahmanyam,Arun
Maruti Suzuki India	MUDGF	C-1-7	Buy	1480.30	8.8	18.8	Mar	84.8	98.8	86.1	16.6	17.5	15.0	10.2	8.7	40.5%	54.0%	23.4	22.1	Subrahmanyam,Arun
Mastek	MSKDF	C-3-7	Underperform	276.05	14.5	22.3	Jun	36.0	38.0	-29.0	5.6	7.7	7.3	4.6	4.0	190.2%	190.2%	17.8	16.4	Krishnan,Pratish
Max India	XXMIF	C-1-9	Buy	175.80	(28.0)	0.2	Mar	0.1	3.1	NM	NM	2750.9	56.2	98.4	51.4	0.0%	0.0%	0.1	4.4	Varma,Rajeev
McLeod Russel	XCVMF	C-1-7	Buy	207.15	42.4	82.0	Mar	19.0	22.8	185.6	20.0	10.9	9.1	7.1	6.5	137.5%	165.1%	16.2	16.9	Deshmukh,Prasad
Motherson Sumi	XMSUF	C-1-7	Buy	111.50	23.4	5.0	Mar	2.3	7.7	-53.6	235.8	48.5	14.4	10.2	6.6	89.7%	224.2%	10.2	28.9	Satapathy,Sanjaya
Mphasis	MPSSF	C-1-7	Buy	615.90	16.3	88.9	Oct	43.1	50.4	204.7	17.0	14.3	12.2	10.6	8.8	64.9%	81.2%	48.5	38.5	Krishnan,Pratish
MTNL	XMTNF	C-3-7	Underperform	82.60	(24.1)	(26.7)	Mar	-2.2	-2.8	NM	-31.1	NM	NM	NM	NM	484.3%	484.3%	-1.2	-1.6	Verma,Reena
Mundra Port SEZ	XMANF	B-1-8	Buy	538.10	(15.4)	(7.7)	Mar	13.3	17.8	10.0	34.2	40.6	30.2	28.7	20.9	61.8%	99.3%	16.9	19.8	Parekh,Bharat
Nagarjuna Const	NGRJF	C-1-7	Buy	164.75	7.5	51.1	Mar	8.5	9.9	26.6	16.4	19.4	16.6	11.1	9.7	62.0%	66.1%	11.4	12.0	Parekh,Bharat
Nagarjuna Fert.	NFACF	C-3-9	Underperform	33.95	(10.0)	(2.9)	Mar	1.1	1.2	49.4	10.0	31.6	28.7	8.6	8.3	0.0%	0.0%	2.8	3.0	Deshmukh,Prasad
NALCO	NAUDF	C-3-8	Underperform	345.05	2.6	(11.5)	Mar	15.3	14.6	-22.3	-4.7	22.5	23.6	14.4	14.8	173.9%	173.9%	9.9	9.0	Basu,Bhaskar
Nestle India	XNTEF	C-1-7	Buy	2611.15	5.4	4.5	Dec	72.7	91.0	32.7	25.1	35.9	28.7	23.3	18.8	208.8%	261.3%	132.9	135.2	Bansal,Anuj
Neyveli Lignite	NEYVF	C-2-7	Neutral	137.30	(4.9)	(2.9)	Mar	8.2	8.5	13.9	4.0	16.8	16.2	10.8	10.3	145.7%	160.2%	13.3	12.6	Parekh,Bharat
NTPC Ltd	NTHPF	C-3-7	Underperform	209.95	(11.8)	(29.8)	Mar	11.5	12.6	15.2	9.2	18.3	16.7	15.8	13.0	190.5%	215.2%	15.7	15.7	Parekh,Bharat
Omaxe	XOMXF	C-3-8	Underperform	122.80	25.7	41.7	Mar	6.3	9.6	-45.3	52.7	19.5	12.8	14.9	10.8	44.9%	68.6%	6.7	9.4	Agarwal,Gagan
ONGC	ONGCF	C-1-7	Buy	1220.35	0.4	(10.4)	Mar	97.4	106.1	8.0	8.9	12.5	11.5	5.9	5.6	286.8%	303.2%	21.5	20.9	Ginde,Vidyadhar
ORBC	ORBCF	C-3-7	Underperform	243.40	25.6	26.9	Mar	37.1	40.7	2.7	9.7	6.6	6.0			217.7%	230.1%	11.9	11.8	Varma,Rajeev
Panacea Biotec	XPEAF	C-1-7	Buy	184.60	15.9	89.6	Mar	32.7		30.0		5.6		4.3		54.2%		23.7		Bothra,Arvind
Patni	PATIF	C-2-7	Neutral	395.10	25.5	78.2	Dec	34.0	37.6	26.1	10.6	11.6	10.5	6.1	5.7	75.9%	75.9%	14.7	14.6	Ghosh,Mitali
Petronet LNG Ltd	POLNF	C-3-7	Underperform	72.70	(2.7)	4.3	Mar	6.9	8.1	-0.3	17.2	10.6	9.0	6.4	5.2	189.5%	222.2%	23.7	23.1	Ginde,Vidyadhar
Piramal	XNIGF	C-3-7	Underperform	382.40	(2.5)	8.5	Mar	19.0	22.5	14.2	18.4	20.1	17.0	11.7	10.5	109.8%	109.8%	27.2	26.2	Bothra,Arvind
Punjab	PUJBF	C-1-7	Buy	822.65	8.4	17.5	Mar	115.0	141.3	17.3	22.9	7.2	5.8			255.3%	267.4%	22.5	23.0	Varma,Rajeev
PVKP	XPJVF	C-3-9	Underperform	116.35	33.1	34.4	Mar	3.4	4.1	-51.4	21.5	34.2	28.2	45.1	33.6	0.0%	0.0%	5.2	6.0	Agarwal,Gagan
Raymond Ltd	XRAMF	C-3-7	Underperform	190.85	(4.0)	41.5	Mar	7.8	8.3	207.7	6.5	24.5	23.0	9.0	8.4	366.8%	366.8%	4.1	4.4	Sarawagi,Manish
RCVL	RLCMF	C-2-7	Neutral	248.85	(16.8)	(23.8)	Mar	15.8	12.3	-40.7	-22.4	15.8	20.3	8.5	7.4	32.1%	32.1%	8.8	6.4	Verma,Reena
Reliance Capital	RLCCF	C-1-7	Buy	908.30	(0.8)	26.0	Mar	37.9	45.3	-8.0	19.5	23.9	20.0			82.6%	82.6%	11.9	12.9	Varma,Rajeev
Reliance Inds	XRELF	B-3-7	Underperform	2099.75	(4.0)	(21.5)	Mar	116.3	157.9	24.9	35.8	18.1	13.3	12.1	9.2	71.4%	71.4%	15.5	18.0	Ginde,Vidyadhar
Reliance Infra.	RCTDF	C-1-7	Buy	1293.60	2.1	28.2	Mar	61.8	60.4	15.5	-2.3	20.9	21.4	23.3	20.6	54.1%	54.1%	11.2	10.2	Parekh,Bharat
Renuka Sugars	SRNKF	C-1-7	Buy	195.35	18.4	21.3	Sep	29.1	21.8	256.7	-25.0	6.7	9.0	4.7	6.1	25.6%	76.8%	45.3	24.7	Satapathy,Sanjaya
Rollta India	RLTAF	C-1-8	Buy	185.45	38.2	67.0	Jun	12.6	16.8	-15.9	33.1	14.7	11.1	5.9	4.9	136.0%	181.0%	14.6	16.7	Krishnan,Pratish

Table 3: India Valuation Table

Company	BofAML			Price 09 Oct 2009	Rel Per (%)		Year End	EPS		EPS Gr		PE		EV/EBITDA		Dividend Yield (%)		RoE (%)		Analyst
	Ticker	Rating	Recco		3mth	12mth		FY2010	2011	FY2010	2011	FY2010	2011	FY2010	2011	FY2010	2011	FY2010	2011	
SBI	SBINF	C-1-7	Buy	2067.55	8.7	17.7	Mar	172.2	210.8	19.9	22.4	12.0	9.8			159.6%	174.1%	17.6	18.6	Varma,Rajeev
Sesa Goa	XSGAF	C-3-7	Underperform	287.40	25.1	65.8	Mar	15.8	16.7	-36.8	5.7	18.2	17.2	12.0	11.3	77.1%	81.5%	23.9	20.9	Basu,Bhaskar
Sesa Goa	XSGAF	C-3-7	Underperform	287.40	25.1	65.8	Mar	15.8	16.7	-36.8	5.7	18.2	17.2	12.0	11.3	77.1%	81.5%	23.9	20.9	Basu,Bhaskar
Shoppers' Stop	XPQUF	C-1-7	Buy	276.05	68.4	70.3	Mar	6.1	14.9	NM	144.9	45.2	18.5	12.6	8.4	0.0%	54.2%	9.2	19.7	Bansal,Anuj
Shree Cements	SREEF	C-2-7	Neutral	1564.90	4.3	40.9	Mar	284.3	382.9	62.7	34.7	5.5	4.1	3.5	3.2	83.9%	98.5%	65.4	50.9	Verma,Reena
Steel Authority	SLAUF	C-3-7	Underperform	174.00	(8.1)	2.0	Mar	13.1	15.5	-12.4	18.0	13.3	11.3	8.2	6.5	150.6%	177.7%	18.7	19.1	Basu,Bhaskar
Sterlite Industr	XTNDF	C-1-7	Buy	791.90	11.6	29.9	Mar	43.6	70.0	-11.3	60.5	18.2	11.3	12.1	6.9	41.3%	66.3%	11.8	14.9	Basu,Bhaskar
Sun TV LTD	SUTVF	C-2-7	Neutral	317.75	14.4	7.2	Mar	12.4	15.3	12.1	22.9	25.5	20.8	17.9	14.6	156.7%	192.7%	26.7	28.4	Parekh,Bharat
Suzlon Energy	SZEYF	C-3-7	Underperform	85.50	(16.7)	(3.5)	Mar	5.4	8.0	-20.0	48.3	15.8	10.6	5.7	4.4	128.7%	140.4%	9.2	12.1	Parekh,Bharat
Tata Chemicals	TTCSF	C-3-7	Underperform	280.70	14.3	16.0	Mar	21.3	22.9	-28.1	7.5	13.2	12.3	7.8	7.2	236.3%	253.9%	10.5	10.4	Deshmukh,Prasad
Tata Communications	VLSLF	C-3-8	Underperform	475.05	(16.7)	(46.6)	Mar	6.4	8.2	-31.1	28.4	74.2	57.8	13.6	13.0	94.7%	94.7%	2.7	3.4	Verma,Reena
Tata Consultancy	TACSF	C-3-7	Underperform	561.75	15.4	21.0	Mar	31.5	34.0	19.0	8.0	17.9	16.5	13.1	12.2	151.2%	169.3%	34.6	30.0	Ghosh,Mitali
Tata Motors Ltd.	TENJF	C-1-7	Buy	545.65	63.6	56.2	Mar	-1.6	48.4	96.1	NM	NM	11.3	11.9	7.1	183.3%	256.6%	-1.4	33.9	Subrahmanyam,Arun
Tata Pwr. Co.	XTAWF	C-2-7	Neutral	1302.45	(0.6)	(4.5)	Mar	37.8	42.4	14.0	12.1	34.5	30.8	24.0	20.7	108.1%	117.8%	9.1	9.3	Parekh,Bharat
Tata Steel	TALF	C-3-7	Underperform	532.55	22.4	32.4	Mar	26.9	43.2	-75.5	60.2	19.8	12.3	9.1	7.4	60.7%	97.2%	9.0	11.5	Basu,Bhaskar
Tech Mahindra	TMHAF	C-2-7	Neutral	919.35	14.1	86.3	Mar	38.9	46.5	-29.8	19.5	23.6	19.8	10.6	10.3	46.5%	54.0%	21.9	19.9	Krishnan,Pratish
Titan Industrie	TTNIF	C-3-7	Underperform	1423.15	(0.7)	4.5	Mar	53.6	61.7	13.0	15.1	26.6	23.1	17.4	15.5	82.8%	95.3%	36.9	32.8	Bansal,Anuj
Triveni Engg	TVIEF	C-1-7	Buy	110.45	(3.1)	36.8	Sep	13.6	8.5	77.9	-37.4	8.1	13.0	6.1	8.8	90.5%	90.5%	31.3	16.0	Satapathy,Sanjaya
TVS Motor	XFKMF	C-1-7	Buy	56.05	9.6	51.0	Mar	1.0	5.4	NM	467.8	58.5	10.3	9.0	5.4	178.4%	267.6%	3.3	17.8	Subrahmanyam,Arun
UltraTech Cemen	XDJNF	C-2-7	Neutral	870.15	(3.3)	6.7	Mar	121.4	103.0	54.7	-15.2	7.2	8.5	4.6	5.3	88.5%	88.5%	35.1	22.9	Verma,Reena
Union Bank India	UBOIF	C-1-7	Buy	243.30	(12.0)	(2.9)	Mar	40.1	46.4	17.2	15.9	6.1	5.2			226.1%	246.6%	21.1	20.5	Varma,Rajeev
Unitech Ltd	UTKIF	C-3-9	Underperform	98.60	18.5	52.0	Mar	3.7	4.9	-41.0	31.4	26.6	20.2	22.0	18.2	0.0%	0.0%	12.2	14.1	Agarwal,Gagan
United Spirits	UDSRF	C-3-7	Underperform	912.50	(13.0)	(16.2)	Mar	32.3	40.7	18.9	26.0	28.2	22.4	13.7	12.1	11.0%	11.0%	11.0	10.8	Bansal,Anuj
Vijaya Bank	VJYAF	C-3-7	Underperform	48.25	0.6	18.6	Mar	7.1	6.3	17.9	-11.3	6.8	7.6			414.5%	414.5%	11.2	9.3	Varma,Rajeev
Voltas	VTSJF	C-1-7	Buy	158.05	7.2	83.9	Mar	8.3	11.5	8.9	38.7	19.1	13.8	14.4	10.4	126.5%	158.2%	30.9	33.7	Satapathy,Sanjaya
Wipro	WIPRF	C-3-7	Underperform	551.60	16.3	30.5	Mar	29.3	31.5	9.8	7.2	18.8	17.5	11.5	11.0	136.0%	145.0%	28.0	24.6	Ghosh,Mitali
WNS (Holdings) L	WNS	C-1-9	Buy	14.98	27.3	7.9	Mar	1.2	1.4	11.3	17.7	12.5	10.6	7.6	7.0	0.0%	0.0%	27.2	30.3	Ghosh,Mitali
Yes Bank Ltd	YESBF	C-2-9	Neutral	208.75	31.7	116.3	Mar	12.2	14.4	18.6	18.0	17.2	14.5			0.0%	0.0%	20.0	19.4	Gandhi,Veekesh
Zee Entertainment	XZETF	C-1-7	Buy	244.00	18.0	27.3	Mar	9.9	11.3	-1.4	15.0	24.7	21.5	17.6	15.3	82.0%	82.0%	12.0	12.5	Krishnan,Pratish

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