

ENAM ABSOLUTE TOP BUYS		Prices as on close of Jan 22						*EPS & Valuations: Core EPS used for auto, Book value for Banking and NAV for Realty						
			USD bn	08-Jan-08	22-Nov-07			FDEPS*		PE* (x)				
Co_Name	Sector	CMP	Mkt Cap	Sx Hiest	Last Crack	CMP/ Sx Hi	CMP/ Nov Crack	FY08E	FY09E	FY08E	FY09E	Tgt Price	Upside	Rationale
<b>Sensex</b>		<b>16,730</b>	<b>626</b>	<b>20,873</b>	<b>18,526</b>	<b>-20%</b>	<b>-10%</b>	<b>856</b>	<b>1040</b>	<b>20</b>	<b>16</b>			
Maruti Suzuki	AUTO	801	6	940	967	-15%	-17%	54	63	12	11	1,131	41%	Concerns on the Tata-Nano effect possibly overdone + export volumes to provide a fillip to revenues in FY09 and FY10.
ICICI Bank	BANKING	1,125	31	1,334	1,127	-16%	0%	424	456	1.9	1.5	1,600	42%	NIMs likely to improve, driven by higher CASA, well supported by strong momentum in fee income
State Bank of India	BANKING	2,159	29	2,465	2,242	-12%	-4%	1042	1163	1.9	1.7	2,675	24%	Core business likely to see substantial improvement, with expansion in NIMs
HDFC	BANKING	2,480	18	3,064	2,561	-19%	-3%	420	472	4.5	3.3	3,591	45%	Strong momentum in the mortgage business, no slow down expected
Grasim	CEMENT	2,860	7	3,401	3,638	-16%	-21%	275	314	10	9	4,230	48%	Timely brownfield expansion (cement and VSF) to result in volume led earnings growth.
Ultra Tech Cement	CEMENT	754	2	970	994	-22%	-24%	78	89	10	8	1,245	65%	Margin expansion on cost savings with strong additional volume on timely expansion to drive earnings growth - Delta to come in FY09 with 5mn tonne expansion commencing in March 08.
India Cements	CEMENT	201	1	277	278	-28%	-28%	26	28	8	7	310	55%	Best placed to benefit from the high operating and financial leverage on a robust cement pricing environment.
Shree Cement	CEMENT	1,194	1	1,367	1,346	-13%	-11%	106	125	11	10	1,871	57%	To enjoy benefit of timely expansion ( 50% additional volume growth ) and cost competitive operation. Ent value of ~USD 86/tonne FY10, Impressive EBITDA margin of over 40%, High RoCE and RoE (over 40%), strong cash position.
Siemens	ENGINEERING	1,739	7	2,003	1,932	-13%	-10%	56	79	31	22	2,600	50%	Riding on domestic power ( T&D + Gen) and industrial capex, increasing parent's focus on India. PAT CAGR of 51% over CY07-09E, superior return ratios - ROCE of ~45% ; current valuations are attractive.
Crompton Greaves	ENGINEERING	316	3	380	398	-17%	-21%	12	16	25	19	455	44%	Getting into the league of global MNC's, has already bridged the technology gap through various acquisitions. Expect earnings surprises from turnaround in acquisition. Expect PAT CAGR of 32% over FY08-10E, current valuation are attractive.
Cummins India	ENGINEERING	313	2	395	379	-21%	-17%	17	22	18	15	585	87%	Riding on Consumption, infrastructure and industrial capex upsurge. An MNC with technological edge, superior return ratios - ROCE of 40%+ with PAT CAGR of 25% over FY08-10E available at attractive valuations
Kirloskar Oil Engine	ENGINEERING	113	1	171	159	-34%	-29%	7	10	16	11	230	103%	Riding on Consumption, infrastructure and industrial capex upsurge. Strong earnings growth of 35% CAGR over FY08-10E, trading at 6x FY09E ( adj. for investments). Given the strong earnings growth, valuations gap to narrow.
Punj Lloyd	INFRASTRUCTURE	418	3	549	463	-24%	-10%	10	17	43	24	700	67%	All set to be a USD 5bn company by 2011, with strong tailwinds in global hydrocarbons and infrastructure. Expect revenue CAGR of 41% and earnings CAGR of 68% over FY07-10E. Valuations attractive at 10x FY10E EV/EBITDA
Asian Paints	FMCG	1,045	3	1,243	1,000	-16%	4%	39	49	26	21	1,260	21%	Turnaround in in'tl business, robust domestic demand with great pricing power.
Dabur India	FMCG	91	2	119	109	-24%	-17%	4	5	23	19	127	40%	Earnings momentum well over industry peers (24% CAGR till FY09). Insulated against cost pressures
Nestle India	FMCG	1,336	3	1,527	1,400	-13%	-5%	47	56	29	24	1,580	18%	Under penetrated processed foods potential combined with a strong domestic traction
Satyam Computer	IT SERVICES	355	6	425	414	-16%	-14%	25	30	14	12	428	21%	Consistent volume growth, pricing uptake and better operational efficiencies (subsidiary profitability and attrition curtailment)
Sun TV	MEDIA	298	3	421	312	-29%	-5%	9	14	32	21	438	47%	Ratings dominance, large content library and stranglehold on distribution to ensure 40% earnings CAGR through FY10.

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Zee Tele	MEDIA	260	3	306	304	-15%	-14%	8	11	32	23	336	29%	Ratings improvement, increased addressability to drive profitable growth and help successfully offset rising costs from increasing competition.
Jagran Prakashan	MEDIA	123	1	155	126	-20%	-2%	20	26	6	5	144	17%	Strong hold over Hindi belt (Flagship Dainik Jagran 31 editions & 275 sub-edns); consistent ad rate hikes, ~50% of edns already matured to bring much operating leverage
SAIL	METALS	194	20	263	247	-26%	-22%	18	23	11	9	288	49%	Robust volume expansion, product mix improvement and secured access to iron ore would fuel earnings growth.
Sterlite Industries	METALS	758	14	1,035	840	-27%	-10%	74	93	10	8	1,412	86%	Minority GOI stake buyout of HZL and Balco are key short term triggers. FY09 growth primarily driven by volume across business.
NALCO	METALS	415	7	501	338	-17%	23%	31	36	13	11	556	34%	Nalco is the biggest direct beneficiary of global bauxite/alumina tightness.
Hindustan Zinc	METALS	549	6	790	716	-31%	-23%	93	117	6	5	1,023	86%	Minority GOI's stake buyout by Sterlite is the key short term trigger.
Hindalco Industries	METALS	150	5	209	186	-28%	-19%	17	23	9	7	286	90%	Highly leveraged to aluminium prices upswing. Earnings growth on volume growth and turnaround of Novelis
Reliance Industries	Petrochem, Oil & G	2,358	87	3,051	2,729	-23%	-14%	99	136	24	17	3,315	41%	Strong run in refining and petchem segments to continue, gas production by end of year to bolster earnings. Current valuations do not factor in retail,SEZ valuations+exploration upside. RPL refinery to begin production ahead of schedule (by mid 2008)
ONGC	Petrochem, Oil & G	962	52	1,322	1,150	-27%	-16%	98	108	10	9	1,412	47%	Value buy, NPV of reserves worth Rs 1,345/share + investments & exploration upside worth Rs 67
Indian Oil Corp	Petrochem, Oil & G	445	13	723	515	-38%	-14%	49	48	9	9	700	57%	Optional value of investments rs 150/share, even if mktg given 0 value, 60MMT refining available at ~4x FY09E EBIDTA
GAIL India	Petrochem, Oil & G	408	9	524	426	-22%	-4%	28	32	14	13	561	37%	Greatest beneficiary of increased gas availability, doubling pipeline network to take advantage. SOTP at Rs 561
Essar Oil	Petrochem, Oil & G	146	4	331	173	-56%	-16%	2	4	69	36	400	175%	Increasing refinery capacity 3x at very low capex, capitalizing on strong refining margins
Sun Pharma	PHARMACEUTICAL	964	5	1,113	1,100	-13%	-12%	44	55	22	17	1,422	48%	Sun has the strongest franchise among all players in sector. Highest EBITDA margins (in excess of 35%), despite sales growth of over 25% CAGR. Reasonably priced; with an RoE of ~30% and EPS growth rate of over 25% CAGR, it is still available cheap
Glenmark Pharma	PHARMACEUTICAL	441	3	566	468	-22%	-6%	22	26	20	17	647	47%	Glenmark is the best play on innovation among Indian companies. We expect 33% and 42% CAGR in sales and net profit from FY07-FY10E.Our SOTP value for the stock is Rs. 647/ share valuing its base business at Rs 482/ share (18x FY10EPS) and NCE pipeline at R
Jubilant Organosys	PHARMACEUTICAL	308	1	354	303	-13%	2%	23	24	14	13	450	46%	Jubilant has moved up the value chain - from selling industrial chemicals to selling APIs and finished dosages in regulated markets and providing drug discovery services (DDS) to innovators. We expect 33% and 42% CAGR in sales and net profit from FY07-FY1
HDIL	REAL ESTATE	848	5	1,210	715	-30%	19%		1773		0.5	1,773	109%	Value of landbank (at state ready reckoner rates i.e. ~ 35% below market rates) & Mumbai Airport rehab project aggregate to ~910/share. Market value of land + development profits to provide upside
Sobha Developers	REAL ESTATE	642	1	932	806	-31%	-20%		1047		0.6	1,047	63%	Extensive land bank of 4,000 acres (175mn sq.ft. at 1:1 FSI), scale-up visibility, increased focus on its own real estate business and strong brand - available at a 30+% discount to NAV.
Peninsula Land	REAL ESTATE	72	1	152	122	-53%	-41%		159		0.5	159	121%	High quality Mumbai based realty player with a strong focus on commercial segment - DCF of Mumbai projects (partly pre-sold) equates current market cap. In addition 2 projects in Pune, 2 projects in Nashik expected to break ground in 2008. - mean PENL is
Reliance Com	TELECOM	575	30	804	674	-28%	-15%	24	31	24	19	757	32%	Value unlocking in Tower & FLAG, Increase in market share in Indian wireless market
Container Corp	TRANSPORTATION	1,587	3	1,816	1,835	-13%	-13%	115	138	14	11	2,350	48%	Secular growth driven by 2x growth in container traffic. Hidden investment in ports.