Equity strategy
India

India Monthly

2008 – Another good year?

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Garry O Evans*
Pan-Asian Strategist
The Hongkong and Shanghai Banking Corporation Limited (HK)
+852 2996 6916 garryevans@hsbc.com.hk

Anand Shanbhag*
Analyst
HSBC Securities and Capital Markets (India) Private Limited
+91 22 2268 1234 anandshanbhag@hsbc.co.in

Vivek Ranjan Misra *
Associate
Bangalore

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HSBC Global Research

- **Expect equity returns to trail EPS growth; strong corporate performance will deliver shareholder value**
- **Sensex target for end-2008 is 23,000 and end-2009 is 26,000**
- **Domestic themes to remain in focus**

Market outlook

2007 was a good year for Indian equities; Sensex is up by 39.7%, the broader market BSE 200 index is up 50.5%. An appreciating currency has resulted in MSCI India being the fourth best performing market among 48 markets in MSCI universe.

Looking ahead, a slowdown in global growth and rising risk aversion cloud the outlook for the next year. We think that the Indian economy will be resilient to a US slowdown, although rising risk aversion (financial markets are more integrated) means that returns will trail EPS growth. Since EPS growth remains strong, returns from markets should still be decent. We expect volatility to remain high next year.

Indian markets also will retain appeal to global investors; it is an outstanding domestic story, led by consumption and capex, in an uncertain world. In addition, the correlation of Indian and US markets is low, which means that global investors can improve the risk reward profile by adding Indian stocks. Our target for Sensex for end-2008 is 23,000 and end-2009 end is 26,000.

Politics is a major wild card; we expect that general elections may be held in the second half of next year. Current opinion polls indicate a victory for the ruling UPA coalition, without support of leftist parties. Should this scenario play out, equities will get a boost, while should left-wing parties make gains, the markets is likely to react negatively.

Sector themes

We expect domestic themes to dominate. Sectors like IT, which have a strong global exposure, may lag. The performance of sectors exposed to domestic capex has been strong; we expect rotation to a domestic consumption theme in 2008.

Contents

Themes for 2008

- Domestic themes to dominate; mid-cap stocks likely to outperform
- Slowing economy and earnings growth priced in; politics is a wild card
- Global shocks pose risk to markets; expect Indian equity markets to mirror resilience of the real economy

A good year

2007 was a good year for Indian markets, both in absolute and relative terms. YTD returns on the Benchmark Sensex have been 39.7%. MSCI India index has delivered returns of 45.5% in local currency and 62.8% in USD terms.

Indian markets have been the fourth best performing markets among all countries in the MSCI universe.

1. MSCI India index (total returns) performance

	YTD		CAGR Since 03/2003	
	LC (%)	USD (%)	LC (%)	USD (%)
Absolute performance				
MSCI India	45.5	62.8	49.4	55.3
Relative performance				
Emerging Asia	10.2	21.2	13.0	13.8
Emerging markets	14.0	22.6	11.0	10.6
Asia pacific	37.3	47.2	22.7	24.5
All country	38.0	49.0	26.7	28.7

Source: HSBC, Thomson Financial

In 2007, Indian markets have performed in line or have outperformed global markets during corrections, in contrast to earlier corrections when India underperformed global markets.

Sector performance has been diverse; IT has been the worst performing sector in the year and is down by 24%, whereas utilities, the best performing sector, is up 142%. In addition, value has done better then growth; the MSCI India value index is up by 58.4%, versus 29.9% for the growth index.

Themes for 2008

We examine themes that will be key investor concerns. We can think of themes broadly in two ways – themes that will determine the overall direction of markets and then themes for sector plays.

Theme 1: Corporate earnings

One of the major themes in 2008 will be corporate earnings. Companies will be reporting their annual numbers for FY2008e in April and May 2008. Consensus forecast for FY2008e Sensex EPS growth is 20.5%. From 708 in FY2007, Sensex EPS is expected to grow to 1,226 in F2010e according to consensus. This is a CAGR of 20.1% over three years

Earnings projections are strong, and we believe a collapse of earnings growth to single digit levels is unlikely, given strong GDP growth.

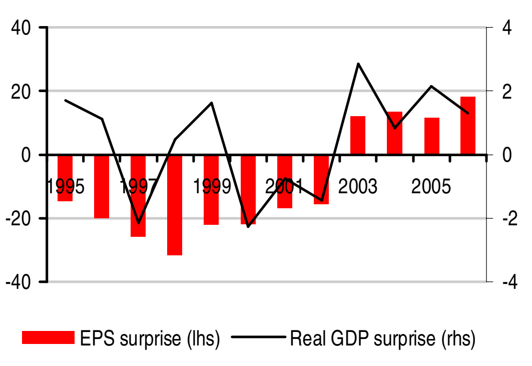
Downside risks to earnings growth are

- Lagged effects of interest rate increases and currency appreciation.
- Slowdown in global growth and trade.
- Issuance of oil bonds to state owned oil refiners. In our view, in the current fiscal year, this is the greatest risk.

Upside risks are

- Economy stays resilient to currency appreciation and interest rates rises on account of
  - Indian corporate sector and household balance sheets are underleveraged. Hence the effect of interest rate increases may have been overestimated by analysts.
  - Indian companies' exports remain low, for companies in the BSE 200 index, exports make up 18% of sales (for the economy as a whole, exports are about 22% of GDP).
- In the past four years, EPS has surprised on the upside; the momentum of earnings is extremely strong. Further surprises cannot be ruled out.

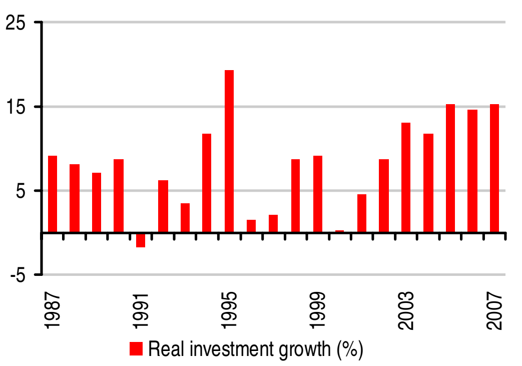
2. EPS and real GDP surprise



Source: HSBC, Thomson Financial, IBES

- Currently the economy is strong on account of a rise in capital spending. This is largely led by private firms and is likely to result in expansion of earnings when the additional capacity comes on line.

3. Real investment growth (%)



Source: HSBC, Thomson Financial

For the current year, earnings are on track to meet expectations, based on our analysis of earnings for the first two quarters of the fiscal year published earlier. We believe that in the current year upside risks to earnings is higher then downside risks.

Theme 2: Global shocks

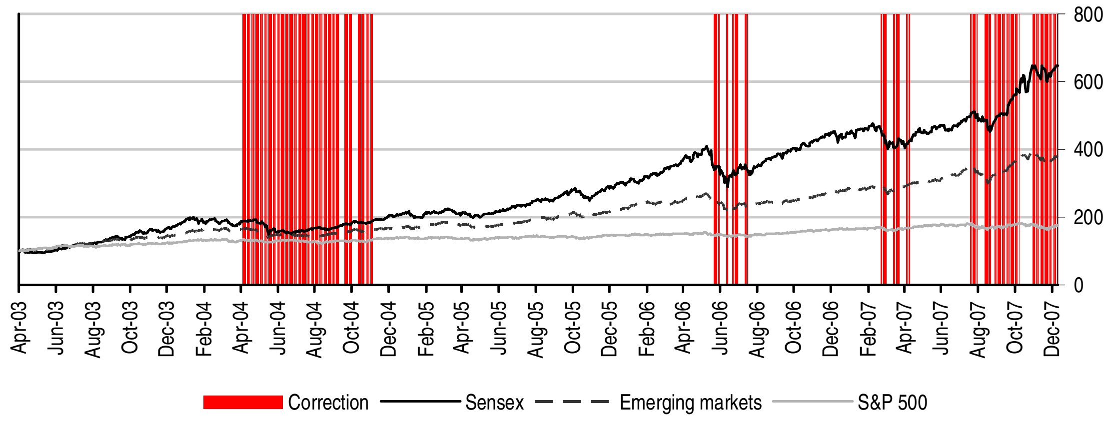
Global equity markets face two threats;

- A slowdown in the US economy; along with a slowdown in global growth.
- Credit crunch in global financial markets; the longer it continues, the greater upward pressure on risk premiums, thus effecting equity markets.

The impact of a US slowdown on Indian GDP growth is limited, according to research from our economics team. A slowdown in US of 1% is likely to impact Indian GDP growth by about 0.2%. Growth in India is powered by domestic consumption and capex. Investments have been financed largely by domestic savings.

In fact the appeal of Indian economy will probably increase, as it is an outstanding local story in an increasingly volatile world.

4. Corrections in global markets since April 2003 (indices rebased to 100)



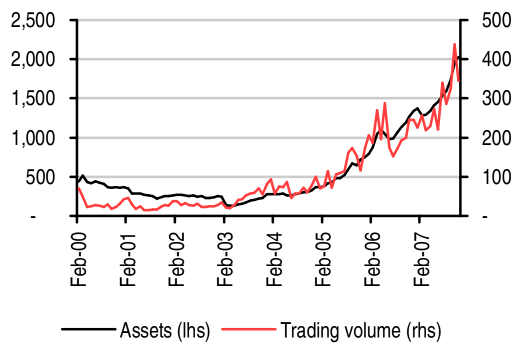
Source: HSBC, Thomson Financial

Financial markets, however, are far more integrated, and Indian markets can be effected due to:

- Slowdown/ reversal of fund flow from foreign institutional flow.
- Difficulty in raising capital needed for growth.

Foreign flows have been a strong driver of markets, the correlation between foreign inflow and monthly returns are very high, at 0.52. However, the activity of local mutual funds has been rising, as can be seen from the graph below.

5. Indian mutual funds activity and assets (INR bn)



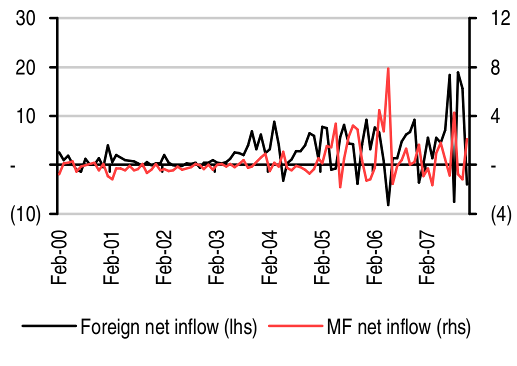
Source: HSBC, SEBI, AMFI

Local funds have provided support to the market in times of corrections; they have always been net buyers, peak to trough.

It is because of the divergent behaviour during corrections, that the correlation between net foreign institutional flow and mutual fund net purchases is negative.

Currently, Indian mutual funds also have high cash holdings, around 8-10% of their assets, which means that: 1) they can easily meet redemption pressure; and 2) provide buying support in case of a sharp decline.

6. Net institutional inflow (INR bn)



Source: HSBC, Thomson Financial

In addition, corrections may also induce inflows into mutual funds, as long as confidence among retail investors in the economy prevails.

HSBC

7. Flow and performance during corrections since April 2003

Peak to trough	Episode 1	Episode 2	Episode 3	Episode 4	Episode 5
% Change	-24.0	-29.2	-13.8	-11.4	-9.7
FII net investment (INR bn)	-28.1	-98.5	25.8	-73.5	-8.3
Mutual funds net investment (INR bn)	9.4	46.3	9.2	23.5	21.8
Sensex relative to EM	-9.5	-11.0	-0.3	0.7	1.4

Source: HSBC, Thomson Financial

Our research shows that correlation between Indian markets and global markets has increased in the last ten years. Indian markets are strongly correlated with emerging Asian markets and global emerging markets and correlation with MSCI China has increased recently.

The correlation with US markets is relatively low, which goes against conventional wisdom. The correlation of volatility between the US and Indian markets is high.

The average correlation of returns over the last ten years has been 0.06 between the Sensex and S&P 500, while average correlation of volatility of Sensex and VIX is 0.25. The correlation has remained low consistently over the last ten years.

The implication is that the effect of US markets is higher on volatility then on returns.

The resilience of the Indian economy, low correlation with US markets, strong earnings growth and strong domestic base are the reasons that Indian markets can remain resilient to financial shocks.

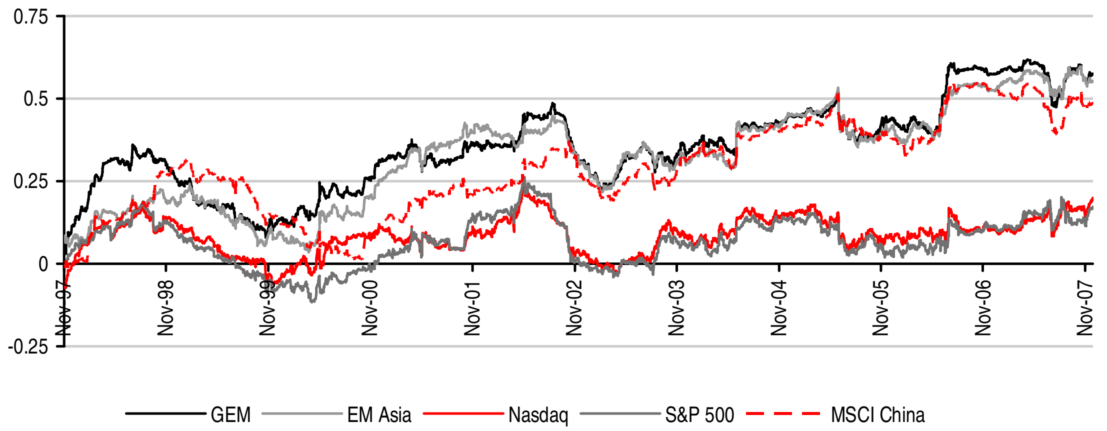
In addition, foreign inflows to India may increase from new class of investors, like Middle East, East Asia and ASEAN are examples.

Another way in which the global crisis can affect Indian markets is by making it harder for companies to raise capital, thus acting as a brake on growth.

In the last ten years, the ROE of Indian firms has averaged 18% and dividend payout has been 28%. For the next three years, consensus forecasts point to an average ROE of 20.5% and dividend payout of 25%.

The growth rate that companies can finance through use of internal resources is about 13% if they can maintain historical ROEs. At consensus forecast ROE levels, they can maintain a growth rate of 15%, for the next three years.

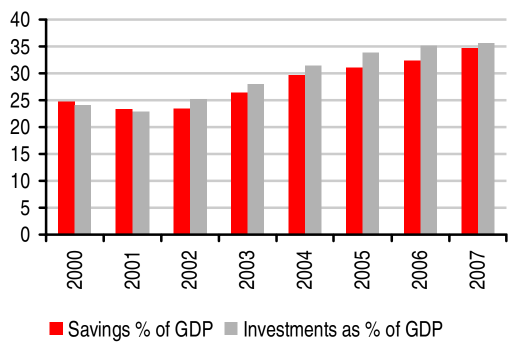
8. Correlation of Indian markets



Source: HSBC, Thomson Financial

The domestic savings rate in India is high at 34% of GDP, and investments have been largely financed through domestic savings. Hence a slowdown in global flows is not likely to be a major constraint for capital expenditure for expansion.

9. Indian savings and investments (% of GDP)



Source: HSBC, Thomson Financial

The low correlation of returns implies that taking exposure to India will decrease risk for a global investor because of diversification benefits.

To test this we have constructed portfolios using S&P 500, MSCI Developed world and MSCI India index

- Two portfolios, one replicating the Developed world index and S&P 500 index.
- As above, but adding the Indian market in ratio of market capitalisation.
- As above, but a constant weight of 10% for the Indian market.

The results are in the table below. Clearly, adding Indian markets improves portfolio performance, measured by the Sharpe ratio.

10. Diversification benefits over last 10 years

	Developed world	S&P 500
Without India in portfolio		
CAGR (%)	7.8	6.2
Volatility (%)	17.3	17.1
Sharpe ratio	0.42	0.42
Adding Indian market to portfolio (market cap weight)		
CAGR (%)	7.9	6.4
Volatility (%)	18.4	18.2
Sharpe ratio	0.44	0.44
Adding Indian market to portfolio (10% weight)		
CAGR (%)	9.6	8.2
Volatility (%)	19.4	18.5
Sharpe ratio	0.47	0.49

Source: HSBC, Thomson Financial

Theme 3: Political risk

Political risk is probably the biggest cloud on the horizon on a six-month to one-year view.

The rift between the UPA (the ruling coalition) and left-wing parties on the civilian nuclear deal with the US continues. The relationship between the two partners has always been uneasy.

Risks of an early election have clearly risen and early elections are widely expected in 2008.

Markets may be nervous in the run-up to the elections. Elections represent both an upside and downside risk.

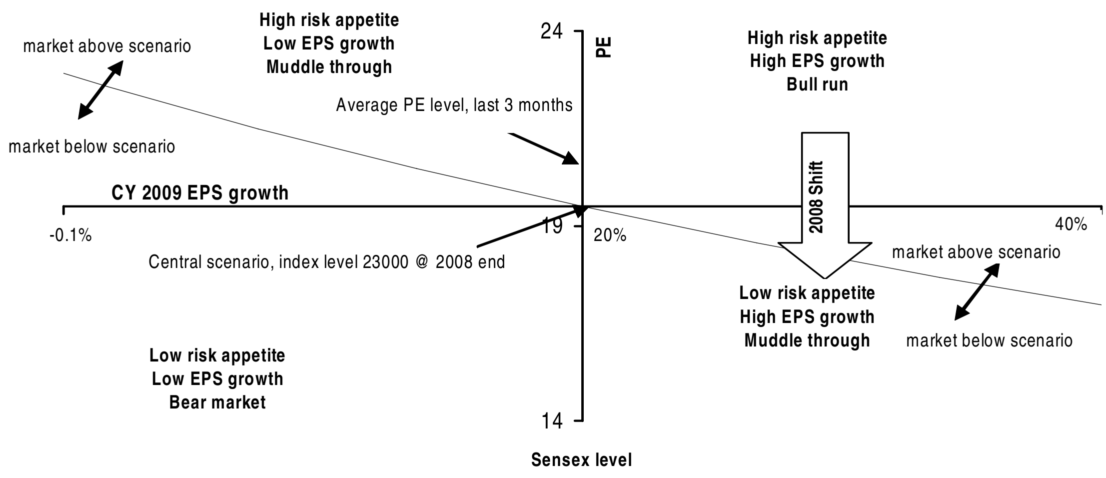
Scenario 1

Election results result in government formation very similar to the current one, i.e. UPA coming to power with support of leftist parties. The result would be a mild negative for markets, as some expectations of election of a more business friendly government would be built in.

Scenario 2

A loose coalition of regional and left-wing parties (called the 'Third Front') comes to power. We think the probability of this is low. Historically such a coalition has come to power, but the government has not lasted long. This coalition would be the least market friendly. This would be a strong negative for markets.

11. Scenarios for 2008



Source: HSBC, Thomson Financial

Scenario 3

Either the current ruling coalition comes to power without support of left-wing parties, or the NDA (led by BJP) comes to power. Both of these have a number of politicians with strong reform credentials. Opinion polls indicate that the UPA may gain were elections to be called now. Such a result would be strong positive in our view, and is probably not priced in.

Market outlook

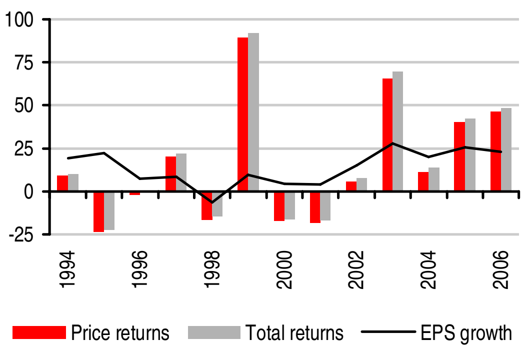
Many investors fear that a bear market is around the corner. This opinion is also strengthened by the fact that the current bull-run has been with us for a long time.

Bear market are generally the result of a collapse in earnings growth (lower EPS) and rise in risk aversion (lower PE multiples). However, we believe in India that earnings growth is likely to remain strong (though moderate from last year, when EPS for Sensex grew at 33%). One of the two ingredients of a bear market is clearly absent.

The current bull-run may still be drawing to a close, however. Bull markets need high earnings growth (higher EPS) and a fall in risk aversion (multiple expansion).

But a rise in risk aversion means that multiples are likely to contract. Since EPS grow remains strong, markets can still rise, despite multiple contraction. However, returns may lag EPS growth.

12. Returns and EPS growth; MSCI India index



Source: HSBC, Thomson Financial

This has occurred previously, most recently in 2004, where price index returns were 11%, and EPS growth was 19.9%. Risk aversion grew in 2004 for two reasons: central banks started raising rates and results of the general elections caused concerns about reforms.

Next year will probably be more like 2004 then like 2005 or 2006, when the market saw multiple expansion.

Consensus forecasts point to an EPS CAGR of 20.1% between FY07-FY10e. Sensex EPS for FY08e is estimated at 853, FY09e at 1006 and FY10e at 1,226.

Sensex EPS for calendar 2009e would thus be 1,171. There are no consensus forecasts for calendar 2010e, but using the same rate as the CAGR of the three previous years, EPS for CY2010e would be 1,405.

For the MSCI India index, MSCI estimates a long term EPS growth rate of 22%. In the last four years, EPS growth has averaged 24%. Hence a 20% EPS growth estimate builds in a moderation of growth.

Sensex is currently trading at a multiple of 19.5x 12-month forward PE.

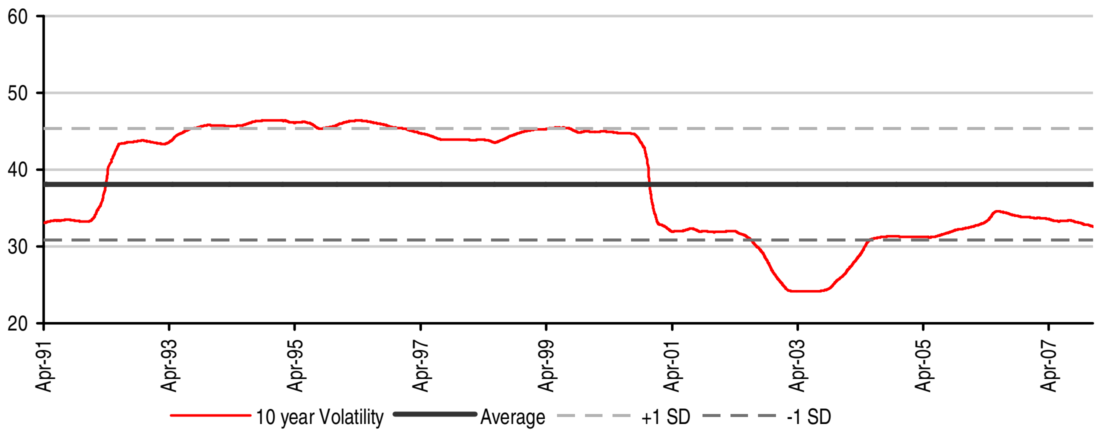
Our target for the Sensex for end-2008 is 23,000 and for end-2009 is 26,000. This implies a return of 19% to 2008 end and 13% in 2009. Along with dividends, this implies a total return of 20.4% until end 2008 and 14.4% in 2009.

Sensex is currently at 12 month forward PE of 19.5x, and in the last three months has averaged 20.6x.

The 12 month forward multiples based on our targets would be 19.6x for 2008 end and 18.5x for 2009 end.

We expect volatility to remain high with a six to one year view. With a rise in global risk aversion, volatility is bound to rise.

13. Volatility of yearly returns; Sensex



Source: HSBC, Thomson Financial

Sector themes

- Expect mid-cap stocks to outperform
- Favour domestic themes
- Expect some rotation from capex to consumption theme

Sector themes

Theme 1: Mid caps

Mid-cap stocks have outperformed large-cap stocks in 2007.

However, they are still trading at greater discounts than historical averages.

In the last ten years, mid-cap stocks have traded at a valuation discount of 10.5% as measured by 12 month forward PE multiples. Currently the discount is 14%.

In the next three fiscal years, analyst consensus forecasts point to earnings growth of 35.7%, compared to 23.6% for large-cap stocks.

Large-cap stocks are richly valued at 19.7x 12 month forward PE, whereas mid-cap stocks are valued at 17x 12 month forward PE.

The combination of cheaper valuations and higher earnings growth has compelling appeal, and we expect mid-caps to outperform in the next one year.

Theme 2: Value versus growth

Growth has outperformed value in the last ten years.

14. 10 year performance; MSCI value and Growth index

	Value	Growth	MSCI India
CAGR (%)	19.9	22.6	22.3
STDEV (%)	36.6	38.4	34.8
EPS growth CAGR (%)	7.0	17.3	13.4
Contribution of EPS growth (%)	39.4	57.6	45.8
Contribution of PE expansion (%)	60.6	42.4	54.2
Sharpe Ratio	0.38	0.46	0.45

Source: HSBC, Thomson Financial

However, in the last three years, growth has lagged the value index, although the out-performance of value index in 2005 and 2006 was marginal. In 2007 the out-performance has been significant at 22%.

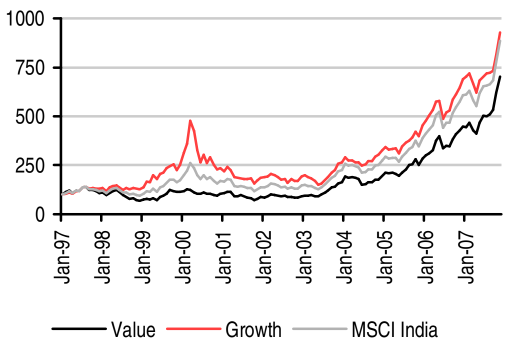
As a result, the valuation gap between the two (as measured by trailing PE ratio) indices has narrowed. Value is now more expensive compared to growth. Since the valuation gap is now narrow, performance of growth, relative to value should improve.

15. Consensus forecasts; BSE 500 index

		FY 08 e		FY 09 e		FY 10 e			
	12 month forward PE	Net income growth	FY 08e PE	Net income growth	FY 09e PE	Net income growth	FY 10e PE	Net income CAGR	Forward PEG
Small Cap	11.5	34.4	13.6	38.7	10.7	42.6	7.5	38.5	0.30
Mid cap	17.0	32.0	20.6	44.2	15.5	31.3	11.8	35.7	0.47
Large Cap	19.7	25.7	22.4	21.3	18.6	23.6	15.0	23.6	0.83
BSE 500 Index	**19.1**	**26.4**	**21.9**	**23.2**	**18.0**	**24.4**	**14.5**	**24.6**	**0.78**

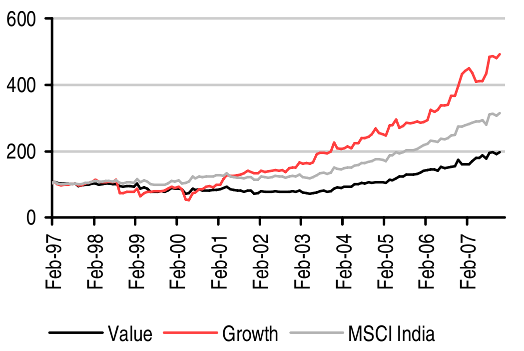
Source: HSBC, Thomson Financial

16. 10 year performance of value and growth



Source: HSBC, Thomson Financial (rebased to 100)

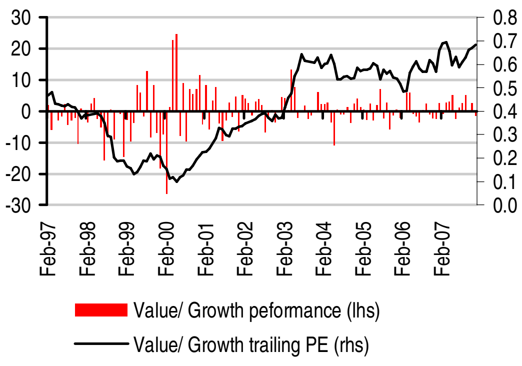
17. EPS growth of value and growth index



Source: HSBC, Thomson Financial (rebased to 100

However, IT sector has a high weight in the growth index (21% of growth index is IT). As we explain in the section sector views, despite favourable valuation levels, the sector is unlikely to turn in a strong performance in our view.

18. Value and Growth relative performance and trailing PE



Source: HSBC, Thomson Financial

While there is a compelling reason for a rotation to growth, as value is no longer cheap; we think it is early to expect significant out-performance by growth, largely due to the IT sector.

Theme 3: Favour domestic themes

Indian equity markets are among the most diversified in the emerging markets. One of the benefits is that the markets offer a wider variety of investment themes.

During a period of global uncertainty, themes exposed to domestic consumption and capex are likely to dominate.

The appeal of stocks with global themes in the Indian markets is likely to decline.

Domestic capex is a theme that has worked well last year, and is likely to remain strong. This sector is driven by infrastructure build up, in which the government plays an important role. In case of a slowdown in the Indian economy, the government can step up spending to pump the ending, and the capex theme would benefit.

Capital goods and utilities have delivered returns of over 110% and 142% respectively in 2007; real-estate is up 57%. Due to their strong performance, valuations are stretched, and hence the appeal of these stocks is lower than at the beginning of the year.

We expect rotation into a consumption theme, which has lagged in the last year, compared to the capex theme, but earnings growth is strong.

19. Composition of Value and Growth indices; MSCI India index

Industry	% free float MV in Growth	% free float MV in Value	Weight in growth index	Weight in value index
Automobiles & Components	22.0	78.0	1.2	4.1
Banks	31.4	68.6	12.5	25.5
Capital Goods	90.0	10.0	22.6	2.3
Consumer Services	-	100.0	-	0.6
Diversified Financials	100.0	-	11.9	-
Energy	1.7	98.3	0.7	35.9
Food Beverage & Tobacco	24.1	75.9	1.3	3.9
Household & Personal Products	-	100.0	-	3.0
Materials	49.1	50.9	8.0	7.8
Media	57.6	42.4	0.8	0.5
Pharmaceuticals & Biotechnology	37.2	62.8	2.1	3.3
Real Estate	100.0	-	8.5	-
Software & Services	96.2	3.8	21.2	0.8
Telecommunication Services	86.6	13.4	8.1	1.2
Utilities	8.6	91.4	1.1	11.2

Source: HSBC, Thomson Financial, MSCI

Theme 4: Sector rotation

One scenario that may play itself out this year is rotation from leaders to laggards.

Three leading sectors in 2007 have been energy, capital goods and power utilities.

From the leading sectors, one sector that investors may rotate out of is power utilities; this sector is well placed to benefit from additional electric generation. However, recent performance (up 73% in the past three months) has run ahead of fundamentals; valuations are now stretched at 27.5x.

The two laggard sectors of the year have been IT and Autos. The IT sector may continue to under-perform the market in 2008, because of currency appreciation and exposure to US financial sector.

Underperformance of the autos sector should, in our opinion, end and the sector should outperform with a six month to one year view. Concerns of further sharp monetary tightening have faded; consensus now expects interest rate to remain stable and valuations have become attractive. Performance has started turning around in the past few weeks.

HSBC

Valuation and earnings

- Valuations levels stretched; pose short term risk
- Earnings expected to grow at a CAGR of c20% over three years according to consensus
- Strong upward revisions in BSE200 index

Valuations

Multiples

We used three methods in our valuations:

- We calculated the 12-month forward PE ratio as price/12-month forward EPS
- We calculated the 12-month forward PEG as price/12-month forward EPS/3-year earnings CAGR (between CY2007 to CY2009e).
- We calculate the 12-month forward (Price earnings growth & risk, which is PEG ratio, multiplied by cost of equity to account for risk) ratio as cost of equity × (price/12-month forward EPS)/3-year CAGR (between CY2007 to CY2009e).

In terms of PE, the index is currently trading at levels higher than historical averages; however, valuations are slightly more reasonable on the other measures. (Please refer to the graphs on page 21.)

The 12-month forward PE ratio for MSCI India is 21.2x, which is 2.5 standard deviations above the historical average of 13x.

However, the PEG ratio, adjusted for growth in the next 12 months, is currently at 1.05x, which is 0.95 standard deviations above its 10-year average of 0.84x.

The PERG ratio adjusts the PEG for changes in the cost of equity – in the last 10 years, the average has been 11. Currently, the index is at a PERG of 13.6x, which is 0.8 standard deviation above its 10-year average.

Earnings growth

Earnings on the BSE 200 Index are expected to grow at a CAGR of 23.5% in FY08-09e, according to IBES consensus estimates. During the same period, EBITDA is expected to grow at 24.3% (ex-financials) and sales at 20.4%. The index is at a 12-month forward PE of 19.5x.

Over the same period, Sensex EPS is expected to grow at 20.1% and EBITDA and sales are expected to grow at 17.6% (ex- financials) and 18%, respectively. The index is trading at a 12-month forward PE of 19.5x.

The earnings of MSCI companies are expected to grow at 23.6%, with EPS growing at 20.5%, EBITDA and sales are expected to grow at 15.1% (ex-financials) and 15.8%, respectively in the same period.

(Please refer to the earnings growth tables on page 19.)

Earnings forecast revisions

There have been strong revisions for the BSE200 index. EPS estimates have been revised by 2.7% for FY08e and 3.1% for FY09e in the past three months.

Industries with strong positive revisions include energy, diversified financials, capital goods, materials, telecoms consumer durables and consumer services.

Industries with strong negative revisions include retail, real estate and tech hardware.

Revisions in the MSCI India index are also positive; the EPS for CY07e has been revised up by 1.2% and that for CY08e by 2.7% in the past three months.

Sectors with strong positive revisions include energy, materials and utilities.

(All revisions are listed in the table on page 20.)

Sector view and portfolio

- We expect domestic themes to dominate
- IT, financials and power utilities underweight
- Overweight consumer themes, materials and energy

Sector view

The sector and stock picks discussed in this section are relative to the Indian market, specifically the BSE 200 Index. These weightings differ from those relative to MSCI Asia Pacific covered in our Pan-Asia Strategy Quarterly, although our general preferences are the same.

Energy

We would be overweight the energy industry. The earnings outlook is moderate at only 13% for 2008e, but we forecast that it will significantly improve in the next two years, resulting in a three-year CAGR (from March 2007 to March 2010e) of 22.5%for the sector.

The energy sector has witnessed strong positive EPS revisions. In the last three months, the sector consensus EPS has been revised up by 6.8% for FY08e and 10.9% for FY09e. Valuation levels are a bit stretched to us at 18.7x 12 month forward PE, but earnings momentum is strong.

Crude oil prices, government policies with respect to subsidies and issuance of oil bonds, execution risks of E&P companies and delays in the development of new oil and gas fields constitute the risks to our call.

Consumer discretionary

We would be overweight this sector; the CAGRs of earnings growth in the media and retail sectors in the next three years CAGR (between March 2007 to March 2010e) are expected to be 76% and 43% respectively according to consensus estimates, while they trade at 12-month forward PE multiples of 40.6x and 60.2x, in that order.

Autos have underperformed this year due to concerns that further monetary tightening will dampen demand. This risk has declined considerably over the last three months.

20. Sector recommendations; BSE 200 index

Supersector	Sector	Recommendation	BSE 200 Index weights	Recommended weights
Cyclicals	Consumer Discretionary	overweight	5%	8%
	Industrials	neutral	16%	16%
	Materials	overweight	11%	13%
Defensives	Consumer Staples	overweight	8%	10%
	Health Care	underweight	3%	2%
	Utilities	underweight	6%	1%
Energy	Energy	overweight	13%	16%
Financials	Financials	underweight	24%	20%
Technology	Technology	underweight	8%	6%
Telecom	Telecom	overweight	6%	8%

Source: HSBC, Thomson Financial

Valuation levels look attractive to us (15.5x 12-month forward PE) and sentiment for the sector has improved over a one year horizon (sector is up 5.4% in one month).

Consumer staples

We would be overweight consumer staples due to its defensive character as well as the recent positive earnings upgrades: the consensus forecast EPS CAGR is 22.6% over March 2007 to March 2010e, while the sector trades at a 12-month forward PE of 22.1x. Earnings in this sector face the least quantum of risk in our view, and have the least earnings volatility compared to earnings growth.

Telecom

Recent TRAI moves vis-à-vis spectrum allocation has increased the regulatory risks in the sector.

However, the recent alliance of Bharti Airtel, Vodafone and Idea to form a tower company is positive. In addition, we think increasing penetration and consumer spending will be the key growth drivers in this sector.

The 12-month forward multiple for the sector is 24x, which appears reasonable given consensus estimate earnings growth at a CAGR of 41.2% over March 2007 to March 2010e.

Materials

We adopt an overweight stance on materials. Earnings forecasts are moderate at a CAGR of 17% for the next three years (March 2007 to March 2010e.). However, consensus earnings estimates are being revised up, and valuations appear cheap to us at 11x 12-month forward PE; this makes it the cheapest sector in the Indian market.

The sector has also undergone strong consensus EPS estimate revisions in the past three months; FY08e EPS has been revised up by 6.5%, whereas the FY09e number has been revised up by 3.6%.

Industrials

Capital goods remain a strong story. The sector's consensus EPS estimates have been revised up, with earnings expected to grow at a CAGR of 29.3% over March 2007 to March 2010e while the sector trades at a forward PE multiple of 30.7x.

Consensus EPS estimate revisions remain strong for the sector, up 3.1% for FY08e and 8.8% for FY09e in the past three months.

We believe this industry is placed very favourably and stands to benefit from increasing infrastructure spending. This is a key area that we think will remain in the limelight for some time. Also in case of slowing growth, the government may increase infrastructure spend.

However, because of the sector's strong performance (up 110% YTD, 39.6% in last three months), we retain our neutral position.

Utilities

We adopt an underweight stance on this sector.

We think this sector is well placed to benefit from additional electric generation and is consensus indicates that earnings growth at a CAGR of 9.6% over next three years (March 2007 to March 2010e.).

However, recent performance (up 73% in the past three months) has run ahead of fundamentals and ignores regulatory risks, in our view. Thus, we believe valuations are now stretched at 27.5x forward multiple and appear to be high relative to the forecast earnings growth.

We recommend taking profits in the sector.

Healthcare

We maintain our underweight view on the healthcare sector. We believe that increasing competition as well as a strong currency will constrain any upside in the near future.

HSBC

21. Suggested India portfolio – an equal-weighted portfolio consistent with our sector views and HSBC analysts' ratings

RIC	Bloomberg Ticker	Company Name	Sector	HSBC Rating	Price	Market Cap (INR bn)	12 month forward PE	12 month forward PB
PART.BO	PF IN	Pantaloon Retail	Consumer Discretionary	Overweight	656.2	99	62.2	5.4
MAHM.BO	MM IN	Mahindra & Mahindra	Consumer Discretionary	Overweight	773.6	190	10.5	2.5
HTML.BO	HTML IN	HT Media Ltd	Consumer Discretionary	Overweight	236.2	55	28.9	5.3
VIRL.BO	VISH IN	Vishal Retail Ltd	Consumer Discretionary	Overweight	792.2	18		
ITC.BO	ITC IN	ITC	Consumer Staples	Overweight	193.6	729	20.5	5.4
DABU.BO	DABUR IN	Dabur India	Consumer Staples	Overweight	113.9	98	25.0	12.7
HPCL.BO	HPCL IN	Hindustan Petroleum	Energy	Overweight	296.9	101	8.1	0.9
BPCL.BO	BPCL IN	Bharat Petroleum	Energy	Overweight	397.2	144	9.0	1.1
RELI.BO	RIL IN	Reliance Industries	Energy	Overweight	2,777.5	4,038	24.6	4.3
ONGC.BO	ONGC IN	ONGC	Energy	Overweight	1,166.5	2,495	11.4	2.9
BOB.BO	BOB IN	Bank of Baroda	Financials	Overweight	414.7	151	9.7	1.4
SUN.BO	SUNP IN	Sun Pharma	Healthcare	Overweight	1,093.9	220	20.8	4.8
LART.BO	LT IN	Larsen & Toubro	Industrials	Overweight	4,082.1	1,189	37.8	10.9
THMX.BO	TMX IN	Thermax India	Industrials	Overweight	812.9	97	26.2	9.9
IVRC.BO	IVRC IN	IVRCL Infrastructure	Industrials	Overweight	478.7	54	26.0	3.5
KAPT.BO	KPP IN	Kalpataru Power Transmiss	Industrials	Overweight	1,855.7	49	20.6	5.1
GRAS.BO	GRASIM IN	Grasim Industries	Materials	Overweight	3,633.7	333	12.5	3.2
NALU.BO	NACL IN	National Aluminium Co Ltd	Materials	Overweight	418.5	270	15.8	2.7
RLCM.NS	RCOM IN	Reliance Communication	Telecommunication	Neutral	717.8	1,480	24.5	4.8
BRTI.BO	BHARTI IN	Bharti Airtel	Telecommunication	Overweight	904.8	1,717	21.5	6.7

Note: The stocks in the above table represent a selection of those in sectors we view as overweight or neutral; some are drawn from those on which HSBC's fundamental analysts do not independently hold negative views. We may from time to time include stocks not rated by our analysts but which nevertheless fit in with our overall sector preferences on a macro view.
Source: HSBC Priced as at 17 December 2007 (Bloomberg); 12-month forward PE and PB ratio according to consensus forecasts

Sector forecasts have been revised up by 7.3% for FY08e in the last three months. However, the consensus earnings outlook for pharma remains weak at 9.5% for FY08e, and valuation levels (at 19.6x 12-month forward PE) are high relative to near term growth prospects.

Information technology

We retain our underweight view on IT services.

The weakening US dollar and concerns about exposure to the slowdown in the US and to the volatile US financial sector continue to weigh on investors' minds and depress sentiment towards this sector.

We remain convinced of the strong fundamentals of the sector and are bullish on its long-term performance.

Consensus earnings growth is expected to remain strong and record a CAGR of 18.8% March 2007 to March 2010e. The sector currently trades at a 12-month forward PE of 16.5x, resulting in an attractive valuation level, in our view.

Our view is that a slowdown in the US would benefit this sector, as the pressure to outsource is likely to increase during downturns.

While some discretionary projects may be put on hold, most companies now provide a more diverse range of service offerings than at the beginning of the decade.

However, we see no trigger for a reversal of sentiment for this sector and we remain underweight.

Financials

Banks are expected to post strong earnings growth at a CAGR of 25.5% for the next fiscal years from March 2007-March 2010e according to consensus estimates. However, we believe earnings in the sector are at risk owing to stress on NIMs as the business cycle slows down. We have an underweight view on this sector due to 1) dilution, as banks have raised capital, 2) risk of rising NPLs, 3) slowing loan growth (moderated to 23.5% y-o-y) and 4) expensive valuations, with forecast PB closing in on 3.1x.

Model portfolio

Our model portfolio remains the same as published last month.

HSBC

Earnings growth

Consensus forecasts; BSE 200 Index

Sector	Industry group	Index Weight	12 Month forward PE	Sales FY 08 e	Sales FY 09 e	EBITDA FY 08 e	EBITDA FY 09 e	Net Income FY 08 e	Net Income FY 09 e
Consumer Discretionary	Automobiles & Components	3.1	15.5	9.4	16.3	-14.2	12.2	4.3	16.0
	Consumer Durables & Apparel	0.8	28.6	30.6	27.3	-3.0	27.4	3.8	33.8
	Consumer Services	0.6	22.8	23.6	15.4	4.6	21.2	27.6	24.1
	Media	0.7	40.6	27.0	30.3	58.1	44.5	107.5	53.4
	Retailing	0.2	60.2	81.7	63.0	62.0	61.3	143.2	95.3
Consumer Staples	Food Beverage & Tobacco	3.6	21.7	18.9	21.5	10.1	25.5	11.5	29.4
	Household & Personal Products	1.2	23.3	11.8	12.1	4.8	16.3	17.2	16.5
Energy	Energy	15.4	18.7	5.1	5.8	1.7	19.6	13.0	19.7
Financials	Banks	17.5	19.8					24.1	23.3
	Diversified Financials	3.9	33.0	19.4	45.7	9.1	52.5	48.6	35.4
	Real Estate	3.0	22.2	119.6	59.6	115.7	50.2	138.8	55.0
Health Care	Health Care Equipment & Services	0.2	26.6	29.3	27.5	22.1	33.6	26.4	36.6
	Pharmaceuticals, Biotechnology	3.0	19.2	8.2	15.3	-3.0	17.5	9.5	19.0
Industrials	Capital Goods	15.4	30.7	24.5	28.2	10.9	33.6	21.0	34.3
	Transportation	0.3	16.0	28.4	29.2	10.6	36.2	0.0	54.3
Information Technology	Software & Services	8.1	16.5	25.4	27.4	12.6	26.4	20.9	22.5
	Technology Hardware & Equipment	0.1	16.0	24.8	53.6	14.3	49.3	38.7	246.5
Materials	Materials	11.3	11.0	109.9	8.4	35.4	12.3	39.6	9.7
Telecom	Telecommunications	5.8	24.0	30.6	28.3	35.6	33.6	73.9	28.9
Utilities	Utilities	5.7	27.5	7.6	13.1	-13.5	16.7	5.8	10.6
BSE 200 Index		**100.0**	**19.5**	**31.1**	**15.0**	**14.5**	**21.8**	**25.3**	**21.5**

Source: HSBC, Thomson Financial

Consensus forecasts; MSCI India index

Sector	12 Month forward PE	10 Year EPS CAGR (%)	5 Year EPS CAGR (%)	EBITDA FY 08 e	EBITDA FY 09 e	Net Income FY 08 e	Net Income FY 09 e
Consumer Discretionary	16.2	2.8	38.5	-15.0	10.7	1.1	16.4
Consumer Staples	20.4	16.6	8.4	10.0	17.9	12.8	23.1
Energy	20.7	16.7	18.7	4.2	20.5	15.4	21.0
Financials	26.7	20.2	19.5			47.7	32.1
Health Care	19.7	22.3	19.4	-14.2	17.8	-2.9	17.9
Industrials	30.0	13.1	30.1	-0.5	28.6	10.0	30.3
Information Technology	16.2	13.4	26.3	10.5	24.9	18.9	20.7
Materials	12.9	21.1	35.5	34.7	10.2	42.6	6.2
Telecom	23.9	-4.2		24.1	32.0	77.8	24.7
Utilities	25.2	15.1	14.4	-15.1	11.8	5.2	9.1
MSCI	**21.2**	**12.6**	**22.2**	**8.0**	**18.8**	**23.8**	**21.4**

Source: HSBC, Thomson Financial

Consensus forecasts; BSE indices

	Index level	12 Month forward PE	Sales FY 08 e	Sales FY 09 e	EBITDA FY 08 e	EBITDA FY 09 e	Net Income FY 08 e	Net Income FY 09 e
Sensex	19261.4	19.5	22.9	14.9	17.5	17.7	28.0	17.7
BSE 100	10478.4	20.1	15.9	14.4	6.2	21.0	25.0	20.0
BSE 200	2492.1	19.5	31.1	15.0	21.8	25.3	25.3	21.5
BSE 500	8032.2	19.1	22.0	7.7	14.6	22.2	26.4	23.2

Source: HSBC, Thomson Financial

Earnings revisions

EPS revisions; BSE 200 index

Sector	Industry	Index weight	12 Month forward PE	FY 08 e revision 1 Month	FY 08 e revision 3 Month	FY 08 e revision 6 Month	FY 09 e revision 1 Month	FY 09 e revision 3 Month	FY 09 e revision 6 Month
Consumer Discretionary	Automobiles & Components	3.0	15.9	-1.4	-1.6	-2.8	-2.0	0.2	-0.7
	Consumer Durables & Apparel	0.8	30.1	6.5	5.9	7.9	11.2	12.7	-1.6
	Consumer Services	0.6	24.2	5.3	8.0	11.1	4.3	4.9	-1.3
	Media	0.7	42.2	1.3	3.4	6.2	51.8	-79.1	-36.0
	Retailing	0.2	61.9	-10.5	-26.1	-28.6	-0.3	-30.5	-34.6
Consumer Staples	Food Beverage & Tobacco	3.5	22.4	2.1	-1.2	-0.3	6.2	8.3	21.0
	Household & Personal Products	1.1	23.3	-0.9	1.1	-1.2	-0.2	-0.2	0.7
Energy	Energy	15.5	19.6	4.7	6.8	5.6	-0.4	10.9	13.4
Financials	Banks	17.4	20.7	1.0	0.8	-1.0	2.7	4.3	-1.6
	Diversified Financials	4.0	35.3	1.4	2.4	6.9	1.9	-0.3	-0.5
	Real Estate	3.1	23.5	-1.2	-4.0	-15.1	-12.7	-15.2	-0.9
Health Care	Health Care Equipment & Services	0.2	26.9	11.1	13.4	17.2	6.1	0.0	0.0
	Pharmaceuticals, Biotechnology	3.0	19.7	7.2	6.9	6.5	3.6	-0.5	-2.6
Industrials	Capital Goods	15.4	32.1	2.3	3.1	5.8	7.5	8.8	10.7
	Transportation	0.3	16.2	40.6	37.7	5.5	-8.4	-11.4	0.0
Information Technology	Software & Services	7.9	16.8	1.1	0.7	-3.8	-0.9	0.6	-2.0
	Technology Hardware & Equipment	0.1	16.2	-44.9	-61.2	-61.3	-6.6	0.0	0.0
Materials	Materials	11.5	11.7	1.6	6.5	9.7	-0.3	3.6	11.5
Telecom	Telecommunications	5.9	25.4	1.7	1.3	5.3	-0.9	-0.1	0.2
Utilities	Utilities	5.7	28.7	-2.6	-0.3	3.2	-2.0	-3.2	-0.8
BSE 200 Index		**100.0**	**20.3**	**1.8**	**2.7**	**3.1**	**1.6**	**3.1**	**4.6**

Source: HSBC, Thomson Financial, IBES

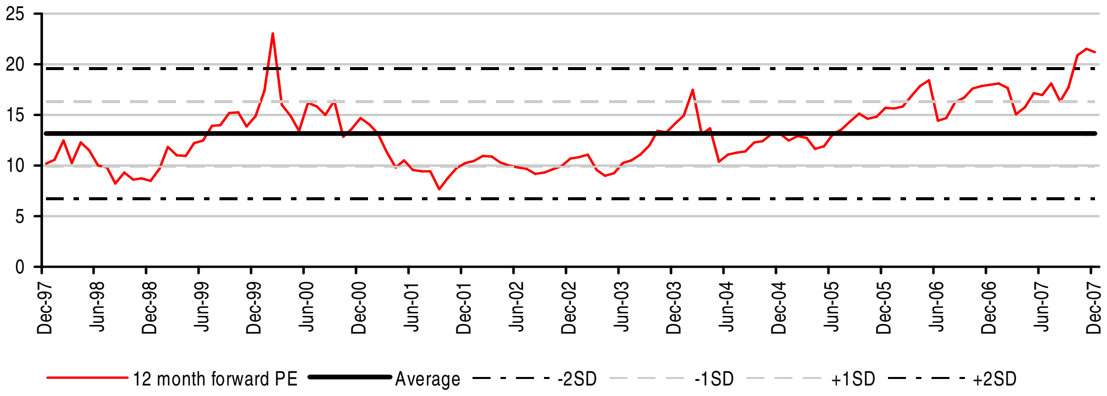
EPS revisions; MSCI India index

Sector	CY 2007 e 1 Month	CY 2007 e 3 Month	CY 2007 e 6 Month	CY 2008 e 1 Month	CY 2008 e 3 Month	CY 2008 e 6 Month	CY 2009 e 1 Month	CY 2009 e 3 Month	CY 2009 e 6 Month
Consumer Discretionary	0.3	1.0	-4.5	0.0	1.5	-4.3	0.5	1.2	38.7
Consumer Staples	-1.5	-1.2	-0.7	0.9	2.1	3.6	1.5	4.9	17.1
Energy	-4.4	0.8	4.8	-2.2	4.8	9.8	-0.5	1.0	10.8
Financials	2.2	3.6	1.6	3.0	4.1	6.4	1.7	-13.7	18.5
Health Care	2.3	5.1	-0.3	1.7	3.7	-1.1	3.6	4.7	-4.6
Industrials	-8.7	-9.1	-9.1	-7.3	-5.4	-10.6	-2.2	-1.9	9.1
Information Technology	0.8	0.9	-3.5	-0.4	-1.8	-7.2	-0.6	-3.3	-6.6
Materials	0.3	3.0	10.3	1.2	9.7	19.1	-3.4	-11.4	13.8
Telecom	3.0	4.0	6.2	2.2	4.7	0.9	-1.7	-0.5	0.7
Utilities	1.4	2.9	8.8	3.0	4.7	10.3	-1.4	-0.1	15.8
MSCI India	**-0.5**	**1.2**	**0.7**	**0.0**	**2.7**	**2.4**	**-0.3**	**-4.3**	**10.2**

Source: HSBC, Thomson Financial, IBES

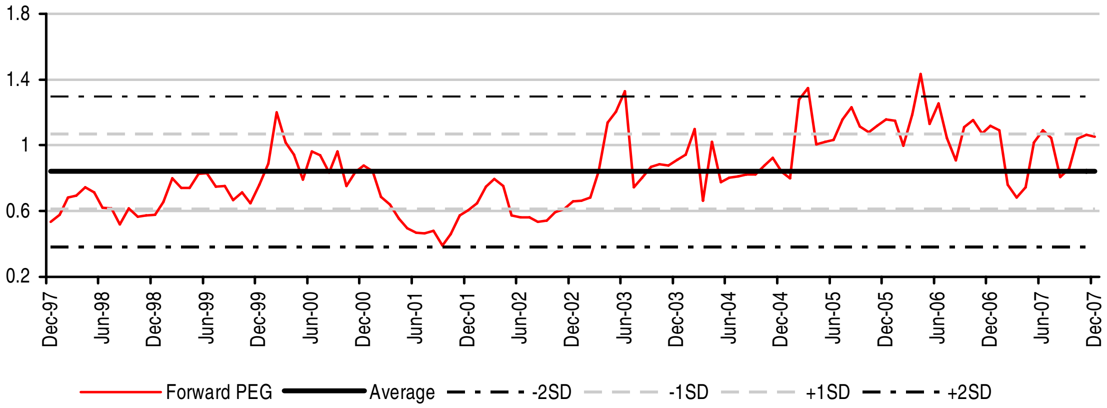
Valuation charts

12 month forward PE ratio; MSCI India index



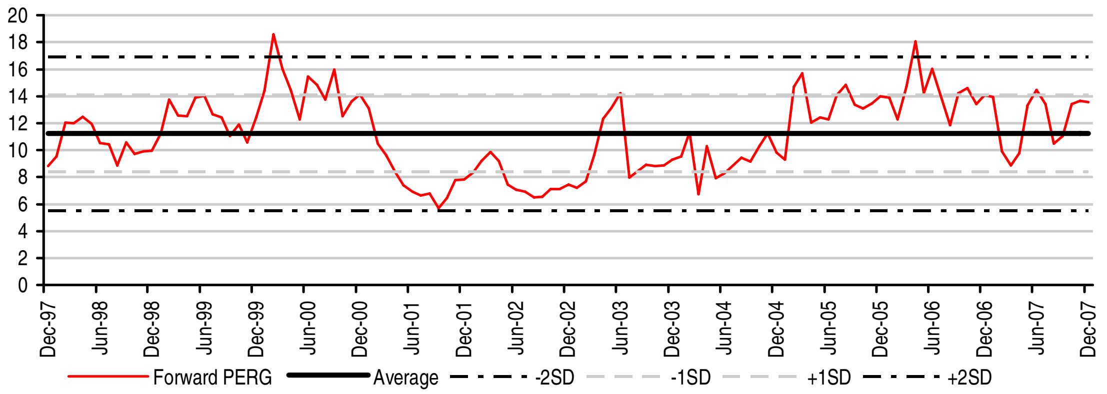
Source: HSBC, Thomson Financial, IBES

Forward PEG; MSCI India index



Source: HSBC, Thomson Financial, IBES

Forward PERG ratio; MSCI India index



Source: HSBC, Thomson Financial, IBES

Performance tables

Index	Price index level	1 week (%)	1 month (%)	3 month (%)	1 year (%)	MTD (%)	QTD (%)	YTD (%)
Sensex	19,261	-3.4	-2.2	24.2	41.5	-2.9	11.4	39.7
Dollex 30	4,005	-3.6	-2.6	27.8	60.2	-3.3	14.6	56.6
BSE 100	10,478	-3.2	0.0	30.4	52.5	0.8	16.9	50.1
BSE 200	2,492	-2.9	0.7	30.7	53.0	2.1	17.6	50.5
BSE 500	8,032	-2.5	1.3	31.1	55.1	3.2	18.6	52.4
BSE Mid cap	9,106	-0.1	7.0	31.7	60.8	11.9	22.7	56.9
BSE Small cap	11,840	2.7	14.1	37.0	77.6	20.9	30.1	71.8

Source: HSBC, Thomson Financial

Performance; BSE sector indices

Sector	Price index level	1 week (%)	1 month (%)	3 month (%)	1 year (%)	MTD (%)	QTD (%)	YTD (%)
Auto	5,569	-1.9	5.4	13.7	5.8	1.1	4.4	0.9
Bankex	10,919	-4.9	-0.8	35.0	56.1	2.5	15.3	54.1
Capital goods	19,129	-5.0	-7.3	39.6	107.4	-3.4	30.3	110.4
Consumer durables	5,993	-1.1	15.2	27.1	76.1	13.4	24.7	67.7
FMCG	2,211	2.4	-0.9	5.8	13.3	4.0	2.3	14.3
Health Care	4,198	5.0	8.1	14.4	13.4	6.9	10.9	10.7
IT	4,168	-6.0	0.2	-5.0	-19.6	-9.8	-9.9	-21.0
Metal	18,325	-2.0	4.7	52.6	108.2	2.5	31.4	102.7
Oil & Gas	12,315	-3.3	-1.3	47.1	106.2	5.6	28.8	99.3
Teck (TMT)	3,702	-4.7	1.2	6.4	2.9	-7.1	-1.7	1.4
Realty	11,699	-1.0	11.2	47.6	51.4	11.4	27.5	57.3
PSU (State owned enterprises)	9,511	-4.0	-10.0	30.7	59.4	-1.2	16.0	57.6

Source: HSBC, Thomson Financial

Performance; MSCI Indices

Index	Price index level	Total return index level	1 week (%)	1 month (%)	3 month (%)	1 year (%)	MTD (%)	QTD (%)	YTD (%)
MSCI India	807	1,033	-2.8	0.0	28.0	46.7	-0.4	15.0	43.9
Consumer Discretionary	298	355	0.7	3.8	10.6	2.8	0.4	2.0	-2.7
Consumer Staples	197	243	4.3	-0.1	3.7	3.9	4.1	0.0	5.9
Energy	1,639	2,192	-1.8	-4.3	36.8	100.3	-0.8	20.5	95.6
Financials	5,788	7,288	-3.7	1.7	39.9	82.1	3.1	19.8	76.3
Health Care	523	574	5.7	8.8	13.8	6.4	8.5	10.4	4.2
Industrials	1,736	2,087	-4.3	-2.8	40.2	84.4	-0.3	28.1	84.7
Information Technology	451	484	-6.1	-0.1	-6.1	-22.7	-10.5	-10.5	-23.6
Materials	1,060	1,264	-2.4	3.6	32.3	57.1	0.9	20.2	53.7
Telecom	217	274	-1.5	1.4	35.2	52.3	-5.6	22.7	49.5
Utilities	972	1,259	-4.2	0.3	72.9	144.6	1.6	38.5	142.4
MSCI India Value	547	715	-2.0	-0.8	31.0	61.7	0.3	16.0	58.4
MSCI India Growth	812	921	-3.7	0.9	24.8	32.2	-1.1	13.9	29.9

Source: HSBC, Thomson Financial

Disclosure appendix

Analyst certification

The following analyst(s), who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Garry Evans and Anand Shanbhag

Important disclosures

Stock ratings and basis for financial analysis

HSBC believes that investors utilise various disciplines and investment horizons when making investment decisions, which depend largely on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations. Given these differences, HSBC has two principal aims in its equity research: 1) to identify long-term investment opportunities based on particular themes or ideas that may affect the future earnings or cash flows of companies on a 12 month time horizon; and 2) from time to time to identify short-term investment opportunities that are derived from fundamental, quantitative, technical or event-driven techniques on a 0-3 month time horizon and which may differ from our long-term investment rating. HSBC has assigned ratings for its long-term investment opportunities as described below.

This report addresses only the long-term investment opportunities of the companies referred to in the report. As and when HSBC publishes a short-term trading idea the stocks to which these relate are identified on the website at www.hsbcnet.com/research. Details of these short-term investment opportunities can be found under the Reports section of this website.

HSBC believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings and other considerations. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations. Investors should carefully read the definitions of the ratings used in each research report. In addition, because research reports contain more complete information concerning the analysts' views, investors should carefully read the entire research report and should not infer its contents from the rating. In any case, ratings should not be used or relied on in isolation as investment advice.

Rating definitions for long-term investment opportunities

Stock ratings

HSBC assigns ratings to its stocks in this sector on the following basis:

For each stock we set a required rate of return calculated from the risk free rate for that stock's domestic, or as appropriate, regional market and the relevant equity risk premium established by our strategy team. The price target for a stock represents the value the analyst expects the stock to reach over our performance horizon. The performance horizon is 12 months. For a stock to be classified as Overweight, the implied return must exceed the required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock must be expected to underperform its required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands are classified as Neutral.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation of coverage, change of volatility status or change in price target). Notwithstanding this, and although ratings are subject to ongoing management review, expected returns will be permitted to move outside the bands as a result of normal share price fluctuations without necessarily triggering a rating change.

*A stock will be classified as volatile if its historical volatility has exceeded 40%, if the stock has been listed for less than 12 months (unless it is in an industry or sector where volatility is low) or if the analyst expects significant volatility. However, stocks which we do not consider volatile may in fact also behave in such a way. Historical volatility is defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility has to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Prior to this, from 7 June 2005 HSBC applied a ratings structure which ranked the stocks according to their notional target price vs current market price and then categorised (approximately) the top 40% as Overweight, the next 40% as Neutral and the last 20% as Underweight. The performance horizon is 2 years. The notional target price was defined as the mid-point of the analysts' valuation for a stock.

From 15 November 2004 to 7 June 2005, HSBC carried no ratings and concentrated on long-term thematic reports which identified themes and trends in industries, but did not make a conclusion as to the investment action that potential investors should take.

Prior to 15 November 2004, HSBC's ratings system was based upon a two-stage recommendation structure: a combination of the analysts' view on the stock relative to its sector and the sector call relative to the market, together giving a view on the stock relative to the market. The sector call was the responsibility of the strategy team, set in co-operation with the analysts. For other companies, HSBC showed a recommendation relative to the market. The performance horizon was 6-12 months. The target price was the level the stock should have traded at if the market accepted the analysts' view of the stock.

Rating distribution for long-term investment opportunities

As of 18 December 2007, the distribution of all ratings published is as follows:

Overweight (Buy)	52%	(22% of these provided with Investment Banking Services)
Neutral (Hold)	29%	(24% of these provided with Investment Banking Services)
Underweight (Sell)	19%	(13% of these provided with Investment Banking Services)

Information regarding company share price performance and history of HSBC ratings and price targets in respect of its long-term investment opportunities for the companies the subject of this report,is available from www.hsbcnet.com/research.

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price Date	Disclosure
BANK OF BARODA	BOB.NS	418.45	17-Dec-2007	2, 5, 6, 7, 9
BHARTI AIRTEL	BRTI.NS	904.80	17-Dec-2007	6, 7
GRASIM INDUSTRIES	GRAS.NS	3631.70	17-Dec-2007	4, 6
HINDUSTAN PETROLEUM	HPCL.BO	297.40	17-Dec-2007	9
ITC	ITC.BO	193.50	17-Dec-2007	6, 9
IVRCL INFRASTRUCTURE	IVRC.BO	477.15	17-Dec-2007	4
LARSEN & TOUBRO	LART.BO	4078.10	17-Dec-2007	2, 6, 7
MAHINDRA & MAHINDRA	MAHM.NS	767.60	17-Dec-2007	2, 4, 6, 7
NATIONAL ALUMINIUM CO LTD	NALU.BO	416.80	17-Dec-2007	11
ONGC	ONGC.BO	1166.15	17-Dec-2007	6, 7, 9
PANTALOON RETAIL	PART.BO	656.55	17-Dec-2007	9
RELIANCE COMMUNICATION	RLCM.NS	717.50	17-Dec-2007	1, 2, 5
RELIANCE INDUSTRIES	RELI.BO	2775.10	17-Dec-2007	2, 6, 9, 11

Source: HSBC

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Issuer of report
The Hongkong and Shanghai Banking Corporation Limited
Level 19, 1 Queen's Road Central
Hong Kong SAR
Telephone: +852 2843 9111
Telex: 75100 CAPEL HX
Fax: +852 2596 0200
Website: www.hsbcnet.com/research

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India Research Team

India

Banks
Anand Shanbhag
Head of Research, Company and Sectors - India
+91 22 2268 1234 anandshanbhag@hsbc.co.in

Saumya Agarwal
Associate
+91 22 2268 1235 saumyaagarwal@hsbc.co.in

Automobiles
Sachin Gupta
Analyst
+91 22 2268 1079 sachin1gupta@hsbc.co.in

Construction & Engineering
Sumeet Agrawal
Analyst
+91 22 2268 1243 sumeetagrawal@hsbc.co.in

Consumer & Retail, Media
Percy Panthaki
Analyst
+ 91 22 2268 1240 percypanthaki@hsbc.co.in

Electric Utilities
Prasad Dahapute
Analyst
+ 91 22 2268 1246 prasaddahapute@hsbc.co.in

Healthcare
Jatin Kotian
Analyst
+91 22 2268 1638 jatinkotian@hsbc.co.in

Oil & Gas
Vishwas Katela
Analyst
+91 22 2268 1236 vishwaskatela@hsbc.co.in

Real Estate
Ashutosha Narkar
Analyst
+91 22 3023 1474 ashutoshnarkar@hsbc.co.in

Small & Mid-cap
Sandeep Somani
Analyst
+91 22 2268 1245 sandeepsomani@hsbc.co.in

Singapore

Economics
Robert Prior-Wandesforde
Economist
+ 65 6239 0840 robert.prior-wandesforde@hsbc.com.sg

Hong Kong

Strategy
Garry Evans
Head of Pan-Asian Equity Strategy
+852 2996 6916 garryevans@hsbc.com.hk

Airlines
Mark Webb
Analyst
+ 852 2996 6574 markwebb@hsbc.com.hk

Consumer & Retail, Media
Matt Marsden
Analyst
+ 852 2996 6531 mattmarsden@hsbc.com.hk

Metals & Mining
Daniel Kang
Analyst
+852 2996 6669 danielkang@hsbc.com.hk

Oil & Gas
Henik Fung
Analyst
+ 852 2996 6557 henikfung@hsbc.com.hk

Telecom
Tucker Grinnan
Analyst
+ 852 2822 4686 tuckergrinnan@hsbc.com.hk