Deutsche Bank

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India Equity Strategy

Return of the "Feel good factor"

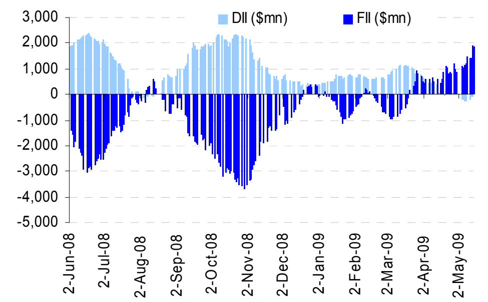
Electoral verdict: a big positive surprise; Raising Sensex target to 14,500
The surprise electoral verdict where the incumbent UPA was returned to power with a far more decisive mandate (relative to 2004) has come as a huge surprise – surpassing the most optimistic forecast. The political platform thus delivered to the Congress party now raises huge expectations on the roadmap and velocity of economic reform – disinvestment, increasing foreign direct investments, pension and insurance sector reforms etc – which had come to a virtual standstill under the UPA's previous administration. We believe the verdict is one of those rare instances which justify a re-rating of the Indian equity market. Consequently we are raising our Sensex target to 14,500.

Buy beta with added focus on large cap domestic cyclicals
We see the return of a 'feel good factor' in India after a long gap. The return of the feel good factor coupled with our earlier assessment of an economic rebound in 2HFY2010 leads us to recommend investors to seek an aggressive portfolio with growth focused, high beta, domestic plays. Our top picks – DLF, Unitech, Larsen and Toubro, BHEL, HDFC Bank and Mahindra and Mahindra. Investors may also want to look at companies in search of balance sheet restructuring (Tata Steel, Hindalco), which should be able to raise funds relatively more easily and sharply reduce balance sheet related risks.

Move away from the classical defensives.
We recommend investors to lighten up on the classical defensives and go underweight pharmaceuticals, telecom and consumer staples: Underweight Bharti, Sun Pharma, Dr Reddy's and Hindustan Lever.

Runaway expectations from union budget, increasing equity issuance are key risks for market
The union budget (expected in July), is likely to be the next key milestone for the markets. We confess that this is going to be one of those budgets where expectations will run very high as the market will look to the government to deliver on the lost years of its earlier administration. Political realities (state election calendar, etc) may not allow government to be too nimble on reforms in its first budget, despite positive intent. We also remain cautious on a spate of new issues supply (private placements, equity raising) which could soak up liquidity from the secondary markets.

Foreign and domestic flows(20 DMA, US$mn(



Source: Bloomberg

Top 10 DB covered High beta names

		Performance (%)		
	Beta	1W	1M	YTD
Indiabulls Real Estate	1.5	3%	15%	13%
ICICI Bank	1.4	10%	30%	28%
Reliance Capital	1.4	3%	13%	9%
Reliance Communications	1.4	1%	6%	2%
Unitech	1.3	-3%	-3%	26%
SAIL	1.3	-2%	15%	61%
DLF	1.3	7%	12%	-8%
IVRCL Infrastructures	1.3	-5%	5%	13%
Kotak Mahindra Bank	1.3	16%	27%	42%
Tata Motors	1.2	-1%	12%	67%

Source: Bloomberg

Abhay Laijawala
Research Analyst
(91) 22 6658 4205
abhay.laijawala@db.com

Abhishek Saraf
Research Associate
(91) 22 6658 4221
abhishek.saraf@db.com

Electoral verdict should lead to Market Re-Rating

Sensex target raised to 14,500

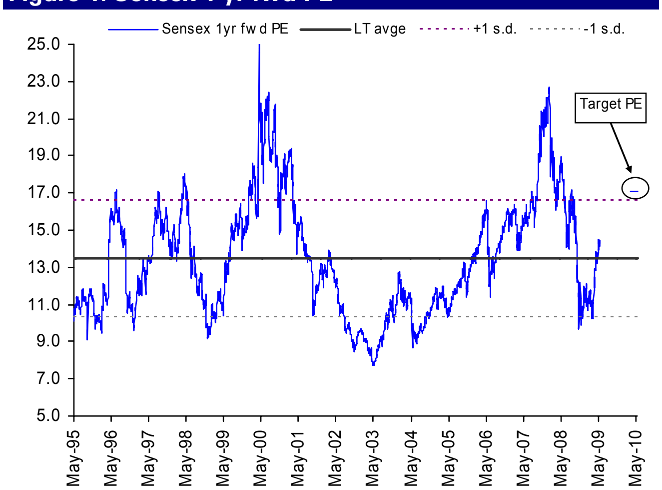
While the exact number of seats won by the UPA and the Congress is still not available, the verdict has been ahead of the most optimistic expectation. In an era of coalition politics, any national party getting above 200 seats and forming a government without relying on the support of too many regional parties (each with varying regional agendas) is a strong positive. Based on latest indications, the United Progressive Alliance has won 260 seats making it short of only 12 seats to form the next government. Of the total 260 seats, the Congress party itself has won 205 seats, allowing it to keep most of the mainstream portfolios for itself.

The political platform thus delivered to the Congress party now raises huge expectations on the roadmap and velocity of economic reform – disinvestment, increasing foreign direct investments, pensions etc – which had come to a virtual standstill under the UPA's previous administration. We believe that the verdict is one of those rare instances which justify a re-rating of the Indian equity market.

Consequently, we are revising our Sensex target to 14,500 (up from our earlier target of 11,500). Our revised target implies a PE of ~17.5x, (assuming no change in DB earnings estimates, which currently forecast EPS growth of -6% for FY2010). We believe the market is unlikely to wait for EPS upgrades and will therefore stage its initial, election related rebound more from a re-rating perspective than one based on EPS upgrades. We remain confident that unless there is disappointment on the articulation of the reform agenda, EPS revisions will occur.

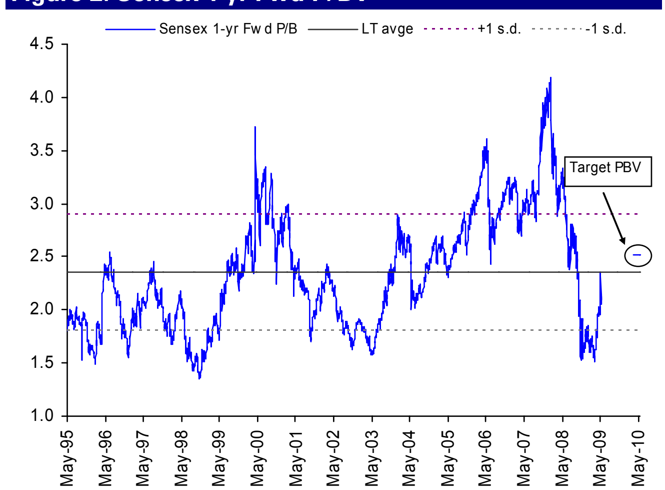
Based on a conservative earnings upgrade of ~10%, our target would imply a PE of ~16x which we think is well justified, based on the improved fundamentals.

Figure 1: Sensex 1 yr fwd PE



Source: Deutsche Bank

Figure 2: Sensex 1 yr Fwd P/BV



Source: Deutsche Bank

Our index target of 14,500, would imply a P/BV of 2.5x. Although our target multiple is above the LT average of 2.1x, we believe that the earnings upgrades should push up the ROE from ~16% to ~18% (average ROE trend in India is >18% in past 15 years). Moreover assuming the economic reforms will gather pace due to a more progressive government at the centre, we also believe GDP growth forecasts may be revised upwards. Our economist expects 4.6% GDP growth for CY09 and more relevantly a 6.1% GDP growth in CY10.

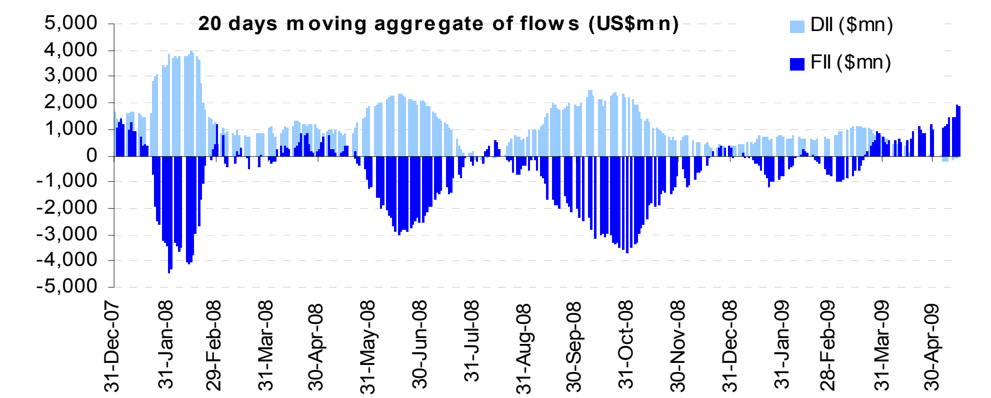
Based on the above assumption and applying the single stage Gordon growth model we get a justified P/BV of 2.3x. Although this multiple is lower than our target multiple, we believe that a re-rating process could be underway and we may not be surprised at Sensex trading at P/BV of 2.5x.

Domestic money – From the sidelines to the center stage

FII inflows since March lows: US$4bn. Domestic Institutional flows since March lows: US$347mn

Throughout the liquidity fuelled rally from the March lows domestic institutional investors have been wary of the rally, and been booking profits at higher levels. Since the March lows net FII inflows have amounted to US$4bn while domestic institutional investors have put in only US$347mn. Following the surprise political verdict and expectations of a strong policy roadmap, we could see domestic money waiting on the sidelines being put to use.

Figure 3: FII and Domestic institution flows into Indian equity markets



Source: Deutsche Bank, Bloomberg

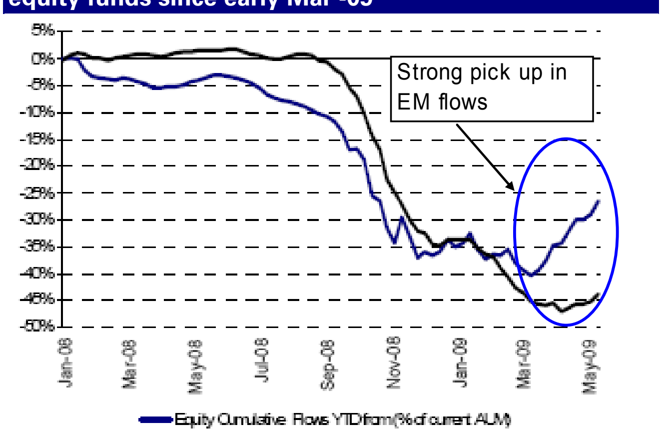
Risk aversion is easing while global liquidity is supportive

Feel good factor could receive a further boost from the easing global liquidity and risk aversion

The primary (and possibly a singular) driver for the current market performance seems to be abundant liquidity, with global liquidity likely playing a more important role than domestic money. Although, fundamental *"green shoots"* seem to be emerging it's hard to justify such a powerful performance on fundamentals, which may be too nascent and fragile.

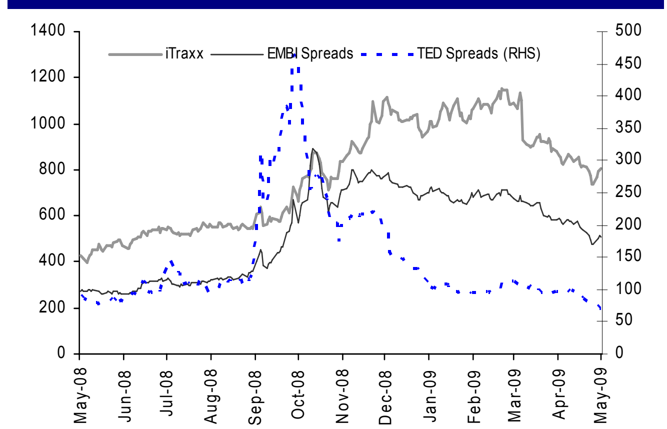
Global liquidity has been benign for many emerging markets in past few weeks and indeed emerging market funds have received positive flows for *ten straight weeks* now with lion's share being partaken of by the Asia ex-Japan funds.

Figure 4: Sharp up tick in cumulative flows into EM equity funds since early Mar -09



Source: Deutsche Bank, epfr.com

Figure 5: Key credit spread measures have also eased



Source: Deutsche Bank, Bloomberg

Appendix:

DB India Coverage Universe: Earnings and Valuation matrix

Company	Reco	Close INR	Mcap USD Mn	P/E FY08	P/E FY09e	P/E FY10e	EPS (INR) FY08	EPS (INR) FY09e	EPS (INR) FY10e	EPS Growth (%) FY08	EPS Growth (%) FY09e	EPS Growth (%) FY10e	EV/EBITDA FY08	EV/EBITDA FY09e	EV/EBITDA FY10e	Net Debt/Equity (%) FY08	Net Debt/Equity (%) FY09e	Net Debt/Equity (%) FY10e
CONSUMER DISCRETIONARY				**16.9**	**15.8**	**13.3**				**2.8**	**6.7**	**18.9**	**11.5**	**11.5**	**9.0**	**-17.5**	**-11.1**	**-13.5**
Automobiles & Components				***16.2***	***16.4***	***13.3***				***-8.0***	***-1.5***	***23.2***	***11.2***	***12.1***	***9.1***	***-29.3***	***-21.9***	***-23.8***
Bajaj Auto	Buy	795	2,310	13.4	13.1	12.1	59.3	60.8	65.6	-51.5	2.5	7.9	10.7	10.4	9.0	3.0	-22.1	-42.3
Hero Honda	Hold	1,213	4,863	25.0	18.8	14.2	48.5	64.2	85.4	12.8	32.5	32.9	16.0	12.1	8.7	-86.3	-79.8	-82.9
M&M	Buy	510	2,855	13.7	14.2	12.9	37.1	35.9	39.4	-2.0	-3.1	9.7	12.6	14.9	12.9	39.8	60.4	56.8
Maruti Suzuki	Hold	833	4,832	14.1	17.8	13.4	59.2	46.8	62.4	8.7	-21.0	33.3	8.1	11.4	7.6	-51.0	-41.5	-39.0
Consumer Durables & Apparel				***25.6***	***21.3***	***16.1***				***27.2***	***20.3***	***32.1***	***16.2***	***13.8***	***10.6***	***47.2***	***45.6***	***35.7***
Titan Industries	Buy	870	776	25.6	21.3	16.1	33.9	40.7	53.8	27.2	20.3	32.1	16.2	13.8	10.6	47.2	45.6	35.7
Media				***17.2***	***13.3***	***13.1***				***72.3***	***29.4***	***1.3***	***11.4***	***9.5***	***8.5***	***-10.6***	***-15.1***	***-21.0***
HT Media	Buy	68	319	13.8	11.0	9.3	4.9	6.2	7.3	98.8	25.7	18.2	8.7	6.8	5.5	7.2	-8.0	-19.2
Sun TV Network	Buy	202	1,602	18.7	15.1	13.0	10.8	13.3	15.5	72.3	23.6	16.0	12.0	9.3	8.0	-67.6	-70.2	-71.2
TV 18	Buy	99	238	18.7	13.3	10.9	5.3	7.4	9.1	133.0	40.8	22.5	11.8	9.0	7.9	-9.8	-9.8	-12.4
Zee	Buy	139	1,213	16.1	11.9	15.5	8.6	11.7	9.0	57.7	34.9	-23.1	11.5	10.8	10.9	7.4	1.3	-6.9
Retailing				***26.7***	***14.5***	***11.6***				***6.8***	***84.6***	***24.4***	***13.7***	***10.2***	***8.5***	***44.8***	***75.0***	***85.6***
Pantaloon Retail	Buy	210	673	26.7	14.5	11.6	7.9	14.5	18.1	6.8	84.6	24.4	13.7	10.2	8.5	44.8	75.0	85.6
CONSUMER STAPLES				**26.4**	**22.5**	**19.1**				**18.0**	**17.6**	**24.2**	**18.7**	**15.1**	**13.3**	**31.7**	**21.9**	**8.5**
Food Beverage & Tobacco				***25.8***	***21.8***	***18.7***				***18.0***	***18.3***	***29.5***	***16.4***	***13.6***	***12.1***	***34.8***	***26.5***	***12.6***
United Spirits	Hold	668	1,344	21.5	22.1	17.9	31.1	30.2	37.3	37.7	-2.7	23.4	13.1	11.9	10.2	56.4	24.6	21.2
Bajaj Hindusthan	Hold	108	306	nm	42.8	7.7	0.0	2.5	13.9	-92.3	nm	453.5	14.4	11.1	7.3	195.4	185.4	149.8
Balrampur Chini	Sell	76	392	-10.0	-12.2	nm	-7.7	-6.3	nm	-260.5	18.3	nm	301.1	38.3	nm	177.3	266.3	nm
Nestle	Buy	1,740	3,370	40.5	31.3	26.1	43.0	55.7	66.7	31.4	29.6	19.9	24.0	19.4	15.8	-8.3	-14.8	-30.9
Shree Renuka Sugars	Buy	112	619	15.8	9.9	nm	7.1	11.3	nm	81.9	59.5	nm	11.4	7.1	nm	68.8	30.5	nm
Triveni Engineering	Sell	62	322	13.5	4.5	nm	4.6	13.7	nm	137.1	196.6	nm	8.4	3.4	nm	92.9	47.3	nm
ITC	Buy	187	14,162	22.6	21.2	18.1	8.3	8.8	10.3	15.4	6.6	17.3	15.9	14.4	12.1	-3.0	-2.9	-4.7
Household & Personal Products				***27.5***	***23.6***	***19.7***				***17.7***	***16.2***	***19.9***	***24.5***	***18.7***	***15.8***	***8.1***	***-12.9***	***-20.7***
HUL	Sell	225	9,845	27.6	24.0	19.8	8.1	9.4	11.3	16.4	15.3	20.9	25.9	19.5	16.4	-7.8	-23.3	-26.7
Dabur India	Hold	107	1,867	28.2	24.7	21.3	3.8	4.4	5.1	16.4	14.3	15.9	22.9	19.7	16.8	3.7	-14.5	-21.7
Marico	Buy	62	764	24.0	18.4	15.6	2.6	3.4	4.0	43.5	30.1	17.9	16.6	11.5	9.7	89.8	19.8	-7.9
ENERGY				**15.5**	**15.9**	**18.9**				**-19.3**	**-1.2**	**-16.3**	**9.1**	**8.7**	**8.6**	**21.4**	**14.8**	**8.5**
BPCL	Buy	365	2,653	8.2	17.5	5.0	44.6	20.8	73.4	-31.3	-53.4	252.8	6.5	7.7	4.2	79.8	84.8	56.8
Cairn India	Hold	196	7,454	nm	90.4	36.0	-0.1	2.2	5.4	nm	nm	151.1	49.6	38.2	18.2	-5.9	-5.0	3.2
HPCL	Buy	263	1,791	12.3	14.5	5.4	21.4	18.1	48.3	-42.5	-15.5	167.1	15.9	8.3	5.7	149.6	150.6	114.0
ONGC	Hold	831	35,687	9.0	8.8	14.9	92.4	94.5	55.7	6.5	2.3	-41.1	3.8	3.7	4.9	-26.8	-20.7	-25.4
Reliance Industries	Hold	1,909	60,346	19.0	19.6	27.4	100.3	97.4	69.6	18.2	-2.9	-28.6	14.2	13.9	13.1	41.8	16.1	10.6
Reliance Petroleum	Sell	119	10,729	nm	nm	17.2	nm	nm	6.9	nm	nm	nm	nm	nm	11.6	77.2	118.4	93.8
FINANCIALS				**10.1**	**10.2**	**10.9**				**52.1**	**2.7**	**-5.7**	**nm**	**nm**	**nm**	**nm**	**nm**	**nm**
Banks				***11.3***	***9.7***	***9.5***				***30.9***	***20.8***	***2.4***	***nm***	***nm***	***nm***	***nm***	***nm***	***nm***
Axis Bank	Sell	638	4,598	20.4	12.9	12.8	31.3	49.5	50.0	36.9	57.8	0.9	nm	nm	nm	nm	nm	nm
Bank Of Baroda	Hold	339	2,479	8.6	5.5	6.0	39.4	60.9	56.5	39.9	54.6	-7.2	nm	nm	nm	nm	nm	nm
Bank Of India	Hold	235	2,477	5.9	4.1	3.7	39.6	57.2	63.0	72.2	44.3	10.2	nm	nm	nm	nm	nm	nm
Canara Bank	Hold	223	1,837	5.8	4.4	4.8	38.2	50.5	45.9	10.1	32.4	-9.1	nm	nm	nm	nm	nm	nm
HDFC Bank	Buy	1,164	9,944	25.6	20.5	17.3	45.6	56.9	67.5	27.4	24.6	18.5	nm	nm	nm	nm	nm	nm
ICICI Bank	Hold	536	11,989	13.7	16.0	18.4	39.2	33.6	29.2	13.1	-14.3	-13.0	nm	nm	nm	nm	nm	nm
Punjab National Bank	Buy	562	3,561	8.7	6.3	6.2	65.1	89.5	90.3	33.3	37.4	1.0	nm	nm	nm	nm	nm	nm
State Bank Of India	Sell	1,267	16,162	7.4	7.0	6.5	170.8	180.9	193.8	39.3	6.4	-13.7	nm	nm	nm	nm	nm	nm
Union Bank Of India	Hold	175	1,780	6.4	5.1	6.1	27.5	34.2	28.7	64.1	24.5	-16.0	nm	nm	nm	nm	nm	nm
Yes Bank	Sell	95	569	14.0	9.4	8.2	6.8	10.1	11.6	102.8	46.4	14.2	nm	nm	nm	nm	nm	nm
HDFC	Hold	1,861	10,630	27.4	23.7	20.9	68.1	78.7	89.3	43.3	-10.8	13.4	nm	nm	nm	nm	nm	nm
Diversified Financials				***15.2***	***19.3***	***19.2***				***50.8***	***-22.0***	***0.4***	***nm***	***nm***	***nm***	***nm***	***nm***	***nm***
Edelweiss Capital	Sell	330	496	7.7	13.4	16.0	42.8	24.7	20.7	89.6	-44.8	-18.7	nm	nm	nm	nm	nm	nm
India Infoline	Sell	91	523	16.0	19.4	20.0	5.7	4.7	4.5	84.9	-15.6	5.4	nm	nm	nm	nm	nm	nm
IDFC	Sell	98	2,555	16.4	16.8	15.3	6.0	5.8	6.4	33.3	-3.1	9.9	nm	nm	nm	nm	nm	nm
Kotak Mahindra	Sell	499	3,464	17.6	26.7	23.1	28.4	18.7	21.6	78.4	-36.2	16.9	nm	nm	nm	nm	nm	nm
Reliance Capital	Hold	569	2,806	13.9	17.0	20.2	41.1	33.5	28.2	34.4	-18.6	-15.3	nm	nm	nm	nm	nm	nm
Real Estate				***5.5***	***9.3***	***20.7***				***170.8***	***-41.2***	***-55.1***	***5.8***	***10.4***	***18.3***	***56.4***	***58.7***	***62.1***
DLF	Hold	250	8,526	5.4	9.1	24.2	45.8	27.3	10.3	261.6	-40.5	-62.2	5.4	10.5	21.1	50.5	59.8	62.9
Indiabulls Real Estate	Buy	149	768	9.7	56.9	39.2	15.4	2.6	3.8	nm	-83.0	44.9	6.7	30.6	16.8	-23.8	-47.4	-36.7
Puravankara Projects	Sell	64	272	5.6	9.3	15.2	11.2	6.8	4.2	65.6	-39.9	-38.6	9.2	15.4	24.8	50.9	57.7	69.0
Sobha Developers	Sell	112	165	3.5	6.4	12.4	31.7	17.4	9.0	43.5	-45.1	-48.0	7.1	9.3	12.8	173.5	167.6	176.9
Unitech	Hold	49	2,022	4.8	7.2	11.1	10.2	6.8	4.5	27.2	-33.5	-34.5	6.7	9.3	12.5	180.5	164.9	138.7

Source: Deutsche Bank, Prices as of 14th May 2009 closing. The sectoral classification of the stocks above is based on GICS classification.

DB India Coverage Universe: Earnings and Valuation matrix (contd.)

Company	Reco	Close INR	Mcap USD Mn	P/E FY08	P/E FY09e	P/E FY10e	EPS (INR) FY08	EPS (INR) FY09e	EPS (INR) FY10e	EPS Growth (%) FY08	EPS Growth (%) FY09e	EPS Growth (%) FY10e	EV/EBITDA FY08	EV/EBITDA FY09e	EV/EBITDA FY10e	Net Debt/Equity (%) FY08	Net Debt/Equity (%) FY09e	Net Debt/Equity (%) FY10e
HEALTH CARE				15.6	15.7	13.8				25.4	-0.7	13.8	13.0	11.8	10.6	34.1	20.2	8.2
Biocon	Hold	141	567	13.0	11.3	9.0	10.9	12.6	15.7	28.4	15.7	24.9	8.7	9.1	6.5	-16.2	9.5	0.9
Aurobindo Pharma	Buy	293	317	7.2	5.2	3.5	40.8	56.3	84.2	17.9	37.9	49.7	9.4	8.5	5.1	133.5	151.6	89.7
Cipla	Buy	230	3,596	25.5	23.3	16.5	9.0	9.9	14.0	4.9	9.5	41.3	28.5	18.4	15.0	10.9	6.5	0.9
Dr. Reddy'S Labs	Buy	587	1,986	22.1	19.4	17.4	26.5	30.1	33.6	-56.6	13.7	11.6	12.5	10.6	9.3	16.6	31.1	9.9
Glenmark Pharma	Buy	166	833	7.0	11.3	8.0	23.8	14.7	20.8	106.0	-38.2	41.5	6.6	8.9	6.4	54.9	61.9	42.9
Lupin	Buy	750	1,248	16.2	13.2	10.3	46.3	56.7	72.7	32.3	22.6	28.2	11.7	10.2	8.3	71.6	64.6	47.3
Piramal Healthcare	Buy	244	1,026	15.3	11.1	8.8	16.0	22.0	27.7	46.2	37.9	25.9	11.4	8.9	7.2	102.9	70.5	36.0
Ranbaxy	Sell	184	1,552	9.4	21.9	25.1	19.5	8.4	7.3	48.3	-56.9	-12.9	9.1	11.4	15.9	129.5	24.9	23.8
Sun Pharma	Buy	1,264	5,231	17.6	15.4	18.2	71.9	81.9	69.6	89.6	13.9	-15.1	16.0	13.1	15.3	-25.8	-38.7	-43.7
INDUSTRIALS				19.7	14.5	13.8				10.5	34.5	4.3	13.1	12.8	10.1	37.5	41.4	54.5
Construction & Engineering				*21.2*	*17.5*	*14.3*				*19.2*	*17.5*	*22.6*	*16.5*	*13.6*	*10.5*	*100.4*	*95.3*	*110.8*
IRB Infrastructure	Hold	110	733	25.9	13.8	7.4	4.2	8.0	14.8	2.8	87.6	85.5	10.8	8.7	5.1	90.9	77.6	71.2
IVRCL Infra	Hold	163	437	10.2	10.8	12.7	16.0	15.0	12.8	34.3	-6.1	-14.8	8.4	7.8	8.0	56.4	86.7	90.7
Lanco	Sell	229	1,021	14.2	12.6	8.0	16.1	18.1	28.7	8.0	12.6	58.0	14.6	13.0	9.5	212.9	268.9	323.8
L & T	Buy	946	11,134	23.7	19.6	16.8	40.0	48.4	56.5	28.3	20.9	16.7	19.1	15.5	12.3	91.7	73.6	82.7
Voltas	Sell	66	440	12.4	10.4	11.4	5.3	6.4	5.8	33.5	19.8	-8.8	7.8	5.9	6.5	-39.2	-68.5	-53.2
Electrical Equipment				*29.2*	*25.4*	*19.8*				*12.4*	*15.2*	*27.9*	*18.2*	*17.3*	*12.7*	*-68.4*	*-65.5*	*-25.3*
ABB	Hold	465	1,977	20.0	18.0	20.8	23.2	25.8	22.4	44.5	11.3	-13.5	12.6	12.3	14.5	-39.5	-16.4	-0.6
Areva T&D	Sell	240	1,152	26.3	24.6	21.4	9.1	9.7	11.1	50.3	7.1	14.8	16.2	14.9	12.2	14.2	72.4	58.9
BHEL	Hold	1,658	16,304	31.2	26.8	19.6	53.3	62.1	84.7	8.0	16.6	36.4	19.5	18.6	12.6	-77.0	-82.9	-35.8
Industrial Conglomerates				*22.4*	*21.6*	*18.8*				*1.2*	*3.4*	*15.2*	*13.0*	*14.2*	*12.3*	*-15.3*	*8.0*	*16.8*
Siemens	Sell	344	2,328	22.4	21.6	18.8	15.3	15.8	18.3	1.2	3.4	15.2	13.0	14.2	12.3	-15.3	8.0	16.8
Machinery				*6.2*	*3.6*	*5.1*				*1.9*	*84.3*	*-26.3*	*4.9*	*6.9*	*5.9*	*67.6*	*63.9*	*57.6*
Ashok Leyland	Hold	21	569	5.9	23.0	14.5	3.6	0.9	1.5	10.1	-74.3	58.9	4.1	11.6	9.5	20.5	81.5	99.8
Tata Motors	Buy	260	2,348	5.6	2.6	4.0	46.9	99.3	65.1	-6.5	111.9	-34.5	4.8	6.4	5.3	84.6	66.9	56.0
Thermax	Sell	268	642	10.7	11.9	16.0	25.1	22.5	16.8	42.4	-10.4	-25.2	7.4	7.1	9.8	-5.9	-38.1	-0.7
INFORMATION TECHNOLOGY				14.5	12.6	13.3				14.8	15.2	-5.2	11.4	8.7	8.6	-26.1	-24.0	-33.4
Firstsource Solutions	Buy	17	142	5.0	3.6	2.7	3.3	4.7	6.2	31.8	41.3	33.6	2.3	1.3	0.5	-14.6	-21.5	-30.0
Hcl Technologies	Sell	142	1,909	8.6	8.3	9.3	16.5	17.0	15.3	-13.9	3.3	-10.1	4.3	4.7	4.1	-47.1	23.1	3.9
Infosys	Hold	1,567	18,032	19.8	15.3	16.5	78.9	102.3	95.1	20.6	29.6	-7.0	15.9	11.2	11.7	-50.4	-53.1	-64.2
Mindtree	Sell	359	274	15.4	12.1	10.3	23.3	29.7	34.7	-9.2	27.4	16.8	11.8	9.3	7.3	-0.4	-4.4	-7.7
Patni	Buy	173	446	5.2	6.0	5.0	33.2	29.0	34.5	71.9	-12.6	19.0	1.6	1.7	0.9	-60.6	-51.2	-54.6
TCS	Hold	620	12,183	12.1	11.7	12.2	51.3	52.9	51.0	23.7	3.0	-3.5	10.2	8.4	8.3	-2.6	-4.1	-25.0
Tech Mahindra	Buy	361	884	6.1	5.1	6.0	58.8	70.6	60.1	18.8	19.9	-14.9	5.6	3.3	6.1	-5.3	-35.8	54.4
Wipro	Sell	363	13,856	16.4	13.8	14.8	22.3	26.5	24.6	9.1	18.8	-6.8	13.4	9.7	9.5	-7.5	-21.3	-29.8
Onmobile	Buy	322	374	29.8	22.4	18.4	10.8	14.3	17.5	52.5	32.7	22.2	13.6	12.2	8.5	-75.8	-39.3	-43.6
MATERIALS				6.5	7.5	7.2				14.4	-13.1	4.0	4.4	5.2	4.6	47.9	46.4	23.8
Chemicals				*17.9*	*17.5*	*13.9*				*23.3*	*-0.2*	*26.2*	*11.7*	*10.9*	*8.6*	*43.8*	*50.5*	*28.4*
Asian Paints	Buy	951	1,831	22.0	26.2	18.8	43.4	36.3	50.8	44.1	-16.2	39.7	14.3	15.9	11.7	27.5	36.0	33.7
United Phosphorus	Buy	124	1,094	13.7	11.5	9.8	9.0	10.7	12.5	16.2	19.3	16.6	9.3	7.7	6.2	51.7	57.4	25.9
Construction Materials				*7.3*	*8.6*	*8.9*				*10.7*	*-15.8*	*-3.5*	*4.9*	*5.3*	*5.4*	*32.4*	*22.1*	*14.9*
ACC	Buy	614	2,316	8.5	9.7	8.8	72.3	63.4	69.9	18.3	-12.3	10.3	5.7	6.3	5.3	-10.8	-10.2	-21.4
Ambuja Cements	Hold	76	2,325	8.2	9.7	12.5	9.3	7.8	6.1	-18.1	-15.5	-22.3	5.5	6.0	7.6	-6.9	-9.6	-3.7
Grasim Industries	Buy	1,793	3,301	6.8	8.8	9.7	264.7	203.7	184.1	28.5	-23.1	-9.6	4.5	5.0	5.5	50.7	32.8	26.6
India Cements	Buy	110	626	4.3	6.0	5.0	25.8	18.5	22.0	16.8	-28.2	18.5	4.0	4.4	3.6	41.7	40.4	29.8
Shree Cement	Buy	818	572	9.5	6.9	6.1	85.9	117.6	134.7	69.1	36.9	14.6	4.3	4.7	4.1	128.3	73.5	43.0
Ultratech Cement	Buy	574	1,435	7.0	7.8	8.2	80.9	72.9	69.6	28.8	-9.9	-4.5	5.1	5.2	5.2	60.2	43.5	25.8
Metals & Mining				*5.5*	*6.4*	*6.1*				*16.0*	*-12.4*	*5.9*	*3.9*	*4.8*	*4.0*	*54.1*	*55.7*	*27.5*
NALCO	Sell	264	3,410	10.2	12.5	16.7	25.8	21.1	15.8	-30.2	-18.1	-25.2	6.1	7.2	8.9	-39.6	-30.9	-20.3
SAIL	Buy	119	9,840	6.5	8.4	6.3	18.2	14.2	18.9	21.5	-22.0	32.6	3.5	4.5	3.2	-46.5	-48.3	-46.5
Tata Steel	Hold	264	3,881	3.1	3.5	3.9	86.0	76.4	67.6	12.8	-11.1	-11.5	3.9	4.7	4.0	144.0	171.1	107.8
TELECOMMUNICATION SERVICES				17.0	14.6	13.5				63.7	7.7	8.4	10.8	9.0	7.8	41.4	33.1	28.3
Bharti	Hold	765	29,155	21.6	15.1	14.0	35.3	50.5	54.6	61.5	43.1	8.1	13.1	10.0	8.6	18.6	22.1	7.1
Idea Cellular	Hold	60	3,758	16.1	26.0	19.2	3.8	2.3	3.1	93.4	-38.1	35.5	9.7	7.7	6.8	169.8	18.7	30.7
Reliance Comm	Sell	225	9,316	9.9	10.7	10.5	22.8	20.9	21.5	49.2	-8.2	2.6	7.9	7.7	6.8	44.8	51.2	52.5
Tata Comm	Buy	533	3,054	24.3	20.5	17.2	21.9	26.0	31.0	484.7	18.7	19.2	10.6	8.9	7.4	32.9	21.5	7.1
UTILITIES				22.1	19.2	20.7				13.8	14.4	-7.2	14.6	13.3	15.2	25.5	39.1	64.2
GAIL	Sell	265	6,739	13.0	8.7	16.1	20.3	30.6	16.5	26.4	50.4	-46.1	7.6	5.3	9.9	-27.9	-29.3	-9.0
NTPC	Sell	189	31,278	20.8	21.1	19.2	9.1	8.9	9.8	8.3	-1.4	10.0	14.6	15.4	14.6	29.7	37.9	51.1
Reliance Power	Sell	128	6,177	nm	nm	nm	0.4	0.5	0.2	492.2	33.4	-65.5	296.7	183.1	660.7	0.2	28.2	131.7
Tata Power	Sell	885	3,935	30.3	17.6	14.9	29.2	50.3	59.3	8.2	72.6	17.7	14.1	10.0	9.4	114.6	165.4	157.4
DB INDIA				14.1	13.5	13.9				15.0	4.5	-1.6	9.6	9.4	9.0	26.1	24.2	20.9

Source: Deutsche Bank, Prices as of 14th May 2009 closing. The sectoral classification of the stocks above is based on GICS classification.

Appendix 1

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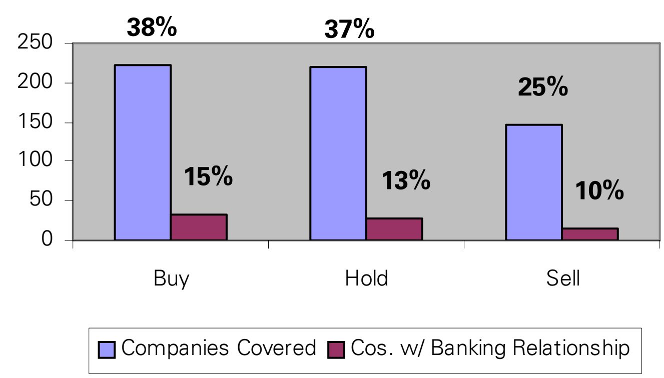

Asia-Pacific Universe

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Asia-Pacific locations

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Level 55
Cheung Kong Center
2 Queen's Road Central
Hong Kong
tel: (852) 2203 8888

Deutsche Equities India Pte Ltd
DB House, Ground Floor
Hazarimal Somani Marg
Fort, Mumbai 400 001
India
Tel: (91) 22 5658 4600

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6701

Deutsche Bank (Malaysia) Berhad
Level 18-20
Menara IMC
8 Jalan Sultan Ismail
Kuala Lumpur 50250
Malaysia
Tel: (60) 3 2053 6760

In association with
Deutsche Regis Partners, Inc.
Level 23, Tower One
Ayala Triangle, Ayala Avenue
Makati City, Philippines
Tel: (63) 2 894 6600

Deutsche Securities Korea Co.
17th Floor, YoungPoong Bldg.,
33 SeoRin-Dong,
Chongro-Ku, Seoul (110-752)
Republic of Korea
Tel: (82) 2 316 8888

Deutsche Bank AG Singapore
One Raffles Quay
South Tower
Singapore 048583
Tel: (65) 6423 8001

Deutsche Securities Asia Ltd
Taiwan Branch
Level 6
296 Jen-Ai Road, Sec 4
Taipei 106
Taiwan
Tel: (886) 2 2192 2888

In association with
TISCO Securities Co., Ltd
TISCO Tower
48/8 North Sathorn Road
Bangkok 10500
Thailand
Tel: (66) 2 633 6470

In association with
PT Deutsche Verdhana Indonesia
Deutsche Bank Building,
6th Floor, Jl. Imam Bonjol No.80,
Central Jakarta,
Indonesia
Tel: (62 21) 318 9541

International locations

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank AG
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Level 55
Cheung Kong Center
2 Queen's Road Central
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6701

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