



ENAM

Sensex: 15,514

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India Strategy

A crude call !

June 5, 2008

Investment Summary

- **Even after the auto-fuel price hike, oil prices umbrate fundamentals. Given a ~\$60 bn oil hole, the only real option is sale of assets, unlikely before elections**
- **Policy outlook grim as Govt may continue with strong arm tactics to control inflation. Moreover, fundamentals turning worse primarily due to Oil (ie depreciating INR, widening CAD & rising interest rates)**
- **GDP growth momentum remains strong. However, with its manufacturing component weakening, there will be pressure on RBI not to increase rates any further**
- **What could change internally?:**
 - ~3-6 mths time frame :**
 - **Inflationary pressures may moderate:** Record grain output & normal monsoons may moderate inflationary pressures
 - **INR appreciation:** INR may appreciate eventually, given India's relative growth, & infra financing deficit requirements, that may prompt pro investment policies ie ECB tap opened up already. This may also help in battling inflation
 - **Consumption zoom** with 6th Pay commission implementation
 - Post-elections:** Elections likely in May (holiday season), announcement date critical
 - **Fears of strong arm tactics by the Govt will recede – effectively taking out of “ Govt eclipse”, >60% of the Sensex**
 - **Divestment & Infra financing** as top priorities – may necessitate hastening infra policy measures & capital market incentives
 - **Caveat:** Post-elections, Ally-mgt will be a key challenge with a slew of ambitious regional leaders within coalitions
- **And the MAIN External lynchpin: WHAT IF OIL FALLS INSTEAD, to say \$100?: Breathing time to address Twin deficit concerns & let domestic Gas prodn (may add ~\$49 bn or ~2% to GDP by 2012) ease some of the pressure**
- **Hence, an “on the other hand” strategy unavoidable, with India PE based on signs of which way Oil moves:**
 - **Juggling the Balls:** If Oil remains 120+: Survive 2008's possible policy blunders/ worse inflation & interest rates/ depreciating INR: **Overweight Cash, FMCG, Pharma.**
 - **Catching a Falling Knife:** If oil tumbles, excess global liquidity to re-seek India: Invest in stocks that have a high probability of doubling in 2 yrs: Exercise conducted to achieve such doubling: For a given reasonable FY 11 PE, hurdle rate for FY 08-11 EPS CAGR calculated from FY 08 actuals: **OVERWEIGHT RIL, BANKING, METALS, MEDIA** - Ref **slide 15** for complete list)
 - In both cases: **Sell** large Real Estate & ONGC

As we kept fighting the last war, a new UNrelated problem erupted !

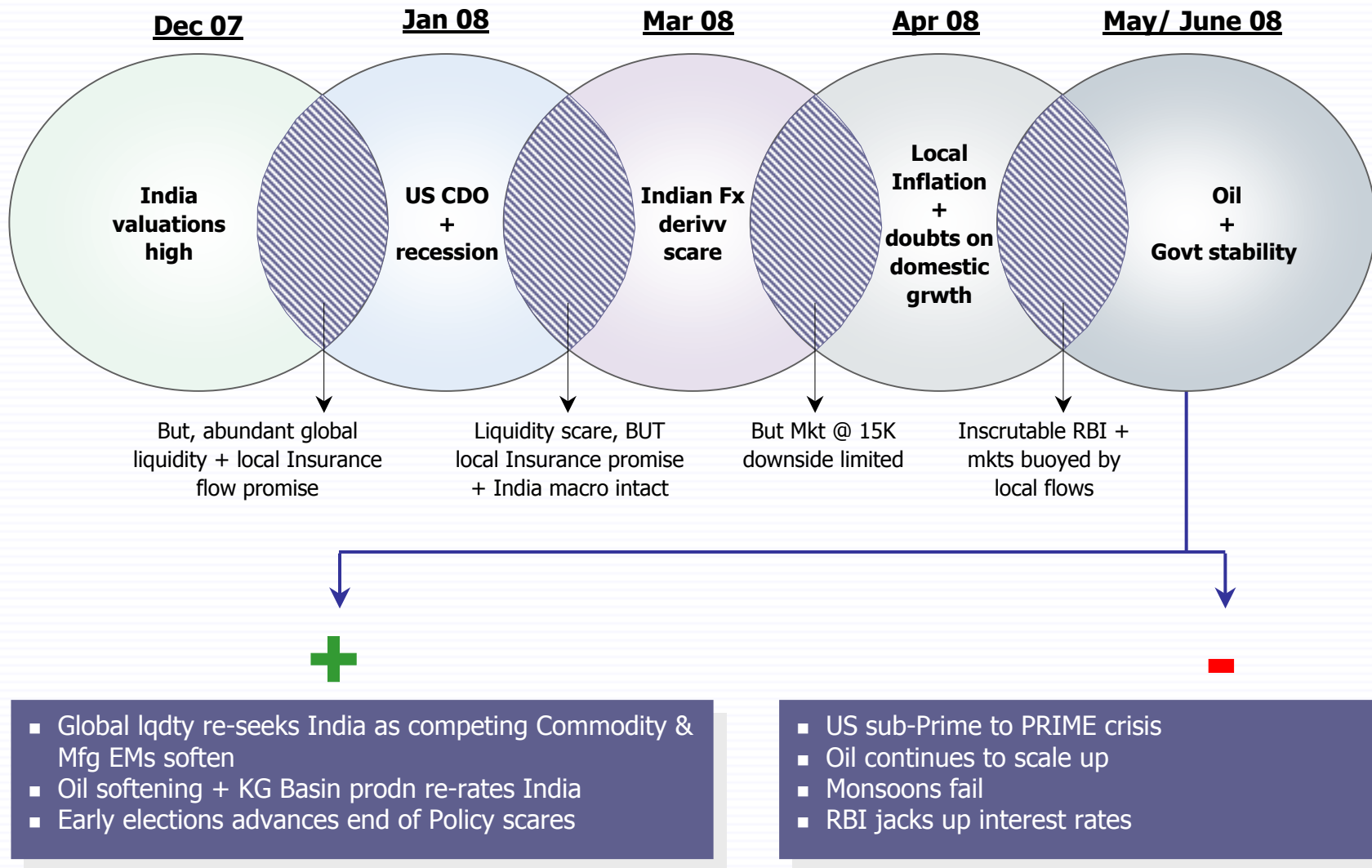
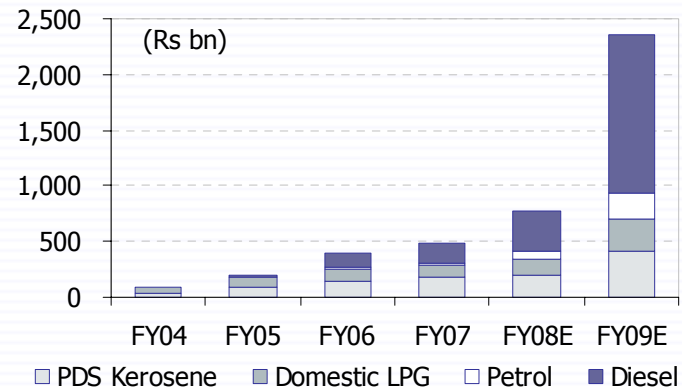


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Oil: Good *noose* or bad?

FY09 subsidy higher than cumulative of last 5 yrs



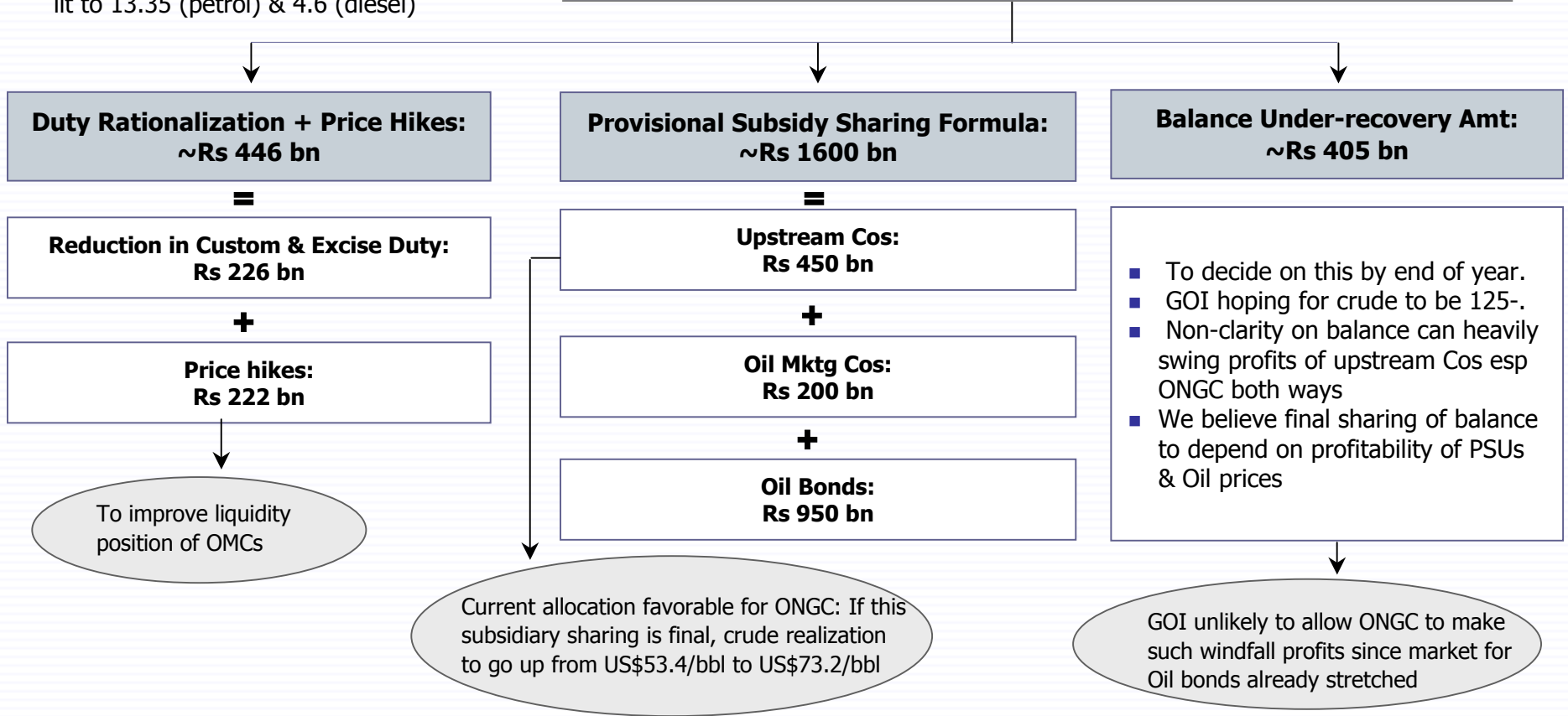
FY09 workings assuming crude @ \$130/bbl

Impact of Tax Cuts & Price Hikes

GoI measures:

- Customs reduction: crude: 5% to Nil, diesel & petrol: 7.5% to 2.5%, other petro incl ATF: 10% to 5%
- Excise on petrol & diesel: reduced by Rs 1/ lit to 13.35 (petrol) & 4.6 (diesel)

If Oil remains >125
Under-recoveries @ year-end = ~Rs 2451 bn (~\$ 60 bn)
 \$1 rise in crude = ~USD 650 mn incremental hole



Remain Under-weight OMCs & ONGC due to non-clarity on final sharing mechanism

Not much leeway besides off b/s

RBI B/S

Fx Reserve Stock \$300bn +

- **Option**
 - Run down MSS (outstanding \$42bn)
 - **Fx-for-bond swaps through RBI's OMO window**
 - Raise SLR limit?

Govt P&L

Fiscal Def = \$33bn

- **Option**
 - **Raise off & on b/s liabilities** \$33bn + ~\$70-80bn off b/s liabilities:
 - Oil bonds: ~\$30bn
 - Fertilizer bonds: \$22bn
 - Bonds to FCI: \$12bn

Household Savings

Gross Dom savings = \$340bn

- **Household Savings: 230**
- Corporate savings (depreciation + retained earnings) : ~80
- Govt Savings: 30



Asset sales : Most likely option

- Swaps with Russia/ Iran
- Sovereign wealth funds
- New assets (ie land etc)
 - Railways
 - LIC
- Divestment of PSUs

Unlikely that PRESENT gov can attempt this...

So, wait until 2009 for "excitement"

Asset sales will be difficult pre-elections, Govt will have to use its balance sheet ie through disinvestment post-elections

What can change?

On US tax rebates: "The fed govt is sending each of us a \$600 rebate. If we spend that money at Wal-Mart, the money goes to China. If we spend it on gasoline ... Arabs... buy a computer ... India. If ... fruit & vegetables ... Mexico, Honduras and Guatemala... good car ... go to Germany... and none of it will help the American economy: **Eliot Spitzer** (former Governor, NYC).

Misallocation of capital around the globe is far more than in India: nandan@enam.com

Corp performance ?

ENAM Universe Q4 FY08 Actuals & Estimates

Sector Name	Sales (%)		EBITDA (%)		Adjusted PAT (%)		Comments
	YoY (%)	QoQ (%)	YoY (%)	QoQ (%)	YoY (%)	QoQ (%)	
AUTO	8%	11%	7%	5%	20%	30%	Healthy volume growth, but EBITDA margin contracted due to increased costs.
BANKING*	16%	8%	17%	11%	48%	13%	High PAT growth for PSBs owed to lower operating expenses due to a decline in wage expenses (on a/c of write back of excess provision for employee liabilities) and lower NPA provision
CEMENT	20%	12%	13%	3%	7%	1%	YoY EBITDA grwth was lower due to cost pressures on energy and price intervention by govt. Also higher capital costs led to marginal increase in profits
ENERGY	18%	14%	36%	7%	14%	8%	Reported performance impacted by one-time items such as forex. However, operational performance reflects delays in commissioning.
ENGINEERING	25%	35%	14%	48%	15%	59%	Slower revenue growth due to execution challenges. Pressure on margins due to input as well as wage cost inflation and increase in depreciation.
FMCG	11%	0%	16%	-13%	15%	3%	Although volumes are robust, margins being maintained through cost cut & price hikes.
INFRASTRUCTURE	33%	33%	40%	51%	37%	54%	Increased input costs viz, steel, cement impacted OPMs
IT-SERVICES	22%	7%	11%	5%	9%	2%	Wage inflation & appreciating rupee hit EBITDA margin
MEDIA	25%	-2%	35%	-16%	50%	-17%	Increased input / distbn costs negatively impacted OPMs
METALS	22%	29%	23%	33%	24%	32%	Strong YoY increase in steel, iron ore prices more than offset the decline in nonferrous prices (Aluminium & Zinc). Earnings growth was in line with topline
OIL & GAS	28%	6%	13%	-4%	4%	-4%	Higher subsidy sharing by PSUs resulted in lower profits
PHARMACEUTICALS	21%	5%	48%	17%	65%	37%	70 % of total EBITDA grwth is from Sun pharma, due to Protonix "at risk" launch - it is a one time impact
REAL ESTATE*	34%	17%	36%	18%	20%	-42%	YoY grwth not reflective of downturn due to POCM (Percentage of completion method)
RETAIL*	48%	6%	44%	21%	33%	37%	Revenue growth driven by roll out. Margins pressure to ease as rentals fall.
TELECOM	42%	12%	45%	11%	41%	9%	61 % grwth in subscription led to topline grwth but was partly offset by a modest decline in ARPU's
TRANSPORTATION*	14%	3%	10%	3%	14%	7%	Higher throughput led to sales growth. However lower realisation impacted OPM
Total ex Banking	23%	14%	20%	11%	17%	13%	
Total ex Oil / Gas	21%	15%	21%	15%	26%	17%	

Source: Company, ENAM Research

Note: 1) For banking we have taken Net Income as Sales, Net Interest Income as EBITDA & Adj. BV as FDEPS;

2) * Real Estate Sector Growth calc exclu DLF, HDIL & Unitech , Banking Sector grwth exclu India bulls Financials, Retail Sector gth calc exclu Vishal Retail, Transportation Sector Gth Excl

Huge margin pressures evident

Agri cushion for growth & inflation

- Record agri-output of 227 mn tonnes & forecast of above 'Normal' monsoon should ease inflationary pressures on the supply side
- Little demand pull pressure left with credit growth & industrial output slowing significantly
- Robust savings rate (35%) & Investment rate (37%) coupled with higher ICOR at ~4 (vs China's 4.3 & Brazil's 5.1) will support 8% growth

Record Agri-output: will be anti-inflationary and ...

(mn tonnes)	FY04	FY05	FY06	FY07	FY08		
					Target	Achievement@	
Rice	88.5	83	92	93.4	93		95.7
Wheat	72	68	69	76	75		76.8
Coarse Cereals	37	33	34	34	37		39.7
Pulses	15	13	13	14	15		15.2
Total Food grains	213	198	209	217	221.5		227
Total Oilseeds	25.2	24.4	28	24.3	30		28.2

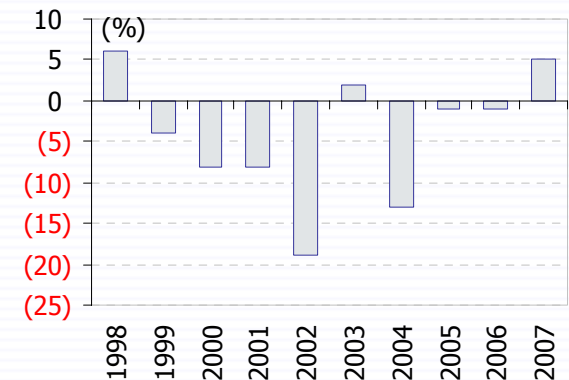
*Third Advance Estimates
Source : Ministry of Agriculture, Government of India.*

Agri cushions moderation in growth

	FY07	FY08	FY09	
			I	II
Agriculture	3.7	4.5	3.0	3.5
Industry	10.9	8.8	8.0	9.0
Services	11.0	10.5	9.9	10.2
GDP	9.6	9.0	8.1	8.7

Source : Ministry of Statistics, ENAM Research

.. 2008 Monsoon forecast 99% of LPA vs 95% in 2007



*Excess: +20% or more; Normal : +19% to - 19%.
Deficient: - 20% -59%; Source : IMD*

**Strong agri performance masks significant manufacturing growth slowdown esp in H2FY08.
Moreover, services growth can't continue for long without underlying industrial growth**

The Rupee could turn

⇒ Why did INR rise over the last 12 months?

- Supply of dollars increased
- ECB (Indians borrowing abroad, M&A)
- Portfolio inflows
- FDI, Remittances, Software exports

⇒ What has changed?

- US dollar has staged a recovery
- Higher global crude oil prices widening CAD to ~3% + of GDP (Ref: Table)
- Slowdown in capital inflows, which decreases the supply of dollars. FIIs have taken out ~\$3.5bn YTD

⇒ What can turn the INR?

- **Infra needs:** India needs incremental flows of ~1% of GDP pa to boost infra investments to ~5% of GDP, which is not possible from domestic savings alone
- ECB restrictions have been relaxed to boost fund flows
- **Global risk appetite:** Could improve and increase capital inflows into India (GDP growth of ~8%+ & Corp Profitability ~15-18%)
- USD's global weakness is manifest across currencies. Euro, Yen, the Canadian and Australian dollar have all risen. Even the Brazilian real, or Egyptian pound have strengthened
- **So can only the Indian rupee remain an exception despite imported inflation & infra funding deficit?**

Oil: Casting a shadow over BoP

	FY06	FY07	FY08	FY09E	Sc 1	Sc 2
			Oil @\$80	avg @\$100	oil@120	oil@140
Export	105	128	153	174	183.5	193.7
Import	157	191	240	292	308	325
*oil	43.8	57	67	83	99	116
*non-oil	96.4	134	173	209	209	209
Trade Deficit	(52)	(63)	(87)	(118)	(124)	(131)
Invisibles	42	53.40	67.00	83.8	83.8	83.8
Current Account deficit	(9.9)	(9.6)	20.0	(34.2)	(40.7)	(47.5)
As % of GDP	(1.2)	(1.1)	(1.6)	(2.5)	3.8	5.1
Capital Account	25.4	45.7	96.5	73.7	73.7	73.7

ECB tap being opened up

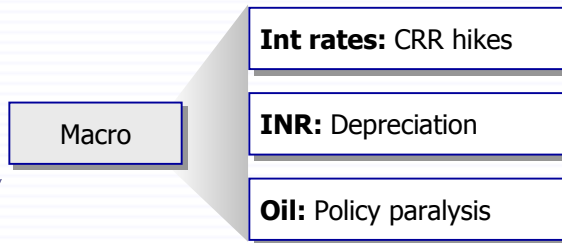
- ⇒ Limit on holdings of Govt bonds by overseas investors raised to \$5 bn from \$3.2 bn
- ⇒ Limit on Corporate bonds up at \$3bn vs \$1.5 bn earlier
- ⇒ Infra cos can borrow \$100 mn overseas vs a limit of \$20 mn for rupee expenditure
- ⇒ Other cos can borrow as much as \$50 mn vs \$20 mn

We expect the INR to appreciate in the medium term – But this too, is a falling knife first!

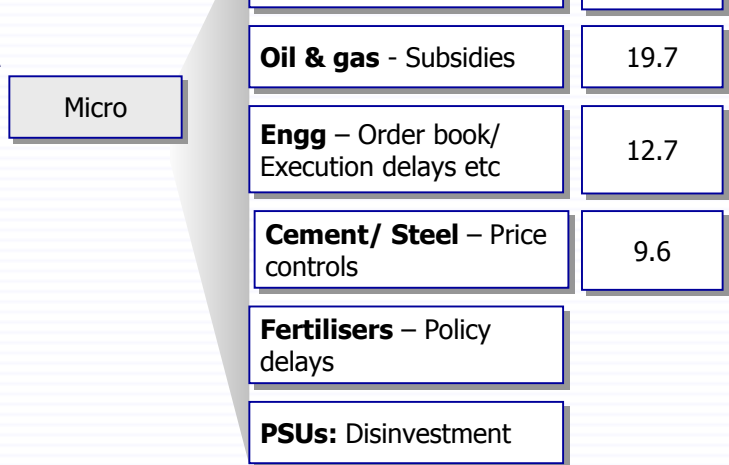
Oil+ Govt Policy an evil broth!



>60% % of Sensex will be out of *eclipse* if policy reversal takes shape post elections



Political Compulsion	
State Elections in 2008	Ruling party
Chhattisgarh	BJP
Delhi	Congress
MP	BJP
Meghalaya	Congress
Mizoram	MNF
Nagaland	NPF
Rajasthan	BJP
Tripura	CPI (M)



Recent policy measures have eclipsed valuations

Exports Ban	<ul style="list-style-type: none"> Steel export duty imposed Cement export ban removed after players acceded govt demand of price cap
Import Duty Cut	<ul style="list-style-type: none"> Steel scrap/ ferro alloy duty cut to Nil Duty reduced on agri/ edible imports etc.
Others	<ul style="list-style-type: none"> Steel & Cement prices capped for next few months Price Control: States empowered to impose stock limits on under the Essential Commodities Act

National elections expected in May 09. Strong arm tactics of Govt continue to hamper investor confidence

'Arm-twisted' sectors may bounce back post elections

⇒ Banking:

- **Consolidation:** Inevitable as banks need funding (Banks to raise money to meet growth needs)
- **Cleansing of balance sheets** (due to agri debt waiver): May prompt higher credit flows
- **FII limit** of 20% could be increased
- **Pricing:** Banks can tweak PLR/ Deposit rates on commercial terms and not as told by FM

⇒ Cement/ Steel: Removal of Price controls

- **Steel:** Local steel prices are currently at 30-40% discount to international prices. Increase in steel prices are expected to benefit entire sector
- **Cement:** Prices could rise by Rs 15-20/ bag on rising cost pressure and tightness. Any incremental rise in cement prices to boost margins

⇒ Policy related: To reduce subsidies:

- **Oil:** Hike in auto fuels (mkt-linked), kerosene and cooking gas prices, reduction in PSU subsidy burden
- **Fertilizers:** Incentivization of production and move towards mkt-driven prices to spur supplies
- **Mining:** More freedom to acquire mines
- **PSU Disinvestment:** New govt will be forced to divest aggressively to fund burgeoning off-b/s dole outs

⇒ Engg/ Infra: Mixed impact

- Pre-election ban followed by settling down of new govt. to impact order inflows (from govt. sector) for infra cos from ~Jan 09 to June-09
- **Irrigation:** Being a state subject, will depend on state elections and will impact accordingly - Hence irrigation orders from AP and Maharashtra to be impacted
- **Roads:** NHA Road orders expected to be awarded anytime and may not be impacted once they catch momentum since deadline of completion of balance ~3500kms(Rs 175-200bn worth of orders) is by Dec-09
- Depending on political party coming into power may favorably/ unfavorably impact certain cos

⇒ Cap goods: Not much overall impact

- T&D to continue independent of Govt/ party
- Delay in capex of PSU oil Cos due to huge under recoveries - if corrected/ solved post elections, will benefit larger Cap good players

2009: Expect revival in PSU disinvestment, Policy reforms incl capital mkt & Infra, & less Govt intervention

Exercise to find Potential Doublers

- **Sustainable PE FY 11 plugged in. Based on same, imputed EPS FY 11 calculated to achieve a stock price doubling**
- **Hence EPS CAGR FY08-10 hurdle rate obtained.**
- **Based on this exercise for all stocks in our coverage list, Cos of mkt cap \$2 bn+, whose hurdle rate for this appear reasonable, determined**

Exercise to find potential DOUBLERS among stocks of mkt cap \$2bn+

Company	CMP	Mkt Cap (USDm)	EPS/ BV (Rs)			VOI/sh FY10E	100% Price Upside	FY11 P/E expected	3 year Target	
			FY08	FY09E	FY10E				Implied EPS	Implied EPS CAGR
									FY11	FY08/ FY11
Reliance Industries Ltd	2307	78,398	97	127	205	84	4530	15.0	302	46%
ICICI Bank Ltd	758	19,400	306	308	316	600	1516	2.0	458	14%
Steel Authority Of India Ltd	154	14,845	23	24	26	50	258	10.0	26	3%
Sterlite Industries India Ltd	841	13,933	81	91	111	721	962	10.0	96	6%
GAIL India Ltd	371	7,332	31	32	38	81	661	15.0	44	13%
Sun Pharmaceutical Industries Ltd	1371	6,601	72	88	82	116	2626	20.0	131	22%
Reliance Capital Ltd	1068	6,134	247	283	322	1,800	2137	2.5	-	-
Hindustan Zinc Ltd	600	5,928	96	112	132	329	871	10.0	87	-3%
Reliance Infrastructure Ltd	1070	5,917	29	33	47	844	1296	18.0	72	35%
Power Finance Corp Ltd	129	3,472	87	96	107	-	259	2.0	129	14%
Punjab National Bank Ltd	466	3,438	324	388	460	-	933	1.8	518	17%
Housing Development & Infrastructure Ltd	638	3,194	-	1048	1233	-	1276	1.0	1276	10%
Sun TV Network Ltd	334	3,078	9	14	18	-	668	25.0	27	43%
Indiabulls Real Estate Ltd	412	2,480	-	649	763	-	824	1.0	824	13%
Container Corp Of India	769	2,337	58	69	85	155	1383	15.0	92	17%
Zee Entertainment Enterprises Ltd	221	2,238	9	11	13	-	442	25.0	18	27%
Bharat Electronics Ltd	1143	2,138	94	110	130	-	2286	15.0	152	17%
Bank of Baroda	242	2,057	251	289	333	-	483	1.5	322	9%

For Banking BV (of core business alone, excl cost of investments), not EPS used.

VoI= Value of Investments/ share, which, depending on the type of investment, is for FY 09 (cash)/ 10/ 11 (investments to start flowering then).

Eg for Maruti (cash), it's FY 09; for ICICI/ Rel cap, it's FY 11, all others= FY 10.

For Sterlite, FY08 EPS adjusted for 100% HZL & Balco consolidation for like to like comparison with projections

Realty: EPS = NAV, CAGR is from FY09/FY11

Note: Price as on June 04,2008

Database

Source: Company, ENAM estimates, Bloomberg;

VoI= Value of Investments/ share

All PE / PB calculated after excluding VOI, wherever applicable

For Banking: EPS= Book Value (adj for cost of inv), PE=P (adj. for value of inv) /BV (adj. For cost of inv); for ICICI BV (of core business alone, excl cost of investments), not EPS used.

For Maruti, Hero Honda =core Eps & are calculated after including value of investment, Apollo & MM, nos are standalone

For REALTY, EPS = NAV, PE = P / NAV & Target price is based on NAV, Except HDIL which is based on SOTP

For Sterlite, FY08 EPS adjusted for 100% HZL & Balco consolidation for like to like comparison with projections

Note: Price as on June 04,2008

Database

Company Name	Price (Rs.)	Mkt. Cap (US\$ m)	ENAM estimates										
			Core EPS (Rs.)			Core P/E (x)			VOI	RoE (%)			
			CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	CY09E/ FY10E	CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	
AUTO													
Maruti Suzuki India Ltd	747	5,042	52	50	61	14	15	12	144	24	19	19	
Hero Honda Motors Ltd	777	3,626	48	54	61	16	14	13	130	35	32	30	
Mahindra & Mahindra Ltd	568	3,263	28	30	36	20	19	16	364	24	22	22	
Bosch Ltd	4,013	3,007	165	187	212	24	21	19		23	21	20	
Bharat Forge Ltd	248	1,290	41	39	46	6	6	5		18	18	20	
Ashok Leyland Ltd	33	1,032	3.4	3.1	3.6	10	11	9		22	19	20	
Motherson Sumi Systems Ltd	82	683	4.0	5.7	7.5	21	14	11		39	34	30	
Apollo Tyres Ltd	39	442	4.3	4.6	5.4	9	8	7		20	21	24	
TVS Motor Co Ltd	35	193	0.5	3.4	4.6	73	10	8		1	10	13	
BANKING													
			ABV (Rs.)			P/ABV (X)							
State Bank of India Ltd	1,332	19,762	855	967	1,101	1.6	1.4	1.2	320	17	16	17	
ICICI Bank Ltd	758	19,400	306	308	316	2.5	2.5	2.4	476	12	10	12	
Housing Development Finance Corp	2,395	15,906	421	473	535	5.7	5.1	4.5	1,270	28	21	22	
HDFC Bank Ltd	1,216	10,076	315	361	420	3.9	3.4	2.9		18	17	19	
Reliance Capital Ltd	1,068	6,134	247	283	322	4.3	3.8	3.3		18	17	16	
Axis Bank Ltd	739	6,195	238	268	308	3.1	2.8	2.4		18	16	18	
Infrastructure Development Finance Co Ltd	134	4,045	43	48	55	3.1	2.8	2.4	52	17	16	19	
Bank of India	271	3,328	156	190	231	1.7	1.4	1.2		28	26	25	
Power Finance Corp Ltd	129	3,472	87	96	107	1.5	1.4	1.2		14	15	17	
Punjab National Bank Ltd	466	3,438	324	388	460	1.4	1.2	1.0		20	21	21	
Bank of Baroda	242	2,057	251	289	333	1.0	0.8	0.7		16	17	18	
Indiabulls Financial Services Ltd	328	1,945	138	173	225	2.4	1.9	1.5		22	25	29	
Rural Electrification Corp Ltd	101	2,023	66	74	84	1.5	1.4	1.2		18	18	17	
Canara Bank	201	1,929	186	218	254	1.1	0.9	0.8		19	20	20	
Shriram Transport Finance Co Ltd	330	1,566	84	98	127	3.9	3.4	2.6		28	27	27	
Union Bank Of India	127	1,504	109	126	152	1.2	1.0	0.8		27	24	23	
Indian Overseas Bank	113	1,434	80	97	117	1.4	1.2	1.0		28	27	26	
Indian Bank	115	1,156	95	116	142	1.2	1.0	0.8		25	23	24	
Corp Bank	321	1,076	288	332	384	1.1	1.0	0.8		18	19	18	
Oriental Bank Of Commerce	167	976	209	230	257	0.8	0.7	0.6		16	14	15	
Yes Bank Ltd	144	995	44	62	73	3.2	2.3	2.0		19	17	19	
Federal Bank Ltd	211	844	227	255	288	0.9	0.8	0.7		17	15	15	
ING Vysya Bank Ltd	265	635	129	144	162	2.1	1.8	1.6		13	13	15	
LIC Housing Finance	325	645	186	220	258	1.7	1.5	1.3		23	23	22	
Bank Of Maharashtra	42	420	35	40	46	1.2	1.0	0.9		19	21	22	
Development Credit Bank Ltd	65	266	35	39	45	1.9	1.7	1.4		8	13	17	
South Indian Bank Ltd	129	273	126	139	158	1.0	0.9	0.8		16	15	16	

Database

Company Name	Price (Rs.)	Mkt. Cap (US\$ m)	ENAM estimates									
			Core EPS (Rs.)			Core P/E (x)			VOI	RoE (%)		
			CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	CY09E/ FY10E	CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E
CEMENT												
Jaiprakash Associates Ltd	198	5,435	5	7	9	40	27	22	212	12	13	14
Ambuja Cements Ltd	88	3,114	8	10	11	10	9	8	6	30	29	27
ACC Ltd	633	2,776	65	78	78	10	8	8		34	31	26
Ultra Tech Cement Ltd	627	1,825	81	92	104	8	7	6		45	35	30
Century Textile & Industries Ltd	630	1,370	43	50	51	15	13	12	581	34	32	26
India Cements Ltd	161	1,058	26	31	33	6	5	5		36	28	24
Madras Cements Ltd	2,602	724	376	471	544	7	6	5		52	42	34
Shree Cement Ltd	724	590	90	133	172	8	5	4		55	52	44
Prism Cement Ltd	36	252	9	10	13	4	4	3		49	38	37
ENERGY												
NTPC Ltd	158	30,424	10	10	10	16	16	15	20	16	16	14
Tata Power Co Ltd	1,166	6,015	30	39	52	39	30	22	253	10	12	14
ENGINEERING												
Larsen & Toubro Ltd	2,766	18,886	86	101	131	32	27	21	292	27	24	26
Bharat Heavy Electricals Ltd	1,471	16,835	56	69	82	26	21	18		31	31	30
Suzlon Energy Ltd	247	8,650	7	10	15	36	24	17		17	16	19
Reliance Infrastructure Ltd	1,070	5,917	29	33	47	37	32	23	844	7	7	10
ABB Ltd/India	971	4,811	23	30	39	42	32	25		35	34	32
Siemens India Ltd	516	4,068	16	22	28	33	23	18		35	36	34
Bharat Electronics Ltd	1,143	2,138	94	110	130	12	10	9		27	26	25
Crompton Greaves Ltd	227	1,944	11	15	19	20	15	12		35	35	33
Areva T&D India Ltd	1,463	1,635	45	55	72	32	27	20		47	40	39
Cummins India Ltd	294	1,362	16	19	23	18	15	13		29	28	27
Thermax Ltd	426	1,188	24	25	30	18	17	14		42	34	34
Voltas Ltd	133	1,028	5	8	10	25	17	14		35	37	36
AIA Engineering Ltd	1,467	644	71	99	119	21	15	12		24	26	25
FMCG												
Hindustan Unilever LTD	230	11,730	8	9	10	29	25	22		82	133	137
Nestle India Ltd	1,735	3,909	43	61	74	40	29	23		103	113	96
Asian Paints Ltd	1,251	2,804	44	51	61	29	25	21		44	41	40
Dabur India Ltd	96	1,941	4	5	5	25	21	18		62	54	49
Marico Ltd	63	900	3	3	4	24	19	16		66	57	49
Godrej Consumer Products Ltd	132	798	7	8	10	19	16	14		102	85	75
Kansai Nerolac Paints Ltd	646	407	43	47	53	15	14	12		22	22	22
Jyothy Laboratories Ltd	512	174	30	49	63	17	10	8		14	21	23

Database

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			CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	CY09E/ FY10E	CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	
FINANCIAL SERVICES													
Aditya Birla Nuvo Ltd	1,356	3,011	16	18	31	85	76	43			4	4	7
INFRASTRUCTURE													
Reliance Infrastructure Ltd	1,070	5,917	29	33	47	37	32	23	844		7	7	10
Punj Lloyd Ltd	278	1,972	10	15	22	28	19	13	17		15	15	19
IVRCL Infrastructures & Projects Ltd	388	1,211	15	20	27	25	19	14	115		15	17	19
Nagarjuna Construction Co	180	962	7	12	13	25	15	14	34		12	13	15
Gammon India Ltd	405	820	11	15	18	37	27	23	207		10	12	13
Hindustan Construction Co	114	681	3	5	7	33	21	16	51		10	14	17
Patel Engineering Ltd	450	628	18	23	30	25	20	15	318		14	16	17
IT SERVICES													
Infosys Technologies Ltd	1,870	25,004	80	102	122	23	18	15			37	36	33
Tata Consultancy Services Ltd	958	21,917	51	63	75	19	15	13			46	42	38
Wipro Ltd	497	16,991	22	27	34	23	18	15			28	27	27
Satyam Computer Services Ltd	486	7,622	25	33	40	19	15	12			26	27	26
HCL Technologies Ltd	289	4,502	18	23	27	16	13	11			25	27	27
Tech Mahindra Ltd	789	2,240	59	67	77	13	12	10			61	45	37
Redington India Ltd	303	552	17	23	28	17	13	11			20	23	24
MEDIA													
Sun TV Network Ltd	334	3,078	9	14	18	37	24	19			34	37	33
Zee Entertainment Enterprises Ltd	221	2,238	9	11	13	25	20	16			11	13	14
HT Media Ltd	125	684	4	6	6	29	22	20			13	16	16
Adlabs Films Ltd	570	615	20	25	-	28	23	-			14	12	-
New Delhi Television Ltd	411	602	(1.0)	(0.4)	2	-	-	250	224		-	-	4
Jagran Prakashan Pvt Ltd	73	511	3	4	4	21	20	18			19	19	20
Entertainment Network India Ltd	400	446	(3)	5	13	-	78	31			-	5	12
METALS													
Steel Authority Of India Ltd	154	14,845	23	24	26	7	6	6	50		39	35	30
Sterlite Industries India Ltd	841	13,933	81	91	111	10	9	8	721		27	43	49
Tata Steel Ltd	816	13,929	72	88	93	11	9	9	36		21	24	21
Jindal Steel & Power Ltd	2,110	7,595	81	167	187	26	13	11			39	50	37
National Aluminium Co Ltd	478	7,204	25	36	46	19	13	10	80		20	24	25
Hindustan Zinc Ltd	600	5,928	96	112	132	6	5	5	329		42	34	30
Hindalco Industries Ltd	179	5,123	15	21	27	12	9	7	35		12	13	15
JSW Steel Ltd	1,099	4,806	80	90	122	14	12	9			23	19	22
Sesa GOA Ltd	3,569	3,284	392	530	488	9	7	7	275		59	46	35

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			CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E	CY09E/ FY10E	CY07/ FY08E	CY08E/ FY09E	CY09E/ FY10E
OIL & GAS												
Reliance Industries Ltd	2,307	78,398	97	127	205	24	18	11	84	20	20	24
Oil & Natural Gas Corp Ltd	887	44,350	98	108	120	9	8	7	35	29	27	25
Reliance Petroleum Ltd	167	17,593	-	11	22	-	15	8	-	-	54	43
Cairn India Ltd	262	11,607	2	12	45	160	22	6	-	6	31	75
GAIL India Ltd	371	7,332	31	32	38	12	11	10	81	21	20	21
Essar Oil Ltd	231	6,344	(0.3)	5	4	-	49	60	-	-	6	5
Aban Offshore Ltd	3,503	3,090	78	426	480	45	8	7	-	57	150	76
Petronet LNG Ltd	67	1,170	6	8	10	11	9	7	-	33	31	31
Indraprastha Gas Ltd	115	377	12	14	15	9	8	7	-	33	31	30
PHARMACEUTICALS												
Sun Pharmaceutical Industries Ltd	1,371	6,601	72	88	82	19	16	17	116	44	37	26
Ranbaxy Laboratories Ltd	519	4,527	18	17	19	29	31	27	-	25	21	22
Cipla Ltd/India	207	3,768	9	11	12	23	19	17	30	20	21	20
Glenmark Pharmaceuticals Ltd	652	3,788	23	28	37	28	24	18	-	46	37	36
Dr Reddys Laboratories Ltd	670	2,631	30	38	47	22	18	14	-	11	13	14
Divi's Laboratories Ltd	1,439	2,175	50	68	91	29	21	16	-	48	44	40
Piramal Healthcare Ltd	370	1,809	18	21	24	21	17	15	-	32	31	29
Lupin Ltd	671	1,287	37	44	53	18	15	13	-	22	22	22
Jubilant Organosys Ltd	341	1,167	17	22	30	20	16	12	-	13	15	17
Biocon Ltd	460	1,076	22	23	29	21	20	16	-	18	15	16
Cadila Healthcare Ltd	292	857	21	23	28	14	13	10	-	25	21	23
Dishman Pharmaceuticals & Chemicals Ltd	314	592	10	14	21	31	22	15	-	12	15	22
REAL ESTATE												
			NAV (Rs)		P/NAV (x)							
DLF Ltd	555	22,121	571	0.97						64	37	35
Housing Development & Infrastructure Ltd	638	3,194	1048	0.61						65	25	47
Unitech Ltd	207	7,851	221	0.94						58	39	39
Indiabulls Real Estate Ltd	412	2,480	649	0.63						13	14	15
Peninsula Land Ltd	74	482	109	0.68						19	40	43
Sobha Developers Ltd	448	764	624	0.72						25	24	22
Brigade Enterprises Ltd	179	471	326	0.55						19	15	57

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RETAIL												
Pantaloon Retail India Ltd	420	1,518	9	13	19	49	33	22	240	10	10	12
Titan Industries Ltd	1,163	1,207	35	46	61	33	25	19		41	40	39
Vishal Retail Ltd	674	353	18	27	43	37	25	16		20	16	17
TELECOM												
Bharti Airtel Ltd	809	35,904	35	44	52	23	18	16	150	37	31	27
Idea Cellular Ltd	107	6,576	4	5	5	27	21	20	25	36	31	28
TRANSPORTATION												
Mundra Port and Special Economic Zone Ltd	703	6,581	5	13	25	137	52	28		12	19	30
Container Corp Of India	769	2,337	58	69	85	13	11	9	155	26	26	26
Jet Airways India Ltd	535	1,080	(51)	(1)	27	-	-	20		-	-	6
Allcargo Global Logistics Ltd	670	317	35	47	57	19	14	12		16	19	18
Gateway Distriparks Ltd	97	263	6	7	10	15	14	10		11	11	15

Source: Company, ENAM estimates, Bloomberg;

VoI= Value of Investments

All PE / PB calculated after excluding VOI, wherever applicable

For Banking: EPS= Book Value (adj for cost of inv), PE=P (adj. for value of inv) /BV (adj. For cost of inv); for ICICI BV (of core business alone, excl cost of investments), not EPS used.

For Maruti, Hero Honda =core Eps & are calculated after including value of investment, Apollo & MM, nos are standalone

For REALTY, EPS = NAV, PE = P / NAV & Target price is based on NAV, Except HDIL which is based on SOTP

For Sterlite, FY08 EPS adjusted for 100% HZL & Balco consolidation for like to like comparison with projections

Note: Price as on June 04,2008

Macro Trends

ECONOMIC

May-08	Current	% chg			
		1M	3M	6M	12M
Industrial Production Index - Mar					
General	298	8.7	4.6	14.3	3.0
Manufacturing	319	8.6	4.2	13.6	2.9
Mining	204	11.3	10.6	32.3	3.8
Electricity	227	7.5	3.4	8.1	3.7
Inflation Index					
WPI - May	229	0.8	4.2	6.1	7.9
CPI - Apr	138	0.7	3.0	3.0	7.8
Balance of payments (USD bn)					
Exports - Apr	14.4	(11.6)	9.6	0.7	31.5
Imports - Apr	24.3	4.7	7.9	15.0	36.6
Forex Reserves (Actuals) - May	316.2	312.9	301.2	273.5	204.9
INR/USD (Actuals) - May	42.2	40.5	40.0	39.6	40.6
Banking Trends (INRbn) - Apr					
Bank Credit	23,291	(0.8)	6.7	15.0	23.4
Bank Deposits	31,922	0.0	2.4	10.9	23.1
Non-food credit	22,880	(0.7)	6.6	14.9	24.5
Credit/Deposit ratio (actuals)	73.0	73.6	70.2	70.4	72.8
Money Supply (M3) % actuals	22.9	23.7	22.9	21.0	21.9

Interest Rates

May-08	Current	Actuals			
		1M	3M	6M	12M
10Y Bond Yield (%)	8.1	7.9	7.6	7.9	8.1
Reverse REPO (%)	6.0	6.0	6.0	6.0	6.0

SECTORAL

May-08	Current	% chg			
		1M	3M	6M	12M
Auto ('000) - Apr					
Passenger Car Sales	129	(19.5)	(9.9)	(1.5)	24.0
CV-Sales	16	(39.8)	(32.5)	(32.0)	2.1
2-W Sales	702	(0.6)	5.5	(18.5)	11.7
Cement - Apr					
Cement Desp (m tonnes)	15	(10.4)	(0.7)	7.6	6.2
Telecom - Apr					
Cellular subscribers outstanding (mn)	269	3.1	11.1	24.0	61.5
Actual net additions (mn)	8.2	10.1	8.8	8.1	4.4
Crude - May					
Bonny Light Crude Oil Spot Price (\$/bbl)	26	3.5	(2.8)	35.0	8.0
GRM - Sweet	2.3	(1.4)	0.1	3.5	2.6
GRM - Sour	4.4	3.0	2.8	5.2	4.5
Commodities - May					
Zinc (LME) - \$metric ton	1,980	(10.2)	(27.2)	(23.4)	(46.4)
Copper (LME) - \$metric ton	8,062	(7.3)	(5.2)	15.8	8.0
Aluminium (MB) - \$metric ton	2,888	0.9	(5.9)	18.0	4.9
Alumina (MB) - \$metric ton	405	12.5	19.1	15.7	12.5
Hot Rolled Coil (MB) \$metric ton	970	0.0	25.2	63.0	71.7
Billet - \$metric ton	1,065	17.0	54.3	106.8	115.2
Gold (Rs/ 10gm)	12,100	4.8	(1.5)	18.2	38.8
Polyethylene (Rs/Kg)	75	2.0	6.4	15.8	17.3
Polypropylene (Rs/Kg)	73	1.5	6.0	13.9	13.1
Polyester Optic Fibre (Rs/Kg)	67	(2.0)	5.2	0.5	4.6
Polyester Staple Fibre (Rs/Kg)	63	0.0	5.0	(0.8)	(4.6)
Others - Apr					
Tourist arrivals (nos)	369,677	(27.5)	(36.8)	(16.1)	10.7
Total comm traffic at ports ('000 tonnes)	45,972	(7.5)	1.0	3.3	14.7

Thank You

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