

**MARKETS & FINANCE**

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**analysts'  
picks****LANCO INFRATECH**

CMP: RS 312.70

TARGET PRICE: RS 564

BROKERAGE house ICICI Securities has maintained its 'buy' recommendation on Lanco Infratech with a price target of Rs 343, but has lowered earnings estimates for FY09 and FY10 by 34% and 42%, respectively, citing slowdown in the infrastructure space.

"Slowdown in realty has led to 15-20% downgrade in selling prices across projects and increased the cost of equity, cost of debt and cap rates 200 bps each, implying 43% downgrade in real estate NAV to Rs 22 billion or Rs 100/share," said the ICICI Securities note to clients.

"As per our funding analysis on Lanco (both debt and equity), we expect no funding risk for its upcoming power and real-estate projects. Despite earnings downgrade, Lanco enjoys healthy growth in construction orderbook, discounted valuations of power portfolio, strong earnings momentum and robust business model," the note added.