



MOTILAL OSWAL

India Strategy

Jun-10 Review

- ☑ Aggregate PAT up 24%, in line
- ☑ 1% upgrade in FY11 Sensex EPS
- ☑ FY10-12 Sensex EPS CAGR 24%

INDIA STRATEGY: June-10 Results Review

■ Aggregate performance in line with estimates

For MOSL Universe (ex oil marketing companies), Net sales grew 27% (est 27%), EBITDA grew 26% (est 23%), and PAT grew 24% (est 22%). Banking sector was a key growth driver.

■ Sensex performance has been in line

Sensex performance was in line, with aggregate PAT growth of 25% (est 26%); EBITDA growth was 26% (est 25%).

■ Breadth of earnings performance is neutral

46 companies in our Universe reported higher than estimated PAT; 47 reported lower than estimated PAT. On the EBITDA front, 39 companies surpassed our estimate while 39 fell short.

■ Large caps performance is a mixed bag

Tata Motors, BHEL, State Bank, Sun Pharma, SAIL, LIC Housing and Bank of India performed better than expected. Disappointments came from ABB, Jaiprakash Associates, Tata Steel, Maruti Suzuki, JSW Steel, Sterlite Inds., NTPC, Godrej Consumer, ACC, Infosys.

■ 1% upgrade in FY11E Sensex EPS to Rs1,067; FY10-12E CAGR of 24%

Also refer our June-10 Qtr Preview



TOP EARNINGS UPGRADES

Company	% Upgrade	
	FY11E	FY12E
Tata Motors	58	42
Indiabulls Real Estate	42	30
Bank of India	32	13
Titan Industries	17	19
HPCL	16	11
Shriram Transport Fin.	14	15
Asian Paints	10	13
Larsen & Toubro	6	5
State Bank	5	4
TCS	3	5

TOP EARNINGS DOWNGRADES

Company	% Downgrade	
	FY11E	FY12E
India Cements	-31	-8
Piramal Healthcare	-28	-20
JSW Steel	-25	-15
Jubilant Organosys	-21	-14
Idea Cellular	-17	-21
IVRCL Infra.	-14	-11
Maruti Suzuki	-11	-11
Dr Reddy's Labs	-11	-4
ABB	-8	-9
Hero Honda	-7	-6

June-10 Quarter Results Review

A) Aggregate performance in line with estimates

- For MOSL Universe (ex oil marketing companies), Net sales grew 27% (est 27%), EBITDA grew 26% (est 23%), and PAT grew 24% (est 22%). Banking sector was a key growth driver.
- 46 companies in our Universe reported PAT higher than estimate, 29 in line and 47 below estimate. On the EBITDA front, 39 companies reported above estimate, 44 in line and 39 below estimate.

B) Sector performance: Banks lead growth; Oil & Gas, Utilities significantly below estimates

- Among large sectors, Banks, Automobile, Real Estate PAT were above estimates, whereas Engineering, FMCG, IT were in line.
- Sectors where both EBITDA and PAT growth were disappointing: Oil & Gas (PAT de-growth of 81% vs est de-growth of 25%) and Utilities (PAT de-growth of 13% vs est de-growth of 1%).

C) Sensex performance in line; sales up 30% (est 30%), PAT up 25% (est 26%)

- 6 companies reported higher than estimated PAT; 13 fell short.
- Companies that surpassed estimates on all parameters – Tata Motors, BHEL, ITC, State Bank.
- Companies that fell short of expectations on all parameters – Maruti Suzuki, Sterlite, Jaiprakash Associates, Tata Steel, NTPC, Reliance Infra .

D) Best and worst performing companies

- Companies that reported very strong and above estimated earnings were: Tata Motors, Bank of India, Titan Industries, Unitech, LIC Housing, SAIL, Sesa Goa, Sun Pharma, BHEL, SBI.
- Companies that reported weak and below estimated earnings were: ABB, Jaiprakash Associates, Tata Steel, Maruti Suzuki, JSW Steel, Sterlite Inds., NTPC, Godrej Consumer, ACC, Infosys.

June-10 Quarter - Key sectoral highlights

- **AUTOS:** While volume growth remain strong at 32.5%, higher RM cost push resulted in EBITDA margin decline of 90bp QoQ (~120bp YoY) and PAT decline of 7.7% QoQ (~25.4% YoY growth). While Tata Motors surprised positively on margins, all other companies disappointed. As a result, Tata Motors' estimates are upgraded 58% for FY11 and 42% for FY12 due to high visibility of superior performance at JLR.
- **BANKS:** Banking sector PAT performance was above expectations led by strong core operating performance by state owned banks. Among PSU banks, BoI, Canara and SBI profitability was better than estimates due to higher than estimate margins and better than expected asset quality. Broadly, performance of private banks was largely in line with estimate (with exception being ICICI Bank, 7% lower than est). For large banks (except ICICI Bank), loans grew above industry growth of ~20% YoY.
- **CEMENT:** Subdued volume growth at 3.8%, coupled with higher than estimated cost push (on account of energy and freight cost) negated positive surprise on realizations (~Rs4/bag QoQ improvement). As a result, EBITDA/ton (~Re1/bag QoQ improvement) was in line but aggregate PAT was below our estimate. Our FY12 EPS has witnessed downgrade of 1-8% across the sector including ~6% for UTCEM and ~7.6% for ICEM.
- **ENGINEERING:** Order intake for the sector improved 13% YoY. Revenue growth was muted at 10%, but 150bp margin improvement led to a healthy 19% YoY growth in PAT.
- **FMCG:** Volume growth sustained across segments, value growth has started increasing except in segments like laundry and shampoo. Sectoral PAT growth was 12.7% versus an estimated 7.6% mainly due higher margins on account of cost control and lower ad spends. ITC, Nestle, Asian Paints, GSK Consumer and Colgate have been outperformers, while Britannia, Godrej Consumer and United Spirits underperformed.

June-10 Quarter - Key sectoral highlights (continued)

- **IT:** Growth performance was in line, TCS and HCL Tech outperformed. Wage inflation and cross currency impacts led to decline in margins (except Wipro). Increased supply pressure was key concern. Outlook of improved growth on strong demand traction but pressure on margins. TCS upgraded; downgrades in mid-cap (Patni, Tech Mahindra).
- **METALS:** Sector PAT was below our estimates led by lower steel sales volumes, and fall in LME prices despite higher than expected increase in steel realization. EBITDA was largely in line with exception of Tata Steel and Sterlite. SAIL was best performer with Cons PAT 24% above estimates due to higher realization per ton of saleable steel.
- **OIL & GAS:** Except ONGC and GAIL, EBITDA for other companies was below estimates led by lower GRM and no govt. compensation to oil PSU's. GAIL was above estimate led by lower than expected subsidy burden. Clarity on complete diesel de-regulation, subsidy rationalization expected over coming months.
- **PHARMA:** Generics PAT was above estimate led by Ranbaxy turnaround, better operational performance & licensing / technology income. CRAMS PAT was below estimate due to muted topline performance and adverse product mix.
- **TELECOM:** Traffic growth for GSM incumbents remained strong (10-13% QoQ) for second consecutive quarter. RPM pressure has reduced which is a structural positive. 1QFY11 results were broadly inline at the revenue/EBITDA level; reported PAT was dragged by forex loss and one-offs.
- **UTILITIES:** NTPC's earnings were impacted given lower incentives (base effect, planned outages) and treasury yields. Tata Power, PGCIL, CESC reported numbers in-line with estimates. Merchant realizations declined ~7-30% YoY, impacting profitability.

MOSL Universe: June-10 Quarter Performance (Rs b)

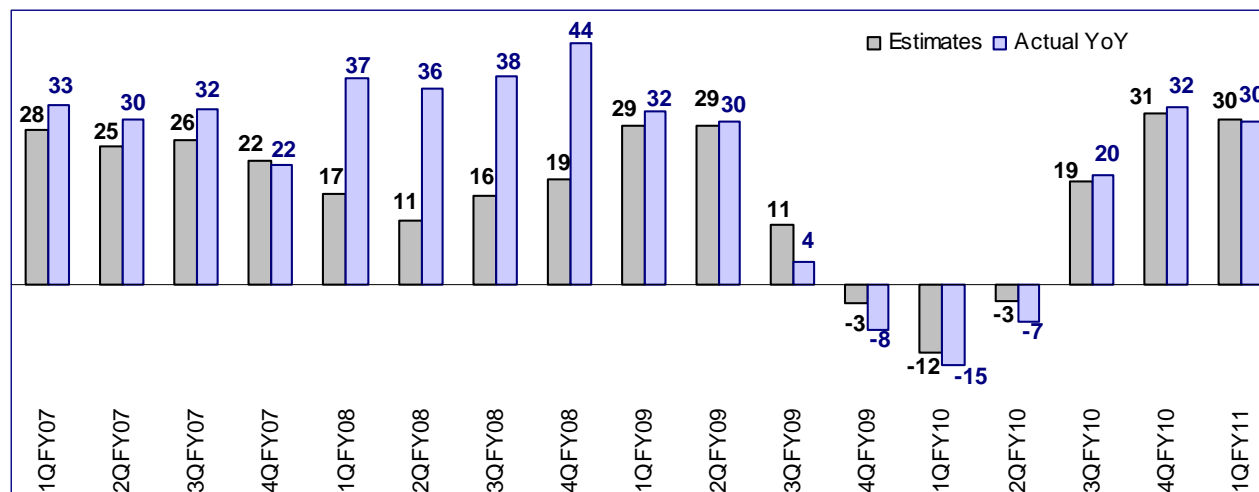
QUARTERLY PERFORMANCE - MOSL UNIVERSE (RS B)

SECTOR (NO OF COMPANIES)	SALES				EBITDA				NET PROFIT			
	JUN 2010	CHG. % QOQ	CHG. % YOY	VAR. OVER EXP. (%)	JUN 2010	CHG. % QOQ	CHG. % YOY	VAR. OVER EXP. (%)	JUN 2010	CHG. % QOQ	CHG. % YOY	VAR. OVER EXP. (%)
Automobiles (5)	486	-3.2	46.0	0.1	69	2.1	118.7	10.2	42	8.5	484.8	18.0
Banking (20)	291	4.7	40.5	9.1	246	1.7	32.8	8.0	128	15.0	30.3	11.9
Cement (7)	114	-4.0	1.0	0.0	30	-3.6	-18.7	-5.2	18	-1.5	-24.7	-7.1
Engineering (6)	200	-40.3	10.4	-8.4	25	-58.6	24.9	1.0	17	-57.8	18.9	4.9
FMCG (11)	188	3.5	16.2	1.9	39	7.2	13.8	4.5	26	9.7	13.5	5.4
Infrastructure (5)	76	-17.0	21.3	4.6	11	-24.9	12.7	-3.4	2	-48.8	-29.8	-33.4
IT (6)	269	4.9	12.9	-0.2	68	0.8	9.3	-0.6	52	-2.2	12.4	-1.2
Media (5)	20	9.1	30.8	4.6	8	11.3	42.8	3.1	5	24.8	24.7	-0.3
Metals (8)	704	-8.0	24.8	-1.3	138	-17.2	108.4	-1.2	75	-24.5	344.7	-9.0
Oil & Gas (11)	2,298	-6.3	30.4	3.8	139	-52.4	-42.9	-41.1	29	-83.0	-81.0	-74.8
Pharma (14)	136	8.4	15.3	4.3	32	25.8	40.1	21.9	19	-5.1	33.6	2.7
Real Estate (6)	35	-5.6	33.5	1.9	16	4.3	28.3	11.9	9	3.4	26.3	22.4
Retail (1)	13	-4.5	41.9	-0.4	1	-4.8	125.9	24.6	1	-2.0	259.4	50.3
Telecom (4)	215	13.1	10.3	9.4	71	8.8	-6.6	7.1	22	-36.5	-51.4	-13.5
Textiles (5)	32	-10.5	21.9	-8.6	7	-11.7	49.6	-5.5	2	-16.3	114.5	-5.0
Utilities (6)	228	8.5	7.3	-4.1	56	3.4	-1.2	-14.9	32	-11.4	-13.3	-12.2
Others (2)	24	-8.7	4.0	0.6	4	-12.6	11.0	3.7	2	-29.3	9.4	9.4
MOSL Universe (122)	5,329	(5.5)	25.4	1.9	962	(17.2)	10.2	(7.0)	480	(28.0)	(2.8)	(14.1)
MOSL Excl RMs (119)	3,978	(3.6)	27.1	0.5	1,022	(4.0)	25.6	2.3	550	(7.9)	23.7	1.5
Sensex (29)	2,686	(4.6)	29.8	(0.1)	648	(3.7)	26.0	1.0	341	(9.5)	24.5	(1.6)

Source: MOSL

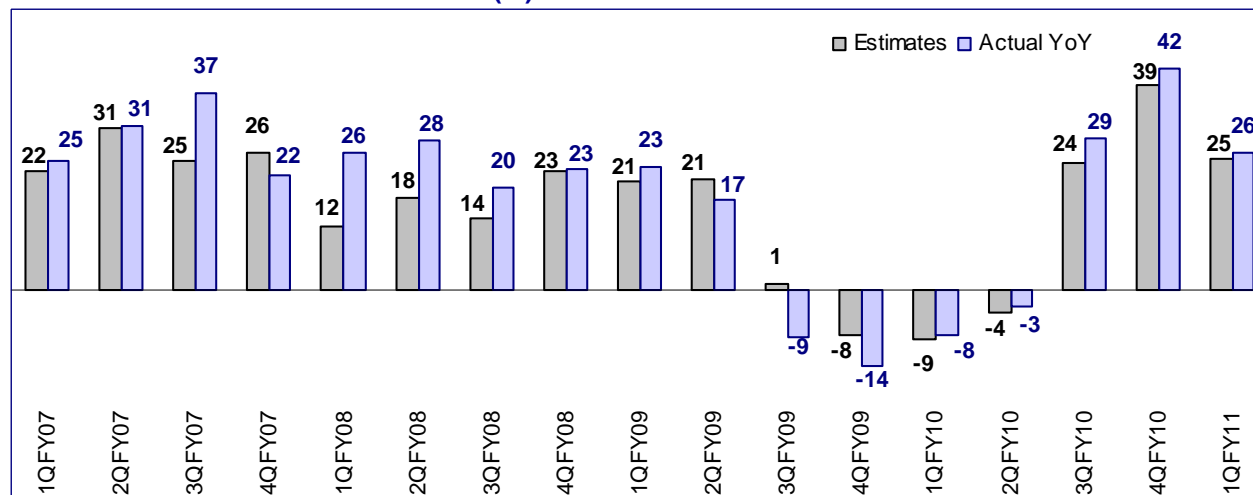
Sensex Performance: Actual v/s Estimates

TREND IN SENSEX SALES GROWTH (%): ACTUAL V/S ESTIMATES



**1QFY11 sales growth of 30%;
Sectors with strong growth
were Autos, Banking and Metals**

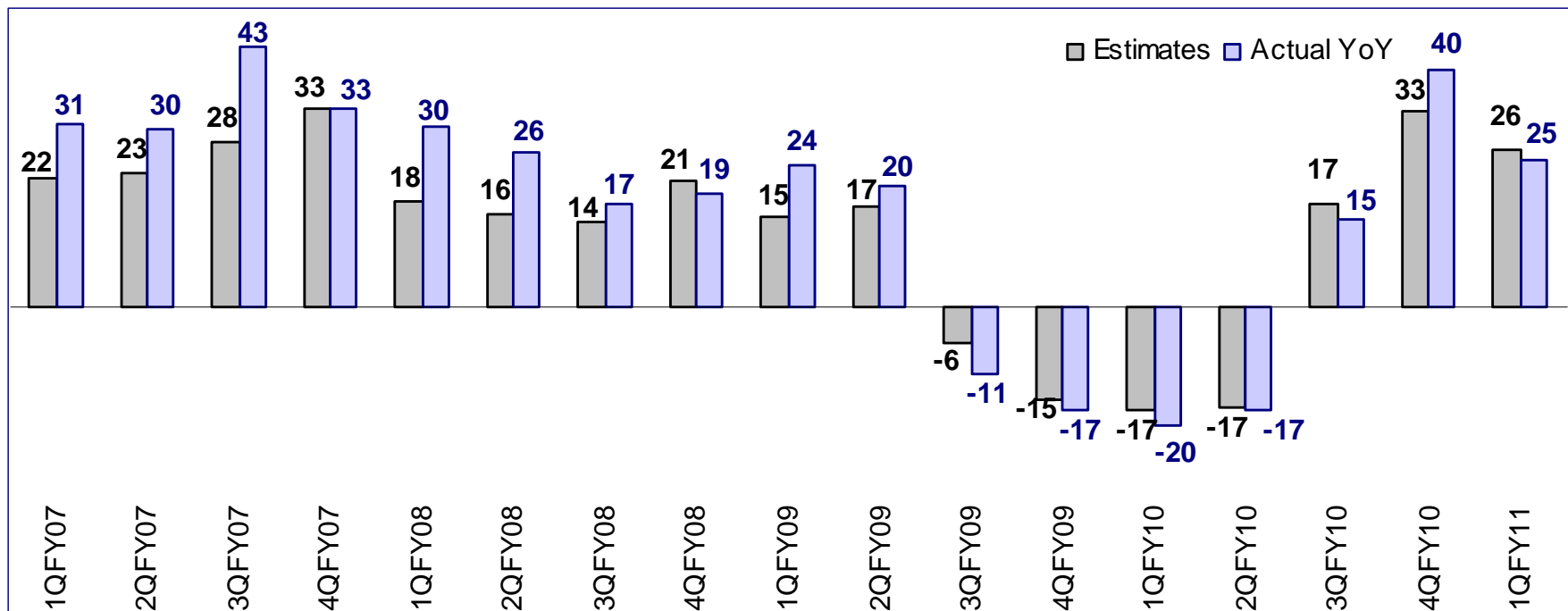
TREND IN SENSEX EBITDA GROWTH (%): ACTUAL V/S ESTIMATES



**Sensex EBITDA growth 26%;
5 companies outperformed;
11 disappointed**

Sensex Performance: Actual v/s Estimates

TREND IN SENSEX PAT GROWTH (%): ACTUAL V/S ESTIMATES



1QFY11 Sensex PAT was in line with estimate. 6 Sensex companies beat estimates, while 11 lagged estimates. Companies that reported significantly better numbers than our estimates were Tata Motors, BHEL, ITC, State Bank .

Sensex Companies' Performance

QUARTERLY PERFORMANCE OF SENSEX STOCKS (RS B)												
Company	Sales				EBITDA				PAT			
	June 2010	CHQ % QoQ	CHQ % YoY	VAR. OVER EXP. (%)	June 2010	CHQ % QoQ	CHQ % YoY	VAR. OVER EXP. (%)	June 2010	CHQ % QoQ	CHQ % YoY	VAR. OVER EXP. (%)
ACC	20	-3.9	-2.9	0.3	6	-11.1	-24.7	-6.1	4	-11.4	-26.1	-7.5
Bharti Airtel	122	21.6	23.0	17.8	44	15.5	6.3	12.9	17	-18.2	-33.2	-15.0
BHEL	65	-52.2	15.8	-10.2	10	-72.4	63.4	13.9	7	-70.4	47.7	20.7
Cipla	15	9.6	7.5	-1.9	4	58.2	-1.1	-4.8	3	19.5	6.5	-5.0
DLF	20	1.7	22.9	-1.3	10	-2.0	31.6	-1.7	4	-3.6	3.8	2.2
HDFC	9	-20.1	28.7	2.6	10	-23.4	24.0	2.0	7	-25.0	23.0	1.6
HDFC Bank	24	2.1	29.4	4.0	17	3.2	15.1	4.4	8	-3.0	33.9	2.1
Hero Honda	43	4.2	11.9	0.7	6	-16.3	-10.7	-7.6	5	-17.9	-1.7	-5.9
Hind. Unilever	49	11.3	8.3	-0.6	7	14.4	-4.8	2.0	5	23.4	-2.9	3.4
Hindalco	176	-0.2	46.1	7.0	20	8.8	25.5	11.0	6	-1.8	112.0	-4.7
ICICI Bank	20	-2.2	0.3	1.9	22	-8.8	-13.5	-9.9	10	2.0	16.8	-6.7
Infosys	62	4.3	13.3	-1.3	20	-3.0	5.0	-5.6	15	0.2	-2.6	-6.2
ITC	48	-5.5	15.5	5.0	16	1.2	18.0	4.3	11	4.1	21.8	5.7
Jaiprakash Associates	32	-5.1	53.6	27.4	6	-24.8	18.5	-0.9	1	-56.8	-51.5	-47.9
Larsen & Toubro	78	-41.4	6.4	-10.8	10	-48.0	21.7	0.0	7	-50.2	15.2	2.0
Mahindra & Mahindra	51	-2.9	21.2	-4.3	8	-8.7	12.9	-7.9	6	-1.8	22.8	1.4
Maruti Suzuki	82	-2.3	26.8	-2.3	9	-22.8	8.1	-16.0	5	-21.9	-12.2	-29.0
NTPC	129	4.8	7.8	-3.7	30	12.0	-5.9	-20.7	20	-12.8	-19.3	-14.9
ONGC	137	-7.1	-8.2	-6.5	80	-1.8	-15.4	1.0	37	-3.1	-24.5	5.0
Reliance Comm	51	0.3	-16.9	0.4	16	1.9	-33.5	1.0	3	-73.7	-82.7	-6.6
Reliance Inds.	582	1.1	86.7	3.1	93	2.3	46.3	-0.7	49	3.0	32.3	1.7
Reliance Infrastructure	22	-15.7	-8.9	-27.7	3	-3.0	-15.4	-23.5	2	-1.9	-22.2	-28.9
State Bank	73	8.7	45.4	11.8	61	18.1	67.0	18.4	29	56.1	25.1	18.3
Sterlite Inds.	60	-17.4	30.4	-8.7	15	-31.5	46.7	-8.6	9	-37.5	28.2	-19.6
Tata Motors	271	-6.6	65.0	1.4	40	17.3	563.4	30.9	20	38.7	LP	72.4
Tata Power	18	0.4	-10.6	-3.8	4	-14.2	-39.0	-23.8	2	0.6	8.6	1.0
Tata Steel	272	-1.1	16.8	-6.5	44	-3.6	LP	-11.5	19	-18.3	LP	-31.5
TCS	82	6.2	14.0	1.2	24	3.8	22.8	3.6	18	-4.5	21.3	-0.4
Wipro	72	3.1	12.6	-2.5	14	5.5	9.4	1.9	13	7.5	28.7	7.7
Sensex Universe	2,686	(4.6)	29.8	(0.1)	648	(3.7)	26.0	1.0	341	(9.5)	24.5	(1.6)

June-10 Quarter Results: The Best & The Worst (large caps)

TOP POSITIVE SURPRISES

Company	EBITDA					PAT				
	Actual (Rs m)	QoQ Chg (%)	Est. YoY Chg (%)	YoY Chg (%)	Var. Over Exp. (%)	Actual (Rs m)	QoQ Chg (%)	Est. YoY Chg (%)	YoY Chg (%)	Var. Over Exp. (%)
Tata Motors	39,533	17	407	563	31	20,247	39	-203	-278	72
Bank of India	14,106	11	7	29	21	7,251	70	-26	24	68
Titan Industries	1,113	-5	81	126	25	813	-2	139	259	50
Unitech	2,938	8	-34	-7	42	1,800	-10	17	53	30
LIC Housing Fin	2,983	4	39	67	20	2,120	-1	34	71	27
SAIL	18,429	-40	-24	-2	30	11,767	-44	-29	-11	25
Sesa Goa	15,507	3	225	242	5	13,766	13	170	226	21
Sun Pharma	6,160	80	65	266	122	3,363	7	183	241	21
BHEL	9,670	-72	43	63	14	6,697	-70	22	48	21
State Bank	61,344	18	41	67	18	29,142	56	6	25	18

TOP NEGATIVE SURPRISES

Company	EBITDA					PAT				
	Actual (Rs m)	QoQ Chg (%)	Est. YoY Chg (%)	YoY Chg (%)	Var. Over Exp. (%)	Actual (Rs m)	QoQ Chg (%)	Est. YoY Chg (%)	YoY Chg (%)	Var. Over Exp. (%)
ABB	500	1,634	-10	-61	-57	383	477	-6	-54	-51
Jaiprakash Associates	6,421	-25	20	19	-1	1,058	-57	-7	-51	-48
Tata Steel	44,326	-4	LP	LP	-11	18,851	-18	LP	LP	-32
Maruti Suzuki	8,577	-23	29	8	-16	5,125	-22	24	-12	-29
JSW Steel	10,345	-22	53	39	-9	3,430	-44	397	254	-29
Sterlite Inds.	14,974	-31	60	47	-9	8,624	-38	59	28	-20
NTPC	29,867	12	19	-6	-21	19,865	-13	-5	-19	-15
Godrej Consumer	1,191	11	70	38	-19	841	-8	39	21	-13
ACC	5,530	-11	-20	-25	-6	3,589	-11	-20	-26	-7
Infosys	19,620	-3	11	5	-6	14,880	0	4	-3	-6

June-10 Quarter Results: The Best & The Worst (mid caps)

TOP POSITIVE SURPRISES

Company	EBITDA					PAT				
	Actual (Rs m)	QoQ Chg (%)	Est. YoY Chg (%)	YoY Chg (%)	Var. Over Exp. (%)	Actual (Rs m)	QoQ Chg (%)	Est. YoY Chg (%)	YoY Chg (%)	Var. Over Exp. (%)
Sintex Inds.	1,374	-29	30	57	21	948	-22	46	134	60
Deccan Chronicle	1,199	47	9	13	3	912	1,304	-8	18	29
Anant Raj Inds	569	117	-47	-25	42	458	54	-47	-34	26
Vardhman Textiles	1,791	6	60	63	2	764	90	116	166	23
Andhra Bank	5,103	-3	48	47	-1	3,204	33	5	25	19
Hindustan Construction	1,258	2	2	9	7	302	-12	1	13	12
GSK Consumer	894	-33	10	18	8	718	-25	15	28	12
Dena Bank	2,386	-15	6	19	11	1,388	1	8	21	11
Biocon	1,313	1	13	30	15	767	-5	22	34	10
Jagran Prakashan	902	43	20	28	7	556	53	5	12	7

TOP NEGATIVE SURPRISES

Company	EBITDA					PAT				
	Actual (Rs m)	QoQ Chg (%)	Est. YoY Chg (%)	YoY Chg (%)	Var. Over Exp. (%)	Actual (Rs m)	QoQ Chg (%)	Est. YoY Chg (%)	YoY Chg (%)	Var. Over Exp. (%)
India Cements	1,001	-21	-54	-65	-25	120	-59	-79	-91	-57
Jubilant Organosys	1,567	-28	23	-3	-21	627	-54	-16	-50	-41
Shree Cement	2,895	-11	-23	-32	-11	1,067	3,945	-47	-64	-32
Tech Mahindra	2,127	-24	-6	-24	-19	1,045	-44	67	16	-30
Piramal Healthcare	1,290	-40	14	-17	-27	826	-60	25	-3	-22
Nagarjuna Construction	1,058	-31	19	3	-14	414	-33	29	8	-16
Tulip Telecom	1,417	-8	37	31	-5	642	-19	-3	-15	-12
Aventis Pharma	435	20	-9	-18	-10	424	17	2	-10	-12
United Phosphorous	3,078	-3	1	-2	-2	1,424	-33	-11	-19	-10
Divis Labs	990	-35	70	48	-12	837	-36	51	41	-7

Highest Earnings Upgrade/Downgrade

TOP EARNINGS UPGRADES

Company	EPS - Pre-1QFY11 (Rs)			EPS - Post-1QFY11 (Rs)			% Upgrade	
	FY10	FY11E	FY12E	FY10	FY11E	FY12E	FY11E	FY12E
Tata Motors	24.1	76.3	98.8	24.1	120.5	140.6	58	42
Indiabulls Real Estate	-0.6	5.4	12.8	-0.6	7.7	16.7	42	30
Bank of India	33.1	41.1	58.0	33.1	54.4	65.5	32	13
Titan Industries	58.9	76.2	96.0	58.9	88.7	113.9	17	19
HPCL	38.4	34.6	37.1	38.4	40.0	41.2	16	11
Shriram Transport Fin.	38.7	51.4	61.3	38.7	58.5	70.3	14	15
Asian Paints	79.9	86.5	104.6	80.5	95.5	117.9	10	13
Larsen & Toubro	61.7	71.9	89.2	61.6	75.8	93.7	6	5
State Bank	184.8	226.0	285.4	184.8	236.2	296.7	5	4
TCS	35.1	39.5	42.6	35.1	40.8	44.5	3	5

TOP EARNINGS DOWNGRADES

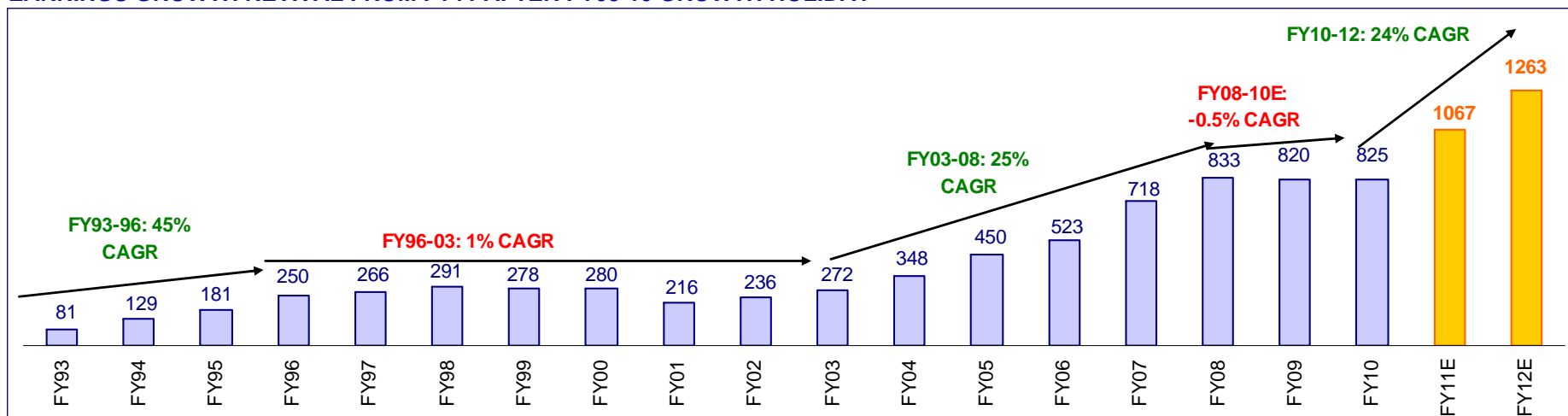
Company	EPS - Pre-1QFY11 (Rs)			EPS - Post-1QFY11 (Rs)			% Downgrade	
	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	FY11E	FY12E
India Cements	10.9	4.8	7.7	10.9	3.3	7.1	-31	-8
Piramal Healthcare	23.4	25.6	30.3	23.4	18.5	24.4	-28	-20
JSW Steel	59.4	79.8	145.4	59.4	60.2	123.1	-25	-15
Jubilant Organosys	28.6	32.5	33.7	28.6	25.7	28.8	-21	-14
Idea Cellular	3.1	1.7	2.3	3.1	1.4	1.8	-17	-21
IVRCL Infra.	7.8	9.5	12.5	7.8	8.2	11.2	-14	-11
Maruti Suzuki	90.8	99.5	118.1	90.8	88.3	105.5	-11	-11
Dr Reddy's Labs	6.3	54.6	61.6	6.3	48.7	59.3	-11	-4
ABB	16.7	20.1	33.9	16.7	18.5	30.9	-8	-9
Hero Honda	111.8	122.3	142.8	111.8	114.2	134.6	-7	-6

Sensex Companies' EPS Upgrade/Downgrade

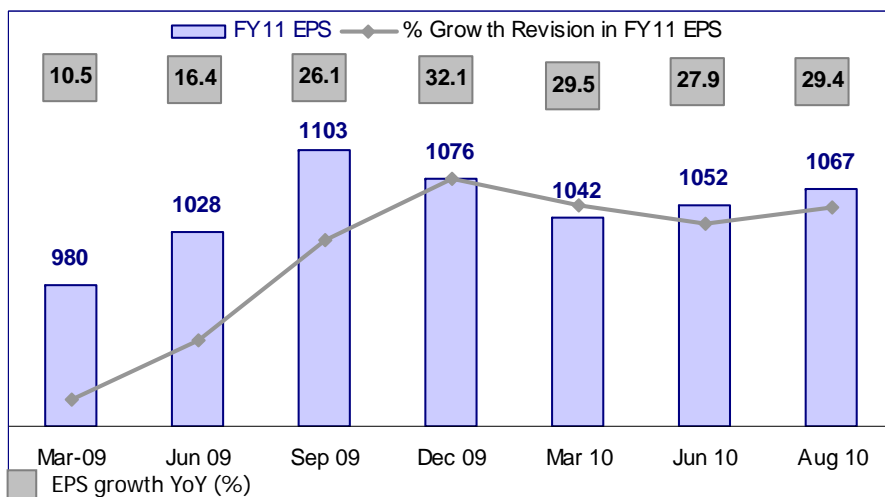
(Rs)	PRE-1QFY11 EPS			POST-1QFY11 EPS			EPS UPGRADE / DOWNGRADE (%)	
	FY10	FY11E	FY12E	FY10	FY11E	FY12E	FY11E	FY12E
Tata Motors	24.1	76.3	98.8	24.1	120.5	140.6	58	42
Jaiprakash Associates	1.6	4.1	4.1	1.6	5.9	4.7	46	13
Hindalco	4.2	12.7	17.0	8.8	13.6	16.6	7	-2
Larsen & Toubro	61.7	71.9	89.2	61.6	75.8	93.7	6	5
State Bank	184.8	226.0	285.4	184.8	236.2	296.7	5	4
Tata Power	59.8	85.9	115.9	62.4	89.1	117.5	4	1
TCS	35.1	39.5	42.6	35.1	40.8	44.5	3	5
HDFC Bank	64.4	84.5	109.4	64.4	86.4	112.0	2	2
ITC	5.3	6.2	7.3	5.3	6.3	7.5	2	3
Hind. Unilever	9.4	9.5	11.3	9.4	9.6	11.3	1	0
Tata Steel	-9.3	63.7	67.6	-9.3	64.4	64.3	1	-5
Infosys	107.4	123.7	149.9	107.4	123.7	150.6	0	0
BHEL	95.7	118.8	155.5	95.7	118.8	146.7	0	-6
ICICI Bank	36.1	46.1	58.4	36.1	46.0	57.3	0	-2
Wipro	18.6	21.8	24.1	18.6	21.7	23.9	0	-1
Mahindra & Mahindra	42.5	58.4	70.2	42.6	57.9	68.3	-1	-3
HDFC	98.4	118.0	140.5	98.4	116.8	139.1	-1	-1
Reliance Inds.	54.8	69.0	83.4	54.8	67.3	75.2	-3	-10
Cipla	12.7	14.6	17.4	12.5	14.2	16.9	-3	-3
NTPC	10.9	11.3	13.4	10.7	11.0	12.0	-3	-10
ACC	86.7	75.5	82.9	86.7	73.0	79.9	-3	-4
DLF	10.0	11.9	16.0	10.0	11.2	15.1	-6	-5
ONGC	90.7	122.5	141.2	90.7	115.3	134.6	-6	-5
Sterlite Inds.	24.0	17.0	22.8	24.0	16.0	22.5	-6	-1
Hero Honda	111.8	122.3	142.8	111.8	114.2	134.6	-7	-6
Bharti Airtel	24.0	21.0	22.8	23.7	19.0	19.3	-9	-15
Maruti Suzuki	90.8	99.5	118.1	90.8	88.3	105.5	-11	-11
Reliance Infrastructure	43.1	56.7	67.3	43.1	49.8	61.8	-12	-8
Reliance Comm	23.7	6.2	7.7	23.7	5.3	7.7	-14	0
Sensex	823	1,052	1,276	825	1,067	1,263	1	-1

Sensex EPS Upgrade of 1%; CAGR of 24% till FY12

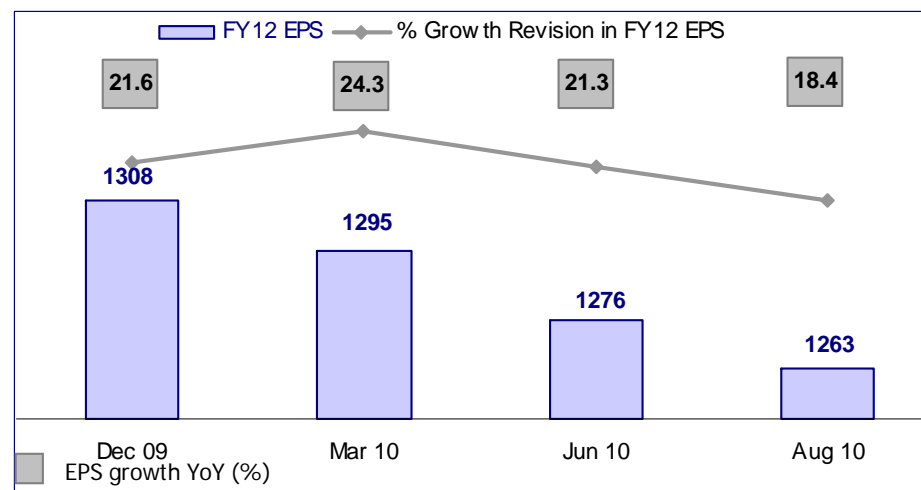
EARNINGS GROWTH REVIVAL FROM FY11 AFTER FY08-10 GROWTH HOLIDAY



TREND IN FY11E SENSEX EPS REVISION

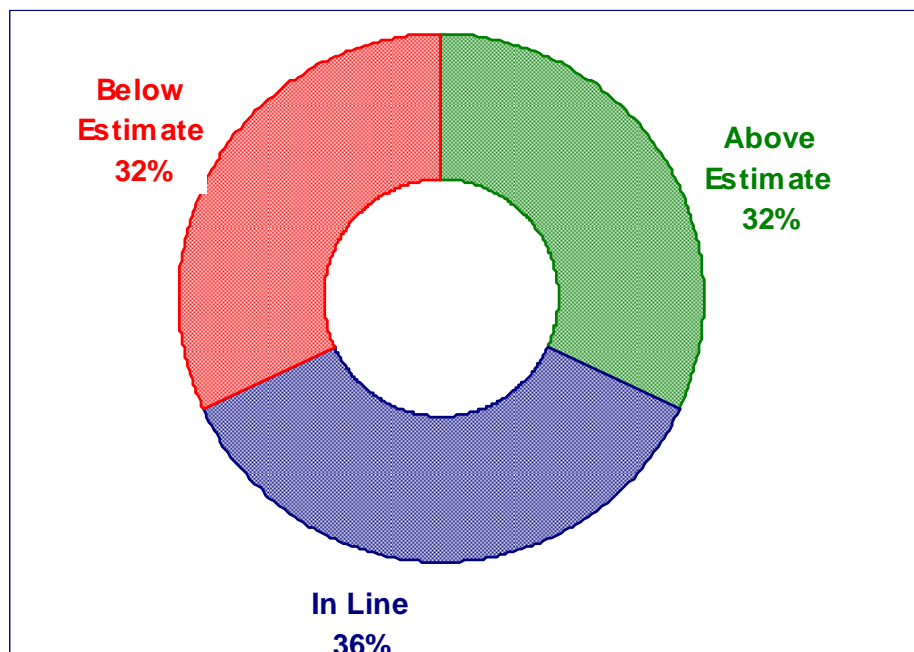


TREND IN FY12E SENSEX EPS REVISION

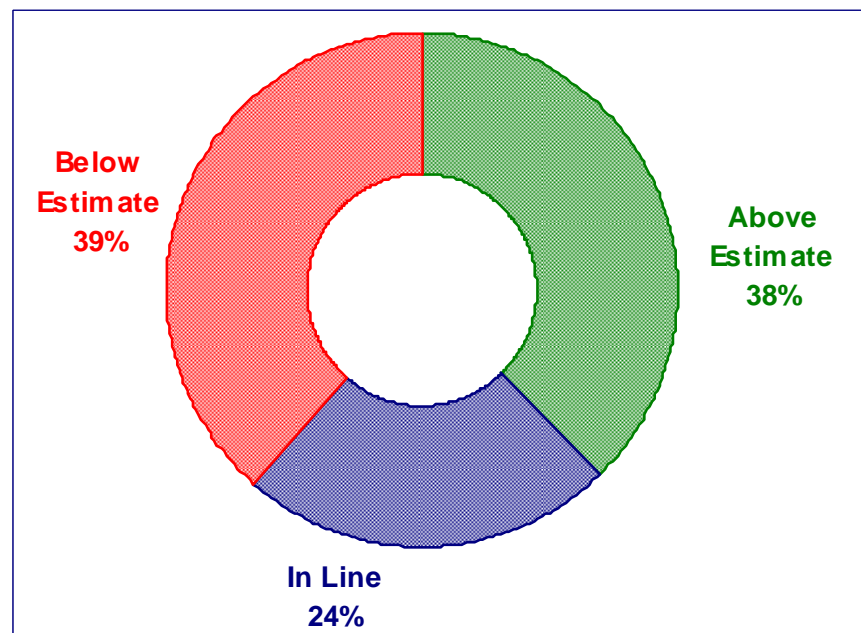


June-10 Quarter Results: Deviation from Est. (Companies)

EBITDA DEVIATION (122 COMPANIES)



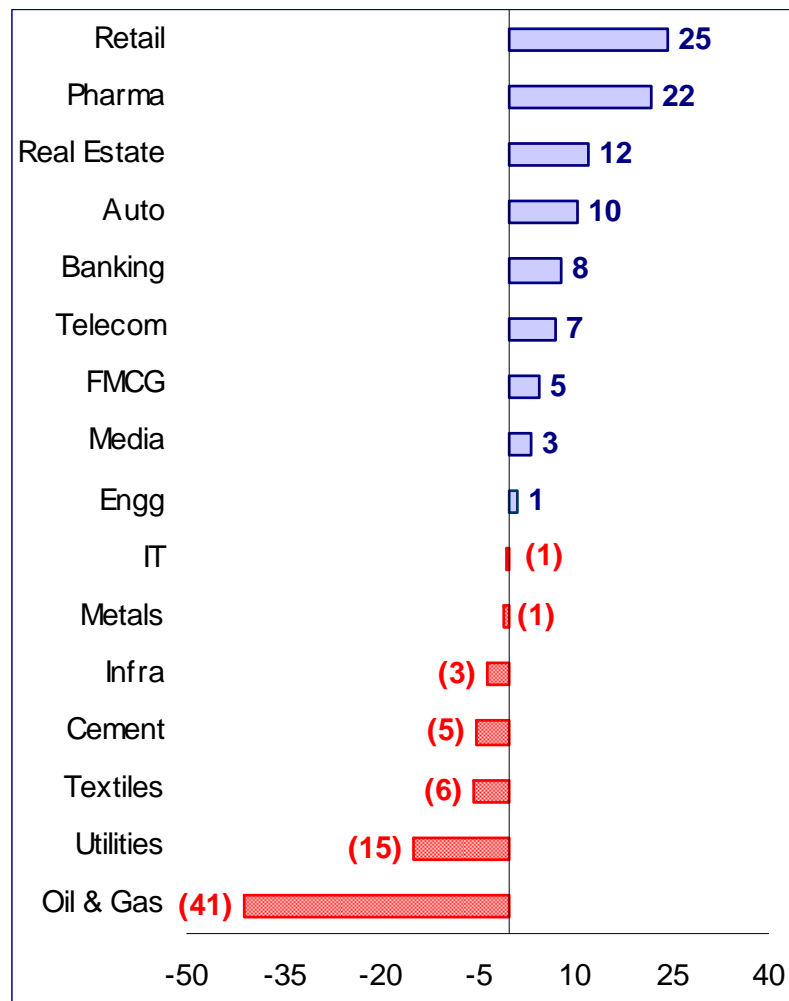
PAT DEVIATION (122 COMPANIES)



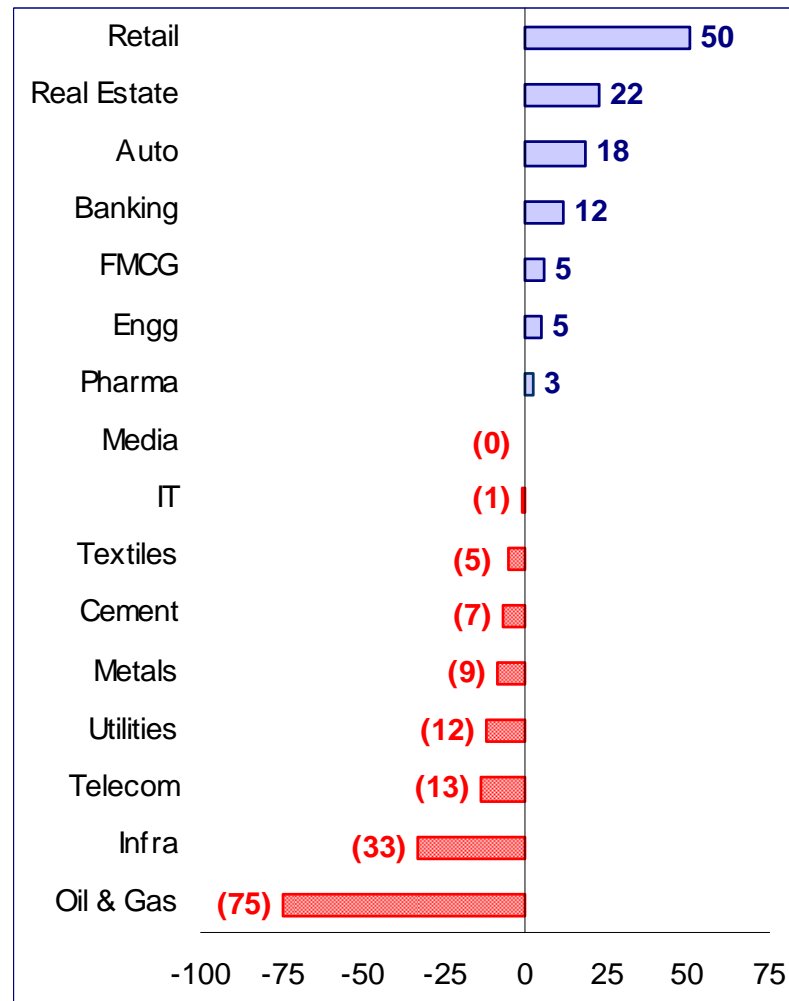
- On the EBITDA front, 39 companies surpassed estimates while 39 fell short.
- On the PAT front, 46 companies surpassed estimates while 47 fell short.

June-10 Quarter Results: Deviation from Est. (Sectors)

EBITDA DEVIATION (SECTORS) – VARIANCE (%)



PAT DEVIATION (SECTORS) – VARIANCE (%)



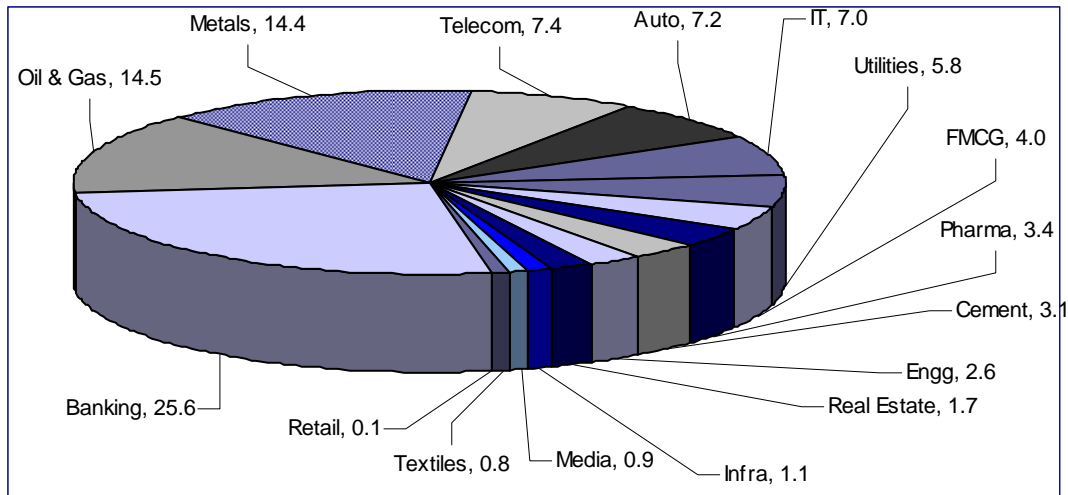
Comparison of Earnings Based on Growth Rates

- Breadth of earnings neutral
- 46 companies in our Universe reported higher than estimated PAT; 47 reported lower than estimated PAT. On the EBITDA front, 39 companies surpassed our estimate while 39 fell short.
- Proportion of companies with negative earnings growth has decreased from 32% to 31% during this period.
- 57% of companies in MOSL Universe with earnings contribution of 68% have reported earnings growth of 15%+.
- Another 12% of the MOSL Universe with earnings contribution of 5% have reported earnings growth of under 15%.
- 31% of the MOSL Universe with earnings contribution of 27% have reported earnings de-growth.

Quarter Ending	PAT Growth (%)	Distribution of companies (Ex RMs) %		
		>15%	>0-15%	<0%
Mar 05	33.9	59	13	28
June 05	26.4	65	19	15
Sep 05	20.5	73	13	13
Dec 05	9.3	72	10	18
Mar 06	4.7	59	15	26
June 06	33.9	71	13	16
Sep 06	36.9	76	12	12
Dec 06	55.2	79	11	11
Mar 07	36.4	73	11	17
June 07	34.0	75	11	14
Sep 07	25.1	71	15	14
Dec 07	15.4	67	12	21
Mar 08	24.3	57	19	24
June 08	25.6	53	24	23
Sep 08	19.7	48	26	26
Dec 08	-8.4	36	22	42
Mar 09	-15.5	41	18	41
June 09	-14.9	54	14	32
Sep 09	-11.3	51	14	35
Dec 09	22.7	60	9	31
Mar 10	44.0	65	9	26
June 10	23.7	57	12	31

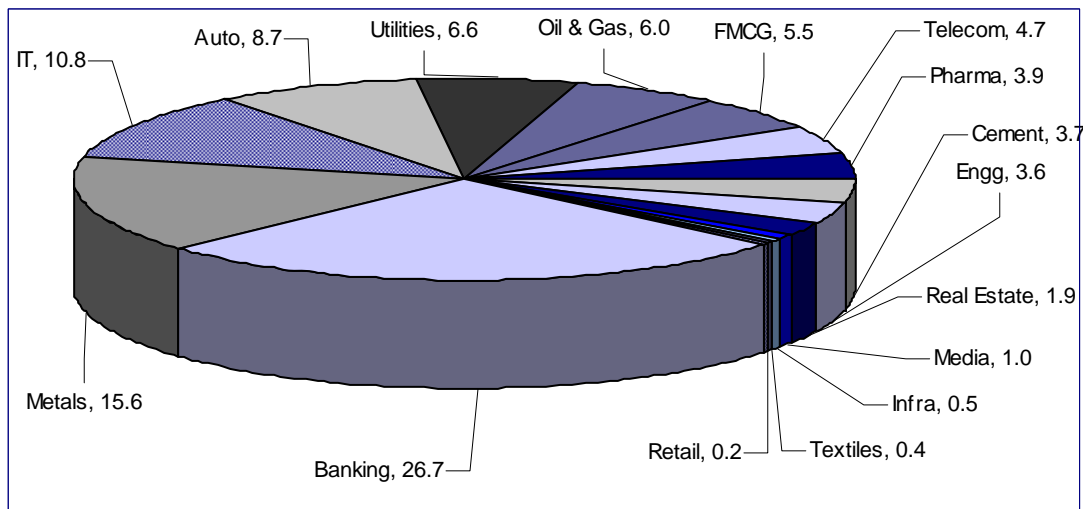
1QFY11 Results Review: Sectoral Contribution

SECTORAL CONTRIBUTION TO EBITDA (%) – 1QFY11



Banking (26%), and Oil & Gas (14%) are the biggest contributors to EBITDA for 1QFY11

SECTORAL CONTRIBUTION TO PAT (%) – 1QFY11



Banking (27%), and Metals (16%) are the biggest contributors to PAT for 1QFY11

June-10 Quarter Sector Margins: Actual v/s Estimates

QUARTERLY PERFORMANCE - EBITDA AND PAT MARGIN (%)

SECTOR	EBITDA MARGIN				PAT MARGIN			
	ACTUAL	ACTUAL	EST.	ACTUAL	ACTUAL	ACTUAL	EST.	ACTUAL
	JUN 09	JUN 10	CHG	CHG	JUN 09	JUN 10	CHG	CHG
Automobiles	9.5	14.3	3.4	4.7	2.1	8.6	5.2	6.5
Banking	89.6	84.7	-4.1	-4.9	47.5	44.1	-4.6	-3.5
Cement	32.8	26.4	-4.9	-6.4	20.8	15.5	-4.1	-5.3
Engineering	11.1	12.5	0.3	1.5	8.0	8.6	-0.5	0.6
FMOG	21.1	20.7	-1.0	-0.4	14.3	13.9	-0.8	-0.3
Infrastructure	15.6	14.5	0.1	-1.1	5.5	3.2	-0.5	-2.3
IT	25.9	25.1	-0.7	-0.8	19.3	19.2	0.1	-0.1
Media	37.9	41.4	4.1	3.5	24.9	23.7	0.0	-1.2
Metals	11.7	19.6	7.9	7.9	3.0	10.6	8.5	7.6
Oil & Gas	13.8	6.1	-3.1	-7.8	8.5	1.2	-3.4	-7.3
Pharma	19.6	23.9	0.8	4.2	11.9	13.7	2.1	1.9
Real Estate	48.6	46.7	-6.0	-1.9	27.2	25.7	-5.8	-1.5
Retail	5.6	8.9	1.5	3.3	2.6	6.5	1.7	3.9
Telecom	38.8	32.9	-5.2	-5.9	23.7	10.4	-10.5	-13.2
Textiles	18.3	22.5	3.4	4.2	3.0	5.3	2.1	2.3
Utilities	26.5	24.4	1.0	-2.1	17.2	13.9	-2.0	-3.3
Others	17.4	18.6	0.6	1.2	9.4	9.9	-0.3	0.5
MOSL Universe	20.6	18.1	-0.8	-2.5	11.6	9.0	-0.9	-2.6
Sensex Universe	24.8	24.1	-1.0	-0.7	13.2	12.7	-0.3	-0.5

Source: MOSL

MOSL Model Portfolio

MOSL MODEL PORTFOLIO

SECTOR WEIGHT / PORTFOLIO PICKS	BSE-100	MOSL WEIGHT	WEIGHT RELATIVE TO BSE-100	EFFECTIVE SECTOR STANCE
Banks	24.1	25.0	-0.1	Underweight
PSU	6.9	11.0	4.1	Overweight
SBI	4.0	6	2.0	Buy
PNB	0.8	3	2.2	Buy
Indian Bank	0.0	2	2.0	Buy
Private	11.6	12.0	-0.6	Underweight
ICICI Bank	5.4	5	-0.4	Buy
HDFC Bank	3.8	5	0.2	Buy
Yes Bank	0.0	2	2.0	Buy
NBFCs	5.6	2	-3.6	Underweight
Dewan Housing	0.0	2	2.0	Buy
Infrastructure & Related	13.0	17.0	4.0	Overweight
BHEL	2.1	5	2.9	Buy
Larsen & Toubro	4.8	5	0.2	Neutral
Unitech	0.6	3	2.4	Buy
ACC	0.4	2	1.6	Buy
Nagarjuna Construction	0.0	2	2.0	Buy
Oil & Gas	14.9	16.0	1.1	Overweight
Reliance Inds.	8.7	6	-2.7	Neutral
ONGC	2.7	4	1.3	Buy
BPCL	0.5	3	2.5	Buy
GAIL	1.1	3	1.9	Buy
Information Technology	11.0	11.0	0.0	Overweight
Infosys Tech	6.7	7	0.3	Buy
HCL Tech	0.5	2	1.5	Buy
Mphasis	0.0	2	2.0	Neutral

SECTOR WEIGHT / PORTFOLIO PICKS	BSE-100	MOSL WEIGHT	WEIGHT RELATIVE TO BSE-100	EFFECTIVE SECTOR STANCE
FMCG / Media	8.0	7.0	-1.0	Underweight
ITC	4.1	3	-1.1	Buy
United Spirits	0.6	2	1.4	Buy
Zee Ent	0.4	2	1.6	Buy
Auto	6.2	4.0	-2.2	Underweight
Mahindra & Mahindra	1.3	2	0.7	Buy
Hero Honda	0.9	1	0.1	Buy
Maruti	0.9	1	0.1	Buy
Pharmaceuticals	3.6	5.0	1.4	Overweight
Cipla	0.8	3	2.2	Buy
Divi's Lab	0.2	2	1.8	Buy
Metals	6.0	4.0	-2.0	Underweight
JSW Steel	0.6	2	1.4	Buy
Hindalco	1.1	2	0.9	Buy
Telecom	3.1	2.0	-1.1	Neutral
Bharti Airtel	2.1	2	-0.1	Buy
Utilities	6.4	4.0	-2.4	Underweight
Power Grid Corp.	0.3	2	1.7	Buy
NTPC	1.6	2	0.4	Neutral
Others	3.8	5.0	2.2	-
Deccan Chronicle	0.0	1	1.0	Buy
Sintex Industries	0.0	1	1.0	Buy
Birla Corp	0.0	1	1.0	Buy
Anant Raj Industries	0.0	1	1.0	Buy
Opto Circuits	0.0	1	1.0	Buy
Cash	0.0	0.0	0.00	
TOTAL	100.0	100.0		



AUTO: Margins disappoint; multiple headwinds in near term

Summary

- Volumes grew 32% YoY (4.3% QoQ) for the industry in 1QFY11, with growth across all segments.
- RM cost increase (~140bp QoQ) was partly offset by price increases and higher operating leverage, translating into 90bp QoQ decline in EBITDA margin and PAT decline of 7.7% QoQ (~25.4% YoY growth).
- **Mixed bag for earnings:** EPS upgrade for Tata Motors (+58%) and Bajaj Auto(+2%), but downgrade in Maruti (-13%) and Hero Honda (-6.6%).
- Short-run demand could be impacted due to multiple headwinds in form of increasing cost of ownership (price increases and hardening interest rates) and cost of operations (increase in fuel prices). Forex and commodity price volatility could impact profitability.
- **Top Picks:** M&M and Bajaj Auto.

MARGINS DECLINE 90BP QOQ

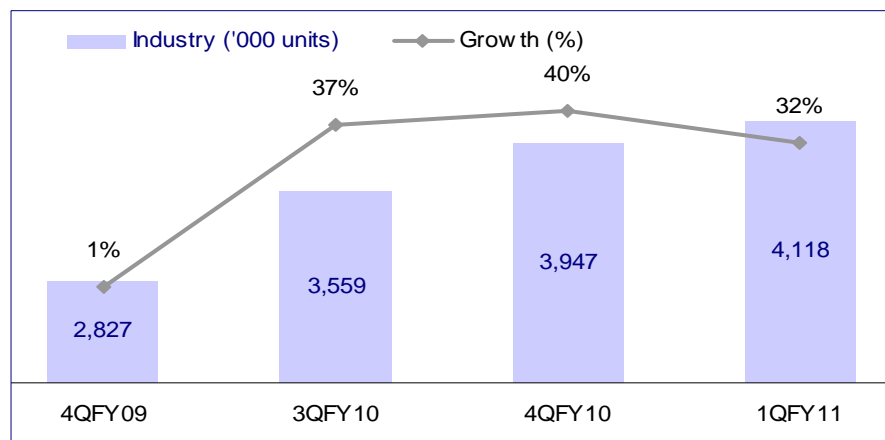
	Volumes ('000)			EBITDA Margin (%)			PAT (RS M)		
	1QFY11	YoY	QoQ	1QFY11	YoY(bp)	QoQ(bp)	1QFY11	YoY	QoQ
Bajaj Auto	928	69.5	14.8	20.0	50	-290	5,902	90	5
Hero Honda	1,234	10.3	4.0	13.4	-340	-330	4,917	-2	-18
Maruti Suzuki	283	25.0	-1.4	10.6	-190	-280	5,125	-12	-22
M&M	127	24.5	-4.0	15.0	-120	-100	5,624	23	-2
Tata Motors *	190	48.7	-12.2	11.3	-10	120	4,434	102	5
Aggregate	2,763	30.1	5.0	13.1	-120	-90	26,001	25	-8

* Standalone; YoY and QoQ in %, unless otherwise stated

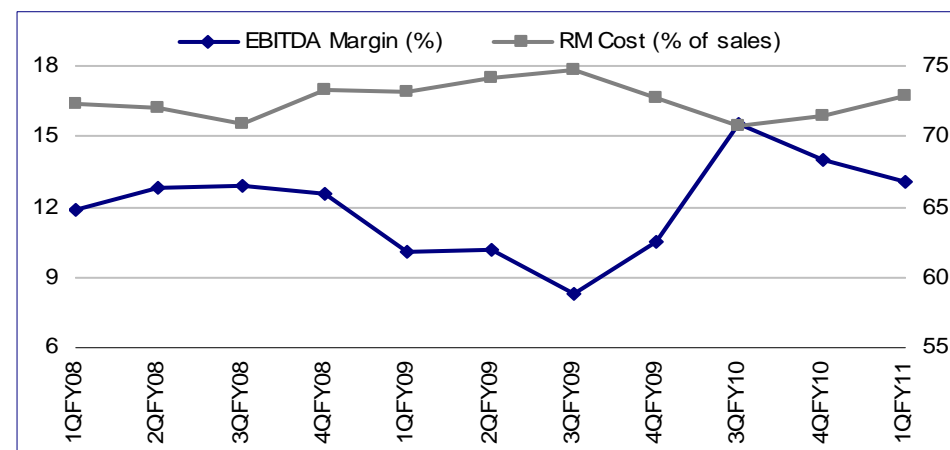
REVISED EPS ESTIMATES (Rs)

	FY11E			FY12E		
	New	Chg (%)	PE (x)	New	Chg (%)	PE (x)
Bajaj Auto	168.0	1.9	14.7	184.0	1.6	13.4
Hero Honda	114.2	-6.6	16.0	134.6	-5.7	13.6
Maruti	80.4	-13.0	16.9	97.6	-11.4	13.9
M&M	57.9	-0.8	14.9	68.3	-2.7	12.7
Tata Motors	120.5	58.0	11.0	140.5	42.3	9.4

VOLUME GROWTH CONTINUES TO BE ROBUST



MARGINS SOFTEN FROM HIGHER LEVELS



BANKING: Strong core operating performance

- **Industry:** Strong loan growth of 22% YoY partially led by lower base of last year and funding opportunity towards 3G and BWA. However, deposits growth was muted at 15% YoY resulting into CD ratio improving to 73.4% vs 72.2% a quarter ago. PNB, HDFC Bank and BoB grew loans higher than sequential industry growth.
- While deposits growth is under pressure, CASA growth remains strong leading to lower cost of funds. Our sector universe CASA grew 30% YoY and deposits 16% YoY.
- Aggregate NII grew 6% QoQ (vs est 3% decline) led by better than expected performance on NIMs. On a lower base, NII grew 40% YoY. Sharp improvement in NIM witnessed for BOI at 32bp QoQ and SBI at 22bp QoQ. Sharpest fall in NIM witnessed for Axis Bank (38bp QoQ).
- Performance on asset quality is better than expectation. For our coverage universe GNPA increased by 6% QoQ.
- Some banks have shown improving signs on upgradation and recoveries. Biggest surprise came from BOI and OBC where GNPA remained stable QoQ.
- Fee income growth disappointed, except SBI, fees for all large PSU banks grew single digit YoY. Even for private banks, fee income growth was lower than loan growth. SBI's performance on fees stands out.
- Core Operating Profit was up 61% YoY On a lower base. For PSU banks it grew 74% YoY. SBI, BoB and OBC lead the pack .Overall results were better than expected with PAT growth of 28% YoY for our coverage universe.
- We expect margins to remain robust in FY11 as banks are offsetting the impact of rising deposit rates by increasing their BPLR. Our concerns over asset quality are abating with uptick in economic growth.
- **Top Picks:** SBI, ICICI Bank, HDFC Bank, BoB and Union Bank large caps. Andhra, Indian, Federal Bank in mid caps.

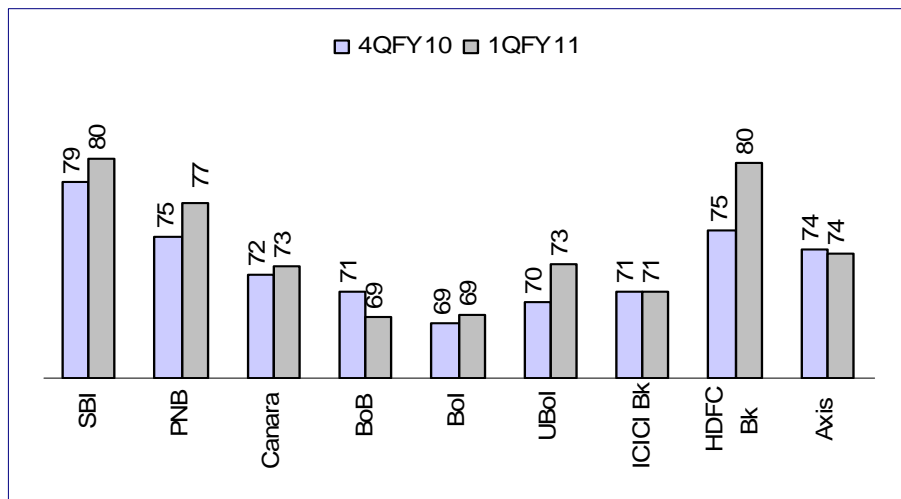
1QFY11 KEY OPERATING METRICS

	NII		Fee Income		PAT		Deposits		Loans		Gross NPA		NIM %		
	QoQ %	YoY %	QoQ %	YoY %	QoQ %	YoY %	QoQ %	YoY %	QoQ %	YoY %	QoQ %	YoY %	1QFY10	4QFY10	1QFY11
SBI	8.7	45.4	-30.9	29.4	56.1	25.1	1.4	6.8	3.4	20.3	6.6	36.0	2.30	2.96	3.18
PNB	4.8	45.4	8.4	5.9	-5.9	28.4	2.4	16.6	5.5	24.6	12.4	26.1	3.41	3.99	3.94
Canara Bank	8.2	33.8	-13.8	10.3	101.4	82.5	1.8	23.3	2.6	23.5	-1.6	3.5	2.70	2.80	3.01
BoB	6.5	54.2	-25.2	3.8	-5.2	25.4	5.7	28.2	6.0	30.7	10.7	28.5	2.37	2.97	2.90
BOI	12.2	33.8	-27.0	-5.7	69.5	24.1	1.7	19.8	3.2	19.6	-1.8	72.0	2.42	2.57	2.89
UBOI	-3.4	65.0	-42.6	9.8	1.3	36.0	0.6	19.2	4.3	29.9	2.4	46.0	2.32	3.39	3.03
Coverage PSU	7.1	45.9	-23.6	20.0	28.8	29.3	1.7	15.8	3.9	23.2	6.3	37.7	NA	NA	NA
ICICI Bank	-2.2	0.3	-7.1	7.2	2.0	16.8	-0.5	-4.4	1.8	-6.9	3.6	2.9	2.40	2.60	2.50
HDFC Bank	2.1	29.4	-3.4	16.6	-3.0	33.9	9.3	25.6	16.2	40.9	-1.4	-17.2	4.10	4.40	4.30
Axis Bank	3.7	44.8	-4.7	18.3	-3.0	32.0	4.4	33.8	4.1	39.1	1.7	46.5	3.34	4.09	3.71
Coverage Private	2.0	24.0	-5.8	13.7	1.0	25.5	3.8	16.4	6.6	18.1	4.0	4.9	NA	NA	NA
Coverage Universe	5.8	39.8	-16.7	17.2	20.5	28.3	2.1	15.9	4.5	22.1	5.7	27.9	NA	NA	NA

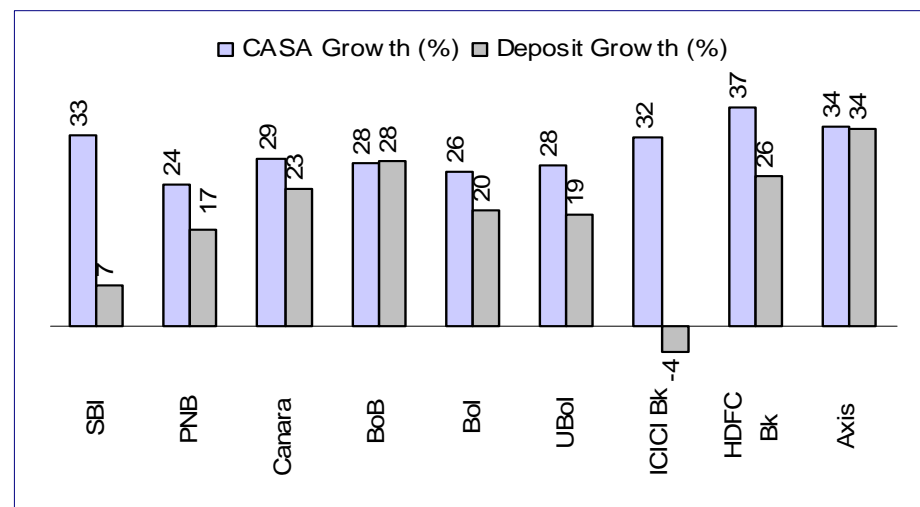
Note: Fee income is non-interest income (ex trading profits, recoveries and forex), * NIM on cumulative basis, rest on quarterly basis

BANKING: Strong core operating performance

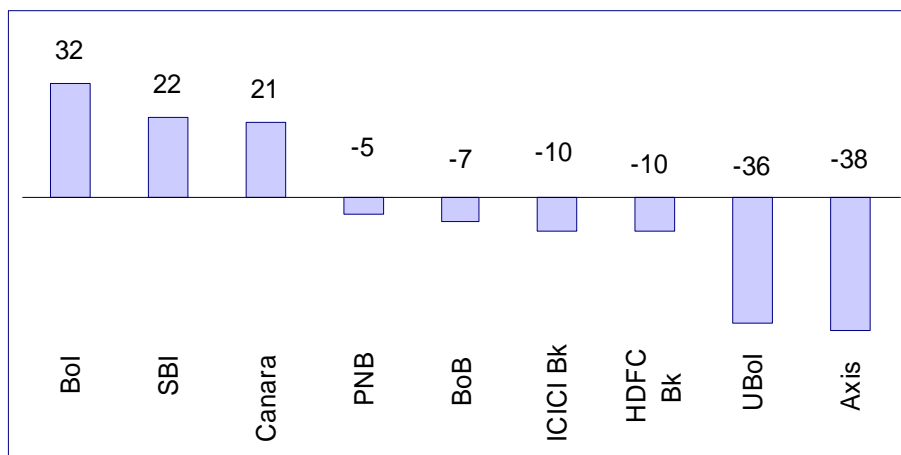
STRONG IMPROVEMENT IN CD RATIO



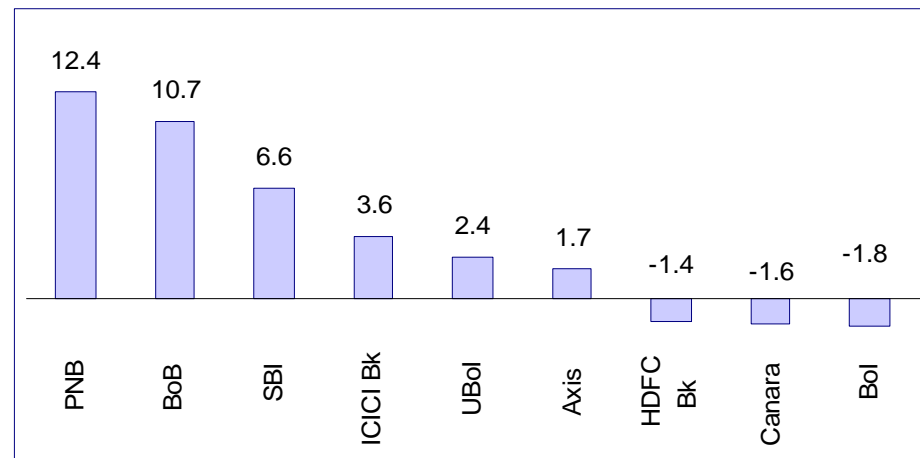
CASA GROWTH OUTPACED DEPOSITS GROWTH YOY



MARGINS PERFORMANCE FOR LARGE BANKS (BP, QOQ)



SHARPLY LOWER THAN EXPECTED INCREASE IN GNPA (QOQ, %)

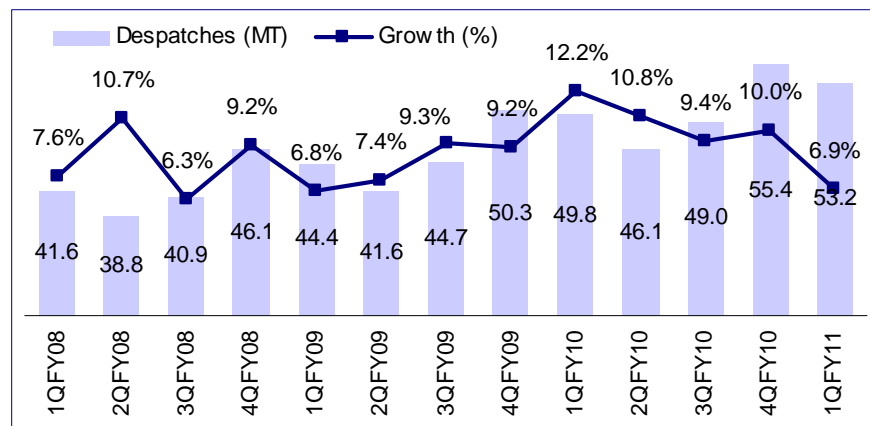


CEMENT: Disappointing as higher cost restricts EBITDA recovery

Summary

- Volumes were lower than estimates with 3.8% YoY growth in 1QFY11. Cement realizations were above estimates with Rs4/bag QoQ improvement.
- However, EBITDA/ton was in line with 2.3% QoQ improvement (~24.4% YoY decline) to Rs1,020/ton, as increase in realizations was diluted by energy and freight cost inflation.
- Higher cost push has led to downgrade of 1-8% in our FY12 EPS. UltraTech has seen ~6% downgrade, whereas India Cement has seen ~7.6% downgrade.
- Volume growth disappointed in 1QFY11 and is expected at ~8% till Dec-10 with pick-up from 4QFY11. This coupled with excess capacities would keep cement prices under pressure at least till 3QFY11.
- Top Picks:** ACC, UltraTech and Birla Corp

1QFY11 INDUSTRY VOLUME GROWTH SLOWED DOWN TO 6.9%



RS4/BAG QOQ IMPROVEMENT IN REALIZATIONS

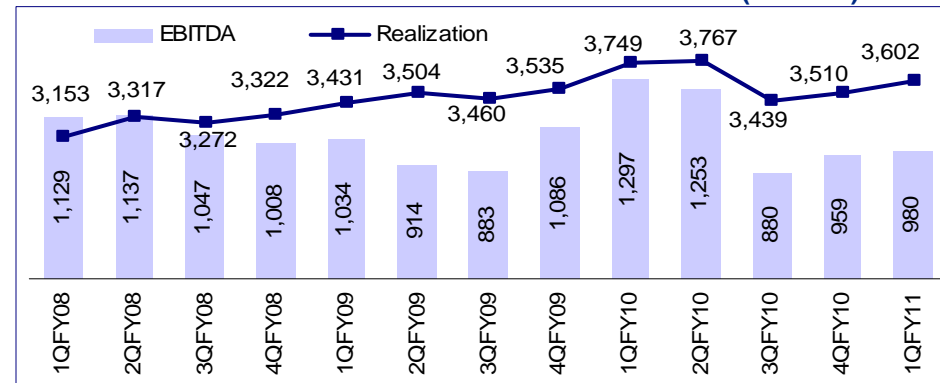
	Volumes (MT)			Realization (Rs/ton)			EBITDA (Rs/Ton)		
	1QFY11	YoY	QoQ	1QFY11	YoY	QoQ	1QFY11	YoY	QoQ
ACC	5.3	-2.8	-5.6	3,834	-0.1	1.8	1,049	-22.6	-5.9
Ambuja	5.3	10.6	1.3	3,834	0.2	1.5	1,130	13.6	4.4
Grasim	5.1	5.3	-3.6	3,457	-5.6	2.3	1,198	-19.3	2.9
UltraTech	5.1	-3.7	-10.2	3,496	-4.9	4.4	792	-41.3	12.2
Birla Corp	1.5	23.0	-10.0	3,510	-5.6	1.2	1,174	-23.6	-1.8
India Cement	2.7	8.0	-9.9	3,211	-14.0	2.8	376	-67.7	-11.8
Aggregate	25.0	3.8	-5.5	3,602	-3.9	2.6	980	-24.4	2.3

YoY and QoQ in %

REVISED EPS ESTIMATES (RS)

	FY11E			FY12E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
ACC	73.0	75.5	-3.4	79.9	82.9	-3.7
Ambuja Cement	8.3	8.5	-2.1	9.0	9.1	-1.2
Grasim	251.2	262.7	-4.4	283.6	297.2	-4.6
UltraTech	59.3	63.0	-5.9	68.6	73.0	-6.0
Birla Corp	61.3	62.5	-1.9	63.3	64.1	-1.3
India Cement	3.3	4.8	-30.6	7.1	7.7	-7.6

HIGHER COST RESTRICTS EBITDA/TON IMPROVEMENT (RS/TON)



CONSTRUCTION: Initial improvements

Summary

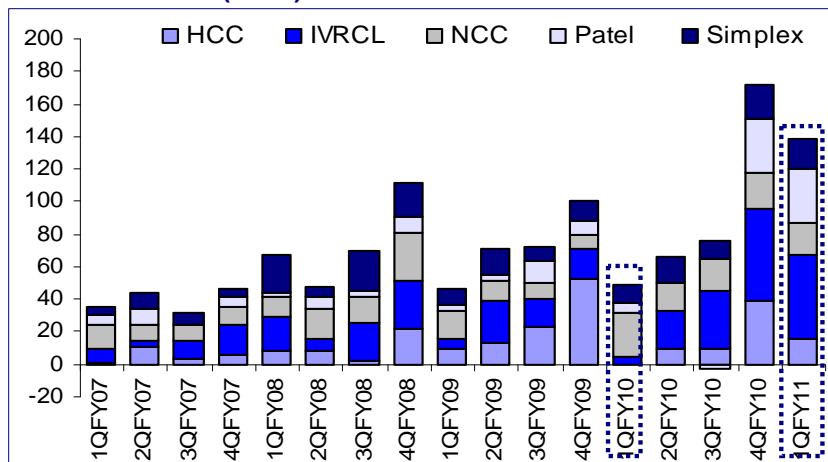
- Order intake growth more than doubled YoY primarily driven by IVRCL Rs51b and NCC Rs32b. In-house projects for IVRCL stood at Rs30b.
- EBIDTA margins for the sector stayed at 11.2% which expanded 40bp YoY mainly on the back of lower commodity prices.
- Despite poor execution, interest cost as percentage of revenues declined 40bp YoY and stood at 3.8% in 1QFY11.
- Top Picks:** NCC, Simplex

PAT GROWTH (% YoY) : STRONG FOR HCC AND SIMPLEX

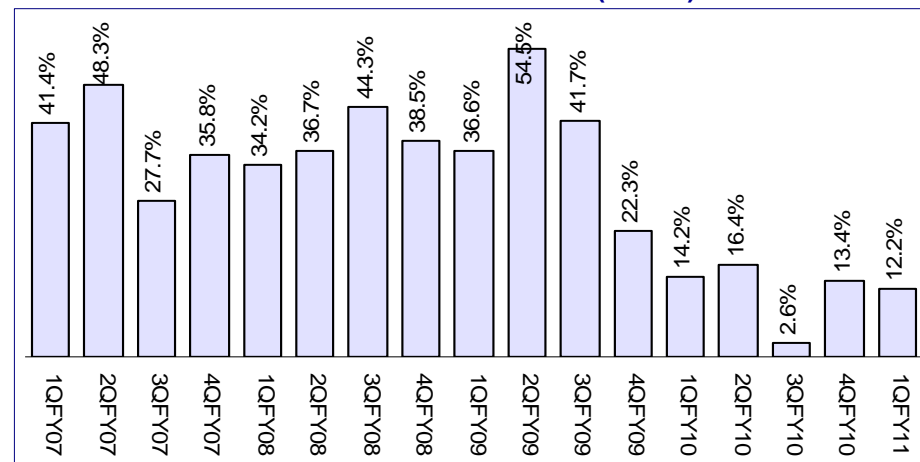
Rs Million	Sales YoY (%)			EBITDA YoY (%)			PAT YoY (%)		
	Est	Actual	Var	Est	Actual	Var	Est	Actual	Var
Hindustan Const	6	5	-1	2	9	7	1	-54	-51
IVRCL Infra	21	2	-16	25	1	-19	25	48	21
Nagarjuna Const	21	9	-10	19	3	-14	29	24	9
Simplex Infra	7	6	-1	7	7	0	54	15	2
Sector	21	10	-8	24	25	1	13	19	5

Var - Variance from estimates

ORDER INTAKE (RS B): MORE THAN DOUBLES YOY



EXECUTION REMAINS SLUGGISH IN 1QFY11 (% YoY)



ENGINEERING: Revenues sluggish; OPMs strong

Summary

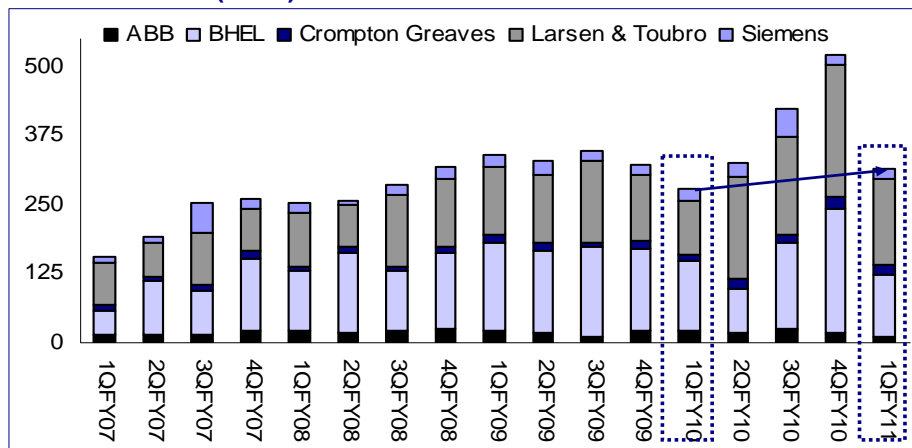
- Order intake for the sector in 1QFY11 improved 13% YoY at Rs316b. Crompton (up 58% YoY), L&T (up 63% YoY) while BHEL had a 14% YoY decline.
- Margins at 12.5% up 150bp YoY, BHEL's adj margins up 434bp YoY to 15%. L&T and Crompton witness margin expansion of 153bp and 76bp, respectively. ABB and Siemens margin impacted given forex MTM, one-offs, etc.
- Revenue growth for 1QFY11 at 10% is below our FY11 revenue growth of 19% for the sector which leaves a lot of room for growth to catch up in 2HFY11E.
- Top Pick:** BHEL

BHEL/L&T/CG/ ABOVE EST; ABB BELOW EST

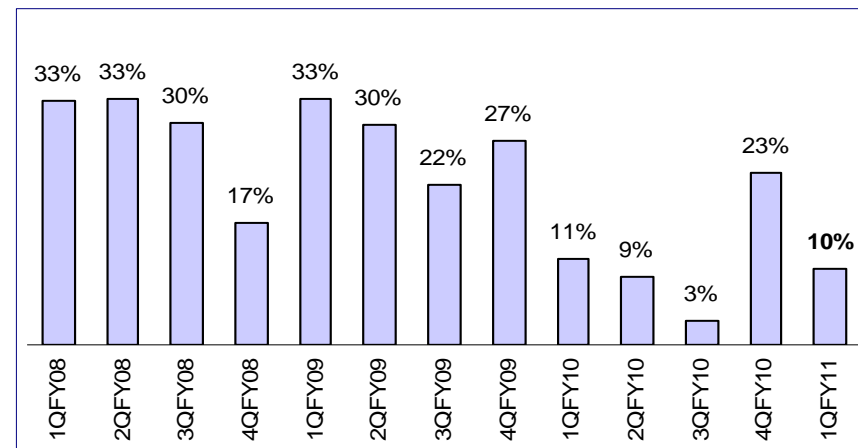
	Sales YoY (%)		EBITDA YoY (%)		PAT YoY (%)		
	Est.	Actual	Est.	Actual	Est.	Actual	Var.*
ABB	10.0	-3.9	-9.5	-60.9	-5.8	-54.2	-51.4
BHEL	28.9	15.8	43.4	63.4	22.4	47.7	20.7
Crompton Greaves	17.7	14.4	20.2	20.3	14.0	23.9	8.7
Larsen & Toubro	19.3	6.4	21.7	21.7	12.9	15.2	2.0
Siemens	12.5	17.1	4.9	-5.9	1.4	-9.5	-10.7
Thermax	14.8	14.8	16.4	16.4	9.1	9.1	0.0
Sector	20.5	10.4	23.7	24.9	13.4	18.9	4.9

* Variance of Actual PAT over estimate

ORDER INTAKE (RS B): INTAKE UP 13% YoY



REVENUEGROWTH OF 10% YoY vs FY10 AT 13%



FMCG: Volume growth steady, cost control arrests margin decline

Summary

- Volume growth momentum continued in 1QFY11 as well, however value growth was muted for most companies on account of fewer price increases.
- Companies are optimistic of the volume growth in coming quarters as normalcy of monsoons augurs well for rural demand and decline in inflation will boost demand from urban lower sections.
- HUL's volume growth stood at 10.3% (10.9% volume growth in 4QFY10); ITC's cigarette volumes de-grew ~3%.
- Our FMCG universe reported 16.2% sales growth and 13.8% EBITDA growth. PAT increased 13.5%.
- Top Picks:** We continue to prefer players with niche presence in categories with low competitive intensity. ITC, Nestle and Marico are our preferred bets.

VOLUME GROWTH MOMENTUM SUSTAINED IN 1QFY11

Quarter Ending	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Asian Paints	11.5	17.5	25.0	16.0	24.0
Colgate (Toothpaste)	14.0	18.0	15.0	11.0	14.0
Dabur	16.0	13.0	14.5	12.0	17.0
Godrej Consumer					
Soaps	15.0	16.0	11.0	0.0	-9.0
Hair Color	14.0	35.0	11.0	14.0	4.0
GSK Consumer	12.0	9.0	10.0	13.0	10.0
Hindustan Unilever	2.0	1.0	5.0	10.9	10.3
ITC (cigarette)	5.0	7.5	8.5	8.8	-3.0
Marico					
Parachute	14.0	10.0	8.0	10.0	14.0
Hair Oil	9.0	17.0	10.0	27.0	27.0
Saffola	13.0	22.0	18.0	13.0	17.5
United Spirits	17.0	11.1	12.3	16.0	6.0

SELECTIVE PRICE HIKES, COST CONTROL MAINTAIN MARGINS

Rs m	Sales	YoY (%)	EBIDTA	YoY (%)	PAT	YoY (%)
Asian Paints*	18,302	25.3	3,471	25.8	2,223	26.2
Colgate	5,288	13.0	1,598	30.4	1,219	18.6
Dabur*	9,165	19.3	1,367	18.0	1,068	19.5
Godrej Cons*	6,431	24.3	1,191	37.8	841	20.7
GSK Cons	5,374	14.5	894	18.4	718	28.5
HUL	48,762	8.3	6,809	-4.8	5,210	-2.9
ITC	48,473	15.5	16,371	18.0	10,703	21.8
Marico*	7,901	13.4	1,055	9.3	737	22.8
Nestle India	14,667	21.3	2,940	12.3	2,015	13.1
United Spirits	14,630	17.8	2,811	26.7	1,219	15.3

* Consolidated

IT: Supply pressures; Margins decline on wage inflation

Summary

- TCS, HCL Tech grew better than estimates
- Supply side pressures worsened with historical high attrition at Infosys, elevated attrition at Wipro; least impact on TCS.
- Wage inflation led to reduced EBITDA margins (except Wipro); Infosys' margins declined most
- Infosys results was below estimates; revenue growth guidance was positive but EPS outlook disappointed; HCL Tech led growth in volumes and revenues; Wipro performed best on margins. TCS' operational results exceeded estimates
- Expect US\$ revenue CAGR for top-4 IT players of 19.3-23.2% over FY10-12 and EPS CAGR of 12.6-18.4% for top-3 and 29% at HCL.
- **Top Picks:** Infosys, HCL Tech, Mphasis and Fintech

1QFY11: ACTUAL VS ESTIMATE

	US\$ Rev growth (%)		EBITDA margin (%)		PAT (Rs b)	
	Actual	Estimate	Actual	Estimate	Actual	Estimate
Infosys	4.8	5.3	31.7	33.1	14.9	15.9
TCS	6.4	4.7	29.3	28.6	18.4	18.5
Wipro	3.2	3.7	22.1	21.2	13.2	12.1
HCL Tech	7.7	3.6	17.9	18.4	2.8	3.0

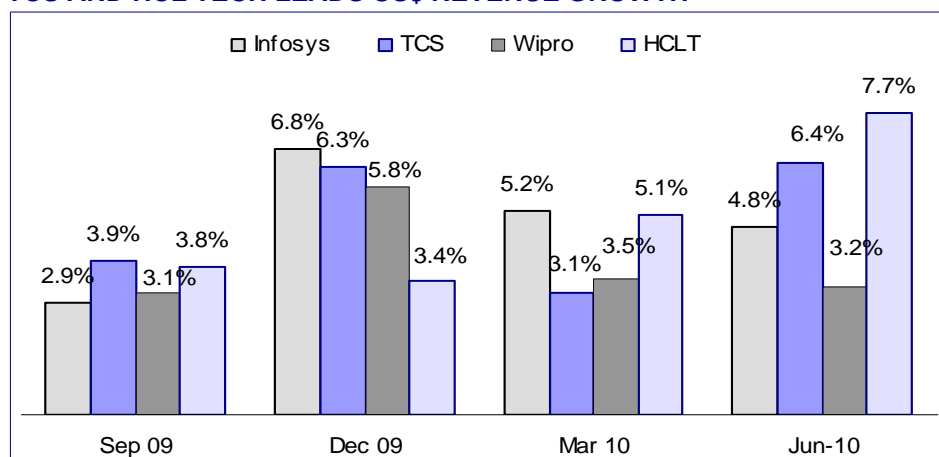
INCREASED ATTRITION ACROSS COMPANIES, LEAST IN TCS

LTM ATTRITION (%)

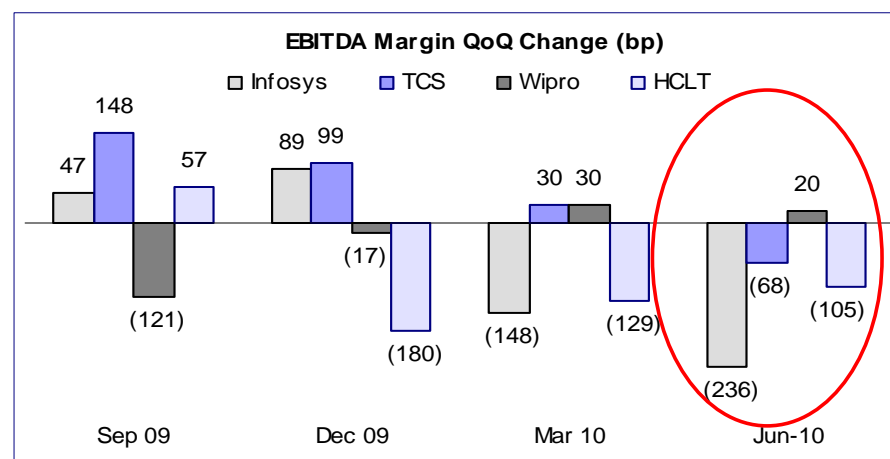
Company	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Infosys	11.1%	10.9%	11.6%	13.4%	15.8%
TCS	11.5%	11.4%	11.5%	11.8%	13.1%
Wipro*	8.4%	10.5%	13.4%	17.1%	23.0%
HCL Tech	13.0%	12.8%	12.8%	13.9%	15.7%

* Wipro - Quarterly Annualized

TCS AND HCL TECH LEADS US\$ REVENUE GROWTH



EBITDA MARGINS DIP ON WAGE INFLATION, CROSS CURRENCY



IT Guidance and Outlook: Infosys and HCL Tech more positive

Infosys Outlook: Revenue guidance positive but pressure on margins

- FY11 US\$ revenue guidance of 19-21% key positive
- EBITDA margin guidance of 150bp decline on wage inflation and currency impact (guidance at INR/US\$ of 46.45 vs 44.5 earlier)
- FY11 EPS guidance of 7.1% YoY (top end) despite assumed INR depreciation indicates margin pressure
- Gross addition target: 36,000 people (30,000 earlier)

Wipro Outlook: Margins to stay in narrow band, pressure on elevated attrition

- Revenue growth guidance of 4.1%-6.1% in 2QFY11 v/s 4.1-5.1% for Infosys positive
- To maintain margins within the narrow band hereon
- Margin pressures on RSU charges and promotion impacts of mid to senior level employees
- Risk on high attrition and low util. cushion in a high FPP (44.6%) and increased contract staff scenario

TCS Outlook: Strong volume growth, to sustain margins on aggressive cost control

- Strong volume growth on broad-based demand
- Gross hiring target of 40,000 people (30,000 earlier)
- Possible back-ended pricing increase on continued traction in overall demand and discretionary spend
- Continued cost management aggression but limited scope on SGA and utilization

HCL Tech Outlook: Broad based demand traction, wage hikes to impact margins

- Strong deal pipeline across verticals; BFSI seeing expansion within existing customers
- Margins headwinds in 1QFY11 on wage inflation
- BPO EBITDA losses of ~US\$5m per quarter to continue for the next 4-5 quarters
- Flattish to marginal growth outlook in EAS in 1QFY11 on moving key projects offshore

1QFY11 REVENUE BREAK-UP

QoQ growth (%)	Revenue	Volume	Realization/Mix
Infosys	4.8	6.9	-2.0
TCS	6.4	8.1	-1.7
Wipro	3.2	4.7	-1.5
HCL Tech	7.7	10.5	-2.8

Note: Realization is in reported currency

TOP TIER IN LINE, EXCEPT UPGRADE IN TCS; DOWNGRADES IN MID-CAP (PATNI AND TECH MAHINDRA)

CHANGE IN ESTIMATES AFTER 1QFY11

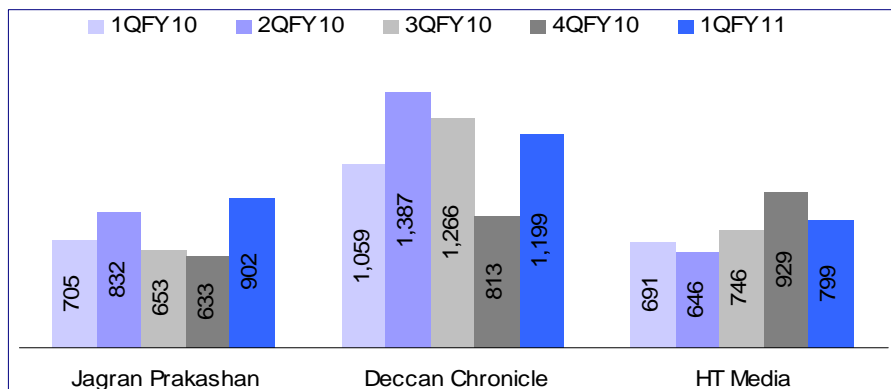
EPS (Rs)	Old		New		Change (%)	
	FY11	FY12	FY11	FY12	FY11	FY12
Infosys	123.7	149.9	123.7	150.6	0	0
TCS	39.5	42.6	40.8	44.5	3	5
Wipro	21.8	24.1	21.7	23.9	0	-1
HCL Tech	25.9	29.5	25.2	29.3	-3	-1
Tech Mahindra	59.9	64.8	54.5	60.8	-9	-6
Mphasis	50.2	53.9	50.2	53.9	0	0
Patni	43.8	45.3	41.1	43.0	-6	-5

MEDIA: Strong momentum driven by advertising

Summary

- Advertising growth remains strong - ZEEL reported 35-40% (like-to-like) ad revenue growth while Sun reported 44%.
- ZEEL revenue was broadly in line but EBITDA was below estimates due to losses in sports business.
- All print media companies posted strong numbers; robust ad revenue growth and newsprint contracts/inventory at lower cost offset the impact of higher newsprint prices.
- We expect continued traction in ad revenue momentum. DTH remains a growth driver for subscription revenue of broadcasters. Potential sunset clause on analog broadcasting would be a positive though TRAI recommendations of lower pricing per subscriber is an overhang. Increasing newsprint cost remains a concern for print media stocks.
- **Top Picks:** Zee, Deccan Chronicle

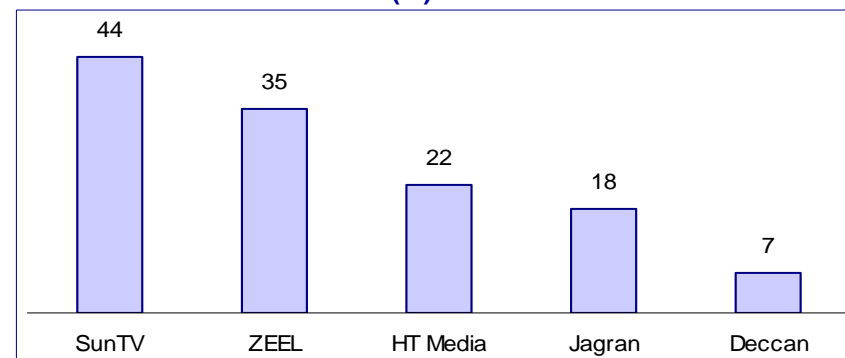
PRINT: EBITDA (RS M) ABOVE ESTIMATES



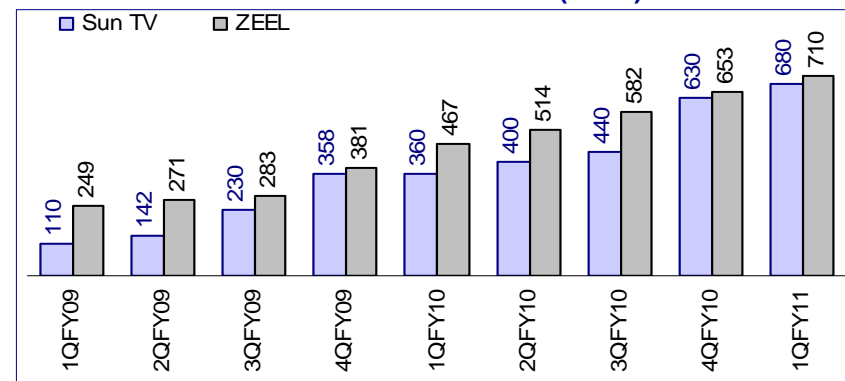
1QFY11: ACTUAL VS ESTIMATES

	Net Sales (Rs m)			EBITDA (Rs m)		
	Actual	Est	Var (%)	Actual	Est	Var (%)
Sun TV	4,404	4,065	8	3,599	3,278	10
ZEEL	6,770	6,631	2	1,870	2,081	-10
Jagran Prakashan	2,698	2,573	5	902	846	7
Deccan Chronicle	2,318	2,305	1	1,199	1,159	3
HT Media	4,042	3,774	7	799	755	6

YOY AD REVENUE GROWTH (%)



TRACTION IN DTH REVENUE CONTINUES (RS M)



METALS: Muted volumes, higher rise in QoQ steel realizations

Summary

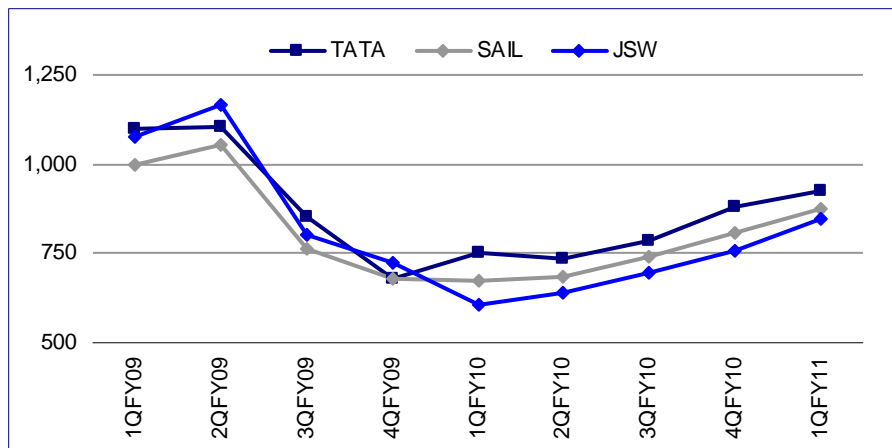
- Steel realizations for key producers increased 8-15% QoQ as steel prices moved up on the back of raw material cost push.
- Steel sales volumes fell more sharply (QoQ 18-30%) due to sharp increase in cheaper imports during the quarter.
- Margins have contracted QoQ on higher raw material costs despite higher sales realization as expected.
- Revenues and margins of non-ferrous companies declined due to QoQ decline in LME prices, while costs remained high.
- Mid-cap steel companies performance was subdued due to shortage of iron ore and teething problems of pellet plants commissioned during earlier quarters.
- **Top Picks:** JSW Steel, Hindalco (large caps); Bhushan, Prakash and Adhunik (mid-caps).

1QFY11 PERFORMANCE SNAPSHOT

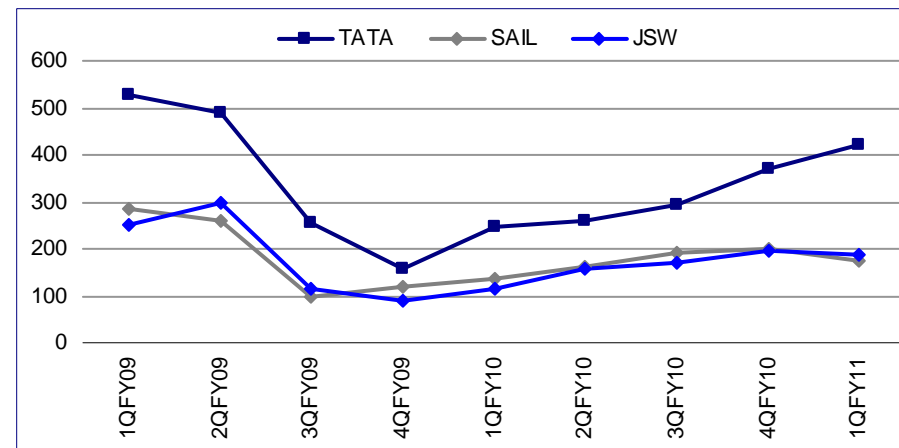
	Net Sales		EBITDA		Adj PAT	
	Rs b	YoY (%)	Rs b	YoY (%)	Rs b	YoY (%)
Tata Steel	271.9	17	44.3	-na-	18.9	-na-
JSW Steel	46.8	20	10.3	22	3.4	255
SAIL	93.2	2	18.4	20	11.8	-11
Nalco	13.1	40	3.9	135	2.8	125
Hindalco*	51.8	33	8.3	35	5.3	58
Sterlite	59.7	30	15.0	47	8.6	28
Hind Zinc	19.7	31	10.2	33	8.9	24
Sesa Goa	24.1	139	15.5	242	13.8	226

Note: Hindalco numbers are standalone

STEEL: EBITDA PER TON (US\$/TON)



STEEL: REALIZATIONS MOVED UP QOQ (US\$/TON)



OIL & GAS: GRM decline QoQ; Petchem margins mixed

Summary

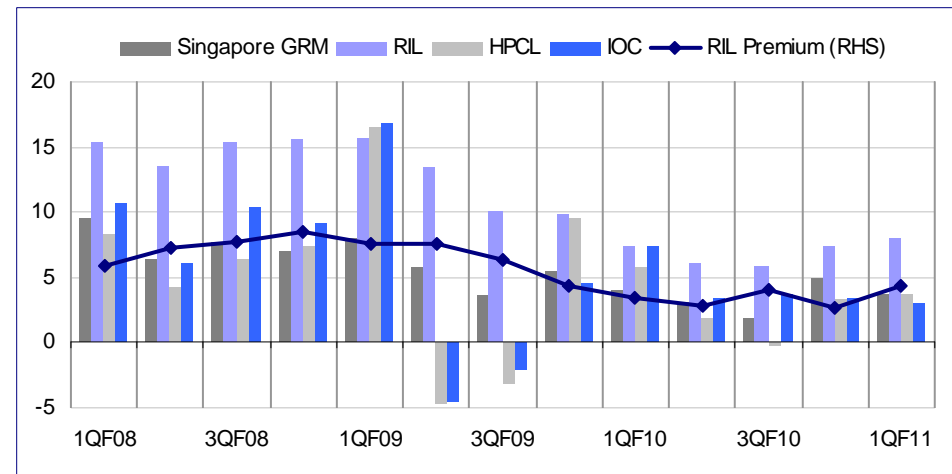
- **Deregulation: Total in petrol, in-principle for diesel; subsidy sharing clarity awaited:** Govt freed Petrol prices completely and hiked prices of Diesel (5%), Kero (33%) and LPG (11%) reducing under-recoveries by 28% for FY11 at oil price of US\$75/bbl. Upstream (ONGC, OIL & GAIL) shared 1/3rd of total under-recoveries while OMCs (HPCL, BPCL & IOC) bore 67% due to no compensation from govt. Clarity on actual sharing to come in 2HFY11.
- **GRM declined QoQ, expect to remain subdued:** Benchmark Singapore GRM at US\$3.7/bbl was down QoQ from US\$4.9/bbl in 4QFY10. Though QTD 2QFY11 GRMs have recovered to US\$4.5/bbl, we expect them to remain subdued.
- **Mixed trend in petchem margins:** Though polymer margins declined QoQ, polyester margins were best in last 6 quarters. Expect margin pressure led by supplies from new capacities in Middle East and China.
- **RIL KG-D6 ramp-up halted after sharp increase in FY10:** KG-D6 gas production after reaching 60mmscmd in 12 months, will not increase further for next 1.5 years as RIL will be conducting reservoir studies. RIL's E&P margins continued to remain low in 1QFY11 led by high depletion charges.
- **Gas Sector reforms picking up:** Govt hiked long awaited APM gas price by 113% to US\$4.2/mmbtu (in line with RIL's KG-D6 price) and ONGC C-series price to US\$5.25/mmbtu.
- **Cairn production reaches 100kbpd:** Rajasthan production reached 100kbpd in July 2010; on track to reach 125kbpd by 4QCY10 and 175kbpd in 2012.
- **Top Picks:** ONGC, GAIL, HPCL, BPCL, IOC

1QFY11: ACTUAL VS ESTIMATE

	EIBTDA				PAT			
	Actual	Var*	YoY	QoQ	Actual	Var	YoY	QoQ
Reliance Inds.	93.4	(1)	46	2	48.5	2	32	3
ONGC	80.4	1	(15)	(2)	36.6	5	(24)	(3)
GAIL	14.3	5	35	9	8.9	12	35	(3)
Cairn India	6.5	(22)	390	76	2.8	(36)	35	15
IGL	1.1	(2)	26	15	0.6	(6)	18	11
Pure Refiners - Lower than expected GRMs								
Chennai Petro	0.2	(62)	(96)	LP	(0.2)	NM	PL	NM
MRPL	0.8	(53)	(87)	(70)	0.3	(56)	(92)	(76)
OMCs - no government sharing results in losses								
IOC	(29.2)	PL	PL	PL	(33.9)	PL	PL	PL
BPCL	(14.3)	PL	PL	PL	(17.2)	PL	PL	PL
HPCL	(16.2)	PL	PL	PL	(18.8)	PL	PL	PL

* Variance from estimates; Var, YoY and QoQ in %

SINGAPORE GRM DOWN SEQUENTIALLY IN 1QFY11

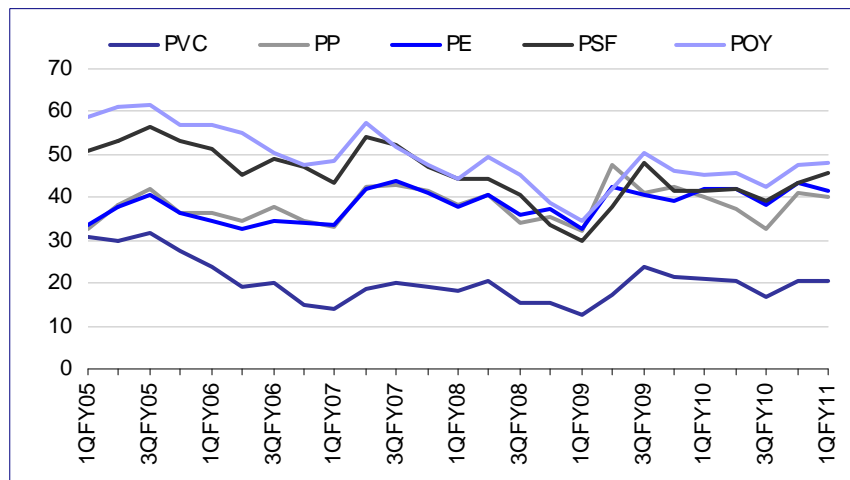


OIL & GAS: KG-D6 growth halted; ONGC's D,D&A lower sequentially

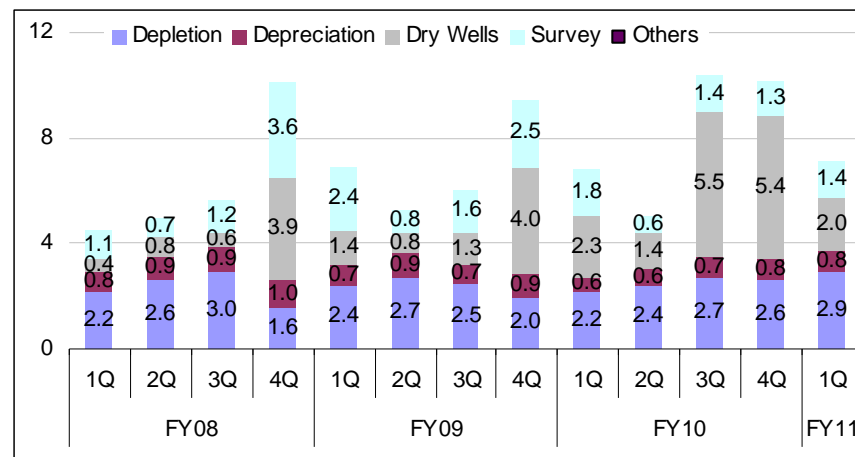
UPSTREAM SHARED 33% OF TOTAL UNDER RECOVERIES;
GOVERNMENT YET TO GIVE ITS SHARE TO OMCs

	FY08	FY09	FY10	1QFY11	FY11E	FY12E
Ex Rate (Rs/US\$)	40.3	46.0	47.5	45.7	46.0	44.5
Brent (US\$/bbl)	82.3	84.8	69.6	78.5	75.0	75.0
Sharing (Rsb)						
Oil Bonds/Cash	353	713	260	-	256	178
Upstream	257	329	145	67	153	107
OMC's sharing	163	(9)	56	134	50	35
Total	773	1,033	461	201	459	320
Sharing (%)						
Oil Bonds	46	69	56	-	56	56
Upstream	33	32	31	33	33	33
OMC's sharing	21	(1)	12	67	11	11
Total	100	100	100	100	100	100

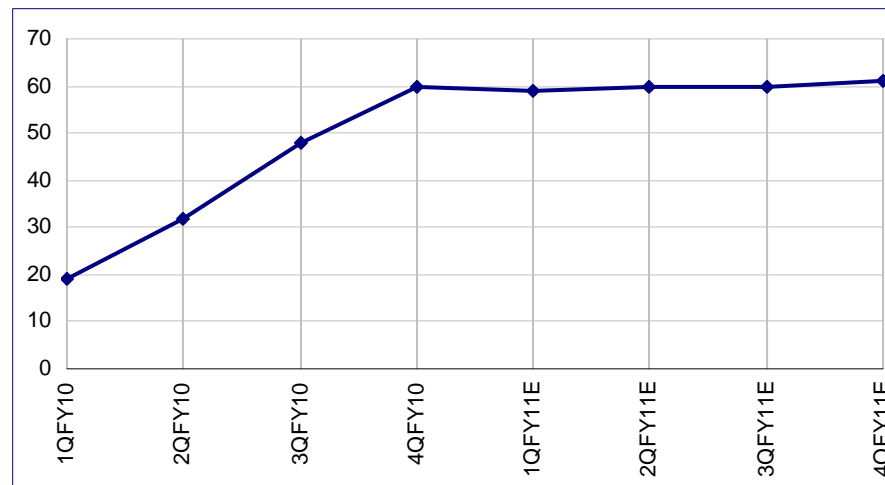
PETCHEM MARGINS UNDER PRESSURE DUE TO INCREASED
SUPPLY FROM ME AND CHINA



ONGC: D,D&A CHARGES MODERATED SEQUENTIALLY



KG-D6 RAMP-UP HALTED AFTER SHARP RISE IN FY10 (MMSCMD)



PHARMA – Generics do better than CRAMS

Summary

- Topline below est/in-line except for Biocon, Cadila, Lupin and Sun Pharma. US & emerging markets key drivers for generics. Muted performance in CRAMS.
- EBITDA below est/in-line except for Biocon, Cadila, Lupin, Ranbaxy & Sun.
- Generics:** Adj PAT above est led by Ranbaxy turnaround, better operational performance & licensing / technology income. DRL, Glenmark disappoint.
- CRAMS:** Adj PAT below estimate due to muted topline performance and adverse product mix. PHL's PAT was impacted by lower domestic formulation and CRAMS.
- Top Picks:** Cipla, Lupin, & Divi's Labs

KEY PLAYERS – ESTIMATE VS ACTUALS

	EBITDA (Rs m)			Adj PAT (Rs m)		
	Actual	Estimate	Var (%)	Actual	Estimate	Var (%)
Aventis Pharma	435	483	(10)	424	480	(12)
Biocon	1,313	1,145	15	767	698	10
Cadila Health	2,974	2,342	27	1,627	1,502	8
Cipla	3,646	3,830	(5)	2,574	2,710	(5)
Dishman Pharma	445	508	(12)	271	229	18
Divi's Lab	990	1,131	(12)	837	899	(7)
Dr Reddy's Labs	2,727	2,721	0	1,676	2,064	(19)
Glenmark Pharma	2,195	2,316	(5)	777	949	(18)
GSK Pharma	1,817	1,857	(2)	1,396	1,463	(5)
Jubilant Organosys	1,567	1,988	(21)	627	1,058	(41)
Lupin	2,622	2,456	7	1,963	1,852	6
Piramal Healthcare	1,290	1,774	(27)	826	1,064	(22)
Ranbaxy	1,376	1,204	14	1,516	399	280
Sun Pharma	3,209	2,771	16	3,363	2,785	21

PHARMA 1QFY11 REVIEW - EARNINGS IMPACT

Company	EBITDA		Adj PAT vs. Est	EPS change (%)		Reason for upgrade/downgrade
	vs. Est	Reason		FY11/CY10	FY12/CY11	
Aventis	Below	Higher investments for rural expansion & OTC initiatives	Below	(9.0)	(7.3)	Lower operational performance
Biocon	Above	Higher topline & licensing income	Above	-	-	NA
Cadila	Above	Better product mix & improving margins in US business	Above	-	4.5	Better operational performance
Cipla	Below	Lower topline, adverse product mix and higher staff cost	Below	-	-	NA
Dishman	Below	Lower topline and adverse product mix	Above	(6.4)	(7.9)	Lower operational performance
Divi's Labs	Below	Lower topline and adverse product mix	Below	-	-	NA
DRL	Below	EBITDA (ex-one offs) impacted by lower sales growth in US & de-growth for PSAI	Below	(11.0)	(4.0)	Lower operational performance
Glenmark	Below	Lower sales in intl branded mkts	Below	-	-	NA
GSK Pharma	In-line	NA	In line	-	-	NA
Jubilant	Below	Lower topline and higher input cost	Below	(20.7)	(14.5)	Lower operational performance
Lupin	Above	Better product-mix	Above	-	-	NA
PHL	Below	EBITDA impacted by lower sales growth in domestic formulations	Below	(27.8)	(19.7)	Lower operational performance
Ranbaxy	Above	Higher growth in emerging markets	Above	45.5	10.9	Better operational performance
Sun Pharma	Above	Better product-mix with higher revenues in domestic formulations	Above	-	-	NA

REAL ESTATE: Above estimates due to better realization

- **Results above expectation:** Volumes for 1QFY11 were strong and above our estimates. Net profit was also above our estimates, primarily due to higher volumes and better than expected margins. Realizations across key asset classes were also ahead of our estimate. Unitech, Anant Raj and HDIL reported EBITDA above estimate, while DLF, Mahindra Lifespaces and Phoenix Mills were in line.
- **Commercial recovery picking momentum:** DLF achieved net leases of 0.93msf in offices and sales of 0.5msf in the commercial vertical during 1QFY11. Phoenix Mills has also witnessed a steady response for its retail assets. Unitech is evaluating a possible offer for Unitech Corporate Park to leverage on recovery underway in the commercial offices vertical.
- **Net DER for the sector increased marginally:** While Unitech has reduced its net DER during 1QFY11, DLF's gross debt/equity is almost at 0.9x, while its net debt/equity is 0.79x, primarily due to repayment of CCP worth Rs28.9b. The management has indicated the figure to reach its pick during 2QFY11 on further repayment.
- **IBREL upgraded from 'Under Review' to 'Buy':** During 1QFY11, we have upgraded IBREL to 'Buy'. Key investment arguments behind this re-rating are: Several key concerns with regard to over capitalization and lack of operational visibility on the core real estate business have been addressed since FY10, due to 1) successful deployment of surplus cash and 2) steady sales and execution progress across projects. Strong ongoing recovery in the commercial vertical is also a key positive.

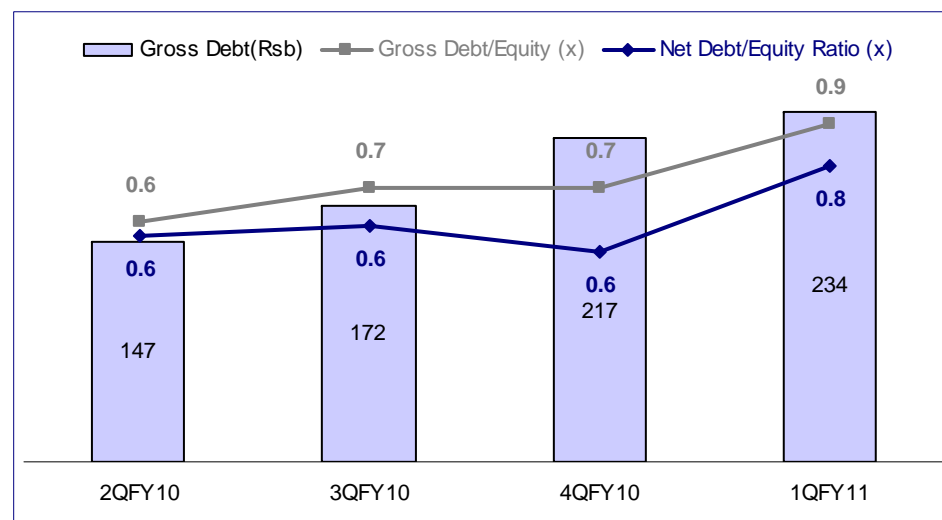
1QFY11: RESULTS ABOVE ESTIMATE

	Sales			PAT			EBITDA Margin (%)	
	Rs m	YoY (%)	Var(%)	Rs m	YoY (%)	Var(%)	1QFY11	Estimated
Anant Raj	1,034	(1)	59	458	(34)	28	55	61
DLF	20,285	23	-1	4,110	4	3	48	47
Unitech	8,286	61	0	1,800	53	29	35	25
Phoenix Mills	404	63	2	183	19	3	73	70
HDIL	4,509	53	29	2,343	118	109	59	45
Mah Life	679	44	2	145	39	4	24	23
Total	35,198	33	4	9,040	26	24		

Var - Variance from estimate

- Variance in Anant Raj is due to higher than expected sales momentum in recently launched projects in Kapasera and Manesar
- Variance in HDIL is due to higher than expected TDR sales (1.1msf v/s est 0.6msf)
- EBITDA variance in UT is due to lower than expected booking of Prior period charge in 1QFY11

DLF: INCREASE IN NET DEBT-EQUITY RATIO CONCERNING



TELECOM: Signs of stability

Summary

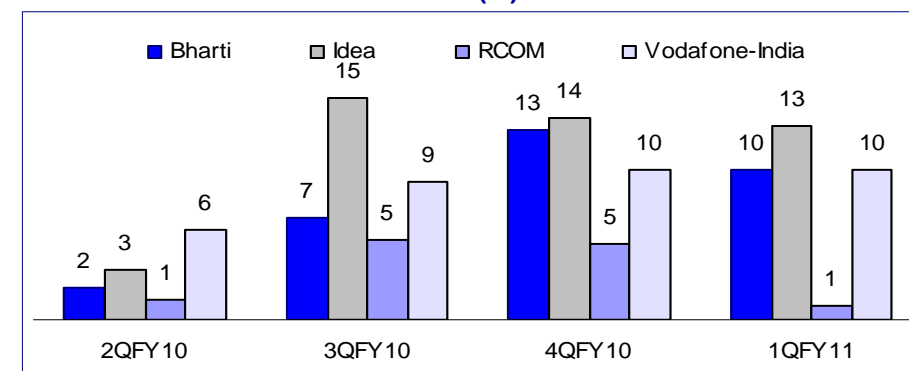
- Traffic growth for GSM incumbents (Bharti, Idea, Vodafone) remained strong (10-13% QoQ) for second consecutive quarter. RCom reported muted traffic growth of 1% QoQ due to removal of free minutes.
- RPM declined 4-6% QoQ for Bharti/Idea/Vodafone; RCom's RPM increased ~1% QoQ thus bridging the gap v/s GSM incumbents.
- Bharti (ex -Africa), Idea (ex-Spice consolidation impact) and Vodafone India posted a robust 5-6% QoQ revenue growth. RCom reported first QoQ increase in wireless net revenue and EBITDA in four quarters.
- At consolidated level, Bharti reported revenue of Rs122.3b, EBITDA of Rs45.1b, and net profit of Rs16.8b including consolidation of acquired Africa business for 23 days (effective 8th June 2010).
- Higher spectrum charge impacted EBITDA margin by 50-100bp. Idea's margins further impacted (110bp) on full Spice consolidation.
- Reported earnings dragged by forex loss (INR depreciation).
- **Outlook:** RPM pressure has reduced which is a structural positive though near-term growth could be impacted by weak seasonality (in 2Q) and MNP implementation (likely in 3Q). Despite recent run-up, sector valuation attractive at 7-7.5x FY12 EV/EBITDA.

QUARTERLY FINANCIALS (CONSOLIDATED)

	1QFY 10	4QFY 10	1QFY 11	YoY (%)	QoQ (%)
REVENUE (RS B)					
Bharti (IFRS, ex-Africa)	104	107	113	8	5
Idea*	30	33	37	23	9
RCOM	61	51	51	-17	0
Vodafone - India (implied)	54	57	60	12	6
EBITDA (RS B)					
Bharti (IFRS, ex-Africa)	43	42	43	-1	2
Idea*	9	9	9	3	-4
RCOM	25	16	16	-33	2
EBITDA MARGIN (%)					
Bharti (IFRS, ex-Africa)	41.3	38.9	37.7	-356bp	-119bp
Idea*	28.9	27.6	24.3	-458bp	-327bp
RCOM	39.9	31.5	31.9	-797bp	49bp
PAT (RS B)					
Bharti (IFRS, ex-Africa)	25	20	19	-23	-7
Idea*	3	3	2	-32	-24
RCOM	17	11	3	-83	-74

* Idea 4QFY10 numbers include one month consolidation with Spice; full merger for 1QFY11

QOQ WIRELESS TRAFFIC GROWTH (%)



UTILITIES: Mixed bag, Merchant realization down

1QFY11 EARNINGS – NTPC, RELI PERFORMANCE IMPACTED DUE TO ONE-OFFS

	PAT (Rs m)			Remarks
	Estimates	Actual**	% Var	
NTPC	23,349	19,865	(14.9)	- Lower PLF (~70%) for Farkka and Khajhaon Unit led to lower incentive for the plants - Undertook planned outages ahead of common wealth games, led to lower fixed cost recovery - Yield on treasury down owing to softer interest rates
PGCIL	5,823	5,854	0.5	- Reported profit driven by prior period arrears booked, as approved by CERC - ST open access charges up ~3x YoY, Transmission PBT higher owing to higher MAT rate - Capital employed up Rs17b YoY, includes Rs3.5b - FERV, Rs6b - Capitalisation and Rs7.5b capex
Tata Power*	2,173	2,195	1.0	- Standalone reported profit boosted by exceptional other income (Rs650m), Adjusted PAT in-line - 200MW of merchant sale during the quarter at realization of Rs5.1-Rs5.3
Reliance Infra	3,466	2,463	(28.9)	- Stay order on tariff hike lead to unaccounted revenues of Rs1b, impacting reported profit - Reported lower other income given deployment of cash in Infrastructure SPV's
CESC	1,092	1,100	0.8	- Demand growth of 10-11% in distribution business, recorded base demand of 1.3 to 1.4GW - Power purchase cost high owing to higher peak demand in April 2010
PTC India	274	278	1.6	- Reported robust operational performance, traded units increased by 37% YoY to 5.7b units - Trading margins improved to Ps.5.62/unit vs Ps.5.07/unit in Q4FY10 and Ps.5.21/unit in Q1FY10 - Lower other income led to muted growth in PAT

**Adjusted; *Standalone results

KEY DEVELOPMENTS IN 1QFY11

Tata Power	<ul style="list-style-type: none"> Issued 14-15% of fresh equity in Coal SPV to Olympus Capital for USD300m Added 18,000 new customers in distribution business
Reliance Infra	<ul style="list-style-type: none"> Signed concession agreement for 2 road projects (total 240km) worth Rs41b Sold 433MW of generation capacity for Rs10b to Rpower
CESC	<ul style="list-style-type: none"> Spencer Retail operations break-even achieved at Store level
NTPC	<ul style="list-style-type: none"> Merchant sale from 1.1GW Hydro project denied by GOI Capacity addition target and capex target maintained for FY11
PGCIL	<ul style="list-style-type: none"> Investment approvals worth Rs46.5b which is 35% of total approval of FY10
PTC India	<ul style="list-style-type: none"> In-principle approval from board for PFS IPO during current financial year

MERCHANT REALISATION DOWN YOY (RS/UNIT)

	1QFY11	1QFY10	YoY (%)
Adani Power	6.75	-	
Godwari Power	5.14	6.79	(24.3)
Jindal Power	4.50	6.45	(30.2)
JSW Energy	5.77	6.20	(6.9)
Sarda Energy	4.81	5.78	(16.7)
Sterlite Energy	4.50	6.25	(28.0)
IEX Avg Tariff	5.30	7.76	(31.7)

MOSL Universe: Annual Performance (Rs b)

ANNUAL PERFORMANCE - MOSL UNIVERSE											(RS BILLION)				
	SALES					EBITDA					NET PROFIT				
	FY10	FY11E	FY12E	CHG * (%)	CHG # (%)	FY10	FY11E	FY12E	CHG * (%)	CHG # (%)	FY10	FY11E	FY12E	CHG * (%)	CHG # (%)
Auto (5)	1,819	2,241	2,600	23.2	16.0	234	316	364	34.9	15.3	106	181	211	70.5	16.5
Banks (23)	1,117	1,460	1,748	30.7	19.7	962	1,216	1,486	26.4	22.2	494	617	759	24.9	23.1
Cement (8)	524	690	787	31.6	14.1	148	159	179	7.5	12.6	82	81	92	-0.8	12.7
Engineering (6)	941	1,114	1,378	18.4	23.7	139	180	226	29.8	25.3	103	128	159	24.1	24.5
FMCG (11)	697	809	939	16.0	16.0	149	173	207	15.8	19.8	98	114	139	16.1	21.6
IT (7)	1,054	1,240	1,437	17.7	15.8	280	323	369	15.3	14.1	210	247	280	17.5	13.5
Infrastructure (9)	353	458	535	29.5	16.8	85	113	147	33.2	30.0	25	42	49	70.8	17.1
Media (5)	68	83	95	21.6	14.7	27	35	41	28.4	17.7	16	20	24	21.1	23.4
Metals (9)	2,685	3,037	3,244	13.1	6.8	446	563	687	26.4	22.0	206	320	387	55.0	21.2
OilGas&Pet.(11)	8,621	9,968	9,430	15.6	-5.4	1,027	1,334	1,526	29.9	14.4	557	668	797	20.1	19.2
Pharma (14)	496	558	620	12.6	11.0	101	127	133	25.5	4.7	61	89	95	47.2	6.7
Real Estate (10)	145	189	272	31.0	43.8	63	83	109	33.2	30.8	38	45	62	18.1	36.8
Retail (2)	124	156	187	25.6	19.6	12	16	19	31.2	21.6	5	7	9	50.6	29.7
Telecom (4)	785	986	1,161	25.5	17.8	286	327	404	14.4	23.4	151	91	100	-39.5	9.1
Textiles (5)	153	181	209	18.4	15.3	29	37	43	27.4	18.2	7	9	14	29.8	50.2
Utilities (10)	835	1,065	1,299	27.6	22.0	243	333	420	37.4	26.1	156	187	237	19.7	26.8
Others (2)	88	103	121	17.4	16.9	16	20	24	30.4	19.3	9	11	14	33.8	21.6
MOSL (141)	20,506	24,339	26,061	18.7	7.1	4,245	5,356	6,385	26.2	19.2	2,323	2,858	3,428	23.0	20.0
Ex. RMs(138)	15,675	18,999	21,291	21.2	12.1	4,061	5,123	6,100	26.1	19.1	2,187	2,738	3,288	25.2	20.1
Sensex (30)	5,445	6,560	7,203	20.5	9.8	1,236	1,568	1,822	26.8	16.2	630	837	991	33.0	18.4
Nifty (50)	6,393	7,434	8,134	16.3	9.4	1,391	1,718	2,018	23.5	17.5	712	924	1,103	29.9	19.3

* Growth FY11 over FY10; # Growth FY12 over FY11. For Banks : Sales = Net Interest Income, EBITDA = Operating Profits; Tata Steel Figures are consolidated including corus; Note: Sensex & Nifty Numbers are Free Float

MOSL Universe: Valuations

VALUATIONS - MOSL UNIVERSE

SECTOR	P/E (X)			EV/EBITDA (X)			P/BV (X)			ROE (%)			DIV. YLD (%)	EPS CAGR
(NO. OF COMPANIES)	FY10	FY11E	FY12E	FY10	FY11E	FY12E	FY10	FY11E	FY12E	FY10	FY11E	FY12E	FY10	FY10-12
Auto (5)	19.9	11.7	10.0	9.3	6.7	5.6	6.2	4.4	3.3	31.2	37.4	32.8	2.1	40.9
Banks (23)	16.2	13.0	10.5	NM	NM	NM	2.9	2.5	2.1	18.1	19.0	20.0	1.2	24.0
Cement (8)	10.9	11.0	9.7	6.1	5.6	4.5	2.2	1.7	1.5	20.6	15.8	15.6	1.6	5.7
Engineering (6)	29.0	23.4	18.8	20.9	16.1	12.8	7.6	6.1	5.1	26.2	26.1	27.2	0.8	24.3
FMCG (11)	31.2	26.9	22.1	20.1	17.5	14.4	11.4	9.5	7.9	36.5	35.2	35.8	3.5	18.8
IT (7)	23.1	19.6	17.3	16.4	13.8	11.7	6.0	4.8	3.9	26.2	24.5	22.7	1.3	15.5
Infrastructure (9)	44.4	26.0	22.2	18.7	14.4	10.9	3.5	3.1	2.8	7.9	11.9	12.4	0.4	41.4
Media (5)	27.9	23.1	18.7	16.1	12.3	10.1	5.2	4.6	4.1	18.7	20.1	21.7	1.5	22.2
Metals (9)	16.9	10.9	9.0	9.2	7.3	5.7	2.1	1.8	1.5	12.7	16.4	16.7	1.0	37.1
Oil Gas & Petchem (11)	15.8	13.2	11.1	10.3	7.7	6.6	2.3	2.1	1.9	14.8	16.0	16.8	1.7	19.7
Pharma (14)	32.0	21.7	20.4	19.7	15.3	14.4	5.2	4.3	3.7	16.1	19.9	18.3	0.8	25.3
Real Estate (10)	28.8	24.3	17.8	22.7	16.5	12.2	1.6	1.6	1.5	5.7	6.6	8.5	0.4	27.1
Retail (2)	49.5	32.9	25.4	20.3	15.5	12.7	6.2	5.2	4.5	12.5	15.9	17.7	0.4	39.7
Telecom (4)	12.0	19.9	18.2	7.3	7.2	5.5	2.0	1.8	1.7	16.3	9.2	9.1	0.3	-18.7
Textiles (5)	13.2	10.2	6.8	8.6	6.5	5.5	1.0	0.9	0.8	7.7	8.9	12.0	0.6	39.6
Utilities (10)	23.1	19.3	15.2	17.1	13.7	12.1	2.6	2.4	2.1	11.3	12.2	14.1	1.2	23.2
Others (2)	15.6	11.6	9.6	9.7	7.4	5.8	2.7	2.3	1.9	17.6	19.7	19.6	0.8	27.5
MOSL (141)	19.2	15.6	13.0	N.M	N.M	N.M	3.1	2.7	2.3	16.3	17.3	18.0	1.4	21.5
MOSL Excl. RMs (138)	19.8	15.8	13.2	N.M	N.M	N.M	3.2	2.8	2.4	16.3	17.5	18.1	1.3	22.6
Sensex (30)	22.0	17.0	14.4	N.M	N.M	N.M	3.5	3.1	2.7	15.8	18.2	18.6	1.6	25.5
Nifty (50)	22.4	17.2	14.4	N.M	N.M	N.M	3.4	3.0	2.6	15.4	17.5	18.1	1.4	24.5

N.M. - Not Meaningful

Source: MOSL

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