

India Insights

Early celebrations?

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- ▶ **Positive earnings surprise, after four negative quarters, largely reflects lower operating costs; sales yet to rebound**
- ▶ **Sales growth to pick up with economy in fiscal 2H. Recent rise in commodity prices is the main risk to earnings**
- ▶ **Expect upward revisions to forecasts for industrials on government focus on infrastructure; we add Nagarjuna Construction to our best buy ideas**

A cost-cutting story

After significant negative surprises in the June, September and December 2008 quarters, earnings for Sensex companies surprised positively in Jun-09. Quarterly earnings grew 7% YoY, flat on the 8.2% YoY growth achieved as at Mar-09.

Earnings growth has bounced back largely as a result of improved cost control. Raw material expenses fell 10.5%, expanding margins by 4.1% from the low in the Dec-08 quarter to 25.5% as at Jun-09.

Sales growth has yet to rebound, registering a 2.4% decline in the Jun-09 quarter, but we expect it to pick up in line with the economy in the second half of the fiscal year. The recent strength in commodity prices presents a risk to margins.

Typically, economy-sensitive sectors deliver the strongest surprises and have higher EPS revisions. After earnings surprise in the Jun-09 quarter, analysts have already started to raise forecasts, particularly in consumer discretionary and materials. The probability of further positive revisions or surprises in these sectors is low, and we remain underweight.

Energy, IT and industrials are most likely to see earnings forecasts revised upwards. The government's focus on infrastructure should bring attention to industrial stocks, in particular – we continue to overweight industrials.

We add Nagarjuna Construction to our best buy ideas - the company had healthy order inflow of INR28bn during 1Q FY10 and improvement in the business environment could accelerate sales growth in the future.

Our key views

Sector	Sub-sector	Weighting	12M forward PE multiple	HSBC comment
Consumer Discretionary				
	Autos	Underweight	15.9	Concerns that outlook may deteriorate on account of poor monsoon
	Retail	Underweight	35.0	Business models need to be fixed, valuations high and risk that discretionary spending may be squeezed
Industrials		Overweight	22.9	Sentiment for the sector to improve considerably on account of government boost to infrastructure, though valuations at a premium, investment theme may find favour at expense of consumption theme. We expect outlook to improve in FY2011
Materials		Underweight	11.1	Cheap valuations but capacity additions a risk
Consumer Staples (FMCG)		Neutral	21.6	Monsoon a risk to the outlook for the sector, but defensive nature of the sector means unlikely to underperform
Healthcare		Neutral	17.5	Defensive in nature, but competitive scenario challenging, valuations no longer a premium to the market
Utilities		Neutral	18.6	Generation capacity being increased, but shortfall remains; valuations favourable now
Energy		Neutral	12.6	Valuation in the fair value zone and affected by near-term weakness in oil price outlook
Real Estate		Underweight	25.7	We see limited upside to property prices and think valuations are high
Financials				
	PSU Banks	Overweight	7.0	Compelling valuations and sector leadership, rising bond yields on account of fiscal deficit a risk
	Private sector banks	Neutral	19.5	At a significant premium to the market, higher growth prospects priced in
Information Technology		Overweight	19.3	Absolute returns may be limited, but sector may outperform on account of operational resilience, cash flow generation and high corporate governance standards and uncertain outlook on monsoon
Telecoms		Neutral	15.0	Secular growth story with defensive characteristics, but regulatory risks and competitive scenario means risks and rewards balanced
BSE 200 index			15.5	

Our best ideas

Code	Company	Sector	HSBC rating	Market cap (INRbn)	Target price (INR)	Current price (INR)	Upside (%)	Valuation method	Key risk
BHARTI IN	Bharti Airtel (Rajiv Sharma)	Telecoms	OW(V)	1,539	489	405	21.4	SOTP (PE and DCF for core, DCF for tower business). 12m fwd PE 13.3x; WACC 11%, terminal growth c1.25%	MNP rollout and lower margins on rural use
BOB IN	Bank of Baroda (Todd Dunivant)	PSU Banks	OW(V)	155	500	426	19.2	Weighted avg: EPM is INR451 based on 14% CoE. PE and PB are INR567 and INR532 based on 7.3x and 1.4x	Loan growth, provision levels and cost of funds
SHRS IN	Shree Renuka Sugars (Sandeep Somani)	FMCG	OW(V)	58	200	184	9.0	Mid-point of 3.5x Jun-10 BVPS and 8x FY10 EBITDA	Sugar production and price of power
NJCC IN	Nagarjuna Construction (Ashutosh Narkar)	Materials	OW(V)	31	172	136	27.4	15x fwd earnings for core construction business and INR34.2 for other business	Weak govt spending on infrastructure and ind. capex causing weaker order inflow
ICICIBC IN	ICICI Bank (Todd Dunivant)	Private Banks	UW(V)	847	555	761	-25.5	Weighted avg: EPM is INR429 based on 14% CoE. PE and PB are INR663 and INR699 based 17.6X and 1.6x	Loan growth, provision levels and cost of funds
ICEM IN	India Cements (Jatin Kotian)	Materials	UW(V)	37	116	130	-8.9	6x fwd EBITDA (2-yr avg for the stock)	Delayed capacity addition in south
GMRI IN	GMR Infrastructure (Sumeet Agrawal)	Industrials	UW(V)	262	53	143	-62.9	SOTP (DCF: cost of debt 10%, risk free rate 8.5%, risk premium 4.5-5.5% based on project risk profile and status -> WACC 10.6-12.4%)	Traffic growth and valuation of its airport real estate business

Our Best ideas list is drawn from stocks on which HSBC analysts have an Overweight/Underweight rating and which fit our strategist's overall sector preferences. Covering analyst's name in brackets. We are removing Shree Cements (SRM IN, INR1,562.95, OW-V) in line with our underweight view on the sector and the rise in the stock price. Jatin Kotian values the stock at INR1,748 using 6x fwd EBITDA (2-year average for the stock). Key risks to his call are construction slowdown and higher pet coke prices. Priced as at 26 August 2009. Source: HSBC

Cost relief

Results for the Jun-09 quarter were highly encouraging, marking the second quarter of turnaround in corporate earnings in India.

Sensex earnings results

Year-on-year, net income for Sensex companies rose 7%; excluding financials, net income rose by 3.7%. For Sensex companies ex-financials, EBITDA rose by 9.3% and EBIT by 6.3%.

However, sales declined by 2.4% in the quarter. It is important to note that since average inflation for the quarter (as measured by WPI) was low by historical standards at 0.1%, the performance in real terms was not as poor as the headline suggests.

Companies benefited from the decline in raw material expenses, down 10.8% YoY in the June quarter. Interest expense rose 34.9%, which has been another source of pressure on earnings. Clearly, the benefits of monetary accommodation provided by the RBI have yet to be passed on by financial institutions; on the other hand, in the Jun-08 quarter, interest expense rose by 57.5%.

Growth in wage expenses has been on a declining trend, rising 14.8% YoY in the Jun-09 quarter. This compares to a rise of 21.8% in the Jun-08

quarter and an average quarterly rise of 21.3% from March 2003 to December 2007.

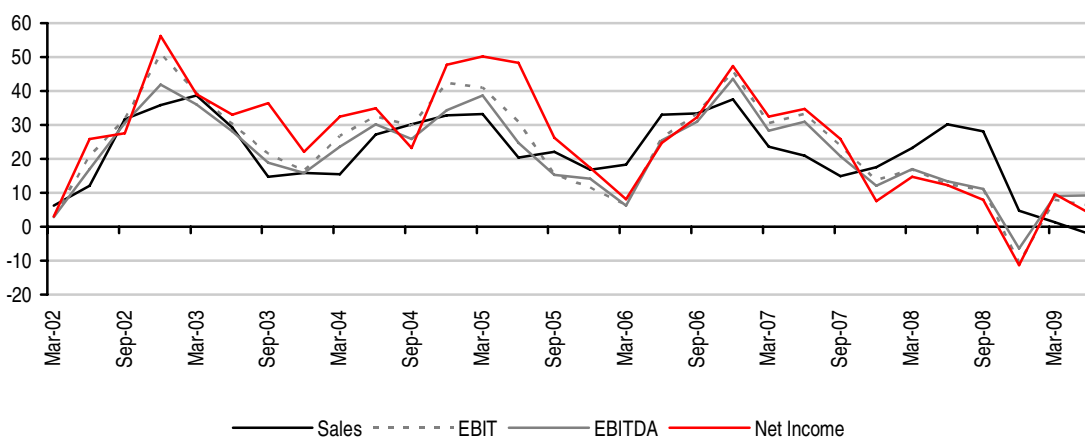
Quarter-on-quarter, results were also encouraging, with EBITDA rising by 1.9%, and net income down by 0.7% ex-financials, up 2% including financials, after a seasonally strong March quarter (as seen in chart 1, June is a seasonally weak quarter). In the last nine years, Sensex earnings on average have declined 5.2% QoQ in the June quarter.

BSE 200 earnings results

The performance of the wider market (BSE 200) was even better, though during the downturn the wider market was hit harder than the Sensex.

Net income rose 18.1% YoY and 11.8% ex-financials, despite an 8.2% decline in sales. Raw material expenses declined by 17.5% YoY (note that state-owned oil marketing firms are part of this index). Decline in commodity prices explains only 3.2% of the 6.2% increase in EBITDA margin; approximately 3% is due to control of other costs. Growth in wage expenses has been on a declining trend, rising 13.3% YoY in the Jun-09 quarter, compared to an average rise of 20.5% from March 2003 to December 2007.

1. Sensex - financial performance (ex financials) year-on-year change, %



Source: HSBC, Thomson Financial, MSCI

2. Sector breakdown: BSE 200 index (YoY % change)

Industry	Sales		EBITDA		EBIT		Net Income		EBITDA Margin	
	Mar-09	Jun-09	Mar-09	Jun-09	Mar-09	Jun-09	Mar-09	Jun-09	Mar-09	Jun-09
Autos	12.4	21.4	6.0	52.8	10.8	60.4	14.7	57.7	19.0	18.6
Banks							24.9	50.8		
Capital Goods	7.2	3.0	13.9	25.0	12.1	25.1	3.8	13.9	15.8	13.5
Consumer Durables & Apparel	12.3	5.4	-6.4	0.0	-11.9	-2.4	-42.0	-21.5	11.8	13.2
Consumer Services	-14.1	-14.5	-27.4	-12.4	-35.1	-23.4	-46.8	-45.2	34.6	32.6
Diversified Financials							-21.7	-7.9		
Energy	-17.4	-27.1	86.9	24.8	123.4	24.7	162.9	31.6	22.7	15.7
Food Beverage & Tobacco	2.0	11.9	17.7	28.3	17.8	30.8	12.1	37.3	33.3	32.6
Health Care Services	27.6	22.2	43.5	33.0	47.4	33.2	18.9	15.7	15.1	20.3
Household & Personal Products	7.2	7.3	21.9	8.5	22.6	8.4	33.5	4.8	16.0	17.8
Materials	-1.1	-0.4	-19.8	-10.1	-25.4	-14.5	-29.3	-18.8	24.3	26.1
Media	-0.1	-4.1	-31.9	13.4	-46.0	6.1	-88.6	17.3	44.4	49.3
Pharmaceuticals, Biotechnology	14.1	5.8	0.8	61.0	-2.2	68.0	-7.4	50.3	22.5	36.8
Real Estate	-76.6	-50.2	-57.1	-44.7	-57.2	-44.7	-94.1	-57.9		
Retailing	21.2		50.8		47.4		7.1		10.6	
Software & Services	16.0	11.9	27.7	27.0	27.5	26.7	25.3	21.6	36.7	37.0
Technology Hardware	6.7	12.8	33.2	219.8	14.4	167.5	28.7	93.8	22.4	31.1
Telecom	13.4	5.3	17.6	10.0	13.4	4.2	23.9	16.7	37.8	36.5
Transportation	-12.5	1.5	-4.6	-12.6	-9.6	-16.7	2.0	-16.9	37.2	29.0
Utilities	22.9	19.5	15.6	22.9	16.0	22.7	26.4	21.7	28.2	28.8
BSE 200 index	-2.3	-8.2	18.1	14.6	18.5	12.9	22.0	18.1	22.8	20.8

Source: HSBC, Thomson Financial, Prowess

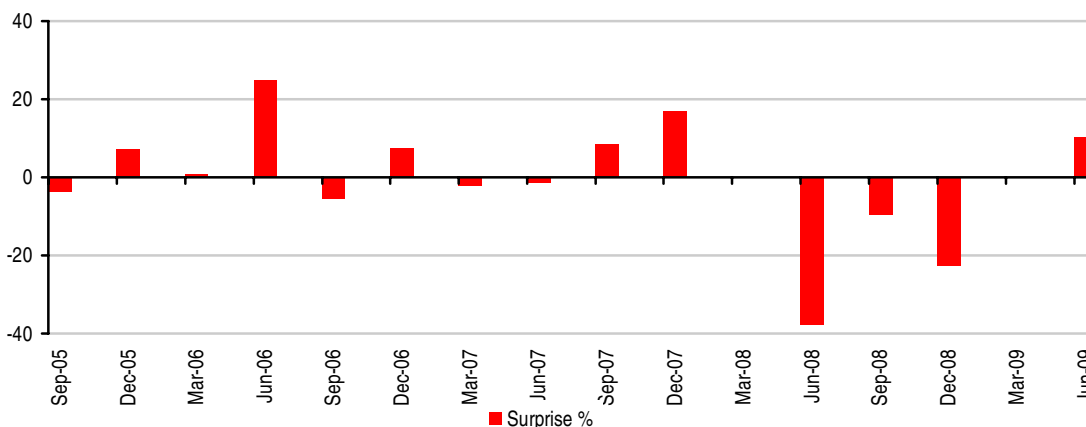
Margins

EBITDA margins for Sensex companies rose to 25.5% in the Jun-09 quarter, from a low of 21.4% in the quarter ending Dec-08. EBIT and net income margins were 21.1% and 14.3%, expanding by 2.3% and 1.0% compared to June 2008 quarter. The rise in margins was largely on account of the lagged effect of decline in commodity prices, which takes a couple of quarters to feed through.

Sector breakdown

In line with the decline in commodity prices, materials has been one of the weakest performing sectors in the June 2009 quarter; however, its EBITDA margins remain above the market average. Other sectors where earnings declined notably were cyclical consumer sectors (consumer durables and consumer services). However, net income in the auto sector has picked up significantly. Other sectors where earnings growth

3. EPS surprises (%) for Sensex companies



Source: HSBC, Thomson Financial Datastream, Bloomberg

4. Sector surprises; MSCI indices

Sector	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Average	Standard deviation
Consumer Discretionary	-16.2	-48.9	-46.2	-55.8	-85.1	-15.5	20.1	19.0	28.7	21.0	13.4	-0.6	-21.7	-14.4	35.7
Consumer Staples	-10.5	15.8	9.1	2.7	2.8	-1.8	-9.0	-1.3	-16.9	1.4	-0.2	-5.1	-11.2	-1.9	8.8
Energy	-31.9	13.3	37.5	-1.2	-24.6	-53.2	-7.6	26.7	27.1	52.6	45.9	17.7	-15.5	6.7	32.1
Financials	-4.0	-24.6	-43.3			-57.4	-25.6	25.6	-5.6	-2.2	-8.5	0.0	-26.4	-15.6	22.9
Health Care	-2.5	-0.2	-10.4	-10.2	-9.4	41.1	18.3	-11.2	-32.8	2.6	54.5	5.8	-86.4	-3.2	34.0
Industrials	-34.9	-42.3	-39.3	-22.6	-34.8	-28.1	-28.8	-18.7	64.7	24.3	5.5	2.4	-73.2	-17.4	34.7
Information Technology		-86.7	-71.1	-26.5	1.7	-32.1	-51.4	-5.4	17.1	-1.2	12.3	-3.4	-13.2	-21.7	33.0
Materials	-36.3	-30.1	-38.7	-9.8	-0.2	-10.3	-6.8	18.4	56.6	52.7	57.0	28.0	-30.9	3.8	35.5
Telecom		-14.4	-6.8	6.2	15.3	19.3	-35.6	-15.3	15.7	-29.5	4.1	11.4	-14.7	-3.7	18.4
Utilities	-27.2	-17.1	11.5	23.2	27.9	-7.6	-20.0	24.0	4.6	7.6	10.7	8.7	-8.1	2.9	17.6
MSCI India	-15.7	-25.3	-31.7	-23.5	-21.3	-20.0	-14.9	10.5	13.2	13.9	15.9	12.0	-26.0	-8.7	18.5

Source: HSBC, Thomson Financial, IBES

was strong were energy (on account of state-owned oil firms), food & beverages, software & services and utilities. A sector breakdown is provided in table 2.

Outlook

Analysis of earnings shows that the December quarter was the bottom of the cycle for corporate earnings - though improvement from the bottom has been on account of cost control, and sales growth has yet to pick up. Our house view is that the June quarter is likely to be the trough of the economic cycle, and as the economy picks up in the second half of the current fiscal year, we believe sales growth is likely to pick up.

What remains a risk, however, is the recent rise in commodity prices. Since the impact on EBITDA is with a lag of two quarters, this is likely to have an impact on margins from the December quarter. If sales growth rebounds, companies may be able to pass on some of the increase in raw material costs. Should the rebound in sales growth not occur, the risk to our outlook for an earnings growth rebound in the second half of the fiscal year would be very high. We estimate a 1% increase in raw material expenses with flat sales would result in a 42bps contraction in the average EBITDA margin for Sensex companies.

Earnings surprise

Importantly, the Jun-09 quarter was also the turning point in terms of negative earnings surprises for the market. Compared to consensus polls before results announcements, earnings for the Jun-09 quarter delivered a positive surprise of 10%. This comes after significant negative surprises in the June, September and December 2008 quarters.

Analysts have started revising their forecasts upwards: Sensex EPS forecasts for the fiscal year ending March 2010e have been revised up by 4.6% since March. This was after a significant cycle of earnings downgrades - in March 2008, the EPS forecast for the fiscal year ending March 2010e was 1200, and the downward revision was 31.5%. Currently, analysts are forecasting 0.4% EPS growth for the fiscal year ending March 2010 and 20.8% EPS growth for the fiscal year ending March 2011.

The important question is which sectors are likely to see the most earnings upgrades/positive surprises over the coming quarters. The question can be answered by looking at two factors:

- 1) which sectors tend to deliver earnings surprises; and
- 2) which sectors are historically subject to significant earnings forecast revisions.

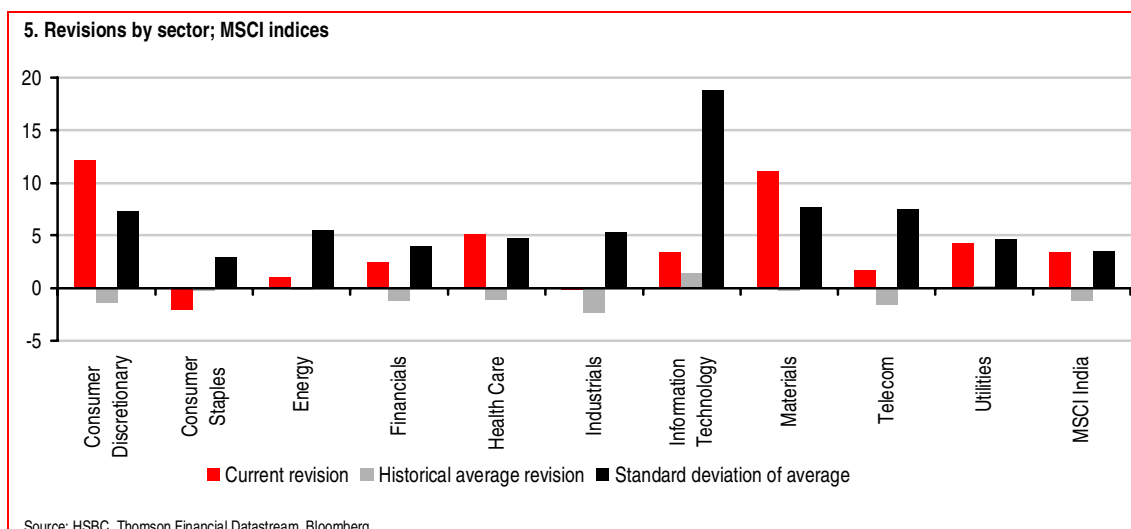
Surprises and revisions

Using MSCI sector indices, for which data is easily available, we find that cyclical consumer discretionary, energy, industrials, IT and materials have tended to have more extreme earnings surprises measured by standard deviation.

Defensive sectors like consumer staples, utilities and telecoms have smaller surprises. The exception is healthcare, which ranks high in terms of surprises.

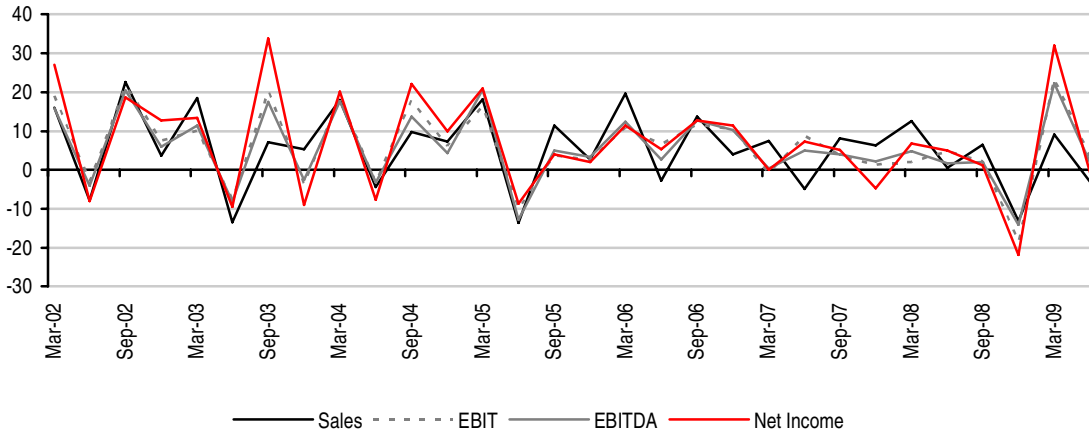
As can be seen in chart 5, consumer discretionary and the materials sector have already seen significant forecast revisions in the last three months. This lowers the probability of a surprise. EPS forecasts for IT and energy have been revised up as well.

Industrials is a cyclical sector where EPS forecasts have yet to be revised upwards. Furthermore, we expect investment spending to grow significantly; our economics team forecasts 13% growth in the fiscal year ending March 2011, which we think shows room for upside surprises. Industrials is one of the sectors we overweight.



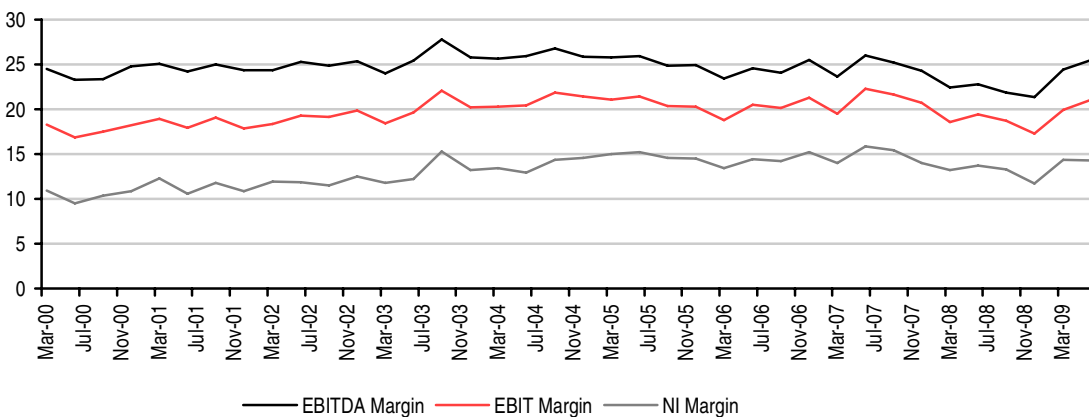
Sensex - financial performance

6. Performance (ex financials), QoQ % change



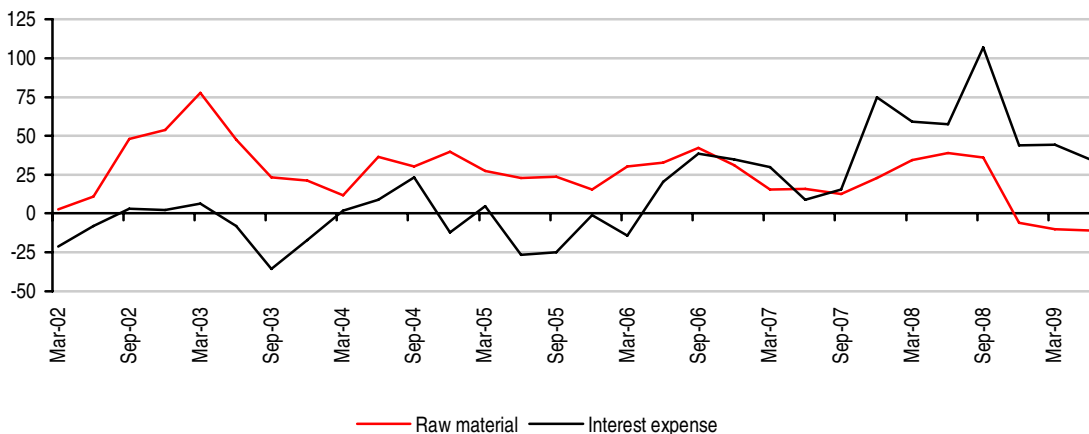
Source: HSBC, Thomson Financial, Prowess

7. Margins, %



Source: HSBC, Thomson Financial, Prowess

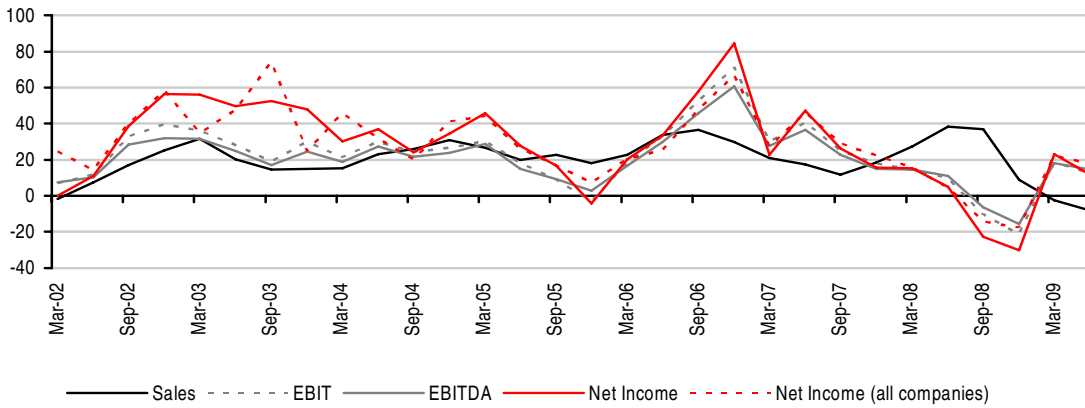
8. Raw material and interest expense, YoY % change



Source: HSBC, Thomson Financial, Prowess

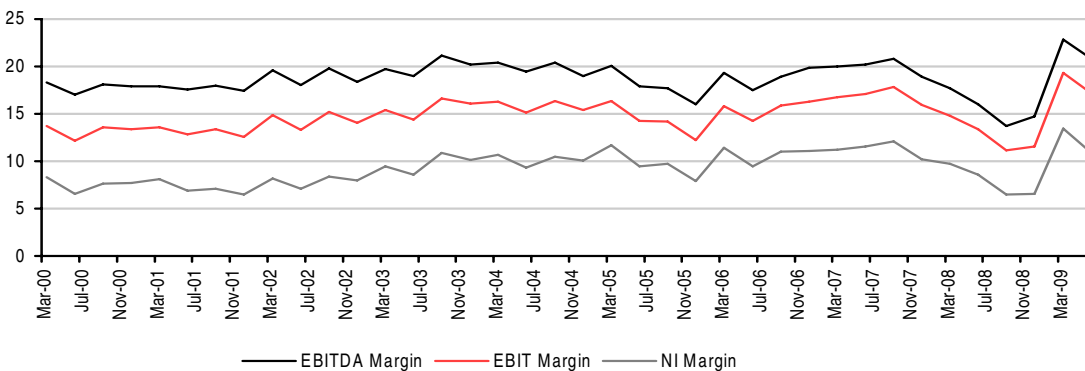
BSE 200 index - financial performance

9. Performance (ex financials), YoY % change



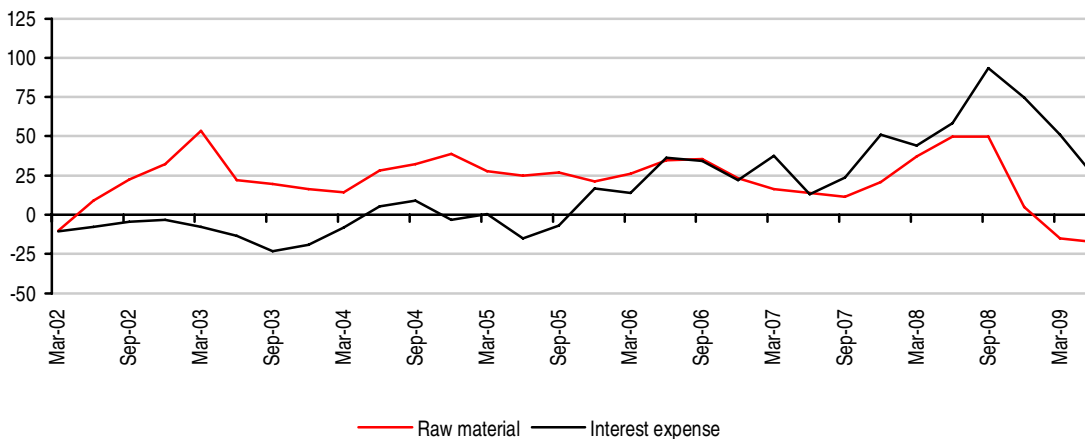
Source: HSBC, Thomson Financial, Prowess

10. Margins, %



Source: HSBC, Thomson Financial, Prowess

11. Raw material and interest expense, YoY % change

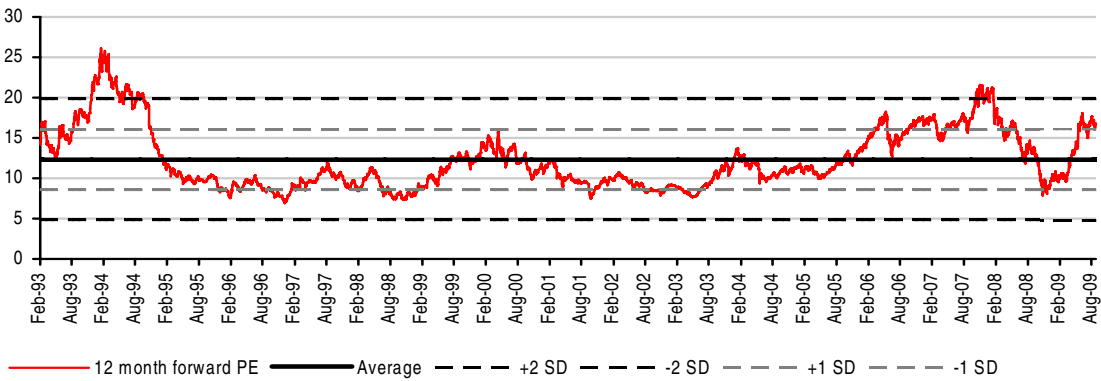


Source: HSBC, Thomson Financial, Prowess

Datapack

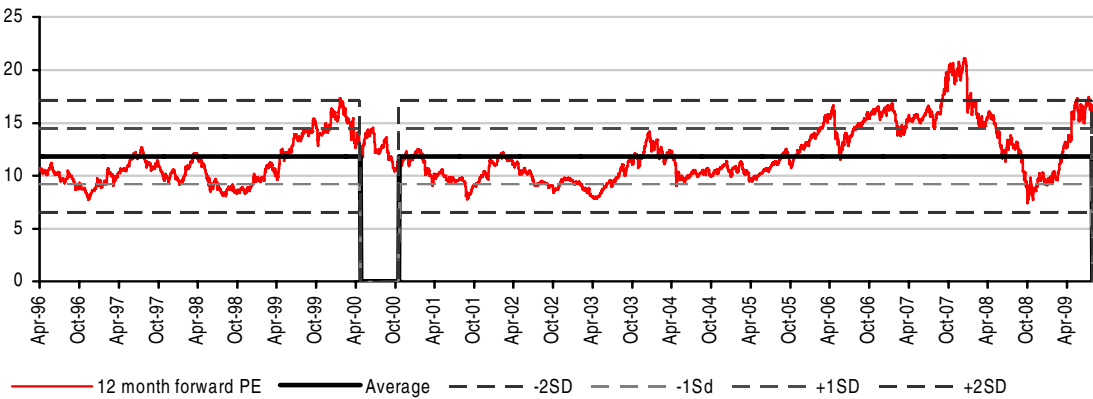
Valuation charts 1

12-month forward PE: Sensex



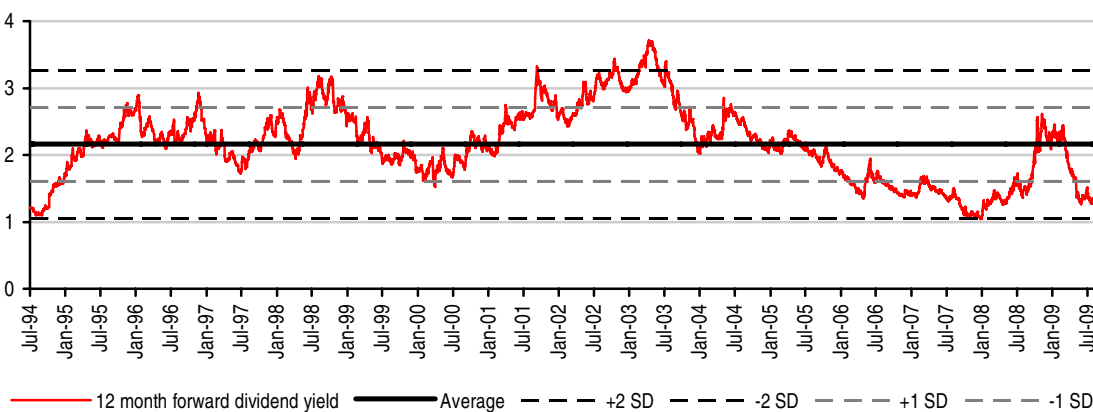
Source: HSBC, Thomson Financial, IBES

12-month forward PE: Nifty 50



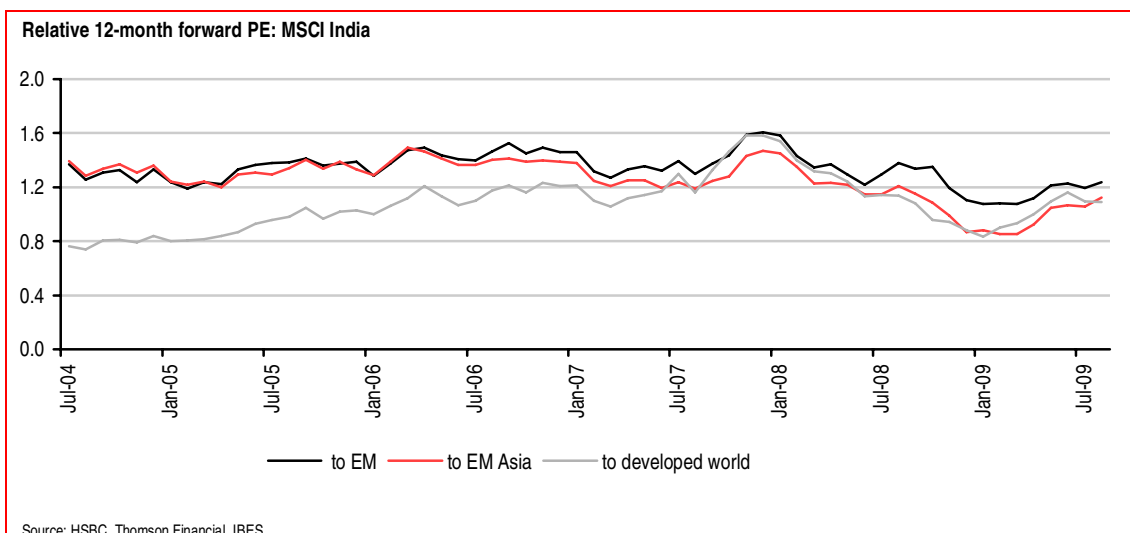
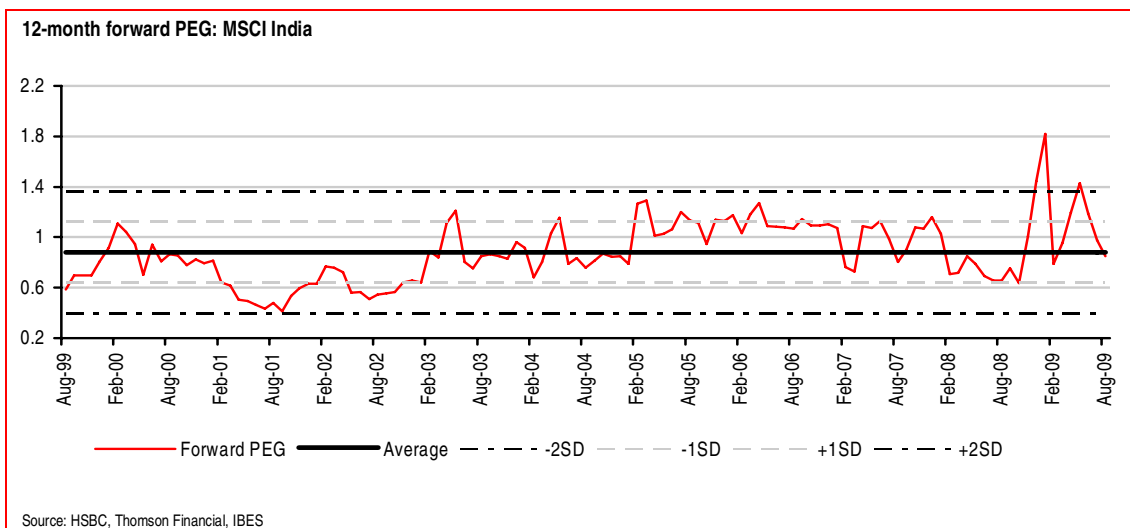
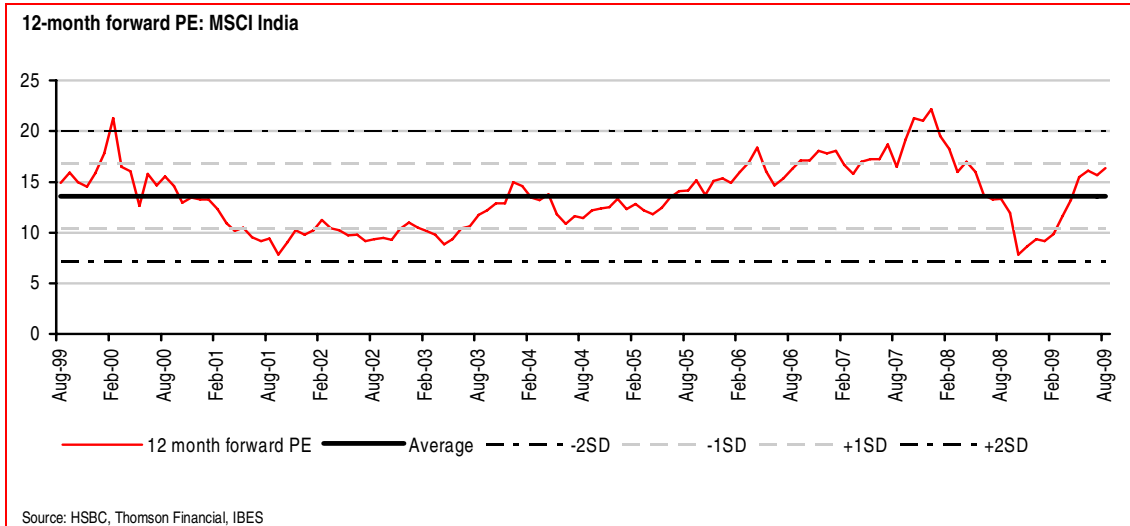
Source: HSBC, Thomson Financial, IBES

Dividend yield: Sensex



Source: HSBC, Thomson Financial, IBES

Valuation charts 2



Performance

Major indices

Index	Price index level	12 month forward PE	1 week (%)	1 month (%)	3 month (%)	1 year (%)	MTD (%)	QTD (%)	YTD (%)
Sensex	15,770	16.8	6.5	2.5	16.1	8.9	0.6	8.8	63.5
Dollex 30	2,651	16.8	6.4	1.5	13.6	-1.8	-0.7	6.9	62.5
BSE 100	8,234	16.2	6.4	2.4	16.1	8.9	0.7	8.8	65.1
BSE 200	1,929	15.7	6.3	2.9	16.8	9.0	1.0	9.2	66.8
BSE 500	6,031	15.3	6.4	3.5	17.2	7.8	1.5	9.8	67.7
BSE Mid cap	5,801		6.7	7.8	22.8	1.0	4.1	14.3	79.3
BSE Small cap	6,878		9.0	13.7	22.6	-0.5	10.8	19.8	86.8
Nifty 50	4,681	16.8	6.5	2.5	13.7	7.9	1.0	9.1	58.2

Source: HSBC, Thomson Financial, IBES

BSE sector indices

Sector	Price index level	12 month forward PE	1 week (%)	1 month (%)	3 month (%)	1 year (%)	MTD (%)	QTD (%)	YTD (%)
Auto	5,729	17.9	8.6	3.3	32.6	46.3	0.3	25.7	134.4
Bankex	8,359	12.0	4.5	0.3	9.9	21.8	-1.3	1.8	53.2
Capital goods	13,029	19.4	6.6	3.6	20.7	9.6	3.4	1.8	88.5
Consumer durables	3,202	14.9	7.2	2.0	25.6	-15.8	2.7	8.2	67.3
FMCG	2,597	22.0	4.9	0.7	24.3	18.4	-5.1	14.8	30.7
Health Care	3,897	16.8	3.6	0.8	14.0	-9.6	2.4	9.7	31.4
IT	4,272	19.5	11.8	13.1	50.2	9.7	7.8	30.0	91.8
Metal	12,678	11.7	6.3	4.6	29.2	4.1	2.3	17.1	143.1
Oil & Gas	9,826	13.4	6.1	2.4	2.0	0.6	3.7	4.6	62.4
Teck (TMT)	3,073	20.3	8.9	7.7	28.7	1.5	4.9	18.0	57.8
Realty	4,143	22.9	12.6	9.3	25.0	-17.4	6.0	29.2	82.2
Power	2,978	21.4	5.9	2.6	12.0	15.1	0.3	4.8	62.8
PSU	8,295	12.2	3.1	0.9	9.0	23.9	-0.8	4.7	57.1

Source: HSBC, Thomson Financial, IBES

MSCI India indices

Index	Price index level	Total return index level	12 month forward PE	1 week (%)	1 month (%)	3 month (%)	1 year (%)	MTD (%)	QTD (%)	YTD (%)
MSCI India	627	820	16.4	7.2	2.9	16.7	7.9	1.4	10.2	69.8
Consumer Discretionary	337	414	15.1	9.4	-3.4	26.2	54.7	-2.8	17.4	117.1
Consumer Staples	216	277	21.4	5.0	-2.2	20.7	10.8	-7.2	10.4	19.1
Energy	1,269	1,719	12.8	6.7	1.9	-0.9	-3.4	3.9	2.9	64.6
Financials	3,806	4,902	19.2	6.2	2.3	14.3	7.5	0.0	6.5	64.4
Health Care	524	583	17.6	3.1	-2.6	10.6	-11.4	0.4	8.8	29.7
Industrials	1,248	1,523	25.6	7.0	4.6	21.0	20.1	3.3	7.0	99.1
Information Technology	502	556	19.6	11.8	11.5	47.8	13.0	6.7	29.0	89.8
Materials	724	884	10.9	6.0	2.8	28.9	14.8	0.4	17.0	134.7
Telecom	85	108	11.9	9.3	-2.8	-8.8	-30.0	-1.9	-3.5	13.9
Utilities	771	1,026	16.7	5.4	0.9	10.6	16.0	-1.2	7.1	47.1
MSCI India Value	472	635		7.6	3.6	16.4	19.8	1.9	12.5	68.2
MSCI India Growth	558	642		6.7	2.1	17.0	-4.5	0.8	7.8	71.7

Source: HSBC, Thomson Financial, IBES

EPS revisions

EPS revisions: BSE 200 index

Sector	Industry	Index weight	12 month fwd PE	FY 10 e revision (%)			FY 11 e revision (%)		
				1 Month	3 Month	6 Month	1 Month	3 Month	6 Month
Consumer Discretionary	Automobiles & Components	3.8	15.9	9.6	14.8	11.4	4.3	9.0	13.5
	Consumer Durables & Apparel	0.5	20.0	1.3	4.1	-6.5	-0.4	7.5	3.5
	Consumer Services	0.5	22.4	-2.4	-13.3	-21.3	0.2	-3.0	-7.1
	Media	0.6	41.7	9.4	5.7	-4.8	-5.2	-10.7	-12.3
	Retailing	0.2	35.0	-2.0	1.7	-0.1	-5.1	-0.4	6.1
Consumer Staples	Food Beverage & Tobacco	4.8	21.3	2.5	1.9	2.3	1.2	-2.1	2.3
	Household & Personal Products	1.9	22.5	-1.3	-0.8	-1.7	0.7	3.3	0.7
Energy	Energy	14.6	12.6	-1.2	3.2	3.2	-2.0	1.2	5.8
Financials	Banks	17.6	12.7	2.2	4.0	1.5	3.4	6.2	4.9
	Diversified Financials	4.3	17.8	2.9	11.4	8.7	1.2	14.6	8.5
	Real Estate	1.5	25.7	3.8	-6.2	4.1	7.4	1.7	-12.2
Health Care	Health Care Equipment & Services	0.2	14.3	-2.4	1.0	2.3	3.0	19.3	-5.9
	Pharmaceuticals, Biotechnology	3.3	17.6	-5.3	-1.7	-4.9	7.8	1.2	0.5
Industrials	Capital Goods	13.7	23.0	-1.0	-1.5	-0.2	2.1	10.4	4.4
	Transportation	0.6	21.2	4.2	11.9	20.5	6.5	23.5	37.3
Information Technology	Software & Services	9.4	19.3	3.4	4.4	0.3	5.0	8.2	4.6
	Technology Hardware & Equipment	0.0	15.5	-0.2	45.0	47.7	1.1	36.3	41.1
Materials	Materials	11.0	11.1	12.2	17.3	18.0	10.2	18.6	26.9
Telecom	Telecommunications	4.7	15.0	-8.1	-9.5	-17.4	-7.8	-5.5	4.2
Utilities	Utilities	6.9	18.6	1.5	-4.9	-12.7	1.0	-2.0	5.9
BSE 200 Index		100.0	15.5	2.3	3.9	2.3	2.9	6.4	7.3

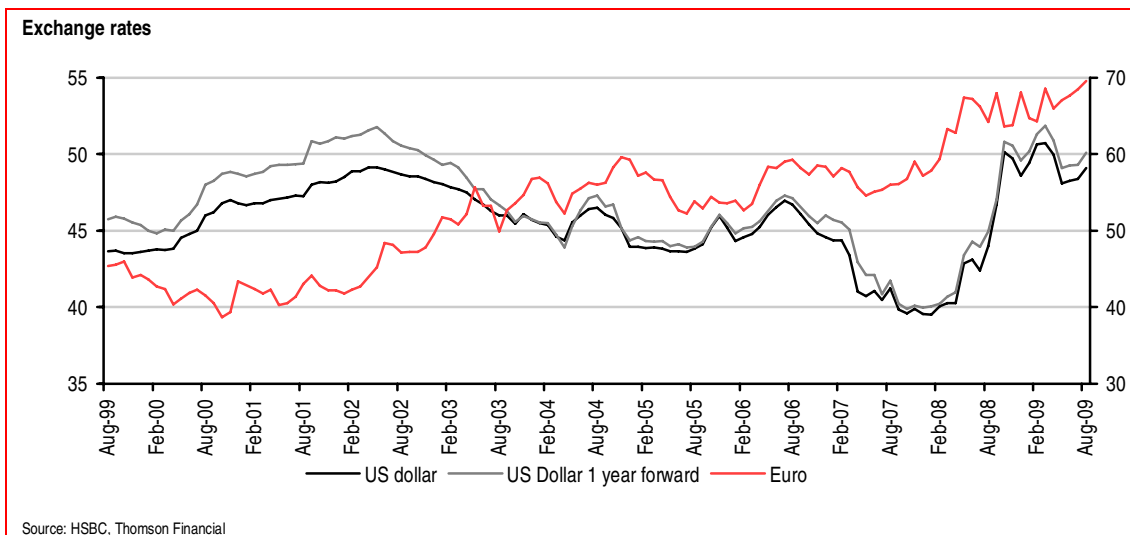
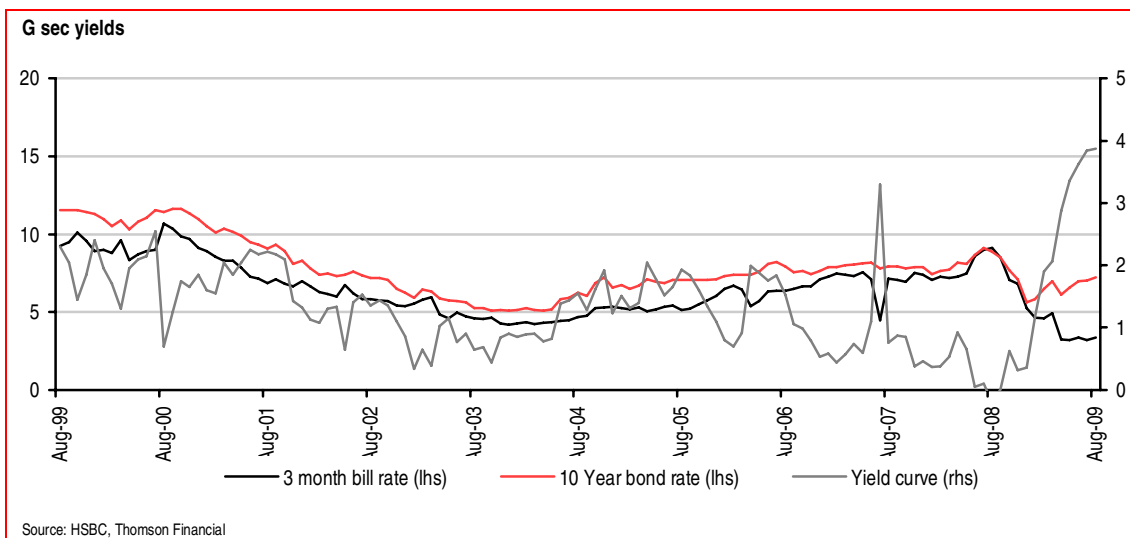
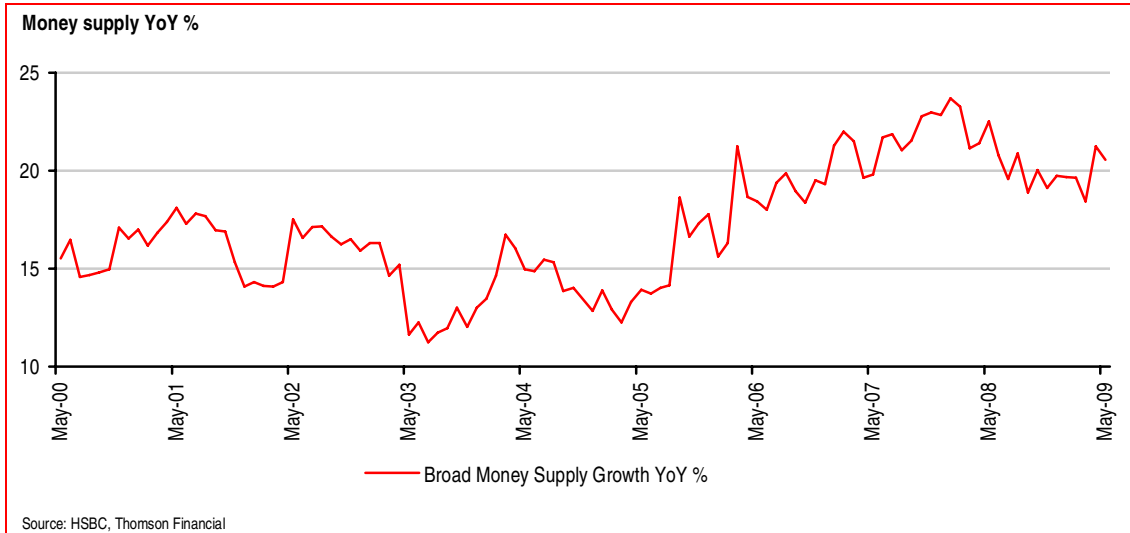
Source: HSBC, Thomson Financial, IBES

EPS revisions: MSCI India index

Sector	CY 2009e (%)			CY 2010e (%)		
	1 Month	3 Month	6 Month	1 Month	3 Month	6 Month
Consumer Discretionary	-1.3	22.4	17.2	-5.3	12.6	15.3
Consumer Staples	-2.0	-2.7	-4.2	-0.3	-0.7	-16.4
Energy	-9.1	4.2	5.8	-10.5	1.3	4.4
Financials	-3.8	-0.3	-3.3	-2.6	1.5	0.8
Health Care	-6.8	-2.7	-4.1	-5.0	-0.9	-1.0
Industrials	5.4	-0.7	-10.7	-2.1	6.4	10.7
Information Technology	-2.9	4.3	-16.5	-2.1	7.5	-13.4
Materials	1.3	17.9	23.0	0.9	23.1	32.7
Telecom	2.2	4.6	1.1	-0.9	1.8	4.8
Utilities	2.3	5.7	-0.1	4.3	7.5	6.1
MSCI India	-2.8	4.9	-0.1	-3.3	5.8	1.7

Source: HSBC, Thomson Financial, IBES

Interest rates and money supply



Disclosure appendix

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BANK OF BARODA	BOB.NS	426.30	26-Aug-2009	2, 5, 6, 7
BHARTI AIRTEL	BRTI.NS	405.40	26-Aug-2009	6, 7
HINDUSTAN UNILEVER LTD	HLL.NS	263.10	26-Aug-2009	1, 4, 5
ICICI BANK	ICBK.NS	761.90	26-Aug-2009	2, 5, 6, 7, 11
INDIA CEMENTS	ICMN.BO	129.50	26-Aug-2009	4
NAGARJUNA CONSTRUCTION	NGCN.BO	136.00	26-Aug-2009	4
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Source: HSBC

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