

16 May 2009



MOTILAL OSWAL

Elections 2009



Five-year positive surprise

Prices as of Friday, 15 May 2009

Research Team (Rajat@MotilalOswal.com)

India Strategy

BSE Sensex: 12,173

S&P CNX: 3,672

16 May 2009

Elections 2009 – a five-year positive surprise

A) Don't treat it like just another quarterly surprise

- ✂ The results of the 2009 general elections are a defining event in Indian politics and the progress of the Indian economy. As the Congress-led United Progressive Alliance (UPA) moves towards absolute majority, the election results are better than even the most optimistic expectations. This paves the way for a stable government for the next five years, with namesake support required from non-UPA partners. This in turn would give a free hand to the original architect (Dr Manmohan Singh) of the Indian reform story to finish the job he began.
- ✂ In our view, these election results would enable the government to focus on growth and development, pursue reforms to attract large foreign capital flows, invest heavily in infrastructure and continue to invest in the rural economy. All of this, in turn, would boost the confidence of the corporate sector to invest and the consumers to spend.
- ✂ The immediate focus of investors would shift to the Budget (to be presented within 45 days of government formation), which will be the first formal communication of the economic agenda of the new government. The challenges are many – provide stimulus to growth, correct fiscal imbalances and create means to raise resources to meet the first two challenges.
- ✂ We expect Indian equities to witness re-rating, driven by the outcome of the elections and expect the base P/E to move up to 15x FY10E EPS (Sensex levels of ~13,500). We expect FY11 earnings to get upgraded on the back of reforms to attract higher foreign investments, greater corporate and consumer confidence, and increased investments in infrastructure.

B) Five key trends for investors to watch in this new political scenario

1. **Positive impact on currency and interest rates:** This would have a positive impact on Banks, Autos, Bharti Airtel. Sectors that would be negatively impacted are Metals, IT, and Energy.
2. **Opening up of sectors where FDI restrictions have constrained foreign investment – Insurance, Aviation, Retail, etc:** Higher FDI in Insurance may allow ICICI Bank to reduce its stake in its insurance ventures and release capital. Consolidation of state-owned banks could be a structural re-rating catalyst for them. Moreover, reforms relating to pension, labor, etc would also be viewed positively.
3. **Continued thrust on rural India:** The government's focus on rural India has paid rich dividends and we expect this thrust to continue, going forward. Concession to farmers, NREGA schemes would further boost India's rural economy. This should benefit Hero Honda, Bharti Airtel, M&M, the cement sector, etc.
4. **Disinvestment of state-owned enterprises to raise resources:** While privatization results in a re-rating of the company, mere divestment of stake creates additional supply of the stock. This could have a negative impact on the stock prices of companies being divested; however, the divestment exercise would be viewed positively as fiscal prudence.



5. **Boosting of investor/consumer confidence:** A stable government would boost consumer confidence to spend and corporate confidence to invest. (A fractured mandate would have adversely impacted confidence). This should boost demand for various products and services. Also, higher infrastructure spending would further boost the fortunes of companies such as L&T. The Real Estate sector would benefit, driven by higher consumer confidence and easing liquidity (DLF is our top pick among real estate stocks).

The risks to the markets would be from any negative global developments, significant increase in capital raising by the corporate sector due to higher valuations, and the need to correct fiscal imbalance by raising taxes or cutting back government expenditure.

C) Few of the important economic points mentioned in the election manifesto of the Congress are:

- ✍ Public investment in agriculture and infrastructure will be stepped up further.
- ✍ Ensure that subsidies are meant only for truly needy and poor sections. National consensus will be made on this.
- ✍ Policy of attracting private investment in oil exploration will also be followed for other mineral resources, including coal and iron-ore.
- ✍ Introduction of GST from April 2010.
- ✍ Ensure that India adds at least 12,000-15,000 MW of power capacity annually. Rural electrification and reduction in distribution losses will be given highest priority.

D) Top picks

Our top-10 large-cap bets are: SBI, ICICI Bank, Bharti Airtel, Hero Honda, JSPL, L&T, DLF, M&M, Reliance Industries, and HDFC Bank.

Our top mid-cap bets are: IDFC, ZEE, United Phosphorous, Lupin, IVRCL, OBC, Sintex, Bajaj Auto, Dr Reddy's, India Cements, and Jaiprakash Associates.

VALUATION SUMMARY

| | CMP (RS) 15.5.09 | EPS (RS) | | | P/E (X) | | | EV/EBITDA | | | ROE (%) | | |
|---------------------------|---------------------|----------|-------|-------|---------|-------|-------|-----------|-------|-------|---------|-------|-------|
| | | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E |
| Large-caps | | | | | | | | | | | | | |
| State Bank | 1,312 | 172.6 | 170.8 | 195.8 | 7.6 | 7.7 | 6.7 | 1.1 | 1.0 | 0.9 | 16.4 | 14.1 | 14.4 |
| ICICI Bank | 574 | 33.8 | 35.3 | 43.2 | 17.0 | 16.3 | 13.3 | 1.3 | 1.2 | 1.2 | 10.0 | 10.1 | 11.6 |
| Bharti Airtel | 800 | 44.7 | 54.4 | 60.9 | 17.9 | 14.7 | 13.1 | 10.5 | 8.8 | 7.4 | 31.4 | 28.5 | 25.0 |
| Hero Honda | 1,222 | 64.2 | 79.7 | 88.7 | 19.0 | 15.3 | 13.8 | 12.1 | 9.6 | 8.4 | 37.8 | 37.0 | 33.0 |
| Jindal Steel & Power | 1,603 | 203.7 | 196.1 | 264.9 | 7.9 | 8.2 | 6.1 | 5.9 | 6.2 | 4.5 | 47.3 | 31.5 | 30.0 |
| Larsen & Toubro | 988 | 55.4 | 57.4 | 60.5 | 17.8 | 17.2 | 16.3 | 17.0 | 14.5 | 13.6 | 24.3 | 20.8 | 18.8 |
| DLF | 258 | 26.9 | 13.8 | 9.3 | 9.6 | 18.7 | 27.8 | 10.9 | 15.5 | 17.4 | 18.7 | 8.8 | 5.6 |
| Mahindra & Mahindra | 514 | 55.8 | 61.8 | 71.5 | 9.2 | 8.3 | 7.2 | 12.9 | 9.0 | 7.4 | 14.6 | 17.1 | 17.7 |
| Reliance Inds. | 1,948 | 103.2 | 136.4 | 154.9 | 18.9 | 14.3 | 12.6 | 14.3 | 9.5 | 7.9 | 16.1 | 17.7 | 17.5 |
| HDFC Bank | 1,185 | 52.8 | 64.8 | 78.1 | 22.4 | 18.3 | 15.2 | 3.4 | 2.9 | 2.5 | 15.8 | 17.3 | 17.9 |
| Mid-caps | | | | | | | | | | | | | |
| IDFC | 98 | 5.8 | 7.1 | 8.3 | 17.0 | 13.8 | 11.9 | 2.1 | 1.9 | 1.7 | 12.9 | 14.2 | 14.8 |
| Zee Entertainment | 143 | 9.2 | 9.6 | 12.2 | 15.5 | 14.9 | 11.8 | 12.4 | 11.8 | 9.3 | 12.3 | 12.0 | 13.5 |
| United Phosphorous | 126 | 10.7 | 13.7 | 18.3 | 11.8 | 9.2 | 6.9 | 6.4 | 4.9 | 3.6 | 20.0 | 21.5 | 23.9 |
| Lupin | 782 | 56.9 | 69.6 | 80.3 | 13.7 | 11.2 | 9.7 | 11.5 | 8.7 | 7.7 | 34.1 | 32.6 | 30.0 |
| IVRCL Infra. | 162 | 16.2 | 18.8 | 22.3 | 10.0 | 8.7 | 7.3 | 8.3 | 7.1 | 5.9 | 12.8 | 13.1 | 13.8 |
| Oriental Bank of Commerce | 143 | 36.1 | 35.3 | 36.8 | 4.0 | 4.1 | 3.9 | 0.6 | 0.5 | 0.5 | 14.7 | 12.9 | 12.2 |
| Sintex Inds. | 160 | 22.3 | 25.4 | 31.6 | 7.2 | 6.3 | 5.1 | 6.8 | 5.6 | 4.7 | 18.5 | 17.8 | 18.6 |
| Bajaj Auto | 793 | 54.3 | 61.4 | 67.5 | 14.6 | 12.9 | 11.7 | 8.7 | 7.3 | 6.4 | 39.4 | 35.8 | 32.2 |
| Dr Reddy's Labs | 573 | 12.4 | 42.7 | 49.6 | 46.3 | 13.4 | 11.6 | 11.0 | 9.6 | 9.2 | 4.3 | 13.4 | 14.0 |
| India Cements | 115 | 19.1 | 20.8 | 16.7 | 6.0 | 5.5 | 6.9 | 4.1 | 3.3 | 3.6 | 18.7 | 17.6 | 12.5 |
| Jaiprakash Associates | 141 | 7.2 | 9.1 | 9.2 | 19.5 | 15.4 | 15.3 | 15.5 | 11.5 | 10.6 | 16.8 | 18.0 | 15.9 |

Note: For Banks the value appearing in EV/EBITDA are P/BV

Election results – 2009 v/s 2004

HOW THE ALLIANCES FARED

| ALLIANCES | NO OF SEATS | | |
|--------------|-------------|------------|------|
| | 2004 | 2009 | CHG. |
| UPA | 180 | 262 | 82 |
| NDA | 177 | 160 | -17 |
| 3rd Front | 108 | 79 | -29 |
| 4th Front | 64 | 28 | -36 |
| Others | 14 | 14 | - |
| Total | 543 | 543 | |

CHANGE IN MAJOR PARTY POSITIONS

| PARTY | NO OF SEATS | | |
|----------|-------------|------|------|
| | 2004 | 2009 | CHG. |
| Congress | 145 | 206 | 61 |
| BJP | 138 | 116 | -22 |
| Left | 60 | 24 | -36 |
| SP | 36 | 23 | -13 |
| BSP | 19 | 21 | 2 |
| JDU | 8 | 20 | 12 |
| TC | 2 | 19 | 17 |
| DMK | 16 | 18 | 2 |
| BJD | 11 | 14 | 3 |
| SS | 12 | 11 | -1 |
| ADMK | 0 | 9 | 9 |
| NCP | 9 | 9 | 0 |

DISTRIBUTION OF SEATS ACROSS VARIOUS STATES AND PARTIES

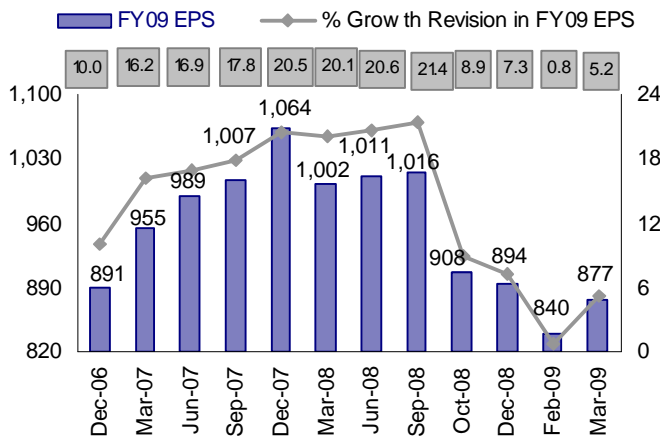
| STATE | TOTAL SEATS | UPA | | | NDA | | | 3RD FRONT | | | 4TH FRONT | | | OTHERS | |
|--------------------|-------------|------|------|------|------|------|------|-----------|------|------|-----------|------|------|---------|-------|
| | | 2004 | 2009 | CHG. | 2004 | 2009 | CHG. | 2004 | 2009 | CHG. | 2004 | 2009 | CHG. | 2009 | CHG. |
| Uttar Pradesh | 80 | 9 | 21 | 12 | 14 | 15 | 1 | 19 | 20 | 1 | 35 | 24 | -11 | - | - |
| Maharashtra | 48 | 22 | 25 | 3 | 25 | 20 | -5 | 0 | 0 | 0 | 0 | 0 | 0 | SWP 1 | IND 1 |
| Andhra Pradesh | 42 | 29 | 33 | 4 | 5 | 2 | -3 | 7 | 6 | -1 | 0 | 0 | 0 | MIM 1 | - |
| West Bengal | 42 | 7 | 25 | 18 | 0 | 1 | 1 | 35 | 15 | -20 | 0 | 0 | 0 | IND 1 | - |
| Bihar | 40 | 3 | 2 | -1 | 11 | 32 | 21 | 0 | 0 | 0 | 26 | 4 | -22 | IND 2 | - |
| Tamil Nadu | 39 | 26 | 27 | 1 | 0 | 0 | 0 | 13 | 12 | -1 | 0 | 0 | 0 | - | - |
| Madhya Pradesh | 29 | 4 | 12 | 8 | 25 | 16 | -9 | 0 | 1 | 1 | 0 | 0 | 0 | - | - |
| Karnataka | 28 | 8 | 6 | -2 | 18 | 19 | 1 | 2 | 3 | 1 | 0 | 0 | 0 | - | - |
| Gujarat | 26 | 12 | 11 | -1 | 14 | 15 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| Rajasthan | 25 | 4 | 20 | 16 | 21 | 4 | -17 | 0 | 0 | 0 | 0 | 0 | 0 | IND 1 | - |
| Orissa | 21 | 3 | 6 | 3 | 7 | 0 | -7 | 11 | 15 | 4 | 0 | 0 | 0 | - | - |
| Kerala | 20 | 1 | 16 | 15 | 0 | 0 | 0 | 16 | 4 | -12 | 0 | 0 | 0 | - | - |
| Assam | 14 | 9 | 8 | -1 | 4 | 5 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | - | - |
| Jharkhand | 14 | 10 | 3 | -7 | 1 | 8 | 7 | 1 | 0 | -1 | 2 | 0 | -2 | IND 2 | JVM 1 |
| Punjab | 13 | 2 | 8 | 6 | 11 | 5 | -6 | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| Chhattisgarh | 11 | 1 | 1 | 0 | 10 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| Haryana | 10 | 9 | 9 | 0 | 1 | 0 | -1 | 0 | 0 | 0 | 0 | 0 | 0 | HJCBL 1 | - |
| Delhi | 7 | 6 | 7 | 1 | 1 | 0 | -1 | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| Jammu & Kashmir | 6 | 4 | 5 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | IND 1 | - |
| Uttarakhand | 5 | 1 | 5 | 4 | 3 | 0 | -3 | 0 | 0 | 0 | 1 | 0 | -1 | - | - |
| Himachal Pradesh | 4 | 3 | 1 | -2 | 1 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| Goa | 2 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | | | - | - |
| Arunachal Pradesh | 2 | 0 | 2 | 2 | 2 | 0 | -2 | 0 | | | 0 | | | - | - |
| Manipur | 2 | 1 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| Meghalaya | 2 | 1 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | - | - |
| Tripura | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | | | - | - |
| Mizoram | 1 | 0 | 1 | 1 | 0 | | | 0 | | | 0 | | | - | - |
| Nagaland | 1 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | | | 0 | | | - | - |
| Sikkim | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | | | SDF 1 | - |
| Andaman & Nicobar | 1 | 1 | 0 | -1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| Chandigarh | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| Dadar Nagar Haveli | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | | | - | - |
| Daman & Diu | 1 | 1 | 0 | -1 | 0 | 1 | 1 | 0 | | | 0 | 0 | 0 | - | - |
| Lakshadweep | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | - | - |
| Puducherry | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 0 | -1 | 0 | 0 | 0 | - | - |

Earnings downgrade cycle over... upgrades to follow soon

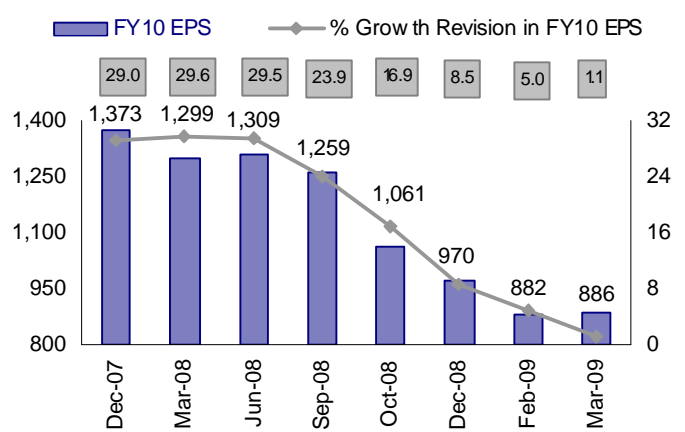
Downgrade in our Sensex EPS estimates commenced with our 4QFY08 quarterly results preview and has continued in the following quarters. Since our 3QFY09 results review released in February 2009, there is no change in our FY10 Sensex EPS estimate of Rs886. The major changes in assumptions have already been factored in post 3QFY09 results. This is positive, given that some of the incremental data points have started looking up and these are also being reflected in our estimates.

We expect FY11 earnings to get upgraded on the back of reforms to attract higher foreign investments, greater corporate and consumer confidence, and increased investments in infrastructure.

FY09E SENSEX EPS AT RS877 (GROWTH OF 5.2%)



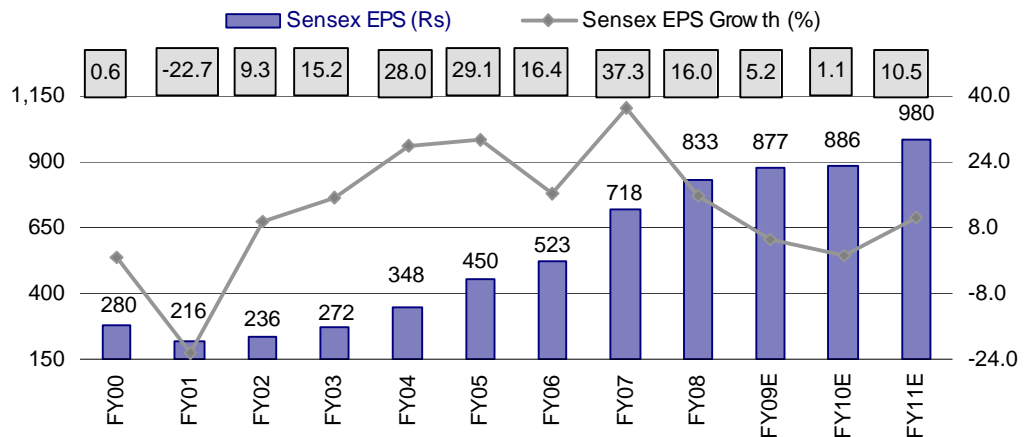
FY10E EPS AT RS886 (GROWTH OF 1.1%)



■ EPS growth YoY (%)

Source: MOSL

TREND IN SENSEX EPS OVER FY00-11E



■ EPS growth YoY (%)

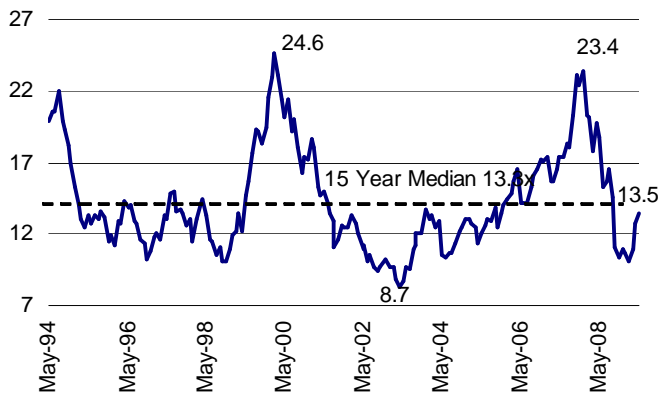
Source: MOSL

Valuations at long term averages; significant changes in sector premium/discount to index

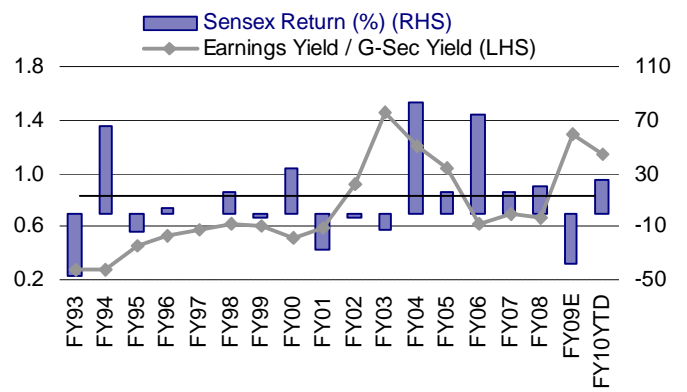
As the Sensex declined from 21,000 to below 10,000, all the key valuation parameters fell below the historical averages. The BSE Sensex now trades at a forward P/E of 13.7x v/s the 15-year median of 13.3x, while the P/B multiple has declined from 4.3x to 2.2x. Following the deceleration in earnings momentum, Sensex RoE is now estimated at 17% v/s its peak RoE of 24%.

At the current levels, earnings yield to bond yield is 1.2x, close to its all-time peak of 1.4x (at 8,500 Sensex, it had crossed the earlier peak). This is one of the important parameters indicating that equities are attractively valued compared to bonds. On the previous occasion, when the earnings yield was trading at the current premium, Indian equities had delivered five consecutive years of positive returns.

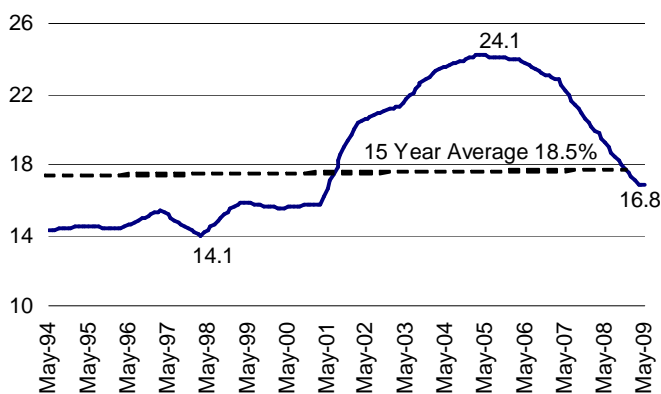
SENSEX P/E (X)



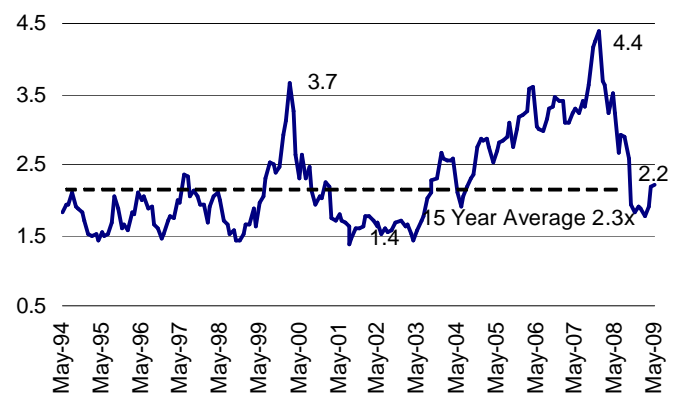
SENSEX RETURNS VS EARNINGS YIELD TO BOND YIELD



SENSEX ROE (%)



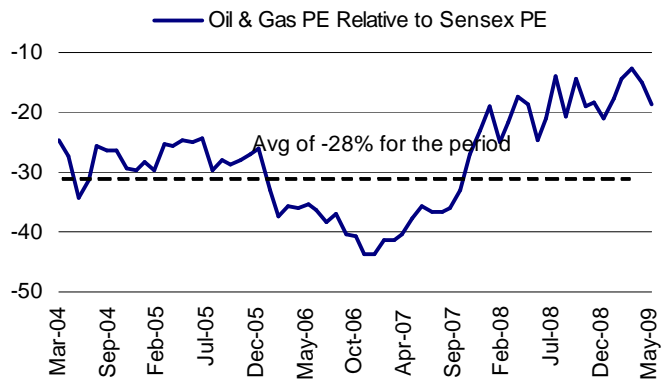
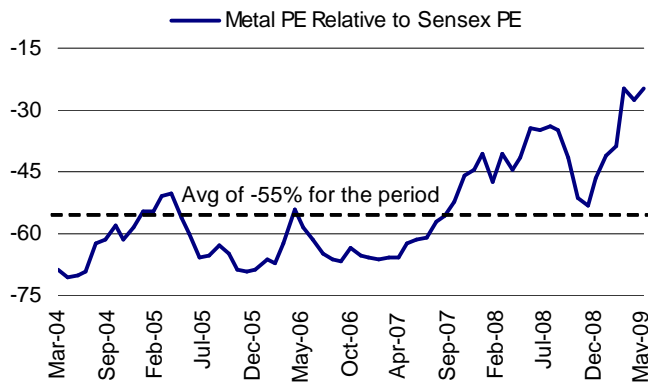
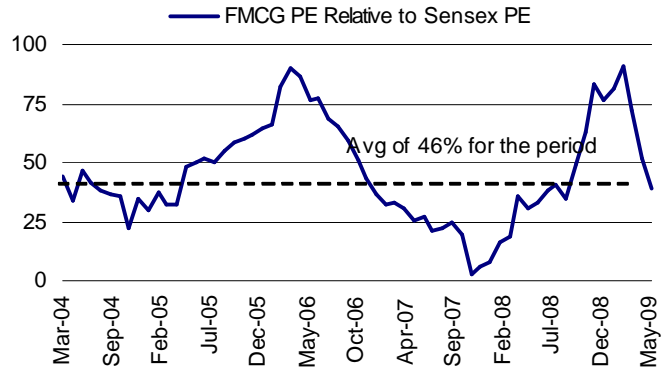
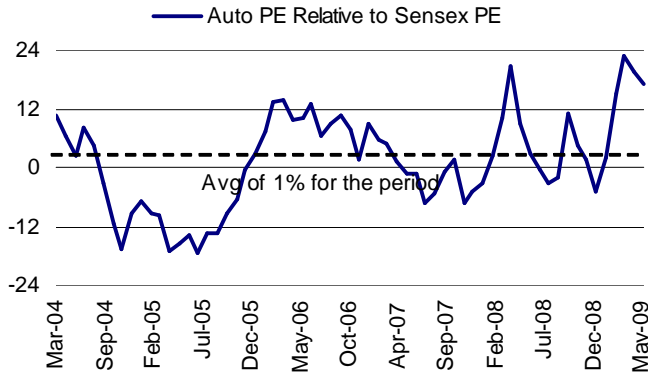
SENSEX P/B (X)



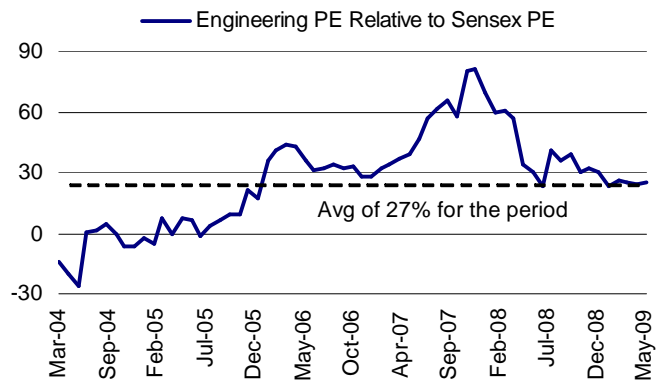
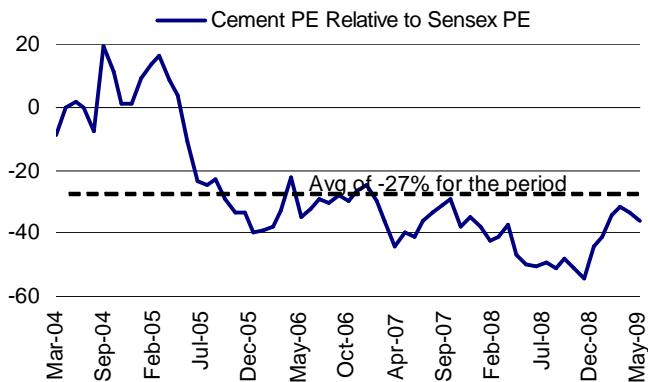
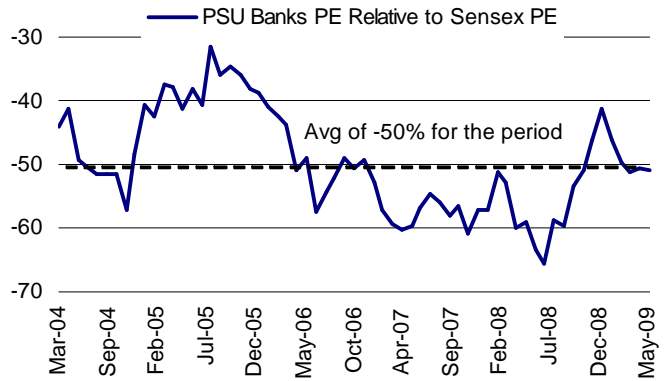
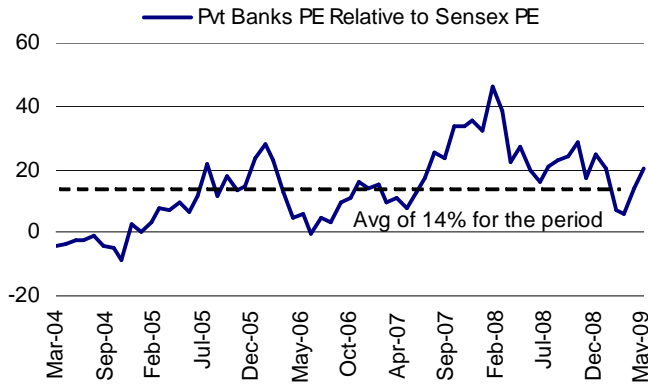
Source: MOSL

SECTORAL P/E PREMIUM / DISCOUNT TO SENSEX

SECTORS TRADING ABOVE THEIR AVERAGE PREMIUM/DISCOUNT TO SENSEX P/E

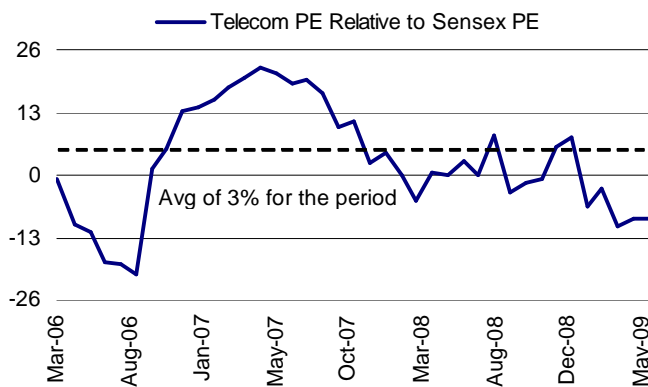
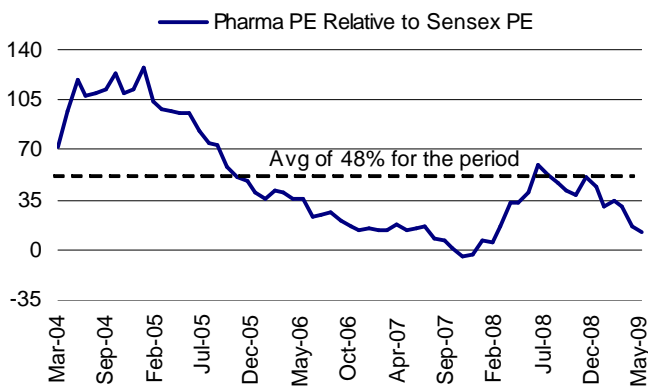
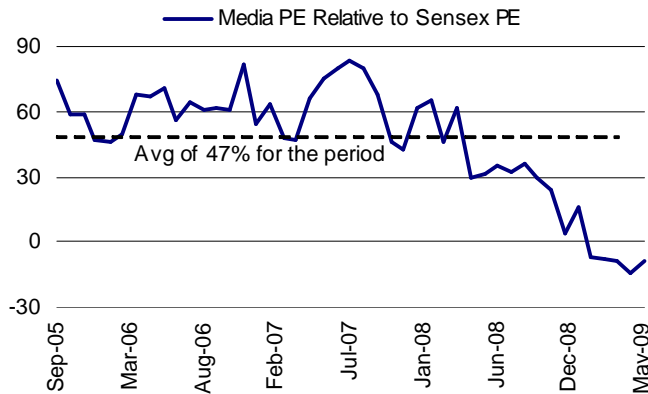
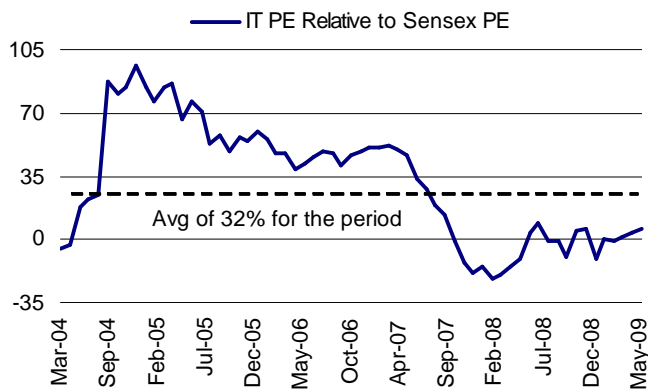


SECTORS TRADING AT THEIR AVERAGE PREMIUM/DISCOUNT TO SENSEX PE



SECTORAL P/E PREMIUM / DISCOUNT TO SENSEX (CONTD...)

SECTORS TRADING BELOW THEIR AVERAGE PREMIUM/DISCOUNT TO SENSEX P/E



Source: MOSL

ANNUAL PERFORMANCE - MOSL UNIVERSE

(RS BILLION)

| | SALES | | | | | EBITDA | | | | | NET PROFIT | | | | |
|-----------------------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|
| | FY09E | FY10E | FY11E | CHG. | CHG. | FY09E | FY10E | FY11E | CHG. | CHG. | FY09E | FY10E | FY11E | CHG. | CHG. |
| | | | | (%)* | (%)# | | | | (%)* | (%)# | | | | (%)* | (%)# |
| Auto (5) | 792 | 834 | 912 | 5.3 | 9.3 | 73 | 94 | 108 | 29.4 | 14.3 | 44 | 56 | 65 | 26.7 | 14.8 |
| Banks (17) | 839 | 965 | 1,116 | 14.9 | 15.7 | 726 | 792 | 922 | 9.1 | 16.5 | 370 | 365 | 423 | -1.3 | 15.6 |
| Cement (7) | 456 | 466 | 492 | 2.3 | 5.4 | 119 | 126 | 107 | 5.9 | -15.3 | 70 | 66 | 53 | -4.7 | -20.1 |
| Engineering (9) | 1,088 | 1,198 | 1,403 | 10.1 | 17.2 | 141 | 173 | 207 | 23.2 | 19.2 | 107 | 118 | 137 | 9.9 | 16.2 |
| FMCG (12) | 661 | 735 | 827 | 11.3 | 12.4 | 126 | 145 | 164 | 15.4 | 13.2 | 84 | 97 | 112 | 16.2 | 15.6 |
| IT (7) | 951 | 998 | 1,035 | 4.9 | 3.8 | 239 | 235 | 230 | -1.4 | -2.3 | 173 | 166 | 166 | -3.9 | -0.4 |
| Infrastr. (5) | 229 | 287 | 337 | 25.2 | 17.4 | 33 | 43 | 49 | 30.5 | 13.3 | 15 | 18 | 20 | 24.8 | 10.1 |
| Media (6) | 64 | 67 | 75 | 5.3 | 11.4 | 19 | 23 | 26 | 17.5 | 16.3 | 12 | 14 | 16 | 17.7 | 20.2 |
| Metals (8) | 3,200 | 2,489 | 2,686 | -22.2 | 7.9 | 532 | 396 | 485 | -25.5 | 22.4 | 298 | 176 | 236 | -41.1 | 34.4 |
| Oil Gas (10) | 9,055 | 6,921 | 7,815 | -23.6 | 12.9 | 888 | 1,024 | 1,138 | 15.3 | 11.2 | 464 | 547 | 618 | 17.8 | 13.0 |
| Pharma (13) | 436 | 493 | 501 | 13.2 | 1.7 | 90 | 99 | 115 | 10.0 | 15.7 | 52 | 68 | 81 | 31.7 | 19.6 |
| Real Estate (2) | 129 | 84 | 88 | -35.2 | 4.5 | 71 | 44 | 42 | -37.9 | -4.5 | 56 | 26 | 20 | -52.9 | -25.2 |
| Retail (2) | 102 | 117 | 137 | 14.5 | 17.4 | 10 | 11 | 12 | 11.0 | 15.9 | 3 | 4 | 5 | 20.6 | 27.3 |
| Telecom (3) | 701 | 858 | 1,006 | 22.5 | 17.3 | 273 | 327 | 390 | 20.0 | 19.0 | 155 | 168 | 198 | 8.0 | 18.3 |
| Textiles (4) | 105 | 122 | 133 | 16.1 | 9.0 | 14 | 15 | 20 | 6.5 | 26.7 | -1 | 0 | 3 | PL | LP |
| Utilities (5) | 697 | 797 | 868 | 14.3 | 9.0 | 148 | 182 | 209 | 22.7 | 15.0 | 109 | 114 | 123 | 4.9 | 7.9 |
| Others (5) | 131 | 153 | 181 | 16.3 | 18.5 | 24 | 30 | 38 | 25.8 | 25.3 | 13 | 17 | 22 | 27.5 | 34.7 |
| MOSL (120) | 19,635 | 17,583 | 19,612 | -10.5 | 11.5 | 3,526 | 3,761 | 4,261 | 6.7 | 13.3 | 2,024 | 2,020 | 2,299 | -0.2 | 13.8 |
| Ex. Banks | 18,796 | 16,619 | 18,496 | -11.6 | 11.3 | 2,800 | 2,969 | 3,339 | 6.0 | 12.5 | 1,653 | 1,654 | 1,876 | 0.1 | 13.4 |
| Ex. Metals | 16,436 | 15,094 | 16,926 | -8.2 | 12.1 | 2,994 | 3,364 | 3,776 | 12.4 | 12.2 | 1,726 | 1,844 | 2,063 | 6.9 | 11.9 |
| Ex. RMs | 14,124 | 14,039 | 15,739 | -0.6 | 12.1 | 3,346 | 3,558 | 4,078 | 6.4 | 14.6 | 1,955 | 1,926 | 2,209 | -1.4 | 14.7 |
| Ex. Met.&RMs | 10,924 | 11,550 | 13,053 | 5.7 | 13.0 | 2,813 | 3,162 | 3,592 | 12.4 | 13.6 | 1,656 | 1,751 | 1,973 | 5.7 | 12.7 |
| Sensex (30) | 9,549 | 9,407 | 10,243 | -1.5 | 8.9 | 2,262 | 2,393 | 2,668 | 5.8 | 11.5 | 1,354 | 1,332 | 1,497 | -1.6 | 12.4 |
| Sensex Ex. Met.7,168 | 7,699 | 8,404 | 7.4 | 9.2 | 1,944 | 2,188 | 2,418 | 12.5 | 10.5 | 1,193 | 1,270 | 1,400 | 6.4 | 10.2 | |

* Growth FY10 over FY09; # Growth FY11 over FY10. For Banks : Sales = Net Interest Income, EBITDA = Operating Profits;

Tata Steel Figures are consolidated including corus.

VALUATIONS - MOSL UNIVERSE

| SECTOR | P/E | | | EV/EBITDA | | | P/BV | | | ROE | | | DIV. YLD (%) | EARN. CAGR |
|------------------------------------|--------------------|-------------|-------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|--------------|------------|
| | (X) | | | (X) | | | (X) | | | (%) | | | | |
| | (NO. OF COMPANIES) | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | | |
| Auto (5) | 19.6 | 15.5 | 13.5 | 10.6 | 8.2 | 6.9 | 3.1 | 2.7 | 2.4 | 15.8 | 17.6 | 17.8 | 1.5 | 20.6 |
| Banks (17) | 9.8 | 9.9 | 8.6 | 1.8 | 1.5 | 1.4 | 1.8 | 1.5 | 1.4 | 17.9 | 15.6 | 16.0 | 2.2 | 6.8 |
| Cement (7) | 8.0 | 8.4 | 10.4 | 5.1 | 4.5 | 4.9 | 1.9 | 1.6 | 1.4 | 23.8 | 19.2 | 13.6 | 2.1 | -12.7 |
| Engineering (9) | 18.5 | 16.8 | 14.5 | 14.0 | 11.4 | 9.6 | 4.6 | 3.8 | 3.3 | 24.9 | 22.9 | 22.7 | 1.2 | 13.0 |
| FMCG (12) | 22.3 | 19.1 | 16.6 | 14.6 | 12.4 | 10.7 | 6.8 | 5.9 | 5.1 | 30.5 | 30.7 | 30.8 | 2.2 | 15.9 |
| IT (7) | 13.4 | 14.0 | 14.0 | 9.0 | 8.7 | 8.3 | 3.8 | 3.1 | 2.7 | 28.2 | 22.3 | 19.0 | 1.7 | -2.1 |
| Infrastructure (5) | 15.9 | 12.7 | 11.6 | 11.3 | 9.2 | 8.2 | 2.1 | 1.9 | 1.7 | 13.3 | 14.7 | 14.5 | 1.1 | 17.2 |
| Media (6) | 16.6 | 14.1 | 11.7 | 9.7 | 8.0 | 6.5 | 2.4 | 2.2 | 1.9 | 14.7 | 15.5 | 16.6 | 1.8 | 19.0 |
| Metals (8) | 6.4 | 10.9 | 8.1 | 4.9 | 6.6 | 5.5 | 1.3 | 1.2 | 1.1 | 20.6 | 11.3 | 13.5 | 2.0 | -11.1 |
| Oil Gas & Petchem (10) | 13.7 | 11.7 | 10.3 | 8.1 | 6.8 | 5.9 | 2.0 | 1.7 | 1.5 | 14.7 | 14.8 | 14.6 | 1.6 | 15.4 |
| Pharma (13) | 20.3 | 15.4 | 12.9 | 12.3 | 11.1 | 9.3 | 3.4 | 3.0 | 2.6 | 16.8 | 19.6 | 19.9 | 1.4 | 25.5 |
| Real Estate (2) | 9.5 | 20.1 | 26.9 | 10.5 | 16.5 | 15.5 | 1.8 | 1.6 | 1.5 | 19.0 | 7.8 | 5.5 | 0.5 | -40.7 |
| Retail (2) | 21.6 | 17.9 | 14.1 | 9.3 | 8.3 | 7.1 | 2.9 | 2.4 | 2.0 | 13.6 | 13.2 | 14.5 | 1.0 | 23.9 |
| Telecom (3) | 14.1 | 13.1 | 11.1 | 9.1 | 7.7 | 6.1 | 3.0 | 2.4 | 2.0 | 20.9 | 18.0 | 17.8 | 0.3 | 13.0 |
| Textiles (4) | -28.2 | -37.1 | 5.3 | 7.8 | 8.1 | 5.8 | 0.3 | 0.3 | 0.3 | -1.0 | -0.8 | 5.3 | 4.4 | LP |
| Utilities (5) | 18.3 | 17.4 | 16.1 | 13.6 | 11.4 | 10.6 | 2.4 | 2.2 | 2.1 | 13.1 | 12.8 | 12.8 | 1.8 | 6.4 |
| Others (5) | 9.7 | 7.6 | 5.6 | 6.8 | 5.2 | 3.9 | 1.9 | 1.6 | 1.3 | 19.7 | 20.9 | 23.0 | 1.4 | 31.1 |
| MOSL (120) | 12.8 | 12.8 | 11.3 | N.M | N.M | N.M | 2.3 | 2.0 | 1.8 | 18.3 | 15.9 | 15.9 | 1.6 | 6.6 |
| MOSL Ex. Banks (103) | 13.5 | 13.5 | 11.9 | 8.7 | 8.1 | 7.1 | 2.5 | 2.1 | 1.9 | 18.4 | 15.9 | 15.8 | 1.5 | 6.5 |
| MOSL Ex. Metals (112) | 13.9 | 13.0 | 11.6 | N.M | N.M | N.M | 2.5 | 2.1 | 1.9 | 17.9 | 16.5 | 16.2 | 1.6 | 9.3 |
| MOSL Ex. RMs (117) | 12.9 | 13.1 | 11.4 | N.M | N.M | N.M | 2.4 | 2.1 | 1.9 | 18.9 | 16.2 | 16.3 | 1.6 | 6.3 |
| MOSL Ex. Met.&RMs (109) | 14.0 | 13.3 | 11.8 | N.M | N.M | N.M | 2.6 | 2.2 | 2.0 | 18.6 | 16.9 | 16.7 | 1.6 | 9.1 |
| Sensex (30) | 13.9 | 14.3 | 12.5 | N.M | N.M | N.M | 2.7 | 2.4 | 2.1 | 19.5 | 16.7 | 16.7 | 1.5 | 5.1 |
| Sensex Excl. Metals (27) | 15.9 | 14.5 | 13.1 | N.M | N.M | N.M | 3.1 | 2.6 | 2.3 | 19.2 | 18.0 | 17.5 | 1.4 | 8.3 |

N.M. - Not Meaningful. Sensex Numbers are Free-Float

Source: MOSL

Ready reckoner: valuations

| | CMP (RS) 15.5.09 | RECO | EPS (RS) | | | P/E (X) | | | EV/EBITDA | | | ROE (%) | | |
|-------------------------|---------------------|--------------|----------|-------|-------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E |
| Automobiles | | | | | | | | | | | | | | |
| Bajaj Auto | 793 | Buy | 54.3 | 61.4 | 67.5 | 14.6 | 12.9 | 11.7 | 8.7 | 7.3 | 6.4 | 39.4 | 35.8 | 32.2 |
| Hero Honda | 1,222 | Buy | 64.2 | 79.7 | 88.7 | 19.0 | 15.3 | 13.8 | 12.1 | 9.6 | 8.4 | 37.8 | 37.0 | 33.0 |
| Mahindra & Mahindra | 514 | Buy | 55.8 | 61.8 | 71.5 | 9.2 | 8.3 | 7.2 | 12.9 | 9.0 | 7.4 | 14.6 | 17.1 | 17.7 |
| Maruti Suzuki | 848 | Buy | 42.1 | 53.1 | 63.7 | 20.1 | 16.0 | 13.3 | 10.6 | 7.8 | 6.2 | 12.8 | 14.1 | 14.7 |
| Tata Motors | 265 | Neutral | 9.8 | 16.6 | 19.4 | 27.2 | 15.9 | 13.6 | 8.9 | 7.2 | 6.3 | 5.9 | 8.6 | 9.6 |
| Sector Aggregate | | | | | | 19.6 | 15.5 | 13.5 | 10.6 | 8.2 | 6.9 | 15.8 | 17.6 | 17.8 |
| Cement | | | | | | | | | | | | | | |
| ACC | 635 | Neutral | 57.9 | 66.4 | 47.7 | 11.0 | 9.6 | 13.3 | 6.2 | 5.0 | 6.8 | 23.9 | 22.5 | 14.7 |
| Ambuja Cements | 76 | Neutral | 7.4 | 8.3 | 7.0 | 10.2 | 9.1 | 10.9 | 6.0 | 5.0 | 5.4 | 22.1 | 20.8 | 15.5 |
| Birla Corporation | 193 | Buy | 42.0 | 39.7 | 30.8 | 4.6 | 4.9 | 6.3 | 2.3 | 1.9 | 1.8 | 25.1 | 19.8 | 13.6 |
| Grasim Industries | 1,882 | Buy | 238.5 | 183.6 | 150.5 | 7.9 | 10.2 | 12.5 | 5.4 | 5.2 | 5.4 | 21.7 | 14.4 | 10.3 |
| India Cements | 115 | Buy | 19.1 | 20.8 | 16.7 | 6.0 | 5.5 | 6.9 | 4.1 | 3.3 | 3.6 | 18.7 | 17.6 | 12.5 |
| Shree Cement | 819 | Buy | 177.5 | 126.2 | 119.8 | 4.6 | 6.5 | 6.8 | 3.5 | 3.2 | 3.0 | 64.6 | 30.4 | 22.6 |
| UltraTech Cement | 567 | Buy | 79.8 | 85.6 | 64.9 | 7.1 | 6.6 | 8.7 | 4.8 | 3.6 | 3.9 | 31.5 | 25.9 | 16.3 |
| Sector Aggregate | | | | | | 8.0 | 8.4 | 10.4 | 5.1 | 4.5 | 4.9 | 23.8 | 19.2 | 13.6 |
| Engineering | | | | | | | | | | | | | | |
| ABB | 492 | Neutral | 25.8 | 23.8 | 23.4 | 19.0 | 20.6 | 21.0 | 13.0 | 12.7 | 12.8 | 29.2 | 21.5 | 17.8 |
| Bharat Electronics | 986 | Buy | 101.1 | 109.6 | 118.7 | 9.8 | 9.0 | 8.3 | 4.4 | 3.5 | 2.6 | 23.7 | 21.6 | 19.8 |
| BHEL | 1,707 | Neutral | 67.6 | 86.5 | 112.0 | 25.3 | 19.7 | 15.2 | 19.6 | 12.4 | 9.3 | 27.6 | 29.9 | 31.3 |
| Crompton Greaves | 176 | Neutral | 14.5 | 15.5 | 16.4 | 12.1 | 11.3 | 10.7 | 10.3 | 9.5 | 8.7 | 35.5 | 29.3 | 25.1 |
| Cummins India | 215 | Buy | 19.0 | 20.3 | 22.7 | 11.3 | 10.6 | 9.5 | 7.3 | 6.4 | 5.5 | 30.4 | 26.2 | 25.5 |
| Larsen & Toubro | 988 | Neutral | 55.4 | 57.4 | 60.5 | 17.8 | 17.2 | 16.3 | 17.0 | 14.5 | 13.6 | 24.3 | 20.8 | 18.8 |
| Siemens | 367 | Neutral | 14.6 | 18.5 | 17.5 | 25.1 | 19.8 | 21.0 | 14.7 | 10.7 | 10.9 | 28.5 | 23.0 | 16.7 |
| Suzlon Energy | 77 | Under Review | 7.2 | 6.1 | 8.5 | 10.6 | 12.5 | 9.0 | 8.5 | 9.0 | 7.5 | 13.0 | 10.0 | 12.7 |
| Thermax | 281 | Neutral | 23.2 | 21.2 | 21.0 | 12.1 | 13.3 | 13.4 | 8.2 | 8.7 | 8.6 | 33.5 | 26.8 | 24.6 |
| Sector Aggregate | | | | | | 18.5 | 16.8 | 14.5 | 14.0 | 11.4 | 9.6 | 24.9 | 22.9 | 22.7 |
| FMCG | | | | | | | | | | | | | | |
| Asian Paints | 955 | Neutral | 41.9 | 49.4 | 57.4 | 22.8 | 19.4 | 16.7 | 13.7 | 11.5 | 9.7 | 33.6 | 32.7 | 31.6 |
| Britannia | 1,637 | Buy | 91.6 | 110.7 | 126.1 | 17.9 | 14.8 | 13.0 | 13.3 | 10.5 | 9.0 | 24.2 | 24.5 | 23.3 |
| Colgate | 458 | Buy | 20.3 | 23.5 | 27.3 | 22.5 | 19.4 | 16.8 | 23.5 | 19.8 | 16.6 | 154.3 | 148.4 | 143.9 |
| Dabur | 107 | Neutral | 4.4 | 5.2 | 6.1 | 24.2 | 20.3 | 17.4 | 20.1 | 15.8 | 13.3 | 45.1 | 41.6 | 38.6 |
| Godrej Consumer | 158 | Buy | 6.2 | 8.0 | 9.6 | 25.3 | 19.8 | 16.5 | 20.0 | 14.8 | 12.3 | 27.7 | 32.7 | 35.5 |
| GSK Consumer | 802 | Buy | 44.8 | 59.0 | 70.7 | 17.9 | 13.6 | 11.3 | 12.2 | 8.8 | 7.3 | 24.8 | 27.3 | 27.4 |
| Hind. Unilever | 224 | Neutral | 9.4 | 10.6 | 11.7 | 23.9 | 21.2 | 19.1 | 18.2 | 15.7 | 14.1 | 128.6 | 101.7 | 98.3 |
| ITC | 186 | Buy | 8.8 | 10.2 | 11.5 | 21.1 | 18.3 | 16.1 | 12.7 | 11.0 | 9.6 | 24.2 | 24.3 | 24.3 |
| Marico | 63 | Buy | 3.1 | 3.7 | 4.4 | 20.5 | 17.0 | 14.5 | 13.4 | 11.2 | 9.6 | 41.3 | 35.8 | 31.2 |
| Nestle | 1,700 | Buy | 58.6 | 70.4 | 85.3 | 29.0 | 24.1 | 19.9 | 18.8 | 15.6 | 12.7 | 119.4 | 118.6 | 119.6 |
| Tata Tea | 683 | Neutral | 51.7 | 54.8 | 62.4 | 13.2 | 12.4 | 10.9 | 5.3 | 4.9 | 4.3 | 8.3 | 8.3 | 9.0 |
| United Spirits | 675 | Buy | 33.2 | 43.9 | 63.6 | 20.3 | 15.4 | 10.6 | 12.9 | 11.5 | 9.3 | 12.5 | 14.2 | 17.0 |
| Sector Aggregate | | | | | | 22.3 | 19.1 | 16.6 | 14.6 | 12.4 | 10.7 | 30.5 | 30.7 | 30.8 |

Ready reckoner: valuations

| | CMP (RS) 15.5.09 | RECO | EPS (RS) | | | P/E (X) | | | EV/EBITDA | | | ROE (%) | | |
|-------------------------------|---------------------|---------|----------|-------|-------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|-------------|
| | | | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E |
| Information Technology | | | | | | | | | | | | | | |
| HCL Technologies | 147 | Neutral | 18.5 | 15.9 | 15.6 | 8.0 | 9.3 | 9.4 | 4.5 | 3.7 | 3.3 | 21.9 | 16.6 | 14.5 |
| Infosys | 1,594 | Neutral | 102.5 | 97.4 | 97.0 | 15.5 | 16.4 | 16.4 | 11.3 | 11.8 | 11.2 | 36.7 | 27.6 | 23.1 |
| Mphasis | 266 | Buy | 14.2 | 35.1 | 31.4 | 18.8 | 7.6 | 8.5 | 14.1 | 5.1 | 4.5 | 22.8 | 48.4 | 30.3 |
| Patni Computer | 198 | Neutral | 28.6 | 24.5 | 22.5 | 6.9 | 8.1 | 8.8 | 2.2 | 1.9 | 1.5 | 13.4 | 10.7 | 9.0 |
| TCS | 646 | Neutral | 52.8 | 50.2 | 50.7 | 12.2 | 12.9 | 12.7 | 8.3 | 8.4 | 8.4 | 36.8 | 28.2 | 23.8 |
| Tech Mahindra | 362 | Neutral | 70.6 | 47.0 | 45.6 | 5.1 | 7.7 | 7.9 | 3.3 | 3.1 | 2.7 | 55.0 | 25.9 | 20.4 |
| Wipro | 378 | Neutral | 23.6 | 23.0 | 22.8 | 16.0 | 16.4 | 16.6 | 10.5 | 10.0 | 9.5 | 24.6 | 20.3 | 16.9 |
| Sector Aggregate | | | | | | 13.4 | 14.0 | 14.0 | 9.0 | 8.7 | 8.3 | 28.2 | 22.3 | 19.0 |
| Infrastructure | | | | | | | | | | | | | | |
| Hindustan Construction | 61 | Neutral | 3.0 | 3.8 | 5.3 | 20.4 | 15.9 | 11.6 | 8.4 | 7.7 | 7.2 | 7.3 | 8.6 | 10.9 |
| IVRCL Infra. | 162 | Buy | 16.2 | 18.8 | 22.3 | 10.0 | 8.7 | 7.3 | 8.3 | 7.1 | 5.9 | 12.8 | 13.1 | 13.8 |
| Jaiprakash Associates | 141 | UR | 7.2 | 9.1 | 9.2 | 19.5 | 15.4 | 15.3 | 15.5 | 11.5 | 10.6 | 16.8 | 18.0 | 15.9 |
| Nagarjuna Construction | 83 | Buy | 7.5 | 9.3 | 11.6 | 11.1 | 9.0 | 7.2 | 8.3 | 7.3 | 6.3 | 10.5 | 11.9 | 13.4 |
| Simplex Infra. | 211 | Buy | 28.6 | 37.0 | 45.2 | 7.4 | 5.7 | 4.7 | 4.9 | 4.1 | 3.6 | 16.0 | 17.4 | 17.8 |
| Sector Aggregate | | | | | | 15.9 | 12.7 | 11.6 | 11.3 | 9.2 | 8.2 | 13.3 | 14.7 | 14.5 |
| Media | | | | | | | | | | | | | | |
| Deccan Chronicle | 57 | Buy | 5.6 | 7.1 | 8.7 | 10.1 | 8.0 | 6.5 | 4.2 | 3.5 | 2.8 | 12.6 | 15.4 | 18.1 |
| HT Media | 68 | Buy | 3.9 | 5.2 | 5.2 | 17.4 | 13.2 | 13.1 | 9.3 | 6.4 | 5.9 | 7.0 | 8.8 | 8.1 |
| Jagran Prakashan | 54 | Buy | 2.8 | 3.3 | 3.7 | 19.4 | 16.3 | 14.6 | 10.4 | 8.6 | 7.5 | 15.1 | 17.1 | 17.9 |
| Sun TV | 202 | Neutral | 10.5 | 13.0 | 15.5 | 19.2 | 15.5 | 13.0 | 10.0 | 7.9 | 6.3 | 23.5 | 24.2 | 24.3 |
| TV Today | 80 | Buy | 5.8 | 7.4 | 9.9 | 13.7 | 10.7 | 8.0 | 6.4 | 4.5 | 2.8 | 10.2 | 11.7 | 13.9 |
| Zee Entertainment | 143 | UR | 9.2 | 9.6 | 12.2 | 15.5 | 14.9 | 11.8 | 12.4 | 11.8 | 9.3 | 12.3 | 12.0 | 13.5 |
| Sector Aggregate | | | | | | 16.6 | 14.1 | 11.7 | 9.7 | 8.0 | 6.5 | 14.7 | 15.5 | 16.6 |
| Metals | | | | | | | | | | | | | | |
| Hindalco | 70 | Sell | 9.9 | 5.2 | 4.4 | 7.1 | 13.6 | 16.0 | 5.0 | 4.9 | 4.5 | 16.0 | 7.6 | 6.0 |
| Hindustan Zinc | 534 | Buy | 64.6 | 41.6 | 47.5 | 8.3 | 12.9 | 11.2 | 4.6 | 8.8 | 6.5 | 19.0 | 11.1 | 11.4 |
| Jindal Steel & Power | 1,603 | Buy | 203.7 | 196.1 | 264.9 | 7.9 | 8.2 | 6.1 | 5.9 | 6.2 | 4.5 | 47.3 | 31.5 | 30.0 |
| JSW Steel | 418 | Buy | 52.0 | 63.1 | 69.7 | 8.0 | 6.6 | 6.0 | 7.1 | 5.2 | 4.7 | 12.4 | 13.5 | 13.8 |
| Nalco | 279 | Sell | 19.6 | 8.6 | 10.0 | 14.3 | 32.4 | 27.9 | 9.1 | 22.3 | 20.4 | 13.0 | 5.6 | 6.3 |
| SAIL | 122 | Sell | 13.7 | 11.7 | 14.1 | 9.0 | 10.5 | 8.7 | 4.9 | 6.3 | 5.7 | 20.7 | 15.5 | 16.4 |
| Sterlite Inds. | 460 | Buy | 46.8 | 29.6 | 39.1 | 9.8 | 15.5 | 11.8 | 5.3 | 9.9 | 6.2 | 13.0 | 7.7 | 9.3 |
| Tata Steel | 272 | Neutral | 134.4 | 39.2 | 77.3 | 2.0 | 6.9 | 3.5 | 3.8 | 6.2 | 5.1 | 66.0 | 20.5 | 31.6 |
| Sector Aggregate | | | | | | 6.4 | 10.9 | 8.1 | 4.9 | 6.6 | 5.5 | 20.6 | 11.3 | 13.5 |
| Oil & Gas | | | | | | | | | | | | | | |
| BPCL | 370 | Buy | 39.5 | 47.2 | 48.9 | 9.4 | 7.9 | 7.6 | 7.6 | 6.6 | 6.9 | 10.6 | 11.4 | 10.7 |
| Cairn India | 199 | Buy | 4.6 | 3.5 | 20.7 | 43.2 | 56.0 | 9.6 | 40.5 | 18.4 | 6.1 | 2.8 | 2.0 | 11.1 |
| Chennai Petroleum | 127 | Buy | -7.1 | 33.3 | 29.1 | -17.9 | 3.8 | 4.4 | -12.5 | 2.8 | 3.0 | -13.2 | 15.5 | 12.7 |
| GAIL | 269 | Buy | 21.3 | 20.0 | 23.7 | 12.6 | 13.5 | 11.4 | 8.7 | 9.5 | 7.5 | 18.4 | 16.1 | 17.8 |
| HPCL | 259 | Buy | 1.7 | 34.1 | 29.0 | 154.2 | 7.6 | 8.9 | 5.3 | 4.3 | 5.5 | 0.5 | 10.5 | 8.2 |
| Indraprastha Gas | 119 | Neutral | 12.9 | 10.7 | 10.0 | 9.2 | 11.1 | 11.9 | 4.7 | 5.0 | 4.9 | 28.5 | 20.5 | 17.6 |
| IOC | 428 | Buy | 45.5 | 54.4 | 52.6 | 9.4 | 7.9 | 8.1 | 6.9 | 5.6 | 5.2 | 11.7 | 12.5 | 10.8 |
| MRPL | 51 | Sell | 6.5 | 3.7 | 3.7 | 7.9 | 14.0 | 13.9 | 7.2 | 9.9 | 10.8 | 20.7 | 13.9 | 13.0 |
| ONGC | 813 | Neutral | 92.2 | 85.7 | 88.5 | 8.8 | 9.5 | 9.2 | 4.2 | 4.3 | 3.9 | 23.5 | 19.1 | 17.5 |
| Reliance Inds. | 1,948 | Buy | 103.2 | 136.4 | 154.9 | 18.9 | 14.3 | 12.6 | 14.3 | 9.5 | 7.9 | 16.1 | 17.7 | 17.5 |
| Sector Aggregate | | | | | | 13.7 | 11.7 | 10.3 | 8.1 | 6.8 | 5.9 | 14.7 | 14.8 | 14.6 |

Ready reckoner: valuations

| | CMP (RS) 15.5.09 | RECO | EPS (RS) | | | P/E (X) | | | EV/EBITDA | | | ROE (%) | | |
|-------------------------|---------------------|---------|----------|-------|-------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E |
| Pharmaceuticals | | | | | | | | | | | | | | |
| Aventis Pharma | 999 | Buy | 72.2 | 59.4 | 68.6 | 13.8 | 16.8 | 14.6 | 9.2 | 12.1 | 9.7 | 21.7 | 16.6 | 17.5 |
| Biocon | 144 | Buy | 4.7 | 14.2 | 15.6 | 30.9 | 10.2 | 9.2 | 9.3 | 6.2 | 5.3 | 6.0 | 16.1 | 15.6 |
| Cadila Health | 324 | Buy | 24.1 | 34.5 | 41.1 | 13.4 | 9.4 | 7.9 | 7.2 | 5.7 | 5.0 | 27.5 | 32.0 | 30.0 |
| Cipla | 231 | Neutral | 9.9 | 15.3 | 17.4 | 23.3 | 15.1 | 13.2 | 14.4 | 11.6 | 10.1 | 17.6 | 22.4 | 21.4 |
| Divis Labs | 924 | Buy | 66.3 | 84.4 | 100.3 | 13.9 | 10.9 | 9.2 | 11.0 | 8.9 | 7.2 | 41.4 | 38.3 | 34.1 |
| Dr Reddy' s Labs | 573 | Buy | 12.4 | 42.7 | 49.6 | 46.3 | 13.4 | 11.6 | 11.0 | 9.6 | 9.2 | 4.3 | 13.4 | 14.0 |
| GSK Pharma | 1,171 | Buy | 52.9 | 60.5 | 69.9 | 22.1 | 19.4 | 16.8 | 15.2 | 13.2 | 11.1 | 29.1 | 29.2 | 29.6 |
| Glenmark Pharma | 172 | Neutral | 11.2 | 13.0 | 17.6 | 15.4 | 13.2 | 9.8 | 7.8 | 7.3 | 6.3 | 15.7 | 15.4 | 17.2 |
| Jubilant Organosys | 143 | Buy | 15.9 | 21.1 | 18.1 | 9.0 | 6.8 | 7.9 | 7.9 | 7.6 | 6.6 | 18.6 | 23.2 | 16.2 |
| Lupin | 782 | Buy | 56.9 | 69.6 | 80.3 | 13.7 | 11.2 | 9.7 | 11.5 | 8.7 | 7.7 | 34.1 | 32.6 | 30.0 |
| Piramal Healthcare | 253 | Buy | 17.1 | 23.7 | 29.7 | 14.8 | 10.7 | 8.5 | 10.0 | 7.8 | 6.2 | 29.8 | 33.1 | 32.3 |
| Ranbaxy Labs | 200 | Neutral | 3.8 | -4.2 | 1.0 | 52.5 | -47.9 | 203.6 | 17.4 | 287.9 | 29.2 | 3.9 | -5.2 | 1.1 |
| Sun Pharma | 1,298 | Buy | 57.0 | 65.5 | 76.0 | 22.8 | 19.8 | 17.1 | 17.7 | 15.9 | 13.0 | 21.5 | 20.8 | 20.4 |
| Sector Aggregate | | | | | | 20.3 | 15.4 | 12.9 | 12.3 | 11.1 | 9.3 | 16.8 | 19.6 | 19.9 |
| Real Estate | | | | | | | | | | | | | | |
| DLF | 258 | Buy | 26.9 | 13.8 | 9.3 | 9.6 | 18.7 | 27.8 | 10.9 | 15.5 | 17.4 | 18.7 | 8.8 | 5.6 |
| Unitech | 51 | UR | 5.8 | 1.2 | 1.8 | 8.9 | 43.2 | 29.1 | 9.4 | 21.2 | 10.0 | 20.6 | 3.8 | 5.3 |
| Sector Aggregate | | | | | | 9.5 | 20.1 | 26.9 | 10.5 | 16.5 | 15.5 | 19.0 | 7.8 | 5.5 |
| Retailing | | | | | | | | | | | | | | |
| Pantaloon Retail | 209 | Buy | 7.8 | 9.7 | 12.3 | 26.9 | 21.6 | 17.1 | 7.7 | 7.0 | 6.3 | 6.9 | 7.7 | 8.9 |
| Titan Industries | 882 | Neutral | 46.3 | 51.3 | 64.2 | 19.1 | 17.2 | 13.7 | 12.5 | 10.8 | 8.6 | 37.5 | 31.4 | 30.5 |
| Sector Aggregate | | | | | | 21.6 | 17.9 | 14.1 | 9.3 | 8.3 | 7.1 | 13.6 | 13.2 | 14.5 |
| Telecom | | | | | | | | | | | | | | |
| Bharti Airtel | 800 | Buy | 44.7 | 54.4 | 60.9 | 17.9 | 14.7 | 13.1 | 10.5 | 8.8 | 7.4 | 31.4 | 28.5 | 25.0 |
| Idea Cellular | 65 | Neutral | 3.0 | 3.0 | 3.3 | 21.5 | 22.0 | 19.9 | 8.4 | 8.0 | 6.4 | 10.4 | 6.0 | 5.8 |
| Reliance Comm | 232 | Buy | 29.8 | 26.6 | 34.9 | 7.8 | 8.7 | 6.7 | 7.2 | 5.7 | 4.3 | 20.7 | 16.2 | 18.1 |
| Sector Aggregate | | | | | | 14.1 | 13.1 | 11.1 | 9.1 | 7.7 | 6.1 | 20.9 | 18.0 | 17.8 |
| Textiles | | | | | | | | | | | | | | |
| Alok Ind | 14 | Buy | 7.4 | 5.0 | 7.0 | 1.9 | 2.8 | 2.0 | 6.7 | 7.0 | 6.2 | 10.0 | 6.5 | 8.5 |
| Arvind Mills | 18 | Neutral | -2.5 | -1.8 | 0.6 | -7.4 | -10.2 | 30.7 | 8.1 | 7.4 | 6.2 | -2.7 | -2.0 | 0.7 |
| Raymond | 92 | Neutral | -37.2 | -25.5 | 2.5 | -2.5 | -3.6 | 37.5 | 17.5 | 22.7 | 4.0 | -18.1 | -15.2 | 1.3 |
| Vardhman Textiles | 74 | Buy | 12.0 | 8.0 | 24.9 | 6.2 | 9.2 | 3.0 | 7.6 | 8.3 | 5.6 | 5.6 | 3.6 | 10.7 |
| Sector Aggregate | | | | | | -28.2 | -37.1 | 5.3 | 7.8 | 8.1 | 5.8 | -1.0 | -0.8 | 5.3 |
| Utilities | | | | | | | | | | | | | | |
| CESC | 253 | Neutral | 29.5 | 26.2 | 29.8 | 8.6 | 9.7 | 8.5 | 7.3 | 8.1 | 8.2 | 12.8 | 10.4 | 10.7 |
| NTPC | 188 | Neutral | 9.7 | 10.1 | 11.3 | 19.3 | 18.6 | 16.7 | 13.1 | 11.0 | 10.1 | 14.6 | 13.9 | 14.4 |
| PTC India | 71 | Buy | 4.6 | 4.1 | 4.2 | 15.4 | 17.3 | 16.9 | 48.4 | 25.3 | 25.3 | 6.4 | 6.3 | 6.4 |
| Reliance Infrastructure | 819 | Buy | 46.4 | 46.5 | 46.8 | 17.7 | 17.6 | 17.5 | 15.0 | 15.1 | 13.5 | 10.2 | 9.0 | 8.5 |
| Tata Power | 909 | Neutral | 60.5 | 74.0 | 68.6 | 15.0 | 12.3 | 13.2 | 19.5 | 13.3 | 13.2 | 7.3 | 9.4 | 9.2 |
| Sector Aggregate | | | | | | 18.3 | 17.4 | 16.1 | 13.6 | 11.4 | 10.6 | 13.1 | 12.8 | 12.8 |
| Others | | | | | | | | | | | | | | |
| Blue Star | 210 | Buy | 17.7 | 18.4 | 22.1 | 11.9 | 11.4 | 9.5 | 8.1 | 7.1 | 5.9 | 51.5 | 41.1 | 39.0 |
| Bombay Rayon | 173 | Buy | 19.6 | 31.9 | 48.0 | 8.8 | 5.4 | 3.6 | 8.2 | 5.4 | 3.7 | 18.9 | 20.8 | 25.4 |
| Everest Kanto | 140 | Buy | 16.0 | 21.7 | 31.8 | 8.8 | 6.5 | 4.4 | 5.4 | 3.9 | 2.6 | 27.4 | 26.9 | 30.7 |
| Sintex Inds. | 160 | Buy | 22.3 | 25.4 | 31.6 | 7.2 | 6.3 | 5.1 | 6.8 | 5.6 | 4.7 | 18.5 | 17.8 | 18.6 |
| United Phosphorous | 126 | Buy | 10.7 | 13.7 | 18.3 | 11.8 | 9.2 | 6.9 | 6.4 | 4.9 | 3.6 | 20.0 | 21.5 | 23.9 |
| Sector Aggregate | | | | | | 9.7 | 7.6 | 5.6 | 6.8 | 5.2 | 3.9 | 19.7 | 20.9 | 23.0 |

UR - Under Review

Ready reckoner: valuations

| | CMP (RS) | RECO | EPS (RS) | | | P/E (X) | | | P/BV (X) | | | ROE (%) | | |
|-------------------------|----------|---------|----------|-------|-------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|
| | | | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E | FY09E | FY10E | FY11E |
| | 15.5.09 | | | | | | | | | | | | | |
| Banks | | | | | | | | | | | | | | |
| Andhra Bank | 66 | Buy | 13.5 | 16.9 | 18.0 | 4.9 | 3.9 | 3.6 | 0.9 | 0.8 | 0.7 | 18.9 | 21.3 | 20.4 |
| Axis Bank | 659 | Buy | 50.6 | 52.9 | 65.2 | 13.0 | 12.5 | 10.1 | 2.3 | 2.0 | 1.8 | 19.2 | 17.5 | 18.8 |
| Bank of Baroda | 342 | Buy | 60.9 | 55.7 | 65.2 | 5.6 | 6.1 | 5.2 | 1.1 | 0.9 | 0.8 | 20.8 | 16.4 | 16.9 |
| Bank of India | 246 | Neutral | 57.2 | 48.8 | 54.5 | 4.3 | 5.0 | 4.5 | 1.1 | 1.0 | 0.8 | 29.8 | 20.7 | 19.4 |
| Canara Bank | 229 | Buy | 50.6 | 45.6 | 50.1 | 4.5 | 5.0 | 4.6 | 0.9 | 0.8 | 0.7 | 22.8 | 17.7 | 17.1 |
| Corporation Bank | 244 | Buy | 62.2 | 57.9 | 59.6 | 3.9 | 4.2 | 4.1 | 0.7 | 0.6 | 0.6 | 19.6 | 16.0 | 14.6 |
| Federal Bank | 193 | Buy | 30.9 | 33.5 | 38.8 | 6.2 | 5.8 | 5.0 | 0.8 | 0.7 | 0.6 | 12.8 | 12.6 | 13.2 |
| HDFC | 1,936 | Neutral | 80.2 | 88.2 | 102.1 | 24.1 | 21.9 | 19.0 | 4.2 | 3.8 | 3.4 | 18.2 | 18.3 | 19.1 |
| HDFC Bank | 1,185 | Buy | 52.8 | 64.8 | 78.1 | 22.4 | 18.3 | 15.2 | 3.4 | 2.9 | 2.5 | 15.8 | 17.3 | 17.9 |
| ICICI Bank | 574 | Buy | 33.8 | 35.3 | 43.2 | 17.0 | 16.3 | 13.3 | 1.3 | 1.2 | 1.2 | 10.0 | 10.1 | 11.6 |
| Indian Bank | 101 | UR | 29.0 | 27.0 | 31.1 | 3.5 | 3.7 | 3.3 | 0.8 | 0.7 | 0.6 | 24.8 | 19.7 | 19.7 |
| Indian Overseas Bank | 66 | Sell | 24.3 | 17.7 | 18.7 | 2.7 | 3.7 | 3.5 | 0.6 | 0.6 | 0.5 | 25.2 | 15.7 | 14.9 |
| J&K Bank | 355 | Buy | 92.6 | 99.9 | 117.7 | 3.8 | 3.6 | 3.0 | 0.6 | 0.6 | 0.5 | 18.1 | 17.0 | 17.5 |
| Oriental Bank | 143 | Buy | 36.1 | 35.3 | 36.8 | 4.0 | 4.1 | 3.9 | 0.6 | 0.5 | 0.5 | 14.7 | 12.9 | 12.2 |
| Punjab National Bank | 575 | Buy | 96.3 | 95.8 | 110.8 | 6.0 | 6.0 | 5.2 | 1.4 | 1.2 | 1.0 | 25.3 | 21.0 | 20.7 |
| State Bank | 1,312 | Buy | 143.7 | 142.0 | 162.5 | 9.1 | 9.2 | 8.1 | 1.4 | 1.3 | 1.1 | 16.6 | 13.8 | 14.3 |
| Union Bank | 175 | Buy | 34.2 | 34.5 | 39.2 | 5.1 | 5.1 | 4.5 | 1.3 | 1.0 | 0.9 | 27.2 | 22.4 | 21.2 |
| Sector Aggregate | | | | | | 9.8 | 9.9 | 8.6 | 1.8 | 1.5 | 1.4 | 17.9 | 15.6 | 16.0 |



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