



STAR RATINGS REVIEW

MONTHLY MORNING MEETING JUL 2010. PRESENTED BY iFAST FINANCIAL PTE LTD ©

INDIA (3.5 STARS – ATTRACTIVE)

1. As of 28th June, The estimated forward PE for BSE SENSEX is 18.14X in FY 2010-11 and 15X in FY 2011-12.
2. The earnings growth for FY 2010-11 and FY 2011-12 is being revised to 14.9% and 20.9%
3. Production at factories, utilities and mines grew 17.6% y-o-y in April 2010, after increasing 13.5% y-o-y in March 2009.
4. April exports up by 36.2% y-o-y to US\$16.9 billion as compared to a 64.1% y-o-y rise in March exports.
5. April Imports up by 43.3% y-o-y to US\$27.3 billion as compared to 67.1% y-o-y rise in March Imports.
6. The GDP for 4Q FY 2009-10 is at 8.6% while the 3Q GDP was revised upwards to 6.5% from 6.0%.
7. The GDP for FY 2009-10 stands at 7.4%, higher than 7.2% which was earlier predicted by the government.
8. The wholesale price index inflation for the month of May is 10.2% and for the month of April was 9.6%. Apart from the rising inflation in the primary articles sub-index, the spurt in May's inflation was aggravated by the after effects of the Central government decision to hike duties on petroleum products in the budget.
9. The petrol and diesel prices have been increased by Rs. 3.5 and Rs. 2 respectively. Also, now fuel prices have been deregulated from government control. This can further fuel the high level of inflation that is already present. The Finance Minister expects inflation to increase by 0.9% due to the fuel hike.
10. The Reserve Bank may increase the Key Policy Rates on or before the monetary policy review on 27th July due to the high level of inflation.
11. We believe India to have high growth rate fuelled by investment in public infrastructure, power, disinvestment and huge local consumption. Therefore, we rate Indian Equity Market as attractive – 3.5 Stars.