



# STAR RATINGS REVIEW

MONTHLY MORNING MEETING APRIL 2009. PRESENTED BY iFAST FINANCIAL INDIA PVT LTD ©

## INDIA (3.5 STARS – ATTRACTIVE)

- 1) Estimated PE for the SENSEX is at 18.5X and 14.8X for FY2009 and FY2010 (with fiscal year ending March 2010 and March 2011) respectively.
- 2) Expected earnings growth is -8.8% and 24.7% for fiscal year 2009 and 2010 ended March 2010 and March 2011.
- 3) Mining Industry is estimated a significant drop in earnings in FY09 as a lower raw materials prices. The 2 mining companies estimated to drop 26% and 52% in FY09 earnings. In addition, Tata Steel, belongs to Iron and Steel industrial, estimated a 39% drop in earnings in FY09.
- 4) The wholesale price index increased 6.84% in the week to 6 December 2008. The first time drop below 7% since March 2008.
- 5) Interest rate cut to 5% by the Reserve Bank of India.
- 6) Indian equity market will retain strong levels of volatility, particularly influenced by strong movements in foreign institutional investments (FII). Year-to-date as of end March, there is a total of \$1.6 billion net outflow in FII.
- 7) The Indian economy has expanded 6.7% in FY08 ended march 2009. IMF forecast a 5.1% growth in FY09.
- 8) The economy is showing more obvious signs of cooling down with industrial production fell for the first time in 15 years. It fell 0.5% and 0.4% yoy in January and February.
- 9) Although industrial production remains weak, local car sales were increased in February. Local car sales increased 12.7% yoy in February after dropping 4 consecutive months. Passenger cars sales increased 21.8% in the same period. An increase in car sales is showing a sign of potential rebound in economy.
- 10) India is expected to grow faster than 5% in FY09, the second best economic growth projection in the global major economy. We have decided to give 3.5 stars - Attractive for the Indian equity market.