

Index	Closing	Chg	Chg (%)
Sensex	17322.8	680.2	4.1%
Nifty	5142.2	197.0	4.0%
Auto	6618.3	168.3	2.6%
Bankex	10589.9	818.2	8.4%
Cap.Goods	14267.8	580.0	4.2%
Cons.Durables	3795.2	124.3	3.4%
FMCG	2785.5	33.5	1.2%
Healthcare	4465.0	65.3	1.5%
IT	4369.9	93.1	2.2%
Metal	15682.1	1170.4	8.1%
Oil & Gas	10661.6	397.1	3.9%
Power	3218.0	135.6	4.4%
Realty	4689.1	299.1	6.8%

World Index	Closing	Chg	Chg (%)
Dow	10062.9	276.1	2.8%
Nasdaq	2173.3	49.4	2.3%
Hang Seng	21929.9	430.5	2.0%
Nikkei	10257.6	241.2	2.4%
FTSE 100	5227.9	78.6	1.5%
Brazil	66703.3	2943.4	4.6%
Russia	1437.1	93.8	7.0%
Mexico	31017.7	1118.9	3.7%
Singapore Strait	2708.1	55.6	2.1%
Taiwan	7715.1	143.1	1.9%

* As on Friday 4pm

Top Gainers	Closing	Chg (Rs)	Chg (%)
Sesa Goa	354.7	67.3	23.4%
PTC India	103.8	16.6	19.0%
St Bk of India	2446.4	378.8	18.3%
Lanco Infratech	559.4	84.0	17.7%
Jindal Steel	698.4	97.7	16.3%

* As on 16th October'09

Top Losers	Closing	Chg (Rs)	Chg (%)
Ambuja Cem.	91.2	-8.2	-8.3%
H P C L	361.1	-29.8	-7.6%
Bajaj Auto	1478.0	-111.6	-7.0%
B P C L	525.4	-37.8	-6.7%
Rel. Comm.	234.2	-14.7	-5.9%

* As on 16th October'09

Metal	Closing	Chg	Chg (%)
Gold (\$/oz)	1047.6	-1.4	-0.1%
Silver (\$/oz)	17.3	-0.4	-2.1%
Aluminium (\$/MT)	1880.5	5.0	0.3%
Copper (\$/MT)	6269.5	-42.3	-0.7%
Lead (\$/MT)	2183.5	-74.8	-3.3%
Zinc (\$/MT)	2008.1	-51.5	-2.5%

* As on Friday 4pm

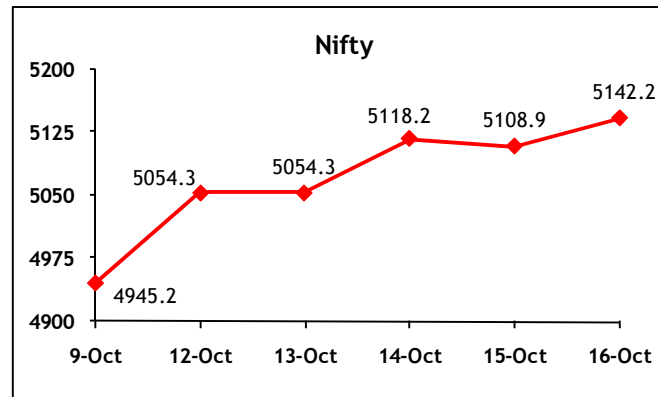
Date	DII (Cash)	FII (Cash)	FII (FO)
12-Oct-09	-3.0	250.7	-1611.9
13-Oct-09	-	-	-
14-Oct-09	-14.0	999.0	300.9
15-Oct-09	-	1582.5	289.0
16-Oct-09	-	963.1	-27.5

SNAP SHOT

The Index of Industrial Production rose 10.4% YoY in August'09 lead by growth in Mining, Manufacturing and Electricity space to the tune of 12.9%, 10.2% and 10.6% YoY respectively. The Consumer goods segment also grew by 8.5% YoY. The unexpectedly better IIP numbers boosted the investors confidence resulting in Markets gaining 4% WoW. Also, better than expected earnings reported domestically as well as globally, lead the world markets rally.

Banks lead the rally, rose by 8.4% WoW on the hopes that central banks will keep the key rates unchanged supported by slower than anticipated growth in inflation. The other indices which outperformed the markets were Metal & Realty, both rising by 8.1% and 6.8% WoW.

Inflation for the week ended October 01st, increased marginally to 0.92% against 0.70% in the previous week.



Global Economic Update

United States:

- ⇒ For the week ended October 09, 2009, the Mortgage Banker's Association (MBA) Purchase Applications index dropped 5%; whereas MBA's index of applications to purchase a home or refinance a loan declined by 1.8% and the Refinancing index decreased by 0.1%.
- ⇒ Initial Jobless claims fell by 10,000 to 5,14,000 in the week ended October 11, from a revised 5,24,000 in the week ended October 03.
- ⇒ The number of unemployed enjoying insurance benefits declined to 5.992 million for the week ended October 04, from earlier revised claims of 6.067 million.
- ⇒ US Advance Retail sales declined 1.5% in September following a revised 2.2% gain in the previous month.
- ⇒ US Consumer Price Index based inflation increased by 0.2% MoM in September following a 0.4% rise in the previous month.
- ⇒ The Empire Manufacturing Index indicating the general business conditions jumped to 34.57 in October v/s 18.88 in September. Reading above zero for the Empire state index

ADR's	Closing	*Chg (\$)	Chg (%)
Infosys	48.5	-1.0	-2.0%
ICICI Bank	40.7	1.3	3.2%
HDFC Bank	126.8	7.6	6.4%
Tata Motors	12.6	-0.3	-2.2%
Satyam	6.6	0.2	3.4%

* As on Thursday

GDR's	Closing	*Chg (\$)	Chg (%)
RIL	96.1	5.8	6.4%
SBI	105.8	14.9	16.3%
L&T	36.8	1.8	5.0%

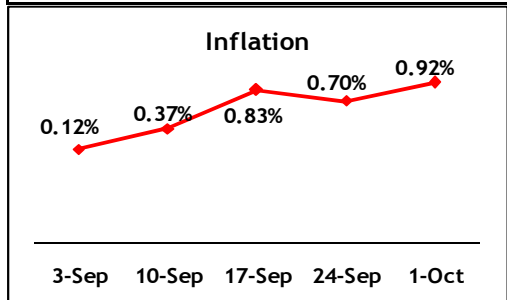
* As on Thursday

Banking Data	25-Sep-09 (Rs in Cr)	Chg (Rs in Cr)	Chg (%)
Credit Growth	2873155	47198	1.7%
Deposit Growth	4120007	30215	0.7%

*Chg - Fortnightly

Economic Calendar

Date	Economic Data	Previous
United States		
19-Oct	NAHB Housing Market Index	19
20-Oct	Housing Starts	598K
20-Oct	Building Permits	579K
21-Oct	ABC Consumer Confidence	-48
21-Oct	MBA Mortgage Applications	-1.8%
22-Oct	Initial Jobless Claims	514K
22-Oct	Continuing Claims	5992K
22-Oct	Leading Indicators	0.6%
23-Oct	Existing Home Sales MoM	-2.7%
United Kingdom		
22-Oct	Retail Sales (YoY)	2.1%
23-Oct	GDP (YoY)	-5.5%
China		
22-Oct	Real GDP YoY	7.9%
22-Oct	Consumer Price Index (YoY)	-1.2%
22-Oct	Retail Sales (YoY)	15.4%
22-Oct	Industrial Production (YoY)	12.3%
Japan		
20-Oct	Leading Index CI	83.3
20-Oct	Machine Tool Orders (YoY)	-61.9%
22-Oct	Merchnds Trade Exports YoY	-36
22-Oct	Merchnds Trade Imports YoY	-41.3



signals growth in manufacturing.

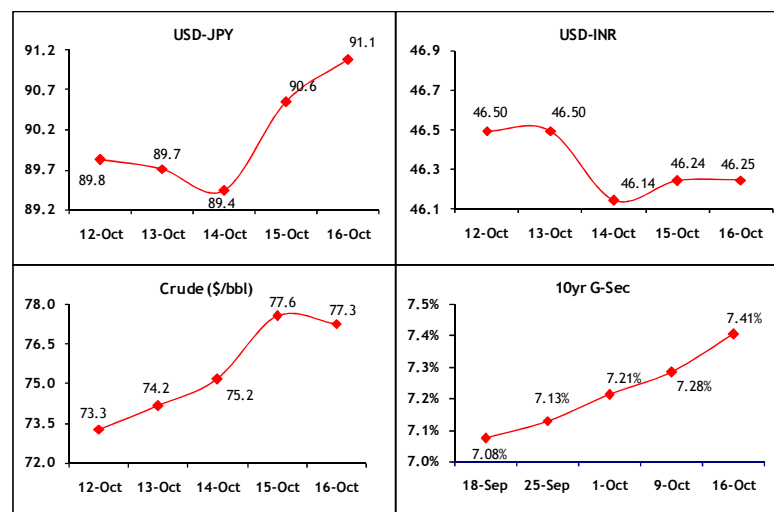
Europe:

- ⇒ UK's claimant count rate stood at 5% in September against a revised 4.9% in the previous month.
- ⇒ UK's ILO unemployment rate (3 months) remained at 7.9% in August, same as in the previous month.
- ⇒ Germany's Wholesale Price Index based inflation declined by 0.2% MoM and 8.1% YoY in September.
- ⇒ France's Consumer Price Index based inflation declined by 0.2% MoM and 0.4% YoY in September.

Asia:

- ⇒ China's trade balance in September \$12.93 billion as against \$15.7 billion reported in the previous month.
- ⇒ The Exports and Imports of China in September declined by 15.2% and 3.5% YoY respectively.
- ⇒ China's M2 - a measure of money supply increased by 29.3% YoY in September, whereas the M0 and M1 count increased by 16% and 29.5% YoY respectively.
- ⇒ The Machine orders in Japan rose by 0.5% MoM in August; however, on YoY basis it declined by 26.5%.
- ⇒ The Bank lending in Japan rose by 1.6% YoY in September.
- ⇒ Japan's Consumer Confidence Index rose to 40.7 in September against 40.4 in August. A reading above 50 indicates expansion and vice versa.
- ⇒ Japan's Industrial production in August expanded by 1.6% MoM; whereas on YoY basis it declined by 19%

CURRENCY, CRUDE & G-SEC



IL&FS Investment Managers Ltd. - Q2FY10 Result Update

HIGHLIGHTS

Total Income up 6% YoY

The AUM growth has been flattish from USD 2.5 BN in H1FY09 to 2.6 BN in H1FY10. The total income grew by 6% YoY in Q2FY10 at Rs.44.2 Cr v/s Rs.41.6 Cr in Q2FY09. This moderate growth in income is mainly on account of high Asset base.

Operating Profit down by 4% & Operating Margins down by 648 bps

The operating profit of the company in Q2FY10 is down by 4% YoY to Rs.26.7 Cr v/s Rs.27.9 Cr in Q2FY09. The operating margins were also down by 648 bps in Q2FY10 at 60.5% v/s 66.9% in Q2FY09. The QoQ operational performance has also been flattish, down by 3% & margins down by 290 bps. The operational performance has been weak in Q2FY10 on account of:

- ✓ Higher Employee Cost - Annual increment at the Junior & Middle level staff.
- ✓ Setting up of office in Dubai.

Net Profit up by 15% & Net Profit Margins up by 293 bps

IIML's PAT for Q2FY10 stands at Rs.16.6 Cr up by 15% YoY v/s Rs.14.4 Cr in Q2FY09. The PAT Margins stood at 37.5% in Q2FY10 v/s 34.6% in Q2FY09. The better PAT margin despite of weaker operational performance was mainly due to higher amortization of Placement Fees in Q2FY09 on account of Fund Raising activities between FY06-FY09.

UPDATES FROM THE COMPANY

- ✓ The AUM of the company is - USD 2.6 BN.
- ✓ IL&FS India Realty Fund II is still at its deploying phase & has deployed only USD 300 MN from a total of USD 895 MN raised. This deployment has been spread over 12 deals, primarily in the residential projects; mainly in Mumbai & few in other tier I cities.
- ✓ Standard Chartered IL&FS Asia Infrastructure Growth Fund, a fund co-sponsored by Infrastructure Leasing & Financial Services Ltd (IL&FS) and Standard Chartered Bank (SCB), has attained its First Closing. The company has already raised USD 650 MN & has targeted a corpus of USD 800 MN. The company expects the final closure by end of FY10E.

Of the total Funds the company has already made an investment of USD 300 MN in 7 different deals. Of the total 7 deals 2 are made in China (1 in Power Segment & 1 in Water Segment), 3 in India (1 in Cables, 1 in Road Transportation & 1 in Waste Management), 1 in Malaysia (In Power Segment) and 1 in Indonesia (Road Project).

VALUATION - "Deep Value Investment"

We had valued the company based on SOTP of its Annuity Income (Mcap/AUM) & it's Carry Profits - NPV (Report dated 13th October, 2009). Taking into consideration huge value un-locking by the way of Carry Profits we had RATED the company as DEEP VALUE INVESTMENT & had recommended BUY with a Price target of Rs. 36.7 (Adjusted price) which has been achieved. We further upward revise our price target introducing FY11E earnings & allocating better earning multiple. At the CMP of Rs.48.3 the stock is trading at 0.08x & 0.07x Mcap/AUM of FY10E & FY11E respectively. **We maintain BUY on the stock with a Price Target of Rs.67.4** (Mcap/AUM - Rs.51.7 + NPV of CARRY - Rs.15.7). At our price target the stock discounts FY11E Mcap/AUM by 0.08x.

FINANCIALS

(Rs. Crs.)

	HYFY10	HYFY09	YoY(%)	Q2FY10	Q2FY09	YoY(%)	Q1FY10	QoQ(%)
Operating Income	83.1	73.3	13.3%	41.4	40.2	3.0%	43.2	-4.2%
Other Income	4.6	3.3	39.3%	2.8	1.5	92.0%	0.3	730.4%
Total Income	87.7	76.6	14.4%	44.2	41.6	6.1%	43.5	1.5%
Employee Cost	21.9	16.1	36.4%	11.7	8.2	42.7%	10.3	13.8%
Other Expense	11.5	10.9	5.6%	5.8	5.6	3.7%	5.7	1.4%
Total Expenditure	33.4	27.0	24.0%	17.5	13.8	26.9%	16.0	9.4%
EBITDA	54.2	49.7	9.2%	26.7	27.9	-4.1%	27.5	-3.1%
EBITDA (%)	61.9%	64.8%		60.5%	66.9%		63.3%	
Depreciation	8.7	12.3	-29.4%	4.4	8.5	-48.8%	4.3	2.3%
PBT	45.6	37.4	21.9%	22.3	19.3	15.6%	23.3	-4.1%
Tax	11.2	9.9	13.2%	5.7	4.9	17.0%	5.5	4.5%
% PBT	24.6%	26.5%		25.7%	25.4%		23.6%	
PAT	34.4	27.5	25.1%	16.6	14.4	15.1%	17.8	-6.7%
PAT (%)	39.2%	35.8%		37.5%	34.6%		40.9%	
Minority Interest	0.0	0.0		-0.1	0.0		0.1	
APAT	34.3	27.5	25.0%	16.6	14.4	15.5%	17.7	-6.0%
Equity	40.7	40.7		40.7	40.7		40.7	
EPS (Rs.)	1.7	1.4		0.8	0.7		0.9	

Y/E March	FY08	FY09	FY10E	FY11E
AUM (USD BN)	1.7	2.5	2.7	2.8
Revenues (Rs. Cr)	105.7	164.2	175.0	200.0
PAT (Rs. Cr)	32.0	62.2	63.6	72.4
PAT (%)	30%	38%	36%	36%
EPS	2.3	3.1	3.1	3.6
P/E	20.9	16.0	15.6	13.7
RONW (%)	47%	69%	54%	51%
M.Cap/AUM	0.09	0.09	0.08	0.08

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