MOSt wealth
A Monthly Newsletter on Wealth Management

OCTOBER 2011

MOTILAL OSWAL
Investment Services
Solid Research.Solid Advice

From the desk of
Rikesh Parikh

Highlight

Dear Investor,

The Sensex ended the September quarter down 12.8%, its third successive quarterly decline amid the global financial crisis, rising domestic interest rates, slowing economic growth and concerns of a global recession, which kept investors away. The rupee's swift depreciation against the US dollar from ₹47.5 to ₹49.5 during the last fortnight of September added fuel to the fire as base commodities corrected by an average of 15%. This triggered FII selling by hedge funds in equities across markets. FIIs were net sellers of equity worth ₹105bn during the quarter.

The April-August fiscal situation revealed stress with revenue collection barely reaching 24% of the budgeted amount for FY12, one of the lowest in a decade. Coupled with high non-plan expenditure, shortfall in disinvestment and revenue targets it provided further downside risk to fiscal deficit estimated at 5.1% of GDP. The most awaited FPO of ONGC was postponed again due to sluggish markets. The target of raising ₹400bn from disinvestments will have to be toned down.

2QFY12 will be another slow earnings quarter amidst an adverse macro-economic backdrop. Interest rates were up 50-75 bps during the quarter, and the rupee depreciated by ~10% against the US dollar. We expect Sensex sales growth of 21% YoY, EBITDA growth of 11% YoY and PAT growth of 10% YoY. 9 of the 30 Sensex companies will post a decline in earnings and SBI will post zero growth.

Indian markets' valuation contraction has coincided with (1) a rate tightening cycle led by high and persistent inflation, (2) pressure on margins and high interest rates driving down RoE to 18% from a historical average of over 20%, (3) economic slowdown, partly contributed by government indecisiveness and governance issues and (4) earnings downgrade cycle with FY12 earnings being downgraded by 9% in the past four quarters.

The Sensex is trading at a 12-month forward PE of 13.3x and P/B of 2.4x which are 10% below their respective 15-year averages. We believe the markets, driven by uncertainty and fear, have gone through a significant correction over the past 1 year, making them attractive for long-term investing. Our top bets are Infosys / HCL Tech, Bharti/Idea, SBI/Axis Bank, Hero Motocorp/Tata Motors, NTPC and Cipla.

Happy investing

Sincerely yours,

Rikesh Parikh
Vice President

‘ When the gap between perception and reality is the maximum, price is the best’

Midcaps Research Performance & Picks

We are recommending the following stocks from a long-term perspective for investors:

Idea	Growth Drivers
Bata India Limited CMP 630 Target 750	• Of the projected profit of ₹126cr in CY11, Bata achieved ₹68cr in 1HCY11. • Bata plans to add 60-70 stores of ~5,000 sft/yr funded through internal accruals. • Bata offers a clean balance sheet, sustainable growth, popular brand and very low penetration of its products. • Current valuation of 42xCY10 will rollover to CY11 in 1 year(37xCY11E).
NIIT Tech. Ltd. CMP 195 Target 250	• Two new deals with Eurostar and Morris Communications ($85mn over next 5 years) took the order book to $200mn v/s $149mn at the end of 1QFY11.This provides good growth visibility. • Trading inexpensively at ~ 6xFY12E EPS and yield of 4% - discount of 33% to 7-year median valuation and discount of ~45% to its peers.
Bajaj Electricals CMP 180 Target 280	• One of the leading player in the brown goods segment that is witnessing increased penetration. • Lighting/consumer businesses both grew 15% YoY and EBIT margins improved by 290bp YoY. • OPM disappointed due to loss in the E&P business, leading us to downgrade FY12 EPS estimates by 15%. • The recent correction has factored major negatives and stock seems to have limited downside.
Engineers India Limited CMP 245 Target 400	• Revenue visibility of >2.5x with order backlog of ₹6,700 cr. • Capex of OMCs, such as HPCL's ₹25,000 crore 10mt Ratnagiri refinery, to add to order book. • Potential JV with a company in the Middle East could allow the company to participate. • Investment in equity of city-gas JVs and fertilizer projects will bring in orders and improve RoE. • Cash of ₹2,100 cr on a balance sheet of ₹2,700 cr - a plus for investors in the high interest scenario.
Deepak Fertilizers CMP 165 Target 200	• More a chemicals than a fertilizer company with about a third of its revenue coming from fertilizer in FY11. • 200% capacity expansion of Technical Ammonium Nitrate (TAN) to drive revenues and earnings upto FY14. • TAN revenue to rise from ₹237 cr in FY11 to ₹1,000 cr in FY14 with ₹180 cr addition to EBITDA. • 3Lakh ton Australian unit by FY14/FY15 to make Deepak one of the top 5 companies and an Indian MNC.
Balkrishna Ind. CMP 170 Target 225	• 4% market share in ₹50,000 cr niche off-the-road tire segment catering to mining & farming equipment. • With 75% of its revenue from Europe and the US, BKT stands to gain from the depreciation of the rupee. • Low labor cost and proximity to raw material allow BKT to sell at a 25% discount to its larger competitors. • Growth from doubling of capacity by October 2012, with 20% of expansion now. • While we see scope for doubling of market cap from current levels, we have given a conservative target.

Activity this month

- Initiated Relaxo Footwear at ₹300 for a target of ₹400, booked partial profits at ₹395.
- Booked full profit in Gruh Finance at ₹536-27% gain
- Booked partial profit in Eicher at ₹1503 - 23% gain

MOSL Midcap Universe				
Fully Booked	Partly Booked	All records	BSE Sensex	CNX Midcap
34%	25%	1%	-14%	-16%

Note: As of 30th September 2011, Returns are not annualized and do not consider dividends. Annualized returns for All recos at 25% vs -25% and -29% for Sensex and CNX Midcap indices respectively.

Select the portfolio that best suits your risk profile

The markets traded in a narrow range in September as it looked for a fresh direction to break on either side. The Sensex made a double top at 17,200 points and a double bottom at 15,800 in the same month. The Sensex ended September lower by 1.3% MoM at 16,454 points.

The Information Technology sector gained 4% as a depreciating rupee led to higher margins for the sector. Sectors such as Capital Goods and Metals corrected by 10.8% and 9.1%, respectively due to a global selloff in commodities. Rate sensitive sectors like Automobiles and Banks were flat, in line with broader markets.

We expect our aggregate MOSL universe (excluding refining & marketing) to report sales growth of 20.9%, EBITDA growth of 11.7% and PAT growth of 9.7%. EBITDA margin will contract 190bp YoY to 23.6% (the second lowest in 8 years) and PAT margin will contract 120bp YoY to 12.7% (lowest in 8 years). FMCG, Private Banks and retailing are the only sectors in which all companies will report earnings growth. Sectors with disappointing/muted growth are PSU Banks, Telecom and Automobiles.

Over the past 12 months, earnings downgrades were significant. The Sensex EPS was downgraded by 9% in FY12 and by 10% in FY13. We now expect FY12 earnings growth of 11.8% and 16.9% in FY13.

We are adding Larsen & Toubro to our aggressive, moderate and defensive portfolios assigning them medium weight. After these changes we will be 95% invested in all our portfolios .

TOP PICK

AGGRESSIVE - High Risk, High Returns Scrip	MBP*	Wtg.*
Bharti Airtel	*380*	*H*
Infosys	*2500*	*H*
SBI	*1850*	*H*
Central Bank	*100*	*H*
Tata Steel	*420*	*H*
Sterlite Industries	*110*	*H*
BHEL	*330*	*M*
BGR Energy	*325*	*M*
L&T	*1400*	*M*
M&M	*800*	*M*
RIL	*800*	*M*
Tata Motors DVR	*85*	*M*
Yes Bank	*260*	*M*
Cash		*5*
Total		*100*

Our Aggressive Portfolio works on the principle of 'no pain no gain'. The target returns are high at 30%+. Portfolio includes commodity, cyclical and small-cap stocks.

TOP PICK

MODERATE - High Risk, Medium Returns Scrip	MBP*	Wtg.*
Bharti Airtel	*380*	*H*
Infosys	*2500*	*H*
SBI	*1850*	*H*
Tata Steel	*420*	*H*
Central Bank	*100*	*H*
M&M	*800*	*H*
Power Grid	*100*	*H*
BHEL	*330*	*M*
L&T	*1400*	*M*
Sterlite Industries	*110*	*M*
Yes bank	*260*	*M*
BPCL	*680*	*M*
Cash		*5*
Total		*100*

Some moderation is achieved in this portfolio by investing in large and growth stocks available at value. The aim is to generate 20%+ annualized returns with less risk.

TOP PICK

DEFENSIVE - High Risk, Low Returns Scrip	MBP*	Wtg.*
Bharti Airtel	*380*	*H*
Infosys	*2500*	*H*
SBI	*1850*	*H*
M&M	*800*	*H*
ICICI Bank	*800*	*H*
Tata Steel	*420*	*H*
Central Bank	*100*	*M*
BHEL	*330*	*M*
L&T	*1400*	*M*
Sterlite Industries	*110*	*M*
Power Grid	*100*	*M*
BPCL	*680*	*M*
Lupin	*480*	*M*
Cash		*5*
Total		*100*

Our Defensive portfolio works on the principle of balanced growth to outperform the market. The aim is to get annualized returns in excess of 15% taking minimal risks.

MBP : Maximum Buying Price. One should not buy the stock if Price is above MBP. Wtg.*:Weightage refers to the size of the position recommended. H-10%, M-5%*

An Extract

Valuations have slimmed... but are they attractive yet?

Backdrop: A tale of two markets

In September 2010, Indian markets were in a euphoric mood. Sensex was at a new high of 20,500, Sensex P/E at 18.5x (rolling 12-month forward) was almost at 25% premium to long-period average (15-year), and CY10 net FII flow at USD29bn was an all-time high. By September 2011, Indian market is down 18%, and figures among the worst performing global markets. Fund flow has dried up (nil net FII flow in YTD CY11), cash traded volumes are down 39%, and valuations are 10% below long-period averages. Looking back, it was almost as if the markets had added excess flab of optimism, and required a series of work-outs to get back into shape.

Dumb-bells of rising inflation and catch-up rate hikes

- Inflation is at a 13-month high, but a cool-off is on the cards as QE-II impact is wearing off on global commodities and global growth outlook is moderating.
- Repo rates are at 36-month high; expect rates to peak out in 3QFY12 and start easing as inflation cool-off would lead to real interest rates going well above LPA.

Impact #1: Sharp impact to earnings and valuations of interest-rate sensitives e.g. Financials, Autos, Infrastructure.

Treadmill of policy and political headwinds

Over the last one year, policy and political headwinds appeared in three broad forms -

1 Unearthing of a series of scams;

2. "Policy holiday" with little or no progress on key reforms such as FDI in multi-brand retail and insurance, lowering of oil subsidy through diesel/LPG price hikes, GST resolution, large infra projects etc.

3. Likely fiscal failure due to no/lower disinvestment proceeds and slowing down of revenue collections.

Impact #2: PSU valuations downgraded; capex and infrastructure related sectors and companies hurt.

Weight-training of global headwinds

In the last 12 months, Indian markets have directly and indirectly borne the brunt of several global headwinds. The major ones among them are -

1 **US**: QE-II, political deadlock over government debt ceiling, rating downgrade

2. **Euro zone**: Sovereign debt crisis

3. **Global growth slowdown**.

Impact #3: FII flows plunge, INR goes into a tailspin, global plays derated.

Cycle of earnings downgrade

- Since 2QFY11, Sensex EPS for FY12 has been downgraded by 9% and for FY13 by 10%. We now expect FY12 earnings growth of 11.8% and for FY13 at 16.9%.
- Earnings downgrade cycle has continued in 2QFY12 as well, with FY12 earnings down 1% and FY13 down 2.8%.

Impact #4: Market P/E is down 28% YoY, and is at a discount to adjusted LPA.

Valuations below historical averages, risk-reward favorable

- Indian market 12-month forward PE at 13.3x and 12-forward P/B at 2.4x are at 10% below the respective 15-year average valuations.
- Indian valuation contraction has coincided with 1] a rate tightening cycle led by high and persistent inflation 2] pressure on margins coupled with high interest rates driving down RoE to 18% from historical average of over 20% 3] economic slowdown partly contributed by government indecision and governance issues 4] earnings downgrade cycle with FY12 earnings being downgraded by 9% in the past 4 quarters.
- We believe that most of the negatives on the domestic side have largely played out with inflation and interest rates expected to peak in 3QFY12. Also, we expect the GDP and corporate earnings downgrade cycle to be largely complete.
- Any further risk / downside to valuations now emanate largely from global factors. The historical low valuations (PE of 9-11x and P/B of 1.6-1.7x) have followed global events that drove large-scale risk aversion like the 9/11 and the global financial crisis post the collapse of Lehman.

We believe the markets, led by uncertainty and fear, have gone through a significant correction over the last 1 year to make them attractive for long-term investing. Earnings downgrade cycle is arguably in its last leg, and this, along with below-average valuations, provide cushion.

Top picks of the month

Cipla

Cipla is a leading player in the domestic formulations market and has a presence in therapeutic areas. Cipla's strategy for regulated markets (Europe and US) exports is built around supply tie-ups with global players. We believe that Cipla is one of the best plays on emerging markets amongst Indian companies. After a long delay, we believe Cipla's CFC-free inhaler pipeline is likely to gradually get commercialized in Europe (our estimates do not include these upsides). Its large manufacturing infrastructure, strong chemistry skills and huge inhaler capacity make it a partner of choice for global MNC's. This coupled with its low-risk strategy and one of the strongest Capex in the company's history should ensure good long term potential. Temporary slow-down in overall growth, increased expenses to maintain Indore SEZ without commensurate revenues and higher working capital requirements remain key concerns. Cipla has one of the most conservative managements among Indian pharma companies. Return ratios are muted pending utilization of significant capex over the past 2-3 years. Cipla is valued at 21.6x FY12E and 17.7x FY13E consolidated earnings. Maintain BUY with a target price of ₹361.

Idea Cellular

An Aditya Birla Group company, is India's fifth largest wireless operator with a revenue market share of ~14%. Idea operates in all 22 telecom circles, of which 13 are classified as established service areas and 9 recently launched circles, as new service areas. Idea's strong execution in established and new circles will drive 22% average subscriber growth a year over FY11-13. We expect consolidated EBITDA CAGR of 42% over FY11-13 driven by strong volume growth, RPM increase and operating leverage. We believe margin levers like 1) RPM up tick, 2) lower subscriber acquisition cost and channel commissions, and 3) scale benefits are structural and should drive ~700bp margin expansion over FY11-13. We expect incremental 3G revenue to contribute ~5% of wireless revenues by FY13. Idea is trading at an EV/EBITDA of 8x FY12E and 5.6x FY13E. Our target price incorporates ₹46bn (₹14/share) potential outflow for regulatory risks (~50% of outlay based on revised TRAI reco). Maintain BUY with a price target of ₹140.

National Thermal Power Corp. (NTPC)

NTPC is the largest power generator in India with regulated business model. Company has installed capacity of 32,694MW, generating 28-30% of the electricity in the country. It aims to reach a capacity of 75,000 MW by the end of FY17. It also intends to venture into related areas like coal mining, distribution, transmission, merchant sales and gas exploration. NTPC's capacity addition will accelerate as 14.7GW of projects under construction will be commissioned over FY12-14. We believe that the BTG awards for its super-critical and other projects (including brown field expansion) should be a key milestone to watch for. Any delays in FY12 will impact Twelfth Plan capacity addition targets. NTPC is among the best placed power sector players with regulated returns (lower risk on fuel cost/ merchant prices), sizable fuel supply under a long term contract and payment mechanism. We expect NTPC to deliver net profit CAGR of 20% over FY11-13. We estimate EPS at ₹12 for FY12 and at ₹14 for FY13. The stock trades at 14.7x FY12E and 11.9x FY13E EPS, and at 2.1x FY12E and 2x FY13E BV. Maintain BUY with a target price of ₹229.

Yes Bank

Yes Bank began operations in May 2004. Its promoters, who established Rabo India Finance as a leading investment bank in India. Yes Bank has built a strong management team, with the leaders of each of its business units being picked from reputed foreign banks. The bank has already opened its flagship branches in all the major cities of India and now focuses mainly on mid-size branches, most of which will be opened in North and West India. Efficient utilization of branch license will help to grow its CASA base It aims to scale up its branch network to 325 from 255, with a CASA ratio of ~15.4% by FY13 (currently 10.9%). Asset quality improved further, with GNPA declining 31% QoQ (on a low base) to ₹560mn. Rapid branch expansion, acquisition of new customers and deepening of existing customer relationships will ensure that YES's asset growth is higher than that of the industry. Expected fall in interest rates augurs well for YES. RoA is expected to remain healthy at 1.3%+ and RoE at ~23% over FY11-13. Maintain BUY with a price target of ₹360.

Support at 4,700 strengthens

The Nifty closed September with minor losses of 1% as the market traded in between 4,750 and 5,150 through September. The Nifty traded positive early in September but two attempts to cross 5,200 resistance failed around 5,170. Thereafter the Nifty corrected but the 4,700 support, which we had mentioned in the last edition of MOSt Momentum did not break in September. Nifty made a low around 4,750 on 26th September, which was around the August low of 4,700, indicating a double bottom formation. The Nifty recovered to close the month at 4,943. The sectors were a mixed bag with Technology gaining and Metals, Capital goods losing.

Going forward

September has seen the Nifty hold 4,700 support as Nifty tries to make a base. The 200-week average of the Nifty is around 4,800 and calendar year 2010 low is 4,675, which increases the significance of the 4,700 to 4,800 support zone. The longer-term trend in Nifty could deteriorate further if we break 4,700 support on a closing basis. On the upside we need to cross the 50dma, which is about 5,100 and the double top at 5,170 for an intermediate uptrend. If an intermediate uptrend is triggered, then a move to the 200dma of about 5,500 is possible. The Nifty has fallen for the third successive month, while witnessing the third quarterly decline in a row. The Nifty closed below the quarterly closing of 5,084, which was last seen in September 2009.

Actionables:

1. Long-term investors can buy around the support zone of Nifty between 4,700 and 4,800.
2. Positional traders can initiate long positions around 4,800 with stop loss at 4,650.
3. Positional traders can initiate short positions around 5,150 with stop loss at 5,300.

Nifty Daily Chart

Derivatives & Options Trading

September was a month of consolidation as the Nifty traded in a smaller band of 400 points despite higher IVs of 32 levels and regular news flow from global markets dominating market trends.

The Nifty closed at 5,015, up 3.6% from the previous expiry closing at the median of the month's high/low of the expiry month. Nifty made a double bottom between 4,720 and 4,750 twice during September. The manufacturing sector like Capital Goods and Metals sectors corrected the most, with many stocks losing more than 10%.

Total rollovers were 81% (6-month average of 84%) and Nifty rollovers were 58% (6-month average of 66%). Among sector rollovers we saw higher rollovers compared with the 6-month average in Media, Engineering and Sugar sectors and lower rollovers inChemicals, Realty, FMCG and Power compared with the 6-month average.

In the October series the highest call OI was at 5,200 strike with 4.9mn shares and the highest put OI was at 4,700 strike with 5.7mn shares. As the current expiry is very short, comprising 17 trading sessions due to holidays, we expect the range of 4,700 to 5,200 to continue for a few days. However, if the range breaks due to some major announcements from the domestic/global markets, we can head for more downfall, so we would like to recommend a ratio put strategy to hedge the portfolio.

INDEX: NIFTY **LOT SIZE: 50**

View : Hedging

Premium outflow : ₹1,200.00 (per spread)

Span margin : ₹36,000.00 (approximately)

Strategy: Nifty Bear Spread strategy					
Buy/ Sell	Scrip	Series	Option Type	Strike Price	Reco Price
BUY -1	NIFTY	OCT	PE	4800	₹154
SELL - 2	NIFTY	OCT	PE	4500	₹65

Pay off Profile On Expiry		
Break Even Point	Maximum Profit	Maximum Loss
4,224	₹13,800	₹Rs1,200 or Unlimited below 4,224 levels

The above views are based on Technical analysis and could differ from our fundamental views.
For further ideas on Technicals contact: Tel.: +91 22 30896815

Summary

MOSt 3x3

1st week (5th Sep, 2011)

Large Cap	CMP(₹)
Bharti Airtel	404
M&M	770
Shree Renuka Sugars	59
Mid Cap	
Bata India	709
NIIT Technologies	193
Sundram Fasteners	61

2nd week (12th Sep, 2011)

Large Cap	CMP(₹)
Cipla	290
NTPC	162
REC	166
Mid Cap	
Deepak Fertilizers	168
PTC India	72
United Phosphorus	145

3rd week (19th Sep 2011)

Large Cap	CMP(₹)
Cummings India	608
Idea Cellular	97
TCS	1,020
Mid Cap	
Bajaj Electricals	179
Dena Bank	85
Engineers India	260

4th week (26th Sep 2011)

Large Cap	CMP(₹)
Bharti Airtel	381
Cipla	287
SBI	1,953
Mid Cap	
Bajaj Electricals	177
Engineers India	251
Yes Bank	261

CMP: current market price

Blue Colour: New entry in MOSt 3x3

Red Colour: Re - entry in MOSt 3x3

Performance of recommended debt schemes as on 30th September 2011

Scheme Name	AAUM (₹ in Cr)	Returns (P2P %) 2 Weeks	1 Mth	3 Mths	6 Mths	1 Yr Return
MIP AGGRESSIVE (EQUITY > 15%)						
HDFC MIP - LTP - Growth	9545.94	-0.26	0.10	-0.96	0.73	1.69
Reliance MIP - Growth	7952.35	-0.17	0.36	-0.15	1.14	1.43
MIP CONSERVATIVE (EQUITY < 15%)						
Birla Sun Life MIP - Savings 5 - Growth	652.30	0.34	0.53	1.86	4.04	6.36
HDFC Multiple Yield Fund - Plan 2005 - Growth	223.65	-0.01	0.43	1.47	4.91	6.85
INCOME FUND						
Birla Sun Life Dynamic Bond Fund - Ret - Growth	1873.94	0.31	0.47	2.36	4.73	7.63
BNP Paribas Bond Fund - Regular - Growth	211.19	0.27	0.87	2.37	4.44	7.66
GILT FUND						
HDFC Gilt Fund - L T P - Growth	167.48	-0.11	0.12	1.35	1.85	4.91
ICICI Prudential GFIP - Growth	259.08	-0.12	0.08	1.19	2.11	5.51
SHORT TERM FUND						
HDFC Short Term Plan - Growth	671.08	0.20	0.53	2.08	4.37	7.10
Templeton India STIP - Growth	4200.55	0.32	0.72	2.18	4.83	7.64
ULTRA SHORT TERM FUND						
HDFC Cash Mgmt Fund - Treasury Advantage-Ret -G	15589.53	8.31	8.26	8.39	8.58	8.13
Kotak Floater - LT - Growth	4138.57	9.02	9.03	9.19	9.22	8.68
LIQUID FUND						
HDFC Cash Mgmt Fund - Savings Plan - Growth	3034.82	8.67	8.61	8.75	8.76	8.31
Reliance Liquid Fund - TP - Retail - Growth	2183.63	8.41	8.40	8.49	8.53	8.01
LIQUID IP FUND						
DSP BlackRock Liquidity Fund - IP - Growth	2464.58	8.92	8.83	8.84	8.77	8.40
Reliance Liquid Fund - TP - IP - Growth	2183.63	8.64	8.65	8.73	8.79	8.28
FLOATING RATE FUND						
Birla Sun Life Floating Rate Fund - STP - Growth	1046.42	8.61	8.57	8.80	8.97	8.38
DSP BlackRock Floating Rate Fund-Regular Plan - G	480.65	9.58	9.07	8.91	8.70	8.00

MIP Aggressive,Income Fund ,Gilt Fund, Short Term < 1 year Absolute,> 1 Year CAGR
Liquid Fund,Liquid plus Fund,Floating Rate < 1 year Simple Annualised,> 1 Year CAGR

Source: MFI Explorer

Performance of recommended equity schemes as on 30th September 2011

Scheme Name	AAUM (₹ in Cr)	Returns (P2P %) 6 Mth	1 yrs	2 Yrs	3 Yrs	5 Year	3 Yrs SIP Yield (%)
EQUITY DIVERSIFIED - LARGE CAP							
Fidelity Equity Fund - Growth	3442.68	-9.76	-13.34	7.81	16.77	12.18	14.70
Franklin India Bluechip - Growth	3982.33	-8.72	-11.30	7.03	15.87	11.13	13.86
HDFC Top 200 - Growth	11064.99	-12.56	-16.55	4.50	16.46	13.20	13.07
ICICI Pru. Focused Bluechip Equity Fund-Ret- G	2360.38	-10.00	-10.05	7.89	19.68	--	15.96
UTI Dividend Yield Fund - Growth	3262.52	-6.38	-10.05	10.16	20.41	15.10	16.68
EQUITY MULTI CAP FUNDS							
Birla Sun Life Dividend Yield Plus - Growth	831.75	-3.73	-11.04	11.80	24.93	14.48	19.93
HDFC Equity Fund - Growth	9738.90	-13.15	-17.27	7.64	18.98	12.88	16.36
ICICI Prudential Discovery Fund - Growth	1685.80	-10.85	-16.15	7.64	24.99	10.22	20.08
Reliance Equity Opportunities Fund - Growth	2985.23	-5.95	-13.90	13.40	23.64	12.23	22.39
UTI Master Value Fund - Growth	702.08	-5.71	-11.17	13.20	21.23	12.03	21.91
SMALL & MID CAP FUND							
DSP BlackRock Small and Midcap Fund - G.	1217.41	-3.73	-13.85	12.81	23.88	--	22.44
HDFC Mid-Cap Opportunities Fund - Growth	1443.65	0.66	-6.90	16.74	22.20	--	24.46
SBI Sector Funds Umbrella-Emerg Buss Fund-G	388.78	10.70	-0.32	22.17	24.55	10.70	32.24
Sundaram Select Midcap - Growth	2146.24	-3.10	-13.85	7.77	20.64	11.25	19.07
UTI Mid Cap Fund - Growth	315.71	-2.67	-13.70	8.43	18.44	8.39	18.67
TAX SAVINGS (ELSS)							
Fidelity Tax Advantage Fund - Growth	1225.65	-9.40	-13.75	8.70	17.65	12.68	15.56
HDFC Taxsaver - Growth	3187.36	-10.17	-16.83	6.64	16.25	9.61	14.91
ICICI Prudential Taxplan - Growth	1332.82	-9.52	-14.49	8.40	17.94	7.06	16.70
INDEX FUND							
Franklin India Index Fund - NSE Nifty Plan - G	136.51	-13.94	-17.79	-1.23	7.96	6.47	6.04
ICICI Prudential Index Fund	93.53	-13.54	-17.16	-0.67	8.88	7.71	6.77
BALANCED FUND							
HDFC Prudence Fund - Growth	6407.25	-5.05	-7.78	12.10	21.08	14.42	19.30
ICICI Prudential Balanced - Growth	273.31	-2.59	-2.59	8.85	13.38	7.39	13.19
ARBITRAGE DERIVATIVE EQUITY							
HDFC Arbitrage Fund - Retail - Growth	71.98	3.72	7.92	6.45	6.27	--	6.59
UTI Spread Fund - Growth	51.20	4.51	8.17	5.79	6.87	7.75	6.65

For All Equity Schemes : Return Caculated on < 1 year Absolute,> 1 Year CAGR

Source: MFI Explorer

Debt Overview

Double whammy for the market: Policy rate raised by 25bp; Bond supplies raised by ₹53k cr.

Global woes and domestic price pressure impacted the Indian market, which led the Reserve Bank of India (RBI) to raise the repo rate under LAF by 25bp to 8.25 %. Thus, the reverse repo and marginal standing facility (MSF) were revised to 7.25% and 9.25% respectively. Faced with the dilemma of 13-months high price pressure v/s 21-month low industrial output, the RBI justified its anti-inflationary stance. This was 12th successive hike since March 2010, a hike of 350bp in absolute terms. The forward guidance stated that the anti-inflationary stance would help in moderating demand and reversing inflation trajectory, albeit with a lag effect.

The market witnessed another blot on the last day of September when the RBI in consultation with the Government of India announced its issuance calendar for Marketable Dated Securities for October 2011 to March 2012 where it raised the bond borrowing by ₹52,872 cr to ₹2.2 lakh cr against the earlier estimate of ₹1.67 lakh cr. This additional borrowing is in line with our prediction of ₹40k-60k cr, which we had estimated in last month's note. The additional borrowing is likely to impact private sector borrowing in October when the busy borrowing season starts. Thus, corporates may face a crowding-out effect and witness increased cost of borrowing. However, in the absence of higher credit growth this year, the government may find room to fund its needs from the market.

Though the G-Sec yield traded sideways in the range of 8.28 % to 8.36%, on the last day, there was a knee-jerk reaction due to increased bond supply. The 10-year benchmark paper 7.80% G-Sec 2021 climbed as high as 10bp on a day. On an average, it ended at 8.44 %, up by 11bp over the month. Advance tax outflow of ₹50,000 cr also added to the woes of tighter liquidity. In the first fortnight, the average daily borrowing was ₹37,873 cr which increased to ₹70,719 cr in the second fortnight. In the light of additional borrowing, it is expected that the liquidity deficit may remain at ₹60k-70k cr in near weeks.

Industrial growth, as measured by the Index of Industrial Production (IIP), faltered to 3.3% in July 2011 from 8.81% in June 2011, mainly caused by negative growth of 15.2 % in the capital goods segment.

Overview of Funds

Equity Funds

In September, Indian stocks indices closed in the red with the BSE Sensex declining by 1.33%, losing 222 points, to close at 16,453 points from 16,675 points and the Nifty was down 1.15%, losing 58 points, to close at 4,943 points from the previous month's closing of 5,001 points.FIIs were net sellers of equity worth ₹158.30 cr and net sellers debt worth ₹1,707 cr. Domestic mutual funds were net sellers of equity worth ₹730 crand net buyers of debt worth ₹22,954 cr. In September among large-cap funds, UTI Opportunities Fund topped the charts with a 1-year absolute return of -7.48% and in the multi-cap category, UTI Wealth Builder Fund - Series II settled at -1.96%. In the ELSS category Axis Tax Saver Fund was first, delivering returns of -6.59% in 1 year.

Category	6 Mths	1 Yr	2 Yrs	3 Yrs
	Abs (P2P %)		CAGR(%)	
Large Cap Funds	-11.41	-16.36	1.38	10.88
Diversified Funds	-9.44	-17.25	2.05	11.67
Small & Mid Cap Funds	-4.16	-16.91	7.3	15.7
Index Funds	-13.77	-17.93	-1.39	8.14
ELSS Funds	-9.96	-17.11	2.06	10.72

<1 Year, Absolute and >1 year, CAGR — Source: MFI Explorer

Debt Funds

In September the 10-year benchmark 7.80%, 2021 bond settled at 8.38% yield or ₹96.23 on 29th September2011, marginally high than its 8.32% yield or ₹96.55 on 30th August 2011.On 16th September 2011 the RBI raised interest rates for the twelfth time since the start of March 2010. "Inflation remains high, generalised and much above the comfort zone of the Reserve Bank," the RBI said in the statement. As on 30th September 2011 under the Gilt long term category, Baroda Pioneer Gilt Fund topped the chart swith 1-year returns of 8.43%. In the income category the topper was Canara Robeco Indigo Fund, which generated returns of 14.63%. In the debt MIP category, HDFC Multiple Yield Fund - Plan 2005 Fund topped the charts with 1-year returns of 6.85%. In the liquid category Escorts Liquid Plan topped with 1-year returns of 9.73%. In the short-term income category, Sahara Short Term Bond Fund scheme topped the charts with 1-year returns of 13.32%.

Category	1Mth(%)	3Mths(%)	6Mths(%)	1Yr(%)
Liquid	8.27	8.32	8.3	7.88
Liquid Plus	8.4	8.41	8.55	8.04
Income Funds	5.32	8.24	7.98	6.76
Debt MIP	0.21	0.13	1.72	2.56
Debt - Short Term	7.85	8.95	9.37	8.06

<1 Year, Absolute and >1 year, CAGR — Source: MFI Explorer

NASDAQ-100

- The NASDAQ-100 Index represents the largest non-financial domestic and international securities listed on The NASDAQ Stock Market® based on market capitalization.
- The NASDAQ-100 Index is calculated under a modified capitalization-weighted methodology.
- The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/ wholesale trade and biotechnology.
- Long-established holdings include companies that have a legacy of leadership and innovation.
- It does not contain securities of financial companies, including investment companies.
- Diverse holdings represent US$ 2.56 trillion in market value: Technology, healthcare/biotechnology, consumer goods and services.
- Investing in N100 presents superior diversification benefits attributable to low correlation of 0.29 with Indian markets.

Scrip Name (TOP 5) As on Aug 30, 2011	Allocation (%)
Apple Inc	14.47
Microsoft Corporation	8.91
Oracle Corp	5.68
Google Inc	5.56
Intel Corp	4.33

Sector Name (TOP 5) As on Aug 30, 2011	Allocation (%)
Software and Consultancy Services	41.45
Computers - Hardware and Peripherals	17.04
Pharmaceuticals & Biotechnology	8.41
Electronics & Electrical Equipments	7.91
Retailers	6.92

Scheme Name	1 Year	2 Year	3 Years	6 Year
MOSt Shares NASDAQ 100	4.94	2.64	4.75	3.10
S&P Nifty	-1.15	-9.83	-12.47	-14.59
BSE Sensex	-1.33	-9.58	-12.69	-14.70

ICICI Pru Elite Wealth

For you, it's a life without compromises. You cherish only the best. So, your financial planning also has to be truly best in class and provide you with the greatest value for your money. With this objective in mind, we present ICICI Pru Elite Wealth, a unit-linked insurance plan, designed exclusively for preferred customers like you. This plan offers you multiple choices on how to invest your savings and also gives you insurance cover. Besides, you get rewarded with loyalty additions from the sixth year onwards to maximise the returns on your investment

Key benefits of ICICI Pru LifeTime Premier

- Pay premiums only once or for a limited period of five years.
- You can choose a policy term of 10 to 30 years to suit your financial needs.
- Get rewarded with loyalty additions at the end of every policy year starting from the sixth policy year. Loyalty addition will be a percentage of the average daily fund values in the same policy year. It will thus, reduce the effective fund management charge (FMC) for your policy as shown below:

Year	FMC	Loyalty Addition	Approximate effective FMCT&C[3]
6 to 10	1.35%	0.25%	1.10%
11 onwards	1.35%	0.60%	0.75%

- Switch between various funds as many times as you want with unlimited free switches.
- Get tax benefits on premiums paid and benefits received as per the prevailing tax laws(T&C1).
- In the unfortunate event of your death during the policy term your nominee shall receive sum assured or fund value, whichever is higher.

Illustration 1

Annual premium amount: ₹50,000

Age at entry: 30 years

Policy term: 20 years

Sum assured: ₹50,00,000

Choice of fund: Dynamic P/E Fund

Premium payment option: Five Pay

	Expected Returns @ 6% p.a.	Expected Returns @ 10% p.a.
Fund Value at Maturity including Loyalty Additions	₹ 55,24,732	₹ 1,09,04,556

Illustration 2

Premium payment option: Single Pay

Amount of installment premium: ₹5,00,000

Age at entry: 30 years

Policy term: 20 years

Sum assured: ₹25,00,000

Choice of fund: Dynamic P/E Fund

	Expected Returns @ 6% p.a.	Expected Returns @ 10% p.a.
Fund Value at Maturity including Loyalty Additions	₹ 10,68,896	₹ 23,92,253

The above illustrations are for a healthy male life with 100% of his investments in Dynamic P/E Fund. The above are illustrative maturity values, net of all charges, service tax and education cess. Since your policy offers variable returns, the given illustration shows two different rates (6% & 10% p.a. as per the guidelines of Life Insurance Council) of assumed future investment returnsT&C[2].

ICICI Pru Elite Wealth (Cont...)

ICICI Pru Elite Wealth at a glance

Minimum premium	₹ 5,00,000		
Modes of Premium Payment	Yearly		
Premium Payment Term	One pay (1 year) / Five pay (5 years)		
Policy Term	10 to 30 years		
Sum Assured	One Pay*:		
	Age at entry	Minimum Sum Assured	Maximum Sum Assured
	0 to 7 years	125% of premium amount	125% of premium amount
	8 to 60 years	125% of premium amount	500% of premium amount
	> 60 years	125% of premium amount	125% of premium amount
	Five Pay:		
	Age at entry	Sum Assured	
	8 to <45 years	Higher of: • 10 X Annual Premium • 0.5 X Policy Term X Annual Premium	
	>= 45 years	Higher of: • 7 X Annual Premium • 0.25 X Policy Term X Annual Premium	
Minimum age at entry	• One Pay - 0 years		
	• Five Pay - 8 years		
Maximum age at entry	70 years		
Minimum age at maturity	18 years		
Maximum age at maturity	80 years		

*If the sum assured under the policy is less than 500% of the single premium:

o Tax benefit u/s 80C will be limited only to 20% of the sum assured

o Tax benefits u/s 10(10D) will not be available and benefits received under the policy will be taxable

Terms and Conditions

1. Tax benefits under the policy will be as per the prevailing Income Tax laws. Service tax and education cesses will be charged extra as per applicable rates. Tax laws are subject to amendments from time to time
2. The returns shown in the benefit illustration are not guaranteed and they are not the upper or lower limits of what you might get back, as the value of your policy depends on a number of factors including future investment performance
3. This illustration is for all funds other than the Money Market Fund. Also, this illustration does not consider service tax and timing implications. Loyalty Additions shall be allocated among the Funds, held at the time of allocation of Loyalty Addition in the same proportion as the value of total units held at that time.

Overview

The markets closed marginally lower in September with the benchmark Nifty down 1.13% in rupee terms but volatility was gut wrenching. Although the world was relieved by the German government passing a fund release plan, markets sold down as uncertainty on the final outcome of the Euro-crisis lingers. At home, the government actions took centre stage with (a) the release of a borrowing plan, which was higher by 13% than budgeted and (b) the Cabinet passing the Mining and Mineral Bill for further consideration by Parliament. On the economic front, the two key events were (1) a further 6.3% knock on the rupee against the US dollar after a 4.6% depreciation in August, partly mirroring other Asian currencies and a wider trade gap and (2) the Indian 10-year rising to 8.5% from 8.3% due to the government's upwardly revised borrowing program.

Macro Corner

- **Growth:** India's July industrial production reversed course from June, reading 3.3% against a consensus of 6.2%. Volatility remains, though this indicator continued to trend lower this month due to contraction in capital and intermediate goods. September PMI reached a near stall, as it declined to 50.4 from 52.6 last month. This marks its fifth consecutive drop and the third consecutive contraction in new export orders.
- **Inflation:** Headline inflation pushed higher than expected, to 9.78%, while the trend in weekly food inflation reflected slight moderation and maintained elevated levels. Commodity prices and currencies fluctuations persisted as key pressures on inflation. They will continue to be monitored closely.
- **Policy:** Maintaining its anti-inflationary stance, the RBI raised rates by another 25bp on 16th September. Policy undertones at this meeting sounded more dovish, citing downside risks to growth projections for FY12. Going forward, the odds favor a pause in rates.

Political and Policy Corner

- **Mining Bill:** The Union Cabinet cleared the Mining Bill, which requires coal mining companies to share 26% of their profits with people impacted by the projects. Non-coal mining companies will have to pay an equivalent to royalty paid to the state government to project-affected persons. This royalty will be much less than the share of profit owed by coal mining companies. Coal India, Hindustan Zinc and SAIL are likely to see their profits affected as a result.
- **New SEBI Takeover Code** : The recently approved recommendations of the Takeover Regulations Advisory Committee will see the mandatory open offer size increase to 26% from 20% and the trigger point for buyout increase to 25% from 15%. With this, companies will now need to make mandatory open offer for 26% stake after buying 25% in a takeover. SEBI has also abolished non-compete fees to be paid by acquirers in takeover deals, and approved uniform KYC norms for all stock market transactions.
- **Instability persists in government affairs:** Uncertainty over the stability of Indian politics continues to loom over the market, as Samajwadi Party leader Amar Singh, accused in the 2008 cash-for-votes scandal, was denied bail, and the notorious 2G scandal continues to retain the limelight.

Sector-wise performance

- The **IT** sector gained due to the considerable depreciation of the rupee, though US demand slowdown remains an overhang.
- **Cement** was once again the best performing sector, driven by strong domestic consumption. Volume trends have started improving after the monsoons and the pricing situation continues to remain strong.
- Both the iron ore mining bans and global growth uncertainty continued to weigh on the **Metals** sector, pushing the sector lower for yet another month.
- As the interest rate environment becomes tougher and new orders continue to dry up, **Infrastructure** stocks were battered, encouraging aggressive bidding in projects by companies such as GVK and NTPC.
- **Automobiles** witnessed an uptick in sales volumes across segments and companies, along with many new model launches (Honda's Brio, M&M's XUV500 were notable, Hyundai's Eon will be launched in October). The biggest positive surprises were HMCL and M&M.
- In **Telecoms**, the government has proposed the Draft Spectrum Bill, proposing spectrum sharing and trading. Besides, there is a plan for spectrum re-farming and establishment of a spectrum re-farming fund. We believe stocks are pricing in the impact of license renewals and excess spectrum charges, but not spectrum re-farming.

Overview

Capital Flows

Deal flow remained dull in September - the scheduled launch of the ₹120bn FPO of ONGC was deferred pending clarity on subsidy sharing arrangements between the government and oil companies. FIIs continued selling in September, though moderating from their heavy exit in August, selling equity worth USD267mn. YTD FIIs have now accumulated a net sell of USD213mn. Domestic institutional investors continued to absorb the FII selling, buying another USD342mn in September , their YTD buying of equities has now reached USD5.3bn.

Outlook

Market movements in October are likely to be driven by international and domestic events. Progress on the Euro-zone crisis on the global front is likely to dominate headlines. On the domestic circuit, markets will likely take cognizance of the September quarter result season in addition to the outcome of the RBI's next policy meeting towards the end of October. For India, the continuing softening in commodity prices including oil (most commodity indices are off 15-20% from their peaks in April 2011) holds hope as it will likely alleviate profitability pressures for the corporate sector as a whole.

Review and outlook

Gold

Related News

- Gold rose on lingering worries of a global economic slowdown, and the price of bullion notched its biggest quarterly gain of this year even after a sharp pull back from a record hit in September. Gold posted a quarterly gain of 8%, its biggest this year, despite a drop of 11% in September, its largest monthly decline in 3 years.
- Gold, which fell in September during a broad selloff of riskier assets as investors worried about the Euro zone debt and a sluggish US economy, remained 15% below its record of USD1,920.30 an ounce.
- Gold futures ended slightly higher, putting a happy note to the metal's worst month in three years. Much of gold's decline is linked to pervasive fears about Europe's sovereign-debt crisis.

Outlook for this month

- MCX Gold may trade with a positive bias tracking cues from the international exchange. It will continue to trade firm supported by safe haven demand amid uncertainty about Euro-zone economies. However Euro-zone debt problems have pushed US dollar higher against the Euro, limiting upside in dollar-denominated gold prices. Gold may continue to take cues from the equity and currency markets.

Technical Snapshot

MCX gold started the month on a positive note. During the first week of September, it made an all-time high of ₹28,744. Later prices traded in a ₹28,550/27,200 range for almost 15 days, forming a symmetrical triangle on the daily chart. Direct fall below ₹27,500 took prices lower to ₹24,992, which was supported by weak RSI. Current near term support lies at ₹25,400. Resistance can be seen at ₹27,200. As long as prices are above ₹25,400, the trend will be positive.

Copper

Related News

- Copper ended down in its biggest quarterly loss since the height of the financial crisis three years ago, as threats to the global economy gave rise to an increasingly bearish mood among investors.
- It was the biggest quarterly loss since the fourth quarter of 2008, when copper prices crumbled more than 50% as the financial crisis took its toll on the economy.
- With a worrisome macro-economic picture dominating sentiment, signs of a shake-out in the metal's bullish crowd have begun to take shape. Data last week showed large speculators switched to their biggest net short positions since July 2009, while a hedge fund's bearish bet on the metal resulted in returns of close to 20% in each of the past 2 months.

Outlook for this month

- The view that the Euro-zone would bolster its bailout fund and recapitalize the continent's banks had spurred buying across commodities and equities. But the upward move proved to be short lived, as market watchers cast doubts on the prospects for easing of the European crisis and suggested copper prices stood to lose more ground in an economic slump.

Technical Snapshot

MCX copper started September on a low note. Copper traded lower, forming lower tops and lower bottoms. Prices were trading on a strongly bearish note in September. A fall below ₹410 opened the way to a downtrend in copper prices. ₹386 was an important support level for copper since the past four months. A fall below this confirmed a sell-off in copper. The prices made a low of ₹343.6, which was a new yearly low. Prices will trade lower as long as they are below ₹380

Review and outlook

Crude Oil

Related News

- Oil prices slumped on renewed global economic worries, pushing back Brent more than 10% this month for its biggest quarterly decline in five quarters. US crude futures fared even worse, posting their weakest quarterly performance since the financial crisis of 2008 as a wobbly economy sparked more demand worries.
- The sell-off began after data showed that China's manufacturing sector contracted for a third consecutive month in September, adding to doubts about Europe's ability to solve its debt crisis. That drove investors to sell riskier assets such as equities and commodities. Trading was volatile at the end of the quarter book squaring.
- US crude futures slumped more than 3%, posting the weakest quarterly performance since the fourth quarter of 2008, as concerns about global economic growth pressured oil prices. Crude oil futures moved lower in US trade, following data on US personal income and a rise in European inflation in September.

Outlook for this month

- Oil may fall during the next few days on concerns that economic growth will slow in the US and China, the fuel's top two consumers. The outlook for crude prices remains on the downside, as persistent fears from the EU debt crisis and signs that global growth is slowing are likely to keep crude prices under pressure.

Technical Snapshot

After opening on a positive note, crude prices fell to ₹3,843, a new monthly low. It moved within an upward sloping channel and broke again on the downside. It has followed this pattern over the past few weeks. Prices are facing resistance near ₹3,970/3,980. As long as they are below these levels, we can expect prices to fall to 3,680/3,650.

Pepper

Related News

- Pepper moved up on good demand and reports of firmer overseas markets coupled with bullish sentiment. There was tug of war to push up and pull down the market throughout the day and consequently the market was highly volatile.
- Pepper futures gained due to a firm trend in the domestic markets on the back of limited stocks form the fresh crop. Thin supply from the fresh crop also supported the uptrend. The recent drop in the Indian rupee to 2 year lows placed domestic exporters in a competitive position in world markets and with not much being on offer from other suppliers like Vietnam, traders in the futures market were convinced that the pepper rally will continue.
- World pepper output this year will fall by about 6,500 tons from that in 2010, to 310,000 tons, due to unfavorable weather conditions and pests in several producer countries.

Outlook for this month

- Lower stocks in Vietnam, the world's largest pepper producer and exporter, is expected to bring demand from foreign markets to India. As per market sources tight supply ahead of the Diwali festival in October also boosted sentiment.

Technical Snapshot

Pepper prices opened flat in September. Gradually, they started to move on the upside and started gaining positive momentum. It made an all time high of ₹37,190. Prices are forming a triangle on the daily chart. Near term support lies at ₹34,800, whereas resistance is near ₹36,400. A break on either of the side will decide the further trend in pepper.

Preffered Stock SIP

Stock Name	Growth Drivers	Tgt# Rs.	FY12 EPS	FY12 PE	FY13 EPS	FY13 PE
SBI*	Largest Bank in India, Proxy to Indian economy Aggressive provisions clean balance sheet, ROE to rise from 12.6% in FY11 to 18.8% in FY13.	2810	1284	1.3x	1511	1.1x
Yes Bank*	Asset quality is the best in the industry with near zero net NPA's. Earnings traction is expected to remain strong with 25% CAGR over FY11-13 and RoEs at 22%+ during the same period.	368	132	2.1x	160	1.7x
Infosys Tech	Stock correction a buying opportunity. 1Q weakness a one-off, KV Kamath to drive growth. Valuations attractive Long term value proposition of the industry remains compelling. Value pick with a price target of Rs.3,176 (20x FY13E EPS).	3050	136.7	18.5x	158.8	16x
HCL Tech	4Q growth of 5.8% q/q better than estimates. Margins +1.30% and working capital improves. Business shows strength with order wins.	525	28.8	14.2x	35.5	11.5x
Bharti	Africa to provide volumes over next decade. India volumes +20% over FY12E-FY14E 3G to drive ARPU. Strong build-up in 3G and stabilizing competition in voice.	530	20.6	18.3x	30.6	12.3x
Cipla	Cipla offers a balanced play on chronic and acute therapeutic segments We expect overall top-line CAGR of 12% over FY11-13, leading to EPS CAGR of 17%.	361	13.4	21.1x	16.4	17.2x
Tata Steel	India business gains from integration India business gains from integration. Europe to see cost improvements. Our Top pick in the metals space.	694	61.4	6.8x	79.2	5.3x
NTPC	NTPC is among the best placed power sector players We expect NTPC to deliver net profit CAGR of 20% over FY11-13.	229	12	14.7	14	11.9
L&T	India's largest engineering and construction company Order Backlog of Rs. 1,30,000 cr – 3xFY11 Revenues, Orders to rise 25% from Rs.80K cr in FY11 Subsidiaries valued at Rs. 429 per share Well placed to capitalize on long-term infra. Demand.	1665	70.0	17.2x	90.0	15.1x
ITC	Steady growth in Cigarette profits & Cash flow Steady growth in Cigarette profits & Cash flow. FMCG losses reducing, strong growth in Hotels 19% PAT CAGR over FY11-FY13E.	230	7.8	25.3	9.2	21.5

**EPS has being replaced by adjusted book value & P/E has been replaced by P/ABV after adjusted value of investments*

 # Target price from 1 year perspective

For further details : Call your **Relationship Manager**

or

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