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21st May 2012

Investment Idea

(Target price from 1 year perspective)

Large Cap	MBP	Target
IDFC	118	147
L&T (*)	1,190	1,417
SBI	2,025	2,725

Mid Cap	MBP	Target
Deepak Fertilisers (*)	134	225
Emami Ltd. (*)	465	550
NIIT Tech.	282	325

MOSt Mutual

ICICI Pru Focused Bluechip Equity Fund *(Large Cap)*

DSPBR Small & Mid Cap Fund *(Mid Cap)*

Birla SunLife Dividend Yield Plus *(Multi Cap)*

(*): New -entry   CMP: Current Market Price   MBP: Maximum Buying Price   Mote -*CMP Prices as of today, 3P.M.

NBFC

21st May 2012

IDFC

CMP (Rs.)	116
MBP (Rs.)	118
Target (Rs.)	147
Face Value	10
Equity Shares (Mn)	1,512.3
52-Week Range (H/L)	160 / 90
M.Cap. (Rs b)	175.6

	FY11	FY12E	FY13E
EPS (RS)	10.3	11.3	13.4
PE(x)	11.3	10.2	8.7

- The Infrastructure Development Finance Company Limited (IDFC) is India's leading integrated infrastructure finance player providing end to end infrastructure financing and project implementation services.

Recent Developments:

- IDFC's 4QFY12 PAT at INR3.3b was 10% below est. due to higher than expected provisions of INR838m (v/s est INR497m). Strong asset growth, improvement in spread and stable asset quality were major positives.
- Sequential improvement in spreads: NII grew 7% QoQ and 22% YoY to INR5.8b (in-line with est) driven by strong loan growth (+10% QoQ) and sequential improvement in spreads. On a 12-month rolling basis, spreads improved to 2.4% v/s 2.37% in 3QFY12.
- Business growth remains strong: Outstanding loan book grew 10% QoQ and 28% YoY to INR482b. Sanctions and disbursements growth was healthy at 64% YoY and 42% YoY. The growth in outstanding disbursements remained well-diversified across telecom, energy and transportation segments.
- Sharp decline in non-interest income: Non-interest income declined 37% QoQ led by steep decline in fees across businesses, and in non-interest income streams. Only loan-related and other fees recorded positive growth (15% YoY and 3% QoQ) on the back of healthy disbursements growth.

Valuation and view:

- IDFC has delivered strong performance on growth and margin front. Expected monetary easing and reformatory steps by government would be major catalysts in further improving the growth and profitability outlook. Healthy asset quality track record and prudent provisioning policy makes IDFC better placed compared to its peers in infra financing space. We expect IDFC to report an EPS of INR11 and INR13 and ABV (for investment in other ventures) of INR82 and INR92 for FY13E and FY14E respectively. Maintain Buy with a price target of INR147.

CAPITAL GOODS

21st May 2012

L&T

CMP (Rs.)	1,177
MBP (Rs.)	1,190
Target (Rs.)	1,417
Face Value	2
Equity Shares (Mn)	610.8
52-Week Range (H/L)	1,868 / 971
M.Cap. (Rs b)	720.8

	FY11	FY12E	FY13E
EPS (RS)	78.4	87.4	88.6
PE(x)	15.0	13.5	13.3

- L&T is India's largest engineering and construction company. Apart from its core construction activity the company is making significant inroads into diverse range of products & services through its subsidiaries and manufacturing JVs in Power BTG, forging and shipbuilding. The company is also involved in various developmental projects on BOT basis in roads, ports, rails and power projects. Export contributes to around ~18% of the order intake.

Recent Developments:

- Larsen and Toubro reported revenue growth of 21%YoY and EBITDA growth of 9%YoY for 4QFY12. PAT grew 22%YoY, higher than our estimate, supported by higher other income, lower interest and lower tax rates.
- In FY12, order intake was `706b, down 12% vs management guidance of 5% growth. LT is seeing meaningful increase in order contribution from the Infrastructure segment as well as from overseas orders. In FY12, E&C margins declined 95bp to 12.7% v/s management guidance of 75-125bp decline.

Investment Rationale:

- L&T is well placed to capitalize on long-term infrastructure demand. L&T's order backlog is worth `1458b implying BTB ratio of 2.7x TTM.
- We believe L&T is the best play on capex with its strong execution skills, diversified portfolio and strong balance sheet and will benefit from a likely pick-up in demand.
- Revenue growth is robust, with management guiding for FY13 growth at 15-20%, on back of 21% growth in FY12. Order intake is also expected to be steady with management guidance for 15-20% growth.

Valuation and view:

- Standalone revenues would grow at a CAGR of 10% while EBITDA margins would decline by 72bp over FY12-14. We estimate consolidated FY13 EPS at INR87 (+12%, upgrade of 5%) / FY14 at INR89/sh (+2%, downgrade of 4%). We value L&T standalone at 14x FY14E earnings and subsidiaries at INR428/share. Maintain Buy with a SOTP-based TP of INR1,417.

BANKING

21st May 2012

SBI

CMP (Rs.)	2,006
MBP (Rs.)	2,025
Target (Rs.)	2,725
Face Value	10
Equity Shares (Mn)	635.0
52-Week Range (H/L)	2,529 / 1,576
M.Cap. (Rs b)	1,346.1

	FY11	FY12E	FY13E
EPS (RS)	208.3	254.9	316.8
PE(x)	9.6	7.9	6.3

- State Bank of India (SBI) is the largest commercial bank in India, with a balance sheet size of over Rs7t. The bank, along with associate banks, has a network of over 14,000 branches across India and controls over 18% of the banking business.

Recent Developments:

- SBIN's loans and deposits is expected to grow 18% and 14% YoY, respectively, and 6% QoQ each in 4QFY12. NIM is likely to remain healthy given the bank's strong CASA base and focus on margins. Margin is expected to expand ~10bp QoQ (it would be higher 100bp YoY). On a lower base, NII is expected to grow 50%+ YoY.
- Core fee income is expected to decline 10% YoY (on a higher base). We factor in trading gains of INR1.9b in 4QFY12 (v/s INR3.3b in 4QFY11 and trading loss of INR10.9b in 3QFY12).
- Slippages are expected to remain high. However, improvement in upgrades and recoveries should result in lower net slippages and thereby contain the increase in GNPAs. ? Restructuring is likely to increase sequentially led by systemic restructuring (aviation sector and CDR cases).
- Key things to watch for in 4QFY12: (1) Trend in slippage and recoveries, (2) restructured loans and outlook, and (3) growth and margin outlook.

Valuation and view:

- We expect SBI's core operating performance to remain strong, higher stress on asset quality has been a key concern. SBIN remains highly leveraged to improvement in asset quality and fall in interest rates. We expect standalone RoE of 16.4% for FY12 and 17.1% for FY13 (without assuming capital raising). Standalone RoA is expected to improve from 0.7% in FY11 to 0.9% in FY12-13. Stock trades at 1.4x FY12 Consol BV of INR1,522 and 1.2x FY13 consol BV of INR1,756. Maintain Buy with target price of INR2,725 (1.5x FY13 Cons BV +INR102 for insurance)

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FERTILISERS

21st May 2012

Deepak Fertilisers

CMP (Rs.)	133
MBP (Rs.)	134
Target (Rs.)	225
Face Value	10
Equity Shares (Mn)	88
52-Week Range (H/L)	186 / 118
M.Cap. (Rs b)	11.8

	FY11	FY12E	FY13E
EPS (RS)	20.9	24.1	27.5
PE(x)	6.4	5.5	4.8

- Deepak Fertilizer and Chemicals manufactures and markets Iso-Propyl Alcohol (used in Pharmaceuticals and Cosmetics), Technical Ammonium Nitrate (TAN, Used as explosives in mines) and Ammonium Nitrate Phosphate (23:23). The company has a plant at Taloja and uses Natural gas and Propylene as key raw materials. It manufactures Nitic acid and Ammonia for internal usage. It, also, trades in Muriate of Potash, Di-Ammonium Phosphate, Single Super Phosphate and other farm inputs. It is also building up a small fruits and vegetables sourcing and supply business.

Recent Developments:

- For FY12, profits were up only 14% despite 50% rise in revenues on account of raw material inflation and rise in low margin traded goods to 20% of revenues.
- Balance sheet continues to remain strong with D/E at 0.6, but rise in debtor days to 88 days is a matter of concern.
- A dividend of Rs. 5.5 per share in line with our expectations.

Investment Rationale:

- Trebling capacity for TAN to 4.5 Lakh tonnes should bring in a turnover of ~`1000 cr on TAN with operating profits of `200 cr on full capacity utilization -addition of `125 cr to EBITDA.
- Another Rs. 415 cr will be spent over the next 30 months to double fertilizer capacity and profits.

Valuation & View:

- We expect a 10%/15% revenue/profit growth over FY12-FY14E.
- Key driver of valuations will be utilization of the new TAN plant and continued fertilizer contribution to profits.
- Valuations are attractive at 5x FY13E P/E and a 4% FY13E dividend yield. BUY for a target of Rs.225 - 8xFY13E EPS with an added 8% return from dividends over the next 15 months.

CONSUMER

21st May 2012

Emami Ltd.

CMP (Rs.)	460
MBP (Rs.)	465
Target (Rs.)	550
Face Value	1
Equity Shares (Mn)	151
52-Week Range (H/L)	545 / 320
M.Cap. (Rs b)	69.5

	FY11	FY12E	FY13E
EPS (RS)	15.1	17.1	21.8
PE(x)	30.4	26.8	21.1

- Emami Limited is a 35 years old company, promoted by Mr. R.S. Agarwal and Mr. R.S.Goenka. It has developed popular brands like 'Navratna', 'BoroPlus' and 'Fair and Handsome' through its own R&D. It also owns Zandu brand. Emami has a network of 2800 distributors and 5 Lacs retailers. Exports account for 14% of turnover.

Investment Rationale:

- Emami has a clearly chalked out growth strategy viz. 1] Emphasis on value for money products 2] Aggresive promotion using big celebrities like Amitabh Bachhan, Shahrukh Khan, Karina Kapoor, which helps in promoting rural sales 3] Brand Extension 4] Enter new geographies.
- Navratna oil, Boroplus Cream, Zandu & menthol balm and Fair & Handsome men's fairness cream, which together accounted for 85% of Emami's sales in FY2011, have market share of 49%, 75%, 57% and 60% respectively. The company believes in innovation led growth.
- Sales growth for Q4FY12 stood at 15%. Ebitda grew by 55% y-o-y. Ebitda margins expanded from 19% to 25.5% over the same quarter last year. Net Profit displayed a handsome growth of 33% rising from Rs.55crs in Q4FY11 to Rs.73crs in Q4FY12. For FY13, we have estimated a Net Profit growth of 30% and expect it to reach Rs.329crs in FY13.

Valuation & View:

- Emami is quoting at 27x/21x on FY12/FY13E net profit, which is at mean valuation level over the last 5 years. Owing to its strong fundamentals like 30%+RoE, high operating cash flows and strong growth in power brands, we believe the trailing valuations will roll over to the next year. Therefore, we raise our target price to Rs 550 (25xFY13E Net Profit) in 1 year period and maintain ACCUMULATE.

IT

21st May 2012

NIIT Tech.

CMP (Rs.)	280
MBP (Rs.)	282
Target (Rs.)	325
Face Value	10
Equity Shares (Mn)	59.4
52-Week Range (H/L)	298 / 166
M.Cap. (Rs b)	16.7

	FY11	FY12E	FY13E
EPS (RS)	31.0	33.0	38.0
PE(x)	9.0	8.5	7.4

- NIIT Technologies is a mid-size IT services organization servicing customers in North America, Europe, Asia and Australia. It offers services in application development and maintenance, enterprise solutions and business process outsourcing to organizations in BFSI, transportation, retail and government sectors. It had revenue and net profit of Rs 1576 Cr and 197 Cr respectively in FY2012.

Recent Developments:

- Q4FY12 sales grew by 40%/2% yoy/qoq and Q4FY12 PAT decreased by -8%/-30% yoy/qoq due to increase in tax rates, lower other income during the quarter and lower operating margins by 4% yoy and 5% qoq. For the full year total revenues grew by 25% and net profits grew by 8%. PBT growth stood at 20% for FY12 Lower growth in net profits is due to higher tax rates and lower operating margins by 3%.

Investment Rationale:

- There will likely be rerating of the stock due to, improving growth outlook in key sectors as a result of investments and efforts made in FY2012,likely margin improvement during FY13 due to scale benefits, undemanding and inexpensive valuations in the light of strong fundamentals.

Valuation & View:

- We started initial coverage on the stock at Rs 177 in July 2010 with a target of Rs 250, which the stock achieved in January 2012 (return of 37% vis a vis NIFTY return of 5% during the same period). Stock is trading at 8x/7x of FY12/FY13E EPS with dividend yield of 2.9%. We believe, valuations are inexpensive and undemanding, owing to its strong fundamentals like RoE of 20%+,growth outlook at ~12-13%, dividend yield of 3%, consistent payout of ~30% and debt free and liquid balance sheet (30% of balance sheet and 17% of market cap in cash). Therefore, we recommend BUY with target of Rs 325 in 12 months time (8.5xFY13E and 20% upside and 2.5% dividend).

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ICICI Pru Focused Bluechip Equity Fund *(Large Cap)*

DSPBR Small & Mid Cap Fund *(Mid Cap)*

Birla SunLife Dividend Yield Plus *(Multi Cap)*

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ICICI Pru Focused Bluechip Equity Fund (Large-Cap)

21st May 2012

At a Glance

Latest NAV (Gr):	Rs. 15.13 (May 18, 12)
Latest NAV (Div):	Rs. 14.44 (May 18, 12)
Fund Category:	Equity Diversified
Type:	Open Ended
Exit Load (%):	1% (< 365 days)
Inception Date:	23-May-08
AAUM (Rs. Cr.):	3805.27 (Q4FY12)

Fund Manager

Manish Gunwani (Since Jan-12)

Portfolio Attributes

Top 5 Holdings	34.52%
No. of Stocks	30
Exposure to Sensex	67.07%
Exposure to Nifty	83.35%
Portfolio PE Trailing	19.99
Expense Ratio (%)	1.83 (Mar-12)

Dividends Declared

25-Jan-11	7.5%
-	-
-	-

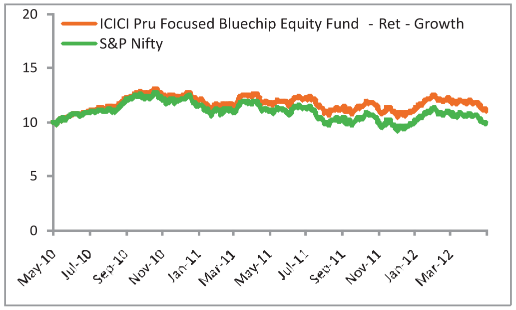
Scheme Objective

It seeks to generate long-term capital appreciation from a portfolio that is substantially consituted of equity and equity related securities of about 20 companies belonging to the large cap domain.

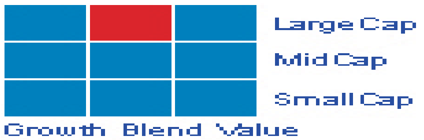
Scheme Analysis

The scheme being launched in recession period showed an outstanding performance and the investors' confidence let its corpus grow to Rs. 3,805 cr (Q4FY12) from Rs. 529 cr (Jun 08). The fund sticked to large cap stocks only and also capped the no. of stocks in the range of 25 to 30. The fund manager does not hesitate in taking futures positions as and when required. Bought at low level of 2008, the fund showed the stellar performance. It beat its benchmark in all categories by a huge margin. The fund has high allocations in Banks (23.74%), Software (14.92%), Petroleum & Gas (12.38%), Auto (8.03%) and FMCG (7.72%).

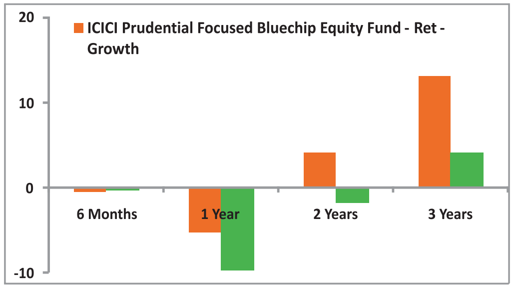
NAV Movement



Style Box Analysis



Comparative Performance



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DSPBR Small & Mid Cap Fund (Mid Cap)

21st May 2012

At a Glance

Latest NAV (Gr):	Rs. 16.03 (May 18, 12)
Latest NAV (Div):	Rs. 12.49 (May 18, 12)
Fund Category:	Equity Diversified
Entry Load (%):	Nil
Exit Load (%):	1% (< 365 days)
Inception Date:	14-Nov-06
Net Assets (Rs. Cr.):	1205.04 (Apr-12)

Fund Manager

Apoorva Shah (Since Apr-08) & Anoop Maheswari (Since Apr-08)

Portfolio Attributes

Top 5 Holdings	17.53%
No. of Stocks	65
Exposure to BSE 200	32.30%
Exposure to CNX 500	86.89%
Portfolio PE Trailing	29.36
Expense Ratio (%)	1.75 (Apr-12)

Dividends Declared

26-Mar-12	10%
18-Mar-11	12.5%
12-Mar-10	12.5%

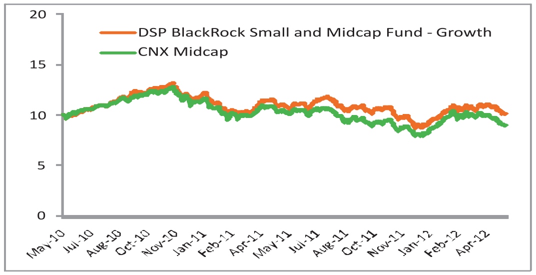
Scheme Objective

The scheme aims to generate long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities, which are not part of the top 100 stocks by market capitalisation.

Scheme Analysis

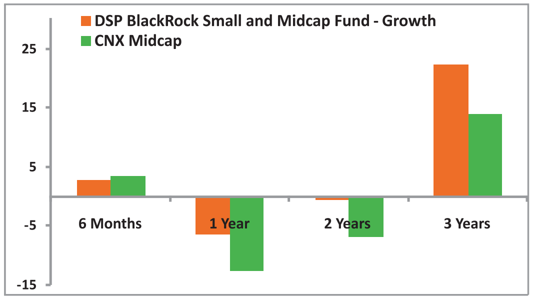
In its short existence, the fund has seen both the bull and bear phases but it failed to prove its mettle in initial two years. In 2007 & 2008, it underperformed its category. However, in 2009, the fund positioned itself as a star performer. It has fairly diversified its portfolio across all sectors (32) except FMCG. In 1-year period starting Mar 09, 2009, the lowest in recent bear period, the fund returned 163.61%, much higher than its benchmark. The Fund Manager has high bets on Fertilizers, NBFCs, Textiles, Software and Auto.It has also taken exposure in defensive sectors like Pharma but recently exited FMCG completely. The top stocks include Bombay Dyeing (4.17%), Godrej Indus (3.81%), Apollo Tyres (3.31%), GRUH Finance (3.23%) and Eicher Motors (2.74%).

NAV Movement



Style Box Analysis

Comparative Performance



Birla SunLife Dividend Yield Plus (Multi Cap)

21st May 2012

At a Glance

Latest NAV (Gr):	Rs. 79.39 (May 18, 12)
Latest NAV (Div):	Rs. 11.91 (May 18, 12)
Fund Category:	Equity Diversified
Entry Load (%):	Nil
Exit Load (%):	1% (< 365 days)
Inception Date:	26-Feb-03
AAUM (Rs. Cr.):	1163 (Q4FY12)

Fund Manager

Nishit Dholakia (Since Jan 2011)

Portfolio Attributes

Top 5 Holdings	16.16%
No. of Stocks	77
Exposure to Sensex	22.82%
Exposure to Nifty	27.35%
Portfolio PE Trailing	16.36
Expense Ratio (%)	2.02 (Mar-12)

Dividends Declared

13-Feb-12	5%
17-Jun-11	6%
25-Feb-11	6%

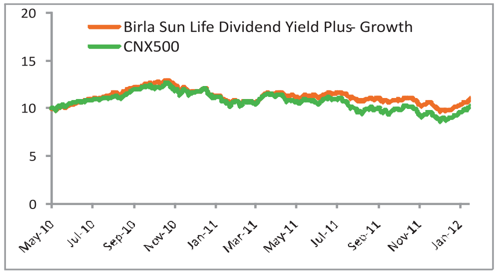
Scheme Objective

It aims to generate returns by investing in high dividend paying companies. It would aim to build a portfolio that provides high dividend yield, substantial capital protection and a strong possibility of capital gains.

Scheme Analysis

Being the first scheme to foray into dividend yield space, it has consistently given dividends since inception except 2008 meltdown. Due to its dynamic asset allocation strategy, the fund contained its losses in 2008; while in 2009 rally, the fund delivered 89.74% vs 84.40% given by its category average due to its higher allocation in Mid-cap stocks. In 2010 also, it gave 29.85%. The fund has highest allocation to Banks (17.82%), Petroleum & Gas (13.17%) followed by Auto & Auto Ancillaries (9.99%). The top 10 holdings account for 27.39% of its total portfolio. Its 5-year annualised return is 17.17% as on Mar 15, 12.

NAV Movement



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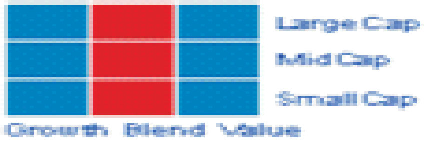
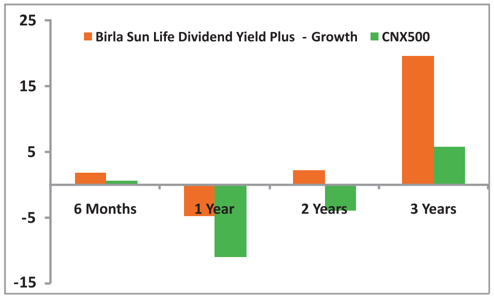


Comparative Performance



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DISCLAIMER

21st May 2012

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