Sunil Hitech Engineers

Ugly Duckling

Stock Update

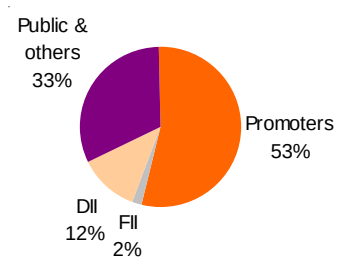
Price target revised to Rs270

Buy; CMP: Rs194

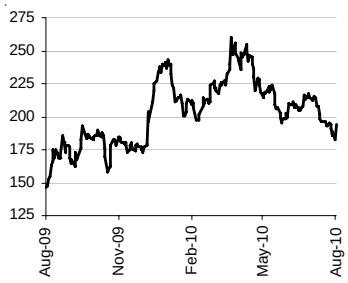
Company details

Price target:	Rs270
Market cap:	Rs238 cr
52 week high/low:	Rs268/146
NSE volume: (No of shares)	31,328
BSE code:	532711
NSE code:	SUNILHITEC
Sharekhan code:	SUNILHITEC
Free float: (No of shares)	0.45 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	-14.8	-16.7	-12.6	20.0
Relative to Sensex	-15.3	-22.1	-22.2	1.0

Result highlights

- **Q1FY2011 results marred by delay in execution:** Sunil Hitech Engineers' (SHEL) Q1FY2011 standalone results were below our expectations on most fronts. The company was marred by delays in project executions. This was on account of a 3-months delay in site mobilization and engineering drawing.
- **Top line falls by 30.8%:** SHEL's top line posted a fall of 30.8% year on year (yoy) at Rs 134.66 crore versus our expectation of a flattish growth. The fall in revenues was on account of lower than expected executions in the projects segment. The company has indicated that this variation in revenue recognition happens in balance of plant (BOP)/engineering procurement services (EPC) contracts and expects a pickup in execution in the coming quarters. However, in view of the delay, the company has lowered its revenue growth guidance for the current fiscal year to 10% from the earlier guidance of 20-25%.
- **Operating margin at 13.6%:** The company's operating margin for the quarter improved to 13.6% as compared to 11.4% in Q1FY2010, driven by lower raw material costs. This was due to a lower contribution from the materials portion in large orders, which are yet to commence. Employee expenses increased due to new recruitments, rise in salaries and other employee incentives. The company expects to maintain 12% plus earnings before interest, tax, depreciation and amortisation (EBITDA) margin in the coming quarters.

Results table Rs (cr)

Particulars	Q1FY2011	Q1FY2010	% yoy
Net sales	**134.7**	**194.5**	**-30.8**
Raw material cost	93.8	45.1	93.8
Employee expenses	6.0	9.1	6.0
Selling & administrative expenses	3.6	4.8	3.6
Other expenses	69.1	57.3	69.1
Total expenditure	**116.4**	**172.4**	**-32.5**
Operating profit	**18.3**	**22.2**	**-17.5**
Other income	2.0	0.9	140.8
Interest	6.2	5.4	14.9
Depreciation	6.0	4.8	24.8
PBT	**8.2**	**12.8**	**-36.4**
Tax	2.5	4.7	-45.6
Adjusted PAT	**5.6**	**8.5**	**-33.6**
EPS (Rs)	4.6	6.9	-33.6
Ratios (%)			
OPM (%)	13.6	11.4	
PATM(%)	4.2	4.4	
Tax rate (%)	31.1	34.0	

- **Bottom line also below expectations:** The other income rose to Rs2 crore and interest charges remained at the Q4FY2010 levels. The net profit reported a year-on-year fall of 33.6% at Rs 5.6 crore for the quarter, mainly marred by a fall in revenues. The net profit figure came in lower than our estimates of Rs8.29 crore.

- **Order book at Rs1,875 crore:** The order book of the company stands at Rs1,875 crore, up by 75.6% yoy. The strengthening of the order book has been particularly helped by Rs74.7 crore worth of orders booked during the quarter. Although, this order inflow has been lower than the average quarterly order inflow seen in FY2010, the company is expecting a robust order inflow in the rest of FY2011. The current order book translates into a book to bill ratio of 2.4x FY2010 revenues.

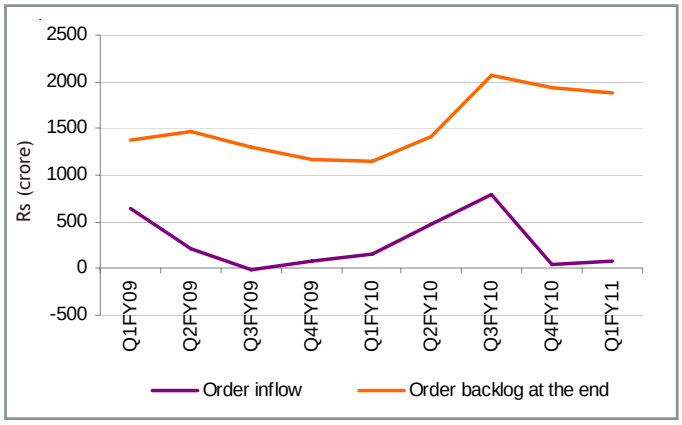
- **Fine tuned estimates:** In line with lower execution rate in Q1FY2011, we have reduced our revenue projections. However, we have built in better margins in line with the company's guidance. Overall, our revised earnings estimates stand at Rs31.7 per share for FY2011 and Rs 40.3 per share for FY2012. We expect SHEL to report a compounded annual growth rate (CAGR) of 22.2% and 21.4% in its top line and adjusted bottom line respectively over the period FY2010-12E.

- **Attractive valuations—Reiterate Buy:** Although, the stock has underperformed the market in recent times, we feel that robust order inflow in the near term would provide a positive trigger in the stock. At the current market price, the stock trades at 4.8x its FY2012 estimated earning per share (EPS), which looks quite attractive. Driven by the buoyant demand in the power sector, company's robust order book and bids in pipeline, we reiterate our Buy recommendation on the stock with a revised price target of Rs270.

Robust order intake

The order book stands at Rs1,875 crore, up by75.6% yoy, backed by Rs74.7 crore of orders booked during the quarter. Although, this order inflow has been lower than the average quarterly order inflow seen in FY2010, the company is expecting a robust order inflow in the rest of FY2011. The current order book translates into a book to bill ratio of 2.4x FY2010 revenues. The bids in pipeline are also robust at Rs6,000 crore. The company expects robust order execution in the remaining FY2011 and maintains the robust growth outlook for the coming year.

Trend in order booking



Maintain Buy with a revised price target of Rs270

In line with lower execution rate in Q1FY2011, we have reduced our revenue projections. However, we have built in better margins in line with the company's guidance. Overall, our revised earnings estimates stand at Rs31.7 per share for FY2011 and Rs40.3 per share for FY2012. We expect SHEL to report a compounded annual growth rate (CAGR) of 22.2% and 21.4% in its top line and adjusted bottom line respectively over the period FY2010-12E.

Although, the stock has underperformed the market in recent times, we feel that the robust order inflow in the near term would provide a positive trigger in the stock. At the current market price, the stock trades at 4.8x on FY2012 estimated EPS, which looks quite attractive. Driven by the buoyant demand in the power sector, company's robust order book and bids in pipeline, we reiterate our Buy recommendation on the stock with a revised price target of Rs270.

Valuation table

Particulars	FY08	FY09	FY10	FY11E	FY12E
Net sales (Rs cr)	317.6	611.8	773.1	901.1	1155.0
Net profit (Rs cr)	23.2	10.3	20.1	38.9	49.5
Adjusted EPS (Rs)	18.9	19.8	27.4	31.7	40.3
% yoy growth	-	*4.7*	*38.3*	*15.7*	*27.4*
PER (x)	10.3	9.8	7.1	6.1	4.8
P/B (x)	1.5	1.4	1.2	1.0	0.9
EV/EBIDTA (x)	5.4	5.3	4.6	4.0	3.6
RoCE (%)	21.0	6.0	10.7	18.1	20.1
RoNW (%)	23.5	17.9	18.9	19.7	21.0

The author doesn't hold any investment in any of the companies mentioned in the article.

Asahi Songwon Colors

Viewpoint

Capacity expansion to boost top line and profitability

CMP: Rs71

Key points

- **Shift in manufacturing from developed nations to developing countries:** Indian dyestuff industry (comprising of dyes, pigments and intermediates) is growing at a healthy pace of around 15% on annual basis, which is higher than the global industrial growth. The growth is aided by the shift in manufacturing from developed nations to developing countries coupled with a slowdown in Chinese manufacturing.

- **Capacity expansion to boost top line and profitability:** Asahi Songwon is currently in the midst of expanding its Beta Blue pigment capacity from 1200 million tonne per annum (mtpa) to 2040mtpa. The capacity expansion is expected to boost the company's top line growth as well as the margins, going ahead.

- **High quality standards lend a competitive edge:** Quality acts as a key differentiator and a strong entry barrier in the pigment manufacturing business. Asahi Songwon is one of the leading producers of pigments in Asia (excluding Japan) as far as quality is concerned.

- **RoCE to expand going ahead:** Going ahead, as the demand environment improves, and as the company changes its business mix to focus on higher-margin products, the return ratios are expected to improve.

- **Valuation and outlook:** Asahi Songwon with its strong client base, high quality standards and leading technology is at a superior position to leverage on the improving demand environment in the pigment industry. The planned capacity expansion would help it meet the increased demand, leading to a strong top line growth and the changed business mix would enhance the company's profitability going ahead. At the current market price of Rs71 the company trades at 4.6x its FY2012E earnings per share (EPS), which is at a discount to its average 1 year forward historical price/earnings (PE) multiple of 6.8 (excluding FY2009 which was an abnormal year).

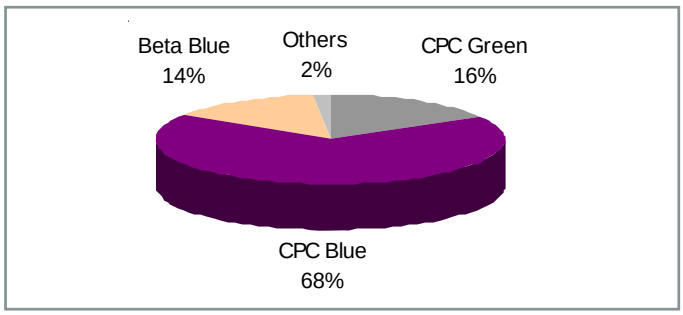
Company background

Asahi Songwon Colors (Asahi Songwon)is an Asahi group company involved in the production of Pthalo pigments. Pigments are industrial chemicals used as coloring agents in the manufacture of printing inks, paints, plastics, textiles and papers. Broadly, the pigments can be classified into two categories—Pthalo and Azzo pigments. Pthalo pigments include green and blue colour pigments whereas Azzo pigments include yellow and red colour pigments. Phthalocyanine pigments are one of the largest categories of pigments manufactured in India. The company's key products are CPC Green, CPC Blue and Beta Blue pigments, which it manufactures at its two plants in Gujarat—one at Kadi and the other at Vadodara. The Kadi plant manufactures green pigments, while the Vadodara plant is involved in the manufacturing of CPC Blue Crude and Beta Blue pigments. Asahi Songwon is one of the largest manufacturers of pigments in India and supplies its products to companies such as Clariant, DIC, Sun Chemicals and BASF.

Product capacity

Product	Capacity (mtpa)
CPC Green	1200
CPC Blue	10,800
Beta Blue	1,200

Revenue break-up (FY2010)



Key positives

Shift in manufacturing from developed nations to developing countries

Indian dyestuff industry (comprising of dyes, pigments and intermediates) is growing at a healthy pace of around 15% on annual basis, which is higher than the global industrial growth. The growth of Indian dyestuff industry is aided by the gradual shift in manufacturing from the developed nations to the developing ones in Asia such as China and India. Within Asian manufacturers as well, India has emerged as one of the preferred suppliers due to its

cost efficiency and high quality standards. China, which till now has been India's strongest competitor, is now facing a slowdown in the production due to environmental concerns as well as quality issues; this has led the global chemical giants to source their requirement from Indian manufacturers, thereby leading to a steady increase in India's market share.

Capacity expansion to boost top line and profitability

Asahi Songwon is currently in the midst of expanding its Beta Blue pigment capacity from 1200 million tonne per annum (mtpa) to 2040mtpa. Beta Blue is a value-added product, which yields higher margins than CPC Blue and CPC Green pigments. The earnings before interest, tax, depreciation and amortisation (EBITDA) margin for Beta Blue is around 17%, higher than about 15% for CPC Green and ~12% for CPC Blue. Currently the company is falling short of capacity for Beta Blue and as a result is going slow on new customer addition. The capacity expansion entails a capital expenditure of around Rs14 crore—half of which will be funded through debt and the other half through internal accruals. The new capacity is expected to be commissioned by October 2011 and the company has already received orders for Beta Blue based on the expanded capacity. The capacity expansion is expected to boost the company's top line growth as well as the margins, going ahead.

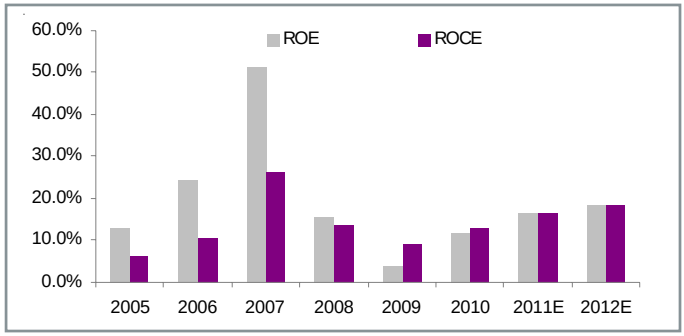
High quality standards lend a competitive edge

Quality acts as a key differentiator and a strong entry barrier in the pigment manufacturing business. The Indian pigment manufacturing industry is essentially export based and is dependent on demand from large global manufacturers. Thus the quality norms are extremely stringent and rejection rates high. Asahi Songwon is one of the leading producers of pigments in Asia (excluding Japan) as far as quality is concerned, with rejection rates close to zero. The company manufactures its products with technology procured from Clariant Pigments (Korea) and DIC (Japan). As a result it is a preferred supplier to global chemical giants such as DIC, Clariant, BASF and Sun Chemicals among others.

RoCE to expand going ahead

The company witnessed erosion in return ratios after the infusion of capital through the initial public offering (IPO) in 2007. And the return ratios continued to remain under pressure in FY2009 and FY2010 due to slowdown in demand in the wake of the global economic crisis. Going ahead, however, as the demand environment improves, and as the company changes its business mix to focus on higher-margin products, the return ratios are expected to improve.

Return ratios



Key concerns

Client concentration risk

The company derives around 90% of its revenue from its top five clients; this puts it at risk to the performance of these five clients. However these clients are among the leading chemical manufacturers in the world with years of experience behind them. Further, the company has strong ties with its clients (i.e. Clariant holds equity stake in Asahi Songwon), which mitigates the risk of the key clients moving over to other manufacturers and thereby hitting the company's revenues.

Non-tariff barriers

As the company derives around 90% of its revenue through exports, non-tariff barriers pose a concern. The non-tariff barriers (environmental norms etc) have been used against the Indian chemical industry in the past, which have hit the industry's growth prospects.

Foreign exchange fluctuation

With a significant chunk of its revenue earned in foreign currencies—around 90% revenue coming from exports—the company lay exposed to foreign exchange fluctuations.

Valuation and outlook

Asahi Songwon with its strong client base, high quality standards and leading technology is at a superior position to leverage on the improving demand environment in the pigment industry. The planned capacity expansion would help it meet the increased demand, leading to a strong top line growth and the changed business mix would enhance the company's profitability going ahead. At the current market price of Rs71 the company trades at 4.6x its FY2012E earnings per share (EPS), which is at a discount to its average one-year forward historical price/earnings (PE) multiple of 6.8 (excluding FY2009 which was an abnormal year).

Peer comparison (FY2010)

Company	CMP (Rs)	Sales (Rs cr)	PAT (Rs cr)	EPS (Rs)	BV (x)	P/E (x)	P/BV (x)	EV/EBITDA (x)
Asahi Songwon	70.4	126.07	9.54	7.8	66.6	9.1	1.06	6.2
Sudarshan Chem	628.3	586.95	41.6	60.1	194.6	10.5	3.23	6.1
Meghmani Organics	16.6	816.27	54.08	2.1	18.4	7.8	0.90	7.3
Clariant Chem	684.5	927.54	122.62	46.0	130.3	14.9	5.26	9.9

Valuation table

Particulars	FY2008	FY2009	FY2010	FY2011E	FY2012E
Net sales (Rs cr)	83.1	112.6	126.1	171.8	212.4
Net profit (Rs cr)	11.5	3.0	9.7	14.6	18.9
EPS (Rs)	9.3	2.4	7.9	11.9	15.4
PER (x)	7.6	29.5	9.0	6.0	4.6
Book value	60.0	60.8	66.6	72.7	82.9
P/BV (x)	1.18	1.17	1.07	0.98	0.86
EV/EBITDA (x)	7.3	8.8	6.2	4.9	4.3
RoCE (%)	13.9	9.0	12.9	16.3	18.5
RoNW (%)	15.6	4.0	11.8	16.4	18.5

The author doesn't hold any investment in any of the companies mentioned in the article.

Sharekhan Special

Q1FY2011 Auto earnings review

- **Top line growth driven by strong rise in volumes:** In Q1FY2011 the growth in the top line of the automobile companies in the Sharekhan universe was driven by a sharp surge in volumes due to a robust demand environment. The net sales of these companies improved by 30% year on year (yoy) in the quarter driven by a 41.2% year-on-year (y-o-y) rise in the volumes, which was more or less in line with our expectations.

- **Higher raw material cost yoy leads to margin contraction:** The operating profit margin (OPM) of the automobile companies under our coverage declined by 105 basis points yoy on a cumulative basis, primarily on account of higher raw material costs. The results of most of the automobile companies in the Sharekhan universe were to a major extent in line with our expectations, except for Maruti Suzuki, which reported disappointing results for the quarter. The company paid a higher royalty payment to Suzuki, which resulted in the contraction in its OPM.

- **Capacity constraints at vendors' end limits volume growth in Q1FY2011:** Though the automobile companies saw a strong volume growth in the quarter, supply constraints at the vendors' end acted as a dampner to growth to some extent. However, we believe that with the easing of supply constraints after the capacity additions by the vendors, the volume growth momentum is likely to pick up going forward.

- **Demand outlook remains positive:** The demand environment in the automobile sector remains upbeat. Though the impact of a high base of the last year will kick in from H2FY2011, we expect the growth to continue for the rest of the financial year on account of the incremental volumes of the new launches and higher sales during the upcoming festive season. However, the key monitorables that may affect the strong growth momentum going forward are the movement of the commodity prices, which have consistently been on an upmove, and interest rate hikes on account of inflationary pressures.

- We maintain our positive stance on the sector and our top picks are Bajaj Auto, Greaves Cotton and Mahindra and Mahindra (M&M).

Strong volume growth drives top line

Company	Net sales (Rs cr)		Volume growth	
	Q1FY2011	% yoy	Q1FY2011	% yoy
Maruti Suzuki	8,090.4	27.1	283,324	25.0
Bajaj Auto	3,890.1	66.4	928,336	69.5
Mahindra and Mahindra	5,160.1	21.6	127,449	24.6
Apollo Tyres*	1,820.7	11.4	93,000	-10.6
Greaves Cotton	347.7	45.3		
Subros	234.3	11.6	195,417	13.8
Sharekhan universe	**19,543.3**	**30.0**	**1,627,526**	**41.2**
Tata Motors#	10,416.3	62.7	181,711	47.6
Ashok Leyland	2,348.0	155.8	21,402	178.2
Hero Honda	4,296.6	12.4	1,234,039	10.3
Total	**36,604.2**	**39.8**	**1,437,152**	**15.0**

* Consolidated numbers # Stand-alone numbers

Strong volumes continue, margins retreat

The quarter witnessed a higher scale of operations on account of a stupendous volume growth. However, the higher raw material cost during the quarter led to margin contraction in the automobile sector (except for Maruti Suzuki, which also saw a significant increase in the royalty payment to Suzuki). Consequently, the OPM of the automobile companies in the Sharekhan universe declined by 105 basis points yoy on a cumulative basis.

However, going forward, though the increase in the raw material cost is likely to be a key concern, we believe that these companies are well placed to partially offset the increase in the commodity prices through price hikes on account of the continual strong demand environment.

Margin contraction leads to a lower bottom line growth

Companies	OPM (%)		Adj. PAT (Rs cr)	
	Q1FY11	bps	Q1FY10	% yoy
Maruti Suzuki	8.1	-230	465.4	-20.2
Bajaj Auto	20	50	590.2	85.9
Mahindra and Mahindra	15	-120	562.4	22.5
Apollo Tyres*	10.9	-170	74.2	0.7
Greaves Cotton	13.1	250	27.8	120.6
Subros	9.2	50	7.1	115.2
Sharekhan universe	**12.6**	**-105**	**1727.1**	**19.1**
Tata Motors#	11.3	-10	461.7	131.3
Ashok Leyland	10.0	813	122.6	-385.9
Hero Honda	14.0	-300	491.7	-1.7
Total	**12.2**	**-95**	**2,803.1**	**33.08**

* Consolidated numbers # Stand-alone numbers

Despite a significant top line growth of 30% in Q1FY2011, the margin contraction on account of a higher raw material cost restrained the adjusted profit after tax (PAT) growth of the companies in the Sharekhan universe to 19.1% yoy.

Volume growth continues in July

In continuation with the first quarter volume growth, automobile sales moved up in July 2010 on account of the strong demand environment and the capacity debottlenecking by the key players. Passenger car leader Maruti Suzuki India's sales in July 2010 went up by a staggering 29.2% yoy while Bajaj Auto's sales in the month improved by a prodigious 65% yoy, mainly driven by the success of its new launches in the motorcycle segment and a low base of the last year. M&M saw its volumes grow by 21% yoy during the month.

Among the other players, Tata Motors reported a robust growth of 41% yoy, primarily driven by strong medium and heavy commercial vehicle (M&HCV) sales and the incremental volumes of Tata Nano in the passenger car segment. Hero Honda Motors reported a growth of 17% yoy for July 2010. Furthermore, Ashok Leyland, the second largest player in the commercial vehicle space, reported a growth of 66% yoy on account of a low base of the previous year.

Valuations

Company	CMP (Rs)	EPS (Rs)		P/E (x)	
	(17-08-10)	FY2011	FY2012	FY2011	FY2012
Maruti Suzuki	1253	78.9	90.3	15.9	13.9
Bajaj Auto	2653	165.1	188.3	16.1	14.1
M&M	622	41.0	46.0	15.2	13.5
Apollo Tyres*	66	8.2	10.1	8.0	6.5
Greaves Cotton	376	30.8	34.0	12.2	11.1
Subros	49	5.5	7.5	8.9	6.5

* Consolidated numbers

Earnings revision post Q1FY2011 results

Companies	Upwards/Downwards	Major reasons	Reco
Maruti Suzuki	Downwards	To factor in a significant increase in the royalty payment to Suzuki	Reduce
Bajaj Auto	Marginally upwards	Factoring in higher than expected other income on account of the DEPB benefits from the higher scale of exports	Buy
M&M	Marginally upwards	To factor in the better than expected performance in Q1FY2011	Hold
Apollo Tyres*	Downwards for FY2011	To factor in the closure of Perambra plant (which contributes about 30% of the total sales) due to the ongoing lock-out	Buy
Greaves Cotton	No change		Buy
Subros	Marginally downwards for FY2011	To factor in a lower than expected volume growth	Buy

* Consolidated

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Mutual Gains

Mutual Fund

Sharekhan's top equity fund picks

After comfortably sailing over the hump of 5400 level on the Nifty, the Indian markets have faltered and have not gone anywhere in the past few weeks. It's as if the benchmark indices have gone into a slumber, showing an undecided kind of sideways movement in a very narrow range. Clearly, the Bulls and Bears are at loggerheads.

The bulls are trying to break through on the upside on the back of the bullish undertone in the global equity markets (driven by impressive corporate results), the strong revival in the monsoon (making up for the double-digit deficit in the first few weeks of the current season) and the continued foreign inflows into the Indian markets. On the other hand, the bears are undoing the hard work and limiting any upside in the markets. The bears point to the deterioration of economic data (be it consumer confidence or unemployment data or the PMI reading) in the developed countries. Apart from this, the bears also got a boost from the uninspiring Q1FY2011 results of the Indian companies.

With the Q1 results falling short of expectations, the lull in the earnings upgrade cycle is going to continue. In fact, the disappointing results from some of the key sectors like automobiles (Maruti Suzuki, Hero Honda Motors), capital goods & engineering (Larsen & Toubro, National Thermal Power Corporation) and cement (ACC, Ambuja Cements) have led to about 2-3% downgrade in the FY2011 earnings estimates for the Sensex companies. In terms of the broader market also, the earnings revision has been affected due to global uncertainties and visible signs of margin pressure resulting from the firming up of raw material prices (especially in the engineering, infrastructure and auto ancillary industries).

In terms of policy action, the Reserve Bank of India (RBI) announced a hike of 25 basis points in the repo rate and that of 50 basis points in the reverse repo rate while keeping the cash reserve ratio untouched. The central bank expressed concerns over the stubbornly high inflation levels but maintained its overall pro-growth stance of calibrated hikes in interest rates. Moreover, the RBI has revised the gross domestic product growth estimate for FY2011 to 8.5% from 8% estimated earlier on the back of robust Index of Industrial Production numbers and improvement in the business environment.

Though the equity investors at large continue to remain cautious, the encouraging response to some of the recent public issues is heartening and points towards gradual building up of confidence.

The recent initial public offering of SKS Microfinance and the follow-on public offer of Engineers India were both oversubscribed and the primary market is a beehive of activity again.

Thus, global concerns are vying with the positive developments at home for the market's attention and this tussle could keep the markets volatile and bound in a range in the days ahead.

We have identified the best equity-oriented schemes available in the market today based on the following 5 parameters: the past performance as indicated by the one, two and three year returns, the Sharpe ratio and Information ratio.

Sharpe indicates risk-adjusted returns, giving the returns earned in excess of the risk-free rate for each unit of the risk taken. The Sharpe ratio is also indicative of the consistency of the returns as it takes into account the volatility in the returns as measured by the standard deviation.

Information Ratio is one of the most important tools in active fund management. It is the ratio of active return (the return over the index return) to active risk annualized. A higher Information Ratio indicates better fund manger.

We have selected the schemes upon ranking on each of the above 5 parameters and then calculated the maximum value of each of the 5 parameters. Thereafter, we have calculated the percentage underperformance or over performance of each scheme (relative performance) in each of the 5 parameters vis a vis maximum value among them.

For our final selection of schemes, we have generated a total score for each scheme giving 60% weightage each to the relative performance as indicated by the one, two and three year returns, 20% weightage to the relative performance as indicated by the Sharpe ratio and the remaining 20% to the relative performance as indicated by the Information ratio of the scheme.

All the returns stated below, for less than one year are absolute and for more than one year the returns are compunded annualised.

All the returns stated on next page, for less than one year are absolute and for more than one year, the returns are annualised.

Conservative/ Large-cap funds

Scheme Name	NAV	Returns as on Jul 31, 10 (%)		
		3 Months	1 Year	2 Years
Birla Sun Life Frontline	84.70	2.53	25.08	23.26
Principal Large Cap	27.50	4.17	27.46	24.51
Tata Pure Equity	98.03	5.56	27.70	20.71
DSP BlackRock Top 100	94.09	2.08	19.06	19.08
Franklin India Bluechip	201.54	3.14	25.17	23.07
Indices				
BSE Sensex	17868.29	1.76	14.07	11.58

Aggressive Funds

Mid-cap Category

Scheme Name	NAV	Returns as on Jul 31, 10 (%)		
		3 Months	1 Year	2 Years
IDFC Premier Equity	31.92	9.21	48.85	31.23
HDFC Mid-Cap Opp	14.74	7.83	50.33	29.87
Sundaram BNP Paribas Select Midcap	147.51	6.25	39.41	27.09
Birla Sun Life Mid Cap Fund - Plan A	111.45	2.04	36.45	27.47
UTI Thematic Mid Cap	32.22	5.78	52.44	24.32
Indices				
BSE MID CAP	7407.91	3.11	33.08	15.37

Multi-cap Category

Scheme Name	NAV	Returns as on Jul 31, 10 (%)		
		3 Months	1 Year	2 Years
Reliance RSF	30.32	3.28	31.27	24.68
Tata Capital Builder	15.40	4.20	33.68	15.13
HDFC Equity	262.84	7.50	40.22	31.67
HDFC Top 200	199.28	6.06	27.33	26.86
Reliance Equity Opp	34.42	6.87	55.65	32.28
Indices				
BSE 500	7205.22	2.31	21.36	14.21

Thematic/Emerging trend funds

Scheme Name	NAV	Returns as on Jul 31, 10 (%)		
		3 Months	1 Year	2 Years
ICICI Prudential Infra	29.91	0.98	16.61	10.44
Canara Robeco Infra	22.39	1.82	19.60	17.88
SBI Magnum COMMA	24.03	-0.95	22.55	11.60
Birla Sun Life India GenNext	23.22	7.55	32.49	21.34
Fidelity India Special Situations	18.01	5.29	31.97	21.00
Indices				
BSE Sensex	17868.29	1.76	14.07	11.58

Balanced funds

Scheme Name	NAV	Returns as on Jul 31, 10 (%)		
		3 Months	1 Year	2 Years
Reliance RSF -Balanced	21.81	3.38	27.28	29.36
HDFC Prudence	202.38	7.39	39.20	32.12
HDFC Balanced	52.07	7.56	36.66	25.21
Tata Balanced	79.97	3.41	27.34	21.40
Birla Sun Life 95	299.71	5.11	26.69	26.94
Indices				
Crisil Balanced Fund Index	3357.88	1.51	12.18	11.91

Tax planning funds

Scheme Name	NAV	Returns as on Jul 31, 10 (%)		
		3 Months	1 Year	2 Years
Religare Tax Plan	16.98	5.07	34.23	27.94
ICICI Prudential Taxplan	135.57	3.62	43.22	24.52
Fidelity Tax Advantage	21.17	8.11	37.49	25.97
HDFC Taxsaver	223.30	6.74	38.02	28.20
DSP BlackRock Tax Saver	17.04	5.27	34.90	20.36
Indices				
CNX500	4475.15	2.45	18.95	13.80

Risk-return analysis

The charts on the following pages give you a snapshot of how the mutual funds have performed on the risk-return parameters in the past. We have used the bubble analysis method to measure their performances on three parameters viz risk, return and fund size. The risk is measured by standard deviation, which measures the average deviation of the returns generated by a scheme from its mean returns. We have tried to explain the same with the help of a diagram, which is divided into four quadrants, with each quadrant containing funds of a particular risk-return profile. The size of the bubble indicates the size of the fund.

The funds in the **high-risk high returns** quadrant follow a very aggressive approach and deliver high absolute returns compared to its peers albeit at a higher risk.

The funds in the **low-risk high returns** quadrant outperform the peer group on the risk-adjusted returns basis as they deliver higher returns compared to its peers without exposing the portfolio to very high risk.

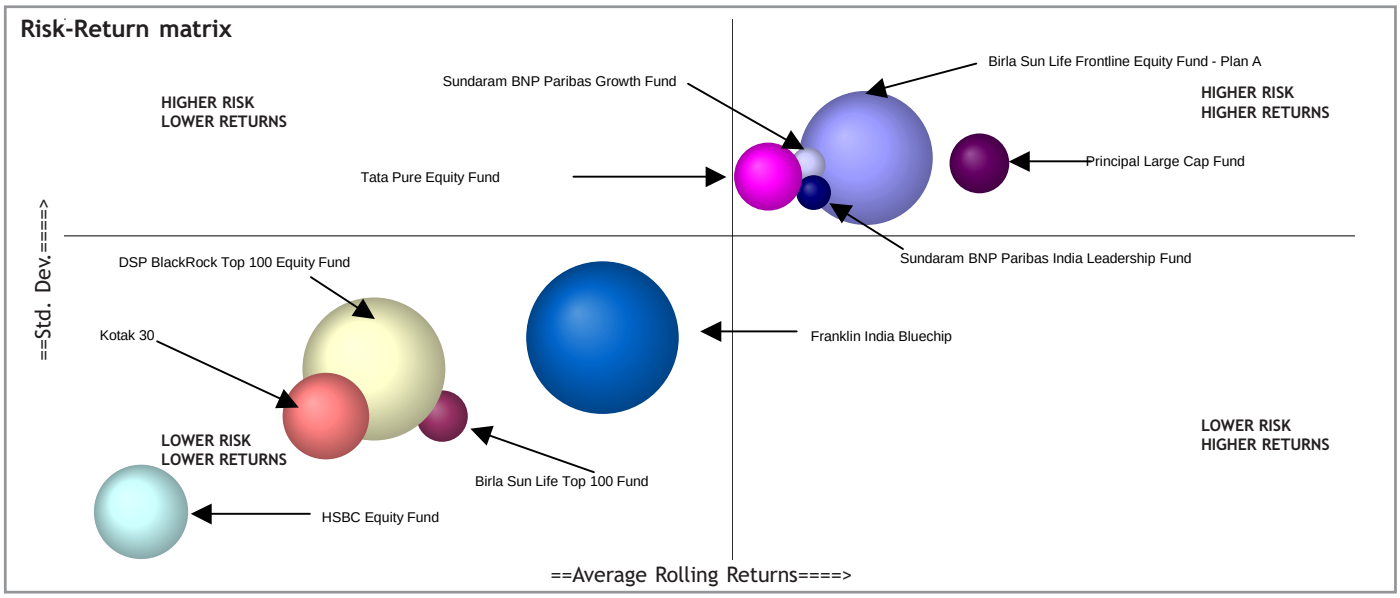
The funds in the **low-risk low returns** quadrant are not very aggressive and provide lower absolute returns, taking lower risks.

The funds in the **high-risk low returns** quadrant underperform the peers on the risk adjusted returns basis as they adopt a high-risk strategy but the returns fail to compensate the risk taken by the fund.

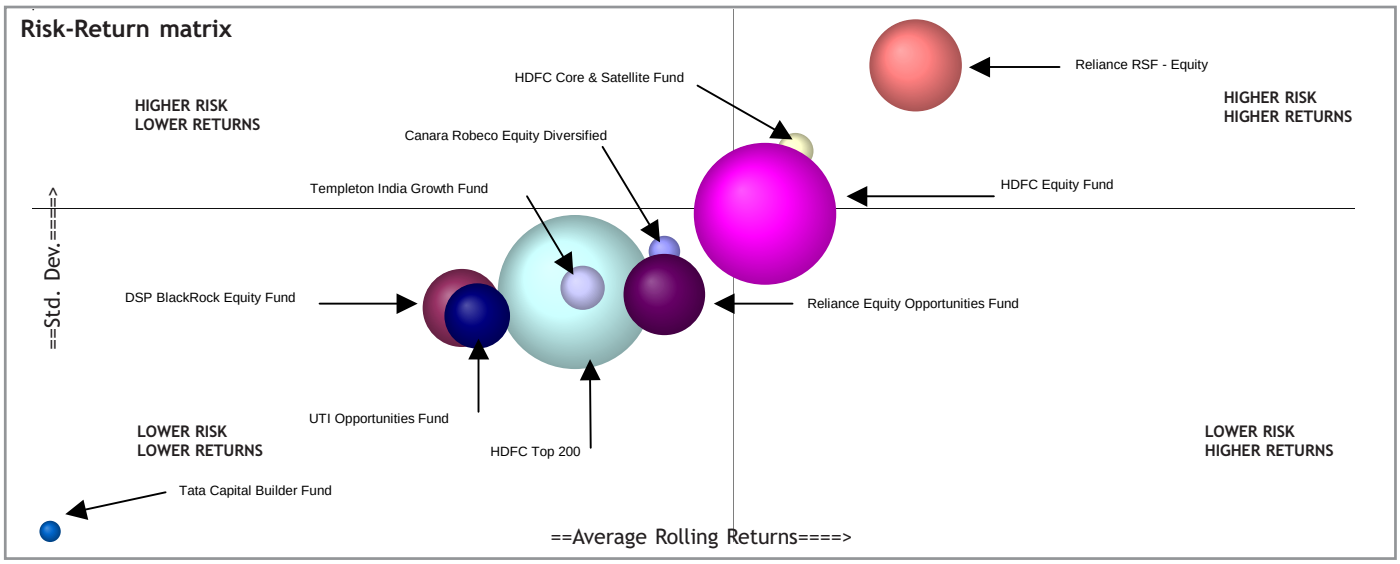
For all schemes, risk is measured in terms of two years' volatility, while returns are measured as two years monthly rolling returns as on July 31, 2010.

Every individual has a different investment requirement, which depends on his financial goals and risk-taking capacities. We at Sharekhan first understand the individual's investment objectives and risk-taking capacity, and then recommend a suitable portfolio. So, we suggest that you get in touch with our Mutual Fund Advisor before investing in the best funds.

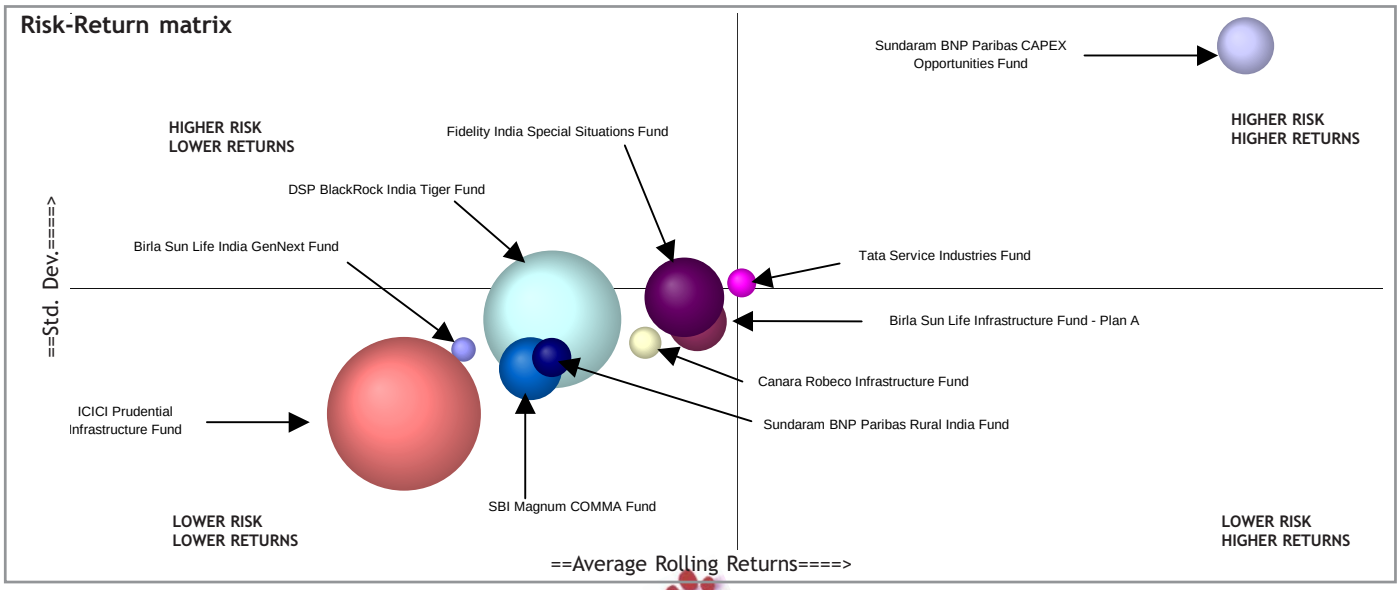
Equity Diversified/Conservative Funds



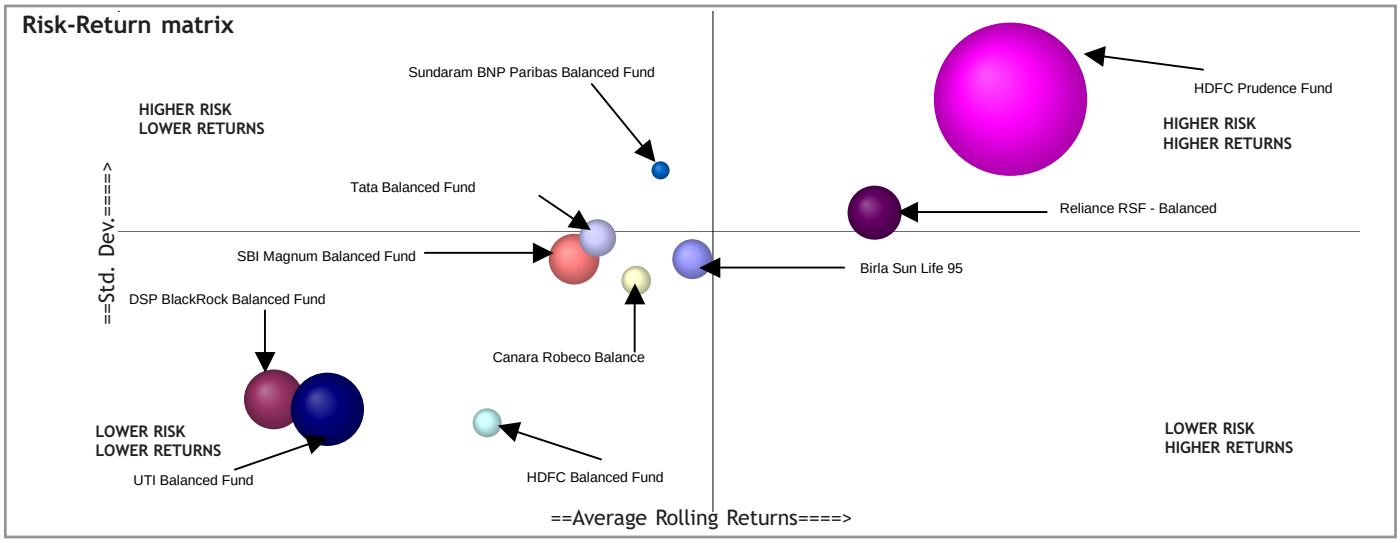
Multicap Funds



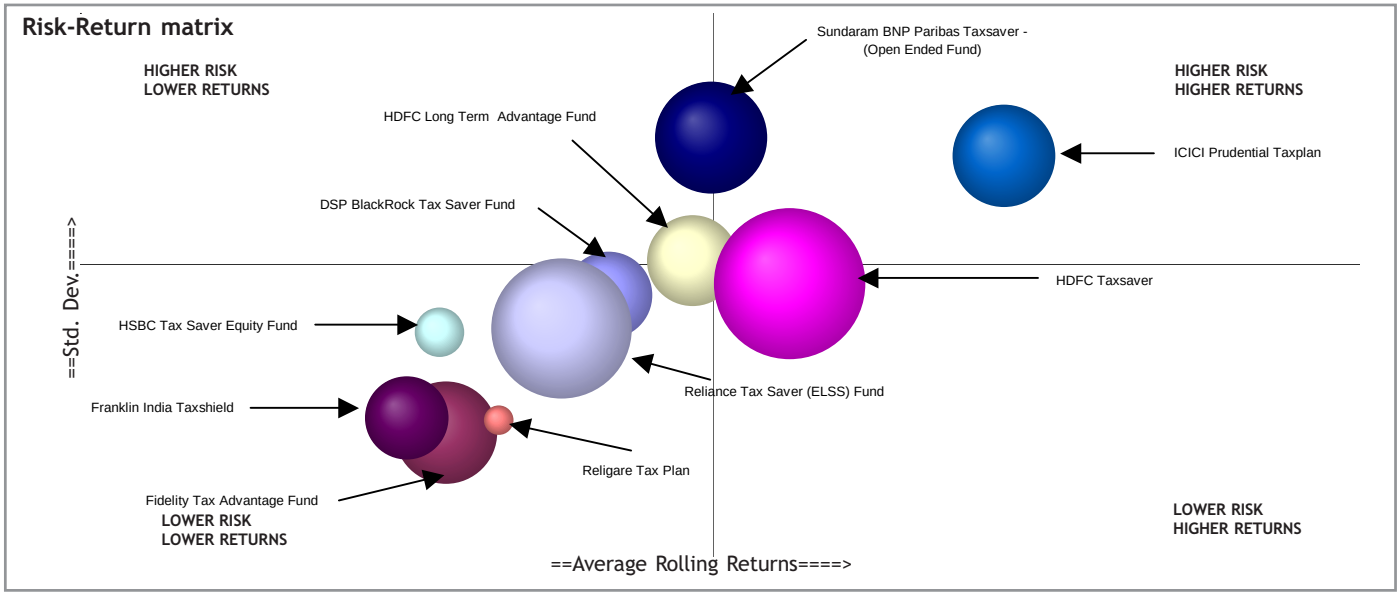
Thematic/Emerging Trend Funds



Balanced Funds



Tax Planning Funds



Disclaimer: Mutual fund investments are subject to market risk. Please read the offer document carefully before investing. Past performance may or may not be sustained in the future.

Evergreen

Housing Development Finance Corporation
HDFC Bank
Infosys Technologies
Larsen & Toubro
Reliance Industries
Tata Consultancy Services

Apple Green

Aditya Birla Nuvo
Apollo Tyres
Bajaj Auto
Bajaj Finserv
Bajaj Holdings & Investment
Bank of Baroda
Bank of India
Bharat Electronics
Bharat Heavy Electricals
Bharti Airtel
Corporation Bank
Crompton Greaves
Glenmark Pharmaceuticals
Godrej Consumer Products
Grasim Industries
HCL Technologies
Hindustan Unilever
ICICI Bank
Indian Hotels Company
ITC
Mahindra & Mahindra
Marico
Maruti Suzuki India
Lupin
Piramal Healthcare (Nicholas Piramal India)
Punj Lloyd
Sintex Industries
State Bank of India
Tata Global Beverages (Tata Tea)
Wipro

Cannonball

Allahabad Bank
Andhra Bank
IDBI Bank
Madras Cements
Phillips Carbon Black
Shree Cement
Tourism Finance Corporation of India

Emerging Star

3i Infotech
Allied Digital Services
Axis Bank (UTI Bank)
Cadila Healthcare
Emco
Greaves Cotton
Max India
Opto Circuits India
Patels Airtemp India
Thermax
Zydus Wellness

Ugly Duckling

BASF India
Deepak Fertilisers & Petrochemicals Corporation
Federal Bank
Gayatri Projects
Genus Power Infrastructures
India Cements
Ipca Laboratories
ISMT
Jaiprakash Associates
JB Chemicals & Pharmaceuticals
Orbit Corporation
Pratibha Industries
Provogue India
Punjab National Bank
Ratnamani Metals and Tubes
Selan Exploration Technology
Shiv-Vani Oil & Gas Exploration Services
Subros
Sun Pharmaceutical Industries
Sunil Hitech Engineers
Torrent Pharmaceuticals
UltraTech Cement
Union Bank of India
United Phosphorus
Zensar Technologies

Vulture's Pick

Mahindra Lifespace Developers
Orient Paper and Industries
Tata Chemicals
Unity Infraprojects