



1	Top Story :- MBLINFRA
	Chart of the day :-
	Management Tweets:-
	Global Market Snapshot:-
2	Other Top Stories :- FEDERAL BANK
	Economic Calendar:-
3	Market Snapshots : Top performance&
	Worst performance:-
	Top News :-
4	Research Tweets ; Weekly Sectoral Updates
	Disclaimer :-



SGX NIFTY @ 8.30 AM : +20.50

ASIA @ 8.30 AM : NIKKEI +14.15 HANG SENG : Closed SHANGHAI COMP -3.77 TAIWAN +49.48
US & EUROPE : DOW +277.83 NASDAQ +85.56 S&P +33.12 CAC +144.97 DAX +266.37 FTSE +78.09

Top story of the day



MBLINFRA

•We recently attended the quarterly result conference call hosted by the MBL Infra management. Based in Delhi, MBL Infra is an integrated EPC player engaged in highway construction, road maintenance, Industrial Infra Project, other Civil engineering works and BOT Projects. The company has a pan India presence and is executing 14 projects with NHAI, MPRDC, SAIL, MMRDA, CPWD and state's PWD.

•MBL Infra's Q4FY12 numbers were also healthy with sales growth of 19% and PAT growth of 25%. EBITDA margins for the quarter stood at 9.89%. For FY12, company reported 26% top line same as earlier management guidance and 18% bottom line growth, while guiding for almost 45% growth in FY13, at similar margin profile.

•The order book position of the company as at Dec 31, 2011 stood at almost Rs 2700 cr which is almost 2.8x FY11 sales and which provides visibility for the next 24 months. It has further bid for almost Rs 12,000 cr of projects and management exuded confidence in bagging at least Rs 3000cr

•The company has 1 operational BOT project while 4 under operational projects are expected to get underway in FY14. Further intrusion in this model will erode the strategic advantage that the company enjoys as an asset-light player while also making it more leveraged. Its recent forays in this sector though has been in the form of JV (with SREI Infra for example) while the management has guided for debt/equity parameters to remain roughly unchanged.

•Apart from the healthy growth numbers, we like the asset light business model and healthy return ratios of the company. Going forward, growth shouldn't be a constraint in an environment of easing liquidity and interest rates. At CMP of Rs 176, MBL infra trades at just 3.3x FY13E EPS. We reiterate **"BUY"** on the company with a 1 year price target of Rs 250.

Management Tweets

•**COROMANDEL** : Coromandel eyes 30-40% higher production in FY13 ,company expect good sowings to take place during the coming season and that should lead to healthy demand. It should also reflect in the volumes of fertilizer companies including Coromandel.

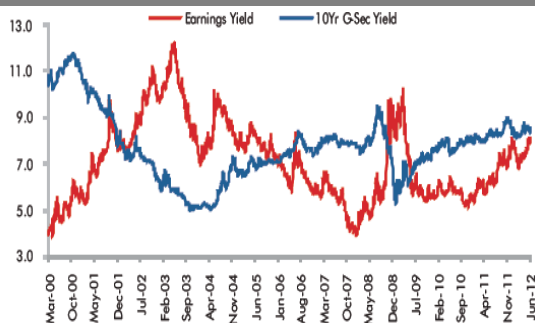
•**HTMEDIA** : Company grew 16-17% for the whole year aided by the Hindi business. According to management Hindi continues to grow at roughly about 17-18% Management further pointed out that the overall the advertisement environment continues to be very sluggish.

•**LUPIN** : It launched an anti-HIV drug Combivir Generic, which is expected to be a limited competition drug for the company. Company's pipeline for the current year and for the coming few years is very strong with atleast 25-30 launches in the current fiscal. The company is looking at 15-20% growth in Japan.

•**MARUTI** : Company had originally announced that it planned to set up a one million cars /year plant at an investment of Rs 6,000 crore in the first phase of its expansion in the Mehasana, Gujarat lowered its production capacity to 1 lakh cars / year meaning 90 % decrease in orginal guidance.

Chart of the day

Earnings yields vs. Bond yields



Source : Bloomberg ; Eastwind

Did-you-know ?

Punj Lloyd Ltd is expecting Libya to help revive 17% of its orderbook and sustain profit for a second straight year. plans to resume work next month,Projects in Libya may help boost revenue by as much as \$500 mn in the year starting in April 2013

Global markets snapshot

US market were ~ 2.2 to 3.0 % up while European markets were also ~ 1.4 to 4.7 % up on Friday.SGX NIFTY were ~ 0.4 % up . Asian markets were trading mixed @ 8.30 AM this morning.

Quote for the day

"The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the competitive advantage of any given company and, above all, the durability of that advantage."

Warren Buffett



Federal bank : Stable asset quality with impressive growth in Balance Sheet

•In our mid cap private sector banking space we like Federal Bank. This bank is expected to accrete core book value in FY13E & FY14E while most of other private sector banks and PSU banks may either report flat or declining core book value in FY13E and FY14E. In asset quality front also, we believe Federal bank is in stable position when compare to other private sector banks and PSU banks.

•Bank had reported NII growth of 9% yoy to Rs.49bn and profit growth of 38.4% yoy, driven by reversal of provisions and strong treasury gain. Assets quality continues to show strong performance with GNPA declined to 3.4% while net NPA was 0.5% of loans assets. In absolute term GNPA declined 4.6% qoq to Rs.13 bn. Bank has been showing strong trend of recovery and upgradation. The bank restructures Rs.9.6 bn in airliner and SEB during the quarters.

•Loan book grew by 18% yoy driven by large corporate segment which constitute 46% of loan grew 40% yoy. Retail loan constitute 27% of loan grew by 9.5% yoy while loan to SME which constitute 27% of loan grew by 6.5% yoy. Overall infrastructure loan is 12% of total loan with the power sector exposure at 6%.

•NIM declined by 40 bps to 3.6% of loan on the back of interest de recognized of restructure loan and increased of funding cost. Yield on advances declined to 80 bps qoq to 12.2% due to 25-30 bps impact of restructure assets and increased of cost of deposits restricts NIM declined for the quarter. CASA deposits in the overall deposits declined by 100 bps to 27% possible due to more focus towards to balance sheet growth. Cost Income ratio largely stable at 43% qoq. The bank has open 115 branches in the current quarter taking total of 950. We note that key concern is the week performance of non interest income which came to 14% yoy on the back of treasury income not by fee income growth.

FY13E	FederalBnk	YesBank	INGVysyabk	IndusIndBK	Southbank
EPS (Rs)	50.3	32.8	33.6	20.9	3.9
Bookvalue	363.1	161	289.7	112.2	20.7
ROE (%)	14.5	22.3	12.3	20.1	19.3
ROA (%)	1.3	1.3	1	1.6	1.6
P/E (x)	8.5	9.8	10	15	6.1
P/Book (x)	1.2	2	1.2	2.8	1.1

•We continue have positive outlook on the bank but some key concern are associates with the bank like muted growth of non interest income. Improvement in ROE is come due to lower credit cost but post implementation of dynamic provisions, this ratio may likely to come down. We recommend **"BUY"** rating with the price target of Rs.500.

Economic Calendar

	Monday 2-Jul	Tuesday 3-Jul	Wednesday 4-Jul	Thursday 5-Jul	Friday 6-Jul
US	ISM Manufacturing PMI, Construction Spending, ISM Manufacturing Prices	Factory Orders, Total Vehicle Sales		ADP Non-Farm Employment Change, Unemployment Claims, ISM Non-Manufacturing PMI, Crude Oil Inventories, Natural Gas Storage	Non-Farm Employment Change, Unemployment Rate, Average Hourly Earnings
UK/EURO ZONE	Italian Manufacturing PMI, Manufacturing PMI, Italian Monthly Unemployment Rate, Final Manufacturing PMI	Halifax HPI, Construction PMI, Net Lending to Individuals, M4 Money Supply, Mortgage Approvals, PPI, BRC Shop Price Index	Italian Services PMI, Final Services PMI, Services PMI, Housing Equity Withdrawal, Retail Sales, Final GDP	French 10-y Bond Auction, German Factory Orders, Asset Purchase Facility, Official Bank Rate, MPC Rate Statement, Minimum Bid Rate, ECB Press Conference,	French Gov Budget Balance, French Trade Balance, PPI Input, German Industrial Production, PPI Output
INDIA	Auto Sales No, Cement Manufacturing No & Cement Sales No (Despatch) , Export & Import Data , HSBC PMI Data .		HSBC Service PMI No		

Markets Snapshot

Top Price Performers

Top Performers 1D	% Change	Top Performers 1W	% Change	Top Performers 1M	% Change
INDOWIND	19.2	HINDMOTOR	49.7	BODALCHEM	51.5
OMMEINFRA	18.8	PVP	42	BODALCHEM	50.3
SUNILHITEC	14.7	ALLSEC	40.5	TULIP	50.1
GOLDIAM	14.4	MANAPPURAM	36.6	VARUN	49.6
ORISSAMINE	14.3	PANCHMAHQ	35.6	SHREYAS	47

Worst Price Performers

Worst Performers 1D	% Change	Worst Performers 1W	% Change	Worst Performers 1M	% Change
BRANDHOUSE	-9.8	SHRISTI	-22.3	INDOASIFU	-53.8
ONMOBILE	-8.1	SEJALGLASS	-20.7	INDSWFTLAB	-42.7
HINDMOTOR	-6.8	SAINTGOBAIN	-19.3	KIRIDYES	-38.9
MOTOGENFIN	-6.3	BINNY	-18.6	SAINTGOBAIN	-37.3
CINEMAX	-6.2	CITURGIBIO	-18.1	TWILITAKA	-36.6

Top News

•**DoT** to slap Rs 1594 crore penalty on Bharti , Idea , Tata Tele , Tata Communications , Vodafone and Reliance Communications.

•**Hindustan Zinc** plans to invest about Rs20bn to improve mining operations at its RampuraAgucha and Sindesar Khurd zinc mines in Rajasthan.

•**Tata Power** completed the purchase of 51% Equity Shares of Tata BP Solar India Limited, which were held by BP Alternative Energy Holdings Limited. Consequently, Tata BP Solar India Limited is now a wholly owned subsidiary of Tata power .

•**Japan's Industrial Production** dropped 3.1% in May, up from a 0.2% decrease. The decrease was worse than a 2.8% fall expected by economists.

•**Arshiya Central FTWZ Ltd** have decided to withdraw from scheme of amalgamation with Arshiya International Ltd .

•**NHPC** declares that Unit No. 2 & 3 with an installed capacity of 77 MW each of Chamera Hydro Electric Project (stage III) will come under commercial operation on June 30, 2012 after successful trial run and demonstration of peaking capacity .

•**Insecticides India promoters** looking to sell stake, Rothschild mandated.

•**Crompton Greaves** has set up an extra high voltage switchgear manufacturing plant inBrazil.

•**CCI** approves merger of Hero Investments with Hero MotoCorp.

•**Kalpataru Powerr** has recently secured new orders of around Rs6.60bn.

•**Rakesh Jhunjunwala** hikes stake in NCC to 7.98%; buys 7.5 lakh shares.

Research Tweets

•**APOLLOHOSP** : The Chennai cluster recorded 16% yoy revenue growth, The Hyderabad cluster registered revenue growth of 25% yoy and patient volume growth of 11%. The others cluster grew at 25% yoy led by 15% ARPOB growth. The cluster expanded its operating beds by 12% yoy. The company is looking to acquire assets in urban India with at least 100-bed capacity.

•**BALKRISIND** : Company has guided for sales volumes of 1,60,000–1,65,000MTPA compared with 133040 achieved in FY12 , up 20-24% on lower and upper band respectively. Company has taken 7-8% price increase during FY12.

•**CIPLA** : The US Federal Circuit has upheld the District Court ruling against Cipla who have allegedly infringed a patent held by Merial Limited. Affirming the decision of District Court, the judge has rejected Cipla's arguments and found that Cipla and its partner have infringed the patent. The financial impact of the same will be (USD15-20mn).

•**DLF** : It generated cash from operation of Rs 9.8bn in Q4FY12, 85% of which went in towards finance charges outflow. The cash generation from operations in FY12 stood at Rs 24.9bn including gross cash inflow of Rs 17bn from non-core divestments. Company expects to launch 5 new projects in FY13 comprising of 2 next-phase plotted projects in Chandigarh and New Gurgaon, 2 apartment projects in New Gurgaon (we believe phase 2 of Primus and Regal) and a luxury project in phase IV, currently termed as Magnolias 2.

•**EDUCOMP** : Company has received securitization sanctions of INR6.9bn in FY12, of which INR6.3bn was disbursed by March 2012. As a result, debtor days reduced to 252 from 277 in Q3FY12. K-12 margins slipped to 20% (35% in Q3FY12). Management has given revenue growth guidance of 25-30% for FY13 with 150bps improvement in consolidated EBITDA. margin. Management has guided for a further 20-30% reduction in capex for FY13 over FY12.

•**GNFC** : Co-gen power plant project set up at a capex of Rs 2.7bn will lead to savings in fuel inputs and increase efficiency. On an annual basis company expects Rs 550mn of savings from this project. Feedstock conversion project involving a capex of Rs 12bn will be commissioned during Q2FY13 and trial production is expected to commence from August 2012.

•**INFY** : An appreciating USD against Euro currencies can be a significant headwinds for FY13E dollar revenue, And could impact USD revenue by about 70 bps. Probability of wage increases is very high for Infosys, other Tier-1 players have increased or position to increase for FY13E. Also clients are not nervous regarding Visa issue or lawsuits.

Weekly sectoral updates for the week ahead

SECTORS	REMARKS
BANKING	RISING TREND CONTINUED, BUY ON EVERY DECLINE
CAPITAL GOODS	BUY ON EVERY DECLINE
CONSUMER DURABLE	CAN WATCH FOR LONG
FMCG	RISING TREND CONTINUED, BUY SELECTIVE ON DECLINE
HEALTHCARE	CAN WATCH FOR LONG
OIL & GAS	WAIT FOR NOW
POWER	CAN WATCH FOR LONG
METAL	CAN WATCH FOR LONG
PSU	BUY ON EVERY DECLINE
REALTY	WAIT FOR NOW
IT	MOVING CORRECTIVE, PROFIT BOOKING AT HIGHER LEVELS IS ADVISABLE
AUTO	WAIT FOR 2 TO 3 DAYS

Risk Disclosure & Disclaimer: This report/message is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Narnolia Securities Ltd. (Hereinafter referred as NSL) is not soliciting any action based upon it. This report/message is not for public distribution and has been furnished to you solely for your information and should not be reproduced or redistributed to any other person in any form. The report/message is based upon publicly available information, findings of our research wing "East wind" & information that we consider reliable, but we do not represent that it is accurate or complete and we do not provide any express or implied warranty of any kind, and also these are subject to change without notice. The recipients of this report should rely on their own investigations, should use their own judgment for taking any investment decisions keeping in mind that past performance is not necessarily a guide to future performance & that the value of any investment or income are subject to market and other risks. Further it will be safe to assume that NSL and /or its Group or associate Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise, individually or otherwise in the recommended/mentioned securities/mutual funds/ model funds and other investment products which may be added or disposed including & other mentioned in this report/message. NSL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any action taken based on the above information or inadvertent error in the information contained in this report/message.