

# Nivesh Portfolio Tracker

**BALANCED**

**Risk Profile: MODERATE**

**AGGRESSIVE**

**Risk Profile: HIGH**

**CONSERVATIVE**

**Risk Profile: LOW**



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*This is just a MODEL portfolio (not part of IndiaNivesh PMS)*

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## Nivesh Model Portfolios Modifications

Please note the following changes made in our model portfolios:

### Balanced Portfolio

Alstom T&D India Ltd  
Karur Vysya Bank Ltd

Book profit @ Rs 366 bought @ Rs 327  
Bought @ Rs 513 with target price of Rs 620

Reason: Target achieved  
Reason: Rationale Attached

### Aggressive Portfolio

Bharti Airtel Ltd  
Pennar Industries Ltd

Book profit @ Rs 405 bought @ Rs 378  
Bought @ Rs 52 with target price of Rs 81

Reason: Target achieved  
Reason: Rationale Attached

# Nivesh Portfolio | Balanced

## Nivesh Portfolio | Balanced

Inception Date: 19/08/2014

Current Date: 10/09/2014

Balanced      Seed capital Rs 10 Lakh      Benchmark BSE500      Risk Profile: MODERATE

Sr no	name Stock Name	Sector	Amt invested (Rs)	CMP (Rs)	Buy Date	Buy Price (Rs)	Qty Bought (Nos)	Target Price	MTM Gain/loss (Rs)
1	Ipca Laboratories Ltd	Pharma	100,000	804	19/8/2014	730	137	823	10,123
2	Infosys Ltd	IT	100,000	3686	19/8/2014	3559	28	3952	3,566
3	Hil Ltd	Building Material	100,000	631	19/8/2014	566	177	721	11,484
4	Godawari Power And Ispat Ltd	Metals	100,000	163	19/8/2014	171	585	198	(4,591)
5	Cairn India Ltd	Oil/gas/Energy	100,000	340	19/8/2014	321	312	425	5,826
6	Reliance Industries Ltd	Oil/gas/Energy	100,000	1024	19/8/2014	1010	99	1274	1,416
7	Mastek Ltd	IT	100,000	213	19/8/2014	194	515	230	9,716
8	Max India Ltd	Financial Services	100,000	361	19/8/2014	312	321	329	15,833
9	Hero Motocorp Ltd	Auto	100,000	2715	19/8/2014	2533	39	3240	7,167
10	Karur Vysya Bank Ltd	Bank	100,000	515	19/8/2014	513	195	620	468

Total amount invested (Rs)	1,000,000
Cash in hand	
Profit (+)/Loss (-) Booked	10,703

Gain/loss (Rs)	71,712
Portfolio value (Rs)	1,071,712
Return on Investment (%)	7.2
Benchmark Return (%)	3.6
Relative to Benchmark (%)	3.5

### Salient features of Balanced portfolio

- Objective of this portfolio is to generate moderate returns in conjunction with moderate risk
- This portfolio is suitable for those investors whose risk appetite is moderate
- Stock selection criteria here will be strong fundamentals coupled with near term triggers
- This is an equal weighted portfolio meaning equal amount of money is invested in the stocks selected in this portfolio
- Benchmark index for calculating returns shall be BSE 500 Index
- Total seed amount invested in the portfolio is Rs 10 lakh (Rs 1 lakh each in 10 stocks)
- At any point of time total amount invested in portfolio will not be more than Rs 10 lakh
- Profits generated will not be reinvested in the portfolio
- This is a model portfolio reflecting INSPL Research stocks preference at this point of time. Our views can change at any point of time & portfolio shall reflect the same accordingly
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# Karur Vysya Bank

CMP Rs.513 | P/ABV (FY15E) 1.6x | P/ABV (FY16E) 1.4x  
Target Rs.620

## Investment Rationale

- **Recovery in economy / recent branch expansion likely to yield results....Retail to remain focus:** KVB has delivered robust growth in loan book at 27% CAGR in FY09-14 and book has increased by 3.3x over the same period led by significant increase in branch network to 588 from 312 in FY09. Earlier the focus was more towards corporate and commercial segment which now has moved to retail lending in last 2 to 3 years. In FY14, due to slowdown in economy, management has taken conscious decision of growing in safer segments specifically in retail and that to not relying much on gold loans.
- **NIMs are at bottom, likely to improve:** NIMs (calc) of KVB have come off to 2.8% in FY14 from 3-3.4% in FY11-13 led by lower loan growth and NII growth. High slippages and significant increase in interest expense has resulted in Lower NII growth. While management continues to remain focused on retail loan growth along with improving CASA ratio, we believe NIMs are likely to improve to 3% by FY16E.
- **Asset quality stabilized:** Asset quality of KVB has stabilized in FY14 with Gross / Net NPA of 0.82% / 0.41% in FY14, down from 0.96% / 0.37% in FY13 with healthy provision coverage ratio of 75%. Fresh slippages were also contained at 1.5 bn (0.5%) in FY14 vs Rs 2 bn (0.8%) in FY13

### ■ Valuations

We believe KVB is well placed to deliver strong performance in mid size banks amongst private sector banking space on back of likely economic recovery and aggressive branch expansion done in last 3 year. Further focus on retail lending and continuous improvement in CASA is likely to play well for NIMs which are at multi year lows. Current valuations of 1.6x and 1.4x for FY15E and FY16E ABV respectively look reasonable given the strong revival in business along with improvement in key operating metrics. Recommend BUY with target price of Rs 620.

### Financial Highlights

YE March (Rs mn)	NII	Net Profit	EPS (Rs)	BV (Rs)	ABV (Rs)	ROE (%)	ROA (%)	P/BV (x)	P/ABV (x)
FY13	11,585	5,503	51.3	287.9	277.7	19.0	1.3	1.8	1.8
FY14	12,837	4,296	40.1	310.4	297.3	13.4	0.9	1.7	1.7
FY15E	14,497	4,759	39.5	339.7	328.0	12.8	0.9	1.5	1.6
FY16E	17,362	5,873	48.7	369.8	355.9	13.7	0.9	1.4	1.4

Source: Company, IndiaNivesh Research

# Nivesh Portfolio | Aggressive

## Nivesh Portfolio | Aggressive

Inception Date: 19/08/2014

Current Date: 10/09/2014

Aggressive

Seed Capital Rs 10 LkAh

Benchmark BSE500

Risk Profile : HIGH

Sr no	Stock Name	Sector	Amt invested (Rs)	CMP (Rs)	Buy Date	Buy Price (Rs)	Qty Bought (Nos)	Target Price	MTM Gain/loss (Rs)
1	Pennar Industries Ltd	Iron & Steel	100,000	52	19/8/2014	52	1942	81	194
2	Prism Cement Ltd	Cement	100,000	80	19/8/2014	84	1190	117	(5,238)
3	Icici Bank Ltd	Banks (Pvt)	100,000	1550	19/8/2014	1553	64	1600	(212)
4	Jindal Steel & Power Ltd	Steel	100,000	237	19/8/2014	293	341	365	(19,181)
5	Hsil Ltd	Ceramic Product	100,000	342	19/8/2014	290	345	425	17,793
6	Exide Industries Ltd	Auto ancillary	100,000	162	19/8/2014	167	599	176	(3,293)
7	Dr. Reddy'S Laboratories	Pharma	100,000	3004	19/8/2014	2838	35	3166	5,851
8	Meghmani Organics Ltd	Chemicals	100,000	17	19/8/2014	19	5263	34	(10,789)
9	Federal Bank Ltd	Banks (Pvt)	100,000	124	19/8/2014	121	826	137	2,603
10	Radico Khaitan Ltd	Liquor	100,000	87	19/8/2014	96	1042	165	(8,958)

Total amount invested (Rs)	1,000,000
Cash in hand	-
Profit (+)/Loss (-) Booked*	7,407

Gain/loss (Rs)	-13,824
Portfolio value (Rs)	986,176
Return on Investment (%)	-1.4
Benchmark Return (%)	3.6
Relative to Benchmark (%)	-5.0

### Salient features of Aggressive portfolio

- Objective of this portfolio is to generate moderate returns in conjunction with HIGH risk
- This portfolio is suitable for those investors who like to take risk
- Stock selection criteria here will be fundamentals coupled with near term events, news flow or sheer momentum in stock price
- This is an equal weighted portfolio meaning equal amount of money is invested in the stocks selected in this portfolio
- Benchmark index for calculating returns shall be BSE 500 Index
- Total seed amount invested in the portfolio is Rs 10 lakh (Rs 1 lakh each in 10 stocks)
- At any point of time total amount invested in portfolio will not be more than Rs 10 lakh
- Profits generated will not be reinvested in the portfolio
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# Pennar Industries Ltd (PIL)

**CMP Rs 52 | P/E (FY16E) 6.4x**

**Target Rs 81**

## Investment Rationale

- Pennar Industries Ltd is one of the leading engineering company in India manufacturing Cold Rolled Steel Strips, Precision Tubes, Cold Rolled Formed Sections, Electro Static Precipitators, Profiles, Railway Wagons & Coach Components, Press Steel Components and Road Safety Systems. Company has diversified itself from a Pure Commodity steel product manufacturer to a value added steel and pre-engineered steel buildings manufacturer.
- The company's business is structured in 4 SBU's and 2 Subsidiaries. The 4 SBU's are 1) Steel Products 2) Tubes 3) Industrial Components and 4) Systems and Projects. The 2 Subsidiaries are 1) Pre-Engineered Building Systems Ltd(PEBSL) and 2) Pennar Enviro Ltd (PEL). Company holds 74% and 51% in PEBSL and PEL respectively.
- Capacity of the company in all segments is underutilized since last 4 years due to slowdown in the economy; however as economy is on the verge of rebound the company has immense operational leverage to take the benefit in almost all of its businesses.
- The company does not have significant long term debt (D/E Ratio of 0.40x). All the debt is working capital related. Hence even if economic recovery is delayed it will not hurt the company in big way.
- Pre-engineered building systems (subsidiary of PIL) is the major growth driver of company. PEBSL is amongst top 5 player in the country in pre-engineered buildings. As the concept of pre-engineered building product is catching up fast in India, PEBSL is poised for abnormally high growth

## Valuations

At CMP of Rs 52 (CMP as of 9<sup>th</sup> Sep,2014), Pennar Industries is trading at P/E multiple of 9.5x FY15E and 6.4x FY16E earnings estimate, which is well below 14.3x- three year historical average. We value this company at conservative PE multiple of 10x to FY16E EPS (Rs. 8.1) which gives the target price of Rs 81.

YE March (Rs. Mn)	Net Sales	EBITDA	Adj PAT	EPS (Rs)	EBITDA Margin (%)	ROE (%)	PE (x)	EV/EBITDA (x)
FY13A	11,563	1,135	419	3.0	9.8	12.0	17.2x	3.3x
FY14A	11,133	898	260	2.0	8.1	6.9	26.1x	3.9x
FY15E	16,366	1,637	713	5.4	10.0	16.4	9.5x	4.9x
FY16E	20,784	2,182	1,063	8.1	10.5	20.3	6.4x	3.6x

Source: Company Filings; IndiaNivesh Research Note: CMP as of 10/09/20134

# Nivesh Portfolio | Conservative

Nivesh Portfolio   Conservative									
Inception Date: 19/08/2014					Current Date: 10/09/2014				
Conservative		Seed Capital Rs 10 Lakh			Benchmark BSE500			Risk Profile LOW	

Sr no	Stock Name	Sector	Amt invested (Rs)	CMP (Rs)	Buy Date	Buy Price (Rs)	Qty Bought (Nos)	Target Price	MTM Gain/loss (Rs)
1	Shilpa Medicare Ltd	Pharma	100,000	544	19/8/2014	515	194	544	5,631
2	Sharon Bio-Medicine Ltd	Pharma	100,000	85	19/8/2014	78	1282	140	8,590
3	Nesco Ltd	Realty	100,000	1236	19/8/2014	1297	77	1680	(4,672)
4	Cadila Healthcare Ltd	Pharma	100,000	1305	19/8/2014	1179	85	1260	10,691
5	Oil India Ltd	Oil/gas/Energy	100,000	654	19/8/2014	605	165	720	8,157
6	Capital First Ltd	Financial Services	100,000	308	19/8/2014	278	360	360	10,755
7	Divi'S Laboratories Ltd	Pharma	100,000	1665	19/8/2014	1481	68	1532	12,417
8	Mangalam Cement Ltd	Cement	100,000	258	19/8/2014	238	420	276	8,214
9	Thinksoft Global Services	IT	100,000	570	19/8/2014	466	215	494	22,318
10	Tata Global Beverages Ltd	FMCG	100,000	164	19/8/2014	156	641	180	4,808

Total amount invested (Rs)	1,000,000
Cash in hand	-
Profit (+)/Loss (-) Booked*	-

Gain/loss (Rs)	86,909
Portfolio value (Rs)	1,086,909
Return on Investment (%)	8.7
Benchmark Return (%)	3.6
Relative to Benchmark (%)	5.0

## Salient features of Conservative portfolio

- Objective of this portfolio is to generate High returns in conjunction with low risk
- This portfolio is suitable for those investors whose risk appetite is very low
- Stock selection criteria here will be strong business model, sustainable growth prospects likely to play in next few years
- This is an equal weighted portfolio meaning equal amount of money is invested in the stocks selected in this portfolio
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# DISCLAIMER

## Thank You

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