



Wealthmax Financial Market Report

Branches : Bangalore • Chennai • Hyderabad • Mumbai • Pune



Edition : December 12th 2011

Result Season

Markets have reached an interesting crossroad as local slowdown slow down has already been factored into in most non consumption related stocks (power, capital good and infrastructure). The key variables at this juncture are the way global crisis will pan out and its consequential effect on us. At current market valuations if these problems either get solved or get postponed to a future date (the later being the more likely event) then we have a strong up move on the cards with very favourable risk-reward. If Europe does break we might see panicked money flow out from risky assets all-over the world leading to irrational stock prices. Such an event would be very difficult to call and the variables involved are very dynamic in nature.

Since valuations seems to be at the lower end of historic valuation, one should invest in good companies as cheap stock prices come only when one is in a panic mood. At the same time if one has cash when the Sensex was below 9,000 you would have made some silly money. Thus factoring in both events one should save some cash in case of a panic outcome and invest the rest on every fall since at the end of the day one buys a company based on valuation.

Stocks of Interest

Company : IDFC

Background

Infrastructure Development Finance Company Ltd (IDFC) is India's leading integrated infrastructure finance player providing end to end infrastructure financing and project implementation services. The company's main business is to provide finance for infrastructure projects including through ownership of infrastructure assets. They operate a full range of business lines, from project and corporate finance to asset management (mutual funds and alternatives) and investment banking. They are engaged in providing finance and advisory services for infrastructure projects, asset management and investment banking.

Disclaimer:

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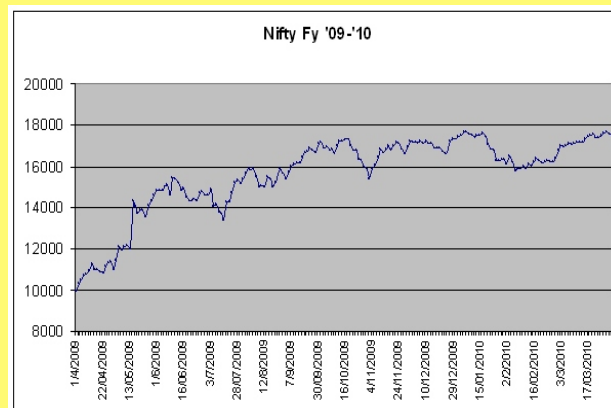
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Indices Performances Month to date Year to date

BSE Sensex	-10.60%	-16.51%
S&P Nifty	-10.74%	-13.62%
CNX Midcap	-4.37%	-19.51%
Dow Jones	-7.33%	-1.10%



Mutual Fund Snapshot	Year to date Performance	Under/over performance over Nifty
Sundaram Select Midcap - G	-11.10%	-5.14%
HDFC Top 200 - G	-17.41%	-11.45%
Reliance Growth - G	-17.05%	-11.09%
Franklin India Prima Fund - G	-11.84%	-5.89%
SBI Magnum Global Fund - G	-4.89%	1.07%
HSBC Midcap Equity Fund -G	-23.88%	-17.92%

Valuation

IDFC trades at 1.3 FY12 book value and 1.2 FY13 estimated book value. The company is currently trading at lower end of its valuation band due to slowdown in the infra sector.