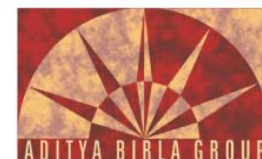


A graphic of a spotlight beam shining from the top left corner onto the text.

Weekly Spotlight

22nd October 2010

Aditya Birla Money





- **Weekly Picks** - A short-term POSITIONAL bet for Investor-Trader / Trader-Investor
- **Strategy:** Take advantage of the technical selling in the market and identify scrip which are mispriced; capitalise on the directional as well as the consolidating market; Capture the sectoral rotation in the market.
- **Stock selection basis:** While selecting the stocks, emphasis is given on fundamentals, and prospective event flow in the market. This is supported and endorsed by technical indicators and derivative data.
- **Time horizon and potential returns:** The product carries two-to-three trading/investment ideas with a **time horizon ranging from one to eight weeks** targeting a potential return of 4-8% for the large caps and 8-12% for the mid-cap during the given timeframe.
- **Execution:** While the stock fundamentals are sound, stop loss is recommended for the leveraged traders based on the individual's risk appetite at the support level indicated in the technical view. The trade should be closed once the target is achieved or eight weeks, whichever happens earlier.
- **Frequency:** After weekly closing.

Weekly Spotlight

LIC Housing Finance

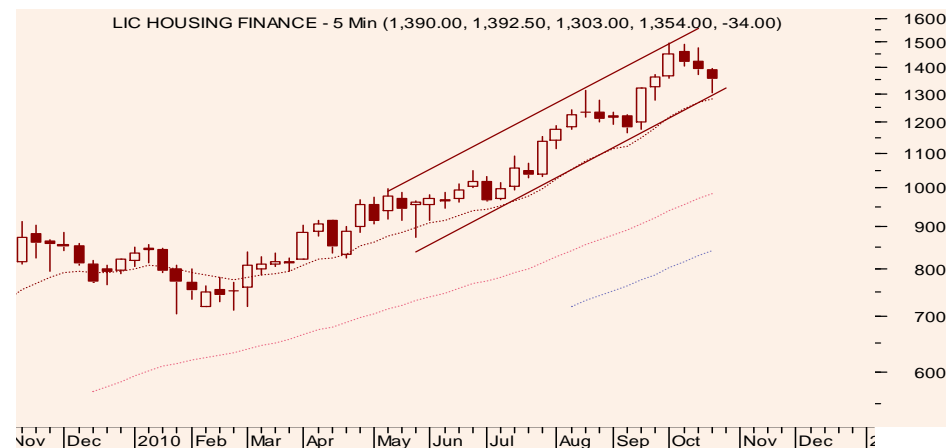
CMP ₹1355.15

- LIC Housing Finance announced its un-audited results for the second quarter ended September 2010. The top-line as well as bottom line came in line with the expectations. Net Interest Income (NII) increased 63.3% YoY to ₹3051 mn from ₹1868.3 mn in Q2FY10. However, on QoQ basis the growth remained muted at 3.7%.
- Net Interest Margins increased by 49 bps from 2.44% in Q2FY10 to 2.93% in the current quarter. Recently the company has raised its PLR by 50 bps which is likely to support margins in the forthcoming quarters.
- Net Profit after tax for the current quarter increased 36.8% to ₹2342.1 mn from ₹1712.5 mn for Q2FY10. The growth in PAT was mainly driven by lower provisioning because of improvement in asset quality and better operational efficiency.
- Outstanding Mortgage Portfolio as on Q2FY11 was ₹433.85 bn as against ₹318.90 bn for Q2FY10, registering a YoY growth of 36.0%.
- We estimate LICHF to report an EPS CAGR of 28.5% over FY10-FY12E. ABV is estimated to grow at 21.3% CAGR during the same period. The stock currently trades at 2.54x FY12E ABV and 11.31x FY12E EPS. **The stock witnessed sharp correction post Q2 FY11 results after hitting a 52 week high of ₹ 1496.5.** We believe there is an upside from current valuations and correction should be used as an opportunity for short to medium term gains.

Aditya Birla Money



LICHSGFIN Daily Chart – Technical Perspective



- The stock has been trading well above its major moving averages suggesting the immediate trend continues to stay positive.
- The stock has been trading in rising upward channel since July 2010 on the weekly chart suggesting that buyers are accumulating the stock at lower levels.
- On the momentum indicators front, the daily RSI and MACD are showing rising trend which augment the bullish argument.
- The stock has resistance at 1412 and 1465 levels. If the stock is able to give a sustained close above this level then we would see the stock testing 1496 levels in the short term scenario. The stock is expected to find good support at 1303 and 1277 levels.

Weekly Spotlight

Karnataka Bank

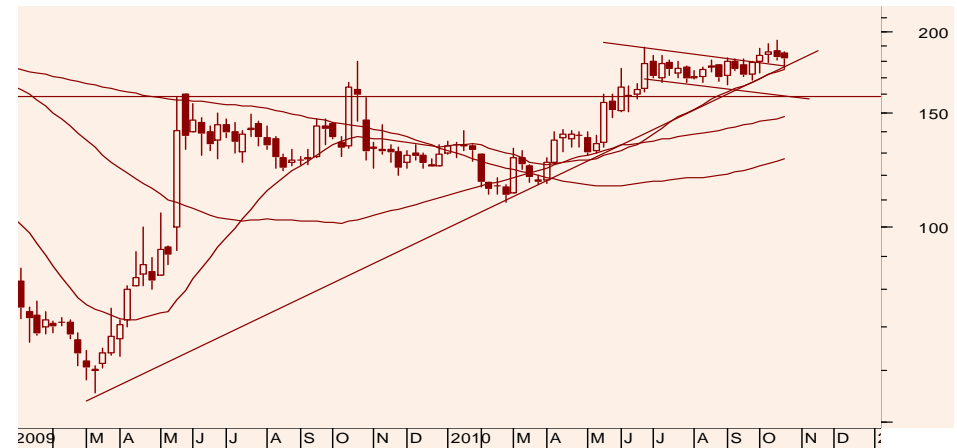
CMP ₹182.0

- Karnataka Bank announced its un-audited results for the second quarter ended September 2010. The top-line as well as bottom line came above the expectations. Robust growth in net interest income (151.6% YoY) and non-interest income (18.8% YoY) aided net profit growth of 75.7%.
- On YoY basis, deposits of the bank increased by 16.05%. On the other hand, advances registered a growth of 25.60%. Low cost CASA deposit of the Bank registered increase and the same stood at 25.64% as compared to 22.52% YoY.
- The bank, which recently reached ₹400 bn business turn over in October, aims to reach a turnover of ₹450 bn by the end of this fiscal. While it plans to reach a deposit of 275 bn by end of this fiscal, the overall advance is targeted to touch ₹175 bn. The Bank has 465 branches along with 227 ATMs as of now. It plans to expand the branch strength to 480 along with 300 ATMs by end of this fiscal.
- At the last closing price of ₹182, the stock is trading at a P/B of 1.22x FY11E* and 1.12x FY12E* consensus BV (Source: Bloomberg) respectively. The stock has not witnessed any sharp up-move over the last few months and is moving in a range despite improved fundamentals. Considering the bank's strong Q2 results, we believe the stock might get re-rated going forward. We believe there is an upside from current valuations and correction should be used as an opportunity for short to medium term gains.

Aditya Birla Money



KTKBANK Weekly Chart – Technical Perspective



- Karnataka Bank is trading very close to its rising trend line support which it has been respecting post its March'09 lows of 55.50.
- Also at such important trend line support it has a confluence support coming in from multiple exponential moving averages and Fibonacci numbers.
- Very recently, the stock has broken out of a multi-month bullish Inverted Head and Shoulder pattern following which it has formed a flag pattern and is not trading above the neckline of the flag pattern too which is bullish for the scrip.
- Momentum oscillators are also positively placed which add weight to the positive sentiments.
- Going ahead the stock has resistance at 193.70 and 204 levels where as support is seen at 175 and 168 levels.

Aditya Birla Money

Weekly Spotlight

Aditya Birla Money



Weekly Spotlight MIS for last eight weeks

Current Nifty Level: 6066.05

Reco Date	Stocks	Reco Price	High	Closing Price	Return at high price (%)	Return at Closing Price (%)	Nifty Level*	Target Achieved / Calls open
27-Aug-10	LIC Housing Finance	1208.4	1496.5	1,355.2	23.8	12.1	5,408.7	Achieved
27-Aug-10	Balrampur Chini Mills Ltd	84.7	95.9	88.1	13.2	4.0	5,408.7	Achieved
3-Sep-10	HCC Limited	60.4	68.0	63.3	12.6	4.8	5,479.4	Achieved
3-Sep-10	Bharat Forge	365.5	391.5	379.8	7.1	3.9	5,479.4	Achieved
9-Sep-10	Tube Investments	134.3	164.7	161.8	22.6	20.5	5,640.1	Achieved
9-Sep-10	NDTV	116.9	119.9	105.4	2.5	(9.8)	5,640.1	Call open
9-Sep-10	IRB Infrastructure	291.2	294.9	246.0	1.3	(15.5)	5,640.1	Call open
17-Sep-10	UTV Software Communications	554.5	572.0	509.5	3.2	(8.1)	5,885.0	Call open
17-Sep-10	Indian Hotels	104.9	107.3	99.5	2.3	(5.2)	5,885.0	Call open
24-Sep-10	Dabur India	104.7	111.4	103.5	6.4	(1.1)	6,018.3	Achieved
24-Sep-10	NTPC Ltd.	208.7	222.3	204.0	6.5	(2.3)	6,018.3	Achieved
1-Oct-10	BHEL	2590.7	2695.0	2,526.1	4.0	(2.5)	6,143.4	Achieved
1-Oct-10	IDFC	206.9	215.0	200.9	3.9	(2.9)	6,143.4	Call open
8-Oct-10	Tata Steel	626.6	659.4	617.5	5.2	(1.5)	6,103.5	Achieved
8-Oct-10	Eros International Media Ltd.	188.0	194.9	183.9	3.7	(2.2)	6,103.5	Call open
15-Oct-10	Bharti Airtel	333.7	341.9	333.5	2.5	(0.1)	6,062.7	Call open
15-Oct-10	Pantaloon Retail (India) Limited	469.4	490.0	478.8	4.4	2.0	6,062.7	Achieved

* as on recommended date

Aditya Birla Money

Weekly Spotlight

Aditya Birla Money



Research Team

Vivek Mahajan

Head of Research

022-42333522

vivek.mahajan@adityabirla.com

Fundamental Team

Avinash Nahata	Head of Fundamental Desk	022-42333459	avinash.nahata@adityabirla.com
Akhil Jain	Metals & Mining	022-42333540	akhil.jain@adityabirla.com
Sunny Agrawal	FMCG/Cement	022-42333458	sunny.agrawal@adityabirla.com
Sumit Jatia	Banking & Finance	022-42333460	sumit.jatia@adityabirla.com
Shreyans Mehta	Construction/Real Estate	022-42333544	shreyans.m@adityabirla.com
Dinesh Kumar	Information Technology/Auto	022-42333531	dinesh.kumar.k@adityabirla.com
Pradeep Parkar	Database/Production	022-42333597	pradeep.parkar@adityabirla.com

Quantitative Team

Rizwan Khan	Technical and Derivative Strategist	022-42333454	rizwan.khan@adityabirla.com
Devarajan.S	Derivatives Analyst	022-42333534	devarajan.s@adityabirla.com
Rahul Tendolkar	Derivatives Analyst	022-42333532	rahul.tendolkar@adityabirla.com

Advisory Support

Lalitha.MR	Advisory Desk – Retail	044-39181903	lalitha.r@adityabirla.com
Indranil Dutta	Advisory Desk – HNI	022-42333494	indranil.dutta@adityabirla.com

Aditya Birla Money



Disclaimer:

This document is not for public distribution and is meant solely for the personal information of the authorised recipient. No part of the information must be altered, transmitted, copied, distributed or reproduced in any form to any other person. Persons into whose possession this document may come are required to observe these restrictions. This document is for general information purposes only and does not constitute an investment advice or an offer to sell or solicitation of an offer to buy / sell any security and is not intended for distribution in countries where distribution of such material is subject to any licensing, registration or other legal requirements.

The information, opinion, views contained in this document are as per prevailing conditions and are of the date of appearing on this material only and are subject to change. No reliance may be placed for any purpose whatsoever on the information contained in this document or on its completeness. Neither Aditya Birla Money Limited (ABML) nor any person connected with it accepts any liability or loss arising from the use of this document. The views and opinions expressed herein by the author in the document are his own and do not reflect the views of Aditya Birla Money Limited or any of its associate or group companies. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. Past performance is no guarantee and does not indicate or guide to future performance.

Nothing in this document is intended to constitute legal, tax or investment advice, or an opinion regarding the appropriateness of any investment, or a solicitation of any type. The contents in this document are intended for general information purposes only. This document or information mentioned therefore should not form the basis of and should not be relied upon in connection with making any investment. The investment may not be suited to all the categories of investors. The recipients should therefore obtain your own professional, legal, tax and financial advice and assessment of their risk profile and financial condition before considering any decision.

Aditya Birla Money Limited, its associate and group companies, its directors, associates, employees from time to time may have various interests/positions in any of the securities of the Company(ies) mentioned therein or be engaged in any other transactions involving such securities or otherwise in other securities of the companies / organisation mentioned in the document or may have other potential conflict of interest with respect of any recommendation and / related information and opinions.