

Large Cap	CMP	1 TRADING PICK FROM 3	CMP	
Hindalco(*)	Rs.166		GAIL	453
LIC Housing(*)	Rs.1,225			
GAIL	Rs.453			

Mid Cap	CMP	1 TRADING PICK FROM 3	CMP	
Indiabulls Real Estate(*)	Rs.194		Indiabulls Real Estate	194
Opto Circuits(*)	Rs.272			
Vijaya Bank	Rs.77			

MOST Mutual

- Franklin India Bluechip Fund (*) *(Large Cap)*
- ICICI Pru Discovery Fund (*) *(Mid Cap)*
- IDFC Small & Mid Cap Equity Fund (*) *(Multi Cap)*

MOST Options Strategy

- Strategy: : Nifty Bull Spread (*) *(Moderately Bullish)*
- Strategy: Ambuja Cem Long Call (*) *(Bullish)*
- Strategy: Reliance Bull Spread (*) *(Moderately Bullish)*

(*): New -entry

CMP: Current Market Price MBP: Maximum Buying Price

" Since Large & Mid Cap shares are available at reasonable valuation , we have not recommended any stock from Small Cap segment.

METALS

13th August 2010

Hindalco

CMP (Rs.)	166
MBP (Rs.)	172
Face Value	1
Equity Shares (Mn)	1,913
52-Week Range (H/L)	188 / 98
M.Cap. (Rs b)	326.1

	FY10	FY11E	FY12E
EPS (Rs)	8.8	13.6	16.6
P/E (x)	18.9	12.2	10.0

- An industry leader in aluminium and copper, Hindalco Industries Limited, the metals flagship company of the Aditya Birla Group is one of the world's largest aluminium rolling companies and one of the biggest producers of primary aluminium in Asia. The acquisition of Novelis Inc. in 2007 positioned the company among the top five aluminium majors worldwide and the largest vertically integrated aluminium company in India.

Recent Developments:

- Novelis' adjusted EBITDA for 1QFY11 grew 14% QoQ to US\$263m. It achieved an all-time high EBITDA of US\$338/ton in the quarter, a long with full capacity utilization. Total volumes increased 13% YoY to 779k tons. Flat rolled product (FRP) volumes grew 15% YoY and 5% QoQ to 746k tons. Novelis is now operating at full capacity, while demand outlook remains positive. FRP demand is likely to grow at a CAGR of 6% to 22m tons over 2010-2015.

Key Investment Arguments:

- Hindalco has put domestic greenfield projects on fast track to add 718ktpa of capacity by the end of FY12. Aluminum production is expected to grow at a CAGR of 21% and alumina production at a CAGR of 28% over FY10-14.
- Hindalco's new smelting capacities are coming up close to energy sources and alumina facilities would be set up close to bauxite mines, ensuring low cost of production.
- Novelis' cash flows have started improving due to well planned restructuring, expiry of price ceiling contracts and return of pricing power due to changing industry dynamics.

Valuation and view:

- We believe volatility of Hindalco earnings has reduced due to turnaround of Novelis. We are upgrading our FY11 EBITDA estimate for Novelis from US\$850m to US\$910m due to strong quarterly performance and positive outlook. As a result, our consolidated EBITDA estimate for FY11 is upgraded by 4% to Rs72.5b and our consolidated EPS estimate is upgraded by 13% to Rs13.6.

HOUSING FINANCE

13th August 2010

LIC Housing

CMP (Rs.)	1,225
MBP (Rs.)	1,265
Face Value	10
Equity Shares (Mn)	94.9
52-Week Range (H/L)	1,244 / 585
M.Cap. (Rs b)	116.3

- LIC Housing Finance Limited is one of India's largest Housing Finance Companies providing financial assistance in the construction and purchase of house/flat since 1989; having nationwide network across 6 Regional Offices and 158 Marketing Units.

Recent Developments:

- LIC Housing Finance (LICHF) reported net profit of 2.1b (71% YoY growth) in 1QFY11, which is higher than our estimate of Rs1.7b. Disbursals continue to be strong - the management maintains its guidance of 40% disbursement growth during FY11.

Key highlights are

- 1QFY11 disbursals grew 40% YoY and sanctions grew 51% YoY. In FY10, disbursals had grown 70% and sanctions had grown 66%.
- Robust NII growth of 60% YoY (on a lower base), led by loan growth of 37% and 56bp YoY improvement in NIM to 3.01%. On a QoQ basis, NIM declined 29bp, which was partially offset by loan growth of 5%. NII declined just 2% QoQ.
- Reported spreads shrank 12bp QoQ to 2.24%, led by 10bp decline in yield on loans to 10.05%. Cost of funds was stable QoQ at 7.81%. Management expects to keep its overall cost below its current average of 7.81% and aims to sustain NIM at ~3%.

Valuation and view:

- We upgrade our earnings estimates on the back of expectations of strong disbursals. We are revising our EPS estimates upwards by 6% to Rs93 for FY11 and Rs112 for FY12. RoA and RoE would remain attractive at ~1.9% and ~23%+, respectively, over FY10-12. We maintain Buy, with a target price of Rs1,275 (2.4x FY12E BV).

OIL & GAS

13th August 2010

GAIL

CMP (Rs.)	453
MBP (Rs.)	462
Face Value	10
Equity Shares (Mn)	1,268.4
52-Week Range (H/L)	517 / 320
M.Cap. (Rs b)	574.5

	FY10	FY11E	FY12E
EPS (Rs)	24.8	29.6	31.9
P/E (x)	18.3	15.3	14.2

- GAIL is a major gas transmission, processing, distribution and marketing company in India, with interests in gas distribution, petrochemicals, LPG, and telecom. It owns ~7,000km of pipelines (including LPG transmission pipelines), 410KTA petchem capacity, 1.3m ton LPG /other hydrocarbons capacity and over 13,000 km of optical fiber cable network. GAIL is also involved in city gas distribution, E&P and power businesses through its joint ventures.

Recent Developments:

- **Expects 10% transmission volume growth despite delay in KG-D6 ramp-up:** GAIL currently transmits ~115mmscmd of gas. KG-D6 ramp-up is delayed. Despite this, the management expects its transmission volumes to ramp up to 120mmscmd in the next few months and to 140mmscmd in FY12. Near-term volume growth will come from spot LNG cargo and the increase in FY12 will be led by Dabhol RLNG (6mmscmd), ONGC C-Series (3mmscmd), and Focus Energy/PY Fields (3.5mmscmd).
- **Large investments planned in next few years:** Total capex over the next five years is expected to be >Rs410b (Pipelines - Rs230b; Petchem - Rs88b; E&P - Rs30b; Other Projects - Rs68b). As of FY10, GAIL was almost debt-free. However, it will now raise debt to fund this capex
- HVJ-DVPL expansion on track; other projects delayed by a year; targets 50 CGD cities by FY14: HVJ-DVPL/GREP expansion is on schedule (as against our understanding of 4-6 month delay) and it will be able to transport 80mmscmd by October 2010 and ~110mmscmd by April 2011 as against the current capacity of 57mmscmd. However, GAIL has delayed the doubling of petchem capacity and completion of three large cross-country pipelines (Dabhol-Bangalore, Kochi-Mangalore- Bangalore, and Jagdishpur-Haldia) by ~1 year.

Valuation and view:

- Our SOTP based target price of GAIL is Rs495 (13x FY11E core EPS, E&P value of Rs20/share, and investment value of Rs60/share). We believe there is upside potential to our estimates from higher than expected transmission volumes and lower subsidy. Maintain Buy.

REAL ESTATE

13th August 2010

Indiabulls Real Estate

CMP (Rs.)	194
MBP (Rs.)	201
Face Value	2
Equity Shares (Mn)	401
52-Week Range (H/L)	298 / 142
M.Cap. (Rs b)	77.9

	FY10	FY11E	FY12E
EPS (Rs)	-0.6	5.4	12.8
P/E (x)	-313.1	35.8	15.1

- IBREL is the de-merged real-estate arm of Indiabulls Financial Services Ltd (IBFSL). It entered the real estate sector in 2005 after it won two land parcels at auction bids of textile mill land in central Mumbai. The company is focused on the development and sale of residential properties in tier-I cities like the NCR, Mumbai and Chennai and the renting of commercial property to be developed in Mumbai

Recent Developments:

- The company reported 1QFY11 financial results above estimate. EBITDA stood at Rs217m vs loss of Rs300m in 1QFY10, while EBITDA margins increased to 12.6%. Revenues stood at Rs1.7b up 8.5x YoY (v/s Rs179m in 1QFY10). Net profit also increased to Rs252m (v/s net loss of Rs193m YoY).
- IBREL has in the last few days won two key NTC (National Textile Corporation) mill land auctions, Poddar Mills - Worli for Rs4.7b (Rs1.9b/acre) and Bharat Mills - Worli for Rs15.05b (Rs1.8b/acre). IBREL has effectively utilized its entire cash surplus of ~Rs21b (including registration charges) in its real estate vertical.

Key investment arguments

- Several key concerns on IBREL with regard to over capitalization and lack of operational visibility on the core real estate business have been addressed since FY10, due to successful deployment of surplus cash and steady sales and execution progress across projects. The strong ongoing recovery in the commercial vertical is also a key positive. Our NAV has increased by 5% to Rs269/share on account of new project acquisitions.

Valuation & View:

- IBREL is available at 30% discount to its FY12 NAV of Rs269/share and trades at PER of 15x FY12 EPS of Rs12.8/share and PB of 0.77x FY12 BV of Rs244/share We are revising our recommendation from Neutral to Buy, with a price target of Rs244, which is based on 10% discount to its FY12 NAV of Rs269/share

PHARMACEUTICALS

13th August 2010

Opto Circuits

CMP (Rs.)	272
MBP (Rs.)	283
Face Value	10
Equity Shares (Mn)	183.2
52-Week Range (H/L)	288 / 168
M.Cap. (Rs b)	498.1

	FY10	FY11E	FY12E
EPS (Rs)	13.3	18.4	22.6
P/E (x)	20.5	14.8	12.1

- Opto Circuits is the largest medical device maker from India. The company started its business as a supplier of sensors to large OEMs. Over the years, Opto catapulted itself into a full fledged producer and supplier of patient monitoring devices in the non-invasive segment and stents in the invasive segment, led by acquisitions. It has a strong distribution network of 1,300 distributors across more than 50 countries

Key investment arguments

- Opto's core business of non-invasive devices is getting stronger due to favorable market dynamics, diversified product offerings, cost competitiveness and expanding distribution reach. The non-invasive business segment is expected to grow at 23% CAGR over FY10-12.
- The invasive business is a key long-term growth driver due to large market opportunity, new product launches and increasing product awareness. This business is expected to grow at 24% CAGR over FY10-12.
- Opto has delivered strong growth in revenues and earnings in the past few years. It has consistently maintained its high return ratios.
- Opto is likely to generate free cash-flow going forward on the back of stable profitability and working capital requirements.

Valuation and view:

- Despite rapid growth, the company still remains a marginal player in the global medical devices industry which gives Opto the opportunity to sustain its high revenue growth rate for several years going forward.
- We expect revenue CAGR of 23% over FY10-12 led by both Non-invasive and Invasive business segments. We estimate FY11 EPS at Rs18.4 (up 38.8%) and FY12 EPS at Rs22.6 (up 22.6%) leading to EPS CAGR of 30% over FY10-12. Strong earnings growth coupled with improving cash flows, will favorably impact valuations. We Maintain Buy.

BANKING

13th August 2010

Vijaya Bank

CMP (Rs.)	77
MBP (Rs.)	80
Face Value	10
Equity Shares (Mn)	434
52-Week Range (H/L)	78 / 40
M.Cap. (Rs b)	33.4

	FY09E	FY10E	FY11E
EPS	6.1	10.8	13.0
P/E	12.7	7.2	5.9
ABV	49	53	63
P/ABV	1.6	1.5	1.2

- Vijaya bank is mid size PSU bank with Balance sheet size of over Rs. 700 billion. The bank has the highest number of branches in its home state Karnataka. During the financial Year 2009-10, the bank has opened 57 Branches and 3 Extension Counters.
- In line with the prevailing trends, the bank has been giving greater thrust towards technological upgradation of its operations. The bank has network of 1158 branches, 46 Extension Counters and 435 ATMs. All 1158 branches, 46 extension counters, 12 service branches are functioning on CBS platform, and at 758 centers, covering 100 % of Bank's business.
- **Recent Developments:**
Vijaya Bank's Q1 FY11 results were better than expectations. Key highlights are:
 - " Net profit was up 21% YoY to Rs 173.48 crores
 - " NII increased by 48% YoY to Rs 444.90 crore
 - " Other income declined by 16% > However, sharp fall in cost to income ratio by 940 bps has pushed Operating Profits higher by 50% to Rs 314.26 crore.
 - " However, 112% jump in total provisions including taxation has restricted growth in Net Profit at 21% on y-o-y basis
- **Key Investment Arguments:**
- Asset quality of the bank has marginally improved in the quarter ended June 2010. The Gross NPA in absolute terms has declined by 10% on y-o-y basis and 2% on q-o-q basis to Rs 972.79 crore. On the other hand, Net NPA has declined by 2% on y-o-y basis and 4% on q-o-q basis to Rs 560.87 crore in the quarter under review.
- **Valuation & View:**
We continue to remain bullish on the growth prospects of mid size PSU banks in India. With the growth in economy, our estimates on NPA is has significantly come down. We maintain buy on Vijaya Bank.

Large Cap

GAIL	453
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Mid Cap

Indiabulls Real Estate	194
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GAIL

CMP : 453
Stop Loss : 423
Target : 516



The stock has taken support at the 200 day moving average at 423 and started moving up. The 420 to 430 zone is also well supported by the old resistance area. The Relative Strength Index (RSI) has given a bullish crossover above 50 after exhibiting a positive divergence. The stock is likely to test its all-time high of 516, with 423 as the stop.

Indiabulls Real Estate

CMP : 194
Stop Loss : 175
Target : 238



The stock has come out of a 6 month basing formation by breaking out of a falling trendline. Prices have also crossed the 200 day simple moving average which is a long-term bullish signal. The MACD is also in the buy mode after moving out of a congestion zone. The target for the stock is at 238, which is the 61.8% retracement of the fall from 298 to 142. The stop loss is at 175, which is the top of the basing formation.



MOST Mutual

13th August 2010

MOST Mutual

Franklin India Bluechip Fund (*) *(Large Cap)*

ICICI Pru Discovery Fund (*) *(Mid Cap)*

IDFC Small & Mid Cap Equity Fund (*) *(Multi Cap)*



Franklin India Bluechip Fund (Large-Cap)

13th August 2010

At a Glance

Latest NAV (Gr):	Rs. 203.40 (Aug 12, 10)
Latest NAV (Div):	Rs. 40.72 (Aug 12, 10)
Fund Category:	Equity Diversified
Type:	Open Ended
Exit Load (%):	1% (< 365 days)
Inception Date:	1-Dec-93
Net Assets (Rs. Cr.):	3152.58 (30-Jul-10)

Fund Manager

Anand Radhakrishnan (Since Apr 2007)

Portfolio Attributes

Top 5 Holdings	29.39%
No. of Stocks	43
Exposure to Sensex	52.97%
Exposure to Nifty	65.11%
Portfolio PE Trailing	24.43
Expense Ratio	1.85 (30-Jun-10)

Dividends Declared

22-Jan-10	35%
21-Jan-09	30%
9-Jan-08	70%

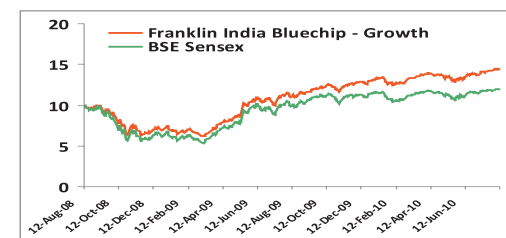
Scheme Objective

It aims to provide medium to long term capital appreciation by taking an aggressive /defensive postures depending on opportunities available at various points of time. It will invest in shares of quality companies and large sized companies.

Scheme Analysis

It is the best place to play safe and get rewarded. The FM manages a compact portfolio with 43 stocks largely spread across Petroleum, Banks, IT and Telecom. The top 3 sectors comprise 42.33% of net assets. The top holding stocks are Infosys (7.78%), Reliance Industries (6.62%) & HDFC Bank (6.07%). While in 2008, its large cap allocation protected it from downfall, it outperformed (84.49%) its benchmark (75.76%) in 2009. Since its inception, the fund has performed pretty well such as 179% (1999), 120%(2003) etc. Its 5-year annualised return is 21.90 % as on Aug 12, 2010.

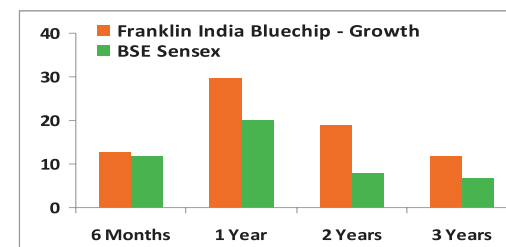
NAV Movement



Style Box Analysis



Comparative Performance





ICICI Pru Discovery Fund (Mid-Cap)

13th August 2010

At a Glance

Latest NAV (Gr):	Rs. 47.61 (Aug 12, 10)
Latest NAV (Div):	Rs. 20.63 (Aug 12, 10)
Fund Category:	Equity Diversified
Entry Load (%):	Nil
Exit Load (%):	1% (< 365 days)
Inception Date:	14-Aug-04
Net Assets (Rs. Cr.):	1293.01 (30-Jul-10)

Fund Manager

S Naren (Since Oct 2005)

Portfolio Attributes

Top 5 Holdings	23.68%
No. of Stocks	60
Exposure to Sensex	17.75%
Exposure to Nifty	21.47%
Portfolio PE Trailing	18.25
Expense Ratio	2% (30-Jun-10)

Dividends Declared

28-Jun-10	10.00%
18-Dec-09	15.00%
19-Jun-09	12.00%

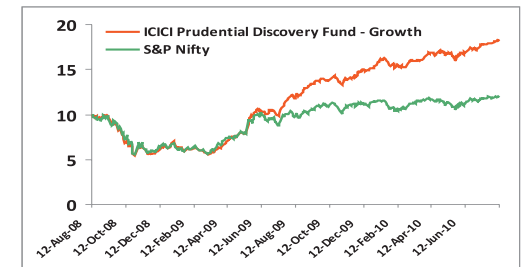
Scheme Objective

An open ended fund which aims to invest in a well-diversified portfolio of value stocks (those having attractive valuations in relation to earnings or book value or current and/or future dividends).

Scheme Analysis

Its value-based approach sometimes acts as a dampener in bull run but provides an excellent downside protection. It has provided excellent returns in the recent upside. In 1-year category, it has delivered 52.88% against the category average of 32.4%. In other categories too, it has beaten its benchmark. The Fund Manager is bullish on Banks, Pharma, Auto & Softwares. Recently it cuts its exposure in Power stocks. The top 10 holdings comprise of 41.31% of total net assets. The favorite stocks are Bharti Airtel (6.10%), Sterlite (4.51%) etc. Recently it acquired Standard Chartered Bank (5.05%) in its maiden IDR IPO.

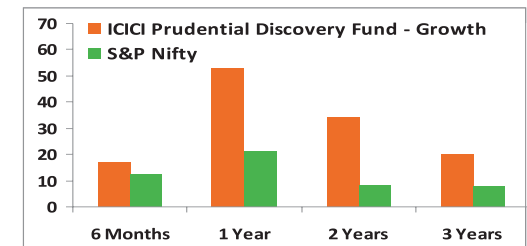
NAV Movement



Style Box Analysis



Comparative Performance



IDFC Small & Mid Cap Equity Fund (Multi-Cap)

13th August 2010

At a Glance

Latest NAV (Gr):	Rs. 18.52 (Aug 12, 10)
Latest NAV (Div):	Rs. 15.28 (Aug 12, 10)
Fund Category:	Equity Diversified
Entry Load (%):	Nil
Exit Load (%):	1% (< 365 days)
Inception Date:	7-Mar-08
Net Assets (Rs. Cr.):	826.25 (30-Jul-10)

Fund Manager

Kenneth Andrade (Since Jan 2008)

Portfolio Attributes

Top 5 Holdings	18.14%
No. of Stocks	42
Exposure to BSE 200	35.93%
Exposure to CNX 500	47.81%
Portfolio PE Trailing	29.1
Expense Ratio	1.41 (31-Mar-10)

Dividends Declared

29-Apr-10	16%
29-Sep-10	11%

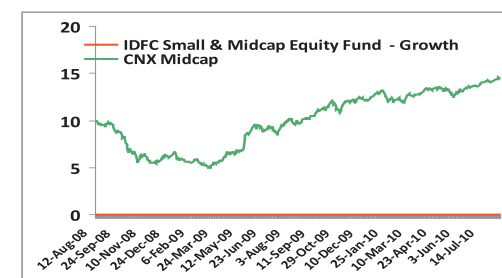
Scheme Objective

It aims to generate capital appreciation by investing in small and midcap stocks of CNX Midcap Index whose market capitalisation shall be lower than the market capitalisation of the highest components of CNX Mid Cap. The scheme may also invest in stock other than mid cap stocks.

Scheme Analysis

The fund philosophy is to capture the potential of the small & mid cap companies in the country. With markets buoyant the portfolio shifts have been reasonably aggressive in tune with the changing valuations. The strategy is expected to remain invested in smaller companies with low business risk and extreme valuation comfort. The fund has high allocation to Auto & Auto Ancillaries (11.44%), Banks (9.83%), Textiles (7.74%) and Pharma (7.42%). It has beaten the category average in all intervals by a huge margin. Its 2-yr return stands at 40.38% vs 14.31% (Category Avg).

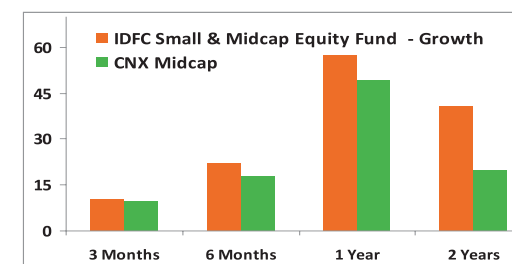
NAV Movement



Style Box Analysis



Comparative Performance



MOST Options Strategy

Strategy: : Nifty Bull Spread (*) *(Moderately Bullish)*

Strategy: Ambuja Cem Long Call (*) *(Bullish)*

Strategy: Reliance Bull Spread (*) *(Moderately Bullish)*

Strategy: Nifty Bull Spread

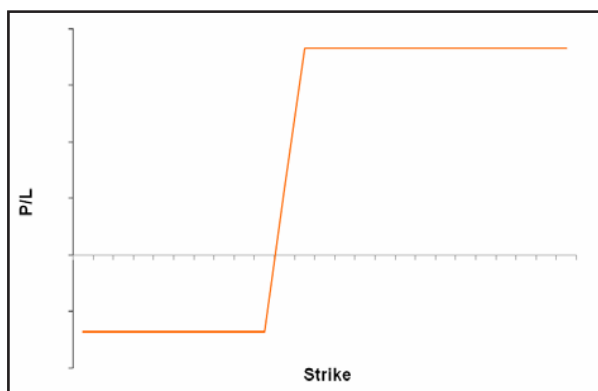
View : Moderately Bullish

Rationale :

1. Nifty August OIPCR is at 1.7 indicating bullish outlook for coming sessions.
2. The Implied Volatility remain low indicating Nifty is expected to have gradual increments.
3. Over 90lac shares in 5600 Calls may pose a hurdle, limiting the upside.

Premium Outflow : ₹1,350 (per spread)

Margin : ₹16,000.00 (Approx)



Strategy

BUY/SELL	SCRIP	SERIES	OPTION	STRIKE PRICE	RECO PRICE
BUY	NIFTY	AUG	CE	5500	₹35 - 37
SELL	NIFTY	AUG	CE	5600	₹8 - 10

Pay Off on Expiry

BREAK EVEN POINT	MAXIMUM PROFIT	MAXIMUM LOSS
5527	₹3,650 Above 5600	₹1,350 Below 5500

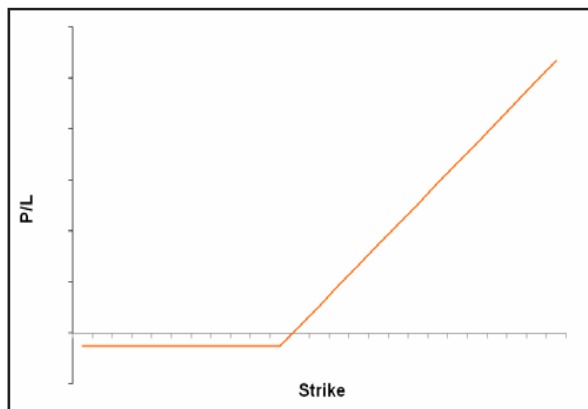
Strategy: Ambuja Cem Long Call

View : Bullish

Rationale : 1. Long build up in futures in last week.
2. Buying in at the money calls.

Premium Outflow : ₹2,600 (percall)

Margin : N.A



Strategy

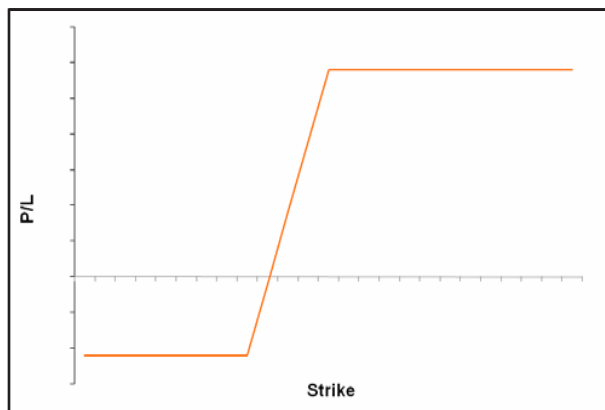
BUY/SELL	SCRIP	SERIES	OPTION	STRIKE PRICE	RECO PRICE
BUY	AMBUJA CEM	AUG	CA	120	₹1 - 1.6

Pay Off on Expiry

BREAK EVEN POINT	MAXIMUM PROFIT	MAXIMUM LOSS
121.3	Unlimited above 121.3	₹2,600 below 120

Strategy: Reliance Bull Spread

- View** : Moderately Bullish
- Rationale** : 1. Longs in futures at lower levels indicating expectation of respite from current fall.
2. Calls on the higher strike may limit the upside around 1020 levels.
- Premium Outflow** : ₹3,500 (per Spread)
- Margin** : ₹32,000 (Approx.)



Strategy

BUY/SELL	SCRIP	SERIES	OPTION	STRIKE PRICE	RECO PRICE
BUY	Reliance	AUG	CA	980	₹22 - 24
SELL	Reliance	AUG	CA	1020	₹ 8 - 10

Pay Off on Expiry

BREAK EVEN POINT	MAXIMUM PROFIT	MAXIMUM LOSS
994	₹6,500 Above 1020	₹3,500 Below 980



DISCLAIMER

13th August 2010

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The MOST group and its Directors own shares in the following companies : Bharat Electronics, Bharti Airtel, Birla Corporation, GSK Pharma, Hero Honda, IOC, Marico, Oriental Bank, Siemens and State Bank.

MOST has broking relationships with a few of the companies covered in this report.

MOST is engaged in providing investment-banking services in the following companies covered in this report: Alok Industries and Sintex Industris.

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