

Large Cap	CMP	1 TRADING PICK FROM 3	CMP
Cipla	Rs.337		
ICICI Bank	Rs.867	Hindalco	145
Hindalco	Rs.145		
Mid Cap	CMP	1 TRADING PICK FROM 3	CMP
Dewan Housing	Rs.229		
GVK Power	Rs.43	NIL	-
Deccan Chronicle(*)	Rs.125		

MOST Mutual

SBI Magnum Sector Umbrella(*) - Contra (*Large Cap*)

DSPBR Small & Mid Cap Fund(*) (*Mid Cap*)

Reliance RSF-Equity(*) (*Multi Cap*)

MOST Options Strategy

Strategy: Nifty Short Strangle(*) (*Range bound*)

Strategy: DLF Long Call(*) (*Moderately Bullish*)

Strategy: Sail Long Put(*) (*Moderately Bearish*)

(*): 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.

Cipla

CMP (Rs.)	337
MBP (Rs.)	354
Face Value	2
Equity Shares (Mn)	802.9
52-Week Range (H/L)	363 / 235
M.Cap. (Rs b)	270.8

	FY10E	FY11E	FY12E
EPS (Rs)	12.7	14.6	17.4
P/E (x)	26.6	23.1	19.3

- Cipla is the 3rd largest player in the domestic formulations market and has a presence across most therapeutic areas. Company also has robust exports to several markets including US, Europe, South Africa, Australia and the Middle East. Its strategy for regulated markets (Europe and US) exports is built around supply tie-ups with global players.

Recent Developments:

- Cipla announced its 4QFY10 results. company's Q4 net sales were up by 6.66% at Rs 1,317.5 crore versus Rs 1,235.2 crore, year-on-year (YoY). Its net profit was up by 8.94% at Rs 275.5 crore versus Rs 252.9 crore, YoY.
- Company has announced acquisition of a Company for Rs. 51.38 crores, which has a state of the art formulations manufacturing facility at Sikkim with capabilities to manufacture Tablets, Capsules, Oral liquids, Injections, Liquid and Ointments / Creams. The Company is eligible for a 10 year tax holiday under the Income Tax Act, 1961 commencing from the financial year 2009-10.
- Board also approved acquisition of an undertaking for Rs. 30.64 crores, by way of slump sale arrangement. The undertaking is located at Kurkumbh (District Pune) and has US FDA & WHO approved manufacturing facility for bulk drugs / intermediates.
- The US government has recently proposed a US\$940b Healthcare Bill mainly aimed at bringing more people under healthcare insurance coverage in order to provide them access to drugs/health facilities at reasonable costs.

Valuation & View:

- We feel that increasing MNC interest in Generics space - may lead to large acquisitions/ supply arrangements with Indian companies and Cipla is our top pick in this space. We believe Cipla is strongly positioned to emerge as a key supplier of generic products to global MNC companies due to large manufacturing infrastructure, strong chemistry skills and large capacity for inhalers.

ICICI Bank

CMP (Rs.)	867
MBP (Rs.)	880
Face Value	10
Equity Shares (Mn)	1,113.3
52-Week Range (H/L)	1009 / 607
M.Cap. (Rs b)	966.8

	FY10E	FY11E	FY12E
EPS (Rs)	36.1	46.1	58.4
P/E (x)	24.0	18.8	14.9
ABV	326	362	400
P/ABV(X)	1.9	1.7	1.6

- ICICI Bank was incorporated in 1994 under the leadership of the erstwhile ICICI Ltd. Bank of Madura was merged with it during 2001. In 2002, the entity underwent a reverse merger with its promoter ICICI Ltd. and emerged as the largest private sector bank in India.

Recent Developments:

- ICICI Bank has entered into an agreement with certain shareholders of Bank of Rajasthan (BoR) to amalgamate BoR, with a tentative share exchange ratio of 1:4.72 (25 shares of ICICI Bank for 118 shares of BoR). The final exchange ratio will be based on due diligence and independent valuation reports. Assuming a share swap ratio of 1:4.72, the deal values BoR at Rs30.4b and will lead to ~3% equity dilution for ICICI Bank.
- The key positives for ICICI Bank will be a 23% increase in the number of branches and a stronger network in North India. Over 60% of BoR's 463 branches are in the state of Rajasthan and ~70% are in North India. BoR's biggest competitors in the state of Rajasthan are SBI's subsidiary, State Bank of Bikaner and Jaipur (~750 branches), Bank of Baroda (~350 branches) and Punjab National Bank (~310 branches).
- ICICI Bank's execution on its strategy of 4C's i.e CASA, Capital Conservation, Cost efficiency and improving Credit profile for profitable growth is immaculate so far (especially strong control over cost of operation).
- The implied valuation of BoR at 4.8x trailing book value appears expensive, as the book needs to be adjusted for the re-assessment of BoR's NPAs by ICICI Bank. The key near-term challenges for ICICI Bank will be assessment of BoR's asset quality, rationalization and re-positioning of BoR's branches, and possible regulatory issues. We will review our target price for ICICI Bank post the merger details. Maintain Buy.

METALS

19th June 2010

Hindalco

CMP (Rs.)	145
MBP (Rs.)	150
Face Value	1
Equity Shares (Mn)	1,913
52-Week Range (H/L)	188 / 68
M.Cap. (Rs b)	285.2

	FY10E	FY11E	FY12E
EPS (Rs)	4.2	12.2	17.0
P/E (x)	34.8	11.9	8.6

- 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.
- Novelis is likely to sustain strong operating performance. Novelis is a dominant player in the cans business globally. Cans business is now 58% of product mix, which is non-cyclical. The outlook for other applications like Auto, Litho, etc, is also positive.
- Novelis has focused on cost cutting, re-pricing of conversion premium, and increased recycling of used beverage can (UBC) and scrap. As a result, there were savings of US\$173m in conversion costs though higher SGA, forex loss, and metal price lag dragged down costs by US\$198m in FY10. Higher conversion premium contributed US\$230m to FY10 EBITDA.
- Free cash flows improved significantly to US\$355m in FY10. Sustained growth in earnings and cashflow will drive investments in the fast growing South American market. Novelis has stepped up capex from US\$100m in FY10 to US\$250m each in FY11 and FY12
- Company is looking to commission 2 smelters of 359ktpa along with 900MW CPP each and 1.5mtpa of Alumina refinery in 2HFY12 at total capex of Rs240b. The capex will be funded by project financing debt of Rs168b (70% of total project cost), while Rs72b of equity will be required. Hindalco has already spent Rs39b, while Rs45b is available in treasury.

Valuation & View:

- We believe volatility of Hindalco earnings has reduced due to turnaround of Novelis. Hindalco may not post EBITDA growth in FY11 if LME remains under pressure. Primary Aluminium EBITDA of US\$400m is of higher quality due to richer product mix though is linked to LME. We expect re-rating of stock due to reduced volatility in earnings and rising visibility of greenfield projects and bauxite mines. Upgrade to Buy.

HOUSING FINANCE

19th June 2010

Dewan Housing

CMP (Rs.)	229
MBP (Rs.)	248
Face Value	10
Equity Shares (Mn)	82.0
52-Week Range (H/L)	242 / 102
M.Cap. (Rs b)	22.6

- Established in 1984, DHFL provides housing finance to individuals, co-operative societies, corporate bodies or their nominated employees, groups of persons, etc, and leases commercial and residential premises to reputed companies.

Recent Developments:

- **Capitalizing on domain experience and niche presence:** Given its rich domain experience of over 25 years, large presence, strong customer relationships, and quick turnaround time, we believe that DHFL is sweetly poised to capture the opportunity presented by the growing demand for housing in rural and semi-urban regions. Being a niche player in the housing finance business, with a focus on middle and low income customers in tier-II and tier-III cities, it enjoys higher yields and margins than peers. Its average incremental ticket size was Rs840,000 as on December 2009 compared with ~Rs1.4m for LIC Housing Finance.
- **Efficient utilization of capital; strong growth to continue:** DHFL has been one of the fastest growing housing finance companies in the last six years. Its loan book and disbursements registered a CAGR of 39% and 37%, respectively (well above peers) over FY04-09. In 1QFY10, DHFL raised Rs3b through equity dilution, taking its tier-I ratio to 20%. Post capital raising, growth rates have remained very strong and significantly higher than industry. In 9MFY10, loans and disbursements grew 55% and 78% YoY, respectively. On a lower base and higher ticket size, we expect loan growth of 40% CAGR and disbursement growth of 37% CAGR over FY10-12.

Valuation & View:

DHFL offers a strong combination of growth and value, with superior asset quality. We expect earnings CAGR of ~37% over FY10-12. RoA should improve from 1.6% in FY09 to 1.9%+ by FY12 and RoE from 21% in FY09 to ~25% by FY12.

INFRASTRUCTURE

19th June 2010

GVK Power

CMP (Rs.)	43
MBP (Rs.)	46
Face Value	1
Equity Shares (Mn)	1579
52-Week Range (H/L)	54 / 35
M.Cap. (Rs b)	68.6

	FY10E	FY11E	FY12E
EPS (Rs)	1.0	1.8	3.1
P/E (x)	42.4	23.7	14.2

- GVK group is a diversified business entity with a predominant focus on Infrastructure and Urban Infrastructure projects. It also has a significant presence in the Hospitality, Services and Manufacturing sector.
- GVK's equity commitment to existing projects is Rs15b, largely towards MIAL, Goindwal Sahib Power Project, Goriganga Hydro and oil and gas exploration. We expect GVK to report positive free cash flow of Rs2b in FY12 v/s negative free cash flow of Rs19.8b in FY09 as project SPVs turn operational.

Recent Developments:

- GVKPIL posted consolidated PAT of Rs331m which includes a charge of Rs640m due to maintenance and Rs579m depreciation writeback in Jaipur-Kishangarh road project. Adjusted for this, net profit was Rs392m, in line with our estimate of Rs408m. Reported 4QFY10 numbers include Rs21.6m contribution from the Bangalore airport.
- Recently, GVKPIL announced expansion of 1.6GW gas-based capacity at its JP II and Gautami power project (800MW each). It won a 690MW HEP in J&K through the CBT route and the Kota-Deoli road project in Rajasthan (cost: Rs8.5b).
- The Mumbai airport commissioned Terminal 1C (domestic terminal, cost: Rs2.2b) in March 2010. Cumulative capex spent on the project as at March 2010 was Rs35b (v/s Rs24b in 1QFY10). MIAL has already submitted a real estate (RE) development plan to MMRDA and expects final approval in 2-3 months, and will launch 1msf in FY11.

Valuation & View:

We expect GVKPIL to post consolidated net profit of Rs2.9b in FY11 (up 85% YoY) and Rs4.8b in FY12 (up 67% YoY). We arrive at a SOTP based target price of Rs53/sh comprising airports (including Bangalore airport at book value) at Rs28/share, roads at Rs6/ share, power portfolio at Rs17/share and investment in other projects, cash at Rs3/share.

Deccan Chronicle

CMP (Rs.)	125
MBP (Rs.)	132
Face Value	2
Equity Shares (Mn)	242
52-Week Range (H/L)	180 / 55
M.Cap. (Rs b)	30.1

	FY10E	FY11E	FY12E
EPS (Rs)	10.8	13.4	15.9
P/E (x)	11.6	9.3	7.8

- Deccan Chronicle Holdings Limited (DCHL) is a print media focused company based in Hyderabad. The company publishes the leading English language newspaper of South India- "Deccan Chronicle". The company also owns Hyderabad franchise of Indian Premier League, "Deccan Chargers" and operates retail chain under the brand name Odyssey.
- After the launch of Deccan Chronicle in Bangalore, DCHL has presence in all the key markets of South India. It maintains its leadership position in Andhra Pradesh and is a strong number-2 player in Chennai after Hindu.

Recent Developments:

DCHL's 4QFY10 results are below estimates. Key highlights are:

- Net sales grew only 6% YoY to Rs1.92b despite a low base, impacted by Telangana unrest during first half of 4QFY10. EBITDA at Rs813m was up 92% YoY but down 36% QoQ (seasonal); PAT at Rs65m was down 20% YoY and 91% QoQ, led by lower EBITDA and higher-than-expected effective 4QFY10 tax rate (90%).

Management expects 10% advertising revenue growth in FY11; IPL revenue under finalization: Ad revenue growth in 4QFY10 has been impacted by the unrest in Telangana region though the situation has normalized now. We estimate that AP market constitutes ~60% of advertising revenues for DCHL. Bangalore ad revenues have picked up but bulk of the revenues is still from the combo sales only.

We estimate ad revenue CAGR of ~11.3% over FY10-12E.

Valuation & View:

While we expect downward pressure on the stock due to 4QFY10 results disappointment, valuations remain attractive. Potential monetization of Deccan Chargers will add to the stock attractiveness. Maintain Buy.

Large Cap

Hindalco 145

Mid Cap

NIL NIL

METALS

19th June 2010

Hindalco

CMP : 145
Stop Loss : 140
Target : 161



Last week, it made a "Hammer" pattern on the weekly chart and stochastic oscillator is showing positive crossover. This week also, it is continuing its uptrend and yesterday it closed at Rs.145. Now it can correct its entire fall from Rs.193 to Rs.129 and can test Rs.161, which is the 50% retracement level. On the downside, the stop-loss should be Rs.140 for long position.



MOST Mutual

19th June 2010

MOST Mutual

SBI Magnum Sector Umbrella - Contra(*) *(Large Cap)*

DSPBR Small & Mid Cap Fund(*) *(Mid Cap)*

Reliance RSF-Equity(*) *(Multi Cap)*



SBI Magnum Sector Umbrella - Contra (Large Cap)

19th June 2010

At a Glance

Latest NAV (Gr):	Rs. 55.4 (Jun 16, 10)
Latest NAV (Div):	Rs. 25.42 (Jun 16, 10)
Fund Category:	Equity Diversified
Type:	Open Ended
Exit Load (%):	1% (< 365 days)
Inception Date:	5-Jul-99
Net Assets (Rs. Cr.):	3521.37 (31-May-10)

Fund Manager

Pankaj Gupta (Since May 2007)

Portfolio Attributes

Top 5 Holdings	22.33%
No. of Stocks	81
Exposure to Sensex	46.96%
Exposure to Nifty	54.63%
Portfolio PE Trailing	26.17
Expense Ratio	1.81 (30-Apr-10)

Dividends Declared

17-Jul-09	50
16-May-08	40
11-May-07	40

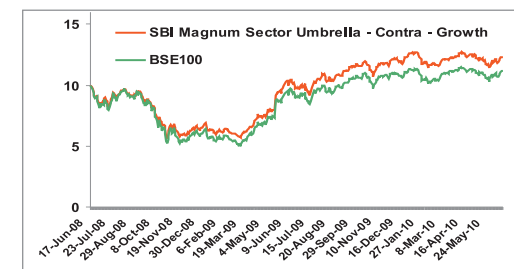
Scheme Objective

It aims to provide the investors maximum growth opportunity through equity investments in stocks currently out of favour and to participate in the growth potential presented by various companies that are considered emergent or are globally competitive by investing in the stocks representing such companies.

Scheme Analysis

In the past 5 years, it has bitten its category return by a high margin. Even in 2008 downfall, it contained its losses. The portfolio is concentrated towards Energy (19.08%), Banks (13.39%) and Construction (5.69%). The top 10 holdings comprise 34.68% of its net assets. In 2009, the Fund increased exposure in Banking in line with its superb performance by its BSE Bankex. The fund manager also reduced the cash level from 27.12% in Feb 2009 to 2.4% in July 2009 which helped in doling out a return of 90.55% against category average of 84.4%.

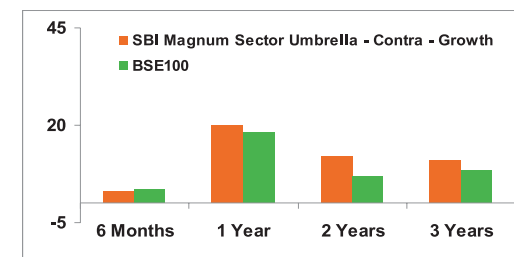
NAV Movement



Style Box Analysis



Comparative Performance





DSPBR Small & Mid Cap Fund (Mid Cap)

19th June 2010

At a Glance

Latest NAV (Gr):	Rs. 16.23 (Jun 16, 10)
Latest NAV (Div):	Rs. 14.88 (Jun 16, 10)
Fund Category:	Equity Diversified
Entry Load (%):	Nil
Exit Load (%):	1% (< 365 days)
Inception Date:	14-Nov-06
Net Assets (Rs. Cr.):	847.67 (31-May-10)

Fund Manager

Apoorva Shah (Since April 2008)

Portfolio Attributes

Top 5 Holdings	14.46%
No. of Stocks	64
Exposure to BSE 200	34.04%
Exposure to CNX 500	65.99%
Portfolio PE Trailing	25.36
Expense Ratio	2.00 (31-May-10)

Dividends Declared

12-Mar-10	13
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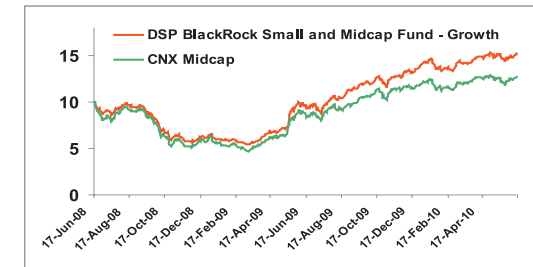
Scheme Objective

The scheme aims to generate long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities, which are not part of the top 100 stocks by market capitalisation.

Scheme Analysis

In its 3.5 yrs of performance, the fund has seen both the bull and bear phases but it failed to prove its mettle in initial two years. In 2007 & 2008, it underperformed its category. However, in 2009, the fund put itself as a star performer. In 1-year period starting Mar 09, 2009, the lowest in recent bear period, the fund returned 163.61%, much higher than its benchmark. The Fund Manager is bullish on Pharma, Engineering & Capital Goods, Fertilizers and Power. The top 3 sector include 38.47% of total assets. The top 3 stocks include Cadila Health(3.16%), Jubilant Org(2.88%) & Bayer CropSci (2.88%).

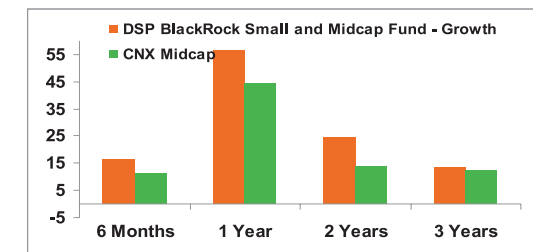
NAV Movement



Style Box Analysis



Comparative Performance





Reliance RSF-Equity (Multi Cap)

19th June 2010

At a Glance

Latest NAV (Gr):	Rs. 28.90 (Jun 16, 10)
Latest NAV (Div):	Rs. 22.53 (Jun 16, 10)
Fund Category:	Equity Diversified
Entry Load (%):	Nil
Exit Load (%):	1% (< 365 days)
Inception Date:	9-Jun-05
Net Assets (Rs. Cr.):	2722.37 (31-May-10)

Fund Manager

Omprakash Kuckien (Since Nov 2007)

Portfolio Attributes

Top 5 Holdings	17.03%
No. of Stocks	41
Exposure to Sensex	33.31%
Exposure to Nifty	39.52%
Portfolio PE Trailing	26.95
Expense Ratio	1.86 (31-May-10)

Dividends Declared

24-Jul-10	22.5%
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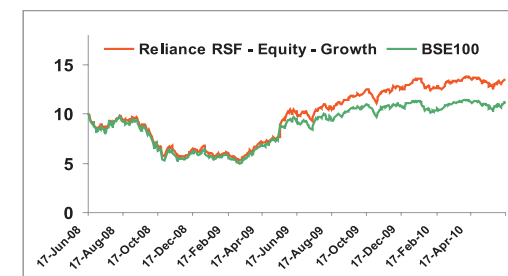
Scheme Objective

It aims to generate consistent returns by actively investing atleast 80% of its assets in equity or equity related securities and remaining 20 % of its assets in debt and money market instruments with an average maturity of 5 to10 years.

Scheme Analysis

Since Kuckien joined as Fund Manager, the fund has performed well in all categories. His bets proved well in up market in 2007 and provided 92.98% against category average of 59.56%. In downside, he resorted to high cash levels which protected the fund from a massive fall. In 2008, the fund gave (-)54.61% against category return of (-)55.27%. The Fund has 11.64% exposure in banks. The other sectors where the FM is bullish is Oil&Gas, Softwares, Pharma etc. In 1-year and 3-year category, the fund has returned 31.13% and 20.32% against benchmark return of 28.54% and 8.18% respectively.

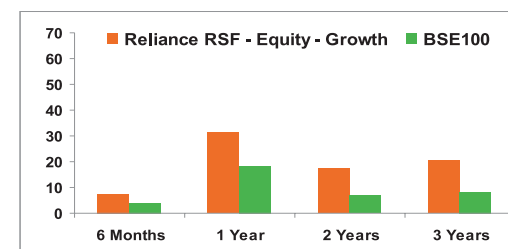
NAV Movement



Style Box Analysis



Comparative Performance



MOST Options Strategy

Strategy: Nifty Short Strangle(*) (*Range bound*)

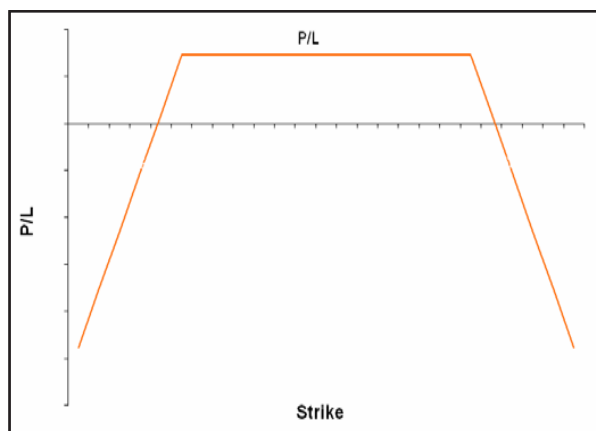
Strategy: DLF Long Call(*) (*Moderately Bullish*)

Strategy: Sail Long Put(*) (*Moderately Bearish*)

Strategy: Nifty Short Strangle

- View** : Range Bound
- Rationale** :
1. Huge congestion in 4700 - 4900 July series Puts on the Downside
 2. On the higher side 5400 - 5600 heaviest built calls.
 3. Implied Volatility around 20% indicating stability.
- Premium Outflow** : Rs.2,950.00 (per spread)
- Margin** : Rs.32,000.00 (Approx)

Strategy



BUY/SELL	SCRIP	SERIES	OPTION	STRIKE PRICE	RECO PRICE
SELL	NIFTY	JUL	CE	5500	Rs.28
SELL	NIFTY	JUL	PE	4800	Rs.31

Pay Off on Expiry

BREAK EVEN POINT	MAXIMUM PROFIT	MAXIMUM LOSS
4741 & 5559	Rs.2,950 Between 5500 - 4800.	Unlimited above 5559 & below 4741

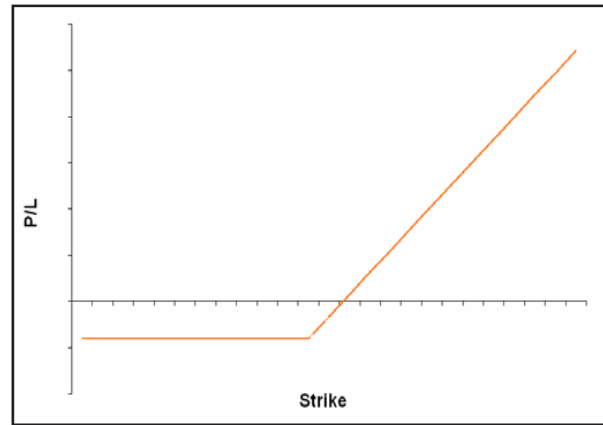
Strategy: DLF Long Call

View : Moderately Bullish

Rationale : 1. Long Build-up in Futures.
2. Exits in higher Calls.

Premium Outflow : Rs.4,000 (per call)

Margin : N.A.



Strategy

BUY/SELL	SCRIP	SERIES	OPTION	STRIKE PRICE	RECO PRICE
BUY	DLF	JUN	CA	280	Rs.5

Pay Off on Expiry

BREAK EVEN POINT	MAXIMUM PROFIT	MAXIMUM LOSS
285	Unlimited ABOVE 285.	Rs. 4,000 Below 280

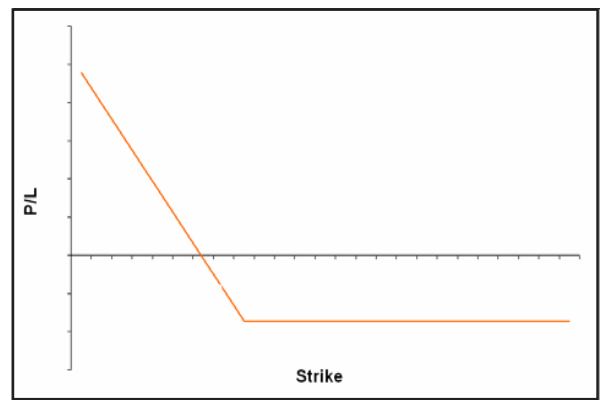
Strategy: Sail Long Put

View : Moderately Bearish

Rationale : 1. Huge increments in ATM puts
2. Short Build Up in futures.

Premium Outflow : Rs.8, 505 (per call)

Margin : N.A.



Strategy

BUY/SELL	SCRIP	SERIES	OPTION	STRIKE PRICE	RECO PRICE
BUY	SAIL	JUN	PA	200	Rs.6.3

Pay Off on Expiry

BREAK EVEN POINT	MAXIMUM PROFIT	MAXIMUM LOSS
193.7	Unlimited below 193.7	Rs. 8,505 above 200



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19th June 2010

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

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