



# KARVY BAZAAR BAATEIN

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**NSE**  
52 Wk H/L : 4693.20/2252.75  
**Mcap** : Rs41,39,810 cr.  
**BSE**  
52 Wk H/L : 15600.30/7697.39

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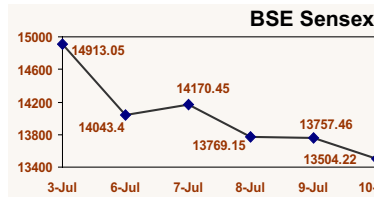
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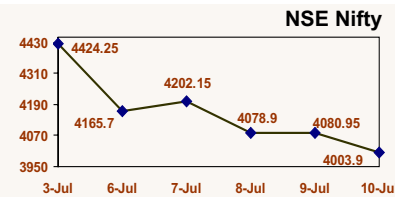
by **S. Gopichand** on behalf of Karvy Stock Broking Limited.

Editor: **S. Gopichand**

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**13504.22**  
↓ 9.45%



**4003.90**  
↓ 9.50%

### An altruistic budget...

Both the benchmark indices witnessed one of the steepest weekly falls since October 2008, with the BSE Sensex and the Nifty plummeting by about 9.5% W/W. The markets lost heavily on Monday as the Union Budget was mostly perceived to have fallen short of expectations. This was particularly so because of the high expectations built-up from this Budget. However, the absence of key policy announcements and reforms largely ended up disappointing market participants.

What's more, after highly volatile sessions in the middle of the week, the markets witnessed an ambush on Friday. Until the last one hour of trade, the indices were relatively calm and expected to close marginally in the green. However, suddenly, the bears came from behind and drove the markets down at breathtaking pace, leaving participants speechless. One of the reasons attributed for the fall are increased monsoon concerns as heavy selling was witnessed in frontline stocks by overseas investors.

If the proposals in the Union Budget are any indication, we will increasingly see a more "inclusive" economic growth. While serious efforts are being made to increase government spending on infrastructure, a variety of social sector reforms has become a major priority for the government. However, there was very little clarity or roadmap on disinvestment, which was quite high on the agenda for the markets. Moreover, a high fiscal deficit of 6.8% and fears of increased government borrowing saw markets taking a steep fall on Monday.

The broad contours have been given shape to reduce the fiscal deficit. We believe the general disappointment in the market is expected to be short-term in nature. Overall, it was a Budget that signalled economic growth prospects while reminding us that all expectations cannot be met in a single Budget. Furthermore, the respective ministries are likely to make policy announcements in the coming days in regard to financial services sector reforms, increase in FDI limits, and a detailed disinvestment plan. The Nifty is likely to be volatile within a broad range of 3800-4300 in the next few trading sessions.

### KBB weekly recommendations for the week beginning 13<sup>th</sup> July.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
ITC	Buy	210.60	203-204	197.50	218-220	7-8 Days
HUL	Buy	267.35	257-260	252.80	275-278	5-6 Days
SAIL	Buy	153.55	147-150	144.05	160-162	5-6 Days
MRPL	Buy	73.50	Above 74	71.90	84-85	5-6 Days
DR Reddy	Buy	798.75	790-795	782.80	833-835	5-6 Days

**Disclaimer:** The above recommendations are purely based on technical analysis. Hence, the stop loss should be strictly adhered to.

### KBB weekly performance monitor

Scrip	Action	Entry	SL	Target	Shares(#)	P/L	Return	Remark
HCC	Buy	108-110	104.80	118-120	1213	-5,093.41	-3.85%	SLT
ABB	Buy	Above 788	774.10	848-850	168	-2,496.29	-1.89%	SLT
Crompton	Buy	Above 303	295.80	328-330	435	-3,565.54	-2.70%	SLT
Tata Power	Buy	1180-1185	1170.80	1238-1240	112	-1,307.89	-0.99%	SLT
PFC	Buy	205-208	202.05	227-230	640	-2,848.56	-2.15%	SLT

Total						-15,311.68		
<b>Balance on inception</b> (26- Jan- 09)	<b>Balance last week</b> (03-July-09)	<b>Balance current week</b> (10-July-09)	<b>Abs. returns</b> WoW (%)	<b>Abs. returns since</b> Jan 26, 2009(%)				
5,00,000	6,60,932	6,45,620	(2.32)	29.12				

TA - Target achieved; SLT - Stop loss triggered; CMP - Closing price as on last trading day; NI - Not initiated; # No. of Shares; SL - Stop Loss; P/L - Profit/Loss



### Technical view

#### Maruti

**CMP: 1103.60**

Maruti was outperforming the market amidst increased volatility backed by positive news flow in terms of significant increase in sales numbers. The fundamentals shifted gears following the steep decline in interest rates and decline in commodity prices, and these factors boosted the sentiments. Moreover, in Friday's session, the stock hardly declined even though the market slipped sharply; what's more, the stock closed with a gain over the week. It continues to trade above all its moving averages, which is a positive takeaway. The stock recently registered a high of 1124, above which it could stage a strong break out. The 14-day RSI is around the 60 levels of the 100 scale and continues to trigger a buy signal from current levels. The immediate support is around 1050 and 1000 levels where the 21-day and 50-day EMAs are placed, respectively. A sustained breakout in the stock will see fresh buying interest, which will guide it to test higher levels of 1200 and 1250 levels in the

short term. Investors are advised to assume long positions in the stock above 1120 levels for an upside target of 1200 and 1250 levels in the short-term scenario. All long positions in the stock should be protected with a stop loss below 1050 levels on a closing basis.

#### Wipro

**CMP: 385.75**

Wipro witnessed sideways movement after it registered a high of 455 in recent sessions, and the declines have been on the back of increasing volumes. The stock is trading around its short-term moving averages of 8-day and 21-day EMAs, and has repeatedly found support at its 50-day EMA, which is the crucial point of observation in the near term. The 14-day RSI is hovering between 45 and 50 levels of the scale and has triggered a fresh buy signal, indicating further momentum in the stock. Immediate support is around 365 levels, which is the 50-day EMA. If sustained in the near term, the stock could see an increase in momentum. Investors are advised to assume long positions in the stock in the range of 375-380 levels for a short-term

target of 410 and 450 levels. All long positions in the stock should be protected with a stop loss below 340 levels on a closing basis.

#### IVRCL

**CMP: 312.75**

IVRCL witnessed significant movement prior to the budget; however, the follow-up sessions witnessed profit-taking. The stock slipped below its 8-day EMA levels in Friday's session, and its inability to hold this level would induce further decline towards 290 levels where the 50-day EMA is currently placed. The 14-day RSI is around the support line of 48-50 and hints at further declines from the current levels. The immediate support is around 290 and 250 levels. A sustained move near the 290 levels will see fresh buying interest in the stock that will guide it to test higher levels of 380 in the short term. Investors are advised to assume long positions in the stock in the range of 290-300 levels for an upside target of 350 and 380 levels in the short-term scenario. All long positions in the stock should be protected with a stop loss below 250 levels on a closing basis.

- Kalyan C. Reddy

### Fundamental view

#### Budget FY2010

Like the preceding budgets, the Union Budget 2009-10 fell short of market expectations and was lacking any major reforms. Although the government made an attempt to increase its expenditure to provide some impetus to economic growth, we believe it would be insufficient to attract foreign capital or compel the private sector to reinvest in fixed assets. The economy and the markets have to be prepared for a lower, but more inclusive, growth outlook.

In 3QFY09 and 4QFY09, the government expenditure has been the driving force for

#### Demand Side Growth in GDP, Growth Contribution & Relative Share

%	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
GDP at market prices	8.4	8.3	9.3	9.7	9.1	6.1
Consumption (pvt.)	5.9	5.2	7.1	6.3	8.5	2.9
Consumption (govt.)	2.6	3.6	6.2	5.5	7.4	20.2
Gross Capital Formation	17.6	21.8	19.5	13.2	14.7	na
Gross Fixed Capital Formation	13.6	18.9	17.6	14.5	12.9	8.2
Change in stocks	-8.0	140.1	61.9	5.4	51.7	2.9
Exports	9.6	27.2	17.6	21.1	2.1	12.8
Imports	13.8	22.2	41.1	24.5	6.9	17.9

Source: CSO in Economic Survey

GDP growth. If it were not for the Sixth Pay Commission, the farm loan waiver, and increased government spending, the 5.8% GDP growth recorded in the preceding two quarters may not have been possible.

Although government expenditure has clearly replaced private corporate sector investment as the major driver of GDP, it has been insufficient to drive GDP growth to 9% levels.

#### Quarterly GDP growth

Sector(s)	2007-08				2008-09			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
% change y-o-y								
Agriculture, Forestry & Fishing	4.3	3.9	8.1	2.2	3.0	2.7	-0.8	2.7
Mining & Quarrying	0.1	3.8	4.2	4.7	4.6	3.7	4.9	1.6
Manufacturing	10.0	8.2	8.6	6.3	5.5	5.1	0.9	-1.4
Electricity, Gas and Water Supply	6.9	5.9	3.8	4.6	2.7	3.8	3.5	3.6
Construction, Trade Hotels, Transport and Communication	11.0	13.4	9.7	6.9	8.4	9.6	4.2	6.8
Trade, Hotels, Transport & Communication	13.1	10.9	11.7	13.8	13.0	12.1	5.9	6.3
Financing, Insurance, Real Estate & bus. Services	12.6	12.4	11.9	10.3	6.9	6.4	8.3	9.5
Community, Social and Personal Services	4.5	7.1	5.5	9.5	8.2	9.0	22.5	12.5
GDP at Factor Cost	9.2	9.0	9.3	8.6	7.8	7.7	5.8	5.8

Source: CSO in Economic Survey

### Market pulse

#### Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
<b>Buy</b>			
Educomp Solutions	3748.06	104454	Goldman Sachs Invest Mauritius
Ispat Industries	19.03	7248357	Jaypee Capital Services
HDIL	237.69	1466388	Genuine Stock Brokers
Firstsource Solutions	22.34	2965207	Jaypee Capital Services
<b>Sell</b>			
ANG Auto	32.14	242508	Fidelity India
Educomp Solutions	3828.18	198500	C D Integrated Services Ltd.
HCC	99.28	3194000	Morgan Stanley Mauritius
Mangalam Timber	23	132270	IFCI

#### Top Gainers (Weekly)

Company	10-July	03-July	%Change
ITC LTD	210.60	191.70	9.86
Hero Honda	1452.25	1370.10	6.00
Ambuja Cements	95.75	91.15	5.05
Maruti	1103.60	1058.75	4.24
TCS	395.15	390.95	1.07
Cipla	262.45	260.75	0.65

#### Top Losers (Weekly)

Company	10-July	03-July	%Change
Suzlon	83.25	106.85	-22.09
Rel Capital	742.85	938.30	-20.83
Rel Infra	1028.15	1291.85	-20.41
Unitech	67.50	83.80	-19.45
Tata Steel	352.90	437.95	-19.42
DLF	278.50	337.10	-17.38
RCom	242.70	292.55	-17.04
ICICI Bank	628.85	754.95	-16.70
Siemens India	410.70	489.80	-16.15
L&T	1356.55	1607.55	-15.61

#### FII Invt (Rs.cr)

#### MF (Rs.cr)

Date	Purchases	Sales	Purchases	Sales
3-Jul-09	2149.60	1581.30	786.00	480.90
6-Jul-09	3189.50	3540.80	950.30	1537.00
7-Jul-09	5956.70	3158.10	1077.70	880.60
8-Jul-09	3451.00	2675.50	873.40	1148.20
9-Jul-09	2345.30	2636.90	746.70	489.50
<b>Total</b>	<b>17092.10</b>	<b>13592.60</b>	<b>4434.10</b>	<b>4536.20</b>

#### Corporate Actions

Company	Date	Purpose
ITC	13-Jul-09	AGM/DIV-RS.3.70 Per Share
Tata Power	14-Jul-09	AGM/DIV-RS.11.50 Pr Share
Ashok Leyland	14-Jul-09	AGM/DIV-RE.1/- Per Share
Balaji Telefilms	16-Jul-09	AGM/DIV-RE.0.30 Per Share
Reliance Power	12-Jun-09	Annual General Meeting

(Compiled by Amit Chopra and Atul Sethia)

### Budget

	Percentage to Nominal GDP (%)	FY08	FY09RE	FY10BE
a	Revenue receipts	10.2	10.6	10.5
-	Tax revenues	8.3	8.8	8.1
-	Non-tax revenues	1.9	1.8	2.4
b	Non-debt capital receipts	0.8	0.2	0.1
c	Total Receipts	11.0	10.8	10.6
d	Non-plan expenditure	9.6	11.6	11.9
-	Revenue account	7.9	10.6	10.6
-	Capital account	1.6	1.1	1.3
e	Plan expenditure	3.9	5.3	5.6
-	Revenue account	3.3	4.5	4.8
-	Capital account	0.6	0.8	0.8
f	Total expenditure	13.4	16.9	17.4
-	Revenue account	11.2	15.1	15.3
-	Capital account	2.2	1.8	2.1
g	Fiscal deficit	-2.4	-6.1	-6.8
h	Revenue deficit	-1.0	-4.5	-4.8

Source: Budget documents & Economic Survey

Since FY08, the central government has been making concerted efforts to increase its total expenditure to enhance GDP growth. Its total-expenditure-to-GDP has increased from 16.9% in FY09RE to 17.4% in FY10BE, an increase of 0.5 percentage points. The increase in expenditure has come from non-plan capital (defense and others) and plan revenue (welfare schemes) expenditure. Such an increase in expenditure has an impact on the fiscal deficit which has deteriorated to 6.8% of GDP for FY10BE from 6.1% in FY09RE. Although some sections of the market are alarmed by the increase in fiscal deficit, we believe that the government has no other alternative if it wants to avert a prolonged economic slowdown, as the private sector is in no position to revive economic growth.

The main issue is whether the 0.5-percentage-point increase in government expenditure to GDP from FY09RE to FY10BE can enhance India's 5.8% GDP growth to around 7%. We believe that while the increase in government expenditure could promote a more inclusive growth, it could be difficult for the GDP to grow by more than 6% in FY10, as the fiscal stimulus in FY09 had the impact of large one-off items like the Sixth Pay Commission and the farmer debt write-off. The 20.2% government consumption expenditure growth in FY09 is unlikely to be repeated in FY10 as the central government's total expenditure to GDP has increased from 13.4% in FY08 to 16.9% in FY09RE.

It is expected to further increase to 17.4% of GDP in FY10BE. Meanwhile, private consumption expenditure in FY09 only grew by 2.9% and has only contributed to 23% of GDP growth as against 53.8% in FY08.

The others factors which could enhance the GDP are private corporate investment and foreign capital inflows. The private sector, in our view, is not capable of driving growth as it has its own problems of over-capacity. Although the budget could have provided an opportunity for higher foreign capital inflows by announcing some major reforms, the government decided otherwise. In the absence of such drivers, we believe that this budget lacks the impetus to boost GDP growth to 7% levels.

Sectors	Impact of Budget
Automobiles	Neutral
Banking	Negative
Cement	Neutral
Fertiliser	Positive
Infrastructure	Positive
Metal	Negative
Multiplex	Neutral
Oil & Gas	Positive
Paper	Positive
Pharmaceutical	Positive
Power	Positive
Real Estate	Neutral
Shipping	Negative
Sugar	Negative

Source: KSBL Research

- Karvy Equity Desk



### Save tax by investing your capital gains

#### Introduction

People invest their hard-earned money so that they can profit from it. Profits are generated from the sale of assets, such as real estate, gold, shares, and mutual funds. These profits are termed as capital gains and the tax levied on it is referred to as capital gains tax. The amount of tax payable on capital gains depends on two factors:

- ✍ How long the asset has been held by the investor?
- ✍ Has there been any re-investment of income generated through such sources?

#### Long-term and short-term capital gains

In this article, we will primarily talk of capital gains on sale of residential property. So how does one distinguish between long-term and short-term capital gains?

- ✍ If a seller had a residential property in his possession for more than 36 months, then the gains arising from the sale of that property can be categorized as long-term capital gains.
- ✍ On the other hand, if a seller disposed off his residential property in less than 36 months, then the gains on that property can be categorized as short-term capital gains.

While computing the taxable amount, it is important to identify whether it is a long-term gain or a short-term one as both are subject to different tax rates. Basically, you will be taxed depending on the tax bracket that you fall under.

- ✍ In regard to short-term gains, the income will be added to the total taxable income and will be taxable on the slab rates provided by the Income Tax Act, 1961.
- ✍ However, the computation of long-term capital gains is a bit complex as “indexation” comes into play. Indexation is the process by which inflation is taken into account and the purchase price is proportionately increased. The tax on long-term capital gains with indexation is 20%, and it is 10% without indexation.

#### Computation of long-term capital gains

The calculation of long-term capital gains is as shown in the following:

- ✍ Find out the full value of the consideration (i.e., sale value);
- ✍ Deduct the following—expenditure incurred wholly and exclusively in connection with such a transfer; indexed cost of acquisition; and indexed cost of improvement;
- ✍ From the resulting sum, deduct the exemption provided under Section 54;
- ✍ The balance amount is the long-term capital gain.

Section 54 provides exemption on long-term capital gains arising from the sale of residential property and investment of such capital gains in another residential property. The law envisages a time limit within which the investment should be made, i.e., two years for purchase of another house and three years for construction of a new

house. However, if you cannot find another property of your choice after the sale of the earlier one, the capital gain can be deposited in any authorized bank under a Capital Gains Accounts Scheme until the investment is made.

If the residential property is sold for a profit, then you can get some relief on the capital gains tax provided the following conditions are met.

- ✍ The seller should be an individual or an HUF;
- ✍ If the property sold by you was held for at least three years from the date of purchase, i.e., the asset should be a long-term capital asset.

If the above stated condition is fulfilled, then you are entitled to a relief in the following situations:

- ✍ If you buy a new house within two years from the date of sale.
- ✍ If you are constructing a new house and the construction is completed within three years from the date of sale.
- ✍ The new house property purchased or constructed has not been transferred within a period of three years from the date of purchase or construction.

The investor only needs to *invest the value of the capital gains* that arise as per the above stated conditions.

#### Calculation of long-term capital gains: An illustration

Let us elucidate the discussion on capital gains tax with an example. Suppose Ram purchased a house for Rs10 lakhs and, after four years, sold it for Rs30 lakhs. Since he held the house for more than 36 months, the transaction comes under the bracket of long-term capital gains. To arrive at the long-term capital gains, subtract the actual sale price from the purchase cost. To compute long-term capital gains (with indexation), Ram should refer to the cost-inflation index (CII) chart published by the government every financial year. To save tax on this gain, he must reinvest the money within two years from the date of sale of the asset.

The relief obtained on the long-term capital gains tax from the sale of the house can be deposited under a Capital Gains Accounts Scheme in any authorized bank before the due date of filing a return on income. This is not relevant for those sellers who have invested the capital gains in the purchase of another house property or in the construction of the same. On the other hand, if the amount deposited in the scheme is not used to buy a new house within a period of three years, the amount will be treated as long-term capital gain for the previous year.

#### Consequences of selling the new house within three years

If the new house property is transferred within a period of three years from the date of purchase or construction, then the capital gains arising from it—along with the capital gains exempted from the sale of the previous house—will be liable to tax in the year of sale of the house property. In such a scenario, the exemption amount under Section 54 will be reduced from the cost of acquisition of the new house even as we calculate the short-term capital gains on the transfer of the new asset.

- Jeevan Sebastian D'Souza

### Commodities review

#### Precious metals review

**Bullion:** Bullion prices declined sharply last week due to appreciation of the US dollar and recovery in the equity market. Moreover, release of better-than-expected economic data in the US indicated that the economy is reviving from its recent slump, thus easing the appeal of bullion as an alternate asset class. Among economic releases, the ISM Non-Manufacturing Composite rose to 47, slightly higher than the expected 46. This jump in the index provided relief to the beleaguered economy as the service sector contributes to around 70% of the country's GDP. In addition, the Initial Jobless Claims have declined considerably to 5,65,000 against the expected figure of 6,03,000 while Wholesale Inventories for the month of May declined by 0.8% compared to the previous level of 1.4%.

Meanwhile, weakness in the euro against the US dollar due to contraction in the Euro-zone GDP by 2.5% in Q109 also resulted in bearish sentiment in the market. The G-8 ministers met in Italy last week and raised concerns regarding dollar-denominated assets. The Russian and Indian governments have again expressed their displeasure regarding the dollar system.

This week, we expect bullion prices to decline further as economic data releases scheduled for the week indicates towards further improvement in the economy. The active COMEX August gold futures are expected to trade in the range of \$880-912 per troy ounce and the COMEX September silver futures are expected to trade in the range of \$12.10-12.90 per troy ounce.

#### Energy review

**Crude oil:** Last week, crude oil prices continued with its declining trend that began since the beginning of this month. Prices of crude oil declined in response to the strength in the dollar index and stayed steady towards the weekend. The dollar index started the week on a bullish note but took a steep fall towards the later part of the week. Although crude oil inventory had been declining on a week-on-week basis, the inventory of petroleum products like gasoline and distillate had been rising each week, thereby pressurising prices to remain low. Gasoline and distillate inventories surpassed their estimates, rising by 19,02,000 barrels and 37,39,000 barrels, respectively. This is despite the fact that the peak summer driving season had arrived. On the whole, prices on NYMEX dropped close to 11%, moving towards the biggest weekly decline since January.

This week, prices are expected to trade low due to persisting demand concerns and rising inventories of crude oil products as prospects of a speedy economic recovery stand in doubt.

#### Base metals review

Base metals futures prices remained highly volatile last week and finally ended in the red. Among metals, nickel plummeted 8.05%, losing its penultimate week's gains, while lead, copper, aluminium and zinc prices fell 4.97%, 1.71%, 1.00% and 1.42%, respectively.

The fall in crude oil prices by 9.47% during the week limited base metals prices and the declining warehouse inventory failed to lend any support to prices. During the week, copper inventory fell by 6,300 tonnes while

aluminium declined by 4,700 tonnes. The U.S. Initial Jobless Claims reduced to 5,65,000 in June against 6,14,000 in May. Although economic data emanating from the US showed a recovery initially, the dollar was seen to lose on the weekend. Among economic releases from the Euro-zone, retail sales fell by 0.4%, German Factory Orders rose by 4.4% M/M against the previous figure of 0.0%, and German trade balance improved to 9.6 billion. The better-than-expected data from the euro zone supported the euro towards the weekend, thus reducing the strength of the dollar that was evident in the initial part of the week. A weaker US dollar limited the losses in base metals by enhancing dollar-denominated commodities.

On the industrial front, Nyrstar, the world's biggest producer of lead and zinc, announced strategic moves for mine expansion. At the same time, BHP Billiton Ltd., the largest mining company, announced closure of its mine owing to contraction in demand for lead and zinc. Zambia's Lumwana Mining Co. Ltd indicated concerns over reduced annual output due to production cuts, heavy rains, and lack of resources. Moreover, Vales plans to close Sudbury Smelter, one of the largest nickel production sites in the world, for scheduled maintenance.

This week, base metals prices are expected to trade sideways with a lower bias. Economic releases like Chinese imports and exports, Euro-zone industrial production, U.S. Advance Retail Sales, Empire Manufacturing, Industrial Production and minutes of FOMC meeting are expected to dampen the demand for base metals.

- Commodities Research Desk

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Premium year	Additional allocation (as % of regular premium)
3rd year to 10th year	1.0%
11th year to 20th year	2.0%
21st year onwards	3.0%

This addition is available to the policyholder as part of the maturity benefits and is subject to all due premiums that have been paid under the policy. No part of this benefit is payable on the surrender/lapse/termination of the policy and on death of the life assured.

**Top-up premium:** The policy provides the flexibility to pay an additional top-up premium at any time during the policy term. This is subject to the condition that the total amount of top-up premiums paid is not greater than 25% of the total regular premium paid to-date. If so, however, then this excess top-up premium will be used to provide additional sum assured coverage under the policy. The top-up premium can be paid up to four times in a policy year. The minimum top-up amount is Rs5,000.

#### Policy benefits

**Death benefit:** In the event of the unfortunate death of the life assured during the policy term, the nominee will receive the higher of either the sum assured value (net of all deductible partial withdrawals, if any) or the regular premium fund value at the applicable unit price. Moreover, for each top-up premium, the death benefit will be higher of: (a) the approved top-up sum assured(s) net of all 'deductible partial withdrawals', if any, from the top-up account; or (b) top-up 'fund value' at the applicable unit price.

**Maturity benefit:** On survival of the policy term, the policyholder will receive the investment fund value, which is inclusive of the fund value accumulated by the regular premiums as well as additions through the top-up premium route, if any. Maturity benefit can be received either as a lump sum or in instalments over a maximum period of five years under the settlement option available under the policy.

#### Eligibility parameters

**Age at entry:** Minimum – 30 days; maximum – 60 years

**Maximum age at maturity:** 75 years

**Policy term:** 15 years, 20 years, 25 or 30 years

**Annualized premium:** Minimum – Rs18,000; maximum – Rs50,000; premium payment term is the same as the policy term.

**Premium payment frequency:** Annual, semi-annual, quarterly or monthly

**Value of sum assured:** Five times the annualized premium value

**Maximum value of sum assured:** The policy term multiplied by the annualized premium value

#### Investment funds

The policy provides an option of choosing one or more of the six

investment funds that are available. These funds are: Equity Fund, Income Fund, Aggressive Growth Fund, Stable Growth Fund, Short Term Fixed Income Fund and Select Equity Fund.

**Systematic Money Allocation & Regular Transfer (SMART) Investment:** It is a systematic transfer plan that allows the policyholder to enter the volatile equity markets in a structured manner. Through SMART, the annual allocable premium can initially be parked in any one fund chosen under the policy. This fund is called the 'Accumulation Fund'. Thereafter a defined portion will get transferred out of the 'Accumulation Fund' to another fund on a monthly basis. This fund is called the 'Target Fund'. While stock markets remain volatile and unpredictable, SMART investment offers a systematic rupee cost averaging. Nevertheless, this option is subject to investment risks.

The policy provides a facility to switch the investment from one fund to another at any time during the policy term. A total of 12 free switches are allowed every year. Manual fund switching option for regular premium would not be available when the SMART option is active. However, for top-up premiums, manual switching option will be available at applicable charges. Also, the policy provides the facility for a re-direction of the future premiums to one or more different funds. There is no premium re-direction charge. Premium re-direction is not available if SMART option is exercised.

#### Policy charges

**Premium allocation charge:** This charge is applicable only in the first policy year. It is calculated at 30% of the regular premium amount. The premium allocation charge for the top-up premium will be 1.5% of this premium value.

**Fund management charge:** This charge will be applicable on a daily basis for each of the chosen investment fund(s).

Fund name	Fund management charge
Equity Fund	1.75% p.a.
Aggressive Growth Fund	1.60% p.a.
Stable Growth Fund	1.40% p.a.
Select Equity Fund	1.45% p.a.
Income Fund	1.25% p.a.
Short Term Fixed Income Fund	0.90% p.a.

**Mortality charge:** This charge provides life assurance coverage and is applicable on the sum-at-risk, which is equal to the sum assured (net of all deductible partial withdrawals, if any) less the regular premium fund value of the policy.

**Policy administration charge:** A monthly policy administration charge of Rs75 on the first Rs1,000 of the basic sum assured. This charge may be increased by up to a maximum of 5% p.a. Moreover, there will be a sum assured related charge of Rs3.25 per month per Rs1,000 of the basic sum assured for the first two policy years.

**Surrender charge:** The policy will acquire surrender value after completion of three years and the same becomes payable only after the completion of the third policy anniversary. This charge is applicable as a percentage of the fund value available at the time of policy surrender.

#### Tax benefits

Premiums paid under this policy are eligible for deduction under the provisions of Section 80C of the Income Tax Act, 1961. The benefits received under this policy are exempt from tax under Section 10(10D) of the Act.

## MUTUAL FUNDS

### Mutual fund performance

#### Equity Diversified

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
IDFC Premier Equity-A(G)	19.19	3.74	25.99	-
Reliance Reg Savings-Equity(G)	20.75	8.36	23.26	-
DSPBR Top 100 Equity(G)	70.72	8.38	17.85	28.91
HDFC Top 200(G)	139.06	16.34	17.78	30.37
DBS Chola Opportunities(G)	31.08	-1.71	17.48	24.77
Birla SL Frontline Equity(G)	59.79	9.89	17.30	28.06
Baroda Pioneer Growth(G)	38.91	7.96	17.18	28.06
Sahara Growth(G)	61.93	11.37	16.65	27.56
Reliance Growth-Ret(G)	310.99	1.31	16.32	34.50
DWS Investment Opportunity(G)	27.21	-7.45	16.18	25.27

#### ELSS

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
Taurus Tax Shield(G)	25.31	6.61	20.05	28.30
Sundaram BNPP Tax Saver(G)	31.63	3.29	15.24	-
Sahara Tax Gain(G)	24.84	14.31	14.29	9.50
Fidelity Tax Advantage(G)	13.58	4.33	13.31	-
Principal Personal Tax saver(G)	67.66	-11.25	10.83	21.31
Franklin India Taxshield(G)	136.75	4.03	10.11	22.98
Tata Tax Advantage-1	11.04	2.21	9.13	-
Reliance Tax Saver (ELSS)(G)	13.72	9.51	8.88	-
HDFC TaxSaver(G)	142.84	9.37	7.84	29.65
Kotak Tax Saver(G)	12.88	-6.82	7.72	-

#### Income Funds

Scheme Name	NAV (Rs)	3 Mths	1 Year	3 Yrs
Canara Robeco Income(G)	19.02	2.29	30.62	14.15
ICICI Pru Income-Ret(G)	29.38	2.81	25.63	12.65
DWS Premier Bond-Reg(G)	15.05	1.26	21.51	8.80
Fortis Flexi Debt-Reg(G)	15.57	5.27	21.14	12.88
Kotak Twin Advantage II(G)	13.35	21.62	20.27	
Reliance Income(G)	30.26	1.78	19.25	10.80
IDFC Dynamic Bond-A(G)	18.11	1.43	19.03	12.10
Kotak Bond-Reg(G)	25.56	1.80	18.85	11.13
Kotak Bond-Deposit(G)	23.80	1.80	18.51	9.90
Birla SL Income Plus-Ret(G)	40.89	1.34	18.03	11.71

#### Gilt Funds

Scheme Name	NAV (Rs)	3 Mths	1 Year	3 Yrs
ICICI Pru Gilt-Invest-PF	18.23	6.54	42.38	18.46
ICICI Pru Gilt-Invest(G)	31.69	3.82	31.46	14.82
JM G-Sec-Reg(G)	28.85	2.88	30.54	11.86
DSPBR GSF-Longer Dur(G)	31.40	0.69	28.48	12.28
Templeton India G-Sec-LTP(G)	22.78	0.05	24.60	13.19
Escorts Gilt(G)	20.26	0.99	22.70	12.50
Templeton India G-Sec-Composite(G)	32.66	-0.32	22.57	11.90
Templeton India G-Sec-PF(G)	14.35	-0.32	22.57	11.92
Birla SL Govt Sec-LT(G)	24.52	1.98	22.39	8.60
Canara Robeco Gilt PGS(G)	25.06	0.05	21.81	11.91

Source: Acemf Note: All NAV as of July 09, 2009

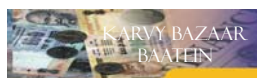
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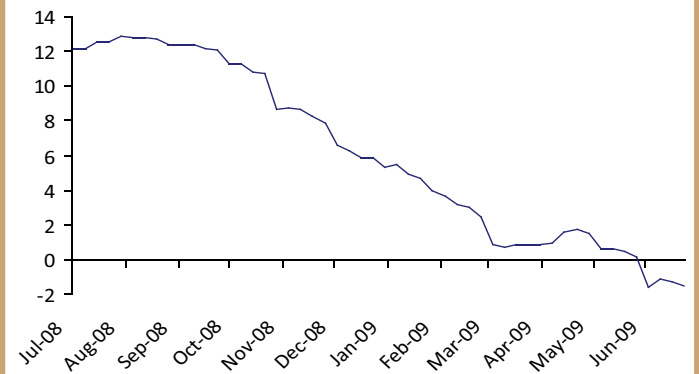


## MARKET DATA

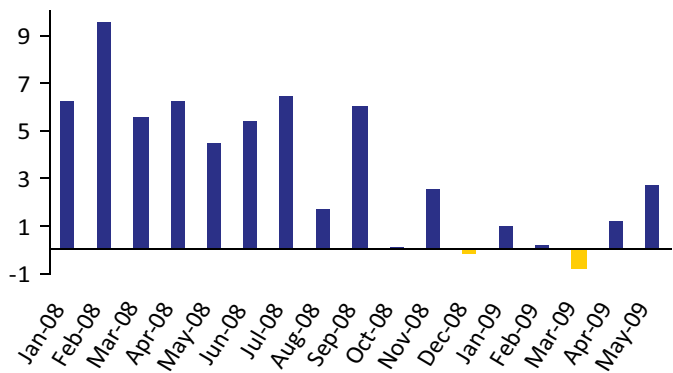
### Sensex movement



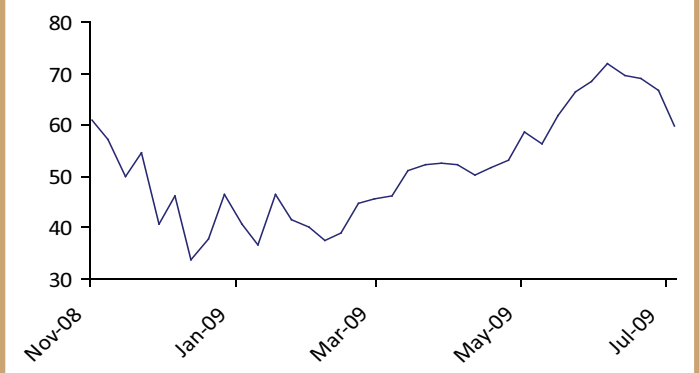
### Inflation is at -1.55%



### Index of Industrial Production (IIP)



### Crude oil (US\$/bbl.)



### Global indices: Weekly performance

	Close (July 10)	Close (July 03)	Weekly (%)	6M (%)	12M (%)	PE Ratio
<b>ASIA</b>						
Hang Seng	17708.42	18203.40	-2.72	23.17	-18.85	15.85
STI	2307.98	2299.75	0.36	27.79	-20.46	12.08
S. Korea	1428.62	1420.04	0.60	20.97	-7.08	32.02
Nikkei 225	9287.28	9816.07	-5.39	5.10	-28.93	-
<b>AMERICA</b> (closing as on July 09)						
Dow Jones	8183.17	8280.74	-1.18	-4.84	-27.13	10.91
S&P 500	882.68	896.42	-1.53	-0.86	-29.58	14.02
NASDAQ	1752.55	1796.52	-2.45	11.51	-22.38	26.65
<b>EUROPE</b> (closing as on July 09)						
FTSE-100	4158.66	4236.28	-1.83	-7.24	-23.68	31.81
DAX 30	4630.07	4708.21	-1.66	-3.93	-27.10	25.49
CAC 40	3025.94	3119.51	-3.00	-8.97	-29.02	10.62

Source: Bloomberg

### Domestic indices: Weekly performance

	Close (July 10)	Close (July 03)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	13504.22	14913.05	-9.45	43.56	-3.03	15.54
Nifty	4003.90	4424.25	-9.50	39.36	-3.80	15.73
BSE 500	5122.34	5646.62	-9.28	46.68	-4.75	15.54
BSE Auto	4567.12	4612.81	-0.99	80.98	28.09	14.86
BSE Bankex	7319.81	8459.70	-13.47	36.02	18.73	11.97
BSE Capital Goods	11291.12	13013.06	-13.23	69.04	-0.43	23.61
BSE Consumer Durables	2768.80	2985.46	-7.26	53.06	-24.15	9.24
BSE FMCG	2385.32	2290.22	4.15	19.63	17.52	23.04
BSE Healthcare	3533.00	3654.91	-3.34	22.98	-14.96	37.34
BSE IT	3196.09	3327.35	-3.94	49.91	-23.71	15.71
BSE Oil & Gas	8533.30	9597.26	-11.09	47.70	-6.02	14.66
BSE Metal	10117.44	11303.34	-10.49	94.42	-21.93	10.96
BSE Realty	2845.66	3435.23	-17.16	52.66	-41.64	12.53
BSE PSU	7390.00	8226.83	-10.17	42.55	21.67	52.54
BSE Power	2603.36	2930.23	-11.16	46.19	6.31	25.42
BSE Tech	2486.84	2643.54	-5.93	38.15	-20.74	16.53

(Compiled by Amit Chopra)

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