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NSE

52 Wk H/L : 4693.20/2252.75

Mcap : Rs45,24,861 cr.

BSE

52 Wk H/L : 15600.30/7697.39

Editor : S. Gopichand

Managing Editor : Satyan Nair

Deputy Editors : Bhuvan Yadav, Kalyan C Reddy, Pavan Katta, Harish G.

Research Team : JK Jain, Rajendra P, Atul Stanley Hermit, Krishna Veni, Raj Deepak Singh, Pradeep Kumar S.

Production : Amit Chopra, Vijayendra Kumar CH, Raju.A.

For subscription enquiries please contact
Aswin Panda ☎:040-23395894For advertising enquiries please contact
Pavan Katta ☎:040-23312454 ext:152

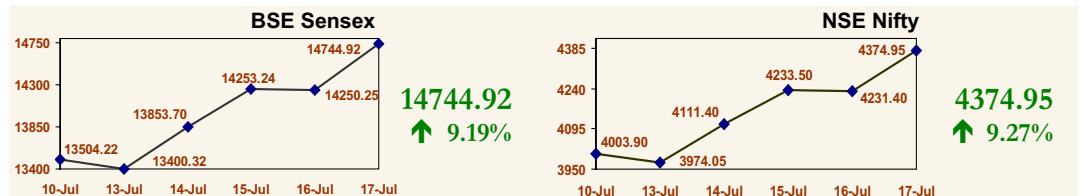
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by S. Gopichand on behalf of Karvy Stock Broking Limited.

Editor: S. Gopichand

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Biggest weekly gain since May 2009

The bulls made a spectacular comeback last week as the markets neutralized all the losses of the penultimate week from the budget disappointment. The result—the major indices registered the biggest weekly gain since May 2009, with both the BSE Sensex and Nifty closing with over 9% gains last week. The Nifty closed the week at 4375 levels (+9.27%) and the Sensex closed at 14745 levels (+9.19%).

The optimism on the street last week emanated from the Finance Minister's positive cues on the government's disinvestment process, which the markets had initially expected to be announced in the Union Budget. In addition, India Inc continued to post strong numbers, raising the confidence levels of traders and institutional investors. Moreover, with Goldman Sachs, JPMorgan and a string of major US companies announcing better-than-expected results, global cues remained hugely positive during the week as the S&P 500 and DJIA surged nearly 7%.

Among sectoral indices, BSE Realty led the rally last week, rising 17.62%, followed by BSE Auto and BSE Bankex with weekly gains of about 11%. The rally was across the board and did not remain restricted to a few sectors. Driven by extremely good Q1 FY10 results from Bajaj Auto, the automobile sector ended the week as one of the best performing sectors. While realty stocks rallied mainly due to short covering, fairly good Q1 numbers from Axis Bank and HDFC Bank triggered a rally in banking stocks.

Henceforth, in the near term, market movements are expected to be driven by corporate results, government announcement of key policy reforms, and developments on the keenly followed monsoon factor. Needless to say, global cues will continue to remain a major influencing factor. This week, the Nifty is likely to trade in the range of 4200-4450 levels, and a breakout above the 4450 levels is likely to take the Nifty to 4600 levels.

KBB weekly recommendations for the week beginning 20th July.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
Rel Capital	Buy	868.65	860-865	848.00	910-912	5-6 Days
Infosys	Buy	1866.30	1860-1865	1840.00	1918-1930	5-6 Days
Sasken	Buy	139.90	133-135	129.80	148-150	7-8 Days
HCC	Buy	104.05	102-104	98.10	116-118	5-6 Days
FSL	Buy	22.05	Above 22.50	19.00	34-35	13-15 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
ITC	Buy	203-204	197.50	218-220	1582	23,736.03	7.35%	TA
HUL	Buy	257-260	252.80	-	-	-	-	NI
SAIL	Buy	147-150	144.05	160-162	2174	-9,673.43	-3.00%	SLT
MRPL	Buy	Above 74	71.90	84-85	-	-	-	NI
DR Reddy	Buy	790-795	782.80	833-835	-	-	-	NI

Balance on inception (26-Jan-09)	Balance last week (10-July-09)	Balance current week (17-July-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	6,45,620	6,59,683	2.18	31.94

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

Hero Honda

CMP: 1640.30

Hero Honda showed a rising trend post the elections and registered a new high for this year. The rally since the start of the year has seen the stock move beyond all its moving averages which is a bullish sign. The stock has its 8-day EMA placed at 1499 levels, which is the immediate support for the short term, followed by the 50-day EMA at 1375 levels. The 14-day RSI is close to the overbought territory, but the move still appears to be northwards. On the RSI scale, the stock could move up to 80 and 85 levels. A sustained move near levels will result in profit-taking. The stock has immediate resistance around the 1775 levels beyond which it could move up to 1880 levels based on the price extensions on the weekly charts. Investors are advised to assume long positions in the stock in the range of 1620-1640 levels and average the same, if available, at 1500 levels for an upside target of 1775 and 1880 levels in the medium-term scenario. All long positions in the stock should be protected with a stop loss below 1375 levels on a closing basis.

ONGC

CMP: 1043.05

ONGC witnessed sharp declines in the last week's session prior to which the stock rose from the strong support levels of 980 and, thereon, witnessed profit-taking. The stock faced stiff resistance around the 1050 levels above which it would stage a strong breakout. It rose marginally in Friday's session on the back of increase in volumes, indicating the momentum to carry forward. The stock is trading near its short-term moving average of 8-day and 21-day EMA, and a breach above it would prove to be a critical point of observation in the near term. The 14-day RSI has found support from the 40 levels and has given a fresh buy trigger. However, we believe a marginal cool-off in the stock is possible around the 60 levels on the scale and, thereon, further upward movement can be expected. The stock has crucial support placed around 980 levels where it has made a double bottom. Investors are advised to assume long positions in the stock in the range of 1020-1050 levels for a short-term target of 1120 and 1200 levels. All long positions in the stock should be protected with a stop loss below 980 levels on a closing basis.

Cipla

CMP: 279.55

Cipla witnessed a significant unidirectional movement post the elections and is trading close to its all-time highs of 304 levels. The stock faced stiff resistance around the 270 levels and broke past that level in Friday's session. The immediate support is placed around 260 and 250 levels where the 21-day and 50-day EMAs are currently placed. The 14-day RSI is around the tip of the overbought territory of 70 and hints at further momentum from the current levels. The immediate resistance is around the 304 levels, which is the all-time high, and any move beyond that would guide the stock up to 340 levels in the medium term. A sustained move close to 250 levels will result in fresh buying interest which will guide the stock to test higher levels of 300 immediately. Investors are advised to assume long positions in the stock in the range of 275-280 levels for an upside target of 300 and 340 levels in the medium term. All long positions in the stock should be protected with a stop loss placed below 250 levels on a closing basis.

- Kalyan C. Reddy

Fundamental view

Bajaj Auto (Rs1,147)

Bajaj Auto (BAL) posted an excellent set of numbers as the company's EBITDA margin and net profit came in ahead of street expectations. BAL's reported revenues of Rs23,385 mn was in line with our estimates of Rs23,184 mn. However, due to lower volumes, the Y/Y revenue remained flat at 1.2% despite a 16.6% increase in net realisations.

Although the Y/Y revenues were flat, the EBITDA increased sharply by 70.7% as against our expectation of 40%. BAL reported an EBITDA margin of 19.5% for the quarter as against our expectation of 16.1% (street expectation was ~16-17%). The margins were better than our estimates primarily due to lower-than-anticipated raw material cost. The raw material cost for the quarter was lower than our estimates by 2.9%.

The VRS provision for the quarter stood at Rs458 mn as against our expectations of Rs611 mn. During FY10, BAL is expected to provide Rs1,833 mn for the VRS scheme announced by the company. This would be provided equally over four quarters as against our earlier expectations of equal provisions over three quarters. During the quarter, the overall gain on account of foreign exchange

fluctuations stood at Rs416.3 mn. However, the company provided for only Rs218 mn towards forex gains because during 4QFY09, the company had set aside a similar amount as forex loss. Due to the superior operational performance, the adjusted Y/Y net profit increased by 77.3% from Rs1,751 mn during 1QFY09 to Rs3,105 mn for 1QFY10.

Although the company reported a higher EBITDA margin during 1QFY10, we expect it would be difficult to sustain the same over the remaining part of FY10E due to two reasons. First, the company is launching a new motorcycle in the 100cc segment which will marginally shift the company's

product portfolio towards lower margins products. Secondly, going forward, we expect raw material prices to increase from the current levels which will make current margins unsustainable. Therefore we have not changed our estimates for the remaining part of the year. However, we upgrading our FY10E EBITDA and net profit estimates to reflect better-than-expected 1QFY10 results. For FY10E, we have increased our EBITDA estimates from Rs15,171 mn to Rs15,660 mn and adjusted our net profit estimates from Rs10,244 mn to Rs10,569 mn. We maintain our price target of Rs950 on the stock and rate it as an 'Underperformer'.

Bajaj Auto - Standalone		Y/E March (Rs Mn)	FY07*	FY08	FY09E	FY10E	FY11E
Reuters/ Bloomberg Code	BAJA.BO/ BJAUT IN	Net Sales	98,771	89,757	88,435	94,608	104,807
Market cap. (Rsbn)	166	EBITDA	17,759	12,294	12,385	15,660	16,471
Market cap. (US\$m)	3,387	Reported Net Profit	12,371	7,558	6,545	9,350	11,457
Shares outstanding (mn)	145	Adjusted Net Profit	12,702	8,240	7,777	10,569	11,457
52-week High/Low (Rs)	1211/262	Adjusted EPS (Rs)	125.5	56.9	53.8	73	79.2
		EPS growth (%)	13	(54.6)	(5.6)	35.9	8.4
		EBITDA Margin (%)	18	13.7	14	16.6	15.7
		PER (x)	9.4	22	25.4	17.7	14.5
		EV/EBITDA (x)	4.1	13.5	13.7	10.6	9.7
Major shareholders(%)		Price/Sales (x)	1.2	1.8	1.9	1.8	1.6
Promoter	49.6	Price/BV (x)	2.1	10.5	9.8	6.7	5.1
FII's	13.8	Dividend Yield (%)	3.5	1.7	1.9	1.7	1.7
Banks/FI's/MF's	9.9	RoCE (%)	26.3	41.3	35.4	39.3	35.7
Others and Public	26.6	RoE (%)	24.7	51.9	47.5	50.9	39.9

Source: Company and KSBL Research

* Before de-merger

Market pulse

Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
Kajaria Cera	34.00	1000000	Rare Investments
Aban Offshore	731.49	240113	India Advantage Securities
Sell			
Bajaj Hindusthan	137.05	1255796	Citigroup Global Mkts Mauritius
Network 18 Fincap	94.49	612669	Sundaram Bnp Paribas MF
Teledata Techno Solut	11.89	950000	Citigroup Global Markets Mauritius
Goed Ltd	95.09	806000	Morgan Stanley India Invstfund

Top Gainers (Weekly)

Company	17-July	10-July	%Change
HCLTech	215.45	176.70	21.93
DLF Ltd	332.65	278.50	19.44
ICICI Bank	742.85	628.85	18.13
Reliance Capital	868.65	742.85	16.93
Tata Motors	315.80	270.55	16.73
Hindalco	84.30	72.80	15.80
Axis Bank	851.10	738.25	15.29
Suzlon	95.70	83.25	14.95
HDFC	2522.80	2198.50	14.75
Unitech	76.25	67.50	12.96

Top Losers (Weekly)

Company	17-July	10-July	%Change
BPCL	459.35	452.30	1.56
Sterlite	588.30	575.90	2.15
Ambuja Cements	98.10	95.75	2.45
ABB Ltd	713.55	692.10	3.10
HDFC Bank	1436.65	1378.85	4.19
L&T	1419.45	1356.55	4.64
ONGC	1043.05	986.60	5.72
Tata Comm	491.35	462.70	6.19
Bharti Airtel	826.25	777.65	6.25
ACC Ltd	810.75	763.05	6.25

FII Invt (Rs.cr)

MF (Rs.cr)

Date	Purchases	Sales	Purchases	Sales
10-Jul-09	2345.30	2636.90	729.4	418.2
13-Jul-09	1897.80	2520.90	602.6	682
14-Jul-09	2071.50	1881.10	807.4	584.8
15-Jul-09	2106.90	1654.00	930.5	683.2
16-Jul-09	2887.50	1856.50	939.5	793
Total	11309.00	10549.40	4009.40	3161.20

Corporate Actions

Company	Date	Purpose
IDFC	20-Jul-09	Unaudited Financial Results
YESBANK	21-Jul-09	Unaudited Financial Results
HDFC	22-Jul-09	Unaudited Financial Results
India Cement	22-Jul-09	Unaudited Financial Results
Canara Bank	22-Jul-09	Unaudited Financial Results

(Compiled by Krishnaveni M)

Axis Bank (Rs756)

In Q1 FY10, Axis Bank reported a 29% Y/Y growth in net interest income to Rs10.5 bn (against our expectations of Rs9.5 bn) and a 47% Y/Y jump in operating profit to Rs11.7 bn (much higher than our expectation of Rs9.4 bn). The deviation in operating profit estimates was due to the 5.7-times exponential jump in treasury income to Rs3.3 bn. The bank reported a healthy growth of 25% Y/Y in CASA deposits mobilisation and 36% Y/Y growth in total retail deposits, helping it to contain the cost of funds. However, a fall in yield on advances led to a marginal drop in NIM to 3.34% (compared to 3.35% in Q1FY09).

During the quarter, Axis Bank reported a sharp increase in employee expenses, which can be attributed to the wage hike. Moreover, the bank made higher provisions for NPAs of Rs3.4 bn, besides Rs340 mn on account of restructured assets, and Rs480 mn in terms of write-back of investment depreciation losses. However, healthy growth in NII and a sharp jump in treasury income led to a 70% Y/Y jump in net profit to Rs5.6 bn. We reiterate our 'Outperformer' rating on the stock with a target price of Rs870 at 3.1x FY2010E ABV.

Healthy growth in total business: During the quarter, Axis Bank's total business grew by 26% Y/Y to Rs1,884 bn, due to a 28% growth in advances and a 24% growth in deposits. However, on a sequential basis, advances and deposits have shrunk by 4.2% and 6.0% Q/Q, respectively. In the current scenario, the bank seems to be more dependent on the retail segment which is reflected in the increase in its contribution. Moreover, during the quarter, agriculture and the SME segments shrunk more than Q4FY09. The growth in deposits mainly came from saving deposits. Meanwhile, current deposits grew by 16% Y/Y and de-grew by 24% Q/Q. CASA deposits and total retail deposits grew by 25% and 36%, respectively. Although the CASA deposits' share was maintained at 40% compared to 39.8% in Q1FY09, it declined from Q4FY09's level of 43%.

Marginal drift in margin: Although Axis bank maintained its NIM at 3.34% compared to 3.35% in Q1FY09, the NIM declined from the Q4FY09 level of 3.37%. Credit-deposit and incremental credit-deposit ratios were higher at 70.8% (against 68.7% in Q1FY09) and 79.4% (against 71.3% in Q1FY09), respectively. Contraction in SMEs' credit portfolio and increased bargaining on interest rates by corporate clients put

pressure on yield on advances which drifted down to 10.41% from 10.58%. Although, a sharp decline in wholesale deposit rates clubbed with lower retail deposit rates aided the bank's cost of funds as it eased to 6.09% from 6.11%. Going forward, management expects to maintain its margins.

Strong growth in non-fund income: An exponential jump of 5.7 times in treasury income to Rs3.3 bn, backed by stake sale in an entity, sale of investments from HTM book, and gains on foreign exchange trading aided the bank's treasury income growth. The bank's fee income growth moderated to 17% Y/Y due to the decrease in third-party products business and the reduction in cash management volumes.

Deterioration in asset quality: During the quarter, Axis Bank's gross NPAs increased by 43% Y/Y to Rs9.15 bn and net NPAs increased by 13% Y/Y to Rs3.7 bn. In percentage terms, GNPA increased to 1.0% in Q1 FY10 from 0.92% in Q1 FY09 and NNPA improved to 0.41% in Q1 FY10 from 0.47% in Q1 FY09. Provision coverage ratio increased to 60% in Q1 FY10 from 49% in Q1 FY09. During the quarter, the bank added fresh slippages of Rs175 mn. The bank restructured its loans worth Rs9.95 bn, of which Rs1.83 bn was done under CDR mechanism. Loans aggregating to Rs1.01 bn were restructured for a second time in terms of the RBI allowance. As on end-June 2009, the total value of assets restructured reached Rs25.2 bn. All restructured assets were standard loans. The bank's management believes that going forward, the restructuring process would retard.

Expansion in return ratio: Stability in margins and robust treasury income coupled with healthy fee income led to increase in return on assets to 1.63% in Q1 FY10 from 1.19% in Q1 FY09. Return on average equity was at 22.6% in Q1 FY10 compared to 19.3% in Q1 FY09.

Valuation: In FY2009-11, we expect Axis Bank's total business and net profit to grow at 28.5% and 10% CAGR. On the back of healthy margin and fee income, the bank is expected to report an RoAA of 1.0-1.09% and an RoAE of 16.7-17.54%. At the current market price, the stock quotes at 2.7x FY10E adjusted book value (gross book value adjusted for net NPAs and restructured assets). On the basis of our target price, the stock would trade at 3.1x FY10E ABV. Hence, we reiterate our 'Outperformer' rating on the stock with a target price of Rs870.

- Karvy Equity Desk

Mutual Fund performance

Equity Diversified

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
JM Mid Cap(G)	19.36	36.19	6.00	13.72
HDFC Top 200(G)	144.12	31.76	18.59	31.20
UTI-Oppor(G)	19.14	31.55	16.07	-
Reliance NRI Equity(G)	27.11	31.00	13.89	-
UTI-Transportation & Logistics(G)	15.62	30.28	-1.99	-
Birla SL Pure Value(G)	10.86	28.42	-	-
HDFC Equity(G)	171.93	27.35	14.38	29.28
Principal Junior Cap(G)	14.95	27.13	10.47	-
IDFC Small & Midcap Equity(G)	11.22	26.45	-	-
Franklin India Bluechip(G)	149.74	26.29	14.08	25.66

Income Funds

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
Canara Robeco Income(G)	19.08	30.90	14.25	11.16
ICICI Pru Income-Ret(G)	29.53	26.39	12.79	8.83
DWS Premier Bond-Reg(G)	15.10	22.16	8.94	6.62
Fortis Flexi Debt-Reg(G)	15.63	21.48	12.99	-
Reliance Income(G)	30.36	19.76	10.90	8.40
IDFC Dynamic Bond-A(G)	18.16	19.21	12.17	8.55
Kotak Bond-Reg(G)	25.65	19.14	11.21	8.51
Kotak Bond-Deposit(G)	23.88	18.82	10.00	7.59
Birla SL Income Plus-Ret(G)	41.03	18.22	11.79	8.20
IDFC SSIF-Invest-Reg(G)	22.07	17.43	10.82	7.40

Balanced

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
Reliance Reg Savings-Balanced(G)	15.99	31.78	13.55	-
Birla SL '95(G)	222.01	27.64	16.77	23.05
HDFC Prudence(G)	135.09	25.02	14.80	24.91
Canara Robeco Balance(G)	43.66	22.78	9.59	23.08
UTI-ULIP(G)	16.38	21.72	12.18	13.49
FT India Balanced(G)	38.90	20.67	14.22	19.76
Templeton Ind Children's A-G(G)	34.81	19.51	11.72	12.15
HDFC Balanced(G)	35.81	18.94	10.29	17.68
UTI-CRTS 1981(G)	138.80	17.72	-	-
UTI-CCP Advantage(G)	12.76	17.29	6.00	5.09

ELSS

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
Sahara Tax Gain(G)	25.48	26.57	14.28	9.50
Religare Tax Plan(G)	11.62	24.01	-	-
HDFC TaxSaver(G)	146.55	20.38	8.12	29.43
Reliance Tax Saver (ELSS)(G)	14.08	19.76	9.67	-
Franklin India Taxshield(G)	140.39	18.40	10.74	23.40
Fidelity Tax Advantage(G)	14.18	17.92	14.53	-
HSBC Tax Saver Equity(G)	10.47	17.86	-	-
UTI-LT Adv-II(G)	10.27	16.97	-	-
Taurus Tax Shield(G)	25.56	14.67	20.83	27.73
LICMF Tax Plan(G)	23.72	14.20	3.56	11.56

Gilt Funds

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
ICICI Pru Gilt-Invest-PF	18.30	43.24	18.59	12.61
ICICI Pru Gilt-Invest(G)	31.82	32.05	14.98	10.01
JM G-Sec-Reg(G)	29.04	31.21	12.07	8.70
DSPBR GSF(G)	31.47	28.52	12.32	8.77
Templeton India G-Sec-LTP(G)	22.85	24.77	13.34	9.16
Escorts Gilt(G)	20.31	23.39	12.70	8.42
Birla SL Govt Sec-LT(G)	24.74	23.34	8.90	6.27
Templeton India G-Sec-Comp(G)	32.78	22.81	12.06	8.15
Templeton India G-Sec-PF(G)	14.40	22.81	12.08	8.16
ING Gilt(G)	15.80	21.75	10.06	7.54

MIP

Scheme Name	NAV (Rs)	1 Year	3 Yrs	5 Yrs
Reliance MIP(G)	17.94	26.54	12.25	12.32
HDFC MIP-LTP(G)	18.93	23.58	11.98	12.97
Canara Robeco CIGO(G)	25.49	21.27	14.03	14.72
Birla SL MIP II-Savings 5(G)	15.90	20.94	12.89	9.77
Kotak Twin Advantage II(G)	13.35	20.27	-	-
Birla SL Monthly Income(G)	31.97	19.19	11.17	10.07
Birla SL MIP II-Wealth 25(G)	15.54	18.46	7.73	9.37
Birla SL MIP(G)	23.40	18.30	9.57	8.82
UTI-MIS Adv(G)	17.55	17.50	10.76	11.67
ICICI Pru Income Multiplier(G)	16.94	17.22	9.24	11.60

Source: Acemf Note: All NAV as of July 16, 2009

(Compiled by Sneha Kapoor)

Commodities review

Precious metals review

Bullion: Bullion prices traded on a positive note and rose to a high of \$942.30 for the most part of the week. The rise in prices was due to the slump in the US dollar from uncertainty regarding the economic outlook, expectation of inflation, and rising unemployment rate. The dollar index touched the lows of 79.285 before closing marginally higher at 79.51 levels. This slump in the US dollar was ignited by the release of the minutes of the FOMC meeting. Most of the Federal Reserve officials believe that the economy might witness further downside. They stated that the economy is “still weak and vulnerable to further adverse shocks”. Furthermore, the officials’ opinion on inflation is divided and a few of the officials are asking for a “temporary rise in rates above level consistent”. These concerns enhanced the appeal of bullion as it generally moves inversely with the US dollar.

The rise in the US CPI and the US PPI acted as an evidence of rising inflation. However, better-than-expected Empire Manufacturing, Industrial Production, and Advance Retail Sales helped to limit the losses in the US



dollar. On the other hand, the declined in TIC flows and contraction in the Philadelphia Fed Index proved to be negative.

Overall, the most active August gold futures ended the session at \$937.10, up by 2.7%, as on July 17, 2009. Like gold, silver September futures too gained, closing on a higher note of \$13.27 compared to the previous levels—a gain of 4.94%.

This week, we expect prices to trade firm as the dollar is likely to weaken. The major trading range is seen at \$920-960 with a positive bias.

Energy review

Crude oil: Crude oil prices began last week as it extended its losses from the penultimate week’s fall. Prices were under constant pressure due to waning demand. However, the most active August futures ended the week higher by 2.96%, at \$61.66 levels. The slump in the US dollar supported a higher closing in crude oil for the first time after a consecutive decline for 10 days.

The improvement in the US manufacturing indices on Wednesday led the Dow Jones to gain by 256.72 points and the S&P by 2.96%, imbuing optimism in the markets. Moreover, the Chinese economy expanded by 7.9% in the second quarter, beating the estimates of 7.8% and the previous levels of 6.1%. This, combined with a lower greenback, helped maintain the prices in positive territory.

However, during the week, the US Department of Energy reported an increase in gasoline stocks by 14,38,000 barrels and distillate stocks by 5,53,000 barrels compared to a projected increase of 2 million barrels. On the other hand, crude oil stocks for the week-ending

July 10th declined by 2.8 million barrels. This rise in inventory indicates fading demand in the world’s largest energy consumer.

This week, we expect prices to trade in the range of \$64-56 with a negative bias due to the persisting demand concerns.

Agri market review

Turmeric: Turmeric futures underwent erratic movements during the week, taking cues from the unpredictable monsoon throughout the country. The supporting factors for the gain in prices are lower output coupled with deficient rains in major growing areas for the commodity. Moreover, demand went up as stockists were actively buying due to fears of increase in prices in the coming months.

On the other hand, improvement in monsoon during the week and reports of increase in acreage under the crop limited the gain in prices. According to trade sources, the acreage under the crop has gone up by 21.7%, to 62,800 hectares in Andhra Pradesh.

Overall, the trend has been on the higher side with a positive change of 1.56%. Open interest has also gone up from 1303 to 5000 for NCDEX July contracts. The near-July contract is going to expire on Monday, July 20, 2009, which might lead to the emergence of fresh positions for the August contract. The monsoon coupled with reports of acreage are the most important factors to watch out for now. According to IMD, there are reports of rains in these areas during the next five days. This week, if the monsoon proves to be supportive, then turmeric futures are likely to trade with a negative bias.

- Commodities Research Desk

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InvestAssure Swarna Jeevan

InvestAssure Swarna Jeevan is a unit-linked pension policy from Tata AIG Life Insurance Company Limited. This policy does not participate in the profits of the insurance company.

Unique features

Full premium allocation from second year onwards: The entire premium is allocated to the chosen investment fund(s) from second year onwards as the premium allocation charge is applicable only for the first year.

Option of paying level premium or increasing premium: The policy provides the option of paying either a level premium or an increasing premium throughout the premium payment term. Under the increasing premium option, the annualized premium will continue to increase by 5% of the first year premium on each premium anniversary until the end of the premium payment term.

Option to SMART invest or invest under Automatic Asset Allocation: Systematic Money Allocation and Regular Transfer (SMART) investment helps in systematic investment of equities in volatile stock markets. The option helps in systematic reduction of equity exposure and increase in investment allocation to debt instruments with increase in age of the policyholder.

Regular or limited premium payment: The policy can be taken as either a regular premium payment policy or a limited premium policy. If regular, the premium will be payable for the entire policy term. If limited, the policyholder can choose to pay the premium for a minimum term of five years or for a term in multiple of five years.

Advancing / postponement of vesting age: The policy provides the option of advancing or postponing the vesting age only once during the policy term. The exercising of this option is subject to the minimum and maximum vesting age limits and other applicable policy conditions.

Policy continuation option: If the premium for at least three initial policy years has been duly paid and, thereafter, the policyholder is not able to pay the premium due to some financial constraints, then the policy will not lapse, but will continue to be in full force for a maximum of two years. The premium payment may be resumed within two years from the date of the first unpaid regular premium.

Policy benefits

Death benefit: In the unfortunate event of death of the policyholder, the nominee will be paid the total value of the investment fund(s) from the regular premium as well as the top-up premiums, if any. This death benefit amount may be used either partly or fully to purchase an annuity plan from the above insurance company or any other insurance company.

Vesting / Maturity benefit: On survival of the policyholder, he / she will receive the total value of the investment fund(s) from the regular premium as well as the top-up premiums, if any.

The policyholder will have the option of receiving one-third (1/3rd) of this fund value as a lumpsum absolutely tax-free on the

policy maturity date. The remaining 2/3rd of the fund value will be required for the purchase of an annuity plan from the above insurance company or any other insurance company.

Eligibility parameters

Age at entry: Minimum – 18 years; maximum – 65 years

Vesting / Maturity age (age at which pension payments begin): Minimum – 45 years; maximum – 75 years

Value of minimum annualized premium: Rs.20,000

Investment choice

The policy provides the choice of: ➤ Management of investment funds by the policyholder; ➤ SMART investment; ➤ Automatic Asset Allocation

Management of investment funds by the policyholder: The policyholder has the choice of one or more of the five investment funds available under the policy. The details of these funds are:

Fund Name	Investment Objective	Risk Return Profile	Investment Allocation in		
			Equities	Money Market Instruments	Govt. / Corporate Bonds
Future Equity Pension Fund	To generate long term capital appreciation from investments predominantly made in equity and equity-linked investments	High	80% to 100%	Up to 100%	0%
Future Income Pension Fund	To generate income through investments in a range of debt & money market instruments	Low	0%	Up to 100%	Up to 100%
Future Growth Pension Fund	To provide a balance of income and capital appreciation through investment in both equity and debt instruments	Medium to High	20% to 40%	Up to 100%	60% to 80%
Future Balanced Pension Fund	To provide reasonable returns with predominant investments in debt instruments	Medium to Low	0% to 20%	Up to 100%	80% to 100%
Future Select Equity Fund	To provide income distribution over medium to long term while at all times emphasizing on capital appreciation	High	100%	Up to 100%	0%

Systematic Money Allocation & Regular Transfer (SMART) investment is a systematic transfer plan that allows the policyholder to enter the volatile equity markets in a structured manner. Through SMART, the policyholder can initially choose to park the allocation premium amount in any of the chosen investment funds. This fund is called the Accumulation Fund. Thereafter, a defined portion of the Accumulation Fund will be transferred to another chosen fund

INSURANCE

(other than accumulation fund) on a monthly basis. This fund is called the Target Fund.

Thus, SMART investment helps in systematic investments and rupee cost averaging in stock markets which are highly volatile. This investment option is available to policies with premium payment on an annual basis only.

Policy charges

Premium allocation charge: This charge is only applicable to the first-year premium and constitutes 25% of the first year premium. From the second year onwards, no premium charge is applicable and the entire premium will be allocated towards the chosen investment funds or funds under SMART investment option or Automatic Asset Allocation option.

Policy administration charge: This charge is applicable on a monthly basis from the investment funds and depends on the value of the annualized regular premiums payable. This charge will be Rs145 per month for annual premium value less than Rs35,000 and Rs195 per month for annual premium equal to or greater than Rs35,000. The charge is subject to an increase of maximum 5% p.a.

Fund management charge: This charge is levied for the management of the investment under the policy. The charge is expressed as a percentage of the investment value managed under the chosen investment fund. The charge details are shown in the following table:

Fund Name	Fund Management Charge
Future Select Equity Fund	1.45% p.a.
Future Equity Pension Fund	1.25% p.a.
Future Growth Pension Fund	1.10% p.a.
Future Balanced Pension Fund	1.05% p.a.
Future Income Pension Fund	1.00% p.a.

These charges are subject to an increase of maximum 2.50% p.a. with prior approval of IRDA.

Fund switching charge: A switch subsequent to 12 free-of-charge switches in a year will be charged at the rate of Rs100 per switch. This charge can be increased to a maximum of Rs250 per switch.

Surrender charge: The charges applicable on the fund value of the regular premium are:

Policy Year	1 st year to 3 rd year	4 th year	5 th year	6 th year	7 th year & above
Surrender Charge	Not applicable	30%	20%	10%	0%

Policy surrender

Policy surrender can be opted for after the initial first three years. The policy fund value is paid to the policyholder as surrender value after deduction of the surrender charge.

Tax benefits

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

- Atul Stanley Hermit

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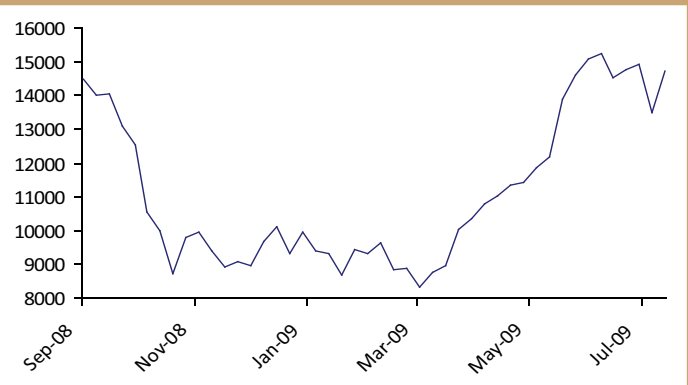
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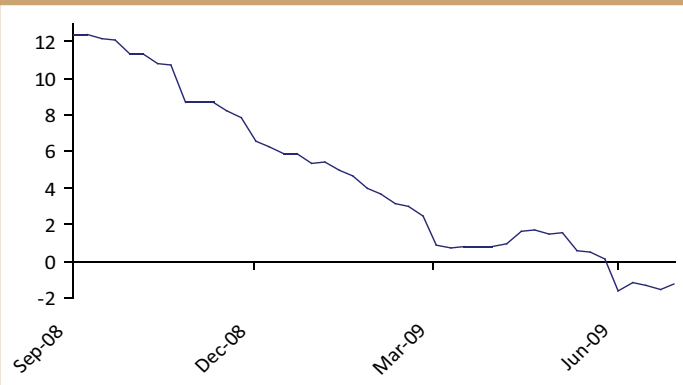


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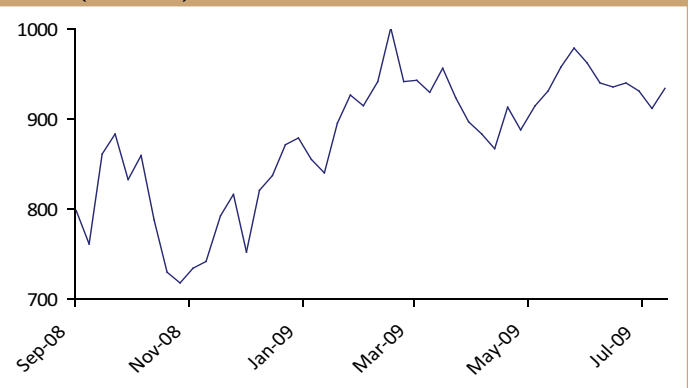
Sensex movement



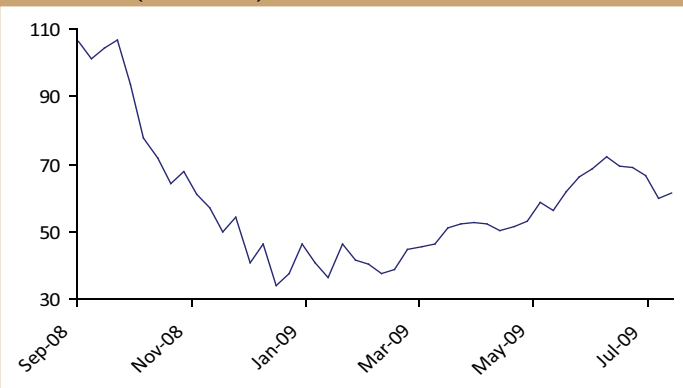
Inflation is at -1.21%



Gold (US\$/oz)



Crude oil (US\$/bbl.)



Global indices: Weekly performance

	Close (July 17)	Close (July 10)	Weekly (%)	6M (%)	12M (%)	PE Ratio
ASIA						
Hang Seng	18805.66	17708.42	6.20	41.87	-13.48	16.83
STI	2430.96	2307.98	5.33	40.48	-15.12	13.65
S. Korea	1440.10	1428.62	0.80	26.86	-5.60	31.97
Nikkei 225	9395.32	9287.28	1.16	14.16	-27.10	-
AMERICA (closing as on July 16)						
Dow Jones	8711.82	8146.52	6.94	5.20	-23.89	11.60
S&P 500	940.74	879.13	7.01	10.66	-25.36	14.93
NASDAQ	1885.03	1756.03	7.35	23.26	-18.48	29.25
Brazil Bovespa	51918.20	49220.78	5.48	31.97	-13.63	20.34
EUROPE (closing as on July 16)						
FTSE-100	4361.84	4127.17	5.69	6.18	-16.70	34.23
DAX 30	4957.19	4576.31	8.32	14.40	-20.35	27.70
CAC 40	3199.68	2983.10	7.26	7.12	-23.53	11.43

Source: Bloomberg

Domestic indices: Weekly performance

	Close (July 17)	Close (July 10)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	14744.92	13504.22	9.19	58.15	12.46	16.93
Nifty	4374.95	4003.90	9.27	54.68	10.84	17.11
BSE 500	5581.78	5122.34	8.97	62.66	10.63	16.86
BSE Auto	5069.86	4567.12	11.01	98.66	43.39	16.49
BSE Bankex	8132.16	7319.81	11.10	61.42	41.98	13.25
BSE Capital Goods	12139.36	11291.12	7.51	86.29	12.80	25.38
BSE Consumer Durables	2906.46	2768.80	4.97	59.72	-15.53	9.70
BSE FMCG	2499.86	2385.32	4.80	26.24	28.73	24.15
BSE Healthcare	3719.69	3533.00	5.28	30.40	-6.45	38.36
BSE IT	3505.28	3196.09	9.67	60.43	-4.62	16.85
BSE Oil & Gas	9194.80	8533.30	7.75	54.96	3.87	15.80
BSE Metal	11133.20	10117.44	10.04	122.87	-4.82	12.06
BSE Realty	3347.10	2845.66	17.62	94.17	-24.41	14.74
BSE PSU	8125.29	7390.00	9.95	59.77	38.50	57.57
BSE Power	2852.95	2603.36	9.59	61.42	23.89	28.01
BSE Tech	2711.71	2486.84	9.04	49.92	-5.34	17.82

(Compiled by Amit Chopra)

Head Office:

S. Gopichand, Editor, Karvy Stock Broking Ltd.,
529, Road No.10, Banjara Hills, Hyderabad - 500 034.
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