



KARVY BAZAAR BAATEIN

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NSE
52 Wk H/L : 4743.75/2252.75
Mcap : Rs50,04,482 cr.

BSE
52 Wk H/L : 16002.46/7697.39

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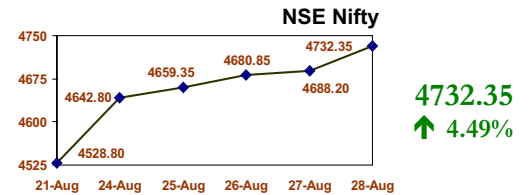
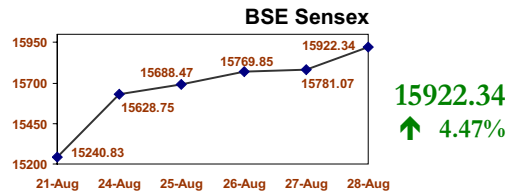
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by S. Gopichand on behalf of Karvy Stock Broking Limited.

Editor: S. Gopichand

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A passage to September...

As we entered into September of last year, no one could have possibly foreseen the catastrophe that was waiting to happen. As the impact of the US sub-prime crisis began to take its toll, banks and financial institutions across the US and Europe started falling like ninepins across the board. The legendary Lehman Brothers went under followed by a string of bailouts and mergers and acquisitions, changing the face of Wall Street. September 2008 was followed by global market mayhem in October, with the Sensex plummeting to 8000 levels from 21000 levels in January 2008, resulting in a severe liquidity crunch as the global economy hurtled towards a recession.

However, a lot has changed since then, or should we say since early March 2009 when many of the global markets once again nearly tested its October 2008 lows. The Nifty has recovered more than 100% from its 52-week lows and other Asian indices like the Hang Seng have risen more than 75% from its March lows. The Dow, too, has recovered around 50% from its March lows. What triggered such a spectacular rise for the Indian indices? A mix of good US economic data, better-than-expected corporate numbers, and political stability were the prime reasons. Clearly, the worst is over for the developed economies, and emerging markets will lead the way.

However, with the markets having run-up so fast, questions like, "Is the recovery too fast?", "Are we out of the woods yet?", "Is the bear market really over?", "Are the prevailing valuations rich?" and "Are the developed economies showing any meaningful recovery?" appear to be plaguing investors, although market experts broadly agree that revisiting pre-March 2009 levels would be remote. Meanwhile, with monsoons playing truant, investors have got increasingly nervous, prompting the Nifty to remain range-bound last month. But if you are a long-term investor with a 2-3 year investment horizon, then buy on dips and let all this market noise not worry you in the least. They are meant, at best, for the short-term traders.

KBB weekly recommendations for the week beginning 31st Aug.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
DLF	Buy	413.15	Above 415	407	433-435	5-6 Days
Voltas	Buy	160.85	158-160	153	175-177	5-6 Days
Punjab Lloyd	Buy	273.10	272-274	266	298-300	5-6 Days
Ster	Buy	697.90	690-695	680	720-722	5-6 Days
CESC	Buy	379.75	377-380	372	400-402	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
ICICI Bank	Buy	740-744	732.00	778-780	-	-	-	NI
Unitech	Buy	Above 87	84.00	95-96	2806	22,444.89	9.14%	TA
Dish TV	Buy	44-46	41.80	52-53	-	-	-	NI
IVRCL	Buy	Above 352	345.00	378-380	695	5,354.90	2.18%	CMP
IDEA	Buy	Above 83	80.00	91-92	2940	-10,290.04	-4.19%	SL
Total						17,509.75		

Balance on inception (26-Jan-09)	Balance last week (21-Aug-09)	Balance current week (28-Aug-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	7,36,473	7,53,983	2.38	50.80

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

Bharti Airtel

CMP: 435.20

Bharti Airtel has been flattish since May, moving in a tight range of 375-420. While all moving averages of the stock remained sideways, the short-term moving averages of 8-day and 21-day EMAs have spiked sharply recently, indicating further upside. The stock staged a breakout on Friday's session backed with significant increase in volumes. The recent rally has prompted the Bharti scrip to breach all its moving averages which is a positive sign. The stock has its 50-day EMA placed at 400 levels which is the immediate support in the short term. The 14-day RSI is close to 60 levels and has room for further upsides in the short term. On the RSI scale, the stock could move to 80 and 85 levels. A sustained move close to this level would induce profit-taking in the stock. It has immediate resistance at around 460 levels, beyond which the stock could move up to 500 levels immediately. Investors are advised to assume long positions in the stock in the range of 430-435 levels and average the same if available at 400 levels for an upside target of 500 levels in the short term. All long

positions in the stock should be protected with a stop loss placed below 375 levels on a closing basis.

Reliance Infra

CMP: 1169.40

Reliance Infra has been moving sideways for the last one month, before which it registered a low of around 1000 levels. Thereon, the stock staged a breakout above 1150 levels and witnessed momentum moves. The recent rally has caused the stock to breach all its moving averages which is a positive sign in the short term. The 14-day RSI has made multiple troughs at around 50 levels, indicating it to be a crucial support in the short term. On the RSI scale, the stock could move to 60 and 70 levels. A sustained move close to this level would induce profit-taking in the stock. The stock has an immediate resistance placed around 1210 levels, beyond which the stock could move up to 1320 levels in the medium term. Investors are advised to assume long positions in the stock in the range of 1140-1150 levels for an upside target of 1210 and 1320 levels in the short-term and medium-term scenario. All long positions in the stock should be protected with a stop loss placed below 1080 levels on a closing basis.

JP Associates

CMP: 230.60

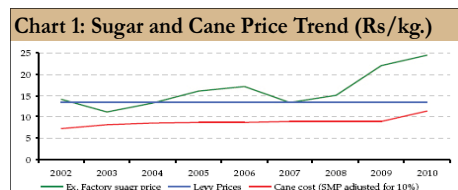
JP Associates recovered significantly and registered its year-to-date high for 2009 in early August. However, the stock slipped sharply from there and stabilized at around the crucial support of 200 levels. The 50-day EMA levels proved to be a vital support for the stock as it bounced back strongly with increasing volumes. The most recent sessions have seen increased participation which helped the stock to move above all its moving averages. It has a strong support at 200 levels, bouncing from that level every time it has been tested. The 50-day EMA, placed around 212 levels, would prove to be a critical support for the stock in case of any profit-taking. The 14-day RSI has multiple troughs at around 40 levels, and is indicating further upward movement. The stock is likely to test 60 levels on the RSI scale and should be observed closely in the short term. Investors are advised to assume long positions in the stock in the range of 225-230 levels for a short-term target of 270 and 300 levels. All long positions in the stock should be protected with a stop loss placed below 200 levels on a closing basis

- Kalyan C. Reddy

Fundamental view

Sugar Update

Government is mulling to increase 'levy sugar' quantity: The government is planning to increase its levy quota from the current 10% to 20-25% due to price rise concerns. This will increase sugar availability at a lower price in the public distribution system (PDS). The sugar mills sell 10% of the output from cane crushing at Rs13 per kg to the government, to be used under PDS. The remaining production is either sold in the domestic market or is exported at market price. The current market price for free sugar is 100% higher (Rs25-27 per kg) than the levy price.



No increase in levy price since 2002: The purchase price of the levy sugar used in the PDS is decided with reference to the cost of production of sugar. The cane cost accounts for 80% of the total cost of production and is controlled by the state and central government.

The cane prices have been increasing while sugar prices have been range-bound. The average monthly free-sale sugar price in the last eight years has been Rs15.84 per kg compared to the levy price of Rs13.50 per kg (see Chart 1). The levy purchase price of Rs13.50 per kg has not changed since March 1, 2002 despite a 55.4% increase in the 'Statutory Minimum Price (SMP)' for cane over the same period. The increase in cane price and lower cane availability has increased the cost of production of sugar to ~Rs20 per kg compared to the levy price of Rs13.5 per kg.

Levy prices should be increased by 37% to compensate for additional volume: The current levy price of Rs13.5 per kg should be increased to ~Rs18.5 per kg to compensate for the loss if levy quota is increased to 20%, assuming that the current ex-factory realization is ~Rs25 per kg. We have done a sensitivity analysis to see the impact on

average realization for sugar mills with respect to the change in levy price and levy quota (see Table 1).

Outlook

Prices to stay strong for the next 6-9 months: Most Indian sugar companies have completed cane crushing and the new crushing will start in November 2009. The recent rains in Brazil (the world's largest producer) have reduced the production estimates from 32 mn MT to 30 mn MT for 'Center South' region. The international prices are expected to remain firm considering continued imports from India. The domestic mills are expected to increase prices by Rs1-2 per kg in the next few months ahead of the festival season.

Stock Rating

Stock	Target Price	Rating
Balrampur Chini Mills	Rs137	Outperformer
Bajaj Hindustan	Rs228	BUY

Table 1: Impact on average realisation of Sugar Mills

		Change in Levy Price (Rs/Kg.)								
		Base case	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5
Change in Levy Quantity	10%	0.4	0.8	1.3	1.7	2.1	2.5	2.9	3.4	
	20%	-4.8	-4	-3.1	-2.1	-1.5	-0.6	0.2	1	1.9
	25%	-7.2	-6.2	-5.1	-4.1	-3	-2	-0.9	0.1	1

Market pulse

Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
IVRCL Infra & Proj	365.10	960876	The Pru Assurance Company Limited
Jayashree Tea	259.81	100000	Goldman Sachs Invest (Mauritius)
Rolta India	174.69	1429370	Macquarie Bank
Deccan Chronicle	105.00	1945000	REL MF A/c REL Reg Saving
Sell			
MSK Projects (India) Ltd	79.74	157321	Merrill Lynch Cap Markets Espana
Tata Coffee	375.67	100000	Citigroup Global Mkts Mauritius
Everonn Systems	401.39	130000	Deutsche Securities Mauritius
Tempt.Foods	38.45	200000	Merrill Lynch Cap Market Espana

Top Gainers (Weekly)

Company	28-Aug	21-Aug	%Change
Unitech Ltd	99.10	85.75	15.57
Tata Motors	490.45	432.85	13.31
Sterlite	697.90	629.30	10.90
Wipro	564.90	513.00	10.12
HCL Tech	306.45	279.50	9.64
Siemens India	508.75	464.85	9.44
L&T	1618.35	1483.30	9.10
Reliance Capital	872.45	805.80	8.27
DLF	413.15	382.30	8.07
Suzlon	93.65	86.90	7.77

Top Losers (Weekly)

Company	28-Aug	21-Aug	%Change
BPCL	493.50	530.60	-6.99
Idea Cellular	81.60	82.80	-1.45
Tata Steel	438.65	444.95	-1.42
ONGC	1178.70	1191.55	-1.08
HDFC Bank	1457.75	1465.95	-0.56
Hindustan Unilever	260.35	260.75	-0.15
Power Grid	107.60	107.70	-0.09

FII Invt (Rs.cr)

MF (Rs.cr)

Date	Purchases	Sales	Purchases	Sales
21-Aug-09	1777.60	2079.00	698.30	570.30
24-Aug-09	2413.20	1867.00	995.80	579.70
25-Aug-09	2543.90	1695.20	1043.50	620.50
26-Aug-09	2039.30	2092.90	1059.40	975.50
27-Aug-09	2812.60	1776.70	-	-
Total	11586.60	9510.80	3797.00	2746.00

Corporate Actions

Company	Date	Purpose
Tata Motors	31-08-2009	Consolidated Fin Results
Tanla Solutions	02-09-2009	Allotment of Shares
Batronics India	02-09-2009	Annual Accounts/Divi
Jindal Poly Films	03-09-2009	Accounts/Dividends

(Compiled by Krishnaveni M)

Neyveli Lignite Corporation (Rs131)

Aiming at new growth frontiers: Neyveli Lignite (NLC) has recently announced that it is planning to venture into the renewable energy space. Currently, the company is present only in lignite-based power generation business and is diversifying into coal through one 1000 MW thermal plant at Tuticorin, Tamil Nadu. According to Chairman and Managing Director, Mr Ansari, NLC also plans to venture into environment-friendly hydro-based and wind-based power projects. The company has proposed to set up its first 50 MW wind-based power plant at Tuticorin which will be mainly to meet the power needs of NLC's 1,000 MW thermal plant in Tuticorin. NLC may buy around 30 windmills for the wind project.

Furthermore, NLC, in partnership with the Uttarakhand State Government, is going for another 1000 MW hydro power plant in the state. While the company aspires to enter into nuclear power as well in the long run, it is yet to chalk out any plans for that. Hence, we believe NLC is planning to diversify itself from only lignite-based mining-cum-power producer to a diversified fuel-based power producer. Management has also declared that, as part of the current growth plan, the company will continue to expand not only in Neyveli, but also in other parts of the country.

Not shunning away from competition, NLC is also planning to participate in tariff-based competitive bidding to take up ultra mega power projects (UMPP) to be floated by the power ministry in future. We believe rich expertise in mining and running power plants along with strong cash-backed balance sheet would act as strength for the company for the UMPP bidding. NLC intends to partner with equipment manufacturer Bharat Heavy Electricals Ltd (BHEL) and jointly bid for UMPPs.

Due to demand, the Power Ministry has proposed thirteen UMPPs (size of ~4000 MW)

against the nine UMPPs planned earlier. Of that, four UMPP projects are already allotted to Reliance Power (bagged three UMPPs at Sasan in Madhya Pradesh, Tilaiya in Jharkhand and Krishnapatnam in Andhra Pradesh) and one to Tata Power at Mundra in Gujarat. So, we believe another nine UMPPs are likely to open for competitive bidding in future. According to Additional Secretary, Ministry of Power, Mr G B Pradhan, the power ministry has shortlisted Cuddalore in Tamil Nadu, Bedabahal in Orissa and Kotipalli in Andhra Pradesh for the projects and it expects an RFQ in FY10. We believe opportunity pertaining to UMPP is huge while the competition to win UMPP projects is intense.

The company is currently operating an all-lignite-based power plant with a capacity of 2,490 MW. Furthermore, it is going to add 1,750 MW of which 1000 MW is thermal-based, and the remaining, lignite-based. However, as some of the plants are old, NLC is planning to gradually shut down 600 MW in the next 2-3 years. Effectively, net level, it is likely to add 1150 MW in the next 2-3 years. Considering the above-mentioned growth plans of NLC towards renewable energy and UMPPs, we continue to remain positive on the stock. However, we have not factored in the afore-mentioned 1,000 MW hydro project in our model due to lack of clarity on time line.

Valuation: We expect NLC to record a net profit growth (CAGR) of 12% on the back of sales growth (CAGR) of 16% during FY09-14E. The stock is currently trading at 2.2x FY10E BV and 2.1x FY11E BV. NLC looks cheap based on P/BV, while on MCap/MW, it looks expensive compared to NTPC which is justified considering its fully integrated status (captive mine of lignite). On the other hand, it looks cheap compared to other players. Hence, we continue to rate this stock as an Outperformer with a price target of Rs160/share (based on 2.5x FY11E BV).

Neyveli Lignite		Rsmn	FY07	FY08	FY09	FY10E	FY11E
Reuters/ Bloomberg Code	NELG.BO/ NLC.IN	Net Sales	26,103	30,330	28,251	31,561	41,636
Market Cap. (Rsbn)	219.78	EBITDA	12,634	12,760	9,755	11,291	17,574
Market cap. (US\$bn)	4.50	Net Profit	5,668	11,016	8,211	10,030	13,016
Shares Outstanding (mn)	1677.71	EPS (Rs)	3.4	6.6	4.9	6.0	7.8
52-week High/Low (Rs)	147/45	EPS Growth (%)	(19.0)	94.4	(25.5)	22.2	29.8
		EBITDA margin (%)	48.4	42.1	34.5	35.8	42.2
		PER (x)	38.8	20.0	26.8	21.9	16.9
Major Share Holders (%)		P/BV (x)	2.6	2.4	2.4	2.2	2.1
Govt of India	93.56	Price/sales (x)	8.4	7.2	7.8	7.0	5.3
FIIIs	0.3	EV/EBITDA (x)	16.4	15.1	20.5	17.8	11.7
Banks/Fis/MFs	3.95	DividendYield (%)	0.9	1.5	1.5	1.5	1.5
Others	0.59	ROCE (%)	7.9	7.2	4.3	6.0	7.5
Public	1.6	ROE (%)	7.0	12.7	9.0	10.5	12.7

Source: Company & KSBL Research

- Equity Research Desk

Mutual fund performance

Equity diversified

Scheme name	NAV	1 Year	2 Year	3 Year
IDFC Premier Equity - A (G)	22.21	19.00	32.20	106.00
Reliance RSF - Equity (G)	23.59	18.50	38.60	78.30
ICICI Pru Infrastructure (G)	26.36	7.50	20.60	76.40
Sahara Infrastructure-VPO (G)	16.32	30.80	25.00	75.30
DBS Chola Opportunities (G)	36.70	10.80	19.70	75.30
Sahara Infrastructure-FPO (G)	15.94	29.80	23.20	71.60
Tata Equity P/E Fund (G)	36.80	18.60	22.10	71.60
Sahara Growth Fund (G)	70.62	22.70	29.50	68.30
HDFC Top 200 Fund (G)	158.43	25.10	29.80	67.10
DSP-BR Top 100 Equity - RP (G)	79.21	17.30	23.80	66.10

ELSS

Scheme name	NAV	1 Year	2 Year	3 Year
Can Robeco Equity TaxSaver (G)	19.36	38.30	27.60	81.90
Taurus Tax Shield (G)	28.22	15.20	43.50	74.50
Sundaram Tax Saver (G)	37.85	20.90	28.60	68.30
Sahara Taxgain (G)	29.10	28.40	29.30	59.50
Fidelity Tax Advantage (G)	15.67	15.60	9.90	49.40
Principal Personal Tax Saver	78.31	-1.80	-8.00	44.90
Franklin India Tax Shield (G)	155.64	15.10	11.70	39.80
SBI Magnum Tax Gain (G)	49.93	10.90	3.20	38.90
HDFC Tax Saver (G)	166.02	18.40	6.00	32.80
Tata Tax Advantage Fund-1(G)	12.45	12.20	11.60	32.60

Balanced

Scheme name	NAV	1 Year	2 Year	3 Year
Principal Child Benefit - CBP	74.34	4.10	13.50	67.00
Birla Sun Life 95 Fund (G)	241.95	26.80	19.20	59.30
Reliance RSF - Balanced (G)	17.18	30.60	35.30	56.20
DSP-BR Balanced Fund (G)	51.92	14.40	21.30	53.90
HDFC Prudence Fund (G)	148.74	24.40	17.60	53.40
Tata Balanced Fund (G)	64.92	19.50	16.20	51.40
FT India Balanced Fund (G)	40.97	14.50	12.30	44.30
SBI Magnum Balanced Fund (G)	43.20	16.30	12.60	39.90
Templeton (I) CAP- Gift (G)	36.79	14.30	9.20	37.50
UTI Mahila Unit Scheme (G)	35.76	14.30	22.90	37.20

MIP

Scheme name	NAV	1 Year	2 Year	3 Year
Reliance MIP (G)	18.75	28.60	35.10	43.40
HDFC MIP - LTP (G)	19.54	22.50	25.10	41.10
Birla SL MIP II-Wealth 25 (G)	16.00	18.40	12.60	25.10
Birla SL Monthly Income-A (G)	32.29	17.90	20.00	35.30
UTI MIS - Advantage Plan (G)	17.89	17.60	21.40	35.10
Birla Sun Life MIP-A (G)	23.62	17.40	15.20	29.50
HSBC MIP - Savings Plan (G)	17.22	17.30	20.70	38.20
ICICI Pru MIP (G)	23.28	15.90	18.10	29.00
Birla SL MIP II-Savings 5 (G)	16.02	15.00	32.20	43.10
HSBC MIP - Regular Plan (G)	15.62	15.00	19.30	32.40

Debt (long-term)

Scheme name	NAV	1 year	2 year	3 year
ICICI Pru Gilt Inv Plan - PF	18.05	38.30	46.30	60.90
ICICI Pru Gilt (IP) (G)	31.28	27.80	33.60	47.00
JM G-Sec Fund (RP) (G)	29.01	26.30	34.80	39.70
DSP-BR Govt. Securities (G)	31.03	25.30	30.30	38.00
ICICI Pru Income (G)	29.41	24.20	31.10	41.10
Birla Sun Life GSec - LTF (G)	24.96	23.50	22.80	29.60
Escorts Gilt Fund (G)	20.27	21.30	34.50	40.20
ICICI Pru Gilt (TP) (G)	23.84	19.50	27.90	36.20
Templeton (I) G-Sec - LTP (G)	22.51	19.30	32.90	41.60
ICICI Pru Gilt (TP) PF	15.02	18.90	26.90	34.90

Debt (short-term)

Scheme name	NAV	3 mnts	6 mnts	1 year
ICICI Pru Income Opp. - RP (G)	12.51	1.70	9.20	24.80
Can Robeco Income (G)	19.06	1.00	4.20	23.60
Fortis Flexi Debt Fund -RP (G)	15.52	1.60	5.80	19.00
ING Gilt - Regular (G)	15.63	0.60	4.20	18.90
Kotak Bond (Regular) (G)	25.45	0.10	2.40	17.40
JM Short Term Plan (G)	17.43	0.90	3.10	16.30
IDFC Dynamic Bond - RP A (G)	17.89	-0.70	1.20	16.30
Sahara Income Fund (G)	17.13	2.20	3.00	15.90
ICICI Pru Short Term Plan (G)	18.44	1.00	3.50	15.60
Fidelity Flexi Gilt Fund (G)	11.58	-0.70	-1.00	15.50

Source: moneycontrol.com; Note: All NAV as of August 26, 2009, all returns are expressed in percentage terms.

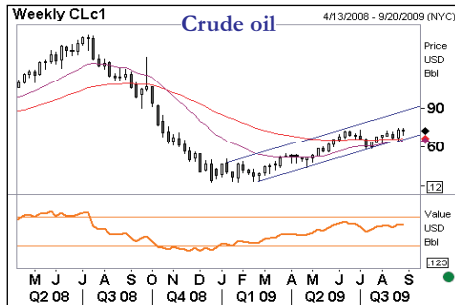
(Compiled by Amit Chopra)

Commodities review

Energy review

Crude oil: The NYMEX crude oil prices fluctuated between \$70-75 per barrel as the market was undecided on a suitable price to settle on. Prices fell at the beginning of the week for the first time in five days as a cut in lending rate by Chinese banks, and statements from the Chinese Premier indicating a lower confidence in the economic recovery process dented the prices. According to the US DOE inventory report, crude oil and distillate inventories rose by 1,28,000 and 7,67,000 barrels, respectively, while gasoline stocks fell by 1.7 million barrels. Concerns regarding demand in China prevailed in the market as the Chinese government contemplates curbs on overcapacity in industries, including steel and cement. However, better-than-expected data from the US helped prices to recover from the losses seen due to a dip in Asian stock markets. The US gasoline demand is expected to reduce after the Labor Holiday on September 7, 2009 as it traditionally marks the end of the summer driving season.

The total production over the last four-week



period averaged at 19.2 million barrels per day, down by 0.9% compared to the same period last year. However, other than the Chinese markets, the European and US stock markets had shown a steady rise. Last week, the dollar index was almost flat. On the other hand, crude oil prices reached a high and low of \$75 per barrel and \$69.83 per barrel, and are currently trading at \$72.61 per barrel, heading towards a weekly decline of 1.7%. However, the data to be released from the Euro-zone is expected to remain positive for the euro, which may result in a further dip in the dollar.

The performance of a series of economic data from the US is expected to fall from previous levels, and this might result in a drop in crude oil prices. However, with two weeks remaining before the driving season ends, we can expect a drop in oil inventories which can provide a further support to prices.

Base metals review

The prices of base metals complex moved sideways last week due to mixed economic data from the US and Euro-zone. On one hand, a marginal rise in the dollar index by 0.06% and fall in crude oil prices by 1.70% caused prices to decline; on the other hand, the US Fed's positive statements on the economy boosted investor sentiment, capping any further downside. On the London Metals Exchange (LME), lead was the top performer and the only metal to remain in the positive territory. It gained by 7.89% W/W after reports of lead poisoning led to smelter

shutdown in China. However, aluminum, zinc and nickel fell by 2.28%, 0.16% and 2.82%, respectively, during the week.

Talking about the US economic data release, Existing Home Sales rose by 7.2% in July, Consumer Confidence rose to 54.1 in August against July's 47.4, Durable Goods Order in July increased 4.9% from the prior month, New Home Sales increased by 9.6% from the prior month but declined 13.4% from the previous year and the GDP decreased at an annual rate of 1.0% in the second quarter of 2009 against the market forecast of a 1.5% decrease. Although the data releases were better than prior and expected levels, it could not trigger a rise in prices; it, however, managed to prevent a downtrend.

This week, the data expected include ISM Manufacturing, ISM Non-manufacturing Composite, Minutes of FOMC meeting, Unemployment Rate and Change in Non-farm Payrolls. Data expectations stay mixed with concerns of rising unemployment. Although we anticipate metals to remain range-bound, fresh buying could be expected at the start of the month.



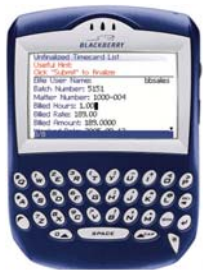
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Unique features

Increasing insurance cover: The death benefit available under the policy comprises both policy sum assured and fund value. Hence, the insurance cover under the policy keeps on increasing with increase in the fund value.

Persistency units: The policy provides persistency units for continuation of the policy and premium payments being made according to policy schedule. The persistency units are in addition to those which are credited to the investment fund(s) in the normal course of the policy. The persistency units are credited to the chosen investment fund(s) during the last policy year and will be equal to 2.5% of the annualized premium value multiplied by the policy term. This value is, however, subject to the value of the units not exceeding the amount of one annualized premium.

Option to increase the sum assured value: The policyholder has the option to increase the sum assured value any time during the policy term, subject to the underwriting guidelines and policy conditions. An increase in the sum assured value will result in an increase of the premium payable under the policy. Here, the premium allocation charge and all charges applicable towards the increased portion of the premium payable will be equivalent to that of a new policy in the marketplace.

Top-up premium: Top-up premium can be paid to enhance the investment fund value. The minimum top-up premium payable is Rs2,500. This premium will, however, not effect the life assurance cover (or sum assured) value. Also, the cumulative top-up premium amount should not exceed 25% of the cumulative top-up premium paid to-date.

Policy benefits

Death benefit: In the unfortunate event of death of the life assured during the policy term, the nominee/beneficiary will receive both the sum assured value and the investment fund value.

Maturity benefit: With the life assured surviving at the end of the policy term, the policyholder will receive the investment fund value which is inclusive of the persistency units. The maturity benefit can be received by the policyholder as either a lumpsum or in instalments spread up to 5 years from maturity.

Eligibility parameters

Age at entry: Minimum – 12 years; maximum – 60 years

Investment funds: The policy provides an option to invest in one or more of the four investment funds. The details of these funds are:

Fund name	Investment objective	Risk return profile	Asset allocation			
			Equities	Money market instruments/cash	Corporate bonds	Government securities
Growth Fund	To provide potentially higher returns by investing primarily in equities	High	20% to 70%	0% to 20%	0% to 30%	0% to 30%
Balanced Fund	To provide balanced returns from investments in both fixed income securities and equities	Mode-rate	10% to 40%	0% to 20%	20% to 40%	20% to 50%
Conservative Fund	To provide stable returns by investing in assets of relatively low to moderate level of risk.	Low	0% to 15%	0% to 20%	0% to 50%	50% to 80%
Secure Fund	To provide stable returns by investing in relatively low risk assets.	Very low	0%	0% to 20%	0% to 50%	50% to 100%

The policy provides the facility to switch the investment value from one fund to the other. The minimum switching amount is Rs5,000. There are six free-of-charge switches in a policy year. The policy also provides the facility for re-direction of the future premiums to change asset allocation of the investment funds as per the changing investment requirements of the policyholder. There are three free-of-charge premium re-directions available in a policy year.

Maximum age at maturity: 70 years

Policy term available: Minimum – 10 years; maximum – 58 years

Minimum annual premium amount: Rs10,000. The premium payable under the policy is calculated on the basis of the choice of the sum assured and the policy term.

Minimum sum assured value: Rs50,000

Policy charges

Premium allocation charge: This charge is levied as a percentage of the premium amount and depends on the policy term chosen. The details for this charge are:

Policy years	Premium allocation charge as a % of the premium for policy term		
	10-14 years	15-19 years	20 years and above
Year 1	55%	60%	65%
Year 2	20%	20%	20%
Year 3 and thereafter	5%	5%	5%

Premium allocation charge for top-up premiums is 3%.

Mortality charge: This charge is levied for the provision of life insurance cover under the policy. It is levied at the beginning of the policy month by cancellation of units from the investment fund(s). It will be levied on the net 'sum at risk' which is equal to the sum assured minus the fund value (as on the relevant policy month-anniversary). The mortality rates are guaranteed during the policy period.

Fund management charge: This charge is levied for management of the investment value under the chosen investment fund(s) and is appropriated on a daily basis. The details are:

Fund name	Growth Fund	Balanced Fund	Conservative Fund	Secure Fund
Fund management charge	1.25% p.a.	1.10% p.a.	0.90% p.a.	0.90% p.a.

This charge is subject to an increase to a maximum of 2% p.a. subject to prior approval of the IRDA.

Policy administration charge: This charge is a fixed amount of Rs50 per month and is levied at the beginning of each month by cancellation of the units from the chosen investment fund(s). The charge will increase every year at the rate of 5% p.a., compounded annually.

Rider premium charge: If the policyholder has opted for the read Disease Rider and/or Personal Accident Benefit Rider, the rider charges mortality or morbidity charges as the case may be, and subject to policy conditions, will be deducted by cancellation of units from the chosen investment fund(s) at each month-anniversary.

Switching charge: Every subsequent switch after the six free-of-charge switches in a policy year will be subject to a charge of Rs500 per switch. This charge can be increased to a maximum of Rs1,000 per switch with the prior approval from IRDA.

INSURANCE

Partial withdrawal charge: Every subsequent partial withdrawal after the three free-of-charge partial withdrawals in a policy year will be subject to a charge of Rs1,000 per partial withdrawal. This charge can be increased to a maximum of Rs2,000 per partial withdrawal with prior approval from the IRDA.

Premium re-direction charge: Every subsequent premium redirection after the three free-of-charge premium re-directions in a policy year will be subject to a charge of Rs1,000 per premium redirection. This charge can be increased to a maximum of Rs2,000 per premium redirection with prior approval from the IRDA.

Surrender charge: A charge of 5% of the fund value will be applicable if the policy is surrendered before premiums equivalent to four annualized regular premiums have been paid.

Partial withdrawals

The partial withdrawal facility is available after the initial three policy years. The withdrawals can be made up to 50% of the fund value in any policy from a chosen investment fund account. The minimum value of a partial withdrawal should be Rs10,000 and the minimum fund value remaining in a fund account after any partial withdrawal should not be less than the value of one annualized regular premium. Here, it will be important to mention that each top-up premium will have a lock in of three years for partial withdrawals (except in the last three policy years). Partial withdrawal before the age of 18 of the life insured is not allowed.

Policy surrender: The policy surrender option is available under

the policy after initial three policy years. A policy will not acquire a surrender value unless a premium value equivalent to three annualized regular premiums has been paid in the first three policy years. The surrender value payable will be subject to deduction of the surrender charge as applicable.

Riders available: The policy provides the following riders to choose from at the policy inception or on any policy anniversary. The individual rider sum assured cannot exceed the basic sum assured under the policy.

Personal Accident Benefit (PAB) Rider: provides a lumpsum amount in case of death of the life assured caused by an accident. Also, if the life assured suffers from a total and permanent disability while being involved in an accident, benefit is available under this rider.

Dread Disease (DD) Rider: provides a lumpsum amount on the life assured being diagnosed with any of the ten dreaded diseases covered or the life assured undergoing the surgery covered.

Tax benefits: The premium paid under the policy is eligible for deduction under Section 80C of the Income Tax Act, 1961. The benefits received under the policy are exempt from tax under Section 10(10D) of the Act. If, however, the premium paid (regular premium plus top-up premium) in a financial year exceeds 20% of the sum assured value, both the above tax benefits will not be available under the current tax laws.

IMPORTANT: In this policy, the investment risk in the investment portfolio is borne by the policyholder

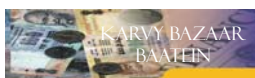
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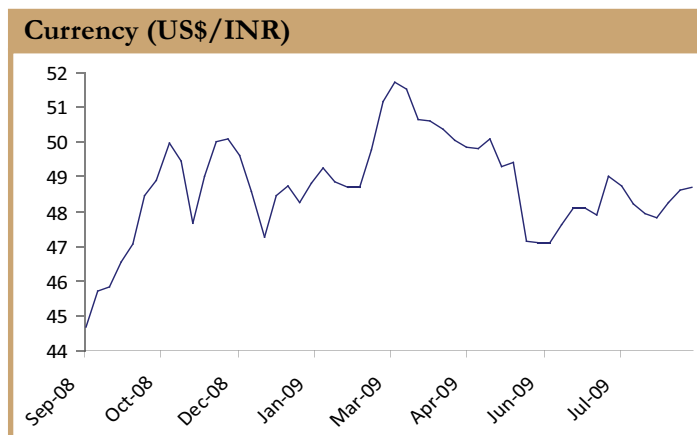
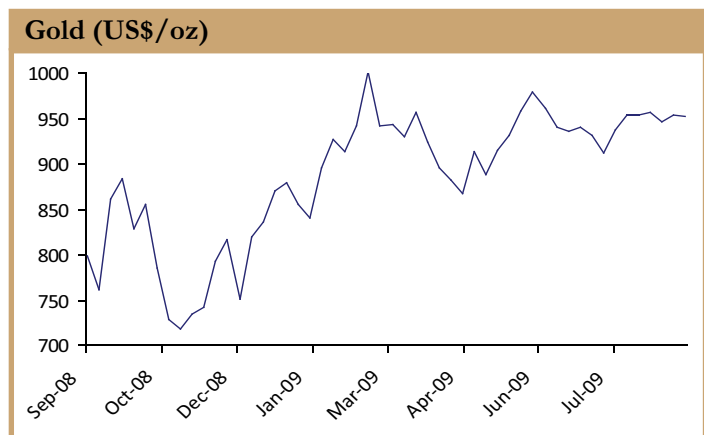
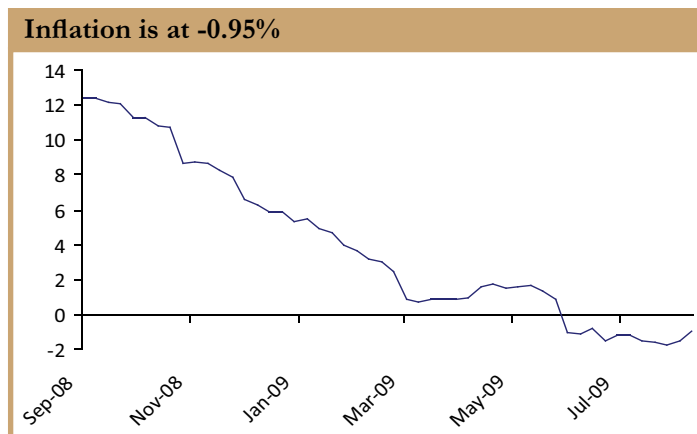
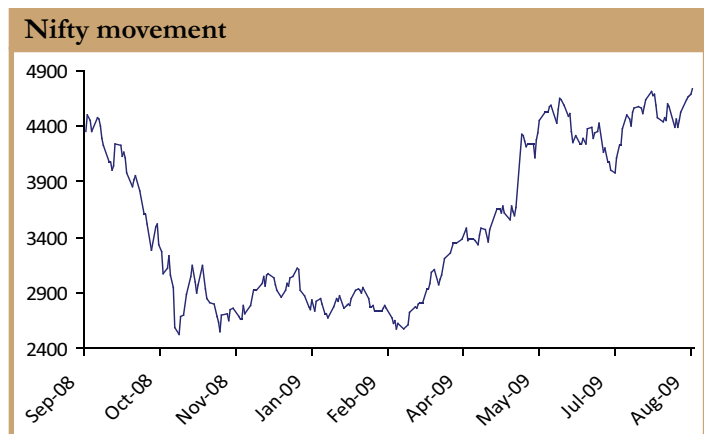
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MARKET DATA



Global indices: Weekly performance

	Close (Aug 28)	Close (Aug 21)	Weekly (%)	6M (%)	12M (%)	PE Ratio
ASIA						
Hang Seng	20098.62	20199.02	-0.50	56.88	-4.17	21.54
STI	2642.80	2544.86	3.85	65.71	-1.79	20.54
S. Korea	1607.94	1580.98	1.71	51.26	9.08	34.95
Nikkei 225	10534.14	10238.20	2.89	39.19	-17.50	-
AMERICA (closing as on Aug 27)						
Dow Jones	9580.63	9505.96	0.79	35.65	-18.22	13.76
S&P 500	1030.98	1026.13	0.47	40.25	-20.74	19.02
NASDAQ	2027.73	2020.90	0.34	47.17	-15.92	33.49
Brazil Bovespa	57703.85	57728.59	-0.04	51.12	2.34	23.99
EUROPE (closing as on Aug 27)						
FTSE-100	4869.35	4850.89	0.38	28.44	-12.18	70.91
DAX 30	5470.33	5462.74	0.14	44.28	-13.63	47.28
CAC 40	3648.53	3615.81	0.90	36.95	-17.05	14.33

Source: Bloomberg

Domestic indices: Weekly performance

	Close (Aug 28)	Close (Aug 21)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	15922.34	15240.83	4.47	79.07	13.34	19.16
Nifty	4732.35	4528.80	4.49	71.24	12.30	19.33
BSE 500	6094.67	5822.52	4.67	88.57	11.74	19.02
BSE Auto	5815.07	5537.94	5.00	116.78	48.67	40.75
BSE Bankex	8403.71	8287.61	1.40	98.20	27.40	13.36
BSE Capital Goods	13331.37	12481.76	6.81	126.04	16.00	32.53
BSE Consumer Durables	3299.01	3049.95	8.17	113.85	-12.00	11.10
BSE FMCG	2586.77	2529.47	2.27	26.60	19.21	25.29
BSE Healthcare	3932.85	3789.50	3.78	51.44	-7.97	43.24
BSE IT	4268.93	3954.18	7.96	103.65	10.78	20.21
BSE Oil & Gas	9944.84	9500.59	4.68	64.00	5.71	17.11
BSE Metal	12659.27	12225.72	3.55	169.86	6.16	14.11
BSE Realty	4288.94	3868.14	10.88	203.49	-9.76	20.02
BSE PSU	8382.12	8221.13	1.96	68.15	28.79	15.85
BSE Power	3002.30	2899.77	3.54	71.39	19.31	30.29
BSE Tech	3112.13	2908.49	7.00	79.22	4.42	19.97

(Compiled by Amit Chopra)

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