



KARVY BAZAAR BAATEIN

A Weekly Investment Newsletter From **KARVY**
A Research Product of Karvy The Finapolis

07 Sep 2009 to 13 Sep 2009

Volume 3 : Issue 23

URL: <http://www.karvy.com/market/docs/mktnews.pdf>

CONTENTS

- Editorial : 1
- Weekly recommendations : 1
- Performance monitor : 1
- Fundamentals : 2
- Commodities : 5
- Mutual Funds : 6
- Market data : 8

NSE
52 Wk H/L : 4743.75/2252.75
Mcap : Rs50,11,485 cr.
BSE
52 Wk H/L : 16002.46/7697.39

Editor : S. Gopichand

Managing Editor : Satyan Nair

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

Research Team : JK Jain, 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 ☎:040-44507254

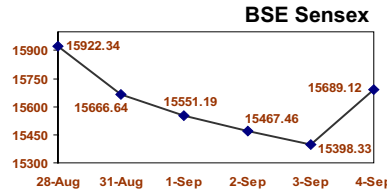
For advertising enquiries please contact
Pavan Katta ☎:040-23312454 ext:152

Published from Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad-500034.
Printed at Harshitha Printers, 6-2-985/G, Yusuf Building, Adj. Railway Gate, Khairatabad, Hyderabad- 500 004.

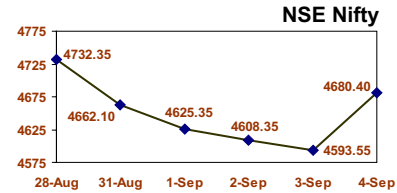
by **S. Gopichand** on behalf of Karvy Stock Broking Limited.

Editor: **S. Gopichand**

RNI Regn. No.APENG/2007/20423



15689.12
↓ 1.46%



4680.40
↓ 1.10%

Waiting to breakout...

Markets began September on a quiet note with the indices desperately waiting to breakout of a range. The indices have been obstinate, trading in a narrow range for more than a month now, and every attempt by the Sensex to get past the 16,000 levels has been thwarted by the lack of fresh positive triggers, either on the global or the domestic front. Moreover, market participants are increasingly nervous about the sharp run-up on the indices, particularly in the backdrop of a weak monsoon. However, while the downside is expected to remain limited, experts are bullish on the India story in the long run. The Nifty closed the week at 4680 levels, down 1% over the week, while the Sensex closed at 15,690 levels, down 1.5%.

There was some sector-specific movement on the indices last week, with automobile stocks gaining on the back of better sales numbers, giving an indication that the domestic economy is on the recovery path. Mid-cap banking and financial stocks also showed signs of positive movement. Meanwhile, India's GDP growth accelerated for the first time since 2007, expanding 6.1% in the first quarter after a 5.8% gain in the previous quarter.

Contrary to the initial euphoria about big-buck IPOs, both NHPC and Adani Power made rather unimpressive debuts on the bourses. In such a scenario, upcoming mega IPOs like Oil India sure have a reason to feel jittery. Moreover, like NHPC and Adani Power, the market believes the OIL issue too is rather overpriced. Reliance Communications (RCom), meanwhile, seems to be undeterred as it announced plans to take its tower subsidiary, Reliance Infratel Ltd, public. RCom bucked the negative trend in telecom stocks on news that the balance sheet of the company would be de-leveraged post the IPO.

This week, we may see buying in banking, metals, energy, and capital goods stocks. On the other hand, there could be selling in software stocks. The Nifty is expected to move in the range of 4500-4800 levels over the week.

KBB weekly recommendations for the week beginning 07th Sep.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
Cairn	Buy	259.75	Above 262	253	278-280	5-6 Days
Hero Honda	Buy	1610.90	1600-1605	1575	1680-1685	3-4 Days
IFCI	Buy	58.65	57-59	52	65-68	3-4 Days
Rel Capital	Buy	904.70	900-904	888	940-942	5-6 Days
RCom	Buy	292.05	288-292	282	310-312	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
DLF	Buy	Above 415	407.00	433-435	453	8,156.08	4.33%	TA
Voltas	Buy	158-160	153.00	175-177	1186	-7,113.06	-3.77%	SL
Punj Lloyd	Buy	272-274	266.00	298-300	690	-4,833.23	-2.56%	SL
STER	Buy	690-695	680.00	720-722	-	-	-	NI
CESC	Buy	377-380	372.00	400-402	498	-3,237.05	-1.72%	SL
Total						-7,027.26		

Balance on inception (26- Jan- 09)	Balance last week (28-Aug-09)	Balance current week (04-Sep-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	7,53,983	7,46,956	(0.93)	49.39

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

Fundamental view

BHEL (Rs2,201)

Bharat Heavy Electricals (BHEL) is a leading power equipment manufacturer in India and a play on India's increasing power generation requirement. The capacity addition of 10,000 MW (100% of existing) by FY12 is expected to improve execution capability and drive the revenue growth at a CAGR of 22.3%. The net profit is expected to rise due to a margin improvement of 540 bps, mainly due to cost control, while it is expected to show a CAGR of 30% to Rs68.99 bn by FY12. We believe BHEL will be an 'Outperformer' considering strong revenue visibility and earnings growth along with attractive returns ratios (~28% for FY10E-FY12E). We initiate coverage on the stock over a 12-month period with a target price of Rs2,653.

Order book of 4.6x FY09E revenues:

BHEL has an outstanding order book of Rs1,240 bn (US\$25.5 bn) as of June 2009, of which 85% comes from the power sector, mainly (80%) from state and central government entities, reducing the risk of order cancellations. The company has a 65% share in 11th Five Year Plan's (2007-12) power addition of 78,577 MW and is expected to maintain a 50% share in the 12th Five Year Plan's (2013-2017) addition of 98,000 MW. We have assumed an order inflow of Rs500 bn in FY10 and Rs550 bn in FY11, based on company guidance. The current order book is 4.6x FY09E revenues, and the expected order inflow of Rs1,650 bn (133% of the existing order book) over the next three years offers high revenue and earnings visibility even on the expanded capacity.

Capacity addition to drive growth and execution capability:

BHEL has increased its capacity from 6,000 MW in FY2005 to 10,000 MW in FY2008. The company is further planning to increase its manufacturing capacity to 15,000 MW by December 2009 and to 20,000 MW by FY12 with a capital expenditure of Rs100 bn. The capacity addition at a CAGR of 22.2% by FY12 is expected to increase the execution capabilities of the company.

Operating margins up 540 bps by FY12:

A significant recovery in margin is expected due to control on staff cost after a one-time

Exhibit 1: The power supply position in the country during 2002-03 to 2008-09

	Energy (Million Unit)			Peak (MW)		
	Requirement	Availability	% Shortage	Demand	Met	%Shortage
2002-03	545,674	497,589	8.8	81,492	71,547	12.2
2003-04	559,264	519,398	7.1	84,574	75,066	11.2
2004-05	591,373	548,115	7.3	87,906	77,652	11.7
2005-06	631,554	578,819	8.4	93,255	81,792	12.3
2006-07	690,587	624,495	9.6	100,715	86,818	13.8
2007-08	739,345	666,007	9.9	108,866	90,793	16.6
2008-09	774,324	689,021	11	109,809	96,685	12

Source: Ministry of Power

provision for wage cost due to the Sixth Pay Commission in FY09, and operating leverage due to capacity addition and lower raw material cost. We expect a margin expansion of 340 bps due to operating leverage associated with employee cost and 200 bps due to lower material cost as percentage of sales by FY12. We expect raw material cost as percentage of sales to decline from 59.5% in FY09 to 57.5% in FY12. We have increased margin expansion due to lower raw material cost over two years as against management guidance of 200 bps in FY10 to factor in execution risk.

Valuations: At the current price of Rs2,201, the stock is trading at 25.6x FY10E and 19.1x FY11E earnings. In EV/EBIDTA terms, it is trading at 15.7x FY10E and 11.3x FY11E. The valuations look attractive given the leadership position and future growth opportunities for the company along with RoCE and RoE of around 37% and 28%, respectively. We have used an average of P/E and DCF method to value BHEL. We have valued the company at 25x FY11E earnings, translating into a P/E of 0.8x. Our P/E-based valuation per share comes to Rs2,763 and DCF value per share comes to Rs2,543. This gives us a target price of Rs2,653 per share. We rate the stock as an Outperformer.

Investment positives

Favorable Macro Environment

Electricity is one of the key drivers for rapid economic growth and the Government of India has set the target to provide electricity to all households in the next five years. (As per Census 2001, about 44% of the households do not have access to electricity). Substantial peak and energy shortages prevail in the country as demand for power has outstripped availability. The continued power shortage of over 9% (12% to 16.68% during peak demand from 2007-09) is expected to accelerate investments in the power sector and increase installed capacity.

The Ministry of Power is hopeful of achieving at least 90% of the targeted capacity addition of 78,000 MW in the 11th Five-Year Plan. The Indian power sector is witnessing major changes as, in the last 15 years, the country has been able to add only 56,000 MW of electricity compared to the expected addition of more than 60,000 MW in the 11th Plan. To provide availability of over 1,000 units of per capita electricity by year 2012 from 704.2 MW in 2007-08, the government had estimated a need-based capacity addition of 98,000 MW for the 12th Five-Year Plan.

BHEL		Y/E March (Rs Mn)	FY08	FY09	FY10E	FY11E	FY12E
Reuters/ Bloomberg Code	BHEL.BO/ BHEL.IN	Revenues	197,269	268,586	322,304	406,102	491,384
Market Cap (Rs bn)	1,077.4	Op Profit	37,414	44,259	61,649	84,729	104,418
Market Cap (US\$ bn)	22.4	Net Profit	28,603	31,382	42,055	56,361	68,994
Shares Outstanding (mn)	489.5	EPS (Rs)	58.4	64.1	85.9	115.1	140.9
52-week High/Low (Rs)	2,406/984	EPS Growth(%)	18.48	9.72	34.01	34.02	22.41
		Operating Margin(%)	19.0	16.5	19.1	20.9	21.2
Major Shareholders (%)		PER(x)	37.7	34.3	25.6	19.1	15.6
Promoters	67.7	EV/EBITDA(x)	26.6	22.1	15.7	11.3	8.9
FII's	17.0	Price/Sales(x)	5.5	4.0	3.3	2.7	2.2
Banks/MFs	9.2	Dividend yield(%)	0.7	0.8	1.0	1.4	1.8
Others	0.3	RoCE(%)	31.7	31.4	35.4	39.2	39.3
Public	5.8	ROE(%)	26.5	24.3	26.6	28.6	28.4

Source: Company and Karvy Estimates

Market pulse

Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
ICSA (India)	205.04	313263	OP-Emerging Asia Fund
PSL Limited	157.70	260000	Citigroup Global Markets Mauritius Private Limited
Redington (India)	250.00	943000	SBI Mutual Fund A/c MGLF
Sell			
Archies Ltd	117.39	84275	Matrix Equitrade Pvt. Ltd.
Moldtk Pla	33.02	51863	REL CAP Asset Management Ltd.

Top Gainers (Weekly)

Company	04-Sep	28-Aug	%Change
BPCL	558.90	493.50	13.25
Rcom	292.05	265.65	9.94
Maruti	1546.60	1421.40	8.81
Unitech	106.85	99.10	7.82
Suzlon	100.15	93.65	6.94
Hero Honda	1610.90	1507.10	6.89
Hindustan Unilever	273.05	260.35	4.88
M&M	867.45	827.40	4.84
Reliance Capital	904.70	872.45	3.70
Tata Motors	508.30	490.45	3.64

Top Losers (Weekly)

Company	04-Sep	28-Aug	%Change
Bharti Airtel	405.00	435.20	-6.94
BHEL	2212.05	2330.15	-5.07
Reliance	1981.15	2074.10	-4.48
National Alum	334.20	348.75	-4.17
RPL	122.75	127.90	-4.03
Sterlite	670.05	697.90	-3.99
Ranbaxy	321.55	334.35	-3.83
Tata Power	1293.45	1342.85	-3.68
Hindalco	105.20	109.10	-3.57
Tata Comm	495.65	513.05	-3.39

FII Invt (Rs.cr)

MF (Rs.cr)

Date	Purchases	Sales	Purchases	Sales
31-Aug-09	2574.30	1481.50	686.80	774.20
1-Sep-09	2673.90	2760.10	965.60	872.10
2-Sep-09	2596.80	2899.30	702.30	954.20
3-Sep-09	1500.30	2074.50	742.50	715.90
Total	9345.30	9215.40	3097.20	3316.40

Corporate Actions

Company	Date	Purpose
HCL Info	8-Sep-09	Audited Accounts/Divi
Gammon India	9-Sep-09	Consolidated Audited Results
IMP Powers Ltd	15-Sep-09	Audited Results

(Compiled by Krishnaveni M)

Exhibit 2: Sector & Mode wise Capacity Addition (MW) during XIth Plan

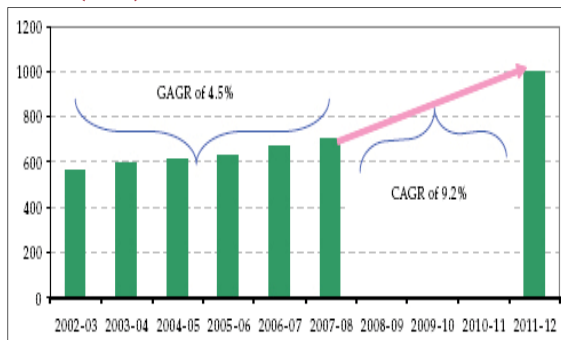
Source	Central	State	Private	Total
Hydro	9,685	3,605	3,263	16,553
Thermal	26,800	24,347	7,497	58,644
Nuclear	3,380	-	-	3,380
Total	39,865	27,952	10,760	78,577

Source: Ministry of Power

Exhibit 3: Capacity Addition (MW) during XIIth Plan (Expected)

Source	Total
Hydro	20000
Thermal	70000
Nuclear	8000
Total	98000

Exhibit 4: Per Capita Power Consumption in India (MW)



The significant capacity addition augurs well for BHEL, which has been maintaining almost 65% market share of the installed capacity and 80% market share of the installed coal-based power generation capacity in India. Approximately 75% of the 11th Plan's and 71% of 12th Plan's capacity additions are in the thermal sector. BHEL is well positioned to take advantage of this opportunity with a planned capacity addition from 10,000 MW in FY09 to 20,000 MW by FY12 in the thermal power space. We expect the company to maintain the dominant share in the market going ahead.

Exhibit 5: Bhel's Contribution in Indian Power Generation

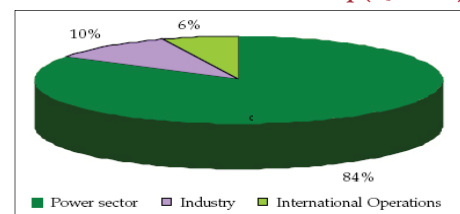
Installed Generating Capacity (MW)	2002	2003	2004	2005	2006	2007	2008
All India	104,173	107,056	111,028	115,091	118,561	125,414	134,697
BHEL	67,059	69,019	71,132	74,780	76,742	80,782	85,786
BHEL Contribution (%)	64.40	64.50	64.10	65.00	64.70	64.40	63.70
Generation Coal sets (mn units)							
All India	366,356	386,782	404,910	415,485	435,097	461,340	486,762
BHEL	288,759	308,620	318,806	331,738	341,494	365,887	387,712
BHEL Contribution (%)	78.8	79.8	78.7	79.8	78.5	79.3	79.7

Source: Company Data

Order book of 4.6x FY09 revenues provides visibility

BHEL has reported an impressive CAGR of 38% in its order book, from Rs236.5 bn in FY04 to Rs1,174 bn in FY09. The company has recorded an order growth in all its business sectors. For FY09, the international

Exhibit 6: Order Book Breakup(Q1FY10)



operations recorded the highest growth of 41% followed closely by 30% in the industrial sector and 15% in the power sector.

The company has 84% orders from the power sector while the industry sector and international operations comprise 10% and 6% of the order book, respectively.

BHEL has an outstanding order book of Rs1,240 bn as of June 2009, of which 80% is contributed by state and central government entities, thereby reducing the risk of order cancellations. We assume an order

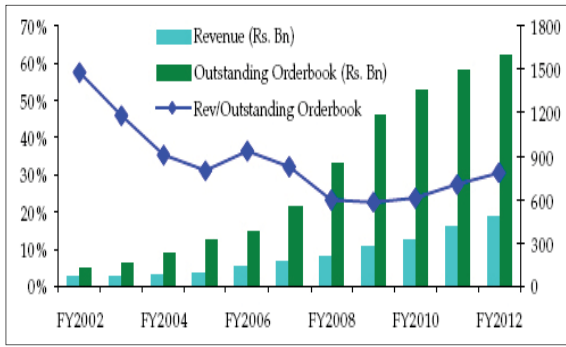
inflow of Rs500 bn in FY10 and Rs550 bn in FY11 as per company guidance. BHEL has execution cycles of around 3-4 years, which offers significant comfort in times of economic slowdown. The current order book of 4.6x FY09 revenues and expected order inflow of Rs1,650 bn in the next three years offer high revenue and earnings visibility even on the expanded capacity.

Order book unhindered by the economic slowdown

Despite the slowdown in the Indian economy from 9.03% (2007-08) to 6.7% (2008-09), BHEL's order book has swelled by Rs597 bn,

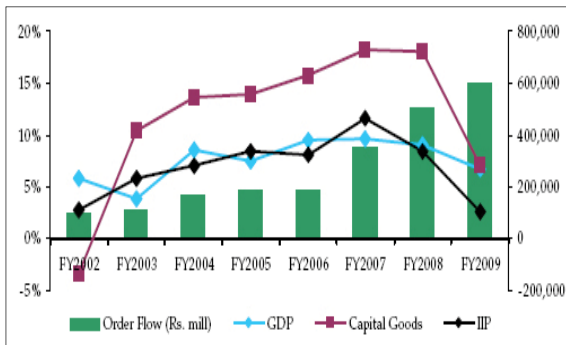
FUNDAMENTALS

Exhibit 7: Revenue & Outstanding Order Book Trend



an increase of 18.8% during the same period. Of this, 22% of the orders have come from the private sector, demonstrating the competitive capability of the company. After a strong GDP growth of more than 9% for three consecutive years, the growth in the Indian economy has faltered to 6.7% in FY09. This reduction is further reflected in the declining Index of Industrial Production (IIP) and capital goods growth rates. Due to the adverse macro-economic factors such as slowing economy, unfavorable capital markets, and liquidity crunch, one would expect reduced order inflows. However, during the same period, the order inflow for BHEL has gone up by Rs597 bn, an increase of 18.8% year-on-year, continuing its upward trend. This underlines

Exhibit 8: Order Book vs IIP and GDP Growth



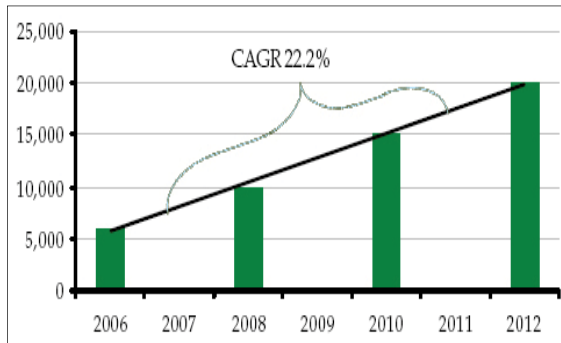
the strength in the order pipeline due to the increased focus on reducing the power deficit in India. With unrelenting consumer demand for power, we expect this trend to continue into the future, with an order inflow estimated at Rs500 bn and Rs550 bn in FY10 and FY11, respectively.

Capacity addition to drive growth and execution capability

BHEL has adopted a multi-pronged capacity and capability building strategy to meet the country's ambitious power generating capacity addition target in the 11th and 12th Five-Year Plans. The company has

increased its capacity from 6,000 MW in FY05 to 10,000 MW in FY08. BHEL is further augmenting manufacturing capacity to 15,000 MW by December 2009. As part of these efforts, the company has increased its production capacity of thermal/nuclear boilers at its Trichy plant from 3,00,000 MT to 4,80,000 MT in FY09. BHEL is also planning to add another 5,000 MW capacity by FY12. The total capacity addition of 10,000 MW is expected to cost Rs100 bn. The cash reserves of Rs100 bn as of March 2009, along with internal accruals, will be used to fund this capacity expansion. The cash reserves are

Exhibit 9: BHEL Capacity Addition (MW)

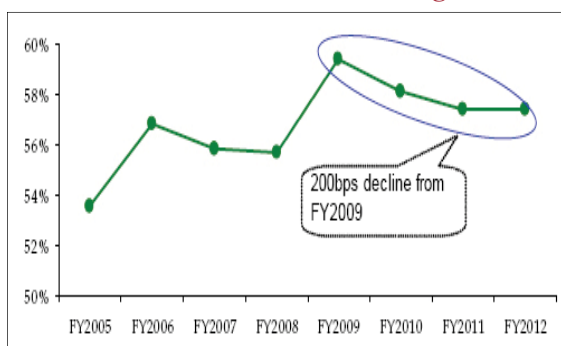


estimated to increase at a CAGR of 12%, to Rs145 bn (2009-12), despite a 36% CAGR in capital expenditure. The company typically has an order execution cycle of 32 months for a 250-MW size order and 39 months for a 500-MW size order.

Operating margins up 540 bps by FY12

Going ahead, we expect the margin to improve due to capacity addition and operating leverage.

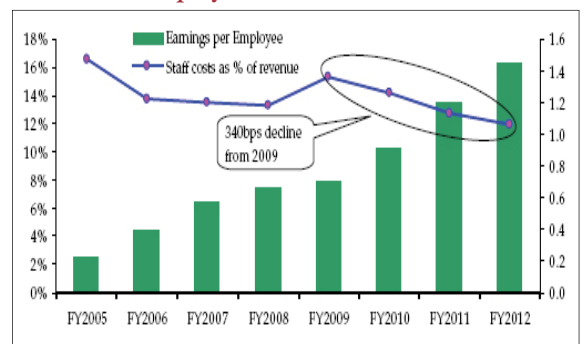
Exhibit 10: Raw Material as a Percentage of Sales



Currently, BHEL (with a capacity of 10,000 MW) is operating at full capacity to generate 11,500 MW of electricity by outsourcing a significant amount of work, mainly for boilers, steam turbines and generators. With increasing capacity, we expect the company to be able to rein in these outsourcing costs and, at the same time, attain economies of scale, thereby helping it to improve operating margins. BHEL is also expected to benefit from the execution of orders for higher rated boilers (>525 MW) which have a lower raw material cost (6% to 8%) per unit. Overall, we expect raw material cost as percentage of sales to decline from 59.5% in FY09 to 57.5% in FY12. We have spread margin expansion over two years as against management guidance of 200 bps in FY10 to factor in execution risk.

The wage revision in FY09 has impacted margins and removed a lot of uncertainty for the company. BHEL is planning to have net additions of around 1,500 (recruitment of 3,500 and retirement of 2,000) employees every year, with a target of adding 5,000 employees by FY12 to keep up with the growing capacity. The employee cost is expected to show a CAGR

Exhibit 11: Employee Cost Trend



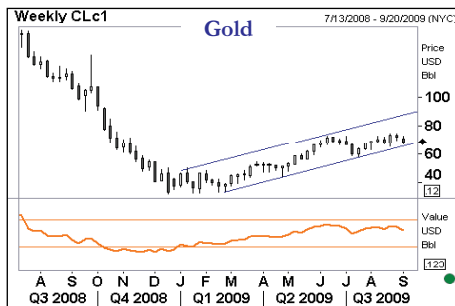
of 12.4% compared to revenue CAGR of 22.3% from FY09-FY12, giving significant operating leverage for the company. With capacity expected to double by FY12 from the current levels, the increase in employee strength is expected to double the per-employee earnings contribution from Rs0.7 mn to Rs1.4 mn. We estimate that these factors can improve the operating margin by 540 basis points to 21.2% in FY12.

Commodities review

Precious metals review

Bullion: Bullion emerged as the front-runner last week as it witnessed the strongest rally since April. It opened the week at \$956.10 and on Sept 3, prices surged to \$998 during intra-day sessions. At the time of writing this report, bullion prices surged by 3.72% and was trading at \$991.70. On certain occasions during the week, the dollar declined against other major currencies, thereby causing bullion to trade higher. However, both gold and dollar moved in the same direction. The dollar index recorded a modest increase of 0.18% during the week. This, to a certain extent, distorted the historical fact that gold moves inversely to the dollar. Crude oil prices declined to \$68.35 after opening the week at \$72.75. This suggests that there were no inflationary pressures built up last week which could have driven gold higher. The holdings in the SPDR Gold Trust rose by 16.18 metric tonnes (MT) and currently stands at 1,078.01 MT.

The markets also saw some major economic events from both Euro-zone and the US. The economic events from the Euro-zone were



negative while news from the US proved to be mixed. In the US, ISM Manufacturing and Pending Home Sales rose while Initial Jobless Claims remained unchanged at 5,70,000. Based on these factors, we could infer that the rally in gold prices last week was technically driven.

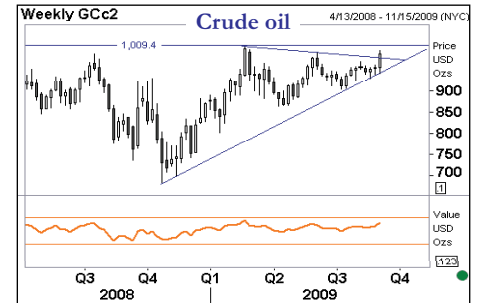
This week, prices are likely to continue its upsurge and are set to make another high on the back of technical buying. However, fundamentals do not seem to be impressive enough to turn the markets around. We expect the US trade balance data to remain unchanged at \$27 billion while Initial Jobless Claims are expected to come down to 5,56,000 against the previous figure of 5,70,000.

Energy review

Crude oil: On the opening day of the previous week, prices fell by 3.82% and closed under \$70 per barrel for the first time in a week, as concerns regarding oil demand from China, the second-largest oil consumer, appeared in the form of weak stock markets. The Chinese stock markets saw a monthly decline of 22%, the steepest since last October. There were concerns in Japan as manufacturers increased their output at the slowest pace in almost four months. The US DOE reported that oil and gasoline inventories declined by 3,72,000 and 2.969 million barrels, respectively, while distillate inventories are expected to rise by 1.179 million barrels. Although oil inventories fell lower than expectations, the drop in gasoline inventories was steep. Moreover, the US daily fuel consumption averaged around 19.3 million barrels in the four weeks ended

August 28, up 0.1% from a year earlier. Prices fell by 6.6% during the first three days of the week. The economic indicators released during the week could not prevent the decline. The benchmark stock indices, namely, the Dow Jones in the US, Nikkei in Asia and DJ STOXX in Europe declined during the previous week by 2.09%, 3.8%, and 3.29%, respectively, while the Chinese markets recovered from the previous month's loss. Prices reached a high and low of \$73.36 and \$67.05 per barrel and are currently trading at \$68 per barrel—heading for a weekly decline of over 6%.

The OPEC is likely to maintain output quotas unchanged when it meets for the third time this year in Vienna on September 9. As the US driving season is almost nearing to an end, the demand for oil may take a hit as seasonality is the main factor being considered now. The above two factors can act against prices. However, economic indicators in the form of industrial production from China, jobless claims from the US, and a weaker dollar index should favor prices. Prices for the week are expected to fluctuate due to the above reasons.



- Commodities Research Desk

EVERYBODY PROMISES STOCK MARKET ON YOUR MOBILE PHONE!!!

We provide trading tips for you to profit

SUBSCRIBE FOR STOCK MARKET SMS DURING TRADING HOURS

How do you stay connected to the market while on the move? Simple, subscribe to **Karvy Stock Messaging Service**. You will have the trading tips on your Mobile.



For any clarifications please write to aswin@karvy.com, 040-44507254

PLAN	AMOUNT	HOW YOU BENEFIT
1 Month	Rs.3,000	Daily 5-6 trading recommendations+ 1 yr Finapolis subscription free
3 Months	Rs.8,000	Daily 5-6 trading recommendations + 2 yrs Finapolis subscription free+ Attractive discounts
6 Months	Rs.12,000	Daily 5-6 trading recommendations +3 yrs Finapolis subscription free+ Attractive discounts
1 Year Base Plan	Rs.15,000	Daily 5-6 trading calls recommendations + Karvy Bazaar Baatein(Soft Copy)+ Trade Winds(Soft Copy) free+Attractive discounts
1 Year Power Plan	Rs.20,000	Daily 5-6 trading recommendations +Weekly Karvy Bazaar Baatein(Soft Copy)+ Trade Winds(Soft Copy)+3 yrs Finapolis subscription free+Attractive discounts

Mode of payment : Please pay by DD in favour of "**Karvy Stock Broking Ltd.**" payable at Hyderabad.

Please send in your payment details along with the DD to Mr.Shomesh Kumar, Karvy Stock Broking Ltd.,

Karvy House,46, Avenue 4, St.No.1, Banjara Hills, Hyderabad-500 034.

For online payment logon to www.karvy.com

Mutual fund performance

Equity diversified

Scheme name	NAV	1 Year	2 Year	3 Year
IDFC Premier Equity - A (G)	22.22	16.00	25.30	102.90
Reliance RSF - Equity (G)	23.62	14.50	31.60	73.70
DBS Chola Opportunities (G)	36.32	5.70	11.40	72.10
Sahara Infrastructure-VPO (G)	16.20	26.50	17.80	71.20
ICICI Pru Infrastructure (G)	25.93	3.00	12.80	70.70
Tata Equity P/E Fund (G)	36.81	16.00	15.80	68.90
Sahara Infrastructure-FPO (G)	15.82	25.60	16.10	67.50
Sundaram S.M.I.L.E Fund -RP (G)	27.40	25.60	28.70	67.10
Reliance Growth Fund - RP (G)	361.96	12.20	13.90	63.50
Sahara Growth Fund (G)	69.82	17.30	22.50	63.10

ELSS

Scheme name	NAV	1 Year	2 Year	3 Year
Can Robeco Eqty TaxSaver (G)	19.34	32.70	21.00	79.60
Taurus Tax Shield (G)	28.48	13.90	36.50	75.80
Sundaram Tax Saver (G)	37.39	16.50	20.90	64.30
Sahara Taxgain (G)	29.35	25.60	23.90	59.60
Fidelity Tax Advantage (G)	15.51	10.70	4.50	45.00
Principal Personal Tax Saver	77.90	-4.70	-13.20	43.40
SBI Magnum Tax Gain (G)	49.31	5.80	-3.00	35.40
Franklin India Tax Shield (G)	153.02	9.40	4.90	34.10
HDFC Tax Saver (G)	165.57	13.40	1.80	29.90
Tata Tax Advantage Fund-1(G)	12.26	7.50	4.80	28.20

Balanced

Scheme name	NAV	1 Year	2 Year	3 Year
Principal Child Benefit - CBP	74.02	2.10	9.60	66.40
Birla Sun Life 95 Fund (G)	240.28	23.00	13.60	57.80
Reliance RSF - Balanced (G)	17.17	27.10	27.80	55.60
DSP-BR Balanced Fund (G)	52.37	13.50	18.00	52.90
HDFC Prudence Fund (G)	147.77	19.80	13.10	48.60
Tata Balanced Fund (G)	64.17	15.30	10.00	48.30
FT India Balanced Fund (G)	40.38	9.70	7.60	39.60
SBI Magnum Balanced Fund (G)	42.82	12.60	7.90	37.90
UTI Mahila Unit Scheme (G)	35.64	12.70	20.60	36.60
Can Robeco Balance (G)	48.18	18.60	14.70	34.40

MIP

Scheme name	NAV	1 Year	2 Year	3 Year
Reliance MIP (G)	18.57	25.20	32.40	40.80
HDFC MIP - LTP (G)	19.47	20.60	23.10	39.20
Birla SL Monthly Income-A (G)	32.38	17.40	19.10	35.30
Birla SL MIP II-Wealth 25 (G)	15.92	16.80	11.00	23.90
UTI MIS - Advantage Plan (G)	17.86	16.60	19.90	34.30
Birla Sun Life MIP-A (G)	23.55	16.40	14.10	28.40
HSBC MIP - Savings Plan (G)	17.20	16.40	19.80	37.00
Birla SL MIP II-Savings 5 (G)	16.02	14.70	31.90	42.70
HSBC MIP - Regular Plan (G)	15.61	14.40	18.70	31.60
ICICI Pru MIP (G)	23.09	14.00	16.60	27.40

Debt (long-term)

Scheme name	NAV	1 year	2 year	3 year
ICICI Pru Gilt Inv Plan - PF	17.85	31.80	44.90	57.00
JM G-Sec Fund (RP) (G)	28.81	23.70	33.80	38.70
Birla Sun Life GSec - LTF (G)	24.84	22.70	22.60	28.80
ICICI Pru Gilt (IP) (G)	30.87	22.70	31.90	43.60
ICICI Pru Income (G)	29.27	22.00	30.70	39.50
DSP-BR Govt. Securities (G)	30.83	19.00	29.30	35.20
Escorts Gilt Fund (G)	19.82	18.10	31.40	37.00
Templeton (I) G-Sec - LTP (G)	22.10	17.00	30.60	38.00
DWS Premier Bond - RP (G)	14.77	16.60	19.70	24.10
IDFC GSec - PF- RP A (G)	14.44	16.40	25.30	33.70

Debt (short-term)

Scheme name	NAV	3 mnts	6 mnts	1 year
ICICI Pru Income Opp. - RP (G)	12.38	-0.20	7.90	23.40
Can Robeco Income (G)	19.08	0.90	4.50	21.00
Fortis Flexi Debt Fund -RP (G)	15.49	0.60	5.90	18.40
ING Gilt - Regular (G)	15.50	-0.80	3.30	17.80
Kotak Bond (Regular) (G)	25.36	-0.30	7.10	16.50
Kotak Bond (Deposit) (G)	23.63	-0.20	7.20	16.40
IDFC Dynamic Bond - RP A (G)	17.85	-0.90	1.20	15.90
JM Short Term Plan (G)	17.44	0.90	3.10	15.70
ICICI Pru Short Term Plan (G)	18.41	0.90	3.30	15.20
Sahara Income Fund (G)	17.16	2.10	3.20	14.20

Source: moneycontrol.com; Note: All NAV as of September 03, 2009, all returns are expressed in percentage terms.

(Compiled by Amit Chopra)

MUTUAL FUNDS

Mutual fund AUM for July 2009

(Rs. in Crore)

CATEGORY	SALES - ALL SCHEMES				REDEMPTIONS ALL SCHEMES		AVERAGE ASSETS UNDER MANAGEMENT FOR THE MONTH	
	From New Schemes #		From Existing Schemes	Total for the month	Cumulative April 2009 to July 2009	For the month		Cumulative April 2009 to July 2009
	No.	Amount	Amount					
A	BANK SPONSORED							
I	JOINT VENTURES - PREDOMINANTLY INDIAN (2)							42,012
II	JOINT VENTURES - PREDOMINANTLY FOREIGN (1)							4,017
III	OTHERS (1)							67,252
	TOTAL 'A' (I+II+III)							113,281
B	INSTITUTIONS (1)							35,094
C	PRIVATE SECTOR							
I	INDIAN (14)							222,328
II	FOREIGN (5)							47,840
III	JOINT VENTURES - PREDOMINANTLY INDIAN (5)							244,636
IV	JOINT VENTURES - PREDOMINANTLY FOREIGN (7) @@							26,767
	TOTAL 'C' (I+II+III+IV)							541,571
	GRAND TOTAL (A+B+C)							689,946
	Figures for corresponding period of previous year							529,631

Source: amfiindia.com Notes: 1. Data is provisional & hence subject to revision; 2. # Only New Schemes where allotment is completed. 3. @@ There has been an increase in the number of AMCs to 7, due to inclusion of a new AMC - Shinsai Asset Management (India) Pvt. Ltd.

Disclaimer : The information and views presented in this report are prepared by Karvy Stock Broking Limited. The information contained herein is based on our analysis and upon sources that we consider reliable. We, however, do not vouch for the accuracy or the completeness thereof. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither Karvy nor Karvy Stock Broking nor any person connected with any associate companies of Karvy accepts any liability arising from the use of this information and views mentioned in this document. The author, directors and other employees of Karvy and its affiliates may hold long or short positions in the above mentioned companies from time to time. Every employee of Karvy and its associate companies is required to disclose his/her individual stock holdings and details of trades, if any, that they undertake. The team rendering corporate analysis and investment recommendations are restricted in purchasing/selling of shares or other securities till such a time this recommendation has either been displayed or has been forwarded to clients of Karvy. All employees are further restricted to place orders only through Karvy Stock Broking Ltd. This report is intended for a restricted audience and we are not soliciting any action based on it. Neither the information nor any opinion expressed herein constitutes an offer or an invitation to make an offer, to buy or sell any securities, or any options, futures or other derivatives related to such securities.

Subscribe to Karvy Publications

Yes, I wish to subscribe to Karvy Publications. (please tick below)

I would like to subscribe to Karvy Bazaar Baatein..(Soft copy) for a period of 6 months : Rs.1000 1 year : Rs.1500



Only Soft Copy

A weekly Equity & Commodities investment newsletter from Karvy

Subscribers will receive SMS alerts on when to initiate & when to close Karvy Bazaar Baatein...recommendations

I would like to subscribe to Trade Winds (Soft copy) for a period of 6 months : Rs.2000 1 year : Rs.3000



Only Soft Copy

A weekly Futures and Options trading newsletter from Karvy

Subscribers will receive SMS alerts on when to initiate & when to close Trade Winds recommendations

I would like to subscribe to the Finapolis (Hard copy) for a period of : 1yr:Rs.250 2 yrs : Rs.475 3 yrs : Rs.650



Hard Copy & Soft Copy

A monthly magazine on Personal Finance

Subscribe to Mega offer: Rs.4,500 = { 1 year 'Karvy Bazaar Baatein' + 1 year 'Trade Winds' + 1 year 'Karvy the Finapolis' }

Subscription Tenure	No. of Issues	Subscription Price
6 months	26	1000
1 year	52	1500

Subscription Tenure	No. of Issues	Subscription Price
6 months	26	2000
1 year	52	3000

Subscription Tenure	No. of Issues	Cover Price @ Rs.25 per issue	Subscription Price	You Save
1 year	12	300	250	17%
2 years	24	600	475	21% (Best offer)
3 years	36	900	650	28%

Mode of payment : Please pay by Cheque / DD in favor of "Karvy Stock Broking Ltd.," payable at Hyderabad. For outstation (other than Hyderabad)

cheques, please add Rs.25/- as collection charges to the above amount. This Subscription Request Form, along with your Cheque / DD may please be sent to : Shomesh Kumar, Editor-in-chief, The Finapolis, Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034. **Phone** - 040-44507254, **email** - shomeshk@karvy.com. Email your cheque/DD No. and amount to aswin@karvy.com to enable us to start your subscription to The Finapolis right away.

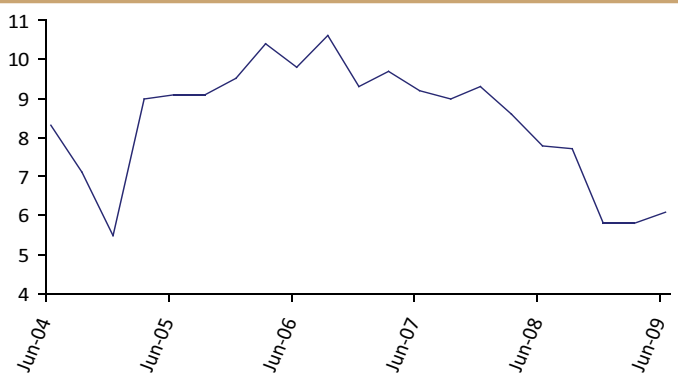
Subscription Request Form Please write in BLOCK CAPITALS

Mr/Mrs/Ms/. _____ First Name _____ Last Name _____ Age _____ Address _____
Pin: _____ Tel No. _____ e mail : _____

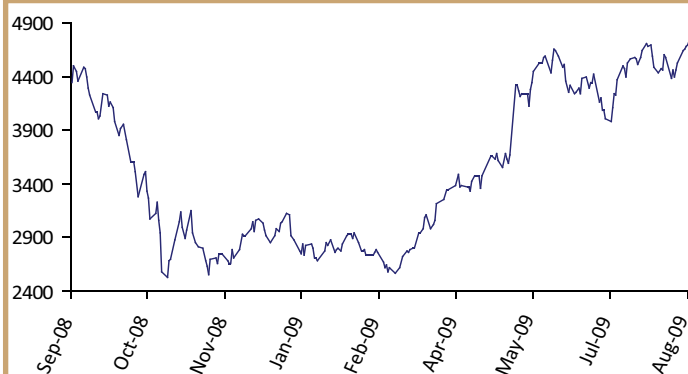


MARKET DATA

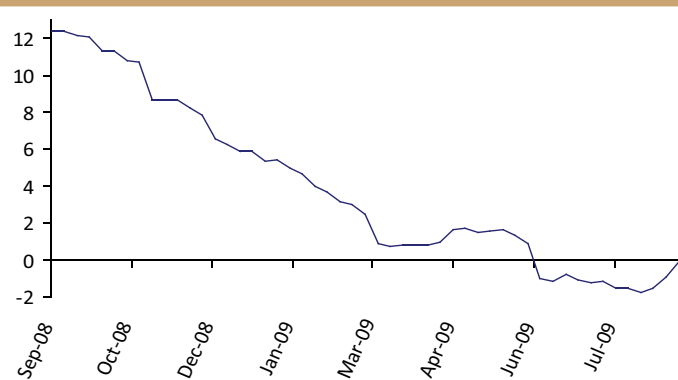
GDP growth (%)



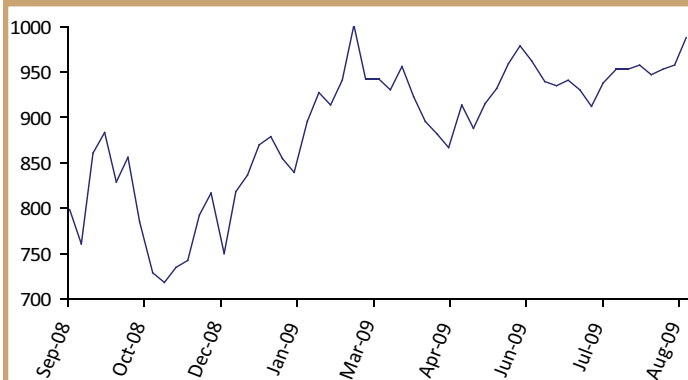
Nifty movement



Inflation is at -0.21%



Gold (US\$/oz)



Global indices: Weekly performance

	Close (Sep 04)	Close (Aug 28)	Weekly (%)	6M (%)	12M (%)	PE Ratio
ASIA						
Hang Seng	20318.62	20098.62	1.09	64.77	-0.35	21.88
STI	2622.69	2642.80	-0.76	69.83	-0.13	20.39
S. Korea	1608.90	1607.94	0.06	51.89	12.79	30.91
Nikkei 225	10187.11	10534.14	-3.29	39.72	-18.88	-
AMERICA (closing as on Sep 03)						
Dow Jones	9344.61	9544.20	-2.09	35.91	-16.48	13.42
S&P 500	1003.24	1028.93	-2.50	40.73	-18.89	18.52
NASDAQ	1983.20	2028.77	-2.25	46.50	-12.21	33.31
Brazil Bovespa	55707.17	57700.57	-3.45	45.06	8.36	23.43
EUROPE (closing as on Sep 03)						
FTSE-100	4796.75	4908.90	-2.28	32.77	-9.72	70.12
DAX 30	5301.42	5517.35	-3.91	37.34	-14.90	45.54
CAC 40	3553.51	3693.14	-3.78	33.36	-17.09	14.12

Source: Bloomberg

Domestic indices: Weekly performance

	Close (Sep 04)	Close (Aug 28)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	15689.12	15922.34	-1.46	85.75	5.30	18.89
Nifty	4680.40	4732.35	-1.10	76.94	5.23	19.11
BSE 500	6045.02	6094.67	-0.81	95.65	5.19	18.95
BSE Auto	6079.27	5815.07	4.54	130.08	50.44	42.60
BSE Bankex	8345.34	8403.71	-0.69	114.55	12.25	13.26
BSE Capital Goods	12989.09	13331.37	-2.57	130.92	6.57	31.69
BSE Consumer Durables	3289.82	3299.01	-0.28	123.12	-13.42	11.07
BSE FMCG	2589.17	2586.77	0.09	32.76	17.02	25.32
BSE Healthcare	3860.39	3932.85	-1.84	49.55	-11.26	42.44
BSE IT	4272.54	4268.93	0.08	110.18	4.57	20.23
BSE Oil & Gas	9782.17	9944.84	-1.64	67.44	-0.63	16.83
BSE Metal	12496.06	12659.27	-1.29	174.82	2.57	13.91
BSE Realty	4297.49	4288.94	0.20	213.59	-17.29	19.98
BSE PSU	8310.21	8382.12	-0.86	72.61	19.20	15.70
BSE Power	2933.41	3002.30	-2.29	75.66	10.46	29.59
BSE Tech	3086.80	3112.13	-0.81	85.70	-1.30	19.75

(Compiled by Amit Chopra)

Head Office:

S. Gopichand, Editor, Karvy Stock Broking Ltd.,
529, Road No.10, Banjara Hills, Hyderabad - 500 034.
Ph: 040-44507254.

For further details on Karvy network visit: www.karvy.com

Subscriber's Address: