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NSE
52 Wk H/L : 5152.25/2252.75
Mcap : Rs54,58,621 cr.
BSE
52 Wk H/L : 17350.39/7697.39

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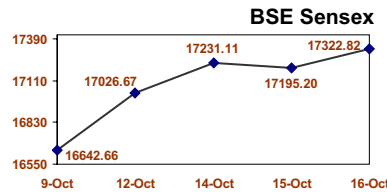
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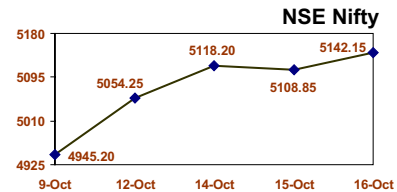
by **S. Gopichand** on behalf of Karvy Stock Broking Limited.

Editor: **S. Gopichand**

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17322.82
↑ 4.11%



5141.80
↑ 3.98%

A Happy New Year Indeed!!!

Assume that you are a self-confessed stock market expert. It is Samvat 2064 (November 2007), and you are celebrating Diwali at the peak of the bull market. If your friendly neighbour had sought your opinion then about where you expect stock markets to be one year later on Samvat 2065 (October 2008), chances are that you would have been frightfully wrong! The Nifty was at 5,600 levels on Samvat 2064, but one year later, as the October mayhem hit financial markets worldwide, the Index had plummeted to 2,600 levels, a steep drop of more than 50%! Even a figment of your imagination could not have fathomed the possibility of such an event!!!

One year later, on Samvat 2065, amidst the doom and gloom that gripped global markets in October 2008, if you were asked the same question again, chances are that you would have still got it terribly wrong! Stock markets rebounded sharply from March 2009 onwards on the back of positive global cues, better-than-expected results, and greater stability on the political front. Accordingly, Samvat 2066 saw the Nifty closing at 5,100 levels, a near 100% rise over Samvat 2065!!

Today, as we celebrate Samvat 2066, what are the chances that your forecast may go horribly wrong once again? Will the Nifty cross the 6,000 mark or will it breach the 4,000 levels by next Diwali? Clearly, while the worst may be over for the developed economies, the valuations of emerging markets like India are not exactly cheap. However, the huge wall of liquidity from FIIs is expected to drive prices higher. India Inc. will have to justify higher valuations via stronger earnings visibility, and Q2 results have been quite encouraging so far.

Metals, banking and realty stocks were among the top gainers last week. This week, the Nifty is likely to trade in the 5100-5300 range, with buying expected in metals, sugar, FMCG, software, capital goods and infrastructure sectors. While retail investors have largely missed the rally this year, we believe it is high time that they show greater faith in the Indian markets and leverage on its long-term story.

KBB weekly recommendations for the week beginning 20th Oct.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
Punj Lloyd	Buy	289.80	287-290	282	307-310	5-6 Days
Siemens	Buy	592.80	585-590	573	618-620	5-6 Days
Yes Bank	Buy	242.05	240-242	234	253-255	5-6 Days
Tata Steel	Buy	563.20	555-560	549	588-590	5-6 Days
IVRCL	Buy	417.60	414-418	408	432-435	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
DCHL	Buy	135-137	133.00	150-152	-	-	-	NI
HDIL	Buy	350-354	343.00	380-382	-	-	-	NI
Bharat Forge	Buy	260-263	255.00	285-288	-	-	-	NI
IDBI	Buy	128-130	125.00	140-142	-	-	-	NI
Divis Labs	Buy	567-572	560.00	598-600	-	-	-	NI

Balance on inception (26-Jan-09)	Balance last week (09-Oct-09)	Balance current week (16-Oct-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	7,41,044	7,41,044	-	48.21

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

Infosys (Rs2178)

Volumes rebound; favourable cross-currency movements boost dollar revenues: Infosys recorded a 2.1% Q/Q growth in 2QFY10 top-line in rupee terms (3.1% Y/Y). According to International Financial Reporting Standards (IFRS), dollar revenues saw a 2.9% Q/Q increase (5.1% Y/Y de-growth), whereas in constant currency terms, the company clocked a 1.2% Q/Q growth (3.2% Y/Y de-growth). Infosys comfortably outperformed its guidance in US dollar terms, on a reported as well as constant currency basis. In rupee terms, the company comfortably surpassed the top-end of its guidance by over 3%. With the Indian rupee largely stable against the US dollar over the quarter, there was no significant difference between US dollar revenue growth and rupee revenue growth.

Just as 1QFY10, cross-currency movements proved to be a tailwind this quarter as well, with the rise of the British pound (6% Q/Q), euro (5% Q/Q) and Australian dollar (9% Q/Q) against the US dollar, positively impacting the reported dollar numbers by around US\$16-17 million. The IT services volumes saw a rebound after two consecutive quarters of sequential decline, signifying a clear improvement in the business environment. Onsite volumes grew 0.5% Q/Q, ending three consecutive quarters of sequential decline, while offshore volumes rose by 3% Q/Q after two quarters of decline. The pricing improved for the second consecutive quarter, aided in part by the cross-currency benefits, with offshore rates rising 0.6% Q/Q (7.9% Y/Y fall) and onsite rates 1.3% Q/Q (4% Y/Y fall). However, blended pricing, on a constant currency basis, declined 1.1% Q/Q. Management has alluded to deal renegotiations having more or less concluded, which is likely to lead to more stable pricing going ahead. However, the era of price rise may yet take time.

Margins boosted owing to higher offshore, utilisation rates: During 2QFY10, Infosys recorded a 47 bps Q/Q expansion in EBITDA margins. This was driven by a higher offshore proportion of revenues, as also higher utilisation rates (67.3%, including trainees, v/s 67% in 1QFY10). On a Y/Y basis, Infosys

registered an impressive 150 bps expansion in margins.

Lower other income, higher depreciation and taxes reduce bottom-line growth: Infosys recorded a 0.9% Q/Q increase in its bottom-line in 2QFY10, which was lower than the growth recorded in EBITDA. This was due to lower other income, higher depreciation and a higher effective tax rate (20.5% v/s 20.3% in 1QFY10). On a Y/Y basis, the bottom-line grew by 7.5%. The company comfortably surpassed its EPS guidance for the quarter by as much as 11% at the upper end, thus reflecting what has undoubtedly been a stand-out quarter.

Guidance upgrades all-round: Infosys has upgraded its guidance, both in US dollar terms and in rupee terms, on both top-line and bottom-line for FY10. The company, at the end of 1QFY10, had guided revenues to hit Rs214.16-217.47 bn and now expects it to range between Rs219.61 and 220.55 bn, an increase of 1.4% at the upper end of the band. More significantly, it has raised the upper end of its EPS guidance by as much as 4.2% and expects EPS for FY10 to be in the range of Rs99.60-100, as compared with its earlier range of Rs94.59-96. This implies a Y/Y decline of 4.8-4.4%, as against a Y/Y decline of 9.6-8.2% guided earlier.

Overall, we believe even as the company remains cautious with respect to the business environment, it is likely to be a key beneficiary of the improving business environment. Infosys has more often than not come off as a winner in key vendor consolidation exercises like British Petroleum (BP) and Telstra and is also seeing growth in some M&A integration projects in the BFSI space. Thus, we expect this to continue to drive improvement in the company's performance going forward and the increase in business volumes this quarter and salary

hikes awarded are the two key metrics that signify a turnaround in the environment, in our view.

Outlook and valuation: The quarter gone by has witnessed a clear improvement in the global economy, with deal flows starting to improve and the Indian top-tier IT majors, in general, and Infosys, in particular, witnessing favourable results from major vendor consolidation exercises. We believe the company will out-perform its cautious guidance and the tailwinds of stronger deal flows are likely to prove beneficial for it. Amidst the recession, Infosys has maintained an outstanding performance on the margin front, and with the slowdown now nearing its end, the software major has been able to record margins of about 35%, one of its highest in the past few years. With a recovery expected, Infosys is now starting to make more investments in S&M, and with the salary hikes awarded, the company, in our view, has given the strongest sign yet that the "green shoots" that have been so often talked about are now starting to actually emerge on the surface.

However, the recent rupee appreciation is likely to negatively impact near-term financial performance, particularly 3QFY10. If the domestic currency rises near to Rs45-45.50 per US dollar, it could lead to volatility in stock prices of top-tier IT majors, including Infosys, and a correction may be witnessed in the short-term. At Rs2,178 Infosys' stock is trading at 19x FY11E EPS. We remain positive on the Indian IT sector and believe any stock price correction from short-term factors like rupee rise should be used as an opportunity to accumulate these stocks, in general, and Infosys, in particular. We put an 'Outperformer' rating on Infosys, with a target price of Rs2,517, translating to 22x FY11E EPS.

Infosys Technologies		Y/E March (Rs mn)	FY07	FY08	FY09	FY10E	FY11E
Reuters/ Bloomberg Code	INFY.BO/ INFOIN	Net Sales	138,930	166,920	216,930	220,283	255,396
Market Cap. (Rsbn)	1,248	EBITDA	43,910	52,380	71,950	73,795	84,281
Market cap. (US\$m)	26,886	Net Profit	38,560	38,560	38,560	38,560	38,560
Shares Outstanding (mn)	573	EPS (Rs)	67.2	81.2	104.4	103.0	114.4
52-week High/Low (Rs)	2,415/1,040	EPS Growth (%)	56.9	20.8	28.5	(1.4)	11.1
		EBITDA margin (%)	31.6	31.4	33.2	33.5	33.0
		PER (x)	32.4	26.8	20.9	21.2	19.0
Major Share Holders (%)	P/BV (x)	11.1	9.1	6.8	5.6	4.6	
Promoter/Majority	16.5	Price/sales (x)	9.0	7.5	5.8	5.7	4.9
FII's	54.8	EV/EBITDA (x)	27.1	22.5	16.0	15.1	12.8
Banks/FIs/MFs	8.3	ROE (%)	42.3	37.2	37.4	29.0	26.5
Public & Others	20.4	ROCE (%)	46.6	42.7	43.1	36.3	34.0

Source: Company & KSBL Research.

Market pulse

Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
Anant Raj Industries	140.00	2010000	Deutsche Securities Mauritius
Dena Bank	73.23	1706940	Citigroup Global Markets Mauritius
Koutons Retail India	350.00	454968	LG - India Fund
Dewan Housing Fin	199.32	450000	Hamon Asset Management Ltd.
Dishman Pharma	230.53	435150	Birla Sun Life Insurance Company
Sell			
Euro Multivision	80.00	200000	Emerging India Focus Funds

Top Gainers (Weekly)

Company	16-Oct	09-Oct	%Change
SBI	2446.35	2067.55	18.32
Jindal Steel & Power	698.35	600.65	16.27
Cairn India	291.75	261.50	11.57
DLF	460.75	416.05	10.74
Tata Power	1418.20	1302.45	8.89
SAIL	185.50	174.00	6.61
TCS	598.30	561.75	6.51
Tata Steel	566.65	532.55	6.40
Unitech	104.90	98.60	6.39
ICICI Bank	959.10	901.80	6.35

Top Losers (Weekly)

Company	16-Oct	09-Oct	%Change
Ambuja Cements	91.15	99.35	-8.25
BPCL	525.35	563.10	-6.70
RCom	234.15	248.85	-5.91
Bharti Airtel	326.20	343.30	-4.98
ACC	783.50	795.35	-1.49
Sun Pharma	1355.25	1365.40	-0.74
Grasim	2390.50	2398.15	-0.32
Cipla	292.70	293.20	-0.17
HUL	286.55	286.90	-0.12
Hero Honda	1643.90	1645.55	-0.10

FII Invt (Rs.cr)

MF (Rs.cr)

Date	Purchases	Sales	Purchases	Sales
12-Oct-09	3282.50	3031.80	542.90	546.00
14-Oct-09	3058.90	2059.90	968.40	982.40
15-Oct-09	4268.40	2685.90	579.00	1078.60
16-Oct-09	3924.20	2961.10		
Total	14534.00	10738.70	2090.30	2607.00

Corporate Actions

Company	Date	Purpose
SESA GOA	20-Oct-09	Unaudited Financial Results
Hero Honda	21-Oct-09	Unaudited Financial Results
Yes Bank	22-Oct-09	Unaudited Financial Results
Rolta India	22-Oct-09	Unaudited Financial Results
SAIL	22-Oct-09	Unaudited Financial Results
BHEL	23-Oct-09	Unaudited Financial Results

(Compiled by Krishnaveni M)

Axis Bank (Rs1032)

In 2QFY10, Axis Bank reported 26% Y/Y growth in net interest income, to Rs11.5 bn, in-line with our expectations, and 49% Y/Y jump in operating profit to Rs13.05 bn, which was marginally higher than our estimates of Rs12.6 bn. The deviation from operating profit estimates was due to 6.2x exponential jump in treasury income to Rs2.24 bn. The bank's bottom-line grew 32% Y/Y to Rs5.3 bn, which was lower than our expectations, due to higher loan-losses provisions. During the quarter, the bank's dependence on deposits was lesser due to infusion of fresh equity capital of Rs37.7 bn (net of issue-related expenses); the bank reported 12.4% and robust 30.5% Y/Y growth in total deposits and CASA deposits, respectively. Mobilization of CASA deposits and infusion of equity capital improved the bank's cost of funds to 5.41% from 6.23% in 2QFY09 and 6.09% in 1QFY10. Growth in advances was subdued—it grew by 17.7% Y/Y, and going forward for FY10, the bank's management revised the credit growth target to 20% from its earlier projection of 25-28%. Better liability-side management supported the bank's margin; NIM improved to 3.52% from 3.34% in 1QFY10 and 3.51% in 2QFY09, and going forward, margin would be maintained.

In quarterly results, we saw better margin due to improvement in the deposit profile and fresh equity capital, robust performance on treasury front and high provisions for NPAs. Downward revision in credit growth target, slower growth in fee income and jump in NPAs and restructured assets were the key negatives of the results. We increase our earning estimates for FY10 by 7.7% and for FY11 by 0.2% to factor improvement in margin and much higher treasury income.

Subdued growth in total business: During the quarter, Axis Bank's total business grew by 15% Y/Y to Rs1,966 bn on the back of 17.7% growth in advances and 12.4% growth in deposits, while on sequential basis,

advances and deposits increased by 4.8% and 3.8% Q/Q, respectively. CASA deposits and total retail deposits grew by 19% and 36% Y/Y, respectively; CASA deposits' share improved to 43% from 40.3% in 2QFY09 and 40% in 1QFY10.

Improvement in margin: The bank improved its margin slightly by 1 bps Y/Y and 18 bps Q/Q to 3.52%. The equity capital infusion of Rs37.7 bn, strong mobilization of CASA deposits and increase in credit-deposit and incremental credit-deposit ratios led to overall improvement in margin. Going forward, management expects to maintain margins.

Sharp decline in asset quality: During the quarter, the bank reported fresh addition of NPAs. The management anticipates further slippages from restructured assets and slippages from other standard accounts, leading to increase in gross NPAs. Going forward, further slippages of restructured assets would lead to sharp increase in provisioning requirements. In percentage terms, GNPA increased to 1.21% from 1.0% in 1QFY10 from 0.91% 2QFY09 and NNPA increased to 0.45% from 0.41% in 1QFY10 from 0.43% in 2QFY09. The management expects to maintain gross NPAs level of 1.2-1.25%.

Healthy return ratios: Improvement in margin, robust capital gains and foreign exchange income coupled with healthy fee income led to increase in return on assets to 1.45% from 1.34% in 2QFY09. Return on average equity was at 18.3% compared to 18.0% in 2QFY09 and 22.6% in 1QFY10 due to decrease in leverage.

Valuation: In FY09-11, we expect the bank's total business and net profit to grow at 24.9% and 28.5% CAGR, respectively. At the current price, the stock quotes at 2.46x FY11E adjusted book value; on the basis of our target price of Rs1,012, the stock would trade at 2.42x ABV FY11E. We maintain Under Performer rating on the stock with a target price of Rs1,012.

AXIS Bank		(Rs mn)	FY07	FY08	FY09	FY10E	FY11E
Bloomberg/Reuters Code	AXSB IN/UTBK.BO	Total Net Income	24,784	43,808	65,831	89,857	115,528
Market Cap Rs Bn	415	Profit before provisions	12,639	22,259	37,248	52,077	66,418
Market Cap USD Bn	9.0	NIM (%)	2.5	2.9	3.0	3.2	3.3
52-week range (Rs)	1,041/278	Net Profit	6,590	10,710	18,153	23,257	29,998
Shares in issue (mn)	402	EPS (Rs)	24	32	51	58	75
		EPS Growth (%)	35	37	57	14	29
		P/E (x)	43.9	32.1	20.4	17.8	13.8
		Price/Book Value (x)	8.6	4.2	3.6	2.3	2.1
Major Shareholder (%)		Price/Adjusted Book Value (x)	9.5	4.5	4.1	2.7	2.5
Promoters	39.0	Dividend Yield (%)	0.4	0.6	1.0	1.0	1.3
Banks/FIs/MFs	9.1	Cost-to-income (%)	49.0	49.2	43.4	42.0	42.5
Pvt. Corp. Bodies	8.6	ROA (%)	1.1	1.2	1.4	1.4	1.5
Public	4.6	ROE (%)	21.0	17.6	19.1	16.6	15.8
FII/NRI/OCBs	38.8	Tier-1 Capital (%)	6.4	10.2	9.3	14.5	12.8

Source: Company & KSBL Research.

FUNDAMENTALS

Bajaj Auto (Rs1556)

Bajaj Auto (BAL) reported revenues of Rs28,875 mn (in-line with our estimate of Rs28,852 mn), a Y/Y growth of 13.3%. Revenues rose due to 7.3% increase in volumes and 6.2% rise in blended realizations. On a sequential basis, revenues grew 23.5%, led by a 25.4% rise in volumes, which, in turn, was due to the launch of Discover100 and the festive season demand.

BAL reported EBITDA of Rs6,365 mn during 2QFY10 against EBITDA of Rs3,439 mn in 2QFY09 and higher than our estimates of Rs5,694 mn. The EBITDA margin for the quarter stood at 22%, ahead of our expectation of 19.7% (consensus estimates at 20%). Margins were higher than our estimates due to lower-than-expected raw material cost and lower other expenses. We believe it would be difficult for BAL to maintain the current margins during 2HFY10 for two reasons. First, raw material contracts are expected to come up for renewal during 2HFY10. Over the past six months, raw material prices of steel, aluminum, rubber, etc. increased by 30-50%. Therefore, the new contracts are expected to be negotiated at a much higher price. Second, rupee appreciation can impact margins during 2HFY10. For FY10 exports, BAL has a forward cover ranging from Rs47/

US\$ to Rs55/US\$. Recently we saw sharp appreciation in the rupee vis-à-vis dollar and if the rupee remains stronger than Rs47/US\$, the company would realize a minimum of Rs47/US\$ but that would be 3.1% lower than the 1HFY10 average Rs/US\$ exchange rate of 48.5.

Due to robust growth in revenues coupled with significant improvement in margins, net profit for the quarter increased by 118% to Rs4,028 mn over the corresponding period of

the previous year. BAL is expected to launch a new motorcycle in January 2010, the details of which are yet to be available. We expect the company to continue its strong growth momentum in volumes over the remaining part of the current fiscal. However, at the same time, we are of the view that margins during 2HFY10 would be lower than that of 1HFY10 of 20.9%. We rate the stock as Marketperformer with a price target of Rs1,630.

Bajaj Auto - Standalone		Y/E March (Rs Mn)	FY07	FY08	FY09	FY10E	FY11E
Reuters/ Bloomberg code	BAJA.BO/ BJAUT IN	Net Sales	98,771	89,757	88,435	112,829	123,993
Market cap. (Rsbn)	225	EBITDA	17,759	12,294	12,385	20,540	21,409
Market cap. (US\$mn)	4,873	Reported Net Profit	12,371	7,558	6,545	12,598	14,748
Shares outstanding (mn)	145	Adjusted Net Profit	12,702	8,240	7,777	13,817	14,748
52-week High/Low (Rs)	1665/262	Adjusted EPS (Rs)	125.5	56.9	53.8	95.5	101.9
		EPS growth (%)	13.0	(54.6)	(5.6)	77.7	6.7
Major shareholders(%)		EBITDA Margin (%)	18.0	13.7	14.0	18.2	17.3
Promoter	49.6	PER (x)	12.7	29.8	34.4	17.9	15.3
FII's	13.8	EV/EBITDA (x)	6.4	18.4	18.5	10.8	10.0
Banks/FI's/MFs	9.9	Price/Sales (x)	1.6	2.5	2.5	2.0	1.8
Others and Public	26.6	Price/BV (x)	2.8	14.2	13.3	8.1	5.7
		Dividend Yield (%)	2.6	1.3	1.4	1.3	1.3
		RoCE (%)	26.3	41.3	35.4	50.7	42.3
		RoE (%)	24.7	51.9	47.5	61.7	43.9

Source: Company & KSBL Research.

Container Corporation of India (Rs1145)

Container Corporation of India (Concor) reported revenue increase of 6.3% Y/Y (Q/Q increase of 5.8%) to Rs9.59 bn. The revenue from the EXIM business (contributing 80.6% to the total revenue) increased by 4.2% Y/Y,

to Rs7.73 bn, while the domestic business rose 16% Y/Y, to Rs1.86 bn. The revenue was 1.2% higher than our expectation of Rs9.48 bn.

The operating margins declined from 29.8% in 2QFY09 to 26.4% in 2QFY10, higher than our estimates of 28%. The margin decline

was due to 12.14% Y/Y increase in freight expenses, to Rs5.58 bn, and 34.5% Y/Y increase in staff cost. The operating profit fell 5.7% to Rs2.53 bn. The company has near-zero debt on its balance sheet and interest cost has been negligible. Other income fell 8.5% to Rs439 mn. Concor has net cash of Rs19.75 bn at end-2QFY10. The effective tax rate was 22.8% of the PBT considering tax deduction available under 80 IA with respect to new inland ports and capacity expenditure in rail system. Overall, net profit declined by 8.7% to Rs2 bn, translating into an EPS of Rs15.56 against our expectation of Rs16.7. We expect revenue increase of 7% to Rs36.53 bn in FY10 and 9.5% to Rs40 bn in FY11 and profit increase of 1.7% to Rs8.34 bn and 10.6% to Rs9.22 bn, respectively. At current levels of Rs1,145, the stock is trading at 17.8x FY10E earnings, with EV/EBITDA of 12.6x FY10E. We maintain our valuations at 12x FY11E earnings with target price of Rs852. We maintain our rating to Under Performer.

Container Corporation of India		Y/E March (Rs Mn)	FY07	FY08	FY09	FY10E	FY11E
Reuters/ Bloomberg Code	CCRI.BO/ CCRI@IN	Revenues	30,460	33,415	34,133	36,538	40,025
Market Cap (Rs bn)	148	Op Profit	9,112	9,030	9,772	9,931	11,183
Market Cap (US\$ mn)	2976.5	Net Profit	6,919	7,576	8,202	8,344	9,225
Shares Outstanding (mn)	130	EPS (Rs)	53.2	58.3	63.1	64.2	71
52-week High/Low (Rs)	1265/540	EPS Growth (%)	31.9	9.5	8.2	1.7	10.6
		Operating Margin (%)	29.9	27.0	28.6	27.2	27.9
Major Shareholders (%)		PER (x)	21.5	19.6	18.1	17.8	16.1
Promoters	63.10	EV/EBITDA (x)	14.8	14.5	13.1	12.6	10.5
FII's	26.90	Price/Sales (x)	4.9	4.5	4.4	4.1	3.7
Banks/MFs	7.20	Dividend yield (%)	1.2	1.6	1.2	1.2	1.4
Others	1.10	RoCE (%)	29.7	24.5	22.3	18.9	18.3
Public	1.80	ROE (%)	26.8	24.8	22.4	19.5	18.6

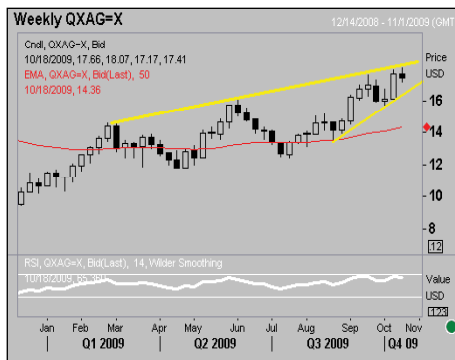
Source: Company & KSBL Research.

- Equity Research Desk

Precious metals review

Bullion: Bullion prices scaled new highs early last week due to the weak dollar and growing demand for precious metals as an alternative asset class. However, later in the week, prices pared its gains due to profit-booking at higher levels. Gold prices on the COMEX made an all-time high of US\$1,072 per troy ounce on October 14, 2009, prompting investors to lock-in gains later in the week. At the time of writing this report, much of the early gains of last week had dissipated away due to profit-taking by investors as gold prices fell nearly 2.40% from its all-time high levels during the week. In the end, the dollar index fell more than 1% last week while bullion prices lost all its earlier gains of the week.

The decline in the dollar can be primarily attributed to lower inflation in both the US and the Euro-zone. The US CPI declined to 0.20% in September from 0.40% in August while the Euro-zone saw no price increase in September compared to 0.30% in August. Meanwhile, the week saw crude oil prices rise by more than 8%, triggering gold prices to scale new highs, as bullion is considered to be a hedge against oil-led inflation.



Gold prices slid in India, too, tracking global market trends. The festive season—Dhanteras and Diwali—is considered to be an auspicious time to buy gold. However, high prices kept buyers on the sidelines. Although prices in India appear to be under pressure from rupee appreciation, gold is still expensive by more than 30% over the last Dhanteras. Despite the peak season, bullion markets weakened during the week owing to profit-booking, lower inflation and sagging festive demand (due to high gold prices) in India.

Going forward, we do not see much upside and the markets are likely to remain in the consolidation phase for this week as well. Prices may test US\$1,030 levels if the dollar attempts to regain lost ground. The US dollar is likely to receive some support from positive economic data, including falling Producer Price Index, growth in the housing sector across all verticals, spurring PMI manufacturing activity and increase in leading indicators' index.

Energy review

An unprecedented rally in crude oil prices was evident last week as prices jumped over 8% and made a new yearly high of US\$78.0 per barrel levels. The rally can be primarily attributed to recent developments across various economies. Moreover, the performances of key global equity indices last week reflect the growth evident in the respective economies. India's BSE Sensex and China's Hang Seng Index increased 4.09% and 2%, respectively. The Dow Jones Industrial Average (DJIA) also rose 1.33%, indicating that the worst is over for the US.

These nations import maximum crude oil for its domestic use.

Apart from economic recovery and performance, the US Department of Energy released its inventory status report, which showed a week-on-week decline in inventory levels, indicating a demand revival. According to the report, crude oil, gasoline and distillate inventories declined by 172,000 barrels, 2,658,000 barrels and 219,000 barrels, respectively. Meanwhile, refiners' utilisation rose from -4.10% to 0.00%, indicating improvement in inherent short-term demand in the physical markets. Moreover, a surge in other energy products like gasoline and heating oil in the US and the UK have pushed crude oil prices to higher levels. Last but not least, the performance of the dollar has been a crucial factor for the rise in energy products. Although the dollar has been declining for sometime, it started gaining since Thursday due to higher crude oil prices. We believe that the rally in crude oil may not cease for a while and it is likely to continue with the same momentum this week. At the NYMEX platform, crude oil prices are expected to move in the range of US\$73-86 per barrel.



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Mutual fund performance

Equity diversified

Scheme name	NAV	1 Year	2 Year	3 Year
IDFC Premier Equity - A (G)	24.31	75.50	16.10	112.30
Reliance RSF - Equity (G)	26.46	81.90	21.90	81.80
Sahara Infrastructure-VPO (G)	17.63	85.10	4.40	73.80
Sundaram S.M.I.L.L.E Fund -RP (G)	30.58	96.80	10.90	73.60
Baroda Pioneer Growth (G)	49.04	77.00	10.10	72.40
UTI Dividend Yield Fund (G)	25.85	65.00	10.90	71.20
Tata Equity P/E Fund (G)	39.86	73.10	0.50	71.10
HDFC Top 200 Fund (G)	177.12	77.20	16.80	70.60
Sahara Growth Fund (G)	78.24	57.70	9.70	69.70
ICICI Pru Infrastructure (G)	28.19	58.20	-5.70	69.60

ELSS

Scheme name	NAV	1 Year	2 Year	3 Year
Taurus Tax Shield (G)	31.28	79.20	20.00	83.50
Can Robeco Eqty TaxSaver (G)	20.89	86.70	8.10	77.30
Sundaram Tax Saver (G)	41.92	57.10	5.40	69.90
Sahara Taxgain (G)	32.20	78.60	14.40	62.60
Fidelity Tax Advantage (G)	17.52	65.10	1.70	53.70
Principal Personal Tax Saver	86.40	61.20	-14.00	45.20
SBI Magnum Tax Gain (G)	55.59	64.40	-9.20	41.10
Franklin India Tax Shield (G)	168.89	58.10	-4.50	37.30
Tata Tax Advantage Fund-1(G)	13.65	63.00	-3.40	35.20
HDFC Tax Saver (G)	184.76	66.50	-1.70	34.40

Equity (FMCG)

Scheme name	NAV	1 Year	2 Year	3 Year
SBI Magnum FMCG Fund	19.40	59.70	23.10	33.10
Franklin FMCG Fund (G)	47.52	53.70	23.70	31.40
ICICI Pru FMCG Fund (G)	49.82	59.80	5.10	29.50

Equity (Speciality)

Scheme name	NAV	1 Year	2 Year	3 Year
Reliance Diver. Power - RP (G)	78.09	84.30	16.20	156.00
Birla SL Basic Industries (G)	91.52	72.80	-10.50	40.70
Birla Sun Life Buy India (G)	34.29	71.70	6.30	35.30
Tata Life Sc & Tech Fund (G)	58.88	97.90	14.00	34.80
Reliance Media & Entertain (G)	25.18	60.40	-17.30	25.80
UTI Services Industries (G)	50.83	56.60	-24.10	17.50
JM Basic Fund (G)	18.83	53.10	-42.10	10.70
UTI Transport & Logistics (G)	21.58	92.70	15.40	10.00

Equity (Tech)

Scheme name	NAV	1 Year	2 Year	3 Year
DSP-BR Technology.Com -RP (G)	27.68	64.00	-12.60	43.60
ICICI Pru Tech. Fund (G)	12.01	66.60	-15.80	0.30
Birla SL New Millennium (G)	16.90	45.10	-22.10	-1.60
Franklin Infotech Fund (G)	46.11	69.50	-0.30	-7.50
SBI Magnum IT Fund	16.72	49.60	-24.90	-13.40

Equity (Banking)

Scheme name	NAV	1 Year	2 Year	3 Year
Sahara Bkg & Fin. Services (G)	24.24	137.30	--	--
Reliance Banking Fund (G)	77.55	77.10	41.20	119.60
UTI Banking Sector (G)	33.73	70.20	12.80	83.00
Sundaram Fin-Serv. Opp.-RP (G)	16.05	67.50	--	--
ICICI Pru Bkg & Fin Serv-RP(G)	14.69	63.00	--	--
Religare Banking Fund -RP (G)	15.81	57.30	--	--

Equity (Pharma)

Scheme name	NAV	1 Year	2 Year	3 Year
Reliance Pharma Fund (G)	36.71	91.60	43.00	89.50
Franklin Pharma Fund (G)	41.48	73.00	50.90	49.70
UTI Pharma & Health (G)	27.20	35.30	22.40	26.80
SBI Magnum Pharma Fund (G)	33.58	44.10	-1.10	-3.60

Source: moneycontrol.com; Note: All NAV as of October 15, 2009, all returns are expressed in percentage terms.

(Compiled by Amit Chopra)

MUTUAL FUNDS

Balanced

Scheme name	NAV	1 Year	2 Year	3 Year
Principal Child Benefit - CBP	80.61	48.70	8.40	66.40
Reliance RSF - Balanced (G)	18.52	75.60	20.80	63.70
Birla Sun Life 95 Fund (G)	261.65	72.30	13.80	59.20
HDFC Prudence Fund (G)	165.77	68.60	17.60	57.60
DSP-BR Balanced Fund (G)	56.50	48.40	11.20	56.50
Tata Balanced Fund (G)	70.91	63.30	3.70	56.40
Sundaram Balanced - RP (G)	43.62	49.40	2.40	41.90
SBI Magnum Balanced Fund (G)	46.53	54.90	-1.30	41.40
UTI Mahila Unit Scheme (G)	37.12	24.00	16.00	40.60
FT India Balanced Fund (G)	42.90	42.30	-1.80	39.60

MIP

Scheme name	NAV	1 Year	2 Year	3 Year
HDFC MIP - LTP (G)	20.24	35.10	24.00	41.30
Reliance MIP (G)	19.28	33.30	33.30	42.90
Birla SL MIP II-Wealth 25 (G)	16.36	31.00	10.10	24.30
HSBC MIP - Savings Plan (G)	17.85	26.30	18.50	38.90
UTI MIS - Advantage Plan (G)	18.46	26.10	17.30	35.90
Principal MIP - MIP Plus (G)	17.54	24.60	21.50	41.00
ICICI Pru MIP (G)	23.50	22.20	14.90	27.20
Tata MIP Plus Fund (G)	14.46	19.40	10.10	23.60
HDFC MIP - STP (G)	15.64	19.20	14.40	23.10
FT India MIP (G)	25.75	19.00	10.20	27.30

Debt (Long-term)

Scheme name	NAV	1 Year	2 Year	3 Year
Birla Sun Life GSec - LTF (G)	25.27	22.30	23.70	30.30
ICICI Pru Income (G)	29.34	19.90	29.30	37.90
JM G-Sec Fund (RP) (G)	29.06	17.30	34.70	39.20
HDFC Income Fund (G)	20.84	17.00	19.40	25.80
ICICI Pru Gilt (TP) (G)	23.75	16.80	26.20	34.50
Escorts Gilt Fund (G)	19.90	16.00	31.10	36.20
DSP-BR Govt. Securities (G)	30.96	15.90	28.80	35.60
Reliance Income Fund (G)	30.11	15.60	23.60	31.80
DWS Short Maturity - RP (G)	16.15	15.50	22.40	31.80
IDFC SSIF STP - Plan D (G)	12.02	13.90	20.10	18.60

Debt (Short-term)

Scheme name	NAV	3 mth	6 mth	1 Year
ICICI Pru Income Opp. - RP (G)	12.53	-0.10	5.00	24.20
ING Gilt - Regular (G)	15.64	-0.50	4.80	18.30
Fortis Flexi Debt Fund -RP (G)	15.47	-1.00	3.70	17.30
Can Robeco Income (G)	19.16	0.40	2.20	16.60
Kotak Bond (Regular) (G)	25.42	-0.90	0.50	15.60
ICICI Pru Short Term Plan (G)	18.53	0.30	2.00	15.10
HSBC Flexi Debt Fund - RP (G)	12.19	0.10	1.30	14.90
IDFC Dynamic Bond - RP A (G)	17.99	-1.00	-0.10	14.80
HDFC Short Term Plan (G)	17.42	0.60	2.50	14.70
Reliance Short Term Fund (G)	16.93	0.80	2.90	14.00

Source: moneycontrol.com; Note: All NAV as of October 15, 2009, all returns are expressed in percentage terms.

(Compiled by Amit Chopra)

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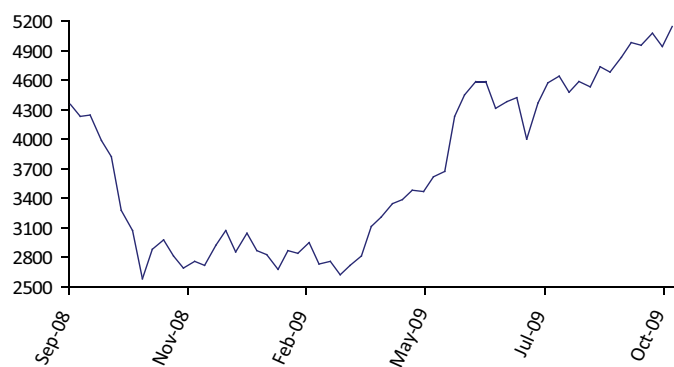
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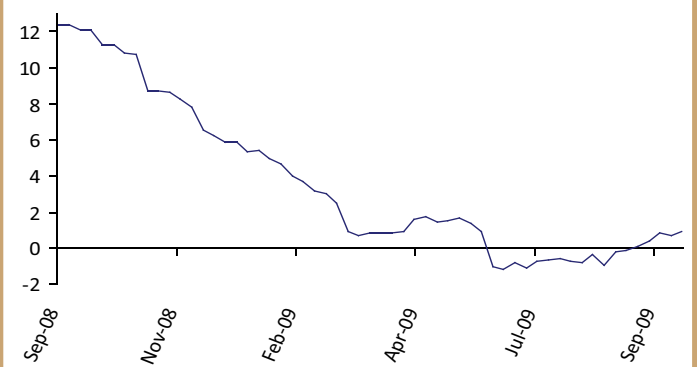


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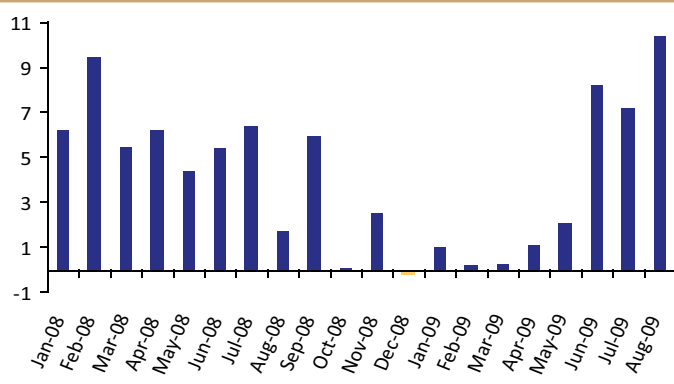
Nifty movement



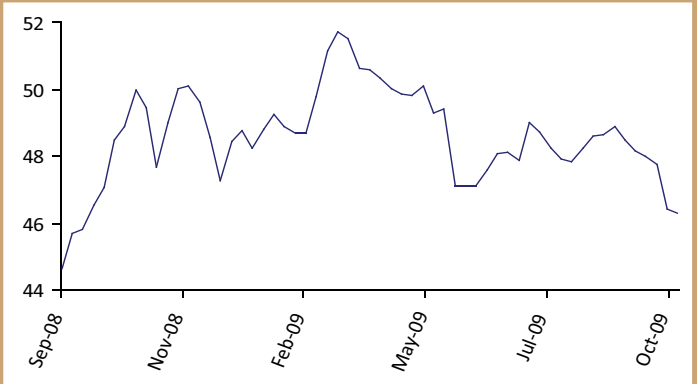
Inflation is at 0.92%



Index of Industrial Production (10.4%)



Currency (US\$/INR)



Global indices: Weekly performance

	Close (Oct 16)	Close (Oct 09)	Weekly (%)	6M (%)	12M (%)	PE Ratio
ASIA						
Hang Seng	21929.90	21499.44	2.00	40.98	51.13	23.60
STI	2708.12	2652.51	2.10	42.40	43.77	20.87
S. Korea	1640.36	1646.79	-0.39	23.36	38.86	35.88
Nikkei 225	10257.56	10016.39	2.41	14.74	17.56	-
AMERICA						
Dow Jones	9995.91	9864.94	1.33	22.93	12.92	14.34
S&P 500	1087.68	1071.49	1.51	25.08	15.64	20.28
NASDAQ	2156.80	2139.28	0.82	28.91	26.03	36.84
Brazil Bovespa	66200.49	64071.01	3.32	44.61	81.87	22.90
EUROPE						
FTSE-100	5190.24	5161.87	0.55	26.81	27.74	93.84
DAX 30	5743.39	5711.88	0.55	22.80	20.12	46.29
CAC 40	3827.60	3799.61	0.74	23.79	14.95	14.72

Source: Bloomberg

Domestic indices: Weekly performance

	Close (Oct 16)	Close (Oct 09)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	17322.82	16642.66	4.09	57.18	73.69	21.39
Nifty	5142.15	4945.20	3.98	51.93	67.25	21.48
BSE 500	6710.61	6436.07	4.27	66.60	78.35	21.49
BSE Auto	6618.28	6450.01	2.61	93.70	114.23	46.58
BSE Bankex	10589.91	9771.71	8.37	91.06	90.36	16.79
BSE Capital Goods	14267.80	13687.81	4.24	81.91	97.01	35.35
BSE Consumer Durables	3795.20	3670.87	3.39	108.49	83.29	12.83
BSE FMCG	2785.47	2751.98	1.22	33.32	49.71	29.99
BSE Healthcare	4464.97	4399.66	1.48	48.04	39.30	38.12
BSE IT	4369.88	4276.81	2.18	78.21	72.90	20.27
BSE Oil & Gas	10661.59	10264.48	3.87	35.73	65.03	19.97
BSE Metal	15682.05	14511.67	8.07	132.43	172.06	16.88
BSE Realty	4689.05	4389.93	6.81	116.35	85.64	21.90
BSE PSU	9218.67	8888.27	3.72	55.50	76.47	17.96
BSE Power	3217.99	3082.39	4.40	53.85	87.99	33.08
BSE Teck	2968.46	2952.77	0.53	47.57	44.51	19.41

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