



# KARVY BAZAAR BAATEIN

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**NSE**  
52 Wk H/L : 5181.95/2502.90  
Mcap : Rs53,83,594 cr.

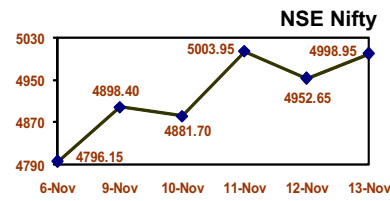
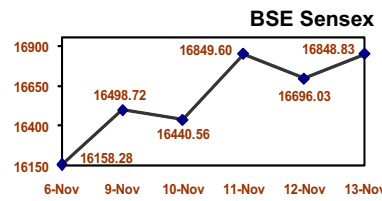
**BSE**  
52 Wk H/L : 17493.17/8047.17

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### A smart recovery...

Global cues and fresh liquidity inflows saw the Indian indices recovering sharply last week, with the Nifty closing just shy of the 5000 levels. Both the benchmark BSE Sensex and the Nifty rose by more than 4.2% last week as global investors increasingly find themselves backing the India growth story.

Meanwhile, the government is looking at a fine balance between fiscal discipline and a push for greater economic growth. In the recent India Economic Summit, held in New Delhi, the Prime Minister Dr Manmohan Singh stated that stimulus measures announced in the last fiscal will be phased out next year subject to improving growth prospects even as the government aggressively pursues economic reforms. With clear signs of an upturn in the economy, Dr Singh expects India's GDP growth to be 6.5% by March-end 2010. Moreover, he believes that a normal monsoon next year will catapult India's GDP growth beyond 7%.

The government is leaving no stone unturned to strengthen the economy and make its policies more inclusive. In that regard, the 10% mandatory public ownership of all listed, profitable central public sector enterprises is a step towards ameliorating the tight fiscal situation, besides using the proceeds to fund social sector programmes. This move has, of course, generated concern among market participants, with many feeling that it could lead to a supply overhang in the primary markets, which, in turn, could dampen secondary markets. However, there are others who counter this view by saying that the supply of new paper could prevent stock markets from spiralling out of control as it did in late 2007.

Last week, metals, technology and banking stocks witnessed buying while telecom and realty stocks traded on a negative note. FIIs were net buyers last week, pumping in Rs2,700 crore in the cash market alone. This week, buying is expected in the metals, energy, automobile and IT sectors while selling is likely to continue in telecom, realty and cement stocks. Overall, the Nifty is likely to trade in a range of 4850-5200 levels this week, with immediate resistance at 5050 levels.

### KBB weekly recommendations for the week beginning 16<sup>th</sup> Nov.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
Opto Circuits	Buy	220.25	217-220	212	235-236	7-8 Days
HCC	Buy	145.55	Above 146	141	156-156	5-6 Days
PNB	Buy	908.15	905-910	895	950-955	5-6 Days
ONGC	Buy	1184.10	1165-1170	1155	1220-1225	5-6 Days
Patni	Buy	505.45	Above 508	502	528-530	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
Bajaj Hind	Buy	Above 215	208.00	233-235	1093	7,979.85	3.38%	CMP
ICICI Bank	Buy	815-820	795.00	900-905	-	-	-	NI
LITL	Buy	500-505	495.00	548-500	-	-	-	NI
Kotak Bank	Buy	Above 765	750.00	800-805	308	11,250.96	4.77%	TA
Andhra Bank	Buy	Above 115	110.00	125-126	2035	-407.10	-0.17%	CMP
<b>Total</b>						18,823.71		

Balance on inception (26-Jan-09)	Balance last week (06-Nov-09)	Balance current week (13-Nov-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	6,93,127	7,11,951	2.72	42.39

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

#### Andhra Bank (Rs121)

In Q2FY10, Andhra Bank reported net interest income growth of 18.7% Y/Y, to Rs5.15 bn, which is higher than our estimates of Rs4.76 bn, due to expansion in credit-deposit ratio to 77.4% from 72% in Q2FY09 and 74.4% in Q1FY10 and much higher incremental C-D ratio. On Q/Q basis, the bank managed to maintain its yield on advances at 11.2% but cost of deposits went down by 42 bps to 6.35%. The bank's margin improved from Q1FY10 level but remained lower than Q2FY09 level of 3.42%. On the non-interest income front, Andhra Bank posted 21% Y/Y growth in total fee income, to Rs1.26 bn, but core fee income dropped by 15% Y/Y, to Rs441 mn; the bank reported treasury income of Rs951 mn against treasury losses of Rs84 mn.

During the quarter, the total operating expenses grew by 1.6% Y/Y, to Rs2.95 bn. Healthy growth in NII, strong jump in non-fund income and contained operating expenses led to 68% Y/Y increase in operating profit to Rs4.53 bn. In the quarter, Andhra Bank made higher provisions of Rs428 mn (0.4% of average gross advances) against Rs307 mn (0.37% of average gross advances) for loan-losses. The bank's bottom-line grew by 80% Y/Y to Rs2.7 bn, higher than our expectations of Rs2.55 bn, due to better margin and much higher treasury gains.

Strong business growth and sequential expansion in CASA share and margin, and stable asset quality were the key positives of the quarterly results. The lesser CXB income was a negative side of the result. To factor in higher business growth, better margin, higher treasury income and better asset quality, we increase our earnings estimates for FY10 and FY11 by 43% and 59% to Rs9.0 bn and Rs10.2 bn, respectively, and increase our target price by 87% to Rs221. We upgrade our stock rating to BUY from Under Performer

Andhra Bank	(Rs mn)	FY07	FY08	FY09	FY10E	FY11E	
Bloomberg/ Reuters Code	ANDB@IN/ ADBK.BO	Total Net Income	18,644	19,660	23,923	30,085	35,759
Market Cap Rs.Bn	59	Profit before provisions	9,312	10,600	12,880	16,975	20,540
Market Cap USD Mn	1.2	NIM (%)	3.34	2.65	2.69	2.82	2.93
52-week range (Rs)	125/37	Net Profit	5,379	5,786	6,531	9,012	10,169
Shares in issue (mn)	485	EPS(Rs)	11	12	13	19	21
FII limit (%)	20	EPS Growth (%)	(6)	8	13	38	13
		P/E (x)	10.9	10.1	9.0	6.5	5.8
		Price/Book Value (x)	1.9	1.8	1.6	1.4	1.2
<b>Major Shareholder (%)</b>		Price/Adjusted Book Value (x)	1.9	1.8	1.6	1.4	1.2
Promoters	51.6	Dividend Yield (%)	3.1	3.3	3.7	3.9	4.1
Banks/FIs/MFs	17.7	Cost-to-income (%)	50.1	46.1	46.2	43.6	42.6
Pvt. Corp. Bodies	1.9	ROA (%)	1.2	1.1	1.0	1.2	1.1
Public	13.4	ROE (%)	17.8	18.1	18.9	22.7	21.9
FIIIs/NRIIs/OCBs	15.5	Tier-1 Capital (%)	10.0	8.5	8.7	8.6	7.7

Source: Company & KSBL Research.

rating with a target price of Rs221 at 2.21x adjusted book value FY11.

#### Neyveli Lignite Corporation (Rs135)

Neyveli Lignite Corporation (NLC) reported Q2FY09 sales in line with our estimates, although PAT came in below our expectations. Net sales improved 32% Y/Y and declined marginally ~0.3% Q/Q, to Rs8,816 mn. Out of 32% Y/Y sales growth, 17% is contributed from volume and 15% from tariff. Sequentially, volume and realization remained almost flat. NLC sold 4,366 mn units (kWh) during Q2FY10. However, EBITDA margin declined over Q2FY09 as well as over Q1FY10.

EBITDA for Q2FY10 is Rs2,508 mn, a 17% Y/Y growth and 24% Q/Q de-growth. This is 23% below our expectation due to the 4% higher operating expenses than our estimates. EBITDA margin for Q2FY10 stands at 28.5%, a contraction of 370 bps Y/Y and 866 bps Q/Q. Significant cost run-up on Y/Y basis, despite 32% sales growth, is attributed to EBITDA margin contraction.

Due to decline in depreciation cost, PBT of NLC grew by 30% Y/Y, to Rs3,396 mn, on a 17% growth in EBITDA level. However, PBT declined 16% Q/Q compared to 24% decline at EBITDA level. Effectively, BLC reported a PAT of Rs2,437mn during Q2FY10, reflecting a net margin of ~28%. NLC reported around 15% lower than our

expected PAT, primarily due to EBITDA margin contraction. Consequently, EPS stands at Rs1.45 for Q2FY10, exhibiting a growth of 29% Y/Y and de-growth of 15% Q/Q.

**FY10 estimate revision:** We revise upward our sales estimates by 10% to Rs34,752 mn, mainly on account of better-than-expected H1 FY10 volumes. However, we are revising down EBITDA by ~10% on account of significant rise in employee cost and other expenses until H1FY10. We have revised upward employee costs considering the H1 numbers. Moreover, in view of a strike by non-executive employees, management agreed to raise wages and add production incentives in their wages. However, we have lowered our depreciation cost for FY10 by ~10%, in line with the H1 FY10 numbers. We have learned that old plants are significantly depreciated out, effectively bringing down depreciation cost. Consequently, our revised EPS estimate remains flat at Rs 6/share for FY10.

#### Disinvestment could bring new trigger:

In our recent discussion with management of NLC, we understood that NLC seems to be a strong disinvestment candidate, despite protests from the DMK party. Over our discussion with management of NLC, we sensed that despite the DMK protest, the government may divest some of its 94% holdings, which is one of the highest among the listed PSUs. Hence, we believe that possibility of divestment exists as a positive trigger.

**Valuation:** We have revised sales estimates for FY10 but retained our earnings estimates. We expect NLC to record a net profit growth (CAGR) of 11% on a sales growth (CAGR) of 12% during FY09-14E. The stock is currently trading at 2.3x FY10E BV and 2.1x FY11E BV. We retain our price target of Rs 162/share on this stock based on 2.5x FY11E BV. We believe compared to peers, it looks cheap on P/BV. Therefore, we continue to rate it as Outperformer.

Neyveli Lignite	Rsmn	FY07	FY08	FY09	FY10E	FY11E	
Reuters/ Bloomberg Code	NELG.BO NLC.IN	Net Sales	21,081	29,817	33,549	34,752	42,769
Market Cap. (Rsbn)	226.49	EBITDA	7,612	12,247	7,871	10,166	15,302
Market cap. (US\$bn)	4.82	Net Profit	5,668	11,016	8,211	10,117	12,740
Shares Outstanding (mn)	1677.71	EPS (Rs)	3.4	6.6	4.9	6.0	7.6
52-week High/Low (Rs)	147/46	EPS Growth (%)	(19.0)	94.4	(25.5)	23.2	25.9
		EBITDA margin (%)	36.1	41.1	23.5	29.3	35.8
		PER (x)	40.0	20.6	27.6	22.4	17.8
<b>Major Share Holders (%)</b>		P/BV (x)	2.7	2.5	2.4	2.3	2.1
Govt of India	93.56	Price/sales (x)	10.7	7.6	6.8	6.5	5.3
FIIIs	0.33	EV/EBITDA (x)	28.1	16.3	26.3	21.0	14.1
Banks/Fis/MFs	4.06	Dividend Yield (%)	0.9	1.5	1.5	1.5	1.5
Others	0.48	ROCE (%)	3.1	6.7	2.7	5.0	7.0
Public	1.57	ROE (%)	7.0	12.7	8.9	10.5	12.3

Source: Company & KSBL Research.

### Market pulse

#### Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
<b>Buy</b>			
Edelweiss Capital	482.00	1231000	Reliance MF
Ruchi Soya Inds	77.00	1456680	LIC
Tata Motors Dvr	445.00	1001500	Prudential Asset Management (Singapore) Limited
United Breweries	242.66	883000	Citigroup Global Markets Mauritius
M&m Finance	267.00	1700000	Citigroup Global Markets Mauritius
<b>Sell</b>			
Polaris Software	166.62	1679821	Orbitech Ltd

#### Top Gainers (Weekly)

Company	13-Nov	06-Nov	%Change
HCL	336.70	305.25	10.30
SAIL	182.30	165.75	9.98
Tata Motors	619.95	569.95	8.77
IDFC	171.25	157.70	8.59
Reliance	2119.50	1957.50	8.28
TCS	670.15	622.15	7.72
ICICI Bank	908.95	848.55	7.12
Siemens India	558.75	523.80	6.67
Infosys	2359.70	2218.60	6.36
Axis Bank	996.10	937.90	6.21

#### Top Losers (Weekly)

Company	13-Nov	06-Nov	%Change
Bharti Airtel	302.10	320.05	-5.61
Unitech	83.85	87.15	-3.79
DLF	368.15	380.00	-3.12
RCom	173.60	178.15	-2.55
Power Grid	104.75	106.70	-1.83
HUL	269.80	272.60	-1.03
Ranbaxy	412.30	414.40	-0.51
RPower	143.65	143.95	-0.21
Idea Cellular	50.40	50.50	-0.20

#### FII Invt (Rs.cr)

#### MF (Rs.cr)

Date	FII Invt (Rs.cr)		MF (Rs.cr)	
	Purchases	Sales	Purchases	Sales
9-Nov-09	3428.00	2732.00	699.00	577.40
10-Nov-09	2280.20	1631.00	762.50	944.10
11-Nov-09	3035.40	2606.90	875.40	725.80
12-Nov-09	3087.10	2114.30	795.50	1050.90
<b>Total</b>	<b>11830.70</b>	<b>9084.20</b>	<b>3132.40</b>	<b>3298.20</b>

#### Corporate Actions

Company	Date	Purpose
Triveni Engg	19-Nov-09	Audited Results/Dividend
Shree Renuka	20-Nov-09	Audited Results
South Indian Bank	21-Nov-09	ESOPS
Mphasis	24-Nov-09	Audited Results/Dividend

(Compiled by Krishnaveni M)

### NTPC (Rs205)

NTPC is the largest power generator in India comprising nearly 20% of the nation's capacity and about 30% of its energy generation. We estimate the company's total capacity to be around 42,844 MW by FY12 and 60,394 MW by FY17. The capacity addition of 12,700 MW by FY12 would be the highest among Indian players. Impressive cash generation from operations, along with strong cash and investment on the balance sheet, would be a big positive to back growth in the current power deficit environment. Moreover, the proven execution capability and expertise would continue to be NTPC's competitive strength. We, therefore, initiate coverage on NTPC with a 12-month target price of Rs245 and a potential upside of 19%.

#### Continues to be undisputed leader adding highest capacity among peers:

With nearly 20% of the nation's capacity and about 30% of its energy generation, NTPC is likely to retain its leadership position in the foreseeable future. According to the current expansion plan, we expect NTPC to enhance its total installed capacity from the prevailing 30,144 MW to 42,844 MW by FY12 and 60,394 MW by FY17. Consequently, it would add the highest capacity (12,700 MW in the next three years) among domestic players and hold 5x the capacity of the next listed generator by FY12. We are positive on its superior track record of capacity addition and running those with commendable efficiency, backed by execution capability and rich expertise, which would be difficult for peers to replicate in the near term.

#### Multi-pronged strategy to counter fuel

**constraint:** NTPC has recently adopted a multi-pronged strategy, as some plants are facing fuel supply constraints, especially with low inventory leading to lower-than-normative Plant Load Factor (PLF). Its strategy includes (1) fuel (coal) supply agreement with Coal

India for new plants having a penalty clause of 90% trigger level; (2) developing captive mines; (3) global acquisition of coal mining assets; and (4) gas supply issue soon to be addressed. The captive mine will start supply marginally from FY12 and the expected mine acquisition abroad could give comfort in the long run. Nevertheless, conditional supply agreement with CIL will serve the short-term requirement.

#### Robust financials in the power-deficit scenario a big positive:

We expect sales to record a CAGR of 12% (FY09-FY14E), backed by 9% volume growth, in-line with the additional capacity. The EBITDA margin is likely to increase to above 26% levels from FY11. We like the consistent and impressive track record of cash generation from operations (Rs100 bn/ year). Moreover, strong cash (Rs172 bn) and investment (Rs117 bn) in the balance sheet are big positives for the company as successful capacity addition is a critical growth factor for power generation companies, given the prevailing deficit scenario of the Indian power sector. Moreover, NTPC exhibits the highest ROE among domestic peers.

**Valuation:** We have valued NTPC on BV and capacity (MW), rather than earnings, as profitability is regulated in this industry. Currently, NTPC is trading at 3x FY09 BV and 2.7x FY10E BV. Going by the historical P/BV (forward) band, we arrive at a target price of Rs246/share, based on 3x FY11E BV. Moreover, the stock is trading at an EV/MW multiple of 65x FY10E capacity and if the same is carried forward to FY11, we arrive at target price of Rs244/share (65x FY11E MW). In addition, we believe replacement cost should be around Rs50-55 mn per MW in FY11, providing support to the stock. Hence, on an average, we arrive at a 12-month price target of Rs245/share for NTPC and initiate our coverage with an 'Outperformer' rating.

NTPC		Rsmn	FY08	FY09	FY10E	FY11E	FY12E
Reuters/ Bloomberg Code	NTPC.BO/ NATP@IN	Net Sales	386,823	443,138	501,762	540,712	611,128
Market Cap. (Rsmn)	1,690,320	EBITDA	117,352	107,218	127,661	140,586	164,559
Market cap. (US\$mn)	35,995	Net Profit	74,699	80,925	85,347	92,618	105,794
Shares Outstanding (mn)	8,245.5	EPS Adjusted (Rs)	9.1	9.8	10.4	11.2	12.8
52-week High/Low (Rs)	233/130	EPS Growth (%)	8.3	8.3	5.5	8.5	14.2
		EBITDA margin (%)	30.3	24.2	25.4	26.0	26.9
		PER (x)	22.6	20.9	19.8	18.3	16.0
<b>Major Share Holders (%)</b>	Sep-09	P/BV (x)	3.2	2.9	2.7	2.5	2.3
Promoter/Majority	89.5	Price/sales (x)	4.4	3.8	3.4	3.1	2.8
FII's	2.5	EV/EBITDA (x)	15.7	17.8	16.1	15.2	13.5
MF/FI's	4.7	Dividend Yield (%)	1.7	1.8	1.9	2.1	2.4
Others	1.2	RoCE (%)	11.8	8.9	9.2	8.8	9.2
Public	2.1	RoE (%)	14.7	14.6	14.2	14.3	15.0

Source: Company and Karvy Estimates

### Swarna Jeevan

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

#### Unique features

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

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

**Regular or limited premium payment:** The policy can be taken as either a regular premium payment policy or a limited premium policy. For a limited premium policy, the policyholder can choose to pay the premium for a minimum term of five years or for a term in multiples of five years.

**Advancing/postponing of the vesting age:** The policy provides the option of advancing or postponing of the vesting age only once at any time during the policy term.

#### Policy benefits

**Death benefit:** In the unfortunate event of death of the policyholder (annuitant) while the policy is in force and before the vesting age or policy maturity, the nominee will be paid the total value of the investment fund(s) from the regular premium as well as top-up premiums, if any. This death benefit amount may be used either partly or fully to purchase an annuity plan from the same insurance company or any other insurer.

**Vesting/Maturity benefit:** On survival of the policyholder (annuitant) at the end of the policy term, which will also coincide with the chosen vesting age, he / she will receive the total value of the investment fund(s) from the regular premium as well as top-up premiums, if any. The policyholder will have the option of receiving one-third of this fund value as a lump sum on the policy maturity date absolutely tax-free. The remaining two-thirds of the fund value will be required to be utilised to purchase an annuity plan from the same insurance company or any other insurer.

#### Eligibility parameters

**Age at entry:** Min-18 years; max-65 years

**Vesting/Maturity age (age at which the pension payments begin):** Min-45 years; max-75 years

**Value of minimum annualized premium:** Rs20,000

#### Investment choice

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

**Management of investment funds by the policyholder:** The policyholder can choose from five investment funds available under the policy (see Table 1 below).

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

than accumulation fund) on a monthly basis. This fund is called the target fund. Thus SMART investment helps in systematic investments and rupee cost averaging in stock markets which are highly volatile.

**Automatic Asset Allocation:** The Automatic Asset Allocation is a unique feature that readjusts the investment portfolio and its allocation into equity and debt investments according to the age of the life assured. The assumption on which this option is based is that, generally, with increase in age, the risk-taking ability of a person decreases.

Switching of funds is allowed during the policy term—there are twelve free switches available in any policy year.

#### Policy charges

**Premium allocation charge:** This charge is only applicable for the first year at the rate of 25% of the first-year premium.

**Policy administration charge:** This charge is applicable on a monthly basis from the investment funds and depends on the value of the annualized regular premiums payable. This charge will be Rs145 p.m. for annual premium less than Rs35,000 and Rs195 p.m. for annual premium equal to or more than Rs35,000.

**Fund management charge:** This charge is expressed as a percentage of the investment value managed under the chosen investment fund subject to a maximum of 2.5% per annum.

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

**Policy surrender:** The policy surrender can be opted for after the first three years.

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

**Table 2: Swarna Jeevan—Surrender charge**

Policy year	1 <sup>st</sup> year to 3 <sup>rd</sup> year	4 <sup>th</sup> year	5 <sup>th</sup> year	6 <sup>th</sup> year	7 <sup>th</sup> year & above
Surrender charge	Not applicable	30%	20%	10%	0%

**Table 1: Swarna Jeevan—Investment fund options**

Fund name	Investment objective	Risk return profile	Investment allocation in		
			Equities	Money market instruments	Govt/Corporate bonds
Future Equity Pension Fund	To generate long-term capital appreciation from investments predominantly in equity and equity-linked investments	High	80-100%	Up to 100%	0%
Future Income Pension Fund	To generate income through investments in a range of debt and money market instruments	Low	0%	Up to 100%	Up to 100%
Future Growth Pension Fund	To provide a balance of income and capital appreciation through investment in both equity and debt instruments	Medium to high	20-40%	Up to 100%	60-80%
Future Balanced Pension Fund	To provide reasonable returns with predominant investment in debt instruments	Medium to low	0-20%	Up to 100%	80-100%
Future Select Equity Fund	To provide income distribution over medium to long term while at all times emphasizing on capital appreciation	High	100%	Up to 100%	0%

- Atul Stanley Hermit

### Commodities review

**Bullion:** Last week, COMEX gold prices zoomed to a new historic high of US\$1,123.40/oz, witnessing a second consecutive weekly gain. Barring a few occasions, gold prices were largely dollar-driven. The dollar index fell to its 15-month low of 74.77. At the time of writing this report, COMEX gold futures were trading at US\$1,106/oz as the dollar index declined by 0.35%. Better-than-expected economic data from the Euro-zone, such as the rise in trade surplus and increasing industrial production from Germany caused the dollar to decline.

In the beginning of the week, rising crude oil prices also provided good support to gold prices. However, crude oil pared its price gains in the later part of the week due to rising inventory levels. In addition, the SPDR Gold Trust increased its holdings by more than 6 metric tonnes to 1,114.44 MT last week.

Meanwhile, MCX gold futures followed global cues and hit the all-time high of Rs16,884/10 gm on November 12. However, bullion prices were influenced by the rupee, which determines gold's parity price in India. The rupee appreciated 1.13% during the week and is currently trading at 46.65, up

by 0.35%. The appreciation of the rupee capped major upsides in gold prices despite positive sentiments prevailing in the market. In addition, India's industrial production rose by 9.10% in September.

Gold's fundamentals remain bullish on account of continued weakness in the dollar as the world's largest economy is still struggling hard with its high unemployment rate, widening budget deficits, and lower interest rates. However, various economic data, such as the expected rise in US retail sales, TIC flows, jobless data and industrial production during the week may turn around the markets.

**Base Metals:** Last week proved to be a lackluster one for base metals as market factors were not as supportive towards prices. The dollar index fell marginally by 0.36% while the euro rose 0.15% and crude oil fell 0.65%. Nickel turned out to be the worst performer in the group, losing 6.69%, as the inventory level rose by 1,668 tonnes. The best performer was aluminium, which gained close to 2% and shed 2,175 tonnes from warehouses.

Although the US Initial Jobless Claims and Continuing Claims are improving, the rising unemployment rate (10.2%) is still a cause for concern. The Euro-zone's ZEW Economic Survey slipped after rising lately as the latest measures taken by the European Central Bank didn't turn out well. The ZEW survey for November fell to 51.8, which is worse than the prior 56.0 and the expected 55.0 levels. On the other hand, China's industrial production rose 16.1% from last year and the most since March 2008 while Chinese Retail Sales rose annually by 16.2% in October,

while trade surplus almost doubled from September to US\$24 billion.

The European lead premium is rising due to a 30-40% jump in battery sector demand in Q3. However, price rise will be restricted due to possible smelter restarts in China after earlier shutdowns due to a poisoning scandal resulted in loss of output to the tune of around 2,40,000 tonnes.

On the domestic front, the appreciating rupee is causing disparity between India and international prices despite strong correlation. The US Fed's statements that the recovery in the US economy would be erratic further reinforced the view that interest rates and the dollar would remain low. However, constructive statements from Timothy Geithner in regard to handling the growing fiscal deficit will raise hopes for the dollar.

On the copper front, while the strike at the BHP Billiton copper mine has not been resolved yet, threats of new strikes at the Antamina mine in Peru has hit the market. This might prompt copper to recover from current levels. This week, we expect metals prices to show a mixed trend.



- Commodities Research Desk

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### Mutual fund performance

#### Equity diversified

Scheme name	NAV	1 Year	2 Year	3 Year
IDFC Premier Equity - A (G)	24.75	95.40	8.10	100.00
Reliance RSF - Equity (G)	26.07	95.90	14.70	69.70
Tata Equity P/E Fund (G)	41.11	99.90	1.10	67.80
Sundaram S.M.I.L.L.E Fund (G)	30.38	115.60	4.20	64.90
UTI Dividend Yield Fund (G)	25.56	76.40	5.80	63.20
HDFC Top 200 Fund (G)	175.37	96.50	12.60	62.60
UTI Opportunities Fund (G)	22.80	93.90	2.80	60.80
Baroda Pioneer Growth (G)	47.78	93.50	7.30	59.80
DSP-BR Top 100 Equity - RP (G)	86.76	74.20	0.10	58.00
Birla SL Dividend Yield (G)	66.84	92.20	24.90	57.60

#### ELSS

Scheme name	NAV	1 Year	2 Year	3 Year
Taurus Tax Shield (G)	29.87	84.80	8.10	71.30
CanRobeco Eqty TaxSaver (G)	20.54	95.60	2.40	61.30
Sahara Taxgain (G)	31.12	84.10	4.90	55.70
Sundaram Tax Saver (G)	40.88	73.70	-0.10	55.50
Fidelity Tax Advantage (G)	17.42	82.00	-0.70	46.40
DSP-BRTax Saver Fund (G)	14.43	81.70	-3.70	44.30
Religare India Tax Plan (G)	14.12	81.00	0.40	41.20
Franklin India Tax Shield (G)	169.13	73.60	-5.50	34.80
Tata Tax Advantage Fund-1(G)	13.60	73.80	-4.70	33.90
HDFC Tax Saver (G)	187.72	93.80	-2.90	31.70

#### Equity (FMCG)

Scheme name	NAV	1 Year	2 Year	3 Year
Franklin FMCG Fund (G)	49.63	64.70	26.60	37.90
SBI Magnum FMCG Fund	19.84	66.00	27.90	32.00
ICICI Pru FMCG Fund (G)	50.33	64.30	4.40	25.40

#### Equity (Speciality)

Scheme name	NAV	1 Year	2 Year	3 Year
Birla SL Basic Industries (G)	90.27	86.50	-15.30	33.50
Birla Sun Life Buy India (G)	34.38	85.10	10.80	27.70
JM Basic Fund (G)	17.75	71.80	-47.70	-0.30
JM Financial Services Fund (G)	8.88	12.70	-46.60	-11.30
JM Telecom Sector Fund (G)	7.47	19.90	-43.90	-25.40
Reliance Diver. Power - RP (G)	76.04	91.70	1.80	125.90
Reliance Media & Entertain (G)	24.04	72.10	-24.90	11.40
Tata Life Sc & Tech Fund (G)	61.72	125.10	22.50	36.50

#### Equity (Tech)

Scheme name	NAV	1 Year	2 Year	3 Year
DSP-BR Technology.Com -RP (G)	28.93	91.30	-2.80	38.50
Franklin Infotech Fund (G)	49.03	88.70	18.10	-2.60
Birla SL New Millennium (G)	17.49	68.20	-12.80	-4.20
ICICI Pru Tech. Fund (G)	12.72	95.10	-7.50	-4.20
SBI Magnum IT Fund	18.00	76.30	-15.20	-15.00

#### Equity (Banking)

Scheme name	NAV	3 mth	6 mth	1 Year
Sahara Bkg & Fin. Services (G)	23.74	21.60	68.40	127.10
Reliance Banking Fund (G)	76.30	21.00	63.00	93.10
UTI Banking Sector (G)	33.40	20.50	57.90	87.00
ICICI Pru Bkg & Fin Serv-RP(G)	14.56	17.30	57.10	83.60
Religare Banking Fund -RP (G)	15.61	22.00	61.80	77.40
Sundaram Fin-Serv. Opp.-RP (G)	15.80	18.30	58.60	73.90

#### Equity (Pharma)

Scheme name	NAV	1 Year	2 Year	3 Year
Reliance Pharma Fund (G)	38.21	110.50	51.30	84.60
Franklin Pharma Fund (G)	43.88	103.50	60.80	54.80
UTI Pharma & Health (G)	28.37	56.20	30.60	28.40
SBI Magnum Pharma Fund (G)	33.21	75.90	3.20	-8.40

Source: moneycontrol.com; Note: All NAV as of November 12, 2009, all returns are expressed in percentage terms.

(Compiled by Amit Chopra)

### Technical view

**IVRCL CMP: 410.50**

IVRCL recovered significantly in the recent session following the market correction. Earlier, the stock registered a 52-week high at 425 levels prior to the start of the recent correction. The stock found support around the 100-day EMA levels and staged a breakout past the 400 levels, which is critical in terms of determining the strength in the stock. The recovery was aided on the back of strong increase in volumes, indicating further momentum in the stock. The stock may face resistance around its previous high of 425 levels. The short-term moving averages have turned northwards, indicating upside movement in the near term. The stock has its 50-day EMA at 368 levels, which will be the crucial support in the medium-term scenario. The 14-day RSI breached the 60 levels on the scale and continued to indicate a buy signal even from current levels. However, the stock may face resistance around the 65-70 levels on the RSI scale and enter the overbought territory. A move close to this level would induce profit-taking which may drag the stock to lower supports. Investors

are advised to assume long positions in the stock in the range of 405-410 levels for an upside target of 440 and 465 in the short term. All long positions in the stock should be protected with a stop loss placed below 380 levels on a closing basis.

**FSL CMP: 38.60**

FSL registered a 52-week high on Friday's session and staged a strong breakout above the 38 levels. The stock had consolidated in the broad range of 34-38 levels prior to the recent correction. The recent recovery has moved the stock beyond all its moving averages, indicating bullishness in the near term. The 14-day RSI has moved past the 60 levels on the scale on the back of rising volumes, indicating further strength. Another lead indicator MACD that showcases the strength of the ongoing trend has triggered a fresh buy signal. On the RSI scale, the stock could move up to 70 and 75 levels. A sustained move close to this level would induce profit-taking in the stock. It has an immediate resistance around the 47 levels beyond which the stock could move up to 55 levels in the medium term. Investors are advised to assume long positions in the stock in the range of 37-38

levels for an upside target of 47 and 55 in the medium-term scenario. All long positions in the stock should be protected with a stop loss below 32 levels on a closing basis.

**TCS CMP: 670.15**

Technology stocks have been outperforming the broader index in recent months following better-than-expected results. The stock is currently moving in an upward trending channel which would be a breakout case above the 720 levels. In the recent past, the stock did not breach below the short-term moving averages (8-day and 21-day EMA levels), which are currently placed at 642 and 627 levels, respectively. The stock is in a bullish trend according to the leading indicators such as MACD and Money Flow Index. Another indicator, the 14-day RSI, is moving up and is quite close to the overbought territory. However, the stock has been moving up on increased volumes, indicating further strength. Investors are advised to assume long positions in the stock in the range of 640-650 levels for an upside target of 720 and 780 in the short term. All long positions in the stock should be protected with a stop loss placed below 600 levels on a closing basis.

- A Kalyan C. Reddy

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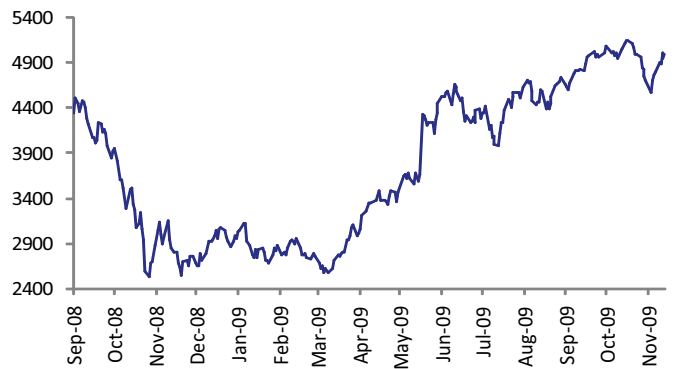


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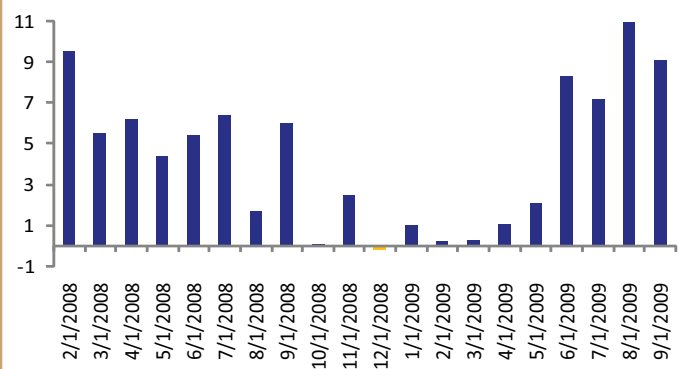


## MARKET DATA

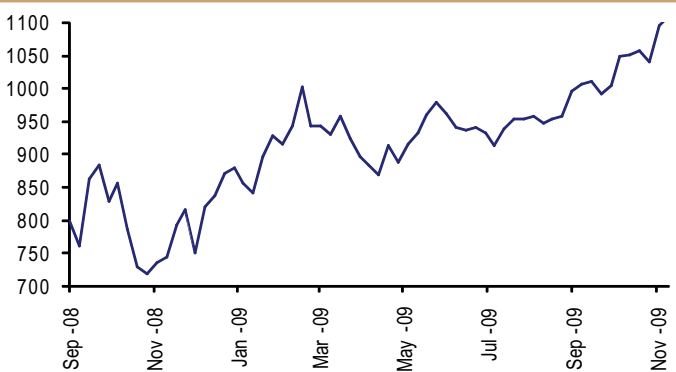
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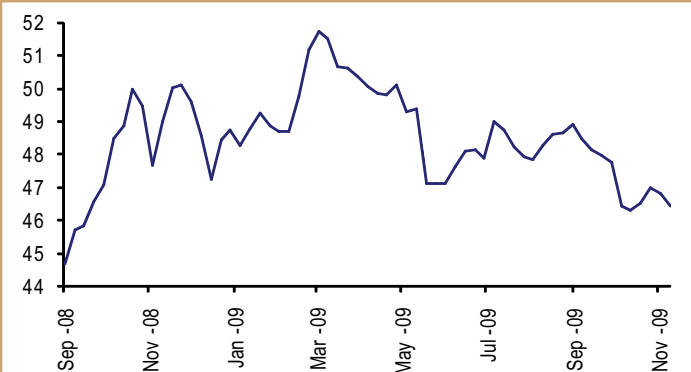
### Indian Industrial Production (%)



### Gold (US\$/oz)



### Currency (US\$/INR)



### Global indices: Weekly performance

	Close (Nov 13)	Close (Nov 06)	Weekly (%)	6M (%)	12M (%)	PE Ratio
<b>ASIA</b>						
Hang Seng	22553.63	21829.72	3.32	32.20	70.58	23.58
STI	2727.23	2658.21	2.60	24.80	55.36	19.87
S. Korea	1571.99	1572.46	-0.03	11.13	44.43	32.60
Nikkei 225	9770.31	9789.35	-0.19	4.60	18.59	-
<b>AMERICA</b> (closing as on Nov 12)						
Dow Jones	10197.47	10023.42	1.74	23.09	15.42	15.90
S&P 500	1087.24	1069.30	1.68	23.00	19.31	21.80
NASDAQ	2149.02	2112.44	1.73	29.13	34.59	37.87
Brazil Bovespa	64447.93	64466.13	-0.03	32.39	79.06	23.64
<b>EUROPE</b> (closing as on Nov 12)						
FTSE-100	5276.50	5142.72	2.60	21.84	26.58	96.38
DAX 30	5663.96	5488.25	3.20	19.96	21.98	47.51
CAC 40	3808.07	3707.29	2.72	20.29	16.00	15.99

Source: Bloomberg

### Domestic indices: Weekly performance

	Close (Nov 13)	Close (Nov 06)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	16848.83	16158.28	4.27	40.18	76.68	20.58
Nifty	4998.95	4796.15	4.23	37.51	75.50	20.84
BSE 500	6538.25	6294.50	3.87	49.26	83.93	20.62
BSE Auto	6777.49	6518.39	3.97	84.22	166.60	49.76
BSE Bankex	10202.18	9690.49	5.28	65.10	96.66	15.22
BSE Capital Goods	13421.60	12985.81	3.36	57.50	84.93	34.53
BSE Consumer Durables	3474.04	3390.17	2.47	79.64	73.45	11.58
BSE FMCG	2812.06	2764.94	1.70	36.55	47.59	30.99
BSE Healthcare	4619.62	4520.42	2.19	48.23	56.95	37.51
BSE IT	4744.29	4453.45	6.53	69.89	80.19	21.64
BSE Oil & Gas	10140.39	9629.82	5.30	18.74	76.43	18.98
BSE Metal	15540.99	14507.50	7.12	98.91	208.24	17.11
BSE Realty	3902.09	3993.68	-2.29	69.99	90.66	21.06
BSE PSU	9210.74	8794.80	4.73	53.09	89.76	17.84
BSE Power	3022.71	2948.35	2.52	38.77	76.17	31.12
BSE Tech	3025.73	2914.06	3.83	32.81	48.45	19.80

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