



# KARVY BAZAAR BAATEIN

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**NSE**  
52 Wk H/L : 5181.95/2502.90  
**Mcap** : Rs54,29,583 cr.  
**BSE**  
52 Wk H/L : 17493.17/8047.17

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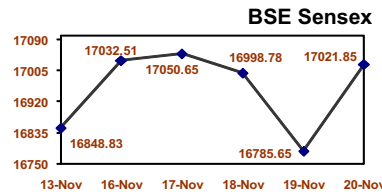
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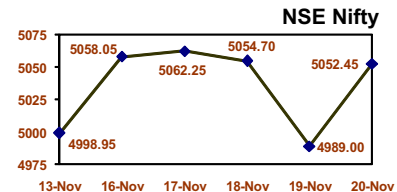
by **S. Gopichand** on behalf of Karvy Stock Broking Limited.

Editor: **S. Gopichand**

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**17021.85**  
↑ 1.03%



**5052.45**  
↑ 1.07%

### Gung-ho about emerging markets

In what can be considered a highly range-bound week, both the Nifty and Sensex shot up from their lows on Friday to close above the psychological 5,000 and 17,000 levels, respectively. One of the reasons attributed for the sharp recovery on Friday were statements by Montek Singh Ahluwalia that the government was not considering imposing tax to curb capital inflows. According to Mr Ahluwalia, capital flows into India will not create asset bubbles—as widely feared—if the funds are used productively. The assurance came sharply on the back of increased investor fears that Asian economies may consider capital “hot money” controls to prevent asset bubbles and rupee appreciation (which, in turn, could adversely impact exports, spur inflation and affect economic growth).

While there is a belief that Asian economies can check inflationary concerns and potential asset bubbles by raising interest rates, there is also a counter-view that this move could exacerbate the dollar carry trade that is currently driving emerging stock markets. Clearly, in that regard, with interest rates in the US at near-zero levels and the Fed expected to maintain its highly accommodative monetary stance, the dollar is expected to weaken further as money continues to flow into higher-yielding emerging asset markets.

What’s more, international investors are increasingly gung-ho about emerging economies, with Mark Mobius maintaining his bullish stance on emerging markets, particularly the BRIC nations, which he expects will rise 30-40% in the next 3-4 years. While developed economies are expected to show some recovery next year, the high US unemployment rate continues to be a cause for concern. Meanwhile, the rising uncertainty about the dollar and economic concerns in the US and Euro-zone has resulted in huge fund flow into gold bullion, which touched a new all-time high last week.

Metals, auto, and banking stocks were the top performers last week even as FIIs pumped in around Rs1,000 crore into the cash market. This week, buying is expected in IT, BFSI, automobile and metals stocks while telecom and realty are likely to continue to witness selling pressure on every rally in the market.

### KBB weekly recommendations for the week beginning 23<sup>rd</sup> Nov.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
ICICI Bank	Buy	897.00	Above 900	887	938-940	5-6 Days
LT	Buy	1633.75	1620-1620	1595	1680-1685	5-6 Days
Tata Steel	Buy	552.95	Above 555	547	580-582	5-6 Days
Jindal saw	Buy	872.40	870-875	855	915-920	5-6 Days
Glennmark Pharma	Buy	253.85	Above 255	247	280-282	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
Opto Circuits	Buy	217-220	212.00	235-236	1086	-7,059.77	-2.97%	SLT
HCC	Buy	Above 146	141.00	155-156	1609	-10,458.04	-4.41%	SLT
PNB	Buy	905-910	895.00	950-955	-	-	-	NI
ONGC	Buy	1165-1170	1155.00	1220-1225	-	-	-	NI
Patni	Buy	Above 508	502.00	528-530	466	-3,263.69	-1.38%	SLT
Total						-20,781.50		

Balance on inception (26-Jan-09)	Balance last week (13-Nov-09)	Balance current week (20-Nov-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	7,11,951	6,91,169	(2.92)	38.23

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



## FUNDAMENTALS

### Fundamental view

#### Syndicate Bank (Rs90)

In Q2FY10, Syndicate Bank's net interest income grew 17.3% Y/Y to Rs6.2 bn compared to our estimates of Rs6.5 bn. NII was lesser than our estimates due to strain on margin, although the bank's margin improved 6 bps Q/Q to 2.18%, but remained lower than 3.28% last year. During the quarter, the incremental credit-deposit ratio was 84% compared to 134% in Q2FY09. To improve the deposit profile, the bank contained its domestic deposit growth at 16% Y/Y.

Operating profit de-grew by 3.2% Y/Y to Rs4.4 bn, compared to our expectations of Rs5.1 bn, due to lesser NII growth. The bank's bottom-line de-grew by 32% Y/Y to Rs1.8 bn (against our estimate of Rs2.2 bn), mainly due to lesser NII growth and much higher provisions for wage revision and for pension. At the core operating income level, the performance was below estimates. However, higher treasury gains aided operating profit while much higher provisions made a dent on the bottom-line.

**Moderate business growth:** The bank's global business grew by 17% Y/Y to Rs1.93 bn on the back of 16% growth in deposits and 19% growth in advances; domestic deposits and credit recorded 15.8% and 18.8% growth Y/Y, respectively. Syndicate Bank's CASA deposits grew by 10% Y/Y and term deposits grew by 18%, resulting in decrease in CASA deposits share to 28.9% from 30.4% in Q2FY09, although it increased from 27.2% in Q1FY10. Advances growth mainly came from agriculture and SME sectors; these sectors grew by 19% and 66% Y/Y, respectively.

**Non-interest income growth boosted by treasury gains:** During the quarter, the bank's non-fund based income grew 65% Y/Y to Rs2.6 bn on the back of a sharp jump in treasury income to Rs1.01 bn from treasury losses of Rs125 mn.

**Much higher provisioning dented bottomline:** During the quarter, the bank made higher provisions of Rs630 mn for wage revision compared to Rs200 mn in Q2FY09. It also made provision of Rs380 mn for pension. NPA provision was flat at Rs730 mn against Rs782 mn in Q2FY09.

**Asset quality; concern gradually receding:** In the quarter, gross NPAs and net NPAs increased by 4.7% and 17% Y/Y, to Rs18.5 bn and Rs7.35 bn, respectively; sequentially, GNPA's increased by Rs2.6 bn. The bank's restructured standard assets were at Rs40.7

Syndicate Bank		(Rs mn)	FY07	FY08	FY09	FY10E	FY11E
Bloomberg/ Reuters Code	SNDB@IN/ SBNK.BO	Total Net Income	27,685	29,628	34,624	42,139	48,005
Market Cap (Rs bn)	47	Profit before provisions	13,826	14,683	17,465	22,659	25,690
Market Cap (USD bn)	1	NIM (%)	3	2.2	2.3	2.3	2.3
52-week range (Rs)	105/38	Net Profit	7,161	8,481	9,128	11,135	10,317
Shares in issue (mn)	522	EPS (Rs)	14	16	17	21	20
FII limit	20	EPS Growth (%)	29	18	8	22	-7
		P/E (x)	6.6	5.5	5.1	4.2	4.6
		Price/Book Value (x)	1.5	1.2	1.0	0.8	0.7
		Price/Adjusted Book Value (x)	1.7	1.4	1.2	1.0	0.9
<b>Major Shareholder (%)</b>		Dividend Yield (%)	3.3	3.1	3.3	3.3	3.6
Promoters	66.5	Cost-to-income (%)	50.1	50.4	49.6	46.2	46.5
Banks/FIs/MFs	11.1	ROA (%)	1.0	0.9	0.8	0.8	0.6
Pvt. Corp. Bodies	6.3	ROE (%)	24.6	24.1	21.6	22	17.3
Public	12.4	Tier-1 Capital (%)	6.2	6.6	7.8	8.0	7.1
FII's/NRI's/OCBs	3.8						

Source: Company & KSBL Research.

bn in Q2FY10 compared to Rs42.3 bn in Q1FY10. On a percentage basis, GNPA's came in at 2.25% from 1.91% in Q1FY10 and 2.55% in Q2FY09. Net NPAs were at 0.91% compared to 1.02% in Q1FY10 and 0.92% in Q2FY09.

We revise our FY10E and FY11E earning upward by 24% and 26%, respectively, to factor in higher margin in FY11 and much higher treasury gains. We revise our target price by 37% to Rs162 and upgrade our rating on the stock to BUY from the previous Outperformer rating. At the current price, the stock trades at 0.88x FY11E adjusted book value, and at our target price of Rs162, the stock reflects 1.58x FY11E adjusted book value.

#### Karur Vysya Bank (Rs380)

In Q2FY10, Karur Vysya Bank (KVB)'s net interest income grew 33% Y/Y to Rs1.4 bn compared to our estimate of Rs1.2 bn, led by much higher business growth and improvement in margin. Operating profit grew 49% Y/Y to Rs1.17 bn compared to our estimate of Rs1.08 bn. The bank's net profit grew 46% Y/Y to Rs909 mn against our estimate of Rs807 mn.

**Strong business growth:** KVB's total business grew by 23.9% Y/Y to Rs285 bn on the back of 24.4% growth in deposits to Rs165

billion and 23% growth in gross advances to Rs122 bn. Due to higher mobilization of CASA deposits, the bank's share increased to 23% from 22% in Q1FY10. KVB's incremental credit-deposit ratio increased to 70% from 56% in Q1FY10 but was lesser than 97% in Q2FY09.

**Improvement in margin:** In Q2FY10, KVB's margin improved to 3.33% from 3.0% in Q2FY09 and 2.8% in Q1FY10. Improvement in CASA share, traction in credit growth and sustained incremental C-D ratio led to improvement in margin.

**Improvement in asset quality:** The bank reported improvement in asset quality, both in absolute and percentage terms. Gross NPA and net NPA fell 7.0% and 48% Y/Y, to Rs2.1 bn and Rs260 mn, respectively. GNPA and NNPA reduced to 1.75% and 0.22% from 2.33% and 0.52%, respectively, in Q2FY09.

We revise our earnings estimates for FY10 and FY11 by 39% and 32%, respectively, to factor in higher business growth, expansion in margin and higher other income; we increase our target price by 29% to Rs597. We upgrade our rating on the stock to BUY from the previous Outperformer rating. At the current price, the stock trades at 1.13x FY11E ABV, and based on our target price, it reflects 1.78x FY11E ABV.

Karur Vysya Bank		(Rs mn)	FY07	FY08	FY09	FY10E	FY11E
Bloomberg/ Reuters Code	nkvb@in/ KARU.BO	Total Net Income	4,663	5,240	6,756	7,580	8,735
Market Cap (Rs bn)	21	Profit before provisions	2,738	3,078	4,180	4,452	5,051
Market Cap (Rs mn)	441	NIM (%)	3.6	2.7	2.7	2.6	2.6
52-week range (Rs)	410/158	Net Profit	1,600	2,083	2,358	3,124	3,398
Shares in issue (mn)	54	EPS (Rs)	33	39	44	58	63
		EPS Growth (%)	16	18	13	32	9
		PE (x)	11.6	9.8	8.7	6.6	6.0
		Price/Book Value (x)	1.7	1.7	1.5	1.3	1.1
		Price/Adjusted Book Value (x)	1.8	1.7	1.5	1.3	1.1
<b>Major Shareholder (%)</b>		Dividend Yield (%)	2.9	1.8	2.1	2.4	2.4
Promoters	3.7	Cost-to-income (%)	41.3	41.3	38.1	41.3	42.2
Banks/FIs/MFs	4.8	ROA (%)	1.6	1.6	1.5	1.6	1.5
Pvt. Corp. Bodies	15.2	ROE (%)	16.5	18.5	18.6	21.2	19.7
Public	53	Tier-1 Capital (%)	14.0	12.1	14.4	13.4	11.6
FII's/NRI's/OCBs	23.4						

Source: Company & KSBL Research

### Market pulse

#### Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
<b>Buy</b>			
Jayashree Tea	331.15	114,000	ICICI Pru Asset Management Co
Edelweiss Cap	485.00	800000	Reliance MF
<b>Sell</b>			
Asian Electronics	40.84	179,000	Union Investment Luxembourg
Orchid Chemicals	177.64	502,485	Kotak Mahindra Mutual Fund

#### Top Gainers (Weekly)

Company	20-Nov	13-Nov	%Change
Suzlon Energy	73.00	66.70	9.45
Tata Steel	552.95	520.75	6.18
Reliance Capital	866.30	824.30	5.10
SAIL	191.20	182.30	4.88
Hero Honda	1651.80	1578.90	4.62
Maruti	1542.80	1478.35	4.36
Jindal Steel & Power	723.60	697.00	3.82
ACC	766.10	738.85	3.69
Tata Motors	641.90	619.95	3.54
TCS	693.15	670.15	3.43

#### Top Losers (Weekly)

Company	20-Nov	13-Nov	%Change
Reliance Infra	1098.45	1154.80	-4.88
Bharti Airtel	288.75	302.10	-4.42
HCL	326.10	336.70	-3.15
Unitech	81.25	83.85	-3.10
ICICI Bank	897.00	908.95	-1.31
ONGC	1168.75	1184.10	-1.30
Sun Pharma	1436.80	1453.60	-1.16
Tata Power	1321.10	1329.95	-0.67
L&T	1633.75	1644.40	-0.65
BHEL	2261.40	2270.65	-0.41

#### FII Invt (Rs.cr)

#### MF (Rs.cr)

Date	Purchases	Sales	Purchases	Sales
16-Nov-09	2271.90	1600.10	502.90	552.10
17-Nov-09	2505.90	1826.60	458.60	767.10
18-Nov-09	2379.40	1785.60	584.30	885.00
19-Nov-09	2586.00	2063.70	509.60	686.20
20-Nov-09	2083.50	2417.80	-	-
<b>Total</b>	<b>11826.70</b>	<b>9693.80</b>	<b>2055.40</b>	<b>2890.40</b>

#### Corporate Actions

Company	Date	Purpose
Mphasis	24-Nov-09	Audited Results/Dividend
Rural Electrification Corporation	24-Nov-09	Consolidated Audited Financial Results
Balrampur Chini	25-Nov-09	Annual Accounts & Divi
Tata Steel	26-Nov-09	Consolidated Fin. Results

(Compiled by Krishnaveni M)

### City Union Bank (Rs25)

In Q2FY10, City Union Bank (CUB) reported NII de-growth of 6.1% Y/Y, to Rs591 mn, compared to our estimates of Rs647 mn. The deviation from our estimates was due to much lesser incremental credit-deposit ratio. Strong performance in other income led to 19% Y/Y growth in operating profit to Rs641 mn compared to our estimate of Rs538 mn. The bank's bottom-line grew by 22% Y/Y to Rs458 mn against our estimate of Rs370 mn, mainly due to much higher treasury gains and lesser-than-expected bad debt provisions.

**Strong growth in business:** The bank's total business grew by 25% Y/Y to Rs147 bn on the back of 19% growth in gross advances to Rs58 bn and 30% growth in deposits to Rs89 bn. The current, savings and term deposits reported a growth of 41%, 22% and 29%, respectively, leading to improvement in CASA share to 19.97% from 19.86% in Q2FY09 and 18.19% in Q1FY10. Credit-deposit ratio and incremental credit-deposit ratio declined sharply—the C-D ratio dropped to 65% in Q2FY10 from 66% in Q1FY10 and 71% in Q2FY09 while the incremental C-D ratio dropped to 45% from 56% in Q1FY10 and 73% in Q2FY09.

City Union Bank	(Rs mn)	FY07	FY08	FY09	FY10E	FY11E
Bloomberg/ Reuters Code	CUBK IN/CTBK.BO					
Market Cap (Rs mn)	8,000	1,315	1,802	2,268	2,539	2,944
Market Cap (USD mn)	170	3.7	3.3	3	2.8	2.9
52-week range (Rs)	32/11	718	1,018	1,222	1,483	1,705
Shares in issue (mn)	320	3	3	4	3	3
Profit before provisions		21	12	20	-27	15
NIM (%)		8.8	7.9	6.5	8.9	7.8
Net Profit		1.7	1.4	1.2	1.2	1
EPS (Rs)		1.9	1.5	1.3	1.3	1.2
EPS Growth (%)		1.9	1.7	1.9	1.7	1.6
PE (x)		1.6	2.0	3.0	2.0	2.2
Price/BV (x)		40.7	37.9	38.1	39.6	40.5
Price/ABV (x)		1.5	1.6	1.5	1.4	1.3
Price/ABV (x)*		22.0	21.8	19.9	16.4	14.0
Dividend Yield (%)		10.9	11.1	11.3	16.3	14.0
Cost-to-income (%)						
ROA (%)						
ROE (%)						
Tier-1 Capital (%)						

Source: Company & KSBL Research. \* Adjusted book value on deducting total restructured standard loans and NNPA's and adding back tax credits.

### Telecom Update

As we mentioned in our 2QFY10 results updates for Bharti Airtel, Reliance Communications (RCom) and Idea Cellular, the competitive environment in the Indian telecom sector has become significantly more challenging, with players like Tata Teleservices (TTSL) and RCom having launched their respective GSM services and witnessing impressive traction, albeit at the cost of a cut-throat pricing environment. Pricing could fall to ridiculous levels for the next few quarters at least. This is all being seen even as operators like Uninor, Datacom Solutions, Etisalat DB Telecom and S Tel are yet to launch their services. Thus, we expect a

**Gradual improvement in spread:** In Q2FY10, CUB's spread increased by 6 bps to 2.41% from 2.35% in Q1FY10 but remained lesser than the 3.25% in Q2FY09, mainly due to higher expansion in yield on funds compared to the cost of funds on Q/Q basis. Yield on funds increased by 4 bps to 9.6% and cost of funds reduced by 2 bps to 7.19%.

**Strong growth in treasury income and healthy fee income aided non-fund income:** During the quarter, the bank reported strong growth of 13% Y/Y in core fee income to Rs51 mn and treasury income rose by 8.7 times to Rs274 mn. CUB's non-interest income doubled to Rs493 mn.

**Further increase in NPAs:** In Q2FY10, the bank's gross NPA reported an increase of 35% Y/Y to Rs1.15 bn and added fresh NPAs of Rs67 mn. Net NPAs rose 43% Y/Y, to Rs666 mn. In percentage terms, gross NPAs increased to 1.99% from 1.96% in Q1FY10.

We revise our earnings estimates upward by 11% and 4.7% for FY10 and FY11 to factor in improvement in the bank's deposit profile and higher treasury income. We increase our target price by 19% to Rs25 and upgrade the stock to Market Performer from the previous rating of Sell. At the current price, it reflects 1.18x FY11E ABV.

dog-fight in the sector over the next year, with ARPUs, MoUs and RPMs all likely to witness a fall from current levels. The implementation of Mobile Number Portability (MNP) is also likely to prove to be a headwind for the sector; while its actual impact remains to be seen, it will be just another headwind in a sector full of them. Thus, we maintain our negative view on the Indian telecom sector and while valuations may appear undemanding, there are no triggers in place for any sustained re-rating of stocks. We maintain 'Under performer' ratings on Bharti Airtel (target price Rs289), RCom (target price Rs167) and Idea Cellular (target price Rs45).

- Karvy Equity Desk



### Technical view

#### **GVK Power**

**CMP: 51.95**

Following the market correction, GVK Power recovered to its 52-week high in the recent sessions. The stock had earlier made a double-bottom pattern around 43 levels and staged a sharp bounce-back. It found support around the 100-day EMA levels and staged a breakout past the 48 levels, which is critical to determine the strength in the stock. The recovery was aided by strong increase in volumes, indicating further momentum in the stock. It may face resistance around its previous high of 53.50 levels beyond which the momentum will catch up further. The short-term moving averages have moved northwards, indicating upside movement in the near term. The stock has its 50-day EMA at 47.95 levels, which will be the crucial support in the medium-term scenario. The 14-day RSI has breached the 60 levels of the scale and continues to indicate a buy signal even from current levels. However, on the RSI scale, the stock may face resistance around the 65-70 levels 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 above 53.5 levels for an upside target of 63-65 in the short term. All long positions in the stock should be protected with a stop loss below 48 levels on a closing basis.

#### **JP Hydro**

**CMP: 75.25**

JP Hydro largely underperformed the broader market; the stock recovered significantly post-election results and registered a 52-week high of 103 levels. Thereafter, it consolidated for a long time and declined sharply in October. However, in recent sessions, the stock picked up momentum and has crossed all the moving averages, a bullish sign for the immediate term. The 14-day RSI has bounced from oversold territory towards 60 levels, making it comfortable for fresh buying. Another lead indicator, MACD, which showcases the strength of the ongoing trend, has started to move up. On the RSI scale, the stock could move until 70 and 75 levels. A sustained move close to this level would induce profit-taking in the stock. It has an immediate resistance around 80 and 88 levels beyond which the stock could move up to 100 levels in the medium term. Investors are advised to assume long positions in the stock in the range of 72-75 levels for an upside target of 88 and 100 for the short- and medium-term scenario, respectively. All long positions in the stock

should be protected with a stop loss placed below 66 levels on a closing basis.

#### **LIC Housing Finance**

**CMP: 859.95**

LIC Housing Finance continued to rise until October following which it declined sharply in the wake of the market correction. However, the recent recovery prompted another rally in the stock as it registered an all-time high. In last week's trading sessions, the stock witnessed range-bound movement on the back of below-average volumes. However, it formed a hammer candle in Friday's session which is again a bullish sign. On the weekly charts, the stock has always rallied following a profit-booking candle, which again confirms the possibility of a sharp bounce-back in the short term. The stock has its 21-day EMA at 840 levels, which needs to be observed closely in the near term. It has an immediate resistance around the all-time high of 905 levels beyond which the stock could move up to 980-1000 levels in the short term. Investors are advised to assume long positions in the stock above 865 levels for an upside target of 905 and 1000 levels in the short-term scenario. All long positions in the stock should be protected with a stop loss placed below 820 levels on a closing basis.

- A Kalyan C. Reddy

### Commodities review

#### **Bullion**

Gold prices made a fresh high last week, in part, due to the depreciating dollar and also due to rising inflationary concerns in the US and the Euro-zone. Both the US' and the Euro-zone's CPI numbers surged to 0.30% and 0.20%, respectively, in October. The price of the precious metal touched a new all-time high of US\$1,153.40/oz on November 18. Although gold is negatively correlated to the dollar index, prices rallied to record levels despite a mild gain in the dollar index by 0.10%. The market was largely driven by technical factors as sentiment remained positive, with central banks buying gold last week. Moreover, there was investment demand in the form of ETFs as SPDR Gold Trust increased its gold holdings by 3.66 metric tonnes, aggregating 1,117.49 metric tonnes. However, profit-booking was seen during the week that limited gold's weekly gains to nearly 2.5%.

MCX gold futures also maintained its uptrend during the week after remaining steady above Rs16,500/10 gm in the penultimate week.

Domestic gold futures moved to an all-time high of Rs17,243/10 gm on November 19, tracking gains in the international markets. Moreover, the depreciation in the Indian rupee by 0.75% supported the gold rally in the domestic market. Among other precious metals, silver gained more than 6% on COMEX and nearly 5% on the MCX. Silver mainly follows both gold and base metals prices.

Gold prices may witness some profit-booking after prices advanced to a record-high level last week. Technical indicators suggest a possible correction in gold prices as the metals appear overbought.

#### **Base metals**

Base metals prices traded on a positive note last week. Global factors like uptrend in bullion and energy and a falling dollar supported the movement in prices. During the week, crude oil prices rose by 2%, the dollar index fell by 0.07%, the euro rose by 0.11% and gains in bullion and silver supplemented the gains in the metals sector. Nickel was the top performer, gaining by 5.40% despite a rise in inventory by 1,164

tonnes. On the other hand, despite rise in prices by 1.83%, zinc witnessed an inventory addition of 23,450 tonnes. Meanwhile, both copper and aluminum were up by 4.30%, with 16,925 tonnes and 58,050 tonnes of inventory addition, respectively.

According to various study groups like ILZSG, WBMS, USGS, etc, metals expect heavy market surplus going forward as heavy stockpiling was seen in the last 10 months of 2009, against the deficit seen last year. The rising global inventories renewed speculation that supply may outpace demand. However, the Asia Pacific Economic Cooperation (APEC) forum pledged to maintain stimulus measures, which can help to boost risk appetite in the financial markets. Release of better-than-expected economic data has supported the uptrend in the base metals complex. China's worst snowstorms in 60 years may disrupt supplies in the world's largest producer and consumer of zinc. This week, we expect metals to carry on with its gains as global cues appear supportive. However, any pending decisions on mine unrest can reverse the view for certain metals like copper and zinc.

- Commodities Research Desk

### DreamLife Pension Plan

DreamLife Pension Plan is a unit-linked pension plan (ULPP) from Bharti AXA Life Insurance Company Limited.

#### Unique features

At inception of the policy, the policyholder can choose to systematically increase the premiums by 5-8% each year with the accumulator option. The policy provides the option to increase/decrease the premium any time after the second policy year. The top-up premiums can be paid any number of times after the first policy year.

#### Policy benefits

**Vesting benefit:** At the vesting (retirement) age, the policyholder can opt for one-third of the fund value as tax-free lump sum (as per prevailing tax laws) while the remaining corpus should be used to purchase an annuity plan from the same insurer or any other annuity provider.

**Death benefit:** In the unfortunate event of the policyholder's death during the term, the nominee will receive the entire fund value and the policy will cease to exist.

#### Eligibility parameters

**Age at entry:** Min-18 years; max-55 years

**Choice of vesting (retirement) age:** Min-45 years; max-65 years; the policyholder has the option to pre-pone or postpone the retirement age, subject to a minimum policy term of 10 years.

**Policy term:** Minimum-10 years; maximum-65 years less age of the policyholder at entry

**Premium payment frequency:** Annual, semi-annual, quarterly and monthly. Quarterly and monthly premium frequencies are available only under ECS.

**Table 1: DreamLife Pension Plan—Investment fund options**

Fund name	Investment objective	Risk profile	Investment allocation			
			Listed equities	Cash & money market instruments	Corporate bonds	Government bonds and securities
Grow Money Pension	To provide long-term capital appreciation	High	80-100%	0-40%	-	-
Save 'n' Grow Money Pension	To provide a mix of income and capital appreciation	Moderate	0-60%	0-40%	0-50%	0-40%
Steady Money Pension	To provide steady income	Low	-	0-40%	20-80%	20-80%

**Minimum premium amount:** Single premium policy-Rs25,000; regular premium policy-Rs12,000

#### Investment funds

The policy provides three investment funds to choose from, depending on factors such as your financial objectives and life-stage (see Table 1). It also allows switching from one investment fund to another. The minimum value of a switch should be Rs2,500 and four switches can be availed free-of-charge in a policy year. A switching charge of Rs100 per switch is applicable after these four free-of-charge switches.

#### Policy charges

**Premium allocation charge:** For a regular premium policy, premium allocation charge depends on the amount of premium paid (see Table 2).

In a single premium policy, the premium allocation charge will be 6% if the premium amount ranges from Rs25,000 to Rs99,999.

For a premium of Rs1,00,000 and above, the charge will be 2.5%. In case of top-up premium, the allocation charge will be 2%.

**Policy administration charge:** It is a fixed charge of Rs30 per month, deducted by cancellation of units on a monthly basis.

**Fund management charge:** For Grow Money Pension Fund, the charge is 1.50% p.a., for Steady Money Pension Fund, 1.00% p.a., and for Save 'n' Grow Money Pension Fund, 1.25% p.a.

**Surrender value:** The surrender value will depend on the year in which the option is exercised.

#### Tax benefits

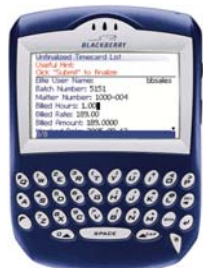
The premium paid under the policy is eligible for deduction under Section 80C of the Income Tax Act, 1961. The benefits payable under the policy are exempt from tax under Section 10(10D) of the Act applicable for a pension policy.

**Important:** The investment risk in the portfolio is borne by the policyholder.

**Table 2: DreamLife Pension Plan—Premium allocation charge**

Annual regular premium band	Year 1	Year 2	Year 3	Year 4 and 5	Year 6 and above
Rs12,000 to Rs24,999	21%	10%	8%	1%	0%
Rs25,000 to Rs49,999	17%	10%	8%	1%	0%
Rs50,000 and above	15%	10%	8%	1%	0%

- Atul Stanley Hermit



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### Mutual fund performance

#### Equity diversified

Scheme name	NAV	1 Year	2 Year	3 Year
IDFC Premier Equity - A (G)	24.94	114.90	4.00	106.00
Reliance RSF - Equity (G)	26.14	115.90	7.80	75.20
Sundaram S.M.I.L.E Fund (G)	30.53	139.20	-0.90	71.90
Tata Equity P/E Fund (G)	41.01	119.50	-1.50	70.70
UTI Dividend Yield Fund (G)	25.91	91.20	4.60	68.40
UTI Opportunities Fund (G)	23.04	109.30	2.20	66.80
HDFC Top 200 Fund (G)	175.81	115.40	10.00	64.20
Baroda Pioneer Growth (G)	47.88	110.30	5.90	63.60
Birla SL Dividend Yield (G)	67.30	101.30	17.00	62.30
Birla SunLife Midcap Fund-A (G)	99.44	129.50	-2.20	62.40

#### ELSS

Scheme name	NAV	1 Year	2 Year	3 Year
Taurus Tax Shield (G)	30.04	101.30	-2.60	78.70
CanRobeco Eqty TaxSaver (G)	20.51	112.30	1.20	63.60
Sahara Taxgain (G)	31.27	97.30	1.30	60.30
Sundaram Tax Saver (G)	40.79	86.20	-4.20	57.20
Fidelity Tax Advantage (G)	17.51	98.80	-2.90	48.40
DSP-BRTax Saver Fund (G)	14.54	96.70	-8.80	45.40
Religare India Tax Plan (G)	14.27	99.00	-3.50	42.70
Franklin India Tax Shield (G)	170.19	91.10	-7.40	38.10
Tata Tax Advantage Fund-1(G)	13.64	89.80	-6.90	36.90
Principal Personal Tax Saver	85.82	97.40	-22.60	36.00

#### Equity (FMCG)

Scheme name	NAV	1 Year	2 Year	3 Year
Franklin FMCG Fund (G)	49.83	71.60	22.20	44.20
SBI Magnum FMCG Fund	19.99	76.40	22.60	38.40
ICICI Pru FMCG Fund (G)	50.86	71.80	1.00	30.50

#### Equity (Speciality)

Scheme name	NAV	1 Year	2 Year	3 Year
Birla SL Basic Industries (G)	91.51	106.90	-17.60	38.00
Birla Sun Life Buy India (G)	34.48	99.80	4.40	31.50
JM Basic Fund (G)	17.61	100.30	-50.70	3.40
JM Financial Services Fund (G)	8.86	31.60	-48.70	-11.40
JM Telecom Sector Fund (G)	7.31	33.50	-47.50	-26.90
Reliance Diver. Power - RP (G)	75.88	107.60	0.40	133.40
Reliance Media & Entertain (G)	24.20	86.10	-31.80	17.50
Tata Life Sc & Tech Fund (G)	60.88	136.90	18.10	36.00

#### Equity (Tech)

Scheme name	NAV	1 Year	2 Year	3 Year
DSP-BR Technology.Com -RP (G)	29.10	108.60	-7.10	35.50
Franklin Infotech Fund (G)	50.60	111.90	22.70	-2.40
ICICI Pru Tech. Fund (G)	13.01	116.50	-9.40	-2.50
Birla SL New Millennium (G)	17.65	85.60	-15.80	-4.40
SBI Magnum IT Fund	18.39	102.30	-16.80	-15.10

#### Equity (Banking)

Scheme name	NAV	3 mth	6 mth	1 Year
Sahara Bkg & Fin. Services (G)	23.50	24.60	29.00	126.20
Reliance Banking Fund (G)	76.01	24.10	26.90	114.60
UTI Banking Sector (G)	33.25	23.20	28.30	112.10
ICICI Pru Bkg & Fin Serv-RP(G)	14.61	20.00	30.30	108.70
Religare Banking Fund -RP (G)	15.67	24.50	32.80	102.20
Sundaram Fin-Serv. Opp.-RP (G)	15.78	22.00	23.70	89.30

#### Equity (Pharma)

Scheme name	NAV	1 Year	2 Year	3 Year
Reliance Pharma Fund (G)	37.69	118.40	42.10	91.00
Franklin Pharma Fund (G)	43.91	115.20	57.70	60.10
UTI Pharma & Health (G)	28.31	63.70	31.70	32.60
SBI Magnum Pharma Fund (G)	33.51	88.50	0.80	-4.30

Source: moneycontrol.com; Note: All NAV as of November 19, 2009, all returns are expressed in percentage terms.

(Compiled by Amit Chopra)

## MUTUAL FUNDS

### NFO

#### Axis Equity Fund

Axis Equity Fund is the first equity fund from Axis Asset Management Company. This is an open-ended diversified equity fund focusing on generating long-term capital appreciation while maintaining low downside volatility.

#### Risk-return matrix

Axis is a recent entrant in the asset management business, and the Axis Equity Fund is the maiden equity scheme from its stables. It is expected to have low-to-medium risk profile, and investors with a medium-to-long-term investment horizon can invest in the scheme.

#### Why Axis Fund?

- ✓ Axis AMC is a wholly-owned subsidiary of Axis Bank.
- ✓ Axis Bank is the third-largest private sector bank in India with a well established network of 853 branches and extension counters, as on June 30, 2009.
- ✓ The parent bank recorded net profit growth in excess of 30% Y/Y in 36 of the

last 38 quarters (end of June 2009).

- ✓ The parent bank brings along strong corporate linkages and understanding of industry, corporate and financial trends.

#### Investment approach

- ✓ Active management style would help

#### Scheme Features

<b>Name of scheme</b>	Axis Equity Fund	
<b>Nature of the scheme</b>	An open-ended growth scheme	
<b>Benchmark index</b>	S&P CNX Nifty	
<b>Load structure</b>	Entry load: Not applicable, Exit load: 1% if redeemed/switched out within one year from the date of allotment	
<b>New fund offer (NFO) period</b>	Opens November 11, 2009, closes December 8, 2009	
<b>Re-opening date for fresh subscription and redemption</b>	January 7, 2010	
<b>Options</b>	Growth and dividend	
<b>Offer price</b>	Rs10 per unit during the NFO and at NAV-based prices thereafter	
<b>Minimum application amount (lumpsum)</b>	Rs5,000 and in multiples of Re1 thereafter	
<b>Minimum additional purchase amount</b>	Rs100 and in multiples of Re1 thereafter	
<b>SIP/ switch- in</b>	Available during NFO period and on an ongoing basis	
<b>Asset allocation</b>	Equities 80 - 100% Debt and money market 0 - 20%	
<b>Portfolio equity allocation</b>	35 - 40 stocks Large cap 70-80% 15-20 stocks Mid cap 20-30% 15-20 stocks	

exploit large number of opportunities.

- ✓ Strong in-house research.
- ✓ Breadth of coverage that would ensure superior stock selection.
- ✓ Depth of understanding which would allow speedy response to events.

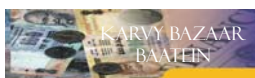
- Pradeep Kumar S

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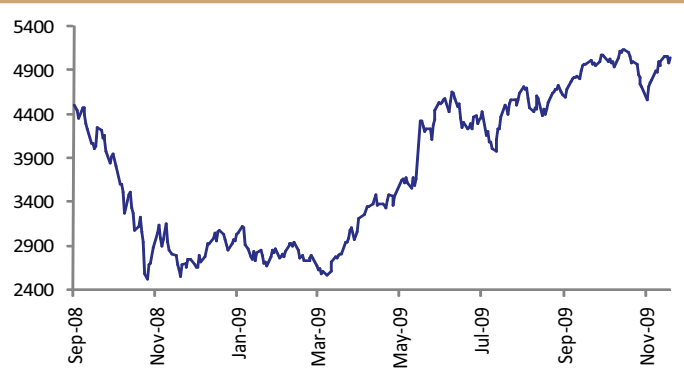


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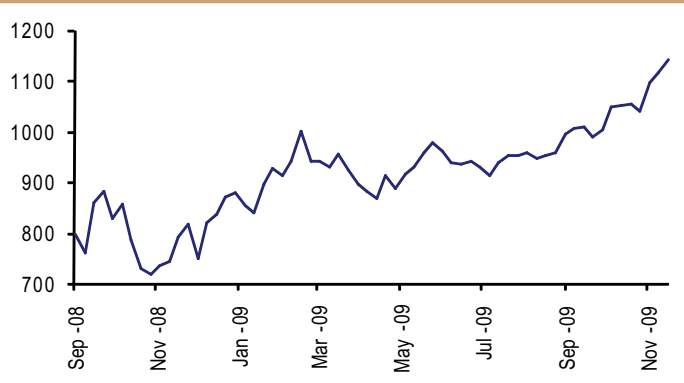


## MARKET DATA

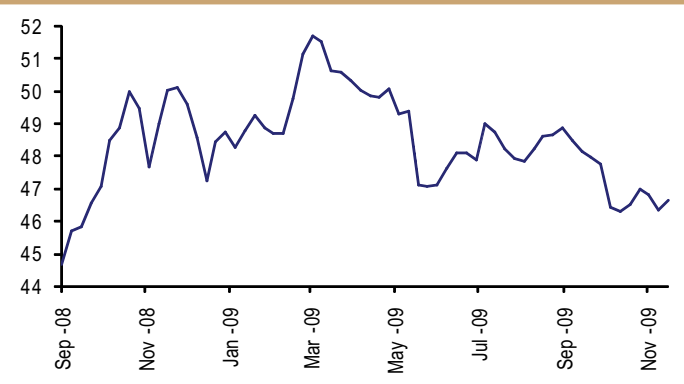
**Nifty movement**



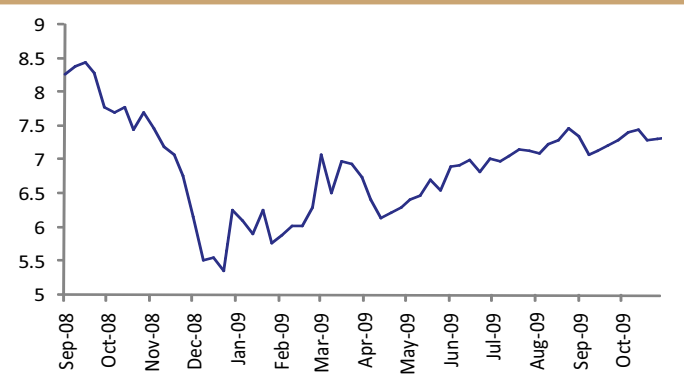
**Gold (US\$/oz)**



**Currency (US\$/INR)**



**10 year bond yield (%)**



**Global indices: Weekly performance**

	Close (Nov 20)	Close (Nov 13)	Weekly (%)	6M (%)	12M (%)	PE Ratio
<b>ASIA</b>						
Hang Seng	22455.84	22553.63	-0.43	28.50	82.59	23.48
STI	2761.54	2727.23	1.26	21.69	71.10	20.06
S. Korea	1620.60	1571.99	3.09	12.88	70.83	22.13
Nikkei 225	9497.68	9770.31	-2.79	1.64	23.30	-
<b>AMERICA</b> (closing as on Nov 19)						
Dow Jones	10332.44	10270.47	0.60	22.68	36.81	16.11
S&P 500	1094.90	1093.48	0.13	21.19	45.51	21.97
NASDAQ	2156.82	2167.88	-0.51	24.83	63.88	38.05
Brazil Bovespa	66327.28	65325.63	1.53	29.43	98.56	20.19
<b>EUROPE</b> (closing as on Nov 19)						
FTSE-100	5267.70	5296.38	-0.54	18.18	36.28	77.17
DAX 30	5702.18	5686.83	0.27	13.45	35.46	63.09
CAC 40	3760.22	3806.01	-1.20	14.12	26.49	16.02

Source: Bloomberg

**Domestic indices: Weekly performance**

	Close (Nov 20)	Close (Nov 13)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	17021.85	16848.83	1.03	21.06	101.42	20.79
Nifty	5052.45	4998.95	1.07	18.32	97.89	21.06
BSE 500	6606.00	6538.25	1.04	26.05	110.17	20.84
BSE Auto	6923.70	6777.49	2.16	53.29	207.31	50.83
BSE Bankex	10253.14	10202.18	0.50	29.47	133.12	15.30
BSE Capital Goods	13421.45	13421.60	0.00	19.35	109.82	34.53
BSE Consumer Durables	3484.39	3474.04	0.30	38.48	97.54	11.61
BSE FMCG	2854.04	2812.06	1.49	35.13	53.73	31.45
BSE Healthcare	4684.27	4619.62	1.40	40.64	69.45	38.04
BSE IT	4842.94	4744.29	2.08	69.69	106.62	22.13
BSE Oil & Gas	10170.93	10140.39	0.30	5.86	93.66	19.03
BSE Metal	16095.74	15540.99	3.57	62.46	278.68	17.72
BSE Realty	3858.83	3902.09	-1.11	14.80	129.82	20.82
BSE PSU	9162.52	9210.74	-0.52	23.36	109.72	17.74
BSE Power	3021.25	3022.71	-0.05	10.20	102.00	31.10
BSE Tech	3052.26	3025.73	0.88	23.44	66.61	19.99

(Compiled by Amit Chopra)

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