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NSE
52 Wk H/L : 5182.55/2539.45
Mcap : Rs54,64,261 cr.
BSE
52 Wk H/L : 17493.17/8047.17

Editor : S. Gopichand
Managing Editor : Satyan Nair
Deputy Editors : Bhuvan Yadav, Kalyan C Reddy, Pavan Katta.
Research Team : JK Jain, Atul Stanley Hermit, Krishna Veni, Raj Deepak Singh, Pradeep Kumar S.
Production : Amit Chopra, Vijayendra Kumar Ch, Raju.A.

For subscription enquiries please contact
Aswin Panda ☎:040-44507254

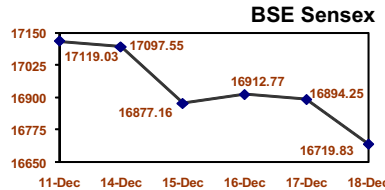
For advertising enquiries please contact
Pavan Katta ☎:040-23312454 ext:152

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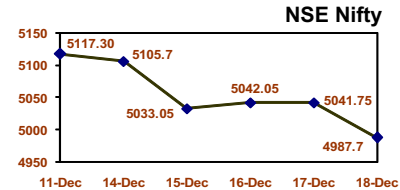
by **S. Gopichand** on behalf of Karvy Stock Broking Limited.

Editor: **S. Gopichand**

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16719.83
↓ 2.33%



4987.70
↓ 2.53%

A period of consolidation...

It's vacation time across international markets, and with Christmas and New Year around the corner, one can expect markets to consolidate around the current levels. The last two years have been quite volatile for the Indian markets, with indices falling more than 50% in 2008 and then doubling in a span of 4-5 months in 2009.

Retail investors have every reason to cheer the 2009 stock market performance. Many who had invested in mid-to late-2007 have seen their mutual fund and investment portfolios stumble back into the green, whereas the same investor was staring at a sea of red in excess of 50% in late-2008. For many, the sense of relief has been immense, as few had expected such a thumping up-move in the markets amid what was increasingly considered to be the worst financial crisis in decades. Meanwhile, investors who braved the doom and gloom and invested in early 2009 have seen their portfolios skyrocketing in the 50-100% range. Interestingly, however, a majority of retail investors missed a major part of the rally this year.

What do we have in store for the next year? While valuations may appear a bit stretched, capital inflows will continue to increase due to a weak dollar and rising risk appetite among investors. While we can expect some monetary tightening in the near term, the impact is expected to be limited. On the other hand, any monetary tightening in the US, possibly in the latter half of 2010, needs to be carefully observed. Meanwhile, the huge supply of paper could restrain markets in the near term.

Last week, software stocks continued to see buying interest even as the market traded negative W/W. While banking stocks were bearish, pharma witnessed buying towards the end of the week even as realty stocks remained highly volatile with a negative bias. This week, buying is expected to continue in auto, pharma, cement and IT stocks from lower supports of the Nifty at 4850-4900 levels while infra, banking, realty and FMCG stocks are likely to witness selling pressure on every rise. Overall, the Nifty is likely to trade in the range of 4800-5100 levels this week.

KBB weekly recommendations for the week beginning 21st Dec.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
TCS	Buy	727.50	715-720	705	745-750	5-6 Days
KFA	Buy	56.95	53-55	50	65-66	5-6 Days
LITL	Buy	536.40	525-530	514	570-572	5-6 Days
Mphasis	Buy	725.60	715-720	705	752-755	5-6 Days
KRBL	Buy	201.10	197-200	192	218-220	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
Shoppers Stop	Buy	Above 390	378.00	413-415	357	-4,640.24	-3.32%	SLT
Jindal Steel & Power	Buy	737-740	727.00	788-790	189	-2,173.31	-1.56%	SLT
Bajaj-Auto	Buy	Above 1725	1698.00	1800-1805	81	-1,714.23	-1.23%	CMP
BHEL	Buy	Above 2380	2362.00	2461-2462	59	-1,113.70	-0.80%	SLT
TWL	Buy	340-342	334.00	368-370	409	-2,864.95	-2.05%	SLT
Total						-12,506.42		

Balance on inception (26- Jan- 09)	Balance last week (11-Dec-09)	Balance current week (18-Dec-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	6,97,819	6,85,313	(1.79)	37.06

TA - Target achieved; SLT - Stop loss triggered; CMP - Closing price as on last trading day; NI - Not initiated; # No. of Shares; SL - Stop Loss; P/L - Profit/Loss



Technical view

Maruti **CMP: 1548.80**

Maruti outperformed the market until September this year, but thereafter corrected sharply. Recently, the stock found support around the 100-day EMA levels, placed around the 1400 levels, and staged a bounce-back. The stock, however, failed to sustain above the short-term averages and moved lower towards the 50-day EMA. However, on Friday, the stock barely declined even though the market slipped sharply. The stock has registered a high of 1723, which is a possible target only if it manages to break past the 1650 levels. The 14-day RSI is around the 47 levels and has a support around the 40-42 levels of the scale. The immediate support is around 1520 and 1457 levels where the 100-day EMA is currently placed. A sustained breakout in the stock will result in fresh buying interest which will guide it to test higher levels of 1720 and 1780 in the medium term. Investors are advised to assume long positions in the stock at 1500-1520 levels for an upside target of 1650 and 1720 levels in the medium-term

scenario. All long positions in the stock should be protected with a stop loss below 1450 levels on a closing basis.

ACC **CMP: 861.65**

Cement stocks largely underperformed the broader index, mainly due to the constant decline in prices. The entire space declined during the market recovery, but recently staged a bounce-back from the extreme oversold territories. ACC also remained one of the leading gainers in the recent session from its lows of 680 levels. It surged significantly on the back of increasing volumes. The stock rose above all the moving averages, which is a positive takeaway in the near term. It has been constantly consolidating above the 200-day EMA and has risen sharply. However, the 14-day RSI is hovering in the overbought territory, hinting at marginal declines from current levels. The stock has crucial support around 820 and 800 levels which will be the critical point of observation. Investors are advised to assume long positions in the stock in the range of 830-840 levels for a short-term target of 910 and 940 levels.

All long positions in the stock should be protected with a stop loss below 790 levels on a closing basis.

Pantaloon Retail **CMP: 362.80**

Pantaloon Retail has been moving sideways since the highs it made last year. Since then, the stock has continually struggled to cross the 350 levels. It recently surpassed that level, thereby registering a strong breakout, which was on the back of a significant rise in volumes, indicating momentum in the stock. On the weekly charts, the stock has staged a strong breakout above the recent highs on a closing basis which is extremely bullish. It has its 21-day EMA at 350 levels which needs to be observed closely in the near term. The stock has an immediate resistance around the highs of 410 levels beyond which it could move up to 450 levels in the short term. Investors are advised to assume long positions in the stock in the range of 340-350 levels for an upside target of 410 and 450 levels in the short term. All long positions in the stock should be protected with a stop loss below 310 levels on a closing basis.

- A Kalyan C. Reddy

Fundamental view

Aventis Pharma (Rs1,510)

Rural push

Aventis Pharma embarked on a rural push earlier this year, focusing Tier-2 towns with a population of more than 1 lakh. The company's rural initiative comprised a product basket of 15 products in key therapy areas, such as cough, cold & allergy, anti-infective, gastrointestinal and pain, under the Hoechst brand. The company will leverage its existing brand equity in products such as Combiflam, Soframycin and Avil, apart from new products.

Media reports indicate that Aventis is targeting an additional Rs5 bn over the next five years with a field force of 300 people and 75 area managers. In the first phase, the company launched these products in Uttar Pradesh, Bihar and West Bengal, whereas in the second phase, it plans to target Andhra Pradesh, Maharashtra and Madhya Pradesh.

Aventis has launched Prayas where specialists share the latest medical knowledge and clinical expertise with general practitioners based in towns and villages. This effort is basically to bridge the information gap about new ways of diagnosis and treatment to doctors in rural areas. In the pilot phase, the company has already conducted 554 workshops and three modules on respiratory diseases which covered 3,200 doctors.

Aventis' domestic formulations business

(ex-Rabipur) grew in excess of 14% for the nine-month period while exports witnessed a blip in the last quarter. We maintain our earnings estimates but upgrade our multiple due to the current re-rating in the sector, from 16.5x to 17x. Accordingly, we value our core price target of Rs1,427 per share and add cash of Rs342 per share to arrive at a price target of Rs1,770. Given the increase in price target by 2.5 %, we upgrade our rating in the stock to Outperformer.

Aventis Pharma		Rs Mn	CY06	CY07	CY08	CY09E	CY10E
Reuters/ Bloomberg Code	AVPH.BO/ HOEC@IN	Net sales	9,058	9,010	10,221	10,723	11,896
Market Cap(Rs bn)	34.8	EBITDA	2,425	1,950	2,245	2,434	2,622
Market Cap(US\$ mn)	752.7	Net Profit	1,698	1,375	1,648	1,679	1,934
Shares Outstanding(mn)	23.03	EPS(Rs)	73.7	59.7	71.5	72.9	84
52-week High/Low	Rs1650/810	EPS growth (%)	13.5	-19.1	19.9	1.9	15.1
		EBITDA margin(%)	26.8	21.6	22	22.7	22
Major Shareholders (%)		PER(x)	20.5	25.3	21.1	20.7	18
Promoters	60.4	EV/EBITDA (x)	12.7	15.8	13.3	11.7	10.3
FII's	7.1	P/S (x)	3.7	3.7	3.4	3.5	3.1
Banks/Fis/MFs	20.25	RoCE(x)	46.3	33.7	34.3	30	28.9
Public	12.25	RoE(%)	29.6	21.6	21.5	19.1	19.1

Source: Company & KSBL Research

Market pulse

Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
Balaji Dist	40.68	573131	Citigroup Global Markets Mauritius
Shree Ram Mills	130.01	325000	Citigroup Global Markets Mauritius
Sell			
Ganesh Housing	120.44	181,862	The Master Trust Bank Of JapanLtd HSBC Global Invest Funds Ac

Top Gainers (Weekly)

Company	18-Dec	11-Dec	%Change
Ranbaxy	530.35	497.75	6.55
ACC	861.65	816.75	5.50
HCL	365.30	347.50	5.12
Cipla	356.55	340.40	4.74
Wipro	674.70	644.40	4.70
Sun Pharma	1504.75	1442.25	4.33
Tata Motors	733.95	711.90	3.10
Tata Steel	563.25	546.55	3.06
TCS	727.50	706.10	3.03
Infosys	2525.95	2460.75	2.65

Top Losers (Weekly)

Company	18-Dec	11-Dec	%Change
Unitech	80.20	86.65	-7.44
Axis Bank	934.30	1003.75	-6.92
IDFC	153.20	164.35	-6.78
HDFC Bank	1664.10	1785.15	-6.78
DLF	357.40	383.05	-6.70
ICICI Bank	809.35	864.50	-6.38
RCom	172.00	183.60	-6.32
Reliance	1007.65	1071.25	-5.94
SBI	2145.35	2266.45	-5.34
Jindal Steel & Power	707.65	744.85	-4.99

FII Invt (Rs.cr)

MF (Rs.cr)

Date	FII Invt (Rs.cr)		MF (Rs.cr)	
	Purchases	Sales	Purchases	Sales
14-Dec-09	2166.70	1770.60	605.00	770.90
15-Dec-09	1829.10	1654.50	554.10	908.10
16-Dec-09	2285.00	2166.80	594.50	670.60
17-Dec-09	2202.80	2353.80	-	-
Total	8483.60	7945.70	1753.60	2349.60

Corporate Actions

Company	Date	Purpose
Engineers India	21-Dec-09	INT DIV-RS.6/- Per Share Purpose Revised
ONGC	22-Dec-09	Interim Dividend
Shri Lakshmi Cotsyn	23-Dec-09	AGM/Div-RS.2/-
Amtek India	23-Dec-09	AGM/DIV-RE.0.20
GAIL	24-Dec-09	Interim Dividend

(Compiled by Krishnaveni M)

Oriental Bank of Commerce (Rs249)

We revise our earnings estimates on Oriental Bank of Commerce (OBC) to take into account slightly better margin in FY10E and FY11E, traction in fee income, and much higher treasury income. We increase bad debts and tax provisions for FY10E and FY11E marginally. We have not made any changes in volume growth estimates in credits and deposits; we believe that improvement in margin would be driven mainly by better liability-side management and the consequential impact on cost of funds. As a result, we increase our EPS estimates by 26% and 21% in FY10 and FY11; our revised return on average assets are 0.86% and 0.74% (compared to 0.68% and 0.61%) in FY10E and FY11E, respectively. We increase our target price by 36% to Rs388 (from the previous target price of Rs278) and upgrade our rating from 'Market Performer' to 'Buy'.

Margin improvement: OBC reported significant improvement in Q2FY10 margin over the previous quarter. NIM improved by 19 bps to 2.02% although it remained lower than the Q2FY09 level of 2.41%. According to management, the total bulk deposits outstanding is Rs150 bn and around half of that is coming up for re-pricing in the next six months. In addition, about Rs60-70 bn of retail term deposits would come in for redemption or re-pricing over the next 6-9 months; therefore, almost 13.4% of total deposits would be re-priced at much lower rates, aiding the cost of deposits and margin. We expect the bank to report NIM of 1.92% and 1.93% in FY10 and FY11, respectively.

Traction in fee income and treasury income; fillip to bottom-line: Traction in commission, exchange and brokerage (CXB)

income due to improved cross selling of third-party products and increased level of participation in northern India. Also, OBC's previous year's CXB income base was quite low compared to other banks, and, therefore, the growth rate (Y/Y) would be higher, with scope for improvement. We also factor in higher treasury income in H1FY10.

Higher provisions might dent bottom-line:

Higher bad debts, investment depreciation and tax provisions could prove to be a dampener. We factor higher credit costs of 0.29% and 0.285% in FY10E and FY11E, respectively. The higher tax provisions could be due to higher recovery from written-off account and treasury income and write-back of provisions. In the prevailing interest-rate scenario, the likelihood of write-back of investment provisions appears bleak; as on end-September 2009, OBC's mark-to-market investment portfolio was around 23% of the total investment portfolio with duration of around 2.0 years. The bank's MTM losses would not be significant if the yield remains under 8.0% by March 2010.

Valuation: We expect OBC's business and bottom-line to grow by 21% and 10% CAGR (FY2009-11), whereas the estimated book value and adjusted book value for FY11 would be Rs365 and Rs340, respectively. We have valued the bank on the Gordon Growth Model (GGM) and conclude that its fundamental worth is Rs388 per share at 1.14x FY11E adjusted book value. We upgrade our rating from 'Market Performer' to 'Buy'. At the current market price, the stock quotes at 0.73x FY11E ABV.

Core other Inc. (% to average assets)



Oriental Bank of Commerce (Rs mn)		FY07	FY08	FY09	FY10E	FY11E
Bloomberg/Reuters Code	OBC IN/OBC.BO	22,946	22,987	30,690	37,187	41,623
Market Cap (Rs bn)	62	12,967	12,190	16,861	21,172	23,218
Market Cap (USD bn)	1.3	2.66	2.09	2.02	1.99	2.01
52-week range (Rs)	300/95	8,268	8,409	9,066	10,631	11,041
Shares in issue (mn)	251	33	34	36	42	44
FII limit (%)	20	0	2	8	17	4
	P/E (x)	7.5	7.4	6.9	5.9	5.7
	Price/Book Value (x)	1.1	1.1	0.8	0.8	0.7
Major Shareholder (%)	Price/Adjusted Book Value (x)	1.1	1.2	0.9	0.8	0.7
Promoters	51.1	1.9	1.9	2.9	2.8	2.8
Banks/FIs/MFs	29.6	43.5	47	45.1	43.1	44.2
Pvt. Corp. Bodies	2.7	1.2	1.0	0.9	0.9	0.7
Public	6.4	15.4	14.8	14.8	15.4	14.1
FIIIs/NRIs/OCBs	10.2	10.1	9.5	9.1	8.8	8.0
	Tier-1 Capital (%)					

Source: Company & KSBIL Research

DLF (Rs379)

DeShaw sells 36% stake in DAL for ~US\$500 mn, even as the latter plans REIT listing in Singapore

According to media sources, DeShaw has sold 36% (of its total 40%) stake in DLF Assets Limited (DAL) for approximately US\$500 mn. DeShaw had invested US\$400 mn in DAL in 2007 through optionally convertible preference shares at a coupon rate of ~6% and was promised an exit through listing of the Real Estate Investment Trust (REIT). This, however, did not happen due to the global financial meltdown. In the absence of an exit route, DeShaw decided against converting its preference shares into equity shares and asked for redemption. Thereafter in Q1 FY10, DLF's promoters sold 9.9% stake in the company at ~Rs230 per share (amounting to ~Rs38.6 bn)—through the overnight book-building process with participation from various FIIs—to provide an exit for DeShaw. However, since the stake sale by DLF's promoters in May 2009, DeShaw did not redeem its investment until recently, with capital markets recovering and DAL planning to list its REIT in Singapore.

DLF's role in DAL restructuring and eventual listing

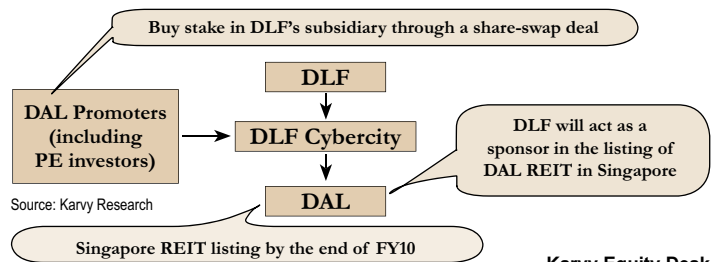
According to industry sources, the promoters plan to raise a minimum of US\$1 bn through the listing of DAL. This will require a better valuation for DAL which can be possible if DLF represents itself as a sponsor to the issue with a stake in the company. There are three possibilities. The first option is that DLF buys the unlisted DAL and merges it with itself. However, that will involve a cash outgo, which may be difficult in the current scenario. The second option is a fresh issue of DLF shares, but it may not be taken as it will lead to a dilution of shareholder value. The third option is a share swap between DAL

and one of DLF's subsidiaries, wherein the DAL promoters get a share in DLF's subsidiary and together they hold a stake in DAL.

The capitalization rate for the REITs in Singapore will be around 6-7% while in India it may be around 8-9%. Therefore, there is an arbitrage opportunity, wherein DLF can buy a stake in DAL at a higher cap rate and value it at a lower cap rate on listing. Thus, DLF's role in the IPO can be a win-win situation for DAL promoters (including private-equity investors) as well as for its shareholders.

Assuming that DAL is valued at US\$2 bn at a cap rate of 9%, and post-listing it is valued at a cap rate of 7%, the net valuation gain can be ~US\$571 mn. This will be distributed among DLF's and DAL's promoters in proportion to their shareholding in DAL. According to sources, DLF may eventually hold ~62% in the merged entity, implying a per share gain of ~Rs10.

However, currently, DAL stands only as a debtor in DLF's books (owing ~Rs20 bn), and it remains to be seen what option DLF will take and eventually what valuations are given to DAL. Therefore, we have not changed our valuation for DLF, maintaining our price target and rating. Giving a discount of 10% on the NPV, we give a target price of Rs259 per share, rating the stock as a 'Sell' at current levels.



- Karvy Equity Desk

Commodities review

Bullion: The bullion market turned bearish last week due to profit booking as the dollar started appreciating against other major currencies. Prices have been on a downtrend ever since it touched the all-time-high of US\$1,227/oz. The continued strength in the dollar is prompting bullion to register a third consecutive weekly loss. Gold fluctuated between US\$1,095.70-1,142.90/oz last week. The dollar rose to a three-month high against the euro as the Federal Reserve observed some economic improvements, including an abating deterioration of the labor market. The MCX gold futures for immediate delivery also declined by Rs120 to Rs16,844/10 gm—in line with the international prices. The depreciation of the Indian rupee, which slipped to as much as Rs46.97/US\$, proved to be an important support for gold prices in India.

Among other precious metals, COMEX silver gained 1.22% and MCX silver rose nearly 0.50% (at the time of writing this report). Silver gained mainly due to rising base metals prices during the week. We expect the precious metal to trade in a tight range amid the impending Christmas and New Year season. The market participation has been falling for the last couple of days and is expected to continue until New Year. This week, we expect gold to trade sideways with a negative bias.

Base metals: The base metals complex was largely driven by the movement in the dollar index, unpredictable global equity markets and better-than-expected improvement in the housing sector data. On the global front, the dollar index gained 1.5% and surged to a three-month high. Meanwhile, the euro fell by 1.63% while crude oil surged 4.37% due to unexpected fall in inventories. Among the metals complex, zinc was the top performer, up by 4.05%, as it was the only

metal with a W/W fall in inventory of 800 tonnes. Among others, nickel, lead and copper gained 2.83%, 2.52% and 0.51%, respectively. Increase in Chinese imports from the nine-month lows and a fall in domestic inventories are a positive factor in the medium to long run. The upcoming holiday season would lead to declining volumes on the global front. Moreover, investors would be liquidating their holdings and watch for fresh trends in the New Year. Hence, we expect base metals to remain range-bound this week.

Energy: Last week, the market opened under-US\$70 per barrel for the first time in more than two months—after three successive weekly declines in the past due to weak fuel demand and a recovering dollar. However, the market trend reversed momentarily after the US reported a growth in industrial production in November. The market direction was confirmed after the DOE inventory report showed a steeper-than-expected fall in oil and distillate inventories. While the US job market remains weak, the US economy may have performed well in November, going by the rise in US leading economic indicator index. The equities in major consuming regions showed a mixed trend. Despite the dollar gaining after the Federal Reserve expressed optimism over the economy, the price reached a high of US\$73.55 per barrel and is currently trading at US\$72.87 per barrel with a W/W gain of around 4.3% at the time of writing this report.

The ongoing winter season is expected to remain "cold", prompting the drawdown in distillate inventories in the eastern half of the US. The OPEC, which is scheduled to meet next week (Dec 22nd), may leave quotas unchanged and stress on increasing the compliance among its members. Both these factors are expected to help the market to trade higher this week.

- Commodities Research Desk

Smart ULIP

Smart ULIP is a unit-linked insurance policy from SBI Life Insurance Company Limited.

Unique features

Guaranteed maturity NAV: The policy provides a guarantee of the highest NAV (net asset value) as recorded on the 168 reset dates during the first seven policy years.

Innovative investment fund: The policy provides for the management of the investment component in an innovatively structured investment fund called 'FlexiProtect Fund'.

Policy benefits

Death benefit: In the unfortunate event of death of the life assured during the policy term, the nominee will receive the higher of the policy sum assured (net of applicable partial withdrawals, if any) or the investment fund value.

Maturity benefit: At the end of the policy term, the investment fund value will be paid to the policyholder. The fund value will be calculated based on the NAV, which will be the higher of either the NAV as on the date of the policy maturity or the Guaranteed Maturity NAV.

Eligibility parameters

Age at entry: Minimum – 8 years; maximum – 60 years; **maximum age at maturity:** 70 years; **policy term:** 10 years; **Premium payment frequency:** Annual, semi-annual, quarterly or monthly; **Fixed sum assured value:** Five times the annualized premium.

How does the policy work?

Policy premium, net of premium allocation charges, gets automatically invested in the Money Market Fund. On two fixed reset dates, i.e., 8th and 23rd of every month (or the next working days if these dates are holidays), the investment value will be automatically transferred to

Table 1: Investment fund details

Fund Name	Investment Objective	Risk Return Profile	Investment Allocation in		
			Equities	Debt Instruments	Money Market instruments
Money Market Fund	To provide capital protection with secure short term returns	Low	0%	0% to 20%	80% to 100%
FlexiProtect Fund	To provide capital protection and optimum returns based on dynamic asset allocation	Low to Medium	0% to 100%		0% to 100%

- Atul Stanley Hermit

the FlexiProtect Fund. The objective of this fund is to optimize the investment returns, while providing significant capital protection by adopting a dynamic asset allocation strategy. The guarantee for the highest NAV will be applicable based on the highest of the NAVs over 168 reset dates, which fall on 8th and 23rd of every month for the first seven years of the policy, i.e., the NAV build-up phase.

Main policy charges

Premium allocation charge: The details of the charge (as a percentage of the value of the premium amount) are shown in Table 2.

Table 2: Premium allocation charge

Policy year	Premium allocation charge as % of premium amount for a premium payment term of	
	3 years	5 years
Year 1	15%	15%
Year 2 & Year 3	5%	5%
Year 4 & Year 5	Nil	5%

Mortality charge: This charge is levied on a monthly basis for the provision of life assurance cover under the policy.

Policy administration charge: This is a fixed charge of Rs60 per month levied throughout the policy term. The charge is levied by cancellation of units on a monthly basis, proportionately from each investment fund.

Fund management charge: This charge, levied for management of the investment, will be adjusted in the calculation of the daily NAV value.

Table 3: Fund management charge

Investment Fund	Fund management charge (% of fund value)
Money Market Fund	0.25% p.a.
FlexiProtect Fund	1.50% p.a.

The facility for partial withdrawals is available after the five policy years. The policy acquires surrender value after payment of minimum one-year (six-month) premium for the premium payment term of five years (three years).

Tax benefits are available under Section 80C and Section 10 (10D) of the Income Tax Act.

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

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Wonderland of Section 80.

Deduction	Qualifying products	Mandatory requirement	Who can avail	How much
80C	NSC, notified bank deposits and post office time deposits, EPF, PPF, ELSS, life insurance plans, deferred pension plans	Payments have to be made before March 31, 2010	Individuals and HUF (both resident and non-resident)	Cannot exceed Rs1 lakh
80CCC	Pension plans of life insurance	Payments have to be made before March 31, 2010	Individuals	Within the overall limit of Section 80C
80D	Medical insurance policy taken for self, spouse, dependent parents or any member of HUF	Premium should be paid through a cheque out of income chargeable to tax	Individuals and HUF	Up to Rs15,000, senior citizens can claim up to Rs20,000
80DD	Expenses on medical treatment of a dependent who is a person with disability	Certification by medical authority	Individuals and HUF	Rs1,00,000 if the handicapped dependent is a person with severe disability
80DDB	Expenses on medical treatment of specified disease (cancer, AIDS, neurological disease, chronic renal failure and more)	Certification in Form 10-I to be submitted along with income tax return form. Deduction is available if the amount is actually paid for the treatment.	Individuals and HUF	Rs40,000 if the age of the person treated is less than 65 years of age. Rs60,000 if the age of the person treated is 65 years or more.
80E	Payment of interest on loan taken for higher studies	Deduction is available in the year in which repayment starts and only for eight immediately succeeding assessment years	Individuals	Deduction available on total interest portion of education loan. The principle repayment gets no tax advantage
80G	Donation on certain funds and charitable institutions	NA	Resident individuals and HUF	50% or 100% deduction on entire donated amount, or 50% or 100% deduction subject to 10% of gross total income
80GG	Rent paid for residential purpose	Should not be getting HRA. Actual rent paid is in excess of 10% of the total income	Self employed and salaried	Excess of actual rent paid over 10% of GTI or 25% of GTI, Rs2,000 per month, whichever is lowest
80U	Expenses incurred on self, if disabled	Certification by medical authority to be furnished along with income tax return	Resident individuals	Rs1,00,000 deduction to individual having severe disability.

- Team ICA

Sundaram PSU Opportunities

(NFO closes on December 23, 2009)

Opportunity in PSUs

PSUs are vertical monopolies in many businesses: The Navratnas in India, honoured by the Government of India, are the crown jewels of the nation. These Navratnas are the best Indian homegrown companies, which have become the flag-bearers in their respective area of activity. For e.g., companies like ONGC, NTPC, SBI, etc. have almost become synonymous with oil, power and banking, respectively, in India.

The mini-ratna companies in India are getting ready to break into the big league, standing out for their efficiency and performance. With more and more PSUs like NHPC and Oil India entering the market and many more on the roadmap, the opportunities are ever-expanding.

The total income of the top-18 navratnas is equal to 15% of India's GDP: Religare PSU Equity Fund will invest in such public sector undertakings (PSUs) in India, and give us the chance to be the modern-day Akbar.

Investment style: Aggressively managed fund with sector, stock, trading and cash calls as well as a call to stay outside the theme to the extent permitted if conditions warrant.

Approach: Dedicated vehicle to play the PSU theme that will become an ever bigger part of the market in the decade ahead.

Breadth of the theme: Disinvestment stage to partial privatization to life-after-privatization (at least three years from date of full privatization).

Suitability: Appropriate for an investor who has a sizable exposure to diversified funds. Investors must view PSUs as a theme and this should be a part of a thematic portfolio.

Preferred duration: Three years and more

Index	Price/Earnings	Price/Book value
BSE PSU Index	16.14	3.00
BSE Sensex	18.86	3.32
BSE 200	19.32	2.97
BSE 500	19.98	2.82

Available at attractive valuations: As the table suggests, currently PSU companies are attractively placed in terms of valuations vis-à-vis the broader markets and the BSE Sensex. The BSE PSU Index is trading at relatively attractive trailing P/E multiples of 16.14 as against 18.86 P/E for Sensex companies, with better earnings growth rate than the Sensex. Valuations, as measured by the P/B multiple, also suggests that PSUs are better placed than the Sensex companies.

Snapshot

Investment objective	Capital appreciation
Nature of scheme	Open-ended equity scheme
Offer price	Rs10 per unit
Options	Growth, dividend payout and dividend reinvestment
SIP	Rs250 per month; Rs750 per quarter
Fund manager	J. Venkatesan
Benchmark	CNX PSE Index
Load structure	<i>Entry Load:</i> Nil <i>Exit Load:</i> 1% if redeemed within twelve months from the date of allotment
Asset allocation	Equity instruments in the targeted theme: 65-100%; equity instruments other than the targeted theme: 0-35%; fixed income and money market instruments: 0-35%; up to 35% of assets may be invested in overseas securities and shall be only related to the theme

- Pradeep Kumar S

MUTUAL FUNDS

Mutual fund performance

Equity Diversified

Mutual Fund Scheme	NAV	1 year	2 year	3 year
IDFC Premier Equity - A (G)	25.63	96.10	1.70	97.60
Reliance RSF - Equity (G)	27.11	97.20	-0.10	76.40
Tata Equity P/E Fund (G)	42.69	98.70	0.80	73.00
ING Dividend Yield (G)	18.87	99.30	7.90	72.60
UTI Dividend Yield Fund (G)	26.62	77.70	7.50	71.50
Sundaram S.M.I.L.E Fund (G)	30.80	113.70	-2.40	69.10
UTI Opportunities Fund (G)	23.22	87.60	3.50	68.40
Birla SL Dividend Yield (G)	68.10	87.60	12.40	66.50
HDFC Top 200 Fund (G)	176.41	86.30	11.00	62.30
Baroda Pioneer Growth (G)	48.53	80.30	6.70	61.10

ELSS

Mutual Fund Scheme	NAV	1 year	2 year	3 year
Taurus Tax Shield (G)	31.49	91.30	-6.60	88.00
Can Robeco Eqty TaxSaver (G)	21.24	85.50	4.70	64.40
Sahara Taxgain (G)	31.96	83.50	0.30	55.00
Sundaram Tax Saver (G)	41.19	67.90	-6.40	51.30
DSP-BRTax Saver Fund (G)	14.69	78.00	-13.70	46.90
Religare Tax Plan (G)	14.66	78.60	-2.10	46.60
Fidelity Tax Advantage (G)	17.71	78.10	-3.40	45.90
Franklin India Tax Shield (G)	173.49	70.50	-6.20	38.90
Tata Tax Advantage Fund-1(G)	13.87	69.30	-4.50	35.50
Principal Personal Tax Saver	87.91	81.50	-24.10	35.10

Equity FMCG

Mutual Fund Scheme	NAV	1 year	2 year	3 year
Franklin FMCG Fund (G)	49.88	62.80	23.40	42.70
SBI Magnum FMCG Fund	20.46	72.50	23.70	41.20
ICICI Pru FMCG Fund (G)	51.84	62.50	-1.80	27.10

Equity Tech

Mutual Fund Scheme	NAV	1 year	2 year	3 year
DSP-BR Technology.Com -RP (G)	29.77	97.60	-10.90	34.20
Franklin Infotech Fund (G)	53.40	120.60	24.50	-0.90
Birla SL New Millennium (G)	18.56	79.50	-16.20	-2.30
ICICI Pru Tech. Fund (G)	13.72	113.40	-9.70	-2.80
SBI Magnum IT Fund	19.76	111.10	-12.70	-11.30

Equity Pharma

Mutual Fund Scheme	NAV	1 year	2 year	3 year
Reliance Pharma Fund (G)	42.70	122.90	50.80	118.40
Franklin Pharma Fund (G)	47.51	120.50	58.90	70.50
UTI Pharma & Health (G)	30.43	67.70	27.60	42.70
SBI Magnum Pharma Fund (G)	35.29	89.50	-0.40	2.70

Equity Banking

Mutual Fund Scheme	NAV	3 mth	6 mth	1 year
Sahara Bkg & Fin. Services (G)	22.83	5.40	25.90	117.40
Reliance Banking Fund (G)	73.52	4.50	25.50	78.90
ICICI Pru Bkg & Fin Serv-RP(G)	14.19	4.00	24.00	70.10
UTI Banking Sector (G)	32.08	4.70	22.90	69.60
Sundaram Fin-Serv. Opp.-RP (G)	15.26	3.30	20.60	65.80

Equity Specialty

Mutual Fund Scheme	NAV	1 year	2 year	3 year
Birla SL Basic Industries (G)	93.81	86.20	-17.90	37.70
Birla Sun Life Buy India (G)	35.65	90.40	1.10	31.70
JM Basic Fund (G)	18.43	91.30	-49.80	-0.50
JM Financial Services Fund (G)	8.65	5.60	-51.90	-11.10
JM Telecom Sector Fund (G)	7.83	22.40	-44.10	-24.50

Source: moneycontrol.com; Note: All NAV as of December 17, 2009, all returns are expressed in percentage terms.

(Compiled by Amit Chopra)

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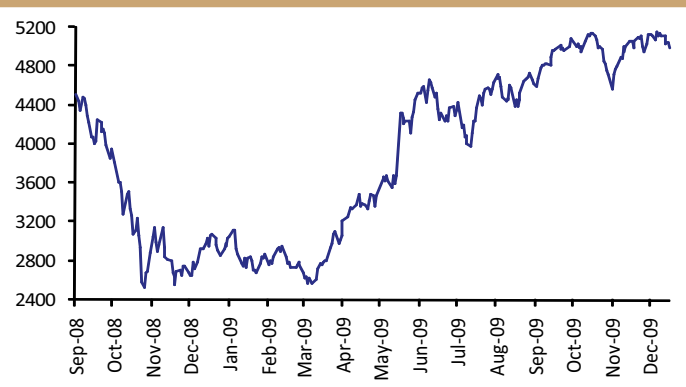


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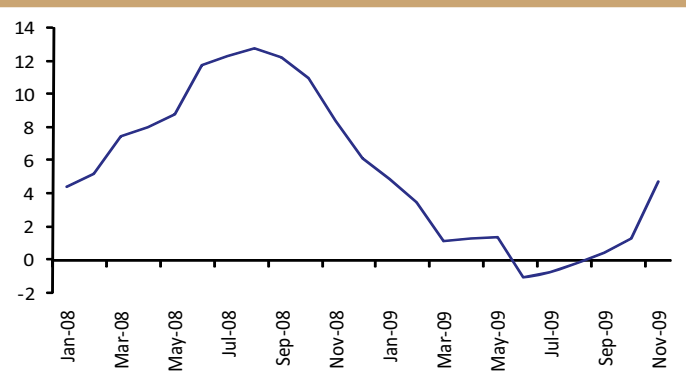


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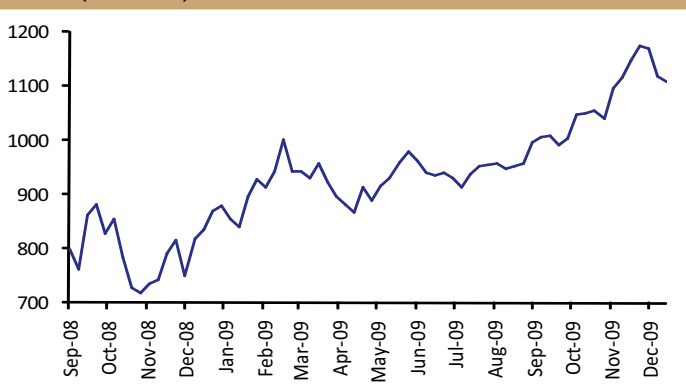
Nifty movement



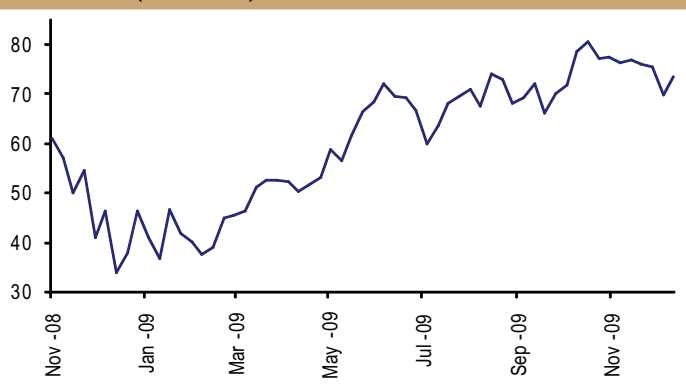
Inflation (%)



Gold (US\$/oz)



Crude oil (US\$/bbl)



Global indices: Weekly performance

	Close (Dec 17)	Close (Dec 11)	Weekly (%)	6M (%)	12M (%)	PE Ratio
GLOBAL INDICES						
MSCI World Index	1145.38	1155.54	-0.88	19.50	24.57	32.07
MSCI Asia Pacific Ex Japan	399.70	407.89	-2.01	27.39	57.18	29.94
ASIA (closing as on Dec 18)						
Hang Seng	21175.88	21902.11	-3.32	19.12	36.64	22.14
STI	2802.59	2800.75	0.07	25.27	55.79	22.48
S. Korea	1647.04	1656.90	-0.60	19.72	40.07	22.45
Nikkei 225	10142.05	10107.87	0.34	4.52	17.02	-
AMERICA						
Dow Jones	10308.26	10471.50	-1.56	20.49	19.79	16.06
S&P 500	1096.08	1106.41	-0.93	19.35	23.81	22.07
NASDAQ	2180.05	2190.31	-0.47	20.60	40.43	41.63
Brazil Bovespa	67067.96	69267.47	-3.18	31.76	69.64	20.38
EUROPE						
FTSE-100	5217.61	5261.57	-0.84	23.13	21.71	59.22
DAX 30	5844.44	5756.29	1.53	21.82	23.90	63.32
CAC 40	3830.82	3803.72	0.71	20.93	19.43	16.41

Source: Bloomberg

Domestic indices: Weekly performance

	Close (Dec 18)	Close (Dec 11)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	16719.83	17119.03	-2.33	17.20	65.93	22.37
Nifty	4987.70	5117.30	-2.53	17.32	62.96	22.46
BSE 500	6577.03	6714.66	-2.05	22.40	78.49	21.71
BSE Auto	7214.52	7199.17	0.21	54.31	186.69	52.95
BSE Bankex	9542.94	10106.17	-5.57	19.80	69.80	14.25
BSE Capital Goods	13686.33	13877.95	-1.38	12.40	100.23	35.25
BSE Consumer Durables	3530.78	3549.43	-0.53	24.66	79.46	11.77
BSE FMCG	2755.94	2848.82	-3.26	23.89	35.44	30.36
BSE Healthcare	5117.57	4932.29	3.76	42.20	75.54	41.53
BSE IT	5046.65	4900.47	2.98	57.59	115.20	22.90
BSE Oil & Gas	9945.78	10368.86	-4.08	6.85	53.38	18.59
BSE Metal	16226.29	16419.26	-1.18	51.12	198.93	38.48
BSE Realty	3708.76	3922.62	-5.45	16.26	62.38	19.91
BSE PSU	9083.13	9306.83	-2.40	15.99	69.83	17.59
BSE Power	2995.99	3052.59	-1.85	7.71	62.38	30.86
BSE Tech	3188.30	3159.49	0.91	23.66	60.71	20.82

(Compiled by Amit Chopra)

Head Office:

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

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