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NSE
52 Wk H/L : 5298.85/2252.75
Mcap : Rs30,66,075 cr.
BSE
52 Wk H/L : 17735.70/7697.39

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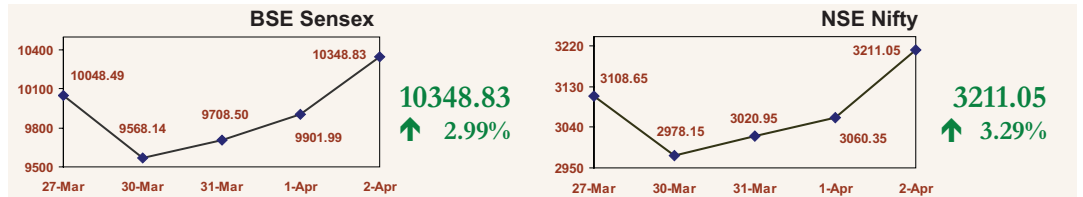
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by **S. Gopichand** on behalf of Karvy Stock Broking Limited.

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The optimism continues...

Last week, global markets continued to be influenced for all the right reasons by news and data flow emanating from the US. In fact, markets across the globe had cheered in the penultimate week over President Obama's detailed bank rescue plan to buy US\$1 trillion worth of toxic assets from the country's ailing financial institutions.

So has anything changed in a fortnight? Well, the answer is MAYBE. What we are witnessing today is a marked recovery in market sentiment, based on the belief that we could see an early recovery. Moreover, the continuous flow of positive economic data has strengthened investors' belief that global markets may have bottomed out. First, US manufacturers' new factory orders rose 1.8% M/M against a prior decline of 1.9%. Secondly, there was a marked improvement in both US domestic vehicle sales and construction spending. More recently, Obama's US\$3.5-trillion budget for fiscal 2010, which was aimed at overhauling the country's education and healthcare system, was approved by the US House and Senate.

Last week, all eyeballs were focused on London, where the G-20 Summit is underway and efforts are on to put a consensus mechanism in place to tackle the current financial scenario. In many ways, the Summit has proved to be historic so far, as leaders backed the French and German demand for greater regulation of the financial sector, including hedge funds, which will prove to be a major setback for the free-market proponents. Clearly, this Summit has ushered in a New Era that will be less US-centric even as the role of emerging markets, such as India, China and Brazil, get increasingly underlined.

Back home, markets surged even as analysts debated on the fine point of whether there is a distinct shift in fundamentals or whether we are merely witnessing a bear market rally. However, we are still a long way as the world's largest democracy braces itself for the general elections and market experts pray for a stable government that could take economic reforms a step further. Meanwhile, even as we are writing this, the US unemployment data has recorded a 25-year high of 8.5%.

KBB weekly recommendations for the week beginning 06th April.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
Punj Lloyd	Buy	106.85	106-108	101.10	125-126	5-6 Days
IDFC	Buy	61.85	Above 63	59.80	72-74	5-6 Days
ABG Shipyard	Buy	94.30	93-95	88.00	108-110	5-6 Days
Cairn	Buy	199.35	Above 200	193.80	223-225	5-6 Days

Disclaimer: The above recommendations are purely based on technical analysis. Hence, the stop loss should be strictly adhered to.

KBB weekly recommendations monitor

Scrip	Action	Entry	SL	Target	Shares(#)	P/L	Return	Remark
Bharti Airtel	Buy	615-620	600.00	660, 680	927	19,662.99	3.43%	CMP
Tata Steel	Buy	222-224	216.10	240-242	-	-	-	NI
Axis Bank	Buy	Above 435	426.10	450, 460	-	-	-	NI
Reliance	Buy	1540-1550	1525.00	1588-1590	-	-	-	NI

Total						19,662.99		
Balance on inception (26- Jan- 09)	Balance last week (27-Mar-09)	Balance current week (02-Apr-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)				
5,00,000	5,72,731	5,92,394	3.43	18.48				

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

ONGC

CMP: 871.35

ONGC has recovered significantly in the recent past, before which it was moving sideways within a broad range of 630-720. The sharp decline in crude prices had induced the range-bound movement, while the recent surge in crude prices resulted in a break out for the stock. We had recommended the stock in March at CMP of 755. Thereon, the stock has witnessed significant movement, and our targets were achieved. However, it continued to display immense strength that guided the stock until 900 levels. The stock has climbed above the 200-day EMA in Thursday's session which is a positive takeaway. The 14-day RSI has entered the over-bought territory, hinting a stint of caution. The stock may witness some cool-off due to profit-booking, which can be taken as an opportunity to enter around the lower supports of 800 levels. Investors are advised to assume long positions in the stock in the range of 780-800 levels for a short-term target of 920 and 950 levels. All long positions in the stock should

be protected with a stop loss placed below 740 levels on a closing basis.

HDIL

CMP: 101.55

HDIL was on a declining mode for almost a year after it made a peak around 1400 levels. The stock registered a new low in the most recent session; however, thereon it has bounced back with heavy volumes. The recent rally has taken the stock beyond its short-term moving averages of 8, 21 and 50-day EMAs, which is a positive sign. The stock has its 100-day EMA placed at 123 levels, which is the possible target in the short-term scenario, and 200-day EMA at 230 levels. The 14-day RSI is around the over-bought territory, hinting marginal profit-taking from current levels. On the RSI scale, the stock could find support around the 58-60 levels. Immediate support is placed around 85 and 80 levels. A sustained move close to this level, and the stock will witness fresh buying interest which will guide it to test higher levels of 100 and 125 in the short term. Investors are advised to assume long positions in the stock in the range of 95-100 levels and average the same, if available, at 80 levels for an upside target

of 125 and 140 levels in the short term. All long positions in the stock should be protected with a stop loss placed below 70 levels on a closing basis.

Suzlon

CMP: 50.90

Suzlon continued to move sideways since the debacle in October last year. It recently broke below the October lows and reverted with improving volumes, indicating fresh buying in the stock. Thereon, the stock picked up and witnessed a break out above the consolidative range. The rally has aided the stock to climb above its 8, 21 and 50-day EMAs and is heading towards its 100-day EMA which would be the immediate resistance level. The 14-day RSI has found support around the 50 levels and is heading north, indicating further momentum to prevail in the stock. However, the stock has crucial resistance placed around 60 and 65 levels which will be the critical point of observation. Investors are advised to assume long positions in the stock in the range of 48-50 levels for a short-term target of 65 and 80 levels. All long positions in the stock should be protected with a stop loss placed below 42 levels on a closing basis.

Fundamental view

Hero Honda (Rs1,047)

Way ahead of the competition

Hero Honda is the undisputed market leader in the domestic two-wheeler industry with a market share of 48.6% (59.4% market share in the domestic motorcycle segment). We expect the company to benefit from Bajaj Auto's change in strategy to focus on 125cc+ segment, as the sub-125cc segment still accounts for the majority of domestic sales volume. Hero Honda has a strong presence in the rural and semi-urban markets, which are expected to perform in the current economic slowdown. The company is expected to continue its strong earnings growth for the next two years due to improvement in margin and tax benefits from the new plant. We are optimistic about Hero Honda's future prospects, and, therefore, initiate coverage on the stock with an Outperformer rating.

Hero Honda to continue its dominance in the domestic motorcycle segment: The company has a strong presence in the sub-125cc segment and is expected to further strengthen its position in this segment due to Bajaj Auto's shift in focus from the 100cc segment to the 125cc+ segment. Hero

Honda, through its strong rural distribution network, could take advantage of the benefits ushered into the rural economy and thereby survive the prevailing difficult economic scenario. Furthermore, the company's higher dependence on cash sales (relative to its peers) would facilitate strong performance compared to its peers in the current high-credit risk situation.

Improvement in EBITDA margins: Hero Honda's margin is expected to improve due to easing of raw material prices and benefits of excise duty. Prices of major

raw materials like steel and aluminium, which account for ~75% of the total raw material cost, have been declining for the last few months. The effective excise duty is expected to come down significantly due to lowering of excise duty by the government and excise duty exemption at its Haridwar plant. We expect the company to report an EBITDA margin of 13.8% and 14.0% for FY10E and FY11E respectively.

Haridwar plant to help boost bottom line: During FY09, Hero Honda commenced production at its plant in Haridwar

Hero Honda Motors		Y/E March (Rs Mn)	FY07	FY08	FY09E	FY10E	FY11E
Reuters/ Bloomberg Code	HROH.BO/ HH IN	Net Sales	99,000	103,318	121,075	128,398	139,044
Market cap. (Rsbn)	209	EBITDA	11,730	13,485	16,248	17,770	19,455
Market cap. (US\$mn)	4,099	Net Profit	8,571	9,670	12,096	13,887	16,306
Shares outstanding (mn)	200	EPS (Rs)	42.9	48.4	60.6	69.5	81.7
52-week High/Low (Rs)	1098/630	CEPS (Rs)	49.9	56.5	70.0	80.9	93.8
		EPS growth (%)	(8.0)	13.1	24.1	15.5	16.0
		EBITDA Margin (%)	11.8	13.1	13.4	13.8	14.0
		P/E (x)	24.4	21.6	17.3	15.1	12.8
		EV/EBITDA (x)	16.4	13.7	11.1	9.6	8.1
Major shareholders(%)		Price/Sales (x)	2.1	2.0	1.7	1.6	1.5
Promoter/Majority	55.0	Price/BV (x)	8.5	7.0	5.6	4.5	3.6
FII's	24.7	DividendYield (%)	1.6	1.8	1.9	1.9	1.9
Banks/FI's/MF's	11.1	RoCE (%)	51.6	49.2	48.7	43.4	39.2
Others and Public	9.2	RoE (%)	38.3	35.5	36.2	33.2	31.2

Source: Company and KSBL Research

Market pulse

Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
Adlabs Films	194.59	373673	Sundaram BNP
Brand House	17.25	273828	Cophthall Mauritius
GMR Ferro Alloys	25.23	102000	Prime India Invest
K Sera Sera	10.77	577491	Edelweiss Estates
Sell			
Kinetic Motor	11.70	130000	Citicorp
ICSA (India)	89.20	250000	Swiss Finance Corp
Brand House Retails	16.31	575000	Morgan Stanley
PVP Ventures	9.93	1403947	Indiabulls Financials
Salora International	27.81	73483	DSP Merrill Lynch
Gujarat State Petronet	39.10	3238600	IDFC Infrastructure
Max India	98.01	4204126	HSBC Investments

Top Gainers (Weekly)

Company	02-Apr	26-Mar	%Change
Ranbaxy	186.50	157.10	18.7
RCom	197.25	169.90	16.1
Tata Motors	203.65	175.90	15.8
Reliance Capital	411.90	356.55	15.5
DLF	202.55	176.35	14.9
Suzlon	50.90	44.65	14.0
SAIL	107.30	96.15	11.6
GAIL	259.70	236.00	10.0
Tata Steel	225.10	205.45	9.6
M&M	420.55	385.60	9.1

Top Losers (Weekly)

Company	02-Apr	26-Mar	%Change
HDFC	1576.90	1656.45	-4.8
ICICI Bank	360.70	375.05	-3.8
HUL	231.00	239.75	-3.6
Power Grid	93.60	96.25	-2.8
BHEL	1535.95	1565.90	-1.9
Nalco	230.80	233.95	-1.3
Tata Comm.	527.25	532.60	-1.0
Idea Cellular	51.05	51.50	-0.9
Sun Pharma	1066.80	1073.85	-0.7
Hero Honda	1029.60	1031.65	-0.2

FII Invt (Rs.cr)

Date	FII Invt (Rs.cr)		MF (Rs.cr)	
	Purchases	Sales	Purchases	Sales
27-Mar-09	3544.20	2226.90	704.80	451.10
30-Mar-09	1740.70	2011.40	506.20	726.70
31-Mar-09	1466.80	1931.40	1142.30	514.90
1-Apr-09	1640.90	2172.30	359.40	343.30
2-Apr-09	1695.20	1460.40	-	-
Total	10087.80	9802.40	2712.70	2036.00

Corporate Actions

Company	Date	Purpose
Themis Medicare	07-Apr-2009	Scheme of Arrangement
Bhagyanagar India	09-Apr-2009	Buyback of Shares
Mastek	09-Apr-2009	Unaudited Results
Goa Carbon	11-Apr-2009	Audited Results
Shree Cements	13-04-2009	Interim Dividend
Infosys	15-04-2009	Audited Results

(Uttaranchal) with a capacity of 0.5 million units. The Haridwar plant offers various fiscal benefits, including a 100% excise duty exemption for 10 years and a 100% income tax exemption for the first 5 years and 30% for the next 5 years. Due to lower effective excise duty tax rate, the net profit is expected to show a CAGR of 19% over FY08-FY11E as against 10.4% expected CAGR growth in revenues during the same period.

Valuations: Hero Honda is the market leader in the Indian two-wheeler space having a presence in all significant sub-segments and categories. Better EBITDA margin and lower tax rate would help net profit to show strong CAGR of 19% over

FY08-FY11E. The company is debt free and has a cash reserve of Rs27 billion which is expected to double by FY11E. Hero Honda enjoys strong return ratios with FY08 RoCE and RoE of 49.2% and 35.5% respectively. The company is trading at 15.1x and 12.8x FY10E and FY11E estimated earnings respectively. We initiate coverage on the stock with an 'Outperformer' rating and value the stock at Rs1,250 (15.3x FY11E EPS of Rs81.7). In our view, Hero Honda's high return ratios, strong balance sheet, double-digit earnings growth, negative working capital cycle, positive net cash flow and huge cash reserves justify the premium valuations assigned to the stock.

Varun Shipping (Rs43)

We recently met the management of Varun Shipping and are convinced that the company's strategies are paying off. Varun Shipping is expected to improve its operating profit despite the prevailing turbulent times due to two factors. First, its timely exit from the dry bulk segment in FY08 where freight rates have fallen by 85% since May 2008. Secondly, its entry into the promising deep-water support services segment by acquiring high-end anchor handling tugs (AHTS). We reiterate a 'Buy' rating on the stock considering a 49% discount to current net asset value (NAV) and an attractive dividend yield of 12%.

Presence across less volatile segments: Varun Shipping has significantly reduced the cyclicality associated with the shipping industry by selecting low-risk assets and building a diversified fleet across all three segments, viz., liquefied petroleum gas (LPG), crude, and offshore. The company is also cushioned to an extent against the downside in international freight rates, as it derives ~45% of its revenues from transportation of LPG. The freight rates for LPG carriers are more stable compared to crude or dry bulk carrying vessels due to the long-term nature of the contracts. Furthermore, it has an organized market where 83-99% of the business comes from repeat customers. In the tanker segment, the company has three Aframax carriers where volatility is significantly lower than other tankers like VLCC and Suezmax.

Offshore revenue to contribute ~40% in FY10: The company has six anchor handling tugs (4 high-end) operating in the offshore support business. We expect the charter rates for support service to remain strong, as the demand is mainly driven by committed capital expenditure for exploration by oil companies. We expect the offshore segment to report a revenue growth of 64% CAGR from Rs1.6 billion in FY08 to Rs4.3 billion in FY11E, contributing ~ 40% of the total revenue due to vessel addition.

Attractive dividend yield: Varun Shipping has continuously declared dividends in each of the past 24 consecutive years on expanded capital. With the current stock price of Rs44, the stock is trading at an attractive dividend yield of 12%. With relatively stable cash flow and support from offshore business, we expect the company to maintain an attractive dividend yield in the near term.

Valuation: We expect the company's consolidated revenue to increase by 2.2% to Rs9.69 billion in FY10E and by 12.4% to Rs10.9 billion in FY11E while we expect the net profit to decline by 10.7% to Rs1.25 billion in FY10E and increase by 42.2% to Rs1.77 billion in FY11E. At the current price of Rs43, the stock is trading at 5.2x FY10E and 3.6x FY11E earnings, respectively, while its EV/EBIDTA is trading at 6.4x FY10E and 5.8x FY11E. We maintain our valuation at 30% discount to the NAV with target price of Rs61 and maintain a 'Buy' rating.

Rupee cost averaging (RCA)

Investing would be simple if only you could always pick the best time to buy and sell. However, timing the market has always been a difficult task and, in the current volatile market scenario, you could end up spending sleepless nights figuring out where crude prices, interest rates and the US economy are headed. As discussed earlier, what you need is an automatic timing mechanism like the RCA which obviates the need for market timing.

The SIP is based on the RCA mechanism, which involves investing a fixed amount at regular intervals, regardless of the NAV or market movement. With RCA, you automatically end up buying fewer units in a rising market (higher NAVs) and more units in a falling market (lower NAVs), which is in line with our natural desire to buy low and sell high. We have compared RCA (using SIP) with lumpsum investing in a rising, falling and volatile market scenario (see Tables 1, 2, and 3).

While it is evident that the lumpsum mode of investing scores over RCA in a rising market, the reverse is true in a falling market. For instance, as per Table 2, in a falling market, you are allotted more units (589.19 units) for the same amount invested (Rs5,000), thus relatively reducing your average cost per unit (Rs8.49 per unit). On the other hand, in a rising market, you are allotted less units (445.29 units) that results in a higher average cost per unit of Rs11.22.

However, RCA (or SIP) works well in a volatile market, like the one we are witnessing now. Entering into a long-term SIP will ensure that the

Table 1: Rupee cost averaging—Rising market

Month	NAV (Rs)	SIP		Lumpsum	
		Amount invested (Rs)	Units allotted	Amount invested (Rs)	Units allotted
1	10.0	1,000	100.00		
2	10.5	1,000	95.24		
3	11.8	1,000	84.75		
4	12.0	1,000	84.33		
5	12.2	1,000	81.97		
Total		5,000	445.29	5,000	500
Avg. cost per unit		5,000/445.29 = 11.22		5,000/500 = 10.00	

ups and downs (read volatility) of the stock market gets smoothed over time. The automatic market-timing mechanism sets in, ensuring that more units are purchased at lower NAVs and lesser units at higher NAVs, thus reducing your average cost per unit of a mutual fund scheme.

Table 2: Rupee cost averaging—Falling market

Month	NAV (Rs)	SIP		Lumpsum	
		Amount invested (Rs)	Units allotted	Amount invested (Rs)	Units allotted
1	10.0	1,000	100.00	5,000	500
2	9.5	1,000	105.26		
3	8.2	1,000	121.95		
4	8.0	1,000	125.00		
5	7.3	1,000	136.98		
Total		5,000	589.19	5,000	500
Avg. cost per unit		5,000/589.19 = 8.49		5,000/500 = 10.00	

Table 3: Rupee cost averaging—Volatile market

Month	NAV (Rs)	SIP		Lumpsum	
		Amount invested (Rs)	Units allotted	Amount invested (Rs)	Units allotted
1	10.0	1,000	100.00	5,000	500
2	8.0	1,000	125.00		
3	9.0	1,000	111.11		
4	12.0	1,000	83.33		
5	9.5	1,000	105.26		
Total		5,000	524.70	5,000	500
Avg. cost per unit		5,000/524.7 = 9.53		5,000/500 = 10.00	

SIP is currently available only with mutual funds. The other investment options comparable to SIPs are recurring deposit schemes from post office and banks, wherein an investor deposits regular (monthly) investments. The SIP option is available with all types of mutual fund schemes, including equity, balanced, income or gilt funds.

An investor can avail of the SIP option by providing post-dated cheques for a fixed amount (for instance, minimum Rs500 for most equity schemes) payable monthly or quarterly. In addition, he can choose the popular electronic fund transfer (EFT) route, which ensures that funds are directly debited from his account every month and directly credited on redemption.

Mutual Fund performance

Equity (Diversified)

Scheme Name	NAV (Rs)	1 Year	3 Years	5 Years
Reliance Reg Savings-Equity(G)	11.98	-45.84	3.07	
DSPBR Top 100 Equity(G)	48.59	-30.69	1.70	16.63
Sahara Growth(G)	42.68	-30.89	1.39	15.97
DWS Alpha Equity(G)	40.35	-37.38	-0.41	13.38
Birla SL Frontline Equity(G)	38.21	-36.91	-0.78	14.12
HSBC Equity(G)	56.10	-35.89	-1.18	14.78
IDFC Premier Equity(G)	11.66	-42.41	-1.20	
DWS Investment Opportunity(G)	18.36	-44.08	-1.87	12.63
Sundaram BNPP Select Focus(G)	44.92	-40.79	-2.95	14.08
ICICI Pru Dynamic(G)	45.83	-35.16	-3.17	18.68

Equity (Tax Planning)

Scheme Name	NAV (Rs)	1 Year	3 Years	5 Years
Sundaram BNPP Tax Saver(G)	21.20	-36.29	-4.01	
Fidelity Tax Advantage(G)	8.99	-37.85	-4.33	
Taurus Tax Shield(G)	15.28	-37.40	-5.01	12.67
Sahara Tax Gain(G)	15.28	-38.86	-7.66	-26.17
Franklin India Taxshield(G)	89.00	-38.41	-8.56	11.09
Principal Personal Tax saver(G)	42.30	-51.92	-10.43	7.66
HDFC TaxSaver(G)	87.71	-41.46	-11.02	16.44
Franklin India Taxshield 99	41.92	-38.49	-11.12	7.48
UTI-ETSP(G)	19.95	-41.41	-11.67	
Reliance Tax Saver (ELSS)(G)	8.86	-37.75	-11.85	

Debt (Income)

Scheme Name	NAV (Rs)	3 Months	1 Year	3 Years
Canara Robeco Income(G)	18.02	3.01	27.62	12.56
JM Short Term-Inst(G)	12.15	2.79	16.40	1.05
Sahara Income(G)	16.45	0.07	16.00	10.46
JM Short Term(G)	16.93	2.68	15.95	10.66
ICICI Pru STP-Inst(G)	17.97	2.09	14.70	10.53
ICICI Pru Income-Ret(G)	27.35	-2.44	14.56	10.45
ICICI Pru STP-Ret(G)	17.72	2.14	14.52	10.25
IDFC Dynamic Bond-A(G)	17.22	-3.45	14.46	10.70
Fortis Flexi Debt-Reg(G)	14.41	0.14	14.40	10.81
HDFC STP(G)	16.60	3.55	13.52	9.82

Gilts (Medium/Long Term)

Scheme Name	NAV (Rs)	3 Months	1 Year	3 Years
Escorts Gilt(G)	19.97	-1.65	27.61	11.94
ICICI Pru Gilt-Invest-PF	16.71	-4.36	26.41	15.47
JM G-Sec-Reg(G)	27.81	0.51	26.24	10.83
Templeton India G-Sec-LTP(G)	22.41	5.67	22.47	12.81
Canara Robeco Gilt PGS(G)	24.75	-2.68	21.72	11.78
DSPBR GSF-Longer Dur(G)	30.75	1.21	21.57	11.26
Templeton India G-Sec-PF(G)	14.20	5.84	20.85	11.85
Templeton India G-Sec-Composite(G)	32.34	5.84	20.85	11.83
Sahara Gilt(G)	15.94	-4.36	19.75	11.03
ICICI Pru Gilt-Invest(G)	29.72	-5.11	19.09	12.61

Commodities

Precious metals review

Bullion: Bullion prices headed for a second weekly drop as higher equity markets prompted investors to divert cash from the safe-haven asset. A string of better-than-expected economic data from the US drove bullion prices lower last week. Losses increased for precious metals after German retail sales in February dropped 0.2% against the expected increase of 0.3% while euro-zone unemployment remained higher at 8.5%. However, a surprise jump in US ISM Manufacturing Index, pending home sales, durable goods and factory orders pushed equity markets higher and bullion lower. Prices moved lower sharply after the G-20 summit, where the organization of financial leaders of the world's most developed and developing nations introduced measures to stoke the world's recession. Significant steps were announced in the meeting to revive the recession-gripped countries, with more regulation in the financial markets to prevent a repeat of this event happening in the future. The group pledged a total of more than \$1 trillion in emergency aid to moderate the downtrend from the global recession.

Further, prices declined as the UK representative also proposed that the IMF should sell its gold reserves to raise cash. In April 2008, the IMF board had proposed to sell about 403 metric tonnes of gold into the market. According to World Gold Council, IMF is the third-largest holder of gold reserves with 3,217 tonnes in deposits. Nevertheless, the losses were restricted as

the European Central Bank reduced its main refinancing rate by 25 bps to 1.25% against the market consensus of 50 bps.

Meanwhile, demand for gold in the jewelry sector remained rather low given the high rise in prices. India and Turkey, the largest gold consumers, have imported lesser to nil amount of gold during the months of January to March. On the other hand, investors have forayed into gold to safeguard their interests. The assets of SPDR Gold Trust, which marked an increase of 45% this year, is evidence of the same.

This week ahead, the US trade balance, Euro-zone PPI, retail sales, and GDP figures will be crucial to watch out for. We expect prices to trade sideways-to-lower amid further government measures to combat the crisis and the mixed economic data.

Energy review

Crude oil: Crude oil prices recorded a marginal dip of 0.88% last week as prices took cues from higher equity markets and concerns about rising stockpiles. Prices declined initially as the Obama administration's warnings on banks and carmakers increased speculation that the economic slump may continue for some more time. President Barack Obama said that automakers have one last chance to turn themselves around and companies must survive without becoming "wards of the state." Losses were further triggered as the US Energy department reported an increase in stockpiles of crude oil, gasoline and distillate. As per the DOE, the crude oil inventories rose by 2.8 million barrels with gasoline and distillate also gaining unexpectedly. The

gasoline inventories gained 2.2 million barrels against the expected decline of 1.5 million barrels.

Nevertheless, better-than-expected economic data from the US limited the downtrend in the oil market. Oil prices rebounded from the weekly lows due to rallying stock markets and the proposed revival measures. With the market overwhelmed with persisting demand concerns, the economic revival measures provided optimism for an economic revival, and thereby energy consumption. This has resulted in prices moving towards weekly highs of \$52.87 per barrel.

The G-20 nations have proposed financial aid and also to shore up the IMF and World Bank so that these organizations can mitigate the economic turmoil faced by nations. Regulation on hedge fund activity and functionality of banks was also discussed. With steps aimed to rejuvenate the global economy, energy prices gained accordingly. Prices also rose as OPEC Secretary-General Abdalla El-Badri said at a conference in Paris that oil prices are "bottoming out," while Goldman Sachs Group, Inc. raised its 2009 Brent forecast on evidence that demand destruction had peaked.

Prices are likely to trade sideways-to-higher in the next week on the back of economic revival measures and concerns about demand. The International Energy Agency (IEA) is scheduled to release its monthly report next week and is expected to lower the oil demand forecast. The Euro-zone GDP and DOE inventory report will be important to watch out for.

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Aviva Young Scholar

Young Scholar is a unit-linked child policy from Aviva Life Insurance. In this policy, the parent is the life assured and the child is the beneficiary.

Unique features

Loyalty additions: Regular loyalty additions are paid to the investment fund(s) after every 5th policy year. These are in the form of additional units and are expressed as a percentage of units of regular premium. The details of the loyalty additions are:

End of policy year	Loyalty additions as % of units of regular premium
5 th year	0.50%
10 th year	1.00%
15 th year	1.50%
20 th year	2.00%
25 th year	2.50%

However, increased premium is not eligible for loyalty additions. Loyalty additions are subject to all due premiums which have been paid by the policyholder.

Complete protection for the child: The policy assures a complete financial protection of the child in the case of an unfortunate death of the parent. Furthermore, if the Income Benefit Rider has been opted for, then the child not only receives the sum assured at the time of death, but also a regular income until the age of maturity. All future premium payments are waived off and the insurance company credits these premiums as a lump sum amount in the investment fund for the future benefit of the child to secure his/her education.

Top-up premium: The policy provides an option for top-up premium payment. The minimum amount of top-up premium is Rs1,000 and the total top-up premium amount should not exceed 25% of the investment fund value.

Policy benefits

Death benefit: In the unfortunate event of death of the parent (who is the life assured under the policy) during the policy term, the value of sum assured will be immediately paid to the nominee of the child. In addition, all future premiums are waived-off and credited as a lumpsum amount in the chosen investment fund through the built-in waiver of premium feature. Moreover, if the Income Benefit Rider was opted for and the death of the parent occurs when the child is still a minor, the policy provides for a regular income until the age of maturity of the child.

In case of death of the beneficiary (child) during the policy term and before the death of the life assured (parent), the parent can nominate another beneficiary (another child) to the policy. If the deceased beneficiary was the only child, the new beneficiary can be anyone, subject to application of insurable interest. However, if the child dies after the parent's death but during the policy term, then the policy will terminate with the payment of the investment fund value.

Maturity benefit: At the end of the policy term, the investment fund value (for both regular premium as well as top-up premium, if any) is payable as the maturity benefit. The maturity benefit can also be

received as structured payouts up to a period of five years under the settlement option.

Eligibility parameters

Age at entry for parents: Minimum – 18 years; maximum – 50 years

Age at entry for children: Minimum – 0 years; maximum – 17 years

Policy term: minimum – 10 years; maximum – 25 years. The policy term is subject to the maximum maturity age of 70 years for the parent

Premium payment term (PPT): 3 years or 5 years or equivalent of the policy term

Regular premium amount: Minimum – Rs15,000 where PPT is equal to the policy term (Rs50,000 where PPT is 3 years or 5 years); maximum – no limit

Value of sum assured: Minimum – 5 times APE or annualized premium; maximum – 1.5 times of APE multiplied by the policy term

Investment funds

The policy provides a choice of five investment funds. These are Enhancer Fund, Growth Fund, Balanced Fund, Protector Fund and Bond Fund. The policy provides with the facility of switching from one fund to the other. There are four free-of-charge switches available in a policy year and the minimum switching amount is Rs5,000.

The **premium re-direction** facility provides for the change of allocation—proportional to future premiums—at anytime and free of charge. Premium re-direction is allowed up to two times a year and the minimum allocation in each selected fund must be 10% of the allocated premium.

The facility for **systematic transfer plan (STP)** is available on a weekly or a monthly basis. STP is allowed at any policy anniversary, only for annual premium frequency policies. Systematic switches from Protector Fund to Enhancer Fund will be carried out free of charge. No other switches into or from Protector Fund are allowed during this period. The option to close and restart STP is available on policy anniversaries. In the last two policy years, reverse STP will be activated to switch the investment value from Enhancer Fund to Protector Fund on monthly basis. STP cannot be opted along with Automatic Asset Allocation (AAA)

The **Automatic Asset Allocation (AAA)** option is allowed at inception for policies with annual premium frequency. AAA provides for automatic decrease in equity exposure and increase in debt instruments over time with the objective of leveraging the returns from equity market and booking profits.

Under this option, the automatic switching and redirection of future premiums happens by a fixed percentage between Enhancer and Bond Funds, such that at the end of the policy term, 100% of the money is in Bond Fund. The initial allocation in Enhancer and Bond Funds has to be chosen by the policyholder.

No other switches into or from Bond and Enhancer Funds are allowed during AAA period. There is an option to stop AAA on any policy anniversary. On opting out of AAA, all five fund options will be available to the policyholder. AAA cannot be opted along with STP.

Policy charges

Premium allocation charge: The charge details for policies with premium payment term equal to the policy term are:

Annual premium value	Premium allocation charge in				
	Year 1	Year 2	Year 3 & 4	Year 5	Year 6 & thereafter
Less than Rs50,000	20%				
Equal to or more than Rs50,000 but less than Rs1,00,000	18%	10%	5%	2%	1%
Equal to or more than Rs1,00,000	16%				

Policy administration charge: This charge is levied for administration of policy and is a fixed charge of Rs55 per month. It is subject to increase at the rate of 5% on 1st January every year.

Fund management charge: This charge is levied for management of investment value under the policy. The details for the charge are:

	Enhancer Fund	Growth Fund	Balanced Fund	Protector Fund	Bond Fund
Fund management charge	1.75% p.a.	1.50% p.a.	1.25% p.a.	1.00% p.a.	1.00% p.a.

Mortality charge: This charge is applicable for provision of life assurance cover for the parent.

Partial withdrawals

Partial withdrawals from the regular premium account are available after the completion of five policy years. The minimum partial withdrawal amount is Rs5,000 and maximum amount is 25% of the fund value. This upper limit is not applicable in the last two policy years.

Riders available

The riders available at the time of inception of the policy only, are:

Waiver of Premium Rider: This is the only built-in rider and provides for the waiver of premium payment in case of death of the parent (i.e., life assured) during the policy term.

Income Benefit (IB) Rider: If the parent dies during the policy term and if the child is still a minor, this policy rider (if opted for) provides for a regular income (10% of the rider sum assured) until the age of maturity of the child

Comprehensive Health Benefit (CHB) Rider: This rider (if opted for) provides coverage against 18 illnesses, including coma, paralysis and multiple sclerosis along with permanent total disability. The rider pays the sum assured value as lump sum in the event of permanent total disability or any of the critical illnesses covered. Furthermore, the rider pays future premiums which get credited to investment fund account(s) as a lump sum (subject to a maximum of Rs25lakhs).

Accidental Death Benefit (ADB) Rider: This rider (if opted for) provides for the additional payment of the rider sum assured in the event of death of the life assured caused due to an accident.

The IB, CHB and ADB rider covers are available up to the age (for parent) of 60 years.

Tax benefits

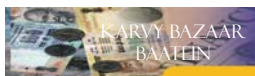
Premium paid under the policy is eligible for deduction under the provisions of Section 80C of the Income Tax Act, 1961. The benefits received from the policy are exempt from tax under the provisions of Section 10(10D) of the Act.

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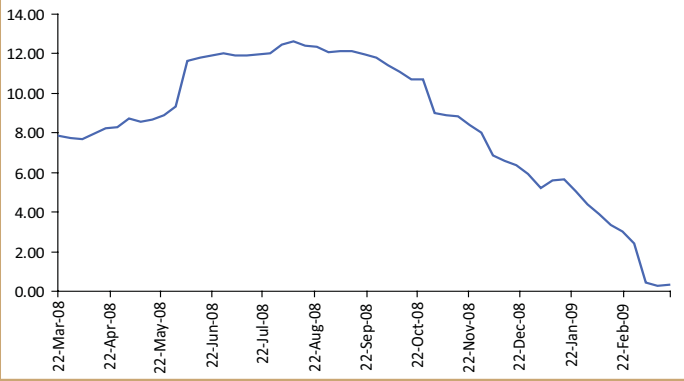
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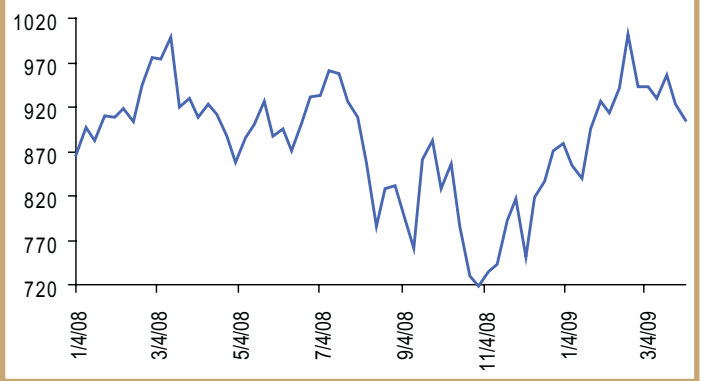
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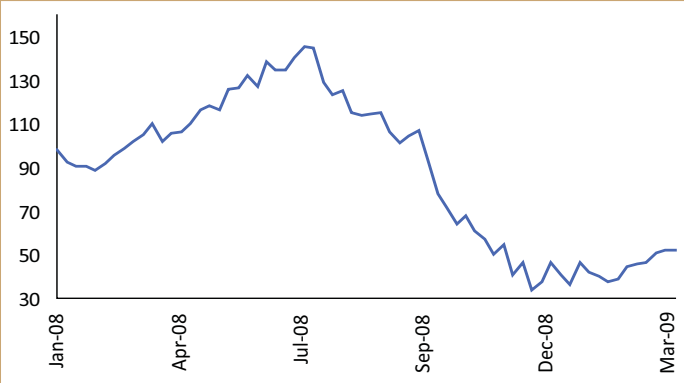
Inflation rose marginally to 0.31%



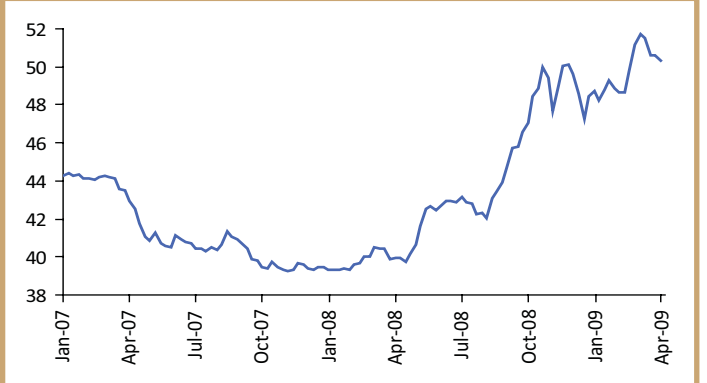
Gold



Crude oil



Rs/US\$



Global indices: Weekly performance

	Close (Apr 02)	Close (Mar 27)	Weekly (%)	6M (%)	12M (%)	PE Ratio
ASIA						
Hang Seng	14521.97	14119.50	2.85	-17.47	-39.86	12.80
STI	1803.34	1745.66	3.30	-21.31	-43.00	8.71
S. Korea	1276.97	1237.51	3.19	-10.06	-27.60	17.81
Nikkei 225	8719.78	8626.97	1.08	-19.21	-34.00	27.69
AMERICA						
Dow Jones	7978.08	7776.18	2.60	-22.73	-36.81	14.82
S&P 500	834.38	815.94	2.26	-24.09	-39.07	12.31
NASDAQ	1602.63	1545.20	3.72	-17.70	-32.19	22.02
Brazil Bovespa	43736.45	41907.29	4.36	-1.75	-31.85	14.04
EUROPE						
FTSE-100	4124.97	3898.85	5.80	-17.17	-29.98	18.78
DAX 30	4381.92	4203.55	4.24	-24.41	-35.00	17.03
CAC 40	2992.06	2840.62	5.33	-26.68	-38.79	9.84

Domestic indices: Weekly performance

	Close (Apr 02)	Close (Mar 27)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	10348.83	10048.49	2.99	-17.38	-34.64	10.72
Nifty	3211.05	3108.65	3.29	-15.90	-32.71	10.84
BSE 500	3737.65	3605.81	3.66	-21.66	-39.75	9.86
BSE Auto	3166.92	3067.78	3.23	-13.34	-29.48	8.58
BSE Bankex	4822.39	4829.03	-0.14	-24.99	-38.34	8.93
BSE Consumer Durables	1717.17	1608.60	6.75	-40.53	-55.49	5.48
BSE FMCG	2026.30	2040.26	-0.68	-7.06	-13.58	19.01
BSE Healthcare	2859.73	2748.03	4.06	-21.94	-26.44	16.89
BSE IT	2454.72	2337.80	5.00	-21.08	-34.80	11.02
BSE Oil & Gas	7671.79	7181.84	6.82	-8.96	-27.16	11.67
BSE Metal	6224.19	6110.09	1.87	-26.05	-54.20	3.59
BSE Realty	1795.47	1634.74	9.83	-46.08	-76.14	3.86
BSE PSU	5503.80	5363.74	2.61	-10.82	-25.10	39.73
BSE Power	1932.66	1889.25	2.30	-13.24	-36.75	19.48
BSE Tech	1956.88	1878.91	4.15	-22.45	-37.34	12.29

Source: Bloomberg

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