

# KARVY BAZAAR BAATEIN

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### NSE

52 Wk H/L : 5298.85/2252.75

Mcap : Rs33,10,625 cr.

### BSE

52 Wk H/L : 17735.70/7697.39

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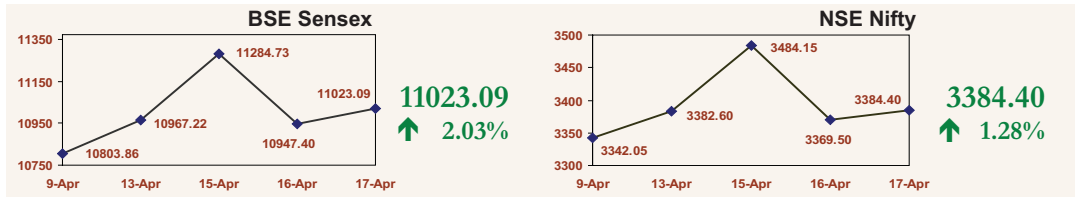
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### Sentiment resurrected...

Both the BSE Sensex and the Nifty completed a sixth consecutive week of gains, as investor sentiment continued to resurrect from the depths of despair. Although the Nifty crossed its 200-day moving average of 3400 levels during the week, it finally closed at 3385 levels, a gain of 1.28% W/W. Meanwhile, investors cheered as the Sensex closed above 11000 levels, a rise of 2.03% W/W. Since this rally began from the March 9 lows, the Sensex has jumped nearly 36% while the Nifty has risen by more than 32% during the same period. Sentiment is a state of mind, and a rally as spectacular as this one has clearly got retail investors talking once again about the stock markets.

So is this rally sustainable? Well, to begin with, we continue to reiterate that the news flow from the US is key to global recovery. While a few economic data points came in lower than expectations, some key corporate earnings exceeded market estimates—Wells Fargo, JPMorganChase, Citicorp, and Hewlett-Packard announced better-than-expected earnings, providing a fillip to the global markets. Moreover, reassuring noises from policymakers provided the necessary support for the markets—while the Fed Chairman Ben Bernanke felt the “sharp decline” in the economy was easing, President Barack Obama expressed confidence on the stimulus plan leading the way to “economic progress”.

However, one should not forget that there is a key local issue that is being intensely played out today—the Great Indian General Elections. With the world’s largest democracy going to the polls, we have seen tremendous volatility in the stock markets. With no clear winner in sight, there is a pall of uncertainty hanging over the potential policies of the new government. What’s more, this time around, there is a feeling that the final verdict may be more fractured than ever, and this, in turn, would limit the powers of the coalition government to introduce reforms and make timely decisions. In such a backdrop of uncertainty, volatility in the stock markets could rise to unprecedented levels. Therefore, a cautious investment approach is recommended until the poll results are out.

### KBB weekly recommendations for the week beginning 20<sup>th</sup> April.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
Axis Bank	Buy	503.25	Above 515	495.00	560-565	5-6 Days
ICSA	Buy	111.05	110-112	102.00	126-128	5-6 Days
HDIL	Buy	128.70	126-128	120.00	150-152	5-6 Days
LT	Buy	869.25	865-870	850.00	925-930	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
Praj Inds	Buy	64-66	61.10	78-80	3094	40,228.30	19.70%	TA
JP Associates	Buy	112-114	108.00	125-126	1807	22,592.48	11.06%	TA
RNRL	Buy	54-56	51.80	67-68	-	-	-	NI
NTPC	Buy	190-192	185.10	203-205	1069	13,900.88	6.81%	TA
Total						76,721.66		

Balance on inception (26-Jan-09)	Balance last week (09-Apr-09)	Balance current week (17-Apr-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	6,12,709	6,89,431	12.52	37.89

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

### Balrampur Chinni CMP: 70.45

Balrampur Chini recovered significantly in the recent past before witnessing a steep decline in December, when it made a low at 30 levels. The recovery thereon was triggered by a sharp increase in sugar prices. The stock witnessed severe pressure around its 200-day EMA, but in most recent sessions, the stock has not only crossed the 200-day EMA, but has also staged a fresh breakout above the crucial resistance of 65 levels. The 14-day RSI has entered the over-bought territory, indicating a cautious stance. The stock may see some cool-off due to profit-taking which can be taken as an opportunity to enter around lower supports of 65 levels. Investors are advised to assume long positions in the stock in the range of 65-70 levels for a short-term target of 95 and 105 levels. All long positions in the stock should be protected with a stop loss below 60 levels on a closing basis.

### Unitech

CMP: 52.70

Since the October debacle, Unitech has been moving sideways. It recently breached the October lows, but then reversed direction with improving volumes, indicating fresh buying in the stock. Thereafter, the stock picked up and witnessed a breakout above the consolidative range—the breakout was due to a positive development for the company as it raised Rs1,600 crore through the QIP route. The rally aided the stock to climb above its 8, 21, 50 and 100-day EMAs and is heading towards its 200-day EMA which would be the major resistance level. The 14-day RSI is already in overbought territory, but has still triggered a buy signal, indicating further momentum in the stock. However, it faces crucial resistance around 60 and 80 levels, which will be the critical point of observation in the near term. Investors are advised to assume long positions in the stock in the range of 50-52 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.

### BHEL

CMP: 1656.30

Since the low made during the October debacle, BHEL has been on a rising trend. The stock staged a breakout in recent sessions, and thereon it has zoomed, backed by significant volumes. The recent rally saw the stock cross all its moving averages—a positive sign. The stock has its 200-day EMA at 1500 levels, which is the immediate support for the short-term scenario. The 14-day RSI is close to the overbought territory, but the move still appears to be northwards. On the RSI scale, it could move to 80 and 85 levels. A sustained move close to this level, and the stock will witness profit-taking. The stock has immediate resistance around 1800 levels beyond which it could move up to 2000 levels in a short-term period. Investors are advised to assume long positions in the stock in the range of 1600-1650 levels and average the same, if available, at 1500 levels for an upside target of 1800 and 2000 levels in the short term. All long positions in the stock should be protected with a stop loss placed below 1450 levels on a closing basis.

## Fundamental view

### State Bank of India (Rs1,295)

#### Market share in business; market share in NPAs

We revise State Bank of India (SBI)'s earnings estimates to factor in some concerns on total business growth, increase in non-performing assets (NPAs), and decline in net interest margin.

#### Among state-owned banks, SBI could record the higher accumulation of NPAs:

By FY10E, SBI could be impacted most by non-performing loans for various reasons; first, the fresh home loan scheme at 8% lending rate (the lending rate is fixed for the first year) would end up accumulating assets into the balance sheet, where the vulnerability and default rate would be maximum in a rising interest rate scenario. In the medium-term horizon, the bank would be able to increase its market share in the retail segment and overall industry gross credit.

Secondly, SBI has been relatively more aggressive in increasing its market share, and for 9MFY09, its credit book grew by 29.1% Y/Y; SBI and its associate banks' market share in industry gross credit went up to 23.4% in September 2008 from 22.9%

in September 2007, and in December 2008, it increased by 20 bps to 23.4%. The faster ramp-up in credit book would reflect in higher NPAs in the prevailing downturn.

Thirdly, SBI maintains relatively lower level of specific loan provisions coverage at 48.4% (as on December 2008) as compared to other state-owned banks. Going forward, higher incremental slippages and lower recovery possibility would further reduce coverage ratio and compel the bank to make higher NPA provisions, leading to a dent in profitability. For FY10E, we increase our credit cost assumption to 0.73% from 0.52% (estimated) in FY09E.

#### Associate banks' performance would be under greater pressure;

value erosion in other subsidiaries: Going forward, the performance of associate banks and other subsidiaries would be impacted. Associate banks would report lesser margins and higher NPA levels. Moreover, its main subsidiary SBI Life's total new business and single premium performance (as on January 2009) has been impacted significantly.

#### Business growth could lose momentum:

We revise SBI's total business growth estimate for FY10E to 18.6% (from the earlier estimate of 22.1%). The bank's deposits would grow

by 18.7% (from the earlier estimate of 21.5%) and the credit book is expected to grow by 18.4% (from the earlier estimate of 23%). In end-March 2009, the share of current account and savings account (CASA) would increase to 36% from 34.25% in December 2008, and thereafter in end-FY10, it would drift down to 33.5%. Incremental growth in credit would mainly come from large corporates, housing loans, and agriculture sectors, while the composition of personal loans and SMEs would come down.

#### Decline in loan-book growth momentum and sharp decline in CASA share; strain on margin visible:

The decline in loan-book growth to 18.4% in FY10E from 31.2% in FY09E and decrease in CASA share to 34.25% from 36% in FY09E would collectively put pressure on margins. We expect SBI's margin to fall 37 bps to 2.41%. Although consistently lower interest rates of wholesale deposits would certainly help the bank to reduce the overall cost of funds, the wholesale deposit rates have been lower than the retail card rates of 8.1% (for one-year to less than two-year maturity).

#### Interest rate risk on profitability to a certain extent:

In end-March 2009, the 10-year benchmark bond paper yield-to-maturity (YTM) increased to 7.01% from 5.4% levels,

### Market pulse

#### Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
<b>Buy</b>			
Alok Industries	15.63	1129236	Adroit Financial Services Pvt Ltd
Gateway Distriparks	70.00	1300000	Sundaram BNP Paribas MF
Unitech	51.33	17200000	CLSA (mauritius)
Eicher motors	209.69	264033	Deutsche Securities Mauritius Limited
Zicom Ele Se	80.45	499834	Reliance MF
<b>Sell</b>			
Indotechr	318.94	60913	Edelweiss Commodities & Advisors
Reliance Indl Infra	777.81	100156	Genuine Stock Brokers Pvt Ltd

#### Top Gainers (Weekly)

Company	17-Apr	09-Apr	%Change
Unitech	52.70	42.10	25.2
SBI	1304.80	1140.30	14.4
AXIS Bank	503.25	445.60	12.9
Reliance Capital	523.55	468.05	11.9
ABB	511.85	459.65	11.0
ICICI Bank	440.85	397.80	10.8
BHEL	1656.30	1498.65	10.5
PNB	492.00	454.60	8.2
Sun Pharma	1206.45	1127.55	7.0
HCL	129.00	122.20	5.6

#### Top Losers (Weekly)

Company	17-Apr	09-Apr	%Change
Nalco	232.95	253.15	-8.0
Hindalco	55.10	58.95	-6.5
Cairn India	186.35	199.15	-6.4
Tata Comm.	548.10	577.50	-5.1
Gail	254.90	268.20	-5.0
TCS	573.10	602.55	-4.9
SAIL	106.85	110.75	-3.5
Reliance Power	115.95	119.90	-3.3
ONGC	864.25	884.50	-2.3
Idea Cellular	54.00	55.20	-2.2

#### FII Invt (Rs.cr)

#### MF (Rs.cr)

Date	Purchases	Sales	Purchases	Sales
9-Apr-09	2101.80	2011.20	931.20	571.50
13-Apr-09	2058.30	1416.40	699.80	497.80
15-Apr-09	4062.60	3290.40	2533.20	1413.90
16-Apr-09	3019.30	2447.50		
<b>Total</b>	<b>11242.00</b>	<b>9165.50</b>	<b>4164.20</b>	<b>2483.20</b>

#### Corporate Actions

Company	Date	Purpose
Sesa Goa	20-apr-2009	Quarterly Results
Axis Bank	20-apr-2009	Audited Annual Results
TCS	20-apr-2009	Audited Annual Results
Reliance	23-apr-2009	Unaudited Results
HDFC Bank	23-apr-2009	Audited Results
Wipro	22-apr-2009	Audited Results
ACC	22-apr-2009	Financial Results

and the 160-bps increase in bond yields would lead to mark-to-market (MTM) losses in available-for-sale (AFS) portfolio (40% of the total investment book with a duration of 1.7 years) in 4Q FY09E, although the bank's management indicated that it had some cushion due to unrealized MTM gains on the investment book. In end-March 2010, we expect bond yields to move up to 7.5% level.

**Valuation does not command premium:** We expect SBI's total business to grow at 18.6% Y/Y as compared to our earlier estimate of 22.1% Y/Y in FY10, with a reduction in margin by 8 bps to 2.41% (from the earlier estimate of 2.49%) and a decline

### Torrent Pharmaceuticals (Rs146)

#### 'Branded formulations back on track'

We recently met up with the management of Torrent Pharmaceuticals (Torrent Pharma) and despite concerns in Germany due to the Aok tender and on account of changes in liquidity and de-stocking in the Russian markets, we maintain our marginal growth estimates in these regions. The business growth in Brazil, Europe and Rest of the World (RoW) is on a strong wicket. The company's major margin contributor, the domestic formulations business, is back on track with a 12% growth in 3Q FY09. Chronic therapies, such as cardiovascular system (CVS), central nervous system (CNS) and gastrointestinals, account for nearly 60% of the domestic revenues (more than 70% of the branded formulations segment).

#### Domestic formulations business (44% of revenues) is back on track:

The completion of inventory correction and realignment of domestic operations has aided Torrent's growth to double digits in the last quarter. With nearly 60-65% of the branded formulation revenues coming from chronic areas such as CVS, CNS and gastro, the company's domestic operations should be growing in excess of the market growth rate. We believe Torrent's domestic formulations space should grow by 7% in FY09E, to Rs6.28 billion, and by 13% in FY10E, to Rs7.11 billion.

#### Growth prospects of Brazil, Europe and ROW gaining strength:

With completion of expansion of the field force in all regions of the country, the Brazil business has stabilized. With 36% growth clocked in the last quarter, adjusted for currency depreciation, and 12-13 product introductions over the next couple of years, this business appears to be gaining strength. The company's

in return ratio (RoAE) to 12.8% (from the earlier estimate of 15.8%). We expect SBI's bottom-line to record a 13% Y/Y de-growth to Rs75.7 billion; for FY10, we reduce our earnings estimate by 20% to Rs75.7 billion as compared to our earlier estimate of Rs94.1 billion. For SBI's associate banks, we assign a total value of Rs251 per share and we value the SBI Life subsidiary at Rs68 per share, and other investments, including the mutual fund business, at Rs40 per share. We reduce our SBI (consolidated) target price by 40.2% to 1,022 per share from our earlier target of Rs1,708. We downgrade the stock to Underperformer with a price target of Rs1,022.

business of dossier selling and contract manufacturing in Europe is gaining mass, with estimated revenues of Rs952.7 million in FY09E and Rs1,143 million in FY10E. The focus on the branded promotional business, aided by strong product pipeline and contract manufacturing opportunities in the ROW, will enable Torrent to improve its profitability in this high growth market.

#### Downside capped in Heumann, Russia and CIS (RCIS) markets:

Despite de-growth in the German market in euro terms, Torrent has grown in this market for 9M FY09 (~15% to Rs1.93 billion). Due to the impending new Aok tender, we believe the company may lose certain revenues in sales from Heumann (Germany) but still remain marginally profitable. In regard to RCIS, due to currency depreciation and de-stocking, Torrent may face payment delays for 2H FY09 and FY10E in the RCIS markets. However, we believe the company's focus on over-the-counter (OTC) and other prescription-based products will enable it to achieve reasonable revenues and keep its debtors in check.

#### View & valuation:

We maintain our net revenues to show a CAGR of 16.3% from Rs13.5 billion in FY08 to Rs18.3 billion in FY10E. The revenue growth will be primarily driven by the realignment of the domestic branded formulations business and strong growth from key markets like Brazil and Europe. We maintain our EBITDA margin estimates at 16.9% in FY09E and 17.7% in FY10E. We marginally downgrade our EPS estimates by 2.1% to Rs22.5 for FY09E and by 4.46% to Rs25.8 for FY10E, mainly due to higher interest charges in FY09E and FY10E, and higher depreciation in FY10E. We reduce our price target by 5% to Rs200 based on a P/E of 7.75x FY10E EPS of Rs25.8. We reiterate our BUY rating.

### Value Averaging

Value Averaging, like rupee cost averaging (RCA), is an automatic market-timing mechanism that obviates the need to time the market. While value averaging is superior to RCA (which is the basis on which the SIPs offered by mutual funds operate), it is far less popular and not as practical as the latter. The fundamental difference between the two strategies is that in an RCA, the investment rises by a fixed amount at regular intervals, whereas in value averaging, the market value rises by a fixed amount at regular intervals. In other words, depending on the market movement, investments in value averaging are tuned in a way that it increases the value of your investments in a predetermined manner on a regular basis. In a nutshell, while RCA's focus is on lowering the average investment cost, value averaging emphasizes on systematically raising the market value of the investments.

#### Value averaging

Month	NAV (1)	Value (2)	Total units (3=2/1)	Units bought / sold (4)	Amt. invested (5=4*1)	Cumulative amount (6)	Net avg. cost / unit (7=6/3)
January	11	1,000	90.91	90.91	1,000.00	1,000.00	11.00
February	12	2,000	166.67	75.76	909.12	1,909.12	11.45
March	9	3,000	333.33	166.67	1,500.00	3,409.12	10.23
April	10	4,000	400.00	66.67	666.70	4,075.82	10.19
May	8	5,000	625.00	225.00	1,800.00	5,875.82	9.40
June	7	6,000	857.14	232.14	1,624.98	7,500.80	8.75
July	9	7,000	777.78	-79.36	-714.24	6,786.56	8.73
August	11	8,000	727.27	-50.51	-555.61	6,230.95	8.57
September	13	9,000	692.31	-34.96	-454.48	5,776.47	8.34
October	12	10,000	833.33	141.02	1,692.24	7,468.71	8.96
November	11	11,000	1,000.00	166.67	1,833.37	9,302.08	9.30
December	9	9,000	1,000.00				

Total units purchased = 1,000; Total amount invested = Rs9,302; Final market value = Rs9,000; Net average cost per unit = Rs9.30

The table lends some interesting insights into the workings of value averaging and how it compares with RCA:

☞ In value averaging, investments are made in a way to systematically increase the market value every month, say, by Rs1,000 (see column

3, table1). Therefore, in February, if the NAV rises to Rs12, it raises the market value to Rs1,200. As the total market value cannot exceed Rs2,000 in February, you can only purchase 75.76 units @ Rs12, amounting to Rs909.12. However, in an RCA, regardless of the market movement, you will continue to invest a fixed amount of Rs1,000.

☞ Therefore, value averaging is superior to RCA in that you invest lesser units in a rising market and greater number of units in a falling market.

☞ Moreover, while RCA only involves buy transactions, value averaging includes both buy and sell transactions. For instance, when there is a dramatic rise in the NAV (July, August, September), you are prompted to sell units rather than make purchases. The negative sign (column 5 and 6) indicates that a sale was made during these periods, thus reducing the number of units owned. The units had to be sold because the NAV had risen so sharply that the market value had exceeded the specified target of Rs7,000, Rs8,000 and Rs9,000, respectively, for July, August and September.

☞ Therefore, value averaging provides both market entry as well as exit, and the sell moves prevent you from investing in a peaking market. RCA, at best, only reduces the number of units that you can buy in a peaking market.

☞ Given the superior nature of value averaging, the net average cost per unit through the value averaging approach is lower than the average cost per unit via the RCA approach. Similarly, the internal rate of return (IRR) through value averaging is higher than that of RCA.

While value averaging is superior to RCA, it is not very popular. Besides, no mutual fund allows you to invest through a value averaging model. This is largely because the amount invested every month varies, whereas it is fixed through the RCA approach. An SIP (using the RCA approach), on the other hand, does not face this problem as the invested amount is predetermined and fixed every month and can be auto-debited.

## Mutual Fund performance

### Equity (Diversified)

Scheme Name	NAV (Rs)	3 Months	1 Year	3 Years
IDFC Small & Midcap Equity(G)	8.49	17.44	-13.58	
IDFC Imperial Equity-A(G)	12.02	15.20	-19.53	4.19
Birla SL Pure Value(G)	8.08	10.41	-19.64	
Sahara Growth(G)	51.11	14.26	-19.87	5.82
UTI-Oppor(G)	14.05	16.40	-19.94	-2.00
UTI-Transportation & Logistics(G)	11.63	17.95	-20.12	-15.77
DSPBR Top 100 Equity-Inst(G)	7.65	12.04	-22.49	
DSPBR Top 100 Equity(G)	56.24	11.89	-23.03	5.34
ICICI Pru Growth-Inst-1(G)	10.96	16.72	-23.52	1.12
HDFC Top 200(G)	103.28	15.98	-23.87	2.86

### ELSS

Scheme Name	NAV (Rs)	3 Months	1 Year	3 Years
UTI-LT Adv-II(G)	8.09	10.67	-19.34	
Reliance ELSS-I(G)	7.66	14.27	-23.56	
Sahara Tax Gain(G)	18.93	13.45	-25.76	-1.63
HSBC Tax Saver Equity(G)	8.00	10.59	-25.99	
Reliance Tax Saver (ELSS)(G)	10.78	10.86	-26.36	-6.36
Sundaram BNPP Tax Saver(G)	25.14	6.95	-26.83	-0.23
Fidelity Tax Advantage(G)	10.83	13.97	-27.59	0.53
Franklin India Taxshield(G)	107.31	11.55	-28.47	-3.19
HDFC TaxSaver(G)	108.53	14.12	-29.32	-7.34
Tata Tax Advantage-1	8.56	9.96	-29.62	-4.69

### Income Funds

Scheme Name	NAV (Rs)	3 Months	1 Year	3 Years
Canara Robeco Income(G)	18.73	2.57	31.98	13.90
ICICI Pru Income-Ret(G)	28.79	-0.34	22.80	12.16
IDFC Dynamic Bond-A(G)	18.00	-2.35	18.98	12.25
Reliance Income(G)	29.95	-0.58	18.11	10.70
DWS Premier Bond-Reg(G)	14.97	-0.42	17.98	8.50
Kotak Bond-Reg(G)	25.28	-0.76	17.98	11.19
Birla SL Income Plus-Ret(G)	40.62	-0.78	17.80	11.93
Kotak Bond-Deposit(G)	23.54	-0.76	17.44	9.92
Fortis Flexi Debt-Reg(G)	14.91	4.19	17.39	11.86
ICICI Pru STP-Inst(G)	18.43	2.03	17.22	11.15

### Gilt

Scheme Name	NAV (Rs)	3 Months	1 Year	3 Years
ICICI Pru Gilt-Invest-PF	17.46	-3.52	36.33	16.88
Escorts Gilt(G)	20.08	-1.96	30.14	11.97
JM G-Sec-Reg(G)	28.62	-1.46	29.24	11.74
ICICI Pru Gilt-Invest(G)	31.02	-3.75	28.59	13.93
DSPBR GSF-Longer Dur(G)	31.59	-5.48	27.86	12.42
Templeton India G-Sec-LTP(G)	22.88	2.60	26.51	13.23
Templeton India G-Sec-Composite(G)	32.87	2.54	24.31	12.11
Templeton India G-Sec-PF(G)	14.44	2.54	24.31	12.13
Birla SL Govt Sec-LT(G)	24.45	14.25	23.43	8.89
Canara Robeco Gilt PGS(G)	25.12	-3.48	23.06	12.23

### Commodities

#### Precious metals review

**Bullion:** Bullion prices moved in a broad range of \$873-902, trading mostly on the lower side, as revival measures and the firm US dollar eroded the appeal for the metal as a safe investment. Despite weak economic data from the US, bullion prices remained under pressure as comments from government heads imbibed optimism on the economy front. The Federal Reserve Chairman commented that the “sharp decline” in the economy was seen to be easing, while President Barack Obama expressed confidence over the stimulus plan leading the way to “economic progress”.

During the week, the US Advance Retail Sales, Industrial Production Index and Housing Starts witnessed a greater-than-expected decline, thereby renewing fears of the future outlook for the nation. On the other hand the US inflation index (CPI) recorded the first annual decline since 1955 and the Long-term Treasury International Flows stood at better-than-expected levels. Meanwhile, investment in SPDR Gold Trust remained unchanged throughout the week, at 1127.68 metric tonnes, before declining to 1119.43 tonnes on Thursday.

This week, bullion prices are likely to remain under pressure given rising optimism in economic revival and firm movement of the US dollar. The economic data this week, like the existing home sales, new home sales, and durable goods, are likely to post declines. Any higher-than-expected decline may prove

better for the yellow metal. Prices are likely to fall in the broad range of \$850-890 with a bias on the lower side.

#### Energy review

**Crude oil:** Crude oil prices remained lower during the week as rising inventories and waning demand prospects overshadowed the optimism infused by revival measures. The series of economic data during the week renewed fears of the serial downturn persisting in the economy. With uncertainty gripping the market, any possible increase in energy demand will be limited. The economic weakness in the world’s largest energy consumer raised apprehensions about the use of fossil fuel.

Moving on, the comments of the Federal Reserve Chairman on recovery and the rise of equity markets resulted in a short pullback towards \$52.15 per barrel. Nevertheless, prices eroded much of its gains as oil inventories increased by 5.67 million barrels against the consensus of 1.75 million. Inventories now stand at 366.7 million barrels, the highest since September 1990. The Energy Department also indicated that gasoline stockpiles declined 944,000 barrels, to 216.5 million barrels, while distillate fuels dropped 1.17 million barrels to 139.6 million.

Although economic measures have been put in place, we believe that the revival of the actual demand numbers will be the major instigator of a rebound in crude. With the economy still mulling on uncertainty, demand restoration is coming under increased scrutiny. Nevertheless, the revival measure

coming to the forefront would speed up the recovery process, thereby imbibing a sense of recovery in the market and acting as a launch pad for rebound in crude.

For the week, the major support is seen at \$46 and resistance at \$52. We expect prices to trade sideways with a bias on the lower side with the persisting demand concerns.

#### Agri market review

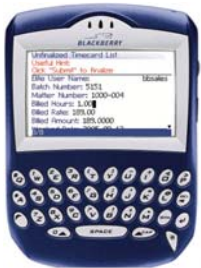
**Chana:** Chana prices recovered in the last three weeks from the previous fall as fresh demand emerged from mills since April first week. In the futures market, the most-active NCDEX May contract gained by 9% since April 1 and touched Rs2,433 levels. Arrivals in Madhya Pradesh spot markets were lesser than expected in March and April as farmers were not willing to sell at lower levels. Moreover, arrivals in Rajasthan have picked up and the daily inflow is around 7,000-8,000 bags at the Bikaner market. According to market sources, the output is likely to be around 57-58 lakh tonnes in rabi 2008-09 as against 55-56 lakh tonnes in the previous season. As per reports, the government agencies imported 13 lakh tonnes of pulses in 2008-09, down 30% from its target imports. Arrivals of rabi chana is expected to decline from May onwards, while demand would increase in June-July due to the festival and monsoon season. Stocks at NCDEX warehouses have increased sharply (27,306 tonnes as on March 15) in the last few days due to better arbitrage opportunities. The price of chana is expected to move up in the coming months towards Rs2,700-2,800 per quintal.

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## Homesurance

Homesurance is a mortgage redemption policy providing life insurance cover equal to the outstanding home loan liability. In other words, this is a life insurance policy providing comprehensive protection against outstanding home loan re-payment by the dependants in the event of the untimely death of the loan re-payer. The policy is provided by IDBI Fortis Life Insurance Company Limited and it does not participate in the profits of the insurance company.

### Unique features

**Coverage for all type of home loans:** The policy provides cover for all types of home loans, i.e., fixed interest rate loans, floating interest rate loans, and partly fixed and partly floating interest rate loans.

**Protection against interest rate hikes:** The policy provides full cover for the loan even when the repayment liability increases due to a hike in interest rates. An interest rate hike can result in increase in the outstanding loan liability amount. This increased liability would in turn result in either an increase in the amount of equated monthly instalments (EMIs) payable by the re-payer of the loan or an increase in the re-payment term. The policy will cover the increased outstanding home loan liability and the changed terms of re-payment of the liability.

**Construction period coverage:** Insurance cover is available for the entire sanctioned loan amount during the construction period. During this period, the sanctioned loan amount may be disbursed in stages depending on the construction schedule. Nevertheless, even during the construction period, the policy will cover the entire amount of loan that has been sanctioned, irrespective of the actual amount of loan disbursed.

**Cover for joint life:** The lives of co-borrowers can also be covered jointly in the same policy. This results in savings on the premium otherwise payable for separate policies.

**Easy premium payment:** The premium amount may be included in the EMIs payable towards the re-payment of the home loan. The premium payment for this policy can, therefore, be done in an easy manner.

### Policy benefits

In the unfortunate event of death of the life assured (who is the borrower and re-payer of the home loan), the outstanding liability amount of the home loan is paid to the financier by the insurance company. In such an event, the insurance company would pay the higher of the cover amount as per the Homesurance Policy Schedule (as on date of death) or the actual outstanding balance in the insured loan account (also as on date of death). As such, the policy also covers the increased loan liability due to an increase in interest rates in case of loans taken on floating interest rates.

The death of the life assured could be caused due to accident or illness. Also, the death could occur in India or abroad. All these conditions are covered under the policy.

If the policy provides a life assurance cover for the joint lives of the co-borrowers, then in the event of death of any one of the

co-borrowers, the entire outstanding loan amount will be re-paid by the insurance company and the policy will get terminated.

### Eligibility parameters

**Age at entry:** Minimum – 18 years; maximum – 60 years

**Maximum age at maturity:** 70 years

**Policy term:** Minimum – 5 years; maximum – 25 years

**Value of sum assured:** Minimum – Rs1,00,000; maximum – no limit (subject to underwriting)

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

## National Health Plan

National Health Plan is a comprehensive health insurance policy designed exclusively for the customers of the KARVY Group. The policy is provided by National Insurance Company Limited.

### Unique features

**Coverage for the entire family:** The policy covers a maximum of six people which can include dependant parents and dependant children. The policy provides the benefit of “family floater cover” which allows the use of the entire sum insured by any of the insured family member.

**Cashless hospitalization facility:** Cashless hospitalization facility is available in a network of hospitals across the country.

**No medical tests:** No medical tests are required for taking the policy.

**Coverage for pre-existing diseases:** All pre-existing diseases are covered under the policy right from commencement of the policy coverage. The only exclusion to this coverage is chemotherapy and radiotherapy (treatment for cancer) and dialysis (treatment for kidney failure), where cancer or kidney failure are pre-existing diseases.

**Maternity benefit:** The policy provides a maternity benefit of Rs25,000 for a caesarean delivery and Rs15,000 for a normal delivery. This benefit is subject to a waiting period of nine months from the commencement of the policy.

**Additional critical illness buffer:** The policy provides an additional critical illness buffer of Rs75,000 for treatment of any of five illnesses / conditions, namely, heart surgery, neurosurgery, organ transplant, cancer and road-traffic accidents. This buffer is available on a per family basis and is over and above the sum insured opted for under the policy.

### Eligibility parameters

**Age at entry:** Minimum – 3 months; maximum – 65 years; policy can be renewed upto 80 years of age

**Options of sum insured:** Rs1 lac, Rs2 lacs, Rs3 lacs, Rs4 lacs and Rs5 lacs; premium is payable on an annual basis

### Policy cover

**Hospitalization expenses:** The expenses covered under the policy, subject to a maximum of the sum insured amount chosen and various

### Indicative premium

The indicative premium payable for this policy (inclusive of service tax) is:

Sum Insured Value	Plan Covering					
	Self	Self + Spouse	Self + Spouse + 1 Dependant	Self + Spouse + 2 Dependents	Self + Spouse + 3 Dependents	Self + Spouse + 4 Dependents
Rs1,00,000	Rs3,711	Rs4,074	Rs4,436	Rs4,798	Rs5,161	Rs5,523
Rs2,00,000	Rs6,442	Rs7,131	Rs7,821	Rs8,511	Rs9,200	Rs9,890
Rs3,00,000	Rs8,836	Rs9,813	Rs10,791	Rs11,768	Rs12,745	Rs13,722
Rs4,00,000	Rs11,008	Rs12,245	Rs13,483	Rs14,721	Rs15,959	Rs17,197
Rs5,00,000	Rs13,180	Rs14,678	Rs16,176	Rs17,675	Rs19,173	Rs20,672

sub-limits mentioned in the policy document, are:

- ❖ Room, boarding expenses as provided by the hospital/nursing home
- ❖ Nursing expenses
- ❖ Surgeon, anesthetist, medical practitioner, consultants, specialist fees
- ❖ Anesthesia, blood, oxygen, operation theatre charges, surgical appliances, medicines and drugs, diagnostic materials and X-ray, dialysis, chemotherapy, radiotherapy, cost of pacemaker, artificial limbs and cost of organs and similar expenses.
- ❖ Ambulance charges will be reimbursable subject to maximum Rs500 per hospitalization.

**Out patient treatment expenses:** The benefits under this policy will be available to all the insured persons provided the stay in the hospital is for a minimum of 24 hours as per the attending doctor's advice. This time requirement is, however, not applicable for specific treatments, i.e., dialysis, chemotherapy, radiotherapy, eye surgery, dental surgery, lithotripsy, tonsillectomy and dog bite.

**Pre & post hospitalization expenses:** The relevant medical expenses incurred up to 15 (fifteen) days prior to hospitalization and up to 30 (thirty) days post-hospitalization are payable.

### Tax benefits

Premium paid under the policy is eligible for deduction under the provisions of Section 80D of the Income Tax Act, 1961.

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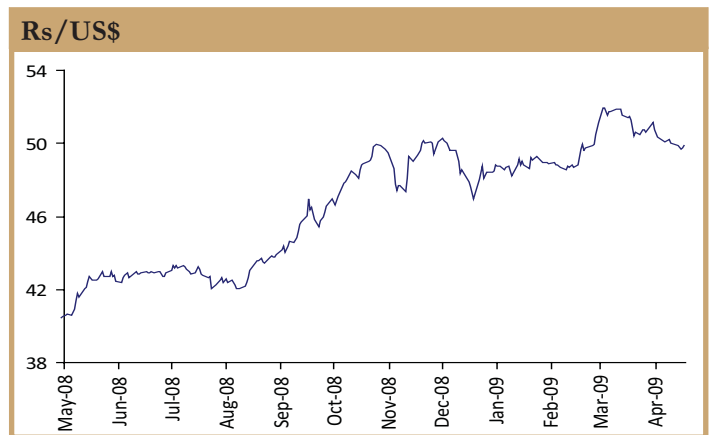
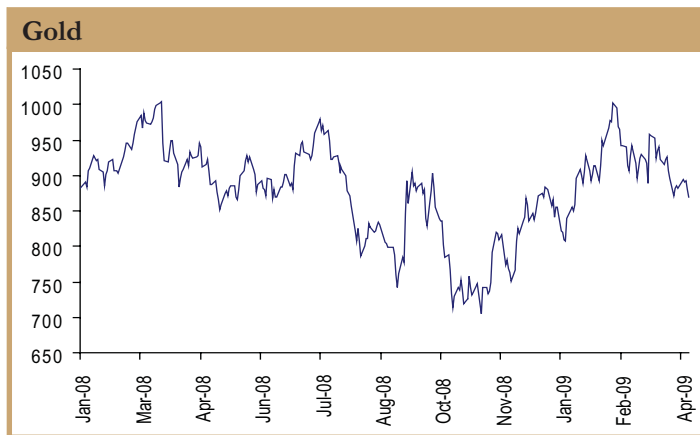
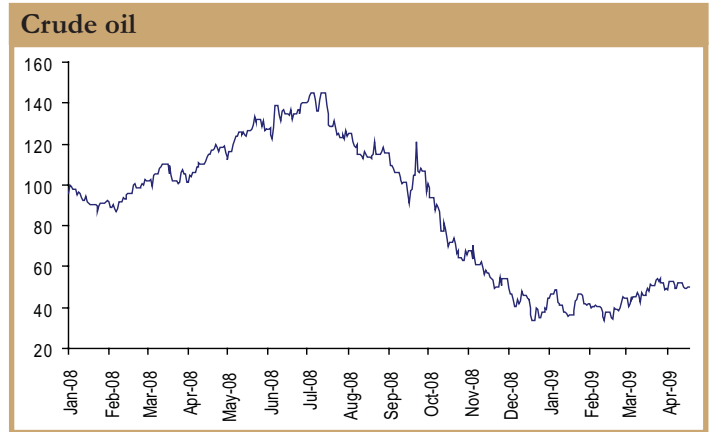
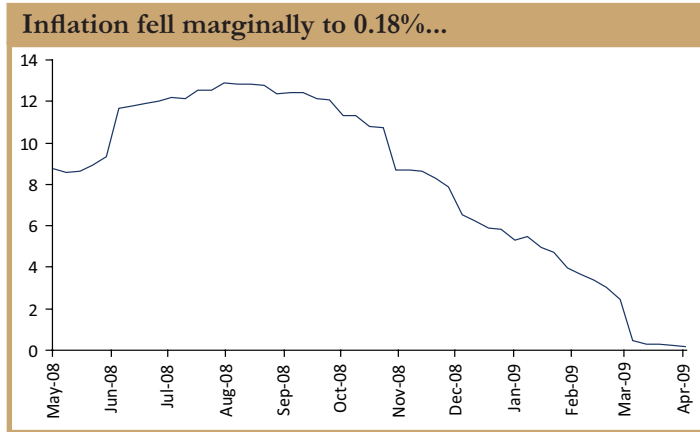
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**MARKET DATA**



**Global indices: Weekly performance**

	Close (Apr 17)	Close (Apr 09)	Weekly (%)	6M (%)	12M (%)	PE Ratio
<b>ASIA</b>						
Hang Seng	15601.27	14901.41	4.70	7.19	-35.69	13.88
STI	1896.56	1828.51	3.72	0.96	-39.34	9.19
S. Korea	1329.00	1316.35	0.96	12.56	-24.86	18.71
Nikkei 225	8907.58	8916.06	-0.10	2.46	-33.52	28.11
<b>AMERICA (as on April 16 closing)</b>						
Dow Jones	7659.97	8083.38	-5.24	-8.21	-35.62	15.35
S&P 500	806.12	856.56	-5.89	-8.00	-36.63	12.86
NASDAQ	1516.52	1652.54	-8.23	-2.39	-28.67	23.04
Brazil Bovespa	41475.83	45538.71	-8.92	26.45	-28.70	14.65
<b>EUROPE (as on April 16 closing)</b>						
FTSE-100	3911.46	3983.71	-1.81	1.23	-31.23	17.47
DAX 30	4187.36	4491.12	-6.76	-2.30	-30.09	18.13
CAC 40	2874.39	2974.18	-3.36	-7.22	-36.46	9.97

**Domestic indices: Weekly performance**

	Close (Apr 17)	Close (Apr 09)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	11023.09	10803.86	2.03	10.50	-33.12	11.36
Nifty	3384.40	3342.05	1.27	10.09	-31.74	11.52
BSE 500	4037.84	3931.42	2.71	7.06	-38.40	10.64
BSE Auto	3428.13	3294.69	4.05	10.60	-23.99	9.24
BSE Bankex	5526.33	5045.27	9.53	-0.37	-33.38	10.23
BSE Consumer Durables	1833.22	1950.52	-6.01	-12.09	-56.55	5.85
BSE FMCG	2087.49	2050.14	1.82	12.29	-11.83	21.64
BSE Healthcare	3019.55	2934.37	2.90	-5.90	-26.08	16.54
BSE IT	2461.60	2499.34	-1.51	-2.98	-40.70	10.70
BSE Oil & Gas	7878.25	7978.05	-1.25	21.59	-30.96	11.98
BSE Metal	6790.76	6801.56	-0.16	17.05	-53.68	3.84
BSE Realty	2166.49	2041.33	6.13	-14.20	-71.64	5.39
BSE PSU	5941.49	5696.51	4.30	13.49	-23.24	42.87
BSE Power	2092.29	2026.33	3.26	22.19	-35.51	21.21
BSE Tech	2025.39	2031.23	-0.29	-2.07	-38.90	12.42

Source: Bloomberg

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