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NSE
52 Wk H/L : 6357.10/2252.75

Mcap : Rs26,09,093 cr.

BSE
52 Wk H/L : 21206.77/7697.39

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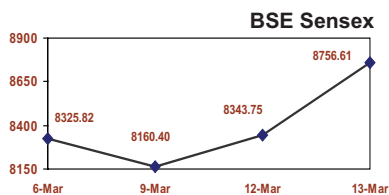
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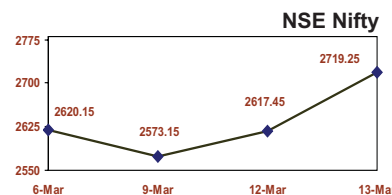
by **S. Gopichand** on behalf of Karvy Stock Broking Limited.

Editor: **S. Gopichand**

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8756.61
↑ 5.17%



2719.25
↑ 3.78%

The dance of democracy...

For a change, a string of good news overwhelmed the markets last week, taking participants completely by surprise after what was increasingly appearing to be a bottomless pit in the penultimate week. The indications by financial services majors like Citicorp, JPMorgan and Bank of America that they had operated profitably in the first two months of 2009 came as a shot in the arm for global financial markets. In a scenario of complete doom and gloom, the news came in like a breath of fresh air, raising hopes of greater visibility of a turnaround and an early end to the global recessionary fears.

Moreover, with IIP (index of industrial production) numbers, though negative, coming in better than market expectations, the market witnessed a major rally in the weekend session. Accordingly, the BSE Sensex gained 5.17% while the NSE Nifty rose 3.78% on a week-on-week basis.

However, although the Citicorp news was certainly welcome, it is rather too early to be optimistic. With the US under the grip of the worst-ever financial crisis since the Great Depression of the 1930s, the legendary spending habits of the ordinary American may well be a thing of the past, at least for the foreseeable future. Given that we are in the midst of the MOTHER of all recessions, this view was more than suitably endorsed by the recent US Q4 preliminary GDP growth, which came in at -6.2%, with consumer spending recording multi-decade lows. Clearly, there is a marked change in spending habits, as US households increasingly tighten their purse strings.

Given that India is a growing economy, however, we have the ability to generate growth within our frontiers. However, it is not going to be smooth sailing for our economy as we go to the polls in April-May. What's more, with no clear majority in sight, we can brace ourselves for another round of fractured coalitions and conflicts that may prove to be a drag for the economy. This week, we expect the Nifty to hover between 2600 and 2850 levels and a breach below the 2500 mark should see the index slide to 2200 levels.

KBB weekly recommendations for the week beginning 16th March.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
Rel Capital	Buy	310.50	308-312	295.00	340-342	5-6 Days
Tata Motors	Buy	161.70	160-162	153.10	178-180	8-10 Days
ICICI Bank	Buy	308.65	306-310	298.00	335-336	5-6 Days
Axis Bank	Buy	329.90	332-334	325.00	353-355	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
Rel Infra	Buy	445-447	425.00	480-482	279	5,951.15	4.78%	CMP
Tata Steel	Buy	153-155	148.10	176-178	809	10,114.53	8.12%	CMP
MC Dowell	Buy	574-578	548.10	624-625	216	10,132.73	8.13%	TA
STER	Buy	244-246	234.20	268-270	509	12,206.79	9.80%	TA
Total						38,405.20		

Balance on inception (26-Jan-09)	Balance last week (06-Mar-09)	Balance current week (13-Mar-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	4,98,443	5,36,848	7.71	7.37

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

Power Grid

CMP: 94.90

Power Grid has been rallying since it made its lows of around 52 levels in the month of October. The rally has helped the stock to cross all the moving averages, and this is a positive sign. However, in the most recent session, the stock was consolidating after it made a recent high of 100. The consolidation was on the back of average volumes, indicating accumulation pattern in the stock. The stock has its 50-day and 200-day EMAs placed at 87 and 88 levels, which would act as strong support for the stock. The 14-day RSI is already at 60 levels and indicates further momentum until the resistance zone of 80 levels on the scale of 100. The immediate support is placed around 88 levels. A sustained move close to this level, and the stock will witness fresh buying interest which might guide it to test higher levels of 100 and 110 in the short-term scenario. Investors are advised to assume long positions in the stock in the range of 90-94 levels for an upside target of 110 in the short

term. All long positions in the stock should be protected with a stop loss placed below 88 levels on a closing basis.

JP Associates

CMP: 70.85

JP Associates recovered marginally following the debacle encountered during October, and since then, there has been a sideways movement in the stock within a broad range of 60-100. The negative sentiments prevailing in the sector has led to this movement in the stock. However, the stock has shown immense respect for the October lows, bouncing back every time that level was tested. The stock has been consolidating close to its short-term moving averages of 8-day and 21-day EMAs. The 50-day would prove to be a critical point, as a move beyond it would guide the stock to much higher levels. The 14-day RSI has found support from 40 levels, indicating further upward movement. The stock has crucial support placed around 60 levels in the short term period. Investors are advised to assume long positions in the stock in the range of 66-70 levels for a short-term target of 100 and 105 levels. All long positions in the stock should be protected

with a stop loss placed below 58 levels on a closing basis.

ACC

CMP: 562.45

ACC recovered most of the losses encountered during the October debacle in the last couple of month's sessions. It surged significantly on the back of increasing volumes. The stock has climbed above the short-term moving averages of 8, 21 and 50-day EMAs, which are a positive takeaway. The recently announced sales figures were significant, boosting the sentiments in the sector. The stock has been consolidating above the 100-day EMA constantly and has the steam to rally further to test the 200-day EMA. The 14-day RSI has found support from 45 levels, indicating further upward movement. However, the stock has crucial support placed around 540 and 520 levels which will be the critical point of observation. Investors are advised to assume long positions in the stock in the range of 555-560 levels for a short-term target of 610 and 640 levels. All long positions in the stock should be protected with a stop loss placed below 520 levels on a closing basis.

Fundamental view

UltraTech Cements Ltd. (Rs463)

Management meet notes

WerecentlymetthemanagementofUltraTech Cement Ltd. (UTCL) to understand the future prospects of the company and the cement industry. UltraTech Cement Limited (UTCL) has an installed capacity of 19.5 million tonnes. The company was formed on April 1, 2003, after the de-merger of L&T's cement division to Grasim Ltd.

Key highlights: UTCL is setting up a multi-fuel based captive power plant of around 192MW which is expected to be commissioned by the end of FY09E. Post-commissioning of the captive power plants, the average cost of power would reduce from Rs4.02/Kwh to Rs2.65/Kwh. By FY10E, UTCL aims to reduce its operational cost by meeting 80% of its power requirement through captive sources.

The international coal prices have declined by 53% in the last three months from US\$195/tonnes to US\$90/tonnes. UTCL imports around 45% of its coal requirement and this is expected to increase to 55% in FY10E. The benefit of cost reduction would be visible from 4QFY09. However,

material benefits would be limited due to the depreciation of the rupee.

UTCL is increasing the capacity of its Tadpatri plant in Andhra Pradesh by 4.9 million tonnes. The plant is expected to be commissioned by the end of FY09E. Post this expansion, the installed capacity would increase to 23.1 million tonnes from 19.5 million tonnes.

UTCL's market share in the Indian cement industry for FY08 was reported to be at around 9.2%. However, the market share of the company is expected to increase to 11% by FY10E after the incremental capacity comes into play. The company expects

demand growth to moderate from 8.5-9% to 6.5-7% due to slowdown in the economy.

For FY08, UTCL's net sales grew by 12% to Rs55.1 billion due to realization of growth of 13.5%. EBIDTA has gone up by 21% to Rs17.1 billion and the EBIDTA margin has improved by 230 bps to 31.2%. The EBIDTA per tonne has increased from Rs356/tonne in FY06 to Rs1,008/tonne in FY08. Net profit rose by 29% to Rs10.0 billion, translating into an EPS of Rs80.9. At the current market price of Rs463, the company is trading at a P/E multiple of 6.8x, EV/EBIDTA multiple of 4.5x, and EV/tonne of US\$64 on FY10E earnings.

UltraTech Cements	Rsmn	FY06	FY07	FY08	FY09E	FY10E
Reuters/ Bloomberg Code	ULTC.BO/ UTCEM.IN	33,028	49,087	55,124	64,354	63,754
Market Cap. (Rsmn)	57,638	5,542	14,177	17,199	16,667	16,113
Market cap. (US\$m)	1,152.8	2,298	7,823	10,076	9,079	8,446
Shares Outstanding (mn)	124.4	18.5	62.8	80.9	72.9	67.8
52-week High/Low (Rs)	940/250	7,956	240.5	28.8	(9.9)	(7.0)
	EBITDA margin (%)	16.8	28.9	31.2	25.9	25.3
	P/E (x)	25.1	7.4	5.7	6.3	6.8
Major Share Holders (%)	P/BV (x)	5.6	3.3	2.1	1.6	1.3
Promoter	54.8	1.7	1.2	1.0	0.9	0.9
FII's	2.93	12.6	4.8	4.2	4.5	4.6
Banks/FIs/MFs	9.17	18.1	36.3	34.5	26.3	21.9
Public	15.7	22.1	44.4	37.4	25.6	19.5
Corporate Holding	17.4	82.1	79.6	79.5	65.1	64

Source: Company & KSBL Research

Market pulse

Bulk Deals

Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
IOB	36.50	15000000	LIC
IDFC	44.55	13202060	Morgan Stanley
Sell			
Usha Martin Infotech	3.00	475000	Sanghai Commercial & Credit (P) Ltd.
Rolta India Ltd.	44.48	2075000	Credit Suisse
Rolta India Ltd.	44.67	1571000	Fidelity Investments Management
IOL Net Com	39.00	340000	HSBC Bank Mauritius Limited
IOB	36.50	22500000	Tci Cyprus Holding
Edserv Soft	49.01	69436	Multiplier Share & Stock Advisor

Top Gainers (Weekly)

Company	13-Mar	06-Mar	%Change
Tata Motors	161.70	138.65	16.6
ICICI Bank	308.65	269.15	14.7
Sterlite Ind.	283.60	250.20	13.3
HDFC	1377.50	1220.25	12.9
Tata Comm.	451.95	410.30	10.2
Maruti Suzuki	713.15	649.65	9.8
Reliance	1284.25	1169.90	9.8
REL Petro	78.50	71.65	9.6
M&M	344.80	317.90	8.5
Nalco	219.70	202.60	8.4

Top Losers (Weekly)

Company	13-Mar	06-Mar	%Change
BPCL	345.05	379.30	-9.0
Bharti Airtel	557.65	602.25	-7.4
Zee Ent	93.00	99.70	-6.7
NTPC	170.25	177.65	-4.2
ABB	355.75	366.75	-3.0
Idea Cellular	44.25	45.60	-3.0
Ranbaxy	138.60	141.30	-1.9
Suzlon	34.60	35.00	-1.1
Cipla	202.95	203.65	-0.3
Sun Pharma	1017.75	1020.90	-0.3

FII Invt (Rs.cr)

MF (Rs.cr)

Date	Purchases	Sales	Purchases	Sales
6-Mar-09	1495.20	2104.20	393.50	264.30
9-Mar-09	1814.70	1816.20	236.90	334.40
12-Mar-09	1028.40	1016.40	493.00	339.90
13-Mar-09	1896.90	1996.30	-	-
Total	6235.20	6933.10	1123.40	938.60

Corporate Actions

Company	Date	Purpose
Gujarat Gas Co. Ltd	16-Mar-2009	Dividend - 150%
Dwarikesh Sugar Industries Limited	17-Mar-2009	Annual General Meeting
GlaxoSmithKline Pharmaceuticals Ltd	18-Mar-2009	Div Fin-RS.22 + SPL-RS.18
CRISIL Limited	20-Mar-2009	AGM/DIV-RS.35/- Per Share
Grindwell Norton	20-Mar-2009	AGM/DIV-RS.4/- Per Share
EID Parry India Ltd	20-Mar-2009	Interim Dividend
Lakshmi Energy and Foods Limited	23-Mar-2009	AGM/Dividend- 25%

Indraprastha Gas Ltd. (Rs101)

Since our last update on Indraprastha Gas (IGL), dated February 4, 2009, the stock has corrected by almost 9% to Rs101. We believe that there has not been any adverse news for IGL and the fall in stock price is largely due to weak sentiments prevailing in the broader market. In our opinion, IGL's business model is relatively immune from any economic downturn and the company is likely to benefit from the growth in compressed natural gas (CNG) sales during the Commonwealth Games to be held in New Delhi in 2010.

The Petroleum and Natural Gas Regulatory Board (PNGRB) has approved IGL as the authorized entity in the National Capital Territory (NCT), giving it a marketing exclusivity of three years and network exclusivity by 25 years for city gas distribution

(CGD) network within NCT.

IGL's 3QFY09 results were depressed due to the provision of Rs175 million made for a disputed demand from the gas supplier, which might have adversely affected the stock's performance. However, the future growth prospects for IGL appears bright, driven by increased conversion of private four-wheelers to CNG, acceleration in the conversion of light commercial vehicles (LCVs) to CNG and a sustained growth in piped natural gas (PNG) customers.

At current levels of Rs101, the stock quotes at a P/E of 6.7x FY10E EPS of Rs15.1 and 2.8x EV/EBIDTA of FY10E. We continue to value the stock based on one-year forward EV/EBIDTA multiple of 5x with a target price of Rs155. We believe that the 5x multiple captures the concerns over the sustainability of margins.

Kalpataru Power Transmission Ltd. (Rs228)

In 2QFY09, new orders worth Rs3.73bn from Power Grid: On March 4, 2009, Kalpataru Power Transmission Ltd (KPTL) announced that the company had bagged orders worth Rs3.73 billion from Power Grid Corporation (PGCIL) to supply power transmission equipment in India. The order involves supplying and erecting transmission towers covering a length of 413 km and to provide 765 KV S/C transmission lines in association with Sasan Ultra Mega Power Project for Silwar-Satna and Satna-Bina section in Madhya Pradesh. This is followed by a large order worth US\$250 million (Rs12 billion) from the Ministry of Energy and Water, Kuwait, during January 2009. The total order book of KPTL (standalone),

including the new order from PGCIL, stands at Rs48 billion (including L1), with an average execution period of 22 months. The latest project secured from PGCIL is expected to commence in March 2009 and is scheduled to be completed within 27 months. Hence, we expect partial revenue to be booked in FY10 and the remaining in FY11.

Valuation: The current order book of standalone-KPTL entity is 2.5x FY09E sales. Hence, we remain positive on the revenue visibility in the future. However, margin pressure is likely to remain in the medium term. We maintain our revenue and earnings estimates on the stock and retain our price target of Rs284, based on 4.5x FY10E earnings. However, owing to the recent price correction, we upgrade our rating from 'Market Performer' to 'Buy'.

Kalpataru Power Transmission	Rsmn (Y/E March)	FY06	FY07	FY08	FY09E	FY10E	
Reuters/ Bloomberg Code	KAPT.BO/ KPPIN	8,404	15,987	26,749	33,606	42,276	
Market Cap. (Rsmn)	6015.5	EBITDA	1,294	2,720	3,294	3,251	4,339
Market cap. (US\$m)	123.98	Net Profit	665	1,613	1,649	1,122	1,555
Shares Outstanding (mn)	26.50	EPS (Rs)	25.1	60.9	62.2	42.4	58.7
52-week High/Low (Rs)	1335/225	EPS Growth (%)	131.7	142.4	2.2	-31.9	38.5
		EBITDA margin (%)	15.4	17.0	12.3	9.7	10.3
		P/E (x)	9.0	3.7	3.6	5.4	3.9
Major Share Holders (%)		P/BV (x)	1.5	0.9	0.8	0.7	0.6
Promoter/Majority	63.68	Price/sales (x)	0.7	0.4	0.2	0.2	0.1
FIIs	5.97	EV/EBITDA (x)	6.3	3.4	3.1	3.4	3.0
FIs/MF/VC	19.24	DividendYield (%)	1.8	3.3	3.3	2.3	3.2
Other	5.74	ROCE (%)	38.6	35.2	25.6	17.9	20.0
Public	5.37	ROE (%)	47.2	39.7	23.2	13.6	16.5

Source: Company & KSBL Research

Avail tax benefits through ELSS

An equity-linked savings scheme (ELSS) is similar to a diversified equity mutual fund. Typically, when you invest in an ELSS or an equity mutual fund, your money is pooled in with those of other investors and allocated across stocks of various companies. However, unlike a regular mutual fund scheme, investments through ELSS are exempt from taxes under Section 80C of the Income Tax Act, subject to a maximum investment amount of Rs1,00,000 per year. Moreover, unlike regular mutual funds, there is a lock-in period of three years for investment in an ELSS. Also, any units redeemed by you after the three-year lock-in period will be tax-free.

The main advantage of this tax-saving instrument is the short lock-in period of three years. In contrast, some of the more traditional tax-savings schemes like the National Savings Certificate (NSC) or the Public Provident Fund (PPF) have much higher lock-in periods of 6 years and 15 years, respectively.

As these are typically equity schemes, ELSS has performed well over long periods. For instance, the Top-10 ELSS has generated an average return of 12-15% over a five-year period. In fact, during the bull run that lasted until 2007, these instruments were quite a rage among investors. However, post the stock market meltdown in 2008, where returns have fallen anywhere in excess of 50%, investors have been increasingly hesitant about putting their money into equity funds, the adverse impact of which has also spilled over into ELSS.

However, given the three-year lock-in for these instruments, we believe that this is the right time to put your money in ELSS. With stocks of various companies trading at more realistic levels these days, investing in an ELSS appears to be the best bet for investors, especially as the lock-in period provides ample scope for returns over the long term. In other words, ELSS is best suited today for investors who expect higher returns over the

long term (at least 5 years) with moderate levels of risk.

What's more, you get tax benefits under Section 80C, which means that for an investment of Rs1,00,000, a person in the highest tax bracket (31%) can save as much as Rs31,000! Moreover, if you want to redeem your units after three years, any capital gains on your investment will be completely tax-free.

The table shows the performance of five such funds with good track records—Sundaram BNP Paribas Tax saver, Canara Robeco Equity Tax saver, Magnum Taxgain, Franklin India Taxshield and HDFC Tax saver.

Equity (Tax Planning)

Scheme Name	3 Year	5 Year
Sundaram BNP Paribas Tax saver	-4.59	20.25
Canara Robeco Equity Tax Saver	-7.82	11.69
Magnum Taxgain	-7.87	23.10
Franklin India Taxshield	-9.45	10.41
HDFC Tax saver	-11.88	15.77

Note: Returns as on 12/03/2009 Source: Valueresearchonline

Equity (Diversified)

Scheme Name	182 Days	1 Year	3 Year	5 Year
ICICI Prudential Infrastructure	-36.11	-45.39	2.57	--
Reliance Regular Savings Equity	-41.30	-50.91	1.75	--
Sahara Growth	-26.97	-34.72	1.13	15.68
DSPBR Top 100 Equity Reg	-28.57	-34.91	1.01	16.13
DSPBR Equity	-32.77	-39.61	-0.70	18.33
DWS Alpha Equity	-33.76	-42.50	-1.36	12.64
Birla Sun Life Asset Allocation Aggressive	-24.65	-29.21	-1.74	10.15
UTI Dividend Yield	-25.65	-33.56	-1.78	--
IDFC Premier Equity	-39.34	-46.88	-1.81	--
Birla Sun Life Frontline Equity	-33.28	-41.89	-1.88	13.33

Debt (Income)

Scheme Name	31 Days	182 Days	1 Year	3 Year
Canara Robeco Income	-1.39	11.80	27.11	12.42
Sahara Income	-1.25	8.99	15.71	10.37
ICICI Prudential Income	-3.04	12.76	13.81	10.31
Fortis Flexi Debt Reg	-1.63	8.68	13.42	10.50
Birla Sun Life Dynamic Bond Retail	0.36	7.42	12.74	9.87
IDFC Dynamic Bond Plan A	-5.37	9.80	12.66	10.13
ING Income	-1.98	7.01	12.21	9.06
LICMF Bond	-0.64	7.73	11.84	8.18
IDFC SSI Inv Plan A	-5.34	8.68	10.95	8.92
Kotak Bond Regular	-3.66	10.60	10.90	9.66

Monthly Income Plan (MIP)

Scheme Name	31 Days	182 Days	1 Year	3 Year
Birla Sun Life MIP II Savings 5	-1.06	5.71	16.00	10.77
Templeton MIP-DM	0.44	5.70	7.50	6.87
Reliance MIP	-2.22	4.15	6.65	7.36
DSPBR Savings Plus Conservative	0.07	1.12	3.33	4.85
Tata MIP	-1.72	2.75	2.62	5.47
DSPBR Savings Plus Moderate	-0.15	0.18	2.26	5.70
Baroda Pioneer MIP	-0.02	0.41	1.80	2.86
DSPBR Savings Plus Aggressive	-0.35	-0.98	1.65	6.50
UTI Monthly Income Scheme	-0.62	2.00	1.58	6.29
HSBC MIP Regular	-0.55	2.64	1.50	7.16

Gilts (Medium/Long Term)

Scheme Name	31 Days	182 Days	1 Year	3 Year
Escorts Gilt	0.36	17.70	27.50	11.92
JM G-Sec Regular Plan	-1.84	17.15	25.63	10.66
ICICI Prudential Gilt Investment PF	-5.51	19.96	24.30	14.97
Templeton IGSF Long-term	-1.52	17.51	21.07	12.52
DSPBR GSF Longer Duration	-5.02	18.52	20.58	11.07
Templeton India GSF Composite	-1.14	17.41	19.57	11.57
Templeton India GSF PF	-1.14	17.41	19.57	11.59
ICICI Prudential Gilt Investment	-5.26	16.11	17.53	12.29
UTI Gilt Advantage Long-term	-5.45	10.88	11.80	8.23
UTI Gilt Advantage Long-term Provident	-5.43	10.87	11.79	8.23

Commodities

Precious metals review

Bullion: Gold prices amazed investors with extremely volatile movement last week. The most active Comex April futures remained volatile in a broad range of \$891.10-\$942.80 per troy ounce as investment demand grew after a brief pause. Prices started the week on a negative note and extended its losses due to a slight recovery in equity markets and a dip in demand for investment purposes. The bullion prices came under further pressure when the ECB President stated that world economies may be approaching a turning point as interest-rate cuts and government spending have started to stimulate the growth in the economy.

However, prices recovered in the later part of the week, as the economic uncertainty brought the buyers back to the market. Prices rose as Japan confirmed that its GDP had shrunk by 12.1% on an annualised basis, and the German industrial production index for January declined by a whopping 7.5% against the expected level of -3%. This was further supported by the jump in the weekly jobless claims in the US and the increase in assets of the SPDR Gold Trust, the biggest exchange-traded fund backed by bullion. The assets in the fund increased to a record high of 1,041.53 metric tonnes, larger than the 1041 tonnes held by Switzerland in January.

Overall, the prices declined by 1.85% at \$925.3 levels, and we expect the prices to remain buoyant due to dissipating asset classes, growing economic insecurity, and increasing investment demand. This week, the FOMC interest rate decision and the

US housing, manufacturing and industrial numbers will be the crucial economic indicators to watch out for.

Energy review

Crude oil: Crude oil prices remained higher during the week as speculation of OPEC production cuts gained steam. Although the prices declined despite such reduction, the speculation of a higher production cut in the upcoming OPEC conference in Vienna, which is going to be held on March 15, has led to an uptrend in prices. However, any possibility of a major rally will be limited because of the grim outlook for the global economy portrayed by the World Bank and the unexpected rise in inventories of crude oil. The Department of Energy (DOE) reported a gain of 7,49,000 barrels in crude oil inventories against a decline of 5,00,000 barrels. Furthermore, distillate inventories gained by 2.1 million barrels and the gasoline inventories posted a decline of 2.99 million barrels. For the near term, we expect crude oil prices to gain ahead of the OPEC meeting on the weekend. However, the waning demand will restrict any major rally in the prices.

Base metals review

Copper: Copper prices declined last week as optimism faded over Chinese stimulus measures and concerns grew that the recession may curb demand for raw materials. Lower cancelled warrants, which declined to 7.4% of the inventory levels against the 12% level in the previous week, dragged down the prices of the red metal. Chinese exports fell by a massive 25.7% Y/Y in February while imports were also down substantially by

24.1% during the same period. Reports also showed that the Chinese industrial output for the first two month of the year dropped to 3.8% after gaining by 5.7% in December.

Interestingly, the huge decline in copper inventories and a jump in Chinese copper imports in February failed to restrict the losses in copper prices. Nevertheless, base metal prices did find some support as equities erased its losses last week.

This week, we expect copper to trade sideways with a negative bias due to the grim economic outlook.

Agri market review

Sugar: Sugar prices fell for the second consecutive week following escalating selling on speculation that the government, at any time, may issue a notification in regard to the stock limits. Most of the traders released their stocks in the open market fearing the government notification, thus creating a supply glut in the physical markets. Moreover, buyers stayed away from active buying, resulting in a fall in prices in the spot and futures markets. As expected, the government issued a notification regarding the stock limit last Thursday. According to the notification, the traders in the country would be allowed to hold only up to 200 tonnes of sugar in a month. Traders in Kolkata and the adjoining areas, who buy sugar from states other than West Bengal, however, would be allowed to stock up to 1,000 tonnes in a month. They have to clear their sugar stocks within 30 days from the date of receipt. This week, we expect a further downtrend in prices due to expectations of further government intervention.



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InvestAssure APEX

- InvestAssure APEX is a unit-linked insurance policy (ULIP) by Tata AIG Life Insurance Company Limited.
- It is a close-ended policy that is available only up to March 18, 2009.

Unique features

Guaranteed Maturity Unit Price (GMUP): Policy ensures the potential upside of the equity markets while safeguarding investments. The Guaranteed Maturity Unit Price is the highest unit price of the Apex Return Lock-in Fund recorded on the 100 Reset Dates. GMUP is applicable to the Apex Return Lock-in Fund for the purpose of determining the maturity benefit only.

Reset Dates are the 10th day of every calendar month (or the next business day if 10th is a holiday). There are a total of 100 Reset Dates in a policy. The unit price is Rs10 on the first Reset Date.

Fixed policy term and premium payment term: Policy is available for a fixed term of 10 years. Policy premium is payable for 3 years.

Innovative investment technique: The policy premium first gets invested in Apex Investment Fund. This is a transition fund, where the policy premium gets allocated after deduction of premium allocation charges. The full amount in this fund is then automatically switched to Apex Return Lock-in Fund (with GMUP benefit) on the immediate 'Reset Date'. This is the main investment fund and provides protection against the downside market risk.

Reduction in premium: Policy provides the option of reduction of premium from the second year. This reduction will, however be subject to the minimum premium amount and will not affect the value of the policy sum assured.

Policy benefits

Death benefit: In the unfortunate event of death of the life assured during the policy term, the nominee will be paid the higher of the value of sum assured (net of deductible partial withdrawals, if any, from the fund value) or the total fund value (i.e., the combined value of Apex Investment Fund and Apex Return Lock-in Fund at the applicable unit price).

Maturity benefit: On the life assured surviving the policy, the maturity benefit will be higher of the fund value (at the applicable unit price) or the Guaranteed Maturity Unit Price multiplied by the number of units in the Apex Return Lock-in Fund.

Investment funds

The policy allocates the premium to the Apex Investment Fund and then to the Apex Return Lock-in Fund. The details of these funds are:

Fund Name	Investment objective	Risk & Return Profile	Investment allocation in		
			Equity & equity oriented securities	Debt instruments & derivatives	Money market & cash
Apex Investment Fund	Capital protection and returns with high level of safety and liquidity through investment in high-quality short-term debt.	Very low	Nil	0% to 100%	0% to 100%
Apex Return Lock-in Fund	Invest in diversified equity stocks of large-cap companies for capital appreciation and use high credit-quality debt instruments to lock-in capital appreciation.	Low	0% to 100%	0% to 100%	0% to 100%

The policyholder can receive the maturity benefit as a lumpsum benefit or in installments over a period of up to 5 years (from the maturity date) under the settlement option. However, the GMUP benefit will not be available during the settlement period.

Eligibility parameters

Age at entry: Minimum – 18 years; maximum – 70 years; **Maximum age at maturity:** 80 years; **Value of sum assured:** Minimum – 5 times the annualized premium value; maximum – 60 times the annualized premium value ; **Minimum premium amount:** Rs90,000; **Premium payable:** Annually

Policy charges

Premium allocation charge: This charge gets deducted from the premium amount and the balance gets invested in the Apex Investment Fund. The details of this charge are:

Policy Year	Year 1	Year 2 & Year 3	Year 4
Premium allocation charge as a % of premium value	9.50%	4.00%	Nil

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

Fund management charge: This charge is applicable for the management of the investment fund value and will be deductible on a daily basis. The details are:

Fund	Fund management charge
Apex Investment Fund	0.90% p.a.
Apex Return Lock-in Fund	1.45% p.a.

This charge is subject to an increase of 1.50% p.a. for Apex Investment Fund and 2.00% p.a. for Apex Return Lock-in Fund.

Policy administration charge: This charge will be deducted on a monthly basis as:

- Rs93.75 on the first thousand sum assured for all years, which may be increased up to a maximum of 5% p.a.; plus
- Re1 per thousand sum assured for the first three policy years.

Surrender charge: The details of this charge are:

Policy year in which surrender happens	Year 1 to Year 3	Year 4	Year 5	Year 6 to Year 10
Surrender charge as a % of fund value	NA	10%	5%	0%

Partial withdrawals: Partial withdrawal facility is available after the completion of three policy years. The minimum withdrawal amount is Rs5,000. The maximum withdrawals can be made up to the extent where the surrender value remaining under the policy is not less than an amount equivalent to one regular annualized premium. A maximum of four partial withdrawals are allowed in a policy year. The partial withdrawals are free of charge.

Policy surrender: Policy can be surrendered at any time after three policy anniversaries. The surrender value available will be as after the deduction of the applicable surrender charge.

Riders available

The cover under the policy can be enhanced with riders like Accidental Death Benefit Rider, Accidental Death and Dismemberment Rider (dismemberment or burn injuries caused due to an accident), and Critical Illness Rider (critical illness or requires a surgery).

Tax benefits

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

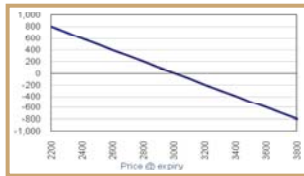
ALTERNATIVE INSTRUMENTS

Derivative strategies for the bear

Derivatives in a falling market: The four-year bull run from 2004 to 2007 saw many retail investors entering the stock markets, and investments in equity became quite popular during the period. However, when markets crashed in early 2008, many investors who deal in the cash segment saw huge erosion in their share values. In other words, operating in the cash segment as a long-only investor, you have to wait for the next bull market to see some gains.

However, those who trade in derivatives (futures and options) can make profit even in a falling market. The crux lies in identifying the trend in the market rather than worrying about whether it is bullish or bearish.

Figure 1: Futures payoff



Moreover, the leverage effect (where you can trade in a greater number of shares by

making a small down payment or margin) offered by derivatives has increased its popularity among the trading community.

Futures in a falling market: A trader can assume short positions in futures in a falling market. The payoff for the short seller will be unlimited profit and unlimited loss (see Figure 1). For instance, a trader predicts that the market is likely to fall in the next few trading sessions when the Nifty is around 3000 levels. He can cash in on the view by going short on a Nifty Jan futures contract around 3000 levels. On expiry of the contract (the last Thursday of every month), if the Nifty moves down

Figure 2: Buying a put option

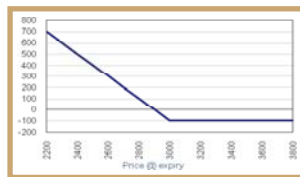


Figure 3: Selling a call option



to 2700 levels, the trader makes a profit of Rs15,000 $(3000-2700)*50$. On the other hand, if the Nifty moves up to 3100 levels on expiry, his maximum loss would be Rs5,000 $(100*50)$.

Options in a falling market: A trader can assume long positions in put options in a falling market. The payoff for the buyer of the put option will be limited loss and unlimited returns. The maximum loss is limited to the premium paid; whereas the maximum profit is unlimited as the price of the underlying (market or stock) falls. For instance, with the Nifty around 3000 levels, a trader predicts that the market is likely to fall in the next few trading sessions. She can cash in on the view by assuming a long position in the Nifty January 3000 put option contract at a premium of Rs100. On expiry, if the Nifty moves to 2700 levels, the trader makes a profit of Rs10,000 $(3000-2700-100)*50$. On the other hand, if the Nifty moves up above 3000 levels on expiry, the maximum loss is limited to Rs5000 $(100*50)$.

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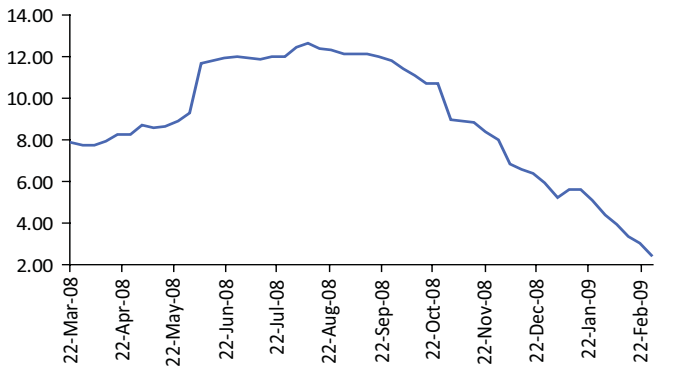
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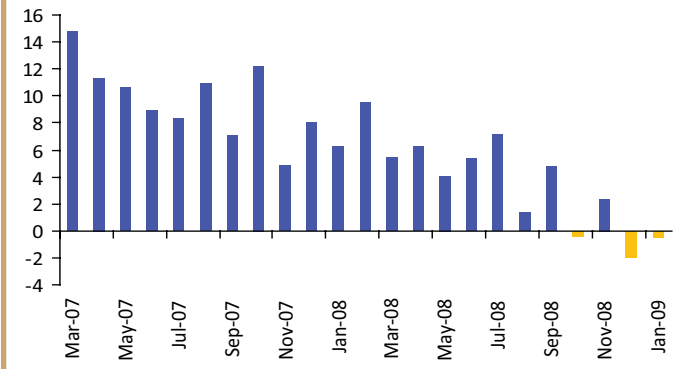
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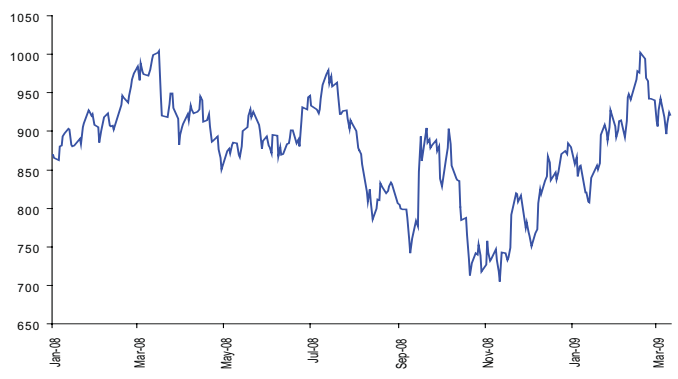
The inflation has cooled off to 2.43%...



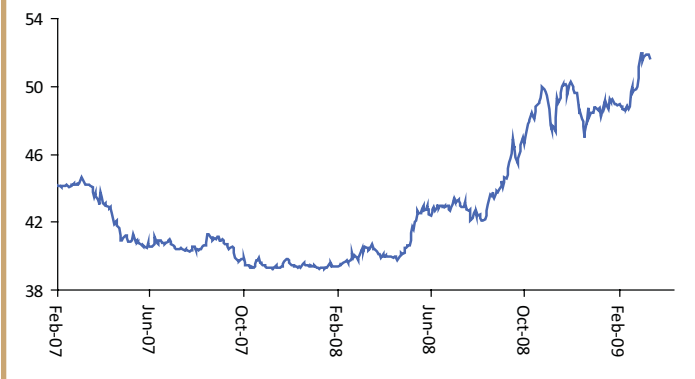
...and the IIP numbers have improved to -0.5%



Gold



Rs/US\$



Global indices: Weekly performance

	Close (Mar 13)	Close (Mar 06)	Weekly (%)	6M (%)	12M (%)	PE Ratio
ASIA						
Hang Seng	12525.80	11921.52	5.07	-35.28	-43.84	9.60
STI	1577.52	1513.12	4.26	-38.63	-43.77	7.41
S. Korea	1126.03	1055.03	6.73	-23.81	-30.30	13.22
Nikkei 225	7569.28	7173.10	5.52	-38.03	-39.12	23.50
AMERICA (as on March 12 closing)						
Dow Jones	7170.06	6626.94	8.20	-37.23	-40.97	8.74
S&P 500	750.74	683.38	9.86	-40.02	-42.93	11.17
NASDAQ	1426.10	1293.85	10.22	-36.93	-37.00	18.70
Brazil Bovespa	39151.86	37105.09	5.52	-25.27	-37.14	9.19
EUROPE (as on March 12 closing)						
FTSE-100	3712.06	3530.73	5.14	-30.34	-33.71	15.62
DAX 30	3956.22	3666.41	7.90	-35.92	-38.54	19.64
CAC 40	2694.25	2534.45	6.31	-36.71	-40.78	9.00

Domestic indices: Weekly performance

	Close (Mar 13)	Close (Mar 06)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	8756.61	8325.82	5.17	-37.46	-42.98	8.98
Nifty	2719.25	2620.15	3.78	-35.69	-41.19	9.23
BSE 500	3161.33	3037.84	4.07	-41.78	-48.35	8.35
BSE Auto	2774.28	2597.37	6.81	-29.80	-38.83	7.69
BSE Bankex	3973.85	3737.09	6.34	-43.47	-50.80	7.36
BSE Consumer Durables	1479.56	1495.65	-1.08	-58.62	-61.80	4.72
BSE FMCG	1883.80	1854.11	1.60	-14.62	-11.92	17.67
BSE Healthcare	2564.31	2545.11	0.75	-38.50	-32.02	12.37
BSE IT	2190.32	2072.32	5.69	-42.46	-33.87	10.99
BSE Oil & Gas	6088.52	5724.06	6.37	-33.21	-39.25	9.40
BSE Metal	4852.53	4525.06	7.24	-55.41	-66.24	2.65
BSE Realty	1408.56	1346.83	4.58	-69.99	-80.87	3.03
BSE PSU	4807.58	4759.93	1.00	-28.16	-34.96	35.17
BSE Power	1668.60	1637.12	1.92	-34.48	-45.54	16.68
BSE Tech	1707.31	1678.81	1.70	-42.22	-40.63	11.46

Source: Bloomberg

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