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Stocks

Commodities

NSE
52 Wk H/L : 5298.85/2252.75
Mcap : Rs33,75,025 cr.
BSE
52 Wk H/L : 17735.70/7697.39

Editor : S. Gopichand

Managing Editor : Satyan Nair

Deputy Editors : Bhuvan Yadav, Kalyan C Reddy, Pavan Katta, Harish G.

Research Team : JK Jain, Rajendra P, Atul Stanley Hermit, Krishna Veni, Raj Deepak Singh, Pradeep Kumar S., Murugavel A.

Production : Amit Chopra, Srivalli G, Raju A,.Vijayendra Kumar CH

For subscription enquiries please contact **Aswin Panda** ✆:040-23395894

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

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

Editor: **S. Gopichand**

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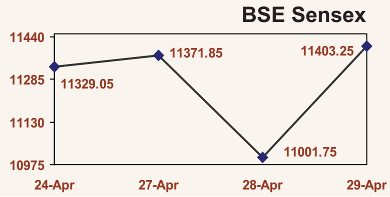

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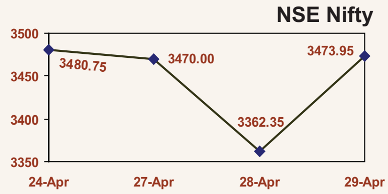

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Swine Flu impact: A minor blip…

After seven consecutive weeks of spectacular gains, markets witnessed a marginal hiccup last week when the world woke up to the outbreak of "Swine Flu". As the Flu spread to the rest of the world, global markets dipped sharply on Tuesday, particularly the travel, tourism and airline stocks. However, in what was a curtailed trading week, markets rallied spectacularly on Wednesday, closing the week on a flat note. While the Nifty closed with a marginal dip of -0.20% W/W, the BSE Sensex rose 0.65%, recording its eighth consecutive week of gains.

The Flu impact was merely a blip on the bourses, and the positive bias in the markets is clearly evident from the encouraging news flow emanating from India and the US. In regard to the quarterly results, major heavyweights did not disappoint the markets, and the results continued to be fairly in line with expectations. In the banking space, particularly, select banking stocks declared better-than-expected results, although ICICI Bank failed to beat market expectations. However, with its NPA levels coming in lower than expectations, the stock witnessed a spectacular rally. Globally, too, US companies have been declaring better-than-expected results, raising hopes of a soft landing for the global economy, particularly in the backdrop of rising consumer confidence data from around the world.

While the positives are increasingly seeping in, one must not forget that the major economies in the world are still showing negative growth. The US' Q1 GDP shrank 6.1%, which was worse than economists' estimates. However, a global recovery can only be pronounced if the positive new flow continues to be sustainable.

In India, the focus has shifted from WPI and GDP growth to the ongoing Lok Sabha elections. Clearly, no elections have grabbed the nation's attention as this one has. With the verdict expected to be the most fractured in India's political history, markets may witness increased volatility in May. From a global perspective, the outcome of the stress test results on banking stocks in the US is likely to influence the direction of the global equity market in the coming sessions. Stocks in energy, software, BFSI and capital goods are expected to trade on a positive note during the week.

KBB weekly recommendations for the week beginning 04th May.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
Infosys	Buy	1509.25	1500-1510	1475	1575-1580	5-6 Days
IDFC	Buy	76.65	75-77	72.20	90-92	5-6 Days
TCS	Buy	623.60	620-623	605	660-665	5-6 Days
Bharat Forge	Buy	124.85	123-125	118.10	140-142	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	735-740	724.00	825-830	242	-3,273.39	-1.83%	SLT
Suzlon	Buy	62-65	59.10	78-80	2816	-12,390.95	-6.93%	SLT
KS Oils	Buy	45-48	40.80	56-58	3846	-4,422.53	-2.47%	CMP
IRB	Buy	97-100	94.10	120-122	1815	-7,988.08	-4.47%	SLT
Total						-28,074.95		

Balance on inception (26- Jan- 09)	Balance last week (24-Apr-09)	Balance current week (29-Apr-09)	Abs. returns WoW (%)	Abs. returns since Jan 26, 2009(%)
5,00,000	7,15,295	6,87,220	(3.92)	37.44

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

Colgate-Palmolive CMP: 476.90

Colpal witnessed a dream run in the recent sessions as it surged significantly on the back of increase in volumes. The stock witnessed a marginal cool-off in Wednesday's session after it made an all-time high of 492.80. It is expected to stabilize around its short-term 8-day EMA levels and may witness a bounce-back. The volumes during consolidation remained lower while the rises were accompanied with increasing participation, indicating the momentum to carry forward. The 14-day RSI moved close to the overbought territory and reverted. The indicated decline will bring the trigger line towards the support of 60 levels, thus creating head-room for another rally. The immediate resistance is placed at around 500 and 525 levels. The 50-day EMA is placed at around 450 levels, which is unlikely to be broken in the near term. Investors are advised to assume long positions in the stock in the range of 450-460 levels for a short-term target of 525 levels. All long positions in the stock should be protected with a stop loss below 430 levels on a closing basis.

Hero Honda CMP: 1182.65

Hero Honda witnessed a rising trend since the low made during the October debacle. The stock outperformed the broader market and registered an all-time high in the Wednesday's session. The rally since the start of the year has moved the stock beyond all its moving averages, which is a bullish sign. The stock has its 8-day EMA placed at 1120 levels, which is the immediate support for the short-term scenario, followed by the 50-day EMA placed at 1020 levels. The 14-day RSI is close to the overbought territory, but the move still appears to be northwards. On the RSI scale, the stock 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 placed around the 1250 levels beyond which it could move up to 1400 levels in the short term. Investors are advised to assume long positions in the stock in the range of 1160-1180 levels and average the same, if available, at 1050 levels for an upside target of 1250 and 1400 levels in the short term. All long positions in the stock should be protected with a stop loss placed below 1020 levels on a closing basis.

LIC Housing Finance CMP: 365.60

LIC Housing Finance witnessed a rising trend in the last month. Earlier, the stock had witnessed sideways movement since the start of the year. Thereon, it staged a breakout above 240 levels and witnessed momentum moves. The recent rally has seen the stock move beyond all its moving averages. Moreover, the 50-day has cut the 200-day EMA, which is extremely positive. The 14-day RSI has crossed the over-bought territory and could stage a move until 80 and 85 levels. A move close to this level would induce profit-taking in the stock. It has an immediate resistance around the 400 levels beyond which the stock could move up to 450 levels in the short term. Investors are advised to assume long positions in the stock in the range of 350-360 levels for an upside target of 400 and 450 levels in the short term. All long positions in the stock should be protected with a stop loss placed below 310 levels on a closing basis.

Fundamental view

Bajaj Hindustan (Rs76)

Bajaj Hindustan's Q2FY09 (standalone) revenues declined by 13.3% Y/Y (Q/Q growth of 18%) to Rs4.24 bn. The revenues are 5.2% higher than our estimates of Rs4.06 bn. Segment-wise, the revenues from the sugar segment has declined by 12.3% to Rs4.07 bn, revenues from the distillery division has declined by 44.4% Y/Y to Rs386 mn, and revenues from co-generation has declined by 39% Y/Y to Rs306 mn.

The operating margins have increased from 19.9% in Q2 FY08 to 27% in Q2 FY09 due to lower other expenditure. The raw material cost in terms of percentage of sales has increased from 51% in Q2 FY08 to 54.4% in Q2 FY09. The interest cost has also increased by 514% Y/Y to Rs625 mn due to capacity addition. The company has reported a loss of Rs310 mn against our expectations of a loss of Rs219 mn. The extraordinary items include foreign exchange gain of Rs1.12 bn on loan as per Accounting Standard AS-11.

We have increased our sugar realization estimates by 5.27% to Rs20.5 per kg in FY09 and by 14% to Rs23.4 per kg in FY10. However, we have revised our sugar volumes downwards by 20% to 0.87 mn metric tonnes (MT) in FY09 and by 25% to 0.97 mn MT in FY10, considering significant decline in cane crushing and recovery. We have revised our consolidated revenue estimates downwards by 9.8% to 21.4 bn and by 7.8% to Rs27.6 bn. We now expect the company to report a loss of Rs804 mn (earlier loss Rs1.12 bn) in FY09 and profit of Rs1.97 bn (previous Rs1.23 bn). We have accounted the company's FCCBs worth ~Rs5.3 bn as debt, considering significant difference between the CMP and the conversion price of Rs465 per share. We maintain our valuations at 0.7x BV due to high leverage (2.8x) and maintain an 'Underperformer' rating.

Table 1: EPS Sensitivity for FY10

Change from base case	-10.3%	-6%	Base case	2.6%	6.8%	11.1%
Sugar price (Rs /Kg)	21	22	23.4	24	25	26
PAT (Rs mn)	463	1039	1973	2388	2965	3599
EPS (Rs)	3.3	7.4	14	16.9	21	25.5

assumed average realization of Rs23.4 per kg for FY10. Our sensitivity of earnings with sugar realization is shown in Table 1.

Ranbaxy (Rs166)

Revenues for the quarter were lower by 4.1% to Rs15,571 mn. The quarter has been a challenging one for the company as a majority of the developed markets and some of the emerging markets recorded negative growth. The operating margin of the company, after accounting for forex loss of Rs845 mn on revenues, was negative at Rs822 mn. Ranbaxy had losses of Rs7,610 mn—after accounting for forex loss—due to restatement of loans and losses of Rs9,188 mn caused by derivative transactions.

The company is spending money to upgrade its Ohm facility. This will enable them to de-risk some of the opportunities which can be shifted to the Ohm facility and re-introduce brands. However, this comes at a cost which can be seen from Q1 CY09 as the rise in COS costs. Ranbaxy is taking steps to increase its operating margins. The company has also conveyed that the derivative losses are back-ended and there should be lower losses in the next quarter. On account of possible delay, we have removed the Valtrex upside from the current year. There is a possibility

Market pulse

Bulk Deals			
Company	Wt. Avg. Price (Rs.)	Traded Qty	Acquirer/Seller
Buy			
IB Realestate	133.83	2750000	Copthall Mauritius Investment
Info Edge (india)	530	449554	Citigroup Global Markets Mauritius
Reliance Ind Infra	755.05	414067	OPG Securities
Sell			
REI Six Ten Retail	998.18	165467	Goldman Sachs Investments
Rolta india	77.92	1380025	Goldman Sachs Investments
Solid Stone	93.49	38000	CLT Investments
Aban Offshore	421.90	251893	South Asia Portfolio

Top Gainers (Weekly)			
Company	29-Apr	24-Apr	%Change
ICICI Bank	479.20	434.10	10.39
Sun Pharma	1278.40	1196.30	6.86
TCS	623.60	583.90	6.80
Wipro	330.85	312.25	5.96
Axis Bank	557.30	529.60	5.23
Infosys Tech	1509.25	1448.60	4.19
M&M	487.95	471.30	3.53
Hero Honda	1182.65	1147.30	3.08
Sterlite	410.05	398.40	2.92
HCL Tech	129.85	126.90	2.32

Top Losers (Weekly)			
Company	29-Apr	24-Apr	%Change
Tata Steel	238.10	261.15	-8.83
PNB	477.90	518.45	-7.82
RCom	214.80	232.45	-7.59
Power Grid	92.60	100.05	-7.45
RPower	123.30	133.10	-7.36
RIIL	695.20	740.50	-6.12
Hindalco	53.75	57.25	-6.11
Relcapital	524.50	557.65	-5.94
Ranbaxy Labs	166.00	175.90	-5.63
Sail	109.20	115.35	-5.33

	FII Invt (Rs.cr)		MF (Rs.cr)	
Date	Purchases	Sales	Purchases	Sales
24-Apr-09	1406.10	1094.40	696.60	492.50
27-Apr-09	1948.40	1434.90	655.00	679.10
28-Apr-09	3661.80	1822.10	482.40	854.90
29-Apr-09	1544.10	1718.00	-	-
Total	**8560.40**	**6069.40**	**1834.00**	**2026.50**

Corporate Actions		
Company	Date	Purpose
HDFC	4-May-09	Audited Results and Dividend
Century Textiles	4-May-09	Audited Results and Dividend
Union Bank Of India	7-may-09	Audited Results and Dividend
Motilal Oswal Financial Services	11-May-09	Audited Results and Dividend
Kotak Mahindra Bank	12-May-09	Audited Accounts and Dividend

of a further delay in Nexium supplies which may commence sometime during the end of the year. We have shown this separately, and not included it in our core model.

Ranbaxy has given a revenue guidance of Rs70 bn (US$1.4 bn) and PAT of Rs8 bn (US$150 mn) for CY09. We have aligned our estimates in CY09 in line with the company's guidance while we have downgraded our CY10E revenue estimates by 2.8% to Rs83 bn. However, we downgrade our EPS estimates by 29% to Rs8.1 for CY10E due to the higher cost structure. On account of further deterioration of the business, we further downgrade our multiple from 14x to 11x for CY10. We value the core business of the company at 11x and assign a value of Rs59. The Nexium upside of Rs6.45 which would be a recurring business would also be assigned a value of 11x and value it at Rs71. The Valtrex FTF upside is a one-time upside, and, therefore, we value it at 1x of Rs2.74. We thereby value the stock at Rs133. We downgrade our rating on the stock to 'Underperformer' due to a revision in target price.

Petronet LNG (Rs52)

Petronet LNG's Q4 FY09 numbers have benefited from the 5% increase in re-gasification charges with effect from January 1, 2009 to Rs30 per million British thermal units (MMBTU). Moreover, sales volumes were higher by 3.3% Y/Y, to 82.5 trillion British thermal units (BTUs), which is largely due to the increase in spot LNG sales.

It does not make sense to look at topline growth in rupee terms since it is a pass-through business model wherein the company earns only through the re-gasification margin after passing on all costs. Petronet's EBIDTA margins have increased by 60 bps Y/Y to 12.9%. In absolute terms, the EBIDTA rose by 59.1% Y/Y, to Rs3,417 mn and the PAT surged 70.2% Y/Y to Rs2,044 mn.

Growth momentum is likely to continue in Q1 FY10 as the company extended its contract with BP to supply LNG for the Dabhol Power project by another six months. At the same time, the import of spot cargos is also expected to rise due to a sharp decline in LNG prices.

The spot LNG rates have crashed substantially to US$5 per MMBTU, which is nearly 70% from last year's peak, due to global recession and a decline in demand for LNG. Even if the blended selling price of US$7/MMBTU charged by Petronet LNG is compared with the current equivalent price of naphtha at US$10/mmbtu, LNG works out to be cheaper, which was not the case earlier.

We have increased our target price from Rs49 to Rs68 to factor in better-than-expected outlook for the LNG business in the short-term. Consequently, we rate the stock as a 'Buy'. Although the capacity expansion at Dahej from 5 million tonnes per annum (MTPA) to 10 MTPA has been completed, the company has not yet fully tied up with long-term supply contracts for the new capacity. An unforeseen spot purchase might impact the profitability. Also, if the gas prices resume its northward journey due to any sudden upturn in gas demand, then gas availability could become a major constraint.

Bank of Baroda (Rs307)

Bank of Baroda has posted a net profit Y/Y growth of 172% to Rs2.76 bn (our estimate was Rs5.4 bn). The main drivers of earning were higher net interest income (NII) and higher fee income. We are increasing our FY10E earnings by 9% to Rs25.8 bn from Rs23.7 bn. Moreover, we are increasing our price target to Rs330 from Rs300.

Strong growth in net interest income: The bank has reported a 35% Y/Y credit growth, which if combined with the interest margin of around 3%, results in a 43% Y/Y growth in net interest income.

Fee and domestic treasury posted smart gains in other income: The bank was able to take advantage of trading opportunities in the bond market to report treasury profits worth Rs3 bn. The fees have also increased by a healthy 40% Y/Y as we believe that it was also linked to fund-based activity.

Significant increase in restructured standard loans: Although both gross and net non-performing loans have declined, the bank had to restructure Rs25 bn in standard loans which have already been factored in our adjusted book value.

We are increasing our FY10E earnings by 8% and price target by 10% to Rs330: Due to strong FY09 earnings and on the guidance provided by management, we are increasing FY10E earnings by 8% to Rs25.8 bn and are increasing our price target to Rs335. Thus, we retain the stock as a 'Market Performer'.

Mutual Fund performance

Equity (Diversified)

Scheme Name	NAV	3 mnts	1 year	3 years	5 years
ICICI Prudential Infrastructure	20.05	21.59	-31.34	7.45	
Birla Sun Life Frontline Equity	47.72	18.82	-28.71	4.99	18.09
Reliance Regular Savings Equity	15.43	22.88	-34.98	4.90	
Sahara Growth	52.50	18.10	-22.00	4.89	20.38
DSPBR Top 100 Equity Reg	58.18	15.90	-25.31	4.84	20.51
IDFC Premier Equity Plan A	14.84	21.85	-31.66	4.65	
UTI Dividend Yield	16.78	14.62	-21.26	3.97	
HDFC Top 200	107.58	23.58	-24.85	2.97	20.61
Birla Sun Life Asset Allocation Agg	19.92	14.15	-16.16	2.94	14.80
IDFC Imperial Equity Plan A	12.31	19.10	-22.72	2.82	

ELSS

Scheme Name	NAV	3 mnts	1 year	3 years	5 years
Canara Robeco Equity Tax Saver	12.79	21.00	-26.28	1.45	18.77
Fidelity Tax Advantage	11.08	18.15	-29.65	0.19	
Franklin India Index Tax	26.93	22.41	-32.47	-0.46	14.01
Sundaram BNP Paribas Taxsaver	26.27	14.58	-27.38	-0.49	24.00
Taurus Tax Shield	18.85	20.14	-33.08	-1.01	16.65
Magnum Taxgain	35.43	20.47	-35.18	-3.02	28.43
Franklin India Taxshield	112.25	19.73	-29.87	-3.05	16.07
Sahara Tax Gain	19.12	17.22	-29.42	-3.22	16.46
Principal Personal Tax Saver	54.89	21.90	-42.05	-5.21	13.26
Birla Sun Life Tax Relief 96	51.58	21.88	-41.11	-6.18	9.84

Balanced Funds

Scheme Name	NAV	3 mnts	1 year	3 years	5 years
Reliance Regular Savings Balanced	12.60	23.48	-12.84	5.61	
Principal Child Benefit	55.25	18.51	-29.84	4.91	15.46
Birla Sun Life Freedom	28.96	13.26	-9.58	4.87	12.59
Birla Sun Life Asset Allocation Moderate	18.48	8.38	-10.68	4.78	12.90
DSPBR Balanced	39.01	10.95	-22.50	3.40	15.36
Birla Sun Life 95	177.26	16.80	-18.69	3.39	15.34
FT India Balanced	32.50	16.92	-19.84	3.11	13.72
HDFC Prudence	104.76	19.46	-21.80	2.95	17.01
ICICI Prudential Advisor-Moderate	17.22	10.79	-14.54	2.40	10.75
Templeton India CAP Gift Plan	29.05	17.72	-19.12	2.11	

MIP

Scheme Name	NAV	3 mnts	1 year	3 years	5 years
Reliance MIP	17.30	9.53	20.41	10.20	11.16
Birla Sun Life MIP II Savings 5	15.30	1.68	18.46	11.64	
Tata MIP	17.28	5.03	8.29	7.25	6.86
Templeton MIP-DM	10.56	1.70	8.06	6.83	5.31
Birla Sun Life Monthly Income	30.27	7.20	7.82	8.56	8.17
Birla Sun Life MIP	22.66	7.27	7.76	7.89	7.66
Principal MIP	18.80	8.10	6.48	8.56	7.96
DWS MIP	15.08	6.04	5.90	7.41	8.00
ICICI Prudential MIP	22.05	7.50	5.90	6.95	8.59
UTI Monthly Income Scheme	16.39	5.17	5.57	7.32	7.34

Income Funds

Scheme Name	NAV	3 mnts	1 year	3 years	5 years
Canara Robeco Income	18.99	4.62	32.26	14.35	10.93
ICICI Prudential Income	29.42	3.97	25.06	12.85	8.31
Reliance Income	30.44	2.63	19.26	11.22	8.03
Fortis Flexi Debt Reg	15.17	6.46	19.23	12.41	
DWS Premier Bond Reg	15.19	2.91	19.12	8.90	6.37
Kotak Bond Regular	25.62	2.23	19.04	11.57	8.12
IDFC Dynamic Bond Plan A	18.17	0.71	18.93	12.55	8.43
Birla Sun Life Income Plus	41.16	2.61	18.67	12.27	7.84
ING Income	24.13	5.42	18.62	11.25	7.36
Kotak Bond Deposit	23.86	2.23	18.53	10.30	7.17

Gilt

Scheme Name	NAV	3 mnts	1 year	3 years	5 years
ICICI Prudential Gilt Invest PF	18.26	3.61	42.00	18.44	12.01
Escorts Gilt	20.73	3.91	34.30	13.01	8.47
JM G-Sec Regular Plan	28.98	3.00	30.97	12.15	8.00
ICICI Prudential Gilt Investment	31.65	0.35	30.54	14.55	9.21
DSPBR GSF Longer Duration	31.98	-1.89	28.15	12.74	8.44
Birla Sun Life GSF Long-term	24.87	16.44	25.36	9.37	5.79
Templeton IGSF Long-term	22.72	1.81	24.90	12.82	8.63
Templeton India GSF PF	14.34	1.71	22.90	11.77	
Templeton India GSF Composite	32.66	1.71	22.90	11.75	7.52
ING Gilt	15.75	3.47	21.94	10.17	7.87

Short Term Debt Funds

Scheme Name	NAV	3 mnts	1 year
ICICI Prudential Short-term	18.28	3.44	17.17
JM Short-term Reg	17.23	2.25	16.61
HDFC Short-term	17.12	4.26	15.83
DWS Short Maturity Reg	15.83	4.75	15.43
Reliance Short-term	16.59	4.44	14.68
HDFC HI Short-term	17.35	4.39	14.29
IDFC SSI Short-term Plan A	18.52	3.26	13.38
Kotak Bond Short-term	16.87	4.05	13.17
ING Short Term Income	16.54	3.42	12.62
Tata Short-term Bond	16.59	1.96	12.47

Liquid Funds

Scheme Name	NAV	3 mnts	1 year
JM Money Manager Super	12.28	1.82	9.73
Fortis Money Plus Reg	13.13	1.94	9.72
DWS Cash Opportunities Cash 30 Days Plan	11.25	2.10	9.47
Tata Treasury Manager Retail	1,168.43	1.68	9.39
DWS Cash Opportunities Cash 15 Days Plan	11.79	2.06	9.31
LICMF Income Plus	11.79	1.60	9.22
ICICI Prudential Flexible Income Premium	16.38	1.70	8.94
JM Money Manager Super Plus	12.42	1.71	8.91
Principal Ultra Short Term Reg	11.34	1.70	8.85
Templeton India Ultra Short Bond Ret	11.26	1.75	8.83

Source: Acemf

Note: All NAV as of April 29, 2009

Commodities

Precious metals review

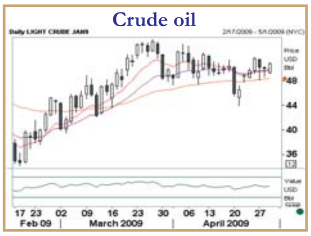
Bullion: Bullion prices pared its gains last week due to the rising US dollar. The trend remained southward with prices closing below the $900 level. The rising dollar reduced the appeal of the metal as an alternative asset due to which bullion prices saw its gains from the previous week getting neutralized. During the week, the dollar index, which tracks the currency against the six major currencies, rose to a high of 86.075. Moreover, the US consumer confidence for the month of April came in at 39.2 from the expected levels of 29.7. This rise in consumer sentiment has provided support to the rising US dollar, which proved to be negative for bullion.

Meanwhile, the assets in the SPDR Gold Trust remained unchanged at 1,104.45 tonnes for four consecutive days. In addition, lower-than-expected gold sales on Akshaya Tritiya also kept prices under check.

This week, the US GDP and the FOMC meeting will be the major market moving indictors. The FOMC is expected to further cut interest rates to 0.13%. However, we believe that with monetary and fiscal measures already in place, such decisions may be deferred. The US economy is likely to contract further in Q1 2009 after declining by 6.3% in the previous quarter. These data may limit the gains in the US dollar and provide support to bullion prices. Overall, we expect prices to trade sideways as the weakening US dollar and lower physical demand may result in a two-way trend.

Energy review

Crude oil: Crude oil prices traded lower last week due to diminishing demand, rising inventories, and weak economic outlook. The ongoing crisis has curbed the demand from the largest energy consumer (US) and has resulted in a pile-up of stocks. The IMF has also projected a contraction in the global growth rates, thereby heightening the concerns regarding global energy use. In addition, strength of the US dollar has further stoked losses, as prices hit a low of $48.01 per barrel.

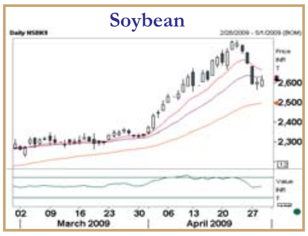


During the week, the American Petroleum Institute (API) reported that crude oil stocks had reached the highest levels since August 1990. This survey is raising hopes of an increase in stocks in the upcoming Department of Energy (DOE) data on Thursday.

Meanwhile, expected Q1 contraction in the largest energy consuming economy is likely to prove detrimental for prices. The DOE inventory data will be crucial to determine the price trend in crude oil for the near term. As per the API report, crude oil is likely to report an increase of 1.8 million barrels in its inventory. In addition, gasoline and distillate stocks are also expected to increase by 2,20,000 and 10,00,000 respectively. Overall, we expect prices to trade sideways with negative bias amidst the expected increase in stockpiles and diminishing demand.

Agri market review

Soybean: Soybean futures continued with its previous week's losses due to extended profit-booking in the recent rally. A correction was due in the market, as soybean made a fresh life-time high in the previous week, tracking the strong buying interest. Investors sold futures on speculation that demand for soybean may slow down as prices had increased to historical highs, thus creating a supply pressure in the market. During the week, spot prices fell to Rs2,500-2,525 per quintal from Rs2,600 per quintal in the penultimate week. The appearance of Swine Flu in Mexico and its spread to other nations has badly affected the oil and oilseeds trade across the board. The meal produced after extraction of oil from oilseeds is one of the major ingredients of livestock feed. Therefore, the disease will reduce the demand for oil meal, which, in turn, will result in decline in prices.



InvestAssure Optima

InvestAssure Optima is a unit-linked policy from Tata AIG Life Insurance Company Limited.

Unique features

Guaranteed additions: The first-year regular premium for the policy is utilized for the provision of 'guaranteed additions' payable either on maturity or on an earlier death of the life assured (as in combination with the policy fund value, if this combination value is greater than the policy sum assured value)*. The details of this addition, expressed as a percentage of the first year regular premium amount, are:

Policy term	Guaranteed addition as a percentage of first year premium
10 years	110%
15 years	130%
20 years	160%
25 years	175%
30 years	200%

Note: The guaranteed addition is not payable on surrender / lapse / termination of the policy.
*refer to Death Benefit in the Policy Benefits section

Premium holiday: On completion of three policy years and payment of the initial three-year regular premium, if the policyholder is unable to pay subsequent premiums, the policy will be deemed to be on a premium holiday for a maximum period of two years (allowed for revival). At the expiry of this two-year tenure, the insurance cover and the premium holiday can further be continued at the request of the policyholder, provided the total fund value is such that the policy surrender value (as discussed later) does not fall below an amount equal to one year's regular premium. On the fund value falling below this limit, the policy will automatically get terminated with the available surrender value paid to the policyholder.

The life assurance cover will continue during the premium holiday period, with the usual policy charges (administration charge, mortality charge, and fund management charge) applicable.

Top-up premium: The payment of top-up premium is allowed anytime during the policy term. The minimum amount of top-up premium is Rs5,000 and the premium payment will be allowed for a maximum of four times in a policy year. The top-up premiums can be allocated in any proportion as per the wish of the policyholder. Further, the policyholder has the option to choose an additional sum assured equal to 1.25 / 2.5 / 3.75 / 5 'policy term' times the 'excess' top-up premium paid, subject to underwriting guidelines and decisions. Here, it will be important to mention that when the top-up premium paid is less than 25% of the regular premium paid at any point of time during the policy term, then there will be no need for the additional sum assured. However, when the top-up premium amount exceeds the 25% limit for the regular premium amount, then this 'excess' top-up premium amount will be used for provision of the additional sum assured as per the multiples mentioned above.

Increase / decrease of sum assured: The policy provides the option to increase or decrease the sum assured during the policy term, subject to the underwriting guidelines and decisions and the limits for the maximum and minimum sum assured under the policy.

Policy benefits

Death benefit: In the unfortunate event of death of the life assured during the policy term, the death benefit payable to the nominee / beneficiary will be higher of the sum assured (less applicable deductions of partial withdrawals) or the regular premium fund value (plus the guaranteed addition). The calculation of the death benefit will also take into consideration the top-up premium fund value and the additional sum assured (from top-up premium), if any. If the life assured is aged less than four years at the time of death, then the above calculation will take into account only a proportion / percentage of the sum assured under the policy. The details for this are:

Life assured age at death	Percentage of sum assured (including top up premium sum assured)
Less than 1 year	20%
Less than 2 years	40%
Less than 3 years	60%
Less than 4 years	80%
4 years and more	100%

Maturity benefit: The fund value (of regular premium and top-up premium, if any) and the guaranteed addition comprises the maturity benefit when the life assured is surviving at the end of the policy term. This benefit can be received either as a lump sum or in structured instalments, spanning a duration of upto five years under the settlement option. Even when the settlement option is selected for payout of the maturity benefits, the guaranteed addition amount will need to be compulsorily withdrawn at maturity.

Eligibility parameters

Age at entry: Minimum – 30 days; maximum – 55 years for a 10-year and 15-year term, 50 years for a 20-year term, 45 years for a 25-year term, 40 years for a 30-year term

Age at maturity: 70 years

Policy term: Minimum – 10 years; maximum – 30 years. The policy term will be in multiples of 5 years within this range and hence policy term options available will be 10 years, 15 years, 20 years, 25 years and 30 years.

Sum assured value: Minimum – 5 times the regular annual premium amount; maximum – policy term multiplied by the regular annual premium amount

Minimum premium amount: Rs15,000 p.a. Premium payment term is same as the policy term

Premium payment frequency: Annual, semi-annual, quarterly and monthly

Investment funds

The policyholder can choose one or more of investment funds from seven fund options, depending on his unique risk and return profile. These funds are called: ♦ WL Mid-cap Equity; ♦ Select Equity; ♦ Large-cap Equity; ♦ WL Aggressive Growth; ♦ WL Stable Growth; ♦ WL Short Term Fixed Income; ♦ WL Income.

The policy provides the investment option of Systematic Transfer Plan (STP), which helps in averaging out the risks associated with equity investments to some extent. This option can be exercised at any policy anniversary and is free of charge, subject to policy conditions. Moreover, the premium re-direction facility is available to enable a change in the premium allocation of future premiums as per the changed financial and investment requirements. There is no charge for this facility and it is not allowed in the first policy year. This facility is also not available if the STP option is exercised. Furthermore, the policy provides the option for switching the investment value from one fund to the other. There are 12 switches free-of-charge in every policy year. This option is not available if the STP option is exercised and is not allowed in the first policy year.

Policy charges

The first year premium is fully utilized for the provision of the 'guaranteed additions' and as such no charges are deducted from this premium. The charges applicable from the second year onwards are:

Premium allocation charge: The details of the charge expressed as a percentage of the premium amount, are:

Policy year	Premium allocation charge as a % of the regular premium		
	For premium amount less than Rs50,000	For premium amount equal to or more than Rs50,000 but less than Rs5,00,000	For premium amount equal to or more than Rs.5,00,000
1st year	NA	NA	NA
2nd year to 3rd year	8%	3%	0%
4th year to 5th year	5%	2%	0%
6th year to 9th year	3%	1%	0%
10th year onwards	0%	0%	0%

Policy administration charge: This is a fixed charge and depends on the premium value. For annual premium amount less than Rs50,000, this charge is Rs65 per month. For annual premium amount equal to or more than Rs50,000, this charge is Rs150 per month. This charge can be increased by a maximum of 5% p.a.

Fund management charge: This charge ranges between 0.65% p.a. to 1.20% p.a. depending on the choice of the investment fund(s).

Mortality charge: This charged is levied for the provision of the life assurance cover under the policy and depends on the age, gender and sum assured.

Switching charge: A subsequent switch after 12 free-of-charge switches is charged at Rs100 per switch in a policy year. This charge can be increased to a maximum of Rs250 per switch, subject to prior approval from the IRDA.

Partial withdrawal

Partial withdrawals are allowed from the regular premium investment fund account(s) any time after five years from the issuance of the policy. Partial withdrawals from the top up premium account(s), if any, are allowed after three years of the top-up premium payment. Also, these withdrawals will need to be made first from the top-up accounts, if any, and then from the regular premium accounts. There are no partial withdrawal charges. The partial withdrawal option can be exercised by the policyholder who has attained 18 years of age. The maximum of four partial withdrawals are allowed in a policy year.

Riders available

The riders available include Payor Benefit Rider, Critical Illness Lump Sum Benefit Rider, Waiver of Premium Rider, Accidental Death Benefit Rider, and Accidental Death & Dismemberment Benefit Rider.

Tax benefits

The premium payable 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.

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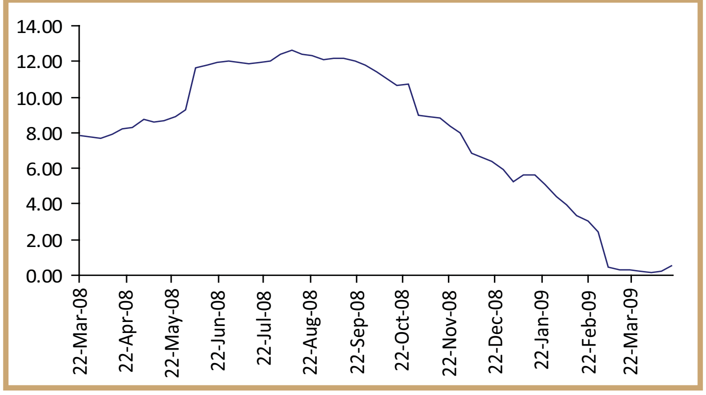
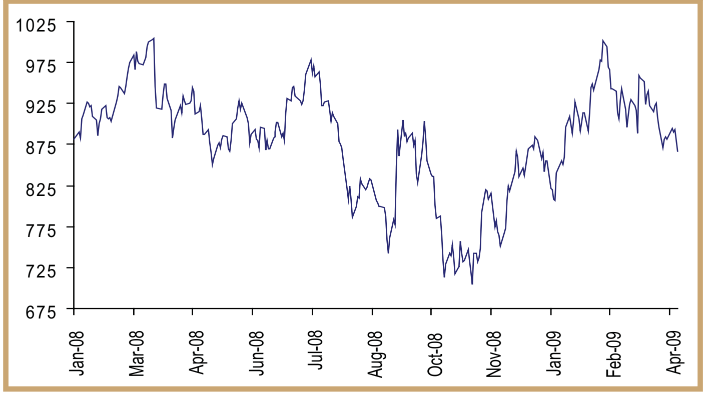
Inflation

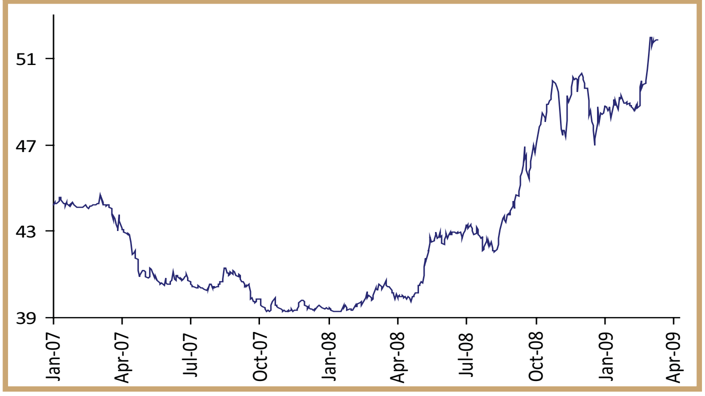


Crude oil

Gold



Rs/US$



Global indices: Weekly performance

	Close (Apr 29)	Close (Apr 24)	Weekly (%)	6M (%)	12M (%)	PE Ratio
ASIA						
Hang Seng	14956.95	15258.85	-1.98	9.44	-40.64	13.73
STI	1849.57	1852.85	-0.18	5.44	-39.90	9.65
S. Korea	1338.42	1354.10	-1.16	23.63	-24.62	19.39
AMERICA						
Dow Jones	8185.73	8076.29	1.36	-12.22	-36.15	16.37
S&P 500	873.64	866.23	0.86	-9.82	-36.95	13.62
NASDAQ	1711.94	1694.29	1.04	-0.52	-29.05	25.03
Brazil Bovespa	47226.79	46771.79	0.97	26.76	-30.41	14.96
EUROPE						
FTSE-100	4189.59	4155.99	0.81	-4.29	-31.18	20.07
DAX 30	4704.56	4674.32	0.65	-5.68	-32.30	19.33
CAC 40	3116.94	3102.85	0.45	-10.61	-37.62	10.21

Domestic indices: Weekly performance

	Close (Apr 29)	Close (Apr 24)	Weekly (%)	6M (%)	12M (%)	PE Ratio
Sensex	11403.25	11329.05	0.65	16.50	-34.04	12.31
Nifty	3473.95	3480.75	-0.20	20.39	-32.75	12.53
BSE 500	4140.42	4161.48	-0.51	15.98	-39.86	11.31
BSE Auto	3498.24	3475.51	0.65	30.26	-25.98	10.00
BSE Bankex	5685.22	5591.70	1.67	13.45	-35.54	10.09
BSE Consumer Durables	1757.58	1812.64	-3.04	-15.22	-61.31	5.52
BSE FMCG	2095.00	2111.51	-0.78	16.40	-14.89	21.63
BSE Healthcare	3067.98	3064.38	0.12	10.41	-28.24	17.91
BSE IT	2663.35	2556.26	4.19	-6.94	-37.51	12.51
BSE Oil & Gas	8132.62	8090.05	0.53	31.26	-29.32	12.91
BSE Metal	6885.81	7164.87	-3.89	28.29	-57.27	4.61
BSE Realty	2130.41	2256.57	-5.59	7.69	-74.95	5.30
BSE PSU	5863.56	5976.68	-1.89	28.45	-27.45	42.24
BSE Power	2112.76	2149.84	-1.72	33.43	-36.72	20.81
BSE Tech	2163.00	2134.91	1.32	0.07	-37.71	13.95

Source: Bloomberg

Head Office:

S. Gopichand, Editor, Karvy Stock Broking Ltd., 529, Road No.10, Banjara Hills, Hyderabad - 500 034. Ph: 040-2339 5894.

For further details on Karvy network visit: www.karvy.com

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