₹5/-

KARVY BAZAAR BAATEIN

A Weekly Investment Newsletter From KARVY

A Research Product of Karvy The Finapolis

13 Dec 2010 to 19 Dec 2010 **Volume 4 : Issue 37**

URL: http://www.karvy.com/market/docs/mktnews.pdf

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NSE

52 Wk H/L : 6312.45/4718.65

Mcap : ₹67,98,386 cr.

BSE

52 Wk H/L : 21004.96/15790.93

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

Editor: **S. Gopichand**

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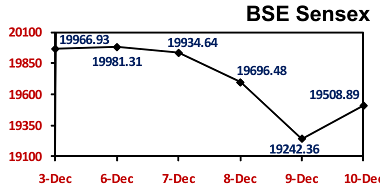
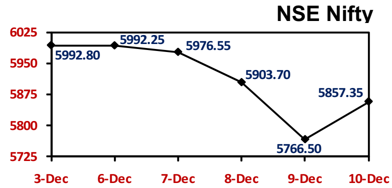


19508.89 ↓ 2.29%



5857.35 ↓ 2.26%

Mid-caps butchered…

Mid-cap and small-cap stocks fell like ninepins all over the place last week when a media agency reported that a few companies in this space were under the regulatory scanner for alleged insider trading and price rigging activity. This news—which came fresh on the heels of SEBI action against four firms recently on allegations of market manipulation—jolted investor confidence and created panic in the markets even as management denied these allegations. Rumors were flying thick and fast and many smaller company stocks plummeted, particularly those which had shot up in recent months. Moreover, the ongoing political stand-off in regard to 2G irregularities added to the uncertainty. Clearly, with scams popping up like the mythological Seven-Headed Hydra, markets have been on a sharp downward spiral.

As if these problems were not enough, stocks in the banking sector also fell sharply last week on concerns that some banks had hiked deposit rates without a corresponding increase in lending rates, which, in turn, could hurt margins. In our view, this concern is unjustified as we expect banks to announce a hike in lending rates shortly. We, therefore, reiterate our positive view on our banking universe; investors should take the opportunity to identify and enter some of these stocks which have fallen sharply in recent weeks. The same applies for many stocks in the mid-cap space with good management and financials. That said, markets recovered on Friday on the back of better-than-expected IIP, bargain buying, and short covering, although it ended the week in the red.

What will be the fallout of these scams given that India was an attractive destination for international investors? We believe that FIIs will continue to chase growth and the India growth continues to be intact. Moreover, foreign investors would have already factored in country-specific risks while investing in emerging markets. That said, a "clean-up" should be viewed positively by all stakeholders from a long-term perspective. FIIs have been net sellers this month, although their net equity investment for 2010 has been staggering.

Last week, banking and realty were the biggest losers, while energy and software stocks were the biggest outperformers. This week, long positions can be assumed in software, energy, cement and capital goods from current levels. Short positions can be assumed in realty, BFSI, infra, telecom and pharma if Nifty fails to sustain 5,900-5,950 levels. The index is expected to trade in a range of 5,700-6,050 levels this week.

KBB weekly recommendations for the week beginning 13th Dec.

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
BHEL	Buy	2287.80	2265-2270	2240	2335-2340	5-6 Days
TCS	Buy	1074.90	1060-1065	1050	1105-1110	5-6 Days
Wipro	Buy	450.95	445-450	438	468-470	5-6 Days
ONGC	Buy	1322.00	1315-1320	1300	1368-1370	5-6 Days
Reliance	Buy	1023.90	1015-1020	1000	1058-1060	3-4 Days

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

KBB weekly performance monitor

Scrip	Action	Entry	SL	Target	Shares(#)	P/L	Return	Remark
HCL Tech	Buy	420-422	415.00	438-440	337	5,386.62	3.79%	TA
Cipla	Buy	368-370	362.00	383-385	385	-2,695.13	-1.90%	SLT
Tata Motors	Buy	Above 1320	1300.00	1348-1350	107	2,573.38	1.81%	TA
Skumars	Buy	85-86	82.00	95-96	1662	-5,815.81	-4.09%	SLT
Dabur	Buy	Above 100	96.00	110-112	-	-	-	NI
Total						**-550.95**		

Balance on inception (01- Jan- 10)	Balance last week (03-Dec-10)	Balance current week (10-Dec-10)	Abs. returns WoW (%)	Abs. returns since Jan 01, 2010(%)
5,00,000	**5,68,288**	**5,67,737**	**(0.10)**	**13.55**

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

Sector update

Banking sector concerns overplayed

We believe the current concern on bank stocks, namely, their unwillingness to increase their lending rate in a scenario of rising deposit rates, to be unjustified as we expect banks to announce a hike in lending rates shortly. We, therefore, reiterate our positive view on our banking universe, with the exception of State Bank of India (SBI), Karur Vysya Bank and City Union Bank.

Currently, banking stocks have been under pressure and have been declining following the scam in housing loans and charges of bribery among a few public sector banks. Bank stocks have taken a further hit after the RBI Governor, Dr. Duvvuri Subbarao, asked banks to hike deposit rates and lower their lending rates to encourage savings and support credit growth and investment needs. The industry-wide deposit growth has remained sluggish at 15.8% Y/Y as on November 2010 compared to credit growth of 22.7% Y/Y for the same period. The sluggishness in deposit growth would create hurdles in further expanding the economy's credit growth. Consequently, some banks have hiked deposit rates in the range of 0.50-1.50% without a corresponding increase in lending rates (with ICICI Bank an exception, having announced a hike in lending rates by 0.5%), which is likely to hurt margins. Some banks that raised deposit rates recently are SBI, Bank of India, ICICI Bank, Punjab National Bank, Syndicate Bank and Allahabad Bank, in the range of 0.5-1.5%.

We see this continuous decline in stock prices as a reaction to a general view formed that banks may not raise lending rates in the near term, which could adversely impact net interest margin. However, we believe that banks would increase their base rates and prime lending rates in the near term, which would negate the effect of rise in cost of deposits and protect margins. We understand that some banks may be already increasing the spread over their PLRs in disbursing new loans. Although NIMs may decline from the peaks achieved in Q2FY11, we expect NIMs to increase from a Y/Y perspective. In our view, the ongoing decline in prices of bank stocks is being overplayed and has created an opportunity to buy them. Our view on the sector remains unchanged and we reiterate our target price and rating on our stocks.

Table 1: A sharp correction

Index/Banks	Closing price as on 7 Dec'10	Closing price as on 3 Dec'10	Change (%)	Price Target	Current Rating	Previous Rating
Sensex	19,935	19,967	(0.2)			
Nifty	5,977	5,993	(0.3)			
Bank Nifty	11,695	12,349	(5.3)			
SBIN	2,865	3,071	(6.7)	2,640	U/P	U/P
PNB*	1,196	1,272	(6.0)	1,450	O/P	M/P
BoB	902	960	(6.1)	1,300	BUY	BUY
Canara Bank	698	729	(4.3)	797	M/P	O/P
Bank of India	441	480	(8.3)	500	M/P	O/P
Union Bank of India*	339	368	(7.6)	428	BUY	O/P
Syndicate Bank	128	137	(6.1)	177	BUY	BUY
Oriental Bank of Commerce	386	428	(10.0)	536	BUY	BUY
Indian Overseas Bank*	143	150	(4.6)	176	O/P	M/P
Andhra bank	150	161	(6.5)	247	BUY	BUY
Dena Bank	125	132	(5.4)	175	BUY	BUY
ICICI Bank*	1,110	1,182	(6.1)	1,190	M/P	U/P
HDFC Bank	2,352	2,392	(1.7)	2,413	M/P	M/P
Axis Bank*	1,325	1,410	(6.0)	1,715	BUY	M/P
Karur Vysya Bank	523	526	(0.6)	452	U/P	U/P
City Union Bank*	50	51	(3.0)	42	U/P	M/P

*we have changed our rating on the stock due to change in prices; U/P = Under Performer; M/P = Market Performer; O/P = Out Performer

Capital infusion in government banks

According to media reports, the government has announced a recapitalization plan amounting to Rs97 bn for nine PSU banks, primarily to augment capital base and to meet balance sheet growth for the medium and long term. This will effectively increase the government's stake in these banks to about 58% post capital infusion (*see Table 1*). Dena Bank will be a major beneficiary from the capital infusion.

Post the capital infusion, these banks would have a Tier-1 ratio of at least 7%. Although there are no specific details on how these banks would be recapitalized, we believe that it should be done through equity capital, which will enable the government to increase their stake in these banks.

EPS and ROE dilutive in short run: In the short run, capital infusion in these banks would compress EPS and ROE. However, on the flip side, these banks would now be in a better position to meet growth aspirations in terms of credit and expand their balance sheets, given that most of these banks are grappling with slippages from restructured loan books and are providing for gratuity and pension liabilities. Capital infusion by the government would also create headroom for these banks to raise further equity without government losing its controlling stake, a boon for these banks in the longer term.

Table 1: Capital infusion details

Banks	Capital Infusion (mn)	Current Govt. Stake (%)	Post Dilution Govt. Stake (%)	Equity Dilution (%)
Andhra Bank	12,100	51.6	58.0	15.3
Bank of Baroda (BoB)	35,000	53.8	58.0	10.1
Dena Bank	5,200	51.2	56.9	13.4
Oriental Bank of Commerce (OBC)	19,000	51.1	58.0	16.5
Punjab National Bank (PNB)	1,900	57.8	58.0	0.5
Union Bank of India (UBI)	11,500	55.4	58.0	6.1

Source: Media Report & Karvy Institutional Research; Calculations based on CMP of 1st Dec'10

Table 2: Equity capital & reserves—A comparision

Particulars (Rs mn) (FY10)	Punjab National	Bank of Baroda	Union Bank of India	Orinetal Bank of Commerce	Andhra Bank	Dena Bank	ICICI Bank (stand)	HDFC Bank	Axis Bank
Equity	3,153	3,655	5,051	2,505	4,850	2,868	11,150	4,577	4,052
Reserves	174,076	147,409	99,187	79,874	39,250	23,149	505,030	210,618	156,393
Networth	177,229	151,064	104,238	82,379	44,100	26,017	516,180	215,196	160,444
Risk Weighted Assets	1,902,330	1,560,914	1,225,980	845,324	540,338	300,478	2,941,810	1,549,830	1,411,698
Branch Network	4,951	3,148	2,910	1,508	1,557	1,223	1,707	1,725	1,027

Source: Company

The impact in terms of equity dilution would largely be felt by Oriental Bank of Commerce (16.5%) and Andhra Bank (15.3%), followed by Dena Bank (13.4%) and Bank of Baroda (10.1%). The least impacted would be Union Bank of India (6.1%) and Punjab National Bank (0.5%). The banks taking the maximum hit on ROE would be Andhra Bank and BoB, followed by Dena Bank, OBC and UBI. While PNB has the least impact in the entire yardstick, as the amount of infusion is negligible, Dena Bank is most benefitted from the capital infusion, as the increase in adjusted book value is the highest for the given reduction in ROE. Overall, our view on these stocks remain unchanged, and, therefore, we reiterate our target price and rating on these stocks.

Conclusion

From *Table 2* it is apparent that although most government banks are large in terms of branch network and have been in existence for a much longer period compared to the new private sectors banks, the net worth of the latter has been growing at a faster pace. Banks like ICICI Bank and HDFC Bank have a higher net worth than all government banks. This is largely attributable to the government's reluctance to infuse capital at regular intervals; the private sector banks, on the contrary, have been regularly raising capital when required to grow their respective balance sheets. This has continuously kept government banks on the back-foot. The current measures taken by the government to recapitalize banks is a positive step, and going forward, it should regularly recapitalize its banks.

- Karvy Equity Research

Company update

Divis Lab (₹606)

Upgrade to Outperformer

Divis Labs (Divis)'s dismal performance in the preceding quarter was on account of higher traction in the lower-margin business. The company reiterated that it would supply products as per customers' requirement and it would not be prudent to compare quarter-on-quarter performance. Divis has also reiterated that it has not faced pricing pressure and margins would recover in the second half. Europe, however, does remain a problem area, and the company is taking measures to address this concern.

Divis has already commercialized three products in the customs syntheses segment (CS); in the last three-and-a-half years, it has commercialized two products. With the company's Special Economic Zone (SEZ) going on-stream on April 12, it would add 25% incremental capacity, which would enable Divis to utilize additional capacity by FY13E. On the neutraceuticals front, the company has roped in key Roche employees to market 10-12 products in the US and EU. Its ability to offer a complete package of quality products, technical support, and customized solutions is enabling the company to get more qualifications and requisite scale-up in business. This business should scale up to Rs700 mn by FY11E from Rs350 mn achieved in FY10E. The company is hopeful of crossing Rs3-4 bn revenues in a span of four years.

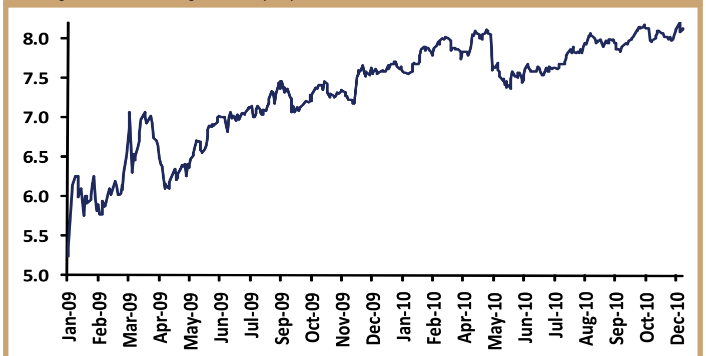
Rsmn	FY2008	FY2009	FY2010	FY2011E	FY2012E
Net Sales	10,328	11,803	9,416	11,382	13,729
EBITDA	4,096	4,812	4,053	4,211	5,277
Net Profit	3,476	4,166	3,403	3,420	4,081
EPS (Rs)	26.9	32.2	26.1	25.8	30.8
EPS Growth (%)	85.7	19.7	-19.0	-1.2	19.3
EBITDA margin (%)	39.7	40.8	43.0	37.0	38.4
PER (x)	22.5	18.8	23.2	23.5	19.7
Price/sales (x)	7.8	6.8	8.5	7.1	5.9
EV/EBITDA (x)	19.8	16.8	19.9	18.9	14.6
ROCE (%)	48.1	41.4	27.6	24.5	26.5
ROE (%)	49.8	39.6	24.7	20.8	21.1

Source: Company and Karvy Institutional Research — Indian GAAP consolidated

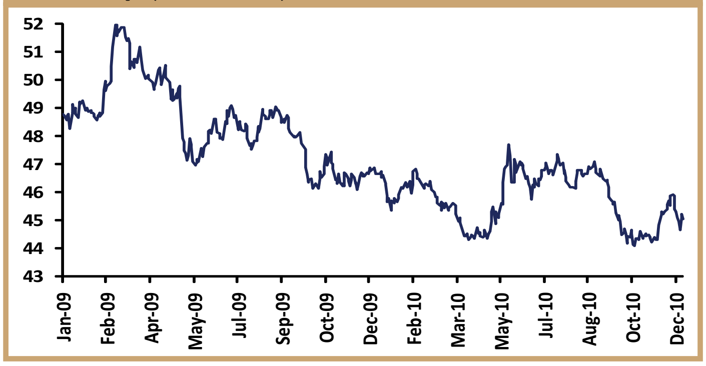
We maintain our EPS for FY11E and FY12E. We, however, downgrade our price multiple from 25x to 23.5x for FY12E and our target price by 6% to Rs725 on account of European concerns. Due to the price correction, we upgrade our recommendation from Marketperformer to Outperformer, with a price target of Rs725 based on 23.5x FY12E.

- Karvy Equity Research

10-year bond yield (%)



Currency (US$/INR)



Market pulse

Nifty Top-5 (Weekly)			
Company	10-Dec-10	03-Dec-10	% Change
ACC	1075.20	981.35	9.56
Wipro	450.95	427.60	5.46
NTPC	192.40	185.15	3.92
BHEL	2287.80	2212.55	3.40
Ambuja Cements	142.00	138.10	2.82

Nifty Bottom-5 (Weekly)			
Company	10-Dec-10	03-Dec-10	% Change
State Bank of India	2732.45	3070.75	-11.02
RComm	126.00	139.35	-9.58
DLF	282.05	306.65	-8.02
HDFC Bank	2222.35	2395.65	-7.23
Reliance Capital	659.00	709.15	-7.07

	FII Invt (Rs.cr)		MF (Rs.cr)	
Date	Purchases	Sales	Purchases	Sales
3-Dec-10	3217.70	2675.50	676.50	565.10
6-Dec-10	2932.40	2855.40	510.30	889.80
7-Dec-10	3008.90	3428.50	722.60	756.20
8-Dec-10	2493.90	3791.70	924.80	775.20
9-Dec-10	3781.40	978.50	-	-
Total	**15434.30**	**17729.60**	**2834.20**	**2986.30**

Make the Sensex irrelevant for successful investing

A. N. Shanbhag
Leading Tax Consultant

Our stock market comprises of two distinct sets of investors. The first set is the foreign institutional investors (FIIs) who, until early 2008, had pumped in over US$60 billion into our stocks. The second set consists of we, the domestic investors. Ironically, we are the ones who have traditionally shown far little conviction and confidence in our own markets than our foreign counterparts. When the foreigners invest their billions, thus driving prices up, we tend to jump on the bandwagon and enjoy the joyride. However, when the foreigners liquidate their holdings, thus driving down stock prices, we stampede out in an effort to beat them to the exit.

At the time of writing this piece, the Sensex is around 20,000 levels. Yes, although as investors we are delirious, it would be wise to nevertheless pause for a bit and try and get a perspective. A brief look in the rear-view mirror will tell us that it was hardly over a year-and-a-half ago, on March 9, 2009, to be precise, that the market fell all the way down to 8,160 levels. And, really, nothing much has changed since then. Even at that juncture, corporate earnings were healthy, GDP growth was good, and inflation was, in fact, lower. Why then is the index up by almost 150%? The answer lies in those three words again—foreign institutional investors.

The year 2009 saw the turmoil in the Western economies touching its peak. The Wall Street giants had fallen by the wayside, and for a while there was fear of a systemic financial collapse. Consequently, foreign investors sold heavily, not because there was something fundamen tally wrong with India but because their respective parent enti-ties were in deep trouble abroad and needed funds. Of the US$60 billion, almost 25% was yanked out of the country. And, as basic economic law of demand-supply dictates, prices fell accordingly as supply exceeded demand.

Now the cycle has reversed. Since the beginning of the year, foreign investors have injected more than US$25 billion (in excess of Rs100,000 crore) into the market, taking the Sensex to its current levels. Spurning the anemic growth that Western markets offer, money is fast finding its way into robust emerging markets like India.

How long the horsepower of this money supply will last is anybody's guess. However, until it does, markets will continue to rise…till, of course, the next imported crisis hits. Meanwhile, it is important not to get overawed by the situation and instead play each ball on its merit.

So here's what we are going to do—nothing. After careful study, we have invested in some stocks and some mutual funds as we are convinced that these remain intrinsically good investments. The index falling isn't going to suddenly reverse the quality of these investments. If anything, we will look forward to picking up some cheap but quality stuff. Conversely, although a flourishing index is welcome, we are not into this for short-term profits.

In other words, we are strong believers in the power of long-term investing. Actually, the term 'long-term investing' is nothing but a euphemism for the combination of the powerful twin forces of compound interest and time. Compound interest by itself means little; and time without compound interest for company is equally meaningless. Therefore, we need to let compound interest do its work in combination with time. Meanwhile, we should continue to participate in the market by means of systematic investing, or SIPs. If the market falls, we get the same security at a cheaper price. If the market rises, we still make profits as we are participating anyways. Either way, it's a win-win situation.

Also, the reason that one can go to bed peacefully and get a good night's sleep without worrying about what the Sensex would be up to the next day is because we have not invested a rupee more in the market than what my risk appetite allows us to. Consequently, even if the stock market were to shut down, our existence or that of our family's will not be threatened, although the event may dent our finances,. This is asset allocation—basically the process of consciously spreading your investments across various asset classes to insulate your entire portfolio from the poor performance of any one single class of securities. The objective is to balance risk through diversification.

All of us would do well to treat the current environment—the market yo-yoing from 20,000 to 8,100 and back to 20,000—as a very important life lesson. Investor memories tend to be notoriously short. Although the temptation to throw the kitchen sink behind equities is strong right now, it is important to maintain a cool head.

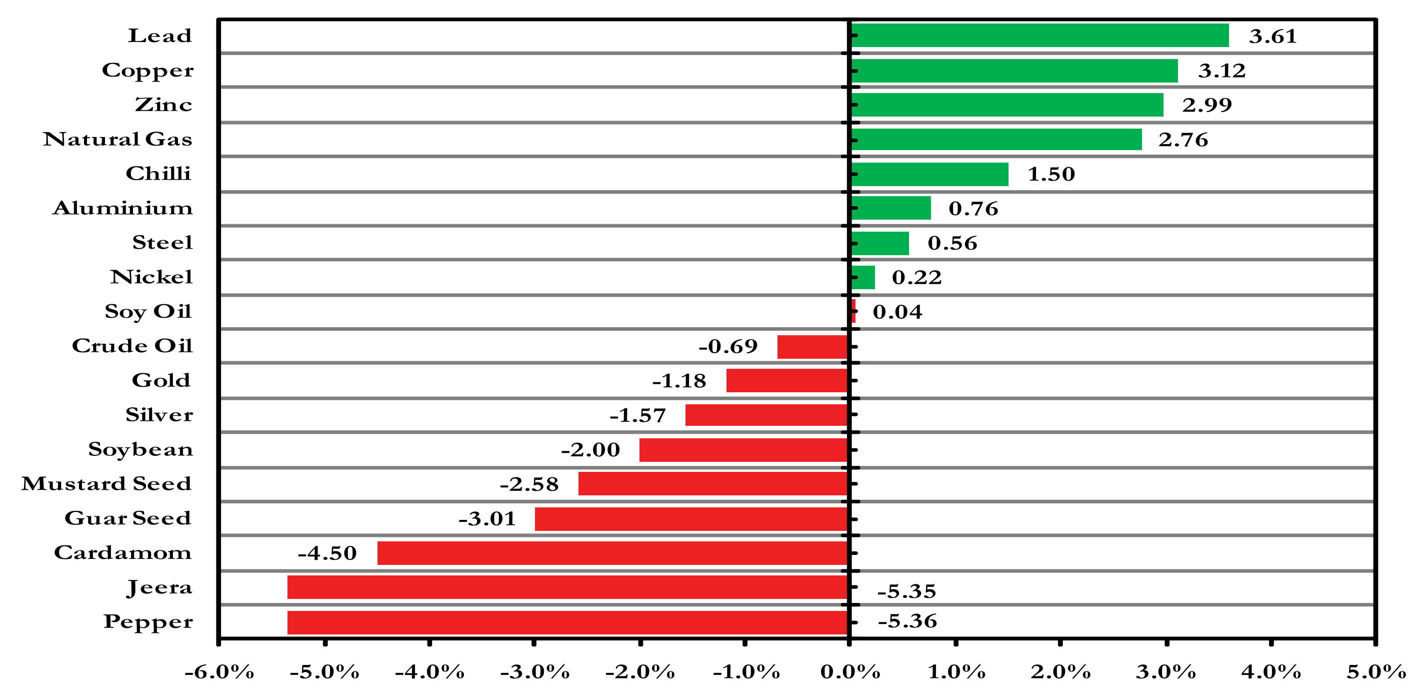
Investing all your money in any one type or class of instrument is always risky, no matter what the instrument. Instead, consciously spread your investments regardless of the external environment. Amid all the noise, do not forget the basics. Keep it simple, keep it real. Keep about 15-20% of your portfolio invested in gold as the yellow metal is an effective hedge during uncertain times. Do not buy physical gold, but instead take exposure through gold exchange traded funds (GETFs). Allocate another 20-25% into relatively safe fixed-income avenues and about 15% in cash. The balance can and should be invested in equity—not in lump sum but in a staggered manner through SIPs.

Don't borrow to invest. Do not ask for "tips" from neighbors, friends or office colleagues on investments that they are quite gung ho about. Even if you were to get a "hot tip," do not act upon it. Instead, keep it in mind and be sure to check after a year or so what actually did happen to that "hot" stock that everyone was so excited about. That is, if it is still being traded. Invest in mutual fund schemes with an established track record of at least five years. Choose plain vanilla diversified funds. Hold fast, hold tight and hold out. And yes, have a sound sleep.

Weekly commodity futures price trends

	12/09/2010	12/03/2010	Change (%)	52-week high	Change from 52-week high (%)	52-week low	Change from 52-week low (%)
Comex Gold (S/oz)	1392.10	1405.40	-0.95	1431.10	-2.73	1045.20	33.19
Comex Silver (S.oz)	28.79	29.24	-1.55	30.69	-6.19	14.65	96.51
Nymex Crude Oil (S/bbl)	88.37	89.19	-0.92	90.76	-2.63	64.24	37.56
Nymex Natural Gas ($/mmbtu)	4.44	4.35	1.98	6.11	-27.39	3.21	38.08
LME Copper 3 Month ($/t)	8950.00	8725.00	2.58	9091.00	-1.55	6037.50	48.24
LME Nickel 3 Month ($/t)	23605.00	23500.00	0.45	27595.00	-14.46	16250.00	45.26
LME Zinc 3 Month ($/t)	2300.00	2219.50	3.63	2736.00	-15.94	1577.00	45.85
LME Lead 3 Month ($/t)	2405.00	2340.00	2.78	2690.00	-10.59	1535.00	56.68
LME Aluminium 3 Month ($/t)	2338.00	2319.00	0.82	2500.00	-6.48	1828.00	27.90
CBOT Soybean (cents/bushel)	1281.50	1300.25	-1.44	1337.75	-4.20	900.00	42.39

Weekly gainers and losers (%)



Source: bloomberg.com

(Compiled by Veeresh Hiremath)

Scheme performance

Equity Diversified

Scheme Name	NAV (Rs)	1 Year	2 Year	3 Year
ICICI Pru Discovery Fund (G)	48.53	22.5	74.3	12.5
Quantum Long-Term Equity (G)	22.97	26.2	61.3	12.2
Birla SL Dividend Yield (G)	85.12	22.6	57.4	11.8
ING Dividend Yield (G)	23.36	23.5	61.8	10.4
HDFC Equity Fund (G)	286.01	25.1	63.8	10.2
HDFC Top 200 Fund (G)	215.70	20.5	54.6	9.5
UTI Dividend Yield Fund (G)	32.58	21.3	50.6	8.9
IDFC Premier Equity - A (G)	32.11	23.7	63.9	8.3
HDFC Mid-Cap Opportunities (G)	15.51	27.4	62.4	7.9
Reliance RSF - Equity (G)	31.23	13.6	55.4	7.1
UTI Equity Fund (G)	55.37	15.3	47.3	6.9
ICICI Pru Dynamic Plan (G)	107.33	19.9	49.2	6.7
Templeton (I) Growth Fund (G)	122.62	17.4	54.1	6.7
Religare Contra Fund (G)	16.29	12.5	56.2	6.4
Fidelity India Growth Fund (G)	12.52	22.1	53.7	6.0
Templeton (I) Equity Income (G)	21.20	21.1	58.4	5.8
UTI Opportunities Fund (G)	27.58	16.6	51.9	5.8
Reliance Equity Oppor - RP (G)	35.92	26.0	64.9	5.6
UTI Master Value Fund (G)	52.52	22.2	66.0	5.6
Fidelity Equity Fund (G)	36.13	22.3	51.8	5.2
DSP-BR Small & Mid Cap -RP (G)	17.56	23.1	67.5	5.0
Tata Dividend Yield Fund (G)	33.00	25.1	58.4	4.9
Fidelity International Opp. -G	13.93	20.0	48.9	4.9
BNP Paribas Dividend Yield (G)	17.82	17.4	48.6	4.9
Baroda Pioneer Growth (G)	53.90	9.1	45.2	4.9

Equity FMCG

Scheme Name	NAV (Rs)	1 Year	2 Year	3 Year
SBI Magnum FMCG Fund	28.01	33.5	55.0	19.3
Franklin FMCG Fund (G)	65.70	29.2	48.4	17.1
ICICI Pru FMCG Fund (G)	63.04	21.6	44.6	8.1

Equity Tech

Scheme Name	NAV (Rs)	1 Year	2 Year	3 Year
ICICI Pru Tech. Fund (G)	18.82	42.1	73.4	7.2
Franklin Infotech Fund (G)	66.41	28.8	62.3	13.8
SBI Magnum IT Fund	22.87	18.0	61.7	-1.1
Birla SL New Millennium (G)	20.55	13.3	41.4	-3.1
DSP-BR Technology.Com -RP (G)	32.42	9.9	48.8	-1.6

Balanced

Scheme Name	NAV (Rs)	1 Year	2 Year	3 Year
HDFC Childrens Gift (Inv)	41.07	26.2	47.7	9.4
HDFC Balanced Fund (G)	54.94	25.3	48.4	11.8
HDFC Prudence Fund (G)	211.78	23.1	53.4	10.4
ICICI Pru CCP - Gift Plan	58.16	21.2	51.4	-1.9
Reliance RSF - Balanced (G)	22.72	18.9	48.0	11.5
ICICI Pru Balanced Fund (G)	45.76	16.3	33.6	0.1
Birla Sun Life 95 Fund (G)	309.48	16.1	43.9	8.3
Can Robeco Balance (G)	60.50	15.4	38.5	4.7
Baroda Pioneer Balance (G)	29.54	14.1	28.2	-4.7
ICICI Pru E & D- Wealth RO (G)	13.76	13.6	30.8	3.0

ELSS

Scheme Name	NAV (Rs)	1 Year	2 Year	3 Year
Can Robeco Eqty TaxSaver (G)	26.19	21.1	55.4	8.0
ICICI Pru Tax Plan (G)	142.46	20.2	62.5	6.2
Fidelity Tax Advantage (G)	22.37	24.3	53.4	6.0
HDFC Tax Saver (G)	239.52	23.0	59.2	5.9
Religare Tax Plan (G)	17.77	20.9	52.9	5.8
HDFC Long Term Advantage (G)	143.11	25.7	55.5	5.0
Sahara Taxgain (G)	37.61	16.1	50.0	5.0
Tata Tax Advantage Fund-1(G)	16.68	19.4	46.6	3.8
Franklin India Tax Shield (G)	210.41	20.0	46.6	2.9
Taurus Tax Shield (G)	36.58	15.8	52.7	2.7

Equity Pharma

Scheme Name	NAV (Rs)	1 Year	2 Year	3 Year
Franklin Pharma Fund (G)	63.16	33.7	73.0	31.3
UTI Pharma & Health (G)	40.26	33.6	50.0	21.5
Reliance Pharma Fund (G)	54.55	28.0	72.4	25.8
SBI Magnum Pharma Fund (G)	44.88	26.2	57.8	10.2

Equity Banking

Scheme Name	NAV (Rs)	1 Year	2 Year	3 Year
Reliance Banking Fund (G)	105.61	36.4	66.4	17.7
Sahara Bkg & Fin. Services (G)	30.78	28.7	71.4	--
Religare Banking Fund -RP (G)	20.44	28.2	56.7	--
UTI Banking Sector (G)	43.29	28.0	57.9	8.0
Sundaram Fin-Serv. Opp.-RP (G)	20.23	25.8	52.3	--
ICICI Pru Bkg & Fin Serv-RP(G)	18.41	23.2	54.7	--

Equity Miscellaneous

Scheme Name	NAV (Rs)	1 Year	2 Year	3 Year
UTI Transport & Logistics (G)	28.24	26.6	71.9	14.4
Birla Sun Life Buy India (G)	42.76	17.7	53.9	6.6
Tata Life Sc & Tech Fund (G)	69.08	12.0	60.6	8.6
JM Financial Services Fund (G)	10.16	11.3	16.8	-18.5
Reliance Media & Entertain (G)	28.92	11.2	42.2	-9.1
Religare PSU Equity Fund (G)	11.18	10.4	--	--
UTI Services Industries (G)	59.42	10.2	42.7	-5.6
Birla SL Basic Industries (G)	104.28	10.0	48.2	-3.8
Reliance Diver. Power - RP (G)	78.35	2.3	41.5	0.1
UTI Energy Fund (G)	11.18	1.7	34.2	-8.6

MIP

Scheme Name	NAV (Rs)	1 Year	2 Year	3 Year
HDFC MIP - LTP (G)	22.63	9.6	21.7	9.9
SBI Magnum MIP - Floater (G)	13.13	9.0	8.7	4.5
Reliance MIP (G)	21.42	7.9	18.7	13.3
Baroda Pioneer MIP Fund (G)	13.07	7.2	3.5	3.1
ICICI Prudential MIP 25 (G)	19.18	7.1	16.7	5.7
Birla SL Monthly Income (G)	35.91	7.0	14.8	7.7
LIC MF Floater MIP-Plan A (G)	17.99	7.0	12.1	6.3
Birla Sun Life MIP (G)	26.08	6.8	13.5	6.2
ICICI Pru MIP (G)	25.24	6.1	11.7	6.2
Birla SL MIP II-Wealth 25 (G)	17.58	6.0	16.4	4.9

Source: moneycontrol.com; *Note:* All returns are annualized and expressed in percentage; all NAVs as of December 09, 2010. *(Compiled by Karvy Personal Finance Desk)*

Recommendations

Tata Steel
CMP: 619

Tata Steel had displayed strength and was down by only 0.09% during last week's market debacle. Over the last two months, the stock has been constantly trading in a narrow range of 580-650 levels with active participation, making it a good buy candidate. Historically, the stock has managed to hold its 100-day EMA and witnessed a decent pull-back during Friday's session. However, it failed to surpass its short-term moving averages, which is the only cause of concern, and any breakout above those levels could further drive the stock above 650 levels. The stock saw a spurt in prices from the lower 'Bollinger Band,' indicating a further rise in prices. It has strong support in the form of 200-day EMA at around 575 levels, which has to be sustained in the near term. The 14-day RSI has rebounded towards its signal line and a crossover will provide further momentum. Investors are advised to assume long positions above 620 levels and average the same, if available, at 600 levels for higher targets of 650-660 targets. All long positions in the stock should be protected with a stop loss placed below 575 levels on a closing basis.

Allahabad Bank
CMP: 207.95

Allahabad Bank was in decline mode since last month after touching its 52-week high levels of 271. The stock had retraced about 38.20% from its previous rally since the March 2009 lows. However, it stock managed to hold its 200-day EMA, currently at about 200 levels, and witnessed a pull-back on Friday. On the daily charts, the stock saw a rally from lower levels, backed by improved volumes, which could boost fresh positive sentiment in the coming sessions. Apparently, the 14-day RSI has slipped into oversold territory, and, therefore, some sharp moves are also expected. The stock has immediate resistance at its 100-day EMA of 225 levels. Investors are advised to assume speculative long positions in the range of 205-207 levels for an upside target of 223 and 225 levels in the short term. All long positions in the stock should be protected with a stop loss below 195 levels on a closing basis.

Hexaware
CMP: 97.35

Hexaware recovered significantly in the recent past and gained more than 10%, backed by strong volumes. The stock witnessed a strong pull-back from its 100-day EMA to register a fresh 52-week high on Thursday. It is on the verge of giving a long-term breakout above 100 levels on a weekly closing basis. The spurt in volumes and its outperformance during the previous week displays immense strength which has guided the stock to 110 levels. The stock climbed above all its moving averages, which is a positive take away. The 14-day RSI has also given a fresh buy signal, which will infuse further buying participation for momentum. Investors are advised to assume long positions in the stock in the range of 96-98 levels for a short-term target of 110 and 115 levels. All long positions in the stock should be protected with a stop loss below 90 levels on a closing basis.

- A. Kalyan C. Reddy

RNI Regn. No.APENG/2007/20423 Registered: L II/RNP/H-HD-1089/2008-10

Market Data

Domestic indices: Weekly performance

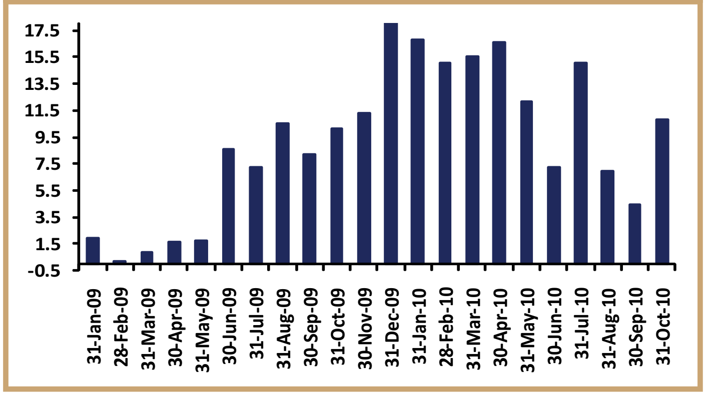
	Close (Dec 10)	Close (Dec 03)	Weekly (%)	6M (%)	12M (%)	P/E Ratio
Sensex	19508.89	19966.93	-2.29	15.29	13.49	17.99
Nifty	5857.35	5992.80	-2.26	15.33	14.07	18.42
BSE 500	7605.17	7873.36	-3.41	11.96	12.73	17.32
BSE Auto	9921.76	10291.94	-3.60	24.95	38.17	12.79
BSE Bankex	13002.87	14066.12	-7.56	22.24	27.09	18.56
BSE Capital Goods	15053.93	15426.60	-2.42	9.15	9.17	27.36
BSE Consumer Durables	5947.71	6386.13	-6.87	34.11	67.95	20.46
BSE FMCG	3560.49	3597.07	-1.02	18.18	24.07	32.89
BSE Healthcare	6498.87	6706.35	-3.09	15.63	30.93	12.68
BSE IT	6261.63	6230.78	0.50	21.41	27.80	24.99
BSE Oil & Gas	10426.23	10324.81	0.98	4.21	0.02	13.62
BSE Metal	15991.28	16190.43	-1.23	11.05	-2.38	10.92
BSE Realty	2742.05	2951.25	-7.09	-8.09	-30.76	22.60
BSE PSU	9222.70	9589.28	-3.82	1.93	-1.24	15.45
BSE Power	2875.17	2916.74	-1.43	-4.53	-5.26	23.68
BSE Teck	3736.10	3771.76	-0.95	16.99	17.57	25.95

Global indices: Weekly performance

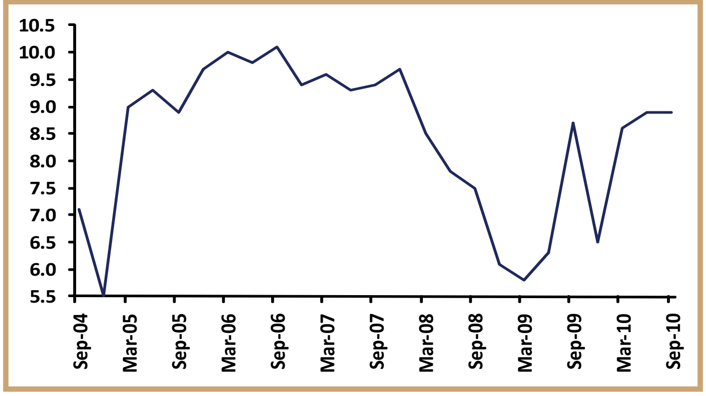
	Close (Dec 10)	Close (Dec 03)	Weekly (%)	6M (%)	12M (%)	P/E Ratio
GLOBAL INDICES						
MSCI World Index	1251.22	1247.15	0.33	16.36	8.42	15.61
MSCI Asia Pacific Ex Japan	466.38	465.82	0.12	24.50	14.94	15.84
ASIA						
Hang Seng	23162.91	23320.52	-0.68	17.98	6.74	14.33
Singapore Straits Times (STI)	3185.42	3172.44	0.41	14.60	14.51	12.58
S. Korea	1986.14	1957.26	1.48	20.25	20.17	14.07
Nikkei 225	10211.95	10178.32	0.33	7.01	3.54	19.86
AMERICA						
Dow Jones	11390.49	11382.09	0.07	11.97	9.46	13.83
S&P 500	1236.93	1224.71	1.00	13.81	12.21	15.47
NASDAQ	2624.22	2591.46	1.26	18.28	19.78	34.23
Brazil Bovespa	68211.60	69766.09	-2.23	8.19	-0.75	13.72
EUROPE						
FTSE-100	5813.86	5745.32	1.19	13.28	10.86	17.41
DAX 30	7009.68	6947.72	0.89	15.74	22.78	14.72
CAC 40	3861.68	3750.55	2.96	9.81	1.67	13.04

Note: The closing for the US and Europe is as of 8.30 pm IST

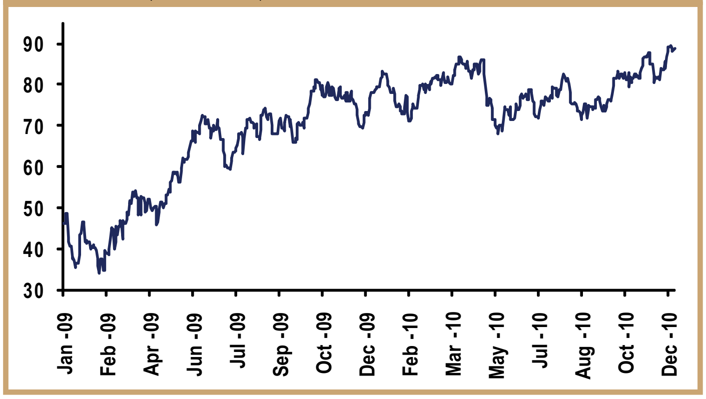
Index of Industrial Production (%)



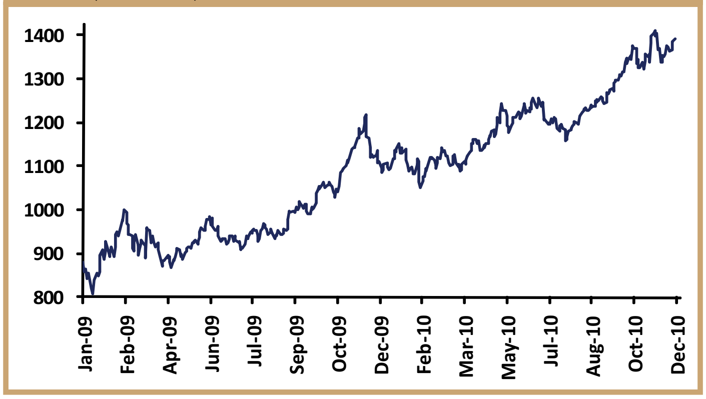
GDP (%)



Crude oil (US$/bbl)



Gold (US$/oz)



Source: Bloomberg

(Compiled by Karvy Personal Finance Desk)

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