

KARVY BAZAAR BAATEIN

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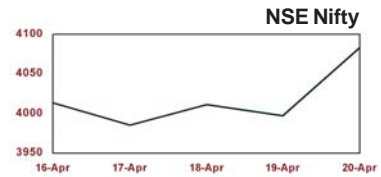
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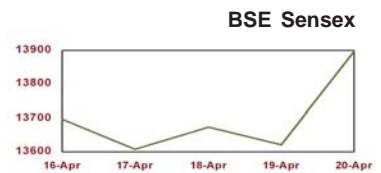
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Nifty			NSE	
	Open	Close	Adv/Dec	Turnover (Rs. cr.)
16-04-07	3920.50	4013.35	795/250	8951
17-04-07	4014.40	3984.95	377/674	9612
18-04-07	3989.60	4011.60	549/501	8600
19-04-07	3998.50	3997.65	429/621	8194
20-04-07	4000.25	4083.55	690/368	8857

Sensex			BSE	
	Open	Close	Adv/Dec	Turnover (Rs. cr.)
16-04-07	13479.49	13695.58	1773/775	4145
17-04-07	13733.18	13607.04	1062/1503	4565
18-04-07	13602.90	13672.19	1290/1257	3978
19-04-07	13538.71	13619.70	1121/1390	4171
20-04-07	13684.95	13897.41	1508/1072	4321



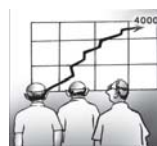
4083.55
↑ 4.24%



13897.41
↑ 3.84%

Dalal street

Results - So far so good



Indices continued to witness intense activity with global markets trading near their prior highs and the fourth quarterly numbers failing to show any signs of a slowdown. Barring

Thursday, where Asian markets were battered with fears of further monetary control on the Chinese economy, sentiments otherwise remained upbeat. The Chinese Q1 real GDP grew at an exponential 11.10% y-o-y, higher than the 10.70% in 2006.

Among the frontliners TCS, Wipro and Satyam announced their results. Though Wipro beat market estimates; the results of TCS were slightly below estimates. However, with the rupee touching a 9-year high of Rs.41.74/\$, the BSE-IT index closed marginally lower last week. The BSE-Oil & Gas index gained a whopping 7.41% with behemoth Reliance Industries closing at Rs.1541. The BSE-Metal and BSE-Bankex were also up over 4%. With the derivatives expiry expected this week, indices could remain volatile.

Sector focus

Oil & Gas



The BSE-Oil and gas index zoomed over 7% last week with crude stabilising above 60\$/bbl. Prices of oil marketing companies - IOC, HPCL and BPCL were seen firming up last week after the Planning Commission suggested the withdrawal of subsidized LPG cylinders to taxpayers. This could entail OMCs to charge Rs.475-500 as against Rs.300 currently. This would be closer to what private players charge currently. Domestic LPG and diesel are the two products subsidized by oil marketing companies, which leads to significant under recoveries. Moreover, the appreciating rupee also favours the oil companies as almost 78% of the country's crude oil needs are imported. With the rupee at a 9-year high, refiners can buy more crude oil for the same amount of money. Majority of the BSE-Oil & Gas index's gain was on account of Reliance Industries, which gained over 9% after it announced a gas discovery in Saurashtra.

KBB weekly recommendations for week beginning 23 Apr

Scrip	Action	CMP	Entry	Stop Loss	Target	Time Frame
IDEA	Buy	114.30	112-114	109.80	122-124	5-6 Days
Rolta	Buy	370.90	368-372	361.10	400-405	7-8 Days
RCom	Buy	456.80	450-455	445.20	472-475	3-4 Days
IDBI	Buy	85.45	83-85	81.50	92-93	8-10 Days

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

NSE	
52 Wk H/L	: 4245.30/2595.65
Mcap	: Rs.36,12,611 Cr.
BSE	
52 Wk H/L	: 14723.88/8799.01

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Karvy research

Infosys Technologies Ltd. (Rs.2,115)



Infosys Technologies Ltd. (Infosys); India's second largest software exporter reported consolidated quarterly profits of Rs.11.44 bn a Y-o-Y growth of 70%. Going ahead, we see the company reporting strong results.

Mining clients and projects - which can fetch higher billing rates: Infosys is in the midst of structural shift in its business model, whereby, apart from entering into multi-year long-term contracts with its customers and deploying bulk of its resources with it, Infosys is trying out shorter duration larger projects by entering at higher price points, as it could give better yields and superior per employee productivity to manage the wage inflation and other input costs.

Offshore given importance: With offshore going mainstream, more clients

are willing to ship projects offshore, leading to a significant improvement in utilisation rates across tier-1 companies. This has led to many instances in the recent past where the tier-1 and tier-2 vendors walked away from bidding and are refusing price negotiations in some cases. Particularly in the telecom, healthcare and retails vertical, we expect the billing rates to inch up by 1-2 % over the next 4 quarters. Billing rates are been stable and new wins are coming in at a higher rate of 3-4%.

Volume traction & vertical business model: Strong volume traction is likely to give a boost to the sales, which in turn would reduce the sales and marketing expenses as a percentage of revenues, which witnessed a sharp increase in the previous year. Besides, to step up the current tempo and to counter the market challenges of rupee appreciation and greater client expectations, the company is adopting the vertical business model. We rate the stock as BUY with a target price of Rs.2,750.

Infosys Technologies	Y/E March	(Rs Mn)	FY05	FY06	FY07E	FY08E	FY09E
Reuters/ Bloomberg Code	INFY.BO/ INFO IN	Revenues	71,296	95,216	138,930	183,540	233,200
Market Cap (Rs bn)	1,210	Op Profit	23,350	30,907	43,910	57,448	71,592
Market Cap (US\$ bn)	27.7	Net Profit	18,464	24,801	38,610	50,827	62,742
Shares Outstanding (mn)	572	EPS (Rs)	32.3	43.4	67.5	88.9	109.7
52-week High/Low(Rs)	2401/1225	EPS Growth(%)	48.5	34.3	55.7	31.6	23.4
		Operating Margin(%)	32.8	32.5	31.6	31.3	30.7
Major Shareholders(%)		PER (x)	65.5	48.8	31.3	23.8	19.3
Indian Promoters	16.9	EV/EBITDA (x)	51.2	37.7	26.2	19.8	15.6
FII's/NRI's/OCBs	37.1	Price/Sales (x)	17.0	12.7	8.7	6.6	5.2
ADR Holders	19.3	RoCE (%)	51.2	45.5	46.4	42.5	39.5
Banks & Mut Funds	6.4	RoE (%)	44.6	40.3	42.3	38.0	34.7
Public	20.2						

Source: Company and Karvy Estimates

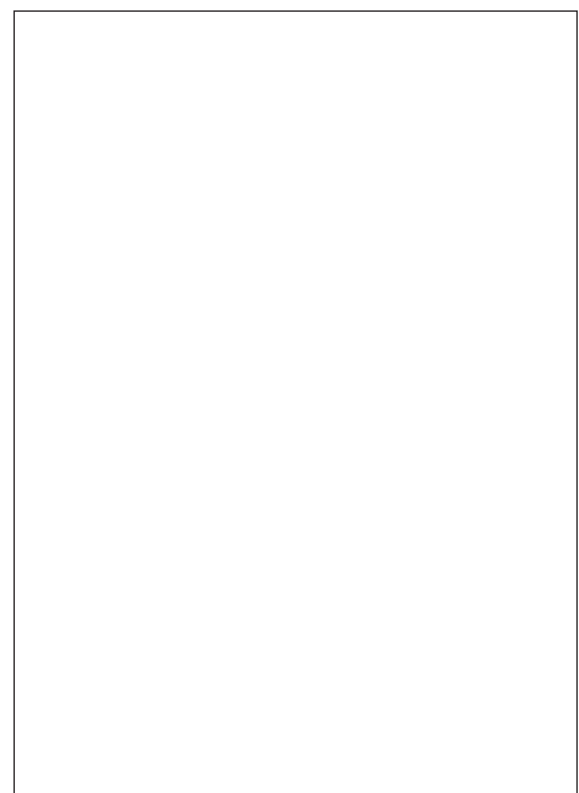
Mid-cap ideas

Sical Logistics Ltd. (Rs.198)

Sical Logistics (Sical) is an integrated multi-modal logistic provider for liquid, bulk and containerized cargo. The entry into the deep water offshore logistics along with recent initiatives to become a focused player in logistics business by

divesting non core activities and demerging should result in re-rating of the company. The company is also poised for a strong long-term growth with new joint ventures being set up in logistics and related activities, including iron ore terminal at Ennore, container terminal at Chennai and train terminal at Nagpur.

Restructuring will improve



profitability and return ratios: Sical plans to become a pure play integrated logistics player by hiving off and demerging the non logistics business. By divesting unrelated low operating margin (around 9%) and reinvestment of sale proceedings in high margin (15%) logistics activities, we expect the stock will trade at higher multiple of about 15x going ahead as compared to average P/E of about 13.8x in last two years.

Scale up in offshore business to improve margins: Sical has expertise in managing offshore vessels and the acquisition of Singapore based Berger Offshore logistics (BOL) offers strong growth opportunities in growing deep water offshore drilling. We expect BOL to generate revenue of Rs.358 mn in FY08 and Rs.777 mn in FY09 with a profit before tax of Rs.114 mn and Rs.271 mn respectively. The increasing share of high margin (~75%) offshore revenue is expected to improve consolidated margins going ahead.

New initiatives to strengthen position in port and container logistics: The company has entered into joint ventures to set up iron ore terminal at Ennore, rail and road based container terminal at Nagpur and new container terminal at Chennai, which we believe, is a logical extension of current logistics business. These projects are expected to contribute positively from FY09. We have valued the company at 14x FY08E, on an EPS of Rs.18. We rate the stock as BUY with target price of Rs.252.

Market pulse

Bulk deals

Company	Wt. Avg. price (Rs.)	Traded qty	Acquirer/Seller
Buy			
BSEL Infra	500000	72.00	Merrill Lynch
Orbit Corp	253343	170.14	SMC Global
UTV Software	150000	327.00	Reliance Capital
Yes Bank	5000000	152.50	Merrill Lynch
Dish TV	2482968	113.61	Enam Securities
Dish TV	4095000	115.27	India Capital Fund
Prajay Engineers	122000	242.93	Deutsche Securities
Federal Bank	1874683	240.00	HSBC Financial Ser

Sell

BSEL Infra	449228	71.98	Lotus Global
Yes Bank	5040000	152.51	Citi Corp
ICRA	448868	958.32	HDFC MF
Kopran Ltd	159118	24.23	HDFC MF
Teledata Info	1000000	76.25	Merrill Lynch
Visu International	850000	13.05	Lotus Global
Arvind Mills	1099955	45.41	Pru Asset Mgmt

Top Gainers (Weekly)

Company	19-Apr	13-Apr	%Change
Dabur India	100.15	93.20	7.46
Suzlon	1180.20	1103.35	6.97
IPCL	296.50	279.95	5.91
Reliance	1492.35	1411.95	5.69
SBI	1053.25	997.95	5.54
Sun Pharma	1157.80	1098.15	5.43
ACC	788.75	748.30	5.41
PNB	480.85	456.90	5.24
HPCL	257.60	245.35	4.99
Bharti Tele	818.40	781.55	4.71

Top Losers (Weekly)

Company	19-Apr	13-Apr	%Change
Siemens	1051.50	1146.55	-8.29
Satyam	447.80	481.40	-6.98
Infosys	2039.90	2086.90	-2.25
Tata Motors	713.10	726.30	-1.82
Nation Alum	235.95	239.70	-1.56
TCS	1242.90	1262.00	-1.51
M&M	733.90	745.10	-1.50
Tata Steel	505.80	511.20	-1.06
Dr. Reddy	709.70	712.45	-0.39
Tata Power	533.35	533.85	-0.09

FII Invt (Rs.cr)

Date	FII Invt (Rs.cr)		MF (Rs.cr)	
	Purchases	Sales	Purchases	Sales
13-Apr-07	1714.50	1659.30	753.10	490.90
16-Apr-07	2863.60	2388.00	703.70	498.80
17-Apr-07	2674.80	1886.50	530.10	781.20
18-Apr-07	2597.30	1948.80	652.20	633.30
19-Apr-07	2329.40	1689.30	457.60	483.30
Total	12179.60	9571.90	3096.70	2887.50

Corporate Actions

Company	Date	Purpose
Cipla Ltd	26-04-07	Audited Results
Reliance Ind	26-04-07	Audited Results
Hindustan Zinc	26-04-07	Audited Results
Corporation Bank	28-04-07	Audited Results
ICICI Bank	28-04-07	Audited Results
Andhra Bank	30-04-07	Audited Result

Technical picks

Unitech

(CMP: 393.00)

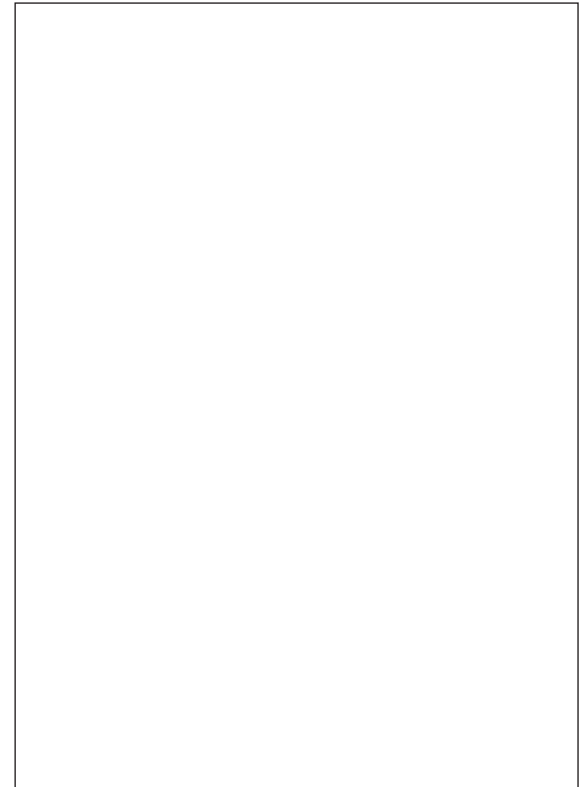
The stock has remained an underperformer in the recent rally in the broader index. However, it staged a bounce back last week on the back of significant rise in the volumes traded, indicating fresh upsides might be witnessed in the stock. It surged up 11.27% on a weekly basis. The stock has taken a firm support at 335 levels. It is exhibiting a formation of 'double bottom', a bullish pattern with a neckline placed at 450 levels. A sustained move above the neckline might induce fresh buying interest in the stock which will guide it to test 500-505 levels in a medium-term scenario. Immediate support for the stock is placed at 360 levels. A slide below that level will force it to test the strong support levels of 335. Investors are advised to assume long positions in the stock at the current levels for an immediate target of 450 levels. All long positions in the stock should be protected with a stop loss below 360 levels on a closing basis.

An update on

Reliance Communication

(CMP: 456.80)

As expected, the stock staged a bounce back last week. The stock consolidated in a narrow range of 430-440 for most part of the week. However, it witnessed an upside breakout of the range last Friday on the back of good volumes indicating



the strength might prevail. The 8-day EMA line pierced the 50-day EMA line from below, thereby generating a buy signal on the stock. The momentum indicators are also indicating the stock might continue to witness fresh upsides in coming sessions. Immediate strong support for the stock is placed at 440 levels. It has the potential to test higher levels of 495-500 in near-term. Hence, investors are advised to stay invested in the stock for an immediate target of 495-500 levels..

Technical portfolio

Balance on Inception (01-Jan-07)	10,00,000
Balance last week (13-Apr-07)	10,16,722
Balance current week (20-Apr-07)	10,44,593.9
Abs. Return WoW (%)	2.74%
Abs. Return since Inception (%)	4.46%

KBB weekly recommendations monitor

Scrip	Action	Entry	SL	Target	Shares(#)	P/L	Return	Remark
Satyam	Buy	475-480	468.10	500-505	1160	-10,904.37	-1.97%	SLT
Tata Steel	Buy	505-510	494.50	540-542	-	-	-	NI
Welspun Gujarat	Buy	122-124	118.80	132-134	-	-	-	NI
Aptech Training	Buy	260-265	252.80	288-290	-	-	-	NI
Total						-10,904.37		

Balance on inception (01- Jan- 07)	Balance last week (13-Apr- 07)	Balance current week (20-Apr-07)	Abs. returns WoW (%)	Abs. returns since Jan 1, 2007(%)
5,00,000	553,919	543,015	-1.97	8.60

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

Commodities

Precious metals review

Gold: Bullion prices remained relatively rangebound last week even though the bias was on the downside. The main reason was the decline in the core Consumer Price Index, which reduced bullion's attractiveness as an inflation hedge. Although the CPI itself inched up, that was more or less expected due to the very high crude prices that prevailed in previous month. This will also give the US Fed some leeway when considering an interest rate cut, which now seems to be necessary given that the recent Industrial Production data shows that growth declined in the month of March. We expect that the Fed will be looking towards a rate cut in the early part of the second half of 2007. There was an increase in the housing starts and the building permits data that is expected

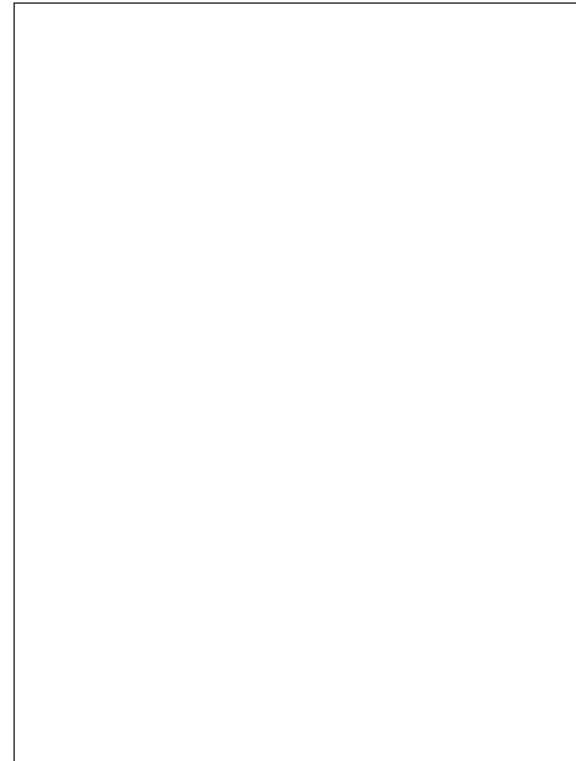


to be a good news for the base metals segment especially for copper, given that the US housing sector is one of the largest consumers of copper. The base metals segment will also be boosted by the recent report that the Chinese Industrial growth has increased by 2%.

Technical outlook: The most active June contract prices traded extremely sideways last week and made a high of 9596 levels. Market failed to breach the psychological resistance at 9600 levels; hence, a good amount of correction was seen till 9435 on Thursday. Market has bounced back again as it failed to break the trend line support in the daily as well as weekly chart at 9400 levels. Though, the chart formation shows weakness in the market, prices may remain firm if market does not cross the weeks low at 9435 levels. The momentum indicators like daily-14-day RSI and MACD are rangebound and are likely to move towards oversold phase. We recommend buying above 9400 levels for an initial target of 9550-9600 and on the breach of this level till 9650 with a stop loss below 9360 levels.

Energy review

As far as energy products are concerned, crude is expected to stay in the same range, given that there will be an increase in gasoline inventories now that refinery utilization rates have increased from 80% to 93%. A boost in gasoline



inventories will help check the crude prices, especially since the main demand of the season is for gasoline, ahead of the crucial US driving season.

Base metals review

Copper: Copper prices were tumbling with heavy volatility of 4.9% from week's high at 342.70 to 326.30 levels last week. However, prices are still bullish in near-term. We may see slight correction with an immediate support of 326 levels. On the break of 326 levels, prices may test 320 levels. Market is expected to take

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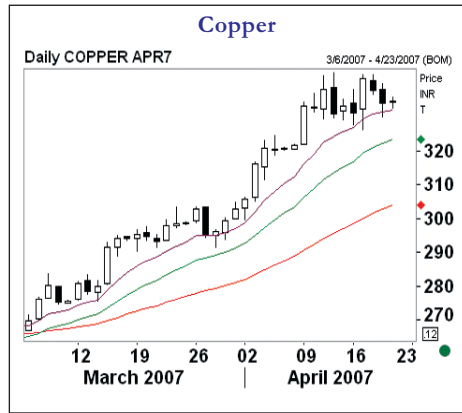
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support at around 320 levels. The resistances are seen at 345 levels and on the break of that, it may test 350-353 levels. We recommend buying on every correction.

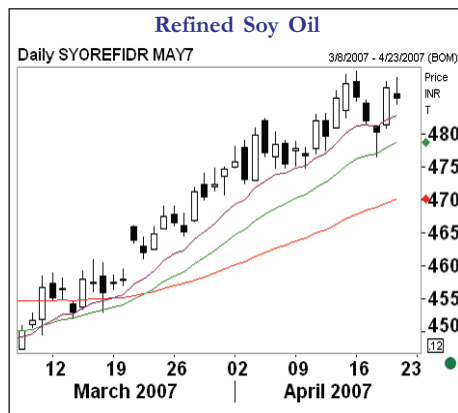


Agri market review

Chana: Chana prices fell marginally from Rs.2500 (May contract) towards Rs.2400 due to profit booking at higher levels. Lower spot prices in Delhi and Rajasthan supported profit booking and fresh selling at higher levels. Arrivals have increased to 90-100 trucks from recent average of 20-30 trucks. Prices in Delhi market fell to Rs.2250 from recent high of Rs.2500 per quintal. Meanwhile, prices are strong in other markets like Indore and Akola at 2350-2400 levels. Government has decided to import 1.5 million tonnes of chana, urad, tur, yellow peas and masur. However, this decision had no major impact on prices. Prices are expected to trade rangebound with positive bias for the next few days and expected to touch 2600-2700 levels (June contract).

Refined soy oil: Refined soy oil futures have been rallying in line with our expectations due to strong fundamentals like firming up of crude palm oil (CPO) futures after a moderate correction. Release of bullish export data by cargo surveyor also supported the prices. During April 1st to 15th period, Malaysia had exported 6,66,793 tonnes of palm oil, up by 47% from 4,54,791 tonnes exported in the same period a month ago. Most active July CPO futures have crossed MYR 2200 mark and touch a recent high of MYR 2231 per tonne following the resumption of scattered showers across western Indonesia that caused supply disruption.

Sugar: Sugar prices remained weak side as per our expectation on the back of sluggish



demand amidst higher supply in the market. Sugar output is estimated to be high at around 26 million tonnes in the current season to September compared to 22 million tonnes last year. Sugarcane production is also revised to be around 315.5 million tonnes up by 12%. However, government had taken certain measures to control price fall but it was not implemented as discussed earlier due to crucial election in Uttar Pradesh. On April 13th, Election Commission had approved the government's 8.5 billion rupee subsidy package for sugar mills. Government is also likely to notify export sops for sugar mills in few days. These decisions had supported sugar prices to some extent, but overall sentiments remain bearish for near-term as there is immense selling pressure from mills as they have to dispose off their quota for current month. Government had allocated 12 lakh tonnes as open market sales quota for April compared to 14.5 lakh tonnes in the corresponding month last year. Almost 60% of March month's quota has been carried over to the current month. Due to weak fundamentals for the current season ending September, market is expected to trade with a negative bias.

Spices review

Jeera: Jeera futures prices tumbled during previous week on the back of long liquidation in the market. Lack of buying support in the Unjha spot market pressurised the prices. Average daily arrivals are at around 8000 bags with spot prices ranging between Rs.12500 to Rs.12900 per quintal. Due to severe money crisis in the Unjha spot market, prices remained stagnant as no buyers are interested in the market. News of rain in Turkey and Syria and anticipation of lower production levels led to

heavy speculative activity in the market. Production of Jeera during 2005-06 was around 1.2 lakh metric tonnes (MT), whereas, production is estimated to be around 35,000 to 40,000 MT only during 2006-07 due to severe crop damage in Rajasthan by the unseasonal rains. Only 5 lakh bags left as carry forward for 2007 compared to normal carry forward of around 10 to 15 lakh bags. Long liquidation on recent rally led to a sharp correction in the market.

Pepper: Pepper futures prices remained highly volatile on the back of increased speculative activity in the market. Prices are moving in the range of 15250 to 16800 levels in the May futures contract of NCDEX. Vietnam dropped the Pepper prices to \$3150 per MT from \$3300 per MT during last week. Long liquidation and increased selling pressure in the domestic markets further pressurised the prices. However, Vietnam has not dropped the prices below \$3000 per MT, which prompted the speculators to push up the market. Long-term outlook still remains bullish as lower production estimates in Brazil lead to price target of \$5000 per MT in 2007. Pepper production in Vietnam is projected to be lower by 10-15% due to unfavorable weather conditions.

Turmeric: Turmeric futures prices edged down on the back of increased arrivals in Nizamabad spot market. Daily arrivals at Nizamabad spot market are around 14,000 bags. Stockiest and exporters stayed away from the market due to anticipations of further correction in the market. Increased selling pressure in Erode and Sangli markets are weighing on the prices. Speculative buying helped the futures prices to remain in a narrow range. Fresh export orders are expected during July and August. Till then, market may remain on lower side on the back of higher selling pressure in spot market.

Chilli: Chilli futures price tumbled as a result of weak spot market at Guntur. Poor quality Chilli arrivals at Guntur spot market dampened the buyer's interest and forced to stay away from the market. Average daily arrivals are at around 60,000 bags with spot prices ranged between 4700 to 5000 levels. Lack of export and domestic demand coupled with long liquidation further pressurised the prices.



Personal Finance Matters

Weekly Personal Finance Advisor from Karvy - The Finapolis

MUTUAL FUNDS & INSURANCE

Top performers as on Apr.19, 2007

Balanced		
Fund	NAV	Returns(%)
Magnum Balanced	35.08	34.28
HDFC Prudence	113.73	33.67
Canbalance II	36.52	31.86
Kotak Balance	23.38	30.55
Principal Child Benefit	57.91	29.49

*Annualised 3 year returns

Equity Diversified		
Fund	NAV	Returns(%)
Magnum Global	42.34	61.47
Magnum Contra	37.56	54.89
Sundaram BNP Paribas Select Midcap	89.11	52.47
Taurus Starshare	39.36	50.70
Reliance Growth	270.95	49.81

ELSS		
Fund	NAV	Returns(%)
Magnum Taxgain	44.02	62.66
HDFC Tax saver	140.30	48.75
Sundaram BNP Paribas Tax saver	27.16	45.69
ICICI Prudential Tax Plan	86.93	45.08
Principal Tax Savings	76.64	39.71

NFO

Lotus India Arbitrage Fund

It is an equity-oriented fund which seeks to benefit from the arbitrage opportunities emerging out of pricing mismatch between the cash market and the derivatives market. The surplus cash will be deployed in fixed income securities.

Asset Allocation

Instruments	% of net assets
Equity & equity related instruments	65-80%
Equity derivatives (stock futures & stock options)	65-80%
Debt & money market instruments	20-35%

Analyst's view:

Risk return profile: Due to the arbitrage strategy adopted by the fund, it would offer higher return potential than a liquid fund. In the worst case, when the fund does not encash upon arbitrage opportunities, the returns would be similar to a debt fund. At the same time, the risk associated with it would also be slightly higher. The fund would be treated as equity-oriented for tax treatment, which would further enhance its post-tax returns.

Suitability: The fund is suitable for a conservative investor who wants to park his money for medium-term and earn better returns than debt funds.

Preferred horizon: More than 6 months.

Snapshot:

Offer period	Apr 10, 2007 to Apr 20, 2007
Offer price	Rs.10
Scheme type	Arbitrage (equity-oriented)
Plans offered	Growth and dividend
Minimum invest	Rs.5000
Entry load	Nil
Exit load	2% (if redeemed within 180 days)
Fund Manager	Mr. Sailesh Jain
Redemption	Monthly (last Thursday)

Source: Lotus India AMC

DWS Capital Protection Orientation Fund

This is a 3-year close-ended fund which would aim to protect the principal amount by investing majorly in debt market and a small proportion in equities to achieve capital appreciation.

Investment strategy

- Invest 80% in debt which, at the end of 3 years, would grow to the principal amount (say, @ 8%) and thus protect the capital.
- Invest the rest 20% in equities to fetch equity related returns.

Analyst's view:

Risk return profile: Since the fund aims to invest a major proportion in debt and a small percentage to equities, returns offered by the fund would be similar to that offered by MIPs. At the same time, the risk associated would be considerably lower as the fund aims to protect the capital.

Suitability: The fund is a perfect alternative for investors who prefer bank FDs and bonds as a low risk investment avenue that offers capital protection. It is suitable for conservative investors who wish to protect their capital and at the same time, are looking for higher returns than the conventional low risk (principal protection) products.

Preferred horizon: 3 years

Snapshot:

Offer period	Apr 10, 2007 to May 3, 2007
Offer price	Rs.10
Scheme type	Hybrid (close-ended)
Plans offered	Growth and dividend
Minimum investment	Rs.5000
Entry/Exit load	Nil
Fund Manager	Mr.Suresh Soni
Liquidity	At maturity (after 3 years)

Source: Deutsche AMC

Insurance

Endowment Assurance Plan

This is a traditional endowment plan from HDFC Standard Life Assurance Limited

Unique selling proposition

- Sum assured and premium payable is calculated by taking into account the amount of targeted savings and required policy term.
- Plan provides flexible premium payment and benefit options.
- Policy holder has a choice of 4 benefit riders.

Policy Benefit

Sum assured plus bonuses announced under the plan are payable on death of life assured during the policy term.

Sum assured together with bonuses and terminal bonus payable as maturity benefit at end of policy term.

Eligibility parameters

Entry age: min.-12 years; max.-60 years

Policy maturity age: 75 years

Policy term: min.-10 years; max.-30 years.

Annual premium: minimum - Rs.1,800

Premium payment frequency: annual, semi-annual and quarterly

Riders available:

- Critical illness (CI) rider
- Additional term benefit (ATB) rider
- Accidental death benefit (ADB) rider
- Waiver of premium (WOP) benefit rider

Indicative premium

Premium payable for Rs.10 lakhs policy for 25 year term for a 30 year old male is Rs.37,070.

Tax Benefits

Premiums payable under the plan qualify for the deduction under Section 80C of the Income Tax Act, 1961. The policy benefits are exempt from tax under Section 10(10D).

Personal Finance

Nuts & bolts of PFP

Revision



We will discuss how to build one's risk capital. As a prelude to this we would recommend that only those individuals who have acquired sufficient wealth to meet their financial goals and future expected cash outflows should make investments in risky avenues to build risk capital. There are different ways to build risk capital. One can look at short-term trading, speculating in momentum stocks, invest in IPOs, speculate in commodities or take positions in futures & options. Short-term trading involves buying stocks which are expected to increase substantially in near future. Momentum stocks are those which are expected to be very volatile in the immediate future. Moreover, one can look at IPOs for large short-term gains. For example, in recent past, investors have made gains in IPOs of Tech Mahindra, ICRA etc. Further individuals having surplus wealth over and above these should look in for commodities trading and futures & options which are extremely risky investments but with a high returns potential.

PFP Classroom

Under cutting the volatility... Continued

This week we will discuss Value-averaging concept in periodic investments. This method aims to maintain a pre-decided increment in the market value of all the units in hand. The advantage of this method is that it gives the exit calls as well. An illustration:

Value Averaging

Month	Price	Invested amt.	Units Acrqd.	Acc. units	Invest Value
Jan	20.00	10000.00	500.00	500.00	10000
Feb	20.50	9750.00	475.61	975.61	20000
Mar	20.00	10487.80	524.39	1500.00	30000
Apr	17.00	14500.00	852.94	2352.94	40000
May	18.00	7647.06	424.84	2777.78	50000
Jun	19.50	5833.33	299.15	3076.92	60000
Jul	21.00	5384.62	256.41	3333.33	70000
Aug	22.50	5000.00	222.22	3555.56	80000
Sep	23.00	8222.22	357.49	3913.04	90000
Oct	26.00	-1739.13	-66.89	3846.15	100000
Nov	30.00	-5384.62	-179.49	3666.67	110000
Dec	27.00	21000.00	777.78	4444.44	120000
Ending Values		90701.29		4444.44	120000
Returns		32.30%			

This process suggests when to sell or buy less taking into consideration market movements, as you can see in Oct and Nov. This is an active portfolio management strategy which fairs superior to passive portfolio management.

PFP at KARVY

Importance of financial planning

Everyone needs to plan for tomorrow. At every income level, there are steps one should take to make more efficient use of assets and to ensure a secure financial future. It helps to develop well-defined goals and to map out appropriate strategies to turn dreams into reality. Moreover, complex financial marketplace and changing tax laws make it difficult to understand one's financial picture. It is important to list both short and long-term financial goals on paper and then rank the importance of the goals. If the saving is towards something tangible, instead of just saving, it may be easier. These goals could include: available cash for emergencies, education for children, retirement, estate planning, financial independence or personal objectives such as a special vacation or second home. One of the first things to do is to review the financial situation to determine the net worth. Many people are surprised to find out how much they are really worth. Any change in financial position should be evaluated as well. These reviews also consider changing goals and circumstances.

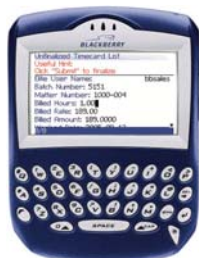
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*The rating only indicates the highest degree of certainty regarding payment of face value of investment to the unit holders on maturity and is not an opinion on the stability of the scheme's NAV before its maturity date

Statutory details: Deutsche Asset Management (India) Pvt. Ltd., 2nd Floor, 222, Kodak House, Dr. DN Road, Fort Mumbai- 400 001. Deutsche Mutual Fund had been set up as a trust settled by Deutsche Asset Management (Asia) Ltd. (DeAM Asia) (liability restricted to Rs 1 lakh). Pursuant to an internal restructuring the shareholdings of Deutsche Asset Management (Asia) Limited and United Associates Holdings India Pvt Ltd in Deutsche Asset Management (India) Pvt. Ltd and Deutsche Trustee Services India Pvt Ltd have been acquired by Deutsche India Holdings Private Limited ('DIHPL'). The Co-sponsors to the Fund are DeAM Asia and DIHPL. **Trustee:** Deutsche Trustee Services (India) Private Limited. **Investment Manager:** Deutsche Asset Management (India) Private Ltd. The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of an amount of Rs.1 lakh collectively made by them towards setting up the Fund or such other accretions and additions to the initial corpus set up by the Sponsors. **Investment Objective:** The primary investment objective of the scheme is to protect the capital by investing in high quality fixed income securities; and generate capital appreciation by investing in equity and equity related instruments. There can be no assurance that the investment objective of the Scheme will be realized. **Asset Allocation:** Debt 80 - 100%, Equity 0 - 20%. **Benchmark:** CRISIL MIP Blended Index. **Options for investment:** 'Dividend' (Payout) & 'Growth' options. **Application Amount:** Minimum of Rs. 5,000 per application. **New Fund Issue Expenses:** Charged to the scheme subject to maximum of 6% of the NFO mobilisation. **Applicable Loads:** No entry load for both the plans. No Exit load as no withdrawals permitted before maturity date in accordance with SEBI (Mutual Funds) Regulations, 1996. **Transparency:** Weekly declaration of NAV every Wednesday and quarterly disclosure of complete portfolio through Fund's Newsletters. **Liquidity:** As per Regulations, redemption of units is not permitted before the maturity date of the Scheme and the scheme shall not be listed on any stock exchange. **Risk Factors:** All investments in Mutual Fund and securities are subject to market risks and the NAV of the units issued under the scheme can go up or down depending on the factors and forces affecting the capital markets. Mutual Fund and securities investments are subject to market risks and there can be no assurance and no guarantee that the scheme's objectives will be achieved. Past performance of the Sponsors/ AMC/ schemes of the Deutsche Mutual Fund do not indicate the future performance of the schemes of the Mutual Fund. DWS Capital Protection Oriented Fund is only the name of the scheme and does not in any manner indicate either the quality of the scheme, its future prospects or the returns. As per SEBI Circular, each scheme and individual plan(s) under the scheme should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s). In case of non-fulfillment with either of the above two conditions, specified SEBI Guidelines in this regard would be complied with. Investments by the scheme in interest bearing securities are subject to interest rate risk, credit risk, floating rate risk and liquidity risk. Investors in the Scheme are not being offered a guaranteed or assured rate of return. **Please read the offer document for scheme specific risk factors and other details carefully before investing.**

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