

## Stock queries



**Arun Kejriwal**, director, Kejriwal Research and Investment Services, answers your queries:

### Is Air Deccan a good buy now?

—*Parul Gupta*

Air Deccan shares have finally taken off, and on Friday, they crossed their IPO price of Rs 148 for the first time. The stock closed at Rs 147.70 after touching a high of Rs 150. The share was trading below Rs 100 during October 2006, and in 15 days, it has appreciated 50%. The company reported a loss of Rs 340.55 crore for the 15 months ended June 2006. The performance in the quarter ended September 2006 has improved with the loss falling to Rs 42.94 crore.

The company has been able to increase its market share and its seat load factor is increasing. The company has also signed a term sheet in October 2006, under which the company will receive a cash flow of \$100 million in four tranches over the next 15 months. A correction in the immediate future looks most likely and fresh investment at current levels is not recommended.

The high and low of the share have been Rs 150 and Rs 61, respectively. I recommend buying in the Rs 125-130 price range for a target price of Rs 180-190 in about six to eight months time.

### How good are ICICI Bank shares?

—*Praveen Sharma*

ICICI Bank is another big performer in the markets in recent weeks. The share has moved up from a low of Rs 750 to a high of Rs 925 in just eight sessions. The share closed for trading at Rs 875, having gained Rs 43 or 5.17% for the week. The recent high and low of the share have been Rs 925 and Rs 673, respectively. The bank reported a strong set of numbers for the quarter ended September 2006 with the earnings up 30% compared to the same period a year ago. This was due to a 45% increase in core operating income led by rising fee income and a strong topline growth. The bank, after having raised its capital, has a very comfortable capital adequacy ratio of 14.34%.

It has five subsidiaries and if one was to take into account the value of these investments after a discount, they would still come to a value of Rs 166-170. The stock seems to have run too fast and at these levels there seems little or no upside available. The performance of the bank for the year ended March 2006 was an EPS of Rs 31.23 on a consolidated basis. In the current half year, there is an improvement in the same and the bank is expected to end the year March 2007 with earnings of Rs 34.25 to Rs 34.50. I would advise investors to book profits at current levels and look to buy after the stock at the 800 or lower level.

*Sebi disclaimer: I have investment in the first scrip. The writer invites comments at kejriwalrun@gmail.com*



## MY FINANCES

## Stick to a balanced savings portfolio

## Avoid high tilt towards debt instruments

**Rajesh Dalmia**

Sanjay Gupta (45) is a manager with a private company dealing in chemicals. His wife is a home maker. He has two children. Ashish, his 18-year-old son is currently studying in B.com 1st Year, and plans to do an MBA from a recognised institute. This should cost him Rs 3 lakh. Swati, his 13-year-old daughter, is studying in Class VIII. The marriage cost in his community today is Rs 5 lakh. Gupta has an annual income of Rs 6.50 lakh and his yearly expenses are Rs 4.64 lakh. He has 15 years left for retirement.

His current assets include the house (valued at Rs.15 lakh) he lives in, Rs 10 lakh in National Savings Certificate (NSC), Public Provident Fund (PPF) & bank fixed deposits (FDs) and a savings bank account balance of Rs 50,000. He has an endowment policy of Rs 5 lakh maturing in 2015 for which he pays a premium of Rs 20,000 annually.

Sanjay Gupta has done well to support his family and has also been able to build up some savings in the form of NSC, PPF and bank FDs. What he lacks is the growth on his savings portfolio, which is highly tilted towards debt instruments. However, his accumulated savings seem to be sufficient for taking care of his near term goals, but he should plan for his retirement immediately.

Gupta is also concerned about his retirement as being in a small private sector firm, he is not entitled to any pension and employer supported benefit for his retired life. He wants to spend his retirement days in his current home in Kolkata and would not like to be dependent on either of his children.

#### Financial goals

- Ashish's MBA education after 2 years, cost is Rs 3 lakh in today's terms
- Swati's marriage in year 2016, cost is Rs 5 lakh in today's terms
- Planning for life after retirement in the 2021



#### Plan for Gupta

The first priority for Gupta is to have an emergency fund of Rs 1,00,000 covering at least 4 months expenses. He already maintains a balance of Rs 50,000 in savings account. He needs to put aside Rs 5,000 per month for next 10 months to build up this corpus.

#### Current cash flow of Gupta

	(In Rs)
Salary	6,50,000
Expenses	4,64,000
Insurance	20,000
Savings	1,66,000

This fund will take care of any unwanted need for cash. This fund can become a source of some extra income with the facility of sweep in accounts offered by some banks.

He is the only earning member of the family and has the liability of funding Ashish's education, Swati's marriage and his spouse's expenses, in case of any mishap. His current insurance coverage of

Rs 5 lakh through endowment policy is not enough for his profile. He should take an additional insurance of Rs 10 lakh for a term of 10 years. This would cost him around Rs 5,000 per annum. A ten year term is suggested as by 2016, his two major goals of Ashish's education and Swati's marriage will be achieved.

He should also consider buying a personal accident policy for Rs 10 lakh. Personal accident policies are very cheap and are available for Rs 1,500 per annum approximately. The benefits payable against such policies are many fold in case of disability and death.

He has not taken a medical insurance plan. The cost of medical treatment is increasing day by day and it is recommended to go for a medical policy covering all the members of his family. He should take a policy with a family cover policy of Rs 4 lakh. The premium of up to Rs 10,000 per annum will qualify for a tax deduction under section 80D of the Income Tax Act. The cost of Ashish's MBA

study will be Rs 3,63,000 after 2 years considering an increase in fees of 10% every year. The cost can be funded by withdrawals from NSC and Bank FDs.

The cost of Swati's marriage in the year 2016 will be Rs 8,95,000 considering an inflation of 6% per annum. This goal can be achieved by the maturity proceeds of endowment policy, which will pay him above Rs 9 lakh based on current bonus declarations.

His retirement is 15 years from now. Taking the inflation @ 6% and retirement expenses at 80% of pre retirement stage, Gupta will need a retirement corpus of Rs 72.29 lakh yielding him an inflation adjusted return of 3.67% post retirement.

The left over savings of Rs 7 lakh after earmarking Rs 3 lakh for Ashish's education, together with an investment of Rs 5,000 per month for the next 15 years will make him through with his retirement corpus. This is based on asset allocation of 65%: 35% in favour of equity during the accumulation phase.

#### Recommended asset allocation



#### Current cash flow

	(In Rs)
Salary	6,50,000
Expenses	4,64,000
Insurance premium	20,000
Mediclinic	7,500
Term Insurance	5,000
Personal accident policy	1,500
Emergency fund	50,000
Retirement investment	60,000
<b>Total</b>	<b>6,68,000</b>

For the equity part he should look at equity linked saving schemes for which tax deductions are allowed under section 80C of the Income Tax Act. For the debt part he should look at floating rate mutual fund schemes. These schemes have a better post tax returns compared to traditional debt products.

With the above planning in place, he will have a surplus of Rs 42,000 this year and will have surplus of Rs 92,000 from next year to enjoy his current lifestyle. However, the above recommendations once implemented will call for periodic reviews.

*myplan@fbsbindia.org*  
The case study is only a model for illustrative purposes

**9485 1122 to 4567**  
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**4567**

**DNA MONEY**



present



**INDIA RETAIL SUMMIT**  
RETAIL IN DETAIL

Chairman: **Nitin Kashiwal**, Vice Chairman & Managing Director, Skumars Nationwide Limited

24th - 25th November, 2006 • Taj Lands End, Mumbai

#### Day 1 November 24, 2006

- 8:30am Registration  
10:00am - 11:00am Inauguration, Welcome Note & Keynote Address  
Opening Remarks by Mr. Nitin Kashiwal  
Vice Chairman & Managing Director, Skumars Nationwide Limited
- 11:00am - 11:30am TEA BREAK  
11:30am - 1:00pm Plenary Session 1
- Topic:** Revolution in Retail & Big Data - India Retail Scenario  
Mr. Deepak Goenka, Director, Welspan India Limited  
Mr. Hemchandra Javeri, President, Madura Garments  
Mr. Manoj Kishore, Managing Director, Himalaya Developers  
Mr. R. Subramanian, Managing Director, Sushiksha  
Mr. Ian Watt, Director International, Old Mutual Property Group, Director Property Zone India
- 1:00pm - 2:00pm LUNCH  
2:00pm - 3:30pm Concurrent Sessions
- Topic:** Managing Human Assets in Retail  
Mr. E. Balaji, COO, Mr. For Management Consultants Ltd.  
Dr. Tanya Mishra, Head - Human Resources, Shoppers Stop  
Mr. Dipak Naidu, Head - Human Resources, Crossword Bookstores Ltd.  
Mr. Vijay Kaushyap, Vice President - Human Resources, Aditya Birla Management Corp Ltd.  
Mr. Ketaki Gupta, Senior Client Partner, Consumer, Kim / Fany International
- Topic:** Leveraging Information Technology for Retail Business Dynamics  
Mr. Shivanmurti Shaligram, SVP - Retail, CPG & Distribution, Wipro Technologies  
Mr. Mohit Oberoi, Senior VP - Business Head, Polaris Software Lab Ltd.  
Mr. Pratik Patel, Global Head of retail practice, Tata Consultancy Services  
Mr. Ankur Salgi, Business Development Manager, SAP India Pvt. Ltd.
- Topic:** Retail Logistics: Challenges & Solutions  
Mr. Jaagriti Sethi, Chief Executive Officer, TCI Supply Chain Solutions  
Mr. Anil Syal, Vice President - Marketing, Safeway (P) Ltd.  
Dr. Rahul V. Aherkar, Sr Functional Architect, JDA Software Group Inc.
- 3:30pm - 4:00pm TEA BREAK  
4:00pm - 5:00pm Plenary Session 2
- Topic:** Expansion through Innovative Formats  
Ambition makes a difference  
Mr. Bipin Gurnani, Chief Executive Officer, Primery Retail Ltd.  
Mr. Tim Eymon, Chief Executive Officer, Primery  
Mr. Ajay Mehra, Chief Executive Officer, Planet M  
Mr. Andrew Levermore, Chief Executive Officer, Hypercity Retail India Ltd.
- 5:00pm - 6:00pm Plenary Session 3
- Topic:** Customer - Building Relationships & Loyalty  
Prof. Chetan Wadhakar, Group Director, Indira Group of Institutes  
Mr. Anuradha Bose, Head - CR & Loyalty, Shoppers Stop  
Mr. Ajay Krishnamurthi, Chief Executive Officer, My Dollar Store  
Mr. Rajesh Jagg, CEO, DM

#### Day 2 November 25, 2006

- 8:30am Registration  
10:00am - 11:00am Plenary Session 1
- Topic:** Designing Retail Infrastructure  
Mr. Parvay Sinha, President & CEO, Select Infrastructure Pvt. Ltd.  
Mr. Suresh Singarewala, President & Head of Retail Infrastructure, Reliance Retail  
Mr. Sandeep Rajhja, Managing Director, Rajhja Constructions  
Mr. Sanjay Singh, Chief Executive Officer, Escada
- 11:00am - 11:30am TEA BREAK  
11:30am - 1:00pm Concurrent Sessions
- Topic:** Building a profitable Franchise model  
Mr. C Y Paul, President, Franchising Association of India  
Mr. Vijay Chhabra, Executive Director-Marketing, Archies  
Mr. Anoop Sequela, CEO, Global Franchise Architects  
Mr. Paul Merrifield, Consultant, Paul Merrifield Consulting
- Topic:** Challenges in Luxury Retailing  
Mr. Suresh Shetty, Director, Major Brands (India) Pvt. Ltd.  
Mr. Bipin Karmali, CE & President - Lifestyle, Reliance Retail  
Mr. Biren Vaidya, Managing Director, Egara India Pvt. Ltd.  
Mr. Tarun Joshi, CEO, Grandhouse
- 1:00pm - 1:45pm LUNCH  
1:45pm - 2:00pm
- Topic:** Mobile Payments - Right time, Right Now  
Mr. Akshay Sharma, Asst. Vice President Marketing & Brand Development, PayMate
- MasterClass**  
2:00pm - 2:30pm  
**Topic:** Travel & Tourism: Focus on Retail Customers  
Mr. Madhavan Menon, Managing Director, Thomas Cook
- 2:30pm - 3:00pm  
**Topic:** Global Retailing Trends  
Mr. Hilmy Cader, Chief Executive, MTI Consulting (Global), Bahrain
- 3:00pm - 3:30pm  
**Topic:** Retail Banking in India  
Opportunities Ahead  
Mr. Hemant Kaul, President - Retail Banking, UTI Bank Ltd.
- 3:30pm - 4:00pm TEA BREAK  
4:00pm - 6:00pm Plenary Session 2
- Topic:** Retail in Detail  
Mr. Nitin Kashiwal, Vice Chairman & Managing Director, Skumars Nationwide Ltd.  
Mr. Gulam M. Zia, National Director, Research and Advisory Services, Knight Frank (India) Pvt. Ltd.  
Mr. Sujit Das Munshi, Executive Director, A C Nielsen  
Mr. Anuj Puri, MD, Trammal Crow Maghara Property Consultants  
Mr. R. Srinivas, Next Practice Retail  
Mr. Anrudhitha Deshmukh, President Retail, Raymond Ltd.  
Mr. Yael Shapiro, Strategic Lending Head, Old Mutual Property Group, Property Zone India



Ms. Chanda Kochhar  
Dy. MD, ICICI Bank



Mr. Nitin Kashiwal  
VC & MD, Skumars Nationwide Ltd.



Mr. Hemchandra Javeri  
President, Madura Garments



Mr. B. S. Nagesh  
MD & CEO, Shopper's Stop Ltd.



Mr. Mukesh Ambani  
Chairman & MD, Reliance Industries Ltd.



Mr. Kishore Blyani  
CEO Future Group & MD Pantaloon Retail (India)

#### A Tribute to Retail Icons



#### AWARDS FOR RETAIL EXCELLENCE

24th November, 2006 • 7:00pm onwards

#### Award Categories

- Retail Destination of the Year
- Retail Professional of the Year
- Best Marketing / Brand Building Strategy of the Year
- Award for Value Retailing
- Service Provider in Retail
- Young Retail Professional of the Year
- Life Time Achievement Award
- Retailer of the Year (Organisation)
  - Fashion & Lifestyle
  - Catering Services
  - Food & Grocery
  - Beauty/Health
  - Leisure & Specialty
  - Entertainment
  - Department Stores
  - Footwear
  - Consumer Durables
  - Multi Branding
  - Brands

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#### Conference Package Rs 6500/-

Package includes Lunch for both the days, Tea/Coffee, Invitation to Reid & Taylor Awards for Retail Excellence, Cocktails & Dinner Cheques / DD Should be drawn in favour of India Retail Summit payable at Mumbai.

#### Co-ordination office: INDIA RETAIL SUMMIT

Besich Croft, 1st floor, Juhu Tara Road, Santacruz (W), Mumbai - 400049, INDIA.  
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