

AN IMPORTANT ANALYSIS ON INVESTMENT AVENUES AND BANKS

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Investment Avenues was created to help the small investor gain an advantage in the stock market. Born from the belief that stocks gain and carry momentum and that by trading stocks with positive momentum, any investor can realize a profit. Investment Avenues gathers information on over 11,000 stocks every day, using this data we compile a daily list of stocks that can put cash in your pocket.

FOUR KEYS TO SUCCESSFUL TRADING

1. Daily List of Stocks
2. Unbiased Stock Picks
3. Buy and Sell Targets
4. Investment Avenues Mentality First made available in 2001, Investment Avenues was created for part time traders who don't have a lot of time to research their investment decisions. Utilizing a sophisticated computer program Investment Avenues provides all the keys needed for successful trading.

THE INVESTMENT AVENUES MENTALITY

Trading Investment Avenues stocks is about being simple and safe. We believe that each stock is unique and that each stock has a story to tell. Telling that story for us is a set of computer algorithms that look at a stock's recent trading history then use that history to project what the stock will do in the next few days. The method is simple: buy stocks that have positive momentum, hold them for a few days while that momentum continues then sell them before the momentum stops.

YOU DON'T NEED A LOT OF MONEY TO TRADE

Trading with stocks selected by Investment Avenues does not require you to have a large amount of money to trade. As you will see when you become a member, Investment Avenues estimates a stock's return based on a \$2000.00 investment. You can invest as much or as little as you feel comfortable with. Below is an illustration of the investment avenues provided by some of the banks.

HDFC Bank offers a wide range of commercial and transactional banking services and treasury products to wholesale and retail customers. The bank has three key business segments:

WHOLESALE BANKING SERVICES

The Bank's target market ranges from large, blue-chip manufacturing companies in the Indian corporate to small & mid-sized corporates and agri-based businesses. For these customers, the Bank provides a wide range of commercial and transactional banking services, including working capital finance, trade services, transactional services, cash' management, etc. The bank is also a leading provider of structured solutions, which combine cash management services with vendor and distributor finance for facilitating superior supply chain management for its corporate customers. Based on its superior product delivery / service levels and strong customer orientation, the Bank has made significant inroads into the banking consortia of a number of leading Indian corporates including multinationals, companies from the domestic business houses and prime public sector companies. It is recognised as a leading provider of cash management and transactional banking solutions to corporate customers, mutual funds, stock exchange members and banks.

RETAIL BANKING SERVICES

The ,objective of the Retail Bank is to provide its target market customers a full range of financial products and banking services, giving the customer a one-stop window for all his/her banking requirements. The products are backed by world-class service and delivered to the customers through the growing branch network, as well as through alternative delivery channels like ATMs, Phone Banking, Net Banking and Mobile Banking.

The HDFC Bank Preferred program for high, net worth individuals, the HDFC Bank Plus and the Investment Advisory Services programs have been designed keeping in mind needs of customers who seek distinct financial solutions, information and advice on various investment avenues. The Bank also has a wide array of retail loan products including Auto Loans, Loans against marketable securities, Personal Loans and Loans for Two-wheelers. It is also a leading provider of Depository Participant (DP) services for retail customers, providing customers the facility to hold their investments in electronic form.

HDFC Bank. was the first bank in India to launch an International Debit Card in association with VISA (VISA Electron) and issues the Master card Maestro debit card as well. The Bank launched its credit card business in late 2001. By September 30, 2005, the batik had a" total' card base-(debit and credit cards) of 5.2 miliion cards. The Bank is also one of the leading players in the "merchant acquiring" business with over 50,000 Point of-sale (POS) terminals for debit / credit cards acceptance at merchant establishments.

TREASURY

Within this business, the bank has three main product areas - Foreign Exchange and Derivatives, Local Currency Money Market & Debt Securities, and Equities. With the liberalisation of the financial markets in India, corporates need more sophisticated risk management information, advice and product structures. These and fine pricing on various treasury products are provided through the bank's Treasury team. To comply with

statutory reserve requirements, the bank is required to hold 25% of its deposits in government securities. The Treasury business is responsible for managing the returns and market risk on this investment portfolio.

The following investment avenues are available for the Non- Resident Indians in India

- 1. Investments in Government securities or units of Unit Trust of India:** NRIs are permitted to invest in Government securities through primary dealers. They are also permitted to invest in units of UTI, either through authorised dealers or directly from the Unit trust of India. These investments are freely transferrable and saleable through authorised dealers or upon repurchase by UTI. The maturity proceeds can be repatriated, provided these are purchased out of funds remitted from abroad or from NRE/FCNR accounts.
- 2. Investments in Small Savings:** NRIs are not permitted to invest in bearer securities like Indira Vikas Patra Kisan Vikas Patra. NRIs were erstwhile allowed to make investments in National Savings Certificates subject to the terms and conditions applicable to the sale/issue of such certificates; however, now investments in NSC by NRI have been barred. NRIs are not allowed to make any fresh investments; in Public Provident Fund. Investment already made, if any, shall persist. NRIs are not allowed to invest in the ongoing series of RBI Bonds. NRIs who are senior citizens shall not be allowed to invest in the recently introduced Senior Citizen Savings Scheme 2004.
- 3. Investments in Bonds, Company' Deposits and Commercial Papers:** NRIs are permitted to purchase non-convertible debentures of Indian Companies. They may also place their funds in Fixed Deposits with Public Limited Companies. NRIs are also allowed to invest in Commercial papers issued by Indian companies on non repatriable basis. These are non transferable and are required to be held till maturity. NRIs can invest in bonds issued by Public sector Units (PSU's) from NRE account on repatriable basis.
- 4. Investments in Mutual Funds:** NRIs are permitted to invest in mutual funds both on repatriable as well as non repatriable basis. However, investments in Money Market Mutual Funds can be made only on non repatriable basis. There are no limits for investment in domestic mutual funds.
- 5. Investments in shares or convertible debentures of Indian companies:** NRIs can make investments in shares and convertible debentures of Indian Companies both on repatriation and non repatriation basis. This is provided the company is not involved in plantation, real estate or agricultural business. NRIs can make investments both in the primary as well as secondary market.
- 6. Investments through Portfolio Investment Scheme (PIS):** NRIs are allowed to invest in shares or debentures of Indian companies and mutual fund units through the stock exchanges in India, both on repatriation and non repatriation basis. These purchases shall have to

be made only through the designated branch of an authorised dealer. The NRI shall have to select only one such designated branch for the purpose of investments through PIS. Although not necessary, it is advisable to maintain bank account with the designated branch for administrative convenience.

There are ceilings for investments made by NRI/OCB/PIO/FII in shares of Indian companies. Individually, the above entities may invest up to 5% of the total paid up capital (equity + preference) of the company. This limit shall include investment under PIS, both on repatriable as well as non repatriable basis. Besides the individual limit, there is an overall limit up to 10% of the paid up capital of the company, which can be increased to 24% by passing a special resolution in a shareholders meeting. Investments made through TPO's are excluded for the purpose of above limits.

7. Investment in immovable property: General permission is available to a NRI, being an Indian Citizen, to invest in immovable property in India, provided funds are provided from outside India or through NRE/ FCNR accounts.

NRIs / PIOs can freely rent out their immovable properties, without seeking any permission from RBI. They are permitted to transfer the immovable property to any person resident in India, NRI or PIO. The sale proceeds are allowed to be repatriated if the property is acquired as per applicable exchange control laws and the amount does not exceed the following:

- * The amount paid for acquisition of the immovable property in foreign exchange or
- * The foreign currency equivalent of the amount paid where the payment is made from funds held in NRE account for acquisition of the property.

In case of residential property, the repatriation of sale proceeds is restricted to not more than two such properties.

Every stock that trades experiences a daily fluctuation in price. By taking advantage of this fluctuation investors have been realizing tremendous profits for years. There are three keys that make this type of investing successful:

- * The stock must have an overall positive growth.
- * An investor must know approximately where the low point of the fluctuation will be.
- * The investor must know approximately where the high point of the fluctuation will be.

Rate of return	Rate of return	Risk	Marketability	Tax	Benefit
Convenience					
Annual Income					
Capital Appreciation					
Financial Securities					
Equity	Low	Hig	Hig	Hig	Yes
Non-convertible		Hig	Lo	Lo	Averag
Financial Securities (Non-securitized)					
Bank	Low	Nil	Lo	Hig	Yes
Provident		Nil	Hig	Nil	Averag
Life insurance		Nil	Hig	Nil	Averag
Mutual funds					
Growth/equit		Lo	Hig	Hig	High
Income/debt	High	Lo	Lo	Hig	Yes
Real assets					
Real estate	Low	Hig	Lo	Lo	Limite
Gold/silver	Nil	Average	Average	Average	Nil

REFERENCES

Indian Mutual Funds Handbook (ISBN: 8170946832) the Basics of Investing (ISBN:8170944465)

Ranjan 2.01: Five Common Investment Myths