

Magnum Connect

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Dear Friends,

The financial year ended on a cheerful note for the Indian markets, the post budget rally gained momentum in the passing month and markets slowly realized that if the budget hasn't given anything specific, it hasn't taken much either. The foreign fund resumed their buying in full fervor in the Indian equities after a lull of two months, prompted by the year end. But it was the confidence of the investors in the Indian economy that has kept the markets moving higher despite lots of global uncertainties. While the unrest in Middle East and Libya continued, taking the crude prices to more than two years high, there more devastation occurred at Japan, an earthquake of magnitude 9.0 followed by an apocalyptic tsunami that rattled dozens of cities along a 1,300-mile south of Japan, instantly killing more than 6,500 people, later the count was reported to have passed even 10,000 mark. No doubt the damage was one of the biggest in recent time and requires a huge amount for reconstruction of the nation, but what rattled the globe was that the natural disaster caused the world's second largest crisis at a nuclear power station, there were three reactors, operating at the time when the earthquake hit and there was explosion in the reactors due to sudden loss of power across Japan's national power grid. Radiation spread through Fukushima Daiichi power plant became the cause of major concern for the globe. The detection of the highly radioactive elements outside the Fukushima Daiichi nuclear plant heralds the beginning of an ecological and human tragedy; even if the radiation gets fully controlled, radioactive products that are left to decay will have long term effect.

At our domestic front while the economy is showing sign of strengthening, industries are growing with pace and exports consistently improving, the inflation menace is still not looking to die down soon and that has prompted the Reserve Bank of India to go for another round of rate hike, which has also increased its forecast for the inflation numbers for the year. Though, the IIP data improved in the month of January but the rate hikes are undoubtedly going to impact the industry growth negatively, the manufacturing sector which is already witnessing a slowdown due to rising input costs and wages is likely to get impacted considerably with the decision.

Jayesh R. Dedhia

(Director)

Magnum Group

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Introduction

India has one of the largest and fastest growing telecom industries in the world. It is the third largest telecom market in the world after China and US and contributes over 2% to the overall gross domestic product (GDP) of the country. It is the largest absorber of information technology (IT) services after banks and also contributes massively to employment generation, currently employing over a million people directly and indirectly.

Like most other key sectors of the economy, the Indian telecom industry too has gone through many phases of growth and diversification. Starting from the telegraphic and telephonic systems of the 19th century, the communications space kept growing in 20th century, albeit at a slower pace. In the post independence era, the telecom network in India was owned and managed by the government as it was considered to be a natural monopoly and strategically important service, best kept under the state's control. This however led to a lot of inefficiency in the industry and performance of the BSNL was dismal to say the least. After being a tool for the rich only, change started to witness the industry in 1980s when the PCO (public call office) systems increased penetration of communications services and replaced the extremely costly 'trunk call' by cheaper long distance STD calls.

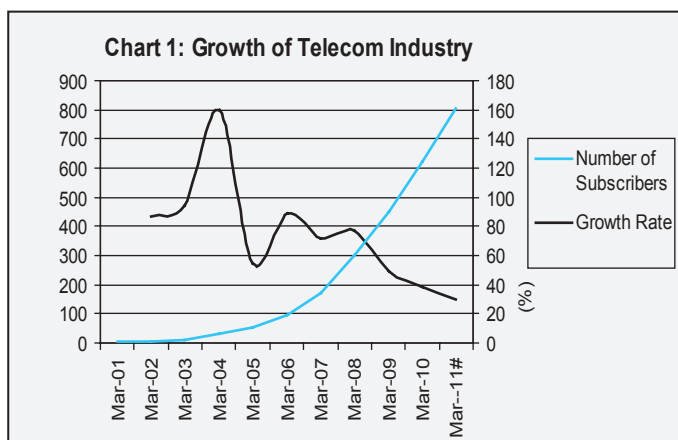
Nonetheless, at the start of 1990s, while the state owned telecom services had established a massive network, actual quality and penetration of services was still very poor. Tele-density was still under 1% when the government started to liberalize and deregulate the Indian economy beginning with the revolutionary industrial policy of 1991. Following the deregulation drive of Dr Manmohan Singh, the then finance minister, the telecom sector was also liberalized in a major way. The move was also influenced by experiences of some other developed and emerging countries where liberalization of telecommunications had resulted in better services and lower tariffs.

In line with the trend witnessed in other major economies, India adopted gradual approach to telecom sector reforms through selective privatization and managed competition in different segments of the telecom market. Initially, private companies were allowed to participate in value-added services in 1992, followed by the opening up of cellular and basic services to the private players. The Telecom

Regulatory Authority of India (TRAI) was constituted in 1997 as an independent regulator for the sector. From there on the industry never looked back and from near inexistence at mass level, the industry is now second largest wireless market in the world.

Growth of the industry

The measures taken by the government to deregulate the industry in mid-1990s led to the foundation stone of telecom revolution in the country and the industry started witnessing fast track growth from the start of the last decade. In the last few years the telecom services in country have grown at unprecedented pace as competition between private players reached a new level and the industry has been crossing one after the other milestones.



#: Linear full fiscal projection based on 10 months data

Telephone subscribers in India increased from nearly three million to 300 million through 2001 to 2008 and further to over 500 million by the end of 2009. By end of 2010, the number further surged to over 700 million. At the same time, the industry witnessed major structural changes as well. Wireless segment has taken up very smartly and wire-line services have been shadowed completely, at least in voice space over the last decade. After initial phases most of the growth has been provided by the wireless segment and in fact the fixed line segment has off-late started witnessing slow but steady contraction. Today India has second largest number of mobile subscribers after China.

Current Scenario

Subscriber numbers grow at scorching pace

Amidst intensifying competition and newcomers starting operations, the subscriber addition has only accelerated over the last couple of years. In the last fiscal, India's telecom

Table 1: Growth of Industry in Jan-2011

	Total Wireless Subscribers		Market Share (%)		Net Addition	% Share
	Dec--10	Jan--11	Dec--10	Jan--11	Jan--11	Jan--11 ##
Bharti	152495219	155796598	20.27	20.20	3301379	16.00
Reliance	125652127	128871507	16.70	16.71	3219380	15.61
Vodafone	124255120	127364342	16.52	16.52	3109222	15.07
Tata	84233398	86052323	11.20	11.16	1818925	8.82
Idea	81778655	84289641	10.87	10.93	2510986	12.17
Aircel	50168811	51831796	6.67	6.72	1662985	8.06
BSNL	86709537	88818859	11.53	11.52	2109322	10.23
MTNL	5397767	5432314	0.72	0.70	34547	0.17
Uninor	18510049	20305550	2.46	2.63	1795501	8.70
Sistema	8433667	9094752	1.12	1.18	661085	3.20
Loop	3044579	3062120	0.40	0.40	17541	0.09
Videocon	7319603	6011233	0.97	0.78	-1308370	...
Stel	2315524	2514777	0.31	0.33	199253	0.97
HFCL	1611723	1282971	0.21	0.17	-328752	...
Etisalat	264899	452574	0.04	0.06	187675	0.91

Share in net additions is computed assuming negative additions as zero

operators added 192.56 million wireless customers, taking the total subscriber number to 584.32 million compared to 391.76 million a year ago, thus exhibiting a growth of nearly 50%. Average subscriber addition per month for FY10 works out to be around 16 million compared with 14.5 million in the previous fiscal.

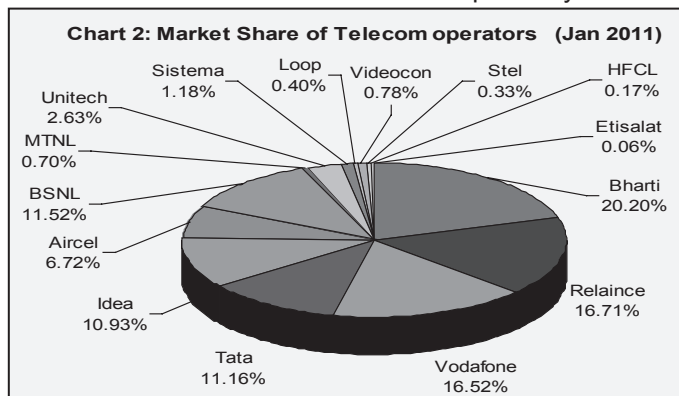
In the current fiscal, the growth has continued the explosive growth unabated and the surpassed yet another mile when the total subscribers crossed the 700 million mark in the month of August 2010. As per the latest available data, total telephone subscriber base reached 806.4 million at the end of Jan 2011, with wireless subscribers reaching 776.19 million. Average subscriber addition has further increased to nearly 19 million subscribers per month in FY11.

However, it should be noted that even as the subscriber numbers are growing sharply, and monthly increment has been on the rising trend, the actual growth rate is coming down. This is simply because the growth rate is being computed on higher base. As can be seen from the chart 1, after fluctuating in early years of last decade, the growth rate has consistently declined in last three years. This however reflects the impact of increasing base and also

the fact that the industry is reaching a mature stage.

Cross section trends

Looking at the cross section trends, as at end-Jan 2011, Bharti Airtel continued to lead the pack with a market share of little over 20%. It has however lost market share marginally, as could be expected in such a fast growing market, compared with over 22% a year ago. Reliance Communications (RCom) and Vodafone respectively retained the second and third spot in the market with market shares of 16.7% and 16.5% respectively.



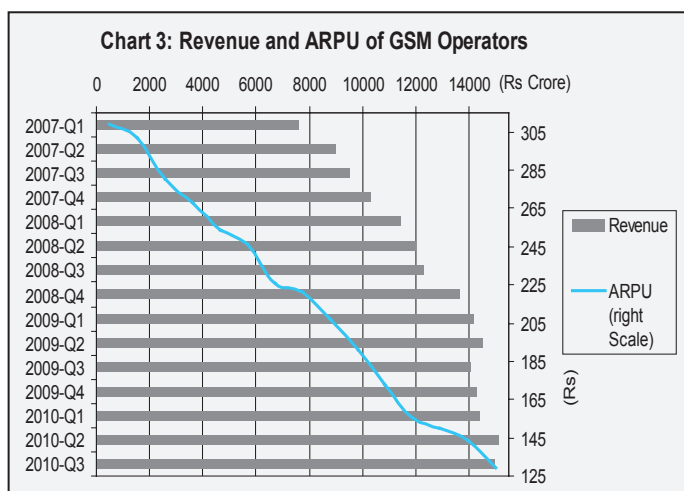
One change that has been seen here is that over the last few months the government owned BSNL has started showing some really good performance. It kept cutting

down its difference with Tata in second half of 2010 and in fact in the latest reported data, it has occupied the fourth spot with 11.52% of market share and pushed Tata Teleservices to fifth spot with 11.16% of share.

In terms of incremental growth in the industry, during the month of January 2011, Bharti Airtel had the highest share in the total net subscriber addition at 16% followed closely by the Reliance (15.7%) and Vodafone (15.2%). Other major players including BSNL and Tata cornered around 10% share in net monthly addition each.

ARPU on declining trajectory

The industry has continued to add subscribers at an increasing pace, but these additions are not transforming equally into revenue. Even as the user base increases rapidly, the hyper-competition environment facing the industry resulted in consistently declining tariffs that has led to continued drop in average revenue per user (ARPU). Although tariffs should decline when volume increases, the pace of decline has been too sharp in some of the segments and has hit the profitability of operators.



It should however, be noted that decline in ARPU as a phenomenon was present even before the competition intensified in 2009 and therefore perhaps reflect at a more subtle level the fundamental dynamics of Indian telecom market. Also, the operators have been harnessing scale economies, which are well known to exist in telecom industry, which has allowed them to drop prices and play with relatively lower margins.

Operators begin launching 3G services

The 3G spectrum auction that yielded huge surprises in the last year in terms of very bullish biddings by telecom

players is now set to yield fruit as the country gets ready to enjoy the high-end services that the next-gen spectrum can bring. In fact, most of the players who won the coveted spectrum have recently launched the 3G services in many of the circles and are in the process of launching in rest of the circles. By the middle of the year, we expect the 3G to have moved beyond the initial trial level packs and consumer trends should be visible.

The tariff plans released so far by the telecom operators have hinted that 3G services will be costly, or at least will not be very cheap. Also, at present, most players in the industry are ruling out any tariff war in the 3G space as each one of them has paid hefty sums to get the high-end spectrum and therefore need to get decent increase in revenue to justify the spending. On the other hand, a very high tariff rate in the price sensitive Indian market can kill a large chunk of the demand. Some idea is already available from the tepid response seen by the government controlled BSNL/MTNL which had launched the 3G services over a year ago.

The industry therefore will have to find a right mix of premium and volume in the 3G space. Also, potential 3G revenue will depend on how the industry innovates itself in terms of providing value added services based upon the 3G architecture and finding a right mix of voice and data services. Overall, the industry seems to be very positive about the 3G launch and most of the players are hoping that it will boost both topline and margins.

Consolidation stares at the industry

Even as the operators get ready to launch high-end services based on the 3G spectrum, the extra-ordinary competition in the sector continues in the 2G voice and VAS segments. Although the competition will probably be not as stiff in terms of tariff wars in the 3G space, in the medium term, some consolidation is necessary for the industry to stabilize.

India currently has 14 operators, the highest in any country, though some of these are regional players focusing on a few circles. However, after the launch of 3G, we expect that consolidation forces will start gathering momentum. A legal door to this has been offered by the Telecom Regulatory Authority of India (TRAI) that had earlier recommended the scrapping of the three-year lock-in period imposed by the department of telecommunications (DoT) on promoters of

new mobile operators to allow the process of merger and acquisition (M&A).

While the new players which have been given licenses in 2007 have been giving stiff competition to the incumbents, not all of these have been able to fulfill the roll out obligations (that refers to minimum number of districts to be covered in each circle in a specified period of time). Further, while the market leaders like Bharti, Reliance and Vodafone can compete on margins, it is not feasible for the new players to do so in the long run.

The TRAI has therefore; advocated scrapping of the lock-in period, though its recommendations also place some raiders on consolidation to ensure that competition is not severely impacted. It has specified that the market share of the merged entity should not be greater than 30% of the total subscriber base. This effectively rules out any merger between two large players.

The incumbent players such as Bharti or Reliance could still look at acquiring one of the smaller players. The other rider is that the merged entity shall not hold more than 14.4 MHz spectrum in case of GSM players and 10 MHz in case of the CDMA players. Further, M&A will not be allowed if post the merger the number of operators in a circle reduces below six. However, despite these raiders, enough opportunities have been created and the industry will be going through a wave of consolidation once the 3G services are launched and the guidelines for M&A are endorsed by the government.

2G scam remains a hangover

Even as the industry is getting ready to move into the 3G space from the 2G era, the hangover of the corruption related changes in allocation of 2G spectrum in 2008 still remains. At this stage there is no clarity on what could be the maximum damage from the ongoing investigations and the government has in last few days issued a few notices to some of the new comers seeking cancellation of licenses in circles where rollout of services has been beyond 52 weeks late. Although the government till now has not been keen to cancel licenses for irregularities in grant of spectrum, recent judgment by the Supreme Court, where it reversed its own earlier ruling, and observed that licenses should be terminated if irregularities are found in the allocation process has further complicated the matters.

Outlook

The Indian telecom industry has grown at a dream pace in the new millennium. Private companies have taken a lead in a big way as declining tariffs and increasing disposable incomes help making telephones more affordable. The unprecedented growth witnessed in the wireless segment has all the potential to continue for at least another couple of year before saturation puts break as Indian companies shift their focus from saturating urban areas to still relatively untapped vast rural areas.

However, there have also been significant bottomline pressures as the recent strong growth seen in the industry has been accompanied by declining ARPU that slowed down the industry's profit growth. Amidst these difficult times, most of the operators raised heavy debt to fund their purchase of 3G spectrum which has put a strain on their capital structure. Competition will further intensify with the entry of the Reliance Industries in the broadband space. The ongoing controversy encircling the 2G spectrum allocation has also impacted the sector.

However, once the 2G controversy is cleaned up and 3G services begin penetrating, we expect these clouds to clear. Long term outlook of the industry is strong notwithstanding the short term issues. The 2G capex of established telecom firms has already bottomed out. While capex as a percentage of revenue would remain higher in near term owing to start of 3G services, the new high-end services will also generate fresh revenue stream going forward.

As such, even though initial implementation of 3G services as well as the wireless broadband through the BWA spectrum would mean increased outlays and lower returns on investment, in the medium term the operators are likely to benefit through increased revenues from value added services which currently contribute just 8-9% to the revenues of the operators.

Overall, the industry has matured in a very good way over the last few years. There are still a lot of more avenues to be tapped. Subscriber numbers are likely to continue growing at a good pace for another couple of years and the start of 3G services will add greater value added services in operators' offerings. With some help from the government in terms of positive policy environment, the industry is likely to continue growing rapidly.

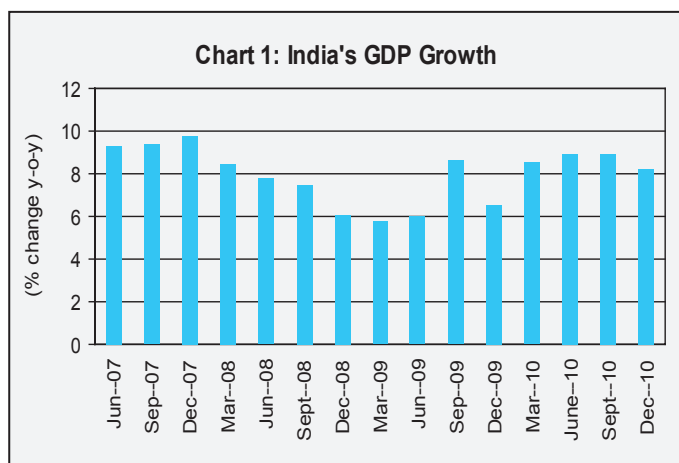
The Reserve Bank of India (RBI) hiked its benchmark policy rates for eighth time in the current fiscal on March 17. While the decision was on expected lines given the sticky inflation currently facing the Indian economy, the continued policy tightening nonetheless has raised some eyebrows on possible negative impact of such actions on economic growth going forward. The purpose of this note is to understand the backdrop in which the RBI took the decision to continue tightening its monetary stance and gauge the outlook in this respect from where the economy stands today.

Economic Growth

India's economic growth has recovered strongly in the last fiscal after facing a slowdown in second half of FY09. The recovery that started with strong fiscal and monetary stimulus pumped into economy by the government and the central bank in early 2009 has continue to get broad based and growth was in fact very close to the pre-crisis trajectory at 8.9% in the first half of the last fiscal.

There were apprehensions that owing to slowdown in industrial growth and higher base from the last year, growth will slow down significantly in the second half. This however has not been the case so far. Driven by good performance of agriculture and services sector, the Indian economy grew by 8.2% in the third quarter of the last fiscal, up from 7.3% in the corresponding period a year ago.

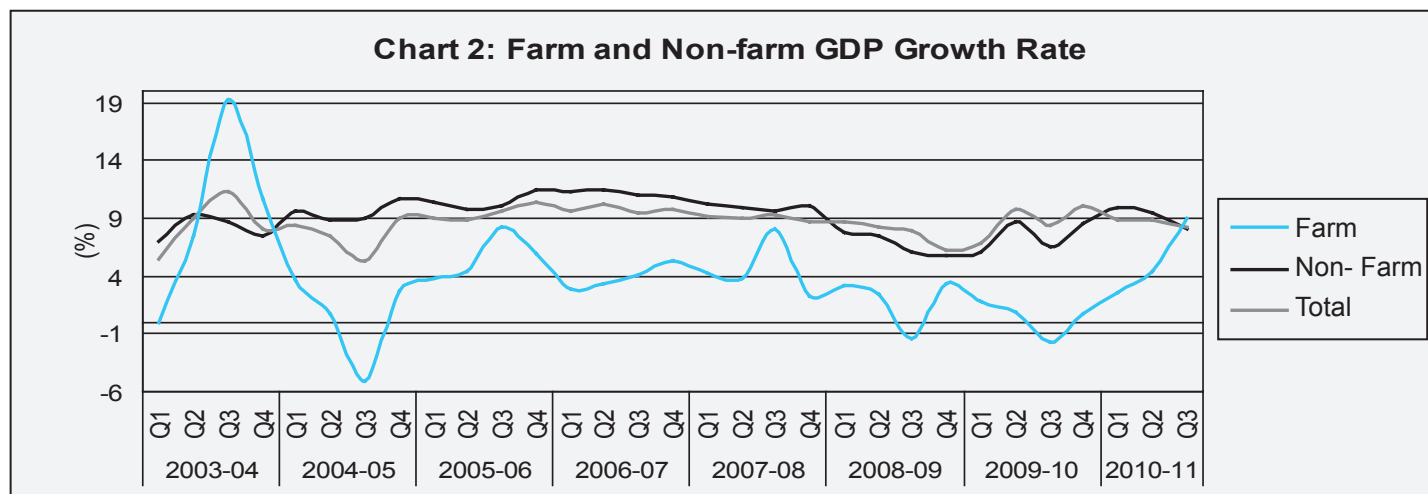
According to the data released by the central statistical organization (CSO), farm sector recorded a growth rate of 8.9% during the third quarter ending December, up from a contraction of 1.6% in the corresponding period a year ago. The services sector, including financing, insurance,



real estate and business services, also recorded a growth rate of 11.2% as compared to 8.5% during the same period last year.

There was the expected slowdown in the industrial space. Manufacturing and construction activity slowed down, growing at pace of 5.6% and 8%, respectively, in the three-month period under review as against 11.4% and 8.3% respectively in the corresponding quarter. However, electricity, gas and water supply managed reasonable performance as it grew at the rate of 6.4% in third quarter compared to 4.5% in the same period last fiscal. Mining and quarrying growth also improved to 6% in third quarter from 5.2% in the same three-month period last fiscal.

Clearly, the overall economic growth scenario is reasonably strong even as the constitution of growth has changed somewhat with farm sector contributing significantly more in third quarter than what it did in previous two. Although the index number of industrial production (IIP) has been showing a significant slowdown, the issue is that index being currently used with its base of 1993 is rather



obsolete and its credibility has come into question. In fact the RBI has itself raised doubts on the accuracy with which the IIP might be measuring underlying momentum in the economy and hence has been focusing on some other indicators including advance indicators for services sector and the purchasing managers' indices (PMI).

It should though be remembered here that growth while has been strong so far, there are still some downside risks, not only from domestic factors but also from some of the ongoing global uncertainties like surging crude oil prices and the nuclear crisis in Japan besides the sovereign debt troubles of Europe. There have been renewed concerns in the eurozone over the fiscal conditions in Ireland and Portugal and the apprehension of crisis spreading to some other economies including Spain and Italy still remain there.

Inflation

While growth scenario still continues to be relatively robust, inflation has emerged as the biggest policy challenge in the post-crisis period as all efforts of the government and the central bank have so far failed to bring it down into the comfort zone. Despite the seven policy rate hikes implemented by the RBI before the latest one, the headline inflation in India rose unexpectedly in the month of February, even as the prices of food and other primary commodities seemed to be softening.

According to the latest data released by the government, headline inflation as measured by the wholesale price index (WPI) in the month of February inched up to 8.31% compared with 8.23% for the previous month. The 'All Commodities' index (Base 2004-05=100) for the month of

February also inched up marginally. Over the current fiscal so far, the index has risen by over 7%. In other words, prices have increased more than 7% in the fiscal so far compared with RBI's preference of 5% inflation over a full fiscal.

Not only the increase in inflation was unexpected, the constitution of inflation has also changed significantly in the month under review. Looking at the sub segments, it becomes clear that while major contribution to inflation has so far been coming from the food and primary commodities, the increase seen in February was primarily sponsored by the manufactured products.

Inflation in the primary articles declined from 17.28% in January to 14.79% in February. The same in the food commodities also came down from nearly 15% to about 10%. However, in case of manufacturing commodities, inflation went up from 3.75% to 4.94%. This indicates that while improved supply of food and other primary commodities in wake of a strong Kharif harvest has eased prices in this space, the strong domestic demand scenario in case of manufactured products is causing supply bottlenecks.

However, to better see the trend in food and manufacturing inflation, one has to extract the impact of manufactured food items from the later and add the same in the former. Manufacturing inflation sans food items is generally called core inflation and is more preferred by economists and central banks to gauge the pricing pressure in manufacturing space. The core and food inflation (after adding the impact of manufactured foods) have been plotted below.

It can be clearly seen that food inflation has shown a

Chart 3: Wholesale Inflation Trend

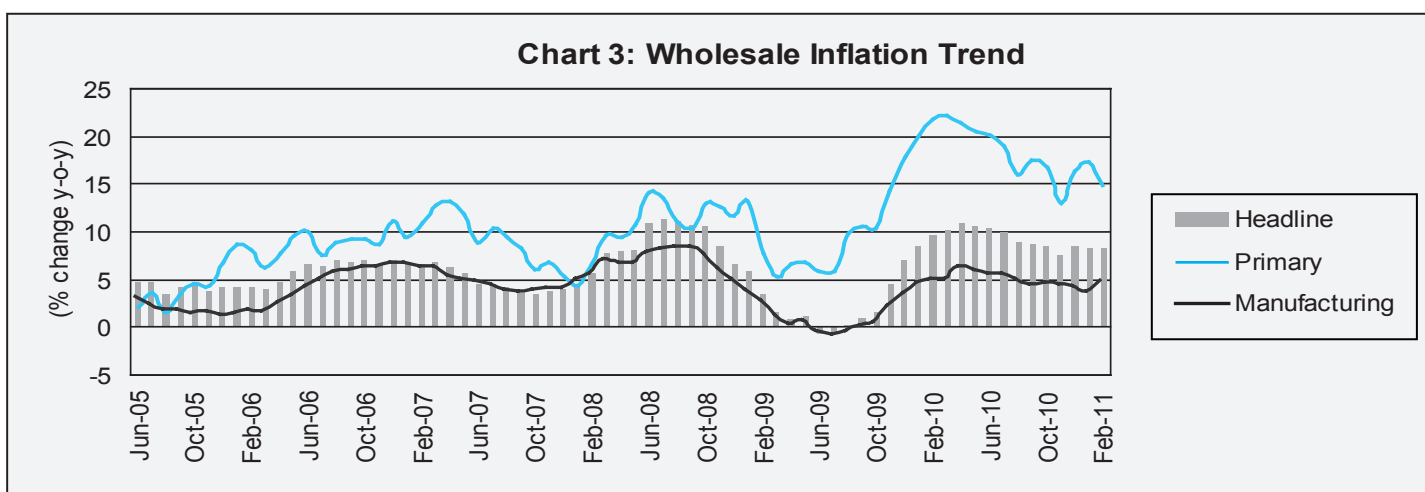
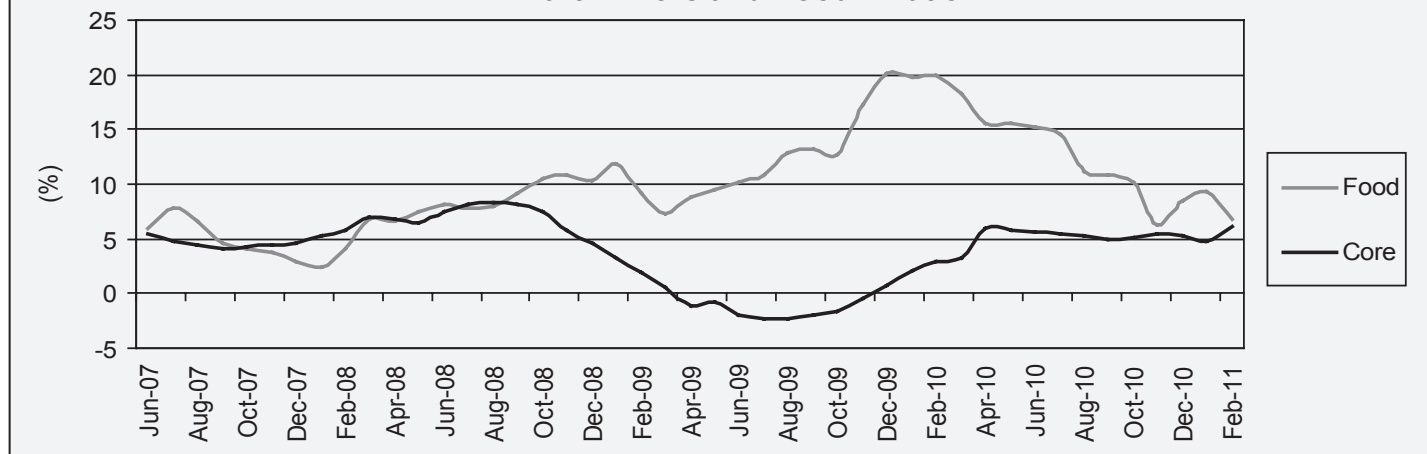


Chart 4: Core and Food Inflation



sharp slowdown in the month of February, reversing the trajectory that was seen for most of the 2010. On the other hand, core inflation, which is presumably more under the control of the central bank, has shown substantial increase, probably reflecting the bullish demand side tendencies in the economy. Such a scenario would have obviously put more pressure on the central bank since the component of inflation, that is traditionally seen as being more impacted by monetary policy, has surged sharply. It probably also puts into question the piecemeal policy of the RBI which has been hiking rates by only 25 bps at a time in the current rate hike cycle.

Another thing that should be noted here is that even though the WPI had been providing a rather rosy picture of slightly softening manufacturing inflation for several months prior to February, the underlying cost inflation was continuing anyway. This is reflected in PMI readings which have been showing continued increase in costs of manufacturers. In the month of February, the cost inflation index of PMI had reached the highest level in series and the fact has been reiterated finally by surge in manufacturing inflation in WPI numbers. Since the PMI has been indicating consistent increase in costs for manufacturing industry for last several months, the core inflation may show further in coming months.

Policy Review

As is clear in the above discussion, while the growth scenario, despite some moderation in headline number, is still strong, inflation remain a major challenge. The challenge is also dynamic in nature in that constitution of price rise has been changing rapidly off late. In this wake,

it was very difficult for the central bank to issue a no action policy. Particularly the increase in core inflation in February made the no-action policy hard to justify.

Policy stance

It was in these circumstances that the RBI implemented its eighth consecutive hike in the monetary policy stance. It hiked both the repo rate, the rate at which it lends to banks, and reverse repo rate or the rate at which it allows banks to park their surplus liquidity with it, by 25 basis points (bps) each.

The central bank observed that although the performance of capital goods in IIP has been weak in the last two months, positive data from other economic indicators such as PMI, direct and indirect tax collections, merchandise exports and bank credit indicated that the growth momentum was continuing. Thus, it stated that, with the growth forecasts intact and demand-side pressures persisting in the economy, the 25bp hike in both the repo and reverse repo rates was justified.

Inflation projection

The justification for the rate hike also stems from the sharp increase in inflation projection undertaken by the central bank. In its third quarter review, the central bank had projected year-on-year WPI inflation for March 2011 at 7%. However, further upside risks have stemmed from high international crude prices, their impact on freely priced petroleum products, and the increase in administered coal prices and pick-up in non-food manufactured product prices. As a result, the RBI has now pegged the March-end 2011 inflation at around 8%.

Current account deficit

The only significant positive take-off from the policy review is the improved outlook given by the central bank in context of the current account deficit scenario (CAD), which was just a few months ago emerging as a major macroeconomic challenge for the country. The RBI had in its January policy review expressed concerns over the widening of the CAD and the nature of its financing. The central bank was worried that increasing dependence over the volatile institutional investment inflows to bridge a widening CAD could impact the overall macroeconomic scenario in the country in case there was another global shock.

However, in its latest policy review, the RBI has stated that given the recent robust export performance, CAD for 2010-11 was estimated to come lower than earlier expected, at around 2.5% of the gross domestic product (GDP). This compares with previous expectations of CAD surging to over 3% of GDP. The improvement is mainly due to substantial growth seen in India's exports over last several months while some slowdown in imports at the same time too has helped bridge the merchandise trade gap.

Fiscal deficit

While the RBI expressed comfort with the CAD scenario, it did raise some concern on the ability of the government to keep the fiscal deficit at the budgeted levels due to potential of surge in subsidies. The government has pegged the deficit for next fiscal at 4.6%, bettering the recommendation of 4.8% given by the Thirteenth Finance Commission (TFC). However, the central bank said that high global crude prices were quite likely to put pressure on subsidy outgo which can result in significant increase in deficit over the course of the fiscal.

'While the budgeted level of fiscal deficit for 2011-12 gives some comfort on the demand front, a potential increase in the subsidies on petroleum products and fertilizers as a result of high crude prices could put pressure on expenditure,' said the central bank in its last policy review for current financial year. Not only the central bank's but the assessment of most experts at this point in time is that the government's picture, at least with current global commodity scenario and domestic inflation tendencies, is perhaps a little on the rosy side. International oil prices

continue to hover above \$110 per barrel, and the factors driving them are largely political in the Middle East and North African regions and therefore could last for some more time.

The government has kept the subsidy outgo for the current fiscal at lower levels compared with the actual (revised) figures for the last fiscal. This can only happen if crude prices come down to around \$70-75 a barrel soon and stay broadly in that range for better part of the year. On the other hand, if crude prices continue to remain on the higher side, say close to \$100 a barrel, subsidy outgo of the government can easily go higher by Rs 40,000 – RS 50,000 crore and hence widen the deficit.

The Road Forward

The central bank concluded its policy review saying that the underlying inflationary pressures had accentuated, even as some risks to growth were emerging, particularly the surging global commodity prices. As domestic fuel prices are yet to adjust fully to global prices, risks to inflation remain clearly on the upside, reinforced by the persistence of demand-side pressures as reflected in non-food manufacturing inflation. While the overall tone of the policy was somewhat hawkish, the action on the ground continue to remain calibrated.

The above discussion has revealed that despite some downside risks, the growth outlook of the economy is pretty strong, at least in the near term, and the inflation risk is moving from primary articles to manufactured goods, that can very quickly generate a generalized inflation shock. In this light, it is very hard to say that RBI should have kept the rates unchanged. As Dr D Subbarao, the Governor of the RBI, has himself had stated earlier, in order to ensure that medium term growth potential is protected, India should be ready to sacrifice some of the near term growth.

In that spirit, if anything, there was a case for a 50 bps hike in key rates. By continuing the calibrated approach, while the RBI is trying to protect growth as much as it can, at the same time, the rate hike cycle has been extended. We expect that another 75-100 bps worth tightening could be there in the offing during rest of the current calendar year in case crude prices remain above \$100 a barrel. Going by the 25 bps hikes on and off, the central bank will continue its monetary tightening over most of the 2011 as well.

Bharti Airtel

Investment overview

- Bharti Airtel is one of world's leading providers of telecommunication services with presence in all the 22 telecom circles in India and operations in Sri Lanka, Bangladesh and Africa.
- The company has maintained consistent RPM and ARPU for the last several quarters and the minute of uses too has remained almost consistent.
- The company is continuously consolidating its market leadership position despite intense competition from the existing as well as new entrants. The company is one of the major gainer of the number portability.

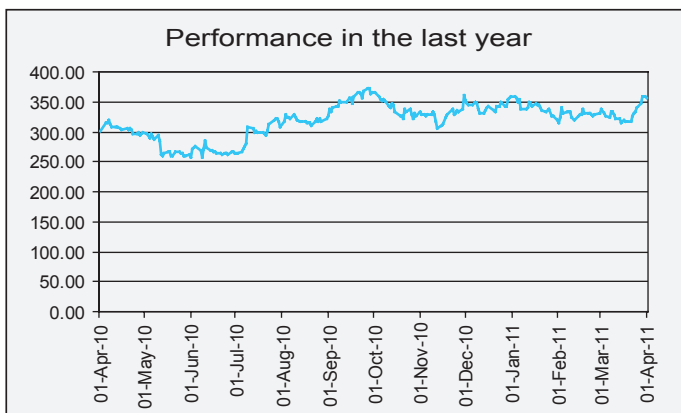
Business Overview

Bharti Airtel is a leading global telecommunications

Stock Data (as on 1/04/11)	
Current Mkt Price (Rs.)	355.35
52 week High (Rs.)	376.50
52 week low (Rs.)	254.00
Mkt Cap (Rs. Cr.)	1,34,945
Return in last one Month (%)	5.18

Share Holding Pattern (as on Dec,2010)	
	%
Total Promoter	68.20
Institutions	17.30
Non Institutions	8.72
Others	5.78

Key Ratios	
P/E	16.85
Price/Book(x)	3.18
Dividend Yield (%)	0.28
ROCE(%)	28.46
ROE(%)	29.42



company with operations in 19 countries across Asia and Africa. The company offers mobile voice & data services, fixed line, high speed broadband, IPTV, DTH, turnkey telecom solutions for enterprises and national & international long distance services to carriers. It is the largest private integrated telecom company in India and the 3rd largest wireless operator in the world.

Bharti Airtel offers GSM mobile services is present in all the 23-telecom circles of India and is the largest mobile service provider in the country, based on the number of customers.

The group offers high speed broadband internet with a best in class network. With Landline services in 94 cities we help you stay in touch with your friends & family and the world. Get world class entertainment with India's best direct to home (DTH) service digital TV in more than 150 cities.

The company also deploys, owns and manages passive infrastructure pertaining to telecom operations under its subsidiary Bharti Infratel Limited. Bharti Infratel owns 42% of Indus Towers Limited. Bharti Infratel and Indus Towers are the two top providers of passive infrastructure services in India.

Financial Health

For the quarter ended December 31, 2010 the company's revenues were below the expectations and it has posted nearly 41% drop in its second-quarter consolidated net profit. Net profit mainly due to re-branding cost, increased net interest cost, forex losses and higher spectrum charges.

On standalone basis Bharti Airtel's Second quarter ended December 2010 net profit decreased by 20.08% to Rs 1847.80 crore from the Rs 2312.10 crore for the quarter ended December 2009. Total revenue including other income was up by 9.23% to Rs 9,563.70 crore from the Rs 8755.50 crore in the same quarter last year.

The consolidated net profit declined by 45.77% to Rs 1212.90, down from Rs 2236.50 crore in the third quarter last year. The net revenue increased by 52.89% to Rs 15,756 crore from the Rs 10,305.30 crore in the corresponding quarter last year.

Industry Scenario

The Indian telecom industry has grown at a dream pace in the new millennium. Private companies have taken a lead in a big way as declining tariffs and increasing disposable incomes helped in making telephones more affordable. The unprecedented growth witnessed in the wireless segment has all the potential to continue for many more years as Indian companies shift their focus from saturating urban areas to still relatively untapped vast rural areas.

Indian telecom operators have kept their march uninterrupted despite a global meltdown. In fact, for a country that stood at the bottom of the pyramid in terms of telecom penetration a decade ago, 2008 was a watershed year when India displaced the US to boast

(Rs. Cr.)

Particulars	Dec Qtr-10	Dec Qtr-09	Growth%	FY10	FY09	Growth%
Net Sales	9563.70	8755.45	9.23	35609.54	34014.29	4.69
Other Income	14.90	16.11	-7.51	89.73	140.74	-36.24
Total Income	9578.60	8771.56	9.20	35699.27	34155.03	4.52
PBT	2039.50	2556.68	-20.23	10699.25	8161.54	31.09
PAT	1847.80	2312.10	-20.08	9426.16	7743.84	21.72
EPS	4.87	6.09	--	24.83	40.80	--

Standalone

second largest subscriber base in world after China at more than 350 million users. Growth primarily came from the mobile segment even as wireline segment was seen contracting throughout the year. Mobile phones, which were initially dubbed as gizmo for the rich and tipped to prove a flop in poor India, have reached even the far flung rural households. The journey from a tariff of Rs 16.80 per minute to merely 40 paise a minute has not only been fascinating, but impressive too.

India's telecom industry has seen a very action packed last one year or so. Competition picked up sharply in 2009 and reached the peak in 2010 as evidenced in shockingly high bids for the auction of the third generation (3G) spectrum. The new age telecom services are now set to usher the industry onto an all new level. However, concerns are also there in context of the hyper competitive regime and consistently declining average revenue per user (ARPU).

In the coming days, the overall economic dynamics is likely to shift in favor of telecommunications industry, primarily due to its key attribute of being a major infrastructure product for both the emerging and the developed nations. Furthermore, as the global economy continues to recover, demand for real-time voice, data and video increased by leaps and bounds. All these developments are enabling the telecom carriers to undertake large network extension and upgrade plans.

Investment Rationale

Bharti reported strong revenue growth during the third quarter driven by stabilizing operating metrics and good operational performance in Africa. However its margins were impacted on account of rebranding expenses in the region and some forex losses in Africa. Bharti Airtel has added 3.2 million mobile users in February. Following the said addition, the company's total subscriber's base stood at 159 million. Mobile number portability (MNP), which was launched in a northern state in late November and nationwide from January 20, has benefited the company as the Cellular Operators Association of India (COAI) reported that Bharti Airtel gained a net 148,215 customers in MNP.

The company has entered into the M-Commerce space into a joint venture agreement with State Bank of India targeting financial inclusion on the ubiquitous mobile platform. The joint venture will become the business correspondent of State Bank of India to offer banking products and services to the citizens in un-banked and

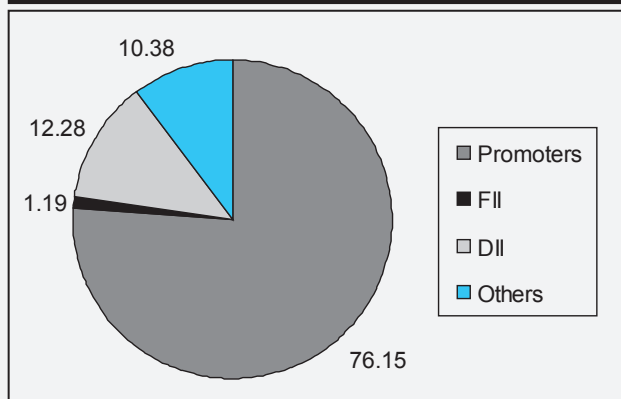
other areas. Also the company has recently launched Airtel money in Gurgaon. This service is India's first mobile wallet service by a telecom operator enabling our customers to use the power of ubiquitous mobile platform to make payments at anytime sitting anywhere.

Airtel successfully bid for 3G spectrum in 13 telecom circles across India, which constitute 68% of Airtel's revenue market share and is rolling out state-of-the-art networks in these geographies. Having commenced the rollout, Bharti Airtel has launched 3G services across 10 cities and has crossed figure of half a million 3G customers across India. As the competition has increased in mobile services and non-voice services 3G can turn out to be a game changer for the industry players and will boost the company's domestic mobile revenues. Further Bharti Airtel will soon announce the launch of its broadband wireless access (BWA) services. BWA enables high-speed internet access, internet telephony and television services and can be used for both voice and high-speed data services.

Bharti Airtel, Vodafone and Idea Cellular are close to signing an agreement to share their third-generation radio bandwidth. Bharti Airtel has licenses and radio bandwidth to offer 3G services in 13 service areas, while Idea holds licenses for 11 service areas and Vodafone Essar nine areas. The agreement, if signed, would allow the companies to reduce their average cost of radio bandwidth by accessing each other's networks in areas where they don't own 3G licenses.

Bharti Airtel is the leading private telecom service provider in the country. The Telecommunications Industry is identified as a major driver of the global economic recovery which will gain pace in the coming days. However its African operations are likely to remain under pressure for some more time due to high manpower costs in the region as the cost of living is higher there but with the outsourcing and tower sharing arrangements the margins for the African operations too is likely to improve. The management has set a target of achieving Rs 5 billion revenue and Rs 2 billion EBITDA by March 2013. It is currently trading at Rs 355.35 with a P/E multiple of 16.76x and an EV/EBITDA of 9.66x, We would recommend BUY in the stock with a price target of Rs 395 at an estimated P/E of 16.7x for FY12 and PATM of 10.4%. The company is having one of the highest spectrum allocations in 3G services which is likely to have a strong multiplier effect on economic growth which will aid the company's top-line growth and improve its profitability in the long run.

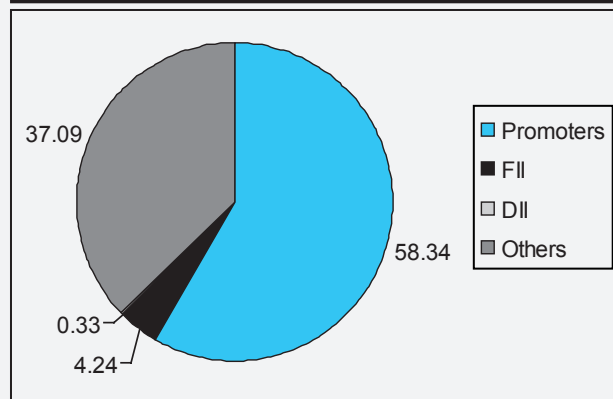
Tata Communication



- ◆ Tata Communications (TCOM) is one amongst the leading global provider of telecommunication solutions. Its major area of expertise lies under serving the voice, data and next-generation service needs of carriers, enterprises and consumers across the world.
- ◆ As per the share purchase agreement (SPA) in 2002 between the Government of India and Panatone Finvest, a strategic partner, a partial holding of Tata Industries, gave Panatone title to land in or around Pune, Kolkata, Chennai and New Delhi. The total surplus land area is 773.13 acres. The SPA mandates Panatone to gradually demerge the surplus land from TCOM, and form a separate land company (Landco).
- ◆ Possibility of selling the land in the near to medium term has improved, following the recent news flow about the minister's probe. Apart from this, the land demerger will also enable it to raise funds by issuing fresh equity. Presently, it can't do so because of the government's unwillingness to dilute its shareholding. If the company is free to issue equity, it can tackle its high debt, which has risen to almost two times the equity. Interest cost has risen and is one of the reasons for impacting the company's profitability.
- ◆ Recently the company completed its acquisition of BitGravity, an award winning content delivery network (CDN). BitGravity will join Tata Communications and will integrate as a Tata Communications operating business subsidiary. With this acquisition, the company will be able to combine its global infrastructure with BitGravity's CDN technology and infrastructure to create a larger global footprint and a more efficient cost base
- ◆ At the current market price of Rs 246.50 the company is trading at a P/E of 25.75x and can be called at discount compared to its fair valuation after considering VSNL's land sale valuations. Apart from this TCOM's investment in Tata Teleservices which is around Rs 30 per share, TCOM's enterprise data business, which contributes nearly 40% to its consolidated revenues, and value of its core business, comes out to be near Rs110 per share which when added the total fair value will be around Rs 308 per share.

Last Traded Price (As on April 1, 2011)	Rs 246.50
Price target	308.00
Market cap. (Rs cr.)	7,025
52 Week H/L	354.30/192.65
Free Float (Rs cr.)	1,756
BSE code	500483

GTL Infrastructure



- ◆ GTL Infrastructure has emerged as the world's largest independent tower company in India having a portfolio of over 30,000 towers located across. It is also associated with prestigious projects being promoted by DoT and COAI such as USO (Universal Services Obligation Fund) for rural telecom infrastructure and MOST (Mobile Operator Shared Tower).
- ◆ The company has proposed to raise \$200-300 million (Rs 906-1,360 crore) for its expansion plans through qualified institutional placement, which could also include investment by foreign institutional buyers.
- ◆ GTL Infra has agreed to buy mobile firm Aircel's telecom towers for \$1.8 billion, thus adding 17,500 towers to its existing 14,500. It will also build another 20,000 towers, which will be leased to Aircel. The company has made investment to the extent of about Rs 1,500 crore in Chennai Network Infrastructure (CNIL), a special purpose vehicle formed by GTL Infrastructure (GIL), for purchase of a portfolio of 17,500 telecom tower assets from Aircel, Aircel Cellular and Dishnet Wireless (Aircel).
- ◆ The company has posted a net loss of Rs 61.99 crore for the quarter ended December 31, 2010 as compared to net profit of Rs 23.05 crore for the quarter ended December 31, 2009. Its total income has increased from Rs 96.89 crore for the quarter ended December 31, 2009 to Rs 125.41 crore for the quarter ended December 31, 2010.
- ◆ At the CMP of Rs 37.25, GTL Infrastructure is trading at a Price/Book Value of 2.16 and at EV/EBIDTA of 21.89x. We recommend 'BUY' in this particular scrip with a target price of Rs 47. The RBI's recent decision to consider telecom towers as infrastructure is expected to provide a fillip to tower companies such as GTL Infrastructure, this move will improve their access to funds from non-banking finance companies (NBFCs) for expanding the tower base.

Last Traded Price (As on April 1, 2011)	Rs 37.25
Price target	47.00
Market cap. (Rs cr.)	3,566
52 Week H/L	54.40/33.50
Free Float (Rs cr.)	713
BSE code	532775

KEC International bags new orders worth Rs 801 crore

KEC International, the flagship company of PRG Group has bagged new orders worth aggregating Rs 801 crore in the areas of Transmission (domestic and international) and cables. In India, the company has secured three orders from Power Grid Corporation of India (PGCIL) aggregating Rs 224 crore and one order from state utility Aprtransco worth Rs 84 crore on Turnkey basis. In International markets, the company has bagged order aggregating worth Rs 386 crore from Saudi Arabia, South Africa, United States and Brazil. The company has won supply orders for extra high voltage power cables, high tension, low tension and telecom cables from various customers worth Rs 107 crore.

L&T sells its stake in L&T-CASE JV

Larsen & Toubro (L&T) has sold its stake in L&T-CASE Equipment to its JV partner CNH Global NV, a global leader in the agricultural and construction equipment business. CNH Global NV has acquired full ownership of L&T-CASE, an unconsolidated joint venture established in 1999 to manufacture and sell construction equipment in India. The new company will take the name 'CASE New Holland Construction Equipment India'.

McNally Bharat bags order worth Rs 115.56 crore

McNally Bharat Engineering Company (MBECL) has received an order from Neyveli Lignite Corporation for supply and maintenance of design, manufacture, fabrication, supply and assembly / erection, movement to mines, commissioning, testing and handing over of all mechanical, structural and electrical components of 1 no. 700 liter bucket wheel excavator for a total value of Rs. 115.56 crores. The schedule time for completion is 30 months. Recently MBECL has secured order worth Rs 15.60 crore for the civil works of ISBL Units (NHT - 40, NFU-41, CCR-42 &43) of LSTK Package A for IOCL Refinery Project at Paradip.

International Paper to acquire 53.5% stake in A P Paper Mills

International Paper has entered into agreements with LN Bangur, and related family members and affiliates to purchase about 53.5% of the outstanding shares of Andhra Pradesh Paper Mills (APPM) for about \$257 million in cash. In addition, International Paper has agreed to pay a \$62 million non-compete payment to the sellers. Pursuant to Indian securities law, International Paper will also launch a mandatory public tender offer to acquire up to an additional 21.5% of the outstanding shares of APPM for approximately \$ 104 million in cash. International Paper anticipates acquiring up to 75% of the company's

outstanding shares through these two transactions.

Nagarjuna Fertilizers inks pact with Nigerian government

Nagarjuna Fertilizers and Chemicals (NFCL) has entered into a pact with the Nigerian government for setting up petrochemical fertilizer plants in the country. As per the pact, NFCL along with US oil major Chevron Nigeria will construct five fertilizer blending factories in all the different geopolitical zones of the country. Nigeria is expecting the country to become the regional hub for gas-based industries of fertilizers, petrochemicals and methanol. The fertilizer initiative is expected to involve investments to the tune of \$2.5 billion. Nigeria, which wants to end gas flaring, has projected the creation of 5,00,000 jobs through an investment of \$25 billion in the process.

Uflex to set up PET film plant in USA

Uflex is all set to start a PET film plant in Kentucky in USA. The said plant is expected to be fully operational by December 2012 and will contribute \$20-22 million per annum of EBITDA. In this regard, the company will invest \$80-85 million in the plant and the investment will be financed by a mix of debt as well as internal accruals and the company is looking to raise \$48-50 million from two German banks, KfW and KBC. The company is expecting to manufacture 30,000 MTPA of PET film from the said plant. It is also in talks with local government for land acquisition.

Eros International aims 35% rise in its bottom-line for FY12

Eros International Media, India's largest integrated film studio is aiming to increase its profit by 35% for FY12 as it is focusing more on bottom-line than top line. The company has been growing at the Compound Annual Growth Rate (CAGR) of 59% in the last 5 years and has posted a net profit of Rs 115 crore in FY11, while the overall revenue stood at Rs 700 crore. It had clocked a net profit of Rs 83 crore in FY10. Further, the company is looking to acquire existing film libraries and also the regional distributors. The company has also lined up a capital expenditure of Rs 900-1,100 crore for the next two fiscals and will fund it through internal accruals.

Simbhaoli Sugars to hive off its IMFL and Power biz to new subsidiary companies

Simbhaoli Sugars (SSL), one of the country's largest sugar refiners would be hiving off of its Simbhaoli Distillery mainly comprising of its potable alcohol (IMFL) business and Power Businesses to new subsidiary companies. These new companies shall be wholly owned subsidiaries of SSL and will chalk out their own growth plans. The business of the Simbhaoli Distillery which includes Potable Alcohol Business is being carved out into a separate company.

The main objective behind this exercise shall be to achieve growth in potable alcohol business by exploring new business and marketing areas for creation of new brands, their promotion and capacity enhancement. The potable alcohol business has an aggressive growth plan with a back drop of 10 to 12% year on year basis natural growth in domestic drinking alcohol segment.

Bharti Airtel shelves tower unit IPO plan

Bharti Airtel, India's largest integrated telecom services provider has no immediate plans for an initial public offering of its telecoms tower unit - Bharti Infratel. The telecom major is also not looking at listing of its other tower unit - Indus Towers. Bharti Infratel has more than 30,000 towers across 18 states, and 11 telecom circles. It also has a 42% stake in Indus towers which was created as a joint venture between Bharti Infratel, Vodafone and Idea, which is the world's top telecoms tower company with more than 100,000 towers.

Aurobindo Pharma gets USFDA approval for Famciclovir Tablets

Aurobindo Pharma's tentatively approved ANDA for Famciclovir tablets 125mg, 250mg and 500mg has received the final approval from the US Food & Drug Administration (USFDA). Famciclovir tablets 125mg, 250mg and 500mg is the generic version of Novartis Pharmaceuticals Corp's Famvir tablets 125mg, 250mg and 500mg and is indicated for the treatment of recurrent mucocutaneous herpes simplex infections in HIV-infected patients and suppression of recurrent genital herpes in immunocompetent patients. Aurobindo now has a total of 132 ANDA approvals (100 final approvals and 32 tentative approvals) from USFDA.

M&M to establish tractor manufacturing unit in Andhra Pradesh

Auto-maker Mahindra & Mahindra (M&M) is planning to establish its tractor manufacturing unit at its existing facility at Zaheerabad in Andhra Pradesh to give boost to industrialization in the backward Telangana region. In this regard, the company will invest Rs 300 crore on the tractor manufacturing facility over the next three years and provide direct employment to about 2,000 people and indirect employment to another 5,000 persons. This will be the company's first facility in South India which intended to manufacture 90,000 tractor units per year and also 3 and 4-wheeler commercial vehicles. At present, the company has its automobile plant spread over 343.36 acres of land at Zaheerabad.

PSL's Sharjah-based subsidiary bags order worth \$80 million

PSL's Sharjah based subsidiary - PSL FZE, Hamriyah has bagged a contract worth \$80 million from the Saline

Water Conversion Corporation (SWCC) of the Kingdom of Saudi Arabia. The project comprises construction of a water transmission system from Ras Azour in the eastern province to Hafr Al-Baten in the central system, constituting API 5L Grade X-65, 44-inch diameter pipes for a total length exceeding 350 Km. The installed capacity of the Pipe Mill at PSL FZE, Hamriyah, shall be fully utilised from April 2011 to May 2012. Resources at PSL FZE, Hamriyah, are further being added to establish another Pipe Mill of capacity 75,000 million tonnes (MT) / Year (aggregating to total capacity of 150,000 MT / Year), and the installation of second mill is in advanced stages of completion.

Coal India secures governments nod for 77 projects

The government has cleared 77 projects of Coal India (CIL) having a production capacity of almost 184.78 million tonnes (MT). These 77 projects, under different phases of completion, are among 142 projects identified by CIL which are to be taken for the XI plan period (2007-2012). According to the Outcome Budget 2011-12, the remaining 65 projects have a capacity of 195.44 million tonnes and are under different phases of approval. Earlier in March, Coal Ministry had stated that 46 projects of CIL were delayed due to various reasons including environmental hurdles. Out of these, 11 projects of CIL are behind schedule because of the unavailability of both forestry and environmental clearances, while 14 projects of CIL got delayed due to land acquisition, relief and rehabilitation (R&R) issues.

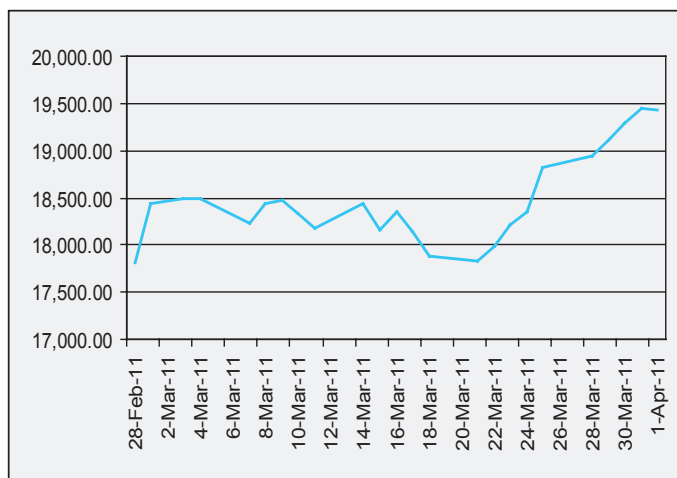
Sadbhav Engineering bags two orders worth Rs 869.23 crore

Sadbhav Engineering has bagged two projects/works worth aggregating Rs 869.23 crore from the Executive Engineer, Narmada Development Division 20, Mandleshwar, M. P. in joint venture with GKC Projects - Hyderabad. The first contract worth Rs 349.30 crore comprises execution of Omkareshwar right bank lift canal including its distribution network up 40 Ha, Chak for culturable command area (CCA) of about 29947 Ha, on turnkey basis from RD 51.281 Km to 125.00 Km (excluding VRB at RD 51.281 Km Wasvi- Sirsodia Road). The company will lead the joint venture with 60% participation share.

The second contract worth Rs 519.93 crore comprises execution of Omkareshwar right bank lift canal including its distribution network up 40 Ha, Chak for culturable command area (CCA) of about 28073 Ha, on turnkey basis from RD 0.00 Km to 51.281Km (including VRB at RD 51.281 Km Wasvi- Sirsodia Road). The company will lead the joint venture with 40% participation share.

After two consecutive disappointing months, Indian markets finally came out of the shackle in the month of March with benchmarks surging to their highest level of last three months. It was the support of the global cues along with the resumption of the foreign funds inflows that led the markets to surge, the post budget rally continued throughout the month and the indices scaled new highs. It was the month of major economic decision after the budget as RBI came up with its mid quarterly monetary policy review raised repo and reverse repo rates by 25 basis points, hike in its benchmark policy rates for eighth time in the current fiscal. The move was largely expected by the analyst community, particularly after the unexpected increase seen in the headline inflation for the month of February. The wholesale price index (WPI) based inflation in the country had inched up in February to 8.31% compared with market expectations of around 7.8%. The increase was largely contributed by a pickup in core inflation, thus putting pressure on the central bank all the more to further tighten the monetary stance. In the policy review, the central bank also accepted the increasingly sticky nature of inflation. It noted that following the slight moderation in January, headline WPI inflation had reversed in February 2011 accompanied by a sharp increase in non-food manufactured products inflation, or the core inflation. This also led the central bank to raise its fiscal-end inflation projection. In its third quarter review, the central bank had projected year-on-year WPI inflation for March 2011 at 7%. However, further upside risks have stemmed from high international crude prices, their impact on freely priced petroleum products, and the increase in administered coal prices and pick-up in non-food manufactured product prices. As a result, the RBI has now pegged the March-end 2011 inflation at around 8%. The central bank however sounded confident on growth despite the weaker industrial growth numbers. In the initial days the crude crisis seemed easing up on the reports of peace bugle in Libya as autocratic leader Muammar Gaddafi accepted the peace plan proposed by Venezuelan President Hugo Chavez to end the civil unrest in the country post which crude-oil prices lost some steam and drifted lower, but later he defied the peace talks and the UN agreed to impose a No-fly zone in the country and allowed airstrikes.

BSE Sensex movement for the month of March



BSE Sensex Monthly Gainers

Company	Prev Price (March'11)	Last Price (April '11)	Change (%)
DLF	222.05	271.30	22.31
RCom	90.30	108.40	20.04
JP Associates	83.00	96.45	16.20
Tata Power	1155.95	1325.00	14.62
Reliance Infra	618.80	698.30	12.85

- DLF, the country's largest real estate company recently launched its luxury homes project 'Bay View' at Marine Drive. The project which comprises exclusive air-conditioned apartments have prices ranging from Rs 1 crore to Rs 2.8 crore developed in 3.78 acres of land. The project is in close proximity to the Vallarpadam International Container Terminal and the new Express Highway which connects the container terminal with NH47. The apartments in the complex are in the range of 1300 sq.ft to 2700 sq.ft, approximately and a few exclusive town houses have also been included to cater to very exclusive clients. The apartments are airy and most of them have east facing entrances to make them Vaastu compliant. The property overlooks the backwaters, harbour and the Bolgatty Island. It also has a 20,000 sq.ft clubhouse with swimming pool, three tier security system with video surveillance, air-conditioned lobbies with lounge seating, convenience store for daily needs, etc. The company is also planning to open an exclusive boutique shopping arcade in the complex.
- Handygo Technologies, the mobile value-added service provider has entered into a partnership with Reliance

Communications (RCom), to offer information regarding health, education and finance, besides other areas, to rural subscribers. The unique voice-based rural solution which is available in all regional languages along with Hindi and English by handygo provides credible and authentic information to rural subscribers. For the latest and reliable updates, handygo has partnered with various organizations such as Care India, Aviva Life Insurance, Indian Metrological Department, Hariyali Kisan Bazaar, Network for Fish Quality Management and Sustainable Fishing, Transparency International India, India Financial Services and plethora of other organizations.

BSE Sensex Monthly Lossers			
Company	Prev Price (March'11)	Last Price (April '11)	Change (%)
Maruti Suzuki	1292.90	1274.35	-1.43
Tata Steel	634.30	625.65	-1.36
HUL	286.75	284.05	-0.94

- Maruti Suzuki is considering setting up its third manufacturing plant at Rohtak on the back of high utilization level and robust demand. The company may invest close to Rs 1000 crore for setting up this plant. A firm decision on setting up the third plant might be taken in next ten to twelve months. Meanwhile, the plant may have a capacity of 6 lakh unit per annum. Rohtak plant, spread over 600 acres, is double than its Gurgaon facility spread over 300 acres. Maruti is looking to hike capacity beyond 20 lakh cars per year. Presently, the company has a capacity of 12 lakh units divided between Gurgaon and Manesar and the Rohtak facility is likely to increase it by almost 50%. Maruti already houses a R&D facility in Rohtak.

- Tata Steel, the world's No. 7 steel-maker, is reportedly in talks to buy coking coal mines in western Canada. The company has initiated talks with the government of British Columbia, a Canadian province, to acquire coking coal mine. Tatas are keen to acquire coking coal mines for its European operations, which have zero raw material integration. The company needs to find more mines as coking coal prices continue to go up, pressurizing the margins for the company.

During the first part of the month the markets got pummeled down due to tumultuous global events, there was a major earthquake of 8.9 magnitude followed by over 10 meter

high Tsunami waves in Japan that shocked the whole world, on the other hand the prolonged civil upheaval in Libya stoked crude oil supply concerns keeping the oil prices at elevated levels, that remained a persistent headwind to the equity markets. There was some political drama as well and the DMK a regional ally of the ruling UPA government called back its Ministers from the center. However, optimism returned as the earthquake in Northern Japan was considered as a blessing in disguise for the Indian markets given the fact that crude oil prices cooled to a large extent from the recent highs. There were other good economic reports that led the markets momentum going, as per the provisional data India's exports for the month of February rose 49.8% to \$23.6 billion on a year-on-year (YoY) basis, while imports for the said month jumped 21.2% on YoY basis and stood at \$31.7 billion. The increase in exports was registered on the back of increased demand from markets like North America, Asia and Africa. Further going the Index for Industrial Production (IIP) showed smart recovery in the month of January, coming at better than expected 3.7% after hitting a 20-month low of 1.6% in December. Higher exports, Consumer Goods sector growth has helped the ramp up in the numbers. However, December growth was revised to 2.5%. The high base effect negated the growth, as the last January growth was a solid 16.8%. However the other factor was the worsening of the macroeconomic situation. Continuous surge in the crude prices also threaten to pause the growth cycle and companies are worried about rising cost of funds and input costs.

It was in the final ten days that markets started escalating higher as the crude prices eased and FII buying re-emerged in the Indian equity markets. Being the month of financial year end the domestic funds as well as the foreign investors started investing, also the stabilized economic conditions gave a reason to the retail investors, to take some risk, the inflation worries too seemed easing down as the weekly inflation returned to the single digit. The jubilation turned so high in the last week that the March F&O series expired with huge gains of over 10 percent; the other pleasing factor was that more than 66 percent of rollovers were reported that indicates that traders are bullish about the markets in coming month as well and if the foreign fund inflows continue the markets may extend their rally in coming month too.

FDI into India down 25% in April-February 2011

Despite the Indian government looking to further ease the regulations governing the foreign direct investment (FDI), the direct capital inflows into the country declined for a second consecutive month in February to \$1.2 billion. The figure is about 30% below the FDI worth \$1.7 billion received in the same month a year ago.

Various agencies have been raising concerns over declining FDI amidst a widening current account deficit (CAD). Cumulative FDI into India during the first 11-months of the current fiscal year has declined by 25% to \$18.3 billion, putting pressure on the government to fine-tune its policies in order to attract greater amount of overseas investment. The country had received FDI worth \$24.6 billion during the corresponding period of last financial year.

The Reserve Bank of India (RBI) had said recently that it preferred greater amount of long-term and stable flows through FDI into the country rather than often short-term oriented foreign institutional investment (FII) to bridge the current account deficit (CAD) that the country faces. The Governor of the central bank D Subbarao said that while inflow of foreign capital was welcome for bridging the CAD, the RBI would always prefer the stable inflows in terms of FDI, which comes with a long term commitment, rather than volatile portfolio inflows which can reverse in case of even a small change in either domestic or global economic scenario.

The decline in FDI in India has been rather against the trend seen in other developing countries. A recent report by the United Nations Conference on Trade and Development (UNCTAD) had observed that in the last calendar year, emerging market economies (EMEs) attracted more foreign investment than developed countries for the first time in history as the global economic engine shifts to the EMEs. Despite this, the FDI into India has seen a decline.

Meanwhile, the government is set to release a revised FDI policy circular later in the day hoping to attract greater amount of foreign funds in the next financial year beginning April 1. Among other modifications, the third edition of the Consolidated FDI Policy Circular (CFPC) may contain guidelines on domestic companies issuing shares to foreign entities for considerations other than cash, a move aimed at checking possible misuse of FDI policy to engage in money laundering.

Iron ore exports down 18% in February

In a development that has hit hard the domestic mining industry but will boost prospects of the steel industry, India's iron ore exports have declined by 18% to 85.43 million tonne in April-February compared with the same period in the previous fiscal as a four-fold increase in export duty and ban imposed by the state of Karnataka weighs.

India, world's third-biggest exporter of the key steel-making raw material, managed to export 10.13 million tonne in the month of February, down 18.6% from the same month last year, as per the data compiled by the Federation of Indian Mineral Industries (FIMI). However, the decline in month of March is set to be far higher as the four-fold increase in export duty came into effect only with the start of this month. FIMI expects exports to be down 50% in March.

'The 20% ad valorem export duty levied by the finance minister in the budget is set to badly affect shipment of the steel making raw material. Since the proposed duty is made applicable from March 1, its implication will begin this month. We expect exports not to go beyond five-six million tonnes' said R K Sharma, secretary-general of the FIMI. India's iron ore exports in March last year stood at 13 million tonne.

Government says no quick decision on multi-brand FDI

Despite the Economic Survey arguing for allowing the foreign direct investment (FDI) in multi-brand retail space year-after-year, the government of India has yet not made up its mind, neither is it in any hurry to do so. In fact, the government stated that there will be no decision in haste on the matter. Union Finance Minister Pranab Mukherjee said in the lower house of Indian Parliament that the government will not take an 'off the cuff' decision on the contentious issue of allowing multinationals to set up retail stores that sell goods of different brands. The Indian government currently allows up to 51% of FDI in single brand retail but foreign players have not been permitted so far to participate in the multi-brand retail space.

The minister made it clear that in wake of the complex nature of the issue, the government will take into account the views of state governments as well as retailers and small shopkeepers and arrive at a larger consensus before making a final move. Mukherjee was responding to a calling attention motion in the Lok Sabha by some legislators. "The government has not taken any decision in this regard so far," Mukherjee added.

Economists have been pointing out that one of the reasons behind high inflation in the food goods space is the large gap between the retail and wholesale level prices. This indicates poor efficiency of distribution. By bringing in more money into the organized retail through foreign companies, greater investment into farm infrastructure can be made which will help improve the efficiency of distribution, lower the gap between farm gate and retail prices, and bring down the surging food inflation.

Earlier, the department of industrial policy and promotion (DIPP) too had floated a consultation paper seeking the views of various government agencies and other stakeholders on allowing the FDI into the multi-brand space. The DIPP advocated the move saying it would help

push investment into back-end infrastructure, besides logistics and agro-processing. The Planning Commission has already supported the move and some other key cabinet ministers are now also in favour of the move. Any announcement on the matter however will have to wait for a politically more suitable time.

Concerned par panel asks for more policy support for major ports

As India gears up for more development and contribution of foreign trade in its GDP growth the country is expected to see the capacity of ports shrinking and falling short of requirement. A parliamentary panel has also expressed its concern over shrinking share of Centre-owned ports in cargo handling and has asked the government to give adequate attention and policy support to ports for offering better facilities.

The panel however appreciated the efforts of State-controlled minor ports which has grabbed around 35% share in cargo handling in the country from a mere 5% in 1999. The total volume of traffic handled by all the Indian ports during 2009-10 was 849.9 million tonne, of which non-major ports accounted for around one-third of the total seaborne trade. As per the Shipping Ministry the growth in cargo handled at major and non-major ports in 2009-10 was 5.8% and 35.4% respectively compared to 2.2% and 3.3% in 2008-09.

The committee stated that the rate of cargo handling capacity growth is far greater in case of private ports than that of major ports and hence the major ports should get adequate attention and policy support from the government to improve their efficiency and competency. Meanwhile, the government had in January this year unveiled a new policy for the shipping sector that entailed an investment of Rs 5 lakh crore by 2020 to take the ports capacity to 3,200 MT and bring in major reforms in the space. Of the Rs 5 lakh crore investments proposed in the sector, Rs 3 lakh crore would be in the port sector.

High amount of investment is needed for the port sector as India's power needs are expected to grow further for which it will have to import lot of coal from overseas markets. Further, with India signing foreign trade pacts with many countries, the cargo traffic at its major ports is going to be increased by leaps and bounds.

Government clears 14 FDI proposals worth RS 1289.8 crore

Based on the recommendations of Foreign Investment Promotion Board (FIPB) in its meeting held on March 11, 2011, Government of India has approved 14 Proposals of Foreign Direct Investment (FDI) amounting to Rs. 1289.85 crore approximately.

Among those that got the green signal, the biggest one is by the Dhunseri Investments, Kolkata which has

been allowed to issue equity shares to the non-resident shareholders consequent upon demerger to the tune of Rs 715 crore. Another major project is by Ghir Investments which got the approval of the FIPB for induction of foreign equity in an investing company. The Mauritius based company proposes to bring in FDI worth Rs 530 crore.

Among others, Gremach Infrastructure Equipments and Projects got the ex-post facto approval for issue of warrants. The company is engaged in the business of providing equipments on rental for infrastructure projects. Similarly, PCRD Services, Singapore has got approval from the finance ministry to increase the foreign equity percentage in an investing company.

The finance ministry deferred a decision on 27 proposals which include one by Forbo Holding AG, Lindenstrasse, Switzerland to set up a new WoS to undertake the business of manufacturing, sale, distribution, lease, import and export of power transmission belts. Similarly, a proposal by Punj Lloyd for bringing in FDI to undertake additional activities of manufacture, assembly and repair of defence equipment has been postponed too.

Corporate advance tax payments up 22%

In a signal of robust increase in corporate incomes, overall advance tax payments by the India Inc for the current financial year have increased by buoyant 22%. Total advance tax paid by the corporates reached Rs 1.97 lakh crore in the current fiscal compared Rs 1.60 lakh crore in the last fiscal.

Highest tax payer as per the advance tax figures was publically controlled ONGC which paid Rs 8,492 crore, an increase of 35% compared to 2009-10. Another oil sector major, Reliance Industries, saw its overall advance tax payment increase by 38% to Rs 4,244 crore in the current financial year. Insurance major LIC paid Rs 3,599 crore as advance tax, nearly 11% higher than previous year.

Advance tax payments are often considered as a good barometer of overall performance of the economy and also serve as a lead indicator for growth in overall gross domestic product. However, part of the growth seen this year could also be attributed to the somewhat lower base as growth last year was weaker in many sectors and hence tax outgo also grew at a slower pace.

Nonetheless, the robust growth in tax receipts indicates that overall economy was doing well and if the trend continues, it will help the government meet an ambitious budgeted fiscal deficit target. The finance ministry has pegged fiscal deficit at 4.6% for the next fiscal. But experts have been raising doubts that given the high crude prices and implied increase in subsidy outgo, it would be difficult to adhere to the target deficit, particularly in light of the fact that there will be no one time receipt like the 3G revenue in next fiscal.

Company Name	Year End	Price (Rs.) (01/04)	Yield (%)	EPS (Rs.)	FV	PE	TTM				52-Wk High (Rs.)	52-Wk Low (Rs.)
							Year End	NP Rs. ml	EPS (Rs.)	PE		
Patni Computer Systems Ltd.	200912	475.80	13.24	42.03	2	11.32	201012	6550.50	49.11	9.66	624.00	412.55
Indiabulls Securities Ltd	201003	15.95	12.54	2.66	2	5.99	201012	452.03	1.96	8.31	34.15	15.20
HCL Infosystems Ltd.	201006	102.10	7.35	11.98	2	8.52	201012	2535.10	11.62	8.77	140.45	83.50
Chennai Petroleum Corp. Ltd.	201003	223.00	5.38	40.51	10	5.51	201012	1363.50	9.16	24.46	295.80	184.00
PSL Ltd.	201003	73.60	5.43	16.52	10	4.46	201012	764.68	14.30	5.25	155.90	64.50
JK Lakshmi Cement Ltd.	201003	51.15	4.89	19.71	5	2.60	201012	972.90	7.95	6.41	79.90	40.50
Prism Cement Ltd.	201003	52.75	4.74	4.99	10	10.58	201012	1278.10	2.54	20.93	65.90	44.85
Shipping Corpn. Of India Ltd.	201003	107.90	4.63	8.90	10	12.12	201012	7010.30	15.05	7.28	202.50	98.25
HEG Ltd.	201003	212.20	4.71	37.27	10	5.69	201012	1337.65	31.22	7.03	387.60	176.40
SRF Ltd.	201003	318.30	4.40	51.14	10	6.22	201012	4580.10	75.70	4.22	444.30	193.05
JK Cement Ltd.	201003	139.55	4.30	32.32	10	4.32	201012	543.95	7.78	17.64	199.90	110.15
Balmer Lawrie & Company Ltd.	201003	541.20	4.25	72.02	10	7.51	201012	1213.22	74.49	7.32	769.90	499.05
Balrampur Chini Mills Ltd.	200909	70.00	4.29	8.82	1	7.93	201012	-249.10	-0.97	0.00	99.00	62.00
Kirloskar Brothers Ltd.	201003	135.00	4.07	14.81	2	9.11	201012	992.69	12.51	10.72	370.00	111.20
Electrosteel Castings Ltd.	201003	31.30	3.99	6.31	1	4.96	201012	1369.05	4.19	7.45	56.15	28.50
Binani Cement Ltd.	201003	87.50	4.00	13.88	10	6.30	201012	492.36	2.61	33.52	108.80	74.50
Indian Oil Corpn. Ltd.	201003	334.25	3.89	42.10	10	7.94	201012	90970.90	37.47	8.81	458.90	274.00
NIIT Technologies Ltd.	201003	184.65	3.79	16.17	10	11.42	201012	1152.57	19.53	9.34	234.90	164.00
Sasken Comm.Techno Ltd.	201003	157.05	3.82	28.04	10	5.60	201012	950.45	36.30	4.44	237.00	149.50
Bajaj Holdings & Invest Ltd	201003	792.05	3.79	72.74	10	10.89	201012	10333.30	92.85	8.71	952.00	602.00
Graphite India Ltd.	201003	93.30	3.75	13.54	2	6.89	201012	1833.84	9.39	10.06	111.90	79.00
JK Tyre & Inds. Ltd.	201003	93.65	3.74	39.81	10	2.35	201012	756.10	18.41	5.15	215.60	75.50
Deccan Chronicle Holdings Ltd.	201003	80.25	3.74	10.77	2	7.45	201012	2153.48	8.84	9.33	180.00	55.55
SJVN Ltd.	201003	22.10	3.60	2.37	10	9.33	201012	9282.00	2.24	9.80	28.00	19.40
Nava Bharat Ventures Ltd.	201003	252.50	3.56	65.18	2	3.87	201012	3496.10	45.78	5.54	447.00	216.00
Uflex Ltd.	201003	143.80	3.48	13.70	10	10.50	201012	2361.42	32.72	4.42	325.00	93.90
Tamil Nadu Newsprint & Papers Ltd.	201003	131.65	3.42	18.21	10	7.23	201012	1706.64	24.66	5.30	163.30	89.50
Karnataka Bank Ltd.	201003	107.50	3.43	12.47	10	8.62	201012	1878.90	9.98	10.79	192.97	96.83
Finolex Industries Ltd.	201003	87.10	3.44	10.67	10	8.16	201012	1271.12	10.25	8.56	128.50	62.50
Hindustan Petroleum Corp. Ltd.	201003	356.95	3.36	38.43	10	9.29	201012	11738.80	34.67	10.15	555.45	293.25
Bank Of Maharashtra	201003	59.75	3.35	10.21	10	5.85	201012	4000.47	8.30	7.13	84.95	49.40
3I Infotech Ltd.	201003	43.80	3.42	7.88	10	5.56	201012	1284.40	6.69	6.68	82.45	38.15
Syndicate Bank	201003	121.95	2.46	15.58	10	7.83	201012	9268.58	16.17	7.47	164.20	83.00
Andhra Bank	201003	150.95	3.31	21.56	10	7.00	201012	11945.58	21.35	7.00	190.15	107.50
Rolta India Ltd.	201006	138.80	2.34	22.36	10	6.21	201012	4933.93	30.59	4.65	199.95	128.15

Full Year

Company Name	Year End	NOM	Equity Rs. Mn.	FV	Promoter Stk %	BV Rs.	RONW (%)	Sales Rs. Mn.	Sales Var (%)	OPM (%)	NP Rs. Mn.	NP Var (%)	DIV (%)	CPS (Rs.)
ADC India Comm.	201009	12	46.00	10	67.08	110.87	4.22	735.50	15.32	6.72	21.20	96.30	15	8.09
AGC Networks	201009	12	142.33	10	79.13	183.80	14.10	4974.66	-3.53	11.89	349.52	127.40	45	29.78
Aishwarya Tel	201003	12	106.62	5	47.48	17.75	17.72	448.05	6.65	19.52	61.95	250.99	5	3.24
Astra Microwave	201003	12	108.29	2	18.96	23.65	6.45	1067.75	-8.60	24.22	81.60	-43.82	25	2.37
Bharti Airtel	201003	12	18987.65	5	68.20	96.24	29.28	356095.40	4.69	38.57	94261.60	21.72	20	35.07
Dhanus Technology	201012	12	179.43	10	5.64	152.73	7.49	1192.98	-	35.44	-14.90	-	-	20.20
GTL Infrastructure	201003	12	9573.49	10	58.34	18.46	-0.17	3479.55	57.56	64.43	-25.80	-	-	2.04
Hathway Cable & Data	201003	12	1428.57	10	66.54	61.86	-14.38	4018.00	1.55	18.60	-835.03	-	-	0.48
HathwayBhawani Cable	201003	12	80.00	10	59.05	5.35	5.18	122.48	0.14	6.52	1.48	-70.34	-	1.16
Himachal Fut. Comm	201009	18	462.79	1	2.01	1.65	-295.24	3114.32	-	-19.20	-1209.91	-	-	-1.77
Idea Cellular	201003	12	32998.38	10	46.96	34.59	9.26	118957.70	19.96	24.60	10536.60	4.51	-	7.89
ITI	201003	12	2880.00	10	92.98	-25.45	-	46612.40	161.09	-2.81	-2944.30	-	-	-9.29
Kaleidoscope	201003	12	52.90	1	0.84	0.82	-0.40	0.10	-77.27	-670.00	-0.78	-	-	-0.01
Kaveri Telecom	201003	12	100.61	10	14.60	75.47	50.65	2009.84	11.30	28.93	311.47	174.62	20	33.30
Mobile Tele Comm.	201003	12	119.00	1	54.41	1.58	2.19	552.97	59.88	3.02	7.53	85.01	-	0.09
MTNL	201003	12	6300.00	10	56.25	149.97	-24.39	37704.15	-17.61	-62.14	-24817.02	-	-	-27.83
Munoth Comm	201003	12	96.49	10	29.28	11.83	1.42	-	-	-	1.66	-	-	0.27
NELCO	201009	12	228.18	10	50.10	18.50	63.60	1395.60	-59.01	-4.61	213.90	552.13	20	11.29
Nu Tek India	201003	12	172.59	5	9.77	50.82	10.19	1859.82	16.91	14.72	166.54	2.45	-	1.18
One97 Comm.	201003	12	228.33	10	0.00	36.16	13.02	1154.07	44.43	35.96	162.49	615.50	-	-
Pren.Elec	201003	12	138.49	10	74.62	17.79	0.09	285.70	-25.44	10.43	0.20	-99.48	-	1.29

Scorecard Legends : NOM - Number of Months for which P& L a/c is prepared by the companies, Equity Rs.Mn - Latest Paid Up Capital of the Company, FV-Latest Face values of equity Shares, Promoter Stk % - Its promoter holding in the equity capital of the company as per latest shareholding pattern, BV Rs. - Book Value Per Share is calculated as (Equity + reserves) / No of Equity shares, RONW - Return on Net Worth is calculated as {(Net profit - preference capital)/ Shareholder's Fund }*100.Share- holders funds includes Equity Paid Up + Reserves excluding revaluation reserves - Misc Expenditures Not written off, Sales Rs. Mn - Sales , Turnover & Income from operations,Sales Var% - Percentage Change in Sales over previous period Sales, OPM% - Operating Profit after interest expended as a % of Interest income & income from operation, NP Rs. Mn - Net Profit as reported after Tax, NP Var% - Percentage Change in Net profit over previous period Net profits, Div% - Total % of Dividend Declared during latest Financial year.

Latest Quarter						TTM			Market Data				
EPS Rs.	Sales Rs. Mn.	Sales Var (%)	OPM (%)	NP Rs. Mn.	NP Var(%)	Ended	EPS Rs.	NP Var (%)	Price 01/04/11	H52W	L52W	PE	Mkt. Cap (Rs. Mn.)
4.61	147.20	-25.28	4.89	2.60	-50.00	201012	4.04	-	130.15	194.50	112.30	32.19	598.69
24.56	1250.78	1.18	9.72	67.15	-36.31	201012	0.00	-	169.95	310.30	162.00	-	2418.93
2.87	58.24	-74.13	-5.58	-7.12	-116.14	201012	0.43	-526.35	9.75	43.10	8.35	22.71	207.91
1.00	568.83	103.13	32.67	105.32	142.62	201012	2.94	66.48	37.15	52.00	34.67	12.62	2011.43
24.82	95637.00	9.23	33.70	18478.00	-20.08	201012	0.00	-	357.05	376.50	254.00	-	1355908.09
-0.83	514.56	244.69	9.11	-36.26	-878.11	201012	-1.66	-	14.65	28.55	10.35	-	262.86
-0.03	1239.60	35.38	48.22	-619.94	-368.94	201012	-1.09	-	37.35	54.40	33.50	-	35756.97
-5.85	1199.49	-	21.56	-124.04		201012	-2.26	-	97.65	237.00	92.65	-	13950.00
0.19	35.70	14.75	9.19	0.55	205.56	201012	0.42	50.30	9.35	13.39	7.53	22.26	74.80
-2.61	439.24	-23.56	-0.79	184.73	-197.87	201012	-0.71	-	11.94	16.75	7.85	-	5525.71
3.19	39290.50	34.39	19.61	2210.60	1.23	201012	0.00	-	67.50	79.90	48.65	-	222739.07
-10.22	2949.60	-74.43	-26.20	-1043.40	96.31	201012	-9.85	-	32.05	52.60	31.00	-	9230.40
-0.01	98.82	-	1.43	1.40	-638.46	201012	0.07	-	29.05	31.25	5.41	445.43	1536.75
30.93	816.85	54.65	26.35	120.58	33.08	201012	32.99	30.79	117.85	167.30	83.00	3.57	1185.67
0.06	382.31	289.64	0.78	1.01	-85.47	201012	0.12	-25.57	2.95	8.59	2.73	25.64	351.05
-39.39	9512.28	3.46	-18.76	-6750.66	-22.95	201012	-52.47	-	45.45	78.20	38.00	-	28633.50
0.17	0.50	-	-	-2.73	1505.88	201012	0.15	-	3.00	8.42	2.65	20.39	28.95
9.37	377.20	-7.46	2.25	-19.70	4.79	201012	9.34	-21.82	71.10	151.50	67.25	7.61	1622.32
1.08	861.74	90.57	10.47	51.92	88.94	201012	0.00	-	11.88	65.00	10.00	-	410.08
-	350.12	-	37.50	63.61	-	201006	-	-	0.00	0.00	0.00	-	0.00
0.01	68.30	34.98	22.11	5.80	-150.88	201012	0.32	-	31.00	63.00	26.20	97.57	429.30

CPS Rs. - Cash Profit per Shares, EPS Rs. - Earning Per Shares is calculated as Net Profit / Number of Equity Shares, Sales Rs. Mn - Sales, Turnover & Income from operations for Latest Quarter, Sales Var% - Percentage Change in Sales for Latest Quarter over previous Corresponding Quarter Sales, OPM% - Operating Profit after interest expended as a % of Interest income & income from operation for Latest Quarter, NP Rs. Mn - Net Profit as reported after Tax for Latest Quarter, NP Var% - Percentage Change in Net profit for Latest Quarter over Previous quarter Net profits, Ended - Trailing Twelve months Ended On, TTMEPS - Earning Per Shares is calculated as TTM Net Profit / Number of Equity Shares, TTMNP Var% - Percentage Change in TTM Net profit over Corresponding previous TTM Net profits, H52 - High Price during last 52 Week, L52 - Low Price during last 52 Week, PE - Market Price / TTM Earning Per Shares, Market cap Rs. Mn - Market Capitalisation is calculated as Latest price multiplied by No of Equity Shares outstanding.

Company Name	Net Sales		Change In Sales	% Change in Sales	Net Profit		Change In Net Profit	% Change in Net Profit
	201012 Qtr	200912 Qtr			201012	200912		
Empee Sugars	1209.55	61.05	1148.5	1881.24	114.43	20.46	93.97	459.286
Oberoi Realty	2463.2	128.7	2334.5	1813.91	1086.2	78.7	1007.5	1280.18
Indosolar	2209.16	161.84	2047.32	1265.03	4.63	-359.25	363.88	-
Asahi Infra	705.94	66.81	639.13	956.638	16.93	1.18	15.75	1334.75
Acclaim Inds.	1352.13	142.29	1209.84	850.264	11.81	1.44	10.37	720.139
Dhunseri Petrochem	3882.48	430.63	3451.85	801.581	249.92	167.09	82.83	49.5721
Centrum Electronics	454.58	52.66	401.92	763.236	8.16	-1.3	9.46	-
IVRCL Assets & Hold	1915.54	243.27	1672.27	687.413	-114.29	-28	-86.29	-
Sezal Glass	827.56	106.48	721.08	677.198	-96.61	2.17	-98.78	-
Concurrent (I) Infra	402.32	53.26	349.06	655.389	31.42	0.77	30.65	3980.52
Oswal Chem.	1023.7	146.63	877.07	598.152	222.17	39.93	182.24	456.399
Sakuma Exports	3604.42	620.41	2984.01	480.974	26.51	12.56	13.95	111.067
Indowind Energy	298.73	51.61	247.12	478.822	12.57	30.31	-17.74	-
Polyplex Corp	3095.1	553.3	2541.8	459.389	902.5	8.4	894.1	10644
Birla Precision Tech	279.97	50.46	229.51	454.836	33.2	-3.08	36.28	-
Channel Guide	316.15	57.96	258.19	445.462	2.13	1.05	1.08	102.857
Chromatic India	310.71	58.07	252.64	435.061	8.05	2.19	5.86	267.58
NK Industries	7820.72	1552.8	6267.92	403.653	14.13	5.51	8.62	156.443
Ausom Enterprises	1972.32	416	1556.32	374.115	9.97	0.76	9.21	1211.84
India Steel Works	1005.16	215.36	789.8	366.735	-12.45	-13.76	1.31	-
Future Capital	555.74	119.48	436.26	365.132	144.38	39.37	105.01	266.726
SPIC	6117.12	1341.86	4775.26	355.869	125.57	-120.75	246.32	-
Spectacle Infotek	461.52	103.22	358.3	347.123	3.81	2.69	1.12	41.6357
ReligEnter	414.8	96.01	318.79	332.038	3.57	-44.14	47.71	-
Refex Refrigerants	285.74	69.15	216.59	313.218	19.3	1.22	18.08	1481.97
Mobile Tele Commun.	382.31	98.12	284.19	289.635	1.01	6.95	-5.94	-
Hariyana Ship Break	1018.91	274.14	744.77	271.675	46	26.45	19.55	73.913
Prism Cement	8422.6	2306.5	6116.1	265.168	-3.8	419.7	-423.5	-
Indian Card Clothing	434.88	121.97	312.91	256.547	26.24	5.29	20.95	396.03
Dhanus Technology	514.56	149.28	365.28	244.695	-36.26	4.66	-40.92	-
Oil Country Tubular	968.21	292.24	675.97	231.306	52.76	32.61	20.15	61.7909
Shree Glb Tradefin	2238.62	705.06	1533.56	217.508	-9.26	0.33	-9.59	-
Manugraph India	1348	430.4	917.6	213.197	150.7	40	110.7	276.75
Hindustan Media Vent	1312.5	419.6	892.9	212.798	116.6	43.3	73.3	169.284
Oudh Sugar Mills	2125.75	679.93	1445.82	212.642	-48.24	-86.79	38.55	-
Cerebra Integ. Tech	170.24	54.63	115.61	211.624	3.43	1.96	1.47	75
Energy Development	198.66	64.31	134.35	208.91	28.42	25.32	3.1	12.2433
Andhra Petrochem	1142.54	370.25	772.29	208.586	105.66	-17.32	122.98	-
Comfort Intech	379.66	123.24	256.42	208.066	-32.77	3.44	-36.21	-
Kashipur Sugar Mills	264.83	87.99	176.84	200.977	-10.34	4.35	-14.69	-
Marsons	306.59	103.35	203.24	196.652	23.81	1.78	22.03	1237.64
Edelweiss Capital	1591.1	536.8	1054.3	196.405	227.9	41	186.9	455.854
Hind Oil Exploration	953.51	326.43	627.08	192.102	202.67	103.55	99.12	95.7219
Shyam Telecom	1807.94	623.96	1183.98	189.753	0.9	-8.87	9.77	-
KSK Energy Ventures	452.22	158.01	294.21	186.197	137	-163.59	300.59	-
Sathavahana Ispat	2095.71	743.65	1352.06	181.814	139.4	62.72	76.68	122.258
Loyal Textile Mills	3224.6	1147.4	2077.2	181.035	91.3	-14.9	106.2	-
GMR Infrastructure	1420.7	517.8	902.9	174.372	171.1	18.4	152.7	829.891
Axtel Inds.	210.75	77.14	133.61	173.205	17.66	6.66	11	165.165

Company Name	Year End	Price (01/04) Rs.	EPS	FV	PE
Shree Global Tradefin Ltd.	201003	119.20	0.06	5	1990.07
Asahi India Glass Ltd.	201003	88.50	0.08	1	1150.50
GMR Infrastructure Ltd.	201003	40.70	0.04	1	1109.57
Essar Oil Ltd.	201003	124.50	0.23	10	533.95
Oberoi Realty Ltd.	201003	252.50	0.81	10	310.26
Sunteck Realty Ltd.	201003	290.60	1.15	2	252.77
Jindal South West Holdings Ltd.	201003	939.20	3.95	10	237.84
Bajaj Finserv Ltd	201003	524.60	2.35	5	223.36
Indiabulls Real Estate Ltd.	201003	124.45	0.56	2	222.64
GVK Power & Infrastructure Ltd.	201003	25.95	0.14	1	188.96
Hindustan Copper Ltd.	201003	291.15	1.67	5	174.15
Fortis Healthcare (India) Ltd.	201003	151.25	0.96	10	157.81
Adani Power Ltd.	201003	112.80	0.78	10	143.97
Mercator Lines Ltd.	201003	38.25	0.27	1	141.14
Kwality Dairy (India) Ltd.	201003	132.45	0.99	1	134.32
Adani Enterprises Ltd.	201003	661.00	5.11	1	129.39
IRB Infrastructure Developers Ltd	201003	211.65	1.68	10	125.97
Indiabulls Power Ltd.	201003	22.55	0.19	10	120.82
United Breweries Ltd.	201003	480.55	4.04	1	118.96
Reliance Power Ltd	201003	129.70	1.14	10	113.77
Religare Enterprises Ltd	201003	484.95	4.34	10	111.65
Jubilant FoodWorks Ltd.	201003	539.40	5.18	10	104.09
Gammon Infrastructure Projects Ltd	201003	17.90	0.19	2	92.70
Delta Corp Ltd	201003	75.35	0.88	1	85.93
Bombay Dyeing & Manufacturing Co Ltd.	201003	366.30	4.49	10	81.53
Arshiya International Ltd.	201003	204.50	2.62	2	78.02
Raymond Ltd.	201003	318.70	4.30	10	74.20
JMD Telefilms Inds. Ltd.	201003	15.60	0.22	1	71.88
Godrej Industries Ltd.	201003	181.70	2.55	1	71.31
Atlas Copco (India) Ltd.	200912	2660.30	37.56	10	70.82
Titan Industries Ltd.	201003	3810.85	56.39	10	67.58
Entertainment Network (India) Ltd.	201003	251.65	3.75	10	67.14
Essar Shipping Ports & Logistics Ltd.	201003	94.25	1.46	10	64.49
Hindustan Oil Exploration Company Ltd.	201003	200.85	3.19	10	63.02
Bharat Forge Ltd.	201003	346.30	5.71	2	60.69
Karuturi Global Ltd	201003	10.76	0.18	1	59.98
Glenmark Pharmaceuticals Ltd.	201003	283.60	4.76	1	59.57
DLF Ltd.	201003	267.20	4.50	2	59.37

EPS Earning Per Shares is calculated as Net Profit / Number of Equity Shares (Rs)

FV Latest Face values of equity Shares (Rs)

PE Market Price / Trailing Twelve Months Earning Per Shares

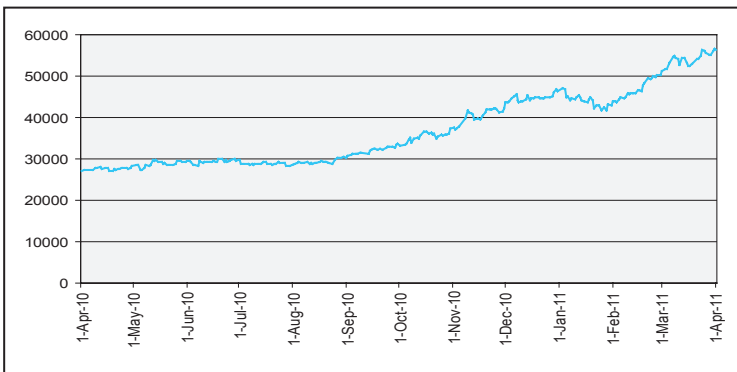
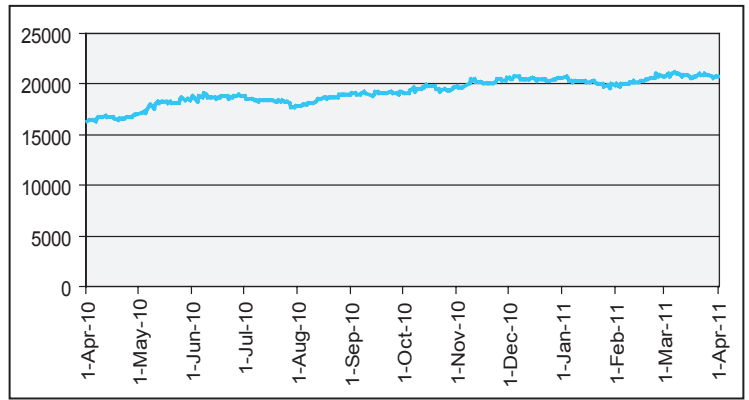
Company Name	Year End	Price (01/04) Rs.	EPS	FV	PE
Subex Ltd	201003	53.55	23.60	10	2.27
JK Tyre & Inds. Ltd.	201003	93.65	39.81	10	2.35
JK Lakshmi Cement Ltd.	201003	51.15	19.71	5	2.60
Bharati Shipyards Ltd.	201003	145.30	47.99	10	3.03
Orbit Corporation Ltd.	201003	54.25	17.46	10	3.11
Lakshmi Energy & Foods Ltd.	201009	41.05	13.07	2	3.14
Bartronics India Ltd.	201003	61.60	19.10	10	3.22
Marg Ltd.	201003	109.00	29.22	10	3.73
Prakash Industries Ltd.	201003	81.95	21.87	10	3.75
Nava Bharat Ventures Ltd.	201003	252.50	65.18	2	3.87
Punjab & Sind Bank	201003	108.10	27.79	10	3.89
Kesoram Industries Ltd.	201003	204.80	51.88	10	3.95
JSL Stainless Ltd.	201003	82.75	20.39	2	4.06
Geodesic Ltd.	201003	78.05	18.96	2	4.12
Allied Digital Services Ltd.	201003	85.80	20.79	5	4.13
JK Cement Ltd.	201003	139.55	32.32	10	4.32
PSL Ltd.	201003	73.60	16.52	10	4.46
ICSA (India) Ltd.	201003	116.45	25.77	2	4.52
Jindal Poly Films Ltd.	201003	419.90	90.52	10	4.64
SREI Infrastructure Finance Ltd.	201003	44.45	9.56	10	4.65
Birla Corporation Ltd.	201003	337.00	72.36	10	4.66
Electrosteel Castings Ltd.	201003	31.30	6.31	1	4.96
Peninsula Land Ltd.	201003	59.30	11.82	2	5.02
State Bank Of Mysore	201003	652.20	123.82	10	5.27
Aptech Ltd.	201003	98.35	18.57	10	5.30
Central Bank Of India	201003	140.90	26.18	10	5.38
Gujarat Alkalies & Chemicals Ltd.	201003	126.40	23.40	10	5.40
State Bank Of Travancore	201003	744.65	136.85	10	5.44
Great Offshore Ltd.	201003	257.70	46.90	10	5.49
Chennai Petroleum Corporation. Ltd.	201003	223.00	40.51	10	5.51
3I Infotech Ltd.	201003	43.80	7.88	10	5.56
Rei Agro Ltd.	201003	27.40	4.92	1	5.57
Sasken Communication Technologies Ltd.	201003	157.05	28.04	10	5.60
HEG Ltd.	201003	212.20	37.27	10	5.69
State Bank Of Bikaner & Jaipur	201003	519.60	91.03	10	5.71
IFCI Ltd.	201003	52.65	9.08	10	5.80
UCO Bank	201003	107.10	18.42	10	5.81
Punj Lloyd Ltd.	201003	64.70	11.06	2	5.85

EPS Earning Per Shares is calculated as Net Profit / Number of Equity Shares (Rs)

FV Latest Face values of equity Shares (Rs)

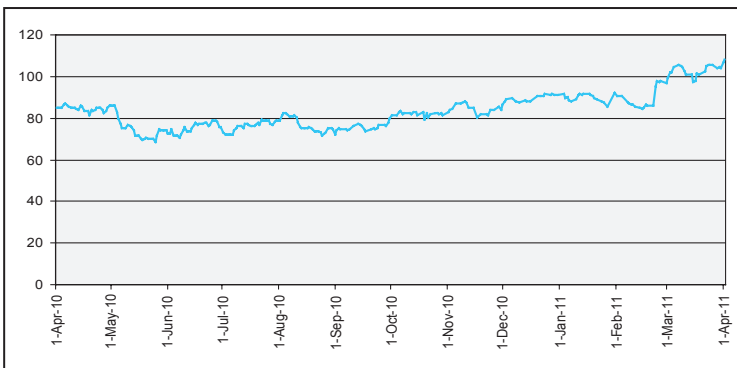
PE Market Price / Trailing Twelve Months Earning Per Shares

Date	Price Rs.
1-Apr-11	20800.00
1-Mar-11	20758.00
1-Feb-11	19996.65
3-Jan-11	20683.35
1-Dec-10	20641.05
1-Nov-10	19750.00
1-Oct-10	19096.65
1-Sep-10	19145.00
2-Aug-10	17810.00
1-Jul-10	18850.00
1-Jun-10	18773.35
3-May-10	17180.00
1-Apr-10	16400.00



Date	Price Rs.
1-Apr-11	56265.00
1-Mar-11	51150.00
1-Feb-11	43800.00
3-Jan-11	47040.00
1-Dec-10	43700.00
1-Nov-10	37508.15
1-Oct-10	33186.80
1-Sep-10	30739.50
2-Aug-10	28710.00
1-Jul-10	29635.65
1-Jun-10	29502.00
3-May-10	28437.75
1-Apr-10	27175.50

Date	Price Rs.
1-Apr-11	44.44
1-Mar-11	45.04
1-Feb-11	45.49
3-Jan-11	44.68
1-Dec-10	45.17
1-Nov-10	44.43
1-Oct-10	44.38
1-Sep-10	46.71
2-Aug-10	46.00
1-Jul-10	46.82
1-Jun-10	47.04
3-May-10	44.49
1-Apr-10	44.80



Date	Price \$
1-Apr-11	107.94
1-Mar-11	99.63
1-Feb-11	90.77
3-Jan-11	91.55
1-Dec-10	86.75
1-Nov-10	82.95
1-Oct-10	81.58
1-Sep-10	73.91
1-Aug-10	78.95
1-Jul-10	72.95
1-Jun-10	72.58
3-May-10	86.19
1-Apr-10	84.87

Birla SL New Millennium (G)

Birla SL New Millennium (Growth) is Birla Sunlife Asset Management Company's, managed open-ended Equity - TECK scheme.

The fund was launched on February 25, 2000 and its fund manager is Atul Penkar.

The benchmark index of the fund is BSE TECK and the custodian of the fund is J P Morgan Chase Bank.

The current net asset value (NAV) of the fund as on April 1, 2011 was Rs 20.25; while the 52 week high NAV was Rs 22.44 on January 04, 2011 and the 52 week low NAV for the scheme was Rs 17.71 on May 25, 2010.

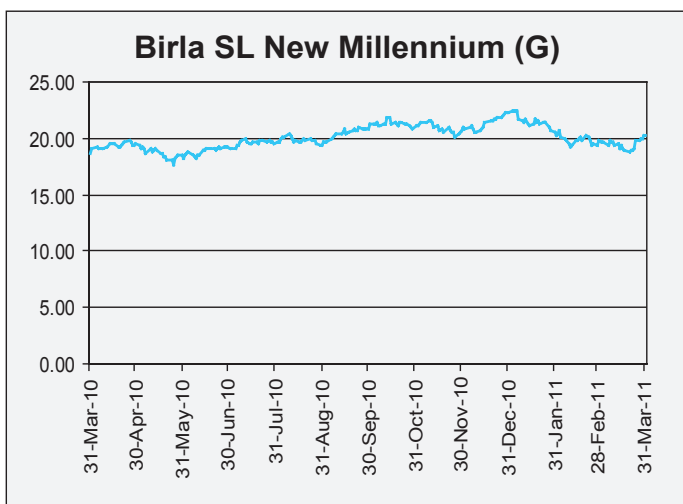
The minimum investment to the fund is Rs 5000 and additional investments can be made in multiples of Rs 1000.

The investment objective of the scheme is to achieve long-term growth of capital through a portfolio with a target allocation of 100% equity, focusing on investing in technology and technology dependent companies, hardware, peripherals and components, software, telecom, media, internet and e-commerce and other technology enabled companies.

The top five holdings of the fund are:

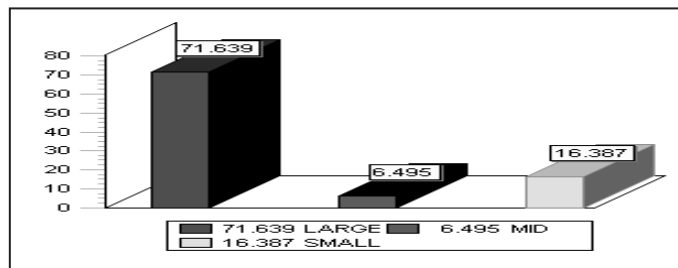
Company	Infosys Technologies	TCS	Wipro	Bharti Airtel	HCL Tech
% Holding	36.93	12.64	6.50	6.01	5.68

Sector wise, the fund is having the maximum contribution of 65.09% from the Banking sector, followed by 20.07% from Telecom Service, 5.16% from Media & Entertainment, 3.51% from Hardware and 1.53% from Finance.



Last one year NAV Graph

Fund allocation



Market cap-wise Allocation Style

Average Mkt Cap (Rs Cr)	45684.40
Market Capitalization	% of Portfolio
Large	71.64
Mid	6.49
Small	16.39
Note: Large-Cap = 5000 Crs. and above, Mid-Cap = 2000 Crs. to 5000 Crs. and Small-Cap = less than 2000 Crs.	

As far as market capitalization-wise companies are concerned, the scheme's portfolio consists of 71.64% from Large-cap, 6.49% from Mid Cap and 16.39% from Small cap stocks.

The fund has given a return of 6.58% since inception and a return of 8.33% in last one year, while the category average in the same period has been 8.08% and 12.16% respectively.

Outlook

Birla SL New Millennium (Growth) is an open-ended Equity - TECK scheme of Birla Sun Life AMC, being managed by Atul Penkar. It is a multi-sector open-ended growth scheme with the focus of investing in Technology, Software, Hardware, Media, Telecom, Internet and ecommerce and other technology enabled companies. This scheme focuses on investing in technology and technology dependent companies, as these sectors are often characterised as being largely insulated from economic cycles. India has successfully emerged as the hub for providing IT and ITES services to global customers, leveraging on its vast pool of skilled talent. The offshore model is gaining momentum and is on the radar of every CIO of global companies looking to outsource. Besides, IT and ITES, Media and Telecom Services segments are also expected to do well driven by the domestic consumption story. The fund has been one of the best performer in the segment and in the view of the good sectoral outlook, is likely to perform well in the future too.

Duration	1 Week %	1 Mth %	3 Mth %	6 Mth %	1 Year %	3 Year %	5 Year %	Since Inc. %
Scheme Return %	5.79	4.80	-8.97	-2.73	8.33	4.21	5.64	6.58
Category Avg %	5.24	5.20	-7.97	-1.90	12.16	7.70	9.95	8.08

Returns As on March 31, 2011

Fund	AUM Rs.Crore March 2011	NAV Rs 31/03/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Equity - Diversifited										
Birla SL India Opportunities(G)	50.73	54.02	5.65	-3.83	3.47	52.92	3.62	20.55	11.05	2-Mar-95
DSPBR Opp-Reg(G)	765.38	86.18	6.51	-8.40	13.18	45.87	12.27	28.20	21.89	16-May-00
DSPBR India T.I.G.E.R-Reg(G)	2300.89	45.04	7.32	-14.30	-0.11	33.73	10.47	-	24.75	11-Jun-04
Fidelity Equity(G)	3062.96	36.41	8.08	-3.27	18.02	49.54	15.31	-	24.59	16-May-05
ICICI Pru Dynamic(G)	3005.30	109.25	6.61	0.68	14.67	48.47	15.40	-	32.84	31-Oct-02
Kotak Opportunities(G)	942.99	45.83	8.06	-9.68	7.00	43.11	12.09	-	26.13	9-Sep-04
SBI Magnum Contra(G)	3105.91	55.62	8.68	-11.19	-0.22	36.92	11.50	-	23.02	6-May-05
SBI Magnum Multicap(G)	506.49	17.66	7.23	-9.85	-0.95	35.21	4.81	-	10.81	16-Sep-05
Reliance Equity Oppor-Ret(G)	2837.87	35.72	9.29	-7.88	14.89	62.50	14.08	-	23.63	31-Mar-05
Reliance Vision-Ret(G)	2936.09	270.27	8.47	-9.52	7.22	42.14	11.65	34.51	23.72	8-Oct-95
Sundaram S.M.I.L.E Fund(G)	651.34	30.58	7.11	-17.06	-1.18	51.39	12.10	-	20.03	15-Feb-05
Equity - ELSS										
Birla SL Tax Relief '96(G)	578.30	11.18	7.29	-11.69	2.47	46.63	-	-	4.13	10-Mar-08
SBI Magnum TaxGain'93(G)	5413.99	60.07	8.21	-7.80	3.93	39.41	-	-	7.61	7-May-07
ICICI Pru Tax Plan(G)	1251.55	140.93	6.31	-5.02	10.67	57.41	10.18	29.84	25.56	19-Aug-99
DSPBR Tax Saver(G)	859.19	16.93	7.31	-9.20	8.17	46.73	-	-	13.36	18-Jan-07
HDFC TaxSaver(G)	2823.02	232.91	6.71	-7.07	13.24	54.90	12.15	30.91	32.59	13-Jun-96
Reliance Tax Saver (ELSS)(G)	2070.93	21.13	10.08	-9.10	12.88	47.50	9.63	-	14.51	22-Sep-05
Sundaram Tax Saver(G)	1446.50	43.26	6.90	-10.11	5.17	38.21	11.50	-	22.22	2-May-05
Franklin India Taxshield(G)	796.63	212.91	9.02	-2.00	13.91	47.62	12.13	25.49	29.08	10-Apr-99
Equity - Large Cap										
Birla SL Frontline Equity(G)	2749.14	89.90	8.42	-3.86	11.32	47.36	17.26	-	29.43	27-Sep-02
Birla SL Dividend Yield Plus(G)	771.61	84.77	8.37	-6.76	16.33	53.71	14.72	-	30.21	26-Feb-03
DSPBR Top 100 Equity-Reg(G)	2802.07	101.58	6.96	-4.08	10.99	39.61	16.14	-	33.31	10-Mar-03
DSPBR Equity-Reg(G)	2351.65	16.57	8.34	-6.93	12.24	47.03	-	-	14.15	7-Jun-07
HDFC Growth	1273.93	87.95	8.02	-5.66	18.04	50.69	16.35	27.95	22.87	11-Sep-00
HDFC Top 200(G)	9591.25	215.23	8.92	-4.24	17.15	52.49	17.45	31.63	23.43	3-Sep-96
Kotak 50(G)	864.57	103.98	8.12	-5.44	9.81	36.98	11.82	-	30.33	5-Feb-03
SBI Magnum Equity(G)	422.59	44.02	7.81	-5.21	10.69	46.57	-	-	11.61	24-Nov-06
Reliance Growth-Ret(G)	7165.97	459.37	8.01	-9.84	4.59	48.93	14.85	37.16	27.73	8-Oct-95
Equity - Mid Cap										
Birla SL Midcap(G)	1687.81	105.46	8.83	-11.91	-1.05	56.12	12.95	-	32.11	16-Oct-02
ICICI Pru Discovery(G)	1625.81	48.11	6.34	-5.80	11.55	70.09	13.77	-	26.76	16-Aug-04
Sundaram Select Midcap(G)	2126.69	145.82	8.80	-11.11	8.57	61.25	14.08	-	36.05	19-Jul-02
Reliance Reg Savings-Equity(G)	3263.70	30.31	8.11	-9.07	5.87	50.13	20.62	-	21.03	10-Jun-05
Franklin India Prima(G)	821.05	267.55	9.12	-11.14	4.33	55.57	6.32	30.85	20.87	1-Dec-93
Kotak Midcap(G)	277.76	24.58	9.57	-13.53	9.48	51.49	4.43	-	15.89	24-Feb-05
Equity - Pharma										
Franklin Pharma(G)	147.62	61.57	5.30	1.45	13.64	65.59	15.40	21.37	16.34	31-Mar-99
Reliance Pharma(G)	551.69	53.66	7.15	-0.48	10.10	67.27	21.84	-	27.96	8-Jun-04

Returns As on March 31, 2011

Fund	AUM Rs.Crore March 2011	NAV Rs 31/03/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Finance Sector										
ICICI Pru Banking & Fin Serv-Ret(G)	147.43	19.16	12.31	-5.57	24.25	63.47	-	-	28.35	22-Aug-08
Reliance Banking(G)	1660.68	109.00	10.70	-3.09	37.63	74.21	28.13	-	35.59	28-May-03
Sundaram-Select Thematic Funds- Fin Serv Oppor(G)	268.57	21.01	12.38	-7.04	27.62	66.28	-	-	30.29	10-Jun-08
Commodities - Gold										
DSPBR World Gold-Reg(G)	1106.65	18.54	0.01	5.37	31.30	22.90	-	-	19.03	14-Sep-07
Kotak GOLD ETF	257.98	2024.47	0.22	8.09	25.73	16.06	-	-	25.41	27-Jul-07
Reliance Gold ETF	434.38	1971.16	0.29	7.91	25.85	16.16	-	-	21.47	22-Nov-07
Fund	AUM Rs.Crore March 2011	NAV Rs 31/03/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	3 Years	5 Years		
Balanced - Equity Oriented										
HDFC Balanced(G)	238.78	54.83	5.41	-1.32	16.17	45.39	16.87	13.68	17.49	11-Sep-00
HDFC Prudence(G)	5808.18	213.90	6.49	-2.61	17.50	52.92	18.75	17.53	19.53	1-Feb-94
Birla SL '95(G)	391.65	313.71	6.29	-2.18	13.22	41.81	15.77	15.21	23.82	17-Feb-95
Balanced - Debt Oriented										
Reliance Reg Savings-Balanced(G)	843.38	21.92	5.56	-8.62	6.45	42.70	17.40	16.28	14.47	10-Jun-05
HDFC Children's Gift - Investment	265.89	42.27	7.76	1.56	23.12	47.74	17.53	12.08	15.37	2-Mar-01
ICICI Pru Child Care Plan-Gift Plan	160.98	53.77	4.08	-15.10	1.84	47.19	5.59	7.87	19.18	31-Aug-01
Fund	AUM Rs.Crore March 2011	NAV Rs 31/03/11	Absolute %			CAGR %			Since Launch	Launch Date
			1 Month	3 Months	6 Months	1 Years	3 Years	5 Years		
Liquid Funds										
Birla SL Cash Plus-Ret(G)	16348.85	25.90	0.68	1.87	3.53	5.72	5.96	6.57	7.14	16-Jun-97
HDFC Cash Mgmt-Savings(G)	3977.71	20.49	0.72	2.01	3.76	6.47	6.61	7.07	6.48	3-Jan-00
Reliance Liquid-Treasury-Ret(G)	2228.68	23.42	0.71	1.97	3.59	6.07	6.37	6.69	6.75	23-Mar-98
Reliance Liquid-Cash(G)	6725.23	15.89	0.74	2.07	3.71	5.90	4.81	5.25	5.10	7-Dec-01
Templeton India CMA(G)	446.05	16.65	0.55	1.57	2.90	4.66	4.69	5.35	5.26	23-Apr-01
UTI Money Market(G)	2087.83	2726.06	0.69	1.95	3.59	6.01	6.38	6.78	7.46	23-Apr-97
SBI Magnum InstaCash-Cash(G)	3829.36	21.78	0.71	1.98	3.77	6.54	6.32	6.73	6.77	19-May-99
Monthly Income Plans										
Birla SL MIP II-Savings 5(G)	818.37	17.54	1.34	1.20	2.43	6.14	11.03	9.92	8.53	22-May-04
Birla SL Monthly Income(G)	675.43	36.62	1.88	0.82	2.01	7.32	9.80	9.40	11.79	10-Aug-99
Reliance MIP(G)	8393.45	21.66	2.46	-0.27	0.31	7.20	15.36	11.43	11.27	13-Jan-04
HDFC MIP-LTP(G)	10099.87	23.03	2.60	0.18	1.09	9.11	12.60	11.08	12.16	26-Dec-03
ICICI Pru MIP 25(G)	872.34	19.53	2.78	-0.12	1.37	6.91	8.52	8.33	9.93	5-Mar-04
SBI Magnum MIP(G)	434.53	20.05	1.61	-0.90	-0.16	4.53	3.84	4.86	7.18	23-Mar-01
UTI MIS(G)	708.20	19.84	2.10	0.60	1.63	6.22	8.99	8.65	8.42	11-Oct-02

Japanese Double Whammy and their Reverberations

It was 130 kilometers east of Sendai in Honshu in Japan where nature's two oldest weapons of mass destruction -- earthquake and tsunami -- struck and brought the world's third largest economy to a standstill at a time when the nation was struggling to pull out of a long-drawn-out period of economic stagnation and was beginning to overlook the "Lost Decades". The disquieting megathrust earthquake of 9.0 magnitude on the Richter scale which was the fifth largest recorded worldwide, occurred on March 11, 2011 which not only lasted for about six long minutes but also unleashed tremendously violent tsunami waves of up to 10 meters (33 ft) in the Northern parts of Japan. Tsunamis are series of waves that can travel at speeds averaging 450 (and up to 600) miles per hour destroying whatever comes in its way. The apocalyptic tsunami rattled dozens of cities along a 1,300-mile south of Japan, instantly killing more than 6,500 people in around \$10 billion double-shot of destruction. Homes, cars and even ships were swamped out to sea with powerful 33-foot-high waves that left a grim trail of mud and mayhem along the country's east coast - and rippled across the Pacific Ocean to Hawaii, Oregon and California. The natural disaster paralyzed Tokyo and triggered emergencies over five nuclear reactors as there were subsequent explosions inside the containment buildings and radiation leaked into the atmosphere. The earthquake moved Honshu 2.4 m (7.9 ft) east and shifted the Earth on its axis by almost 10 cm (3.9 in). Japanese Prime Minister Naoto Kan avowed that "in the 65 years after the end of World War II, this is the toughest and the most difficult crisis for Japan."

Some comparisons:

The Japanese archipelago is located in an area where several continental and oceanic plates meet. This is the cause of frequent earthquakes and the presence of many volcanoes and hot springs across Japan. The occurrence of these earthquakes below or close to the ocean triggers tidal waves called tsunami. If history is any guide, the best point of comparison is 1995's Great Hanshin earthquake in Japan, also called the Kobe earthquake, which despite being smaller in extent and not involving the water borne destruction of a tsunami, caused extreme damages to life and property as it killed nearly 6,500 people and caused more than \$100 billion in damage. Along with this it had also undermined imports of industrial materials to a large extent because of the wide disruptions in industrial production while consumer durables imports also had taken a hit as it involved an economically more important

region of the country. The total economic cost of the Kobe disaster was eventually calculated at around 10 trillion yen, or approximately 2.5% of the GDP. Government spending on reconstruction totaled 3 trillion yen, equivalent to 0.6% of GDP.

On the other hand Japan's recent double blow is likely to have a rather bigger cost, and that's ignoring the nuclear dimension which would obviously significantly add to the final tally. While it is too early to estimate accurately, the cost of damage is likely to be greater than the damage caused by the 6.9 magnitude Kobe earthquake. After the 1995 quake, imports in the nation got flattened out only for a few quarters and subsequently picked up sharply in the second half of the year because of the massive reconstruction efforts while exports too had rebounded to 85% of pre-quake levels. Meanwhile, Japanese investors could also plough back funds from their hefty foreign investments as happened in the weeks after the 1995 Kobe earthquake while construction stocks may gain similar to post-Kobe trade. Additionally, the numbers involved should prove manageable for an economy as large, rich and resilient as Japan. With gross public debt of around 220% of GDP, the highest among advanced economies, Japan is obviously less well placed to cope than it was in the aftermath of the Kobe disaster, when government borrowing was still much lower. Monetary flexibility, with interest rates already close to zero, might seem equally constrained. The worry is the potential impact from reconstruction spending on Japan's stretched finances for a country that is already the world's most indebted industrialized nation, by some measures.

Reverberations of crisis:

Japan's nuclear power generation got adversely impacted by the destructive natural calamities as fire broke out in four nuclear reactors at Fukushima Daiichi plant followed by the release of massive amounts of radioactive gas and food contamination. Subsequently 11 other nuclear reactors were brought to standstill, which caused a total loss of around 14.4 GW of power capacity, which comprises of about 5% of Japan's average power generation capacity. If the nuclear power plants there stay offline for an extended period and there are blackouts then it could hamper supply chains to a large extent. High-value goods, such as computer chips or specialized auto parts, made in Japan might have limited sources elsewhere around the globe.

Japan's deficiency in reserves of gas and crude oil leads

it to import over 80% of its energy requirements. Six Japanese refineries capable of processing almost 1.7 million barrels per day (mbpd) out of Japan's total refining capacity of 4.6 mbpd have been shut after Japan's natural disaster, these six complexes are located in northeastern Japan earthquake zone area, and account for more than a quarter of the country's total processing capacity. Prices of international crude oil which, are spiraling on account of prolonged civil upheaval in Middle East and North American nations (MENA), had eased to a certain extent after the Japanese tragedy on expectations that the demand for oil may take a sharp setback from Japan, which is the world's third biggest consumer of crude oil.

The deficit in power supply in Japan, world's largest producer of nuclear power, will have to be sufficed by coal and LNG based power, which would lead to higher imports of coal, LNG and petroleum products. As Japan is meeting most of its energy requirements from imports, the rise in requirement of gas and coal will put pressure on supplies. International LNG prices have been on the rise following the natural calamity in Japan. Prices have jumped from around \$9 per mmBtu to around \$11-12 per mmBtu due to increased spot demand from the country.

G7 joint intervention in currency markets:

The Group of Seven industrial powers comprising France, Germany, Italy, Japan, United Kingdom, United States and Canada conducted joint intervention to stem the recent yen appreciation and created conditions ideal for the Japanese yen to become the preferred funding currency. G-7 rich countries sold the yen (JPY) on March 18, 2011 after it spiked to record highs of 76.25 per dollar and threatened to derail the export-reliant Japanese economy that was just picking up from a lull when the earthquake and tsunami struck. The Bank of Japan, which injected 20 trillion yen (\$245 billion) into the nation's banking system in an attempt to stem the tide of widespread liquidation, is not expected to drain yen that enter the market through intervention. The flow of yen into the financial system, ultra-low Japanese money market rates and expectations that yen gains will be capped should combine to see the Japanese currency take over from the US dollar as the world's preferred funding currency.

The way ahead:

Japan's real GDP growth will be negatively impacted through the mid-2011. However, experts believe that growth is likely to pick up in subsequent quarters as reconstruction efforts would gather greater force, which could last for

five long years. According to a World Bank report, Japan may need five years to rebuild from the catastrophic double whammy and it is projected to cost Japan up to \$235 billion in damages, which could be around 4% of the world's third largest economy. The report highlighted that over the last five years, developing East Asia's trade with Japan accounted for about 9% of the region's total external trade. The ease in Japan's real GDP growth rate by mid-2011 would also slow the exports from developing East Asia. Japan is one of the major manufacturers of parts, components, and capital goods which supply East Asia's production chains and disruption to production networks, especially in automotive and electronics industries, could pose serious threat to countries like China, Thailand & Philippines. In the short to medium-term, energy producers, such as Indonesia, Malaysia, and Vietnam, could benefit from higher energy prices, as Japan begins to rebuild and tries to close the energy gap caused by the loss of nuclear capacity. Longer-term demand for fossil fuels could remain high as other nations revisit plans for their nuclear electricity production.

Impact on India:

The impact of the destructive Japanese earthquake followed by an overwhelming Tsunami, will not be of a great magnitude on the Indian economy as India is not intricately linked to the regional supply chains for electronics hardware. Barring few individual sector specific issues, the direct impact on the economy will be minimal, however, the indirect impact on India may be a cause of concern for many. India is a key exporter of mineral fuels and products, iron ore, organic chemicals, apparel, pearls and precious stones, and iron & steel to Japan while it imports non-electrical machinery, transportation, electronic goods, machine tools and chemicals from the world's third largest economy. Total India-Japan bilateral trade was limited to around \$10 bn which is 2.2% of India's total trade in 2009-10, while Japan accounted for imports of around \$6.7bn which is 2.3% of total imports and exports of \$3.6bn which is 2.0% of total exports.

However, the quake's impact on India-Japan economic ties may be a bit adverse, since investments and Official Development Assistance (ODA) loans earmarked for some Indian projects may be revisited. The third phase of the expansion of the Delhi Metro with Japan International Cooperation Agency (JICA) money is likely to be delayed. The same is the case for early-bird projects across the Delhi Mumbai Industrial Corridor for which Japanese firms have made commitments.

WTO Doha deal: How much required for Indian Economy

The long stalled Doha round of trade negotiations is likely to be completed by year-end

The long stalled Doha round of trade negotiations is likely to be completed by year-end as World Trade Organization (WTO) members have been intensifying efforts to finally clinch a deal in the decade-old Doha round.

Recently, WTO chief called for an informal trade negotiations committee meeting on March 8 to "evaluate the state-of-play across the board". There he said if the chairs have to issue the revised texts, then, members will have to come out of their comfort zones and engage in genuine "give and takes" in order to fast-track the negotiations for concluding the global trade deal this year.

To this, several reiterated their particular concerns in a range of topics being negotiated in the Doha Round, while, some welcomed a proposal from a group of countries aimed at making progress in negotiations on trade in environmental goods and some described other efforts they are making to move the talks forward on a wide range of topics. However, a few remained worried that deals struck in smaller groups might be imposed on them and would upset the balance of what has been achieved so far, or give a lower priority to issues that concern them particularly.

Lamy who chairs the Trade Negotiations Committee said that these negotiations currently aim to produce new or revised draft texts in a range of subjects by Easter. He urged the committee to agree on these and some other legal drafts by June or July and to conclude the round by the end of the year. He further added that the texts are needed for the negotiations to move to a conclusion, and for transparency so all delegations know what is on the table and can negotiate on an equal footing - including delegations not in some of the small group consultations.

Optimistic outcome to this, Malaysia and other World Trade Organisation (WTO) countries in recent development agreed to conclude the protracted Doha Round negotiations by July and eventually present a balanced trade package by year-end. In total, twenty-four WTO trade ministers from developed and developing countries agreed on the deadline at an informal meeting on the sidelines of the World Economic Forum in Davos, Switzerland. These ministers agreed to empower their negotiators to work towards building compromises in arriving at a fair and a balanced package that could be presented and accepted by their constituencies.

Background:

Doha Development Round is the current trade-negotiation

round of the World Trade Organization (WTO), which commenced in November 2001. Its objective is to lower trade barriers around the world, which allows countries to increase trade globally. The Doha round of trade talks was launched in the Qatari capital in late 2001 to free up world trade and help poor countries prosper by opening up markets and cutting tariffs and subsidies in rich countries.

But the 153-nation talks collapsed in 2008 over a divide on major issues, such as agriculture, industrial tariffs and non-tariff barriers, services, and trade remedies. After the breakdown, major negotiations were not expected to resume until 2009. Nevertheless, intense negotiations, mostly between the US, China, and India, were held in the end of 2008 in order to agree on negotiation modalities. However, these negotiations did not result in any progress. Back in the year 2008, just after WTO sources said Lamy was confident of a final breakthrough after a cabal of the organization's 150 members - the US, the European Union, Brazil, India, Japan, Australia and China - agreed a deal that would see cuts in farm protection in the west in return for easier access to the industrial markets of developing countries as US has been spending between \$10 billion and \$19.5 billion each year as farm subsidies since 2002. India expressed concern about some of the details of the agreement and insisted on extra safeguards for its farmers, while China angered other developing nations by demanding that some of its key manufacturing sectors - such as chemical and machinery - be excluded.

However, Gordon Brown, who made Doha deal one of the priorities of his premiership tabled the new proposal stating that EU would accept an 80% cut in the forms of support for agriculture that are considered most trade-distorting, the US would accept a 70% reduction in turn, While, Europe would see tariffs on farm produce reduced by an average of 60% and Washington too would accept a ceiling of \$14.5bn (£7.3bn) on annual support for farmers. This surely would have given the leading developing-country producers of agricultural goods - such as Brazil - better access to western markets. In return, however, they were forced to swallow bigger cuts in protection for their industrial sectors than they were originally prepared to accept.

What India wants from Doha Deal?

India wants a freer global trade through a Doha Accord to help its exports which were in troubled waters post the global economic crisis. Though, the exports of the country jumped by 49.8% in the month of February but the trade deficit still remains significantly a reason to worry which presently is 7%-7.5% of GDP as compared to less than 1% which was way back in 2004. With their exports hit by

the global recession and protectionist measures in several Western markets, the developing countries like India have more stakes in reaching a multilateral trade agreement than others. It wants the historic distortions to the global trade regime to be removed in the new accord which has mandate to ensure development of the developing and poor countries through trade.

Meanwhile, the Indian Commerce Secretary Rahul Khullar has also cautioned India that delay in concluding the Doha round of multi-lateral trade negotiations under the aegis of the WTO will affect the trade and investment flows of both developed and developing countries.

Khullar, who is heading the Indian delegation after arriving at Washington for the first leg of India-US Commercial dialogue, said the international community was closer to signing the deal than ever before. He further added that If India does not get Doha done this year, it will be seriously jeopardizing one of the most credible institutions of multilateralism that exists today, which will do incalculable harm to multilateral institutions and to the cause of multilateralism.

Benefits to India if the deal breaks through:

The Doha Round is important for three main reasons. First, it is also called the “development round,” as the deal intends to be more than fair to the developing world by giving them far better access to rich markets and to capital. The rich world has not got much choice in the matter.

Second, the Doha Round seeks to extend the free trade principle more widely into the service sector, in addition to the trade in manufactured goods where most tariffs have been cut. However, this will benefit the rich world more, where the service sector is far more important in the overall economy. But with the changing structure of the world economy through globalization has already started to change the balance of economic power here.

In 2001, when the Doha Round was first agreed, Indian negotiators were not happy with the concept of much greater freedom to trade in services. But now that India is benefiting from a scorching period of economic growth, led by the Information Technology sector and by India's success in winning outsourcing contracts from European and American corporations, India has realized that free trade in services can be a very good thing.

Third, the Doha Round -- with luck -- could end the most shameful single aspect of the global economy: the \$350 billion that the rich countries of Europe and North America spend each year on agricultural subsidies to their farmers. This increases the cost of food to their consumers and locks much of the poor world into poverty by denying their farmers access to the richest markets. Worse still, by subsidizing U.S. and European food exports to the developing world;

it makes it much harder for developing world farmers to succeed even in their own home markets.

Conclusion:

Ministers have acknowledged there are still big differences to overcome and to agree a new set of rules that would boost the global economy and strengthen defenses against protectionism. One of the obstacles to a deal in the past few years was a difference between the United States and big emerging economies like India, China and Brazil over the role they should play in opening up markets. As Washington argues that the growing economic clout of the emerging economies means they have a duty to provide more opportunities for exporters from other countries, while the emerging countries say they have already offered enough.

Further, in the recent informal meeting, also group of eleven countries including the US, EU, China, India, Brazil, Japan, Australia and South Africa failed to narrow their differences because of “excessive unilateral demands from some major industrialised countries. As US and the EU wanting “real” market access in Doha industrial goods and services from China, India, and Brazil, were not willing to offer reciprocal access for the demands raised by the three developing countries. However, the trade Minister Anand Sharma has said a revised text of the rules to open up trade in food, industrial goods and services should be finalized at the earliest to allow text based negotiations to proceed as he remains optimistic but at the similar time cautious given the complex nature of these transactions.

A confidential draft report from leading international agencies have also urged G-20 governments “immediately to strengthen” global rules on agricultural import and export restrictions as well as subsidies that distort production, discourage supply or constrain international trade. The draft, which has been prepared by seven international organisations under the leadership of the Organisation for Economic Co-operation and Development and the UN Food and Agriculture Organisation, aims to lay out “a blueprint for a systematic and internationally coordinated response” to food price volatility, in response to an explicit request from G-20 leaders at their November 2010 meeting in Seoul.

To sum up, if the Doha Deal breaks through this year - then the economy as a whole could see an agreement that would provide an insurance policy against future protectionism; would result in reforms of farm trade by binding subsidy levels in the developed world and eliminating export subsidies; An agreement would present the most ambitious package of trade liberalization and trade facilitation ever negotiated multilaterally, bringing economic benefits of at least \$360billion.

Edible oil prices set to dip following global decline

As the supply-demand dynamics in global edible oil market begin changing, Indian edible oil producers apprehend significant decline in price of commodity going forward. Global edible oil prices have already corrected 10-15% and the correction is very much set to transmit into the Indian markets as well. Further correction in global markets is expected after new crop comes into markets. India is the largest importer of edible oils in world and imports close to 50% of its total domestic consumption. After some tight demand supply scenario seen in early part of current season, global markets have seen significant improvement in supply side that has eased prices in international markets. Since India imports nearly half of its edible oil use, the change in global prices is obvious to impact the domestic selling prices as well.

There are already clear signs of significant improvement in domestic product scenario. Country's Rabi oilseeds crop in the current season is expected to reach 9.87 million tonne compared with a harvest of 9.07 million tonne in the last season. On a full crop year basis, overall oilseeds production is expected to increase to 25.4 million tonne compared with 22.8 million tonne in the previous year. This will also ease domestic supply.

Similarly, global production is also expected to show significant increase owing to strong prices season in the previous season. This will improve overall global supply scenario. While demand is also expected to increase, it will fail to match the sharp price-generated increment in supply. Economists however expect that after initial fall, prices may recover partially again as in an absolute sense the demand will continue to remain strong.

India is one of the leading players in the world edible oil market, being the top most importer and the third-largest consumer (after China and the EU). Palm oil (mainly imported) and soya bean oil account for almost half of total edible oil consumption in India, followed by mustard and groundnut oil. However, as local production has failed to match rise in demand from a low per-capita levels, imports have been surging in recent years. In this wake, prices in the domestic markets are getting increasingly aligned with the international scenario.

Government allows sugar exports of up to 5 lakh tonnes

The government has finally allowed sugar exports of up to five lakh tonnes amid sharp decline in retail prices and prospects of surplus production in the current season.

The decision was taken by an empowered group of ministers (EGoM), headed by Finance Minister Pranab Mukherjee. As a caution against the risk of price rise, the exports have been limited to five lakh tonnes, although the country is estimated to have an exportable surplus of 1.5 million tonnes in the 2010-11 sugar season (October-September).

Last December, the Union Food and Agriculture Minister Sharad Pawar had announced sugar exports to the tune of 5 lakh tonne. However, the government, hit by high food inflation, kept the issue undecided and later referred it to the Empowered Group of Ministers (EGoM), headed by Finance Minister Pranab Mukherjee.

The reason behind not allowing sugar exports even as domestic production scenario seemed rosy and prices were crashing was overall high food inflation. The government had withheld the request by the farm ministry as food inflation was not witnessing the traditional decline over the months of Nov-Dec. However, with the food inflation now showing significant decline in the months of Jan-Feb, there is a possibility that government will allow some exports.

The meeting of the EGoM was held after Pawar sought the intervention of the Mukherjee for an early decision on this issue because the window to export sugar from India is available only up to end of April. In May, sugar from Brazil, the largest sugar producer in the world, will start coming into global markets, making it very difficult for Indian producers to exports. Also, global prices might come down further by then, which will make exports unprofitable by Indian exporters.

According to the agriculture ministry, extension of stock limits and substantial surplus production of the sweetener has depressed domestic prices below cost of production. If prices remain down, it will impact the payments to cane growing farmers, which in turn will impact the area under sugarcane cultivation in the next season, thus impacting sugar output next year. 'If sugar prices are not stabilized and cash flow to mills are not improved, I fear that we will end up paying a huge subsidy to clear cane payment arrears of farmers,' Pawar said while seeking intervention of Mukherjee in exports.

NSEL to launch 20 more commodities from its e-series platform

The National Spot Exchange (NSEL), which earlier launched e-series platform to invest in commodities, has plans to launch 20 more commodities in metals and agriculture by the this year end. The e-series products

in gold, silver, copper, zinc, among others had received encouraging response last year from the retail investors; hence the Exchange is planning to launch new commodities on its platform. Agriculture products like black pepper, castor seed, menthol oil would be launched by August this year, while platinum, nickel, steel are among the new products added in the metal category.

E-gold has offered an annualised return of 23 per cent with the total turnover since launch recording Rs 10,843.12 crore as on March 15. E-silver and e-copper have given an annualised return of 99.4 per cent and 43.7 per cent respectively.

Iron ore may soften further following hike in export duty

Following the substantial increase in export duty on iron ore, the price of the key raw material has been coming down in the country. According to the steel makers and miners, iron ore prices have gone down by around 10% in the last few weeks. Going forward, there is expectation of a further decline as demand remains soft.

The Union Government had increased export duty on iron ore fines by four-fold to 20% in the General Budget for 2011-12 in a bid to discourage exports and conserve the material for use by the steel makers within the country. While this has been a major demand of steel players for quite some time and will take pressure off the cost side of steel makers, the increase in duty will certainly hit the prospects of miners.

According to the industry insiders, percentage drop from mid February to mid March in iron ore prices range between 10-15%, depending on the grades, where lower grades have got a bigger hit than the higher grades. However, it is difficult to say where the ore will bottom out because there have been global developments too that can significantly impact the contract prices at international level.

Iron ore prices have come down significantly in China as well in recent days following apprehension of slowdown in demand because of the double natural calamity in Japan and the following nuclear crisis that is still continuing. Japan is second largest steel maker in world after China and decline in production there can have substantial impact on demand and hence prices of iron ore.

Though most of India's iron ore is shipped to China, the demand slump in Japan is expected to have significant impact on international contract prices. These in turn will serve as benchmark for spot prices and most analysts expect spot iron ore prices to come down further once

the next quarterly agreements are signed. An additional factor in case of India is that domestic steel capacity is significantly low compared with iron ore output and as the surplus increase at home due to higher export duty; the fall in prices can be greater than global softening in the key raw material.

Farm sector growth pegged at 5.4% for FY11

Riding on a strong Kharif crop in the last season and Rabi crop in ongoing season, the Indian farm sector is set for a bumper growth year. The agriculture ministry in its latest projections has pegged the overall growth in the farm sector at 5.4% compared with the production levels in the last fiscal.

According to the analysis done by the agriculture ministry, there has been substantial growth in area under cultivation of major crops and most of the grain as well as cash crops from both the Kharif and Rabi seasons will see significant year-on-year growth in the current fiscal. While the growth can be partly attributed to low base, improvement in weather prediction systems also get part of the credit according to the government.

India's farm sector production had been miserable in previous two years. The first half growth in current fiscal has been reported at 3.8% which marks substantial improvement over growth of (-) 0.1% and 0.4% in previous two years. Good monsoon last year however boosted the Kharif crop while some late rains also improved soil moisture and resulted in good conditions for the Rabi crop as well.

The Annual Report of the Department of Agriculture and Cooperation has also expressed satisfaction over the growth of investment and capital formation in agriculture in the recent past. The annual report estimates that gross capital formation, or investment, in agriculture as a percentage of Gross Domestic Product (GDP) in this sector has substantially increased to 22.3% in 2009-10 from 15.8% in 2005-06. In absolute terms, the capital formation in agriculture and allied activities in 2009-10 was over Rs 1,300,000 crore, as per the report. The total private expenditure in the farm sector in the first four years of the Eleventh Plan is estimated to be Rs. 44,413 crore, up from Rs. 14,952 crore in the entire five year period of the Tenth Plan.

Despite the better growth seen in farm sector, its share in overall national income however will continue to fall in current fiscal as well. As per the Central Statistical Organization's (CSO) estimates, the share of agriculture in the country's GDP has fallen from 17.4% in 2006-07 to

14.2% in 2011-11. The falling share of agriculture in GDP though is an expected outcome in a fast growing and structurally changing economy.

Cotton prices may remain firm for extended period

Cotton prices have been at elevated levels for quite some time. After having seen a strong rally in second half of the last calendar year owing to tightness in global demand-supply equation, the commodity has refused to correct beyond a degree in the current year so far as demand remains strong.

The small corrections seen in recent weeks have been halted by farmers and traders hoarding stocks in anticipation of prices rising back again. There has been a global deficit in the cotton production in the current year which is boosting expectations of farmers and stockists that the global prices may touch a newer high before seeing any major correction.

Further, at the global level, prices are expected to remain firm even in the next season even as a supply shock to high prices is expected. "Although cotton prices are expected to decline from current record levels, it is likely that prices will stay substantially higher than the average of 60 cents per pound that prevailed during the past decade," the International Cotton Advisory Committee said in a recent report indicating prices would be relatively firm in medium term as well.

"Factors such as competition from food crops, limited available resources (including land, seeds, water and equipment), and government policies are preventing cotton-growing areas from rising further," the report said. Many analysts feel that the impact of rising cotton prices will be seen in apparel prices and as well as on margins of textile players.

However, there will be no shortage of cotton in the next season despite surging demand as production is expected to be higher than consumption in 2011-12, according to International Cotton Association (ICA). According to the ICA estimates, overall production was expected to be 27.65 million tonne in 2011-12 season (August-July), nearly three million tonne more than the output in 2010-11 season. Consumption on the other hand was expected to be 26.4 million tonne in the next season.

Hence there should be no shortage of cotton in the next season, provided there were no natural disasters. All major producers including Brazil, Australia, India and the US were expected to see increased production. However,

despite increase in production, the new season would commence with historically low stocks. As such, while prices may correct from record high levels, they will still continue to remain at substantially higher levels compared with the pre-rally lows.

Sugar to get dearer after enactment of the Finance Bill

With the Finance Bill proposing to omit the commodity from the Schedule of Additional Duties of excise (goods and Special Importance) Act, 1957 the sugar prices are once again likely to shoot up. The change, which will come into effect on enactment of the Finance Bill, will empower state governments to impose VAT on sugar at a maximum 5% rate, in addition to the existing excise duty which currently stands at Rs 38/qtl for levy sugar and Rs 71/qtl for free sale sugar, the level at which it has remained since 2006. If states choose to levy the maximum of 5% VAT on sugar in addition to the existing excise duty, the total levy (excise plus VAT) on free sale sugar (on an assumed price of Rs 3000/qtl) could be as high as Rs 221/qtl. Of this, VAT alone could total up to Rs 150/qtl.

In his Budget speech, the finance minister proposed to amend the Additional Duties of Excise (goods of special importance) Act, 1957, and decided to remove sugar and textile from its schedule. After this amendment, states are free to levy value added tax on these commodities after 54 years. Due to the amendment, the Centre has given back these powers to states, which are scouting for revenues, post implementation of the goods and service tax (GST). At present, about 16 commodities are notified as declared goods. These include coal, cotton, cotton yarn, crude oil, hides and skins, iron and steel, jute, LPG for domestic use and oil seeds

Meanwhile, the government is likely to decide on sugar export on March 17, in a meeting of the empowered group of ministers (EGoM). The Agriculture Ministry has favoured permitting export of sugar, while the Commerce Ministry has sought more information on this issue. At present, the government has kept the export of 0.5 million tonnes (MT) of sugar under the open general licence (OGL) scheme on hold due to high inflation. But earlier, it had allowed mills to meet their export obligation (ALS) of nearly one million tonnes by March, 2011.

The industry has pegged India's sugar output at 25 MT for the 2010-11 sugar year (October-September), as against demand of 22 MT, while the government's production estimate is marginally lower at 24.5 MT for the same period.

ICICI Prudential Pure Protect

The ICICI Prudential Pure Protect is specially designed making it a unique one. It has wings which cover life and health too. The most striking feature is that ICICI is offering it at a lowest rate with a premium starting as low as Rs 2400 annually. As the head of the family, one has always fulfilled his responsibilities and given his loved ones the comforts they need. However, life is full of uncertainties and it is important to ensure that his family has a term insurance cover, should something unfortunate happen to him. This product is designed to provide customers with the option of availing an insurance cover and provide total security to their dependents in case of an unfortunate event.

ICICI Pru Pure Protect is available in two variants, ICICI Pru Pure Protect Classic & Pure Protect Elite, which are term insurance plans to insure life and provide total security to your family. ICICI Pru Pure Protect Classic for sum assured of up to Rs 25,00,000 and ICICI Pru Pure Protect Elite for sum assured of Rs 25,00,000 and above. The term policy aims at providing insurance at the lowest rates.

Key Features

- Insurance protection at extremely affordable rates
- Discounts on premium can be availed for high sum assured
- Policy can be enhanced with the optional Waiver of Premium Rider and

- Accidental Death and Disability Benefit Rider
- Tax benefits as applicable

Guaranteed payment of lump sum to the nominee in case of death of the life insured within the policy term.

Option to choose from 2 variants: ICICI Pru Pure Protect Elite, for sum assured of 25 lacs and above and ICICI Pru Pure Protect Classic, for sum assured below 25 lacs

Flexibility of increasing the sum assured on life stage events like marriage and birth.

Additional features

For added protection of one's family against any unfortunate eventualities, it offer you the following benefits at a nominal extra cost.

On death of the life assured due to an accident, the beneficiary gets the additional Sum Assured under the Rider.

In case of death due to accident while the life assured is using, as a fare paying passenger, authorised public mass surface transport, namely bus or train, operating under terms of such authorisation the beneficiary gets twice the Sum Assured under the rider.

In the event of total and permanent disability, 10% of the Rider Sum Assured is paid out every year, for 10 years. Plans at a glance

	ICICI Pru Pure Protect Classic	ICICI Pru Pure Pru Protect Elite
Min/Max Entry Age	18-65 years	18-65 years
Min/Max Term	10-30 years	10-30 years
Max. Coverage Age	75 years	75 years
Min. Premium	Rs. 2,400 pa	Rs. 2,400 pa
Min. Sum Assured	Subject to minimum premium as applicable	Rs. 25,00,000
Max. Sum Assured	Rs. 24,99,999	-
Tax Benefit	Premium paid towards the policy will be eligible for tax benefit under Sec 80C.	

ICICI Pru Protect Classic and ICICI Pru Protect Elite do not acquire any surrender value throughout the policy term and therefore there is no amount payable upon surrender.