

Magnum Connect

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Monthly Magazine



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Dear Friends,

The result season is now finally coming to an end, though there were some disappointments but more or less the earnings season for the first quarter has been good with majority of the companies reporting in line results. Moreover, the results were not expected to be outstanding and against the expectation, the automobile firms and information technology companies could not perform well for the third consecutive quarter as in the previous two quarters. Hero Honda Motors and the biggest passenger car maker, Maruti Suzuki disappointed the street. Capital Goods sector performance too have not been pleasing though, the realty sector companies came up with good set of numbers for the first quarter. Manufacturing companies delivered robust earnings growth due to high demand apart from this the select mid cap companies too showed strong performance, the season can be termed satisfactory with no major setbacks.

The RBI announced its first quarter's monetary policy review, and as expected it raised the repo and reverse repo rate by 25 and 50 basis points respectively. The tone of the apex bank was rather hawkish and it concentrated on inflation rather than growth. The rate hikes are likely to moderate inflation by reining in demand pressure and inflationary expectations. The liquidity condition in the banking system has been very tight since last couple of months which was triggered by huge cash outflows for funding the spectrum auctions and advance tax payments in mid-June. Further RBI has revised up India's GDP growth to 8.5% with an upside bias in 2010-11 against its earlier projection of 8.0% during its last quarterly review in April this year. This upward revision is primarily based on better industrial production and its favourable impact on the services sector, giving due consideration to the global scenario.

The major concern of the country for the passing couple of months has been inflation and now lots depend upon the favourable monsoon, though the Monsoon rains across the country are expected to be better than earlier forecast for the remaining season but the eastern regions could see deficient falls as these parts, even with normal monsoon over the next couple of months would suffer at least 10% deficit for the entire monsoon period and if the monsoon remains patchy it will definitely affect the government and RBI's estimate to rein in the inflation figures.

Jayesh R. Dedhia
(Director)
Magnum Group

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India is one of the leading players in the world edible oil market, being the second largest importer (after China) and the third-largest consumer (after China and the EU). However, per capita consumption of edible oils is only around 11 kg per year. This is considerably lower than in most developed countries. 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.

Looking at the consumption basket of the community, edible oils constitute an important component of Indian households' expenditure on food. As per NSSO's Survey of Household Consumption Expenditure in India 2007-08, average monthly per capita consumption expenditure of edible oil in food is more than 8%. The survey also found that per capita consumption of edible oil has risen over the eleven years following 1993-94 by as much as 35% in rural India and about 20% in urban India (in real terms). In both rural and urban India, per capita consumption of sunflower oil, soybean oil, and rice bran oil has nearly doubled.

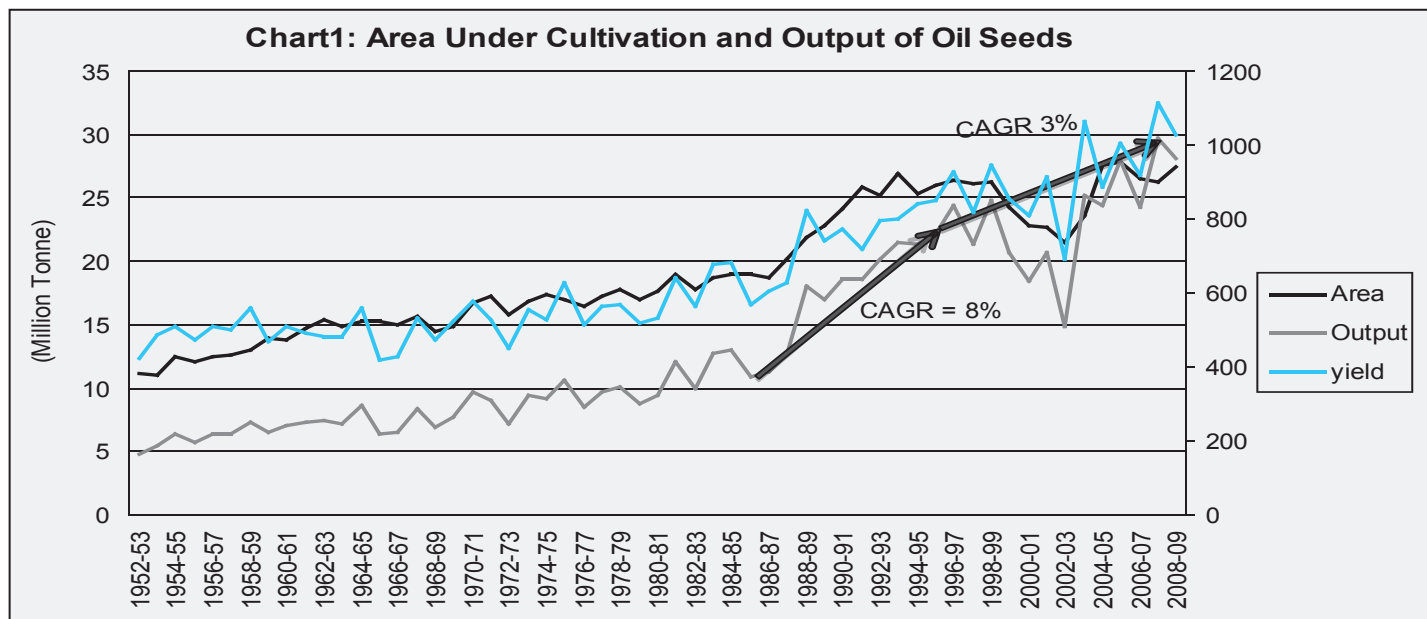
Historical Perspective

India has been a major importer of edible oils historically. The country used to meet around 30-40% of its needs through imports till 1980s. However, the government then launched the 'Oilseeds Technology Mission' (OTM) in 1986. The programme was aimed at making the country self sufficient in the production of oil seeds. Along with

other incentives, the programme also relied on strict quantitative restrictions on edible oil imports and offering relatively higher increase in minimum support price for edible oils compared to wheat and rice. The programme worked well and the area under edible seeds as well as the yield started increasing during early 1990s.

As a result of the OSM programme, India witnessed consistent increase in total output and from importing 30-40% of annual need in early 1980s, India turned into net exporter of the commodity by mid 1990s. The situation, however, did not last long. In order to fulfil its obligations towards the GATT, India started to reduce the import restriction towards later 1990s. All quantitative restrictions were done away and edible oil was brought under Open General License, which meant that imports could be made freely after paying duty.

This led to a serious slump in the domestic oil seeds market as the prices fell sharply in line with the low international prices prevailing at that time. As a result, the tremendous growth in acreage and production witnessed in oil seeds under the OTM program vanished by the turn of century. Thus, the Indian edible oil industry has lived through a complete cycle by the start of last decade. In the last decade, total production has been a function of international prices and its impact on area under cultivation along with monsoon scenario and its impact on yield (output per hectare).



Current Scenario

Due to increasing import, the edible oil market in India is now highly correlated with the international markets. Ever since the country scrapped the quantitative restrictions on the commodity, domestic acreage has been sensitive to the international prices. In line with the high international prices, oil seeds acreage and output witnessed sharp increase in the oil year (OY) 2007-08 (November-October).

In line with most commodities, edible oil prices witnessed substantial volatility in 2008 both vertically and horizontally. Global price trends were primarily a reflection of the volatility in mineral crude oil prices, which strongly affected the edible oil markets due to cross-linkages through use of edible oils in biofuel applications, resulting in sky rocketing prices of edible oils as well. Rising inflation forced India to do away the import duties which had lost the rationale in high price regime of early 2008.

However, with the onset of global economic downturn and crashing crude prices, edible oil prices crashed spectacularly in OY 2008-09. This resulted in increasing import of edible oils into India. The government did impose 20% import duty on soya oils to protect domestic producers, however other items like palm oil etc continued to be imported in large quantities due to no import duty.

After reaching record levels in OY 2008-09, imports have started going down in OY2009-10 as global prices

recovered marginally and cost differential between domestic and global prices went down. Huge inventories have also been a reason for some slowdown in import in recent month. The duty structure so far is unchanged because the government is wary of already high inflation at home and would like to see prices remaining on the lower end.

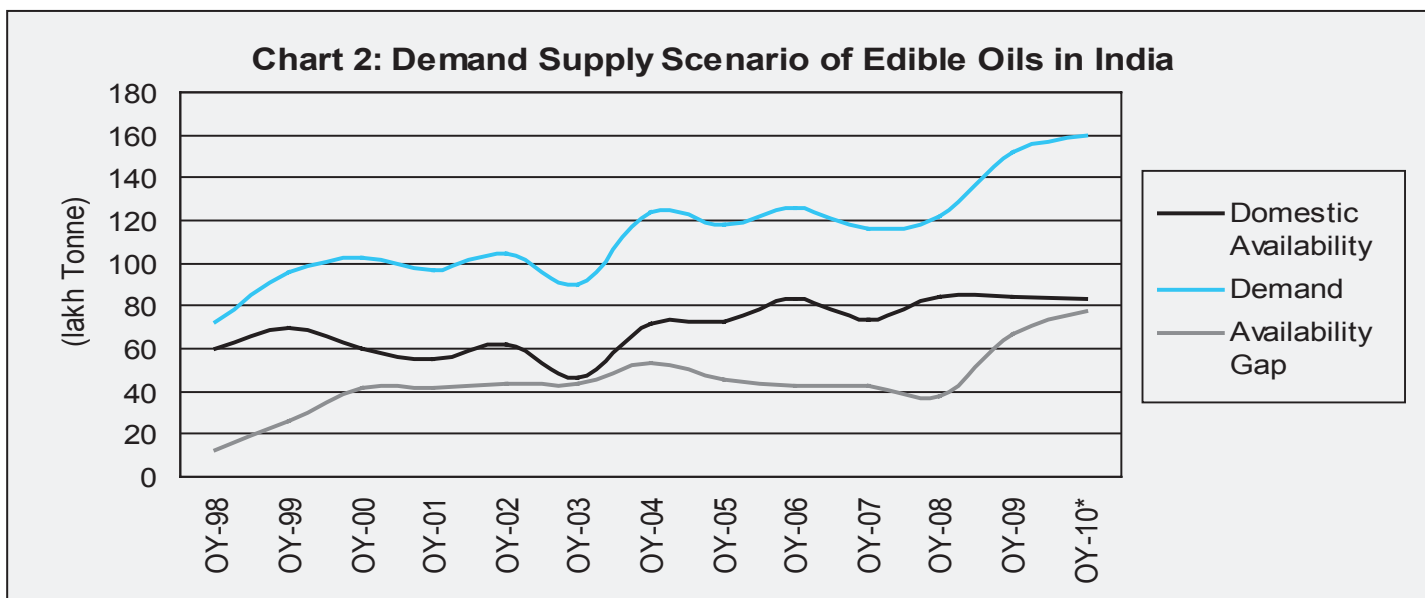
Production of oil seeds to decline in OY 09-10

Oil seeds production in the current oil year (November-October 2010) is set to register a decline on annual basis, primarily on account of the poor monsoon last season and resulting negative impact on the kharif season output. According to the estimates prepared by the industry body Central Organisation for Oil Industry and Trade (COOIT), the total estimated production of nine major oilseeds in the OY 09-10 will be around 231.1 lakh tonne, down nearly 5% compared with compared with 242.6 in the last season.

Table 1: Total Estimated Production of Nine Major Oilseeds in OY-2009-10

	2009-10 Season	2008-09 Season
Kharif	136.5	150.3
Rabi	94.6	92.3
Total	231.1	242.6

The decline is primarily because of the kharif crop which was down about 9.1% to around 136.5 lakh tonne compared with 150.3 lakh tonne a year ago. Rabi crop on the other hand is likely to register a small growth of 2.4%



to 94.6 lakh tonne from 92.3 lakh tonne a year ago.

Demand-supply gap to increase

As stated above, the production of oil seeds is likely to be lower in the current oil year. As a result, the production of edible oils will be lower too and demand-supply gap will increase further. According to the estimates prepared by the government, total domestic demand in 2009-10 is likely to be 180.81 lakh tonne, up by 19.14% from 151.76 lakh tonne in the last fiscal.

Total production on the other hand is likely to be around 82.81 lakh tonnes in 2009-10, lower than the 84.56 lakh tonne of edible oil produced in the last fiscal, clearing the way for higher imports in current season.

In the next oil year, the demand supply gap will depend on monsoon and hence on production of Rabi crop. So far, monsoon has been somewhat late, but overall outlook is much better than last year. However, even a good monsoon will only halt or at the most cut the availability gap very mildly and overall scenario will continue to require import of around 50% of local consumption.

Imports decelerate, but remain high

According to the data released by the Solvent Extractors Association (SEA) total vegetable oil imports fell for the fifth consecutive month in May by 26% to 5.58 lakh tonne due to increased domestic supply. The country had imported 7.51 lakh tonne of vegetable oils in the year-ago period.

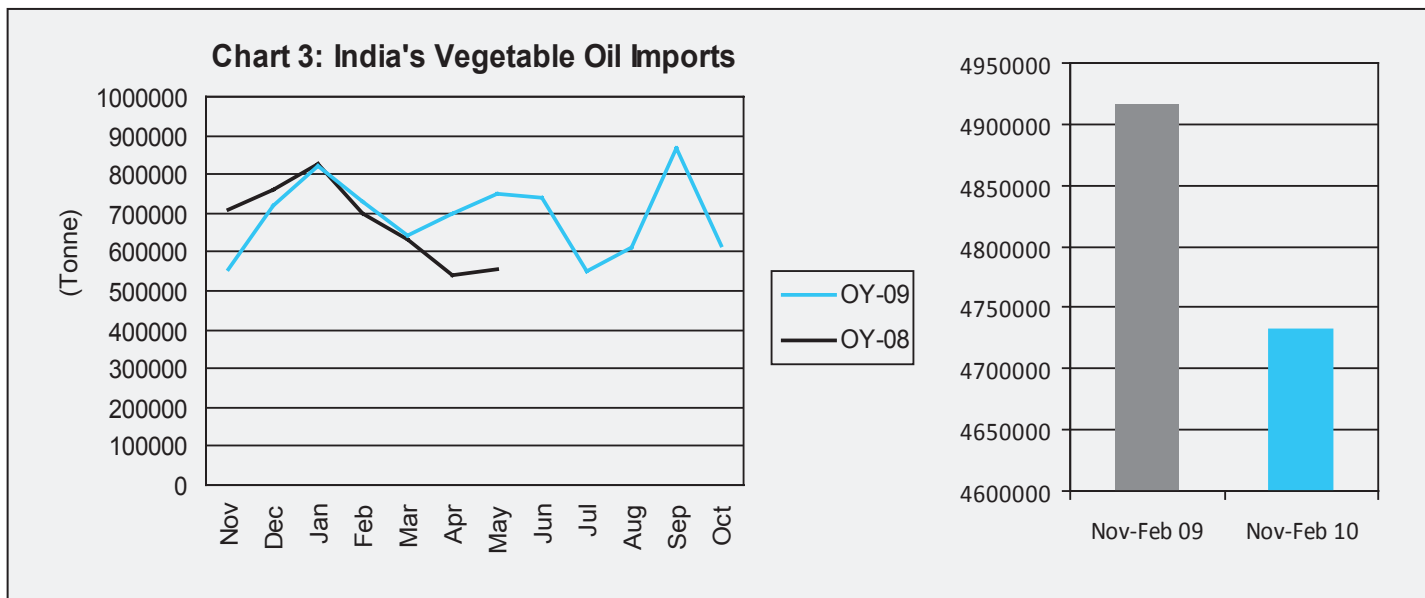
According to the SEA, the shipments of vegetable oils were on an average 7.8 lakh tonne in the last two months of 2009, which fell gradually to 7 lakh tonnes in January and 5.43 lakh tonnes in April, showing a declining trajectory of imports. However, an estimated 5.5 lakh tonne of edible oils are still lying at various ports as on June 1, while about 5.25 lakh tonne of edible oils are yet to arrive. Cumulative imports into the country have declined so far in the current oil year by 4%.

Nonetheless, imports are still high in an absolute sense and coupled with huge inventories with dealers as well as ports, supply scenario continues to remain very comfortable at the moment.

Also, overall imports during current oil year are likely to record a positive growth as traders expect inward shipments to increase after China halted imports from top global exporter Argentina. Overall imports of edible oils in the current oil year may increase by nearly 14% to 85 lakh tonne.

Prices remain volatile

After falling for most of the second half of 2008, edible oil prices gained some strength during the current year, primarily due to improvement in international prices. However, due to lower import duty and rising imports as a result, gains have been limited. Some support to prices did come from the last year's failed monsoon, but record high inventories have made sure again that gains in this



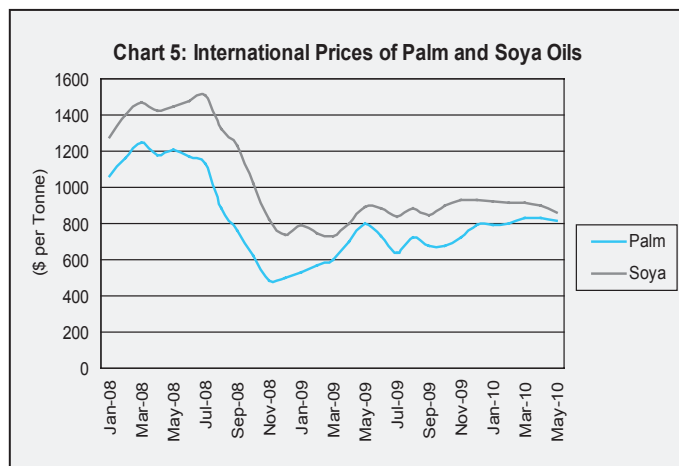
direction remain limited. As the outlook for this year's monsoon improves, there has again been some softening in prices recently.

Further, international factors are also playing important role given the fact that the country imports 55% of its total edible oil requirements. Global prices crashed heavily in the second half of 2008. However, improvement started in Nov 2009 and prices improved for next four months. However, owing to comfortable supplies and huge inventories, the increase was halted by start of current calendar year and prices have since remained rather range bound. In fact in last one month or so, some softening has been seen in global prices of both palm and soya oils.

Outlook

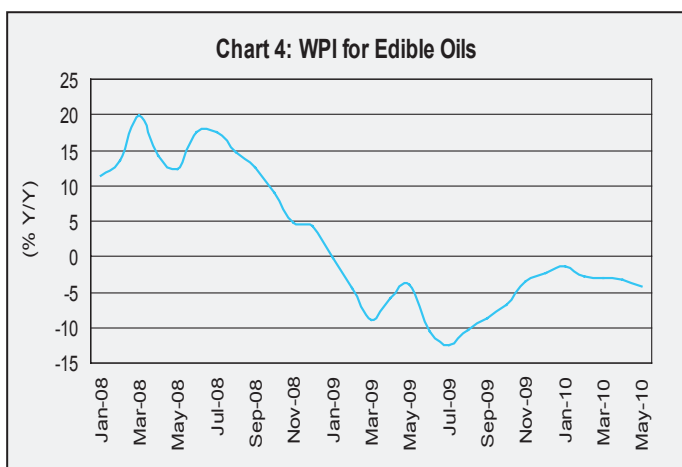
Global edible oil prices had shown some improvement since the second half of last fiscal year. But the same has been very marginal and overall atmosphere in the industry remains bearish. Although supply demand scenario is reasonable with output in some of major producers like Malaysia seen going down from record levels of last season, the ongoing uncertainty in global economy and volatile crude prices are unlikely to lend any strong support to edible oils in near term.

Domestically, large imports and record high inventories in combination with bearish global price trends are putting pressure on crop prices. As a result, farmers are less inclined to plant oilseeds. So far, only 0.837 lakh hectares have been planted under various kharif oilseeds, which is over 34% below the progressive area of 1.27 lakh hectares achieved at this time last year. Nonetheless, with good



monsoon output, domestic production in next season will be plentiful and with weak duty protection regime, we do not expect any domestic shortage to boost fundamentals beyond a level for the commodity.

Overall, we believe the Indian edible oil industry has a stable outlook in the current season. The players which have reasonably diversified warehouses and plants and practise conservative hedging strategies should continue to witness stable margins. Growth for the industry as a whole however is likely to remain modest amidst strong demand but very weak import duty regime and large imports expected over the current season.



RBI's policy Review

The Reserve Bank of India (RBI) announced its first quarter review of monetary policy for the current financial year on July 27. The review was set in the backdrop of a strong domestic economic recovery, persistently high inflation, and an improving global economic scenario but filled with uncertainties arising out of European debt crisis and high levels of unemployment in the developed world.

Having already hiked the policy rates by 25 basis points (bps) at the start of the month, the central bank had a lot of flexibility with it. It decided to take a little more hawkish stance than what the streets were expecting, as it remained bullish on growth and expressed concerns on the rigid inflationary tendencies in the economy.

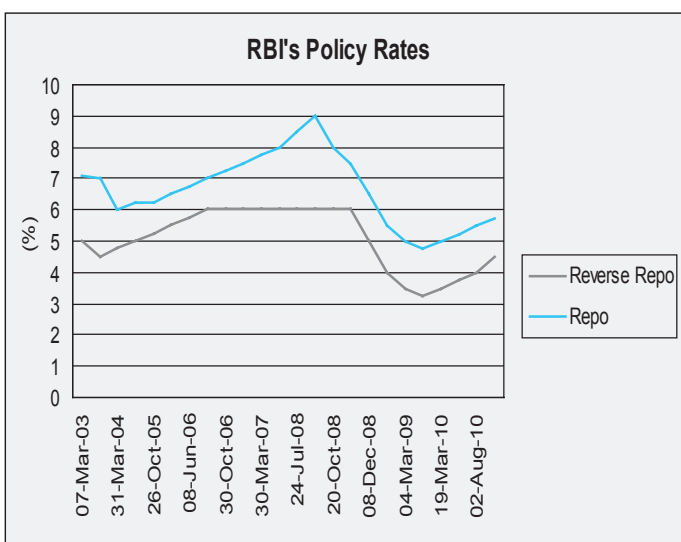
Economists were expecting a 25 bps hike in key policy rates, both repo and reverse repo, which would have been a repeat of what the RBI had done at the start of the month. The central bank however took a little more hawkish approach and hiked the repo rate by 25 bps and the reverse repo rate by 50 bps.

Overall the policy seems to strike a perfect balance to contain the surging pace of price rise and growth. The RBI had already stated in its assessment of macro economy released a day before the policy review that the balance of the policy weight should be shifting towards containing inflation and anchoring inflationary expectations. The slightly hawkish stance therefore should be read as the central bank looking to get a bit more aggressive towards checking inflation, even as it continues to support growth in order to take the economy back to the high growth trajectory.

Key Features

Policy stance

The RBI hiked both the key policy rates including the repo or the rate at which it infuses short-term liquidity into the system, reverse repo or the rate at which it allows the banks to park



their surplus funds with it by 25 and 50 bps respectively. As expected, the apex banks left the CRR unchanged in wake of the slightly tight liquidity scenario prevailing in the system at present. CRR is the percentage of net demand and time liabilities (NDTL) that commercial banks are required to park with the central bank and with banks' dependence already high on LAF facility there was no need for the Indian monetary authority to further tighten it.

With the latest rate hike, the repo rate now stands at 5.75% and the reverse repo rate at 4.5%. Thus the RBI narrowed the LAF corridor by 25 bps to 125 bps. This is a welcome move by the RBI and marks a shift in central bank's thinking. Under the previous regime, RBI preferred to maintain some uncertainty by keeping a wider LAF corridor. In fact, the LAF corridor was at an elevated level of 3% in recent history. However, the thinking now seems to be shifting to keep the uncertainty at the minimum. With banking system liquidity appearing structurally short, the timing was right for RBI to narrow the corridor and we expect this process to continue at the next policy review with the corridor settling at 100 bps.

Mid-quarter reviews

One of the key features of this policy statement was announcement of mid-cycle reviews. At present, scheduled policy announcements are made once in a quarter. In a rapidly evolving macroeconomic situation, however, a gap of a quarter between policy reviews can be too long for a central bank. In fact, there have been several occasions in recent years when the RBI had to take off-cycle policy actions in response to macroeconomic developments. While these instances challenge the discipline of the quarterly schedule, they also underscore the need for flexibility to maneuver. Accordingly, the RBI has now decided to undertake mid-quarter reviews roughly at the interval of about one and half months after each quarterly review.

We believe this is a positive move and will institutionalize what already existed informally. This will also help the central bank to communicate more effectively, something that has been the stated objective of the central bank after the current Governor D Subbarao took its charge.

Monetary aggregates

The current year-on-year money supply (M3) growth stands at 15.3% which is below the indicative projection of 17%. On the other hand, non-food credit growth at 22.3% was marginally higher than the indicative projection of 20%. The RBI expects that even with the higher growth, monetary aggregates will evolve along the projected trajectory indicated in the April policy statement. Accordingly, the M3 and non-food credit growth projections for 2010-11 have been retained at 17% and 20% respectively.

Growth prospects

With early signals of a reasonably good monsoon, and pickup in the services sector as well, the RBI has revised up India's GDP growth to 8.5% with an upside bias for

the current fiscal against its earlier projection of 8.0% announced during the annual policy review for FY11. The central bank has affirmed that the domestic drivers of growth are looking strong which could enable the economy to ascend further. The strength of the recovery is also reflected in the sales and profitability growth of the corporate sector. Huge investments are seen across the sectors in power, telecom and metals. Increase in resource mobilisation by the commercial sector from both banks and non-banks and the widening of the current account deficit also suggest strong underlying growth momentum.

While the improving domestic economy has been supporting a strong growth outlook, a decent recovery in the external sector too has now boosted the prospects of Indian economy. During the first two months of 2010-11, both exports and imports continued to expand in contrast to the contraction they showed during the corresponding period of last year. The trade deficit widened during April-May 2010 to \$21.7 billion, up from \$14.4 billion in the corresponding period of the previous year, reflecting the sustained increase in domestic activity. With the economy now looking set to fire on all cylinders, the hike in growth projections seems very reasonable.

Inflation projection

With the WPI inflation hovering in the double-digit mark during the last five months since February this year, the apex bank has revised its inflation outlook to 6.0% for fiscal-end from the earlier projection of 5.5% in April. RBI believes that the inflation trajectory going forward will be shaped to a large extent by the nature of monsoon. Secondly, a tepid pace of global economic recovery could spur a decline in energy prices globally which would have dampening effect on the inflationary pressure to a considerable extent. However, strong recovery in industrial production and increasing pressure on capacities present an upside risk to inflation projections.

Downside risks

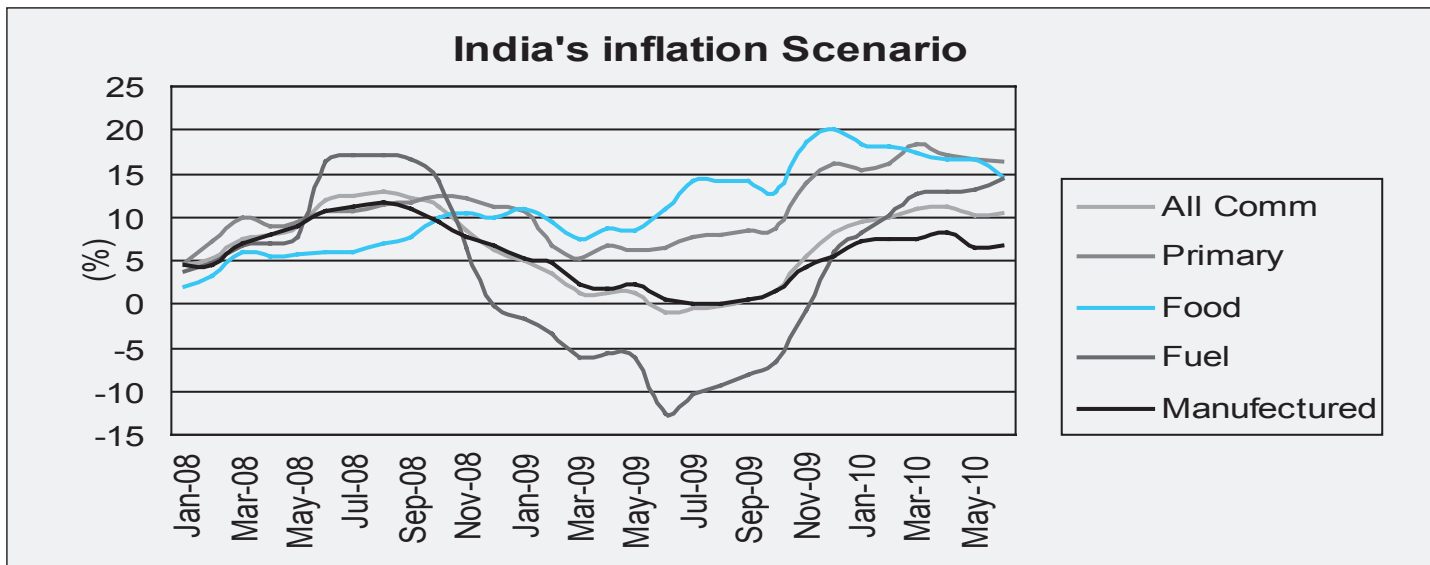
While enumerating the GDP growth and inflation projections, RBI has also mentioned several risk factors that could result in actual outcome to vary substantially from its projections. As the global economic recovery has slowed down in recent months, the performance of EMEs (emerging market economies) is likely to be adversely affected. While India's trade linkages with the advanced economies are appreciably smaller than those of other major EMEs, a widespread slowdown in global trade will have an impact on important manufacturing and service sectors.

Moreover, any slowdown in the capital inflows could retard the pace of recovery of the domestic economy. India's rapid recovery has resulted in a widening of the current account deficit, as imports have grown faster than exports. In the face of a global slowdown, increasing risk aversion amongst global investors may significantly reduce the flow of capital into EMEs, including India. Any reduction in the level of capital inflows may hamper the domestic investment activity which is crucial to achieve a higher and sustainable growth rate.

Impact Analysis

The RBI has been facing increasing pressure to start getting more aggressive towards controlling the inflation which has been persistently in the double digits for last several months. The strong growth outlook with increasing pressure on capacities in the organized sector has further added to the central bank's worries which were reflected in the assessment of the Indian economy released by the RBI a day before policy review. The central bank has called for shifting the bias towards checking price rise amidst strong growth and generalization of food inflation into broader economy.

However, there remain conflicting signals in the health



of global economic recovery, particularly in wake of the European debt crisis and the high unemployment levels in advanced economies. The RBI therefore has tried to draw a balance between the two sides by hiking one of the rates by 50 bps and other by 25 bps. This has also helped the banking regulator narrow the benchmark corridor by 25 bps that will help keep the money markets more stable.

Impact on interest rates

Following the global financial crisis, the RBI had cut the benchmark policy rates and the reserve rates as well in a number of tranches. Market rates responded with a lag and declined 150-200 bps and even higher for some of the sectors. However, the RBI started reversing the course of the monetary policy since October 2009 by halting some of the special measures to support sector specific lending and then hiked CRR by 75 bps in January. Since then the RBI has increased repo and reverse repo rates by 100 and 125 bps respectively. Market rates have been again slow to respond as was the case in the downward journey.

A major reason of slow or rather little transmission of policy changes has been the liquidity scenario. The system has been in surplus liquidity for much of the last one year except for the last two months and in the situation of surplus liquidity monetary transmission by definition is quite ineffective. Going forward we expect that the systemic liquidity will be more in the deficit mode than the surplus mode and therefore transmission will be more effective generating greater response in the deposit and lending rates of banks.

Impact on inflation

India's headline inflation, as measured by the Wholesale Price Index (WPI), after remaining significantly subdued during the first half of the last fiscal, increased at a faster pace in the second half and reached the double digit levels in March 2010. It has remained over 10% ever since. While the WPI has remained at elevated levels, indicating sustained momentum in inflation, a large part of inflation hitherto was on account of food inflation and low base effect from year ago scenario. Now however, the non-food manufactured products (weight: 52.5% in WPI) too have been showing signs of increasing rate of price rise, clearly suggesting that inflation causes are shifting increased from supply side to demand side of economy.

The RBI therefore has taken a bit more hawkish approach and has hiked rates twice in a month. Coupled with the tightened liquidity scenario in the system, the more aggressive approach of the central bank will now ensure greater transmission of policy decisions and should help address demand side cause of inflation. Supply side reasons too should ease with monsoon so far looking much better than what was the case a year ago. As long as the monsoon proceeds normally, we expect inflation to

hover around the RBI's estimate of 6% by the fiscal-end.

Impact on growth

Despite the inflation remaining at elevated levels, the RBI has been keeping the process of normalization of its policy stance fairly calibrated. As a result, the growth scenario has remained bullish with industrial activity expanding at record high levels in most of the last three quarters. The purchasing manager index (PMI) indicates that the services sector too has picked up sharply with growth likely to improve sequentially in first two quarters of this fiscal compared with March quarter result.

The continued tightening by the RBI does have some implications for growth and as interest rates go up, cost of financing will rise in second half of the fiscal. While this may have some dampening impact on growth in near term, this is rather necessary given the kind of pressure that has been witnessed on capacities in recent months. Inflation has been generalizing into the broader economy and core sector has seen sharp uptick in costs in last few months. There are indications that the economy might be inching towards getting overheated and some adjustment therefore some adjustment in cost of financing is very desirable.

On the whole we believe the RBI has done a good balancing act in terms of growth-inflation puzzle and tightening at this stage while may moderate growth marginally in second half of fiscal, will help improve the medium term prospects of the economy.

Overall, the policy review was a very fine act of balancing various concerns including growth and inflation. The central bank will continue to move in quarter percentage points steps and take several such steps rather than changing the stance sharply at any time. Going forward, as the process is continued, and demand for credit increases, the liquidity scenario will remain somewhat tighter and there will be some increase in interest rates as transmission of already taken monetary steps happens. This however is the natural course as rates have to be made neutral against a high growth and high inflation back drop. For next three quarters or so, the RBI will continue to hike policy rates, but in gradual, preferably 25 bps moves. By the end of current calendar year, 50-75 bps and start of next fiscal, 100 bps of hike in policy rates can be expected.

The policy decisions by the central bank will help in containing the surging headline inflation to some extent while the potential inching up of rates is unlikely to create any major impediment for the domestic economy's growth prospects. Going forward, the central bank will continue to moderate inflation by reining in demand pressures and inflationary expectations in order to maintain financial conditions conducive to sustained growth and will ensure the liquidity conditions remain such as are consistent with more effective transmission of policy actions.

Ruchi Soya Industries - Buy Investment overview

- Ruchi Soya is the largest player in the country in edible oils, Soya foods and processed foods categories with an annual turnover of \$2.4 bn.
- Ruchi Soya has shown a consistent growth for the last many years and its branded sales have increased at CAGR of 44% for last 4 years.
- The company is targeting a 3.2 million tonne capacity of palm refining with its ongoing expansion.
- The company will foray into the soap market and will extend its FMCG portfolio with its recent merger.

Stock Data (as on 30/07/10)	
Current Mkt Price (Rs.)	101.90
52 week High (Rs.)	130.10
52 week low (Rs.)	56.60
Mkt Cap (Rs. Cr.)	2678.00
Return in last one Month (%)	-6.08

Share Holding Pattern(as on March 31,2010)	
	%
Total Promoter	46.88
Institutions	18.90
Non Institutions	34.22

Key Ratios	
P/E	17.18
Price/Book(x)	1.97
Dividend Yield (%)	0.49
ROCE(%)	12.16
ROE(%)	8.65

- The company in a joint venture with IOC will set up a 300 TPD oil extraction unit and transesterification plant

Business Overview

Ruchi Soya Industries is the flagship company of Ruchi group, the industrial house of Madhya Pradesh. It is the pioneer in developing Soya cultivation in India. The group was the first in India to set up crushing and refinery plant near Indore (M.P) for processing soyabean in the year 1973. It is the largest palm oil plantation company in the country. Today it is the largest integrated oilseed solvent extraction company in the country.

Ruchi Soya has evolved from being a large manufacturing firm to a respected brand, keeping in line with the FMCG players. Its Nutrela and Ruchi Gold brands have captured leading positions in the Soya foods and edible oils categories respectively. Ruchi Soya has also ventured into other businesses like bakery specialties, where it foresees a big potential for growth.

Ruchi's wide range of food products include healthy cooking oils, nutritional Soya foods, top grade vanaspati and bakery fats. Ruchi is the undisputed market leader in the edible oils, as well as Soya foods categories. The edible oil range includes many top brands like Soyumm, Soyabean oil, Ruchi Gold Palmoline oil and Sunrich sunflower oil. Nutrela is the largest selling Soya foods brand in the country, with more than 50% market share. Nutrela and Ruchi No. 1 vanaspati are regional leaders in their respective categories.

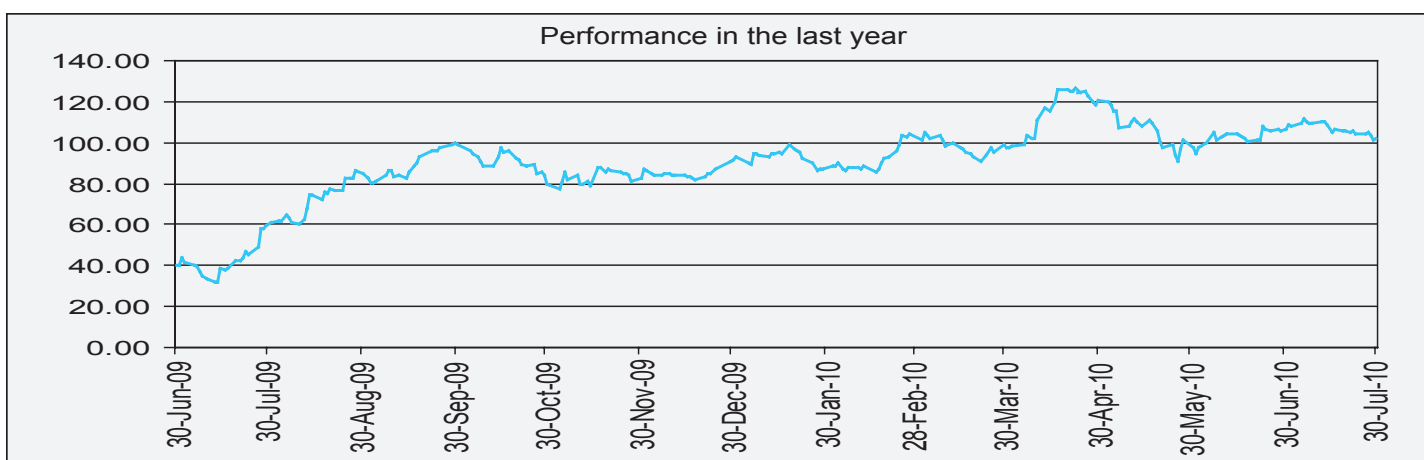
Financial Health

For the final quarter of the last fiscal the company reported a decline of 9.73% in its Net sales to Rs.3344.62 crore from Rs.3705.12 crore though the Net profit surged by 787.69% from Rs.1.95 crore to Rs.17.31 crore and the EBITDA grew by 85.48% to Rs.65.01 crore from Rs.35.05 crore

For the year ended March 31, 2010, the net sales was up by 11.33% to Rs.13430.83 crore from Rs.12063.87 crore and Net profit increased by 67.18% to Rs.155.95 crore from Rs.93.28 crore while EBITDA was higher by 40.74% to Rs. 410.85 crore from Rs. 291.93 crore.

Industry Scenario

India is one of the leading players in the world edible oil



(Rs. Cr.)

Particulars	March Qtr-10	March Qtr-09	%Change	FY10	FY09	%Change
Net Sales	3346.62	3770.52	-11.24	13434.86	12167.54	10.42
Total Income	3355.47	3773.40	-11.08	13453.95	12209.52	10.19
Other Income	8.85	2.88	207.29	19.09	41.98	-54.53
Net Profit	31.38	6.90	354.78	248.90	150.75	65.11
OPM	17.31	1.95	787.69	155.95	93.28	67.18
EPS	0.74	0.08	--	732.00	4.83	--

Standalone

market, being the second largest importer (after China) and the third-largest consumer (after China and the EU). However, per capita consumption of edible oils is only around 11 kg per year. This is considerably lower than in most developed countries. 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. India has been a major importer of edible oils historically. The country used to meet around 30-40% of its needs through imports till 1980s.

Due to increasing import, the edible oil market in India is now highly correlated with the international markets. Ever since the country scrapped the quantitative restrictions on the commodity, domestic acreage has been sensitive to the international prices. However, with the onset of global economic downturn and crashing crude prices, edible oil prices crashed dramatically in OY 2008-09. This resulted in increasing import of edible oils into India. After falling for most of the second half of 2008, edible oil prices gained some strength during the current year, primarily due to improvement in international prices.

India's edible oil industry is growing at a compounded annual growth rate (CAGR) of 90 per cent. Olive oil is largely imported; the reduction in import duty on edible oil will not only boost up its usage but will also induce farmers to grow olive oil trees. Global edible oil prices had shown some improvement since the second half of last fiscal year. But the same has been very marginal and overall atmosphere in the industry remains bearish.

Recent developments

In Jan 2010- Ruchi Soya Industries announced a major farm land acquisition in Ethiopia for soybean cultivation. The company said it has signed an MoU with the Ethiopian Government for cultivation of soyabean and setting up a processing unit on 61775 acres in Ganmbella and Benishangul Gumaz States on a lease basis for 25 years.

Ruchi Soya Industries has entered into Limited Liability Partnership agreement with Indian Oil Corporation to form Indian Oil Ruchi Biofuels. Both the companies will be equal partners of the joint venture. The joint venture will set up a 300 TPD oil extraction unit and transesterification plant to produce bio-fuels at a cost of Rs.436.63 crore. The joint venture will undertake Jatropha plantations in 50,000 hectares in the districts of Jhansi and Lalitpur.

Investment Rationale

Ruchi Soya has a branded portfolio of Rs 3700 crore and

the Industry-wide branded edible oil sales is expected to grow at 15% annually over the next few years versus 6% annually in the last few years. Its Nutrela and Ruchi Gold brands have captured leading positions in the Soya foods and edible oils categories respectively. Nutrela, the biggest Soya foods brand in the country, enjoys more than 50% of the market share.

The company has been continuously increasing its presence of Organized Retail Channel and has also increased media penetration helping it to improve awareness among consumers.

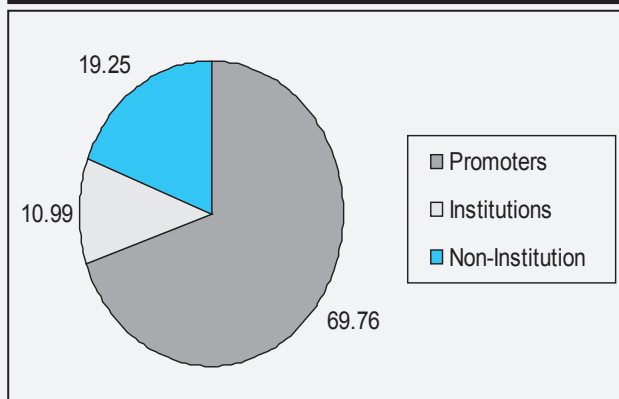
The company is having largest crushing and refining capacity of 12700 MTPD and 7370 MTPD respectively, much larger than its nearest competitors, Adani Wilmer-5675 and 3430 MTPD, KS Oils- 4800 and 1800 MTPD of crushing and refining respectively.

The company has merged two of its subsidiaries, Sunshine and Oleochem with itself as 85% of raw material for this industry comes from the byproduct of the refining business and these units were adjoining to its Kandla refinery. The merger will help to reduce lot of duplicate cost and it will help to convert the basic fatty acids and stearin into Oleo chemicals and giving an extension to the company in FMCG segment. (Sunshine has a 225 TPD capacity for splitting and distillation, capacity of 96 TPD for manufacture of soap noodles and toilet soap, glycerine production capacity of 55.5 TPD and 64 TPD hydrogeneration production units.)

The company has made a big investment with a major farm land acquisition in Ethiopia, the investment was done considering the availability of labour, its strategic location and the Government support to boost foreign investment and development, and is likely to strengthen its geographical position and profitability of the company.

Ruchi Soya is the market leader in edible oils and Soya foods industry. At the CMP of Rs 102, Ruchi Soya Industries is currently trading at a P/E multiple of 17.18 and an FY11 (E) PE multiple of 11.98x and at 14.8 of the FY 11(E) EPS. The scrip has more than doubled in the last one year, we will be recommend a buy in the stock with a price target of Rs 163 as the company in the last five years has taken some major expansion and has increased its capacity in all segments, it has also shown a shift in its business from trading to manufacturing and branding keeping in view the changing trends of the sector. Further it plans to increase its CPO refining capacity by 1 MMTPA by 2012 and Mustard seed processing capacity to 1 MMTPA by 2012 which are going to increase its profitability.

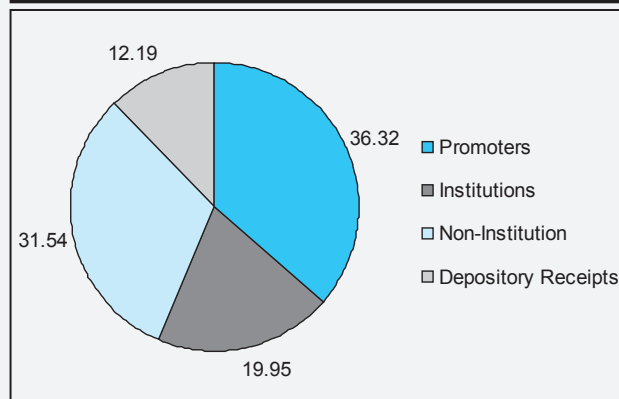
Gokul Refoils & Solvent: Buy



- ◆ Gokul Refoils and Solvent (GRSL) is one of the leading FMCG companies of India with international presence, dealing in edible oils such as soya bean oil, cottonseed oil, palm oil (Palmolein), sunflower oil, mustard oil, groundnut oil, vanaspati and industrial oils such as castor oil.
- ◆ The company owns four production plants equipped with latest equipments and technology in the states of Gujarat and West Bengal in India. It has two major brands in edible oil category - Gokul and Zaika.
- ◆ GRSL has annual capacity of around 300,000 MT in seed crushing, annual capacity of 975,000 MT in refining and 675,000 MT in solvent extraction. The company exports its products to United States, South Korea, European Union, China, Singapore, Indonesia, Malaysia and Vietnam.
- ◆ For the financial year ended March 31, 2010, it had posted a net profit of Rs 42.73 crore against Rs 25.68 crore for the year ended March 31, 2009, up 66.39%. Total income for 2009-10 fiscal stood at Rs 2,820.42 crore, up 3.03% over Rs 2,737.55 crore for the previous fiscal. The company's earnings before interest, depreciation, tax and amortization (EBIDTA) margin for FY10 soared by 24.87% to Rs 120.27 crore from Rs 96.32 crore for FY09.
- ◆ Its operating profit margin (OPM) improved to 4.27% during 2009-10 financial year after witnessing a sharp decline to 3.52% in 2008-09 financial year from 6.63% for 2007-08. Meanwhile, its earnings per share (EPS) remained very low in FY10 at Rs 3.24 against Rs 10.16 in the year ago period.
- ◆ Recently, the company announced its plan to foray into power business. In this regard, GRSL under its legal entity -- Gujarat Gokul Power -- is looking to set up 80 megawatt (MW) lignite based thermal power plant station near Tadkeshwer in Surat in association with Gujarat Mineral Development Corporation (GMDC).
- ◆ At the current market price of Rs 106.80, the stock trades at a price-to-earning ratio of 33.10x and EV/EBIDTA of 13.50x. Though the counter appears quite expensive compared to other industry players, the sustained up-move in the past couple of days is likely to continue in the near term. One can buy the stock at the current levels with a short-term price target of Rs 130.

Last Traded Price (as on 31/07/10)	Rs 106.80
Price target	130
Market cap. (Rs cr.)	1,408
52 Week H/L	108.35/ 45.01
Free Float	30%
BSE code	532980

K S Oils: Buy



- ◆ K S Oils is a leading integrated edible oil company with renowned brands like Kalash, Double Sher, K S Gold, etc. The company is a leader in mustard oil in India and enjoys 11% market share in the overall mustard oil segment with a dominant 25% market leadership in branded mustard oil.
- ◆ The company employs around 3,000 people spread across its 6 manufacturing plants, marketing offices and plantations in India, Malaysia, Indonesia and Singapore.
- ◆ It is the largest rapeseed crusher in India with wide product range to suit local tastes and preferences. In the recent past, K S Oils has successfully undertaken the growth strategy of capacity expansion, green field projects and acquisitions which has provided an added advantage and a competitive edge to the company over its peers.
- ◆ The company had reported a net profit of Rs 190.26 crore for 2009-10 fiscal as compared to Rs 174.49 crore for 2008-09 fiscal, registering a growth of 9.04%. Total income during the same period grew by 29.06% to Rs 4,091.04 crore from Rs 3,169.79 crore for the previous financial year. Its EBIDTA margin for the financial year ended March 31, 2010 stood at Rs 495.89 crore, up 35.96% over Rs 364.73 crore for the financial year ended March 31, 2009.
- ◆ Its OPM for FY10 increased by 62 basis points (bps) to 12.16% from the year ago level while net profit margin (NPM) declined by 86 bps to 4.66% from 5.52% for FY09.
- ◆ The company is looking to invest Rs 220 crore this fiscal to expand its business in both domestic and overseas markets. Out of this, it plans to spend Rs 150 crore on the overseas expansion. It has also acquired 1,000 acres of land in Malaysia for palm plantation, which would produce around 1,000 tonne of crude palm oil (CPO) per year. Earlier this year, ratings agency -- Fitch Ratings -- upgraded the credit rating of K S Oils to 'A-(Ind)/ F1(Ind)'.
- ◆ At the current market price of Rs 52.30, the stock trades at a P/E ratio of 11.27x and EV/EBIDTA of 6.07x, one of the cheapest among other industry peers. The company's recent growth strategies and dominant presence in branded mustard oil segment are set to result in good earnings jump in the next few quarters. One can buy the counter at current levels with a short-term price target of 64.50.

Last Traded Price (as on 31/07/10)	Rs 52.30
Price target	64.50
Market cap. (Rs cr.)	2,074
52 Week H/L	77.00/ 50.05
Free Float	64%
BSE code	526209

Tulip Telecom partners with Wireless Services for a BWA venture

Tulip Telecom has entered into a strategic partnership with Wireless Services, which is Qualcomm Incorporated's subsidiary, for a Broadband Wireless Access (BWA) venture. Tulip's investment in this venture for the 13% stake will be approximately Rs 1,40 crore. As per Indian Foreign Direct Investment (FDI) regulations, Qualcomm will have a 74% stake in the venture, while Tulip and Global Holding Corporation will hold 13% each.

NTPC commissions Unit-VI of Dadri Power Project

Maharatna Public Sector Undertaking National Thermal Power Corporation (NTPC) has commissioned Unit-6 of 490 Mega Watt (MW) of National Capital Thermal Power Project, Dadri on July 30, 2010. With this, the total capacity of NTPC group exceeds 32,000 MW and its installed capacity has touched 32,194 MW. The company had, earlier on July 16, announced synchronization of this unit. This was the second unit proposed to provide power to Common Wealth Games to be organized in Delhi in October 2010.

Bharti Airtel shortlists 5 companies for its IT outsourcing contract in Africa

Bharti Airtel has shortlisted three multinational firms and two domestic information technology (IT) majors for its IT outsourcing contract in Africa. IBM, which currently handles Bharti's IT for India and Sri Lanka along with Hewlett Packard and Accenture are among the multinational vendors that have made it to the shortlist. Also, Wipro and Tech Mahindra are the Indian vendors stepping up efforts to woo Bharti. While IBM already has IT deals with three large Indian telcos (Bharti Airtel, Idea Cellular and Vodafone), Wipro has the deal for Aircel and Telenor, and Tech Mahindra has been roped in by Etisalat DB (Swan) to manage its IT requirements. HP and Accenture are yet to win any large deals from Indian telecom players.

Wockhardt gets US FDA final approval for Metoprolol succinate

Pharmaceutical and biotechnology major Wockhardt has received final approval from the United States Food & Drug Administration (US FDA) for marketing the 25mg, 50mg, 100mg and 200mg extended-release tablets of Metoprolol succinate which is used for 24-hour control of hypertension, treatment of angina and in improvement of survival after heart attack. Metoprolol succinate is the generic version of Toprol XL, marketed in the United States by Astra Zeneca. The product is being launched immediately. The tablets will be manufactured at the US FDA certified formulation

plant at, Aurangabad. Metoprolol succinate will be only the second generic version of this technically demanding product in the US market.

Steel Strips Wheels bags export order from BMW

Steel Strips Wheels (SSWL) has bagged an order from BMW to export spare wheel for its world renowned model -- MINI. At present, MINI is made in Oxford plant and it is exported to about 70 countries. The company shall export 48,000 wheels annually for this particular model. BMW has also agreed to consider SSWL for their future models where they are using steel wheels. Recently, the company had received a repeat order from ETOP, one of the largest distributors of wheel and tyre assemblies' in Eastern Europe.

Varun Industries to form JV Company

Varun Industries is all set to form a Joint Venture (JV) Company named -- Varun Sp. Zoo -- in the Republic of Poland. The total capital of the said JV company shall be \$5,00,000 out of which the company will hold 50% of the share capital. The new venture would undertake export-import of items such as stainless steel kitchenware, hardware, tools, cookware sets, non-stick, porcelain, electrical, umbrellas, YIWU items, etc.

Tata Power accumulates Rs 350 crore via NCD issue

Tata Power Company, a part of the diversified conglomerate Tata Group, has accumulated Rs 350 crore worth of fresh funds through issue of 100 transferable, secured, redeemable, Non-Convertible Debentures (NCDs) on private placement basis. The issue opened and closed on July 20. These NCDs will be for the tenure of 15 years and will carry a coupon rate of 9.15%. Ratings agencies -- ICRA and CRISIL -- have assigned 'LAA' and 'AA' ratings for the debentures, respectively. The company plans to utilize the issue proceeds mainly to refinance the existing loan from IREDA.

SAIL refurbishes unit at Bokaro

State-owned Steel Authority of India (SAIL) has commissioned a newly renovated unit at its Bokaro Steel Plant (BSL), which is a part of its Rs 70,000 crore expansion programme. Blast furnace-2, upgraded at a cost of Rs 805 crore, is the first unit to be commissioned under BSL's current phase of expansion and modernisation and is part of SAIL's growth plan to take hot metal production capacity to the level of 23.5 million tonne (MT) by 2012-13 from present 14MT. The upgradation for blast furnace was done by Luxembourg-headquartered engineering company Paul Wurth in consortium with infrastructure

major Larsen & Toubro. Thus, with upgradation, the campaign life of the furnace will increase to 16 years, as compared to the present eight years.

Rolta inks MoU with CBSE

Rolta India, one of the leading Indian IT company has entered into a formal Memorandum of Understanding (MoU) with Central Board of Secondary Education (CBSE) as the Resource Partner, for providing Geospatial Technology Vocational Course, for XI & XII standard students. According to the said MoU Rolta will provide technical assistance, develop and create the curriculum and also impart advanced training to CBSE teachers across the country. As part of the curriculum for Standards XI and XII, Rolta will provide Rolta Geomatica - one of the world's best Geospatial Technologies.

Venus Remedies gets GMP accreditation for 7 manufacturing facilities

Venus Remedies has received Good Manufacturing Practices (GMP) accreditation for 7 of its facilities including oncology liquid, oncology lyophilized, cephalosporin, carbapenem, cardiovascular, small volume infusion and other specialty injection from National Medicine and Poison Board (NMPB), Republic of Sudan. The company is also in the process of seeking registration for products from all seven facilities and has already filed 17 critical care product dossiers mainly in anti-cancer and antibiotics. As per the reports of CMS Sudan, existing Sudanese Pharmaceutical market amounts to approximately \$520 million which is growing at 11% annually and the market is largely dependent upon imports. In the context of pharmacological group the two major segments are anti-infective 28.6% and CVS 13.7% contributing to a sum of 42.3% of the total market share.

Sunil Hitech bags several orders worth Rs 173.55 crore

Sunil Hitech Engineers (SHEL) has bagged several orders worth Rs 173.55 crore during the first quarter. One of order includes the work of construction of Pre-engineered Building and Allied works for warehousing in Mihan area through MADC. This is the Pilot job secured by SHEL in consortium with Phenix Building Soutlion for Maharashtra Airport Development Corporation. Thus, this marks foray of Sunil Hitech into fast growing Airport infrastructure space. The other jobs secured by SHEL are Civil work of Ash bund for MAHAGENCO, structural work for REL, RINL, Adani Power, Erection of Boiler, its auxiliaries and ESP and Critical piping for BHEL, PSSR and REL among others.

Government grants three year rig holiday to RIL, ONGC, Eni

Reliance Industries (RIL) may be able to establish more commercially-viable oil and gas finds in the country's largest gas field KG-D6 with the cabinet allowing the company extra time for drilling wells. Two other operators, Oil & Natural Gas Corporation (ONGC) and Eni, have been allowed similar extension, benefiting 30 blocks in all. The extension will help RIL complete evaluation works in at least three wells in the KG-D6 block where drilling was not authorized by the concerned regulator Directorate General of Hydrocarbon (DGH) after the company missed the deadline. DGH, the technical arm of the oil ministry, is the custodian of country's oil and gas assets.

Allcargo Global Logistics plans to venture into shipping segment

Allcargo Global Logistics is planning to enter the shipping segment and offshore oilfield services within next two to three months. Apart from getting into new verticals, the company also plans to expand its presence in the less-than-container-load (LCL) segment through the inorganic route. The company is also looking for LCL companies which have their presence marked both in domestic and overseas markets.

MIC Electronics forms alliance with Home Resources

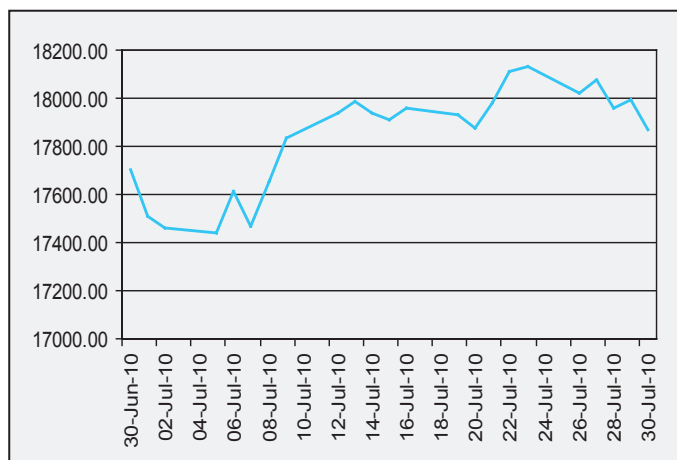
MIC Electronics has formed an alliance with Taiwan-based Home Resources Ind. Co. (HR) to jointly develop and manufacture innovative and cost effective LED lighting products for both urban and rural applications. The agreement, which covers products from a family of LED portable lights, envisages manufacture of around 100,000 lights in the next 6 months and about a million in the next 18 months. Under this engagement, HR will provide manufacturing assistance to MIC to cope with the volume demands. MIC will customize HR's products to meet India specific conditions in terms of quality of power and also will adapt the products for meeting rural requirements. Further, both companies will be exclusive to each other for operations in India.

R-Infra inks concession pact with NHAI

Anil Dhirubhai Ambani Group (ADAG) led Reliance Infrastructure (R-Infra) has entered into a concession agreement with National Highways Authority of India (NHAI) for six-laning of the 180-km stretch of the Delhi-Agra road project. The total project cost is Rs 3,000 crore, widening of the road into six-lanes will require an investment of Rs 1,957 crore. R-Infra is already engaged in developing 11 road projects with NHAI entailing an investment of over Rs 12,000 crore.

The happening month of July finally passed on a positive note, as it was month of earnings announcement and the big scheduled event towards the end of the month from the Reserve Bank of India (RBI). Though, the RBI taking a cautious step had already hiked its policy rates before its quarterly monetary policy review, the markets were hence expecting a nominal hike once again and got the same on expected lines. But the main event of the month was the earnings announcement by the different companies, that started on a somber note with a weaker than expected results from IT major Infosys. The company reported lower net profit for the first quarter despite a rise in revenues. Though it raised its fiscal 2011 outlook, more than what analysts were estimating, as it continues to see greater demand for services despite an uncertain economic environment and the threat from volatile currency movements. There were other disappointments from the front-liners such as, Maruti Suzuki India and Sterlite Industries that took the fizz out of the market. Overall, the earnings scorecard has been mixed so far, despite some notable disappointments. There could be improvements in coming months as robust economic conditions drive volume growth, especially in the metals, automobile and housing sectors. Tata Consultancy Services beat estimates with a 21.3% rise in profits despite the apprehension that Infosys has set a negative tone for the industry peers; there were other good reports from mid cap IT stocks too. The month kept buzzing with lots of domestic as well as international events. In the very beginning of the month, markets got boosted with the report that India's services Purchasing Managers' Index (PMI) hit a two-year high of 64 in June 2010, and the latest forecast of the International Monetary Fund (IMF) for growth in the gross domestic product (GDP) of the country came far more bullish compared to the Government of India. While the finance ministry has projected a growth of 8.5% for FY10, the IMF has projected the economy to expand by whopping 9.4% in the calendar year 2010. However, it expects growth to somewhat slowdown in the next year, because of fading effect of stimulus package, rising interest rates and ongoing uncertainty in the global scenario. Some jitters were seen in the markets with a slew of disappointing economic reports from the US which is being speculated to face a double dip recession.

BSE Sensex movement for the month of July



BSE Sensex Monthly Gainers

Company	Prev Price (June 30'10)	Last Price (July 30'10)	Change (%)
Bharti Airtel	263.25	306.90	16.58
TCS	751.15	841.10	11.97
HDFC Bank	1914.65	2127.45	11.11
Hindalco	144.50	160.30	10.93
Tata Steel	485.60	537.15	10.62

- Bharti Airtel was the top gainer of the month on BSE Sensex, up by huge 16.58%. Bharti Airtel will expand its submarine cable offerings globally to target business opportunities in over 100 countries by 2013. Bharti has also bought stakes in five new undersea cable global consortiums that will become operational from 2010-end onwards. Presently, the company's undersea cable network touches 50 countries and hence the company can pick up traffic from these countries. Further, the company is also looking at carrying traffic for telcos in over 100 countries.
- TCS turned out to be the other major gainer on the Sensex after reporting a decent number for the June quarter in contrast to its peer Infosys. The company posted a net profit of Rs 1,556.41 crore for the quarter ended June 30, 2010, up 21.93% over Rs 1,276.44 crore for the quarter ended June 30, 2009. Its total income for the quarter under review stood at Rs 6,447.38 crore against Rs 5,610.86 crore for the year ago period, up 14.91%. On consolidated basis, the group's net profit for Q1 FY11 has gone up by 24.26% to Rs 1,906.07 crore from Rs 1,533.94 crore for Q1 FY10. Total income for June 2010 quarter increased to Rs 8,312.74 crore compared to Rs 7,232.54 crore for the

BSE Sensex Monthly Losers			
Company	Prev Price (June 30'10)	Last Price (July 30'10)	Change (%)
Maruti Suzuki	1423.60	1198.15	-15.84
Hero Honda	2046.90	1815.40	-11.31
RCom	198.30	178.45	-10.01
JP Associates	128.45	118.25	-7.94
Reliance Infra	1201.05	1107.75	-7.77

corresponding quarter of the last fiscal, indicating a growth of 14.94%.

- Maruti Suzuki India was the top loser of the month on reporting a surprise drop in its profit. The company's net profit has plunged by 20.25% to Rs 465.36 crore for the quarter ended June 30, 2010 as compared to Rs 583.54 crore for the quarter ended June 30, 2009. Its total income has grown by 24.17% from Rs 6709.53 crore for the quarter ended June 30, 2009 to Rs 8331.73 crore for the quarter ended June 30, 2010. The drop in profit was mainly due to a sharp rise in the payment of royalty and technical fees (RTF) to its parent, Suzuki Motor, for use of its technology and brand.
- The other auto company Hero Honda was the second worst performer for the month. Though, the company reported a marginal gain in its June quarter profit but there was a rumor in the market that Honda, the parent company was likely to divest a stake of about 6 percent in Hero Honda Motors. Though Honda Motor Company denied the reports later and said that it had no intention of selling any part of its 26 percent stake in Hero Honda Motors.

Striking a perfect balance in the growth-inflation conundrum, the Reserve Bank of India has announced a 25 basis points hike in the repo rate. Moreover, keeping in view of the tight liquidity condition in the banking system, the apex bank has taken a step further by hiking the reverse repo rate by 50 basis points and leaving the Cash Reserve Ratio (CRR) unchanged at its current level of 6.0%. The rate hikes will be implemented with immediate effect. With this latest rate hike, the repo rate now stands at 5.75% and the reverse repo rate at 4.5%. So, the LAF (Liquidity Adjustment Facility) corridor has been squeezed to 1.25% compared to the erstwhile width of 1.5%. In fact, the LAF corridor was at an elevated level of 3% around a year ago. This is a welcome move by the RBI, reflecting its increasing faith in the robust recovery of the domestic economy. The liquidity condition in the banking system

has been very tight since last couple of months which was triggered by huge cash outflows for funding the spectrum auctions and advance tax payments in mid-June. However, bond redemption worth Rs 32,200 crore on July 28 is expected to improve banks' cash conditions significantly. Traders are expecting the current tight liquidity condition to ease as government spending picks up in ensuing weeks. In view of the tight liquidity condition in the system, RBI had infused a daily average of Rs 52,000 crore into the banking system in the last reporting cycle and around Rs 66,000 crore in the fortnight previous to that. Banks' demand for funds had picked up significantly during the first phase of the current reporting cycle, apparently apprehensive of such a rate hike. Overall, RBI's policy decision will help in dousing the surging headline inflation to some extent while the moderate rate hike is unlikely to create any major impediment for the domestic economy's growth prospects. Moreover, RBI's move to inject more money into the economy by a sharp hike in reverse repo rate would enable the economy to witness increasing economic activity and thereby enhancing the level of total output. Hence, it is a calibrated policy move by the RBI to contain general price level and to keep up the growth momentum, going forward.

Some cautiousness started appearing in the, markets from the second half when the India's industrial production for the month of May registered an eighth consecutive month of double digit increase to 11.5%. The numbers were sharply below the market expectations of around 15% growth and probably reflect a sharp deceleration on seasonally adjusted month-on-month basis. It was the manufacturing and capital goods sector which primarily contributed to the slowdown. Manufacturing activity expanded at just 12.3% against 19.4% a month ago. Later towards the end, core sector data revealed that the six core sector industries grew at the slowest pace in eleven months at 3.4% in June from a year ago. Finally the July series received a quiet ending. The July series ended above 5400 mark, up by about 1.5%, huge rollovers were witnessed, denoting that the market sentiments are bullish for the coming month. On the global front, the MSCI Barra Emerging Markets Index, which tracks stock performances in 21 countries, climbed 8% this month, its strongest gain since notching a similar advance in March. In the regional markets, China, according to government statements, doesn't expect an economic slowdown to result in a "double-dip" recession, but it will continue with stimulus spending to support the economy. Moreover the coming month is likely to remain range bound for the markets with no major events apart from the IIP figures which is being anticipated to be lower again.

Core sector grew at the slowest pace in eleven months

The latest data on six core sector growth is now confirming that the, surprise which emerged in the last months IIP data are real and the industrial growth is finally ebbing after continuous surge. The core sector data that is released about two weeks before the IIP figures have confirmed the apprehension. The IIP data for June are due on August 12 and before that the core sector data has revealed that the six core sector industries grew at the slowest pace in eleven months at 3.4% in June from a year ago. Between April and June, the six core industries grew 4.6% against 4.3% a year earlier. In June 2009, the six core industries grew by 6.3%. The dip in core sector growth is likely to impact the IIP figures, which may again come to the single digit. Cement production increased 3.6% in June from a year ago, again at the slowest in last 22 months. Production of finished steel increased 3.5% in June, but it is difficult to read much into these numbers given the erratic growth in recent months. After peaking to 15.3% in January, steel production fell to 0.9% in February, only to rise the next month to 9.2%. Crude oil has shown a better growth rate of 6.8 per cent compared to 5.8 per cent in the previous month of May and 4 per cent during the corresponding period in 2009. Apart from crude oil production and petroleum refinery products, rest of the sectors posted a sharp deceleration from their respective growth rates during June 2009. Production of petroleum refinery products grew at 2.9 per cent during the month against a negative growth of 3.8 per cent last year.

Government shows green signal for 18 FDI proposals

In a major step towards enhancing foreign investment in the country, government on Friday approved 18 foreign direct investment (FDI) proposals worth Rs 2,245.32 crore. Meanwhile, government has rejected 10 proposals and deferred 21 other proposals. Transcend Infrastructure's (TIL) investment proposal worth Rs 1,932 crore accounted for a major share in the total approved foreign investment. The Finance Ministry sources added that the company plans to build, acquire and lease towers for the communications and broadcasting sectors. Among other approved proposals, Frigorifico Allana received government's nod for setting up a joint venture with an investment of Rs 125 crore. The proposal of GETIT Infoservices, involving FDI of Rs 96 crore, has also been cleared by the government.

PMEAC sees negative growth in coal production this fiscal

Allaying fears over a flat-negative growth in coal production in the country, the Prime Minister's Economic Advisory

Council (PMEAC) has affirmed that growth rate in coal production will decelerate to 6% in the current fiscal from over 8% in the previous fiscal. The Council said that the country's coal production is expected to touch 560 million tonnes (mt) this fiscal. 'Although coal output growth has been extremely weak in the first two months of 2010-11, overall for the year it would be reasonable to expect coal output in excess of 560 MT, implying a growth of well over 6 per cent,' the PMEAC said in its economic outlook report for 2010-11. State-run Navratna PSU, Coal India (CIL) accounts for over 80% of India's total coal production. The rest is produced by Singareni Collieries Company and others like Tata Steel for captive use. In 2009-10, the CIL produced 431.27 MT of coal, a tad-lower than its target of 435 MT. It has projected for a 7% growth in coal production at 461.5 million tonnes this fiscal.

PMEAC raises growth forecast to 8.5% for FY11, 9% for FY12

The Indian economy will be expanding at 8.5% in the current fiscal and 9% in FY2012, even though the recovery at the global level was still not certain, said the Prime Minister's Economic Advisory Council (PMEAC) on Thursday. The Panel had earlier projected growth for FY11 at 8.2% in its last review. The council also said that the annual inflation rate based on wholesale price index (WPI), which was estimated at 10.5% for the month of June, will decline in the second half of the year and will reach 7-8% by December and further down to 6.5% by March next year. The government had earlier been projecting a 5-6% inflation rate for December. The council also expects the agriculture sector to revive in the current year if monsoon continues to proceed normally. The farm sector is expected to grow at a higher than average rate of 4.5% on account of the low base effect from last year. "We predict the agriculture sector to grow at 4.5%. The 4.5% growth in agriculture after a decline of 0.2% last fiscal is, of course, on the presumption of normal south-west monsoon," said C Rangarajan, Chairman of the PMEAC.

Engineering exports up 90% in June

Notwithstanding the worries on ongoing sovereign debt crisis in the Europe, India's engineering exports have recorded a growth of whopping 90% in the month of June 2010 compared with the previous year. Total engineering exports reached \$5.1 billion compared with a corresponding figure of \$2.7 billion for the year-ago period. According to the Engineering Export Promotion Council (EEPC), an industry body constituted by the ministry of commerce to promote exports of this segment, demand for engineering goods has increased rapidly as the developed economies including the European Union and the US start showing some improvement. Engineering goods industry had emerged as one of the largest contributor to India's

merchandise exports in the pre-crisis years, competing for the top slot with sectors like textile and gems and jewellery. However, the industry was hit hard by the global economic downturn and exports declined for consecutive thirteen months before returning back into the green in November last year.

Centre, States close in on GST, April deadline looks achievable

Centre and State governments seem to be closing in on a consensus on the biggest tax reform in the post independence history of the country -- the goods and services tax -- and with rapid developments off late it now looks that the GST may actually meet its April 2011 deadline. In a meeting with the Empowered Committee of State Finance Ministers, union Finance Minister Pranab Mukherjee proposed the basic rate structure for the GST on yesterday and urged the state governments to follow suit. Besides a standard rate at 10%, the central government envisages a 6% concessional rate and 8% service tax under the GST regime. Mukherjee said that there should be a single rate state and centre GST somewhere between 12-20% in the first year. The peak effective rate will come to be around 15%. Rates would be lowered in the standard category and ultimately a single state-central tax rate is envisaged for both goods and services. He detailed the roadmap to the states whose response is now awaited. "In the second year of implementation of GST depending upon the revenue receipt by the Centre and the States and payment of compensation... the standard rate for SGST (state GST) and CGST (central GST) may be reduced to 9% retaining the lower rate at 6%.

Government mulls revival of 8 closed fertiliser manufacturing units

Keeping in view of the shortage of urea in the country, the government has decided to revive 8 fertiliser manufacturing units. The joint secretary of the Union Ministry of Chemicals and Fertilisers, Satish Chandra has affirmed that government will soon come out with an action plan to revive eight closed fertiliser manufacturing units across the country. He believed that the revival of these manufacturing units would alleviate the shortage of urea in the country to a large extent since each plant has urea-producing capacity of 1.15 million tonnes annually. 'We will ask some of the PSUs to take over. If it does not work, we will look at various options, including the public-private-partnership model, to revive those units,' Satish Chandra said. He also mentioned that the new investment policy in the fertilizers sector will be ready soon and would go to the cabinet for approval in the next two months. Government is mulling various options to capture sale of

fertilizers based on which subsidies are given. Options like direct cash payment with the help of a smart card is increasingly favoured as a viable solution to this.

Indian shippers continue to sail despite plunge in BDI

The Baltic dry index (BDI) has had a very poor run in last couple of months. After posting a good recovery in first couple of months of current fiscal, the index has been declining since June and has lost over 50% by now, indicating poor performance of the dry bulk segment. A big reason for the steep fall in the BDI has been the decline in Chinese demand for iron ore and coal as the government there looks to slowdown the pace of growth to prevent overheating of the economy. In addition, increase in supply as a number of new ships join the existing fleet has also put a lot of pressure on rates. Finally, easing port congestion too has kept downward pressure on the dry index. While the development has hit shipping companies throughout the world, the impact has been relatively less on the Indian industry. A major reason is the fleet of Indian shippers is somewhat more skewed in favour of the tanker segment where the rates have been far more stable compared with the dry bulk segment. Nearly 75% of the total fleet of Indian shippers consists of tankers while only 16-17% fleet is in dry bulk segment. As such, private shipping players like Mercator Lines, GE Shipping and Essar Shipping have been relatively insulated from the steep decline in the dry bulk spot rates. Another reason is that most Indian shippers maintain a conservative business style having a majority of the ships employed through the long-term contracts on a time-charter basis.

Private sector leads in power generation, profitability to grow

India's power sector has improved performance in terms of growth in generation in the last fiscal compared to 2008-09. However, such improvement has been rather slow and less than planned despite all the efforts of the government. The trend has in general continued in 2010-11 as well. However, on a positive note, private companies have recorded much stronger growth in the first quarter of the current fiscal, indicating there would be a positive influence on overall pace of generation growth too going forward. Further, it also suggests that private players will be posting strong quarterly results for the June quarter. As per the data released by the Indian electricity authority, private power companies produced a total of 27,151.7 megawatt (MW) in the April-June 2010 period compared with 19,957.3 MW in the same period a year ago, thus recording a growth of nearly 36%. Also, compared with the planned production, actual production was up by around 17%.

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.)
ADF Foods	201003	12	200.00	10	40.96	53.34	16.25	1016.85	6.10	25.19	158.10	55.08	15	10.00
Agro Dutch Inds	201003	12	335.65	10	57.71	43.92	-21.18	1042.85	-27.31	-33.71	-639.28	99.44	-	-8.97
Agro Tech	201003	12	243.69	10	62.03	61.83	17.92	6527.70	-16.29	5.55	251.40	20.58	15	11.56
Ajanta Soya	201003	12	118.97	10	45.89	16.49	0.40	2320.44	-12.22	1.15	2.96	252.38	-	1.24
Amrit Corp	201003	12	32.13	10	65.43	85.82	10.46	363.21	7.05	14.40	25.96	-25.68	20	11.81
Anik Industries	201003	12	277.53	10	50.17	70.84	5.61	12144.44	26.07	3.64	101.01	-14.90	6	5.03
ANS Ltd	201003	12	92.56	10	55.54	14.37	30.79	130.54	-27.06	7.53	5.53	-84.40	-	1.06
AVT Natural	201003	12	76.14	10	69.60	59.82	16.18	829.70	-4.56	19.59	65.20	-6.32	30	12.37
Bambino Agro	200909	12	80.91	10	74.19	26.06	1.74	1782.75	-19.91	6.41	3.74	3.03	-	4.08
BCL Inds & Infra	201003	12	61.50	10	44.19	51.43	28.62	3045.17	-34.60	2.16	11.21	-64.96	-	5.30
Bio Whitegold Farms	201003	12	51.02	10	72.10	5.07	0.11	1.80	-1.64	10.00	0.18	500.00	-	-
Britannia Inds	201003	12	238.90	10	50.96	165.86	19.51	34166.00	9.26	6.30	1165.00	-35.42	250	64.48
Camson Bio Tech Ltd	201003	12	137.00	10	31.74	29.19	24.01	803.20	62.55	20.95	150.12	85.01	10	10.27
Chaman Lal Setia	201003	12	93.81	10	0.00	28.23	12.90	1830.13	18.42	7.27	66.53	110.94	15	-
Chordia Food	201003	12	29.80	10	48.70	66.43	7.94	349.90	6.96	11.74	17.98	30.95	-	8.80
DFM Foods	201003	12	99.72	10	69.23	16.46	27.74	721.90	-7.94	11.97	42.10	110.50	15	5.19
Flex Foods	201003	12	124.39	10	58.99	37.63	19.02	379.80	-16.14	28.09	37.00	-56.06	20	5.67
Foods & Inns	200909	12	12.26	10	35.79	205.85	27.44	1970.63	14.68	12.62	62.24	106.09	18	77.06
Freshrop Fruits	201003	12	100.45	10	44.99	21.68	1.93	504.45	29.75	14.42	21.84	444.64	-	4.02
Glaxo.Cons. Health	200912	12	420.56	10	43.16	215.21	27.95	19840.50	24.60	20.17	2327.80	23.60	180	65.34
Gokul Refoils	201003	12	263.79	2	69.76	28.87	11.77	28186.29	3.09	4.27	429.50	67.25	15	5.16
GRM Overseas	201003	12	36.90	10	73.62	54.28	17.58	2760.42	0.77	3.51	36.59	16.49	20	12.78
Guj Ambuja Exports	201003	12	276.70	2	63.87	21.85	7.14	14105.98	-12.11	8.98	600.33	155.70	20	6.36
Hatsun Agro Prod.	201003	12	67.89	2	73.09	15.37	22.70	11406.03	12.59	5.80	26.89	-77.53	30	8.69
Heritage Foods	201003	12	115.30	10	45.70	75.35	6.70	9003.85	13.61	5.22	55.96	-116.01	18	21.89
Himalya Internl.	201003	12	288.72	10	24.95	24.25	20.79	726.21	26.57	31.92	160.25	18.63	-	4.66

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 30/07/10	H52W	L52W	PE	Mkt. Cap (Rs. Mn.)
7.91	219.84	-5.32	26.50	25.64	-51.84	201006	6.53	-1.24	75.65	118.60	36.55	11.59	1513.00
-11.93	341.41	22.24	12.86	-164.20	-54.37	201003	-16.99	65.18	31.60	37.25	10.09	-	1060.65
10.32	1584.90	9.10	4.72	41.00	25.77	201006	10.66	17.63	298.60	328.25	146.00	28.01	7276.58
0.25	568.87	3.32	1.40	0.47	-95.36	201003	0.25	71.28	11.80	14.34	5.45	47.43	140.38
8.08	124.28	29.76	13.12	8.80	140.44	201006	9.73	11.29	229.00	300.00	80.80	23.53	735.83
3.64	4110.24	29.86	2.35	2.78	-58.81	201003	3.64	-17.52	61.45	88.45	28.15	16.88	1705.45
0.60	73.56	-2.28	1.77	0.17	-99.49	201003	0.60	100.00	10.18	15.55	7.47	17.04	94.22
8.56	188.40	4.61	1.11	-12.40	-1133.33	201006	6.12	-42.06	94.45	131.80	55.00	15.43	719.16
0.47	390.33	4.64	7.75	2.96	218.28	201003	0.79	-1.90	39.80	54.90	20.00	50.52	322.02
1.82	970.59	-25.74	1.93	2.52	133.33	201003	1.82	-185.37	29.20	35.40	19.05	16.02	179.58
0.04	0.37	-22.92	5.41	0.02	-60.00	201006	0.03	73.33	5.76	22.00	5.09	195.90	29.39
48.76	9343.80	21.87	0.49	-190.40	-146.84	201003	48.76	-54.85	1967.45	2000.00	1496.65	40.35	47002.77
9.35	189.77	171.45	14.73	23.59	-5716.67	201003	9.35	45.94	177.00	210.00	47.55	18.93	2424.90
-	503.09	46.34	11.07	27.75	189.06	201003	-	52.95	40.55	48.65	18.05	-	380.42
6.03	82.78	-2.63	13.23	1.97	-547.73	201003	6.03	23.64	47.50	61.00	34.10	7.87	141.55
4.22	205.10	51.37	12.92	12.70	16.51	201006	4.40	33.03	48.00	61.05	38.00	10.90	478.64
2.97	109.30	3.02	33.12	15.90	11.19	201003	2.98	-126.95	31.45	36.45	24.40	10.55	391.22
50.77	653.01	45.09	3.96	-20.57	-355.21	201003	15.36	-136.06	252.00	330.00	166.00	16.41	308.91
2.07	136.59	129.64	14.08	7.83	2.49	201003	2.07	100.00	28.05	42.95	23.60	13.54	281.76
55.35	6640.40	23.11	23.59	961.60	14.63	201003	58.27	11.99	1780.00	1895.00	1005.00	30.55	74858.79
3.26	8573.87	20.47	2.91	82.18	9.57	201003	3.24	39.90	106.80	108.35	45.03	32.97	14086.39
9.92	621.37	18.60	6.66	11.58	459.42	201003	9.92	14.16	57.00	57.75	26.10	5.75	210.30
4.34	2837.62	-1.22	10.07	147.03	62.21	201006	3.97	75.19	28.50	32.30	16.20	7.18	3942.98
0.79	3282.70	30.40	7.37	55.48	23.62	201006	1.10	-131.13	95.00	126.00	60.45	86.01	3224.68
4.85	2540.09	16.26	3.04	-14.74	-207.75	201006	2.39	1023.86	180.10	255.90	84.90	75.40	2076.46
3.95	191.51	27.57	33.81	47.95	26.95	201006	4.24	16.83	37.40	47.45	18.50	8.83	1079.82

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	Year End	Price (Rs.) (30/07)	Yield (%)	EPS (Rs.)	FV	PE	TTM				52-Wk High (Rs.)	52-Wk Low (Rs.)
							Year End	NP Rs. ml	EPS (Rs.)	PE		
HCL Infosystems Ltd.	200906	102.50	6.34	15.21	2	6.74	201003	2582.80	11.83	8.66	188.80	102.30
SRF Ltd.	201003	239.10	5.86	51.14	10	4.68	201006	2716.30	44.89	5.33	262.00	134.75
Infotech Enterprises Ltd.	201003	166.05	1.20	22.84	5	7.27	201006	1102.45	9.92	16.73	411.25	109.05
Binani Cement Ltd.	201003	81.80	4.28	13.88	10	5.89	201006	2178.86	10.73	7.62	92.40	52.95
JK Lakshmi Cement Ltd.	201003	61.35	4.07	19.71	5	3.11	201006	1794.50	14.67	4.18	84.85	56.75
Shipping Corpn. Of India Ltd.	200903	161.75	4.02	22.21	10	7.28	201006	4484.80	10.59	15.27	181.90	121.55
Vijaya Bank Ltd	201003	72.50	4.00	11.70	10	6.66	201006	5373.99	12.40	5.85	73.00	40.25
Mastek Ltd.	200906	263.70	3.79	35.56	5	7.42	201006	369.90	13.73	19.21	462.00	225.00
PSL Ltd.	200903	133.95	3.73	20.12	10	6.64	201003	883.00	16.52	8.11	188.40	119.00
Graphite India Ltd.	201003	95.15	3.68	13.54	2	7.03	201006	2213.74	12.02	7.92	111.90	47.75
Alok Industries Ltd.	200903	20.45	3.67	9.56	10	2.14	201006	2570.60	3.26	6.27	27.90	17.75
JK Cement Ltd.	201003	168.65	3.56	32.32	10	5.22	201003	2259.99	32.32	5.22	201.50	95.70
Andhra Bank	201003	143.20	3.49	21.56	10	6.64	201006	11100.36	22.89	6.26	151.25	80.30
Bank Of Maharashtra	201003	64.85	3.08	10.21	10	6.35	201006	4562.17	10.60	6.12	66.45	39.00
Geodesic Ltd.	200903	87.85	1.82	20.76	2	4.23	201003	1757.85	19.13	4.59	158.65	75.00
Rolta India Ltd.	200906	169.30	1.77	23.12	10	7.32	201003	3645.54	22.62	7.49	210.00	141.40
Indian Bank	201003	224.35	2.90	36.18	10	6.36	201006	15914.74	37.03	6.06	252.45	125.00
Corporation Bank	201003	571.15	2.89	81.58	10	7.00	201006	12427.84	86.64	6.59	590.10	339.10
Allahabad Bank	201003	191.90	2.87	27.01	10	7.11	201006	12506.08	28.00	6.85	195.90	78.60
Syndicate Bank	201003	104.90	2.86	15.58	10	6.73	201003	8133.18	15.58	6.73	107.20	76.00
Jammu & Kashmir Bank Ltd.	201003	770.55	2.86	105.69	10	7.29	201003	5123.79	105.69	7.29	865.00	450.00
Union Bank Of India	201003	316.55	1.74	41.08	10	7.71	201006	22341.49	44.23	7.16	333.40	201.10
Orient Paper & Inds. Ltd.	201003	53.70	2.79	8.26	1	6.50	201006	1599.94	8.30	6.47	66.35	42.70
Century Enka Ltd.	201003	225.80	2.66	48.04	10	4.70	201006	864.00	39.54	5.71	330.90	126.05
Rain Commodities Ltd.	200912	140.20	2.64	21.83	10	6.42	201003	1246.65	17.60	7.97	255.70	131.80
Electrosteel Castings Ltd.	201003	48.85	2.56	6.31	1	7.74	201003	2062.89	6.31	7.74	56.15	33.10
State Bank Of Travancore	201003	641.95	2.49	136.85	10	4.69	201006	6544.82	130.90	4.90	686.00	437.10
Tanla Solutions Ltd.	200903	30.95	1.62	7.33	1	4.22	201003	-145.82	-1.44	0.00	77.60	29.90
Dena Bank	201003	98.85	2.33	17.82	10	5.55	201006	5350.23	18.65	5.30	102.00	49.00
Nava Bharat Ventures Ltd.	201003	399.40	2.25	65.18	2	6.11	201006	4678.39	61.26	6.52	462.40	323.00
Peninsula Land Ltd.	201003	68.40	2.19	11.82	2	5.79	201006	3390.67	12.14	5.63	100.90	61.70
JK Tyre & Inds. Ltd.	201003	163.85	2.14	39.81	10	4.12	201003	1634.70	39.81	4.12	235.70	86.50
Canara Bank	201003	478.45	2.09	73.69	10	6.49	201006	34794.70	84.87	5.64	514.60	252.00
Emco Ltd.	201003	67.85	2.06	21.61	2	3.14	201006	997.48	16.11	4.21	109.45	67.05
Orbit Corporation Ltd.	201003	126.25	1.98	17.46	10	7.23	201006	966.86	8.79	14.36	178.03	82.60

Company Name	Net Sales		Change In Sales	% Change in Sales	Net Profit		Change In Net Profit	% Change in Net Profit
	201006 Qtr	200906 Qtr			201006	200906		
Subhkam Capital	368.19	89.22	278.97	312.68	39.49	0.65	38.84	5975.38
UTV Software	1229.34	336.20	893.14	265.66	430.31	-18.30	448.61	-2451.42
Nirlon	248.13	73.27	174.86	238.65	-78.68	-0.39	-78.29	20074.40
Sumeet Inds	1680.55	537.35	1143.20	212.75	60.41	25.82	34.59	133.97
Shilchar Tech	221.50	73.13	148.37	202.89	6.46	-0.47	6.93	-1474.47
Auto.Axle	1961.72	659.03	1302.69	197.67	145.48	26.80	118.68	442.84
BGR Energy	9066.68	3110.66	5956.02	191.47	605.36	202.36	403.00	199.15
WI Shipyard	293.70	101.82	191.88	188.45	58.03	-97.46	155.49	-159.54
Manappuram Gen Fin	1860.67	671.33	1189.34	177.16	461.51	142.16	319.35	224.64
Honda Siel Power	1127.70	418.10	709.60	169.72	127.40	1.70	125.70	7394.12
Prism Cement	7238.20	2720.60	4517.60	166.05	559.00	742.50	-183.50	-24.71
Automobile Corp	780.21	296.24	483.97	163.37	32.01	-39.73	71.74	-180.57
Chemplast Sanmar	4048.23	1557.14	2491.09	159.98	-219.51	-156.25	-63.26	40.49
Asahi Songwon	447.10	172.68	274.42	158.92	41.76	0.89	40.87	4592.13
JSW Energy	8990.20	3488.20	5502.00	157.73	3272.00	1327.30	1944.70	146.52
Ashok Leyland	23479.80	9124.51	14355.30	157.33	1226.44	77.72	1148.72	1478.02
PVR	874.20	345.10	529.10	153.32	34.50	-109.20	143.70	-131.59
JP Power Ven	2078.80	825.90	1252.90	151.70	384.50	365.40	19.10	5.23
Fame India	389.03	162.51	226.52	139.39	-36.62	-95.34	58.72	-61.59
Surana Corporation	13608.10	5761.20	7846.92	136.20	200.70	63.36	137.34	216.76
SE Investments	405.59	172.15	233.44	135.60	170.56	52.07	118.49	227.56
Inox Leisure	803.60	345.10	458.50	132.86	35.20	-40.10	75.30	-187.78
Sarda Energy & Minls	2167.20	930.82	1236.38	132.83	137.71	60.02	77.69	129.44
Sturdy Industries	855.17	367.65	487.52	132.60	14.92	14.19	0.73	5.14
Kanani Industries	415.94	180.26	235.68	130.74	59.75	10.82	48.93	452.22
Arcotech Ltd	313.51	138.08	175.43	127.05	30.22	11.09	19.13	172.50
Pondy Oxides Ltd	600.34	265.12	335.22	126.44	14.03	10.03	4.00	39.88
Shree Ganesh Jewelle	12381.50	5521.92	6859.58	124.23	637.26	284.77	352.49	123.78
Sarup Tanneries	144.00	65.96	78.04	118.31	5.42	-4.96	10.38	-209.27
Madras Fertilizers	3537.40	1639.30	1898.10	115.79	9.40	-600.30	609.70	-101.57
Damodar Threads	911.57	427.49	484.08	113.24	15.66	3.36	12.30	366.07
Vijayeswari Textiles	383.34	180.56	202.78	112.31	15.39	0.29	15.10	5206.90
ABM Knowledg.	169.76	80.45	89.31	111.01	29.44	11.00	18.44	167.64
Sanwaria Agro Oils	3054.91	1448.76	1606.15	110.86	176.54	100.82	75.72	75.10
Veejay Lakshmi Engg	218.70	104.20	114.50	109.89	5.70	-5.40	11.10	-205.56
Steelcast	261.63	126.14	135.49	107.41	7.41	-21.38	28.79	-134.66
LakEleCon	297.44	144.42	153.02	105.96	18.83	6.98	11.85	169.77
Omaxe	1812.88	881.73	931.15	105.61	182.09	97.84	84.25	86.11
Ushdev Intl.	7072.37	3445.38	3626.99	105.27	119.65	62.91	56.74	90.19
Shyam Telecom	1379.70	679.26	700.44	103.12	15.23	1.54	13.69	888.96
Indian Metal & Ferro	2442.50	1207.00	1235.50	102.36	543.10	-83.90	627.00	-747.32
Wabco - TVS	2023.75	1002.04	1021.71	101.96	279.86	81.02	198.84	245.42
Sesa Goa	19173.60	9522.50	9651.10	101.35	10255.10	4069.40	6185.70	152.01
Noida Medicare Centre	135.14	67.32	67.82	100.74	17.71	6.27	11.44	182.46
Abhi Corp	147.72	74.02	73.70	99.57	-157.21	-65.01	-92.20	141.82
Patel Integrated Log	1035.46	520.95	514.51	98.76	6.46	3.38	3.08	91.12
V-Guard India	1682.67	860.98	821.69	95.44	110.82	68.95	41.87	60.73
SEL Mfg	3568.61	1829.18	1739.43	95.09	231.41	182.34	49.07	26.91
Adinath Bio-Lab	116.18	59.84	56.34	94.15	5.46	5.09	0.37	7.27
Cinemax India	374.40	195.20	179.20	91.80	-3.40	-45.80	42.40	-92.58

Company Name	Year End	Price (30/07) Rs.	EPS	FV	PE
Jindal South West Holdings Ltd.	201003	1754.55	3.95	10	444.32
GVK Power & Infrastructure Ltd.	201003	43.50	0.14	1	316.75
Hindustan Copper Ltd.	201003	450.60	1.67	5	269.52
Bajaj Finserv Ltd	201003	430.15	2.35	5	183.15
Bombay Dyeing & Manufacturing Co Ltd.	201003	520.80	4.49	10	108.71
Edelweiss Capital Ltd	201003	486.70	4.56	5	106.82
Future Capital Holdings Ltd	201003	250.15	2.73	10	91.76
Godrej Industries Ltd.	201003	190.50	2.55	1	74.77
Jubilant FoodWorks Ltd.	201003	350.00	5.18	10	67.54
Thomas Cook (India) Ltd.	200912	67.80	1.05	1	64.92
Thermax Ltd.	201003	756.55	11.87	2	63.73
Future Value Retail Ltd	200906	458.75	7.39	2	62.10
Reliance Industrial Infrastructure Ltd.	201003	862.20	14.55	10	59.24
Essar Shipping Ports & Logistics Ltd.	201003	85.55	1.46	10	58.54
Bharat Forge Ltd.	201003	326.30	5.71	2	57.19
Motilal Oswal Financial Services Ltd.	201003	162.25	2.96	1	54.79
Raymond Ltd.	201003	230.25	4.30	10	53.60
Gillette India Ltd.	200906	1824.50	34.72	10	52.55
JM Financial Ltd.	201003	33.05	0.63	1	52.37
Hindustan Construction Company Ltd.	201003	133.70	2.69	1	49.78
Dhanalakshmi Bank Ltd.	201003	179.05	3.63	10	49.26
Titan Industries Ltd.	201003	2802.40	57.05	10	49.12
Whirlpool Of India Ltd.	201003	280.00	11.43	10	48.81
ABB Ltd.	200912	812.05	16.74	2	48.52
Varun Shipping Company Ltd.	201003	40.15	0.84	10	47.98
Kotak Mahindra Bank Ltd.	201003	769.25	16.12	10	47.73
Indian Hotels Company Ltd.	201003	99.10	2.12	1	46.83
Trent Ltd.	201003	915.50	20.07	10	45.60
Shopper'S Stop Ltd.	201003	650.05	14.39	10	45.18
Zydus Wellness Ltd	201003	515.80	11.59	10	44.52
Indian Metals & Ferro Alloys Ltd.	201003	691.85	15.58	10	44.42
Nestle India Ltd.	200912	3016.00	67.94	10	44.40
BOC India Ltd.	200912	274.00	6.24	10	43.89
Info Edge (India) Ltd.	201003	910.00	20.86	10	43.63
Godrej Consumer Products Ltd.	201003	344.15	8.05	1	42.75
3M India Ltd.	201003	3497.65	82.41	10	42.44
Mundra Port & Special Economic Zone Ltd	201003	724.45	17.49	10	41.41
Hotel Leela Venture Ltd.	201003	48.50	1.19	2	40.71
Britannia Industries Ltd.	201003	1967.45	48.77	10	40.34
Carborundum Universal Ltd.	201003	212.30	5.41	2	39.23
Jindal Steel & Power Ltd.	201003	623.15	15.89	1	39.22

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

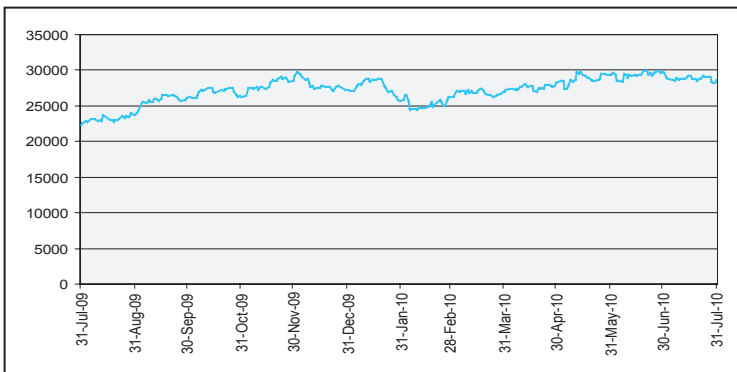
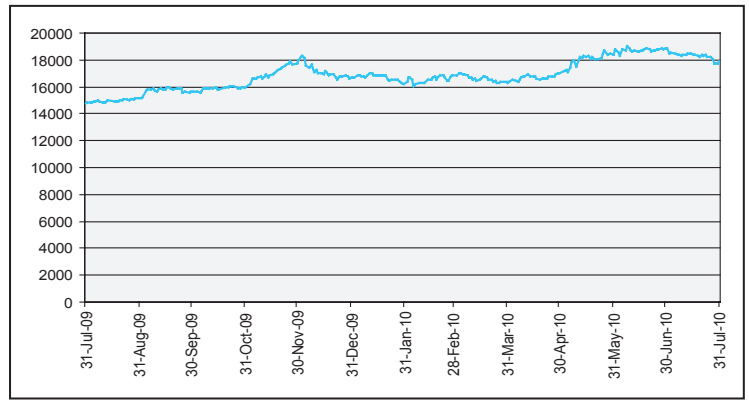
Company Name	Year End	Price (30/07) Rs.	EPS	FV	PE
JK Lakshmi Cement Ltd.	201003	61.35	19.71	5	3.11
Emco Ltd.	201003	67.85	21.61	2	3.14
Orchid Chemicals & Pharmaceuticals Ltd.	201003	186.40	47.04	10	3.96
JK Tyre & Inds. Ltd.	201003	163.85	39.81	10	4.12
SRF Ltd.	201003	239.10	51.14	10	4.68
State Bank Of Travancore	201003	641.95	136.85	10	4.69
Century Enka Ltd.	201003	225.80	48.04	10	4.70
Birla Corporation Ltd.	201003	359.60	72.36	10	4.97
UCO Bank	201003	92.75	18.42	10	5.03
JSL Ltd	201003	103.95	20.39	2	5.10
ICSA (India) Ltd.	201003	132.45	25.77	2	5.14
JK Cement Ltd.	201003	168.65	32.32	10	5.22
Dena Bank	201003	98.85	17.82	10	5.55
Kesoram Industries Ltd.	201003	294.00	51.88	10	5.67
Peninsula Land Ltd.	201003	68.40	11.82	2	5.79
Binani Cement Ltd.	201003	81.80	13.88	10	5.89
Nava Bharat Ventures Ltd.	201003	399.40	65.18	2	6.11
MIC Electronics Ltd.	200906	38.30	6.17	2	6.20
Bank Of Maharashtra	201003	64.85	10.21	10	6.35
Indian Bank	201003	224.35	36.18	10	6.36
Rain Commodities Ltd.	200912	140.20	21.83	10	6.42
Canara Bank	201003	478.45	73.69	10	6.49
Orient Paper & Inds. Ltd.	201003	53.70	8.26	1	6.50
Gujarat Fluorochemicals Ltd.	201003	199.55	30.41	1	6.56
Lakshmi Energy & Foods Ltd.	200909	95.70	14.39	2	6.60
Andhra Bank	201003	143.20	21.56	10	6.64
Vijaya Bank Ltd	201003	72.50	11.70	10	6.66
Central Bank Of India	201003	167.25	26.18	10	6.72
Syndicate Bank	201003	104.90	15.58	10	6.73
HCL Infosystems Ltd.	200906	102.50	15.21	2	6.74
Madras Cements Ltd.	201003	102.15	14.86	1	6.87
Corporation Bank	201003	571.15	81.58	10	7.00
Graphite India Ltd.	201003	95.15	13.54	2	7.03
Sasken Communication Technologies Ltd.	201003	198.20	28.04	10	7.07
Allahabad Bank	201003	191.90	27.01	10	7.11
Orbit Corporation Ltd.	201003	126.25	17.46	10	7.23
Infotech Enterprises Ltd.	201003	166.05	22.84	5	7.27
Jammu & Kashmir Bank Ltd.	201003	770.55	105.69	10	7.29
Rolta India Ltd.	200906	169.30	23.12	10	7.32
Mastek Ltd.	200906	263.70	35.56	5	7.42
Apollo Tyres Ltd.	201003	63.90	8.23	1	7.76

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

FV Latest Face values of equity Shares (Rs)

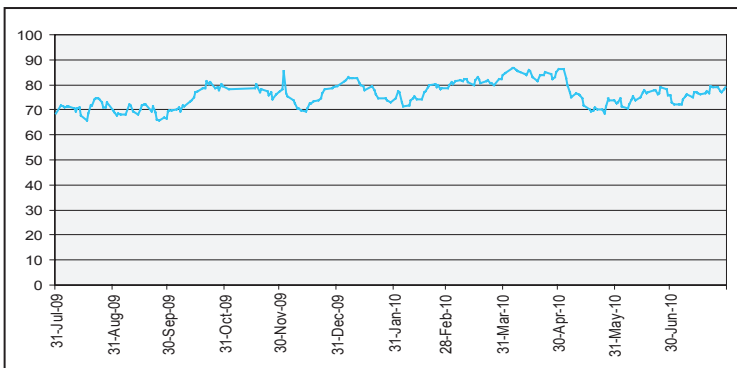
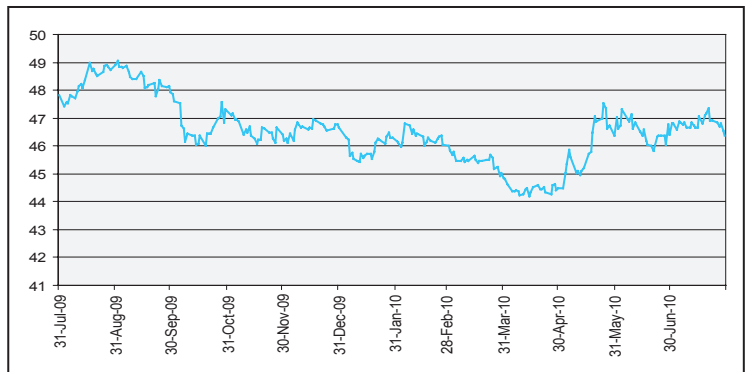
PE Market Price / Trailing Twelve Months Earning Per Shares

Date	Price Rs.
31-Jul-10	17880.00
30-Jun-10	18838.75
31-May-10	18406.65
30-Apr-10	17030.00
31-Mar-10	16323.35
27-Feb-10	16815.00
30-Jan-10	16248.75
31-Dec-09	16696.25
30-Nov-09	17738.35
31-Oct-09	15993.35
30-Sep-09	15630.00
31-Aug-09	15200.00
31-Jul-09	14732.50



Date	Price Rs.
31-Jul-10	28611.00
30-Jun-10	29724.75
31-May-10	29304.00
30-Apr-10	28274.40
31-Mar-10	26928.00
27-Feb-10	26200.00
30-Jan-10	25700.00
31-Dec-09	27200.00
30-Nov-09	28546.00
31-Oct-09	26217.50
30-Sep-09	26100.00
31-Aug-09	23681.00
31-Jul-09	22314.15

Date	Price Rs
30-Jul-10	46.37
30-Jun-10	46.43
31-May-10	46.38
30-Apr-10	44.49
31-Mar-10	44.83
26-Feb-10	46.03
29-Jan-10	46.29
31-Dec-09	46.66
30-Nov-09	46.43
30-Oct-09	47.32
30-Sep-09	47.94
31-Aug-09	48.91
31-Jul-09	47.83



Date	Price \$
30-Jul-10	78.95
30-Jun-10	75.63
31-May-10	73.97
30-Apr-10	86.15
1-Apr-10	84.87
26-Feb-10	78.70
29-Jan-10	72.89
31-Dec-09	79.36
30-Nov-09	77.28
30-Oct-09	79.37
30-Sep-09	69.45
31-Aug-09	69.90
31-Jul-09	68.36

Birla SL CEF-Global Agri-Retail(G)

Birla SL CEF-Global Agri-Retail (Growth) is a Birla Sun Life Mutual Fund managed open-ended, Equity - global scheme.

The fund was launched on November 12, 2008 and its current net asset as on June 30, 2010 was Rs 7.61crore.

The benchmark indexes of the fund are Dow Jones Precious Metals, MSCI World, S&P Global Agribusiness Index and the custodian of the fund is J P Morgan Chase Bank.

The current net asset value (NAV) of the fund as on July 30, 2010 was Rs 14.07; while the 52 week high NAV was Rs 15.87 on January 12, 2010 and the 52 week low NAV for the scheme was Rs 12.36 on July 01, 2010.

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

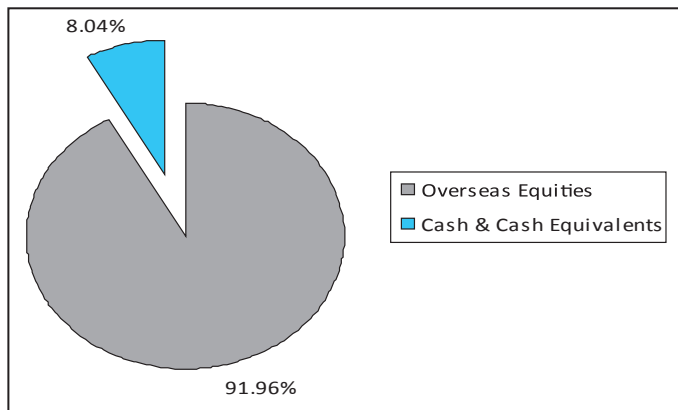
The investment objective of the scheme is to offer long term growth of capital, by investing in stocks of commodity companies, i.e., companies engaged in or focusing on the specified commodity business and/or overseas mutual fund scheme(s), that have similar investment objectives. These securities could be issued in India or overseas.

The top five holdings of the fund are:

Company	Potash Corp of Saskatchewan	Cosan	CF Industries Holdings Inc.	Mon-santo	Deere &Co
% Holding	5.38	4.99	4.83	4.76	4.74

The fund has given a return of 21.88% since inception and a return of 3.96% in last one year, while the category average in the same period has been 5.57% and 14.65% respectively.

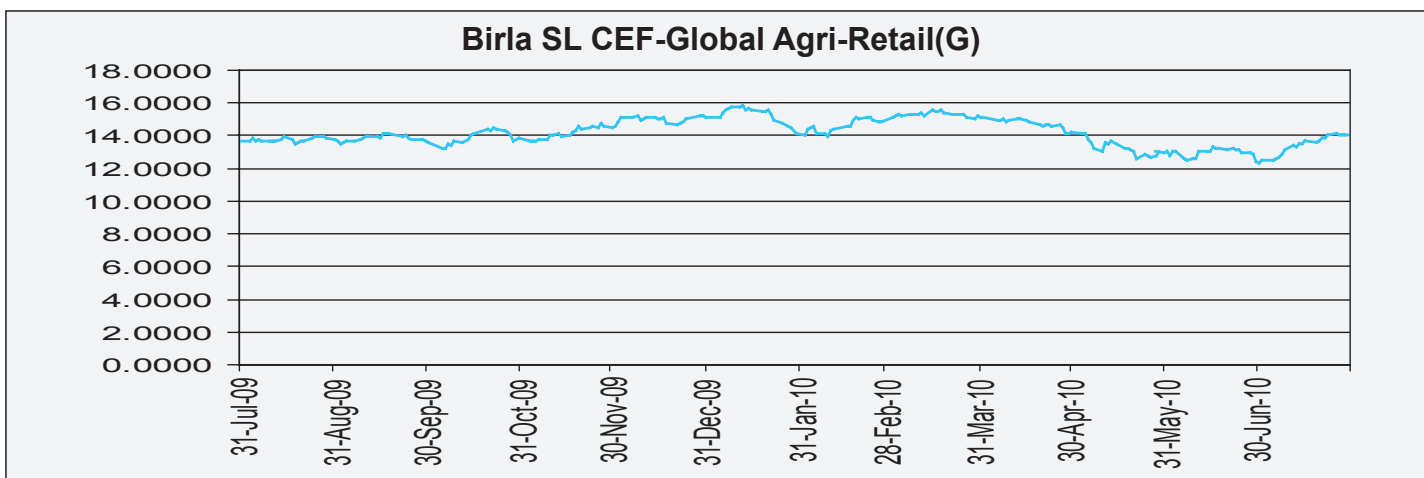
Fund allocation



Outlook

Birla Sun Life CEF-Global Agri-Retail (Growth) scheme is an open-ended, Equity - Global scheme of Birla Sunlife Asset Management Company being managed by Ankit Sancheti , Vineet Maloo. The new Birla Sun Life Commodity Equities Fund (BSL CEF) offers the chance to reduce risk and strengthen the portfolio by diversifying across countries, industries and commodity based companies. Diversification is, basically, needed to reduce the risk by not concentrating the investments to one avenue only and the diversification with commodity is a good option in now a days when the commodity trade is booming. The more you diversify, the more you reduce the chance of any single loss (in a component of your portfolio) seriously damaging the portfolio as a whole. Moreover the fund is one of the best performing funds in its category and has given better returns in the last year. The commodities investment might be performing good for last few months but this the time to enter the fund for higher returns in future.

Birla SL CEF-Global Agri-Retail(G)



Last one year NAV Graph

Duration	1 Week %	1 Mth %	3 Mth %	6 Mth %	1 Year %	3 Year %	5 Year %	Since Inc. %
Scheme Return %	0.46	13.33	-0.90	-0.52	3.96	NA	NA	21.88
Category Avg %	-0.64	3.54	0.27	5.95	14.65	9.33	NA	5.57

Returns as of 2nd July, 2010

Scheme Name	NAV (Rs.)	Inception Date	AUM (Rs. cr)	Absolute %				CAGR %		
				1 M	3 M	6 M	1 Y	3 Y	5 Y	Since Inception
Equity - Diversified										
Birla SL India Opportunities(G)	51.95	21-Jan-95	15	2.87	-2.15	3.14	45.68	-1.30	12.23	11.25
Birla SL Special Situations(G)	9.68	15-Jan-08	316	4.12	-1.89	-0.01	22.65	0.00	0.00	-1.31
DSPBR Opportunities(G)	81.11	10-Apr-00	383	5.19	5.72	7.81	36.77	9.82	23.57	22.70
Fidelity Equity(G)	32.87	19-Apr-05	1466	4.82	5.59	9.92	39.20	10.86	24.42	25.69
ICICI Pru Dynamic(G)	98.68	18-Oct-02	1307	3.37	3.23	7.22	41.39	11.81	27.00	34.57
Kotak Opportunities(G)	44.05	25-Aug-04	679	4.21	2.12	4.41	28.87	10.79	24.44	28.82
SBI Magnum Comma(G)	23.95	25-Jul-05	339	5.18	-1.20	-0.13	32.76	10.47	-	19.34
SBI Magnum Multicap(G)	17.66	16-Sep-05	333	3.88	-0.95	-0.34	23.84	2.60	-	12.59
Reliance Equity Oppor-Ret(G)	32.81	7-Mar-05	1179	5.87	4.59	11.47	60.81	11.90	24.97	25.01
Reliance Natural Resources(G)	9.63	30-Jan-08	2659	3.81	-5.01	-7.78	9.74	-	-	-1.55
Equity - ELSS										
Birla SL Tax Relief '96(D)	83.85	29-Mar-96	917	5.84	2.56	3.90	34.17	6.49	21.26	32.29
DSPBR Tax Saver(G)	16.43	26-Dec-06	520	4.66	3.74	9.69	39.70	11.81	-	15.16
Fidelity Tax Advantage(G)	20.36	31-Jan-06	742	5.05	6.54	11.57	42.94	12.46	-	17.45
Franklin India Taxshield(G)	188.13	10-Apr-99	394	3.84	-0.03	5.62	30.54	10.34	20.40	29.85
HDFC Long Term Adv(G)	125.33	27-Dec-00	532	5.07	4.32	8.06	37.78	7.57	18.37	30.43
Principal Personal Tax saver(G)	93.02	1-Jan-96	605	4.75	2.23	3.10	30.94	3.67	19.03	25.68
Reliance Tax Saver (ELSS)(G)	19.76	23-Aug-05	1251	5.87	4.62	8.57	38.57	8.43	-	15.05
Sundaram Tax saver(G)	41.92	31-Jan-05	659	5.24	1.17	-0.86	25.00	12.56	23.83	25.04
Equity - Large-cap										
Birla SL Equity(G)	255.64	27-Aug-98	634	4.01	0.20	1.41	29.69	6.86	22.31	31.44
Birla SL Frontline Equity(G)	81.94	30-Aug-02	1278	3.88	0.54	2.71	29.61	12.91	26.06	30.76
DSPBR Equity(D)	48.94	15-Apr-97	1281	5.33	4.15	5.48	37.90	13.93	28.46	25.37
DSPBR Top 100 Equity(G)	93.16	21-Feb-03	1323	4.08	1.08	2.23	25.97	12.44	26.32	35.40
JM Large Cap(G)	18.39	9-Jun-04	2	3.68	6.26	3.88	15.30	-1.43	7.04	10.56
Kotak 30(G)	97.63	21-Dec-98	604	5.09	2.40	3.60	26.37	8.98	23.46	32.71
Magnum Equity(D)	31.08	30-Nov-90	314	5.18	3.60	6.18	30.05	10.51	24.37	13.46
Reliance Equity-Ret(G)	14.87	7-Mar-06	1116	3.82	-	-1.93	12.84	4.96	-	9.61
Reliance Vision-Ret(G)	263.17	7-Oct-95	1776	5.48	3.60	4.47	32.61	7.96	23.32	24.83
Sundaram BNPP Growth(G)	86.56	15-Feb-97	62	4.55	1.56	-0.35	25.63	6.04	19.14	20.33
Equity - Mid-cap										
Birla SL Midcap(G)	107.54	1-Oct-02	910	3.83	0.18	2.58	43.64	12.58	25.65	35.83
ICICI Pru Emerging S.T.A.R.(G)	33.63	25-Sep-04	257	4.05	3.25	12.81	55.41	0.77	19.77	23.39
JM Mid Cap(G)	25.49	9-Jun-04	6	0.99	0.26	-3.66	27.44	7.23	12.75	16.68
Kotak Midcap(G)	24.27	28-Jan-05	80	5.27	7.18	13.06	50.24	1.28	17.06	17.75
Reliance Growth-Ret(G)	455.87	7-Oct-95	4087	3.69	2.74	6.67	38.62	13.79	27.34	29.57
Reliance Reg Savings-Equity(G)	29.38	10-Jun-05	2159	4.56	1.89	5.71	34.65	19.03	23.96	23.72
Sundaram BNPP S.M.I.L.E(G)	32.25	21-Jan-05	349	4.39	3.15	1.31	42.30	16.65	23.18	23.98
Sundaram BNPP Select Midcap(G)	142.26	19-Jul-02	1027	6.96	4.85	5.38	44.64	12.40	27.79	39.60
Equity - Pharma & HC										
Franklin Pharma(G)	58.55	31-Mar-99	45	3.87	7.36	22.47	89.74	22.50	22.34	16.99
Reliance Pharma(G)	53.34	26-May-04	204	6.31	8.20	21.34	106.16	27.32	31.65	31.55

Returns as of 2nd July, 2010

Scheme Name	NAV (Rs.)	Inception Date	AUM (Rs. cr)	Absolute %				CAGR %		
				1 M	3 M	6 M	1 Y	3 Y	5 Y	Since Inception
Equity - Service Inds										
ICICI Pru Services Inds(G)	16.40	18-Nov-05	174	3.93	-0.61	2.82	30.78	-2.34	-	11.30
Principal Services Inds(G)	13.86	31-Jan-06	64	2.21	-0.29	0.07	24.42	2.82	-	7.67
Tata Service Inds(G)	23.95	10-Mar-05	83	3.37	0.58	0.73	31.98	2.33	17.22	17.86
Equity - Sensex Linked Index										
Franklin India Index-BSE Sensex(G)	49.15	27-Aug-01	34	4.72	-0.87	0.21	19.41	6.37	19.14	19.71
HDFC Index-Sensex Plus(G)	210.31	10-Jul-02	62	3.67	1.10	2.44	25.80	9.39	21.60	26.52
HDFC Index-Sensex(G)	145.48	10-Jul-02	58	4.54	-1.04	-0.26	18.57	2.61	16.36	20.81
UTI-SUNDER	553.66	11-Jul-03	1	4.55	-0.18	1.62	21.75	7.73	19.78	25.57
Equity - Nifty Linked Index										
Birla SL Index(G)	52.22	17-Sep-02	18	4.75	-0.64	0.73	20.25	6.43	17.87	23.62
SBI Magnum Index(G)	44.63	16-Jan-02	22	4.71	0.06	0.79	20.31	4.62	17.07	19.33
Nifty BeES	527.73	18-Dec-01	524	4.74	-0.49	1.18	21.42	7.39	19.88	22.27
Reliance Banking ETF	961.24	30-May-08	12	2.68	-0.71	4.46	27.23	-	-	31.96
Balanced - Equity Oriented										
Kotak Balance	22.41	25-Nov-99	63	3.53	1.85	2.87	22.08	8.51	17.71	18.02
Sundaram BNPP Balanced(G)	45.59	25-May-00	15	3.54	2.80	0.49	23.57	8.64	16.57	16.19
Balanced - Debt-Oriented										
HDFC Children's Gift - Savings	21.26	2-Feb-01	61	2.19	3.85	7.03	18.15	12.10	9.69	8.34
ICICI Pru Child Care Plan-Study Plan	27.73	6-Aug-01	32	1.39	4.27	6.89	18.12	10.25	12.69	12.13
Commodities - Gold										
Gold BeES	1809.24	23-Feb-07	902	-1.98	11.64	9.57	26.65	27.78	-	21.84
Kotak GOLD ETF	1807.68	4-Jul-07	130	-1.98	12.27	9.57	26.24	-	-	27.89
DSPBR World Gold-Reg(G)	15.66	23-Aug-07	867	1.11	10.89	4.14	25.13	-	-	16.98
Reliance Gold ETF	1758.47	1-Nov-07	316	-1.97	11.64	9.58	26.21	-	-	22.90
UTI-Gold ETF(G)	1808.00	16-Mar-07	358	-1.98	12.29	9.65	26.32	27.71	-	22.01
Liquid Funds										
Birla SL Cash Mgr-Ret(G)	22.71	14-May-98	22	0.39	1.14	2.05	4.16	6.53	6.55	6.99
Birla SL Cash Plus-Ret(G)	24.73	13-Jun-97	118	0.35	0.96	1.84	3.73	6.35	6.46	7.18
Kotak Liquid(G)	18.03	6-Oct-00	21	0.35	0.98	1.84	3.69	6.13	6.14	6.24
LICMF Liquid(G)	17.06	13-Mar-02	3019	0.44	1.16	2.16	4.66	7.09	7.10	6.64
Magnum InstaCash-Cash(G)	20.70	19-May-99	1286	0.43	1.23	2.17	4.07	6.45	6.52	6.75
Reliance Liquid-Cash(G)	15.15	4-Dec-01	9	0.38	0.92	1.59	2.81	4.46	5.04	4.96
UTI-Money Mkt(G)	2599.16	23-Apr-97	156	0.35	1.05	1.97	4.11	6.55	6.64	7.50
Monthly Income Plans										
Birla SL MIP II-Savings 5(G)	16.78	30-Apr-04	688	0.83	1.59	2.66	6.19	12.02	9.82	8.75
Birla SL MIP II-Wealth 25(G)	17.11	30-Apr-04	130	1.36	1.46	2.51	10.02	7.08	9.00	9.09
Birla SL MIP(G)	25.30	10-Nov-00	0	0.97	1.72	2.99	8.98	8.38	8.81	10.10
Birla SL Monthly Income(G)	34.88	14-Jul-99	243	1.20	2.21	3.46	9.66	9.71	10.27	12.06
L&T MIP(G)	18.99	1-Aug-98	12	0.63	1.06	1.66	7.11	12.34	9.96	4.55
DSPBR Savings Mgr-Agg(G)	18.51	20-May-04	82	0.70	1.11	1.25	9.89	8.27	10.56	10.58
ICICI Pru Income Multiplier(G)	18.61	5-Mar-04	251	1.23	1.85	3.74	9.53	7.79	10.74	10.31
Magnum Income Plus-Savings(G)	10.92	22-Oct-03	1	0.37	1.08	2.33	3.54	1.12	0.21	1.32
UTI-MIS(G)	18.98	11-Oct-02	225	0.85	1.52	3.25	10.76	9.71	9.53	8.64

Implications of physical settlement of stock derivatives

Introduction

The Securities and Exchange Board of India (Sebi) has announced a regulatory framework for introduction of physical settlement in equity derivatives. Stock exchanges have been allowed to settle stock options and futures contracts either on the basis of shares or cash.

At present, all F&O contracts are settled in cash by paying the difference in the prices of contracts when it was bought and when it is settled. Under the proposed new settlement system, all F&O contracts on indices will naturally be settled in cash. However, all contracts on individual stocks could be settled in cash or by shares. In developed markets around the world, similar settlement systems are followed.

Sebi's new guidelines

The Sebi circular said that it has decided to give flexibility to stock exchanges in offering settlement mechanisms. An exchange could offer cash settlement (settlement by payment of differences) mechanism for F&O trading on stocks. It could also offer a physical settlement (settlement by delivery of underlying stock) for the same. It could also offer cash settlement for stock options and physical settlement for stock futures.

Alternately, it could offer physical settlement for stock options and cash settlement for stock futures. Market players said that once physical settlement is launched by the bourses, it will co-exist with the existing cash settlement system. However, the settlements in the cash and the equity derivative segments shall continue to remain separate, Sebi said.

The regulator has also allowed bourses to launch physical settlement in a phased manner. "On introduction, however, physical settlement for all stock options and all stock futures, must be completed within six months," the circular said. The regulator has also allowed the bourses to decide on the settlement mechanism.

Cash settlement vs. physical settlement

Physical settlement in derivatives has been an old demand. In India, the debate between physical and cash settlement in the arena has been going on since these instruments were launched in mid-2000. The existence of stock lending and borrowing mechanism will make the introduction of physical settlement a lot easier now.

Under physical settlement, the derivatives contract has to be settled with the underlying shares, instead of cash equal to the price of these shares. Globally, there are a number of exchanges where single-stock futures and options are designed for physical settlement.

The move is being seen as an in-principle approval for the bourses to have a physical settlement mechanism in the F&O segment. This would bring down the scope for market manipulation in individual stocks, help lower market

volatility during the time of expiry of monthly derivatives contracts and also give a filip to stock lending and borrowing mechanisms.

Market participants will find it tough to manipulate prices under the system of physical settlement. Once it is in place, intending manipulators will know that counterparties can impose delivery if they artificially increase or decrease stock prices. However, SEBI has it as an option and not a compulsion. Its circular makes it clear that the settlement of cash and equity derivatives segments will continue to remain separate. Further, after opting for a particular mode of settlement for stock derivatives, a stock exchange can change to another mode of settlement only after the regulator's approval.

Economics of physical settlement

Under the existing procedure of cash settlement, hedgers and arbitrageurs incur overnight price risk for liquidating one leg of the transaction in the cash markets. A hedger would have to liquidate that position in the cash market and then bears the risk that the price realized in the cash market would differ from the settlement price used for cash settlement in the derivative markets. The same argument applies to arbitrageurs. On the other hand, speculators would find cash settlement beneficial since they do not have an offsetting cash market position and cash settlement saves them the burden of operating in two markets. Therefore, physical settlement of derivative contract helps hedgers and arbitrageurs avoid basis risk while imposing some additional costs on speculators.

Way forward

The introduction of the physical settlement mechanism is likely to curb on the speculation volume in the market. Moreover, it will help to reduce volatility in the markets.

The efficacy of physical settlement hinges on a vibrant SLBS system in the markets. Globally, physical settlement of derivatives trades are done where the stock lending and borrowing (SLB) mechanism is highly developed. The stock lending and borrowing (SLB) systems are very much in place in the country but the volume generation has been very tepid. However, the hitherto meager volume generation can also be attributed to the absence of physical settlement in the local markets. Once the proposed physical settlement is put in place, people will be compelled to deliver the stock and that compulsion is something which will make the lending system very vibrant because a lot of institutional investors, banks whose stocks are lying idle and those stocks will become productive once there is a demand for their stocks.

However, amidst all these hype over the introduction of physical settlement process in the Indian derivatives markets, it is unlikely to enhance markets' performance barometers, i.e. market efficiency and liquidity.

Takeover Code set to witness a paradigm shift

With committee under the chairmanship of C Achutan submitting its recommendations on Takeover Regulations to the market regulator Securities and Exchange Board of India (SEBI) in the month of July, the expectations of efficient and smooth-functioning of market for takeovers in the near term is gaining strength. Few market experts are anticipating a stronger merger and acquisition (M&A) wave in the country, if proposed recommendations are accepted by the SEBI.

In the year 1994, the SEBI provided a legal framework to regulate substantial acquisition of shares and takeovers by framing the Takeover Regulations, which were reviewed in the year 1997. Since then the average number of takeovers in the country have gone up from 69 (between 1997 and 2005) to 99 during 2006-2010. Meanwhile, in a view to coincide with the growing level of M&A activity in the country it was required to review the, more than a decade old regulations. Accordingly, SEBI on September 04, 2009 constituted the Takeover Regulations Advisory Committee with the mandate to examine and review the Takeover Regulations of 1997 and to suggest suitable amendments, as deemed fit.

The main recommendations of the committee are as under:

1. Triggers for open offers: The Committee has recommended an increase in the acquisition threshold for the initial trigger of an open offer from the current level of 15% to 25% of the voting capital of a listed company. While no change has been recommended in the annual creeping acquisition limit of 5%, the committee has recommended that creeping acquisition be permitted only to acquirers who already hold more than 25% of the voting capital, subject to the aggregate post-acquisition shareholding not exceeding the maximum permissible non-public shareholding.

Likely Impact: As per the current regulations the company acquiring more than 15% stake in the target company has to launch a mandatory open offer for additional 20% stake. The new rule will help the acquirer to escape the open offer process till its total holding in the target entity doesn't increase beyond 25%.

Introduction of minimum shareholding for creeping acquisition will result in only serious and long term investors getting an opportunity to make significant additional investment in the company, while keeping the short-term traders with huge capital-base away from influencing stock prices.

2. Indirect Acquisitions: The committee has emphasized clarity in the trigger of an open offer pursuant to an indirect acquisition of shares, voting rights in, or control over a target company. The ability to indirectly exercise voting rights beyond the trigger threshold limits in, or exercise control over a target company, would attract the

obligation to make an open offer, regardless of whether such target company is a predominant part of the business or entity being acquired. Further, the committee has recommended that if the indirectly-acquired target company is a predominant part of the business or entity being acquired, the same would be treated as a direct acquisition for all purposes. The committee has also formulated parameters for determination of whether the indirectly-acquired target company is a significant part of the acquisition.

Likely Impact: This will provide lots of clarity on indirect management control of the subsidiaries of the target company through influential voting rights. Compulsion of launch of open offer in case the acquirer possesses ability to indirectly exercise voting rights in excess of the trigger limit, will provide an equal opportunity to the shareholders of the subsidiary or the related company of the target entity to enjoy the price benefit.

3. Offer Size: The committee has recommended that an open offer ought to be made for all the shares of the target company to ensure equality of opportunity and fair treatment of all shareholders, big or small. The exception to this rule is the size of an open offer where the same is voluntary in nature. The current regulations mandate a minimum offer size of only 20%.

Likely Impact: This is one of the most important recommendations of the committee as it is likely to benefit the minority or retail shareholders in the target company in a big way. At present, the promoters or a substantial shareholder of the target company get a superior treatment which helps them to exit (generally) at a higher price compared to the open offer price as seen in the past few acquisitions. On the other hand, if all the remaining shareholders wish to tender their shares in the open offer, entire shares on the block doesn't get acquired due to offer for just 20% of the shareholding.

Though 20% offer size is the minimum but in last four financial years, in less than 15% of the open offers, the offer size has been higher than the mandatory minimum requirement of 20%. The details for the total number of takeovers since FY07 till FY10 along with the size of their open offers have been shown in the below mentioned table.

Table: Open offers made between FY07-FY10

Financial Year	Total Takeovers	Offer Size	
		<=20%	>20%
2006-07	89	77	12
2007-08	118	100	18
2008-09	113	95	18
2009-10	75	65	10
Total	395	337	58
%	100%	85.32%	14.68%

Moreover, if we consider the international practices, the acquirer of the controlling stake in the target company has to launch open offer for 100% of the outstanding voting capital of the company. Therefore switching to the latest recommendations will ensure that we fall in line with the international standards.

4. **Voluntary Open Offer:** Recognizing the need to enable transparent consolidation by persons already holding in excess of 25%, the committee has recommended voluntary offers of a minimum size of at least 10% and a maximum size of such number of shares as would not result in a breach of the maximum non-public shareholding permitted under the listing agreement. Under the existing regulations, an offer for a percentage lesser than minimum prescribed percentage can only be by shareholders holding more than 55%.

Likely Impact: The move will smoothen the overall process of additional acquisition of shares by a substantial shareholder while avoiding knee-jerk movement in the share prices before and after the open offer.

In addition to this, reduction in the minimum shareholding limit for launching voluntary open offer to 25% from 55% will help the shareholder with less than majority stake to consolidate his/her shareholding in the company with less hassles.

5. **Option to delist:** The committee noted that the 100% open offer requirement could result in an acquirer ending up holding beyond the maximum permissible non-public shareholding, which may require the acquirer to either delist or bring down his holding to meet the continuous listing requirements. The committee has recommended that the acquirer may state upfront his intention to delist if his holding in the target company were to cross the delisting threshold pursuant to the open offer.

In the absence of any such disclosure or when the response to the open offer is below the delisting threshold, the acquirer would be required to either proportionately reduce both his acquisitions under the agreement that triggered the open offer and the acquisitions under the open offer, or to bring down his holding to comply with continuous listing requirements.

Likely Impact: This is the new inclusion proposed by the committee in the regulations and it is likely to provide a seamless opportunity to new acquirers for delisting. It will also help the shareholders of the company to know in advance the intension of the acquirer beyond the open offer i.e. whether he wants to go for delisting or not.

6. **Exemptions from open offer obligations:** Exemptions have been made precise, streamlined and provided with clear conditions on the basis of the specific charging provision from which exemptions would be available. Some of the areas where clarity has been brought

in include schemes of arrangement, certain inter se transfers, corporate debt restructuring and rights issues.

While SEBI would continue to have the power to grant exemption from making an open offer, the requirement of making a reference to Takeover Panel has now been left to the discretion of SEBI.

Likely Impact: This recommendation is expected to bring in more clarity on the said matter at the same time the committee has also opted to keep the complicated issues at the discretion of the market regulator to avoid confusions.

7. **Offer price:** The minimum price payable as the offer price continues to be regulated. The minimum offer price is classified between the price payable for direct acquisitions and indirect acquisitions. The major changes proposed are: (i) market price to be based on 12 weeks volume weighted average of market prices as against higher of weekly averages of market prices for 26 weeks or 2 weeks; (ii) a qualitative improvement and expansion in the look back provision; (iii) in the case of indirect acquisitions, ascription of value to the target company under certain circumstances.

Likely Impact: The adoption of new pricing proposal will ensure that a public shareholder doesn't get an inferior price compared to a substantial shareholder in the target company. In the present scenario where offer price is determined based on higher of 26-week or 2-week average of market prices, there are possibilities where the final price may show considerable divergence from the current market price during the scenarios like the bull market of late 2007 or the bear market of 2008.

The switch to market price based on 12-week volume weighted average prices will eliminate almost all the issues related to the current pricing mechanism.

8. **Mode of payment:** The committee has brought in clarity on valuation in case offer price is being paid through shares. To ensure that the shares given in consideration for the open offer are indeed liquid and an acceptable replacement for cash, eligibility conditions have been stipulated. The committee also noted that although the current regulations provide for exchange offers, the same has not been used for want of clarity on whether such issuance would attract provisions of preferential allotment and public issue requirements. The committee has recommended that SEBI may consider making suitable amendments to ICDR/ other regulations as applicable.

Likely Impact: This recommendation will help the shareholders to receive proper consideration in exchange for their shares in the target company. And if the consideration is in the form of shares or debt instruments, the move will make sure that the security has enough liquidity in the market.

9. Competing offers: The committee has recommended certain changes such as increasing the period for making a competing bid, prohibiting acquirers from being represented in the board of target company, and permitting any competing acquirer to negotiate and acquire the shares tendered to the other competing acquirer, at the same price that was offered by him to the public.

Likely Impact: Under this recommendation, the acquirer has been provided with an option to change the voluntary offer to a normal full-sized offer when a competing offer is made. At the same time, this recommendation will also ensure that the acquirer doesn't influence the target company's decision making process through board representation during the offer period. Besides, the rival bidder will get a fair chance to acquire stake in the target company at an offer price within 21 business days from the expiry of the offer period.

10. Execution of the agreement that triggers open offer: The committee has recommended that the execution of the agreement that triggered the open offer obligation may be completed during the pendency of the open offer provided 100% of the consideration payable under the open offer is deposited in escrow. Currently, an agreement which triggers an open offer can be consummated only after completion of the offer formalities.

The committee has further recommended that execution of such agreement would have to be completed within 26 weeks after the offer period. Currently the regulations are silent on this aspect.

Likely Impact: This recommendation will reduce the time consumed by the entire acquisition process while putting to rest uncertainties over time within which agreement entered into between two entities is to be executed.

11. Governance Issues: The current regulations restrict the target company from undertaking certain transactions during the offer period. The committee thought it fit to bring in materiality concept as also to enhance the scope of such restrictions to include transactions by subsidiaries since potentially material transactions can be undertaken at the level of any subsidiary of the target company without approval of shareholders of the target company.

The committee has also decided to mandate recommendation on the open offer, by a committee of independent directors of the target company. This is currently optional.

Likely Impact: The move will help to avoid material transactions outside the ordinary course of the business of the target company getting executed through its subsidiaries during the offer period.

Recommendation on the open offer from a committee of independent directors of the target company will make sure that the entire process getting an unbiased view from them.

12. Activities and Timelines in open offer process: Timelines of various activities in the open offer process have been rationalized to compress the open offer period.

The committee has also recommended that a short public announcement should be made by the acquirer on the date of entering into an agreement followed by a detailed public statement within five business days thereafter.

Likely Impact: This recommendation will avoid confusion among the shareholders of the target company through timely announcements from the acquirer and will also streamline the entire offer process.

These recommendations are no doubt going to boost the market confidence once they get the regulatory nod. This can be considered as a paradigm shift in the regulations governing M&A activity in the country. The new proposals will provide more investment avenues for financial institutions, private equity (PE) funds if the open offer threshold gets revised to 25% from current 15%. Though there are few disappointments on account of lack of clarity on negotiated acquisitions of public limited companies and their due diligence, the committee has taken enough pain to woo the investors once the recommendations come in reality. The mergers and acquisitions, generally, lead to improvement in overall efficiency, optimum utilization of resources, consolidation of market share for the companies and increase in customer satisfaction through new & innovative products or services. This eventually leads to overall growth of the country prompted by increase in production level.

Meanwhile, the important issue concerning corporates at this point of time is the strong funding back-up from the local banking system which is not possible till the Reserve Bank of India (RBI) allows domestic lenders to provide funding to M&A deals. Therefore, shift in few other policies will also play a crucial role in helping to improve the overall M&A scenario in the country. Now it needs to be seen how much time does it take to make welcome changes in the 13-year old regulations.

Domestic aluminium consumption likely to grow at a CAGR of 9.5% in the next four years

Domestic aluminium consumption, which stood at 1.4 million tonnes at the end of FY10, is likely to grow at a CAGR (compounded annual growth rate) of 9.5% between FY11 and FY14 to 2.05 million tonnes on the back of strong demand from electrical, automobile and construction sectors.

Around 68% of the aluminium produced in the country is consumed by electrical, automobile and construction industries. Out of total consumption demand, more than one third is from electrical segment alone. On the other hand, automobile and construction sectors collectively account for around one third of the total demand for the metal.

Aluminium is gaining wide acceptance across power sector as the good replacement for copper. Besides this, the metal also costs less compared to copper. Aluminium prices are currently in the range of \$1,500-2,500 per tonne against \$6,500-7,500 a tonne for copper. This may trigger sudden spike-up in demand for aluminium from power transmission industry in days to come.

Apart from this, strong growth forecast for the local economy in next couple of years along with major thrust of the government on infrastructure spending is also expected to result in more demand for aluminium from construction and power sectors going forward.

The global aluminium industry, which was bleeding in 2009 due to recessionary pressure, is slowly picking up pace as indicated by the surplus level. During the first four months of 2010, the surplus of aluminium across globe came down to 2,95,000 tonnes as compared to 9,05,000 tonnes in the same period of 2009.

Technology improvement must to attain 4% farm growth

The Indian government has said that in order to attain and sustain a 4% expansion in the farm sector, current level technology needs to be upgraded rapidly. If agriculture has to grow at 4 per cent, the focus will have to be on technology infusion, farm mechanisation, reforms and efficient water management,' Agriculture Secretary P K Basu said at a CII function.

While the direct contribution of the agriculture sector in India's overall gross domestic product (GDP) has come down to around 17% only, it nonetheless has important indirect linkages through rural demand that has been becoming increasingly important for the Indian businesses. It is estimated that in order to sustain a broader growth of 9-10% for the economy, the farm sector must expand at 4% at least.

However, there is a need to improve technology in the sector through increasing the rate of investment. Farm sector has seen a secular decline in investment as a percentage of GDP for nearly two decades. Although the government is now looking to reverse the trend, it has to do so rapidly to ensure capacity constraints in the agriculture output do not become brakes for the broader

Indian economy.

With regard to the state of sowing at present the secretary said that there was no cause of concern about monsoon and crop sowing was going well. "I am confident that production will be good," said Basu noting that the rising fertiliser demand was another signal that the pace of sowing activity was increasing. Basu added that acreage so far was more than last year.

Total food grain production in the country declined to 218.2 million tonne in 2009-10 crop year (July-June) as against 234.47 million tonne in the previous year, primarily due to a poor monsoon that delivered lowest rainfall in nearly three decades. However, the weather office expects a good monsoon this year that should help raise significantly the level of production in Kharif (summer) season crops.

Government pegs food grain output estimates at 218.19 MT

As per the fourth and final advance estimates of farm productions in FY10 released by the government on Monday, total food grain production in the fiscal is likely to be 218.20 million tonne (MT), slightly up from 218.19 MT estimated in the third advance estimates that were released in May.

There has been a slight downward revision in Rabi (winter sown) harvest, but the overall figure was higher because of the upward revision in the Kharif (summer sown) harvest. In fact, after initial estimates of sharp decline in the crop production in last year's Kharif season due to a failed monsoon, the government has been revising up the production estimates since October 2010 as the damage due to monsoon was not as much as anticipated first.

On the other hand, there has been some downside to Rabi estimates although absolute figure is still very good. Although the total food grain output for 2009-10 will anyway be still behind the previous year's record production level of 234.47 MT, the around 6% drop is much lower compared to what was first estimated (17%) in wake of the worst monsoon in three decades last year.

As per the latest estimates, wheat production in the country reached record 80.71 MT in 2009-10, marginally higher than the earlier best of 80.68 MT achieved in 2008-09. Similarly, pulses production has reached a record 14.59 MT, against the previous estimate of 14.57 MT in 2008-09.

Production of rice in 2009-10 stood at 89.13 MT while that of coarse cereals reached 33.77 MT. Production of nine major oilseeds is likely to be 23.94 MT, which is lower significantly compared with previous year's figure of 27.72 MT. Sugarcane output too will be lower on annual basis at 277.75 MT, compared with 285.03 MT a year ago.

Spices export surges by 30% for the first two months of the fiscal

Spices export recorded considerable growth in both volume and value during the first two months of the current fiscal. As per the data released by the Spice Board, the volume of exports has grown 29.73% to 1,06,315 tonnes compared to 81,950 tonnes an year ago, value realisation was up 30.11% to Rs 1,025.30 crore compared to Rs 788

crore. Foreign currency earnings have moved up 42% to \$227.22 million as against \$159.83 million for the period April-May 2009.

The maximum spurt was seen in Garlic exports, which increased significantly to 8,425 tonnes from 360 tonnes, up 2,240%; while in terms of earnings, it rose by 2339% to Rs 29.89 crore from just Rs 1.22 crore.

The other major gainer of the period in consideration was ginger, with an export of 2,500 tonnes against 525 tonnes in April-May 2009 valued at Rs 15.68 crore, as against Rs 5.97 crore shipped an year ago, registering an increase of 376% in volume and 162% in value terms. While, export of fennel rose 96% in quantity to 3,650 tonnes and 111% in value to Rs 29.06 crore during the period under review. Chilli export increased 54% to 39,750 tonnes valued at Rs 240.46 crore, as against 25,875 tonnes valued at Rs 159.55 crore last year. Exports of mint products rose 32% to 2,500 tonnes from 1,900 tonnes, while in value terms it was up by 28% to Rs 166.84 crore from Rs 130 crore.

On the flip side Cardamom (L) exports suffered the largest decline of 84% in terms of volume and 41% in terms of value to 50 tonnes, valued at Rs 2.38 crore compared to 315 tonnes valued at Rs 4.05 crore a year ago. Nutmeg and Mace too suffered a big decline and the export was down by 71% in volume term and 63% in value term to 120 tonnes worth Rs 4.05 crore as compared to 420 tonnes worth Rs 10.90 crore in the same period last year. Exports of other seeds, cumin, pepper and celery too declined for the period.

ISO forecasts bumper sugar crop, sees Indian exports at 500,000 tonne

The international Sugar Organisation (ISO) has forecasted a bumper crop for India next year, which may turn the country back to an exporter after a gap of nearly three years. Last time the sweetener was exported from India was in 2007-08 as production has been much lower than demand in next two seasons.

The ISO sees India producing around 26 million tonne of sugar, raw value, in the 2010-11 crop year (Oct-Sept), registering an over 25% growth from an estimated 18.5-19 million tonne in the current season. It expects the country to export around 500,000 tonne of sugar in next season.

'We think India will be an exporter in 2010/11. It's not a real big amount. We guess it's half a million tonnes. I guess India will probably export raw sugar,' said Peter Baron, executive director of the ISO, at the sidelines of an international sugar conference in Indonesian on Wednesday.

The India Sugar Mills Associations (ISMA) had earlier pegged domestic production at around 25 million tonne in next season. Domestic consumption is likely to be around 23-23.5 million tonne. However, the government will not allow export of the entire surplus as the country has exhausted most of the reserve stocks during the last fiscal year when international prices were soaring and the same therefore needs to be replenished.

Sugar production is in fact likely to see a substantial supply response to record high prices seen in early this season.

Brazil, the largest grower, may have a record crop of about 41 million tonne in the 2010-2011 season, compared with 36 million tonne in the current one. Production in China too is expected to increase by around 20% to 15 million tonne.

Baron said amidst increasing production there will be downward pressure on prices. "We may start to see price pressure in October, but it's not a dramatic pressure." Most analysts while expect a strong supply response, the pressure on prices might not be as great due to low carryover stocks this season. Nonetheless, if the production turns out to be as expected, there is certainly little scope for prices to rally anywhere in the near term.

Cotton production to jump on rise in acreage

India's cotton production is set to increase significantly in the next season as acreage rises on strong rainfall in last 10 days or so. The good monsoon performance off late is expected to help push the cotton output in the country to 35 million bales, substantially above the last year's production of 29.2 million bales.

While the official data from government is not yet available, cotton traders are estimating around 5-7% increase in area under cultivation for the commodity. Also, good rains will improve productivity and together the two factors may help push the production by around 20% in next season.

World cotton production is also expected to get a boost in the forthcoming season. According to the latest projections prepared by the International Cotton Advisory Committee (ICAC), world cotton production is likely to increase by 14% to touch 25 million tonne in the 2010-11 crop year (August-July) in wake of a strong supply response to the high prices seen in the current season. All major producers including the US and China are set to witness strong growth.

This however also means that cotton and yarn prices will come down going forward, providing a relief for the cost hit textile industry. Demand-supply scenario of cotton had shifted in producers' favour in the international market since the start of current season. The ICAC has estimated production in the current season at 21.96 million tonne, down nearly 6% from 23.36 million tonne in the previous season, sending cotton prices to record high levels in international markets. The second straight yearly decline in global production was driven by China, where the cotton crop has fallen by over 10%.

In case of India, the Cotton Advisory Board (CAB) has estimated marginal increase in production during 2009-10 season at 29.2 million bales of 170 kgs each, as compared to 29 million bales during 2008-09. However, cotton exports from the country have increased sharply in current season due to high international prices. As a result, prices have been on the rise in India too. As on June 30, 2010, the price of benchmark Shankar-6 variety was quoted at around Rs 29,700 as compared to Rs 23,200 a year ago.

Sugar output to touch 25 MT in next season

The Indian Sugar Mills Association (ISMA) has upgraded its sugar forecast for the next season (October-September) on account of favourable climate and increase in area under cultivation. The association is now saying that production

in the coming year will be well above its earlier of 23 million tonne (MT) and is likely to touch 25 MT instead.

“Our internal assessment reveals that due to higher acreage, followed by better yield, production will be higher than estimated” said Vivek Saraogi, president of ISMA. In the current season, total sugar output has been pegged at around 18.5 MT, which too is sharply higher than initial estimates of around 16 MT.

The ISMA expects that cane production in 2010-11 will increase to 300 MT, compared with 274 MT in the current year. Further, due to good weather, yield will increase too which will help improve sugar production substantially. Data released by the farm ministry shows that area under sugarcane is at present 13.3% higher at 4.74 million hectares compared to year ago period at 4.18 million hectare.

Further, even though the domestic stocks are still far lower compared to historical levels, prices of the commodity remain very weak. This is primarily due to good crop outlook in the major producing countries including India and Brazil. Analysts expect sugar prices to remain range bound till the start of next season.

Finally, despite the strong production outlook for next season, the government is yet to make its mind on import duty on sugar. A group of ministers, headed by the Union Finance Minister Pranab Mukherjee, had in a meeting held on June 25 postponed the decision to wait for the monsoon performance that can substantially influence the cane production in the country.

India has allowed duty-free sugar imports till December 31 to bolster supplies and help ease the food-price inflation. The ISMA however has been saying that domestic production in next season will be abundant therefore has been urging the government to impose a strong import duty. The government is expected to take a decision on the duty front by September, as monsoon performance would be completely clear by then.

Tea exports jump 19% during Jan-May 2010

Riding on strong demand from the Middle East region and rise in prices in Sri Lanka, India's tea exports have registered a strong increase in current season. As the Indian tea becomes more competitive in an expanding market, exports have jumped by 19% to 71.17 million kg in the first five months of the current calendar year.

“The increase in tea exports is due to increased demand from the Middle East. The price of Orthodox variety in Sri Lanka has also risen quite rapidly helping us to remain competitive in the export markets,” said the Chairman of the Tea Board Basudeb Banerjee on Sunday. India had exported 59.59 million kg in the Jan-May during the last year.

In the month of May alone, exports have increased by 15% to 11.2 million kg compared with 9.77 million kg in the year-ago period. The increasing exports are also resulting in strong realisations for producers which has led a marginal supply response as well. Total production in the first five months of 2010 has increased by nearly 2%

to touch 72.63 million kg, showed the data released by the Tea Board of India.

In value terms, exports in the Jan-May period stood at Rs 869.45 crore against Rs 770.86 crore in same period of 2009. India exports CTC (crush-tear-curl), a variety of tea mainly to Egypt, Pakistan and the UK, and the premium orthodox variety of tea to Iraq, Iran and Russia. India is the largest exporter of tea followed by Kenya and Sri Lanka.

However, industry insiders feel that increasing production in Kenya and Sri Lanka may impact India's exports going forward. Output in Sri Lanka's has increased by whopping 27% during the Jan-May period. Similarly, responding to good prices, Kenya's output has jumped 69% to 111.7 million kg in the first quarter of 2010 while its exports have increased 24% to 117 million kg. The growth figures for Kenya are however somewhat exaggerated due to low base effect from last year.

NABARD to encourage organic farming in parts of Kerala

The National Bank for Agriculture and Rural Development (NABARD), in order to achieve its objective of sustainable agriculture in our agriculture driven economy, has prepared a blueprint to encourage organic farming. In order to achieve this objective it has started an initiative in Kerala through the collective effort of local banks, non-governmental organizations (NGOs) and farmers.

NABARD is planning to bring together over 10,000 farmers in the first phase of this initiative and through its joint liability groups (JLG) encourage farmer participation in knowledge creation. The JLG consists of joint liability training programs which includes farmer training in pesticide-free food production methods, post-harvest management, food security through organic farming, seed conservation etc. by a team of experts from the agricultural sciences. This can help in integration of farmer knowledge with scientifically established practices which can supplement the organic farming activity.

Organic farming is a concept based on various laws and certification programmes, which prohibit the use of almost all synthetic inputs, and health of the soil is recognised as the central theme of the method.

The aim of this initiative is to develop organic farming particularly in watershed development areas and include capacity building and financial assistance for soil and water conservation measures through its ongoing programs. The Kerala Social Services Forum, an NGO which has association with around 36 other NGOs, is believed to offer its helping hand to NABARD in implementing the organic farming project in seven districts of Kerala.

Government of India, in order to promote organic farming, is planning to setup National Centre of Organic Farming with regional centres at various places, launch the National Programme on organic production encompassing National Standards and also offer accreditation programmes for certification agencies etc. Many universities and research institutions are developing packages and models for helping financial institutions in generating provisions for easy credit for organic farming.

Reliance Health Insurance-Health wise Policy

Reliance Health Wise Insurance policy is one of affordable health cover in the market. It is basically a reimbursement policy for medical treatment. It offers 24X7 cashless facility and Third Party Administration (TPA) support to anyone in the age group of 3 months to 65 years. The Policy ensures that one's family not only receives the best health insurance but also gives the optimum value for money without compromising on the quality of medical attention.

Extra Benefits in the form of Ambulance Charges, Nursing Allowance, coverage of Pre-Existing Diseases after 2/4 years, Donor Expenses etc., are available to one depending on the Plan opted. All these value add on are provided at reasonable premium as compared to other medical insurance policies from other health insurance providers.

This policy covers three types of plan- Reliance Healthwise Policy - Gold Plan, Reliance Healthwise Policy- Silver Plan and Reliance Healthwise Policy- Standard Plan.

Key Highlights:-

- Health Insurance Cover for the entire family
- Cashless facility for Hospitalization on a 24x7 basis
- No medical check-up for person's upto 45 years of age with clean medical history
- Income Tax benefit under Section 80.

Eligibility:-

Eligibility norms for this policy are: -

- Children above the age of 3 months and adults below the age of 65 years, based on the Plan selected.
- Children between 3 months and 18 years can be covered only if one or both parents are covered.
- Maximum age to enter the Plan is 55 years for Gold, 60 years for Silver & 65 years for Standard Plan respectively.
- A single person opting for the policy has to be 18 years & above

Key Advantages:-

1) Affordable Health Insurance Premiums:-

- With premium as low as Rs.3353 p.a. for a Sum Insured of Rs 2 lakhs for a couple, Reliance Health Wise Policy is extremely affordable.
- The Family Floater benefit of health insurance policies covers the entire family, ensuring that the cover is used optimally.
- Available for persons up to the age of 65 years.

2) Convenience all the way:-

- No health checkups for person's upto 45 years of age with clean medical history.
- A 24-hour cashless facility is provided at more than 4,000 hospitals across India.

Plans details:-

Plan comparison-Policy Features

Coverage	Reliance Health wise Policy-Gold Plan	Reliance Health wise Policy-Silver Plan	Reliance Health wise Policy-Standard Plan
Family Floater	✓	✓	✓
Income tax benefit	✓	✓	✓
Sum Insured	1 Lac, 2lac, 3Lac, 4 lac, 5Lac	1 Lac, 2lac, 3Lac, 4 lac, 5Lac	1Lac, 2lac, 3Lac, 4 lac, 5Lac
1 year and 2 year tenure option	✓	✓	✓
No claim on renewal	✓	✓	✓
Cash less facility(through Third Party Administration-TPA)	✓	✓	✓
Wide range of age slabs	3months-35 years, 36-45 years and 46-55 years	3months-35 years, 36-45 years and 46-55 years and 50-60 years	3months-35 years, 36-45 years and 46-55 years and 56-65 years

3) Other Advantages:-

- Pre-existing illnesses covered after two years or four years (depending on the plan one chooses) of continuous cover.
- Extended cover for policyholder and its family for pre and post-hospitalization expenses.
- Renewal discounts of 5% of base premium on each claim free renewal, subject to a maximum of 20% reduction for all claim free period.
- Reimbursement of up to 50% of the expenses incurred by proposer for required medical investigation, subject to acceptance of proposal and realization of premium cheque.

4) Tax benefits:-

- With the Reliance Health Wise Policy, one can avail of tax benefits under Section 80D of the Income Tax Act.

Policy Coverage:-

The coverage offered by Reliance Health Wise Policy includes:-

- 1) Hospitalisation Expenses:-Incurred towards- Hospital (room, boarding and operation theatre), doctors & Nurses, Medical tests, Medicines, Blood, Oxygen, Appliances etc.
- 2) Day-Care Treatment:-Medical expenses towards day care treatments/surgeries where 24 hours of hospitalization is not required subject to treatment/ surgeries listed in the policy document.
- 3) Domiciliary Hospitalisation :-All expenses related to a medical treatment, which is being administered at home, provided that (a) patients condition does not allow him to be shifted to a hospital; or (b) due to lack of accommodation at the hospital.
- 4) Pre-andPost-Hospitalisation:-Medical expenses related to one's treatment before and after hospitalization for a specified number of days.

	Gold	Silver	standard
Pre Hospitalisation	60 days	60 days	30 days
Post Hospitalisation	90Days	90Days	60 days

- 5) Donor Expenses – All hospitalization expenses incurred by the donor in case of major organ transplants are

covered (available only under Gold and Silver Plans).

Value Added Covers :-

Depending on the plan selected the value added covers available are:-

- Nursing Allowance for a maximum period of five days, on recommendation of the treating Medical Practitioner.
- Reimbursement of charges towards local road ambulance services.
- Expenses of an accompanying person at the Hospital/ Nursing Home for a maximum of five days.
- Reimbursement of cost of health check-up after four claim-free renewals.

Renewal Features :-

- 1) Continuity Benefits:-Shall be available only if the Policy is renewed within 15 days from the previous Policy expiry date.
- 2) Renewal Premium:-Renewal premium would be quoted as per the base premium chart with or without renewal discount based on the claim experience.
- 3) Renewal Age: - Up to 75 years.

Exclusions :-

In order to ensure that one does not face any unpleasant surprises when one makes a claim, following are the major exclusions under the policy.

- Any pre-existing illness for the first two years/ four years of the policy as per the plan selected.
- Specified illnesses for the 1st year.
- Specified illnesses in the case of domiciliary hospitalization.
- Any disease contracted during the first 30 days from the time of inception of policy, unless due to an accident.
- Treatment related to HIV / AIDS.
- Treatment due to abuse of alcohol or intoxicants.
- Vaccination and inoculation.
- Nuclear and war perils.
- Naturopathy treatment