

Magnum Connect

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Dear Friends,

Nobody would have expected the month of July to be so dismal for the markets, and the drastic fall that we witnessed during the month depicted our vulnerability to the global jitters. No doubt we are very much dependent on the global markets and can't remain aloof of the global happenings, but the drastic fall that our markets suffered was much more than the affected countries. It seemed that markets were looking for a reason to correct and the fear of European debt contagion followed by the worries of default by US, the world's largest economy gave them an appropriate reason.

Apart from the global jitters the markets got tormented by the unexpected rate hike by the Reserve Bank of India. Though, the central bank has given the reason of need to tackle inflation above the growth for the rate hike. There was general expectation that RBI will go for a 25 basis points hike but RBI continued its hawkish tone and went for 50 basis point hike and against its earlier projection of inflation at the end of March 2012 of 6.0 per cent, it now raised this to 7.0 per cent. Though, the decision can't be said altogether unwarranted as the monetary policy was announced in the backdrop of sticky inflation, growth moderation and uncertain global economic conditions. The first quarter result season too proved a non-key affair with most of the major companies disappointing with their earnings. Now we will hope the global issue to settle down soon so that once again the markets get a chance to move higher.

Jayesh R. Dedhia
(Director)
Magnum Group

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Indian banking sector

Indian banks, the dominant financial intermediaries in India, have made good progress over the last couple of years, evident in annual credit growth, profitability, and trend in gross non-performing assets (NPAs), however, the industry at large is currently going through a phase of business consolidation not only because the apex bank is continuously raising the policy rates but also because the changing global scenario is indicating for a slower economic growth. The banking industry in whole seems to be into the era of transformation as the industry which earlier was predominantly dependent on the performance of the public sector banks is now witnessing the increasing importance of the private sector bank. Though the public sector banks still holds a dominant position, because of their wide reach but large number of un-remunerative branches, low productivity, over staffs and the archaic methods of operation factors have affected the productivity and profitability of public sector banks, leading to a paradigm shift to the new aged private sector banks. On the other hand, the private sector banks have been able to reach the next level of their growth in the Indian banking sector by continuing to innovate and develop differentiated business models to profitably serve segments like the rural/ low income and affluent/ HNI segments; actively adopting acquisitions as a means to grow and reaching the next level of performance in their service platforms.

Current financial sector remains stable

The RBI's Financial Stability Report (FSR) stated that the Indian financial system remains stable in the face of some fragilities being observed in the global macro-financial environment. In past quarter the Indian financial markets have remained stress free, according to the FSR, even as the reliance of domestic firms on international sources

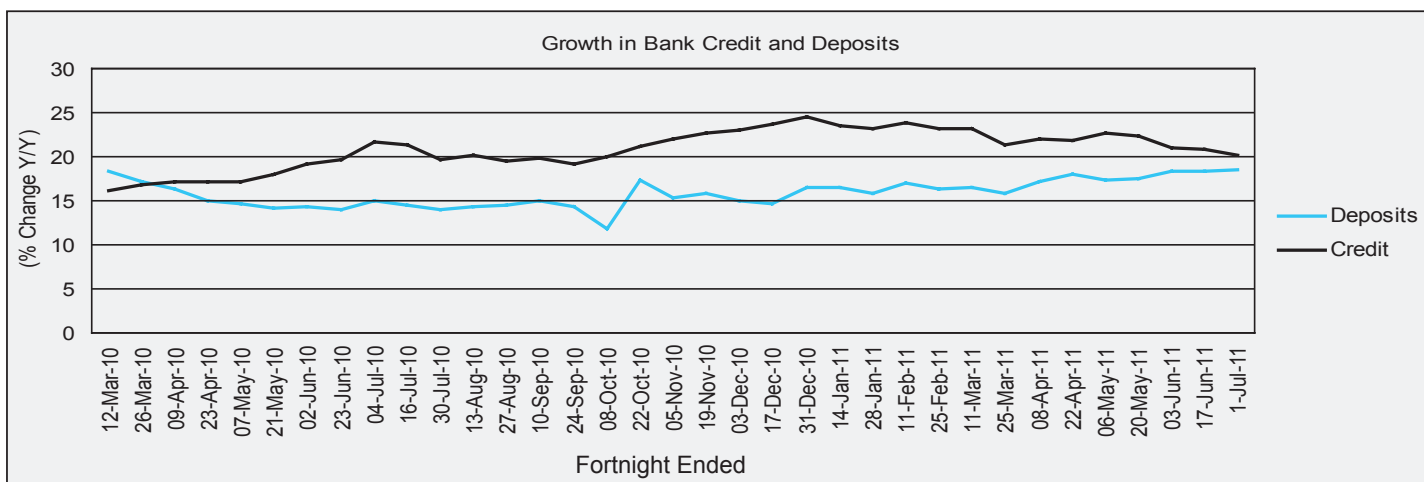
of finance denominated in foreign currency has been growing. The various macro-financial stress tests of the central bank, including the newly introduced ones based on more rigorous computation methodologies; showed that the banking sector remains adequately capitalised and resilient to asset quality shocks and other plausible adverse changes in macroeconomic scenario.

RBI has highlighted that the share of borrowings and CDs in banks' liabilities rose to about 10% in 2011 from about 8% a year ago. Concerns about increasing reliance on borrowed funds were further exacerbated by growing mismatches in the maturity profile of deposits and advances. While more deposits than advances were getting re-priced in the near term (less than a year) bucket, more advances than deposits were maturing in 1-3 year and 3-5 year buckets. These mismatches entailed considerable rollover risks for banks.

Current Capital Adequacy Ratio (CAR) comfortable but capital raising is likely in FY13: The current CAR of Indian banks is around 14.3%. According to RBI the Indian banking system is unlikely to be unduly stretched in meeting the more stringent requirements of the Basel III proposals. However, an internal study of RBI (based on credit growth projections) shows that the CAR of several banks fell below the minimum regulatory requirements, even under a Basel II scenario, indicating that capital will need to be augmented in the coming years. The capital needs of banks will also be impacted due to the unamortized portion of pension liabilities to be absorbed by April 01, 2013 on migration to International Financial Reporting Standards.

Narrowing gap between credit and deposit

With industrial growth slowing down, the pace of credit off take from banks has also decelerated. As lower economic activity and high deposit interest rates have moderated



credit growth but boosted deposit growth. Ever since real returns have turned positive, depositors have preferred to channelise their savings towards bank deposits, thereby boosting the deposit growth.

Aggregate y-o-y bank credit growth moderated to 20.1 per cent as on July 1, 2011 from 22.1 per cent as on April 8, 2011 due to the successive increase in policy rates totaling 125 bps so far this fiscal. Rising interest rates have led to a slowdown in credit growth for sectors such as infrastructure, food processing and petrochemicals. Not only this, the Reserve Bank of India in its First Quarter Review of Monetary Policy 2011-12, has also revised downwards the credit growth target to 18 per cent from 19% for this fiscal.

This narrowing of the gap between the growth rates of credit and deposits has been welcomed by the central bank. In fact, RBI has been concerned about excessive lending by some banks at a time when the growth in deposits was sluggish at around 16%.

Signs of moderation after acceleration in 2010-11

Growth has showed signs of some moderation during Q1 of 2011-12 after it reverted to the recent trend in 2010-11. Signs of moderation were visible from deceleration in IIP growth in April-May, poor performance of certain core industries, especially cement and natural gas and consumption deceleration in cement, steel and automobiles. Manufacturing and services PMIs also showed that growth is turning softer.

The domestic economic scenario is showing downside risks to GDP growth on account of domestic as well as international factors. The global commodity prices have been continuously rising putting pressure on the domestic

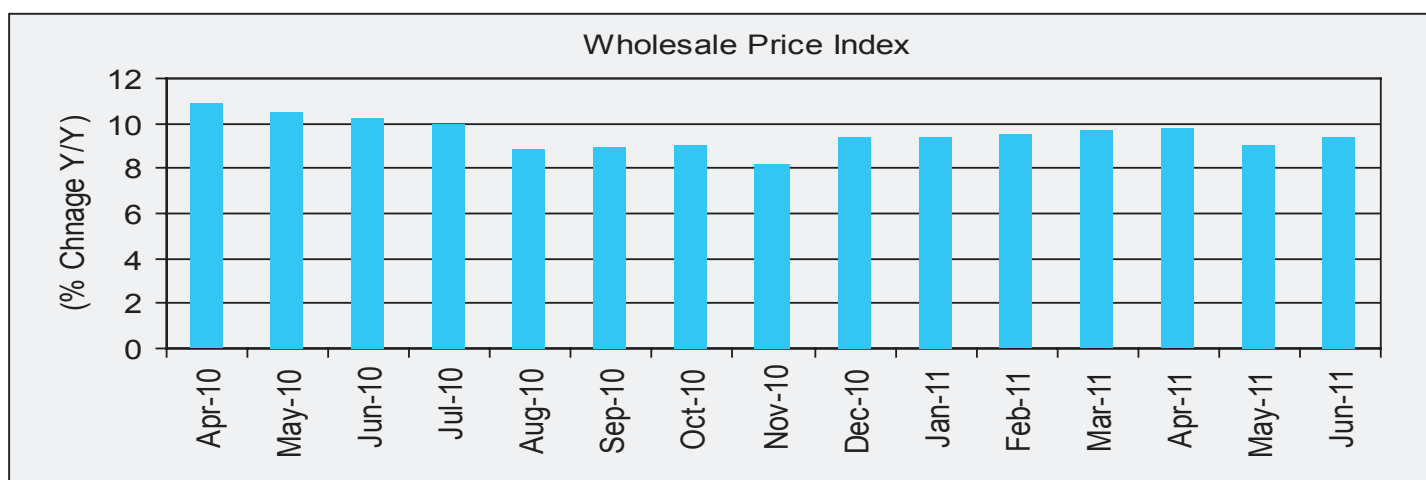
demand; the crude prices have been the major reason of concern. Initially it was the Middle East turmoil which was later followed by the European jitters that has kept the crude prices on the elevated levels and hence the inflation is likely to continue facing upward pressure. On the domestic front, the increase in administered petroleum product prices in June 2011 is also expected to add about 70 bps to WPI as a direct impact.

India's headline inflation as measured by the wholesale price index (WPI) though has recorded lowest growth in the month of June in the last six month, but the numbers still remain substantially above the RBI's comfort zone at 9.44% in 2011 as compared to 9.06% (Provisional) for the previous month and 10.25% during the corresponding month of the previous year. Furthermore, the numbers have just about managed to miss the double-digit by few marks. More importantly, the Government also sharply revised upward the inflation figure for April 2011 to 9.74% compared to 8.66% reported earlier. (as indicated in the Wholesale Price Index chart)

Finance Minister Pranab Mukherjee has also cautioned that year-end inflation may not be less than 6-7 per cent even as the government and the RBI are making sustained efforts to fight price rise.

Current Scenario:

Currently, all the Indian banks are faced with several challenges, such as increase in interest rates on saving deposits, possible deregulation of interest rates on saving deposits, a tighter monetary policy, a large government deficit, increased stress in some sectors (such as, State utilities, airlines, and microfinance), restructured loan accounts, unamortised pension/gratuity liabilities, increasing infrastructure loans, and implementation of Basel III, which are looming at large for the industry.



RBI has set the ball rolling and has made the pitch for the deregulation of saving bank deposit rates by floating a discussion paper on it. While the central bank has deregulated the interest rates on fixed deposit schemes 14 years back, the savings bank rate, which is decided by the central bank, is one of the few administered rates in the country right now. The idea behind such a move is that RBI considers it would benefit everyone in the banking environment.

One of the key arguments in the discussion paper given by the central bank is that the deregulation of the savings bank deposit rate would improve monetary policy transmission. For transmission of monetary policy to be effective, it is necessary that all rates move in tandem with the policy rates. This process, however, is impeded if the interest rate in any segment is regulated. The fact that the savings deposit interest rate has not been changed since March 1, 2003, prima facie implied that changes in policy rates did not transmit to savings bank deposits," said the RBI.

Another major argument for deregulating the saving deposit rate accounts to lack of innovation in this segment currently. Savings deposits constitute about 22% of total deposits, but owing to regulation of interest rate, there is hardly any competition in this segment with both banks and depositors acting passively. RBI feels that this has inhibited product innovations and is also of the view that once this rate is deregulated banks may introduce new models of operations. For instance, rates offered may also differ based on the flexibility of operation of savings bank account and the degree of liquidity offered such as notice period for withdrawal, number of deposits and/or withdrawals allowed per month etc

However, Indian lenders are not in favour of the Reserve Bank of India's proposal to deregulate savings deposit rate -- the only regulated one in the system now -- citing the current volatile market environment. Also, the Indian Banks' Association (IBA), the apex banking body, which is already reeling under the pressure of the Reserve Bank's recent moves to calculate interest rate on a daily basis and increasing the interest rate on savings accounts to 4%, conveyed banks' stance to the RBI, stating that such a move would "hurt everybody" in the system.

Bankers fear that with the deregulation of saving rate-source of low cost funds for banks-a competition within lenders to grab the low-cost deposits will result in the rates going up. However, bankers feel if the savings deposit rate has to be deregulated, they must be allowed to charge

for services provided. This is broadly what the bankers have communicated to the RBI - "Should the deregulation happens, the deregulation must be in totality."

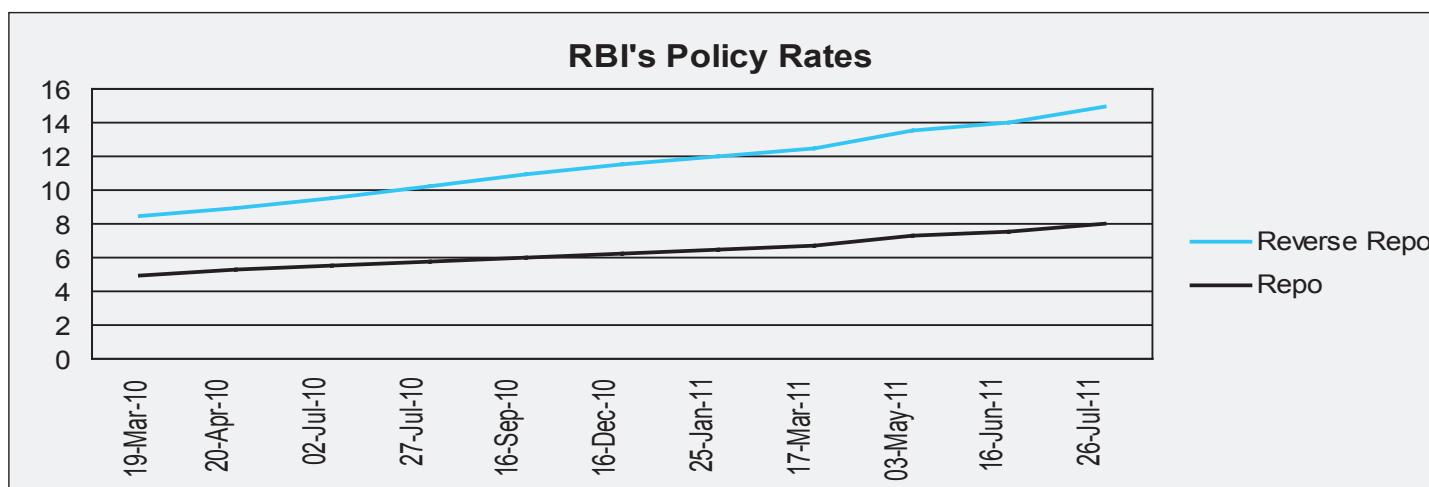
Further, the RBI on the concern side, in its discussion paper has also noted some potential negative impacts which include possibility of excessive competition among banks leading to a system wide escalation of cost of financial intermediation and hence decline in efficiency of the banking industry. Other negative impact could be banks may come up with too complex plans (as has been the case with telecom industry) which retail savers may not understand. Finally, in times of slowdown when liquidity is in excess, deregulated rates may fall significantly below the current rate of 4%, which will impact small savers.

However, amongst all the issues the unceasing rate hikes has been a major reason of concern for the banking Industry. Taming inflation that has been on the most top most agenda of the RBI, has led the Central Bank of India's hiking rates 11 times since March 2010, thereby making it the one of the most aggressive Inflation fighters amongst the Central Bank. RBI furthering its hawkish stance against the rampant inflation in its First Quarter Review of Monetary Policy 2011-12 also hiked rates, but this time by a hefty 50 basis points, thereby shocking the rate sensitive sector including Banking, as this indicated crimped demand for funds from the banks.

Highlights of the RBI's First Quarter Review of Monetary Policy 2011-12:

- ◆ Repo rate hiked by 50 bps to 8% and accordingly the reverse repo stands adjusted at 7% and MSF (Marginal Standing Facility) at 7%.
- ◆ Retains the GDP projection at 8%, made in its annual policy statement three months ago.
- ◆ Upwards revision in WPI inflation target to 7 per cent from 6% given earlier.
- ◆ Downwards revision in the credit growth target to 18% from 19% for this fiscal and also its money supply (M3) target to 15.55 % from 16% earlier.
- ◆ Retains the Bank's rate along with the Cash Reserve Ratio (CRR) at 6%.
- ◆ Fiscal deficit likely to slip 1% on account of pressures from oil subsidy.

The RBI while hiking the key policy rate stated that the decision was based on two main considerations. First, demand had remained strong. Inflation has been higher than expected and non-food manufactured product inflation has been significantly higher than the average



rate of 4 per cent seen in the last six years.

Second, while there were signs that growth was moderating in some interest sensitive sectors, the RBI made it clear that there is no evidence yet of a broad-based slowdown. Several indicators such as exports, imports, indirect tax collections, corporate sales and earnings and demand for bank credit show that demand was moderating but only gradually, the policy statement said.

Outlook:

The banking Industry is going through a lean phase. Undoubtedly the RBI increasing its policy rates by 475 basis points (bps) in its current rate hike cycle has badly impacted the credit demand growth, which in turn has compressed the net interest margins of the banks. Since bank's typically in a bid to maintain the net interest margins have been passing on the burden of the hike in lending rates to the customer, which has led to increased cost of funds for them. Besides, this RBI hiking its savings bank rate by 50 basis points to 4% on May3, 2011, for the first time in 19 years, has reduced the spread between savings deposit and term deposit rates. It is a disturbing move for the banking Industry on the same time, higher provisioning norms (viz. 15% from 10% on sub-standard assets and 2% from 0.40% on standard assets of restructured accounts) as mandated by RBI too will have an adverse impact.

The fallout has already started with the largest public sector lender State Bank of India(SBI), finding it challenging to maintain the credit off take this financial year at around 22 per cent, projected earlier. It has now revised it to be around 16 to 19% in the wake of sluggish growth. Meanwhile, its private sector counterpart ICICI Bank too expects to achieve a credit growth of 18%-20% in the current financial year 2011-12, down from the earlier

projection of 22% due to slowdown in industrial activity. So, not much expected is from the banks in the rest part of the FY12 as net interest margin (NIM), the main barometer to gauge banks' health, is expected to record a contraction to the tune of 10-20 basis points. The three-pronged reason being higher interest rate, muted credit growth and new provisioning norms.

Meanwhile, private sector banks in India say they're unlikely to witness any flight of deposits, even as fears of slow economic growth continue to gain acceptance. Bankers believe private lenders are well prepared to trounce any crisis of confidence such as was seen during the economic downturn of 2008. Private Banks are also convinced they have been able to ring-fence their banking operations from risks in the non-banking businesses, which was as a key cause of concern during the economic slowdown of 2008 that turned sentiments negative towards some of the private banks.

However, the headwinds for the banking sector are likely to worsen over FY11-13E as a sharp NIM contraction cycle is expected to be triggered off in FY12E and the same is expected to continue in FY13E. NII growth for PSU banks in FY12 is expected to decelerate to 10.9% and further remain modest at 13.4% in FY13E. This deceleration in NII growth is likely to be driven by a 20bps contraction in the NIMs for PSU banks in FY12E which could be owing to the lagged re-pricing of deposits and duration mismatch between assets and liabilities. For the private sector peers, the NII CAGR is expected to remain stable at 18.4% over FY11-13E, compared to 17.2% over FY09-11. The deceleration is expected to be much lower for private sector banks due to their low cost of deposits and robust asset and liability management (ALM).

India intensifies inflation fight with yet another interest rate hike

Inflation continues to be the dominant macroeconomic concern. The headline WPI inflation rate for the first quarter of this fiscal year remained stubbornly close to double digits and inflationary pressures continued to be broad-based. Both the level and the persistence of WPI inflation are a cause for concern. Non-food manufactured product inflation ruled above 7 percent in the first quarter suggesting that producers, operating at high levels of capacity utilization, are able to pass on rising commodity input prices and wage costs to consumers. With this kind of situation, there seems no escaping the fact that inflation will remain in focus not only in the forthcoming quarterly statement but, for a long time to come, in the succeeding ones as well.

In the earlier policy statement, inflation was expected to remain at elevated level in the first half of 2011-12. But actual inflation so far has been even higher than expected. To be more precise on-food manufactured product inflation has been significantly higher than the average rate of 4 percent over the last six years. Crude oil prices remain volatile and are a major risk factor. The recent increase in domestic administered fuel prices and the minimum support price for certain food items will also keep inflation under pressure.

The central bank hiked the policy rates by 50 basis points taking the repo rate to 8 percent and reverse repo rate to 7 percent with immediate effect. This unexpected move by RBI stunned the investors, who on the other hand were expecting a 25 basis point hike. The central bank raised the interest rates, showing unexpected resolve in fighting persistently high inflation despite slowing growth in Asia's third-largest economy and uncertain global demand. It also indicated that it will continue with its anti-inflationary stance till the inflation comes to a comfortable level.

The aggressive move by the central bank was based on the following macroeconomic and monetary developments:

Growth showed some moderation during Q1 of 2011-12. These were visible from deceleration in IIP during April-May 2011 and in consumption of cement, steel and automobiles during Q1 of 2011-12. IIP growth, though having moderated, has turned more broad-based. The deceleration is particularly strong for mining and manufacturing sectors. While lower growth in mining reflects the shortages in coal production, 14 out of the 22 industry groups that comprise manufacturing witnessed a deceleration. The slowdown in

IIP growth during April-May 2011 can be partly attributed to the high base. Seasonal factors do not seem to have contributed to this deceleration. Going forward, there is a possibility of some softening in industrial growth, as a result of implied input costs.

Manufacturing and services PMIs also showed that growth is turning softer. The manufacturing PMI dipped to a nine-month low in June 2011, but still suggests a strong month-on-month expansion in industrial output. Services sector has continued its momentum. The services PMI also indicates an expansionary mode but the readings in Q1 of 2011-12 were slightly lower than the preceding quarter. The main drivers of growth in the service sector during the year were trade, hotels, transport, storage and communication and financing, insurance, real estate and business services. Most of the lead indicators of services sector such as growth in tourist arrivals, railway freight traffic, cargo handled at major ports and passengers handled at international terminals showed sustained momentum. The number of cell phone connections and cement production, however, declined.

Aggregate Demand

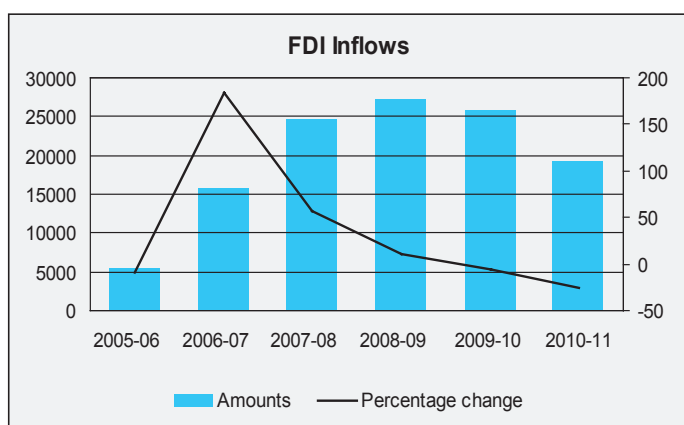
Aggregate investment as well as corporate investment intentions dipped in the second half of 2010-11 and are yet to show signs of improvement. Corporate investments are driven by the power sector followed by metal and metal products and telecommunication and have still not become broad-based. While some unfavorable impact on investment may come from high interest rates that have become necessary to control inflation, better implementation can help in improving investment. The Government on the other hand, has made clear its intentions to remove limitations in investment and also encourage FDI in certain sectors such as multi-brand retail.

Corporate sales growth remains robust but profits are moderating due to higher costs. Despite some deceleration, private consumption demand continues to be strong. Reflecting strong private consumption demand, sales of non-government non-financial (NGNF) listed companies grew by around 20 percent during 2010-11 as also in the fourth quarter of the year.

The improvement in deficit indicators augurs well for growth re-balancing, but subsidies are likely to overshoot budget estimates. Even after the administered price hike in June 2011, total fiscal slippage for the Centre from the oil sector may still be about 1 percent of GDP.

External Economy

Export momentum and strong invisible receipts lead by software exports are expected to keep Current Account Deficit (CAD) manageable in 2011-12. Exports have continued to grow aided by diversification in its composition. FII inflows remain volatile, but FDI inflows have picked up in 2011-12 so far. The increase in FDI was largely led by power, healthcare and pharmaceutical sectors. External debt indicators had exhibited mixed movement, but international investment position deteriorated in 2010-11. Balance of Payments (BoP) outlook remains stable, but going forward, oil prices and the pattern of capital flows is likely to impact external balance. It is necessary to adjust the structural balance of capital flows by attracting larger FDI inflows. It is necessary to adjust the structural balance of capital flows by attracting larger FDI inflows.



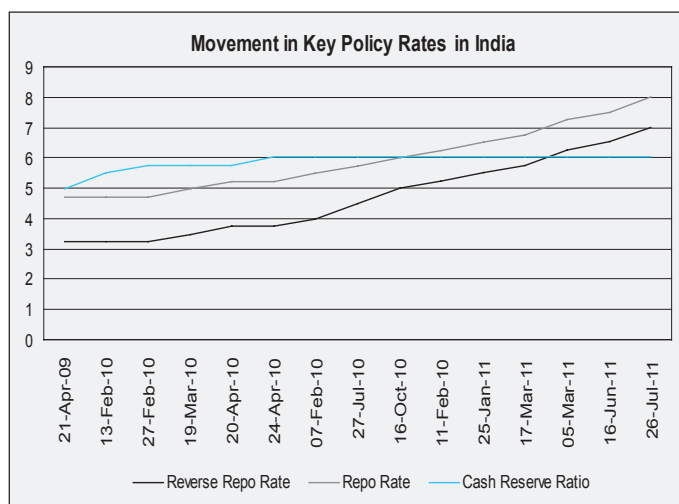
Monetary and Liquidity Conditions

Monetary conditions remained tight during the first quarter of 2011-12 with interest rates firming, deposit growth picking up and credit growth slowing. Policy rates were raised another 75 bps in Q1 of 2011-12. This has raised operational policy rates by 425 bps in a span of 15 months since mid-March 2010 - one of the sharpest monetary tightening seen across the world. It helped keep the real lending rates positive despite high inflation.

Tight monetary and deficit liquidity conditions are bringing desired adjustments and are likely to prevail in near term. Liquidity conditions eased significantly during the first quarter of 2011-12. The average availment of liquidity under LAF was lower at around Rs 49,300 crore in Q1 of 2011-12 as compared with around Rs 84,400 crore in Q4 of 2010-11. The easing was mainly on account of sharp drawdown in government's cash balances with the RBI. The liquidity position in the banking system remained in deficit mode in June as government balances increased reflecting quarterly advance tax outflows. The average daily

net outstanding liquidity injection was around Rs 74,000 crore in June 2011. Liquidity condition on the other hand in early July eased reflecting drawdown of government cash balances including, redemption of a security.

Deposit growth picked up and credit growth slowed, reducing divergence between the two. The higher interest rates also prompted sharper growth in deposits, especially time deposits. As a result, the incremental credit-deposit ratio moderated.

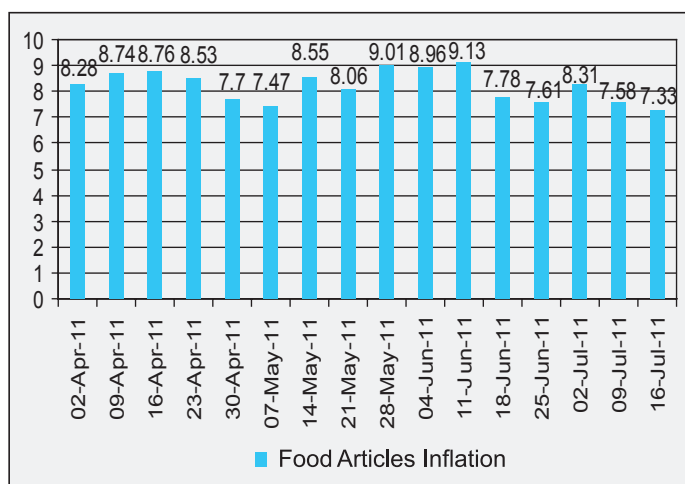


Price Situation

Inflation remained high in Q1 of 2010-11, in line with the projections made in the May Policy Statement. There has been generalization of inflation since December 2010 with dominant contribution from non-food manufacturing products. Inflation is being driven by both cost-push and demand-side factors. The generalization of inflation with significant cost-push and demand side factors driving price changes in non-food manufacturing commodities has extended into Q1 of 2011-12. Textiles, chemicals and metals continue to contribute to most of the increase in manufactured non-food products. Input cost pressures have been significant for these products. Any moderation in manufactured non-food products inflation therefore would require both easing of pressures from input cost side as well as demand.

Food inflation has declined. The decline, however, has not been significant enough to ease the concern on food inflation. Moreover, it largely reflects the base effect, since food price levels continue to be high.

However, a near normal monsoon is generally expected to have a softening impact on prices of food articles, but some risks to food inflation have emerged with the recent increases in Minimum Support Prices (MSPs) for key agricultural commodities.



Global Economy

Globally, the momentum of recovery appears to be stalling. High commodity prices, political strife in the Middle East, the earthquake in Japan, sovereign debt problems in the Euro zone and rising fiscal and debt problems in the US took a toll on the levels of economic activity and business and consumer confidence. Private consumption is expected to be passive as oil price hike in the previous quarters cut into households' real incomes. After GDP growth for US and Japan decelerated markedly in Q1 of 2011, PMIs for US and Euro zone and leading indicators for Organization for Economic Co-operation and Development (OECD) evidenced a dip.

Inflation emerged as a key policy concern in the global economy in recent months as increase in commodity prices spilled over to headline inflation. Though core inflation in advanced economies remains subdued indicating absence of significant pressures from domestic demand, headline inflation has exceeded the target level for most inflation targeting economies. Global inflation is rising rapidly prompting debate over how much longer advanced economies can defer an exit from an excessively accommodative monetary policy. Most central banks of advanced economies continue to pursue policy rates at near zero/very low levels, while emerging economies have gradually tightened monetary policy to contain inflation pressures. Meanwhile, commodity prices exhibited some decline in Q1 of 2011-12 with global growth weakening, but it is unclear if this is transitory.

Outlook

There are clear signs that growth is beginning to moderate, particularly in respect of some interest rate sensitive sectors. However, there is no evidence, as yet, of a sharp or broad-based slowdown. Several indicators such as

exports and imports, indirect tax collections, corporate sales and earnings and demand for bank credit suggest that demand is moderating, but only gradually. The impact of past monetary policy actions is still getting transmitted, we see another policy hike in the Macroeconomic and Monetary Developments first quarter review 2011-12 which was announced on July 26, 2011.

With the RBI raising its key policy rates for the 11th time since March 2010, forced the banks to increase their lending rates, which in other way would increase the cost of borrowing. The market which is already slowing down, this latest hike will further dampen the rate sensitive sector like, auto, infrastructure, realty and SMEs. A combination of rising interest rates, high fuel prices and increasing retail price has slowed consumer purchases, resulting in slow volume growth. So a clear slowdown could be seen in the interest rate sensitive sectors. To be more precise, the formation of bad loans or NPAs is directly linked to higher interest rates.

Patchy rainfall in central and southern India at the beginning of monsoon season and heavy rainfall in July in few areas have delayed sowing and affected the growth of some crops, lifting prices ahead of the festive season. If the monsoon turns sub-normal, upside risks to the projected moderation in inflation during the second half would go up. India's weekly food inflation for July 16 which moderated to 7.33 percent in the year will also see some surge atleast in the near term.

Apart from negative aspects of the rate hike, there is a positive development for India's supply constraint economy. The rising gap between consumption and investment demand was one of the factors emphasizing inflationary pressures. More recent indicators suggest that consumption is starting to slow - a constructive development for India's supply-constrained economy. This moderation in consumer demand is set to continue owing to higher interest rates, but we need to see to it that it shouldn't collapse after a certain point of time. The recent data on FDI inflows into India which has seen a robust growth of 20 percent y-o-y during Jan-May, after contracting by 22 percent in 2010, suggesting that the recovery path is firm. In one way this justifies RBI's tight monetary stance on inflation.

However, global economic activity exhibited signs of slowing down in Q2 of 2011 as downside risks increased again. If growth in advanced economies weakens further and the soft patch turns into a more prolonged downturn, exports could face a distinctly tougher climate, thereby hitting the external economy of the country.

Yes Bank

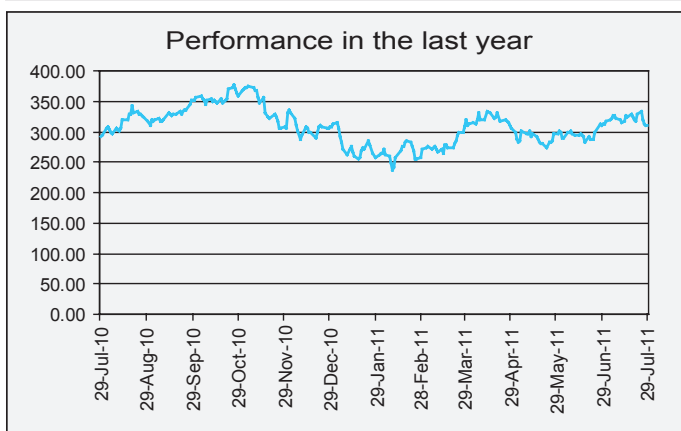
Investment overview

- Yes Bank, the youngest private sector bank is now the country's fourth largest private sector lender. The bank has 214 branches spread over 164 locations across India as well as over 250 fully operational ATMs
- Yes Bank has institutionalised Commercial Banking (CB) dedicated to serve this specialised segment of companies generally with a turnover between Rs. 100 crore and Rs. 1000 crore
- The bank is planning to raise up to \$500-million through the ADR, GDR or QIP routes, most likely in the latter part of the FY-12 or in the early next fiscal

Stock Data (as on 29/07/11)	
Current Mkt Price (Rs.)	310.65
52 week High (Rs.)	388.00
52 week low (Rs.)	233.55
Mkt Cap (Rs. Cr.)	10,815
Return in last one Month (%)	-0.58

Share Holding Pattern (as on June,2011)	%
Total Promoter	26.50
FII	48.09
DII	11.76
Others	13.65

Key Ratios	
P/E	13.78
Price/Book(x)	2.70
Dividend Yield (%)	0.81
ROCE(%)	8.15
ROE(%)	21.13



Business Overview

Started in 2004, the bank is yet to complete even a decade in the industry but just in a short span of 7 years it has started giving formidable competition to many of its established peers. Currently, the bank serve its customers through an extensive branch network, comprising of 214 branches spread over 124 locations across India as well as over 200 fully operational ATMs.

Yes Bank has a knowledge driven approach to banking, and a superior customer experience for its retail, corporate and emerging corporate banking clients. It has an equitable proportion of experts ranging from the field of banking to specific industry sectors, each contributing their knowledge and expertise individually and through collective thinking, thereby ensuring that every solution, product and innovation works in tandem with your Bank's customers' needs, at every stage of evolution of their business.

The Corporate & Institutional Banking (C&IB) division at Yes Bank provides comprehensive financial and risk management solutions to clients generally with a turnover of over Rs. 1000 crore. It provides a comprehensive range of client-focused Corporate Banking Services, including Working Capital Finance, Term Loans, specialised Corporate Finance products, Trade, Cash Management & Transactional Services, Treasury Services, Investment Banking Solutions and Liquidity Management Solutions to name a few.

Financial Health

Yes Bank Ltd. reported first-quarter net profit of Rs.216.08 crore, up 38.2% from Rs 156.37 crore for the quarter ended June 30 last year. Total income rose to Rs 1,564.83 crore from the Rs.883.03 crore in the corresponding quarter of the preceding year. Net interest income during the quarter rose by 35 percent to Rs.354.19 crore from the Rs.262.10 crore reported in the corresponding quarter last year. Net interest margin for the quarter stood at 2.8 percent. Operating Profit were up by 30.6% to Rs 325.1 crore compared to Rs 249.0 crore in Q1FY11.

Non-interest income for the quarter fell by 15 percent to Rs.165.29 crore from the Rs.143.84 crore reported in the same period last year. Total income during the quarter was Rs 1,564.83 crore, compared with Rs 883.03 crore in the prior year quarter, an increase of 77 percent. However, the bank's capital adequacy ratio (CAR) fell to 16.22 percent from 16.57 as on June 30, 2011.

Industry Scenario

The Indian banking sector has played a commendable role in fuelling and sustaining growth in the economy. In the recent past a large part of the banking sector's growth has

(Rs. Cr.)

Particulars	Jun Qtr-11	Jun Qtr-10	Growth%	FY11	FY10	Growth%
Net Sales	1399.54	739.19	89.33	4041.74	2369.71	70.56
Total Income	1564.83	883.03	77.21	4665.01	2945.24	58.39
Other Income	165.29	143.84	14.91	623.27	575.53	8.29
PBT	323.59	236.39	36.89	1092.17	726.49	50.34
PAT	216.08	156.37	38.19	727.13	477.74	52.20
EPS	6.21	4.59	--	21.12	15.65	--

Standalone

been on the back of financing consumption, as reflected in the growth of retail banking. Over the post reform period of 1991 through 2008, total assets of banking industry have grown at a compounded annual rate of growth of 11.5%. The induction of new private and foreign sector banks and private equity in public sector banks has brought professional dynamism and vibrancy to the industry. High rate of economic growth since 2004 place the banking industry on an exponential growth path.

Indian banking industry had a reasonably good year in 2010-11. Although the credit demand went down following the global economic slowdown and its impact on Indian economy, banks were able to post very good performance owing to improvement in the non-interest income segment. The rapid recovery seen in the last fiscal also boosted income of banks by quickly turning around demand for consumer loans.

NPAs of Indian banks declined throughout the last decade as the RBI implemented improved prudential norms. However, following the global economic downturn, there has been apprehension of significant uptick in bad assets. Some increase has already been witnessed in the bad assets and we expect that going forward there could be some further increment. The upside may come on account of couple of reasons.

Investment Rationale

For the quarter, revenue from "Treasury" amounted to Rs.475.70 crore, up by 57 percent from the Rs.303.74 crore in the corresponding quarter last year, while revenue from "Corporate Banking" surged by 74 percent to Rs.1,127.29 crore from the Rs 648.92 crore in the first quarter of 2011. Revenue for the quarter from Retail Banking totaled Rs 66.98 crore, up by 60 percent from the Rs 41.64 crore in the preceding year quarter, whereas revenue from 'Other Banking Operations' was Rs 5.19 crore, compared with Rs 3.72 crore in the year-ago quarter. Corporate & Institutional Banking accounted for 63.2% of the loan portfolio, Commercial Banking - 24.4% and Branch Banking- 12.4%.

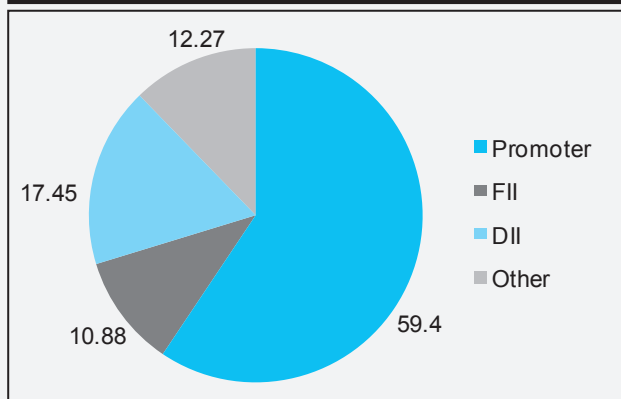
The bank continues to maintain a healthy and stable asset quality in the backdrop of increased event risks and macro-economic pressures, as on June 30, 2011, gross

non-performing assets as a proportion of gross advances declined to 0.17 percent from 0.23 percent a year ago, while the net non-performing assets as a percentage of net advances dropped to 0.01 percent from 0.04 percent a year ago. The bank's exposure to the micro finance institution (MFI) sector is about Rs 250 crore and the portfolio continues to remain healthy. As at the end of June, deposits increased by 44 percent to Rs.43,576 from the Rs.30,239 crore as on June 30, 2011, while advances rose by 26 percent to Rs.33,104 from the Rs.26,257 crore as at the end of June last year.

The bank is on the expansion spree and is currently having 255 branches, with the distribution network rapidly expanding, the bank will be able to further accelerate growth across Commercial Banking and Branch/ Retail Banking business segments. Also with an aggressive expansion the bank will be able to increase its advances to retail and SME segment as till now it has been heavily dependent on corporate and Institutional (C&I) loans and commercial loans. With the branch expansion only the bank will be able achieve its target of taking its loan mix to 40:30:30 from C&I, Commercial and Branch Segment by 2015.

YES Bank saw net interest margins falling in the June quarter weighed by high borrowing costs YES Bank's NIM - a key gauge of profitability - slipped 3 basis points to 2.8 percent in June quarter. Despite softness in margins, YES Bank beat street estimates with a 38 percent rise in first-quarter profit. Its NII for the first quarter increased by 35.1% y-o-y to Rs 354.2 crore on the back of stable growth in advances and sequentially steady NIM of 2.8%. The bank has been witnessing consistent growth in loan book, also its corporate investment book has gone up. We expect the bank's fee income that is the non interest income to grow further with its aggressive expansion plan. At CMP of Rs 311, the stock is trading at 2.73x of its P/ABV, we will recommend 'Accumulate' in the stock on every dip with a price target of Rs 364 at an estimated 2.01x of its FY12E P/ABV, however the latest decision of the RBI to hike policy rates by 50 basis points (bps) is undoubtedly going to put some margin pressure and the hike of 50 bps in savings bank (SB) rates will raise the cost of funds for the banks.

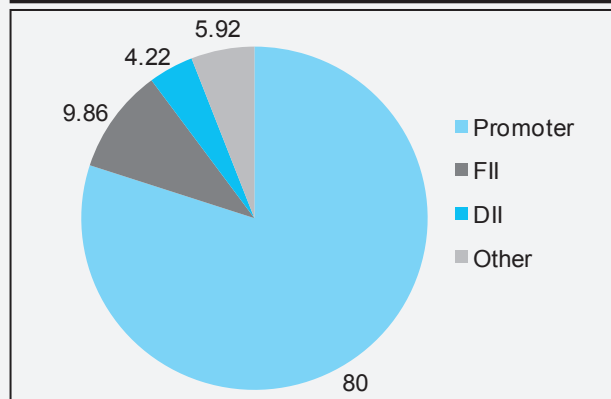
STATE BANK OF INDIA



- ◆ The State Bank of India, the country's oldest Bank and a premier in terms of balance sheet size, number of branches, market capitalization and profits. The bank is entering into many new businesses with strategic tie ups - Pension Funds, General Insurance, Custodial Services, Private Equity, Mobile Banking, Point of Sale Merchant Acquisition, Advisory Services, structured products etc
- ◆ SBI plans to open around 1,000 branches this year, of which at least 50 per cent will be in unbanked rural areas. The bank will monitor the branch expansion closely to ensure that there is some focus on unbanked rural areas. It also plans to ramp up its ATM network by 8,000-10,000 every year over the next three years. SBI is one of the four new fund managers that have been selected by the Employees' Provident Fund Organisation for managing its corpus of Rs 3.5 lakh crore. SBI will manage 35 percent of the funds.
- ◆ SBI has lowered its credit growth guesstimate by 300 basis points to 16-19% from 19-22% earlier, on the back of continuing monetary tightening measures by the Reserve Bank of India.
- ◆ SBI while scrapping the annual interest rate reset clause on all loans would be shifting to uniform base rate-linked payments in order to iron out the fluctuations in its profitability.
- ◆ The bank 's net profit for the quarter ended March 31, 2011 has plunged by 98.88% at Rs 20.88 crore whereas the same was at Rs 1866.60 crore for the quarter ended March 31, 2010. Its total income for the quarter under review has increased by 18.07% at Rs 26536.84 crore whereas the same was at Rs 22474.12 crore for the March quarter of the previous Fiscal.
- ◆ SBI is currently trading at Rs 2342 at a P/E multiple of 18.76, we will recommend a buy in State Bank of India at every dip and if it dips below Rs 2,300, it becomes a buying opportunity for medium term with a price target of Rs 2450.

Last Traded Price (As on July 29, 2011)	2,342.00
Price target	2450
Market cap. (Rs cr.)	1,48,716
52 Week H/L	3,515.00/2,123.00
Free Float (Rs cr.)	66,922
BSE code	500112

INDIAN BANK



- ◆ Indian Bank has strong hold in South India with 50% of its branches in Tamil Nadu, Kerala & Pondicherry. Government of India holds 80% stake in Indian Bank as of Mar 31st 2011. Indian Bank has recorded highest returns on assets (RoA) for the financial year ended March 2011 among the PSU banks space. It has clocked RoA of 1.53 percent for 2010-11, highest among 21 public sector banks.
- ◆ The Bank has a Gold loan portfolio of 60,000 million, grew by 22.4% in FY11 and constitutes about 8% of its total advances. Given the opportunities in this segment, the Bank plans to open 15 gold loan branches in South India in FY12. Also, the bank has done a tie-up with Bajaj Auto for financing three wheelers.
- ◆ Indian Bank has increased its base rate by 25 basis points (bps) to 10.25% per annum from its existing 10.00% per annum. The bank has also increased its Benchmark Prime Lending Rate (BPLR) upwards by 25 bps to 14.25% per annum from 14% per annum with effect from July 13, 2011.
- ◆ The Bank's profit for the first quarter ended June 30, 2011 has increased by 10.84% at Rs 406.93 crore as compared to Rs 368.15 crore for the corresponding quarter last year. Its total income has grown by 28.25% at Rs 3030.74 crore for the quarter under review from Rs 2477.25 crore for the same quarter last year.
- ◆ The total deposits of the bank for the April-June quarter was Rs 1,10,425 crore as compared to Rs 91,000 crore during the same period last year, reporting a growth of 21.4 per cent. The advances of the bank for the quarter ending June 30, 2011 grew by 21.3 per cent to Rs 82,510 crore from Rs 68,027 crore registered during the same period of previous year.
- ◆ The bank is also planning to come out with a follow on public offer of 6.1 crore shares with the face value of Rs 10 each. The scrip is currently trading at Rs 226 and a P/E multiple of 6x, the bank's net interest margin are likely to be impacted with further hike in the interest rates, we will recommend a SELL in the stock with a price target of Rs 200.

Last Traded Price (As on July 29, 2011)	225.50
Price target	200
Market cap. (Rs cr.)	9,691
52 Week H/L	316.50/197.00
Free Float (Rs cr.)	1,938
BSE code	532814

Mahindra Satyam partners with Microsoft to enhance child support services

Mahindra Satyam, a leading global consulting and IT services provider, has entered into a joint initiative with Microsoft Corporation to offer modernization tools and solutions for the Child Support Systems. These solutions will improve the productivity of case workers and enable enhanced interaction with the citizens that leverage Child Support services. The solution is based on Microsoft SharePoint 2010 technology and other enabling products from Microsoft. Many State and Local operations are simply not in a position to modernize or otherwise perform comprehensive upgrades to their legacy systems. To overcome this hurdle, Mahindra Satyam has leveraged its partnership with Microsoft to offer an end-to-end modern document management solution that integrates with existing legacy system. The document management solution provides a centralized repository for creating and storing all case related documents in self-contained 'electronic case files'.

PNB gets nod for strategic partnership with MetLife India

Punjab National Bank (PNB) has received an approval in response to the request for proposal issued to ten shortlisted life insurance companies for strategic partnership; the board approved the offer of MetLife India for acquiring stake and a corporate agency distribution arrangement in the company. The bank has received an approval for partnership at its board meeting held on July 28, 2011. Further this strategic partnership is subject to regulatory approvals.

Strides Arcolab gets USFDA approval for Acarbose Tablets

Strides Arcolab has received United States Food and Drug Administration (USFDA) approval for Acarbose Tablets, 25mg, 50mg and 100mg. Acarbose is a niche anti-diabetic drug used to treat type 2 diabetes mellitus. According to March 2011 IMS data, total US market for Acarbose Tablets approximated to \$21 million with no Indian generic players in the market. The pharma division has a total of 37 filings with USFDA out of which 21 under the PEPFAR programme and 16 as Generics. Approvals to date are 22, 17 under PEPFAR and 5 Generics. This product will be marketed and sold by Perrigo under a profit share partnership. Product is expected to be launched

shortly by within Q3' 2011.

Punj Lloyd bags Rs 330 crore order from Indian Strategic Petroleum Reserves

Punj Lloyd has won order worth Rs 330 crore from Indian Strategic Petroleum Reserves, a wholly owned subsidiary of Oil Industry Development Board, Ministry of Petroleum and Natural Gas for setting up process facilities and utilities at an upcoming crude oil storage cavern in Mangalore. This is the first cavern project for the group. The project involves engineering, procurement, construction and commissioning of systems for crude oil receipt, pumping out, metering, recirculation, heating, waste water treatment, utilities production, flaring and operation buildings. The project, located near Mangalore Refinery and Petrochemicals is scheduled to be completed within a period of 29 months. With a total capacity of 1.5 million tonne (MT) of crude oil, the Mangalore crude oil storage will comprise two separate but identical underground caverns, each approximately 900 meters long. The Ministry of Petroleum and Natural Gas plans to store 5.33 million tonnes of imported crude oil in these crude reserves, based on a 15-day crude oil requirement of all the refineries in the country.

Wipro, TCS in fray for Sri Seva Project of TTD

Wipro and TCS are among three companies vying to bag the prestigious Sri Seva Project of the Tirumala Tirupati Devasthanam (TTD) to provide IT solutions that will help devotees. The Sri Seva project would help the administration in offering services like providing rooms, laddus as well as in tonsuring. The four main e-services such as e-seva, e-accommodation, e-sudarshanam and e-hundi are being offered at present to the devotees by TTD. For better services to pilgrims TTD feels that as many as 48 departments are needed to be automated and brought under one platform. Presently for the technical bids Wipro, TCS and Infinite Computer Solutions have been shortlisted and the next step will be going for financial bids. TTD wants to implement the project by December. Once the process of technical bids for the Sri Seva project gets over in a span of ten days, the TTD may go for financial bids. The project is estimated to cost between Rs 30 crore to Rs 35 crore, with an additional maintenance cost of around Rs 12 crore every year in the first phase.

Cox & Kings likely to acquire UK based Holidaybreak

Cox & Kings, Mumbai-based tour operator, is in discussion

to acquire British specialist travel company Holidaybreak. This deal, possibly, will result in the biggest cross-border transaction by an Indian travel company. Holidaybreak believed the discussions may or may not lead to a cash offer of 432.1 pence per ordinary share, which is at a premium of 18% to the stock's July 25th close. Holidaybreak, provides residential outdoor education and adventure trips for school children, and valued at 225.24 million pounds based on its July 25th close. Holidaybreak had revealed it was in takeover talks with third parties. Cox & Kings gets over half its overall revenues from international operations and is looking at more overseas buys to drive future earnings and growth.

United Bank of India may explore the possibility of FPO

United Bank of India (UBI) might explore the possibility of coming out with an FPO after two years. The bank at present is well capitalised to grow at 20 percent to 25 percent for the next two years and going forward it will have to evaluate other options. The bank was looking at a credit growth of 20 percent this fiscal and in the current financial year, the bank plans to hire 700 officers and clerks. The bank had come out with an IPO in early 2010 and after the IPO, the government's holding in the bank stood at 85.48 percent. As per the rules, the government's stake in public sector banks should not go below 51 percent.

Lupin settles ongoing litigation with Medicis

Lupin and its subsidiary, Lupin Pharmaceuticals, Inc have settled all ongoing litigation over Solodyn (minocycline HCl, USP) extended release tablets with Medicis Pharmaceutical Corporation. The settlement entitles Lupin to sell its generic versions of Solodyn in 45mg, 90mg, and 135mg strengths under a license from Medicis commencing November 2011 or earlier under certain conditions. The settlement also entitles Lupin to sell its generic versions of Solodyn in 65mg and 115mg strengths under a license from Medicis effective in February 2018 or earlier under certain conditions. In addition, the settlement entitles Lupin to sell its generic versions of Solodyn in 55mg, 80mg and 105mg strengths under a license from Medicis effective in February 2019 or earlier under certain conditions.

Areva T&D India inks MOU with PGCIL

Areva T&D India has entered into a memorandum of

understanding (MOU) with Power Grid Corporation of India (PGCIL) to provide ultra high voltage technology for PGCIL's upcoming 1,200 kV UHVAC national test station at Bina in Madhya Pradesh (MP). PGCIL is in the process of establishing a 1,200 kV ultra high voltage AC transmission system at Bina. This development will facilitate field testing of equipment before deploying the technology for commercial purposes. As per the MOU, Areva T&D India will provide 1,200 kV capacitor voltage transformer (CVTs), disconnectors and digital current transformers. All these high end products have been developed, manufactured and tested at Areva T&D India's world class factories at Hosur and Padappal (Chennai).

Maruti's annual production capacity to touch 17.50 lakh units in two years

Maruti Suzuki India, the country's largest car maker has projected that its annual production capacity would touch 17.50 lakh units in the next two years. The company is projecting the figures on back of the third plant (Plant C) becoming operational in two years. The three plants at Gurgaon and first plant (Plant A) at Manesar were having a capacity of 13 lakh capacity per annum. Once second plant (Plant B) becomes operational in four or five months, the annual capacity would rise to 15.50 lakh units per annum. Plant B was being made at an investment of Rs 1700 crore.

HCL inks agreement with Mecom Group

HCL Technologies and HCL Great Britain (together HCL) has entered into an agreement with Mecom Group plc (Mecom) for outsourcing a significant portion of Mecom's IT operations. HCL will initially provide Mecom with infrastructure and, in certain cases, applications management services in the Netherlands, Denmark and Norway. Service provision will commence in the first half of 2012 and will last for 5 years, capable of extension at Mecom's option for a further two years. The agreement also provides for the extension in due course and by mutual agreement of the services to be provided by HCL into other areas of IT. Pursuant to this agreement, HCL hopes to emerge as a dominant force in multi-channel services for the media industry. Over the 5 years the total cost to Mecom of services to be provided by HCL will be in excess of pound sterling 90 million, representing approximately one third of Mecom's anticipated future IT cost base.

The Indian markets witnessed a trend reversal in the month of July, while the last 10 days of the June took the markets to a new high, similarly the last ten days development of July took the markets considerably lower breaching all their crucial support levels. Industrial growth has slowed down in the month of May. The markets remained in jubilant mood for the first part of the month but afterwards what happened was truly disappointing, as the global markets too melted on concern of slowing economic growth. Though, in the very early part of the month the sign of weakness started appearing as the Indian economy as the Index of Industrial Production (IIP) came in at 5.6% on a year-on-year basis. However, the market expected it to be at 8.6%. The lower than expected growth was due to the poor performance of manufacturing and mining output. On the other hand, industrial output for the first two months of current financial year also reduced significantly. As per the official data, Index of Industrial Production (IIP) for April-May 2011 stood at 5.7% less than the 10.8% achieved last year in the same period. This moderation in industrial growth is viewed as negative effects of increased interest rate, and input costs. According to data released by the Central Statistics Office of the Ministry of Statistics and Programme Implementation, the General Index for the month of May 2011 stands at 165.3, which is 5.6% higher as compared to the level in the month of May 2010. The cumulative growth for the period April-May 2011-12 stands at 5.7% over the corresponding period of the previous year. As per the old series, IIP for May grew by 3.6% from 4.4% in April and cumulative growth for April-May stood at 4% over last year. The IIP for Manufacturing, Mining and Electricity sectors for May 2011 increased by 5.6%, 1.4% and 10.3% compared to May 2010. The cumulative growth in the three sectors in April has been 6%, 1.3%,

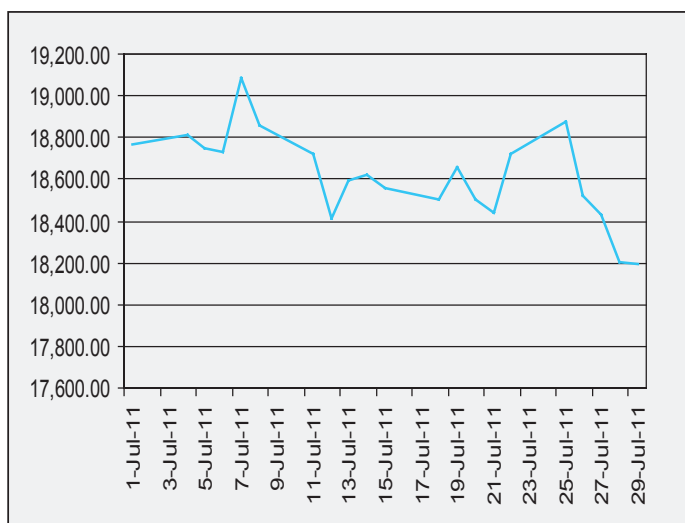
and 8.4% respectively, as a result the General index increased to 5.7%. As per the old series, the IIP for the Mining, Manufacturing and Electricity sectors for May 2011 was recorded at 1.2%, 3.2% and 10.3%, respectively, as compared to May 2010. The cumulative growth during April-May, 2011-12 over the corresponding period of 2010-11 in these three sectors have been 1.6%, 3.7% and 8.4% respectively, which moved the overall growth in the General Index to 4.0%. Expressing the slowdown in May's industrial output as 'not encouraging', Finance Minister Pranab Mukherjee too said the government will take all necessary steps to enhance the productivity of the manufacturing sector. He said, "I do not always take into account the monthly and weekly figures as the real trend-setter. At least quarterly figures will have to be taken into account. Otherwise, there are problems, of course."

BSE Sensex Monthly Gainers			
Company	Prev Price (June 29'11)	Last Price (July 29'11)	Change (%)
DLF	209.50	230.90	19.58
Bharti Airtel	401.35	437.00	15.52
RCom	94.55	101.55	15.22
ITC	199.25	208.30	14.19
Bajaj Auto	1402.00	1464.85	10.21

◆ DLF has empanelled Blackpencil India as its communication partner for its new projects across various cities in India including Bangalore, Chennai, Jalandar, Panchkula and Kochi. DLF has got major development happening with projects like New Chandigarh which is a township on its own and in the retail and commercial vertical at Jalhandhar, Chennai and many other markets across India. Black Pencil is also credited to the new DLF TVC titled "DLF Life" that in a very seamless way brings out the lifestyle of various residential developments of the client.

◆ Bharti Airtel has announced tariff hikes of 20 per cent in six circles that contribute 44 per cent of its revenue. The operator has hiked tariffs on two plans - Advantage and Freedom - for calls and SMS' sent within the Airtel network. Users of the Advantage plan will now have to pay 60 paise instead of 50 paise per minute for local and STD calls and 90 paise for calls to landlines. In addition, subscribers will be charged Re 1 and Rs 1.50 for local and national SMS respectively. Existing users will have to pay the new rates after the validity of their existing vouchers end.

BSE Sensex movement for the month of July



BSE Sensex Monthly Losers

Company	Prev Price (June 29'11)	Last Price (July 29'11)	Change (%)
JP Associate	77.90	66.70	-14.38
BHEL	2043.90	1838.35	-15.90
Hindalco	182.05	168.40	-14.38
Cipla	331.90	307.85	-13.92
Wipro	420.15	389.95	-12.93

◆ JP Associates down by 11.55% was the top loser on the Nifty- All the infra stocks were under pressure during the week due to another rate hike by the Reserve Bank of India. Earlier there was some report that the 1,320-MW thermal powerhouse proposed to be set up at Karchhana, near Allahabad, may never see the light of the day, as JP Associates, the developer, has not been able to get the land for the plant even after bagging the contract three-years ago for setting up the plant.

◆ BHEL reported dismal results for the June quarter, the company reported over 22 per cent jump in net profit to Rs 816 crore for the three months ended June, helped by higher sales and better cost management efforts. The company's sales in the first quarter of the current fiscal climbed to Rs 7,433 crore from Rs 6,761 crore in the year-ago period. As part of its disinvestment programme, the government plans to offload a 5 per cent stake in BHEL through a follow-on public offer that is likely to take place this fiscal. Government has appointed 4 merchant bankers including DSP Merrill Lynch (Bank of America), ICICI Securities, Kotak Mahindra Capital and Morgan Stanley which will manage the over \$1 bn follow-on public offer of BHEL.

It was in the mid of the week that Indian markets started showing sign of receding. Indices were tormented not only because of domestic reasons but also by worsening global financial situation. As the US debt woes came on top of the worsening euro zone debt crisis after rating agencies Moody's and S&P threatened to downgrade the US sovereign bond credit rating that it has held since 1917. There was also the European bank's stress test and the investors remained cautious fearing that European bank stress tests may throw up some unwanted surprises to add to the region's debt crisis. The result season too remained a low key affair with most of the biggies disappointing the street from their first quarter numbers. Some, that reported good set of numbers too were swept in the intensified selling.

The markets were already trembling on global jitters and then came the unexpected decision of the Reserve Bank of India (RBI). The central bank, stating inflation as dominant macroeconomic concern, increased the policy rates for 11th time since March 2010. RBI increased repo rate to 8% from 7.5%, and reverse repo rate to 7% from 6.5%, as a result Marginal Standing Facility (MSF) Rates increased to 9%. MSF rates are determined with a spread of 100 basis points above the repo rates. However, RBI kept Bank Rate and Cash Reserve Ratio unchanged at 6%. The most striking feature of the policy review was that the central bank revising upwards its WPI inflation target to 7% from 6% given earlier. It, however, hopes to contain inflation expectations to between 4 and 4.5% to bring it closer in line with its medium-term target of 3%. The RBI also revised downwards its credit growth target to 18 per cent from 19 per cent for this fiscal and also its M3 target to 15.5 per cent from 16 per cent. Central bank maintained its aggressive monetary stance, and expects inflation to remain at elevated level. "Overall, the current balance of global and domestic factors suggests that monetary policy needs to persist with a firm anti-inflationary stance. The rate sensitive's were badly beaten after the rate hike and the Finance Minister Pranab Mukherjee statement that the Reserve Bank of India might hike policy rates again as inflation was unlikely to come down to a comfortable level this year further shook the markets. He termed the action necessary even though it was hurting growth. Mukherjee further said that 50 basis points rate hike was intended to convey a 'strong signal' about the regulator's intention to curb inflation.

The markets managed a flat close on the last trading day of the month but it was a disappointing month all over with markets losing around three percent for the month. The July F&O series closed on a dismal note with rollovers increasing sharply, traders carried forward bearish bets to the August futures and options series on expiry of the July contracts. The market-wide rollovers remained higher at 80% as compared to 71% rollovers seen last expiry, largely on the short side. Though the broader markets were able to perform well for the series, all sectoral gauges were pummeled. Traders are worried with RBI's repeated rate hike and its impact on corporate borrowings, on the same time the global jitters too weighed on the sentiments. The next month is likely to remain deeply influenced by the global events, and all eye will be on US, whether it manages to avert the debt default situation or not, by august, if the US couldn't find a way out then a sell-off can be expected in global markets again.

Govt to issue cash management bills to manage cash mismatch

The Finance Ministry reviewed the cash position and market borrowing of the government on July 21 and in its statement said that the government will manage temporary mismatches in cash flows by issuing cash management bills (CMBs) and will not change the amount it plans to borrow via dated securities from the market between April and September. The finance ministry said, "It has been decided that there will be no change in the amount of market borrowing through dated securities with reference to the first half (April-September 2011) borrowing calendar published earlier".

"However, the Government of India in consultation with the Reserve Bank of India has decided to shift the auction of dated securities scheduled in the week ending September 23, 2011 to week ending August 19, 2011 to modulate the cash flows", finance ministry's note added.

The government has borrowed around \$5.8 billion or Rs 260 billion via CMBs since late-June due to increase in the tax refunds, which has led to mismatch in government's cash flow. However, the government says that the mismatch between cash flows is temporary and it should improve following the moderation in tax refunds. But on the other hand, traders view issuances of CMBs as indication of mismatch between government's revenue and expenditure, which may lead government to miss its borrowing target for the current financial year. Government is set to sell bonds worth around \$56.2 billion or Rs 2.5 trillion in the first two quarters of current financial year and it is also planning to borrow around Rs 4.17 trillion in the current fiscal year. Experts view that it would be slightly negative in terms of the fact that there would clearly be more cash management bills so that takes away some amount of demand from the system.

Increasing subsidies bills are viewed as threat to government's fiscal target for the current financial year. In the 2011-12 budget, government had budgeted around \$1.34 trillion for spending on major subsidies. The fuel subsidy bill was budgeted at around \$5 billion, with assumption of international crude oil prices to be less than \$100 per barrel, which is at present more than \$118 per barrel. However, international crude oil prices are showing signs of moderation.

SMEs to be exempted from capital gains tax

The finance ministry has given its in principle approval to Department of Industrial Policy and Promotion (DIPP's)

proposal to exempt small and medium enterprises (SMEs) from capital gains tax. This move of government is likely to have positive effect on the investment and finance of SMEs.

The policy would be expanded to allow individuals to sell off personal assets and be exempt from capital gains tax on the sale, as long as the proceeds were being used as an investment into a small enterprise operating in India. If proven to be effective, the new policy will have a significant positive effect on the economy, and would also boost employment levels.

R.P. Singh, secretary, DIPP, said 'One of the key proposals in the National Manufacturing Policy to improve access to finance for SMEs was the exemption from capital gains for investment in an enterprise as is done in the case of investment in residential property,' 'The in principle nod to the proposal by the revenue department would go a long way in enabling a large number of entrepreneurs to raise equity by selling ancestral properties and raise their level of investments and thereby boost employment,' R.P. Singh added.

In June, a high-level committee on manufacturing, headed by Prime Minister Manmohan Singh, gave an in-principle approval to the draft policy, even as it set up a committee under the chairmanship of T.K.A. Nair, principal secretary to the Prime Minister, for further consultations on contentious issues related to labour and environment laws. The policy intends to provide incentives to Indian firms through tax concessions, subsidies and relaxation of labour laws.

India's agriculture production surges to 242 million in 2010-11

The agriculture production of India showed record increase of around 11% during the 2010-11 agriculture season (July to June), the farm production increased from 218 million tonne in 2009-10 to 242 million in 2010-11. Foodgrains include, rice, wheat coarse cereals and pulses. In 2009-10 season, the farm production had reduced by almost 7% to 218 million tonne from 234 million tonne in 2008-09.

However, sustaining the record output may be difficult this year because of the poor rainfall in July may affect sowing and eventually the output. In Mid-July, India received 3% below the normal rainfall with 13 meteorological departments reporting deficit in rainfall.

The 11% growth in agriculture production is due to increase in production of wheat, coarse cereals, maize and pulses. The production of wheat was 86 million during 2010-11 from 81 million tonne in 2009-10, similarly, production of

coarse cereals was 42.22 million tonnes, production of maize was 21.28 million tonnes, and production of pulses was 18.09 million tonne. Experts say that this record increase in farm production is due to central government's policies. The production of wheat, coarse cereals, maize and pulses hit the all time high level.

Agriculture Secretary P K Basu said, 'We can easily produce 20 million tonnes of pulses by bringing fallow land under cultivation and also through inter-cropping system...I do not think we have to import pulses after 3-4 years.'

From the last few years government has increased the Minimum Support Prices for number of crops, which has allowed farmers to apply more inputs to their crops, which resulted in increase in the overall production. Government had increased MSP for pulses up to Rs 700 per quintal. For some pulses the support price is increased by more than 20%. The record increase in production of vegetable oilseeds also helped to reduce the import of vegetable oils about a million tonne. Last year country had imported around 9.2 million tonne of vegetable oils to meet the domestic demand.

GoM suggests competitive bidding for direct prospecting in mineralised areas

Under the pressure of state governments, the Group of Ministers (GoM) headed by Finance Minister, has recommended competitive bidding for direct prospecting in mineralised areas. This recommendation made by GoM would seal the mines ministry's proposal, which envisaged granting mining concession in unknown mineralised areas on the first-in-time basis.

In the last meeting GoM has acknowledged the concerns raised by the Chief Minister of Chhattisgarh Raman Singh and Chief Minister of Orissa Naveen Patnaik, on the need for inserting suitable provisions in the Mines and Minerals (Development & Regulation) Bill 2011, which would not deprive their administrations of revenue to be accrued from the grant of mineral concessions.

Chhattisgarh CM had raised his concern on the first-in-time methodology that it would trigger a mad rush by applicants, in response to this concern, the group of minister has seceded that "all applications pending on the date of commencement of the new Act would be deemed to be lapsed (barring those awaiting seamless transition, or the ones which have secured prior approval for grant of concession)." The state government should be given a moratorium for receiving fresh applications for prospecting licenses the minutes said. The Mines minister Dinesh

Patel in communication to Finance Minister had told that there should be no bidding non-exclusive Reconnaissance Permit.

The GoM have also recommended setting up a floor price for competitive bidding, as this would promote participation of genuine players and attract more investment for the mining sector. However, on the issue of making mechanism and defining parameters on how to decide floor price, GoM has left the decision with state governments and miner ministry. The GoM also suggested increasing the time for disposal of request of prospecting licenses to four months.

With the intention of promoting financial inclusion and providing banking services to rural and remote areas, the Reserve Bank of India (RBI) has asked all the lenders, including private ones, to open one in every four of their new branches in unbanked areas. The RBI is aiming to meet the target of bringing identified 78,000 villages with the population above 2,000, under the banking system by the end of this financial year.

Banks to open at least 25% of new branches in unbanked areas: RBI

In communication to banks, RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), they should allocate at least 25% of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centers. An unbanked rural centre would mean a rural (Tier 5 and Tier 6) centre that does not have a brick and mortar structure of any scheduled commercial bank for customer based banking transactions.

RBI in its Monetary Policy Statement for 2011-12 had said that there is need to step up to the opening of branches in rural areas to increase the banking access to the poor across the country under the government's financial inclusion programme and meet the targets set out for providing banking services in villages with population over 2,000.

In return for opening branches in remote areas, banks will get authorization to open additional branches in Tier I and II towns with the population of 50,000 and above, the RBI noted. In view of the requirement for opening at least 25% of the branches under ABEP in unbanked rural centers, it would now not be mandatory to open at least one third of the total number of branches proposed to be opened in Tier 3 to Tier 6 centers in under banked districts of under banked States.

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.	NPVar (%)	DIV (%)	CPS (Rs.)
Allahabad Bank	201103	12	4762.15	10	58.00	160.50	21.04	110146.90	31.61	27.73	14231.10	17.97	60	29.88
Andhra Bank	201103	12	5595.80	10	58.00	116.02	23.24	82912.77	30.10	29.10	12670.73	21.15	55	22.64
Axis Bank	201103	12	4105.46	10	37.15	462.77	19.34	151548.10	30.22	42.33	33884.90	34.76	140	82.27
Bank Of Baroda	201103	12	3915.46	10	57.03	536.13	23.50	218859.20	31.07	31.90	42416.80	38.69	165	108.33
Bank Of India	201103	12	5464.80	10	65.86	292.24	17.30	217517.20	21.67	24.75	24887.10	42.94	70	45.54
Bank of Maharashtra	201103	12	4817.13	10	79.24	61.02	12.37	55630.80	17.47	15.37	3303.90	-24.84	20	6.86
Canara Bank	201103	12	4430.00	10	67.72	405.00	26.42	230640.20	23.00	26.48	40258.90	33.24	110	90.88
CentralBank of India	201103	12	4041.42	10	80.21	131.20	25.92	152205.70	26.16	17.03	12524.10	18.28	25	19.37
City Union Bank	201103	12	399.60	1	-	20.66	20.55	12184.08	27.37	29.63	2150.54	40.77	75	5.29
Corporation Bank	201103	12	1481.31	10	58.52	481.86	21.89	91352.48	25.23	28.71	14132.68	20.77	200	95.41
Dena Bank	201103	12	3333.89	10	58.01	103.76	20.90	50335.30	25.51	24.31	6116.30	19.63	22	18.35
Devp Credit Bank	201103	12	2001.71	10	23.08	28.10	3.89	5362.63	16.73	16.05	214.29	-127.32	-	1.07
Dhanalakshmi Bank	201103	12	851.36	10	-	99.21	4.06	9064.20	69.56	7.44	260.60	11.85	5	3.06
Federal Bank	201103	12	1710.33	10	-	273.90	10.32	40520.30	10.31	35.22	5870.80	26.38	50	34.32
HDFC Bank	201103	12	4652.26	2	23.28	545.46	16.75	199282.10	23.22	38.77	39263.90	33.16	165	84.12
ICICI Bank	201103	12	11517.43	10	-	478.32	9.66	259740.50	1.04	34.83	51513.80	27.99	140	44.71
IDBI	201103	12	9845.68	10	65.13	128.69	15.80	186008.20	21.79	22.35	16503.20	60.05	35	16.76
Indian Bank	201103	12	4297.70	10	80.00	184.44	23.52	93610.28	19.14	35.16	17140.75	10.23	75	39.88
Indusind Bank	201103	12	4657.74	10	19.53	81.94	19.31	35893.60	32.60	30.14	5773.20	64.80	20	12.39
ING Vysya Bank	201103	12	1199.67	10	43.93	185.04	12.72	26940.60	20.65	23.59	3186.50	31.55	25	21.30
J&K Bank	201103	12	484.78	10	53.17	717.58	18.96	37131.30	21.47	30.96	6152.00	20.07	260	126.90
Karnataka Bank	201103	12	1881.91	10	-	128.80	9.63	23708.40	16.02	14.99	2046.10	22.43	30	10.87
Karur Vysya Bank	201103	12	944.87	10	3.47	223.79	22.26	22176.90	26.15	27.08	4155.90	23.68	136	38.96
Lakshmi Vilas Bank	201103	12	975.26	10	10.91	83.23	13.04	10648.36	17.10	25.72	1011.36	229.78	25	10.37
Oriental Bank	201103	12	2917.61	10	58.00	349.97	17.15	120878.10	17.85	26.85	15028.70	32.45	104	51.51

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 29/07/11	H52W	L52W	PE	Mkt. Cap (Rs. Mn.)
29.88	35498.40	47.72	25.06	4181.30	20.45	201106	16.30	31.37	202.05	270.90	183.00	6.44	96219.32
22.64	26342.30	41.24	26.56	3857.10	20.38	201106	16.69	23.81	135.5	190.15	124.35	5.69	75823.14
82.27	48814.00	46.78	31.93	9423.50	27.02	201106	24.93	87.14	1338.15	1608.00	1023.40	15.36	549371.86
108.33	66317.70	40.30	27.61	10328.50	20.22	201106	26.80	112.77	878.3	1050.00	731.30	7.79	343894.94
45.54	66335.70	37.58	21.04	5175.30	-28.63	201106	17.50	41.74	386.45	588.00	382.50	9.26	211187.35
6.86	16441.60	28.43	25.23	1220.40	3.05	201106	-36.59	6.93	55.8	84.95	51.60	8.05	26879.56
90.88	71807.50	39.14	17.69	7258.50	-28.37	201106	6.92	84.39	460.6	844.00	458.00	5.46	204045.80
19.37	45582.70	33.64	17.37	2807.80	-16.64	201106	5.64	18.50	116.35	211.86	111.15	6.29	47021.86
5.29	3711.36	38.89	28.66	585.12	31.87	201106	27.75	5.64	48.7	54.05	36.30	8.64	19460.33
95.41	29783.21	46.88	19.35	3514.51	5.29	201106	13.15	96.60	501.85	814.85	497.25	5.20	74339.34
18.35	15281.80	37.10	20.14	1680.90	21.11	201106	16.52	19.22	84.75	151.00	79.05	4.41	28254.73
1.07	1616.44	34.77	10.22	88.31	-403.78	201106	238.94	1.66	56.8	76.70	38.60	34.29	11369.72
3.06	3155.50	87.85	4.66	34.00	-43.62	201106	18.01	2.75	106.1	212.50	94.00	38.55	9032.90
34.32	12447.10	30.78	28.44	1461.60	10.84	201106	23.50	35.16	425.3	501.00	322.20	12.10	72740.33
84.12	59779.70	35.24	34.01	10850.10	33.67	201106	24.89	89.97	487.4	519.50	396.00	5.42	1133755.03
44.71	76185.20	31.07	29.32	13322.00	29.85	201106	23.54	47.37	1037.75	1277.00	900.55	21.91	1195221.30
16.76	50251.10	23.12	23.22	5162.50	62.13	201103	37.52	16.76	128.65	202.25	117.05	7.68	126664.69
39.88	27814.41	31.09	28.08	4069.31	10.53	201106	9.21	40.79	225.5	316.50	197.00	5.53	96913.14
12.39	11645.80	50.94	26.77	1801.80	51.99	201106	40.16	13.71	271.3	309.30	181.00	19.79	126364.43
21.30	8707.70	48.18	16.86	940.20	36.10	201106	26.94	22.97	350.65	443.90	283.00	15.27	42066.25
126.90	10138.60	31.08	29.19	1385.60	15.43	201103	16.86	126.87	865	938.00	694.80	6.82	41933.30
10.87	6630.70	21.85	13.78	908.20	22.56	201103	18.32	10.87	115.7	192.97	96.83	10.64	21773.65
38.96	6945.20	41.14	23.79	1167.00	38.14	201106	21.81	41.98	410.6	508.13	330.72	9.78	38796.44
10.37	2947.52	22.70	30.23	273.79	-231.83	201103	69.68	10.37	123.1	142.80	85.05	11.87	12005.43
51.51	35965.20	27.05	22.28	3547.00	-2.37	201106	16.98	51.22	350.9	545.00	280.00	6.85	102379.01

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

Company Name	Net Sales		Change In Sales	% Change in Sales	Net Profit		Change In Net Profit	% Change in Net Profit
	201106 Qtr	201006 Qtr			201106	201006		
ShRamUrban	2732.74	92.63	2640.11	2850.17	22.84	-38.45	-	-
Transcorp Intl.	2045.68	83.52	1962.16	2349.33	3.03	25.10	-22.07	-87.93
Sakuma Exports	1980.87	203.03	1777.84	875.65	14.37	1.26	13.11	1040.48
Indiabulls Real Est.	341.78	55.79	285.99	512.62	19.74	29.82	-10.08	-33.80
Kesar Enterprises	899.05	251.90	647.15	256.91	118.85	-43.97	-	-
Waterbase	304.87	99.18	205.69	207.39	20.60	-11.48	-	-
Godrej Properties Ltd.	736.41	269.28	467.13	173.47	63.49	218.16	-154.67	-70.90
Manappuram Finance	4929.02	1860.67	3068.35	164.91	1078.28	461.51	616.77	133.64
Intec Capital	156.61	60.88	95.73	157.24	17.10	6.02	11.08	184.05
AVT Natural Prod	481.30	188.40	292.90	155.47	115.80	-12.40	-	-
Mafatlal Inds	635.75	255.20	380.55	149.12	-66.48	629.74	-	-
Kirl.Pneu	2120.10	866.80	1253.30	144.59	260.20	23.10	237.10	1026.41
Ultratech Cement	44043.90	18096.70	25947.20	143.38	6831.10	2427.30	4403.80	181.43
Muthoot Finance	9141.96	3790.66	5351.30	141.17	1904.51	847.99	1056.52	124.59
Kavveri Telecom	805.75	354.78	450.97	127.11	83.71	50.70	33.01	65.11
Navin Fluorine Intl	1949.31	864.40	1084.91	125.51	602.20	152.35	449.85	295.27
APL Apollo Tubes	2275.57	1079.03	1196.54	110.89	76.07	50.80	25.27	49.74
Lloyds Metals	2722.67	1362.94	1359.73	99.76	-65.62	-82.97	-	-
Shreyas Inter.	403.98	204.13	199.85	97.90	-0.02	-19.25	-	-
Godrej Consumer Prod	6362.30	3237.80	3124.50	96.50	2198.40	1707.60	490.80	28.74
Parrys Sugar Inds.	1271.74	670.78	600.96	89.59	-270.71	-310.71	-	-
Yes Bank	13995.40	7391.90	6603.50	89.33	2160.80	1563.70	597.10	38.19
Dhanalakshmi Bank	3155.50	1679.80	1475.70	87.85	34.00	60.30	-26.30	-43.62
Keltech Energies	488.33	261.15	227.18	86.99	6.46	9.47	-3.01	-31.78
India Glycols	6313.90	3379.10	2934.80	86.85	257.70	-76.90	-	-
Seamec	460.40	249.20	211.20	84.75	86.30	-226.90	-	-
Petronet LNG	46233.10	25259.60	20973.50	83.03	2567.07	1113.73	1453.34	130.49
Lanco Industries	2021.86	1106.16	915.70	82.78	115.27	70.62	44.65	63.23
Vakrangee Software	2474.84	1365.37	1109.47	81.26	142.16	77.05	65.11	84.50
Golkunda Diamonds	383.91	212.11	171.80	81.00	5.00	0.58	4.42	762.07
Hilton Metal Forging	195.95	109.81	86.14	78.44	7.76	0.84	6.92	823.81
Thangamayil Jewellery	2231.20	1255.45	975.75	77.72	106.41	65.05	41.36	63.58
Praj Industries	1647.10	936.70	710.40	75.84	136.70	103.60	33.10	31.95
Guj. Narmada Fert	6442.10	3678.10	2764.00	75.15	416.50	-226.70	-	-
Goa Carbon	588.98	337.87	251.11	74.32	21.41	16.27	5.14	31.59
Steelcast	455.34	261.63	193.71	74.04	24.53	7.41	17.12	231.04
Andhra Sugars	1900.94	1117.67	783.27	70.08	185.94	51.04	134.90	264.30
MRPL	133716.00	78794.40	54921.70	69.70	1727.10	284.60	1442.50	506.85
Muthoot Capital	121.88	72.08	49.80	69.09	23.54	21.57	1.97	9.13
Indiabulls Fin Serv.	6823.50	4064.62	2758.88	67.88	1755.95	1282.41	473.54	36.93
Strides Arcolab	2009.26	1197.24	812.02	67.82	146.08	-135.88	-	-
Camlin Fine Chem	518.01	309.33	208.68	67.46	25.39	7.87	17.52	222.62
Hinduja Foundries	1856.41	1109.52	746.89	67.32	-96.49	14.18	-	-
Rhodia Specialty	649.70	389.70	260.00	66.72	5.30	-26.60	-	-
Visa Steel	3672.04	2221.72	1450.32	65.28	101.35	76.25	25.10	32.92
Jayant Agro-Organics	4680.38	2836.13	1844.25	65.03	57.76	52.11	5.65	10.84
Kallam Spinning Mill	390.90	238.14	152.76	64.15	1.60	22.24	-20.64	-92.81
Dewan Hsg Fin. Corp.	4885.97	2983.61	1902.36	63.76	657.86	512.41	145.45	28.39

Company Name	Year End	Price (Rs.) (29/07)	Yield (%)	EPS (Rs.)	FV	PE	TTM				52-Wk High (Rs.)	52-Wk Low (Rs.)
							Year End	NP Rs. ml	EPS (Rs.)	PE		
Patni Computer Systems Ltd.	201012	324.90	20.31	49.84	2	6.52	201106	6041.60	45.09	7.21	554.65	306.00
Indiabulls Securities Ltd	201003	12.58	15.90	2.66	2	4.74	201103	373.73	1.62	7.78	30.60	12.51
HCL Infosystems Ltd.	201006	85.05	8.82	11.98	2	7.10	201103	2407.10	10.80	7.87	139.50	83.50
Finolex Cables Ltd.	201103	45.35	1.54	5.67	2	7.99	201103	867.79	5.67	7.99	66.70	42.55
PSL Ltd.	201003	70.90	5.64	16.52	10	4.28	201103	757.10	14.16	5.01	142.80	64.50
Grasim Industries Ltd.	201003	2193.45	0.91	228.20	10	9.61	201103	11817.10	128.86	17.02	2625.00	1825.00
Aurobindo Pharma Ltd.	201103	171.40	1.17	21.38	1	8.02	201103	6225.10	21.38	8.02	275.00	156.50
Vijaya Bank Ltd	201103	63.40	4.58	11.08	10	6.98	201106	4225.60	8.94	7.09	115.35	60.60
Sterling Biotech Ltd.	200912	86.50	0.58	9.27	1	9.20	201103	2116.76	7.90	10.95	125.65	72.40
SRF Ltd.	201103	317.75	4.41	79.90	10	3.98	201106	5114.70	85.14	3.73	444.30	236.50
Electrosteel Castings Ltd.	201103	28.45	4.39	4.73	1	6.01	201106	1524.54	4.67	6.10	56.00	27.10
Deccan Chronicle Holdings Ltd.	201003	69.10	4.34	10.77	2	6.41	201103	1624.50	7.10	9.74	150.00	54.55
HEG Ltd.	201003	236.60	4.23	37.27	10	5.89	201106	1220.70	29.64	7.98	341.70	176.40
JSL Stainless Ltd.	201003	100.50	0.00	20.39	2	4.93	201103	3183.40	16.93	5.94	135.50	76.50
Andhra Bank	201103	135.50	4.06	22.64	10	5.98	201106	13323.77	23.81	5.69	190.15	124.35
GTL Ltd.	201003	74.85	4.01	16.37	10	4.57	201103	1397.53	14.37	5.21	462.00	66.30
Corporation Bank	201103	501.85	3.99	95.41	10	5.26	201106	14309.39	96.60	5.20	814.85	497.25
Graphite India Ltd.	201103	88.10	3.97	8.82	2	9.99	201106	1748.00	8.95	9.85	108.90	79.00
Nava Bharat Ventures Ltd.	201103	229.45	3.92	39.90	2	5.73	201106	2516.75	32.96	6.96	420.05	195.05
Balmer Lawrie & Company Ltd.	201003	666.15	3.90	72.02	10	9.25	201103	1210.90	74.35	8.96	769.90	499.05
Jindal Poly Films Ltd.	201003	259.55	3.85	90.52	10	2.87	201103	5906.30	128.28	2.02	700.00	199.00
3I Infotech Ltd.	201103	40.90	3.67	6.22	10	6.95	201106	1235.60	6.44	6.36	72.15	38.15
DB Realty Ltd.	201003	78.20	0.00	9.35	10	8.37	201103	2556.95	10.51	7.44	474.90	66.00
SJVN Ltd.	201003	22.00	3.64	2.37	10	9.29	201106	9695.80	2.34	9.39	28.00	19.40
Indian Overseas Bank	201103	138.45	3.61	17.33	10	7.99	201106	10776.84	17.42	7.95	176.35	105.05
Bank Of Maharashtra	201103	55.80	3.58	6.86	10	8.94	201106	3340.00	6.93	8.05	84.95	51.60
UCO Bank	201103	84.75	3.54	14.45	10	5.87	201106	9388.60	14.96	5.66	152.35	84.50
State Bank Of Bikaner & Jaipur	201103	479.30	3.42	110.18	10	4.35	201106	5757.80	82.25	5.83	781.62	415.89
Indian Bank	201103	225.50	3.33	39.88	10	5.79	201106	17528.56	40.79	5.53	316.50	197.00
Peninsula Land Ltd.	201103	51.75	3.29	8.80	2	5.88	201106	2457.70	6.21	8.34	71.50	42.60
Bharat Bijlee Ltd.	201103	792.40	3.15	130.10	10	6.09	201106	951.60	168.38	4.71	1249.90	735.65
Piramal Healthcare Ltd.	201103	381.75	3.14	768.13	2	0.50	201103	128969.10	768.06	0.50	560.00	354.00
Syndicate Bank	201103	119.75	3.09	18.28	10	6.55	201106	11254.90	19.63	6.10	164.20	98.05

Company Name	Year End	Price (29/07) Rs.	EPS	FV	PE
GMR Infrastructure Ltd.	201003	30.65	0.04	1	835.15
Jet Airways (India) Ltd.	201103	446.30	1.12	10	397.63
ABB Ltd.	201012	867.60	2.98	2	290.77
Indiabulls Real Estate Ltd.	201003	99.60	0.56	2	256.59
Sunteck Realty Ltd.	201003	291.50	1.15	2	253.55
Adani Enterprises Ltd.	201103	586.10	2.45	1	239.53
Punj Lloyd Ltd.	201103	70.35	0.37	2	188.66
Fortis Healthcare (India) Ltd.	201003	166.75	0.96	10	173.99
JM Financial Ltd.	201103	21.70	0.13	1	161.99
Kwality Dairy (India) Ltd.	201003	153.00	0.99	1	155.16
Hindustan Copper Ltd.	201003	253.90	1.67	5	151.86
United Breweries Ltd.	201003	497.80	4.04	1	133.42
Mercator Lines Ltd.	201003	35.95	0.27	1	132.66
Delta Corp Ltd	201003	105.85	0.88	1	129.35
Religare Enterprises Ltd	201003	465.70	4.34	10	117.45
IRB Infrastructure Developers Ltd	201003	174.00	1.68	10	103.57
Reliance Power Ltd	201003	111.70	1.14	10	97.98
Indiabulls Power Ltd.	201003	17.10	0.19	10	91.62
Asahi India Glass Ltd.	201103	82.10	0.95	1	86.65
Aptech Ltd.	201103	139.10	1.62	10	86.01
EIH Ltd.	201103	96.05	1.13	2	85.06
Tata Teleservices (Maharashtra) Ltd.	201103	22.10	0.26	10	84.03
Gammon Infrastructure Projects Ltd	201003	15.73	0.19	2	81.46
Jubilant FoodWorks Ltd.	201103	852.50	11.16	10	76.41
Entertainment Network (India) Ltd.	201003	262.75	3.75	10	70.10
MVL Ltd.	201012	24.35	0.35	1	68.67
Future Capital Holdings Ltd	201003	186.10	2.73	10	68.27
Karuturi Global Ltd	201003	11.65	0.18	1	64.94
Bombay Dyeing & Manufacturing Co Ltd.	201103	343.55	5.22	10	64.86
Coal India Ltd.	201003	387.95	5.98	10	64.83
Essar Ports Ltd.	201003	92.15	1.46	10	63.05
Emami Ltd.	201103	493.70	8.29	1	59.57
EID-Parry (India) Ltd.	201103	268.95	4.58	1	58.77
Trent Ltd.	201103	1209.35	21.46	10	56.38
Arshiya International Ltd.	201003	141.50	2.62	2	53.98
Gillette India Ltd.	201006	2262.00	42.07	10	53.76
Hindustan Oil Exploration Company Ltd.	201003	170.25	3.19	10	53.41
Development Credit Bank Ltd.	201103	56.80	1.07	10	53.06

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

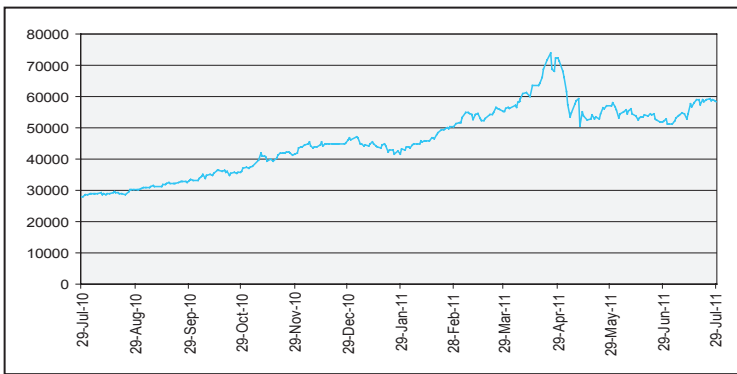
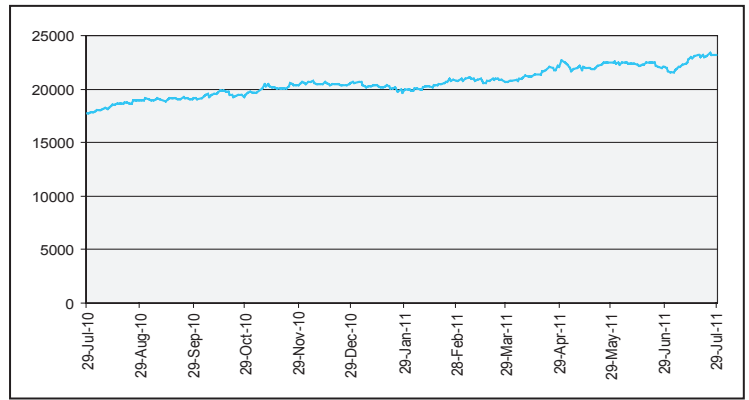
Company Name	Year End	Price (29/07) Rs.	EPS	FV	PE
Piramal Healthcare Ltd.	201103	381.75	768.13	2	0.50
Allied Digital Services Ltd.	201003	44.15	20.79	5	2.12
Bharati Shipyard Ltd.	201003	128.20	47.99	10	2.67
Jindal Poly Films Ltd.	201003	259.55	90.52	10	2.87
Vardhman Textiles Ltd.	201103	215.30	73.79	10	2.92
Prakash Industries Ltd.	201003	66.45	21.87	10	3.04
Marg Ltd.	201003	91.70	29.22	10	3.14
Bartronics India Ltd.	201003	60.80	19.10	10	3.18
Sasken Communication Technologies Ltd.	201103	116.20	34.25	10	3.39
Geodesic Ltd.	201003	64.70	18.96	2	3.41
KS Oils Ltd.	201003	18.75	5.49	1	3.42
ICSA (India) Ltd.	201103	91.65	26.31	2	3.48
SRF Ltd.	201103	317.75	79.90	10	3.98
Central Bank Of India	201103	116.35	30.99	10	4.13
Punjab & Sind Bank	201103	95.75	23.59	10	4.17
PSL Ltd.	201003	70.90	16.52	10	4.28
State Bank Of Bikaner & Jaipur	201103	479.30	110.18	10	4.35
Great Offshore Ltd.	201003	214.00	46.90	10	4.56
GTL Ltd.	201003	74.85	16.37	10	4.57
Dena Bank	201103	84.75	18.35	10	4.62
Indiabulls Securities Ltd	201003	12.58	2.66	2	4.74
State Bank Of Travancore	201103	697.90	145.55	10	4.80
JSL Stainless Ltd.	201003	100.50	20.39	2	4.93
IFCI Ltd.	201003	45.05	9.08	10	4.96
Canara Bank	201103	460.60	90.88	10	5.07
Rolta India Ltd.	201006	116.05	22.36	10	5.19
ARSS Infrastructure Projects Ltd.	201103	397.20	75.57	10	5.26
Corporation Bank	201103	501.85	95.41	10	5.26
Chennai Petroleum Corporation. Ltd.	201003	219.45	40.51	10	5.42
Ess Dee Aluminium Ltd.	201003	365.15	65.38	10	5.58
State Bank Of Mysore	201103	602.35	106.97	10	5.63
Subex Ltd	201103	58.25	10.32	10	5.65
Welspun Corp Ltd.	201003	149.70	26.44	5	5.66
Nava Bharat Ventures Ltd.	201103	229.45	39.90	2	5.73
Indian Bank	201103	225.50	39.88	10	5.79
Jindal Saw Ltd.	201003	152.65	26.43	2	5.85
Orbit Corporation Ltd.	201103	38.85	6.62	10	5.87
UCO Bank	201103	84.75	14.45	10	5.87

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

FV Latest Face values of equity Shares (Rs)

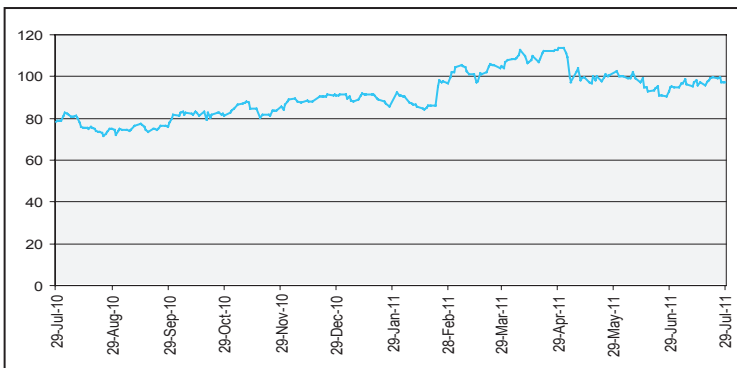
PE Market Price / Trailing Twelve Months Earning Per Shares

Date	Price Rs.
29-Jul-11	23186.00
29-Jun-11	22032.50
30-May-11	22523.00
29-Apr-11	22121.25
29-Mar-11	20645.00
28-Feb-11	20800.00
29-Jan-11	20000.00
29-Dec-10	20614.15
29-Nov-10	20331.75
29-Oct-10	19461.25
29-Sep-10	19180.00
30-Aug-10	18925.00
29-Jul-10	17750.00



Date	Price Rs.
29-Jul-11	58487.65
29-Jun-11	52200.00
30-May-11	57200.00
29-Apr-11	72300.00
29-Mar-11	55150.00
28-Feb-11	50300.00
29-Jan-11	43164.00
29-Dec-10	46125.00
29-Nov-10	41491.00
29-Oct-10	36085.50
29-Sep-10	33303.60
30-Aug-10	30368.25
29-Jul-10	28215.00

Date	Price Rs
29-Jul-11	44.11
29-Jun-11	44.79
29-May-11	45.18
29-Apr-11	44.25
29-Mar-11	44.71
28-Feb-11	45.20
30-Jan-11	45.83
29-Dec-10	44.90
29-Nov-10	45.91
29-Oct-10	44.35
29-Sep-10	44.84
29-Aug-10	46.86
29-Jul-10	46.55



Date	Price \$
29-Jul-11	95.70
29-Jun-11	94.77
27-May-11	100.59
29-Apr-11	113.93
29-Mar-11	104.79
28-Feb-11	96.97
31-Jan-11	92.19
29-Dec-10	91.12
29-Nov-10	85.73
29-Oct-10	81.43
29-Sep-10	77.86
29-Aug-10	75.17
29-Jul-10	78.36

Reliance Banking (G)

Reliance Banking (Growth) is Reliance Capital Asset Management, managed open-ended Equity - Equity - Banks & Fin Services scheme.

The fund was launched on May 28, 2003 and its fund managers are Sunil Singhania , Shrey Loonkar.

The benchmark index of the fund is CNX Bank and the custodian of the fund is Deutsche Bank A.G.

The current net asset value (NAV) of the fund as on July 29, 2011 was Rs 101.13; while the 52 week high NAV was Rs 126.59 on November 8, 2010 and the 52 week low NAV for the scheme was Rs 91.64 on July 13, 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 generate continuous returns by actively investing in equity and equity-related or fixed-income securities of Banks.

The top five holdings of the fund are:

Company	ICICI Bank	SBI	BoB	HDFC Bank	Federal Bank
% Holding	15.59	13.93	7.81	7.68	6.20

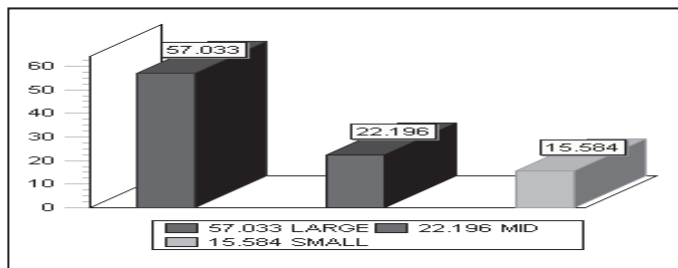
As far as market capitalization-wise companies are concerned, the scheme's portfolio consists of 80.58% from Large-cap and 8.39% from Mid Cap stocks.

The fund has given a return of 32.71% since inception and a return of 7.42% in last one year, while the category average in the same period has been 19.70% and 5.91% respectively.

Outlook

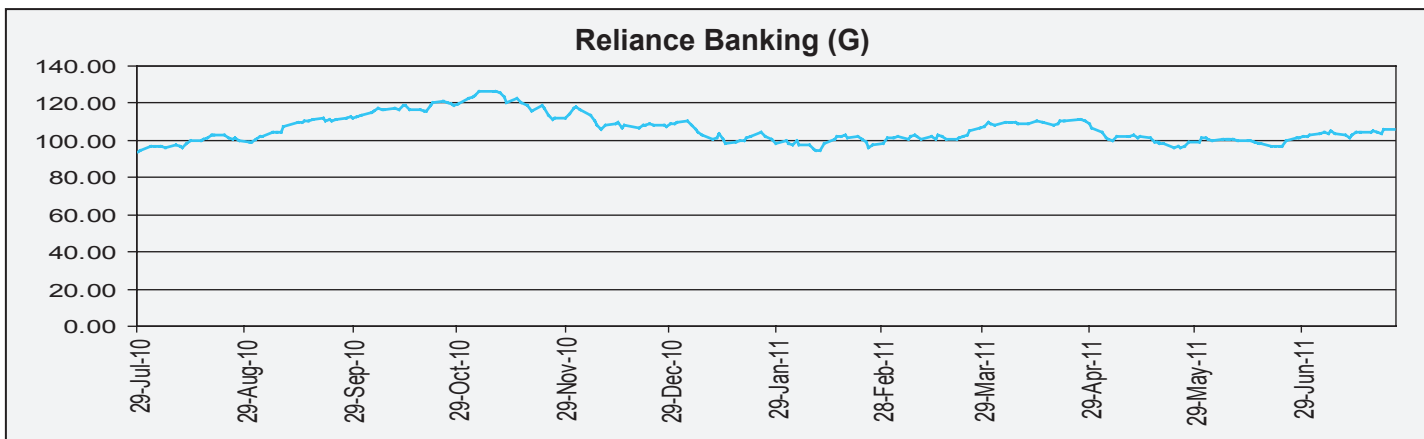
Reliance Pharma (Growth) is Reliance Capital Asset Management, managed open-ended Equity - Pharma

Fund allocation



Market cap-wise Allocation Style	
Average Mkt Cap (Rs Cr)	10631.01
Market Capitalization	% of Portfolio
Large	57.03
Mid	22.20
Small	15.58
Note: Large-Cap = 5000 Crs. and above, Mid-Cap = 2000 Crs. to 5000 Crs. and Small-Cap = less than 2000 Crs	

& HC scheme, being managed by Sailesh Raj Bhan. It is a dynamic asset allocation sector fund which aims to generate consistent returns by investing in all important segments of the pharmaceutical industry. The Indian pharmaceutical industry is relatively nascent at \$4 billion compared to the global \$ 400 billion, but has huge robust growth prospects primarily due to lack of state of the art healthcare infrastructure which will drive domestic sales, and the huge potential in the overseas generics market. Indian companies possess advanced chemistry skills, and low cost manufacturing capabilities. Further, they have been honing their legal skills and upgrading their processes and facilities by adapting state of the art technologies. Reliance Pharma scheme is one of the best performers in its sector and aims to invest in any company that caters to any segment of the pharmaceutical chain. With a wider prospect of the industry the fund is likely perform well in the future too.



Last one year NAV Graph

Duration	1 Week %	1 Mth %	3 Mth %	6 Mth %	1 Year %	3 Year %	5 Year %	Since Inc. %
Scheme Return %	-4.22	-0.88	-5.33	2.72	7.42	30.24	30.06	32.71
Category Avg %	-3.68	-0.94	-4.12	3.74	5.91	26.82	27.22	19.70

Returns As on July 29th, 2011

Fund	AUM Rs.Crore June 2011	NAV Rs 29/07/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Equity - Diversifited										
Birla SL India Opportunities(G)	47.88	50.78	-2.21	-7.42	-5.79	14.43	4.96	21.61	10.40	02-Mar-95
DSPBR Opp-Reg(G)	746.06	85.19	-0.53	0.38	1.68	16.42	14.67	29.33	21.06	16-May-00
DSPBR India T.I.G.E.R-Reg(G)	2179.67	43.25	-1.56	-2.35	-9.32	5.28	12.83	-	22.78	11-Jun-04
Fidelity Equity(G)	3302.23	35.13	-0.99	1.80	2.60	19.09	17.91	-	22.44	16-May-05
ICICI Pru Dynamic(G)	3814.40	106.65	-1.01	1.98	5.10	19.61	17.61	-	31.07	31-Oct-02
Kotak Opportunities(G)	929.82	45.11	-0.51	1.20	-0.66	12.27	15.22	-	24.45	09-Sep-04
SBI Magnum Contra(G)	3139.54	54.16	-1.60	-0.22	-5.41	7.21	13.67	-	21.16	06-May-05
SBI Magnum Multicap(G)	489.26	17.02	-1.56	-1.85	-6.38	6.84	7.00	-	9.49	16-Sep-05
Reliance Equity Oppor-Ret(G)	3031.93	36.61	0.07	5.98	6.41	30.40	18.10	-	22.75	31-Mar-05
Reliance Vision-Ret(G)	2796.48	267.06	-0.68	1.94	-0.45	13.73	14.13	35.06	23.08	08-Oct-95
Sundaram S.M.I.L.E Fund(G)	598.95	31.24	3.33	0.25	-7.74	12.79	16.37	-	19.31	15-Feb-05
Equity - ELSS										
Birla SL Tax Relief '96(G)	1491.87	10.89	-0.55	-1.27	-5.88	10.99	-	-	2.92	10-Mar-08
SBI Magnum TaxGain'93(G)	5224.14	59.04	0.15	1.18	-1.94	10.47	-	-	6.56	07-May-07
ICICI Pru Tax Plan(G)	1323.19	141.06	-0.06	2.63	3.52	22.99	13.76	30.59	24.79	19-Aug-99
DSPBR Tax Saver(G)	844.59	16.61	-0.66	0.13	-2.43	16.25	-	-	11.86	18-Jan-07
HDFC TaxSaver(G)	3113.95	233.49	-0.52	2.71	4.12	21.38	15.43	31.40	31.32	31-Mar-96
Reliance Tax Saver (ELSS)(G)	2127.73	21.26	1.25	6.65	3.74	19.28	14.59	-	13.75	22-Sep-05
Sundaram Tax Saver(G)	1472.04	42.23	0.42	-1.65	-3.05	8.42	15.71	-	20.47	02-May-05
Franklin India Taxshield(G)	826.92	211.79	-0.12	5.50	8.31	19.33	15.64	26.51	28.15	10-Apr-99
Equity - Large Cap										
Birla SL Frontline Equity(G)	2908.97	86.63	-1.66	0.78	1.93	14.25	17.85	-	27.62	23-Sep-02
Birla SL Dividend Yield Plus(G)	882.50	85.97	0.76	5.06	4.52	24.06	19.70	-	29.09	26-Feb-03
DSPBR Top 100 Equity-Reg(G)	2977.34	98.65	-2.34	0.85	4.19	12.89	17.62	-	31.36	10-Mar-03
DSPBR Equity-Reg(G)	2515.94	16.49	0.26	2.86	3.79	18.58	-	-	12.83	07-Jun-07
HDFC Growth(G)	1303.45	85.93	-1.77	1.40	3.70	19.20	18.38	28.84	21.85	11-Sep-00
HDFC Top 200(G)	10507.61	208.58	-1.25	1.77	4.27	16.89	19.18	31.97	22.60	03-Sep-96
Kotak 50(G)	863.31	101.96	-1.09	2.68	1.73	12.59	13.97	-	28.70	05-Feb-03
SBI Magnum Equity(G)	440.76	43.27	-0.46	2.22	2.44	13.65	-	-	10.34	24-Nov-06
Reliance Growth-Ret(G)	6957.75	449.25	0.37	-0.75	-3.55	13.92	18.52	37.68	26.91	08-Oct-95
Equity - Mid Cap										
Birla SL Midcap(G)	1624.03	108.49	1.74	4.42	-2.32	16.42	17.44	-	31.16	16-Oct-02
ICICI Pru Discovery(G)	1767.05	48.89	0.72	3.14	3.87	25.62	17.21	-	25.64	16-Aug-04
Sundaram Select Midcap(G)	2190.78	158.21	3.84	9.77	7.64	23.63	16.88	-	35.76	19-Jul-02
Reliance Reg Savings-Equity(G)	3332.17	30.07	0.50	-0.11	-1.18	15.41	21.44	-	19.65	10-Jun-05
Franklin India Prima(G)	828.47	272.57	-0.43	5.45	-0.14	18.71	11.30	32.72	20.57	01-Dec-93
Kotak Midcap(G)	306.86	25.66	2.18	7.14	1.05	22.43	11.14	-	15.79	24-Feb-05
Equity - Pharma										
Franklin Pharma(G)	151.01	65.73	1.17	5.63	14.08	40.86	22.34	23.32	16.49	31-Mar-99
Reliance Pharma(G)	583.26	59.02	1.37	9.05	13.24	44.73	30.50	-	28.22	08-Jun-04

Returns As on July 29th, 2011

Fund	AUM Rs.Crore June 2011	NAV Rs 29/07/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Finance Sector										
ICICI Pru Banking & Fin Serv-Ret(G)	150.66	18.24	-0.71	5.19	6.42	22.93		-	22.73	22-Aug-08
Reliance Banking(G)	1785.29	101.13	-0.88	2.72	7.42	28.66	30.06	-	32.71	28-May-03
Sundaram-Select Thematic Funds- Fin Serv Oppor(G)	263.47	19.51	-0.88	3.05	4.27	21.69		-	23.76	10-Jun-08
Commodities - Gold										
DSPBR World Gold-Reg(G)	1062.69	18.30	6.22	4.23	18.21	20.02		-	16.88	14-Sep-07
Kotak GOLD ETF	455.80	2246.65	5.12	17.47	29.17	24.03		-	26.34	27-Jul-07
Reliance Gold ETF	1134.66	2186.61	5.10	17.51	29.23	24.04		-	22.78	22-Nov-07
Fund	AUM Rs.Crore June 2011	NAV Rs 29/07/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	3 Years	5 Years		
Balanced - Equity Oriented										
HDFC Balanced(G)	282.32	58.02	1.07	10.16	11.39	24.21	21.07	16.91	17.53	11-Sep-00
HDFC Prudence(G)	6131.13	217.77	0.60	5.46	7.67	23.32	24.09	19.47	19.25	1-Feb-94
Birla SL '95(G)	420.55	310.70	-1.01	2.54	3.70	15.39	19.03	17.29	23.22	17-Feb-95
Balanced - Debt Oriented										
Reliance Reg Savings-Balanced(G)	828.85	22.17	0.12	1.24	1.54	14.88	20.09	15.22	13.85	10-Jun-05
HDFC Children's Gift - Investment	288.14	45.20	1.25	12.80	17.88	28.26	21.64	16.22	15.59	2-Mar-01
ICICI Pru Child Care Plan-Gift Plan	167.74	57.71	3.63	6.48	-2.47	20.22	12.37	12.72	19.34	31-Aug-01
Fund	AUM Rs.Crore June 2011	NAV Rs 29/07/11	Absolute %			CAGR %			Since Launch	Launch Date
			1 Month	3 Months	6 Months	1 Years	3 Years	5 Years		
Liquid Funds										
Birla SL Cash Plus-Ret(G)	19776.19	26.61	0.67	2.08	4.09	7.23	5.96	6.72	7.17	16-Jun-97
HDFC Cash Mgmt-Savings(G)	4809.49	21.07	0.72	2.15	4.30	7.73	6.63	7.21	6.55	03-Jan-00
Reliance Liquid-Treasury-Ret(G)	3897.72	24.07	0.69	2.09	4.17	7.41	6.40	6.89	6.80	23-Mar-98
Reliance Liquid-Cash(G)	5516.78	16.35	0.73	2.18	4.33	7.57	5.11	5.49	5.23	07-Dec-01
Templeton India CMA(G)	439.66	17.00	0.50	1.55	3.24	5.81	4.63	5.41	5.30	23-Apr-01
UTI Money Market(G)	1623.89	2798.57	0.68	2.03	4.02	7.30	6.40	6.90	7.48	23-Apr-97
SBI Magnum InstaCash-Cash(G)	3207.46	22.38	0.71	2.12	4.16	7.70	6.34	6.90	6.82	19-May-99
Monthly Income Plans										
Birla SL MIP II-Savings 5(G)	580.66	18.02	0.93	2.20	4.21	6.99	10.95	10.15	8.54	22-May-04
Birla SL Monthly Income(G)	651.95	37.42	0.79	1.68	4.07	6.44	11.40	9.89	11.65	10-Aug-99
Reliance MIP(G)	7565.03	22.05	0.64	0.94	3.68	5.58	15.25	11.72	11.02	13-Jan-04
HDFC MIP-LTP(G)	9778.89	23.48	0.52	1.26	4.15	6.90	14.50	11.69	11.90	26-Dec-03
ICICI Pru MIP 25(G)	837.29	19.93	0.93	1.97	4.32	6.20	10.64	8.84	9.86	30-Mar-04
SBI Magnum MIP(G)	380.19	20.40	0.51	0.88	2.69	4.08	4.91	5.05	7.13	23-Mar-01
UTI MIS(G)	664.95	20.16	0.69	1.43	3.42	5.73	10.15	9.07	8.29	11-Oct-02

Overview:

In the US, ongoing negotiations to come to an agreement regarding how to avoid defaulting on its loan obligations before the approaching August 2nd deadline seem to be making some slow progress. The financial situation in the United States has become increasingly bleak, with many wondering if the world's largest economy can avoid a debt crisis with dire financial implications. The total public debt of United States, which is a measure of the obligations of the US federal government, was \$14.46 trillion and was approximately 98.6% of calendar year 2010's annual gross domestic product (GDP) of \$14.66 trillion, as of June 29, 2011. The US Treasury is yet to face a situation in which it was unable to pay its obligations as a result of reaching the debt limit. In the past, the debt limit has always been raised before the debt reached the limit. However, on several occasions Treasury took extraordinary actions to avoid reaching the limit and, as a result, affected the operations of certain programs. If the Secretary of the Treasury determines that the issuance of obligations of the United States may not be made without exceeding the public debt limit, Treasury can make use of "extraordinary measures." Some of these measures require the Treasury Secretary to authorize a debt issuance suspension period. However, if these financing options are also exhausted and Treasury is no longer able to pay the bills, serious financial and economic implications could result that could have a lasting impact on federal programs and the U.S.'s ability to borrow in the future.

If the debt limit is reached and Treasury is no longer able to issue federal debt, federal spending would have to be decreased or federal revenues would have to be increased by a corresponding amount to cover the gap in what cannot be borrowed. To put this into context, the federal government would have to eliminate all spending on discretionary programs, cut nearly 70% of outlays for mandatory programs, increase revenue collection by nearly two-thirds, or take some combination of those actions in the second half of FY2011 (April through September 30, 2011) in order to avoid increasing the debt limit. Additional spending cuts and/or revenue increases would be required, under current policy, in FY2012 and beyond to avoid increasing the debt limit.

Background:

Total federal debt also known as gross debt is the amount of the federal government's outstanding debt issued by the Treasury and other federal government agencies.

Gross debt consists of two components: (1) debt held by the public and (2) debt held by government accounts (also known as intra-governmental debt holdings), such as the Social Security and Medicare trust funds. Debt held by the public is the value of all federal securities sold to the public, i.e., investors outside of the federal government. When the government's spending exceeds its revenue, it must borrow to finance the difference. Thus, debt held by the public essentially represents the amount the federal government has borrowed to finance cumulative cash deficits. This debt is owed to a wide variety of investors, including international investors, domestic private investors, the Federal Reserve, and state and local governments. Debt held by government accounts represents balances in the federal government's accounts—primarily trust funds—that accumulate surpluses. Trust funds are accounting mechanisms used to link earmarked receipts with the expenditures of those receipts. Trust funds for Social Security, Medicare, Military Retirement and Health Care, and Civil Service Retirement and Disability account for almost all of the total debt held by government accounts.

The background of American debt crisis reveals that large inflows of foreign funds along with low interest rates had generated easy credit conditions for a number of years earlier to the crisis. This encouraged debt-financed consumption, while bringing a boom in housing construction. Loans of various types were easily available to get. Such financial innovations led to the institutions and investors around the globe to invest in the US housing market. The disintegration of the global housing bubble, which hit the highest point in the US in 2006, pummeled the values of securities tied to real estate, thus damaging financial institutions globally. With constant decline in credit availability, there were important questions regarding bank solvency. Late 2008 and early 2009 saw large losses in securities. International trade declined as credit tightened, while eroding the financial strength of banking institution. Governments and central banks countered the problem with unique fiscal stimulus, monetary policy expansion, and institutional bailouts. Therefore, a slew of factors like expansion of the housing bubble, uncomplicated credit conditions, Sub-prime lending, over-leveraging and inaccurate pricing of risk led to this burgeoning debt balloon. Policymakers not only failed to figure out the adverse implications and loop holes in their financial policies but also failed to notice the increasingly important role of financial institutions.

Ballooning Sovereign debt:

Government debt is an accumulation of budget deficits. Year after year, the US government cut taxes and increased spending. In the short run, the economy and voters benefited from deficit spending. Usually, however, holders of the debt want larger interest payments to compensate for what they perceive as an increasing risk that they won't be repaid. This added interest payment expense usually forces a government to keep debt within reasonable limits. The recent increase in US sovereign debt has been the result of an imbalance between federal revenues and spending that predates the recession and the recent turmoil in financial markets, sharply lower revenues and elevated spending that derive directly from those economic conditions, and the costs of various federal policies implemented in response to the conditions.

Debt Limit:

The debt limit is a cap that the United States Congress, the bicameral legislature of the federal government of the US, sets on the total amount of money the federal government can borrow. Thus, the debt limit is the total amount of money the US government is authorized to borrow to meet its existing legal obligations, including Social Security and Medicare benefits, military salaries, interest on the national debt, tax refunds and other payments. The first debt limit was set in 1917 when Treasury, on behalf of the federal government, was borrowing to finance the First World War. Up until this time, Treasury had to obtain the permission of Congress each time it wanted to issue different types of debt instruments. The 1917 legislation gave the department greater discretion to issue bonds on behalf of the federal government without needing to obtain the permission of Congress each time it chose to do so. But to maintain some degree of oversight, Congress placed limits on the total amount the Treasury could borrow without requiring additional authorization from Congress. This debt limit exists to till date.

Since 1962, the debt limit has been increased 74 times by Congress, and 10 of those increases have taken place in the past 10 years-with the debt limit increasing from \$5.95 trillion in 2000 at the end of the Clinton presidency to the present level of \$14.29 trillion. During President Bush's full eight-year term, the national debt increased by about \$4.96 trillion to a total of about \$10.6 trillion a 75% increase over that period. This was due to weak economic growth, a decline in tax revenue following the 2001 and 2003 Bush tax cuts, and increased spending associated

with the wars in Iraq and Afghanistan and the passage of a new prescription drug benefit program. The national debt then increased under President Obama by approximately \$3.5 trillion as his administration inherited the costs of rescuing the US financial system and fought to prevent a second Great Depression upon taking office.

Current Scenario:

Currently, the US faces its own "stress test" -- a test of confidence in the world's largest economy and the possibility of another financial tsunami. Though the chance of default is low, it already has a price.

The US Treasury Department says the debt limit doesn't authorize new spending commitments. It simply allows the government to finance existing legal obligations that Congress and presidents of both parties have made in the past. The US borrowing limit, currently at \$14.29 trillion, was reached on May 15. The Treasury Department said the United States would default without an agreement to lift the limit by August 2. However, since the debt limit is in close relation with future government spending, it has been used by the opposition party to the president as a weapon to restrict the power of the administration. In a year ahead of a presidential election, this issue is highly politicized. President Barack Obama wants to raise the debt limit by enough to avoid another politically painful vote before his November 2012 re-election bid, while Republicans would rather leave it as a stumbling block. That is why the two parties have been fighting a tug of war over the past months and the stalemate over raising debt ceiling continues.

Threat to lose the coveted AAA rating:

Given the rapid deterioration in US' finances and the spreading threat to sovereign debt overseas, the downgrade of the US credit rating is long overdue. The United States may lose its top-notch credit rating in the next few weeks if lawmakers fail to increase the country's legal borrowing limit and the government misses debt payments. Moody's Investors Service has put the US under review for a credit rating downgrade as talks to raise the government's \$14.3 trillion debt limit stalled, adding to concern that political gridlock will lead to a default. The AAA ratings of financial institutions directly linked to the US government, including Fannie Mae, Freddie Mac, the Federal Home Loan Banks, and the Federal Farm Credit Banks, were also put on review for cuts. Another premier credit rating agency S&P has also placed US ratings on credit watch negative. Most recently, the third major bond

rating agency Fitch Ratings joined the chorus warning that the US is in danger of losing its AAA credit rating. Fitch Ratings said it was placing US in the "ratings watch negative" category, which may lead to a downgrade in three to six months. That downgrade will come, the agency said, if the Treasury fails to pay bondholders on August 4 as promised. The agency however said that it still expects the US to reach a deal to prevent that occurrence. An agreement on a credible fiscal consolidation strategy will secure the US' AAA status, however, failure to do so will inevitably weaken the sovereign credit profile and may result in a sovereign rating downgrade.

Possible Outcomes:

August 2nd is fast approaching, and as it does the pressure is on the US government to find a way to deal with their staggering debt. However, the chances that they will default are looking pretty grim, particularly because of the back-and-forth battle between president Obama and Congress, which in reality can be more clearly defined as a battle between the Democrats and the Republicans, respectively.

If Republicans and Obama cannot strike a deal to raise debt ceiling by Aug 2

Failing to increase the debt limit would have catastrophic economic consequences. It would cause the government to default on its legal obligations -- an unprecedented event in American history. That may precipitate another financial crisis, threaten the jobs and savings of everyday Americans, and put the United States, recovering from the recent recession, right back in a deep economic hole. The US government borrows about 40 cents of every dollar it spends. As a result, not raising the debt ceiling would force the government to prioritize certain programs over others since the \$2.2 trillion of revenues the Treasury Department took in this year falls well short of the \$3.8 trillion that Congress has ordered the administration to spend. If US is unable to make up the difference, everything the country does to protect its national security and guarantee the welfare of their veterans-from paying service members' salaries to maintaining equipment to funding veterans' hospitals-would be put at risk. If the federal government can't reach a deal then, \$4 billion-plus a day will come out of the economy. Government and civilian military workers will be laid off temporarily. That will result in penalties for late payment, to be paid by taxpayers. Social security payments will be delayed. It will be negative for the stock and bond markets and the economy. Interest rates will rise.

For every 1% rise in interest rates, taxpayers will be on the hook for an additional \$150 billion in debt payments.

Thus it is in the interest of the US economy to strike a deal to raise the debt limit by the August 2 deadline, as missing or delaying payments on various obligations, including those to businesses for goods and services and bond payments to investors, would result in a massive and abrupt cut in federal spending and aggregate demand.

Rare Possibility:

There are also some rare opinions that even if Republicans and US President Barack Obama cannot strike a deal to raise the debt ceiling by August 2, the United States still doesn't have to default on its debt and the Social Security and Medicare checks can go out. Even as the government cannot borrow additional money, it still has tax revenues equal to about 55% of expenses -- \$2.2 trillion against expenses equal to about \$3.8 trillion for a \$1.6 trillion deficit. With those tax revenues, Washington can fund interest on the national debt, Social Security, Medical aid and crucial national defense responsibilities. With the interest on the debt honored, the government can sell new bonds to replace bonds that come due without piercing the statutory debt limit. Interest, benefits to seniors and defense would absorb virtually all tax revenues. It would appear the other functions of government would have to shut down but the Obama administration has other options. Often overlooked, the U.S. Treasury can print money to pay its bills. Before one gasp that Washington would be flooding the world with greenbacks, it doesn't have to be. The Federal Reserve holds on its balance sheet about \$2.6 trillion in securities, mostly Treasury bonds, which it could sell to absorb the money the Treasury prints to pay its bills. At \$1.6 trillion a year, that could keep the government running past the next election.

To sum up:

Republicans and Democrats in Congress must come together to raise the debt limit. But it is important not only that the debt ceiling is raised, but that it is raised with broad bipartisan support that will send an important signal to the financial markets that both political parties are still able to work together to ensure that the United States is one of the most stable and secure destinations in which to invest. More importantly, a bipartisan decision to increase US' debt limit will prove that the US government is capable of charting a clear path to deficit reduction and a balanced budget over time.

Draft Bill of new MMDR and the discontent among the miners

India is endowed with significant volume of mineral deposits and produces 86 minerals, which include 4 fuel minerals, 10 metallic, 46 non-metallic, 3 atomic and 23 minor minerals (including building and other materials). Minerals are valuable natural resources and are not renewable; therefore, utilization of minerals combines the present and future demands. Minerals are vital raw material for infrastructure, capital goods and basic industries. The needs of these industries keep changing with the changing global economic scenario, thus there is need to revamp MMDR. The private entities have marked their entry in this sector in the recent years, however, firms like POSCO and Rio Tinto are struggling to begin their projects. The state-run firms lack funds and expertise to probe deeper than 50-meters where reserves are found.

Our country's major mineral resources are located in forest areas. Thus, exploration of mines leads to various issues like environmental hazards, displacement and compensation of tribal population residing in those areas. However, these mineral resources are very much needed for country's economic development.

Foreign Direct Investment (FDI)

Mining sector in India attracts the maximum FDI. The FDI policy in the mining sector has been gradually liberalized over the last few years. FDI cap for exploration and mining of diamonds and precious stones have been increased to 100% under the automatic route with effect from 10th February, 2006. FDI in the India's mining sector amounted to just \$6.62 million in 2006-07, \$444.26 million in 2007-08, \$34.22 million in 2008-09 and \$86.63 million in the first half of 2009-10. African company - POSCO's investment of \$12 billion is believed to be second largest FDI in country after Reliance-BP deal. To increase FDI, the government through Ministry of Mines has been interacting with Namibia, Argentina, the Prospectors and Developers Association of Canada, Western Australia, Canada, Chile, South Africa, Iran, Thailand, etc, through diplomatic channels, entering into MoUs.

Exports

India exports Diamond (mostly cut), iron ore, granite, Zinc ore and concentrate, chromite, Bauxite, and alumina. Building and monumental stones, emerald, coal (including lignite), marble, etc. are the other important minerals exported. However, allowing these exports is very dangerous for India's present and future mineral requirement. As already

stated most of the reserves are located in forest areas and mining for fulfilling other countries needs exploits not only the mineral reserves but also destroys environment. It also risks India's future strategic requirements.

MMDR

The Mines and Mineral Development and Regulation (MMDR) outlines the procedures and conditions for obtaining a reconnaissance permit, Prospecting License or Mining Lease.

Draft Bill of new MMDR

The group of ministers (GoM), headed by finance minister Pranab Mukherjee, approved the draft Bill obligating coal companies to fork out 26% profit to the local population. In case of other minerals, mining companies, they will be required to share with the locals an amount equal to the royalty paid in the previous year. Also, as per new draft bill 100% of the royalty paid by major mineral mining companies will be utilized towards compensation for the people displaced due to project. Royalty is calculated as percentage of price and is paid to state government. Thus, the state government will lose this revenue. Also, the industry experts believe that it is difficult to calculate profits from mining as most of the companies have separate divisions. The bill is bid by government to ease the opposition from locals for land acquisition. In many cases, the local villagers initially give "No Objection" to the mining companies later resort strong resistance. Opposition to land acquisition has stalled several big-ticket projects including a \$12 billion steel venture by South Korea's Posco in eastern India. Thus, attractive compensation to the locals will forego any opposition or violence.

However, the proposed MMDR is receiving lot of criticism and protest from the companies affected. Although, there are very few chances of amendment in draft MMDR, industry experts and analyst are of view that new mining bill will strongly affect the profitability and investment in this sector. Impact of announcement of this draft was also seen on shares of mining companies on July 08, 2011. Scrips of major mining companies tumbled 5-10%. FICCI has said the imposition of additional burden on the mining and mineral sector under the proposed Mines and Minerals (Development and Regulation) Act would lead India to become the highest taxed country in the sector. As the effective tax rate will rise to over 60 per cent in case of coal and 55 per cent in case of iron ore after these new provisions are implemented. Contrasting to the government view some even are of the opinion that the move might not encourage foreign direct investment to come in the sector, which has not seen much flow since the opening up of the sector in the last decade.

India to turn self-sufficient in production of pulses in 3-4 years: Govt

The government has claimed that the country would turn fully self-sufficient in production of pulses in the next 3-4 years, and hence there won't be any need for imports of pulses thereafter. According to the 4th Advance Estimates of crop production for the year, released by the Agriculture Ministry the total pulses output for 2010-11 touched an all-time-high level of 18.09 million tonnes (mt), the number surpasses the previous record of 14.91 mt achieved in 2003-04.

The Agriculture Secretary, Mr P.K. Basu said that 'We can easily produce 20 mt of pulses by bringing in fallow land under cultivation and through inter-cropping. I don't think we have to import pulses after 3-4 years.'

In 2009-10, India imported nearly 3.7 mt of pulses valued at Rs 10,390 crore. Last fiscal, imports fell both in quantitative as well as value terms to 2.7 mt and Rs 7,386 crore. This came even as the country harvested record crops of gram, moong and urad. Besides pulses, the Agriculture Ministry has also revised upwards its 2010-11 production estimates to new highs for total foodgrains (now put at 241.56 mt), wheat (85.93 mt), coarse grains (42.22 mt), maize (21.28 mt), oilseeds (31.10 mt) and soyabean (12.66).

While the cotton output estimate has been lowered to 33.43 million bales from the 33.93 million bales in the 3rd and 2nd Advance Estimates. As per the 4th Advance Estimates production of most of key items such as wheat, coarse cereals, maize, pulses, oilseeds and cotton were all at record highs and the government is targeting foodgrain production of 245 million tonne during 2011-12.

India's agriculture production surges to 242 million tonne in 2010-11

The agriculture production of India showed record increase of around 11% during the 2010-11 agriculture season (July to June), the farm production increased from 218 million tonne in 2009-10 to 242 million in 2010-11. Foodgrains include, rice, wheat coarse cereals and pulses. In 2009-10 season, the farm production had reduced by almost 7% to 218 million tonne from 234 million tonne in 2008-09. However, sustaining the record output may be difficult this year because of the poor rainfall in July may affect sowing and eventually the output. In Mid-July, India received 3% below the normal rainfall with 13 meteorological departments reporting deficit in rainfall.

The 11% growth in agriculture production is due to increase in production of wheat, coarse cereals, maize and pulses.

The production of wheat was 86 million during 2010-11 from 81 million tonne in 2009-10, similarly, production of coarse cereals was 42.22 million tonnes, production of maize was 21.28 million tonnes, and production of pulses was 18.09 million tonne. Experts say that this record increase in farm production is due to central government's policies. The production of wheat, coarse cereals, maize and pulses hit the all time high level.

From the last few years government has increased the Minimum Support Prices for number of crops, which has allowed farmers to apply more inputs to their crops, which resulted in increase in the overall production. Government had increased MSP for pulses up to Rs 700 per quintal. For some pulses the support price is increased by more than 20%. The record increase in production of vegetable oilseeds also helped to reduce the import of vegetable oils about a million tonne. Last year country had imported around 9.2 million tonne of vegetable oils to meet the domestic demand.

Experts argue that government should allow exports of foodgrains so that farmer gets the higher prices. Earlier in this month, government removed the ban from exports of non basmati rice and wheat. Country had the stock of 64 million tonne of food grain which is above the shortage capacity. However, the decision on removing ban from exports of food grains had hampered the possibility of making higher profits in international markets.

Presently, India is in position to meet the domestic demand for the foodgrains, however, it has to increase the farm production to meet the future demand for foodgrains which is expected to be around 280 million tonne by 2020. The per capita consumption of cereals has declined; however, increase in population will require increase in production in absolute terms.

Government gives nod for 40,000 tonnes of natural rubber imports

Government has allowed imports of 40,000 tonnes of natural rubber at a concessional duty of 7.5 per cent for the current fiscal, similar to the one allowed last fiscal. The move follows demand from the user industry, particularly tyre manufacturers, to allow import of two lakh tonnes duty-free.

Last fiscal, the import duty regime was put in place in December for a similar quantity of 40,000 tonnes. Since April 1 this year, the Customs duty on natural rubber has been fixed at 20 per cent or Rs 20 a kg, whichever is lower.

However, the industry is not happy with the decision as only 40,000 tonnes of rubber has been allowed for import against a demand to permit two lakh tones. The industry

has been asking the Finance Ministry and Government of India for the removal of customs duty on rubber because of shortage of rubber in the country. The import will meet consumers' need for just 15 days, going by the consumption of 80,500 tonnes in June.

In the first quarter this fiscal, rubber imports almost doubled to 38,233 tonnes compared with 19,118 tonnes during the same period a year ago. Production in the first quarter was 1,75,700 tonnes, up 5.4 per cent over the same period last year. In comparison, consumption was 2.44 lakh tonnes, up nearly four per cent year-on-year.

Coffee Exports increases by 55% in June

India's coffee export for the month of July registered a growth of 55%, mainly due to robust demand from global market. As per the data released by the Coffee Board, country's coffee exports increased by to 40,000 tonnes from 25,710 tonnes in the same month last year. However, the growth in coffee export is quite low compared to first two months of current financial year. Coffee exports fell by over 100% compared to May and around 6% from April. The shipment of coffee in month of May stood at 80,376 tonnes and in April coffee exports was 42,611 tonnes.

On this moderation in coffee exports, All-India Coffee Exporter's Association President Ramesh Raja said 'The downturn (coffee exports) was expected. Coffee exports have been down due to low carry-overstock and a drop in global prices, as the new crop has started to hit the market.' The moderation in exports of coffee is expected in coming months, Ramesh Raja said, 'In the coming months, we expect the shipments of coffee to come down.'

Coffee exports grew in the January-May, 2011, period as India took advantage of global demand opportunities following production shortfalls in major growing countries Brazil and Columbia. During January to May 2011, India's coffee exports increased by 43% to 1,81,308 tonnes from 1,27,160 tonnes in the corresponding period of last year. Western countries are traditional market for India's coffee exports. India largely exports coffee to European countries like Italy, Germany, Belgium, the Russian Federation and Spain.

Tea production rises by 5% in the month of May

After showing a declining trend in the first four months of the year, tea production rose 5 per cent to 76.17 million kg (mkg) during May 2011 from 72.62 mkg in the same month last year, owing to higher output in Assam and West Bengal.

As per Tea Board data, production in North India (including

Assam and West Bengal) increased to 51.73 mkg from 47.4 mkg, but output fell in the southern part of the country to 24.43 mkg from 25.22 mkg. During January-May 2011, the production rose to 243.61 mkg from 234.93 mkg in the corresponding period of 2010.

Production in North India increased to 146.74 mkg in the first five months of this calendar year from 135.50 mkg in January-May 2010, but South India witnessed a decline in output to 96.87 mkg from 99.42 mkg. The exports too went up marginally to 11.3 mkg in May 2011 from 11.2 mkg in May 2010. However, exports during January-May period of 2011 fell to 62.28 mkg from 77.95 mkg in the corresponding period last year.

Production in Assam might have shown improvement in the month of May but experts are of the opinion that climatic changes in the Brahmaputra basin in near future may affect tea production in the region. Assam is the largest tea producing state of India and accounts for around 55 per cent of total tea produced in the country.

Duty-free import of sugar gets extension of two months

The government has extended duty-free import of sugar for two months till August-end amid inflationary pressure. The import duty on sugar will continue to remain nil till August 31, till the new crushing season starts in October. Earlier, faced with high food inflation, the government in January exempted sugar imports from Customs duty till March 31 and further extended till June 30. In April 2009, the government had abolished import duty on sugar, as domestic output had declined sharply to nearly 15 mt against the annual domestic demand of 23 mt.

Prior to the zero duty regime, sugar imports attracted 60 per cent duty. The food ministry has recommended aligning it to 15-20 per cent as against the high rate of 60 per cent. Though, a final decision will be taken by the finance ministry. It may decide to align the duty structure according to the recommendations of the food ministry.

Recently, Indian Sugar Mills Association (ISMA) had demanded that the duty-free regime on sugar import should end as "this is hurting market sentiments and sending wrong signals to the market about clarity of government policies and intentions". ISMA had stated that with surplus availability of sugar in India and exports taking place it doesn't make much economic sense to have a duty free regime for imports. The Indian Sugar Mills Association has reportedly pegged the production at 24.2 million tonnes (mt) in the current sugar year, as against 19 mt in the 2009-10 (October-September). The annual domestic demand stands at 22-22.5 mt.

Recently, the government has allowed for exports of an additional 5 lakh tonnes of the sugar, in April, the Government had allowed 5 lakh tonnes of sugar exports under Open General Licences (OGL). Meanwhile, in the latest development it was reported that the Indian white sugar to be exported under the government-sanctioned scheme was offered at up to \$670 a tonne free on board for prompt shipment, slightly cheaper than Thai sugar. India has approved around 30,000 tonnes of unrestricted sugar exports, kicking off overseas sales of a total 500,000 tonnes under its Open General Licence policy.

India's natural rubber production increases by 4% in June

Country's natural rubber production increased by 4% to 59,200 tonnes in June from 56,850 tonnes in June 2010, whereas consumption of natural rubber surged by 6% to 80,500 tonnes from 75,450 tonnes in the corresponding month of last year.

However, as per the data released by the Rubber Board, production of natural rubber reduced marginally on a month on month basis in June to 59,200 tonnes from 59,700 tonnes. Similarly, consumption also declined marginally to 80,500 tonnes from 81,000 tonnes.

However, exports of natural rubber showed robust growth in the month of June, it increased to 3,104 tonnes from 618 tonnes in the same month of last year. On month on month basis, exports of rubber increased 78%. In May, India had exported 1,742 tonnes of rubber.

Likewise, imports of rubber increase by 60% to 19,118 tonnes in June from 11,985 tonnes in the same month of last year. Whereas, on monthly basis imports increase by 16% in June. During May, India's rubber import was 16,293 tonnes. Stock of natural rubber increased by 37% to 2,47,442 in June 2011 from 1,80,697 tonnes in June 2010.

Government considering to allow export of 8 lakh bale of cotton

The Union Government is expected to allow additional export of 8 lakh bales of cotton, of the 8 lakh bales, 3 lakh bales are expected to be reserved for the Cotton Corporation of India and the rest 5 lakh bales would be lifted from private players. In order to control the domestic prices which are contributing to inflation, government is going slow on exports.

Cotton Association of India president Dhiren Sheth said, 'Prices will keep falling if further exports are now allowed. We are pushing for completely free export through open general license without quantitative restriction.

International prices are stable and give Indian exporters an edge." Last month, government had allowed the export of 10 lakh bales as compared to upper limit of 55 Bales for present season (October 2010 to September 2011). But the exporters are demanding additional exports of 10 to 20 lakh bales in the coming months. All India Ginners Association president Bharat Vala said, 'Only after the Cotton Association Board meeting scheduled on July 25, one would be able to know how many unsold bales are in the market and what the revised estimated crop size is. On the basis of this report, we expect the Group of Ministers meeting headed by Finance Minister Pranab Mukherjee to decide the quantity of export.'

In the meantime, Tirupur Exporters Association president A Sakthivel said that the industry has lost Rs 1,000 crore in apparel exports per quarter owing to the closure of over 730 bleaching and dyeing units in the textile hub. After the order of Madras High Court, from January these bleaching and dyeing units have been closed for polluting water bodies.

'Over one lakh workers both directly and indirectly employed by the apparel industry are jobless. About 70% of the industries are outsourcing the job work to Ludhiana, Ahmedabad, Mysore, Kolkata and Mumbai but we still predict a production and export loss of 30% to 35%.' Sakthivel said whereas adding further he said that yarn worth Rs 700 crore has been lying unused in spinning mills with garment manufacturers reducing their manufacturing capacities.

Cooperative sugar mills want permission of 5 lt additional sugar exports

Cooperative sugar mills have asked the Food Ministry to allow export of an additional five lakh tonnes (lt) under open general license during the current 2010-11 season (October-September). This is over and above the already permitted quantity of 10 lt.

The mills have argued that the domestic stocks position is comfortable and global prices are also good so the additional quantity should be granted, to reap the advantage of prevailing high prices in the global markets.

The ongoing sugar season till June has recorded a domestic output of 239.59 lakh tonnes (lt) and they estimate that the country would have an exportable surplus of over 20 lt during the 2011-12 season.

Not only the permission of more imports, the cooperative body has also sought freeing sugar mills from the obligation to supply 10 per cent of their production as levy at below market prices and phasing out the monthly release mechanism.

BSLI Dream Life Plan

Birla SunLife Dream Plan (BSLI Dream Life Plan) is a plan that gives you the guarantee of receiving your Guaranteed Savings Amount on the Guaranteed Savings Date chosen by you. Not only that you retain the freedom to keep pace with the ever changing world of your dreams for your Golden Years. As, one works hard to provide his family the best of everything, along with saving for his retirement years. The BSLI Dream Life Plan - suits your needs and gives you the freedom to live life confidently. It is a unit-linked insurance plan (ULIP) that provides the double benefit of higher sum assured and guaranteed maturity benefit at a cost lower than the traditional term plan. In addition, it does not carry any premium allocation charges (PAC), probably the only plan in the market with a no-load structure, albeit there is a 2 per cent PAC on top-up premium.

The salient benefits of the plan are short-pay options then one is guaranteed of-

- ◆ To receive no less than the Guaranteed Savings Amount on the Guaranteed Savings Date; and
- ◆ To enjoy a life cover of no less than the Basic Sum Assured throughout the policy term

You also have the freedom -

- ◆ To increase the financial security for your loved ones by choosing an Enhanced Sum Assured;
- ◆ To increase the protection under this plan by choosing additional riders; and
- ◆ To meet any emergency fund requirements by making partial withdrawals or taking a policy loan

Plan at a glance

Policy Term	Whole Life			
Entry Age	18 to 45 years	18 to 50 years	18 to 55 years	18 to 60 years
Guaranteed Savings Date	To age 55	To age 60	To age 65	To age 70
Basic Premium	Minimum Rs. 12,000 p.a. if paid annually Minimum Rs. 15,000 p.a. if paid semi-annually Minimum Rs. 20,000 p.a. if paid quarterly Minimum Rs. 24,000 p.a. if paid monthly			
Pay Term	Short Pay - 5 years Short Pay - 10, 15 or 20 years To Guaranteed Savings Date		From entry age 30 From entry age 18 From entry age 18	
Enhanced Sum Assured	Minimum Rs. 50,000 and not exceeding Basic Sum Assured, subject to maximum of 30 years to Guaranteed Savings Date			

Finally, you enjoy tax benefits under section 80C and section 10 (10D) of the Income Tax Act, 1961

Benefits of the plan

1. Guaranteed Additions - in the form of additional units will be added to your policy:

On 10th policy anniversary and on every 5th policy anniversary thereafter. Guaranteed Addition is 2.50% of the Basic Premiums paid in the last 60 months

In addition on 11th policy anniversary and every policy anniversary thereafter. Guaranteed Addition is 0.25% of the average Fund Value in the last 12 months

2. Death Benefit - in the unfortunate event the life insured dies while the policy is in effect, it will pay to the nominee Basic Sum Assured; plus Fund Value as on date of intimation of death; plus Enhanced Sum Assured, if any

Death benefit shall never be less than 105% of total premiums paid to date (excluding any applicable rider premium and/or underwriting extras) less any previous partial withdrawals.

3. Surrender Benefit - in case of emergencies, you can surrender your policy to us after the completion of five policy years and receive the Fund Value at that time.

4. Guaranteed Savings Fund - is your security. Starting on your Guaranteed Savings Date, all reference to the Fund Value in the Death and Surrender Benefits above is replaced by - " higher of Fund Value or Guaranteed Savings Fund "

How BSLI Dream Life Plan works:

1. You select the Guaranteed Savings Date that suits your

retirement objectives.

2. You select the Basic Premium you want to pay every year.

3. You select the number of years you want to pay your premiums, and select your Pay Term from options of 5-Pay / 10-Pay / 15-Pay / 20-Pay / To Guaranteed Savings Date.

4. You will receive Basic Sum Assured which is the minimum death benefit payable on the demise of the life insured.

The Basic Sum Assured is automatically determined as your Basic Premium multiplied by:

◆ The higher of 10 or the number of years to attain age 70 divided by 2, for entry ages below 45; or

◆ The higher of 7 or the number of years to attain age 70 divided by 4, for entry ages 45 and above

5. You have the option to choose Enhanced Sum Assured to increase the financial security for your loved ones. This increases your life cover over and above the Basic Sum Assured at a nominal cost.

6. You have the option to choose from our range of riders to further customise the financial security of your loved ones.

Basic Sum Assured is the minimum death benefit payable on the death of the life insured.

The Basic Sum Assured is automatically determined as your Basic Premium multiplied by:

◆ The higher of 10 or the number of years to attain age 70 divided by 2, for entry ages below 45; or

◆ The higher of 7 or the number of years to attain age 70 divided by 4, for entry ages 45 and above

Based on your insurance needs, you can increase the amount of protection by opting for Enhanced Sum Assured at inception. Enhanced Sum Assured will be paid in addition to the Basic Sum Assured under the Death Benefit prior to the Guaranteed Savings Date. You can choose any amount of Enhanced Sum Assured, subject to a minimum of Rs. 50,000. The Enhanced SA Premium to be payable would be calculated and this premium will be added to your Basic Premium.

Different Rider options to increase the financial security

Critical Illness Rider: On diagnosis of any of the four

illnesses - Heart Attack, Cancer, Major Organ Transplant and Stroke, you will receive upto 100% of the Rider Sum Assured.

Accidental Death and Disability Rider: In the event of death due to an accident, your nominee will receive the chosen Rider Sum Assured up to a maximum of Rs.50,00,000. In the event of disability due to an accident, you will receive a fixed percentage of the Rider Sum Assured, depending on the type of injury.

Hospital Care Rider: In the event that you are hospitalised for treatment, you will receive Daily Cash Benefit to take care of your expenses. In case you are treated in an Intensive Care Unit, you will receive an Enhanced Daily Cash Benefit. To help you cover your recuperation expenses, you will be paid a lump sum amount, in case you are hospitalised for more than seven days for the same disease.

Surgical Care Rider: In case you are hospitalised to undergo a surgery, you will be paid a lump sum amount to cover your expenses.

Waiver of Premium Rider: In case the life insured / policyholder is unable to pay the policy premiums due to a disability, critical illness or an untimely demise, all future premiums of the base plan and the attached riders will be paid by BSLI and all policy benefits will continue Provided all premiums are paid when due, no partial withdrawal is taken and that current policy charges.

Policy Loans- You can avail of a loan on your policy. The minimum loan amount is Rs. 5,000 and the maximum loan amount is 40% of the fund value net of any discontinuance charges. The interest we charged on such loans will be fixed by us Insurer from time to time. Any proceeds payable upon policy termination due to death or surrender shall be reduced by any outstanding policy loan at that time.

Current Tax Benefits

As per extant tax laws, this plan offers tax benefits under Section 80C and Section 10 (10D) of the Income Tax Act, 1961.

Under Section 80C, premiums up to Rs. 100,000 are allowed as a deduction from your taxable income each year

Under Section 10 (10D), the benefits you receive from this plan are exempt from tax, subject to mentioned exclusions.