

Magnum Connect

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Dear Friends,

The passing month witnessed a mega event of 'Union Budget', though much was not expected from the budget this year as the government was preoccupied with certain urgent issues including the persistently high inflation and a widespread perception of governance failures. The Finance Minister came up with a balancing act and tried to appease all, the stimulus rollback expected of 2 percent excise duty was left unchanged, giving a big relief to the markets while the salaried class people too got a Rs 20,000 increase in the tax exemption limit, though the expectation were high but hopefully many things related to direct tax reforms were left for Direct Taxes Code (DTC), scheduled for April 1, 2012. The main thing that became evident with the latest budget was that the government is going for financial consolidation with the Finance Minister planning to end this fiscal with a lower fiscal deficit of 5.1 per cent and with an ambitious target of 4.6 per cent for the next fiscal. Some positives of the budget was that there was a hike in budget allocation with regard to Education (24%), infrastructure (23.3%) defense (11%) and Health (20%). However, the one thing that is not easily going down the neck is the promise to hold expenditure to only 3.4 per cent more than last year and the net borrowings higher by just 2.3 percent from the last year. With international crude prices surging to new highs the subsidy burden is likely to weigh heavily and the targets seem difficult to achieve.

Now the next event that needs to be tracked is the RBI's policy announcement after the crude reaching to it's more than two year high due to ongoing tension in the Middle East. Inflation that has already been at the disturbing levels and was duly mentioned in the budget speech of the FM who later has asked the RBI to keep a strict check on it. RBI is going to announce its mid-quarterly review of the monetary policy on March, 17. It has already raised key policy rates 7 times in one year from March, 2010 to control inflation and might go for one more. No doubt the government has political compulsion to address too, but the reality is that the government can't do too much about inflation. There seem to be a number of reasons why prices are jumping; on the one hand there is constant rise in the government spending while on the other there is broad rise in incomes and above all the supply-demand bottlenecks and if it is not dealt specifically, whatever RBI's does will get nullified.

Jiten J. Chheda
(Director)
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Budget 2011-12: A fine chord between economic challenges and the general expectations

The Finance Minister Pranab Mukherjee was able to present a balanced budget for the year 2011-12. Though, the expectations were low for the budget but the Finance Minister was able to place a chord between the economic challenges and the general expectations as far as larger issues of growth, inflation and fiscal discipline were concerned. Finance Minister stated that we need to sustain a high rate of growth and, therefore, this budget builds upon the good performance of the current fiscal's 8.6% growth rate to a projected 9% growth rate. Gross Domestic Product (GDP) estimated to have grown at 8.6 per cent in 2010-11 in real terms. In terms of expenditure method of estimation, GDP at constant market price is projected to grow by 9.7% in 2010-11, which follows a growth of 9.1% in 2009-10. The decomposition of real GDP in 2010-11 indicated that the growth could be higher and relatively broad based across the sectors/subsectors, namely agriculture, manufacturing, construction, trade, hotels, transport and communication, financing, insurance, real estate and business services, together accounting 82.6% of the GDP.

One of the major concern 'inflation' too has been said to coming down in the coming fiscal. Following the commodity rally and subsequent financial crisis of late-2008, inflation went down globally. Similar trend was witnessed in India as well, but in the food commodities space, inflation

never really went down much. Food price inflation in the last financial year was mainly driven by high inflation in pulses, cereals, and sugar due to bad monsoon, while despite a good monsoon this year the inflation remains at the elevated levels due to high food inflation. Though, the government has taken both administrative and macroeconomic measures to combat the inflation ranging in double digits, some easing in inflation was seen during Aug-Sep 2010 but again it went to elevated levels mainly due to supply bottlenecks especially in vegetables, onions, tomatoes, fruits, eggs and milk. The average inflation during the first three quarters surged to 18% compared to 10% in the same period last year.

The FM stated that the Economy has shown remarkable resilience. Exports have grown by 29.4 per cent, while imports have recorded a growth of 17.6 per cent during April to January 2010-11 over the corresponding period last year. The common concern was the fiscal deficit and the 4.6% fiscal deficit target for the FY11-12 came as a pleasant surprise however, it don't sound realistic as well keeping in view the high subsidy burden. The last year budget targeted fiscal deficit of 5.5% of GDP from the level 6.5%, however during the 2010-11, with higher receipts of non-tax revenue through 3G and BWAuction, government decided to increase financial allocation for priority sectors without exceeding the fiscal deficit target. The estimation of fiscal deficit at 4.6% of GDP against 4.8% can help the government to reduce the debt to GDP ratio at faster pace which in turn will help in unlocking more resources from

Central Plan outlay by sector

	Actual (2009-10)	Budget Estimates (2010-11)	Revised Estimates (2010-11)	Budget Estimates (2011-12)
Agriculture and Allied Activities	11,014	12,308	14,362	14,744
Rural Development	47,369	55,190	55,438	55,288
Irrigation and flood control	423	526	413	565
Energy	1,14,308	1,46,579	1,26,225	1,55,495
Industry and Minerals	30,690	39,019	38,852	45,214
Transport	86,454	1,01,997	98,727	1,16,861
Communications	14,748	18,529	12,169	20,256
Science Technology & Environment	9,862	13,677	12,625	16,186
General Economic Services	4,007	7,554	14,878	15,802
Social Services	86,793	1,27,570	1,27,157	1,44,816
General Services	1,244	1,535	1,377	7,230

government revenue in future to be used for development programmes instead of debt servicing and for this the government has focused on expenditure correction in the fiscal 2011-12. Budgetary Estimates (BE) are that the total government expenditure will decline in 2011-12 to 14.01% from the Revised Estimates (RE) of 15.4 in 2010-11. Planned Expenditure as percentage of GDP in BE 2011-12 has been maintained almost at the level of RE 2010-11, non plan expenditure has dropped from 10.5% in RE 2010-11 to 9.1% in BE 2011-12, mainly on the back of lower residual commitments on account of lower commitment to agriculture debt waiver and debt relief facilities. Though, the reduction in total expenditure is most vital for the fiscal adjustment and the fiscal consolidation is also necessary for effective implementation of monetary policy which is going to be very important given the prevailing high inflation, adhering to it will be a challenging task for the government in the coming time.

The other major issue that remained almost unattended was the rising subsidy; the government didn't come clear on the issue. However, it decontrolled the pricing of petrol earlier in order to rationalize the petroleum subsidy and in contrast to older policy of issuing oil bonds; the government started providing petroleum subsidy for under recoveries of the oil marketing companies (OMCs) in cash. The government didn't disclose any course of action for the further de-regulation in the diesel and other fuels. However, it was mentioned that in order to arrest the diversion of subsidies of kerosene oil, LPG and fertilizers and to ensure greater efficiency, cost effectiveness and better delivery, the government will move towards the direct transfer of cash subsidy to people living below poverty line in phased manner.

Agriculture factor was dealt largely satisfactorily in the budget; production of food grains that after reaching record level of 234.47 million tonnes in 2008-09 declined to a level 218.11 million tonnes in 2009-10, but as per the Second Advance Estimates production of food grains during 2010-11 is estimated at 232.07 millions tonnes, marginally below the record production. This high level was despite draught condition in Bihar, Jharkhand, Orissa and West Bengal and various other natural calamities in other parts of the country. Further, to increase investment in the farm sector, the FM raised the agri-credit lending target for banks to

Rs 4,75,000 crore for 2011-12 from Rs 3,75,000 crore this year, with special focus on small and marginal farmers. The finance minister is putting emphasis on a green revolution since last budget and even this time said that the 'Green Revolution' in Eastern Region is waiting to happen. To realize the potential of the region, last year's initiative will be continued in 2011-12 with a further allocation of Rs 400 crore. The other major announcement for the agriculture sector was the proposal to provide an amount of Rs 300 crore to bring 60,000 hectares under oil palm plantation, by integrating the farmers with the markets. This will help a lot in reducing the trade deficit as domestic production of edible oil meets only about 50 per cent demand and the rest has to be imported.

The government also proposed to promote organic farming methods, combining modern technology with traditional farming practices like green manuring, biological pest control and weed management to address the issue of deterioration in soil health due to removal of crop residues and indiscriminate use of chemical fertilizers, aided by distorted prices. The existing interest subvention scheme of providing short term crop loans to farmers at 7 per cent interest has been continued during 2011-12 and an additional subvention to 3 per cent in 2011-12 has been proposed for those farmers who repay their crop loans on time.

The budget 2011-12 tried to address most of the economic concerns and has focused on sustaining and improving the high growth rates of the economy, and looks to be a balanced one and has managed to reduce fiscal uncertainty substantially with focus on inclusive growth. However, there were some gray areas too of the current budget as it lacked clarity on the subsidy burden and has kept the borrowings lower than what the markets were anticipating and it looks somewhat unachievable in view of the rising crude prices. The government has set an ambitious target of 40,000 crore from the disinvestment despite the fact that it missed the disinvestment target last year. The underfunding of subsidies too may impact the budgetary target, also as the non tax revenue growth remain poor at about 6% with no windfall revenue like 3G and BWA spectrum allocation. But overall the budget 2011-12 tried to cater to all the important issue of the Indian economy and is step forward towards a medium-term fiscal consolidation.

Indian Hotel Industry

The successful growth story of 'Hotel Industry in India' seconds only to China in Asia Pacific has increased over the last decade and half due to the mad rush to India for business opportunities that intensified and elevated room rates and occupancy levels in India. The Hotel Industry is inextricably linked to the tourism industry and the growth in the Indian tourism industry has fueled the growth of Indian hotel industry. The thriving economy and increased business opportunities in India have acted as a boon for Indian hotel industry. The arrival of low cost airlines and the associated price wars have given domestic tourists a host of options. The 'Incredible India' destination campaign and the recently launched 'Atithi Devo Bhavah' (ADB) campaign have also helped in the growth of domestic and international tourism and consequently the hotel industry.

'Hotels in India' have supply of 110,000 rooms. According to the tourism ministry, 4.4 million tourists visited India last year and at current trend, demand will soar to 10 million in 2010 - to accommodate 350 million domestic travelers. 'Hotels in India' has a shortage of 150,000 rooms fueling hotel room rates across India.

With tremendous pull of opportunity, India is a destination for hotel chains looking for growth. The World Travel and Tourism Council, India, data says, India ranks 18th in business travel and will be among the top 5 in this decade. Sources estimate, demand is going to exceed supply by at least 100% over the next 2 years.

With demand-supply disparity, 'Hotel India' room rates are most likely to rise 25% annually and occupancy to rise by 80%, over the next two years. However, 'Hotel Industry in India' is eroding its competitiveness as a cost effective destination.

However, the rating on the 'Indian Hotels' is bullish. 'India Hotel Industry' is adding about 60,000 quality rooms, currently in different stages of planning and development and should be ready by 2012. MNC Hotel Industry giants are flocking India and forging Joint Ventures to earn their share of pie in the race. Government has approved 300 hotel projects, nearly half of which are in the luxury range. Sources said, the manpower requirements of the hotel

industry will increase from 7 million in 2002 to 15 million by 2010.

Hotel Industry in India' is set to grow at 15% a year. This figure skyrocketed in 2010, when Delhi hosted the Commonwealth Games. Already, more than 50 international budget hotel chains are moving into India to stake their turf. Therefore, with opportunities galore the future 'Scenario of Indian Hotel Industry' looks rosy.

An improvement in the macro environment and the consequential improvement in foreign tourist arrivals and domestic corporate travel have aided a rebound in the hotel Industry which earlier was passing through a difficult phase on account of the economic downturn, terror attacks and swine flu over the last one year.

Proposal/Announcement pertaining to the Hotel Industry in the Union Budget 2011-12

- Hotel accommodation, in excess of declared tariff of Rs 1,000 per day with an abatement of 50 per cent so that the effective burden is only 5 per cent of the amount charged.
- Service provided by air-conditioned restaurants that have license to serve liquor, by giving an abatement of 70 per cent. Thus, the effective burden will be 3 per cent of the bill.
- The loss of a hotel company on account of a "specified business" claiming deduction under section 35AD would be allowed to be set off against the profit of another "specified business" under section 73A, whether or not the latter is eligible for deduction under section 35AD.

While, the wish list of Hotel Industry was quit large

- Infrastructure status for the hotel industry: Hotel Industry since long time has been demanding their infrastructure status for the hotel industry. As this would aid the companies to raise funds at lower interest rates and provide them with tax concession. Also industrial rates on consumables like electricity and water amongst others would be applicable.
- Tax benefits: Hotel companies want tax benefit to be given to the newly constructed 5 star properties. Also 100% tax holiday benefit should be extended for 10

years instead of 5 years.

- Rollback of depreciation rate for hotel buildings to 20%: The industry is seeking rollback of the depreciation rate for hotel buildings to 20%, which was reduced to 10% in 2003. It said that a hotel's building were the main plant and machinery for the hotel and because of the nature of the business, they had to be renovated, refurbished and refurnished on a continuous basis and should be treated differently from other buildings.
- Development of infrastructure: Development of infrastructure plays a very important role for tourism sector. Better connectivity, development of airports, railways, roadways and other facilities and upkeep of places of tourist interest is very necessary. While government is taking actions to improve the infrastructure, the progress has been very slow so private sector participation is needed to upgrade infrastructure in several identified tourist circuits.
- Exemption from paying service tax on services received from Foreign Tour Operators: The Industry believes that Hotels should be exempted from paying service tax on services received from Foreign Tour Operators, as it is one of the prime foreign exchange earners.

Budget leaves hospitality dry on hopes:

The proposal in the Union Budget 2011 to introduce a Service Tax of 5% on room charges for hotels charging more than Rs 1000 can be considered to be a retrograde step as this would drive foreign tourist away from India at a time when the tourism industry is just picking up after the economic slowdown and terrorist attacks in Mumbai.

Besides, the impact of levy of service tax on air-conditioned restaurants that have license to serve liquor with an abatement of 70% with effective burden of 3% will be borne by the consumers considering the resilient nature of the industry. However, since competition is intense in the current operating environment; the ability of hotel players to pass on levy of service tax by way of higher chargers could thereby impact industry margins.

However, the proposal of counterbalancing the loss of on account of a "specified business" claiming deduction under section 35AD against the profit of another "specified

business" under section 73A will be positive as a hotel would be able to set off the profits of such business against the losses, if any, of a new hotel which begins to operate after April 01, 2010 and which is eligible for deduction of expenditure under section 35AD.

Automobile

India's auto industry has been going through a dream phase over last 5-6 quarters or so. After facing sharp slowdown towards late 2008 in wake of the global downturn, the industry came into life again in early 2009 riding on the fiscal and monetary stimulus administered to the economy. By the end of 2009, sales growth was already hitting record numbers. Notwithstanding the apprehensions that the demand will slow down following the partial withdrawal of the fiscal stimulus in the FY11 budget announced towards end of February 2010, auto makers continued to post record sales numbers throughout the year 2010.

The automobile industry remained in top gear in the month of December with domestic passenger car sales jumped by 28.91% to touch 1,48,681 units, compared to 1,15,337 units in the same month a year ago. This was despite the fact that December is generally regarded as a leaner month of auto makers as consumers avoid buying close to year-end due to downside in resale value. According to the figures released by the Society of Indian Automobile Manufacturers (SIAM), motorcycle sales remained on fast growth track surged 27.13% in December 2010 to touch 7,53,358 units from 5,92,589 units in the same month previous year. Total two-wheeler sales in December 2010 grew by nearly 31% to 10,06,545 units compared with 7,67,789 units in the same period of previous year.

Sales of commercial vehicles, generally considered a good barometer of overall economic growth, also remained strong. Total sales of trucks and buses rose 27.3% in the month under review to touch 61,880 units as compared with 48,611 units in the year-ago period. Commercial vehicle was the worst affected segment following the global financial crisis but has posted very strong recovery over last few quarters.

On a calendar year basis, 2010 was a pleasant year for the auto industry as overall production registered growth of 32.69% over 2009. Total auto production stood at

17,076,659 units including passenger and commercial vehicles as well as two and three wheelers in 2010, up from 12,869,949 units in 2009. The domestic sales for the same period were up from 11,322,952 units to 14,824,072 units, recording a growth of nearly 31%. Commercial vehicle sales led the charge with an increase of 45.24% over the last year, though it came on somewhat lower base while local sales of passenger vehicles grew by 31.34%, three wheelers grew by 22.03% and that of two wheelers grew by 30.51%.

Most of the auto makers have seen good sales numbers in the month of January as well, but some moderation in growth when compared to December is clearly visible as the higher base takes place and capacities become binding constraint in short term.

For the upcoming year the Industry is expecting that the growth rate will come down due to the surge in the raw material cost, fuel price and the interest cost. With the increase in the cost of the steel prices and the tightening of the liquidity by increasing the interest rate will lead to increase in the vehicle price. The industry expected minimal change in the budget.

With the Union Budget 2011-12, there were several expectations from the Finance Minister for the development /modernization of infrastructure for SMEs involved in auto components manufacturing.

What industry expected from Union Budget 2011-12

The Automobile industry does not expected increase in excise duty on back of concerns related to inflation. Any move towards restoration of excise duty rates to the original levels would work out as a negative for the auto sector. In the past 12 months, Auto Industry has witnessed that any increase in vehicle prices failed to dampen the demand for vehicles. However the same may not hold true in FY12 because of moderating volume growth.

One of the key expectation from the Union budget 2011 was the removal of the special additional duty and reduction of duties on items like aluminium and steel which constitute a major part in components manufacturing. As Indian auto components manufacturers face stiff competition from China and other low cost countries like Thailand

and Malaysia, any steps taken on this front would further strengthen the domestic industry - as the figures of 30% imports of the total domestic consumption of components are alarming and a cause of concern for the components manufacturers in India.

The other demand of the industry was the removal of differential excise duty between small and large cars as Government has been promoting fuel efficient vehicles as rising fuel cost remains a concern.

Proposal/Announcement in Union Budget 2011-12

Hybrid vehicles enjoy a concessional excise duty rate of 10 per cent. However, import dependence for their critical parts/ sub-assemblies is still quite high. It is proposed to grant specified parts of such vehicles full exemption from basic customs duty and special CVD. In addition, a concessional rate of excise duty of 5 per cent is being prescribed to incentivize their domestic production.

The FM has also incentivized the conversion of petrol and diesel vehicles to hybrid technology like CNG, LPG and electric, by reducing the excise duty on conversion kits from 10 per cent to 5 per cent. LED lights are also likely to get cheaper (and can see more use in automobiles), as they now only attract 5 per cent excise duty according to Budget 2011 proposals for the auto industry.

Pranab Mukherjee has also proposed to set up a National Mission for Hybrid and Electric Vehicles that will be launched in association with all stake holders, which include carmakers and battery makers. This mission will strive to provide green and clean transport to the masses.

The Finance Minister has also extended the exemptions from basic customs duty and a concessional rate of Central Excise duty of 4 percent that was provided to specific parts of electrical vehicles in the last budget. These concessions now include batteries for electric vehicles imported by carmakers for the replacement market.

The other welcome move for the industry was the increase in weighted deduction for in-house R&D to 200% from 150% and outsourced R&D from 125% to 175%. This would spur industry focus on innovation, R&D and product development that would increase the competitiveness of the industry longer term. The industry was hoping for

the reduction in the large gap in excise duties between smaller personal vehicles and CVs and the high excise levy on larger personal vehicles, but that did not happen. Mukherjee has proposed a refund-based concession on excise duty to taxis that have a seating capacity not exceeding 13 people, including the driver. This concession is already available to 7-seater taxis.

Besides this, Mukherjee also reduced excise duty on petrol, but that's not likely to have a significant impact on fuel prices owing to the soaring price of oil.

Budget makes a positive impact on the Automobile industry

The Union Budget 2011-12 is considerably positive for the Automobile sector as a whole as the central excise duty has been kept unchanged. The result of the Budget proposals is that the basic Excise Duty rate and Service Tax rates have converged to 10%, indicating a move to enable GST implementation from Apr 2011. This will help in keeping auto prices constant, which is good news for the sector, as it has already started signs of slowing down on the back of rising input costs and vehicle prices, higher inflation, an upward spiral in interest rates and skyrocketing crude prices. Further, special incentives have been declared for companies manufacturing hybrid vehicles in India. In addition, broader actions like increased focus on rural and infrastructure spending would aid long term growth of the sector.

Cement Industry

The Indian cement industry with a total capacity of about 267 million tonne (MT) at the beginning of calendar year 2011 is the second largest market after China. It represents a mixture of small and large capacity cement plants, with 85% of the production coming from large plants with capacity greater than 1 MT. Although consolidation has taken place in the Indian cement industry with the top five players controlling almost 50% of the capacity, the balance capacity still remains pretty fragmented.

Though the industry was one of the first industries to respond to the stimulus provided by the government following the global economic downturn of late 2008 and posted an emphatic recovery in early months of 2009; it has been on the downhill journey since start of the

monsoon season in 2010 as costs have been rising amidst stagnant dispatches, leading to pressure on margins. Further, the partial withdrawal of the stimulus package by the government in February last year, the completion of Commonwealth Games-related construction activities in Delhi-NCR region, the disruptions in infrastructure work in the state of Andhra Pradesh due to political turmoil, and a very strong and prolonger monsoon season in 2010, have all resulted in significant decline in growth in cement dispatches.

Even as the demand has been going down sharply, capacity additions have continued as these have been planned much in advance. Total capacity of the cement industry expanded nearly 13% in 2010, even as demand remained nearly stagnant, hitting capacity utilization. This undermined market prices by 10-15%. While producers did try to keep the price artificially high by controlling supply, such arrangements did not, and never do, worked for long. Cost of production on the other hand has been on the rise. Coal prices have been on the rise internationally due to rising demand from India and China. Transportation costs too have been increasing due to rising fuel prices.

Meanwhile, though the cement industry has been facing some pressures on margins in most recent quarters, the industry still enjoys a healthy outlook in medium term. With government putting more focus on infrastructure and allocating Rs 214,000 crore in this budget, which is 23.3% higher compared to that in the previous year, the industry is expected to continue its growth momentum in the coming period as cement is the key building material for almost all forms of construction.

Budget announcements for the sector

The cement industry, which still remains the highest taxed essential infrastructure input in India was expecting abatement on MRP, so that there can be effective reduction in excise duties. Instead, the government has moved to ad valorem rates which are almost equal or slightly higher than the current rates, depending on cement prices. The FM has proposed 10% ad valorem duty and Rs 80 per tonne for cement with retail price of up to Rs 190 per 50-kg bag. For retail price of over Rs 190 per bag, the excise has been revised to 10% ad valorem and Rs 160 per tonne. The move will result in increase in cost by Rs

2-3 per bag and the companies will resort to passing the incremental cost to the end user, though it will be difficult for cement companies to sustain these price hikes in the present prevailing oversupply situation. Another blow to the industry in this budget has been imposition of ad valorem duty of 10% plus Rs 200 per tonne on cement clinker from flat Rs 375 per tonne earlier.

Custom duty on Gypsum and pet coke reduced from 5% to 2.5%. Also, raw materials used in the industry including fly ash, coal and lignite which were exempt from excise duty, now attract a levy of 1%.

Meanwhile, increase in allocation for infrastructure and increased long term funding availability for infrastructure projects will facilitate more investment in these sectors and thereby boost cement demand. Subventions on housing and increased rural income under NREGA will also boost urban and rural housing demand and in turn demand for cement.

Pre-budget expectations

The most crucial demand of the industry was that it wanted to be granted 'declared goods' status like steel, which would enable the sector to reduce expenditure on taxes as State government cannot levy sales tax on these goods exceeding 4%. Currently, while steel attract 4% of excise duty, for cement it is as high as 12.5%. If declared goods are sold inter-State, tax paid within the State is reimbursed to seller, though goods should be sold inter-state in same form. The status would help in enabling a uniform rate of excise duty, as existing excise duty structure on cement is complicated with a combination of fixed and ad valorem duties.

Removal of import duty on inputs and re-imposition of import duty on cement was another major demand of the cement industry as zero import duty on cement is extremely detrimental for the domestic cement industry. Further, while there is no duty on cement import, all the three inputs -- coal, pet coke and gypsum attract 5% import duty leading to addition to the cost of manufacturing of cement. The established principle is that import duty on inputs should not be higher than on the finished product, hence the industry wants these duties to be totally abolished.

Since the excise duty is levied on the basis of retail sale price on OPC, PPC and Slag Cement, suitable Abatement

was asked so that the cascading effect on tax on trade margins and tax on tax can be avoided. In fact, such Abatement is normally provided in respect of all products where the levy is linked to Maximum Retail Price (MRP), e.g. white cement, which attracts duty based on MRP, has an Abatement of 30% on MRP. Hence, the industry has demanded abatement of 55% on the excise duty.

The industry was also expecting a reduction in royalty paid on limestone as it pays a royalty of Rs 45 per tonne of limestone which is much higher than what the steel industry pays for iron ore, despite iron ore being a high value product.

The industry wanted subsidy on freight on the logistics cost for cement and clinker because of the fact that long distance between the manufacturing plants and ports push up cost for final consumers. This, thereby, makes exports viable only from coastal units. This also gains importance on the back of excess capacities being added by the industry as it will be able to route-out the excess supply into the export markets -- mainly the West Asian countries.

The industry had also demanded export subsidy from the government to overcome the surplus situation created by the capacity additions. Though India produces cement of international standards and is second largest cement producer in the world, it is not competitive mainly on account of high-level of taxes and duties imposed on it.

Budget took more than it gave to the industry

Though there were a lot many expectations of cement industry, it has not got what it wanted and there seems to be tough times ahead for cement industry as the industry was already under the pressure of over capacity. For cement selling below Rs 190 per bag new duty would be at 10% ad valorem plus Rs 80 per tonne and for retail price of over Rs 190 per bag, the excise has been revised to 10% ad valorem and Rs 160 per tonne, this will impact adversely as the current cement rates are more than Rs 190. Further, the industry is unlikely to gain anything substantially from cut in import duty on gypsum as most of it is sourced domestically. However, reduction in petcoke import duty will be positive for the cement manufacturers.

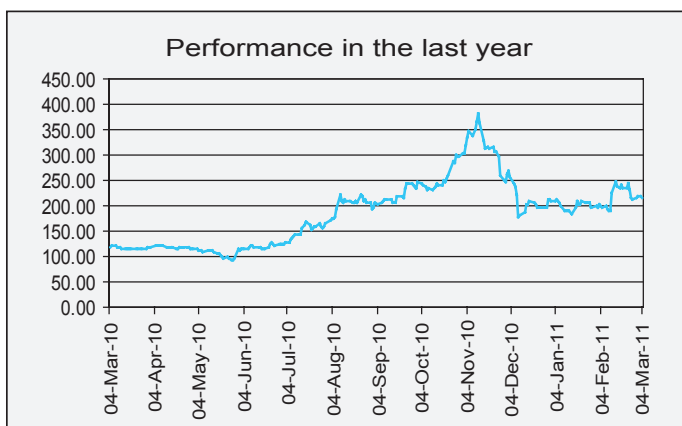
Gitanjali Gems - Buy Investment overview

- Gitanjali Gems is one of India's leading integrated diamond and jewelry retailing and manufacturing names.
- The Indian diamond jewelry industry sees a bright future in domestic retail as chains and stores have doubled value-wise.
- The company has forayed into lifestyle products to leverage customer base, domain knowledge and cross selling
- Gitanjali enjoys enduring relationships with 400-plus exclusive distributors and a portfolio of 126 stores in the US.

Stock Data (as on 4/03/11)	
Current Mkt Price (Rs.)	214.70
52 week High (Rs.)	395.00
52 week low (Rs.)	94.00
Mkt Cap (Rs. Cr.)	1822.00
Return in last one Month (%)	9.60

Share Holding Pattern (as on Dec,2010)	
	%
Total Promoter	54.97
Institutions	13.39
Non Institutions	0.19
Others	31.45

Key Ratios	
P/E	9.41
Price/Book(x)	0.83
Dividend Yield (%)	0.93
ROCE(%)	7.71
ROE(%)	7.23



- The company is having a pan India reach with largest distribution network for jewellery sales in India and has adopted 5step mapping process for further market penetration.

Business Overview

Gitanjali Gems, was the first major diamond and jewellery house to be launched and run by modern entrepreneurs rather than dynastic jewellers. Now its operations span the globe, all the way from USA, UK, Belgium, Italy and the Middle East to Thailand, South East Asia China, and Japan. In 1990, with the startup of Gitanjali Creations, a 100% Export Oriented Unit at Borivli, Mumbai, the Group integrated forward from diamonds to diamond-studded jewellery. Integration enabled the Gitanjali Group to build strengths and hone expertise in all aspects of product development, marketing and merchandising, the perfect launching pad for organic and uninterrupted growth.

It opened up distribution via superstores, department stores and other retail outlets at MRP, supported by international certifications of scientifically tested purity and authenticity, across India and in the world's jewellery capitals.

The Group offers a wide variety of products in classic, ethnic and modern patterns, suitable for consumers at differing price brackets, in line with market demand in various markets, in India and abroad.

Gitanjali's brand portfolio includes Gili, Nakshatra, Asmi, Sangini, D'damas etc. The other important brands under various sections including jewellery, fashion accessories, watches and silverware are Vivaaha, Glitterati, Maya Gold, Diya, Stefen Hafner, Lucera, Hoop, Bella, Revv, Rivaaz, Giantti, World of Solitaire, Me Solitaire, World of Silver, Bezel, Morellato etc.

Gitanjali has 3 state of the art manufacturing facilities dedicated to diamond polishing. of processing c.120 kgs of precious metals and producing c.5,300 pieces of finished jewellery per day

Financial Health

Gitanjali Gems reported 25.65% rise in consolidated net profit to Rs 100.56 crores for the quarter ended December 31,2010 against Rs 80.03 crores in the corresponding quarter a year ago. Net sales of the company grew to Rs 2654.17 crores from Rs 2509.71 crores in the same period previous fiscal.

Total income for the quarter stood at Rs 1,358.08 crore compared to Rs 958.90 crore in the corresponding previous quarter.Net profit margin increased by 45 basis points to 4.35%

Segmentwise, for the quarter ended December 31,2010, Diamond segment generated revenue of Rs 1247.90 crore compared to Rs 788.44 crore in the same quarter

(Rs. Cr.)

Particulars	Dec Qtr-10	Dec Qtr-09	Growth%	FY10	FY09	Growth%
Net Sales	1271.85	876.01	45.19	3354.97	2693.85	24.54
Total Income	1271.97	876.15	45.18	3355.14	2694.06	24.53
Other Income	0.12	0.14	-12.14	0.17	0.22	-21.20
PBT	50.35	35.22	42.95	149.36	130.72	14.26
PAT	48.12	31.44	53.09	142.09	126.77	12.09
EPS	5.71	3.59	--	16.84	14.90	--

Standalone

last year, jewellery segment contributed Rs 1499.16 crore compared to Rs 1094.10 crore while the other contributed revenue of Rs 11.83 crore compared to 3.64 crore in same quarter last year.

Industry Scenario

India is one of the largest bullion markets in the world, with US being the global leader. India is widely known as the land of gold and diamond jewellery, and is globally famous for its precious metals and gemstones. India's gem and jewellery industry comprises diamonds, coloured stones, gold, silver and pearls; of which the main products in terms of value and aesthetic appeal are gold and diamonds. The value of the gems and jewellery industry is estimated to be around \$ 28 billion, while according to World Gold Council, the industry stood at Rs.760 billion or \$ 16.7 billion; of which the urban jewellery market is valued at Rs.310 billion (\$ 6.8 billion) and the rural and semi-rural market at Rs.450 billion (\$ 9.9 billion).

As per the World Gold Council's Gold Demand Trends for 2010, global demand for the yellow metal struck records. The year's demand hit a 10-year record of 3,812.2 tonnes, the fourth quarter setting a new quarterly record, central banks became net purchasers for the first time in 21 years, and all this on the back of recorded rising prices.

The annual demand of 3,812.2 tonnes was 9 percent more than 2009 levels and even slightly above the 2008 peak, despite a 40 percent increase in the annual average price level between 2008 and 2010. The value of gold demand last year stood at \$150bn, rising 38 percent y-o-y. The fourth quarter also set a new quarterly record of \$42bn.

The country accounted as the strongest growth market in 2010, with gold jewellery demand up 69 percent in the year to 746 tonnes (which was 13 percent above the previous peak in 1998, and annual consumer demand rising 66 percent over 2009 to 963.1 tonnes. The festive season in India and consumer expectations of rising prices contributed to a surge in demand in the second half and particularly fourth quarter of 2010. In Q4, demand rose 47 percent from Q4 2009 to 210.5 tonnes.

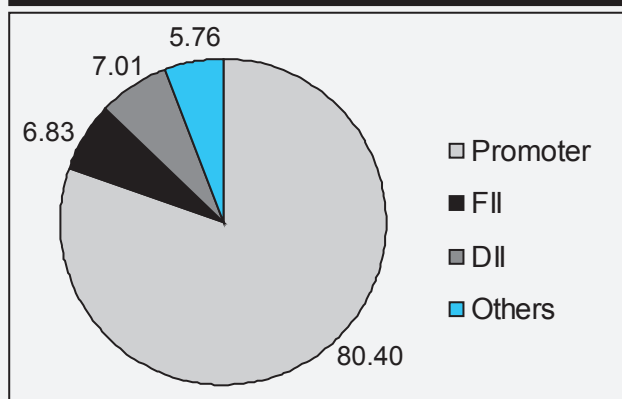
Investment Rationale

- Gitanjali has increasingly undertaken retail expansion

through the organic, inorganic and partnership routes. In the coming years, Gitanjali has planned for increasing contribution from jewellery segment to 65-70% of total sales by consolidating acquisitions and enhancing rural penetration. The Company has aggressive retail expansion plans of increasing its retail presence to 2 million square feet primarily in the domestic outlets in the next three years. Of India's entire organized mall space belonging to the jewellery category, Gitanjali occupies nearly 60%. It wishes to capitalize upon the opportunities available in Tier 2 and Tier 3 cities, as the organized retail is expected to grow at 25-30% in the next five years in the country.

- Gitanjali's foray into the lifestyle segment has enhanced revenue growth as the economic growth has left lots of disposable income to the people. Presently it offer a range of innovative fashion jewellery, watches, silverware, perfumes, luxury artefacts, apparels, leather goods, writing instruments and fashion accessories. Not only that the lifestyle wing ventured in to the area of media and entertainment and has taken up production, marketing and advertisements of films, television serials, software and other entertainment related programs.
- Company's Upcoming infratech Projects, viz; ~330,000 sq ft of Residential Project in Borivali, Mumbai to be completed by March 2013, Hyderabad Gems SEZ, to be completed by this fiscal and Commercial Premises for rental and outright sale in Andheri MIDC, Mumbai by March 2012 will further strengthen the revenue of the company. The company is expecting revenue of Rs 300 Crores and nearly about Rs. 150 Crores profit from the Borivali project which has already been sold to 45%.
- At the CMP of Rs 214.70, Gitanjali Gems trades at 9.41x P/E and EV/EBIDTA of 10.18x. We would recommend a BUY in the scrip with a price target of Rs 270. Gitanjali has its presence over the entire value Chain and is currently working on restructuring its business activity to unlock the shareholder's value and maximise the returns. The company is expecting total revenues to be in excess of Rs 9000 Crores for the fiscal and the management has reiterated its stand to maintain the margin of healthy 6.4%. Its lifestyle and infratech projects are likely to further boost its revenue.

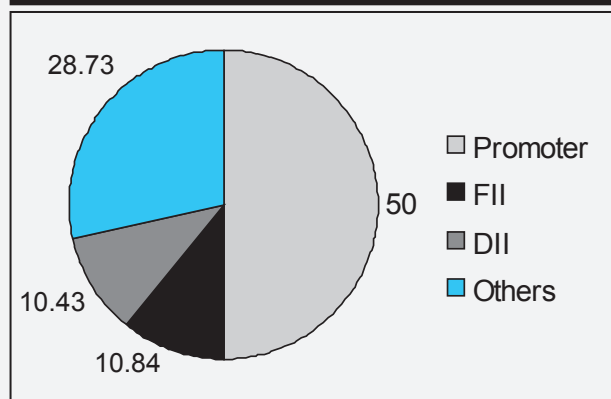
Engineers India



- ◆ Engineers India holds a Leadership position across the value chain in the hydrocarbon industry in India and continues to look for new opportunities and business models for serving its clients in the hydrocarbon value chain.
- ◆ During the quarter ended December 31, 2010 total revenue of the company increased by 38.31% to Rs 677.10 crore as against Rs 493.83 crore during the corresponding quarter last year. Increase in revenue can be attributed to both its segments- Engineering Consultancy and Turnkey Projects. Total income of the company increased by 32.36% to Rs 709.80 crore for the quarter under review from Rs 536.27 crore reported in the same period previous fiscal.
- ◆ EIL has bagged orders worth Rs 3,800 crore in the first nine months of the current financial year. On December 31, 2010, it was having a total order book of Rs 8,100 crore. The largest engineering and consultant in the hydrocarbon sector, targets \$1 billion order book in 2010-11.
- ◆ The company is expecting over 80% of execution in the Financial Year 2010-11. Further going the Company expects to secure assignments in the course of the year from ONGC, State Infrastructure, GSPL, and major LSTK Contractors, which will ensure healthy growth in turnover for the coming years. EIL is intending to diversify into infrastructure such as waste-water management. At present, it is working on an Rs 1,800 crore project with Delhi Jal Board.
- ◆ At the CMP of Rs 294, Engineers India is trading at a P/E multiple of 20.53x and 19.30x of FY11 (E) and at EV/EBIDTA of 18.77 FY11 (E). We recommend 'BUY' in this particular scrip with a target price of Rs 356.00 for Medium to Long term investment. With a strong order book and plans of diversification in varied areas, the company is well poised to excel.

Last Traded Price (As on March 4, 2011)	Rs 293.55
Price target	356
Market cap. (Rs cr.)	9,890
52 Week H/L	538/ 265.10
Free Float	20%
BSE code	532178

Petronet LNG



- ◆ Petronet LNG has designed, constructed, owns and operates the country's s first LNG receiving and regasification terminal at Dahej, Gujarat, and is in the process of building another terminal at Kochi, Kerala. The Company has also initiated the process for setting-up a second LNG Jetty at Dahej.
- ◆ The total revenue of the company increased by to Rs 3,627.64 crore from Rs 2,244.59 crore in the corresponding previous quarter. Net profit of the company surged by to Rs 170.84 crore from Rs 83.21 crore in same quarter last year.
- ◆ Petronet LNG has signed a deal to source 1.1 million tonnes of liquefied natural gas (LNG) annually. The company will be sourcing LNG for the next two financial years. These volumes are on top of 7.5 million tonne per year LNG that the company will get from RasGas. Through this the company has addressed the concern of over capacity utilisation beyond fixed contracts.
- ◆ The Company is planning to exploit its downstream synergy with gas based power generation business, as it is in a unique position to provide quality energy to various users in a sustainable manner; it is planning to set-up a power plant of 1,200 MW capacities at Dahej contiguous to its existing LNG terminal.
- ◆ At the CMP of Rs 117, Petronet LNG trades at 17.13x P/E and EV/EBIDTA of 9.59 and 16.12x of FY11 (E) P/E, the demand growth and scarcity of domestic gas is likely to boost the bottom line of the company. (RIL indicated it would not increase its KG-D6 volumes beyond 60mmcmd until FY13). Petronet has also increased its re-gasification charges by 5% to Rs 33.3/mmbtu, from January 2011. With the commissioning of new pipelines in early 2011, the Dahej terminal would also get connected with some of the high potential markets. We will recommend a BUY in the scrip with a price target of Rs 160 with a medium term outlook.

Last Traded Price (As on March 4, 2011)	Rs 116.65
Price target	160
Market cap. (Rs cr.)	8,748
52 Week H/L	136/ 75.10
Free Float	35%
BSE code	532522

Lanco Infratech to acquire Australia's Griffin coal mines

Lanco Infratech, one of India's leading companies in the power, EPC and infrastructure space, has finalized the plans of acquiring Griffin coal mines in Western Australia for \$760 million, which is the largest investment in Australia by an Indian company.

Western Australia based Griffin Coal's assets includes thermal coal mines with a production of more than 4 million tonnes per annum, which Lanco plans to boost almost four-fold to over 15 million tonnes per annum, in addition to adding rail linkages, and expanding facilities at Bunbury port.

The coal from the thermal coal mines will feed Lanco's rapidly expanding power plants and the company plans to expand to 9,500 MW by 2014 from 2,100 MW at present and is developing eight new projects, with a combined capacity of about 10,500 MW.

NMDC concludes an agreement for turnkey execution of a sinter plant complex

State-owned miner National Mineral Development Corporation (NMDC) has finalized an agreement with a consortium comprising SVAI of Austria and Nagarjuna Construction Company for turnkey execution of a sinter plant complex, marking the first contract among the nine packages for the three million tonne steel plant that the company is setting up at Nagarnar.

The sinter plant will be catering to 80 per cent of the ferrous feed to the blast furnace. The schedule of the project is 33 months from the effective date of contract.

NDTV's arm gets regulatory approvals for the strategic alliance with Astro All Asia

New Delhi Television's (NDTV) indirect subsidiary NDTV Lifestyle Holding has received the regulatory and statutory approvals required for the strategic alliance with Astro All Asia Networks Plc for lifestyle channels in India.

With the subscription of shares for \$40 million, Astro All Asia Networks now has an effective indirect stake of 49% in NDTV Lifestyle Holdings.

Earlier in September 2010, NDTV Lifestyle Holding has entered into an agreement with Astro All Asia Networks Plc, for the acquisition of 49% stake in the Lifestyle business of the NDTV group by South Asia Creative Assets Ltd, a subsidiary of Astro All Asia Networks.

Astro is an integrated cross media group, with presence

in Malaysia, India, Middle East and other regional and international markets. The company is primarily engaged in the provision of direct-to-home subscription television services, radio services, film library licensing, multi-media interactive services, and television content creation, aggregation and distribution. It also has investments in pay television and radio broadcasting in India.

SBI's Rs 20,000 crore right issue delayed to early next financial year

The country's largest lender -- State Bank of India's eagerly awaited Rs 20,000 crore rights issue will only come early next financial year for want of approvals from the Government. SBI had earlier announced its intention of coming out with the rights issue in the last quarter of FY11.

The government holds about 59% stake in SBI. If it clears the proposal, the government will have to subscribe the issue to the extent of its holding which sums up to be Rs 12,000 crore, so as to maintain its stake holding at the existing level.

It was earlier reported the Department of Financial Services had cleared the issue but considering the large outlay from the government, it requires some budgetary support or approvals. The Union Budget presented for 2011-2012 however, did not announce anything for the right issue plan, so it seems difficult for the company to be able to get the rights issue before the (end of) current financial year.

The bank had raised over Rs 16,000 crore through a rights issue in 2008 which was well received, even though it came after the Lehman Brothers collapse

Chisel & Hammer acquires Superfine Jewels FZE

Chisel & Hammer (Mobel) has acquired Dubai Headquartered -- Superfine Jewels FZE -- an established Jewellery Trading Company engaged in trading exquisite gold and diamond jewellery in and around UAE. The acquisition is integral to the company's overall strategy and will strengthen its trading business accelerating jewellery sale in the Middle Eastern markets. The acquisition of Superfine Jewels FZE is yet another step in the company's investment-led growth strategy. This business will support the company's portfolio especially in exports.

Tata Steel inks \$469 million deal with SSI for sale of TCP

Tata Steel UK has signed a definitive sale agreement

to sell certain assets of Teesside Cast Products (TCP) to Sahaviriya Steel Industries UK (SSI), a subsidiary of Thailand's largest steel producer, in a deal valuing the business at \$469 million. The agreement is the most significant achievement in the 22 months since Tata Steel began a search for an alternative future for TCP, after the illegal withdrawal by a consortium of offtakers from a 10-year supply pact. The next step will be completion of the transaction, which will take place by the end of March.

Tricom India inks MoU with Tech Access

Tricom India has signed a Memorandum of Understanding (MoU) with Tech Access FZ LLC (Tech Access), a leading value added IT distributor, providing end to end business solutions to enterprise and mid market sectors. Under the terms of the MoU, the scope of the strategic alliance will include Tech Access to represent Tricom's business interests in the Middle East and North African region. Through Tech Access and its channel partners, the company has gained access to a bigger market with wider business audience.

Aurobindo Pharma gets USFDA's tentative approval for Venlafaxine capsules

Aurobindo Pharma has received tentative approval from the US Food & Drug Administration (USFDA) to manufacture and market Venlafaxine Hydrochloride Extended-release capsules 37.5mg, 75mg and 150mg. Venlafaxine Hydrochloride Extended-release capsules 37.5mg, 75mg and 150mg are the generic equivalent of Wyeth Pharmaceuticals Inc's Effexor XR capsules 37.5mg, 75mg and 150mg. Venlafaxine Hydrochloride Extended-release capsules are indicated for the treatment of major depressive disorder (MDD) and falls under the Neurological (CNS) therapeutic category.

Bharti Airtel consortium launches EIG cable system

Bharti Airtel in collaboration with 16 other global telcos has launched -- Europe India Gateway (EIG) cable system -- that will enhance diversity and capacity between Europe and India. The 15,000 km cable has received investment of around \$700 million and has a capacity of 3.84 terabits per second. EIG stretches from Mumbai in India to London UK, with landings enroute in UAE, Oman, Saudi Arabia, Djibouti, Egypt, Libya, Monaco & Marseilles, Gibraltar, Portugal and the UK. Apart from the segment of EIG in Egypt, the remaining cable is now available for commercial use. With the help of the said launch, the company has added third state-of-the-art cable to its existing

infrastructure on India-Middle East-Europe route. The seamless connection and combination between landing stations of IMEWE, EIG and SMW4 will allow the company to offer enhanced redundancy and network resilience to the customers in India, Middle East and Asia Pacific region. The company has been elected by the consortium to provide services relating to Network Administration and Network Operations Control functions for EIG.

RCom launches 3G services in Kashmir

Reliance Communications (RCom), an ADAG group company, has launched its third generation (3G) services in Kashmir. Launching of 3G capabilities in Kashmir is an integral part of the company's 'Vision 2015' of creating a 'Wirefree India' built upon the affordable 3G-for-all platform. Last year the company launched its 3G services in Delhi, Mumbai, Kolkata, Chandigarh, Punjab, Jammu and Rajasthan. During 3G auction in May, 2010 RCom bagged 13 key telecom circles, including the key metros of Delhi, Mumbai and Kolkata. The company paid about Rs 8,585.04 crore to the government for the 3G licences.

Ashok Leyland's arm forms alliance with Krauss-Maffei Wegmann

Hinduja group's newly formed company --Ashok Leyland Defence Systems (ALDS) -- in which Ashok Leyland holds 26% stake, has joined hands with Krauss-Maffei Wegmann GmbH & Co KG, Munich, Germany, to co-operate in the development of advanced defense systems for the Indian defense establishment as well as other defense forces worldwide. The scope of the co-operation will initially include the development of armoured wheeled vehicles, recovery vehicles, artillery and combat systems, bridge laying systems and other similar products.

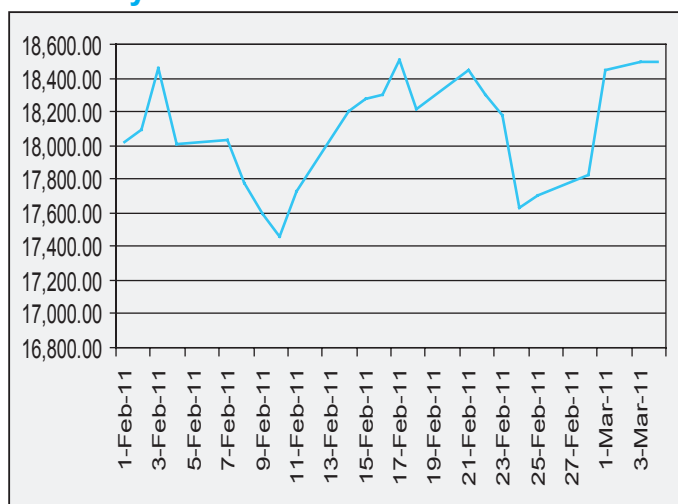
Valecha Engineering bags orders worth Rs 139.07 crore

Leading infrastructure development company, Valecha Engineering (VEL), has bagged orders aggregating worth Rs 139.07 crore. The company has secured contract worth Rs 39.51 crore for design and construction of underground stations at Nehru Park, Kilpauk Medical College and Pachiappa's College and associated tunnels at Chennai. The company has also won order worth Rs 13.75 crore from Pile Foundation for tanks at Paradeep Terminal at Orissa. The company has bagged 2 projects at Kota construction of 2 nos link bridges from Jhalawar road to Bajrang Nagar Over Canal including approach road worth Rs 40 crore and also got order worth Rs 45.81 crore for construction of flyover.

The markets continued their disappointing run for the second consecutive month of the year. Though there was some solace in the last with a neutral budget. The government though through small steps has tried to address the three major concerns of the present Indian economy viz; surging inflation, high current account deficit and fiscal consolidation. The fiscal deficit as a percentage of GDP for FY11 stood at 5.1% against the budgeted 5.5% and the next year fiscal deficit has been budgeted at 4.6%, however the government was able to come up with a rosy picture of the economy but the revised estimates of subsidies for the FY11 were comparatively higher and unless it is dealt with proper measures the fiscal deficit and market borrowing targets look distant. However the budget was more public oriented, while the direct taxes were not tinkered much in view of the proposed DTC, the common people got a tax relief of uniform Rs 2000, while the senior citizens got a bounty in the budget. The much talked away stimulus roll back didn't happen and gave much relief to the many sectors that were speculating an excise duty hike of at least 2%. The MAT was increased but on the same time the surcharge was reduced to 5% from 7.5%, curbing all the apprehension of the India Inc. The government's main impetus was on the infra sector as was mentioned in the economic survey that the government will have to devise new measures for their funding. The budgetary allocation saw a hike of 23% over the previous year for the sector. Also FII investment in corporate bonds with residual maturity of over five years issued by companies in the infra sector by \$20 bn. FIIs have been permitted to invest in unlisted bonds with a minimum lock-in-period of three years.

It was the surge in crude prices that kept the markets across the globe under pressure. International crude prices surged past \$110 barrel amid the ongoing turmoil in the Middle East and North Africa. The Indian basket of crude, which comprises Oman-Dubai sour grade crude and Brent dated sweet crude in a 62.3:37.7 ratio, breached the psychological \$102-per-barrel mark over fears about supply disruptions, fanning concerns about a dampening effect on economic growth. Countries like India which heavily relies on the crude import continue to remain under pressure.

BSE Sensex movement for the month of February



BSE Sensex Monthly Gainers

Company	Prev Price (Feb 4 '11)	Last Price (Mar 4 '11)	Change (%)
ITC	152.90	172.50	12.82
HDFC	604.60	681.55	12.73
Bajaj Auto	1226.80	1377.65	12.30
Maruti Suzuki	1183.20	1313.75	11.03
HDFC Bank	2019.35	2218.45	9.86

- ITC has been on a gaining spree ever since Finance Minister, Pranab Mukherjee has kept excise duty on cigarettes unchanged in the Budget 2011 - 2012. Structural changes in the excise duty on cigarettes, cigars and cigarillos coupled with an increase in rates, which had been proposed in the last budget to the tune of 10-18% have been kept unchanged. However, these items would continue to attract a basic excise duty of 10% and an additional excise duty of 1.6%. Also the company is planning to raise the price of its packaged food by 7-8%. The price hike is on the back of rising prices of agri-commodities. The prices have risen by 30-35% in the past two years. There is also a simultaneous rise in freight rates and packaging costs. The company expects around 14-15% growth in the packaged food business in FY12.

- Housing Development Finance Corporation (HDFC), India's oldest mortgage lender, has bought a minority stake in Kaizen Management Advisors, the asset management company that advises India's first education-focused fund

Kaizen Private Equity. The lender has also invested in the fund as limited partner. This investment is the company's second investment in the education sector this month. It is looking to enter the education sector on a larger scale through a separate entity.

BSE Sensex Monthly Lossers			
Company	Prev Price (Feb 4'11)	Last Price (Mar 4'11)	Change (%)
RCom	114.75	93.30	-18.69
Hindalco	236.90	210.05	-11.33
Reliance Infra	678.00	606.65	-10.52
ONGC	297.57	268.60	-9.74
DLF	237.20	222.45	-6.22

- Reliance Communications reported a net loss of Rs 364.94 crore for the quarter ended December 31, 2010 as compared to loss of Rs 37.71 crore for the quarter ended December 31, 2009. Its net sales / income from operations has decreased by 2.24% to Rs 2972.29 crore for the quarter ended December 31, 2010 from Rs 3040.66 crore for the quarter ended December 31, 2009. However, on the consolidated basis, the company has reported a net profit of Rs 480.27 crore for the quarter ended December 31, 2010 down by 56.65% as compared to Rs 1108.01 crore for the quarter ended December 31, 2009.

- Hindalco Industries was forced to declare a lock-out in its Alupuram plant due to elongated acts of indiscipline by workmen of the plant. The company does not expect any adverse impact on its financials due to lock-out, company officials stated. Last year in July, 2010 Hindalco's Hirakud aluminium smelter in Orissa had been badly affected by heavy rains and continuous bad weather including lightning. Later on in November, 2010 it had reported the disruption of production in Smelter-3 due to the breakdown of cooling tower of Sulfuric Acid plant- 3 of the copper plant located at Dahej, Gujrat

There was a big disappointment on the economy front during the month, India's industrial production slowed down sharply in the month of December to touch 1.6%, even lower than the 2.7% seen in the previous month. While a lot of base effect is involved in the figure, as there was a very sharp jump in IIP in the same month of

last year, the figure still is somewhat below the market expectations, particularly after the infrastructure industries had registered over 6% growth for the month under review. The sharp downside was mainly because of the slowdown in manufacturing activity that slumped to just 1% growth compared with over 19% growth seen in the year-ago period. The electricity production grew by 6% in Dec 2010 against 5.4% in the same month a year ago. Mining sector on the other hand slowed down to 3.8% from a high base of 11.1% growth seen in the year-ago period. Looking at the used based classification, growth in the consumer durables, which have been a major contributor to the IIP rally in early 2010, slowed down to 18.5% compared with 41% seen in the year ago period. Consumer non-durables on the other hand contracted by 1.1% compared with a growth of 3% seen in the same month last year. Basic goods registered reasonable growth at 5.2% against 8.4% in the year-ago period. Intermediate goods recorded 6.6% expansion against 23.5% in Dec 2009. The cumulative growth in industrial production over the April-December period of current fiscal stood at 8.6%, unchanged compared with the growth seen in the same period of last year. The only difference is cumulative growth was on rising trajectory in last fiscal and is on a downhill journey this fiscal. The only consolation perhaps is that the industrial growth for the last month has been increased to 3.6% against 2.7% a year ago.

The whole month market mood remained cautious due to the ongoing Middle East crisis and the concern of oil supply disruption along with Budget 2011-12 to be announced on the last day of the month. The macroeconomic factor coupled with different scams related investigations kept the markets under pressure. The ADAG stocks were under extreme pressure during the month, most of them got chopped to their 52 week lows after Chairman Anil Ambani reportedly met Telecom Minister Kapil Sibal in the backdrop of lingering 2G investigation and was once seen at the CBI headquarters in the connection of the same scam. However the markets managed a decent closing on the final day after the Union Budget came with no major negative surprises and witnessed a strong over 3.5% follow up rally.

India's services PMI for February expand further; at 7 month high

India's headline services index expanded further for the month of February underscoring robust private sector output. Even as the input price pressures intensified, steady expansion of new business, increasing backlogs of work and sustained employment growth helped the index to move upwards.

The seasonally adjusted HSBC Purchasing Managers' Index (PMI) for the service sector activity, based on a survey of around 400 companies, rose to 60.2 in February from 58.1 in January. The composite index, which accounts for both the services and manufacturing sector, also increased to 61.0 in the last month from 59.6 in January, staying above the 50 mark that separates growth from contraction for the 22nd consecutive month. Earlier, the manufacturing PMI for February too had shown a slight improvement.

Meanwhile, the respondents of the survey mainly attributed the rapid expansion in new work intakes, to ongoing improvements in overall economic conditions. Earlier, the manufacturing PMI too had indicated a substantial rise in new order volumes. Further, in tandem with the strong growth momentum, input prices increased in February, driven primarily by higher costs for staff, food and fuel. Still, the rise in input costs slowed marginally from January's 30-month high. Further, the respondents are more optimistic about the outlook for activity over the next 12 months.

As such, growth in the input prices is likely to remain strong in the near term, prompted by world crude oil prices that are near record highs and inflation that continues to be in the double digit despite the Reserve Bank of India's (RBI) measures to tame it. Commenting on the India Services PMI survey, Leif Eskesen, Chief Economist for India at HSBC said, "Upside pressure on input costs underscored the prevalence of strong underlying inflation pressures and the need for further RBI monetary policy tightening."

Final recommendations soon on Insurance amendment Bill

According to Finance Ministry, the parliamentary panel is soon expected to give its final recommendations regarding the Insurance amendment Bill, which seeks to enhance foreign direct investment (FDI) limit in the sector to 49% from 26%. "On the insurance amendment Bill, the standing committee of Parliament is expected to give its final recommendation shortly," Department of Economic Affairs Secretary R Gopalan said at an International Institute of Finance event in New Delhi.

The UPA government, which introduced the Insurance bill in Rajya Sabha in the year 2008, is pressing for passage

of this bill in the current session of Parliament and has also asked India Inc to persuade opposition on the urgency of introducing such reforms in the financial sector.

Meanwhile, Finance Minister who has taken up the charge of taking up six other bills in the Budget for passage; which includes Insurance Laws (Amendment), Life Insurance Corporation (Amendment), the Revised Pension Fund Regulatory and Development Authority, Banking Laws Amendment, Bill on Factoring, Bill to Amend RDBFI Act and SARFAESI Act, is saying that if these important financial sector legislations are passed, this will give positive signal to international investors for new investment opportunities.

In another development, the government is also considering the proposal of allowing FDI way of instruments like warrants and partly paid shares into the country. Warrants provide options to subscribers to convert them into shares at a pre-determined price on a future date. Partly paid shares are those instruments where the investor pays an initial amount of a minimum 5% of the value and promises to pay the remaining sum as and when asked by the company.

Though current FDI policy does not allow foreign direct investment through these instruments in Indian companies by foreign entities or NRIs, applications for such requests have been cleared by the Foreign Investment Promotion Board (FIPB) on a case-by-case basis.

Apparel exports recover in Dec, may still miss full year target

After facing the red for the first nine months of the current fiscal year, the apparel industry has seen its exports increasing on a year-on-year basis on December. However, even though garment exports may remain in the green for rest of the fiscal, it would be difficult to beat the target for the current fiscal at \$11 billion.

According to the Apparel Export Promotion Council (AEPC), the apex body of apparel exporters in India, the exports for the month of December 2010 increased by 40% on a month-on-month basis and for the first time crossed the \$1 billion mark compared with exports of \$710 million in the previous month. In the Oct-Dec period, total garment exports reached \$2,438 million, as against exports of \$2,398 million for the corresponding quarter of last fiscal.

While apparel exporters have been facing the heat of slowdown in demand in developed world and also increasing competition from China and Bangladesh, the AEPC believes that the December results are reflective of the fact that the industry is on the path of recovery, and is all set to grow further. The success in December however can partly be credited to issues being faced by China at

the moment owing to surging cotton yarn prices and rising transportation costs.

India-ASEAN trade to touch \$70 billion in three years

India's trade with the 10-member Association of Southeast Asian Nations (ASEAN), with which has last year signed a free trade agreement (FTA), was likely to reach \$70 billion over the next three years, said Sumanta Choudhuri, joint secretary in the Ministry of Commerce and Industry. In the last calendar year, India's overall trade with the bloc stood at \$50.1 billion, which included \$22.3 billion worth Indian exports to the bloc and \$27.8 billion worth imports. Choudhuri further added that the two sides were set to organize a five-day business conclave aimed at boosting the bilateral trade and two-way investment activities.

Eight members of the bloc have already implemented the trade treaty while two members - Philippines and Cambodia - are yet to implement the agreement, which is expected to happen soon. Following this, the trade will grow further. The growth in trade during 2010 was nearly 20% compared with the levels of 2009 and as the global economic scenario improves and economic uncertainties go down, the growth will only accelerate going forward.

During the business conclave being organized by the two sides, trade ministers of all the member countries of the ASEAN will lead an official and business delegation. A total of over 500 businesses from various sectors will participate from the ASEAN side. From the Indian side too industry majors will showcase the latest technologies India has been developing. India Inc is hoping to reap substantial opportunities in the conclave.

India is also negotiating a services treaty with the ASEAN following which the country's services sector, the main engine of Indian growth, will be able to explore opportunities in ASEAN members at favourable terms. It has also implemented bilateral trade and investment agreements, broader than the FTA with ASEAN, with some members of the bloc including Singapore, Indonesia and Malaysia.

Air traffic jumps 20% in January

The civil aviation industry continues to remain in a very bullish mode riding on fast growing Indian economy and a strong outlook going into the next financial year. According to the data released by the director general of civil aviation (DGCA), overall domestic airlines passenger traffic grew by 20.7% in the month of January 2011.

Total passengers carried by domestic airlines during January 2011 stood at 49.36 lakh as against 40.88 lakh during the corresponding period of previous year. There was some slowdown in traffic on sequential basis with the

passenger traffic reporting a marginal decline of 5.31% in January as against the passenger traffic of 52.13 lakh in December 2010. This however is on the expected lines as January marks the beginning of leaner season after the holiday period. Looking at the cross section trends, Jet Airways continued to lead the market with a share of 24.8%, Kingfisher regained the second spot in domestic market with a market share of 19.5%, IndiGo was at third spot with 19.2% share, while Air India has slipped to fourth place with a share of 15.8%. Spice Jet and Go Air had market shares of 14.3% and 6.4% respectively.

The airlines have also been enjoying higher load factors due to rising demand. According to the statement, IndiGo had a seat factor of 88.6% during January, Kingfisher 86.5%, Go Air 83.3%, Spice Jet 82.6% Jet Airways 73.9 and its low cost subsidiary Jetlite 74.2%. Air India however had the lowest seat factor of 69.3%.

India signals it would not join US-China currency debate

Giving a clear hint that India was not looking to join the currency war between the US and China and the whole debate regarding the global imbalances, India has said that while exchange rates of all countries should be market determined, it should be left to the respective governments to decide what course they should take to get the exchange rates more market friendly.

Union Finance Minister Pranab Mukherjee has said at the meeting of the G-20 group of advanced and emerging nations that currency rates should be driven by market forces 'as far as possible', adding that 'the best course would be to leave it to sovereign governments to decide what course of action they will take. We take that position'. The sharp comment by the finance minister has a clear policy hint that India will take quite a neutral stance, at least in the near term, when it comes to issues concerning the US and China, though in principle it would continue to stand with its new found ally, the US. China has seen increasing pressure from the US government since the global financial crisis to revalue its currency in line with its rising economic power. The US believes undervalued Yuan is one of key reasons for its huge trade deficit against the communist country.

While India too has legitimate reasons to be concerned with the undervalued Yuan, it has so far chosen not to publically press China on it. However, apparently deliberately, it has remained quite silent in case of various independent (at least in public perception) agencies, including the Reserve Bank of India (RBI), expressing their concerns on the matter openly. The RBI Governor D Subbarao had recently said in a speech that Indian exports to China were hurt by the opaque exchange rate policies of the latter.

Company Name	Year End	Price (Rs.) (03/03)	Yield (%)	EPS (Rs.)	FV	PE	TTM				52-Wk High (Rs.)	52-Wk Low (Rs.)
							Year End	NP Rs. ml	EPS (Rs.)	PE		
Indiabulls Securities Ltd	201003	16.70	11.87	2.66	2	6.27	201012	452.03	1.96	8.54	34.15	15.65
HCL Infosystems Ltd.	201006	103.80	7.16	11.98	2	8.66	201012	2535.10	11.62	8.94	142.45	83.50
Geodesic Ltd.	201003	77.15	2.27	18.96	2	4.07	201012	2212.95	24.54	3.14	142.75	67.25
PSL Ltd.	201003	71.35	5.62	16.52	10	4.32	201012	764.68	14.30	4.99	158.80	64.50
JK Lakshmi Cement Ltd.	201003	46.45	5.36	19.71	5	2.36	201012	972.90	7.95	5.84	81.00	40.50
HEG Ltd.	201003	199.60	4.92	37.27	10	5.36	201012	1337.65	31.22	6.39	387.60	176.40
Kirloskar Brothers Ltd.	201003	126.45	4.43	14.81	2	8.54	201012	992.69	12.51	10.11	370.00	126.00
JK Cement Ltd.	201003	133.20	4.42	32.32	10	4.12	201012	543.95	7.78	17.12	199.90	110.15
Balrampur Chini Mills Ltd.	200909	69.40	4.37	8.82	1	7.87	201012	-249.10	-0.96	-72.36	114.00	62.00
Deccan Chronicle Holdings Ltd.	201003	69.55	4.34	10.77	2	6.46	201012	2153.48	8.84	7.86	180.05	55.55
SRF Ltd.	201003	329.40	4.33	51.14	10	6.44	201012	4580.10	75.70	4.35	444.30	173.25
Balmer Lawrie & Company Ltd.	201003	542.00	4.28	72.02	10	7.53	201012	1213.22	74.49	7.28	769.90	499.05
Indian Oil Corpn. Ltd.	201003	312.05	4.15	42.10	10	7.41	201012	90970.90	37.47	8.33	458.90	274.00
JK Tyre & Inds. Ltd.	201003	86.85	4.05	39.81	10	2.18	201012	756.10	18.41	4.72	235.70	75.50
Graphite India Ltd.	201003	84.30	4.03	13.54	2	6.23	201012	1833.84	9.39	8.98	111.90	76.90
Binani Cement Ltd.	201003	87.00	4.02	13.88	10	6.27	201012	492.36	2.61	33.33	108.80	72.00
Electrosteel Castings Ltd.	201003	31.35	3.97	6.31	1	4.97	201012	1369.05	4.19	7.48	56.15	29.00
Nava Bharat Ventures Ltd.	201003	229.00	3.95	65.18	2	3.51	201012	3496.10	45.78	5.00	447.00	216.00
India Cements Ltd.	201003	90.40	2.19	11.54	10	7.84	201012	511.41	1.66	54.30	143.15	81.00
SJVN Ltd.	201003	20.55	3.90	2.37	10	8.68	201012	9282.00	2.24	9.16	28.00	20.00
Mastek Ltd.	201006	139.50	2.32	13.73	5	10.16	201012	109.58	4.07	34.31	379.00	132.10
Tinplate Company Of India Ltd.	201003	63.45	2.35	9.30	10	6.82	201012	417.96	5.81	10.92	92.25	55.50
India Cements Ltd.	201003	90.40	2.19	11.54	10	7.84	201012	511.41	1.66	54.30	143.15	81.00
Andhra Bank	201003	142.20	3.52	21.56	10	6.59	201012	11945.58	24.63	5.77	190.15	97.05
3I Infotech Ltd.	201003	42.30	3.49	7.88	10	5.37	201012	1284.40	6.69	6.32	83.30	38.15
Bank Of Maharashtra	201003	58.80	3.37	10.21	10	5.76	201012	4000.47	9.29	6.33	84.95	48.10
Finolex Industries Ltd.	201003	91.05	3.29	10.67	10	8.53	201012	1271.12	10.25	8.88	128.50	53.30
Vijaya Bank Ltd	201003	78.35	3.18	11.70	10	6.70	201012	6005.19	13.85	5.66	115.35	46.20
Karnataka Bank Ltd.	201003	115.15	3.17	12.47	10	9.23	201012	1878.90	9.99	11.53	192.97	96.83
Orient Paper & Inds. Ltd.	201003	46.60	3.16	8.26	1	5.64	201012	1204.80	6.25	7.46	69.00	45.75
Indian Bank	201003	218.40	2.94	36.18	10	6.04	201012	16851.76	39.21	5.57	316.50	162.25
Corporation Bank	201003	569.00	2.88	81.58	10	6.97	201012	13802.66	96.23	5.91	814.85	435.15
Jammu & Kashmir Bank Ltd.	201003	769.70	2.88	105.69	10	7.28	201012	5965.59	123.06	6.25	938.00	636.50
Orbit Corporation Ltd.	201003	52.05	2.42	17.46	10	2.98	201012	770.30	6.76	7.70	172.50	44.90
Rain Commodities Ltd.	200912	160.00	2.84	21.83	10	7.33	201012	-1860.30	-26.26	-6.09	231.20	131.80

Company Name	Net Sales		Change In Sales	% Change in Sales	Net Profit		Change In Net Profit	% Change in Net Profit
	201012 Qtr	200912 Qtr			201012	200912		
Empee Sugars	1209.55	61.05	1148.50	1881.24	114.43	20.46	93.97	459.29
Oberoi Realty	2463.20	128.70	2334.50	1813.91	1086.20	78.70	1007.50	1280.18
Indosolar	2209.16	161.84	2047.32	1265.03	4.63	-359.25	363.88	-
Dhunseri Petrochem	3882.48	430.63	3451.85	801.58	249.92	167.09	82.83	49.57
Centrum Electronics	454.58	52.66	401.92	763.24	8.16	-1.30	9.46	-
IVRCL Assets & Hold	1915.54	243.27	1672.27	687.41	-114.29	-28.00	-86.29	-
Sezal Glass	827.56	106.48	721.08	677.20	-96.61	2.17	-98.78	-
Concurrent (I) Infra	402.32	53.26	349.06	655.39	31.42	0.77	30.65	3980.52
Oswal Chem.	1023.70	146.63	877.07	598.15	222.17	39.93	182.24	456.40
Sakuma Exports	3604.42	620.41	2984.01	480.97	26.51	12.56	13.95	111.07
Indowind Energy	298.73	51.61	247.12	478.82	12.57	30.31	-17.74	-58.53
Polyplex Corp	3095.10	553.30	2541.80	459.39	902.50	8.40	894.10	10644.00
Birla Precision Tech	279.97	50.46	229.51	454.84	33.20	-3.08	36.28	-
Channel Guide	316.15	57.96	258.19	445.46	2.13	1.05	1.08	102.86
Chromatic India	310.71	58.07	252.64	435.06	8.05	2.19	5.86	267.58
Ausom Enterprises	1972.32	416.00	1556.32	374.12	9.97	0.76	9.21	1211.84
India Steel Works	1005.16	215.36	789.80	366.74	-12.45	-13.76	1.31	-
Future Capital	555.74	119.48	436.26	365.13	144.38	39.37	105.01	266.73
SPIC	6117.12	1341.86	4775.26	355.87	125.57	-120.75	246.32	-
Spectacle Infotek	461.52	103.22	358.30	347.12	3.81	2.69	1.12	41.64
ReligEnter	414.80	96.01	318.79	332.04	3.57	-44.14	47.71	-
Refex Refrigerants	285.74	69.15	216.59	313.22	19.30	1.22	18.08	1481.97
Mobile Tele Commun.	382.31	98.12	284.19	289.64	1.01	6.95	-5.94	-85.47
Haryana Ship Break	1018.91	274.14	744.77	271.68	46.00	26.45	19.55	73.91
Prism Cement	8422.60	2306.50	6116.10	265.17	-3.80	419.70	-423.50	-
Indian Card Clothing	434.88	121.97	312.91	256.55	26.24	5.29	20.95	396.03
Dhanus Technology	514.56	149.28	365.28	244.70	-36.26	4.66	-40.92	-
Oil Country Tubular	968.21	292.24	675.97	231.31	52.76	32.61	20.15	61.79
Shree Glb Tradefin	2238.62	705.06	1533.56	217.51	-9.26	0.33	-9.59	-
Manugraph India	1348.00	430.40	917.60	213.20	150.70	40.00	110.70	276.75
Hindustan Media Vent	1312.50	419.60	892.90	212.80	116.60	43.30	73.30	169.28
Oudh Sugar Mills	2125.75	679.93	1445.82	212.64	-48.24	-86.79	38.55	-
Cerebra Integ. Tech	170.24	54.63	115.61	211.62	3.43	1.96	1.47	75.00
Energy Development	198.66	64.31	134.35	208.91	28.42	25.32	3.10	12.24
Andhra Petrochem	1142.54	370.25	772.29	208.59	105.66	-17.32	122.98	-
Comfort Intech	379.66	123.24	256.42	208.07	-32.77	3.44	-36.21	-
Marsons	306.59	103.35	203.24	196.65	23.81	1.78	22.03	1237.64
Edelweiss Capital	1591.10	536.80	1054.30	196.41	227.90	41.00	186.90	455.85
Hind Oil Exploration	953.51	326.43	627.08	192.10	202.67	103.55	99.12	95.72
Shyam Telecom	1807.94	623.96	1183.98	189.75	0.90	-8.87	9.77	-
KSK Energy Ventures	452.22	158.01	294.21	186.20	137.00	-163.59	300.59	-
Sathavahana Ispat	2095.71	743.65	1352.06	181.81	139.40	62.72	76.68	122.26
Loyal Textile Mills	3224.60	1147.40	2077.20	181.04	91.30	-14.90	106.20	-
Filatex Fashions	191.05	69.46	121.59	175.05	1.48	2.41	-0.93	-38.59
GMR Infrastructure	1420.70	517.80	902.90	174.37	171.10	18.40	152.70	829.89
Axtel Inds.	210.75	77.14	133.61	173.21	17.66	6.66	11.00	165.17
Puneet Resins	153.68	56.54	97.14	171.81	13.56	6.11	7.45	121.93
Upper Ganges Sugar	1680.35	622.51	1057.84	169.93	39.33	-28.23	67.56	-
Shree Krishna Papers	289.40	107.40	182.00	169.46	-25.64	-6.75	-18.89	-

Company Name	Year End	Price (03/03) Rs.	EPS	FV	PE
Essar Oil Ltd.	201003	109.35	0.23	10	468.97
Oberoi Realty Ltd.	201003	249.30	0.81	10	306.33
Sunteck Realty Ltd.	201003	350.25	1.15	2	304.65
Jindal South West Holdings Ltd.	201003	943.70	3.95	10	238.98
Bajaj Finserv Ltd	201003	527.45	2.35	5	224.58
Indiabulls Real Estate Ltd.	201003	110.10	0.56	2	196.97
GVK Power & Infrastructure Ltd.	201003	26.80	0.14	1	195.14
Hindustan Copper Ltd.	201003	304.50	1.67	5	182.13
Fortis Healthcare (India) Ltd.	201003	150.80	0.96	10	157.34
Adani Power Ltd.	201003	112.80	0.78	10	143.97
Mercator Lines Ltd.	201003	37.75	0.27	1	139.29
Indiabulls Power Ltd.	201003	23.20	0.19	10	124.31
Adani Enterprises Ltd.	201003	605.60	5.11	1	118.54
United Breweries Ltd.	201003	471.50	4.04	1	116.72
IRB Infrastructure Developers Ltd	201003	192.35	1.68	10	114.48
Religare Enterprises Ltd	201003	495.00	4.34	10	113.96
Kwality Dairy (India) Ltd.	201003	109.00	0.99	1	110.54
Jubilant FoodWorks Ltd.	201003	538.25	5.18	10	103.87
Reliance Power Ltd	201003	113.50	1.14	10	99.56
Gammon Infrastructure Projects Ltd	201003	18.30	0.19	2	94.77
Karuturi Global Ltd	201003	14.03	0.18	1	78.20
Delta Corp Ltd	201003	68.30	0.88	1	77.89
Bombay Dyeing & Manufacturing Co Ltd.	201003	349.65	4.49	10	77.83
Arshiya International Ltd.	201003	187.95	2.62	2	71.71
JMD Telefilms Inds. Ltd.	201003	15.30	0.22	1	70.50
Godrej Industries Ltd.	201003	175.75	2.55	1	68.98
Den Networks Ltd.	201003	103.70	1.59	10	65.05
Raymond Ltd.	201003	272.50	4.30	10	63.44
Glenmark Pharmaceuticals Ltd.	201003	299.70	4.76	1	62.95
Titan Industries Ltd.	201003	3448.90	56.39	10	61.16
Bharat Forge Ltd.	201003	330.65	5.71	2	57.95
Entertainment Network (India) Ltd.	201003	215.50	3.75	10	57.50
Essar Shipping Ports & Logistics Ltd.	201003	81.25	1.46	10	55.59
Atlas Copco (India) Ltd.	200912	2072.00	37.56	10	55.16
Coal India Ltd.	201003	328.90	5.98	10	54.96
EIH Ltd.	201003	79.05	1.46	2	54.28
Future Capital Holdings Ltd	201003	147.85	2.73	10	54.24
Hindustan Oil Exploration Company Ltd.	201003	169.70	3.19	10	53.24

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

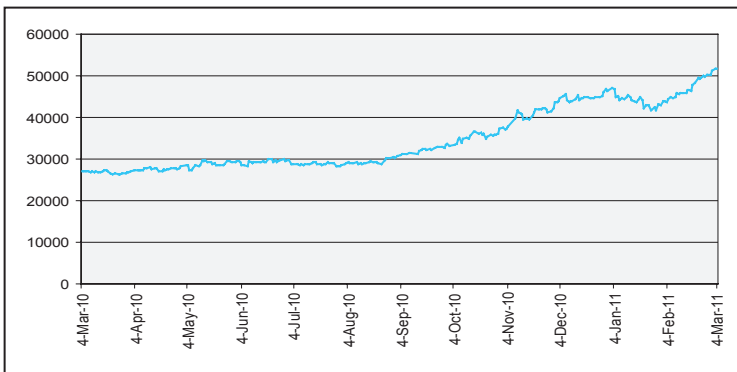
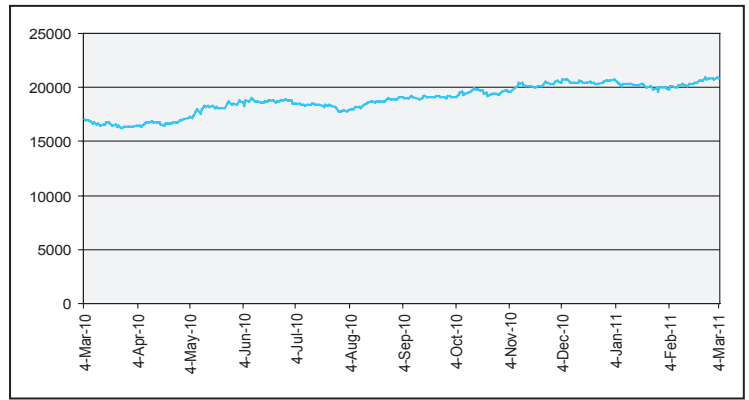
Company Name	Year End	Price (03/03) Rs.	EPS	FV	PE
JK Tyre & Inds. Ltd.	201003	86.85	39.81	10	2.18
JK Lakshmi Cement Ltd.	201003	46.45	19.71	5	2.36
Subex Ltd	201003	57.90	23.60	10	2.45
Orbit Corporation Ltd.	201003	52.05	17.46	10	2.98
Bharati Shipyard Ltd.	201003	148.05	47.99	10	3.09
Bartronics India Ltd.	201003	63.10	19.10	10	3.30
Nava Bharat Ventures Ltd.	201003	229.00	65.18	2	3.51
Prakash Industries Ltd.	201003	77.45	21.87	10	3.54
Lakshmi Energy & Foods Ltd.	201009	46.40	13.07	2	3.55
Kesoram Industries Ltd.	201003	199.90	51.88	10	3.85
Marg Ltd.	201003	115.00	29.22	10	3.94
Geodesic Ltd.	201003	77.15	18.96	2	4.07
Allied Digital Services Ltd.	201003	85.10	20.79	5	4.09
JK Cement Ltd.	201003	133.20	32.32	10	4.12
JSL Stainless Ltd.	201003	87.30	20.39	2	4.28
Birla Corporation Ltd.	201003	311.90	72.36	10	4.31
PSL Ltd.	201003	71.35	16.52	10	4.32
SREI Infrastructure Finance Ltd.	201003	43.90	9.56	10	4.59
Chennai Petroleum Corporation. Ltd.	201003	192.25	40.51	10	4.75
Jindal Poly Films Ltd.	201003	441.55	90.52	10	4.88
ICSA (India) Ltd.	201003	126.90	25.77	2	4.93
Electrosteel Castings Ltd.	201003	31.35	6.31	1	4.97
Peninsula Land Ltd.	201003	60.00	11.82	2	5.08
Great Offshore Ltd.	201003	239.80	46.90	10	5.11
Gujarat Alkalies & Chemicals Ltd.	201003	120.05	23.40	10	5.13
State Bank Of Travancore	201003	718.75	136.85	10	5.25
HEG Ltd.	201003	199.60	37.27	10	5.36
3I Infotech Ltd.	201003	42.30	7.88	10	5.37
State Bank Of Mysore	201003	665.85	123.82	10	5.38
Sasken Communication Technologies Ltd.	201003	151.05	28.04	10	5.39
Aptech Ltd.	201003	101.45	18.57	10	5.46
UCO Bank	201003	101.65	18.42	10	5.52
Rei Agro Ltd.	201003	27.40	4.92	1	5.57
Dena Bank	201003	99.45	17.82	10	5.58
Orchid Chemicals & Pharmaceuticals Ltd.	201003	264.05	47.04	10	5.61
Orient Paper & Inds. Ltd.	201003	46.60	8.26	1	5.64
Heidelberg Cement India Ltd	200912	33.45	5.91	10	5.66
IFCI Ltd.	201003	51.45	9.08	10	5.67

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

FV Latest Face values of equity Shares (Rs)

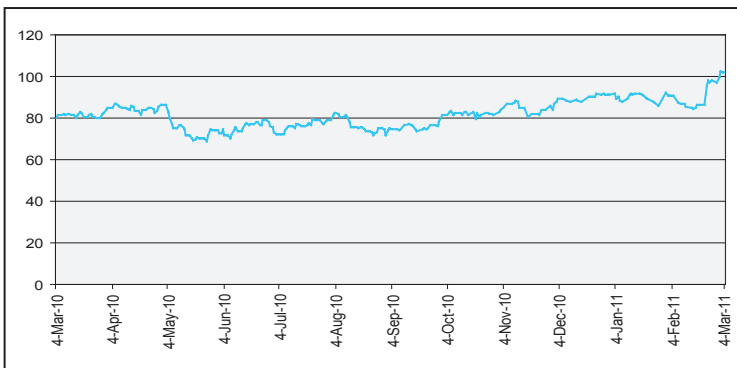
PE Market Price / Trailing Twelve Months Earning Per Shares

Date	Price Rs.
4-Mar-11	20793.35
4-Feb-11	20081.25
4-Jan-11	20637.00
4-Dec-10	20700.00
4-Nov-10	19650.00
4-Oct-10	19142.50
4-Sep-10	18980.00
4-Aug-10	18035.00
3-Jul-10	18520.00
4-Jun-10	18330.00
4-May-10	17278.35
3-Apr-10	16510.00
4-Mar-10	17050.00



Date	Price Rs.
4-Mar-11	51700.00
4-Feb-11	44400.00
4-Jan-11	46785.00
4-Dec-10	44650.00
4-Nov-10	37719.00
4-Oct-10	33380.30
4-Sep-10	31110.75
4-Aug-10	29190.15
3-Jul-10	28759.50
4-Jun-10	28561.50
4-May-10	28536.75
3-Apr-10	27348.75
4-Mar-10	27050.00

Date	Price Rs
4-Mar-11	44.86
4-Feb-11	45.66
4-Jan-11	45.16
3-Dec-10	45.10
4-Nov-10	44.00
4-Oct-10	44.55
3-Sep-10	46.52
4-Aug-10	46.08
4-Jul-10	46.58
4-Jun-10	47.32
4-May-10	45.05
5-Apr-10	44.39
4-Mar-10	45.78



Date	Price \$
4-Mar-11	101.91
4-Feb-11	90.54
4-Jan-11	89.38
3-Dec-10	89.19
3-Nov-10	84.69
4-Oct-10	81.47
3-Sep-10	74.60
4-Aug-10	82.47
4-Jul-10	72.14
4-Jun-10	71.51
4-May-10	82.74
4-Apr-10	84.87
4-Mar-10	80.21

Canara Robeco Equity Tax Saver (G)

Canara Robeco Equity Tax Saver (Growth) is Canara Robeco Asset Management Company, managed open-ended Equity - ELSS scheme.

The fund was launched on February 2, 2009 and its fund manager is Anand N. Shah.

The benchmark index of the fund is BSE-100 and the custodian of the fund is HDFC Bank.

The current net asset value (NAV) of the fund as on March 4, 2011 was Rs 24.89; while the 52 week high NAV was Rs 28.51 on October 06, 2010 and the 52 week low NAV for the scheme was Rs 22.16 on March 03, 2010.

The minimum investment to the fund is Rs 500 and additional investments can be made in multiples of Rs 500.

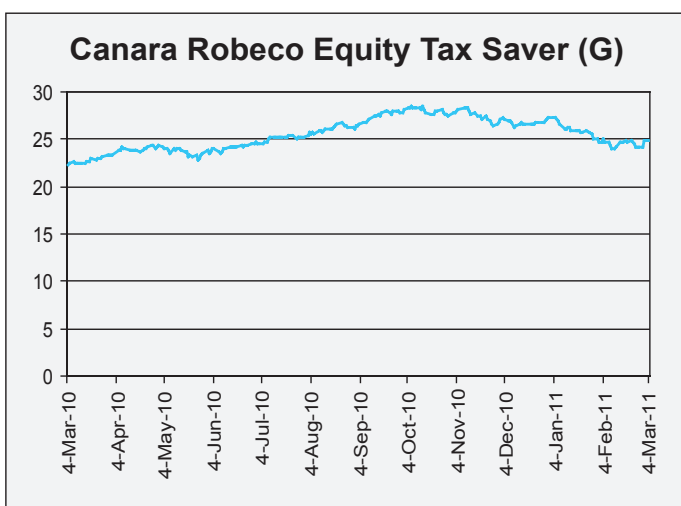
The investment objective of the scheme is to achieve long term capital appreciation by predominantly investing in equities to facilitate the subscribers to seek tax benefits as provided under Section 80 C of the Income Tax Act, 1961.

The top five holdings of the fund are:

Company	Bharti Airtel	HDFC Bank	Reliance Industries	Infosys Technologies	NTPC
% Holding	6.21	5.55	4.76	3.17	3.12

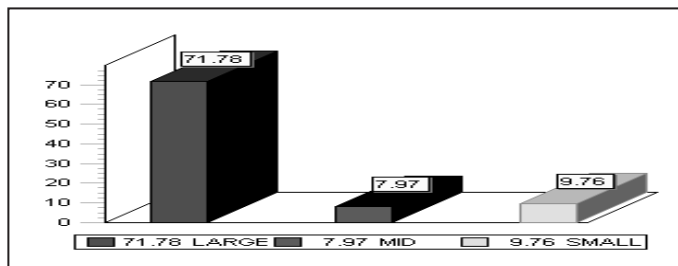
Sector wise, the fund is having the maximum contribution of 15.3% from the Banking sector, followed by 11.82% from Telecom Service, 9.49% from Pharmaceuticals, 8.28% from Media & Entertainment and 5.3% from Software.

As far as market capitalization-wise companies are concerned, the scheme's portfolio consists of 71.78% from Large-cap, 7.97% from Mid Cap and 9.76% from Small cap stocks while rest is contributed from Cash &



Last one year NAV Graph

Fund allocation



Market cap-wise Allocation Style	
Average Mkt Cap (Rs Cr)	45918.14
Market Capitalization	% of Portfolio
Large	71.78
Mid	7.97
Small	9.76
Note: Large-Cap = 5000 Crs. and above, Mid-Cap = 2000 Crs. to 5000 Crs. and Small-Cap = less than 2000 Crs.	

Cash equivalents.

The fund has given a return of 51.92% since inception and a return of 11.71% in last one year, while the category average in the same period has been 16.65% and 6.28% respectively.

As on December 31, 2010 the major companies included in the scheme were Bajaj Auto with a holding of 1.02%, and Zee Entertainment Enterprise with holding of 0.92%, while PNB with a holding of 1.38% and IOC with holding of 0.85% were excluded from the scheme.

Outlook

Canara Robeco Equity Tax Saver (Growth) is an open-ended Equity - ELSS scheme of Canara Robeco AMC being managed by Anand N. Shah. Similar to any other Equity linked saving scheme, it offer dual benefit of tax saving as well as investment growth, but it is one of the best performing funds in its category due to its right blend of investment options. The investment emphasis of the scheme is on identifying companies with strong competitive position in good business and having quality management. The AMC follows an active investment style supported by in-house research. Essentially, the focus is on long term fundamentally driven values. Its primary concentration is on large cap stocks spread across the sectors and even that all the top performers have been included based on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors. The fund offers a SIP option which can be availed for investing in it as its portfolio shows a strong growth prospect.

Duration	1 Week %	1 Mth %	3 Mth %	6 Mth %	1 Year %	3 Year %	5 Year %	Since Inc. %
Scheme Return %	2.81	0.85	-8.05	-6.36	11.71	NA	NA	51.92
Category Avg %	3.50	0.36	-10.70	-6.60	6.28	4.16	9.14	16.65

Returns As on March 4, 2011

Fund	AUM Rs.Crore Dec 2010	NAV Rs 4/03/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Equity - Diversifited										
Birla SL India Opportunities(G)	54	51.95	-3.51	-3.40	2.40	59.58	4.25	17.34	10.84	2-Mar-95
DSPBR Opp-Reg(G)	869	83.00	-0.15	-6.57	12.53	50.20	13.10	25.24	21.63	16-May-00
DSPBR India T.I.G.E.R-Reg(G)	2822	43.17	-0.77	-14.17	-1.46	38.59	11.08	-	24.27	11-Jun-04
Fidelity Equity(G)	3269	34.63	1.90	-1.86	15.90	54.16	16.11	-	23.87	16-May-05
ICICI Pru Dynamic(G)	2785	104.69	0.60	1.50	12.48	52.19	16.86	-	32.50	31-Oct-02
Kotak Opportunities(G)	1088	43.75	-0.55	-9.24	4.53	46.06	12.71	-	25.56	9-Sep-04
SBI Magnum Contra(G)	3566	52.66	-1.09	-11.66	-3.07	41.13	12.05	-	22.19	6-May-05
SBI Magnum Multicap(G)	604	16.88	-0.59	-8.86	-2.88	40.43	5.52	-	10.05	16-Sep-05
Reliance Equity Oppor-Ret(G)	2861	33.60	-0.63	-8.54	14.05	68.13	15.20	-	22.68	31-Mar-05
Reliance Vision-Ret(G)	3470	258.08	-0.24	-6.95	4.04	46.74	12.34	31.41	23.48	8-Oct-95
Sundaram S.M.I.L.E Fund(G)	778	29.67	-2.04	-16.64	-3.78	57.03	12.60	-	19.70	15-Feb-05
Equity - ELSS										
Birla SL Tax Relief '96(G)	1634	10.77	-0.19	-9.80	0.65	53.68	-	-	2.93	10-Mar-08
SBI Magnum TaxGain'93(G)	6060	57.47	-0.09	-6.46	1.38	43.57	-	-	6.53	7-May-07
ICICI Pru Tax Plan(G)	1320	135.10	-0.69	-3.57	8.16	64.82	11.20	27.42	25.29	19-Aug-99
DSPBR Tax Saver(G)	952	16.24	-0.05	-7.70	7.99	51.07	-	-	12.48	18-Jan-07
HDFC TaxSaver(G)	2937	223.20	-0.56	-5.38	12.14	61.14	12.71	28.75	23.50	13-Jun-96
Reliance Tax Saver (ELSS)(G)	2393	19.78	0.11	-9.54	8.30	50.03	9.71	-	13.33	22-Sep-05
Sundaram Tax Saver(G)	1633	41.83	-0.88	-7.83	2.21	41.11	12.26	-	21.83	2-May-05
Franklin India Taxshield(G)	881	200.69	1.23	-1.01	11.14	51.70	11.91	23.01	28.65	10-Apr-99
Equity - Large Cap										
Birla SL Frontline Equity(G)	2720	85.38	0.65	-2.40	8.45	51.13	17.46	-	28.94	27-Sep-02
Birla SL Dividend Yield Plus(G)	723	80.36	-0.19	-8.44	14.10	53.99	14.59	-	29.66	26-Feb-03
DSPBR Top 100 Equity-Reg(G)	2872	97.89	1.56	0.06	10.19	42.66	16.98	-	33.05	10-Mar-03
DSPBR Equity-Reg(G)	2418	15.71	-0.25	-8.38	9.25	48.40	-	-	12.84	7-Jun-07
HDFC Growth(G)	1388	83.66	0.77	-4.71	15.03	54.81	17.44	25.60	22.46	11-Sep-00
HDFC Top 200(G)	9489	203.89	0.99	-2.00	14.20	59.02	17.68	29.16	23.10	3-Sep-96
Kotak 50(G)	977	99.05	1.17	-3.27	7.43	39.40	12.25	-	29.86	5-Feb-03
SBI Magnum Equity(G)	466	42.09	0.96	-3.24	10.33	52.45	-	-	10.65	24-Nov-06
Reliance Growth-Ret(G)	8080	438.20	-1.85	-10.51	2.04	52.75	15.45	34.11	27.49	8-Oct-95
Equity - Mid Cap										
Birla SL Midcap(G)	2022	100.19	-1.69	-15.41	-2.79	58.92	13.67	-	31.63	16-Oct-02
ICICI Pru Discovery(G)	1583	46.30	-2.07	-6.05	10.08	74.93	15.12	-	26.36	16-Aug-04
Sundaram Select Midcap(G)	2395	138.02	-2.58	-13.38	2.69	65.28	15.00	-	35.55	19-Jul-02
Reliance Reg Savings-Equity(G)	3392	28.94	-3.00	-9.20	2.97	57.75	22.09	-	20.36	10-Jun-05
Franklin India Prima(G)	965	253.12	-0.46	-12.94	3.12	59.75	6.24	27.44	20.58	1-Dec-93
Kotak Midcap(G)	254	23.21	-0.89	-15.60	6.89	53.24	5.37	-	15.00	24-Feb-05
Equity - Pharma										
Franklin Pharma(G)	141	59.46	-3.38	1.78	17.81	69.03	15.80	19.67	16.11	31-Mar-99
Reliance Pharma(G)	544	51.10	-4.38	-2.48	14.10	72.09	21.58	-	27.38	8-Jun-04

Returns As on March 4, 2011

Fund	AUM Rs.Crore Dec 2010	NAV Rs 4/03/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Finance Sector										
ICICI Pru Banking & Fin Serv-Ret(G)	152	17.93	4.24	-2.13	21.56	69.10	-	-	25.94	22-Aug-08
Reliance Banking(G)	1639	102.04	4.15	-0.37	32.71	79.93	26.83	-	34.83	28-May-03
Sundaram-Select Thematic Funds- Fin Serv Oppor(G)	287	19.55	3.93	-4.76	22.13	70.03	-	-	27.81	10-Jun-08
Commodities - Gold										
DSPBR World Gold-Reg(G)	1180	18.85	2.95	11.03	28.74	30.25			20.03	14-Sep-07
Kotak GOLD ETF	243	2023.09	3.59	8.48	20.87	15.36	-	-	25.97	27-Jul-07
Reliance Gold ETF	341	1967.74	3.54	8.48	20.87	15.40	-	-	21.93	22-Nov-07
Fund	AUM Rs.Crore Dec 2010	NAV Rs 4/03/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	3 Years	5 Years		
Balanced - Equity Oriented										
HDFC Balanced(G)	225	52.82	1.16	-1.89	14.18	49.37	13.77	13.99	17.21	11-Sep-00
HDFC Prudence(G)	5709	204.23	0.33	-3.34	14.69	57.30	14.72	17.58	19.30	1-Feb-94
Birla SL '95(G)	377	300.99	0.15	-3.51	11.31	44.49	11.73	15.56	23.63	17-Feb-95
Balanced - Debt Oriented										
Reliance Reg Savings-Balanced(G)	806	21.43	0.88	7.00	8.36	49.99	14.95	16.04	14.21	10-Jun-05
HDFC Children's Gift - Investment	278	40.22	1.19	1.52	20.02	51.35	13.85	11.83	14.92	2-Mar-01
ICICI Pru Child Care Plan-Gift Plan	183	52.36	1.21	14.65	0.91	49.75	1.96	8.74	19.01	31-Aug-01
Fund	AUM Rs.Crore Dec 2010	NAV Rs 4/03/11	Absolute %			CAGR %			Since Launch	Launch Date
			1 Month	3 Months	6 Months	1 Year	3 Years	5 Years		
Balanced - Equity Oriented										
Birla SL Cash Plus-Ret(G)	7165	25.75	0.57	1.81	3.29	5.42	5.98	6.54	7.13	16-Jun-97
HDFC Cash Mgmt-Savings(G)	2403	20.36	0.62	1.92	3.55	6.13	6.61	7.02	6.46	3-Jan-00
Reliance Liquid-Treasury-Ret(G)	1978	23.28	0.61	1.84	3.36	5.73	6.37	6.64	6.74	23-Mar-98
Reliance Liquid-Cash(G)	638	15.79	0.63	1.99	3.42	5.47	4.75	5.21	5.07	7-Dec-01
Templeton India CMA(G)	433	16.57	0.50	1.48	2.74	4.37	4.69	5.33	5.25	23-Apr-01
UTI Money Market(G)	650	2709.48	0.59	1.84	3.36	5.68	6.36	6.76	7.45	23-Apr-97
SBI Magnum InstaCash-Cash(G)	3321	21.64	0.60	1.91	3.57	6.19	6.32	6.70	6.76	19-May-99
ICICI Pru Child Care Plan-Gift Plan	183	52.36	1.21	-	14.65	0.91	1.96	8.74	19.01	31-Aug-01
Monthly Income Plans										
Birla SL MIP II-Savings 5(G)	1224	17.35	0.44	0.75	2.07	5.59	10.86	9.77	8.46	22-May-04
Birla SL Monthly Income(G)	693	36.10	0.60	-0.19	1.39	6.42	8.75	9.41	11.73	10-Aug-99
Reliance MIP(G)	8322	21.32	0.50	-1.29	0.64	6.54	13.87	11.43	11.15	13-Jan-04
HDFC MIP-LTP(G)	9863	22.56	0.41	-1.66	0.86	8.32	11.28	10.97	11.98	26-Dec-03
ICICI Pru MIP 25(G)	828	19.15	0.64	-1.47	1.36	6.40	6.78	8.36	9.73	5-Mar-04
SBI Magnum MIP(G)	410	19.85	0.28	-0.88	-0.38	5.18	3.38	4.92	7.13	23-Mar-01
UTI MIS(G)	663	19.53	0.44	-0.38	1.61	5.58	8.29	8.61	8.30	11-Oct-02

India, Iran payment crisis finally got a way out

In a major breakthrough that put an end to many months of uncertainty, India and Iran arrived at a settlement and agreed to use euro to pay for Iranian crude oil through Germany-based Europaisch-Iranische Handelsbank (EIH Bank). Oil companies, which were in dilemma as to how to conduct their operations till the final solution comes out, heaved a sigh of relief with this settlement. Hence, a deadlock in the oil payments dispute has been resolved between both the countries and Iran continues to be one of the largest suppliers of oil to India, the world's second fastest growing major economy.

On December 23, 2010 last year, India's central bank issued a circular stating that, payment for import of oil or gas should be settled in any permitted currency outside the Asian Clearing Union (ACU) mechanism. While the earlier order didn't explicitly mention Iran, the Islamic republic being the only major crude exporter in the ACU, it was clear that at whom the move was aimed at. But on December 27, 2010, Reserve Bank of India (RBI) issued another circular which further stated that "In view of the difficulties being experienced by importers/ exporters in payments to/receipts from Iran, the extant provisions have been reviewed and it has been decided that all eligible current account transactions including trade transactions should be settled in any permitted currency outside the ACU mechanism until further notice."

Though, Indian officials stated that the move will ease the trade between two countries, it was seen worldwide as an example of India succumbing to American pressure, as Iran is facing economic sanctions from the United Nations, the US and the European Union (EU) over its controversial nuclear programme. The move was also being attributed to growing Indo-US ties as RBI's directive came less than two months after US President Barack Obama's visit to India, though India's foreign ministry denied "acting under pressure of any country". On 25 October, the EU issued a regulation that made it mandatory for any transaction with Iran, involving the euro to be accompanied by a certificate. Under the ACU system, the final payment is

made after settlement of all dues of all transactions from all the nine member-countries, so individual transactions are not treated separately. The Reserve Bank of India (RBI) was, thus, not able to issue individual certificates on transactions with Iran, as required by the EU and hence decided about bilateral arrangement for payments between India and Iran, outside the ACU.

ACU payment mechanism

Established in 1975, the ACU system is used by India, Iran, Bangladesh, Bhutan, Nepal, Pakistan, the Maldives, Myanmar and Sri Lanka to reduce foreign exchange spending on account of transaction costs. The nine countries settle payments for intra-regional transactions among participating central banks on a multilateral basis. The settlement is made every two-month with every member paying for imports after netting out its exports among the union.

Till 2008, payments under the ACU mechanism were done in US dollars but after United States (US) imposed sanctions against Iran over its suspected nuclear programme, the currency shifted to euro. Under the ACU system, the final payment is made after coming to a net settlement of all dues towards imports and receivables for exports. The "netting off" involves all transactions from all the nine member-countries, so individual transactions are not treated separately. Hence, third countries find it difficult to trace transactions by companies because the settlements are made by the Central banks of the member countries.

RBI's directive and Indo-US ties

The Reserve Bank of India (RBI) on December 27, 2010 issued a clear statement asking the country's lenders to stop processing current account transactions with Iran using the Asian Clearing Union (ACU) arrangement, a move which will increase deal costs and make trade cumbersome. The move was followed by the decision of the American and European banks not to process payments for Iranian fuel supplies.

Further, Indian officials also indifferent towards trade and investment opportunities in Iran ignored the difficulties

which started occurring pursuant to this directive. Meanwhile, according to government sources, “when companies associating with the Iran oil sector are also dealing with the US and EU, it becomes a problem as companies can’t deal with the US and EU companies if they have invested over \$20 million in Iran”.

Though India strongly denied the fact that it acted under pressure from any other country while asking its companies not to use the ACU mechanism in settling transactions in oil and gas; the RBI’s directive which came less than two months after US President Barack Obama’s visit to India, presented some other picture. United Nations sanctions do not forbid buying Iranian oil and recently the European Central Bank (ECB) asked RBI and other central banks of ACU to provide certificates that the euro being used to import products are not on US sanctions list. However, according to sources, RBI chose to scrap the entire system itself even though certification for crude oil imports was easy to provide and track further reinforcing the growing Indo-US ties.

US pressure on Indian companies - RIL, SBI pull out

The US did not directly pressurize Indian companies; but they had, in no uncertain terms, warned that investments in Iran “could possibly impact investments in the US” US officials told New Delhi that Indian firms conducting business through the ACU run the risk of violating a law signed by Obama in July that bans international firms from doing trade with 17 Iranian banks and much of Tehran’s oil and gas sector, as well as the Revolutionary Guard and companies found violating this law could be banned from doing business in the US.

This warning led to Reliance Industries (RIL) abandoning its plans to invest in an oil refinery in Iran as it saw little chances of participating in shale gas exploitation after having bought a stake in a US company. Earlier, India imported 21.3 million tonne of crude oil from Iran in 2009-10 and this year imports are expected to be around 18 million tonne as Reliance Industries has totally stopped using crude oil from the Persian Gulf nation. Meanwhile, RIL was a major supplier of gasoline to Iran, which lacks

sufficient refining capabilities, before the international sanctions caused the company to pull back last year.

Meanwhile, State Bank of India (SBI) had also refused to issue fresh Letters of Credit (LCs) to public and private sector refiners, who import some 12 million barrels of crude oil from Iran every month; though after assurances from the government and the RBI, it has agreed to facilitate the companies doing trade with Iran.

Wrapping up

India’s aspiration to acquire a permanent seat in the UNSC may prove too costly as India’s ties with Iran go beyond the crude connection. It is an ally of India in Afghanistan. It provides India with a land route to Afghanistan and Central Asia. Losing the support of a long-standing friend for the sake of a new and shaky alliance with the US is not in India’s interest. Also, angering its Muslim neighborhood is not in its interest when US is also in support of Pakistan. Closeness with US can further sever its ties with other nations. Hence, New Delhi is treading a thin line by increasingly engaging with the U.S. to satisfy its ambition of playing a greater role in global affairs.

Iran has the world’s second largest oil and natural gas reserves, and is the second largest supplier of crude oil to India after Saudi Arabia. India imports 80% of its oil needs. It imports around 400,000 barrels per day of crude oil from Iran. Though, before hitting upon the ACU, the Iranians had urged Indian companies to move over to the Turkey-Iran model of settling accounts. But because the trade is heavily imbalanced in Iran’s favor, such a system is hard to implement.

Now that the row over payment settlement has been resolved and both the countries have agreed on using Germany-based EIH Bank for settling their transactions, the countries have moved forward to doing trade peacefully and without any conflict; though it remains to be seen how durable this solution actually is. If the RBI’s move to restrict trade through the ACU is—as it seems—a response to U.S. pressure to tighten Iran sanctions, India’s solution to simply reroute rather than sever or at least reduce oil payments to Iran is unlikely to please Washington.

The Middle East Uprising and its global impact

The Tunisian effect has spread like a wild fire in the Middle East and North African nations making the global scenario looks frailer, casting a dark cloud over the steady recovery which the developed nations of the world recently started to witness. The civil upheaval in the reform starved Arab nations has resulted into gargantuan financial and social losses to the people of the countries. Just days after the President Ben Ali who ruled Tunisia since 1987, relinquished power the domino effect got transmitted to the Muslim world, from North Africa to Iran, every nation has experienced a wave of instability in the last few months. The regimes that came under the wrath includes that of Egyptian President Hosni Mubarak's who autocratically ruled the Arab Republic of Egypt for thirty long years likewise there are a host of nations including Libya and Bahrain where protestors have come out on streets in demand for respective ruler's ouster. Demands from protest organizers include a new government that represents the interests of the people apart from that demonstrators have also concentrated on legal and political issues including police brutality, emergency law, lack of free and fair elections and corruption, as well as economic issues including high inflation rate and low minimum wages.

• The Genesis of the Uprising

The civil unrest took birth in Tunisia, a country generally considered to be wealthy and stable in comparison to other nations in the region, after Twenty-six year old Mohamed Bouazizi doused himself with a flammable liquid and set himself on fire in front of the provincial headquarters on December 17, 2010. The reason behind Bouazizi's self-immolation was that his livelihood was threatened when a policewoman confiscated his unlicensed vegetable cart and produce. Not satisfied with accepting the 10-dinar fine that Bouazizi tried to pay (\$7, the equivalent of a good day's earnings), the policewoman allegedly slapped the scrawny young man, spat in his face and insulted his dead father. Furthermore, humiliated and dejected, Bouazizi's angst got intensified when he went to the provincial headquarters, hoping to complain to local municipality officials, but they refused to see him. Bouazizi did not die right away but lingered in the hospital till January 4. An intensive campaign of civil resistance, including a series of street demonstrations took place in Tunisia thereafter, there was so much outrage over his ordeal that even President Zine el Abidine Ben Ali, the dictator, visited Bouazizi on December 28 to try to blunt the anger. But the outcry could not be suppressed and, on January 14, just 10 days after Bouazizi died, Ben Ali's 23-year rule of Tunisia was

over as he relinquished powers and fled to Saudi Arabia. However the street demonstrations and other unrest have continued to the present day. It is this revolt which has inspired similar actions throughout the Arab world named as the "Tunisian Revolution" or the "Sidi Bouzid Revolt" derived from Sidi Bouzid, the city where the initial protests began. The uprising is also dubbed as the "Jasmine Revolution" in the media.

• The Egyptian President's Ouster

After the glass ceiling got shattered in Tunisia, the domino effect spread to the nearby Middle East nations as countries like Egypt and their citizens could draw parallels between the Tunisian situation and that of their own given the fact that they also had a ruler in Hosni Mubarak who reigned in Egypt since 1981. The Egyptian revolution began on January 25, 2011 with a series of street demonstrations, marches, rallies, acts of civil disobedience, riots, labour strikes, and violent clashes in Cairo, Alexandria, and throughout other cities in Egypt. The primary demands from protest organizers were the end of the Hosni Mubarak regime, the end of Emergency Law (martial law), freedom, justice, a responsive non-military government, and management of Egypt's resources.

President Mubarak's policies and the downturn in the economy further stoked the angst in the Egyptian public. Following the assassination of President Sadat, Egypt appeared to be on the verge of a large scale Islamic insurrection. To prevent it President Mubarak resorted to large scale repressive measures. The West, particularly the United States, and the conservative Arab states like Saudi Arabia, chipped in with substantial financial aid to sustain the economy and create a sense of financial well being in the country. However, while these measures brought in a semblance of security and prosperity, the fundamentals of the economy remained unchanged. Islamic radicals had no difficulty in penetrating the ranks of Egypt's poor. The Mubarak regime responded to the situation with repression. This in turn created a new class of critics – intellectuals and modernists. When they became stronger, the regime became very intolerant and cracked down hard on them. The West which had applauded the Mubarak regime's draconian measures to suppress the Islamists also chose to look the other way over this popular angst and frustration.

Mubarak formally addressed Egypt on February 10 amid reports of a possible military coup, but instead of his expected resignation, he stated his powers would be transferred to Vice President Suleiman, and he would remain in Egypt as its head of state. Anger and disappointment

spread through crowds in Cairo after this statement and demonstrations began to escalate in number and intensity throughout Egypt. Then came the “Friday of departure” as massive protests in response to Mubarak’s speech continued in many Egyptian cities. Suleiman announced Mubarak’s resignation and that the Supreme Council of Egyptian Armed Forces would assume leadership of the country. However, many people speculated that the deteriorating state of the Egyptian economy in the last days of Hosni Mubarak’s rule was caused by Gamal taking over as a political advisor to Mubarak. He isolated his father from the people, and pushed his own agenda, and his ailing father didn’t listen to anyone but him. He is also pushed to have his businessmen friends take governmental positions and ministries, placing policies that benefit him and his friends. Actually there was a substantial increase in government spending on subsidies for the poor in the last couple of years of the regime. Also there were reports of a fight taking place between him and his older brother, Alaa Mubarak. Alaa accused him of ruining his father last days, and humiliating him.

The Libyan Uprising:

The demonstrations and civil upheaval inspired by Tunisia’s “Jasmine Uprising” by mid of February hit Libya, a nation ruled by Muammar Gaddafi since last forty one years. By February 18, country-wide protests and major demonstrations started in most of Benghazi, the country’s second-largest city, and moved to other cities. At this stage, attacks to police stations and official buildings; clashes between protesters and Government supporters increased and elite troops and mercenaries were sent by the government to retake the town, but they were repelled. Protests had spread to the capital Tripoli by February 20, which led to a television address by Seif al-Islam, who warned that the protestors that country may descend into civil war. Even as the protests in Libya continue till date, it is estimated that at least 1000 people have been killed since the violence began. The rising death toll has drawn international condemnation, with several Libyan diplomats resigning and calling for the regime to be dismantled.

The dissent in Libya follows the toppling of autocratic rulers by popular movements in Egypt and Tunisia and marks the spread of unrest into the Persian Gulf, where most of the Middle East’s oil is produced. Anti-government protests are gaining pace around the Middle East and North Africa despite political and economic concessions by nervous governments. Clashes were reported in Bahrain, home to the US Navy’s Fifth Fleet, while civil upheaval is escalating in the regions like Yemen, Iran and Saudi Arabia.

Oil on the boil

Even as various foreign oil companies, including Eni of Italy and Repsol YPF of Spain, shut down vast amounts of production in Libya, which exports around 1.8 million barrels per day (bpd) of crude, the question is no longer if the political crisis will affect the country’s output, but how long the oil disruption will last. Oil prices have surged to a 2½-year high of almost \$110 a barrel because of the crisis. Unlike the energy produced in most African states, nearly all of Libya’s oil and natural gas is produced on-shore. This reduces development costs but increases the chances that political instability could impact output - and Libya, one 12 current members of OPEC, has been anything but stable of late. The departure of subcontractors forced international oil companies to cease production amid the escalating turbulence and it is estimated that at least 350,000 barrels a day of output have been lost, or about 22% of Libya’s production. Libya’s political strife has already begun to impact its energy production, and this is just the tip of the iceberg. There are fears mounting that the soaring oil prices may have a radical impact on the global economic recovery as possibilities of oil supply disruptions from Libya are stoking inflationary concerns in emerging nations like China and India which have over the period earned reputation of being the “growth engines” of the world economy. The overturn in global economic recovery could thereby spook the demand prospects of various commodities like copper, tin etc while it may also lead to severe downgrades in riskier asset classes like equities as was evident from the nasty 3% laceration registered by the Indian markets on the last Thursday of February

However, the question that still lingers is that how long the civil upheaval will last. There can be three likely culminations, viz; if Libyan leader Muammar Gaddafi, who declared to fight until the last drop of his blood, loses power over the country and the uprising succeeds, then oil companies may return relatively quickly. Provided there is no damage to the oilfields and pipelines – none has so far been reported – Libyan oil could be flowing back into the market only days after the return of the oil companies and their contractors. However, if the conflict drags into a civil war, then the probabilities are high that firms will not be able to return any time soon because of the turbulent conditions and strong political pressure. But if Colonel Gaddafi triumphs, the political pressure will be substantial and in that case the US and Europe may have to reconsider political sanctions, including a return to the oil embargo. Europe, which for years has kept a comfortable relationship with Libya, could follow suit. In that scenario, some oil companies might abandon their oilfields for good.

Farm ministry bats for sugar, wheat exports

Even as the domestic inflation remains at elevated levels, mainly because of high food commodities' prices, the farm and agriculture ministry has urged the government to clear exports of commodities like sugar and wheat where the domestic production is expected to surge this year.

'This is the right time to give serious thought over allowing exports of certain quantities of rice, wheat and sugar as we have ample stocks. World prices are very good while harvest looks favourable,' Farm and Agriculture minister Sharad Pawar said. He however added that exports should be allowed only to the extent where it does not hurt domestic consumers.

Farm ministry has been saying that allowing exports will ensure that prices of commodities whose domestic production is set to surge does not plunge too much domestically. Too low prices would discourage the farmers from planting these commodities next year and there would be apprehensions of shortage. For instance, the cyclic movement of sugar prices in India is mainly because sugar prices slump at the end of each cycle, leading to lower production in next year. In case of sugar, the government has been deliberately allowing 0.5 million tonne of exports under the open general license (OGL). The India Sugar Mills Association (ISMA) has projected the sugar output at over 25 million tonne for this season. This will leave a surplus of around 2 million tonne after accounting for domestic consumption. Some of this has been allowed to be exported already under the advance license scheme and the rest of un-exported surplus would replenish the exhausted stock over last couple of years.

In case of wheat, the agriculture ministry had projected recently in its second advance estimates that production in current year will surge to a record high of 84 million tonne. The US department of agriculture too has projected India's wheat crop at record levels. The stock scenario is already good. As on February 1, the country's wheat stocks were at 19.4 million tonne, substantially higher than the mandatory required level of 8.2 million tonne. As a result, there is ample scope of exports, particularly given the high global prices.

Second advance estimates suggest bumper FY11 harvest

The Indian government is expecting a bumper production

of food grains and pulses this year in wake of a very good monsoon in 2010 that boosted the Kharif crop coupled with some late rains that have resulted in good soil moisture for the Rabi crop. Overall, farm production is set to reach close to record high levels according to the latest estimates released by the farm ministry.

Production of wheat is estimated to reach an all-time high of 81.47 million tonne. Even more important is the case of pulses output, which will for the first time cross the 16 million tonne mark, and will reach 16.51 million tonne. Similarly, in case of maize too the production is set to soar to 20.03 million tonne. Overall food grain output is expected to rise to 232.07 million tonne this year, marginally below the record production of 234.47 million tonne seen in 2008-09.

In case of cash crops too there will be significant increase. Cotton will see an unprecedented output of 339.27 lakh bales, which may also allow the government to hike the export quota for the commodity which is currently pegged at 5.5 million bales. In fact the figures of the agriculture ministry in case of cotton are even higher compared with that of the Cotton Advisory Board (CAB). Production of oilseeds will also jump to 27.85 million tonne.

Releasing the Second Advance Estimates of crop production for 2010-11, Sharad Pawar, union agriculture and farm minister, said that the country was on the verge of a record harvest and called for lifting of the ban on export of certain crops products like rice, sugar and onion, which were selling at very high prices till recently. Prices of some of these items, for instance onions, have come down in recent days owing to strong harvest.

Pawar said the country was likely to produce about 14 million tonne of food grains more than last year and therefore some amount of exports were feasible, which will also support the farm operations by keeping prices from slumping. Exports reduce domestic availability thereby raising the local prices. But often greater beneficiary of exports are savvy traders while grass root producers get a smaller share of such benefit.

Following the release of advance estimate numbers, the government did lift the ban on export of some premium varieties of rice, mainly grown in states of Tamil Nadu, Kerala, Andhra Pradesh and Karnataka. The Basmati variety, grown in Northwest India, is already off the ban. However, the government is unlikely to lift ban on most other commodities given the high food inflation prevalent in

the country. Even supplies were enough to allow exports, such a move can have psychological impact on traders and again push prices high.

Government may soon lift ban on export of food grains

The Indian government may take a decision soon on lifting the ban on exports of food grains, including rice and wheat and some other items in wake of the surge in production in Kharif (summer sown) crop and potential increase in the Rabi (winter sown) crop. Export of food grains and many other farm items was banned following the failed monsoon of 2009.

An empowered group of ministers (EGoM) on export related aspects of food items is likely to meet within next week and will take a call on the matter. The (EGoM), headed by Union Finance Minister Pranab Mukherjee, is likely to discuss the cases of wheat, non-basmati rice and vegetables. Farmers have been demanding that given the rise in domestic production, exports should be allowed to ensure reasonably strong prices at home.

The Indian government is expecting a bumper production of foodgrains and pulses this year in wake of a very good monsoon in 2010 that boosted the Kharif crop coupled with some late rains that have resulted in good soil moisture for the Rabi crop. Overall, farm production is set to reach close to record high levels according to the latest estimates prepared by the farm ministry. Production of wheat is estimated to reach an all-time high of 81.47 million tonne. In case of pulses, output will for the first time cross the 16 million tonne mark, and will reach 16.51 million tonne. In case of cash crops too there will be significant increase. Cotton will see an unprecedented output of 339.27 lakh bales, which may also allow the government to hike the export quota for the commodity which is currently pegged at 5.5 million bales.

However, the road ahead of the GoM will not be very easy given the high domestic inflation, particularly in the primary goods space. Food inflation in the country currently stands at 15.65%. While the government was hoping that a good harvest will help bring down prices of food commodities, it has not turned out to be the case. As such, any exports which will further boost domestic inflation can become very difficult to be justified, particularly in a politically charged atmosphere that persists in the country currently.

Tea prices likely to remain firm in 2011

Global tea prices, which have strengthened significantly in the second half of the last calendar year, are expected to continue remaining firm in 2011 as well riding on significant deficit in the global markets amidst rising demand. Prices in India too have remained firm on back of lower production last year and strong global prices generating export demand. There was some significant increase in output in early months of 2010 in the key tea producers following the 2009's deficit crops in India, Kenya and Sri Lanka. Even as the Indian production came down in the following months due to weather related troubles, the same in Kenya and Sri Lanka remained strong. The strongest boost to global production came from Kenya where tea production is expected to have recorded an over 40% gain from low base from last year.

Overall tea production in the calendar year 2010 is expected to have hit the record levels at all time highs of over 320 million kg, up from the previous highest crop of 318.6 million kg in 2008. Despite the strong crop, the global demand-supply equation remains well balanced due to increasing consumption around the world. This includes absorption of tea by producing countries themselves, particularly the increasing consumption in India and China. Other larger tea importing nations such as Russian Federation, Iraq, Egypt, Pakistan, Japan etc. are also consuming more.

As a result global tea prices have been firming up after showing some moderation in middle of the last year and are expected to remain strong. The FAO tea price index has gained nearly 20% since August 2010 and the trend is likely to continue going forward. Domestically too tea prices have increased from around Rs 90 per kg to Rs 115 per kg over the last couple of quarters. Auction prices in Kenya and Sri Lanka, two major players in global tea market, too have been on the rise.

Analysts believe that there is around 100-120 million kg deficit in the global market which has been continuing since the poor crop of 2009. Even with strong production outlook of Kenya and Sri Lanka, global prices have been firming up mainly because of this deficit as well as rising consumption. Looking back at India too there was a shortfall of around 50 kg in 2009 and last year the shortfall has only increased. Even though production was strong in 2010 in other countries, it has failed to replenish the stock levels. Overall therefore the carried-over shortfall will keep

prices in India and global markets firm going forward.

India's crude oil import increases 17% for December 2010

India's crude oil import for the month of December 2010 has increased 17% to 11 million metric tonne compared with 9.4 million tonne in November, according to a provisional data on the website of the Petroleum Planning and Analysis Cell, a department of the oil ministry.

For the nine months ended December 31, 2010, crude imports were 115.28 million tonne. The country also imported 1.5 million tonne of fuels in December 2010, which included 207,000 tonne of naphtha and 340,000 tonne of liquefied petroleum gas (LPG) as against 1.4 million tonne in November 2010, according to the data released by the above mentioned department. Indian refiners exported 2 million tonne of fuels in December 2010 compared with 1.97 million tonne in the previous month. POL exports constitute one of the biggest item in India's export basket.

The increase in import of crude oil matches the country's increasing refining capacity aimed at meeting the growing demand of the second fastest growing large economy in world. State-owned Indian Oil Corporation (IOC), the nation's biggest refiner, is planning to invest Rs 5,000 crore to expand its Koyali refinery in Gujarat from 13.7 million metric tonne per annum (mtpa) to a 18-mtpa refinery. Further, Bharat Petroleum Corporation (BPCL), the nation's second-biggest state refiner, is also planning to commence commercial production at a new refinery in central India by February 15 this year.

The fact that the country's crude oil imports is increasing and refiners are expanding their business also signals that growth in industrial space is continuing despite the sharp swings witnessed in the index of industrial production (IIP). The HSBC-Markit purchasing managers' index (PMI) which shows a much more stable growth in industrial space seems to be more closely mapping the underlying momentum.

CERC and FMC to set up an expert body for futures and forward trading in electricity

The Bombay High Court has asked the electricity market regulator, Central Electricity Regulatory Commission (CERC), and the forward markets regulator Forward Markets Commission (FMC) to set up an expert body to

resolve the issue over the norms on futures and forward trading in electricity. However, the HC also held that the CERC cannot act and frame regulations in the futures contract for electricity 'unless the Parliament makes a fresh enactment in this behalf'.

The orders were given in response to two petitions filed by FMC and Multi Commodity Exchange in India (MCX) challenging the January 2010 CERC regulations which placed sole jurisdiction in approving futures trading in electricity with itself. The judgment further stated that it will not be possible for either FMC or MCX to control and regulate the mandatory requirements of electricity at various stages, which are within the exclusive domain and control of CERC. Both FMC and CERC under the respective Acts may not be in a position to control and regulate the futures contract in electricity exclusively, unless those Acts and regulations are amended and reframed. Both cannot have exclusive jurisdiction as claimed in the present scenario in India.

Indian marine exports crosses record \$2-billion mark

Indian marine exports have crossed the record \$2-billion mark during first nine months of a fiscal. Marine exports touched \$2.028 billion during April-December 2010 compared to \$1.627 billion during first nine months of 2009-10, registering a growth of 6.60 per cent in quantity, 18.92 per cent in value and 24.70 per cent in dollar realizations. It was the significant rise in shrimp exports particularly to US, that for the first time, Indian marine exports have crossed the \$2-billion mark. Shrimp exports during the period increased by 12.54 per cent in quantity and 40.72 per cent in dollar value respectively. Fish, the principal export item in volume terms and the second largest export item in value term, accounted for a share of about 36.01 percent in quantity and 18.33 percent in dollar earnings showed a decline of 3.36 percent in quantity when compared to the last year.

According to the Marine Products Export Development Authority (MPEDA) release, the marine products exports touched 547249 tonnes during April-December 2010-11 while it was 513373 tonnes during the same period last fiscal. European Union (EU) continued to be the largest market with a share of 26.14 percent in dollar realization. The country's seafood exports during the current fiscal year are likely to reach \$2.3 billion, having crossed \$ 2 billion in the first three quarters of 2010-11.

ICICI Pru LifeLink Pension SP

ICICI Pru LifeLink Pension SP is a single premium pension policy that provides the opportunity to enjoy regular income as pension post retirement by paying just a single premium. This product comes with the Pension Return Guarantee Fund (PRGF) that provides you a minimum guaranteed return by way of a guaranteed NAV at the time of vesting. The policy value at date of vesting is also subject to the minimum guaranteed return as prescribed by IRDA from time to time. Lifelink Pension has a reasonable cost structure. Though the premium allocation charges are pretty high, low policy administration charges and no mortality charge (since death cover is not attached) compensate this, keeping the overall cost structure fairly balanced. The policy does not have surrender charges, however, one has to compulsorily remain invested for five policy years

Min/Max age at entry	35 / 70 years
Min/Max vesting age	45 / 80 years
Policy term	10 years
Tax benefit	Premium and any benefit amount received will be eligible for tax benefit as per the prevailing Income Tax laws

Benefits of the plan

Single premium ULIP: Pay premium only once and get regular income (pension) post retirement

Five pension options: Flexibility to choose a pension plan as per your needs

Flexible retirement date: Receive pension at any time after the age of 45

Loyalty Addition: Up to 2.5% of Fund Value at the end of the tenth policy year, on premium payments of Rs 50,000

and above

Tax benefits: On the premium paid and benefits received under the policy, as per the prevailing Income Tax laws.

Loyalty Addition will be allocated at end of the 10th policy year. Loyalty Addition will depend on the single premium amount.

Fund options in the plan

All investments in this product will be made in the closed-ended Pension Return Guarantee Fund. The Pension Return Guarantee Fund (PRGF) consists of closed ended tranches of terms 5 and 10 years and provide returns over a specified period, subject to a guarantee. Only 10 year tranche is available at outset. The fund will be offered in tranches, each of which will remain open for subscription for a brief period of time and terminate on a specified date. We shall guarantee the NAV only at the termination of each tranche. The NAV applicable at the termination of each tranche is higher of the guaranteed NAV and the then prevailing NAV. New tranches of this fund will be offered from time to time and the guaranteed NAV is declared at the beginning of the subscription period of each new tranche. The applicable guaranteed NAV for your policy is that of the tranche of the PRGF in which your premium is invested.

As the term of the policy is fixed at 10 years, at time of purchase of policy you can only opt for a PRGF tranche with a term of 10 years. However for postponement you are free to choose either a 5 year or 10 year tranche subject to the maximum vesting age restriction and the availability of a tranche that is open for subscription at that time. Postponement can be made subject to meeting the minimum guaranteed return.

For passive customers, the product has Trigger portfolio strategy, which gives them the opportunity to automatically capitalise and protect gains made from equity investment based on market movement.

Fund name & its objective	Asset Allocation	% (Min)	% (Max)	Risk-Reward Profile
Pension Return Guarantee Fund: To provide guaranteed returns through investment in a diversified portfolio of high quality fixed income instruments.	Debt Instruments, Money Market & Cash	100%	100%	Low

The product has Fixed Portfolio Strategy for more active customers, offering them flexibility to choose fund options according to individual risk-reward appetite.

Charges

Premium Allocation Charge

This charge will be deducted from the premium amount at the time of premium payment and units will be allocated thereafter.

Single premium amount	Premium Allocation Charge (as a % of Single Premium)
< Rs. 5,00,000	5%
> Rs. 5,00,000	4%

Policy Administration Charge

There would be a fixed policy administration charge of Rs. 60 per month and it will be charged only during the first three policy years.

Fund Management Charge (FMC)

A fund management charge of 1.25% p.a. will be applicable. There will be an additional charge for the cost of investment guarantee of 0.25% per annum. This will be charged by adjustment to the NAV.

Guaranteed NAV*

This Policy offers you a minimum guaranteed return, as prescribed by IRDA from time to time, on the original vesting date. This return is offered by way of a guaranteed NAV. The applicable guaranteed NAV is declared at the beginning of the subscription period of the tranche of the Pension Return Guarantee Fund in which the premium is invested. The NAV applicable at vesting is the higher of the guaranteed NAV and the then prevailing NAV. The policy value at date of vesting is also subject to the minimum guaranteed return.

Working of the Pension Return Guarantee Fund

	Minimum Guaranteed NAV of the PRGF tranche (A)	PRGF NAV on the date of termination of tranche (B)	(C) (Higher of A,B)	Number of units in PRGF on the date of termination of tranche (D)	Amount payable at termination of tranche (Cx D)
Scenario 1	Rs. 19.10	Rs. 22.00	Rs. 22.00	10,000	Rs. 2,20,000
Scenario 2	Rs. 19.10	Rs. 18.00	Rs. 19.10	10,000	Rs. 1,91,000

In case of surrender and Death Benefit payouts, guaranteed NAV will not be applicable. There will be a cost of investment guarantee of 0.25% p.a. of Fund Value which will be charged by adjustment to the fund NAV.

Tax benefits under the policy are subject to conditions under section 80CCC and 10(10A) of the Income Tax Act, 1961. Service tax and education cess will be charged extra as per applicable rates and company policy from time to time. The tax laws are subject to amendments from time to time. Amount received on surrender or as pension is taxable as income.

ICICI Pru
LifeLink
Wealth SP

Reliance HealthWise Insurance Policy

Access to quality healthcare is a necessity today. The Reliance HealthWise Insurance Policy ensures your family not only receives the best health insurance but also gives the optimum value for money without compromising on the quality of medical attention. Extra Benefits in the form of Ambulance Charges, Nursing Allowance, coverage of Pre-Existing Diseases after 2/4 years, Donor Expenses etc., are available to you depending on the Plan opted. All these value adds are provided at reasonable premium as compared to other medical insurance policies from other health insurance providers

The policy offers three choices of plans

- Reliance HealthWise Policy - Gold Plan
- Reliance HealthWise Policy - Silver Plan
- Reliance HealthWise Policy - Standard Plan

Key Advantage

- 24 hours cashless facility at more than 4000 network hospitals.
- Income Tax benefits under Section 80D.
- Family Floater benefit giving comprehensive protection to your family members under one single Policy.
- Discount on renewal premium for claim free policy.
- Coverage of declared pre-existing diseases/illness/injury/conditions after 2 years/4 years as per plan opted.

The Reliance HealthWise Policy covers:

Hospitalisation Expenses

Expenses incurred towards-

- Hospital (room, boarding and operation theatre)
- Doctors & Nurses
- Medical tests
- Medicines, blood, oxygen, appliances etc.

Domiciliary Hospitalisation

All expenses related to a medical treatment, which is being administered at home, provided that -

(a) Patients condition does not allow him to be shifted to

a hospital; or

(b) due to lack of accommodation at the hospital

Day Care Treatment

Medical expenses towards day care treatments/ surgeries where 24 hours of hospitalisation is not required subject to treatment/surgeries listed in the policy document.

Pre and Post Hospitalisation

Medical expenses related to your treatment before and after hospitalisation for a specified number of days.

Pre-Existing Diseases

Coverage of pre-existing diseases/illness/injury/ conditions after two/four continuous renewals.

Critical Illness - Additional Sum Insured

Gold Plan offers an additional amount equivalent to Sum Insured opted under Hospitalisation for treatment of listed critical illness such as Cancer, Coronary Artery Bypass Graft, First Heart Attack, Kidney Failure, Multiple Sclerosis, Major Organ Transplant, Stroke, Aorta Graft Surgery, Paralysis and Primary Pulmonary Arterial Hypertension more specifically defined in the policy. Once a claim is accepted & paid for, coverage under this section will not be available for that person for all future renewals.

Value added covers

The Reliance HealthWise Policy offers a host of value added covers, depending on the plan opted

These include:

- Daily hospitalization allowance for a maximum period of 7 days.
- Nursing Allowance for a maximum period of five days, on recommendation of the treating Medical Practitioner.
- Reimbursement of charges towards local road ambulance services.
- Recovery Benefit of Rs.10,000 in case of hospitalisation for more than 10 consecutive days.

Renewal Discounts

Renewal discounts of 5% of base premium on each claim free renewal, subject to a maximum overall discount of 20% over all claim free periods.

	Particulars	Standard	Silver	Gold
Basic Covers	Hospitalisation Expenses	✓	✓	✓
	Domiciliary Hospitalisation	✓	✓	✓
	Day Care Treatment	✓	✓	✓
	Pre Hospitalisation	30 days	60 days	60 days
	Post Hospitalisation	60 days	90 days	90 days
	Pre-Existing Diseases Coverage	After 4th year	after 2nd year	after 2nd year
	Additional benefit for Listed Critical Illnesses	x	x	✓
Value Added Covers	Donor Expenses	x	✓	✓
	Cost of Health Check up	✓	✓	✓
	Daily Hospital Allowance	x	x	✓
	Nursing Allowance (per day amount)	x	Rs.250/-	Rs.300/-
	Local Road Ambulance Service (maximum of)	Rs.500/-	Rs.750/-	Rs.1000/-
	Recovery Benefit	x	✓	✓
	Expenses on accompanying person (per day amount)	Rs.200/-	Rs.250/-	Rs.300/-

Policy Exclusions

The Company shall not be liable to make any payment for any claim directly or indirectly caused by, based on, arising out of or howsoever attributable to any of the following:

1. Pre-existing diseases/illness/injury/conditions - All diseases, illnesses, injuries/conditions which are pre-existing when the cover incepts for the first time. However, this Policy shall provide for payment of hospitalisation expenses for treatment relating to pre-existing diseases, illness, injury from the 3rd year of the Policy after two continuous renewals or from the 5th year of this Policy after 4 continuous renewals, as the case may be, subject to the plan opted.
2. Medical expenses incurred for treatment undertaken for disease or illness and/or for critical illness within 30 days of the inception date of this Policy. This exclusion doesn't apply for Insured/Insured person having any health insurance policy in India atleast for 1 year prior to taking this policy as well as for subsequent renewals with the Company without a break.
3. Expenses incurred on treatment of following diseases, illness, injury within the first year from the inception of this Policy, will not be payable:
 - Cataract
 - Benign Prostatic Hypertrophy
 - Myomectomy, Hysterectomy or Menorrhagia or Fibromyoma unless because of Malignancy
 - Dilation and Curettage
 - Hernia, Hydrocele, Congenital Internal Disease, Fistula in Anus, Sinusitis
 - Skin and all internal tumors/cysts/nodules/polyps of any kind including breast lumps unless malignant/adenoids and hemorrhoids
 - Dialysis required for Chronic Renal Failure
 - Gastric and Duodenal Ulcers etc.