

Magnum Connect

Issue No. XII November 2010
Monthly Magazine



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Subscription :-

Cover Price: Rs 30/-

Annual Subscription (12 issues) : India Rs 300/-
Overseas (Airmail) US\$ 150

(Cheque/D.D. drawn on Mumbai in favour of

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Printed at : HariOM Printers, Mumbai.

Dear friends,

In the passing month we witnessed a huge round of volatility in the market, while the consolidation mood was prevailing there were lots of economic development that kept the month buzzing. There was a concern of the rising FII inflows in the market. The country has been receiving large amounts of investment by the foreign institutional investors (FII) which has pushed the Indian currency sharply high against the US dollar over the last 2-3 fortnights; FIIs have infused a record \$24billion (Rs 82,158 crore) in local stocks so far this year, which is the highest ever investment made by the overseas firms in a period of 12 months. On the one hand the finance minister said that FII inflows had not yet reached a level where these should be checked but on the same time the central bank signaled the possibility of it, intervening in the forex market if inflows continue to remain volatile. Though the debate is still going on the leaders at G-20 conference, held during the month endorsed crucial reform of the International Monetary Fund (IMF) and asked nations to move toward a market-determined exchange rate and desist from "competitive devaluation of their currencies". In the recent past the different emerging countries have been devaluing their currencies as many developing countries were concerned about upward pressure on their currencies, which could make their exports less competitive. Let's hope that the emerging economies like India gets benefited with the decision to give a 6 per cent voting rights, and help resolve the currency issue.

There was good news for the investors during the month the market regulator doubled the investment limit for the retail investors and HNIs to Rupee two lakh from the present one lakh. Though the decision was taken after the mega IPO of Coal India, but it will have great impact in coming days and the retail portion subscription is likely to increase substantially with it. The market was also expecting some kind of indication from the regulator on the takeover committee report which hasn't come in, though it came out with guidelines for insurance companies who are looking to hit the capital market. SEBI added some more disclosures to the framework needed to put in the risk factors upfront indeed in the offer document, though IRDA will be allowed to monitor life insurance companies who come into the capital markets. Friends this is the month of Diwali, and we will expect that this Diwali like the previous one guides the markets to scale new highs and strengthen our economy and the country on whole.

Once again, wish you a happy Diwali, may the Divine Light of Diwali Spread into your Life Peace, Prosperity, Happiness and Good Health.

"Wishing all our readers a very Happy Diwali."

Jiten J. Chheda

(Director)

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Capacity woes keep dragging shipping recovery

Shipping is perhaps one of the oldest industries and has played a pivotal role in global trade right from beginning of civilised trading. The importance of shipping industry in the promotion and facilitation of global trade as well as that of major trading countries is well documented. India too has a well developed shipping industry that caters to the need of various agents engaged in foreign trade.

Historical Perspectives

Shipping industry has been present in the country since time immemorial as India was engaged in trade with old civilisations like Mesopotamia and Egypt where the industry played a key role. Nonetheless, the beginning of modern shipping business can be traced back to 1919, when the first Indian shipping company, Scindia Steam Navigation Company, was established. India has a coastline of nearly 7500 km and in the post independence era the government of India actively intervened to help promote and develop the industry at a rapid pace.

The industry registered considerable growth in 80s and then in 1990s following the liberalisation of industry and increase in India's foreign trade. However, in the last decade the industry has failed to keep pace with India's surging foreign trade and according to the statistics of Indian National Ship-owners' Association (INSA), the share of Indian flag carriers in total sea borne trade of the country declined to around 14% in last fiscal from close to 30% in 1999. Currently, the size of the Indian fleet is around 14 million dead weight tonnes (DWT), which is just 2% of the global fleet. However, riding on rapid economic growth of the country and increasing demand for commodities including coal and crude, massive capacity expansion is being planned, both in terms of vessels and in port and shipyard infrastructure.

Current Scenario

Shipping industry is on a recovery mode now after being hit by the global economic downturn, but the pace of recovery has been slow and the process has been bumpier compared to most other segments of the economy. Part of the trouble is caused by capacity addition woes as the industry was caught right in the middle of a huge capex cycle when the global downturn started.

In case of India, after plunging in second half of FY09, the industry started seeing some improvements in the second quarter of 2009-10 and things moved further in the second half of the last fiscal, riding on a strong growth seen in the port traffic over the FY10. The industry remains reasonably stable in FY11 though there are some uncertainties owing to the relatively weaker global scenario.

Global trade has shown some smart recovery over last couple of quarters. This is fuelling the demand side for the shipping industries and has helped improved outlook to some extent. However, excess supply problems and some uncertainties in the global recovery will continue to impact the industry in near term.

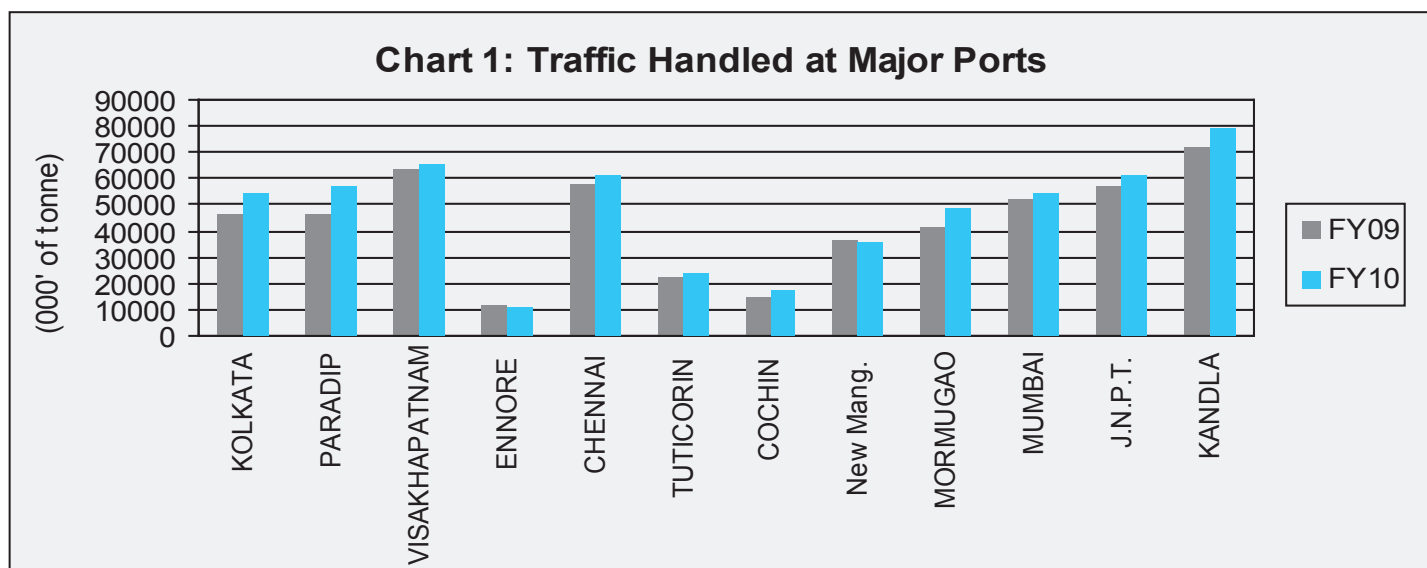
Domestic Scenario

Port traffic improves

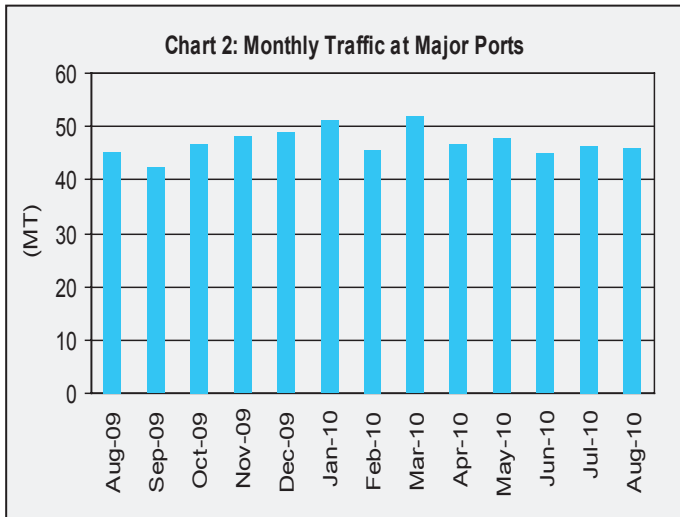
India's port traffic grew rapidly in the last decade as economic growth picked up and foreign trade surged too. However, the growth came down sharply during the fiscal 2008-09 as the global economic downturn surfaced and foreign trade started going down sharply.

Nonetheless, in what came as a major relief for the battered shipping industry, traffic at 12 major ports started growing again in FY10 as the Indian economy recovered from the lows of December quarter of 2009. As per the traffic data released by the Port Trust of India, total traffic handled by major ports, over the last fiscal, increased by

Chart 1: Traffic Handled at Major Ports



5.7% to 561 million tonne (MT) as compared with 530 MT in the previous fiscal. The increase in traffic has primarily been led by a 21.05% growth in cargo to 95.1 MT, coupled with a 8.5% increase in container traffic, which increased to 93.1 MT. Iron ore and fertilizer tonnage also increased by 6.25% and 5.3% respectively to 99.9 MT and 5.8 MT.



Some slowdown in growth has been seen in the first half of the fiscal. Traffic handled at major ports register a growth of 1.23% in the first half of 2010-11, at 271.29 MT as compared with 267.98 MT in the same period last year. But this is primarily due to sharp decline seen in two ports namely New Mangalore Port Trust (NMPT) and Ennore Port.

In case of NMPT, the Karnataka government's ban on mining and movement of iron ore in the state has impacted the business substantially. The port which handles nearly half of the Karnataka's iron ore exports has seen a decline of 14.39% in traffic in the April-September period. The Ennore port too has seen a decline of nearly 13.39% in traffic handled over the first half of the fiscal. However, after excluding these two ports, growth in major ports' traffic is significantly higher at 2.36%.

Foreign trade remains strong

Growth in India's foreign trade went into the negative zone after the global financial crisis hit the world economy in September 2008. However, after 13 months of decline, both imports and exports came back into the green and have continued the trend since then.

Recovery in the export market has continued now for 12 consecutive months. The pace of growth in shipments, after remaining buoyant in the June quarter at over 30% came down sharply in the month of July at nearly 14%, raising concerns that global demand might be going down again. However, in the following months, growth in exports has recovered again and the figure stood at over 23% in September. Imports too have continued to rally since November last year. Overall, India's foreign trade seems

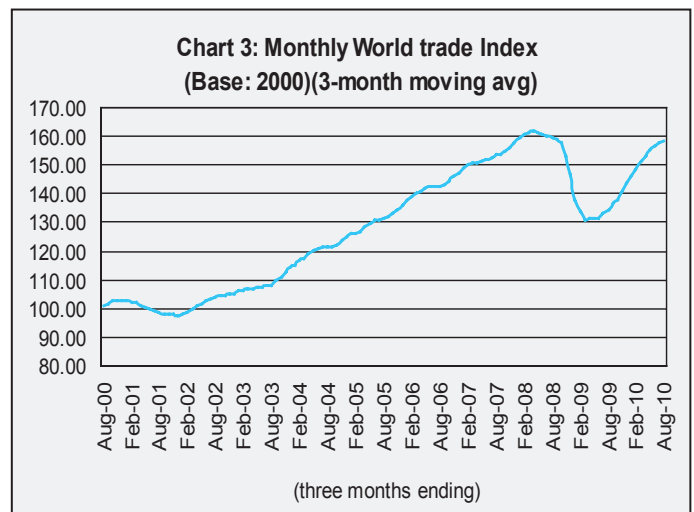
to be set to record around 10-15% growth this fiscal which should provide some demand support for Indian shippers as well.

Global Scenario

Global trade shows significant recovery

Global trade declined sharply in aftermaths of financial crisis witnessed in September 2008. Declining demand from the recession hit US and Europe saw shipments from developing countries going down sharply. The aftershocks of the financial meltdown and resulting economic crisis then hit the emerging economies as well which also cut down on imports.

After going down for more than a year, tentative recovery started appearing in world trade volumes in second half of 2009 and gathered momentum on the upside in the first half of the current calendar year. Trade volume has seen strong growth over the last couple of quarters although on a sequential basis the growth rate has moderated.

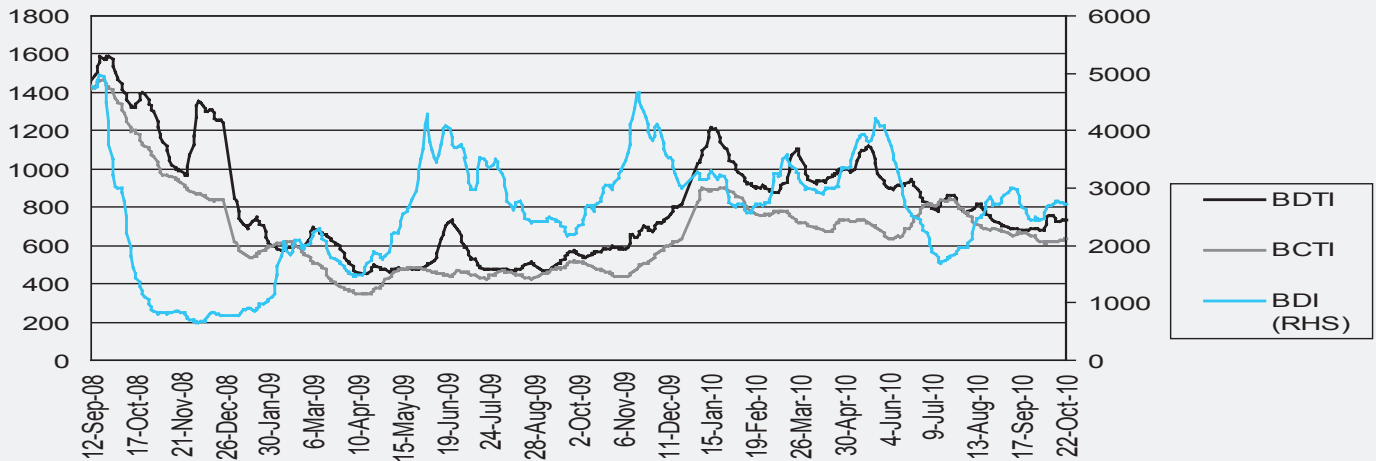


Based on the latest available data, world trade volume increased by 1.5% in August compared with a downwardly revised 1% figure for the previous month. Since monthly trade figures are volatile, one should look at quarterly figures or the moving average figures which both show a continued recovery in global trade. However, pace of improvement in the June quarter was lower with 3.6% growth against 5.7% in the first quarter of this year and 6.1% in the last quarter of 2009. September quarter looks set for further deceleration in improvement, though some role of high base effect is also involved here. Overall, the data indicates that the global trade continues to improve albeit at a slowing pace compared with the first leg of recovery.

Freight indices remain volatile

Shipping freights have been giving mixed signals even as the global economic recovery remains fragile. Most of the developed world ended recession by the third quarter of

Chart 4: Movement of Baltic Indices



2009, which also supported trade volumes and demand for shipping industry. However, global economy continues to face some uncertainties like potential slowdown in China, worries on strength of recovery in the US etc.

The Baltic Dry Index (BDI), the global benchmark for shipping freight rates of dry bulk carriers, started recovering in April last year riding on surging commodity demand from China. But it failed to hold on to gains and went down again. Second recovery pullback by the index began in September last year after the global trade volumes started improving but most of the gains were lost again. The index continues to remain rather volatile with broader global recovery being slow and gradual. The latest rally of dry index was primarily boosted by demand pick-up from China to fulfil their consumed inventory of iron ore and after the exercise was over, the index lost most of its gains. Also, steel was a major factor for taking the index to both its trough and crust in 2008 and the recovery is going to be very slow here too.

The index came down sharply in the September quarter following the slowdown in demand from China and while some recovery again has been seen, things remain mixed overall. We expect the performance of the dry bulk segment to remain weak over medium run. While Chinese demand for raw coal and oil and Indian demand for coal provide upside potential, increasing capacity will continue to put pressure on rates.

In the tanker segment too volatility persists. For a considerable time the freights in this segment did not show any major movement since the crisis despite quite strong rise in crude prices. There was some upward movement towards the end of last calendar year but a sustainable recovery again proved delusionary. The rates are expected to move up gradually over the next few months as heating oil demand picks up from the US and Europe. However, in

the medium-term, tanker rates are likely to remain under pressure on account of sluggish demand for crude and capacity increase.

Capacity pressures to continue

The biggest problem with the shipping industry is the issue of supply overhang. Since building a ship takes a long time, shipping industry has never been very flexible in adjusting to changing supply-demand scenario. However, the recent cycle that the industry witnessed over 2007-2009 was much sharper and rapid in nature resulting in the capex plans becoming completely out of synchronisation with the current ground realities.

According to industry estimates, 50% new capacity may hit the industry in next 2-3 years. By the end of current calendar year only, as much as 24% of the existing fleet is expected to have been added in the dry bulk segment compared with last year, while in the crude tanker segment, capacity addition will be around 11%. While the orders for a large chunk of new ships were placed when world trade was showing buoyant growth, the sharp slowdown in global commodity movement made the capacity expansion plans highly unviable. Though some good improvement in trade figures has been seen over last few quarters, fast capacity expansion can still neutralise the increase in demand and keep downward pressure on earning.

Outlook

The shipping industry was hit hard by the global financial crisis and resulting slowdown in economy. Such was the force of recession that the freight rates plunged as much as 94% in a matter of eight months after reaching the peak, leaving companies in deep losses and forcing some to cancel orders for new ships.

While the broader economy started showing some consistent improvement in second half of 2009, global

trade was rather slow to recover and only in 2010 some good gains were made. However, monthly figures are still volatile and overall level of trade is still lower than the peak levels, which, given the capacity issues, will keep the pressure on the freight rates.

In the Indian context, while the demand for shippers has seen some uptick as reflected in the improvement in traffic handled by major ports, the pace of improvement has been slow and has primarily been driven by Chinese demand of iron ore. Further, with some slowdown in Chinese economy, at least in metals space, the growth in port traffic has already moderated to some extent, although in the medium term, Indian ports are expected to continue doing well.

Sharp volatility in the shipping indices continues to impact the earnings of domestic shippers. However, companies which are also engaged in the offshore activities will find it easier to sail through the difficult period. Also, larger companies which have lesser leverage are in a better position, particularly in wake of the fragile economic recovery and volatility in freight indices, and will try to add more assets that are available at good prices with a longer term view.

Dry bulk segment

While the dry segment showed some recovery riding on Chinese demand, concerns over the sustainability are there. Through most of the September quarter, Chinese iron ore imports fell as the cost of steel production increased to the point that domestic suppliers became more competitive. Also, overall steel production came down significantly, thus reducing overall demand for the raw material.

However, some positive outcome may lie ahead. The price dynamics of the Chinese steel market are changing and with lowered iron ore prices and overall cost of production, import of the main steel making raw material is likely to remain strong. In the medium run, Chinese demand for iron ore and coal, steadily increasing Chinese coastal trade and growing Indian demand for coal provides some bullish drivers for the segment.

The main problem depressing the returns here is capacity. The segment already has some spare capacity and will be seeing further addition over next one year. Another problem is that ship scrapping is not proceeding as rapidly in this segment as in some others. The tiniest uptick of the rates is enough to postpone any scrapping decision, thus slowing down the demand-supply adjustment process.

Tanker segment

Demand outlook has improved in the tanker segment

as well. China imported a record amount of crude oil in September, nearly a third more than the year-ago figure at around 23.29 million tonne which works out to be 5.67 million barrels per day. The corresponding for last year was 4.19 million barrel per day.

The prospects for oil demand for the 2010 and 2011 are somewhat positive after a very bleak year in 2009. According to the International Energy Agency, demand for this year estimated to be 86.3 million barrels daily, almost similar of the oil consumption in 2007 at 86.5 million when the global economy reached its peak.

The supply side in tanker segment though is expected to get worse with the new building VLCC deliveries peaking in 2011. Support for this segment is coming from the increasing demolition transactions seen over the last one year. The phase-out schedule of the single hull tankers beginning 2010 is also helping ease the potential glut in market cushioning the supply side to some extent. Overall however, scrappage alone cannot lift the sentiments and a stronger recovery in tanker segment will have to wait for significant rebound in oil demand.

Container segment

The Container segment has done well throughout the summer season riding on improving foreign trade, swift recovery in emerging markets and relatively better demand-supply equation. However, as the winter season comes, demand will go down and this segment too will face some supply demand gap. Volumes in the container market have already shown some weakness in September compared to the bullishness seen in August and further moderation from current levels is possible. Although liners are trying to take capacity off the seas to maintain good balance, some oversupply is possible.

On the whole, we believe the shipping industry at global level will continue to face some difficulties in the near term. Supply overhang is the single biggest problem facing the industry in the near to medium term as it will take at least 2-3 years for current fleet and order books at shipyards to come in line with demand. While the marginal recovery seen in recent months will continue, the pace of improvement will be slow.

The picture for Indian shippers however is relatively better. One reason for this is that Indian shippers were not caught badly in capex cycle following the slowdown as many of their global counterparts did. In fact many Indian players are now looking to add capacity for which it is a pretty good time. Things may be bit more difficult for smaller players with extended leverage, but the larger players are already seeing some stability in demand and return on asset is likely to be relatively stabilised in the current fiscal.

Capital Inflows: India's Dilemma

Indian economy has posted a strong recovery from the slowdown that resulted following the events of September 2008. Growth in the gross domestic product (GDP) seems to be slowly moving back towards the pre-crisis trajectory and all the segments are joining the recovery bandwagon. Global scenario too is better than what appeared 4-6 quarters ago, though the recovery in the rich world is rather sluggish and improvement is likely to be much slower in the second leg of the recovery.

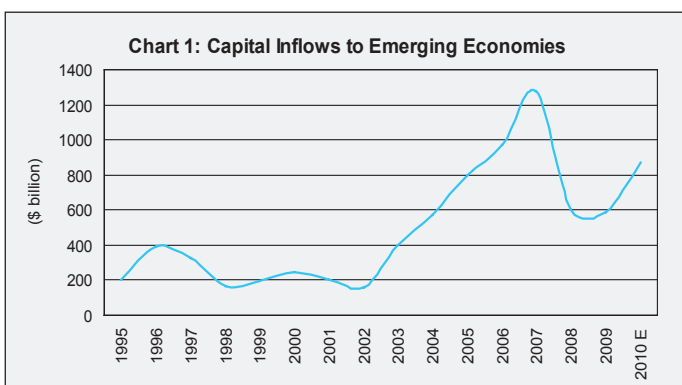
Indian story continues to look impressive and the script is perfect but for a couple of issues that are now worrying the policy makers. The first of these two is the sticky inflation which remains stubbornly high, primarily in the primary commodities space including the food goods. Another issue that is now staring policy makers in the face is sharp surge in capital inflows into the country and the dilemma on whether to curb these or not. The purpose of this note is to see how the surge in capital inflows is playing out in the Indian economy and where do the government and the Reserve Bank of India (RBI) stand in terms of their stance on inflows.

Capital inflows

First, it should be noted that capital inflows is not a new problem in anyway. The issue saw a lot of debate even before the latest crisis. Inflows were surging in 2007 sending the emerging market currencies substantially high. The Indian currency had also touched a high of around Rs 39 a dollar at the time. However, the scene changed swiftly with the onset of the global financial crisis in last quarter of 2008.

In 2007, total capital inflows in the emerging economies reached an all time high of \$1284.5 billion. However, after the collapse of Lehman Brothers in the US, foreign capital inflows dried up and touched a low of \$594.5 billion in 2008 as the spectre of deleveraging took the world by surprise.

The world economy started recovering in middle of last year and the quantitative easing (QE) in the developed countries threw out huge liquidity in markets and risk appetite was quick to return resulting in capital inflows into the developing countries once again beginning to increase. And even though the global recovery is still fragile, capital inflows have begun to reach the pre-crisis levels in most emerging economies.



Further, this time around the problem is even more complicated. The gap between growth in developed and developing countries has all the more widened post the crisis. The policy rates in developed economies are expected to remain near zero for prolonged period of time. Another round of quantitative easing is also on the offer. Bank of Japan in its October 2010 policy cut back the benchmark rate again from 0.1% to a range of 0-0.1% and stated that it would keep it there till inflation starts to become positive. Similarly, the US and some countries in the Europe are also considering providing further monetary stimulus.

As a result, the near zero interest rates in developed economies and glut of cash pumped in through the quantitative easing program has led investors rushing into emerging market assets where interest rates are significantly higher, and are further increasing in many cases. This rush is causing considerable strength in the currencies of those economies.

Pros and Cons of Inflows

Before we go further, it is worth going at some detail the positive and negative impacts of capital inflows. Foreign portfolio investment brings a host of benefits for the host country. It helps lower overall cost of capital and thus boosts the overall level of investment. It also increases the liquidity of domestic capital markets, and can therefore help develop market efficiency. As markets become more liquid, as they become deeper and broader, a wider range of investments can be financed. New enterprises, for example, have a greater chance of receiving start-up financing.

Foreign portfolio investment can also bring discipline and know-how into the domestic capital markets. In a deeper, broader market, investors will have greater incentives to expend resources in researching new or emerging investment opportunities. As enterprises compete for financing, they will face demands for better information, both in terms of quantity and quality. This can help improve disclosure practices among local companies and promotes transparency, which has positive spill-over into other economic sectors.

However, there are also some potential negative impacts of portfolio inflows. These tend to be inherently volatile and therefore can destabilise the host economy in times of a global shock which sparks risk aversion and deleveraging. The East Asian crisis of late 1990s is a typical example.

Even during stable times, volatile inflows lead to significant appreciation in the local currency. This can work against the exporters rendering them cost inefficient and thereby increase trade gap for a country. Further, speculative flows on the lookout for quick returns can potentially lead to asset price build up in emerging economies and destabilise them.

Global Response of Recipient Countries

As the capital inflows remain at record high levels, various countries have responded in different ways to protect

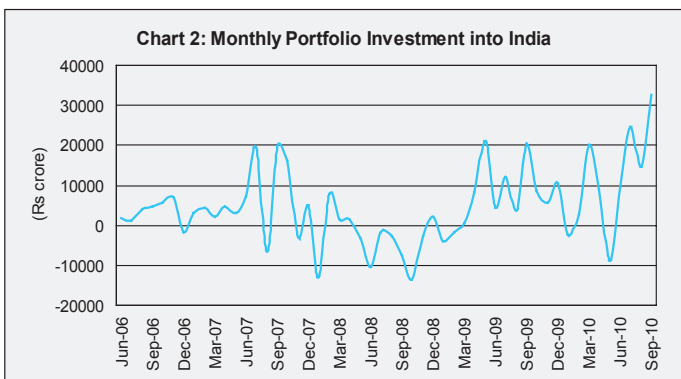
their interests. Export dependent China has resisted global pressure and given little room for its Renminbi to appreciate. Other countries have been choosing a 'Tobin tax' type solution. The tax, suggested by Nobel Laureate economist James Tobin, recommends placing a small tax on all foreign exchange transactions as a means of stabilizing currency markets.

Presently, many countries are employing the tool, most notably the Brazil. In fact, the Latin American country already had a tax on foreign portfolio inflows into select instruments and doubled it from 2% to 4% in first week of October to contain the rise of its currency. Thailand soon followed the suit and announced that it will impose a 15% withholding tax on interest and capital gains made by foreign investors on Thai bonds.

Economies like Japan and South Korea have been intervening in the forex markets, the latter more frequently than the former, to halt the rapid appreciation in their currencies. Japan is also expanding its easy money policy which obviously works towards making home currency cheaper. Elsewhere, countries like Australia, Indonesia and the Philippines have been looking to calibrate the tightening of their monetary policy stances in order to keep the difference between interest rates with Europe and US down, which is a major driver for inflows.

Indian Scenario

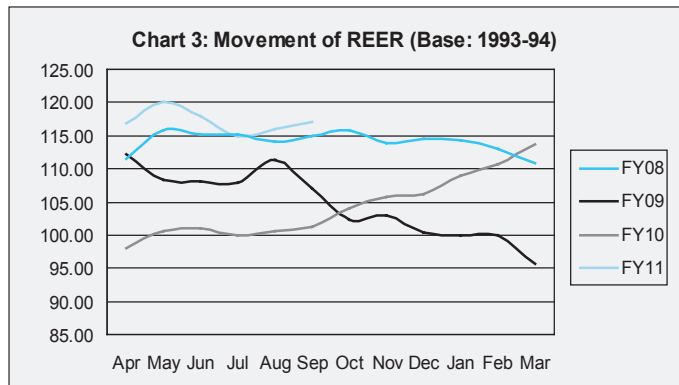
As stated earlier, capital inflows have been increasing to all emerging economies with strong growth fundamentals and India is no exception. Over the current year so far, India has received inflows worth over \$22 billion into the equities alone, and nearly a third of this has come since the start of the last month.



The sharp increase in capital inflows has resulted in substantial appreciation in the Indian currency. Over the last 2-3 fortnights, the Indian currency has appreciated more than 4% in nominal terms. Further, it should be added that the actual impact of appreciation on the competitiveness of a country and efficiency of exporters is not reflected in the nominal movement in rupee-dollar exchange rate. One has to take into account the behaviour of other relevant currencies as well as India's inflation relative to major trading partners and competitors.

Since inflation in India has been much higher than most of its trading partners (US, Europe, China and Japan etc),

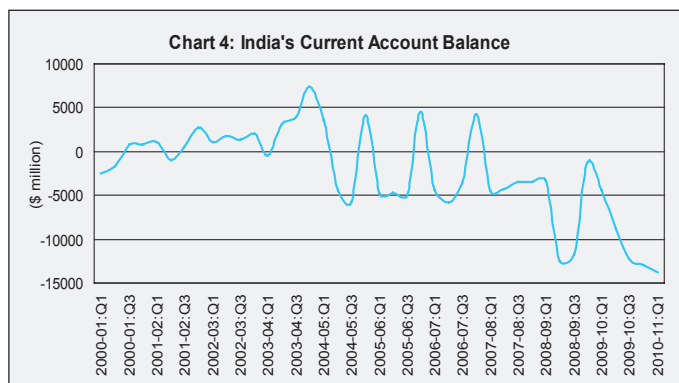
the real appreciation in the currency is much more. To see this, one has to look at the real exchange effective index (REER) provide by the RBI. The REER, defined as a weighted average of nominal exchange rates adjusted for relative price differential between the domestic and foreign countries, relates to the purchasing power parity (PPP) hypothesis and takes into account both the changes in nominal exchange rate and the relative price movement in home and foreign countries.



The index has jumped from a low of 95.68 in March 2009 to a nearly 120 in May 2010, reflecting an appreciation of nearly 24%! Though the index came down in subsequent months slightly, it has again started rising in August and reached close to the recent peak in September. The latest data at this point in time is only available till September 8, and given that inflows have been surging throughout the last month, the September index will finally be much more close to the peak of 120.

India's Response

Even as many other emerging economies have already imposed/increased some kind of tax on inflows, the Indian government has made it very clear that it will not choose for a 'Tobin tax' type solution. One of the reasons is that the government believes such a policy will go against India's image of a liberal emerging economic power house.



Another, and more economic reason, could be the fact that the country is running significant current account deficit which widened sharply for the June quarter due to higher gap in merchandise trade and lower surplus in the services account. According to the Balance of Payments (BoP) data released by the RBI, current account deficit widened

to \$13.7 billion in the first quarter of 2010-11, compared with just \$4.5 billion in the same period last year.

Merchandise trade deficit of the country stood at \$34.2 billion in the June quarter as against \$25.6 billion a year ago and \$31.5 billion in the January-March quarter this year. On the other hand, net invisibles, that is the difference between invisible receipts and invisible payments, recorded a decline of 3.4% to \$20.5 billion compared with a figure of \$21.2 billion in the same period a year-ago. The increase in the trade gap and the decline in the surplus generated by invisibilities have pushed the current account deficit. The current account deficit is balanced by greater capital inflows on the capital account in the balance of payments (BoP).

The other option for India to counter the impact of inflows is intervention into the forex markets. However, the RBI has so far been quite reluctant in this regard. Certainly, it is the one who prepress the REER indices and therefore has much better idea of rupee appreciation. There could be two related explanations for the central bank allowing the Indian currency to appreciate.

First, India continues to face sticky inflation. Although there is little evidence that latest round of high prices is anything similar to the 'imported inflation' seen in first half of 2008, a stronger domestic currency is always helpful in decelerating the pace of inflation in a country that faces huge trade deficit. Though the central bank has categorically stated that it would not use rupee appreciation as a tool against inflation, it can still at least delay its intervention in the forex market given the inflation scenario.

Secondly, the choice of instruments for India to curb the inflows is all the more difficult given the high inflation prevailing currently. Intervening in the markets has its own cost and there is no easy answer to what has come to be known as the impossible trinity. The Impossible Trinity or the triangle of impossibility refers to the trilemma in international economics which underlines that a central bank cannot achieve each of the three objectives – having a fixed exchange rate, allowing free capital movement (not using any capital controls like Tobin Tax) and maintaining an independent monetary policy.

In other words, it is not possible to keep a tab on local issues like keeping the inflation and interest rates at targeted levels when a country is allowing capital to freely come into or go out and still wants to maintain a stable exchange rate. A country can at most address only two of these three objectives in an efficient way and third one will be compromised to some extent at least.

For example, India can have a stable exchange rate and allow RBI to follow independent monetary policy by imposing cap or tax on inflows (for instance as done by Brazil). If this is not acceptable (as suggested by Indian government) the free capital movement will cause volatility in the exchange rate while the central bank focuses on inflation. Finally, if the RBI intervenes by buying dollars to check rupee from appreciating sharply, it will be infusing a lot of rupee liquidity into the markets, thus compromising

its ability to check inflation. There are theoretically some ways to sterilise the intervention, but these are never fully successful.

The issue faced in wake of the volatile capital inflows is well reflected in a statement by the Governor of the RBI D Subbarao. To quote him, "Volatile capital inflows have been a central issue during the crisis, and continue to be so now as the crisis is ebbing. Emerging market economies (EMEs) saw a sudden stop and reversal of capital flows during the crisis as a consequence of global deleveraging. Now the trend has reversed once again, and many EMEs are seeing net inflows - a consequence of a global system awash with liquidity, the assurance of low interest rates in advanced economies over 'an extended period' and the prospects of robust growth in EMEs. The familiar question of how EMEs can maximize the benefits and minimize the costs of volatile capital flows has returned to haunt the policy agenda."

The Road Forward

At the global level, movement of 'hot capital' is set to continue unabated, in the near term at least. In most industrial countries, monetary policy has remained very loose. In the US, it is likely to get looser as the Fed plans 'Quantitative Easing-II'. The UK too indirectly will increase supply of its currency as compensatory monetary expansion happens amidst tightening fiscal policy. The eurozone, while so far unwilling to join the suit, may do so if China continues to peg Yuan closely with a depreciating dollar, which it will certainly try to do.

From point of view of India, inflows have their advantages and costs. There is a huge infrastructure investment requirements and increasing current account deficit makes capital inflows quite necessary to some extent. As a result, it is very unlikely that the India government will opt for something like a Tobin tax until inflows are extremely volatile.

This leaves the central bank intervention. The stated objective of the Indian central bank is that it would only intervene to curb volatility in rupee and would not look to prevent smooth movement of the currency in either direction. While the RBI does has a history of intervening in the forex markets even in case of gradual movement in rupee, this comes only at the margin, and the central bank usually leaves the rupee at the mercy of market forces when it is trading within a certain range which is politically and economically acceptable at that time.

At present, the RBI has been playing a wait and watch policy letting the rupee appreciate over the last one month. However, we believe the Indian currency is close to the upper end of the 'politically and economically accepted range' and the RBI will probably intervene more frequently if further monetary easing in the developed world threaten to push the Indian rupee to substantially higher levels from here. Such intervention however will be primarily aimed at slowing the pace of appreciation rather than reversing it anytime soon.

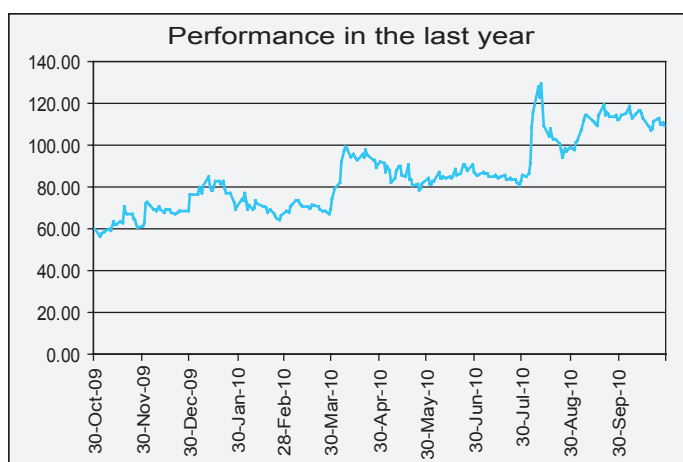
Essar Shipping Ports & Logistics: Buy Investment overview

- Essar Shipping Ports & Logistics's port division is the second largest in the country, with a capacity to handle 76 million tonnes (MT) of cargo per annum.
- The company is looking to augment its capacity to 158 MT per annum by 2013 with the establishment of new ports and expansion of existing port operations.
- The company is considering a proposal for the restructuring of its businesses including segregation of its shipping, logistics and oilfields services businesses into a separate entity while the ports and terminals business will remain under the current company, this move is expected to result in good value unlocking for the shareholders of the company.

Stock Data (as on 29/10/10)	
Current Mkt Price (Rs.)	109.30
52 week High (Rs.)	136.25
52 week low (Rs.)	54.45
Mkt Cap (Rs. Cr.)	6,729.42
Return in last one Month (%)	-4.87

Share Holding Pattern(as on Sept 30,2010)	%
Total Promoter	83.71
Institutions	8.39
Non Institutions	7.90

Key Ratios	
P/E	45.49
Price/Book(x)	0.97
Dividend Yield (%)	0.00
ROCE(%)	3.13
ROE(%)	1.27



- Company's high margin business viz; ports and terminal are showing consistent rise and are expected to contribute more in operating margin.
- The company is likely to increase its presence in the offshore oilfield business with the inclusion of two new jack-up rigs in coming 1-2 years

Business Overview

Essar Shipping Ports & Logistics is engaged in the business of providing end-to-end logistics services with investments in ports and terminals, logistics services, sea transportation and oilfield drilling services. The company caters its services to industries like oil and gas, steel and power generation. It is one of India's largest operators of ports and building a cargo handling capacity (both dry and bulk cargo) of over 150 MT. Its current fleet consists of 40 vessels, which includes 19 Bulk carriers, two VLCCs, six tugs, one semi submersible rig and 12 onshore rigs.

Ports and Terminals Business: The company's ports and terminals business operates a crude oil and petroleum products terminal at Vadinar. The Vadinar terminal, is an all-weather, deep-draft port, which provides crude oil and petroleum products storage, handling and terminal services. The port has a Single Point Mooring system capable of handling crude capacity of up to 27 mmtpa, and marine facility for export of petroleum products of up to 6.5 mmtpa.

Logistic Business: Its logistics business provides end-to-end logistics services - from ships to ports, lighterage services, intra-plant logistics and dispatch of finished products. The company owns trans-shipment assets to provide lighterage support services, and onshore and offshore logistics services. It also operate a fleet of 4,200 trucks (38 of which the company owns) to provide inland transportation of steel and petroleum products.

Sea Transportation Business: Essar's sea transportation business provides transportation management services for crude oil and petroleum products, and dry bulk cargo to the global energy, steel and power industries. With an experience of more than 220 ship years, the company owns a diverse fleet of 25 vessels.

Oilfields Drilling Business: This business offers onshore and offshore contract drilling, and offshore construction services. The company provides contract drilling services to global oil majors, with a fleet of 13 onshore rigs and one super-specialty semi-submersible offshore rig.

Financial Health

Essar Shipping Ports & Logistics' net loss has narrowed to Rs 10.56 crore during the quarter ended September 30, 2010 from Rs 32.68 crore for the quarter ended September 30, 2009. Total income for the quarter stood at Rs 223.19 crore, up 15.44% over Rs 193.34 crore for the same quarter of the previous fiscal.

On consolidated basis, the group has reported a net profit of Rs 11 crore for the Q2FY11 against Rs 2.27 crore for the Q2FY10, registering almost five fold jump. Total income for the reporting quarter has gone up by 16% to Rs 779.35 crore from Rs 671.44 crore for the year ago period.

(Rs. Cr.)

Particulars	Sep Qtr-10	Sep Qtr-09	%Change	FY10	FY09	%Change
Income From Operations	223.19	193.34	15.44	1028.21	1050.85	-2.15
Other Income	27.17	13.09	107.56	104.59	73.95	41.43
Net Profit	-10.56	-32.68	--	90.00	107.66	-16.40
NPM	-4.73	-16.90	--	8.75	10.25	--
EPS	-0.17	-0.53	--	1.46	1.75	--

Standalone

Port and terminal services segment continued to register robust growth during the quarter. The segment witnessed 53.82% growth in revenues to Rs 175.06 crore from Rs 113.81 crore for the same quarter of the previous fiscal.

Industry Scenario

Shipping is perhaps one of the oldest industries and has played a pivotal role in global trade right from beginning of civilised trading. Shipping industry has been present in the country since time immemorial as India was engaged in trade with old civilisations like Mesopotamia and Egypt where the industry played a key role. Currently, the size of the Indian fleet is around 14 million dead weight tonnes (DWT), which is just 2% of the global fleet. However, riding rapid economic growth of the country and increasing demand for commodities including coal and crude, massive capacity expansion is being planned, both in terms of vessels and in port and shipyard infrastructure.

In case of India, after plunging in second half of FY09, the industry started seeing some improvements in the second quarter of 2009-10 and things moved further in the second half of the last fiscal, riding on a strong growth seen in the port traffic over the FY10. The industry remains reasonably stable in FY11 though there are some uncertainties owing to the relatively weaker global scenario.

Growth in India's foreign trade went into the negative zone after the global financial crisis hit the world economy in September 2008. However, after 13 months of decline, both imports and exports came back into the green and have continued the trend since then.

The Baltic Dry Index (BDI), the global benchmark for shipping freight rates of dry bulk carriers, started recovering in April last year riding on surging commodity demand from China. But it failed to hold on to gains and went down again. Second recovery pullback by the index began in September last year after the global trade volumes started improving but most of the gains were lost again.

In the Indian context, while the demand for shippers has seen some uptick as reflected in the improvement in traffic handled by major ports, the pace of improvement has been slow and has primarily been driven by Chinese demand of iron ore. The picture for Indian shippers however is relatively better. One reason for this is that Indian shippers were not caught badly in capex cycle following the slowdown as many of their global counterparts did. In fact many Indian players are now looking to add capacity for which it is a pretty good time.

Investment Rationale

Essar has over three decades of experience in the shipping industry. Majority of fleet of the company is on long term contracts with limited exposure to spot markets. Its two ports are operational at present and the company is also undertaking major expansion in port segment. Essar's port business ranks among top 10 port companies in India.

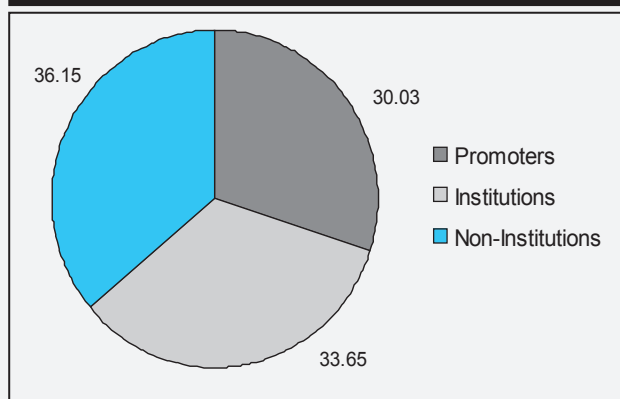
The total cargo traffic, which stood at 741 million tonnes (MT) in 2009, is expected to rise to 826 MT in 2010 and to 880 MT in 2011. The capacity utilization at major ports in the country has remained above 90% since FY05 and the same has created a strong need for new/larger ports. Considering this strong demand, the company is constructing a dry bulk port at Hazira which involves setting up of a 30 mtpa all-weather, deep-draft port and jetty facility. The company has lined up Rs 4,177 crore worth of expansion over next three years which will take the port capacity of the company to 158 MTPA by FY13.

Hazira-II port is scheduled to commence operations in September 2011; Salaya bulk terminal will begin operations in December 2011, Paradip-I and Paradip-II terminals will start in October 2012 and March 2011, respectively. And Vadinar II and Vadinar III terminals will commence operations in April 2011 and January 2013, respectively. The company is also actively bidding for upcoming Public-Private Partnership (PPP) port projects. Besides this, under the sea transportation and oilfields drilling businesses as well the company is expanding its capacity. It has already placed orders for 12 new building vessels, which will cost the company over \$0.6 billion.

The company has announced demerger of its businesses into separate entities. The plan also includes merger of certain subsidiaries with the existing company. This move will not only help the shareholders through value unlocking but will also enable the separated entities to raise funds for expansion easily. Under the restructuring, shareholders of Essar Shipping Ports & Logistics will get one share of Essar Shipping for every three shares held.

At the current market price of Rs 109.30, the stock is trading at 45.49x its trailing four quarter earnings and 0.94x its price-to-book value (P/BV). Going forward, Essar is expected to report net profit of around Rs 160 crore for the current financial year and the same is expected to increase to Rs 310 crore in FY12. Considering Rs 160 crore worth of bottom line for FY11, the company's earnings per share (EPS) will grow to 2.70 rupees. We expect, Essar to command PE multiple slightly better compared to current levels and hence the scrip can be bought with a price target of Rs 122 for the medium-term.

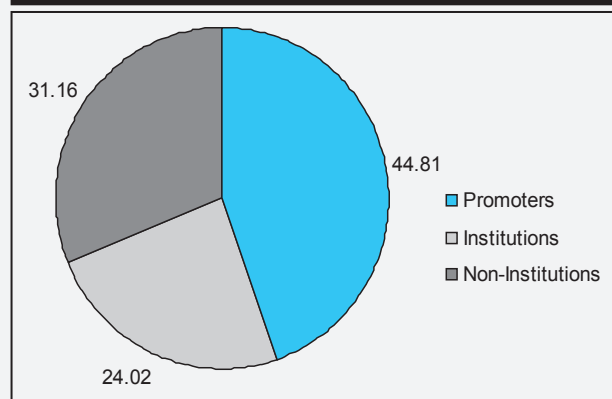
Great Eastern Shipping Company



- ◆ Great Eastern Shipping Company (G E Shipping) is India's largest private sector shipping company having experience and expertise spanning over 6 decades. The company has two main businesses viz shipping and offshore. The shipping business is involved in transportation of crude oil, petroleum products, gas and dry bulk commodities, while the offshore business services to the oil companies in carrying out offshore exploration and production activities, through its wholly owned subsidiary Greatship (India).
- ◆ The company intends to list GIL by 2H FY11 through fresh equity issuance. The company will unlock potential value of the offshore business, which globally trades at higher multiples than the shipping business due to better stability and high visibility in earnings.
- ◆ The company has earmarked about \$573 million to buy 8 vessels with a total capacity of 1.31 million DWT. Its average age of vessels is 9.7 years. Of \$573 million, it has already paid \$207 million through stage payments, it said.
- ◆ The company has 27 tankers and 6 dry bulk carriers, aggregating to 2.52 million deadweight tonnes (DWT). Its Total fleet size will increase to 74 vessels in FY12 from the present 53 vessels.
- ◆ Great Eastern Shipping has reported a 55% increase in its net profit for the quarter ended September 30, 2010 to Rs 168.65 crore against Rs 108.47 crore in the same quarter last fiscal.
- ◆ At CMP of Rs 316.75, the stock trades at PE multiple of 21.41x and EV/EBIDTA of 8.20x. The fleet expansion of the company is likely to give good boost also the average age of Gesco's fleet (35 vessels) is around 10.5 years, which is relatively young given that most vessels have a life of 25 years. The IPO of GIL will further unlock the value for the company and we see an upside of good 13-16% from its present price and the scrip to reach a target of Rs 380 in medium term.

Last Traded Price (As on Oct 29, 2010)	Rs 316.75
Price target	380
Market cap. (Rs cr.)	4,823.80
52 Week H/L	345.25/ 227
Free Float	3,376 Cr.
BSE code	500620

Pipavav Shipyard 'BUY'



- ◆ Pipavav Shipyard is one of the largest shipbuilders in India which has its proficiency in ship building and ship repair services. The company which is spread over almost 500 acres has access to almost 800 meters of exclusive waterfront with a dry dock that can accommodate ships of up to 400,000 DWT.
- ◆ The company is in talks with a West European company to buy an oil rig and shipping company worth around \$100 million in a bid to enter into the oil and gas service segment. The management of the company has also indicated that the shipbuilder has around Rs 178 crore (\$40 million) cash on its balance sheet which it can use to acquire the potential target and the remaining \$60 million will be raised by debt.
- ◆ The Indian Navy has very huge acquisition plans. It would need more than 100 ships of different types including submarines in the next two decades. The Indian Coast Guard would also need about 160 ships over the next seven years. In Naval shipbuilding and repair, the company can build all kinds of vessels required by the Indian Navy and Coast Guard that places it at an advantageous position as against its competitors. Also the company has been declared as the successful bidder for construction of five Offshore Patrol Vessels for the Indian Navy with order value of approx Rs 2,900 Cr.
- ◆ Pipavav Shipyard will be targeting the Ship/Rig Repair market in the near future as factors like availability of low-cost skilled labour, progressive regulatory regime, proximity to key trade centers of the shipping world will make the Indian market lucrative also the demand for new commercial ships has declined substantially over last two years, boosting the rise in use of old vessels.
- ◆ At CMP of Rs 87.75, the stock trades at an EV/EBIDTA of 113.63x and at an EV/Sales of 9.83x. The company's expansion drive couple with its expected international acquisition in oil and gas service segment is likely to give further boost. Also the company is relatively new and has good prospect in future seeing the continuous surge in the oil prices, though the scrip has witnessed a good run in last couple of weeks but still an upside of about 10% can be expected from the current levels.

Last Traded Price (As on Oct 29, 2010)	Rs 87.75
Price target	97
Market cap. (Rs cr.)	5842.38
52 Week H/L	119.95/ 50.10
Free Float	1460 Cr.
BSE code	533107

Essar Shipping to complete demerger by March 2011

Essar Shipping Ports & Logistics (ESP&L) is likely to complete its demerger process as well as listing of demerged entity i.e. Essar Shipping, by March 2011. The demerger is likely to simplify Essar Shipping's business structure and unlock value. Meanwhile, the company is aiming to expand capacity of its ports, shipping and oilfields businesses over a period 3 to 4 years. It is planning to invest around Rs 8,800 crores in its ports business to increase capacity by FY13 to 158 million tonnes from 76 million tonnes now. Apart from this, it is also planning to invest \$600 million to acquire 12 new vessels and \$500 million to expand its oilfields business in the same period, by acquiring jack-up rigs. Essar's oilfield division provides contract drilling and related services to oil and gas companies worldwide, operating both offshore and onshore and currently owns a fleet of 13 rigs.

Core Projects secures Rs 26.38 crore worth of order

Core Projects & Technologies has secured an order worth Rs 26.38 crore to implement Computer Aided Learning (CAL) in 645 schools across South Gujarat for 5 years. This project is under the Gujarat Government's programme to introduce CAL based learning technologies in schools. The CAL programme envisages the setting up of Computer Aided Learning in Secondary and Higher Secondary schools. This includes supply of hardware, software, manpower services including Teachers' training and maintenance of systems.

Arvind Mills assigns Rs 850 crore capex for expansion plan

In a bid to fuel expansion in both its core and new businesses, Arvind Mills has lined up Rs 850 crore capex over the next five years. The investments will mainly be in scaling-up the company's denim fabric production, expanding its retail chain - Megamart and bringing in more international brands. The company aims to increase its Megamart store network to 400 from the present 175 by Financial Year (FY)13 and grow Big Megamart chain to about 15 in the next two years. At present, it has five Big Megamart outlets in Bangalore, Mumbai, Pune and Chennai. While Megamart is a small-format (3,000 sq ft) men's apparel store, Big Megamart is a large-value retail outlet spread across 20,000-40,000 sq ft. Further, the company plans to launch two more international brands in India this year in the women's and kids segments. It already has six brands - Flying Machine, US Polo, Arrow, Energie, Izod and Gant in men's wear and Cherokee in mens and kids segment.

Bharti Airtel inks partnership deal with IBM, Tech Mahindra and Spanco

Poised for rapid growth, Bharti Airtel has entered into

strategic partnership deal with IBM, Tech Mahindra and Spanco to provide world class customer experience across 16 Africa countries. The 5-year deal awarded in total is of value \$500 million. The outsourcing of customer service operations will play a key role in making Bharti Airtel competitive in Africa as it focuses on making mobile communications affordable and available to everyone across its 16 markets of operation. Under the agreement Bharti Airtel, which owns and currently operates the 'Zain' brand in 16 countries across Africa, will outsource core customer service functions like call centres and back office as it prepares for significant growth in the region. The mobile telecommunications operator currently has over 40 million customers across its African operations and is targeting to achieve 100 million by 2013.

IVRCL Infrastructures bags Rs 1,975 crore worth of orders

IVRCL Infrastructures & Projects has bagged total 3 projects worth Rs 1,975 crore in the international market which include 2 from Kingdom of Saudi Arabia and 1 from Nepal Electricity Authority, Government of Nepal. These orders have marked the company's entry into the international market. The two contracts for water transmission project that have been won in Kingdom of Saudi Arabia are valued at Rs 1,800 crore. The first order worth Rs 1,100 crore is from Hili & Yobba & Lith Dams to Al-Shouiba Plant - Phase III. The second order in Saudi Arabia is from Kholas & Rabigh Dams to Jeddah - Phase I and is valued at Rs 700 crore. The order from Nepal Electricity Authority is for construction of Main Civil Works for 32 megawatt (MW) Rahughat Hydroelectric Project. This contract is valued at Rs 175 crore and the completion period for the same is 42 months.

Man Infraconstruction bags work orders worth Rs 383 crore

Man Infraconstruction has secured different work orders aggregating to approximately Rs 383 crore. The first order has been received for civil and structural works for residential towers for 'Kumar Sinew Developers' at Pune worth Rs 143 crore. The second order is for civil and finishing works for residential towers for 'National Dyes' at Thane, worth Rs 179 crore. Further orders from DB Group at its ongoing projects at Mahul, Mumbai and Jacob Circle, Mumbai are for Rs 51 crore and Rs 10 crore, respectively.

BGR Energy Systems bags contract worth Rs 2168 crore

Power equipment maker, BGR Energy Systems has been awarded the Balance of Plant (BOP) contract for 2X60 MW supercritical thermal power project by Thermal Powertech Corporation India, Hyderabad promoted by Gayathri Projects, Hyderabad and Semcorp, Singapore.

The contract has been valued at Rs 2168 crore. This is the 16th BOP/ EPC contract that BGR Energy will be executing. This project is funded by Rural Electrification Corporation (REC) as the lead lender with consortium of banks. The financial closure of this project has been achieved.

Maruti Suzuki plans 1,500 additional outlets by 2015

In a bid to expand its production capacity to over 17 lakh units annually, Maruti Suzuki India, country's largest automaker is planning to add 1,500 outlets by 2015. The said expansion is expected to generate additional employment of about 22,000 people by the service network operators. At present, the company has 2,784 service points and it is planning to increase it to over 4,200 outlets in the next five years, a jump of more than 50%.

Power Grid Corporation gets various investment approvals

Power Grid Corporation of India has received its board's approval for investment in 'Northern Region System Strengthening Scheme-XX' at an estimated cost of Rs 182.68 crore with commissioning schedule of 27 months from the date of investment approval. Further, the approval has also been given for investment in 'Interconnection between Electrical Grids of India and Bangladesh-Indian Portion' at an estimated cost of Rs 160.32 crore with commissioning schedule of 24 months from the date of investment approval.

Suzlon Energy signs 5-year contract with IBM for IT solutions

India's largest wind turbine manufacturer -- Suzlon Energy, has chosen technology giant IBM to provide business consulting services to manage its application development and maintenance requirements. The financial details of the contract have not been disclosed yet. The company has signed a five-year contract with IBM and as per the contract the technology major will help Suzlon to expand its footprint across the world by bringing more efficiency to its worldwide operations and enhancing productivity of IT applications.

Prakash Steelage receives API's approval for its Umbergaon Plant

Prakash Steelage has received Inspecting Agency - American Petroleum Institute (API)'s approval for its Umbergaon Plant. The said approval is granted after passing through very rigorous testing processes spread over 2 year period. The approval opens new gates for export of company's products -- stainless steel tubes and pipes to numerous clients spread over globally who insist on products from API approved company. It has been issued 'Certificate of Authority to use the official API

Monogram' on company's products. Meanwhile, this is a very important approval as very few manufacturers in India are having this type of approvals and this achievement will add feather in the cap as it increases vast export potential for the company.

Interlink Petroleum discovers oil at Baola block in Gujarat

Interlink Petroleum has made an oil discovery in its recently-drilled Baola-8 well. The well, which was spudded on the August 28, 2010, is located in the company's small onshore Baola block, approximately 40 kilometres from the city of Ahmedabad in Gujarat. The Baola block had been previously categorized primarily as a gas field. Baola-8 well was drilled to a depth of 1009 meters and encountered the target Middle Eocene Oolite reservoir section of the Kalol Formation from 904.5 to 928 meters. Several hydrocarbon bearing sections were identified through, mud log and electric-line log evaluation, geochemical evaluation of side-wall cores and a preliminary testing of the interval 909-911 meters yielded heavy oil that flowed to surface under natural flow.

GTL Infra gets shortlisted to buy strategic stake in tower assets of STC

GTL Infrastructure has been shortlisted to pick up a strategic stake in the tower assets of Saudi Telecom Company (STC), the largest listed telecom operator in West Asia. The deal though is expected to be closed in 3-4 months time. Meanwhile, enterprise value of STC's towers has been estimated at around \$1.4 billion. STC is looking for strategic partner for 12,000-strong tower portfolio and this will be in the form of JV, where the new strategic partner will hold between 51-60% stake, while the STC will ownie the residual minority share.

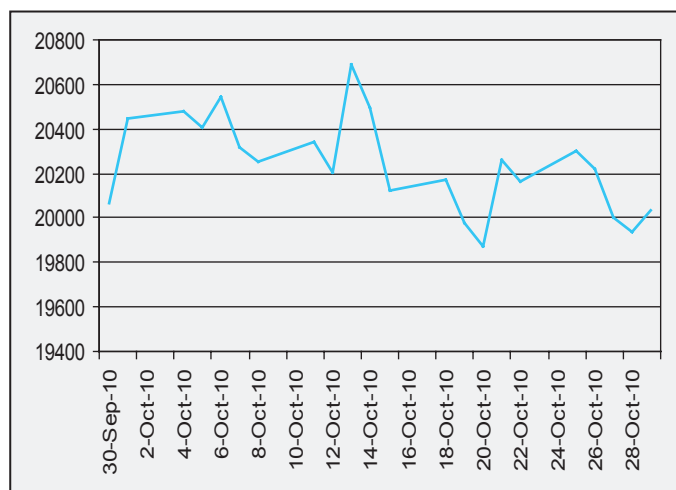
Everonn Education inks pact with Future Group

Everonn Education has inked a pact with Kishore Biyani led 'Future Group' to impart training in organized retail space. As per the terms of the agreement, Everonn Skill Development, a unit of Everonn Education, and Future Human Development, belonging to Future Group, will form a 50:50 joint venture (JV). The JV company will target mainly the school dropouts and graduates to provide training to them at different retail set-ups of Future Group. The training programmes will include both long-term as well as short-term courses on various aspects of organized retail segment. To begin with, the JV will train around 3,000 youngsters and it aims to scale up the figure to around 25,000 students over next one year. Further, the courses will start from next month across the country at 60 skill development centres. Everonn will be responsible for providing content and connectivity for these courses through its VSAT network.

The Indian equity markets, after witnessing a spectacular rally in September, consolidated a bit in October though the markets during the month touched fresh high and it seemed they will cross their all time high but the last few days of volatility due to weak global cues and F&O series expiry took the markets into the correction phase. It was the happening month as the India Inc. announced its September quarter results. Starting with Infosys the markets got a reason to cheer as the IT bellwether performed better than expected. Other corporate too came up with inline results though there some misses as well, and majority of the cement companies fared poorly for the quarter but altogether it was the good earnings season for the markets. Also apart for the secondary market the primary market too kept buzzing during whole month. There was a slew of a initial public offerings followed by the largest ever IPO from any public sector company 'Coal India' the issue got tremendous response and was subscribed more than 15 times, boosting the governments disinvestment target. Also the Securities and Exchange Board of India (SEBI) announced its decision later to increase the maximum application size for retail individual investors to Rs 2 lakh for the initial public offerings (IPOs) from Rs 1 lakh at present. The capital market regulator also cleared the decks for IPOs by life insurance firms. However, it delayed the much awaited decision on the takeover code as discussions at its board meeting remained inconclusive. Regarding doubling the ceiling on size of retail application, SEBI Chairman C B Bhavé said, 'If you look at past experience, the complaint from the general investing public and the issuers has been that the retail quota is not being subscribed fully. The issue before the board was that the limit had been fixed long back. If you take inflation into account, it is justification enough (for raising the cap).' The regulator, however, has not made any changes in the quota of shares reserved for retail investors. Meanwhile, the last few days of the month for the Indian markets along with the other global markets remained tizzy on anxiety about the form and scale of monetary easing by the US Federal Reserve. The Fed in its meeting next week is likely to result in a new dollop of quantitative easing -nicknamed QE2 and may announce buying bonds worth \$500bn of which would be dilutive to the dollar. The quantum of the bond buying has kept the markets in speculative mood but a report in 'The Wall Street Journal' said the Fed's bond purchases might amount to a few hundred billion dollars over several

months, the final outcome will give a boost or mar the markets sentiment world over.

BSE Sensex movement for the month of October



BSE Sensex Monthly Gainers

Company	Prev Price (Sept 30'10)	Last Price (Oct 29'10)	Change (%)
TCS	921.10	1051.80	14.19
Cipla	316.95	352.25	11.14
Hindalco	191.75	210.50	9.78
RIL	999.05	1095.80	9.68
Maruti Suzuki India	1430.35	1551.20	8.45

- Tata Consultancy Services' (TCS) net profit after tax has surged by 34.50% and stood at Rs 1812.65 crore for the quarter ended September 30, 2010 as compared to Rs 1347.60 crore for the quarter ended September 30, 2009. Its total Income has increased by 28.87% from Rs 5719.04 crore for the quarter to Rs 7370.67 crore for the quarter ended September 30, for the year 2010. On consolidated basis, Group's net profit has spiked up by 32.09% and stood at Rs 2169.21 crore for Q2FY11 as compared to Rs 1642.21 crore for the corresponding quarter of the previous year.
- Cipla has launched a generic version of Pirfenidone, a drug used against a form of chronic progressive lung disease, in India, under the brand Pirfenex, for the treatment of Idiopathic Pulmonary Fibrosis (IPF). So far, there is no approved treatment for IPF, the drug has

shown to slow down progression of this terminal disease and stabilise lung function. Pirfenex has been priced at Rs 28 per tablet and it will be manufactured at the company's manufacturing facility at Himachal Pradesh, which is approved by WHO, MCC - South Africa and TGA - Australia.

BSE Sensex Monthly Losers			
Company	Prev Price (Sept 30'10)	Last Price (Oct 29'10)	Change (%)
Bharti Airtel	363.40	325.70	-10.37
NTPC	216.95	194.95	-10.14
Tata Steel	653.10	590.00	-9.66
ONGC	1422.60	1303.25	-8.39
HDFC Bank	2445.35	2278.10	-6.84

- Country's largest cellular service provider, Bharti Airtel and telecom giant Vodafone Essar are in the final race for the prestigious bid to connect 3.75-lakh Gujarat government employees in the country's largest closed user group (CUG) network. Though Airtel is going for a kill by proposing the lowest tariff, over 40% discount to the base rates, beating Vodafone that offered 35% discount, in Gandhinagar said the technical strength of the existing operator Vodafone would eventually score over the competitor's tariff bait.
- National Thermal Power Corporation (NTPC) has posted a net profit of Rs 2,107.38 crore for the quarter ended September 30, 2010 as compared to Rs 2,151.95 crore for the quarter ended September 30, 2009, down 2.07%. Its total income for the quarter under review has increased to Rs 15,367.36 crore from Rs 11,522.61 crore for the year ago period, registering a growth of 33.37%. The company is also planning to sell its 40% stake in the expanded capital of its Kayamkulam power project to Qatar. The deal is likely to be finalized soon.

The initial days of the month proved good for the markets, though they lost some ground after surging to their more than two and half year high in previous month on the back of profit booking but managed to hold ground and moved in narrow range, till mid of the month, lower-than-expected index of industrial production (IIP) data for the month of August 2010 too weighed on the investor sentiment. While

the markets were expecting the IIP growth numbers to fall into single digits given the high base effect from last year, the actual growth for August came at 5.6%, more than 4% below the consensus estimate of around 10%. Meanwhile in a move that will benefit both the commercial banks and the Indian corporate sector, the Reserve Bank of India (RBI) relaxed the norms related to restructuring of loans by banks. The RBI stated that the promoter's sacrifice in restructuring and additional funds required to be brought in by the promoters should ideally be brought in upfront. However, if banks are convinced that the promoters face genuine difficulty in bringing their share of the sacrifice immediately and need some extension of time to fulfill their commitments, the promoters could be allowed to bring in 50% of their sacrifice upfront and the balance within a period of one year.

Whole of the month profit booking was evident across the counters and even the defensive sectors like FMCG and pharma were not spared, though the banking stocks performed well on better than expected or mostly in line results for most of the banks, but there was cautious in the rate sensitive sectors on apprehension of one round of rate hike by the apex bank to tame the spiraling inflation in the country. Meanwhile India's central bank has said that the impact of excessive capital inflows on the stability of exchange rate can be managed by intervening in the forex markets to prevent extreme volatility in the local currency, but such a move has its own costs in terms of impact on other macroeconomic variables. Governor of the Reserve Bank of India (RBI) Duvvuri Subbarao said on Wednesday that managing the exchange rate when capital inflows are surging and international markets are volatiles involves an inherent cost and the challenge faced by any central bank was to minimise this cost. 'At the national level we have to manage the impossible trinity. Managing exchange rate in the face of volatile flows entails a cost no matter what you do. The challenge is really to minimise the cost,' said the RBI Governor on the sidelines of a conference. In the final week some jittery was seen due to the F&O expiry and the US quantitative easing worries. Traders squared off F&O positions in the last two three day taking the markets for some correction, though the traders looked bullish as lot of long positions got rolled over giving an indication that markets will make a comeback in early part of the month.

Core sector growth dips to 18-month low at 2.5%

In yet another sign of moderation in industrial activity in the country, growth in the six infrastructure industries has dipped to 18-month low, probably reflecting the impact of increasing inflation in manufacturing sector and the continuous tightening of monetary policy by the Reserve Bank of India (RBI).

According to data released by the government, the Index of six core industries having a combined weight of 26.7% in the Index of Industrial Production (IIP) (base 1993-94) stood at 253.7 in September 2010, registering a growth of 2.5% compared to the same month a year ago. Growth in September 2009 was recorded at 4.3%. Cumulative growth during the Apr-Sept 2010-11 period now stands at 4.0% as against 4.5% during the corresponding period of the previous year.

Best performing sector in the month under review was crude oil (weight of 4.17% in the IIP) where production increased by 12.5% compared to a growth rate of (-) 0.5% in the same month last year. The crude production registered a growth of 10.2% during Apr-Sep 2010-11 compared to (-) 1.2% during the same period of 2009-10. Good show in crude oil however was nullified by the refinery segment (weight of 2.00% in the IIP) where production declined by 10.2% compared with the year-ago period. The decline was primarily due to planned shutdown of many refinery units for maintenance purposes. Cumulative growth in the refinery sector is also low though at 2.6% compared to (-)3.6% during the same period of 2009-10.

Coal production too was in red in Sep 2010 registering a decline of 2.0% compared to positive growth rate of 6.5% in September 2009. Coal production has grown by 0.4% during the current fiscal so far as compared to 11.6% during the year-ago period. Electricity production too grew marginally by 1.3% in Sep 2010 compared with a growth of 7.4% seen in the same month a year ago. Electricity generation grew by 4.0% during the Apr-Sep 2010-11 period compared to 6.4% during the same period of 2009-10. Performance of cement and steel was relatively better. Both these sectors registered a growth of 5.2% and 5.8% respectively. Cumulative growth in the two stands at 4.7% and 3.9% respectively in the Apr-Sept 2010 period compared with year-ago level. Both cement and steel have been underperformers for last few months due to slowdown in the infra projects over the monsoon season. Going forward, however, as the infra spending increase, these two may prove to be key drivers of the core sector growth.

Crude production rises 12%, refinery output down 10% in Sept

India's crude oil production rose 12.5% in September, recording a tenth straight monthly increase. The country produced 3.1 million tonne of crude oil in September or about 744,000 barrels a day, showed the data compiled by the Oil Ministry. The increase was primarily led by the

private sector where production increased by whopping 90% to 807,400 tonne. The jump was on account of the start of production by Cairn India in a field in the state of Rajasthan in August last year.

The government owned premium crude producer of the country Oil and Natural Gas Corporation (ONGC) on the other hand witnessed a decline in output of about 2.2%. Its September production came down to 2 million tonne because of lower output in Mumbai High fields at 1.39 million tonne compared with 1.42 million tonne a year ago.

While crude production increased, refinery output declined significantly in September Domestic refiners including the likes of Indian Oil Corporation and Reliance Industries processed 10.2% less crude oil in the month under review compared with the same month last year. Local refining output thereby hit a second straight monthly decline and touched the lowest level in more than a year.

Total refinery processing stood at 12.16 million tonne in September compared with 13.54 million tonne in the same month a year ago. The decline was primarily because of the fact that many units were shut down for maintenance work. Crude processing should rise to normal levels once the scheduled maintenance works are over, said the government.

World Bank sees India as fastest growing economy in 2011

India may be able to outpace China to become the fastest growing large economy in world as early as 2011, according to the latest World Bank forecast. The World Bank has tweaked its initial forecasts of 2011 growth for Asia, and now sees slightly lower growth in East Asia and higher growth in India.

According to the World Bank analysis, India will record a growth of 8.7% in 2011, marginally ahead of China. The latter is now expected to grow at 8.5% in 2011, revised down from 8.7% earlier and contrasting a 9.5% expansion in 2010. The Bank also lowered the average ex-China East Asian 2011 projected growth rate from 8.0% to 7.8%.

Further, the multilateral lender believes that slowing growth in the East Asian region will help India attract more capital and clout, as the prospect for growth in India would gradually reach top of the chart, ahead of even China. China's third quarter growth rate slipped to 9.6%, its slowest pace in 12 months, but still remains significantly ahead of India's 8.8% for second quarter.

The analysis by World Bank suggests that as a net importer of goods, India has been sustaining growth by utilizing domestic demand, whereas competing net exporting countries such as China or some other East Asian nations are dependent much more on the global consumer. After the world recession slowed down the demand from rich countries, medium term prospects of growth in these nations have taken a hit.

The multilateral lender while expects China to continue to growing at a brisk pace, it adds that India is yet to reach full potential of export contribution to growth and together with its domestic demand, the country has the potential to be the fastest growing nation for coming several years. Earlier, a research note by Morgan Stanley too had said that India could overtake China's growth rate by 2013 and expected it to be notably ahead of the middle kingdom from 2015 onwards.

India's exports up 23% in Sept

India's exports continue to grow strongly recording an expansion of 23.2% in the month of September 2010 to reach a level of \$18.02 billion compared with exports worth \$14.6 billion in the same period last year.

Imports on the other hand grew even faster at 26.1% to \$27.14 billion, compared with \$21.52 billion in the year-ago period. However, the difference between pace of exports and imports has come down in September. This also resulted in decline in trade deficit to \$9.12 billion compared with a nearly two-year high of over \$13 billion in the previous month.

On a cumulative basis, India's exports over the April-September 2010 stood at \$103.3 billion compared with exports worth \$78 billion in the same period last year. Cumulative imports on the other hand have reached \$166.5 billion. Trade deficit in the first half of the current fiscal as a result stands at \$63.2 billion.

The Indian government is looking to record a growth of nearly 15% in exports to reach a level of \$200 billion over the current fiscal. The figure from first half (\$103.3 billion) certainly suggests that exports are set to beat the target. However, it should be noted that exports had declined by 4.7% in the 2009-10 fiscal year as the global financial crisis led slowdown in world demand and the current year's figures are only modest increase over 2008-09 exports.

The Indian government on Wednesday released the All-India Consumer Price Index Numbers for Agricultural Labourers (CPI-AL) and Rural Labourers (CPI-RL) (Base 1986-87=100) for September, 2010. The two indices registered a growth of 5 and 6 points respectively in the month under review to stand at 562 for both the series.

CPI based inflation declines marginally in September

The annual rate of inflation computed on point to point basis based on the CPI-AL and CPI-RL decreased from 9.65% and 9.66% respectively in August, 2010 to 9.13% and 9.34% in September, 2010. Corresponding rates of inflation during September, 2009 were 13.19% and 12.97%.

The decline observed in September this year was due to the fact that increase in indices was greater in the year-ago period. In other words, while consumer prices continued to rise in September compared with August, annual inflation

worked out to be lower mainly due to the high base effect from the last year. There were also significant inter-state variations in the behaviour of the two indices. In case of the CPI-AL, it recorded an increase between 1 and 15 points in 18 states and a decrease of 2 points in 1 state while it remained stationary in one state. The state of Haryana with 636 points topped the index table whereas Himachal Pradesh with the index score of 486 points stood at the bottom.

Generally the consumer and wholesale inflation measures have moved in tandem in India with the former lagging by couple of months. However, the difference between the two increased sharply over the last year as the decline in wholesale inflation was not followed by decline in consumer level prices. Now, once again the consumer price based inflation seems to be beginning to map the marginal decline seen in WPI over last few months.

Inflation expectations are hardening: RBI

The Reserve Bank of India (RBI) is facing a difficult problem of surging inflationary expectations. Even as the government and the central bank itself expects the inflation to come down significantly over next five months, people on the street do not seem to be convinced at all.

For a monetary authority, keeping a guard on inflation expectations is as important as the actual inflation itself. This is because, once people start expecting high inflation, they start asking for high wages, leading to further increase in inflation. Unguarded inflationary expectations can render the monetary policy less effective.

In this wake, the RBI has been off-late conducting a household survey of inflation expectations. According to the latest round of the Survey, inflationary expectations have only hardened over last three months, a development not unexpected when food inflation is high.

According to the survey findings, households expect inflation to rise further by 30 and 80 basis points during next quarter (11.4%), and, next year (11.9%), respectively, from the expected current rate of 11.10%. It should be noted that inflation numbers in the survey do not correspond to the reported wholesale or consumer price indices and are based on consumption basket of 4,000 households.

Further, greater number of people expect price to increase faster than current rate compared to Mar 2010. In Mar-10 survey around 62.8% expected price to rise faster than current rate in the next year. The figure has now risen sharply to 70.8%.

The survey also breaks the general inflation expectations into the product-wise expectations for example food, non-food, durables, housing prices and cost of services. Findings reveal that while expectations for both food-and non-food items are high, people expect food prices to rise faster than non-food items, again reflecting the currently high food prices scenario in the country.

Full Year

Company Name	Year End	NOM	Equity Rs. Mn.	FV	Promoter Stk %	BV Rs.	RONW (%)	Sales Rs. Mn.	Sales Var (%)	OPM (%)	NP Rs. Mn.	NP Var (%)	DIV (%)	CPS (Rs.)
ABG Shipyard	201003	12	509.20	10	57.09	211.25	23.52	18076.70	28.00	26.96	2289.20	33.79	40	52.55
Bharati Shipyard	201003	12	289.39	10	41.84	288.77	18.03	13484.35	44.36	23.68	1388.67	4.16	30	53.27
Chowgule Steamship	201003	12	363.08	10	67.76	46.68	26.86	353.40	-71.99	8.86	408.90	76.01	15	15.34
Dredging Corp	201003	12	280.00	10	78.56	474.66	5.39	6454.10	-5.78	22.28	700.50	51.75	30	48.60
Essar Shipping Ports	201003	12	6158.10	10	83.71	115.63	1.27	10282.10	-2.15	42.45	900.00	-16.40	-	3.40
Garware Offshore	201003	12	238.19	10	30.58	110.99	16.58	1814.79	11.86	59.84	409.72	1.66	23	31.66
GE Shipping	201003	12	1522.90	10	30.03	352.69	7.63	20554.60	-33.34	44.83	3957.50	-71.42	80	48.74
Great Offshore	201003	12	372.30	10	49.73	276.53	20.28	10123.80	6.49	42.73	1746.20	-17.28	25	82.43
Hariyana Ship Break	201003	12	61.67	10	73.46	64.45	18.74	1336.00	-23.64	11.36	70.62	-0.72	20	14.25
Mercator Lines	201003	12	235.99	1	37.96	44.66	0.59	5762.87	-51.16	42.15	63.96	-96.47	20	6.08
Pipavav Shipyard	201003	12	6657.98	10	44.81	24.81	-3.36	6293.83	-	9.67	-488.21	-1091.49	-	-0.18
Seamec	201003	15	339.00	10	75.00	151.56	48.81	4248.40	-	56.46	2039.00	-	30	69.64
Shipping Corp	201003	12	4234.50	10	80.12	149.65	6.01	34631.20	-16.88	26.24	3769.10	-59.93	50	17.88
Shreyas Shipping	201003	12	219.58	10	73.29	61.59	-13.25	923.23	-47.86	-5.66	-204.74	-236.57	-	-4.05
SKS Logistics	201003	12	144.95	10	58.81	24.15	-20.66	294.24	-10.37	48.57	15.81	2036.49	-	5.04
Varun Shipping	201003	12	1500.08	10	41.11	54.13	1.54	8966.46	-1.97	53.15	125.53	-89.78	8	16.60
WI Shipyard	201003	12	589.29	2	2.87	-	-1.91	741.78	2.81	24.72	13.81	-105.42	-	0.41

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

Latest Quarter						TTM			Market Data				
EPS Rs.	Sales Rs. Mn.	Sales Var (%)	OPM (%)	NP Rs. Mn.	NP Var(%)	Ended	EPS Rs.	NP Var (%)	Price 01/11/10	H52W	L52W	PE	Mkt. Cap (Rs. Mn.)
44.96	4494.50	14.33	28.25	384.10	-19.85	201006	43.12	21.66	473.50	490.50	176.45	10.98	24110.62
47.99	3625.89	10.07	25.68	221.28	-40.59	201006	42.62	-11.57	267.15	352.80	142.00	6.27	7731.13
11.26	85.50	-22.27	21.87	16.10	-96.04	201009	-1.27	-	38.65	53.00	34.95	-	1403.32
25.02	1105.60	-31.18	30.21	157.60	398.73	201006	29.52	69.91	520.75	785.95	430.10	17.64	14581.00
1.46	2231.90	15.44	36.73	-105.60	-67.69	201009	2.44	63.71	110.05	136.25	54.45	45.16	67769.89
17.20	414.42	-19.01	57.09	97.66	-35.29	201006	14.97	-31.38	133.85	230.40	112.30	8.94	3188.19
25.99	3692.70	-24.28	53.92	1129.80	16.75	201009	25.72	-82.35	326.75	345.25	227.00	12.71	49760.76
46.90	2392.90	4.37	45.68	267.30	20.41	201006	48.12	6.14	377.90	584.00	364.10	7.85	14069.22
11.45	550.66	15.89	7.79	30.24	-27.17	201006	15.16	-10.14	54.00	64.80	31.80	3.56	333.00
0.27	1734.67	27.55	27.53	5.92	-102.03	201009	-0.24	-	67.65	72.15	42.00	-	15964.86
-0.73	1760.23	24.69	14.15	-97.90	-689.40	201006	0.00	-	89.30	119.95	50.10	-	59455.80
60.15	249.20	-75.17	-	-226.90	-137.89	201006	17.51	-176.39	153.20	254.70	140.00	8.75	5193.48
8.90	8764.40	3.73	44.86	2506.30	643.71	201009	15.71	18.88	176.15	202.50	123.15	11.21	74590.72
-9.32	316.20	11.43	24.75	38.01	-142.35	201009	-1.44	-22.05	48.05	58.85	28.10	-	1055.06
1.09	93.41	40.04	35.67	5.04	409.09	201009	1.67	89.20	21.55	41.05	15.30	12.93	312.36
0.84	1322.09	-24.74	-	235.49	1173.61	201006	2.28	-201.64	41.45	61.95	39.80	18.15	6217.82
0.05	219.58	27.35	44.40	38.16	-154.36	201009	0.86	214.04	17.45	18.90	8.30	20.39	5141.54

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

Company Name	Year End	Price (Rs.) (01/11)	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	27.30	7.31	2.66	2	10.25	201009	438.14	1.90	14.40	46.50	22.00
HCL Infosystems Ltd.	201006	114.40	6.59	11.98	2	9.55	201009	2500.00	11.45	9.99	170.00	102.30
ISMT Ltd.	201003	52.55	1.90	5.09	5	10.32	201006	684.50	4.67	11.25	64.90	42.00
JK Lakshmi Cement Ltd.	201003	62.20	3.97	19.71	5	3.16	201006	1794.50	14.67	4.24	84.85	51.15
Binani Cement Ltd.	201003	91.50	3.77	13.88	10	6.59	201009	1179.26	6.25	14.63	108.80	60.00
Graphite India Ltd.	201003	94.00	3.76	13.54	2	6.94	201009	2021.64	10.35	9.08	111.90	60.05
HEG Ltd.	201003	275.90	3.59	37.27	10	7.40	201009	1412.55	32.97	8.37	412.70	238.00
Balmer Lawrie & Company Ltd.	201003	649.50	3.52	72.02	10	9.02	201009	1228.82	75.45	8.61	769.90	452.00
JK Cement Ltd.	201003	169.45	3.48	32.32	10	5.24	201009	990.55	14.17	11.96	201.50	118.10
PSL Ltd.	201003	113.15	3.45	16.52	10	6.85	201006	793.08	14.83	7.63	188.40	109.00
SRF Ltd.	201003	417.00	3.35	51.14	10	8.15	201009	3244.40	53.62	7.78	421.00	173.25
India Cements Ltd.	201003	115.70	1.69	11.54	10	10.03	201006	2350.41	7.65	15.12	143.15	97.10
SJVN Ltd.	201003	24.25	3.27	2.37	10	10.24	201009	9221.60	2.23	10.88	28.00	20.00
Madras Cements Ltd.	201003	118.65	1.68	14.86	1	7.98	201009	1490.97	6.27	18.94	140.00	91.00
Indian Oil Corpn. Ltd.	201003	425.50	3.03	42.10	10	10.11	201006	31493.30	12.97	32.80	458.90	274.00
Electrosteel Castings Ltd.	201003	41.50	3.00	6.31	1	6.57	201006	1782.68	5.46	7.61	56.15	36.80
Birla Corporation Ltd.	201003	393.50	1.49	72.36	10	5.44	201009	4370.41	56.75	6.93	448.00	276.20
Andhra Bank	201003	179.80	2.78	21.56	10	8.34	201009	11390.38	23.49	7.66	190.15	94.65
Nocil Ltd.	201003	22.60	2.64	2.12	10	10.68	201009	322.07	2.00	11.28	28.60	19.00
Finolex Industries Ltd.	201003	114.00	2.65	10.67	10	10.69	201009	1028.64	8.26	13.80	128.50	45.05
Century Enka Ltd.	201003	233.95	2.66	48.04	10	4.87	201009	682.70	31.24	7.49	330.90	176.00
Bank Of Maharashtra	201003	79.15	2.53	10.21	10	7.75	201009	4218.37	9.80	8.08	84.95	40.80
Nava Bharat Ventures Ltd.	201003	361.20	2.52	65.18	2	5.54	201009	4325.01	56.64	6.38	462.40	325.00
Orient Paper & Inds. Ltd.	201003	60.65	2.43	8.26	1	7.34	201006	1599.94	8.30	7.31	69.00	42.70
Geodesic Ltd.	201003	123.25	1.40	18.09	2	6.81	201006	1785.46	19.54	6.31	147.50	75.00
Peninsula Land Ltd.	201003	61.25	2.46	11.82	2	5.18	201009	3197.57	11.45	5.35	97.00	59.50
Jammu & Kashmir Bank Ltd.	201003	918.00	2.38	105.69	10	8.69	201009	5686.69	117.30	7.83	938.00	540.00
Emco Ltd.	201003	58.70	2.38	21.61	2	2.72	201009	617.71	9.97	5.88	109.45	57.05
ICSA (India) Ltd.	201003	133.00	1.20	25.77	2	5.16	201006	1156.14	24.30	5.47	193.85	115.65
Vijaya Bank Ltd	201003	108.95	2.31	11.70	10	9.31	201009	5732.89	13.22	8.24	114.00	40.90
Indian Bank	201003	293.90	2.20	36.18	10	8.12	201009	16352.64	38.05	7.72	316.50	145.50
3I Infotech Ltd.	201003	69.20	2.12	7.88	10	8.78	201006	1058.40	5.52	12.55	97.40	57.30
Corporation Bank	201003	764.20	2.12	81.58	10	9.37	201009	13028.41	90.83	8.41	802.00	402.30
JK Tyre & Inds. Ltd.	201003	162.50	2.14	39.81	10	4.08	201009	1029.30	25.07	6.48	235.70	144.10
Allahabad Bank	201003	256.95	2.12	27.01	10	9.51	201009	13195.83	29.54	8.70	261.50	111.05

Rs. in million

Company Name	Net Sales		Change In Sales	% Change in Sales	Net Profit		Change In Net Profit	% Change in Net Profit
	201009 Qtr	200909 Qtr			201009	200909		
Jaypee Infratech	7114.80	245.80	6869.00	2794.55	4116.70	198.70	3918.00	1971.82
Delta Corp	2521.40	141.85	2379.55	1677.51	1263.70	43.87	1219.83	2780.56
Dhunseri Petrochem	3688.54	366.38	3322.16	906.75	536.59	178.68	357.91	200.31
Centrum Electronics	485.03	54.02	431.01	797.87	16.08	2.64	13.44	509.09
Hind Oil Exploration	676.20	123.73	552.47	446.51	145.71	-17.57	163.28	-
LKP Finance	258.19	51.38	206.81	402.51	196.29	11.09	185.20	1669.97
SunPhaAdv	259.70	60.70	199.00	327.84	88.20	-74.90	163.10	-
South.Ispat	1132.43	322.64	809.79	250.99	73.42	7.51	65.91	877.63
Prism Cement	7526.10	2296.50	5229.60	227.72	46.00	349.70	-303.70	-86.85
Chemplast Sanmar	4984.81	1588.29	3396.52	213.85	-127.80	-234.34	106.54	-
Varun Industries	8858.21	3023.93	5834.28	192.94	123.94	46.30	77.64	167.69
Manappuram Gen Fin	2431.88	864.11	1567.77	181.43	601.78	184.58	417.20	226.03
Uniflex Cables	1047.10	390.57	656.53	168.10	-26.49	-71.43	44.94	-
Automobile Corp	1090.67	411.40	679.27	165.11	82.01	-72.88	154.89	-
Indian Metal & Ferro	3094.10	1195.90	1898.20	158.73	572.40	-20.20	592.60	-
Salzer Electronics	527.92	205.25	322.67	157.21	25.98	17.25	8.73	50.61
Astra Microwave	366.05	142.41	223.64	157.04	48.39	-61.24	109.63	-
Sumeet Inds	1829.72	714.65	1115.07	156.03	69.98	27.33	42.65	156.06
Zuari Ind	20969.80	8255.10	12714.70	154.02	813.60	652.00	161.60	24.79
Shyam Telecom	1779.37	704.43	1074.94	152.60	7.62	-40.56	48.18	-
Vijay Shanthi	336.11	135.26	200.85	148.49	22.89	7.07	15.82	223.76
JP Power Ven	2825.50	1141.50	1684.00	147.53	869.80	624.10	245.70	39.37
ReligEnter	165.34	67.78	97.56	143.94	-122.94	22.89	-145.83	-
BGR Energy	11356.10	4659.61	6696.46	143.71	777.64	305.65	471.99	154.42
Sadhana Nitro Chem	122.00	50.70	71.30	140.63	-11.60	-28.80	17.20	-
Veritas (India)	476.97	200.07	276.90	138.40	10.66	0.66	10.00	1515.15
Shree Ganesh Jewelle	17891.40	7505.70	10385.70	138.37	842.10	514.70	327.40	63.61
SE Investments	449.78	193.47	256.31	132.48	178.39	57.71	120.68	209.12
Nirlon	229.93	99.12	130.81	131.97	-91.04	-35.18	-55.86	-
Pitti Laminations	621.07	268.55	352.52	131.27	18.46	3.72	14.74	396.24
Sturdy Industries	873.84	382.31	491.53	128.57	14.05	12.88	1.17	9.08
Liberty Phosphate	897.95	393.99	503.96	127.91	77.19	11.62	65.57	564.29
Arcotech Ltd	406.13	178.84	227.29	127.09	40.78	22.38	18.40	82.22
Kalindee Rail Nirman	573.10	259.54	313.56	120.81	13.89	2.78	11.11	399.64
Gokul Refoils	12889.90	5859.74	7030.19	119.97	202.23	96.81	105.42	108.89
Remi Metals Guj	1576.00	722.60	853.40	118.10	-90.30	-93.20	2.90	-
Teesta Agro Inds	268.62	124.55	144.07	115.67	2.68	2.06	0.62	30.10
Patel Integrated Log	1100.22	510.43	589.79	115.55	6.68	7.36	-0.68	-9.24
Ackruti City	1442.10	679.50	762.60	112.23	581.10	234.10	347.00	148.23
Firstobject Tech	110.53	52.45	58.08	110.73	18.37	5.15	13.22	256.70
Naga Fert	11230.20	5337.32	5892.89	110.41	283.61	81.06	202.55	249.88
Ultratech Cement	32445.00	15578.30	16866.70	108.27	1157.70	2509.00	-1351.30	-53.86
MM Forgings	687.33	331.85	355.48	107.12	53.71	15.90	37.81	237.80
Confidence Petroleum	1634.87	797.22	837.65	105.07	118.02	58.06	59.96	103.27
Birla Cotsyn	1455.88	713.65	742.23	104.01	22.27	15.45	6.82	44.14
Krebs Biochemicals	196.33	96.48	99.85	103.49	-18.86	-64.52	45.66	-
Vakrangee Software	1852.89	913.25	939.64	102.89	108.67	41.40	67.27	162.49
Diamond Power Infra	3500.68	1726.42	1774.26	102.77	277.58	113.45	164.13	144.67
Torrent Cables	613.57	307.34	306.23	99.64	18.75	15.13	3.62	23.93
DB Realty	1450.88	734.06	716.82	97.65	1500.18	473.72	1026.46	216.68

Company Name	Year End	Price (01/11) Rs.	EPS	FV	PE
Sunteck Realty Ltd.	201003	683.00	1.15	2	594.08
Jindal South West Holdings Ltd.	201003	2085.40	3.95	10	528.10
GVK Power & Infrastructure Ltd.	201003	43.65	0.14	1	317.92
Hindustan Copper Ltd.	201003	429.60	1.67	5	256.95
Mercator Lines Ltd.	201003	67.40	0.27	1	248.70
Bajaj Finserv Ltd	201003	467.00	2.35	5	198.84
Karuturi Global Ltd	201003	34.40	0.18	1	191.75
Fortis Healthcare Ltd.	201003	165.60	0.96	10	172.79
Adani Power Ltd.	201003	132.30	0.78	10	168.86
IRB Infrastructure Developers Ltd	201003	261.10	1.68	10	155.40
Den Networks Ltd.	201003	234.75	1.59	10	147.26
Adani Enterprises Ltd.	201003	742.00	5.11	1	145.25
Reliance Power Ltd	201003	157.80	1.14	10	138.42
Bombay Dyeing & Manufacturing Co Ltd.	201003	620.65	4.49	10	129.55
Religare Enterprises Ltd	201003	498.10	4.34	10	125.62
Kwality Dairy (India) Ltd.	201003	121.05	0.99	1	122.76
Arshiya International Ltd.	201003	319.00	2.62	2	121.71
Gammon Infrastructure Projects Ltd	201003	23.25	0.19	2	120.41
United Breweries Ltd.	201003	445.95	4.04	1	119.52
Jubilant FoodWorks Ltd.	201003	529.10	5.18	10	102.10
Raymond Ltd.	201003	429.25	4.30	10	99.93
Future Capital Holdings Ltd	201003	245.25	2.73	10	89.97
Godrej Industries Ltd.	201003	219.70	2.55	1	86.23
EIH Ltd.	201003	122.45	1.46	2	84.08
Hindustan Oil Exploration Company Ltd.	201003	260.00	3.19	10	81.57
Tanla Solutions Ltd.	201003	26.15	0.32	1	81.29
Reliance Communications Ltd.	201003	185.40	2.32	5	79.90
DLF Ltd.	201003	358.60	4.50	2	79.32
Essar Shipping Ports & Logistics Ltd.	201003	110.00	1.46	10	75.27
Glenmark Pharmaceuticals Ltd.	201003	356.80	4.76	1	74.95
Thermax Ltd.	201003	874.80	11.87	2	73.69
Jai Corp Ltd.	201003	243.40	3.42	1	71.14
Cox & Kings (India) Ltd.	201003	556.50	7.96	10	69.95
Titan Industries Ltd.	201003	3875.00	56.39	10	68.71
Bharat Forge Ltd.	201003	377.00	5.71	2	66.07
Motilal Oswal Financial Services Ltd.	201003	192.50	2.96	1	65.01
Jai Balaji Inds. Ltd.	201003	316.00	4.99	10	63.35
JM Financial Ltd.	201003	39.60	0.63	1	62.75

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

FV Latest Face values of equity Shares (Rs)

PE Market Price / Trailing Twelve Months Earning Per Shares

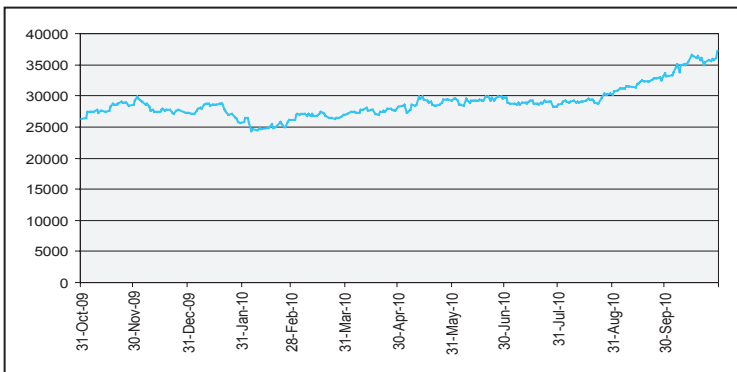
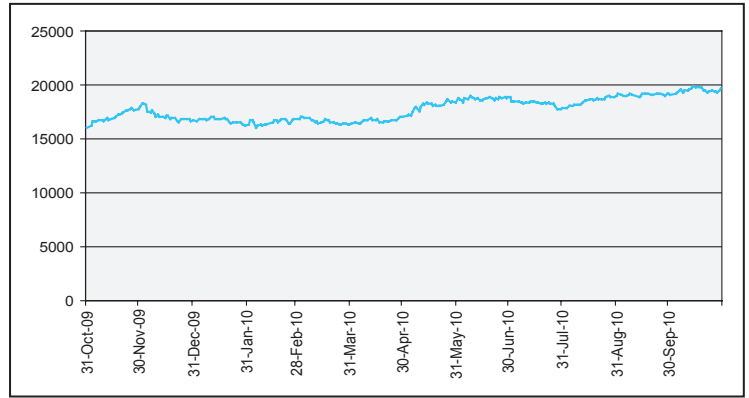
Company Name	Year End	Price (01/11) Rs.	EPS	FV	PE
Emco Ltd.	201003	58.70	21.61	2	2.72
JK Lakshmi Cement Ltd.	201003	62.20	19.71	5	3.16
Koutons Retail India Ltd.	201003	97.10	26.77	10	3.63
JK Tyre & Inds. Ltd.	201003	162.50	39.81	10	4.08
Century Enka Ltd.	201003	233.95	48.04	10	4.87
ICSA (India) Ltd.	201003	133.00	25.77	2	5.16
Peninsula Land Ltd.	201003	61.25	11.82	2	5.18
JK Cement Ltd.	201003	169.45	32.32	10	5.24
Birla Corporation Ltd.	201003	393.50	72.36	10	5.44
Bharati Shipyards Ltd.	201003	263.10	47.99	10	5.48
Nava Bharat Ventures Ltd.	201003	361.20	65.18	2	5.52
Gujarat Alkalies & Chemicals Ltd.	201003	130.60	23.40	10	5.58
Rei Agro Ltd.	201003	27.95	4.92	1	5.74
Gujarat Fluorochemicals Ltd.	201003	180.50	30.42	1	5.93
Kesoram Industries Ltd.	201003	308.00	51.88	10	5.94
JSL Stainless Ltd.	201003	121.55	20.39	2	5.96
Chennai Petroleum Corporation. Ltd.	201003	245.95	40.51	10	6.07
Orchid Chemicals & Pharmaceuticals Ltd.	201003	298.40	47.04	10	6.34
State Bank Of Travancore	201003	888.50	136.85	10	6.49
Electrosteel Castings Ltd.	201003	41.50	6.31	1	6.57
Binani Cement Ltd.	201003	91.50	13.88	10	6.59
Prakash Industries Ltd.	201003	145.50	21.87	10	6.65
Sasken Communication Technologies Ltd.	201003	186.70	28.04	10	6.66
Orbit Corporation Ltd.	201003	118.45	17.46	10	6.79
Geodesic Ltd.	201003	123.25	18.09	2	6.81
Marg Ltd.	201003	199.60	29.22	10	6.83
PSL Ltd.	201003	113.15	16.52	10	6.83
HEG Ltd.	201003	275.90	37.27	10	6.87
Graphite India Ltd.	201003	94.00	13.54	2	6.94
Infotech Enterprises Ltd.	201003	161.10	22.84	5	7.05
Balkrishna Industries Ltd.	201003	755.00	106.83	10	7.07
UCO Bank	201003	135.10	18.42	10	7.33
Orient Paper & Inds. Ltd.	201003	60.65	8.26	1	7.35
Nesco Ltd.	201003	585.90	78.07	10	7.50
Bank Of Maharashtra	201003	79.15	10.21	10	7.75
IFCI Ltd.	201003	71.55	9.08	10	7.87
Dena Bank	201003	140.60	17.82	10	7.89
Madras Cements Ltd.	201003	118.65	14.86	1	7.98

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

FV Latest Face values of equity Shares (Rs)

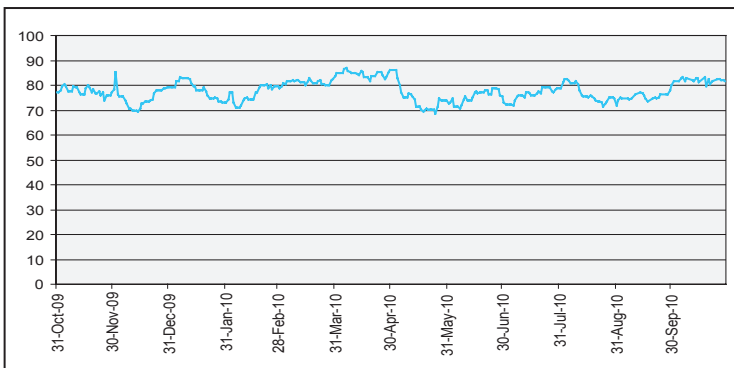
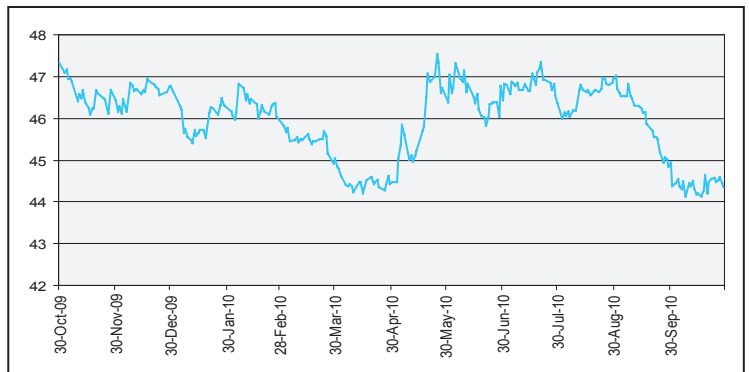
PE Market Price / Trailing Twelve Months Earning Per Shares

Date	Price Rs.
30-Oct-10	19655.00
30-Sep-10	19185.00
31-Aug-10	18948.35
31-Jul-10	17880.00
30-Jun-10	18838.75
31-May-10	18406.65
30-Apr-10	17030.00
31-Mar-10	16323.35
27-Feb-10	16815.00
30-Jan-10	16248.75
31-Dec-09	16696.25
30-Nov-09	17738.35
31-Oct-09	15993.35



Date	Price Rs.
30-Oct-10	37198.25
30-Sep-10	33561.00
31-Aug-10	30170.25
31-Jul-10	28611.00
30-Jun-10	29724.75
31-May-10	29304.00
30-Apr-10	28274.40
31-Mar-10	26928.00
27-Feb-10	26200.00
30-Jan-10	25700.00
31-Dec-09	27200.00
30-Nov-09	28546.00
31-Oct-09	26217.50

Date	Price Rs
29-Oct-10	44.35
30-Sep-10	44.94
31-Aug-10	47.02
30-Jul-10	46.37
30-Jun-10	46.43
31-May-10	46.38
30-Apr-10	44.49
31-Mar-10	44.83
26-Feb-10	46.03
29-Jan-10	46.29
31-Dec-09	46.66
30-Nov-09	46.43
30-Oct-09	47.32



Date	Price \$
29-Oct-10	81.43
30-Sep-10	79.97
31-Aug-10	71.92
31-Jul-10	78.95
30-Jun-10	75.63
31-May-10	73.97
30-Apr-10	86.15
31-Mar-10	83.76
28-Feb-10	79.66
31-Jan-10	72.89
31-Dec-09	79.36
30-Nov-09	77.28
31-Oct-09	77.00

DSPBR Small & Mid Cap-Reg (G)

DSPBR Small & Mid Cap-Regular (Growth) is a DSP BlackRock Investment Managers managed open-ended, Equity - scheme.

The fund was launched on November 16, 2006 and its current net asset as on September 29, 2010 was Rs 1104.38 crore.

The benchmark index of the fund is CNX Midcap and the custodian of the fund is Citibank N.A.

The current net asset value (NAV) of the fund as on October 29, 2010 was Rs 19.83; while the 52 week high NAV was Rs 20.19 on October 25, 2010 and the 52 week low NAV for the scheme was Rs 12.31 on November 03, 2010.

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

The investment objective of the scheme is to primarily seeking to generate long term capital appreciation from a portfolio substantially constituted of equity and equity related securities, which are not part of top 100 stocks by market capitalization.

The top five holdings of the fund are:

Company	Bayer Cropscience	Tata Chemicals	Bharat Forge	EID-Parry (India)	Thermax
% Holding	2.96	2.83	2.80	2.75	2.74

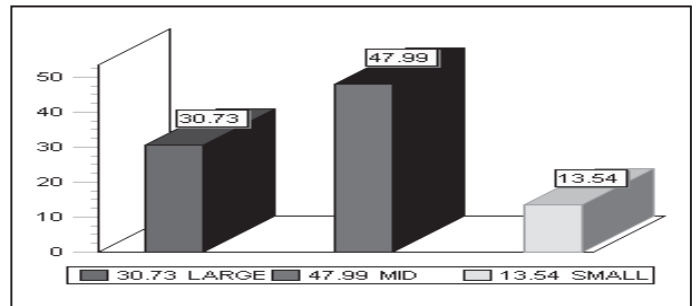
Sector wise the fund is having the maximum contribution of 12.64% from the consumer non durables sector, followed by 11.26% from Software, Finance 8.61%, Pharmaceuticals 7.95% and 3.69% contribution was from the auto ancillaries segment.

As far as market capitalization-wise companies are concerned, the scheme's portfolio consists of 30.73% from Large-cap, 47.99% from Mid-cap companies and 13.54% from Small cap.

The fund has given a return of 18.87% since inception and a return of 55.87% in last one year, while the category average in the same period has been 23.03% and 35.10% respectively.

As on September 30, 2010 the major company included in the scheme were Biocon with holding of 1.30%, Cadila Healthcare with holding of 1.25% and Ashoka buildcon with a holding of 0.34%, while the major companies that have been excluded from the portfolio of the fund were, Sadbhav Engineering with holding

Fund allocation

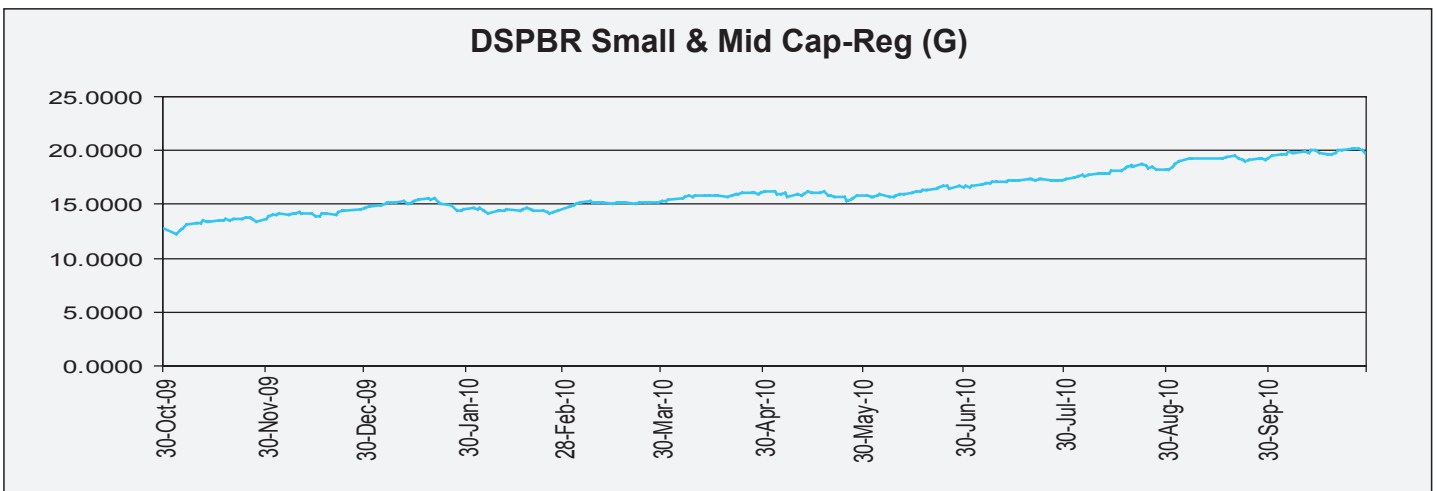


Market cap-wise Allocation Style	
Average Mkt Cap (Rs Cr)	4424.84
Market Capitalization	% of Portfolio
Large	30.73
Mid	47.99
Small	13.54

1.69%, HPCL 1.48%, Chennai Petro 1.11%, and Indusind Bank with holding of 1.13%.

Outlook

DSP BlackRock Small & Mid Cap-Regular (Growth) is a DSP BlackRock Investment Managers managed open-ended, Equity - scheme. The fund is being managed by Apoorva Shah and Anup Maheshwari. The scheme seek to generate long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities, which are not part of top 100 stocks by market capitalization, this strategy works well when the heavy weights are suffering. The portfolio turnover ratio, measure of how frequently assets within a fund are bought and sold by the managers of the company stands at 1.41 times much lower than some of its similar schemes, which is a very positive fund investment quality. As the constituents of the fund are mid and small a cap stock they may carry high risk but gives an opportunity of high reward as well and if we see at the portfolio of the scheme the companies have been selectively picked and give an opportunity of growth in coming days.



Last one year NAV Graph

Duration	1 Week %	1 Mth %	3 Mth %	6 Mth %	1 Year %	3 Year %	5 Year %	Since Inc. %
Scheme Return %	-0.85	3.33	14.89	23.14	55.87	13.24	NA	18.87
Category Avg %	-1.30	1.77	11.19	17.18	41.16	4.77	20.29	23.00

Returns as of 29th October, 2010

Scheme Name	NAV (Rs.)	Inception Date	AUM (Rs. cr) Sep, 10	Absolute %				CAGR %		
				1 M	3 M	6 M	1 Y	3 Y	5 Y	Since Inception
Equity - Diversified										
Birla SL India Opportunities(G)	57.46	21-Jan-95	15.08	2.21	6.60	7.38	27.35	-0.85	12.34	17.49
Birla SL Special Situations(G)	11.28	15-Jan-08	263.24	2.20	12.41	13.30	30.08	-	-	4.56
DSPBR Opp-Reg(G)	93.90	10-Apr-00	407.87	-0.29	12.08	21.02	36.56	5.46	24.22	23.88
Fidelity Equity(G)	37.98	19-Apr-05	1624.35	1.24	10.91	20.37	39.57	8.23	26.10	27.70
ICICI Pru Dynamic(G)	109.54	18-Oct-02	1502.99	0.81	7.95	13.96	32.95	8.89	26.41	34.88
Kotak Opportunities(G)	51.35	25-Aug-04	693.38	1.14	13.09	17.86	33.43	4.86	25.83	30.54
SBI Magnum Comma(G)	26.64	25-Jul-05	340.33	1.14	11.32	11.28	30.78	0.58	22.47	20.81
SBI Magnum Multicap(G)	19.70	16-Sep-05	333.72	0.56	8.36	10.74	23.13	-3.65	15.91	14.16
Reliance Equity Oppor-Ret(G)	38.48	7-Mar-05	1517.68	-0.54	11.84	21.13	54.77	11.14	27.39	27.25
Reliance Natural Resources(G)	10.93	30-Jan-08	2561.33	1.13	10.56	10.35	13.85	-	-	3.39
Equity - ELSS										
Birla SL Tax Relief '96(D)	94.59	29-Mar-96	1018.55	1.05	10.31	14.12	31.27	-0.54	21.73	32.59
DSPBR Tax Saver(G)	18.78	26-Dec-06	582.84	0.67	10.28	16.71	36.63	7.92	-	18.13
Fidelity Tax Advt(G)	23.59	31-Jan-06	810.16	1.05	11.02	21.31	41.87	9.54	-	20.17
Franklin India Taxshield(G)	216.58	10-Apr-99	439.29	-0.34	10.76	14.88	34.70	5.08	22.01	30.47
HDFC Long Term Adv(G)	148.70	27-Dec-00	584.45	1.90	14.18	23.12	40.85	8.00	19.03	31.61
Principal Personal Tax saver	106.19	1-Jan-96	702.90	0.36	10.53	16.54	29.36	0.78	20.93	26.67
Reliance Tax Saver (ELSS)(G)	23.17	23-Aug-05	1417.27	-0.50	13.08	20.04	44.97	7.56	19.87	17.89
Sundaram Tax Saver(G)	48.52	17-Nov-99	815.20	1.07	11.40	15.66	24.62	6.05	23.88	26.74
Equity - Large Cap										
Birla SL Equity(G)	293.58	27-Aug-98	662.29	0.60	10.46	13.74	30.70	2.25	23.08	32.13
Birla SL Frontline Equity-A(G)	93.88	30-Aug-02	1432.16	0.54	10.46	14.70	29.87	8.32	26.54	31.88
DSPBR Equity-Reg(D)	56.72	15-Apr-97	1473.82	0.65	12.93	18.47	36.63	10.93	28.44	26.13
DSPBR Top 100 Equity-Reg(G)	104.94	21-Feb-03	1399.58	-1.06	10.84	14.82	25.30	6.91	27.19	36.01
JM Large Cap(G)	20.66	9-Jun-04	1.61	1.84	10.39	17.42	25.99	5.77	9.53	12.13
Kotak 30(G)	110.65	21-Dec-98	593.29	0.88	10.40	15.58	26.22	2.12	22.97	33.28
SBI Magnum Equity(D)	34.97	30-Nov-90	342.17	0.26	9.73	15.68	30.94	3.65	25.01	13.90
Reliance Equity Oppor-Ret(G)	38.48	7-Mar-05	1517.68	-0.54	11.84	21.13	54.77	11.14	27.39	27.25
Reliance Vision-Ret(G)	298.31	7-Oct-95	1854.69	-0.08	11.19	17.80	32.78	3.37	23.76	25.27
Sundaram Growth Fund(G)	101.64	15-Feb-97	65.01	0.40	12.43	18.60	29.63	-0.14	21.01	21.53
Equity - Mid Cap										
Birla SL Midcap-A(G)	123.81	1-Oct-02	1012.06	2.96	11.47	14.59	33.53	8.37	25.97	36.74
ICICI Pru Emerging S.T.A.R.(G)	36.94	25-Sep-04	258.22	-1.07	7.13	9.61	40.40	-0.07	18.11	24.31
JM Mid Cap(G)	29.04	9-Jun-04	4.50	2.09	9.29	10.67	23.65	6.58	13.29	18.32
Kotak Midcap(G)	29.15	28-Jan-05	119.40	2.40	14.78	23.98	51.26	3.10	18.15	20.73
Reliance Growth-Ret(G)	526.17	7-Oct-95	4459.02	3.15	12.97	16.07	39.36	9.62	27.91	29.77
Reliance Reg Savings-Equity(G)	34.18	10-Jun-05	2489.73	2.43	12.30	17.77	39.12	15.06	27.73	25.61
Sundaram S.M.I.L.E Fund(G)	37.33	21-Jan-05	400.81	1.10	10.25	16.10	29.74	9.60	25.22	25.97
Sundaram Select Midcap(G)	169.99	18-Jul-02	1207.34	3.45	15.65	24.05	44.38	11.05	29.17	40.77
Equity - Pharma & HC										
Franklin Pharma(G)	63.44	31-Mar-99	46.95	4.46	10.11	15.82	52.53	31.37	24.12	17.28
Reliance Pharma(G)	55.70	26-May-04	237.27	3.78	6.88	14.05	55.39	28.08	32.09	30.77

Returns as of 29th October, 2010

Scheme Name	NAV (Rs.)	Inception Date	AUM (Rs. cr) Sep,10	Absolute %				CAGR %		
				1 M	3 M	6 M	1 Y	3 Y	5 Y	Since Inception
Equity - Service Inds										
ICICI Pru Services Inds(G)	18.43	18-Nov-05	163.92	-1.34	6.66	9.96	28.34	-4.04	-	13.25
Principal Services Inds(G)	15.88	31-Jan-06	66.97	1.47	10.20	12.94	23.10	-1.03	-	10.45
Tata Service Inds(G)	27.13	10-Mar-05	84.30	1.42	10.12	11.69	23.39	2.73	18.91	19.62
Equity - Sensex Linked Index										
Franklin India Index-BSE Sensex(G)	56.46	27-Aug-01	35.91	0.44	11.45	15.16	24.84	0.45	20.83	20.76
HDFC Index-Sensex Plus(G)	243.26	10-Jul-02	58.78	0.72	11.92	17.46	29.38	4.45	23.85	27.64
HDFC Index-Sensex(G)	167.43	10-Jul-02	42.39	0.38	11.59	15.26	24.69	-2.28	18.18	22.02
UTI SUNDER	636.88	11-Jul-03	0.72	0.58	11.39	15.49	27.73	1.65	22.02	29.26
Equity - Nifty Linked Index										
Birla SL Index(G)	59.93	17-Sep-02	19.17	0.21	11.06	15.00	26.31	-0.44	20.29	24.68
SBI Magnum Index(G)	51.36	16-Jan-02	15.03	0.37	11.39	15.14	26.62	-1.03	19.23	20.47
Nifty BeES	607.77	18-Dec-01	399.87	0.49	11.44	15.39	27.52	1.38	22.07	23.34
Reliance Banking ETF	1262.67	30-May-08	14.09	0.74	20.79	26.58	47.01	-	-	42.32
Balanced - Equity Oriented										
Kotak Balance	24.07	25-Nov-99	63.77	0.86	9.36	12.20	13.52	1.17	14.51	15.97
Sundaram Balanced Fund(G)	51.48	25-May-00	15.62	1.76	9.33	15.28	25.45	5.16	17.64	17.10
Balanced - Debt Oriented										
HDFC Children's Gift - Savings	22.11	2-Feb-01	62.71	0.48	3.19	6.17	15.03	10.43	9.12	8.56
ICICI Pru Child Care Plan-Study Plan	29.29	6-Aug-01	33.60	-0.21	3.23	7.35	18.04	10.36	12.39	12.44
Commodities - Gold										
Gold BeES	1898.09	23-Feb-07	1243.59	1.26	9.04	13.31	20.26	23.12	-	21.15
Kotak GOLD ETF	1896.56	4-Jul-07	229.93	1.26	9.04	13.31	20.29	22.97	-	26.56
DSPBR World Gold-Reg(G)	17.84	23-Aug-07	805.63	1.38	15.26	18.67	24.13	8.22	-	20.34
Reliance Gold ETF	1844.89	1-Nov-07	319.46	1.26	9.03	13.33	20.26	-	-	22.08
UTI Gold ETF	1897.27	16-Mar-07	380.48	1.27	9.06	13.35	20.35	23.03	-	21.65
Liquid Funds										
Birla SL Cash Mgr-Ret(G)	23.13	14-May-98	63.59	0.52	1.47	2.64	4.65	6.41	6.59	6.96
Birla SL Cash Plus-Ret(G)	25.13	13-Jun-97	109.82	0.48	1.27	2.31	4.11	6.10	6.44	7.13
Kotak Liquid(G)	18.32	6-Oct-00	25.86	0.48	1.30	2.34	4.10	5.95	6.14	6.20
LICMF Liquid(G)	17.39	13-Mar-02	5592.78	0.54	1.50	2.78	4.97	6.96	7.11	6.62
SBI Magnum InstaCash-Cash(G)	21.09	19-May-99	1986.32	0.54	1.51	2.81	4.77	6.39	6.56	6.73
Reliance Liquid-Cash(G)	15.39	4-Dec-01	13.57	0.44	1.26	2.32	3.69	4.56	5.09	4.97
UTI Money Market(G)	2644.32	23-Apr-97	172.47	0.50	1.39	2.49	4.42	6.42	6.65	7.45
Monthly Income Plans										
Birla SL MIP II-Savings 5(G)	17.16	30-Apr-04	610.21	0.21	1.86	3.13	6.16	11.65	9.93	8.74
Birla SL MIP II-Wealth 25(G)	17.83	30-Apr-04	173.30	0.20	3.20	4.93	10.10	5.93	9.11	9.39
Birla SL MIP(G)	26.12	10-Nov-00	-	0.36	2.40	4.11	8.99	6.55	8.97	10.14
Birla SL Monthly Income(G)	36.12	14-Jul-99	310.66	0.61	2.74	4.72	9.51	8.36	10.55	12.12
L&T MIP(G)	19.56	1-Aug-98	49.02	0.24	2.46	3.15	7.30	11.29	10.22	4.71
DSPBR Savings Mgr-Agg(G)	18.95	20-May-04	82.90	0.67	3.06	3.44	7.09	7.08	10.39	10.53
ICICI Pru MIP 25(G)	19.32	5-Mar-04	364.85	0.26	2.91	4.78	10.17	6.51	10.19	10.40
SBI Magnum Income Plus-Savings(G)	11.05	22-Oct-03	1.43	0.30	0.84	2.01	4.35	1.34	1.18	1.43
UTI MIS(G)	19.56	11-Oct-02	252.51	0.20	2.59	3.97	9.77	8.24	9.76	8.68

Kashmir's ongoing unrest - a big blow for the economy

Kashmir, a popular tourist destination due to its climate is like a jewel in the womb of Himalayas. The state which has witnessed a lot of ups and down since freedom has still managed to maintain a certain indigenous and independent type of culture. Kashmir is the northwestern region of the Indian subcontinent and is rightly said to be the nature's grand finale of beauty. The state has a multi party democratic system of governance. Main political parties of the state include the National Conference, the Indian National Congress (INC) and the Jammu and Kashmir People's Democratic Party (PDP).

Until the mid-19th century, the term Kashmir geographically denoted only the valley between the Great Himalayas and the Pir Panjal mountain range. After the Partition of India in 1947, the princely states were given the option of joining either India or Pakistan. However, Hari Singh, the maharaja of Jammu and Kashmir, wanted it to remain independent. Later, in October 1947, fearing Hari Singh might join the Indian Union, Muslims in the western part of the kingdom and the raiders from North-West Frontier Province and the Tribal Areas, supported by the Pakistani Army, attacked Kashmir and tried to take over the control of Kashmir. As Hari Singh's attempt to resistance failed he sought Indian Union's help and joined India. Kashmir accession papers were signed on October 26, 1947.

India accepted the accession, regarding it provisional until such time as the will of the people can be ascertained by a plebiscite. However, this plebiscite has not been held on either side, since the legal requirement for the holding of a plebiscite was the withdrawal of the Indian and Pakistani armies from the parts of Kashmir that were under their respective control- a withdrawal that never did take place. Thus began a problem that still remains unresolved with the disputed territory now administered by the three countries of India, Pakistan, and the People's Republic of China.

Economy of Kashmir

Traditional occupations of farming, animal husbandry and horticulture, forms the backbone of the economy of Kashmir. The other important economic activity of Jammu and Kashmir is horticulture. Horticulture is one of the budding industries of the state that earns large revenue. The favorable weather helps in the production of many kinds of fruits. Apart from this, the forests resources of the valley provide huge revenue to the state. The woods are useful for Match Industry, Sports goods industries, Sentonin Factory etc. and are also used to make high-quality cricket bats, popularly known as Kashmir Willow. Historically, Kashmir became known world-wide when Kashmiri Wool (also called Cashmere Wool) was exported to other regions and nations. Kashmiris are well adept at knitting and making shawls, silk carpets, rugs, kurtas, and pottery. Kashmiri saffron is also very famous and brings the state a handsome amount of foreign exchange. Srinagar is known for its silver-work, papier mache, wood-carving,

and the weaving of silk. The Kashmir valley is also known for its sericulture (silk farming) and cold water fisheries.

Though, the manufacturing and services sectors are also growing rapidly in the region, the state still remains to be undeveloped one because of continued violence and insurgency. Before the insurgency of 1989, tourism formed an important part of Kashmiri economy. But after that, it was the worst hit. However, Jammu and Ladakh continue to be popular sites of Hindu pilgrimages for last few decades. Kashmir also produces some very high quality nuts like almonds, walnuts, dried peaches, dried grapes etc.

What is plaguing Kashmir's economy?

Kashmir has rich natural resources and a talented and entrepreneurial people, but its economic development has been hobbled by misguided economic policies, corruption, lack of cooperation between India and Pakistan, and political turmoil. Mired in poverty, young people are easily recruited into predatory terrorist and paramilitary organizations, some of which are financed and trained by Pakistan's security services, some of which enjoy the protection of Indian authorities.

The agriculture and the horticulture were two important pillars of Kashmir economy but due to ignorance their contribution is on the verge of being extinct. The declining availability of land and problems of those people dealing with horticulture sectors are not being addressed by the mainstream politicians. The state produces a variety of fruits, vegetables and grains, yet 40% of them rot because there is no or little advanced processing and packaging service available, thereby depriving people of thousands of jobs.

Kashmir has not been actively involved to be a major player in infrastructure planning and liberalization. No matter how many new economic packages are being allotted to Kashmir on paper, the fact is that Kashmiris are not a part of their own economy by design. They cannot create more jobs, more assets and more revenue generating units to the fullest of their capabilities because they are not involved in their own economy.

Loss to Indian Government

Continuous shutdown because of the disturbances across the state has resulted in the Indian government incurring a lot of losses. Though there are many methods of calculating the economic losses suffered by an economy, the frequently used one is computation of the losses by checking its impact on the Gross State Domestic Product (GSDP), a measurement of the economic output of a state, it is the sum of all value added by industries within the state and serves as a counterpart to the gross domestic product. The GSDP of the state, at current prices stood at Rs 38297.58 crore (advance estimates), as per the economic survey report 2010 by Jammu and Kashmir Directorate of Economics and Statistics (DES).

The GSDP of around Rs 38,000 crore means each day the state produces goods and service worth Rs 104 crore.

Taking round figure of Rs 100 crore a day, for Kashmir it is almost 50% which means Rs 50 crore a day. As per the DES report contribution of primary, secondary and tertiary sectors to the state GDP for 2009-10 (Preliminary estimates) has been 24.62%, 29.58% and 45.80% respectively, it is mainly tertiary sectors that are initial victims in any conflict.

Though, curfew and protests didn't had too much adverse impact on the production of agriculture, horticulture, domestic handcrafts, and other related economic sectors that act as backbone to state's economy, some of the sectors that got hit are tourism, and trade. Due to the ongoing unrest the loss suffered by the valley would be around Rs 20 to 25 crore a day as the impact doesn't include all economic sectors and for 80 days it is around Rs 1600 crore.

Also, since the government is single largest employer in the state, it incurs huge losses when employees are not able to turn up to their duties because of curfews and protests. Further, taking into account the loss suffered on account of the tax revenue collected by the government, government of Jammu and Kashmir (J&K) manages around Rs 3011 crore (State's Own Tax Revenues) annually as tax revenue, according to an estimate by Finance Department. As the market demand for products in general got reduced due to the prevailing unrest, the suppliers have reduced supplies by 40%, leading to loss to the state on account of reduced revenue collections for supplies.

Beyond, J&K's economy other economies linked to the Valley too suffers and are undergoing severe losses as compared to the valley's economy. Kashmir is a consumer economy and any kind of unrest here causes losses to other states as were poultry farmers in Punjab have been severely got hit by the continuing unrest in J&K which has hampered imports of their products to the valley. According to an estimate, poultry traders in Punjab supply over half a million eggs and 40,000 to 50,000 chickens per day to meet the demand within the J&K. These supplies cost nearly Rs 5 crore per day. Nearly 90% of the poultry farmers of the border belt of the Punjab are dependent on the supply to J&K, as there is huge demand of poultry products throughout the year in the state.

Government's ignorance

Kashmir has been presented as a 'Kashmir threat' to the common people in India by the Indian government and press, to an extent that the 'threat' is accepted as truth. The Indian intelligentsia which does not know what the people of Kashmir are looking for, or how the youth movement is evolving and emanating, reflects poorly on such intelligentsia, which is a ruling class unable to interpret the concerns of the young who are out on the streets of Kashmir. The Indian army posted in Kashmir has special unlimited powers allowing them to question people on the basis of doubt, arrests without warrant, home searches at any time, and other draconian acts and protests against the military repression have become a daily routine of the Kashmiri masses and youth.

While there is Indian military naked aggression against the people of Kashmir, the social, economic and industrial infrastructure of Kashmir has been completely shattered by two decades of violence. There is almost no industrial infrastructure. Unemployment is endemic. Further, though a great number of Kashmiri students have studied in Indian educational institutions in the past two decades of tensions. In the educational institutions, and generally in India, the Kashmiri youth are considered to be anti-India and trouble makers and thus face discrimination.

Further, given the fact that the total hydroelectric potential of its water resources is estimated at 20,000 megawatts (MW), which far surpasses the demand of Kashmir, northern India, and Pakistan, and despite containing watersheds for all major rivers in Punjab, Jammu and Kashmir, the state remains severely energy deficient. Indian Kashmir is the most energy-starved state in the country.

Road ahead

Earlier known as paradise on earth, the emergence of Islamic fundamentalism has led to the state becoming hell out of hatred. As Kashmir continues to be a bleeding wound and malignancy, the dispute related to its control should be resolved by addressing the roots of the problem. Nonetheless, the method of dialogue and discussion, not force, is the way to solve long standing problems. Sooner the disputes are settled, the better it is. In this way the heavy expenditure on military and security will be reduced enabling the recovery from economic crises. Also, the problem that the state is facing could be solved to some extent by providing economic independence to it, which can be only achieved if the population is self reliant. Though the Indian government is making a lot of efforts to strengthen the economic condition of the state, until and unless the bloodshed in the state is controlled, the situation will not be able to normalize any time soon.

Further, the recent unrest in the state which is not stabilizing has begun to pinch hard the state's economy. The four months of shutdowns and curfews have taken a heavy toll on the frail economy of the Kashmir Valley. Corruption is literally choking every service sector, and impeding economic growth. There is need to develop adequate infrastructure with proper planning and resource management. Kashmir needs leaders who have long term vision and have the ability to make long term policies. To revive Kashmir's economy, governments in the Indian and Pakistani parts of the state of Jammu and Kashmir must grant their people freedom, not merely by granting elections but also by rolling back restrictions on business, terminating governmental monopolies in trade and commerce, and encouraging international investment by bodies such as the World Bank and the Asian Development Bank. Key areas for investment are watershed development, the timber industry, fruit processing, and power generation. The United States can offer various forms of assistance to Kashmir and provide U.S. incentives to encourage India and Pakistan to settle their differences peacefully.

High FII investment how good for Indian economy

As the FII investment has been on a northward drive for the past few months on the back of strong fundamental of the Indian economy and on the promise of higher short-term returns. It is worthy to mention here that the foreign institutional investors (FIIs) have infused a record \$24 billion (Rs 82,158 crore) in local stocks so far this year, which is the highest ever investment made by the overseas firms in a period of 12 months. It has surpassed its earlier record of \$17.65 billion touched in the year 2007. Average FII stake in BSE 500 companies went up by 66 basis points in the September quarter as they pumped in Rs 59,788 crore or a shade under \$14 billion through 65 trading sessions - the largest ever in a quarter. On sustained capital inflows, the rupee has been on a gaining spree for the past few trading sessions and had touched a 25-month high of 44.12 against a dollar on October 15, 2010.

As of now the finance ministry is not in favor of curbing inflows from foreign institutional investors (FII) in the Indian stock market as it feels that the Indian stock market has the capacity to absorb these funds, driven by a widening current account deficit as imports have surged on the back of a positive outlook on growth and investment, and also further there is no reason for alarm at this point.

Finance Minister, Pranab Mukherjee also feels that high FII inflows have helped finance the current account deficit. He said, "I am confident that with FII inflows and forex reserves, we will be able to contain the current account deficit at around 3 per cent of GDP this fiscal," which was at around 3.6 per cent of GDP in the first quarter of 2010-11. The Finance Minister attributed this to higher non-petroleum imports which reflected in robust customs duty collections. In the first six months of this fiscal, revenue collections from customs jumped by 66.8 per cent to Rs 63,229 crore as compared to the same period in the previous year.

According to finance Minister Pranab Mukherje a spike in oil prices or heightened tensions in West Asia could shake "foreigners" confidence", he said, "when that happens, it would not be the Sensex that comes crashing down, the rupee would also collapse.

Though, Capital controls and heavy intervention by the RBI in the currency markets will ensure that exporters, especially those in small and medium sized companies, aren't hurt too badly and economic growth stays on course. A curb on inflows will not just restrict short-term flows that one would need to restrict, it might just take the sheen off long term fund flows into India that are critical to fund growth. Besides, the history of capital controls hasn't

exactly been one of unmitigated success. As Investors have either found ways of circumventing the controls or have reacted so adversely, that governments have been forced to lift the controls.

Recently, speaking at discussion on 'Role of Emerging Economies Going Forward and Key Policy Challenges' at the International Monetary Fund, Reserve Bank Governor D V Subbarao said at a panel discussion in Washington, "many of the emerging market economies have intervened in the forex markets during recent times as inflows have increased and that even RBI may intervene in the forex market if the inflows are lumpy and volatile or if they disrupt the macroeconomic situation". RBI will have to intervene to keep liquidity conditions consistent with activity in the real economy and to maintain financial stability".

Infact, RBI was also seen intervening indirectly by buying dollars through State Bank of India (SBI), which is a public sector bank, on October 15 and 16. But the amount of intervention was pretty small as per some reports. The central bank bought dollars to curb the rupee's gain. As this has given rise to concerns over the price competitiveness of the country's exports. Since Exports are not a negligible fraction of India's GDP -- goods and service exports put together add up to about 22% of the nation's output. Also, growing FIIs inflows which have resulted in a steady appreciation of the Rupee, has lead to goods exports which had risen to 18% of GDP in the first half of 2008-09 fall to 13%.

But off lately, decline in September trade deficit to \$9.1 billion from \$13 billion in August has created room for the government to check inflows if needed without worrying about meeting the gap between exports and imports.

Basically, it's the interest rate differentials between advanced economies and Emerging Market Economies (EMEs) that have triggered capital flows into EMEs like India putting upward pressure on their currencies and complicating their macroeconomic management.

However, if one is to believe, that Capital controls can create breathing space, and not permanent solution as huge FII inflows are unlikely to go away as Asia and the emerging world will lead to global growth in the next few decades, which stands to reason that global capital will chase this growth. The Reserve Bank of India may have to put a cap over the lumpy inflows that exceed the current account deficit just as other governments around the world are moving to keep their currencies from appreciating as a way of boosting their economic recovery. As EMEs, including India, want stable capital flows, just about enough flows to meet their current account deficits that remain just ideal.

G-20 Meeting high on aspirations; not so high on accomplishment

It has been about two years now after the world's worst financial crisis since the 1930s erupted, but the worst hit developed economies are still finding it difficult to return back to the days of normalcy with weak monetary policies leading to uncomfortably strong currencies for other G20 economies. The Group of Twenty' (G-20) members which includes Finance Ministers and Central Bank Governors from 20 major economies of the world came together with an objective to chart out a roadmap to achieve strong, sustainable and balanced growth in a collaborative and coordinated way. The G-20 meeting, called with a sense of urgency to fully address the economic challenges faced by the major economies ahead of the G-20 summit which is scheduled to be held in Seoul on November 11-12, 2010, agreed to move towards market-determined exchange rates and to pursue the full range of policies needed to reduce excessive external imbalances.

Currency wars:

In a communiqué issued by the G-20 nations, the developed world sought to mitigate the currency war by being vigilant against disorderly movement in exchange rates and by refraining from competitive devaluation of currencies. The nations agreed shifting to "market determined" exchange rates from "market oriented" that reflect underlying economic fundamentals and refrain from the so called "currency wars" or competitive devaluation of currencies. The development augurs well for India, which has been affected by the global currency crisis and saw the rupee appreciate by over 5.5% since January. However, the statement fell short of the US expectations which wished for some commitment by countries to allow their currencies to appreciate.

Meanwhile, the US and the EU have been urging China to let its currency, the yuan, appreciate and lawmakers in Washington are threatening Beijing with sanctions for alleged currency manipulation. The US believes this is because China and other emerging markets refuse to allow exchange rates to rise to reflect market forces. While the emerging market are of the belief that keeping the dollar weak by relying entirely on loose monetary policy is a form of exchange rate manipulation. They cannot afford to allow the dollars flooding into their economies to dictate their exchange rates as any sharp reversal of inflows could prove destabilizing. The Chinese government too is resisting the move, as it would directly hurt the country's outward shipments. Japan, South Korea, Brazil and Indonesia among others have intervened unilaterally in recent weeks to curb the alarming rise in their currencies, which is severely impacting their exporting companies.

Trade imbalances:

On trade imbalances, the statement issued an empty promise to keep trade balance "at sustainable levels" after the idea of establishing a hard cap on surpluses and deficits met stern criticism from countries including Japan and Germany. The current account is a broad measure of the trade balance, including exports minus imports of

goods and services, along with net income from foreign investments and transfers (such as aid and remittances). Although the meeting fell short of satisfying US' demands for firm numerical limits on current account balances, there will be "indicative" targets that should be rolled out at the meeting of G20 leaders in Seoul next month. The Gyeongju statement went further in setting out a role for the IMF in identifying the existence and cause of "persistently large imbalances," which are to be "assessed against indicative guidelines to be agreed." However it has no authority to chastise countries that break the limits.

IMF reforms:

The process of reforming institutions like the IMF is slow, but it is important. As the world tries to deal with persistent economic imbalances, like large trade deficits and surpluses, and currency interventions, it desperately needs legitimate forums in which to discuss these things. As the IMF slowly becomes a more representative and thus a more acceptable body, it will become easier for countries to debate and ultimately to agree on solutions to common problems.

Quotas and Voting Powers:

At Gyeongju, the G-20 finance ministers in Seoul also agreed to a doubling of IMF quotas which will enhance the institution's lending capacity notably. The G-20 ministers decided to redistribute some voting power in favour of emerging market economies, who will gain two additional seats on the IMF's board, at the expense of Europe. China will become the Fund's third biggest member after Japan, rising three places in the ranking from sixth position and Brazil, Russia and India will rank among the ten largest shareholders. With respect to India, the nation achieved a significant goal as its quota share in IMF is expected to improve to about 2.75% from the present level of 2.44%. Even after the quota redistribution, the emerging economies still will be under-represented in the IMF compared to their developed peers. The motive behind enhancing the role of developing countries by giving them greater voting and quota rights in the International Monetary Fund was to make them share the burden of resolving global economic problems instead of indulging in unilateral action.

In the beginning the Indian Finance Minister, Pranab Mukherjee said that the agreement on managing currencies and adopting current account targets among group of 20 nations remains elusive. Though, in the first session of two days conference, nothing significant was achieved as differences between the developed and emerging nations continued. But in the last moment of the conference of G20 finance ministers and central bank governors, deal to reform the International Monetary Fund (IMF) to give greater clout to developing nations like India and halt aggravation of the ongoing currency war was struck. It was decided to increase the quota of emerging markets in the multi-lateral lending agency by over 6%. Emerging market economies contribute around 47.5% to the global economy in terms of purchasing power parity, but have only 39.5% share in the IMF. Their share will now increase to over 45.5% in the 187-nation body IMF.

Government raises sugar production forecast to 24.5 MT

The Indian government has raised its forecast for sugar production for the current season to 24.5 million tonnes (MT) from 23 MT given earlier, mainly on account of surge in area under cultivation of the crop. Sugar prices were surging last year which has resulted in a strong supply response from farmers in India and elsewhere in the world.

'This will be the best year in terms of sugar production and productivity... The production this year will be in the range of 24-24.5 MT,' said the food, civil supplies and agriculture minister Sharad Pawar. Earlier, the Indian Sugar Mills Association (ISMA) had pegged the production over current season 25 MT with upside bias.

If production of the sweetener in India does indeed reach 25 MT or close about, it will mean a surplus of around 2 MT after accounting for projected demand of 22.5MT-23 MT which the country will have to export in order to maintain steady prices in the domestic markets. So far, however, the government has only allowed the industry to export raw sugar lying at ports. Pawar though added that the government would consider allowing sugar exports after the festive season was over and a clearer picture of production emerged. "We will consider sugar export after Diwali. We have to see the overall situation," the minister said. Sugar mills have been urging the government to allow exports at the earliest given the high prices in the global markets.

Sugar prices crashed spectacularly in both India and global markets at the start of this year on strong production outlook for next season. Even as the Indian prices have remained stable since then, global prices have again been rallying for last several months as global demand-supply scenario remains tight and whether related problems impact production in some of the key producers.

Cabinet agrees on additional amendments to Seeds Bill, 2004

In order to keep check on quality of seeds and ensuring their availability to the farmers, the Union Cabinet has approved the amendments to the Seeds Bill, 2004. The bill seeks to regulate the sale of spurious and poor quality seeds, increase private participation in the production and distribution of seeds and liberalize imports of seeds and planting materials. The bill includes provisions of labeling, seed health, expected performance and compensation to farmers. Innovations include compulsory registration,

enabling Government to exclude certain varieties on ground of public health, environment, etc.

The bill will repeal and replace existing Seeds Act, 1966, as it does not deal with the quality control of genetically modified (GM) seeds, as they are generally not notified. Also, the provisions of the bill will be implemented only after the bill becomes an act. Further, the rules will be notified after the enactment of the proposed legislation as soon as possible. The legislation is likely to be taken up during the upcoming winter session of parliament commencing November 9, 2010.

The agriculture ministry said that, "A need has arisen for upgrading the seed quality regime by enacting a new legislation in view of emergence of new technologies; India's integration at the international level through World Trade Organization (WTO), and other international organizations and increasing scope of export/import of seeds and planting materials." It further added that "The legislation will regulate the quality of seeds and planting materials to ensure availability of quality seeds to farmers, etc."

Meanwhile, the additional amendments which have been introduced and approved provides for nomination of Chairperson of Protection of Plant Varieties and Farmers Rights Authority and National Bio-diversity Authority to the Central Seed Committee, submission of seed related periodic returns to the State Government and enhancement in penalties of offences.

Government hikes Wheat MSP by 1.82%

The government approved the minimum support prices of Rabi crops for the forthcoming season. Reflecting the high current stocks, the main Rabi crop wheat got less than 2% hike in MSP, the lowest in five years. The Cabinet Committee on Economic Affairs (CCEA) approved the MSP of Fair Average Quality (FAQ) of wheat at Rs 1,120 per 100 kg compared with Rs 1,100 in the previous season, marking an increase of just 1.82%, said the Information and Broadcasting Minister Ambika Soni, who is also spokesperson for the Cabinet.

The MSP is the price that the government pays to farmers while procuring their output. The Centre procures large quantities of wheat and rice for the public distribution system (PDS). These prices are proposed by the Commission for Agricultural Costs and Prices (CACPC) based on cost of farming and a reasonable return and the centre government generally approves them without much change.

While MSP for wheat was increased marginally, the government has raised the MSP of pulses substantially to boost production and cut dependence on imports. India has been facing increasing and systematic shortage of pulses which resulted from decades of stagnant productivity and lopsided pricing.

The government is hoping to increase the pulses production to 16.5 million tonne in 2010-11 from about 14.5 million tonne in the previous year. The demand for pulses in the country hovers around 18-19 million tonne. On the other hand, lower increase in wheat MSP while reflect ample stocks of the key staple, it also signals the pressure government is facing on high food inflation, one reason of which could be traced in continuous hiking of MSP for grains.

Rubber market remains bullish as weather keeps supply down

Global rubber market continues to remain in a tight demand-supply scenario despite the high prices seen over last one year or so as the expected supply response to high prices has failed to materialize so far due to poor weather in key producing countries. Rainfall this year has been longer and heavier than the previous year, lowering latex levels in key producing countries. Untimely rainfall has impacted production further in India and Indonesia, hinting that supply conditions will not show a major change soon even as demand remains strong, particularly from India and China.

Fundamentals continue to support the outlook of the commodity. According to the association of natural rubber producing countries, while production was expected to show a big uptick this year, poor weather conditions in a number of key producers has restricted any sharp jump in supply. Demand from tyre makers in India and China, despite showing some slowdown compared with first half of the year, remains at a very high level in absolute sense as auto sales continue to surge in these countries.

According to industry estimates, global natural rubber demand could rise to 10.3 million tonne in 2010, higher than earlier estimates of 10.1 million tonne, compared with 9.4 million tonne a year ago. The reverse is true for the supply side where forecasts are being trimmed because of heavy rains in major producing countries and to take account of lower yields as the high prices induces farmers not to replace older trees with new ones which would need time to bear fruit.

As a result, rubber prices both in India and global markets

continue to remain close to record high levels. In case of India, the government has been talking about lowering the import duty, but even this may not push prices much down as long as global prices remain strong.

According to the Singapore-based International Rubber Study Group (IRSG), rubber supply will continue to remain tight in the next year as well. Only in 2012, when the new rubber trees are ready for tapping, there could be a significant shift in the supply curve. However, by then, aging problems of older trees in India and Thailand will intensify.

Overall therefore the commodity continues to remain in a bullish zone. This however is not good for tyre makers which have been facing surge in costs due to higher prices of the crucial raw material. Even though Indian tyre makers may get some relief from a lower import duty, the benefit will be much less if international prices continue to remain close to the recent highs.

Government halts cotton export registration

Indian government has suspended the cotton exports registration amidst heavy rush of applications. It has already received applications equal to the allocated quantity of exports and new applications will only be entertained after the disposal of pending applications. The textile commissioner said in this context that it has already received applications for the stipulated quantity of 5.5 million bales (1 bale = 170 kg) of which nearly 1.58 million bales have already been approved. Export authorisation registration certificates (EARCs) for the approved quantity of 1.58 million bales too have been issued.

However, there is a likelihood of more applications for export registration being entertained as some of pending applications will get cancelled. "All applications would not yield into EARC. Some of them are bound to be rejected on various grounds including incomplete applications, lack of details and letter of credit (LC) from banks etc. The difference between allotted quota and approved quantity will be filled by new applicants," said the textile Commissioner A B Joshi.

The government had earlier cleared the export of 5.5 million bales of cotton in the 2010-11 season that begin on October 1. Actual exports by traders which have already received EARC will begin on November 1. However, within 10 days of opening the registration, the entire export quota has been exhausted by the applicants.

The rush for export registration is because of the high

international prices. Cotton price have been increasing for last several months because of tight global demand-supply scenario. The commodity finished at a new 15-year high price in US market as supplies remain poor amidst rising demand from China.

However, it is possible that India may raise the cotton export limit for the season. The current limit was set on basis of estimates that current year's cotton output in India will be around 32 million bales. Industry insiders however believe that production may rise to 35 million bales on higher area under cultivation and better yields. The government will review the export decision by middle of December and if any upside to production emerges, more exports might be allowed.

Vegetable oil industry strengthens voice for central trade body

The vegetable oil industry has strengthened its voice for the demand of central trade body to safeguard interest of all participants from the segment. Almost half of the country's vegetable oil consumption is met through imports and therefore various issues related to trade require timely resolution from the Centre.

Though already there is National Oilseeds and Vegetable Oils Development Board under the ambit of the department of agriculture and cooperation of the ministry of agriculture but the industry is not satisfied and fully convinced over the board's functioning pattern.

Vegetable oil prices have soared close to 100% in last five years, at the same time the base price used for calculating import duties has remained untouched during the same period. Besides this, there are various other issues which have remained unnoticed in the recent past due lack of proper representation to the Centre, according to few industry experts.

India's dependence on imports for meeting its vegetable oil requirements has also increased in past few years which as per few industry watchers is an alarming situation because domestic vegetable oil production has showed no or little improvement in recent past. The national level body is expected to help the industry to get all these issues resolved at a faster pace.

Tea prices surge as production declines

India's tea production this year is likely to register a negative growth, though marginal. There was good increase in production in early months of the year, but off late, there has been large-scale destruction of crops due

to excessive rain and pest attack in north India. Though a concrete picture will only emerge by end of next month, the Tea Board of India expects that shortfall should not be more than 10-20 million kg. However, given the strong demand, even the milder decline in production has sent prices significantly high over last few months.

North India, which comprises Assam, produces almost 75% of the country's total tea production. However, poor weather conditions and pest attacks have significantly impacted output there. South India while has seen some production growth, it is unlikely to make up for the substantially decline in the North India, as per the estimates prepared by the Tea Board officials.

According to the data released by the Board, output of the commodity in the month of July 2010 declined by nearly 4% with total production of 123.1 million kg as against 128 million kg in the same month a year ago. Cumulative production during the first four months of the current fiscal stood at 368.9 million kg against 379 million kg in the same period a year-ago, thus recording a negative growth of 2.6%.

The shortfall is higher in the North India where tea output has gone down by 5% to 275 million kg in Apr-Jul 2010 period compared with 288 million kg in same period a year ago. However, south Indian tea production has increased by nearly 3% to 93 million kg from 90.3 million kg a year ago. Further, even in the south India, production increased in the June quarter and has flattened in the month of July due to poor weather.

The impact of lower production is also visible on prices of the commodity. Auction prices of tea had dipped considerably in the last quarter of 2009-10 as production improved in India as well as across the world. However, prices started firming up right from the start of current fiscal and over the last four months average auction prices have registered a growth of nearly 42% to touch Rs 104.5 per kg in July from a trough of Rs 73.6 per kg seen in March this year.

Going forward, although the production from other major countries like Kenya and Sri Lanka is expected to remain strong, overall upside to the production is likely to be somewhat lower than what was anticipated earlier due to spells of dry weather in some regions. Further, given that the global markets are still facing an overall cumulative shortfall, the increase in tea production is unlikely to impact prices much and the same are likely to remain robust in near term.

SBI Life - Shubh Nivesh

SBI Life - Shubh Nivesh is an Endowment product with an option of Whole Life coverage. The basic purpose of the scheme is to provide Savings, Income and Protection to the policy holder and his/her family. This plan helps to save regularly for the future. It also has the flexibility to make the policy holder receive the lump sum or the regular income for a particular period depending on the needs. The product is available in two options. In the endowment assurance option, the accrued bonus and the sum assured amount is payable during the unfortunate event of death during the endowment term or on survival at the end of term. Catering to the income needs arising out changing life stages, Shubh Nivesh presents an attractive feature of deferred maturity payment options.

The key features of SBI Life - Shubh Nivesh are as follows:

This plan is savings cum protection plan. It also has the flexibility of whole life option.

Under this single plan come triple benefits namely, Wealth Creation, Regular Income and Protection

This plan gives comprehensive risk coverage through 3 different riders namely, Preferred Term Rider, Accidental Death Benefit Rider and Accidental Total & Permanent Disability Rider.

This plan also has the option to receive the basic sum assured at timely interval over a period of 5, 10, 15, 20 years.

The tax benefits as per existing laws under the income tax act of 1961.

Policy at a glance:

	Minimum	Maximum
Entry Age	18 years	60 years
Maturity Age	60 years	60 years
Policy Term	60 years	60 years
Sum Assured	Rs.75,000	No limit

Benefits:

Maturity Benefit: Depending upon the plan option chosen:

Endowment Assurance (i.e. if Whole Life option is not taken):

- After completion of endowment term, the Basic Sum Assured + vested Simple Reversionary Bonus is paid
- If Deferred Maturity Payment option has been chosen, the accrued bonus will be paid on the date of maturity and the policyholder may choose to receive the sum assured in regular installments over the next 5/10/15/20 years.

Whole Life Endowment (i.e. Whole Life option is taken):

- After completion of endowment term the Basic Sum Assured + vested Simple Reversionary Bonus is paid.
- If, Deferred Maturity Payment option has been chosen, the accrued bonus will be paid on the date of maturity and the policyholder may choose to receive the sum assured in regular installments over the next 5/10/15/20 years.
- An amount equal to the basic sum assured will be paid on the life assured attaining 100 years of age.

Death Benefit: In the unfortunate death of the Life Assured, depending upon the plan option chosen:

Endowment Assurance (i.e. if Whole Life option is not taken):

- Death before the completion of Endowment term: Sum Assured + Simple Reversionary Bonus (if any) is paid to the nominee
- Deferred Maturity Payment Option has been availed and death happens after the completion of Endowment term: The Balance amount of the Deferred Maturity Payment Option, if any would continue to be paid to the legal heirs till the end of the stipulated period as chosen

Whole Life Endowment (i.e. if Whole Life option is taken) :

- Death before the completion of Endowment term:
- Sum Assured + Simple Reversionary Bonus (if any) is

paid to the nominee

- Death after the completion of the endowment term up to 100 years of age:
- Sum Assured under the Whole Life coverage is paid to the nominee.
- If deferred Maturity Payment Option has been availed and death happens after the completion of Endowment term but before the receipt of the final installment under the deferred payment option, the basic sum assured under the Whole Life coverage is paid to the nominee and the balance amount of the Deferred Maturity Payment Option, if any would continue to be paid to the nominee till the end of the stipulated period as chosen

Other Benefits

- **Deferred Maturity Payment Option:** You have the option to avail the sum assured as regular payouts over a stipulated period of 5/10/15/20 years. The amount of regular income payable will be quoted based on the rates available at that time

Three sets of riders: -

- **Preferred Term Rider:** The Preferred Term rider Sum Assured is payable in addition to normal death benefit
- **Accidental Death Benefit Rider:** In case death due to an accident, the rider Sum Assured is payable in addition to normal death benefit
- **Accidental Total and Permanent & Disability Rider:** The rider Sum Assured will be paid on the Life Assured being found eligible for the Total Permanent Disability Benefit as defined in the policy document.

Tax Benefits:

- Tax benefit as per section 80C Income Tax Act on premiums
- Tax benefit as per section 10(10D) of Income Tax Act on maturity/ death proceeds under the policy

Surrender value/Paid up value

For regular premium policies, if premium have been paid for at least 3 full years, the policy will acquire a surrender value. Surrender will be allowed after three years and one year from the start of the policy for regular premium policies and single premium policies respectively.

The guaranteed surrender value in case of regular premium policies will be equal to 30% of the basic policy premiums paid minus the first year's premium. For single premium policies the guaranteed surrender value will be 80% of the single premium (exclusive of service tax) in the 2nd and 3rd year of policy and 90% of the single premium (exclusive of service tax) thereafter. Any extra premiums paid shall be excluded. A cash value of the bonuses allocated will also be added.

For rider benefits (Single premium)- surrender value will be available one year after the start of the policy . The surrender value will be single premium *75%* outstanding term to maturity/total term.

Rebates

Large sum assured rebates are available as discounts on the basic premium based on the following slabs. In case of regular premium, it applies across all premium modes.

Sum Assured (Rs)	Rebate on Premium per thousand sum assured	
	Regular Premium (p.a)	Single Premium
0.75 Lakhs to <1.5 Lakhs	Nil	Nil
1.5 Lakhs to <3 Lakhs	Rs 2.25	Rs 4.50
3 Lakhs to <6 Lakhs	Rs 4.50	Rs 9.00
6 Lakhs and above	Rs 6.00	Rs 12.00