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Dear Friends,

First of all my heartiest wishes for Diwali and New Year with plenty of peace and prosperity. Friends, the month gone by was an eventful one with greater concentration on the global markets. Though, the domestic developments too remained on forefront but with the worries of faltering European countries and its impact on the global economy, whole month the attention remained on the happenings in the Europe. While on the domestic front we witnessed another interest rate hike by the RBI, though with a relieving note that if inflation moderates then there won't be a hike again in near future, but the inflation menace is not likely to subside any time soon now and the government's fiscal policy will need to get adjusted, if fiscal deficit continues to rise, so will the inflation.

With the second quarter numbers in the passing month the health of India Inc. too was discovered which appeared, not as bleak as was being expected, undoubtedly the receding global and domestic environment has impacted the performance of the companies but despite repeated hikes by the RBI most of the companies came up with better results than expected. However, the future guidelines of many remained skewed on the global worries. The coming months are likely to remain cautious for the market and recovery can be expected with the New Year only.

Jiten J. Chheda
(Director)
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Indian Textile Industry

Textile Industry is one of the largest and oldest industries in India. Textile Industry in India is a self-reliant and independent industry and has great diversification and versatility. The Indian Textile Industry, which accounts for 4% of the India's Gross Domestic Production (GDP), largely depends upon the textile manufacturing and exports. The sector also plays major roles in economy of India. It accounts for 10% of country's exports earnings. Further, the sector also contributes around 14% to total industrial production of the country. The Textile industry is also second largest sector in term of providing employment. It provides employment to 35 million people across India through various segments in the entire value chain. The sector contributes around 10% of the country's earning through exports. The Textile Industry includes sectors like Organized Cotton/Man-Made Fiber Textiles Mill Industry, Man-Made Fibre / Filament Yarn Industry Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry and Textiles Exports.

The textile industry can be broadly classified into two categories, the organized mill sector and the unorganized decentralized sector. The organized sector of the textile industry represents the mills. It could be a spinning mill or a composite mill. Composite mill is one where the spinning, weaving and processing facilities are carried out under one roof.

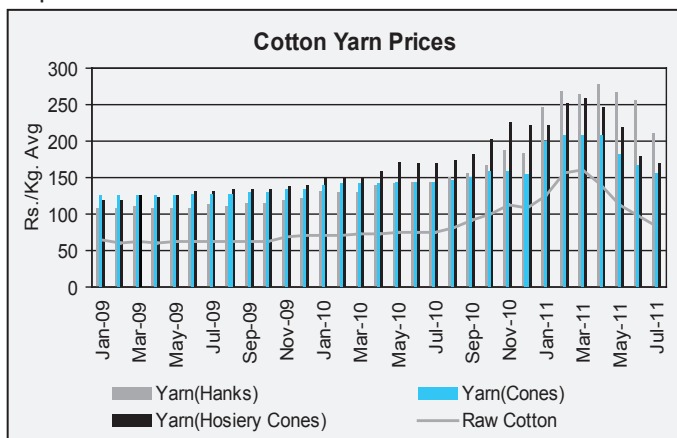
The decentralized sector is engaged mainly in the weaving activity, which makes it heavily dependent on the organized sector for their yarn requirements. This decentralized sector comprises of the three major segments viz., powerloom, handloom and hosiery. In addition to the above, there are readymade garments, khadi as well as carpet manufacturing units in the decentralized sector.

There has been increased collaboration between Indian and foreign textile companies in the past few years. In order to gain global acceptance several Indian companies are investing overseas and also acquiring International brands.

The demand, consumption and exports

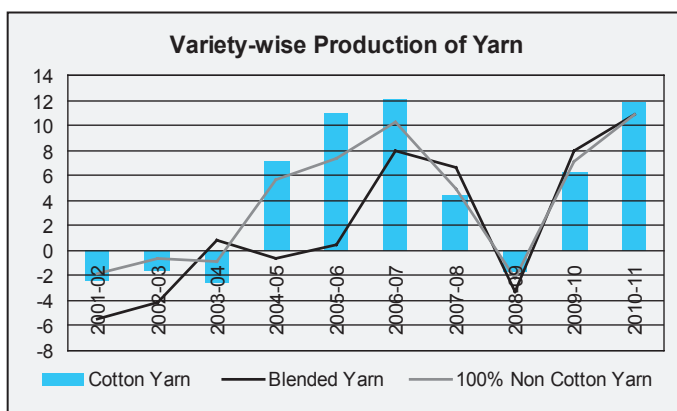
The textile sector is currently suffering from hovering cotton costs and low demand on domestic side along with the decline in the exports. The possibility of double dip recession in the United States and the worsening debt situation in Europe has culminated into decline in demand from India. On the other hand, despite the expected bumper crop production of 350 lakh bales the cotton prices in domestic market are hovering to new highs. In order to protect the domestic textile industry from the hovering

price of cotton, the government had decided to restrict the exports of cotton at 55 lakh bales.



On the production front, India is expected to have recorded production of more than 36 million bales in the 2011-12, which is almost 15% more than the last year production of 31.2 million bales. This surge in production is because of the good monsoon in cotton producing areas, and surge in cotton planting which rose 9% to around 12 million hectares from a year earlier. This record production of cotton is expected to have downturn effect on the hovering prices of cotton, which the consumption on the other hand has been showing moderating trend in the current financial year.

On the international front the production of cotton is expected to increase by 8 to 10% in current year. However, the consumption is less likely to match the production trend because of the economic slowdown in United States and European nations, the consumption growth is expected to decline, which may lead to decline in demand from these regions, which may affect the exports.

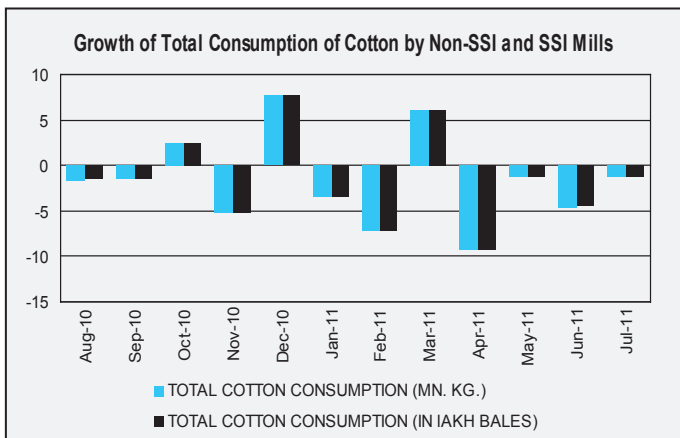


The present situation of the textile sector is quite complex, because of the hovering price of cotton, which is well above the Minimum Support Price (MPS) of cotton and may decline in the coming season of 2011-12 because of the record production. The situation is getting worse because of the recent depreciation of rupee and slowdown

in the major importing nations.

In the current scenario, the declining trend in consumption has become a major concern for the sector. The hovering cost of cotton prices has affected the consumption of cotton by textile mills. In month of August the consumption of Non-SSI mills was around 335.2 in million kg or 19.72 million bales, which declined to 274.12 million kg or 16.12 million bales in the first four months of the current financial year.

Growth of Total Consumption of Cotton by Non-SSI and SSI Mills



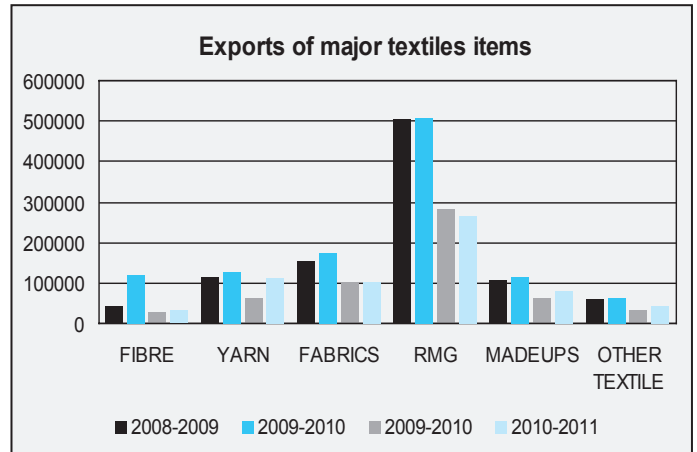
Exports and Imports of Textiles

The textiles and garments industry is one of the largest and most prominent sectors of Indian economy, in terms of output, foreign exchange earnings and employment generation. The Multi-Fiber Arrangement (MFA) has governed international trade in textiles and clothing since 1974. The MFA enabled developed nations, mainly the USA, European Union and Canada to restrict imports from developing countries through a system of quotas. The Agreement on Textiles and Clothing (ATC) to abolish MFA quotas marked a significant turnaround in the global textile trade. The countries that are gaining share in clothing exports are the ones whose industries are integrated to one or the other advanced country through some policy-induced preferential arrangements. Mexico, Caribbean region, East European countries and Mediterranean countries are capturing much of the space vacated.

While Europe continues to be India's major export market with 22 percent share in textiles and 43 percent in apparel, the US is the single largest buyer of Indian textiles and apparel with 10 percent and 32.6 percent share respectively.

India's, which is also the world's second largest supplier, is expected too see cotton exports perform well in coming months, as the depreciation in Indian Rupee has made

some favorable condition in international market as weak rupee increase the competitiveness of the Indian cotton exporters. The cotton exports are likely to go up in between 8-9 million bales in the current financial year, compared to 7 million bales in the 2010-11. This expected surge in the exports of cotton is because of the unrestricted exports of cotton in the current year.



However, despite the expected surge in cotton exports in term of bales, the Indian textile exports is likely to miss the \$33 billion target for the current financial year, on the back of decline in the Indian rupee and shipments incentive announced in the foreign trade. The demand from the major importing destinations like USA and EU nations, which together account for 67% global garment imports, is also expected to decline on the back of economic slowdown, which has created very unwanted situation where, producers are struggling to pass on huge raw material costs to consumers.

Still the textile exports for the current financial year are expected to reach \$30 billion compared to \$28 billion in 2010-11. In terms of major textile items, though the official data is yet to come, however as per the estimates, in the first half of the current financial year, the textile cotton yarn and fabric made-up exports surged by 22.5% to \$3.4 billion. Whereas the readymade garments exports surged by 32% to \$ 6.8 billion.

The market condition for the domestic players is also not so favorable due to the recent move of the Indian government for allowing duty-free access of 46 textile as well as 15 non-textile items is expected to affect the domestic players from organized and unorganized sectors in the industry. As the Bangladesh enjoys manufacturing cost advantage over India, exporters are expected to move their producing units in Bangladesh, because of increase cost and declining sales. Cost competitiveness in Indian garments sector has been restrained by limited scale operations, obsolete technology and reservation

under SSI policies. While retaining its traditional cost advantages of home grown cotton and low cost labour, India needs to sharpen its competitive edge by lowering the cost of operations through efficient use of production inputs and scale operations. Besides, there are needs for rationalization of charges, levies related to usage of export logistics to remain cost competitive.

India-EU Free Trade Agreement

The India-EU Free Trade Agreement (FTA) in the apparel industry, expected to be signed by March 2012, is likely to push the domestic players to adopt international best practices. The proposed trade and investment agreement between India and the European Union (EU) is an outcome of an institutionalized bilateral process initiated in June 2000. It was at The Hague Summit (2004), India and EU agreed to forge a "Strategic Partnership." This was a result of an earlier EU publication in December 2003 when it identified India (along with several other countries such as the US and China) as the ones with whom it should develop a long-term "Strategic Partnership." Already, several rounds of formal negotiations on the modalities of the agreement have taken place in New Delhi and Brussels. The signing of agreement has been delayed as differences have cropped up between India and EU over certain issues which would be kept off the agreement. EU initiative towards a free trade agreement (FTA) with India is a key component of its "Global Europe" policy framework based on several long term economic and strategic goals. India and EU have signed a number of bilateral agreements including Science and Technology Agreement (signed on 23 November 2001) and Customs Cooperation Agreement (signed on 28 April 2004). A Maritime Agreement is also under negotiation. The India-EU FTA will also help generate 2.5 million jobs in the textiles and garments export sectors and the country would be able to export apparel worth an additional \$3 billion to EU.

Outlook

The current market condition on global and domestic front is not favorable for the Indian textile players. The hovering raw material prices at high levels and declining demand from the international and domestic markets has put pressures on producers not to increase the prices as they will lose market to other competitors. Recent move in the rupee also has affected the competitiveness of the sector hence the exports performance of the textile sector. The weak rupee against dollar increases the competitiveness in international market. However, uncertainties in the international market especially in the major importing destinations have put pressure on the sector for meeting

the exports targets for the current financial year. The industry, which is the second largest revenue earner at \$12 billion, after IT, has the potential to grow to about \$20 billion. According to Clothing Industry Training Authority (CATA) in Hong Kong, the emerging Asian markets namely Bangladesh, India, Vietnam, Cambodia and Pakistan will be playing more significant part in the global textile markets in coming days. Indian domestic market has grown significantly in the past registering a compound annual growth (CAGR) rate of 13%. To sustain its growth, Indian textile industry requires an investment of \$24 billion by 2015.

However, the Indian Textile Industry is facing financial crisis as the major companies have suffered losses in the first quarter of current financial year. The cotton prices which increased considerably in past have declined and had affected the cost structure of the firms in the sector. On the other hand the demand for the Indian apparels exports also has been affected by the slowdown in the Western economies such as United States and European Nations.

On domestic front, the economy is suffering from high inflation and increasing interest rates. The Wholesale Price Index (WPI) for Textile prices has been growing in two digits from September 2010. This indicates the demand and supply mismatch in the domestic market. As per the industry estimates, because of volatility in the cotton yarn prices, the Indian textile industry has incurred a loss of around Rs 15,000 crore. However, in coming month the prices of cotton yarn are expected to stabilize as for the coming crop year, India is expected to have record production.

In order to provide assistance to exporters, the government has also taken number of steps for safeguarding the export performance of the textile sector. The government has extended Market Linked Focus Product Scheme (MLFPS) for exports and 2% duty credit to the exports on the exports made to United States and European nations from 1st April to 31st March. The 2% duty credit will cover handlooms, handicrafts, carpets and all small and medium enterprises. However, the decision of allowing duty-free access of 46 textiles from Bangladesh is expected to have adverse impact on the industry, especially on the small and medium size player as Bangladesh enjoys cost advantage over Indian manufactures. Further, the India-EU Free Trade Agreement (FTA) in the apparel industry, expected to be signed by March 2012, is likely to push the domestic players to adopt international best practices. The deal could see India-EU trade rise from \$72bn today to \$100bn in five years. For India there is an urgency to start reaping

the benefit as inward FDI has slumped by more than 35 percent in the last year amid declining investor confidence. The Indian government is anxious for foreign investment in infrastructure, logistics, and some financial services to underpin domestically-driven growth of 8.5 percent.

Overall, the coming time will be challenging, as the sector

is facing problems from all the sides, exports are under pressure because of the slowdown in global market, hovering raw material prices along with declining domestic demand and duty-free access to Bangladesh's textile products have created unfavorable condition in domestic market for the Indian firms.

SWOT analysis

Strengths:

- An Independent & Self-Reliant industry.
- Abundant Raw Material availability that helps industry to control costs and reduces the lead-time across the operation.
- Availability of Low Cost and Skilled Manpower provides competitive advantage to industry.
- Great advantage in Spinning Sector and presence in all process of operation and value chain.
- One of largest foreign revenue contributor and holds 12% of the country's total export.
- Industry has large and diversified segments that provide wide variety of products.
- Growing Economy and Potential Domestic and International Market.

Weaknesses:

- Highly Fragmented Industry
- Industry is highly dependent on Cotton.
- Lower Productivity in various segments.
- Lack of Technological Development that affect the productivity and other activities in whole value chain.
- Infrastructural Bottlenecks and Efficiency such as, Transaction Time at Ports and transportation Time.
- Unfavorable labor Laws, lack of Trade Membership, which restrict to tap other potential market.
- Higher Indirect Taxes, Power and Interest Rates.

Opportunities:

- Large, Potential Domestic and International Market.
- Product development and Diversification to cater global needs.
- Elimination of Quota Restriction leads to greater Market Development.
- Market is gradually shifting towards Branded Readymade Garment.
- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- Emerging Retail Industry and Malls provide huge opportunities for the Apparel, Handicraft and other segments of the industry.
- Greater Investment and FDI opportunities are available.

Threats:

- Competition from other developing countries, especially China.
- Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world.
- Elimination of Quota system will lead to fluctuations in Export Demand.
- Threat for Traditional Market for Power-loom and Handloom Products and forcing them for product diversification.
- International labor and Environmental Laws.
- To balance the demand and supply.
- To make balance between price and quality.

The performance of Indian economy after showing better than expected performance in the last fiscal has started showing slight moderation since last two-three quarters. The global economic and financial situation that was showing sign of recovery has once again taken the turn to the worse and the largest economy of the world, US is even being said to be slipping towards another recession, on the same time the European nations are entangled in their own debt crisis and hence it is very hard to visualize strong economic growth in the advanced economies in rest of the 2011 too. In last one year the Indian economic environment has witnessed lots of vagaries, while the export has been continuously rising, the domestic industrial growth has been persistently weakening. As per RBI data, Companies engaged in manufacturing activities registered 22.6 per cent growth in sales and 12.1 per cent growth in operating profits in 2010-11. Companies engaged in Computer and related activities (IT) services also performed reasonably well with 16.2 per cent growth in sales and 11.5 per cent growth in operating profits. However, companies engaged in Services other than IT registered only 8.9 per cent growth in sales and 8.8 per cent growth in operating profits. Further, their net profits declined due to much higher growth in interest outgo. Since October 2010 the Reserve Bank of India (RBI) went for 8 rounds of rate hike, terming the inflation as its main concern area even at the cost of industrial growth. But the situation is that inflation is hardly showing any sign of buzzing down and though the food price inflation declined considerably from over 14 percent in October 2010, it is still hovering over 9 percent mark.

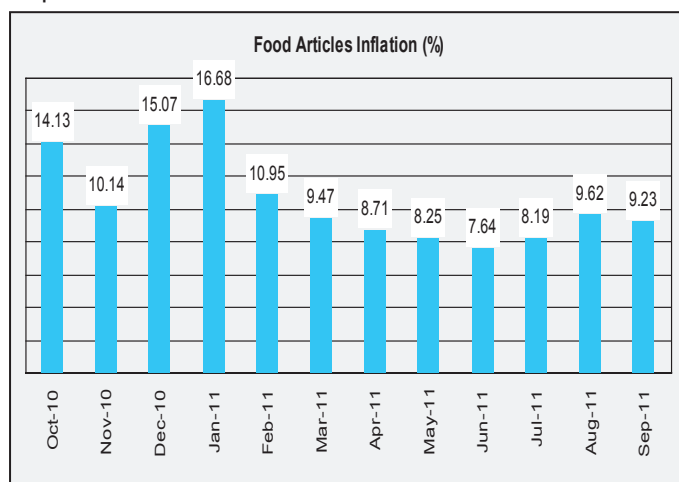
Indian economy has recovered strongly from the global economic downturn with growth inching close to the pre-crisis trajectory of 9%. Average growth in the first half of 2010-11 has been 8.9%, raising hopes that the coveted 9% level might be breached in 2010-11 fiscal itself. Industrial growth that nosedived in Sep-Oct 2010 too recovered to a double digit levels in November, boosting the growth outlook. Though growth prospects remained strong in 2010, inflation emerged as a major challenge for policy makers. The evolution of inflation process started from October 2009, as the drivers of inflation changed over different phases, the response of monetary policy was adjusted on the basis of changing dynamics of inflation as also the growth-inflation balance and the evolving global economic conditions.

Inflation remained at elevated levels for over two years now and even though some softening has been seen in last few months, the pace of price rise continues to be comfortably high. A major portion of this increase in inflation was ascribed to the weakening of base effect. In addition, the price pressures largely originated from food. There was

severe deficiency in rainfall during 2009-10, which in other hand adversely affected the food prices. Moreover, global commodity prices bounced back from the low reached during the crisis. Fuel prices also rose significantly during this period. The purpose of this analysis is to visualize the nature and extent of the issue and reflect upon the dynamics of recent inflation cycle in the country.

There are a number of factors which can explain such a quick turnaround in the inflation cycle in India even as in most other countries inflation remained (or still remains) moderate for a much longer period. The first reasons for sharp increase in inflation in 2009 can be traced right in the way the inflation decline in last 2008 and early 2009. If the commodity prices were significantly above the rational levels before the crisis, following the crisis the commodity prices certainly went below the sustainable levels. The lows seen early in the year prepared the ground for significant increase in annually computed inflation in India by providing a very low base for the previous year, even as the prices were increasing at a slower pace on a sequential basis.

Secondly, and more importantly, inflationary tendencies in the country were boosted by the failed monsoon of 2009, which further boosted the already sticky food prices, and coupled with the loose money policy being followed by the central bank then, gave significant boost to inflationary expectations. Both the government and the Reserve Bank of India (RBI) expected the inflation to come down significantly in 2010 as the base effect from the previous year's decrease. However, the poor monsoon and resulting surge in food prices kept inflation considerably high. Although the rate of rise in food prices seems to have hit a plateau, and showed declining tendencies in the last quarter of 2010, overall trend remained volatile and rather unpredictable.



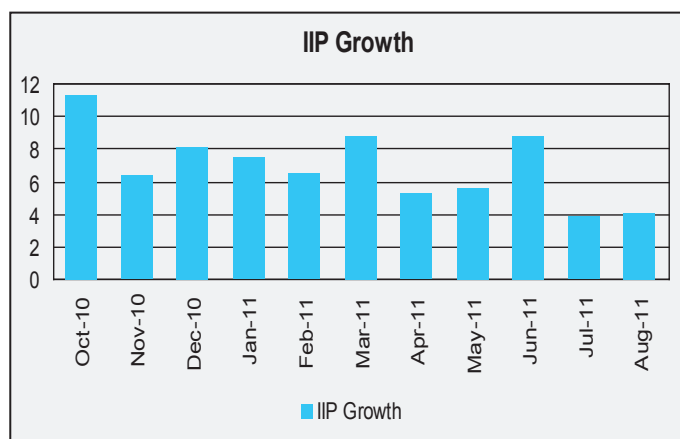
Inflation in India recovered as rapidly as the economy itself did following the global financial crisis. Even though the

headline inflation remained at significantly high levels, some moderation was seen in few months; however, analysis of the constituents of WPI reveals that forces behind the headline inflation reversed completely over the course in 2010. While at the turn of the inflation cycle, the problem was primarily a supply side phenomenon, reflecting high food prices following a failed monsoon, over the first half of current fiscal, the role of food prices came down and that of demand side forces like prices in manufacturing sector increased, justifying the central bank's continued monetary tightening throughout the current fiscal so far.

The policies followed by the RBI do seem to have worked in checking the pace of price rise in manufacturing space, as also the good rains in 2010-11 in terms of dampening food inflation. However, some uptick in manufacturing as well as headline inflation has been seen 2010-11, reflecting that the economy was heating rapidly. Overall, the inflation scenario in the country seems to be very volatile and although the headline inflation softened considerably over few months in 2010-11, the situation remained far from resolved. Let us analyze inflation and monetary policies related effects on the industrial growth and economy growth in general in phases.

To be more precise, the phase of August-November 2010 was marked by slowing down of price pressures as headline inflation declined to 8.2% by November 2010 from above 10% in the preceding phase of April-July 2010. The increase in WPI during the period by 2% also moderated compared to the previous period. Of the increase in WPI, a major part originated from the primary non-food articles, mostly raw cotton and minerals. The build-up in primary non-food articles prices, however, controlled the risk in that they might pass-through to manufactured products inflation, depending on the existing demand conditions, the signs of which were first seen in November 2010.

Reasonable softening of price pressures during this period also mirrored that the calibrated approach of monetary policy was having an impact on demand in a non-disruptive manner. Industrial production from the old-base IIP series also indicated that there was a slowdown in overall IIP growth. The industrial activity expanded at a miserable pace of 2.7% in November 2010 against a robust 10.3% seen in the previous month. The downside came from a sharp slowdown in the manufacturing sector even as other constituents managed reasonable expansion. Though on the whole, industrial sector recorded a growth of 9.5% during April-November 2010, mainly driven by the performance of the manufacturing and mining sectors. The growth pattern has, however, been volatile through the months of 2010.



With 8.9% growth in the first half of 2010-11, GDP numbers for the second quarter (July-September) of 2010-11 turned out to be a major surprise for most economists. The uncertainty about the durability of the robust growth seen in Q1 of 2010-11 diminished significantly with the momentum continuing in Q2. Not only were the headline growth remained very strong but even the internals of the GDP showed considerable improvement, thus addressing to a large extent the concerns that were raised owing to poor internals in the last couple of quarters. The robust growth momentum in Q2 reflected the continued buoyancy of services sector and further pickup in agricultural performance due to a normal South-West monsoon. Industrial growth, though moderated on account of the base effect, remained on the higher side, but volatile.

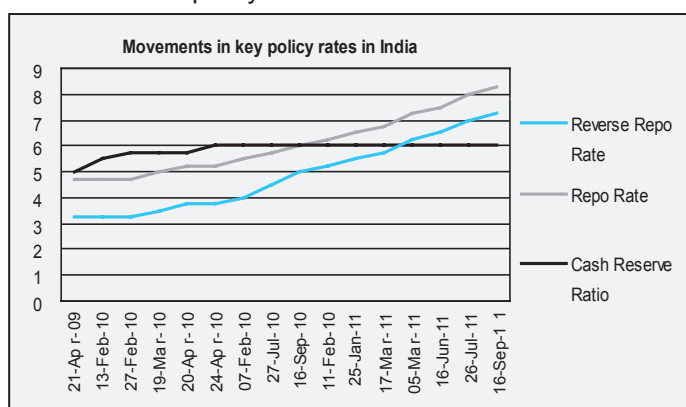
However, inflation expectations remained elevated. Global commodity price bounce back in this period was largely driving the industrial raw material prices. With gradual decline in inflation, mixed signs on growth sustainability were becoming evident. At the same time, as inflation remained significantly above the comfort level, monetary policy had to act to anchor inflation expectations. Thus, the trend of moderating inflation and consolidating growth in the second and third quarters of 2010-11 warranted the calibrated policy approach of the RBI.

The more or less declining trend in inflation changed course considerably during this period; first, on account of a surge in food inflation as unseasonal rains in some parts of the country caused significant damage to output of vegetables and consequently on account of stronger-than-expected pass-through of increase in input costs to output prices. The input of non-food manufactured products inflation to the overall increase in WPI also rose considerably during this period. The inflation in this group reached a high of 8.5% in March 2011 and remained at or above 7% subsequently indicating generalized price pressures. Consequently, the share of non-food manufactured product inflation rose sharply during this period.

Industrial production up to February 2011, exhibited signs of slowdown as the IIP growth moderated with irregular events of volatility mainly on account of the high base effect and sharp deceleration in capital and intermediate goods which could partly be attributed to the moderation in investment demand in Q3 of 2010-11. The lower growth in IIP during April-February 2010-11 compared to the corresponding period of the previous year has been on account of the slowdown in growth of almost all the sectors except consumer goods.

Real GDP growth in 2010-11 reverted to near trend growth rate, following two successive years of below trend growth. India's economy grew by just 7.8% in the fourth quarter ending March 2011, mainly due to poor performance of the manufacturing sector, as against 9.4% in the same three-month period of the previous fiscal. The last quarters' growth was marked by the weakness in mining and factory output growth that remained below expectation. The slowdown can also be attributed to slow pace of investment, poor performance in manufacturing production and increase in fuel prices. The fall in investment and consumption was mainly because of increasing interest rate on RBI's aggressive monetary policy stance. Nonagricultural GDP growth, however, was slightly below the trend. The main impetus to the growth in 2010-11 came from agriculture which benefited from a normal monsoon, while industry and services registered mild deceleration

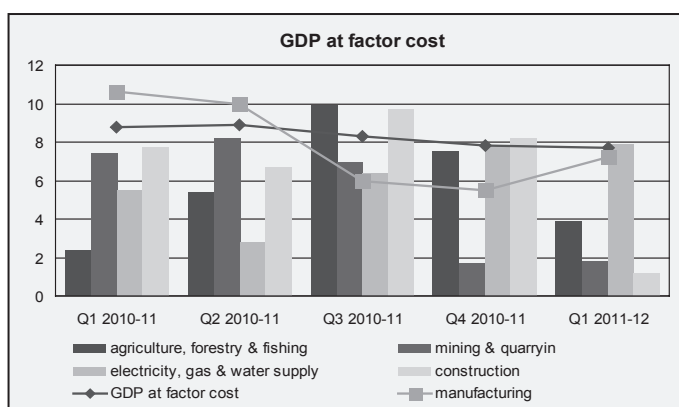
Given the high global commodity prices and their possibility to remain firm, the threat to price stability from global inflation continued to carry on. The faster-than-expected increase in core inflation also suggested that high inflation was becoming increasingly persistent. On the other hand, there was also support of demand pressure from increase in real wages besides high fiscal deficit. Monetary policy also had to distinguish that over the long-run, high inflation is contrary to sustained growth. During this phase, RBI's main aim was to contain the sticky inflation, even at the cost of some growth in the short-run. Taking into consideration all these factors, monetary policy was continuously tightened during this period both in terms of the number of increases as well as in terms of the stepped up scale of increase in the policy rates.



During this phase, not only the increase in inflation was unexpected, the constitution of inflation also got changed significantly. Most of the incremental contribution to inflation came from the primary commodities, particularly the food products. Rising inflation and declining growth is not a good scenario for any central bank to be in. More importantly, inflation still is driven mainly by the primary commodities, prices of which generally not are very sensitive to monetary policy manipulations.

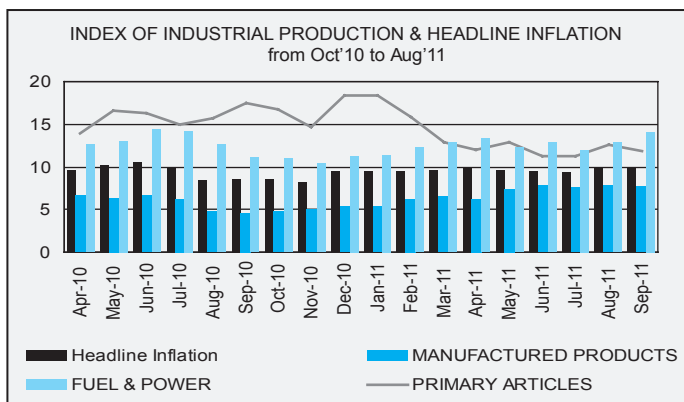
The RBI hiked its benchmark policy rates for the 12th time on September, 2011. While the decision was on expected lines given the sticky inflation currently facing the Indian economy, the continued policy tightening nonetheless raised some eyebrows on possible negative impact of such actions on economic growth going forward. While, growth scenario still continued to be relatively robust, inflation emerged as the biggest policy challenge in the post-crisis period as all efforts of the government and the central bank have so far failed to bring it down into the comfort zone. Despite the 12 policy rate hikes implemented by the RBI, the headline inflation in India is still close to double digits, even as the prices of food and other primary commodities seemed to be softening, though they remained higher on an annual basis.

India's economic growth in the first quarter of the ongoing fiscal year met experts expectations across the country as better agriculture output was counterbalanced by weaker expansion in the manufacturing sector and construction activity. But signs of moderation were visible with a forecast of sub-normal monsoon, global growth entering into a soft patch and persistence of high inflation. The growth rate slowed down to 7.7% in the first quarter of 2011-12 as compared to 8.8% achieved in the same quarter of the previous financial year. The slowdown in the GDP growth rate for the first quarter of 2011-12 was mainly on account of sluggishness in interest rate sensitive sectors such as constructions, manufacturing activities sectors, which indicated that, continuous hike in RBI's policy rates, adversely affected the economic growth. The GDP growth is the slowest in the last six quarters.



The new series of the IIP, with base 2004-05 that was released in June 2011 reinforced the RBI's view that the industrial growth had not significantly moderated in H2 of 2010-11. The new series gave a better coverage and is more representative of the recent production structure based on 399 item groups as against 303 under the old base. The new series suggested that the recovery from the industrial downturn induced by the global financial crisis further consolidated in 2010-11, with IIP growth accelerating to 8.2% from 5.3% in the preceding year. Industrial growth, however, moderated in April and May 2011 and turned out to be the lowest since September 2010. The deceleration was predominantly strong for mining and manufacturing sectors. While lower growth in mining reflects the shortages in coal production, 14 out of the 22 industry groups that comprise manufacturing witnessed a deceleration. The slowdown in IIP growth during April-May 2011 can be partly attributed to the high base.

IIP for the month of August 2011 grew by 4.1% compared to 5.6% in August 2010. The Industrial output has remained fragile in the past few months hurt by the central bank's aggressive stance against inflation which has affected the pace of expansion of the economy. Another reason for the numbers looking shoddier is mainly on account of a high base effect despite the figures.



Headline inflation for the month of September 2011 eased marginally to 9.72% compared to 9.78% in August. The marginal fall was on the back of minor decline seen in the primary articles and manufactured products. Though the inflation has softened, but still remains above the RBI's comfort zone, which is ready to sacrifice growth to contain inflation. The monetary policy review, which is scheduled on October 25, it is likely that the RBI will continue its hawkish stance on the stubbornly high inflation.

Outlook

The Indian economy is shaping-up well with external trade performing at its best. But there are many headwinds that

need to be catered positively; also there remains concern on the sustainability of the growth going forward on global concern. Rising input cost driven by commodity and energy prices could erode the margins of manufacturing firms in India, as the investments have already started slowing down in the manufacturing sector, on the back of rising interest rates. Data from the HSBC Purchasing Managers' Index for August showed the pace of new orders for Indian manufacturers decelerated to the slowest in 29 months as export orders contracted at the sharpest rate since the series was started.

On the basis of a normal SW monsoon reasonably strong rebound in crop output in Kharif and Rabi is expected. The better seed and fertilizer availability and the construction of a large number of water harvesting structures through the MNREGA lend strength to these expectations. Moreover, the expansion in horticulture and animal husbandry and a low base effect should generate a farm sector GDP growth of around 4.5 per cent in the current fiscal. India's merchandise exports grew in August from a year earlier but the volume shrank 17% from the previous month, and the expansion pace may decelerate further due to global economic uncertainties. Export growth is likely to stutter in coming months as traditional strongholds--the U.S. and EU--continue to hobble in economic uncertainties. Coupled with expectations of weak demand for exports, the Centre has also discontinued the Duty Entitlement Passbook scheme (DEPB) from September 30 and its impact too will be seen on the exports in the coming months.

Inflation in India has remained elevated and persistent over 18 months now. The inflation path was influenced by a number of domestic and international supply shocks. The monsoon failure in 2009-10 and sharp increase in global fuel and commodities prices emphasized domestic inflationary pressures. Inflation became generalized in Q4 of 2010-11 and has remained unchanged in course as also in composition in 2011-12 so far. This was in line with the RBI's projections. With the recent revision in the fuel prices and its pass-through is yet incomplete which, will keep up the near term pressure. The anti-inflationary monetary policy stance adopted by the RBI since October 2009 continued into the first quarter of 2011-12 as inflation persisted and near the double-digit inflation is still beyond RBI's comfort zone. Inflationary pressures, which initially originated from supply-side constraints, dripped over to wages and output prices as demand conditions remained buoyant. On the other hand, signs of moderation in growth have surfaced, making the policy challenge even more complex.

Raymond

Investment overview

- ◆ Raymond is one of the largest integrated manufacturers of worsted fabric in the world and the only company in the world to have a diverse product range of nearly 20,000 design and colours of suiting fabric.
- ◆ The apparel giant is eyeing to boost its turnover by 20 to 25 percent in the current fiscal.
- ◆ The company is targeting 15 per cent of the Rs 6,000 crore lower segment textile market with the launch of its 'Makers' brand.

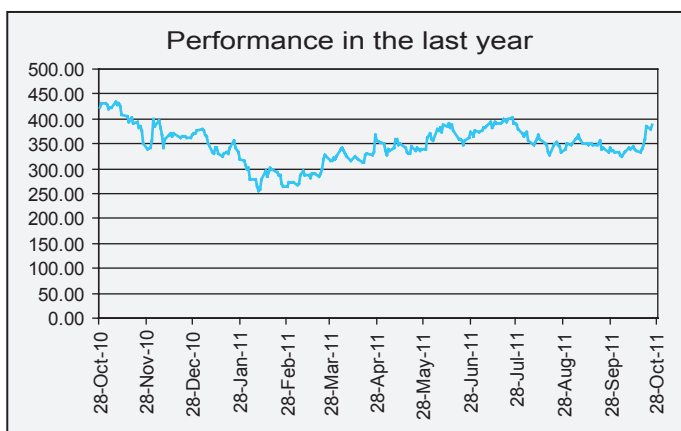
Business Overview

The Raymond Group after its incorporation in 1925, within a span of a few years, transformed itself from being an

Stock Data (as on 28/10/11)	
Current Mkt Price (Rs.)	392.65
52 week High (Rs.)	458.00
52 week low (Rs.)	245.10
Mkt Cap (Rs. Cr.)	2,410
Return in last one Month (%)	17.24

Share Holding Pattern (as on Sept,2011)	%
Total Promoter	39.10
FII	7.93
DII	27.58
Others	25.39

Key Ratios	
P/E	0.00
Price/Book (x)	2.14
Dividend Yield (%)	0.26
ROCE (%)	-2.15
ROE (%)	-9.37



Indian textile major to a global conglomerate. Today, with over 60% market share in India, Raymond is one of the largest integrated manufacturers of worsted fabric in the world.

Raymond produces high-value pure-wool, wool-blended and premium polyester viscose worsted suiting in addition to half a million blankets and shawls. It is the only company in the world to have a diverse product range of nearly 20,000 design and colours of suiting fabric to suit every age, occasion and style. It exports its products to over 55 countries including USA, Canada, Europe, Japan and the Middle East.

The company's suitings are available in India in over 400 towns through 3,000 retailers as well as over 600 exclusive retail shops better known as 'The Raymond Shop.'

Raymond continues to operate one of the largest specialty retail networks in India in the textile and apparel space with 750 retail stores. This includes 40 stores in Middle East and SAARC. The company has over 1.5 million square feet of retail space.

Financial Health

Textile and retail major Raymond has reported an extremely decent set of numbers for the quarter ended September 30, 2011. The company's consolidated net profit surged by 24% to Rs 81 crore, while the consolidated net sales were up by 25% to 978 crore, while the consolidated EBITDA grew by 31% to Rs 185 crore. On standalone basis the company reported Net Sales of Rs 498.46 crore for quarter, up by 26.23% against Rs 394.86 crore in corresponding previous quarter. Net Profit of the company was down by 7.55% to Rs 36.22 crore against Rs 39.18 crore for the quarter ending September 30,2011.

Industry Scenario

The Indian Textile Industry is the second largest textile industry in the world after China and holds an overwhelming presence in the economic life of the country. After agriculture this industry provides employment to maximum number of people in India. The industry is rich and varied, embracing the hand-spun and hand-woven sector at one end and the capital intensive, sophisticated mill sector at the other. Its association with the ancient culture and tradition of the country lends it a unique advantage in comparison with textiles industry of other countries, thus giving it an uncommon edge to cater to a vast variety of products and market segments both domestically, as well as, globally.

Today, modern techniques, electronics and innovation have led to a competitive, low-priced textile industry offering almost any type of cloth or design a person could desire. With its low cost labour base, China has come to dominate the global textile industry.

Indian textile industry's problems started much before the global slowdown surfaced. During the year 2007, the industry was battling sharp appreciation in rupee which

(Rs. Cr.)

Particulars	Sept Qtr-11	Sept Qtr-10	Growth%	March 11	March 10	Growth%
Net Sales	503.78	398.53	26.41	1516.51	1354.43	11.97
Total Income	524.52	415.87	26.13	1567.43	1405.82	11.50
Other Income	20.74	19.95	3.96	50.92	60.36	-15.64
PBT	48.79	50.57	-3.52	-153.03	18.74	--
PAT	36.22	39.18	-7.56	-100.19	25.06	--
EPS	5.90	-1.64	--	-16.32	4.08	--

Standalone

eroded the export margins. As the rupee softened a bit in 2008, the commodity rally in first half of the year resulted in sharp rise in cost of production, again hitting the markets. As the cost started coming down towards end of 2008, global slowdown hit the industry and as a result, exports witnessed sharp cuts.

The domestic textile industry is currently in the recovery mode after having slowed down sharply in wake of global economic downturn and resulting sharp decline in demand from key trading partners. While the situation has substantially improved compared with the lows witnessed in second half of last fiscal, there are still a number of troubles that the industry has to face before fully recovering.

Investment Rationale

Raymonds seems to be on a turnaround path and the company has reported good Q2 results. The company has shown good improvement in its entire segment, while the company's core business textile sales improved considerably on the back of both higher realisations and volume growth, the Branded Apparel business sales surged by around 30%. The business has witnessed strong growth across all its core brands. On viewing the consumer optimism the company is putting in place infrastructure initiatives in terms of back office, supply chain capabilities, positioning the brands, sharpening their portfolio in the minds of the consumers and the store rollout. Through all these efforts, Raymond, which is amongst the country's leading textile and apparel giants, is eyeing to boost its turnover by 20 to 25 percent in the current fiscal.

The company, which already controls 15 per cent of the polyester viscose segment though in the premium category has recently launched low-price fabric targeting the economy segment. Its launch of Makers, a brand of cheaper polyester viscose fabric is available in the range of Rs250 - Rs400 per metre. The concentration of the company in that segment was mainly due to the maximum growth it had witnessed in this segment over the past few years. With the launch of a dedicated brand in the economy segment, the company is targeting 15 per cent of the Rs 6,000 crore lower segment textile markets by the end of March 2013. The group plans to invest Rs 500 crore over the next five years to enhance manufacturing capacity for the new brand

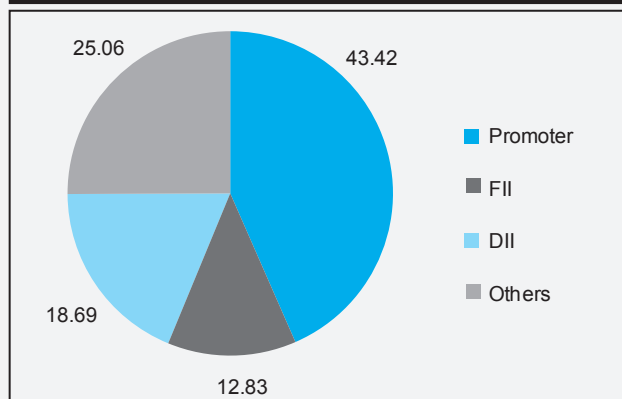
Raymond's Thane facility is located on a 120 acre property.

As the facility has been closed since November 2009 Raymond is looking to monetise the land either through an outright sale or through a residential and commercial development in partnership with a real estate partner. Post VRS settlement with workers, the company is currently exploring various options to monetise this land. Going by the current land rate in the area, land monetisation could generate Rs 1600-1800 crore of cash and could wipe out its total current net debt fully. Although it will take some time for finalization due to some legal issue but the land deal holds the potential to give a huge lift to the market cap of the company.

On the concern side, the increases in raw material cost, cotton, wool and polyester have been increasing. So far the company has been mitigating this issue because of its brand power, protecting the margins by raising prices on the revenue side. However, softening in key raw material costs is likely to improve its margins, going forward. Secondly, in terms of exports the company has been in garmenting businesses, which despite good order book is still to see the kind of increases in demand. The recent appreciation in rupee too has become a matter of concern; the volatility in the currency market is creating concerns in terms of accurately estimating margins where the exports are concerned.

At the CMP of Rs 393, Raymond is trading at 7.1x and 10.01x FY12E EV/EBITDA and PER respectively, we recommend 'BUY' in the scrip with a price target of Rs 450 for a medium to long term outlook. Raymond's operations are integrated across the complete apparel value chain from fabric to branded apparel to retail. The integrated setup gives Raymond significant operational flexibility and an ability to control costs by reducing the dependence on outsourced vendors. Also it is having a strong portfolio of its own core brands and deep distribution network. The company has a 60 per cent market share in the poly wool segment with a 15 per cent share in poly viscose. In poly wool, the company plans to maintain a 10 per cent growth rate in coming years too. After the closing of Thane plant the company has witnessed significant saving and is in the process of transferring the 7 mn meters of capacity from Thane to Jalgaon that will help the company to further accelerate its production. Not only that there is much upside expected for the stocks through real estate value unlocking of Thane plant land.

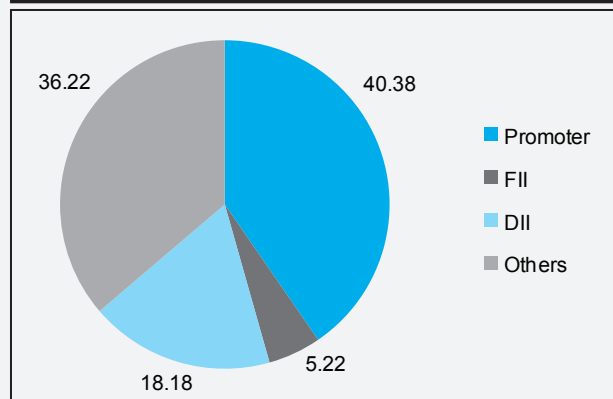
ARVIND



- ◆ Arvind is one of India's leading composite manufacturers of textiles and is also among the largest denim manufacturers in the world. It also manufactures a range of cotton shirting, denim, knits and bottom weights (Khakis) fabrics. The company also has a strong presence in international brands and retail business with one of the strongest brands portfolio in the country along with 'Mega Mart', the fastest growing value retail chain in India.
- ◆ Current denim capacity of 108 million meters will be increased to 117.6 million meters by FY12 while additional 12 million meters capacity would be added to the woven division taking the total capacity to 84 million meters by FY12. Aggressive capacity expansion across the segments will result in volume expansion, thereby accelerating growth.
- ◆ Arvind is planning to introduce new brands to occupy vacant segment opportunities. The company is planning to launch Brand 'Elle' in FY12 catering to the women's premium spaces as well as venturing into technical textiles. The company is also planning to take its own brand 'Flying Machine' beyond India. 'Arrow' was recently introduced in Splash, the No. 1 Department Store Chain of the Middle East, adding 70 new doors for 'Arrow' in the Middle East. 'Arrow' was also launched in South Africa.
- ◆ The company has around 520 acres of surplus land around Gujarat which is expected to generate Rs 1,000 crore over the next 4 years. The amount will be used for capital expenditure funding. Arvind has registered 58% growth in consolidated net profit for the quarter ended September 30, 2011. It has earned consolidated net profit of Rs 62 crore as against Rs 39 crore in the corresponding quarter of previous year on account of improvement in EBITA margin. The revenue growth of 46% in Branded Apparel and Retail business segments and 18% revenue growth in Textile business was the key driver for such an impressive financial performance at the consolidated level.
- ◆ The scrip is currently trading at Rs 107.40 and at a P/E multiple of 13.26x and EV/EBIDTA of 8.16. Arvind is well poised to achieve 20% revenue growth during the current financial year on account of robust growth in Brands & Retail businesses and capacity expansion in Woven fabrics.

Last Traded Price (As on Oct 28, 2011)	107.40
Price target	126
Market cap. (Rs cr.)	2,733
52 Week H/L	110.10/46.05
Free Float (Rs cr.)	1654
BSE code	500101

CENTURY TEXTILES & INDUSTRIES



- ◆ Century Textiles and Industries is having business interest in textile products, cement, and pulp and paper products in India and internationally. The company operates in four segments - Textiles, Pulp and Paper, Cement, and others segments. The Textiles segment offers cotton products, such as elite shirtings, suitings, fancy and finer fabrics and dress materials, and a range of bed linen products; and ready to wear products under Cottons by Century brand.
- ◆ The company's process of installation of 12 machines for production of viscose filament yarn is in progress in order to increase the production capacity of viscose filament yarn by about 5 percent per annum. Further, two existing electrolyzers are being replaced by an energy efficient electrolyzer in the caustic soda plant. These improvements involve capital expenditure of about Rs 50 crore and are expected to be completed before December, 2011.
- ◆ The orders for the company's Cement Grinding Unit at Sagardighi, West Bengal have been placed for the main plant and machinery for the grinding unit with a capacity of 1.5 million tpa for which the project activities are progressing on schedule. The grinding unit is expected to be operational by the last quarter of 2011-12. The total outlay on the project is estimated at Rs.425 crore.
- ◆ The company has undertaken upgradation of Paper Machine based on recycled pulp by installing a size press and A-4 cutter for copier paper for which orders have already been placed. It is also increasing the bagasse pulping capacity by another 23,400 tonnes per annum by installing a continuous digester and carrying out modifications in the existing plant. The total cost for these initiatives is expected to be about Rs 220 crore and these are likely to be completed before the end of the current financial year.
- ◆ The scrip is currently trading at Rs 325 and at a P/E multiple of 18.81x and EV/EBIDTA of 10.14. Century Textiles is in diversified business that helps it mitigate the vagaries of any one business and with its strong fundamental position it is well poised to reap the benefits of latest development in the sector.

Last Traded Price (As on Oct 28, 2011)	325.35
Price target	350
Market cap. (Rs cr.)	3,027
52 Week H/L	550/268.25
Free Float (Rs cr.)	1806
BSE code	500040

Lupin unveils Generic Diabetes drug

Pharma major, Lupin has launched the generic version of Watson's Fortamet despite an impending patent suit against Lupin in the US. Drug sales could contribute as much as 3-4% of the annual operating profit, or Rs 35-40 crore. The company also has a first-to-file status on its application with the US Food and Drug Administration (FDA) for the drug, which will give the company an exclusive period to sell the drug for 180 days after the litigation is settled.

SAIL to ink pact with Posco for 3-million tonne steel plant

State-run Steel Authority of India (SAIL), state-owned steel major, is likely to set up a 3-million tonne steel plant in Bokaro by entering into a joint venture agreement with South Korean steel major Posco. The company plans to sign the joint venture agreement in November. SAIL and Posco intends to invest Rs 16,000 crore (\$3.2 billion) for the steel plant.

BEML forays into dredging business

BEML, the premier public sector company under the Ministry of Defense, engaged in the manufacture and supply of equipment to core sector of the economy's viz, Mining and Construction, Rail and Metro, Defense and Aerospace, trading and e-Engineering has forayed into Dredging business. To exploit the emerging opportunities in the Dredging business on account of Marinetime Agenda announced by Government of India, which emphasizes on navigable depth of waterways, BEML has signed a Memorandum of Agreement (MoA) with globally renowned Dredging Company, viz, Vosta LMG, Netherlands for the design, construct and deliver various type of Dredgers and other vessels to customers located in India and South East Asia.

Tata Power sets up 300 MW wind energy capacity

Tata Power, the leading power generator has installed more than 300 MW wind power capacity and widen crossways four states, including Gujarat and Karnataka. It aims to add sizable capacity every year to maintain a significant wind portfolio. The company aims to commission 64.5 MW wind energy capacity in Tamil Nadu and Maharashtra by the third quarter of FY11. The company is in the process of acquiring 20.95 MW operating wind assets in Maharashtra from Niskalp Energy. Soon Tata Power likely to place an order for 150 MW wind capacity to be set up in Maharashtra and Rajasthan, and to be commissioned during the course of FY12 and FY13.

Aurobindo Pharma inks pact with global Medicines Patent Pool

Aurobindo Pharma has inked an agreement with the global Medicines Patent Pool for the manufacture of several antiretroviral medicines - making it one of the first major generic companies to tap into the patent pool. This agreement will allow the company to manufacture products licensed to the Pool by Gilead Sciences in July: emtricitabine (FTC), cobicistat (COBI), elvitegravir (EVG), and the fixed-dose combination of these medicines known as the Quad (a combination of FTC, COBI, EVG, and tenofovir). Aurobindo has chosen to take benefit of a key provision negotiated by the Pool so it can sell tenofovir to a larger number of countries and without paying royalties.

Suzlon wins second Sri Lanka order from Senok

Suzlon Energy Limited (SEL), world's fifth largest and India's largest wind turbine manufacturer, won a repeat order from Senok, Sri Lanka to supply 10 units of Suzlon's S88 - 2.1 mega watt wind turbine generators, aggregating to 21 mega watt of wind power capacity. The project will be commissioned in two phases and be completed by May 2012. Suzlon has previously supplied a 10 mega watt wind project to the same company and the order marked key firsts for Sri Lanka's wind energy sector--as the first project to feature megawatt class turbines and first project by any private developer in the island nation. The new 21 mega watt project will come up alongside the existing project site in the Puttalam district of Sri Lanka.

Lupin launches authorized generic of Femcon Fe

Lupin's subsidiary Lupin Pharmaceuticals Inc. (LPI) has introduced the authorized Generic of Femcon Fe chewable tablets in the US. The Authorized generic product will be manufactured under the brand product's new drug application or NDA at the same facility where it is currently produced. Femcon Fe, 0.4mg/ 35mcg is a low dose chewable birth control tablet that can also be swallowed immediately followed by a full glass of liquid.

Reliance Capital concludes transaction for stake sale in insurance arm

Reliance Capital has completed the transaction for sale of a 26% stake in Reliance Life Insurance to Nippon Life Insurance. The entire transaction proceeds of Rs 3,062 crore (\$680 million) from Nippon Life Insurance have duly been received. The transaction pegs the total valuation of Reliance Life Insurance at approximately Rs 11,500 crore

(\$2.6 billion). Reliance Capital had signed a definitive agreement in March 2011 with Nippon Life Insurance to sell the 26 percent stake in Reliance Life Insurance, subject to regulatory approvals, which have since been received.

BHEL bags order worth Rs 4,071 crore from SCCL

State-run, BHEL has bagged major contract worth Rs 4,071 crore from Singareni Collieries Company (SCCL) for setting up 1,200 MW thermal power plant in Andhra Pradesh. The order comprises supply and installation of the main plant package for a power project in Andhra Pradesh, involving two thermal power generating units of 600 MW each. The company's scope of work in the contract envisages design, engineering, manufacture, supply, erection, testing and commissioning of Steam Turbines, Generators and Boilers, along with state-of-the-art Controls and Instrumentation (C&I) and auxiliaries including associated civil work.

Unichem Laboratories gets US FDA nod for Lamotrigine Tablets

Unichem Laboratories has received Abbreviated New Drug Application (ANDA) approval from the United States Food and Drug Administration (US FDA) for Lamotrigine Tablets. This ANDA approval will enhance the presence of Unichem in US market. Unichem already has 10 other ANDA's duly approved and there are some more ANDA's in pipeline. Lamotrigine tablets USP 25 mg, 100 mg, 150 mg and 200 mg are therapeutically equivalent to Lamictal tablets USP 25 mg, 100 mg, 150 mg and 200 mg from GlaxoSmithKline. Lamotrigine is an anticonvulsant drug used in the treatment of epilepsy and for maintenance treatment of bipolar disorder. The product will be commercialized from Unichem's Goa plant. Active pharmaceutical ingredient i.e. Lamotrigine used for this ANDA is also made in house at Pithampur plant.

Reliance Infra commissions 150-km power line

Reliance Infrastructure has commissioned its fourth 400 kV double circuit transmission line between Parali and Solapur in Western Maharashtra totalling 150 km. The line is a part of the 1,500-km Western Region System Strengthening (WRSS) project. The WRSS project is based on build, own and operate mode and estimated to cost Rs 1,400 crore. Scheduled for completion in 2012, the project will facilitate free flow of about 4,000 MW from the eastern region to the western region of the country and benefit regional utilities, besides relieving grid congestion.

Vivimed Labs acquires Kolkata firm

Vivimed Labs has acquired Kolkata-headquartered Klar Sehen (KSPL), a 30-year-old pharmaceutical company, for an undisclosed amount. KSPL owns about 50 trademarks and operates in the ophthalmic segment with clienteles including Renicol, Lysicon-V, Care Tears and Dexacort. It has a strong marketing presence in Northeast, Bihar and Andhra Pradesh, and has 150 medical sales professionals. It has cGMP-compliant manufacturing facilities at Kolkata and Hyderabad, and also has arrangements to manufacture some of its products in Uttarakhand. Vivimed's acquisition of KSPL complements its strategy to increase its domestic presence in specialty pharmaceutical areas, its knowledge and experience in manufacturing

Reliance Power's Sasan project gets RBI nod for ECB financing

Reliance Power has received an approval from the Reserve Bank of India (RBI) to raise \$2.2 billion around Rs 11,000 crore from US Exim and Chinese banks for its flagship Sasan 3,960 megawatt ultra mega power project in Madhya Pradesh. The funding from Chinese banks also represents the first-ever project financing done by Chinese banks. In addition to the funding from US and Chinese banks, the Sasan project has also got \$150 million financing from other sources. Sasan Power, a fully-owned subsidiary of Reliance Power which is executing the flagship project, will receive \$1.1 billion from Chinese banks including Bank of China, China Development Bank and Export Import Bank of China. The Export Import Bank of United States has approved funding of \$917 million to Sasan Power as part financing of the project cost of the Sasan UMPP.

Edserv to strengthen presence in South

Edserv Softsystems, an education support services company, has announced that it has tied up with EducationAndhra.com, a Hyderabad-based information portal for educational resources, to offer its online courses for major engineering exams, CA and IT skills to the registered users of the portal. Through the tie up, the company expects its user base to increase to around 3.5 million students. It would offer online courses for Indian Institute of Technology Joint Entrance Examination (IITJEE), All India Engineering Entrance Examination (AIEEE) along with CA and IT skills courses to the registered users of EducationAndhra.com. Besides, the company is planning to expand its presence in Andhra Pradesh by marketing its online test products to concept schools across the state.

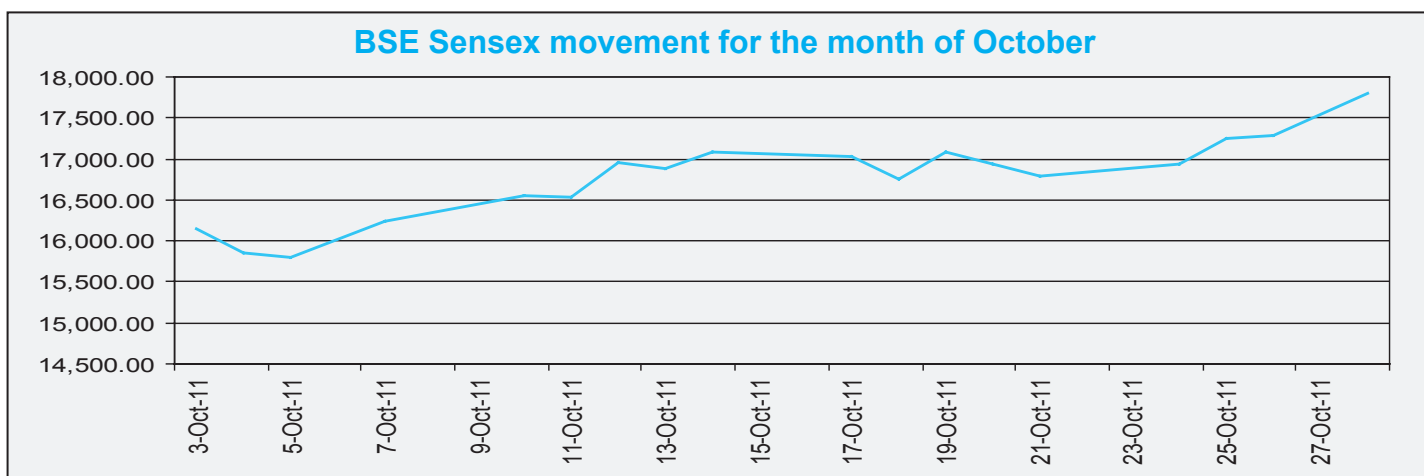
The Indian markets showed a remarkable recovery in the passing month after witnessing a dismal second quarter, where the benchmarks lost around 13 percent. It was the surge post Diwali that took the markets considerably higher for the month after the European leaders agreed to restructure Greek bonds and banks were asked to raise capital and meet higher reserve requirements. Greece accepted a voluntary write-down of 50% of debt and European leaders widened a rescue fund to \$1.4 trillion. The whole global markets felt relieved with the outcome of the long debated discussion. While, the domestic markets were in extra jubilant mood outperforming all their regional peers. Even the rising inflation numbers and the 13th hike by the Reserve bank of India in last 20 months were unable to deter the market momentum. Meanwhile, the benchmarks started the month on a disturbing note as market participants resorted to hefty across the board position squaring amid renewed fears that Greece is likely to default on its debt after reports suggested that Greece failed to meet this year's deficit target of 7.8 percent, due to a deeper than expected recession. Investors also lacked conviction to open fresh bets as sentiments got pounded after the HSBC composite Purchasing Managers' Index which covers both - manufacturing and services, receded from August's 54.5 to 50.2 in September, slightly above the neutral 50 level. On the same time concern deepened with country's external debt touching 66.3% of the budgeted estimates in the first five months of current financial year. This increase in external debt raised concerns that the government may not be able to meet the fiscal deficit target for the current financial year. For the current financial year, the government has pegged its fiscal deficit at 4.6% of the gross domestic product (GDP), compared to 5.1% in last year. As per the government auditor, the

Controller General of Accounts, the deficit for the April-August 2011 stood at \$56 billion or Rs 2.73 trillion. During the same period of last fiscal year, the gap between the government's expenditure and revenue was just 39.7% of the budget estimates. However, the government is of the view that it is too early to conclude that the deficit would increase; it has asked all ministries to refrain from seeking funds for new schemes other than those announced in the budget. However, the silver lining again emerged as the Indian exports maintained the growth momentum in the month of August, as it stood at \$24.31 billion which is around 44.25% higher compared to \$16.85 billion during the corresponding month of the previous year, according to provisional data issued by the Ministry of Commerce. While, imports for Asia's third largest nation surged by 41.8% to \$38.4 billion in August year-on-year, largely due to a rise in non-oil imports. The commerce ministry's official statement also showed that India's August trade deficit widened to \$14.04 billion from \$10.09 billion in the same period a year earlier. During the April-August period, India's exports grew by 54.2% to \$134.5 billion while imports climbed by 40.37% to \$189.4 billion. Thus, the trade gap for the first five months of the fiscal year 2011-12 stands at a deficit of \$54.89 billion.

BSE Sensex Monthly Gainers

Company	Prev Price (Sept. 30'11)	Last Price (Oct. 28'11)	Change (%)
Tata Motors	155.95	206.20	32.22
Bajaj Auto	1511.25	1754.45	16.09
Infosys	2474.85	2859.65	15.55
Reliance Industries	797.00	898.00	12.67
Tata Steel	480.60	480.60	12.43

BSE Sensex movement for the month of October



◆ Tata Motors remained in the limelight as the company's global sales surged 24 % for September month which stood at 107,258 units. The group's global passenger car sales grew by 21% in September at 55,539 units while cumulative sales for the fiscal declined by 4% at 268,138 units. Global sales of Tata passenger vehicles and the distribution off-take in India of Fiat cars were at 27,900 for the month, higher by five percent over September 2010.

◆ Bajaj Auto, country's second-largest motorcycle-maker, reported its net's profit at Rs 725.80 crore for the second quarter ended September 30, 2011 as compared to Rs 682.08 crore for the quarter ended September 30, 2010, up by 6.41%. Company's total income increased by 21.31% to Rs 5267.26 crore for the quarter under review from Rs 4341.82 crore for the similar quarter of the previous year.

BSE Sensex Monthly Losers			
Company	Prev Price (Sept. 30'11)	Last Price (Oct. 28'11)	Change (%)
Coal India	355.50	338.05	4.91
SBI	1968.70	1907.00	3.13
BHEL	327.22	327.20	0.01

◆ Coal India (CIL) has blamed its failure to keep to production targets in Q1 this fiscal on rains and delays in securing green clearances. However, the Coal Ministry is in no mood for excuses and has called a meeting this week on the issue where it is likely to reproach the company's top brass. The meeting, to be chaired by Coal Minister will be attended by officials of the Coal Ministry, CIL Chairman and Managing Director and the CMDs of all the subsidiaries of CIL.

◆ Moody's Investors Service downgraded the standalone rating for State Bank of India, the country's dominant lender, citing "modest" capital and weakening asset quality. Moody's said SBI's low capital adequacy and recent failure to raise capital prompted the downgrade of its "Bank Financial Strength Rating" to D+ from C- on a scale of A to E. The revised rating was mapped to a baseline credit assessment (BCA) of Baa3.

Meanwhile, the markets started showing uptrend from the mid of the month on encouraging developments

from the global front and slight moderation in domestic inflation. The domestic bourses were largely influenced by encouraging reports from Europe where French President and German Chancellor pledged to protect the banks and resolve the region's lingering debt trouble that is threatening global growth. While on the domestic front, the earning session got an enthralling start with IT bellwether Infosys announcing the better than expected second quarterly earnings numbers and boosting overall market sentiments and helping them to overlook the disappointing IIP readings for August, according to which IIP, with base 2004-05, expanded by of 4.1%, down from 4.5% for the corresponding month last year, and higher than the revised growth rate for July. The cable and satellite television industry too added to cheers on market after the CCEA cleared the ordinance to amend Section 4A of the Cable TV, bringing digitization into TV broadcast as it would lead to a substantial hike in the revenue in the first year because digitization will help companies in providing value-added services. However, some cautiousness too emerged in the last with lingering worries about the European debt crisis on reports that the German finance ministers ruled out any final agreement at the EU leaders meet at the end of the month. However in Diwali week the jubilation returned to the markets and the benchmarks surged past their crucial levels with short F&O October series expiring over 3 percent higher for the indices. Many shorts were covered despite the RBI increasing its short term lending and borrowing rates for the 13th time since March 2010. The RBI raised repo and reverse repo rates by 25 basis points to 8.5% and 7.5% respectively. While in a historical policy decision the apex bank decontrolled the saving banks deposit rates. Whilst announcing the second quarter monetary policy, Dr. D. Subbarao RBI governor, said 'Banks are now free to determine their savings bank deposit interest rate, subject to certain conditions.' While announcing the credit policy, the RBI Governor D Subbarao said that the inflationary pressures are expected to ease starting December 2011 and is likely to go down to 7% by March 2012 and hence further rate hike may not be required to curb inflation. It was tremendous gains in the session after muhurat trading that took the markets past their crucial levels, almost to their two months high, the beaten down commodity stocks were the major gainer on expectation of demand recovery.

Inflation eases slightly to 9.72% in Sept, but still close to double-digit

India's headline inflation measured by the wholesale price index (WPI) eased marginally to 9.72% in September from 9.78% in August. This marginal fall in headline inflation is on the back of marginal decline in the primary articles and manufactured products, which fell to 11.84% and 7.69% in September, compared to 12.58% and 7.79% in August. However, the fuel and power segment of WPI, surged by 14.09% in September from 12.84% in August. In the first half of the current financial year, the headline inflation has been hovering above 9%, which indicates that the RBI's anti-inflationary monetary policy stance has failed to contain inflation.

According to the data released by the ministry of commerce and industry, the WPI for 'All Commodities' for the month September 2011 rose by 0.6% to 155.8 (Provisional) from 154.9 (Provisional) for the previous month. The annual rate of inflation, based on monthly WPI, stood at 9.72% (Provisional) for the month of September 2011 (over September 2010) as compared to 9.78% (Provisional) for the previous month and 8.98% during the corresponding month of the previous year. Build up inflation in the financial year so far was 4.21% compared to a buildup of 4.18% in the corresponding period of the previous year.

On month-on-month basis, the Primary Articles rose by 1.3% to 202.2 (Provisional) from 199.6 (Provisional) for the previous month. The index for 'Food Articles' group rose by 1.4% to 196.5 (Provisional) from 193.7 (Provisional) for the previous month due to higher prices of poultry chicken (10%), gram (8%), fish-inland (4%), arhar, masur, fruits and vegetables and egg (3% each) and condiments and spices (2%) and milk and urad (1% each). However, the prices of tea and maize (4% each), jowar and coffee (2% each) and barley, wheat, ragi, fish-marine and pork (1% each) declined.

IIP for August up by 4.1% from 3.8% in July

Country's Index of Industrial Growth (IIP) for the month of August 2011 grew by 4.1% compared to 5.6% in August 2010. The IIP growth for August 2011 is less than the market's expectations of 5% however it is marginally above from 3.84% in the last month. The manufacturing segment which accounts for around 76% of IIP grew by 4.5% in August compared to 2.3% in last month. Electricity segment of IIP also grew by 9.5% in August from 13.1% in July and mining segment showed negative figure of 3.4% from positive growth of 2.8% in July. The government also revised the IIP data for month of July, upward to 3.84% from 3.3%.

In the first five months of current financial year, the IIP grew by 5.7% compare to 8.7% in April-August 2010. During April to August 2011, the manufacturing, mining and electricity segments of IIP, grew by 6%, 0.2% and 9.5% compare to 9.2%, 7.7% and 4.1% in April-August 2010.

According to data released by the Central Statistics Office of the Ministry of Statistics and Programme Implementation, the General Index for the month of August 2011 stands at 162.4, which is 4.1% higher as compared to August 2010. The cumulative growth for the period April-August 2011-12 stands at 5.6% over the corresponding period of the previous year.

Mining, Manufacturing and Electricity sectors growth for the month of August 2011 stood at 117.6, 172.6 and 149.4 respectively, with the corresponding growth rates of (-)3.4%, 4.5% and 9.5% as compared to August 2010. The cumulative growth in the three sectors during April-August, 2011-12 over the corresponding period of 2010-11 has been 0.2%, 6.0% and 9.5% respectively, which moved the overall growth in the General Index to 5.6%.

India's service PMI declined to 2 years lowest level

The service sector, which accounts for India's Gross Domestic Production (GDP), declined to its two year lowest level because of decline in new business orders and expectations weakened on the back of the sluggish global economic environment, a survey showed on October 5.

The HSBC India Composite Index, which include the manufacturing and service sectors, declined to 50.2 in September compare to 54.5 in August, which is lowest level of headline index since November 2008. Meanwhile, the seasonally adjusted Service Sector Business Activity Index also declined to the below 50 mark, to 49.8 in September compare to 53.8 in August. The below 50 level of service sector activity indicate a broad stagnation in the sector's activity.

Commenting on the India's Service PMI survey, Leif Eskesen, Chief Economist for India & ASEAN at HSBC said, "The slowdown in growth has continued to broaden with the service sector seeing a further slowdown in economic momentum, especially for financial intermediation. Business activity was broadly unchanged from the previous month and new business is growing at a slower pace. Backlogs of work are still rising, however pace is slow and employment fell in response to the deceleration in new order growth as well as staff leaving because of unmet wage demands."

The slowdown in global economy and increased cost of capital along with inflation have affected the pace of the new business orders in the manufacturing and service sectors, thus the growth rate of composite index is easing to the slowest from April 2009.

As per the survey, the employment during the month of September declined in both the sectors because of the weaker growth in output and new business orders. Input prices also surged in month of September. However, the rate of cost inflation was slowest compared to August. But the overall output prices surged for 28 successive months, while the rate of charge inflation slowed slightly, it was the second-strongest in over three years. The increase in service sector charges outpaced the rise in costs for the first time in the series history, survey showed.

PMO wants ministry of fertilizer to speed up urea decontrol policy

Along with the difference in the Inter-Ministerial group on the issue of decontrolling the urea prices, the Prime Minister's Office (PMO) had directed the ministry of fertilizer to speed up the proposed policy. The Group of Ministers (GoM) headed by the Financial Minister Pranab Mukherjee, had sent the recommendation of deregulating the urea to the Cabinet Committee on Economic Affairs (CCEA) for approval due to strong resistance for the different ministries.

In the GoM meeting, it was decided that the concerns rose by the ministries on deregulating the urea prices would be sent to the CCEA, who would take the final decision. The interference of the PMO's on the issue has come in the wake of delay on the Ministry of Fertilizers to move to the Cabinet note. It is also reported that the ministry has not yet cleared the note made by the Department of Fertilizers.

The ministry is not in favor of decontrolling the prices of urea contending that the decontrol of urea sector would lead to rise in prices of the important farm nutrient. Prior to the GoM meeting the Fertilizer Minister M K Azhagiri had written to the Prime Minister Manmohan Singh, opposing the deregulation of urea. He said the move should wait till amendment to the new investment policy for the sector is brought about.

Along with the Ministry of Fertilizers, agriculture and petroleum and natural gas ministries are also opposing the commerce ministry proposal of deregulating urea prices. However, the commerce ministry proposal is backed by the Ministry of Finance and Planning Commission, because of

the increasing pressure of subsidies on the government's financial health.

During 2010-11, the subsidy bills was estimated to be around Rs 52,840 crore and almost half of which was on account of urea. As urea is the only fertilizer, which is still controlled by the government, the government had freed prices of phosphatic and potash fertilisers in the last financial year. In the draft policy, made by the Committee of Secretaries, a partial freeing of the radial price urea was proposed. The Committee of Secretaries also suggested that with the partial decontrolling, the industry can increase the prices by 10% after a year.

India's manufacturing growth expands at slowest pace in 30-months

Manufacturing sector activity in India expanded at the slowest pace in two and half a year, in the month of September as the non-stop rate hike by Indian central bank since March 2010 has hit the growth of new orders. The HSBC Purchasing Managers' Index declined to 50.4 in September, from 52.6 in August. A number above 50 on the index signals expansion in the sector.

Leif Eskesen, economist at HSBC said, 'growth momentum in India's manufacturing sector eased further in September. This was driven by weaker orders, with export orders still contracting due to the weaker global economic conditions. While the persistent inflation pressures support RBI's tightening bias, the slowdown in manufacturing growth suggests that the end to the tightening cycle is at least now in sight, he added.

September's readings were the lowest for domestic manufacturing sector since March 2009. The growth rate in new orders in September slowed for the sixth consecutive month as deteriorating economic conditions on both sides of the Atlantic led to contraction in export orders. With developed economies worryingly inching nearer to yet another recession, emerging markets like India and China which have been touted as the global growth engines are also facing the crunch.

Domestically, the input price inflation rate moderated since August to an 11-month low while charges increased at a marked rate that was broadly unchanged from the prior period. The inflationary pressures in the manufacturing sector continues to remain substantial despite the Reserve Bank of India's sustained monetary tightening measures to tame the rate of price rise. The central bank has raised its key lending rates 12 times since March 2010 and experts are of the belief that possibly only one or two rate hikes are left in RBI's arsenal.

Company Name	Net Sales		Change In Sales	% Change in Sales	Net Profit		Change In Net Profit	% Change in Net Profit
	201109 Qtr	201009 Qtr			201109	201009		
Transcorp Intl.	2090.54	88.59	2001.95	2259.79	3.11	3.70	-0.59	-15.95
JM Financial	445.42	99.61	345.81	347.16	395.53	24.05	371.48	1544.62
Oberoi Realty	1071.20	257.00	814.20	316.81	548.00	41.20	506.80	1230.10
Binani Inds	245.60	60.90	184.70	303.28	-151.40	-56.10	-95.30	-
Godrej Properties Ltd.	1166.32	299.47	866.85	289.46	165.35	319.98	-154.63	-48.32
Parrys Sugar Inds.	779.73	204.94	574.79	280.47	-346.90	-305.28	-41.62	-
Sankhya Infotech	195.40	52.26	143.14	273.90	0.57	9.20	-8.63	-93.80
Guj. Fluorochem	5368.20	1928.40	3439.80	178.38	1884.40	495.70	1388.70	280.15
Aditya Birla Chem	1709.27	627.59	1081.68	172.36	5.90	167.02	-161.12	-96.47
Ashapura Minechem	1080.91	416.32	664.59	159.63	17.41	-165.89	183.30	-
Ravalgaon Sugar Farm	154.04	60.31	93.73	155.41	-20.29	-8.44	-11.85	-
PNB Gilts	368.47	145.28	223.19	153.63	56.89	7.78	49.11	631.23
Navin Fluorine Intl	1920.28	784.20	1136.08	144.87	588.20	55.34	532.86	962.88
Baroda Extrusion	369.01	152.19	216.82	142.47	8.71	4.13	4.58	110.90
KCP Sugar&Inds. Corp	813.65	339.48	474.17	139.68	109.50	29.59	79.91	270.06
Modern India	817.96	342.83	475.13	138.59	12.68	16.90	-4.22	-24.97
Godrej Consumer Prod	7711.10	3311.60	4399.50	132.85	1083.00	765.30	317.70	41.51
Madras Fertilizers	5575.90	2515.40	3060.50	121.67	433.40	-324.60	758.00	-
Sharp Industries	487.75	221.96	265.79	119.75	70.72	75.14	-4.42	-5.88
Goa Carbon	1307.92	599.40	708.52	118.21	40.74	27.82	12.92	46.44
Praj Industries	2289.00	1087.70	1201.30	110.44	205.30	88.90	116.40	130.93
Muthoot Finance	10984.10	5236.50	5747.59	109.76	2155.55	1144.80	1010.75	88.29
AVT Natural Prod	638.70	305.20	333.50	109.27	160.50	31.90	128.60	403.14
Avanti Feeds	1246.93	612.59	634.34	103.55	141.71	22.69	119.02	524.55
Surana Corporation	21573.60	11125.60	10448.00	93.91	193.30	188.13	5.17	2.75
Sagar Cements	1673.20	864.35	808.85	93.58	59.05	-52.90	111.95	-211.63
Alstom Projects (I)	6006.80	3134.90	2871.90	91.61	285.80	370.40	-84.60	-22.84
Rishiroop Rubber	127.49	66.95	60.54	90.43	0.52	3.51	-2.99	-85.19
Dhanalakshmi Bank	3661.40	1924.10	1737.30	90.29	43.50	16.20	27.30	168.52
Keltech Energies	374.09	196.99	177.10	89.90	-1.69	0.37	-2.06	-
Suzlon Energy	19435.70	10695.10	8740.60	81.73	-193.90	-890.50	696.60	-
Dewan Hsg Fin. Corp.	5885.57	3302.48	2583.09	78.22	718.92	934.71	-215.79	-23.09
Petronet LNG	53668.70	30577.20	23091.50	75.52	2603.31	1311.24	1292.07	98.54
Fairfield Atlas	662.01	379.12	282.89	74.62	63.26	48.88	14.38	29.42
Thangamayil Jewellery	2932.18	1736.33	1195.85	68.87	222.05	85.26	136.79	160.44
Steelcast	550.90	326.70	224.20	68.63	29.35	11.13	18.22	163.70
Core Education & Tec	1966.25	1182.41	783.84	66.29	393.96	240.78	153.18	63.62
Sterlite Inds. (I)	48017.50	29067.20	18950.30	65.19	2571.70	4008.70	-1437.00	-35.85
Sadbhav Engineering	4304.14	2608.99	1695.15	64.97	181.40	137.32	44.08	32.10
Muthoot Capital Serv	146.83	89.33	57.50	64.37	33.81	25.07	8.74	34.86
JMC Projects (India)	4263.20	2676.40	1586.80	59.29	83.50	53.80	29.70	55.20
Ugar Sugar Works	1664.24	1050.72	613.52	58.39	-107.51	-240.45	132.94	-
Elgi Rubber Co.	317.99	203.36	114.63	56.37	36.62	21.38	15.24	71.28
BEML	7924.70	5092.70	2832.00	55.61	153.00	147.40	5.60	3.80
Indusind Bank	13238.60	8540.80	4697.80	55.00	1930.90	1331.50	599.40	45.02

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.)
Aarvee Denims & Exp.	201103	12	234.60	10	58.77	84.68	18.44	4949.49	30.76	16.65	334.39	45.56	5	24.30
Alok Inds	201103	12	7877.80	10	29.95	39.32	13.91	63884.40	48.06	27.49	4043.70	66.78	2.5	11.72
Amarjothi Spg. Mills	201103	12	67.50	10	55.05	64.27	24.97	1237.74	25.55	31.11	123.85	164.30	20	36.22
Ambika Cotton Mills	201103	12	58.75	10	44.09	298.59	27.67	3231.10	44.97	30.73	431.30	132.76	50	114.64
Arvind	201103	12	2544.00	10	43.42	58.64	9.50	26637.50	14.97	16.92	1348.00	159.23	-	9.86
Bannari Amman Spg	201103	12	157.54	10	55.55	131.85	20.41	5488.51	54.47	23.14	554.95	268.59	20	52.49
Banswara Syntex	201103	12	147.41	10	53.53	108.49	33.59	8084.54	28.13	17.79	454.79	83.44	50	53.88
Birla Cotsyn (India)	201103	12	2612.26	1	20.21	1.06	3.98	5402.89	56.08	9.87	108.01	43.12	-	0.07
Bom. Rayon Fashion	201103	12	1279.00	10	34.15	201.65	9.87	22548.36	39.64	25.03	2266.99	28.87	15	27.00
Cheviot Company	201103	12	45.11	10	75.00	446.48	15.16	3086.15	75.21	13.96	288.37	75.73	120	72.75
Donear Inds	201103	12	104.00	2	74.92	12.17	5.63	3112.84	27.65	14.29	35.50	-119.51	25	6.68
Filatex India	201103	12	171.41	10	50.28	61.02	17.82	4873.30	21.77	8.75	190.10	10.59	10	16.46
Ganesha Ecosphere	201103	12	136.70	10	50.00	39.57	34.91	2914.96	46.32	12.46	180.15	100.10	12	19.69
Garware-Wall Ropes	201103	12	237.08	10	46.57	98.97	10.82	5036.68	11.02	10.91	244.33	26.07	25	16.57
Indo Rama Synth	201103	12	1518.20	10	64.03	35.36	28.21	28260.30	10.88	14.77	1394.10	1855.26	20	19.06
JBF Industries	201103	12	716.50	10	41.87	129.01	15.56	35628.60	32.25	9.54	1314.20	1.88	80	28.57
Jindal Worldwide	201103	12	200.52	10	56.19	37.04	10.19	3668.52	26.15	9.85	132.67	81.12	10	9.03
Kewal Kiran Clothing	201103	12	123.25	10	74.06	160.45	24.79	2366.20	34.40	32.56	462.30	42.20	165	42.16
Kitex Garments	201103	12	47.50	1	54.83	15.50	32.03	2560.59	-4.30	20.70	206.33	11.50	40	5.79
Lakshmi Mach. Work	201103	12	112.67	10	28.34	734.00	18.94	18184.10	55.50	18.88	1659.80	58.55	300	239.73
Loyal Textile Mills	201103	12	47.04	10	73.16	235.67	32.31	9624.50	108.10	13.28	313.60	1500.00	39	169.73
Mandhana Industries	201103	12	331.24	10	62.21	106.29	24.48	8382.93	34.08	17.78	667.54	53.56	20	25.97
Mayur Uniquoters	201103	12	54.13	10	74.96	112.71	49.04	2485.56	50.88	16.44	252.72	55.86	100	51.63
Mohit Industries	201103	12	116.58	10	59.84	21.66	4.58	1467.46	37.22	8.61	35.52	112.19	9	6.31

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. Shareholders 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.

EPS Rs.	Latest Quarter					Ended	TTM		Market Data				
	Sales Rs. Mn.	Sales Var (%)	OPM (%)	NP Rs. Mn.	NP Var (%)		EPS Rs.	NP Var (%)	Price 28/10/11	H52W	L52W	PE	Mkt. Cap (Rs. Mn.)
14.25	1498.87	47.40	10.84	33.96	-57.99	201106	12.26	1.20	35.80	93.15	26.50	2.92	839.86
5.13	16448.90	49.68	27.53	577.70	24.21	201106	4.93	33.77	21.00	35.00	15.60	4.26	16543.38
18.35	285.92	-5.71	29.39	14.43	-41.79	201109	16.71	42.57	53.30	76.65	46.65	3.19	359.78
73.41	1030.90	63.53	21.31	86.40	44.24	201106	77.92	49.15	187.70	293.85	162.00	2.41	1102.74
5.30	7653.80	17.71	18.19	524.00	85.29	201109	8.10	63.66	107.40	110.10	46.05	13.26	27322.56
35.23	1302.66	14.35	15.18	32.31	-68.46	201106	30.77	54.19	64.05	164.00	56.65	2.08	1009.06
30.82	2097.91	15.93	19.68	91.76	13.71	201106	31.57	33.94	88.00	148.70	84.05	2.79	1297.20
0.04	1517.87	31.04	9.57	10.88	-43.48	201106	0.03	31.76	0.36	0.87	0.31	10.54	940.41
16.84	6038.22	20.12	25.51	568.12	8.90	201106	17.19	17.53	289.00	294.00	181.05	16.81	36963.10
63.92	665.83	-4.76	15.20	70.53	-11.08	201106	61.97	21.16	332.50	500.00	260.10	5.37	1500.01
0.68	801.35	29.55	13.22	7.85	-51.63	201106	0.52	451.16	21.25	45.85	19.10	40.76	1105.00
11.09	1193.80	11.12	8.52	48.10	11.34	201106	11.38	13.33	40.60	56.75	28.25	3.57	695.94
13.18	845.91	77.96	12.46	49.85	75.84	201106	14.75	47.63	60.60	79.50	50.00	4.11	828.40
10.31	1416.25	18.12	10.33	58.40	6.12	201106	10.45	19.04	53.95	91.10	51.30	5.16	1279.07
9.18	6254.40	5.53	17.41	514.40	-510.53	201106	13.40	110.16	32.60	81.00	30.15	2.43	4949.33
18.33	9203.50	8.24	5.99	99.90	-68.43	201106	15.31	0.57	124.25	226.35	117.00	8.11	8902.51
6.62	1124.57	49.88	9.35	46.00	13.41	201106	6.89	46.19	109.35	364.50	89.00	15.88	2192.69
37.51	1007.80	38.49	29.07	183.60	22.32	201109	43.29	27.61	789.90	875.00	430.10	18.25	9735.55
4.34	807.68	70.18	20.63	69.77	295.07	201106	5.44	47.46	46.20	63.80	33.05	8.49	2194.50
147.32	5111.48	47.91	16.72	411.43	36.72	201106	157.13	30.21	1933.80	2920.00	1808.80	12.31	21787.17
65.11	3082.10	78.44	9.27	15.50	-52.16	201106	61.60	68.72	200.30	368.00	153.00	3.25	942.19
20.15	2050.39	42.56	18.81	155.01	21.53	201106	20.98	32.49	224.95	320.10	166.00	10.72	7451.22
46.69	761.95	40.59	15.97	74.46	23.40	201109	50.87	28.64	365.00	467.00	227.00	7.18	1975.82
3.05	376.98	13.21	9.72	129.16	1091.51	201106	13.20	87.84	27.30	38.00	17.00	2.07	318.25

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

Company Name	Year End	Price (Rs.) (30/09)	Yield (%)	EPS (Rs.)	FV	PE	TTM				52-Wk High (Rs.)	52-Wk Low (Rs.)
							Year End	NP Rs. ml	EPS (Rs.)	PE		
Patni Computer Systems Ltd.	201012	344.50	19.16	49.84	2	6.91	201109	5469.80	40.78	8.45	509.50	250.00
HCL Infosystems Ltd.	201106	64.15	12.47	7.95	2	8.07	201106	1772.30	7.95	8.07	124.00	59.75
Shipping Corpn. Of India Ltd.	201103	72.85	7.55	12.18	10	5.98	201106	3616.60	7.76	9.38	188.00	68.15
Polyplex Corporation Ltd.	201103	188.05	6.91	53.20	10	3.41	201106	1876.60	58.67	3.21	509.98	163.35
JBF Industries Ltd.	201103	124.25	6.44	18.34	10	6.77	201106	1097.70	15.27	8.14	226.35	117.00
DB Realty Ltd.	201103	70.65	0.00	10.51	10	6.72	201106	2609.76	10.73	6.59	439.20	47.50
Spicejet Ltd.	201103	23.55	0.00	2.50	10	9.44	201106	-260.28	-0.59	0.00	97.45	19.30
3I Infotech Ltd.	201103	25.85	5.80	6.22	10	4.39	201109	1190.10	6.20	4.17	72.15	24.30
Indian Overseas Bank	201103	97.80	5.11	17.33	10	5.64	201106	10776.84	17.42	5.62	176.35	86.30
Tulip Telecom Ltd.	201103	149.30	1.07	21.35	2	6.99	201106	3247.90	22.40	6.67	187.90	132.00
HEG Ltd.	201103	207.00	4.83	30.08	10	6.88	201106	1220.70	30.42	6.81	309.60	176.40
Corporation Bank	201103	414.65	4.82	95.41	10	4.35	201106	14309.39	96.60	4.29	814.85	400.05
Graphite India Ltd.	201103	73.45	4.77	8.82	2	8.33	201106	1748.00	8.95	8.21	108.90	67.35
Bajaj Holdings & Invest.Ltd	201103	743.35	4.71	89.65	10	8.29	201109	7679.00	69.00	10.77	952.00	680.00
Andhra Bank	201103	117.95	4.66	22.64	10	5.21	201106	13323.77	23.81	4.95	184.50	112.45
SRF Ltd.	201103	300.90	4.65	79.90	10	3.77	201106	5114.70	86.11	3.49	444.30	270.05
Geodesic Ltd.	201103	60.25	4.56	26.03	2	2.31	201106	2383.20	26.44	2.28	142.75	47.00
Vijaya Bank Ltd	201103	55.85	4.48	11.08	10	6.15	201106	4225.60	8.94	6.25	115.35	51.55
Electrosteel Castings Ltd.	201103	28.10	4.45	4.73	1	5.94	201106	1524.54	4.67	6.02	44.25	26.00
Balmer Lawrie & Company Ltd.	201103	585.90	4.44	74.35	10	7.88	201106	1341.80	82.39	7.11	769.90	499.05
Rolta India Ltd.	201006	79.20	4.42	22.36	10	3.54	201106	4953.70	30.71	2.58	188.50	69.65
Uflex Ltd.	201103	171.15	4.38	39.07	10	4.38	201106	2820.00	39.05	4.38	317.00	118.30
UCO Bank	201103	71.00	4.23	14.45	10	4.91	201106	9388.60	14.96	4.75	152.35	60.90
Allahabad Bank	201103	144.70	4.15	29.88	10	4.84	201106	14941.06	31.37	4.61	270.90	139.05
Subex Ltd	201103	42.80	0.00	10.32	10	4.15	201106	617.28	8.91	4.81	94.90	40.10
State Bank Of Bikaner & Jaipur	201103	398.85	4.11	110.18	10	3.62	201109	5604.30	80.06	4.98	672.96	366.00
Rural Electrification Corpn Ltd	201103	184.55	4.06	26.03	10	7.09	201106	26445.20	26.78	6.89	383.00	155.00
Peninsula Land Ltd.	201103	41.90	4.06	8.80	2	4.76	201109	1956.70	4.94	8.48	70.00	40.00
Bank Of Maharashtra	201103	50.05	4.00	6.86	10	8.02	201109	3821.20	7.93	6.31	81.90	44.60
Jai Balaji Inds. Ltd.	201103	92.90	0.43	11.59	10	8.01	201106	706.02	11.07	8.39	329.00	87.00
Ashok Leyland Ltd.	201103	26.90	3.72	4.75	1	5.67	201106	5949.08	2.24	12.03	40.95	22.50
Indian Bank	201103	205.25	3.65	39.88	10	5.27	201106	17528.56	40.79	5.03	309.00	185.15

Company Name	Year End	Price (28/10) Rs.	EPS	FV	PE
Religare Enterprises Ltd	201103	440.10	0.37	10	1204.07
MMTC Ltd.	201103	670.55	1.22	1	551.26
KGN Industries Ltd.	201003	20.15	0.05	1	439.00
Sunteck Realty Ltd.	201103	364.75	0.98	2	370.57
ABB Ltd.	201012	714.80	2.98	2	239.56
Indiabulls Power Ltd.	201103	11.42	0.05	10	239.05
Jet Airways (India) Ltd.	201103	251.35	1.12	10	223.94
Adani Enterprises Ltd.	201103	479.90	2.45	1	196.13
Indiabulls Real Estate Ltd.	201003	74.05	0.56	2	190.77
GMR Infrastructure Ltd.	201103	27.75	0.15	1	183.41
Punj Lloyd Ltd.	201103	58.40	0.37	2	156.61
Den Networks Ltd.	201103	79.60	0.53	10	149.26
Bajaj Finserv Ltd	201103	541.35	13.02	5	41.59
KSK Energy Ventures Ltd.	201103	104.45	0.90	10	131.90
Essar Ports Ltd.	201103	66.95	0.51	10	131.72
JM Financial Ltd.	201103	16.60	0.13	1	123.92
United Breweries Ltd.	201003	419.20	4.04	1	112.35
Reliance Power Ltd	201103	94.40	0.98	10	96.45
Prraneta Industries Ltd.	201003	4.88	0.05	1	92.62
Hindustan Copper Ltd.	201103	222.65	2.42	5	91.92
Bombay Dyeing & Manufacturing Co Ltd.	201103	435.20	5.22	10	82.16
EIH Ltd.	201103	91.45	1.13	2	80.99
Kwality Dairy (India) Ltd.	201103	179.05	2.26	1	79.19
Gillette India Ltd.	201106	2091.90	26.44	10	79.12
Jubilant FoodWorks Ltd.	201103	841.40	11.16	10	75.41
Aptech Ltd.	201103	118.80	1.62	10	73.46
MVL Ltd.	201012	25.55	0.35	1	72.05
Tata Teleservices (Maharashtra) Ltd.	201103	17.75	0.26	10	67.49
Asahi India Glass Ltd.	201103	62.00	0.95	1	65.44
IRB Infrastructure Developers Ltd	201103	169.20	2.71	10	62.37
Eicher Motors Ltd.	201012	1656.45	28.00	10	59.15
Pantaloon Retail (India) Ltd	201106	191.05	3.63	2	52.68
Trent Ltd.	201103	1100.20	21.46	10	51.29
Nestle India Ltd.	201012	4248.05	84.91	10	50.03
Jaiprakash Power Ventures Ltd	201103	39.00	0.79	10	49.50
Emami Ltd.	201103	409.30	8.29	1	49.39
3M India Ltd.	201103	4272.15	87.71	10	48.71
EID-Parry (India) Ltd.	201103	222.50	4.58	1	48.62

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

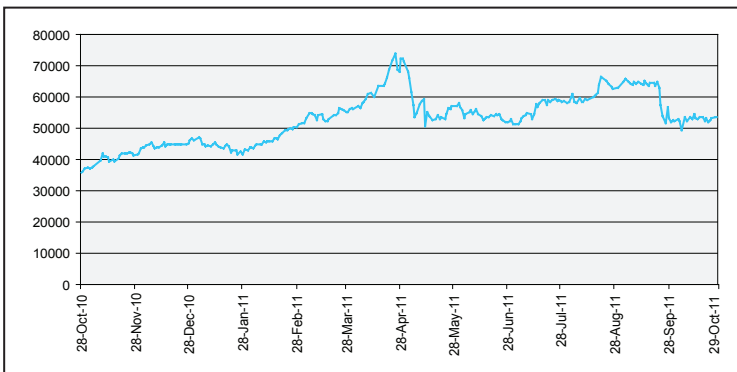
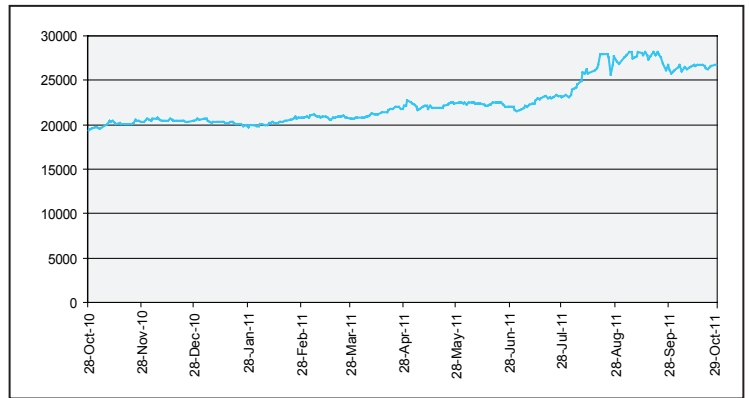
Company Name	Year End	Price (28/10) Rs.	EPS	FV	PE
Piramal Healthcare Ltd.	201103	359.50	768.13	2	0.47
Jindal Poly Films Ltd.	201103	232.80	128.72	10	1.81
KS Oils Ltd.	201003	10.04	5.49	1	1.83
ICSA (India) Ltd.	201103	55.90	26.31	2	2.12
Geodesic Ltd.	201103	60.25	26.03	2	2.31
Prakash Industries Ltd.	201103	46.10	19.86	10	2.32
Bharati Shipyard Ltd.	201103	95.00	37.43	10	2.54
Vardhman Textiles Ltd.	201103	205.45	73.79	10	2.78
Punjab & Sind Bank	201103	73.75	23.59	10	3.21
IFCI Ltd.	201103	32.40	9.55	10	3.39
Polyplex Corporation Ltd.	201103	188.05	53.20	10	3.41
GTL Ltd.	201106	50.70	14.76	10	3.43
Rolta India Ltd.	201006	79.20	22.36	10	3.54
Shree Ganesh Jewellery House Ltd.	201103	154.95	43.48	10	3.56
State Bank Of Bikaner & Jaipur	201103	398.85	110.18	10	3.62
Central Bank Of India	201103	104.55	30.99	10	3.71
SRF Ltd.	201103	300.90	79.90	10	3.77
Onmobile Global Ltd	201103	59.40	15.54	10	3.82
Alok Industries Ltd.	201103	21.00	5.13	10	4.09
State Bank Of Travancore	201103	600.50	145.55	10	4.13
Dena Bank	201103	76.10	18.35	10	4.15
Subex Ltd	201103	42.80	10.32	10	4.15
Corporation Bank	201103	414.65	95.41	10	4.35
ARSS Infrastructure Projects Ltd.	201103	330.05	75.57	10	4.37
Uflex Ltd.	201103	171.15	39.07	10	4.38
3I Infotech Ltd.	201103	25.85	6.22	10	4.39
Panacea Biotec Ltd.	201103	97.10	22.03	1	4.41
Nava Bharat Ventures Ltd.	201103	176.60	39.90	2	4.41
Great Offshore Ltd.	201103	123.15	27.32	10	4.51
Jyoti Structures Ltd.	201103	61.15	13.51	2	4.53
Housing Development & Infrastructure Ltd.	201103	99.50	21.60	10	4.61
Tamil Nadu Newsprint & Papers Ltd.	201103	101.85	21.53	10	4.73
Peninsula Land Ltd.	201103	41.90	8.80	2	4.76
Allahabad Bank	201103	144.70	29.88	10	4.84
UCO Bank	201103	71.00	14.45	10	4.91
Gujarat State Fertilizers & Chemicals Ltd.	201103	469.40	93.89	10	4.99
Canara Bank	201103	460.85	90.88	10	5.07
Orbit Corporation Ltd.	201103	34.45	6.62	10	5.20

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

FV Latest Face values of equity Shares (Rs)

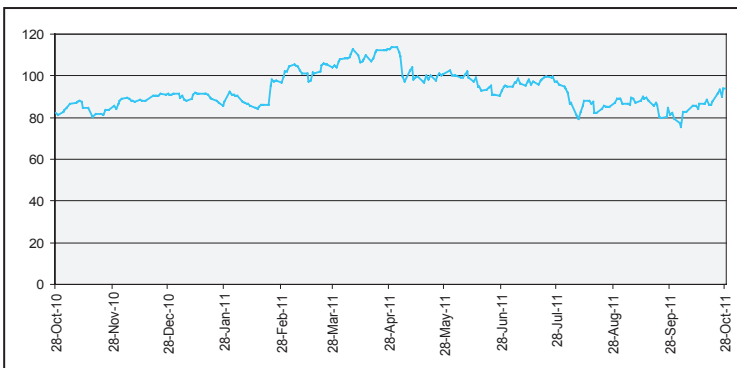
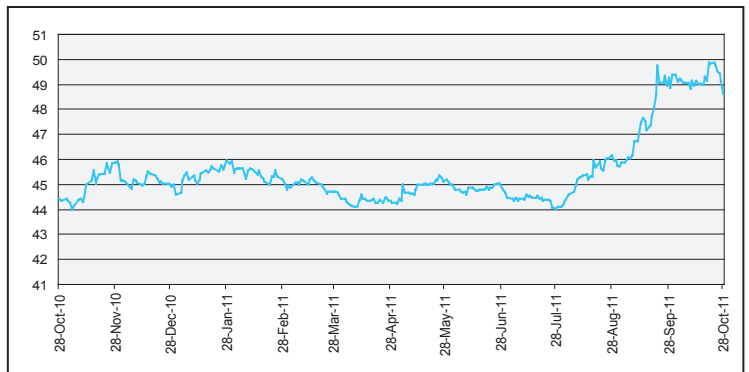
PE Market Price / Trailing Twelve Months Earning Per Shares

Date	Price Rs.
29-Oct-11	27500.00
28-Sep-11	26275.00
29-Aug-11	27113.35
28-Jul-11	23153.35
28-Jun-11	22062.55
27-May-11	22436.25
28-Apr-11	22145.00
28-Mar-11	20706.00
28-Feb-11	20800.00
28-Jan-11	19658.00
28-Dec-10	20500.00
29-Nov-10	20331.75
28-Oct-10	19300.00



Date	Price Rs.
29-Oct-11	57360.00
28-Sep-11	53118.60
29-Aug-11	63050.00
28-Jul-11	58800.00
28-Jun-11	51800.00
30-May-11	57200.00
28-Apr-11	72400.00
28-Mar-11	55150.00
28-Feb-11	50300.00
28-Jan-11	41700.00
28-Dec-10	45050.00
29-Nov-10	41491.00
28-Oct-10	35828.10

Date	Price Rs
28-Oct-11	48.64
28-Sep-11	49.27
28-Aug-11	46.16
28-Jul-11	44.04
28-Jun-11	44.97
29-May-11	45.18
28-Apr-11	44.36
28-Mar-11	44.72
28-Feb-11	45.20
28-Jan-11	45.96
28-Dec-10	44.98
28-Nov-10	45.86
28-Oct-10	44.45



Date	Price \$
28-Oct-11	93.32
28-Sep-11	81.21
29-Aug-11	87.27
28-Jul-11	97.44
28-Jun-11	92.89
27-May-11	100.59
28-Apr-11	112.86
28-Mar-11	103.98
28-Feb-11	96.97
28-Jan-11	87.65
28-Dec-10	91.49
29-Nov-10	85.73
28-Oct-10	82.18

IDFC Premier Equity-A (G)

IDFC Premier Equity-A (Growth) is IDFC Asset Management Company managed open-ended Equity - Mid-cap scheme.

The fund was launched on Sep-28, 2005 and its fund manager is Kenneth Andrade.

The benchmark index of the fund is BSE-500 and the custodian of the fund is Deutsche Bank A.G.

The current net asset value (NAV) of the fund as on October 28, 2011 was Rs 32.98; while the 52 week high NAV was Rs 36.80 on November 10, 2010 and the 52 week low NAV for the scheme was Rs 28.35 on February 10, 2011.

The minimum investment to the fund is Rs 25000 and additional investments can be made in multiples of Rs 1.

The investment objective of the scheme is to generate long-term capital growth from an actively managed portfolio of predominantly equity and equity related instruments.

The top five holdings of the fund are:

Company	Page Inds.	Asian Paints	Coromandel Int.	GSPL	Glaxosmithkline
% Holding	5.20	5.15	4.48	4.20	4.20

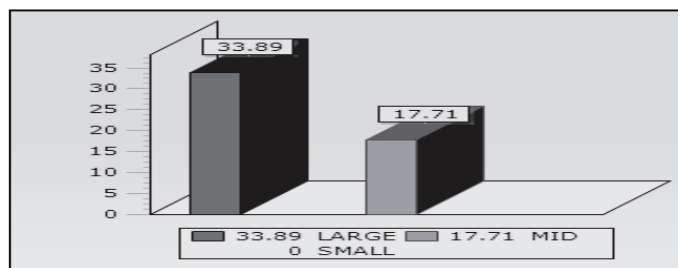
As far as market capitalization-wise companies are concerned, the scheme's portfolio consists of 33.89% from Large-cap and 17.71% from Mid Cap stocks.

The fund has given a return of 21.67% since inception and a negative return of -7.12% in last one year, while the category average in the same period has been 12.86% and -16.48 % respectively.

Outlook

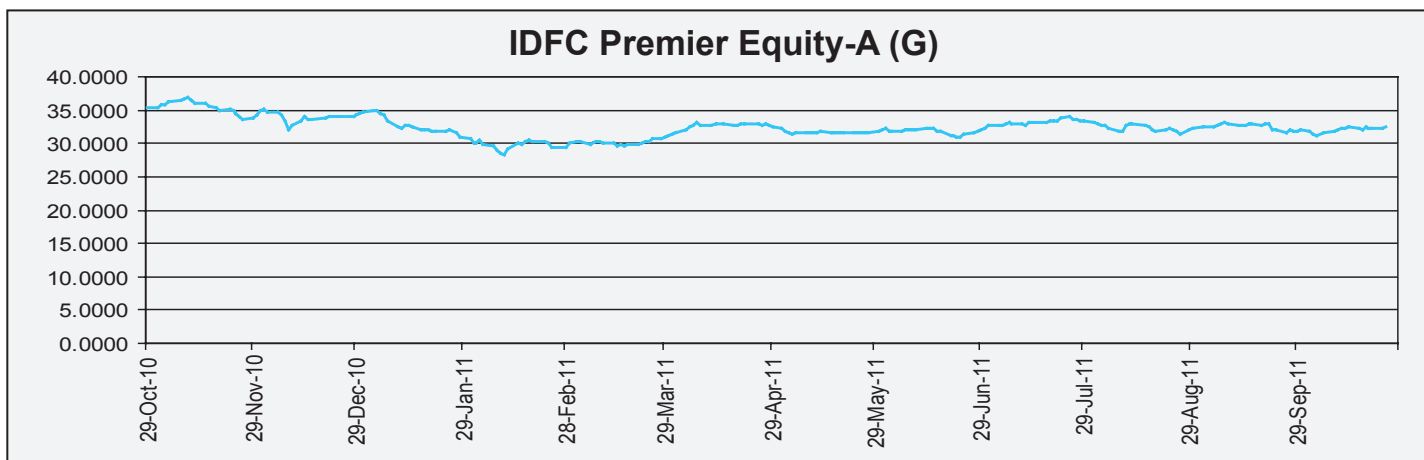
IDFC Premier Equity-A (Growth) is IDFC AMC's open-ended Equity-Mid-cap scheme being managed by Kenneth Andrade. The Scheme seek to generate long-

Fund allocation



Market cap-wise Allocation Style	
Average Mkt Cap (Rs Cr)	11555.57
Market Capitalization	% of Portfolio
Large	33.89
Mid	17.71
Small	--
Note: Large-Cap = 5000 Crs. and above, Mid-Cap = 2000 Crs. to 5000 Crs. and Small-Cap = less than 2000 Crs.	

term capital growth from an actively managed portfolio of predominantly equity and equity related instruments. The Scheme portfolio acquires, inter alia, small and medium size businesses with good long term potential, which are available at cheap valuations. Such securities are identified through disciplined fundamental research keeping in view medium to long-term trends in the business environment. The fund's philosophy revolves around building a portfolio of emerging businesses that are scalable and form an integral part of the Indian economy. The portfolio allocation continuously seeks to capitalise on emerging themes and trends. During periods when the fund manager perceives market valuations to be dangerously stretched, lump-sum subscriptions are stopped and only investments made via systematic investment plans (SIPs) are accepted. This prevents short-term money flowing into the fund and reduces the pressure of investing at market peaks. Over all it is one of the top performing fund in its category and is likely to show consistent performance in the future too.



Last one year NAV Graph

Duration	1 Week %	1 Mth %	3 Mth %	6 Mth %	1 Year %	3 Year %	5 Year %	Since Inc. %
Scheme Return %	2.34	3.56	-1.47	1.01	-7.12	40.15	23.01	21.67
Category Avg %	2.20	1.80	-7.69	-7.12	-16.48	32.32	7.16	12.86

Returns As on October 28th, 2011

Fund	AUM Rs.Crore Sept 2011	NAV Rs 28/10/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Equity - Diversified										
Birla SL India Opportunities(G)	40.95	46.27	3.56	-14.55	-19.67	0.85	-0.93	21.27	9.63	2-Mar-95
DSPBR Opp-Reg(G)	696.82	80.76	4.03	-7.89	-14.21	7.80	9.32	29.22	20.00	16-May-00
Fidelity Equity(G)	3387.30	34.38	5.35	-5.24	-9.07	11.83	12.49	0.00	21.08	16-May-05
HDFC Equity(G)	9432.92	255.95	3.79	-11.27	-14.87	10.22	12.91	31.54	21.24	1-Jan-95
HDFC Growth(G)	1269.24	83.93	5.66	-5.94	-9.60	11.58	13.25	28.77	21.05	11-Sep-00
DSPBR India T.I.G.E.R-Reg(G)	1904.84	40.55	2.90	-11.63	-22.96	-0.69	6.40	0.00	20.88	11-Jun-04
ICICI Pru Dynamic(G)	4130.18	101.94	5.91	-7.59	-6.91	10.73	11.55	0.00	29.44	31-Oct-02
Kotak Opportunities(G)	861.60	43.08	4.91	-7.47	-16.20	5.21	10.41	0.00	22.71	9-Sep-04
Reliance Equity Oppor-Ret(G)	3192.90	34.95	4.63	-4.34	-9.32	18.18	12.13	0.00	20.94	31-Mar-05
Reliance Reg Savings-Equity(G)	3122.68	27.59	4.13	-11.88	-19.54	5.49	13.58	0.00	17.23	10-Jun-05
SBI Magnum Multicap(G)	439.95	15.79	5.20	-11.98	-19.81	-1.12	1.37	0.00	7.75	16-Sep-05
Equity- ELSS										
Birla SL Tax Relief '96(G)	1417.29	10.13	3.90	-10.51	-20.55	1.36	0.00	0.00	0.69	10-Mar-08
DSPBR Tax Saver(G)	770.22	15.49	3.68	-10.13	-17.45	5.71	0.00	0.00	9.59	18-Jan-07
Franklin India Taxshield(G)	803.51	210.01	5.35	-1.99	-3.18	13.81	11.51	0.00	27.43	10-Apr-99
HDFC TaxSaver(G)	3032.10	216.21	3.25	-8.91	-14.00	10.01	9.00	30.28	30.11	31-Mar-96
ICICI Pru Tax Plan(G)	1259.35	134.99	5.97	-7.08	-10.48	12.01	8.16	29.85	23.78	19-Aug-99
Reliance Tax Saver (ELSS)(G)	2026.56	19.77	1.52	-8.47	-14.53	10.57	7.92	0.00	11.82	22-Sep-05
SBI Magnum TaxGain'93(G)	4923.06	56.64	4.25	-7.51	-13.58	3.91	0.00	0.00	5.21	7-May-07
Sundaram Tax Saver(G)	1406.67	40.72	5.16	-6.88	-16.38	1.60	10.09	0.00	18.94	2-May-05
Large-cap										
Birla SL Frontline Equity(G)	2884.73	83.38	5.91	-7.55	-11.15	6.87	12.15	0.00	26.24	23-Sep-02
Birla SL Dividend Yield Plus(G)	994.09	82.96	2.78	-4.81	-11.67	13.28	14.68	0.00	27.62	26-Feb-03
DSPBR Equity-Reg(G)	2588.82	15.61	3.40	-7.90	-13.87	8.55	0.00	0.00	10.67	7-Jun-07
DSPBR Top 100 Equity-Reg(G)	3015.49	96.65	5.66	-6.06	-8.40	6.90	13.00	0.00	30.02	10-Mar-03
HDFC Top 200(G)	10692.11	198.17	5.18	-8.66	-12.10	8.58	13.61	31.53	21.78	3-Sep-96
Kotak 50(G)	844.41	98.32	5.06	-5.45	-10.61	5.25	9.04	0.00	27.24	5-Feb-03
Reliance Vision-Ret(G)	2527.02	249.17	4.34	-9.21	-16.48	4.77	8.11	33.94	22.16	8-Oct-95
SBI Magnum Equity(G)	455.59	42.00	6.03	-5.08	-9.29	8.15	0.00	0.00	9.13	24-Nov-06
Mid-cap										
Birla SL Midcap(G)	1512.95	100.61	2.36	-7.93	-18.89	3.24	10.58	0.00	29.10	16-Oct-02
Franklin India Prima(G)	772.50	257.12	2.21	-6.53	-16.05	8.05	6.18	0.00	19.87	01-Dec-93
ICICI Pru Discovery(G)	1760.97	44.94	4.32	-10.78	-12.87	11.84	10.88	0.00	23.20	16-Aug-04
Kotak Midcap(G)	301.64	23.66	1.85	-7.33	-19.21	10.04	5.39	0.00	13.77	24-Feb-05
Reliance Growth-Ret(G)	6275.61	426.93	4.16	-9.57	-19.36	5.75	11.44	37.48	26.04	08-Oct-95
Sundaram S.M.I.L.E Fund(G)	531.45	28.84	2.55	-10.89	-23.26	-0.57	10.24	0.00	17.12	15-Feb-05
Sundaram Select Midcap(G)	2209.64	143.44	0.99	-6.00	-16.26	9.45	10.69	0.00	33.23	19-Jul-02
Equity Pharma										
Reliance Pharma(G)	603.21	55.48	2.40	-0.70	-0.93	24.45	22.98	0.00	26.09	08-Jun-04

Returns As on October 28th, 2011

Fund	AUM Rs.Crore Sept 2011	NAV Rs 28/10/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Finance Sector										
ICICI Pru Banking & Fin Serv-Ret(G)	140.39	16.43	3.59	-14.11	-18.66	9.03	0.00	0.00	16.88	22-Aug-08
Reliance Banking(G)	1707.46	91.29	2.57	-16.27	-23.12	12.31	20.31	0.00	30.02	28-May-03
Sundaram-Select Thematic Funds- Fin Serv Oppor(G)	242.73	17.45	2.89	-16.55	-24.50	7.61	0.00	0.00	17.88	10-Jun-08

Commodities- Gold										
Kotak GOLD ETF	771.70	2658.54	4.50	23.84	41.39	30.26	0.00	0.00	29.65	27-Jul-07
Reliance Gold ETF	1921.89	2588.89	4.50	23.87	41.54	30.31	0.00	0.00	26.51	22-Nov-07
DSPBR World Gold-Reg(G)	1076.68	19.84	4.77	3.08	12.88	18.26	0.00	0.00	18.08	14-Sep-07

Fund	AUM Rs.Crore Sept 2011	NAV Rs 28/10/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	3 Years	5 Years		
Balance -Equity Oriented										
Birla SL '95(G)	449.28	303.71	2.93	-4.37	-5.90	9.39	29.92	12.42	22.67	17-Feb-95
HDFC Balanced(G)	421.59	56.10	2.01	-1.00	-1.91	16.38	32.53	12.30	16.75	11-Sep-00
HDFC Prudence(G)	6356.17	207.67	2.07	-4.61	-6.69	13.63	34.35	14.18	18.64	1-Feb-94

Balance -Debt Oriented										
ICICI Pru Child Care Plan-Gift Plan	166.44	53.71	3.21	-6.38	-15.72	9.81	27.81	7.33	17.98	31-Aug-01
Reliance Reg Savings-Balanced(G)	750.32	21.13	3.30	-6.26	-12.67	8.83	31.37	13.32	12.42	10-Jun-05
HDFC Children's Gift - Investment	296.38	43.55	1.66	-0.23	2.14	20.02	32.86	12.18	14.80	2-Mar-01

Fund	AUM Rs.Crore Sept 2011	NAV Rs 30/09/11	Absolute %			CAGR %			Since Launch	Launch Date
			1 Month	3 Months	6 Months	1 Years	3 Years	5 Years		
Liquid Funds										
Birla SL Cash Plus-Ret(G)	15635.76	271.61	0.69	2.09	4.22	8.10	5.89	6.81	7.20	16-Jun-97
HDFC Cash Mgmt-Savings(G)	3423.30	21.54	0.72	2.21	4.41	8.51	6.57	7.31	6.60	3-Jan-00
Reliance Liquid-Cash(G)	3916.84	16.71	0.72	2.22	4.45	8.58	5.10	5.64	5.33	7-Dec-01
Reliance Liquid-Treasury-Ret(G)	2774.32	24.58	0.70	2.14	4.28	8.21	6.35	7.00	6.83	23-Mar-98
SBI Magnum InstaCash-Cash(G)	2427.29	22.86	0.72	2.18	4.35	8.41	6.32	7.01	6.87	19-May-99
Templeton India CMA(G)	445.89	17.28	0.57	1.67	3.25	6.41	4.55	5.45	5.34	23-Apr-01
UTI Money Market(G)	1551.26	2857.10	0.70	2.11	4.19	8.06	6.28	7.00	7.50	23-Apr-97

Monthly Income Plans										
Birla SL MIP II-Savings 5(G)	459.98	18.34	0.87	1.77	3.98	6.91	8.96	9.99	8.50	22-May-04
Birla SL Monthly Income(G)	614.20	37.68	0.61	0.58	2.31	4.33	13.23	8.74	11.46	10-Aug-99
HDFC MIP-LTP(G)	9135.62	23.31	0.73	-0.68	0.34	1.92	17.31	10.09	11.39	26-Dec-03
ICICI Pru MIP 25(G)	750.64	19.96	1.66	0.21	1.91	3.29	15.19	7.40	9.54	30-Mar-04
Reliance MIP(G)	6466.44	21.94	0.20	-0.51	0.33	1.61	15.26	10.21	10.57	13-Jan-04
SBI Magnum MIP(G)	332.31	20.40	0.13	0.01	0.80	1.26	6.80	4.35	6.96	23-Mar-01
UTI MIS(G)	608.76	20.33	1.06	0.86	2.25	4.04	11.57	8.31	8.16	11-Oct-02

STT - Introduction and Rationale

In the history of over one hundred and thirty five years, Indian Capital Market have gone through phenomenal changes in the trading and settlement system over a period of time i.e. moving away from the outcry trading system to the state-of-the-art online trading system and moving away from the physical settlement to settlement of transactions in demat form, resulting in high levels of automation in the Capital Markets. Further, the securities regulator SEBI introduction of the Know Your Client (KYC) norms, allotting of Unique Client Code by Brokers to each client, improved the Risk Management and Surveillance System at Exchanges and also mandated the inspection of the various market intermediaries at regular intervals. All this has helped bring in the much required transparency and thus aided in building the investor's confidence in the Indian Capital Market.

Since the empowerment of the Securities and Exchange Board of India (SEBI) through an Act of Parliament in 1992, SEBI has come up with a number of initiatives aimed at regulating and developing the Indian securities market and improving its safety and efficiency. These initiatives have made an impact on nearly every aspect of the market. One of those initiatives is the Securities Transaction Tax which was introduced by SEBI to circumvent the tax avoidance of capital gains tax. The government can only tax those profits, which have been declared by people. A lot of people simply didn't declare their profits and avoid paying any capital gains tax. To circumvent this situation, the then Finance Minister P. Chidambaram introduced the Securities Transaction Tax. This tax is payable whether you buy or sell a share and gets added to the price during the transaction itself.

Previously, there was a different way (and a different rate of tax as well) of computing tax on profit incurred on account of sale of shares, debentures, bonds, mutual funds units and other securities. Levying of tax was also subject to the period of holding. The Finance Minister in the Finance Bill presented by him in the Union Budget 2004-05 brought significant amendments in the policy for taxation on financial securities with effect from the assessment year 2005-06 as part of strategy to rationalize the tax structure for the capital market. Securities Transaction Tax is an efficient way of computing tax on profit incurred from the sale of securities, as it virtually nullifies the scope of

tax avoidance. Securities Transaction Tax is applicable at different rates on the value of the taxable securities transaction. Taxable securities transaction, payable by both the buyer and the seller, refers to any transaction of securities entered into in a recognized Stock Exchange in India.

The client is required to pay the applicable STT on his transactions in scrip (i.e. delivery or non-delivery) to the Government. The Exchanges are authorized to collect the same from the Broker who in turn collects it from their clients. The STT rate for delivery trades is 10-12 times higher than intraday trades. The average transaction cost for equity shares for retail investors is higher than that for institutional investors on account of higher brokerage. An equity transaction cost for retail investors include Brokerage Commission, Service Tax (ST), Securities Transaction Tax (STT), SEBI turnover charges, Transaction Charges (inclusive of Service tax) and Stamp duty. To add to this, there are demat related charges and the capital gain tax for short-term transactions.

Buzz of STT cut:

There has been a recent buzz that the Indian Finance Ministry is mulling over the idea of reducing or even abolishing the securities transaction tax (STT) on transactions in equities and currency derivatives. This should provide some relief to stock market investors who are facing negative cues of late, as they will not have to pay the tax on a share transaction whether they have made any profit or not. The ministry is considering a cut in the securities transaction tax (STT) as well as a reduction in stamp duty on futures and options and currency derivatives.

The government is also contemplating the idea of reducing stamp duty, and making the rate uniform. Stamp duty is currently levied by state governments and the rate is different from one state to the next. Because of the higher rate in the large cities such as Mumbai and Delhi, many brokers have moved operations elsewhere. Though the departments of revenue and economic affairs are debating the size of stamp duty cuts in the cash segment, it is likely that the ministry may cut stamp duty on forwards and options trading in equities to 0.003% and that on foreign exchange derivatives trading to 0.0001%.

High STT a matter of concern:

Securities transaction tax has anyway come down

considerably since its introduction at the rate of 0.15 percent. Currently, the rates range from 0.025 per cent to 0.125 per cent depending on different market segments such as cash dealings, intra-day trade and derivatives markets. The rates of this levy were rationalized to some extent in 2008, but it continues to be very high in case of delivery based transactions in equity and upon exercise of options. Now, why is a tax rate of 0.125 percent considered high; are not the other tax rates higher, whether in India or abroad?

Compared to most tax rates, 0.125 percent might seem low; however, because the tax base is gross transaction value, rather than net income from a trade, 12.5 basis points in practice is very high. Clearly, to address India's still (relatively) high trading costs, it is necessary to review the tax regime (governing the securities transactions), particularly the STT. The STT regime in India needs to be reviewed because the revenue received by the Government from this source has been negligible-in the range of 0.1-0.2 percent of GDP. Predictably, the STT revenue rises or falls with financial market activity; in 2007, for example, when the market had boomed, the STT revenue peaked at 0.19 percent of GDP. Even so, it is unlikely that it can ever generate much higher revenue as percent of GDP. It is useful to note that France, Germany, Japan and Italy, which eliminated their stock market transaction taxes in the last two decades, collected at most 0.2 percent of their GDP. However, given the ever increasing integration of the world financial markets, it is possible that relatively high STTs could drive out financial activity to other countries. Also, a hike in STT rates discourages trading volumes in any given country.

While this is true of other components of trading costs as well, but the focus remains on STT, because it has been seen that it is primarily the STT which puts upward pressure on total trading costs. Besides, traders are particularly sensitive to statutory levies other than trading cost components, such as brokerage, exchange transaction fee and DP charges, where choices are available. It is for this reason that high STTs can and do affect trading volumes; lower trading volumes in turn reduce liquidity and slow price discovery.

Opposition to STT:

The STT has faced opposition for all these years, SEBI and the stock exchanges and various market entities,

have been demanding a review of the STT regime by the government. Even a high-powered expert panel on potential of Mumbai as an international finance centre had suggested scrapping of the STT levy, saying it was a dampener for the international investors' interest in Indian markets.

Moreover, the panel -- which comprised eminent persons like former SEBI Chairman C B Bhavé, former SBI Chairman O P Bhatt, K V Kamath, Ravi Narain, Nimesh Kampani and P J Nayak - had also suggested withdrawal of stamp duty levied on the value of instruments used in various market transactions. There have been proposals in the past to remove the levy, including in the forthcoming Direct Taxes Code, but the government was reluctant until the recent favorable developments.

Increasing Transaction Costs:

Since 2004, the cost of transaction imposed by the government has been steadily increasing. It started with the Securities Transaction Tax (STT) levied by the Central Government, which was given rebate under Section 88-E. The rates of STT were steadily increased over the years. In 2008, the rebate was removed, and STT was treated as an additional expense. Not only did this make business unviable for a large number of traders (which has resulted in a large number of them slowly exiting the business, thereby also contributing to a drop in volumes), but it also complicated problems even more when the Income Tax department, in a bid to increase its collections, made random disallowances and unjustified claims.

Conclusion

Government should consider reducing the STT over a period of time to bring down the cost, thus lessening the burden on the end clients. However, any possible cut in STT may take time as it would come only in the next Budget. Also, stamp duty is a state subject. Any decision on changing STT or stamp duty will have to be taken by the Federal government and will then have to be accepted by the state governments as well. Whilst it is understandable that this matter falls under the Ministry of Finance to act on however, as the regulator of the Capital Markets, SEBI must take the onus upon itself to push the matter with the Ministry. Though an immediate impact is unlikely, the reduction in STT is likely to augur in favor of market participants in the long run, especially for investors who are trading in derivatives.

Draft National Telecom policy 2011

India has registered phenomenal growth in the mobile sector which is evident from the fact that, the number of subscribers swelled to over 850 million as of September, 2011, and over 90% of villages have mobile coverage. This tally makes India's telephone network the second largest in the world. Over time a series of economic reforms introduced in the country and an enabling policy and regulatory framework have made the telecom sector, the fastest growing sector of the Indian economy. Telecommunications have been playing an ever increasing role in the socio-economic development of countries as the Radio communication is a most important pillar in the modern era with more and more dependence on mobility, convergence and information. The Radio communications are changing the way how people live and the way societies organize themselves, thanks to mobile telephony, mobile internet access, satellite television and satellite Radio navigation, which are able to connect virtually everybody in the World, to provide instant access to information and to deliver a wealth of new important applications.

With a view to take the country's telecommunications sector to next level and give a level playing field to all service providers, the Department of Telecommunications (DoT) has come up with an ambitious new draft of the National Telecom Policy 2011. Kapil Sibal, the Union Minister of Communications released the new draft telecom policy, which vows to revamp the sector and would strive to achieve cent percent rural tele-density by 2020.

National Telecom Policy (NTP) 2011 is designed to ensure that India plays this role effectively and transforms the socio-economic scenario through accelerated, equitable and inclusive economic growth by laying special emphasis on providing affordable and quality telecommunication services in rural and remote areas. The thrust of this policy is to highlight the imperative that sustained adoption of technology would offer viable options in overcoming developmental challenges in education, health, employment generation, financial inclusion and various other areas. NTP-2011 is an initiative to create conducive policy framework to address these issues and to touch lives of all citizens and transform India. By formulating a clear policy regime, NTP-2011 endeavors to create an investor friendly environment for attracting additional investments in the sector apart from generating manifold employment opportunities in various segments of the sector. In achieving the goal of National Telecom Policy 2011 revenue generation will play a secondary role.

One Nation-One Licence Policy:

The draft advocates for one nation-one licence policy for the country, which implies removal of roaming charges and also achieve full mobile number portability. NTP 2011 makes one key recommendation that could revolutionize the digital space from a content and services perspective, without directly making any specific content references. It's not about spectrum and network sharing, or mergers and acquisition, but a key change in the licensing regime. This is good news for the consumer because every time a subscriber moves out of his home circle he will not have to pay roaming charges.

The Draft NTP-2011 suggests the creation of technology neutral unified licenses policy, that is envisaged in two separate categories - the Network Service Operator / Communication Network Service Operator (CNSO), which is licensed to maintain converged networks for delivering various types of services e.g. Voice, Data, Video, broadcast, IPTV, VAS etc., very importantly, in a non-exclusive and non-discriminatory manner. The second would be a Service Delivery Operator (SDO) / Communication Service Delivery Operator (CSDO). The Service Delivery Operator (SDO) would be licensed to deliver any/ all services e.g. tele-services (voice, data, video), internet/broadband, broadcast services, IPTV, Value Added Service and content delivery services etc.

The proposed guidelines are looking to provide a uniform license fee. This move will remove current circle-wise licensing fee rules, which currently hold at about 6-10% of the mobile operator's revenue, depending on the circle they operate. If implemented, the uniform licensing fee will not only lower the financial burden of operators but will also help them achieve efficiencies in the long run. Companies will not have to apply for separate licences in every circle/service area and users will not have to pay roaming charges. A single licence will do across all the 22 service areas in the country.

Broadband on Demand:

NTP-2011 has the vision "Broadband on Demand" and envisages leveraging telecom infrastructure to enable all citizens and businesses, both in rural and urban landscape, to participate in the Internet and web economy thereby ensuring equitable and inclusive development across the nation. After taking the reach of telephones to every nook and corner of the country, the government is now mulling on a similar achievement for broadband services, setting a target of 600 million high-speed internet connections

by 2020. The policy has called for providing affordable, reliable, across-the-country, round-the-clock and high-speed internet connectivity to the users by 2015. The draft NTP-2011 aims to achieve 175 million broadband connections by 2017, and 600 million by 2020, at a minimum of 2mbps download speeds, and high speeds of 100 Mbps available on demand.

The policy intends to provide high speed and high quality broadband access to all village panchayats through optical fibre by the year 2014 and progressively to all villages and habitations. In addition, the policy suggests engagement with ministries such as Surface Transport, Ministry of Urban Development, Ministry of Power, Ministry of Rural Development, Ministry of Railways, State Governments and local bodies for facilitating development of guidelines for provision of common service ducts for orderly growth of Telecom Infrastructure. Furthermore, the policy wants the encouragement of Fibre to The Home (FTTH) by independent Infrastructure Providers (IPs) with enabling guidelines and policies, favoring fast transformation of cities and towns into Always Connected society. It has also suggested the creation of an institutional framework to co-ordinate with different government departments for laying of Optical Fibre Cable networks.

The communications minister Kapil Sibal even went to the extent of equating the broadband connectivity to basic necessities like health and education and proposed to work towards a 'Right to Broadband' for every citizen. Experts were of the belief that the move will certainly bode well in favor of customers and rural economy as such and likely help bridge urban-rural divide and absolutely must for GDP growth as there is direct co-relation between GDP and broadband growth.

Spectrum Management:

Government of India in its draft NTP 2011 has indicated that spectrum could be considered for delicensing for certain technical parameters which shall not cause interference to existing usages in the band. In this connection, use of white spaces in the broadcasting bands are being considered for delicensing of the same for limited technical parameters. Spectrum audit and spectrum pooling, and sharing are also being considered for optimal and efficient use of spectrum. The NTP 2011 draft also indicates enabling of Spectrum Act which will provide more teeth to Spectrum Management Authority to deal with re-farming and withdrawal of allotted spectrum, cancellation and revocation of spectrum licenses.

The draft NTP 2011 has proposed to link spectrum allocation to a market-based mechanism, including auction. One of the objectives for the policy is to delink spectrum in respect of all future licences. Spectrum shall be made available at price through market-related processes. To make best use of spectrum in line with technological advancement, an appropriate regulatory framework will be established for progressive liberalization of spectrum utilization. While market based mechanism gives more transparency to the process, this could increase the cost of spectrum which will in turn increase customer servicing costs.

Promotion of Domestic manufacturing:

Under the new NTP draft policy, domestic manufacturing sector is required to meet 80 percent of Indian telecom sector demand with a value addition of 65 percent by the year 2020. One has to see how it will translate into reality as this would be a gigantic task for the government and needs to be tackled at all levels to have value addition of 65 percent by the year 2020. Plans are to also create a corpus fund for promoting indigenous R&D, intellectual property right (IPR), and entrepreneurship. The policy does not specify the quantum of fund to promote local manufacturing and entrepreneurship which is an important ingredient and will act as a catalyst to promote indigenous manufacturing.

A concerted effort to boost manufacturing activity is now exigent as robust economic growth in the country is leading to an extraordinarily high demand for electronic products in general and telecom products in particular. NTP-2011 provides a roadmap for India to become a leader in cutting edge, state of the art technologies through R&D and creation and incorporation of Indian IPRs in global standards.

Other key areas the draft policy deals with are the convergence of networks, services and technologies across voice, video, data as well as broadcasting; the promotion of local manufacturing, and the creation of a corporation to fund telecom projects. Overall, the thrust of this policy is to underscore the imperative that sustained adoption of technology would offer viable options in overcoming developmental challenges in education, health, employment generation, financial inclusion and much else. The National Telecom Policy-2011 envisions providing the people of India, secure, reliable, affordable and high quality converged telecommunication services anytime, anywhere.

Coffee exports decline by 4% in September

India's coffee exports have declined by 4 per cent in September this year due to low stocks and the weak global economic situation. According to Coffee Board data the country exported 24,041 tonnes of coffee in the month against 25,128 tonnes in the year-ago period.

In the first nine months of the current calendar year, shipments of the brew rose 30 percent to 2.92 lakh tonnes from 2.24 lakh tonnes in the same period last year. India largely exports coffee to Italy, Germany, Russia, Belgium and Spain. For the coffee crop year 2010-11 (October-September), India's coffee exports grew by 41 per cent to touch 358,278 tonnes. This is an all-time high export year for the Indian coffee sector, which exported 253,715 tonnes during the previous crop year. Considering that the domestic market consumes around 70,000 tonnes next year, exporters will be left with around 20,000 tonnes.

The All-India Coffee Exporters' Association President, Ramesh Raja said that "Coffee exports could have been lower in September, but since the DEPB export scheme was ending last month, exporters cleared their stocks, thus limiting the decline." The only silver lining is the weak rupee against the US dollar, which increases the value of dollar exports in rupee terms, he said.

Outlook for overseas shipments during October to December period is on the negative side due to low domestic stocks and the weak global economic scenario with production in Brazil and Vietnam expected to be high, prices in the global market may decline further. For the year 2011, the Brazilian coffee output is likely to be higher by about 20 per cent to reach around 57 million bags (each bag is 60 kg). While, the crop in Vietnam is expected to be higher by 10 per cent to touch around 20 million bags compared to the 2010 levels.

Iron ore exports in August declines by 43.4%

According to the Federation of Indian Mineral Industries (FIMI), iron ore exports in August from India fell 43.4% on year to 2.65 million tonnes, due to heavy monsoon that dented shipments and no exports from a key state even after lifting of ban. Apart from this high export tax and rising freight rates were also reflected on shipments. Earlier in February, India raised the export tax on iron ore fines to 20% from 5% to conserve the natural resource for local consumption.

Exports in the first five months of the current financial year to August fell 24.38% to 28.02 million tonnes. Exports from Vishakhapatnam port in state of Andhra Pradesh rose 934,000 tonnes in August from 855,000 tonnes a

year ago, while those from West Bengal's Haldia rose to 422,000 tonnes from 404,000 tonnes. On the other hand, exports from Orissa's Paradip port fell 0.54 million tonnes from 1.268 million tonnes, while those from Goa fell 389,000 tonnes from 681,000 tonnes.

The state of Karnataka, which accounted for a quarter of shipments before the ban was imposed, registered zero exports on delayed efforts by the government to re-start shipments despite a Supreme Court (SC) order in April. Earlier, the SC had barred mining activities in Tumkur, Bellary and Chitradurga districts of Karnataka, on the back of illegal mining. The apex court has now allowed state-run NMDC to mine up to 1 million tonnes per month from its mines in Bellary district.

Government to decide for more sugar export after Diwali

The government has indicated that it will take a decision on allowing sugar exports in the 2011-12 marketing year in the first week of November after assessing global prices and reconciling local production estimates. The Food Minister, K.V. Thomas said that 'I will take a decision on sugar exports in the first week of November after evaluating our production estimates, the international and domestic price situation.' National Federation of Cooperative Sugar Factories (NFCFSF), the Cooperative sugar industry body had been demanding that the government should allow 4 million tonnes (mt) of export in 2011-12 to help mills dispose of surplus production and to put a curb on falling domestic sugar prices.

So far in the 2010-11 marketing year (October-September), the government had allowed exports of 2.6 million tonnes of sugar. The ministry will decide after festival of Diwali for how much sugar to be exported. Though, the sugar exports will be allowed in phases and the quantity of shipments will be decided after reconciling this year's production estimates.

The sugar industry has estimated production of 26-26.5 mt of sugar this year. While, last month, the food ministry had pegged sugar output at 24.6 mt for the year, up from 24.3 mt in 2010-11. The Ministry's estimates are, however, lower than the Agriculture Ministry's estimate of 25 mt of sugar production and the production forecast for sugar in 2011-12 will be reconciled and finalized after food ministers meeting with the agriculture minister. There is a difference of 4 lakh tonne between the estimates of food and agriculture ministries.

Natural rubber consumption fell by 8% in September

Country's natural rubber consumption has fallen by 8 per

cent in September 2011, while production rose by 3 per cent on year on year basis. The total consumption for the month stood at 74,000 tonnes as compared to 80,500 tonnes in September 2010, whereas the production was reported at 80,200 tonnes compared to 77,500 tonnes in the same period

As per the Rubber Board data, rubber production in the first half of the current fiscal rose 4.3 per cent to 3,91,400 tonnes from 3,75,250 tonnes in the same period of the previous fiscal, while consumption rose about 2 per cent to 4,76,215 tonnes in April-September 2011-12 fiscal from 4,69,050 tonnes in the year-ago period.

Natural rubber imports fell 73 per cent to 9,099 tonnes last month from 33,477 tonnes in the year-ago period. Imports fell to 88,760 tonnes from 1,18,535 tonnes, while exports jumped to 16,503 tonnes from 4,558 tonnes. The board expects imports of natural rubber to total 1.2 lakh tonnes and exports of 50,000 tonnes in 2011-12. The closing stock of rubber in 2011-12 is projected at 2,79,477 tonnes.

According to the Rubber Board, domestic production in 2011-12 is estimated at 9,02,000 tonnes, while consumption has been projected at 9,77,000 tonnes

Value of spice export rises despite a fall in volume

The foreign exchange realization has cheered up the spice exporters, as though there has been a decline in the volume of spices exports from the country during the first five month of the fiscal (April-August), the value realization in rupee terms has registered a smart increase. The volume of spices exports declined by 23 per cent to 1,95,500 tonnes compared to 2,55,100 tonnes during the first five months of the last fiscal, while the value increased by 26 per cent to Rs 3,365 crore compared to Rs 2,676 crore in the same period last fiscal. The foreign exchange realization was up by 29 per cent to \$751.52 million compared to \$581.15 million in the same period last year.

The export growth was mainly driven by pepper, cardamom (small), cardamom (large), ginger, turmeric, nutmeg and mace, tamarind and asafoetida and value added products such as curry powder and paste which increased both in volume and value. While others such as spice oils, oleoresins and mint products registered increases only in value terms. On the same time some of the other spices registered a decline in volume and value both.

The volume and value of pepper exports grew to 8,750 tonnes, realizing Rs 234 crore. The earnings from export of small cardamom rose by more than four-fold to Rs 129.94 crore in the first five months of the current fiscal from Rs 27.99 crore in the same period of the previous

fiscal. Export value of large cardamom rose by more than three-fold to Rs 19.07 crore in April-August 2011 against Rs 5.19 crore in the year-ago period. Similarly, export value of ginger more than doubled to Rs 82.02 crore compared to Rs 31.19 crore in the review period. Spice oils and oleoresins registered a growth of 38 per cent in value to Rs 519 crore while mint and mint product exports grew by 58 per cent to Rs 746 crore.

The volume of exports in the first five months of the current financial year declined mainly due to fall in demand of garlic, fennel and coriander. Shipments of coriander fell by 47 per cent to 12,750 tonnes in April-August 2011 compared to 23,850 tonnes in the same period of previous year, while fennel exports declined by 47 per cent to 2,750 tonnes against 5,225 tonnes in the same period. Export value of garlic, declined by 90 per cent to Rs 5.37 crore in April-August 2011 against Rs 56.20 crore in the same period of the previous year. Also, Chilli exports have seen a drastic fall this year, last year, major export demand for the spice came in from China.

World rice production to touch record high this year

The Food and Agriculture Organisation (FAO) of the United Nations has estimated that the world rice production may touch a record 480.5 million tonnes (mt) this year on the back of higher output in Asia, the US and Russian Federation. The international organization has said that the outlook for global rice production in 2011 has improved over the past two months hence its latest forecast has been raised by 1.6 mt to 480.5 mt (milled rice basis), up by 3 per cent from 2010, at a new record.

In its latest crop prospects report for October the FAO said that the improved output reflects better crop prospects in China, Egypt, Argentina, Cambodia, Mozambique, the Russian Federation and the United States. However, the output is expected to decline in the Republic of Korea, Madagascar and Pakistan. FAO has forecast that production in Asia will increase on the back of favourable growing conditions and attractive prices in all major rice producing countries, particularly Bangladesh, China, India and Indonesia.

The global body expects production in Asia, including India, to rise. India has projected a record 87.1 mt of rice production in the 2011 kharif season (June-October) as compared to output of 80.65 mt last season, as monsoon rains were widespread and the acreage under paddy sowing has gone up. Rice output last season stood at 80.65 Mt. Indian states of the south and the east are very strong rice cultivation areas.

LIC's Pension Plus

LIC's Pension Plus is a unit linked deferred pension plan, which provides a minimum guarantee on the gross premiums paid. The plan does not provide any life cover. In case of death of the policy holder, the nominee gets the fund value either in a lump sum or as an annuity. This can be decided by the nominee. One has a choice of investing his premiums in one of the two types of investment funds available. Premiums paid after deduction of allocation charge will purchase units of the Fund type chosen. The Unit Fund is subject to various charges and value of units may increase or decrease, depending on the Net Asset Value (NAV).

Plan highlights

- Minimum Entry Age - 18 years (last birthday)
- Maximum Entry Age - 75 years (nearest birthday)
- Minimum Vesting Age - 40 years (completed)
- Maximum Vesting Age - 85 years (nearest birthday)
- Minimum Deferment Term - 10 years
- Sum Assured - NIL
- Minimum Premium -
 - Regular premium (other than monthly (ECS) mode): Rs. [15,000] p.a.
 - Regular premium (for monthly (ECS) mode): Rs. [1,500] p.m.
 - Single premium: Rs. [30,000]
- Maximum Premium -
 - Regular premium: Rs. [1,00,000] p.a.
 - Single premium: No Limit

Charges under the Plan:

A) Premium Allocation Charge: This is the percentage of the premium deducted towards charges from the premium received. The balance constitutes that part of the premium which is utilized to purchase (Investment) units for the policy. The allocation charges are as below:

- For Single premium policies: 3.3%
- For Regular premium policies:

Premium Allocation Charge

Premium	Allocation Charge
First Year	6.75%
2nd to 5th Year	4.50%
thereafter	2.50%

Allocation charge for Top-up: 1.25%

B) Other Charges: The following charges shall be deducted during the term of the policy:

Policy Administration charge: Rs. 30/- per month during the first policy year and Rs 30/- per month escalating at 3% p.a. thereafter, throughout the term of the policy shall be levied.

Fund Management Charge - It is a charge levied as a percentage of the value of units at following rates:

0.70% p.a. of Unit Fund for "Debt" Fund

0.80% p.a. of Unit Fund for "Mixed" Fund

Fund Management Charge shall be appropriated while computing NAV.

Switching Charge - This is the charge levied on switching of monies from one fund to another. Within a given policy year 2 switches will be allowed free of charge. Subsequent switches in that year shall be subject to a switching charge of Rs. 100 per switch.

Bid/Offer Spread - Nil.

Discontinuance Charge - The discontinuance charge for regular premium policies is as under:

Where the policy is discontinued during the policy year	Discontinuance charges for the policies having an annualized premium up to Rs. 25,000/-	Discontinuance charges for the policies having an annualized premium above Rs. 25,000/-
1	Lower of 10% * (AP or FV) subject to a maximum of Rs. 2500/-	Lower of 6% * (AP or FV) subject to maximum of Rs. 6000/-
2	Lower of 7% * (AP or FV) subject to a maximum of Rs. 1750/-	Lower of 4% * (AP or FV) subject to maximum of Rs. 5000/-
3	Lower of 5% * (AP or FV) subject to a maximum of Rs. 1250/-	Lower of 3% * (AP or FV) subject to maximum of Rs. 4000/-
4	Lower of 3% * (AP or FV) subject to a maximum of Rs. 750/-	Lower of 2% * (AP or FV) subject to maximum of Rs. 2000/-
5 and onwards	NIL	NIL

Other Features:

i) **Guaranteed Maturity Proceeds:** If all due premiums are paid till maturity, a guaranteed interest shall accrue on the gross premium, including Top-up premiums if any, at the end of each financial year. The guaranteed interest rate shall be 50 basis points above the average of the reverse repo rate prevailing as on the last working day of June, September, December and March of the preceding year. However, the guaranteed interest rate shall be subject to a maximum of 6% and a minimum of 3%. This guaranteed interest rate is not applicable to a discontinued policy.

ii) **Guarantee of interest rate on Discontinued Policy Fund:** A guaranteed minimum interest rate of 3.5% p.a. shall be credited to the Discontinued Policy Fund constituted by the fund value of all discontinued policies.

iii) **Top-up (Additional Premium) :** You can pay additional premium in multiples of Rs.1,000 without any limit at anytime during the term of policy. Top-up shall not be allowed during the last 5 years of the contract. In case of yearly, half-yearly, quarterly or monthly (ECS) mode of premium payment such Top-up can be paid only if all premiums have been paid under the policy.

iv) **Switching:** You can switch between the two fund types during the policy term subject to switching charges, if any.

v) **Partial Withdrawal:** No partial withdrawal of units will be allowed under this plan.

vi) **Revival:** If due premium is not paid within the days of grace, a notice shall be sent to you within a period of fifteen days from the date of expiry of grace period to exercise the option for revival within a period of thirty days of receipt of such notice. If you exercise the option to revive the policy, then the arrears of premium without interest shall be required to be paid.

The Corporation reserves the right to accept the revival at its own terms or decline the revival of a policy.

Irrespective of what is stated above, if the Policyholder's Fund Value is not sufficient to recover the charges during the notice period, the policy shall terminate and thereafter revival will not be allowed.

vii) **Conversion to annuity:** The benefit amount, payable in case of surrender or on discontinuance of

premium or on vesting, shall compulsorily be utilized to provide an annuity subject to the following conditions:

1. You will have an option to commute upto a maximum of one third of the

a) Higher of Policyholder's Fund Value and Guaranteed Maturity Proceeds, in the event of vesting, or

b) Proceeds of the discontinued policy, if policy is discontinued or surrendered within 5 years from the date of commencement of policy, or

c) Policyholder's Fund Value, if policy is discontinued or surrendered after 5 years from the date of commencement of policy, whichever is applicable.

Income Tax Benefit

Life Insurance premiums paid up to Rs 1,00,000 are allowed as a deduction from the taxable income each year under section 80C

The maturity amount you receive from this plan are exempt from tax under section 10(10D)

Method of calculation of Monetary amount and Proceeds of the Discontinued Policy:

The conversion to monetary amount shall be as under:

The NAV on the date of application for surrender or as on the date of discontinuance of the policy (in case of complete withdrawal of the policy), as the case may be, multiplied by the number of units in the Policyholder's Fund Value as on that date will be the monetary amount.

The Proceeds of the Discontinued Policy shall be calculated as under:

The monetary amount calculated as above shall be transferred to the Discontinued Policy Fund. This Fund will earn a minimum interest rate of 3.5% p.a. from the date of discontinuance of the policy to the date of completion of 5 years from the commencement of the policy. In case of death of the life assured, the interest shall accrue from the date of discontinuance of the policy to the date of booking of liability. The Proceeds of the discontinued policy shall be the monetary amount plus the interest accrued on the Discontinued Policy Fund.