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Dear friends,

The month of September bought cheers back to the markets, an unexpected rally that led the indices to their high of more than two and half year high. The rally was mainly a foreign liquidity prompted rally. Foreign funds have poured in \$5.3 billion in Indian shares this month, the low interest rate in the developed nations has led the investors to explore the opportunities in emerging markets like India. But the flip side of that development is that Indian institutions don't seem much convinced with the markets and while the FII's have continued their relentless buying in the markets the domestic institutions were on the contrary were selling, stating the valuation too be stretched. Indeed lots of shares have got overvalued with the continuous rally as the markets surged by more than 11 percent in passing month only. But the rise has mainly come in the heavyweights and the common feeling is of value picking. The markets may see some correction in coming days but that should not be the reason to stay away from the markets as the fundamentals of the country is strong and the correction might be so soon and before that the markets may touch it's all time high.

During the passing week the apex bank of the country came up with its first mid-quarter policy review, hiked its repo rate by 25 basis points and reverse repo rate by 50 basis points. RBI sounded more hawkish than what the markets were expecting. It was the fifth hike in policy rates by the RBI, but it still said that its task of normalising the monetary policy stance is not yet complete, which means there could probably be another rate hike in forthcoming quarterly or following mid-quarter review. The main concern of the RBI and the central government has been the easing the food price inflationary pressure, which continues to remain above 15 percent mark and has even aggravated further, the banking regulator possibly further rate hikes going forward, unless the inflation comes down significantly.

Recently, Union minister of textiles Dayanidhi Maran has accepted most of the demands put forth by Powerloom weavers and textile processors industry experts under the revised Technology Upgradation Fund Scheme (TUFS). Demand of providing 25 per cent direct capital subsidy to the weaving sector and other independent preparatory units has been accepted, while proposal of providing five per cent interest subsidy and 10 per cent capital subsidy on the modern machines installed in the processing sector. All these measures are likely to give the industry the much needed support after the recession.

Jayesh R. Dedhia
 (Director)
 Magnum Group

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Introduction

The textile industry is one of the most important sectors of Indian economy contributing more than 4% to the country's gross domestic product (GDP) and 14% to the overall industrial production. Most segments of the textile industry are labour intensive and the sector as a whole employs over 40 million people, the second largest number after agriculture. Nearly 40% of the textile items produced in the country is exported and the sector is a major foreign exchange earner accounting for over 12% of India's total exports. It has also been attracting increasing amounts of foreign direct investments (FDI) in recent years and still has a vast untapped potential in this regard.

In the broader global context, India contributes 20% to world spindle capacity, the second highest after China. It contributes 6% to the world's rotor capacity and 62% to the world loomage. Though India's share in high-tech shuttleless looms is only 4.1%, this is now expected to rise in wake of increase in FDI being received by the sector. India produces 12% to the world's textile fibres and yarns and is the largest producer of Jute, second largest producer of silk and cellulose fibre, third largest producer of cotton and fifth largest producer of synthetic fibres.

Key strengths of the Indian textile industry are large and low-cost labour force, sizable supply of fabric, sufficiency in raw material and spinning capacities. Due to these factors, India has been able to grow its textile exports rapidly in the last decade. Going forward, the country is likely to become a major outsourcing hub for foreign manufacturers and retailers, with composite mills and large integrated firms being their preferred partners.

Current Scenario

India's textile industry is currently in the recovery mode after

facing two consecutive difficult years in 2008 and 2009. The industry saw strong growth in five years preceding the FY09. However, it was hit hard in first half of FY09 due to the rising commodity prices and hence increasing cost of production and then the global economic downturn resulted in sharp decline in demand in the second half.

During the crisis, the hardest hit companies were the ones with greater share of revenue from exports. While players with a greater focus on domestic demand were hit too, the improvement in Indian economy much ahead of the global scenario helped the locally focused textile companies post a reasonable recovery in second half of 2009. However, the export sector is still somewhat weak as far as textile sector is concerned and cotton textile players are facing yet again challenging year in 2010.

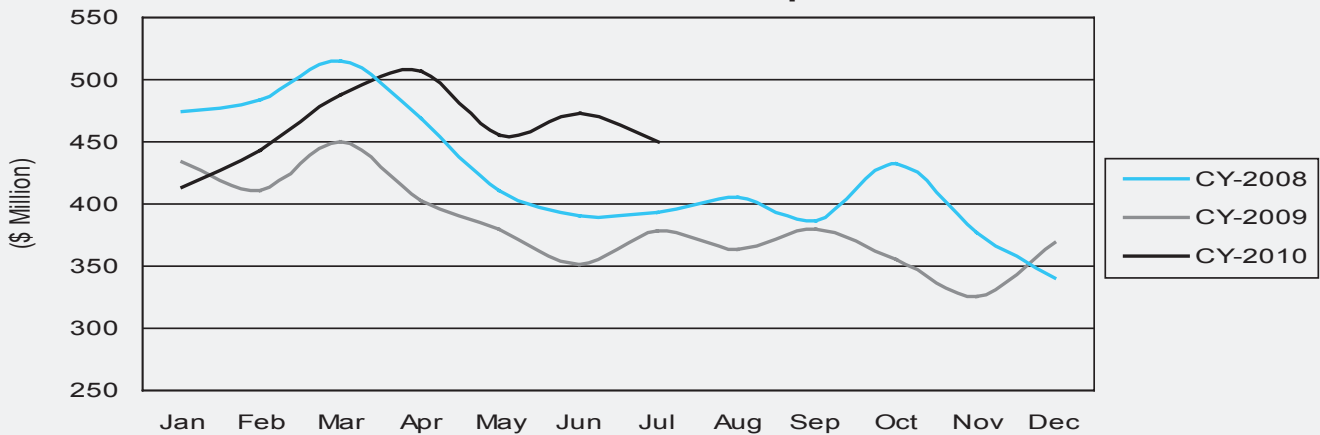
Further, even as the demand side for the industry improves, there is a different set of variables that have been impacting the recovery. Cotton and yarn prices have been rising for several months and remain substantially higher on year-on-year basis. While tight international market indicates that there is little scope for cotton prices to come down, the move by the government to delay exports by one month does cap further upside in near term. Also, the Indian rupee, despite the correction seen during last couple of month, has again started appreciating rapidly on back of rising capital inflows and may make things further difficult for exporters.

Exports recovery to be gradually only

India's overall export sector has seen good recovery over last couple of quarters, with shipments expanding by over 22% in the current fiscal so far. However, the recovery in textile exports space has been rather gradual and some of the segments continue to bleed.



Chart 2: India's Textile Exports to US



Textile exports had witnessed very strong growth in the four fiscal preceding the global economic crisis (FY05-FY08), but the growth slowed down sharply in FY09 as the industry struggled with surging commodity prices in the first half of the fiscal and global economic crisis in the second half.

The year 2009 was full of pain for textile players with domestic demand as well as exports declining. While the domestic demand started improving towards the third quarter of the year, exports remained weak. For the full fiscal 2009-10, overall textile exports registered a decline of little over 1%. However, some of the segments, particularly apparel exports, had seen much steeper cuts which have been hidden by growth in some other segments like cotton yarn.

The biggest decline that Indian textile industry has been facing came from the US, the largest textile export destination for India. Textile exports to the US declined nearly 5% during the last fiscal. The figure was higher for the first half of the fiscal at over 8%, but came down as demand from the US started improving in since last

quarter of the 2009.

In the current fiscal, exports to the US have come back into green riding on improving demand from the world's largest economy and the low base effect from the last year. Going forward, as the global economy improves further we expect textile exports to continue exhibiting positive trend.

Domestic demand remains strong

Even as the textile exports declined throughout the 2009, domestic demand recovered rather quickly. This has helped keep the production in green for most of the sub segments after a brief period in the second half of FY09. This is reflected in strong growth in cloth production. Total cloth production in the country has increased by nearly 9% during FY10 to 57,036 million square meter (msm) compared with 52,402 msm in the previous fiscal. Similarly, production of spinning yarn has increased from 667 million kg (mkg) in 2008-09 to 714 mkg in 2009-10.

The positive trend in inputs of textile industry has continued in the current fiscal as well. Cloth production has increased

Chart 3: Overall Cloth Production in India

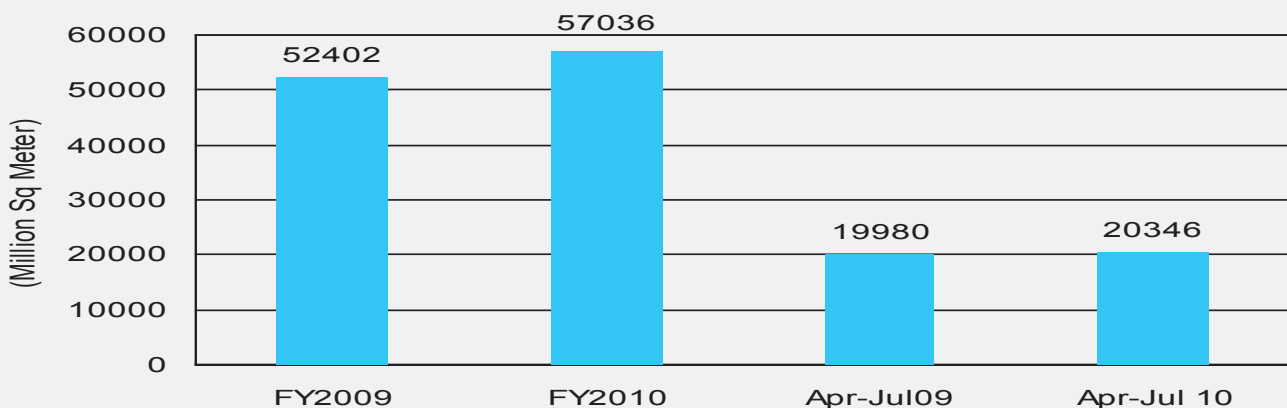
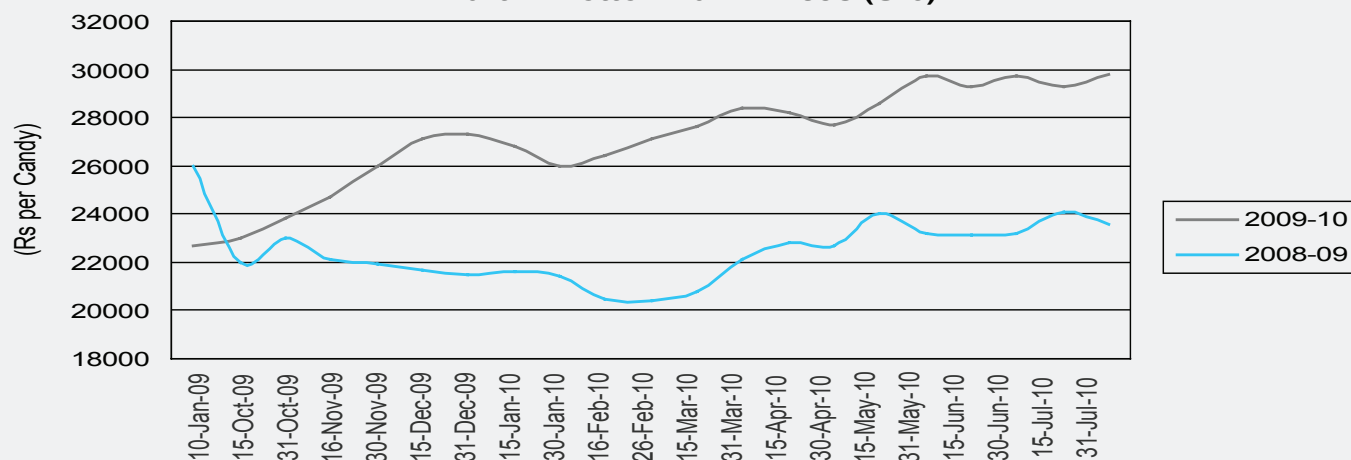


Chart 4: Cotton Yarn Prices (S-6)



by around 2% during the first four months of current fiscal to 20,346 msm from 19,980 msm in the same period a year ago. Similarly, production of the spun yarn has increased more than 6% to 1,073 mkg from 1,006 mkg over the same period.

Cotton prices continue to rise

Even though demand side for the textile producers seems to have strengthened, increasing prices of inputs, particularly of cotton and yarn has been keeping the industry in a tight corner. The Indian textile industry is heavily biased in favour of cotton compared with the global industry. As a result, rising cotton prices as global demand-supply fundamentals for the commodity remain in favour of producers have hit the margins of textile companies to some extent.

Demand-supply scenario of cotton has been shifting in producers' favour in the international market since the start of the current season (Oct-Sept in India). The

International Cotton Advisory Committee (ICAC) has estimated production in the current season at 21.96, down nearly 6% from 23.36 in the previous season, sending cotton prices to record high levels in international markets. In fact the world cotton production has fallen for three consecutive seasons to a six-year low in 2009-10 season. The continuous decline in production was driven by increasing price competitiveness of alternative crops, in particular grains and oilseeds, and increased agricultural production costs. Things however changed in the 2009-10 season. International cotton prices jumped to levels not seen in over a decade, due to a considerable tightening of cotton stocks. As a result, world cotton area is expected to rebound by 10% to 32.9 million hectares in the 2010-11 season.

Production is expected to rise in most of the key produces. In case of India, the world's second biggest producer, cotton output is likely to jump to a record 35 million bales in 2010-11, higher than earlier estimates of 32.5 million

| Year Beginning August 1 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|
| World Beginning stock | 10.48 | 8.71 | 11.89 | 12.65 | 12.91 | 12.68 | 12.73 |
| World Cotton Production | 20.96 | 27 | 25.68 | 26.79 | 26.05 | 23.42 | 22.06 |
| World Cotton Consumption | 21.74 | 23.58 | 24.99 | 26.45 | 26.39 | 23.41 | 24.37 |
| World Cotton Exports | 7.24 | 7.75 | 9.73 | 8.1 | 8.36 | 6.54 | 7.51 |
| World Ending stocks | 8.71 | 11.62 | 12.65 | 12.91 | 12.68 | 12.73 | 10.42 |

bales due to better yields. This will represent a 17% year-on-year increase in production on the low base of last year. In case of the US, the biggest exporter of the commodity, production is anticipated to jump by over 50% to 4.1 million tonne. This is the first time in five years that the US cotton production is increasing. Production in China, the largest producer and yet the largest importer, is expected to increase though only slightly, to 7.1 million tonne. Cotton production in Pakistan is also forecasted to rise by 8% to 2.2 million tonne.

Even though the cotton prices in international markets have touched decades-high prices in recent weeks, prices may correct going forward as the expected increase in production of key players materialises. However, despite increase in production, carryover stocks will not be very comfortable and therefore the correction is going to be slow unlike, for example, what happened in case of sugar in January this year.

India to allow cotton exports from November

The Indian government has decided to start export of cotton from November 1, a month after the ban on exports comes to an end. A Group of Ministers (GoM) led by Finance Minister Pranab Mukharjee, which has been looking into the issue of cotton exports, met on Sep 28 and has cleared the export of up to 5.5 million bales from November 1. The registration of export contracts will begin from October 1.

The decision is aimed at striking a compromise between the conflicting interests of cotton growers and the textile industry. The textile ministry had proposed that exports should not be allowed till the month of January. Further, it wanted an export duty of Rs 2,500 a tonne alongside the 5.5-million bales cap on total shipments. However it has been decided that the 5.5-million bale exports which have been initially permitted will not be subject to any duty. Further, the GoM will review the situation again by middle of October as by that time a much clearer idea of Indian production and global scenario will be available.

Although the delay will not help bring down prices immediately, it will ensure that cotton prices in the country do not rise much in the near term following the global rally seen in last couple of weeks. The duty free exports however will also ensure that prices do not crash excessively either.

Outlook

After facing a sharp downturn in the second half of last fiscal, the textile industry is on a recovery road now. Textile exports that have been declining through most of the last

fiscal have got some respite in last couple of quarters. While the overall level of exports in FY10 has remained in red, the monthly figures in the current fiscal are coming back into the green.

The industry has been actively trying to diversify both, the direction as well as the basket of exports. Riding on the sops provided by the government under the Market Linked Focus Product Scheme the industry has been looking to export into new relatively under tapped markets like Japan and also looking to export new products. This should help textile producers to increase export numbers going forward.

The domestic economy has seen a lot of improvement in last three quarters with growth in first quarter of current fiscal touching 8.8%. Although some moderation is likely over rest of the fiscal, average growth in FY11 is likely to remain strong at around 8.5%. Further, while rising interest rate scenario presents some challenge in terms of cost of financing, we expect strong domestic demand to help companies keep their margins stable. Pressure has been growing on the cost side though as cotton prices have been on the rise throughout the current season. However, significant supply response seen in the next season is expected to help curb prices to some extent.

A greater threat to textile exporters has been coming from appreciating rupee. The Indian currency appreciated sharply against the US dollar in first couple of months of the current fiscal. There was a significant correction in the following months too. However, over last couple of fortnights, there rupee is again rising on back of surge in foreign institutional investment in Indian equities and strong growth potential. On an annual basis, the Indian rupee has appreciated over 10% in real terms (inflation adjusted exchange rate) against the US dollar. The appreciation and high volatility is certainly not in favour of textile industry, half of the value addition for which is dependent on exports.

Overall, there are signs pointing towards a strong recovery in India's textile industry in 2010, following the dismal operating environment that the sector had to contend with for the two preceding years. The situation is more favourable to domestically-focused and synthetic textile companies given the stable demand and cost side. Cotton textile players are also likely to get some relief from the surge in yarn prices as supply increases next season. However, export oriented players, though have seen some improvement in global demand, may face some difficulties if Indian currency appreciates significantly.

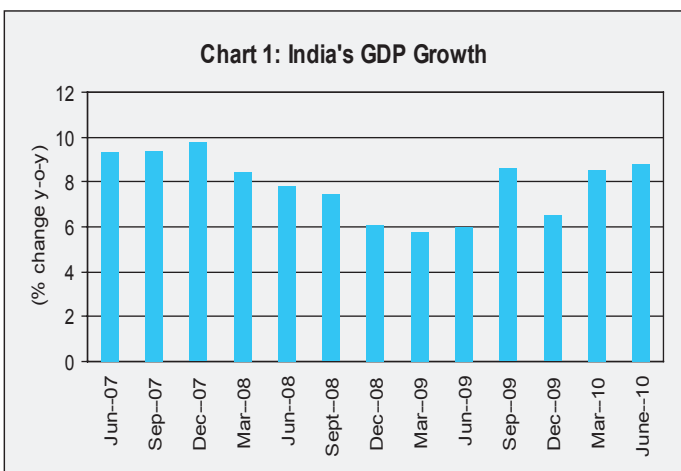
RBI continues hawkish stance as inflation remains intractable

India's inflation continues to remain intractable despite a good monsoon this year and strong outlook of the Kharif harvest. This has prompted the Reserve Bank of India (RBI) to push up the pace of monetary policy tightening. The central bank released its maiden mid-quarterly policy review on Sept 16 and continued the hawkish stance from where it had left it in the last quarterly policy review in late July. The RBI hiked the benchmark short term lending rate repo by 25 basis points (bps) to 6% while the reverse repo which serves as benchmark liquidity absorption rate was increased by 50 bps to 6%, in the latest review. So far the Indian monetary authority has hiked its policy rates five times in 2010 - the repo rate by a total of 125 bps and reverse repo rate by 175 bps. In the process, it has also shortened the benchmark corridor to 100 bps.

In what follows, we will review the macroeconomic backdrop with which RBI went into the mid-policy review, major takeaways from the policy release of the central bank and how the RBI may tackle the emerging inflation scenario going forward.

Policy Backdrop

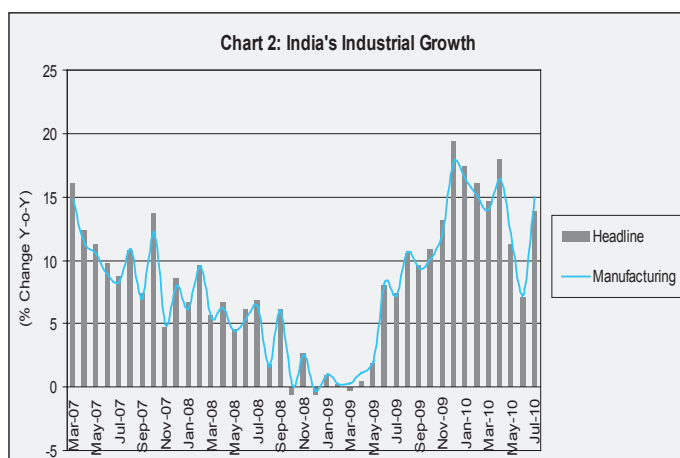
The mid-quarterly review of the RBI was set in a backdrop of strong GDP growth recorded for the June quarter, a sharp revival in industrial output and sticky inflation. Indian economy recorded an impressive 8.8% growth in the June quarter, reflecting continued movement toward the trend growth rate after facing a bump in wake of global downturn. Although some base effect was involved and demand side internals remain weaker, the central bank had enough evidence to conclude that recovery was continuing and economy was moving back towards trend growth.



Industrial production had declined sharply in the month of June and as per the revised data the figure stood at

sluggish 5.8%. However, even as the analysts were guessing that the rising base effect from last year and increasing rate scenario would keep the growth in single digits going forward, the index of industrial production (IIP) for the month of July showed a huge jump to clock 13.8% growth. The July IIP data was a huge surprise for everyone, beating the consensus estimates by a good six percentage points.

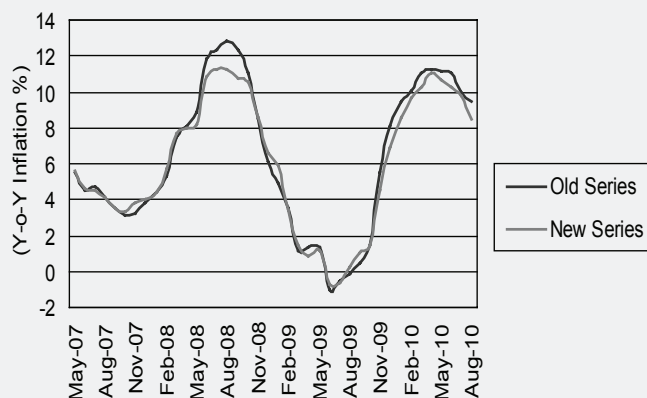
Given the high volatility in the industrial numbers, there will be some doubts as to how correctly the IIP measures the underlying industrial momentum, which has also been pointed out by the RBI itself. The data is possibly noisy, although it would be too early to say that it could be erroneous even after keeping in mind the rear statistical blunder that the central statistical office (CSO) committed in releasing the national income data for the June quarter.



Nonetheless, for now one has to believe that revised figures for July IIP would not vary much more than couple of percentage points, the higher side of the adjustment in recent history. Accepting a double digit number, on top of a 7% plus growth last year, it certainly puts the industrial growth scenario on a completely different trajectory. The RBI has to take note of this notwithstanding the quality of the data. Coupled with the strong June quarter GDP, the growth scenario can only be dubbed as robust ahead of the policy review.

Inflation on the other hand has remained a major policy challenge. It has adamantly stayed at elevated levels despite a good monsoon and strong outlook of harvest, two factors that had last year contributed heavily towards pushing the inflation trajectory. However, the headline inflation index for the country has truly become overly outdated and to better reflect the price level in the economy, the government came out with a revised and broadened index that was released just a few days before the policy review.

Chart 3: Headline Inflation



There is not much difference in the headline index when one compares the two indices. Both of these show that inflation has probably peaked, though remains at elevated levels. As per the August figures, headline number came at 8.5% for new series and 9.5% for old series, compared with around 9.9% for both of these in the previous month. Clearly, the headline inflation still around double the central bank's comfort zone.

Chart 4: Manufactured Goods

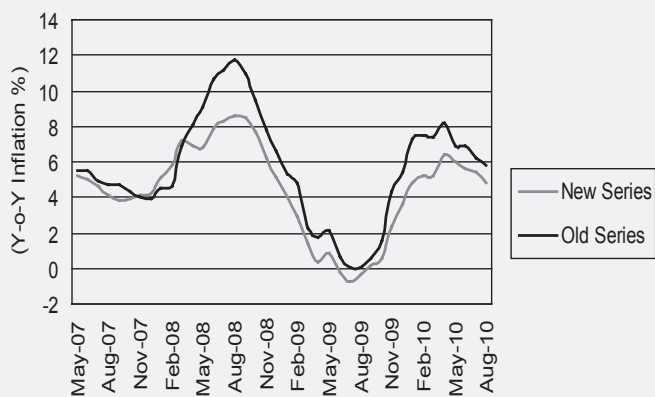
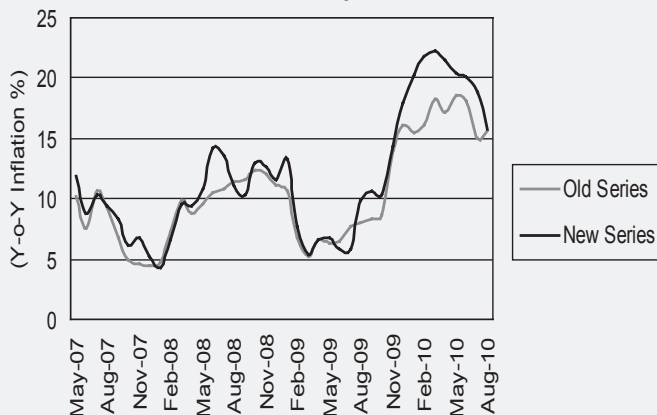


Chart 5: Primary Goods



Looking at the sub-indices, there is some significant difference though. Manufacturing inflation seems to be significantly lower when computed through the new index, expectedly so as a number of new age goods, prices of most of which continue to fall like laptops, microwave oven etc, have been inducted into the series. On the other hand, Inflation in Primary goods and food commodities works out to be significantly higher as per the new series, probably because of its broader coverage of these items too.

Overall, both the series indicate that inflation does remain at elevated levels. In particular, with very high food inflation, the risk of inflation expectations getting deeper into broader economy through wage inflation remains higher.

RBI's Policy Review

The policy statement released by the RBI had the inflationary concerns written all over it. The Indian monetary authority stated that while growth outlook remained quite comfortable with the economy looking to approach the trend growth trajectory, inflation was the major issue to be addressed.

The central bank sounded very firm on strong growth outlook. It stated that while part of the robust 8.8% growth seen in Q1 could be attributable to a favourable base effect, the headline GDP growth did indicate that the recovery was consolidating and the economy was rapidly converging to its trend rate of growth. The revival in industrial activity in the July IIP numbers also boosted full fiscal growth outlook, according to the Indian monetary authority.

It did however raise some doubts on how accurately the IIP was capturing the underlying momentum in the factory sector. "...the high volatility over the past two months raises some doubts about how effectively the index reflects the underlying momentum in the industrial sector," observed the central bank. Nonetheless, overall conclusion of RBI was that growth outlook remained fairly robust and it was inflation that deserved more attention for the moment.

The RBI clearly mentioned that average inflation over the last decade has been in the range of 5.0-5.5%, and the current inflation rate was much higher than that. While the RBI accepted that inflation might probably have peaked, it nonetheless added that it would remain at unacceptably high levels for months to come, justifying the need for further policy action. To quote the RBI, "Essentially, inflation rates have reached a plateau, but are likely to remain at unacceptably high levels for some months... Notwithstanding slight moderation in August 2010, the headline inflation remains significantly above the trend of

5.0-5.5 per cent in the 2000s. There is, therefore, need for continued policy response to contain inflation and anchor inflationary expectation”.

The central bank also divulged on global outlook and observed that challenges stemming from the sovereign debt crisis in the Europe seemed to have subsided considerably. While it maintained that there were signals of some slowdown in global economy, it also added that there were no major downward revisions in key macroeconomic variables compared with the June quarter review. Overall, the RBI sounded relatively less concerned on global economy compared to what most analysts seem to be.

Finally, in an indication of things to come, the RBI also stated that its task of normalising the monetary policy stance is not yet complete, which means there could probably be another rate hike in forthcoming quarterly or following mid-quarter review. The central bank observed that real interest rates were in negative domain and continued to remain there despite the latest rate hikes, clearly hinting that more policy action could be expected going forward, unless the inflation comes down faster-than-expected.

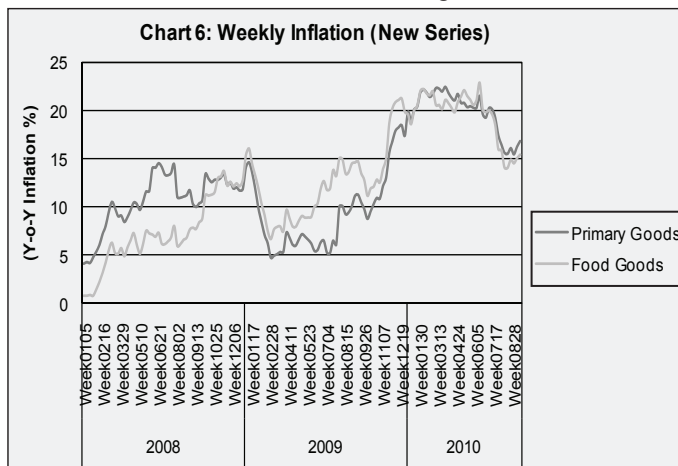
The Road Forward

Interest rate cycle in the country has already bottomed out couple of quarters ago and is on the upward journey now. The sharp pace of policy tightening by the RBI in last two months or a bit more will further induce some significant increase in base rates of most of the banks when they come for revision in October. The rates were set at the start of July, and the RBI has since then hiked repo rate by 75 bps while reverse repo rate has seen increase of 125 bps. With the repo rate flashing at 6%, banks will find it difficult to keep base rate at 7.50-8.00%, where most of the large banks have it now. This will also mean a rise in loan rates across the board.

We believe while the rate cycle is close to peaking, there could still be another 25 bps hike in both the policy rates in November policy review. This is particularly so given that, after going down for couple of months, the inflation in primary commodities and food goods has been rising on a weekly basis over last several weeks. The assumption that food inflation will come down owing to nearly 12% expected growth in Kharif harvest has not so far materialised.

Although more of a supply side issue, the RBI has been under pressure to curb the rising food prices, and if no clear sign of decline in the same emerge in coming weeks, probability of another 25 bps hike will be very high when the central bank releases the November review. Beyond that however we expect that the policy rate action will become data driven as the benchmark rates will be closer

to expected headline inflation number for December, which the central bank calls as being in the neutral zone.



Shifting away from the inflation and growth dynamics, one of the most important aspects of the last two policy releases, particularly from a medium term prospective, has been shortening of the benchmark corridor. In fact, it has been a major objective of the RBI since the last change of guard to demystify the monetary policy conduct in the country and bring more transparency as well as reduce uncertainty. We believe the shortening of the corridor over last two reviews is therefore a welcome move and will help curb volatility at the short end of the curve and also improve transmission of policy decision in medium term by bringing in more transparency.

Further, the upward movement of the interest rate cycle is not likely to have a major dampening impact on the economic growth. Some slowdown in the headline GDP number is anticipated but the average growth in current fiscal is still likely to be close to the government's projection of 8.5%. We do not believe that another 25 bps the rate hike by RBI will significantly alter the projection in any way. As observed by the central bank, real rates are still in the negative territory and the impact is clearly visible on deposit generation of banks. While slow recovery of consumption demand is a concern, continuation of real rates in negative territory can have significant structural impact on saving rate in the country, which the central bank would certainly be more interested in avoiding.

Overall, we believe that though the rapid tightening of monetary policy by the central bank can cause slight moderation in growth over rest of the current fiscal, it probably is the right thing to do. With the kind of growth momentum the economy is currently seeing, we believe it is right time to bring in balance the monetary policy stance. This is particularly so because the global scenario is rather uncertain and the window of adjustment that is available at this stage might not be there couple of quarters later.

Provogue (India) : Buy

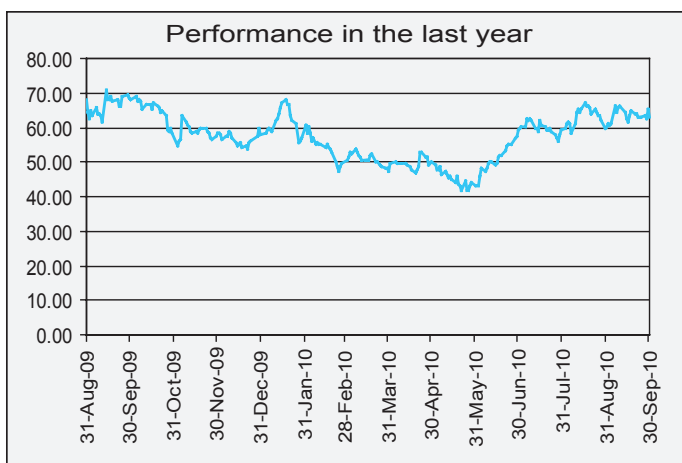
Investment overview

- Provogue (India) owns leading fashion retail brand 'Provogue' and also operates retail real estate development business through a 75%-held subsidiary - 'Prozone'.
- The company is looking to scale-up its presence in the country by opening around 85 new retail stores over next one and a half years, which will take its stores count to 220 by the financial year 2011-12.
- Prozone can prove to be a game changer for the company as the worries over project execution seems to be fading with the start of first mall in Aurangabad and

| Stock Data (as on 30/09/10) | |
|------------------------------|--------|
| Current Mkt Price (Rs.) | 63.20 |
| 52 week High (Rs.) | 72.20 |
| 52 week low (Rs.) | 41.20 |
| Mkt Cap (Rs. Cr.) | 722.29 |
| Return in last one Month (%) | 4.55 |

| Share Holding Pattern(as on June 30,2010) | % |
|---|-------|
| Total Promoter | 42.25 |
| Institutions | 18.60 |
| Non Institutions | 39.15 |

| Key Ratios | |
|--------------------|-------|
| P/E | 24.73 |
| Price/Book(x) | 1 |
| Dividend Yield (%) | 0.23 |
| ROCE(%) | 6.81 |
| ROE(%) | 4.12 |



plan to start working on other two projects by the end of this fiscal.

- Provogue India plans to foray into the fashion watch segment by next month and is eyeing around Rs 20-25- crore revenue from this business over the next 18 months

Business Overview

The company after its incorporation on November 11, 1997 as Acme Clothing launched the fashion brand 'Provogue' in March 1998 and over the years the same has become a fashion statement in the country rather than just an apparel brand. In April 2004, Provogue acquired the entire business of export of textile, textile machinery and textile related chemicals from Acme Global and it currently operates these businesses as its division under the name Acme Global.

The company's brands are retailed through 136 own stores and 127 national chain stores (NCS)/ multi-brand outlets (MBOs) like Shopper'S Stop, Lifestyle, Globus, Westside etc. It has association with supermodels and stars namely John Abraham, Hrithik Roshan, Fardeen Khan, Saif Ali Khan and Esha Deol as its brand ambassadors.

Provogue also operates retail real estate development business through a 75%-held subsidiary - 'Prozone'. The balance 25% stake in Prozone is owned by Capital Shopping Centre (CSC), the UK-based leading company engaged in development of shopping centres and a demerged unit of Liberty International. Prozone has total 156 acres of land spread across Aurangabad, Nagpur, Indore, Jaipur and Coimbatore under its belt.

Apart from this, the company also has a retail store division -- Promart -- which is known for offering big brands in men's apparel, women's clothing, kid's wear, footwear, accessories, etc at reasonable rates.

Financial Health

For the financial year ended March 31, 2010, the company had posted a net profit of Rs 28.35 crore against Rs 29.46 crore for the financial year ended March 31, 2009, registering a marginal dip of 4%. Its total income for FY10, however, increased by 30% to Rs 501.41 crore from Rs 385.99 crore for FY09. The major reason behind drop in net profit was sharp rise in cost of raw material.

On consolidated basis, revenues from textile business had grown by 36% in 2009-10 fiscal while infrastructure business remained as a foot-dragger with 96% drop in revenues due to project delays.

Meanwhile, first quarter of 2010-11 financial year (i.e. the quarter ended on June 30, 2010) was good for the company with 16% rise in net profit to Rs 7.81 crore. It had reported a net profit of Rs 6.74 crore for the quarter ended June 30, 2009. Total income during the same period surged by 36% to Rs 106.89 crore from Rs 78.55 crore for the corresponding quarter of last year.

Industry Scenario

The Indian textile industry contributes about 14 per cent to industrial production, 4 per cent to the country's gross domestic product (GDP) and 17 per cent to the country's

(Rs. Cr.)

| Particulars | June Qtr-10 | June Qtr-09 | %Change | FY10 | FY09 | %Change |
|--------------|-------------|-------------|---------|--------|--------|---------|
| Total Income | 106.89 | 78.55 | 36.08 | 503.44 | 386.06 | 30.40 |
| Other Income | 3.54 | 5.32 | -33.58 | 22.77 | 29.30 | -22.27 |
| Net Profit | 7.81 | 6.74 | 15.78 | 28.35 | 29.46 | -3.57 |
| NPM | 7.55 | 9.21 | -- | 5.90 | 8.19 | -- |
| EPS | 0.69 | 0.58 | -- | 2.48 | 2.60 | -- |

Standalone

export earnings. The Indian textile industry, which was hit hard by the global economic recession, is witnessing a good recovery in the current year in the domestic space. However, the cotton textile exporters continue to face another challenging year in wake of sharp increase in cotton yarn prices and strong competition being witnessed from rival exporters from China and Bangladesh.

The Industry which saw strong growth in three years preceding the FY09 was one of the hardest hit by the global economic downturn as demand from both export and domestic markets declined. After facing two consecutive difficult years, the industry is on the recovery road now. During the crisis, the hardest hit companies were the ones with greater share of revenue from exports. While players with a greater focus on domestic demand were hit too, the improvement in Indian economy much ahead of the global scenario helped the locally focused textile companies post a reasonable recovery in second half of 2009. However, the export sector is still somewhat weak as far as textile sector is concerned and cotton textile players are facing yet again challenging year in 2010.

The biggest decline that Indian textile industry has been facing came from the US, the largest textile export destination for India. Textile exports to the US declined nearly 5% during the last fiscal. The figure was higher for the first half of the fiscal at over 8%, but came down as demand from the US started improving in since last quarter of the 2009. In fact, during last few months, exports have been in green and the global recession fades.

Overall, there are signs pointing towards a strong recovery in India's textile industry in 2010, following the dismal operating environment that the sector had to contend with for the two preceding years. The situation is more favourable to domestically-focused and synthetic textile companies given the stable demand and cost side.

Investment Rationale

After a gap of two years, the company is returning to aggressive expansion path and is looking to add more than 85 stores over the next one and a half years. This will help Provogue to take its stores count in the country to around 220 by FY2012. Besides increasing the stores count, the company is also concentrating on entering into new markets within the country.

The company currently sells its products through 127 NCS/ MBOs which contribute almost 30% of its retail sales, once again there is an aggressive rollout plans of NCS/ MBOs that will help the company to further expand its reach on the same time it is also looking to expand its

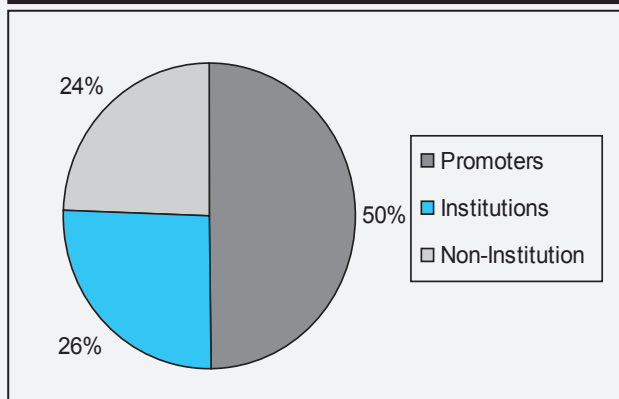
offerings base further under the brand - Provogue. It has already started retailing women's clothing, leatherwear, footwear, sunglasses, men's grooming products, watches, innerwear, etc. besides men's apparels. Provogue also exports apparel and dyestuff which form about a third of its revenues and it will be concentrating on that segment too.

The company under its retail real estate development unit-- Prozone-- is going forward as the worries over project execution seems to be fading with the Prozone starting its first mall in Aurangabad in the month of October 2010 and also planning to start working on other residential, hospitality and commercial projects by the end of this fiscal which will be located across Nagpur and Coimbatore, these two centres will be launched in 2012. The Aurangabad mall is expected to generate rental revenues of around Rs 36 crore in the first year of operation and the same may lead to some outlook revision for the company in near future. Property in Indore which the company had shelved the plan to make a mall, but will be launching them as residential colonies this year. So, Indore, Coimbatore and Nagpur will all see residential colonies.

Provogue's entry in the fashion watch market is a right step at an appropriate time as the wrist watch market had a huge growth potential as youths, specially in the 24-35 age group, are increasingly rooting for them to make a fashion statement. The rise in disposable income coupled with changing consumer perception has led to strong demand for luxury watches. The company is aiming to garner revenue of Rs 20-25 crore from this segment alone in the next 18 months, further going it can become a good revenue source for the company.

At a CMP of Rs 63.20, the stock is available at 24.73x its PE multiple and 1x P/BV. Assigning 20x PE multiple FY11 (E) (considering a discount to its current valuation due to single brand model of the company), its EPS will grow to around Rs 3 FY11 (E) Rs 3.6 FY12 (E). At these valuations, the company's core retail business will be valued at Rs 60 per share at the end of FY11 and at Rs 72 FY12. This indicates that the current market price of the company doesn't reflect valuation for its 75% stake in Prozone which is likely to amass revenue of around Rs 250-300 crore for the coming financial year. If we consider per share valuation for Prozone 75% stake it comes at Rs 20-25 per share. Further the company has stated firmly that it will go for a SPV level dilution and there will be no dilution at Prozone level. Therefore we recommend a BUY in the stock with a target of Rs 85 in the medium term.

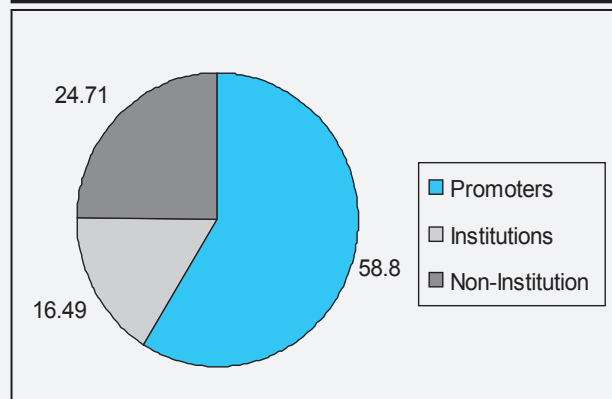
S. Kumars Nationwide: Buy



- ◆ S. Kumars Nationwide (SKNL) is one of India's leading textile and apparel company with expertise in multi-fiber manufacturing. The company has extended its presence in multiple product categories from fabrics to apparels and home textiles. It caters to the entire spectrum of the socio-economic segment in the Indian market.
- ◆ The company has very strong brand portfolio which include names like Reid & Taylor, Belmonte, S.Kumars, Uniformity by Belmonte, Carmichael House and Stephens Brothers.
- ◆ It had posted a net profit of Rs 21.33 crore for the June 2010 quarter against Rs 17.34 crore for the June 2009 quarter, up 23%. Its total income during the same period increased to Rs 590.59 crore from Rs 468.88 crore for the year ago period, registering a growth of 25.96%.
- ◆ Recently, it mobilized \$50 million worth of fresh funds through issue of equity shares to institutional investors under Qualified Institutional Placement (QIP) route. The company is also looking to list its subsidiary -- Reid & Taylor -- by the end of this year. SKNL currently holds close to 75% stake in Reid & Taylor (India) while the balance 25% stake is held by Singapore's sovereign fund - GIC. It plans to raise around \$250 million through the Initial Public Offering (IPO) of Reid & Taylor. The move will lead to value unlocking for shareholders of SKNL while helping the firm to retire some its outstanding debt as well as funding its growth plans.
- ◆ Besides this, the company is also considering setting up a shirt-manufacturing facility in Karnataka or Gujarat in the next 6-8 months.
- ◆ At CMP of Rs 76.85, the stock trades at PE multiple of 18.59x and EV/EBIDTA of 9.60x. The valuations look attractive compared to its closest peer from the segment, Raymond, which is currently trading at a PE multiple of 67.21x and EV/EBIDTA of 17.82x. SKNL's last three fiscals ROCE also looks attractive compared to Raymond, which stood at 12.29%, 11.53% and 16.16% for FY10, FY09 and FY08. The same was at 4.80%, (8.86%) and 6.37% for Raymond during last three financial years. Looking at these factors one can buy SKNL at current levels for a short term price target of Rs 92.

| | |
|------------------------------------|--------------|
| Last Traded Price (as on 30/09/10) | Rs 76.85 |
| Price target | 92 |
| Market cap. (Rs cr.) | 2,039 |
| 52 Week H/L | 87.50/ 37.50 |
| Free Float | 50% |
| BSE code | 514304 |

Aarvee Denim & Exports: Buy



- ◆ Aarvee Denims and Exports is a leading global player in the textile industry. The company is India's second largest denim manufacturer. Its product range includes denim garments - jeans, trousers, jackets, shirts etc. for men, women and kids; cotton garments; cotton fabrics and home textiles.
- ◆ The company markets its products under the brand ADEN and AMTEX. It has also launched brand 'DE EXTASE' that includes products like jeans, cargos, capris, jackets, trousers, shirts, T-shirts, sweaters and accessories like purses, goggles, belts, bags, etc.
- ◆ Its net profit for the quarter ended June 30, 2010 showed over three fold jump to Rs 8.08 crore from Rs 2.65 crore for the quarter ended June 30, 2009. The company's total income during the quarter under review stood at Rs 102.36 crore, up 23% over Rs 83.29 crore for the corresponding quarter of the previous fiscal.
- ◆ During FY10, the company managed to reduce its long-term debt by around 35% through buyback of \$7.5 million Foreign Currency Convertible Bonds (FCCBs) and early redemption of little over 1.49 crore 13% cumulative redeemable non-convertible preference shares which were issued to Germany-based DEG. Apart from this, in the month of June 2010 the company bought back \$5 million zero coupon convertible bonds expiring in 2012.
- ◆ The company is also working on expanding its capacities further and for the same it has secured its board's approval for capital expenditure worth Rs 150 crore. It is looking to augment its denim capacity to 96 million MTR from current 60 million MTR in two phases by December 2011.
- ◆ In August this, ratings agency -- CRISIL -- assigned a CRISIL IER fundamental grade of 3/5 (pronounced three on five) to Aarvee Denims. The grade indicates that the company's fundamentals are 'good' relative to other listed equity securities in India.
- ◆ At CMP of Rs 77.60, the stock is available at PE multiple of 6.41x and P/BV of 1.06x. The valuation looks attractive at current levels and considering the latest fundamental grading from CRISIL one can buy the counter for a short-term target of Rs 90.

| | |
|------------------------------------|--------------|
| Last Traded Price (as on 30/09/10) | Rs 77.60 |
| Price target | 90 |
| Market cap. (Rs cr.) | 182.00 |
| 52 Week H/L | 93.80/ 40.10 |
| Free Float | 41% |
| BSE code | 514274 |

L&T wins Rs 700 crore worth of orders

Engineering and construction major Larsen & Toubro's (L&T) metallurgical, material handling and water operating company -- a part of its construction division -- has won orders worth Rs 700 crore from various parties. Under the water segment, the company has secured an order worth Rs 375 crore from Jabalpur Municipal Corporation. The scope of work includes the construction of 210 km of underground drains, comprising of RCC pipes and RCC drains for Jabalpur city in Madhya Pradesh. This project is funded under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme and has to be executed in 30 months. Besides this, the company has also received orders worth Rs 165 crore under the water segment from Haryana State Industrial and Infrastructure Development Corporation for the development of infrastructure facilities like water supply, wastewater collection, storm water drainage and associated works for the industrial estates located in Panipat and Rai.

Tata Steel signs agreement for the refinancing of its debt in Europe

Tata Steel has executed an agreement for the refinancing of its European operations. Tata Steel UK Holdings, a 100% indirect subsidiary of Tata Steel, signed a senior facility agreement with a syndicate of 13 banks for a £3.53 billion term loan and revolving credit facility which will replace in full the current term loan and revolving credit facilities entered into at the time of the acquisition of Corus Group plc in 2007. The new financing structure is in two parts -- a 5-year loan of around £1.8 billion equivalent and a 7-year loan of £1 billion equivalent. The revolving credit facilities for working capital purposes have been increased to £690 million and will have a tenor of 5 years. Standard Chartered Bank and State Bank of India initially led these new financing arrangements, while 11 more institutions joined the syndicate as book-runners, underwriters & mandated lead arrangers prior to signing.

HCC bags Rs 660 crore worth order from GMR Hydro Power

India's leading infrastructure construction and development company -- Hindustan Construction Company (HCC) -- has bagged a contract worth Rs 660 crore from GMR (Badrinath) Hydro Power Generation for 300 MW (3 x 100 MW) Alaknanda Hydro Electric Project in Uttarakhand. The contract was awarded to the company in two lots. The first order was for Rs 272.84 crore for Lot-2 involving main civil works package for coffer dams, diversion channel, barrage, power intake, desanding system and part HRG. The project is to be completed in 52 months from the date of issue of notice to proceed. While the second order was for Rs 387.16 crore for Lot-3 involving main civil works package for MAT, powerhouse complex, surge shaft, pressure shaft, pothead yard, TRT and Part HRT. The order is to be executed in 54 months from the date of issue of notice to proceed.

Financial Technologies Group promoted MCX-SX fails to woo SEBI

The Financial Technologies Group promoted MCX Stock Exchange (MCX-SX) has failed to woo the Securities and Exchange Board of India (SEBI) in a process of getting nod of the latter for various trading platforms. The market regulator has rejected the exchange's proposal for launching operations on different trading platforms including that of equity trading. On April 07, 2010, MCS-SX had sought permission of the SEBI to deal in interest rate derivatives, equity, futures and options on equity and wholesale debt segments and all other segments permitted to two leading stock exchanges of the country - the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). Apart from this, MCX-SX had also requested SEBI to consider its application for SME Exchange as an additional segment within itself for operations.

HCL Technologies partners Health Language Inc.

HCL Technologies, one of the leading global IT services providers, has entered into a partnership with Health Language, Inc. (HLI), the global leader in medical terminology management. The partnership will utilize HLI's Language Engine (R) as part of HCL's end-to-end ICD-10 conversion solution, which encompasses gap assessment, conversion roadmap, remediation, testing, deployment and training. This combined service offering will enable hospitals and health systems, payors and independent software vendors (ISVs) to meet the October 1, 2013 deadline for conversion of legacy coding systems from ICD-9 to ICD-10, as required by the Centers for Medicare and Medicaid Services (CMS).

EIH gets nod to mop-up Rs 1,300 crore from rights issue

EIH has received its board's nod for rights issue of equity shares to the extent of Rs 1,300 crore. Though the company has not yet finalised the price and ratio for rights offering, the buzz is that the hotel chain may fix ratio at 4:1 or 5:1 and the price for the same will be above Rs 184 per share. The rights issue is expected to help the promoters of EIH as well as Reliance Industries (RIL), which recently picked up 14.8% stake in the company, to raise their holding in the operator of Oberoi and the Trident Hotel chains in a move to ensure any counter bid for controlling stake from ITC. Cigarette maker -- ITC -- holds 14.98% stake in EIH. Meanwhile, if some media reports are to be believed ITC is unlikely to participate in the rights issue of EIH.

ONGC discovers oil and gas in KG and Cambay basin

State-run Oil and Natural Gas Corporation (ONGC) has made two oil and gas discoveries in the Krishna Godavari (KG) and Cambay basin. The company has found gas in the Vygreswaram Southwest-1 well in the Krishna-Godavari onshore basin and oil in Limbodra East-1 area of the Cambay basin. The gas reservoir has a thickness of 30

metres and lies 4,600 metres of depth. During evaluation, it flowed gas at the rate of 75,000 cubic metres per day. In the Cambay basin, well Limbodra East-1, drilled in the east of Limbodra field, and encountered 11 meters of gross oil pay.

Nestle India to invest Rs 230 crore for setting up R&D centre in India

FMCG player, Nestle India would be investing Rs 230 crore to set up its first Research and Development (R&D) centre in India. The new centre in India would be used for facilitating innovation in a wide variety of foods including culinary, cereals, beverages and dairy products. The R&D centre will come up at Manesar and is expected to be operational by July 2012. The centre would be built over an area of 200,000 sq ft and will house 40 scientists and engineers initially.

L&T to form a JV with Befula Investment of South Africa

In order to capitalize on the Power Transmission and Distribution opportunities in South Africa, India's leading engineering technology and construction company, Larsen & Tourbo (L&T) and 'Befula Investment, South Africa (PTY)', leading general engineering and investment company located in Durban have inked a shareholders' agreement to incorporate a joint venture (JV) company 'Larsen & Toubro T&D SA PTY' in South Africa. Through the agreement, the two companies have agreed on to collaborate on areas including turnkey execution of power transmission lines, sub-stations, rural electrification, power distribution, and industrial electrification in South Africa.

CRISIL to acquire Pipal Research Corporation

CRISIL has signed an agreement to purchase the business of a leading player in the Knowledge Process Outsourcing (KPO) Industry, Pipal Research Corporation (Pipal), for a consideration of \$12.75 million. Pipal, headquartered in Chicago, provides business research and investment research services. Its clients include leading global firms in the telecommunications, technology, consumer packaged goods, and industrial sectors, and in the financial services space. Pipal has three research centres in India (Gurgaon, Noida and Bangalore), and an office in Chicago.

GAIL plans to invest Rs 40,000 crore for capacity expansion

In a bid to expand its pipeline network and increase petrochemicals capacity, largest gas transmission and marketing company in the country, GAIL India is planning to invest about Rs 40,000 crore by 2014-15. The company is also planning to set up gas-based power plants in India, besides trying to tap unconventional energy resources like shale gas and coal-bed methane.

Sun Pharma concludes acquisition of controlling stake in Taro

After a long battle, drug maker -- Sun Pharmaceutical Industries has finally completed the acquisition of a

controlling stake in Taro Pharmaceutical Industries. With completion of this acquisition, the company's subsidiaries have now increased their economic interest in Taro to 48.7% and their voting rights to 65.8%. All parties to the transaction have also settled all outstanding litigations regarding this deal among themselves. In 2007, the company had entered into the Option Agreement with Taro's controlling shareholders led by Taro's Chairman, Barrie Levitt, for this acquisition. Taro has an established franchise in dermatology and topical products in the US, in addition to generic product offerings in cardiovascular, neuro-psychiatric and anti-inflammatory therapeutic categories. It also has strategic sales and marketing operations in Israel and Canada.

Prakash Steelage inks MoU with US-based company

Prakash Steelage has inked a Memorandum of Understanding (MoU) with US-based Towanda Metadyne Inc. for setting up a specialized forging unit at the company's existing factory in India. This unit will engage in manufacturing the forgings used in mining and construction industry in the US. The plant will be set-up at an investment of around Rs 30 crore out of which 50% of the funding will be provided by Towanda Metadyne Inc. Apart from this; the US-based entity will also provide the required technology for the said unit and will consume the total production generated from the venture.

BHEL bags Rs 2,665 crore worth of order from Visa Power

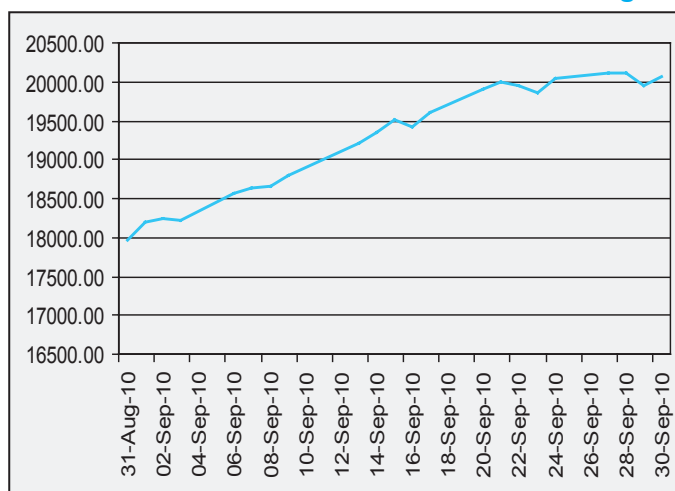
Government-owned Bharat Heavy Electricals (BHEL) has bagged an order worth Rs 2,665 crore from Independent Power Producer (IPP) -- Visa Power -- for setting up a 1,200 megawatt (MW) thermal power plant (2x600 MW) in Chhattisgarh. The company's scope of work in the contract envisages design, engineering, manufacture, supply, erection, testing and commissioning of boilers, steam turbines and turbo-generators along with state-of-the-art Controls and Instrumentation (C and I) and other associated auxiliaries.

Suzlon Energy bags a new order from Techno Electric Group

India's largest wind turbine manufacturer, Suzlon Energy, has bagged a new order from Kolkata based Techno Electric Group, for over 202.2 MW wind power projects for approximately Rs 1149 crore. Techno Electric Group plans to scale up its wind power assets further to this effect, has signed a business agreement with Suzlon, as its preferred supplier, for development of 500 MW of new capacity. The 202 MW order is part of this agreement and is the single largest deal signed by an (Independent Power Producer) IPP customer in the wind power sector of India. The order comprises of 24 units of Suzlon's S88 2.1 MW wind turbine generators (WTGs), 34 units of Suzlon's S882 1.5 MW WTGs and 48 units of Suzlon's new S95 2.1 MW WTGs.

The September rally was indeed a marvelous one that took the benchmarks to their crucial highs. The Indian markets continued their journey for the month with flying colours even when concerns were raised for 'too fast-too quick' the markets kept moving undeterred and breached their 32 months high. It was mainly the FIIs driven rally that led the markets to fresh more than two and half year high during the month. The passing month witnessed few major macro events, the RBI came up with its first ever mid quarterly policy review and the central bank hiked its repo rate, the rate at which it lends to commercial banks, by 25 basis points (bps), in line with the expectations. However, the reverse repo rate, the rate at which it absorbs liquidity from the system, was hiked by 50 bps. The RBI maintained that growth outlook was strong and inflation remained its primary challenge. It stated that while part of the robust 8.8% growth seen in Q1 could be attributable to a favourable base effect, the headline GDP growth did indicate that the recovery was consolidating and the economy was rapidly converging to its trend rate of growth. The central bank however did raise some doubts on how accurately the index of industrial production (IIP) was capturing the underlying momentum in the factory sector given the volatility seen in last couple of months. The new repo and reverse repo rates stand at 6% and 5% respectively and the benchmark corridor as a result has further shortened to 1%. In fact the greater hike in the repo rate was meant only to shorten the corridor, which is in line with RBI's stated objective of reducing the uncertainty in the financial markets and keeping its policy stance relatively more transparent. The rise in policy rates were on anticipated line of the markets so it didn't reacted much and the momentum of the markets continued undeterred. In the initial part of the month, though the rally was broad based the broader indices outperformed the benchmarks. However on the macroeconomic front all the news were not very good and food price inflation after declining for few weeks once again started showing up-tick, also the India's services sector slowed down for a second consecutive month in August as the pace of expansion come down from a record high level seen in June, as reflected in the HSBC Services Purchasing Managers' Index (PMI) based on a survey of 400 firms. The headline seasonally adjusted HSBC Business Activity Index stood at 59.3 in August, falling slightly from 61.7 in July. However, even the current reading on the PMI is very robust and consistent with a fast expanding economy. Finally the BSE Sensex snapped the month at 20,069.12, up by 11.67%.

BSE Sensex movement for the month of August



BSE Sensex Monthly Gainers

| Company | Prev Price (Aug 30'10) | Last Price (Sept 30'10) | Change (%) |
|---------------------|------------------------|-------------------------|------------|
| DLF | 307.35 | 383.55 | 24.79 |
| Tata Steel | 527.95 | 658.00 | 24.63 |
| Maruti Suzuki India | 1235.15 | 1478.05 | 19.67 |
| Hindalco | 166.75 | 196.50 | 17.84 |
| HUL | 263.20 | 308.70 | 17.29 |

- DLF was the biggest gainer of the month, rising by 24.79%, the company is planning to rise around Rs 2,200-3,000 in the next 1-2 years by offloading its holding in non-core assets, that includes land parcels meant for development of hotels and also through operational cash flows to reduce its debt of over Rs 16,421 by about one-third. The realty major has to repay Rs 2,500-2,700 crore in debt this fiscal and an additional Rs 1,800 crore as interest. It had repaid Rs 5,600 crore of debt in the last fiscal against mandatory debt repayment of Rs 3,549 crore. The company's net debt stood at Rs 18,463 crore at the end of June quarter. The company had raised Rs 1800 crore in the last financial year by selling its non-core assets and has already raised Rs 300 crore in this financial year.
- Tata Steel was the other top performer of the month gaining 24.63%, the company has executed an agreement for the refinancing of its European operations. Tata Steel UK Holdings, a 100% indirect subsidiary of Tata Steel, signed a senior facility agreement with a syndicate of 13 banks for a £3.53 billion term loan

and revolving credit facility which will replace in full the current term loan and revolving credit facilities entered into at the time of the acquisition of Corus Group plc in 2007. The new financing structure is in two parts -- a 5-year loan of around £1.8 billion equivalent and a 7-year loan of £1 billion equivalent. The revolving credit facilities for working capital purposes have been increased to £690 million and will have a tenor of 5 years. Standard Chartered Bank and State Bank of India initially led these new financing arrangements, while 11 more institutions joined the syndicate as book-runners, underwriters & mandated lead arrangers prior to signing.

The global cues were not very supportive for the markets during the month but the relentless buying by the foreign investors kept the spirit high for the markets, China and India have taken up the first two slots in terms of foreign direct investment (FDI) plans of the MNCs around the globe, found a survey by the United Nations Conference on Trade and Development (UNCTAD). India, which was at the third spot in the survey last year, has replaced the biggest economy in world, the US, to take the second spot behind China. Foreign funds have poured in \$5.3 billion in Indian shares this month, including primary market offerings. Though there was some concern raised about the Indian IT companies as the American state of Ohio imposed a ban on outsourcing of government IT projects to offshore destinations such as India. Major IT firms from India are likely to be deeply impacted as the move is going to affect Indian companies that derive more than 50 per cent of their revenues from the US. Till the mid of the month the mood of the markets remained buoyed on sustained buying by the FIIs and good advance tax numbers by the corporate. Riding on strong performance of banking and financial services sector, India Inc's advance tax payments for July - September quarter have shown an increase of nearly 14% compared with the same quarter a year ago. The higher collection from top companies comes following strong growth in industrial production. However, collections may fall short of income tax department's estimates in certain sectors like cement. Among the big companies whose advance tax payment for the three months under review have shown a marked rise are Reliance Industries (RIL), engineering major L&T, Tata Steel, Life Insurance Corporation (LIC), and most of the major banks. RIL paid Rs 1,308 crore versus the Rs 1,157 crore that it paid in the same period last year. Tata Steel paid Rs 500 crore,

compared to Rs 400 crore last year. Auto companies also showed buoyant increase in their tax payments in wake of the sharp rally seen in sales. Two-wheeler major Bajaj Auto paid Rs 243 crore against Rs 170 crore a year ago. Mahindra & Mahindra's tax pay-out grew to Rs 158 crore from Rs 112 crore.

Meanwhile, the Government doubled the foreign investment limits in Government securities to \$10 billion from \$5 billion and increased the limit for corporate bonds to \$20 billion from \$15 billion, a move that also boosted the market sentiment. The current limit of FII investment in corporate bonds too has also increased by \$5 billion to \$20 billion. Here also, the incremental limit of \$5 billion can only be invested in corporate bonds with residual maturity of over five years. Further, such investment has to be in bonds issued by companies engaged in the infrastructure sector. The move is clearly aimed at attracting more money into the infra space.

The hike in FII cap will deepen the domestic debt market, and help boost the development in infrastructure space. "The enhancement of the FII investment cap would provide avenues for increased FII investments in debt securities, help investment in infrastructure sector and the development of government securities and corporate bond markets in the country," read the statement by the finance ministry.

The markets breached their crucial level of 20000 (Sensex) and 6000 (Nifty) during the month, for the first time ever since January 15, 2008. The buoyed mood of the markets was basically on the back of continued foreign fund inflow, as the low rates in the developed nation have prompted investors to park their money in the growing economies like India. The last few days of the month were volatile and the markets witnessed some correction due to the September Series F&O expiry, but it was a heavy series and a very good one, registering gains of about 10 percent. The traders in bid to cover their short positions led the markets higher once again on the last trading day of the month and the September rally closed on a solid note and with expectation of a good performance for the October series. The next month is likely to be very eventful with corporate India announcing their second quarter results for the fiscal, though the advance tax numbers have given a clear indication for the upcoming quarterly results of the companies and they are likely to remain in line with them, any surprise can give scrip specific action in the markets.

Core sector growth slumps to 3.7% in August

Growth in the six infrastructure industries slowed down to 3.7% in August, primarily due to a sharp dip in production of petroleum refinery products and continued slump in production of cement and coal. This is the lowest growth in the core sector in more than a year. The six industries had together registered a growth of 6.4% in the corresponding period in 2009 and 4% during July 2010. The best performance was registered by crude oil segment (weight of 4.17% in the IIP) which clocked a growth of 15% in August 2010 against a growth rate of (-)2.5% in August 2009. On a cumulative basis, crude oil production recorded a growth of 6.5% during April-August 2010-11 against 1.6% during the same period of the previous year.

Another strong performance came from the finished (carbon) Steel segment (weight of 5.13% in the IIP) where production registered a growth of 7.7% in August 2010 compared to 0.3% in August 2009. Steel production grew by 3.5% during April-August 2010-11 compared to an increase of 1.9% during the same period of 2009-10. All the other sectors showed poor numbers. Coal production (weight of 3.2% in the IIP) recorded a growth of 1% in the month under review against 13.3% a year ago. Cumulative coal production also stands at meager 0.9% during the April-August 2010-11 against an increase of 12.6% during the same period of 2009-10.

India-UK sign MoU on road sector development

In order to give boost to the road sector development in the country, the Indian roads and highways minister Kamal Nath signed a Memorandum of Understanding (MoU) with his counterpart in the United Kingdom. The two sides committed to work together on matters of road transport, highways and related services.

Nath, who is on a visit to UK to attract more foreign funding for the massive investment needed to meet ambitious highway development programs of the government of India, said that the country provided massive opportunities for foreign investors as it upgrades its colonial infrastructure to sustain 8-10% growth rate for decades to come. The Secretary of State for Transport Philip Hammond signed the MOU on UK's behalf. The MoU, which will be valid for a period of five years, will lead to substantial increase in sharing of technical knowledge and also provides for joint research and development of future technologies in this space. The agreement can be renewed after five years with mutual acceptance of the two parties involved.

However, in the MoU no specific deliverable have been agreed upon and these will be identified on the basis negotiations in any specific follow on contracts or a separate detailed arrangements to be finalized later. A statement from the UK transport office also added that the

Memorandum may be amended at any time by the mutual written consent of the participants.

Government hikes FII investment cap in debt market by \$10 billion

In a move aimed at boosting the infrastructure sector and attracting more foreign fund into the country, the government on Thursday hiked the cap on foreign institutional investments (FII) in country's debt market. The cap has been hiked by \$5 billion each for government securities and corporate bonds. Overall, the FIIs can now invest up to \$30 billion in the Indian debt market. In a statement, the finance ministry said that the current limit of FII investment in government securities has been doubled to \$10 billion. It added that the incremental limit of \$5 billion will have to be invested only in securities with a residual maturity of five years or more.

The current limit of FII investment in corporate bonds too has also increased by \$5 billion to \$20 billion. Here also, the incremental limit of \$5 billion can only be invested in corporate bonds with residual maturity of over five years. Further, such investment has to be in bonds issued by companies engaged in the infrastructure sector. The move is clearly aimed at attracting more money into the infra space. The hike in FII cap will deepen the domestic debt market, and help boost the development in infrastructure space. "The enhancement of the FII investment cap would provide avenues for increased FII investments in debt securities, help investment in infrastructure sector and the development of government securities and corporate bond markets in the country," read the statement by the finance ministry.

Highway financing to be boosted by 30% foreign funding

India is expecting around 30% of total capital requirements to come in form of foreign direct investment (FDI) to meet its massive investment plans in the roads and highways sector. The country plans to invest nearly \$18 billion in road projects in the current fiscal year, and according to the National Highways Authority of India (NHAI), nearly one-third of this may come as FDI. The NHAI has been awarded contracts to build 3,000 kms of highways so far in the fiscal, and the apex road sector body expects contracts for another 6,000 kms to be awarded by the end of FY2011. At present the country is building nearly 13 kms of highways a day, up from 2 kms build during previous tenure of the UPA government, and the pace is set to reach the targeted 20 kms a day by end of the fiscal.

However, financing such huge construction activity is not an easy task and the road and highway ministry has been looking to attract foreign funds for the purpose. According to the NHAI, foreign companies from a number of countries including Spain, the UK, Italy, Saudi Arabia, China and Russia etc are willing to invest minority stakes

in various projects and are also likely to participate in bidding for projects to be implemented by build-operate-transfer (BOT) mode. While ongoing plans in the national highways are ambitious, the government has even more grand plans to set up expressways which would be access controlled highways and will have a design speed of over a 100 kmph. However, issues ranging from finance to land acquisition have been delaying the expressway plans of the government.

To help boost the construction of expressway, the government is also setting up a separate entity which will develop and manage expressways in the country. The government is looking to fast track the highway projects which have been languishing for many years. According to the road transport minister Kamal Nath, the new entity, expressway authority of India will be set up on the same lines as NHAI and will be responsible for managing a national level expressway plan.

Power supply deficit may come down to 6.5% in two years

The Indian government is looking to cut down the demand-supply gap in the power sector by 50% within next couple of years. According to the Central Electricity Authority (CEA), with ongoing ambitious capacity addition plans, the target was not very difficult to achieve. Gurdial Singh, chief of the CEA has told a private news agency that the government was looking to bring down the deficit to 6.5% in the fiscal year ending March 2012 from the current 13.8%. This will however depend on timely completion of the ongoing power sector projects, particularly the development of ultra mega power plants (UMPPs) on which work is going on.

The Indian government has a very poor record in terms of meeting the ambitious capacity addition targets set in various Five Year Plans (FYP). However, with the private sector now joining in with the development of mega projects, the pace of capacity addition over last few years has shown some significant improvement compared with the historical trend. The problem however is that, with the Indian economy growing at a good pace over last several years, the demand for electricity too has been growing at a much rapid pace. As a result, the demand-supply gap has continued to remain at over the 10% mark. Capacity addition will have to done at a much higher pace compared to the rising demand if the gap is to be cut short.

Government cuts second half borrowings by Rs 10,000 crore

Having earned windfall non-tax revenue from the telecom spectrum auctions, the Indian government has cut down its planned borrowings in the second half of the fiscal, but by relatively smaller amount of Rs 10,000 crore. It had got excess revenue of nearly Rs 70,000 crore from the auctions, over and above the Budgeted estimates of Rs 35,000 crore. In the annual General Budget, the

government had planned gross market borrowings of Rs 4,57,143 crore, or 4.98% of the estimated gross domestic product (GDP) for the current fiscal. This is slightly higher in absolute sense but lower in the percentage terms when compared with the Rs 4,51,000 crore, or 6.46% of GDP worth borrowings in the previous fiscal. The government has completed borrowing Rs 2,84,000 crore this year so far.

“We are required to, as per the programme given earlier, to raise Rs 1.73 lakh crore (in the second half of the current fiscal). Looking at the projected cash flows and current requirement, we think it is not required to raise the whole amount. The amount reduced is by Rs 10,000 crore to Rs 1.63 lakh crore,” said the finance secretary Ashok Chawla after finalizing the borrowing plan with central bank officials.

“Government borrowing for the Oct-Mar (period) is lower on account of robust tax revenues...Tax revenues are rising and non-tax revenues are also good,” said Chawla adding that the trimming of the borrowing plan would leave the desired resources for the private sector. The Reserve Bank of India (RBI) was also happy with the decline in borrowings but added that variable-rate securities might be issued depending upon market conditions.

Leather exports up 12% in April-June

In a positive sign for India's export sector, shipments from the leather and leather goods space has registered a growth of about 10% in July this year. Total leather goods exports stood at \$176 million in the month under review compared with exports of around \$160 million a year ago. The increase has been possible due to some stabilization in demand from the US and European Union.

While the overall contribution of the leather goods industry to India's exports is relatively lower compared to industries like textile and gems and jewellery, it is a very labour intensive sector and therefore contributes heavily towards employment generations. According to a survey by the ministry of labour, the leather goods export industry employs around 2.5 million people and had faced massive job cuts after the global economic downturn resulted in decline in demand from the developed world.

The industry faced a turbulent time last fiscal amidst the global economic slowdown when the overall export of leather goods declined by over 5% to \$3.4 billion. However, the industry is now seeing some stability as demand from the US and EU, two largest export destinations for the industry, has started to grow again.

Looking at the cumulative figures, over the April-July 2010-11 period, India's leather exports registered an expansion of around 12.74% compared with the same period last year and stood at \$937.02 million. Of these, the EU and the US accounted roughly for around 60% and 20% respectively.

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 | 201003 | 12 | 234.60 | 10 | 58.80 | 62.82 | 1.46 | 3785.12 | 16.42 | 16.75 | 229.73 | 888.51 | - | 19.69 |
| Abhi Ind | 201003 | 12 | 2221.90 | 10 | 63.52 | 22.63 | 11.90 | 18073.13 | 28.95 | 20.59 | 564.63 | -206.46 | - | 10.39 |
| Alok Inds | 201003 | 12 | 7877.90 | 10 | 28.35 | 34.48 | 11.09 | 43146.70 | 45.45 | 29.23 | 2424.50 | 23.62 | 2.5 | 7.60 |
| Arvind | 201003 | 12 | 2319.80 | 10 | 38.71 | 57.73 | 4.12 | 23168.90 | -1.20 | 13.87 | 520.00 | -206.51 | - | 7.15 |
| Bannari Amman Spg | 201003 | 12 | 157.54 | 10 | 55.55 | 109.55 | 9.05 | 3553.19 | 23.88 | 19.25 | 150.56 | 87.08 | 15 | 25.84 |
| Banswara Syntex | 201003 | 12 | 130.81 | 10 | 52.89 | 87.44 | 29.57 | 6309.65 | 14.94 | 16.01 | 247.92 | 44.78 | 35 | 37.63 |
| Bombay Dyeing | 201003 | 12 | 384.50 | 10 | 47.14 | 54.67 | 9.75 | 16740.80 | 22.77 | 15.68 | 184.20 | -109.46 | 25 | 20.19 |
| Bombay Rayon | 201003 | 12 | 1119.00 | 10 | 35.08 | 170.63 | 11.28 | 16147.66 | 20.29 | 24.97 | 1759.19 | 18.47 | 15 | 21.80 |
| Cent.EnkLt | 201003 | 12 | 208.50 | 10 | 31.39 | 268.07 | 19.65 | 12375.70 | 5.04 | 18.13 | 1001.60 | 502.65 | 60 | 73.78 |
| Cheviot Company | 201003 | 12 | 45.11 | 10 | 73.92 | 396.51 | 9.50 | 1761.41 | -7.24 | 14.37 | 164.10 | 37.02 | 80 | 45.98 |
| DCM | 201003 | 12 | 173.76 | 10 | 45.56 | 79.28 | 62.62 | 2452.70 | 8.55 | 11.31 | 657.00 | 982.37 | - | 42.32 |
| Garden Silk Mills | 201003 | 12 | 382.91 | 10 | 55.95 | 128.03 | 13.66 | 25148.94 | 88.85 | 9.50 | 632.05 | 27.47 | 18 | 35.46 |
| Garware-Wall Ropes | 201003 | 12 | 237.08 | 10 | 46.49 | 91.57 | 9.19 | 4536.76 | 1.66 | 10.96 | 193.80 | 19.64 | 25 | 13.63 |
| Jaybharat Textiles | 201003 | 12 | 765.68 | 2 | 68.55 | 3.31 | 11.34 | 5373.98 | 10.29 | 14.54 | 192.14 | -27.55 | 5 | 1.30 |
| Kewal Kiran Cloth | 201003 | 12 | 123.25 | 10 | 74.06 | 142.14 | 19.92 | 1760.50 | 21.34 | 32.33 | 325.10 | 128.14 | 60 | 31.12 |
| Koutons Retail | 201003 | 12 | 305.51 | 10 | 63.90 | 164.29 | 17.71 | 12060.48 | 13.53 | 19.20 | 818.00 | 2.82 | 2 | 32.15 |
| Lak.Mills | 201003 | 12 | 69.56 | 100 | 52.37 | 171.83 | -12.66 | 1359.70 | 25.08 | 10.21 | 14.38 | -177.35 | 5 | 113.98 |
| Maha. Sr.Umaid Mill | 201003 | 12 | 86.40 | 10 | 83.70 | 107.60 | 16.71 | 3195.30 | 7.61 | 11.61 | 145.60 | 120.94 | 25 | 30.57 |
| Maxwell Inds. | 201003 | 12 | 126.15 | 2 | 63.57 | 13.65 | 6.43 | 2113.90 | 10.16 | 12.48 | 65.30 | 0.96 | 20 | 1.73 |
| Modern India | 201003 | 12 | 75.09 | 2 | 86.15 | 11.98 | 28.58 | 2416.50 | 14.94 | 8.78 | 121.31 | 91.22 | 20 | 3.64 |
| Mudra Lifestyle | 201003 | 12 | 359.91 | 10 | 54.49 | 49.08 | 8.11 | 3626.56 | 19.11 | 15.24 | 106.04 | -22.74 | 6 | 7.44 |
| Nahar Spinning Mills | 201003 | 12 | 180.33 | 5 | 63.40 | 153.78 | 10.07 | 11185.34 | 11.22 | 17.05 | 534.92 | -421.64 | 30 | 34.20 |
| Page Industries | 201003 | 12 | 111.54 | 10 | 61.82 | 88.78 | 42.63 | 3393.79 | 33.27 | 20.77 | 396.10 | 25.23 | 210 | 43.57 |
| Provogue India | 201003 | 12 | 228.71 | 2 | 42.25 | 61.44 | 4.07 | 4806.67 | 33.62 | 14.98 | 283.53 | -3.62 | 10 | 3.55 |
| Rajapalayam Mills | 201003 | 12 | 35.13 | 10 | 49.38 | 362.91 | 9.58 | 2652.00 | 8.36 | 28.09 | 117.70 | 82.76 | 60 | 119.88 |
| Raymond | 201003 | 12 | 613.81 | 10 | 39.63 | 191.09 | 2.27 | 13544.30 | -3.21 | 15.75 | 250.60 | -109.25 | - | 22.22 |

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

| Latest Quarter | | | | | | TTM | | | Market Data | | | | |
|----------------|---------------|---------------|---------|------------|-----------|--------|---------|------------|----------------|---------|---------|-------|--------------------|
| EPS Rs. | Sales Rs. Mn. | Sales Var (%) | OPM (%) | NP Rs. Mn. | NP Var(%) | Ended | EPS Rs. | NP Var (%) | Price 04/10/10 | H52W | L52W | PE | Mkt. Cap (Rs. Mn.) |
| 9.79 | 1016.87 | 22.19 | 19.56 | 80.83 | 205.13 | 201006 | 12.11 | 68.03 | 79.30 | 93.80 | 42.00 | 6.55 | 1860.36 |
| 2.54 | 5832.39 | 38.15 | 16.53 | 105.91 | -70.82 | 201006 | 1.38 | 86.85 | 17.55 | 22.80 | 12.50 | 12.68 | 3899.43 |
| 3.08 | 10989.70 | 39.77 | 29.74 | 465.10 | 45.80 | 201006 | 3.26 | 22.90 | 21.15 | 27.90 | 17.75 | 6.48 | 16661.76 |
| 2.24 | 5777.00 | -14.40 | 17.78 | 190.30 | 122.05 | 201006 | 2.67 | 170.14 | 45.10 | 47.20 | 30.10 | 16.91 | 10462.30 |
| 9.56 | 1139.18 | 44.39 | 25.20 | 102.43 | 231.81 | 201006 | 14.10 | 68.52 | 142.00 | 153.80 | 88.55 | 10.07 | 2237.11 |
| 16.80 | 1809.58 | 20.00 | 16.19 | 80.70 | 179.34 | 201006 | 20.85 | 54.65 | 134.20 | 142.00 | 59.10 | 6.43 | 1755.52 |
| 4.77 | 4409.30 | 25.73 | 5.57 | -306.10 | 55.46 | 201006 | 1.94 | 2312.80 | 647.65 | 692.45 | 343.50 | - | 24902.14 |
| 15.72 | 5026.99 | 49.46 | 25.89 | 521.69 | 39.90 | 201006 | 17.05 | 20.93 | 254.70 | 277.90 | 176.25 | 14.94 | 28500.93 |
| 45.84 | 3048.50 | -1.03 | 12.41 | 145.90 | -48.54 | 201006 | 39.54 | 53.52 | 235.45 | 330.90 | 164.50 | 5.95 | 4909.13 |
| 36.38 | 699.09 | 77.02 | 18.06 | 79.32 | 245.02 | 201006 | 48.86 | 60.71 | 380.40 | 417.00 | 185.50 | 7.79 | 1716.10 |
| 37.80 | 722.70 | 39.84 | 19.26 | 56.70 | 455.88 | 201006 | 40.48 | 89.82 | 130.25 | 134.40 | 27.80 | 3.22 | 2263.21 |
| 16.51 | 8453.28 | 49.56 | 5.40 | 65.86 | -69.93 | 201006 | 12.43 | -52.58 | 104.50 | 109.45 | 65.10 | 8.41 | 4001.37 |
| 8.17 | 1198.97 | 2.63 | 10.44 | 55.03 | 13.96 | 201006 | 8.46 | 20.30 | 82.35 | 93.45 | 52.00 | 9.74 | 1952.39 |
| 0.50 | 1376.68 | 4.56 | 15.24 | 48.09 | -57.26 | 201006 | 0.33 | -112.37 | 260.80 | 541.00 | 225.10 | - | 99844.02 |
| 26.38 | 454.10 | 36.45 | 33.27 | 88.50 | 40.92 | 201006 | 28.46 | 44.98 | 447.95 | 468.50 | 157.80 | 15.74 | 5521.00 |
| 26.77 | 1615.15 | -19.94 | 21.83 | 55.27 | -51.93 | 201006 | 25.41 | -3.33 | 153.35 | 451.00 | 139.95 | 6.04 | 4685.06 |
| 20.67 | 390.89 | 44.25 | 13.71 | 8.49 | -117.16 | 201006 | 104.00 | 151.24 | 2526.10 | 2999.00 | 1212.00 | 24.29 | 1757.03 |
| 16.85 | 862.20 | 18.56 | 12.89 | 38.70 | 409.21 | 201006 | 20.44 | 59.57 | 240.00 | 293.10 | 99.25 | 11.74 | 2073.60 |
| 1.04 | 566.37 | 10.68 | 10.21 | 17.10 | 2.09 | 201006 | 1.04 | -11.86 | 26.50 | 30.15 | 16.05 | 25.46 | 1671.54 |
| 3.23 | 397.77 | -60.14 | 3.69 | 9.85 | -48.10 | 201006 | 3.38 | 45.99 | 104.00 | 248.00 | 91.00 | 30.79 | 3904.45 |
| 2.95 | 1126.99 | 24.71 | 15.46 | 24.68 | 1256.04 | 201006 | 4.21 | 31.87 | 53.10 | 54.00 | 32.50 | 12.60 | 1911.10 |
| 14.83 | 2984.70 | 15.65 | 18.11 | 152.38 | 100.08 | 201006 | 16.95 | 119.05 | 117.55 | 140.00 | 50.60 | 6.94 | 4239.49 |
| 35.51 | 1197.04 | 50.72 | 20.47 | 136.96 | 35.08 | 201006 | 38.70 | 23.41 | 1230.25 | 1353.00 | 616.00 | 31.79 | 13722.05 |
| 2.48 | 1033.56 | 41.15 | 17.99 | 78.08 | 15.78 | 201006 | 2.56 | -3.00 | 74.55 | 75.75 | 41.20 | 29.16 | 8525.31 |
| 33.51 | 744.90 | 22.40 | 26.23 | 39.30 | -341.10 | 201006 | 49.34 | 77.78 | 601.95 | 774.80 | 378.00 | 12.20 | 2114.40 |
| 4.08 | 2442.60 | 1.80 | 4.22 | -248.80 | -21.27 | 201006 | 5.18 | 922.97 | 369.80 | 424.55 | 175.05 | 71.42 | 22698.62 |

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 | | |
| Salona Cotspin Ltd. | 201003 | 28.50 | 9.56 | 4.29 | 10 | 2.44 | 201006 | 287.50 | 5.46 | 5.39 | 13.99 | 7.30 |
| PBM Polytex Ltd. | 201003 | 56.55 | 7.55 | 4.70 | 10 | 5.64 | 201006 | 866.00 | 9.64 | 5.74 | 30.50 | 6.51 |
| Blue Chip Tex Inds. Ltd. | 201003 | 14.00 | 7.07 | 1.90 | 10 | 5.59 | 201006 | 37.60 | 1.91 | 7.85 | 14.50 | 9.59 |
| Valson Industries Ltd. | 201003 | 26.90 | 6.55 | 3.23 | 10 | 7.10 | 201006 | 255.00 | 3.33 | 8.02 | 46.45 | 12.08 |
| Lambodhara Textiles Ltd. | 201003 | 17.15 | 6.46 | 1.76 | 10 | 8.82 | 201006 | 90.80 | 2.07 | 8.22 | 15.88 | 8.89 |
| Virat Industries Ltd. | 201003 | 12.60 | 6.35 | 2.97 | 10 | 4.25 | 201006 | 141.00 | 2.86 | 11.29 | 18.20 | 9.00 |
| Zenith Fibres Ltd. | 201003 | 30.10 | 6.06 | 6.52 | 10 | 3.80 | 201006 | 294.10 | 6.61 | 4.55 | 29.40 | 16.00 |
| Kallam Spinning Mills Ltd. | 201003 | 39.90 | 5.97 | 8.85 | 10 | 2.65 | 201006 | 754.30 | 11.01 | 3.66 | 29.80 | 10.00 |
| Ludlow Jute & Specialities Ltd. | 201003 | 80.05 | 4.98 | 3.10 | 10 | 9.71 | 201006 | 913.00 | 8.47 | 9.77 | 47.15 | 11.00 |
| KPR Mill Ltd. | 201003 | 201.55 | 4.92 | 13.32 | 10 | 8.40 | 201006 | 7201.20 | 19.11 | 11.01 | 125.25 | 20.80 |
| Spice Islands Apparels Ltd. | 201003 | 26.45 | 4.49 | 7.67 | 10 | 4.35 | 201006 | 312.70 | 7.27 | 3.51 | 43.90 | 4.78 |
| VTM Ltd. | 201003 | 133.75 | 4.26 | 9.64 | 10 | 7.79 | 201006 | 596.90 | 14.84 | 9.14 | 100.15 | 31.80 |
| Garware-Wall Ropes Ltd. | 201003 | 78.95 | 4.19 | 8.17 | 10 | 7.30 | 201006 | 2005.40 | 8.46 | 9.72 | 75.80 | 34.10 |
| Super Sales India Ltd. | 201003 | 365.00 | 3.93 | 58.86 | 10 | 4.32 | 201006 | 2030.80 | 66.12 | 5.51 | 275.00 | 33.00 |
| Siyaram Silk Mills Ltd. | 201003 | 346.85 | 3.68 | 35.91 | 10 | 4.54 | 201006 | 3847.20 | 40.98 | 8.46 | 174.00 | 51.80 |
| Damodar Threads Ltd. | 201003 | 61.05 | 3.66 | 3.82 | 10 | 7.17 | 201006 | 420.40 | 4.72 | 12.62 | 38.00 | 15.75 |
| Bengal Tea & Fabrics Ltd. | 201003 | 58.85 | 3.38 | 8.88 | 10 | 5.00 | 201006 | 887.00 | 9.84 | 6.10 | 70.30 | 15.60 |
| Cheviot Company Ltd. | 201003 | 379.85 | 3.24 | 36.37 | 10 | 6.79 | 201006 | 2204.30 | 48.86 | 7.86 | 324.00 | 103.00 |
| Konark Synthetic Ltd. | 201003 | 22.56 | 3.17 | 1.91 | 10 | 8.26 | 201006 | 141.80 | 2.44 | 9.22 | 25.25 | 9.96 |
| Shri Dinesh Mills Ltd. | 201003 | 98.30 | 3.05 | 13.90 | 10 | 7.07 | 201006 | 659.00 | 12.46 | 9.26 | 137.00 | 53.10 |
| Vijayeswari Textiles Ltd. | 201003 | 25.10 | 2.98 | 1.99 | 10 | 8.43 | 201006 | 513.10 | 2.82 | 8.83 | 26.40 | 8.25 |
| Filatex India Ltd. | 201003 | 54.95 | 2.72 | 10.03 | 10 | 3.67 | 201006 | 1691.00 | 9.86 | 5.44 | 43.00 | 10.56 |
| BSL Ltd. | 201003 | 33.45 | 2.71 | 3.68 | 10 | 7.51 | 201006 | 412.00 | 4.00 | 8.42 | 36.35 | 9.55 |
| Page Industries Ltd. | 201003 | 1230.00 | 2.63 | 35.51 | 10 | 22.47 | 201006 | 4316.70 | 38.70 | 31.88 | 890.00 | 360.00 |

Rs. in million

| Company Name | Net Sales | | Change In Sales | % Change in Sales | Net Profit | | Change In Net Profit | % Change in Net Profit |
|-----------------------------|------------|------------|-----------------|-------------------|------------|---------|----------------------|------------------------|
| | 201006 Qtr | 200906 Qtr | | | 201006 | 200906 | | |
| Alok Industries Ltd. | 10989.70 | 14711.30 | -3721.60 | -25.30 | 465.10 | 953.30 | -488.20 | -51.21 |
| Garden Silk Mills Ltd. | 8453.28 | 6877.48 | 1575.80 | 22.91 | 65.86 | 232.51 | -166.65 | -71.67 |
| S Kumars Nationwide Ltd. | 5886.00 | 6261.10 | -375.10 | -5.99 | 213.30 | 366.70 | -153.40 | -41.83 |
| Abhishek Industries Ltd. | 5830.84 | 5028.45 | 802.39 | 15.96 | 105.91 | 123.37 | -17.46 | -14.15 |
| Arvind Ltd. | 5696.50 | 5568.40 | 128.10 | 2.30 | 190.30 | 153.90 | 36.40 | 23.65 |
| Bombay Rayon Fashions | 5026.99 | 4740.37 | 286.62 | 6.05 | 521.69 | 503.60 | 18.09 | 3.59 |
| Welspun India Ltd. | 4498.53 | 4578.66 | -80.13 | -1.75 | 155.54 | 193.23 | -37.69 | -19.51 |
| Bombay Dyeing & Manuf. | 4284.20 | 5275.50 | -991.30 | -18.79 | -306.10 | 468.00 | -774.10 | -165.41 |
| SEL Manufacturing Co. | 3568.61 | 2727.66 | 840.95 | 30.83 | 231.41 | 77.96 | 153.45 | 196.83 |
| KSL & Industries Ltd. | 3166.89 | 2782.86 | 384.03 | 13.80 | 20.76 | -230.72 | 251.48 | -109.00 |
| Nakoda Ltd | 3091.82 | 2929.35 | 162.47 | 5.55 | 77.57 | 73.99 | 3.58 | 4.84 |
| Century Enka Ltd. | 3037.30 | 3036.30 | 1.00 | 0.03 | 145.90 | 151.90 | -6.00 | -3.95 |
| Gokaldas Exports Ltd. | 2471.78 | 2684.87 | -213.09 | -7.94 | -177.25 | -144.05 | -33.20 | 23.05 |
| Raymond Ltd. | 2409.30 | 3293.40 | -884.10 | -26.84 | -248.80 | 66.60 | -315.40 | -473.57 |
| Spentex Industries Ltd. | 2323.82 | 2051.50 | 272.32 | 13.27 | 43.06 | 5.96 | 37.10 | 622.48 |
| Eskay K'N'It (India) Ltd. | 2262.43 | 2249.15 | 13.28 | 0.59 | 28.90 | -3.63 | 32.53 | -896.14 |
| KPR Mill Ltd. | 2220.39 | 2353.20 | -132.81 | -5.64 | 283.87 | 161.25 | 122.62 | 76.04 |
| Loyal Textile Mills Ltd. | 1727.20 | 1396.70 | 330.50 | 23.66 | 32.40 | 97.30 | -64.90 | -66.70 |
| Siyaram Silk Mills Ltd. | 1687.88 | 1881.04 | -193.16 | -10.27 | 85.06 | 152.64 | -67.58 | -44.27 |
| Sumeet Industries Ltd. | 1680.55 | 1286.58 | 393.97 | 30.62 | 60.41 | 22.97 | 37.44 | 163.00 |
| Alps Industries Ltd. | 1651.03 | 1713.79 | -62.76 | -3.66 | -248.96 | 175.65 | -424.61 | -241.74 |
| Koutons Retail India Ltd. | 1606.48 | 3853.95 | -2247.47 | -58.32 | 55.27 | 327.13 | -271.86 | -83.10 |
| K-Lifestyle Industries Ltd. | 1557.81 | 1327.55 | 230.26 | 17.34 | 17.28 | -102.02 | 119.30 | -116.94 |
| JCT Ltd. | 1486.00 | 1458.10 | 27.90 | 1.91 | -179.30 | -184.30 | 5.00 | -2.71 |
| Himatsingka Seide Ltd. | 1456.70 | 1197.00 | 259.70 | 21.70 | -109.90 | -116.00 | 6.10 | -5.26 |

| Company Name | Year End | Price (30/09) Rs. | EPS | FV | PE |
|--|----------|-------------------|-------|-------|--------|
| Jaybharat Textiles & Real Estate Ltd. | 201003 | 262.00 | 0.50 | 2.00 | 806.89 |
| Bombay Dyeing & Manufacturing Co Ltd. | 201003 | 623.45 | 4.79 | 10.00 | 325.28 |
| Aarya Global Shares and Securities Ltd | 201003 | 19.40 | 0.67 | 1.00 | 184.45 |
| Poddar Developers Ltd | 201003 | 147.45 | 1.79 | 10.00 | 97.79 |
| Raymond Ltd. | 201003 | 367.25 | 4.30 | 10.00 | 69.58 |
| Arrow Textiles Ltd | 201003 | 13.10 | -0.32 | 10.00 | 63.29 |
| Nahar Poly Films Ltd. | 201003 | 49.60 | 1.40 | 5.00 | 62.14 |
| Bhilwara Technical Textiles Ltd. | 201003 | 6.86 | 0.13 | 1.00 | 50.23 |
| Eastern Silk Inds. Ltd. | 201003 | 13.59 | 0.58 | 2.00 | 45.23 |
| Modern India Ltd. | 201003 | 104.85 | 3.23 | 2.00 | 34.47 |
| Santosh Fine-Fab Ltd. | 201003 | 16.90 | 0.18 | 10.00 | 34.24 |
| Page Industries Ltd. | 201003 | 1230.00 | 35.51 | 10.00 | 31.88 |
| Birla Cotsyn (India) Ltd | 201003 | 0.97 | 0.35 | 1.00 | 31.11 |
| GIVO Ltd. | 201003 | 4.90 | 0.03 | 3.00 | 26.92 |
| Gokak Textiles Ltd | 201003 | 79.25 | -6.15 | 10.00 | 26.69 |
| Provogue (India) Ltd. | 201003 | 63.20 | 2.48 | 2.00 | 26.04 |
| Maxwell Industries Ltd. | 201003 | 26.10 | 0.92 | 2.00 | 23.79 |
| First Winner Industries Ltd | 201003 | 35.55 | 1.82 | 10.00 | 23.65 |
| Winsome Textile Inds. Ltd. | 201003 | 5.27 | 0.04 | 1.00 | 23.19 |
| Zodiac Clothing Company Ltd. | 201003 | 352.85 | 16.91 | 10.00 | 20.76 |
| Supertex Industries Ltd. | 201003 | 1.30 | 0.06 | 1.00 | 20.27 |
| Priyadarshini Spinning Mills Ltd. | 201003 | 91.70 | 0.01 | 10.00 | 19.09 |
| S Kumars Nationwide Ltd. | 201003 | 76.85 | 4.49 | 10.00 | 18.71 |
| Arvind Ltd. | 201003 | 45.35 | 2.21 | 10.00 | 17.04 |

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

FV Latest Face values of equity Shares (Rs)

PE Market Price / Trailing Twelve Months Earning Per Shares

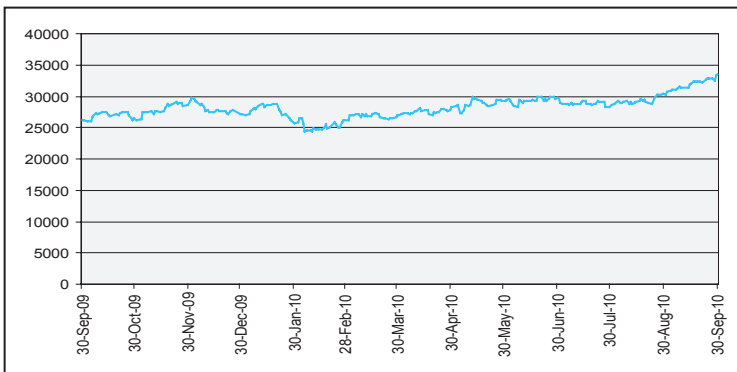
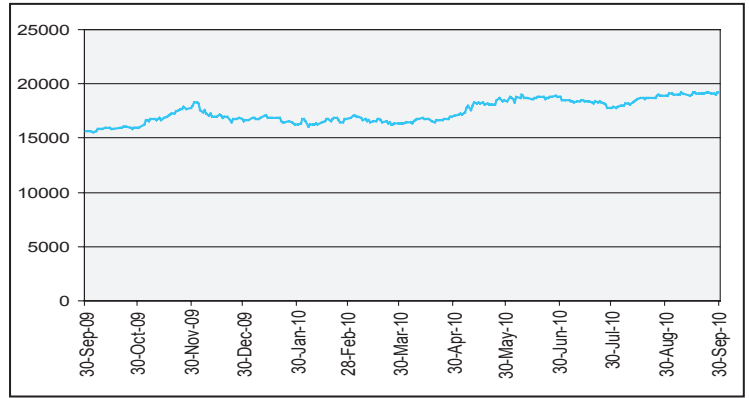
| Company Name | Year End | Price (30/09) Rs. | EPS | FV | PE |
|--|----------|-------------------|-------|-------|------|
| Sri Ramakrishna Mills (Coimbatore) Ltd. | 201003 | 24.55 | 10.27 | 10.00 | 2.10 |
| JK Synthetics Ltd. | 201003 | 5.48 | 22.43 | 1.00 | 2.56 |
| Jamshri Ranjitsinghji Spg. & Wvg. Mills Company Ltd. | 201003 | 24.25 | 6.75 | 10.00 | 3.08 |
| Spice Islands Apparels Ltd. | 201003 | 25.50 | 7.67 | 10.00 | 3.51 |
| Kallam Spinning Mills Ltd. | 201003 | 39.90 | 8.85 | 10.00 | 3.66 |
| Spenta International Ltd. | 201003 | 23.20 | 6.03 | 10.00 | 3.74 |
| SEL Manufacturing Company Ltd. | 201003 | 41.75 | 22.03 | 10.00 | 4.14 |
| Zenith Fibres Ltd. | 201003 | 30.10 | 6.52 | 10.00 | 4.55 |
| APM Industries Ltd. | 201003 | 85.80 | 15.26 | 10.00 | 4.60 |
| Welspun Syntex Ltd. | 201003 | 20.05 | 3.01 | 10.00 | 5.30 |
| Salona Cotspin Ltd. | 201003 | 28.50 | 4.29 | 10.00 | 5.39 |
| Filatex India Ltd. | 201003 | 54.95 | 10.03 | 10.00 | 5.44 |
| Super Sales India Ltd. | 201003 | 365.00 | 58.86 | 10.00 | 5.51 |
| TT Ltd. | 201003 | 37.55 | 4.87 | 10.00 | 5.53 |
| Khator Fibre & Fabrics Ltd. | 201003 | 6.75 | 1.30 | 10.00 | 5.71 |
| PBM Polytex Ltd. | 201003 | 56.55 | 4.70 | 10.00 | 5.74 |
| Welspun India Ltd. | 201003 | 63.10 | 15.50 | 10.00 | 5.82 |
| Century Enka Ltd. | 201003 | 236.75 | 48.04 | 10.00 | 6.03 |
| Bengal Tea & Fabrics Ltd. | 201003 | 58.85 | 8.88 | 10.00 | 6.10 |
| Koutons Retail India Ltd. | 201003 | 172.70 | 26.77 | 10.00 | 6.26 |
| Alok Industries Ltd. | 201003 | 21.15 | 3.14 | 10.00 | 6.41 |
| Arora Fibres Ltd. | 201003 | 5.14 | -0.14 | 10.00 | 6.50 |
| Suncity Synthetics Ltd. | 201003 | 4.27 | 0.42 | 10.00 | 6.59 |
| Everlon Synthetics Ltd. | 201003 | 12.00 | 1.95 | 10.00 | 6.67 |

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

FV Latest Face values of equity Shares (Rs)

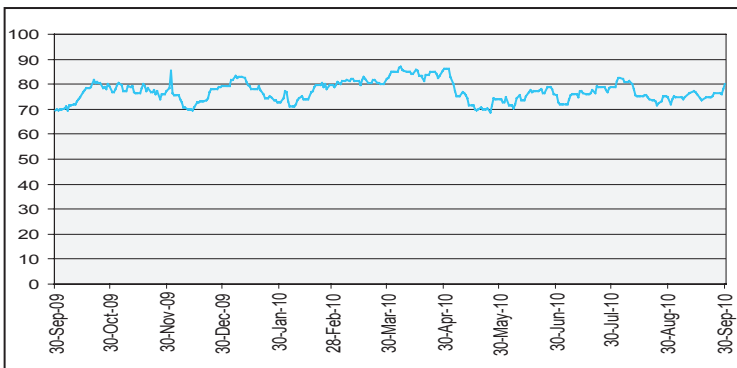
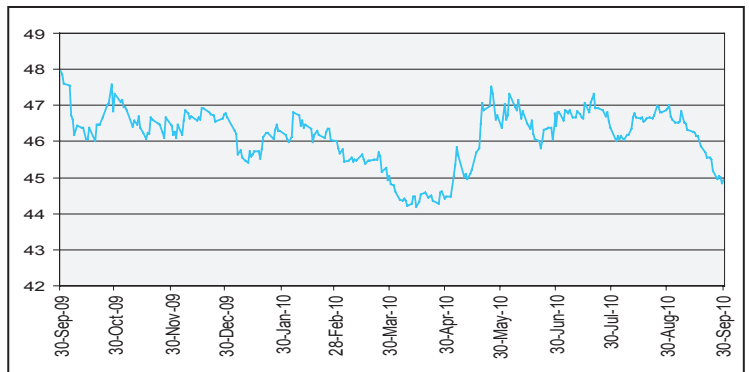
PE Market Price / Trailing Twelve Months Earning Per Shares

| Date | Price Rs. |
|-----------|-----------|
| 30-Sep-10 | 19185.00 |
| 31-Aug-10 | 18948.35 |
| 31-Jul-10 | 17880.00 |
| 30-Jun-10 | 18838.75 |
| 31-May-10 | 18406.65 |
| 30-Apr-10 | 17030.00 |
| 31-Mar-10 | 16323.35 |
| 27-Feb-10 | 16815.00 |
| 30-Jan-10 | 16248.75 |
| 31-Dec-09 | 16696.25 |
| 30-Nov-09 | 17738.35 |
| 31-Oct-09 | 15993.35 |
| 30-Sep-09 | 15630.00 |



| Date | Price Rs. |
|-----------|-----------|
| 30-Sep-10 | 33561.00 |
| 31-Aug-10 | 30170.25 |
| 31-Jul-10 | 28611.00 |
| 30-Jun-10 | 29724.75 |
| 31-May-10 | 29304.00 |
| 30-Apr-10 | 28274.40 |
| 31-Mar-10 | 26928.00 |
| 27-Feb-10 | 26200.00 |
| 30-Jan-10 | 25700.00 |
| 31-Dec-09 | 27200.00 |
| 30-Nov-09 | 28546.00 |
| 31-Oct-09 | 26217.50 |
| 30-Sep-09 | 26100.00 |

| Date | Price Rs |
|-----------|----------|
| 30-Sep-10 | 44.94 |
| 31-Aug-10 | 47.02 |
| 30-Jul-10 | 46.37 |
| 30-Jun-10 | 46.43 |
| 31-May-10 | 46.38 |
| 30-Apr-10 | 44.49 |
| 31-Mar-10 | 44.83 |
| 26-Feb-10 | 46.03 |
| 29-Jan-10 | 46.29 |
| 31-Dec-09 | 46.66 |
| 30-Nov-09 | 46.43 |
| 30-Oct-09 | 47.32 |
| 30-Sep-09 | 47.94 |



| Date | Price \$ |
|-----------|----------|
| 30-Sep-10 | 79.97 |
| 31-Aug-10 | 71.92 |
| 31-Jul-10 | 78.95 |
| 30-Jun-10 | 75.63 |
| 31-May-10 | 73.97 |
| 30-Apr-10 | 86.15 |
| 31-Mar-10 | 83.76 |
| 28-Feb-10 | 79.66 |
| 31-Jan-10 | 72.89 |
| 31-Dec-09 | 79.36 |
| 30-Nov-09 | 77.28 |
| 31-Oct-09 | 77.00 |
| 30-Sep-09 | 69.45 |

Principal Emerging Bluechip (G)

Principal Emerging Bluechip (Growth) is a Principal Pnb Asset Management Company managed open-ended, Equity - mid-cap scheme.

The fund was launched on November 17, 2008 and its current net asset as on August 31, 2010 was Rs 314.12 crore.

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

The current net asset value (NAV) of the fund as on September 30, 2010 was Rs 34.08; while the 52 week high NAV was Rs 34.60 on September 20, 2010 and the 52 week low NAV for the scheme was Rs 23.87 on November 02, 2010.

The minimum investment to the fund is Rs 500 and additional investments can be made in multiples of Rs 100.

The investment objective of the scheme is to achieve long-term capital appreciation by investing in equity and equity related instruments of Mid Cap and Small Cap companies.

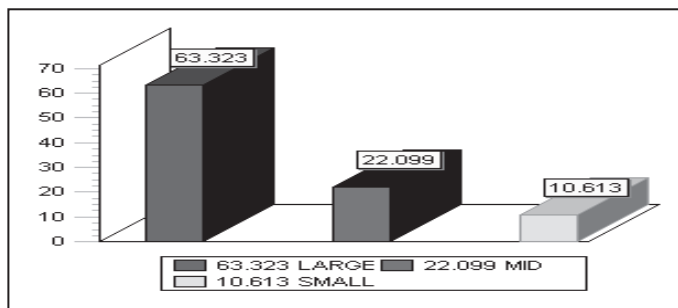
The top five holdings of the fund are:

| Company | Asian Paints | Tata Motors | HPCL | Lupin | Sun TV |
|-----------|--------------|-------------|------|-------|--------|
| % Holding | 3.65 | 3.22 | 2.83 | 2.67 | 2.61 |

As far as market capitalization-wise companies are concerned, the scheme's portfolio consists of 63.323% from Large-cap, 22.10% from Mid-cap companies and 10.613% from Small cap.

The fund has given a return of 91.83% since inception and a return of 35.56% in last one year, while the category average in the same period has been 23.03% and 35.10% respectively.

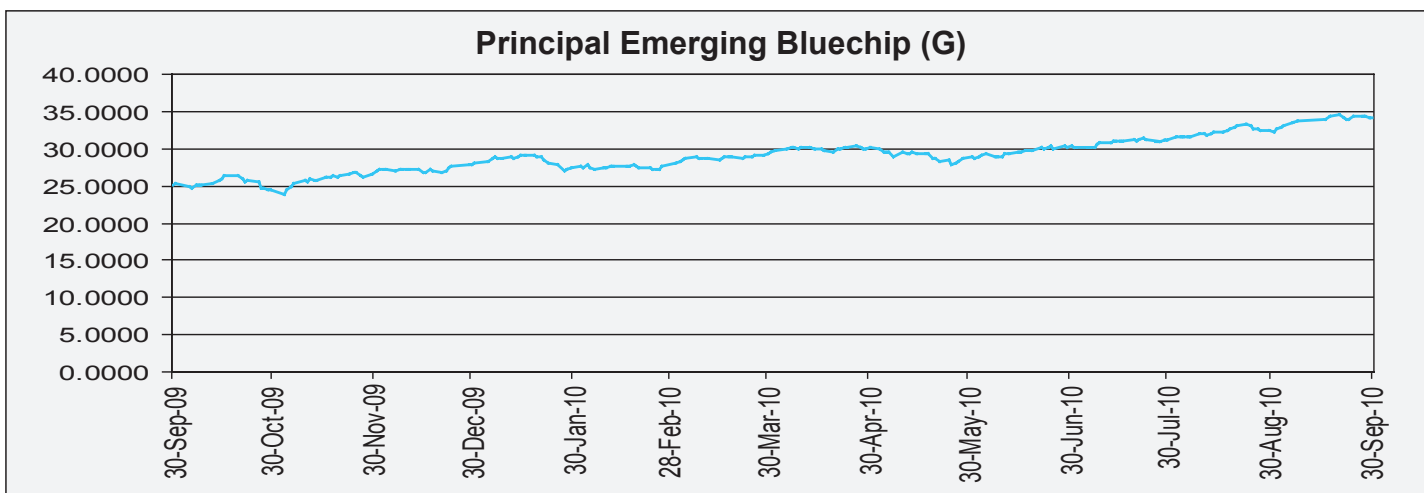
As on August 31, 2009 the major company included in the scheme was GE Shipping with holding of 1.94%, KNR Constructions with holding of 1.02% and Engineers India with holding of 0.07% while the major companies that have been excluded from the portfolio of the fund were, Jain Irrigation with holding 1.71%, SBI 1.61%, Tata Steel 1.38%, Castrol India 1.23% and Allahabad Bank with holding of 1.13%.



| Market cap-wise Allocation Style | |
|---|----------------|
| Average Mkt Cap (Rs Cr) | 18610.47 |
| Market Capitalization | % of Portfolio |
| Large | 63.32 |
| Mid | 22.10 |
| Small | 10.61 |
| Note: Large-Cap = 5000 Crs. and above, Mid-Cap = 2000 Crs. to 5000 Crs. and Small-Cap = less than 2000 Crs. | |

Outlook

Principal Emerging Bluechip (Growth) is a Principal Pnb Asset Management Company managed open-ended, Equity - mid-cap scheme. The fund is being managed by P.V.K Mohan. Though the fund is comparatively new in the mid-cap segment but in a very short span it has shown its credibility and has given a return of about 92 percent since inception. Starting with an asset base of just about Rs 13 crore this fund has grown to manage more Rs 300 crore of assets under management (AUM). The fund was started at a very lean period of 2008 and got its pick at a very low valuation but since then its thoughtful buying has resulted in an exceptionally good performance in such a short span, excelling its peers. If we see at its portfolio it is a well diversified one and incorporate nearly 70 stocks and exposure to a single stock is not more than 4%. Even though for last some time the heavyweights are performing better, even then the mid-cap funds still holds great value and Principal Emerging Bluechip is one of them with its strong portfolio of stocks.



Last one year NAV Graph

| Duration | 1 Week % | 1 Mth % | 3 Mth % | 6 Mth % | 1 Year % | 3 Year % | 5 Year % | Since Inc. % |
|-----------------|----------|---------|---------|---------|----------|----------|----------|--------------|
| Scheme Return % | 0.21 | 5.09 | 12.33 | 16.23 | 35.56 | NA | NA | 91.83 |
| Category Avg % | 0.56 | 5.26 | 13.12 | 19.68 | 35.10 | 7.40 | 17.32 | 23.03 |

Returns as of 1st October, 2010

| Scheme Name | NAV (Rs.) | Inception Date | AUM (Rs. cr) | Absolute % | | | | CAGR % | | |
|---------------------------------|-----------|----------------|--------------|------------|-------|-------|-------|--------|-------|-----------------|
| | | | | 1 M | 3 M | 6 M | 1 Y | 3 Y | 5 Y | Since Inception |
| Equity - Diversified | | | | | | | | | | |
| Birla SL India Opportunities(G) | 57.35 | 21-Jan-95 | 15 | 7.20 | 10.76 | 8.02 | 25.03 | 1.47 | 10.81 | 17.61 |
| Birla SL Special Situations(G) | 11.23 | 15-Jan-08 | 263 | 6.22 | 15.63 | 13.87 | 21.07 | 0.00 | 0.00 | 4.53 |
| DSPBR Opportunities(G) | 95.51 | 10-Apr-00 | 408 | 8.63 | 17.69 | 24.49 | 34.13 | 10.48 | 21.98 | 24.28 |
| Fidelity Equity(G) | 38.27 | 19-Apr-05 | 1624 | 9.27 | 16.01 | 22.94 | 36.48 | 12.10 | 23.27 | 28.33 |
| ICICI Pru Dynamic(G) | 109.89 | 18-Oct-02 | 1503 | 6.90 | 11.28 | 14.95 | 31.10 | 12.12 | 23.36 | 35.32 |
| Kotak Opportunities(G) | 51.51 | 25-Aug-04 | 693 | 7.51 | 16.66 | 19.40 | 29.19 | 10.13 | 23.43 | 31.04 |
| SBI Magnum Comma(G) | 26.81 | 25-Jul-05 | 340 | 7.93 | 11.48 | 10.60 | 24.76 | 6.52 | 20.48 | 20.93 |
| SBI Magnum Multicap(G) | 19.95 | 16-Sep-05 | 334 | 8.78 | 11.64 | 11.89 | 20.11 | 1.37 | 0.00 | 14.67 |
| Reliance Equity Oppor-Ret(G) | 39.41 | 7-Mar-05 | 1518 | 8.87 | 20.24 | 25.61 | 51.42 | 15.83 | 24.87 | 28.23 |
| Reliance Natural Resources(G) | 10.80 | 30-Jan-08 | 2561 | 5.00 | 12.64 | 6.51 | 9.15 | 0.00 | 0.00 | 2.99 |
| Equity - ELSS | | | | | | | | | | |
| Birla SL Tax Relief '96(D) | 95.80 | 29-Mar-96 | 1019 | 9.17 | 14.10 | 17.17 | 27.02 | 4.94 | 19.64 | 32.90 |
| DSPBR Tax Saver(G) | 18.95 | 26-Dec-06 | 583 | 8.57 | 15.08 | 19.65 | 34.43 | 11.05 | 0.00 | 18.84 |
| Fidelity Tax Advantage(G) | 23.85 | 31-Jan-06 | 810 | 9.48 | 16.69 | 24.78 | 39.42 | 13.78 | 0.00 | 20.82 |
| Franklin India Taxshield(G) | 221.11 | 10-Apr-99 | 439 | 9.74 | 17.07 | 17.50 | 34.15 | 10.87 | 19.79 | 30.94 |
| HDFC Long Term Adv(G) | 147.78 | 27-Dec-00 | 584 | 9.78 | 17.55 | 23.00 | 35.96 | 10.58 | 17.26 | 31.81 |
| Principal Personal Tax saver(G) | 107.93 | 1-Jan-96 | 703 | 9.64 | 15.76 | 18.62 | 26.26 | 3.20 | 17.95 | 26.97 |
| Reliance Tax Saver (ELSS)(G) | 23.58 | 23-Aug-05 | 1417 | 8.89 | 19.59 | 24.83 | 42.49 | 10.53 | 18.33 | 18.60 |
| Sundaram Tax saver(G) | 48.96 | 31-Jan-05 | 767 | 8.98 | 16.72 | 18.16 | 19.18 | 11.24 | 21.84 | 27.37 |
| Equity - Large-cap | | | | | | | | | | |
| Birla SL Equity(G) | 296.86 | 27-Aug-98 | 662 | 7.52 | 15.78 | 16.35 | 27.68 | 6.93 | 20.44 | 32.49 |
| Birla SL Frontline Equity(G) | 95.12 | 30-Aug-02 | 1432 | 9.21 | 15.83 | 16.71 | 27.13 | 12.84 | 24.77 | 32.44 |
| DSPBR Equity(D) | 57.11 | 15-Apr-97 | 1474 | 6.99 | 16.82 | 21.55 | 33.57 | 14.34 | 25.95 | 26.37 |
| DSPBR Top 100 Equity(G) | 107.40 | 21-Feb-03 | 1400 | 10.13 | 14.87 | 16.54 | 23.73 | 12.21 | 25.17 | 36.85 |
| JM Large Cap(G) | 20.76 | 9-Jun-04 | 2 | 11.13 | 12.22 | 19.96 | 15.05 | 5.82 | 7.64 | 12.37 |
| Kotak 30(G) | 111.60 | 21-Dec-98 | 593 | 9.46 | 14.13 | 17.07 | 23.08 | 7.86 | 20.34 | 33.81 |
| Magnum Equity(D) | 35.58 | 30-Nov-90 | 342 | 9.21 | 13.49 | 18.60 | 28.14 | 9.07 | 22.76 | 14.06 |
| Reliance Equity-Ret(G) | 15.85 | 7-Mar-06 | 1085 | 4.11 | 6.23 | 6.56 | 5.93 | 2.44 | 0.00 | 10.59 |
| Reliance Vision-Ret(G) | 303.87 | 7-Oct-95 | 1855 | 9.98 | 15.31 | 19.62 | 28.05 | 8.37 | 21.58 | 25.57 |
| Sundaram BNPP Growth(G) | 103.00 | 15-Feb-97 | 65 | 8.68 | 18.90 | 20.84 | 23.43 | 5.12 | 18.94 | 21.79 |
| Equity - Mid-cap | | | | | | | | | | |
| Birla SL Midcap(G) | 121.65 | 1-Oct-02 | 1012 | 4.86 | 12.69 | 13.32 | 30.51 | 11.39 | 23.27 | 36.85 |
| ICICI Pru Emerging S.T.A.R.(G) | 37.80 | 25-Sep-04 | 258 | 6.45 | 12.63 | 16.06 | 43.02 | 3.06 | 15.49 | 25.14 |
| JM Mid Cap(G) | 29.00 | 9-Jun-04 | 5 | 4.25 | 13.63 | 14.06 | 17.14 | 8.91 | 11.51 | 18.54 |
| Kotak Midcap(G) | 28.84 | 28-Jan-05 | 119 | 6.65 | 18.56 | 27.36 | 47.03 | 5.45 | 15.18 | 20.81 |
| Reliance Growth-Ret(G) | 518.46 | 7-Oct-95 | 4459 | 7.14 | 13.51 | 16.85 | 31.86 | 13.54 | 24.35 | 29.81 |
| Reliance Reg Savings-Equity(G) | 33.89 | 10-Jun-05 | 2490 | 6.98 | 15.15 | 17.53 | 31.44 | 19.42 | 27.51 | 25.83 |
| Sundaram BNPP S.M.I.L.E(G) | 37.62 | 21-Jan-05 | 401 | 7.41 | 16.32 | 20.33 | 28.54 | 14.41 | 22.71 | 26.19 |
| Sundaram BNPP Select Midcap(G) | 166.40 | 19-Jul-02 | 1207 | 6.38 | 17.78 | 22.64 | 37.02 | 13.07 | 26.32 | 40.86 |
| Equity - Pharma & HC | | | | | | | | | | |
| Franklin Pharma(G) | 61.76 | 31-Mar-99 | 47 | 6.39 | 5.73 | 13.24 | 54.59 | 30.06 | 21.61 | 17.13 |
| Reliance Pharma(G) | 54.38 | 26-May-04 | 237 | 4.79 | 1.80 | 10.32 | 53.24 | 28.33 | 28.21 | 30.69 |

Returns as of 1st October, 2010

| Scheme Name | NAV (Rs.) | Inception Date | AUM (Rs. cr) | Absolute % | | | | CAGR % | | |
|--------------------------------------|-----------|----------------|--------------|------------|-------|-------|-------|--------|-------|-----------------|
| | | | | 1 M | 3 M | 6 M | 1 Y | 3 Y | 5 Y | Since Inception |
| Equity - Service Inds | | | | | | | | | | |
| ICICI Pru Services Inds(G) | 19.03 | 18-Nov-05 | 164 | 8.37 | 16.04 | 15.33 | 25.94 | 0.30 | 0.00 | 14.22 |
| Principal Services Inds(G) | 15.99 | 31-Jan-06 | 67 | 8.55 | 15.20 | 15.04 | 18.09 | 3.19 | 0.00 | 10.80 |
| Tata Service Inds(G) | 27.40 | 10-Mar-05 | 84 | 9.56 | 14.53 | 15.05 | 20.65 | 5.17 | 16.54 | 19.86 |
| Equity - Sensex Linked Index | | | | | | | | | | |
| Franklin India Index-BSE Sensex(G) | 57.58 | 27-Aug-01 | 36 | 12.24 | 16.84 | 16.15 | 19.43 | 6.13 | 18.58 | 21.21 |
| HDFC Index-Sensex Plus(G) | 246.65 | 10-Jul-02 | 59 | 11.29 | 17.37 | 18.57 | 23.90 | 10.08 | 21.50 | 28.15 |
| HDFC Index-Sensex(G) | 170.86 | 10-Jul-02 | 42 | 12.36 | 17.12 | 16.22 | 19.15 | 2.79 | 15.99 | 22.55 |
| UTI-SUNDER | 648.66 | 11-Jul-03 | 1 | 12.01 | 16.87 | 16.95 | 21.86 | 7.59 | 19.76 | 29.94 |
| Equity - Nifty Linked Index | | | | | | | | | | |
| Birla SL Index(G) | 61.34 | 17-Sep-02 | 19 | 12.35 | 17.14 | 16.70 | 20.68 | 5.64 | 18.21 | 25.30 |
| SBI Magnum Index(G) | 52.44 | 16-Jan-02 | 15 | 12.19 | 15.81 | 17.55 | 20.78 | 4.81 | 17.03 | 20.95 |
| Nifty BeES | 619.98 | 18-Dec-01 | 400 | 12.27 | 17.16 | 16.90 | 21.66 | 7.34 | 19.74 | 23.84 |
| Reliance Banking ETF | 1285.80 | 30-May-08 | 14 | 15.26 | 33.88 | 32.82 | 42.21 | 0.00 | 0.00 | 45.16 |
| Balanced - Equity Oriented | | | | | | | | | | |
| Kotak Balance | 24.12 | 25-Nov-99 | 64 | 34.45 | 41.27 | 44.01 | 40.66 | 13.86 | 18.35 | 18.73 |
| Sundaram BNPP Balanced(G) | 51.51 | 25-May-00 | 16 | 7.32 | 12.91 | 16.14 | 19.91 | 8.74 | 16.88 | 17.25 |
| Balanced - Debt-Oriented | | | | | | | | | | |
| HDFC Children's Gift - Savings | 22.02 | 2-Feb-01 | 63 | 2.35 | 3.55 | 7.56 | 15.27 | 11.65 | 8.66 | 8.58 |
| ICICI Pru Child Care Plan-Study Plan | 29.46 | 6-Aug-01 | 34 | 2.47 | 6.60 | 10.79 | 18.69 | 11.20 | 12.28 | 12.62 |
| Commodities - Gold | | | | | | | | | | |
| Gold BeES | 1872.20 | 23-Feb-07 | 1244 | 0.04 | 1.06 | 15.52 | 20.95 | 24.66 | 0.00 | 21.18 |
| Kotak GOLD ETF | 1870.64 | 4-Jul-07 | 230 | 0.04 | 1.19 | 16.18 | 20.98 | 24.51 | 0.00 | 26.73 |
| DSPBR World Gold-Reg(G) | 17.65 | 23-Aug-07 | 806 | 4.29 | 9.71 | 24.96 | 20.93 | 11.19 | 0.00 | 20.47 |
| Reliance Gold ETF | 1819.68 | 1-Nov-07 | 319 | 0.04 | 1.07 | 15.52 | 20.95 | 0.00 | 0.00 | 22.14 |
| UTI-Gold ETF(G) | 1871.32 | 16-Mar-07 | 380 | 0.05 | 1.21 | 16.22 | 21.04 | 24.58 | 0.00 | 21.70 |
| Liquid Funds | | | | | | | | | | |
| Birla SL Cash Mgr-Ret(G) | 23.02 | 14-May-98 | 64 | 0.48 | 1.37 | 2.52 | 4.45 | 6.43 | 6.57 | 6.97 |
| Birla SL Cash Plus-Ret(G) | 25.02 | 13-Jun-97 | 110 | 0.40 | 1.17 | 2.13 | 3.92 | 6.14 | 6.43 | 7.14 |
| Kotak Liquid(G) | 18.24 | 6-Oct-00 | 26 | 0.42 | 1.18 | 2.17 | 3.91 | 5.98 | 6.13 | 6.20 |
| LICMF Liquid(G) | 17.30 | 13-Mar-02 | 5593 | 0.49 | 1.41 | 2.57 | 4.83 | 6.99 | 7.10 | 6.61 |
| Magnum InstaCash-Cash(G) | 20.99 | 19-May-99 | 1986 | 0.49 | 1.42 | 2.67 | 4.51 | 6.40 | 6.54 | 6.73 |
| Reliance Liquid-Cash(G) | 15.33 | 4-Dec-01 | 14 | 0.42 | 1.21 | 2.13 | 3.47 | 4.55 | 5.08 | 4.96 |
| UTI-Money Mkt(G) | 2631.98 | 23-Apr-97 | 172 | 0.44 | 1.28 | 2.36 | 4.24 | 6.46 | 6.63 | 7.46 |
| Monthly Income Plans | | | | | | | | | | |
| Birla SL MIP II-Savings 5(G) | 17.13 | 30-Apr-04 | 610 | 0.92 | 2.08 | 3.67 | 6.26 | 11.86 | 9.87 | 8.82 |
| Birla SL MIP II-Wealth 25(G) | 17.84 | 30-Apr-04 | 173 | 1.85 | 4.15 | 5.77 | 9.94 | 6.62 | 8.72 | 9.52 |
| Birla SL MIP(G) | 26.08 | 10-Nov-00 | #N/A | 1.27 | 3.06 | 4.88 | 8.93 | 7.25 | 8.72 | 10.20 |
| Birla SL Monthly Income(G) | 35.97 | 14-Jul-99 | 311 | 1.30 | 3.14 | 5.40 | 9.23 | 9.01 | 10.17 | 12.16 |
| L&T MIP(G) | 19.59 | 1-Aug-98 | 49 | 1.81 | 3.14 | 4.23 | 6.33 | 12.76 | 10.19 | 4.76 |
| DSPBR Savings Mgr-Agg(G) | 18.88 | 20-May-04 | 83 | 2.37 | 2.02 | 3.12 | 6.65 | 7.85 | 9.90 | 10.60 |
| ICICI Pru Income Multiplier(G) | 19.38 | 5-Mar-04 | 365 | 2.74 | 4.02 | 6.08 | 9.29 | 8.17 | 9.88 | 10.58 |
| Magnum Income Plus-Savings(G) | 11.02 | 22-Oct-03 | 1 | 0.38 | 0.94 | 2.00 | 4.17 | 1.35 | 1.14 | 1.40 |
| UTI-MIS(G) | 19.58 | 11-Oct-02 | 253 | 2.00 | 3.09 | 4.78 | 10.03 | 9.49 | 9.58 | 8.79 |

After long discussions over Blackberry, Indian government sent formal notices to Research in Motion (RIM), makers of Blackberry saying that it will shut down Blackberry services if the firm does not meet its demands to give access to its encrypted messenger and e-mail services by August 31. On August 30, RIM had offered several ways to allow authorities to monitor Blackberry communications. However, RIM has insisted that it cannot decode the encrypted corporate email that is at the heart of its business and is yet to confirm India's claims that security agencies had started accessing Blackberry traffic. The government said it would check their feasibility over the next few days and has delayed a ban on Blackberry services for at least 60 days. The dispute between India and (RIM) over access to encrypted communications highlight a growing tension over regional security threats.

The story started when Blackberry was considered a Security threat to the world as Canadian Firm has their data servers located in Canada only and no other country have any access to the logs and information about the usage of Blackberry services.

Now, as per the current scenario, the future of the blackberry in India is in dilemma due to security concerns as Indian government threatened them to shutdown there services in India. Recently, the RIM had stated that it will not compromise on security architecture of Blackberry phones

About Blackberry

Blackberry is a line of mobile e-mail and smart phone devices developed and designed by Canadian company Research in Motion (RIM) since 1996. It is primarily known for its ability to send and receive (push) Internet e-mail wherever mobile network service coverage is present, or through Wi-Fi connectivity. It is mainly a messaging phone with the largest array of messaging features in a Smart phone today. This includes auto-text, auto-correct, text prediction, support for many languages, keyboard shortcuts, text emoticons, push email, push FaceBook and Myspace notifications, push EBay notifications, push instant messaging with Blackberry Messenger, Google Messenger, ICQ, Windows Live messenger and Yahoo Messenger; threaded text messaging and a customizable indicator light near the top right of all Blackberry devices.

Blackberry commands a 20.8% share of worldwide smartphone sales, making it the second most popular platform after Nokia's Symbian OS. The consumer Blackberry Internet Service (BIS) is available in 91 countries worldwide on over 500 mobile service operators using various mobile technologies.

The first Blackberry device was introduced in 1999 as a two-way pager. In 2002, the more commonly known smart phone Blackberry was released, which supports push e-mail, mobile telephone, text messaging, Internet faxing, Web browsing and other wireless information services. It

is an example of a convergent device.

Controversy over Blackberry in India

India is one of the key markets for Blackberry Smart phone having subscriber base of about one million, but now a days it is becoming a new headache for the Indian Government on account of security reasons and the Indian government has threatened Research in Motion (RIM), makers of the Blackberry to shutdown there services in India. The Government has considered Blackberry as a Security threat to the India as Canadian company has their data servers located only in Canada and the Indian security agencies are unable to intercept and monitor Blackberry services because of complex encrypted communication and non-availability of Blackberry servers in India.

The company has to develop new tools for this messenger access. If, in any case they fails to provide the code then referring national security India may direct Blackberry Service Providers to block Blackberry messaging and email service which will leave Blackberry users only with the ability of Calling and Internet Browsing making them victims of this email security concern.

However, the Indian government is not yet ready to grant permission to start Blackberry services in the country without setting up a server. At present, nine leading telecom firms, including government-owned BSNL and MTNL, and leading private players - Bharti Airtel, Vodafone, RCom and Tata are offering Blackberry services in the country.

Why Government is against Blackberry

The Indian government is against the use of Blackberry in India as it claims that anti-national elements could use Blackberry devices to communicate and RIM don't seem to be co-operating with the government to help in tracking these disreputable elements on a real-time basis. The government has raised concerns that Blackberry services could be misused by militants as security agencies cannot access the messages sent through these services.

The Blackberry security architecture was designed to perform as a global system independent of geography. The location of data centres and the customers' choice of wireless network are irrelevant factors from a security perspective since end-to-end encryption is utilized and transmissions are no more decipherable or less secure based on the selection of a wireless network or the location of a data centre.

Indian security Agencies fear that Blackberry Email and Messaging Services could be misused by Terrorists. In an internal meeting with home ministry official and RIM, Company offered their metadata and some other information that will let security agencies to lawfully intercept Blackberry communication but Security agencies didn't find it enough.

Hence, when the government demands such data

communication on a real-time basis RIM claims it is unable to accommodate such requests for a copy of your organization's encryption key since at no time does RIM, or any wireless network operator, ever possess a copy of the key.

Controversies on Blackberry in other Countries

Some countries have expressed worries about the Blackberry's encryption and decryption and the fact that data is routed through RIM's servers, which are outside the legal jurisdictions of those countries. The United Arab Emirates (UAE) and Bahrain were reported to consider the Blackberry as a -- security threat -- for this reason, with the former having earlier been reported as trying to get users to install an update on their Blackberry devices, ostensibly for performance enhancement, but which turned out to be spy ware that allowed call and email monitoring.

On August 1, 2010 Telecommunication Regulatory Authority (TRA) of UAE officially announced the suspension of Blackberry messenger, Blackberry e-mail, and Blackberry web browsing services in the country as of October 11, 2010. This measure was taken due to failed attempts to bring the service and have it hosted locally as per the UAE Telecommunication regulations.

Saudi Arabia had also threatened to ban the service; however it was able to reach an agreement with RIM to set up a server for the service inside the Kingdom.

India sets Blackberry monitoring deadline

The government said that it will shut down Blackberry services if the firm does not meet its demands to give access to its encrypted messenger and e-mail services by August 31. It also said that other Blackberry services, including voice and SMS traffic, were already available to law enforcement agencies. But, on August 30, after reviewing everything and meeting with RIM, the Department of Telecommunications will test a proposed monitoring solution for few days which should allow the government to access both consumers Blackberry Messenger data, as well as enterprise e-mail and has delayed a ban on Blackberry services for at least 60 days.

However, RIM has insisted that it cannot decode the encrypted corporate email that is at the heart of its business and is yet to confirm India's claims that security agencies had started accessing Blackberry traffic. RIM recently stated that it will not compromise on security architecture of Blackberry phones.

Restriction over other companies by Indian Government

Blackberry is not the only company to be affected from the Indian government. The government has been restricting imports from Chinese telecom manufacturers like Huwai Technologies and ZTE Corporation due to intelligence agency fears "spyware" could be embedded in the equipment. Intelligence Bureau (IB) also seeking to

monitor 3G services from Indian Telecom operator, before they commence their 3G services in India. 3G services will enable users to make VOIP calls from Skype, Fringe, Google talk from their mobile itself which could make it difficult to monitor.

The Indian government has added Google and Skype to Blackberry services in the list of possible bans. Officials are demanding that its security agencies be able to intercept and monitor encrypted e-mail and messaging services and believe all companies, including Google and Skype, could be subject to scrutiny.

Solution proposed by Research in Motion

Research in Motion (RIM) has proposed to share some details of its Blackberry services with the Indian government, but Indian security agencies want full access.

India has raised concerns that Blackberry services could be misused by militants as security agencies cannot access the messages sent through these services and has asked RIM to offer a solution to address the country's security requirements. RIM has said that it is impossible for it or any other third party to read encrypted data sent via its enterprise offering and that the company cannot accommodate any request for a copy of a customer's encryption key.

After several meetings with Indian government officials, the company has proposed that it could share the IP address of Blackberry Enterprise Servers (BES) and the PIN and IMEI numbers of Blackberry mobiles, but added these were not sufficient.

However, RIM assures its customers that it genuinely tries to be as co-operative as possible with governments in the spirit of supporting legal and national security requirements, while also preserving the lawful needs of citizens and corporations.

Wrapping up

With, RIM recently stating that it will not compromise on security architecture of Blackberry phones and mentioning, that security is of prime importance for them shows a green shoot in the wrangle. The company has further warned the government that that blocking its popular BlackBerry service will not resolve India's security concerns, but induce the legion of internet offenders to switch to the myriad alternative encryption solutions available online. India's Ministry of Home Affairs has delayed a ban on Blackberry services for at least 60 days while the Department of Telecommunications evaluates whether India's security concerns about the encrypted communications services can be allayed by routing traffic through Blackberry servers located in India, rather than in overseas data centers. The Industry Minister Anand Sharma, during his visit to Canada said that the smart phone maker Research in Motion (RIM) should be able to reach an agreement with New Delhi.

Solar Power Mission - an effort of clean energy

Human beings are harnessing solar energy since ancient times using a range of ever-evolving technologies. Solar energy is environmentally friendly as it has zero emissions while generating electricity or heat. Also, more and more countries are adopting renewable energy standards and planning to build solar plants. Further, more and more companies are planning to diversify their energy sources to reduce their exposure to periodic supply disruptions. India has a power generation capacity of 164,508MW, of which only 16,429MW is generated through renewable sources such as solar energy. India has a solar potential of 5 trillion kWh per year.

Currently, solar power is too expensive due to high initial costs of deployment, though the Government of India (GoI) is promoting the use of solar energy through various strategies. The National Solar Mission is a major initiative of the Government of India (GoI) and State Governments to promote ecologically sustainable growth while addressing India's energy security challenge. The mission anticipates achieving parity with cost of electricity on the grid by 2022 and parity with coal-based thermal power by 2030. The plan is to produce 20,000 MW through solar power by 2022, up from just 200 MW now. It will also constitute a major contribution by India to the global effort to meet the challenges of climate change. India is all set to generate 1,000 Megawatts (MW) of solar power by 2013, in the first phase of the new solar power projects under this mission. Policy guidelines for selection of new solar power projects under the 1000 MW Solar Power Scheme, in the first phase of Jawaharlal Nehru National Solar Mission were introduced in the month of July, this year. This programme will put India in league with countries which features the likes of Germany, Spain and Japan who are leaders in harnessing solar power. Under this project, 50 percent of the power will be generated through solar photovoltaic cells and the other half will be by solar thermal power and NRVN will have the authority to select the solar power plants based on both the technologies.

The Mission anticipates achieving grid parity by 2022 and parity with coal-based thermal power by 2030, but recognizes that this cost trajectory will depend upon the scale of global deployment and technology development and transfer.

The latest guidelines make it mandatory for the photovoltaic solar power producing companies to produce 5 MW or more power for getting connected to the grid. The government has appointed NTPC Vidyut Vyapar Nigam (NRVN) as nodal agency to manage the sales or purchase of electricity produced under the solar mission scheme. As per the guidelines, to ensure wider participation from solar power developers, only one application per company - including its parent, affiliate or group company - would be permitted for development of a single project.

Objectives:

The objective of the Jawaharlal Nehru National Solar Mission (JNNSM) under the brand 'Solar India' is to establish India as a global leader in solar energy, by creating the policy conditions for its distribution across the country as quickly as possible. The Mission has set a target of 20,000 MW and stipulates implementation and achievement of the target in 3 phases (first phase upto 2010-13, second phase from 2013 to 2017 and the third phase from 2017 to 2022) for various components, including grid connected solar power. Though, the ambitious target for 2022 of 20,000 MW or more, will be dependent on the 'learning' of the first two phases, which if successful, could lead to conditions of grid-competitive solar power. The transition could be appropriately up scaled, based on availability of international finance and technology.

The Mission aims to create a policy and regulatory environment which provides a predictable incentive structure that enables rapid and large-scale capital investment in solar energy applications and encourages technical innovation and lowering of costs. The mission also intends to create favorable conditions for solar manufacturing capability, particularly solar thermal for indigenous production and market leadership.

Although in the long run, the Mission would seek to establish a sector-specific legal and regulatory framework for the development of solar power, in the shorter time frame, it would be necessary to set in the activities of the Mission within the existing framework of the Electricity Act 2003. The Mission anticipates achieving grid parity by 2022 and parity with coal-based thermal power by 2030, but recognizes that this cost trajectory will depend upon the scale of global deployment and technology development and transfer.

Roadmap:

| S. No. | Application segment | Target for Phase I (2010-13) | Target for Phase 2 (2013-17) | Target for Phase 3 (2017-22) |
|--------|--|------------------------------|------------------------------|------------------------------|
| 1. | Solar collectors | 7 million sq meters | 15 million sq meters | 20 million sq meters |
| 2. | Off grid solar applications | 200 MW | 1000 MW | 2000 MW |
| 3. | Utility grid power, including roof top | 1,000-2000 MW | 4000-10,000 MW | 20000 MW |

Execution Plan:

A National Centre of Excellence (NCE) shall be established to implement the technology development plan formulated by the Research Council and serve as its Secretariat. It will coordinate the work of various R&D centres, validate research outcomes and serve as an apex centre for testing and certification and for developing standards and specifications for the solar industry. It is envisaged that the

Solar Energy Centre of the MNRE will become part of the National Centre of Excellence. Further, the Mission would also explore the possibility of collaborating with CSIR to launch an Open Source Solar Development initiative on similar lines as the Open Source Drug Discovery platform of CSIR. Going further, a Solar Research Council will be set up to oversee the strategy, taking into account ongoing projects, availability of research capabilities and resources and possibilities of international collaboration.

Moreover, concessions/ exemptions on custom duties and excise duties have also been recommended on specific capital equipment, critical materials, components and project imports. It is further envisaged that the State Government shall appoint any agency as a State Level Agency, which will provide necessary support to facilitate the development of the Projects.

Financiers:

The project is being financed by public agencies including Indian Renewable Energy Development Agency (IREDA) along with Power Finance Corporation (PFC) and Rural Electrification Corporation (REC). Further, the government is planning to extend financial assistance from its government owned undertakings Rural Electrification Corporation (REC) and Power Finance Corporation (PFC) under its intended Jawaharlal Nehru National Solar Mission (JNNSM).

Nodal agency:

In order to enable the early launch of "Solar India" and encourage rapid scale up, a scheme is being introduced in cooperation with the Ministry of Power, the NTPC and the Central Electricity Authority, which would simplify the off-take of solar power and minimize the financial burden on Government. Under this programme, solar power will be bundled up along with power out of the cheaper unallocated quota of Central stations and sold to state distribution utilities at the CERC regulated price. However, this will bring down the gap between average cost of power and sale price of power. For the purpose of bundling, power has to be purchased by an entity and re-sold to the state power distribution utilities. Such function can be done only by trading company/ Discoms, as per the existing statutory provisions.

NTPC has a wholly owned subsidiary company engaged in the business of trading of Power - NTPC Vidyut Vyapar Nigam (NVVN). NVVN will be designated as nodal agency by the Ministry of Power (MoP) for entering into a Power Purchase Agreement (PPA) with Solar Power Developers to purchase solar power fed to 33 KV and above grid, in accordance with the tariff and PPA duration as fixed by the Central Electricity Regulatory Commission. The Ministry of Power shall allocate to NVVN, equivalent megawatt capacity, from the Central unallocated quota, from NTPC power stations, at the rate notified by the CERC for bundling together with solar power.

NVVN will undertake the sale of the bundled power to State

utilities at the rates determined as per CERC regulations. The above arrangement would be subject to review by Government, in case of, significant price movement in the market. The above arrangement will be limited to utility scale solar power generated from a maximum anticipated capacity of 1000 MW in the first phase. When NVVN supplies bundled power to State utilities at the rates determined as per CERC regulations, those State utilities will be entitled to use the solar part of the bundled power for meeting their Renewable Purchase Obligations (RPO) under the Electricity Act, 2003. The CERC may issue appropriate guidelines in this regard.

Bottom-line

Using sunlight to create electrical and thermal energy remains the most promising source of clean renewable energy. The challenge however lies in just how much energy solar power would have to displace if it were to become the dominant source of energy in the world. Further, solar energy is facing three fundamental challenges of cost, its manufacturing procedure as well as its waste products that have any impact on the environment and the land acquisition for erecting solar PVs. However, considering the fact that solar energy systems do not require any fuel, the running costs are lower. The Jawaharlal Nehru National Solar Mission (JNNSM) of Indian Government aims to ensure large-scale deployment of solar generated power for both grid connected as well as distributed and decentralized off-grid provision of commercial energy services. The move could unlock India's huge renewable potential and benefit domestic companies. The companies that make materials for solar thermal installations such as mirrors and receiver tubes will also benefit from this initiative. Capital equipment makers are also a fairly safe bet, with attractive returns on invested capital. Further, Siemens is one manufacturer whose turbine orders may increase as solar thermal power gets commercialized.

Meanwhile, the recent surge in nuclear energy is diverting focus from the solar energy enhancement. Going further, even though energy from renewable energy sources is growing rapidly, with markets such as solar cells, wind and biodiesel experiencing annual double digit growth, the overall share is only expected to increase marginally over the coming decades as the demand for energy also grows rapidly.

State-owned hydrocarbon companies such as Oil and Natural Gas Corp. (ONGC), Indian Oil Corp. (IOC) and GAIL (India) Ltd are among the nearly 400 applicants who want to set up solar power units as part of India's efforts to promote clean energy. ONGC, OIL and GAIL, along with Lanco Infratech Ltd, Punj Lloyd Ltd, Gammon India Ltd, Acme Tele Power Ltd, Maharashtra State Power Generation Co. Ltd, Andhra Pradesh Power Generation Corporation Ltd (AP Genco), and Karnataka Power Corporation Ltd, among others, have submitted expressions of interest (EoIs).

Government may impose Rs 2,500 per tonne cotton export duty

The Indian government is likely to extend the ban on cotton export registration that was to be lifted on October 1, 2010. It is also likely to impose an export duty of around Rs 2,500 per tonne on cotton exports to ensure that shipments remain within reasonable limits and enough of the raw material is made available to the domestic textile industry which has been lobbying hard for export curbs. This however is unlikely to satisfy the textile lobby which has been asking for at least Rs 10,000 per tonne of levy which will prove complete prohibitive for cotton exports from the country. The government is also facing pressure from cotton traders and farmers' unions which want lower export duty to ensure significant export from the country that will support domestic prices.

The Indian government is often caught in the lobbying by two opposite sides, cotton farmers and traders on one hand and domestic textile players on the other hand. Although it has an institutionalized mechanism to address the trouble, volatile production and global prices scenario makes a decision difficult. The cotton corporation of India is tasked with keeping a tab on the potential production and the cotton advisory board estimates the exportable surplus. However, the final decision is often taken at the last stage by the top government officials including the textile, agriculture and finance ministers. India, the world's 2nd largest cotton exporter, had earlier said it would allow exports after local consumption at 5.5 million bales in the next marketing year starting October 1. The US, the largest producer of cotton in the world, has sold nearly 90% of its crop and has nothing significant to offer international markets at this point in time. As such, global cotton prices have been ruling at record high levels and will take a cue from how much export and at what duty is allowed by the government of India.

Production in India in the next season is expected to see a sharp- jump owing to good monsoon. The country is expected to produce a record cotton harvest next season at 35 million bales, higher than earlier estimates of 32.5 million bales due to better yields. This will represent a 17% year-on-year increase in production on the low base of last year. If the government also decides to increase export limit in wake of higher production, it would certainly help bring down global prices as well.

First advance estimates project bumper Kharif crop

First advance crop estimates for the Kharif harvest released by the farm ministry have projected a bumper output, which should help cool food inflation that has stubbornly remained at elevated levels for over a year. According to data released by the Agriculture Ministry on , food grain production in the Kharif season is expected to increase by over 10% to 114.63 million tonnes (MT) against 103.84 MT a year ago. Production of most of the

cash crops is also likely to surge.

Leading the surge in agricultural output will be the rice, the most consumed staple in the country, which is expected to show much higher yield due to better weather conditions. Also, in case of pulses, both the better yields and the greater area under cultivation owing to high prices seen over last one year will prompt a substantial jump in production.

'Rice production in the country in the Kharif season is likely to be 80.41 million tonne as compared to 75.91 million tonne in 2009-10 kharif. Production of kharif pulses is expected to be 6 million tonne as against 4.30 million tonne last kharif,' said the ministry of agriculture in a statement.

Scenario is also good in some of the cash crops including cotton. Total cotton production in the country is estimated to be 335 lakh bales, up 96 lakh bales from the last year's first advance estimates. Total oil seed production in the country is also expected to jump by over 10% in the Kharif season to 17.27 million tonne compared with 15.66 million tonne a year ago. Another key crop, sugarcane, is likely to see a growth of 16% to touch 324.91 million tonne as against 277.75 million tonne in 2009-10.

Rubber production rises 12% in August, to help tyre makers

In a development that can help bring some relief to the tyre industry, which is reeling under the surging cost of natural rubber, India's rubber production in the month of August has registered an increase of nearly 12% in August. According to the rubber board, the increase was due to better weather conditions and increase in tapping in response to higher prices prevailing presently.

Total production of natural rubber stood at 72,500 tonne in the month under review compared with 64,750 tonne of production in the same month a year ago. The increase in production will help bring down the demand-supply gap and may also lead to some softening in prices. At least, it will cap further increase in domestic natural rubber prices in near term. Looking at the cumulative data, total rubber production in the country during the April-August period of current fiscal stood at 2.97 lakh tonne compared with 2.74 lakh tonne in the same period last year, thus registering a growth of 8.3%.

Rubber consumption on the other hand stood at 3.9 lakh tonne in the first five months of the current fiscal, as against 3.77 lakh tonne in the corresponding period of 2009-10, thereby registering a growth of 3.4%. In the month of August alone, consumption was nearly flat at 79,750 tonne. Although the demand for natural rubber continues to remain ahead of supply, the higher growth in production against consumption over the last few months will help ease some pressure from prices, which continue to remain substantially higher on an annual basis. Demand-supply scenario in the commodity remains tight

in the international markets as well, which has resulted in considerable increase in both Indian and global prices of natural rubber over the last one year or so.

Jump in Indian production may help tame cotton prices

Cotton prices in the international markets have reached 15-year record high levels as the demand supply conditions in the market remains tight. For the fifth year in a row, cotton consumption is expected to outstrip production, according to the US department of Agriculture (USDA), which is keeping the prices buoyant. Cotton inventories too have dwindled sharply over the years in wake of low supply.

However, the situation may ease going forward as India is expected to produce a record cotton harvest this season. According to industry sources, cotton output in India, the world's second biggest producer, is likely to jump to a record 35 million bales in 2010-11, higher than earlier estimates of 32.5 million bales due to better yields. This will represent a 17% year-on-year increase in production on the low base of last year. However, it is not just higher production in India that impacts the cotton prices, but also how much the Indian government decides to export. Since greater exports can hit the domestic textile industry, which is labour intensive in nature, and less export can impact the fortunes of vast majority of farmers who sow cotton, the decision is always politically very sensitive in nature.

The Indian government does have an institutionalized mechanism to address the trouble. The cotton corporation of India keeps a tab on the potential production and the cotton advisory board estimates the exportable surplus. However, the final decision is often taken at the last stage by the top government officials including the textile, agriculture and finance ministers.

The government had said earlier that it would limit cotton exports to 5.5 million bales in the year beginning Oct. 1 to ensure that enough supplies are available to meet domestic demand as well. A "prohibitive" duty will be imposed on shipments above that level, Commerce Secretary Rahul Khullar had stated in a recent interview. However, with upside to production, the limit is likely to be increased. Nayan Mirani, the vice president of Cotton Association of India, has said that since the production will be substantially higher than earlier estimates, there will be more room for exports.

The Indian apparel industry is however opposing any move to allow greater exports from the country as it increases the domestic prices. On the other hand, farmer unions often call for higher exports to support domestic prices and hence their profitability. The government has to strike a fine balance between the two opposite demands in a highly polarized atmosphere. According to government officials, it may allow start of exports with initial limit of 5.5 million bales by as early as November 1. However, if

domestic prices crash too much, it would then extend the export limit going further into the season.

Rubber prices to remain firm as supply outlook weak

Global rubber industry continues to face a very tight demand-supply equation that is fuelling the prices of the commodity. Most affected are tyre makers which consume nearly 60% of the global rubber production and spend nearly 50% of their total cost of production on natural rubber.

While it was expected that supply scenario will ease as the current season progresses, poor weather has spoiled the plans and the Association of Natural Rubber Producing Countries (ANRPC) has snow ruled out any major improvement saying some of the key producers like Thailand and Indonesia were likely to witness less production than what was anticipated.

Drought earlier this year and followed by heavy rains have hampered tree-tapping across plantations in the Asian region. Thailand's output has fallen by 23% in July because of extended wintering, which takes place during February. Other key producers too face some downside to production, primarily due to weather related problems, thus keeping the international market in tight supply.

Analysts are expecting an overall decline of at least 3.9% in rubber production during third and fourth quarters, compared with the same period last year. Further, the high prices while have increased tapping activity, it has decelerated the planting of new trees and as a result aging profile of trees and poor weather is set to hurt production over the next season as well.

Natural-rubber consumption on the other hand continues to improve riding on strong auto sales in emerging Asia and hence rising demand for tyres. As per industry estimates, global consumption will increase 9.4% this year to 10.31 million tonne, the biggest annual increase since 2004. Given the poor supply conditions, analysts expect that demand will outgrow supply by 127,000 tonne next year, the highest since 2007. Also, closing stocks will further dwindle by 12% to just 67 days of demand in 2011, the lowest level in at least 11 years. The situation is no different in India which also faces an acute demand-supply gap despite some improvement in supply. As per the latest data released by the Rubber Board of India, monthly natural rubber production worked out to be 56,400 tonne in June while consumption reached 79,150 tonne, leaving the tyre industry to import the rest despite high global prices and very high import duty of 20%.

The Indian government has been talking about lowering the import duty to somewhere in the range of 8-12% from current 20%, at least for a given quantity of rubber import, to help the tyre companies which have been facing systematic escalation of cost of production. The talk of import duty cut has somewhat dampened the prices. So

far however the government has failed to reach a decision and if there is no cut in the levy going forward, there could be further upside to domestic prices as well.

Government in no hurry on sugar decontrol

The development has put the tyre makers in a tight corner. Top tyre makers in the country have raised prices by 10-20% since the start of current calendar year to offset the rising costs amidst high prices of natural rubber, which constitutes nearly half of the total cost. While strong demand side fundamentals have helped the companies pass the rise in cost to consumers, the extremely high competition in the industry has ensured that only the bare minimum necessary hike is implemented in prices. However, with increase in production of natural rubber, the tyre industry can expect some relief from rising cost of production over coming months.

Despite having the backing of the agriculture and food ministry, the proposal to deregulate the sugar industry is unlikely to see the light of the day anytime soon. While the sugar industry has been lobbying for at least a partial deregulation, the government probably does not want to take any chances and is going slow on the issue.

Earlier, Union Agriculture and Farm Minister, Sharad Pawar, had held a meeting with the Prime Minister, Manmohan Singh, last week, wherein the former is understood to have made a strong case for decontrol of the sugar industry.

Sugar is perhaps the most tightly regulated commodity in the country at present. Although the government has relaxed some of the measures that were imposed last year after sugar prices surged sharply, the sector continue to attract a number of restrictions. Government still fixes the minimum sugarcane prices, and issues a monthly release quota for each mill. Also, mills have to sell 20% of their output at a below market price to the government for its public distribution system (PDS). If a mill fails to sell its allocated quota any month, the remaining amount of the sweetener is automatically converted into the levy sugar. The farm minister has however pitched for a number of reforms in the sector including dismantling the monthly release mechanism, scrapping the practice of levy sugar and de-reserving cane area. The latest proposal means growers will no longer be bound to sell to a particular mill which is currently done by prescribing a minimum distance between two plants.

While the proposals have been supported by the industry and many economists believe these may help bring greater efficiency into the sector, the central government feels that a rapid decontrol of the sugar sector could be too risky. It has, in this context, asked the opinion of the state government before making any next move. However, experts feel that such a step will certainly delay the sugar decontrol efforts as states are likely to take their time in replying to the Central government. Also, the views of sugar-producing states like UP and Maharashtra is not

going to converge with those of the consuming states. Finally, even if some states do agree with decontrol, each one is going to recommend different conditions before deregulation is done, something that will probably be too much for the Centre to implement.

India's onion exports slip 53% in August

India's onion exports slipped by 53% in the month of August 2010 to 87,428 tonnes from 1,86,144 tonnes in August 2009 on the back of higher export prices. This is the fifth month in a row when the onion exports have witnessed decline on year-on-year basis. In monetary terms, the situation looks even worse. August month onion exports stood at Rs 93.39 crore, down 58% over Rs 221.17 crore in the same month of last year.

For the month of August 2010, the country had fixed minimum export price (MEP) for onions at \$220 per tonne while the shipments from other rival nations like China and Pakistan were available at a discount of around \$50 at \$170-180 per tonne. The reason behind setting MEP at higher levels in India was to restrict rising prices of onion in local markets.

Since the beginning of this fiscal till August 2010, the country has exported 6,86,061 tonnes of onion as compared to 9,79,817 tonnes in the corresponding period of the previous financial year, down 30%. In the meantime, the MEP for the month of September has been further hiked to \$275 per tonne, as per the latest release from Nafed

Sugar surplus next season likely to be lower than estimated

Global sugar production in the next season is likely to be lower than what was expected earlier due to negative impact of weather related problems which will lead to a lower surplus compared to previous anticipation. This will also impact the plans of the Indian government for allowing greater export of the commodity as well as introducing major reforms in the highly controlled sector.

Sugar production globally was lower than average for last two seasons, primarily on shortfall in India, the second biggest producer, and some other Asian countries. This resulted in sharp surge in prices throughout the last year markets across the globe. However, as a huge supply response to high prices became visible in most countries, prices crashed in March this year.

Although overall production is still expected to be above the demand, the actual increase in sugar output over the next season is now unlikely to be as much as was expected. This is because of weather related problems in a number of producing countries including Brazil, Russia, China, Pakistan, South Africa. While the floods in Pakistan have had a major impact on the crop, the loss in Brazil is marginal due to the ongoing dry weather. Chinese production too is facing a similar problem and is likely to remain lower than initial estimates.

Birla Sun Life Insurance Secure 58 Plan

Birla Sun Life Insurance Secure 58 Plan is a traditional, non-participating pension plan that offers unique benefits. It is great choice for an individual's retired life as it has the mix of Security, Growth and Liquidity. Not only does BSLI Secure 58 Plan allows one's money to grow safely, if the need arises, it allows one to access accumulated survival benefit in case of any emergency need.

BSLI SECURE 58 offers following unique benefit to one to mitigate risk:-

Guaranteed Vesting Benefit: The Guaranteed Vesting Benefit or GVB is the amount one is guaranteed at the beginning if they pay their annual premium regularly.

Survival Benefit: Apart from the above guaranteed amount, BSLI Secure 58 Plan offers one a chance to earn survival benefit – an amount of money which they may earn at the end of every policy year from the 3 year onwards. The survival benefit can be withdrawn by one or can be used to pay the premium dues. At vesting, one will receive the accumulated survival benefit over and above one's GVB. This is the added advantage of Growth and Liquidity beyond GVB.

BSLI SECURE 58:-

Features:-

- 18 to 80 years of age
- Looking to vest anytime between 10 years - 40 years from the entry age.
- Maximum vesting age is 90 years
- Looking to invest at least Rs 9,600 per annum for retirement planning. While there are no limits on the amount one can invest in this plan, one can choose annual base premiums only in multiples of Rs 1,200 per annum over the minimum premium of Rs 9,600.

Obligation on Vesting:-

As per the current Income Tax laws 2/3 of the proceeds at vesting, called the retirement corpus (GVB and Accumulated Survival Benefits) has to be necessarily invested in an Annuity Plan while the balance can be withdrawn tax-free in the hand of the policyholder.

An annuity plan provides one with regular monthly income based on the amount of money invested by him/her in the plan.

Premiums and Survival Benefit Bands:-

The Survival Benefit under BSLI Secure 58 Plan is linked to one's annual base premiums and is categorized in 3 bands, as follows:

| Annual Premium Band | Annual Base Band Premium Range | Survival Benefit |
|---------------------|--------------------------------|-------------------------------------|
| Band 1 | Rs. 9,600 - Rs. 18,000 | Base Survival Benefit |
| Band 2 | Rs. 19,200 - Rs. 37,200 | 5% extra over Base Survival Benefit |
| Band 3 | Rs. 38,400 onwards | 7% extra over Base Survival Benefit |

One can also choose to pay premiums annually, half yearly, quarterly or monthly as per their own convenience. The annual premium will be multiplied by 0.510, 0.258 or 0.087 in case one opts for paying it half yearly, quarterly or monthly respectively.

Growth and Liquidity:-

At the end of every policy year starting from 3 year, one will earn a survival benefit calculated on base premiums paid till date multiplied by:

6.00% + 60% of any excess of the GSec rate over 7.50%; or
6.00% – 75% of any excess of the 7.50% over the GSec rate

At the beginning of each policy year, individual's policy will be assigned the latest GSec rate declared by the company and one's year-end survival benefit will be based on this GSec rate, irrespective of any change in interest rates during the policy year.

The insurer will declare the GSec rate at the beginning of each calendar quarter (the 1 of January, April, July and October) and it will equal the average of the daily 10-year Constant Maturity Treasury annual yields, as calculated by Bloomberg, recorded over the last calendar quarter. One's survival benefit is therefore based on the prevailing 10-year Government of India Security rate at the beginning of the policy year. One will be able to enjoy 60% of any upside interest movement and be protected on the downside by having survival benefit reduced by only 75% of the downside interest movement. For example:

| GSec Rate | Downside/Upside Adjustment | Survival Benefit Rate |
|-----------|----------------------------|-----------------------|
| 7.50% | ----- | 6.00% |
| 5.50% | - 75% x 2.00% = - 1.50% | 4.50% |
| 9.50% | + 60% x 2.00% = + 1.20% | 7.20% |

One's survival benefit will be increased by 5% or 7% at higher premiums as per the Survival Benefit Bands.

The survival benefit will be calculated at the end of every policy year and credited to one's policy's accumulated survival benefits. The accumulated survival benefits balance will be available for:

- Making cash withdrawals, subject to a minimum of Rs. 5,000
- Offsetting future premiums provided one's accumulated survival benefits are higher than annual premium.

Extant tax laws will be applicable on exercising any of

these options.

Any accumulated survival benefits will be payable on vesting, surrender or death.

The Power of Guaranteed Vesting Benefit

The vesting date is the date one decides to end the accumulation phase and enter the income phase. One has the freedom to vest at any time after the completion of 10 policy years.

On the vesting date, one will receive a retirement corpus equal to the Guaranteed Vesting Benefit PLUS his/her accumulated survival benefits. The Guaranteed Vesting is linked to one's age at entry and accumulation phase.

Benefit (GVB) is linked to one's age at entry and accumulation phase. Please refer to the table below for sample Guaranteed Vesting Benefit per Rs. 1,200 annual base premium:

| Entry Age | Accumulation Phase (years) | | | | |
|---------------------------|----------------------------|--------|--------|--------|--------|
| | 10 | 15 | 20 | 25 | 30 |
| 20 | 12,173 | 18,440 | 24,952 | 31,707 | 38,099 |
| 30 | 12,175 | 18,451 | 24,983 | 31,803 | 38,270 |
| 35 | 12180 | 18467 | 25080 | 37975 | 38542 |
| 40 | 12,189 | 18,564 | 25,262 | 32,160 | 38,669 |
| 45 | 12,205 | 18,612 | 25,373 | 32,383 | 39,086 |
| 50 | 12,229 | 18,686 | 25,555 | 32,768 | 39,793 |
| 55 | 12,268 | 18,809 | 25,881 | 33,442 | 40,972 |
| 60 | 12,337 | 19,043 | 26,472 | 34,609 | 42,796 |
| Annual Base Premiums Paid | 12,000 | 18,000 | 24,000 | 30,000 | 36,000 |

that time

- PLUS all accumulated survival benefits
- Apart from the Guaranteed Vesting Benefit, safe growth in savings and the benefit of cash withdrawal,

One will have the following benefits too:

Surrender Benefit:-

In the unfortunate situation of surrender of policy before completion of 10 policy years, one will receive all base premiums paid by them multiplied by a percentage as indicated below PLUS accumulated survival benefits.

| Policy Year of Surrender | | | | | | | | |
|--------------------------|-----|-----|-----|-----|-----|-----|-----|------|
| 1-2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 0% | 40% | 45% | 50% | 60% | 70% | 80% | 90% | 100% |

On the vesting date, total savings amount or retirement corpus will be used to purchase a regular income payable for the rest of one's lifetime. One will have the option to:-

Utilize this amount for buying a regular income from the insurer as per its then available products on one's vesting date. One will be free to choose the same from another life insurer of his/her own choice too

Receive up to 1/3 of the retirement corpus in a lump-sum and tax free (as per the current Income Tax Act) and utilize the balance 2/3 to receive a stream of regular income

Secure Family's Dreams:-

In the case of the unfortunate event of death of the life insured, the insurer will pay the nominee higher of:-

- 75% of first year base premium and all renewal base premiums paid; or
- Surrender value (or the Guaranteed Vesting Benefit) at

Tax Benefit:-

One would be eligible for tax benefits under Section 80CCC and Section 10 (10A) of the Income Tax Act, 1961. Presently,

- Under Section 80CCC, premiums up to Rs. 100,000 are allowed as a deduction from the taxable income each year
- Under Section 10 (10A), the tax benefits are on the commuted value of the benefits on the vesting date, subject to mentioned exclusions.