

Magnum Connect

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Dear Friends,

We witnessed diminishing confidence during the passing month across the globe with the markets getting pounded continuously. The worries of economies slowing down has once again started haunting the minds of investors and the weakness in world's largest economy .The rating downgrade of US has once again made us remember the 2008 situations, reminiscent of a recession again. It was one of the worst month in last two years, while the equity markets were being crushed day after day the economic slowdown too started showing up. The global cues weighed heavily on our markets and the government was entangled in political doldrums with social activist crusader Anna Hazare keeping the whole political scenario buzzing.

Though, the domestic economy has shown great amount of strength in past couple of years but the GDP numbers for the first quarter of the fiscal can be called an alarm bell as country's economy slowed down to 7.7% in the first quarter of FY'12 from 8.8% in the corresponding period year ago. The toll promises will be difficult to meet in the year going ahead. Inflation menace too is unable to be tamed despite the repeated hawkish monetary policy stance of the RBI. Now it is the time, the government should look beyond monetary policy and take some measures that can really bring the inflation under control without disturbing the industrial growth.

Jiten J. Chheda
 (Director)
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Overview:

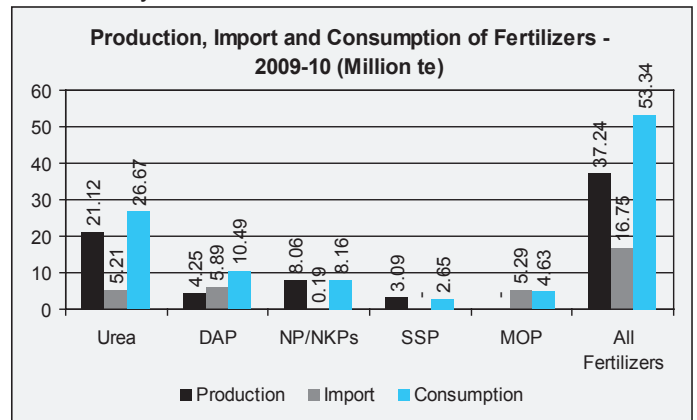
The Indian fertilizer sector has played an imperative role in the growth of agriculture – the backbone of Indian Economy which holds its relative importance for more than a billion people. The fertilizer sector by enhancing the agricultural productivity has in turn resulted in providing a major support to the farmers who are primarily dependent on agriculture. Fertilizers have also played a pivotal role in India’s food Security. For the Indian government, food has been the primary objective owing to its huge population. In India, therefore the fertilizer industry has wielded immense influence, like no other sectors in India. To cater to the needs of the individual, government’s top priority has been towards production of food grain. Since the poor farmers could not afford to buy expensive fertilizing agents, the government’s interventionist policy helped in providing the farmers fertilizers at a reasonable cost. Government formulated the Retention Price-Cum Subsidy scheme which has been a major impetus for the fertilizer industry since 1977 to 1992.

Indian fertilizer industry can be broadly divided into three categories, depending on the nutrient composition - nitrogenous (N), Phosphatic (P) and Potassic (K). Urea is the key fertilizer consumed in the nitrogenous segment and accounts for more than 50% of the total fertilizer consumption in India. Potassic fertilizer mainly comprises Muriate of Potash (MOP), which is entirely imported. Phosphatic fertilizer is consumed in the form of complex fertilizers which includes Di-Ammonium Phosphate (DAP).

The government from time to time has taken considerable steps for the upliftment of Indian agriculture sector. Fertilizer industry in India has succeeded in meeting the demand of all chemical fertilizers in the recent years. India’s green revolution in late sixties gave a positive boost to the sector. The sector experienced a faster growth rate and presently India is the third largest fertilizer producer in the world. The global demand for food continues to rise on the back of increasing population and disposable incomes in developing economies. However, unfavorable weather conditions in certain parts of the world negatively impacted agricultural production in FY10-11. In India, the rising income levels particularly at rural households are leading to a rise in the demand for food grains.

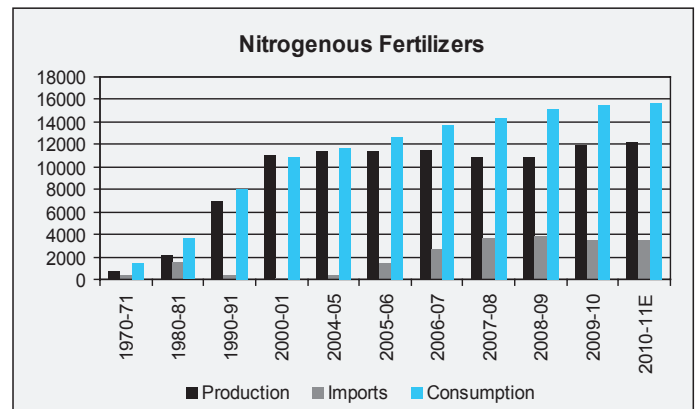
In order to ensure food security, the government is taking various steps to promote balanced use of soil nutrients as well as expand the demand for fertilizers. In line with the same, the Government announced the introduction of the Nutrient Based Subsidy (NBS) in 2010 for the

phosphatic and potassic fertilizers. The NBS scheme is aimed at improving agriculture productivity, encouraging balanced use of fertilizers and enhancing customization to suit crop and soil requirements. This policy provides subsidy for basic nutrients (Nitrogen, Phosphorus, Potash and Sulphur) in a fertilizer, instead of the product based subsidy which was prevailing. With the introduction of NBS, companies are being allowed to increase prices without any formal approvals from the government. While there was price increase by sellers to the tune of 10-15%, consumption of Phosphatic and potassic fertilizers grew by around 12% during FY10-11 as per latest estimates. India’s Urea imports now account for over 30% of the total country’s demand. Government’s ability to provide timely subsidies is a key factor influencing the performance of the industry.



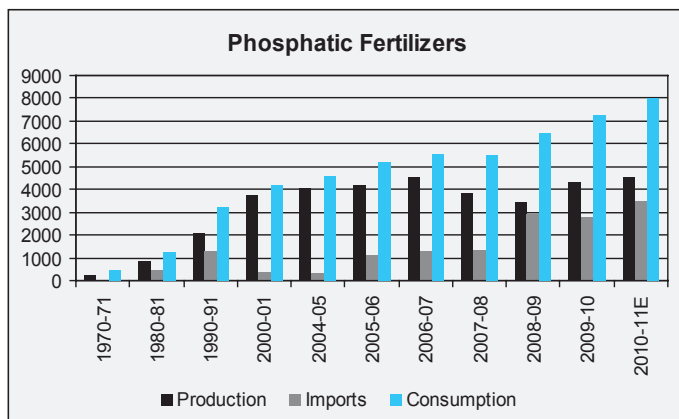
Fertilizer Production:

The Indian fertilizer sector is primarily impacted by production capacity, raw material availability, agriculture, international market and government policies. India is the third largest fertilizer manufacturer in the world with an installed capacity of around 13 million tonnes of nitrogen and about 6 million tonnes phosphatic nutrients. However, with increasing nutrients requirement the demand for fertilizers are met through imports due to unavailability of the raw materials.



India is largely dependent on imports to meet its fertilizer requirement especially the complex fertilizers. Due to higher imports (except for nitrogen), India is largely exposed to international prices of phosphatic and potassic fertilizers. In recent years, India's fertilizer production has failed to expand at a brisk pace. During 2010-11 it stood at 376.35 lakh metric tonnes (LMT) from 368.26 LMT in 2009-10. And in 2008-09 the production was 331.48 LMT. This shows that the production of fertilizers have increased, however, this increase in production is less than the domestic demand for fertilizers. There has been no significant capacity addition of any kind of fertilizer in past eight years. In 2008-09, the total fertilizer capacity in India in terms of nutrients was 19.3 million tonnes, while actual production was 14.3 million tonnes and total consumption in terms of nutrient was 24.9 million tonnes. Out of around 13 million tonnes of nitrogenous fertilizers capacity, utilization level was 84% in 2008-09, which declined in past three years. In phosphatic fertilizers, condition is even worse as against capacity of around 6 million tonnes in 2008-09; utilization level was only 55%. Major reason for lower utilization level is unavailability of raw material namely, phosphatic acid, rock sulphate etc. In 2008-09, nitrogenous fertilizers accounted for close to 61% of total nutrient consumption in India, out of which urea contributed 98% of consumption. Phosphatic fertilizer was 26%, out of which DAP contributed over 56%. The share of potassic nutrients was marginal (13.3%) of total consumption, as there was no potassic capacity in India and entire requirement is imported.

In the past, usage of Urea (Nitrogen) was higher, due to lower cost compared to other fertilizers and lack of knowledge among the farmers. High usage of urea resulted in deficiency of important nutrient in soil over the years, which deteriorated the land fertility. The ideal NPK ratio is 4:2:1. Historically, nutrient consumption ratio was largely in favor of N (Nitrogen) due to higher usage of urea,



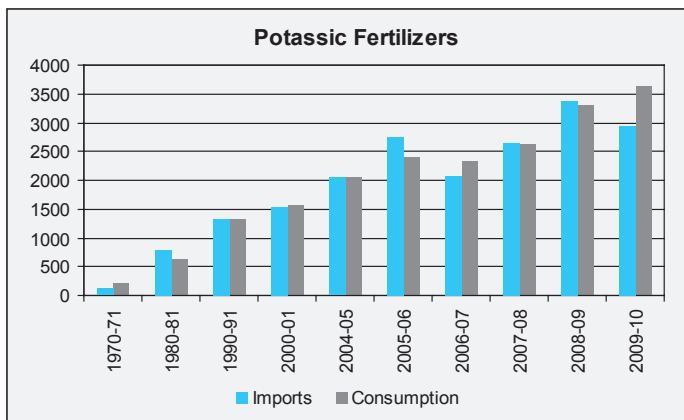
which moved towards a balance scenario with NPK ratio improving from 5.3:2.2:1.0 in 2005-06 to 4.6:2.0:1.0 in 2008-09, showing increasing consumption of phosphatic and potassic fertilizers.

In order to encourage the production of phosphatic and potassic (P&K) fertilizer in India, government has reduced custom duty on phosphoric acid, from 5% to 2%. The phosphoric acid is an important ingredient for P & K fertilizers. In order to increase the production of P & K fertilizers such as such as DAP and MOP, the government also announced a Nutrient Based Subsidy (NBS) on P&K fertilizers. In the start of this month, a Group of Ministers (GoM) headed by Finance Minister Pranab Mukherjee had approved a recommendation of deregulating urea prices and bring it under the NBS policy.

According to the proposal, the government has decided to raise urea prices by 10% in the first year of the policy, after that industry would be free to decide the prices. Currently, urea continues to be under government regulation by the New Pricing Scheme III (NPS-III). NPS-III has been extended temporally until the next orders.

Fertilizer Consumption:

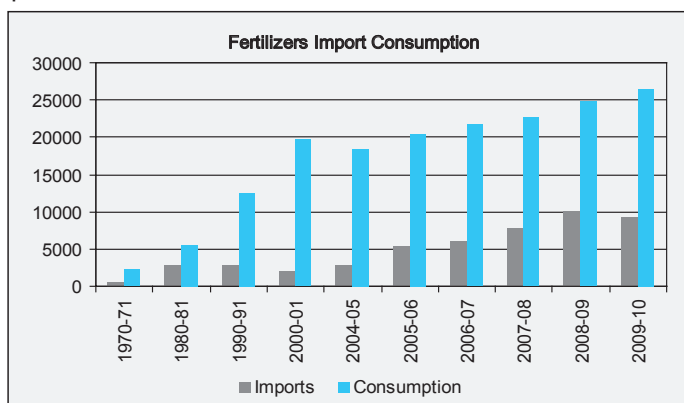
The national average of fertilizer consumption in India is 116.5 kg per hectare in a year. The use of fertilizers for agriculture in India has risen astronomically in the last 60 years, resulting in deterioration of soil health in many parts of the country. In 1951-52, fertilizer usage in the country averaged less than one kg per hectare, which has now risen to 133 kg per hectare. However, despite this increase, the consumption of fertilizers is still less in India than many developed countries. In view of the deterioration in soil health, the government had in 2008-09 launched a new scheme, namely the National Project on Management of Soil Health and Fertility, to promote soil test-based balanced and judicious use of chemical fertilizers in conjunction with organic manure. In addition,



the National Project on Organic Farming was started in 2004-05 to promote the use of organic fertilizers.

India is the second largest consumer of fertilizers in the world, after China. It accounted for 15.3% of the world's N consumption, 19% of phosphatic (P) and 14.4% of potassic (K) nutrients in 2008 (FAI, 2010). The rapid expansion of irrigation, spread of HYV seeds, introduction of Retention Price Scheme, distribution of fertilizers to farmers at affordable prices, expansion of dealer's network, improvement in fertilizer availability and virtually no change in farm gate fertilizer prices for 10 years (1981-1991) were major reasons for increase in fertilizer consumption during 1971 to 1990. During 1990s, total fertilizer consumption fluctuated between 12.15 and 16.8 million tonnes with the exception in 1999-00, when fertilizer consumption was over 18 million tonnes. Total fertilizer consumption reached a record level of 26.5 million tonnes during 2009-10.

Due to low to no addition in domestic capacity coupled with rise in demand for fertilizers during the last two decades, imports have increased significantly in the last decade years. The fertilizer consumption in India has generally exceeded domestic production in both nitrogenous and phosphatic fertilizers except for few years. The entire requirement of potassic fertilizers is met through imports as India does not have commercially viable sources of potash.



Fertilizer Imports:

Unfavorable government policies have led to stagnation in fertilizer production over the past 10 years. This has led to a huge gap between production and demand of fertilizers in India, resulting in steep rise in fertilizer imports. In FY10, India imported around 17 million tonnes (mt) of fertilizers to meet the demand of around 53 mt. The government's fertilizer subsidy burden has catapulted from 11,800 crore in FY04 to Rs. 96,600 crore in FY09. This is primarily due to increased fertilizer imports on account of higher demand not met by stagnant domestic production.

Million Mt	2009-10	2010-11	yoy growth
DAP/SSP/TSP	5.8	7.4	28%
Urea	5.2	6.6	27%
MOP	5.2	6.3	21%
Other Phosphatic Grades	0.2	1.2	500%
Total Import	16.4	21.5	31%

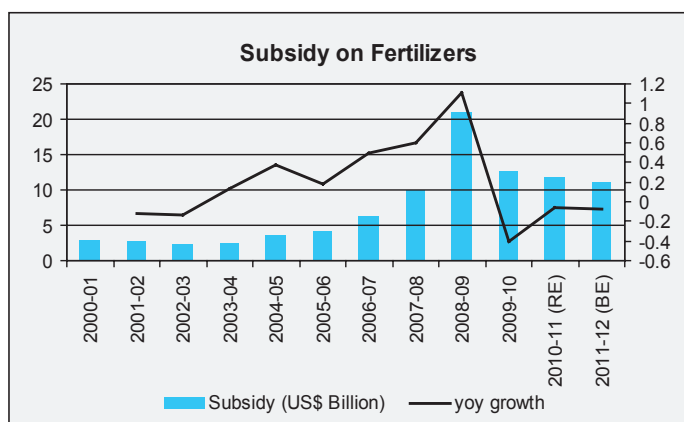
During the first four months of current financial year India imported around 18.4 lakh tonne of urea and around 30.64 lakh tonne of other fertilizers, which includes di-ammonium phosphate (DAP) and muriate of potash (MOP), while in the last fiscal year, India had imported around 66.10 lakh tonnes of urea and 131.78 lakh tonnes of other fertilizers. During April to July 2011, while it has imported around 20.16 lakh tonne of DAP as against 74.11 lakh tonne in the last financial year. Import of MOP in April to July 2011 stood at 3.05 lakh tonne from 45 lakh tonne in last fiscal year. Till July 2011, India had imported around 1.06 lakh tonne of MAP (mono-ammonium phosphate) and 6.37 lakh tonnes of various grades of NPK complexes.

According to the Fertilizer Association of India, the country will require around 45 mt of primary nutrients to produce 300 tonnes of grain to feed the estimated 1.4 billion populations by 2025. This indicates a compounded annual growth rate of 4% over the next 15 years and entails a compelling need to improve the country's fertilizer production.

Nutrient-Based Subsidy - a step in the right direction:

An Empowered Group of Ministers (EGoM) on fertilizers approved the decontrol of urea prices, where in the fertilizer companies would be allowed to increase farm gate prices of urea by up to 10% in the first year, while complete pricing freedom would be provided in the subsequent years. However, clearance of this policy from the Cabinet Committee on Economic Affairs (CCEA) is still awaited. While the move will benefit urea manufacturers, it will also bring down the government's subsidy burden and encourage a balanced usage of fertilizers.

The price decontrol in urea would be a part of the proposed NBS mechanism, under which gas based urea plants would get a fixed subsidy under four sub-groups (base level subsidy of Rs. 4,000/tonne), while liquid fuel based units would continue to function under the existing subsidy mechanism until their conversion into gas by March 2013. Alongside, urea manufacturers would get natural gas at a uniform pooled price so that cost differences arising out of varying gas mix among units are evened out.



The phased decontrol of farm gate prices and introduction of NBS for urea should result in lower dependence on subsidy as compared with the current dispensation and hence moderately ease the working capital position of urea manufacturers. While a 10% price increase (from the current level of Rs. 5,310/tonne) is expected in FY2012, further increases in farm gate prices resulting from higher pricing freedom FY2013 onwards would augur well for the industry's profitability. The above move is an extension of gradual reforms undertaken by Gol in the fertilizer sector beginning with price decontrol and introduction of NBS for complex (NPK) fertilizers (including DAP) w.e.f. 1-April-2010. The extension of these policies to urea is also expected to establish consistency with the policy for NPK fertilizers over the medium to long term; and hence promote balanced consumption of fertilizers.

The price decontrol for both urea and NPK fertilizers paves the way for a gradual move towards free market pricing for all fertilizers. In this regard, it takes comfort from the robustness of demand, which has remained strong despite the various rounds of price increases in NPK fertilizers since the April 2010 decontrol (adding up to 25-40% post decontrol).

Key EGoM approvals:

- Raising the price of urea by 10% immediately. The 10% hike in per tonne over the current maximum retail price (MRP) of Rs 5,310 a tonne would translate to around Rs 530 in additional cost for farmers.
- The subsidy calculation will be based on a pre-approved and fixed cost per tonne basis, against the earlier practice of cost of production.
- Prices will be partially decontrolled; hence the government will still give some subsidy to protect the interests of farmers from a sudden and sharp price increase.

Outlook:

The Government of India has been consistently pursuing policies conducive to increased availability and consumption of fertilizers in the country. Over the last four and half decades, production and consumption of fertilizers has increased significantly. The country had achieved near self-sufficiency in N and P, with the result that India could manage its requirement of these fertilizers from indigenous industry and imports of all fertilizers except K were nominal. However, during the last 5-6 years there has been a significant increase in imports of N and P as well because there has not been any major domestic capacity addition due to uncertain policy environment.

In the medium to long term, the phased price decontrol of urea and the introduction of a nutrient-based subsidy (NBS) mechanism may prove to be a positive step towards market-linked farm gate pricing. The mechanism would also establish consistency with the policy for N, P and K fertilizers, thereby promoting balanced nutrient consumption. Unlike in the case of DAP/NPK, the raw material price for urea (i.e. gas) remains relatively stable (on a year-on-year basis), which along with the relatively stable subsidy levels (till 2014-15), should bring down the need to revise retail prices frequently. This would also result in relatively stable profitability for the urea business.

Meanwhile, government's initiative to provide a direct cash subsidy on fuel and fertilizers to the poor from March, 2012 will also prove to be a positive step forward in order to ensure greater cost efficiency and better delivery of fertilizers. The government currently provides subsidy to companies so that farm inputs, which include urea and imported fertilizers, can be provided to farmers at cheaper rates. The shift in subsidy policies towards direct transfer will result in unprecedented changes in the fertilizer industry. The industry is expected to become more competitive, efficient and responsive to customer needs.

With the limited arable land resources, and burden of increasing population, development of new technologies and efficient use of available technologies and inputs will continue to play an important role in sustaining food security in India. It is expected that India's available arable land might drop below the current level of about 140 million hectares, if the use of farmland for commercial/non-agricultural purpose is not restricted in the near future. Therefore, the only way to improve food production is to increase crop yields through the scientific use of fertilizers along with other inputs like high yielding variety seeds, irrigation, etc. using the limited arable land, with an emphasis on protecting the environment.

GDP: growth in line with consensus

India's economic growth in the first quarter of the ongoing fiscal year met experts expectations across the country as better agriculture output was counterbalanced by weaker expansion in the manufacturing sector and construction activity. The GDP growth rate slowed down to 7.7 percent in the first quarter of 2011-12 as compared to 8.8 percent achieved in the same quarter of the previous financial year. The government has estimated overall economic growth in the current financial year at around 8.5 percent, on the other hand, RBI forecasted the growth at 8 percent in FY11.

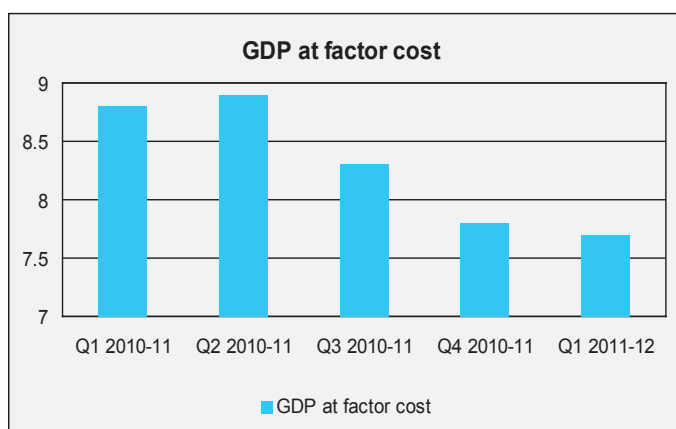
As per the data released by the Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation, the services sector grew at an impressive 10 percent, which helped the economy stay buoyant. Agriculture growth also rose to 3.9 percent against 2.4 percent. Manufacturing sector was a laggard where growth declined to 7.2 percent against 12.7 percent as compared to same quarter in the last year. Electricity, gas growth at Q1 was 7.9 percent versus 5.6 percent year-o-year. Construction grew at 1.2 percent versus 7.7 percent year-o-year, the key indicators of construction sector, namely, production of cement declined by 0.9 percent and consumption of finished steel registered growth rate of 1.5 percent, during first quarter of FY12.

The investment in economy has also declined because of increased interest rates, as per the CSO data, in terms of GDP at market prices, the rates of Gross Fixed Capital Formation (GFCF) at current and constant (2004-2005) prices during Q1 of 2011-12 are estimated at 28.4 percent and 31.2 percent, respectively, as against the corresponding rates of 29.2 percent and 31.4 percent, respectively in first quarter of 2010-11.

The slowdown in the GDP growth rate for the first quarter of 2011-12 was mainly on account of sluggishness in interest rate sensitive sectors such as constructions, manufacturing activities sectors, which indicated that, continuous hike in Reserve Bank of India's short term leading and borrowing rates have adversely affected the economic growth. The latest GDP growth is the slowest in the last six quarters.

Traditionally, from 2000 until 2011, India's average quarterly GDP growth was 7.45 percent reaching an

historical high of 11.80 percent in December of 2003 and a record low of 1.60 percent in December of 2002. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Services are the major source of economic growth, accounting for more than half of India's output with less than one third of its labor force.



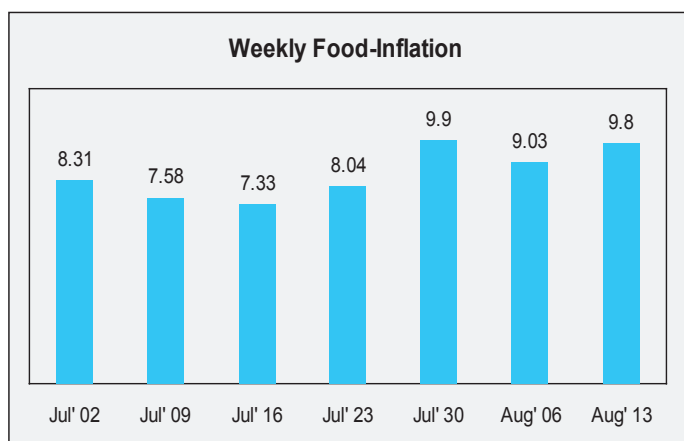
Headline inflation: signs of moderation at 8-month low

Headline inflation came in at an eight-month low of 9.22 percent in July as the rate of price rise in food articles and petroleum-products moderated though pressure remained on manufactured items. The inflation based on WPI series, stood at 9.22 percent in July from 9.44 percent in the previous month and 9.98 percent in the same month of previous year. Though inflation moderated in July, still-high headline numbers and persistent price pressures in manufactured goods raised the odds, indicating the policy makers to stay tight despite slowing economic growth, getting closer to the double-digit mark. The Reserve Bank of India (RBI), which has raised the policy rates 11 times since March 2010 to battle high inflation, is seeing downturn in the economic growth from the government's estimation of 8.5 percent for the current financial year ending March 2012. With inflation maintaining its position at 9 percent and growth forecast above 8 percent, current circumstances indicates that the RBI is likely to maintain its policy stance on inflation and hike rates by another 25 basis points in the upcoming policy meet on September 16.

Inflation, on the contrary, based on the major consumer price indices (CPIs) continued to slow down in the month

of June, though the price indices increased on month-on-month basis. The urban inflation based on CPI, for Industrial Workers, which comes at one month lag, indicating the price levels in urban areas, declined further to 8.6 percent in June from 8.7 percent in May 2011 reasonably on account of a high base effect caused by a 13.7 percent rise in prices a year ago. Rural inflation indicated by the trends in CPI for Rural Labourers and CPI for agricultural labourers moderated slightly to 9.1 percent and 9.3 percent respectively, in the month of June 2011.

All the same, the price levels indicated by the individual indices continued to increase nearly by about 1 percent compared to that in the previous month primarily on account of rise in fuel prices apart from the extended rise in food prices.

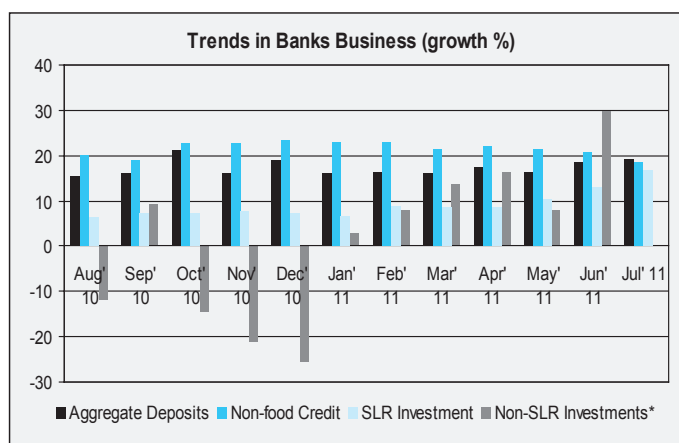


Bank credit and deposits show improvement

Banks non-food credit extended the healthy growth though decelerating further to 18.6 percent in July from 20.8 percent as at the end of June 2011 as well as 20.3 percent a year ago. However, on month-o-month basis, non-food credit outstanding increased only fractionally by about 0.1 percent to Rs 39.38 lakh crore in July from Rs 39.34 lakh crore in June 2011. Bank deposits on the other hand, accelerated at 19.4 percent in July from 18.8 percent during the month of June 2011 and 14.8 percent at the same time a year ago. However on month-on-month basis, aggregate deposits increased by about 2.1 percent to Rs 54.8 lakh crore as at the end of July from Rs 53.6 lakh crore by the end of Jun 2011. With the increase in policy rates and the subsequent increase in interest rates, the surge is likely to continue in the deposits growth further up in the coming months.

The investments in statutory liquidity ratio (SLR) securities by banks extended the accelerating trend to 16.8 percent in July from 12.9 percent in June 2011 and 7.8 percent noted in the same month a year ago. Further, on a month-on-month basis, SLR-investments posted a steep increase of about 5.37 percent to Rs 16.81 lakh crore by the end of July from Rs 15.95 lakh crore in at the end of June 2011 confirming the rise in bank deposits. The non-SLR investments continued to fall on month-o-month basis but posted an accelerated growth of about 30 percent on year-o-year basis in June 2011.

With the rise in interest rates, the credit off-take may persist to slowdown while deposits growth may continue to accelerate in the coming months. Further, the constant rise in inflation may push the interest rates up.

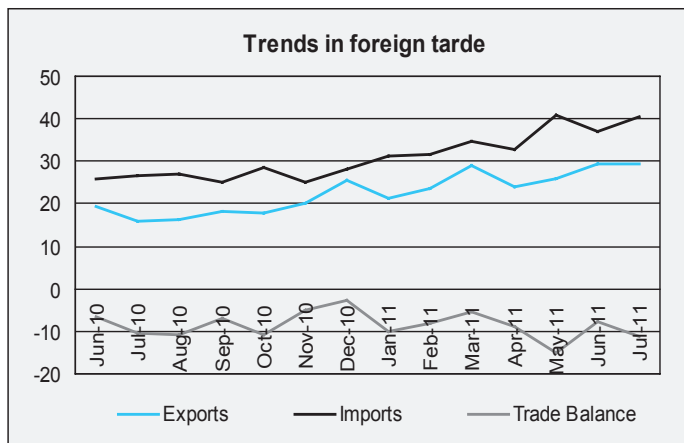


India's foreign trade continues its upward trend

Exports continued its robust growth trend in July as well by registering a steep 81.8 percent year-o-year growth at \$29.3 billion, due to the exceptional performance of sectors such as engineering, petrochemical products and gems and jewellery. In July, engineering, petroleum products and gems and jewellery exports were worth \$8.7 billion, \$4.6 billion and \$3.5 billion, respectively.

On the other hand, imports too, increased by 51.5 percent to \$40.4 billion. In July, imports of petroleum and oil lubricants stood \$11.45 billion. Imports of pearls and semi-precious stones, gold and silver stood at \$3.7 billion. During the first four months of the fiscal, imports grew by 40 percent to \$151 billion, led by inbound shipments of petroleum products worth \$42 billion, an increase of 23 percent year-on-year. The trade deficit during the period stood at \$42.7 billion.

After two months of consecutive rise, trade deficit contracted to \$7.6 billion in June 11 nearly half of \$14.9 billion in June 10 due to fall in imports. With the recent trend, the trade deficit surged to \$11.1 billion, on the back of increased imports of petroleum products.



Global Economy: Flash back to 2008

The global financial crisis that exploded three years ago and has taken its toll on the global economy is in essence a crisis of the US dollar, as the world's leading reserve currency. The extended uncertainties surrounding the European debt crisis and the US debt ceiling have led to the loss of confidence among financial market participants and other economic means. While back in 2008, uncertainty came from the poor health of financial institutions, today fiscal concerns pose big challenges for policymakers. The public debt problems in the US terminated in the S&P's downgrading of US government debt, while the European debt crisis has flared up as pressure on markets in Italy, Spain and France intensified. After the recent downgrade of Japan's credit rating on the back of country's weak growth prospects, massive government debt and constant political uncertainty, there arise a question, are we on the verge of another financial crisis similar in scale and scope to 2008.

Outlook:

Increasing ambiguity about global growth has raised anxiety on the domestic front. While the sovereign debt crisis in Euro Zone and slowdown in US economy will certainly have an impact on the demand for goods and services from these economies, diversification of India's export markets within Asia, Africa and Latin America should support export activity. The wider impact of the Euro-US debt crisis on the Indian economy may be limited. There are however other concerns that reduces the economy's

growth scenario in the near term. Inflation is not showing signs of moderation and the manufacturing sector is facing margin pressure owing to rising input as well as borrowing costs and restrained demand. While monetary tightening may be required to leash in the demand side pressures, the importance of managing the supply side factors, which has been the key reason for driving up inflation, should not be neglected as this will only have a lasting impact in the fight to combat inflation.

On the other hand, in all of August, though, rainfall in the country has been almost eight percent above normal till now, largely on the back of the huge heavy shower during August 11-17. This should predict well, not only for the already planted Kharif crop, but also for the coming Rabi season, as late rains would provide the soil with sufficient moisture. Progress of monsoon has so far been near normal. However, expectation of a good monsoon will ease pressure on the price front. Food inflation, which is at the level of 9 percent, can be reduced if the supply constraints in some of the agricultural commodities is removed and good monsoon will help to have further moderating influence on the prices of food and other essential commodities. On the global front as well, the situation is not favourable enough, commodity prices are high, including fuel.

The government on the other hand, has taken various steps to control the rate of price rise in food items, including a cutback of import duties on wheat, rice and pulses, a ban on the export of non-basmati rice and the delay of futures trading in rice, urad and tur dal. In addition, the government has extended the stock limit orders for pulses, paddy and rice and reduced import duty on skimmed milk powder, among other measures to control the inflation.

Overall, we could see some slowdown in the economic activity, with GDP registering slowest pace of growth in its last six quarters. Persistent rise in food inflation has gradually been keeping the overall inflation high despite the high base and the strict monetary policy practices. Although there is a slight moderation in crude prices, which is not likely to be passed immediately on to the consumers and its sustenance at these levels is still in question. Considering the high fuel prices and the festival season, inflation is unlikely to moderate in the coming few months.

Deepak Fertilizers - Buy

Investment overview

- ◆ Deepak Fertilizers and Petrochemicals is a multi-product company consisting of chemicals, petrochemicals, fertilisers and other agri-inputs.
- ◆ With its new TAN facility the company will appropriately augment capabilities and capacities in its Chemicals business to maintain the growth momentum.
- ◆ The company is a strong player in Industrial Chemicals; it is market leader for IPA and Nitric Acid and an important player in Methanol and CO₂.

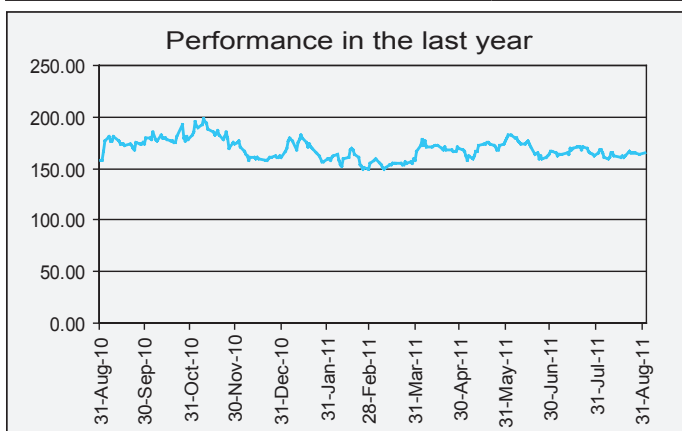
Business Overview

Deepak Fertilizers and Petrochemicals (DFPCL) is one of the leading producers of industrial chemicals like

Stock Data (as on 02/09/11)	
Current Mkt Price (Rs.)	165.90
52 week High (Rs.)	212.40
52 week low (Rs.)	145.30
Mkt Cap (Rs. Cr.)	1,463
Return in last one Month (%)	-0.90

Share Holding Pattern (as on June,2011)	%
Total Promoter	43.15
FII	12.85
DII	8.73
Others	35.27

Key Ratios	
P/E	7.31
Price/Book(x)	1.28
Dividend Yield (%)	3.04
ROCE(%)	17.43
ROE(%)	18.69



Ammonia, Methanol, various grades of Nitric Acid, Iso Propyl Alcohol, liquid Carbon Dioxide and Hydrogen in India. DFPCL's business can be broadly categorised into Chemicals, Agribusiness and Specialty Retailing.

The company undertook major expansion and diversification in 1989 to achieve forward integration of ammonia and diversification in Methanol. In July 1992, DFPCL commenced commercial production of Low Density Ammonium Nitrate (LDAN), Nitro Phosphate (NP), Dilute Nitric Acid (DNA), and Concentrated Nitric Acid (CNA).

This has resulted in a multi-product portfolio for DFPCL consisting of chemicals, petrochemicals, fertilisers and other agri-inputs. To ensure an uninterrupted supply of natural gas to its plant, DFPCL laid its own 43 km gas pipeline from the coastal fall point of Bombay High to its plants in Tajola, thus becoming one of the first companies in India to have its own gas pipeline.

The company's specialty retailing is under brand name of Ishanya, a retail destination with a widest range of offerings for Décor, Gifts and Accessories, Wall coverings, Durables and Electronics, Furnishings, Furniture, Kitchens, Books etc.

Financial Health

For the quarter ended June 30, 2011, Deepak Fertilizers has recorded Income from Operations at Rs. 473.87 crores, up by 35% over the corresponding period last year of Rs 350.54 crores. Profit after Tax of the company rose by 22% to Rs 63.94 crores against Rs 52.20 crores in the same period last year.

Segment profitability grew for the Agri-business increased by 53% to Rs. 22.63 Crores in Q 1 FY 12 from Rs 14.77 crores for the same period in the previous year, while for the Chemicals business it grew 21% to Rs 94.49 crores in Q1 FY 12 against Rs. 77.84 crores in the previous year. Sales for the Chemicals business were up by 44%, while sales for Agri-business increased by 14%.

Industry Scenario

The fertilizer industry represents a key pillar in India's food security and has received ample attention from the various governments throughout the history of planned economic development in the country. Although Indian soil is varied and rich, it is naturally deficient in key plant nutrients (nitrogen, phosphate and potassium) and therefore incrementally increasing the fertiliser use presents the single most important way to increasing and maintaining agricultural productivity.

Given the strategic importance of the fertiliser industry in ensuring the self-sufficiency of foodgrain production, the fertilizer industry has historically been under strict government control. The government has, over the years,

(Rs. Cr.)

Particulars	June Qtr-11	June Qtr-10	Growth%	FY11	FY10	Growth%
Net Sales	473.87	350.54	35.18	1564.81	1287.98	21.49
Total Income	480.65	359.46	33.71	1600.62	1332.88	20.09
Other Income	6.78	8.92	-23.99	35.81	44.90	-20.24
PBT	87.90	73.50	19.59	261.46	237.78	9.96
PAT	63.94	52.20	22.49	186.62	172.05	8.47
EPS	7.25	5.92	--	21.16	19.51	--

Standalone

and continues to subsidize the product to help improve food production in the country. While the strategy helped improving the food grain production in the country and achieving self sufficiency, it proved negative for the efficiency of fertiliser industry which failed to deliver on the cost front. With rising subsidy burden the government was forced to introduce efficiency friendly and somewhat liberal policies.

After the government embarked on a deregulation and liberalization drives in 1990s, various committees were formed from time to time to suggest on the degree of deregulation desirable in the fertilizer industry. However, despite repeated attempts, the government was not able to implement any significant change in the subsidy regime. As the fertiliser subsidy continued to surge, pressure started increasing on the government to find alternative way of subsidising fertilisers. This led to the new fertiliser policy that was discussed in the Union Budget for FY10 and approved in the Budget for current fiscal.

In the medium run, the industry will adapt to the changing realities and more efficient players with strong backward linkages will start dominating as they would be better able to control their costs. Further, in medium to long run too, the outlook of the industry also takes strength from the fact that the use of fertilisers in India is far lower compared with its peers.

Investment Rationale

Deepak Fertilisers has come up with a strong set of numbers for the first quarter. The sales for the Chemicals business grew 44% to Rs 332.71 crores, sales for the Agri-business grew 14% to Rs 147.44 crores, while the sales of specialty fertilisers grew 23% during the quarter under review over same quarter in the previous year. The growth was largely driven by higher realizations. Also the newly introduced 24:24:0 Nitro phosphate fertilisers has shown healthy volumes and is likely to give better realization and margins, going forward.

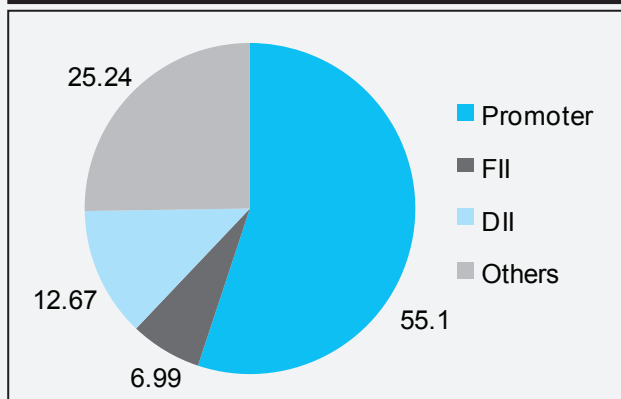
The company apart from its domestic expansion, is also looking for going global and has planned 300 ktpa TAN plant in South Australia. This would be first such plant in SA and will provide cost-effective TAN supplies primarily to local end users. Beyond supplies, the company will also bring in

deep knowledge base of products application engineering in mines. The government of SA has identified a potentially suitable site for the project, which will be the subject for further feasibility study. The site is close to a deep sea port and nearby city having a long established industrial history with complete infrastructure, skilled workforce etc, thereby providing the project with a more favorable cost competitive construction and operating environment compared to many parts of Australia. The estimated cost of the projects is around \$350 million. While the project is expected to bring in significant socio-economic benefits to the region, the SA state and Australia as a nation, it will enable DFPCL to establish a global foot prints.

The company's mall venture, Ishanya, has emerged as a strong destination brand among consumers in its primary geographical catchment in Western Maharashtra. Brand awareness is at a high 90%. Ishanya is now entering a new phase by expanding its basket of offerings to include lifestyle and accessories, fashion, entertainment and food. The new expanded format, called High Street Ishanya, should make the mall the destination of first choice. The management expect to complete most of the construction activity pertaining to the modification of the mall in Q1FY12 and the new Ishanya offering to be available to customers by the end of the first half of this year. It also expects to have around 65% occupancy in FY12 and is very much confident to breakeven in the year FY13.

At the CMP of Rs 166, Deepak Fertilizers is trading at a P/E multiple of 7.31x and 6.78x FY12 (E), we recommend 'BUY' in the scrip with a price target of Rs 210. The company is having higher growth prospect and when its TAN facility stabilizes, profitability growth would further improve. As far as the NBS fertilizers are concerned the management is sure that the company will be able to maintain a margin of 11% to 12%. On the IPA front, though the raw material costs have been going up but the company has been able to successfully pass on them by an increase in its selling prices, so there too the margins are likely to be maintained. Further the recent development of government approving increase in prices of fertilizers will not only ensure adequate availability during the upcoming kharif sowing season but also ease out the burden of increasing international prices for the domestic manufacturers.

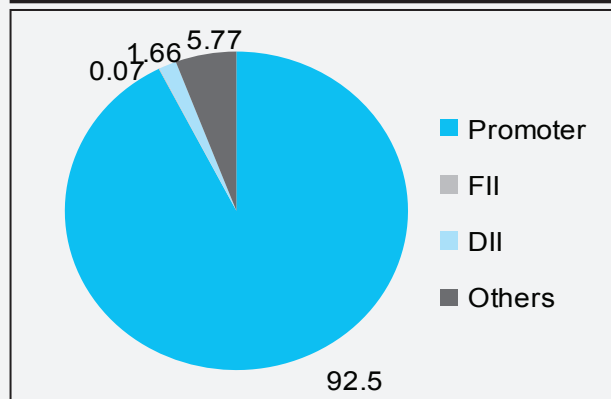
CHAMBAL FERTILISERS & CHEMICALS



- ◆ Chambal Fertilisers and Chemicals is one of the largest private sector fertiliser producers in India. It has three divisions - agri-inputs, shipping and textiles. The company has diversified into other sectors through its subsidiaries in the software and in the infrastructure sector. It also has a joint venture in Morocco for manufacturing phosphoric acid.
- ◆ The company has decided to demerge its shipping business, which is facing turbulent times in the challenging macro environment. The new entity would be called 'India Steamship' and the demerger ratio is fixed at 1:8. The management plans to infuse a fresh capital of Rs 340 crore and hold 44% stake in the new company. Proposed de-merger of shipping division will drive company's RoCE by 280 bps to 16.3%.
- ◆ The company's net profit for the quarter ended June 30, 2011 has dropped by 0.44% at Rs 63.69 crore as compared to Rs 63.97 crore for the quarter ended June 30, 2010. Its total income has increased by 21.32% to Rs 1183.85 crore for the quarter from Rs 975.74 crore for the corresponding quarter of the previous year.
- ◆ The company's fertiliser segment showed a robust sales growth of 33% YoY due to sharp increase in urea volume (28% YoY). Fertiliser trading division reported a growth of 61% YoY to Rs 290 crore. Shipping and textile segments contributed 8% and 6% respectively to the top-line of the company.
- ◆ The stock is currently trading at Rs 112.90 at a P/E multiple of 13.61x and at EV/EBIDTA of 8.19x. We recommend 'BUY' in the scrip with a target price of Rs 132 for Medium term. The company is likely to benefit from growing urea demand on the back of healthy monsoon in 2011, rising urea prices, demerger of shipping business and talks of urea decontrol.

Last Traded Price (As on Sept 2, 2011)	112.90
Price target	132
Market cap. (Rs cr.)	4,698
52 Week H/L	114.35/65.30
Free Float (Rs cr.)	2,114
BSE code	500085

RASHTRIYA CHEMICALS & FERTILIZERS



- ◆ Rashtriya Chemicals & Fertilizers (RCF) is a PSU company under the Ministry of Chemicals and Fertilizers, Government of India based in Mumbai. It is one of the leading producers of fertilizers in India and produces several brands of fertilizers. The company is quite well-known for producing basic chemicals like-Methanol, Sodium Nitrate, Ammonium bicarbonate, Methylamines, Dimethyl Formamide and Dimethylacetamide.
- ◆ The company's net profit for the quarter declined by 79.98% at Rs 3.96 crore as compared to Rs 19.78 crore for the quarter ended June 30, 2010. Its total income increased by 9.59% to Rs 879.37 crore for the quarter under review from Rs 802.40 crore for the corresponding quarter of the previous year.
- ◆ The Comptroller and Auditor General rapped the company for delays in completion of projects that has led to cost overrun of more than Rs 68 crore. The project delays were observed at various stages from tendering to awarding of contracts, which resulted in cost over runs.
- ◆ Union Minister of State Srikanth Jena said the government has decided to hand over the urea unit to RCF, to commence its revival of the closed plant of the Fertilizer Corporation of India at Talcher. The revived project would be based on coal gasification for supply of synthesis gas and would be set up on a build-own-operate (BOO) basis through global tenders.
- ◆ At the CMP of Rs 79.65, RCF is trading at a P/E multiple of 19.02x and at EV/EBIDTA of 9.66x. We recommend 'BUY' in the scrip with a target price of Rs 91 for Medium term outlook as government has decided to raise urea prices by 10% per tonne in the first year of the policy, after which the industry would be free to determine the urea prices. This would be positive for RCF and should result in 15-20% upward revision in EPS estimates on full year basis.

Last Traded Price (As on Sept 2, 2011)	79.65
Price target	91
Market cap. (Rs cr.)	4,394
52 Week H/L	132.25/7.090
Free Float (Rs cr.)	439
BSE code	524230

Dr. Reddy's Lab enter into a settlement agreement with Pfizer

Dr. Reddy's Laboratories has entered into a settlement agreement with Pfizer which will resolve litigation related to Lipitor(R) Tablets, 10 mg, 20 mg, 40 mg, and 80 mg, known generically as Atorvastatin Calcium tablets. However, the company has reported that all the terms of the agreement are confidential, and the agreement itself is subject to review by the U.S. Department of Justice and the Federal Trade Commission.

CRISIL launches Gold Index

CRISIL Research, India's largest independent and integrated research house, has launched CRISIL Gold Index. The index will track the performance of gold prices in the domestic market. The objective of the CRISIL Gold index is to provide an independent and relevant benchmark for performance evaluation of investment products with gold as underlying investment. This is the first index introduced by CRISIL in the commodities space and the ninth overall. Since the global credit crisis of 2008, gold has been consistently outperforming the equity market and eliciting enhanced investor interest. Between August 2008 and July 2011, gold has given an annualized return of 22.91% compared to 9.3% by S&P CNX Nifty. The CRISIL Gold index has a base date of 02 January, 2007 and is based on the landed price of 10 grams of gold in Mumbai.

Elder Health Care to launch branded personal care products in Sri Lanka

Elder Health Care plans to launch branded personal care products in Sri Lanka by entering the Sri Lankan market by next month. The company is looking for acquisitions in Europe as part of global expansion plans and it is also aiming to introduce about 5-6 products in the Indian markets. The company has partnered with Sri Lanka's Ceylon and Foreign Trades PLC. Under the partnership, the company will launch oral care, skin care and personal care products along with deodorants, soaps, mouth wash, rose water, face wash and fairness creams under its own brands. Other than Sri Lanka, Elder Health Care also plans to enter Bangladesh. As a part of its next five year road-map, it plans to build its own brands rather than go for in-licensed products. Based on this shift in strategy, the firm aims to have 50:50 ratio between in-licensed products and owned brands in its portfolio over the next five years as against the

present 90:10 ratio in favor of in-licensed products.

Wockhardt to introduce up to 15 drugs in US this fiscal

Wockhardt is likely to launch 12-15 products in the US market this fiscal as it received 7 abbreviated new drug applications (ANDA) approvals this year. The company also plans to extend its reach in the European market. At present the Wockhardt markets over 60 products in the US. As per the report, the company's sales during 2010-11 exceeded \$225 million for the first time in the US. In addition to the geographies where Wockhardt has operations, it will be reaching out to the entire Europe with its products portfolio and manufacturing capacity through its B2B model. The Mumbai-based firm has plans to launch nine new products in the UK in this fiscal. To gain market grip and increase the product portfolio in the domestic market, the company plans to enter new therapies and is developing task forces to gain market traction and expand the product portfolio. Further, the company is looking to enhance its workforce to drive growth in India as well as in other regulated markets.

Sesa Goa halts mining activity in Chitradurga of Karnataka

Sesa Goa has halted the mining activity in company's mine in Chitradurga of Karnataka with immediate effect. The mining activity were halted after an order dated August 26, 2011 passed by the Supreme Court (SC) in writ petition (Civil) no. 562 of 2009 banning mining activities in Chitradurga and Tumkur Districts of Karnataka. Further, this will adversely affect to some extent to the performance of the company. The annual permitted capacity of the said mine at present is 6 million tonnes.

Pantaloon Retail to invest Rs 900 crore for expansion over the next three years

Kishore Biyani-promoted Future Group firm Pantaloon Retail India is planning to invest Rs 900 crore on 9 million square feet of retail space over the next three years, which it has already booked across India for expansion. The company intends to aggressively continue its retail expansion strategy and it is looking to insulate itself from a possible space crunch situation in the likelihood of multinational firms expanding their footprint into the Indian retail sector once FDI in multi-brand is allowed. Almost 60% of the total retail space that has been identified and booked by Pantaloon Retail will be used to set up Big

Bazaar stores.

Indoco Remedies inks pact to make generic products for Aspen

Mid-sized Indian drugmaker Indoco Remedies has entered into agreement to make generic products sold by South Africa's Aspen Pharmacare in Australia. Indoco has begun making solid orals and injectables which Aspen bought from Sigma, and will file for regulatory approvals in various emerging and semi-regulated markets. With this new development, the company's existing relationship with Aspen will be strengthened. The drugmaker already has an out-licensing pact with Aspen Pharmacare to launch six ophthalmic products in 30 countries, including South Africa and Australia.

ONGC likely to drill 8 wells in KG gas block

Oil and Natural Gas Corp (ONGC) is likely to drill 8 wells in its gas discovery block in the prolific Krishna-Godavari Basin off the Andhra coast. The company wants to appraise finds it has made in that area. The firm has made 10 discoveries in the KG Basin's KG-DWN-98/2 block, which sits next to Reliance Industries' showpiece producing KG-D6 gas fields. Ministry of Petroleum and Natural Gas (and) Directorate General of Hydrocarbons received a proposal from ONGC requesting permission for drilling eight additional exploratory/appraisal wells in block KG-DWN-98/2 and also seeks an extension of the exploration period for drilling these wells. The state-run firm estimates that the block holds an in-place volume of 25.61 million tonnes of oil and 197 billion cubic meters of natural gas. It is proposing an investment of over \$7.7 billion to produce up to 30 million standard cubic meters per day of gas from the block.

Kingfisher Airlines gets nod to raise Rs 2,000 crore through rights issue

Private sector carrier Kingfisher Airlines has received its board's approval to raise up to Rs 2,000 crore through a rights issue of shares. The board has also amended the terms for the issue of optionally convertible debentures that were issued on January 3. Further, in the event the rights issue has not occurred during the relevant period, the Optionally Convertible Debentures (OCD) shall continue in accordance with their original terms, and may be redeemed at the end of 18 months from allotment or such later date as may be agreed between the Board and the OCD holders.

TCS to scale up its BPO units

Tata Consultancy Services' (TCS) back office arm Tata Consultancy Services BPO, is expanding its centers in Michigan (US), Manila (Philippines) as well as Tier-II centers in India such as Kolkata and Pune, to serve clients across various geographies. The company is also setting up a 2,000-seater unit in Ahmedabad. In the December quarter the Ahmedabad centre is expected to become operational and will employ about 1,000 people in the first phase. At present, TCS BPO has about 35,000 people, of which 4,500 are based outside India. It has centers in the US, the Philippines, Latin America, Europe and China apart from India.

Kiri Dyes bags multiyear export order worth \$20 million per annum

Kiri Dyes and Chemicals, leading manufacturer and exporter of Dyes, has bagged \$20 million per annum export order for supplies to South East Asia. This business is over and above the normal expected sales being targeted in the current FY12. This landmark will allow the company to penetrate into one of the largest textile producers globally with its entire product range. This order will also help the company to strengthen its sales network globally. The company also owns DyStar, the world's largest dyestuff company, with operations across the world and sales of about \$800 million.

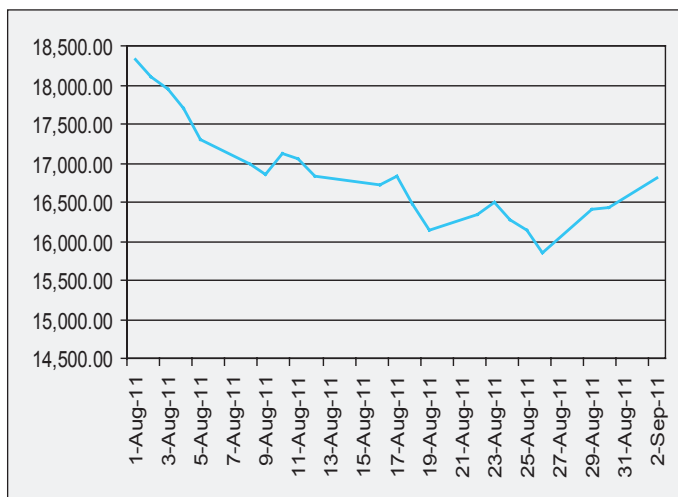
ITC introduces first premium cigar retail store in Delhi

ITC, tobacco-to-foods giant opened its first retail store selling premium cigar brand 'Armenteros' in the capital as part of plans to strengthen its presence in the premium tobacco segment. The company had launched the 'Armenteros' range of handrolled cigars in Delhi, Mumbai and Kolkata last year. One of the oldest cigar companies in the world, La Aurora is manufacturing the 'Armenteros' cigars and these are being sourced from the Dominican Republic. Cigars are sold at prices ranging from Rs 3,000 to Rs 10,000 per pack depending on the cigar sizes (Churchill, Torpedo, Corona, Petit Corona and Robusto). The company is also planning to launch the luxury store, 'Cigar Republic', in other key metros in future, apart from the capital. Apart from cigars and accessories, the store, which is located at ITC Maurya Hotel, will also have a library showcasing literature on cigars and other objects of interest to cigar connoisseurs.

The domestic markets witnessed another tumultuous month of the FY12 with benchmark indices slumping to their over 18 months low during the month and making a smart recovery in the final days to take the indices back to a graceful level. The whole month was characterized with the volatility caused by the global jitters, though the domestic condition too remained uncertain with worries of slow global economic recovery impacting the domestic industry as well and the political uncertainty with the mass appealing protest against corruption led by veteran crusader 'Anna Hazare', once again putting the beleaguered government on the back foot. Anyways the last few sessions of the smart pullback and the optimism of the Federal Reserve Chairman Ben Bernanke for the strength of the US economy gave a great respite to the markets. However, it was the US only that spooked the global markets in the very beginning of the month and the tremors of global economic meltdown came to the fore following America's rating cut which sent stocks markets in India towards multi-month lows. The US government lost its AAA credit rating by Standard & Poor's and that led the sharp cut across the global markets. S&P for the first time in its history downgraded and lowered its rating on the US by one notch to AA+ and, to compound the embarrassment, said the outlook is negative as well. S&P cited the reason for downgrade the political system of the world's top economy has become less stable and that budget cutting announced earlier didn't go far enough. For most part of the month the domestic markets remained engulfed in the sea of red, sentiments failed to improve despite a series of assurances that came not only from the top Indian bureaucrats but also from the premier rating agency S&P which has been making a lot of noise of late. Also, the industrial growth for the month of June allaying fear of slowdown in the industrial output failed to help the markets. India's industrial production measured by the Index of Industrial Production (IIP) showed growth of 8.8% in June 2011 as compared to 7.4% in June 2010. This increase in growth of the IIP was due to increase in manufacturing and electricity sector which grew by 10% and 7.9% respectively, however, the mining segment saw moderation in growth, it grew by 0.6% in June 2011 from 6.9% in corresponding month of last fiscal. The industrial production from April to June 2011 stood at 6.8% which is less than the same period of corresponding period. This

fall in growth on Q-o-Q basis was due to decline in mining and manufacturing which stood 1% and 7.5% respectively during the said period. However, electricity sector surged during the same period to 8.2%. According to data released by the Central Statistics Office of the Ministry of Statistics and Programme Implementation, the General Index for the month of June 2011 stood at 170.3, which is 8.8% higher on year-o-year basis. The cumulative growth for the period April-June 2011-12 stands at 6.8% over the corresponding period of the previous year.

BSE Sensex movement for the month of August



BSE Sensex Monthly Gainers			
Company	Prev Price (Aug 03'11)	Last Price (Sept 02'11)	Change (%)
Hero Moto Corp	1,804.45	2067.65	14.59
Bajaj Auto	1,455.40	1623.55	11.55
M&M	710.90	766.10	7.76

- In the very beginning of the month, Hero Moto Corp made a solo beginning after three months of breaking ties with Honda with a new brand identity of 'Hero Moto Corp'. the company one of India's biggest motorcycle maker by sales, posted 19% growth to 503,654 units for the month of August. Demand for two-wheelers in the country has sustained despite the industry slowdown because of their cheaper price tags, fuel efficiency and easier mobility in Indian roads The company is already working on a product below the 100 cc market which could come in soon.

- The second biggest two-wheeler manufacturer, Bajaj Auto registered a 16% increase in sales during the month of August with overall sales of 3.82 lakh units as against 3.29 lakh units during the corresponding period of 2010. The motorcycle sales of the company remained up by 17% to 3.38 lakh units as against 2.89 lakh units during August last year. The company expects to sell over four million units of vehicles this fiscal.

so far, which stood at 320,877 units as compared to 315,460 units.

By the mid of the month the local equity markets were pounded to their 15 months low with no clue of any recovery, even the moderation in WPI inflation for the month of July was unable to support the markets. India's Headline Inflation measured by Wholesale Price Index (WPI) rose to 9.22% in July, just below the June's 9.44%. The plunge in inflation on monthly basis was mainly due to moderation in food inflation, fuel and power inflation, however, the manicured products segment of WPI, surged to 7.49% in July from 7.43% in June. The government also revised upward the headline inflation data for the month of May to 9.56% from 9.06%. This was the second revision of inflation data in the current financial year. In its last revision the government had increased the inflation data for the April from 8.66% to 9.74%. According to the data released by the ministry of commerce and industry, the Wholesale Price Index for 'All Commodities' (Base: 2004-05 = 100) for the month July, 2011 rose by 0.7% to 154.0 (Provisional) from 153.0 (Provisional) for the previous month. The annual rate of inflation, based on monthly WPI, stood at 9.22% (Provisional) for the month of July, 2011 (over July, 2010) as compared to 9.44% (Provisional) for the previous month and 9.98% during the corresponding month of the previous year. Build up inflation in the financial year so far was 3.01% compared to a buildup of 3.45% in the corresponding period of the previous year. On monthly basis, the index for Primary Articles group rose by 0.2 percent to 197.9 (Provisional) from 197.5 (Provisional) for the previous month. The index for 'Food Articles' group rose by 1.4 percent to 192.8 (Provisional) from 190.1 (Provisional) for the previous month. The bearishness in the market during the month can be gauged from the F&O segment, where for the August series the benchmarks got butchered by over 12%, the worst series performance since October 2008. The broader markets too got clobbered out of shape, among sectoral movers, the Information Technology index remained the top laggard plummeting by 19.6% followed by Metal which slipped 17%, while the Bankex counter was down 15% for the series. It was the last few sessions of smart recovery that helped the markets regain their psychological levels on optimism that that the global economic recovery may not falter so soon.

BSE Sensex Monthly Losers

Company	Prev Price (Aug 03'11)	Last Price (Sept 02'11)	Change (%)
Tata Power	1,286.60	1021.10	-20.64
Tata Motors	927.75	755.10	-18.61
Infosys	2,732.05	2315.55	-15.24
Tata Steel	563.10	488.50	-13.25
Sterlite Inds	153.40	133.85	-12.74

- Tata Power has petitioned the Power Ministry to consider its proposal for raising tariffs under its 4,000-MW Mundra power project in Gujarat, saying that if some action is not taken in time, the project may become "unviable". Tata Power had asked the Power Ministry to allow them to increase the tariffs of its Mundra project as the imported coal sourced from Indonesia for the project has become dearer. Coastal Gujarat Power Limited, a special purpose vehicle set up by Tata Power to execute the project, is investing around Rs 17,000 crore in the Mundra ultra-mega power project. Of this, the equity component is Rs 4,250 crore and the remaining amount is being raised as debt.
- Tata Motors has reported a decline of three percent in its overall sales for August, which stood at 64,078 units. The company's domestic sales of commercial and passenger vehicles in the month under review went down by two percent at 59,874 units from 60,797 units sold in August 2010. The company's exports declined by 18 percent in August at 4,204 units as compared to 5,157 units in the like period of 2010. However, the company reported a growth of two percent in its cumulative sales including exports for the fiscal year

Index for eight core infrastructure industries surges by 7.8% in July

The performance of eight core infrastructure industries has shown good upmove in July 2011 and surged to 7.8% from 5.7% in the same period last year, on the back of healthy growth in steel electricity and cement, which increased by 15.5%, 13% and 10.6% respectively. In the month of June, the index for eight core sector industries had expanded by 5.2%. This surge of 7.8% in eight core sector industries is the fastest growth in last 15 months, however, during April to July 2011-12, eight core industries registered a growth of 5.8% as against 6.5% during the corresponding period of the previous year.

The index for eight core sector industries includes crude oil, petroleum refinery products, coal, electricity, cement, steel, fertilizers and natural gas which have combined weight of 37.90% in the Index of Industrial Production (IIP) with base 2004-05. This higher-than-expected growth in core sectors in month of July is likely to have impact on overall growth industrial activities.

As per the data released by the ministry of Ministry of Commerce & Industry, the steel production, which has weight of 6.68% in the IIP, registered a growth of 15.5% in July 2011 compared to (-) 2.9% in July 2010. Steel production grew by 10.1% during April-July 2011-12 compared to an increase of 5.5% during the same period of 2010-11. The steel sector was followed by cement, which has weight of 2.41% in the IIP, registered a growth of 10.6% in July 2011 compared to (-) 0.2% in July 2010. The production grew by 1.8% during April-July 2011-12 compared to an increase of 5.3% during the same period of 2010-11.

India's economic growth slows down to 7.7% in Q1 of FY12

India's economic growth rate slowed down to 7.7% in the first quarter of 2011-12 as compared to 8.8% achieved in the same quarter of the previous financial year, on the back of steady rise in interest rates combined with persistently high inflation.

As per the data released by the Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation, the decline in GDP growth is due to moderation in the construction activities which fell to 1.2% in April-June 2011 from 7.7% achieved in April-June 2010. Other sector such as mining and quarrying (1.8%), manufacturing (7.2%) and community, social and personal

services (5.6%) also showed moderation in growth in April-June 2011. However, sectors like agriculture, forestry and fishing (3.9%), electricity, gas and water supply (7.9%), and trade, hotels, transport and communication (12.8%) showed improvement.

The estimates of GDP for the April-June quarter of 2011-12 released by the CSO of the Ministry of Statistics and Programme Implementation said the GDP had grown to Rs 12,26,339 crore in the first quarter (Q1) of 2011-12 as against Rs 11,38,286 crore in the same quarter of 2010-11.

According to the latest estimates available, the Index of Industrial Production (IIP) for the new series, the index of mining, manufacturing and electricity, registered growth rates of 1.0%, 7.5% and 8.2%, respectively during Q1 of 2011-12 as compared to the growth rates of 8.0%, 10.3% and 5.4% in these sectors during Q1 of 2010-11. The estimates of Q1 for 2009-10 and 2010-11 have been revised on account of using new series of IIP.

The key indicators of construction sector, namely, production of cement declined by 0.9% and consumption of finished steel registered growth rate of 1.5%, during Q1 of 2011-12. Among the services sectors, the key indicators of railways, namely, the net tonne kilometres and passenger kilometres have shown growth rates of 6.3% and 6.1%, respectively during Q1 of 2011-12.

Business confidence in the country at two year low: FICCI survey

A survey, conducted by Federation of Indian Chambers of Commerce and Industry (FICCI) has showed that "Business confidence" in India has plunged to two-year low as the companies are worried about the performance of the economy and the corporate sector in the next six months, grappling with problems, such as high interest rates, frustration with governance, land acquisition issues and eroding pricing power in an inflationary environment.

The Overall Business Confidence Index value has come down to 51.6 in the first quarter of this fiscal compared to 63.7 during the last quarter of 2010-11. The survey further stated that at the global level, with both the US and the Euro zone reeling under fiscal crises, there are growing apprehensions about the world economy entering into another recession. 'This would have a bearing on the performance of the Indian economy both through trade and funds flows channels'. The survey says the factors constraining business performance include weak domestic demand, rising interest costs, high raw material prices

and wages. According to the survey, nearly 56 per cent of the companies have said the current overall economic situation is 'moderately to substantially worse' compared to the situation six months back. In the previous survey, only 17 per cent of the firms had reported so.

The survey, in which 295 firms participated, said 'The flagging of business confidence in India should be a matter of concern for policymakers as falling confidence levels of India Inc can take a toll on investments and other business plans and which could undermine our economic growth'. The respondents said the government should take necessary steps like addressing land acquisition issue, bringing down the cost of credit for small and medium units, and ensure the introduction of GST and DTC from April 2012 in order to boost business confidence.

India's CAD declines to 2.6% of GDP in 2010-11

India's current account deficit (CAD) declined to 2.6% of the Gross Domestic Product (GDP) in 2010-11 from 2.8% in the 2009-10, while the capital account surplus was 3.9% in 2009-10 and 3.5% in 2010-11, Minister of State for Finance Namo Narain Meena said. By adding further the minister said, 'the capital account surplus was, therefore, essentially financing the CAD.'

While CAD represents the difference in inflows and outflows of foreign exchange of a country, the current account surplus happens when investment from the country in foreign assets is greater than investment from abroad in domestic assets.

The intervention by the Reserve Bank of India in the foreign exchange market has also been minimal in recent months. 'Hence, capital flows are not a challenge for the forex and monetary policy management,' the minister said.

For the current financial year, government is aiming to reduce the CAD below the 2010-11 level. However, meeting this target will be difficult given the recent developments in the global economy. The minister said that the recent global developments have impacted the Indian capital markets.

The recent development such as downgrading of US credit rating and debt crisis in European nation have negative implication on the Indian capital market. However, at the broader level, the India's economic growth story is intact, as the fundamental of economy are strong. The minister said that India's economy was mainly driven by domestic consumption as 85% of the country's GDP comes from economic activity within the economy.

RBI agrees to use forex for sovereign wealth fund

The Indian government is expected to create a sovereign wealth fund (SWF), under the Reserve Bank of India (RBI), to ensure energy security for its double-digit growth. The fund is likely to have a corpus of \$10 billion reserves. However, government is reconsidering the size of SWF in view of increasing international crude oil prices.

The government gave in-principle approval for creating SWF, and its size and contours are expected to finalize in the coming few months. On the matter, a group of ministers chaired by Finance Minister Pranab Mukherjee was scheduled to meet on August 25. However, the meeting got delayed.

The SWF is a government owned vehicle which is used to invest in assets abroad and have been created by a number of countries such as China, Singapore, Saudi Arabia, Norway, Kuwait and Russia. The China's SWF, China Investment Corporation, with fund of more than \$300 billion, has invested in a number of energy assets in US, Canada, Africa and Caspian region.

As per the proposal, India's SWF will buy energy assets including crude oil, gas, and coal to meet its increasing domestic demand for energy. It is likely to be structured as a RBI's subsidiary. Whereas, RBI has agreed to dip into India's foreign exchange reserves and provide \$5 billion and remaining amount will be asked from state-owned energy firms.

As per the government official, "the RBI has finally dropped its long held reservations about setting up an SWF as the country's forex reserves at a comfortable stage and can easily finance the current account deficit (CAD). Also it was felt that ensuring energy security has to be as much of a priority as having decent forex reserves as oil imports form a huge part of the CAD".

CBEC raises monetary threshold for contesting indirect tax disputes

In a move to reduce the burden of litigation, the finance ministry has considerably raised the monetary threshold for legally contesting indirect tax disputes. The apex indirect taxes body - Central Board of Excise and Customs (CBEC), under the finance ministry, has instructed its officials not to file appeals in the tax tribunals if the fine and penalty on an alleged offender is less than Rs 5 lakh. The existing entry for approaching an appellate tribunal is Rs 1 lakh.

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.)
Aries Agro Ltd	201103	12	130.04	10	52.74	75.54	13.39	1559.86	11.62	23.48	147.18	17.18	15	12.71
Basant Agro Tech (I)	201103	12	83.63	1	50.23	5.15	13.64	1687.14	-6.65	9.62	60.76	9.73	6	1.08
Bharat Fertiliser	201103	12	52.86	10	66.98	18.15	137.58	293.51	28.69	49.04	166.52	207.57	-	32.53
Chambal Fert & Chem	201103	12	4162.08	10	55.10	39.00	21.58	46807.81	30.06	17.23	3251.79	30.57	19	14.25
Coromandel Interntl.	201103	12	281.83	1	64.04	67.56	41.60	76363.80	19.42	14.86	6944.60	48.33	700	26.82
Deepak Fert & Petro	201103	12	882.05	10	43.15	120.87	18.69	15648.10	21.49	24.30	1866.20	8.47	50	29.26
Fert Chem Travancore	201103	12	6470.72	10	98.96	2.96	-42.59	24764.80	17.60	6.05	-243.20	-76.58	-	0.30
GNFC	201103	12	1554.19	10	41.18	147.14	12.21	28458.90	8.85	18.30	2665.30	115.22	32.5	24.94
GSFC	201103	12	796.96	10	37.84	354.93	30.14	47550.50	18.31	26.76	7493.70	194.48	70	112.40
Khaitan Chem & Fert.	201103	12	96.99	10	74.99	109.84	34.03	4573.35	126.21	15.47	314.56	3667.19	24	39.30
Liberty Phosphate	201103	12	144.38	10	53.80	38.02	12.18	3676.60	75.13	17.43	351.85	538.68	-	26.32
Madras Fertilizers	201103	12	1611.00	10	85.27	-38.09	-1.12	16228.30	24.56	8.72	451.70	556.54	-	5.36
Mangalore Chem & Fert	201103	12	1185.15	10	30.44	28.79	17.66	25238.27	21.24	6.30	775.37	37.26	10	8.98
MP Agro Inds	201103	12	58.04	10	7.89	3.21	-0.15	0.00	-	-	-0.61	-777.78	-	-0.11
Nagarjuna Fert & Chem	201103	12	4281.82	10	38.25	23.83	11.57	30907.46	55.05	14.09	1173.50	76.80	10	4.96
National Fertilizers	201103	12	4905.80	10	97.64	34.09	8.51	58207.10	13.47	5.19	1385.00	-19.25	8.5	4.64
Oswal Chem. & Fert.	201103	12	2568.09	10	64.33	72.16	-0.64	1944.69	40.83	44.04	822.17	-794.81	-	3.26
RCF	201103	12	5516.90	10	92.50	36.46	12.74	55071.10	-2.39	8.66	2451.20	4.36	11	6.48
Shiva Global Agro	201103	12	77.36	10	45.54	33.28	10.39	907.36	1.74	9.34	25.97	13.01	10	3.29
SPIC	201103	12	1311.74	10	0.00	-90.43	-	17488.43	274.23	5.18	819.84	-165.82	-	-
Tata Chem	201103	12	2547.60	10	31.08	186.08	9.06	62963.40	14.97	15.91	4084.90	-6.05	100	24.06
Teesta Agro Inds	201103	12	45.05	10	41.28	70.71	1.72	887.67	49.41	3.31	8.20	43.61	-	4.01
TuticorinAlkali Chem	201103	12	147.96	10	45.15	-64.70	-	486.74	501.06	-14.19	-224.79	-13.82	-	-12.01
Zuari Ind	201103	12	294.41	10	34.37	414.53	14.58	55619.80	28.64	5.38	1668.80	6.32	45	63.93

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 02/09/11	H52W	L52W	PE	Mkt. Cap (Rs. Mn.)
11.32	280.34	28.86	29.23	21.78	160.53	201106	13.03	23.55	86.00	203.70	77.20	6.60	1118.37
0.73	592.62	30.02	8.45	24.55	21.17	201106	0.78	10.88	4.06	8.69	3.12	5.22	339.53
31.50	81.52	131.66	57.00	36.06	542.78	201106	40.51	81.50	66.80	108.50	44.55	1.65	353.07
7.81	11644.15	20.61	16.31	636.91	-0.43	201106	7.81	20.68	112.90	108.65	65.30	14.46	46989.87
24.63	17956.70	15.64	14.97	1593.50	31.21	201106	25.97	26.61	300.80	376.00	217.50	11.58	84775.67
21.16	4738.70	35.18	25.25	639.40	22.49	201106	22.49	6.56	165.90	212.40	145.30	7.38	14633.19
-0.38	5002.30	0.90	1.87	-356.20	-1067.93	201106	-0.75	50.08	38.60	65.15	29.50	-	24976.98
17.15	6442.10	75.15	15.39	416.50	-283.72	201106	21.29	82.04	93.75	146.20	88.30	4.40	14570.51
94.03	12076.80	13.21	24.65	1420.80	30.83	201106	98.23	57.02	395.95	412.90	285.00	4.03	31555.43
32.43	1079.74	-11.86	17.57	86.98	-37.54	201106	27.04	30.41	157.65	254.75	100.05	5.83	1529.03
24.37	1053.71	-17.27	17.66	99.48	67.36	201106	25.26	77.67	50.25	85.70	42.00	1.99	725.52
2.80	5486.30	55.09	11.69	360.30	3732.98	201106	4.98	15.46	0.00	0.00	0.00	-	0.00
6.54	5861.20	19.63	7.46	297.05	136.86	201106	7.91	35.28	31.65	48.25	28.00	4.00	3751.00
-0.11	0.62	-	104.84	-0.23	-	200812	0.00	-	2.34	12.33	1.54	-	13.58
2.74	3892.96	17.56	21.61	268.43	-1.09	201106	2.73	39.84	23.60	42.45	23.20	8.63	10105.09
2.82	14208.80	21.86	2.49	59.80	-66.37	201106	2.58	-30.61	77.80	144.40	73.10	30.12	38167.12
3.20	340.90	-46.73	80.03	397.47	-615.53	201103	3.20	114.39	0.00	0.00	0.00	-	0.00
4.44	8683.60	9.73	4.03	39.60	-79.98	201106	4.16	2.70	79.65	132.25	70.90	19.16	43942.11
2.72	265.07	12.99	10.04	11.34	43.54	201106	3.08	11.36	27.90	90.00	21.00	9.05	215.85
-	9739.72	831.67	6.03	97.04	-78.07	201106	-	161.51	29.15	37.75	15.65	-	3823.71
16.03	15853.30	8.74	16.37	1108.30	-26.72	201106	14.45	-33.57	335.50	446.30	302.00	23.22	85471.98
1.61	127.02	17.51	4.71	1.78	35.88	201106	1.71	26.96	10.03	27.65	9.05	5.87	45.19
-15.19	406.17	6951.56	2.98	-18.99	-68.89	201106	-12.33	-44.97	12.00	18.28	7.42	-	177.55
56.68	11241.70	18.12	5.57	324.60	16.72	201106	58.26	19.35	615.05	895.00	557.25	10.56	18107.44

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

Company Name	Net Sales		Change In Sales	% Change in Sales	Net Profit		Change In Net Profit	% Change in Net Profit
	201106 Qtr	201006 Qtr			201106	201006		
Oscar Investments	2574.96	75.15	2499.81	3326.43	2580.66	113.08	2467.58	2182.15
Shree Ram UrbanInfra	2732.74	92.63	2640.11	2850.17	22.84	-38.45	61.29	-
Transcorp Intl.	2045.68	83.52	1962.16	2349.33	3.03	25.10	-22.07	-87.93
Baid Global Ventures	981.35	60.00	921.35	1535.58	12.22	2.59	9.63	371.82
Sakuma Exports	1980.87	203.03	1777.84	875.65	14.37	1.26	13.11	1040.48
SPIC	9739.72	1045.40	8694.32	831.67	97.04	442.49	-345.45	-78.07
Indiabulls Real Est.	341.78	55.79	285.99	512.62	19.74	29.82	-10.08	-33.80
Gayatri Sugars	641.79	105.55	536.24	508.04	-99.73	-58.10	-41.63	-
Nahar Poly Films	595.76	99.02	496.74	501.66	8.81	-11.00	19.81	-
Ausom Enterprises	4019.56	718.80	3300.76	459.20	38.67	3.99	34.68	869.17
Cimmco	680.77	130.06	550.71	423.43	52.06	168.18	-116.12	-69.05
Satra Properties (I)	755.62	145.91	609.71	417.87	-50.52	-105.15	54.63	-
Consolidated Securit	1089.65	211.70	877.95	414.71	16.47	6.62	9.85	148.79
Keerthi Industries	373.16	73.22	299.94	409.64	70.34	-27.99	98.33	-
Hind Fluorocarbons	290.73	57.59	233.14	404.83	-27.25	16.96	-44.21	-
Genesys Intl. Corpn	286.63	57.60	229.03	397.62	103.40	-4.70	108.10	-
Future Capital Hold.	1491.21	324.64	1166.57	359.34	184.57	114.32	70.25	61.45
Kothari Products	4445.50	1018.00	3427.50	336.69	167.80	12.20	155.60	1275.41
Vaishnavi Gold	364.34	88.61	275.73	311.17	3.72	1.60	2.12	132.50
Kesar Enterprises	899.05	251.90	647.15	256.91	118.85	-43.97	162.82	-
Spectacle Infotek	481.22	135.45	345.77	255.28	2.70	0.34	2.36	694.12
Phaarmasia	179.55	51.50	128.05	248.64	0.78	0.38	0.40	105.26
GMR Infrastructure	2668.00	766.90	1901.10	247.89	244.90	-69.60	314.50	-
India Steel Works	1375.05	396.26	978.79	247.01	-20.61	-65.87	45.26	-
Zicom Electn.Sec Sys	426.60	124.01	302.59	244.01	8.80	900.20	-891.40	-99.02
Reliance Capital	7036.50	2147.30	4889.20	227.69	1387.20	504.10	883.10	175.18
XO Infotech	335.15	104.04	231.11	222.14	10.46	21.32	-10.86	-50.94
VLS Finance	2917.10	944.12	1972.98	208.98	9.96	8.96	1.00	11.16
Waterbase	304.87	99.18	205.69	207.39	20.60	-11.48	32.08	-
JMD Telefilms	581.33	190.76	390.57	204.74	25.19	5.31	19.88	374.39
State Trading Corp	93591.40	31799.80	61791.60	194.31	32.50	90.00	-57.50	-63.89
Ruchi Infra.	9888.40	3377.63	6510.77	192.76	60.20	66.75	-6.55	-9.81
Oberoi Realty	796.90	274.98	521.92	189.80	938.30	126.38	811.92	642.44
Acclaim Inds.	627.78	225.35	402.43	178.58	6.76	2.20	4.56	207.27
Godrej Properties Ltd.	736.41	269.28	467.13	173.47	63.49	218.16	-154.67	-70.90
Jayshree Chem.	255.30	93.80	161.50	172.18	6.20	-11.40	17.60	-
Manappuram Finance	4929.02	1860.67	3068.35	164.91	1078.28	461.51	616.77	133.64
Ravalgaon Sugar Farm	146.29	55.51	90.78	163.54	-22.00	-1.00	-21.00	-
Ortin Laboratories	198.07	75.43	122.64	162.59	12.02	2.16	9.86	456.48
Network 18 Media Inv	150.96	58.66	92.30	157.35	-317.94	-190.73	-127.21	-
Intec Capital	156.61	60.88	95.73	157.24	17.10	6.02	11.08	184.05
Roman Tarmat	507.14	197.25	309.89	157.11	3.03	1.79	1.24	69.27
AVT Natural Prod	481.30	188.40	292.90	155.47	115.80	-12.40	128.20	-
Dhanus Technology	306.90	121.05	185.85	153.53	-14.58	1.74	-16.32	-
Guj. Fluorochem	5187.60	2056.00	3131.60	152.32	1595.90	419.60	1176.30	280.34
FE India	1443.33	572.82	870.51	151.97	10.33	13.49	-3.16	-23.42
Money Matters Fin	1565.98	627.56	938.42	149.54	72.02	394.22	-322.20	-81.73
Mafatlal Inds	635.75	255.20	380.55	149.12	-66.48	629.74	-696.22	-

Company Name	Year End	Price (Rs.) (02/09)	Yield (%)	EPS (Rs.)	FV	PE	TTM				52-Wk High (Rs.)	52-Wk Low (Rs.)
							Year End	NP Rs. ml	EPS (Rs.)	PE		
Patni Computer Systems Ltd.	201012	287.85	22.93	49.84	2	5.78	201106	6041.60	45.09	6.38	509.50	250.00
Shipping Corpn. Of India Ltd.	201003	88	11.93	8.90	10	9.89	201106	3616.60	7.76	11.33	202.50	79.00
HCL Infosystems Ltd.	201006	69.5	11.51	11.98	2	5.80	201106	1772.30	7.95	8.74	139.50	64.40
Dena Bank	201103	82.7	2.66	18.35	10	4.51	201106	6409.30	19.22	4.30	151.00	75.80
JBF Industries Ltd.	201003	130.35	6.14	20.73	10	6.29	201106	1097.70	15.31	8.51	228.00	117.00
3I Infotech Ltd.	201103	27.3	5.49	6.22	10	4.64	201106	1235.60	6.44	4.24	72.15	24.95
Deccan Chronicle Holdings Ltd.	201003	56.5	5.31	10.77	2	5.25	201106	834.00	3.89	14.53	150.00	49.10
Nava Bharat Ventures Ltd.	201103	171.5	5.25	39.90	2	4.28	201106	2516.75	32.96	5.20	420.05	158.00
ICSA (India) Ltd.	201103	77.75	2.32	26.31	2	2.96	201106	1183.31	24.58	3.16	162.00	62.70
Orbit Corporation Ltd.	201103	36	2.78	6.62	10	5.44	201106	630.37	5.53	6.51	135.60	33.75
Indian Overseas Bank	201103	109.25	4.58	17.33	10	6.30	201106	10776.84	17.42	6.27	176.35	106.10
Graphite India Ltd.	201103	79.05	4.43	8.82	2	8.96	201106	1748.00	8.95	8.84	108.90	67.35
Rural Electrification Corpn Ltd	201103	170.95	4.39	26.03	10	6.57	201106	26445.20	26.78	6.38	409.50	162.50
Uflex Ltd.	201103	171.7	4.37	39.07	10	4.39	201106	2820.00	39.05	4.40	325.00	118.30
Vijaya Bank Ltd	201103	57.25	4.37	11.08	10	6.31	201106	4225.60	8.94	6.40	115.35	53.85
UCO Bank	201103	69.15	4.34	14.45	10	4.79	201106	9388.60	14.96	4.62	152.35	62.20
Geodesic Ltd.	201003	56.4	3.10	18.96	2	2.97	201106	2383.20	26.44	2.13	142.75	47.00
Electrosteel Castings Ltd.	201103	30.55	4.09	4.73	1	6.46	201106	1524.54	4.67	6.55	56.00	26.00
NIIT Technologies Ltd.	201103	188.95	3.97	20.80	10	9.08	201106	1116.60	18.83	10.04	244.80	166.20
Ashok Leyland Ltd.	201103	25.35	3.94	4.75	1	5.34	201106	5949.08	2.24	11.34	40.95	22.50
Bank Of Maharashtra	201103	50.9	3.93	6.86	10	8.15	201106	3340.00	6.93	7.34	84.95	47.00
Polyplex Corporation Ltd.	201003	185.85	3.77	34.89	10	4.96	201106	1876.60	58.67	3.17	509.98	169.00
State Bank Of Bikaner & Jaipur	201103	435.5	3.77	110.18	10	3.95	201106	5757.80	82.25	5.29	705.60	391.00
Polaris Software Lab Ltd.	201103	124.4	3.62	18.85	5	6.60	201106	1870.11	18.83	6.61	213.90	117.25
Syndicate Bank	201103	104.35	3.55	18.28	10	5.71	201106	11254.90	19.63	5.32	164.20	90.80
Rolta India Ltd.	201006	100.25	3.49	22.36	10	4.48	201106	4953.70	30.71	3.26	188.50	90.75
Bharati Shipyard Ltd.	201003	99.35	3.02	47.99	10	2.07	201106	1079.47	35.62	2.79	293.70	85.15
Allahabad Bank	201103	175.8	3.41	29.88	10	5.88	201106	14941.06	31.37	5.60	270.90	167.20
Bharat Bijlee Ltd.	201103	732.8	3.41	130.10	10	5.63	201106	951.60	168.38	4.35	1215.00	696.00
Power Finance Corpn. Ltd.	201003	147.6	3.39	20.54	10	7.19	201106	26526.25	20.10	7.34	383.00	130.20
IDBI Bank Ltd	201103	105.95	3.30	16.76	10	6.32	201106	17345.30	17.62	6.01	202.25	102.90
Piramal Healthcare Ltd.	201103	364.45	3.29	768.13	2	0.47	201106	129310.90	773.34	0.47	560.00	341.60
Triveni Engineering & Inds. Ltd.	201009	23.35	3.21	3.52	1	6.63	201106	434.70	1.69	13.85	131.65	20.15

Company Name	Year End	Price (02/09) Rs.	EPS	FV	PE
Prraneta Industries Ltd.	201003	34.60	0.05	1	656.70
ABB Ltd.	201012	857.25	2.98	2	287.30
Jet Airways (India) Ltd.	201103	281.70	1.12	10	250.98
Adani Enterprises Ltd.	201103	531.90	2.45	1	217.38
Sunteck Realty Ltd.	201003	247.45	1.15	2	215.23
Indiabulls Real Estate Ltd.	201003	81.05	0.56	2	208.80
GMR Infrastructure Ltd.	201103	27.20	0.15	1	179.78
Kwality Dairy (India) Ltd.	201003	168.80	0.99	1	171.18
Punj Lloyd Ltd.	201103	59.95	0.37	2	160.77
Hindustan Copper Ltd.	201003	230.45	1.67	5	137.84
JM Financial Ltd.	201103	18.10	0.13	1	135.11
KSK Energy Ventures Ltd.	201103	100.00	0.90	10	126.28
United Breweries Ltd.	201003	427.15	4.04	1	114.48
Mercator Lines Ltd.	201003	24.70	0.27	1	91.14
Jubilant FoodWorks Ltd.	201103	1000.50	11.16	10	89.67
Reliance Power Ltd	201103	84.65	0.98	10	86.49
EIH Ltd.	201103	87.75	1.13	2	77.71
Indiabulls Power Ltd.	201003	14.37	0.19	10	77.00
Aptech Ltd.	201103	119.45	1.62	10	73.86
Gammon Infrastructure Projects Ltd	201003	13.95	0.19	2	72.24
Asahi India Glass Ltd.	201103	67.90	0.95	1	71.66
Tata Teleservices (Maharashtra) Ltd.	201103	18.55	0.26	10	70.53
MVL Ltd.	201012	24.30	0.35	1	68.53
Bombay Dyeing & Manufacturing Co Ltd.	201103	309.75	5.22	10	58.47
IRB Infrastructure Developers Ltd	201103	150.75	2.71	10	55.57
Emami Ltd.	201103	453.65	8.29	1	54.74
EID-Parry (India) Ltd.	201103	248.15	4.58	1	54.23
Nestle India Ltd.	201012	4489.10	84.91	10	52.87
Karuturi Global Ltd	201003	9.43	0.18	1	52.56
3M India Ltd.	201103	4589.90	87.71	10	52.33
Coal India Ltd.	201103	386.90	7.43	10	52.04
Trent Ltd.	201103	1097.20	21.46	10	51.15
VIP Industries Ltd.	201003	892.80	17.71	10	50.41
Arshiya International Ltd.	201003	131.25	2.62	2	50.07
Godrej Industries Ltd.	201103	201.55	4.20	1	47.97
Eicher Motors Ltd.	201012	1341.90	28.00	10	47.92
Bata India Ltd.	201012	703.15	14.84	10	47.39
Dalmia Bharat Enterprises Ltd	201103	125.00	2.64	2	47.33

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

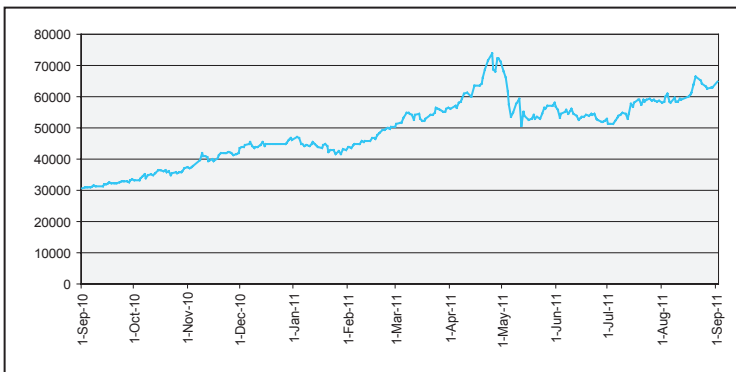
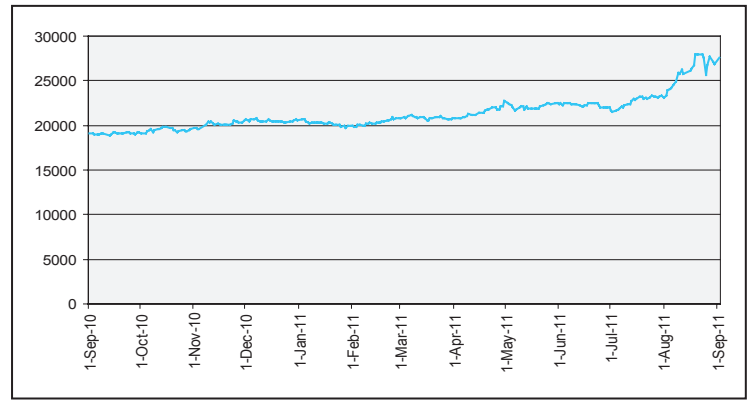
Company Name	Year End	Price (02/09) Rs.	EPS	FV	PE
Piramal Healthcare Ltd.	201103	364.45	768.13	2	0.47
Jindal Poly Films Ltd.	201103	208.45	128.72	10	1.62
KS Oils Ltd.	201003	9.93	5.49	1	1.81
Bharati Shipyard Ltd.	201003	99.35	47.99	10	2.07
Prakash Industries Ltd.	201003	49.70	21.87	10	2.27
Vardhman Textiles Ltd.	201103	187.55	73.79	10	2.54
ICSA (India) Ltd.	201103	77.75	26.31	2	2.96
Geodesic Ltd.	201003	56.40	18.96	2	2.97
GTL Ltd.	201003	49.80	16.27	10	3.06
Shree Ganesh Jewellery House Ltd.	201103	138.40	43.48	10	3.18
Punjab & Sind Bank	201103	73.55	23.59	10	3.20
Ess Dee Aluminium Ltd.	201003	209.35	65.38	10	3.20
Central Bank Of India	201103	100.10	30.99	10	3.56
SRF Ltd.	201103	300.30	79.90	10	3.76
IFCI Ltd.	201103	37.15	9.55	10	3.88
ARSS Infrastructure Projects Ltd.	201103	294.50	75.57	10	3.90
State Bank Of Bikaner & Jaipur	201103	435.50	110.18	10	3.95
Onmobile Global Ltd	201103	63.35	15.54	10	4.08
Gujarat State Fertilizers & Chemicals Ltd.	201103	395.95	93.89	10	4.21
Nava Bharat Ventures Ltd.	201103	171.50	39.90	2	4.28
Subex Ltd	201103	45.20	10.32	10	4.38
Uflex Ltd.	201103	171.70	39.07	10	4.39
Rolta India Ltd.	201006	100.25	22.36	10	4.48
Dena Bank	201103	82.70	18.35	10	4.51
State Bank Of Travancore	201103	658.90	145.55	10	4.53
JSL Stainless Ltd.	201003	93.90	20.39	2	4.60
3I Infotech Ltd.	201103	27.30	6.22	10	4.64
Corporation Bank	201103	442.90	95.41	10	4.64
Canara Bank	201103	422.50	90.88	10	4.65
Jindal Saw Ltd.	201003	121.60	26.43	2	4.66
UCO Bank	201103	69.15	14.45	10	4.79
Educomp Solutions Ltd.	201103	197.05	40.70	2	4.84
Housing Development & Infrastructure Ltd.	201103	105.50	21.60	10	4.88
Jyoti Structures Ltd.	201103	66.15	13.51	2	4.90
Polyplex Corporation Ltd.	201003	185.85	34.89	10	4.96
Tamil Nadu Newsprint & Papers Ltd.	201103	109.05	21.53	10	5.07
Escorts Ltd.	201009	68.15	13.02	10	5.07
Ansal Properties & Infrastructure Ltd.	201003	28.30	5.47	5	5.18

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

FV Latest Face values of equity Shares (Rs)

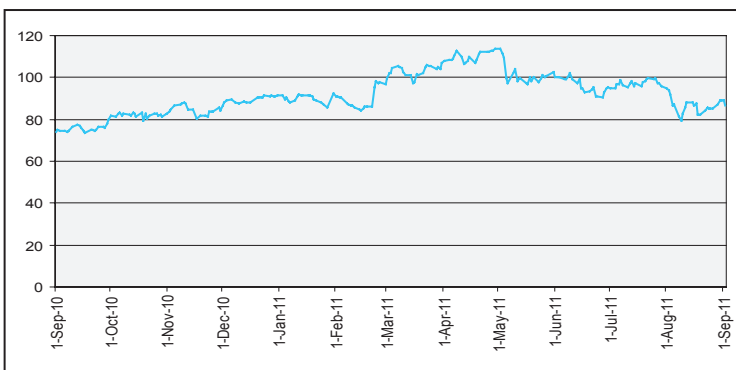
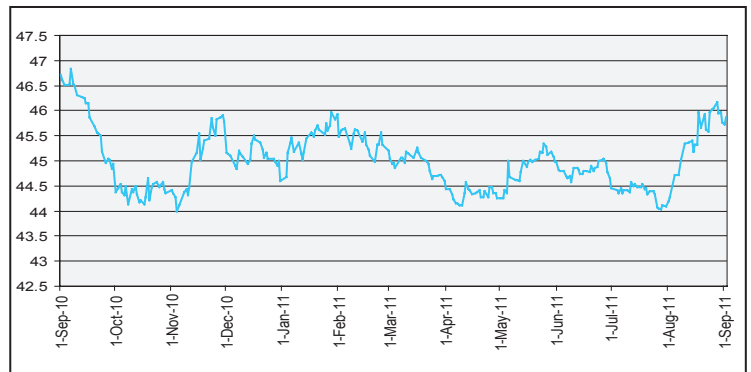
PE Market Price / Trailing Twelve Months Earning Per Shares

Date	Price Rs.
2-Sep-11	27602.50
2-Aug-11	23352.50
2-Jul-11	21583.35
2-Jun-11	22510.00
2-May-11	22450.00
1-Apr-11	20800.00
1-Mar-11	20758.00
2-Feb-11	19897.50
3-Jan-11	20683.35
2-Dec-10	20532.50
2-Nov-10	19680.00
1-Oct-10	19096.65
1-Sep-10	19145.00



Date	Price Rs.
2-Sep-11	64800.00
2-Aug-11	58500.00
2-Jul-11	51375.00
2-Jun-11	55816.20
2-May-11	68050.00
1-Apr-11	56265.00
1-Mar-11	51150.00
2-Feb-11	43800.00
3-Jan-11	47040.00
2-Dec-10	43750.00
2-Nov-10	37184.40
1-Oct-10	33186.80
1-Sep-10	30739.50

Date	Price Rs
2-Sep-11	45.87
2-Aug-11	44.27
1-Jul-11	44.47
2-Jun-11	44.82
2-May-11	44.24
1-Apr-11	44.44
2-Mar-11	44.95
2-Feb-11	45.61
3-Jan-11	44.68
2-Dec-10	45.15
1-Nov-10	44.43
1-Oct-10	44.38
1-Sep-10	46.71



Date	Price \$
2-Sep-11	86.45
2-Aug-11	93.79
1-Jul-11	94.94
2-Jun-11	100.40
2-May-11	113.52
1-Apr-11	107.94
2-Mar-11	102.23
2-Feb-11	90.86
3-Jan-11	91.55
2-Dec-10	88.00
2-Nov-10	83.90
1-Oct-10	81.58
1-Sep-10	73.91

Sundaram-Select Thematic Funds-Rural India (G)

Sundaram-Select Thematic Funds-Rural India (Growth) is Sundaram Asset Management Company managed open-ended Equity - Diversified scheme.

The fund was launched on May-12, 2006 and its fund manager is J. Venkatesan.

The benchmark index of the fund is BSE-500 and the custodian of the fund is HDFC Bank.

The current net asset value (NAV) of the fund as on September 2, 2011 was Rs 14.56; while the 52 week high NAV was Rs 17.94 on November 9, 2010 and the 52 week low NAV for the scheme was Rs 13.54 on February 9, 2011.

The minimum investment to the fund is Rs 5000 and additional investments can be made in multiples of Rs 500.

The investment objective of the scheme is to generate consistent long-term returns by investing predominantly in equity & equity related instruments of 'companies that are focusing on Rural India'.

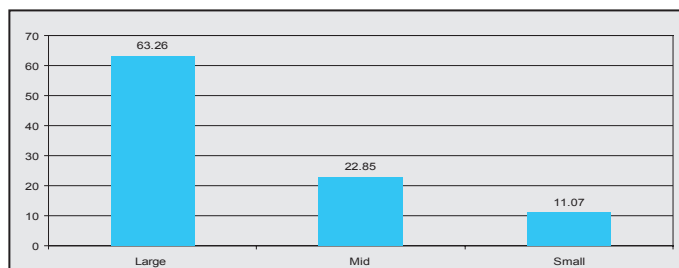
The top five holdings of the fund are:

Company	GSFC	Coromandel Int.	United Phosphorus	PNB	Nestle India
% Holding	5.96	5.12	4.55	3.72	3.63

As far as market capitalization-wise companies are concerned, the scheme's portfolio consists of 63.26% from Large-cap, 22.85% from Mid Cap and 11.07% from Small cap stocks.

The fund has given a return of 7.32% since inception and a negative return of 7.10% in last one year, while the category average in the same period has been 8.19% and -10.01 % respectively.

Fund allocation

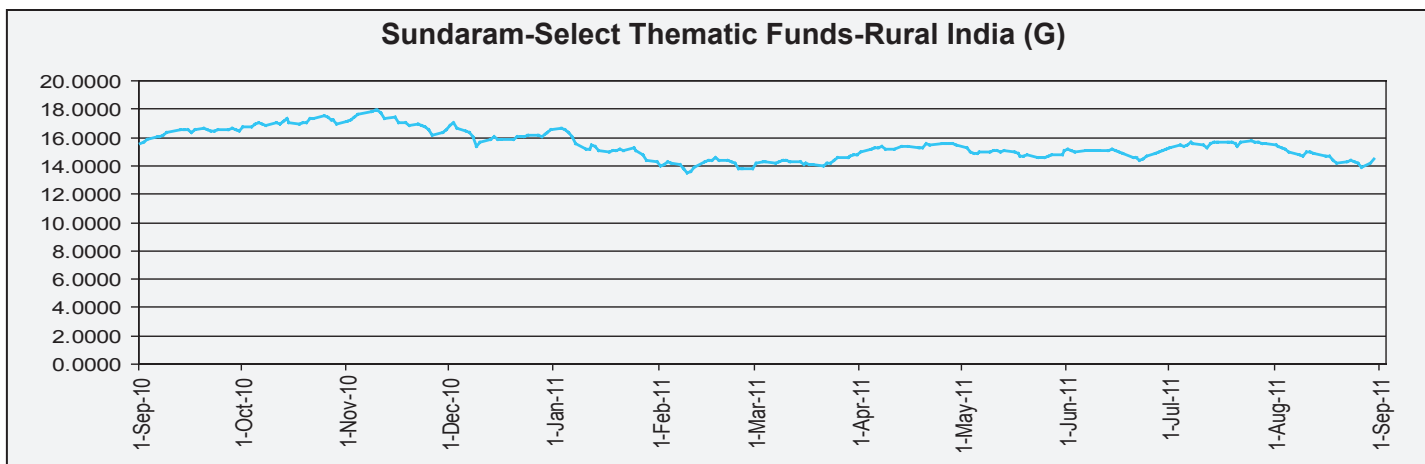


Market cap-wise Allocation Style	
Average Mkt Cap (Rs Cr)	21361.90
Market Capitalization	% of Portfolio
Large	63.26
Mid	22.85
Small	11.07
Note: Large-Cap = 5000 Crs. and above, Mid-Cap = 2000 Crs. to 5000 Crs. and Small-Cap = less than 2000 Crs	

Outlook

Sundaram-Select Thematic Funds-Rural India (Growth) is Sundaram Asset Management Company managed open-ended Equity - Diversified scheme, being managed by J Venkatesan. It is a high-risk, high-return product that could boost returns of a core portfolio of large-cap funds. The fund maintains the now-consolidated portfolio of about 51 stocks. The portfolio is geared to the rural prosperity theme. Consumer goods, fertilisers & chemicals, financial services (mostly PSU banks) and auto are the preferred sectors and account for about 76.6% of the portfolio. It is an aggressively managed fund with sector, stock, trading and cash calls as well as a call to stay outside the theme to the extent permitted if conditions warrant. The fund has been good performer from the beginning and despite focusing only on the theme the fund has outpaced the broad market since launch

Sundaram-Select Thematic Funds-Rural India (G)



Last one year NAV Graph

Duration	1 Week %	1 Mth %	3 Mth %	6 Mth %	1 Year %	3 Year %	5 Year %	Since Inc. %
Scheme Return %	4.52	-5.17	-3.53	2.90	-7.10	5.06	7.06	7.32
Category Avg %	4.61	-6.60	-7.01	-4.25	-10.01	6.68	9.15	8.19

Returns As on September 02nd, 2011

Fund	AUM Rs.Crore June 2011	NAV Rs 02/09/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Equity - Diversified										
Birla SL India Opportunities(G)	47.88	45.30	-9.83	-13.15	-15.47	3.39	0.67	20.37	9.58	2-Mar-95
DSPBR Opp-Reg(G)	746.06	79.39	-6.35	-4.58	-10.06	10.23	10.95	28.50	20.12	16-May-00
Fidelity Equity(G)	3302.23	33.03	-5.46	-4.49	-6.16	13.91	13.95	-	20.88	16-May-05
HDFC Equity(G)	9220.20	250.65	-8.79	-6.80	-9.39	14.92	14.36	31.62	21.31	1-Jan-95
HDFC Growth(G)	1303.45	79.61	-6.75	-5.31	-8.82	12.73	14.21	27.59	20.79	11-Sep-00
DSPBR India T.I.G.E.R-Reg(G)	2179.67	40.15	-6.55	-7.00	-19.81	0.45	8.69	-	21.20	11-Jun-04
ICICI Pru Dynamic(G)	3814.40	97.28	-8.16	-7.32	-5.52	11.91	12.82	-	29.34	31-Oct-02
Kotak Opportunities(G)	929.82	41.84	-6.30	-4.37	-12.98	6.51	11.44	-	22.75	9-Sep-04
Reliance Equity Oppor-Ret(G)	3031.93	33.68	-7.27	0.16	-7.07	21.40	13.34	-	20.79	31-Mar-05
Reliance Reg Savings-Equity(G)	3332.17	27.07	-9.04	-6.50	-14.71	7.22	15.27	-	17.33	10-Jun-05
SBI Magnum Multicap(G)	489.26	15.44	-8.37	-8.69	-16.27	0.56	2.84	-	7.55	16-Sep-05
Equity - ELSS										
Birla SL Tax Relief '96(G)	1491.87	10.03	-7.13	-6.70	-15.57	4.93	-	-	0.43	10-Mar-08
DSPBR Tax Saver(G)	844.59	15.19	-7.70	-6.26	-13.29	8.23	-	-	9.46	18-Jan-07
Franklin India Taxshield(G)	826.92	201.15	-4.71	0.24	-0.36	14.46	12.35	25.86	27.37	10-Apr-99
HDFC TaxSaver(G)	3113.95	214.19	-7.46	-4.33	-8.77	13.77	11.20	29.96	30.37	31-Mar-96
ICICI Pru Tax Plan(G)	1323.19	128.96	-7.96	-5.06	-7.50	14.07	8.39	28.89	23.65	19-Aug-99
Reliance Tax Saver (ELSS)(G)	2127.73	19.32	-7.89	-2.63	-11.10	12.29	10.18	-	11.70	22-Sep-05
SBI Magnum TaxGain'93(G)	5224.14	54.80	-6.47	-4.28	-10.53	5.33	-	-	4.60	7-May-07
Sundaram Tax Saver(G)	1472.04	39.41	-6.57	-5.40	-12.38	2.46	11.87	-	18.83	2-May-05
Equity - Large Cap										
Birla SL Frontline Equity(G)	2908.97	80.07	-7.14	-6.25	-8.27	8.27	13.74	-	26.17	23-Sep-02
Birla SL Dividend Yield Plus(G)	882.50	81.80	-4.18	2.01	-5.65	16.37	15.82	-	27.97	26-Feb-03
DSPBR Equity-Reg(G)	2515.94	15.43	-5.85	-1.68	-9.06	11.55	-	-	10.77	7-Jun-07
DSPBR Top 100 Equity-Reg(G)	2977.34	93.24	-5.52	-4.39	-4.44	8.28	14.12	-	30.09	10-Mar-03
HDFC Top 200(G)	10507.61	190.77	-7.73	-6.50	-8.17	10.39	14.63	30.58	21.71	3-Sep-96
Kotak 50(G)	863.31	95.35	-5.86	-3.53	-6.74	7.54	10.29	-	27.34	5-Feb-03
Reliance Vision-Ret(G)	2796.48	243.88	-7.93	-5.42	-11.77	6.83	9.88	33.46	22.23	8-Oct-95
SBI Magnum Equity(G)	440.76	40.72	-5.26	-3.05	-5.98	9.49	-	-	8.73	24-Nov-06
Reliance Growth-Ret(G)	6957.75	449.25	0.37	-0.75	-3.55	13.92	18.52	37.68	26.91	08-Oct-95
Equity - Mid Cap										
Birla SL Midcap(G)	1624.03	101.11	-6.16	1.37	-13.68	8.41	13.61	-	29.74	16-Oct-02
Franklin India Prima(G)	828.47	256.46	-5.08	1.76	-11.02	12.20	7.81	31.42	20.04	01-Dec-93
ICICI Pru Discovery(G)	1767.05	44.01	-9.39	-5.03	-10.17	13.82	11.58	-	23.39	16-Aug-04
Kotak Midcap(G)	306.86	23.83	-5.83	2.96	-12.42	15.09	7.46	-	14.24	24-Feb-05
Reliance Growth-Ret(G)	6957.75	407.39	-7.70	-7.33	-16.29	6.18	13.29	36.24	25.95	08-Oct-95
Sundaram S.M.I.L.E Fund(G)	598.95	28.29	-8.05	-4.41	-19.61	1.59	11.80	-	17.21	15-Feb-05
Sundaram Select Midcap(G)	2190.78	147.20	-6.05	7.33	-6.24	14.57	13.54	-	34.26	19-Jul-02
Equity - Pharma										
Franklin Pharma(G)	151.01	62.01	-5.43	4.05	6.81	31.40	17.42	21.99	15.81	31-Mar-99
Reliance Pharma(G)	583.26	54.63	-7.18	6.62	5.03	30.74	23.69	-	26.44	08-Jun-04

Returns As on September 02nd, 2011

Fund	AUM Rs.Crore June 2011	NAV Rs 02/09/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	5 Years	10 Years		
Finance Sector										
ICICI Pru Banking & Fin Serv-Ret(G)	150.66	15.80	-12.22	-11.19	-13.66	12.97	-	-	16.29	22-Aug-08
Reliance Banking(G)	1785.29	88.59	-10.72	-12.80	-13.01	18.72	23.04	-	30.18	28-May-03
Sundaram-Select Thematic Funds- Fin Serv Oppor(G)	263.47	17.00	-11.50	-12.38	-16.79	13.28	-	-	17.85	10-Jun-08
Commodities - Gold										
Kotak GOLD ETF	455.80	2674.56	18.12	32.14	43.56	33.22	-	-	31.11	27-Jul-07
Reliance Gold ETF	1134.66	2603.09	18.12	32.22	43.65	33.24	-	-	27.91	22-Nov-07
DSPBR World Gold-Reg(G)	1062.69	20.63	11.57	10.15	22.07	24.95	-	-	20.00	14-Sep-07
Fund	AUM Rs.Crore June 2011	NAV Rs 02/09/11	Absolute %		CAGR %				Since Launch	Launch Date
			1 Month	6 Months	1 Year	2 Years	3 Years	5 Years		
Balanced - Equity Oriented										
Birla SL '95(G)	420.55	298.71	-3.47	-0.66	-3.63	11.53	15.06	14.43	22.78	17-Feb-95
HDFC Balanced(G)	282.32	55.33	-4.18	4.66	3.39	20.27	16.76	13.79	16.86	11-Sep-00
HDFC Prudence(G)	6131.13	205.86	-4.81	0.59	-2.12	17.99	18.60	15.92	18.76	1-Feb-94
Balanced - Debt Oriented										
ICICI Pru Child Care Plan-Gift Plan	167.74	52.61	-7.70	0.02	-13.77	11.37	7.78	8.85	18.04	31-Aug-01
Reliance Reg Savings-Balanced(G)	828.85	20.53	-6.55	-3.90	-10.62	9.35	14.83	13.26	12.24	10-Jun-05
HDFC Children's Gift - Investment	288.14	43.11	-4.02	7.79	9.32	24.22	17.24	13.31	14.91	2-Mar-01
Fund	AUM Rs.Crore June 2011	NAV Rs 02/09/11	Absolute %			CAGR %			Since Launch	Launch Date
			1 Month	3 Months	6 Months	1 Years	3 Years	5 Years		
Liquid Funds										
Birla SL Cash Plus-Ret(G)	19776.19	26.83	0.71	2.13	4.22	7.63	5.93	6.76	7.18	16-Jun-97
HDFC Cash Mgmt-Savings(G)	4809.49	21.26	0.74	2.22	4.41	8.09	6.61	7.26	6.57	3-Jan-00
Reliance Liquid-Cash(G)	5516.78	16.50	0.75	2.23	4.45	8.03	5.15	5.56	5.27	7-Dec-01
Reliance Liquid-Treasury-Ret(G)	3897.72	24.28	0.72	2.14	4.30	7.80	6.39	6.94	6.81	23-Mar-98
SBI Magnum InstaCash-Cash(G)	3207.46	22.58	0.73	2.18	4.32	8.04	6.32	6.95	6.84	19-May-99
Templeton India CMA(G)	439.66	17.11	0.57	1.60	3.28	6.09	4.60	5.42	5.32	23-Apr-01
UTI Money Market(G)	1623.89	2821.52	0.69	2.06	4.14	7.63	6.35	6.95	7.48	23-Apr-97
Monthly Income Plans										
Birla SL MIP II-Savings 5(G)	580.66	18.12	0.56	2.51	4.55	6.70	9.10	10.07	8.50	22-May-04
Birla SL Monthly Income(G)	651.95	37.41	-0.03	1.79	3.74	5.19	10.70	9.38	11.55	10-Aug-99
HDFC MIP-LTP(G)	9778.89	23.18	-1.08	0.27	2.68	3.74	12.81	10.71	11.55	26-Dec-03
ICICI Pru MIP 25(G)	837.29	19.62	-1.46	0.30	2.49	3.90	9.35	7.79	9.50	30-Mar-04
Reliance MIP(G)	7565.03	21.83	-0.76	0.33	2.53	3.16	13.88	10.67	10.73	13-Jan-04
SBI Magnum MIP(G)	380.19	20.38	-0.06	0.97	2.82	2.30	4.52	4.61	7.05	23-Mar-01
UTI MIS(G)	664.95	20.11	-0.17	1.32	3.01	4.65	9.48	8.48	8.17	11-Oct-02

RBI issues Draft Guidelines for Licensing of New Banks in the Private Sector

The Reserve Bank of India (RBI) hinted at possible granting of bank licences to corporate sector players, but not before strengthening the rules to prevent self-lending by such groups. The differences between the finance ministry and the Reserve Bank of India (RBI) over new bank licence norms seem to have narrowed down. With only two outstanding issues, the extent of foreign ownership and the time within which promoters have to dilute their holding, remaining aspiring corporates may see final guidelines take shape before the end of the current financial year. It is almost two years since the finance minister announced in his Budget speech that the RBI might be willing to grant new banking licences. Even as the country continues to be under-banked, the announcement of new bank licence norms could prove as a step in right direction. However, it is equally important to ensure that the basic principles of bank ownership and governance, viz the 'fit and proper' criteria, are not diluted.

Financial inclusion is a medium which is vital for reaching growth and equitable development in India, since access and availability of banking and payment services to the entire population is essential for the creation of an inclusive and efficient economy, and for enabling the Indian growth story to become sustainable and all-encompassing. Financial inclusion refers to fair, timely and adequate access to financial services that include saving, credit, payment and remittance facilities at an affordable cost, and in a transparent manner through institutional agencies.

For the viewpoint of 21st century urban India, providing these financial service facilities to all Indians may appear to be a simple task, given the reach of urban banking and the benefits of technology. However, the extent of the challenge can be appreciated from the magnitude of financial exclusion in rural India, as out of more than 600,000 rural habitations, only about 32,000 have a commercial bank branch. Just over 40 percent of the population across the country has bank accounts, and this ratio is much lower in the north-eastern region. With a population of over one billion people, low levels of financial literacy, an adult literacy rate of about 67 percent, poverty and low income levels, multiplicity of regional languages, difficult terrain in some regions, this task of providing financial services becomes even more formidable, as the people being provided the service may first need to be made aware of their benefits. Thus, a demand needs to be created for the services, while the target population is gradually weaned away from its reliance on informal, flexible, easily accessible and often exploitative sources of credit and remittances.

Need for new banks in India:

- It is generally accepted that greater financial system depth, stability and soundness contribute to economic

growth. But beyond that, for growth to be truly inclusive requires broadening and deepening the reach of banking. A wider distribution and access of financial services helps both consumers and producers raise their welfare and productivity. Such access is especially powerful for the poor as it provides them opportunities to build savings, make investments, avail credit, and more importantly, insure themselves against income shocks and emergencies.

- The broader concept of financial inclusion is delivery of banking and financial services at an affordable cost to the vast sections of disadvantaged and low income groups. These banking and financial services are savings, loan, payment and remittance facilities. Out of these above mentioned important services if any one of the service is absent the entire concept will be considered as incomplete financial inclusion. Commercial Banks, RRBs, Cooperatives, Government, M.F.I.s, SHGs, Post offices, NBFCs, NGOs, etc. are the provider of financial services and these have inadequate presence in rural areas of the country. Cooperatives like Primary Agricultural Credit Cooperative Societies, MFIs, SHGs, Post Offices and NBFCs are restricted to provide only savings and loan facilities and they are not permitted for payment and remittance facilities. Hence their function under financial inclusion partially covered. Only the commercial banks, RRBs and District Central Cooperative Banks fulfill the purpose of total financial inclusion.
- Though the Indian financial system has made impressive strides in resource mobilization, geographical and functional reach, financial viability, profitability and competitiveness, vast segments of the population, especially the underprivileged sections of the society, have still no access to formal banking services. The Reserve Bank is therefore considering providing licenses to a limited number of new banks. A larger number of banks would foster greater competition, and thereby reduce costs, and improve the quality of service. More importantly, it would promote financial inclusion, and ultimately support inclusive economic growth, which is a key focus of public policy.

Amendment of the Banking Regulation Act - the last hurdle

Corporates looking to enter the banking business will have wait for some more time, as the government is considering amendment of the Banking Regulation Act and Banking Laws Act before finalizing the guidelines for giving new licenses. The final guidelines on the new banking licences would be released only after the necessary amendments to the Banking Regulation Act and Banking Laws Act are cleared by Parliament. The RBI is of the belief that statutes need to be amended in order to plug holes that could be

exploited once the new norms are laid down. The RBI governor cited that if a corporate has an interest in a bank as a promoter or a shareholder, but has no position on the board, then there is no prohibition on the bank lending to the corporate. This opens up opportunities for self-dealing hence amendments are necessary before corporates can come into banks. A major argument in favor of corporates entering the banking sector is that they bring capital and managerial experience. But the downside is a potential conflict of interest if corporates are given ready access to bank funds that could lead to self-dealing.

A host of corporates are preparing the ground to apply for a bank licence. Hopefuls include the Tatas, Aditya Birla Group, and Reliance Capital. Bajaj Financial Services, too, has evinced interest in obtaining a bank licence. In the financial sector, LIC Housing Finance and Shriram Transport Finance are among those keen on setting up banks. Besides, there are a host of other corporates that are keen on obtaining a banking licence. However, the government is not likely to have many issues in clearing the proposal of India Post for securing a bank licence. As per a standing committee report, the department of post is preparing a roadmap to set up a Post Bank of India and will send the proposal to the finance ministry. The final decision will be taken by the Reserve Bank. India Post has a stronger case because of their outreach.

Draft Guidelines for Licensing of New Banks in the Private Sector:

It may be recalled that pursuant to the announcement made by the Union Finance Minister Pranab Mukherjee in his budget speech and the Reserve Bank's Annual Policy Statement for the year 2010-11, a discussion paper on "Entry of New Banks in the Private Sector" was floated. The discussion paper marshalled international practices, Indian experience as well as the extant ownership and governance (O&G) guidelines. The Reserve Bank sought views and comments from banks, non-banking financial institutions, industrial houses, other institutions and the public at large. Discussions were also held with major stakeholders to seek their comments and suggestions on the issues raised in the paper. The draft guidelines have been prepared based on the responses received, extensive internal discussions and consultation with the Government of India.

Key features of the draft guidelines are:

- Eligible promoters: Entities / groups in the private sector owned and controlled by residents, with diversified ownership, sound credentials and integrity and having successful track record of at least 10 years will be eligible to promote banks. Entities / groups having significant (10 per cent or more) income or assets or both from real estate construction and / or broking activities individually or taken together in the last three years will not be eligible.

- Corporate structure: New banks will be set up only through a wholly owned Non-Operative Holding Company (NOHC) to be registered with the Reserve Bank as a non-banking finance company (NBFC) which will hold the bank as well as all the other financial companies in the promoter group.
- Minimum capital requirement: Minimum capital requirement will be Rs 500 crore. Subject to this, actual capital to be brought in will depend on the business plan of the promoters. NOHC shall hold minimum 40 per cent of the paid-up capital of the bank for a period of five years from the date of licensing of the bank. Shareholding by NOHC in excess of 40 per cent shall be brought down to 20 per cent within 10 years and to 15 per cent within 12 years from the date of licensing of the bank.
- Foreign shareholding: The aggregate non-resident shareholding in the new bank shall not exceed 49 percent for the first 5 years after which it will be as per the extant policy.
- Corporate governance: At least 50 percent of the directors of the NOHC should be independent directors. The corporate structure should be such that it does not impede effective supervision of the bank and the NOHC on a consolidated basis by the Reserve Bank.
- Business model: Should be realistic and viable and should address how the bank proposes to achieve financial inclusion.

Other conditions:

- (i) The exposure of bank to any entity in the promoter group shall not exceed 10 per cent and the aggregate exposure to all the entities in the group shall not exceed 20 per cent of the paid-up capital and reserves of the bank.
 - (ii) The bank shall get its shares listed on the stock exchanges within two years of licensing.
 - (iii) The bank shall open at least 25 per cent of its branches in unbanked rural centres (population upto 9,999 as per 2001 census)
 - (iv) Existing NBFCs, if considered eligible, may be permitted to either promote a new bank or convert themselves into banks.
- In respect of promoter groups having 40 per cent or more assets / income from non-financial business, certain additional requirements have been stipulated.

Final guidelines will be issued and the process of inviting applications for setting up of new banks in the private sector will be initiated after receiving feedback, comments and suggestions on the draft guidelines, and after certain vital amendments to Banking Regulation Act, 1949 are in place.

The Government of India is currently contemplating to allow Foreign Direct Investment (FDI) of up to 51% in multi-brand retail sector. Perhaps prompted by increased inflation in food prices, the proposal to throw open India's around \$450 billion retail market to foreign investors is however likely to be debated for a while in parliament, as such leaving a lot to speculation. The department of industrial policy and promotion (DIPP) recently proposed to open up FDI in multi-brand retail trading up to 51% albeit with certain conditions. The committee, headed by Cabinet Secretary A K Seth, recommended that 50% of FDI component have to be deployed in the back-end infrastructure, like warehousing and cold storage. However, foreign retailers will have to commit at least \$100 million investment. DIPP had suggested a minimum FDI of \$100 million (Rs 450 crore). It said foreign retail outlets should be allowed only in cities with more than a million people, based on the 2011 census. There are 35 such cities according to the 2001 census and the number in the 2011 census will be more. Though some ministers wanted to start with the top six cities based on population however, the consensus now emerging is that at least all state capitals be covered, if not cities with over a million people. Moreover the final decision as to whether or not to allow such front-end retail outlets to operate in a particular location would be left to the discretion of the state governments.

In an attempt to ensure that smaller retail outlets are integrated into the value chain, the government has suggested a minimum of 30% of the sales turnover to be made to small retailers, either directly or through wholesale cash-and-carry units set up for this purpose. So also a minimum of 30% of the value of manufactured items sourced (excluding food products) would have to be procured from the small and medium enterprises (SME). State governments will also have the liberty to set further guidelines to ensure that local grocery units or kirana merchants as they are now are not adversely affected by this move. Another significant move is investment in back-end infrastructure. The CoS has recommended that a foreign retailer making the investment can commission a separate entity to invest in back-end support by outsourcing the task. However, investing at least 50% of the FDI in back-end infrastructure should be mandatory. There would also be a provision under which the state governments would be able to bring small retailers within the value chain. Adherence to these conditions would be monitored by the respective state governments too.

As of now however, there is no consensus between various government departments and ministries on opening up FDI in multi brand retail. While the ministry of Agriculture, Food Processing Industry and Planning Commission have

supported 100% FDI, the department of consumer affairs (DCA) supports the limit up to 49% only. The department of pharmaceuticals has said that FDI in multi-brand retail be included for the study on regulatory environment. The department of economic affairs is yet to give an opinion on the matter. While inter-ministerial consultations are still underway, the opposition has made their disapproval clear, stating their concerns over the future of the local mom and pop stores that are likely to lose business, irrespective of the many riders. However, the government is of the opinion that the move will only benefit small producers, given the benefits of more efficient distribution and warehousing. The government is also hoping that these would take care of growing food prices in the long run.

Why FDI in multi brand retail?

There has been a lack of investment in the logistics of the retail chain, leading to an inefficient market mechanism. Though India is the second largest producer of fruits and vegetables (about 180 million MT), it has a very limited integrated cold-chain infrastructure, with only 5386 standalone cold storages, having a total capacity of 23.6 million MT. Storage infrastructure is necessary for carrying over the agricultural produce from production periods to the rest of the year and to prevent distress sales. The lack of adequate storage facilities causes heavy losses to farmers in terms of wastage in quality and quantity of produce in general. Though FDI is permitted in cold chain to the extent of 100%, through the automatic route, in the absence of FDI in retailing FDI flow to the sector has not been significant.

The current retail structure gives unnecessary importance to intermediaries who dominate the value chain. Intermediaries often flout mandi norms and their pricing lacks transparency. Indian farmers realize only 1/3rd of the total price paid by the final consumer, as against 2/3rd by farmers in nations with a higher share of organized retail. Another cause of concern is the improper Public Distribution System (PDS). The absence of a 'farm-to-fork' retail supply system has led to the ultimate customers paying a premium for shortages and a charge for wastages. The Micro Small and Medium Enterprises (MSME) sector has also suffered due to lack of branding and lack of avenues to reach out to the vast world markets.

Benefits of FDI in Multi-Brand Retail

Beneficial for Farmers:

Apparently, with the onset of multi-brand retail, the food and packaging industry will also get an impetus. Though India is the second largest producer of fruits and vegetables,

it has a very limited integrated cold-chain infrastructure. Lack of adequate storage facilities causes heavy losses to farmers, in terms of wastage in quality and quantity of produce in general, and of fruits and vegetables in particular. With liberalization, there could be a complete overhaul of the currently fragmented supply chain infrastructure. Extensive backward integration by multinational retailers, coupled with their technical and operational expertise, can hopefully remedy such structural flaws. Also, farmers can benefit with the “farm-to-fork” ventures with retailers which helps (i) to cut down intermediaries ; (ii) give better prices to farmers, and (iii) provide stability and economics of scale which will benefit, in the ultimate analysis, both the farmers and consumers.

Burgeoning Opportunities:

Even as it is important not to lose sight of the local “Mom and Pop” shops, there is a separate opportunity for FDI in multi-brand retail. At the present moment, Indian companies are exporting different types of products to numerous retailers across the globe. In view of the availability of higher disposable incomes for Indians, there is an increasing tendency to pay for quality and access to a “one-stop shop” which will have a wide range of different products. If the market is opened, then the pricing could also change and the monopoly of certain domestic Indian companies will be challenged. Eventually the consumers will benefit in the form of potential lower prices due to enhanced and, possibly, tough competition in the market.

Improved technology and logistics:

Improved technology in the sphere of processing, grading, handling and packaging of goods and further technical developments in areas like electronic weighing, billing, barcode scanning etc. could be a direct consequence of foreign companies opening retail shops in India. Further, transportation facilities can get a boost, in the form of increased number of refrigerated vans and pre-cooling chambers which can help bring down wastage of goods.

Impact on real-estate development:

Retail is closely dependant on real estate as any retailer will require substantial spaces for setting up business. Real estate in India has gone through a revamp due to the demand of high-end retail malls and people’s changing perception towards an enjoyable shopping experience. So real estate can get a further facelift in India and receive more investment with the opening up of FDI in multi-brand retail. Thus, allowing FDI in multi brand retail can bring about

Supply Chain Improvement, Investment in Technology, Manpower and Skill development, Tourism Development, Greater Sourcing From India, Upgradation in Agriculture, Efficient Small and Medium Scale Industries, Growth in market size and Benefits to government through greater GDP, tax income and employment generation.

Demerits of FDI in Multi-Brand Retail

Employment Displacement:

A number of concerns have been expressed with regard to opening of the retail sector for FDI. Employment displacement is the main cause of worry when we talk of FDI in Multi-Brand Retail. There are several reasons to believe that millions of jobs will be displaced by the entry of large supermarket chains into India. The retail sector in India is the second largest employer after agriculture. The share of employment in the broad sector of trade, hotels and restaurants has significantly mounted compared to its share a decade ago for both males and females, in rural, as well as urban areas. More than 2/3rd of the total employment, in the broad category of trade, hotels and restaurants, is in the retail sector. Leave alone the unorganized sector, even the organized sector of the Indian retail will find it tough to survive the onslaught from firms such as Wal-Mart that are large and have enough capital to sustain losses for a long period in order to wipe out competition. Thus job displacement will not be restricted to the unorganized sector.

Unfair Competition in under-developed retail sector:

Another concern is that it would lead to unfair competition and ultimately result in large-scale exit of domestic retailers, especially the small family managed outlets, leading to large scale displacement of persons employed in the retail sector. Further, as the manufacturing sector has not been growing fast enough, the people displaced from the retail sector would not be absorbed there. Indian retail sector, particularly organized retail, is still under-developed and in a nascent stage and therefore, it is important that the domestic retail sector is allowed to grow and consolidate first, before opening this sector to foreign investors.

Some comparisons

FDI in retailing was permitted in China for the first time in 1992. Foreign retailers were initially permitted to trade only in six Provinces and Special Economic Zones. Foreign ownership was initially restricted to 49%. Foreign

ownership restrictions have progressively been lifted, and following China's accession to WTO, effective December, 2004, there are no equity restrictions. In 2006, the total retail sale in China amounted to \$785 billion, of which the share of organized retail amounted to 20%. Since then, the employment in the retail and wholesale trade has increased from about 4 percent of the total labour force in 1992 to about 7 percent in 2001 while the number of traditional retailers also increased by around 30 percent between 1996 and 2001. Thus, China is witnessing robust economic growth and increasing urban and rural incomes are fueling consumption level in this vast and complex retail environment.

Thailand is frequently referred to as a country in which FDI had an adverse effect on the local retailers. It permits 100% foreign equity, with no limit on the number of outlets. For the retail business, it has a capital requirement of TBH100 million and TBH20 million for each additional outlet, while it has a capital requirement of TBH100 million for each wholesale outlet. Prior to 1997, no foreign investment was allowed and hence the retail sector faced limited competition and thus had few incentives to upgrade their operation. With the start of the Asian crisis in 1997, the entry ban on foreign players was removed. Within a short span of time, the foreign players expanded their operations significantly and marginalized the local retailers who were already suffering from a recessionary trend of economy. Entry of foreign players in a recessionary economy adversely impacted all segments - wholesalers, manufacturers and domestic retailers in the short run. However, entry of the foreign players had certain positive effects also, such as: It led to the development of organized retailing and Thailand has now become an important shopping destination. It encouraged growth of agro-food processing industry and enhanced the exports of Thai-made goods through networks of the foreign retailers.

Apart from the above mentioned countries, FDI is permitted in the retail sector in Brazil, Argentina, Singapore and Indonesia without limits on equity participation, while Malaysia has equity caps in this regard. In many of these countries, opening of the FDI has led to the development of a large organized retail industry and the entry of major players in the market.

Conclusion:

The Indian retail industry is one of the fastest growing industries in the country, the fifth largest retail destination

globally, ranked second after Vietnam as the most attractive emerging market for investment among 30 emerging markets by the US-based global management consulting firm A T Kearney in its entity's Global Retail Development Index (GRDI) 2009. The Retail Sector of Indian Economy is going through the phase of tremendous transformation. The impact of the alterations in the format of the retail sector changed the lifestyle of the Indian consumers radically. The Rs 5.45 lakh crore food processing industry is estimated to touch the level of Rs 8.73 lakh crore by 2014-15, according to ASSOCHAM. Despite high growth, the industry is still dominated by small scale and unorganized sector mainly involved in producing low value added products. Only 7 percent of total agriculture produce is processed in India compared to 53 percent in the US and 42 percent in New Zealand. The critical need of the hour is to improve technology and productivity in order to be competitive globally. Indian market is increasingly becoming important for many multinational corporations like Wal-Mart, Pepsi, Cargill, Heinz and Kellogg's which have invested in the food processing sector. The food processing industry contributes nine percent to the GDP, accounts for 14 percent of total industrial output and provides direct employment to 16 lakh workers.

Despite country wide speculation on the plight of small retailers, India needs to take a lesson from China where organized and unorganized retail seem to co-exist and grow together. Further, India's local enterprises will potentially receive an upgradation with the import of advanced technological and logistics management expertise from the foreign entities. With rising disposable incomes, expansion of stores and supporting economic factors, India's retail sector is expected to grow to about \$900 billion by 2014, according to a report by global consultancy and research firm PricewaterhouseCoopers. The report suggests that retail sales in India are currently estimated at about \$500 billion. While the report did not specify the value growth, it said in terms of volumes, retail sales in India would grow at an average of four percent between 2010 and 2014. It cited rising incomes, increase in urbanization and a variety of new stores, including international brands opening their outlets in India, as the growth drivers. Several International retail giants like Wal-Mart, Carrefour and Tesco, who already have a presence in India in one form or the other, have long been awaiting the government's approval for FDI in multi-brand retail. How and when this closing chapter in India's FDI policy will actually come to pass is still a matter of wait and watch.

Tobacco exports rose by 9 percent in first quarter

Tobacco exports from the country has witnessed a good rise in first quarter despite unfavourable weather conditions in Andhra Pradesh this year and were up by 9% both in quantity terms and value terms (dollars).

For the first quarter ended June 30, 2011, exports went up to 64,392 tonnes as against 59,263 tonnes in the same period last year. Value wise, exports in the first quarter shot up by 9% to \$232 million as against \$212.50 despite strengthening of the rupee. In rupee terms, exports accrued Rs 1,038 crore against Rs 970 crore in same period last year. In the comparable quarter last year, however, rupee revenues saw a dip of 7% and dollar revenues a marginal decline by one per cent.

Tobacco products too saw a significant growth. Export of tobacco products went up 23% to 9,713 tonnes from 7,906 tonnes in the same period last year, earning \$52 million compared \$45.48 million.

India is the third largest tobacco exporter in the world and its tobacco exports surged 29% to reach Rs 4,373 crore in the 2009-10 fiscal on higher demand from Europe and the US. Tobacco was exported largely to Belgium, Russia, South Korea, the Netherlands and South Africa.

With export markets offering good promise, the Tobacco Board is hopeful of reviving Chinese opportunity this year. The Board is sending a team of traders and officials in September to discuss the issue with the Chinese Government. China, which used to import 10 million kg from India, had put a clamp a few years ago due to quality issues.

E-gold turnover witnesses a record increase on NSEL in first four months

National Spot Exchange (NSEL), India's leading electronic commodity spot exchange, has witnessed a record increase in turnover of 'e-gold' during the first four months of the current financial year as the average monthly turnover of e-gold increased to Rs 3082.60 crore up by huger over 600 percent compared to Rs 436.89 crore in the corresponding period of last fiscal. In the first eight months of the current calendar year, turnover of e-gold has risen by 60 per cent - from Rs 2,377 crore in January 2011 to Rs 3823.63 crore in August till now.

The recent plunge in the equity markets has led the inclination towards the yellow metal and the bull run in gold

has boosted the demand for e-gold, which has become a preferred investment avenue for retail investors because of the ease and security it offers, and also because it has given better returns than other investment products.

E-series products were launched by NSEL, a Financial Technologies promoted exchange in March 2010, starting with gold, to meet the growing demand among retail investors to invest part of their savings in commodities. The exchange added e-silver in April, copper in November and e-zinc in January 2011. Since its launch, e-gold has given a return of 57.58 per cent, the highest compared to all other forms of investments in the precious metal.

Coffee production to increase by 6.7% in 2011-12

Coffee production in India is expected to increase by 6.7% to 3,22,250 tonnes during the 2011-12 financial year as per the post-blossom estimates carried out by the Coffee Board. The Minister of State for Commerce and Industry, Jyotiraditya Scindia, said in a written reply to Rajya Sabha that "According to these estimates, total production of coffee in the country in 2011-12 is placed at 3,22,250 tonnes, against the final production estimates of 3,02,000 tonnes for the year 2010-11".

In 2010-11, coffee production in Karnataka and Kerala stood at 2,13,780 tonnes and 65,650 tonnes, respectively, while Tamil Nadu produced 16,650 tonnes during the period.

On the global front, as per the International Coffee Organization (ICO), world coffee production in the current 2010-2011 crop year reached 133.3 million bags, increasing 8.2% from the prior crop year. Although top producer Brazil estimates a decline in its coffee output, the ICO believes that the impact of the decline in Brazilian production would be offset by Colombian output, after two crop years of low production.

Tea production of the country rises by 10% in June

India's tea production rose by 10% to 114.70 million kg (mkg) during June, 2011, on the back of higher output in Assam and West Bengal. According to Tea Board data, overall production of the country stood at 104.03 million kg of tea in the same month last year.

Production in Assam, which accounts for more than 50% of the tea produced in the country, rose by good 24% to 62.82 mkg in June, 2011, from 50.70 mkg in the year-ago

period. Assam's share in the country's tea output has risen to 44% in the first half of current calendar year from 41% in the corresponding period last year.

Similarly, output in West Bengal rose by more than 2% to 25.95 mkg from 25.34 mkg in the year-ago period. In the first half, West Bengal's production rose to 76.45 mkg from 72.90 mkg, up 4.87% with Darjeeling accounting for 3.73 mkg compared to 3.22 mkg last year first half.

North India's tea production rose by 16% to 89.45 mkg in June, 2011, from 76.79 mkg in the year-ago period. In the first half of 2011, North India produced 236.20 mkg against 212.30 mkg last year.

However, tea output in South India was down by 7% year-on-year to 25.25 mkg in June, 2011, from 27.24 mkg in the same period of the previous year. And for the first six months it produced 122.12 mkg, down 3.59% from 126.67 mkg produced in the same period last year.

CAG report finds Tea Board's performance shoddy in enhancing productivity

The Comptroller and Auditor General (CAG) of India's performance audit of "Role of the Tea Board in tea development in India" have found the Board performing poorly in implementing various schemes to improve productivity. It said that the Tea Board failed to utilize the funds allocated for training activities effectively.

The report further stated that Tea Board has failed to lay down enhancement in production of orthodox tea as a pre-requisite for eligibility of subsidy and has allowed subsidy despite non-submission of proper documents or without proper verification of factory records. The CAG selected a sample of 701 cases covering 309 gardens among the 2,565 cases for which replanting/replacement planting subsidy was given. On checking the records of the 309 gardens, it found that 192 had got subsidy earlier too, and the Tea Board had not evaluated the impact of the past activities of these gardens. The report also said that medium term export strategy covering introduction of Indian tea logo, exporter rating system and market portfolio diversification was also not implemented fully.

Lashing the Tea Board the CAG report also said that the board did not prescribe regular cost studies despite India having the highest cost of production amongst major tea-producing countries in the world and cost of sales often being above the auction realization.

CAG has asked the Tea Board to frame a long-term

strategic plan to market Indian tea, as the current export promotion policies have failed to yield any desired results. The country's tea export in 2008, 2009 and 2010 stood at 203 million kg, 198 million kg and 193 million kg, respectively and India's export share has declined from 15.17% in 1993 to 11.15% in 2010.

Finally the CAG auditors said that considering the poor performance of the board in enhancing productivity of tea in India by replacement of unproductive tea bushes 'we are of the view that Tea Board is not fully equipped to effectively deal with this critical situation threatening the industry.

India's coffee exports increases by 38% in April-July 2011

India's coffee exports for the period April to July 2011 jumped by 38% due to strong growth in international demand and high global prices. As per the Coffee Board of India, during April-July 2011, India's coffee shipment was around 1,05,345 tonnes.

The exports of coffee have registered growth in term of quantity and revenue both. Reducing global supply of coffee and increasing prices of coffee has been advantageous for the Indian coffee exporters. In term of revenue, the coffee exports have increased to Rs 1,977 crore in April to July from Rs 1,031 crore in the same period last year.

Indian exporters have been able to meet the global demand due to higher domestic production of coffee, which was around 302,000 tonne in last fiscal year and it is expected to increase to 322,250 tonnes in current financial year.

On the other hand, due to tight demand and supply situation in leading producers such as Columbia and Brazil, international prices have been increasing. Therefore, unit value realization for Indian exporters has been much better than the last year. As per the Coffee Board of India, this year Indian exporters received almost 38% higher price for the export of every tonne from last year. For every tonne of coffee shipment exporters got an average price of 1,35,897 in April-July from Rs 98,922 in corresponding year of last year.

As per the Coffee Board of India the India's total coffee exports increased to 3,11,798 tonnes in the first 10 months of 2010-11 coffee year ending September, as against 2,20,358 tonnes in the last year. European nations such as Italy, Germany, Belgium, the Russian Federation and Spain are the main markets for Indian coffee.

SBI Life - Lifelong Pension Plus

SBI Life - Lifelong Pension Plus is a unique individual non participating traditional pension plan, which gives total safety and security while offering complete transparency and flexibility. This Plan is a perfect way to accumulate savings and purchase an annuity with it, a time of your choice, to give you regular income. This plan can be taken as pure pension plan or with add-on protection. If one feel that along with retirement savings he wants protection, this plan gives the flexibility to tailor the policy according to his requirements by opting different covers at the inception of the plan.

Key Features:

- Complete freedom to avail of a Pure Pension option or get the added advantage of insurance protection.
- Choice of Add on Covers, thus meeting your additional requirements at a nominal cost
- Term cover
- Total Permanent Disability (TPD) cover due to
- Accident OR
- Accident and Sickness
- **Complete Transparency:** You will know how your premiums are growing each step of the way. At the end of each financial year, the fund will be credited with investment income based on the investment return earned.
- Guaranteed Additions of 10% of Annual Premium on 15th policy anniversary & 10% of Annual Premium on every 5th policy anniversary thereafter in case of Regular Premium policy whereas for Single Premium policy, 1% of Single Premium on 15th policy anniversary & 1% of Single Premium on every 5th policy anniversary thereafter.
- Added to this is the advantage of its expertise in investment management that shields you from the vagaries of the markets and gives you stable investment returns that grow your retirement kitty
- Choose Single or Regular payment, as per your need.

- Augment your retirement kitty at any time during the policy term by making Additional Contributions.
- Option to Prepone or Postpone the Vesting Age

Pre-ponement of vesting age- Preponement of vesting age can be done twice during the policy term with nominal charges, after completion of 5th policy year. The charges deducted for preponement is 2% of the fund value, if the preponement is for 10 policy years or more and 1% otherwise. The preponement should be intimated 3 months prior to the new vesting date.

Postponement of vesting age - This plan gives the option to postpone the vesting age twice during the policy term, after completion of the 5th policy year. Postponement is free of cost and the request for postponement has to be made 3 months prior to original vesting date.

Benefits:

- **Maturity Benefit:** The fund value payable on maturity/ vesting can be utilized as follows:
 - Purchase Annuity Plan for the entire amount.
 - Commute up to one third of Fund Value as lump sum and the balance can be used for the purchase of annuity.
- **Death Benefit:** In the unfortunate event of death, the accumulated fund value will be paid to the nominee or legal heir. Term cover sum assured if opted for is also payable and the policy terminates thereafter.
- Tax benefit- Premium amount paid in the relevant year is tax free upto a max limit of Rs 1,00,000 under section 80C of Income Tax Act 1961.
- At the time of vesting, 1/3rd of the amount received under commutation is exempt u/s 10 (10A) (iii) of Income Tax Act 1961, though no tax benefit is applicable for annuity purchase.
- **Add-on Cover Benefits:**
 - **Term Cover:** In the event of death when this benefit is in force (before the life assured completes 65 years of age or during the benefit term if there is no unpaid premium), the nominee would be paid an amount equal

to benefit Sum Assured.

- **Total Permanent Disability Cover (Accident):** If the policyholder has taken this cover and during the tenure of Policy in the event the insured becomes incapacitated and as a result not able to earn an income from any work, occupation or profession for the rest of his/her life, then the sum assured will be paid,
- **Total Permanent Disability Cover (Accident & Sickness) :** This cover option benefit is payable when.If the policyholder has taken this cover, then in case of a state of total, permanent and irreversible disability exists as a result of an accident or disease and the life insured is rendered permanently incapable of earning an income from any occupation whatsoever, the sum assured will be paid.

Product Snapshot

Age at Entry*	Min: 18 years	Max: 65 years
Age at Maturity/Vesting	Minimum: 40 years	Maximum: 70 years
Policy Term	Minimum : 5 years	Maximum : 40 years
Premium Modes	Yearly / Half-yearly / Quarterly / Monthly/Single	
Annualized Premium Amounts (X 100)	Min	Max
	Regular Premium Rs 7,500	No limit
	Single Premium Rs 50,000	No limit
Additional Contribution Amount (in x100)	Min Rs. 2,000	
	Max: No Limit	
Guaranteed Additions**	Regular Premium: 10% of the Annual Premium on 15th policy anniversary and 10% of Annual Premium on every 5th policy anniversary thereafter.	
	For Single Premium: 1% of the single premium on 15th policy anniversary and 1% of single premium on every 5th policy anniversary thereafter.	
**The guaranteed addition is for in-force policies and does not apply to additional contributions.		

Some other benefits of the plan:

- This plan permits you to enjoy your maturity benefits only after the accumulation period is over. At the time of maturity your Personal Pension Account can be used in several ways.
- You can withdraw one third of this amount and with the balance amount you can buy an annuity of your choice.
- If death of the life insured takes place at the time of the accumulation period, and he has invested in the Pure Pension Plan, then his nominee will receive the Personal Pension Account.
- If death of the life insured takes place and he has invested his money in the Pension cum Life Cover plan, then the nominee will receive the Personal Pension Account as well as the sum assured.