



# Current State of Indian Economy



## Indian Economy Overview

The overall growth of Gross Domestic Product (GDP) at factor cost at constant prices, as per Advance Estimates, was 8.6 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10, according to the Advance Estimate (AE) of Central Statistics Office (CSO). Overall growth in the Index of Industrial Production (IIP) was 3.6 per cent during February 2011. During April-February 2010-11, IIP growth was 7.8 per cent.

The six core industries (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) grew by 6.8 per cent in February 2011 as compared to the growth of 4.2 per cent in February 2010. During April-February 2010-11, these sectors grew by 5.7 per cent as compared to 5.4 per cent during April-February 2009-10. In addition, exports, in US dollar terms increased by 49.7 per cent and imports increased by 21.2 per cent, during February 2011.

The domestic environment is conducive for growth and private final consumption expenditure is projected to grow by a healthy 7.5 per cent and gross fixed capital formation by 14.6 per cent, the Centre for Monitoring Indian Economy (CMIE) said in its latest monthly review of the country's economy. On the back of such facts, India's GDP is projected to continue to grow at a brisk pace of 8.8 per cent in 2011-12.

In FY 12, the agricultural and allied sector is projected to grow by 3.1 per cent, on top of the 5.1 per cent growth estimated in 2010-11. The industrial sector, including construction, is projected to grow by 9.4 per cent during 2011-12, as compared to 8.5 per cent estimated in 2010-11. Growth in industrial production will be driven by a rise in consumption demand and investment demand, said the review.

## The Economic Scenario

India is today rated as one of the most attractive investment destinations across the globe. The UNCTAD World Investment Report (WIR) 2010, in its analysis of the global trends and sustained growth of Foreign Direct Investment (FDI) inflows, has reported India to be the second most attractive location for FDI for 2010-2012.

Moreover, India attracted FDI equity inflows of US\$ 1,274 million in February 2011. The cumulative amount of FDI equity inflows from April 2000 to February 2011 stood at US\$ 193.7 billion, according to the data released by the Department of Industrial Policy and Promotion (DIPP). The humungous increase in investment mirrors the foreign investors' faith in the Indian markets.

The services sector comprising financial and non-financial services attracted 21 per cent of the total FDI equity inflow into India worth US\$ 3,274 million during April-February 2011, while telecommunications (including radio paging, cellular mobile and basic telephone services) attracted the second largest amount of FDI worth US\$ 1,410 million during the same period. Automobile industry was the third highest sector attracting FDI worth US\$ 1,320 million followed by Housing and Real Estate industry which garnered FDI worth US\$ 1,109 million during the financial year April-February 2011. Betting high on the Indian market, foreign institutional investors (FIIs) have purchased stocks and debt securities worth US\$ 222 billion in the financial year ending March 31, 2011, as per the data available with the Securities and Exchange Board of India (SEBI).

As on April 29, 2011, India's foreign exchange reserves totalled US\$ 313.51 billion, according to the Reserve Bank of India's (RBI) Weekly Statistical Supplement.

India's merchandise export during March 2011 reached US\$ 29.13 billion, up 43.8 per cent over US\$ 20.25 billion in the same month a year ago. With this, the country's total exports in goods for 2010-11 reached US\$ 245.29 billion, registering 37.5 per cent growth against US\$ 178.75 billion in 2009-10, according to the foreign trade data released by the Ministry of Commerce and Industry. The ministry has now set a target of achieving US\$ 500-billion exports by 2013-14 by strategising the country's foreign trade through diversification of products and markets and technological enhancement.

Foreign Tourist Arrivals (FTAs) during the Month of April 2011 was 417,000 as compared to FTAs of 354,000 during the month of April 2010 and 348,000 in April 2009. There has been a growth of 17.7 per cent in April 2011 over April 2010 as compared to a growth of 2 per cent registered in April 2010 over April 2009. FTAs during the period January-April 2011 were 2.15 million with a growth of 12.3 per cent, as compared to the FTAs of 1.92 million with a growth of 8.9 per cent during January-April 2010 over the corresponding period of 2009.

India's GSM subscriber base grew by 2.61 per cent in March with the addition of 14.5 million mobile phone users. The total number of GSM subscribers in the country crossed 50 million as against 555 million in February, according to the data released by Cellular Operators Association of India (COAI).

Further, the number of 3G subscriber connections in India is forecast to reach 400 million within four years, representing almost 30 per cent of the country's total mobile connections, according to a Wireless Intelligence study -- India 3G Rollout (forecasts and market shares 2011 - 2015). 3G connections are set to grow three-fold between 2011 and 2015 as operators ramp-up rollout of new 3G networks, according to the study.

The average assets under management of the mutual fund industry stood at US\$ 157 billion in February 2011 against US\$ 154 billion in January, according to the data released by Association of Mutual Funds in India (AMFI).

The Indian IT-BPO sector continues to be the fastest growing segment of the industry and is estimated to have aggregated revenues of US\$ 76 billion in FY2011 by growing 19 per cent over the previous year, revealed software

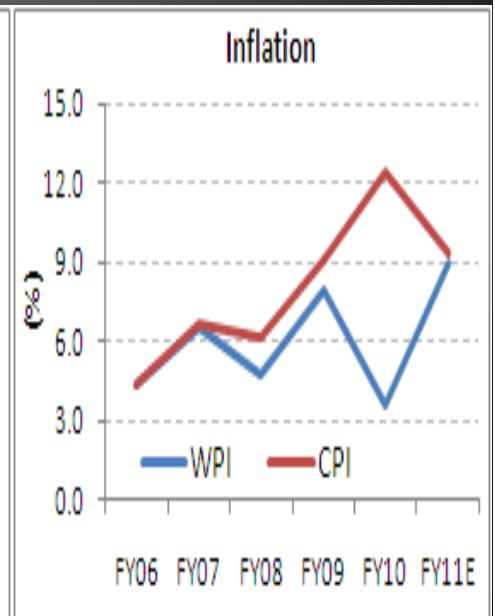
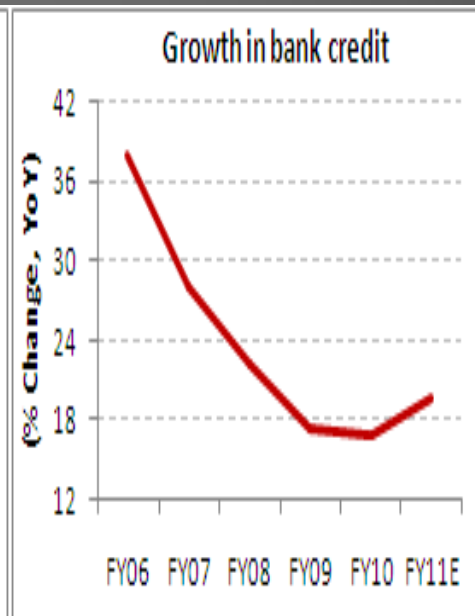
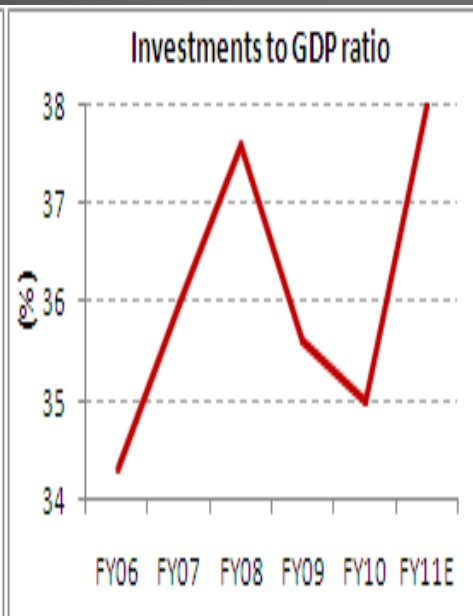
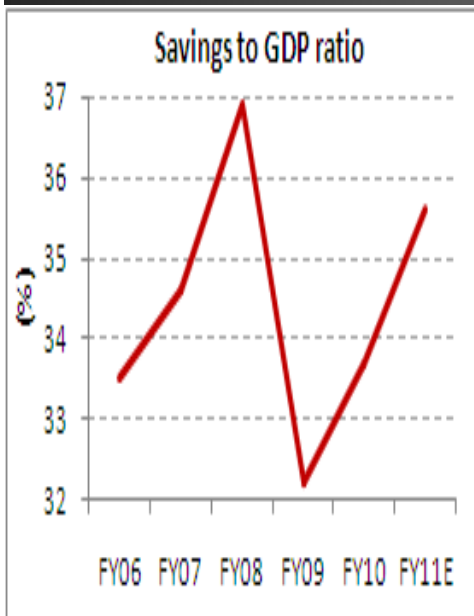
industry body NASSCOM. Further, NASSCOM predicts that the Indian IT-BPO revenues may touch US\$ 225 billion by 2020.

India's auto market (domestic vehicle sales) grew at 26.17 per cent in 2010-11, according to the Society of Indian Automobile Manufacturers (SIAM). Passenger cars grew by 29.73 per cent, utility vehicles grew by 18.87 per cent and multi-purpose vehicles grew by 42.10 per cent during the year 2010-11.

Jewellery exports in the financial year 2010-11 surged to US\$ 43,139.2 million as against US\$ 29,358.5 million in the previous year, according to the Gem and Jewellery Export Promotion Council (GJEPC).

Passengers carried by domestic airlines during January-March 2011 were 14.3 million registering agrowth of 20.9 per cent, according to the Ministry of Civil Aviation.

The HSBC Markit Business Activity Index, which measures business activity among Indian services companies, based on a survey of 400 firms, stood at 58.1 in March 2011.



## Annual Forecasts of GDP at Factor Cost for 2010-11

Sector	Growth Rate (In %)
GDP	8.6
Agriculture and allied activities	5.4
Industry	8.1
Service	9.6

### Annual Forecasts for 2011-12

Sector	Growth Rate (In %)
GDP	8.0
Agriculture and allied activities	3.7
Industry	8.0
Service	9.2
Fiscal	5
WPI Inflation rate (end March, 2012)	6.7
IIP	7.9
Trade Balance	(7.7)
Current Account Deficit	(2.8) of GDP
USD/ INR exchange rate (end March 2012)	Rs. 43.7/USD

### Quarterly Results

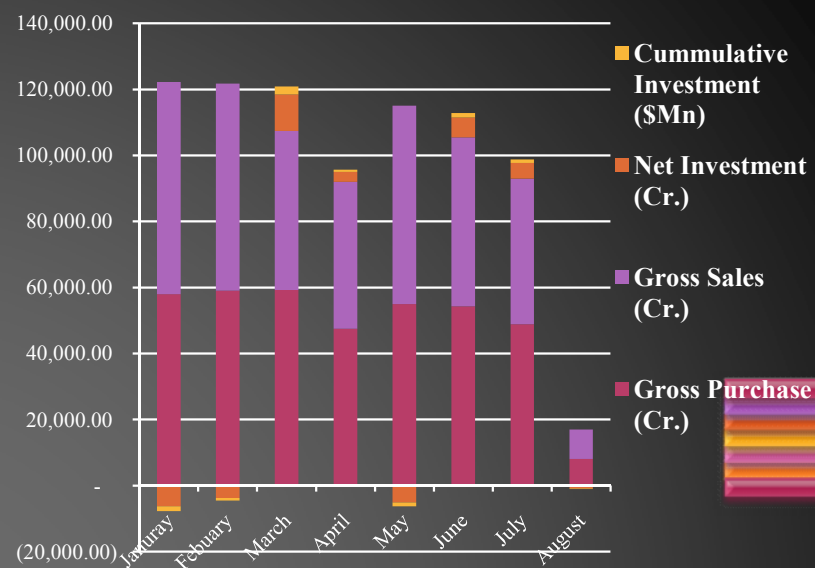
Sector	Q4, 2010-11 (In %)	Q1, 2011-12 (In %)
GDP	8.20	8.1
Agriculture and allied activities	3.7	4.0
Industry	8.0	6.5
Service	9.2	9.3
Prime Lending	5	9.3
WPI Inflation rate	6.7	9.1
IIP	7.9	6.8
Trade Balance	(7.7)	(8.6)
USD/ INR exchange rate	Rs. 43.7/USD	45



# Foreign Institutional Investor

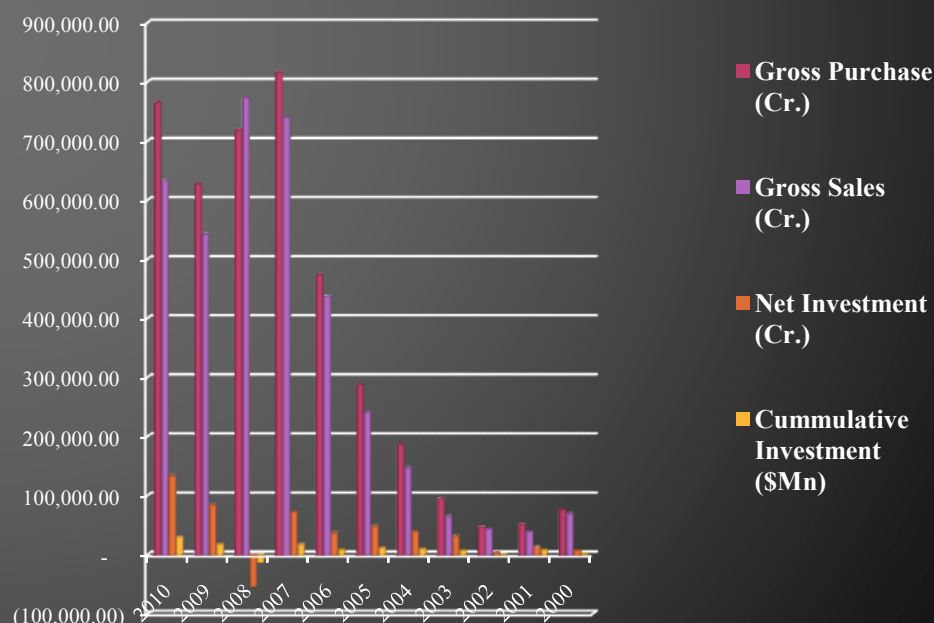
## FII for the Year so far

Month (2011)	Gross Purchase (Cr.)	Gross Sales (Cr.)	Net Investment (Cr.)	Cummulative Investment (\$Mn)
January	57,949.90	64,280.10	(6,330.40)	(1,387.15)
February	59,002.20	62,756.70	(3,754.30)	(825.95)
March	59,205.90	48,151.90	11,054.40	2,471.09
April	47,484.20	44,553.00	2,931.20	658.46
May	54,936.80	60,095.00	(5,158.30)	(1,156.39)
June	57,242.40	51,254.50	5,988.20	1,334.48
July	48,840.10	44,106.30	4,733.90	1,066.36
August	8,025.10	8,898.40	(873.30)	(196.57)



## FII for the Previous Year

Year	Gross Purchase (Cr.)	Gross Sales (Cr.)	Net Investment (Cr.)	Cummulative Investment (\$Mn)
2010	765,509.90	632,461.00	133,049.50	29,320.79
2009	626,428.60	542,158.10	84,269.80	17,639.21
2008	719,079.50	772,876.10	(53,796.90)	(13,335.90)
2007	816,430.50	739,495.93	71,952.30	17,360.40
2006	473,610.90	437,213.90	36,396.60	7,985.20
2005	287,183.10	239,582.40	47,602.13	10,966.30
2004	185,562.10	146,791.00	38,767.40	9,398.36
2003	94,393.70	64,060.40	30,924.70	6,666.49
2002	46,454.10	42,878.10	3,576.30	772.80
2001	51,315.50	38,513.90	12,820.30	7,766.40
2000	75,313.90	68,611.10	6,703.48	1,794.90



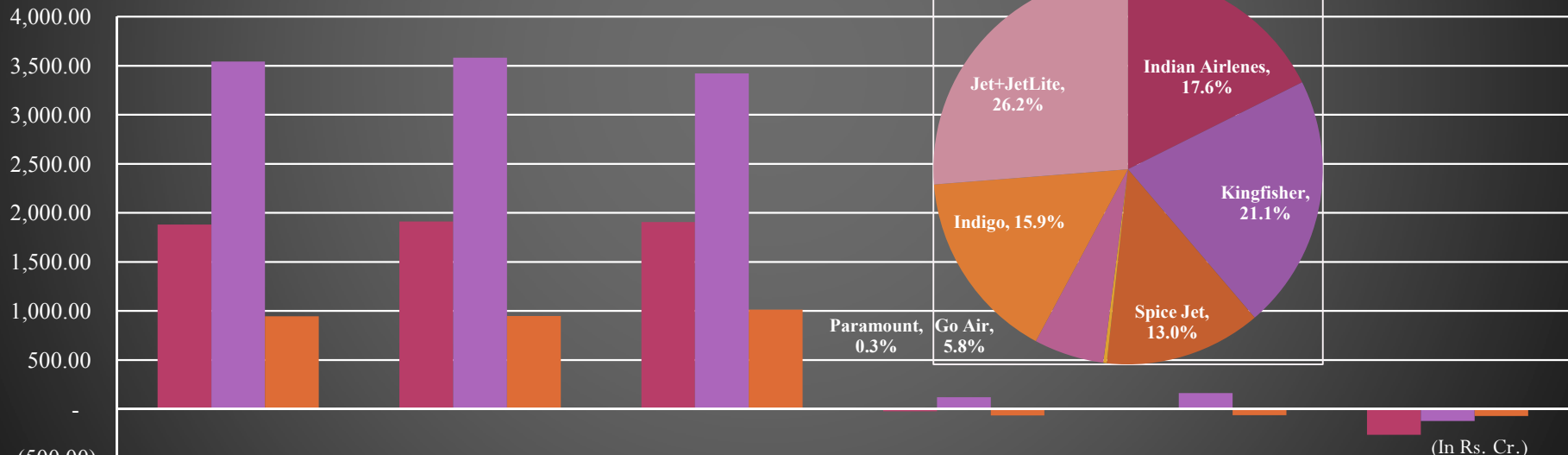
## Sector Wise Report for the period June, 2011

Sector Name	Net Sales (Rs mn) June 2011	PAT (Rs mn) June 2011	Net Sales(Rs mn) June 2010	PAT (Rs mn) June 2010	Net Sales (%) YoY %-Change	PAT (%) YoY %-Change
Airlines	54,232	(5,030)	46,056	(2,234)	18%	125%
Automobiles	389,897	23,164	336,321	22,332	16%	4%
Banking	1,185,401	132,696	870,032	137,319	36%	-3%
Cement	138,457	17,745	101,677	14,392	36%	23%
Energy	2,320,711	103,669	1,695,042	66,013	37%	57%
Engineering	487,791	33,161	417,638	23,226	17%	43%
Hotels	6,357	113	5,714	259	11%	-56%
Power	285,729	41,639	253,285	36,509	13%	14%
Real Estate / Construction	132,350	6,636	121,617	8,588	9%	-23%
Software	191,866	27,059	169,598	27,729	13%	-2%
Steel	378,859	63,909	303,953	61,933	25%	3%
Telecom	279,511	5,631	234,411	23,456	19%	-76%
Textiles	159,215	10,008	132,850	9,698	20%	3%

## AVIATION

India is currently the ninth largest aviation market in the world, according to a report "Indian Aerospace Industry Analysis", by research firm RNCOS. The government's open sky policy has attracted many foreign players to enter the market and the industry is growing in terms of both players and the number of aircrafts. Given the strong market fundamentals, it is expected that the civil aviation market will register more than 16 per cent CAGR during 2010 - 2013.

Passengers carried by domestic airlines during January - May 2011 were 24.5 million as against 21 million during the corresponding period of previous year thereby registering a growth of 17.6 per cent, according to the latest data released by the Directorate General of Civil Aviation (DGCA). For the first time, domestic traffic in a month has registered 5.5 million passengers carried with three airlines viz. Jet Airways, Kingfisher Airlines and IndiGo carrying more than 1 million passengers each in May 2011. Market share statistics for May 2011 indicates a neck-to-neck tiff between Kingfisher and IndiGo with 20 and 19.9 per cent of market share respectively. However, if the figures for Jet Airways (18.5 per cent) and JetLite (7.6 per cent) are combined, then the Jet Airways group of airlines leads with 26.1 per cent of the market. The remaining market shares belong to Air India (13.2 per cent), Spicejet (14.2 per cent) and GoAir (6.6 per cent).



	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit
Kingfisher Air	1,881.64	1,911.01	1,906.38	(24.74)	4.63	(263.54)
Jet Airways	3,541.60	3,582.39	3,420.22	121.38	162.17	(123.16)
SpiceJet	945.64	948.98	1,012.42	(66.78)	(63.44)	(71.96)

(In Rs. Cr.)

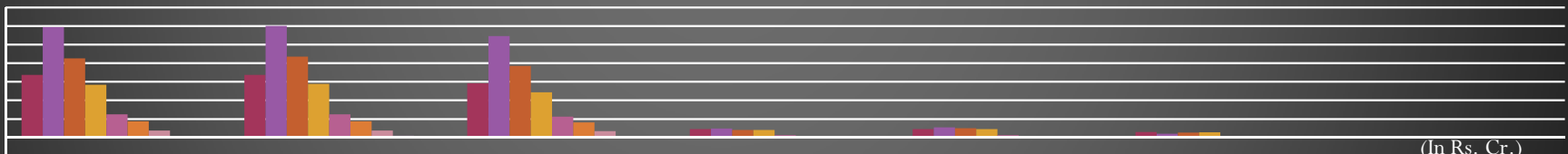
## AUTOMOBILS

The Indian automobile industry, the seventh largest in the world, has demonstrated a phenomenal growth. The industry has grown significantly over the last ten years, during which industry volumes have increased by 3.2 times, from a level of 4.7 million numbers to 14.9 million numbers, according to Vishnu Mathur, Director General, Society of Indian Automobile Manufacturers (SIAM). India's automobile industry, currently estimated to have a turnover of US\$ 73 billion, accounts for 6 per cent of its GDP, and is expected to hit a turnover of US\$ 145 billion by 2016.

The automobile industry currently contributes 22 per cent to the manufacturing GDP and 21 per cent of the total excise collection in the country, according to Mr. Praful Patel, Minister, Heavy Industries and Public Enterprises. In 2010-11, the total turnover and export of the automotive Industry in India reached a new high of US\$ 73 billion and US\$ 11 billion respectively. The cumulative announced investments reached US\$ 30 billion during this period. He also said that the forecasted size of the Indian Passenger Vehicle Segment is nearly 9 million units and that of 2 wheelers, close to 30 million units – by 2020. India achieved the position of the top growing passenger car market in the world during the January-June period in 2011, overtaking the US, which grew at 14.40 per cent, according to SIAM. In passenger vehicles, India was the fastest growing market at 18.20 per cent during the six month period. India's automobile industry is expected to grow by 11 to 13 per cent in the fiscal year ending March 2012, according to Pawan Goenka, President, SIAM. The industry body said that Indian automakers sold 143,370 cars in June 2011. The four-wheel passenger vehicle market has grown impressively at the hands of the new middle class, and there is huge opportunity, as market penetration remains low.



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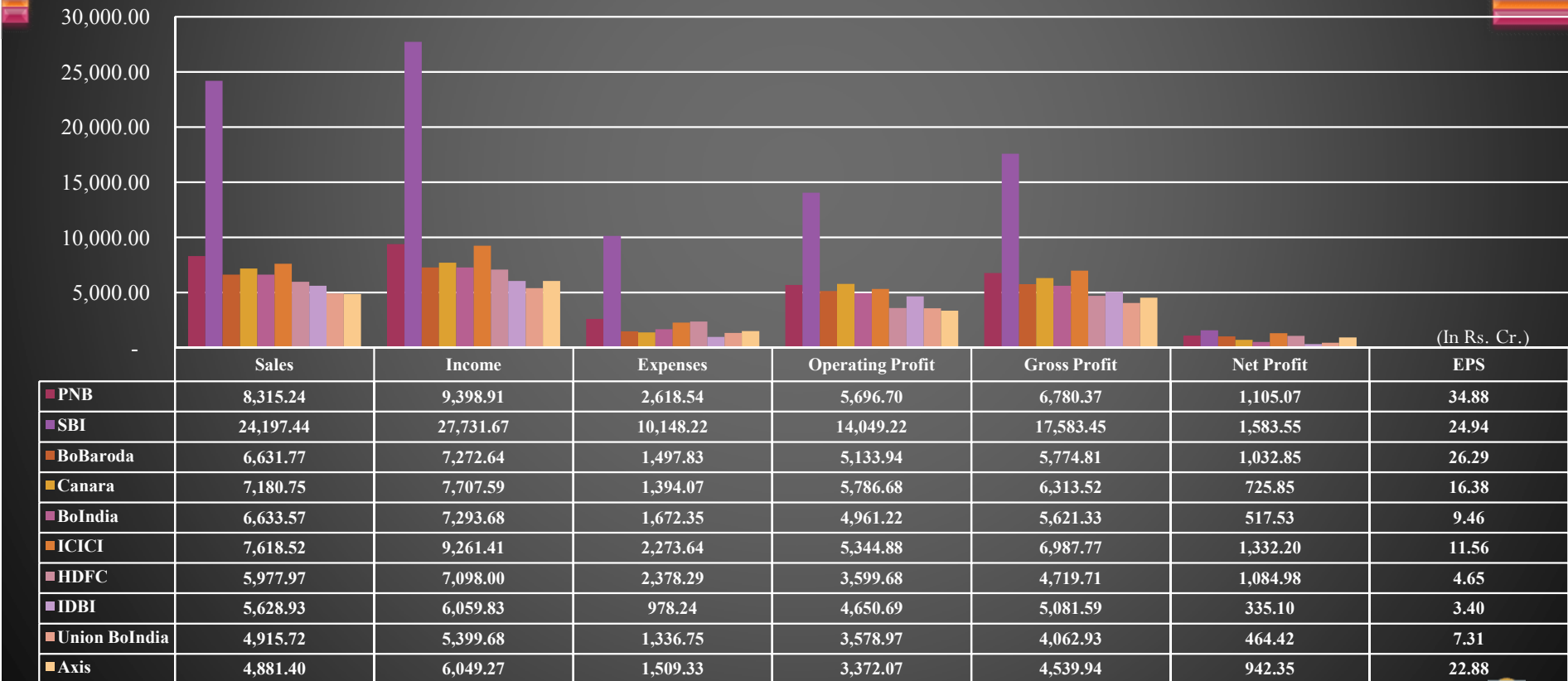
	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
M & M	6,733.54	6,758.41	5,836.20	897.34	922.21	604.88	10.30
Tata	11,897.89	12,013.41	10,931.30	966.59	1,082.11	401.28	6.32
Maruti	8,529.30	8,709.37	7,714.90	814.40	994.47	549.23	19.01
Hero	5,683.33	5,771.74	4,865.57	817.76	906.17	557.89	27.94
AL	2,495.51	2,499.62	2,250.89	244.62	248.74	86.25	0.65
TVS	1,746.03	1,746.05	1,628.92	117.11	117.13	58.80	1.24
Escorts	739.56	739.56	705.30	34.26	34.26	13.22	1.29
Eicher	167.83	183.67	138.51	29.32	45.16	28.91	10.72
Hindustan	122.35	123.55	138.88	(16.53)	(15.33)	17.20	1.07



## BANKING

The Indian banking sector comprises 26 state sector banks, besides a number of private as well as co-operative sector players. India has the potential to become the third largest banking sector by 2050 after China and US, according to a PricewaterhouseCoopers (PwC) report titled "Banking In 2050". The report states that India has particularly strong long-term growth potential.

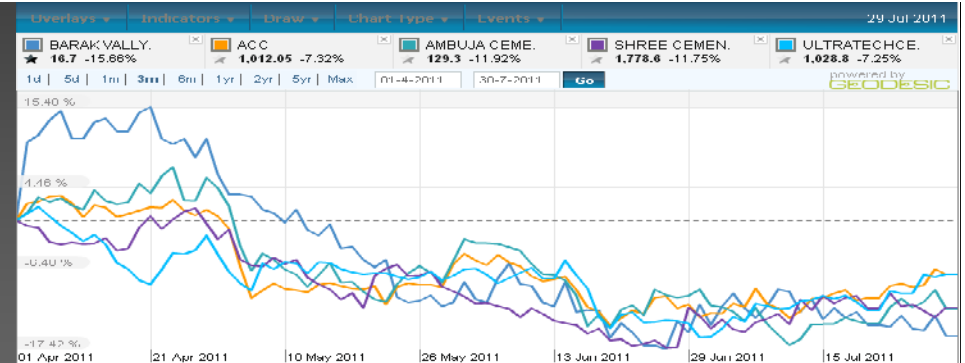
India's foreign exchange reserves were US\$ 314.6 billion as on July 8, 2011, according to the data in the weekly statistical supplement (WSS) released by RBI. Indian bank loans increased by 19.9 per cent year-on-year (y-o-y) as of July 1, 2011, according to the central bank's WSS. Deposits rose by 18.4 per cent from a year earlier. Gross bank credit, nationalized banks had the highest share of 51.6 per cent in the total bank credit. They were followed by SBI and its associates at 22.7 per cent and new private sector banks at 13.7 per cent. Foreign banks, old private sector banks and regional rural banks had comparatively lower shares in the total bank credit at 5.1 per cent, 4.5 per cent and 2.5 percent, respectively.



## CEMENT

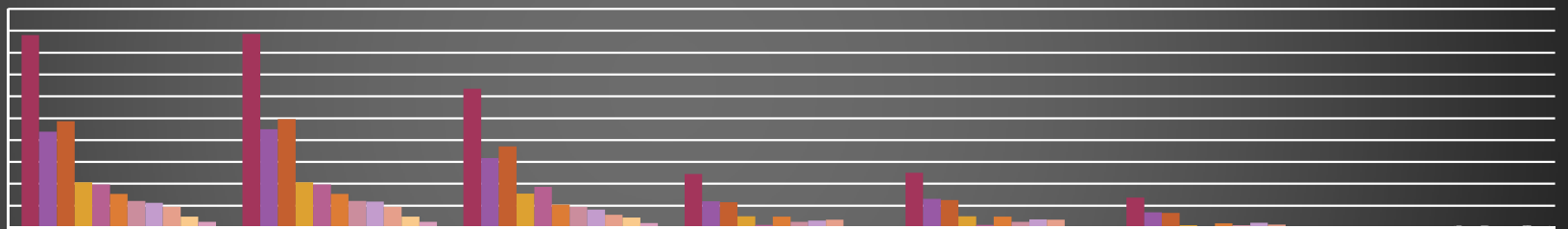
India is the second largest cement producing country with 137 large and 365 mini cement plants. The large plants employ 120,000 people, according to a recent report on the Indian cement industry published by Cement Manufacturers Association (CMA). Cement production in the country is expected to increase to 315-320 million tonne (MT) by end of this financial year from the current 300 MT. The country's cement production is projected to grow at a compound annual growth rate (CAGR) of around 12 per cent during 2011-12 - 2013-14 to reach 303 million metric tonnes (MMT), as per the RNCOS research report. Shree Cement plans to set up a two MT clinkerisation unit near Raipur, Chhattisgarh, with an investment of US\$ 225.12 million.

BK Birla Group outfit, Kesoram Industries, is setting up a 2,000 tonne a day packaging unit in Medak district of Andhra Pradesh at a cost of US\$ 1.76 million, according to a filing by the company to the stock exchanges. The proposed unit would cater to the packing needs of its cement manufacturing unit at Sedam in Karnataka. Birla Corporation, the flagship company of the M P Birla Group, is planning to set up a one MT cement plant in Assam at an investment of around US\$ 99 million. The company has signed a memorandum of understanding (MoU) with the Assam Mineral Development Corporation to this effect. Increased infrastructure



spending has been a key focus area. Finance Minister Pranab Mukherjee has proposed to earmark US\$ 47 billion for infrastructure development during 2011-12. The infrastructure sector has received an impetus in the form of increased funds and tax related incentives offered to attract investors for tapping the infrastructure opportunities around the country. Introduction of tax free bonds, creation of infrastructure debt funds, formulating a comprehensive policy for developing public private partnership projects are some announcements which will give a fillip to the infrastructure sector which is the backbone of any economy.

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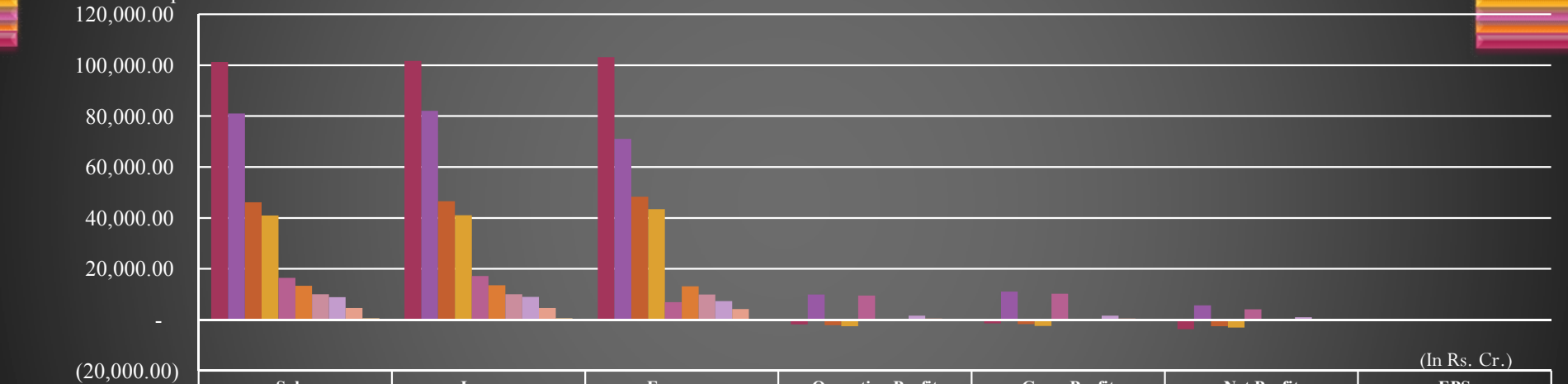


	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
UltraTechCement	4,404.39	4,431.15	3,177.26	1,227.13	1,253.89	683.11	24.93
Ambuja Cements	2,189.07	2,245.22	1,590.64	598.43	654.58	347.50	2.27
ACC	2,432.88	2,480.09	1,852.71	580.17	627.38	336.58	17.91
Shree Cements	1,034.08	1,034.14	774.91	259.17	259.23	55.01	15.79
Prism Cement	989.12	989.16	930.97	58.15	58.19	(9.97)	-
Madras Cements	768.21	770.01	519.83	248.38	250.18	98.30	4.13
JK Cement	609.03	609.20	476.77	132.26	132.42	49.90	7.14
Birla Corp	566.35	593.59	410.26	156.09	183.33	111.88	14.53
Chettinad Cement	472.40	472.94	292.31	180.09	180.63	69.64	18.23
Heidelberg Cement (I)	252.73	252.73	225.63	27.10	27.10	13.16	0.58
Mangalam Cement	127.36	128.65	103.26	24.10	25.40	11.17	4.19

## ENERGY

India is ranked second, behind Australia, in BMI's composite Business Environment (BE) league table, leading China and Vietnam as a result of a good performance in both the upstream and downstream segments. India ranks second, ahead of Vietnam, in BMI's upstream BE ratings, with a strong resource position being offset somewhat by extensive state involvement, a limited competitive landscape and only a moderate risk environment. The country shares first place with China in BMI's downstream Business Environment ratings, reflecting its status as a high-growth energy market with strongly positive population and demand trends, plus a low level of retail site intensity. It is seven points ahead of Japan, with no threat from the more mature Asian energy economy. Crude Oil production for April 2011 was 3.186 million metric tonne (MMT), as compared to the 2.871 MMT in April 2010.

Natural Gas production during April-January 2011 was 4096.3 million cubic meters (MCM). During April 2011, 14.006 MMT of crude oil was refined, compared to 13.136 MMT refined in April 2010.



	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
■ IOC	101,284.51	101,688.73	103,146.35	(1,861.84)	(1,457.62)	(3,718.70)	-
■ Reliance	81,018.00	82,096.00	71,092.00	9,926.00	11,004.00	5,661.00	17.29
■ BPCL	46,139.61	46,566.93	48,303.83	(2,164.22)	(1,736.90)	(2,561.89)	-
■ HPCL	40,916.91	41,056.57	43,485.35	(2,568.44)	(2,428.78)	(3,080.26)	-
■ ONGC	16,401.92	17,128.89	6,931.97	9,469.95	10,196.92	4,094.90	4.79
■ MRPL	13,371.61	13,504.33	13,146.59	225.02	357.74	172.71	0.99
■ Chennai Petroleum	9,961.26	9,965.48	9,897.07	64.19	68.41	(55.12)	-
■ GAIL	8,889.00	8,953.65	7,311.78	1,577.22	1,641.87	984.67	7.76
■ Petronet LNG Ltd.	4,623.31	4,649.56	4,185.18	438.13	464.38	256.71	3.42
■ Indraprastha Gas	537.40	538.74	379.06	158.34	159.69	80.07	5.72

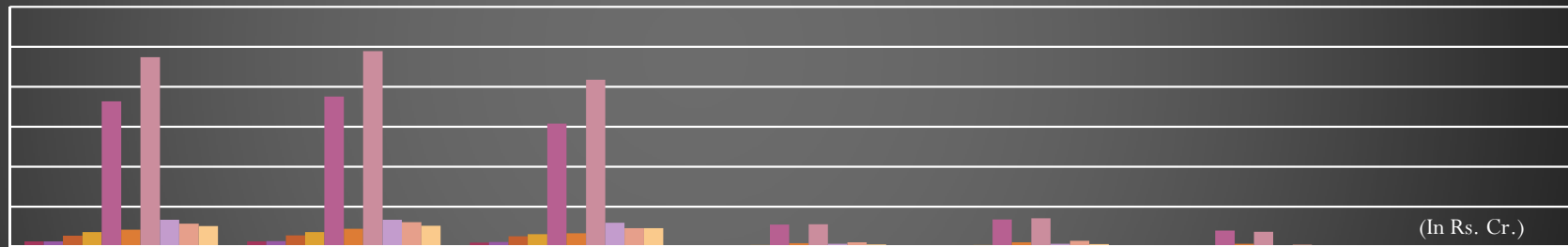
## ENGINEERING

The engineering sector is the largest segment of the overall Indian industrial sector. The engineering industry accounts for 12 per cent of India's GDP. India enjoys a cost-advantage in casting and forging, as manufacturing costs in India are 25-30 per cent lower than western countries. According to a study by NASSCOM and Booz Allen Hamilton (a strategy and technology consulting firm), the global engineering services market in 2020 is estimated to touch US\$ 1,100 billion, of which the outsourced component is estimated to reach around US\$ 200 billion. As per the report, India may capture around 25 per cent of the global ESO pie, worth around US\$ 40 billion by 2020. At present the ESO market is around US\$ 15 billion, with India enjoying 12 per cent share. The engineering services landscape in India has evolved significantly over the last four years, reflecting maturity, diversification and enhanced verticalisation to partner with global corporations.

Indian service providers have invested considerably in increasing their global footprint to provide services to geographically distributed customers. They have established sales teams in North America and Europe and delivery centres in China and Japan for closer interaction with customers in the former and to co-ordinate efforts with existing manufacturing facilities in the latter. Within India, companies have begun to move to tier-2 cities to take advantage of lower costs of operations and to access a large graduating pool of engineers.



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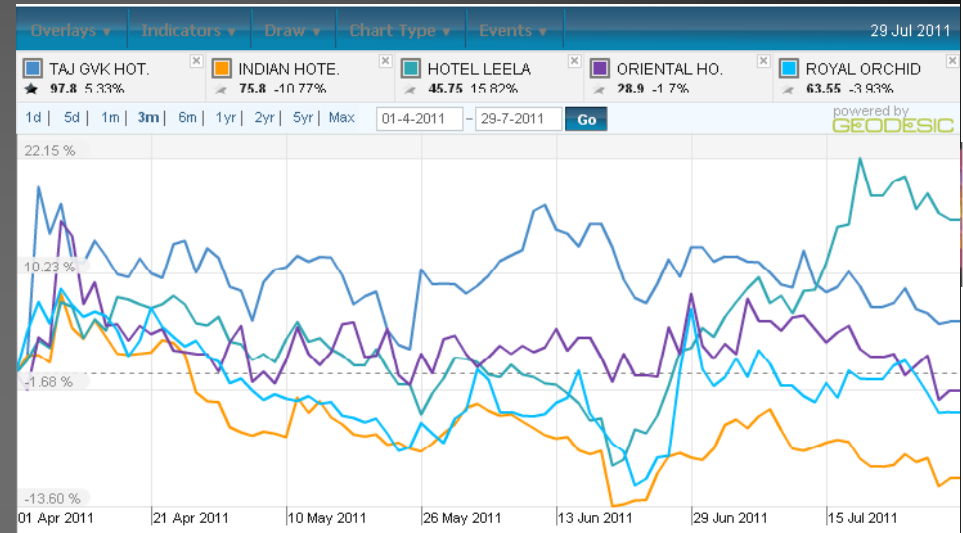
	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
■ AIA Engineering	271.67	275.10	213.88	57.79	61.22	41.33	4.38
■ Alfa Laval	275.26	284.28	233.89	41.37	50.39	30.85	16.99
■ BEML	553.91	569.10	532.30	21.61	36.80	15.87	3.81
■ BGR Energy	734.17	734.17	638.09	96.08	96.08	50.25	6.96
■ BHEL	7,271.46	7,520.11	6,158.23	1,113.23	1,361.88	815.51	16.66
■ Engineers India	853.60	895.37	673.86	179.74	221.51	148.07	4.39
■ L & T	9,482.61	9,778.79	8,356.14	1,126.47	1,422.65	746.15	12.23
■ Punj Lloyd	1,350.19	1,353.11	1,196.21	153.98	156.90	5.42	0.16
■ Suzlon Energy	1,156.91	1,236.82	935.38	221.53	301.44	110.07	0.62
■ Thermax	1,044.42	1,059.16	930.73	113.69	128.43	79.88	6.70



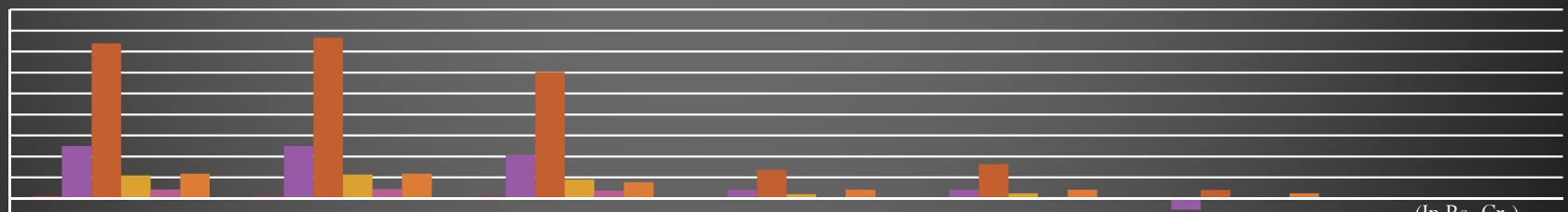
## TOURISM & HOSPITALITY

The Indian Hospitality industry, estimated at US\$ 17 billion, contributes 2.2 per cent of India's GDP. The sector is expected to grow to US\$ 36 billion by the end of 2018. Seventy per cent of the total contribution (US\$ 11.85 billion) comes from the unorganized sector and the remaining 30% (estimated at US\$ 5.08 billion) comes from the organized sector of the hospitality industry. The industry also witnessed an increase in the number of hotel rooms with a growth of 5 per cent during the last three to four years. In the next two years, a total investment of US\$ 12.17 billion is expected that will add over 20 new international brands in the hospitality sector. Rise of budget hotels in the country, such as Ginger Hotels, Lemon Tree, Sarovar Hotels, Fortune Hotels, Ibis and Choice Hotels clearly suggest a huge growth potential in the sector. Among the recent initiatives within the industry, some are listed below. US-based casual dining restaurant chain California Pizza Kitchen (CPK), is bullish about Indian market and under its expansion plans, the company has recently announced the launch of its new outlet here, which is counted as its third restaurant in India. Whitbread, UK-based hospitality company, has announced to invest US\$ 53.3 million in the country by year 2020. With this investment amount, the company is planning to launch over 80 properties in the country over next ten years. Restaurant chain Lite Bite Foods, is looking to spread its wings globally through franchise route. With its expansion plans, the company is aiming to increase its outlets count to 200 from the present 50 outlets across the country over the next three years. Starwood Hotels & Resorts Worldwide has announced its expansion plans for India. The company is looking to operate 50 hotels in India by the end of 2012. Under its strategic plans, the company is targeting the Indian market to enhance its business and in the same move the company has launched the Starwood India Customer Contact Centre (CCC) in Gurgaon. Tourism and hospitality being the largest service sector in the country, contributes around 6.23

per cent to the national GDP and 8.78 per cent of the total employment in the country. The country welcomes around 6 million international visitors every year and nearly 562 million domestic tourists. The Indian hospitality sector is expected to see an estimated investment of US\$ 12 billion in the next 2 years, and various new industry initiatives are being taken up. Given the current growth, demand-supply gap and investment norms (100% FDI allowed), the country provides opportunities for International brands to enter India with a long term commitment as stated in a report by the ministry of external affairs.



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	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
Advani Hotels	5.98	6.12	6.09	(0.11)	0.03	(0.37)	-
Hotel Leela	124.72	124.84	104.09	20.63	20.75	(26.49)	-
Indian Hotels	369.54	383.01	301.45	68.09	81.56	20.31	0.27
Oriental Hotels	54.98	57.02	45.13	9.85	11.89	3.26	0.18
Royal Orchid	21.50	21.79	18.26	3.24	3.53	1.54	0.56
Taj GVK Hotels	58.93	58.93	38.41	20.52	20.52	12.02	1.92

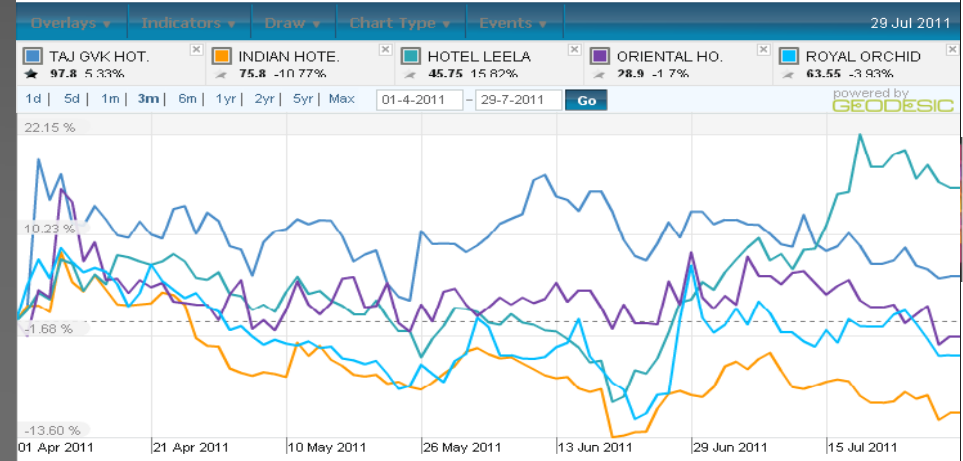
## POWER

In terms of power generation, India is the sixth largest in the entire world. Over the past 30 years the demand for power in India has enhanced at 3.6 per cent per annum on the back of economic growth of India. The per capita energy consumption was at 733.54 kilowatt in the year 2008-2009. The Government of India has set the target 'Power for all by 2012' to meet with the energy requirement of the entire country, by adding 78,000 MW of installed generation capacity by 2012. According to the experts, the total demand for electricity will be above 950,000 MW by 2030. India has taken all the steps needed to provide energy from renewable sources such as wind and solar power. In March 2011 the capacity of wind power in India stood at around 12,000 MW. The power sector in India has grown rapidly over the years. Considerable growth has been witnessed in all the sectors such as thermal (3.82 per cent), hydroelectric (9.97 per cent) and nuclear (40.94 per cent). As per the 11th Annual Plan, the overall achievement growth in the year 2010-11 has been around 5.56 per cent. The total installed capacity of India in 2011 is estimated to be around 1,76,990.40 mega watt (MW). Thermal power in India is responsible for two-third of power generation in India which includes using gas, liquid fuel and coal. This year thermal power in India has provided 115649.48 MW in which 96,743.38 MW was generated from coal, 17,706.35 MW from Gas and 1,199.75 MW from oil. Further, Hydro power in India (Renewable) provided 38,106.40 MW, Nuclear power provided 4,780.00 MW and RES (MNRE) 18,484.52 MW.

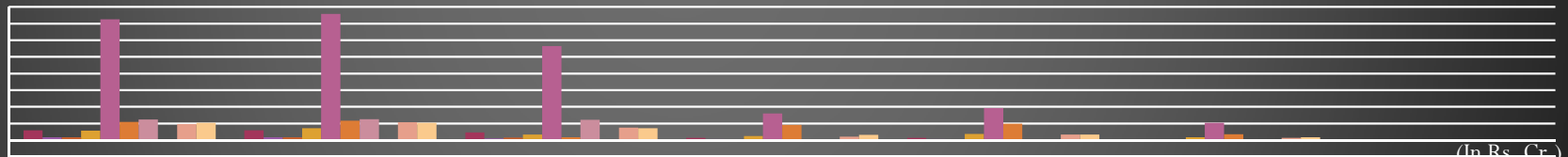
The power sector in India is having a bright future and a variety of recent investments have been made both by private and government sector enterprises. The government

of Madhya Pradesh has invited Reliance power to go ahead with the purchase agreement of its Chitrangi power plant project, according to a recent report released on July 16, 2011. The total estimated power generation from the project stands at 3,960 MW. Apart from this, Reliance power is also focusing on projects in Krishnapatnam (Andhra Pradesh) and Tilaya (Jharkhand).

Tata Power, one of the largest power manufacturers in the sector, is coming up with a thermal power plant in Raigad, Maharashtra. The total estimated power generation of the project stands at 1,600 MW.



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	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
Cesc	1,183.00	1,196.00	916.00	267.00	280.00	111.00	8.81
Guj Ind Power Co.	342.77	342.91	213.15	129.62	129.76	43.04	2.85
KEI Ind	334.41	334.54	306.23	28.18	28.31	2.63	0.39
Neyveli Lignite	1,156.05	1,425.16	670.91	485.14	754.25	342.83	2.04
NTPC	14,524.23	15,167.89	11,305.26	3,218.97	3,862.63	2,075.78	2.52
Power Grid Corp	2,202.49	2,345.73	357.02	1,845.47	1,988.71	705.29	1.52
PTC India	2,487.44	2,504.88	2,439.79	47.65	65.08	45.23	1.53
Reliance Power	13.72	119.50	27.31	(13.59)	92.19	64.63	0.23
Tata Power	1,921.24	2,168.82	1,493.39	427.85	675.43	269.69	11.36
Torrent Power	2,069.52	2,089.04	1,422.37	647.15	666.67	348.71	7.38

## REAL ESTATE

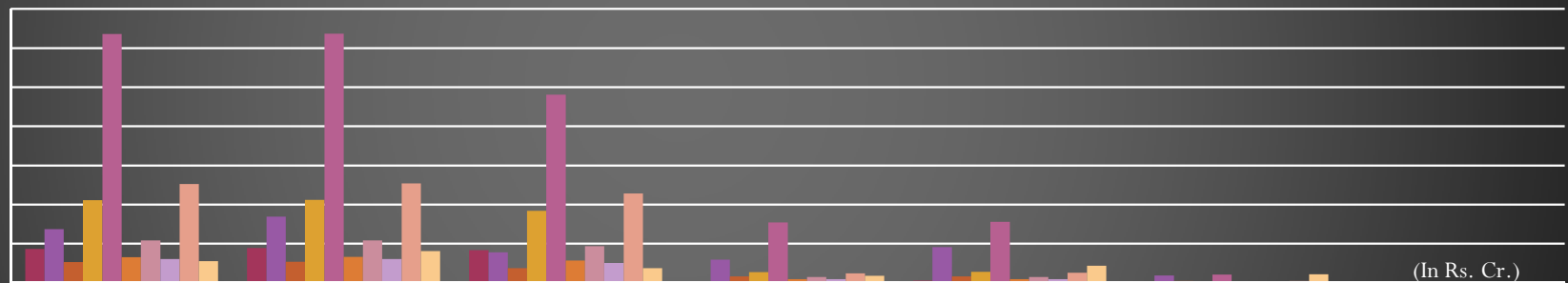
The real estate sector in India is on a growth path. The development in the real estate market encompasses growth in both commercial and residential spheres. Further, it has been estimated that there would be shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12), which provides a big investment opportunity, according to a report by the Technical Group on Estimation of Housing Shortage. The popularity of the Indian real estate sector is also highlighted by a report 'Emerging trends in Real Estate in Asia Pacific 2011' published by PriceWaterhouseCoopers and Urban Land Institute. The report focuses on various places where developers such as Ansal Properties and Omaxe are building commercial and residential developments. These places include Jodhpur, Agra, Punjab, Uttar Pradesh, Haryana, Madhya Pradesh, and Rajasthan among others.

The industry also witnessed growth in private equity (PE) investments as well. Around 20 deals worth US\$ 1.32 billion took place during January-May 2011, as compared to 22 deals worth US\$ 483 million during the same period last year, according to Venture Intelligence, a research service focused on PE and mergers and acquisitions (M&A).

Real estate developer DLF has decided to develop its US\$ 226.18 million Infopark project spread over 54 acres comprising of an IT block, a luxury hotel, a retail chain, service apartments and recreational facilities in three phases.



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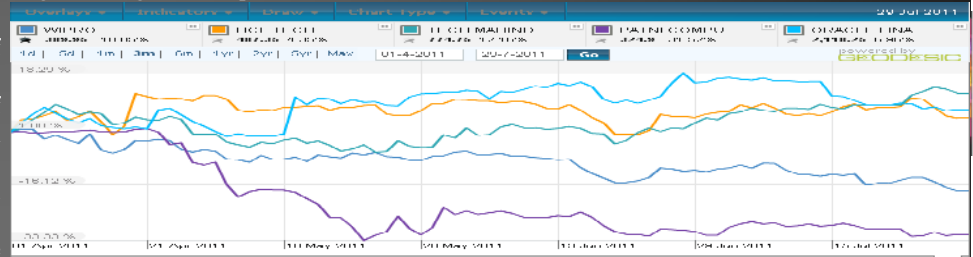
	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
■ BL Kashyap & Sons	431.39	443.25	416.02	15.37	27.23	1.88	0.09
■ DLF	685.74	845.00	390.16	295.58	454.84	92.64	0.55
■ GMR Infra	266.80	267.94	186.24	80.56	81.70	24.49	0.06
■ Hind. Construction	1,057.71	1,058.66	920.02	137.69	138.64	2.87	0.05
■ Jaiprakash Asso	3,177.85	3,183.26	2,405.05	772.80	778.21	107.04	0.50
■ Madhucon Projects	329.22	329.78	282.90	46.32	46.88	7.97	1.08
■ Patel Engg.	541.08	542.65	467.27	73.81	75.38	10.23	1.47
■ Pratibha Inds	302.31	302.31	254.90	47.41	47.41	18.64	1.87
■ Simplex Infra	1,260.86	1,268.54	1,140.70	120.16	127.84	24.05	4.84
■ Unitech	277.32	404.81	187.18	90.14	217.63	108.07	0.41



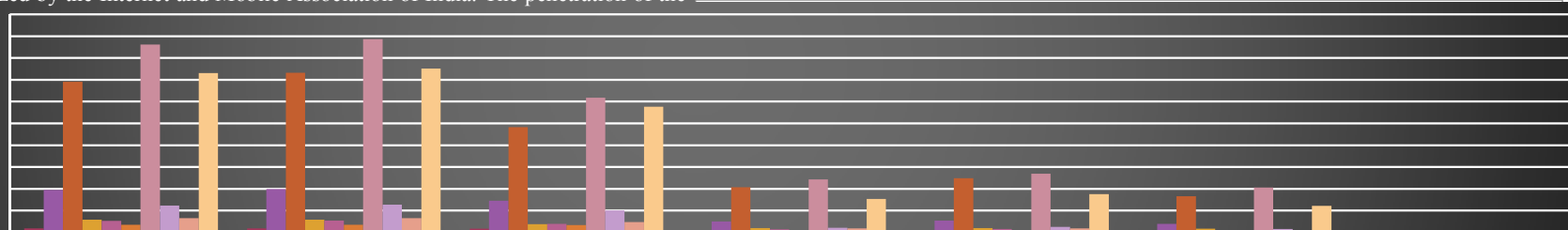
## SOFTWARE / INFORMATION TECHNOLOGY

Poised to become a US\$ 225 billion industry by 2020, the Indian information technology (IT) industry has played a key role in putting India on the global map. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services, according to National Association of Software and Service Companies (NASSCOM). The country's domestic market for business process outsourcing (BPO) is projected to grow over 23 per cent to touch US\$ 1.4 billion in 2011, says global research group Gartner. In 2010, the domestic BPO market was worth US\$ 1.1 billion. The firm predicts that the domestic BPO market would reach US\$ 1.69 billion in 2012 and increase to US\$ 2.47 billion by 2014. With the first quarter of the new fiscal 2011-12 offering positive business outlook, hiring sentiments for sectors like IT, ITeS and telecom have risen by over 20 per cent, says a study by TeamLease Services Pvt. Ltd. As per the Employment Outlook Report for the period April-June 2011, released by TeamLease Services Pvt. Ltd., hiring intent from IT and ITeS was the highest in cities like New Delhi, Mumbai, Hyderabad and Pune. India's top technology firms like TCS, Infosys, Wipro and HCL are readying plans to gain a bigger share of their largest market, US, by aggressively chasing contracts being served by multinational rivals. Analysts expect the top IT firms to grow between 23-27 per cent in the FY2012 on the back of more number of discretionary projects, improved pricing, and robust business volumes. Telecom Regulatory Authority of India (TRAI) is targeting a 10-fold increase in broadband subscribers to 100 million by 2014. The country has 10.29 million subscribers now. "We will have 100 million broadband subscribers by 2014," J.S. Sarma, Chairman, TRAI said at the fifth India Digital Summit 2010 organized by the Internet and Mobile Association of India. The penetration of the

internet in rural areas will see an all time high in 2011. In a survey conducted by IMRB for the Internet and Mobile Association of India (IAMAI), the total number of active internet users in rural area will rise by 98 per cent to touch 24 million by the end of 2011 from 12.1 million in December 2010. The survey said that the claimed internet user category is also set to grow by 96 per cent to reach 29.9 million by December 2011 from 15.2 million in December 2010. (Active users are those, who have used the internet at least once in the past one month. Claimed internet users are those, who have used the internet sometime but not necessarily in the past one month.) The total investments of EMC Corporation, a leading global player of information infrastructure solutions in India, will touch US\$ 2 billion (over US\$ 2.01 billion) by 2014. Russian IT security software provider, Kaspersky Lab, will be investing US\$ 2 million in its India operations at Hyderabad during 2011. On the back of 40 per cent revenue growth, Cognizant will invest more than US\$ 500 million till 2014 to expand its campuses to add over 8 million square feet to house over 55,000 employees. It will create additional software development and training facilities in regions designated as special economic zones in Chennai, Pune, Coimbatore and Kolkata.



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(In Rs. Cr.)

	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
■ Firstsource Sol	182.84	185.21	167.30	15.54	17.91	7.17	0.17
■ HCL Tech	1,949.36	1,996.48	1,446.53	502.83	549.95	385.59	5.60
■ Infosys	6,905.00	7,320.00	4,831.00	2,074.00	2,489.00	1,654.00	28.82
■ Oracle Financ	581.90	581.90	379.20	202.70	202.70	172.63	20.57
■ Patni Computers	531.97	547.80	393.35	138.62	154.45	82.03	6.12
■ Prithvi Info	345.33	345.55	340.98	4.35	4.57	(2.99)	-
■ TCS	8,613.56	8,870.96	6,179.50	2,434.06	2,691.46	2,062.43	10.54
■ Tech Mahindra	1,234.36	1,278.60	1,018.13	216.23	260.47	162.23	12.78
■ Tulip Telecom	653.84	652.76	467.81	186.03	184.95	79.44	5.48
■ Wipro	7,311.30	7,521.70	5,770.90	1,540.40	1,750.80	1,219.30	4.97



## STEEL

Steel industry is of great significance to the economic growth of the country. India has been ranked the world's fifth largest producer of crude steel in 2009 and is projected to become the world's second largest producer by 2015–2016, with a production volume of 54.5 million tonnes (MT). Various states have signed around 222 memorandums of understanding (MoUs), with a projected capacity of about 275.7 MT and an investment of more than US\$ 229 billion.. The steel production capacity is likely to reach 124 MT by 2011–12. In 2008–09, the installed capacity for crude steel was estimated at 64.4 MT, while production was estimated at 54.5 MT, resulting in an 85 per cent capacity utilization. Long-products constituted 57 per cent of the total finished steel consumption, while the remaining 43 per cent was constituted by flat-products in 2007–08. The Eleventh Five Year Plan (2007–2012) has allocated investments worth US\$ 490 billion for the infrastructure sector, comprising power, roads, highways, railways, ports, airports, mining and irrigation. Steel giants such as JSW Steel and Tata Steel are investing to enhance the capacities of products such as TMT bars (rebars) and many more. Tata Steel was the first steel plant established in 1907 in India. Some of the other steel plants in the country include Bhilai Steel Plant at Chhattisgarh, Rourkela Steel Plant at Orissa, Durgapur Steel Plant at West Bengal to name a few. In 2010, India was ranked as the fourth largest producer of steel by the World Steel Association. Some of the growth drivers helping the sector to grow are:

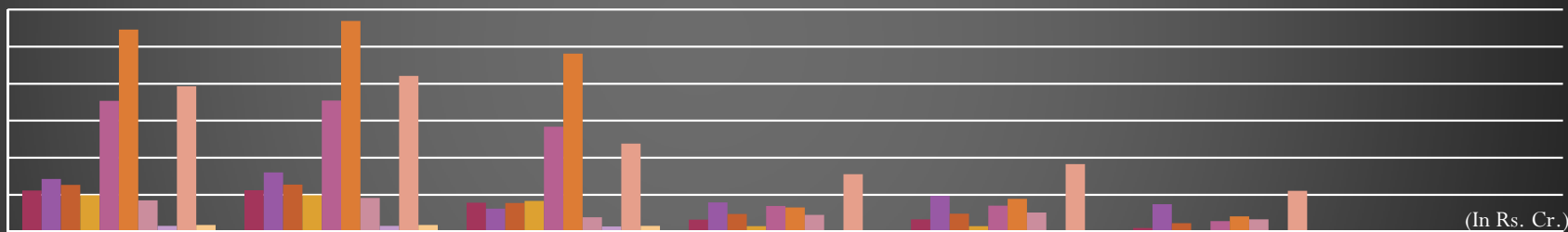
- Abundant availability of iron ore in the country with states such as Orissa, Jharkhand

and Chhattisgarh are rich in iron ore reserves. The National Minerals Development Corporation (NMDC) plans to expand its iron ore production capacity from its existing capacity of 30 million tonnes per annum (MTPA) to 50 MTPA by 2014–15 through the capacity expansion of current mines as well as by setting up new mines.

- The country has well established facilities for the production of steel.



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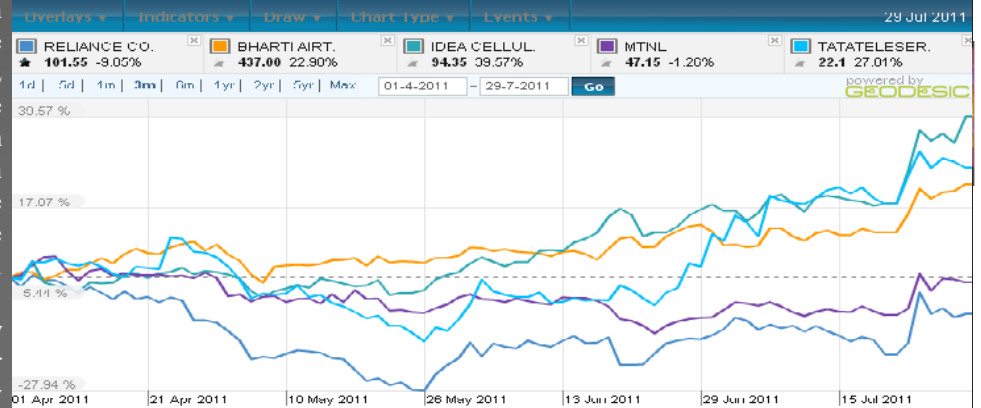


	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
■ Bhushan Steel	2,231.78	2,239.31	1,570.74	661.04	668.57	209.96	9.89
■ Hindustan Zinc	2,847.07	3,202.43	1,254.77	1,592.30	1,947.66	1,494.91	3.54
■ Jindal Steel	2,526.53	2,543.18	1,563.11	963.42	980.07	470.16	5.03
■ JSL Stainless	1,976.88	1,977.14	1,675.44	301.44	301.70	85.79	4.56
■ JSW Steel	7,069.38	7,086.26	5,675.49	1,393.89	1,410.77	578.32	25.92
■ SAIL	10,926.00	11,389.04	9,614.59	1,311.41	1,774.45	838.06	2.03
■ Sesa Goa Ltd.	1,698.35	1,831.68	784.42	913.93	1,047.26	672.98	7.74
■ Steel Exchange	316.85	319.99	288.83	28.02	31.15	8.83	1.88
■ Tata Steel	7,860.25	8,412.89	4,757.09	3,103.16	3,655.80	2,219.43	23.13
■ Visa Steel	367.20	367.20	322.36	44.84	44.84	10.14	0.92

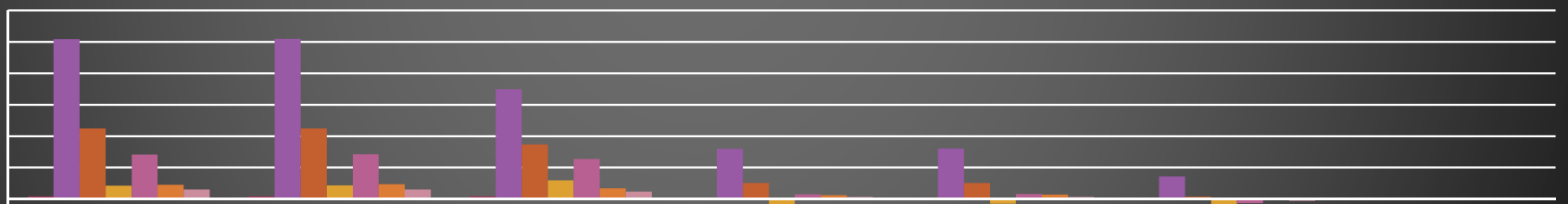
## TELECOMMUNICATION

One of the world's most progressive telecom markets - the Indian telecom industry has seen massive investments by both private and government sectors in the previous decade. The success story and the potential have attracted newer players on the canvas due to which the intensity of competition has paced up between domestic and foreign players, which as a result, has benefitted the end user. Increasing network coverage and competitive tariffs – these are the two most prominent catalysts that are contributing to the growth of the Indian Telecommunication sector. Mobile telephony continues to fuel growth in the Indian telecom sector with mobile subscriber base projected to grow at a CAGR of around 6.6 per cent during 2011-12 to 2014-15. The Indian telecommunication sector has become highly competitive over the last four years. The industry is highly fragmented. There are as many as 15 players who strive to gain competitive edge in the market. As of September April 2011, Bharti telecom led the market with 19.19 per cent share, Reliance (16.77 per cent), Vodafone (16.56%), BSNL (11.13 per cent), Idea (11.12 per cent), Tata (10.93 per cent), Aircel (6.77%), with the remaining share being held by other smaller operators, according to Telecom Regulatory Authority of India (TRAI) database. The number of telephone subscribers in India increased to 861.48 million at the end of April 2011 from 846.32 million at the end of March 2011, thereby registering a growth rate of 1.79 per cent, according to the data released by Telecom Regulatory Authority of India (TRAI). With this, the overall tele-density (telephones per 100 people) in India reached 72.08 at the end of April 2011 from 70.43 in the previous month. The growth in the wireless category was led by Reliance Communications, which added 2.93 million subscribers, taking the subscriber base to 138.65 million at the end of April 2011. Idea Cellular added 2.45 million new

users, taking the user base to 91.95 million. Bharti Airtel added 2.41 million subscribers (increasing its user base to 164.61 million), while Vodafone added 2.40 million users (taking its user base to 136.97 million). Aircel added 1.10 million users, while Tata Teleservices added 1.24 million users in April. Broadband subscription reached 12.01 million in the reported month from 11.87 million in March, growing 1.17 per cent. The 12th Plan period (April 2012-March 2017) entails an investment of about US\$ 110 billion for telecom infrastructure development, revealed an official note by the Department of Telecom (DoT). Of this, the two telecom PSUs -- BSNL and MTNL are expected to invest around US\$ 22.38 billion during the five years to revamp their telecom infrastructure. Private players, on the other hand, are expected to invest US\$ 89.53 billion during the same period (2012-2017) in expanding their infrastructure.



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	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
AGC Networks	165.51	165.98	161.61	3.90	4.37	1.45	1.02
Bharti Airtel	10,180.00	10,199.00	6,985.20	3,194.80	3,213.80	1,432.30	3.77
Idea Cellular	4,484.11	4,484.11	3,467.20	1,016.91	1,016.91	149.73	0.45
MTNL	843.02	867.92	1,175.60	(332.58)	(307.68)	(850.04)	-
Reliance Comm	2,835.00	2,854.00	2,543.00	292.00	311.00	(272.00)	-
Tata Comm	898.90	937.66	667.35	231.55	270.31	47.79	1.68
Tata Teleservice	589.96	591.27	470.60	119.36	120.67	(119.32)	-

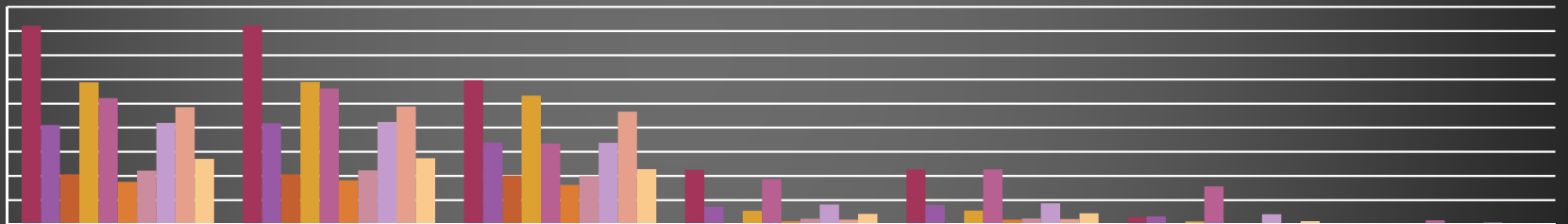
## TEXTILES

The textiles industry in India enjoys a distinctive position due to the pivotal role it plays by way of contribution to industrial output, employment generation (second largest after agriculture) and export earnings of the country. The industry currently contributes about 14 per cent to industrial production, 4 per cent to GDP, and 17 per cent to the country's export earnings, according to the Annual Report 2010-11 of the Ministry of Textiles. The industry accounts for nearly 12 per cent share of the country's total exports basket. It provides direct employment to more than 35 million people. The Vision Statement for the textiles industry for the 11th Five Year Plan (2007-12) sees India securing a 7 per cent share in the global textiles trade by 2012. At current prices, the Indian textiles industry is valued at US\$ 55 billion, 64 per cent of which caters to domestic demand. The technical textiles segment is expected to grow by 11 per cent per annum till 2012-13 and is likely to grow at 6-8 per cent per annum till 2020 without any policy interventions. If the government intervenes by way of regulatory push, the growth of technical textiles industry can be estimated at 12-15 per cent per annum till 2020, according to Rita Menon, Secretary, Union Ministry of Textiles. She added that the technical textiles segment in India has the potential to attract investment and create additional employment opportunities in coming years. She further said that investments of US\$ 1.1 billion are expected by 2012 and employment is expected to increase to 1.2 million by 2012. Integrated Skill

Development Scheme - The Government launched the Integrated Skill Development Scheme for the T&C Sector, including Jute & Handicrafts, in September 2010. The main objective of the scheme is to address the trained manpower needs of textiles and related segments. The Scheme would target to train approximately 2,56,000 persons during 2010-11 and 2011-12



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	Sales	Income	Expenses	Operating Profit	Gross Profit	Net Profit	EPS
■ Alok Industries	1,644.89	1,645.59	1,192.67	452.22	452.92	57.77	0.73
■ Arvind	821.76	837.20	675.68	146.08	161.52	66.33	2.61
■ Bombay Dyeing	414.26	414.60	403.11	11.15	11.49	(39.79)	-
■ Century	1,176.03	1,178.61	1,064.61	111.42	114.00	23.90	2.57
■ Grasim	1,043.94	1,124.37	670.48	373.46	453.89	314.13	34.25
■ Raymond	351.17	363.05	325.86	25.31	37.19	(10.07)	-
■ RSWM	444.44	446.38	399.58	44.86	46.80	(3.18)	-
■ SRF	838.80	847.87	674.82	163.98	173.05	82.81	13.80
■ Vardhman Textiles	969.39	976.08	932.45	36.94	43.63	(43.08)	-
■ Welspun India	541.88	546.05	455.75	86.13	90.30	26.42	2.97



## AT GLANCE

The overall growth of gross domestic product (GDP) at factor cost at constant prices, as per Revised Estimates, was 8.5 per cent in 2010-11, representing an increase from the revised growth of 8.0 per cent during 2009-10.

Overall growth in the Index of Industrial Production (IIP) was 5.6 per cent during May 2011

India's merchandise exports have registered an increase of nearly 82 per cent during July 2011 from a year ago period to touch US\$ 29.3 billion, according to a release by the Ministry of Commerce and Industry.

Non-resident Indian (NRI) inflows in the first quarter of 2011-12 has witnessed a rise of 38 per cent as compared to the same period in the previous fiscal. NRIs parked US\$ 1.54 billion in April-June 2011 in various NRI deposit schemes.

Indirect tax collections in July 2011 were up 16.4 per cent from a year ago.

India's foreign direct investment (FDI) continues to gather momentum with the inflow registering a 310 per cent rise in June 2011 to touch US\$ 5.65 billion. This is the highest monthly inflow in the last 11 years.

India's foreign exchange reserves have reached a new high of US\$ 319 billion as on July 29, 2011, according to data from the Reserve Bank of India (RBI). The rise is attributed to the increase in foreign currency assets as well as appreciation in gold reserves.

The total corporate tax collection in the first four months (April-July 2011) was estimated at Rs 85,222 crore (US\$ 18.84 billion), contributing majorly to the overall tax collection which stood at Rs 1.33 lakh crore (US\$ 29.39 billion), showing an increase of 27 per cent.

The economy is likely to see substantial pick-up in the second half of current fiscal, even as the GDP growth at 7.7% in the first quarter came in as a dampener, **Chief Economic Adviser Kaushik Basu.**

The government expressed disappointment over the slowdown in the country's GDP growth rate and said hard work is needed by all sections, including industry and farmers, to ensure inclusive growth, keeping in mind uncertainty over the global economy and monsoon. "It is no doubt disappointing," **Finance Minister Pranab Mukherjee.** While commenting on GDP data for the April-June quarter, which showed that growth of the country's economy slowed down to 7.7% in the first quarter of FY'12 from 8.8% in the corresponding year-ago period.

### The Eight Core Industry

The eight core infrastructure industries expanded by 7.8% in July, against 5.7% in the same period last year, on healthy growth in electricity, steel and cement production.

The core infrastructure industries had expanded by 5.2% in the previous month. The eight industries, crude oil, petroleum refinery products, natural gas, fertilizers, coal, electricity, cement and finished steel, have a weight of 37.90% in the overall Index of Industrial Production.

Electricity, steel and cement output grew by 13%, 15.5% and 10.6% in July respectively, according to the provisional data released today. In the same month last year, electricity production had grown by 4.2%, while steel and cement sectors had contracted by 2.9% and 0.2% respectively. Crude oil production grew by 1.4% in the month under review against 15.8% in the comparable period of last year.

Petroleum refinery products output too grew by 3.9% against a growth of 13.7% in the same month last year. However, natural gas and fertilizer output contracted by 8.2% and 1.6%, respectively. During April-July 2011-12, the growth of core industries slowed down to 5.8% from 6.5% in the same quarter last year.

Sources: Money Control, RBI, IBEF, SEBI, Annual Indian Economy, FICCI, Equity Master, OCED, Business Maps of India, Trading Economics.





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