

# Indbankonline

## MARKETS FOR YOU

Private Circulation only

July - 2012

Issue - 62

### From the President's Desk

*"There is a certainty to un-certainty"* goes a famous saying. The events of the past month have only reinforced my belief in the above saying. Yes, there indeed is some certainty. What prompts me to say this? The list is here

- The election in Greece was billed to be the battle between parties who were for the bail out and those against the bail out. The days building up to the elections, saw the leaders bracing out for all eventualities, including Greece exiting out of the Euro Zone. There were prolonged fears of the stability of the Euro Zone. It was soothed only after the Finance Ministers of the constituent countries and the IMF issued a statement saying that they are prepared for all eventualities. With the pro bail out parties winning the election, the fears have been laid to rest.
- The election in Egypt ended the months of political unrest and the impact it would have on the oil rich Arab countries. Oil went up on supply fears. Now, Muslim Brotherhood has won the elections and Mr. Mohammed Morsi is all set to take over as President of Egypt.
- Back home, the Reserve Bank of India, in its monetary review has clearly spelt its focus areas of controlling inflation and ensuring adequate liquidity in the financial system.
- After much discussions and deliberations, India is all set to have Mr. Pranab Mukherjee as its new President. This has given the much needed political stability and all the talk of an early election died down once it became clear that Mr. Mukherjee has the majority to get elected, although the question of who will succeed him remains.

Are these signs of good things to come? I feel it is and there is another saying to prove this - *"The only thing that does not change is change itself"*.

This is the time of the year, when Annual General Meetings are held. This gives the shareholders an opportunity to interact with the management of the companies. Sadly, the attendance of in the AGMs is dwindling every year. I take this opportunity to urge every investor to attend the AGMs and make their presence felt.

Last issue, we dealt with the advantages of investing in equity and the reasonable returns it gives, provided the decision is thoroughly researched. How to do it? We have begun a two part series on *"how to read an annual report"*, which I feel will be helpful in analyzing your investment decisions. Annual reports are an authentic source of information and on careful reading give an insight into the financial, managerial health and future plans of the company. These reports are also available on the websites of the companies.

Summarizing, get your hands on the reports and start reading and get ready to reap the benefits of your investments.

**HAPPY AND DILIGENT INVESTING**

**Banabihari Panda**

President and Whole Time Director  
Indbank Merchant Banking Services Ltd



**Mr. BANABIHARI PANDA**  
President & Whole time Director  
Indbank Merchant Banking Services Ltd

05/07/2012



**Our website : [www.indbankonline.com](http://www.indbankonline.com)**



## DOMESTIC DEVELOPMENTS

- \* Faced with huge protests, the Government cut the petrol prices by Rs. 1.67 (about Rs. 2 after taxes) per litre and further decrease around Rs. 3.00 was effected on June 30, 2012.
- \* In its quarterly monetary review on June 18, 2012, RBI maintained status quo keeping the policy rates unchanged. The highlights are:
  1. CRR – 4.75%; Repo Rate – 8.00%; Reverse Repo Rate – 7.00%; Base Rate – 10-10.50%.
  2. Significant slowdown in economic activity in 2011-12, particularly in investment.
  3. Highlights firm pressure on food, fuel prices and vegetable prices.
  4. Softening crude oil prices offset.
  5. Reduction in policy interest rates rather than supporting growth could exacerbate inflationary pressures.
  6. Continued support through OMO interventions.
- \* India's sovereign outlook lowered to Negative from Stable by Fitch Ratings.
- \* Prime Minister Dr. Manmohan Singh has said that the Government will soon outline projects like ports, power plants and other infrastructure projects to revitalize economy.
- \* The Finance Ministry announced austerity measures to cut non-plan expenditure by 10%. It has also barred the ministries and departments from holding conferences in 5-star hotels, buying new vehicles and travelling abroad unless absolutely necessary.
- \* RBI cancels the banking license of Madhavpura Mercantile Cooperative Bank as it failed to recover about Rs.1100cr from defaulters.
- \* IRDA has capped the agent's commission paid by insurers for selling policies with limited premium payment tenure.
- \* SEBI unveils guidelines for exit of Regional Stock Exchanges. Stock exchanges with annual turnover below Rs. 1000 Cr. can apply for voluntary surrender of recognition and exit the business at any time before the expiry of two years.
- \* Union Cabinet approves the National Telecom Policy 2012 that aims to abolish roaming rates in the country under its concept of One Nation – Free Roaming.
- \* Competition Commission of India (CCI) slaps a fine of up to 50% on the turnover on top cement companies over alleged price collusion in the cement industry.

## INTERNATIONAL DEVELOPMENTS

- ♦ China cuts its interest rates for the first time since 2008, stepping up efforts to combat a deepening economic slowdown.
- ♦ Eurozone finance ministers agree to lend Spain up to 100 billion Euros to shore up its ailing banks.
- ♦ The Federal Reserve will extend its Operation Twist program to extend the maturities of assets on its balance sheet and said that it is ready to take further action to revive the economy.
- ♦ Pro-bailout Parties win the Greek elections. Mr. Antonis Samaras becomes the 4<sup>th</sup> Prime Minister of Greece in 8 months.
- ♦ The Muslim Brotherhood claims victory in the Egyptian Presidential Elections. Mr. Mohamed Morsi, is set to become the Egyptian President

## OUTLOOK – Attractive Valuations

- ♦ Markets have rebounded from the lows hit in the previous month.
- ♦ Inflation and continuing slow down and interest rates are the major factors to watch out for.
- ♦ The GoIs commitment to achieve fiscal discipline and managing overall inflation expectation will be the key influencer.

## Snap Shots

Inflation (%)	7.55 (May 2012)	7.23 (April 2012)	7.23 (April 2012)	6.89 (March 2012)	6.89 (March 2012)
Particulars	22 <sup>nd</sup> June 2012	15 <sup>th</sup> June 2012	08 <sup>th</sup> June 2012	01 <sup>st</sup> June 2012	25 <sup>th</sup> May 2012
91-Day Cut-off (%)	8.3110	8.1439	8.2692	8.3946	8.3946
10-yr G-Sec yield (%)	8.3079	8.3125	8.3295	8.4052	8.5217
1-10 yr spread (bps)	12	33	7	11	9
USD/INR(Rs)	56.99	55.76	55.36	55.92	55.72
USD 6m LIBOR	0.74	0.74	0.74	0.74	0.74
10 Y US Treasury	1.67	1.59	1.64	1.47	1.75
USD/Euro Spot	0.797512	0.793903	0.802053	0.811557	0.797067

## Global Indices

Indices	Country	Index as on 23 <sup>rd</sup> May 2012	Index as on 22 <sup>nd</sup> June 2012	Variation (%) (Inc/ Dec)
NASDAQ	United States	2,850.12	2,892.42	1.48
DJIA	United States	12,496.15	12,640.78	1.16
S&P 500	United States	1,318.86	1,335.02	1.23
Hang Seng	Hong Kong	18,786.19	18,995.13	1.11
Nikkei 225	Japan	8,556.60	8,798.35	2.83
Straits Times	Singapore	2,780.42	2,828.09	1.71
FTSE 100	United Kingdom	5,266.40	5,513.70	4.70
CAC 40	France	3,003.27	3,090.90	2.92
DAX	Germany	6,285.75	6,263.25	(0.36)
Shanghai Composite	China	2,350.97	2,260.88	(3.83)
SENSEX	India	15,948.10	16,972.51	6.42
NIFTY	India	4,835.65	5,146.05	6.42

## Institutional Investments

(in May up to 22.6.2012)

Category	Debt / Equity	Gross Purchases (Rs Crores)	Gross Sales (Rs Crores)	Net Investment (Rs Crores)
FII Investments	Equity	34601.20	34832.50	(231.40)
	Debt	15554.60	13546.30	2008.50
Mutual Fund	Equity	6466.40	5927.80	538.50
	Debt	104168.90	54016.20	50152.80
FII Derivative Trades	INDEX FUTURES	INDEX OPTIONS	STOCK FUTURES	STOCK OPTIONS
- Buy	28108.32	283907.81	27128.60	17719.83
- Sell	27040.94	276619.19	26234.47	17716.82

## Editorial Team

**Banabihari Panda**  
President and Whole-time Director

**S. Rajalakshmi**  
SSO

# IPO and NFO Review

## GLOBAL NEWS

- Goodwill Hospital and Research Center, has again filed its DRHP with SEBI, after its IPO in January 2012, failed to evoke investor interest.
- Rashtriya Ispat Nigam Ltd. has deferred its IPO plans, due to poor market conditions and falling rupee.
- Fortis Health Care Ltd., is planning to list some of its non-core business and related assets on the Singapore Stock Exchange as a business trust. The listing is expected to raise approx. Rs. 2000 Crores.
- People Insurance Company of China, has authorized 14 banks to manage its \$6 Million IPO in Hong Kong and Shanghai. The IPO is touted to be one of the biggest listings in Asia.
- Reliance Communications Ltd., is gearing up to launch the IPO of its undersea cable unit in Singapore Stock Exchange.

## INDIAN NEWS

### New Listings

Company Name	Offer Price (Rs.)	Exchange	Listing Date	List Price (Rs.)	Latest Traded Price (22/06/2012)	% Change to List Price (Rs.)
Speciality Restaurants Ltd	150.00	BSE & NSE	30.05.2012	152.00	213.25	40.30
Monarch Health Services Ltd	40.00	BSE	30.05.2012	42.00	40.15	(4.40)

### FORTHCOMING CORPORATE ACTIONS

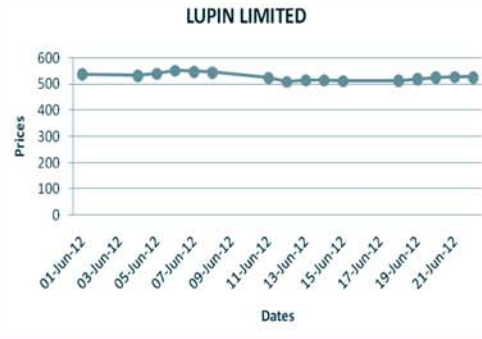

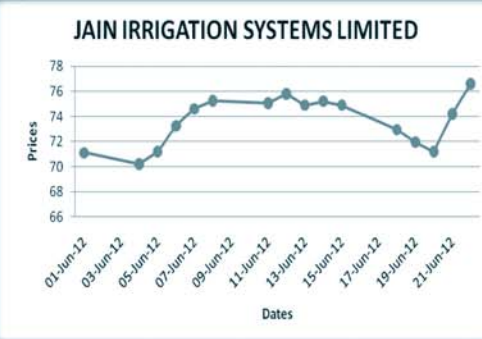

Company Name	Symbol	Record Date	Ex Date	Purpose
Persistent Systems Limited	PERSISTENT	18-Jul-12	17-Jul-12	Annual General Meeting / Dividend Rs 2.50 Per Share
Zylog Systems Limited	ZYLOG	03-Jul-12	29-Jun-12	Face Value Split From Rs 10 To Rs 5
National Oxygen Limited	NOL	27-Jun-12	26-Jun-12	Rights Issue In The Ratio of 3:5 @ Premium At Rs. 40 Per Share

### NEW FUND OFFERS

Scheme	Type	Class	Open Date	Close Date	Offer Price	Min. Inv. Amount
ICICI Pru US Blue Chip	Open	Equity-Diversified	18.06.2012	02.07.2012	10	5000
DSPBR FMP S59 12M	Close	Debt - FMP	28.06.2012	03.07.2012	10	5000
BirlaSL FTP S FF	Close	Debt - FMP	27.06.2012	04.07.2012	10	5000
DSPBR FMP S60 3M	Close	Debt - FMP	29.06.2012	04.07.2012	10	5000
Quantum Multi Asset	Open	Fund of Funds	22.06.2012	05.07.2012	10	500
Reliance FHF XXIS 13	Close	Debt - FMP	26.06.2012	05.07.2012	10	5000
ICICIPru FMPS64 367DG	Close	Debt - FMP	02.07.2012	05.07.2012	10	5000
BirlaSL CPO Series 10	Close	Debt - Income	25.06.2012	09.07.2012	10	5000



## OUR PICKS

<p><b>LUPIN LTD</b> World's 5<sup>th</sup> largest generic player by prescription and India's 7<sup>th</sup> largest formulations major.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>Strong Revenue visibility and robust product portfolio.</li> <li>Alliance with MNC's.</li> <li>Growth in Formulation business across geographies.</li> <li>Strong demand in India and USA.</li> <li>EPS: 19.40.</li> <li>PE Ratio: 27.60.</li> <li>Book Value: Rs. 92.00.</li> </ul>	<p><b>BUY – Long Term</b></p> <p>CMP : Rs. 527.35*</p> <p>Target : Rs. 655.00</p> <p>52W H/L : Rs. 574 / 409.5</p> <p>Potential Upside – 22%</p>	<p><b>LUPIN LIMITED</b></p>  <p>BSE Code: 500257      NSE Code: LUPIN</p>
<p><b>KEC INTERNATIONAL LTD.</b> A RPG Group Company. It is a player in Power Transmission and EPC Segment.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>Strong Order Book.</li> <li>Diversified Business Model.</li> <li>Opportunities in transmission space.</li> <li>Diversification plans across geographies.</li> <li>EPS: 8.10.</li> <li>PE Ratio: 6.30.</li> <li>Book Value: Rs. 43.80.</li> </ul>	<p><b>BUY – Long Term</b></p> <p>CMP: Rs. 56.50*</p> <p>Target: Rs. 82.00</p> <p>52W H/L: Rs.94/31.1</p> <p>Potential Upside – 61%</p>	<p><b>KEC INTERNATIONAL LIMITED</b></p>  <p>BSE Code: 532714      NSE Code: KEC</p>
<p><b>JAIN IRRIGATION SYSTEMS LTD.</b> Market Leader in Micro Irrigation and with robust financials during the last 5 years.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>Leadership Position in Micro Irrigation System segments.</li> <li>Strong presence in agro business.</li> <li>Diversifying into new geographies.</li> <li>Flexible and Scalable Business models.</li> <li>EPS: 7.30.</li> <li>PE Ratio: 9.70.</li> <li>Book Value: Rs. 40.30.</li> </ul>	<p><b>BUY – Long Term</b></p> <p>CMP: Rs. 76.60*</p> <p>Target: Rs. 100.00</p> <p>52W H/L: Rs.183.7/69.1</p> <p>Potential Upside – 40%</p>	<p><b>JAIN IRRIGATION SYSTEMS LIMITED</b></p>  <p>BSE Code: 500219      NSE Code: JISLJALEQS</p>
<p><b>GLENMARK PHARMACEUTICALS LTD.</b> Global integrated pharma Giant.</p> <p><i>Investment Rationale</i></p> <ul style="list-style-type: none"> <li>Highly lucrative specialty business.</li> <li>Successful API business, with launch of new products.</li> <li>Robust Financials.</li> <li>Value creation through innovation.</li> <li>EPS: 16.80.</li> <li>PE Ratio: 21.90.</li> <li>Book Value: Rs. 75.50.</li> </ul>	<p><b>BUY – Long Term</b></p> <p>CMP: Rs. 359.65*</p> <p>Target: Rs. 450.00</p> <p>52W H/L: Rs.386.5/265</p> <p>Potential Upside – 23%</p>	<p><b>GLENMARK PHARMACEUTICALS LIMITED</b></p>  <p>BSE Code: 532296      NSE Code: GLENMARK</p>

## OUR PICKS FOR MEDIUM TERM BUYING

<b>STATE BANK OF INDIA</b> India's largest commercial bank with network of over 13000 branches & 5 associate banks. <b>Stock Return</b> <ul style="list-style-type: none"> <li>● 3 Months – (9.10)</li> <li>● 6 Months – 21.30</li> <li>● 9 Months – 0.70</li> <li>⚡ Beta: 1.73</li> <li>⚡ Market Cap: Rs. 1346.00 Billion</li> <li>⚡ Enterprise Value: Rs. 1644.00 Billion</li> </ul>	BSE Code : 500112 NSE Code : SBI  CMP : Rs. 2153.00* Target : Rs. 2140.00 Stop Loss : Rs. 1950.00 52W H/L : Rs. 2350/1576
<b>BAJAJ AUTO LTD</b> India's 2- largest 2-wheeler and 1-3-wheeler manufacture company. <b>Stock Return</b> <ul style="list-style-type: none"> <li>● 3 Months – (15.30)</li> <li>● 6 Months – (9.80)</li> <li>● 9 Months – (1.30)</li> <li>⚡ Beta: 0.79</li> <li>⚡ Market Cap: Rs. 431.90 Billion</li> <li>⚡ Enterprise Value: Rs. 416.60 Billion</li> </ul>	BSE Code : 532977 NSE Code : BAJAJ-AUTO  CMP : Rs. 1546.90* Target : Rs. 1620.00 Stop Loss : Rs. 1450.00 52W H/L : Rs. 1839/1285.3
<b>TATA MOTORS LTD</b> India's largest automobile company, a leader in commercial vehicles segment. <b>Stock Return</b> <ul style="list-style-type: none"> <li>● 1 Month – (29.10)</li> <li>● 3 Months – (15.60)</li> <li>● 6 Months – 22.90</li> <li>⚡ Beta: 1.10</li> <li>⚡ Market Cap: Rs. 604.20 Billion</li> <li>⚡ Enterprise Value: Rs. 871.20 Billion</li> </ul>	BSE Code : 500570 NSE Code : TATAMOTORS  CMP : Rs. 247.00* Target : Rs. 250.00 Stop Loss : Rs. 215.00 52W H/L : Rs. 320.6/137.6
<b>TATA GLOBAL BEVERAGES LTD</b> Established in the year 1983, an emerging player in the global beverage market. <b>Stock Return</b> <ul style="list-style-type: none"> <li>● 1 Month – (9.70)</li> <li>● 3 Months – (14.20)</li> <li>● 6 Months – (19.60)</li> <li>⚡ Beta: 1.50</li> <li>⚡ Market Cap: Rs. 65.20 Billion</li> <li>⚡ Enterprise Value: Rs. 77.50 Billion</li> </ul>	BSE Code : 500800 NSE Code : TATAGLOBAL  CMP : Rs. 108.15* Target : Rs. 121.00 Stop Loss : Rs. 101.00 52W H/L : Rs. 128.7/80
<b>GAIL (INDIA) LTD</b> India's major integrated gas company with presence across the natural gas chain. Enjoys a market share of 70% in both gas transmission and marketing. <b>Stock Return</b> <ul style="list-style-type: none"> <li>● 3 Months – (5.20)</li> <li>● 6 Months – (17.60)</li> <li>● 9 Months – (22.30)</li> <li>⚡ Beta: 0.82</li> <li>⚡ Market Cap: Rs. 421.00 Billion</li> <li>⚡ Enterprise Value: Rs. 523.50 Billion</li> </ul>	BSE Code : 532155 NSE Code : GAIL  CMP : Rs. 340.85* Target : Rs. 371.00 Stop Loss : Rs. 318.00 52W H/L : Rs. 476.5/303.1
<b>JAIPRAKASH ASSOCIATES LTD.</b> Diversified Rs. 140 billion infrastructural industrial conglomerate. <b>Stock Return</b> <ul style="list-style-type: none"> <li>● 3 Months – (8.30)</li> <li>● 6 Months – (2.80)</li> <li>● 9 Months – (4.30)</li> <li>⚡ Beta: 2.12</li> <li>⚡ Market Cap: Rs. 145.20 Billion</li> <li>⚡ Enterprise Value: Rs. 596.40 Billion</li> </ul>	BSE Code : 532532 NSE Code : JPASSOCIAT  CMP : Rs. 71.10* Target : Rs. 76.00 Stop Loss : Rs. 65.00 52W H/L : Rs. 88.9/50.5
<b>FEDERAL BANK LTD</b> India's 4- largest bank in terms of capital base with a CAR of 16.64% as on 31.03.2012. <b>Stock Return</b> <ul style="list-style-type: none"> <li>● 1 Month – (2.00)</li> <li>● 3 Months – 14.00</li> <li>● 6 Months – 15.00</li> <li>⚡ Beta: 0.77</li> <li>⚡ Market Cap: Rs. 72.50 Billion</li> <li>⚡ Enterprise Value: Rs. 333.30 Billion</li> </ul>	BSE Code : 500469 NSE Code : FEDERALBNK  CMP : Rs. 437.50* Target : Rs. 475.00 Stop Loss : Rs. 407.00 52W H/L : Rs. 480/322.1
<b>ANDHRA BANK LTD.</b> One of India's oldest banks. <b>Stock Return</b> <ul style="list-style-type: none"> <li>● 3 Months – (15.20)</li> <li>● 6 Months – 24.30</li> <li>● 9 Months – (3.40)</li> <li>⚡ Beta: 1.47</li> <li>⚡ Market Cap: Rs. 64.50 Billion</li> <li>⚡ Enterprise Value: Rs. 140.10 Billion</li> </ul>	BSE Code : 532148 NSE Code : ANDHRABANK  CMP : Rs. 119.80* Target : Rs. 130.00 Stop Loss : Rs. 110.00 52W H/L : Rs. 139.6/79

For detailed analyst reports, please visit: [www.indbankonline.com](http://www.indbankonline.com) ⇨ Reports & Downloads ⇨ Equity Research \*Closing price as on 22.06.2012 on NSE



## Mutual Fund Corner

### Scheme of the Month

#### DSP BLACKROCK SMALL AND MID CAP FUND

**Fund Manager : Mr. Apporva Shah,  
Mr. Anup Maheshwari**

#### Investment Philosophy :

An Open ended equity growth scheme, primarily seeking to generate long term capital appreciation from a portfolio substantially constituted of equity and equity related securities, which are not part of top 100 stocks by market capitalization. From time to time, the Investment Manager will also seek participation in other equity and equity related securities to achieve optimal portfolio construction.

#### Current Statistics & Profile

Latest NAV	16.088 (22/06/12)
52-Week High	18.654 (22/07/11)
52-Week Low	13.754 (20/12/11)
Fund Category	Equity: Mid and Small Cap
Type	Open End
Launch Date	November 14 2006
Net Assets (Cr)	1179.73 (31.3.12)
Benchmark	CNX Midcap

#### Trailing Returns

As on 22.06.2012	Fund Return	Category Return
Year to Date	15.63	16.36
1-Month	(0.01)	2.96
3-Month	(4.07)	(1.98)
1-Year	(3.85)	(2.13)
3-Year	17.39	13.50
5 - Year	7.09	4.19
Return Since Launch 8.85		

Note: Return up to 1 year are absolute and over 1 year are annualized

#### Asset Allocation

As on 31/05/2012	% Net Assets
Equity	95.26
Debt	0.72
Cash & Cash Equivalents	4.01

#### Other Information

Minimum Investment	Lump Sum: Rs. 5000 Additional : Rs. 1000
SIP Availability	Available; Min. Amt.: Rs. 500; Min. Installments: 12
Option Available	Growth; Dividend (Payout & Reinvest)
Expense Ratio	2.00%

#### Fund Style

#### Portfolio Characteristic - As on 31.05.2012

#### Investment Style

Growth Blend Value


Large  
Medium  
Small  
Capitalisation

Avg. Market Cap – 3342.62 Cr

#### Market Capitalization

Mid – 67.77%

Small – 31.11%

Portfolio P/B Ratio – 2.94

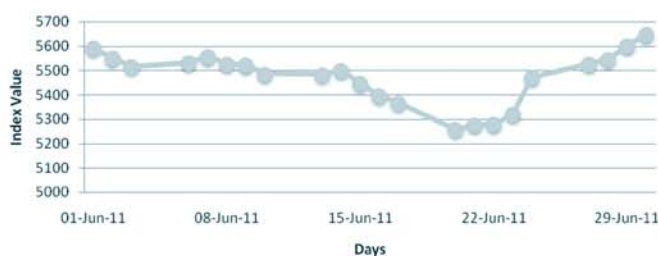
Portfolio P/E Ratio – 19.54

#### PORTFOLIO – Top 5 Holdings as on 31/05/2012

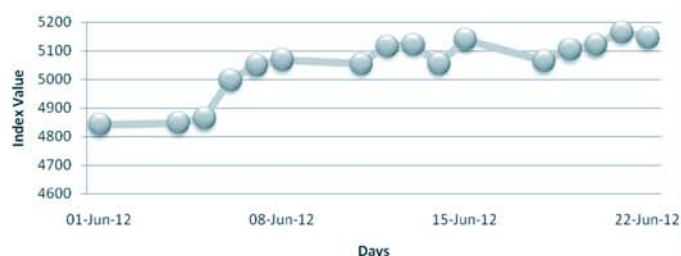
Name of Holding	Nature of Instrument	% Net Assets
Godrej Industries	Equity	3.92
Eicher Motors	Equity	3.64
Apollo Tyres	Equity	3.50
Gruh Finance	Equity	3.12
Max India	Equity	2.84

## NIFTY ON JUNE 2011 & IN JUNE 2012

### JUNE 2011



### JUNE 2012





## ANNUAL REPORTS

Last issue we discussed the advantages of investing in equity. We always urge the investors to analyze and take informed decisions on their investment. But how to analyze performance of listed companies is a big question? Hence begins our series on how to read Annual Reports of Companies?

### What is an Annual Report?

A Company's annual report encapsulates the performance of the Company over a specific period, usually a year. In India, the financial year starts on 1<sup>st</sup> April and ends on 31<sup>st</sup> March. An annual report provides a summary of exactly how the company has performed in the preceding year and also provides a glimpse into its future plans.

### Structure of an Annual Report

The Annual Report is usually arranged in the following order

1. **Company Information including its Board of Directors, Contact Details, Key Managerial Personnel, Registered Office of the Company, its Network etc.**
2. **Notice of the Annual General Meeting.**
3. **Directors Report.**
4. **Corporate Governance Report.**
5. **Management Discussion and Analysis.**
6. **Auditors Report.**
7. **Financial Statements – Balance Sheet, Profit and Loss, Cash Flow Statement and other schedules.**

Now let's start a detailed analysis of the individual heads

1. **Company Information including its Board of Directors, Contact Details, Key Managerial Personnel, Registered Office of the Company, its Network etc.**

The above gives a glimpse of the Management structure of the Company. In most of the companies, the Chairman and Managing Directors address the shareholders through a letter, expressing their candid views on the happenings of the past and also hinting on the future course of action.

2. **Notice of the Annual General Meeting**

Shareholders of every company meet at a pre-decided date, time and place to approve of the company's accounts in the last year and the details of the meeting is announced as a 'notice' in the annual report. According to Company Law, corporate actions like bonus, dividend, changes in the share capital, managerial remuneration, appointment of a new director/audit firm etc, requires the approval of the shareholders. Thus this section details the agenda to be transacted in the proposed Annual General Meeting. All these actions portray certain bearings directly or indirectly, on the market price of a company's share.

Of late, the AGMs of the companies have been thinly attended.

To increase the shareholders' participation, the Ministry of Company Affairs has initiated various measures, the most important of them being the provision of e-voting.

Through e-voting a shareholder can cast his vote electronically, from the comforts of his home/office. The National Securities and Depositories Limited (NSDL) has been appointed as the nodal agency for implementation of the e-voting. Through this, the ministry hopes to increase the participation of the shareholders in the decision making process of a company.

3. **Directors Report**

Simply put, this is a summary of the activities, operations undertaken by the company over the past year and their impact on the financial health of the Company. This section also provides a comparison of the financials with the previous year, enabling one to gauge the progress the company has made. It also includes key ratios, dividend proposed for shareholders, auditor's observations (if any), the director's responsibility statement and any key management decisions taken during the previous year.

*How the past indicators impact the business and what are the main key indicators to look for in this company are the crux of director's report.*

4. **Corporate Governance Report**

Company Law stipulates that every company has the following committees to transact specific business apart from the Board of Directors

#### ➤ **Audit Committee**

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit and management audit. The Committee acts a bridge between the management, the Board of Directors and the shareholders and ensures that proper disclosure of financial statements is done.

#### ➤ **Remuneration Committee**

The broad terms of reference of the Remuneration Committee is to determine and approve the remuneration payable to the managerial personnels of the Company within the provisions of the Companies Act, 1956 and any amendments thereto.

#### ➤ **Share Transfer and Investors Grievance Committee**

The Investors Grievances Committee performs the function of approving/rejection of transfers, transmission, transposition of shares, issue of duplicate shares in lieu of lost, mutilated share certificates, redressal of investor grievances and other issues relating to shares.

The track record of the complaints and the time in which it was addressed, gives a peek into the investor friendliness of the company.

We shall cover the balance topics in our next issue. Till then

**HAPPY READING AND ANALYSING!!!**

### **DISCLAIMER**

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