Indbankonline

MARKETS FOR YOU

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MESSAGE

इंडियन बैंक
Indian Bank

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ए. सुब्रमणियन
कार्यपालक निदेशक

Through the 1980's and well into the new millennium the world economy is witnessing a gradual power shift from the traditional Western Economies to Asia, especially in the eastern region and in India and China in particular. The key drivers for these changes are economic and political liberalization coupled with the availability of large pools of skilled manpower and sizeable domestic markets.

While the 70's and 80's was the era of conservative middle class trying to protect their savings earned through years of toil and labour, the new century heralds the dawn of the new Indian middle class. The age, income and changing perceptions of risks have all attributed to dramatic change in the risk profile of investors. The returns of banks and insurance no longer satisfy them; they are prepared to go the extra mile to make their money grow faster. The strength of the capital market, particularly the regulatory environment, has increased the level of confidence among common people, enough to make them look to the equity markets as an alternate source of savings and income. Mutual funds have given an entry ticket to those who do not fully understand the intricacies and nuances of the capital markets.

Today's investor is spoiled for choice. In addition to the traditional avenues of fixed deposits, insurance, gold and real estate, the investors now have the option of investing in stock markets (cash and derivatives), the commodity markets, mutual funds (equity, debt, gold and in the near future real estate), Portfolio Management Schemes etc.

This newsletter "Indbankonline" seeks to provide our clients on insight into various investment avenues, and to assist them in choosing the right investment option at the right time.

A. Subramanian
05 July, 2007

Indbank
Merchant Banking Services Ltd
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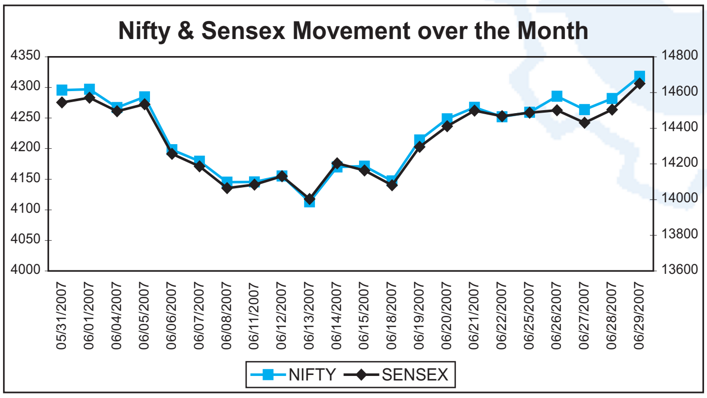
Markets Last Month

Indian Equity Market

Sensex lost 3.61% ending the first week with 507-point decline, on account of weak global markets and fears of liquidity contraction due to large IPOs that were about to get released during the month. The sell-off was triggered by the rise in US treasury yields and expectations of interest rate rise across economies, leading to fears of pullout from emerging markets. The losses in the mid and small cap indices were relatively lower compared to the broad indices.

Domestic markets were more volatile during the second week, on a positive note helped by a global recovery and positive economic data. Markets registered strong gains during the third week of the month, despite the weakness in the global markets, helped by FII flows and hopes that the interest rate cycle is close to the peak. The enthusiastic response from both institutional and retail players for the big equity issuances of DLF and ICICI Bank also boosted sentiment and reiterated the demand for Indian paper amongst global investors.

On 28th June, the Indian government acquired the RBI's stake in State Bank of India for Rs 35,531.33 Crores. The government purchased 31,43,39,200 equity shares (59.73% stake) at Rs.1130.35. Subsequently SBI's share price rose to Rs. 1525.3, a 3.74% increase.



Nifty & Sensex Movement over the Month

The Nifty index hit another all time high on the last day of the month at 4318.30, up by 22.50 points from the previous months close. Sensex closed at 14650.51 on the last day of the month.

Auto stocks which declined during the first two weeks of the month on reports of falling car sales, however recovered during the third week. Oil Refining & Marketing companies' shares declined due to downward revision in prices of aviation fuel. During the second week, Capital Goods, Metals and Consumer Durables stocks recovered after being hammered in the first week. IT stocks recovered till the second week of the month, as rupee weakened versus the US dollar whereas they took a beating during the third week of the month.

Institutional Investment - FII and MF Trend for the Month

During the month, FIIs remained net buyers in equity cash segment and net sellers in debt segment, whereas Mutual Funds remained net buyers both in equity and debt segment. Mutual Funds where net buyers despite the correction/profit-booking during the beginning of the month. During the second week, FII flows turned negative amidst global weakness in equity markets, as investors fretted over the rising yields across the world, and MFs continued to remain negative ahead of the two large IPOs. But during third week of the month, both FIIs and MFs turned optimistic on expectations of strong corporate performance and underlying strength in the Indian Economy. FIIs were net sellers in the last week and MFs remained net buyers. FII outflow could be attributed to rising interest rates at home and a flight from riskier assets.

FII-Cash & Debt segment

(Rs. Crores)

Month	Equity Gross Purchase	Equity Gross Sales	Equity Net Purchase/Sales	Debt Gross Purchase	Debt Gross Sales	Debt Net Purchase/Sales
June-07	45868.4	44536.0	1332.4	953.4	1494.8	-541.4

FII-Derivatives segment

(Rs.Crores)

Month	Index buy	Index sell	Stock buy	Stock sell
June-07	44804.2	43681.3	29013.5	31286.7

Mutual Fund- Cash & Debt Segment

(Rs. Crores)

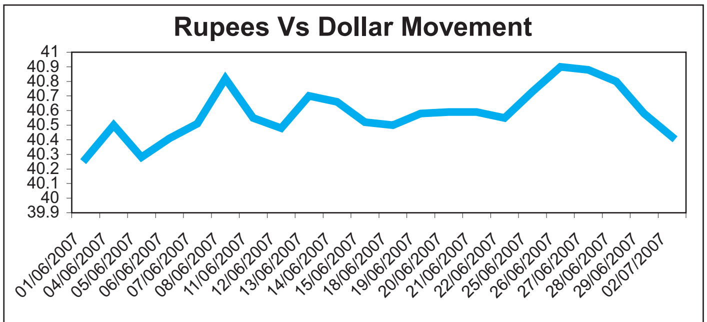
Month	Equity Gross Purchase	Equity Gross Sales	Equity Net Purchase/Sales	Debt Gross Purchase	Debt Gross Sales	Debt Net Purchase/Sales
June-07	10812.7	10263.0	549.7	23193.0	15031.9	8161.1

Indian Fixed Income Markets

10-year benchmark G-Sec yields rose on account of rising global bond yields and strong auction supply worth Rs.20500Cr inspite of fall in inflation during the first week. Liquidity stayed comfortable despite the bond issuances as RBI intervened in forex markets. Overnight rates stayed below 1%. This led to caution among market participants as they expected further liquidity-draining actions from RBI, in the form of a CRR hike or increased MSS supply. During the second week, 10-year benchmark G-Sec yields softened after the inflation slowed for the eighth week to the lowest level since Sept 06, luring investors to debt. At the beginning of the third week, the yield rallied to 8.286 in sharp contrast to the previous week lows. This was attributed to the back to back auctions held in the previous week. However, the yield remained range bound during the rest of the week. G-Sec yields remained range bound during the end of the month in the absence of fresh triggers.

Call rates stayed below 1% for the first three weeks, which was a fourth consecutive week signaling excess liquidity. Liquidity turned negative for the first time after several weeks during the last week of the month and banks borrowed from the Central Bank through the Repo window.

Cash Reserve Ratio and Interest Rates (per cent per annum)					
Item / week ended	1-Jun	8-Jun	15-Jun	22-Jun	29-Jun
Cash Reserve Ratio	6.5	6.5	6.5	6.5	6.5
Bank Rate	6	6	6	6	6
Minimum Term Lending Rate	10.25	10.25	10.25	10.25	10.25
Prime Lending Rate	12.75-13.25	12.75-13.25	12.75-13.25	12.75-13.25	12.75-13.25
Deposit Rate	7.50-9.00	7.50-9.00	7.50-9.00	7.50-9.00	7.50-9.00
Call Money Rate (Range)	0.10/8.10	0.50/4.00	0.50/4.75	0.15/0.50	0.75/3.50



Latest (29th June 2007)	Lowest (1st June 2007)	Highest (26th June 2007)
40.58	40.27	40.9

RBI had issued a circular asking companies to desist from issuing hybrid instruments through the FDI route (optionally/partially convertible debentures) in overseas markets as these instruments are essentially fixed income in nature. Only instruments which are fully and mandatorily convertible into equity, within a specified time would be reckoned as part of equity under the FDI Policy and eligible to be issued to persons resident outside India under the Foreign Direct Investment Scheme.

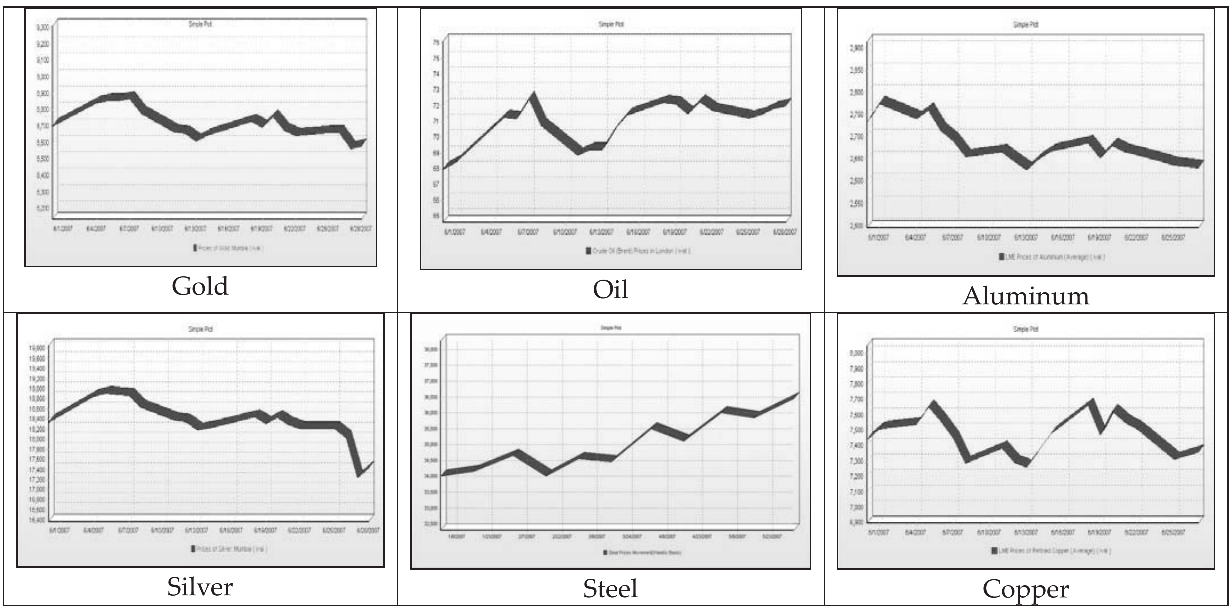
WPI-based inflation fell below 5% mark to 4.85% YoY as on May 26, lending comfort to the bond markets on RBI's monetary tightening stance. The high base effect coupled with govt's fiscal and monetary measures weighed the inflation down, especially the food articles group. The WPI based inflation rate rose 4.03% during the weekend June 16, lower than the previous week's annual rise of 4.28%, lowest levels in 14 months. RBI governor has reiterated the medium term inflation target at 4-4.5% and an optimal long-term target of 3% for smoother global integration.

INR weakened to Rs.41.15/$ on the back of fears of emerging markets pullout as USD strengthened globally during the first week of the month. However INR appreciated during the second and third week and ended at Rs. 40.58 on back of strong foreign inflows.

Commodity Markets

Oil prices moved higher on geopolitical and supply disruption concerns, but lost ground towards the end of the first week. After having jumped to $67 a barrel, crude prices plunged by more than $2 on news that Cyclone Gonu had spared major oil installations in the Gulf of Oman. Oil prices, during the second week of the month, moved higher as US government report indicated refiners are not producing enough gasoline to meet demand-sparked supply, for this summer. During the third week of the month, oil prices closed at $69.14 the highest close for the front-month oil contract. Crude oil rose to a 10-month high during the end of the month. Prices climbed above $70 for the first time since September after an Energy Department report showed that U.S. gasoline supplies fell last week as refinery operations rose.

Commodities Movement over the last month



Metal prices also moved up during the month, touching their highest levels since April. Copper prices were more volatile during the month due to fears of copper glut.

The Indian commodity exchanges are awaiting Government approval for introducing options trading, carbon credit and weather indices.

The MD of NCDEX, at a summit, voiced his opinion, to include Mutual funds, financial institutions, banks and foreign institutions that are currently barred from investing in commodities. Their participation would bring down the volatility in commodities future trading.

Global Market

Global markets, especially Asian and other emerging markets fell due to concerns over rising interest rates and increase in attractiveness of US treasuries. US Treasury yields moved to multi-year high earlier in the second week amidst concerns that demand from Asian Central Banks is drying up, before stabilizing at lower levels thereby reducing the bond prices. US equity markets reacted negatively due to the strong economic data as it raised concerns on inflation staying high. NZ's Central Bank surprised markets during the first week of the month, by raising its key interest rate to a record high 8% from 7.75% and also the ECB raised its key rate by 25 bps to 4%.

Bond yields in the Euro zone, UK, Japan, and other economies advanced, due to expectation that Central Banks gradually would continue to hike interest rates so as to limit inflation during the first week. European government bonds logged their steepest quarterly decline in almost eight years during the last week of the month, as quickening economic growth and inflation increased the likelihood that the European Central Bank will increase interest rates further.

During the second week of the month, Global equity markets took solace from the relative stability in the bond markets. The rally was fueled by a decline in the Federal Reserve's preferred measure of inflation to a three-year low.

U.S. stocks rallied and the S&P 500 Index posted its biggest weekly gain since April after easing concern of an interest rate hike during the third week. Equity markets in Europe declined on concerns about the impact of rising rates, oil prices on corporate earnings and worries about sub prime mortgages during the second and third week of the month. Shares in Hong Kong moved up sharply after the Chinese government issued guidelines for overseas investment by domestic investors, as Chinese companies listed in Hong Kong are expected to be the initial beneficiaries. Asian shares advanced after Japan's Central Bank kept interest rates steady and hinted that a hike wouldn't come in July.

Talks collapsed at Potsdam during the third week, Germany bringing an end to efforts of G-4 to reach consensus on Doha round of WTO talks, which began in Nov 2001.

US trade deficit shrank during the first week of June, as the weak dollar helped trim imports and boost exports. The USD strengthened while treasury prices fell. The US dollar continued to benefit even during the second week of the month, from higher bond yields. Japanese Yen hit multi-year lows against major currencies during the third week of the month, due to a possible rise in carry trades. The weak Yen along with expectations that economic recovery will be sustained pushed the Japanese equity markets higher. The US Major currencies index fell by 0.3% during the third week

Indices	Country	Index as on 31st May	Index as on 29th June
NASDAQ	United States	2606.28	2618.33
DJIA	United States	13633.08	13446.75
S&P 500	United States	1530.23	1,503.34
Hang Seng	Hong Kong	20634.47	21772.73
Nikkei 225	Japan	17875.75	18138.36
Straits Times	Singapore	3511.13	3,548.20
FTSE 100	United Kingdom	6635.00	6547.00
CAC 40	France	6105.02	6016.41
DAX	Germany	7882.54	7959.62

IPO and NFO Review

Two major IPO's held during the month - DLF and ICICI Bank, whose subscription were 3.47 times and 12 times of their issue size, respectively. There were totally 10 public issues, of which, Vishal Retail Ltd was subscribed upto 65 times. Spice Communication and Roman Taramat were subscribed around 30 times of their issue size. The remaining issues were hovering around 3 times subscription of their issue size.

Primary Market raised a record Rs 22,503 Crores in June beating the highest monthly mark of Rs 11,403 Crore recorded during March 2004.

Open Issues

Company Name	Issue Type	Face Value (Rs.)	Premium (Rs.)	Issue Open	Issue Close
Allied Digital Services Ltd.	Public Issue (B)	10	170-190	02/07/2007	05/07/2007
Bharat Earth Movers Ltd.	Public Issue (B)	10	1020-1090	27/06/2007	03/07/2007
Housing Development & Infrastructure Ltd.	Public Issue (B)	10	430-500	28/06/2007	03/07/2007

Forthcoming Issues

Company Name	Issue Type	Instrument Type	Face Value (Rs.)	Premium (Rs.)	Issue Open	Issue Close
Everonn Systems India Ltd.	Public Issue (B)	Equity Share	10	125-140	05/07/2007	11/07/2007

New Listing

Company Name	Offer Price (Rs.)	Listing Date	List Price(Rs.)	Last Traded Date	Last Traded Price (Rs.)	% Change
Meghmani Organics Ltd.	19	28/06/2007	33.25	29/06/2007	25.95	36.58
Nelcast Ltd.	219	27/06/2007	252	29/06/2007	188.7	-13.84
Decolight Ceramics Ltd.	54	19/06/2007	70	29/06/2007	37.9	-29.81
Glory Polyfilms Ltd.	48	18/06/2007	48	29/06/2007	52.05	8.44
Time Technoplast Ltd.	315	13/06/2007	489.8	29/06/2007	573.85	82.17
Nitin Fire Protection Industries Ltd	190	05/06/2007	332.5	29/06/2007	401.9	111.53
Navin Fluorine International Ltd.	60	01/06/2007	344	29/06/2007	360.35	500.58
Accurate Transformers Ltd.	15	13/06/2007	27.55	29/06/2007	26.25	75.00

The government is planning to allow selected asset management companies to invest the dollar funds of individual investors, in schemes dedicated to overseas investment. It may specify an overall cap of USD 5 billion on such investment. RBI and SEBI have set up a joint committee to work out the guidelines in this regard. The USD 5 billion cap is expected to be over and above the USD 4 billion that Indian mutual funds can currently invest in foreign equities.

Market regulator Securities and Exchange Board of India (SEBI) has extended the deadline for mandatory quoting of Permanent Account Number (PAN) by mutual fund investors till December 31 provided they give proof of application made for getting PAN, but Mutual fund investors investing more than Rs 50,000 anyways required to quote PAN under regulatory norms. The mutual fund industry has been demanding level playing field for all investors, including those in banking and insurance sectors.

NFO

Scheme	Type	Class	Open Date	Close Date	Price (Rs.)	Amount (Rs.)
ICICI PruFMP S3618MB	Close	Debt - FMP	11/06/2007	02/07/2007	10	5000
Birla FTP Series 10	Close	Debt - FMP	29/06/2007	03/07/2007	10	5000
HSBC FT Series 32	Close	Debt - FMP	29/06/2007	03/07/2007	10	10000
Kotak Gold ETF	Open	Special Fund	20/06/2007	04/07/2007	100	5000
DSP ML FTP S 3D	Close	Debt - FMP	25/06/2007	05/07/2007	1000	25000
Birla SunLife CPO 3Y	Close	Debt - Income	20/06/2007	06/07/2007	10	5000
Reliance Equity Adva	Open	Equity - Diversified	12/06/2007	10/07/2007	10	5000
UTI FI Interval MS1	Inter	Debt - Income	20/06/2007	10/07/2007	10	10000
HSBC FT Series 31	Close	Debt - FMP	29/05/2007	12/07/2007	10	10000
Opti DynaMM FOF SIII	Close	Debt - FMP	18/06/2007	17/07/2007	10	5000
HDFC FMP 367D Jun07	Close	Debt - FMP	04/06/2007	18/07/2007	10	5000
HDFC FMP 36M Jun07IP	Close	Debt - FMP	04/06/2007	18/07/2007	10	10000000
Tata FHF S8 Plan I	Close	Debt - FMP	20/06/2007	19/07/2007	10	10000
UTI India Lifestyle	Close	Debt - FMP	02/07/2007	25/07/2007	10	5000
Lotus India Growth	Open	Equity - Diversified	09/07/2007	19/07/2007	10	5000

A total of 62 schemes were launched during the month of June - 8 Equity schemes comprising of 3 long term close ended and 5 open ended schemes, and 54 Debt schemes (as against 91 schemes, launched in May) comprising of 40 short term close ended schemes, 8 long term close ended schemes and 6 open ended schemes.

The total AUM of the mutual fund industry dipped by 3.22% to Rs 4,00,842 Crores. Of the 32 mutual funds, 14 registered a rise in AUM in June 2007 over May 2007 and rest showed a decline in their AUM. There were 13 fund houses with AUM above Rs 10000 crore, Of these, eight registered net outflow in June 2007 compared with May 2007, when all fund houses witnessed net inflow.

Mutual Fund Corner

Scheme for the Month

Standard Chartered Premier Equity-G

(Open Ended Equity Diversified)

Fund Manager : Rajiv Anand

The Standard Chartered Premier Equity Fund (SCPEF) was launched in September 2005 with a stated objective of Long-term wealth creation. The strategy was to identify well - run companies with strong management and exhibiting high growth rates and hold these stocks over a longer term and generate wealth rather than churn the portfolio to extract short-term returns.

Current Stats & Profile	
Latest NAV	Rs. 17.4736 (29/06/07)
52-Week High	Rs. 17.4736 (29/06/07)
52-Week Low	Rs. 9.0627 (24/07/06)
Fund Category	Equity: Diversified (Midcap)
Type	Open End
Launch Date	September 2005
Net Assets (Cr)	Rs. 196.45 (31/05/07)
Benchmark	BSE 200

Investment Objective:

The Scheme would seek to generate long-term capital growth from an actively managed portfolio of predominantly equity and equity related instruments. The Scheme portfolio would acquire, inter alia, small and medium size businesses with good long term potential, which are available at cheap valuations. Such securities would be identified through disciplined fundamental research keeping in view medium to long-term trends in the business environment. As the scheme would be sold to investors with a long-term investment horizon, it is also expected that the portfolio would remain relatively more insulated to day-to-day redemption pressures.

Trailing Returns		
As on 29 Jun 2007	**Fund**	**Category**
Year to Date	32.21	9.95
1-Month	12.72	2.96
3-Month	35.42	18.07
1-Year	84.13	47.43
3-Year	--	47.49
5-Year	--	42.83
Return Since Launch	**37.41**	--

Returns upto 1 year are absolute and over 1 year are annualised

Fund Style

Investment Style

Growth Blend Value

Growth	Blend	Value	CAPITALIZATION
			Large
	■		Medium
			Small

Portfolio Characteristic

The fund will normally invest 65%-100% in Equity and Equity related instruments, 0% - 35% in debt and money market instruments, 0%- 35% in securitised debt instruments.

Investment in Foreign Debt Instruments - Upto 35% of the net assets of the scheme

Investment in Derivatives - Upto 50 % of the net assets of the scheme

Investments in Securities Lending - Upto 35% of the net assets of the Scheme

Investments in ADRs/GDRs issued by companies in India/ Equity of listed overseas companies as permited by SEBI regulations - Upto 50% of the net assets of the Scheme

Top Holdings

As on 31/05/07

Name of Holding	Instrument	% Net Assets
Deep Industries	Equity	5.72
Educomp Solutions Ltd.	Equity	5.4
Mphasis	Equity	4.89
Exide Inds.	Equity	4.66
Areva T&D India	Equity	4.27
Maharashtra Seamless	Equity	4.01
Television Eighteen India	Equity	3.98
Page Industries	Equity	3.78
Global Vectra Helicorp	Equity	3.74
Pantaloon Retail (India)	Equity	3.73
Export-Import Bank	Non Convertible Debenture	3.57
Madras Cements	Equity	3.36
3M India	Equity	3.33
Entertainment Network India	Equity	3.11
Alphageo (India)	Equity	3.02
Deccan Chronicle Holdings	Equity	2.99
CONCOR	Equity	2.9
Voltamp Transformers	Equity	2.7
Spicejet	Equity	2.67
Global Broadcast News	Equity	2.64
Centurion Bank of Punjab	Equity	2.55
Pfizer	Equity	2.21
Suzlon Energy	Equity	1.86
Srei Infrastructure Finance	Equity	1.83
Apollo Tyres	Equity	1.74

Sector Weightings

As on 31/05/07	% Net Assets
Services	43.25%
Basic/Engineering	13.49%
Financial Services	8.84%
Construction	6.27%
Technology	4.89%
Metals & Metal Products	4.01%
Health Care	3.81%
Textiles	3.78%
Automobile	1.74%

Asset Allocation	
As on 31/05/07	% Net Assets
Equity	92.54
Debt	5.39
Others	2.07

Stock Watch

Mount Shivalik Industries Ltd

INDUSTRY : Breweries & Distilleries **HOUSE : Indian Private**

Company Profile

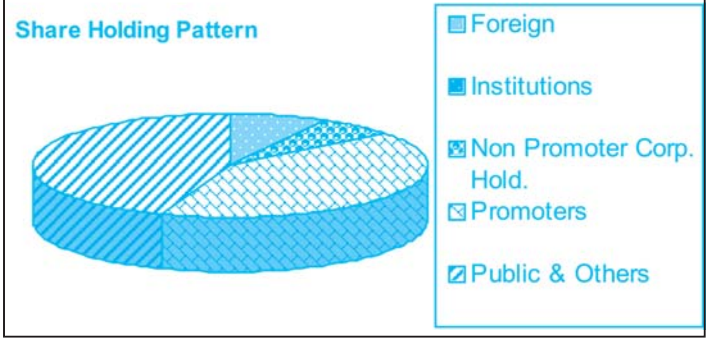
Mount Shivalik Industries Ltd.(MSIL), was incorporated in 1993 as a public limited company and was primarily engaged in the business of manufacturing beer. It was technically supervised by M/s Mount Shivalik Breweries Ltd, one of the promoters, which was already involved in the activity of manufacture of beer. Mount Shivalik Breweries Ltd (MSBL) had a technical assistance agreement with Mohan Meakins Ltd, a leader in the industry & a pioneer in breweries business. Originally the license was to implement the project was in favour of MSBL, which later on was transferred in the name of MSIL due to the main condition of the license, that the company needs to bring in 20% of the project cost as equity from NRI's and since MSBL is a closely held company and the management did not want to go for a public issue, a new company MSIL was incorporated to implement the license and later on the license was transferred in the name of MSBL.

Construction of MSIL Brewery began in 1994 and was commissioned in 1995. The brewery has an installed capacity of 1,50,000 hecto litres per annum and is claimed to be a state-of-the-art brewery equipped with the latest plant and machinery capable of producing beer of international standard. This Brewery is located at 140th Milestone, Delhi-Jaipur Highway.

MSIL has well established brands in the Beer Industry particularly in Strong Beer segment, where company has strong presence. In 2000, The Company forayed into the UK market with two of its strong beer brands (Thunderbolt and Golden Peacock). During the year 2004, the company had a technical collaboration with Cobra beer, which is one of the UK's fastest growing beer brands.

MSIL had entered into an agreement with "Stroh's Brewery Co., USA" to produce and market Strohs in India. To meet the International standards of Stroh Brewery Co., USA, manufacturing & R&D facilities at MSIL were further upgraded.

Share Holding Pattern



Group Activities:

For over three decades Mr. B. D. Bali has been at the helm of the group. A renowned name in the brewing industry, he has considerable experience in the beer and liquor industry.

Business activities/operations of the group were initially restricted to one business segment i.e. manufacture of and dealing in liquor. Later, as a part of diversification plans, they entered into hospitality business, the group had set up resorts having facilities of rooms, motel, a pub, beer garden, a fast food restaurant, health centre and other recreational facilities. The group, for this purpose had entered into a technical collaboration with one of India's leading hotel chain i.e. ITC. The first joint venture was established at Behror, Rajhasthan. A second similar project was set up near Chandigarh. These facilities would be known under the title "Welcome Stop" which will be first of its kind anywhere in the country. The company had also diversified into Eatout business by setting up a hotel project including Fast Food Joint, Restaurant, Bar and other Recreational facilities etc. adjacent to Brewery site at 140th Milestone in Delhi-Jaipur Highway.

Regulatory systems:

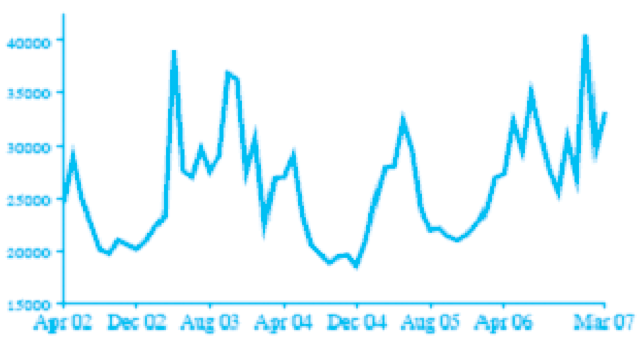
In the case of Beer Industry the State Governments formulate their own Excise Policies, which are changed every year. The control of production, sale and distribution of beer rests with the State Governments. Certain states have now liberalized the sale of beer by allowing retail distribution to private parties and also by reducing import fee and these conditions will result in higher growth of Beer industry.

Due to tough competition, stiff market conditions and ever changing taxation policies of the State Governments and different excise and sales tax levies, which varies from state to state, the company is facing some resistance particularly in Rajasthan state. The fluctuation in the price of inputs is another constraint faced by the Company. States like Gujarat, Manipur, Mizoram and Nagaland have enforced a total prohibition on sale and consumption of liquor. The Information and Broadcasting Ministry imposed a ban on liquor advertising with effect from 6 October 2000.

Industry profile

The Indian liquor market has been witnessing rapid growth for the last few years and also shows a further growth potential. As per the figures released by the Central Statistical Organisation, production of wines, spirit,beer & liquors increased by 17.5 per cent to 2.7 lakh kls in 2006–07 on top of an even more impressive growth of 27.4 per cent in the preceding fiscal. In the last seven years, wines, spirit, beer & liquors production has grown at a CAGR of 30.2 per cent. Demand for beer has been on a rise. The growing demand for liquor in India is also reflected in the sales performance of the listed beer & alcohol manufacturers. These companies have been recording double–digit sales growth for the last two years. January–March 2007 was yet another quarter of an impressive sales performance of the beer & alcohol manufacturers. Their aggregate sales grew by a sharp 41.7 per cent.

FIGURE 9.2: Beer production (kls)



Beer production rose by a robust 25.2 per cent to 3.7 lakh kls in 2006–07 as compared to a 9.3 per cent growth registered in the preceding year.

In May 2007, the government decided to cut Additional Customs Duty on imported wines and spirits by July 2007. The decision came in lieu of the WTO setting up a dispute settlement panel to study the European Union's petition against high import tariffs on wines and spirits imposed by India, which is not compatible with its international commitments. The removal of ACD on imported liquor would result in a loss of Rs.60 crore to the Central Government every year and is expected to make imported liquor cheaper. The government has decided to allow states to impose taxes on imported liquor equivalent to the levy on domestic wines and spirits.

Financial Snapshot :

(Rs. Crores)

	FY 2006-07	FY 2005-06	FY 2004-05	Q 200703	Q 200603
Equity	6.05	6.05	6.05	6.05	6.05
Networth	16.23	13.4	12.01	-	-
Capital Employed	NA	17.78	19.23	-	-
Net Sales	55.56	65.01	55.4	20.91	14.86
Rate of Growth(%)*	13.95%	17.35%	-	40.71%	
Other Income	0.55	0.61	0.31	0.12	0.33
PBIDT	4.29	4.59	2.77	0.86	0.42
Rate of Growth(%)*	24.62%	65.70%	-	104.76%	-
PBT	2.6	2.23	0.18	0.15	-0.22
PAT	2.83	1.38	0.21	1.01	-0.33
Rate of Growth(%)*	173.43%	557.14%	-	406.06%	-
Book Value (Rs)	26.83	22.15	19.85	-	-
EPS (Unit Curr.)	4.68	2.28	0.35	1.67	-0.55
PBIDTM(%)	7.72%	7.05%	5.00%	4.11%	2.83%
PBDTM(%)	6.66%	5.58%	2.76%	2.92%	1.55%
PATM(%)	5.09%	2.12%	0.38%	4.83%	-2.22%

*** Rate of Growth values are annualized for Comparison Purpose**

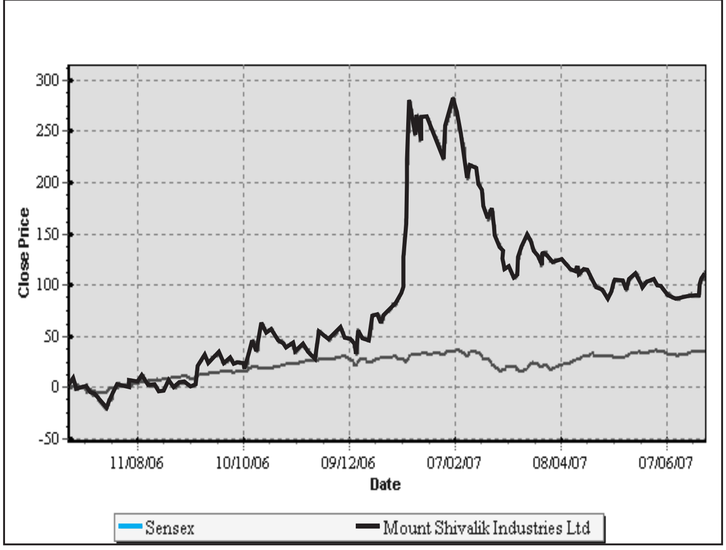
Mount Shivalik Industries' board at the meeting held on 29 January 2007, has changed the financial year of the company from 30 June to 31 March. Hence, current financial year will be of 9 months i.e from 1 July 2006 to 31 March 2007.

Mount Shivalik Industries reported net profit of Rs 1.01 crore in the quarter ended March 2007 as against net loss of Rs 0.33 crore during the previous quarter ended March 2006. Sales rose 40.71% to Rs 20.91 crore (14.86 Crores during March 2006 Quarter) in the quarter ended March 2007.

The PBDIT for the year ended Mar'07 was Rs 4.29 crores, which was 6.54%(9 months) lower as compared to the corresponding period last year. The ensuing PAT the year ended Mar'07 stood at Rs 2.83 crores, which was 105.07%(9 months) higher when compared with corresponding period last year.

Market Snapshot	
Market Data (As on 29-Jun-2007)	
Price (Rs)	77.1
Lat. P/E	16.5
Mkt. Cap.(Rs Cr)	46.65
Lat. BV(Rs)	26.83
52 W H/L(Rs)	147 / 27
Lat. EPS(Rs)	4.68
Lat.Eqty (Rs Cr)	6.05
BSE Code	507522
BSE Group	S

Market Snapshot



Unitech Ltd

INDUSTRY : Construction **HOUSE : Indian Private**

Company Profile

Unitech is engaged in civil engineering construction and housing development projects, construction of thermal power, steel, petrochemical plants and public utility buildings for a number of reputed public and private sector companies. Unitech has a diversified portfolio with presence in residential, retail, commercial, amusement parks, hotels and SEZs. But, residential projects still account for the maximum share in their total projects.

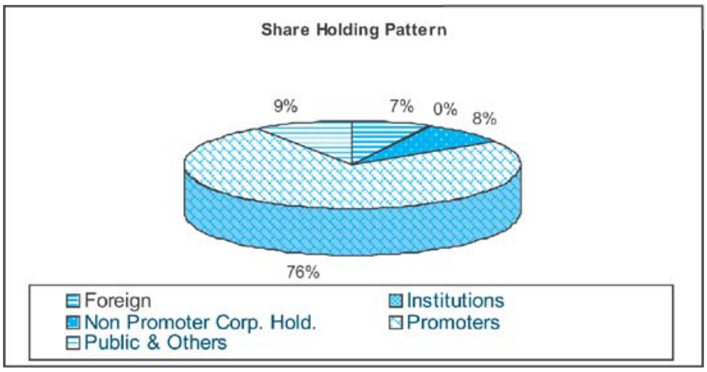
The decision to enter into real estate and housing development in 1986 helped it sustain its growth, in spite of drastic cuts in government expenditure in the early nineties. It went public in Sep.'92 to part-finance two major housing projects. Unitech believed in a diversified project-mix, which includes projects in a wide variety of industries.

During 1995-96,unitech was in limelight due to two major events - the company launched its prestigious mini-township-South City-II-on Sohna-Gurgaon Road and Hyundai Unitech Electrical Transmission became a subsidiary of Unitech.

The company also signed a joint venture agreement with Haryana Urban Developement Authority (HUDA) and First Capital Property Ventures Pvt Ltd, Singapore, to develop a technology park at Gurgaon, which will house the high technology industries, that was set up by domestic and international companies of repute.

It implemented large-scale real estate and housing development projects on the Delhi-Gurgoan road and at Lucknow, multi-storeyed apartments at Connaught Place, New Delhi, a housing complex at Virar, Bombay and at various prime locations in Bangalore, Lucknow, Shimla, Indore, Goa, etc.

Share Holding Pattern



Industry Profile

Real estate developers are increasingly facing the difficulty of financing their realty projects. Rising interest rates have rendered bank borrowings unviable. Banks have been cautioned by the RBI to reduce their exposure to real estate. Also, market watchdog, SEBI, has put initial public offers of real estate companies under close scrutiny. The market regulator has asked or greater transparency, especially with regard to the ownership of land. With many companies relying on the equity option to raise money, the funding problem has been compounded by the recent norms outlined by the government on external commercial borrowings. As per the guidelines proposed by the Finance Ministry, all foreign funds raised by Indian companies through the issue of 'partially convertible', 'non-convertible' and 'optionally convertible preference shares' will be treated as debt and will be subject to guidelines applicable for external commercial borrowings (ECBs). The move aims to curb the flow of foreign money into the Indian property market. It has also come at a time when realty developers are facing cash flow problems as higher home loan rates are making it difficult for them to pre–sell their residential projects. In the last two years, many real estate companies have issued instruments like optionally and partially convertible preference shares to foreign banks and overseas funds. These foreign investments were treated as equity and the proposals were cleared under the automatic route. These funds will now be treated as ECBs. This will make it tough for developers to access such funds since ECBs are permitted only for developing integrated townships of atleast 100 acres and is considered to be limiting as it cannot be used as working capital or for the prepayment of existing loans.

Milestones- Unitech:

Unitech built its first Amusement Park in Delhi. Spread over 62 acres, Rohini Amusement Park was open to public on the 14th of November, to commemorate Children's Day. The park, called the Adventure Island has 18 operational rides at present. Noida Amusement Park, Entertainment City, is spread over an area of 147 acres and is due to open in a couple of months. Unitech also recently won the tender to develop an amusement park in Chandigarh over an area of 73 acres.

Unitech opened its first retail malls in Delhi and Noida. Total leasable area of approximately 1,200,000 square feet has been fully let out. Mall in Noida, The Great India Place, spread across 1 million square feet, and was open to public on 22nd March 2007. Within two months of its launch, the footfall has reached 600,000 per month on an average, with around 55,000 on weekends. Mall in Rohini, Delhi named Metro Walk having an area of approx. 200,000 square feet opened to public in November 2006 and has been receiving accolades from both the retailers and customers for its unique design.

Unitech successfully launched several high-quality residential and commercial projects during the year 2006-07 like Habitat, Verve, Harmony, Fresco, Escape, Air, Downtown, Infospace, Business Zones, Arcadia, South City Gardens, Capella etc. The company forayed into development of hotels and entered into a Management Agreement with Marriott for managing four Courtyard hotels in Gurgaon, Noida and Kolkata. Also, the company signed up with Carlson Group for managing a Country Inn in Gurgaon.

Unitech has received an in-principle approval for development of Multi-Product SEZ at Kundli, Haryana over nearly 10,000 acres. In February 2007, Unitech members approved an investment of Rs 750 crore in New Kolkata International Development and enhanced the borrowing limit of the board to Rs 10,000 crore.

Financial Snapshot :

(Rs. Crores)

	FY 2006-07	FY 2005-06	FY 2004-05	Q 200703	Q 200603
Equity	162.34	12.49	12.49	162.34	162.34
Networth	1208.49	224.54	173.91	-	-
Capital Employed	NA	913.29	499.79	-	-
Net Sales	2503.97	653.13	509.33	848.71	208.05
Rate of Growth(%)	283.38%	28.23%	-	307.94%	-
Other Income	95.67	21.45	17.42	35.44	12.42
PBIDT	1508.13	143.75	63.27	545.49	71.34
Rate of Growth(%)	949.13%	127.20%	-	664.63%	-
PBT	1344.83	108.13	1066.6	469.36	56.74
PAT	983.56	69.65	29.92	357.09	35.46
Rate of Growth(%)	1312.15%	132.79%	-	907.02%	-
Book Value (Rs)	14.89	179.78	139.24	-	-
EPS (Unit Curr.)	12.12	55.76	23.96	22.00	2.18
PBIDTM(%)	60.23%	22.71%	13.24%	64.27%	34.29%
PBDTM(%)	53.89%	17.03%	8.94%	55.50%	27.93%
PATM(%)	39.28%	10.66%	5.87%	42.07%	17.04%

The jump in net profit and sales was also on account of the accounting practice in real estate. Realty firms can now book revenues from sales in proportion to the completion of the construction of a project.

Revenue recognition takes time. Revenues from some of the projects that Unitech had launched successfully two years ago in Gurgaon and Greater Noida have entered their books only in this fiscal.

For the quarter ended Mar'07, Unitech registered a 308% spurt in Net sales at Rs 848.71 crores, mainly triggered by the fabulous growth witnessed by the real estate segment. The operating profit thus registered a triple digit growth of 766% at Rs 510.05 crores. Raw material cost and other expenditure (as a % to sales) fell to 37.5% as against 68% during the last quarter. Other income zoomed up by 185% to Rs 35.44 crores, causing the PBT to register a growth of 723% at Rs 469.86 crores. This resulted in PAT for the quarter increasing by a whopping 907% to Rs 357.09 crores.

Net sales for the year increased by 283% to Rs 2503.97 crores. The operating profit rose to Rs 1412.46 crores as against Rs 122.30 crores in the previous year. Raw material cost and other expenditure as a % to sales fell to 41% as against 77.6% in the previous year. Interest cost increased by 388% to Rs 158.76 crores while depreciation increased by 46% to Rs 4.54 crores. PBT stood at Rs 1344.83 crores as against Rs 108.13 crores in the previous year. This ensuing in PAT for the period zooming to Rs 983.56 crores as against Rs 69.65 crores in the previous year.

Snapshot of Segment Results

	Quarter		Year	
	Sales	PBIT	Sales	PBIT
Real Esate Division	754.11	466.18	2207.65	1406.1
Construction	74.94	4.27	255.44	22.13
Consultancy	-	19.66	-	40.88

Unitech board, on 28-05-2007 recommended issuance of bonus shares in the ratio of 1:1. This is the second bonus issue by the company in the last 12 months (In June 2006, Unitech announced a stock split in the ratio of 1:5 and a 12-for-1 bonus issue). Dividend of 25% for the fiscal year ended March 2007.

The Unitech board has recently decided to cancel the existing authorized preference share capital. The board also decided to increase the authorized share capital from Rs 200 crore (after cancellation of preference shares) to Rs 500 crore.

Market Snapshot:

Market Data (As on 29-Jun-2007)

Price (Rs)	504.55
Lat. P/E	42.6
Mkt. Cap.(Rs Cr)	40954.32
Lat. BV(Rs)	14.89
52 W H/L(Rs)	624 / 157
Lat. EPS(Rs)	11.85
Lat.Eqty (Rs Cr)	162.34
Div. Yield (%)	0.52
BSE Code	507878
BSE Group	**B1**
NSE Symbol	UNITECH

The sudden boom in the real estate sector, lead UNITECH to a 22.13 per cent increase in the share price – to Rs. 504.55 from Rs. 392.85 as on Feb 2007.

Future Unitech:

Bullish on the retail and hospitality sectors, the company plans big-ticket investment in these sectors in the next two years. The realty company is looking to launch new projects in the next few quarters in state capitals and emerging cities such as Chennai, Kochi, Kolkata, Hyderabad and Bhubneshwar. Unitech Ltd is bringing the super-luxury chain of hotels, Ritz Carlton, to Kolkata's Royal Calcutta Golf Club. The club, reputed to be the second oldest golf club in the world, will be giving unitech six acres on perpetual lease for building the hotel.

Unitech is planning to develop approximately 6 lakh sq ft on the site, of which half will be for the hotel and the rest for serviced apartments. The 200-room hotel and serviced apartments will require an investment of Rs 500 crores, excluding the cost of the land. Construction for the hotel will begin this June and be completed by 2010.

Unitech is proposing to invest Rs 10,000 crores over four years for hotels and six to seven malls. The malls will be big-ticket projects, with a minimum built-up area of half a million square feet. The company has already acquired sites for 28 hotels.

US hospitality major Carlson picked 26% stake in a fresh venture with the Unitech group for introducing the Regent hospitality brand in India. The joint venture would be developing the luxury hotel property located at Greater Noida with an estimated investment of Rs 450 crore. For Carlson, which has global operations under brands such as Radisson, Park Plaza, Park Inn, Country Inns & Suites apart from Regent, this would be the first such equity venture in the country.

A clutch of private equity players including Goldman Sachs and Morgan Stanley are in fray to pick up to 49% stake in Carlson-unitech combine's premium luxury hotel project in Greater Noida. The deal size is expected to be between $20-22 million.

Beginners Corner

Financial Investment Options

Short-term investment options:

Savings bank account, money market/ liquid funds and short term fixed deposits with banks are considered to be as short-term financial investment options:

Savings Bank Account is often the first banking product people use, which offers low interest (4%-5% p.a.), making them only marginally better than fixed deposits. However, this is the very first step any person would take in the direction of investments. The surplus funds available yield a better return than simply lying idle. The fund invested in this account is placed in order to meet the very short-term needs on a day-to-day basis.

Money Market or Liquid Funds are a specialized form of mutual funds that invest in extremely short-term fixed income instruments and thereby provide easy liquidity. Unlike most mutual funds, money market funds are primarily oriented towards protecting your capital and then, aim to maximise returns. Money market funds usually yield better returns than savings accounts, but lower than bank fixed deposits.

Fixed Deposits with Banks are also referred to as term deposits and minimum investment period for bank FDs is 30 days. Fixed Deposits with banks are for investors with low risk appetite, and may be considered for 6-12 months investment period as normally interest on less than 6 months bank FDs is likely to be lower than money market fund returns.

Long-term investment options:

Post Office Savings Schemes, Public Provident Fund, Company Fixed Deposits, Bonds and Debentures, Shares, Mutual Funds etc.

Post Office Savings: Post Office Monthly Income Scheme is a low risk saving instrument, which can be availed through any post office. It provides an interest rate of 8% per annum, which is paid monthly. Minimum amount, which can be invested, is Rs. 1,000/- and additional investment in multiples of 1,000/-. Maximum amount is Rs. 3,00,000/- (if Single) or Rs. 6,00,000/- (if held Jointly) during a year. It has a maturity period of 6 years. A bonus of 10% is paid at the time of maturity. Premature withdrawal is permitted if deposit is more than one year old. A deduction of 5% is levied from the principal amount if withdrawn prematurely; the 10% bonus is also denied.

Public Provident Fund: A long term savings instrument with a maturity of 15 years and interest payable at 8% per annum compounded annually. A PPF account can be opened through a nationalized bank at anytime during the year and is open all through the year for depositing money. Tax benefits can be availed for the amount invested and interest accrued is tax-free. A withdrawal is permissible every year from the seventh financial year of the date of opening of the account and the amount of withdrawal will be limited to 50% of the balance at credit at the end of the 4th year immediately preceding the year in which the amount is withdrawn or at the end of the preceding year whichever is lower the amount of loan if any.

Company Fixed Deposits: These are short-term (six months) to medium-term (three to five years) borrowings by companies at a fixed rate of interest which is payable monthly, quarterly, semi annually or annually. They can also be cumulative fixed deposits where the entire principal along with the interest is paid at the end of the loan period. The rate of interest varies between 6-9% per annum for company FDs. The interest received is after deduction of taxes.

Bonds: It is a fixed income (debt) instrument issued for a period of more than one year with the purpose of raising capital. The central or state government, corporations and similar institutions sell bonds. A bond is generally a promise to repay the principal along with a fixed rate of interest on a specified date, called the Maturity Date.

Shares: Total equity capital of a company is divided into equal units of small denominations, each called a share. The holders of such shares are members of the company and have voting rights. The advantages of investing in stocks are as follows. Shares are highly flexible, can even sell them on the same day you buy them. And, lot of alternatives is available to choose from, for various profiles. For instance, if you like risk, there will be stocks that promise high returns in a short period of time. Conversely, if risk is not your cup of tea, you could go in for a safer bet, and be more patient in your wait for your returns. Remember, however, that you can never bring down your risk to zero in the stock markets.

Mutual Funds: These are funds operated by an investment company, which raises money from the public and invests in a group of assets (shares, debentures etc.), in accordance with a stated set of objectives. It is a substitute for those who are unable to invest directly in equities or debt because of resource, time or knowledge constraints. Benefits include professional money management, buying in small amounts and diversification. Mutual fund units are issued and redeemed by the Fund Management Company based on the fund's net asset value (NAV), which is determined at the end of each trading session. NAV is calculated as the value of all the shares held by the fund, minus expenses, divided by the number of units issued. Mutual Funds are usually long term investment vehicle though their some categories of mutual funds, such as money market mutual funds which are short term instruments.

Investment Tip for the Month:

Understand the Product You Are Investing In – Planning is the elementary step for investing in various avenues. It is preliminary to understand the product or service before investing in the same. Never invest in a product that you don't fully understand. Better avoid getting stuck into the hype surrounding a "hot investment" without doing adequate research.

Ask the seller to give written information about the financial investment, including the prospectus and financial statements. Such information is vital for many types of investments, including stock offerings and mutual funds. Perusal of the information is the crux to make final decision on investments.