Indbankonline

MARKETS FOR YOU

Private Circulation only October - 2007 Issue - 5

Dr. Raja J Chelliah

Chairman Emeritus,
Madras School of Economics,
Chennai-600025

The Growth of the Capital Market and Guidance for the Retail Investor

The tremendous growth and development of the Indian Capital Market is one of the success stories resulting from the Economic Reforms starting in the early Nineteen Nineties. The Bombay Stock Exchange, the older of the two stock exchanges, was a small bourse by world standard even by the late Nineteen Eighties. It has grown tremendously in size and reach, along with the National Stock Exchange (established only in the mid-nineties) and the two of them have occupied rank among the top ten biggest exchanges in the world by number of transactions.

When the economic reforms were inaugurated, it was apparently decided that short of full capital convertibility, capital investments will be allowed from external investors, though under proper licensing / registration. Internal rules were also liberated such as regulations concerning Public Issues, Issues of Bonus Shares, etc. Simultaneously, the functioning of the industrial sector was liberalized, and that sector began to grow faster. The retention of large public enterprises was another source of strength.

The largely successful operation of the stock market, in spite of a few drops and scandals, with the emergence of dividends and other returns from equity holdings speedily attracted the resources from the ordinary (household) source. The retail investors investing in substantial and increasing quantities in the stock-market (in equities as well as bonds) strengthened the stock markets as well as widened the avenues of earning of the ordinary, middle class householders.

The opening up the Indian stock market to foreign institutional investors does impart some degree of volatility to the market, but it does make available substantial additional resources to the corporate sector.

With this much of growth (a market capitalization of BSE at Rs. 45,38,005 crores at the end of August 2007) and varied activities with many private players, it was necessary to lay down an adequate set of regulations and establish agencies to enforce the regulations. The Chief Regulator is the Securities and Exchange Board of India.

The household investors bring in substantial resources to the capital market. Household sector savings (real and financial) now form around 69 per cent of gross domestic saving of this, financial savings are estimated to take up 52 per cent. It is wise policy to nurture and guide the retail investor. There are many regulations to protect the retail investors. Non-banking Merchant Banking Service Companies are the institutions, which are mainly guiding and servicing retail investors. They act as Depository Participants for the investors and also act as reliable brokers for sale and purchase of securities. They offer clarifications regarding rules. Apart from the assistance to the retail investors, they also perform many useful functions in the capital market such as managing IPOs and distributing mutual funds.

Indbank Merchant Banking Services Ltd. is one of the more prominent Merchant Banking Institutions in the country with an all-India base. It has branches in all the important capital centres. Being subsidiary of a prominent commercial bank is an advantage, because this institution derives strength from the parent bank, which is pursuing a wise policy of giving its support on merit and strength also comes from clients of the bank. Indbank Merchant Banking Services has now entered a fairly fast growth path with profit and I wish great success in the coming years.

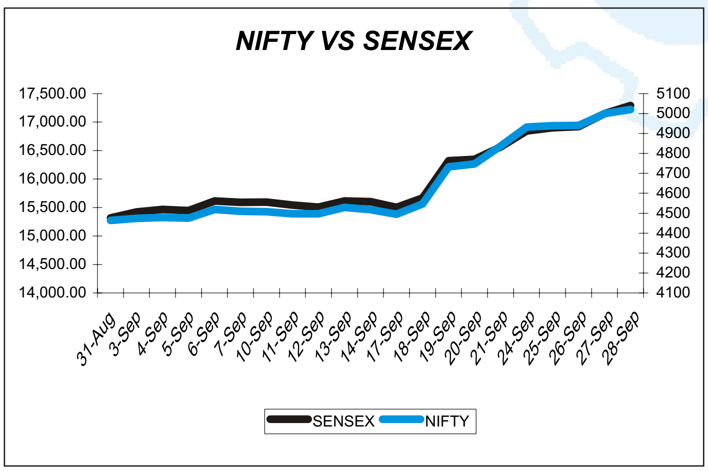
05/10/2007 **R.J. Chelliah**

Markets Last Month

Indian Equity Markets

In September '07, the market witnessed one of the quickest rallies in its history, where Sensex breached historic 17,000 level in just 5 days after reaching 16,000, registering the fastest 1000-points gain and Nifty rising above 5,000-points, achieving a growth rate of over 11%. Massive buying by foreign as well as domestic funds led markets to these historic highs.

Benchmark indices Sensex and Nifty rose by 1.7% and 1.0% during the first week of the month. The markets lacked fresh triggers both domestically and globally. Buying was seen in select stocks on news inflow. Sensex ended the second week marginally up 0.1% over the last week, as market remained volatile, tracking global markets and domestic political news. Cautious sentiment caused profit booking. The Sensex and Nifty closed at a new high on the last trading session for the third week. It recorded the highest weekly gain in more than 6 months and Sept 19's one-day gain was the highest since Jun 15. Markets reacted positively to the US Fed rate cut. FIIs showed increased interest in the Indian markets. Sensex and Nifty rose substantially by 6.2% and 7.1% during the third week. The Sensex surged 4.39% last week to close at a new high and it has been registering a new high for the ninth consecutive session. Liquidity was driving the markets as FII pumped in more than Rs.11300 crores since the Fed rate cut on Sept 18.



All sectors and indices gained for the first week. The BSE small cap gained the most with a 4.6% rise. Among sector stocks Consumer Durables and banking were the highest gainers. During the second week Metal stocks gained the most while IT stocks were the greatest losers. Oil stocks gained the most during the third week due to heavy buying especially in the last trading session, while IT stocks were battered as Rupee appreciation was seen as hurting profitability. Metal and banking stocks were highest gainers during the last week of the month, while FMCG stocks remained laggards. IT stocks continued to be out of flavour since a rising Rupee is expected to hurt corporate profitability. Lower than expected IIP numbers acted as dampeners. IIP grew at 7.1% YoY which is a 9-month low, showing signs of an economic slow-down.

Institutional Investments – FII's & MF's

FII's were net buyers throughout the month, FII inflow into equity markets is the highest for any year at $12.23bn YTD (as on Sep end). They have nearly equaled the total equity inflows for 2005, which was an all-time high during the last 2 weeks.

FII-Cash & Debt segment

(Rs.Crores)

Month	Equity Gross Purchase	Equity Gross Sales	Equity Net Purchase	Debt Gross Purchase	Debt Gross Sales	Debt Net Purchase
Sep-07	57074.0	44052.1	13021.9	3369.3	1033.8	2335.5

FII-Derivatives segment

(Rs.Crores)

Month	Index buy	Index sell	Stock buy	Stock sell
Sep -07	55179.5	42946.0	31260.73	35365.2

MF's were net sellers throughout the month, as they were booking profits at higher levels.

Mutual Fund- Cash & Debt Segment

(Rs. Crores)

Month	Equity Gross Purchase	Equity Gross Sales	Equity Net Sales	Debt Gross Purchase	Debt Gross Sales	Debt Net Purchase
Sep-07	14759	15551	-792	22395	14339	8327

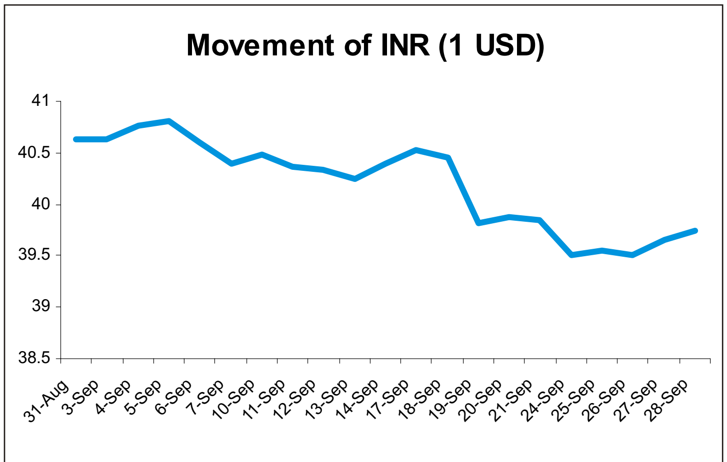
Indian Fixed Income Markets

10-year benchmark G-Sec yields remained range-bound during first and second week. The markets rallied a bit on first week's Friday on the back of benign inflation and a slower credit growth alleviating fears the RBI would further tighten liquidity in the immediate future. Yields pushed to the lowest in more than a month on Sept 10. During the week ended September 21st 2007, money market rates initially firmed up due to advance tax outflows and increased borrowings by banks. Subsequent RBI intervention in the forex market via dollar purchases stabilized the rates. Yield rose last week on expectation that RBI would resort to monetary tightening to rein in the rising Rupee.

WPI inflation for the week ended Aug 25 was at a 16-month low of 3.79% as prices of fruits and vegetables declined, for the week ended Sept 01, it was at a 2-year low of 3.52% as prices of vegetables and edible oils declined. The Weekly inflation figure was at 3.32% during the week ended Sep 07 and was at 3.23%, as of Sept 15 due to a fall in food and primary article prices. Credit growth was at 22.8% YoY as on Aug 31.

Forex reserves fell by $2 million in the week ended Aug 31 and stood at $228.85 billion. They were at $230.38 billion as on Sept 7, moved up by $1.81 billion and closed over $232 billion mark on Sep 14 and further moved up by $3.7 billion and closed over $235 billion mark on Sep 21.

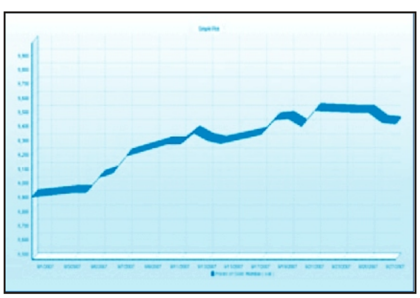
Rupee ended the first week at 40.70 against USD appreciating by 18 paise over previous week's close, ended the second week at 40.46 against USD appreciating by 24 paise over previous week's close. Rupee surged past 40 and limbed to a 9-yr high of 39.85 per USD during the third week. CHowever, central bank intervention capped further gains. Rupee ended at 39.91 during the third week. The rupee gained for the third week to its strongest in almost a month as FII continued pumping in currency to buy Indian stocks. The Rupee closed at 39.75 during the end of the month.



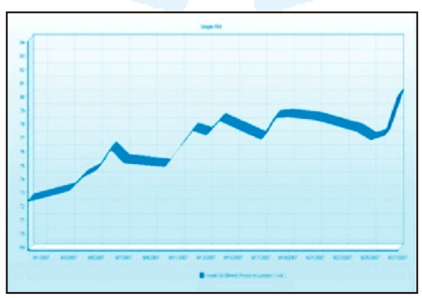
Latest (Sep 28)	Lowest (Sep 24)	Highest (Sep 04)
Rs. 39.75	Rs. 39.50	Rs. 40.08

Commodity Markets

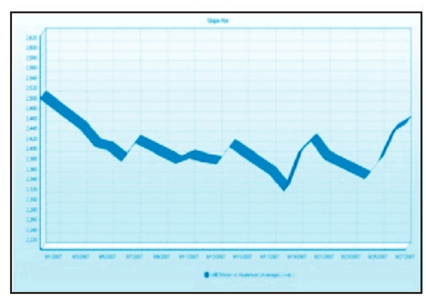
Crude oil prices rose to a four-week high as a hurricane in the Gulf of Mexico and OPEC's refusal to increase crude production raised supply concerns during the first week of the month. Rising US equity prices and a higher-than-expected decline in US gasoline inventories kept prices firm. Crude prices ended the first week in the range of USD 76.50 – 77.00 a barrel, higher than previous week's level of USD 73.75 – 74.25 per barrel. However, prices rose to a record over US $80 a barrel during the second week of the month, as the increase in production was expected to be insufficient to meet winter demand. Prices eased marginally thereafter as a hurricane passed over



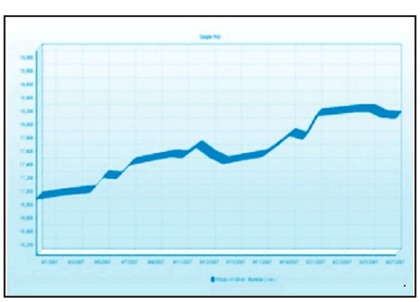
Gold



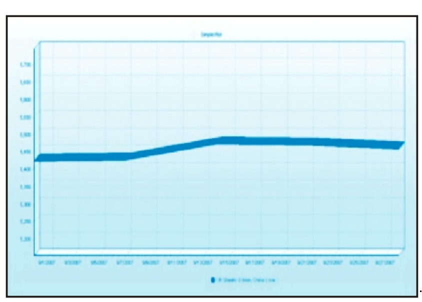
Oil



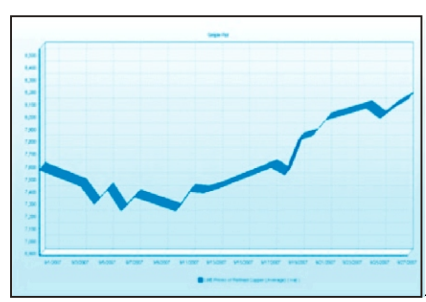
Aluminum



Silver



Steel



Copper

US without damaging oil rigs and refineries. Crude prices ended the week in the range of USD 79.00 – 79.50 a barrel. Concerns over a winter supply squeeze took crude prices to historic highs during the third week. Further, Fed funds rate cut reduced concerns over US economic slowdown. With oil companies idling more than 800,000 barrels a day of output in the Gulf of Mexico because of a storm threat, crude prices reached new record high levels. On the last trading day, prices fell on speculation of overvaluation of crude. Crude prices ended the third week in the range of USD 83.00 – 83.50 a barrel. With the storm threat receding in the Gulf of Mexico and on signs of crude production being sufficient to meet winter demand, prices eased during the fourth week of the month. However, weakening US dollar spurred commodities demand and led to firming up of prices towards the end of the month. Crude prices ended the month in the range of USD 81.50 – 82.00 a barrel.

Global Markets

The US markets were range bound till first week Thursday. Stocks fell on Friday after a labour dept. report showed US employers cut 4000 jobs. The employment data revive concerns of a looming recession in the world's strongest economy. The yield on the benchmark 10-year treasury note lost 14 basis points to 4.38% on Friday, near the lowest since January 2006. US stocks climbed 2.4% during the second week on speculation the Fed will cut rates by at least 0.25% in its meeting on Sept 18. This was its biggest weekly gain since April 2007. US stocks climbed 2.8% during the third week, largest weekly gain in more than 6 months, after Fed cut the discount rate and the fed funds rate by 50 basis points to preemptively direct the economy away from an economic recession. US markets rose 0.5% for the last week of the month on speculation the Fed would extend further rate cuts before year-end as the US economy faces threat from a slump in the housing sector. The revised figures showed US economy grew at an annualized rate of 3.8% in the April-June quarter, down from an earlier estimate of 4%.

In the US treasury market, yields firmed up at the start of the month as data indicating expansion in the manufacturing sector in the month of August drew investors away from treasuries. However, later in the week, release of weak housing and employment reports raised expectations of a Fed funds rate cut and non-farm payrolls data pushed short-term yields to a two-year low and raised recession fears. Yield on benchmark 10-yr treasury ended the week 16 bps lower at 4.37% during the first week of the month. Aggressive rate cuts of upto 50 bps by US Fed led to further easing of yields in the second week. Yields hovered around 19-month low levels ended the second week at 4.47% and third week at 4.63%. Yields eased during the last week on the back of weak US economic data releases and ended at 4.58%.

The rate cuts announced by the US Federal Reserve provided an impetus to equity markets across the world and confidence increased that central banks might be able to ensure orderly functioning of the credit markets and stave off recession trends. The gains across regions helped the MSCI AC World Index add 3.21% and emerging markets benefited from the easing liquidity conditions. The rate cuts pushed the dollar sharply down against major currencies, especially the Euro. The Dollar fell to an all-time low versus the Euro on Sept 12 as traders expect the Fed to cut rates.

Global Indices

Indices	Country	Index as on 31st August	Index as on 28th Sep	Variation (%) (Inc/ Dec)
NASDAQ	United States	2588.93	2713.61	4.82%
DJIA	United States	13351.48	13914.40	4.22%
S&P 500	United States	1,457.61	1,526.75	4.74%
Hang Seng	Hong Kong	23984.14	27142.47	13.17%
Nikkei 225	Japan	16569.09	16785.69	1.31%
Straits Times	Singapore	3392.91	3,706.23	9.23%
FTSE 100	United Kingdom	6304.70	6454.90	2.38%
CAC 40	France	5654.69	5714.22	1.05%
DAX	Germany	7645.15	7853.58	2.73%
SENSEX	India	15318.6	17291.1	12.88%
NIFTY	India	4464	5021.35	12.49%

The European Commission cut its growth estimate for the euro after the collapse of the U.S. sub-prime market raised borrowing costs worldwide.

Northern Rock Plc, one of the largest British mortgage lenders, was bailed out by the BOE, when the lender applied to the central bank for cash, to come out of a liquidity crunch. This was the biggest bailout by BOE in the last 30 years.

Major central banks of the world kept rates unchanged even as concerns of the US housing slump threatened of a curb in economic growth globally. The ECB and BOE kept key rates unaltered at 4% and 5.75% respectively.

The gains in Japanese markets were relatively lower due to the recent strength in Yen and the related concerns for exporters. Chinese and Hong Kong markets continued to move up. ADB has revised GDP projections for Asia (ex- Japan) to 8.3% from 7.6%, for 2007, indicating that South Korea, Philippines and Indonesia are likely to exhibit good growth apart from China and India.

IPO and NFO Review

A total of 8 IPO's(7 IPO's through Book Building & 1 IPO through Fixed Price) were issued during the month. Of which, 4 IPO's were subscribed more than 50 times of its issue size and 2 IPO's for more than 25 times. Kaveri Seed Company Ltd, was over subscribed for less than 5 times.

Open Issues

Company Name	Issue Type	Face Value (Rs)	Premium (Rs)	Issue Open	Issue Close
Circuit Systems (India) Ltd	Public Issue	10	25	27/09/2007	5/10/2007
Maytas Infra Ltd.	Public Issue (B)	10	320-370	27/09/2007	4/10/2007

New Listing

Company Name	Offer Price (Rs.)	Listing Date	List Price(Rs.)	Last Traded Date	Last Traded Price (Rs.)	% Change
Magnum Ventures Ltd.	30	20/09/2007	36.8	28/09/2007	33	10.00%
Indowind Energy Ltd.	65	14/09/2007	75	28/09/2007	114.95	76.85%
Motilal Oswal Financial Services Ltd	825	11/09/2007	911.1	28/09/2007	1094.2	32.63%

Bonus and Dividend Announcement

Symbol	Series	Record Date	Ex Date	Purpose
ASHAPURMIN	EQ	19/10/2007	18/10/2007	BONUS 1:1
BATLIBOI	EQ	04/10/2007	26/09/2007	FV SPLIT RS.10/- TO RS.5/
ELECON	EQ	11/10/2007	10/10/2007	BONUS 2:1
GMRINFRA	EQ	08/10/2007	28/09/2007	FV SPLIT RS.10/- TO RS.2/
HCLTECH	EQ	24/10/2007	23/10/2007	1ST INTERIM DIVIDEND
INFOSYSTCH	EQ	19/10/2007	18/10/2007	INTERIM DIVIDEND
JAICORPLTD	EQ	12/10/2007	05/10/2007	FV SPL-RS10TORE1/BON-1:1
KERNEX	EQ	17/10/2007	16/10/2007	BONUS 1:10
KIRLOSOIL	EQ	27/10/2007	25/10/2007	BONUS 1:1
MANINDS	EQ	16/10/2007	09/10/2007	FV SPLIT RS.10/- TO RS.5/
OPTOCIRCUI	EQ	26/10/2007	25/10/2007	BONUS 1:2
PENINLAND	EQ	23/10/2007	16/10/2007	FV SPLIT RS.10/- TO RS.2/
TV-18	EQ	18/10/2007	17/10/2007	BONUS 1:1
VALECHAENG	EQ	05/10/2007	04/10/2007	BONUS 1:2
WSTCSTPAPR	EQ	02/11/2007	26/10/2007	FV SPLIT RS.10/- TO RS.2/

Though september proved to be a historical month of the year 2007 for the markets, similar rise is not seen in the Asset under Management (AuM) of mutual fund industry. The MF industry in India posted a marginal rise of 2.20% in the AuM status.

As per the data released by the Association of Mutual Funds (AMFI), AuM of all the AMC`s (Asset Management Companies) increased by 2.20% to stand at Rs 4,777.37 billion at the end of September 2007 as compared to Rs 4,674.32 billion in August 2007.

A total of 45 schemes were offered during the month, comprising of 10 Short Term Closed Debt schemes, 21 Long Term Closed Debt schemes, 7 Open ended Debt schemes, 4 Open ended Equity schemes and 3 Close ended Equity schemes.

NFO

Scheme	Type	Class	Open Date	Close Date	Offer Price (Rs.)	Min. Inv. Amount (Rs.)
ABN AMRO China-India	Open	Equity - Diversified	03/09/2007	01/10/2007	10	500
BenchmarkEqDeriOppor	Open	Equity - Diversified	10/09/2007	01/10/2007	10	10000
Opti MultiM FOF S IV	Close	Funds of Funds	03/09/2007	05/10/2007	10	5000
HDFC FMP 18M Sep07	Close	Debt - FMP	27/09/2007	08/10/2007	10	5000
DSP ML FTP S 3H IP	Close	Debt - FMP	14/09/2007	10/10/2007	1,000.00	10000000
BirlaSunLifeInterEqA	Open	Equity - Diversified	17/09/2007	16/10/2007	10	5000
Tata Indo-Global Inf	Close	Equity - Diversified	03/09/2007	16/10/2007	10	10000
LotusIndiaInfrastruc	Close	Equity - Diversified	25/09/2007	24/10/2007	10	5000
Optimix Eq MM FOF S2	Close	Funds of Funds	12/09/2007	26/10/2007	10	5000

Scheme for the Month

Reliance Diversified Power Sector

(An open-ended Power Sector Scheme)

FUND MANAGER : Sunil B Singhania

Reliance Power Fund proposes to invest in various segments of the Indian power sector.

Broadly, power sector companies can be segregated into those operating in the following genres:

Current Stats & Profile	
Latest NAV	55.77 (28/09/2007)
52-Week High	55.77 (28/09/2007)
52-Week Low	29.2925 (28/09/06)
Fund Category	Equity: Sector Specific
Type	Open End
Launch Date	April 2004
Net Assets (Cr)	1,790.26 (31/08/07)
Benchmark	SENSEX & S&P NIFTY

1. Power Generation, including those companies that are engaged in renovation and modernization of existing plants.
2. Power Transmission
3. Power Distribution, including retail supply of power
4. Power Trading
5. Financing / Funding power projects
6. Power Equipment
7. Power Technology
8. Emerging genres that will evolve as the Indian power sector develops

Investment Objective

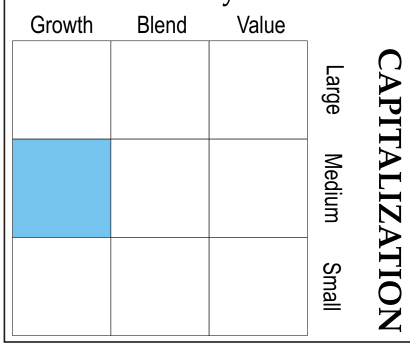
The primary investment objective of the scheme is to seek to generate continuous returns by actively investing in equity / equity related securities or fixed income securities of power and other associated companies.

Trailing Returns			
As on 30 Sep 2007	Fund (absolute)	Relative to Sensex	Relative to Nifty
3 months	27.23	9.21	10.95
6 months	62.21	29.94	30.81
1 year	90.4	50.74	49.81
3 years*	72.87	31.32	34.17
Inception*	65.93	26.1	29.85

*Returns upto 1 year are absolute and over 1 year are annualized.

Fund Style

Investment Style



Portfolio Characteristic

0 - 80% in Equity & Equity related securities

0-20% in Debt and money market instruments with an average maturity of 5-10 yrs.

Top Holdings

Name of Holding	Instrument	% Net Assets
Others	Cash	31.65
Reliance Energy	Equity	7.40
Torrent Power	Equity	5.98
Jindal Steel & Power	Equity	5.69
Jai Prakash Associates	Equity	5.09
A B B	Equity	4.57
Suzlon Energy	Equity	4.42
Voltamp Transformers	Equity	4.41
Crompton Greaves	Equity	3.81
Siemens	Equity	3.76
Cummins India	Equity	3.49
Punj Lloyd	Equity	3.31
Others	Equity	2.83
Areva T&D India	Equity	2.71
C E S C	Equity	2.35
B H E L	Equity	2.11
I C I C I Bank	Equity	1.49
Oil & Natural Gas Corpn.	Equity	1.38
Jai Balaji Industries	Equity	1.30
Apar Industries	Equity	1.23
Emco	Equity	1.05

Sector Weightings	
As on 31/08/07	Net Assets %
Electrical & Engineering	35.42
Energy	17.11
Metal & Steel Products	6.99
Diversified	4.06
Construction	3.31
Banking & Financial Services	1.49

Voltas Ltd

INDUSTRY : Diversified - Mega **HOUSE : Tata**

Promoted in 1954 by Tata Sons and Volkart Brothers, a Swiss firm operating in India since 1851. Voltas is India's premier engineering company of the Rs. 400 billion Tata Group, one of India's largest and best known conglomerates. Voltas has established a strong leadership presence as India's premier air-conditioning company and as a provider of engineering and back-up services. Voltas was once considered the consumer durable face of the Tata group. But over the years, the company has successfully transformed into a major engineering company. It is now undertaking large electro-mechanical projects not only in India, but in a major way in the Middle East.

In the air conditioner segment, the company enjoys a track record of undertaking contracts in 30 countries worldwide and has earned the reputation of performing the contracts on time. It has a very strong presence in Middle East and South-East Asian countries, where the majority of the revenue is now coming from.

The engineering products and services division consists of two revenue streams: manufacturing and service. In the service sub-segment, Voltas represents over 40 world leading manufacturers. The company provides a complete solution of supplying, installing equipment and maintenance. It operates as a complete product support arm for textile machinery, tools, earth-moving equipment, material-handling equipment and construction equipment. In the manufacturing division, Voltas manufactures various material-handling equipment including forklifts and provides an end-to-end service in this segment. Due to the ongoing capex boom, this division has good growth in terms of sales as well as profitabilty.

Its products include Room Airconditioner and Refrigeration Equipment, Water Coolers, Forklift Trucks, Cranes, Pumps and Modular Office Furniture Systems. The products has the stamp of automated manufacturing plants bearing ISO 9001 certification, resulting in consistent high quality and reduced costs. The company's potent lie in design and manufacture of industrial equipment, management and execution of electro-mechanical projects, sourcing, installation and servicing of technology based systems and representation of global technology leaders, serving diverse industrial sectors and application. The Company's sourcing and marketing operations cover Textile Machinery, Machine Tools, Mining and Construction Equipment, and Industrial Chemicals. In these sectors, Voltas demonstrates its specialised engineering expertise, as well as its extension network of global sources.

The Indian subsidiaries of the company are Simto Investments Company Ltd, Auto Aircon (India) Ltd, Agro Foods Punjab Ltd, Westerwork Engineers Ltd and the foreign subsidiaries are Metrovol FZE (UAE), VIL Overseas Enterprises B.V. (The Netherlands), Voice Antilles N.V. (Netherlands Antilles) and Weathermaker Ltd.

In its pursuit of latest world-class technologies, Voltas has entered into numerous international tie-ups with Hitachi for absorption machines and chillers, Standard Refrigeration for direct expansion chillers and Dunham Bush for screw chillers, sulzer for pumps, Lista for office furniture. It also has joint ventures with Fanuc Limited (Japan), General Electric (USA), Air International Group (Australia).

In 1998-99, Voltas undertook a restructuring program, and sold its white goods business to Electrolux and transferred its chemicals plant at Patancheru to Ralchem, a subsidiary of Rallis India. The company also sold the thermostat division to UK-based multinational and divested its stakes in a couple of loss-making subsidiaries.

The company entered into an agreement with Fedders Corporation, USA to form a joint venture for the manufacture of a range of room air conditioners in India. The joint venture had an equal holding by Voltas and Fedders. The Joint Venture company Universal Comfort Products Private Ltd commenced its operations in Oct. 2001. In July 2002, the company entered into a JV agreement with Sermo Montaigu of France and formed a JV, Sermo-PM India Ltd.

With effect from 1st April, 2001 Voltas International Ltd merged with Voltas Ltd. The company has secured two major electro-mechanical contracts of which the company is a sub-contractor to an European main contractor in the Al Udeid Defence Project at Doha in Qatar with a contract value of Qatari Riyals 172 million (Rs.2313 million). The company's wholly owned subsidiaries Virat and VSL were amalgamated with Voltas with effect from 1 April, 2002.

In the overseas market, Voltas is better known as a mechanical, electrical and public works contractor, including HVAC services. Of the total current order-book of Rs 2,400 crores, about Rs 1,300 crores is derived from international markets. Among its overseas markets, Voltas can be expected to benefit from the construction boom in West Asia.

Voltas plans to venture aggressively into water management business as the Company is confident that this business holds lot of potential. Also, with a number of new airports expected to come up in the short-term, Voltas is likely to be a beneficiary of the same. Already, the Company has won projects of the value of Rs 160 crores in electro mechanical projects for the Hyderabad airport and appears keen to participate in the bidding for Mumbai and Delhi airports as well. With the upgradation and modernisation of airports in India gathering pace, Voltas may see increased bidding opportunities in this area. The company's earlier airport projects such as the Bahrain International airport and the new airport in Hong Kong, are likely to serve as reference points and give it the edge.

Shareholding Pattern:

Category of shareholder	Total number of shares	% of shares
Shareholding of Promoter and Promoter Group		
Bodies Corporate	90393480	27.32%
Public shareholding		
Mutual Funds/ UTI	18931649	5.72%
Financial Institutions/ Banks	472929	0.14%
Insurance Companies	42204438	12.76%
Foreign Institutional Investors	99223864	29.99%
Bodies Corporate	12379698	3.74%
Individuals	67278682	20.33%
TOTAL	330884740	100.00%

Future Outlook

The Company has laid out a capex of around Rs 50-60 crores for the current fiscal year. The investment would be primarily for the expansion of existing facilities. The company expects the cold storage industry to show robust growth in the next two years. Voltas has expertise in this category and is therefore likely to benefit from growth in this industry.

Voltas is set to commission three units in Uttaranchal. The first unit has commenced in the first quarter of FY 2007 and the other two units in the second half of FY 2007. All units in Uttaranchal enjoy 100% excise benefit over 10 years and pay no income-tax for the first five years and get a 30% tax rebate over the next five years.

The Uttranchal plants will manufacture air-conditioning equipment for the electromechanical division, commercial refrigerators and water coolers. These units will support Voltas aggressive expansion plans not only in electromechanical projects, but also in expanding its market share in branded air-conditioners/coolers for retail and commercial applications.

Voltas, is part of the international JV undertaking the MEP (Mechanical, Electrical & Public Health) for currently the world's tallest high-rise building Dubai's Burj Tower. The MEP sub-contract, valued at approximately Rs 1000 crores, is being expected by Voltas in a JV with Emirates Trading Agency (Dubai) and Hitachi Plant Engin & Construction Company (Singapore).

The Company has launched a total of 17 new models this year. With a target of achieving 20% market share, the Company has also put in place an aggressive distribution strategy to increase the number of Channel Partners from the current 3000 to about 4000 next year. Voltas currently have 16 per cent market share, two per cent above the last fiscal.

Industry Outlook

The Indian Heating Ventilation and Air-conditioning (HVAC) market is dominated by Voltas, Blue Star and Carrier. The demand for office space, largely driven by the IT and IT-enabled service companies, has led to huge potential for the HVAC players. With few organised players in this sector, the above-mentioned companies should, among them, share the business opportunities. This apart, the increasing number of malls and multiplexes and the upcoming Special Economic Zones offer much scope for the HVAC business. Voltas has already executed projects in these segments.

Brisk growth in demand has led to robust rise in production of refrigerators. During the April-June 2007 quarter, refrigerator output rose by 30.4 per cent over and above a 23.8 per cent growth recorded in the year-ago period. The aggregate output for the quarter stood at 21.8 lakh units. Imports for the period April-February 2006-07 increased by 40 per cent over a 51 per cent erosion in the year-ago period. Exports have grown exponentially at 73 per cent over the period. As per Associated Chambers of Commerce & Industry, air conditioners would continue to be the growth driver for white goods registering a rise of 32 - 35 per cent in 2007- 08. As per the industry body, refrigerators would be the next fastest growing segment clocking growth of 18 - 22 per cent during the year. The company faces stiff competition in the room air-conditioning segment from Chinese products and the unorganised market. This may cause pressure in pricing and, consequently, margins. Any political unrest in West Asia or slowdown in construction in the region would affect revenue flow for Voltas.

Financial Performance

For the quarter ended June'07, Voltas reported a 42% increase in net sales at Rs 824.93 crores. With margins soaring by 440 bps to 8.9%. The Net profit finally stood at Rs 52.16 crores, up by 140%.

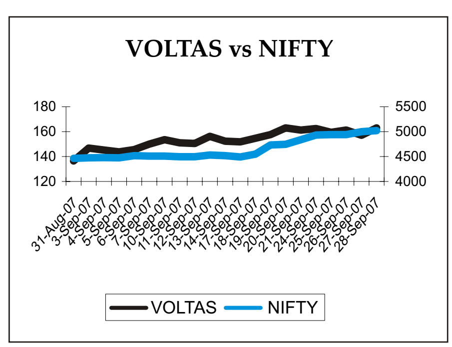
Financial Snapshot				(Rs. crores)	
	FY 2006-07	FY 2005-06	FY 2004-05	Q 200706	Q 200606
Equity	33.07	33.06	33.05	33.07	33.06
Networth	380.75	241.41	193.51	-	-
Capital Employed	462.89	313.42	299.92	-	-
Net Sales	2400.55	1853.14	1386.66	824.93	580.4
Rate of Growth(%)	29.53%	33.64%	-	42.13%	-
Other Income	166.76	85.18	40.15	9.23	10.58
PBIDT	242.16	107.08	74.8	82.76	36.7
Rate of Growth(%)	126.15%	43.16%	-	125.50%	-
PBT	222.51	91.39	57.54	78.94	32.3
PAT	186.08	70.49	50.41	52.16	21.75
Rate of Growth(%)	163.98%	39.83%	-	139.82%	-
Book Value (Rs)	11.51	73.02	58.55	-	-
EPS (Unit Curr.)	5.63	21.32	15.25	1.58	6.58
PBIDTM(%)	7.10%	7.01%	5.19%	10.03%	6.32%
PBDTM(%)	6.80%	6.77%	4.72%	9.95%	6.28%
PATM(%)	5.29%	4.75%	3.50%	6.32%	3.75%

For the year ended March 2007, the sales witnessed an increase of 30% to Rs 2400.55 crores and Other income increased to Rs 166.76 crores. Thus PBT after EO was inflated by 143% to Rs 222.51 crores and Resulting PAT of Rs 186.08 crores, up by 164%. On a y-o-y basis, the margins were higher.

The Directors have recommended a dividend of 100% for the year ended March 31, 2007 (previous year 60%) on the equity shares of Re.1/- each of the Company.

Market Snapshot

Market Data (As on 28-Sep-2007)	
Face Value (Rs.)	1
Price (Rs)	162.95
Lat. P/E	35.7
Mkt. Cap.(Rs Cr)	5392.02
Lat. BV(Rs)	11.51
52 W H/L(Rs)	166 / 75
Lat.Eqty (Rs Cr)	33.07
Div. Yield (%)	0.61
BSE Code	500575
BSE Group	B1
NSE Symbol	VOLTAS



Reliance Communication Ltd

INDUSTRY : Telecommunications - Service Provider **HOUSE: Anil Dhirubhai Ambani Group**

Reliance Communication Ventures Ltd was originally incorporated in the year 2004 as Reliance Infrastructure Developers Pvt Ltd. The company was converted into public ltd on 25.07.2005. The company is engaged in Telecommunication consequent to the scheme of arrangement with Reliance Industries Ltd, the company is vested with the Telecommunication Undertaking of RIL as defined in the scheme. The arrangement of demerger came into effect from 21st December 2005, between RIL and Anil Ambani group companies - Reliance Energy Ventures Ltd, Global Fuel Management Services Ltd, Reliance Capital Ventures Ltd and Reliance Communication Ventures Ltd.

Reliance Communications(RCOM) is one of the India's largest integrated communications service provider in the private sector. It has pan-Indian operations (wireless, wire line and long-distance voice, data, and internet communication services) as well as an extensive international presence (long-distance voice, data and internet services, and submarine cable network infrastructure). The wireless network of RCom covers over 6,000 towns across India, covering over 54% of the population. This is the largest wireless network in India in terms of coverage and capacity. The company owns and operates internet protocol (IP)- enabled connectivity infrastructure, comprising over 150,000 kilometers of fibre optic cable systems in India, US, Europe, Middle East and the Asia Pacific region. (world's largest)

The company plans to launch IPTV (Internet Protocol Television) and Direct To Home services in the December 2007 quarter.

RCom's capex strategy is now focused on GSM. Only a small minority of wireless capex (capital expenditure) will be for CDMA, and that too only when it is most cost-effective. The company will be investing US$ 2.5 billion, or about Rs 11000 crore, in the coming financial year ending March 2008 to support the expansion of it's India-focused businesses.

RCom recently issued Zero coupon foreign currency convertible bonds (FCCBs) amounting to US$ 1 billion. The conversion price was at Rs.661.23.

The RCom board is proposing a scheme to transfer its wireless towers and related infrastructure to a subsidiary. Sharing of new cell sites could result in capex saving of 30% and opex (operational expenditure) saving of 30-36%, while the sharing of existing cell sites could result in capex saving of 10% and opex saving of 15%-18%.

Share Holding Pattern

Sr. No	Category of shareholder	Number of shares	% of shares
(A)	**Shareholding of Promoter and Promoter Group**		
(a)	Individuals/ Hindu Undivided Family	9844989	0.50%
(c)	Bodies Corporate	1354944468	68.38%
(B)	**Public Shareholding**		
(a)	Mutual Funds/ UTI	58195794	2.94%
(b)	Financial Institutions/ Banks	2013231	0.10%
(c)	Central Government/ State Government(s)	2615999	0.13%
(e)	Insurance Companies	85693356	4.32%
(f)	Foreign Institutional Investors	254836856	12.86%
(g)	Bodies Corporate	33117699	1.67%
(h)	Individuals	144354365	7.29%
(I)	Others	35738384	1.80%
	TOTAL	1981355141	100

Other Developments

RCOM has sold 5% of the equity share capital of its fully owned tower company, Reliance Telecommunications Infrastructure (RTIL). The stake in RTIL was acquired by a group of institutional investors across US, Europe and Asia for about Rs 1,400 crore (US$ 337.5 million), thereby attributing an equity value of about Rs 27,000 crore (US$ 6.75 billon) to RTIL. This translates into Rs 135 for each equity share of RCOM. RTIL owned and operated nearly 14,000 towers on the date of its formation on 10 April 2007 and has a significant build-out plan of 23,000 towers in FY08.

RCom's board has also approved a proposal to globally list its subsidiary Flag Telecom, whose performance has registered a turnaround over the past year and been aligned with the Indian franchise. Seeing the enormous growth potential in bridging the digital divide, Flag Telecom recently announced a nearly Rs 7000-crore (US$1.5 billion) Next Generation network project. On completion, this will make the company the largest fully internet protocol (IP)-enabled global undersea cable system operator, touching 80% of the world population. In the increasingly competitive ILD market, Reliance Communications maintained its leading market share of 40%. Reliance India Call has recently been introduced in Australia and the worldwide access of company's Reliance Global Call service has been extended to 200 countries.

On 16 July 2007 the company had signed an agreement to acquire US-based Yipes, the leading provider of managed, end-to-end gigabit Ethernet solutions for $300 million. Yipes currently has nearly 1,000 enterprise customers, across four industry verticals - financial, legal, government and healthcare - which account for 50% of the Ethernet market.

Industry Outlook:

Telecommunication service providers picked up a record 8.1 million wireless subscribers in the month of July 2007. Total wireless subscriber base reached 192.98 million. Teledensity crossed 20 to touch 20.5 at the end of July 2007. GSM Operators picked up 5.8 million new subscribers in July. Haryana, Rajasthan, Kolkata and Tamil Nadu circles doubled monthly additions in July.

The Telecom Disputes Settlement & Appellate Tribunal (TDSAT) ruled out telecom regulator TRAI's recommendation to include income from dividend, interest income on savings, capital gains and gains from foreign exchange while computing an operator's adjusted gross revenue (AGR) for paying revenue share or license fee to the government. It, however, included income earned from telecom handsets given to subscribers bundled with their services in the AGR for the purpose of license fee. The tribunal also ruled that interest earned on deposits from customers, especially using international call facilities, and deposits from customers for the sake of getting concessions will be included while computing the AGR. The Telecom Regulatory Authority of India (Trai) recommended increasing the annual spectrum charges paid by operators on a revenue sharing basis. Bharti

Airtel and Vodafone Essar are the only two companies which have 10 Mhz each of spectrum in Delhi and Mumbai circles. The two pay 4 per cent of their adjusted gross revenue (AGR) towards spectrum charges, the most for holding 10 Mhz spectrum. The Telecom Regulatory Authority of India refused to cap the number of operators in a mobile circle area. With respect to mergers within circles, the regulatory authority stated that the combined entity should not have more than 40 per cent market share in that area. This is much lower than the 67 per cent norm earlier. As regards cross-holding norms, the regulator upped the cap as a result of which an operator is allowed to now pick up 20 per cent in another operator within the same circle.

Permissions for acquisition of stake beyond 10 per cent will however be given on a case to case basis. Trai also said that an operator can provide CDMA or GSM services under the same license subject to payment of upfront fee which will be the same as entry fee for unified access service license. Reliance Communication and HFCL who offer CDMA services have applied for GSM spectrum. Trai has also recommended lower universal service obligation charges of three per cent compared to five per cent if operator covers more than 75 per cent of rural areas. Trai has also called for raising subscriber limit for additional spectrum allocation.

Financial Snapshot			(Rs. crores)
	FY 2006-07(15)	Q 200706(3)	Q 200606(3)
Equity	1022.31	1022.31	611.57
Networth	20525.54	-	-
Capital Employed	35093.38	-	-
Net Sales	12756.3	3228.93	2718.67
Rate of Growth(%)	-	18.77%	-
Other Income	260.82	0.76	13.49
PBIDT	4713.52	1303.41	992.49
Rate of Growth(%)	-	31.33%	-
PBT	2420.85	876.93	492.02
PAT	2408.85	837.3	474.17
Rate of Growth(%)	-	76.58%	-
Book Value (Rs)	100.39	-	-
EPS (Unit Curr.)	11.78	4.10	3.88
PBIDTM(%)	36.95%	40.37%	36.51%
PBDTM(%)	33.37%	40.03%	33.58%
PATM(%)	18.88%	25.93%	17.44%

With over 32 million wireless customers, representing a 17.7% market share of the All-India wireless market, Reliance Communication (RCOM) has reported the revenue of Rs 3228.93 crore, up 18% on Y-o-Y, for the quarter ended June 2007. PAT of Rs 837.30 crore, up 76.58% on Y-o-Y. The company has recorded tremendous growth in wireless segment.. In the reported quarter the company has added net 3.11 million subscribers against loss of 19.73 lakh customers in Q4 Fy07.

Performance for the 15 months ended March 2007

For the 15 month period ended March 2007 the company has reported net revenue of Rs 12756.37 crore. With other income of Rs 260.82 crore, the PBT before EO for the period stood at Rs 2420.85 crore. The ensuing PAT stood at Rs 2408.85 crore.

Future Plans

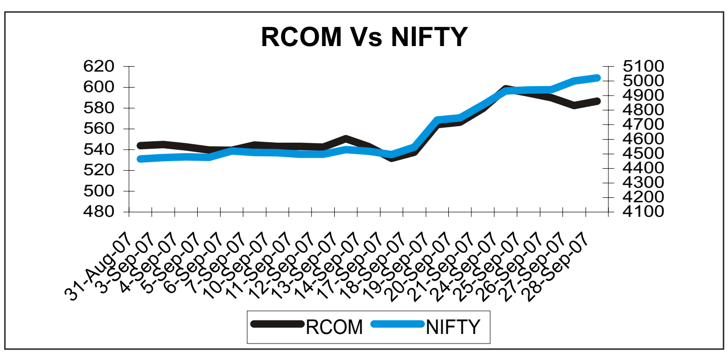
Reliance Communications has completed the private placement of 5% equity shareholding in its telecom infrastructure company, Reliance Telecom Infrastructure (RTIL), at a valuation of Rs 27,000 crore ($ 6.75 billion). The placement has been made to 7 leading international financial investors across US, Europe and Asia, including fortress capital, HSBC principal investments, galleon group, new silk route, GLG partners, quantum fund and DA capital.

RTIL will lease its assets to telecom operators in India and co-locate multiple tenants on its towers. RTIL owned and operated nearly 14,000 towers on the date of its formation in April 2007 and has a significant build-out plan of 23,000 towers in FY08. Presently the wireless network of the company covers over 10000 towns and 300,000 villages across India. RCOM has commenced the rollout of the world's largest and fastest network expansion program. Upon completion, the company will operate the single largest network in the world covering more than 900 million people in India across 23,000 towns, 600,000 villages, and almost 100% of all rail routes, national and state highways in the country. During the last quarter, RCOM introduced a range of mobile handsets under the brand 'Classic', which received a very good response in the market. The company sold 5 million handsets in a short timeframe.

The management considers that the company has a balance sheet leverage to raise up to Rs 63000 crore as debts. The company in its FY08 is proposing its capex guidance of US$ 2.5 billion for the India business (including tower business) and US$ 1.5 billion in FLAG. The company has already committed 95% of the FY08 capex guidance of Rs 10000 crore (US$ 2.5 billion) for India business.

Market Snapshot

Market Data (As on 28-Sep-2007)	
Face Value (Rs)	5
Price (Rs)	585.65
Lat. P/E	42.7
Mkt. Cap.(Rs Cr)	119743.2
Lat. BV(Rs)	100.39
52 W H/L(Rs)	611 / 334
Lat.Eqty (Rs Cr)	1022.31
Div. Yield (%)	0.07
BSE Code	532712
BSE Group	A
NSE Symbol	RCOM



How to Invest in Stock Market

WHAT IS DEMAT

Demat is a commonly used abbreviation of Dematerialisation, which is a process whereby securities like shares, debentures are converted from the "material" (paper documents) into electronic data and stored in the computers of an electronic Depository

ADVANTAGES OF DEMAT

- Bad Delivery Eliminated
- Immediate transfer of Shares
- No stamp duty on such transfers
- Elimination of risks that are normally associated in dealing with Physical certificates - loss / theft / mutilation due to careless handling / forgery / etc
- Reduced transaction cost
- Nomination Facility

DEPOSITORIES IN INDIA

Currently there are two depositories operational in the country

- National Securities Depository Ltd. (NSDL)
- Central Depository Services Ltd. (CSDL)

DEPOSITORY PARTICIPANT (DP)

Depository can in many ways be compared to a bank. Securities of the investors are held in electronic / book entry form by the Depository. Apart from holding the securities, Depository also provides services related to transactions in securities. Several consider the Depository to be another custodian. But the depository has an advantage over the custodian- the Depository can transfer the Beneficial Ownership of the Securities, legally, which a custodian cannot do.

Depository interacts with its clients / investors through its agents, called Depository Participants normally known as DPs. For any investor / client, to avail the services provided by the Depository, has to open Depository account, known as Demat A/c, with any of the DPs.

PARTIES INVOLVED

There are two main parties involved in the process of investing in the stock market.

- Depository Participant
- Broker

Demat Account Opening:

A demat account is opened on the same lines as that of a Bank Account. Prescribed Account opening forms are available with the DP, needs to be filled in. Standard Agreements are to be executed by the Client and the DP, which details the rights and obligations of both parties.Along with the form the client requires to attach Photographs of Account holder, Bank Details, Attested copies of proof of residence, proof of identity and details of Pan which has been made mandatory by SEBI.

In case of corporate clients, additional attachments required are - true copy of the resolution for Demat a/c opening along with signatories to operate the account, true copy of the Memorandum and Articles of Association and introduction letter by the banker.

SERVICES PROVIDED BY DPs

- Dematerialization (usually known as demat) is converting physical certificates to electronic form
- Rematerializations, known as remat, is reverse of demat, i.e. getting physical certificates from the electronic securities
- Transfer of securities, change of beneficial ownership
- Settlement of trades done on exchange connected to the Depository
- Pledge / Hypothecation of demat shares, for Loan against shares
- Electronic credit in public offering of the Companies
- Non - Cash corporate benefits, viz. Bonus / Rights - direct credit into electronic form
- Statement of Holdings will be sent to the Clients on Quarterly Basis.
- Transaction Statement will be sent to the Clients on monthly Basis, provided there is any transaction in the said period.

Broker

The next step required for investing is to choose a Stock Broker. A Stock broker operates in the stock market (buy or sell) on behalf of the individuals or corporations. They act as financial intermediaries. The Stock Broker should be a registered member of an exchange and also SEBI.

Execution of orders

After selecting a broker of your choice, you need to enter into a broker-constituent agreement and fill in the constituent registration form. You can then place your buy / sell orders with your broker either in writing or you can do the trading online through Internet.

After you place the order for purchase, a cheque payment for the shares purchased, needs to be given to the broker, within 24 hours from the trading day. And for sales order, you need to fill in and submit the delivery instructions slip to DP for delivering of the shares to the exchange, within 24 hours. After the confirmation of the movement of shares, the broker will release the payment to you within T+2 Days.

At a Glance

Requirements for investing in Stocks

Depository Participant	Broker
Factors in Choosing DP	**Factors in Choosing a Broker**
● Security	● Advice and expertise
● Service	● Safety and Security
● Cost of service	● Service
● Timeliness	● Timeliness
● Accessibility	● Track Record and experience
	● Accessibility

Investment Tip for the Month

It is sensible to have your broker as your DP, which will ensure the entire investment services under one umbrella.

Merits of having Broker as your DP

- One stop solution - Convenience
- Brokers understand the importance for the deadlines of Payins and Pay-outs
- Brokers call up and follows up with the clients, for short delivery, as they are aware of the implications.