ARIHANT's VALUE Plus

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ARI - Movers & Shakers

INDIAN INDICES

Indices	Dec-11	MONTHLY Change %	YEARLY Change %
SENSEX	15454.00	-4.15	-24.64
S&P CNX NIFTY	4624.00	-4.30	-24.61
BANK NIFTY	7968.00	-6.96	-32.42
CNX MIDCAP	6111.00	-7.98	-30.99
S&P CNX 500	3597.00	-5.62	-27.17
CNX IT	6139.00	4.17	-18.05
CNX REALTY	184.00	-12.38	-51.40
CNX INFRA	2124.00	-12.41	-38.53

(Source: BSE, NSE)

BSE-SECTORAL INDICES

Indices	Dec-11	MONTHLY Change %	YEARLY Change %
AUTO	8143.00	-3.45	-3.44
BANKEX	9153.00	-7.08	-7.07
CD	5284.00	-6.38	-6.37
CG	8067.00	-16.56	-16.55
FMCG	4035.00	-0.15	-0.14
HC	5870.00	-3.06	-3.05
IT	5751.00	4.58	4.60
METAL	9293.00	-9.11	-47.18
OIL&GAS	7529.00	-7.64	-28.98
PSU	6364.00	-7.20	-32.72
REALTY	1375.00	-12.48	-51.83
TECk	3380.00	0.81	-16.45

(Source: BSE)

GLOBAL INDICES

Indices	Dec-11	MONTHLY Change %	YEARLY Change %
DOW JONES	12217.00	1.43	5.53
NASDAQ	2277.00	-0.35	2.71
HANG SENG	18434.00	2.47	-19.97
FTSE	5572.00	1.22	-5.54
NIKKEI	8455.00	0.25	-17.33

(Source: Telequote software)

FII ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Dec 2011	44075.80	43977.80	97.90
Total for 2011 *	611055.49	613769.68	-2714.20

(Source: SEBI)

MF ACTIVITY (₹ in cr)

Date	Gross Purchases	Gross Sales	Net Pur/Sales
Total for Dec 2011	8808.30	8228.10	580.10
Total for 2011 *	132323.60	126337.40	5986.20

(Source: SEBI) * Till Dec 2011

Market Commentary

Bears made a strong grip in the financial year 2011 that posted its first annual fall since 2009 with falling investor sentiment heralding skepticism on the bourses. After an outstanding post-2008 crisis recovery in the financial year 2009 and 2010 that saw Indian equities gaining 81% and 18% respectively, Indian equities ended the calendar year 2011 on a grim note. The descending move witnessed by the Indian bourses in November 2011 lingered in December with Sensex and Nifty registering a loss of a little over 4% month-on-month to end December 2011 at 15454 and 4624 respectively. Incessant rate hikes by Reserve Bank of India (RBI) failing to tame inflation, rising commodity prices, weaker currency, FIIs selling and macro-economic concerns coupled with government policy paralysis and slowdown in corporate sector towards the year-end were the key reasons for the poor performance. On the global front, the ongoing Euro zone crisis took a huge toll on the markets throughout the year.

The total investor wealth, measured in terms of value of all listed stocks in the country fell by about Rs 19,46,000 crore during 2011, thus erasing all the gains registered in the previous year 2010. In the US dollar terms, the Indian stock market's size barely managed to retain the trillion-dollar tag at the end of the year, after briefly moving out of this elite league in the first week of December.

The FIIs pulled out a net amount of over Rs 2,714 crore from stocks in 2011, the second highest withdrawal in more than a decade. This was in stark comparison for the year 2010 when the FIIs had made a net purchase of Rs 1,30,913 crore in the Indian stocks.

S&P CNX Nifty opened the year 2011 at 6134 and witnessed tumultuous trading sessions to finally close down at 4634 levels, declining 24% while Sensex lost 24.64% during the year to settle at 15454. The markets witnessed volatile sessions throughout the year with at least 30 occasions recording Nifty movement of about 100 points in a single day, a daily move of about 2%. Among the BSE sectoral indices, the worst performing sectors that closed the year with negative returns were Realty (-51.8%), Metal (-47.18%) and PSU (-32.72%). The only sector that managed to outperform the markets was IT which generated positive returns of 4.6% owing to depreciation of INR. Meanwhile, defensive sectors like FMCG and HC managed to close down with marginal negative returns of -0.14% and -3.05%, respectively. On a month-on-month basis, BSE Sensex plunged by 4.15% in December, 2011 to settle at 15454 while the S&P CNX Nifty shaved off 4.30% to close at 4624 in the similar period, belying the common trend that December ends as a strong month with some year-end rallies, as traditionally observed.

The year 2011 generated a lot of market moving headlines across the globe. A devastating earthquake in Japan, slain operation of Osama Bin Laden, regime change in Egypt and Libya and Europe's constant attempts to get ahead of a worsening debt crisis sparked wild fluctuations in stocks, commodities, bonds and currencies across the world indices. On top of these head turners were policies of activist central banks in developed economies and government intervention in foreign exchange markets that kept investors on their toes.

India's inflation proved to be the biggest concern with the Wholesale Price Index (WPI) hovering above the psychological mark of 9% throughout the year, touching as high as 9.78% in August. This prompted the Reserve Bank of India (RBI) to maintain its hawkish stance resulting in key interest rates being raised six times by a total of 225 basis points in 2011. High interest burden on the back of rising commodity inflation hit raw material costs taking a huge toll on companies' profitability throughout the period.

The Index of Industrial Production (IIP) numbers also kept falling throughout the year nose-diving to 5.1% in October, the worst fall since March, 2009. Gross domestic product for the second quarter of 2011-12 declined to 6.9% compared with 7.7% in the first quarter. Meanwhile, the government lowered official GDP growth forecast for the year ending March, 2012 to 7.5%, down from 9% expected earlier. The fiscal deficit for 2012 is also projected to breach the government's target of 4.6% of gross domestic product, being strained by a mounting subsidy bill and dwindling tax revenue amid an economic slowdown.

Additionally, the rupee saw a record fall against the dollar in 2011 sliding over 18% this year, despite RBI's numerous attempts to intervene and stabilize the currency movements. Rupee showed the worst performance among Asian currencies, over concerns of Euro-zone debt crisis dampening demand for emerging-market assets. Adding pressure were factors like high current account deficit, other external factors such as confusion over the bailout package for Greece, liquidity infusion by central banks and a slower-than-expected US growth.

Corruption issues came to the forefront with the veteran social activist, Anna Hazare's hunger strike leading to widespread protests by citizens across India pressurizing the government to form a joint committee for drafting an effective Lokpal Bill. However, the winter session of Parliament came to an unrest with no major consensus being reached on the anti-graft Lokpal Bill that was delayed indefinitely. The government's failure to pass the Lokpal Bill coupled with the political backlash they faced over reform moves, particularly the increase in FDI limit in multi-brand retail, aggravated the weak market sentiments causing deep nervousness in the Indian equity markets, hence the poor performance of the bourses in December 2011.

In an unprecedented decision, the Supreme Court suspended iron ore mining in the Bellary, Tumkur and Chitradurga districts of Karnataka in July, a move likely to hamper output from the country's second-biggest iron ore exporting region. The Union Cabinet meanwhile approved a bill in September aimed at regulating mining activities proposing a profit-sharing system and bidding of mining rights.

On the international front, a cornerstone of the global financial system was shaken in August when officials at ratings firm Standard & Poor's cut the long-term U.S. credit rating from AAA by one notch to AA+ on concerns about the government's budget deficit and rising debt burden.

Meanwhile, Moody's Investors Service also downgraded State Bank of India's (SBI's) bank financial strength rating, to 'D+' from 'C-' during October, raising question mark for government ownership of the country's biggest bank. Going ahead, Moody's also downgraded the entire Indian banking system's rating outlook from stable to negative during the month of November, evoking sharp reactions from the government and bankers alike.

The last month of December also ended on a grim note on expectations of weak Q3 corporate earnings. WPI numbers also failed to cool down in November standing at 9.11 %. In its mid-quarterly monetary policy review, Reserve Bank of India (RBI) left the key lending rates unchanged in order to support faltering economic growth. Meanwhile, the government tabled a landmark bill in the Lok Sabha that seeks to guarantee cut-price grains to 63.5% of India's population, adding as much as $7.5 billion to the government's subsidy burden. The bill which is likely to increase the fiscal deficit is widely seen as an act to secure voter support for the ruling Congress party and its allies.

However, as the equity's performance dwindled, other asset classes had a high time. Rising interest rates made the debt market attractive with investors flocking towards safer asset class that promised safety of capital and higher returns. Gold continued to shine in 2011 with MCX gold prices recording a gain of 23.18% for the year ended 31st December, 2011. Global growth fears and uncertain economic outlook spelt good news for gold demand. Buying was up not only from investors through commodity and exchange-traded funds, but also from countries looking to increase their sovereign holdings. While gold prices saw strong gains throughout the year, December, 2011 witnessed gold prices softening by 6.4% owing to holiday season and ongoing Khar Mass, which is considered inauspicious month for buying gold as per Hindu calendar.

Given the dismal state of equity markets, non-convertible debentures (NCDs) presented a good opportunity to investors to balance portfolio returns and add income with returns of 9.95% at the start of the year to 12.5% in the second half with several prominent companies including State Bank of India, Shriram Transport Finance Ltd; Muthoot Finance Ltd, Religare Finvest Ltd and India Infoline Investment Securities Ltd, among others issuing AA or higher rating bonds with low credit risk.

At the end of the year, NHAI's first retail bond issue delivered remarkable response from investors receiving bids of over Rs 25,000 crores. High yields being offered, on a tax adjusted basis, and the option of getting subscription on a first come basis for large investors contributed largely to the success of the sale.

Going forward in the forthcoming year, we think that final solution disseminating from the Euro zone and government policy actions back home along with the results of state elections would decide the direction and drive sentiments in the Indian equity markets. RBI has already paused rate hikes and may even consider lowering rates, which would be positive for the Indian equities.

Key News and Events in Dec, 2011

Domestic News:

- Industrial production plunges to -5.1% in October 2011, lowest since June 2009:

  Factory output, as measured by India's Index of Industrial Production (IIP) fell at its lowest level in 28 months during the month of October registering a contraction of 5.1% led by a 25.5% fall in the capital goods sector, despite the festive season. The IIP had grown by 11.3% in October last year.

- India's inflation eases to 9.11% in November, 2011 :

  India's wholesale prices rose more than expected in November leaving inflation at stubbornly high level. The wholesale price index (WPI) , the main inflation gauge, rose 9.11 % from a year earlier, slowing from a 9.73 % rise in October. The pullback in headline inflation against October is on the back of the sharp decline in prices of primary articles and food articles.

- Exports surged in the month of November:

  Despite the ongoing debt crisis in Euro-zone and economic slowdown in United States, India's exports surged to $22.3 billion in November compared to $19.9 billion October, 2011. On the other hand, India's imports in November stood at $35.9 billion compared to $39.5 October 2011, resulting in a trade deficit of $13.6 billion compared to $19.6 billion in last month.

- Mid-quarter monetary policy:

  The Reserve Bank of India (RBI), for the first time since March 2010, kept the key policy rates unchanged. The RBI kept its repo rate constant at 8.5% and reverse repo rate at 7.5%. The RBI also left the cash reserve ratio (CRR) unchanged at 6%. Bank rate was also maintained at 6%.

- Foreign investment inflows decline by 50% in October:

  India's foreign direct investment (FDI) declined by over 50% to $1.16 billion in October for the second month in a row, reflecting economic slowdown in the world's major economies. India received $2.33 billion overseas investment in the same month last year. In September, the inflows were at $1.76 billion, down by 16.5% year-on-year.

- IPO process under review by SEBI:

  After prohibiting seven companies from participating in securities market, the SEBI Chairman, UK Sinha is considering review of the entire IPO process while the volatility on the listing day is also being looked at. The regulator is also mulling over the idea of shortening timeline for entire IPO process. The avowal from SEBI Chairman has after several companies including PG Electroplast, Taksheel Solutions, Tijaria Polypipes, Onelife Capital Advisors, etc along with six investment bankers, were banned by the regulator for IPO rule violations.

Auto Sales registered growth in Dec, 2011:

December sales of Indian automobile companies were a mixed bag with pleasant surprises. Most automobile companies recorded healthy sales growth during the month of December. The country's largest automobile company, Maruti Suzuki's sales fell 7% in the month of Dec, 2011 to 92,161 units vs 99,225 units in Dec, 2010 while Tata Motors' total vehicle sales rose by 22% to 82,278 units in the similar period. Bajaj Auto, the country's second largest two wheeler maker's total sales in December was recorded at 3,05,690 units, up by 10% from Dec, 2010. Chennai-based TVS Motors registered a marginal fall of 0.79% during the month vs the same period last year, with total sales of 1,70,428 units. Mahindra & Mahindra, the country's leading manufacturer of utility vehicles and tractors, posted strong growth in the utility vehicle and commercial vehicle segments, but disappointed with flat tractor sales of 15,315 units. The company reported a rise of 26% in its auto sales numbers, which stood at 42,761 units during December, 2011 as against 34,062 units during December, 2010. India's largest manufacturer of two-wheelers, Hero MotoCorp's total sales grew by 7.8% to 5,40,276 units against 5,01,111 units in the corresponding month of last year.

Advance Tax for the quarter Oct - Dec, 2011:

While the going has been tough for India's economy that has been hit hard by persistent inflation, high interest rates and sliding currency levels; fears of slowdown were also reflected in the financials of the companies.

ARI - Technical Equity Outlook

Among the sectors that bucked the trend this quarter were Cement and Pharma. Cement manufacturers, which were the laggards in advance tax payments in 2010-11 (Apr-Mar), have shown a year-on-year rise in payouts for the second consecutive quarter in Oct-Dec. ACC and Ambuja Cements' advance tax payout for Oct-Dec rose 137% and 92% respectively.

Tata Consultancy Services Ltd, the country's largest software exporter, paid 550 cr rupees as advance tax for Oct-Dec, a 140% jump from 230 cr rupees a year ago.

The largest state-owned bank, State Bank of India paid 1730 cr rupees, down 6.5% on year. The largest private sector bank, ICICI Bank's advance tax payment for the quarter remained flat at 450 cr rupees.

ADVANCE TAX (Oct-Dec, 2011)

Company Name	Oct-Dec 2011 (in Cr)	Oct-Dec 2010 (in Cr)	Increase/ Decrease In%(Y-o-Y)
ACC	95.00	40.00	137.50
Ambuja Cement	115.00	60.00	91.67
Axis Bank	662.00	540.00	22.59
Bajaj Auto	450.00	370.00	21.62
Cipla	90.00	70.00	28.57
GAIL	400.00	370.00	8.11
HDFC	480.00	410.00	17.07
HDFC Bank	900.00	750.00	20.00
Hero MotoCorp	180.00	120.00	50.00
Hindalco	200.00	200.00	Nil
Hindustan Unilever	300.00	220.00	36.36
ICICI Bank	450.00	450.00	Nil
ITC	910.00	790.00	15.19
Kotak Bank	150.00	87.00	72.41
Larsen & Toubro	350.00	270.00	29.63
M & M	220.00	236.00	-6.78
NTPC	830.00	596.00	39.26
ONGC	2924.00	2742.00	6.64
Reliance Ind.	1000.00	1190.00	-15.97
Siemens	70.00	120.00	-41.67
State Bank of India	1730.00	1850.00	-6.49
Tata Consultancy	550.00	230.00	139.13
Tata Motors	80.00	220.00	-63.64
Tata Power	80.00	60.00	33.33
Tata Steel	1100.00	1000.00	10.00

Technical Equity Market Outlook

The depreciation in the value of the rupee and recurring Euro zone problems saw continuous sell-off in the month of December, 2011. The year ended on a pessimistic note as benchmark indices breached the yearly low of 4675. On the sectoral front, Teck was the only sector which ended with marginal gains. The Sensex closed with a net loss of 4.15% whereas the Nifty lost 4.30% vis-à-vis the previous month.

Technical Observation

On the Monthly chart:

- The preceding upmove which started from 2252 to 6338 levels has breached the 38.2% Fibonacci retracement level of 4778 and now the next 50% Fibonacci support level is at the 4296 level.
- The prices went very close to the lower trendline of the downward sloping channel, but have managed to close above it. Hence, going forward the lower trendline of the channel is crucial support for the indices.

On the Weekly chart:

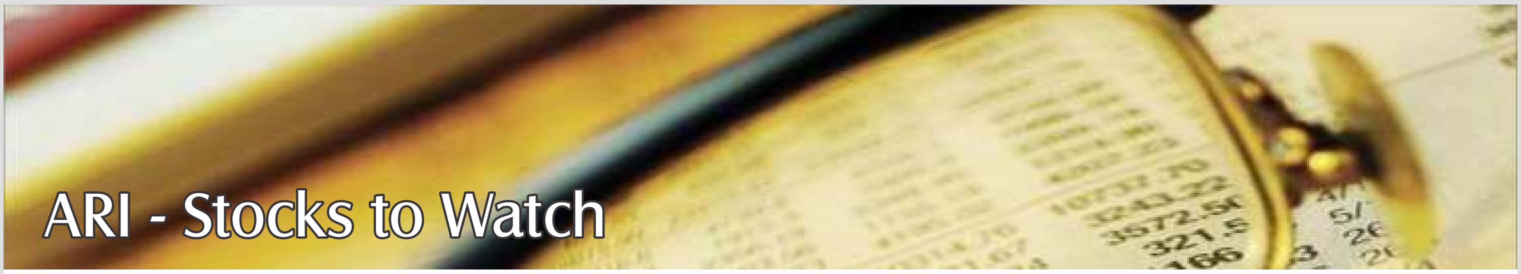
- The internal wave which started from 4718 to 5400 level has taken a support near 127% Fibonacci retracement level (4532).
- If the current price action, which is trading in a downward sloping channel, holds the 4532 level, there is high probability that we could witness a breach of the 200 week SMA (4770) and head higher.

On the Daily chart:

- At present the 200 –day SMA stands at 5278 levels.

Conclusion:

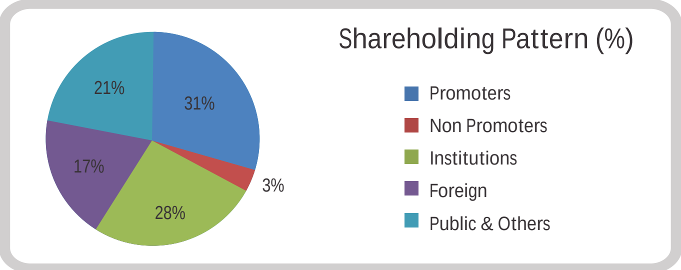
Broadly speaking, prices are close to the lower trendline of the channel. Hence, there is a high probability that we could witness a pullback up to the median line of the channel in the coming month. In addition, the current wave, which has taken support near the 127% Fibonacci retracement level of 4532, holds significance. As long as this level holds, there is a high probability that the Nifty may test 4966 – 5068 -5215 levels. On the flip side, if 4532 level is breached, then 4300 level is the next logical support for the indices.



TATA STEEL: BUY

Target Price: ₹ 490

Value Parameters	
BSE Code	500470
NSE Symbol	TATASTEEL
CMP (Rs)	335
Face Value (Rs)	10
52 Week High/Low (Rs)	714/335
Market Cap (Rs in cr)	32,815
EPS (Rs) (Consd)	57.1



Tata Steel Ltd (TSL) is the world's tenth largest steel company and the world's second most geographically diversified steel producer with major operations spanning across India, Europe and South East Asia.

Investment Rationale:

- Lowest cost producer: TSL India is one of the lowest cost producer of steel globally due to 100% captive iron ore and 50% coking coal sourcing. At present domestic operations contribute 30% of revenues and 60% of EBITDA.
- European operations priced in valuations: Though profitability is expected to be under pressure for European operations (TSE), we believe that company's current valuation capture headwinds surrounding European debt crisis.
- Resource Integration: In last 3-5 years TSL has invested heavily on resource integration. This will result in lower raw material cost for TSE and will improve margins in FY13.

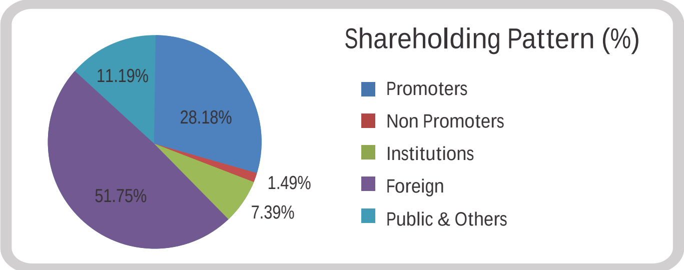
Valuation:

We believe the company could generate an EBITDA per tonne of $300/tonne even during sluggish demand condition and backward integration into resources (iron ore and coking coal) would provide natural hedge against volatility in commodity prices. At CMP the stock is trading at EV/EBITDA(x) of 5x times its FY13E EBITDA, hence we recommend a BUY on Tays Steel with a target price of Rs 490 for long-term horizon.

HEXAWARE: BUY

Target Price: ₹ 91

Value Parameters	
BSE Code	532129
NSE Symbol	HEXAWARE
CMP (Rs)	75
Face Value (Rs)	2
52 Week High/Low (Rs)	94/45
Market Cap (Rs in cr)	2,195
EPS (Rs) (Consd)	2.2



Hexaware is a mid-cap IT company which mainly caters to three verticals namely, BFSI, Travel & Transportation and other emerging segments. The company has been successful in growing its revenue at a pace faster than the industry growth rate.

Investment Rationale:

- Large deals coming through: Hexaware mainly services clients on the application maintenance side. The TCV (total contract value) is generally in the range of $3-10mn. Recently, Hexaware managed to clinch their biggest deal of $110mn spread over 5 years, and another deal of $60mn.
- Improving health of Airlines manufacturing company to benefit: The company currently services 7 out of the top 10 airlines company in the world.
- Margin expansion to continue: On a QoQ basis, its EBIDTA margin improved by 280bps—while on a YoY basis it improved by a whopping 610bps. The lower margin was because of the huge investment in sales that they did a year back.

Valuation:

The company has already upped their previous US$ guidance of 27.5% YoY increase to 32% in the previous quarter. This indicates the ability of the company to do well inspite of the adverse macro environment. We believe the trend will continue so. Currently, at a CMP of Rs.75, it is trading at 6.5x its CY12E EPS of Rs 11.37 per share. Using a target multiple of 8x, we recommend a BUY on Hexaware with a target price of Rs91 for long-term investment horizon.

ARI - Commodity & Currency Pick

Commodity: SOYBEAN — BUY

Technical Observation

Prices rose more than 12% in the month of December and settled at 2,514 v/s previous months' close of 2,243.50.

In the monthly charts, a long white candle stick is witnessed indicating bullish mode for the coming month also. Prices are sustaining above the short and medium term moving averages signifying strong bullish trend. A bullish breakout (of the long term trend line drawn by joining 3 well defined point 2,819-2,552-2,484.50) with higher volumes is observed pointing northward direction for soybean prices. A bullish consolidation broadening wedge is also spotted in the chart suggesting continuance of bullish mode for the coming month after a small correction. Support for the coming month is seen at 2,420 (support of the trend line mentioned above) and further at 2,200 levels (previous swing). Resistance is seen at 2,800 (all time high and previous swing) and further at 2,920 levels. The momentum indicators RSI (14) is treading at 0.58 ascending from the low of 0.44 and also a bullish cross over is witnessed between RSI(14) and its Moving Average (9)which is signaling higher side potential for soybean prices.

We recommend a BUY and ACCUMULATE on Soybean in range of Rs 2,530-2,450 with a stop loss Rs 2,220 for target price of Rs 2,780-2,880.

Moving Averages	
21-EMA	2300
34-EMA	2240
50-EMA	2166

Trends	
Short-term	Up
Medium-term	Up

Support / Resistance	
R1	2965
R2	2920
R3	2800
S1	2420
S2	2280
S3	2160

Currency: USD - INR — SELL

Technical Observation

During the month of December, USD-INR made all time high of 54.32 in the spot market and settled at 53.10. In the monthly chart, a white candle stick with long upper shadow is witnessed suggesting weak buying interests on the higher side. Prices failed to settle above the long term trend line drawn by joining 2 well defined peaks of 49.07(as on May 2002) and 52.13 (as on March 2009). This is an indication of correction mode for the coming month.

In weekly chart, USD-INR is seen in an upward channel pattern touching an upper trend line suggesting that a correction is due in the market. This trend is also justified by declining volumes. As per Gann Fan principle, prices are expected to come down till 51.30-50.30 which is 45 degree Gann line from the low of 43.84.

However, on the fundamental front, chances are that the Rupee may remain highly volatile with the Indian Industrial production data expected to come in the second week of the month. Further, third quarter monetary policy review by the RBI along with US FOMC meeting in the second last week of the month are expected to be major triggers that will hit the currency market movements.

For the coming month, we recommend high risk traders to SELL USD-INR January contract at 52.50 - 52.65 for the target of 51.50 - 50.50 with a stop loss of 53.30.

Moving Averages	
21-EMA	47.67
34-EMA	46.94
50-EMA	46.43

Trends	
Short-term	Down
Medium-term	Down

Support / Resistance	
R1	53.35
R2	53.95
R3	54.30
S1	51.30
S2	50.50
S3	49.80

ARI - Mutual Fund Update

Mutual Fund – Monthly Roundup:

After a strong recovery from 2008 crisis, Indian equity markets shone again in 2009 and 2010, however after the two years of party, 2011 was a disappointment. High inflation, high interest rate, slow domestic growth, delay in government policy-making and global uncertainty, particularly the problems aggravating in the European region, weighed heavy on market sentiments and were the key reasons for the grim performance of 2011. The year 2011 ended with S&P CNX Nifty ending at 4624, down 4.3% m-o-m and 24.61% y-o-y while the Sensex ended the year at 15454, down 4.15% m-o-m and 24.64% y-o-y. For the month ending December 2011, all the sectoral indices ended the month on a negative note with IT sector being the only exception that settled on a positive terrain, up 4.58%, owing to depreciation in INR while Consumer Goods (CG) was the worst performer washing off 16.56% during the month.

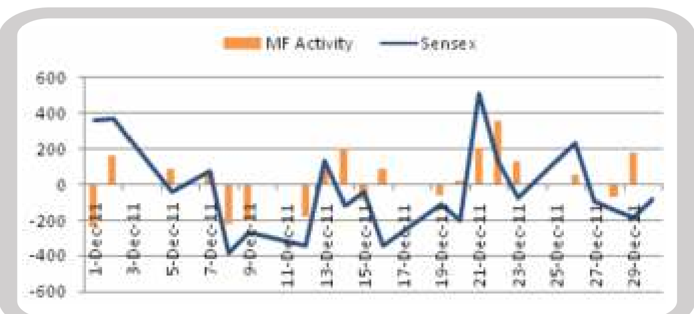
Mutual Fund Activity:

As the markets corrected sharply, Indian mutual funds turned net buyers of equity with total purchases of Rs 580.10 crore for the month of December 2011 and 5986.20 cr for the year 2011. While the domestic fund houses did bottom fishing, the foreign institutional investors turned net seller to the tune of Rs 2,714.20 cr during 2011 while they bought Rs 97.90 crores worth of equities in the month of December 2011.

Mutual Fund Activity in Dec, 2011

(₹ in Crores)	Gross Purchases	Gross Sales	Net Investment
1st Week	1,098.90	1,179.20	-80.40
2nd Week	1,487.60	1,753.50	-265.90
3rd Week	2,355.60	2,252.20	103.50
4th Week	2,5810	1,934.60	646.30
5th Week	1,285.20	1,108.60	176.60
Total for Dec 2011	8,808.30	8,228.10	580.10

(Source : SEBI)



Capital Movement:

Indian mutual fund's average assets under management (AUM) fell by 4.35% or Rs 31,034.02 crore to Rs 6,81,707.72 crore in the Oct-Dec 2011 quarter from Rs 7,12,741.73 crore in the previous quarter. The fall in the AUM has been attributed to redemption by Corporate and banks besides the ongoing slide in the equity market. However, during the CY 2011, the assets under management (AUM) of the mutual fund industry surged 0.93%, a rise from Rs 6,75,376.97 crore on 31st Dec 2010 to Rs 6,81,707.72 crore on 31st Dec 2011, as per data released by AMFI.

2011 ended with Reliance Mutual Fund, HDFC Mutual Fund, ICICI Prudential Mutual Fund, Birla Sunlife Mutual Fund and UTI Mutual Funds as the top fund houses of the country (in terms of AUM). At the end of December 2011, the AUM of Reliance Mutual Fund stood at Rs 82,305.81 crore, a decline of Rs 8,354.80 crore or 9.22% q-o-q. HDFC MF also saw its asset base shrunk by Rs 3,199.09 crore, or 3.48%, to Rs 88,628.03 crore. ICICI Prudential MF assets declined by Rs 5,849.31 crore or 7.78%.

Top 10 Mutual Fund Houses:

MF Name	Average AUM		Change	
	Oct-Dec11	Jul-Sep11	Absolute	In%
Reliance MF	82,305.81	90,660.6	-8,354.80	-9.22
HDFC MF	88,628.03	91,827.11	-3,199.09	-3.48
ICICI Prudential MF	69,367.79	75,217.11	-5,849.31	-7.78
UTI MF	57,817.34	62,579.86	-4,762.52	-7.61
Birla Sun Life MF	60,377.27	64,217.03	-3,839.76	-5.98
SBI MF	41,551.51	47,731.39	-6179.88	-12.95
Franklin Templeton MF	35,641.63	34,410.37	1,231.26	3.58
Kotak Mahindra MF	29,738.06	32,100.79	-2362.73	-7.36
LIC MF	6,222.57	7,075.33	-852.76	-12.05
DSP BlackRock MF	30,564.90	30,083.71	481.19	1.60

The top five fund houses which gave highest AUM growth in terms of percentage - JPMorgan Mutual Fund topped the chart, jumped by 42.36% during the quarter ended December 2011. Pramerica Mutual Fund and Baroda Pioneer Mutual Fund up by 38.51% and 34.81% respectively.

The largest decline in AUM in percentage terms recorded by Union KBC Mutual Fund fell by 37.87%, Peerless Mutual Fund saw its asset base shrinking by 21.72%.

Gainers and Losers:

The grim performance of the Indian bourses was reflected in the performance of equity diversified schemes with all funds delivering negative returns during the month of December 2011 as well as year 2011. Edelweiss Absolute Fund was the best performing fund that generated least negative return of 0.09% during the month of December 2011 and 1.92% in year 2011. While HSBC Midcap Equity Fund was the worst performer during the month delivering negative return of 10.64% and HSBC Small Cap Fund saw its NAV falling by 46.12% during the year and was the worst performing scheme in the equity diversified category.

Best Performer: All Equity Diversified Funds

Monthly			Yearly		
Scheme Name	NAV (Rs)	1-Month Return (%)	Scheme Name	NAV (Rs)	1-Year Return (%)
Edelweiss Absolute Return Fund - G	11.22	-0.09	Edelweiss Absolute Return Fund - G	11.22	-1.92
IDFC Strategic Sector (50-50) Equity Fund - Plan A- G	12.43	-1.20	UTI Wealth Builder Fund - Series II - G	18.79	-7.21
Religare AGILE Fund - G	6.12	-1.45	SBI Magnum Sector Funds Umbrella - Emerg Buss Fund - G	39.14	-9.17
Tata Retirement Savings Fund - Progresive Plan	9.86	-1.85	UTI Opportunities Fund - G	25.26	-11.62
UTI Top 100 Fund - G	25.47	-2.04	Canara Robeco Large Cap+ Fund - G	9.30	-12.43

Worst Performer: All Equity Diversified Funds

Monthly			Yearly		
Scheme Name	NAV (Rs)	1-Month Return (%)	Scheme Name	NAV (Rs)	1-Year Return (%)
HSBC Midcap Equity Fund - G	13.82	-10.64	HSBC Small Cap Fund - G	7.28	-46.12
JM Core 11 Fund - G	2.62	-10.46	JM Core 11 Fund - G	2.62	-39.84
Birla Sun Life India Reforms Fund - G	7.44	-10.36	Sundaram CAPEX Opportunities Fund - G	15.36	-38.91
SBI Magnum COMMA Fund - G	18.70	-9.40	Escorts Growth Plan	52.11	-34.37
Sundaram SMILE Fund - G	23.60	-9.30	Principal Emerging Bluechip Fund - G	21.86	-33.98

In the sectoral fund category, only three funds delivered positive returns while all the other funds gave negative return during the month of December 2011. Among three top funds Franklin Infotech Fund topped the chart with a positive return of 3.36% in the month and only one scheme ICICI Prudential FMCG gave positive return with 16.13% in the year 2011. While the worst performer in this category was Sahara Banking and Financial Services Fund generated a negative return of 10.62% in the month and Escorts Infrastructure Fund (-47.10%) was on the top from the bottom during the year 2011.

Best Performer : All Sectoral Funds

Monthly			Yearly		
Scheme Name	NAV (Rs)	1-Month Return (%)	Scheme Name	NAV (Rs)	1-Year Return (%)
Franklin Infotech Fund - G	61.15	3.36	ICICI Prudential FMCG - G	75.52	16.13
ICICI Prudential Technology Fund - G	16.53	1.22	SBI Magnum Sector Funds Umbrella - Pharma - G	43.79	-5.01
Birla Sun Life New Millennium - G	17.43	1.10	UTI MNC Fund - G	56.75	-5.230
SBI Magnum Sector Funds Umbrella - Pharma - G	43.79	-1.66	Reliance Pharma Fund - G	51.57	-10.50
DSP BlackRock Technology.com Fund - Regular - G	27.71	-1.77	Birla Sun Life MNC Fund - G	187.64	-12.60

Worst Performer : All Sectoral Funds

Monthly			Yearly		
Scheme Name	NAV (Rs)	1-Month Return (%)	Scheme Name	NAV (Rs)	1-Year Return (%)
Sahara Banking and Financial Services Fund - G	21.73	-10.62	Escorts Infrastructure Fund - G	4.50	-47.1
Escorts Infrastructure Fund - G	4.50	-10.09	Reliance Infrastructure Fund - Retail - G	5.83	-45.44
Reliance Infrastructure Fund - Retail - G	5.83	-9.39	UTI Infrastructure Fund - G	22.80	-35.96
Escorts Power and Energy Fund - G	9.55	-9.27	HDFC Infrastructure Fund - G	8.13	-35.63
UTI Infrastructure Fund - G	22.80	-9.24	Baroda Pioneer Infrastructure Fund - G	6.74	-35.32

On the debt side, the top performing debt fund was Kotak Bond Deposit that generated an absolute positive return of 2.53% while Axis Triple Advantage Fund was the worst performer in this category provided a negative return of 3.36% in the month of December 2011. On yearly basis the top performing debt fund was Canara Robeco InDiGo Fund gave a return of 14.60% while Escorts Income Bond was the worst performer delivering a negative return of 4.88% for the year 2011.

Best Performer: All Debt Funds

Monthly			Yearly		
Scheme Name	NAV (Rs)	1-Month Return (%)	Scheme Name	NAV (Rs)	1-Year Return (%)
Kotak Bond Deposit - G	27.40	2.53	Canara Robeco InDiGo Fund - G	11.95	14.60
Fidelity Flexi Bond Fund - Retail - G	13.67	2.19	Sahara Short Term Bond Fund - G	12.64	14.01
SBI Dynamic Bond Fund - G	12.87	2.13	Tata Fixed Income Portfolio Fund - Series C3 - Ret -G	13.78	13.02
Reliance Dynamic Bond Fund - G	13.65	2.07	Peerless Short Term Fund - G	11.58	12.94
ICICI Prudential Income Fund -G	32.90	2.06	Sundaram Select Debt - Short Term Asset Plan - Appr	17.61	12.68

Worst Performer : All Debt Funds

Monthly			Yearly		
Scheme Name	NAV (Rs)	1-Month Return (%)	Scheme Name	NAV (Rs)	1-Year Return (%)
Axis Triple Advantage Fund - G	10.56	-3.36	Escorts Income Bond - G	30.06	-4.88
DWS Hybrid Fixed Term Fund - Series 2 - G	9.68	-2.54	Sundaram Monthly Income Plan - Moderate - G	14.86	-4.01
LIC Nomura MF Floater - Monthly Income Plan - G	18.16	-1.74	DWS Hybrid Fixed Term Fund - Series 1 - G	9.75	-2.41
Sundaram Monthly Income Plan - Aggressive - G	10.16	-1.71	LIC Nomura Monthly Income Plan - Cumulative	31.99	-2.28
Baroda Pioneer Monthly Income Fund - G	13.08	-1.26	Principal Debt Savings Fund - Retail Plan - G	18.41	-1.74

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12 Financial Resolutions for New Year 2012

The end of a year, or the beginning of another, marks a significant opportunity for personal reflection. It is at this time that it is customary to look back on goals or resolutions that were made at the start of the previous year and assess how well or how poorly they were addressed. But while everyone around us makes half-hearted promises to quit smoking, lose weight or spend more time with family, why shouldn't we consider making some real financial resolutions that would help us improve our financial well being?

It is so unfortunate that though we spend half of our lives working long hours to make our ends meet, yet we are barely able to take out time to manage our personal finances. The need of the hour is to not only earn, but also allocate our time in managing our money and creating a sweeping change in our mindset.

The New Year unfolds optimism for us to start afresh, grab new opportunities and forget our past mistakes. So let's start this year with resolutions that could drastically improve our financial well being.

1. Improve your financial knowledge: Today most of us suffer from financial diseases like low returns, debt trap, underinsurance, insufficient retirement funds etc. The major cause of these problems is that though we had studied various subjects like mathematics and science at school, but we were never taught about personal finance. PERSONAL FINANCE is a subject you ought to have knowledge of, wherever you go in life. Hence, improving financial knowledge is the first step towards financial well- being.

2. Create an emergency fund: Life is full of uncertainties and it is often difficult to incorporate such uncertainties in our financial plan. Emergency fund not only helps in fulfilling the financial needs during uncertainties but also secures us from mental disturbances which may arise due to financial crisis. Our emergency fund should be equal to an amount of our monthly expenses plus our loan EMI of 4-6 months and yearly insurance premium.

3. Reduce your loan burden: We should review our existing loans and ensure that all loans help us in increasing our net worth. In case they do not, we should plan for repaying the same. We should also find out ways to reduce our interest burdens.

4. Take adequate insurance cover: Insurance is probably the most critical, and yet the least seriously dealt with aspect of financial planning by most people. Though most of us take life insurance or health insurance covers, but the amount of cover is usually not adequate. While buying life insurance, you need to consider the immediate, future and living expenses that your family might have to incur in case a tragedy strikes you. You should not mix insurance and investment. Hence, the right strategy is to buy pure term insurance with adequate cover. Looking at the increasing medical costs, one should also plan to take health insurance for each member of the family.

5. Prepare saving plan for each goal: Set goals and plan their achievement levels, especially when it comes to the financial ones. Financial goals can be of three types: short, medium and long - term. A short-term goal could be anything like say purchasing a car, a medium – term goal may include planning your child's education and a long - term goal could be your retirement planning. Whatever be the financial requirement, it can be fulfilled by determining its urgency and thereby making a saving plan for each goal.

6. Invest as per your risk appetite: We should understand that risk and return are the two sides of the same coin and an investment with a higher return indeed bears a higher risk. Therefore, we should plan our investments as per our risk appetites. We should also ensure that the post tax returns on our investments are able to beat inflation and additionally, have sufficient liquidity.

7. Tax planning in conjunction with Financial Planning: For most of us, tax planning is an end-of-the year, last minute exercise. Tax planning should actually be done keeping in mind our needs, life goals and risk appetite in conjunction with the overall financial planning.

8. Budgeting: To gain control over your finances, you need to know how much you are earning and where you are spending. Budgeting will help you to identify high expense area and realise that a good amount of your income is being wasted there. This knowledge can be very helpful in saving money.

9. Write your WILL: In the normal course, we plan to write our WILL after 60-70 years of age. But unfortunately, most people die without writing their WILL and hence we see several family feuds around us. Therefore a person above 18 years, having sound mind and assets/life insurance policy should write WILL.

10. Share your financial affairs with at least one trusted person: We often read in newspapers about billions of unclaimed money being stashed in bank accounts. The undelying cause for this is that no other member in the family of the deceased person is aware about the finances left behind, and hence the money can not be used by the surviving family members. Therefore, one should share all the financial matters with at least one trusted person.

11. Take advice from the right experts: In India, the financial service providers often focus on providing commission based recommendations. They are not bothered about providing knowledge to their customers to help them manage their money for financial well being. Hence, we need financial experts who can give solutions considering one's over all needs, attitude, life style, risk tolerance and financial situation. Transparency and honesty are the main aspects you must consider while selecting a financial planner for yourself.

While we often seek expert professional advice in every field, such as consulting a doctor for our health, an architect for constructing our home, a CA for managing our taxes, or a lawyer for handling our legal matters, then why do we not consider taking the advice of a Certified Financial Planner cm for our Financial Planning ?

12. Review your Finance: Keeping a regular eye on your personal finances will help you make the most of your money. Reviewing things like your goals, bank accounts, loans, insurance, savings, and investments will also help make sure they're still right for you. It will also provide you an alert to solve your potential financial problems.

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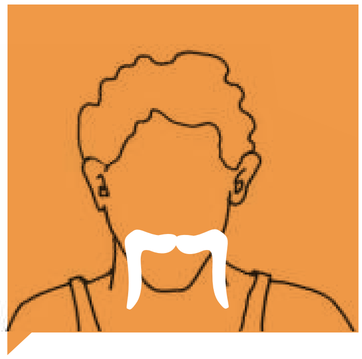

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