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Unity Infra Is Poised For A Bright Future>>>20

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Value Creators For Turbulent Times

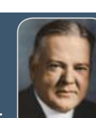
11 Stocks Offering Growth + Dividend

CONTENTS

QUOTE FOR THE FORTNIGHT

" Economic depression cannot be cured by legislative action or executive pronouncement. Economic wounds must be healed by the action of the cells of the economic body - the producers and consumers themselves. "

- Herbert Hoover



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"Don't wait for the right time to invest in the market. Remember, you can never be successful in investing at the lowest price and the same way you would never be able to exit at the highest price."

RBI Can Perk Up Sentiment

Market sentiments can change in no time and this is what happened in the last fifteen days where it swung from negative to positive. When I wrote the last edit, the Sensex was at 16285 and today while writing this piece it is above the 17000 mark. This is the best part about the stock market, where investors keep waiting for the "right price and right time" and then feel disappointed by the thought that they missed a good opportunity to invest at a good level as the market runs away. So don't wait for the right time to invest in the market. Remember, you can never be successful in investing at the lowest price and the same way you would never be able to exit at the highest price. In fact, even the famous and legendry investor Warren Buffett could not time the market, and he failed not once but many times.

Let me give you some examples of Warren Buffett's failure to time the market to drive home the point. Buffett invested in oil giant Conoco Philips at USD 70 per share in 2008 but today the same is available at USD 67. His firm is still holding the stock as they believe in long term investments. Similarly, Buffett invested in Sanofi, the French drug company, at USD 40 a share and the same is currently trading at USD 35. Another stock where Buffett invested at USD 31 a share is U.S. Bancorp which today is down by more than 30 per cent as the scrip is quoting at USD 22. So, if investors like Buffett cannot time the market, do we stand a chance? The moot point that we would like to drive home is that, invest in good scrips at reasonable valuations and you would earn decent returns from the same over a period of time.

The same is the theme of our cover story this time which comes with 11 stocks that have been paying consistent dividend over the last 10 years. What is unique about these companies is that they have either increased or at least maintained the same rate of dividend in the last six years despite international and domestic upheavals. The icing on the cake is that these companies have also given a good capital appreciation to the investors and hence call for a closer look. Our research team believes that these companies would be safe during volatile times as a downfall would be limited due to the yield and at the same time they would offer decent capital appreciation when sentiments turn positive. Hence these companies call for investors attention.

The next 15 days will be crucial for the market for a couple of reasons. First, the RBI would be announcing its policy on rate of interest on September 16 where the market expects it to continue with hiking interest rates since inflation has not come under control. It may raise the Repo and Reverse Repo rate by 25 basis points. But for any reason if the RBI decides to take a pause, then the market would cheer the decision pushing Sensex up by 500 points. Similarly, the US Fed is likely to meet on September 22-23 and the world would know whether there would be another round of quantitative easing or not. These two major news flows would keep market on its toes and one can expect wild swings on either side. So keep your safety belts ready for this turbulent time.

Sunil Damania

SUNIL DAMANIA
Managing Editor

Rakesh Goel
Senior Vice President
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EQUITY V/S GOLD

Equity markets world over are currently trading under sideways to a downward trend, while precious metals like gold are gaining on investors' appetite for safety.

WELL RESERVED

Investors should look for companies with stronger reserves and surplus on their balance sheets. These are generally better placed to deal with an uncertain environment.

Pressures Prevail On The Market

The Q1 FY12 performance of India Inc has been a dampener. The next quarter and the RBI's policy will determine trends ahead.

Considering the European debt crisis and recessionary fears in the US, the Indian market looks good to invest in from the perspective of a one to two year timeframe. According to EPFR, investors worried about a weakening global economy have rushed to buy stocks of countries with higher credit ratings, such as Germany, Canada and Switzerland.

As for India Inc.'s Q1 FY12 performance, we feel that though aggregate sales for Q1 have shown a robust 32 per cent YoY growth, they have declined two per cent on a QoQ basis. The YoY growth has been in line with the previous quarters, averaging between 20 and 30 per cent. An analysis of revenues shows that demand continues to be strong. Domestically, the RBI's tighter monetary policy regime continues to squeeze the margins of India Inc. Operating profits, despite growing 24 per cent YoY, declined 12 per cent QoQ, whereas the bottomline has increased by over 28 per cent on a YoY basis, but has declined 13 per cent QoQ. The decline in profitability indicates that corporate houses were unable to pass on the increased costs fully to the end users.

Margins have come under considerable pressure during the quarter, due to repeated hikes in interest costs by the RBI and an increase in input costs for the industry. The operating margin, which has been averaging around 18 per cent for the last three quarters, declined to 16.3 per cent. The PAT margin, which was fluctuating between 11.2 and 12.2 per cent, declined to 10.8 per cent for the same period.

Despite the RBI maintaining a hawkish stance on inflation and increasing interest rates numerous times in the last 12 months, inflation continued to inch upwards unabated. Right now, inflation is the biggest concern plaguing the Indian economy. The latest food inflation figure has inched past the psychological barrier of 10 per cent, reaching 10.05 per cent. GDP growth for Q1 FY12 has come in at 7.7 per cent, lower than 8.6 per cent (YoY). All eyes are on the RBI, and its stance in the upcoming meeting scheduled for 16th September, 2011. Interest rate-sensitive sectors like auto, bank, realty and capital goods are likely to be adversely affected, and will underperform the market for the time being.

Global markets are reeling under one problem or the other. The Euro zone markets are facing headwinds in the form of sovereign debt crises threatening to engulf even bigger economies like France and Italy. American markets are faced with the possibility of an economic slowdown, leading to a recession in the world's biggest economy. All in all, equity markets world over are currently trading under sideways to a downward trend, while precious metals like gold are gaining on investors' appetite for safety.

Going forward, corporate performance for Q2 FY12, along with the RBI's monetary stance to be unveiled at its policy meeting on the 16th September, 2011, are two factors that are likely to influence the market trend in the coming months. We remain bullish on sectors like healthcare, FMCG, paints, pharmaceuticals and media. We believe that investors should look for companies with stronger reserves and surplus on their balance sheets. These are generally better placed to deal with an uncertain environment. One should start buying fundamentally strong defensive stocks only when there is some sign of stability in the market. Companies with greater European and US exposure should be avoided, as these regions are undergoing an economic upheaval. The best method to invest in the current market scenario is through an SIP in fundamentally strong stocks.

*(As told to Dalal Street Investment Journal. The magazine may or may not subscribe to the views expressed in the article. You may send your feedback to **comment@dsij.in**)*

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Analysis

Unity Infraprojects
High Rise

CSI Airport Terminal 1B in Mumbai, constructed by Unity

Rising above the dismal state of the sector, Unity Infraprojects is looking at exponential growth in the next few years. The company is also realigning its business focus to drive revenues.

While most infrastructure companies are in the news for not being able to keep their topline growth intact, Unity Infraprojects is one company which is in the news for exactly the opposite reason. The company, very recently, set a sales target of ₹5000 crore by FY14, from the present level of ₹1700 crore. In a scenario where most players are worried on the business front due to spiraling interest rates, slower rolling out of infra projects due to delay in government approvals and, of course, drying up of long-term money for infra projects, has made topline growth hard to come by. In this backdrop, Unity plans to roughly triple its turnover in the next three years, and hence calls for a closer look. We caught up with the Managing Director and the CFO at their central Mumbai office, and had a detailed discussion on the company's future strategy, to understand where the company is headed.

Changing DNA

In order to grab a larger pie of infra projects, Unity has changed its business focus. The company has mainly been concentrating on 'Building' as its main vertical for the last 30 years. It has now restructured its business to drive revenues, dividing it into three verticals: 'Building', 'Water' and 'Transport'. "This is the first year of the reorganisation, and in the next one year, we intend to convert these verticals into SBUs, where they would have their profit and loss account and balance sheets", reveals Abhijit Avarsekar, VC, MD and CEO of Unity. This is no mean task for the company, as this restructuring has been done when the industry is passing through tough times, with the order book position of many players growing at a slower pace. In fact, Unity Infra's order book has hardly grown in the last one year or so. As of March 2010, it was at ₹3477 crore and in March 2011, it stood at ₹3500 crore. In August 2011, this was at ₹3854 crore. The company claims to have a good pipeline of orders, and hopes to close the year with a figure of ₹5000 crore, of which ₹3000 crore would be accounted for by the 'Building' vertical, and the balance would be spread equally over the two new verticals. According to the management, the company presently has L1 status of ₹1500 crore in the 'Building' segment (which means that the company has quoted the lowest amount for the project in its bid, and hence there is a bright possibility of bagging the contract), L1 of ₹450 crore in the 'Water' vertical and a ₹400 crore L1 plus order book in the 'Transport' vertical.

The company has a daunting task in terms of achieving the targeted turnover. Its order book position has

C & G Bldg - New Delhi

Points To Note

- Unity Infraprojects recently set a sales target of ₹5000 crore by FY14, from the present level of ₹1700 crore.
- The company has L1 status of ₹1500 crore in the 'Building' segment, L1 of ₹450 crore in the 'Water' vertical and a ₹400 crore L1 plus order book in the 'Transport' vertical.
- Its topline as well as bottomline have consistently improved in the last decade, and it has one of the best EBITDA margins in the industry.

to improve smartly, and needs to touch ₹5000 crore by the end of the year, as it takes 24-30 months for orders to get executed. The faster the company is able to add figures to its order book, the brighter are the chances that investors will believe it can achieve ₹5000 crore turnover by 2014.

Positive News On Real Estate Assets

Unity also has four subsidiaries, viz. Unity Realty And Developers, Unity Infrastructure, Unity Telecom Infrastructure and Unity Middle East. Of these, only Unity Telecom, which is into telecom towers, is generating revenues (₹59 crore in FY11). In the real estate business, the company has a land bank of 22 acres (2.54 million sq. ft. of saleable area) in Bangalore, 25 acres (three million sq. ft.) in Kolkata, 2.60 million sq. ft. in Nagpur and a 7.5 lakh sq. Ft. IT Park in Goa. Its total investments till date are to the tune of ₹150 core. However, due to a lull in the realty sector, the projects have not been yielding returns for the company.

However, real estate does not seem to be a focus for the company, and it is now scouting for like-minded equity partners to develop its land bank. The management informs us that "talks are in an advanced stage of discussion" for joint development of the real estate project. In fact, the management also indicated to us that they are open to selling the land bank if the offer is lucrative and would plough money back into the business. If this happens, the counter would be re-rated, as the real estate business has been a dampener for the company's financials.

> "This is the first year of the reorganisation, and in the next one year, we intend to convert these verticals into SBUs, where they would have their profit and loss account and balance sheets."
>
> **Abhijit Avarsekar,**
> *VC, MD and CEO*, Unity Infraprojects

Financial Performance

The company's financial performance has been quite good. Its topline as well as bottomline have consistently improved in the last decade, and it has one of the best EBITDA margins in the industry. For the year ended March 2011, the company reported consolidated sales of ₹1772 crore, against ₹1525 crore reported during the previous year, up by 16 per cent. Net profits stood at ₹96 crore, against the previous year's figure of ₹85.63 crore, up by 12 per cent. In the first quarter of the current year, Unity reported a topline growth of 10 per cent, while the bottomline remained at almost the same level. One of the reasons for their bottomline to remain subdued is the higher interest cost. The company's interest cost is on the rise, and this year it would touch ₹100 crore, as against ₹83 crore last year. This is one major area of worry for investors.

Valuations

There are a few things that are good with the company. No shares have been pledged by the promoters, there has been a declaration of 50 per cent dividend for the last year (it has been paying dividend consistently since listing) and there has been an increasing FII holding in the company, which stands at 12.2 per cent as of June 2011. Also, the company's valuation is quite low, with the scrip available at less than four times P/E ratio. In fact, this is the lowest P/E company amongst all infra companies.

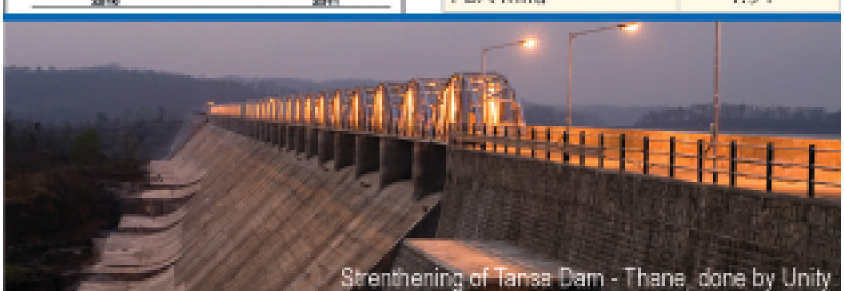
On the other hand, the company needs to do a few things that can help re-rating on the bourses. It must show some action on its order book position for the market to believe that the ₹5000 crore target is feasible. It also needs to prepare a road map to reduce its debt, which is at ₹869 crore (as of March 2011), with the debt-to-equity ratio standing at 1.3x. The company must aggressively sell its real estate to repay its loans, so that it can reduce its interest outgo. Last, but not the least, it needs to interact more often with investors, to make people aware about its financials and business plan.

In the year 2011, the company's scrip has fallen by more than 50 per cent, and we don't expect the scrip to fall further from the present level. This means that the downside possibility from the present level of ₹50 is very low. We advise our readers to go for the scrip in small lots, with a price target of ₹70 in the next one year.

*(Wish to comment on this article? Send your feedback to **prasannab@dsij.in**)*

P/E Ratio of Peer Group Infra Cos.

Name	P/E
Unity Infraprojects	3.89
Sadbhav Engineering	16.87
Pratibha Industries	6.32
Ramky Infra	8.36
PBA Infra	4.94



Strenthening of Tansa Dam - Thane, done by Unity

Market Moves

Market Changing Course

Reacting to optimism on the streets and FII buying, market indices shot up last fortnight. Up next, the RBI's decision on monetary policy and the US Fed meeting will loom large over market moods, says **Shailendra Lotlikar**

After a spate of turbulent fortnights, the market finally managed to change course during the one that went by. The market started off on a rather weak note, losing almost three per cent in the first two trading sessions of the fortnight (24th August-6th September, 2011), but recovered smartly thereafter, putting up a strong show for the rest of the period. Anna's victory provided the much-needed impetus to a clobbered market, which lapped up every bit of the good vibes. The Sensex and Nifty shot up 567 and 171 points respectively on Monday, 29th August, raising a toast to the victory of the masses out to destroy the demon of corruption. The positive sentiment continued through the rest of the fortnight, with all broader indices ending up an aggregate five per cent over this period.

The action has been concentrated more heavily around the Large-Cap counters. The Mid and Small-Cap counters are yet to emerge from the shadow of negativity, or investors are exercising some caution with regard to these, at any rate. This is evident from the rather low rate at which the two benchmark indices in this space have performed over the past fortnight. The BSE Mid-Cap Index was up four per cent, while the BSE Small-Cap Index rose by two per cent in the period.

Metals, auto and realty companies were the best performers for the fortnight. The BSE Metal Index was up nine per cent, while the BSE Auto and Realty Index rose by eight per cent each. Consumer goods, banks and oil and gas companies followed suit; the BSE CG Index and the BSE Bankex were up six per cent each, while the BSE Oil and Gas Index rose by four per cent. All other sectoral indices were up by an average two per cent over the fortnight. Another positive factor, which provides some relief to the battered market, is the fact that FIIs have become net buyers in equity. The net purchases by FIIs over the fortnight stood at USD 29.88 million, while mutual funds added further support, having bought equities (net buying) worth ₹86.70 crore in the same time.

During the course of the next fortnight, the RBI is scheduled to meet for its quarterly monetary review and policy making. In what was the first hint of ending the tight monetary policy going forward, the RBI governor was reported to have said that both the statutory liquidity ratio and the cash reserve ratio needed to be lowered, but in a gradual manner. A positive signal from the regulator's side after a long time is bound to lend a favourable bias to the market, at least till such time as the monetary policy is actually announced (September 16, 2011).

Index	7th Sept, '11	24th Aug, '11	% Change
Sensex	17065.00	16284.98	4.79
S&P CNX Nifty	5124.65	4888.90	4.82
BSE - 100 Index	8949.97	8555.35	4.61
BSE - 200 Index	2115.43	2023.70	4.53
BSE - 500 Index	6658.30	6378.40	4.39
NSE - CNX 100	5050.80	4825.10	4.68
NSE - CNX 500	4146.40	3970.10	4.44
BSE Mid-Cap	6473.52	6228.70	3.93
BSE Small-Cap	7307.02	7158.65	2.07
BSE Metal	12796.32	11791.26	8.52
BSE Auto	8794.82	8119.78	8.31
BSE Realty	1807.19	1668.75	8.30
BSE CG	12466.91	11751.85	6.08
BSE Bankex	11283.03	10657.92	5.87
BSE Oil & Gas	8697.55	8329.52	4.42
BSE CD	6565.37	6291.10	4.36
BSE IT	4989.88	4836.58	3.17
BSE Teck	3181.48	3090.61	2.94
BSE HC	6003.99	5869.11	2.30
BSE Power	2251.94	2221.73	1.36
BSE FMCG	3977.78	3966.88	0.27

While the next fortnight is likely to be in the shadow of the expected monetary policy, the corrected levels at which the market stands has thrown open many good buying opportunities for investors. Macro factors are likely to reign supreme in determining the direction the market takes going forward. Growth has cooled off in other Asian countries, as exports suffered from a sluggish demand in the US and the Euro zone countries. Though the Indian growth story is showing signs of a slowdown, the rate at which the Indian economy is growing is definitely better than that of its emerging market peers, for example, China. This is one factor which will keep the foreigner investors glued to India. Where will the FIIs get money to invest from? Will QE3 bring the answer to this question? Well, we will probably know in the ensuing fortnight when the US Fed meets. For now, enjoy the smooth sailing, at least for some time.

(Wish to comment on this report? Send your feedback to ***comment@dsij.in****)*

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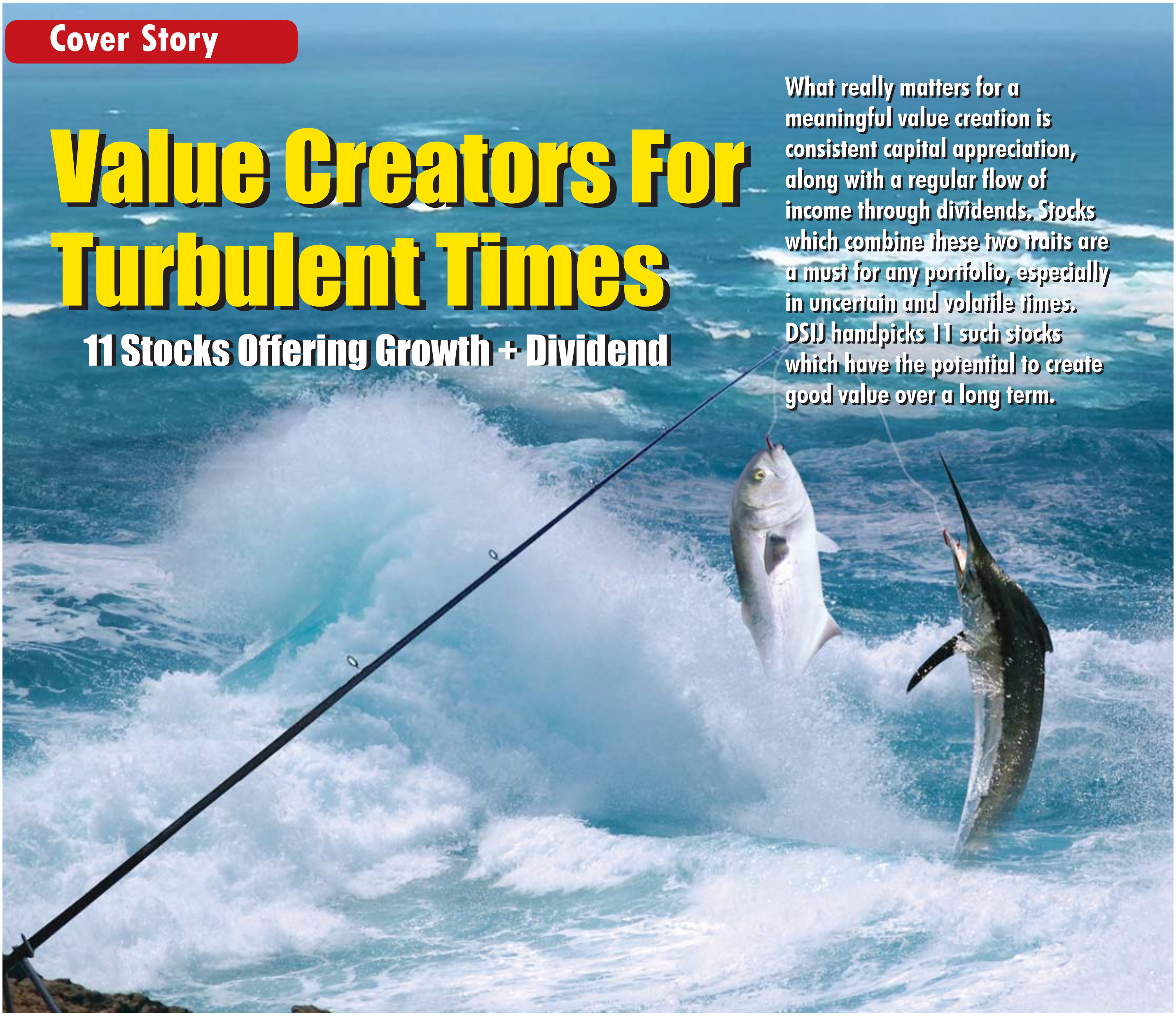
Value Creators For Turbulent Times

11 Stocks Offering Growth + Dividend

What really matters for a meaningful value creation is consistent capital appreciation, along with a regular flow of income through dividends. Stocks which combine these two traits are a must for any portfolio, especially in uncertain and volatile times. DSIJ handpicks 11 such stocks which have the potential to create good value over a long term.



"The only thing that gives me pleasure is to see my dividend coming in", said John D Rockefeller, American oil magnate and philanthropist. This view seems more apt than anything else in the current volatile market. In normal market conditions, average investors would prefer to invest in those stocks that give them good capital appreciation over a period of time. The current conditions, though, can be described as anything but normal. Once again, fears of a global recession are looming large, and this is reflected in the equity market's performance. The Indian equity market is down by 20 per cent Year-to-Date (YTD), and this is also true for most of the world – most equity markets around the world have shown negative returns during this period as well.

So, what are the options that one could look at in such times? Well, fixed income securities would logically figure high on the list of most investors when interest rates are rising and equity markets are falling. However, traditional wisdom has it that equity is the best asset class, and offers a good capital appreciation opportunity over a longer period of time.

Consider this. What if you were helped to build a portfolio consisting of stocks that offer you the best of both worlds – capital appreciation as well as steady periodic income in the form of dividends – in such volatile times? After all, isn't successful equity investing about creating long-term wealth, rather than just benefiting from the good times?

We, at DSIJ, have tried our best to put together a quick list of 'best of both worlds' for the benefit of our readers. Certain companies not only provide fixed returns in the form of dividends, but also have a scope of good capital appreciation. This recommendation, of course, comes with the universal caveat that 'past performance is no guarantee of future results'. Nevertheless, we have tried to weed out those companies which we feel are not likely to perform well in future.

While we started out with a list of 222 companies (*please see* ***Methodology*** *for details of how we have arrived at the list*), we have shortlisted 11 companies after applying other financial parameters like dividend coverage ratio, debt equity ratio and so on. The list is largely dominated by finance companies, which include banks, both from the private and the public sectors. At a distant second comes the pharmaceutical sector, followed by FMCG and IT-ITES companies.

Conclusion:

The Indian stock market has already lost around ₹10 lakh crore since the beginning of the year, and the situation does not seem to be stabilising. Therefore, in these conditions we have tried to bring out a list of those stocks that will help investors tide these turbulent times safely. These companies not only come with the advantage of yielding fixed yearly dividend returns, but also offer good opportunity for capital appreciation.

Certain well-known companies are conspicuous by their absence in this list, despite the fact that they pay high dividends per share. This is either due to higher share prices and hence low yield, or on account of inconsistency in their dividend payments. However, we are also providing a list of the top 50 companies that dole out highest dividend (in rupees) for our readers' information.

With respect to our original list of companies, we suggest that our readers invest in the stocks in a staggered manner, and expect stable returns in the coming years.

Methodology

- We began with a list of all companies that are consistently paying dividends since FY2000. Here, we had around 222 companies.
- From this list, we filtered out those companies that have not only paid dividends but have either maintained or increased the rate of dividend since FY06. This includes FY09, when many companies actually brought down the rates at which they had been paying dividends historically. This gave us a list of 88 companies.
- Once we got this list, we calculated the capital appreciation in stock prices for these companies since the start of FY06-FY11, after adjusting for any bonus that would have been announced or stock splits that might have happened.
- To the capital appreciation so arrived at, we added the dividends from FY06-FY11, and calculated the total returns provided by these stocks. This list was then sorted on the basis of descending order of total returns.
- From the above list, we eliminated those companies that, according to us, are on unfavourable grounds due to financial parameters such as a high debt to equity ratio and a low dividend coverage ratio. We were left with 47 companies.
- We then calculated the dividend yield, and sorted the list on the basis of descending order of dividend yield provided by each of these companies.
- We then selected the top 45 companies from each list, that is, companies that have given best total returns and the best dividend yielding companies.
- Following this, we selected those companies which were common to both the lists and purged it further depending upon certain qualitative factors, such as corporate governance.
- This gave us our final list of 21 companies, and we have given write up of 11 companies
- Note that while arriving at our final list we have not considered the impact of any corporate restructurings that might have happened.

Companies That Are Consistently Paying Dividends Since FY2000 And Who Have Either Increased Or Maintained The Rate Of Dividend Since FY06

Company name	CMP (29/08/2011)	Dividend latest	Dividend yield (%)
Kanoria Chemicals & Industries	35.05	5.00	14
Sonata Software	30.00	2.00	7
Kalpataru Power Transmissions	115.90	7.50	6
GIC Housing Finance	87.10	5.50	6
Visaka Industries	85.30	5.00	6
Cosmo Films	86.55	5.00	6
Panasonic Carbon India Co.	126.20	7.00	6
Nicco Parks & Resorts	22.10	1.20	5
IL&FS Investment Managers	28.05	1.50	5
Corporation Bank	426.35	20.00	5
Graphite India	78.70	3.50	4
Kesoram Industries	123.95	5.50	4
Albert David	101.60	4.50	4
Electrosteel Castings	30.00	1.25	4
Bimetal Bearings	264.15	11.00	4
State Bank Of Bikaner and Jaipur	399.40	16.40	4
Modison Metals	25.90	1.00	4
KCP	25.95	1.00	4
Syndicate Bank	98.20	3.70	4
VST Industries	1221.40	45.00	4
TVS Srichakra	342.35	12.50	4
HDFC Bank	454.85	16.50	4
Industrial & Prudential Investment	1518.15	55.00	4
Tata Elxsi	193.80	7.00	4
Tata Investment Corporation	451.45	16.00	4
Piramal Healthcare	355.10	12.00	3
Jammu & Kashmir Bank	769.55	26.00	3
Oriental Bank of Commerce	312.90	10.40	3
Deepak Nitrite	181.80	6.00	3
Geometric	38.00	1.20	3

Company name	CMP (29/08/2011)	Dividend latest	Dividend yield (%)
Deepak Fertilisers & Petroche.	163.75	5.00	3
Tata Chemicals	331.75	10.00	3
State Bank of Travancore	598.75	18.00	3
Unichem Laboratories	141.25	4.00	3
Consolidated Construction Con.	18.70	0.50	3
Tata Sponge Iron	302.10	8.00	3
Gujarat Hotels	114.50	3.00	3
Gabriel India	38.65	1.00	3
Cummins India	589.80	15.00	3
Eimco Elecon (India)	165.75	4.00	2
Ador Fontech	105.00	2.50	2
Colgate-Palmolive (India)	945.60	22.00	2
GRUH Finance	476.95	11.00	2
Bank of Baroda	728.85	16.50	2
Coromandel International	315.80	7.00	2
Gujarat Reclaim & Rubber Prod.	1046.35	23.00	2
CMC	957.15	20.00	2
Honda Siel Power Products	361.00	7.50	2
Aegis Logistics	192.90	4.00	2
Amara Raja Batteries	235.30	4.60	2
Century Textiles & Industries	283.95	5.50	2
State Bank Of Mysore	522.00	10.00	2
VST Tillers Tractors	500.00	9.00	2
Voltas	113.75	2.00	2
Minda Industries	172.40	3.00	2
Wires and Fabriks (S.A.)	105.00	1.80	2
LIC Housing Finance	205.80	3.50	2
Indian Hume Pipe Company	119.30	2.00	2
Dewan Housing Finance Corp.	211.05	3.50	2
Mahindra & Mahindra Financial	607.65	10.00	2

Company name	CMP (29/08/2011)	Dividend latest	Dividend yield (%)
ICICI Bank	858.10	14.00	2
Wendt India	1595.00	25.00	2
Aurobindo Pharma	128.10	2.00	2
State Bank of India	1938.30	30.00	2
Axis Bank	1040.70	14.00	1
Ingersoll-Rand (India)	456.40	6.00	1
Hercules Hoists	232.30	3.00	1
Venky's (India)	414.75	5.00	1
Tata Power Company	1046.95	12.50	1
Jubilant Life Sciences	178.80	2.00	1
Transport Corporation of India	81.90	0.90	1
SIL Investments	91.95	1.00	1
Shriram Transport Finance	616.25	6.50	1
Ipca Laboratories	305.90	3.20	1
Cipla	279.30	2.80	1
Alfred Herbert (India)	200.00	2.00	1
Asian Paints	3294.15	32.00	1
Tide Water Oil Company India	6549.60	60.00	1
Godrej Industries	192.55	1.75	1
Reliance Industrial InfraStructure	401.55	3.50	1
Emami	458.25	3.50	1
Gujarat Fluorochemicals	484.85	3.50	1
Apollo Hospitals Enterprise	530.25	3.75	1
Vardhman Holdings	369.90	2.50	1
Titan Industries (adjusted for a split)	205.75	1.25	1
Marico	148.85	0.66	0
Adani Enterprises	537.20	1.00	0
Kotak Mahindra Bank	443.40	0.50	0

Banking Services:
The Privileged League

How would you like to have a banker who is dedicated to take care of all your banking requirements? What will your reaction be if your bank tells you that it is offering you a loan at comparatively lower rates? How would it be to have your bank pamper you with loads of services, and that too at discounted rates? Are you wondering how all this would be possible? Becoming a privileged customer of your bank will probably take you there, says **Vishesh Sharma**

Privilege Banking: The Ivy League

Savings accounts have never been high return earners. Interest rates on savings bank deposits are among the very few rates in the country, which are still regulated by Reserve Bank of India. These accounts earn depositors an interest of only four per cent. Thus, people who have a huge amount of money parked in savings bank accounts often feel that their funds are blocked. Is it beneficial to park money in these accounts at all? Well, the answer is 'Yes'. That's because having a decent amount of money in a savings bank account makes you eligible to enjoy the bank's privilege facilities.

Privilege banking is something that many people are vaguely aware of. However, I'm not sure if too many of them are aware of the benefits and services that are available under it. This is because people do not bother to inquire about the services that banks offer to their loyal clients, who have been with them for a long time for all kinds of transactions.

Benefits That You Can Get

So what do you gain from being a privileged customer of a bank? Besides getting all perks and services at discounted

KEY POINTS

- Customers should use the services of a single bank for all transactions, and have a decent amount of money in a savings bank account to be eligible for privilege banking services.
- Privilege services include personalised bankers, quicker transactions, higher withdrawal and shopping limits, special pricing on financial products, exclusive offers, membership of exclusive clubs of banks and a hassle-free, prioritised banking experience.
- Note that privilege banking services are not a standard list of benefits, and may differ from bank to bank.
- While enjoying privilege services, customers should make it a point to distinguish between freebies and discounted services to avoid rude shocks.

rates, privileged customers of a bank also get a designated relationship manager to deal with their routine issues.

Privileged customers are usually chosen from the bank's existing base of customers. Services offered to them may include personalised bankers, quicker transactions, special pricing on financial products and exclusive offers. Privilege banking is primarily meant to offer a hassle-free, prioritised banking experience to loyal customers of the bank.

With privilege banking services, you are also entitled to membership of exclusive clubs of banks. As a member, you enjoy upgraded services and offers each time you make any transaction. As a privileged customer, you are typically offered a dedicated relationship officer, who will be your one-point contact for all your banking needs. In addition to this, you may be offered a dedicated area, or sometimes even an exclusive branch of your choice to take care of your financial needs, irrespective of which branch you have your account in. Several banks offer exclusive debit and credit cards, with higher withdrawal and shopping limits.

“Since I turned 18, I have been making all transactions through HDFC. Now, the bank calls me as and when they launch any new schemes. Besides, when the RBI raised interest rates, I got a housing loan from my bank at comparatively low rates. I must say, loyalty always pays.”

- Harsh Khurana,
Loyal Customer of HDFC Bank

If you are a part of a privilege club, you are also eligible for higher loans than regular customers. Many clubs offer you premium tickets to sporting events and entertainment shows, pampering you to the hilt on every count. Of course, this is just an overview of the benefits you get.

Harsh Khurana, who uses HDFC Bank for all his banking needs, has this to say, “Since I turned 18, I have been making all transactions through HDFC. Now, the bank calls me as and when they launch any new schemes. Besides, when the RBI raised interest rates, I got a housing loan from my bank at comparatively low rates. I must say, loyalty always pays.”

However, keep in mind that these are not standard benefits and may differ from bank to bank. Each bank may offer some of a whole range of facilities. Having said so, it is true that you are set to gain a lot once you join the exclusive client list of your bank. Listed below are the facilities which you may be able to avail yourself of, once you join the ‘elite league’:

■ ***Personal Relationship Manager (PRM)***: Privilege banking makes you eligible to have a Personal Relationship Manager (PRM), who looks after all your savings as well as investment issues. The personal relationship manager looks after all financial needs of the customer. He/she is also the one-point contact for customers to get problems, if any, sorted out at the earliest.

■ ***Debit/Credit Cards:*** A wide range of debit and credit cards are given out to priority customers. Credit cards with higher-than-normal credit limits are offered to customers. Most banks also offer inbuilt card insurance, as well as lost card liability cover to their privileged clientele.

For instance, ING Vysya Bank issues Platinum cards to its priority customers. These cards offer a withdrawal limit of ₹1 lakh, instead of the normal ₹25000. In addition to this, a yearly cash back of one per cent is offered to the customer on shopping transactions.

Similarly, Axis Bank offers its priority customers a Platinum card, along with insurance cover worth ₹5 lakh. Dhanlaxmi Bank offers an add-on cards facility. Some banks, such as Standard Chartered Bank, allow free ATM cash withdrawals for travels abroad.

■ ***Loans:*** Priority customers often get preferential rates while taking loans from banks; the increased creditworthiness of the customer is the reason for this.

■ ***Doorstep Banking:*** Privileged customers can use the facility of doorstep banking, wherein the bank (personal relationship manager) walks up to the customer's door, rather than the customer going to the bank for any transaction. Banks believe that this is a way to position the product better in the customer's mind. The customer is able to make a connection with the product, and its effective delivery is facilitated.

■ ***Fees and Service Charges:*** Waivers are available on various kinds of fees and service charges for privileged customers of banks.

■ ***Lounge Access:*** Priority customers get access to premium lounges at all branches of the concerned bank. Some banks also offer access to premium lounges at airports, both domestic as well as international.

Banks have been going that extra mile to ensure convenience for their customers. An example of this is ICICI Bank, which offers exclusive benefits across a wide range of product and services to its preferred customers. The bank offers Gold and Titanium privilege banking account variants, each designed to suit specific needs. In addition to benefits like money multiplier, nomination facility, internet banking and mobile banking, you can avail other special privileges like:

- Priority service at all ICICI bank branches and through Customer Care
- Preferential rates on purchase of ICICI Bank pure gold and foreign exchange
- A discount on the annual fee for safe deposit lockers
- Special rates on ICICI Bank loans