



MARKET MOVEMENT

Major Indices	April 25, 2008	May 02, 2008	% Change	Change
BSE Sensex	17,125.98	17,600.12	2.77	
NSE Nifty	5,111.70	5,228.90	2.29	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Cabinet approves Limited Liability Bill**
- **CCEA nod for waiver of dues of Indian companies on Cuba**
- **CCEA allows higher fertiliser prices**
- **Amendments to the Employees' State Insurance Act, 1948**
- **Cabinet approves establishment of Indian Institute of Corporate Affairs**
- **Government clears 15 FDI proposals**

Cabinet approves Limited Liability Bill

THE Cabinet gave its nod for introduction of a Limited Liability Partnership (LLP) Bill, 2008 in Parliament by replacing the Limited Liability Partnership Bill, 2006. The proposed Bill would facilitate creation of another corporate structure which would further enable growth of the economy. The LLP structure is aimed at giving a boost to Small and Medium Enterprises (SMEs) and services sector firms. It would also help Indian professionals who are providing accountancy and legal services globally, encourage entrepreneurship and take advantage of emerging opportunities in science and technology.

CCEA nod for waiver of dues of Indian companies on Cuba

THE Cabinet Committee on Economic Affairs (CCEA) gave its nod for waiver of dues of Indian companies on Cuba amounting to Rs 3.47 billion. The CCEA also gave its approval for reimbursement (principal + interest) of the dues to individual companies amounting to Rs 1.28 billion. This will facilitate resumption of credit facilities/insurance cover by Export Import (EXIM) bank and the Export Credit Guarantee Corporation of India (ECGC) to Cuba to enhance bilateral trade and investment.

CCEA allows higher fertiliser prices

THE CCEA allowed fertiliser manufacturers to charge up to a maximum of 5% over and above the notified selling prices for all the fortified/coated-subsidised fertilisers that are approved under the Fertiliser Control Order except for zincated urea and boronated SSP. In case of zincated urea and boronated SSP, the manufacturers will be allowed to sell at prices higher by up to 10% above maximum retail price.

Amendments to the Employees' State Insurance Act, 1948

THE Cabinet gave its approval to amend the Employees' State Insurance (ESI) Act, 1948. The Bill will be introduced in the Parliament during the Budget Session, 2008. The Amendment of the ESI Act, 1948 will not only result in optimum utilization of the existing infrastructure but will also augment funds of the ESI Corporation. This will also help in implementing other schemes for workforce in different Sectors in addition to the beneficiaries covered under the present ESI Scheme.

Cabinet approves establishment of Indian Institute of Corporate Affairs

THE Cabinet gave its approval for establishment of Indian Institute of Corporate affairs with an outlay of Rs. 2.11 billion during 11th Plan (2007-2012). The institute would provide a Think-tank, Capacity building and Service Delivery support in various initiatives being undertaken by the Ministry of Corporate Affairs.

Government clears 15 FDI proposals

THE Government cleared 15 Foreign Direct Investment (FDI) proposals, including the proposal of world's largest stock exchange NYSE Euronext to pick up 5% stake in a commodity exchange at an estimated investment of Rs 2.18 billion. The proposals, approved by the Ministry of Finance (MoF) on the recommendations of Foreign Investment Promotion Board (FIPB), also included the application of Images Multimedia, which would bring in Rs 333.7 million in the country.

INDUSTRY WATCH

- **IT, BPO revenue to touch US\$ 132 billion by 2012**
- **FMCG companies turn into summer special mode**
- **Car and 2-wheeler sales drive ahead in April, 2008**
- **Mergers & Acquisitions expected in ports**

IT, BPO revenue to touch US\$ 132 billion by 2012

THE Indian software and Business Process Outsourcing (BPO) segment will grow at a rate of more than 16% to become a US\$ 132 billion industry by 2012. The domestic Information Technology (IT) and Information Technology enabled-Services (ITeS) market is expected to cross the Rs 2,000 billion (US\$ 50 billion) mark in 2012. This translates into a CAGR of 18.4% in the five-year period. It was Rs 900.14 billion in 2007. Together with IT and ITeS, and exports revenue of Rs 3,202.78 billion, the total industry would grow to Rs 5,299.76 billion (US\$ 132 billion) by 2012 Exports continue to be the biggest segment at Rs 974.92 billion. In 2008, the IT and ITeS industry is expected to grow at 20%, with the domestic market growing at 22.4%.

FMCG companies turn into summer special mode

A host of Fast Moving Consumer Goods (FMCG) brands are turning into 'cool' garb, essentially with 'summer specials' of their already available products. Consequently, while Hindustan Unilever Limited's (HUL's) Brooke Bond Taaza tea is now available in 'thanda' flavours, GlaxoSmithKlineBeecham's Horlicks is running a summer cold consumption campaign and even Reckitt Benckiser's Dettol soap is available in a 'cool' summer variant. Even apparel brands like Wrangler, Gas, Spykar and Tommy Hilfiger watches are making sure that you wear a cool look too.

Car and 2-wheeler sales drive ahead in April, 2008

AN uptrend is visible in the car market while the two-wheeler sector has witnessed a turnaround in April 2008. Maruti Suzuki registered a 24% growth in unit sales while Hyundai Motors' sales grew by 48% in April, 2008. General Motors (GM) and Skoda – whose market share in India is smaller – showed 24% and 81% growth, respectively. The two-wheeler makers showed good growth in April on the back of favourable budgetary decisions and a host of new model launches. The new-found enthusiasm in the above-125 cc segment seems to have guided an upward trend in bike sales. Hero Honda recorded a 9% growth by selling 2,86,252 units in April (2,62,544 units). Bajaj sold 2,03,930 units in April (1,65,692 units). Its 125 cc+ portfolio including Pulsar, Avenger, Discover, and XCD grew 34%. TVS Motor Company has posted near 5% growth, while Honda Motorcycles and Scooters India (HMSI) showed an overall growth of 8% in April 2008.

Mergers & Acquisitions expected in ports

THE next set of Merger and Acquisitions (M&As) are expected in the Indian port sector. Ports are increasingly attracting the interest of investors. The M&As trend in port have hit India, too. One of the main reasons why there would be an increase in M&A activities in this sector is that investors feel that port offers a steady source of income. Financial investors, especially with a long-term horizon, like port assets because these assets tend to generate steady cash flows and high margins. Mature ports such as Hong Kong, Singapore or Los Angeles provide a steady income stream while ports in the emerging markets of China, India and Eastern Europe have strong potential for growth. The investors, who are expected to invest in ports, are banks, private equity funds and pension funds.

CORPORATE HIGHLIGHTS

- **Elgi Equipments FY08 net up 79%**
- **Hindalco Q4 net rises 49%**
- **TDI Hotels ties up with Fortune**
- **MphasiS Q1 revenues up by 31%**
- **Everonn Systems net rises**
- **RCom net rises 47% on business growth**
- **Berger Paints, Becker Acroma in technical tie up**
- **Hindustan Construction bags order from Lanco Infratech**
- **Bank of India net up 69% at Rs 7.57 billion**
- **NHPC posts Rs 10.02 billion profit in FY08**
- **TCS in deal with UK-based Scottish Water**
- **GSK Consumer Healthcare Q1 net up 34% at Rs 566 million**

Elgi Equipments FY08 net up 79%

ELGI Equipments reported a 79% increase in net profit to Rs 419 million for the year ended March 2008, as compared with Rs 234 million in 2006-07. Sales increased 33% to Rs 5.04 billion in 2007-08, compared with Rs 3.78 billion last year. Its subsidiary ATS Elgi, which handles the automotive segment, closed the fiscal 2007-08 with a net sale of Rs 793 million as against Rs 736 million in 2006-07, up 8%.

Hindalco Q4 net rises 49%

HINDALCO Industries Ltd. reported a 49% rise in quarterly net profit. Hindalco's net profit rose to Rs. 10.77 billion (\$266 million) in the fiscal fourth quarter ended March 31 2008, from 7.21 billion a year ago. Total income rose to Rs. 51.54 billion from Rs. 48.72 billion.

TDI Hotels ties up with Fortune

TDI Hotels and Resorts Ltd, a group company of TDI Infrastructure, signed an operating, marketing and technical services agreement with Fortune Park Hotels Ltd, a subsidiary of ITC Ltd. The agreement will see a 100-room Fortune Select Hotel come up at Sonapat close to the TDI Kundli township. The group said that the Sonapat hotel is the first of the many planned. It is expected to become operational in 24 months and will serve the needs of NCR and the fast-growing Kundli-Sonapat belt.

Mphasis Q1 revenues up by 31%

MPHASIS reported a 31% increase in revenue for the quarter ended March 31, 2008, to Rs 6.58 billion. For the period, net profit was Rs 710 million, compared with Rs 630 million in the year-ago quarter. During the quarter, the group added 17 new clients. For the full year, net profit increased to Rs 2.25 billion from Rs 1.80 billion in the corresponding quarter last year.

Everonn Systems net rises

EVERONN Systems India Ltd reported a net profit of Rs 68.1 million on revenues of Rs 304.9 million for the quarter ended March 31, 2008 compared with a net profit of Rs 40.4 million on revenues of Rs 291.4 million for the corresponding quarter previous year. For the whole year, Everonn saw its net profit increase by more than three times to Rs 140.5 million (Rs 40.8 million), and revenues more than doubled to Rs 912.3 million (Rs 430.4 million).

RCom net rises 47% on business growth

RELIANCE Communications (RCom) recorded a 46.8% rise in net profit for the quarter ended March 2008. The after-tax profit increased to Rs 15.03 billion from Rs 10.24 billion in the year-ago period. Net revenues for the quarter were up by 35% at Rs 53.11 billion (Rs 39.37 billion). The company reported the maximum growth in its broadband business, which grew by 54.5% to Rs 5.10 billion from Rs 3.30 billion.

Berger Paints, Becker Acroma in technical tie up

BERGER Paints Ltd has tied up with Italian Becker Acroma Spa to launch water-based and polyurethane wood-finish products for the Indian market. These two products will be followed by glass paints, clear coats, floor coatings, exterior coatings for heritage buildings and other products from the collaboration – Berger-Becker Acroma, in India, in the second phase of expansion beginning in September, 2008.

Hindustan Construction bags order from Lanco Infratech

HINDUSTAN Construction Co Ltd has informed that it has received a Letter of Intent (LoI) from Lanco Infratech Ltd, Haryana, for executing all civil works of power house, switchyard and tail race Tunnels near Subin Khore for Teesta Hydroelectric Project, Stage VI (4x125 MW) in Sikkim. The value of the contract is Rs 3.03 billion.

Bank of India net up 69% at Rs 7.57 billion

BANK of India (BoI) posted a net profit of Rs 7.57 billion for the quarter ending March 31, 2008, a 69.19% growth over the corresponding period last year. The company posted net profit of Rs

4.47 billion for the quarter ended March 31, 2007. For the year ended March 31, 2008, the bank posted net profit of Rs 20.09 billion, against Rs 11.23 billion last year. The bank earned interest of Rs 35.02 billion for the quarter ended March 31, 2008 against Rs 26.15 billion last fiscal.

NHPC posts Rs 10.02 billion profit in FY08

NHPC Ltd registered net profit after tax of Rs 10.02 billion for the financial year 2007-08, Rs 772.6 million more than the previous year. NHPC achieved an all time high sales turnover of Rs 23.11 billion, compared to Rs 19.63 billion during 2006-07. The name of the company has been changed from National Hydroelectric Power Corp to NHPC Ltd.

TCS in deal with UK-based Scottish Water

TATA Consultancy Services (TCS) has entered into an eight-year deal worth £60 million (about Rs 4.78 billion) to provide 'end-to-end' IT applications services to UK-based water utility firm, Scottish Water. The outsourcing engagement will enable Scottish Water to save a minimum of £8 million (about Rs 640 million) in operating expenditure alone over the next 8 years. TCS has been selected as the only partner for services such as application management and support, strategic enterprise information, business intelligence and integration services.

GSK Consumer Healthcare Q1 net up 34% at Rs 566 million

GLAXOSMITHKLINE Consumer Healthcare (GSKCH) has seen net profit grow almost 34% to Rs 566 million in the first quarter ended March 31, 2008. Net sales for the quarter went up 25.7% to Rs 4.11 billion. The first quarter of 2008 started off with strong brand-led activities aimed at delivering the high growth plans for the business with the launch of products designed with specific consumer needs in mind. Both Horlicks and Boost continued their healthy growth with their flagship product, Horlicks, achieving highest ever sales.