



**MARKET MOVEMENT**

Major Indices	April 11, 2008	April 18, 2008	% Change	Change
BSE Sensex	15,807.64	16,481.20	4.26	
NSE Nifty	4,777.80	4,958.40	3.78	

**INDIAN ECONOMY AT A GLANCE****POLICY WATCH**

- **Cabinet nod to market access modalities**
- **RBI hikes CRR by 50 basis points**
- **EOUs allowed to send partially processed goods outside India**
- **CCEA approves schemes of APEDA**

**Cabinet nod to market access modalities**

THE Cabinet Committee on Economic Affairs (CCEA) gave its approval for finalising the issues relating to market access, rules of origin etc, for the third round of Global System of Trade Preferences (GSTP) Agreement during the GSTP Ministers meeting in April 2008, at Accra, Ghana. This is expected to promote trade and economic cooperation among the members of the GSTP and provide greater market access opportunity to India.

**RBI hikes CRR by 50 basis points**

THE Reserve Bank of India (RBI) hiked the Cash Reserve Ratio (CRR) by 50 basis points to 8%. The ratio indicates the amount of money banks have to keep with RBI as a %age of their liabilities (deposits). The rate hike will be introduced in two stages. In the first stage, RBI will raise CRR by 25 basis points to 7.75% on April 26, 2008. Another 25 basis point hike will come into effect from May 10, 2008.

**EOUs allowed to send partially processed goods outside India**

THE Ministry of Finance (MoF) has allowed 100% Export Oriented Units (EOUs) to take out of India partially-processed goods, process them on sub-contract basis outside the country and even sell them there without bringing the finished goods back. This move has come months after the Director-General of Foreign Trade (DGFT) made necessary changes to the export-import procedures to facilitate such movement of partially processed goods from EOUs.

**CCEA approves schemes of APEDA**

THE CCEA approved two schemes of the Agricultural and Processed Food Products Export Development Authority (APEDA) for infrastructure development and transport assistance. The two schemes worth Rs 4.29 billion will be implemented during the 11th Plan period (2007-12). The thrust of the schemes is to build infrastructure to facilitate the export of agricultural produce and improve the competitiveness of Indian agri-products in the international market.

## INDUSTRY WATCH

- **Life insurance companies put in more money in stocks than Mutual Funds**
- **Container train operators eye car transportation market**
- **FMCG sales growth at 16% in April-February, 2008**
- **Aviation majors plan supply units in India**
- **Ice-cream makers add healthy flavours**

### **Life insurance companies put in more money in stocks than Mutual Funds**

**LIFE insurance companies as a group invested more than three times money in Indian stock markets than domestic Mutual Funds (MFs) in the last fiscal.** According to industry figures, life insurance companies together made a net investment of about Rs 550 billion in equities as against the total investment of Rs 163.50 billion by mutual funds in 2007-08. Insurers have become a force to reckon with in the stock market particularly after the Life Insurance Corporation of India started heavily selling Unit Linked Insurance Plans (ULIPs) two years ago.

### **Container train operators eye car transportation market**

**EYEING a pie of the car transportation market, which is valued close to Rs 15 billion annually, container train operators have lined up innovative services.** This has also resulted in business opportunities for global firms such as Kar-Tainer International and UK-based AutoRack - which offers specially-designed containers for moving vehicles. Adani Logistics, for instance, is moving cars from Maruti Suzuki India's Gurgaon manufacturing plant – its inland container depot at Patli near Gurgaon – to Mundra port since November, 2007. Adani Logistics, which has a Rs 500 million licence to offer container train services, uses special containers of South African firm Kar-Tainer and moves five small cars for every 40-foot unit sized container. JM Baxi Group's container train operations arm, BoxTrans Logistics, has also started moving Maruti Suzuki's cars from Loni inland container depot (near Delhi) to Visakhapatnam and Bangalore.

### **FMCG sales growth at 16% in April-February, 2008**

**THE Fast Moving Consumer Goods (FMCGs) sector has seen sales grow at 16% during April-February 2007-08.** The growth in the corresponding period of 2006-07 was 14.5%. According to a Federation of Indian Chambers of Commerce and Industry (FICCI) survey, the credit for the growth rate goes to rising demand, fiscal incentives and improved performance of leading companies that have plants in tax-exempt locations. Shaving cream, anti-dandruff shampoo and tooth powders (22%) along with skin and fairness cream, dish wash (20%), cleaners and repellents (23%) have done well. Hair dye and deodorant, working from a smaller base, recorded even higher growth of 30% and 40% respectively.

### **Aviation majors plan supply units in India**

**LEADING aviation companies like Boeing subsidiary Aviall, Lufthansa Technik, Singapore-based ST-Aerospace, France-based ATR, and KLM are planning to set up supply centres for aircraft components in the country.** At present, carriers like Air India, Jet Airways, Kingfisher, SpiceJet, Go Air and IndiGo have to either import spare parts in bulk and stock them or get into lease agreements with various manufacturers. Once these supply centres are set up in India, they will have a common facility to shop for spares any time. This will decrease the transportation time. The ready availability of components will also decrease the need to stock spares in bulk. Aviall, which will set up the first two supply centres in Nagpur and Noida, is one of the largest providers of

aircraft spares and components in the world. Aviall will also study the fleets of various carriers and provide solutions. Several domestic airlines like SpiceJet are also in talks with their international suppliers to set up supply centres in the country.

### **Ice-cream makers add healthy flavours**

**ALL major players in the Rs 12 billion ice cream market are set to adorn a health-oriented look this year by offering more such products.** Amul, the market leader in the ice cream space, has already launched probiotic health and wellness ice creams and is also offering sugar free variants. They are switching to natural vanilla flavouring apart from adding new variants to their wellness ice creams to add to their health and wellness initiative this year. Mother Dairy, a subsidiary of the National Dairy Development Board (NDDB), has decided to expand its naturally flavoured offerings along with new packaging. The company expects better sales this summer as it is expanding business to cities like Mumbai, Hyderabad, Bangalore and in north India. Last year, FMCG major Hindustan Unilever introduced Moo ice cream under the health and wellness umbrella. Moo, a combination of chocolate and vanilla, is targeted at children and mothers because of its health credentials - each stick has calcium equivalent to one glass of milk.

## **CORPORATE HIGHLIGHTS**

- **Marks & Spencer forms joint venture with Reliance Retail**
- **CCEA nod for investments in Hindustan Coca Cola**
- **Bharti Retail opens Easy Day in Ludhiana**
- **Ascendas ties up with Dr Fresh for Gurgaon SEZ**
- **Jotun targets 8% pie of decorative paint market**
- **Rolta Q4 net up 44% at Rs 657.2 million**
- **Sonata Q4 net rises 32%**
- **PowerGrid full-year net profit rises 15.5%**
- **SBI, Macquarie, IFC enter pact to float \$2 billion fund**
- **Argentum Motors ties up with Dassault Systems**
- **HDFC Bank into carbon credit**
- **Hathway Cable gets Government nod for debenture issue**
- **L&T, TN Government join hands for ship building, port facility**
- **HCL Tech Q3 net revenue up**

### **Marks & Spencer forms joint venture with Reliance Retail**

**MARKS and Spencer Group and Reliance Retail, part of the \$27.13 billion Reliance Industries Group, have announced a Joint Venture (JV) in India.** The value of the initial investment in the venture will be up to £29 million (in cash or in kind) or Rs 2.30 billion between the parties, with both agreeing to provide further funding in the future. The JV aims at opening at least 50 new stores in India over the next five years.

### **CCEA nod for investments in Hindustan Coca Cola**

**THE CCEA gave its approval to invest \$52.4 million (Rs 2.05 billion) in Hindustan Coca Cola Holdings Pvt Ltd by their parent company, to predominantly fund capital expenditure in their subsidiary Hindustan Coca-Cola Beverages Pvt Ltd.** The approval would be subject to compliance with Securities Exchange Board of India (SEBI)/RBI pricing guidelines and adherence of RBI's

notification of December 14, 2007 regarding issuance of shares against application money which the company had proposed to do by March 31, 2008. After the approval, Foreign Direct Investment (FDI) amounting to approximately Rs 2.05 billion would be received in the country.

### **Bharti Retail opens Easy Day in Ludhiana**

**BHARTI Retail started retail operations in the country with neighbourhood store format, Easy Day, from Ludhiana in Punjab.** Bharti has set up three stores in Ludhiana. Though the company has not announced the total number of stores under Easy Day, it is looking to set up these food and grocery stores in all the major cities and towns across the country. Bharti has announced plans to invest Rs 100 billion to set up stores across the country by 2012. The company said that it is looking at a retail space of 10 million sq ft and employ 60,000 people.

### **Ascendas ties up with Dr Fresh for Gurgaon SEZ**

**ASCENDAS India Development Trust (AIDT), promoted by Singapore-based Ascendas announced a tie-up with Dr Fresh Healthcare Services of Dr Fresh Inc, US and Burmans of Dabur Group, to develop a 62-acre Information Technology (IT) Special Economic Zone (SEZ) and residential and commercial space in Gurgaon.** The project is estimated to cost Rs 15 billion and AIDT will hold 51% stake in the project. The project will have over 4.27 million sq ft of IT space and 2.6 million sq ft is planned for residential and commercial space.

### **Jotun targets 8% pie of decorative paint market**

**JOTUN group is all set to open 10 exclusive retail outlets this year in Gujarat with an aim to garner an 8% share of the decorative paint market by 2010 in the state.** By May 2008, the company will have eight Jotun Multicolour retail outlets in Ahmedabad, Surat, Vadodara and Rajkot. The company recently launched its plant in Pune at an investment of Rs 1 billion. The plant has a capacity to produce up to 50 million litres of wet paint and 10,000 tonnes of powder coatings.

### **Rolta Q4 net up 44% at Rs 657.2 million**

**ROLTA Ltd has reported a 44.3% rise in net profit for the quarter ended March 31, 2008 to Rs 657.2 million as against Rs 455.4 million in the corresponding quarter a year ago.** On a quarter-on-quarter basis, the company saw a 9.1% surge in net profit. Total revenues of the company increased by 55.3% to Rs 2.88 billion (Rs 1.85 billion). Sequentially, revenues rose by 19.3%.

### **Sonata Q4 net rises 32%**

**SONATA Software Ltd reported a 32% growth in net profit for the latest fourth quarter.** Revenue for the quarter grew 9.3%. The company said net profit was Rs 169 million, compared with Rs 128 million in the year-ago period. For fiscal 2008, the company reported earnings of Rs 585.2 million, compared with Rs 480 million in the year-ago period.

### **PowerGrid full-year net profit rises 15.5%**

**POWER Grid Corporation of India Ltd announced that its provisional net profit for 2007-08 was up 15.5% at Rs 14.2 billion.** The State-run power transmission major said provisional revenue rose 15.1% to Rs 47 billion, up from Rs 40.82 billion during the previous year, on the back of performance improvement and increased business from its telecom and consultancy forays.

### **SBI, Macquarie, IFC enter pact to float \$2 billion fund**

**STATE Bank of India (SBI) in a tie-up with Macquarie Group and the International Finance Corporation (IFC) is floating a \$2 billion fund for investment in infrastructure in India.** The

partners together bring in \$450 million to start the fund and the balance will be raised from international and domestic investors.

### **Argentum Motors ties up with Dassault Systems**

ARGENTUM Motors signed a Memorandum of Understanding (MoU) with software solutions provider Dassault Systems for designing and engineering of engine components for global automotive Original Equipment Manufacturers (OEMs). The collaboration would bolster Argentum from being a contract manufacturer of automobiles and components to also an engineering service provider for OEMs. Jointly set up by the two companies, the Centre of Excellence would leverage on Dassault's partnership for providing software solutions to auto companies and Argentum's manufacturing capacity.

### **HDFC Bank into carbon credit**

HDFC Bank signed an agreement with Cantor CO2E India Pvt Ltd and MITCON Consultancy Services Limited (MITCON) for providing carbon credit services. As part of the agreement, HDFC Bank will work with the two companies on awareness building, identifying and registering Clean Development Mechanism (CDM) and facilitating the buy or sell of carbon credits in the global market.

### **Hathway Cable gets Government nod for debenture issue**

HATHWAY Cable & Datacom Ltd, which plans to raise its foreign holding to 42.13% by issuing Compulsorily Convertible Debentures (CCDs) to Infrastructure India Holdings Fund (IIHF) and Morgan Stanley Asia, has received a green signal from the Government for the proposal. The cable Multi System Operator is proposing to issue CCDs to Mauritius-based IIHF and Morgan Stanley Asia, which would be converted into equity shares amounting to 4.58% and 3.82%, respectively.

### **L&T, TN Government join hands for ship building, port facility**

LARSEN & Turbo (L&T) and the Tamil Nadu Government have entered into an agreement to set up a Rs 30.68 billion integrated ship building and port facility to the north of Chennai. The facility is to come up in Thiruvallur district, at Kaatupalli near Ennore. The shipyard will have the capability to build very large crude carriers, passenger vessels and ships for specialised applications such as transporting Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG) and defence applications.

### **HCL Tech Q3 net revenue up**

HCL Technologies posted a 3.2% year-on-year rise in its third quarter net income at Rs 3.43 billion on a consolidated basis, even as the company clinched better-than-expected growth in the US market. In rupee terms, the revenue at Rs 19.45 billion was up 23.3% year-on-year and 7.1% on a sequential basis.