

## NRI Fortnightly Connect

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### Economy

- India's fiscal deficit at Rs 1.03 trillion in April-August 2007:** India's fiscal deficit stood at Rs 1.03 trillion (US\$ 26 billion) in April-August 2007, which is 68.5% of the target for FY 2008. The deficit contracted in August 2007 from Rs 1.29 trillion rupees in April-July 2007 because the Reserve Bank India (RBI) transferred back to the government most of the money it received for a stake in leading lender State Bank of India (SBI). The government had bought RBI's holding of 59.73% stake in SBI for Rs 355.31 billion rupees in June 2007.
- India's external debt expanded 5.6% to US\$ 165.4 billion in April-June 2007:** According to the Reserve Bank of India (RBI), India's external debt expanded 5.6% at US\$ 8.7 billion to touch US\$ 165.4 billion in the quarter ended June 2007 (Q1 of FY 2008) over the quarter ended March 2007 (Q4 of FY 2007).
- India's rural retail market is estimated to grow 29% by 2010:** A report released by the Confederation of Indian Industry (CII) and Yes Bank on Thursday (27 September 2007) has estimated India's rural retail market to grow 29% to Rs1.8 trillion by 2010 driven by rising rural incomes and changing consumption patterns. Rural retail includes fast moving consumer goods, durables, agricultural inputs and autos like tractors.
- TDSAT issues notices on tariff hike:** The Telecom Dispute Settlement and Appellate Tribunal (TDSAT) on Wednesday, 26 September 2007, issued notices to the Telecom Regulatory Authority of India (Trai) and mobile operators Bharti Airtel, Vodafone Essar and Idea over recent tariff increases. TDSAT asked Trai and the three operators to file their replies within a week.

### Exchange Rate

- Sustained capital inflows and a fresh surge in equity markets notwithstanding, the rupee on Friday ended lower at 39.74 against the greenback on heavy dollar demand from foreign banks as well as the central bank's intervention in favour of the US currency.

### Inflation steadily declines to 3.23%

- Annual inflation based on the wholesale price index (WPI) has further fallen to 3.23% in the week ended 15 September 2007 from 3.32% in the week ended 8 September 2007.

### Bullion

- In Mumbai, the market for gold soared to Rs.9,510, revealing a whopping gain Rs.90 over the previous close.
- In Chennai, ready silver (.999) soared to Rs.18,270, revealing a gain of Rs.245 per kg in a single day. In Delhi, it closed 160 higher at Rs.18,100 per kg followed by Mumbai with a gain of 85 at Rs.18,195 per kg. In Kolkata, the metal rose by Rs.50 at Rs.18,000 per kg.

### Bullion price

	Unit	28-Sep-07	14-Sep-07	Var(%)
Gold	Rs/10 gm)*	9,510	9,280	2.5
Silver	Rs/Kg)**	17,999	17,112	5.2

\* Mumbai \*\* Delhi

### Currency exchange

DATE	USD	GBP	EURO	YEN
14-09-07	40.45	81.72	56.09	35.15
28-09-07	39.74	80.34	56.30	34.48

### Index summary

INDEX	28-Sep-07	14-Sep-07	VAR(%)
SENSEX	17291.10	15603.80	10.8
NIFTY	5021.35	4518.00	11.1

### India sector index

INDEX	28-Sep-07	14-Sep-07	VARIATION
BSE - PSU	8202.07	7300.00	12.4
BSE AUTO	5332.26	4885.47	9.1
BSE BANKEX	9469.26	8136.11	16.4
BSE CAP. GOODS	14679.84	13701.56	7.1
BSE CONS DURA	4804.24	4567.37	5.2
BSE FMCG	2161.35	2072.81	4.3
BSE HEALTHCARE	3784.21	3665.56	3.2

### The annual wholesale price index

	PER CENT	WEEK-ENDED
Inflation	3.23	Sep-15
Inflation	3.32	Sep-08
Inflation	3.52	Sep-01
Inflation	3.79	Aug-25

## Capital Market

- The 30-share BSE Sensex rose 1,687.30 points or 10.81% to settle at record closing high of 17,291.10 on 28 September 2007 from its close of 15,603.80 on 14 September 2007. The S&P CNX Nifty rose 503.35 points or 11.1% to settle at 5,021.35 on 28 September 2007 from its close of 4,518 on 14 September 2007.
- **Kamdhenu Ispat starts marketing plyboard:** Kamdhenu Ispat has started branding and marketing of plyboard under the brand name Kamdhenu plywood. The company made this announcement after the trading hours on Friday, 28 September 2007.
- **Prudential Pharmaceuticals to issue & allot equity shares & warrants:** The board of Prudential Pharmaceuticals will meet on 13 October 2007 to consider allotment of equity shares and issue of equity warrants to Silver Golden Property Develop Fin Investment, Mumbai and Carwin Merhantiles. The company made this announcement after the trading hours on Friday, 28 September 2007.
- **Jhaveri Flexo India to raise funds:** The board of Jhaveri Flexo India has decided to issue / offer securities for raising fund not exceeding Rs 100 crore to carry out substantial expansion of business activities of the company by way of public issue / right issue or any combination thereof. Further, the board has decided to convene extra ordinary general meeting on 20 October 2007.

## Real Estate

- **Delhi and NCR residential real estate market sluggish:** The Delhi and NCR residential real estate market is experiencing a slow-down in purchasing activity. While suburban markets have witnessed a decline in capital values driven by sluggish demand and adequate supply of new units, prime real estate in Central and South West Delhi has witnessed steady purchasing activity.
- **RBI's Monetary Policy Inimical To Real Estate: ASSOCHAM:** The Reserve Bank of India (RBI) should immediately review its monetary policy to remove its excessive focus on taming inflation only and concentrate to reduce mortgage rate, besides take measures to curtail interest rates to enable wage earners to afford dwelling units.
- **Mivtach Shamir to invest \$13 million in Chennai real estate:** Mivtach Real Estate, a subsidiary of Israeli investment company Mivtach Shamir, is to invest around \$13 million in Chennai real estate. The firm and its partners have purchased 275 acres of land in Chennai and plan to build 24 million sq ft of office space, hotels and commercial centers on the site. Mivtach Shamir's investment will bring it 32% ownership of the Chennai project.
- **Bangalore residential real estate market sees slowdown:** The Bangalore residential real estate market is experiencing a change in market dynamics and an overall slow-down in purchasing activity according to global real estate services firm Cushman & Wakefield. High prices, steep home-loan interest rates and anticipation of a price correction have resulted in only a marginal price escalation in the past few months accompanied by a 15%-25% drop in primary sales across micromarkets of Bangalore.
- **150 acres of mill land sold in Kolkata:** In a move welcomed by the real estate industry, ailing public sector firm National Textile Corporation (NTC) has sold 150 acres of mill land in Kolkata for residential and commercial real estate redevelopment.
- **SAIL to develop steel SEZ in Salem, Tamil Nadu:** Steel major SAIL has signed a Memorandum of Understanding (MoU) with IL&FS Infrastructure Development Corporation (IIDC) to form a special purpose vehicle (SPV) to develop, operate and maintain a special economic zone (SEZ) dedicated to the steel sector on 250 acres near SAIL's Salem, Tamil Nadu plant.

## Residential realty rates

WESTERN SUBURBS	Capital Values/ Rs./sq.ft.
Bandra (E)	6,000-9,500
Bandra (W)	11,000-24,000
Khar(E)	5,000-9,000
Khar(W)	10,000-16,000
Santacruz(E)	5,500-9,000
Santacruz(W)	8,500-14,000
Ville Parle(E)	5,000-9,000
Ville Parle(W)	7,000-16,000
Andheri(E)	4,000-6,500
Andheri(W)	5,000-10,000
Jogeshwari	3,000-6,000
Goregaon(E)	3,000-6,500
Goregaon(W)	3,000-6,000
Malad(E)	3,000-5,000
Malad(W)	3,000-6,000
Kandivli(E)	3,000-5,000
Kandivli(W)	3,000-5,000
Borivli(E)	2,800-4,500
Borivli(W)	3,000-5,000
Mira Road(E)	1,200-2,500
Vasai(E)	1,100-1,700
Vasai(W)	1,100-1,700
Virar(E)	1,000-1,600
Virar(W)	1,000-1,600

Source: The Times of India

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