

## NRI Fortnightly Connect

November 01, 2007

Volume : 1 Issue : 3



### Economy

- CRR hiked by 50 bps to 7.5% from 10 November 2007:** The Reserve Bank of India (RBI) in its mid-term review of the Annual Monetary Policy kept repo and reverse repo rates unchanged. Bank rate was also kept unchanged at 6%. The policy stance is more hawkish and the emphasis is on capital inflows. Cash reserve ratio (CRR) was hiked by 50 basis points (bps) to 7.5% in one tranche from 10 November 2007. The inflation target has been kept at 5% in FY 2008. The gross domestic product (GDP) forecast has been kept unchanged at 8.5%. RBI feels that credit growth is in line with the target of 24%-25%.
- Two new CPI indices to be launched by mid-2008:** The government plans to launch two new consumer price indices, one for urban areas (CPI-U) and another for rural India (CPI-R), to be launched from mid-2008. According to the director general of Central Statistical Organisation (CSO) SK Nath, the existing index for Urban Non-Manual Employees (CPI-UNME), will be replaced by the CPI-U as there are no users for CPI (UNME) data. The preparations for implementation of the new indices are at a very advanced stage.
- RBI extends timeframe of banks' loans to exporters:** The Reserve Bank of India (RBI) extended the timeframe for concessional rates of interest charged by banks on loans obtained by exporters by six months to 30 April 2008. Banks charge interest rates for pre-shipment and post-shipment credit at 2.5% lesser than their prime lending rates (PLR). Lending rates for banks range between 12-14%.
- Telephone subscriber additions touch 7.64 million in September 2007:** According to the Telecom Regulatory Authority of India (Trai), gross number of telephones crossed 248.66 million by the end of September 2007 compared with 241.02 million in August this year. A total of 7.64 million telephone connections were added in September 2007. The tele-density reached 21.85% in September 2007 as against 21.20% in August 2007.

### Exchange Rate

- The rupee on ended at 39.31/32 a dollar, compared with Rs.39.37 on Tuesday. It moved in a narrow band of 4 paise.

### Inflation down 3.26%

- Annual inflation, based on the wholesale price index (WPI), moved down 3.26% in the week ending 29 September 2007 from 3.42% in the week ending 22 September 2007.

### Bullion

- In local Markets, Chennai lost the most where standard gold (99.5) fell by Rs.80 per 10 gm at Rs.10,080 followed by Mumbai with a fall of Rs.25 at Rs.10,000 per 10 gm.
- Spot silver (.999) moved down from Rs.19070 to Rs.18700 per kg as prices of London Silver dropped from 1440 cent to 1420/1425 cent on speculative selling. Silver Coins also ruled weak by Rs.200 at Rs.26900 per hundred coins on lack of upcountry demand.

### Bullion price

	Unit	31-Oct-07	15-Oct-07	Var(%)
Gold	Rs/10 gm)*	10,000	9,650	3.6
Silver	Rs/Kg)**	18,634	18,068	3.1

\* Mumbai \*\* Delhi

### Currency exchange

DATE	USD	GBP	EURO	YEN
15-10-07	39.31	79.95	55.71	33.41
31-10-07	39.32	81.35	56.75	34.28

### Index summary

INDEX	31-Oct-07	15-Oct-07	VAR(%)
SENSEX	19837.99	19058.67	4.1
NIFTY	5900.65	5670.40	4.1

### India sector index

INDEX	31-Oct-07	15-Oct-07	VARIATION
BSE - PSU	9628.43	9156.45	5.2
BSE AUTO	5507.17	5613.37	-1.9
BSE BANKEX	10655.33	9706.81	9.8
BSE CAP. GOODS	19795.32	17119.70	15.6
BSE CONS DURA	5283.38	4834.53	9.3
BSE FMCG	2126.59	2156.65	-1.4
BSE HEALTHCARE	3928.94	3842.23	2.3

### The annual wholesale price index

	PER CENT	WEEK-ENDED
Inflation	3.07	Oct-13
Inflation	3.07	Oct-06
Inflation	3.26	Sep-29
Inflation	3.42	Sep-22

## Capital Market

- Sensex soared 786.13 points or 4.12% to settle at 19,837.99 in the fortnight ended 31 October 2007. The S&P CNX Nifty rose 232.60 points or 4.1% to 5,900.65 in the fortnight.
- **Sical Logistics' shareholders approves scheme of arrangement:** Sical Logistics has announced that the equity shareholders of the company at its court convened meeting held on 21 September 2007 have approved the scheme of arrangement between the company and Sicagen India and their respective shareholders.
- **Satyam Computer Services to collaborate with Cisco:** Satyam Computer Services has announced to collaborate with Cisco to explore a new venture that will optimize, deploy and manage solutions for handling medical distress solutions and health management solutions for global markets. Cisco has announced a \$100 venture programme targeting the Indian innovation.
- **Baba Arts allots equity shares:** The board of Baba Arts has allotted 400000 equity shares of Rs 4 each at a premium of Rs 40 per share to Jyoti G Tanwani belonging to the promoter group against exercise of rights for conversion of warrants.
- **RNRL tops volume on BSE:** Reliance Natural Resources (RNRL) topped volume charts on BSE, clocking volumes of 2.82 crore shares. The stock gained 3.77% to Rs 119.85. RNRL's net profit jumped 175.83% to Rs 19.17 crore on 5.94% fall in net sales to Rs 11.72 crore in Q2 September 2007 over Q2 September 2006. The results were announced on 17 October 2007.

## Real Estate

- **Nashik to be next real estate destination:** After Pune, it could be destination Nashik for industry as Pune is fast running out of land. The vigorous land acquisition by the Maharashtra Industrial Development Corporation (MIDC) and private industry here is soon going to ensure this. Sources said that the state government's industrial infrastructure development arm is looking to create a land bank of between 10,000-20,000 hectares in the two cities, Pune and Nashik, with emphasis on the latter.
- **NTC's Dadar land set for makeover with pvt cos' help:** The government is now planning to join hands with private real estate companies to get a share of the realty pie. The ministry of commerce and the ministry of textiles are planning to build cineplexes, 5-star hotels, multicuisine restaurants and shopping arcades in the country's financial nerve centre, Mumbai. The plan is to utilise the National Textile Corporation's (NTC) 11.5 acre land in Dadar in upmarket central Mumbai. Projected to be the tallest tower in Mumbai, the property would fetch the government over Rs 200.
- **Akruti Nirman to invest Rs 15 bn in Pune:** Mumbai-based real estate developer Akruti Nirman Ltd said it plans to invest Rs 15 billion to expand operations in the western Indian city of Pune. Akruti said it had acquired 150 acres in the city and planned to develop 12 million square feet over the next three years. This would include residential and commercial complexes, hotels and special economic zones, it said in a statement.
- **Citi to invest \$250m in Bangalore co Nitesh Estates:** Citigroup is investing around \$250 million in Bangalore-headquartered real estate major Nitesh Estates. However, the exact quantum of stake could not be ascertained.
- **Carlyle eyes larger share of realty business:** Global PE major Carlyle is eyeing a larger share of the booming realty business in India. The fund, one the largest private equity funds in the world with more than \$75.6 billion of assets under management, is looking to make entity-level investments in real estate companies in India.

## RESIDENTIAL PROPERTY RATES IN MUMBAI

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

**Disclaimer:** This report / document has been prepared by Canara Robeco Asset Management Company Ltd. based upon information available to the public and sources, believed to be reliable. Though utmost care has been taken to ensure its accuracy, no representation or warranty, express or implied is made that it is accurate or complete. CR AMC Ltd. has reviewed the report and, in so far as it includes current or historical information, it is believed, to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document are solely those of CR AMC Ltd. and are as of this date. CR AMC Ltd. endeavours to update on a reasonable basis the information discussed in this document /material, but regulatory, compliance or other reasons may prevent us from doing so. The opinions expressed in this document /material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

Compiled by Canara Robeco Asset Management Company Ltd.