

NRI Fortnightly Connect

December 15, 2007

Volume : 1 Issue : 6



Economy

- **ADB to provide a loan of \$500 million to India:** The Asian Development Bank (ADB) will provide a loan of \$500 million to India for promoting public-private partnerships (PPPs) between the government and private sector for expanding investments in infrastructure. The loan will be provided to government-owned India Infrastructure Finance Company (IIFC) in multiple tranches over the next four years.
- **High global food prices pushed up inflation:** On 14 December 2007, Finance Minister P Chidambaram pointed out to reporters in Ahmedabad that high global food prices has pushed up domestic rates of edibles, but inflation was at its lowest in years. The minister explained prices of food articles are slightly higher because of the mis-match between supply and demand.
- **Govt considering a marginal hike in fuel prices:** The government is considering a marginal hike in petrol and diesel price along with an excise duty cut on these fuels. The rise is aimed to cut the Rs 7840-crore loss that public sector oil firms are incurring every month on selling fuel below cost. A decision on the issue is likely to be taken after Gujarat assembly elections. A Group of Ministers on commodity pricing including fuel rates, headed by External Affairs Minister Pranab Mukherjee, is slated to have its first meeting on 14 December 2007.

Exchange Rate

- The rupee on Friday (14 December 2007) ended at 39.34/35 per dollar, its strongest finish since November 19, and up from the previous close of 39.395/405.

Inflation up 3.75%

- Annual inflation, based on the wholesale price index (WPI), climbed up 3.75% in the week ended 1 December 2007 from 3.01% in the week ended 24 November 2007.

Bullion

- Standard gold (99.5 purity) dropped by Rs 155 per ten grams to Rs 10,180 from Rs 10,335 previously.
- Silver ready (.999 fineness) slumped by Rs 390 per kilo to Rs 18,870 from Rs 19,260.

Bullion price

	Unit	14-Dec-07	03-Dec-07	Var(%)
Gold*	Rs/10 gm	10,180	10,050	1.3
Silver**	Rs/Kg	18,180	18,315	-0.7*
Mumbai	** Delhi			

Currency exchange

DATE	US\$	GBP	EURO	YEN
03-12-07	39.56	81.39	58.04	35.78
14-12-07	39.35	80.36	57.62	35.00

* INR/100 Jap. YEN

Index summary

	14-Dec-07	03-Dec-07	VARI(%)
SENSEX	20030.83	19603.41	2.2
NIFTY	6047.70	5865.00	3.1

India sector index

	14-Dec-07	03-Dec-07	VAR(%)
BSE - PSU	10079.08	9774.24	3.1
BSE AUTO	5743.80	5546.58	3.6
BSE BANKEX	11335.47	10865.28	4.3
BSE CAP. GOODS	19862.51	19962.48	-0.5
BSE CONS DURA	6204.25	5732.15	8.2
BSE FMCG	2263.93	2170.41	4.3
BSE HEALTHCARE	4308.27	3853.53	11.8

The annual wholesale price index

	PER CENT	WEEK-ENDED
Inflation	3.75	Dec-01
Inflation	3.01	Nov-24
Inflation	3.21	Nov-17
Inflation	3.01	Nov-10

Capital Market

- The 30-share BSE Sensex jumped 667.64 points or 3.44% to 20,030.83 in the fortnight ended 14 December 2007. The S&P CNX Nifty inched up 284.95 points or 4.94% to 6047.70 in the fortnight. The BSE Mid-Cap index soared 918.38 points or 10.73% to 9,471.94 in the fortnight, while the BSE Small-Cap index surged 1669.48 points or 15.86% to 12,195.50 in the fortnight. Both these indices outperformed Sensex. The BSE Mid-Cap index hit an all time high of 9,518.86 while the BSE Small-Cap index struck all time high of 12,262.12 on Friday 14 December 2007.
- **Jaiprakash Associates, Reliance Industries to see action:** Oil refining major Reliance Industries (RIL) is reportedly exploring ways to sell its petroleum products directly in the US and Europe. At present, the company sells its petroleum products through traders. Mulls setting up retail outlets in US. Jaiprakash Associates scheduled a board meeting to be held 14 December 2007, to consider issue of warrants to promoters / promoters group on preferential basis. It will also consider raising funds for the company through issue of global depository receipts.
- **Kolte Patil Developers to see action on debut:** Kolte Patil Developers will list on stock exchanges, 13 December 2007. The stock will be placed in the B1 group on BSE. The company had fixed the IPO price at the top end of the Rs 125-145 IPO price band.
- **New project launch boosts Parsvnath Developers:** Parsvnath Developers rose 1.16% to Rs 415.50 after it unveiled Parsvnath Preston, a high-end group housing residential project, in Sonapat, Haryana.

Real Estate

- **J Kumar Infraprojects to enter capital market:** J. Kumar Infraprojects Limited (the "Company"), an ISO 9001:2000 certified civil engineering and infrastructure development company with a primary focus on development of roads, flyovers, bridges, railway over bridges, irrigation projects, commercial and residential buildings, railway buildings, sports complexes and airport runways, has filed its Draft Red Herring Prospectus ("DRHP") with the Securities and Exchange Board of India ("SEBI"). It will enter the capital market soon with an Initial Public Offering ("IPO") of 65,00,000 equity shares of Rs 10 each for cash at a price ("Equity Shares") to be decided through a 100% book-building process.
- **Realty prices may pose risk to banking system:** The strong demands for housing and home finance in India are likely to maintain pressure on the real estate prices. The elevated prices along with non transparency may lead asset bubble in the market and pose risk to banking system, says RBI Deputy Governor, Rakesh Mohan. In view of the expected high demand, pressure on real estate prices may continue. RBI has also noted lapses in the implementation of banks' own approved policies while lending.

RESIDENTIAL PROPERTY RATES IN MUMBAI

CENTRAL SUBURBS	Rs./sq.ft.
Byculla	9000 - 12000
Wadala	6000 - 8000
Sion	9000 - 12000
Kurla	5000 - 6000
Powai	6000 - 10000
Chembur	5000 - 9000
Ghatkopar	6000 - 10000
Bhandup	4000 - 6000
Mulund	4000 - 6000
Thane	4000 - 6000
Dombivali	4000 - 5000
Kalyan	3000 - 5000
Ambernath	3000 - 5000

Source: magicbricks.com

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.