

Stocks		
	Close	Chg
BSE Sensex	18139.49	↓ 523.67
S&P CNX Nifty	5322.55	↓ 161.35
Nifty Fut (1m)	5296.75	↓ 184.20
Nifty Fut (3m)	5279.40	↓ 186.05

Global Indices		
	Close	Chg
Nasdaq	2309.57	↓ 73.28
Dow (DJIA)	12265.13	↓ 370.03
FTSE 100	5868.00	↓ 158.20
Nikkei 225	13099.24	↓ 646.26

DNA MONEY

Ahmedabad, Thursday, February 7, 2008

DAILY NEWS & ANALYSIS. MONEY

Money & Forex		
	Rate/yield	Chg
7.49% 2017 g-sec	7.49	↓ 0.03
Inter-bank call	6.43	↓ 0.05
US \$	39.52	↓ 0.03
Euro	57.72	↓ 0.21

Commodities		
	Close	Chg
Gold (Rs/10gm)	11470.00	↑ 65.00
Silver (Rs/1 kg)	21005.00	↓ 10.00
Brent crude (\$/bbl)	89.10	↓ 1.82
LME copper (\$/tn)	7130.00	↓ 130.00

Straws in the wind...

Emaar lowers price band

The aggressive pricing strategy adopted by real-estate company Emaar MGF for its initial public offering is not paying off. By 4 pm on Wednesday, the company's shares were subscribed only 60%. As a result, it extended the issue period by four days to February 11, 2007, and lowering its price band from Rs 540-630 to Rs 530-630. If investors oblige now, the company will raise Rs 5,436 crore at the lower end of the price band, a good Rs 1,000 crore below what it had expected to raise at the upper end.

budget run-up

In the consumer durables sector, tax burden is forcing several multinational companies interested in manufacturing goods in the country look elsewhere. Though the consumer stands to benefit as competition heats up and players cut prices, the Centre needs to offer sops to retain these companies. **Page 9**

Mercator to double fleet

Mercator Lines, one of the leading shipping lines in India is set to double its dredging fleet in the next six months. "We plan to invest about \$100 million in acquiring three new dredgers, which will be funded through internal accruals and debts from banks," said Atul Agarwal, managing director, Mercator Lines. The company currently owns three dredgers, of which two are in long-term time charter with state-owned Dredging Corporation of India, employed on the Sethusamudram project. The third one is in dry dock after which the company plans to deploy it, and is in discussions to deploy it mostly on the Indian coasts.

Mindteck buys Infotech

Software firm Mindteck (India) Ltd on Wednesday said it had acquired US-based Infotech Consulting for \$21 million. Software services firm Infotech had estimated annual revenues of \$31 million as on December 31, 2007, and employs more than 250 people. Mindteck said in a statement. This acquisition was the first in a series of four, planned by the fourth quarter of 2007-08, for a total value of \$30.6 million, it added. Mindteck expects to end 2007-08 with revenues of more than \$75 million, along with its four acquisitions, it said.

Rio rejects BHP bid

Rio Tinto Group rejected a revised offer from BHP Billiton Ltd because it "significantly" undervalues the company. BHP Billiton had launched a hostile \$147.4 billion bid for mining rival Rio Tinto, in what could be the second biggest takeover in corporate history. BHP sweetened its initial approach by 13%, offering 3.4 of its shares for every Rio share.

nobody's business...

manjul



Don't think anything else except your career for the next 20-30 years. What's the hurry? You're living in post-Viagra world.

Tata's TAL to make Boeing beam

Dreamliner floor beams will be made in Nagpur; deal price is not known

Nirmal John, Mumbai

TAL Manufacturing Solutions, a subsidiary of Tata Motors, has concluded a deal with US commercial aircraft maker Boeing to build floor beams for the 787 Dreamliner.

The size of the deal was not disclosed. The beams would be built using advanced titanium and composite materials and would be produced at TAL's facility in Nagpur and then transported to Boeing partners abroad. The 787 is made largely from composite materials which make the plane more fuel-efficient and cheaper to maintain than aluminum aircraft.

Ravi Kant, managing director, Tata Motors, said: "This agreement has the potential to develop into a more broad-based alliance."

Aviation industry experts suggest that the deal could have been triggered by the 30% off-set agreement between Boeing and the Government of India under which Boeing had committed to purchase goods worth about 30% of the value of its 68 airplane deal with Air India.

Currently, Boeing also sources made-in-India components from public-sector aviation firm Hindustan Aeronautics Ltd (HAL).

Ian Thomas, president, Boeing India, said: "We are pursuing a host of growth and productivity initiatives in India."

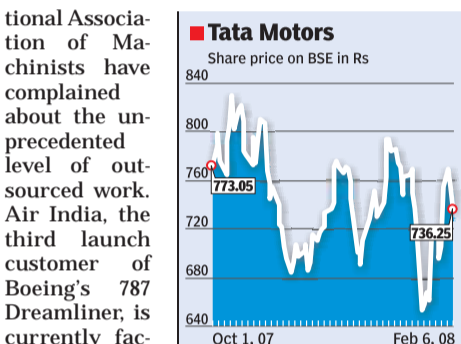
Atam P Arya, MD, TAL, said: "This would be a turning point for the Indian manufacturing industry to gain a footprint in the global aerospace business."

Currently, Boeing has agreements with other component makers like Los Angeles-based HITCO Carbon Composites Inc which also supplies floor beams for an aircraft fuselage section of the Boeing 787 Dreamliner. It is not clear as of now if the Tata contract is meant to supplement such existing deals.

Tata Motors was trading down 2.55% at 736.25 at close of trade at the Bombay Stock Exchange (BSE). Meanwhile, in the US, Boeing is facing opposition from unions on outsourced work on the 787 programme and subsequent delays. The union and members of the International Association of Machinists have complained about the unprecedented level of out-sourced work. Air India, the third launch customer of Boeing's 787 Dreamliner, is currently facing delays as a result of the holdup in deliveries of the 787, as announced by Chicago-based Boeing which manufactures the airplane in Seattle.

The three-month delay means that Air India would now fly the long-haul aircraft around May instead of February next year.

Air India had placed an order for 68 aircraft, including 27 787-8 Dreamliners and Jet Airways



Plane truth

Floor beams will be transported to Boeing partners abroad

787 is made largely of composite materials which make it more fuel-efficient and cheaper to maintain than aluminum aircraft

Boeing also sources made-in-India components from public-sector aviation firm Hindustan Aeronautics Ltd

has ordered 10 planes of the same type. The Dreamliner has had the largest numbers of pre-launch orders for any aircraft with over 50 customers ordering 855 aircraft. At list prices, this would take the total order book to over \$100 billion. Japans All Nippon Airways (ANA) is scheduled to be the launch customer for the aircraft.

n.john@dnaindia.net
(With inputs from Bloomberg)

Maruti to export 2.5 lakh cars from MPSEZ

Mundra Port to construct first car carrier terminal in the country

Himanshu Dhonse, Ahmedabad

Maruti Suzuki India Ltd will export 2.5 lakh cars from Mundra Port & Special Economic Zone (MPSEZ). The two companies have signed an agreement to set up an exclusive car carrier terminal for Maruti cars at the Adani group's SEZ.

"Maruti will manufacture the cars in Gurgaon and then bring them to Mundra from where they will be exported. We will construct the car carrier terminal with a capacity of 2.5 lakh cars per annum in the port and this will be first of its kind in the country," said Sandeep Mehta, CEO of MPSEZ.

Mehta, however, refused to divulge details about the investments that will be required for setting up the terminal.

"Maruti will set up its car inspection facility near the car carrier terminal," added Mehta. If required, the capacity of car carrier terminal may be raised to 4 lakh per annum. "We are expecting the terminal to be operational by the first quarter

of 2009," he said.

Apart from Maruti, MPSEZ is also in talks with other automobile companies. "Later, we are planning to offer similar services to other car manufacturing companies in the coun-



Auto boom

Maruti will manufacture the cars in Gurgaon and then bring them to Mundra from where they will be exported

If required, the capacity of car carrier terminal may be raised to 4 lakh per annum

try who will be able to export cars from MPSEZ," said Mehta.

MPSEZ which got listed on BSE in November 2007 at a price of Rs770 per share had shot up to a high of Rs 1324 in early January. Thereafter, it crashed and on Wednesday it closed at Rs 806, down by 3.5% over the previous close of Rs836.

d.himanshu@dnaindia.net

AMD seeks \$2bn from consumer electronics

Chipmaker bets on handsets, consoles and digital TVs

C Chitti Pantulu, Hyderabad

Leaving behind the bad experiences of last year, which was characterised by a price war with arch rival Intel and delays in chip launches, chip-maker Advanced Micro Devices (AMD) is looking to gain new ground in 2008 with an aggressive push in the consumer electronics space.

In the immediate instance, the world's second largest computer chip-maker is targeting the smart phone and digital TV market which is expected to be over \$6 billion over the next four years. The company also has an option to make a push into the set-top box and media player market, Adrain Hartog, senior vice-president, global consumer electronics group and president AMD Canada, said.

While AMD's revenues from consumer electronics are pegged at close to \$500 million per year now, the company aims to take it



Adrain Hartog

up to \$2 billion per year soon. "Our goal is to grow the consumer electronics business at a rate faster than the rest of the company. It is seen as a growth opportunity and will help AMD win references with companies in its other businesses too," he explained. Major growth will come from handsets, consoles and digital TVs for the consumer electronics business of AMD. Hartog said. All these segments are at an inflexion point with multimedia capabilities being exploited while being connected to the internet, he added.

State to get hydrogen CNG station

Australian company seeks tie up with GSPC to introduce high efficiency gas for transportation sector

Avanindra Mishra, Ahmedabad

Hythane Co, a wholly-owned subsidiary of Australian company Eden Energy Ltd, plans to establish Hythane refueling stations in Gujarat. Hythane Co has been selected by Indian Oil Corporation to build the first public hydrogen HCNG refueling station in India at their Lodhi road station in Delhi.

The Delhi project is scheduled for completion during the third quarter of 2008 whereas the second Hythane refueling station is expected to be established at a GSPC site in Rajkot. Work at the stations in Gujarat and Mumbai will begin in mid 2008.

"The company is in the final stages of agreement with Gujarat State Petroleum Corporation (GSPC) to undertake the hythane demonstration project in Gujarat, expected to come up at Rajkot.

It is also in the final stages of concluding an agreement with the Gas Authority of India (GAIL) and Mahanagar Gas Limited (MGL)." Eden Energy Ltd, Greg Solomon told DNA Money. "Initially, each demonstration project will start with fuelling one or two buses. Once the results are satisfactory the number of buses will be increased to 50.

The company is currently working with all relevant authorities to establish the necessary safety standards and regulations in India for Hythane. The demonstration projects will commence during the second half



Full gas

HCNG will increase efficiency of the engine by upto 15%.

The emissions will come down by 50% at the same time.

The demonstration projects will commence during the second half of 2008

The total cost of a demonstration project is expected to about Rs 4 crore

engines and cut down emission at the same time" said a senior official from GSPC.

Hythane is a blend of natural gas, comprising 20% hydrogen and 80% natural gas. It is expected to cost a bit higher than CNG but will be much more efficient in increasing average and decreasing emission.

"Hydrogen acts as a strong combustion stimulant, that enables the natural gas engines to be re-tuned, and as a result achieve up to a 10-15% increase in efficiency, and at the same time reduce emissions, of nitrogen oxides, carbon monoxide and unburned hydrocarbons by up to 50%" informed company sources. With increasing number of Reliance and GAIL gas station in the country Hythane Co also see good prospects for establishing their fuelling stations. The residue emissions from refineries and other industries are the primary source of hydrogen for the company. Water can also be a good source of hydrogen for the same.

The Delhi project which is underway involves installation of an electrolyser which produces 5 cubic meter of hydrogen per hour from water, a compressor, a storage tank, a blender to mix the hydrogen with natural gas and hydrogen and a hythane dispenser.

a.mishra@dnaindia.net

When its growth fund is converted into an open-ended scheme, investors can hope for a 10% return or more

A quick-buck chance as Morgan MF 'opens' up

Khyati Dharamsi & Vivek Kaul, Mumbai

Here is a hot investment tip that could help you earn a 10% return or more in a few months, if the stock market does not fall from its current levels, that is. Morgan Stanley Mutual Fund, the first foreign fund house in the country, has decided to make its 13-year-old Morgan Stanley Growth Fund an open-ended scheme.

When launched in 1994, the scheme was supposed to be closed-ended for 15 years till January 2009.

To provide investors who wanted to exit the scheme an exit window, the scheme was listed on both the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). However, units of the scheme are currently trading



at a discount on the exchanges vis-à-vis its net asset value (NAV). Net asset value is the total value of the investments of the scheme divided by the number of units outstanding.

And this is where the opportunity is.

Though the discount margin has reduced considerably over the years, there still exists a difference of 10% be-

tween the last reported NAV of Morgan Stanley Growth Fund of Rs 63.37 and its closing price of Rs 57.59 at the BSE, as on February 5, 2007.

To make use of this opportunity, a simple arbitrage strategy needs to be followed.

Buy the cheaper units from either of the stock exchanges and sell these units back to the fund house when the scheme

Arbitrage advantage

When launched in 1994, the scheme was supposed to be closed-ended for 15 years

Investors can buy the cheaper units from the bourses and sell them to the fund house when the scheme becomes open-ended

becomes open-ended. If the current stock market levels are maintained, you are sure to make a return of 10%. If the stock markets go up, the returns will rise.

There is also the risk of the stock markets falling and investors making less money or facing losses.

"Any investor who is buying now will ensure that a 10%

cushion exists even during this choppy market. Anybody who has a horizon of 10-11 months is suggested to buy the units from the exchange. The fund has investments in large-cap stocks and if the market does well, then the scheme too should do well," said personal financial planner Raunak Roongta Morgan Stanley Mutual Fund declined to comment, as the regulatory approvals for the conversion are yet to come. Though the actual conversion is still a timeline away from regulatory approval, there is an opportunity for investors willing to board the Morgan Stanley wagon, which swept hundred thousands of investors when it was launched. People lined up in serpentine queues to apply for the scheme, which was mistakenly referred to an "ini-

tial public offering (IPO) where one is assured to be allotted shares," as the concept of new fund offer (NFO) or mutual fund was then at its nascent stage.

The scheme collected a whopping Rs 981.8 crore from around 14.5 lakh investors when it was launched.

In addition, the market price of the units of the scheme has always quoted at a discount to the NAV of the scheme. In fact, in May 1999, the market price of the units of the scheme quoted at a discount of almost 48% to the NAV of the scheme, back then.

"The scheme was trading at a discount of 25-30% about 18 months ago and it will narrow further in the days to come," said Roongta.

d.khyati@dnaindia.net

Quietly, Peugeot hits comeback trail

French auto major says "strategic assessment" for entry is on

Sindhu Bhattacharya, New Delhi

French major PSA Peugeot Citroen is carrying out a "strategic assessment" of the Indian market. The company, which is looking at India again after an unsuccessful stint in the mid nineties when it partnered Premier Automobiles, is more cautious this time though. It has formed a small team to conduct this assessment and this team is reporting directly to the board of directors in Paris.

To begin with, French major is opening purchase office

in India which will source components for its global operations. While names of component suppliers Peugeot is talking to — such as Argemut Motors, Bharat Forge and Amtek Auto — for a possible sourcing alliance are doing the rounds, there is no confirmation on the exact companies PSA Group is in talks with.

Later, the company may even decide to rope in a strategic partner for entering the Indian passenger car market. Here again, sources tell us that PSA has been in talks with many well-known Indian companies but the discussions are still at a preliminary stage.

A PSA Group spokesman told DNA Money from Paris "Yes, a strategic assessment is underway for India."