

C O N T E N T S

Economic Indicators

Economy & Its sectors

External Sector

Foreign exchange reserves

Money & Banking

Interest rate & Debt market

Corporate News

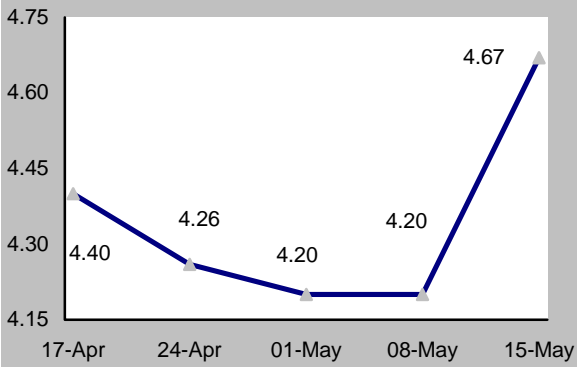
Stock Markets

Inflation

HIGHLIGHTS

- v Inflation rises to 4.67%
- v The Common Minimum Programme
- v Core sector moves up by 9% in April
- v Foreign trade data for April 2004-05
- v An 8.54% rise in new project investments : CMIE
- v 7% growth forecast for 2004-05 :CII
- v Ficci optimistic on growth of core sector
- v Consumer price index rises
- v Banks build up fluctuation reserves for FY04
- v 15 private banks see 32% profit rise in FY04
- v Oil companies now at a loss of Rs 3000 crores
- v Steel exports up 31% in 2003-04

ECONOMIC INDICATORS

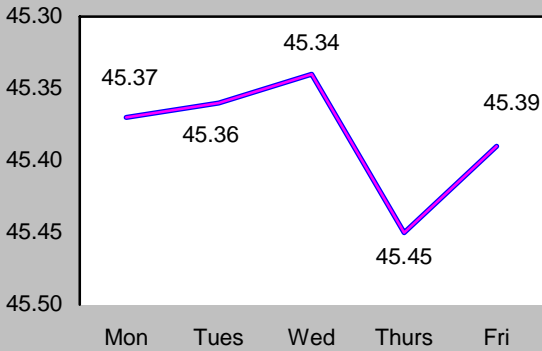


Inflation

Inflation rose by 0.47 per cent to 4.67 per cent for the week ended May 15, due to surging prices of mass consumption items like vegetables, milk and edible oils

The point-to-point wholesale price index (WPI) inflation rose from 4.20 per cent in the previous week even as prices of fuels remained unchanged despite volatile global markets.

The WPI rose by 0.2 per cent to 181.5 points due to a sharp rise in the prices of primary articles and a marginal increase in the prices of heavy-weighted manufactured products.

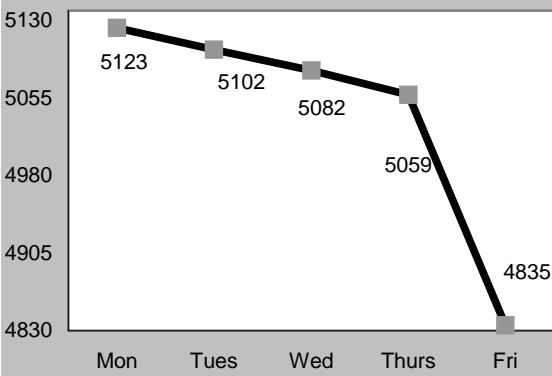


[RBI Reference Rate]

Rs v/s US \$

An announcement by the new Finance Minister on Monday on his commitment to continue with the pace of economic reforms and contain fiscal deficit eased the uncertainty with investors and the rupee ended at Rs 45.32 per dollar which was slightly weaker than Friday's close of Rs 45.29. Profit taking on the stock market coupled with demand from oil companies brought the rupee down weaker by Tuesday to Rs 45.35 to the dollar

For the third consecutive day, the rupee fell and closed at Rs 45.39 on Wednesday. There was a demand for dollars from mainly gold and crude oil importers while dollar supplies from exporters and foreign funds remained weak, which added pressure on the rupee. India imports 70% of its crude oil requirements and state run firms usually increase their dollar purchases towards the end of the month to cover import requirement.



BSE Sensex

The BSE30 Sensex opened up on Monday morning with a feel good mood and gained 166.66 points over the course of day's trading. Market posed confidence in the new finance ministry to be headed by Chidambaram and acted accordingly in positive direction. The Nifty gained 48.68 points, 3.12 per cent to close at 1608.85 points.

The BSE30 Sensex opened on Tuesday morning with a weak note and fell cross the bourses to lose grounds by 21.01 points. The new Congress-led government promised to 'revitalise' sick public sector units and strictly adhere to the roadmap laid out for disinvestment of PSUs in the CMP that was to be declared this week. As a result, though the Sensex ended up in the negative territory, the PSU sectoral index gained. The Nifty fell marginally on Tuesday by 2.15 points.



Economy & its sectors

The Common Minimum Programme

Main Points:

- Economy to grow by at least 7-8% annually
- Revenue deficit to be eliminated by 2009
- Cess on all central taxes for promoting universal education
- SEBI to be strengthened
- Privatisation to be on a case by case basis, generally profitable PSU's not to be privatised
- Special scheme to unearth black money and assets to be introduced
- FDI, FII investments to be encouraged
- LIC, GIC to remain public sector entities
- PSU Banks to be given full managerial autonomy
- Automatic hire and fire regime ruled out
- Labour laws and Industrial Dispute Act to be reviewed

The CMP has stated that profit-making public sector undertakings (PSUs) will "generally" not be privatised and all privatisations "will be considered on a transparent and consultative case-by-case basis."

IOC, ONGC, HPCL, BPCL, NTPC, BHEL, SAIL, etc in particular, would be retained in the public-sector fold and no PSU would be privatised if it leads to the emergence of a monopoly or restricts competition. This would then rule out the sale of companies such as Nalco. Similarly, public sector insurance companies would not be privatised, and the social obligations imposed by regulatory bodies on private banks and insurance companies "will be monitored and enforced strictly."

The concept of "automatic hire and fire" has been rejected and will not take away or curtail the rights and benefits earned by workers, including the right to strike according to law.

While some changes in labour laws may be required, the CMP has stated that this relates to only laws "other than the Industrial Disputes Act." The industry can, at most, expect revisions in other legislations such as the Contract Labour Act.

Decisions concerning the Employees Provident Fund (EPF) will not be taken without consultations with and the approval of the EPF Board, and interest rates will provide incentives to both investors and savers, particularly pensioners and senior citizens.

Moreover, the UPA Government will enact a National Employment Guarantee Act that provides a legal guarantee for at least 100 days of employment to begin with on asset-creating public works programmes every year at minimum wages "for at least one able-bodied person in every rural, urban poor and lower middle-class household."

The government is committed to eliminate the Centre's revenue deficit by 2009, towards which a detailed roadmap will be unveiled in Parliament within 90 days.

The CMP has further underlined that all subsidies will be targeted at the poor and the needy. The Left's demand to immediately restore the earlier public distribution system will be considered over time, and only if found feasible.

Efforts would also be made to improve the functioning of the Food Corporation of India to control inefficiencies that increase the food subsidy burden. Subsidies in power and other infrastructure areas will be made explicit and provided through the Budget.

The programme has sought to address the farm sector's concerns through specific pledges, such as doubling rural credit in the next three years, completing all existing irrigation projects within three-four years and clearing dues of all farmers, including sugarcane growers.

Other commitments include : stepping up public investment in agricultural research, rural infrastructure and irrigation making crop and livestock insurance schemes more effective, systematically removing controls that reduce farm incomes and maintaining terms of trade in favour of agriculture. The UPA Government would also provide adequate protection to all farmers from imports, particularly when international prices fall sharply.

The CMP has adopted a similarly broad approach with regard to the capital markets and industry. Thus, financial markets will be deepened, SEBI will be further strengthened and foreign institutional investors will continue to be encouraged.

In the social sectors, the document has promised to raise public spending in education to at least 6 per cent of the GDP in a phased manner and raising it in health to at least 2-3 per cent of the GDP over the next five years.

Core sector moves up by 9% in April

The index of infrastructure industries grew 9 per cent in April compared to 4.5 per cent in the corresponding period last year.

The growth in these six core sectors, in April 2004, grew from 7.2 per cent in March 2004.

The four key infrastructure sectors - cement, crude petroleum, refinery and electricity - posted a double digit growth while coal output almost doubled in April

According to official data released by the Commerce and Industry Ministry , cement production grew the largest - by 16.1 per cent to 1.11 crore tonnes in April. Electricity generation grew 10.7 per cent in April this year to 4,900.7 crore kilowatt hour though nuclear power generation dropped 8 per cent to 145.2 crore Kwh.

Petroleum refinery sector showed a 13.2 per cent growth in April 2004 compared to 6.9 per cent a year ago. Crude petroleum also posted an impressive growth of 10.7 per cent during the first month of this fiscal as against a fall of 1.9 per cent in April 2003.

Coal production rose 6.1 per cent during April 2004 to 27.8 million tonnes, compared to 3.1 per cent a year ago, while finished steel production declined to 3 per cent increase last month compared to 14.4 per cent growth in April 2003.

Electricity generation also picked up and posted a 10.7 per cent growth in the last month compared to 1.9 per cent a year ago.

During 2003-04, core sector logged 11.3 per cent in February and 7.2 per cent in March but was below six per cent for the remaining 10 months.

Foreign trade data for April 2004-05

India's exports grew 19.95 per cent to \$5.01 billion during April this year due to a growth in exports of iron ore, plastics, gems and jewellery, tea, coffee, oil meals and man-made and cotton yarn.

According to the latest trade data released by the commerce and industry ministry, imports to the country grew 20.78 per cent to \$6.75 billion largely on account of a 51.37 per cent jump in oil imports.

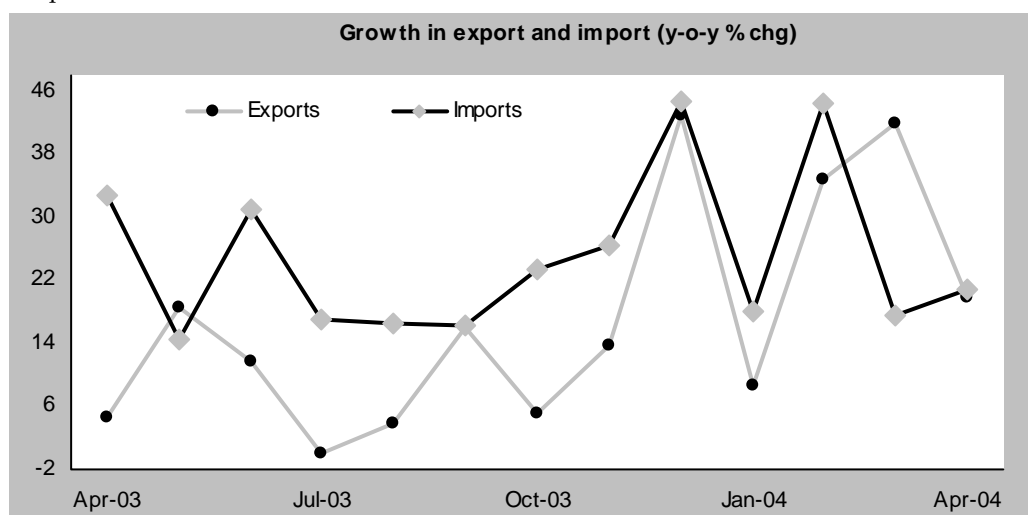
This massive spurt in oil import cost was due more to the rise in crude oil prices globally than due to any sudden increase in domestic consumption.

Since January, crude oil prices have increased by over \$6 a barrel. Non-oil imports were estimated to have grown 10 per cent to \$4.13 billion at the end of April.

India's trade deficit widened during the first month of the fiscal reaching \$1.74 billion compared to \$1.41 billion during April 2003

India's exports improved despite appreciation of the rupee to the dollar which was evident when exports were measured on rupee basis. According to the government, exports grew 11.23 per cent in rupee terms to reach Rs 22,010 crore during April this year.

Commerce department officials said that iron ore exports surged over 150 per cent while tea, coffee and gems and jewellery exports were estimated to have grown by over 40 per cent.



An 8.54% rise in new project investments : CMIE

Investments in new projects have grown 8.54 per cent or Rs 1,25,181 crore in the last 12 months - which has been one of the highest rises in recent times. Total new investments, which are at different stages of implementation, have risen to Rs 15,90,057 crore in April 2004 compared with Rs 14,64,876 crore a year ago, according to the Centre for Monitoring Indian Economy (CMIE).

The huge jump in total investments is mainly on account of new capacities being added by the manufacturing sector, especially non-ferrous metals, pharmaceuticals, organic chemicals, automobile, electronics and fertilisers.

In the last 12 months investments in new projects by the manufacturing sector rose by Rs 47,870 crore to Rs 3,31,357 crore. The comparative figure last year was Rs 2,83,487 crore. However, fresh investments in industries such as petroleum products, cotton textiles, cement and electrical machinery have slipped.

According to CMIE's review of investment projects, the ferrous metals industry had 170 new investments, including 26 projects worth Rs 1,259 crores revived, totalling an investment of Rs 21,417 crore over the last one year.

In the non-ferrous industry 15 new projects worth Rs 10,734 crore have been announced. Five projects worth Rs 10,284 crore have been announced in the last three months. The steel industry has shown a 59 per cent rise in new projects, with 63 projects worth Rs 15,833 crore being planned in 12 months.

Industries such as pharmaceuticals, organic chemicals, automobile and electronics have shown a modest rise of 10-25 per cent in new investments. On the infrastructure front, the power generating sector has seen 234 new projects worth Rs 36,683 crore being announced in the last 12 months. In addition, 32 projects amounting to Rs 20,898 crore being revived.

The road sector saw the announcement of 741 new projects worth Rs 9,883 crore. The service sector has shown a 5.5 per cent rise in new investments.

7% growth forecast for 2004-05 :CII

The Confederation of Indian Industry (CII) has forecast a healthy GDP growth of 6.6 to 7 per cent for 2004-05, supported mainly by the manufacturing and services sectors.

In its State of the Economy report, CII expects a faster rate of growth in the manufacturing and services sectors over the next few quarters, with stronger demand from both domestic and external sources .

Companies are preparing to meet the increasing demand by expanding their capacity, modernising the technology and focussing on their marketing strategy.

In the service sector, higher incomes in both rural and urban areas will result in greater spending on services ranging from transport and communications to banking.

According to aggregate data on corporate performance analysed by CII, the manufacturing sector has maintained its strong growth trend over the fourth quarter of 2003-04. For a sample of 222 companies in the manufacturing sector, sales grew at 17.7 per cent in 2003-04, while net profits grew at 30.4 per cent.

For a sample of 84 companies in the services sector, the growth rates were even stronger at 38.7 per cent and 39.7% respectively. Strong growth in revenues, together with a sharp reduction in interest costs, has helped push the profitability of companies.

While agricultural growth will be lower compared with last year's double-digit growth, it will not be difficult for agricultural output to grow by a few percentage points.

CII estimates the farm sector to remain stagnant or, in the case of a good monsoon as indicated by the Indian Meteorological Department, to grow just two per cent. CII expects industry to grow at seven per cent and services 9.2 per cent. The CII report points out that the sharp appreciation of the rupee can have an impact on the competitiveness of Indian exports

The appreciation of the rupee against the dollar has been one of the sharpest, compared with several Southeast Asian countries. The rupee has also appreciated significantly in real terms. The average value of the rupee exchange rate has been rising every year, compared with its average value over the ten-year period from 1990-91 to 1999-00.

However, the recent decline in the rupee's value has come as a relief to domestic manufacturers. With the dollar changing direction to appreciate against major currencies in international markets, CII expects less pressure on the rupee to appreciate in the near term.

Ficci optimistic on growth of core sector

A survey by the Federation of Indian Chambers of Commerce and Industry (Ficci) foresees a higher growth in core sector industries in the April-September period of 2004-05. The cement sector is projected to grow 8-9 per cent, while steel is likely to grow 8 per cent in the first six months to September.

Other sectors like electric power generation and electric equipment are expected to grow 6 per cent and 10 per cent, respectively. The crude oil sector, which had registered a negative growth of -1.5 per cent in the corresponding period of the previous year, is projected to grow about 1-2 per cent till September.

The refinery sector is expected to register a high of 8-10 per cent growth till September, against a 2 per cent actual growth last year. Natural gas is likely to grow by 5 per cent.

According to the survey, the higher growth of core sector industries will result in a greater opportunity for a number of dependent industries in the engineering, non-engineering and services sector.

The survey interacted with representatives of industry, allied industry, organisations, associations and public sector undertakings, and pointed out the basic sectoral issues, including anomalous import tariff and rising prices of raw materials, which are being faced by the individual sector.

Consumer price index rises

The consumer price index for urban non-manual employees CPI-UNME for April 2004 has risen 2.9 per cent to 425 from 413 registered in April 2003.

The CPI indicates the change in prices of consumer goods and services. It also indicates the level of inflation in the country. The prices for 1984-85 was taken as the base

Chandigarh recorded the highest increase at 6.7 per cent at 541 from 507 in April 2003 while cities such as Surat and Bhopal saw a decline of 1.3-1.4 per cent in the same period. Chennai registered a 1.4 per cent increase, Delhi registered 2.9 per cent, Mumbai 3.2 per cent and Kolkata 3.5 per cent.

The CPI-UNME is collected to 59 selected urban centres across the country. Among the mini-metros, Hyderabad registered a 1.8 per cent increase, Bangalore 3.4 per cent, Pune 2.5 per cent, Jaipur 0.2 per cent and Lucknow 5.1 per cent.

A Central Statistical Organisation said that CPI-UNME was one point more than the index for March 2004. At the sub-group level, the index for fruits increased 4.68 per cent while that for condiments, spices decreased 1.93 per cent.

Banks build up fluctuation reserves for FY04

Commercial banks were building investment fluctuation reserves (IFR) in fiscal year 2003-04 to withstand any shock arising out of a rise in interest rates. According to an analysis of the financials of banks, on an average, banks have built up an IFR of around 3.5 per cent of their investments in government securities.

The Reserve Bank of India (RBI) in 2001 had directed banks to build a 5 per cent IFR by March 2006. The IFR could act as a cushion in case of any interest rate risks. The banks have made huge profits in their government securities portfolio over the last few years as interest rates dipped.

The yield on the 10-year benchmark government paper has dipped by over 6 percentage points since 2000. As the prices of bonds move in an inverse ratio to the yield, banks make profits when interest rates dip. However, if the rates go up, they will have to make provisions to mark-to-market their bond portfolio. Any rise in rates will have an impact on banks' bottomline.

Andhra Bank and Corporation Bank have already met the five per cent IFR level. The total amount held by Andhra Bank in the IFR as on March 2004 is 5 per cent against 2.50 per cent in the previous year.

Vijaya Bank and Bank of Baroda have maintained an IFR of around 4 per cent of securities under held for trading and available for sale. Canara Bank has built up reserves of Rs 978 crore up to March 2004, reaching 3.5 per cent of its total investments in gilts.

Union Bank of India has set an IFR of Rs 540 crore compared with Rs 314 crore in the same period last year. Allahabad Bank's IFR as on March 31, 2004, accounts for 3 per cent of its investment in gilts. UCO Bank holds Rs 329.61 crore (Rs 126.61 crore) in the IFR that is 3.01 per cent of its investment in gilts.

15 private banks see 32% profit rise in FY04

For the financial year ended March 2004, 15 listed private banks collectively posted a net profit growth of 31.8% to Rs 3,699. This is a lower growth in profit compared to the previous year of 86.9% in fiscal year 2003 and 57.8% in fiscal year 2002.

The lower growth in profit could be attributed to the slow growth in interest income and other income, including treasury income. The interest income rose by 4.3 per cent, while other income looked up by 3.9 per cent.

The bank's tax provisions rose by a significant 226.9 per cent. The positive performance of the bank was the decline in interest expenditure and other provisions.

The banks' interest expenditure declined by 6.6 per cent to Rs 14,112 crore, while other provision reduced by 30.6 per cent to Rs 1,973 crore. The overall operating expenditure rose 26.4 per cent to Rs 5,957 crore and tax provision surged by 226.9 per cent to Rs 1,184 crore.

IDBI Bank, with a profit growth of 86.3 per cent, was the best performer of the list of 15 banks. Its net profit rose from Rs 71.10 crore to Rs 132.45 crore. Kotak Mahindra Bank stood second with a rise of 75.1 per cent in net profit at Rs 78.73 crore

City Union Bank ranked third as its net profit surged 70.9 per cent to Rs 57.04 crore. UTI Bank ranked 4th with a 44.8 per cent profit growth from Rs 192.18 crore to Rs 278.31 crore.

The largest private sector bank ICICI Bank saw a 35.7 per cent growth in net profit to Rs 1,637.10 crore, followed by HDFC Bank (31.4 per cent), Federal Bank (29.8 per cent), Karur Vysya Bank (28.9 per cent), J&K Bank (20.3 per cent) and Lakshmi Vilas Bank (20.2 per cent).

Of the 15 banks, only ING Vysya Bank had reported a decline in net profit. Its profit fell by 31.7 per cent to Rs 59 crore from Rs 86.35 crore.

Bank of Rajasthan had a low of 0.9 per cent growth in net profit to Rs 69.04 crore. The study does not include the financials of Bank of Punjab, Global Trust Bank, IndusInd Bank and Karnataka Bank as their results were not available.

Oil companies now at a loss of Rs 3000 crores

PSU oil marketing companies claim to have lost almost Rs 3,000 crore on petrol and diesel sales and LPG under-recoveries in April and May, due to increasing international crude oil prices but stagnant domestic retail rates.

Indian Oil Corporation, the largest oil importer, has lost close to Rs 300 crore on petrol and diesel sales in April and May when international crude prices crossed \$40 per barrel. The loss suffered by Hindustan Petroleum, Bharat Petroleum and IBP Ltd add up to around another Rs 300 crore.

Although oil companies have the freedom to review product prices every fortnight since April 2002, they have not increased prices of transport fuels since January 1, 2004, due to the governments wishes on account of elections.

Steel exports up 31% in 2003-04

With a high demand from China, exports of iron and steel rose by 31.53 per cent to \$1,847.80 million in April-January 2003-04 as against \$1,404.80 million in the corresponding period of the previous fiscal.

Iron and steel bar rods saw a rise of 24.32 per cent to \$239.04 million in April - January 2003-04 as against \$192.27 million in the same period in 2002-03.

Following a similar trend, primary and semi-finished iron and steel exports increased by 32.68 per cent to \$1,608.77 million in April-January 2003-04 as against \$1,212.53 million in the corresponding period of the previous fiscal.

Ferro alloys registered a rise of 12.75 per cent to \$49.29 million during the same period from \$43.72 million in 2002-03 according to the commerce ministry data.

Even as exports witnessed a growth, imports of iron and steel rose by 52.50 per cent to \$1,194.71 million in April-January, 2003-04 from \$783.40 million during the same period in 2002-03.

Metaliferous ores and metal scrap grew by 11.75 per cent to \$1005.27 million in 2003-04 as against \$783.40 million in the corresponding period of 2002-03.

External sector

FOREIGN EXCHANGE RESERVES

Forex Reserves fall by \$56 mn

India's foreign exchange reserves rose to \$ 118.57 billion in the week ended May 21st from \$ 118.62 billion the previous week, the Reserve Bank of India (RBI) said in its weekly statistical supplement on Saturday.

The foreign currency assets fell to \$ 113.09 billion, compared with \$ 113.16 billion in the previous week. Meanwhile, the gold reserves and special drawing rights stood steady at \$4191 million and \$ 2 million respectively.

The RBI issued Rs 4152 crores of loans and advances to the central government in the week ended May 21st from Rs 1688 crores in the previous week, the central bank said in its weekly statistical supplement on Saturday.

The loans and advances issued to the state governments increased to Rs 4036 crores on the week to May 21st from Rs 4005 crores a week earlier, the statement added.

Money & Banking

INTEREST RATES & DEBT MARKET

Yields moved up consistently over the week

The week started with the market preparing itself for a huge supply of state government loans later in the week. The 10 year yield ended at 5.17% and prices of long term gilts fell by 10-15 paise and medium term paper fell by 5-7 paise.

Traders were sceptical of the new governments economic agenda and its plans on capping fiscal deficit at 5% of GDP while at the same time hiking expenditure in social sectors. Higher borrowing would impact the bond market negatively and investors moved to cash or cut the duration of their portfolios.

The dull sentiment and a wait and watch approach continued on Tuesday with the yield inching up further to close the day at 5.18%. Volumes were low at Rs 2,600 crores and prices fell further by 10-20 paise.

The central bank closed the sale of 10 year loans from 11 state governments on Wednesday, and loans from 8 remaining states were continued on Thursday

These states are selling loans which carry a coupon of 5.7% under a debt swap scheme started last year, and they can retain upto 20% of excess subscription at the sale.

The bond market continued to lose for the third consecutive day with the 10 year yield moving further up to 5.19% as markets continued to remain bearish with fresh issues and a perception that interest rates had bottomed out.

The governments announcement to maintain small savings rate added to the selling pressure in the long term paper. Yields are expected to go up since a neutral to upward bias is expected in interest rates. This resulted in a steep fall in long term paper by 35 - 50 paise and in medium term paper by 20-25 paise with yields closing at a high of 5.21% on Thursday.

The central bank closed the sale of the 5.7% 10 year state government loans in which the states received subscriptions of Rs 93.5 billion, while Rs 84.7 billion were retained.

By Friday, the overall sentiments was bearish with higher inflation over the week and fresh government borrowings planned for next week. The 10 year yield closed at a high of 5.25%, its highest since March 1st.

Call rates move in a wider range

Call rates were lower on Monday at 3.75-4% due to ample liquidity. By Tuesday the rates resumed to its earlier levels of 4.25-4.5%. By the end of the week, the rates ended unchanged at 4.4.5%.

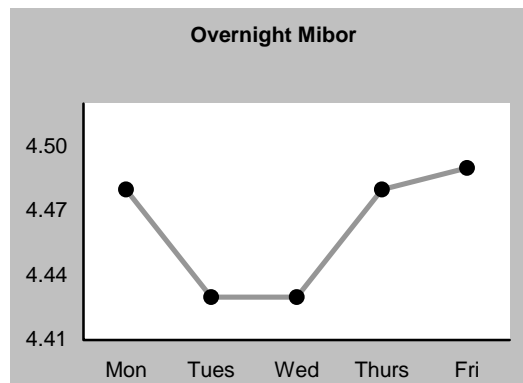
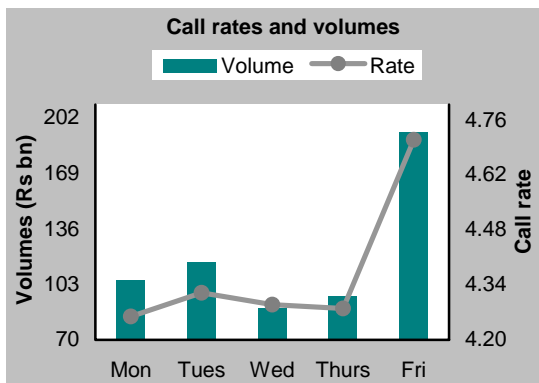
Demand for dollars dominated the forex market

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For the third consecutive day, the rupee fell and closed at Rs 45.39 on Wednesday. There was a demand for dollars from mainly gold and crude oil importers while dollar supplies from exporters and foreign funds remained weak, which added pressure on the rupee. India imports 70% of its crude oil requirements and state run firms usually increase their dollar purchases towards the end of the month to cover import requirement. The country is also the worlds largest consumer and importer of gold.

The market was also awaiting the announcement of the common minimum programme on Thursday by the new government to check the direction of the disinvestment process which could result in a slow down of capital inflow.

On Thursday, the rupee was weighed down mainly by demand for dollars from importers and state run oil companies who increase their purchases towards the end of the month. However central bank intervention helped the rupee to close at Rs 45.20. This trend continued on Friday, and low sentiment due to a fall in the sensex brought the rupee to a low of Rs 45.47 to close the week.



Corporate News

Dr Reddy`s FY-04 net profit down by 28%

Dr Reddys Laboratories Ltd has posted a net profit of Rs 10.76 crore for the quarter ended March 31, 2004 as compared to Rs 119.59 crore for the quarter ended March 31, 2003, decrease of 91 per cent. Total income (net of excise) has decreased from Rs 416.53 crore in the MQ-03 to Rs 412.79 crore in the quarter ended March 31, 2004.

The company has posted a net profit of Rs 283.19 crore for the year ended March 31, 2004 as compared to Rs 392.09 crore for the year ended March 31, 2003, reported a decrease of 28 per cent. Total income (net of excise) has increased from Rs 1575.05 crore in the FY-03 to Rs 1742.37 crore in the year ended March 31, 2004.

ITC`s Q4 net profit zooms 20%

ITC Ltd has posted a net profit of Rs 387.06 crore for the quarter ended March 31, 2004 as compared to Rs 323.42 crore in the quarter ended March 31, 2003, an increase of 19.68 per cent. Net income has increased from Rs 1579.93 crore in the quarter ended March 31, 2003 to Rs 1938.16 crore in the quarter ended March 31, 2004.

The company has posted a net profit of Rs 1592.85 crore for the year ended March 31, 2004 as compared to Rs 1371.35 crore in the year ended March 31, 2003, an increase of 16.15 per cent. Net income has increased from Rs 6035.37 crore in FY-03 to Rs 6695.32 crore in the year ended March 31, 2004.

The consolidated results are as follows:

The group has posted a net profit of Rs 1616.01 crore for the year ended March 31, 2004 as compared to Rs 1372.97 crore in the year ended March 31, 2003. Net income has increased from Rs 6360.87 crore in FY-03 to Rs 7124.43 crore in the year ended March 31, 2004.

SAIL`s Q4 net profit soars 320%

Steel Authority of India (SAIL) has reported a 320% rise in net profit to Rs 1014.28 crore for the quarter ended March 31, 2004 as compared to a net profit of Rs 241.65 crore in the last quarter. Total income (net of excise) has increased from Rs 5672.33 crore in the MQ-03 to Rs 6824.39 crore in the quarter ended March 31, 2004.

The company has posted a net profit of Rs 2512.08 crore for the year ended March 31, 2004 as compared to a net loss of Rs 304.31 crore for the year ended March 31, 2003. Total income (net of excise) has increased from Rs 17591.09 crore in the MQ-03 to Rs 22131.05 crore in the year ended March 31, 2004.

The consolidated net profit of the group has risen to Rs 2570.04 crore for the year ended March 31, 2004 as compared to a net loss of Rs 460.68 crore for the year ended March 31, 2003. Total income (net of excise) has increased from Rs 18655.32 crore in the MQ-03 to Rs 23302.87 crore in the year ended March 31, 2004.

SBI's FY-04 net surges 18.55%

State Bank of India (SBI) has reported a net profit of 18.55 per cent to Rs 3681 crore for FY-04 as compared to Rs 3105 crore for the year ended March 31, 2003. Total income has increased from Rs 36827.28 crore in the FY-03 to Rs 38072.93 crore in the year ended March 31, 2004.

The bank has posted a net profit of 18.29 per cent to Rs 872.46 crore for the quarter ended March 31, 2004 as compared to Rs 737.55 crore for the quarter ended March 31, 2003. Total income has decreased from Rs 10227.07 crore in the MQ-03 to Rs 9721.37 crore in the quarter ended March 31, 2004.

The group's consolidated net profit after minority interest has risen 31.72 per cent to Rs 5531.1 crore for FY-04 as compared to Rs 4199.01 crore in the last fiscal. Total income has increased from Rs 49254.54 crore in the FY-03 to Rs 52484.16 crore in the year ended March 31, 2004.

The central board has declared a dividend of Rs 11 per equity share for the year ended March 31, 2004.

Stock Markets

Week: Sensex jitters this week

The BSE30 Sensex opened up on Monday morning with a feel good mood and gained 166.66 points over the course of day's trading. Market posed confidence in the new finance ministry to be headed by Chidambaram and acted accordingly in positive direction. The Nifty gained 48.68 points, 3.12 per cent to close at 1608.85 points.

The BSE30 Sensex opened on Tuesday morning with a weak note and fell cross the bourses to lose grounds by 21.01 points. The new Congress-led government promised to 'revitalise' sick public sector units and strictly adhere to the roadmap laid out for disinvestment of PSUs in the CMP that was to be declared this week. As a result, though the Sensex ended up in the negative territory, the PSU sectoral index gained. The Nifty fell marginally on Tuesday by 2.15 points.

The BSE30 Sensex opened on Wednesday morning with a firm note, during the day market remained range bound, but towards the end of the day it fell across the bourses to lose grounds by 20.27 points. There was news of likely merger of MRPL and ONGC, with no final verdict and IT & Communication Ministry head D. Maran declared that MTNL and BSNL would not to be privatised. The Nifty behaved in the similar fashion and ended up losing 7.90 points to close at 1598.80.

The stock market on Thursday opened on a weak note and later witnessed irregular movements, the Sensex ended with a loss of 23.40 points. Being last day of the month of May, operators were seen squaring up their positions in the Futures & Options contract. Investors were also eager about the Common Minimum Programme (CMP) to be released by the Congress-led UPA government later in the day. Also a clear no was given to the disinvestment of Nalco and SCI, as a result the prices of these scrips fell down. The broader Nifty lost 12.40 points to close at 1586.40.

Disappointed over the Common Minimum Programme (CMP) announced by the United Progressive Alliance (UPA) on Thursday, the market dropped sharply on Friday after a weak start on the BSE, to end up after a crash of 223.16 points. Maharashtra's finance minister announced its budget stating supply of electricity to farmers at a rate of 0.25 paise per unit, doing away with the input tax over a period of three years. Power stocks were among the major losers as the Electricity Act would be reviewed and the date for state electricity boards recast had been deferred. The Nifty closed at 1508.75 down 77.65 points.



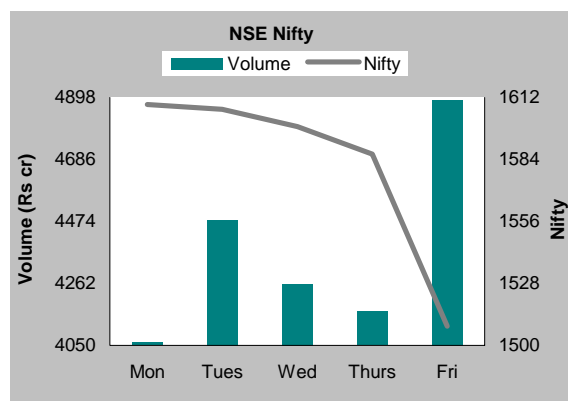
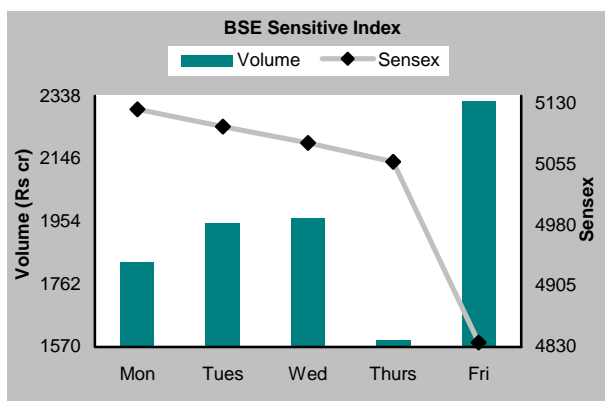
Scripts that lost on the BSE30 Sensex last week were MTNL (-11.59% at Rs 111.70), ONGC (-8.07% at Rs 649.55), Tata Motors (-7.95% at Rs 386.75), Tata Steel (-7.91% at Rs 302.70) and ICICI Bank (-7.81% at Rs 246.35).

Scripts that lost on the broader S&P CNX Nifty were MTNL (-11.56% at Rs 111.65), GAIL (-9.76% at Rs 153.05), ICICI Bank (-7.90% at Rs 246.05), TISCO (-7.87% at Rs 302.80) and Tata Motors (-7.87% at Rs 386.90).

Although the market faced a fall this week but some of the technology stocks gained both on BSE and NSE. On Sensex major gainers were Zee Tele (+8.91% at Rs 128.90) and Infosys (+3.11% at Rs 5056.85). On Nifty the major scrips that gained during the last week were NIIT (+13.02% at Rs 153.20) and Zee Tele (+8.50% at Rs 128.30).

On Monday and Wednesday FIIs were net buyers by investing net \$6.5mn and \$3mn respectively. On Tuesday and Thursday they emerged as net sellers selling net \$29.60mn and \$16.10mn respectively. Overall, this week also they were net sellers in the falling market.

Mutual funds loss of trust could be seen this week, as they were net buyers throughout the week. They were net sellers by 43.94 crore on Monday, Rs 11.21 crore on Tuesday, Rs 36.48 crore on Wednesday and Rs 48.13 crore on Thursday.



Inflation

Inflation rises to 4.67%

Inflation rose by 0.47 per cent to 4.67 per cent for the week ended May 15, due to surging prices of mass consumption items like vegetables, milk and edible oils

The point-to-point wholesale price index (WPI) inflation rose from 4.20 per cent in the previous week even as prices of fuels remained unchanged despite volatile global markets.

The WPI rose by 0.2 per cent to 181.5 points due to a sharp rise in the prices of primary articles and a marginal increase in the prices of heavy-weighted manufactured products.

The government revised upwards inflation to 4.53 per cent for the week ended March 20 as against the provisional figure of 4.3 per cent. The final WPI stood corrected at 179.9 points during the third week of March as against the provisional level of 179.5 points.

The Index of Primary Articles' group shot up 0.6 per cent to 184.9 points due to the increasing prices of food, non-food and minerals. Food articles' group index was up by 0.7 per cent to 183.9 points due to costlier fish-marine (eight per cent), vegetables (four per cent), mutton and jowar (two per cent each) and maize, milk, grams, eggs and ragi (one per cent each).

However, prices declined in the case of barley and tea (three per cent), condiments and spices (two per cent) and bajra, poultry chicken, masur and wheat (one per cent each).

The index of non-food articles' group moved up by 0.3 per cent to 190.4 points due to higher prices for soyabean (four per cent), niger seed and rape and mustard seed (three per cent each) and copra (two per cent) .

But prices came down for fodder (18 per cent), raw rubber (two per cent) and raw silk and gingelly seed (one per cent each).

Minerals' group index surged by over one per cent to 148.3 points due to costlier steatite (32 per cent), barytes (24 per cent), vermiculite (22 per cent), chromite (12 per cent) and gypsum (10 per cent), even as there was six per cent fall in the price of fluorite.

The index of fuel, power, light and lubricants' group was firm for the second consecutive week at 264.2 points and it was 246.4 points in the previous year period.