

Daily Economic News Summary: 3 June 2016

1. India Inc's Q4 net soars 40%, highest in 11 quarters

Source: **Times of India** ([Link](#))

India Inc is finally showing signs of a turnaround in terms of revenues and profits. An analysis of top listed companies' results, barring some exceptions, showed that net profit growth in the January-March quarter (Q4FY16) soared 40% on a yearly basis, which is the highest in the last 11 quarters. The analysis by Crisil also showed that total revenues of these 642 companies grew at 6.1%, the fastest in the last five quarters, while growth of ebitda (earnings before interest, taxes, depreciation and amortisation), at 15.2% was at a six-quarter high. *"The performance (of India Inc) has been driven by a combination of improvement in operating performance and extraordinary gains. Without the one-offs too, bottom line growth is an impressive 17.3%,"* said Prasad Koparkar, senior director, Crisil Research. *"While aggregate top line growth was 6.1%, ebitda grew faster at 15.2%, a six-quarter high, which was aided by low commodity prices,"* Koparkar said.

Data showed that during Q4FY16, these 642 companies, which represented 72% of NSE's total market capitalisation, earned a total net profit of Rs 49,349 crore from a total revenues of Rs 6.18 lakh crore. On an annual basis, during FY16 these companies earned an aggregate net profit of Rs 1.79 lakh crore, up 16.7% on FY15 from an aggregate revenue of Rs 22.98 lakh crore, which was up 2.5% on the years. These figures do not include results by financial and oil companies, Vedanta and TCS, the last two since there were large one-offs for these companies during FY16 and hence strictly not comparable.

2. Government draws up plan to help domestic workers fetch better wages

Source: **Economic Times** ([Link](#))

Indian domestic workers may soon head for the United Kingdom or West Asia courtesy of the central government, which has drawn up a plan to provide skill development as well as facilitate overseas placement of the vast and largely unorganized workforce of maids, cooks and babysitters, among others. The idea is not just to skill domestic workers to international standards but also help them fetch better wages and make them more employable, a senior government official told ET. *"The government has adopted a twin-pronged strategy to train domestic workers to international standards and simultaneously enter into agreements with prospective countries where these people from India are in huge demand,"* the official said, requesting not to be identified. Domestic help in India comprises nearly 20 million workers, the

majority being women whose services mostly go unrecognized, whether working in the lower middle class households in the villages or the most affluent ones in the metropolitan cities.

3. Bosch eyes one-third of 2 wheeler and powershots sales from India

Source: **Economic Times** ([Link](#))

Auto component major Bosch looks India to contribute around one-third of its expected global revenue of 1 billion euros (around Rs 7,530 crore) from its two-wheeler and powersports business in the next four years. New safety norms in India such as mandatory implementation of antilock braking system (ABS) from April 2018 and new engine management system for two-wheelers are expected to help drive the company's growth. *"In 2020, we want to achieve (global) sales of one billion Euro and India would contribute more than one third of Bosch's global two-wheeler and power sports revenue,"* Bosch Senior Managing Officer (Two Wheeler and Powersports) Geoff Liersch told reporters here. By 2021, over 90 per cent two wheeler production would be in India and China, added the company. *"India is a key market for two-wheelers. Developments taking place here have the potential to influence other emerging markets such as Indonesia and Thailand, where small two-wheelers also count as important means of transportation,"* he said.

4. Bengaluru fifth most preferred destination by MNCs for tech and innovation centres

Source: **Economic Times** ([Link](#))

India's Silicon Valley Bengaluru has emerged as the fifth most preferred destination for global multinational companies that are looking to set up innovation centers and tap technology talent, according to a report by technology consulting and services firm Capgemini. Over the past five years, a number of Fortune 500 giants have set up camp in Bengaluru, with the city now boasting of the likes of Apple , Visa and Airbus — all of whom have either headquartered their India operations in the city or set up captive technology centres to harness local tech talent.

According to the Capgemini report, Bengaluru has now displaced Tokyo from the fifth spot on the list of most preferred destinations for innovation centres and only the Silicon Valley, London, Paris and Singapore are currently ranked ahead of Bengaluru, which is also home to two of India's largest software firms Infosys and Wipro. *"The country has seen a significant increase in the number of innovation centres, often centred on Bengaluru, which some have dubbed the 'Silicon Valley of India'." It is estimated that \$9 billion was invested in startups in India in 2015. In this fertile environment, Airbus and Visa have set up innovation centres in India,"* said the report by Capgemini Consulting. Over the past few years, a number of large Fortune 500

companies such as Target, Walmart, Lowe's and L Brands, as well as global 'unicorns' such as Uber have set up base in Bengaluru.

5. We are increasing India's weight in our portfolio: Mark Mobius

Source: **Economic Times** ([Link](#))

Termed as "the pied piper of emerging markets", Mark Mobius, Executive Chairman, Templeton EmergingMarkets Group, is positive on India and believes the Indian economy is on a strong footing. In an exclusive chat with Vishal Chhabria and Sheetal Agarwal, he talks about the themes he likes in India, other emerging markets, impact of global events such as Brexit, Fed rate hike on global economies. Edited Excerpts:

Within the emerging markets which are the ones you would bet on?
India of course is very exciting. We believe Brazil will recover from the low points so we think investments in Brazil makes sense at this stage. There will be corrections along the way but generally speaking it is a very low point in Brazil right now. And if Russia sanctions are lifted and Brexit does happen, it could be positive for Russia. Because then a lot of the East European countries who are members of the EU will feel it is possible for them to become more independent of the policies of EU. So it would be quite good for Russia.

Among emerging markets, are you increasing weight of India in your portfolio?
Yes we are increasing weight of India. We have about \$2 billion plus investments in India and we want to increase it. Given the fact that the country is growing and with the on-going reforms, banking is the obvious selection to begin with. And some of the conglomerates, companies that are involved in a number of sectors and getting a wider exposure of the markets will be another area. We also like technology and pharmaceuticals.

.....

By Harsha Hazarika