



Newsletter, 20-VII-2008

Index

1. Oberoi hotels (3) in top 10 global ranking

In a global recognition of Indian hospitality industry, three Indian properties figure in the top 10 list of world's best hotels declared by the Travel + Leisure world's best awards 2008. While Oberoi Rajvilas, Jaipur, is in the number two slot, Oberoi Udaivilas, Udaipur, and Oberoi Amarvilas, Agra, are in the number four and six positions, respectively.

2. Corporates line up Rs 80,000-cr solar, semiconductor projects

Flooded by nearly a dozen proposals together worth Rs 80,000 crore from corporate majors such as Reliance Industries, Videocon and Tata BP Solar under the policy for semiconductor fabs and eco-system units, the Government is setting in motion an appraisal mechanism to evaluate the projects.

3. Patent offshoring sector to grow at 35%

The widespread impact of the US patent reform act of 2007 coupled with the multi-fold increase in patent applications globally will see the Indian patent offshoring industry clock \$2.06 billion in revenues by 2012 end, at an annual growth rate of 35 per cent.

4. Indian firms bet big on UK

Indian companies have invested in 75 projects in the United Kingdom during 2007-08, creating 3,846 jobs, a British High Commission release today said. This is higher than investments by Swedish, Chinese and Italian companies.

5. Outsourcing: Indian cos employ over 30,000 US citizens

Amidst the row in US over outsourcing, a study has said that big corporates like Essar, HCL, Tata, Mahindra and Wipro have generated over 30,000 jobs for US citizens in recent years. Tata Group alone employs 19,000 Americans and has invested over 3 billion dollars, besides operating 16 businesses in US, a report by US-India Business Council (USIBC) and industry body FICCI said.

6. BPOs may soon join billionaires club

The game is fast changing for the Indian business process outsourcing (BPO) industry as for several players; entry into the billion-dollar club may be round the corner. Given the inorganic opportunities, maturity of outsourcing and an appetite to grow scale rapidly, many BPO players may breach the psychological barrier much faster than IT services companies.

7. Made-in-India cars for the world

Indian engineering skills are suddenly hot property as global auto companies source competence, along with components, for their next-gen models. Sourcing cheaper components to cut costs for cars sold in India and globally is now de rigueur.

8. India emerges a leader in green IT potential

Green technology, the survey explained to respondents, is technology with efficient power consumption, recyclable/reusable packaging, recycling offers for older equipment, use of non-toxic materials, or making investments in future green concepts such as alternative materials.

9. Amul, now a billion dollar Co-Operative enterprise

Gujarat Co-operative Milk Marketing Federation (GCMMF) popularly known for its products brand name Amul has become India's first billion dollar co-operative unit after touching the record annual turnover of Rs. 5,255.41 crores (52.554 bn rupees).

10. Textile industry to receive US\$ 35 billion impetus by 2012

The Indian textile industry is projected to receive an impetus worth US\$ 35 billion as investments by 2012. "A total 30 integrated textiles parks have been sanctioned under the Scheme for Integrated Textiles Park (SITP), attracting investment of US\$ 3.92 billion, with an expected turnover of US\$ 6.32 billion annually".

11. NTPC-Bhel JV to invest Rs 6,000 cr in new unit

A 50:50 JV between NTPC and BHEL, will invest Rs 6,000 crore to set up a power equipment manufacturing facility that will churn out boilers and turbines equipped to charge up 5,000 MW of greenfield thermal capacity by calendar 2013.

12. Tanti group venture buys Chinese wind energy firm

Tanti group of companies, the promoters of Suzlon Energy Ltd, jointly with Bahrain-based Arcapita Bank, has acquired Honiton Energy Holdings, a Chinese wind energy firm. The joint venture partners will invest \$2 billion by 2012 to develop a 1,650-MW portfolio of wind farms in the Inner Mongolia region of China.

13. NCAER report: Capital inflow grows three-fold in FY 2008

The report stated, "In the first nine months of 2007-08, the net capital flows rose to US\$ 83 billion from US\$ 30 billion the country received during the corresponding period of the previous year." India has sustained its momentum of receiving capital funds, which further increased its forex reserves.

14. Education loan portfolio set to grow at 40%

Education loan portfolio of banks, which saw a growth of about 30-40 per cent in 2007-08, is set to witness a growth of about 40 per cent in 2008-09, according to senior bank officials. Bankers attribute the healthy growth in the portfolio to the ever-increasing demand among the younger generation and the lower number of non-performing assets.

15. Intel to invest US\$ 40 billion in partnership with Indian IT companies

Intel Corp will invest US\$ 40 billion in partnership with Indian IT companies to create an end-to-end IT solution for the health sector in the country. Intel will join hands with Hyderabad-based Karishma Software Ltd for Jeeva - its integrated healthcare information system for hospitals with bed capacities between 40 and 240. Jeeva will cost between US\$ 57,921-150,568 with Intel providing the hardware along with the Chinese PC maker Lenovo, while Karishma will provide the software.

16. Subhiksha to add 1,000 outlets by year-end

Indian retail major, Subhiksha, hopes to extensively tap the booming retail segment and plans to open 1,000 more outlets by the year-end. "Organised retail is growing at a rate of 8-10 per cent per annum, which so far represents only about four per cent of the total retail market.

17. Global investors bullish on India, says survey

Wealthy investors from Europe, the Gulf and Asia see India as the best investment opportunity in the world at the moment, a leading Luxembourg-based sharedealer has found. The survey of 800 investors, who boast an average of 100,000 euros each in their trading portfolio, found 69% professing positive sentiment towards India. China comes in a close second at 68%.

18. Firms in expansion mode to tap expected demand surge in India

Medical electronics suppliers such as Philips Healthcare, GE Health and Siemens Healthcare are aggressively looking at expanding their operations in India, with acquisitions, technology launches and country-specific products, ahead of an expected boom over the next two years.

19. Tatas get SC nod for power supply

Tata Power Company (TPC) on Tuesday scored a major victory over rival Reliance Energy Ltd (REL) as the Supreme Court gave it carte blanche to supply electricity to consumers — both retail and large — in Mumbai.



20. Now, reforms will be on the fast track, says India Inc

With Left parties withdrawing support to the United Progressive Alliance (UPA) government on Tuesday, India Inc hopes the slow-moving economic reforms programme will now be put on the fast track.

21. RIL tops, Tata steel debuts on Fortune 500

Reliance Industries has emerged as the top Indian private company on the latest Fortune 500 Global list, where the country's presence has grown to seven firms with a debut by Tata Steel. The list, released by the US business magazine Fortune today, includes two private (RIL and Tata Steel) and five public sector companies from India, topped by Indian Oil Corp (IOC), and including BPCL, HPCL, ONGC and SBI.

22. IT sector grows 28% in 2007-08, says Nasscom

Year 2007 may not have been an easy one for the Indian IT software industry. But despite facing a tough year, the sector managed to clock in 28% (currency adjusted) growth, says Nasscom in its annual survey. This adds up to \$52 billion for year 2007-08, up from \$39.6 billion last year.

23. MS to improve efficiency of Indian Railways

Painful delays in reaching your destination, waiting for hours on end at the railway stations in the country for trains to arrive, with the announcement system blaring old information repeatedly, may soon become a thing of the past. Centre for Railway Information Systems (CRIS), the umbrella organization for all computer activities on Indian Railways, along with Microsoft, has come out with a unique system for effectively monitoring the movement of trains operated by the Indian Railways.

24. India Inc lured to power generation business

Power generation is the latest boom sector for India Inc. Just as a record boom in property prices in the three-year period through to 2007 prompted most companies to get into realty, a robust demand for electricity is now prompting many companies to enter into power generation.

25. 2007-08 foodgrain output estimate raised again

The total foodgrain production at a record 230.67 million tonnes (mt), against the earlier 'third' and 'second' advance estimates of 227.32 mt and 219.32 mt respectively.

26. Dunlop buys UK's 2nd largest auto component co Schlegel

Rua-owned Dunlop India has bought a British company. It has bought UK's second largest auto component manufacturing company Schlegel. Interestingly, this deal makes Schlegel, the erstwhile parent of Dunlop, Dunlop's subsidiary.

27. Innovation: Asia's edge over others

In recent years, developing countries like Vietnam, India and China have risen to global attention with their strong contribution to the software segment. With relatively low barriers of entry into the software industry, the balance of power in the global arena is levelling out for those who choose to develop code rather than delve into heavy manufacturing.

28. Panasonic planning US\$ 200 million investment in

"We will invest US\$ 200 million in the next three years in the country to position our brand very firmly in the market. In this period, we will also modernise our existing facilities," Panasonic Sales and Services India Pvt Ltd Chairman Aso Hidenori informed.

29. India's soyameal exports expected to cross 50,00,000 tonne mark

Riding high on the robust demands from international market such as China, Japan and Indonesia, India's soyameal exports are expected to cross 50,00,000 tonne mark, which is 45 per cent ahead of last season's (October 2007 -- September 2008) 35,26,000 tonnes.

30. Leading Indian companies to enter Vietnam

"India is among top 10 investors in Vietnam. Essar Group is setting up a hot rolling steel mill worth US\$ 527 million in Ba RiaVung Tau and Tata Steel is to set up a steel complex in Thach Khe-Ha Tinh with estimated investment of US\$ 3.5 billion," FICCI informed. "Vietnam has emerged as a favoured destination for investors owing to a numbers of reasons like political stability, rich natural resources such as oil and coal, and 3,300 kms of coast is an added advantage to attract investment in Vietnam,"

31. Tata Steel to buy mine in Australia

Tata Steel has expressed interest to invest in Western Australia's iron ore sector," Eric Ripper, deputy premier, treasurer, minister of state development, government of Western Australia, said.

32. Lafarge to spend US\$ 1 billion to increase capacity in India

It aims to increase its capacity to around 20 million tones, according to a media report on July 15, 2008. Lafarge is presently expanding its three plants in India with a target to achieve an annual capacity of 12 million tonnes, the report further revealed

33. BSNL to put US\$ 1.16 billion into WiMax project

India's leading telecom company in revenue terms, will put in about US\$ 1.160 billion in its Wimax project. The project entails setting up wireless broadband connectivity mostly in urban areas via WiMax technology, by this year.

34. Telecom majors may see 28% rise in profit

The top three listed mobile operators in the country - Bharti Airtel, Idea Cellular and Reliance Communications (RCom) are likely to post an average revenue growth of 39 per cent, according to reports from leading brokerage firms.

35. VW's Indian car soon

The story about India enticing world auto majors will add another feather in European giant Volkswagen's (VW) cap as it prepares for its first fully-original Indian Volkswagen car, made with the help of expertise provided by Indian engineers and designers.

36. Food processing sector 'sustainable economic growth driver'

The industry is currently growing at 13.5 per cent against 6.5 per cent in 2003-04, and the market-driven farming would provide farmers with more bargaining capacity leading to their economic stability which will further add to the sustenance of the growth.

37. Biocon figures among top 20 global biotechnology companies

Biocon Limited is the only Asian company to feature in this ranking at number 20. Nineteen of the leading 25 companies are US based, and the remaining six are from Europe, India and Australia. There are around 5000 biotech companies in the world today. The leading 25 biotech companies account for 62 per cent of the total biotech sales and perhaps over 90 per cent of total income.

38. Kerala all set as major economic hub

Kerala is all set to witness a quantum leap in economic activities with the Government proposing to have second Special Economic Zone (SEZ) in the state. Talks are also on to set up an Information Technology park in the sleepy hamlet of Cheemeni in Kasaragod district. The government has already acquired 100 acres from Kerala State Cashew Plantation Corporation for the IT project and will invest Rs 1,000 crore.

39. Karnataka set for new industrial policy

Karnataka will soon evolve a new industrial policy for a more balanced industrial development in regions other than Bangalore. "Sixty five projects with an investment of Rs 50 crore each have been submitted to the government.



40. Satyam profit rises 45%

Software major Satyam Computer Services on Friday announced a consolidated net profit of Rs 547.70 crore for the quarter ended June 30, a growth of 44.77% over the corresponding period last year.

41. Indian software for safer, better cars

In 2000, on an average, software constituted about 2 per cent of the overall cost of a car. By 2010, it's estimated that it will rise to 30 per cent. Over the next two years, it is estimated that the market for such software will rise to 35 billion euros.

42. Crop production slated to rise in FY 2009: CMIE

This would be the fourth straight year of positive growth in agricultural production, with the first three years clocking an average growth of 5.5 per cent," CMIE said. The economic think tank has projected a growth of 3.2 per cent during FY 2009 in agriculture and allied sector GDP.

43. 53% rise in Indian overseas investments in foreign JVs

there has been a 53.2 per cent rise in India's overseas investments in foreign joint ventures (JVs) and wholly-owned subsidiaries in FY'08, at US\$ 23.071 billion, against US\$ 15.06 billion in the last fiscal.

44. Railways pocket huge profits with improved performance

With the strong growth in earnings, railway ministry officials say they are confident of meeting all budgeted targets. For 2008-09, passenger earnings are pegged at Rs 21,681 crore, a marginal rise from the revised estimate of Rs 20,075 crore for this fiscal.

45. Tech Mahindra bags \$700-m outsourcing deal from BT

The sixth largest software vendor, Tech Mahindra, has bagged a \$700-million (about Rs 2,975 crore) outsourcing deal from its largest client and shareholder - the UK-based BT group, for a five-year period.

46. India Inc upbeat about production: CII survey

Majority of CEOs of India's top notch companies are optimistic about their top line growth. The survey suggests these companies expect a smooth run in terms of production at their companies for this fiscal, despite rising input and interest costs affecting the net profit margins.

47. India set to become an economic superpower

"I have no hesitation in saying that I do not envy China. I want to emulate China. I want India to become an economic power, an economic super power."

48. India telecom cos now focus on the world

If the first 13 years of mobile telephony in India has been about a stupendous growth story, the next 13 could be about telcos having a major global footprint. It's not as if Indian telcos have not looked at overseas markets in the past. It's just that Wireless India is now in top gear as far as overseas forays are concerned.

49. Donald Trump Junior setting up US\$ 1 billion fund to invest in property in India

"The fund will be for acquisitions of real estate in the high end, and across the spectrum," Trump said. "The market place is beginning to understand and appreciate luxury, so there is a great opening for us there, as well as in resorts," he said.

50. Lupin plans more acquisitions in the Japanese market

"After the successful acquisition of Kyowa Pharmaceutical, we are trying to acquire more companies in Japan. Our acquisition of Kyowa in 2008 has propelled Lupin directly into the elite league of the top 10 generic players in Japan"

51. BSNL rings \$10b expansion plan

Our mobile expansion is on track. We have rolled out 25 million lines all-India and this capacity kicks off in August. We have announced tenders for another 93 million lines and are adding two million lines in WLL", Kuldeep Goyal, CMD, BSNL told ToI.

52. Government to push reforms, says Chidambaram

Government will now push ahead with the unfinished economic reforms agenda after its victory in the confidence vote, FM P Chidambaram said on Tuesday. "With 275 votes, this government has an absolute majority and this is a confidence to go forward," he said.

53. Century Textiles investing US\$ 1.50 billion over next 5 years

This would include US\$ 620.27 million for the development of commercial projects in Worli and US\$ 429.31 million for cement manufacturing capacity expansion. US\$ 344.82 million would go into its paper business and the residual US\$ 106.15 million would be put into general corporate purposes.

54. Indian SMB market at 35 million units: study

Easy and affordable technology is driving the overall technology adoption process within the small and medium business (SMB) sector. This is evident from the fact that India already has 5000 IT/ITeS companies with 100% PC penetration.

55. 'Indian IT sector set to be 2nd largest'

India will continue to drive the global IT market for the next few years. It will emerge as the second most important IT industry in the world after the US in terms of revenue and employment," says a study. "India will create the second largest IT services labour pool after the US within the next seven to eight years. That's not all, domestic IT industry's contribution to our GDP is likely to rise from 0.8% in 2006-07 to 2.65% by 2015-16."

56. Bharti Airtel to spend US\$ 2.5 billion on expansion bid

Bharti Airtel, registered a 34 per cent rise in its net profit at US\$ 479.44 million, for the quarter ended June 30, 2008. The company announced that its revenue (according to US accounting rules) increased by 44 per cent to US\$ 2.01 billion for the latest quarter, against US\$ 1.40 billion in the first quarter ended June 30, 2007. The company will be upholding its guidance for standalone capex of over US\$ 2.5 billion for the entire year till March.



Newsletter, 20-VII-2008

1. Oberoi hotels (3) in top 10 global ranking

The Times of India: July 17, 2008

New Delhi: In a global recognition of Indian hospitality industry, three Indian properties figure in the top 10 list of world's best hotels declared by the Travel + Leisure world's best awards 2008. While Oberoi Rajvilas, Jaipur, is in the number two slot, Oberoi Udaivilas, Udaipur, and Oberoi Amarvilas, Agra, are in the number four and six positions, respectively.

The Singita Sabi Sand at South Africa's Kruger National Park has been rated as the world's best hotel in this awards' list.

The Taj Lake Palace, Udaipur, is number 18 in the list of 100 world's best hotels. This ranking is based on a readers poll conducted by Travel + Leisure, a leading travel magazine. Readers rate their experiences on services like rooms, location, restaurants and food.

2. Corporates line up Rs 80,000-cr solar, semiconductor projects

The Hindu Business Line: July 14, 2008

New Delhi: Flooded by nearly a dozen proposals together worth Rs 80,000 crore from corporate majors such as Reliance Industries, Videocon and Tata BP Solar under the policy for semiconductor fabs and eco-system units, the Government is setting in motion an appraisal mechanism to evaluate the projects.

As a first step, it is setting up an expert committee for technical evaluation of projects to assist the appraisal committee.

The committee is likely to hold its first meeting by August-end or early-September.

According to a senior official, the technical committee would comprise 4-5 experts in latest technologies for solar photovoltaic and semiconductor wafer fabrication.

The Special Incentive Package Scheme (SIPS) – notified last year to encourage investment in semiconductor fabrication and other micro and nano technology manufacturing industries – lays emphasis on modern technology and hence inputs from experts would be critical in the evaluation of projects.

Burgeoning investments

Given the high level of investments involved, companies that have thrown their hats in the ring are also taking time to evaluate the technology options available to them.

So far, the Government has received 11 proposals for incentives under SIPS.

While Videocon Industries is setting up an LCD fab (Rs 8,000 crore), Reliance Industries is planning a semiconductor wafer fab (Rs 18,521 crore).

Another nine proposals pertain to the fast-growing solar photovoltaic space.

Projects proposals	
Videocon (LCD fab)	8000
Reliance (Wafer fab)	18,521
Solar photovoltaic	
Moser Baer	6,000
Titan Energy	5,880
KSK Energy	3211
Signet Solar	9672
Phoenix Solar	1,200
Tata BP Solar	1,693
Reliance Ind	11,631
Solar Semi	11,821
TF Solar	2,348

These include Moser Baer PV Technologies (Rs 6,000 crore), Titan Energy Systems (Rs 5,880 crore), KSK Energy Ventures (Rs 3,211 crore), Signet Solar (Rs 9,672 crore), Reliance Industries (Rs 11,631 crore), Phoenix Solar India (Rs 1,200 crore), Tata BP Solar India (Rs 1,693 crore), Solar Semiconductor (Rs 11,821 crore), and TF Solar Power (Rs 2,348 crore).

Sops Offered

Under SIPS, the Centre would provide an incentive of 20 per cent of capital expenditure during the first 10 years for the units in Special Economic Zones and 25 per cent of the capital expenditure in non-SEZ units.

Any unit can claim incentives in the form of capital subsidy or equity participation.

The non-SEZ units would be exempt from countervailing duty (CVD).

Financial appraisal

"A Project Management Unit (PMU) will focus on the financial appraisal and look at issues such as financial closure of the project, debt, equity structure and funding pattern."

"We are in the process of roping in a global consultancy firm to assist the PMU. The technical and financial groups are expected to be in place in the next 7-10 days," sources pointed out.

The appraisal committee, which is headed by the Additional Secretary, Department of IT, would give its recommendations to the Government on the proposals.

3. Patent offshoring sector to grow at 35%

The Hindu Business Line, July 4, 2008, on IBEF

Number of people employed in the industry to rise

Firms can save about 40 per cent in costs by offshoring to the 50-odd specialist companies in India.

Mumbai: The widespread impact of the US patent reform act of 2007 coupled with the multi-fold increase in patent applications globally will see the Indian patent offshoring industry clock \$2.06 billion in revenues by 2012 end, at an annual growth rate of 35 per cent.



In order to fuel this growth momentum, the number of people employed in this industry here will grow to 6,950 in the next four years from 1,550 as on 2007-end, according to a report by Pune-based research firm Valuenotes Database. As on 2007-end, revenues for the Indian patent offshoring industry stood at \$47 million.

The Patent Reform Act of 2007 has switched the US, which accounts for about 60 per cent of the work offshored to India, to a first-to-file patent system from a first-to-invent system, Ms Subha Kalathur, senior analyst with Valuenotes told Business Line. "Hence, early filing becomes more important than the date of the claimed invention for entitlement to patent rights. One of the ways to quicken the patent claims drafting process is to offshore its key components to destinations such as India", she said.

Large corporations outsource chunks of their patent drafting process such as prior art search, patent illustration, patent proofreading and actual patent drafting in some cases. However, very few companies outsource services such as landscape reports and competitive intelligence reports as the patent services industry in India is still in its infancy.

Firms can save about 40 per cent in costs by offshoring to the 50-odd specialist companies in India.

Going forward, there will be a significant opportunity of taking on work from patent offices as well, as most of them are faced with a ballooning backlog due to high attrition among patent examiners. (Patent offices are country specific or intergovernmental organisations that control the issue of patents).

In the US patent office alone, there about 50,000 pending applications which could take three-five years to get examined. In 2007 alone more than 1.8 million patent applications were filed worldwide, the report said.

4. Indian firms bet big on UK

Business Standard, July 4, 2008, on IBEF

New Delhi: Indian companies have invested in 75 projects in the United Kingdom during 2007-08, creating 3,846 jobs, a British High Commission release today said. This is higher than investments by Swedish, Chinese and Italian companies.

A report by UK Trade and Investment, a UK government organisation that helps overseas firms bring in investments, said Indian firms accounted for one of the fastest growing sources of investment to the country, in sectors like infotech and life sciences.

Major investments by Indian firms in the UK include Tata's Jaguar/Land Rover acquisition, Amtek's takeover of the Triplex-Ketlon Group and Bharat Forge's acquisition of a forging plant in Doncaster.

"Indian investors recognise the UK's favourable conditions. There are huge opportunities for Indian companies to build partnerships and gain from transfer of knowledge and technology, particularly through research and development investments in the UK," said Jane Owen, director, UK Trade and Investment, India.

India's economic engagement with the UK is also through the 52 listed companies in London Stock Exchange, which have a combined market capitalisation of £9 billion, the British High Commission release added. These companies have raised of £3 billion through listings on the exchange. The report said in 2007-08, foreign firms chose to invest in 1,573 UK-based projects. Of these, 42 per cent were in new projects and 28 per cent expansion projects.

5. Outsourcing: Indian cos employ over 30,000 US citizens

6 Jul 2008, TOI

NEW DELHI: Amidst the row in US over outsourcing, a study has said that big corporates like Essar, HCL, Tata, Mahindra and Wipro have generated over 30,000 jobs for US citizens in recent years.

Tata Group alone employs 19,000 Americans and has invested over 3 billion dollars, besides operating 16 businesses in US, a report by US-India Business Council (USIBC) and industry body FICCI said.

Indian employers and their American workers contribute billions of dollars to the Federal, state and local treasuries by way of wages, corporate taxes, payroll taxes and income taxes, the study said.

About 12 Indian companies, including Essel-Propack, ITC Kitchens of India, Ranbaxy, Satyam and Wockhardt, are making a sizable impact on US economy, the chamber said.

With a presence in nearly a dozen states like Arizona, Colorado, Florida, Missouri, New York and Texas, Essar's American operations generated more than 110 million dollars in revenues last year and has employed about 7,200 people till now, which would increase to 8,500 by next year.

While Jet Airways has purchased 72 aircraft from Boeing and with 120 direct employees, the company, which has offices in New York, New Jersey and California, has paid 36 million dollars to the US market in total wages, taxes, and fees to airports.

India's first pharma MNC, Ranbaxy, which is to be taken by Japanese firm Daiichi Sankyo, has created 600 jobs and produced 142 drugs, the report added.

In the IT sector, while Satyam employs 5,000 Americans, Wipro Technologies has created more than 8,000 jobs and 1,000 new jobs are coming to Georgia and Michigan cities.

HCL Technologies has helped to develop safety and navigation equipment for Boeing's new 787 'Dreamliner' jet aircraft. In America, since 1989, HCL employs 3,000 in 21 locations and serves clients in 200 cities, it added.

6. BPOs may soon join billionaires club

4 Jul 2008, TNN

BANGALORE: The game is fast changing for the Indian business process outsourcing (BPO) industry as for several players; entry into the billion-dollar club may be round the corner. Given the inorganic opportunities, maturity of outsourcing and an appetite to grow scale rapidly, many BPO players may breach the psychological barrier much faster than IT services companies.

Large players manage to create a big impact on clients and employees and are serious contenders for mega deals, says Tholons CEO Avinash Vashista.

As of now, leading the race to get into the billion-dollar league is Genpact, which reported a revenue of \$823 million for 2007 with an year-on-year (YoY) growth of 34%. Others in the fray are WNS and Aditya Birla Minacs, who are distinctly behind Genpact but have ambitious plans.

WNS, with revenue of \$460 million, has been scouting for inorganic options to fuel growth. Aditya Birla is already looking at \$1-billion revenue in the next three years from its current level of \$392 million. Analysts feel that IT services success story is now unfolding in the BPO industry. Once a couple of Indian IT services companies such as TCS, Infosys, Wipro got into the billion-dollar league, they were catapulted into the big stage. It is very commonplace now for the India IT services biggies competing directly against the global giants like IBM, Accenture, HP, in fact, even winning a few deals.



Large Indian IT services players, which roughly took about two decades to cross the \$1-billion mark, operated in a different era when they mostly grew organically. Their inorganic growth path came much later unlike the case of the BPO companies, which may have crunched the time to grow big.

Says Ernst & Young partner (business advisory services) Milan Sheth, "The BPO journey in India has been from the early part of this decade coinciding with globalisation." But all is not rosy for the BPO industry, whose fortunes are linked to an environment where there is serious competition coming from 15 other destinations.

On the other hand, India as a destination enjoyed a virtual dominance in offshoring, Sheth says. Aditya Birla Minacs MD Dev Bhattacharya says achieving this target would give them the status of a world class company and also be a big influence in bagging large deals.

According to a Nasscom-Everest study, the Indian BPO industry was staring at a total export market opportunity of \$220-280 billion by 2012 while the domestic segment would provide an additional \$15-20 billion.

The study further says that in just over a decade, the industry has grown to reach nearly \$11 billion in export revenue employing over 7 lakh. And the next five years could potentially see a five-fold growth.

7. Made-in-India cars for the world

The Economic Times, July 7, 2008, on IBEF

New Delhi: Call it the Nano engineering gold rush. Indian engineering skills are suddenly hot property as global auto companies source competence, along with components, for their next-gen models. Sourcing cheaper components to cut costs for cars sold in India and globally is now de rigeur.

The second wave of sourcing focuses on skills, particularly in small cars where India has a core competence. As world markets move to smaller and less fuel-hungry vehicles, Big Auto is looking to India for scale and expertise. Maruti Suzuki's soon-to-debut A-Star has some Indian content, which was played up alongside the Nano's global outing at the Geneva Motor Show this March. But now Suzuki is planning to step on the gas, outsourcing its costly model development to India for the next-gen small cars.

"These cars will be developed in India and made in India for the world," said a Maruti official. "By 2012, that line-up should start rolling out." Suzuki is focussing on R&D in a big way in India to crank up its engineering pool for the purpose.

India will be the small car hub not just in terms of manufacturing but also in terms of product development, the ultimate holy grail in Motown. Other global car majors like Hyundai, Honda and GM are working on both ends of this trend-developing small car models that will be accepted in India and other similar markets and using India as a sourcing hub for parts and skills.

Hyundai, which like Maruti has a big local footprint in manufacturing, is now focussing on R&D in India. The Korean company has set up a \$40 million computer-aided design centre in Hyderabad. Says Hyundai Motor India chief HS Lheem: "Our future launches, especially for the compact segment, are being developed keeping in mind the potential of the Indian market."

For GM, the \$60-million technical centre in Bangalore will be its powerhouse for developing future technologies and shaping new cars. "We have lined up a design centre, engineering services and an R&D facility at Bangalore. It will conceive future products for India and other emerging markets," said GM India vice-president P Balendran.

8. India emerges a leader in green IT potential

The Financial Express, July 7, 2008, on IBEF

New Delhi: India is a world leader in green IT potential, according to a recently released global enterprise survey. Indian respondents scored over respondents from 10 other countries in expecting to pay 5% or more for green technology if its benefits for the environment and return on investment (ROI) are proven. The rest of the countries lag because they scored either on expectation to pay at least 5% or more or preferring green technology with proven ROI-and not both.

Green technology, the survey explained to respondents, is technology with efficient power consumption, recyclable/reusable packaging, recycling offers for older equipment, use of non-toxic materials, or making investments in future green concepts such as alternative materials.

The survey was conducted by GreenFactor, which researches and highlights green marketing opportunities. It's a joint initiative between marketing intelligence company Strategic Oxygen, GCI Group and Cohn & Wolfe, which are from the WPP family of communication companies.

"Initially, it seems counter-intuitive that India would be number one," explained Paul Walker, president, GCI Group, in the green enterprise report, "but this is a country experiencing a high-rate of IT investment and datacentre growth-coupled with brown-outs. It makes sense that IT decision makers there would be more sensitive to environmental challenges and increasingly supportive of growing their green IT solutions."

The respondents included more than 3,500 enterprise IT decision makers including CXOs, CIOs, IT managers and line of business managers. They were paid for their time so that they would take the questions seriously before filling in their answers. While nearly half of all respondents in India, Japan, the US and France expect to pay 1-9% more for green technology products and services, more than 10% of respondents in India, the US and Japan expect to pay 10-20% more for green technology, stated the survey.

While about two-thirds of Mexicans (63%) and more than half of Italians (58%) and Brazilians (57%) expect to pay the same or less for green IT, nearly two-thirds of Japanese (71%), Americans (66%) and Indians (66%) expect to pay some premium. Other surveyed countries comprised Australia, Canada and Germany.

Indian, Mexican and Brazilian respondents' potential preference is much higher than the global average, pointed out the survey.

They would probably or definitely prefer a brand's green products more, if benefits are proven. Indians and Mexicans also put a time frame to their preferences and said they would definitely consider buying green laptops and desktops in the next twelve months.

Japanese respondents said they would definitely consider green laptops and desktops 11-12% of the time, as per the survey.

The survey also shows that green laptops and desktops will be more in demand globally than elaborate green backend technology in the next year.

Globally, some of the biggest barriers to adopting green IT include prices, internal disagreement and politics, doubts about return on investment, lack of promotion of green products, unavailability of green products, and lack of impact on the environment.

The survey covered 26 enterprise technology brands. While some of them like Apple, HP, Microsoft, IBM, Intel, Sony and Dell were considered green leaders globally, companies like SAP, Alcatel-Lucent, Nortel and EMC were perceived as green laggards.



9. Amul, now a billion dollar Co-Operative enterprise

The Economic Times, July 23, 2008, on IBEF

Gujarat: Gujarat Co-operative Milk Marketing Federation (GCMMF) popularly known for its products brand name Amul has become India's first billion dollar co-operative unit after touching the record annual turnover of Rs. 5,255.41 crores (52.554 bn rupees).

It has registered quantum growth of 22.9 pc with an increase of nearly Rs.1,000 crores (10 bn rupees) in absolute terms over the previous fiscal year.

Besides, the GCMMF, the apex marketing body of 13 district milk unions of Gujarat having a membership of at least 27 lakh (2.7 mn) milk producers has reached another milestone by processing almost one crore litres of milk in a single day.

This success was announced on the 34th annual General Body meeting by GCMMF held at Anand recently while reviewing the annual performance.

"Last fiscal (2006-07) our milk procurement represented a growth of average 13 to 14 pc with average milk collection of 7.5 mn litres per day.

During peak procurement period, we have successfully demonstrated to process almost 10 mn litres of milk per day. With this, our sales turnover has gone up by 15 to 20 percent and we have crossed a sales turnover by almost rupees 52.55 bn.

This shows an increase of rupees 1,000 crores (10 bn rupees). We are constantly doing equally well and hope to post similar growth in the upcoming years," said B.M. Vyas, Managing Director of Gujarat Co-operative Milk Marketing Federation (GCMMF).

During the fiscal year, Gujarat Co-operative Milk Marketing Federation has done remarkably well in most value added consumer products in which Amul milk pouches have been considered the largest contributor to the turnover with sales up by 48 per cent in value terms.

Ultra Heat Treated (UHT) milk has also shown an impressive growth of 60 pc. Sales in the flavoured milk segment rose by 39 pc while the processed Amul cheese and Amul cheese spread recorded a growth of 27 pc and 39 pc respectively.

The dairy whitener Amulya also recorded a growth of 20 pc and the infant milk powder named Amulspray recorded higher sales of 19 pc.

Despite a stiff competition from multi national companies (MNCs) in butter category, Amul managed to register double-digit growth in value.

In tune with the lifestyle trends, GCMMF has focussed on healthier life products. Amul calci plus and Amul shake are new innovative UHT milk category which will hit the market soon.

"Level playing is that our farmers should be protected from subsidies export which may take place from developed world into India. If the duties are lowered, a lot of export subsidies exist in agriculture and when you allow such commodities to come into India with duty free it damages Indian agriculture where our production falls down. And we need the shelter to import and maintain supply," said Vyas.

"So we need to correct things if the exporting country subsidizing their agriculture corresponding import duty should be there so that Indian farmers have level playing field," he added.

Today, being the largest milk-producing nation in the world, India is also self-reliant in terms of milk products. However, we do not have buffer stock mechanism for dairy commodities in India.

Vyas suggested if the country can maintain and consolidate this achievement, the policy makers must put in place an effective buffer stock mechanism for dairy commodities alongside proper management of demand and supply equation from milk products.

Another secret of GCMMF's success could be attributed to its policy of supporting farmer owned organisations and giving them all their dues.

Recently World Bank has initiated to replicate Amul's model in African countries for their co-operative dairy development, which has shown a remarkable growth.

10. Textile industry to receive US\$ 35 billion impetus by 2012

IBEF, July 8, 2008, on IBEF

New Delhi: The Indian textile industry is projected to receive an impetus worth US\$ 35 billion as investments by 2012, informed Textiles Minister, Shankarsinh Vaghela on June 7, 2008. "A total 30 integrated textiles parks have been sanctioned under the Scheme for Integrated Textiles Park (SITP), attracting investment of US\$ 3.92 billion, with an expected turnover of US\$ 6.32 billion annually," he added. These parks would commence operations by the end of 2008-09 and 10 more parks would be further added by 2012 under SITP, said Vaghela.

"The textile industry is increasingly embracing modern technology and work processes, becoming more competitive, building strong brand equity for its products, and consistently achieving higher growth rates than ever in its long history," he said.

Furthermore, a sum of US\$ 13.83 million has been approved for the creation of six jute parks. The plan would give entrepreneurs the amenities and services like those offered in the export processing zones.

These initiatives are expected to augment export figures. The textiles exports were US\$ 20.5 billion in 2007-08, and the figure is likely to increase by 20 per cent during the present fiscal.

The minister also revealed that three centres of National Institute of Fashion Technology (NIFT) would be started soon in Bhopal, Patna and Shillong. Lately, two centres of NIFT have been started at Rae Bareilly in Uttar Pradesh, and at Kannur in Kerala.

11. NTPC-Bhel JV to invest Rs 6,000 cr in new unit

The Economic Times, July 8, 2008, on IBEF

Kolkata: NTPC-BHEL Power Projects (NBPPL), a 50:50 JV between NTPC and BHEL, will invest Rs 6,000 crore to set up a power equipment manufacturing facility that will churn out boilers and turbines equipped to charge up 5,000 MW of greenfield thermal capacity by calendar 2013. This was announced in Kolkata by Union minister of state for power and commerce Jairam Ramesh on Sunday.

"We've readied NBPPL's business plan and it will be placed for discussions soon. NBPPL will undertake three broad categories of business and it will be taken up in three phases," said Mr Ramesh.

Elaborating, he said: "In the first phase, the company will vie for engineering procurement and construction jobs for power plants in India and abroad. The second phase will involve manufacturing a critical balance of plant equipment for power units and in the final phase, it will set up a power equipment manufacturing plant.



The plant will have a capacity to manufacture critical components - boilers and turbines - for power plants with an annual capacity of 5,000 mw by 2013," said K Ravi Kumar, CMD, BHEL. The location of the plant, however, has not yet been finalised.

The company has been incorporated in Noida with an initial equity base of Rs 5 crore and a CEO will be appointed soon. The search committee under the department of heavy industries has been entrusted with the task, but the CEO will either be nominated by BHEL or NTPC.

On ways to fund the capex for the company, Mr Ramesh said: "The Rs 6,000 crore investment plan is likely to be funded on a 70:30 debt equity ratio. Details are being worked out."

If a 70:30 debt equity ratio is considered, promoters of NBPPL - BHEL and NTPC - will have to collectively pump in nearly Rs 1,800 crore. Given the holding pattern, where each promoter holds 50%, BHEL and NTPC may have to each pump in Rs 900 crore of equity into the company. The balance Rs 4,200 crore will be mobilised as debt.

"Given the large capacity addition plan in the country during the 11th and 12th Plans, there's an urgent need to expand power equipment manufacturing capability and strengthen related EPC activities as well as balance of plant," said Mr Ramesh.

Interestingly, BHEL is targeting a gross sales of Rs 25,000 crore in 2008-09 while gross margin has been targeted at Rs 5,724 crore. Further, a stretch turnover target of Rs 27,000 crore has been fixed under 'Excellent' rating.

12. Tanti group venture buys Chinese wind energy firm

The Hindu Business Line, July, 7, 2008, on IBEF

Mumbai: Tanti group of companies, the promoters of Suzlon Energy Ltd, jointly with Bahrain-based Arcapita Bank, has acquired Honiton Energy Holdings, a Chinese wind energy firm.

The company has not disclosed the value of the deal.

The joint venture partners will invest \$2 billion by 2012 to develop a 1,650-MW portfolio of wind farms in the Inner Mongolia region of China.

The acquisition is being channelled through Colossus Holdings, a Singapore-based holding company of the Tanti group. The group directly and indirectly owns 66 per cent of Suzlon Energy, the world's fifth leading supplier of wind turbines with a 10.5 per cent global market share.

The joint venture partners have signed a definitive purchase agreement to acquire Honiton.

Suzlon Energy Ltd has a significant presence in China through Suzlon Energy (Tianjin) Ltd, a wholly owned subsidiary of the company. In 2005-06, Suzlon had set up an integrated manufacturing facility in the eastern Chinese port city of Tianjin with an investment of \$60 million.

Mr Tulsi R. Tanti, Chairman and Managing Director of Suzlon, who is also a Director of Colossus Holdings, in a media statement said, "this investment reinforces our commitment towards the renewable energy sector and belief in the exponential growth potential of wind energy in developing markets like China and India. Honiton, having developed an excellent pipeline of projects and backed by a strong management team, provides us with a good opportunity to further our interests in the wind energy sector along with Arcapita," Mr Tanti said.

Capacity works

Honiton was established in 2005 to develop and operate wind power generation facilities within China, and has 50 MW of installed capacity, and another 100 MW under development. In addition, the

company has worked closely with the regional and state authorities in China, and has secured agreements to develop wind farms on five separate areas in China, representing a total of 2,244 sq km , on which it plans to develop its total capacity to reach 1,650 MW by 2012. Total installed wind energy capacity in China at the end of 2007 was 6,000 MW.

Suzlon has earlier worked with Honiton when it supplied the turbines for the first phase of Honiton's 50-MW Bailingmiao project in Inner Mongolia. Also, REpower, the German turbine manufacturer in which Suzlon recently increased its stake to 66 per cent, has a joint venture - REpower North (China) Ltd - with Honiton to produce wind turbines of 2 MW capacity.

YES Bank Ltd was the sole advisor to Colossus Holdings on the transaction.

13. NCAER report: Capital inflow grows three-fold in FY 2008

IBEF: July 9, 2008

New Delhi: According to a report by the National Council of Applied Economic Research (NCAER), foreign investments in India grew three fold in FY 2008 as against the capital inflow in the corresponding period last fiscal. The report stated, "In the first nine months of 2007-08, the net capital flows rose to US\$ 83 billion from US\$ 30 billion the country received during the corresponding period of the previous year." India has sustained its momentum of receiving capital funds, which further increased its forex reserves.

Further as per the report, the inflow of capital greatly boosted the total investment spending. The funds coming in as foreign direct investment (FDI) or external commercial borrowing, had also boosted portfolio funds, as between FY 2004 and FY 2008, the reserves increased by more than US\$ 150 billion. The influx of foreign funds during the period was sufficient to finance the current account deficit, the report said. "Access to global capital has helped India's macro-economy to see a rapid and steady rise in its forex reserves, post-1991 period," the report added.

Apart from India, a parallel development was seen in all developing emerging economies. "The overall capital flow to these economies has gone up from US\$ 168 billion in 2003 to US\$ 605 billion in 2007," the report said.

14. Education loan portfolio set to grow at 40%

The Hindu Business Line: July 9, 2008

Kolkata: Education loan portfolio of banks, which saw a growth of about 30-40 per cent in 2007-08, is set to witness a growth of about 40 per cent in 2008-09, according to senior bank officials.

Bankers attribute the healthy growth in the portfolio to the ever-increasing demand among the younger generation and the lower number of non-performing assets.

Banks have adopted various schemes to facilitate the growth of the education loan portfolio. Apart from tying up with several institutes and offering interest rate discounts, they also accord online sanctions and ensure speedy disbursement of the loan.

State Bank of India, a major player in this field, recorded a growth of 35 per cent in educational loans and grew by Rs 1,000 crore in 2007-08, Mr P. Nandakumaran, Chief General Manager, Personal Banking, SBI, said. "We plan to sustain the growth at 35 per cent this year," he said.

The NPAs are almost negligible usually in the range of 0.50-0.80 percent.



According to Mr V K Dhingra, Executive Director, UCO Bank, the competence of the younger generation in bagging a good job with a decent salary after the completion of their education ensures timely repayment of the loan. "The job market is also highly buoyant, so repayment is not a problem," he said.

UCO Bank's educational loan portfolio was at Rs 333 crore as on March 31, 2008. The bank plans to take it to Rs 476 crore in 2008-09, a growth of about 43 per cent.

Allahabad Bank has witnessed 30-per cent growth at Rs 150 crore as on March 31, 2008 and plans to expand it to Rs 300 crore in 2008-09. "Usually April--July is the best period for the sanctioning of loans and the actual disbursements begin post-July," said a senior bank official at the bank.

The bank's educational loan sanctions have almost doubled in the first quarter of the current financial year, against the corresponding quarter of the previous year. The average ticket size of these loans is about Rs four lakh and almost 80 per cent of it is without collaterals, said the official.

Andhra Bank has set a target to grow by 20-25 per cent this year. The current exposure is at Rs 1,800 crore. "We have tied up with a number of universities such as ICFAI, IIBM and some universities in Pune. We offer some discount on interest rate for students in these universities," said a senior bank official.

15. Intel to invest US\$ 40 billion in partnership with Indian IT companies

IBEF: July 9, 2008

New Delhi: Intel Corp will invest US\$ 40 billion in partnership with Indian IT companies to create an end-to-end IT solution for the health sector in the country.

Intel will join hands with Hyderabad-based Karishma Software Ltd for Jeeva - its integrated healthcare information system for hospitals with bed capacities between 40 and 240. Jeeva will cost between US\$ 57,921-150,568 with Intel providing the hardware along with the Chinese PC maker Lenovo, while Karishma will provide the software.

The compound annual growth rate of hospitals with 40-240 beds in India stood between 20-25 per cent, informed Karishma Software Ltd's executive director R Guru Moorthy. "Along with Kolkata, in cities like Lucknow, Pune and Coimbatore the number of mid-end hospitals are growing at a fast pace," he added.

Indian hospitals do not spend more than one per cent of the revenue for IT spending compared to 3-4 per cent globally. But the growth factor and the large number of hospitals compensate for the lack of expenditure.

Atul Bengari, who manages Intel's health business in India, said, "We have worked for the last six years to create hardware which will take care of the form factor, cooling system and right processing speed." He felt that the implementation of the system would revolutionise the health care automation in India. "In hospital's pharmacy shops, days of inventories are between 25-45 as against 16-21 after the implementation of health care information system," he informed.

Intel and Karishma are expecting 12-18 installations in 2008. Guru Moorthy revealed that total revenue could be anything between US\$ 3.47 million -US\$ 4.63 million. "We believe there is plenty of opportunity in the health sector in years to come," he said.

Intel is also in talks with hardware companies for introducing tablet PCs for doctors (named mobile clinical assistant) which would have software to maintain the entire patient record.

16. Subhiksha to add 1,000 outlets by year-end

IBEF: July 9, 2008

New Delhi: Indian retail major, Subhiksha, hopes to extensively tap the booming retail segment and plans to open 1,000 more outlets by the year-end. "Organised retail is growing at a rate of 8-10 per cent per annum, which so far represents only about four per cent of the total retail market. We are planning to open about 1,000 stores by this December across various cities of the country," Subhiksha President (Manpower), S Shashikanth, revealed at the FICCI Ladies Organisation symposium on retail in New Delhi on July 8, 2008.

The company is further looking at adding the stores primarily in Tier I & II cities, he said. "We are exploring smaller cities in Madhya Pradesh and the eastern part of the country," Shashikanth added.

The average size of the outlets would be about 1,500 sq ft, he added. However, he didn't comment on the size of investment the company is looking at for its expansion drive. When asked about the company's plans to raise funds from the capital market, without divulging any detail, Shashikanth said, "Yes, we definitely have plans to get listed."

Commenting on the distribution strategy and stores for the company, Shashikanth said, "All will be company owned as we do not have any franchisee concept." The number of Subhiksha stores has risen to 1500 countrywide with over 25,000 employees from one store in Tamil Nadu in 1997.

The Indian retail industry is currently estimated at US\$ 330 billion, of which the organised sector constitutes only about four per cent. The retail sector is projected to overtake the US\$ 650 billion mark and organised retail, the US\$ 130 billion mark by 2015.

17. Global investors bullish on India, says survey

9 Jul 2008, RASHMEE ROSHAN LALL, TNN

LONDON: Wealthy investors from Europe, the Gulf and Asia see India as the best investment opportunity in the world at the moment, a leading Luxembourg-based sharedealer has found. The survey of 800 investors, who boast an average of 100,000 euros each in their trading portfolio, found 69% professing positive sentiment towards India. China comes in a close second at 68%.

In the first instance of such a complete reversal and swapping of positions between India and the US, the survey by specialist dealer Internaxx found 69% of investors expressing negative sentiments towards America. US equities attracted the most negative sentiment of all. Internaxx MD Robert Glaesener told TOI that investor sentiment was clearly moving towards Asia and "India is now almost on a par with China as an investment opportunity".

He added that India's rise to the top of the 'good investment' league table was particularly striking because market sentiment was markedly less bullish towards it last year. Internaxx's 2007 survey found only 32% of investors expressing positive sentiment towards India. But the good news for India and China as investment destinations appeared to be offset by the harsh reality that only 24% and 36% of respondents actually cite current investments in India and China respectively.

Investors also cited less positive views about Chindia market volatility and issues of corporate governance. One-quarter of investors expressed concern about volatility and 27% said corporate governance left a lot to be desired in the two Asian emerging superpowers.



18. Firms in expansion mode to tap expected demand surge in India

livemint.com: July 9, 2008

GE Healthcare and Philips Healthcare are looking at local acquisitions to boost growth in Indian market

Mumbai: Medical electronics suppliers such as Philips Healthcare, GE Health and Siemens Healthcare are aggressively looking at expanding their operations in India, with acquisitions, technology launches and country-specific products, ahead of an expected boom over the next two years.

For instance, Philips Healthcare India, a unit of the Netherlands-based Koninklijke Philips Electronics N.V., plans to launch its Brilliance iCT scanner in India this year.

The firm had installed its most advanced scanner, capable of imaging all parts of the body, in five medical centres in the US and Israel till mid-May as part of plans to install 50 units globally by end-2008.

“The company is also open to local acquisitions, and is developing market-specific diagnostic and other medical devices at its research centre in Bangalore,” said Anjan Bose, senior director and business head of Philips Healthcare.

Siemens Healthcare, which bought Bayer Diagnostics India Ltd in 2006 as part of a \$5.31 billion (Rs23,045.4 crore) acquisition by parent Siemens AG, is also strengthening its presence here by adding new technologies almost every month over the past year.

For instance, in June, Siemens launched its SOMATOM scanner, which it claims is the fastest CT scanner in the world, at KG Hospital and Post Graduate Medical Institute in Coimbatore, Tamil Nadu. Earlier in May, it installed an advanced imaging system to detect early-stage cancer, at Piramal Diagnostics in Mumbai, days after it said it would install a high-end magnetic resonance imaging (MRI) system at the Aatmajyoti MRI Centre in Surat, Gujarat.

“We are in the process of introducing several products addressing the needs of various market segments,” said Siemens Healthcare India’s executive vice-president D. Raghavan.

GE Healthcare, part of General Electric Co, plans to acquire local diagnostic equipment makers to boost its growth in India and expand its reach in semi-urban and rural markets, as reported by *Mint* in April.

“We are open to such deals in India since our current growth plan includes organic expansion as well as strategic acquisitions,” V. Raja, GE Healthcare South Asia chief executive, had said.

GE, Philips and Siemens are the top three companies in the Indian medical imaging market, with nearly equal market share.

The radiology segment, which includes medical imaging and diagnostics equipment, accounts for around 15% of the \$2.1 billion-a-year Indian medical devices market, and is growing at 16-18% a year.

Another major player, Carestream Health India Pvt. Ltd, part of the US-based medical imaging company Carestream Health Inc., is mainly present in electronic review, storage, distribution and management of medical images.

While these companies are mostly present in urban India, other domestic players including BPL Health Care Ltd, Chennai-based Trivitron Medical Systems Pvt. Ltd and Sigma Diagnostics India Pvt. Ltd are active in the semi-urban and rural markets.

Consultants, such as McKinsey and Co., and Ernst and Young, had in two separate studies in 2007 predicted that the Indian health care industry would grow to between \$50 billion and \$80 billion by 2012 from \$35 billion. Indeed, hospital chains such as Fortis Healthcare Ltd, Wockhardt Hospitals Ltd,

Apollo Hospitals Ltd and Max Healthcare Ltd are planning big expansions to have a pan-India presence in three to five years.

The Union and state governments are also planning new medical colleges and hospitals in six state capitals as well as in some semi-urban and rural locations, in addition to expanding the existing hospitals.

New entrants such as the Reliance Anil Dhirubhai Ambani Group, Ahmedabad-based Cadila group, and vaccine maker Panacea Biotec Ltd are also planning to expand into the hospital business.

19. Tatas get SC nod for power supply

9 Jul 2008, Dhananjay Mahapatra, TNN

NEW DELHI: Tata Power Company (TPC) on Tuesday scored a major victory over rival Reliance Energy Ltd (REL) as the Supreme Court gave it carte blanche to supply electricity to consumers — both retail and large — in Mumbai.

Trashing the opposition to TPC's direct supply of power to consumers, ranging from individual houses to large ones like railways, a Bench comprising Justices Ashok Bhan and Altamas Kabir quashed the earlier orders of Maharashtra Electricity Regulatory Commission (MERC) and the Appellate Tribunal restraining the Tata group company from effecting the supply.

Like MERC, the Appellate Tribunal, while allowing REL's plea, had held that TPC was not permitted under its licence agreement with BSES to undertake retail distribution of power in Mumbai. TPC had challenged this decision before the apex court.

Justice Kabir said the principal question which came for the decision of MERC was whether TPC was entitled under the licence to effect distribution of electricity directly to consumers within the area of supply of BSES, which now fell under the area of REL.

The Bench, rejecting the opposition from REL, said the preamble to the Electricity Act, 2003, was meant to be consumer friendly. "We have no hesitation in holding that the Appellate Tribunal for electricity erred in coming to a finding that under its licences, Tata Power was entitled to supply energy only in bulk and not for general purposes and in retail to all consumers, irrespective of their demand," it said.

20. Now, reforms will be on the fast track, says India Inc

9 Jul 2008, IANS

NEW DELHI: With Left parties withdrawing support to the United Progressive Alliance (UPA) government on Tuesday, India Inc hopes the slow-moving economic reforms programme will now be put on the fast track.

From key decisions pertaining to the financial sector to further opening up of the Indian economy to foreign investors, the PM Manmohan Singh government had its hands tied down by the crucial support from Left parties. These, the corporate sector feels, can now see the light should the government survive following support from Samajwadi Party, which has been known to be supportive of the private sector when it was in power in Uttar Pradesh. "The nuclear deal will now come to a logical conclusion. The economic reforms will re-commence," said DS Rawat, secretary general of the Associated Chambers of Commerce and Industry (Assocham). "For long there has been a hide and seek game going on between the Left parties and the UPA government over the civilian nuclear deal with the US," Rawat said in one of the first reactions from the corporate sector.



An immediate reaction also came from the stock market where equities staged a smart rally and made up for some of the lost ground minutes after Communist Party of India-Marxist (CPI-M) general secretary Prakash Karat announced the withdrawal of support.

The sensitive index (sensex) of the Bombay Stock Exchange (BSE), which had lost 476.03 points in the morning, immediately cut its losses to 208.8 points, or 1.54%. "Left leaders were creating hurdles in implementing some decisions like foreign direct investment in insurance sector," said D H Pai Panandikar, corporate analyst and former chief of the Federation of Indian Chambers of Commerce and Industry (Ficci). "The government can now think of opening up the insurance sector," he said, adding one of the important issues, which the Left was consistently opposed to, was allowing 49% foreign investment in the insurance sector.

21. RIL tops, Tata steel debuts on Fortune 500

The Financial Express: July 10, 2008

New York: Mukesh Ambani-led Reliance Industries has emerged as the top Indian private company on the latest Fortune 500 Global list, where the country's presence has grown to seven firms with a debut by Tata Steel.

The list, released by the US business magazine Fortune today, includes two private (RIL and Tata Steel) and five public sector companies from India, topped by Indian Oil Corp (IOC), and including BPCL, HPCL, ONGC and SBI.

IOC is the top-ranked Indian company among both private and public sectors at 116th position in the worldwide list, topped by US retail giant Wal-Mart.

Besides making its debut at 315th position, Ratan Tata-led Tata Steel has also been named as the company with highest revenue growth of over 353 per cent over the past year.

Tata Steel recorded 17th fastest growth in profit among all the companies globally, Fortune said.

RIL, which has been ranked at 30th in terms of revenue growth, has jumped 63 places to grab the 206th rank. SBI has been ranked at 21st place in terms of revenue growth.

RIL is ranked second after IOC among all the Indian companies and is followed by Bharat Petroleum (287), Hindustan Petroleum (290), ONGC(335) and State Bank of India (380).

SBI is the seventh biggest climber among all the global companies, while RIL and BPCL have been ranked at 23rd and 50th in terms of gains from the previous year rankings.

In the worldwide list, Wal-Mart is followed by Exxon Mobil, Royal Dutch Shell, BP and Toyota Motors.

Other companies figuring among the ten largest worldwide include Chevrn (6th), ING Group (7th), Total (8th), General Motors (9th) and ConocoPhillips (10th).

The US continues to have the largest presence with 153 companies, even as the number is down from 169 in the last year. China has 29 companies on the list.

Besides seven Indian companies, a number of firms run by Indian-origin people have also made to the list.

These include Nagpur-born Vikram Pandit-led Citigroup at the 17th position, billionaire steel tycoon Lakshmi Mittal- promoted ArcelorMittal (39th) and Indra Nooyi-led PepsiCo (184th). Vodafone, whose Indian-origin CEO Arun Sarin is retiring this month, has been ranked 85th.

Citigroup has been ranked third among the banks, while SBI is at 54th position. PepsiCo is at third position in the food consumer products ranking.

Besides, ArcelorMittal is ranked at the top in metals sector, while Tata Steel is at the 8th position.

Amongst the petroleum refining companies across the world, IOC has been ranked at 18th, RIL at 23rd, BPCL at 28th and HPCL at 29th out of 39 companies from the sector present on the list.

ONGC has been ranked at the 7th in the mining and crude oil production space.

RIL has also been ranked at 46th in terms of return on assets.

22. IT sector grows 28% in 2007-08, says Nasscom

10 Jul 2008, TNN

NEW DELHI: Year 2007 may not have been an easy one for the Indian IT software industry. But despite facing a tough year, the sector managed to clock in 28% (currency adjusted) growth, says Nasscom in its annual survey.

This adds up to \$52 billion for year 2007-08, up from \$39.6 billion last year. The software services sector too grew by 30%, to earn revenues of \$40.4 billion. While the domestic segment grew 26% to register revenues of \$11.6 billion.

"The current growth rates shows the IT industry's resilience. Despite facing several problems last year, like the sub-prime crisis, fluctuating currency etc, Indian IT industry continued growth story. We saw revenues grow 28% and employment 26% in the exports sector alone. This is good for the industry," says Som Mittal, President, Nasscom.

The survey also projects that the overall software and services revenues will grow by 21-24% (currency adjusted) to touch \$50 billion in 2008-09.

That's not all, the industry is well on track to reach its target of achieving \$75 billion by 2010. Mittal says, surveys done by CIOs reveal in 2008 too tech spending will be similar to 2007. In fact, to stretch dollar, firms will continue to adopt more technology.

However, demand for tech-related services will vary. "As Indian IT companies are spreading to new geographies, Europe now constitutes nearly 32% of our business," says Mittal. But next decade will be very different. "Although opportunities are immense, we will require new business models. Our biggest concern will be the ability to execute contracts," Mittal added.

23. MS to improve efficiency of Indian Railways

10 Jul 2008, Padmaja Shastri, TNN

HYDERABAD: Painful delays in reaching your destination, waiting for hours on end at the railway stations in the country for trains to arrive, with the announcement system blaring old information repeatedly, may soon become a thing of the past.

Centre for Railway Information Systems (CRIS), the umbrella organization for all computer activities on Indian Railways, along with Microsoft, has come out with a unique system for effectively monitoring the movement of trains operated by the Indian Railways.



Built on Windows Vista, the Control Office application (COA) will ensure that the 17 million passengers who travel by the Indian Railways every day and users of its freight services will get real time information on the exact location and arrival and departure times of all trains on their phones. "We have completed the integration of COA with our interactive voice response system and our website in the 26 control rooms it has been deployed so far," said the spokesperson of CRIS.

The application, developed with an investment of Rs 83 crore, is expected to be rolled-out across all the 68 control rooms of the Indian Railways by end of this fiscal, according to him. This is how it will work: The control office is like a call centre for each division of the railways, into which information pours in from every station in that division about arrival and departure of every train passing them by. Currently, the rail traffic controllers at each control office plot that information on a manual chart, then make decisions about movement of trains and make forecasts about arrivals and departures.

Once COA is deployed, the computer will take care of plotting and drawing the train path, leaving the controller more time to make faster decisions about the best possible route for a train, thereby reducing delays, improving forecasts (less than a second from 20 seconds earlier) and revenues, from the same assets.

And as this will get fed into passenger information systems like the IVRS and railways' website, railway users will get more accurate and up-to-date information on running of trains. It will allow passengers to plan their travel better, while companies will be able to improve their logistics management. It will also enable the controller to better manage the conflicts, like, if two trains are on the same track, which one should be allowed to move first.

Improvement in decisions and the in-built monitoring alert will help avoid accidents, enhancing safety as well.

A system like COA gains significance considering that Indian Railways operates 8,984 passenger trains and 9387 goods trains running on 104,000 km track in three different gauges, which carry 17 million passengers and 2 million tonne freight per day, which sometimes require split-second decisions.

24. India Inc lured to power generation business

The Economic Times: July 10, 2008

Mumbai: Power generation is the latest boom sector for India Inc. Just as a record boom in property prices in the three-year period through to 2007 prompted most companies to get into realty, a robust demand for electricity is now prompting many companies to enter into power generation.

Comparatively easy financing for power projects compared to other sectors and the willingness of private equity funds to invest in power generation is also luring small and mid-cap power companies to approach private equity players for funds. In the past three months, more than 15 companies have added power generation as an additional object clause in their articles of association, encouraged by the sharp supply-demand mismatch and the growing opportunities from power trading.

India has a total power generation capacity of about 1,45,000 megawatts and plans to add about 80,000 megawatts in the ongoing 11th Plan that ends in 2012. Companies that have recently entered into power generation include firms from sectors as diverse as solvent extractors, photofilms and ferro chrome; Jindal Photofilms, KSL, AVT Natural, SPEL Semiconductor, Mewar Industries, Elango are some of the companies that have added power generation to their existing areas of business.

"The excitement around power generation is not a bubble," said Sanjiv Singhal, managing director at BanyanTree Growth Capital that is looking at investing in Indian power companies. "Investments are being made on the basis of strong fundamentals. When you are looking at an economic growth of 7 to

8 per cent, the growing demand for power is a no-brainer. As teledensity increased due to simplified access to telecom services, so too will India's per capita consumption of power," he added.

A senior executive from private equity firm Clearwater Capital said, "Power generation is a major investment opportunity, although, the sector will have to focus more on fast track execution." Clearwater Capital recently invested in a Gujarat-based power company.

Peak power shortages in India are as high as 15 per cent, while in other countries it is less than half of that. According to a recent KPMG report, the projected elasticity of demand for electricity in relation to GDP is 0.95. "With this, growth rate in electricity consumption is expected to be 7.6 per cent," said the report. The per capita consumption currently stands at 606 kilowatt per hour, far below the world average of 2,429 kwh. "At an 8 per cent GDP growth, the per capita consumption of India in 2032 is estimated to be 2,643 kWh, which is just comparable to the present day world average," KPMG said.

Easy availability of finance for power projects is also encouraging as most other sectors have uncertain rates of return on investments. Promoters of companies achieve financial closure by putting up 20 per cent to 30 per cent as equity and by arranging debt for the remaining cost. The Ruia-controlled Essar Power, for instance, has followed such a model.

"Our strategy is to start work on our various power projects based on the equity that we've to infuse," says MD AK Srivastava. Essar Power is building 4,800 megawatts through four power projects of which the financial closure of two are complete, while that of the other two are likely to be finalised by the year-end. "The rush can also be primarily explained due to the certainty of demand for electricity," says Ernst & Young leader utilities Anjani Agrawal. While there were not many standalone power companies earlier, the ones with captive plants are now planning to enter power generation, he added.

"Also, some smaller players are attracted to the prospect of owning coal resources as a linkage to the power projects," he added. It makes great sense for steel and aluminium sector companies to have their own source of power as electricity accounts for almost three-fourth of the total cost in a smelter. Building a power plant leads most companies to own coal mines, since it would give them ownership of resources.

The government recently allocated coal blocks to companies such as SKS Ispat, Jas Infrastructure Capital, DB Power, Prakash Industries and others. This was apart from earlier allocations to companies including RPG Group's CESC, Essar Power, AES Chhattisgarh Energy, Reliance Energy, Tata Power, GMR Energy and Mittal Steel India.

25. 2007-08 foodgrain output estimate raised again

The Hindu Business Line: July 10, 2008

New Delhi: The Centre has yet again upped its estimates of foodgrains and oilseeds production during 2007-08.

The Union Agriculture Ministry's 'fourth advance estimates' of crop output for 2007-08, released here on Tuesday, has assessed the total foodgrain production at a record 230.67 million tonnes (mt), against the earlier 'third' and 'second' advance estimates of 227.32 mt and 219.32 mt respectively.

The production figures of rice, wheat and coarse cereals have been upgraded to all-time high levels of 96.43 mt, 78.40 mt and 40.73 mt, respectively. The most striking upward revision has been for maize, with the 2007-08 crop estimated at 19.31 mt, which is 28 per cent more than the 15.10 mt for the previous year.

Maize export ban

When asked for the reasons behind banning export of maize when the crop size was assessed more than the initial estimates, the Secretary, Department of Agriculture and Cooperation, Dr P.K. Mishra,



said: "It was a collective decision involving not only us, but also the Department of Animal Husbandry and Dairying and the Commerce Ministry."

He further said the ban, imposed on July 3, was temporary and would be lifted in the event of a bumper crop. The ban is currently in place till October 15. Since the ban, maize futures have fallen by about Rs 75 a quintal, from their peak Rs 970 a quintal levels.

MSP for kharifs

Regarding the minimum support price for kharifs, which have not been announced despite commencement of sowing operations, Dr Mishra said: "We are awaiting the recommendations of the Prime Minister's Economic Advisory Council (EAC), which is looking into the prices proposed by the Commission for Agricultural Costs & Prices (CACP)". He declined to give any time-frame for the EAC to submit its recommendations.

The other crops for which production in 2007-08 is estimated to have touch record levels included soyabean (9.99 mt), groundnut (9.36 mt), cotton (25.81 million bales), tur (3.09 mt), urad (1.52 mt) and moong (1.56 mt).

26. Dunlop buys UK's 2nd largest auto component co Schlegel

moneycontrol.com: July 11, 2008

New Delhi: After the acquisition of Jaguar by Tata, Ruia-owned Dunlop India has also bought a British company. It has bought UK's second largest auto component manufacturing company Schlegel. Interestingly, this deal makes Schlegel, the erstwhile parent of Dunlop, Dunlop's subsidiary.

It was three years ago that the Ruias acquired the ailing Dunlop factory to venture into the tyre industry. And now it has entered the auto components market with the takeover of British company Schlegel Automotive.

But this takeover has resulted in a twist of fate. One of Schlegel's subsidiary is the British Tyre Rubber, or BTR, which was the erstwhile parent company for Dunlop worldwide. Now, BTR has been reduced to a subsidiary.

"When we took over this company, we went back to Schlegel as an original name. And this particular company also has a subsidiary by the name of BTR. At one particular time, BTR owned Dunlop Worldwide although now it is a Shell company. But now we think, there is emotional value to this particular company when it is coming with that actually," said Pawan Ruia, Chairman, Ruia Group.

The Ruias' latest acquisition - Schlegel - supplies rubber sealings to auto majors like Ford, Toyotas and BMWs. The company is all set to start a manufacturing unit in India under the banner Schlegel Automotive India.

"We found a huge shortage of this particular product in India as a right quality product. And since the auto sector is growing, we analyzed that if we take over this company and bring that company to India, the technology will come in, and which will be there to the growing demand of the Indian auto industry," said Pawan Ruia, Chairman, Ruia Group.

The Ruia Group will invest close to Rs 70 crore to expand its operations in India. Though the location has not been finalized yet, the plant will start its production in a year's time.

27. Innovation: Asia's edge over others

The Economic Times: July 11, 2008

New Delhi: In recent years, developing countries like Vietnam, India and China have risen to global attention with their strong contribution to the software segment.

With relatively low barriers of entry into the software industry, the balance of power in the global arena is levelling out for those who choose to develop code rather than delve into heavy manufacturing.

The ability to constantly innovate is essential to Asia's sustained competitiveness in high technology fields such as software and IT. Innovation comes about through a mixture of environmental factors influenced by government policies, and the quality and drive of the talents in each country.

While no country has exclusive claims to high-calibre talent, it is possible through strategy and policy to cultivate an environment that is conducive to producing good innovation.

A report on Asia Innovation Policy Study conducted by the INSEAD international business school and sponsored by the Business Software Alliance sheds some insight on such strategies.

One of the findings is that there is a role for the government in the digital economy, but it is not the traditional one of an economic regulator. Governments play the role of a facilitator and orchestrator of innovative activities, and should refrain from the practice of 'picking winners', be it in terms of specific players in the market, or types of technology.

After an initial period of facilitation, it is equally important for governments to know when to disengage and let the private sector and market forces take over.

The study also notes that the healthy development of domestic technology sectors requires that governments recognise and balance their dual roles as policy-makers and customers. As customers, governments should give consideration to interoperability and make choices based on specific functional needs.

Governments should avoid adopting a one-size-fits-all approach to interoperability that could prevent the procurement of the best solution at optimal prices. As policy-makers, governments should support innovation by promoting competitiveness, encouraging interoperable technologies and competing products to develop, and allowing market forces to choose in individual cases.

In addition, the speed to market was identified in the INSEAD study as an essential factor to consider in innovation policy. At the fast-moving pace that technology develops and advances today, policy-makers cannot afford to prevaricate while the market moves on to new solutions.

Industry players, both domestic and international, should not feel unnecessarily constrained in making the best use of their strengths to introduce new innovations in the market. It is important to have technology-neutral policies that will not lock-in preferences that can become a hindrance to industry progress and the ability of consumers to select better technology when they become available.

The study recognises that the protection of intellectual property rights is vital for all organisations, and not just technology firms. Such rights help to strengthen the competitiveness of companies across all industries, as well as improve the negotiating platform and overall value propositions of emerging players trying to gain a foothold in the global marketplace.

Similarly, attracting international players to innovate in local markets can help expand the host country's knowledge base - this is provided that the intellectual property practices are consistent with international expectations.

Policy-makers focusing on innovation should recognise the dynamics of market behaviours that are becoming more common place in Asia. Increasingly, there are regional IT initiatives growing from environments that encourage decentralised, market-driven innovation.

Public policy needs to stimulate the demand for technology and encourage innovative activities on a broad scale. With technology innovation being a crucial competitive advantage in businesses and



economies, the role of policy-makers in responding to the challenge of innovation is of critical importance.

The opening up of international markets for technology has favoured latecomers, who predominantly come from Asia. In turn, Asian governments need to have a sound policy and legal regime in place that will be pivotal to creating a conducive environment that attracts foreign direct investments, and encourages and nurtures IT innovation that will enable a country to reap economic and social rewards in the long term.

28. Panasonic planning US\$ 200 million investment in India

IBEF: July 14, 2008

Panasonic is planning to line up US\$ 200 million investment in India over the next 3 years for setting up new units, brand positioning, and upgrading its facilities. "We will invest US\$ 200 million in the next three years in the country to position our brand very firmly in the market. In this period, we will also modernise our existing facilities," Panasonic Sales and Services India Pvt Ltd Chairman Aso Hidenori informed.

Panasonic also aims to increase its revenues three fold from the current US\$ 350 million with plans to put up 200 brand stores.

"We are targeting 20-25 per cent growth in this fiscal from our current revenue of US\$ 350 million. We expect it to triple in the next three years," said Hidenori. At present, it has one assembly facility for CRT and LCD monitors in Noida with three lakh unit capacity per annum; a small appliances unit in Chennai; and two factories in Vadodara and Chennai for manufacturing dry batteries. "We are planning to increase the production capacities of CRT and LCD TVs in our Noida facility," he said. "Depending upon the growth in demand in the country, we may opt for setting up assembly units here for plasma TVs, but we will have to wait for some time for that," Hidenori further added.

Presently, Panasonic India imports washing machines, air conditioners and plasma TVs from its Thai and Japanese units.

29. India's soyameal exports expected to cross 50,00,000 tonne mark

IBEF: July 14, 2008

New Delhi: Riding high on the robust demands from international market such as China, Japan and Indonesia, India's soyameal exports are expected to cross 50,00,000 tonne mark, which is 45 per cent ahead of last season's (October 2007 -- September 2008) 35,26,000 tonnes.

Considering the fact that, currently, the soyameal exports are being traded at around US\$ 495 per tonne in the international markets, the exports of this season are estimated at US\$ 1.64 billion), in terms of revenue, against US\$ 0.85 billion in the last season.

Rajesh Agarwal, the coordinator of Indore-based Soyabean Processors Association of India, expressed his happiness with the progress of exports in the current season. It has already achieved 43,22,000 tonnes mark between October 2007 and June 2008 against 31,79,000 tonnes during the corresponding period of the last season inspiring the revision of the initial target of 47,00,000 tonnes to 51,00,000 tonnes.

Till may, the country's exports have already been worth US\$ 1.38 billion. "During the July – September (2008) period, we expect exports of about 250,000 tonnes per month," he said.

The record production in the on-going kharif season has also been sync with the spurt of demand helping the achievement of the target. In the current season (2007-08), the soyabean production stood at 99,90,000 tonnes whereas the previous season's production was 88,50,000 tonnes. Sowing of soyabean crop is progressing well in most of the areas, Agarwal revealed.

30. Leading Indian companies to enter Vietnam

IBEF: July 14, 2008

India's leading companies like Essar and Tata are set to enter Vietnam, which is one of the most promising markets in Asia. India Inc has already made its presence felt in many overseas markets. A study by FICCI on India-Vietnam Trade stated "Top Indian corporations such as Essar and the Tata Group have made big-ticket investments in projects in that country, and many are considering to increase their presence in the one-party communist state."

The study also revealed that Indian exports could find a good market in Vietnamese sectors like IT, agro and food processing, tea processing, energy, machinery, textile machinery, railways, and power transmission and generation. Bilateral trade between the two countries had touched one billion US dollars in 2006 and a target of two billion US dollars has been set to be achieved by 2010, according to government sources. Presently, animal feed is one of the India's largest export items to Vietnam, apart from steel, cotton, metals, plastics, pharmaceuticals and machinery.

"India is among top 10 investors in Vietnam. Essar Group is setting up a hot rolling steel mill worth US\$ 527 million in Ba RiaVung Tau and Tata Steel is to set up a steel complex in Thach Khe-Ha Tinh with estimated investment of US\$ 3.5 billion," FICCI informed. "Vietnam has emerged as a favoured destination for investors owing to a numbers of reasons like political stability, rich natural resources such as oil and coal, and 3,300 kms of coast is an added advantage to attract investment in Vietnam," FICCI further said.

India exports chemicals, leather, textile and pesticides, whereas it imports coal, pepper, tea, coffee, rubber, computer hardware and electronic goods.

31. Tata Steel to buy mine in Australia

13 Jul 2008, PTI

MUMBAI: Scouting for iron ore reserves to feed Anglo-Dutch steel maker Corus, Tata Steel is looking at acquiring an iron ore mine in Western Australia. "Tata Steel has expressed interest to invest in Western Australia's iron ore sector," Eric Ripper, deputy premier, treasurer, minister of state development, government of Western Australia, said.

When contacted, a Tata Steel official said that it was only logical for the company to look for iron ore mines in Western Australia since this region has huge reserves. The sixth largest steel producers in the world with 28.1 million tonnes of annual capacity, Tata Steel is also looking for iron ore mines in South Africa and Australia among other geographies, the company had earlier said.

The company also has plans to set up a company overseas for consolidating its raw material assets and raise funds in the next six to 12 months for acquisitions. Western Australia is a global supplier of minerals and petroleum products. Export from here stood at A\$53.4 billion in 2006-07. Iron ore was the second highest contributor to that kitty at A\$15.8 billion, preceded by petroleum at A\$16.4 billion.

The Indian operation of Tata Steel is one of the lowest cost producers of steel having access to captive iron ore and coal mines. But, it does not export iron ore at all to Corus, which does not have a



single captive iron ore mine. Corus, which has 19 million tonnes annual capacity, mainly imports iron ore from Brazil to feed its production.

This impacts badly on its performance as is visible from the company's EBIDTA margin, which stood at only 9% for the year ended March 31, 2008 as against Tata Steel's Indian operation at 43%. In fact, the Indian operation helped the over it post a relatively good show on EBIDTA margin for the year ended March 31, 2008.

32. Lafarge to spend US\$ 1 billion to increase capacity in India

IBEF: July 15, 2008

New Delhi: Lafarge will spend US\$ 1 billion to increase its cement capacity in India over the next five years. It aims to increase its capacity to around 20 million tones, according to a media report on July 15, 2008. Lafarge is presently expanding its three plants in India with a target to achieve an annual capacity of 12 million tonnes, the report further revealed. However, Lafarge India officials were not available for their comments.

In May 2008, Lafarge had bought Indian engineering and construction firm, Larsen & Toubro's concrete unit for US\$ 350 million and it plans to develop three plants with a capacity of 2.5 million tonnes each. The French cement manufacturer had earlier bought Tata Steel's cement business in 1999, and in 2001, it also bought the cement units of textile firm Raymond India.

33. BSNL to put US\$ 1.16 billion into WiMax project

IBEF: July 15, 2008

New Delhi: Bharat Sanchar Nigam Ltd (BSNL), India's leading telecom company in revenue terms, will put in about US\$ 1.160 billion in its Wimax project. The project entails setting up wireless broadband connectivity mostly in urban areas via WiMax technology, by this year. BSNL director (finance) S D Saxena informed "We are looking at investing around US\$ 1.160 billion in the Wimax project."

BSNL had signed a deal with US company, Soma Networks, for WiMax solution operations in early 2008. The deal is based on a public-private-partnership wherein Soma Networks will invest in technology for the WiMax development. The revenue will be shared by both partners.

At the outset, it would start operating in Gujarat, Maharashtra (excluding Mumbai), and Andhra Pradesh. In addition, BSNL also plans to develop 50,000 IT-enabled kiosks (common service centres - CSCs) all over the country, which would be running on Wimax technology.

To commence operations however, BSNL has to wait for the requisite spectrum for the Wimax services. As the 3G and WiMax policy details are given out by the Department of Telecom (DoT), BSNL and MTNL would get automatic spectrum allocation, whereas private players would be bidding for the radio frequencies.

Saxena said, "But a lot depends on the government's announcement on 3G and Wimax and the allocation of spectrum."

34. Telecom majors may see 28% rise in profit

The Hindu Business Line: July 17, 2008

Mumbai: Riding strong net additions in subscribers, the domestic telephony service providers are expected to report an average growth of 28 per cent in net profit for the first quarter ended June 30, 2008.

The top three listed mobile operators in the country - Bharti Airtel, Idea Cellular and Reliance Communications (RCom) are likely to post an average revenue growth of 39 per cent, according to reports from leading brokerage firms. This is because the industry is expected to add over 25 million subscribers in the previous quarter, thereby, taking the wireless subscriber base to 276 million, Mr Himanshu Shah, analyst with Religare Securities, said in a recently released report.

Capex spend

The momentum in subscriber additions continues to be strong primarily driven by better coverage and fierce competition on the tariff front. However, the profit growth on a sequential basis is expected to be flat because of higher interest and depreciation costs towards capex funding.

The sector is undergoing a capex-intensive cycle with launches in new circles and expansion in the existing circles, each player trying to grab market share ahead of launch of services by the new players, Mr Shah said in the report.

While RCom has committed Rs 24,000 crore as capital investment for the fiscal ending March 2009, Idea Cellular will spend about Rs 10,000 crore.

According to a research report from Motilal Oswal Securities (MOSL), margins from the wireless business for the quarter would be impacted negatively due to discontinuation of the two per cent waiver on licence fee that was available to incumbent GSM operators (the first two operators in each circle) till the previous fiscal.

ARPU from wireless operations, which currently are the lowest in the world, are expected to decline by about 3-4 per cent on a quarter on quarter basis, according to the MOSL report. In April, ARPU for the GSM segment stood at Rs 264, while that for the CDMA sector stood at Rs 159.

Revenue growth

Analysts expect that revenue growth will be the highest at Idea Cellular, which is expected to grow 43 per cent (the company would be growing from a smaller base than the top players, of course) on a year ago basis, followed by Bharti at 41 per cent and Reliance Communications at 32 per cent.

"As is the case for Bharti and RCom also, we expect the strong growth (of Idea Cellular) to be driven chiefly by continuing scale benefits and operating leverage," Mr Harit Shah, Telecom Analyst for Angel Broking, said.

However, some analysts feel that the rupee's steep depreciation in the first quarter could drag those companies, such as Idea Cellular and Bharti Airtel that have foreign currency loans on their books.

35. VW's Indian car soon

Business Standard: July 17, 2008

Mumbai: The story about India enticing world auto majors will add another feather in European giant Volkswagen's (VW) cap as it prepares for its first fully-original Indian Volkswagen car, made with the help of expertise provided by Indian engineers and designers.

The company, which is also Europe's largest car maker, will follow in the footsteps of Maruti Suzuki, India's biggest passenger vehicle maker, which is also preparing to launch a similar car in the next three to four years.



Makham Dhalivaal, managing director, Volkswagen (passenger cars), said, "This Volkswagen car will be made in India from scratch. However, the plans are at a developmental stage and it's too early to talk about it."

A number of characteristics ranging from the basic design of the car on paper to the end product will be done in India.

As seven out of every ten cars sold in India are compact vehicles, industry experts suggest that VW will look at the small car category, like Maruti Suzuki, to tap the volume segment of the Indian car market, which swelled to 1.5 million units last year.

Maruti Suzuki (MSIL) has already begun work on the India car and aims to launch the automobile by 2011-12.

Maruti's car, too, will be developed from scratch. The company aims to double the number of engineers to 1,000 from 480 by 2010.

Meanwhile, VW has reiterated that it is on course to launch the Indian version of the Polo hatchback, its international best selling small car. The car, which is currently under development, will be tailored to suit buyer preferences here and will be launched in 2010.

VW's aggressive India plans are based on the country's expertise in low cost of vehicle manufacturing, which has led a number of international automotive giants, including Renault, Nissan, Hyundai, Honda, Toyota, General Motors and Ford, to exploit manufacturing opportunities here and make India their international export base.

The company today launched the Jetta, its second product in the country, pegged in the premium D segment of cars. The Jetta, which will compete with Honda Civic, Hyundai Sonata, Toyota Corolla and Skoda Octavia, will be priced in the range of Rs 12.97-Rs 16.67 lakh (Ex-showroom Delhi). The car will be available in three variants with a diesel option.

VW currently sells the Passat luxury car, which is slated against the Mercedes C Class and BMW 3 Series, and also the Touareg sports utility vehicle.

Both brands together sold a total of 340 cars in the first 6 months of this year. The Passat and Jetta are locally assembled at Skoda Auto's facility in Aurangabad. The company is targeting sales of 20,000 units by the end of this year from the VW, Audi and Skoda brands.

VW's plant in Chakan, Pune is one year ahead of schedule, said company officials today. The company will inject more than Rs 3,500 crore into the plant which will have an initial production capacity of 110,000 units initially. The plant is expected to go on stream in the first half of next year.

Furthermore, a team of experts will visit India next week to study market analysis for the company's proposed foray into the commercial vehicle (CV) industry.

The company has said in the past that it is exploring the option of launching CV's in the Indian market.

36. Food processing sector 'sustainable economic growth driver'

The Hindu Business Line: July 18, 2008

New Delhi: The food processing was going to be the sustainable growth driver of the Indian economy, said the Minister of State for Food Processing Industry, Mr Subodh Kant Sahai.

The industry is currently growing at 13.5 per cent against 6.5 per cent in 2003-04, and the market-driven farming would provide farmers with more bargaining capacity leading to their economic stability

which will further add to the sustenance of the growth, Mr Sahai said, while inaugurating 'Processed Foods – Advantage India 08'.

The seminar is being organised by the Confederation of Indian Industry (CII).

"Today, the sector contributes nine per cent of the GDP and there is tremendous scope to increase this further," said the Minister.

Mr Piruz Khambatta, Chairman, CII National Committee on Food Processing, and CMD Rasna International Ltd, said that the industry had great potential to be the next big 'Made in India' story for the nation and do for rural India what IT and ITeS has done for urban India.

Over 30 global buyers are taking part in the two-day Processed Foods Outsourcing summit-cum-buyers-sellers meet.

37. Biocon figures among top 20 global biotechnology companies

IBEF: July 18, 2008

According to a report released by Med Ad News, Biocon has found a place amongst top 20 global biotechnology companies. Biocon Limited is the only Asian company to feature in this ranking at number 20. Nineteen of the leading 25 companies are US based, and the remaining six are from Europe, India and Australia.

There are around 5000 biotech companies in the world today. The leading 25 biotech companies account for 62 per cent of the total biotech sales and perhaps over 90 per cent of total income. The report also includes drug based firms, as these companies give the best numbers to map the progress in the sector. Companies have been ranked according to their by revenue and income.

BIO 2008 (held in San Diego last month) stated that by 2010, the global biotechnology industry would be a US\$ 100 billion annual business. In 2007, actual revenue figures had touched US\$ 85 billion.

In a response to the listing, Kiran Mazumdar-Shaw, Chairman and Managing Director, Biocon Limited said, "It is a matter of immense pride for Biocon to be ranked amongst the top global league of Biotech companies. This is a validation of our consistent effort at attaining global leadership and also highlights the true potential of this sector in a country like India. This industry will be a key driver in India's progress towards economic development."

38. Kerala all set as major economic hub

The Economic Times

Kerala is all set to witness a quantum leap in economic activities with the Government proposing to have second Special Economic Zone (SEZ) in the state.

Talks are also on to set up an Information Technology park in the sleepy hamlet of Cheemeni in Kasaragod district. The government has already acquired 100 acres from Kerala State Cashew Plantation Corporation for the IT project and will invest Rs 1,000 crore in it, State Information Secretary Dr Ajay Kumar said.

After setting up its first SEZ in Kochi, the government has chosen Cheemeni as part of its move to utilise the immense human resources in the relatively backward area of the state, Kumar said.

The government plans to spread industrial activities in about 500 acre land in Cheemeni and plans to transform the region as major IT hub, he said.



"We are expecting the final clearance from the Centre shortly," the secretary said adding, the IT unit in the proposed SEZ would not lead to environmental degradations.

Stating that the proposal for setting up the SEZ is being processed by the Union Environment and Commerce Ministries, he said a special officer would be appointed soon for the Joint Venture project, for which leading industrial groups are willing to invest in.

39. Karnataka set for new industrial policy

Business Standard

Karnataka will soon evolve a new industrial policy for a more balanced industrial development in regions other than Bangalore.

Murugesh Nirani, Karnataka minister for major and medium industries, told Business Standard here that there has been a good response from industrialists to set up units in north Karnataka.

"Sixty five projects with an investment of Rs 50 crore each have been submitted to the government. We will convene a meeting of prospective investors soon and discuss the matter," Nirani said.

Stating that Hubli-Dharwad will be developed as a special zone for automobile industry, Nirani said Bijapur-Davanagere would be developed as a food processing industry zone while Gulbarga and Bagalkot will be for the cement industry. Belgaum will be a foundry special zone and Bellary will be developed as steel industry zone.

He said the new industrial policy will emphasise decentralisation of industrial growth. The industries will be asked to be self-reliant as far as water is concerned. They have to provide employment to locals.

Nirani said the government was ready to provide necessary facilities to the entrepreneurs to set up units. Barren and uncultivated land would be used for setting up the industries.

"However, if they do not set up the industries after being allotted the land by the Karnataka Industrial Area Development Board within three years, the land will be recovered and handed over to farmers to who it belonged earlier."

Nirani, who is an engineer by qualification and an industrialist, said he knew the intricacies involved in setting up and running a new industry.

"I am running industrial units in backward areas of Bagalkot district. I know the difficulties faced by entrepreneurs. The new policy would provide remedies to all such problems," he asserted.

40. Satyam profit rises 45%

19 Jul 2008, PTI

MUMBAI: Software major Satyam Computer Services on Friday announced a consolidated net profit of Rs 547.70 crore for the quarter ended June 30, a growth of 44.77% over the corresponding period last year. The company had a net profit of Rs 378.32 crore in the first quarter of FY'08, Satyam said in a filing to the Bombay Stock Exchange.

The total income rose to Rs 2,653.95 crore, from Rs 1,893.39 crore in the same quarter in FY'08. "During the first quarter of FY'09, Satyam achieved an annual revenue run rate of Rs 10,000 crore. In Q1, we grew by 8.5%," Satyam chairman B Ramalinga Raju said.

Satyam reported a standalone Q1 net profit of Rs 575.91 crore, a 48% growth over the previous year. The firm had a net profit of Rs 389.14 crore in the June quarter of FY'08. The total income rose to Rs 2,556.52 crore in the latest quarter, from Rs 1,820.93 crore in the year-ago period. "We were able to deliver this performance on the back of 3% volume growth, helped, in part, by rupee depreciation," Raju added.

Further, against the backdrop of a better margin performance and prevailing forex rates, the company revised its guidance for FY'09. "Consolidated revenue is expected to grow between 32-34.1%," Raju said. During the June quarter, the company witnessed increased business activity in Asia Pacific and Middle East.

"Companies in Europe that were slow to embrace offshoring are showing increasing interest to capitalise on our global delivery model. These regions continue to promise significant growth going forward," he added. Shares of the company were trading at Rs 417, up by 0.40% on the BSE.

41. Indian software for safer, better cars

Business Standard: July 21, 2008

Automobiles: Software will account for 30 per cent of a car's cost by 2010.

New Delhi: Indian software companies have become important developers of software systems for the world's auto majors.

In 2000, on an average, software constituted about 2 per cent of the overall cost of a car. By 2010, it's estimated that it will rise to 30 per cent. Over the next two years, it is estimated that the market for such software will rise to 35 billion euros.

Anup Sable, vice-president (automotive and allied embedded and tools), KPIT Cummins, said: "In the near future car manufacturers will differentiate their product offerings by software applications inside the vehicle which will be a key factor driving sales. Despite the slowdown in the auto industry the market for software development will be robust."

The software company derives about 25 per cent of its revenues from the automotive space and has posted an annual growth of 50 per cent over the last two years.

To differentiate their models car majors and software companies have teamed up to offer new models sporting the latest software application. Microsoft and South Korean carmaker Hyundai have signed an agreement to build music and information systems in cars that will be sold in 2010.

Apple has signed an agreement with Ford, General Motors, and Mazda that will enable the trio offer easy iPod connections in the majority of the models they will roll out soon.

The need for more software in cars is felt to improve safety and enhance the ease of driving. For instance, all BMW models have easy parking facility that helps a driver navigate by looking at a monitor placed in the front that receives images beamed by cameras placed behind.

Software developed by KPIT Cummins helps control the flow of oil to the steering wheel system that makes for easy navigation of the vehicle with less manual effort.

Software developed by Robert Bosch based in Bangalore helps children avoid placing their fingers while the car windows are rolling down.

"Legislation will drive how much software goes into cars. Especially in matters pertaining to safety and emission norms," says Vijay Ratnaprke, senior vice-president, Robert Bosch Engineering and Business Solutions, which derives about 90 percent of its revenues from the automotive vertical.



Future software applications developed by Indian software majors could prevent road accidents which snuff out about 700,000 lives annually worldwide.

Tata Elxsi that derives about 20 per cent of its revenues from the automotive space designs software that alerts drivers when they accidentally skip traffic lanes or fall asleep at the wheel. Tata Elxsi has witnessed 50 per cent growth over the last few years and expects the trend to continue in the future.

While airbags are designed to protect lives during collisions, their malfunction could prove to be fatal.

Honda's new Accord incorporates an intelligent six air bag system controlled by a software that decides on activation, in milli-seconds, how much an airbag has to inflate to cushion driver and passengers during a high impact collision that could be frontal or from the sides of the vehicle.

Top-end Reva electric cars are kitted with two computers that regulate the use and production of electric energy in the car.

42. Crop production slated to rise in FY 2009: CMIE

IBEF: July 21, 2008

New Delhi: Agricultural production is expected to rise during FY 2009 at an impressive rate, the Centre for Monitoring Indian Economy (CMIE) has said in its monthly review.

"This would be the fourth straight year of positive growth in agricultural production, with the first three years clocking an average growth of 5.5 per cent," CMIE said. The economic think tank has projected a growth of 3.2 per cent during FY 2009 in agriculture and allied sector GDP.

The allied sectors comprising livestock, forestry and logging and fishing are expected to see a growth of 4.8 per cent during FY 2009.

The good performance, as part of the consistent increase in the GDP of this sector is being attributed to good rainfall which has boosted kharif sowing of cereals, groundnut and soyabean. Other encouraging factors like favourable monsoon conditions and stable prices of agricultural commodities have contributed to the progress.

Sowing area of cereals has increased by 33 per cent. The season is also likely to see augmentation in kharif rice acreage as the Cabinet Committee on Economic Affairs has announced a minimum support price (MSP) of US\$ 19.9 per quintal for common variety paddy for the kharif procurement season of FY 2009, a hike of US\$ 2.45 per quintal over the previous year's MSP.

43. 53% rise in Indian overseas investments in foreign JVs

IBEF: July 21, 2008

New Delhi: According to a monthly report by the Reserve Bank of India (RBI), there has been a 53.2 per cent rise in India's overseas investments in foreign joint ventures (JVs) and wholly-owned subsidiaries in FY'08, at US\$ 23.071 billion, against US\$ 15.06 billion in the last fiscal. The overall number of JV proposals in FY'08 is 2261, a rise of 24.4 per cent over the 1,817 proposals registered for the last fiscal.

"Large Indian investments going to countries like Cyprus, Singapore, Netherlands, UAE, British Virgin Islands and Mauritius reflect the generally liberal policies of these countries, particularly those involving favourable tax treatment and investment protection treaties," the report said.

Almost 35 per cent of the proposals for FDI were for Singapore, about 23 per cent for Netherlands and 7 per cent for the British Virgin Islands.

Fifty per cent of the proposals, worth US\$ 5 million, were for UAE, Singapore, Cyprus and Mauritius, for the quarter which ended in March, 2008. "Out of the total FDI proposals cleared, almost 95 per cent of the investments had deal amounts of or above US\$ 5 million, while during the January-March period, investments of this size amounted to 91 per cent of the outbound deals," the RBI report stated.

44. Railways pocket huge profits with improved performance

The Financial Express: July 22, 2008

New Delhi: Continuing its good show, the Indian Railways has earned Rs 19,549.29 crore in the first quarter of the fiscal as compared to Rs 16,561.44 crore during the same period last year, registering an increase of 18.04 %.

The total goods earnings rose by 22.05% to Rs 13,470.11 crore till the end of June 2008, official figures released on Monday revealed. In comparison, between April to June 2007, railways earned Rs 11,036.23 crore from freight transportation.

The growth in passenger earnings however was slightly lower at 9.96%. Railways netted Rs 5,342.17 crore from movement of 1,739.33 million passengers between April to June this year. Till June 2008, railways had carried 1,649.04 million passengers and earned Rs 4,858.07 crore. The marginally lower growth in the passenger segment is worrisome as traditionally the summer months are considered a busy season for passenger traffic.

Meanwhile, the revenue earnings from other coaching amounted to Rs. 509.30 crore during April-June 2008 compared to Rs. 472.24 crore during the same period last year, an increase of 7.85%.

However, the total sundry earnings of railways have risen significantly from Rs. 194.90 crore during April-June 2007 to Rs. 227.71 crore during the same period this year, an increase of 16.83%.

With the strong growth in earnings, railway ministry officials say they are confident of meeting all budgeted targets. For 2008-09, passenger earnings are pegged at Rs 21,681 crore, a marginal rise from the revised estimate of Rs 20,075 crore for this fiscal. Earnings from freight transport have been estimated at 52,700 crore for 2008-09, a 10.3% rise over the revised estimates of Rs 47,743 crore for this fiscal.

45. Tech Mahindra bags \$700-m outsourcing deal from BT

The Hindu Business Line: July 22, 2008

Mumbai: The sixth largest software vendor, Tech Mahindra, has bagged a \$700-million (about Rs 2,975 crore) outsourcing deal from its largest client and shareholder - the UK-based BT group, for a five-year period.

As per the contours of the deal, Tech Mahindra will assist the UK-based telecom and broadband conglomerate in transforming its IT infrastructure so that it may translate into enhanced customer experience for the telco's subscribers, Mr Sanjay Kalra, President, Strategic Initiatives, Tech Mahindra, said in a telephonic chat, here on Monday.

This is the same engagement for which the city-based company paid \$110 million (Rs 440 crore), so that it may get exclusive negotiating rights for 90 days, with BT. (Due to this, the firm reported a net loss of Rs 329 crore in the previous sequential quarter.) "This deal would also follow a J-curve pattern where there will be an initial phase of investment," said Mr Kalra.

\$2-b order backlog



With this engagement, the Mahindra group company would have a backlog of orders worth \$2 billion from BT alone, said Mr Kalra. Prior to this, the company had won two engagements from BT - one worth \$1 billion and the other valued at over \$350 million - in the last two years. Both Tech Mahindra and the BT group have worked together for about 20 years on a range of projects, according to a news release. Tech Mahindra is a joint venture company between BT and the Mahindra group.

BT and Tech Mahindra are in a planning phase for the project and more details will be announced at the appropriate time, the release said.

Q1 net up

Tech Mahindra announced a 51.7-per cent rise in net profit for the first quarter of the current fiscal.

The net profit was up at Rs 258.50 crore, as against Rs 170.30 crore reported in the year-ago period.

Total revenues for the quarter rose 28.4 per cent to Rs 1142.4 crore (Rs 889.4 crore), with maximum revenue being generated from Europe and the US, according to Mr C.P. Gurnani, President (International Operations), Tech Mahindra.

Reacting to the development, the Tech Mahindra scrip hit an intra-day high of Rs 682, before settling at Rs 679.1, 1.8 per cent higher than the previous day's close on the Bombay Stock Exchange.

46. India Inc upbeat about production: CII survey

IBEF: July 22, 2008

New Delhi: Majority of CEOs of India's top notch companies are optimistic about their top line growth, assures a survey undertaken by CII. The survey suggests these companies expect a smooth run in terms of production at their companies for this fiscal, despite rising input and interest costs affecting the net profit margins.

Some of the big league companies in the snap poll included ICICI Bank, Bajaj Auto, TVS Motor GE India, and HUL, with heavyweights like CII President and ICICI MD and CEO KV Kamath, TVS Motor Chairman and MD Venu Srinivasan, Bajaj Auto Chairman Rahul Bajaj, Ashok Leyland MD R Seshasayee, participating in a big way.

About 50 per cent of CEOs surveyed said they were unruffled by the impact of increasing cost of production, while 18 per cent were not. About 39 per cent of respondents said they were coping with an increase of 10 per cent in, while 32 per cent said they were experiencing an increase of 10-20 per cent in the cost of production.

Despite the not-so-steady economic outlook owing to the inflationary climate reflected in the rise in global commodity prices, the economic scene may not be so bleak, the survey said. Resisting the tentative streak in overall industrial and GDP growth, the manufacturing sector is expected to maintain a positive focus on the medium to long-term goals.

Large capacity addition plans as part of the larger investment plans in the pipeline, could be worth as much as US \$ 700 billion in the next three years, CII said.

The services sector, though experiencing reduced profitability in most segments continues to be in good health, CII pointed out.

47. India set to become an economic superpower

22 Jul 2008, PTI

NEW DELHI: Asserting that India was on way to become an economic super power with the end of its nuclear isolation, Finance Minister P Chidambaram today said the nation should emulate China for faster growth.

Terming the current fiscal as a "difficult year" for the economy, he said despite the odds the nation would end up with a higher growth rate than that witnessed during the six years of NDA rule.

Participating in the debate on the confidence vote, he said, "I have no hesitation in saying that I do not envy China. I want to emulate China. I want India to become an economic power, an economic super power."

Congratulating Prime Minister Manmohan Singh for his leadership, he said, "The government has charted out a new path which will end India's nuclear isolation which will pave the way for India becoming an economic superpower."

Giving the details of the performance of the Indian economy during the UPA rule vis-a-vis that of BJP-led NDA, he said compared to an average of 5.8 per cent growth in the previous regime, the economy grew at an average of 8.9 per cent during the first four years of the UPA rule.

Dubbing the year 2007-08 as a "watershed" year in India's agriculture history with record food grain production of 230.7 million tonnes, Chidambaram said, "This came about through far-sighted plans and a missionary approach and an attention to details."

The revised agricultural estimates would take the Indian economy to a 9.1 per cent growth in 2007-08, thus help redeem the government to grow at over 7-8 per cent as targeted in the common minimum programme, he said.

48. India telecom cos now focus on the world

The Economic Times, July 23, 2008

Mumbai: If the first 13 years of mobile telephony in India has been about a stupendous growth story, the next 13 could be about telcos having a major global footprint. It's not as if Indian telcos have not looked at overseas markets in the past. It's just that Wireless India is now in top gear as far as overseas forays are concerned.

Consider some of the big players like Bharti and Reliance. After a period of sustained growth and a healthy increase in the number of new subscribers, they want to move abroad. The Bharti Group already has operations in Seychelles (this was started over a decade ago) and in the Channel Islands in Europe. That will be now followed by Bharti Airtel's entry into Sri Lanka. "We will be launching our services by the end of this year," says Bharti Airtel's president (mobile services) Sanjay Kapoor.

The opportunity in Sri Lanka comes from the fact that the penetration levels are just around 35 per cent. Unlike India, users have to pay for incoming calls and the market has around five players now with the largest, Dialog Telekom, accounting for over half the market. "We have the advantage of running a successful business in India which is a competitive and price-sensitive market," thinks Kapoor. To his mind, Sri Lanka offers the advantage of low tele-density. "That apart, mobile usage is quite constrained," he adds.

Bharti Airtel will launch 2G and 3G services with an initial investment of \$200 million. In India, Bharti Airtel has over 66 million subscribers. Reliance Communications is another player which is making the overseas market a key focus area. The company, which had a subscriber base of 50 million at the end



of June, will launch mobile services in Uganda by the end of this year. The total investment outlay will be \$500 million which, in addition to mobile services, will encompass internet, national and international long distance services. Also, on the anvil, is a foray into Sri Lanka.

MTNL too has an international operation following the launch of its services in Mauritius. This will be for basic, mobile and international long distance services. It has also looked at other markets like Rwanda and Kenya for its mobile operations. MTNL also operates a wireless operation in Nepal as a part of a joint venture. According to E&Y India telecom leader Prashant Singhal, Indian telcos are generating healthy cash flows. "Companies like Bharti and Reliance have strong balance sheets. For MTNL, it is more out of compulsion than strategy," he says. Today, MTNL is restricted to mobile operations in Delhi and Mumbai.

Perhaps, the biggest advantage is how they have perfected the low-cost model. "A company like Bharti has an outsourcing advantage (referring to its IT model and network management. They will be able to leverage from a low-cost model like this," adds Mr Singhal. There is life beyond wireless services and Tata Communications is a case in point. It has been offering services in South Africa for two years now. The overall investment has been \$250 million with \$150 million of that during the current financial year. "We are more driven by enterprise and data communication. To us, our customers exist in different markets," says Tata Comm's head of corporate strategy Srinivasa Addepalli.

Apart from South Africa, the company has a presence in Sri Lanka and China as well. "We could look at select markets in Africa and South East Asia like Indonesia, Philippines and Thailand," he says. The global journey, by the looks of it, is well and truly underway.

49. Donald Trump Junior setting up US\$ 1 billion fund to invest in property in India

IBEF, July 23, 2008

New Delhi: Donald Trump Junior, is planning to set up a US\$ 1 billion fund to invest in property in India. His father had amassed a multi-billion dollar fortune in real estate. Trump will be joining Deutsche Bank AG and Lehman Brothers Holdings Inc. for setting up funds for the investment.

India had recorded the world's highest growth in millionaires in 2007, the reason behind the huge demand for luxury homes. According to a report by Merrill Lynch and Co. and Cap Gemini SA on June 24, 2008, the number of Indians with financial assets of more than US\$ 1 million rose by 23 per cent in 2007, outdoing China's 20 per cent and Brazil's 19 per cent growth.

In a telephone interview from New York Trump revealed that he was likely to set up the privately held fund with a group of investors, which would include an Indian family. However, the details of how the money would be raised and when the first investment would be made were not let out.

"The fund will be for acquisitions of real estate in the high end, and across the spectrum," Trump said. "The market place is beginning to understand and appreciate luxury, so there is a great opening for us there, as well as in resorts," he said.

"Our entry has to be in Mumbai and that's where everything is going on right now in terms of the high-end real estate," he added. "That's the place where one is going to achieve the highest prices per square foot. It sets the tone for all of the other future developments."

Trump Organization Inc. also plans to set up a residential and hotel project in Mumbai in partnership with a local company.

With growth forecasts above 8 per cent for this year, there is an inflow of global funds into India. Rising incomes is further expected to raise the demand for property.

Lehman's real estate fund last month invested in a US\$ 175 million stake, (its biggest investment in India's realty sector), in a Mumbai project, being development by Unitech Ltd. Deutsche Bank and other private equity investors invested US\$ 425 million in the Lodha Group of Mumbai, in 2007. Deutsche Bank's RREEF unit will be investing more than US\$ 1 billion in India's real estate and infrastructure assets by 2011.

50. Lupin plans more acquisitions in the Japanese market

IBEF, July 23, 2008

New Delhi: Indian pharma major Lupin is keenly pursuing its inorganic expansion plans. For this, it has zeroed in on Japan and the emerging markets of South-East Asia, a top company executive informed.

The company's brush with Japan's heavyweight Kyowa Pharmaceutical started last year when it acquired a 98% stake in the company. Japan is the world's second largest pharmaceutical market.

"After the successful acquisition of Kyowa Pharmaceutical, we are trying to acquire more companies in Japan. Our acquisition of Kyowa in 2008 has propelled Lupin directly into the elite league of the top 10 generic players in Japan," Lupin chairman Desh Bandhu Gupta informed shareholders at the company's annual general meeting (AGM).

"Kyowa has brought with it a rich product portfolio, extensive market reach, a world-class R&D set-up and state-of-the-art manufacturing capabilities," he elaborated.

With the growing acceptance for generics in the market, the company is looking at consolidating its position in Japan, Lupin chairman further explained. Besides this, Lupin is also exploring acquisition possibilities in the emerging markets of South-East Asia, particularly Philippines, Middle-East and South Africa.

51. BSNL rings \$10b expansion plan

23 Jul 2008, Shalini Singh, TNN

NEW DELHI: State-run Bharat Sanchar Nigam Ltd (BSNL) plans to invest Rs 42,000 crore or roughly \$10 billion over the next three years, mainly on network expansion, in order to take on private sector players who are rapidly gaining territory and strength.

"Our mobile expansion is on track. We have rolled out 25 million lines all-India and this capacity kicks off in August. We have announced tenders for another 93 million lines and are adding two million lines in WLL", Kuldeep Goyal, CMD, BSNL told ToI.

According to sources in BSNL, its revenues have dipped 6% to Rs 32,500 crore in 2007-8 from Rs 34,600 crore in 2006-7, while net profit is down to Rs 292 crore.

BSNL, which controls over three-fourth of the near Rs 27,000 crore fixed line revenues, serves as much as 80% of India's 39.5 million fixed line subscriber base.

Its fixed line revenues have been flat over the last two years despite the fact that this segment incurred a decline of over 10% in revenues across India and over 20% in subscriber base between fiscal 2006-7 and 2007-08.

BSNL's performance in mobile telephony has been better than fixed line business, clocking a near 13% increase in revenue to roughly Rs 10,600 crore. However, this is but a shadow of an over 35% industry growth rate which saw a majority of India's leading GSM operators like Bharti, Vodafone, Idea, Aircel, Spice and MTNL growing at over 40% in this period.



While BSNL continues to be the largest service provider in national long distance (NLD/STD) and fourth largest in international long distance, its NLD revenues have witnessed a massive 40% decline.

These worrying numbers, controversies regarding its mobile equipment tenders preventing rapid expansion, rapid competitor growth and a potential merger with loss-making ITI Ltd indicates that these investments are critical for BSNL's survival.

BSNL is now turning towards broadband, network monitoring and managing MPLS networks for big corporates for its next big growth push. "We are in talks with international firms like Cable and Wireless and British Telecom to carry overseas traffic through Virtual Private Networks (VPNs) and Managed Private Leased Services (MPLS) for big corporates," said Goyal.

"Broadband penetration is another focus area for BSNL which has a capacity of four million lines of which 2.3 million are in use, representing an over 50% share of the total four million broadband connections in the country," added Goyal.

52. Government to push reforms, says Chidambaram

23 Jul 2008, TNN¶

NEW DELHI: Government will now push ahead with the unfinished economic reforms agenda after its victory in the confidence vote, FM P Chidambaram said on Tuesday. "With 275 votes, this government has an absolute majority and this is a confidence to go forward," he said. ¶

Despite inflation at around 12% and crude at over \$130, the Indian economy in 2008-09 will grow at 7-8%, said Chidambaram. However, he termed the current fiscal as a difficult year for the economy.

"This government will ensure that economy will grow at 7-8% compared to an average growth of 5-6% when NDA was in power," Chidambaram said, adding that to become a superpower, India should emulate the Chinese growth model.

Indian economy witnessed a growth of 9.1% in 2007-08 giving a resounding start for the Eleventh Five Year Plan, he said.

FM said a debt waiver of Rs 50,254 crore has been given to small and marginal farmers. In addition, the government also gave debt relief of Rs 16,223 crore, taking the total amount to Rs 66,477 crore. He said the scheme has benefited 3.64 crore farmers, including 2.98 crore small and marginal ones.

He said the farm credit will cross the target of Rs 2,80,000 crore in 2008-09 as against Rs 2,50,000 crore last year. It was only Rs 86,000 crore in 2003-04.

Chidambaram said 2007-08 was a watershed year for agriculture when food grain production touched a record of 230.7 million tonnes. During 2007-08, rice production was at record 96.43 million tonnes, wheat at 78.4 MT, coarse cereals at 40.7 MT, pulses at 15.1 MT, oil seeds at 28.82 MT and cotton at 21.81 million bails.

Chidambaram said, various steps taken by the government have resulted in increase of capital formation in agriculture from 10.2% in 2003-04 to 12.5% in 2006-07.

Outlining the policy measures taken by UPA government to boost agriculture, he said the government implemented National Horticulture Mission, undertook repair and restoration of the water bodies and also appointed Vaidyanathan Committee report for reviving cooperative credit institutions.

53. Century Textiles investing US\$ 1.50 billion over next 5 years

IBEF, July 24, 2008

New Delhi: Kumar Mangalam Birla, Director, Century Textiles and Industries (CTI) announced on July 24, 2008, that the company will be investing US\$ 1.50 billion in different projects over the next 5 years. This would include US\$ 620.27 million for the development of commercial projects in Worli and US\$ 429.31 million for cement manufacturing capacity expansion. US\$ 344.82 million would go into its paper business and the residual US\$ 106.15 million would be put into general corporate purposes.

He further announced that 40 acres mill land at Worli would be utilised for the development of hospitality, IT and ITeS projects for commercial purposes. The construction work is likely to commence in a year and people occupying the land would be resettled.

Birla revealed that with an investment of US\$ 328.15 million, CTI had plans to ramp up its cement making capacity to 11.8 million tonne per annum (mtpa) from the current 7.8 mtpa during the next three years.

This is likely to be realised by setting up a new clinker line of the capacity of 2.5 million tonnes and a corresponding cement grinding facility, adjoining the Manikgarh Cement plant at Gadchandpur, Maharashtra, along with a 40 MW captive thermal power plant, and setting up a 1.5 mtpa cement grinding unit at Sagardighi in Murshidabad, West Bengal, said Birla. CTI has got environmental clearances for the Maharashtra project, and is waiting for the West Bengal Pollution Control Board's nod for its Sagardighi project.

54. Indian SMB market at 35 million units: study

livemint.com, July 24, 2008

Small and medium business IT spend at \$6.5billion in 07-08, is nearly 30% of the total IT spend in India, reveals study

New Delhi: Easy and affordable technology is driving the overall technology adoption process within the small and medium business (SMB) sector. This is evident from the fact that India already has 5000 IT/ITeS companies with 100% PC penetration. Contributing to this trend is the growing internet penetration with a CAGR of 46% in the last seven years.

A recent study on "IT opportunity in the Indian SMB sector", by Zinnov Management Consulting reveals that the Indian SMB market today stands at 35 million units, with retail contributing 52% (at 15 to 18 mn units). Spend on IT in '07-08 by SMBs was \$6.6 billion, which is around 30% of the total IT spend in India.

The report defines "SMBs" as organizations having a minimum employee strength of 999, essentially in three key categories namely retail, manufacturing and services. The services sector contributes 9.5 million units followed by manufacturing which pitches in with about 7.3 million units.

Technology enablers

Special packages offered by leading IT companies include IBM's Express Advantage product portfolio, that offers complete solutions from IBM's Software, Systems and Technology, and Services groups. This addresses security, business recovery, employee collaboration and energy efficiency needs of mid-sized businesses. It recently rolled out the BladeCenter S, which aims to reduce the 25 to 45 servers used by an average mid-sized company by up to 80%, eliminating the need for the SMEs to own and operate data centres.



Cisco's Unified Communications 500 Series for Small Business is a unified communications solution for small businesses that provides voice, data, voicemail and WebEx Automated Attendant, video, security, and wireless capabilities while integrating with existing desktop applications such as calendar, e-mail, and customer relationship management (CRM) programs. Cisco recently launched a Smart Care Service designed to help SMBs in India to simplify network maintenance.

Cisco India's 'Network On Wheels' (NOW), is a mobile showcase of customized networking solutions that include advanced technologies such as Security, Wireless and Unified IP Communications.

Microsoft offers the SMB community a set of products that have been specially designed for them -- the Small Business Server 2003, Microsoft Dynamics NAV and Microsoft's ERP offering. It also has a dedicated website like Merabusiness.com through which allows users to interact with a host of businesses on relevant products for the SMB community, information on updates and investments.

India, China, Korea and ASEAN region are fastest growing SMB markets

Zinnov chief executive Pari Natarajan cites greater employee mobility, increased competition and expansion in terms of office locations as some of the reasons encouraging SMBs in India to embrace IT and the Internet.

"Government today has realized the potential of this growing segment. Most of the big players, irrespective of the vertical they belong to, are looking at this market and are formulating strategies to tap it, he adds.

For IT giants like IBM, India, China, ASEAN (especially Vietnam) and Korea are the fastest-growing SMB markets in the APAC region. Of these, India alone contributes 24% to this growth and hence forms a key focus area for IBM's SMB strategy. In order to sustain its market leadership, IBM plans on continuing with its expansion into Tier II and III cities.

The study highlights how globalization in trade is forcing SMBs to improve their efficiency in conducting business. With exports for SMB in India growing with a CAGR of 12.5% over the last 10 years, total imports have been growing with a CAGR of 16% and with more MNCs entering the country, technology adoption in SMBs by year 2015 will be imperative, if we have to stay ahead of competition.

55. 'Indian IT sector set to be 2nd largest'

The Times of India, July 25, 2008

New Delhi: "Indian IT industry may be passing through a rough patch because of a slowdown in the US economy and high inflation rates, but this stage will pass. India will continue to drive the global IT market for the next few years. In fact, it will emerge as the second most important IT industry in the world after the US in terms of revenue and employment," says a study. "India will create the second largest IT services labour pool after the US within the next seven to eight years. That's not all, domestic IT industry's contribution to our GDP is likely to rise from 0.8% in 2006-07 to 2.65% by 2015-16."

This has been forecasted by a yet to be released white paper 'India's Role in the Globalization of the IT Industry' by Evaluateserve, a KPO. It says, "by 2015-2016, the number of professionals working in the IT industry will grow ten-fold (from 2001-2002) and the total revenue will grow 22 times." This means, the IT industry is likely to employ 3,750,000 professionals and record \$193.1 billion in revenue by 2015-16.

"Since India's GDP is growing at 8.5% per annum in real terms and 14% in nominal terms, by 2015-16 our GDP is likely to be \$2,400 billion. Given this, the IT industry is likely to constitute 8.05% of India's GDP."

While in the last decade, IT services exports (including engineering services, R&D, and those related to creating and maintaining software products) have been growing at 32% annually. Evalueserve estimates this growth rate will taper off and become around 20% in the next seven to eight years. The reason: rising wages, lack of high quality talent, and IT jobs relocating to other low-cost destinations in Eastern Europe and Latin America.

The paper thus concludes: First, by 2016 India will have the second highest number of IT professionals in the world after the US. In fact, US will employ between 1.25 to 1.33 times more professionals than India.

Second, even in 2016, the US IT industry will generate approximately \$810 billion in annual revenue, which would be almost five times the revenue of the Indian IT industry. And third, since the IT industries in both the US and India have become inextricably linked with one another, both countries will import and export more IT services and products for the next seven to eight years.

56. Bharti Airtel to spend US\$ 2.5 billion on expansion bid

IBEF, July 25, 2008

New Delhi: With the high growth in subscriber base, Bharti Airtel, registered a 34 per cent rise in its net profit at US\$ 479.44 million, for the quarter ended June 30, 2008. The company announced that its revenue (according to US accounting rules) increased by 44 per cent to US\$ 2.01 billion for the latest quarter, against US\$ 1.40 billion in the first quarter ended June 30, 2007.

Bharti Airtel's Chief Financial Officer, Sarvjit Dhillon, said that the company will be upholding its guidance for standalone capex of over US\$ 2.5 billion for the entire year till March.

Indian mobile operators add over 8 million subscribers a month with a majority of the new users being from rural areas. The tele-density in rural areas is still about 10 per cent against the national average of about 25 per cent.

The number of mobile subscribers in India (India is the world's second-largest wireless market after China) has gone up to around 280 million.

At 24.2 per cent, the company holds the market share of almost a quarter of India's total mobile users, and it added 7.4 million users in the in the first quarter of the present fiscal. During the quarter the company had an EBIDTA (Earnings before Interest, depreciation, tax and amortisation) of US\$ 833.61 million, an increase of 44 per cent from the corresponding period last fiscal. The EBIDTA margin was 41.5 per cent in the quarter.

Chairman and Managing Director Sunil Mittal said, "It has been a particularly strong quarter, with monthly customer adds crossing the 2.5 million mark." "This clearly demonstrates the Indian telecom growth story is intact and the rural markets are witnessing a strong uptake. We are confident of continuing to lead this growth story," he added.

"The quarter saw robust growth as we achieved economies of scale but acknowledged that tariffs are under pressure. The low average revenue per user is not a matter of concern for the company. The engine of growth has been huge subscriber addition," said Bharti Airtel CFO and Joint MD Akhil Gupta. He added that Bharti Airtel's margins would not be compromised even though EBIDTA margins stayed the same. ARPU was low and minutes of usage were also low.

"These parameters don't worry us," said Gupta. During the quarter the ARPU was US\$ 8.284 against US\$ 8.449 in the last quarter.

Bharti Airtel's rivals are Reliance Communications and Vodafone Essar (controlled by Britain's Vodafone Plc.)