



Newsletter, 25-IX-2008 Índice

1. World cannot do without India

Read, the jury for the 10th Economic Times Awards for Corporate Excellence, namely: PepsiCo chairman Indra Nooyi, StanChart group chief executive Peter Sands, Deutsche Bank global markets head Anshu Jain, Unilever Asia and Africa head Harish Manwani, commerce and industry minister Kamal Nath, HDFC chairman Deepak Parekh, Wipro chairman Azim Premji, Bharti chairman and group CEO Sunil Mittal and AV Birla Group chairman Kumar Mangalam Birla.

2. India to meet export target of US\$ 200 billion this fiscal: Pillai

This year, during the April to July period, India's exports grew by 24.6 per cent over the corresponding period last year, to touch US\$ 59.19 billion. "We are well on target to achieve a 25 per cent growth in exports"

3. BHEL targets Rs 45,000 cr turnover by 2011-12

"BHEL is on its way to establish an annual manufacturing capacity of 15,000 MW by the end of the next calendar year. We have also decided to go for a 20,000-MW annual manufacturing capacity by December 2011," Mr Ravi Kumar told shareholders at the company's annual general meeting.

4. Intel unveils first Made-in-India chip

The world's largest chipmaker, Intel, on Tuesday unveiled its latest microprocessor for servers, designed entirely by its Bangalore team and developed in a record two years. The Intel R&D centre in Bangalore designed the Xeon 7400 series processor and it marked the first time that work on the 45 nanometre technology was taken up by the company outside its US home base. The six-core microprocessor is based on Intel's x86 architecture.

5. Nano set to roll out in three variants

Nano is all set to roll out next month in three petrol variants, standard, deluxe and luxury. Sources say only the base variant of Nano will cost Rs 1 lakh. The deluxe and luxury variants will cost at least Rs 20,000-30,000 more.

6. iSoft India gives shape to world's largest health project

Healthcare software provider iSoft on Thursday said that its Indian R&D team is developing a solution what it described as the world's largest civilian IT healthcare project. The Lorenzo software application, which will link nearly two-thirds of the hospitals in the United Kingdom, will also be launched in Europe, Australia and Germany in November.

7. US newspapers may opt for outsourcing

What's more, revenues from Indian publishing offshoring is slated to grow from \$444 million in 2006 to reach \$1.46 billion in 2010. An estimated 26,000 people work in this space and the number is likely to grow to 74,000 by 2010. Most (96%) of the India-based vendors have capabilities to service the academic publishing segment.

8. HDFC Bank in Forbes Asia's top 50 list

For the second year running, HDFC Bank has featured in the prestigious 'Forbes Asia's Fabulous 50 List of companies' chosen from 500 publicly traded (listed) companies in Asia Pacific with revenues or market capitalisation in excess of \$5 billion (Rs 22,330 crore)

9. Mobile user base goes past 300m

The total wireless subscriber base, which includes GSM, CDMA and WLL(F), stood at 305.24 million at the end of August 2008. A total of 9.16 million wireless subscribers have been added during August 2008, against 9.22 million wireless subscribers added during July 2008.

10. 'Aviation sector may lose \$1.5 bn'

Indian aviation industry will post the second highest losses globally — next only to the US — in 2008-09. While American carriers are likely to lose over \$2 billion, India could end with a figure of \$1.5 billion and together account for more than half of the \$5.2 billion overall losses, according to International Air Transport Association (IATA) chief Giovanni Bisignani.

11. Honda will set up R&D centre for cars in India

In a pointer to the growing stature of the Indian car market globally, Japan's Honda Motor Co has decided to set up a research and development (R&D) centre for cars in the country to understand the requirements of the market better.

12. Essar eyes refineries overseas

The Ruias-promoted Essar Oil is tripling the capacity of its refinery at Vadinar in Gujarat to 34 million tonne by 2010-end, even as the company is scouting for a refinery overseas as part of its strategy to achieve a total refining capacity of a million barrels a day.

13. Nestle to double investment in India

Close on the heels of Cola major PepsiCo's announcement of its investment plans for India, global food major, Nestle also announced an investment of Rs 600 crore for one year, almost double of last year's investment at Rs 300 crore.

14. RIL eyes oil fields in Latin America, Middle East

We want to go where we can win on merit and where there is heavy crude," he said. Reliance's refining strategy has been to use advanced plant configuration to process more of heavier crudes, which come cheaper than benchmark crudes, for rising refining margins.

15. India, US should go for bilateral treaty: Nooyi

Time has come to take Indo-US ties to a new level. Inclusive growth, investment in education, health and infrastructure should be the focus areas for both countries."

16. J P Morgan Chase & Co to invest more than US\$ 1 billion in India

J P Morgan Chase & Co, the third-largest US bank, is likely to increase its private equity investments in India twicover to US\$ 1 billion, according to Kalpana Morparia, who took over as Chief Executive Officer of its India operations recently. She also added that he bank is likely to invest about US\$ 500 million for fortifying its co corporate finance and advisory operations here.

17. Suzlon to raise Rs 1,800cr via rights issue

Meanwhile, Suzlon Green Power Ltd, owned by Indian billionaire Tulsi Tanti, plans to build wind energy projects worth \$5 billion in India and China. Tanti, founder of wind-turbine maker Suzlon Energy Ltd, that acquired Germany's Repower Systems AG, and his family will invest \$1.5 billion as equity in the projects to be built over five years, Suzlon Green said in a statement.

18. US crisis will not affect developing economies

The current financial crisis in the developed markets including US and European countries will not affect the developing countries, which are growing at fast rate, said World Economic Report, prepared by UNCTAD.

19. India joins Japan in renewed push for UN reform

Speaking at the UN General Assembly, Indian Prime Minister Manmohan Singh criticized scant progress made since world leaders decided three years ago to forge an "agenda for early and meaningful reform" of the world body. "The composition of the Security Council needs to change to reflect contemporary realities of the 21st century," he said. "We must acknowledge frankly that there has been little progress on the core elements of the reform agenda," Singh said.



20. Anil questions oilmin's late entry in gas row

The company has qualified to bid for a third ultra-mega power project at Tilaiya in the eastern state of Jharkhand, Ambani said. Each of these 4,000 megawatt, coal-fired projects requires an investment of as much as Rs 20,000 crore (\$4.4 billion), he said.

21. ADAG to invest Rs 40,000 cr for 12-mt steel plant in Jharkhand

The company has also proposed to invest Rs 40,000 crore to build a 12 million tonne steel plant in Jharkhand. This would be the first time that the ADA group would be venturing into steel.

22. Govt clears 27 proposals for SEZs

Among the SEZs that got formal approval include an IT SEZ in Haryana by Orient Craft Infrastructure, multi-product SEZs by JSW Bengal Steel in West Bengal and by Bharat Forge in Maharashtra. The airport-based multi-product SEZ in Himachal Pradesh by Skil Infrastructure Ltd and a heavy engineering tax-free zone in Tamil Nadu by Larsen and Toubro Shipbuilding Ltd got in-principal clearance.

23. PepsiCo to step up India focus: Nooyi

Enthused by its performance in India in the last five years, global beverage major PepsiCo on Sunday announced its plans to step up investment by \$500 million over a period of three years.

24. Tough time for start-up entrepreneurs

Any capital intensive business will face a tough time now. Sectors that seem relatively immune are education, healthcare, pharma, biotech and retail," says Anjana Vivek, founder of Venture Bean Consulting.

25. Indian contract manufacturing business to attain US\$ 2.46 billion with 41.7 per cent growth

In its latest pharma report, the firm says "Indian companies, through their high quality-low cost production models, have bagged some impressive deals in the contract manufacturing space. These deals validate India's potential to achieve a larger share of the global manufacturing outsourcing market".

26. BSNL to cover more rural markets with net connectivity

Government-run Bharat Sanchar Nigam Limited (BSNL) is likely to connect 148,000 villages with high-speed internet connectivity over the next six months. Currently, only 30,000 villages have access to this facility.

27. Videocon, BPCL JV buys Brazil firm

Videocon Industries, in consortium with state-run refiner Bharat Petroleum Corp Ltd, has acquired a Brazilian oil exploration firm for \$283 million.

28. NHPC ventures into Myanmar

State-owned hydel utility NHPC is getting its first foothold in that country with a preliminary deal for constructing two hydel projects that will eventually supply power to four bordering Indian states — and maybe the national grid. NHPC and the Myanmar government on Tuesday inked an MoU for constructing the Tamarthi and Shwzaye hydel projects aggregating 1,800 MW capacity on Chindwin river.

29. Rich harvests augment upsurge in Indian soymeal exports

Soybean production might touch an all-time high of 12 million tonnes in 2008, 20 per cent higher than the previous year. This would exceed industry estimates which had earlier held that soybean output would touch 10.2 million tonnes and soymeal exports would reach 5 million tonnes this crop year.

30. InterContinental plans to add 20 hotels in 2-3 years

At present, IHG has 13 properties in India, 11 of which are franchisees and the rest two are managed by the group itself. "We see India as a high growth market and would like to manage all our future properties ourselves.

31. Indian retail to touch US\$ 390.68 billion mark by 2010

According to the India Retail Report 2009, compiled by research group Images F&R Research, the Indian retail industry is set to touch Rs 18,10,000 crore (US\$ 390.68 billion) by 2010, owing to strong economic growth and the ever-growing level of income in the country.

32. M&M developing petro tech for global drive

M&M is developing a new, fuel-efficient petrol technology to offset the disadvantages often associated with guzzler SUVs like Hummer or Land Rover whose sales have declined in the recent past.

33. Moser Baer receives Rs 415 cr from global investors

Moser Baer India's wholly owned photovoltaic (PV) subsidiary has received in full the agreed capital injection of Rs 415 crore from a consortium of global investors to fund the capacity expansion of its high efficiency crystalline silicon and thin film solar verticals.

34. Hypermarkets to sweep through Indian Tier I and II cities, reveals study

Approximately 315 hypermarkets are expected to come into existence in Tier-I and Tier-II cities across India by the end of 2011, riding on the boom in organised retail sector, says a joint study by consultancy firm KPMG and industry body, Assocham.

35. Indian rural telecom connections to grow to 200 million by 2012: Minister

We plan to have 200 million rural telecom connections by 2012 at a penetration rate of 25 per cent and will utilise the USO (universal service obligation) fund for the achievement of this goal.

36. India to strengthen its hydropower portfolio with 60,000 MW addition by 2025

India, with its enormous demand for power to serve its ever-growing economic expansion, is planning to get an additional 60,000 MW of electricity from various hydro-power projects by the end of 2025.

37. India's manufacturing sector registers a 22.6 per cent real sales growth

CMIE, the economic think-tank of the country, has announced in its latest report that inflation-deflated sales growth of Indian manufacturing industry would be around 22.6 per cent as there is no real sign of recession in industrial activity.

1. World cannot do without India

26 Sep. 2008, TNN



(Seated from left) Azim Premji, Indra Nooyi, Deepak Parekh;
(Standing from left) Sunil Mittal, Harish Manwani, Kumar Mangalam Birla, Peter Sands and Anshu Jain (TOI)

At the best of times, running a business requires a bewildering combination of patience and drive, financial acumen and human touch, strategic brilliance and excellence in execution. Throw in a global macro environment that's being spoken about in hushed tones as the worst since the Great Depression, and CEOs are beginning to bear a discomfiting resemblance to tightrope artists in the midst of a raging hurricane.

So what's a honcho to do? Well, s/he could listen to what the best and brightest business minds have to say. Read, the jury for the 10th Economic Times Awards for Corporate Excellence, namely: PepsiCo chairman Indra Nooyi, StanChart group chief executive Peter Sands, Deutsche Bank global markets head Anshu Jain, Unilever Asia and Africa head Harish Manwani, commerce and industry minister Kamal Nath, HDFC chairman Deepak Parekh, Wipro chairman Azim Premji, Bharti chairman and group CEO Sunil Mittal and AV Birla Group chairman Kumar Mangalam Birla.

The jury came together at New Delhi's Taj Mahal hotel to discuss "Slowing of Global Economy: Opportunities and Challenges for India Inc". Kamal Nath kicked off proceedings saying he was often lectured about how the Indian financial sector was over-regulated and needed to adopt western best practices. "We all know now how good those best practices were," he quipped.

He added that he didn't foresee any fall in FDI inflows. "Most investments coming in right now are middle-mile investment tranches. By the time last-mile payments are over, hopefully the global system will cross the inflection point and fresh investments will come in. In any case, the parking lots of global funds will change and India is very well positioned for that. Unlike the west, our financial system and economy were not in two different orbits, so we don't need to achieve that convergence."

Nooyi then took over and chaired the discussion with impressive efficiency. She began with an upbeat statement, saying that amidst all the gloom, the greatest cause for optimism was the calibre of the ET Awards nominee. "If the economy is in their hands, it's the best insurance against pessimism." She then shot questions at other panelists.

To Anshu Jain - How serious is the crisis, and has it bottomed out?

Jain - "Katrina, Andrew and 9/11 put together wiped out about 24% of the American insurance industry's assets. This crisis has already accounted for 30%, and counting, of banks assets. It is showing signs of spreading to the insurance industry and money market mutual funds."

Thankfully, Jain saw a silver lining. "Some very smart people are taking this very seriously. The level of response is a positive point. And inflation numbers are bound to slip. India will be viewed as a diversification play. And there will be a lot of enthusiasm among investors."

To Peter Sands - Has India achieved decoupling from western economies?

Sands - "I don't think decoupling works. But economies east of the middle east aren't in lockstep with the rest of the world. The key word is deleveraging - an ugly word, but it aptly captures what's going on - a rapid shrinking of credit liquidity in the financial system."

A gentle dig at Kamal Nath followed. "I know it's tempting, because western bankers can be very arrogant, but please don't take too much pleasure in their discomfort. The ripple effect from a really big

event can also be seen as waves." Sands added, "There will be a shift in the balance of financial power to the east. But saying that India should not engage with the world would be the wrong lesson to take. The world cannot do without India - not as a recipient of policy, but as a shaper of the new financial architecture."

To Sunil Mittal - How will the IT industry be affected?

Mittal - "Technology will always be a saviour for India. Western companies will need to cut costs, so they will probably have to outsource more and more business should come India's way. No country can completely escape such an event unscathed. But India has a huge growing market. By 2035-40, I believe India's per capita income should be up 30 times."

To Kumar Mangalam Birla - How will industry be affected?

Birla - "Commodity prices will lop off. China depends heavily on exports to the US. With that capacity freed up, a lot of it will head here. On the positive side, speculative funds will back off, and oil prices should drop. But given that we are closely integrated with the rest of the world, there will be a significant impact."

To Harish Manwani - What will happen to consumer demand?

Manwani - "Consumption levels are still encouraging. The demand for skincare products in India is just 1/25th of that in Thailand. 50% of consumer spending in purchasing power parity terms will come from emerging economies by 2010. Almost 75% of the world's growth will come from Asia, 45% from India and China alone.

In the next 10 years, 1 billion new consumers will enter the market. So there is a huge opportunity in terms of market development. But dynamic management and shorter response times will be crucial."

Harish Manwani warned that two crucial challenges would have to be met. "Recognize the heterogeneity of the market. Have the right product portfolio to address the mass, middle and the top ends. And create not just economic capital, but also intellectual and human capital. India produces 500 PhDs a year against 50,000 in the US. This will have to change."

To Deepak Parekh - How can India ensure it never suffers a similar crisis?

Parekh - "Regulators are ahead of innovators here. In the last couple of years, they have taken some unpopular decisions, which have now been proved right. Indian FIs are not allowed to leverage their assets 30-40 times over, as was happening in the west. Some \$7 billion has been pulled out by FIIs in the last five-and-a-half months, but 41 new insurance firms have opened here, which have an appetite for equity."

The senior statesmen of India's financial sector also had some pithy advice to offer. "Borrow from a position of strength, when you don't need the money. When you need it, you won't get it. Keep away from the danger of greed. In good times and bad times, what works is prudent lending. Invest in instruments you understand, not exotic stuff. Above all, borrow less."

Nooyi then opened up the floor to questions, and then fired two questions to all the panelists, to which they had to respond briefly: would the crisis be over in a quarter, or in a year, and what was their growth forecast for India.

Conclusions that emerged: knee-jerk over-regulation would be a problem, rather than a solution; companies, specially boards, must focus more on ethics and principles business ("Without the right values, people can find their way around any set of rules on paper," as Sands pointed out); the crisis will settle only by mid to late 2009, and India can expect 7.5 to 8% growth.



2. India to meet export target of US\$ 200 billion this fiscal: Pillai

IBEF, Sep. 22, 2008

New Delhi: India is set to meet its export target of US\$ 200 billion this fiscal, according to Union Commerce secretary, Mr G.K. Pillai. This year, during the April to July period, India's exports grew by 24.6 per cent over the corresponding period last year, to touch US\$ 59.19 billion. "We are well on target to achieve a 25 per cent growth in exports," elaborated Pillai.

Last year, the country's total exports stood at US\$ 159 billion, having risen from US\$ 65 billion in 2004.

Allaying fears of sharp fluctuations of the rupee adversely impacting the industry, Pillai said "Our industry is mature enough to live with it." He, however, added that there would be some marginal impact on sectors like gems and jewellery. He further added that Indian exports are spread across the globe, thereby minimizing risk. Only 18 per cent of the total exports go to the US market, and so "our risk is also widely spread," said Pillai.

3. BHEL targets Rs 45,000 cr turnover by 2011-12

The Hindu Business Line, Sep. 19, 2008

New Delhi: State-owned equipment major Bharat Heavy Electricals Ltd (BHEL) is targeting a turnover of Rs 45,000 crore by 2011-12, its Chairman and Managing Director, Mr K. Ravi Kumar, said here.

In 2007-08, BHEL clocked over 14 per cent increase in turnover at Rs 21,401 crore, while net profit was up nearly 19 per cent at Rs 2,859 crore.

"BHEL is on its way to establish an annual manufacturing capacity of 15,000 MW by the end of the next calendar year. We have also decided to go for a 20,000-MW annual manufacturing capacity by December 2011," Mr Ravi Kumar told shareholders at the company's annual general meeting.

With an order book position of over Rs 85,000 crore - the highest-ever both in physical as well as financial terms - at the close of the last fiscal, the company expects to achieve robust growth in 2008-09 and beyond, he said.

Areas of investment

Besides capacity augmentation of existing products, other major areas of investment include setting up of facilities for manufacturing higher rating nuclear sets, hi-end transformers and other associated transmission equipment. Attention is also being given to rebuild and retrofit existing facilities to enhance their life, accuracy and productivity through additional investment, said Mr Ravi Kumar.

On the partnership front, he said BHEL continued to build strategic relationships to enhance its presence and find opportunities in the market. The company entered into an MoU with the Tamil Nadu Electricity Board for forming a joint venture to set up a 2x800 MW Supercritical Thermal Power Project in the State.

An MoU was signed with State-owned trading firm MMTTC for enhancing export of power plant equipment and projects leveraging counter trade and bulk buying. An MoU was also signed with power major NTPC Ltd to form a joint venture for executing EPC projects and power equipment manufacturing, he added.

Priority area

He informed shareholders that improving project delivery is a priority area and BHEL is placing extra emphasis on project execution. A better project monitoring system using 'Primavera' has been put in place.

He said that BHEL is not alone in identifying the bottlenecks prevalent in project execution and that there is also a concerted effort by the Government as well as various utilities in finding solutions.

4. Intel unveils first Made-in-India chip

The Economic Times, Set. 17, 2008

Bangalore: The world's largest chipmaker, Intel, on Tuesday unveiled its latest microprocessor for servers, designed entirely by its Bangalore team and developed in a record two years. The Intel R&D centre in Bangalore designed the Xeon 7400 series processor and it marked the first time that work on the 45 nanometre technology was taken up by the company outside its US home base. The six-core microprocessor is based on Intel's x86 architecture.

A 300-member team from Bangalore undertook the work with support from units in the US and Costa Rica, Intel India president Praveen Vishakantaiah said.

Intel's Bangalore R&D operations, which started a decade ago, have grown to become one of the largest centres outside the US. Besides the six-core microprocessor, the India R&D team has made important contributions to the teraflop and quad-core Xeon processor.

Mr Vishakantaiah described it as a validation of the Bangalore operations and termed the country as a strategic destination as Intel India continues its focus on high-end technology development. The company said that upgradation costs in moving to the new server chips would be limited as the existing technology platform would support its new microprocessor. R Ravichandran, South Asia sales director Intel said the new processor would allow a 10-fold reduction in power consumption while substantially increasing performance.

5. Nano set to roll out in three variants

23 Sep 2008, ET Bureau



NEW DELHI: While the Singur standoff continues and the Tata top bosses go shopping for a new mother plant site, Nano is all set to roll out next month in three petrol variants, standard, deluxe and luxury.

According to industry sources, the diesel Nano, which will be launched next year, will also have three variants.

Chairman of Tata Group Ratan Tata poses with the 'Nano' car during the launch at the 9th Auto Expo in New Delhi on January 10, 2008. (Indiatimes)

Dealer sources say that the top-end luxury variant will have a range of features like HVAC, power window, central locking, tinted glasses, extended reflector, front and rear fog lamps and instrument cluster with trip metre.

It will also have body colour bumper and door handles, door lock on the co-driver side, slider with recliner, three-spoke steering wheel and double stalk combi-switch. The deluxe version will have HVAC and tinted windows and the standard will have none of these.

A Tata Motors spokesman said, "Tata Motors has said that the plan is to launch the car in the October-December quarter of the year. The company is yet to declare the exact launch date. When unveiling the car at the Delhi Auto Expo on January 10, Tata Motors had said that the car will be



available, when launched, in standard and higher-end versions. All versions will offer a wide range of body colours and other accessories.”

In comparison, Maruti 800, the cheapest car on Indian roads, comes in three basic variants, LPG AC and standard and petrol AC and standard. At Rs 1.9 lakh ex-Delhi, MPI BSIII standard version is the cheapest car on Indian roads.

The top-end AC limited edition version comes for Rs 2.19 lakh while the medium variant comes for Rs 2.11-2.13 lakh. All variants are available with immobiliser and in metallic and non-metallic colour palettes.

Sources say only the base variant of Nano will cost Rs 1 lakh. The deluxe and luxury variants will cost at least Rs 20,000-30,000 more. Much of what the Nano top-end version will offer is also available with the M800 AC version. That includes tinted glasses, outside rear view mirror, backdoor lock, reclining front seats and dual tone upholstery.

According to Tata Motors spokesperson, Nano has “a roomy passenger compartment with generous leg space and head room”. With a length of 3.1 metres, width of 1.5 metres and height of 1.6 metres, and adequate ground clearance, it can “effortlessly manoeuvre on busy roads in cities as well as in rural areas. Its mono-volume design, with wheels at the corners and the powertrain at the rear, enables it to uniquely combine both space and manoeuvrability,” he added.

Like M800, Nano will sport a multi-point fuel injection engine. “This is the first time that a two-cylinder gasoline engine is being used in a car with single balancer shaft,” said the spokesman.

“The lean design strategy has helped minimise weight, which helps maximise performance per unit of energy consumed and delivers fuel efficiency of about 20 km to a litre. We withhold sharing any further details at this stage,” he said.

6. iSoft India gives shape to world's largest health project

The Economic Times, Sep. 26, 2008

Bangalore: Healthcare software provider iSoft on Thursday said that its Indian R&D team is developing a solution what it described as the world's largest civilian IT healthcare project.

The Lorenzo software application, which will link nearly two-thirds of the hospitals in the United Kingdom, will also be launched in Europe, Australia and Germany in November, iSoft executive chairman & CEO Gary Cohen said at the opening of the company's global product development centre here.

iSoft was acquired by Australia's IBA Health Group in 2007. Hospitals will also be connected to general practitioners, allowing patients in the UK to get themselves treated at any clinic in the country without the need for re-entering data. The solution can be extended to any part of the world, managing director S Govind said.

"The entire solution, which is for linking up all the hospitals as well operations with the hospitals is being developed and rolled out from the India development centre," he observed.

Some 900 people from its Indian R&D team are working on the Lorenzo project. In India, iSoft has tie-ups with Artemis Hospital of Apollo Tyres in Gurgaon and the Satya Sai hospitals in Bangalore and Puttaparthi.

The company is also installing solutions for the Medicity group in Gurgaon and is targeting adding 100 hospitals to its list of clients next year.

iSoft, which has 1,800 employees at its Bangalore and Chennai facilities, will hire 200 more by next year. It has grown by 50% in the last 12 months. Mr Govind said. The company closed its disaster recovery centre in Hyderabad earlier this month and moved the operations to Bangalore and Chennai.

About four-fifths of iSoft's \$500-million revenue in 2007-08 came from Europe, while Asia, Australia and New Zealand accounted for the rest.

7. US newspapers may opt for outsourcing

23 Sep 2008, Sujata Dutta Sachdeva, TNN

NEW DELHI: Not just the economy even the US newspaper industry is going through tough times these days. Shrinking circulation, dwindling advertising revenues, growth of the internet edition and rising newsprint prices have together put pressure on their margins. Even the best and most established US newspapers are feeling the heat.

To cope with the pressure, most newspapers have adopted various cost cutting measures. From reducing global coverage, cutting down the number of pages, streamlining resources and cutting excess jobs, they are trying out all kind of combinations to stay ahead. Now, the industry is also contemplating outsourcing some work outside the country to reduce costs. The trend started a few years ago, as some US-based newspapers offshored their editorial work to India. In the next five years, offshoring is expected to gain traction.

According to a study done by Pune-based research firm ValueNotes, the offshore opportunity from newspaper publishers (including both the US and UK) is estimated to be around \$3.5 billion.

It's expected to reach \$12 billion by 2012. The number of people employed in this industry is also likely to cross 5,500. Interestingly, the overall publishing outsourcing industry too has been growing fast in India for some years now.

There are over 100 vendors in this space. What's more, revenues from Indian publishing offshoring is slated to grow from \$444 million in 2006 to reach \$1.46 billion in 2010. An estimated 26,000 people work in this space and the number is likely to grow to 74,000 by 2010. Most (96%) of the India-based vendors have capabilities to service the academic publishing segment. But newspaper outsourcing is different. And its this space that's gaining ground now. As of now, only the top Tier 1 newspapers from the US are offshoring. Their work is largely limited to ad production services.

However, as the space matures, Tier 2 and Tier 3 publishers too are expected send a wide range of work to India. Since its still in the early stages, only a few service providers are active in India. According to ValueNotes research, the total number of people employed in the newspaper outsourcing industry is around 2,300, as of July 2008. However, there is a scarcity of 'end-to-end' service providers. And as the space grows vendors are expected to build complementary capabilities to achieve this objective.

8. HDFC Bank in Forbes Asia's top 50 list

25 Sep 2008, PTI



BANGALORE: For the second year running, HDFC Bank has featured in the prestigious 'Forbes Asia's Fabulous 50 List of companies' chosen from 500 publicly traded (listed) companies in Asia Pacific with revenues or market capitalisation in excess of \$5 billion (Rs 22,330 crore)

HDFC bank is the only bank from India, and only four of the 'Fab 50' companies are banks, it said in a statement.

Nine other Indian companies -- Infosys Technologies, Wipro, Reliance Industries, Bharat Heavy Electricals Ltd, Larsen and Toubro, Tata Steel, Bharati Airtel, Mahindra and Mahindra and ITC -- also made it to the list, it said.

China topped the 'Fab 50' list with a representation of 13 companies followed by India with ten.

The 'Fab 50' companies have been stacked up on parameters of robustness like long-term profitability, stock price appreciation, sales and earnings growth and projected earnings.

Companies have been recognised for their sheer resilience, "It's easy to pick winners when business is booming," the magazine points out. "Many on this list have shown they can outperform in good times and bad".

9. Mobile user base goes past 300m

25 Sep 2008, AGENCIES

NEW DELHI: India's telecom growth pattern continues with mobile operators adding 9.16 million subscribers in August to the world's second largest wireless market.

The total wireless subscriber base, which includes GSM, CDMA and WLL(F), stood at 305.24 million at the end of August 2008. A total of 9.16 million wireless subscribers have been added during August 2008, against 9.22 million wireless subscribers added during July 2008, Trai said on Wednesday.

Since wireline segment witnessed a decline, the total number of telephone connections added was 9.03 million (both fixed line and wireless) during August 2008, compared with 9.06 million connections added in July 2008.

10. 'Aviation sector may lose \$1.5 bn'

25 Sep 2008, TNN

NEW DELHI: Indian aviation industry will post the second highest losses globally — next only to the US — in 2008-09. While American carriers are likely to lose over \$2 billion, India could end with a figure of \$1.5 billion and together account for more than half of the \$5.2 billion overall losses, according to International Air Transport Association (IATA) chief Giovanni Bisignani.

He asked the government on Wednesday to "wake up" and take much needed steps to save the industry. Terming the Indian situation 'critical', he said India needed to lower jet fuel prices, infrastructure charges and follow global standards.

"Fuel is the biggest factor impacting profitability. While fuel is 36% of average industry costs, it is up to 50% for some Indian carriers," he asked for lower taxes and base cost charged by oil PSUs.

11. Honda will set up R&D centre for cars in India

26 Sep 2008, Pankaj Doval, TNN

NEW DELHI: In a pointer to the growing stature of the Indian car market globally, Japan's Honda Motor Co has decided to set up a research and development (R&D) centre for cars in the country to understand the requirements of the market better. Globally, this would be the one of the seven R&D centres for the company.

"India is an important market for Honda worldwide. As the market matures, bringing the R&D function into the market becomes very important," Takeo Fukui, Honda's global president and CEO, told TOI.

Fukui was here to launch the new City sedan which has replaced the previous version and comes for Rs 7.7 lakh, almost Rs 80,000 more than the base version of previous model. Fukui said the proposed R&D set-up would try to identify customer requirements and develop a quality vendor base.

"In terms of research and development, the first thing which is must to serve any market, is to have a detailed market research on customer preferences, what they like, what they dislike, what kind of cars they would like to drive," he said. The next step, Fukui said, would be to manufacture it in India while also buying parts locally that are developed based on market intelligence.

"We have not started anything as yet so far. But we believe that the requirement is very strong," Fukui said.

12. Essar eyes refineries overseas

27 Sep 2008, TNN

NEW DELHI: The Ruias-promoted Essar Oil is tripling the capacity of its refinery at Vadinar in Gujarat to 34 million tonne by 2010-end, even as the company is scouting for a refinery overseas as part of its strategy to achieve a total refining capacity of a million barrels a day.

"Our 10.5-million-tonne capacity refinery is operating at 12.5 million tonnes. We plan to raise this capacity to 16 million tonnes by June 2010 and will put an additional plant of 18 million tonne capacity by December 2010," Essar Oil CEO Naresh K Nayyar told TOI.

Essar Oil has set a target of achieving a capacity of one million barrels per day, or 50 million tonne. "We will have 700,000 bpd (barrels per day) at Vadinar and for 300,000 bpd we are looking at opportunities outside India," Nayyar said. Essar is investing Rs 3,200 crore for ramping up Vadinar capacity to 16 million tonne and another Rs 6,000 crore in the brownfield expansion project.

Nayyar said Essar was looking at opportunities to set up a greenfield project or even an acquisition. The company was in talks with Kenya for a refinery project and was separately discussing opportunity to set up a project in the Mediterranean.

13. Nestle to double investment in India

27 Sep 2008, TNN

NEW DELHI: Close on the heels of Cola major PepsiCo's announcement of its investment plans for India, global food major, Nestle also announced an investment of Rs 600 crore for one year, almost double of last year's investment at Rs 300 crore.

Chairman of Nestle SA, Peter Brabeck-Lemathe said the investment would expand the existing facilities in and the products will be localized further to suit Indian needs.

In India, Nestle will mainly focus on - nutrition and wellness, inclusion of consumer, branded beverages and super premium and luxury products. He said that the commodity price spikes have put



some pressure on Nestle but that is not passed on to the consumer.

"We have accelerated cost saving measures as we were early to detect that the price increases in commodities were coming. So we could soften the blow," he said.

He said for a commodity like coco, which is used in Nestle products, there has been not much exposure as firm has covered full year. This is also not going to show up in the quarterly or half yearly results. Martial Rolland, CMD, Nestle India said emerging markets account for one third of firms turnover.

14. RIL eyes oil fields in Latin America, Middle East

24 Sep 2008, Sanjay Dutta, TNN

MUMBAI: Mukesh Ambani's Reliance Industries is redrawing its overseas acquisitions strategy to include more of producing and discovered acreages in the shopping list, even as the company is on way to pumping 89 million cubic metres per day of gas by 2010 from its Krishna-Godavari basin acreage off the Andhra coast.

"We are now more open to acquiring producing or discovered assets. Earlier, that was not the case," president and CEO of the company's oil and gas business P M S Prasad told TOI. This is aimed at improving "portfolio balance". Reliance had so far focused on exploration acreages that came comparatively cheap but also with the risk of failure to find hydrocarbons. A portfolio mix of producing or discovered fields can offset such risks.

Prasad said the company was trawling Latin America, West Asia and Far East but not Russia and Central Asia. "We want to go where we can win on merit and where there is heavy crude," he said. Reliance's refining strategy has been to use advanced plant configuration to process more of heavier crudes, which come cheaper than benchmark crudes, for rising refining margins.

The acquisitions strategy shift comes in the wake of the company starting commercially pumping oil from the MA discovery in the acreage and setting the stage for initiating gas production in the first quarter of 2009 calendar year.

Prasad said as of now, the Krishna-Godavari acreage would yield 89 mcmd of gas.

This, according to present government figures, will double the availability of gas in the country. The Dhirubhai-1 and 3 discoveries, the first two of the 18 strikes Reliance has reported in the concession that is identified as Block D6, 80 mcmd of gas will come out daily within the next 6-8 quarters. Another 9 mcmd will come out from the MA discovery, predominantly an oilfield, envisaged to produce 40,000 barrels a day when it reaches peak production in 18 months.

Reliance is investing \$5.2 billion in bringing Dhirubhai-1 and 3 discoveries that will start production with 15-20 mcmd and reach a peak of 80 mcmd. This peak will last for 2-3 years when the company will invest another \$3.5 billion to maintain output for the subsequent 7-8 years. "The field's life is 10-12 years, 7-8 years of which will be plateau," Prasad said.

15. India, US should go for bilateral treaty: Nooyi

25 Sep 2008, IST

NEW DELHI: Indra Nooyi, chairman of PepsiCo on Wednesday mooted a bilateral investment treaty between India and the United States to give a renewed thrust to trade relations between the two countries. She emphasized that the leadership in both countries must move forward in executing agreements and monitoring their implementation till the last.

Speaking at the Indo-US Business Council (USIBC) meeting organized jointly by the Confederation of Indian Industry (CII) and USBIC, she said, "Time has come to take Indo-US ties to a new level. Inclusive growth, investment in education, health and infrastructure should be the focus areas for both countries."

"In a country where 68% of the population lives in rural areas, there can be no inclusive growth without serious agrarian reforms," she said.

"India also needs to improve the quality and availability of water and the country must improve irrigation and harvesting techniques," she added.

On India's infrastructure needs, Nooyi said that massive foreign direct investment and private participation will be required. The need to cooperate in the field of infrastructure was paramount and the USIBC would continue to look for further openings in banking, insurance and pension sectors.

Other areas within the core sector where both countries must partner are power, roads, clean water, ports, airports and the defence sector, she said.

16. J P Morgan Chase & Co to invest more than US\$ 1 billion in India

IBEF, Set. 26, 2008

New Delhi: J P Morgan Chase & Co, the third-largest US bank, is likely to double private equity investments in India to US\$ 1 billion, according to Kalpana Morparia, CEO of its India operations.

J P Morgan Chase & Co, the third-largest US bank, is likely to increase its private equity investments in India twofold to US\$ 1 billion, according to Kalpana Morparia, who took over as Chief Executive Officer of its India operations recently. She also added that the bank is likely to invest about US\$ 500 million for fortifying its corporate finance and advisory operations here.

Private equity (PE) investments in India rose by 3.2 per cent in the first half of the year to almost US\$ 6.8 billion, as compared to US\$ 5.8 billion investments in China, according to the Hong Kong-based Asian Venture Capital Journal. Further, according to Venture Intelligence, a company tracking private investments, PE investment in India in the first eight months of 2008 is valued at US\$ 8.6 billion, up against US\$ 8.4 billion a year ago.

"Just given the state of public markets, there are opportunities for placements," Morparia said. "When public markets don't open up, they do placements." J P Morgan will expand operations in India to five branches from one if the central bank gives its permission, Morparia said. "Banking has been quite conservative here," added Morparia, who was earlier with ICICI Bank, India's second largest. "Any new product we wish to introduce will be under more scrutiny."

J P Morgan's investment portfolio has till date included L&T Infrastructure Development Projects, Apollo Hospitals & Enterprises and Cafe Coffee Day, and others, according to Venture Intelligence.



17. Suzlon to raise Rs 1,800cr via rights issue

26 Sep 2008, AGENCIES

MUMBAI: Wind power major Suzlon Energy on Thursday said that it would raise up to Rs 1,800 crore through issue of equity shares to its shareholders on rights basis.

A meeting of the board of directors of the company would be held on September 27, to consider the proposal to undertake a rights issue of its equity shares to an extent of Rs 1,800 crore, the company said in a filing to the BSE.

Earlier last month, the shareholders at their annual general meeting has approved the proposal to raise Rs 5,000 crore through issue of Foreign Currency Convertible Bonds (FCCBs), Global Depository Receipts or other securities. Meanwhile, Suzlon Green Power Ltd, owned by Indian billionaire Tulusi Tanti, plans to build wind energy projects worth \$5 billion in India and China. Tanti, founder of wind-turbine maker Suzlon Energy Ltd, that acquired Germany's Repower Systems AG, and his family will invest \$1.5 billion as equity in the projects to be built over five years, Suzlon Green said in a statement.

Suzlon Green will acquire existing assets and develop new ones, according to the statement. The investment plan was unveiled at the annual meeting of the Clinton Global Initiative in New York, it said. Shares of the company were trading at Rs 184.65, down 5.81% on BSE.

18. US crisis will not affect developing economies

25 Sep 2008, TNN

NEW DELHI: The current financial crisis in the developed markets including US and European countries will not affect the developing countries, which are growing at fast rate, said World Economic Report, prepared by UNCTAD.

The report said that the problem related to sub-prime mortgage lending and their fallout in the US have disrupted the financial markets, with broad impact on the US economy as a whole. The resultant liquidity problems have extended to some European countries as well.

The report said that the liquidity problem leading to increase in the cost of funds will affect the foreign direct investments (FDI) flows. At the firm level, the survey conducted by UNCTAD in June 2008, revealed that one third of multinational companies envisaged negative impact on FDI flows in short term but about half of the firms surveyed suggested no impact.

But, in case of developing economies, report said resilience of growth of economies suggest there is not much effect of financial crisis in US. Report also argued that India will find it difficult to fund \$495 billion infrastructure development spread over five years till 2012.

This plan could face financing gaps, it said, saying country has been encountering similar gap in preceding periods as well. According to World Bank estimate, \$500 billion are required over a period of 2001-2010. The annual financing gap during 2001-2010 is estimated at close to \$14 billion. For the entire period, it worked out to be about \$140 billion, it said.

19. India joins Japan in renewed push for UN reform

27 Sep 2008, AFP

UNITED NATIONS: India joined Japan on Friday in calling for more determined efforts to reform the United Nations as the two Asian powers pitched for permanent seats in the Security Council.

Speaking at the UN General Assembly, Indian Prime Minister Manmohan Singh criticized scant progress made since world leaders decided three years ago to forge an "agenda for early and meaningful reform" of the world body.

"The composition of the Security Council needs to change to reflect contemporary realities of the 21st century," he said.

"We must acknowledge frankly that there has been little progress on the core elements of the reform agenda," Singh said.

He then called for "more determined efforts to revitalize the General Assembly to enable it to fulfill its rightful role as the principal deliberative organ of the United Nations," he said.

On Thursday, Japan's new prime minister Taro Aso emphasized "the absolute imperative" of council reform, in his address to the General Assembly.

"We must bring about the early reform of the Security Council through an expansion of both the permanent and non-permanent memberships," he said.

Aso, who replaced Yasuo Fukuda, was the first Japanese prime minister to speak at the General Assembly since Koizumi came in 2005 to pitch for a Security Council seat as part of a push for global reform.

The UN General Assembly decided last week to begin inter-governmental talks on expanding the powerful Security Council by February 28.

Japan and India joined Germany and Brazil in 2005 in a strong push to be in the council as permanent members, along with two African countries, but without veto rights.

But their bid failed after it ran into strong opposition from China and the United States as well as from regional rivals such as Italy, Pakistan and Argentina.

Japan is bidding for a non-permanent seat in the council next month.

The thorny issue of how to enlarge the 15-member Security Council to make it more representative and reflective of today's global realities has for years divided the UN membership.

The council currently has 10 rotating, non-permanent members and five veto-wielding permanent ones (China, United States, France, Britain and Russia).

Its makeup has remained largely unchanged since the establishment of the United Nations in 1945.

20. Anil questions oilmin's late entry in gas row

24 Sep 2008, AGENCIES



MUMBAI: Claiming that government would lose over Rs 40,000 crore due to Mukesh Ambani-led RIL's oil and gas venture, Anil Ambani on Tuesday questioned oil ministry's 11th hour intervention in the court to help a private player. "It is anyone's guess what prompted the ministry's belated intervention," Anil Ambani said at the AGM of group company Reliance Natural Resources Limited.

Stating that the petroleum ministry did not think it fit to intervene in the two years since the litigation between his company and RIL began in Mumbai High Court, he expressed surprise over ministry's intervention now, which he felt was to help a private player while "scrupulously keeps away when it comes to protecting the rights of a Navratna such as NTPC." Debunking the perception that higher gas prices would benefit the government in the form of increased profit share, he said, "...based on capex numbers, as reported, it is estimated that government may not get more than Rs 1,000 crore in first five years, while RIL gets more than Rs 20,000 crore during the same period..."

Also, Anil Ambani-controlled Reliance Natural Resources (RNRL) plans to enter cement manufacturing and shipping activities with an investment of Rs 12,000 crore.

"We will invest Rs 10,000 crore in cement business and Rs 2,000 crore in shipping," RNRL vice-chairman Anil Singhvi said on the sidelines of the company's annual general meeting on Tuesday. "Our foray into cement and shipping will take 3-4 years period," Singhvi said. RNRL chairman Anil Ambani had said that "we are actively considering entering into cement manufacturing with 20-million tonnes capacity". However Anil Ambani owned Reliance Power Ltd will complete funding for two so-called ultra-mega power projects this year. Reliance is "likely to achieve" financial closure for the Sasan thermal power project "by the end of this year," chairman Anil Ambani said.

Funding for the Krishnapatnam project is expected later this year, he said. The company has qualified to bid for a third ultra-mega power project at Tilaiya in the eastern state of Jharkhand, Ambani said. Each of these 4,000 megawatt, coal-fired projects requires an investment of as much as Rs 20,000 crore (\$4.4 billion), he said.

21. ADAG to invest Rs 40,000 cr for 12-mt steel plant in Jharkhand

The Economic Times, Set. 17, 2008

Mumbai: Reliance Infrastructure, part of the Reliance Anil Dhirubhai Ambani Group (R-ADAG) plans to build a 12 million tonne steel plant in Jharkhand and will soon achieve financial closure for its mega infrastructure project, the Mumbai Metro Rail project.

The company, in consortium with Veolia of France, is building the 12-km elevated Metro Rail in Mumbai at Rs 2,400 crore. "With term loans of Rs 1,200 crore tied up, the Metro is expected to achieve financial closure shortly," chairman Anil Ambani told shareholders at the company's 79th annual general meeting. "As per the concession agreement, we are expected to complete the work in five years' time, by September 2012. We are hopeful of commissioning the metro line by September 2010, a full two years ahead of schedule," he added.

The company has also proposed to invest Rs 40,000 crore to build a 12 million tonne steel plant in Jharkhand. This would be the first time that the ADA group would be venturing into steel.

ET had earlier reported that Reliance Infrastructure has already entered the engineering, procurement and contract business for steel makers. The company last month signed an agreement with China Metallurgical Group Corporation to execute steel projects in India. The move is aimed at taking advantage of growing opportunities in the steel sector's EPC business.

On the Delhi Airport Express Link Project, Mr Ambani said that Reliance Infrastructure, in consortium with CAF of Spain, was awarded the contract to build the project on a Build-Own-Operate-Transfer basis for a concession period of 30 years through an international competitive bidding process.

The company is scheduled to complete the project in a record time of 24 months in time for the Commonwealth Games, he added. The other major project for the company includes the Rs 8,000-crore Mumbai Metro Line 2 project which is a 32-km elevated track along the Mankhurd-Bandra-Charkop corridor.

22. Govt clears 27 proposals for SEZs

22 Sep 2008, PTI

NEW DELHI: Government on Monday cleared 27 proposals for special economic zones (SEZ) including those by Larsen and Toubro, JSW Bengal Steel, Ansal Properties and Bharat Forge.

Board of Approvals (BoA) chaired by Commerce Secretary G K Pillai granted formal approval to 17 SEZ proposals and gave in-principle nod to 10 tax-free zones.

Among the SEZs that got formal approval include an IT SEZ in Haryana by Orient Craft Infrastructure, multi-product SEZs by JSW Bengal Steel in West Bengal and by Bharat Forge in Maharashtra.

The airport-based multi-product SEZ in Himachal Pradesh by Skil Infrastructure Ltd and a heavy engineering tax-free zone in Tamil Nadu by Larsen and Toubro Shipbuilding Ltd got in-principal clearance.

23. PepsiCo to step up India focus: Nooyi

21 Sep 2008, TNN

NEW DELHI: Enthused by its performance in India in the last five years, global beverage major PepsiCo on Sunday announced its plans to step up investment by \$500 million over a period of three years.

PepsiCo India plans to triple its revenues over the next five years as India has emerged as an important market for the cola major. These investments could be spread among manufacturing, market infrastructure, environment sustainability initiatives, R&D, new products development and agriculture. PepsiCo chairman and CEO Indra Nooyi, who was here with her entire team, said India is an extremely important market for the US major.

She added that in 2001, PepsiCo had made an investment of \$500 million for five years and exceeded that target ahead of time. Nooyi said financial turmoil on the Wall Street has not hit the main street as yet. The impact may or may not trickle down to the FMCG companies. "PepsicoCo is doing very well in the US and other parts of the world and we are happy with our progress."

PepsiCo's thrust on 'Performance with Purpose' is being reflected in the fact that health foods now constitute 30% of its total product portfolio. PepsiCo is working towards developing nutritious fortified 40 to 45 products for India and Africa. Towards this end it initiated a pilot programme, which delivers against the UN Millennium Development Goal to eradicate poverty by 2015.

In India, stress will be on introducing a balanced portfolio. While bringing in products from the quaker platform, more fruit juices and hydration brands, it also plans some variants of food for taste. Nooyi said that the global lineup of products is robust and "we can decide on launching any new products from there."

24. Tough time for start-up entrepreneurs

20 Sep 2008, Swati Anand & Debojyoti Ghosh, TNN



BANGALORE: As he watches the Wall Street crisis raging on, V C Karthic tries hard to contain pessimism and keep his hopes up. Karthic runs Mumbai-based Buzzworks, which provides call centre applications for banks and financial institutions, and now is certainly not a good time for this entrepreneur. "Given the sub-prime crisis, it's going to be tough to find clients among US-based MNC banks," he says.

"But I'm still hopeful about Indian private banks and other MNC banks, particularly the European ones. And with the Indian banking industry set to get deregulated in 2009-2010, there will be more banks in India, so we're just waiting to tide over this phase."

Karthic (34) is also going easy on growth plans for now. While there are no pink slips in sight for his staff of 70, cost cutting is in full flow. Employees fly only budget carriers, don't make STD calls from the office landlines and the airconditioner in office is switched off after 6 pm.

The Wall Street crisis has sent out its ripples to entrepreneurs in India. The slowdown has made it tough not just to find clients, but also funding, particularly from venture capital firms.

"Entrepreneurs won't get a premium for their company from VCs. Their valuation will be low. But this is temporary, will last for around three quarters," says Lalit Thakkr, director of Angel Broking.

Adds T C Meenakshisundaram, managing director of IDG Ventures India, "Earlier it used to take 3 to 5 years to raise funds, but now it will take 5 to 7 years. The need for money will be more now for companies to reach profitability and increase scalability." Many businesses are likely to see a value correction. "Investment will go slow, investors will be more cagey, valuation of deals will see a correction and deal flows will come down," says K Ramakrishnan, executive director of investment banking of Spark Capital Advisor.

It doesn't help that industry experts feel that the worst isn't even here yet and that the US markets are not expected to turn before the second quarter of 2010. Entrepreneurs are unsure of what to make of this. "It's tough to say if this is a bad time for someone to take the entrepreneurial jump. But for someone who's on the verge of releasing their product or planning on growth or expansion of any sort, this is the worst time. Funding will be a severely uphill task, particularly from VCs who're basically risk averse," says Amarinder Singh, co-ordinator of the Bangalore division of Open Coffee Club, an informal group of entrepreneurs.

Sectors that are directly impacted by the current slowdown are banking and finance, IT/ITeS, and realty. "Any capital intensive business will face a tough time now. Sectors that seem relatively immune are education, healthcare, pharma, biotech and retail," says Anjana Vivek, founder of Venture Bean Consulting.

25. Indian contract manufacturing business to attain US\$ 2.46 billion with 41.7 per cent growth

IBEF, Set. 16, 2008

New Delhi: The contract manufacturing market in India is set to register 41.7 per cent growth on yearly basis and likely to attain US\$ 2.46 billion by the end of 2010 from US\$ 869 million in 2007, according to consulting firm KPMG.

In its latest pharma report, the firm says "Indian companies, through their high quality-low cost production models, have bagged some impressive deals in the contract manufacturing space. These deals validate India's potential to achieve a larger share of the global manufacturing outsourcing market".

India is home to a host of enterprises, involved in contract manufacturing, including the likes of Cadila, Nicholas Piramal, Dishman, Shasun, Jubilant, Strides, Matrix, Divi's and Ipca. The report reaffirms the fact that Indian companies, bagging major outsourcing deals, have been successful in winning the confidence and trust of multinational companies.

At present, the Indian firms are manufacturing simple vaccines, solid and liquid dosage forms as well as active pharmaceutical ingredients and intermediates. However, the report predicts that firms would soon start manufacturing of complex medicines, including, biologics and injectables and would move up the value-chain in the contract manufacturing business.

Indian firms have made their presence felt across the globe by acquiring sophisticated technologies and developing advanced skills to cater to the demand of niche segment from which they can generate greater revenues, despite higher entry barriers. In addition, acquisition of foreign firms has enabled the Indian entities to capitalise on an existing client network, access their international manufacturing research facilities and expand indigenous technology and service portfolios.

Some of the noted Indian acquisitions include, Jubilant's take-over of US-based Hollister Stier, Clinsys Clinical and Cadista Pharma, Dishman's take over of UK-based Synprotec, Strides Acrolab's purchase of Softgel's US-based plant. Other famous acquisitions involve Dr Reddy's take over of Roche's Maxico-based API manufacturing unit and Piramal Healthcare's purchase of Canada-based Torcan and UK-based Avecia and Morepeth.

26. BSNL to cover more rural markets with net connectivity

IBEF, Set. 16, 2008

New Delhi: Government-run Bharat Sanchar Nigam Limited (BSNL) is likely to connect 148,000 villages with high-speed internet connectivity over the next six months. Currently, only 30,000 villages have access to this facility.

BSNL is likely to bring all districts and blocks of the country, including 5,000 cities, under high-speed internet connectivity by March 2009. According to the Department of Telecom (DoT), currently, about 95 per cent of the district headquarters and about 44 per cent of the blocks are covered under BSNL's broadband connectivity. After the allocation of the spectrum, the government will initially provide wireless broadband services to 5,000 blocks, which will cover villages within a radius of 10 kilometres of the block headquarter.

This project is expected to benefit institutional users like schools, public health centres, village panchayats and the rural areas-based community service centres (CSCs) meant for providing e-governance and data services to rural areas. For providing telecom services, BSNL plans to procure 93 million lines to extend coverage of GSM mobile services to all the villages having more than 1,000 persons. BSNL has also introduced a tariff plan called Gramin 75, with fixed monthly charges now lowered from the previous Rs 110 (US\$ 2.14) to Rs 75 (US\$ 1.61).

27. Videocon, BPCL JV buys Brazil firm

20 Sep 2008, PTI

MUMBAI: Videocon Industries, in consortium with state-run refiner Bharat Petroleum Corp Ltd, has acquired a Brazilian oil exploration firm for \$283 million (over Rs 1,309 crore).

A 50:50 joint venture of Bharat PetroResources Ltd (a BPCL subsidiary) and Videocon Industries has completed the acquisition of the entire stake of EnCana Brasil Petroleo Limitada (EBPL) from Canadian gas producers — EnCana Corp and Alberta Ltd, Videocon on Friday said in a filing to the BSE. The acquisition has been made for a consideration of \$165 million.



28. NHPC ventures into Myanmar

The Times of India, Sep. 17, 2008

New Delhi: Continued courtship of Myanmar's ruling junta, even after it dumped New Delhi in favour of Beijing for piping natural gas, seems to be paying off for India. State-owned hydel utility NHPC is getting its first foothold in that country with a preliminary deal for constructing two hydel projects that will eventually supply power to four bordering Indian states — and maybe the national grid. NHPC and the Myanmar government on Tuesday inked an MoU for constructing the Tamanthi and Shwzaye hydel projects aggregating 1,800mw capacity on Chindwin river. NHPC will now update the previous studies made on the projects.

Once that stage is completed, the two sides will form a joint venture for constructing the projects and commercially run them. Doors of progress opened during junior minister for commerce and power Jairam Ramesh's June visit to Yangon.

29. Rich harvests augment upsurge in Indian soymeal exports

IBEF, Sep. 18, 2008

New Delhi: According to official trade sources, Indian soymeal exports are projected to touch the six-million tonne-mark in the year starting October 2008, owing to increased South-East Asian demands and higher soybean production.

Soybean production might touch an all-time high of 12 million tonnes in 2008, 20 per cent higher than the previous year, as revealed to the press by Atul Chaturvedi, President of Adani Enterprises Ltd, the country's biggest private exporter of farm products. This would exceed industry estimates which had earlier held that soybean output would touch 10.2 million tonnes and soymeal exports would reach 5 million tonnes this crop year.

Higher crop growth is being supported by factors such as higher acreage, monsoon rains and overall weather conditions. "We should not be surprised to see production touching as high as 12 million tonne," Chaturvedi added. Well-distributed rains in soybean-producing Madhya Pradesh, Maharashtra and Gujarat too are expected to contribute to better yields, analysts claim.

Demand for soymeal from India has been increasing rapidly worldwide. In early August, India signed contracts for exports worth 200,000 tonnes of soymeal to Indonesia, Singapore and Taiwan at US\$ 450 per tonne, clocking new season shipments at prices above 56 per cent of last year's early deals.

Further Chaturvedi claimed, 'rising freight rates in late 2007 and early 2008 helped India but rates are low now which may make the South American meal attractive. But our importers in Southeast Asia will still be looking at us'. He added that a farmers' strike in Argentina, the world's biggest exporter, also contributed to higher Indian sales.

30. InterContinental plans to add 20 hotels in 2-3 years

The Financial Express, Sep. 18, 2008

New Delhi: InterContinental Hotels group (IHG), the world's largest by number of rooms, plans to increase the number of its hotels by 20 in the country in the next 2-3 years. At present, IHG has 13 properties in India, 11 of which are franchisees and the rest two are managed by the group itself. "We see India as a high growth market and would like to manage all our future properties ourselves," said Jan Smits, COO, Southern Asia and Korea, IHG.

Out of the 11 hotels of IHG that are run on the franchise model, four are with the Grand group, the contract of which expires in January 2009. The company plans not to renew the contract after that. As far as its existing properties are concerned, the company will wait for the contracts to expire and will not immediately cancel them. "Our other contracts will take a lot longer to expire. They will continue to function the way they are right now," said Michael G Herrmann, director of operations, IHG.

The company operates hotels in India under three brand names - Holiday Inn, Crowne Plaza and InterContinental Hotels and Resorts. Out of the 20 new hotels in the pipeline, 15 will be Holiday Inns, four under the Crowne Plasas segment and one will be under InterContinental. Smits said that Holiday Inn is the most lucrative brand to expand in India as land cost is an issue in the country.

The company has tie-ups with real-estate companies like Emaar, DLF, Today group and Eros. According to Rajiv Sharma, associate VP, development, South West Asia, more companies are looking at established hotel chains to manage their properties than do the task themselves. "99% of people who approach us want us to manage their properties. Almost no one is looking at a franchise model now," said Smits. "The DLFs and the Emaars are least interested in hotel operations," added Sharma.

The first of the 20 new hotels proposed will be launched by mid-2009 and will be a Holiday Inn. The company plans to launch a total of four hotel in 2009. Globally, IHG operates under seven brands. However, according to the company officials, it has no plans to bring other brands to the country. "According to our research, food service works best in the country. Therefore, we want to expand our hotels in the existing categories which service to this market," said Smits.

Globally, IHG currently has 4,046 hotels and has 1,788 new hotels in the pipeline. A chunk of them (745) are in the Holiday Inn Express segment, which is not present in India.

31. Indian retail to touch US\$ 390.68 billion mark by 2010

IBEF, Sep. 19, 2008

New Delhi: According to the India Retail Report 2009, compiled by research group Images F&R Research, the Indian retail industry is set to touch Rs 18,10,000 crore (US\$ 390.68 billion) by 2010, owing to strong economic growth and the ever-growing level of income in the country. The report specifies that by 2010, organised retail is likely to acquire 13 per cent of the total retail market as compared to a meagre 5.9 per cent at present, and touch Rs 2,30,000 crore (US\$ 49.64 billion) from the present level of Rs 78,300 crore (US\$ 16.90 billion).

The current size of the Indian retail market is Rs 13,30,000 crore (US\$ 287.08 billion) and it is growing at a rate of 10.8 per cent per annum. In addition, the study observes that "Modernising retail will see some 15 million people engaged in retail and retail support activities by 2010 - including front end retail operations, supply chain management, logistics, process and infrastructure development and supplies."

According to the report, "This modern retail segment grew at the rate of 42.4 per cent in 2007, and is expected to maintain a faster growth rate over the next three years, especially in view of the fact that major global players and Indian corporate houses are seen entering the fray in a big way."

For its projections, the report has assumed a rate of growth of 8-9 per cent for the Indian economy, with an average salary hike of around 15 per cent, which is likely to further propel consumer demand.



Within the retail sector, the food and grocery segment dominated the retail scene, with a 59.5 per cent share of the market, followed by accessories and clothing at 9.9 per cent, with businesses worth Rs 7,92,000 crore (US\$ 171.20 billion) and Rs 1,31,300 crore (US\$ 28.35 billion), respectively.

32. M&M developing petro tech for global drive

The Economic Times, Sep. 22, 2008

New Delhi: While sales of SUVs and pick-up trucks are taking a beating globally due to high fuel prices, the leader of utility vehicles in India, Mahindra and Mahindra (M&M), is looking at the petrol bandwagon to drive its new range of vehicles in the global market.

M&M is developing a new, fuel-efficient petrol technology to offset the disadvantages often associated with guzzler SUVs like Hummer or Land Rover whose sales have declined in the recent past. The company is developing a new range of petrol engines to be strapped on its new global SUV dubbed as the next-generation Scorpio and other upcoming platforms.

M&M president (automotive sector) Pawan Goenka told ET: "We are planning a new petrol fuel-line to feed the global market. There are certain overseas markets driven by petrol powertrains like Middle-East and the US, which are large enough and offer immense advantages for petrol-driven vehicles. We are looking at a balance between performance and fuel efficiency for the new powertrains, somewhat like the mHawk engine (the diesel engine strapped on to the Scorpio) which gives the best fuel efficiency and performance in its class."

This bend towards petrol comes on the back of M&M's plans of launching its Scorpio SUV in the US market next year. It has also coincided with some strident anti-diesel campaigning across certain sections of India. The contention of these campaigns is that diesel is dirty and highly polluting.

While M&M will continue to maintain its stronghold in the diesel segment backed by the new diesel engine line-up currently under development, the new breed of petrol engines will come side by side and cater to the fast-growing petrol SUV segment. The new engines will also help M&M meet stricter US and EU emission norms.

"We believe that the current anti-diesel feeling should go away. There is no justification as diesel has improved and the newer engines are much smarter and emit lower CO2 levels than petrol. The rise in fuel prices have changed the entire industry dynamics, and diesel, which is more fuel efficient, should be welcomed," Mr Goenka said.

These new drivelines (both diesel and petrol) will also feature in some of the new platforms the company is launching in the next two years. The first to roll out is the Ingenio crossover expected sometime later this year.

The second will be a mass market pick-up vehicle next year, followed by its heavy duty trucks range in alliance with Navistar International-spanning 9 tonnes to 25 tonnes-to be launched by the end of 2009. M&M has also started work on the new platform for a global SUV which will replace the Scorpio sometime in 2010.

The company is also looking at exporting the Logan sedan for right-hand drive markets like South Africa and South East Asia. It will also launch the 7-seater Steppe from the Logan platform in the domestic market early next year.

33. Moser Baer receives Rs 415 cr from global investors

Business Standard, Sep. 24, 2008

New Delhi: Moser Baer India's wholly owned photovoltaic (PV) subsidiary has received in full the agreed capital injection of Rs 415 crore from a consortium of global investors to fund the capacity expansion of its high efficiency crystalline silicon and thin film solar verticals, the company said in a communication to the Bombay Stock Exchange.

The company currently has an annual capacity of 120 Mw, including 40 Mw of amorphous silicon Gen 8.5 thin film modules.

The investment is intended to fund the expansion of the crystalline silicon cell manufacturing to 180 Mw and amorphous silicon thin film to 120 Mw.

Earlier this month, the company had announced signing of definitive contracts with global investors, including Nomura, CDC Group, Credit Suisse, Morgan Stanley, IDFC PE and IDFC.

This straight equity transaction values the company's PV business at over Rs 6,350 crore (\$1.44 billion) while the investors are entitled to a 6.5 per cent stake in the business.

34. Hypermarkets to sweep through Indian Tier I and II cities, reveals study

IBEF, Sep. 24, 2008

New Delhi: Approximately 315 hypermarkets are expected to come into existence in Tier-I and Tier-II cities across India by the end of 2011, riding on the boom in organised retail sector, says a joint study by consultancy firm KPMG and industry body, Assocham.

According to the study, organised retail is growing at 20 per cent annually and encouraging mall-building activities at a phenomenal rate. This would lead to setting up of chain of hypermarkets. The study confirms that 212 Indian towns are capable of offering break-even existence to the hypermarkets in 2008.

As per Sajjan Jindal, President of Assocham, each of the 25 leading Indian towns can host five or more hypermarkets in 2008, owing to consistent growth in the number of households and per household consumption and income in urban India. By the end of 2011, 52 leading towns are likely to emerge, with Tier-III towns gaining market potential to host five or more hypermarkets. Post-2011, the organised retail would clock a growth rate of 15 per cent per annum, compared to the present 20 per cent, owing to intense competition. In addition, by 2011, approximately 475 hypermarkets would come up in leading 400 towns, lowering the pace of penetration.

35. Indian rural telecom connections to grow to 200 million by 2012: Minister

IBEF, Sep. 25, 2008

New Delhi: According to a recent statement by the Communications and IT Minister, Mr. A. Raja, India will have 200 million rural telecom connections by 2012. He also claimed that, so far, rural areas with a tele-density of around 11 per cent have been provided with around 88 million phones.

"We plan to have 200 million rural telecom connections by 2012 at a penetration rate of 25 per cent and will utilise the USO (universal service obligation) fund for the achievement of this goal," he said.

Further, with the government targeting the figure of 600 million subscribers, there was massive scope for foreign investment in the telecom equipment manufacturing sector.

Also, according to the Minister, it is expected that there will be a rise in numbers of internet and broadband subscribers to 40 million and 20 million, respectively, by 2010. "Following the government's



measures to promote broadband in the country, the broadband subscribers grew from a meagre 0.18 million in March 2005 to more than four million, up to August 2008," he added.

36. India to strengthen its hydropower portfolio with 60,000 MW addition by 2025

IBEF, Set. 25, 2008

New Delhi: India, with its enormous demand for power to serve its ever-growing economic expansion, is planning to get an additional 60,000 MW of electricity from various hydro-power projects by the end of 2025, says India's Minister of State for Power, Jairam Ramesh. The Minister, during his recent visit to Nepal, announced that the country seeks to generate 50,000 MW of hydro-power through its domestic resources by 2025, while sourcing the rest of 10,000 MW from Bhutan.

River-intensive Indian state of Arunachal Pradesh alone would produce 25,000 MW of entire domestic hydel power production, while the other 25,000 MW would be generated from new hydel power projects in Jammu and Kashmir, Sikkim, Uttarakhand and Himachal Pradesh.

India is already into buying power from its neighbour, Bhutan, after it helped the latter develop new hydro-power projects, generating 1,400 MW of electricity, with another 1,100 MW of hydel power generation in the pipeline.

India has also entered into a memorandum of understanding (MoU) with the Government of Myanmar to develop hydro-power projects in the Chindwin basin, with the 1,200 MW Tamanthi project identified as the first one to deliver. India is also engaged in two large transmission projects in Afghanistan and partnering with Sri Lanka on setting up of a 500 MW thermal plant in Trincomalee as well as on grid-interconnection.

Power flow between India and Nepal is also expected to go up once the latter start to generate 10,000 MW of hydel-power within the coming decade and trade it with India. India is also likely to raise the proportion of hydel power in the hydel-thermal mix from the present 25:75 to a more desirable 40:60 over the coming 25 years.

37. India's manufacturing sector registers a 22.6 per cent real sales growth

IBEF, Sep. 25, 2008

New Delhi: Centre for Monitoring Indian Economy (CMIE), the economic think-tank of the country, has announced in its latest report that inflation-deflated sales growth of Indian manufacturing industry would be around 22.6 per cent as there is no real sign of recession in industrial activity. This is in sharp contrast with the 5.6 per cent production growth for the manufacturing sector, depicted by the Index of Industrial Production (IIP) for the June 2008 quarter.

The CMIE report recorded that, "After deflating the sales growth by the wholesale price index (WPI) inflation numbers, we get a real growth of 22.6 per cent in the sales of the manufacturing sector which is much higher than the 5.6 per cent growth in production depicted by the IIP in the June 2008 quarter".

The report said 2,144 listed manufacturing companies have registered a 33.9 per cent rise in their aggregate net sales, evident from their financial outcomes, in the June 2008 quarter. Considering the large database of companies which have been surveyed for sales figures and the broad discrepancy in their real sales figures and corresponding IIP, the report concludes that, "...the current industrial growth depicted by the IIP is a gross under-estimate".

The CMIE report suggests that, even the sector-wise comparison shows a difference between the real sales growth and IIP growth projections for a wide range of industries, including, textiles, food products, machinery and basic metals and metal products.