



## Newsletter, 5-X-2008

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#### [1. India is essential to us'](#)

UK's largest business process outsourcer, The Capita Group Plc, is betting big on the life and pensions business and on India. The outsourcer, which was in the news earlier this year for having won a £722-m deal from Prudential against Tata Consultancy Services (TCS), is pursuing opportunities worth over a £1 billion in the life and pensions segment, Capita chief executive Paul Pinder said.

#### [2. 'India needs four Steve Jobs'](#)

Silicon Valley's irreverent pundit and management maven, Guy Kawasaki talks about why VC's dole out the worst advice and why India should have at least four Steve Jobs. He is Silicon Valley's original evangelist but that's just one of Guy Kawasaki's avatars. His others include being an entrepreneur, a venture capitalist, a sought after speaker, a blogger, a columnist and a best selling author.

#### [3. BPOs rejig biz model to earn more](#)

The Indian BPO industry is undergoing a shift in its revenue-generation model to spur more efficiency among the service providers. From the input-based pricing or FTE (full-time equivalent) model based on per person on hourly basis, the sector is embracing outcome (a client pays a vendor based on the output or outcome) and transaction (vendor will be paid on the number of transactions performed) based pricing models.

#### [4. IBM unveils cloud computing centre](#)

Cloud computing is tapping into a vast network of computers that can be accessed from a far by a cellphone, laptop or mobile device for information or data. The cloud is a metaphor for the Internet. It is a style of computing where IT-related capabilities are provided as a service, allowing users to access technology-enabled services from the Internet.

#### [5. Booz, Parthenon set up consultancies in India](#)

From the point of view of the consultants, India is not just a representative market. In case of Booz and Co, the newest entrant, it intends to have a 12-member team. The senior members will primarily be of Indian origin and have had the experience of working in their overseas offices. While Booz will initially start operations with a dozen consultants, the plan is to expand to 100 people in a couple of years. Booz, as part of its global restructuring exercise, had moved out of India in 2000

#### [6. Top 200 see stable cash flows](#)

Are more companies reporting negative cash flows as a result of longer working capital cycles? An analysis of the latest annual reports for the BSE 200 companies (representing 84 per cent of overall market capitalisation) reveals no cause for worry on this front.

#### [7. L&T's Naik is ET's biz leader of the year](#)

AM Naik got the jury's vote as Business Leader of the Year for his passion and commitment, not just for excellent results, but for building a professional company with great management depth. Company of the Year Tata Steel was selected via a secret ballot, after the jury found itself deadlocked between RIL and the ultimate winner.

#### [8. India to ink pact with EU for better connectivity](#)

India will sign a horizontal agreement with European Union (EU) at Marseilles during PM Manmohan Singh's visit to France on Tuesday that would allow European carriers to operate from anywhere in the continent to India. This deal would, for example, allow British Airways to have flights from Berlin to India or Lufthansa could fly to India from London.

### **9. Malaria drug through synthetic biology**

The fast acting and more effective artemisinin based drugs are currently produced from plant sources and are too expensive for large scale use in the countries where they are needed most, he said adding the development of this technology will eventually reduce the cost of artemisinin-based combination therapies significantly below their current price.

### **10. The 2008 Benedict Cassen Prize awarded to Indian American doctor**

Thakur, a professor of radiology and radiation oncology at the Thomas Jefferson University of Philadelphia, is a pioneer in molecular imaging. This technique helps detect, at the molecular or cellular level, diseases in the human body. Thakur has concentrated on developing and evaluating radiopharmaceuticals for diagnostic imaging and therapy.

### **11. FM assures markets are sound and attractive for investors**

"Indian banks are well capitalised and regulated. FIIs are not selling all the time. We will be greatly helped if bailout package is quickly approved by US Congress."

### **12. Sistema to invest over \$1.5 bn to expand Shyam Telelink network**

Sistema, one of the largest public diversified corporation in Russia and the CIS, on Tuesday announced that it would invest over \$1.5 bn in India next year to build a pan-India telecom network on the CDMA platform. The Russian major, which holds a majority stake in Shyam Telelink, also announced the launch of CDMA services under the brand name Rainbow in Rajasthan.

### **13. Soyabean output to cross 10 MT, rises by 14%**

The soyabean production rose by more than 23% to 9.4 million tonne in 2007, from 7.1 million tonne achieved in 2006. Even the yield is expected to go up to 1,124 kg per hectare against 1,070 kg per hectare achieved in 2007. This year is expected to produce 10.8 million tonne of soyabean against 9.4 million tonne harvested during 2007, posting an increase of more than 14%.

### **14. Ford sets early 2010 target to launch small car in India**

Armed with a \$500-million investment outlay, Ford Motors has set early 2010 as the target to launch small car in India, start its new engine-making unit and double the assembly line capacity, a top official said here.

### **15. Maharashtra to receive foreign investments of US\$ 427.34 billion**

The Indian state of Maharashtra is expected to receive foreign investment worth Rs 2,000 crore (US\$ 427.34 billion) chief minister Mr. Vilasrao Deshmukh told the press on 2nd October 2008. Deshmukh, who has recently returned from an official visit to Europe, said that eight memorandums of understanding (MoUs) were signed during the visit.

### **16. India, South Africa hope to move ahead with stronger trade links**

With the western markets slowing, Indian and South African companies are preparing to step up their engagement with each other over the next few months. A large number of South African companies, from sectors as varied as banking and financial services to FMCG and retail, plan to establish operations in India, attracted by the immense potential of one of the fastest growing markets.

### **17. HCL Tech set to acquire Axon**

HCL offered to buy Axon for 650 pence a share in cash on September 26, an 8.3% premium to the 600 pence per share offer Infosys had made six days earlier. The acquisition — the largest by an Indian IT company — comes at a time of difficulty for India's information technology sector which depends heavily on US financial services firms that have been hit hard by the credit crisis.

### **18. India's share in UK's FDI growing**

India is becoming the fastest growing contributor to the United Kingdom's foreign direct investment, according to Andrew Cahn, CEO of UK Trade & Investment (UKTI), a British government body that draws UK's overseas investments. Indian companies which prominently figure in the list are those which acquired British firms.



### **19. APM Terminals seeks to invest Rs250 cr in capacity expansion**

The world's third biggest container port operator, **APM Terminals International BV**, will invest about Rs250 crore to buy equipment and expand capacity at its container handling facility at Jawaharlal Nehru Port, or JN Port, in Navi Mumbai.

### **20. Health insurance cover for poor spreads to 11 states**

Launched here in April, the health insurance scheme started with a Rs.22.5 billion seed money allocated in the 2008-09 central budget, labour ministry Director General (Labour Welfare) Anil Swarup said.

### **21. 'Global economic power to shift to emerging economies'**

Global economic power is likely to shift to high growth and densely populated economies as emerging market growth appears less susceptible to the current slowdown in the US, says a report by World Economic Forum.

### **22. N -deal to open investment tap from the private sector**

The deal will enable India to set up capacity of 15,960 MW by 2017 taking total capacity to around 20,000 MW. At present, India has installed nuclear capacity of 3,779 MW. But, most of the plants are operating at half of its capacity because of unavailability of raw material, uranium.

### **23. DRL awaits nod for cardio polypill**

It is a four-in-one cardiovascular drug that is to be sold in India for less than Rs 300 a month. Dr Reddy's Laboratory is awaiting the green signal from the office of the Drug Controller General of India to launch the polypill in India, touted to reduce the incidence of heart disease by over 80%. The pill enters human trials this week in London and in six other countries.

### **24. Omega BPO to hire 7000**

Omega, which currently employs about 2,000 staff at its Bangalore and Chennai facilities, will invest \$50 million to expand in India and grow sales from \$15- \$20 million to \$70- \$90 million. Bulk of the hiring will take place in Bangalore, Natarajan added.

### **25. Biyani moves on with 4 new stores in 5 days**

There's another numerical significance to these four stores. With them, the number of Big Bazaar stores in the country will grow to 101. Biyani, never one to lose an opportunity to advertise, announced this fact to the world at large from a makeshift stage in the middle of Mumbai mall High Street Phoenix on Thursday evening.

### **26. Govt likely to allow 49% FDI in defence Amid a growing number of private Indian conglomerates**

signing joint ventures with foreign defence companies, the Union government has said it does not see any reason for increasing the 26% cap on foreign ownership in defence ventures.

### **27. RBS to embark on aggressive expansion plan in India We have been working towards opening**

a branch in India. With the buyout of ABN Amro, we suddenly become a very large international bank. We are keen to develop our business here," Royal Bank of Scotland Chief Executive John McCormick told reporters here.

### **28. British Airways eyes India tie-up BA is believed to be in discussions with several domestic airlines, Wadia-owned Go Air among them.**

### **29. YKK Corp to set up second plant in Haryana**

Y KK Corporation will set up its second plant in the Haryana with an investment of Rs 366 crore. The plant will be commissioned by March 2009.

### **30. Scared NRIs find Indian banks safer**

Anand Patel, a hotelier in New Jersey who hails from Nadiad, has just called up his brother Dilip to find out more about NRI deposits in Indian banks. Anand told him he wanted to send him \$1,00,000 for safe keeping, because he was worried about the turmoil in the US financial markets.

### **31. Nano exit a blow to industry**

It is a huge setback to the auto-component manufacturers who would also pull out of Singur now. The challenge now is to produce the Nano in a different location for the short-term, and then find a new venue for long-term production, industry experts said.

### **32. GMR invites bids for building hotels**

Entering the market in possibly the toughest time, the GMR Group has invited bids for building hotels at its proposed 45-acre hospitality district near the upcoming airport in Delhi.

### **33. Goa airport needs urgent expansion**

Existing facilities at the airport have reached their saturation point. The terminal building, which can accommodate 700 passengers at a time, is now serving 1,500 to 2,000 travellers. During 2007-08, 2,580 millions passengers used the airport arriving in 23,742 flights. In addition, 763 international chartered flights brought in around 200.000 tourists.

### **34. Govt looking at third airport for Mumbai, says Praful Patel**

We are looking at building a new airport...construction work should start by the end of next year or else Mumbai will suffer as the old airports are saturated". The investment in the new airport is estimated at around Rs 9,000-crore (\$ 2,1 bn dollars).

### **35. Bollywood to be a part of global animation phenomena**

Bollywood is the name of the game in the hushed portals of big Hollywood studios since the last few years. Each holds a long-term view and every possible research report is being done.

### **36. Anil Ambani's Hollywood studio to start operations in Jan 2009**

Anil Ambani's 1.5 billion dollar joint venture with celebrated film maker Steven Spielberg to set up a film studio in Hollywood will be operational in January next year.

### **37. Jewellery giant Gitanjali says crisis will help M&A**

Indian jewellery giant Gitanjali is on the hunt for foreign rivals weakened by the credit crunch as it aims to become the world's biggest jeweller. Gitanjali is in talks to buy an unlisted Milan-based jewellery group and hopes to complete the deal within four months.

### **38. Nuclear power in India could increase 15 fold: Study**

After the US Senate's approval of the Indo-US civilian nuclear deal, it is estimated that with international co-operation, nuclear power in India could increase fifteen fold to over 60,000 MW by 2030 from the present 4,120 MW, according to a study.

### **39. Eli Lilly, Jubilant Organosys form R&D joint venture**

The JV would develop drugs in the areas of oncology, diabetes and cardiovascular and will also explore developing molecules of other pharma companies.

### **40. Bullet train to reduce travel time between Pune and Ahmedabad**

The proposed bullet train on the Pune-Ahmedabad-Mumbai route will reduce travel time between the cities. The high-speed bullet train, with an estimated cost of Rs 50 crore per km is expected to run at 300 kms per hour on a dedicated fast track.



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### 1. India is essential to us'

3 Oct, 2008, TNN

MUMBAI: UK's largest business process outsourcer, The Capita Group Plc, is betting big on the life and pensions business and on India.

The outsourcer, which was in the news earlier this year for having won a £722-m deal from Prudential against Tata Consultancy Services (TCS), is pursuing opportunities worth over a £1 billion in the life and pensions segment, Capita chief executive Paul Pinder said.

The Prudential deal has also doubled Capita's India strength from 1,400 to 3,000 employees, and if the recent inauguration of its Pune facility is any indication, India is set to figure more prominently in its growth plans. Excerpts:

How do you see your India count growing?

About 20 years back, Capita was only 30-people organisation. Today, we are 32,000, and we are growing business at a 20 per cent compounded rate. We intend to continue to build on our growth in the UK market and I feel that India will grow considerably faster.

TCS won an \$850-m deal with the Pearl Group some years back. Did you bid for that as well?

The deal that TCS won four years ago was actually the last big deal that we didn't win. But we have Pearl as a client as well, and today, we are the biggest supplier to Pearl. The Pearl book is a very big. So actually, there are four different suppliers --TCS, Capita, Liberata, and UISL (Unisys Insurance Services Ltd).

We have something like 7-million policies that we administer, and TCS has something like 4 million. To put it in perspective, the Pearl Group recently acquired the whole of Resolution's book.

Did the contract involve people transfer?

Yes, we got roughly 2,000 people. People transfer seems to be one of the ways you've grown...

Yes, 22,000 of our people have come to us through contracts or acquisitions. Manpower integration is a challenge, but its part of what we do. So hopefully, we've got good processes for it.

What was your most challenging contract?

The most ambitious contracts we've done are not where we take over an existing service or staff but greenfield contracts. Probably, the London Congestion Charging (LCC) contract because it was so new, so controversial, and had such high visibility.

What we had to do there was deliver 450 man years of service development effort in 11 months -- very tight timelines with huge penalties if we failed. Nothing of that sort had ever been done before. You could either say we were very brave or slightly mad.

The LCC contract has now gone to IBM. So, are you seeing more competition from the likes of IBM? Not actually. I can only think of two instances in our history where we've lost to IBM. One of the reasons why we've been successful is because we're very disciplined about what we are prepared to do.

We will deliver a very high level of customer service but equally, we expect to run it so it is financially viable to us. In that particular instance, IBM had a strategy for wanting a worldwide traffic management business and therefore, they took a view that it added value to them from a marketing perspective.

In our 20-year history, we've renewed hundreds of contracts. We've failed to renew only in three separate cases, which are again when a competitor has taken a particularly aggressive pricing stance. In today's context, don't you think undercutting will become more frequent? We've seen a number of new entrants come into the market and do exactly what you said. Some of these players win, but they have to live with the consequences later on.

You seem pretty bullish about growth despite some of the recent events...

There are effectively three threads that drive Capita's business. The first thread is that clients want to be sure that they get measurable improvement in service quality.

Second aspect that clients are looking for is contractual certainty that they are going to get a much cheaper service. So, in some of the contracts we are entering into, we're actually contracted to save something like 30-35 per cent of costs over the term of the contract.

The third thing clients are looking for is to manage the contract in a way that it not only saves them money but also enhances the profitability of their business.

So, the financial drivers are not just about how cheaply we can do it, but what can we do to make our clients' business more profitable. India enables us to deliver all three aspects, which is why it is absolutely essential to us.

## 2. 'India needs four Steve Jobs'

28 Sep, 2008, TNN

NEW DELHI: Silicon Valley's irreverent pundit and management maven, Guy Kawasaki talks about why VC's dole out the worst advice and why India should have at least four Steve Jobs.

He is Silicon Valley's original evangelist but that's just one of Guy Kawasaki's avatars. His others include being an entrepreneur, a venture capitalist, a sought after speaker, a blogger, a columnist and a best selling author.

In his 25 years as a Silicon-Valley watcher, the 54-year-old managing director of Garage Technology Ventures has seen trends come and go, fortunes made and unmade and in the journey, he himself made some costly mistakes (he was offered the CEO's job at an Internet company by Michael Moritz in 1995 and he refused it. The company's name was Yahoo!).

But trust a man of his ability and humility to distill all the ensuing learnings into remarkable insights and then pepper these with anecdotes to conjure up a racy account that is lapped up by the readers of his books -- and the audience, if he is speaking. His tome on startups, *The Art Of The Start*, is considered a Bible among entrepreneurs.

In Mumbai recently to speak at a SAS leadership conference, he held the audience rapt -- and occasionally in splits with his witty remarks and suppositions (I believe in god as there is no other explanation for Apple's existence till now).

He confessed he loved India, and Mumbai especially, and during his visit, he happened to visit a Ganesh pandal decked in full glory and came back mesmerised by the sheer number of people and the ensuing madness.

"It's the Super Bowl for you guys", he noted. The children peddling the latest best sellers at traffic lights at one tenth of their original prices had him wondering whether they already had his soon to be released book *Reality Check: The Irreverent Guide to Outsmarting, Outmanaging & Outmarketing your Competition*."



“They are India’s very own Amazon.com,” he said. But the crowning glory of his Mumbai trip was a visit to Dhubhi Ghat that set him wondering about the ‘business analytics’ involved. “How can you send a pair of jeans there and get the same one back,” he wondered.

“And that too without RFID chips, no barcode scanner,” he said. Well, its innovation at work Mr Kawasaki, Indian style. India still managed to surprise him and it takes a lot to surprise a man who has had pitches made to him about buying out Israel!

Kawasaki discussed innovation, the art of entrepreneurship and Apple, where he was once Macintosh’s chief storyteller. Here’s Kawasaki unplugged:

**What gives Apple that Midas touch?**

Somehow that company has it in its DNA to create products that people see as extensions of themselves. I think that this is (points to his Apple notebook) something that makes me more productive and creative.

People view iPods as something that makes them happy and iPhones as products that make people more productive ... even though for a short while with that battery. While the battery is good you are more productive. I think it will be difficult to find someone who says my Vista machine makes me more creative and productive.

It’s hard to imagine that conversation. Having said that Microsoft has 95 per cent marketshare, so maybe that’s why you care about what people say, but that’s the difference.

**What part of that ‘specialness’ is Steve Jobs himself?**

One hundred and five per cent. Obviously, he has bright people working for him, but he attracts bright people. I don’t know where the company will be without him. In a sense he is to Apple what Lee Kuan Yew is to Singapore.

**Can you trace any commonality between revolutionary companies like Apple, Microsoft, and Google?**

Yes, the commonality is completely contrary to most people’s idea of venture capital. Which is every one of the mentioned companies had two co-founders who were not proven. They were nerds. So Google was founded by two Phd students in computer science, and Steve was a college dropout.

Bill Gates was also a dropout. It was not like Bill Gates was VP of say Data General and decided to write personal computer software. Looking at these companies, you should invest in unproven teams, in unproven markets, and unproven technologies.

Contrary to what VCs say, which is invest in proven teams, proven markets, and proven technologies. That’s the digital divide.

**Every company is on the innovation bandwagon, but why have none of them been able to replicate Apple-style innovation?**

Some of this is due to the financial structure. Most of the companies that are publicly traded have to show good financial results in 90 days and most of the innovation cannot take place in the 90 days. And number two -- Apple is a rare exception -- as you grow larger it becomes harder to innovate.

The larger you get, the more the installed base, the more infrastructure you have. There are 26 million people out there saying build a better Macintosh and who are you to say I will build something different.

That’s why it takes a Steve Jobs who doesn’t care -- 26 million people say this, and he goes and builds an iPod. It’s very hard to do.

**What stage of the entrepreneurship cycle do you think we in India are?**

I haven’t been in India long enough to say. Statistically there should be four Steve Jobs in India

because we have 300 million people, and you have 1.2 billion. So there are four Steve Jobs in India. You just have to find them.

A programmer in India shouldn't want to be just a recipient of American outsourced work. That's not entrepreneurship. The Indian entrepreneurs should not say I want American outsourced work or I will build an Indian version of Youtube, Flickr, or Twitter. The product should be such that people in Silicon Valley say I am an American version of this thing that they built in India. And I can't think of any such example.

### **Who would you blame more for the Internet fiasco in early 2000s, the entrepreneurs or the VCs?**

It was no one's fault. Life is cyclical, it goes through a growth phase and there is a death phase. Not everyone died, right? I would make a call that the world is a better place today because of an amazon.com.

So it was a great biological experiment, most of the life-forms died, but some lived. The ones that survived are doing great. Yes, there was a lot of waste, yes, there was a lot of stupidity but fact is that people can now say that pets.com was a stupid idea. I will tell you that when people were starting Yahoo, Google, and Cisco, somebody was saying that's a stupid idea.

So it's very easy for us to say what went wrong now. A very good example is Webvan (a defunct Web grocery business); now we can say it was a bad idea of supplying celery to the doorstep and that \$200 million went down the drain.

Sitting here I can tell you it's a flip of a coin whether Webvan was going to be a success or not. We could easily be saying that Webvan changed the world. So the message is you just don't know. Since you don't know you as an entrepreneur can try and if you fail you fail.

### **What's your take on Web 2.0?**

I don't know what that means. People call me to attend Web 3.0 conferences and I tell them I don't know what even 2.0 is.

My comment to these kinds of labels is that I don't think that any customer wakes up in the morning and says I need a Web 2.0 application. They may say I need something to balance my cheque-book, I need something to manage my inventory, I need to create a personal profile. I can understand that; but nobody wakes up and says I want a Web 2.0 experience today.

### **What are the few steps that an entrepreneur should get right?**

Prototyping is the first thing. That's the first, second, third, fourth, and fifth thing. The sixth thing is to write a business plan. And don't even think of the exit plans, it's a joke. Statistically, the logical exit plan is bankruptcy.

Entrepreneurs should focus on the prototype because a prototype will tell you whether people will use the product/service or not. It proves to the investor whether you are serious or not. It enables you to find out whether customers want it or not. Prototype is the key, not the business plan and definitely not the research either.

### **A lot of companies seem to be promoting the concept of Intrapreneurs aggressively and it hasn't lead to something very substantial. What seems to be the problem?**

Some of it works. In the US, when people talk about great examples of intrapreneurship; one of the most cited examples is 3M sticky notes.

But that was 30 years ago. Tell me that in last 30 years all you have is stickies. It's not easy. For all factors, in a publicly traded large company all that the sales force hears from the customers is that we want better, faster, cheaper existing products.

So, in a sense you don't have to listen to your customers, they will always ask for better, faster,



cheaper products. No one will say I am an Apple II customer, create something that that will make my existing product obsolete. Nobody says that ... and that's why it's hard to jump curves for companies.

**A practical problem that entrepreneurs face is too much advice. VC's, peers, bloggers, i-bankers , everyone is doling out advice. How does one segregate bad advice from the good?**

As a general rule of thumb do the opposite of what a venture capitalist says. If he says go for marketshare, do the opposite. If he says build infrastructure because you need to service your best customers better; don't.

You will end up spending precious dollars on IT staff and other things. If the VC says outsource to Bangalore; do it internally. Generally speaking, it's pretty good advice to do the opposite of what VCs tell you.

### 3. BPOs rejig biz model to earn more

25 Sep, 2008, TNN

NEW DELHI: Next time, when a client's transaction is forwarded to a BPO in India, he might actually end up getting more value on the service offered than he ever expected.

The Indian BPO industry is undergoing a shift in its revenue-generation model to spur more efficiency among the service providers.

From the input-based pricing or FTE (full-time equivalent) model based on per person on hourly basis, the sector is embracing outcome (a client pays a vendor based on the output or outcome) and transaction (vendor will be paid on the number of transactions performed) based pricing models.

"Gauging productivity of providers based on the FTE format was becoming quite difficult. In the new output based model, the effort and success is out in the open for everyone to see. It shall have positive impacts in revenue generation," said Sameer Chopra, president, Business Process Industry Association of India (BPIAI).

The industry believes that outsourcing is not strictly a cost-cutting exercise; it's a business-value creator. The new pricing model based on the output delivered to a client would help in achieving the latter role.

Outcome or transaction based pricing provides incentives for the vendor to invest in improving process performance and efficiency on an ongoing basis.

"At present, about 40-50 per cent of our revenues are generated by the transaction model and helped us in aligning revenue utilisation to clients' variable cost. However, a derived outcome model from the FTE model without proper domain knowledge, might imply negative impact," said Aparup Sengupta, MD and CEO, Aegis BPO.

The much-touted transaction-based pricing model is the result of a series of improvements such as process simplification, application of technology and standardization. Transaction-based pricing offers significant advantages over the FTE based pricing where service providers charge for manpower employed per unit of time. In transaction-based pricing, since the service provider is paid for quantity of work, it breeds efficiency and helps clients to easily compare the service providers.

"We have embraced the outcome based model along with the existing FTE model since it is performance based and promises to outperform our customers' best centre by 10 per cent or more. Apart from the fact that the clients need not pay on flat basis, it provides comfort to clients, as they need not bear the entire risk. We have incorporated the operational efficiency platform for the outcome-based model," said 24/7 Customer chief marketing officer Vivek Bharathwaj.

Besides, it can bring close alignment of objectives and incentives of the client and the vendor, to achieve value-addition in the transaction process. In case of transaction based pricing, clients would need to pay only for the results achieved and not the unutilised FTEs.

#### **4. IBM unveils cloud computing centre**

25 Sep, 2008, IANS

**BANGALORE:** Global IT major IBM has unveiled its cloud computing centre in India's IT hub to host computing activities for enterprises, provide access to expertise and infrastructures for clients to design and deploy applications.

Cloud computing is tapping into a vast network of computers that can be accessed from a far by a cellphone, laptop or mobile device for information or data.

The cloud is a metaphor for the Internet. It is a style of computing where IT-related capabilities are provided as a service, allowing users to access technology-enabled services from the Internet.

"When the network is tapped, the power of thousands of computers can come together to access information or data in seconds. Our cloud computing is based on open standards and open source software which is a family of ready-to-use platform with systems technology and services," IBM India software lab vice-president Ponani Gopalakrishnan said.

As one of its kind in India and of IBM's 13 such facilities worldwide, the centre will give enterprise clients, including mid-market, universities and government organisations access to resources they need to pilot cloud infrastructure and applications to deliver innovative services to their customers.

"This computing model allows businesses and consumers alike to remotely access a vast computing resource that can be tapped on-demand to deliver next-generation services that consumers demand such as online medical records or mobile stock portfolio management," Gopalakrishnan said.

As a shared infrastructure, the cloud computing improves energy efficiency and allows organisations to better track information pay for what they use and access more computing, storage, services or applications on demand.

"We are already collaborating with partners, government and academia in other emerging countries to facilitate innovation supported by a cloud infrastructure. In India, clients such as mid-market vendors, academic institutions, telcos and government bodies will be able to access the centre to service their customers," IBM India Ltd managing director Shanker Annaswamy said.

The IBM facility will also help enterprises looking to transform their data centre for service delivery and innovation and start-up businesses that do not have or cannot afford to build new infrastructure.

"Clients in India will be able to leverage the cloud computing infrastructure to run proof of concepts, get help to design their own cloud infrastructure and have access to experts who can help them deploy them behind firewalls," Annaswamy said.

IBM has invested \$100 mn and dedicated about 200 researchers in cloud computing. It offers a slew of products and services to help clients offer the types of services end-users and consumers demand.

Built on IBM's expertise, 'Blue Cloud' is a set of hardware, software and services to offer personal and business services from remote, centralised servers, the 'cloud' that shares computing resources and bandwidth to any device, anywhere.

IBM India has about 1,600 client engagements across verticals spanning high-end to small and medium businesses. "The convergence of personally empowering technologies into consumer hands is changing consumer behaviour and expectations.



"Cloud computing offers an answer for many of these needs and allows an organisation to reduce costs through better utilisation, reduced administration and infrastructure costs and faster deployment cycles," Gopalakrishnan added.

## 5. Booz, Parthenon set up consultancies in India

The Economic Times, Sep. 29, 2008

Mumbai: The collapse of some of the biggest names in investment banking has rattled global financial markets. India has been no exception and in what can be termed an interesting scenario, large consultancy outfits are now seeing the need to be in India.

From the point of view of the consultants, India is not just a representative market. In case of Booz and Co, the newest entrant, it intends to have a 12-member team. The senior members will primarily be of Indian origin and have had the experience of working in their overseas offices.

While Booz will initially start operations with a dozen consultants, the plan is to expand to 100 people in a couple of years. Booz, as part of its global restructuring exercise, had moved out of India in 2000.

Things are a lot different today. "Global companies are using the Indian model in various businesses. This is in countries like Africa and other developing economies," says Suvojoy Sengupta, head of India operations, Booz and Co.

Globally, Booz has 3,300 people in its 57 office in 30 countries. "With India expected to grow at 7% per annum, companies are serious about India," he adds. Apart from sectors such as telecom, energy and healthcare, Booz sees opportunities in other areas like supply-chain management. The global presence has its own advantages.

Recently, when a Delhi-based corporate asked for a proposal, Booz was able to get six vertical specialists from 5 different countries in two days. It is expected that the top team at Booz, comprising mainly people of Indian origin, is relocating to India from the offices in the US and UK. Globally, Booz clocks revenue of \$1 bn.

Another strategic consultancy firm Parthenon has set up shop in India early this year. It relocated Chip Greene, an expat, to head the Asian operations in India. Today, the size of the team has increased to 15. The firm's Mumbai office has already started servicing clients in China, Japan and Thailand. Parthenon has a different model of accepting fees.

"At times, we are given a portion of our fees in the form of stock or options. The valuation is simple for companies whose shares are traded. When the company is privately held, we fall back on traditional option pricing models," says Chip Greene, partner and Asia head, Parthenon group.

For India, the time has come when its success in various industries can be replicated in other countries. That's exactly what is happening as consultants are looking to make a name here.

## 6. Top 200 see stable cash flows

The Hindu Business Line, Sep. 29, 2008

*Power, commodity cos show sharp growth.*

Chennai: Has economic slowdown taken a toll on the cash churned out by India's leading companies?

Are more companies reporting negative cash flows as a result of longer working capital cycles?

An analysis of the latest annual reports for the BSE 200 companies (representing 84 per cent of overall market capitalisation) reveals no cause for worry on this front.

First, the number of companies reporting negative cash from operations hasn't significantly increased in 2007-08.

Only one in every six companies in the BSE 200 (excluding banks) reported negative operating cash flows, much the same number as in 2007 and 2006.

Two, overall cash flows for the universe, at Rs.1.6 lakh crore for 2007-08, haven't varied much over a three-year period. Some believe cash flows to be a better metric than net profits for gauging a company's financial performance as they capture the results of operations shorn of attempts at window dressing arising from higher receivables (sales not converted into cash) or inventory held.

### **Growth in cash flows**

ONGC, Bharti Airtel, Reliance Industries and NTPC top the list of companies which generated the highest cash flows from operations in 2007-08.

IT majors such as Infosys and TCS and FMCG players such as ITC also figured, not surprising given the high margins and low leverage characterising these businesses. However, not all of the top cash generators have seen significant growths in their operating cash flows in 2007-08.

### **'Power' show**

Companies from sectors such as commodities, power generation and power equipment are the ones to show a sharp improvement in operating cash flows this year.

Tata Power, Jaiprakash Hydro Power and NTPC have increased operating cash flows two- to three-fold, on the back of newly commissioned capacities. Power equipment companies such as Areva T&D, Crompton Greaves and Alstom Projects also saw higher cash flows, a positive sign at a time when the working capital cycle for a good number of companies has been elongating. A boom in commodity prices seems to have aided cash flows for metal and mineral companies such as Tata Steel, SAIL, Sesa Goa and Gujarat Mineral Development Corporation.

### **Why cash flows matter**

At the other end of the spectrum, infrastructure and real estate companies continue to languish in the list of companies with negative operating cash flows, along with the ubiquitous oil marketing companies. Longer credit periods and higher inventory levels seem to have taken a toll in the former case.

Healthy cash flows from operations assume significance in the current slowdown for two reasons.

One, healthy cash flows can help a company meet its funding requirements internally in a high borrowing cost environment. Two, a company's ability to manage its debtor and inventory levels indicates the strength of the business, in a slowdown. In this regard, the top 200 companies in India might not have too much to worry about.

## **7. L&T's Naik is ET's biz leader of the year**

29 Sep 2008, TNN

It was the first-ever meeting of the ET Awards jury in Delhi, and the first to be chaired by a woman. But first, food. After all, what's a powwow of honchos without a Power Lunch? And so, they marched in, furiously working their phones.

Anshu Jain of Deutsche Bank even stepped out of the jury meeting to attend to business. Only to have jury chairperson Indra Nooyi summon him back. "You're an autocrat," he whispered. "Nobody's called me that ever. Now you watch - I might as well live up to my reputation," she joked.



Nooyi was as good as her word. Before long, she cleared the room of everyone, including the hotel staff serving tea, coffee and cola.

Two of the world's most powerful bankers. The head of Asia, Africa, Central & Eastern Europe of a global consumer goods goliath; a tech tycoon; a telecom czar; a financial statesman. And a woman who trounced Sonia Gandhi in the Forbes Power List... It doesn't get any bigger. And the man they collectively crowned as ET's Business Leader of the Year? AM Naik, chairman of engineering giant L&T.

AM Naik got the jury's vote as Business Leader of the Year for his passion and commitment, not just for excellent results, but for building a professional company with great management depth.

Company of the Year Tata Steel was selected via a secret ballot, after the jury found itself deadlocked between RIL and the ultimate winner. The debate went into the nuts and bolts of both companies' financials and strategic moves, but in the end, it was the seamless execution of the Corus takeover and integration - no mean feat for any company anywhere in the world, that swung the vote in favour of Tata Steel.

Businesswoman of the year Shikha Sharma, managing director, ICICI Prudential was a unanimous choice - as a professional who's built up India's largest private life insurance company. The jury didn't have any trouble identifying a winner in the Emerging Company of the Year category either. Welspun Gujarat Stahl Rohren is amongst the top three makers of steel pipes in India, and is one of India's fastest growing companies.

Policy Change Agent was another one in which the jury first debated the contours of the category, before moving to the nominees.

Winner E Sreedharan, the man behind the Konkan Railway and the Delhi Metro, has caused changes in policy by the milestones and benchmarks he created during the execution of these two mega infrastructure projects.

Another candidate introduced by the jury was Business Reformer of the Year - Union Minister of Commerce & Industry Kamal Nath.

The consensus was that Nath has promoted Indian policy positions on crucial global issues, and has also gained the respect and regard of his counterparts in the international community.

The jury exercised its right to redraw categories when it came to the Entrepreneur of the Year. Though Dilip Shanghvi, CMD, Sun Pharmaceuticals, had been nominated for Business Leader, our jury felt that he deserved the Entrepreneur award, for creating from scratch a company that's considered one of the most innovative players.

The Global Indian category was very familiar territory, with former winner Nooyi and former nominee Anshu Jain as well as Harish Manwani on the jury. Arun Sarin, ex-CEO, Vodafone, came out on top not just because of his considerable achievements in turning around a global company, but because he is an inspiration and a role model for Indians across the world.

There was, as always an intense debate on exactly what constitutes a true Corporate Citizen - where does one draw the line between philanthropy and corporate citizenship, for instance. The jury picked a corporate with a focus on CSR as well as a core business philosophy that contributes to society at large - Dr Reddy's Foundation. The final ET Award category, Lifetime Achievement saw yet another jury nominee win: Ashok Ganguly, former chairman of Hindustan Lever was chosen because of his role in shaping the modern HLL (Now HUL), and his long subsequent career in public service.

The jury for the ET Awards 2008 was chaired by Indra Nooyi, chairman and CEO of PepsiCo, and consisted of Anshu Jain, head, global markets, Deutsche Bank; Azim Premji, chairman, Wipro; Deepak Parekh, chairman, HDFC; Harish Manwani, president, Asia, Africa, Central & Eastern Europe, Unilever; Kumar Mangalam Birla, chairman, Aditya Birla Group; Peter Sands, group chief executive

Standard Chartered Plc; and Sunil Mittal, chairman and group CEO, Bharti Enterprises.

The ET Awards are presented by Raymond, in association with the Taj Mahal Hotel and television partner Times NOW.

## **8. India to ink pact with EU for better connectivity**

29 Sep 2008, Saurabh Sinha, TNN

NEW DELHI: India's connectivity with Europe for both passengers and cargo flights is all set to improve dramatically.

India will sign a horizontal agreement with European Union (EU) at Marseilles during PM Manmohan Singh's visit to France on Tuesday that would allow European carriers to operate from anywhere in the continent to India. This deal would, for example, allow British Airways to have flights from Berlin to India or Lufthansa could fly to India from London.

While this deal is being signed to ensure that India complies with EU's requirement of barrier-free trade for European firms, the former is going to push for some of its long-standing demands. EU has accepted demands that include Indian airlines be able to operate cargo flights to Europe; issue tickets for multi-modal transport within continent; also have code sharing with European carriers and most importantly have no restriction on number of points they operate to in Europe.

"After EU, all Europe is to be treated as one market. Bilateral agreements are with European nations that allow for a number of flights between that place and India owned by citizens of those countries. Once the agreement is signed, old clause that allows an airline owned by a Britisher to operate flights to India from Britain alone will go," senior official said.

## **9. Malaria drug through synthetic biology**

29 Sep 2008, PTI

HYDERABAD: A novel, effective and affordable anti-malarial drug is expected to reach the market in a couple of years and is based on synthetically engineered micro-organisms, a top biologist said.

To reduce the cost of the anti-malarial drug, it was important to use synthetic biology to engineer micro-organisms to produce artemisinin from renewable resources, Jay Keasling of University of California, Berkeley said at the ongoing 13th Humna Genome Meeting here.

"We used yeast to engineer and surprisingly the product was formed outside the yeast cell making purification easier," he said.

The fast acting and more effective artemisinin based drugs are currently produced from plant sources and are too expensive for large scale use in the countries where they are needed most, he said adding the development of this technology will eventually reduce the cost of artemisinin-based combination therapies significantly below their current price.

Synthetic biology is the design and construction of new biological entities such as enzymes, genetic circuits and cell or the redesign of existing biological systems.

Synthetic biology builds on the advances in molecular, cell and systems biology and seeks to transform biology in the same way that synthesis transformed chemistry and integrated circuit design transformed computing, Keasling said.



## 10. The 2008 Benedict Cassen Prize awarded to Indian American doctor

IBEF, Sep. 26, 2008

New Delhi: Mathew L. Thakur, an Indian-American physician-scientist, has been awarded the Benedict Cassen Prize by the Society of Nuclear Medicine. Often called the 'Nobel' of nuclear medicine, the award is named after the late physicist, Benedict Cassen, and only eight other researchers have received it so far.

Thakur, a professor of radiology and radiation oncology at the Thomas Jefferson University of Philadelphia, is a pioneer in molecular imaging. This technique helps detect, at the molecular or cellular level, diseases in the human body. Thakur has concentrated on developing and evaluating radiopharmaceuticals for diagnostic imaging and therapy.

Thakur received the award, along the US\$ 25,000 prize money, at the 55th annual meeting of the Society of Nuclear Medicine in New Orleans recently.

Thakur, who holds several patents, is currently researching on DNA patches that could help detect, at an early stage, breast and prostate cancer.

## 11. FM assures markets are sound and attractive for investors

Business Standard, Oct. 01, 2008

New Delhi: Finance Minister P Chidambaram today said the Indian markets are sound and attractive for investors. "We are watching the situation round the clock," he said outside North Block, a short while after Sebi chairman CB Bhave had said the regulator is closely monitoring markets and has verified with the stock exchanges that there are no settlement issues. "Yesterday's settlement went through smoothly and it is expected that the settlement tomorrow also will be smooth. The clearing and settlement mechanism of the stock exchanges is a time tested mechanism which has been tested in times of great volatility," Bhave said in a statement first released at 10.30 am today.

Bhave, economic affairs secretary Ashok Chawla and other officials of the Ministry of Finance were attending a seminar organised by the NIPFP early today when they left in a rush to attend an impromptu meeting at North Block called by the FM, said official sources.

Immediately after, Bhave briefed reporters saying that at present, the rules regarding short sale are that institutions are allowed to short sell only if they have borrowed the stock on the stock exchanges. "At present, there are no volumes in the borrowing-lending market. Therefore, there is no concern that institutions may be short selling. Short sales by retail are permissible but the stock has to be delivered on a T+2 basis. If any entity delivers short, the position is auctioned," he said.

Bhave further warned that if Sebi finds that any institution has violated the short sale rule, it will take the most stringent action against such entity, if any. "At present, there are no indications that such a violation has occurred," he added.

The Finance Minister was also supposed to brief the press but then chose not to do it till early afternoon, when he spoke to some reporters outside North Block. In those comments, he said: "Indian banks are well capitalised and regulated. FIIs are not selling all the time. We will be greatly helped if bailout package is quickly approved by US Congress."

It is clear that the Indian financial sector authorities are coordinating their response to buttress market confidence and clamp down on rumours. As part of that exercise, the Reserve Bank of India today clarified that ICICI Bank has sufficient liquidity, including in its current account with the Reserve Bank of India, to meet the requirements of its depositors. The Reserve Bank of India is monitoring the

developments and has arranged to provide adequate cash to ICICI Bank to meet the demands of its customers at its branches and ATMs.

The RBI statement came after reports in some sections of the media that based on rumours regarding the financial strength of ICICI Bank, depositors are withdrawing cash at its ATMs and branches in some locations. "ICICI Bank and its subsidiary banks abroad are well capitalised," the RBI statement added.

## **12. Sistema to invest over \$1.5 bn to expand Shyam Telelink network**

The Economic Times, Oct. 01, 2008

Jaipur: Sistema, one of the largest public diversified corporation in Russia and the CIS, on Tuesday announced that it would invest over \$1.5 bn in India next year to build a pan-India telecom network on the CDMA platform.

The Russian major, which holds a majority stake in Shyam Telelink, also announced the launch of CDMA services under the brand name Rainbow in Rajasthan.

"We have already invested \$1 bn in Shyam and will further invest over \$1.5 bn in the company next year.

This marks the beginning of the expansion of Shyam Telelink's pan-Indian mobile network. The company intends to provide its services to more than 35 mn subscribers by 2012, which represents approximately 7% of the Indian market," Sistema's chairman Vladimir Evtushenkov said.

According to him, while Sistema has been focusing on launching pan-India services on the CDMA platform, it is keeping its options open with regard to offering mobile services on GSM.

"We have applied for GSM spectrum. We will take a call on GSM soon. In Russia, we offer mobile services under the MTS brand, and we will decide over the next one month whether to bring this brand to India," he added.

Shyam Telelink-Sistema is the first among nine new companies that were given licences earlier this year to launch mobile services.

Shyam -Sistema's entry is also set to see a new round of tariff wars between India's telecom operators. The company has already announced that it will offer all local calls and SMS for just 50 paise a minute in addition to offering a bundled handset for Rs 999 with lifetime validity.

## **13. Soyabean output to cross 10 MT, rises by 14%**

The Financial Express, Oct. 01, 2008

New Delhi: Due to favourable weather conditions along with a wider application of technology and weed management, the country's soyabean production is expected to cross the 10-million tonne (MT) mark during 2008, a crop survey conducted by a trade body on Tuesday, revealed. According to the Soyabean Processor Association of India (Sopa), major soyabean-growing states like Madhya Pradesh, Rajasthan, Maharashtra and Andhra Pradesh are expected to produce 10.8 million tonne of soyabean against 9.4 million tonne harvested during 2007, posting an increase of more than 14%.

However, according to 1st advance estimates of production of foodgrains during 2008-9 released by ministry of agriculture last week, soyabean production is expected to be more than 9.9 million tonne. Sopa's estimate is based on the crop survey conducted by the trade body in major soyabean-growing states during September 16 to September 24.



The soyabean production rose by more than 23% to 9.4 million tonne in 2007, from 7.1 million tonne achieved in 2006. Even the yield is expected to go up to 1,124 kg per hectare against 1,070 kg per hectare achieved in 2007.

According to Sopa, Madhya Pradesh is expected to produce the highest - 5.7 million tonne of soyabean as against 4.9 million tonne achieved in 2007. Even the total area under soyabean cultivation during the current year went up to 5.1 million hectare against 4.8 million hectare achieved during 2007. The onset of the monsoon in second week of June enabled timely sowing of soyabean in Maharashtra.

## 14. Ford sets early 2010 target to launch small car in India

2 Oct 2008, IANS

CHENNAI: Armed with a \$500-million investment outlay, Ford Motors has set early 2010 as the target to launch a small car in India, start its new engine-making unit and double the assembly line capacity, a top official said here.

The US-based giant will also unveil its refurbished Ikon by next month to expand its range of offerings in the country that includes Fusion, Endeavour and Fiesta, said Michael Boneham, managing director and president of Ford India.

"Ford now has a presence in only 30 percent of India's automobile market segments. We are entering other segments too. These are exciting times," Boneham said at the company's factory at Maramalai Nagar on the outskirts of the Tamil Nadu capital.

"We are also commissioning a new engine manufacturing unit. It will serve both the domestic and global markets. It will have the flexibility to produce diesel and petrol engines. The idea is to go for higher localisation in the months to come."

Speaking about the small car project, the Ford official said it was being designed and developed specifically for India by a global team. "It will meet the needs of Indian conditions - like water wading, air-conditioning and emission standards."

While declining to divulge any further information on the project, Boneham said it will have a sub-1.2-litre engine with a length of no more than four metres to avoid higher taxes. "It will be very, very competitive in that segment."

Ford's first offering here was the "Josh machine" Ikon that rolled out in 1999 from this city, often called the Detroit of India for hosting auto companies like Hyundai, BMW, Mitsubishi, Ashok Leyland, Caterpillar, TVS, Tafe and Same.

Nissan and Daimler are among some global players that have definite plans to set up their units in this city.

Boneham said the company's integrated engine plant for 250,000 units per annum will be its first outside Europe and will make low-displacement engines for cars to be rolled out of its Indian plant for both domestic market and exports.

He said the existing \$26-million diesel engine assembly plant, with a capacity for 50,000 diesel and 10,000 petrol engines for Fiesta and Fusion, would be eventually integrated with the new plant.

The company has the capacity to assemble some 100,000 cars per year at its facility here, which will be doubled to 200,000.

Queried about the future of its tie up with the Indore-based Avtec that supplies 1.6 litre petrol engines, Boneham said: "We will continue to work with them. We will look at sourcing components from Avtec."

He also sought to dispel the perception that the cost of ownership of Ford cars was high compared with those offered by Japanese and South Korean companies, as several factors like fuel efficiency and servicing were also involved.

"As per our study, in some parts we are costlier and in some others we are cheaper. Overall, we are very competitive in this area. We are working to lower component costs further. Our diesel engine is more fuel efficient than many others," he said.

"High localisation is intended to achieve that. We are extremely quality conscious. Today, we can say we are far more satisfied and comfortable with our vendors."

## **15. Maharashtra to receive foreign investments of US\$ 427.34 billion**

IBEF, Oct. 03, 2008

New Delhi: The Indian state of Maharashtra is expected to receive foreign investment worth Rs 2,000 crore (US\$ 427.34 billion) chief minister Mr. Vilasrao Deshmukh told the press on 2nd October 2008. Deshmukh, who has recently returned from an official visit to Europe, said that eight memorandums of understanding (MoUs) were signed during the visit.

Elaborating further, the minister said that the Rieter Group of Switzerland will set up a Rs 350- crore (US\$ 74.70 million) cotton spinning machinery manufacturing unit, while the Outokumpo company will establish a Rs 300-crore (US\$ 64.02 million) coil and plate service centre near Mumbai.

In addition to these two, he said that the Schlumberger group will put in Rs 900-crore (US\$ 192.06 million) in an engineering and manufacturing unit in the special economic zone (SEZ) near Pune. And, Italian vehicle major, Piaggio, will set up a Rs 450- crore (US\$ 96.03 million) unit at Baramati in Pune district.

## **16. India, South Africa hope to move ahead with stronger trade links**

The Economic Times, Oct. 03, 2008

Johannesburg: With the western markets slowing, Indian and South African companies are preparing to step up their engagement with each other over the next few months. A large number of South African companies, from sectors as varied as banking and financial services to FMCG and retail, plan to establish operations in India, attracted by the immense potential of one of the fastest growing markets.

Likewise, Indian companies, attracted by the world class infrastructure and abundant natural resources and of course the potential to use South Africa as bridgehead to the rest of the African continent, are exploring opportunities to establish their base in parts of that country.

Leading the pack of Indian companies with established presence in that country is the Tata group with interests in automobile, information technology and minerals. Others with a presence include Mahindra and Mahindra, Ranbaxy, Dr Reddy's, ICICI Bank, State Bank of India and NIIT. These companies are said to be executing projects worth \$2 billion in South Africa, according to estimates of Navdeep Suri, Consul General of India in Johannesburg.

At another level, the governments of the two countries are seeking to step up trade relations, which in recent years has been growing at a very robust pace. Trade and diplomatic relations between the two countries were re-established in 1993 after the abolition of the apartheid regime.

"We have set an internal target to grow the bilateral trade between the two countries to \$10 billion by 2010," India's high commissioner to South Africa RK Bhatia told a 'Doing Business with India' summit



organised in Johannesburg last week by the Indian consulate and Confederation of Indian Industries (CII). Bilateral trade between the two countries was \$4.7 billion in 2006-07, up from \$4 billion the previous year.

In the nine months to December 2008, of the last fiscal year, bilateral trade had already grown to \$4.4 billion, with exports from India amounting to \$1.7 billion and imports from South Africa totalling \$2.7 billion.

And while much of the initiatives to step up South-South co-operation are being pursued within the trilateral India-Brazil-South Africa dialogue forum, the two nations are simultaneously working on preferential trade agreement that would eventually culminate in a free trade agreement between India and South African Customs Union.

Robert Appelbaum, director, Edward Nathan Sonnenbergs—one of South Africa's leading law firms—told ET that a large number of his clients were keen to set up base in India.

“Some companies have horror stories to tell of their early experience in India,” he said, adding that his firm was helping these companies identify the right partners and establish operations in India. His firm works closely with Indian law firms AZB & Partners and J Sagar Associates to help South African companies with their entry strategies and legal paper work.

Among his clients with plans for India are First Rand Banking Group and Standard Bank, the two largest banks in South Africa. First Rand had very aggressive plans for India. Its CEO Sizwe Nxasana told a group of visiting Indian journalists: “We want to be the first African bank to establish operations in India.”

The banking company has been studying the Indian banking landscape for over 18 months, and it applied to the Reserve Bank of India for a license for commercial operations last year. “We hope to get the license early next year,” said Mr Nxasana. The bank has already established a representative office with 20 personnel, and in future , hopes to work with Indian banks for distribution of some its products besides setting up a coal trading desk.

Financial services company Old Mutual , which has a life insurance joint venture with Kotak Mahindra Bank too, is said to be keen to expand its presence in India.

Mr Appelbaum of Edward Nathan Sonnenbergs expects many companies such as super market chains Pik n Pay, Shoprite Checkers and Spar Group as well as some FMCG companies are keen to expand their operations to India.

As would many other financial services companies such as Discovery, which offers health insurance and hotels chain Sun International, besides those with already presence in India such as petrochemicals major Sasol and chemicals major Foskor. Winemakers such as boutique winery Tokara too said they would like to sell their wines in the Indian market.

Like most foreign investors, South African investors find the requirement of no objection certificate (NoC) for existing JV partners to strike out on their own or form another alliance, restrictions on retailing (single brand) and slow court system major irritants to doing business in India.

For many others such as media house Nasper that were very keen to strike alliances in Indian print media space, valuations proved to be a deterrent. Talks with several media houses were abandoned at advanced stages over valuations and discord within owner-families . Globally, although the group is now focusing on internet and new media, it is open to partnerships when valuations become more reasonable, Francois Groepe, CEO, Media 24 said. Media24 is a Nasper company that controls the group's interest in newspapers and magazines.

Among Indian companies looking to establish operations in South Africa is TVS Motors, which wants to sell its twowheelers as mode for personal transportation in non-city and rural areas. South Africa

has little in form of public transportation and therefore the potential for fuel efficient and cheap personal transport is immense.

The country also offers opportunities for professionals such as teachers and nurses, particularly in the state sector, as the nation has experienced a flight of talent to more developed world over the years.

## 17. HCL Tech set to acquire Axon

2 Oct. 2008, TIMES NEWS NETWORK & AGENCIES

MUMBAI: British consulting firm Axon Group PLC has agreed to accept a £441 million (US\$785 million) bid from India's HCL Technologies Ltd, rejecting an earlier offer by India's Infosys Technologies Ltd, company officials said.

HCL offered to buy Axon for 650 pence a share in cash on September 26, an 8.3% premium to the 600 pence per share offer Infosys had made six days earlier. The acquisition — the largest by an Indian IT company — comes at a time of difficulty for India's information technology sector, which depends heavily on US financial services firms that have been hit hard by the credit crisis.

"(T)he Board has withdrawn its recommendation of the Infosys offer and intends unanimously to recommend the HCL offer," Axon said in a statement on Wednesday night, after markets closed. Axon shares closed on Wednesday at 675 pence a share in London, and fell in early Thursday trading to 666 pence a share.

However, Infosys Technologies chief executive Kris Gopalakrishnan said, "We still have time in our hand. We are looking at multiple options. There could even be new bidder/s entering the deal."

In statement issued later in the day, HCLT said, "We welcome Axon's decision to go head with our bid. Now we will make a formal offer."

Spokeswoman for HCLT, Meena Vaidyanathan said that the Axon acquisition would enable the firm to offer further cost-competitive, end-to-end services to clients. "It will enhance our ability to participate in more transformational deals," she said.

HCLT does business in 19 countries, with a strong manufacturing client base and a growing life sciences business. Last fiscal year, HCLT relied on the US market for 57.4% of its business, but more than two-thirds of revenues came from non-financial services companies. "The fact that Axon's primary strengths are in defensive sectors, like public utilities and transport, which are presently not affected by the slowdown will only help," Vaidyanathan said.

She said it was "too early to speculate" on whether there would be layoffs as a result of the merger. Axon specializes in implementation of SAP AG's enterprise software. It has about 2,000 employees and offices in Britain, North America, Malaysia and Australia. Axon's 2007 revenues were £204.5 million (US\$361 million). HCL has 50,741 employees and last fiscal year reported revenues of \$1.9 billion.

"HCL's transformation journey enters an exciting phase where we are creating partnerships with high performance teams to become significant in our chosen areas of growth. "We see Axon as transformational opportunity for HCL to become a significant player in the SAP services space," HCLT chief executive officer Vineet Nayar had said. HCLT has arranged a £400 million loan from Standard Chartered Bank for the deal. Rest will be paid from internal accruals, Nayar added.

Axon had reported a profit before tax of £29.5 million for the year ended December 2007. At the present HCLT offer, Axon is valued at 15 times of the pre tax profit. On the other hand, HCLT is quoting at 13.87 times of its post tax profit. A merchant banker pointed out that HCLT is offering higher than the price at which its own share is quoting in the market.



## 18. India's share in UK's FDI growing

The Economic Times, Oct. 03, 2008

Mumbai: India is becoming the fastest growing contributor to the United Kingdom's foreign direct investment, according to Andrew Cahn, CEO of UK Trade & Investment (UKTI), a British government body that draws UK's overseas investments. Indian companies which prominently figure in the list are those which acquired British firms.

These include Tata Steel, which bought Anglo-Dutch steel maker Corus and Tata Motors, which purchased Jaguar-Land Rover. Others include Amtek, which took over Triplex-Ketlon Group and Bharat Forge which acquired a forging plant in Doncaster.

According to him, Indian entrepreneurs will continue to look at better avenues abroad as India's economy is not very liberalised. "With its business-friendly regulations and open economy, UK is confident of attracting more Indian investors in the future. Hence the country does not feel the need for any special economic zones," he added.

"We have a strong pipeline of investments from India, but they might slow down in the future. However when times are tough, quality business takes place," he said.

Lured by the potential of Indian investments, the trade body has increased its human resources in India by 20%. Incidentally, India is the trade body's second biggest overseas network after America. China is another important market for UKTI.

Mr Cahn said that it is difficult to start a business in India. However, UKTI encourages British start-ups to invest in India. Obstacles in India can be tackled with the help of a right market, right product and right partnership, he added.

Mr Cahn said the bilateral trade between UK and India has touched £10 billion in FY07-08. India's economic engagement with the UK is also through the 52 listed companies with a combined market capitalisation of £9 billion on the London Stock Exchange. In 2007-08, Indian firms invested in 1,573 projects in the UK.

UKTI is looking forward to work closely with the Indian government for the Commonwealth Games, 2010. The body hopes that the expertise gained by Indians from the Commonwealth Games would come in handy when London hosts the Olympics in 2012. UKTI has started a website where foreign firms can bid for the contracts.

## 19. APM Terminals seeks to invest Rs250 cr in capacity expansion

livemint.com, Oct. 03, 2008

**The move will help ease the capacity crunch at JN Port, which is operating well beyond its designed capacity.**

Bangalore: The world's third biggest container port operator, **APM Terminals International BV**, will invest about Rs250 crore to buy equipment and expand capacity at its container handling facility at Jawaharlal Nehru Port, or JN Port, in Navi Mumbai.

"We are buying 13 new cranes and also paving 18 hectares of backup land that will boost capacity at the terminal by another 500,000 twenty-foot equivalent units (TEUs) by the first quarter of next year," Arvind Bhatnagar, chief executive officer at **Gateway Terminals India Pvt. Ltd** told Mint. A TEU is an industry measure of cargo containers.

Gateway Terminals is 74% owned by APM Terminals, the container terminal operating unit of Danish shipping and oil conglomerate AP Moeller-Maersk AS. State-run rail hauler of containers, Container Corp. of India Ltd, or Concor, holds the remaining 26%.

The new equipment includes two cranes currently being built at China's Shanghai Zhenhua Port Machinery Co. Ltd, or ZPMC, and another 11 being built at Sweden's Kalmar Industries AB.

The container facility currently has 37 cranes that are used to lift containers. Some of the new cranes will be able to lift two containers at the same time. "This will improve our productivity significantly," Bhatnagar said.

Gateway Terminals started operations in May 2006 at its 1.3 million TEU-capacity a year terminal. The firm won the rights to develop and operate the new terminal for 30 years starting 2006 through competitive bidding. The new facility handled 1.29 million TEUs—its designed capacity—in the 12 months to March 2008. The new equipment and yard space will help the company boost capacity to manage 1.8 million TEUs.

The logistic firm's expansion will help the port expand at a time when it is facing an acute capacity crunch. India's biggest container port, handling some 60% of the container cargo of about 7 million TEUs a year managed at all the ports in the country, is operating well beyond its designed capacity.

The port's plan to raise capacity is delayed after it failed to finalize a contract recently to deepen its channel to allow bigger ships to call. The expansion also depends on the proposed dedicated railway freight corridor linking Mumbai with northern India.

Container cargo at the state-owned port grew 23% to 4.06 million TEUs in the 12 months to March. Its three container handling facilities are designed to handle only 3.6 million TEUs.

Besides Gateway Terminals, the other two container facilities are run separately by the India arm of DP World Ltd and the port authorities themselves.

"There is a big demand for capacity creation at JN Port. And, it's not easy to bridge the gap between demand and supply. So, what is required is innovative ideas and out-of-the-box thinking," Bhatnagar said.

## **20. Health insurance cover for poor spreads to 11 states**

3 Oct 2008, IANS

NEW DELHI: A national health insurance programme, under which people below the poverty line (BPL) pay only Rs.30 and become entitled to treatment of up to Rs.30,000, has just become operational in 11 states.

Launched here in April, the health insurance scheme started with a Rs.22.5 billion seed money allocated in the 2008-09 central budget, labour ministry Director General (Labour Welfare) Anil Swarup said.

Called the Rashtriya Swasthya Bima Yojana, the programme that became operational Wednesday in 11 other states envisages providing smart card-based, cashless health insurance cover up to Rs 30,000 to all BPL families over the next five years, during which as many as about 60 million people will be covered.

Of these, a beginning was made with 120 districts.

The total sum insured will be Rs.30,000 per family per year on a floater basis. It will cover all medical costs in any of the hospitals with which the scheme has tied up.



Government hospitals are not on the list, essentially because most of the services provided in these hospitals are already free of cost. But Swarup said these state-run medical centres were free to join and would be paid for different services at the same rate as agreed upon with private hospitals.

The beneficiary BPL family is free to select the hospital of its choice out of the listed ones. Beneficiaries are also issued smart cards that enable migrant workers to seek treatment wherever they might be engaged.

ICICI Lombard General Insurance Company, a joint venture of ICICI Bank and Fairfax Financial Holdings of Canada, has bagged the contract to introduce the scheme across the country.

"I am sure this scheme will do wonders. Just imagine a poor Indian labourer, who could not even dream of entering a private hospital even for a simple dressing, can now walk into some of the leading hospitals and demand treatment even for some major ailments on the strength of his smart card," said Swarup, architect of the scheme.

"Since private hospitals are out of reach of most of these people, they had no option but to traverse long distances even during medical emergencies to reach a government hospital," he added.

## **21. 'Global economic power to shift to emerging economies'**

3 Oct 2008, AGENCIES

NEW DELHI: Global economic power is likely to shift to high growth and densely populated economies as emerging market growth appears less susceptible to the current slowdown in the US, says a report by World Economic Forum.

Emerging market growth appears less susceptible to a slowdown in the US, but low-income countries face risks from inflation in the form of loss of domestic market growth, wage increase pressures, and greater societal and political instability, WEF said in its report titled 'Global Growth Risk 2008'.

Financial market crisis that began in early 2007, has resulted in a write off of over \$500 billion by banks.

## **22. N -deal to open investment tap from the private sector**

3 Oct 2008, Prabhakar Sinha & Rupali Mukherjee, TNN

NEW DELHI: The Indo-US nuclear deal will not only help the country in generating nuclear power but also give a technological edge to Indian industry in manufacturing of medicine, textiles and other high-tech sectors.

The deal has opened the ways for India to sign nuclear fuel and technology supply treaty with a number of countries. As India is a big market, a number of countries will come forward to sign such treaties to create opportunities for their companies. While, France has already signed the nuclear fuel and technology supply treaty with India, Russia, it is learnt, is also ready to sign similar treaty.

The country can expect massive investments, which go a long way in resolving India's power crisis, a major shortcoming in the drive to attain high growth. Finally, it will open the doors for foreign investments in the nuclear power generation. However, a senior analyst pointed out that to attract investments India will have to put its distribution system in order. He said as nuclear power will be costlier than the thermal power, state electricity boards might not be interested in buying power from nuclear plants.

Therefore, he said, investment will flow in, only if the central government gives sovereign guarantee to nuclear plant developers for the payment of power.

According to the Planning Commission, the deal will enable India to set up capacity of 15,960 MW by 2017 taking total capacity to around 20,000 MW. At present, India has installed nuclear capacity of 3,779 MW. But, most of the plants are operating at half of its capacity because of unavailability of raw material, uranium.

Ficci secretary general Amit Mitra said India has the potential to generate 60,000 MW of nuclear power over the next 25 years, which needs an investment of over \$100 billion. According to Asscochm, a minimum of Rs 2 lakh crore investments would come in Nuclear Power Generation Sector in next 15 years.

Mitra said around 200 medium and small companies are expected to get into the act as ancillary producers with the big companies, thereby giving a new direction to efficient and cheaper power production in the country. At the same time, the government will have to amend laws to allow the private players to enter in the nuclear power sector.

### **23. DRL awaits nod for cardio polypill**

3 Oct 2008, Anita Nair-Ghaswalla, TNN

MUMBAI: It is a four-in-one cardiovascular drug that is to be sold in India for less than Rs 300 a month. Dr Reddy's Laboratory is awaiting the green signal from the office of the Drug Controller General of India to launch the polypill in India, touted to reduce the incidence of heart disease by over 80%. The pill enters human trials this week in London and in six other countries.

India-specific trials have already been completed.

India records nearly 2.8 million deaths a year due to cardiovascular disease (CVD). Recent estimates suggest that CVD contributes to 27% of India's total mortality.

### **24. Omega BPO to hire 7000**

3 Oct, 2008, TNN

BANGALORE: Healthcare BPO firm Omega Healthcare Management Services plans to add 7,000 employees to its India facilities.

CEO Gopi Natarajan said the company anticipates its client base will double and revenues grow four-fold by 2012.

Omega, which currently employs about 2,000 staff at its Bangalore and Chennai facilities, will invest \$50 million to expand in India and grow sales from \$15- \$20 million to \$70- \$90 million. Bulk of the hiring will take place in Bangalore, Natarajan added.

The US-focussed company, whose investors include private equity firm Healthedge and Enam Holdings, provides services such as medical coding, billing, claims processing and healthcare revenue management.

"Other countries don't have such a complex healthcare delivery system. Out of the 290 million Americans, around 245 million have insurance and around 90 per cent of the revenue cycle management space is untapped," he said.



Omega Healthcare operates through intermediaries and, through its 65 clients, caters to some 20 hospitals and 500 physicians. By 2012, it sees itself operating through 125 intermediaries and serving 100 hospitals and 15,000 physicians.

"Medical coding and voice-based processes are growing. Only 9 per cent of work has been outsourced and the rest remains untapped," Natarajan said.

## 25. Biyani moves on with 4 new stores in 5 days

livemint.com, Sep. 29, 2008

### **Kishore Biyani's, and Big Bazaar's, march comes at a time when several new retailers are slowing expansion**

Mumbai: Other companies and entrepreneurs who entered the organized retail business in India may be slowing, but not the man who sees himself as India's Sam Walton.

And so, Kishore Biyani's Future Group will on 30 September open Big Bazaar stores in Pune, Delhi and Cuttack. With Friday's launch of a store in Mysore, that will make four in the space of five days, and Biyani's handlers are touting it as the fastest roll-out in the retail industry.

There's another numerical significance to these four stores. With them, the number of Big Bazaar stores in the country will grow to 101. Biyani, never one to lose an opportunity to advertise, announced this fact to the world at large from a makeshift stage in the middle of Mumbai mall High Street Phoenix on Thursday evening.

"The story is not about us, but this story is about the people who visit our stores. This is a proud moment for India."

Biyani's, and Big Bazaar's, march comes at a time when several new retailers are slowing expansion, reducing the number of outlets, effecting layoffs, even exiting the business. Basmati exporter **REI Agro** has shuttered dozens of the more than 200 grocery stores it opened; Indiabulls Retail Services Ltd has closed several of its hypermarkets; Mumbai-based **HyperCity Retail** has abandoned plans to open 250 grocery stores by 2012; Ludhiana textile firm **Oswal Group** has downed shutters on its two-dozen-store-strong lingerie chain; and Reliance Retail Ltd has fallen short of its September target of 2,000 stores of all formats by more than half.

But even as other entrepreneurs who have made a mark on Indian retail such as Subhiksha Trading Services Ltd's R. Subramanian and Vishal Retail Ltd's Ram Chandra Agarwal are slowing, Biyani is pushing ahead.

By 2011, he claims, there will be 300 Big Bazaars, and Pantaloon Retail (India) Ltd, his flagship, will have revenue of Rs13,000 crore. The company ended 2007-08 with Rs5,048 crore in revenue.

"We were not caught in the euphoria," he said.

These facts haven't missed the attention of analysts.

In a 22 September research report to clients, Vandana Luthra, Manish Sarawagi and Anuj Bansal of Merrill Lynch wrote: "We like Pantaloon's speed in store roll-outs across formats, management's long term focus on property lock-ins and industry-wide peaking of rent and salary costs." But they still had an "underperform" rating on the company.

"We remain negative (because of): sharply higher interest costs, dull FY09 earnings and likelihood of sharp consensus downgrades."

## Restructuring and revaluation

It isn't that everything Biyani touches turns to gold. But he has 25 retail formats to juggle with, and juggle them he does, tweaking and refining his portfolio till he has the right store for the right market.

In New Delhi, for instance, in the Raja Nagar area, he is converting an existing Pantaloon (apparel) store into a Big Bazaar. He's doing the same thing in Ahmedabad.

And in a research report dated 21 September, CLSA's Anirudha Dutta and Prakhar Sharma wrote that Pantaloon had moved out of its airport retailing joint venture with Alpha Airports and managed to book a profit of Rs29.8 crore in the process.

The analysts added that Pantaloon's sales growth of 35% was below expectations (45%) and that Ebitda (earnings before interest, taxes, depreciation and amortization -a measure of operating profitability) growth was higher (than expectations) at 149%.

Still, the analysts put out an "underperform" rating on the stock. Biyani, however, is unfazed by these ratings. He isn't keen on talking about Pantaloon's financials or fund-raising plans (there is some speculation that Pantaloon may tap the markets for some money). The Merrill Lynch report said: "We forecast Pantaloon's interest cost to grow 2.7 times over financial year 2008-10 thus limiting bottom line growth to sub-10%."

If the numbers worry Biyani he doesn't show it. Instead, he is keen to talk about the people who helped him grow Pantaloon. On Thursday, Biyani was flanked by some of the executives who have been with him since he launched the first Big Bazaar in 2001-in Hyderabad.

"The team is intact," beamed Biyani.

Beaming beside him were Rajan Malhotra, who heads the Big Bazaar format and Hans Udeshi, CEO, general merchandise of Pantaloon.

Malhotra remembers the many trips he and others made to small stores in the back lanes of Chennai and Hyderabad, understanding consumer behaviour by watching them buy everything from groceries to innerwear.

That was seven years ago, but one question from those days that still greets Biyani is whether he plans to sell out.

## Not here to sell

The frequency and pitch of that question have increased in recent times, after companies such as Reliance Retail, Bharti Enterprises Ltd and Aditya Birla Retail Ltd announced their entry into the business of organized retail. Some of these firms, and some others, have also formed partnerships with foreign retail firms. The Tata group that owns retail firm **Trent Ltd** has a partnership with **Tesco**, and Bharti with Wal-Mart Stores Inc.

"It is insulting," Biyani replied calmly when asked whether he will look to partner with global retail firms.

"We will achieve scale (without partnering with a global firm)," said Biyani.

"We connect well with the Indian customer."

"We have become the natural choice."

"We built this retail model from scratch."

"Why should we tie up with them? We can source it (merchandise) ourselves and we too can have a large scale."



Last year, almost 112 million people walked into Pantaloon's various store formats. This year, according to Malhotra, the number will be close to 120-130 million, almost 10-12% of the Indian population.

Some of those people looked on curiously on Thursday as Biyani and his executives took the stage.

High Street Phoenix stands where a textile mill once used to. Today, it is one of Mumbai's most popular malls. And Pantaloon is the anchor tenant, the main draw. Biyani said real estate developers were keen to have his stores as anchor tenants because they "act as the glue to attract other tenants and shoppers".

And his stores are loved, he added.

### **No opposition**

Other retail firms may have faced opposition from small store owners and local politicians but not Pantaloon, Biyani said, because it believes in "preserving the ecosystem".

His stores, he added, haven't faced "any opposition from anybody from anywhere even for a single day".

"Opposition may be in the minds of some people, but it never came to the fore. We believed in a model, where we never sold any product below the cost price."

When Pantaloon opened its fourth store, its market capitalization was just around Rs200 crore. At its peak, Pantaloon's market value was around Rs12,000 crore. On Friday, it was around Rs4,400 crore.

The fundamentals, however, are still strong, Biyani said.

And the allure of the retail business in India remains what it was seven years ago.

"Nearly 1.2 billion people in one part of the world were aspiring to shop. Then the story began and people began to believe in us and that's how our financial journey started."

## **26. Govt likely to allow 49% FDI in defence**

Live Mint

Amid a growing number of private Indian conglomerates signing joint ventures with foreign defence companies, the Union government has said it does not see any reason for increasing the 26% cap on foreign ownership in defence ventures.

A limit "of 26%, by and large, is enough to facilitate private sector growth," minister of state for defence production Rao Inderjit Singh said at the Defence Expo in New Delhi, billed as Asia's largest military event. The market for procurement from local defence manufacturers is likely to increase to \$700 million (Rs2,779 crore) by 2010, according to estimates by industry body Associated Chambers of Commerce and Industry of India. Nearly 5,000 Indian firms supply defence equipment and parts to state-owned units such as Hindustan Aeronautics Ltd, or HAL.

There have been demands, most recently, by countries such as the UK asking for an increase in foreign direct investment (FDI) limits, in defence businesses to at least 49%.

H.S. Shankar, the Bangalore-based managing director of Alpha Design Technologies Pvt. Ltd, said the government's stand of restricting the foreign stake was clearly aimed to encourage local players to develop expertise suited for Indian conditions.

Alpha, which makes night vision goggles, flight simulators and communications equipment, is one of the first few private sector companies in the country to form at least four international joint ventures, including with those with French's Sofema Groupe.

In 2005, the Indian government had permitted HAL and French aerospace engine maker Snecma Moteurs to form a 50-50 joint venture. Such ventures, the minister said, would continue to be considered on "merit," adding that is really the ceiling — 50% on FDI.

Private sector players should invest more in manufacturing bases in India, Rao said, pointing to Mahindra and Mahindra Ltd, the Tata group and Larsen and Toubro Ltd. On other critical issues in defence production, he said the government was open to the idea of foreign defence firms counting all local sourcing as "bankable offsets" even before the award of purchase contracts on them.

Under Indian defence procurement rules, purchases from foreign defence contractors entail up to 50% of local sourcing of components and parts. He did not detail how far back such offsets could be dated.

## **27. RBS to embark on aggressive expansion plan in India**

The Economic Times

Royal Bank of Scotland (RBS) is set to embark on an aggressive expansion plan in India after its takeover of ABN Amro, a top bank executive said today. "We have been working towards opening a branch in India. With the buyout of ABN Amro, we suddenly become a very large international bank. We are keen to develop our business here," Royal Bank of Scotland Chief Executive John McCormick told reporters here.

"RBS has a presence in India since 2002. We recognise the significant growth potential in India and are working closely with Indian regulators to integrate the ABN Amro businesses we acquired," he said. The bank plans to grow on the advisory side, he said. "We have very large and SME mid-cap and large-cap and wholesale banking activities, including M&A and risk management. We have got strong wealth management business and the acquisition of ABN Amro will help us to expand here."

"India for us represents the third largest concentration of staff members in the RBS Group," he added. The bank has extensive operations in Mumbai, Delhi and Chennai and plans to be a major competitor in the marketplace here. "We look to provide liquidity domestically in the rupee market. We also look to leverage our skills and capabilities, including global distribution from North America, Europe and throughout the Asia-Pacific," McCormick said.

## **28. British Airways eyes India tie-up**

Business Standard

UK flag carrier British Airways (BA) plans to tie up with an Indian domestic carrier in a franchise partnership.

If the move comes through, it would pave the way for international carriers to extend their networks within India, without having to make an investment. Current foreign direct investment (FDI) policy does not allow foreign carriers to hold equity, directly or indirectly, in domestic airlines.

The franchise model that BA — Europe's third-largest carrier — follows globally involves no FDI but allows the franchisee (domestic airline) to use its livery, brand and code, apart from providing management expertise.



BA is believed to be in discussions with several domestic airlines, Wadia-owned Go Air among them.

Confirming that BA has been looking at such franchise agreements in India, Civil Aviation Secretary Ashok Chawla said: "So long as it is not surrogate cabotage we do not have any problem with franchising."

Airline cabotage refers to the carriage of air traffic that originates and terminates within the boundaries of a given country by an air carrier of another country. Rights to such traffic are usually entirely denied or severely restricted.

The government currently does not have guidelines on franchise arrangements, so, Chawla said a senior ministry official would meet BA executives on September 15 to understand the business plan.

A British Airways spokesperson said: "We will comment when there is something to talk about. As of now we will not comment on rumours and speculation."

A GoAir spokesperson said: "In view of the possibility of the government relaxing its rules on flying abroad and in order to give our customers better value, we are exploring code share and alliances with various airlines from West Asia, Europe and America."

BA has had franchise agreements with the South African carrier Comair, Glasgow-based Logan Air, Scandinavia's Sun Air and Kenya-based Regional Air.

BA is keen to consolidate its market position in India, which is the airline's largest contributor after the US in terms of passenger volumes. It has been looking for a partner, especially after its inter-line agreement with Jet Airways was severed.

A franchise arrangement would also help it gear up for the rising competition in India, more so when Jet Airways and Kingfisher's international operations compete with BA for the same market share. The airline has over 48 flights a week from various Indian cities.

BA's arch rival Virgin Airlines has also expressed interest in a full-service domestic carrier in India when promoter Richard Branson visited India. It has also openly talked of buying equity in an Indian domestic carrier if it is allowed.

Although the government favours foreign airlines investing in India, it has faced resistance from domestic carriers. "India is the only country that distinguishes between foreign airline investment and foreign institutional investments.

Worldwide, there is no such distinction," said Kapil Kaul, CEO (India and Middle East), Centre for Asia Pacific Aviation.

## 29. YKK Corp to set up second plant in Haryana

Business Standard

YKK Corporation will set up its second plant in the Haryana with an investment of Rs 366 crore. The plant will be commissioned by March 2009.

Haryana's industrial development and the leadership of Chief Minister Bhupinder Singh Hooda received appreciation from the President and Chief Executive Officer of YKK Corporation, Japan, Tadahiro Yoshida. Haryana has touched new heights of industrial growth and has provided a global platform for the multinational companies.

Yoshida was speaking at a function after laying the foundation stone of the corporation's new unit and inauguration of Clean Development Mechanism Project by the chief minister at the Haryana State Industrial and Infrastructure Development Corporations's (HSIIDC) complex at Bawal in the Rewari district.

Yoshida also said that the company was setting up this second plant with an investment of Rs 366 crore and it would be commissioned by March 2009. After establishing its first plant in 1997, the YKK

India had made second expansion in 2001 and third one in 2006, this new slider factory was the fourth expansion at Bawal, he added.

The Haryana Chief Minister, Bhupinder Singh Hooda, said that Japan was the fourth largest investor in India and Haryana accounts for about 70 per cent of the total Japanese investment in India.

"There are about 65 companies operating in Haryana with Japanese collaboration," he said and added that a number of Japanese companies were located in and around Gurgaon, which is emerging as the second Corporate Capital of the country.

Hooda said that during the three-and-a-half year term of his government, the state has witnessed an unprecedented flow of investment and has become number one state in per capita investment.

He added that the state had received concrete proposals for investment to the tune of Rs 40,000 crore and an additional investment of Rs 77,000 crore was in the pipeline.

"During the last one year or so, HSIIDC has allotted 581 acres of land in Bawal with capital investment of about Rs 5,284 crore," he said adding that the growth centre at Bawal has now emerged as a preferred destination for the domestic and multinational companies because of its quality infrastructure.

YKK India has established social development and vocational centre for the skill development of girls from the adjoining villages.

### **30. Scared NRIs find Indian banks safer**

4 Oct 2008, Nimish Shukla,TNN

AHMEDABAD: Anand Patel, a hotelier in New Jersey who hails from Nadiad, has just called up his brother Dilip to find out more about NRI deposits in Indian banks. Anand told him he wanted to send him \$1,00,000 for safe keeping, because he was worried about the turmoil in the US financial markets.

Many others have already made the move, much to the delight of public sector banks. Far from getting hit by the turmoil in the US financial markets, the collapse of American banking has turned out to be a blessing in disguise for Indian banks, now being seen by NRIs as a safe place to park their funds.

In recent weeks, many US-based NRIs have switch their funds from US based entities to Indian banks by way of NRI deposits. For instance, SBI in Gujarat, which had mopped up NRI deposits worth Rs 290 crore in the last five months, has collected over Rs 150 crore in September alone.

"The spurt can be mainly attributed to the financial crisis in the US markets," said HC Pattnaik, chief general manager, SBI- Gujarat. The depreciation of rupee and rising rate of interest for fixed deposits in foreign currency have made NRI deposits attractive, Pattnaik added.

With the crisis mounting in US, many NRIs are looking for opportunity to invest in real estate market in India also. According to a report of Jones Lang LaSaale, 25% of apartments and plotted properties in India are bought by NRIs.

In September, rupee has depreciated over 11 per cent against the dollar, from Rs 42.85 to Rs 47.68. Besides, in order to lure NRIs, RBI had recently increased rate for deposits in foreign currency from Libor (London Inter Bank Offer Rate) minus 75 basis point to Libor minus 25 basis point. "We are seeing a surge in NRI deposits and it is expected that momentum will increase," GG Joshi, general manager, Bank of Baroda, said.

MV Nair, chairman and managing director, Union Bank of India, said that good amount of money will flow back into the country looking at the current scenario.



## 31. Nano exit a blow to industry

4 Oct 2008, Rupali Mukherjee, TNN

NEW DELHI: Tata group's decision to pull out the Nano project from Singur is a huge blow to not only the automobile sector, but also the entire industry. The development puts Tata's Rs 1,500-crore investment in the Nano project at risk.

It is a huge setback to the auto-component manufacturers who would also pull out of Singur now. The challenge now is to produce the Nano in a different location for the short-term, and then find a new venue for long-term production, industry experts said.

"The entire cost structure will have to be reworked. The short volumes necessary for launch of Nano can be supported from other plant sites of vendors, but bulk volumes will have to be provided by ancillary facilities which are close to the mother plant, wherever it comes up," sources told TOI.

The proposed investment in the vendor park is estimated to be Rs 3,500 crore, which would have come in phases. A total of 55 auto component manufacturers are supporting the Nano project, of which about 18 had put in their investments till now. These include Amtek Auto, Gabriel India, Lucas TVS, Lumax Industries, JBM Auto, Caparo Engineering, Rico Auto and Sona Koyo Steering.

DK Jain, MD of Lumax Industries, which will provide complete lighting system to Nano, said, "We will have to move out our plant and machinery which we were about to install. Our investment in the land and building are sunk as a result of the pull out. We can support the project from our other facilities, including Pune or Pantnagar for a while".

The Tata project could have brought about a major change in the industrial scenario in Bengal," said Amit Mitra, Ficci secretary general, adding, "This was not a one-off auto project but would have given a boost to a whole host of ancillaries as well".

CII feels that such occurrences need to be avoided in future as this only affects the image of India. While a review and consensus need to be reached on how land acquisition need to happen in future, it should be the onus of the political leadership to ensure and facilitate investments without unnecessary delay, a CII official said.

Auto industry body, Society of Indian Automobile Manufacturers (SIAM) director general Dilip Chenoy said "Given the uncertainties of starting production and safety of the staff at the location, it perhaps was the correct decision. Investments in terms of land and building will have to be written off. Also the cost of relocating the installed machinery will be huge".

## 32. GMR invites bids for building hotels

4 Oct 2008, Saurabh Sinha, TNN

NEW DELHI: Entering the market in possibly the toughest time, the GMR Group has invited bids for building hotels at its proposed 45-acre hospitality district near the upcoming airport in Delhi.

The Delhi International Airport Pvt Ltd (DIAL) had planned to raise Rs 2,750 crore from this district in 2008 when the plan was first floated and then got entangled in a controversy with the government.

But by the time this plan got finally cleared and DIAL goes ahead for inviting bidders now, both the real estate and financial markets are in a crunch. These factors, combined with a deposit from successful bidders for three years and not six as earlier proposed, DIAL now expects to raise about half of the Rs 2,750 crore as security amount. The amount raised from the hospitality district will go towards

financing the Rs 9,000 crore Delhi airport phase-I that has to be ready by 2010.

DIAL's plan for the 45-acre hospitality district include having hotels of all ranges — from budget to ultra luxury. As a result, plot sizes range 1.6 acres (for budget) to a 7.7-acre plot for a huge conference hotel. "A security deposit of three times the average annual lease rental will be charged from successful bidders.

The entire infrastructure will be provided by DIAL," a senior DIAL official said. Though a common feature abroad, Delhi's hospitality district will be first of its kind project in India.

### **33. Goa airport needs urgent expansion**

4 Oct 2008, PTI

PANAJI: Goa airport is being used beyond its prescribed capacity and there is an urgent need for its expansion, an official has said.

The airport, located in the port town of Vasco, is managed by Indian Navy which has its airbase there from where it holds regular trainings.

Existing facilities at the airport have reached their saturation point. The terminal building, which can accommodate 700 passengers at a time, is now serving 1,500 to 2,000 travellers, Airport Director Paul Manickam said.

In a presentation during a discussion organised by Goa Chamber of Commerce and Industries (GCCCI) here on Friday, he said in the absence of another airport, the existing one needs expansion to accommodate the growing number of air passengers visiting the tourist state.

"All the six parking bays are full most of the time," the Airports Authority of India (AAI) official said.

The Centre has sanctioned Rs 500-crore expansion plan for the airport but it was not taking off because of non-availability of land which is in Navy's possession.

During 2007-08, 25.80 lakh passengers used the airport arriving in 23,742 flights. In addition, 763 international chartered flights brought in around two lakh tourists, he said, adding a new terminal building is urgently required.

The airport was handed over to the Navy after Goa was liberated from the Portuguese rule. Later, civilian flights were allowed from the airport, whose infrastructure is now under strain due to manifold rise in number of tourists arriving every year in the coastal state.

### **34. Govt looking at third airport for Mumbai, says Praful Patel**

3 Oct, 2008, PTI

MUMBAI: With the existing airports in Mumbai running at full passenger capacity, the Government is looking at building a third airport in Navi Mumbai.

"We are looking at building a new airport...construction work should start by the end of next year or else Mumbai will suffer as the old airports are saturated," Civil Aviation Minister, Praful Patel, said.

The investment in the new airport is estimated at around Rs 9,000-crore.

In the next two years at least one runway should be ready, Patel told reporters here.

On the aviation industry, expected to post huge losses, Patel said that the industry might post a lower loss at around Rs 6,000-crore this year as against the earlier projected Rs 8,000-crore.

"If oil rules around USD 80 per barrel, then airline losses are seen at Rs 6,000-crore, which were earlier seen at Rs 8,000-crore," Patel said.

Fuel prices have shown some decline and the Rupee has been losing against the dollar. "So the impact is slightly reduced," he said referring to the losses being in the range of Rs 6,000-crore as against Rs 8,000-crore.

Patel said that the Centre was okay with domestic air-carriers importing fuel from abroad. Indian air-carriers are looking at the option of buying fuel from abroad because domestic fuel is costlier.

"We will be happy if they import fuel to bring down costs since ministries of Finance and Petroleum do not act on any issues supporting the airlines," he said.

There is no ban on importing aviation turbine fuel for self-use, Patel said.

## 35. Bollywood to be a part of global animation phenomena

4 Oct, 2008, AGENCIES

It does come as a surprise to hear Indian character names like Charlie Anna resonate through the iconic Walt Disney headquarters in Burbank, California. Or to hear a loud guffaw when what one would imagine is typical 'Mumbaiya' lingo spoken with a heavy South Indian accent say, "Tension Not, I Yam the Boss."



**Yash Raj Films-Walt Disney's  
*Roadside Romeo* hits the  
screens on Diwali this year**

### Let's Start From the Beginning

Walt Disney began telling stories nearly a century ago. And over the years his company has kept his legacy alive by adding to that cache. Some stories have become iconic, some have not; but most always get recall as Disney Films. And that is the difference, says Andy Bird, president, Walt Disney International.

"Ninety per cent of what we make is made in Burbank and exported. The way we saw the world evolving, we saw that technology was advancing and changing the very way consumers were taking in entertainment, markets were evolving and fast. We observed that Bollywood captures as much as 97% of the market.

But then Bollywood is the name of the game in the hushed portals of big Hollywood studios since the last few years. Each holds a long-term view and every possible research report is being done. In a nutshell, all the mind-boggling figures and research point out that the only way to ensure an Indian eyeball is to get him to the movies, if not to a game of cricket.

But, mind you, Indian movies for Hollywood, through all these years, are still at the low end of the revenue pie, even with all the languages they are now dubbed in. This, paradoxically, is also the reason why they have headed to Indian shores - some with JVs, some with tie-ups - trying to see if they can tap the right local talent and nurture it to grow as a good, sustainable entertainment business in India.

Yet what we definitely did not want to do was to come to India and flood the markets with our logo slapped onto products and movies. We wanted Disney to get an emotional connect with India,” explains Bird, as he sits in his boardroom in Burbank, with a panoramic view of the city spread out behind him.

So began the journey: from snapping up the Hungama channel to get local content, from UTV to picking up stake in the same company, to inking a three-animation film deal with Yashraj Films (YRF), a foray into international distribution with Aamir Khan’s Tare Zameen Par, to finally going solo with their own four live action films.

Bird’s dream is long term - as much as a decade or even more. “Even 10-15 years down the line if an Indian family says ‘lets go and see a Disney film’, we should have achieved what we set out to,” says Bird.

That is what Bob Iger, chairman of the \$36 billion conglomerate, succinctly says is the Disney Difference. A philosophy which has been the driving force of the Disney company since he took over from Michael Eisner in 2006.

### **A Very Good Place to Start.**

In the beginning was Mickey Mouse and he still rules the roost in terms of brand, recall and revenue - worth billions. Creating brands and franchisees is also the Disney forte, says Bird And, from animation to more recent live action and even TV, Disney has been doing just that. Yet animation and India is something that not even Hollywood's best offering has been able to hit the jackpot with.

### **So then, why Roadside Romeo?**

Maybe at a fraction of the budget of Pixar’s films...maybe the biggest animation investment from an Indian movie point of view. Yet, taking risks is what the movies are all about. And Bird knows it.

“Yes, it is a risk. But the world loves animation. So why not India? We do have a tough job ahead of us, it’s a great story. Yashraj Films know their movies. The Indian context is there, there are some great musical numbers and, technically, it is a great product,” says Bird. He is not harbouring great expectations, but is sure that the Indian market will deliver. Patience is the key - something which he has in abundance. “It is a marathon, not a sprint. We want to be here for decades,” adds Bird.

### **When You Read, You Begin With.**

A B C...said Julie Andrews in Sound of Music. Disney has begun animation right from A for India. The few attempts made so far have not been anywhere compared to the YRF-Disney attempt. And they are willing to wait till the alphabets are read out fully. An industry estimate of Rs 25-30 crore is not cheap. And the plan is (said to be) to go with a full print run, like any other big blockbuster movie.

There are, like Iger’s philosophy, many factors where one can spot the Disney Difference. Right from the merchandise - which contributes as much as 12-15% to the overall Disney revenue pie internationally - is also important here and has been planned eight months before Roadside Romeo’s release.

For the first time, this had followed a style guide like their international counterparts and has involved director Jugal Hansraj from the concept stage.

“It’s not about slapping the logo or the film name all over...it is about extending the experience, bringing the story to life and to make products whose appeal goes beyond the movie. So whether it is Charlie Anna’s lines, which we believe will catch on like ‘I Yam the Boss’, or a high-end range of jewellery with Romeo-Laila romance, there is an attempt to build a story beyond the story,” says Roshini Bakshi, regional director, Disney Consumer Products, (Emerging Markets, Asia).



### **When You Sing, You Begin With Do Re Mi....**

And whether Bird and Mahesh Samat, managing director, Walt Disney India, will be singing after Romeo (Saif Ali Khan) and Laila (Kareena Kapoor) romance on the rooftops of Mumbai and Charlie Anna (Javed Jaaferi) tries his hand at playing Don will be an audience call.

“Creativity, technology and international growth were the three focus areas for us. As for content, there is no local or global content, there is just good content. And with figures like 3.6 bn movie admissions, a box-office looking to read \$7 bn in five years, 350 million kids in the 14 year age group which is bigger than the US population, 300 million mobile users growing at 8 m per month, India is a story which has to happen,” concludes Samat. So let the magic begin.

## **36. Anil Ambani's Hollywood studio to start operations in Jan 2009**

3 Oct, 2008, PTI

NEW DELHI: Anil Ambani's 1.5 billion dollar joint venture with celebrated film maker Steven Spielberg to set up a film studio in Hollywood will be operational in January next year.

Sources in the knowledge said the joint venture, which will be launched by January 2009, will produce 30-35 films over the next five years.

Three-time Oscar award winner Spielberg has produced some of Hollywood's most memorable films like Schindler's List, Jurassic Park and ET.

Spielberg has been reportedly unhappy with Viacom, the US media house which bought his studio DreamWorks for 1.6 billion dollars in 2006.

The mega deal with Ambani now will help Spielberg break away from DreamWorks, which is now owned by Viacom's Paramount Pictures.

Through the deal, Ambani has backed Spielberg's new studio plans with 550 million dollar of equity investment from his company Reliance Big Entertainment. Another 750 million dollars will be raised in debt. The new Bollywood-backed DreamWorks is set to produce six films a year for the global audience, said sources.

When contacted a group spokesperson did not comment. The deal will also rope in Spielberg's long-standing associate Stacey Snider as CEO of the joint venture. Snider was the chairperson of Universal Studios till 2006.

Anil Ambani-led ADAG, which has a major presence in mobile telecom, financial services and energy sectors, had acquired in 2005 Adlabs Films Ltd, one of India's the largest entertainment companies with interests in film processing, production, exhibition and digital cinema. The group recently acquired 250 screens in US and 51 screens in Malaysia.

## **37. Jewellery giant Gitanjali says crisis will help M&A**

3 Oct, 2008, REUTERS

PARIS: Indian jewellery giant Gitanjali is on the hunt for foreign rivals weakened by the credit crunch as it aims to become the world's biggest jeweller, Managing Director Mehul Choksi told media.

Gitanjali is in talks to buy an unlisted Milan-based jewellery group and hopes to complete the deal within four months, he said in an interview. The Indian company is one of several cash-rich, emerging markets luxury goods groups that industry executives and bankers predict could profit from the current credit squeeze to snap up prestigious brands.

These groups will have a freer hand to make strategic acquisitions since they face less competition from leveraged Western luxury companies and private equity firms that will struggle to raise debt to fund purchases. The crisis "will help in the sense that there will be more opportunities ... and valuations will go down," Choksi said.

"Next year, the luxury market will be very slow as many people will have lost their jobs. "We are receiving many offers to buy companies, particularly in the United States and Britain," he added. The group is also looking at possible purchases in China.

Choksi's comments echoed those from a division head of one of the world's biggest luxury goods groups who told Reuters this week he expected several high-profile brands to end up in Russian, Chinese and Indian hands over the next few months. That executive declined to be identified because the group was in its quiet period and not allowed to make public statements about mergers and acquisitions.

"With this crisis, certain established Western luxury groups are going to need cash ... and emerging markets groups are going to accelerate their shopping," the executive said. The financial crisis will end sellers' hopes of a return to valuations of a year ago, said Pierre Mallevays, managing partner at luxury investment bank boutique Savigny Partners.

He said some emerging market luxury groups could be looking to make acquisitions now to take advantage of growing retail space at home as luxury malls and multi-branded shops were mushrooming in cities across China, India and Russia.

"Now they are starting to be able to take advantage of their growing retail infrastructure," Mallevays said.

"So they can immediately leverage a brand when they acquire it." Choksi said he expected Gitanjali's annual sales to grow to more than \$3 billion within three years from over \$1 billion currently and the company become bigger than world leaders Signet of Britain and US group Tiffany in terms of annual sales.

"We are striving to become the number one in the world and we will make it," he said. Choksi said the targeted Italian company was not joint-venture partner Morellato & Sector Group. He added his company supplied leading branded Italian jewellery groups.

Gitanjali has already snapped up several jewellers in India over the past few years and this year completed the acquisition of Rogers Jewellers, one of the oldest US family-run chains.

He said the group had more than \$200 million in cash and would get Indian financial institution support to fund buys if needed. He aimed to lift its operating margin to 10-12 percent in the current financial year from about 8-9 percent last year.

## **38. Nuclear power in India could increase 15 fold: Study**

3 Oct, 2008, PTI



MUMBAI: After the US Senate's approval of the Indo-US civilian nuclear deal, it is estimated that with international co-operation, nuclear power in India could increase fifteen fold to over 60,000 MW by 2030 from the present 4,120 MW, according to a study.

A nuclear power program with the limited import of 30 to 40 light water reactors (1000-1600 MW each) enabling capacity addition in a relatively short period would require about Rs 30,000 to 40,000 crore per year for next two decades, said the study carried out by a Bangalore-based Centre for Study of Science, Technology and Policy (CSTEP).

A very large fraction of this investment would be spent in the country itself and would provide opportunities for Indian industries to contribute in a major way.

The availability of adequate number of skilled workforce is going to be a challenge that India would face, CSTEP's Director Dr Anshu Bharadwaj said on Friday.

"The US Senate's approval of the Indo-US civilian nuclear co-operation agreement completes the process of enabling India's nuclear power trade and commerce with other countries," Bharadwaj said.

If utilized fully, it could potentially transform India's nuclear power sector and make it a major contributor to national power generation and industrial growth, he said.

### **39. Eli Lilly, Jubilant Organosys form R&D joint venture**

4 Oct, 2008, ET Bureau

NEW DELHI: Eli Lilly and Jubilant Organosys have formed a 50:50 R&D joint venture (JV) to develop molecules across several therapeutic areas.

The company will develop the molecules from the pre-clinical to the phase II stage. To begin with, Jubilant Organosys and Eli Lilly will transfer molecules from their respective research portfolio into the JV. The intellectual property of the molecules will be owned by the respective companies.

The JV would develop drugs in the areas of oncology, diabetes and cardiovascular and will also explore developing molecules of other pharma companies.

ET had reported the development in July. The new JV, which will be based in Bangalore, is expected to begin operations by the end of year. Jubilant and Eli Lilly will jointly invest \$8 million over the next three years in the JV and employ around 30-35 scientists.

"Our ability to generate molecules exceeds our ability to develop them ourselves. We would like to rapidly move these molecules for development through partnerships by leveraging the global drug development capacity. The JV will be based in India with a global focus," Eli Lilly VP (global external R&D) Robert Armstrong told ET. The JV is part of Lilly's global early-stage development programme through external contract companies and its first in Asia.

Jubilant Organosys joint MD Hari Bhartia said. "The unique partnership will leverage the expertise of a global pharmaceutical company like Lilly with the emerging drug development capabilities of Jubilant Organosys." Mr Bhartia added that they will outlicense its molecules.

"We are not a research pharmaceutical company and we don't desire to be one. Upon successful development of the molecules up to the proof of concept stage (phase II), we would outlicense our molecules," he added. While global drug majors have been forming alliances with Indian companies for drug discovery or clinical trials, most of them are milestone linked outsourcing work.

This is the first time that any global discovery drug company has formed a JV with an Indian firm. The \$18-billion US major already has a five-year drug discovery alliance with Jubilant Organosys. It also has drug development alliances with Nicholas Piramal and Suven Life Sciences.

## **40. Bullet train to reduce travel time between Pune and Ahmedabad**

**3 Oct, 2008, PTI**

VADODARA: The proposed bullet train on the Pune-Ahmedabad-Mumbai route will reduce travel time between the cities, a Union Minister of State said here.

The high-speed bullet train, with an estimated cost of Rs 50 crore per km is expected to run at 300 kms per hour on a dedicated fast track.

The train will substantially reduce the travel time between Pune and Ahmedabad by almost a half, Union Minister of State Naranbhai Rathwa said on Thursday adding that it was an economically viable proposition.

At present, the 660-km long distance between Pune and Ahmedabad is covered by an overnight journey.

Rathwa said the pre-feasibility study of the proposed train on the route, carried out by a Japanese consultant, had focused on technicalities and financial and operational viability.

It will be followed by a detailed study on traffic patterns, funding plans, stakeholders' view, fare structure and other related issues before beginning the work, he said.

Rathwa said the idea is to construct a high speed corridor in each of the regions in the country - northern, western, southern and eastern.

Gujarat, Haryana, Karnataka, Punjab, Maharashtra, Kerala and West Bengal have agreed to partly fund the project, he said.

Rathwa had on Thursday inaugurated the newly converted Pratapnagar-Dabhoi broad gauge section.