

Newsletter, 20-I-2010

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INDEX

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A: ENTREPRENEURSHIP; DEVELOPMENT; GENERAL ITEMS

1. Education sector holds US\$ 100 bn investment potential, say experts

The country's education sector presents an investment potential of US\$ 100 billion over the next five years according to sector experts. The growth potential in the sector is driven by increasing demand for skilled professionals and need for infrastructure development. The education sector could turn into one of the most preferred sectors for investment by venture capitalists and private equity players, as per sector experts.

2. Anil Ambani plans to take over MGM Hollywood studio: Report

One of India's leading entrepreneurs Anil Ambani plans a takeover of the Metro-Goldwyn-Meyer Hollywood studio in an attempt to become one of the world's most powerful film bosses, the 'Daily Telegraph' reported today. Anil Ambani already owns a controlling stake in Steven Spielberg's DreamWorks studio and has struck a series of deals with stars including Hollywood stars Brad Pitt, Jim Carrey, Julia Roberts and George Clooney to develop their films.

3. Luxembourg seeks JVs with Indian companies in various sectors

We are looking for joint ventures with Indian companies in sectors like automobile, pharma and IT," Luxembourg Minister of Economy and Foreign Trade, Jeannot Krecke, said on the sidelines of a business meeting conducted by Confederation of Indian Industry (CII). "We also want to be a part of India's growth story. So we are here to invest in India, looking for JVs with Indian companies in various sectors," Krecke said. According to Krecke, more than 20 companies have already invested in India.

4. PM sees 2009-2010 growth at 7%

Prime Minister Manmohan Singh said on Friday Asia's third-largest economy was expected to grow by around 7 percent in 2009/2010 fiscal year, slightly below previous forecasts by his policy makers. Indian policymakers, including the finance minister, have said they expect the economy to grow around 8 percent in the fiscal year ending March, after slowing to 6.7 percent in 2008/09 as the global economic crisis shaved off growth.

5. RIL arm to set up university

The new initiative would be launched under the chairmanship of Nita Ambani, Mukesh Ambani, the chairman of RIL, said during his acceptance speech after being honored with the Dean's Medal by the University of Pennsylvania School of Engineering and Applied Science on Friday. The medal was conferred for his visionary leadership in the application of engineering and technology for the

betterment of mankind.

B: IT; ITES; R&D; TELCOS; TOURISM & HEALTH T.; SERVICES

6. Suven gets two patents from China and Russia

City-based biopharmaceutical company Suven Life Sciences announced on Tuesday that two product patents were granted in China and Russia to two of their new chemical entities (NCEs) for treatment of neurodegenerative diseases. These are valid until 2023 and 2024 respectively. These are being developed as therapeutic agents for treatment of cognitive impairment associated with Alzheimer's disease, attention deficient hyperactivity disorder, Huntington's, Parkinson and schizophrenia.

7. TCS to hire 8,500 trainees and 3,000 laterals in Q4

We have already employed 8,703 trainees in Q3 and expect to add 8,500 more trainees in Q4 FY 10. We have also hired 3,000 laterals in Q3 and given the growth we may continue to hire in Q4 as well," TCS' Vice-President and Head, Global Human Resources, Ajoyendra Mukherjee, told reporters here.

8. IBM to scale up BPO operations; plans to hire 5,000

We plan to focus more in the services sector by opening more BPO centres in India. We would recruit at least 5,000 people to support this expansion," IBM Poland's Senior Advisory Consultant, Selby Mascarenhas, said in Mumbai. At present, IBM has BPO facilities in major cities like Mumbai, Hyderabad, Pune, Gurgaon and Kolkata. Rather than moving to smaller cities, IBM would prefer to expand its existing centres by opening new units, he said.

9. Small US firms offshoring more

Despite Barack Obama's efforts to discourage offshoring by US companies, there is some evidence to suggest that now even smaller companies in the country are increasingly looking at outsourcing to regions like India to cut costs. And given that smaller companies would prefer to deal with smaller vendors to get the attention they seek, the beneficiaries are expected to be mid-size IT companies in India. Aditi Technologies, which focuses on providing software services to companies with revenues of between \$50 million and \$2 billion, has seen a 300% increase in its sales pipeline in last two months, compared to the four months prior to that. The company said it had closed "multiple high potential deals" in these months. Sonata Software recently won an order from a \$50 million, 400-people company in Muncie in Indiana, the first time that this 25-year-old company has offshored work. B Ramaswamy, MD of Sonata, told TOI in November that he expected more deals like this. Sunil Gupta, VP in ITC Infotech, a company that has a greater focus on Europe, said more and more mid-size companies in that continent too are becoming first time outsourcers.

10. Foreign tourist arrivals to rise 25%

The peak tourism season in the country begins from November and continues up to February. The tour operators have witnessed a 20 per cent jump in bookings in the months of November and December 2009. Vijay Thakur, president, Indian Association of Tour Operators (IATO), "India is set to witness a growth of 25 per cent in the peak tourism season of 2009-10 in terms of foreign tourist arrivals. The growth in inbound tourist arrivals to the country would come on the back of the revival in the economy."

11. Choice Hotels buys out India biz



The US-based hospitality major Choice Hotels International has acquired its entire India business by buying the 60% stake of its franchise partners, for an undisclosed sum. The group said that after the buyout, Choice Hospitality India will be operated as a wholly-owned subsidiary. "We plan to focus extensively on developing resources for growing our presence in India, which now stands at 28 hotels," Choice Hotels International president and CEO Stephen P Joyce said in a statement. Choice Hotels International manages brands like Choice Hotels, Comfort Inn, Comfort Suites, Quality, Sleep Inn, Clarion, Cambria Suites, MainStay Suites, Suburban Extended Stay Hotel, Econo Lodge, Rodeway Inn and Ascend Collection in the world.

12. Walgreens, Genpact ink 10-year outsourcing deal

US' largest drugstore chain Walgreens on Thursday announced a 10-year outsourcing deal with India's BPO provider Genpact. As part of the contract, Walgreens will shift its accounting processes and jobs to Genpact, a move that will involve transfer of at least 500 jobs. This is Genpact's fourth-largest deal in past three months, signalling a gradual bounce back in the global BPO business market. "We are definitely seeing a comeback with lot many deals in the pipeline of large value. This is also a large contract considering the number of people involved. We will also keep many jobs onshore and still be able to maintain margins," Genpact president and CEO Pramod Bhasin told ET.

13. Bharti Airtel eyes Bangladesh mobile market leader

Bharti Airtel wants to be a market leader in Bangladesh's rapidly growing mobile market after acquiring 70 percent in no. 4 operator Warid Telecom, Chief Executive Manoj Kohli said on Sunday. Bharti, which has management and board control of the company, said the overall investment in Warid would be \$1 billion. That includes the contribution from 30 percent shareholder Abu Dhabi Group. "We want to be a market leader no. 1 or 2, not no. 3 or 4," Kohli told a news conference in Dhaka. Industry watchers expect Bharti's entry into Bangladesh to lead the charge in the mobile sector that is expected to grow from 52.4 million in 2009 to 70 million by 2011. "We will make a fresh investment of \$300 million in Warid to expand network in remote areas," he said.

C: AGROBUSINESS; RETAILING

14. Fast & furious: Auto sales surge 68% in Dec.

Car sales in the domestic market zoomed 40% in December, led by revival in economic growth and easier retail financing and also due to a low base of last year. According to figures released by Society of Indian Automobile Manufacturers (Siam), car sales in December stood at 115,268 units against 82,174 units in December 2008. Overall auto sales also recorded handsome gains as all the segments — cars, two-wheelers, three-wheelers and commercial vehicles — grew. Total domestic sales were up 67.5% at 10 lakh units against 5.97 lakh units in December 2008. Year-end discounts have also added to demand for cars. In December, 13 of the 16 car makers recorded growth in sales, including top three players — Maruti Suzuki, Hyundai India and Tata Motors.

15. Sops for food processing industry

The food processing industry in India is all set for a robust growth with the Centre today announcing a series of new initiatives. This includes a separate policy at the state level, thrust on contract farming and making the sector tax-free. Inaugurating Baba Ram Dev's mega food park at Haridwar, Union Minister for Food Processing Industries Subodh Kant Sahay said the Centre would launch efforts to set up at least one mega food park in each state. Stating that the sector was growing at 14 per cent, Sahay said the Centre had also decided to keep the food processing industry out of the tax net. "We have decided not to levy any tax on the industry," he said.

16. Indian generics dominate global ranking

Drug maker Lupin has given the highest 'Total Shareholder Return (TSR)' in the past three years, according to a recent study of the major global generic drug manufacturers by The Boston Consulting Group (BCG). The BCG analysis shows Lupin gave an annualised average TSR of 29.9 per cent, ahead of the 18.4 per cent of Israel-based Teva Pharmaceutical, the world's largest generics maker. Teva is next on the list. Another Indian generic maker, Glenmark, occupies third position, with an 18 per cent TSR to its investors. Of the nine generic companies that gave good benefits to their shareholders, seven are Indian companies, said the study. Sun Pharmaceutical, which is India's largest drug company in terms of market capitalisation, occupies the fifth position, with a TSR of 13.7 per cent. Dr Reddy's Laboratories and Cipla, two of the largest domestic drug companies, follow Sun Pharma with 6.2 per cent TSR each.

17. Truck sales zoom 201% in December, rentals at 2-year high

Truck sales, a key indicator of goods movement, zoomed by an astronomical 201.1% in December 2009, though on a low base effect as compared with December 2008. The sales grew only 11.9% in the first three quarters. The figures, coupled with rising truck rentals which are at a twoyear high, indicate that the economy is on an uptick.

D: INDUSTRY

18. Industrial output at 2-year high

Industrial production grew at a two-year high 11.7% in November 2009, putting India on track to achieve 8% economic growth in the current financial year and strengthening calls for a hike in interest rates to tame rising prices. "We will have to revise our GDP estimates for the year. It is currently 7%, but we will revise it to 7.3-7.4%," said Abheek Barua, chief economist at HDFC Bank. Indian economy grew at 7.9% in the July-September 2009 quarter, taking the overall growth for first half of the current fiscal year to 7.1%, prompting the government to say that it could meet or even exceed the 7.75% forecast for the year.

19. Global compact cars' India catwalk

India today set the stage for global car giants Toyota, Volkswagen and Honda to unveil to the world their strategy and models for the high-growth small-car market. The platform was the 10th Auto Expo being held in the national capital. Small cars, which range from Maruti 800 to Hyundai i20, constitute over 78 per cent of the total car sales (1.5 million) in the country. India is one of the four key markets for global car makers' small car manufacturing and exporting hub. The others are Brazil, Japan and Thailand. Bangalore-based Toyota Kirloskar Motors (TKM) today showcased its small car concept christened Etios, which would be launched in India by December this year. It would be available both in a hatchback as well as sedan version, and expected to be priced below or at par with Maruti Suzuki Dzire, the largest selling (over 8,000 per month) sedan in the entry-level segment. The entry price for a Dzire is Rs 5.5 lakh.

20. GM launches new mini car Beat, expects 40% sales surge this year

With the launch of its global mini car, the 'Chevrolet Beat', General Motors India sees its total sales crossing 100,000 in 2010 from 70,000 units in 2009. The 1.2 litre petrol car will be available in three variants — PS, LS and LT. The price will range from Rs 3.25 lakh (ex-showroom, Delhi) for the PS variant, Rs 3.54 lakh for the LS and Rs 3.94 lakh for the high-end LT variant. "With its best-in-segment design, performance and safety, the Beat is destined to become an industry benchmark and a winner among consumers in India," GM India President and Managing Director Karl Slym told reporters at the launch of the car in Delhi.

21. Component-maker Bosch bullish on India, to invest Rs 2,000 cr in 3 yrs

The world's largest automotive component manufacturer, Bosch, plans to invest Rs 2,000 crore in India over the next three years. Of this amount, the company will spend around Rs 500 crore towards

increasing its research and development facilities in the country. "India will be an important market for the company in the immediate future. Growth focus has shifted to the Asia-Pacific after the financial crisis," said Bernd Bohr, chairman of the Stuttgart-based Bosch Automotive Group.

E: BASICS; INFRASTRUCTURES; EMPLOYMENT; FDI

22. Domestic market to drive hiring in 2010

"It's the domestic market that is responsible for the current spurt in hiring. It is going to be a sustained, well-rounded growth. Recruitment volumes will pick up across verticals like telecom, manufacturing, FMCG, retail, BFSI, IT and government," he says. Traditionally, about 85% of hiring by IT companies is to meet outsourcing demand, but now, domestic demand is playing a significant role.

23. Port PPP projects worth US\$ 897.7 million get clearance

The projects include development of a mega container terminal at Chennai port with an estimated cost of US\$ 684.25 million, a container terminal at New Mangalore Port US\$ 60.4 million, a multi-purpose berth at Paradip port US\$ 84.87 million and a berth for handling bulk cargo at Tuticorin port US\$ 72.79 million. The projects are expected to add a capacity of 62 million tonnes per annum to the major ports. Out of 17 PPP projects worth over US\$ 3.4 billion scheduled by the shipping ministry for awarding this financial year, seven projects worth US\$ 394.3 million have been awarded so far. The four projects that have received clearance will soon be sent to the Cabinet for approval.

24. L N Mittal's Rs 30,000 cr Karnataka plant gets nod

ArcelorMittal, whose steel projects in Orissa and Jharkhand are in limbo for many years now, on Thursday received a red-carpet welcome from Karnataka which cleared a Rs 30,000 crore proposal for an integrated steel plant by the world's largest maker of the alloy. "Mittal has come forward to set up a mega steel plant in Karnataka with an investment of Rs 30,000 crore with a direct employment potential for 10,000 people," chief minister B S Yeddyurappa said after his meeting with Mittal here. Yeddyurappa said a High-Level Committee led by him cleared the six million tonne per annum-project on January 5.

25. Government grants approval to road projects worth US\$ 1.36 billion

The government has approved road projects worth US\$ 1.36 billion in five states to upgrade nearly 562 km of four-lane highways to six lanes. The approved projects include six-laning of 435 km in Rajasthan, Maharashtra and Gujarat at an estimated US\$ 943 million, part of the Golden Quadrilateral (GQ) scheme and four/six laning of 122.87 km stretch on Maharashtra-Goa and Goa-Karnataka border at an estimated US\$ 412.5 million.

26. In the pipeline: GAIL to double volumes by '14 to meet demand

India is witnessing a big thrust in gas production from domestic finds in the Krishna-Godavari basin. We expect gas availability in India to grow at 23% compounded annual growth rate (CAGR) to 312 million standard cu. m per day (mscmd) by FY14, buoyed by trebling of domestic production to 254 mscmd and doubling of regasified liquefied natural gas imports to 58 mscmd. To capture the huge transmission opportunity presented by this gas surge, GAIL is investing to double its capacity by FY12-13. We expect its transmission volumes to grow at 20% CAGR through FY14 to 208 mscmd.

27. SBI to hire 27,000 staff this year; to open 1,000 more branches

This year we have plans to recruit 20,000-22,000 people in the clerical posts and 5,500 people at the probationary officer level," SBI Deputy Managing Director and Group Executive, Anup Banerji told reporters on the sidelines of Bancon conference here. With a view to increase its presence into new

centres, SBI plans to add another 1,000 branches this year, which will take the total number of branches to 13,000, Banerji said. Besides, State Bank also aims to scale up the number of ATMs to 25,000 by end-fiscal, he said.

28. Rural job generation to get PPP push

After the infrastructure sector, the public-private partnership (PPP) model will be extended to rural job generation as well, with the aim to provide employment to 50 million families below the poverty line over the next seven years. The initial success of the flagship National Rural Livelihood Mission (NRLM) has prompted the rural development ministry to seek a four-fold increase in Budget allocation for the project. The new mission has been expanded from the government's Swarnajayanti Gram Swarozgar Yojana (SGSY), which had a budget of Rs 2,350 crore in 2009-10.