

## Newsletter, 5-III-2010

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#### **A: ENTREPRENEURSHIP; DEVELOPMENT; GENERAL ITEMS**

##### **1. India to grow 9-10% for 25 years: PM**

India will grow at the rate of 9 to 10 percent for the next 25 years, Prime Minister Manmohan Singh said here on Monday. "Despite the economic slowdown, we hope to achieve a growth rate of 7.5 percent in the current financial year," the economist-turned-prime minister told the Majlis-ash-Shura, the Saudi parliament. "In the next 25 years, we aspire to (having) growth rates of between 9 and 10 percent annually. This will enable us to lift millions of our people out of poverty so as to transform India into one of the largest economies of the world."

##### **2. Warren Buffett calls likely successor Ajit Jain 'superstar'**

Describing him as a "superstar", Warren Buffett has reiterated his confidence in Indian-origin Ajit Jain - long rumored to be the successor of the legendary investor at Berkshire Hathaway. Buffett said that Jain, head of Berkshire's reinsurance operations, is known worldwide as the man to call when something both very large and unusual needs to be insured. "A hugely important event in Berkshire's history occurred on a Saturday in 1985. Ajit Jain came into our office in Omaha - and I immediately knew we had found a superstar," he wrote in his annual letter to shareholders.

##### **3. It's 'destination India' for top global schools**

Come September, US-based Georgia Institute of Technology (commonly called Georgia Tech) will begin work on its research centre in Hyderabad. The institute is in the process of signing memoranda of understanding with several leading Indian and US industry and academic entities. This top US-based research university's is just the latest in a series of such initiatives by marquee names in the world of education. Early this month, the Punjab government collaborated with Carnegie Mellon University to set up a 'Punjab International University' near Ludhiana in a 35-acre complex. The initial proposal would have five schools in the university. Harvard Business School (HBS) decided to have a classroom of its own in the country for its executive education programmes. Yale University agreed to develop an India-Yale Leadership Program in areas like curriculum development, faculty development and academic planning. The Union ministry of human resource development (MHRD) is said to be firming up a plan before a memorandum of understanding is signed between it and Yale later this year, when the latter's president, Richard C Levin, visits.

#### **4. India Inc on cusp of new investment cycle**

A raft of companies across industries such as cement, paper, tyre, paints, automobiles and consumer durables have in the past three months announced capacity expansion plans totalling around Rs 50,000 crore (\$11,000 million) over the next 2-5 years, and many more are in the process of firming up plans. The sharp rebound in business activity after the 2008/09 economic slowdown has allowed manufacturing firms to revive some of their pending investments, with rising demand giving companies confidence to expand capacity afresh. Industrial production grew 16.8% year-on-year in December, the fastest in almost two decades.

#### **5. Petrochem region set to attract Rs 163000 cr (\$36000 million) in 2 yrs**

The proposed Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) between Visakhapatnam and Kakinada is likely to attract over Rs 163,000 crore investment over the next few years, said state chief minister K Rosaiah. On the occasion, Rosaiah handed over a cheque of Rs 120 crore to 7,867 self-help groups (SHGs). At present there are **933,000 SHGs** working in the state.

#### **6. Rs 600-cr Infinity project set to change Guwahati IT outlook**

At a time when Assam and North-East hardly figure as a promising investment destination for IT companies, Kolkata-based Infinity Infotech Parks Limited (I IPL), a company providing infrastructure solutions to IT companies, has ventured into the region with an ambitious Rs 600-crore world-class IT park project in Guwahati and, moreover, has said would try and rope in investments for the park.

#### **7. Shree Renuka buys 51% in Brazil sugar firm**

Shree Renuka Sugars, among the country's largest sugar producers, has signed an agreement with Brazilian conglomerate Grupo Equipav to buy a controlling 50.79 per cent in Equipav S A ACUCAR e ALCOOL (Equipav) for Rs 1,530 crore or \$329 million. The deal is the largest by a domestic sugar producer and puts the company among the world's top three sugar players from its current position among the top ten. Equipav is among Brazil's largest sugar and ethanol manufacturers and its acquisition will enable the Indian company to source more than 50 per cent of its annual requirement of raw sugar annually.

#### **8. India, Saudi Arabia set to sign 10 pacts**

India and Saudi Arabia today finalized 10 pacts, including an Extradition Treaty and agreements in the economic sphere for signing during Prime Minister Manmohan Singh's ongoing visit to this oil-rich country. Singh has expressed keenness to impart "strategic character" to India-Saudi Arabia ties and the agreements are expected to give a major fillip to the relations.

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

#### **9. Healthcare sector beneficial for long-term investors**

Healthcare is emerging as one of the fast-growing service sectors in India, contributing 6% to the country's growth domestic product (GDP). As two-third of the expenditure on healthcare is contributed by the private sector, it offers huge growth opportunity for corporate hospitals and healthcare providers. Given this, listed private sector companies offer promising opportunity to investors.

#### **10. TCS bags Rs 4,150-cr (\$1 bn) deal from UK government**

The contract, awarded by the UK's Personal Accounts Delivery Authority (PADA), is divided into two stages, with possible extensions of another five years. The first stage will run up to October 2010, allowing TCS to begin the activity required to set up and administer NEST. Prior to the expiry of the first stage, a decision will be made on whether to proceed with the contract for the remainder of the contract term. "This is a significant contract, with fixed and variable elements. The value of the contract will vary with volumes, which are inevitably uncertain at this stage. However, we broadly expect it to be

in the region of £600 million over 10 years (including VAT and inflation)," said a spokesperson of PADA.

### **11. Govt allows 3 private operators for 3G services in most circles**

According to the Notice Inviting Applications (NIA) for 3G spectrum auction in 22 circles, most of the circles including four metros -- Delhi, Mumbai, Kolkata and Chennai -- would have three private players. Only five states of Punjab, West Bengal, Bihar, Himachal Pradesh and Jammu and Kashmir would accommodate four private operators.

### **12 Govt set to spend \$10bn on e-governance**

"The government has committed about \$10 billion to this programme, of which composite of some investment is coming from private partners and also from the state governments," ministry of communication & information technology additional secretary S R Rao said.

### **13. Appna Bazaar**

Today, head to any app collection, be it on Apple's App Store or Nokia's Ovi Store, and there is a fair chance that you will find dozens of apps developed by Indians. From seemingly innocuous ones that recite the Hanuman Chalisa to apps that serve up live cricket updates and others that let you access a number of radio stations across the world, the Indian apps bazaar is alive and thriving. Although figures are hard to come by, consider this: a few days ago, Camera Plus, an app developed by Indian company Robosoft Technologies, crossed the 5 million mark, making it probably the first app from an Indian company to go past that figure. That is not a figure you can scoff at.

### **14. Apollo Tyres to make Chennai its R&D hub at Rs 2,000 cr (\$400 million)**

Apollo Tyres is all set to make Chennai its hub for both manufacturing and research and development (R&D). The country's leading tyre manufacturer is setting up a Rs 2,000-crore manufacturing facility, in which, it says, another Rs 600 crore is likely to be pumped in.

### **15. Mega Deals: \$1 billion outsourcing contracts may come to India**

Large outsourcing contracts worth up to \$1 billion look set for a comeback this year, as companies from segments like retail, banking, telecom and utilities, apart from government bodies, seek to cope with renewed demand for their services and also lower their operational expenses. Outsourcing experts and industry officials told ET last week that auto customers too are looking to award large contracts for managing their business and IT systems this year. British Petroleum's IT contract worth \$1.5 billion awarded to Indian vendors TCS, Infosys and Wipro early this year was one such mega deal.

## **C: AGROBUSINESS; RETAILING**

### **16. FieldFresh Foods to invest Rs 200 cr in India operations**

FieldFresh Foods, a joint venture between telecom-to-retail major Bharti Enterprises and the Del Monte Pacific arm, DMPL India, is looking to invest Rs 200 crore in setting up its first manufacturing plant in India as well as getting into backward integration. Sanjay Nandrajog, CEO, Field Fresh Foods, said, "We are investing Rs 100 crore in setting up a manufacturing unit in Hosur in Tamil Nadu. We are also investing in increasing yield of fruits and vegetables in Ludhiana in Punjab and Maharashtra."

### **17. Dubai-based Al Reyami group to set up three office furniture facilities in south**

Reyami Interiors, belonging to Dubai-based Rs 1700 crore Al Reyami Group, is betting big on the growing turnkey office interior market in India. It is setting up three facilities in the south with an investment of Rs 110 crore for producing office furniture and interiors. As part of its backward

integration plan, the company has proposed to set up a facility at Sricity SEZ near Chennai for making office furniture and chairs. It will set up a facility at Coimbatore for glass and aluminum and a third one at Hosur for joinery.

#### **18. Exports of gems and jewellery increase 62 per cent in January 2010**

Exports of gems and jewellery have touched US\$ 2.6 billion in January 2010, growing 61.8 per cent over the same period in the previous year, according to the Gems and Jewellery Export Promotion Council (GJEPC). During the month under review, polished diamonds exports stood at US\$ 1.7 billion, compared to US\$ 904.48 million posted for the same period in the previous year.

### **D: INDUSTRY**

#### **19. Jet Airways introduces special fares and benefits for women**

Effective from March 1 to March 10, Jet Airways would be giving 10 per cent discount on the base domestic fare and five per cent on base international fares to every group which has at least one woman traveler and makes a booking on the airline's website, the airlines said in a statement. The International Women's Day is being observed on March 8. "Women travelers, besides being a prominent and growing customer demographic, have also been among Jet Airways' most loyal customers.

#### **20. Low-cost airlines plan fleet expansion, to step up hiring**

Thanks to the economic revival, the Indian aviation industry has taken off again, overcoming fears of being grounded for long by the threat posed by last year's slowdown. The massive growth in past two months, led by December's record figure of 33% and January's 23%, has led to airlines again looking at expanding their fleet and stepping up on the hiring front. The biggest Indian LCC, IndiGo, is looking at hiring 1,000 people 100 pilots, 400 cabin crew and rest passenger service staff this calendar year. Our current fleet size is 24 and this number will go up to 34 by year-end. SpiceJet is also on a hiring spree as its fleet size will rise from 19 to 25 by year-end. Kingfisher chief Vijay Mallya has also said the airline may add planes to its fleet after a massive downsizing during the slowdown while announcing his new international flights recently.

#### **21. Toyota to begin production of Etios by December**

World's largest car maker, Toyota is set to begin production of the its concept car, Etios, targeted at the B segment customers, by December this year, Toyota Kirloskar Motor (TKM) managing director Hiroshi Nakagawa said here on Saturday. The company, which is present in India through a joint venture with Kirloskar Group, has invested over Rs 3,200 crore to set up its second manufacturing facility in Bangalore for Etios with initial capacity of 70,000 units per year. "The manufacturing capacity is spread over 425 acre and based on the customer response after the Etios rolls out, the manufacturing capacity of the plant could be increased to nearly 200,000 units per year," Nakagawa added.

#### **22. Tata-Sikorsky first copter to fly out from aerospace SEZ by November**

The joint venture of Tata Advanced Systems and Sikorsky Aircraft Corporation (US) will produce its first helicopter from the Aerospace and Precision Engineering special economic zone at Adibhatla near here by November 2010, according to chief minister K Rosaiah.

### **E: BASICS; INFRASTRUCTURES; EMPLOYMENT; FDI**

#### **23. Indian i-banks, FMCG get set for IIM-A's second cluster hiring**

After courting i-banks and global consulting firms, the country's premier B-school, IIM-Ahmedabad, gets ready for an encounter with Indian investment banks, FMCG players, as well as firms offering general management roles, in the second cluster that is set to begin this Saturday. For the second cluster, companies such as Kotak Mahindra, Citi India, Anand Rathi Group, Angel Trading, Edelweiss Capital and ICICI are expected to offer i-banking roles to the students. Companies like Procter & Gamble, Nestle, Pepsi, Cadbury, HUL and Aditya Birla Group, among others, are also expected to be present at the campus over the second weekend of the placements.

#### **24. India Inc hails Mamata's rail budget**

"The Railway Budget 2010-11 carries the agenda forward from the last budget and has made the most encouraging announcements in terms of involvement of the private sector in the development of railways, particularly in the Vision 2020 document," said Chandrajit Banerjee, director general, Confederation of Indian Industry.

#### **25. 91 ITIs and 415 SDCs to come up in Orissa**

The Ministry of Labour and Employment of the Government of India has decided to set up 91 new ITIs (Industrial Training Institutes) and 415 Skill Development Centres (SDCs) in Orissa on the public-private partnership (PPP) mode. While the Orissa government would provide basic infrastructural support for these ITIs and SDCs including free land with proper power, water and road connectivity, the Centre would provide Viability Gap Funding.

#### **26. Core sector gets 46% of outlay**

"I propose to maintain the thrust for upgrading infrastructure in both rural and urban areas," Mukherjee said, while presenting the budget in Parliament today. Over 46 per cent of the total plan allocation – Rs 173,552 crore – for 2010-11 has been earmarked for infrastructure development. Last year, the proportion was around 30 per cent.

#### **27. Companies, banks see a turnaround in the capex cycle**

Corporate banking heads are a happy lot these days. And it's not just because of the spurt in credit demand — credit growth has improved to 15 per cent from a low 10 per cent in October 2009. Companies are approaching them again with capacity expansion proposals, suggesting a more durable basis for an economic turnaround. Bankers are excited because the proposals are not just from infrastructure companies building power plants, roads or telecom services, but other sectors as well.