



MARKET MOVEMENT

Major Indices	February 06, 2009	February 13, 2009	% Change	Change
BSE Sensex	9,300.86			
NSE Nifty	2,843.10			

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **CCEA Okays proposal to ease FDI norms**
- **Government provides sops for fertiliser companies to switch to natural gas**
- **Wall Street Journal facsimile editions cleared**
- **CCEA nod for longer concession period for Maharashtra project**
- **RBI eases credit norms for exporters**

CCEA Okays proposal to ease FDI norms

CABINET Committee of Economic Affairs (CCEA) streamlined the methodology for calculating the total Foreign Direct Investment (FDI) in Indian companies, under which it has excluded indirect investment routed through entities ultimately controlled by Indians from the overall sectoral ceilings. It is aimed at encouraging more overseas funds inflow and offering greater leeway for foreign firms to increase equity in their ventures in India. The foreign investment through an investing Indian company would not be considered for calculation of the indirect foreign investment in case of Indian companies which are owned and controlled by resident Indian citizens and Indian companies owned and controlled ultimately by resident Indian citizens.

Government provides sops for fertiliser companies to switch to natural gas

GOVERNMENT provides sops for fertiliser companies to switch to natural gas. The new policy provides a special fixed cost reimbursement to enable conversion of their existing urea plants running on furnace oil into gas-based units. The listed state-owned companies plan to invest around Rs 48 billion over the next three years to change the feedstock of their four plants Original policy.

Wall Street Journal facsimile editions cleared

THE Ministry of Information and Broadcasting has given its approval to the facsimile edition of The Wall Street Journal and The Wall Street Journal Asia. The newspapers will be brought out by Wall Street Journal India Publishing Pvt Ltd, a wholly owned subsidiary of Dow Jones and Company, US, which publishes the financial paper. Last month, the Foreign Investment Promotion Board approved FDI of Rs 21.6 million by Dow Jones & Co Inc in setting up the wholly owned subsidiary.

CCEA nod for longer concession period for Maharashtra project

CCEA has approved increasing the concession period and project cost for a highway project to be undertaken on a Design, Build, Finance, Operate and Transfer (DBFOT) in Maharashtra. Higher

project costs allow the highway developers to seek a higher Viability Gap Funding (VGF) as they can claim up to 40% of the project cost as VGF. A longer concession period allows the highway developer to collect toll revenues from road users for a longer period.

RBI eases credit norms for exporters

RESERVE Bank of India (RBI) allows exporters to raise credit at higher interest rates. Exporters can now raise credit at 350 basis points above the London Interbank Offer Rate (Libor) from banks, up from 100 basis points allowed earlier. Since the cost of fund in the international market has gone up, following the financial turmoil, RBI's move will benefit exporters in terms of easier access to funds. Global funds are not available at less than 200-250 basis points above Libor. RBI has also asked domestic banks not to levy any fee like service charge.

INDUSTRY WATCH

- **GSM-based operators add 9.3 million users in Jan**
- **PC sales rise 12% in H1**
- **Indian airline sector will see upturn in Q4**
- **Telecom, retail, aviation sectors to gain from FDI policy**
- **Six MoUs signed with Dutch design houses**

GSM-based operators add 9.3 million users in Jan

GLOBAL System for Mobile (GSM) based mobile operators added a record 9.3 million users in January 2009 making it the highest-ever monthly addition. The previous best was in December 2008 when they got 8.5 million new mobile users. Almost all the operators saw a record number of new users led by Bharti Airtel, which increased its total subscriber base by another 2.73 million in January. Vodafone Essar got 2.4 million new users while Idea Cellular reported 2 million additions. Bharat Sanchar Nigam Limited (BSNL) added 1.3 million mobile users. With this, the total GSM subscriber base is at 267.5 million.

PC sales rise 12% in H1

PERSONAL Computer (PC) sales between April and September 2008, including both desktop computers and notebooks stood at 3.69 million units, a growth of 12% over the same period last fiscal. The overall consumption in the PC market was led by telecom, banking, education, BPO/IT-enabled services, and the e-governance initiatives of the Union and State Governments. The demand for desktop computers remained buoyant mainly with large and medium sized corporations. Notebook sales were driven mainly by the small and medium enterprises, whose share was over 63% in the total sales of 0.77 million units in the first six months of the current fiscal.

Indian airline sector will see upturn in Q4

THE airline sector in India will start turning around during the Q4, there has been a 58% increase in the number of aircraft with 200 seats, than the previous estimates. The next biggest demand was for 300 seater aircraft with an increase of 15%. Boeing was set to deliver 18 aircraft in India this year, including seven 777 to Air India. It is also in talks with Paramount Airways for delivery of its aircraft for the airline's international routes. It has so far sold 164 aircraft worth a total of US\$ 25 billion to airlines in India.

Telecom, retail, aviation sectors to gain from FDI policy

THE Government's decision to relax FDI norms will have major benefits for companies in telecom, aviation, retail, insurance and media sectors. In the telecom sector, Bharti Airtel and Vodafone could be the major beneficiaries as a result of the Government's decision to not consider foreign investment made through an Indian company for calculating indirect foreign investment. In the aviation sector, the announcement could see activity increase in the business jet aviation sector, which is expected to grow by at least 20% in the next few years. Retail companies could benefit as the Indian promoters will be able to bring foreign investments in the form of indirect investments without disturbing the 26% cap in the sector.

Six MoUs signed with Dutch design houses

INDIAN and Dutch design houses signed six independent MoU at the inaugural session of the 8th CII-NID Summit held as part of the week-long India Design Festival under way. The agreements signed were between Vyas Gianetti Creative (VGC) and Holland-based graphic design studio LAVA, VGC with Flex Innovation Lab, Kyoorius Exchange with IDIS, Elephant Design with NPK, Association of Dutch Designers (BNO) with Kyoorius Exchange and ElephantVersity with Faculty of Industrial Design.

CORPORATE HIGHLIGHTS

- **Kotak ties up with Japan's GCA Savvian**
- **Nichi-In signs pact with Jeevan Stem Cell Bank**
- **Patni ties up with Hitachi**
- **Speck Systems teams up with Israel Aerospace Industries**
- **TCS, Cisco in pact for virtual data centres**
- **Aircel launches GSM services in Kerala**
- **Wockhardt launches long acting insulin**
- **Tata Tele launches high-speed net access service in Chennai**
- **Infotech signs pact with Eurocopter**
- **Hyundai unveils new Verna variant**
- **Tata Tele arm, Unitech sign tower sharing deal**
- **BEL ties up with SELEX, Astra**

Kotak ties up with Japan's GCA Savvian

KOTAK Investment Banking, has tied up with GCA Savvian Corporation, a leading independent investment bank based in Japan, for advising Indian and Japanese companies on cross-border Mergers and Acquisitions (M&As) between the two countries. With this tie-up, Kotak and GCA Savvian will be able to leverage their combined expertise, strong local knowledge and long-standing corporate relationships to open up international M&A opportunities for their respective clients.

Nichi-In signs pact with Jeevan Stem Cell Bank

NICHI-IN Centre for Regenerative Medicine (NCRM), an Indo-Japan Joint Venture (JV), has signed a Memorandum of Understanding (MoU) with Jeevan Stem Cell Bank, a unit of Jeevan Blood Bank and Research Centre. The agreement is for jointly conducting research in the expansion of stored cord blood stem cells and related applications. This partnership would help in

jointly conducting research on expansion of umbilical cord blood stem cells which would benefit cancer patients by making possible treatment at affordable cost.

Patni ties up with Hitachi

PATNI Computer Systems has tied up with Tokyo-based electronics company Hitachi Ltd for jointly promoting and implementing Hitachi's integrated systems management JP1 in emerging markets outside Japan. JP1 is a suite of products aimed to centrally manage operations of an enterprise system that consists of many different environments. JP1 has enjoyed a leadership position in the Japanese market for 11 consecutive years. Patni will build up a team of up to 100 JP1 engineers who will be responsible for providing onsite support in markets such as India and West Asia. Additionally, Patni will join Hitachi in the marketing activities of JP1.

Speck Systems teams up with Israel Aerospace Industries

SPECK Systems Ltd has entered into an agreement with Israel Aerospace Industries Ltd (IAI) for manufacturing and service support of the latter's mini and micro Unmanned Aerial Vehicles (UAV's) product range in India. This is for the first time in India that a company has invested in the technology of developing and manufacturing UAVs in a large scale. The company's strength in UAVs lies in the fact that it is equipped with the capability of providing a single window solution to the growing requirements in both military and civilian applications. It can provide a total solution, right from integrating mission specific sensor, data downlink and capabilities to process and transfer the acquired data in the required format with the help of the base created in GIS applications and software development.

TCS, Cisco in pact for virtual data centres

TATA Consultancy Services (TCS) has entered into an alliance with Cisco Systems Inc to jointly develop technologies based on data centre networking and security solutions. TCS will invest in 1,000 people who would be trained on Cisco technologies. The companies aim to facilitate virtual data centres to their customers through the alliance. Cisco and TCS currently do US\$ 100 million plus worth of business annually. The companies will also explore new networking innovations to address the needs of large and small businesses for IT services. As part of the deal, the San Francisco-based Cisco will set up a technology lab at TCS campus in Chennai.

Aircel launches GSM services in Kerala

AIRCEL, the telecom operator, has entered the Kerala market with the launch of its GSM mobile services thereby enhancing its network to 11 circles in the country. They are in the process of strengthening the southern corridor in the next 3-4 months by launching the services in Karnataka and Andhra Pradesh. The company has invested Rs 5 billion in the Kerala market in the first phase to set up 1,200 base stations, which will be doubled in one year. The products and services are uniquely tailored to meet the special needs of consumers in the State such as the lowest inbuilt Gulf tariff at Rs 5.99 a minute.

Wockhardt launches long acting insulin

WOCKHARDT has launched its version of recombinant long acting human insulin analogue, Glaritus, at a price less than the original product from innovator company Sanofi Aventis. The new product would make the Mumbai-based drug maker the first company to globally make a similar version of the advanced product that works for over 24 hours. Wockhardt has priced its Glaritus at Rs 435 compared with the innovator's product priced at about Rs 484, a company official said. Wockhardt's product, administered through a pen form device, is priced at Rs 450, compared with

the innovator's product at Rs 1,200 and its product delivered through the disposable pen is priced at Rs 585, compared with the innovator's Rs 884, the official added.

Tata Tele launches high-speed net access service in Chennai

TATA Teleservices Ltd has launched Photon Plus, a high-speed Internet access service, in Chennai. The Photon Plus service can be accessed using a router, for SMEs and business enterprises, configured with an in-built modem and Wi-Fi capabilities, and the USB modem, for individual users and the SOHO segment. Tata Indicom's Photon Plus high-speed internet access service is 10 times faster than existing mobile wireless technology. The service also allows customers to send and receive SMS and is compatible with both laptops and desktop PCs.

Infotech signs pact with Eurocopter

INFOTECH Enterprises Ltd, an engineering services and GIS solutions provider, has signed an agreement with German helicopter manufacturer Eurocopter. The objective is to participate in the attack helicopter programme of the Ministry of Defence. As part of the agreement, Infotech would take part in the areas of mechanical, electronics and aviation segments. The Hyderabad-based company is also likely to buy two companies in the aerospace and automobile engineering services within the next six months.

Hyundai unveils new Verna variant

HYUNDAI Motor India has launched an automatic transmission variant of its mid-sized sedan Verna in the diesel segment at Rs 0.87 million. The company has also introduced a facelift version of its Verna in petrol and diesel variants for the first time since its launch in 2006. With change in interiors and additional features, the new model is priced higher in the range of Rs 8,000-Rs 13,000. The two petrol models of Verna are now priced at Rs 0.64 million and Rs 0.71 million (ex showroom Delhi). Its diesel variants will be available at Rs 0.75 million and Rs 0.80 million.

Tata Tele arm, Unitech sign tower sharing deal

UNITECH Wireless has signed an infrastructure sharing deal with Wireless-TT Infoservices Ltd (WTTIL), the tower arm of Tata Teleservices Ltd, and Quippo Telecom Infrastructure Ltd (QTIL). Unitech Wireless will lease tower infrastructure from WTTIL and QTIL across India. This agreement will enable Unitech Wireless to roll out GSM services as planned by the second half of 2009. The tower sharing deal was one of the pre-conditions for Unitech to close the equity deal with the Norway-based mobile firm Telenor. The deal marks an important milestone in the rollout, as it will considerably shorten the time to market for Unitech Wireless.

BEL ties up with SELEX, Astra

BHARAT Electronics Ltd (BEL) has signed preliminary collaborative agreements with two companies Astra Microwave Products of Hyderabad and SELEX Galileo of Italy. The defence PSU said it had signed a MoU with Astra Microwave to form a JV for design and manufacture of microwave components and assemblies. These products will meet the needs of the Indian defence, paramilitary, Government establishments, civilian and international customers.