



MARKET MOVEMENT

Major Indices	May 30, 2008	June 06, 2008	% Change	Change
BSE Sensex	16,415.57	15,572.18	(5.14)	
NSE Nifty	4,870.10	4,627.80	(4.97)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Government approves 23 SEZ proposals**
- **India, Luxembourg sign pact to avoid double taxation**
- **Myanmar investment pact okayed**
- **Cabinet approves financing education exchange programmes with US**
- **Enhancement in the age of Superannuation for teaching specialist of doctors**

Government approves 23 SEZ proposals

THE Government approved 23 proposals for setting up Special Economic Zones (SEZs), including an airport-based one by Bangalore International Airport Ltd (BIAL) and an Information Technology (IT) zone by Larsen and Toubro (L&T). The Board of Approval (BoA) for SEZ took up 27 proposals of which 21 were granted formal approvals while the in-principle nod to two projects were converted into formal approvals.

India, Luxembourg sign pact to avoid double taxation

INDIA and the Grand Duchy of Luxembourg signed a Double Taxation Avoidance Agreement (DTAA) that seeks to among other things promote economic cooperation between the two countries. The DTAA between India and Luxembourg will cover in the case of India, the Income-tax and the wealth tax including any surcharge thereon. In the case of Luxembourg it would cover the income tax on individuals, the corporation tax, capital tax and the communal trade tax.

Myanmar investment pact okayed

THE Cabinet gave its approval to Bilateral Investment Promotion and Protection Agreement (BIPA) with the Myanmar Government and ratification thereof. The objective of BIPA is to promote and protect the interests of investors of either country in the territory of the other country. It shall remain in force initially for a period of 10 years.

Cabinet approves financing education exchange programmes with US

THE Cabinet gave its approval to the revised draft agreement between the Government and the US Government for financing certain education exchange programmes. It also gave its approval for change in nomenclature of the 'Fulbright Scholarship' to 'Fulbright-Jawaharlal Nehru Scholarships and Grants'. The agreement will facilitate an expansion of the existing Fulbright Educational exchange programme to double the number of scholars exchanged with a financial contribution by the Indian Government.

Enhancement in the age of Superannuation for teaching specialist of doctors

THE Cabinet gave its approval for enhancement of the age of superannuation in respect of teaching specialist of Central Health Service doctors from 62 years to 65 years. The enhanced age of retirement would be available to those Specialists who are engaged only in teaching activities and are not occupying administrative positions.

INDUSTRY WATCH

- **Car sales go up in May, 2008**
- **General insurance industry grows 14% in April, 2008**
- **Fillip to digital printing in India**
- **IT companies see business in going green**

Car sales go up in May, 2008

THE car sales for May, 2008 generally showed an upward trend. Maruti Suzuki, which enjoys about 50% share of the Indian car market, grew by 16% to 69,000 units. Hyundai Motor India's sales grew 51% to clock 40,261 units. Tata Motors' passenger vehicle sales grew by 9% to 19,234 units. Premium car makers General Motors and Skoda also recorded an increase in their sales figures.

General insurance industry grows 14% in April, 2008

THE general insurance industry grew by 14% in April, 2008, led by strong growth in premiums collected by private sector insurers, including Bajaj Allianz and Reliance General. The 17 non-life insurers collected a total of Rs 35.93 billion premium in April this year, against Rs 31.41 billion during the same period in the previous year. During the period, the four public sector non-life insurance companies collected Rs 20.15 billion in the reviewed month, against Rs 18.64 billion in the year-ago period. Private players increased their business from Rs 12.78 billion to Rs 15.78 billion during the period, a significant growth of 23% in the month.

Fillip to digital printing in India

FLEET and wrap advertising, the latest media additions, are opening up a significant market for large-format, digital printing in India. It is pegged at about Rs 2 billion, and estimated to be growing at around 25% annually. Wrap ads are different than hoarding ads in terms of material and printing. For instance, Peacock Media - a Mumbai-based Out-Of-Home (OOH) advertising company - recently entered into a project with the Indian Railways, under which it will wrap up Rajdhani trains (one has been on wheels for some time as a pilot project and three other Rajdhani trains are being readied) with ads of telecom giant Airtel. Cabvertisement, for instance, is another phenomenon to boost the digital printing market. In Mumbai, Delhi, Bengaluru and Hyderabad, cabs wrapped up with ads have been making rounds from a year or so and will become a common sight in the near future.

IT companies see business in going green

MAJOR IT firms Dell, Intel, Aricent, HCL Technologies, Wipro, Lenovo, Nokia and Tulip Telecom, among others, have realised that "going green" is profitable business. Not only does it require a low initial investment but it also earns them brownie points for helping in reducing e-waste. While an estimated 330,000 tonnes of e-waste is generated in India, about 50,000 tonnes is imported or dumped in the country. Only 40% of India's total e-waste is recycled, and the rest is

left in storehouses due to an inefficient collection system. Analysts estimate that companies typically invest between 5% - 10% of their IT budgets on 'eco-friendly' IT processes. For instance, firms have started consolidating datacentres, using power-management tools to increase the life of batteries and reduce energy bills, replacing old and energy-consuming CRT monitors with the energy-efficient LCD panels and recycling personal computers.

CORPORATE HIGHLIGHTS

- **Maruti launches LPG powered M800 Duo**
- **TCL opens unit in Netherlands**
- **Velagapudi Steels in pact with SAIL**
- **Integreon buys US firm Datum Legal**
- **RCom ropes in Deutsche Bank for MTN deal**
- **Pantaloon forms Joint Venture with French firm**
- **Suzlon Energy acquires Areva's share in REpower**
- **M&M buys two-wheeler design house**
- **EIL, Tecnimont venture okayed**
- **Punj Lloyd inks pact with Singapore firm**
- **Tanla buys 85% stake in Finland's Openbit**
- **TVS enters into tie-up with Mahabharat Motors**
- **Tech Mahindra bags Botswana deal**
- **IBS Software, Oman Air sign deal**

Maruti launches LPG powered M800 Duo

MARUTI Suzuki has launched a new Liquefied Petroleum Gas (LPG) variant of its once flagship model M800. The new model, named M800 Duo will have dual fuel option of petrol as well as LPG. The new M800 will be available in two options - M800 Standard with LPG, priced at Rs 205,000 ex-showroom Delhi and M800 AC LPG tagged at Rs 226,000.

TCL opens unit in Netherlands

TATA Chemicals has opened a hi-tech sodium bicarbonate plant adjacent to its Brunner Mond facility in Delfzijl in Netherlands. The highly automated plant, the first of its kind in the Netherlands at an investment of about Rs 1 billion (€15 million), uses surplus carbon dioxide from the soda ash plant as one of its raw materials. This will lead to an improvement in local air quality and enhancing the efficiency of the whole manufacturing complex.

Velagapudi Steels in pact with SAIL

VELAGAPUDI Steels Limited has signed a three-year wet leasing agreement with state-owned Steel Authority of India Limited (SAIL) to produce steel re-bars. Velagapudi Steels is operating a 60,000-tonne capacity steel mill at Anakapalli near Visakhapatnam since the last two years. It uses billets as the main raw material to produce different grades of re-bars.

Integreon buys US firm Datum Legal

INTEGREON Managed Solutions, a Knowledge Process Outsourcing (KPO) firm, has acquired New York-based litigation support and Electronic Data Discovery (EDD) company Datum Legal. Integreon has over 400 offshore professionals reviewing litigation documents for law firms. With

the addition of Datum Legal's capabilities, Integreon will now offer an integrated discovery management solution with a guaranteed fixed-price per document.

RCom ropes in Deutsche Bank for MTN deal

RELIANCE Communications (RCom) has hired Germany's Deutsche Bank as arranger to fund the possible acquisition of South African telecom giant MTN Group. RCom plans to raise about \$14 billion, or about 30% of MTN's total enterprise value of \$45 billion including premium, from Private Equity (PE) players. The remaining \$31 billion will be adjusted with the share exchange of the promoters.

Pantaloon forms Joint Venture with French firm

PANTALOON Retail has signed a 50-50 Joint Venture (JV) agreement with French apparel firm Celio to add to its garment retailing in India. The company is also planning to add another 3-4 million sq ft of retail space in the current fiscal through its different formats. The tie-up with Celio is to provide a range of fashion accessories in the clothing segment to clients and it would be placed between the mass market and luxury segment.

Suzlon Energy acquires Areva's share in REpower

SUZLON Energy said it has acquired an additional 30% stake in REpower Systems from its French rival Areva, consolidating its holding to 66% in the German wind turbine firm. With this acquisition and through voting pooling agreement with Martifer, who owns about 31% in REpower, the domestic company enjoys voting rights of approximately 89% in the German firm.

M&M buys two-wheeler design house

MAHINDRA & Mahindra Ltd. (M&M) said that the company signed an agreement with Italian two-wheeler design house, Engines Engineering, to acquire its business. Engines Engineering's with an annual revenue of about Rs 500 million is primarily into two-wheeler design and developing of motorcycle prototype. Engines Engineering carries out a full range of activities including conception, design, styling, on line assembly, industrialisation and marketing. Its clients include international two-wheeler manufacturers Benelli, Ducati, Honda, LEM and Yamaha.

EIL, Tecnimont venture okayed

THE Cabinet cleared the proposed JV between Engineers India Ltd (EIL) and Tecnimont of Italy. The new JV will undertake execution of Engineering, Procurement and Construction (EPC) jobs, mostly in the Middle East. Tecnimont SPA, a leading international EPC contractor with a strong presence in oil and gas, petrochemical and chemical sector, will hold 70% stake and EIL will hold 30%.

Punj Lloyd inks pact with Singapore firm

PUNJ Lloyd Ltd announced it has signed an agreement with Singapore Technologies Kinetics (ST Kinetics) for the manufacture of defence equipment. Under the agreement, ST Kinetics and Punj Lloyd would be pooling their resources in the execution of supply contracts for the Ministry of Defence.

Tanla buys 85% stake in Finland's Openbit

TANLA Solutions Ltd announced the acquisition of 85% stake in Finland-based Openbit OY, a mobile device payment services provider, for \$15.81 million. The all-cash deal, made from internal accruals, was executed through the company's subsidiary Tanla Mobile Asia Pacific. Tanla has

decided to acquire the remaining 15% stake in two tranches - 5% later during this year and the remaining 10% by the end of 2009.

TVS enters into tie-up with Mahabharat Motors

TVS Motor Co Ltd has entered into a contract manufacturing arrangement with Mahabharat Motors Manufacturing Pvt Ltd, whereby TVS motor cycles will be manufactured at the latter's two-wheeler manufacturing facility that is located on the outskirts of Kolkata. Mahabharat Motors has been promoted by the Salim Group of Indonesia and Universal Success Ltd. It is setting up a two-wheeler manufacturing facility on the outskirts of Kolkata at an initial investment of \$100 million.

Tech Mahindra bags Botswana deal

TECH Mahindra has bagged a \$2.5 million deal to provide end to end systems integration services to the Botswana Tele-Communications (BTC), a state owned communications major of Botswana. This deal could potentially go up to \$10 million over the next five years, as the company intends to provide converged solutions (for mobile, internet and fixed telephony) in its next phase of engagement with BTC.

IBS Software, Oman Air sign deal

IBS Software has signed a deal with Oman Air to provide the airline with an IT solution that supports both crew and fleet management operations. Under the agreement IBS, which develops IT solutions for the travel, transportation and logistics sectors, will provide Oman Air with a product suite that includes its AvientCrew and AvientFleet systems.