



MARKET MOVEMENT

Major Indices	October 17, 2008	October 24, 2008	% Change	Change
BSE Sensex	9,975.35	8,701.07	(12.77)	
NSE Nifty	3,269.30	2,943.15	(9.98)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **India, Japan agree on economic partnership**
- **ECB norms for companies eased**
- **Government paves the way for LLP**
- **Airlines get relief package to stay in the air**
- **RBI cuts repo rate to ease credit squeeze**

India, Japan agree on economic partnership

INDIA and Japan have agreed to advance their strategic economic partnership, with Tokyo agreeing to provide a US\$ 4.5 billion soft loan to fund the first leg of the Delhi-Mumbai railway freight corridor, which will connect India's northern states with ports in the country's west. Five Japanese companies will actively participate in setting up early bird projects in power generation, enclave development and human resources development that will be set up on both sides of the corridor.

ECB norms for companies eased

THE Reserve Bank of India (RBI) relaxed the External Commercial Borrowing (ECB) norms with immediate effect. Indian corporations can now borrow up to US\$ 500 million overseas for rupee or foreign currency expenditure. RBI has also lifted the minimum average seven year maturity for ECBs of more than US\$ 100 million for rupee capital expenditure in the infrastructure sector.

Government paves the way for LLP

THE Minister for Corporate Affairs has introduced in the Upper House the Limited Liability Partnership Bill (LLP), 2008, that provides for the formation and regulation of LLP firms. The concept is not restricted to professionals and the service sector but includes the manufacturing sector as well. The stage is being set for a new corporate form that would enable professional expertise and entrepreneurial initiative to combine, organize and operate in an efficient manner. The alternative corporate business form envisages limited liability but allows its members the flexibility to organize their internal structure as a partnership based on agreement.

Airlines get relief package to stay in the air

A relief package has been announced that allows the airlines to repay their present cumulative outstanding dues in six monthly installments and a 90 day grace period to clear current fuel bills. The cash-strapped domestic airlines that have defaulted in payment of jet fuel bought from the

PSU Oil Marketing Companies (OMCs) can continue to fly without any fears of their wings being clipped for want of oil. Besides, the oil companies will now revisit the aviation turbine fuel (ATF) price on a fortnightly basis so that the impact of global oil fluctuations is felt instantly.

RBI cuts repo rate to ease credit squeeze

THE RBI slashed its key short-term interest rate – Repo rate by 1 percentage point to 8 %, as part of its ongoing efforts to ease the pressure in the credit market. The sharp 100 basis point cut in repo with immediate effect is seen as a clear signal to banks to reduce interest rates. The repo is the rate at which the RBI lends money to banks against the collateral of government securities. RBI has decided to reduce repo rate to alleviate the pressure in the credit market and to maintain the financial stability.

INDUSTRY WATCH

- **Indian economy could grow close to 8% in 2008-09**
- **Railways freight earnings up 14% in September**
- **India will move up to 4th place in investment league, KPMG study**
- **India to get US\$ 2 million assistance by ADB into infrastructure**
- **India's tech spending seen growing 17-24% by 2010**
- **Growth in manufacturing will fuel realty**

Indian economy could grow close to 8% in 2008-09

THE Indian Finance Minister said that the Indian economy is expected to grow close to 8% in fiscal 2008-09 despite the global financial turmoil. The global financial crisis will not directly affect India as the Indian financial system has sound fundamentals. They have also taken a number of measures in the recent days to boost liquidity.

Railways freight earnings up 14% in September

INDIAN Railways registered freight earnings of Rs 40.03 billion in September, up by 14.24% from the corresponding period last fiscal. This was supported by robust earnings from commodities such as coal (Rs 14.54 billion revenues with 13.56% growth), iron ore (Rs 6.56 billion, 23.37%), fertilizers (Rs 2.58 billion, 31.93%), cement (Rs 3.28 billion, 9.77%) and also its container business (Rs 2.08%, 40.42%).

India will move up to 4th place in investment league, KPMG study

ACCORDING to a report prepared by KPMG for the Confederation of Indian Industry (CII) highlighted that India can expect its share of corporate investment to rise by 8% to 18% over the next five years, the largest increase recorded in the survey. It will move from seventh to fourth in the investment league table, overtaking the UK, Germany and France. India is expected to have the highest growth in terms of number of business houses that plan to invest here, compared to any another destination in the world.

India to get US\$ 2 million assistance by ADB into infrastructure

IN a move to facilitate and encourage Public-Private Partnership (PPP) in infrastructural development in India, the Asian Development Bank (ADB) is providing a technical assistance grant of US\$ 2 million. The sectors primarily covered would be urban development, transportation, water, health and education. The move would lead to a competitive bid process

covering all aspects of project structuring, such as institutional, financial, technical structuring and thereby attract private participation.

India's tech spending seen growing 17-24% by 2010

ACCORDING to a study by consulting firm Zinnov Asia Pacific's IT spending is expected to grow about 10-16% till 2010, beating developed markets, India and China, in particular, represent large untapped markets in the region. While India's IT spending is likely to grow between 17.6-24% by 2010, China would grow 10-13%. This is in comparison to the 3.3-6.5% increase expected in global IT spending. Expenditure on hardware, software and IT-BPO services comes under IT spending.

Growth in manufacturing will fuel realty

ACCORDING to Jones Lang LaSalle Meghraj (JLLM) the growth of the manufacturing sector in India through the development of Special Economic Zones (SEZs), industrial corridors and townships is expected to create a significant impact in the real estate market. The residential and retail sectors, which act as value-added sectors to the manufacturing industry, will also experience growth. The emerging and high-growth industrial sectors are automobile and auto components, telecommunications, semiconductor, drugs and pharmaceuticals, and biotech. The growth of the manufacturing and retail sectors and the improvement in transport infrastructure has attracted many domestic and international players to invest in the logistics sector.

CORPORATE HIGHLIGHTS

- **Royal Orchid ties up with Ramada**
- **Gati ties up with Haldirams**
- **Vectra Aviation, Turbomeca tie up**
- **MCX signs pact with IPE**
- **Ranbaxy promoters sell stake off-market to Daiichi Sankyo**
- **Future Group partners Axiom Telecom for mobile retail**
- **Meridian Mobile unveils new range for festive season**
- **KPIT Cummins in pact with VaST**
- **Aegon Religare ties up with Mahalingam & Sons**
- **BPCL launches vehicle tracking system**
- **Cera Sanitaryware ties up with Italian company**
- **Magna unit gets orders from Hyundai, Japan Company**
- **US\$ 108 billion opportunities in Japan, Nasscom**

Royal Orchid ties up with Ramada

IN a strategic tie-up with Ramada Worldwide, Royal Orchid Hotels Ltd (ROHL) has obtained the exclusive development rights for Ramada brand, under which the Indian hospitality company will manage 10 hotels. Royal Orchid, which runs its own brand of 11 luxury hotels, will separately promote the Ramada brand in Rajasthan, Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu through a franchise model in partnership with Indian developers.

Gati ties up with Haldirams

GATI Ltd, the city-based express distribution and supply chain Services Company has tied up with Haldirams, which manufactures packaged snacks and sweets, to let its customers send gift packs to

their friends and relatives across the country. Launched to mark the Diwali season, the Gati Diwali Delights lets the people to send a range of gift packs with a price band of Rs 475 to Rs 700.

Vectra Aviation, Turbomeca tie up

VECTRA Aviation Pvt Ltd has signed a Memorandum of Agreement (MoA) with Turbomeca Asia Pacific for the maintenance support of Turbomeca engines. In a statement, the agreement confirms the decision of Turbomeca to reinforce the proximity support to Arriel and Arrius civilian operators. Vectra Aviation Private Ltd is the distributor of Eurocopter helicopters, while Turbomeca is a leading helicopter engine manufacturer. The agreement was inked at the recently concluded civilian air show in Hyderabad.

MCX signs pact with IPE

MULTI Commodity Exchange of India Ltd (MCX) and the Institute of Public Enterprise (IPE), Hyderabad, have signed a Memorandum of Understanding (MoU) to spread awareness about commodities among the youth and increase their participation on the trading platforms. MCX and IPE would also work closely to offer courses jointly in the field of commodity and futures market.

Ranbaxy promoters sell stake off-market to Daiichi Sankyo

RANBAXY Laboratories Ltd announced that the Japanese pharma company Daiichi Sankyo has acquired 52.5% of the company. This includes the 22% acquired from the Singh family in an off-market deal, 20% bought earlier through the open offer, and balance by allotment of shares through preferential basis. The entire deal will be completed after Daiichi Sankyo acquires another 12% stake held by the Singh family over the next few days, which will take its total share holding in Ranbaxy to about 64%.

Future Group partners Axiom Telecom for mobile retail

FUTURE Group has joined hands with Axiom Telecom, a mobile retail company from West Asia, to form a Joint Venture (JV) company called Future Axiom Telecom Ltd. Future Axiom is all set to venture into the Rs 500 billion mobile retail industry and set new benchmarks. They are confident that the affiliation of Indian retail expertise and West Asia's mobile retail skills will be extremely rewarding for our customers.

Meridian Mobile unveils new range for festive season

MERIDIAN Mobile has launched a new range of mobile handsets under the Fly brand for the festive season. The handsets, priced in the range of Rs 1,700 to Rs 11,000, include dual SIM series and music and entertainment series. The brand was introduced in the Indian market in 2006. Fly, with presence only in top 35 towns as of now, has garnered 2% share of the overall market and is maintaining a growth rate of 20%.

KPIT Cummins in pact with VaST

VaST, a player in electronics virtualisation, and KPIT Cummins Infosystems Ltd, product engineering partner to the automotive industry, have announced a partnership to deliver electronic virtualisation tools and specialised services to global automotive Original Equipment Manufacturers (OEMs), and Tier-1 suppliers and On Demand Microelectronics (ODMs). The partnership between VaST and KPIT focuses on methodology adoption services that speed up the deployment of advanced virtual prototyping tools and methodologies such as networked Electronic Control Unit (ECU) Virtual-Hardware-In-the-Loop simulations. Electronic

virtualization is highly effective in reducing engineering costs while simultaneously enabling improved end-system software quality.

Aegon Religare ties up with Mahalingam & Sons

AEGON Religare Life Insurance Company Ltd has announced its strategic business partnership with Chennai-based T S Mahalingam & Sons (TSM) to strengthen its foothold in southern India. The company, which kick-started its operation last July, has so far roped in about 4,000 policy holders and the target is to get 60,000 policies with a premium worth Rs 1 billion before June 2009. It has seven insurance plans and by January it would add four more, including pension, social security and products specific for rural areas.

BPCL launches vehicle tracking system

OIL marketing major Bharat Petroleum Corporation Ltd (BPCL) has launched a Global Positioning System (GPS) technology based vehicle tracking system for its 5,200 tanker trucks fleet. The system will help the company track the trucks for better logistic efficiency. It will also prevent pilferage and fuel adulteration. BPCL will be able to track the trucks as it ferries fuel between its 89 depots and 8,300 retail outlets. The company has spent Rs 150 million for setting up the system. It will also incur a monthly expenditure of Rs 185 a truck for running the system. All the trucks would be fitted with a GPS device, which will be integrated with a digital map at the backend server.

Cera Sanitaryware ties up with Italian company

BATHROOM solutions provider Cera Sanitaryware Ltd has announced a tie-up with Italy's tile maker Rondine Group for marketing the latter's premium designer products in India. Under the agreement, Cera will have exclusive rights for marketing the premium range of Rondine Group's tiles, priced between Rs 100 and Rs 400 per sq. ft. in India. The tie-up would strengthen the Ahmedabad-based company's position in the premium designer tile segment.

Magna unit gets orders from Hyundai, Japan Company

MAGNA Powertrain, part of the US\$ 26 billion Magna International based in Canada, has received an order from Hyundai Motor and a Japanese passenger car manufacturer in India to supply water pumps and other powertrain components. Magna has three 50:50 Joint Venture (JV) companies in India. Lumax Magna Donnelly Automotive Mirrors Pvt Ltd, a JV between Magna Donnelly and Lumax Automotive Systems at Mannesar manufactures vision systems such as interior mirrors, exterior mirrors and door handles.

US\$ 108 billion opportunities in Japan, Nasscom

SOFTWARE association Nasscom asked the Indian IT industry to look at opportunities in the US\$ 108 billion Japanese IT services market, where India's current share at a mere US\$ 1-1.5 billion lags behind that of arch-rival China. The Japanese market is growing at a 3-4% Compounded Annual Growth Rate (CAGR). Embedded systems development, engineering and Research and Development services are the prospective quick-win service offerings for Indian vendors. Application development and maintenance are the next big opportunities.