



**MARKET MOVEMENT**

Major Indices	August 01, 2008	August 08, 2008	% Change	Change
BSE Sensex	14,656.69	15,167.82	3.49	
NSE Nifty	4,414.05	4,529.50	2.62	

**INDIAN ECONOMY AT A GLANCE****POLICY WATCH**

- 29 SEZ proposals cleared
- Japan pledges over Rs 40 billion loans for 5 Indian projects
- Wireless broadband policy announced
- Centre okays 24 FDI proposals worth Rs 7.53 billion
- DGFT provides relief to capital goods industry
- NTC proposal to set up 7 new mills gets GoM panel nod

**29 SEZ proposals cleared**

THE Board of Approval (BoA) for Special Economic Zones (SEZ) has granted a clutch of 23 formal approvals and six in-principle approvals. Among the 23 formal approvals cleared include four IT/ITES SEZ in Kerala by the State Information Technology Infrastructure Ltd, two IT/ITES Electronic Hardware SEZs in Andhra Pradesh by Godrej Real Estate Pvt Ltd and S2tech.com Pvt Ltd, two bio-technology SEZs in Andhra Pradesh and one IT/ITES SEZ in Tamil Nadu by DSRK Holding Pvt Ltd.

**Japan pledges over Rs 40 billion loans for 5 Indian projects**

AFTER the success of Delhi Metro, a similar project in the Tamil Nadu is getting a boost with Japan extending Rs 8.53 billion for the Chennai Metro Project as part of the Rs 41.02 billion soft loans provided for five developmental projects in India. The other four projects to receive the loans are the Punjab Biomass power project, the Hyderabad Outer Ring Road project-Phase II, Capacity Development for Forest Management and Personnel Training project and the Micro, Small and Medium Enterprises Energy Saving project.

**Wireless broadband policy announced**

THE Ministry of Communications has announced the policy for deploying broadband wireless technologies such as WiMax. This technology, which offers high speed data connectivity, could be an option for those operators who fail in the 3G auction process or who do not have the deep pockets for bidding for 3G. According to the policy, operators will have to pay a minimum base price of about Rs 5 billion for a pan-Indian WiMax spectrum. In comparison, 3G operators will have to pay at least Rs 20.2 billion.

### **Centre okays 24 FDI proposals worth Rs 7.53 billion**

THE Ministry of Finance (MoF) has approved 24 proposals for Foreign Direct Investment (FDI), based on the recommendations of the Foreign Investment Promotion Board (FIPB). These proposals will result in a fresh FDI of around Rs 7.53 billion. The proposals fall under the Ministries/Departments of Chemical & Petrochemicals, Commerce, Heavy Industry, Industrial Policy & Promotion, Information & Broadcasting (I&B), Information Technology (IT) and Telecommunication.

### **DGFT provides relief to capital goods industry**

THE Directorate General of Foreign Trade (DGFT) has amended the Foreign Trade Policy (FTP) to provide a measure of relief to the domestic capital goods sector. According to the policy the clearance of capital goods, including second hand in Domestic Tariff Area (DTA) shall be allowed as per FTP under Export Promotion Capital Good (EPCG) scheme. The EPCG scheme allows import of capital goods at a concessional 5% duty as an export incentive to promote exports of manufactured goods, while others have to shell out normal applicable import duty when they import capital goods.

### **NTC proposal to set up 7 new mills gets GoM panel nod**

THE Group of Ministers (GoM) on textiles industry gave its formal nod to the proposal of the National Textile Corporation (NTC) to go ahead with setting up 7 new mills, four to be directly run by NTC and another three as Joint Ventures (JVs), as part of its strategy to modernise 42 mills under its umbrella. While 22 mills would be directly modernised by the holding company, NTC, another 20 modernisation projects for mills would be executed through roping in private partners by way of JVs.

## **INDUSTRY WATCH**

- **Japanese firms rev up to offer superbikes at Indian prices**
- **India eyes bigger share of global MICE tourism market pie**
- **Real estate sector expected to receive US\$ 25 billion as FDI in the next 10 years**
- **TV advertising volumes grow 26% during January-June, 2008**
- **FMCG sector joins India Inc's growth party**

### **Japanese firms rev up to offer superbikes at Indian prices**

JAPANESE bike manufacturers like Yamaha, Honda, Suzuki and Kawasaki is to launch scaled-down Indian versions of their international superbike models, in an attempt to steal the two-wheeler market from the three Indian giants Hero Honda, Bajaj and TVS Motors, which collectively account for almost 85% of sales. Superbikes are motorcycles that have 800cc engines and can cost upwards of Rs 1 million, if they are bought in India. Japanese manufacturers plan to offer re-engineered versions with much smaller engines and fewer trimmings at prices ranging from Rs 50,000 to Rs 100,000. The superbikes that are being considered for such an overhaul are Yamaha YZF R1, Honda CBR 1000, Suzuki GSX R and the Kawasaki Ninja.

### **India eyes bigger share of global MICE tourism market pie**

INDIA is eyeing a bigger share of the global Meetings, Incentives, Conferences and Exhibitions (MICE) tourism market pie. With enquiries increasing over 50% last year, India is making aggressive efforts to tap the immense potential of the market. The overall global market for MICE tourism is over US\$ 280 billion with the share of Asia-Pacific region being US\$ 60 billion. India's

present share in the market is estimated at a mere US\$ 4.8 billion, less than 2% of the world market. Therefore the potential for growth is immense. India would benefit greatly from MICE tourism as it is estimated that each delegate to a conference approximately spends 2.5 to 4 times more than a regular tourist.

### **Real estate sector expected to receive US\$ 25 billion as FDI in the next 10 years**

**THE real estate sector is expected to receive US\$ 25 billion as FDI in the next 10 years**, according to an Assocham study. At present, the real estate market is worth US\$ 15 billion of which FDI is estimated at US\$ 4 billion. In future, higher interest rates would subside with India scaling a Gross Domestic Product (GDP) growth of over 10% for at least a decade, and create a huge space for overseas investors in its real estate sector. The real estate sector in India is likely to grow at a blistering pace and with expectations of high returns, investors are keen on investing in this sector. Real estate will get a major boost from the IT sector which is likely to require around 200 million sq. ft. of space across Indian cities and towns. With an acute housing shortage of around 20 million units, the Indian residential sector is also likely to see tremendous growth.

### **TV advertising volumes grow 26% during January-June, 2008**

**TELEVISION (TV) advertising volume or number of seconds of advertising has grown 26% during January-June 2008, compared with the same period in 2007.** The top 10 advertisers accounted for 20% share of the total, with Hindustan Unilever taking up a good 5% of the total share of seconds of advertising on television. According to television rating agency TAM Media Research's AdEx, Hindustan Unilever and Reckitt Benckiser continue to hold on to their number one and two positions respectively amongst advertisers this year too in an environment that has seen the addition of many new channels.

### **FMCG sector joins India Inc's growth party**

**THE Fast Moving Consumer Good (FMCG) sector seems to have finally joined India Inc's growth party by posting surprising double-digit growth in sales in the past couple of years.** With annual revenues of Rs 720 billion, it is one of the largest sectors in the Indian economy. The industry's future prospects look bright, considering rising household incomes and the spread of modern retail. The top five FMCG companies constitute nearly 70% of the total revenues generated by this sector. Multinational FMCG companies like Hindustan Unilever, ITC, Nestle, Procter & Gamble and GlaxoSmithKline Consumer Healthcare traditionally comprise the first category of FMCG companies. They tend to spend nearly 10% of their revenues on an average on advertising and promoting their products, which is the highest advertising spend figure in the industry.

## **CORPORATE HIGHLIGHTS**

- **Daiichi Sankyo gets SEBI nod for Ranbaxy open offer**
- **Residential property from Tatas**
- **Elecon Engineering net rises 15%**
- **Hind Silicates signs MoU with Cemcrete of Thailand**
- **NTPC, GE Energy, ADB in pact for renewables venture**
- **Reliance Money, NMCE to set up spot exchange for agriculture produce**
- **Spykar enters kids segment**
- **Texmaco joins Japanese consortium to bid for Madhepura project**

- **Shrenuj Q1 net rises 58%**
- **Essar Oil nets Rs 290 million**
- **Strides Arcolab completes 50.1% acquisition of Geneparm**
- **Asian Granito net up 49.7%**
- **GACL net rises 7.9%**

#### **Daiichi Sankyo gets SEBI nod for Ranbaxy open offer**

THE Securities and Exchange Board of India (SEBI) has given its approval to the open offer from Daiichi Sankyo to acquire an additional 20% stake in Ranbaxy Laboratories Ltd. Daiichi Sankyo is planning to acquire up to 92.1 million shares at Rs 737 each through the open offer. The Japanese company had announced earlier that it was buying out 34.81% stake in Ranbaxy held by the Singh family. It will also acquire 9.5% through preferential allotment of equity shares and another 4.5% through share warrants to be issued on a preferential basis. Daiichi Sankyo's stake in Ranbaxy could go up to 58% after the open offer. The entire deal is valued at \$3.4-4.6 billion.

#### **Residential property from Tatas**

TATA Housing Development Company Ltd, a fully owned subsidiary of Tata Sons, announced its foray in to the North Indian market with the launch of a residential property in Gurgaon. The high-end 11.73 property – Raisina Residency – is to be jointly developed by Tata Housing and Raheja Developers. The project has been designed by leading global architect, Aedas. The project has nine towers that compliment modern lifestyle and are packed with luxuries.

#### **Elecon Engineering net rises 15%**

ELECON Engineering Company Ltd reported a net profit of Rs 119.4 million (Rs 104.1 million) up 15% for the quarter ended June 30, 2008. The turnover was reported at Rs 1.69 billion (Rs 1.29 billion), up 31%. The total income was posted at Rs 1.69 billion (Rs 1.33 billion), up 27%. The turnover of the Material Handling Division grew by 58%, with large order book position and aggressive marketing initiatives. The growth in turnover and net profit has come from increased marketing efforts, better manufacturing efficiencies and rationalisation of costs.

#### **Hind Silicates signs MoU with Cemcrete of Thailand**

HIND Silicates (P) Limited signed a Memorandum of Understanding (MoU) with Cemcrete Company of Thailand for importing construction chemicals, mainly Nano Lithium flooring materials, for application in civil engineering sectors. This is the first time Nano lithium flooring materials, having high durability and cost-effectiveness, will be imported in India for use in waterproofing and floorings in civil engineering construction purposes, like airport runway, shopping mall and industrial floorings.

#### **NTPC, GE Energy, ADB in pact for renewables venture**

NATIONAL Thermal Power Corporation (NTPC) Ltd has joined hands with Asian Development Bank (ADB), GE Energy Financial Services, Kyushu Electric Power Co and Brookfield Renewable Power to form a JV firm to undertake renewable power generation. The companies signed a MoU to form the JV firm, in which NTPC will initially take a 40% stake while the remaining would be equally shared by other entities. The proposed venture will, over the next three years, develop “greenfield and underutilised sites” for a portfolio of about 500 MW of renewable power generation resources in India.

### **Reliance Money, NMCE to set up spot exchange for agriculture produce**

RELIANCE Money and National Multi-Commodity Exchange (NMCE) has entered into a JV to set up a spot exchange for agricultural produce, the National Agriculture Produce Marketing Company of India Ltd (National APMC Ltd). The National APMC, which is expected to go live by December, 2008, will be initially launched in Gujarat and Rajasthan. The Central Warehousing Corporation (CWC), which holds equity stake in NMCE, will take care of assaying and warehouse facility.

### **Spykar enters kids segment**

SPYKAR Lifestyles has made a foray into the kids segment under a new brand Oyo. It will invest Rs 400 million in the new brand. They expect the Oyo brand to contribute 35% of the company's total turnover in the next two years.

### **Texmaco joins Japanese consortium to bid for Madhepura project**

TEXMACO has joined hands with Japanese consortium, comprising Kawasaki, Toshiba, Mitsubishi Corporation and Mitsubishi Electric Corporation, and has filed Request For Qualification (RFQ) for the proposed electric locomotive project to be located at Madhepura in Bihar. Texmaco has participated in the qualifying bids for setting up the project as well as the procurement-cum-maintenance contract. The estimated cost of the project, with a capacity of 120 locomotives, is at Rs 14.61 billion.

### **Shrenuj Q1 net rises 58%**

SHRENUJ & Company Ltd has recorded 58% rise in net profit at Rs 131.2 million in the first quarter ended June 31, 2008, against Rs 80 million clocked in the same period last year. Sales revenue was up 18% to Rs 3.39 billion (Rs 2.86 billion) in corresponding period last year. In the last five years, the company has created distribution network in 13 countries for diamonds and jewellery.

### **Essar Oil nets Rs 290 million**

ESSAR Oil Ltd announced a net profit of Rs 290 million for the quarter ended June 30, 2008 against a net loss of Rs 50 million in the corresponding period last year. The net sales for the quarter were Rs 89.5 billion compared with Rs 1.91 billion in the year-ago period. The company is in the process of expanding the existing refinery capacity from 10.5 mmtpa to 34 mmtpa at an investment of \$6 billion.

### **Strides Arcolab completes 50.1% acquisition of Genepharm**

STRIDES Arcolab said it has completed the acquisition of a controlling 50.1% stake in listed Australian pharmaceutical company Genepharm Australasia Ltd. The Melbourne-based company is to be renamed Ascent Pharmahealth Ltd. Post-deal, Strides put its Australasia operations at \$90 million. The transaction announced in February this year gives Strides a significant presence in the highly-regulated Australian market and makes it the fourth largest generics company there.

### **Asian Granito net up 49.7%**

ASIAN Granito Ltd posted a net profit of Rs 100 million (Rs 67.2 million), up 49.7%, for the quarter ended June 30, 2008. The consolidated net sales for the period were Rs 836.3 million (Rs 494.1 million), up 69%. The growth in sales was largely due to the sale of wall tiles, which the company launched last year. The consolidated financial results comprise results of the parent company, Asian Granito India Ltd, and its subsidiary, Asian Tiles Ltd.

**GACL net rises 7.9%**

GUJARAT Alkalies and Chemicals Ltd (GACL) posted a net profit of Rs 540 million (Rs 500 million) up 7.9% for the quarter ended June 30, 2008. The net sales were Rs 3.44 billion (Rs 2.48 billion) up 38%. The company has achieved total production level of 3,53,655 mt during the quarter, an improvement of 3.48% as compared to 3,41,762 mt for the same period in the previous year.