



**MARKET MOVEMENT**

Major Indices	July 04, 2008	July 11, 2008	% Change	Change
BSE Sensex	13,454.00	13,469.85	0.12	
NSE Nifty	4,016.00	4,049.00	0.82	

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

- **Japan, India enter bilateral swap agreement**
- **Government clears proposal for Indian ships to have foreign officers**
- **Mumbai gets approval for second airport**
- **Government allocates 23 coal blocks to steel, cement, power companies**
- **Government unveils IAEA agreement**
- **New policy keeps 25% land for small industry**
- **New Department of Pharmaceuticals formed**

**Japan, India enter bilateral swap agreement**

**INDIA** and Japan concluded a bilateral arrangement for swapping of local currencies against the US dollar for up to \$3 billion. The Bank of Japan and the Reserve Bank of India (RBI) signed the agreement for addressing the short-term liquidity difficulties and supplementing the existing international financial arrangements. The move will also help in strengthening the ties between the countries.

**Government clears proposal for Indian ships to have foreign officers**

**THE** Government has cleared the proposal for the Indian ship owners to allow them to employ foreign officers on board their ships in order to tide over the shortage of trained maritime officers in India. Indian ship owners will be permitted to employ foreign officers, but permission will be given by the Directorate General of Shipping (DG-S) on a case-by-case basis. And there will be a cap of employment – a maximum of two foreign officers on board a vessel.

**Mumbai gets approval for second airport**

**THE** Maharashtra Cabinet gave formal approval to City and Industrial Development Corporation's (CIDCO) plans to develop second airport for the city in Navi Mumbai area. The cabinet approval allows CIDCO to call global bids for this Rs 100 billion project once they receive Detailed Project Report (DPR). The CIDCO has received the inception report from its consultant Louis Burger and are expecting the DPR from them within next four to five months and after that, they will be inviting global bids.

**Government allocates 23 coal blocks to steel, cement, power companies**

**THE** Government is understood to have approved allocation of 23 coking and non-coking coal blocks to leading steel, cement and power producers, including Essar, JSPL, Grasim, Monnet and Ispat. While four coking coal blocks have been allocated in Madhya Pradesh, the rest 19 non-

coking blocks are in West Bengal, Madhya Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Andhra Pradesh.

### **Government unveils IAEA agreement**

**GOVERNMENT unveils the text of safeguards agreement reached with International Atomic Energy Agency (IAEA).** Under the agreement India will place its civilian nuclear facilities under IAEA safeguards to facilitate full civil nuclear cooperation between India and members of IAEA. The agreement envisages support for Indian effort to develop a strategic reserve of nuclear fuel to guard against any disruption of supply over the life time of India's reactors.

### **New policy keeps 25% land for small industry**

**THE new land allotment policy for the industrial development in Uttarakhand has envisaged special focus on the marginal and small industries.** Under this policy, 25% of the available land in any particular area would now be reserved for marginal and small industries. Besides this, 25% of the available land would also be reserved for industries which can promote special industrial products and give impetus to the scientific entrepreneurship and technology development of the backward areas. Remaining 50% of the land would be allotted through "selective lottery" system with certain clauses.

### **New Department of Pharmaceuticals formed**

**THE Government has set up a new Department under the Ministry of Fertilisers, Chemicals and Petrochemicals called the Department of Pharmaceuticals (DoP).** It will solely look after the pharmaceutical sector. Till now pharmaceuticals was handled by the Department of Chemicals and Petrochemicals, while fertilisers was taken care of by a separate Department of Fertilisers.

## **INDUSTRY WATCH**

- **Medical electronics suppliers in expansion mode in India**
- **Luxury carmakers lined up new models for India**
- **IT sector logs 28% growth in FY 2007-08**
- **Plywood companies alter product mix to up market share**
- **Demand for aspirational bikes likely to swell**

### **Medical electronics suppliers in expansion mode in India**

**MEDICAL electronics suppliers such as Philips Healthcare, GE Health and Siemens Healthcare are aggressively looking at expanding their operations in India,** with acquisitions, technology launches and country-specific products, ahead of an expected boom over the next two years. For instance, Philips Healthcare India plans to launch its Brilliance ICT scanner in India this year. Siemens Healthcare is also strengthening its presence in India by adding new technologies almost every month over the past year. GE Healthcare plans to acquire local diagnostic equipment makers to boost its growth in India and expand its reach in semi-urban and rural markets.

### **Luxury carmakers lined up new models for India**

**LUXURY carmakers such as, BMW, Porsche, Mercedes and Audi have lined up new models for the Indian market,** even as US carmakers are scaling down operations for premium models and reworking their launch strategy for fuel-efficient small cars. The move is being backed by the view that the luxury car segment in India is unaffected by the high fuel prices. While Audi is launching A4, Porsche will launch 911 Carrera (generation 2), BMW the new-look 5 series and Mercedes the

new E class. Towards Q3 of the financial year, Mercedes is also looking to launch the spruced up M class and SLK. These high-end models are priced between Rs 3.7 million for an E class and Rs 15 million for the Porsche Carrera.

### **IT sector logs 28% growth in FY 2007-08**

ACCORDING to Nasscom's annual survey, the Indian Information Technology (IT) software industry has logged a 28% (with adjusted exchange rates) growth in FY 2007-08. The figures rose up to US\$ 52 billion for year 2007-08 as against US\$ 39.6 billion in the previous fiscal. The software services sector too moved northward by 30%, to earn revenues of US\$ 40.4 billion, while the domestic segment registered 26% growth to touch revenues of US\$ 11.6 billion. The survey also projects that the overall software and services revenues will grow by 21%-24% (with adjusted exchange rates) to touch US\$ 50 billion in 2008-09. That's not all, the industry is well on track to reach its target of achieving US\$ 75 billion by 2010.

### **Plywood companies alter product mix to up market share**

THE plywood firms are switching to eco-friendly, cheaper variants like particle boards and fibre boards, anticipating rising demand for mass-produced furniture to boost market share. Modern mass-produced bedroom and sofa sets use particle board and Medium Density Fibre (MDF) boards while local carpenters almost exclusively use plywood boarding. Demand for mass produced furniture is growing in India as disposable incomes rise and a booming service sector necessitates setting up and upgradation of offices. The Market leader Greenply Industries Ltd is investing Rs. 3.7 billion on MDF and laminate units, while Century Plyboards (India) Ltd plans to set up 2 MDF units as part of its Rs. 20.5 billion investment plan over two years.

### **Demand for aspirational bikes likely to swell**

THE success of Yamaha's twin superbikes – MT01 and YZF R1, which sold a total of more than 80 units in the past five months – has prompted other bikemakers to line up more products in this category. Suzuki will launch its famed 1,340cc Hayabusa, GXR 1,000 and Bandit 1,250 bikes in September, 2008 while Honda will introduce its two superbike models – CBR 1,000 and GLX 1,800 – during the festive season in October, 2008. Kawasaki is eyeing the market and plans to sell its superbikes through Bajaj Auto's network. Yamaha had set an initial sales target of 50 bikes in 2008, but the better than expected sales of its two debutantes has prompted the company to look for other superbikes for the Indian market.

## **CORPORATE HIGHLIGHTS**

- **Renault opens international logistic network**
- **Samtel bags major HAL order worth Rs. 2.5 billion**
- **BMW introduces new 5 Series in India**
- **Jet gets Government nod to fly on Dubai route**
- **Ruia Group acquires Metzeler Automotive**
- **Hykon ties up with Chinese company**
- **Allied Digital buys US company**
- **GTL net up by 12%**
- **Bajaj Finserv Q1 net up 32% to Rs 96 million**
- **Johnson Controls inks pact to manage Lodha projects**
- **Tanti group venture buys Chinese wind energy firm**

### **Renault opens international logistic network**

RENAULT India launched its International Logistics Network (ILN) facility in Pune, from where it will manage and deliver spareparts, equipments and other aspects for its facilities based in South Africa and France. Renault, which plans to invest \$1.20 billion with Nissan Motors in Indian market, with the help of this facility will handle logistics for the proposed low cost car being developed in Chakan by Bajaj-Renault-Nissan Joint Venture (JV).

### **Samtel bags major HAL order worth Rs. 2.5 billion**

SAMTEL announced it had won a major deal order worth more than Rs 2.5 billion from the Hindustan Aeronautics Limited (HAL) to manufacture indigenous Multi Functional Displays for SU-30 fighters and jet trainers. Samtel said the production would be carried out in a JV company to be called 'Samtel-HAL Display Systems'.

### **BMW introduces new 5 Series in India**

BMW introduced new variants of its 5 Series sedan priced in the range of Rs 3.7 million and Rs 4.7 million as it looks to strengthen its presence in the country. The new variants, BMW 520d, 530d and 530d Highline powered by diesel engines, will be additions to its existing petrol variants BMW 525i and BMW 530i.

### **Jet gets Government nod to fly on Dubai route**

THE Government has given permission to Jet Airways and JetLite (formerly Air Sahara) to fly on the Dubai route. It has also given in-principle approval to Air Deccan to operate on the route. Earlier, the Government permitted Jet Airways to fly to many Gulf countries, but kept Dubai exclusive for Air India.

### **Ruia Group acquires Metzeler Automotive**

THE Ruia Group has acquired 100% control in the Metzeler Automotive Profile Systems UK Ltd from CVC Capital Partners company. Following the acquisition by the Ruia group, Metzeler Automotive Profile Systems UK Ltd has changed name to Schlegel Automotive, UK and plans to enter the automotive sealing market in the country through Schlegel Automotive India Pvt Ltd.

### **Hykon ties up with Chinese company**

HYKON India (P) Ltd has tied up with the China-based Sinyu Lighting Engineering Co Ltd, major exporters of fluorescent tubes and lighting sets. As per the agreement, Hykon will produce and import T5 linear energy-saving fluorescent tubes from Sinyu Lighting Engineering.

### **Allied Digital buys US company**

ALLIED Digital Services Ltd (ASDL) has acquired 80.5% stake in the US-based EnPointe Global Services for an equity valuation of \$30 million. The Mumbai-based IT infrastructure management company said the deal, a combination of cash and equity swap, entails an upfront cash payment of \$10 million and issue of 7,45,000 equity shares of Allied Digital to the US company at a price of Rs 830 a share. ADSL will also infuse an additional \$4 million in Enpointe Global.

### **GTL net up by 12%**

THE standalone quarterly net profit of network services firm GTL Ltd for the period ended June 2008 rose 12%, to Rs 251.6 million from Rs 224 million in the year-ago quarter. The consolidated

net profit of the company increased marginally by 2% to Rs 327.8 million for the quarter while revenues rose 2.9%, to Rs 4.19 billion (Rs 4.07 billion).

**Bajaj Finserv Q1 net up 32% to Rs 96 million**

**BAJAJ Finserv Ltd reported a 32% growth in Q1 net profit to Rs 96.6 million**, compared to Rs 73.3 million during April-June 2007. The company which is the majority shareholder in life and non-life insurance ventures with Allianz said its total income rose 28.11% to Rs 272.1 million during April-June, 2008, compared to Rs 212.4 million in the corresponding period last year.

**Johnson Controls inks pact to manage Lodha projects**

**THE Lodha Group has entered into a strategic partnership with Johnson Controls Inc, a New York-listed global leader in creating smart environment.** Johnson Controls Global Workplace Solutions will provide end-to-end facilities management to all Lodha projects. The company manages over one billion sq. ft worldwide, most of which are part of Fortune 500 companies.

**Tanti group venture buys Chinese wind energy firm**

**TANTI group of companies, the promoters of Suzlon Energy Ltd, jointly with Bahrain-based Arcapita Bank, has acquired Honiton Energy Holdings, a Chinese wind energy firm.** The JV partners will invest \$2 billion by 2012 to develop a 1,650-MW portfolio of wind farms in the Inner Mongolia region of China. The acquisition is being channeled through Colossus Holdings, a Singapore-based holding company of the Tanti group.