



**MARKET MOVEMENT**

Major Indices	May 16, 2008	May 23, 2008	% Change	Change
BSE Sensex	17,434.96	16,649.64	(4.50)	
NSE Nifty	5,152.25	4,946.55	(3.99)	

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

- **India, Germany sign financial, technical co-operation pacts**
- **India signs investment protection pact with Brunei**
- **Umbrella farm scheme gets nod**
- **CCEA nod of financial estimates for the Report of the Oversight Committee**
- **PIDB approves infrastructure projects worth Rs 200 billion**

**India, Germany sign financial, technical co-operation pacts**

**INDIA and Germany signed financial and technical co-operation agreements for projects committed in 2007.** The agreements entail German development assistance amounting to €302.79 million (Rs 19.98 billion). The German development co-operation has been increasing in quantum in recent times. While in 1990s, the annual commitments were in the range of €60-80 million, Germany has enhanced its engagement in India by committing overall funds of €352 million in 2005, €240 million in 2006 and €302 million in 2007.

**India signs investment protection pact with Brunei**

**INDIA has signed a Bilateral Investment Promotion and Protection Agreement (BIPA) with Brunei Darussalam.** Brunei becomes the 70th country with whom India has so far signed the BIPA. Observing that Brunei is the third largest producer of oil in South-East Asia and the fourth largest producer of Liquefied Natural Gas (LNG), the agreement would serve as a catalyst in boosting investment flows between the two countries.

**Umbrella farm scheme gets nod**

**THE Cabinet Committee on Economic Affairs (CCEA) approved implementation of the revised Macro Management of Agriculture (MMA) scheme during the 11th Five-Year Plan (2007-12).** The revised MMA would help increase farm productivity by reducing yield gaps. A tentative outlay of Rs 55 billion has been earmarked for the scheme. The scheme has been comprehensively revised to bring uniformity and avoid confusion at the field level.

**CCEA nod of financial estimates for the Report of the Oversight Committee**

**THE CCEA gave its 'in-principle' approval to the outlay of Rs.103.28 billion, as recommended by the Expenditure Finance Committee for infrastructure development of the Central Universities, and Management and Technical Institutions for their capacity expansion by 54%.** Out of this, an

amount of Rs.41.08 billion will be of recurring nature while the remaining amount of Rs.62.20 billion would be non-recurring expenditure.

### **PIDB approves infrastructure projects worth Rs 200 billion**

**PUNJAB Infrastructure Development Board (PIDB) approved infrastructure projects worth Rs 200 billion.** The projects include eight-lane super-express highway connecting Pathankot with Ajmer via Jalandhar, a luxury train encircling the entire religious artery of the State sprawling eight-lane ring-roads around Ludhiana, Amritsar and Jalandhar, an Information Technology (IT) Tower at Mohali and a super express way connecting the Mohali International Airport.

## **INDUSTRY WATCH**

- **Nutraceuticals market growing at 40% on greater health awareness**
- **Services sector prospects look rosy**
- **Tyre sector on five-year growth path**
- **Realty market investment to rise to \$20 billion**
- **Microfinance sector to reach Rs. 250 billion**

### **Nutraceuticals market growing at 40% on greater health awareness**

**HIGHER disposable incomes and greater awareness on health have buoyed the estimated Rs 15 billion nutraceuticals market in the country, growing at about 40%.** Customers are aware of health-related products available globally, as they probably have been exposed to such products on their overseas trips. Guardian Lifecare is a master-franchisee for global nutritional products retailer GNC Inc. The exclusive GNC stores break-even within three-odd months from opening. Vitamins from the GNC store, for instance are about 30% more expensive when compared to local products, this illustrates how the products find customers despite being more expensive.

### **Services sector prospects look rosy**

**THE prospects for the Indian services sector are robust over the next one year, a survey of more than 1,400 companies in the Brazil, Russia, India and China (BRIC) countries revealed.** The study said that 60% of the service providers in India expect an increase in business activity, the highest among the BRIC countries. As many as 56.3% of the Indian respondents said they expect an increase in new business this year, while none expect a fall. India stood second in this section of the survey, compared to other BRIC economies. The optimism reflects India's unique positioning, with its large domestic market, offshoring service capabilities and economic value drivers.

### **Tyre sector on five-year growth path**

**THE Indian tyre industry is expected to clock a tonnage growth of 9%-10% over the next five years,** according to a study by Credit Analysis and Research Limited (CARE). While the truck and buses tyres are set to register a Compounded Annual Growth Rate (CAGR) of 8%, the Light Commercial Vehicles (LCV) tyres are poised for a CAGR of 14%. According to the study, the growth in the Indian tyre industry will be fuelled by the expansion plans of the automobile companies, Government's focus on development of road infrastructure and sourcing of auto parts by the global Original Equipment Manufacturers (OEMs).

### **Realty market investment to rise to \$20 billion**

INVESTMENT in the Indian realty market is likely to increase to \$20 billion by 2010 with a boost from Real Estate Mutual Funds (REMF) and Real Estate Investment Trust (REIT). The sector, which is growing at an annual rate of 30% and is currently worth \$12 billion, will get a further boost from the Securities Exchange Board of India (SEBI's) REMF and the REIT regulations. The Indian real estate sector has emerged as one of the most appealing industries for both domestic and foreign investors and is presently the second-largest employing sector linked to about 250 ancillary industries.

### **Microfinance sector to reach Rs. 250 billion**

THE microfinance sector in the country is expected to grow nearly 10 times to reach Rs 250 billion in the next four years. At present, the sector is estimated to be worth Rs 27 billion. The sector is projected to have a CAGR of 76%. Also, the microfinance client base is estimated at 400 million from the current 15 million poor people by 2018. By 2012, an annual demand of at least Rs 250 billion can be expected.

## **CORPORATE HIGHLIGHTS**

- **Cabinet nod for Sponge Iron merger with NMDC**
- **S Kumars net zooms 65%**
- **Havells India net up 34.5%**
- **SKS Microfin gets ISO certification**
- **Educomp acquires 51% in Learning.com for Rs 1.05 billion**
- **Airtel signs outsourcing deal with Firstsource**
- **Virtusa Q4 net up 38%**
- **Satyam, GE Healthcare tie up**
- **Trivitron signs 3 Joint Venture pacts for medical equipment**
- **L&T bags orders worth Rs 6.35 billion from UAE, Oman**
- **Ferragamo ties up with DLF**
- **HT Media net up 74% in Q4**
- **Indian Bank consolidated net at Rs 10.43 billion in FY'08**

### **Cabinet nod for Sponge Iron merger with NMDC**

THE Cabinet gave its approval for the merger of Public Sector Undertaking (PSU) Sponge Iron India Ltd (SIIL) with National Mineral Development Corporation (NMDC), Hyderabad, through acquisition of SIIL shares by NMDC. Merger of SIIL with NMDC will be carried out within 6 months. This will ensure in-house supply of desired quality and quantity of iron ore (raw material) from SIIL's sponge iron plant at Paloncha in Andhra Pradesh's Khamman district, and also help implement the proposed Sponge Iron plant expansion project at Paloncha by utilising surplus land and manpower of SIIL and financial resources available with NMDC.

### **S Kumars net zooms 65%**

S Kumars Nationwide posted a net profit of Rs 625.2 million for the fourth quarter ended March 31, 2008, up 65% as compared with Rs 378.8 million during the corresponding period last year. The company recorded revenues of Rs 5.26 billion for the quarter under review as against Rs 3.72

billion during the March quarter last year. S Kumars recorded a 66% jump in net profit for the financial year ended March 31, 2008 (FY08) at Rs 2.06 billion as against Rs 1.24 billion a year ago.

#### **Havells India net up 34.5%**

HAVELLS India Ltd posted a net profit after tax of Rs 390 million for the fourth quarter of 2007-08, a 34.5% increase from Rs 290 billion in the same period a year ago. Net revenue during the quarter increased by 24.54% to Rs 5.48 billion as against Rs 4.4 billion during the corresponding quarter of the previous year. Annual net profit after tax stood at Rs 1.44 billion as compared to Rs 1.02 billion last fiscal.

#### **SKS Microfin gets ISO certification**

SKS Microfinance, a Non-Banking Finance Company (NBFC), has got ISO certification for its internal audit department. The validity of this certificate will be up to May 2011, depending on annual/bi-annual audits and a complete review, every three years, of the management system. SKS is the first microfinance institution in the world to get ISO certification. SKS conducts rigorous audits every month in its over 800 offices across the country.

#### **Educomp acquires 51% in Learning.com for Rs 1.05 billion**

EDUCOMP Solutions has acquired a 51% stake in US-based web-delivered curriculum provider, Learning.com for around Rs 1.05 billion. The deal includes the purchase of existing shares as well as an infusion of new capital into the company. This is Educomp's second strategic investment after the acquisition of Singapore-based Ask n Learn – a K12 company.

#### **Airtel signs outsourcing deal with Firstsource**

FIRSTSOURCE Solutions and Bharti Airtel have announced a three-year outsourcing agreement. Firstsource will provide a suite of Business Process Outsourcing (BPO) services covering both voice and back office in areas such as customer accounting, fraud & credit monitoring, customer service, collections and customer retention to Airtel from its centres in Chennai and Mumbai.

#### **Virtusa Q4 net up 38%**

VIRTUSA Corporation registered fourth quarter revenues of \$45 million, up 28%, with profit of \$5.6 million, up 38%, over \$4.1 million for corresponding quarter last year. For the financial year, the company closed with revenues of \$165.2 million, a growth of 33%, with a profit of \$19.4 million. The Nasdaq-listed firm with operations in Hyderabad added 10 clients in fourth quarter and 24 during fiscal 2008. The Company ended fiscal year 2008 with \$99 million of cash and cash equivalents.

#### **Satyam, GE Healthcare tie up**

SATYAM Computers and GE Healthcare have joined hands to support customers in deploying healthcare IT solutions based on the latter's software. The beneficiaries would range from small polyclinics to the large hospitals. The two companies will plan, design and implement infrastructure for global healthcare providers of all sizes.

#### **Trivitron signs 3 Joint Venture pacts for medical equipment**

TRIVITRON has signed three Joint Venture (JV) pacts with Aloka from Japan, Biosystems of Spain and Brandon Medical of UK to manufacture black and white ultrasound systems and colour dopplers, and a wide range of diagnostics reagents and shadow-less operating theatre lights. In the Trivitron-Aloka JV, Aloka will have 60% stake and Trivitron will have 40%. In the cases of

Biosystems and Brandon Medical, Trivitron will be the majority stakeholder with 60% and 51% respectively.

#### **L&T bags orders worth Rs 6.35 billion from UAE, Oman**

LARSEN & Toubro Ltd (L&T) has bagged four electrical project orders worth Rs 6.35 billion from the UAE and Oman. The projects will be executed by the electrical projects and Gulf operations vertical of L&T's construction division. Two of these orders valued at Rs 5.21 billion were secured from Abu Dhabi Water & Electricity Authority and involve supply and construction of five 33/11 kV GIS sub-stations and 33 kV cabling works.

#### **Ferragamo ties up with DLF**

FERRAGAMO has announced a new JV agreement with the DLF Group. The Italian company plans to open 10 new stores in the next 5 years throughout India. In 2008 alone, the company will open stores in major cities such as New Delhi, Bangalore and Mumbai. Salvatore Ferragamo has been present in India since 2005. Ferragamo, which only has one store in India, would hold 51% of the JV, while DLF Group will hold 49%.

#### **HT Media net up 74% in Q4**

HT Media announced that its net profit was up 74% at Rs 416 million. During the year ended FY'08, the net profit was up 26% to Rs 1.45 billion on advertisement revenues of Rs 10.14 billion (Rs 8.73 billion). The company's advertisement revenues were higher by 15% at Rs 2.68 billion in the fourth quarter ending March 31, 2008 as compared with Rs 2.34 billion in the corresponding period in the previous year.

#### **Indian Bank consolidated net at Rs 10.43 billion in FY'08**

INDIAN Bank announced consolidated net profit of Rs 10.43 billion for the year ended March 31, 2008 as compared with Rs 8.1 billion in the year 2007. Total revenue for the year has increased to Rs 62.68 billion from Rs 50.48 billion reported during 2007.