



MARKET MOVEMENT

Major Indices	June 27, 2008	July 04, 2008	% Change	Change
BSE Sensex	13,802.22	13,454.00	(2.52)	
NSE Nifty	4,136.85	4,016.00	(2.92)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Government approval for Bill to set up authority on border trade posts**
- **Government lifts location curbs on industrial units**
- **RBI tightens anti-money laundering norms for UCBs**
- **Government relaxes foreign exchange earning norm for EOUs**
- **Karnataka Government clears 65 projects of Rs 10.62 billion**

Government approval for Bill to set up authority on border trade posts

THE Government has approved the introduction of a legislation for setting up a central authority to oversee the construction and maintenance of land check posts on the country's borders. The proposed Land Port Authority of India will have the mandate to upgrade 13 'Land Customs Stations' (LCS) into 'Integrated Check Posts' (ICPs), besides managing and maintaining these posts on the borders for regulation of trade and transit.

Government lifts location curbs on industrial units

THE Cabinet relaxed norms for setting up industrial units in the country, by doing away with a restrictive clause in the Industries (Development and Regulation) Act (IDRA), 1951, which prohibits location of factories near urban settlements. The decision is unlikely to lead to setting up of factories near cities and towns, as the projects will still have to be cleared by the respective state pollution boards and the environment ministry.

RBI tightens anti-money laundering norms for UCBs

THE Reserve Bank of India (RBI) made it mandatory for Urban Cooperative Banks (UCBs) to report all suspicious transactions to the Directorate of Financial Intelligence as part of an exercise to strengthen the anti-money laundering drive. The RBI had earlier issued similar guidelines for the commercial banks and regional rural banks. The banks should report information in respect of all transactions referred to in Rule 3 to the Director, Financial Intelligence Unit-India (FIU-IND).

Government relaxes foreign exchange earning norm for EOUs

THE Government said the five year-period for Export Oriented Units (EOUs) to earn net foreign exchange may be extended if they are unable to export due to bans on shipments. EOUs are required to be net foreign exchange earners in five years from the date of commencement of production. As per a notification by the Directorate General of Foreign Trade (DGFT), the five year period could now be suitably extended by the Board of Approval.

Karnataka Government clears 65 projects of Rs 10.62 billion

A total of 65 projects with a total investment of Rs 10.62 billion were cleared by the Karnataka Government's State Level Single Window Clearance Committee (SLSWCC). These projects have the potential to provide employment to 29,024 persons. The SLSWCC is empowered to give a green signal for projects with investments up to Rs 500 million.

INDUSTRY WATCH

- **Patent offshoring sector to grow at 35%**
- **AC advertising on TV up 49% in January-April, 2008**
- **Telecom services revenue up 21% to Rs 1,305.61 billion**
- **The animation industry growing at a tremendous rate**
- **IT services deal size gets bigger**
- **Indian apparel business to grow over US\$ 500 billion by 2012-13**

Patent offshoring sector to grow at 35%

THE patent offshoring industry clock US\$ 2.06 billion in revenues by 2012 end, at an annual growth rate of 35%, due to the widespread impact of the US patent reform act of 2007 coupled with the multi-fold increase in patent applications globally. In order to fuel this growth momentum, the number of people employed in this industry will grow to 6,950 in the next four years from 1,550 as on 2007-end. As on 2007-end, revenues for the patent offshoring industry stood at US\$ 47 million.

AC advertising on TV up 49% in January-April, 2008

AIR-Conditioner (AC) advertising saw a growth of 49% on TV during January-April 2008 compared with January-April 2007. Godrej & Boyce Mfg Company Ltd was the top advertiser of ACs on TV during January-April 2008. This was followed by Voltas Ltd and Samsung India Electronics Ltd. Godrej Eon ACs led with 16% share of the overall AC advertising on TV, followed by Voltas Vertis Gold and Samsung Bio Sleep with 14% and 13% share respectively. The figures are based on secondages. The regional channels had 25% share of the overall AC advertising on TV. There was a 45% rise in the average number of AC advertisements per day during the period compared with January-April 2007.

Telecom services revenue up 21% to Rs 1,305.61 billion

REVENUE of the telecom services industry has swelled to Rs 1,305.61 billion in 2007-08, up 21% over the previous fiscal. Among the services, cellular segment contributed a major chunk of around 59% to the total revenue. The segment's topline rose to Rs 766.08 billion in 2007-08, compared to Rs 561.83 billion last fiscal, a growth of about 36%. Bharat Sanchar Nigam Ltd (BSNL) topped the list in terms of revenue with Rs 352.96 billion total income. Bharti with Rs 264.36 billion topline clinched the second slot while Reliance communications was placed at the third position reporting total income of Rs 186.38 billion. Fixed line business was the second biggest revenue earner for the industry, contributing more than 20%.

The animation industry growing at a tremendous rate

THE animation industry has seen a tremendous growth in the last six years in India, thanks to the state of the art technology that has been introduced in this field. According to an industry forecast,

the animation industry is poised to touch more than US\$ 1.5 billion by 2009. The animation and Visual FX segment was pegged at Rs 13 billion in 2007, growing by 24% over 2006. Going by the speed at which the industry is expanding, India will need 25,000 more professionals by the close of next year. The industry currently has only a little over 10,000 professionals working in this technocreative field.

IT services deal size gets bigger

THE number of Information Technology (IT) services deals is increasing in the domestic market, the sizes too are getting bigger and the margins are increasing. Moreover, with research and advisory firm Gartner's prediction of IT services market growing at a Compound Annual Growth Rate (CAGR) of 20.4% for the next five years, the scenario will only get more lucrative for these firms. IT services deals now range between Rs 400 million and Rs 800 million on an average from less than Rs 100 million earlier. Business Process Outsourcing (BPO) deals too, which earlier averaged at Rs 6 million and Rs 8 million, now range between Rs 60 million and Rs 80 million on an average.

Indian apparel business to grow over US\$ 500 billion by 2012-13

THE Indian apparel business is estimated to touch US\$ 466-513 billion by 2012-13, with a growth rate of 15%. Women's and kids' wear comprise a huge portion of the retail apparel market in India and the women's wear in itself is a Rs 426 billion (US\$ 9.87 billion) segment. While there has been a robust growth in the western wear segment, ethnic wear segment will continue to enjoy the majority share. The middle class population in India will reach 41% of total population by 2025 and this will contribute for the growth of western wear segment as well as the entire apparel retail segment in India.

CORPORATE HIGHLIGHTS

- **Panacea Biotec acquires Umkal Medical Institute**
- **Punj Lloyd bags GVK Power order**
- **BGR Energy bags Rs 31 billion TNEB order**
- **Solar Semiconductor signs \$1.2 billion delivery pact with SolarWorld**
- **ABB won order worth Rs 3.12 billion**
- **NTPC, PFC sign pact**
- **DHL bags 5-year Airbus contract**
- **Glenmark acquires 7 pharmaceutical brands in Poland**
- **Citi India full-year net doubles**

Panacea Biotec acquires Umkal Medical Institute

PANACEA Biotec announced acquisition of majority stake in Delhi-based Umkal Medical Institute (UMI), as part of its foray into the healthcare delivery sector. The company is also planning to build a 220 bed multi super-specialty hospital in collaboration with the Umkal group at Gurgaon as part of the strategy.

Punj Lloyd bags GVK Power order

PUNJ Lloyd Ltd announced that it has bagged a Rs 10.05 billion contract from GVK Power Ltd. Under the contract, Punj Lloyd will execute the Balance Of Plant-work (BOP) and the civil work for the 540 MW Govindwal Sahib coal-fired thermal power project in Punjab.

BGR Energy bags Rs 31 billion TNEB order

BGR Energy Systems Ltd has bagged an order worth Rs 31 billion from the Tamil Nadu Electricity Board (TNEB) to construct a 600 Mw thermal power plant at Mettur, Tamil Nadu. BGR Energy will be the Engineering, Procurement and Construction (EPC) contractor for this mega project. The project will have 400 and 200 kV Gas-Insulated Substations (GIS), to be imported and used for the first time in the state.

Solar Semiconductor signs \$1.2 billion delivery pact with SolarWorld

SOLAR Semiconductor has signed a delivery agreement with SolarWorld AG subsidiary Deutsche Solar AG. The agreement is a multi-year contract for the delivery of wafers worth over US\$ 1.2 billion. The tie-up would help Solar Semiconductor to strengthen its position as a rapidly growing international manufacturer of high-quality solar Photo-Voltaic (PV) modules.

ABB won order worth Rs 3.12 billion

ABB has won a Rs 3.12 billion order for design, supply, installation, testing and commissioning of electrical products and systems for a new terminal, Terminal 3 (T3) at Indira Gandhi International Airport in Delhi. ABB's solutions are part of a modernisation project to prepare the airport for the Commonwealth Games in 2010. ABB will provide electrical infrastructure and control systems for T3, which is currently under construction.

NTPC, PFC sign pact

THE National Thermal Power Corporation (NTPC) and Power Finance Corporation Ltd (PFC) have entered into a memorandum of agreement for financing NTPC's ongoing capacity addition programme across the country. PFC has sanctioned a term loan of Rs 100 billion to NTPC for the project.

DHL bags 5-year Airbus contract

DHL announced a new five-year agreement with Airbus. DHL will be the lead transport provider and a tier one partner of Airbus. DHL will implement its full transportation system, 4PL control tower and optimisation programme to streamline the flow of materials to Airbus manufacturing plants. The Control Tower will manage a significant part of inbound transportation, including air and ocean freight, road freight, customs and value added services.

Glenmark acquires 7 pharmaceutical brands in Poland

GLENMARK Pharmaceuticals said that it has signed agreements with Iceland-based Actavis to acquire seven pharmaceutical brands in Poland. The acquisition would provide Glenmark its first access to the growing pharmaceutical market in Central and East Europe. The acquisition of the product portfolio of seven established brands was done through Glenmark Pharmaceuticals' Czech subsidiary Medicamenta, which signed agreements with Actavis and Biovena, an affiliate of Actavis.

Citi India full-year net doubles

CITIBANK India said that its net profits doubled to Rs 18.04 billion for the year ended March 2008, from Rs 9 billion in the previous year. The profits from foreign exchange business and higher commission income enabled the bank to report a more than 100% growth in profits. Total revenues for the fiscal increased by 51% to Rs 60.99 billion (Rs 40.33 billion).