



MARKET MOVEMENT

Major Indices	August 29, 2008	September 05, 2008	% Change	Change
BSE Sensex	14,564.53	14,483.83	(0.55)	
NSE Nifty	4,360.00	4,352.30	(0.17)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Regulators get leeway on number of independent directors**
- **TN clears Rs 90 billion investment proposals**
- **13 mega projects in Punjab gain Government approval**
- **Cabinet nod to HEC revival package**
- **Haryana passes bill to regulate property dealers functioning**

Regulators get leeway on number of independent directors

REGULATORS such as Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) can continue to prescribe the limit for independent director requirement of companies. The new Companies Bill, 2008, which proposes to replace the existing Companies Act, 1956, envisages that those listed companies that are required to appoint independent directors should have a minimum number of 33% of such directors of their total Board strength, while the regulator can give its own cap.

TN clears Rs 90 billion investment proposals

THE Tamil Nadu (TN) Cabinet approved over Rs 90 billion worth of investment proposals in automobile and engineering sectors. Among the investment proposals is Rs 40 billion for a tyre manufacturing unit by Michelin of France. The State Government has also decided to change some of the structured incentives extended for the Rs 41.50 billion Ashok Leyland-Nissan automotive project.

13 mega projects in Punjab gain Government approval

THE Punjab Government approved 13 new mega projects to be set up in the state with an investment of about Rs 212.78 billion (US\$ 4.79 billion). The approved projects with a total investment of Rs 9.35 billion (US\$ 210.80 million), included two manufacturing projects, Nector Lifesciences Limited at Khanpur village in Patiala district and Tayal Energy Limited at Kotakpura in Faridkot district.

Cabinet nod to HEC revival package

THE Centre approved a package to revive the Ranchi-based public sector firm Heavy Engineering Corporation (HEC). The package includes a loan of Rs 600 million at normal rate of interest, wage revision, enhancing the retirement age to 60 years and waiver of interest and penal interest to the tune of Rs 380 million. The state-run company had been in the red for a long time but started earning profits from 2006-07.

Haryana passes bill to regulate property dealers functioning

THE Haryana legislative assembly passed the Haryana Regulation of Property Dealers and Consultants Bill to safeguard the interests of the people using services of property dealers, property consultants and real estate agents. After this act is enforced, no property dealer or his representative without obtaining licence can enter into transactions of sale, purchase, exchange, letting or taking on lease between the buyer and seller, lessor and lessee, landlord and tenant, including the collection of rent in respect of the immovable property with anybody in any manner.

INDUSTRY WATCH

- **IT services market to hit US\$ 8 billion in 2011**
- **Indian paper industry demand to rise to 20 million tonnes by 2020**
- **Middle class, rural market to fuel pharma growth**
- **Real estate developers foresee high sector growth**
- **Managed IT Services to touch US\$ 2.78 bn by 2010**

IT services market to hit US\$ 8 billion in 2011

ACCORDING to the latest research by Springboard Research the domestic Information & Technology (IT) services market is estimated to grow from US\$ 4.1 billion in 2007 to US\$8.1 billion in 2011, representing a Compounded Annual Growth Rate (CAGR) of 18.6% during the period, IT services growth rate for India is well above the 10.5% CAGR of overall Asia Pacific market making the country the fastest growing IT services market in the Asia-Pacific (excluding Japan) region.

Indian paper industry demand to rise to 20 million tonnes by 2020

THE domestic demand for paper would rise to around 20 million tonnes by 2020. The Indian paper industry has considerable untapped potential. Its total production at 8 million tonnes and per capita paper consumption of around 7 kg may appear low. But even a modest increase of 1 kg per capita translates into 1.15 million tonnes of additional paper demand. On the basis of raw material use, the industry is classified into three segments wood and bamboo (40%); Bagasse and agri residues (30%); and Waste paper (30%).

Middle class, rural market to fuel pharma growth

ACCORDING to Confederation of Indian Industries (CII) the Indian pharma industry's growth rate will touch 19% from the current normal growth rate of 13%. The incremental growth of 6.6% will be fuelled by factors like a growing middle class (contributing 2% of the incremental growth), pricing of the pharma products (1%), untapped rural markets (2%), and marketing efficiencies (1%). At present, the middle class population, defined as households with an annual income in the range of Rs 2,00,000 - Rs 1 million is estimated to be around 91 million in the country. The middle class, estimated to consist around 8% of total population, is expected to grow four-fold by 2015 to reach 364 million, which will generate an additional demand for the existing and new medical products.

Real estate developers foresee high sector growth

A LATEST survey, titled Realty Pulse, of real estate developers points out that 62% respondents foresee the Indian real estate sector embarking upon high growth trajectory in the long-term, The qualitative survey, conducted by Ernst & Young across six prominent cities comprising NCR,

Mumbai, Pune, Hyderabad, Chennai, Kolkata and Bangalore, forms a part of the Federation of Indian Chambers of Commerce and Industry (FICCI).

Managed IT Services to touch US\$ 2.78 bn by 2010

THE India Managed IT Services market is expected to grow at a Compounded Annual Growth Rate (CAGR) of 24.9% to become a US\$ 2.78 billion industry by 2010, The total India Managed IT Services market in 2007 was estimated to be US\$ 1,170 million with managed network services accounting for the biggest share of the pie followed by Managed Desktop Services. This represented 20% of the total India domestic IT Services market, which crossed US\$ 5 billion revenues in 2007.

CORPORATE HIGHLIGHTS

- **Archies bonds with UK company to retail Me to You product range**
- **NAPC ties up with Maverick Fitness**
- **Mercedes-Benz drives bus into India**
- **Calsoft to divest stake in Japan company**
- **Sahil Group inks pact to manage Mandara Spa**
- **FACT signs pact with IL&FS**
- **Continental Auto sets up new platforms in India**
- **Eros, Star TV ink film content deal**
- **Dr Reddys, US company in pact for dermatology drugs**
- **Shriram EPC buys 55% stake in BG Tech**
- **Wipro Technologies takes 10% stake in Subhiksha**
- **First Advantage, ERA enter alliance**

Archies bonds with UK company to retail Me to You product range

SOCIAL expression major Archies Limited has tied up with the UK based Carte Blanche Greetings to distribute and sell its brand Me To You in India. The Me to You brand has a grey teddy with a blue nose as its mascot and has been licenced for a number of products including calendars, jewellery, cross-stitch kits, confectionery, apparel and personalised items in more than 70 countries. Me to You is the most successful non-media based character brand in the world and its retail sales exceeded US\$ 800 million in fiscal 2008.

NAPC ties up with Maverick Fitness

NAPC Ltd, a diversified company with a presence in infrastructure, real estate development and mining, has entered into an agreement with Maverick Fitness to fund the fitness companys expansion plans. Maverick Fitness has a chain of gymnasiums, which it plans to expand across south India, for which it has entered into a funding and revenue sharing agreement with NAPC Ltd.

Mercedes-Benz drives bus into India

MERCEDES Benz has entered the bus business in the country with the launch of its first ever bus, a luxury intercity coach that will initially operate on a few designated routes in Maharashtra and southern India. The company will in time introduce more products in this segment, the new 305 horse-power, Euro III complaint coach that is priced at Rs 800 million, comes with an O 500

R/RF chassis from the MB stable, and a body built by Jalandhar-based Sutlej Motors with whom the company signed an agreement earlier this year.

Calsoft to divest stake in Japan company

CALIFORNIA Software Company Ltd (Calsoft) will divest its 66% equity stake in the Japan-based Codex Ltd, a trading solutions provider whose customers include Itochu Petroleum Ltd. It will also divest its 51.28 % stake in the Kochi-based Team Frontline Ltd. Since Calsoft has a presence in the oil and energy markets, this acquisition was aimed to strengthen its position in this vertical within Japan.

Sahil Group inks pact to manage Mandara Spa

THE Pune-based Sahil Group has entered into an agreement with the Bangkok-based MSpa Ventures Ltd to operate and manage the Mandara Spa at its property, the Radisson Resort and Spa, Alibag. The present agreement is valid for six years. The spa has been designed according to MSpa International standards and is serviced by MSpa International staff that is trained at its headquarters in Thailand for three months.

FACT signs pact with IL&FS

PUBLIC sector FACT has signed an agreement with IL&FS for preparing the master plan for setting up of various industrial and commercial development projects on the land owned by the company at Udyogamandal and Ambalamedu. IL&FS will identify economically and technically viable projects to be set up on FACT land as part of its expansion and diversification. The master plan will be implemented in a phased manner. A strategic group has already been formed for the purpose. IL&FS is also associated with the Kerala Government in the development of infrastructure projects on Public Private Partnership (PPP) basis. The major projects undertaken include Vizhinjam project, Theerapatham Tourism and Urban Infrastructure Project, and International Convention Centre at Thiruvananthapuram.

Continental Auto sets up new platforms in India

CONTINENTAL Automotive Components, a leading auto parts company, is fine-tuning its Indian operations setting up new platforms for manufacturing parts for affordable cars. Continental, last year took over Siemens VDO business in India. Continental Automotive Components India Managing Director said that it has set up new platforms for making electronic instrument cluster as well as for body cluster units.

Eros, Star TV ink film content deal

EROS International, the integrated media and entertainment company, has signed multi-film content licensing deal with Star (TeleVision) TV. The deal covers a selection of Eros catalogue of films. According to PricewaterhouseCoopers, the television sector in India is growing at over 22% Compounded Annual Growth Rate (CAGR) and is slated to be worth over US\$15 billion by 2012.

Dr Reddys, US company in pact for dermatology drugs

PHARMA major Dr Reddy's Laboratories Ltd has entered into a licensing and distribution agreement with the US-based Cosmederm Technologies, a specialty pharmaceutical company focused on dermatology and aesthetic medicine. With this, the Hyderabad-based company secured exclusive rights to distribute cosmederms two skin care products refinity and cosmederm peel kits in Indian market.

Shriram EPC buys 55% stake in BG Tech

SHRIRAM EPC has acquired a 55% stake in Blackstone Group Technologies Pvt Ltd, an engineering consulting firm based in Chennai. Shriram EPC, which offers integrated project management services for renewable energy projects and manufactures wind turbines, sees the acquisition as an opportunity for consolidating its position and scaling up operations.

Wipro Technologies takes 10% stake in Subhiksha

WIPRO Technologies has taken a 10% stake in discount retail chain Subhiksha Trading Services. According to sources, Wipro Technologies investment company, Zash Investment Pvt Ltd, has invested Rs 2.3 billion in Subhiksha. The shareholding pattern of the company translates as promoters 59%, ICICI Venture 23%, Wipro Technologies 10%, ICICI Prudential Mutual Fund 5% and employees stock options 3%.

First Advantage, ERA enter alliance

BACKGROUND screening services firm First Advantage Corporation has entered into a partnership with the Executive Recruiters Association, an all-India body representing executive recruitment firms to provide pre-screened candidates to ERA clients. This is aimed at reducing the time, effort and resources involved in postemployment screening, as well as to raise awareness levels among recruiters about the criticality of conducting background checks on employees, vendors and contract staff.