



**MARKET MOVEMENT**

Major Indices	May 09, 2008	May 16, 2008	% Change	Change
BSE Sensex	16,737.07	17,434.96	4.17	
NSE Nifty	4,982.20	5,152.25	3.41	

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

- **Customs duty on imports under EPCG scheme cut to 3%**
- **FDI proposals worth Rs 18.21 billion cleared**
- **Government eases norms for PSUs to reduce food import bill**
- **CCEA nod to Backward Regions Grant Fund**
- **Ahmedabad, Thiruvananthapuram airports get nod to impose user fees**

**Customs duty on imports under EPCG scheme cut to 3%**

THE Ministry of Finance (MoF) has reduced customs duty payable under the Export Promotion Capital Goods (EPCG) scheme from 5% - 3%. The reduced customs duty rate of 3% would be applicable for capital goods for pre-production, production and post-production including second-hand capital goods. Capital goods in Semi Knocked Down (SKD)/Completely Knocked Down (CKD) conditions can also be imported at the reduced rate.

**FDI proposals worth Rs 18.21 billion cleared**

THE MoF has approved 18 Foreign Direct Investment (FDI) proposals worth Rs 18.21 billion recommended by the Foreign Investment Promotion Board (FIPB). The proposals are related to heavy industry, higher education, industrial policy & promotion, Information & Broadcasting (I&B), Information Technology (IT), telecommunications, tourism and economic affairs.

**Government eases norms for PSUs to reduce food import bill**

THE Government has amended rules related to Public Sector Unit (PSU) imports to ensure swift sourcing of essential commodities such as rice or wheat. The move would allow PSUs to contract commodities from the global market without having to go through elaborate tendering process. New guidelines for import of essential items have been finalised by amending two main aspects of the General Financial Rules (GFR).

**CCEA nod to Backward Regions Grant Fund**

THE Cabinet Committee on Economic Affairs (CCEA) gave its approval in the relaxation of the mandatory condition under Backward Regions Grant Fund (BRGF) that participatory plans shall be prepared by Panchayats at the district, intermediate and village levels and they shall be consolidated by the District Planning Committee into the district plan.

**Ahmedabad, Thiruvananthapuram airports get nod to impose user fees**

THE Government has approved the imposition of a user development fee from next year for the Ahmedabad and Thiruvananthapuram airports that are being developed by the Airports Authority of India (AAI). The Government had earlier approved the imposition of such fees for the new Bangalore and Hyderabad airports being developed under Public-Private Partnerships (PPP).

## INDUSTRY WATCH

- **Ready mix concrete business becoming attractive**
- **Top 6 Indian companies' market share rises to 2.4%**
- **Steel companies to invest Rs. 892.4 billion**
- **IT exports to touch US\$ 80 billion in three years**
- **Organised stores to capture 25% of retail revenues by 2011**

### **Ready mix concrete business becoming attractive**

THE Ready Mix Concrete (RMC) business is considered an emerging business opportunity for large players in the construction and cement sectors who are bound to invest in this area in the coming years. Industry leaders in the business peg last year's commercial sales of RMC at about 12 million cu.m valued at about Rs 45 billion. The growth in infrastructure projects and construction industry are driving the growth of the RMC business. Based on the demand for RMC equipment, manufacturers say that the industry has been growing at about 30% yearly for the last 2-3 years and is likely to sustain at this level for the next few years.

### **Top 6 Indian companies' market share rises to 2.4%**

TOP six Indian IT companies - TCS, Infosys, Wipro, Satyam, HCL and Cognizant - increased their collective market share in the global IT service arena to 2.4% against 1.9% in the previous fiscal. Domestic IT services business in the country seems to have come of age. The Indian domestic IT services market has been outpacing the overall Asia Pacific growth, as it grew by 18% in 2007. While cost remains a key consideration for users in the outsourcing services market in India, operational efficiency and business agility are driving most of the IT services engagements.

### **Steel companies to invest Rs 892.4 billion**

INDIAN steel firms plan to invest Rs 892.4 billion in coming months to expand capacity by 31 million tonnes to meet rising demand in a fast growing economy. The survey by Associated Chambers of Commerce and Industry said price pressures could ease if two-third of the planned capacity expansion was carried out in the coming months. Companies like Tata Steel, Bhushan Steel and Vedanta Resources announced major expansion plans in recent months in eastern states. With steel prices increasing by more than 30% in 2008, the industry announced capacity expansion plans of 31 million tonnes in the last quarter of 2007-08 in order to meet the fast growing demand.

### **IT exports to touch US\$ 80 billion in three years**

IT exports from India are poised to reach \$80 billion within three years effectively doubling from \$40 billion achieved in 2007-08. The sector also provides two million jobs to IT professionals directly and another 7-8 million people indirectly and contributes about 5% of the country's gross domestic product, and 33% of exports. The sector contribution to Gross domestic Product (GDP) is set to go up significantly.

### **Organised stores to capture 25% of retail revenues by 2011**

ORGANIZED retail is growing faster than expected in India, it is forecasted that this segment could account for 25% of the total retail revenues by 2011 from the current 8% share. India's retail industry, both organized and unorganized, is worth \$295 billion (Rs 12.3 trillion) at present. New stores, more spending power and access to credit had led to organized retail's 50% growth in 2007. Several large retailers including US-based Wal-Mart Stores Inc. and UK's Marks and Spencer Plc. have announced plans for the Indian market, spurred by this explosive growth.

## CORPORATE HIGHLIGHTS

- **CBC Corporation sets up Indian subsidiary in Bangalore**
- **IBM India, ISB partnership to assess services sector in Asia**
- **Lafarge buys L&T Concrete for US\$ 349 million**
- **GSK Pharmaceuticals signs co-production pact with Daiichi Sankyo**
- **Torrent Power net profit rises by 13.7%**
- **Edelweiss Capital consolidated net up at Rs 825.5 million in Q4**
- **Graphite India Q4 net rises 42%**
- **Tata Motors launches Indica V2 Xeta LPG**
- **JK Lakshmi Cement FY'08 net goes up 26%**
- **BEML bags Rs 4.77 billion SAIL order**

### **CBC Corporation sets up Indian subsidiary in Bangalore**

CBC Corporation, a Japan-based provider of imaging technology and surveillance equipment has started its direct operations in India with the launch of a wholly-owned subsidiary. The company also announced it is exploring the possibility of setting up a factory in India for manufacturing cameras in India in its near future. CBC had been selling its products in the Indian market for the last 26 years. It established its representative office in India three years ago.

### **IBM India, ISB partnership to assess services sector in Asia**

IBM India and the Indian School of Business (ISB) announced the signing of first open collaborative research agreement in Asia aimed at improving the competitiveness of the services sector in the region. This research will support companies to redesign their project management structure, reduce attrition, and also help the high performance groups to move up the value chain.

### **Lafarge buys L&T Concrete for US\$ 349 million**

LAFARGE said it agreed to buy Larsen & Toubro's (L&T's) RMC business for an enterprise value of Rs 14.8 billion (\$349 million) as part of its plan to expand into emerging markets and establish its leadership in India. Lafarge will buy 66 concrete plants of L&T located in key markets, including Delhi, Kolkata, Mumbai and Bangalore, with a total estimated volume of 4.1 million metric cubic capacity in 2008.

### **GSK Pharmaceuticals signs co-production pact with Daiichi Sankyo**

GLAXOSMITHKLINE (GSK) Pharmaceuticals Ltd announced that it has signed a co-promotion agreement with Daiichi Sankyo India Pharma Ltd (DSIN) for the anti-hypertensive drug olmesartan medoxomil and its combination products. DSIN is a subsidiary of Daiichi Sankyo Ltd, a Japanese pharmaceuticals company based in Tokyo.

**Torrent Power net profit rises by 13.7%**

TORRENT Power Ltd. announced net profit of Rs 504 million for the quarter ending March 31 2008 a 13.7% rise from the corresponding period of the previous year. The total revenue for the quarter grew by 22.1% to Rs 9.48 billion in the same period. For the year ending March 31 2008, the company reported Rs 2.11 billion net profit as against total revenue of Rs 3.72 billion.

**Edelweiss Capital consolidated net up at Rs 825.5 million in Q4**

EDELWEISS Capital announced a consolidated net profit of Rs 825.5 million for the fourth quarter ended March 31, 2008 an over two-fold growth over the corresponding period a year-ago. The company had a net profit of Rs 373.8 million in the fourth quarter of FY'07. The total income rose to Rs 4.06 billion in the latest quarter, from Rs 1.36 billion in the same period previous fiscal.

**Graphite India Q4 net rises 42%**

GRAPHITE India has posted a 42% rise in net profit at Rs 342.7 million during the last quarter of FY'08, compared to Rs 240.6 million in the corresponding period previous fiscal. Sales of the company during the last quarter of fiscal 2007-08 touched Rs 3.6 billion, compared to Rs 2.57 billion in the same period a year ago.

**Tata Motors launches Indica V2 Xeta LPG**

TATA Motors has launched the Indica V2 Xeta LPG. The Indica V2 Xeta LPG is equipped with a dual fuel (petrol and LPG) engine, which reduces CO2 emissions by about 10%, while delivering excellent fuel efficiency both in the city and on highways. The new Xeta LPG comes with a 1.2 litre multi point fuel injection system engine with two electronic control units in master-slave configuration.

**JK Lakshmi Cement FY'08 net goes up 26%**

JK Lakshmi Cement has posted a 26% rise in net profit for the year ended March 31, 2008 at Rs 2.24 billion against Rs 1.77 billion in the previous year. The company's net sales during the period were Rs 12.86 billion compared with Rs 9.71 billion, up 32%. The good performance is attributed to increased production, higher cement sales and much improved all-round efficiencies.

**BEML bags Rs 4.77 billion SAIL order**

BEML Limited has entered into a Memorandum of Understanding (MoU) with Steel Authority of India Limited (SAIL). As per the terms and scope of MoU, SAIL will purchase a total of 261 mining equipment worth Rs 4.77 billion over a period of next three years. The various equipment envisaged under the agreement are dumpers, dozers, motor graders, high-end hydraulic excavators and tyre handlers. In addition, the agreement also provides for the maintenance contract of the fleet of equipment to be supplied valued at Rs 3 billion.