



MARKET MOVEMENT

Major Indices	April 18, 2008	April 25, 2008	% Change	Change
BSE Sensex	16,481.20	17,125.98	3.91	
NSE Nifty	4,958.40	5,111.70	3.09	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Government clears 13 FDI proposals worth Rs 6.57 billion**
- **RBI fixes norms to rein in recovery agents**
- **Policy for Greenfield Airports**
- **Cabinet nod for construction of Private Airports/Airstrips/Helipads for private use**
- **Cabinet nod for Mines & Minerals (Development & Regulation) Amendment Bill, 2008**
- **Cabinet approval for BIPA with Bangladesh**

Government clears 13 FDI proposals worth Rs 6.57 billion

GOVERNMENT has cleared 13 Foreign Direct Investment (FDI) proposals that will bring in Rs 6.57 billion, including Rs 1.99 billion by US-based financial services provider Goldman Sachs. The Ministry of Finance (MoF) has approved the proposals on recommendations of the Foreign Investment Promotion Board (FIPB). The proposal of Goldman Sachs, a Non-Banking Financial Company (NBFC), is for subscribing to preferential equity shares or compulsorily convertible preference shares.

RBI fixes norms to rein in recovery agents

THE Reserve Bank of India (RBI) has made it mandatory for the banks to conduct police verification of the loan recovery agents employed by them. RBI in its final guidelines on banks recovery agents, said banks should ensure that the agents engaged by them in the recovery process carry out verification of the history of their employees, which may include pre-employment police verification, as a matter of abundant caution. Banks may decide the periodicity at which re-verification of antecedents should be resorted to. The agents will also have to carry a copy of the recovery notice and the authorisation letter along with the identity card issued by the bank or the agency firm.

Policy for Greenfield Airports

THE Cabinet cleared a Greenfield Airport policy in which a new airport can be set up within 150 km radius of an existing airport. But the application will first be considered by a steering committee of the Ministry of Civil Aviation and, if recommended, the final decision on the project will be taken by the Cabinet. The new policy also seeks to do away with the need to ask approval of the Government in case it does not fall within the 150-km radius of an existing airport.

Cabinet nod for construction of Private Airports/Airstrips/Helipads for private use

THE Cabinet gave its approval for construction of private airports/airstrips/helipads for private use. This decision would substantially liberalize the procedure for construction of private airports/ airstrips/ helipads thereby reducing burden on other operational airports, improving connectivity to far flung locations without compromising on safety and public interest.

Cabinet nod for Mines & Minerals (Development & Regulation) Amendment Bill, 2008

THE Cabinet gave its approval for introducing the Mines & Minerals (Development & Regulation) Amendment Bill, 2008, in the Parliament, on introducing auctioning of coal mining blocks for captive use through competitive bidding as the selection process of allocation. This will make allocation of coal blocks not only objective but also transparent.

Cabinet approval for BIPA with Bangladesh

THE Cabinet gave its approval for signing and ratification of Bilateral Investment Promotion and Protection Agreement (BIPA) with the People's Republic of Bangladesh. The objective of BIPA is to promote and protect the interests of investors of either country in the territory of the other country. Such Agreements increase the comfort level and booster the confidence of the investors by assuring a minimum standard of treatment and non-discrimination in all matters while providing for justifiability of disputes with the host country.

INDUSTRY WATCH

- **Semiconductor design services to grow at 22%**
- **Indian auto industry sets sights on Eastern Europe**
- **Biotech sector posts 30% growth in 2007-08**
- **Tyre makers shift focus to CV radials**

Semiconductor design services to grow at 22%

THE semiconductor design services industry is projected to grow at a Compounded Annual Growth Rate (CAGR) of 21.7% to \$10.96 billion in 2010, from the current level of \$6 billion. The industry is expected to clock a revenue of \$7.3 billion by 2008 end. The key factors that position India as a favoured destination for semiconductor and embedded designs are the growing expertise and capabilities in end-to-end design, Intellectual Property (IP) development, a strong pool of engineers, emergence of outsourced third party design services companies and cost effective products.

Indian auto industry sets sights on Eastern Europe

INDIAN auto component and tyre companies are making a beeline to set shop in Europe (especially Eastern Europe). Recently Apollo Tyres announced that it was setting up a euro 200 million green field venture outside Hungary. Amtek Auto is to set up a production base which will come in to operation in 2009 in Romania. But it's not only eastern Europe that is the centre of attraction. Sona Koyo Steering Systems, Bharat Forge, and Sundram Fasteners all have moved in by acquiring companies spread across western Europe. Of course the key reason is the large market available in Europe. Comprising 27 countries, the Economic Union (EU) is expected to grow as more countries like Turkey qualify for membership in the coming years. Currently the EU market is estimated at 13 million passenger cars and 3 million trucks per annum.

Biotech sector posts 30% growth in 2007-08

THE biotechnology industry is now a \$3 billion (around Rs 120 billion) sector, registering 30% growth in 2007-08 over the previous year. Half of the 24 companies that came up were in Bangalore that accounts for 60% of the \$1.5 billion exports. The top five companies by revenue contributed a third of the \$3 billion turnover of the industry. Research services touched \$500 million and bio IT (bioinformatics) was \$250 million. Bangalore's biotech companies had maintained 35% growth rate with investment of \$250 million in 2007-08.

Tyre makers shift focus to CV radials

TYRE manufacturers such as CEAT, MRF, JK Tyres and Apollo are augmenting capacity for Commercial Vehicle (CV) tyres to meet the expected surge in demand. As many as eight tyre players are expected to make an investment of about Rs 60 billion in a new greenfield facility within the country, or increase capacity at existing facilities. JK Tyres is investing Rs 7 billion to augment truck and bus radial capacity to Rs. 12.1 million annually from Rs. 4.52 million now. CEAT tyres is setting up two manufacturing facilities to produce truck tyres, off-the-road tyres, and passenger car radials. The company will spend Rs 9 billion on its new facilities and will also conclude its radialisation programme. Meanwhile, MRF and Apollo, the leading tyre manufacturers in India, are also expanding CV tyre production. MRF is investing Rs 6 billion – Rs.8 billion to hike capacity across its product portfolio while Apollo is increasing capacity in cross-ply and radial tyres.

CORPORATE HIGHLIGHTS

- Cabinet nod for Neyveli project
- Bharti Airtel Q4 net up 39% at Rs 17.92 billion
- RCom buys UK-based WiMax operator
- Maruti Suzuki Q4 net at Rs 2.98 billion
- HDFC Bank Q4 net up by 37.1%
- Idea Cellular net up 44.60% at Rs 2.78 billion in Q4
- Orchid enters into strategic alliance with Ranbaxy
- UltraTech Q4 net moves up 22%
- Container Corporation net up 19.90% at Rs 2.03 billion
- Sterlite Technologies bags Rs 2.96 billion order from PGCIL
- Bajaj Electricals, Italy's Nardi tie up to launch new brand
- Reliance Retail signs venture with Office Depot
- Biocon Q4 profit rises by 29%
- Daimler, Hero JV to invest Rs 44 billion in 5 years

Cabinet nod for Neyveli project

THE Cabinet gave its approval for Neyveli Lignite Corporation's (NLC's) 2x500 MW coal-based thermal power project at Tuticorin in Joint Venture (JV) with Tamil Nadu Electricity Board. The estimated cost of the project is Rs 49.09 billion on April 2007 price level. The project would be implemented through the JV Company by the name NLC-Tamil Nadu Power Ltd.

Bharti Airtel Q4 net up 39% at Rs 17.92 billion

BHARTI Airtel Ltd posted a net profit of Rs 17.92 billion for the fourth quarter ended March 31, 2008, an increase of 39% as against Rs 12.87 billion during the same quarter in 2007. Total revenue for the quarter has increased to Rs 74.47 billion from Rs 52.51 billion in the year-ago period. For the year ended March 2008, the company recorded a net profit of Rs 62.44 billion as compared to Rs 40.33 billion in 2007.

RCom buys UK-based WiMax operator

RELIANCE Communications (RCom) has acquired 90% stake in a UK-based WiMax operator, 'eWave World'. RCom intends to invest \$500 million in eWave to build and acquire WiMax networks in the emerging markets of Asia, Europe, Latin America and Africa. RCom will also use this acquisition as a springboard to extend WiMax services to 50 countries by 2012.

Maruti Suzuki Q4 net at Rs 2.98 billion

MARUTI Suzuki India reported net profit of Rs 2.98 billion for the fourth quarter ended December 2008. Total income, net of excise stood at Rs 50.70 billion during the quarter. For the fiscal 2007-08, net profit stood at Rs 17.31 billion, while the total income for the fiscal stood at Rs 188.24 billion.

HDFC Bank Q4 net up by 37.1%

HDFC Bank posted a net profit of Rs 4.71 billion for the quarter ended March 31, 2008, up by 37.1% from Rs 3.44 billion in the corresponding quarter last year. The bank earned a total income of Rs 35.06 billion for the quarter as against Rs 23.21 billion in the corresponding quarter, an increase of 51.2%.

Idea Cellular net up 44.60% at Rs 2.78 billion in Q4

IDEA Cellular Ltd has posted a net profit of Rs 2.78 billion for the fourth quarter ended March 2008, showing an increase of 44.60% as against Rs 1.92 billion reported during the same quarter in 2007. Total revenue for the quarter has increased to Rs 19.85 billion from Rs 13.19 billion in the year-ago period. For the year ended March 2008, the company reported a net profit of Rs 10.44 billion as compared to Rs 5.02 billion in the previous year.

Orchid enters into strategic alliance with Ranbaxy

ORCHID Chemicals & Pharmaceuticals has struck a peace alliance with **Ranbaxy Laboratories Ltd** for jointly manufacturing and marketing of drugs across various geographies. The move comes after Ranbaxy built up a 14.7% stake in Orchid by buying shares from the open market through a subsidiary unit Solrex. Solrex is a partnership between two of Ranbaxy's wholly owned subsidiaries – Solus Pharmaceuticals Ltd and Rexcel Pharmaceuticals Ltd.

UltraTech Q4 net moves up 22%

ULTRATECH Cement has posted 22% rise in net profit at Rs 2.83 billion for the quarter ended March 31, 2008, against Rs 2.32 billion logged in the corresponding period last year. Total income increased by 10% to Rs 16.29 billion (Rs 14.85 billion) in the fourth quarter under review.

Container Corporation net up 19.90% at Rs 2.03 billion

CONTAINER Corporation of India Ltd (CCI) posted a net profit of Rs 2.03 billion for the fourth quarter ended March 2008, showing an increase of 19.90% as against Rs 1.69 billion during the same quarter in 2007. Total income for the quarter has increased to Rs 9.53 billion from Rs 8.42

billion in the year-ago period. For the year ended March 2008, the company recorded a net profit of Rs 7.57 billion as compared with Rs 7.04 billion last year.

Sterlite Technologies bags Rs 2.96 billion order from PGCIL

STERLITE Technologies Ltd has said that the company has received three contracts valued at Rs 2.96 billion from Power Grid Corporation of India (PGCIL) for the supply of power transmission conductors. As per PGCIL's requirements, supplies against these contracts would commence from August 2008.

Bajaj Electricals, Italy's Nardi tie up to launch new brand

BAJAJ Electricals has entered into a strategic alliance with Italy-based Nardi Elettrodomestici Spa to launch Bajaj Nardi brand of home appliances in India. The association will enable Bajaj Electricals to widen its product basket to premium kitchen products, address the growing built-in appliances and modular kitchen market in India. With presence in 80 countries, Nardi has 40% market share of the competitive Italian home appliances market.

Reliance Retail signs venture with Office Depot

RELIANCE Retail has entered into a JV agreement with Office Depot, a leading international office products and services provider with annual sales of \$15.5 billion. Office Depot will hold 51% stake in the venture with Reliance holding the rest.

Biocon Q4 profit rises by 29%

BIOCON posted a 29.24% rise in net profit at Rs 610 million for the fourth quarter. The firm's biopharmaceuticals business grew by 8.25% to touch Rs 2.20 billion, and research services and licensing soared 5.17% to touch Rs 461.6 million. For the whole year (FY08), Biocon's net profit jumped 13% to Rs 2.25 billion.

Daimler, Hero JV to invest Rs 44 billion in 5 years

THE Hero Group and Daimler AG entered into a JV agreement to form the Daimler Hero Corporation Ltd. Daimler Hero Corporation Ltd will be set up with an initial investment of Rs 44 billion in the first five years. The equity structure is 40:60 with Daimler controlling the majority. Hero Group's contribution is Rs 9 billion and Daimler's Rs 13.86 billion will be FDI. The rest of the investment will be raised through debt.