



MARKET MOVEMENT

Major Indices	May 02, 2008	May 09, 2008	% Change	Change
BSE Sensex	17,600.12	16,737.07	(4.90)	
NSE Nifty	5,228.90	4,982.20	(4.72)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **RBI relaxes lending norms for infrastructure projects**
- **Government nod to doubling of fees in IITs**
- **PSU employees' wages to revise every 5 years**
- **Delhi State Cabinet gives nod to SPV for greening activities**

RBI relaxes lending norms for infrastructure projects

THE Reserve Bank of India (RBI) relaxed the lending norms for the infrastructure sector projects, in order to encourage banks to earmark more funds to these projects at competitive rates. In a notification RBI said bank loans to infrastructure projects would be treated as sub-standard only if commercial production is delayed by more than two years over the date originally envisaged, instead of the present norm of one year.

Government nod to doubling of fees in IITs

GOVERNMENT has approved doubling of fees in Indian Institutes of Technology (IITs). The new fees structure would be effective from the new academic session. The last fee hike in IITs was effected in 1998 and since the cost of education on account of infrastructure and faculties has gone up, the Government has accepted the fee hike proposal.

PSU employees' wages to revise every 5 years

THE Government has allowed Central Public Sector Units (PSU's) to revise wages of all non-executive employees every 5 years instead of 10 years. This comes even as executive cadre employees, opting for Central Dearness Allowance (CDA) norms, would get a 6% hike in their DA emoluments. The wage revision for non-executives would cover almost 1.7 million personnel, representing about 80% of the total workforce employed in state-run companies. The Government has increased the amount of DA payable to executives to 47% from the existing 41%. The 5-year pay revision would also include assimilation of DA into the basic pay.

Delhi State Cabinet gives nod to SPV for greening activities

THE Delhi State Cabinet gave the nod to setting up of a Special Purpose Vehicle (SPV) with the aim to give a proper thrust to its numerous greening activities in Delhi. To be known as Delhi Parks and Gardens Society, the SPV would encourage greening activities among the Resident's Welfare Associations (RWAs) in local parks and gardens. The objective of the society would be to

create a green environment, identify vacant spaces for taking up greening projects, working with local bodies, involvement of RWAs in maintaining parks and gardens.

INDUSTRY WATCH

- **Indian automobile industry sales up 9.83%**
- **Smaller telecommunication companies eye global acquisitions**
- **Mutual Funds assets jump 7% in April, 2008**
- **Indian telecom majors looking to establish global footprint**
- **Processed food industry to attract US\$ 23.43 billion investment in 3 years**
- **Banks see more growth in global operations**

Indian automobile industry sales up 9.83%

THE automobile industry has its overall vehicle sales rising by 9.83% in April 2008. According to figures released by the Society of Indian Automobile Manufacturers (SIAM), the domestic passenger car sales managed a growth of 17.15% in April. Total domestic vehicle sales in April stood at 8,06,238 units, against 7,34,103 units in the same month last year. The passenger car segment clocked a sale of 98,740 units during the month, against 84,283 units in the same month a year ago. Segment leader Maruti Suzuki India registered an increase of 22.30% at 51,766 units, against 42,326 units in the same month in 2007. Hyundai Motors sold 21,492 units during the month, against 15,697 units last year, up 36.92%. General Motors India had a 21.65% jump in its sales with its hatchback 'Spark' continuing a good run.

Smaller telecommunication companies eye global acquisitions

It's not just the large Indian telecom companies that are looking at international acquisitions. **HOME grown smaller telecom firms such as Tulip IT and Kavveri Telecom are now scouting for buy outs in a bid to expand their footprint into the global markets.** While Tulip IT is planning to acquire a company in the managed services space, Kaveri Telecom is eyeing companies which can add to its portfolio of radio frequency equipment used by cellular operators. Tulip IT is looking at acquisitions ranging between US\$ 50 million and US\$ 100 million to expand their reach to markets like the US and the UK. They want to replicate their success, in the Indian market, in the international market.

Mutual Funds assets jump 7% in April, 2008

THE Mutual Fund (MF) industry's assets have grown by Rs 365.84 billion in the month of April, 2008. The combined Assets Under Management (AUM) of all the fund houses soared to Rs 5,654.41 billion at the end of April as against Rs 5,288.57 billion in the previous month, according to latest data available on the Association of Mutual Funds in India (AMFI). Reliance MF retained its position as the top fund house in the country, with a jump of Rs 54.48 billion in the AUM of Reliance MF, which stood at Rs 963.86 billion compared to previous month's Rs 909.38 billion. ICICI Prudential follows at the second position with its assets growing by Rs 13.86 billion to Rs 557.08 billion in April. Assets of state-run UTI MF increased to Rs 525.49 billion in April and it continues to be at the third place amongst the fund houses.

Indian telecom majors looking to establish global footprint

SATURATED urban markets, declining average revenue per user, tighter acquisition laws and the desire to achieve global scales is driving Indian telecom operators to foray into other emerging

countries. Bharti Airtel, Reliance Communications, Tata Communications and State-owned Mahanagar Telephone Nigam Ltd (MTNL) have already launched services in some of these new markets and are hungry for more. This is not a surprise development because as the Indian urban market gets saturated, these companies are looking at other emerging markets to sustain the growth. Africa, for instance, is one of the growing markets outside India. The other reason would be to get global scales, just like foreign multinational companies that are entering India. Indian telecom operators are also eyeing the advantages related to global scales.

Processed food industry to attract US\$ 23.43 billion investment in 3 years

THE processed food industry will see investments of over US\$ 23.43 billion (Rs 950 billion) in the next three years. This is just the right time for global firms to invest in the food processing sector, especially when the Government seems eager to boost rural and farm incomes. The total market for food in India, estimated at over Rs 8,000 billion, accounts for about 2/3rd of the total Indian retail market. Food segment that contributes about 13% of the total organised retail pie offers huge scope for investment. Nearly 80% of agricultural products in developed countries get processed and packaged. However, it is just about 1.3% in India.

Banks see more growth in global operations

INDIAN banks had a good run in their international operations, in the last fiscal, thanks to the increased overseas Merger & Acquisition (M&A) activities of Indian corporates. Among the banks that have declared their annual results for 2007-08, Bank of India, State Bank of India (SBI), Indian Overseas Bank and ICICI Bank have reported an increase in revenue from their international operations. SBI, for instance, saw its profits from overseas operations almost double from US\$ 90 million in 2006-07 to about US\$ 180 million in 2007-08. International advances were up by 50.4%, year-on-year.

CORPORATE HIGHLIGHTS

- **Kotak Mahindra Bank consolidated net profit up by 41%**
- **Solar Semiconductor ties up with Motech of Taiwan**
- **Toshiba, JSW set up Rs 10.25 billion JV for power equipment**
- **Samtel, Thales tie up to make avionic systems**
- **Super-bikes maker Ducati enters Indian market**
- **ExlService Q1 net income rises 26%**
- **Cognizant Q1 net income surges 36%**
- **Google launches translation service for Hindi**
- **GMR signs pact on Istanbul airport terminal**
- **Volvo Car ties up with Mondial**
- **Union Bank of India Q4 net up by 128% at Rs 5.21 billion**
- **Glaxo in pact with Japanese company Astellas Pharma**

Kotak Mahindra Bank consolidated net profit up by 41%

KOTAK Mahindra Bank Ltd informed that its consolidated net profit for the fourth quarter ended March 31, 2008 has improved by 41% to Rs 2.4 billion from Rs 1.7 billion achieved in the same period of previous fiscal. Total income during the fourth quarter this year increased to Rs 18.63 billion from Rs 14.23 billion, reflecting a growth of 31%.

Solar Semiconductor ties up with Motech of Taiwan

SOLAR Semiconductor has entered into a strategic partnership with Motech Industries Inc of Taiwan for the supply of Photo-Voltaic (PV) cells valued at about US\$ 360 million (Rs 14.4 billion). Through this partnership, Motech will be supplying PV cells to Solar Semiconductor and cooperate with the latter to explore processing wafers for conversion into cells.

Toshiba, JSW set up Rs 10.25 billion JV for power equipment

TOSHIBA Corporation has teamed up with the JSW Group to establish a Joint Venture (JV) company in India to manufacture and market steam turbines and generators for thermal power plants. The Toshiba-JSW venture requires an area of about 400,000 sq. m. to set up facilities and will jointly invest about US\$ 250 million (about Rs 10.25 billion) in the plant. The venture will have an initial capitalisation of US\$ 50 million (Rs 2.1 billion). Toshiba will hold a stake of 75%, JSW Energy will own 20% and group company JSW Steel hold the remaining share.

Samtel, Thales tie up to make avionic systems

SAMTEL Display Systems Ltd and Thales have formed a JV to manufacture a range of avionic systems for the domestic market. The JV – Samtel Thales Avionics Pvt Ltd – will develop, produce, sell and maintain Helmets Mounted Sight and Display (HMSD) and other avionic systems. Samtel will hold a 74% stake in the JV Company with the rest of the stake being with Thales.

Super-bikes maker Ducati enters Indian market

ITALIAN super-bikes maker Ducati Motor Holding announced its entry into the Indian market with its high-end motorcycles priced in the range of Rs 1.5-5 million. The company plans to sell 50 units in the first year through its dealerships in Delhi, Mumbai, Bangalore, Chennai and Hyderabad. Ducati is entering the Indian market through partnership with Precision Motor India Pvt Ltd, which would import its bikes.

ExlService Q1 net income rises 26%

EXLSERVICE Holdings has reported about 26% rise in its net income for the first quarter ended March 31, 2008 to US\$ 6.8 million compared with US\$ 5.4 million in the year-ago period. Its revenue for the quarter stood at US\$ 50.9 million, up from US\$ 39.9 million in the quarter ended March 31, 2007, an increase of 27.8%. The first quarter revenue grew by 1.1% over the quarter ended December 31, 2007 due to strong sequential growth (9.5%) in transformation services revenue.

Cognizant Q1 net income surges 36%

COGNIZANT Technology Solutions, the US-based software company with offshore centres in India, reported 36% increase in net income at to US\$ 102 million during the first quarter ended March 2008 against US\$ 75 million in the corresponding quarter last year. Revenues increased by 40% to US\$ 643 million (US\$ 460 million), but the sequential growth was 7.2% from US\$ 600 million.

Google launches translation service for Hindi

GOOGLE has announced the launch of 'Google Translate' service for Hindi, enabling automated translation between Hindi and English languages. Users can log on to

'http://www.google.com/translate_t' and opt to translate some text, Web pages, or issue a query in Hindi and have results translated from English.

GMR signs pact on Istanbul airport terminal

THE GMR-led consortium has taken charge of Sabiha Gökçen International Airport in Istanbul (Turkey) for operating and constructing a Rs 15.75 billion international terminal. While GMR and Limak Holdings of Turkey hold 40% each, Malaysia Airports Holdings Berhad owns 20% in the consortium that had won the bid for the 20-year operation rights of the airport. The mandate for the consortium also includes construction and management of a 10 million capacity terminal.

Volvo Car ties up with Mondial

VOLVO Car India has tied up with international automotive service provider, Mondial Assistance to provide 24 hours professional roadside assistance to its customers. This would be to strengthen Volvo cars' after sales services and customer support in India. Mondial would offer its services in Delhi, NCR, Greater Mumbai, Pune, Chennai, Bangalore, Hyderabad, Kochi, Chandigarh, and Ludhiana where Volvo sells its cars.

Union Bank of India Q4 net up by 128% at Rs 5.21 billion

UNION Bank of India posted a net profit of Rs 5.21 billion for the fourth quarter ended March 31, 2008 as compared with Rs 2.28 billion for the same quarter in 2007. Total income for the quarter has increased to Rs 29.13 billion from Rs 23.37 billion in the year-ago period. For the year ended March 31, 2008, the bank has shown a net profit of Rs 13.87 billion as against Rs 8.45 billion during the previous fiscal.

Glaxo in pact with Japanese company Astellas Pharma

GLAXOSMITHKLINE (GSK) Pharma announced a collaboration agreement with Japan based Astellas Pharma Inc. for exclusive rights for the latter's injectable anti-fungal agent Micafungin (brand name Mycamine) in the Indian market.