



**MARKET MOVEMENT**

Major Indices	July 18, 2008	July 25, 2008	% Change	Change
BSE Sensex	13,635.40	14,274.94	4.69	
NSE Nifty	4,092.25	4,311.85	5.36	

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

- **Rajasthan inks deal with Japan**
- **Expenditure Committee approves seven projects in Delhi**
- **Road expansion plan for Rs 69.5 billion**
- **Cabinet nod on the establishment of SARSO**
- **Cabinet approval to MoU between Kingdom of Morocco and Republic of India**
- **Cabinet approval for allotment of Defence land to Communication Operators**

**Rajasthan inks deal with Japan**

THE Rajasthan State Industrial Development & Investment Corporation (RIICO) has extended its association with Japanese External Trade Organisation (JETRO) by signing a Memorandum of Understanding (MoU) for one more year to attract and encourage Japanese investment in Rajasthan. The extension of the MoU is seen as a positive step towards improving the economic relationship between the Indian and Japanese Governments. As 45% of the Delhi-Mumbai Industrial Corridor (DMIC) will pass through Rajasthan, the extension of this MoU will help promote business alliances between Japanese and Indian companies in this region.

**Expenditure Committee approves seven projects in Delhi**

THE Expenditure Finance Committee (EFC) of Delhi Government gave nod to seven projects worth Rs 3.47 billion, including four related to Public Works Department (PWD) and one each to power, land and building and flood control departments. The projects were cleared in an EFC meeting headed by the Ministry of Finance (MoF).

**Road expansion plan for Rs 69.5 billion**

THE cabinet cleared a proposal to upgrade 5,000 kilometres stretch of highways with private help for a total cost of Rs 69.5 billion. Upgradation of existing roads will improve traffic safety and provide faster movement of vehicles with improved riding quality and time. The proposed highway projects are part of Government's effort to improve its infrastructure that poses a threat to India's ambitious goal of sustaining an annual average growth of 9% in the five year period ending March 2012.

### **Cabinet nod on the establishment of SARSO**

THE Cabinet gave its approval for signing of the Agreement on the establishment of the South Asia Regional Standards Organisation (SARSO) during the forthcoming 15th South Asian Association for Regional Cooperation (SAARC) Summit to be held in Colombo, Sri Lanka on August 2-3, 2008. This Agreement is expected to enhance the level of India's economic engagements with the SAARC countries by envisaging regional cooperation on standards, quality control and legal metrology amongst SAARC countries. The Agreement would also promote trade besides development of quality infrastructure in the entire region.

### **Cabinet approval to MoU between Kingdom of Morocco and Republic of India**

THE Cabinet gave its approval to the MoU on bilateral cooperation in the field of marine fisheries to be signed between the Republic of India and the Government of Kingdom of Morocco. This will facilitate cooperation in the field of marine fisheries in order to set the principles and methods for the implementation of cooperation in training, technical and scientific research in marine fisheries and fish process industry fields between the two countries.

### **Cabinet approval for allotment of Defence land to Communication Operators**

THE Cabinet gave its approval to issue policy guidelines for allotment of Defence land to Public Sector and Independent Infrastructure Providers (IP-I), who have been granted license by Department of Telecommunications (DoT) to build, operate & maintain various services, such as Unified Access Services, Basic Services and Cellular Mobile Services, etc. to lay Optical Fibre Cables and set up/construct shares communication towers on Defence land at Military Stations/Cantonments.

## **INDUSTRY WATCH**

- **Home-based business may spend over \$8 billion on ICT**
- **Fashion industry to garner Rs. 7.5 billion by 2012**
- **Indian SMB market driven by technology**
- **Indian media and entertainment industry set for double-digit growth**
- **Indian IT sector set to be 2nd largest**

### **Home-based business may spend over \$8 billion on ICT**

HOME-Based Businesses (HBBs) in India are on track to spend \$8.4 billion on their Information, Communication and Technology (ICT) infrastructure in 2008. This would represent a rise of 19% over similar spend in 2007. There are around 16.8 million such businesses in India and they constitute about 8% of the 202.9 million households in the country. Nearly one-eighth of these are PC-penetrated and are set to spend around \$8.4 billion on their ICT infrastructure.

### **Fashion industry to garner Rs. 7.5 billion by 2012**

THE fashion designing industry is expected to touch Rs.7.5 billion by 2012 from the present estimated level of less than Rs.2.9 billion, according a report brought out by the Associated Chambers of Commerce and Industry (Assocham). The industry will create additional employment opportunities for over 50,000 skilled professionals like fashion designers and merchandisers. Indian companies' heavy investment in the industry, ready availability of designer wear in shopping

malls and consumers' interest in designer wear and exposure to western media are the main reasons behind the quantum leap.

### **Indian SMB market driven by technology**

**EASY and affordable technology is driving the overall technology adoption process within the Small and Medium Business (SMB) sector.** This is evident from the fact that India already has 5000 Information Technology (IT)/Information Technology-enabled Services (ITeS) companies with 100% PC penetration. Contributing to this trend is the growing internet penetration with a CAGR of 46% in the last seven years. A recent study on "IT opportunity in the Indian SMB sector", reveals that the Indian SMB market today stands at 35 million units, with retail contributing 52% (at 15 to 18 million units). Spend on IT in '07-08 by SMBs was \$6.6 billion, which is around 30% of the total IT spend in India. SMBs are defined as organizations having minimum employee strength of 999, essentially in three key categories namely retail, manufacturing and services. The services sector contributes 9.5 million units followed by manufacturing which pitches in with about 7.3 million units.

### **Indian media and entertainment industry set for double-digit growth**

**THE media and entertainment industry is set for double-digit growth as some of its segments are likely to see rapid growth.** The Global Entertainment and Media Outlook 2008-2012 report has projected a CAGR of 18.5% for the industry and it is estimated that in 2012, it would be around US\$ 36.33 billion. Globally, the industry is likely to grow at a CAGR of 6.6% during the next five years. Rapid economic growth and the opening up of the entertainment and media market will fuel expansion in India, which is expected to be the fastest-growing territory in Asia during the next five years. Presently, the entire industry is worth US\$ 1.6 trillion and by 2012; it is likely to touch US\$ 2.2 trillion. The Entertainment & Media market in the Asia-Pacific is likely to grow at 8.8% CAGR, up from US\$ 333 billion in 2007, to US\$ 508 billion in 2012.

### **Indian IT sector set to be 2nd largest**

INDIA is likely to continue to drive the global IT market for the next few years. **In fact, it is to emerge as the second most important IT industry in the world after the US in terms of revenue and employment.** It will create the second largest IT services labour pool after the US within the next seven to eight years. That's not all, domestic IT industry's contribution to the GDP is likely to rise from 0.8% in 2006-07 to 2.65% by 2015-16. By 2015-2016, the number of professionals working in the IT industry will grow ten-fold (from 2001-2002) and the total revenue will grow 22 times. This means, the IT industry is likely to employ 3,750,000 professionals and record \$193.1 billion in revenue by 2015-16.

## **CORPORATE HIGHLIGHTS**

- **SCI gets Cabinet nod to buy 4 bulk carriers**
- **Government gives nod to merger of SBS with SBI**
- **Tata Capital, Mizuho in strategic alliance**
- **Strong refining margins drive Reliance net up 13%**
- **Exide Q1 net up 17% at Rs 820 million**
- **HBS in pact with South African company**

- **Airtel ties up with SKS Microfinance**
- **Strides-Aspen in supply pact with GlaxoSmithKline**
- **Ranbaxy launches hypertension drug in Japan**
- **Hyundai begins exports to Sudan**
- **Infotech Q1 net doubles**
- **Tech Mahindra bags \$700 million outsourcing deal from BT**

#### **SCI gets Cabinet nod to buy 4 bulk carriers**

**SHIPPING Corporation of India (SCI) has received the Cabinet nod to acquire four Panamax bulk carriers for \$238.2 million.** For this, SCI would raise up to 80% of the contract price of each vessel from the domestic or international market while the balance amount would be paid from its internal resources.

#### **Government gives nod to merger of SBS with SBI**

**THE Government approved the merger of State Bank of Saurashtra (SBS) with its parent State Bank of India (SBI) to create a bigger banking entity in terms of size to take on competition ushered in by globalisation.** For effecting the amalgamation, the Government would first repeal the State Bank of Saurashtra Act, 1950 and thereafter amend the SBI Subsidiary Act, 1959 to remove references to the SBS Act wherever it occurs.

#### **Tata Capital, Mizuho in strategic alliance**

**TATA Capital and Mizuho Corporate Bank Ltd said they had signed a MoU for a strategic alliance for a range of activities in the financial services sector.** These include Ninja loans, project and infrastructure finance and treasury products, they said in a joint statement. Tata Capital is a wholly owned subsidiary of Tata Sons Ltd, the holding company of Tata Group.

#### **Strong refining margins drive Reliance net up 13%**

**RELIANCE Industries' net profit for the first quarter rose 13% on higher revenues and strong margins from refining, its largest business.** The company's gross refining margin for the period was \$15.7 a barrel, up from \$15.4 a year ago. The refining segment, which accounts for two thirds of the company's revenues, reported a 19% increase in earnings before interest and tax, and a 46% increase in revenues.

#### **Exide Q1 net up 17% at Rs 820 million**

**EXIDE Industries announced a net profit of Rs 822 million for the quarter ended June 30, 2008, a growth of 17% over the same period a year-ago.** The company had posted a net profit of Rs 701.1 million for the quarter ended June 30, 2007. Total income of the company rose to Rs 9.09 billion for the first quarter of this fiscal from Rs 6.64 billion in the previous financial year.

#### **HBS in pact with South African company**

**HAGES Business Solutions (HBS) has signed an agreement with Baitech of South Africa for jointly marketing and executing SAP projects in that country.** The company will partner with Baitech for marketing major SAP projects worth around \$50 million in various public and private sectors over the next three years.

#### **Airtel ties up with SKS Microfinance**

**BHARTI Airtel has entered into a strategic tie-up with SKS Microfinance.** The initiative is aimed at offering mobile handsets bundled with prepaid connections to SKS' members. While Airtel will

provide free prepaid SIM cards to the SKS members, the microfinance company has tied up with Nokia for handsets and would be providing loans to members to purchase the handsets.

### **Strides-Aspen in supply pact with GlaxoSmithKline**

STRIDES Arcolab Ltd's Joint Venture (JV) with South Africa's Aspen Pharmacare has struck a global licensing and supply agreement with GlaxoSmithKline (GSK). The deal will take 1,200 branded products of Strides, Aspen and their 50:50 venture, Onco Therapeutics Ltd, to 95 emerging markets; GSK gets access to new, low-cost products and a push into these markets.

### **Ranbaxy launches hypertension drug in Japan**

RANBAXY Laboratories Ltd has launched in the Japanese market its generic version of hypertension drug Amlodipine tablets in different strengths. Amlodipine is the largest molecule that has gone off patent in Japan and represents the biggest generic opportunity in the Japanese generic market. The estimated market size of the product is \$2 billion.

### **Hyundai begins exports to Sudan**

HYUNDAI Motor India Ltd would be exporting cars as Disassembled Knocked Down (DKD) units to Sudan due to the tax incentives offered by its Government. The company has received an order for more than 2,000 units, of which the first shipment comprises of 96 DKD units of its popular compact, i10.

### **Infotech Q1 net doubles**

INFOTECH Enterprises has recorded revenues of Rs 2 billion with a profit of Rs 245 million for the first quarter ended June 30, 2008 as against revenue of Rs 1.48 billion and profit of Rs 129.7 million for the corresponding quarter last year. This reflects a growth of 34.8% in revenue and 89.4% in profit year-on-year. The company has a healthy pipeline and expects to close this financial year with revenues of about Rs 9 billion, without factoring any acquisitions.

### **Tech Mahindra bags \$700 million outsourcing deal from BT**

TECH Mahindra, has bagged a \$700 million outsourcing deal from its largest client and shareholder – the UK-based BT group, for a five-year period. As per the contours of the deal, Tech Mahindra will assist the UK-based telecom and broadband conglomerate in transforming its IT infrastructure so that it may translate into enhanced customer experience for the its subscribers.