



MARKET MOVEMENT

Major Indices	July 11, 2008	July 18, 2008	% Change	Change
BSE Sensex	13,469.85	13,635.40	1.23	
NSE Nifty	4,049.00	4,092.25	1.07	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- Government cleared 12 FDI proposals
- Cabinet nod for 8 new IITs
- Cabinet nod for 6 GSLV flights
- Nod for new commodity exchange
- Government approves Drugs & Cosmetics Amendment Bill
- Japan likely to partner Vibrant Gujarat summit

Government cleared 12 FDI proposals

THE Government cleared 12 Foreign Direct Investment (FDI) proposals totaling to Rs 3.54 billion. The plan of SingTel Australia Holdings, Singapore, to set up a Joint Venture (JV) company in India with 74% FDI, for offering long distance telephony services, is one among them. The proposal was cleared after Bharti gave its no-objection to SingTel's JV plans. The proposals also included a proposal worth Rs 1.6 billion from Hyderabad-based Costal Projects for converting itself from an operating company into an operating-cum-holding company.

Cabinet nod for 8 new IITs

THE Cabinet approved the setting up of 8 new Indian Institutes of Technology (IITs) at a total cost of Rs 60.8 billion over a six-year period. The new IITs will come up in Bihar, Andhra Pradesh, Rajasthan, Orissa, Gujarat, Punjab, Himachal Pradesh and at Indore in Madhya Pradesh. The cost of each IIT has been estimated at Rs 7.6 billion. The Cabinet also approved the formation of societies for creating legal entities for the new IITs.

Cabinet nod for 6 GSLV flights

THE Cabinet gave approval for funding six Geo-synchronous Satellite Launch Vehicles (GSLV) operational flights at an estimated cost of Rs 12.81 billion. The realisation of the six flights will see end-to-end capability to launch communication satellite being made available. The launch will help meet the growing needs for transponders for meteorological and navigational services.

Nod for new commodity exchange

THE Government has granted an "in-principle approval" to the proposal to set up a national commodity exchange, jointly by MMTC Ltd and India Bulls Financial Services Ltd. The exchange, the fourth national commodity exchange in the country, would be located in the NCR Gurgaon.

Government approves Drugs & Cosmetics Amendment Bill

THE Government gave its approval to move official amendments to the **Drugs and Cosmetics Amendment Bill, 2005**. This will help contain the problem of manufacture and trade of spurious drugs. The Bill proposes imprisonment for a term for not less than 10 years which may be extended to life term and fine of not less than Rs 1 million or three times value of the drugs confiscated, whichever is more, for a person involved in manufacture and sale of spurious drugs.

Japan likely to partner Vibrant Gujarat summit

VIBRANT Gujarat is set to have a global partner. **For the first time ever, Gujarat is close to roping in Japan Government as partners for the bi-annual Vibrant Gujarat Global Investors' Summit to be held early next year.** With the State Government focusing on Delhi-Mumbai Industrial Corridor (DMIC) in a big way – the DMIC will be an important agenda in the upcoming summit – Japan, which is actively involved in the project, is open to partnering with Gujarat. Some time back, a delegation from Japan Government-supported Japan External Trade Organisation (JETRO) had visited Gujarat to discuss potential investment sites along the DMIC.

INDUSTRY WATCH

- **Print advertising by education sector up 14%**
- **Biotech sector revenues cross Rs 100 billion**
- **Indian mobile VAS market to hit \$2 billion in 2008**
- **Indian pension market to hit \$280 billion by 2020**
- **International brewers look to tap mild lager market in India**
- **Insurance companies invest Rs 150 billion in equities in Q1**

Print advertising by education sector up 14%

PRINT advertising of the education sector grew by 14% during January-May 2008 as compared with the same period in 2007. According to a study by AdEx, educational institutions garnered a 67% share of the overall education sector ad pie in print during the first five months of the current calendar year, followed by coaching centres/competitive exams and computer education with 15% and 10% share respectively. Tamil Nadu topped in the print advertising of the education sector during this period. It was followed by Andhra Pradesh and Uttar Pradesh.

Biotech sector revenues cross Rs 100 billion

THE biotech industry has grown further to post revenues of Rs 102.73 billion (\$2.56 billion) in fiscal 2007-08. Based on current trends aided by the new biotech policy, the 2015 revenue forecast is Rs 644 billion. In 2006-07, the industry posted revenues totaling Rs 85.41 billion. During the surveyed year that ended on March 31, 2008, 56% of the revenue came from exports. The biopharma industry in India is coming of age now and the next five years will be a very interesting period for the Indian biotechnology industry. While bioservices will continue to attract significant interest, and biogenerics exports to the regulated markets are likely to produce a quantum leap in company earnings, there is a growing club of companies in India that are developing novel biotechnology-based pharmaceutical products.

Indian mobile VAS market to hit \$2 billion in 2008

THE Mobile Value Added Services (MVAS) market is all set to grow to \$2 billion in 2008. Currently, mobile VAS in India accounts for 10% of the operator's revenue, which is expected to

reach 18% by 2010. The worldwide spending on MVAS, including mobile music, mobile payment and mobile advertising will reach \$55.6 billion by 2011. Mobile payment, which currently accounts for just 1% of the data services market, is set to add 70.9 million users by 2010. The key driver for the growth of VAS in mobile payment segment will be demand from rural and semi-urban areas, where a huge gap exists in banking infrastructure. Mobile wallet will also replace plastic cards (credit cards) in coming years.

Indian pension market to hit \$280 billion by 2020

THE pension-market has potential opportunities worth \$280 billion in 12 years, with nearly 80 million Indian workers with no social security ready to contribute to a retirement savings system. That's four times the number of those now saving for their retirement in life insurance and other financial products. India has proposed a New Pension Scheme (NPS) for the workforce not covered by a formal retirement plan. Up to 20% of the 80 million workers ready to contribute to the NPS are "prime prospects" likely to start saving immediately, and a participation rate at this level would produce Rs12 trillion in the 12th year of operations.

International brewers look to tap mild lager market in India

INTERNATIONAL brewers are attempting to expand India's beer market with a choice of mild lagers styled as lifestyle beverages and targeting brand-conscious consumers. Singapore-based Asia-Pacific Breweries Ltd's (APB) Tiger, US brewer Anheuser-Busch Cos Inc.'s Budweiser and Danish Carlsberg AS' eponymous brew are competing for a share of the market that is now dominated by UB Group's Kingfisher Premium and SABMiller Plc.'s Foster's. Three-fourths of the beer consumed in India is the strong variety with an alcohol content of more than 5%, but brewers such as APB are banking on their brand power to win over beer lovers to a milder brew.

Insurance companies invest Rs 150 billion in equities in Q1

INSURANCE companies continue to be large buyers of equity on the stock exchanges. **In Q1 of the current fiscal, they are estimated to have pumped in at least Rs 150 billion, four times what was invested a year ago.** According to analysts, insurers have found value at lower prices as their customers are still opting to invest in equity-oriented Unit Linked Insurance Plans (ULIPs). Life Insurance Corporation (LIC) of India alone invested Rs 120 billion in the first quarter, against Rs 74 billion in same year ago period. Domestic institutional investors – including insurance companies, mutual funds and banks – have invested Rs 203.06 billion in the stock market in Q1, against Rs 84.71 billion a year ago.

CORPORATE HIGHLIGHTS

- **Satyam Q1 net up 45% at Rs 5.48 billion**
- **Kirby bags Rs 1.9 billion Renault-Nissan contract**
- **Polaris net up 87%**
- **Wipro Q1 net up at Rs 9.08 billion**
- **Ranbaxy, Daiichi reconfirm deal**
- **HDFC net up 25% in Q1 on higher income**
- **Toshiba to set up Rs 10 billion boiler plant near Chennai**

- **BGR Energy wins Rs 50.23 billion contract from Rajasthan Vidyut**
- **Pressmart, US magazine tie-up**
- **BHEL bags Rs 1.6 billion UAE order**
- **Data centre tool marketing pact**
- **Solar Semiconductor bags contract from AS Solar of Germany**
- **IFGL Refractories buys Hofmann entities**
- **Higher income lifts Axis Bank Q1 net 89%**
- **Fidelity AMC ties up with Bajaj Allianz Financial distributors**

Satyam Q1 net up 45% at Rs 5.48 billion

SATYAM Computer Services announced a consolidated net profit of Rs 5.48 billion for the quarter ended June 30, 2008, a growth of 44.77% over the corresponding period last year. The company had a net profit of Rs 3.78 billion in Q1 of FY'08. The total income rose to Rs 26.54 billion, from Rs 18.94 billion in the same quarter in FY'08. Satyam reported a standalone Q1 net profit of Rs 5.76 billion, a 48% growth over the previous year.

Kirby bags Rs 1.9 billion Renault-Nissan contract

PRE-Engineered Building (PEB) maker Kirby Systems has secured the mandate to execute infrastructure for Renault-Nissan automotive project coming up near Chennai. The deal is valued at Rs 1.9 billion. This is a significant win for the company and covers material input of around 20,000 tonnes and a built-up area of 300,000 square meters. The PEB requirement for the proposed car project includes buildings for stampings, trims and chassis, body shop, power train and painting areas.

Polaris net up 87%

POLARIS Software Ltd reported an 87% growth in net profit to Rs 270 million for Q1 ended June 30, 2008 compared with Rs 144.2 million in the corresponding quarter last year. Revenues went up by 23% to Rs 3.17 billion (Rs 2.57 billion). In dollar terms, net profit grew by 85% to \$6.48 million (\$3.51 million) and revenues grew by 21% to \$76 million (\$62.72 million).

Wipro Q1 net up at Rs 9.08 billion

WIPRO Ltd announced a net profit of Rs 9.08 billion for Q1 ended on June 30, 2008, against Rs 7.25 billion in the year-ago period. The consolidated total income rose to Rs 60.87 billion in the latest quarter, from Rs 43.03 billion in the same period of FY'08. The company reported a standalone Q1 net profit of Rs 5.46 billion, against Rs 6.71 billion in the previous year.

Ranbaxy, Daiichi reconfirm deal

DAIICHI Sankyo Company and Ranbaxy Laboratories reiterated that the agreement between Daiichi Sankyo, Ranbaxy and the Singh family, the largest controlling shareholders of Ranbaxy, is binding and final, subject to regulatory approvals. Daiichi Sankyo, Ranbaxy and the Singh family remain committed to the transaction and to the vision of creating a complementary business combination that provides sustainable growth by diversification and an enhanced global reach. All the synergies expected to accrue to the combine, remain intact as before.

HDFC net up 25% in Q1 on higher income

HDFC Ltd posted a net profit of Rs 4.68 billion for the quarter ended June 30, 2008, up 25% from Rs 3.73 billion in the corresponding quarter last year. The growth in net profit is on account of

higher interest income and healthy growth in disbursements of loans. Interest income increased to Rs 22.2 billion (Rs 17.24 billion) and other income increased to Rs 51.4 million (Rs 34.4 million).

Toshiba to set up Rs 10 billion boiler plant near Chennai

TOSHIBA to put up a power boiler plant at Ennore, north of Chennai. The initial investment is estimated around Rs 10 billion. Toshiba's name has been knocking about for sometime as a prospective investor, but until recently, the Japanese company was only mulling a project in the State. However, it is now learnt that Toshiba has made up its mind in favour of investing at Ennore.

BGR Energy wins Rs 50.23 billion contract from Rajasthan Vidyut

BGR Energy Ltd announced that it has won a Rs 50.23 billion contract from Rajasthan Vidyut Utpadan Nigam Ltd – the electricity generation company of Rajasthan's electricity Board. The Engineering, Procurement, Construction (EPC) contract is for putting up the 2x600 MW Kalisindh Thermal Power Project at Jhalawar, Rajasthan (near Kota). The scope of the contract includes design, engineering, supply of boiler, turbine and generator and 'balance of plant'.

Pressmart, US magazine tie-up

PRESSMART Media Ltd and Editor & Publisher magazine (www.editorandpublisher.com) signed an agreement to provide a digital, same-as-print electronic edition of the newspaper. This will provide readers with access to Editor & Publisher on multiple digital distribution channels including eEditions, podcasts, mobile devices and eArchives.

BHEL bags Rs 1.6 billion UAE order

BHARAT Heavy Electricals Ltd (BHEL) announced it has bagged a Rs 1.6 billion order from a UAE firm for supply of two gas turbine generating units. The company has bagged an export contract for supply of two gas turbine generating units of 42 MW each from the UAE-based firm International Energy Resources.

Data centre tool marketing pact

GLOBAL DataCenter Management has partnered with APW President Systems, a provider of data centre infrastructure, to distribute its nlyte™ solution across India. APW President Systems will be solely responsible for engaging new customers in the region, managing local implementation and providing ongoing support.

Solar Semiconductor bags contract from AS Solar of Germany

SOLAR Semiconductor has struck a multi-year partnership with AS Solar of Germany, with a potential business opportunity of \$695 million. Under the agreement, Solar Semiconductor will supply its high quality Photo-Voltaic (PV) modules to AS Solar for the European market. AS Solar is a premium re-seller of solar PV products in the world.

IFGL Refractories buys Hofmann entities

IFGL Refractories Ltd announced the acquisition of 96.16% of the share capital of Hofmann Ceramic GmbH of Germany and 100% partnership interest in Hofmann OHG, Germany. IFGL has also acquired 92% of the shareholding of Hofmann Ceramics of Czech Republic and 100% shareholding of Hofmann Ceramics Ltd, UK Hofmann Ceramics Llc, of the US. The acquisition has been made through a Special Purpose Vehicle (SPV), IFGL GmbH, for a consideration of €7 million.

Higher income lifts Axis Bank Q1 net 89%

AXIS Bank's net profit increased 88.6% at Rs 3.3 billion in the Q1 ended June 30, 2008 compared with Rs 1.75 billion in the corresponding quarter of previous fiscal year. The total business grew by 44% to Rs 1, 136.6 billion. The growth in net interest income and fee-based income drove growth in operating profits.

Fidelity AMC ties up with Bajaj Allianz Financial distributors

FIDELITY Asset Management Company (AMC) entered into an agreement with Bajaj Allianz Financial Distributors (BAFDL) for the distribution of its products, across the country. With this tie-up Fidelity AMC's funds can now be sold by over 5500 agents of BAFDL, a number that is expected to grow significantly as BAFDL increases the number of AMFI-certified agents by training their insurance agency network of more than 300,000 agents.