



## Newsletter, 5-VII-2008 Index

### [1. India to witness strong fund inflow](#)

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### [2. Indians love globalization](#)

The Pew Global Attitudes Survey 2008 shows that we welcome foreign investment and trade. We are also one of the most confident countries amid the encircling global economic gloom.

### [3. Samsonite looking to make India key sourcing](#)

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### [4. Reliance Infra to invest \\$7 billion for expansion](#)

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### [5. Nano from Singur in October](#)

Setting aside the speculation, Tata Ryerson MD Sandipan Chakravorty assured on Friday that the Tata small car Nano will be rolled out in October from the Singur factory only. Tata Ryerson is one of the key component manufacturers of Rs 1 lakh car, Nano.

### [6. Indians amongst the best students: Oxford University](#)

The Oxford University regards Indian students amongst the best in the world and would appreciate an increase in the tribe at its campus, according to Chancellor Chris Patten. Oxford played the role of alma mater to many Indians.

### [7. Philips to launch hi-tech products in India soon](#)

Philips Consumer Lifestyle is planning to launch breakthrough technological products in India such as a common charger for all branded mobile phones, mobility accessories for laptops such as attached i-pods and speakers apart from recharger power pack and high audio sounded MP3 players, S Nagarajan, head-sales.

### [8. FDI rises by 127 per cent in April 2008](#)

The high inflation in India has not affected foreign investors' enthusiasm about its economic growth. Foreign Direct Investment (FDI) in April saw a massive 127 per cent rise over the period last year, touching US\$ 3.74 billion.

### [9. India's GDP to grow at 9.5% in FY 09](#)

India's real GDP is expected to grow at an impressive 9.5 per cent in FY 09, the Centre for Monitoring Indian Economy (CMIE) said in its monthly review in Mumbai.

### [10. Jatropha beckons](#)

In the North East region, so far nearly 40,000 hectares of wasteland - largely where *jhum* cultivation (slash-and-burn system of cultivation) has been practised - have begun to be covered with jatropha plantations.

### **11. Global MRO major Lufthansa Technik to set foot on Indian soil**

Lufthansa Technik, the world's largest maintenance, repair and overhaul (MRO) company, will set up a facility in the country, in a joint venture with the Hyderabad-based GMR group. This will be the country's first foreign-owned, airport maintenance facility.

### **12. Idea-Spice deal 4th largest M&A in India**

The buyout of Spice Telecom by Idea Cellular is the fourth largest merger and acquisition deal involving an Indian entity and may be a pre-cursor to more such transactions in the telecom space. The country's fifth-largest mobile operator in terms of subscribers, Idea Cellular would acquire B K Modi-owned Spice group's 40.8 per cent stake in Spice Communications for Rs 2,716 crore.

### **13. Cairn India to invest US\$ 2 billion over 18 months**

Cairn India, the Indian arm of British oil and gas company Cairn Energy, will invest about US\$ 2 billion in the country over the next 18 months for developing oil fields and building a pipeline, which will deliver oil from Barmer in Rajasthan to the coastal areas of Gujarat.

### **14. Record Indian sugar exports this year**

Indian sugar exports are likely to touch record 4.2 million tonnes (MT) in the production year upto September, overtaking previous estimates of 3.5 MT, top trade officials said on June 25, 2008.

### **15. PE firms line up \$2 bn for maritime logistics**

Private equity and venture capital investors are readying funds in excess of \$2 billion to invest in India's maritime infrastructure and logistics, as the country strengthens cargo handling facilities to meet rising demand for exports and imports.

### **16. Nokia targets rural India in expansion plans**

Rural India could well become the focus of the world's biggest mobile phone maker, Nokia Oyj, in its expansion plans in one of the fastest-growing wireless markets, according to its chief executive officer and president Olli-Pekka Kallasvuo.

### **17. Power exchange starts operation**

Country's first power exchange — Indian Energy Exchange — on Friday started its operation. The exchange, Indian Energy Exchange (IEX), received bids for 13,176 Mwh of power when operation commenced and the transaction took place in the price range between Rs 6.46/kwh and Rs 8.01/kwh.

### **18. US loses sheen as IT firms eye India**

With the Indian economy growing at a healthy rate and change in rupee-dollar equation, domestic IT behemoths like TCS, Infosys, Wipro and Satyam who till recently favored the greenback market are now looking at opportunities in their own backyard.

### **19. Why we need 50 IT cities**

With the surge in real estate prices, IT and ITes companies are finding it tough to set up operations in traditional locations including Bangalore, Chennai, Mumbai, Hyderabad, Kolkata, Gurgaon and Noida. We expect small cities to anchor the next growth wave in the IT industry," says Ganesh Natarajan, chairman of Nasscom.

### **20. IT Bangalore shining**

Unperturbed by the US economic recession, the software exports from Bangalore is expected to touch 13.5 billion dollars for the current fiscal.

"Two committees have been formed under Infosys chairman and mentor NR Naryana Murthy and Biocon chief Kiran Mazumdar Shaw to review the state IT and BT policy," Manoli added.

### **21. Patient medication goes hi tech**

Bartronics America Inc, a wholly owned subsidiary of Bartronics India Limited, has successfully implemented its patent winning RFID based wrist band for automating patient medication process.



## **22. Knowledge Management: Why and how?**

Knowledge Management is not just a new buzzword doing rounds in the corporate circle. The 'tech concept' is increasingly becoming a must to share, mobilize and leverage knowledge as a tangible organizational asset.

## **23. IT cos eye seat in Lalu Prasad's train**

The railway budget has opened up potential projects worth upwards of Rs 3,000 crore for Indian software and outsourcing companies and the technology upgradation proposed for the world's most complex rail network could elevate e-governance in the country to a grander and more meaningful level, industry players said.

## **24. NRI behind Yahoo's restructuring**

An Indian-origin man has been given a key role in the restructuring at Yahoo. The new structure consolidates responsibility around two senior executives, Ash Patel, who has been with the company since 1996, and Hilary Schneider, both working under president Sue Decker.

## **25. Satyam BPO ranked second globally**

IT services provider Satyam Computer on Monday announced that Satyam BPO, its business process outsourcing arm, has been ranked second among the world's leading BPO vendors in Brown-Wilson Group's Black Book of Outsourcing.

## **26. Foreign investment pumped up reserves**

Foreign investment was the biggest source of accretion to India's foreign exchange reserves in 2007-08 at \$44.8 billion, against \$15.6 billion in the previous year.

## **27. Indian apparel business to grow over US\$ 500 billion by 2012-13**

Driven by the surging demand levels, the Indian apparel business is estimated to touch US\$ 466-513 billion by 2012-13, with a growth rate of 15 per cent, according to the leading market solution provider IRIS.

## **28. Karnataka to reboot, targets Rs 120,000-cr IT revenues by 2011**

Top software industry leaders have presented a blueprint to the BJP government in Karnataka for the revitalisation of the information technology and biotech industries in the state to more than double revenue from the sectors to Rs 120,000 crore (\$30 bn) by 2011.

## **29. Bid for 45 blocks by 96 oil companies**

The government received 181 bids from domestic and foreign oil majors for 45 exploration blocks, even as companies ignored a dozen other oil and gas areas that were on auction as part of efforts to boost crude production and cut import dependence.

## **30. Titan Industries aims to become billion dollar company**

On the back of robust growth in jewellery and watches business, Tata group's Titan Industries is aiming to become a billion dollar company by the end of this fiscal year. The company has also charted out store expansion programs for its jewellery, watches and eye wear divisions in India, besides planning to enter the US market with the Tanishq brand of jewellery in the US by next month.

## **31. India going strong in \$40 bn ESO market:F&S**

The global engineering services outsourcing (ESO) market is estimated to be around \$40 billion by 2015 and India is holding a relatively strong position in this market with its strengths in automotive, aerospace and hi-tech telecom sectors, said a leading industry research major Frost & Sullivan.

## **32. Iran may allow ONGC to develop gas find**

Teheran said it was willing to consider giving India's flagship explorer, ONGC, the right to develop the gas find in the Farsi field, estimated to have a whopping 12.8 tcf (trillion cubic feet) of reserves, and invite Gas Authority of India Limited (GAIL) for setting up a petrochem plant as well as roll out auto gas services.

### **33. ArcelorMittal to buy 60% stake in Dubai company**

ArcelorMittal said it intended to acquire 60% of the entire issued share capital of Dubai Steel Trading Co (DSTC) FZCO, a newly incorporated company located in the Dubai's Jebel Ali Free Zone.

### **34. How BPOs are reinventing themselves**

A study conducted this year by Nasscom and research firm Everest estimates "conservatively" that between 2008 and 2012, the industry will see a compounded annual growth rate (CAGR) of 28-30 per cent. But it believes this could go up to as high as 45-50 per cent if supply constraints are eased.

### **35. Mobile reach to triple in 4 years: Gartner**

India would have more than 737 million mobile connections by 2012 and revenues from cellular services will exceed \$37 billion by then. In the next four years, cellular market penetration would increase to 60.7 per cent from 19.8 per cent last year, according to a study by research firm Gartner Inc.

### **36. Indian Railways hopes to create surplus fund crossing US\$ 23 billion**

Indian Railways hopes to create a surplus fund of more than US\$ 23 billion by the time the current UPA Government completes its term, as suggested by M R Velu, Union Minister of State for Railways, at the inaugural function of the newly converted Karaikudi – Manamadurai Broad Gauge (BG) section. Riding high on its aggressive marketing policy, it had already created a fund worth US\$ 5.78 billion in the last financial year (2007-08).

### **37. Six Indian cos in BusinessWeek's list**

Notwithstanding the turmoil in the global economic environment, as many as six Indian firms, including the Reliance Comm and Bharti Airtel, have been named among top 100 best-performing the infotech companies in the world by a US magazine *BusinessWeek*

### **38. Satyam eyes \$1 bn European sales**

Satyam plans to increase revenue in Europe to 25 per cent of the software provider's sales by 2011, Peter Heij, senior vice president and head of European sales at the Hyderabad-based company, said in a telephone interview yesterday.



## Newsletter, 5-VII-2008

### 1. India to witness strong fund inflow

20 Jun 2008, TNN

NEW DELHI: Around 18% of the global companies surveyed by consultancy firm KPMG want to invest in India in the next five years — up by 8% from the number of companies that are planning to invest in 2008-09.

The number of companies that plan to invest in India has increased by the maximum 8 percentage points, followed by China and Russia by 7 percentage points each. US will witness the biggest fall in its share in global investment as only 24% of the companies are planning to invest in 2013-14 as against 28% in 2008-09.

According to KPMG survey, India is likely to witness the largest growth in foreign capital inflows in the next five years, but it is China that will corner the biggest chunk of corporate investment by 2013-14, moving ahead of even the US.

The growth of Indian investment scenario is overwhelming but it is still behind China, which is expected to receive funds from 24% of corporate investors globally.

“India is expected to lead the world in terms of investment in the manufacturing sector with 25% of corporates expecting to invest five years from now and is projected to do particularly well in industrial products, where it will displace the US to take second place behind China,” the KPMG survey titled ‘Global Corporate Capital Flows 2008-09 to 2013-14’ said.

The global survey was carried out by KPMG International and corporate investment. Strategists from over 300 of the largest multinational companies in 15 major economies were asked where they plan to invest in the next 12 months and in five years time. “It is significant to note while 10% of the companies surveyed expect to invest in India currently that number will go up to 18% in five years—the biggest gain amongst all other Bric countries,” KPMG India head of tax and regulatory services Sudhir Kapadia said.

The survey further highlighted the fact that the increasing importance of the economies of China, India, Russia and Brazil (BRIC) and widespread economic concerns in Europe and the US, suggest that we may now be beginning a new phase in global economic development.

### 2. Indians love globalization

livemint.com, June 20, 2008, on IBEF

#### **Indians are generally happier with trade and investment from the rest of the world than just about every other country**

New Delhi: Who's afraid of globalization? Of marauding Americans? Or an economic downturn? Not Indians, for sure.

The Pew Global Attitudes Survey 2008 shows that we welcome foreign investment and trade. We are also one of the most confident countries amid the encircling global economic gloom. And we want friendship with the US. More than 24,000 people across 24 major nations were asked earlier this year about what they felt on various issues, from economic prospects to the US presidential elections to how major countries such as India, China and the US are perceived. The overall mood in the world has got darker as economies run into trouble; most continue to dislike the US, though its image is

gradually improving; and the general belief is that US foreign policy will improve for the better if Barack Obama becomes the next president of that country.

Indians are generally happier with trade and investment from the rest of the world than just about every other country. Nine out of every 10 Indians say that foreign trade is either very good or somewhat good for the country. And six out of every 10 welcome foreigners buying Indian companies. That is most likely the result of 17 years of economic reforms that have raised average Indian incomes. A solid majority also holds very positive views of the economy, quite unlike the rest of the world. But the ratings have dropped sharply over the past year.

We are also strongly pro-American: 66% of Indians have a favourable view of the US, up seven percentage points since the previous survey conducted in 2007. America does not have that sort of support in Europe (only 33% of Germans see it in a positive light), China (41%) and the Muslim world (22% in Egypt).

Many of these findings are similar to earlier Pew surveys. There are paradoxes here. How does one explain the enthusiasm for globalization with the inability of any political party to fashion a winning electoral platform based on it? Does it really help to be pro-American when the Americans themselves are more suspicious about foreign trade than citizens of any other country?

Despite these paradoxes, there is little doubt that India has changed since 1991. We are now a more confident people and less paranoid about globalization. As ever, the challenge is for someone to craft a political strategy that is openly committed to free markets and good governance.

### **3. Samsonite looking to make India key sourcing hub**

The Economic Times, June, 20, 2008, on IBEF

Bangalore: Global luggage company Samsonite is looking to make India a key sourcing hub as China loses its cost advantage due to the appreciation of its renminbi currency and stricter labour laws.

Samsonite, which currently sources one-lakh units of luggage per month from its manufacturing unit in Nasik and through long-term agreements with other manufacturers, will more than double this over the next three years, Samsonite president (Greater Asia) Ramesh Tainwala said.

"Till last year, sourcing from India was done only for risk diversification, as we did not want to put all our eggs in the China basket. Now, however, we feel India has a competitive edge with China getting more expensive," he said.

Sourcing from India will reach 2.5-lakh units per month by 2011, accounting for 40% of Samsonite's global total. New brands and product categories will also be introduced in the growing Indian market, which Mr Tainwala said is the fifth biggest in the world for Samsonite.

The company will start sourcing shoes from India starting this year and has earmarked an investment of Rs 150 crore to increase capacity at its Nasik plant.

As Samsonite tries to gradually insulate itself from the ups and downs in the travel market to become a lifestyle brand, it is planning to launch the Timberland brand of backpacks in India by the end of the year and expand into fashion accessories such as eyewear, watches, perfumes and toiletries. Its range of shoes and bags, introduced recently, will also be expanded.

"Samsonite is very closely linked to the airline industry and any slowdown in air travel affects us in a big way. We gradually want to move away from that," Mr Tainwala said.

Samsonite, whose luggage brands include the high-end Black Label and the mid-market American Tourister, has 223 exclusive, company-run stores as well as presence in department stores.



The company, however, is planning to go slow on store expansion as it foresees a big correction in retail rentals this year.

#### 4. Reliance Infra to invest \$7 billion for expansion

20 Jun 2008, Bloomberg

Reliance Infrastructure Ltd(RIL), a power generator controlled by billionaire Anil Ambani, plans to invest \$7 billion in the next three years to expand its engineering and construction business in India and acquire assets overseas.

The company, formerly called Reliance Energy Ltd, will borrow as much as 8% of the funds, director Lalit Jalan said in an interview in Mumbai on Thursday, without elaborating. "We're looking for a good asset at a good price," he said. chairman Ambani changed the company's name in May to reflect the widened scope of its business to include roads and airports as India spends \$500 billion to improve infrastructure by 2012.

"Reliance, which started a Shanghai office last year, expects to unveil a venture in China in the next two months and aims to develop a global business," Jalan said. "It sounds easy on paper but the proof of success only comes after projects are completed," said Mahesh Patil, who helps manage \$9 billion in debt and equity at Mumbai-based Birla Sun Life Asset Management. "This company is getting into too many projects. It may be plausible but it's going to be a big, big challenge."

Reliance Infrastructure's stock, the best-performer on India's 30-share Sensitive Index last year, has declined 52% since the start of this year.

The proposed investments will be separate from the \$28 billion that its 45% owned unit Reliance Power, plans to spend on adding generation capacity in India in five years.

Reliance Infrastructure's total debt amounts to about 70% of the company's equity." It seeks to partner Chinese companies for a technology, services or production venture," Jalan said, declining to give details.

#### 5. Nano from Singur in October

21 Jun 2008, TNN

KOLKATA: Setting aside the speculation, Tata Ryerson MD Sandipan Chakravorty assured on Friday that the Tata small car Nano will be rolled out in October from the Singur factory only. Tata Ryerson is one of the key component manufacturers of Rs 1 lakh car, Nano.

Speaking on the sidelines of an event organized by Confederation of Indian Industries (CII), he added, "To the worst of circumstances, some components would be assembled from factories in other states". Chakravorty also said it is hoping the factory of Tata Ryerson would be operational by August, if the rain does not hinder the work.

Besides, CII is taking up an 'aspirational role' to unveil Vision India 2022.

In the Vision India 2022 plan, the CII would deliver advisory services to members in the eastern states, especially West Bengal, Jharkhand, Bihar and Chattisgarh.

CII intends to set up 30 ITIs this year in eastern region for upgradation and entrepreneur development initiative and will develop 50 entrepreneurs by 2009-end.

It will also set up three new offices in Bilaspur, Durgapur and Balasore. "Prioritizing what each state aspires, there would be workshops, learning missions, cluster projects and the main focus would be on small and medium-sized enterprises to make them internally competitive," he added.

## **6. Indians amongst the best students: Oxford University**

IBEF, June 23, 2008

New Delhi: The Oxford University regards Indian students amongst the best in the world and would appreciate an increase in the tribe at its campus, according to Chancellor Chris Patten. Oxford, which played the role of alma mater to many Indians such as Prime Minister Manmohan Singh, Deputy Chairman of the Planning Commission Montek Singh Ahluwalia etc., has currently 257 Indians on its roll.

"We want more Indian students because we want the best in the world to come to Oxford," Mr. Patten said. Most of them are in the Saïd Business School. "About a quarter of the students are doing Masters in Business Administration (MBAs)... but I would like to see more in social sciences and humanities, doing both under-graduate and post-graduate work," he added.

Although Indians have done well by winning more number of scholarships than the Chinese, who constitute one-third of Oxford students, their actual count is still lesser than the Chinese. Last year's count rose to 54 scholarships including Rhodes including the esteemed Rhodes scholarship, according to an Oxford journal. "They (Indians) probably got more than China," the Chancellor said.

"I hope as we develop our endowments we will be able to offer many more (scholarships) to post-graduate students in the next few years," Patten said. The university has also developed a unique Master's programme in South Asian studies to cater to its Asian students.

A one-year MBA programme could cost about US\$ 93,090 including costs of tuition fee, boarding and lodging, and other miscellaneous expenses. Most students pursuing MBA at the Saïd Business School value the wonderful experience of being at Oxford.

## **7. Philips to launch hi-tech products in India soon**

The Financial Express, June, 23, 2008, on IBEF

Mumbai: Philips Consumer Lifestyle, part of Philips Electronics India, is planning to launch breakthrough technological products in India such as a common charger for all branded mobile phones, mobility accessories for laptops such as attached i-pods and speakers apart from recharger power pack and high audio sounded MP3 players, S Nagarajan, head-sales, Philips Consumer Lifestyle told FE .

Besides, a new technological lighting is also being launched called the "wall wash" lights that changes colour of the light on the wall as per changing consumers sentiments, sources said.

According to Nagarajan, "Recharger power pack is a device wherein i-pods, mp3 players, mobile phones can be recharged together. Our focus this year will be to provide comfort solutions to better consumers lifestyle in a most simplistic manner in water, peripherals and accessories segment. As part of the strategy, we are planning to sell our recently launched self-serviced Philips branded water purifiers through about 2,500 retailers by 2009-end."

Industry experts believe that currently, products like a recharger power pack in various sizes and models is available in the Indian market by unorganised players with no surety of after sales service. But, by leveraging its trusted quality and brand name in launching new technological products, Philips seems to be moving in the right direction.

As part of the company's effort to grow its water business. Philips Consumer Lifestyle is currently in talks with Shoppers Stop, Future Group, Reliance Retail, Croma, Videocon's Next, Spencers, Jumbo in order to have a Philips branded corner for water purifiers.



## **8. FDI rises by 127 per cent in April 2008**

IBEF, June 27, 2008, on IBEF

New Delhi: The high inflation in India has not affected foreign investors' enthusiasm about its economic growth. Foreign Direct Investment (FDI) in April saw a massive 127 per cent rise over the period last year, touching US\$ 3.74 billion.

FDI in 2007–08 was US\$ 25 billions and the target for the current financial year has been set at US\$ 35 billion.

"I want to dispel fears of any economic slowdown and investment drying up," said Commerce and Industry Minister Kamal Nath on June 26, 2008. He further added that even though the rising interest rate was affecting the cost of production, the industry would sustain a growth momentum of 8–9 per cent in 2008–09.

In April, 2007–08 FDI was US\$ 1.64 billions— less than half the FDI in April this fiscal.

Commerce and Industry Minister Kamal Nath was equally optimistic about exports which have grown by 31.5 per cent in April touching US\$ 14.4 billions from US\$ 10.94 billions in the first month of the last fiscal.

## **9. India's GDP to grow at 9.5% in FY 09**

The Financial Express, June, 16, 2008, on IBEF

Mumbai: India's real GDP is expected to grow at an impressive 9.5 per cent in FY 09, the Centre for Monitoring Indian Economy (CMIE) said in its monthly review in Mumbai.

The Indian Economy is heading towards the fourth consecutive year of an over-9 per cent growth and like in the last five years, growth this year too was expected to be driven by capital investments happening in India, CMIE said.

As per CMIE CapEx Service, projects worth Rs 3.4 lakh-crore are scheduled for commissioning in FY 09. This would be the highest-ever completion of investments in the Indian history, CMIE said.

The capital investment boom in the country drives the current growth phase of the Indian Economy.

India's GDP started rising by over eight per cent since FY 04. And, the gross capital formation (GSF) grew in the range of 13-23 per cent during this period.

CMIE expects growth in GSF to accelerate to 18.7 per cent in FY 09 from 13.4 per cent in FY 08. This robust growth in GSF is expected to more than offset the moderation in the growth in private final consumption expenditure (PFCE) and Government final consumption expenditure (GFCE).

CMIE stated that the PFCE is expected to grow by five per cent in FY 09, after growing by 7-9 per cent in the preceding three years. While the slower growth in the PFCE would mainly be on account of the higher base in 2007, the prevailing high inflation would also affect the consumption demand to some extent.

However, inflation is not expected to depress the PFCE dramatically as income levels in India have also gone up significantly in the last one year.

## **10. Jatropha beckons**

The Hindu Business Line, June 13, 2008, on IBEF

### *The promise of oil, and money, in the North East*

The jatropha shrub, a cash crop yielding the promise of oil, is instigating what could roughly be termed as reverse migration in some of the North East states. Take, for instance, Temsu Longchar, who had made Delhi his home with a well-paying job at a BPO company or Merin Lamtur, an ex-IBM Daksh employee. They both have preferred to leave the urban clutter of Delhi to return to the green slopes Nagaland, their home State, for a piece of the jatropha cultivation pie.

During a phase of intense urbanisation and movement of people from villages and farms to urban centres, Longchar and Lamtur and several others are bucking the trend to return to the hinterland and be part of a farming initiative that has seemingly taken Nagaland and a handful of other States by storm.

Jatropha curcas is a poisonous shrub of the euphorbia family, originating in Central America, and is believed to have potential to yield oil, though it is still to be tested for large-scale commercial applications. India has been encouraging its use in biodiesel production.

Though it has no applications in the food sector, its chief selling point as a bioenergy crop is that it grows in marginal, eroded land and is resistant to drought. So, as supporters of the jatropha revolution claim, the crop is not expected to compete for land where food could be grown, nor does it require a lot of water, fertilisers or pesticides. With global oil prices hitting the roof in recent months, jatropha cultivation is increasingly being seen as an option by small and marginal farmers.

In the North East region, so far nearly 40,000 hectares of wasteland - largely where *jhum* cultivation (slash-and-burn system of cultivation) has been practised - have begun to be covered with jatropha plantations. In Nagaland itself, jatropha plantations have sprung up on the hills adjoining Dimapur, the commercial capital of the State. The farmers hope to double their income when the plant matures and its seeds can be sold for extraction of green fuel.

#### **Buyback guarantee**

However, the farmers insist that jatropha would be their secondary income, as they plan to continue with their present livelihood options. The staple upland paddy and Naga Dali (soya bean) are among the primary crops grown in the region. What's fuelling the jatropha plantation is a buyback guarantee for seeds extended by companies such as D1-BP Fuel Crops, a joint venture between BP and D1 Oils.

The company has been operating in India for the past three years with plantations of over 80,000 hectares of marginal land, and is very active in the North East. The UK-based global biodiesel producer D1 Oils - the world's largest commercial jatropha cultivator which recently organised a media tour to the region - approaches farmers with marginal land through the local partnerships it has set up.

In Nagaland, the company's alliance is with Zingchar Bio-Initiatives, a unit floated by first-generation Naga entrepreneur Lawrence Jamang. Jamang not only oversees the operations of D1-BP Williamson Magor in the State, but also gives the buyback guarantee for jatropha seeds in the Naga villages adjoining Dimapur and distributes saplings free of cost. His employees, including the Delhi-returned Longchar and Lamtur, tour the villages to motivate farmers to undertake *jatropha* cultivation to overcome poverty and backwardness. They also train the farmers, besides explaining the economics of bio-diesel. According to Jamang, so far nearly 4,000 cultivators in Nagaland and Manipur have taken up jatropha as an alternative crop.

Zingchar uses the trickledown route to convince farmers. The company first approaches the village headmen to familiarise them with the project. The headmen, in turn, take on the task of convincing others. Hokuto Jimo, headman of Hozukhe village, says many families in his village embarked on jatropha cultivation after he cultivated it on two hectares belonging to him. Now he and his brother Yaghoto plan to extend the cultivation to nearly 5,000 hectares owned by them across the hills. The



people assisting him in the venture include those many who have returned from jobs in metropolitan cities and towns, he says.

D1 Williamson Magor Bio Fuel Ltd has initiated free distribution of jatropha saplings and the buyback guarantee is part of its project to build sufficient feedstock for the production of 400 million litres of biodiesel a year through contract farming on 2 lakh hectares in the east and north-eastern region by 2010. The company is also expected to set up a seed expelling unit in Dimapur later this year.

### **Blending plans**

The success of the jatropha initiative, however, clearly rests on the Centre's plans for petroleum companies to blend conventional diesel with up to five per cent of biodiesel, though this is yet to be made mandatory as in the case of ethanol, where a mandatory five per cent blend has been introduced.

The price at which petroleum companies will buy biodiesel from producers has been fixed at Rs 25 a litre. While farmers, it seems, have been enthusiastic about the venture, sceptics have questioned the entire jatropha initiative. They feel that the commercial viability of the crop remains untested even as huge tracks of land are being put under cultivation across Chhattisgarh and some north-eastern States like Nagaland, Manipur and Meghalaya. Also, at a time when food prices are shooting up across the world and with Indian inflation driven to a three-year high, the debate continues on how far it is justified to plant a cash crop like jatropha.

Though the jatropha planters claim they are using only wasteland, critics feel that farmers are being lured into substituting food crops for jatropha through buyback guarantees. Though it is too early to say how the jatropha story will pan out eventually, one thing is certain - that it is managing to lure people to return home and get back to the business of tilling their land.

## **11. Global MRO major Lufthansa Technik to set foot on Indian soil**

The Financial Express, June, 24, 2008, on IBEF

New Delhi: Lufthansa Technik, the world's largest maintenance, repair and overhaul (MRO) company, will set up a facility in the country, in a joint venture with the Hyderabad-based GMR group. This will be the country's first foreign-owned, airport maintenance facility.

In the joint venture, Lufthansa Technik will have a 75% stake, while the rest will be held by its Indian partner. Both the companies are expected to invest Rs 100 crore in the venture in the initial phase. The 20,000 square meter facility will be located at the New Hyderabad International Airport in Shamshabad, Andhra Pradesh

The facility will provide base maintenance services (including C- and D-checks) for Airbus A320 family and Boeing 737 aircraft-including 737 Classic and 737 NG (next generation) and is expected to commence operations by the end of 2008. At present, Lufthansa Technik serves the Indian carriers through its facilities outside the country. The Indian MRO market is projected at around \$100 million a year at present, and is expected to grow by at least 15% over the next three years.

An MRO ideally needs around 200 aircraft to be viable A report by Ernst & Young has stated that the aviation sector in India, is slated to draw an investment of more than \$120 billion by 2020. With the government allowing 100% foreign direct investment in the MRO sector, analysts expect large investments to flow in. According to aviation analysts, India is expected to see at least 9 new MRO facilities, including those by Airbus and the Boeing Company and a host of Indian carriers.

The Indian civil aviation sector has around 400 aircraft on order, making it one of the world's fastest growing aviation markets and this is expected to double over the next couple of years. Most of these aircraft are serviced outside the country.

Effective immediately, the company will commence training to develop highly qualified technicians and aircraft engineers. "There will be two parallel lines to serve the maintenance requirements of the rapidly growing narrow-body fleet of Indian carriers," a Lufthansa spokesperson said.

A dialogue with technical institutes in the state of Andhra Pradesh has already been initiated. The firm is looking to employ a staff of around 400, for its technical operations and hopes to establish Hyderabad as a hub for its operations.

According to the company spokesperson, the new venture will be a member of Lufthansa Technik's existing worldwide MRO network of 28 ventures. The company has Jet Airways's entire Boeing 737 fleet-49 aircraft altogether, with 45 being 700, 800 and 900 types-with its total component maintenance product. In addition, a landing gear support contract, comprising the overhaul of 14 shipsets, was signed last year.

Lufthansa Technik's total component Support (TCS) was contracted by Jet Airways for the support of three Airbus A340-300 jets, including personnel assignments for the ground handling of the aircraft in India and abroad. To expand its role in the long-haul business, Jet Airways has ordered a mixed fleet of 12 Airbus A330 and 13 Boeing 777 jets. Ten of these wide-bodied jets are already operational, with Lufthansa Technik providing TCS for both fleets. Through Lufthansa Technik's subsidiary, Lufthansa Technik Services India, in Bangalore, Lufthansa Technik has provided home base components as well as personnel assignments of key engineering positions to Jet Airways.

Another client of Lufthansa Technik is the Vijay Mallya-promoted Kingfisher Airlines. The company provides a comprehensive MRO package.

Kingfisher is currently operating the Airbus single aisle class aircraft for which Lufthansa Technik provides TCS for the entire fleet, with a support contract that also covers consumables and expandables. Lufthansa Technik's airframe related components (ARC) is also part of the package. Lufthansa Technik also provides Kingfisher its aircraft production inspection program (APIP) for the A320 fleet, and the coming wide-bodied A330 and A340 aircraft.

Apart from this, Lufthansa Technik also provides TCS to the country's first low cost carrier, Air Deccan for its fleet of Airbus A320 aircraft, in a ten year contract. With Kingfisher's acquisition of 46% in Air Deccan, the contract with Lufthansa Technik is also expected to increase in the near future. Go Air, the domestic low-cost carrier currently operating a fleet of leased A320 aircraft, which are soon to be replaced by new twin jets of the same type, is also a client of Lufthansa Technik.

## **12. Idea-Spice deal 4th largest M&A in India**

The Financial Express, June 26, 2008 on IBEF

New Delhi: The buyout of Spice Telecom by Idea Cellular is the fourth largest merger and acquisition deal involving an Indian entity and may be a pre-cursor to more such transactions in the telecom space.

The country's fifth-largest mobile operator in terms of subscribers, Idea Cellular would acquire B K Modi-owned Spice group's 40.8 per cent stake in Spice Communications for Rs 2,716 crore.

"The talks are on between Anil Ambani-led Reliance Communications and South African telecom major MTN and the significant premium in Idea-Spice transaction proves the inherent value that Indian telecom space offers for such deals," DSP Merrill Lynch Managing Director Saurabh Agarwal said.

Idea would acquire the stake at Rs 77.30 a share representing a premium of 42 per cent over Tuesday's closing price (Rs 54.35). Despite high volatility on the bourses today, the scrip gained more than 35 per cent on the Bombay Stock Exchange.



Shares of the company settled at Rs 72.35, up 33.12 per cent (a rise of Rs 18 per share).

The big ticket deals involving Indian companies include Tata's takeover of Anglo-Dutch steel maker Corus, UK mobile major Vodafone stake acquisition of Hutchison Essar and Aditya Birla Group firm Hindalco's buyout of Novelis.

While Tata-Corus deal was worth 12.1 billion dollars, Vodafone's buyout of Hutchison Essar stake was valued at 10.9 billion dollars. Hindalco acquired Novelis for nearly six billion dollars.

According to Agarwal, the Idea transaction would usher in a transformation in the Indian telecom sector and also make the company truly 'national'.

Idea would have an additional cash flow to the tune of Rs 4,500 crore and has acquired a nearly zero debt company, he added. Following the deal, Idea's market share would catapult to 11.1 per cent and more importantly would get the crucial spectrum on 900 Mhz band.

The Birla group company on Wednesday said it would merge Spice with itself through a share swap where Spice shareholders would get 49 Idea shares for every 100 Spice shares held. It will also pay an additional Rs 544-crore as non compete fee.

The partner of Spice Communications Telekom Malaysia would now be a significant shareholder in the company, Idea cellular Chairman Kumar Mangalam Birla said.

Idea along with TMI would now make an open offer for additional 20 per cent stake in Spice at the same price in which Idea has bought B K Modi's Spice group's share.

It would also make a preferential allotment to TMI for 15 per cent stake in the merged entity. "Idea will make a preferential allotment to TMI of 464.73 million equity shares at a price of Rs 156.96 a share representing 14.99 per cent of Idea's equity capital post allotment," an Idea statement said.

In Spice Communications, TMI held 49 per cent which translated into a five per cent corresponding stake in the merged entity. When preferential offer would be complete, the stake of TMI in the merged entity would be 20 per cent.

Pointing out that following the Idea-Spice deal more such inward and outward transactions could materialise in the coming months, Agarwal said that Merrill Lynch expects to be part of such deals in the future.

### **13. Cairn India to invest US\$ 2 billion over 18 months**

IBEF: junho 26, 2008

New Delhi: Cairn India, the Indian arm of British oil and gas company Cairn Energy, will invest about US\$ 2 billion in the country over the next 18 months for developing oil fields and building a pipeline, which will deliver oil from Barmer in Rajasthan to the coastal areas of Gujarat.

The company is developing three oil fields in Rajasthan – Mangala, Bhagyam and Aishwariya. While it expects to make its first oil delivery from Mangala in the second half of 2009, output from Bhagyam and Aishwariya will start in 2010.

Rajasthan is also likely to account for a major portion of the planned investment. "Out of the US\$ 2 billion investment, US\$ 1.8 billion will go in Rajasthan alone and the remaining will be used for other blocks in other parts of the country," said Sir Bill Gmmell, Chairman, Cairn India, at the company's Annual General Meeting.

Significantly, the estimated potential of oil from these fields has increased. "Subject to regulatory approval, the estimated sustainable plateau rate of production from these fields has increased from

1,50,000 barrels per oil day to 1,75,000 bopd. If the use of Enhanced Oil Recovery techniques prove successful, there is a further resource potential of over 300 million bopd," Gmmell said.

According to Gmmell, "once oil starts to flow from Rajasthan, Cairn India will have the potential to account for 20 per cent of India's oil production in the next decade". This would be significant achievement for a company which started its Indian operations only 13 years ago.

## **14. Record Indian sugar exports this year**

IBEF, June, 26, 2008

New Delhi: Indian sugar exports are likely to touch record 4.2 million tonnes (MT) in the production year upto September, overtaking previous estimates of 3.5 MT, top trade officials said on June 25, 2008.

Sugar exports, which have normally been only two MT in a year, would be more than that of Australia now, Shanti Lal Jain, director general of the Indian Sugar Mills Association (ISMA) said. "With India's emergence, the whole sugar exporting community feels threatened," he added.

According to estimates by ISMA, the apex body of leading private sugar mills, exports in the current crop year would have risen by hundred per cent to about 3.5 MT. However, 3.6 MT have already been exported of the projected exports of 4.2 MT surpassing the estimates.

ISMA added that India's moves to exploit raw sugar export markets had helped sales move northward and that raw sugar exports accounted for 2.3 MT. According to analysts, sales abroad raced up in the past two-three months, during the peak sugarcane crushing season, and were now declining.

## **15. PE firms line up \$2 bn for maritime logistics**

livemint.com, June 27, 2008, on IBEF

### **India's maritime development programme envisages an investment of Rs1 trillion**

Bangalore: Private equity and venture capital investors are readying funds in excess of \$2 billion (about Rs8,500 crore) to invest in India's maritime infrastructure and logistics, as the country strengthens cargo handling facilities to meet rising demand for exports and imports.

About 95% of India's external trade by volume and 70% by value move by sea, but cargo handling and logistic costs are high because of deficient infrastructure and delays in shipments.

"The sector is underdeveloped in terms of setting up of port capacities and related support infrastructure," said Vipin Agarwal, assistant vice-president at Kotak Private Equity, part of the Kotak Mahindra Group. "As a result, the sector will witness lot of expansion activities."

The national maritime development programme, drafted by the shipping ministry, envisages an investment of Rs1 trillion to spruce up India's maritime sector including ports, shipyards, marine logistics parks, inland container depots and related support services. Of this investment, 64% is expected to come from private firms.

The investments planned by private equity funds are sizeable and should deliver a boost to the sector, improving India's competitive edge in maritime trade. In the past, private equity investors had only small funds targeted at the sector.

Eredene Capital Plc. is raising \$300-500 million to plough into the sector, said Nirav Shah, associate at the UK-based fund that's focusing on logistics, distribution warehouses and port services in India. Eredene has so far invested close to \$100 million in India.



Axis Private Equity Ltd, a unit of Axis Bank Ltd, is raising \$350 million overseas to invest in the sector, said Shreyans Jain, associate at Axis Private Equity. "Axis is evaluating projects in this sector for investment," he added. Axis already has a \$150 million infrastructure fund, of which about \$60 million has been invested.

Samraj Group, a UK-based group of non-resident Indians, has lined up \$500 million to invest in the sector, said its chairman and managing director Rajiv Samani.

HSH Nordbank AG, the world's biggest ship financier, is in talks with public sector banks including State Bank of India, the country's largest lender, to set up a fund of around \$200 million to invest in maritime-related sectors, said a person familiar with the matter who didn't wish to be named.

HSH Nordbank has received approval from the Reserve Bank of India, the central bank, to open a representative office in Mumbai.

Norway-based ship financier DnB NOR Bank ASA was also looking to open an office in India to tap growing opportunities in shipping, offshore and logistics, the firm's executive vice-president, Hans Petter Aas, had told Mint during a visit to India earlier this year.

Firms such as Goldman Sachs (India) Securities Pvt. Ltd, Carlyle Group, Baring Private Equity and Macquarie Group have already invested in the sector and are evaluating more projects.

"The sector is in a sweet spot for investment. The opportunities that the maritime sector has to offer have not been exploited yet," said Paurush Roy, a director at Samara Capital, a \$263 million, India-focused private equity fund.

Samara Capital is looking at possibilities in the ancillary businesses that support maritime trade, such as warehouses and container freight stations.

"The sector is very well-poised to attract lot of investments," said Akshaya Prasad, vice-president, infrastructure investment areas, at Goldman Sachs (India) Securities.

India spends more on logistics costs as a percentage of the gross domestic product, or GDP, compared with developed nations, as clogs in the supply chain delay exports and imports, adding to the overall transaction costs.

In India, logistics costs as a percentage of GDP add up to 13%. The comparative figure for the US is 8.7%, Japan 11% and Europe 12%.

"In terms of documentation and transaction costs, India is very expensive," said Sudhir Rangnekar, managing director and group chief executive of Sical Logistics Ltd.

India spends \$1,148 as handling costs for importing one cargo container and \$820 for an export container. In comparison, Singapore spends \$367 for handling an import container, while China spends \$390 on an export container, according to a World Bank study.

"There is growing need for improving logistics in India," said Shah of Eredene Capital, which trades on the Alternative Investment Market of the London Stock Exchange.

## **16. Nokia targets rural India in expansion plans**

IBEF: junho 27, 2008

New Delhi: Rural India could well become the focus of the world's biggest mobile phone maker, Nokia Oyj, in its expansion plans in one of the fastest-growing wireless markets, according to its chief executive officer and president Olli-Pekka Kallasvuo. India is already adding about eight million

mobile-phone subscriptions a month, making the country one of the world's fastest-growing markets for both Nokia and its rivals.

Kallasvuo added that India's countryside consisting of nearly 1.1 billion people could be greatly impacted by Nokia's plans, as many are still not linked through telecommunications. "People can earn their living, stay in touch and reach their mobile communities more easily and, definitely yes, we have to put a lot of more emphasis here to increase our presence and penetration in the rural areas," he said.

"We see and continue to see rural areas as a great opportunity and potential in the future," he told reporters here. The Finnish major revealed in a press statement that it may adopt the microfinance route to escalate its market presence. It would also come up with special offers which could make mobile phones more attractive buys.

"Nokia India, which is now engaged in providing agriculture-based solutions catering to farmers, is working with content providers and has started programs for farmers," it said. The solutions range from providing information on market prices for agricultural products and weather updates to financing options, it said.

Nokia hopes to target the local village consumers to enhance its rural distribution network and tapping virgin markets, by launching awareness programmes for them and educating them about the benefits of mobile phones. Nokia also plans to incorporate opportunities in Internet services on mobile phones.

## **17. Power exchange starts operation**

28 Jun 2008, PTI

NEW DELHI: Country's first power exchange — Indian Energy Exchange — on Friday started its operation. The exchange, Indian Energy Exchange (IEX), received bids for 13,176 Mwh of power when operation commenced and the transaction took place in the price range between Rs 6.46/kwh and Rs 8.01/kwh.

Power will be delivered on Saturday as IEX is trading a day ahead currently. IEX, promoted by Financial Technologies (India) and public sector PTC India, has Infrastructure Development Finance Company (IDFC), Adani Enterprises, Reliance Energy, Lanco Infratech, Rural Electrification Corporation (REC) and Tata Power Company as other stake holders.

Financial Technologies has a 90% share in IEX while the remaining are shared by others. Over 50 members and users have been identified for participation in the first phase. Major members and clients who participated on Friday were from Maharashtra, Tripura, West Bengal, Karnataka and Madhya Pradesh. "It is highly satisfying to see IEX go live as hard work of entire industry has paid off with the commencement of power trading in the country," IEX chairman Venkat Chary said.

On June 9, CERC allowed IEX to start operations. CERC said any employee, including MD, CEO or director, or any consultant of exchange shall not be associated with a holding or subsidiary firm.

## **18. US loses sheen as IT firms eye India**

23 Jun 2008, PTI

NEW DELHI: With the Indian economy growing at a healthy rate and change in rupee-dollar equation, domestic IT behemoths like TCS, Infosys, Wipro and Satyam who till recently favored the greenback market are now looking at opportunities in their own backyard.



The Indian vendors are now eyeing the opportunities in the Indian services market as they intend to garner a larger share of the market which is dominated by the global players like IBM and HP.

Analysts feel that with the slowdown in Western markets, the dollar's weakness against the rupee and the uncertainties arising from the slowdown of the US economy, the Indian IT vendors are re-thinking their strategy and exploring the non-US markets including India. Wipro is also focusing on emerging vertical specific opportunities in retail, infrastructure, defense, financial services and telecom.

However, TCS, Satyam and Wipro feels that it's not the slowdown but the increased spending on IT by the government and the corporates is fuelling the growth of this sector and attracting the IT vendors to explore the market.

"The rapid economic growth and the growing stature of Indian corporates, who are adopting IT on a much wider scale, now presents a huge opportunity for IT services companies," Wipro Infotech chief executive Anand Sankaran said.

Moreover, the size of the IT deals in the country is also increasing, which is making this sector attractive and profitable at the same time.

Earlier, the average size of deals in India were \$2-3 million and now multi-year deals worth \$100 million is not unheard in the domestic market," TCS vice president head (India) S Venkatramani said. "The average size of deals is now \$25-30 million," he added.

TCS which earns 10 per cent of their global revenues from the domestic market has a team of 7,000-9,000 members focused on the Indian market.

Satyam Computers which is working on various e-governance projects is also planning to increase and strengthen its India team, Satyam India head Ranjan Tayal said. Currently, they have less than 100 employees focusing on the Indian market and earn 3-4 per cent of their revenues from the market.

"Wipro Infotech will continue to launch new services in India and is focusing on emerging technologies such as service oriented architecture, advanced technologies like unified communication, virtualization and others in the Indian market," Sankaran said. Wipro Infotech, accounted for 19 per cent of the Wipro's revenue in 2007-08. It grew at a staggering 51 per cent last year with revenues of Rs 3,746 crore of which around 90 per cent is from the domestic market.

According to the latest Forrester report data, the Indian IT Market is expected to grow by 18 per cent in the year 2008 to reach \$38 billion, clocking second highest growth rate after China (20% growth; to touch \$138 billion in size).

## 19. Why we need 50 IT cities

18 Jun 2008, TNN

**HYDERABAD:** The government's reported move to build over 50 IT cities in the country to retain India's top position in this sector may change the entire landscape of the industry which is now concentrated in big cities.

It could also pave way for even urbanisation of the country.

The move, complementary to the IT investment region scheme cleared by the Cabinet a few weeks ago, does not come as a surprise to companies which are expanding beyond the metros to service

their onshore and off-shore clients.

Nasscom, the industry body for IT companies, has been in talks with the centre for developing new IT regions in the country. It has short-listed 50 locations in the country -- other than the top seven cities -- for companies to set up shop.

"With the surge in real estate prices, IT and ITes companies are finding it tough to set up operations in traditional locations including Bangalore, Chennai, Mumbai, Hyderabad, Kolkata, Gurgaon and Noida. We expect small cities to anchor the next growth wave in the IT industry," says Ganesh Natarajan, chairman of Nasscom.

Nasscom has, perhaps, taken a cue from China which has developed small growth regions such as Wuxi and Dalian for industrial development. It reckons that Tier II cities will have the potential to account for at least 40 per cent of the total projected IT/BPO jobs by 2018 provided there is a balanced growth.

Currently, the top seven cities account for over 85 per cent of IT sector employment "The proposed move will help spread development across the country and ease out pressure from big cities, where infrastructure is crumbling. By encouraging locations outside metros, the government could make way for reverse migration," he said.

Srinivas Vadlamani, CFO, Satyam Computer Services, said the company has already initiated steps to move out of large cities.

"We are planning to move into places like Vizag, Nagpur, Gandhinagar and Madurai and are setting up our own SEZs. This can lower our cost of operations, cut travel time and traffic congestion which our associates face in the Tier I cities," he said.

He says the government should offer incentives such as salary subsidy, free office space and liberal tax breaks spread over 10-15 years to make this move successful. Some of the Asian governments like China and Malaysia already offer such incentives.

"The state governments, for instance, can support the development of these areas by extension of similar tax benefits that are given to the Software Technology Parks of India (STPIs) and the Special Economic Zones," said Natarajan.

But it is not clear whether the government plans fiscal incentives -- similar to those enjoyed by companies set up in software technology parks -- in the proposed IT cities. Companies are hoping it would, citing the slow-down in the US economy and its impact on their bottomlines.

According to Sanjay Khendry, vice-president (global business development), Sierra Atlantic, the proposed move to set up new IT cities will also help improve lives of people in small cities.

"It will also provide an opportunity for existing employees to move to their native places. It could lead to improved educational opportunities as new institutes could come up in these cities. For smaller firms, it will be an added advantage as they will be able to get access to a larger talentpool," he said. The average salary bill for IT companies that have been battling attrition is a whopping 45 per cent of the total cost. This could come down as companies expand their foot-print in the hinterland. India's \$64 billion IT-BPO industry employs around 2 million people and accounts for 5.4 per cent of the gross domestic product.

It is expected to increase its workforce to 8 million by 2018.

Fiscal incentives apart (the lure of these IT townships would not be tax sops only although each township could consist of tax-free SEZs), the overall success of the new proposal would hinge on the speed and commitment with which the government will work towards improving and developing



physical infrastructure and urban environment in these locations.

As per the policy cleared by the Cabinet a few weeks ago, the developer of these IT investment regions (ITIRs) could be the government, private entity or a public private partnership. It has been rather difficult to attract private money into greenfield urban infrastructure at locations far away from big cities despite the reduction in cost of funds due to the government's viability gap funding mechanism.

An assured market for the infrastructure facilities in the proposed IT towns could be an incentive for private funds to flow in. Even if the SEZ tag is not there, section 80 1(A) tax holiday for infrastructure projects is anyway available.

ITIRs would play a major role in urbanisation of the country. These new towns could at least slow the pace of migration to big cities. As to the IT industry, it can cut costs and be less dependent on tax sops. It's a win-win situation.

## 20. IT Bangalore shining

24 Jun 2008, TNN

**BANGALORE:** Unperturbed by the US economic recession, the software exports from Bangalore is expected to touch 13.5 billion dollars for the current fiscal.

Karnataka Principal Secretary for IT, Biotechnology and Science and Technology, Ashok Kumar C Manoli said that Bangalore was the favored Information Technology (IT) destination and would expect to reach 60 billion dollars of software exports by 2010.

"Two committees have been formed under Infosys chairman and mentor NR Naryana Murthy and Biocon chief Kiran Mazumdar Shaw to review the state IT and BT policy," Manoli added.

It may be recalled here that Narayana Murthy recently said that Pune would take over Bangalore in software exports soon.

According to him, 116 IT companies have been added to a total of 2000 IT companies.

"Bangalore has 248 Business Process Outsourcing (BPOs) and 183 bio-technology companies with a work force of 5.5 lakh techies," he said.

Manoli further said that the BJP Government-led by Chief Minister BS Yeddyurappa had announced a separate policy for Bangalore in their election manifesto and this has consolidated their vote share and won 18 MLAs from Bangalore.

## 21. Patient medication goes hi tech

27 May 2008, INDIATIMES NEWS NETWORK

**MUMBAI:** Bartronics America Inc, a wholly owned subsidiary of Bartronics India Limited, has successfully implemented its patent winning RFID based wrist band for automating patient medication process.

The Radio Frequency Identification (RFID) based wrist band, the first of its kind to be implemented successfully, assist nurses by automating the process of administering patient medication.

The device was used in a clinical trial involving cancer patients at the Halifax Health Medical Center. 95 per cent of the patients involved in the study found the device easy to use and they were better

able to control the pain by using it rather than relying on nurses to provide the pills. Almost 84 percent of the nurses involved in the study said it saved them time.

Commenting on the initiative, Ron Carney, CEO of Bartronics America Inc says "the healthcare vertical provides immense scope for Bartronics to deliver similar path-breaking solutions".

During the programming process, the data on a patient's oral medication prescription dosage and frequency is entered. Every nurse carries a personal identification card, which is again based on RFID technology.

In response to reading the card, the body of the Medication-on-Demand (MOD) device allows the nurse to remove an empty pill tray or insert a full one.

When the patient holds the wristband up to the device, he selects the number on a sliding dial to indicate the pain level, on a scale of 1 to 10. This prompts the MOD to dispense pain medication.

Bartronics supplies the wristbands based on a patented design that integrates an RFID inlay antenna into the wristband's clasp.

Once it is secured onto a person's wrist, the only way to remove the wristband is to cut it open, breaking the linkage between the inlay's antenna and its RFID chip.

This ensures that if a patient removes the wristband, no one else – another patient, for instance, or a hospital staff member – can use it to access the pain medication within the MOD. It's the RFID technology that provides the security for the device.

Sudhir Rao, MD of Bartronics India Limited said "besides healthcare, the company's focus on the leisure and entertainment space, the transportation sector and the education sector offer a US\$2 billion opportunity for Bartronics in the coming years".

For the financial year 2008-09, the Bartronics America Inc expects to generate revenues in excess of US\$40 million.

## 22. Knowledge Management: Why and how?

4 Mar 2008,

Knowledge Management is not just a new buzzword doing rounds in the corporate circle. The 'tech concept' is increasingly becoming a must to share, mobilize and leverage knowledge as a tangible organizational asset

### **Why manage knowledge?**

The need for knowledge management is self-explicit. With increasing competition, knowledge about how to produce and sell a service or a product efficiently has become the key factor distinguishing companies. There has also been an explosion in such knowledge in line with the increase in the complexity of the products and services. At the same time, many organizations have been downsizing in a bid to reduce employee costs. As a result, the number of people privy to organizational knowledge is smaller. High employee turnover--another feature of modern business--therefore increases the threat to this key intellectual asset of the company.

While the importance of knowledge management is widely recognized, the formal methods for preserving and propagating knowledge are few. Most knowledge transfers still happen informally through oral means. The "guru-shishya" tradition of ancient India or the more recent practices of apprentices in the trades, articulated clerks in chartered accountant firms, junior lawyers in law firms are a few examples of formal mechanisms adopted for knowledge transfer.

### **Data-information-knowledge**



The difficulty in managing knowledge is in defining knowledge. We are all familiar with data, the basic raw material, which is processed to generate information. We store structured data (employee salary details, for example) in databases. Unstructured data lies in text documents (say, the annual performance appraisal report of the employees).

As stated by Peter Drucker when "data is endowed with relevance and purpose" it becomes information. Thus salary data can be analyzed to generate information about the region-wise staff costs. So far so good.

However, there is less agreement on the value addition needed to convert information to knowledge--the discussion can quickly get lost into obscure by-lanes of philosophy. Instead of quibbling about the definition we will move on to the concept of "tacit" knowledge, which, according to Michael Polanyi, is based on the experiences, beliefs and values of the expert and is latent in his head. Tacit knowledge is communicated, if imperfectly, by face-to face dialogue with the expert. As against this is the "explicit" knowledge that is capable of being recorded and accessed relatively easily by others.

#### **Approaches to knowledge management**

One approach to knowledge management places greater emphasis on the cultural and behavioural aspects of the organization. This approach believes that organizations are process driven and technology is of little use if the organization lacks a knowledge-sharing culture. This approach is loosely related to the management disciplines of total quality management, business process re-engineering, benchmarking and best practices.

The mechanistic approach to knowledge management is more down to earth. It concentrates on providing efficient tools to capture, organize and access knowledge as well as to facilitate its delivery to the right people at the right time.

#### **Categorization is key**

The tools used for knowledge capture include the existing groupware applications like Lotus Notes, which facilitate collaborative working in a group. Document management software that helps index images of paper documents as well as to read them using optical character recognition technology also falls in the same category.

Once you have identified the sources of knowledge and converted them into electronic form--whether as document images, databases, word processing files, web pages or email folders--the next challenge for KM tools is to facilitate quick access to meaningful knowledge. This poses great difficulties. The plain vanilla search tools will not do because they will return an unmanageably large list of files and documents, which meet your search criteria. (How will you wade through them to locate the knowledge about analyzing balance sheets of firms belonging to the sugar industry?)

The first step to improve the chances of meaningful knowledge access is to build a comprehensive classified catalogue--called taxonomy in KM jargon--which will define the categories in which you would want to classify the knowledge base of your organization. This is a manual task, which should be carried out by experienced domain specialists with the assistance of librarians. Obviously the more comprehensive the catalogue the better would be the subsequent retrieval. (A category called "balance sheet" and another one called "sugar industry" will not do since that is still not fine enough for you to locate a shortlist of documents relating to analysis of balance sheet of sugar industry).

#### **Automating the classification**

It would be impossible to search manually through thousands of documents and classify each of them in the various categories of the taxonomy. So a major component of the KM technology suite is an automated text analysis tool. This software examines all the sources of recorded knowledge (web pages, text files, document images and so on) to build full text indexes and create summaries. It also groups files with common themes together. It then assigns the document clusters to the predefined categories that you have already created. The roots of this technology are in the work done on artificial intelligence and expert systems.

The text analysis tool is also required to determine the relative importance of a document in the

particular search category so that the results can be presented to you in the order of their perceived importance. For example, Lotus Discovery Server, a KM tool from Lotus Development Corp., does this by attributing a value to each document in proportion to the frequency of authorship, citations and access to the document that it is indexing. Since the importance of the knowledge can change over time, the software needs to repeat this activity periodically to reassess the values.

The KM tool suit contains other tools to create a database of experts in the organization and the documents associated with them. When it comes to presentation of results of knowledge access, the KM tool set uses web technology to build knowledge portals for personalized access through the ubiquitous browser interface.

#### **Technology is immature but still useful**

KM technology is thus not a single solution but a group of tools based on groupware, expert systems, artificial intelligence, library science, document management, web and so on. The technology is still evolving and we may perhaps never be able to manage tacit knowledge. Further, organizational culture issues will significantly influence whether knowledge sharing can happen at all.

Notwithstanding this, KM tools are still a major step forward in our ability to manage the information glut. Once it matures, KM technology will provide a mandatory knowledge management infrastructure to our businesses.

## **23. IT cos eye seat in Lalu Prasad's train**

31 Mar 2008, TNN

MUMBAI: The railway budget has opened up potential projects worth upwards of Rs 3,000 crore for Indian software and outsourcing companies and the technology upgradation proposed for the world's most complex rail network could elevate e-governance in the country to a grander and more meaningful level, industry players said.

With 17 lakh employees and pensioners, the Indian Railways is among the largest employers in the world. It runs a huge and complex web of operations covering engineering, traffic and wagon management, freight and passenger service. From an IT vendor's perspective, the size and complexity of the projects not only make it lucrative but also offer huge opportunities for learning and the ability to take on similar projects in overseas markets.

From Tata Consultancy Services, to emerging BPO Spanco, everyone is gearing up to fight for a pie. "The real attraction is in the volumes," said Spanco Telesystems MD Kapil Puri.

Satyam Computer said it is in talks with the Indian Railways for three to four IT outsourcing deals worth Rs 1,000-2,000 crore. "The scope of work now goes beyond just implementing IT frameworks to post-deployment services like enterprise-wide roll-out and maintenance (in the form of) call centers for internal and external touchpoints," Satyam India business head Ranjan Tayal said.

TCS has been working with railway authorities from concept and pilot stages and is pretty confident that most of the plans announced on Tuesday would roll out by 2009.

The numbers are lucrative. Take the case of the call centre contract that the railways had awarded in late 2006 to the Spanco-Bharat Sanchar Nigam consortium. This contract alone is expected to bring in revenues of Rs 1,000 crore over to the 10-year period to the combine.

According to S Venkatramani, VP and head of India geography at Tata Consultancy Services (TCS), the railway ministry has taken two parallel approaches to technology adoption, one on the consumer side and the other to address internal operations. "The minister wants to provide a complete access to the consumer through multiple portals.... But the most exciting of all opportunities is the choice of using the mobile phone for ticketing and confirmation," he said.

Infosys Technologies, which announced its intent to enter the domestic IT market by bidding for selective IT projects only recently, said it would also participate in some of the initiatives. "The gamut



of opportunities within IT could cover digitisation, freight management, ticket processing over the mobile, alternative delivery systems, optimising and upgrading IT-infrastructure.

We have a dedicated Integrated Business Unit which is focused on Indian markets and we will be actively participating in some of these opportunities,” Infosys CFO V Balakrishnan said.

Mid-size firms such as Mastek, which have considerable experience in government projects in the UK market, said it would be interested in participating in these ‘ambitious programmes’.

## 24. NRI behind Yahoo's restructuring

30 Jun 2008, IANS

NEW YORK: An Indian-origin man has been given a key role in the restructuring at Yahoo. The new structure consolidates responsibility around two senior executives, Ash Patel, who has been with the company since 1996, and Hilary Schneider, both working under president Sue Decker.

Patel, as executive V-P of the platforms and infrastructure division, has so far been responsible for an array of the company's technology infrastructure. He will now head the newly formed audience products division that will be responsible for global product strategy and product management for many crucial Internet services, including search and email.

Patel is the only South Asian on the official management team page. He has played a key role in designing and enhancing MyYahoo, Yahoo Finance, Yahoo Messenger, Yahoo Chat and many others.

## 25. Satyam BPO ranked second globally

The Hindu Business Line, July 1, 2008, on IBEF

Hyderabad: IT services provider Satyam Computer on Monday announced that Satyam BPO, its business process outsourcing arm, has been ranked second among the world's leading BPO vendors in Brown-Wilson Group's Black Book of Outsourcing.

Satyam BPO was also ranked fourth on the knowledge process outsourcing vendors list. More than 4,000 organisations were evaluated in compiling the lists.

For the third consecutive year, Satyam has been ranked among the top 10 in Brown-Wilson Group's Black Book of Outsourcing. In 2007 and 2006, Satyam BPO, formerly Nipuna, had been ranked in several categories including KPO, energy and utilities.

### **Growth areas win**

The Chief Executive Officer of Satyam BPO, Mr Venkatesh Roddam, in a statement said “The categories in which we have been ranked this year (BPO and KPO) are the key growth areas that we have been focusing on. Recognition from the Brown-Wilson Group reflects our capabilities to offer transformation services through superior delivery.”

## 26. Foreign investment pumped up reserves

The Hindu Business Line, July 1, 2008, on IBEF

Mumbai: Foreign investment was the biggest source of accretion to India's foreign exchange reserves in 2007-08 at \$44.8 billion, against \$15.6 billion in the previous year.

Under foreign investment, portfolio investments pumped in \$29.3 billion against \$7.1 billion in the previous year while FDI brought in \$15.5 billion, up from \$8.5 billion.

According to the RBI, the accretion to the foreign exchange reserves was \$ 92.2 billion on a balance of payment basis (excluding valuation effects) during the recently concluded fiscal.

Valuation gain, which reflects the appreciation of major currencies against the US dollar, accounted for \$ 18.3 billion in total reserves during 2007-08 as against a valuation gain of \$ 11 billion during the corresponding period of previous year.

The foreign exchange reserves have increased by an amount of \$ 110.5 billion during the same period, if valuation effects are included, against an increase of \$ 47.6 billion last year.

Other major sources of accretion to the forex reserves during the first quarter include External Commercial Borrowings at \$22.2 billion (\$16.2 billion), banking capital including NRI deposits at \$11.8 billion (\$1.9 billion) and short term credit at \$17.7 billion (\$6.6 billion).

## 27. Indian apparel business to grow over US\$ 500 billion by 2012-13

IBEF: July 1, 2008

New Delhi: Driven by the surging demand levels, the Indian apparel business is estimated to touch US\$ 466-513 billion by 2012-13, with a growth rate of 15 per cent, according to the leading market solution provider IRIS.

According to Vivek Kumar, Managing Director, IRIS, "Women's and kids' wear comprise a huge portion of the retail apparel market in India and the women's wear in itself is a Rs 42,600 crore (US\$ 9.87 billion) segment". Studies conducted on the Indian retail market by IRIS shows that, while there has been a robust growth in the western wear segment, ethnic wear segment will continue to enjoy the majority share.

"While ethnic wear is declining at around 1-2 per cent a year, increase in the overall size of the market will compensate for the decline, as the size of the total pie will keep on increasing," Kumar said. He further added, "The middle class population in India will reach 41 per cent of total population by 2025 and this will contribute for the growth of western wear segment as well as the entire apparel retail segment in India".

Significantly, the US\$ 556.45 million western wear segment, which comprises 12 per cent of the total women's wear market, is growing at an annual exponential growth rate of 16-20 per cent. Moreover, with the tier-2 and smaller cities experiencing accelerating demand levels, the growth of apparel market in these markets is expected to reach a staggering growth rate of 60 per cent per annum.

## 28. Karnataka to reboot, targets Rs 120,000-cr IT revenues by 2011

The Economic Times, July 1, 2008, on IBEF

Bangalore: Top software industry leaders have presented a blueprint to the BJP government in Karnataka for the revitalisation of the information technology and biotech industries in the state to more than double revenue from the sectors to Rs 120,000 crore (\$30 bn) by 2011.

One of the key components of the blueprint is the creation of four new hubs of 500 acres each around Bangalore exclusively for companies in the IT, BT and health sectors, with industry and government jointly buying land from farmers at market rates.

Access to land in and around Bangalore for expansion, along with the city's well-documented infrastructure crisis, have been long-standing concerns for IT companies. Applications for land



allotment by top names such as Infosys and Wipro have been hanging fire even as they step up investments at locations outside Karnataka.

Karnataka's leadership in the IT sector appears to be under serious threat, with software exports from the state growing by just 11% during 2007-08, compared to Andhra Pradesh's 41%, Tamil Nadu 37% and the national average of 29%.

Bangalore's technology sector employs some 600,000 people, nearly a tenth of the city's total population.

The revitalisation blueprint, a copy of which is with ET, envisages an autonomous empowered authority to give all permissions and approvals for what it calls the 'IT-BT-Health cities.'

"A high-power committee consisting of members from the government and industry will be formed to negotiate and finalise the land procurement," it says.

In addition a monitoring panel headed by the state's IT minister and including representatives from government and industry has been suggested. Software companies are wary of property developers and real-estate companies developing technology parks and would prefer instead to set up campuses on their own. The IT industry wants the four new hubs to be located along the proposed peripheral ring road around Bangalore, which is being taken up at a cost of about Rs 3,000 crore.

To give a thrust to the new government's policy of developing tier II and tier-III cities as magnets for technology companies, the IT industry is asking for a special investment of Rs 500 crore each in Mysore and the port city of Mangalore in three years. It also wants an 'electronic city' to be established on 1,000 acres of land in Mysore on the lines of the main technology hub on the outskirts of Bangalore.

A similar integrated IT-BT-Health city is envisaged for the twin cities of Hubli-Dharwad to be set up under a public-private partnership. For the northern cities of Belgaum and Gulbarga, it wants 'electronic cities' which will help generate large-scale local employment for business process outsourcing companies.

Karnataka's new IT minister, Katta Subramanya Naidu, has asked technology companies to fan out to the state's smaller towns and cities to generate local employment and to ease the strain on Bangalore, which is groaning under poor infrastructure and problems with land acquisition.

Software companies say they are ready to invest in other parts of the state, but the government must provide adequate infrastructure and access to human resources in these areas.

## 29. Bid for 45 blocks by 96 oil companies

1 Jul 2008, PTI

NEW DELHI: The government received 181 bids from domestic and foreign oil majors for 45 exploration blocks, even as companies ignored a dozen other oil and gas areas that were on auction as part of efforts to boost crude production and cut import dependence.

ONGC and its partners have bagged 20 blocks, including three on-shore areas on its own, BHP Billiton-BP-GVK consortium seven deep water blocks, BP-Reliance Industries one deep water block, HPCL-Mittal combine 3 blocks, at the end of preliminary evaluation of offers today, the last day of bidding process that began on December 13, last year.

Of the 57 blocks that were put up for auction, the largest ever offering of exploration blocks by the government, 19 received just single bids - indicating fewer participation in the seventh round of National Exploration Licensing Policy, amid uncertainty over tax breaks for gas production.

"Whether natural gas is included in the expression mineral oil was raised by certain contracting parties before different authorities, including tribunals and courts. The issue, is, therefore, subjudice," the Central Board of Direct Taxes said in a statement, indicating no decision on tax breaks could be taken at this stage.

NELP-VII is expected to bring in investments to the tune of of \$4.5 billion, and is part of the government's efforts to boost domestic crude production and cut dependence on imports, which meets 70% of the country's oil needs.

"In order to enhance the country's energy security, the government had offered 57 exploration blocks," minister of state for petroleum Dinshaw Patel said here, while calling the latest round a success. A total of 21 foreign players and 75 Indian companies placed bids and this included 42 first time bidders.

### 30. Titan Industries aims to become billion dollar company

30 Jun 2008, PTI

NEW DELHI: On the back of robust growth in jewellery and watches business, Tata group's Titan Industries is aiming to become a billion dollar company by the end of this fiscal year.

The company has also charted out store expansion programs for its jewellery, watches and eye wear divisions in India, besides planning to enter the US market with the Tanishq brand of jewellery in the US by next month.

"Last year we had turnover of Rs 3000 crore and this fiscal we are looking at crossing Rs 4000 crore mark. By then we would have become a billion dollar company," Titan Industries Ltd Vice-President Retail and Marketing V Govind Raj said on the sidelines of Pure & Play Retail Summit.

Last year the company's jewellery division had clocked about Rs 2000 crore revenue, while that of the watches was at about Rs 1000 crore.

Commenting on the company's expansion plan this fiscal, he said the Tanishq jewellery store would be increased to 150 from the current 110.

"In the watches segment we are increasing the number to 300 stores from the existing 240, while in the eye wear segment we are increasing the number of stores to 60 by the end of this fiscal from the present 20," Raj said. He, however, declined to comment on the plan investments for the expansion.

On its international expansion plans he said that the company would be launching its Tanishq brand of jewellery in the US market early next month.

The company currently has presence in about 30 countries across the world.

Titan is currently in talks with leading international watches brands to bring them to India. It currently sells Hugo Boss and Tommy Hilfiger in India.

### 31. India going strong in \$40 bn ESO market:F&S

The Financial Express, July, 2, 2008

Chennai: The global engineering services outsourcing (ESO) market is estimated to be around \$40 billion by 2015 and India is holding a relatively strong position in this market with its strengths in automotive, aerospace and hi-tech telecom sectors, said a leading industry research major Frost & Sullivan.



"India's strengths lie in the automotive, aerospace and hi-tech telecom sectors accompanied by a large talent pool and experience in this field. The growth in engineering services signifies the need for global companies to expand their R&D centres beyond their home countries," the research company said. Another attractive factor for these global manufacturers is low labour cost along with quality; one of the main reasons that makes India a major outsourcing destination, it added.

According to F&S, Indian engineering service providers are technically proficient and have a fervent eye for detail ensuring that service levels remain better than competing countries. Most of the Indian engineering services providers are at par with competition and offer an array of services, which include computer aided design (CAD), computer aided manufacturing (CAM), computer aided engineering (CAE).

## 32. Iran may allow ONGC to develop gas find

2 Jul 2008, Sanjay Dutta, TNN

MADRID: Faced with the Left's heat over its proposed civilian nuclear deal with the US, the government's renewed thrust on closer energy ties with Iran and return to the negotiating table for a \$7 billion energy lifeline promises to put more collateral returns in pipeline for New Delhi.

On Tuesday, Teheran said it was willing to consider giving India's flagship explorer, ONGC, the right to develop the gas find in the Farsi field, estimated to have a whopping 12.8 tcf (trillion cubic feet) of reserves, and invite Gas Authority of India Limited (GAIL) for setting up a petrochem plant as well as roll out auto gas services.

"We are (currently) assessing the commerciality of the finds. Our priority will be to give the development rights to ONGC," Iran's oil minister Gholam Hossein Nozari said after meeting his Indian counterpart Murli Deora here on the sidelines of the 19th World Petroleum Congress.

Tuesday's meeting was the second in a fortnight for the two leaders. The two oil ministers had met on the sidelines of the meeting of key oil producers and consumers called by Saudi Arabia in Jeddah. That meeting had broken the ice over stalled talks on plans to wheel gas from Iran through a pipeline across Pakistan. India had agreed to resume talks on resolving needling issues of the project between the two countries.

After meeting Deora on Tuesday again, Nozari said his country was keen on having Indian firms invest in oil and gas exploration in his country. He also said Iran would be willing to offer India half of the liquified natural gas (LNG) from the field if the Indian partner invests twice its equity, or 100%. The Iran oil minister Gholam also that the said the pipeline talks were on track and he expected to conclude agreements on the pipeline as soon as some "pending issues were resolved". The assurances from the Iranian minister would go some way in blunting the Left's efforts to alienate the Congress from its traditional supporters in the minority community.

But, sceptics say Iran has its own reasons to make offers to India, which is among the very few countries that are willing or can invest in the Persian Gulf nation due to existing US sanctions. As a pointer, they say, there is no word yet from Iran on the \$40 billion deal it had signed with a consortium of Indian Oil, GAIL and Bharat Petroleum.

The Farsi gas was discovered last year by a consortium of ONGC Videsh Ltd (OVL), ONGC's overseas investment arm, flagship refiner Indian Oil Corporation (IOC) and Oil India Ltd (OIL).

The ONGC-led consortium has proposed to invest about \$3 billion in bringing to production the 12.8 tcf recoverable gas reserves.

### 33. ArcelorMittal to buy 60% stake in Dubai company

2 Jul 2008, IANS

DUBAI: Lakshmi Mittal-led ArcelorMittal, the world's largest steel maker, is expanding its presence in the Middle East by acquiring a 60% stake in a Dubai-based steel distributor.

In a statement issued at its Luxembourg headquarters, ArcelorMittal said it intended to acquire 60% of the entire issued share capital of Dubai Steel Trading Co (DSTC) FZCO, a newly incorporated company located in the Dubai's Jebel Ali Free Zone. "This is an important partnership that will spearhead our distribution network in the Middle East Area," Philippe Darmayan, chief executive of ArcelorMittal steel solutions and services unit, said in the statement.

The steel major said that, through this acquisition, it was widening its offering in the Middle Eastern area. "DSTC FZCO will acquire the main business of a steel distributor in the United Arab Emirates (UAE), Dubai Steel Trading Company LLC (DSTC LLC)," the statement said.

Founded in 1986, DSTC LLC sells principally to the construction market, which represents more than 50% of its activity. It distributes approximately 120,000 tonnes of products per year. In 2007, its revenues were about 70 million euros. Its finance manager Chandresh Manair said that the company has its distribution network in the entire Gulf region. "Our turnover is about 1 million dirhams (\$272,000) a day. We are one of the largest structured steel inventory holders in the region," he said.

DSTC operates from Dubai and Abu Dhabi. The Gulf Cooperation Council countries is seeing construction boom in the wake of a huge flush in petrodollars, which is attracting all global steel players to the region.

### 34. How BPOs are reinventing themselves

2 Jul 2008, TNN

NEW DELHI: At the concluding session of Nasscom's BPO Strategy Summit in Bangalore recently, 24/7 Customer's co-founder S Nagarajan made an unusual and passionate plea.

He asked the large audience to write letters to newspapers whenever they found articles that portrayed the BPO industry in a negative light.

"If you have different experiences from that stated in the articles, you should all write to the editors concerned," he said.

The reference was clearly to articles that have highlighted issues like sex and drugs at the workplace, much of that said to be provoked by the young age of those who work in such jobs, and the fact that most BPO jobs involve working through the night.

We won't get into the merits of that here. But the reason Nagarajan was provoked to make that statement was this: He believes those articles are exaggerated, and, more importantly, he believes if there is anything that can put the brakes on the industry's growth, it's people's belief that BPOs aren't 'good' places to work in.

Parents will discourage their children from entering the profession. In short, the industry won't get the talent it requires.

That's certainly not good for Nagarajan's firm, and especially now when the industry believes it's at the threshold of super-growth.

While most admit that the coming year will see a slowdown on account of what looks like an inevitable



recession in the US, the country from where most offshoring work comes, the industry's medium term projections are likely to beat that of most businesses.

A study conducted this year by Nasscom and research firm Everest estimates "conservatively" that between 2008 and 2012, the industry will see a compounded annual growth rate (CAGR) of 28-30 per cent. But it believes this could go up to as high as 45-50 per cent if supply constraints are eased.

"Supply is the constraint, not demand," says Pramod Bhasin, CEO of one of India's biggest BPO companies Genpact. India, he says, is already creating the biggest pool of business reengineering talent in the world and is fast consolidating its position as the No. 1 BPO destination. So anybody anywhere looking to outsource their non-core areas is likely to look first to Indian BPO companies.

In fact, Bhasin would perhaps be unhappy that we continue to use the term BPO to describe his firm. He thinks that given the specialised expertise companies are moving towards, the generic term is no longer meaningful.

"Clients ask if you are experts in finance or HR or supply chain or analytics, not BPO. Accordingly, Indian companies are also making huge investments in people, training programmes, technology and in developing process expertise to build domain expertise and efficiencies," he says.

### **Domain expertise**

The domain expertise advantage is becoming visible in a number of areas. When Yale-trained radiologist Dr Arjun Kalyanpur and his wife Dr Sunita Maheshwari started a teleradiology venture, Teleradiology Solutions, five years ago in Bangalore, they were looking at it only as a nighthawking arrangement.

The idea was just to capture only those emergency/accident scans of patients taken by US and UK hospitals in the nights when duty radiologists are away and sleeping.

But today the opportunity has got bigger and better, says Dr Kalyanpur. "We get scans/images from hospitals across the world including parts of Europe, Africa, the Middle East, and across Asia."

And the business has moved on to things like high-end image viewing, reading and analyzing technologies like PACS (picture archival and communication systems). PACS allows easy image storage and transmission supporting cardiac CT (computed tomography), PET (positron emission tomography) and new generation scanners for the fusion of CT and PET thereby making the detection and diagnosis of cancer and cardiac diseases easier.

Legal process outsourcing firms are taking on increasingly complex work, from patent reviews and patent infringement cases, to due diligence and helping global companies ensure that they comply with regulations in different countries.

"We are also doing a lot of 'discovery' work in corporate fraud cases, where we need to find relevant emails from a hard drive with millions of emails in it," says Sanjay Kamrani, co-CEO of Mumbai-based legal process outsourcing firm Pangea.

One major reason why so much legal work comes to India is that a lawyer in India starts at a salary of about Rs 2 lakh (\$5,000) compared to \$165,000 in the US. But Kamrani says Indian companies are marrying law with Six Sigma efficiencies, and ensure a lot of rigour and attention to detail.

"We are forcing efficiency in an industry that is not used to it," he says.

Nagarajan's 24/7 Customer focuses on customer life cycle management for clients in verticals like banking, telecom, technology and ecommerce -- analysing what kind of customers to target, helping clients win customers, servicing their technical or customer service needs, analysing customer needs, and helping retain customers.

For one client, it supports 40 different point of sales devices. "We analyse data on problems the merchants who use these devices face. We know what kind of devices fail at what point in their lives. So when a merchant calls, our agent knows the top three reasons they might be calling. This enables us to reduce call duration. We can help the client proactively address device issues," he says.

And even when it is just voice calls, it needn't be a simple task. Companies are taking on work that involves, say, negotiating to reduce accident claims, where an agent may have to speak to some seven different people -- including the affected parties and their lawyers -- understand their different accents and reply accordingly.

There can in fact be any number of focus areas that companies or professionals can identify for themselves. Indian accountants can tie up with accountants in, say, the US to do work like reconciliation, tax filing. HR experts can focus on recruitment related work.

"I have a Rotarian friend who is leveraging Rotarians in the US to get work here for himself. In fact, anything that doesn't require the process to remain in a particular location can be outsourced," says Nagarajan.

Nasscom president Som Mittal says that in HR, for instance, Indian companies were doing 11 different processes in 2004, a number that grew to 22 in 2007, an indication of the increasing focus on domain expertise.

#### **Global expansion**

Large Indian BPO firms are also increasingly moving overseas, both for talent and to service global customers. "60 per cent of customers require global delivery," says Genpact's Bhasin. "So you have to be in China, Mexico. The days of doing bulk of the work offshore is gone."

Philippines is a favourite destination. Having been a US naval base, the country is culturally and language-wise far closer to the US than India is. "They understand US accents well, and their knowledge about the US too is very good," says Nagarajan who is just setting up its third centre there.

"And they take their job extremely seriously, so attrition is low. Costs are a little less, since we don't have to provide transport, no free food, and international telecom charges are 35-40 per cent lower."

Then there are places like Northern Ireland, from where it's possible to service some 18 different European languages. Northern Ireland's long civil war had pushed many out of that region to study and work in different parts of the continent.

Many of them are now back with new language and knowledge capabilities. Guatemala has a bi-lingual population, speaking both English and Spanish, and is useful to service the Hispanic population in the US.

It also happens to be a poor country that's seen to be job hungry. South Africa was once colonized by the Dutch and even today has affinity with the Dutch; Brazil has the highest number of Japanese outside Japan.

Dalian in China has Japanese speaking Chinese for historical reasons. Shanghai can service the Japanese, Korean, Malay, Mandarin and Cantonese languages, and it's no more expensive than India is.

Indian BPO companies are setting up bases in many of these locations. Nasscom's Mittal says that between IT and BPO, Indian companies are present in 77 cities in 25 countries. Nagarajan says as much as 40 per cent of his company's delivery will be from outside India. Within India, the focus is moving to smaller towns. But here, employability and people's perception about the industry are big issues.



Nasscom would like to create a new layer in the educational sector to help BPOs. "We can't keep doing training in-house. We need independent schools to teach the kind of things BPOs need," says Mittal.

He suggests that since colleges don't typically work after 4pm, these facilities can be used in the evening for BPO training.

"The same faculty could teach, but today there are restrictions such as paying extra to the faculty." But given the growing opportunity, the government may see sense in lifting some of these restrictions.

To change parents' perceptions about the industry, companies like 24/7 Customer have post-training events like Graduation Day, attended by parents.

"At these events, we tell them that we are empowering their children to deal with the world. Indians tend to be subservient to foreigners, wary of dealing with them. BPOs are helping the new generation to overcome this, helping them to live well in a globalised world," says Nagarajan.

## 35. Mobile reach to triple in 4 years: Gartner

The Hindu Business Line, July 3, 2008 on IBEF

Mumbai: India would have more than 737 million mobile connections by 2012 and revenues from cellular services will exceed \$37 billion by then.

In the next four years, cellular market penetration would increase to 60.7 per cent from 19.8 per cent last year, according to a study by research firm Gartner Inc.

"The growth in the mobile subscriber base is on the back of a rapidly proliferating rural market, lower handset costs, and low tariff rates in the Indian market," said Mr Madhusudan Gupta, Senior Research Analyst, Gartner.

With 14 telecom service operators already present and another two set to join, the Indian telecom industry is expected to see some level of merger and acquisition activity in 2009. Given the high level of competition and anticipated consolidation, different business models will emerge that could push tariffs further down, with Indian mobile service consumers set to emerge as the biggest beneficiaries, said Mr Gupta.

Vendors will continue to focus on handsets cheaper than \$25 (Rs 1075) to capture market share, the report said. At the end of April, the number of mobile connections in India reached 264.19 million, depicting a three per cent month-on-month rise.

The Indian mobile connection market continues to be dominated by pre-paid subscribers. Pre-paid connections accounted for more than 89 percent of all mobile connections in 2007 and are expected to grow to more than 92 percent of the connection base by 2012. The total services revenue for pre-paid connections is expected to grow at a compounded annual growth rate of 18.9 per cent till 2012.

The pre-paid subscriber base will cross 683 million and post-paid's base will exceed 53 million subscribers. The churn rate or the rate at which customers switch to competing cellular firms in India is 41 per cent currently; despite a maturing market the ratio is expected to go up to 49 per-cent in 2012.

Moreover, with the increased growth in data services, the percentage of revenues coming from voice will reduce from 89 per cent in 2007 to 85 per cent in 2012.

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tariffs further down, with Indian mobile service consumers set to emerge as the biggest beneficiaries, said Mr Gupta.

## 36. Indian Railways hopes to create surplus fund crossing US\$ 23 billion

IBEF, July 3, 2008

New Delhi: Indian Railways hopes to create a surplus fund of more than US\$ 23 billion by the time the current UPA Government completes its term, as suggested by M R Velu, Union Minister of State for Railways, at the inaugural function of the newly converted Karaikudi – Manamadurai Broad Gauge (BG) section. Riding high on its aggressive marketing policy, it had already created a fund worth US\$ 5.78 billion in the last financial year (2007-08).

He also claimed that the last four years of the UPA Government saw marked development of railway infrastructure and the Prime Minister himself agreed to spend any amount for the purpose. While most of the medium gauges have been converted into broad gauge, except for the 90 km stretch between Madurai - Bodi Section, four new lines, including the stretch between Chennai - Cuddalore, have also been permitted.

In Tamil Nadu alone, 200 new stops have been introduced and 40 per cent of the 108 road over-bridges have been sanctioned. Some of the other achievements of the government include conversion of Pamban Bridge into BG at a mere US\$ 5.6 million and 151 km stretch between Trichy and Manamadurai at the cost of a little less than US\$ 6 million. He promised to take up the electrification of Trichy-Karaikudi-Manamadurai BG sections, after the completion of Trichy-Madurai, Madurai-Thoothukudi-Maniyaachi-Nagercoil electrification.

Growing at a rate of 12 per cent, Indian Railways has drawn the attention of developed countries like USA, which is now seeking management advice from it.

## 37. Six Indian cos in BusinessWeek's list

3 Jul 2008, PTI

NEW DELHI: Notwithstanding the turmoil in the global economic environment, as many as six Indian firms, including the Reliance Comm and Bharti Airtel, have been named among top 100 best-performing the infotech companies in the world by a US magazine *BusinessWeek*.

The *BusinessWeek's* latest annual list 'The Infotech 100', which ranks the firms on the basis of shareholder return, return on equity, total revenues and revenue growth, has ranked telecom major Bharti Airtel at the 21st position followed by Reddington India (55th) and RCom (66th). The list is topped by US firms-Amazon.com and Apple-who have taken the top two spots this year. However, the magazine said in an accompanying report that "the dominance of US companies is in decline, the country has 33 companies among the IT 100 this year, down from 43 in the year 2007."

Other Indian firms on the list, includes - Azim Premji-led Wipro at the 74th position, Satyam at 91 rank and HCL Technologies has been ranked at the 95th position among the list of 100 firms.

South African telecom firm MTN Group, which is in exclusive talks with Anil Ambani Group flagship firm Reliance Communications, has been ranked at the 12th position in the global list even ahead of global IT giants IBM and Microsoft, which are at 13th and 23rd ranks in the list, respectively.

Besides, the other fast emerging country China also has six companies among the top 100 Infotech companies around the world.

The magazine has compiled the information for the list by sorting through the financial results of



30,500 publicly traded companies and has ranked the technology players on four criteria-shareholder return, return on equity, total revenues and revenue growth.

The companies leading the list are those with the lowest aggregate ranking. The companies which had qualified had to have revenues of at least around \$300 million then the collection of about 800 companies was divided into eight industry categories, such as software and semiconductors.

"Companies whose stock price has dropped more than 75%, whose sales shrank, or where other developments raised questions about future performance were eliminated from contention.

"We dropped some phone companies whose monopoly power or near monopoly power gives them an unfair advantage over competitors," the magazine added.

## 38. Satyam eyes \$1 bn European sales

3 Jul 2008, Bloomberg

BANGALORE: Satyam Computer Services Ltd, India's fourth-largest software company, aims to boost European sales to \$1 billion in three years to help reduce its dependence on US customers.

Satyam plans to increase revenue in Europe to 25 per cent of the software provider's sales by 2011, Peter Heij, senior vice president and head of European sales at the Hyderabad-based company, said in a telephone interview yesterday. The company is bidding for larger contracts in the continent and targeting new business from existing customers such as European Aeronautic Defence and Space Co, he said.

Satyam joins Infosys Technologies Ltd and Tata Consultancy Services Ltd in seeking more orders in Europe as the economy in the US, their largest market, slows down. Tata Consultancy, India's largest software company, generated 29 per cent of revenue from Europe last year, while second-ranked Infosys got 27 per cent from the continent.

"The US is such an economy that if it gets hurt everyone gets hurt," said Jitender Kumar, who helps manage about 3 billion rupees (\$69 million) in Indian equities at Taurus Asset Management Co in New Delhi. "But then, the show must go on and sure, the European countries could be the next US"

Kumar sold most of his Satyam holding last quarter to book gains from the stock's 10 percent rise in the three months to June, even as the benchmark index fell 14 percent.

Satyam shares rose 31.20 rupees, or 7.2 per cent, to close at 463.50 rupees in Mumbai, their biggest gain since April 29. The benchmark Sensitive Index climbed 5.4 per cent.

### **EADS, ArcelorMittal**

Contracts from EADS, maker of the Airbus A380 aircraft, may rise fivefold, Heij said. Satyam was chosen in May by EADS along with three other Indian companies on a short list of 28 preferred engineering suppliers, from a pool of 2,000 vendors, as part of the European aerospace company's plan to cut 2.1 billion euros (\$3.3 billion) from annual costs by 2010.

"If I assume that all four will get an equal share, then in 2011-12 Satyam could be doing about \$100 million from a company like EADS," Heij said. The parent of Airbus SAS, which first hired Satyam as a supplier three years ago, gave it orders worth about \$20 million in the last fiscal year ended March 31, he said.

Satyam, which earned \$440 million, or 21 per cent of its revenue in Europe last year, also expects to expand sales to ArcelorMittal. In April, it won an order from the world's largest steelmaker to maintain computer software in France and Belgium.

**`Tip of the Iceberg'**

``This is just the tip of the iceberg," Heij said. ``There is significantly more potential" business that Satyam can win by doing a good job on its project with ArcelorMittal, he said.

Satyam is competing for some large contracts in the telecommunications industry in France and is targeting orders from some major European energy and utility companies, Heij said.

Satyam in April forecast sales to grow as much as 26 per cent to \$2.69 billion in the year ending March 31, 2009.

Separately, UBS AG today increased its target on Satyam by 9.7 per cent to 565 rupees, citing revenue growth in emerging markets, analyst Govind Agarwal