

## Italian super-bike brand roars into India

ITALIAN premium motor cycle producer, Ducati Motor Holding, has announced the launch of its full range of super-bikes (motor cycles with engine capacities of above 800 cc) in India. India's vibrant two-wheeler market – the second-largest in



the world – is attracting a number of premium biker makers. These include Harley Davidson of the US and Triumph of the UK; Japanese majors, including Honda, Suzuki and Kawasaki are also launching high-powered bikes in the country.

But unlike the popular 100cc motor-cycles, the super-bikes – priced at over \$25,000 – have a limited market. They also attract an import duty of 60 per cent.

According to Gabriele Del Torchio, ceo, Ducati, "We strongly believe that the fast growing Indian market is of strategic importance to us and we will do our best to consolidate our presence and to capitalise on the huge opportunities here."

The Italian major is also looking at enhancing the sourcing of auto components from India. It currently sources engine parts worth about \$8 million from some Indian companies and is in talks with half a dozen other players.

## IT-BPO: the next wave of growth

THE National Association of Software and Services Companies (NASSCOM) and A.T. Kearney have released the findings of a first-of-its-kind report on the assessment of 50 locations in India that are suitable for the IT-BPO industry.

The report - '*Location Roadmap For IT - BPO Growth: Assessment of 50 Leading Cities*' – provides a detailed gap analysis along with advantages and shortcomings of these 50 locations. The report, according to NASSCOM, sets the stage for the next wave of the industry's growth beyond the top seven cities. "The Indian IT-BPO sector has been a frontrunner in the economic development of select cities, providing employment to a large number of people and improving the overall quality of life and providing services like education and healthcare in these cities," says Dr Ganesh Natarajan, chairman, NASSCOM, and global ceo, Zensar Technologies. "We now see the time as being right to spread this development to a new set of locations, provided the requirements of the industry can be met." According to Som Mittal, president, NASSCOM, "The development of only a few select set of cities has put severe pressure on the infrastructure, costs and also increased migration of resources. We see immense potential in the next set of locations if the right steps are taken now."

The analysis indicates that based on their stage of development for the IT-BPO sector, the locations can be categorised into four groups: leader, challenger, follower and aspirants. The leaders include the seven top cities – Bangalore, Chennai, Hyderabad, Kolkata, Mumbai, NCR and Pune.

The challengers include cities like Ahmedabad, Bhubaneswar, Chandigarh and Coimbatore; followers include Aurangabad, Bhopal, Goa, Hubli-Dharwad and Kanpur; and among the aspirants are Allahabad, Durgapur, Gangtok, Ludhiana and Patna.

## Essar Steel acquires American steelmaker

Essar Steel Holdings Ltd (ESHL), part of Essar Global, is acquiring Nasdaq-listed Esmark Inc, at an estimated enterprise value of \$1.1 billion. Essar's offer has been accepted by the Esmark board, but is subject to customary approvals, including those of the US government and the United Steelworkers. Esmark is a vertically integrated steel producer and distributor, headquartered in Wheeling in West Virginia. It produces carbon flat-rolled products for the construction, container, appliance, converter/processor, automotive and other markets. Its products include various sheet products such as hot rolled, cold rolled, hot dipped galvanised, electro-galvanised, black plate and electrolytic tinplate.

"This is one more step in realising our global steel vision of having world-class, low-cost assets, with a global footprint," says Shashi Ruia, chairman, Essar Global. "Having acquired Algoma and Minnesota Steel last year, this acquisition provides us with an excellent platform for the Canadian and North American markets." With acquisitions and projects under implementation in Trinidad and Tobago, ESHL will have 10 million tonnes of flat steel production in the Americas.

The company is a global producer of steel covering India, Canada, USA, the Middle East and Asia. It is a fully integrated flat carbon steel manufacturer supplying customers in the automotive, white goods, construction, engineering and shipbuilding industries. With its current capacity of 8.5 million tonnes, Essar's expansion in India, Asia and North America will see capacity rise to 20 to 25 million tons by 2012.

## \$200 billion export target set for 2008-09



INDIA'S exports in financial year 2007-08 grew by 23 per cent, topping \$155 billion. The target for the current fiscal has been set at \$200 billion.

According to Union Minister for Commerce and Industry Kamal Nath, the government has set a target for India to achieve a five per cent share of the global trade by 2020, as against 1.5 per cent at present. The government, in its Foreign Trade Policy, also unveiled a series of measures to boost exports in the current fiscal and to counter the impact of the appreciating rupee. It has extended the Duty Entitlement Passbook (DEPB) scheme for exporters till May 2009. It has also decided to extend the

income-tax holiday scheme for Export-Oriented Units (EOUs) by another year to fiscal 2009-10. Exporters had urged the government to extend the scheme, especially in view of the rising input costs and appreciating rupee. Many expert committees had also recommended the extension of the scheme. There are over 2,300 EOUs in India.

Similarly, interest subvention to sectors hit by the appreciation of the rupee, and to small and medium enterprises, has been extended by a year.

The new policy also reduces the average export obligation under the Export Promotion Capital Goods (EPCG) scheme in sectors that have seen a decline in exports. Customs duty payable under the EPCG scheme has been reduced to three per cent from five per cent.

Meanwhile, the Confederation of Indian Industry (CII), the apex industry body in the country, expects India's exports to cross \$500 billion by 2013, if the past growth trend continues. According to a CII report - *India Export Series - Sectoral Analysis* - additional incentives to exporters in four sectors - textiles, gems and jewellery, leather and engineering - would help India attain the half a trillion dollar export target in five years.

These four sectors account for over 50 per cent of India's existing export basket and India needs to be among the top three exporters in the world in these sectors, to help the country attain the \$500 billion export target by 2013.

## Record FDI inflow of \$5.67 billion in February

INDIA attracted record foreign direct investment (FDI) of \$5.67 billion in February, the highest-ever in any month since 1991. According to the Union Commerce and Industry Ministry, FDI inflows in the first 11 months of fiscal 2007-08 (April 2007 to February 2008) added up to a record \$20.1 billion, a 70 per cent growth over the corresponding period in the previous fiscal.

India had set a target of \$25 billion in FDI for the fiscal ended March 31, 2008. FDI inflow of \$5.67 billion in February was higher than the entire annual inflows from 1991-92 to 2004-05, says the ministry. India has attracted total FDI of \$73.64 billion between August 1991 and February 2007.

Mauritius, with which India has a double taxation avoidance agreement, accounts for nearly 45 per cent of the total cumulative FDI inflows into India since 1991, followed by the US and the UK. The services sector (both financial and non-financial) attracted the maximum FDI of nearly 20 per cent.

## Domestic demand to fuel growth in India, China



INDIA and China will continue to rank among the fastest growing economies in the Asia-Pacific (APAC) region this year, says a report by Standard and Poor's (S&P). The report - *The Best and the Rest: The 2008 Asia-Pacific Sovereign*

League - points out that strong domestic demand will fuel growth in these large economies. "In the global growth ranking, dominated by resource-rich nations benefiting from high commodity prices, China and India are still among the top 10 fastest-growing economies. Strong domestic demand is likely to support their economic performances even if demand from the US and Europe weakens," says the S&P report.

However, after five straight years of double-digit growth, China's GDP could ease down to a single-digit rate in 2008, says the S&P report. But India's growth story is expected to continue in the current year as well, it adds. Growth in the APAC region will be marginally less robust, with the un-weighted average growth rate expected to be around five per cent, as against 5.8 per cent in 2007, and a record 6.6 per cent in 2004.

## Tata Communications partners Telecom Egypt



TATA Communications Ltd has expanded its global VPN (virtual private network) service to Egypt through a partnership with TE Data SAE, a subsidiary of Telecom Egypt SAE.

Tata Communications will now be able to seamlessly extend its end-to-end service capabilities by incorporating the Egyptian firm's IP MPLS (multi-protocol label switching) network footprint

in Egypt, providing superior connectivity to its VPN customers. The company was established following the integration of VSNL (formerly a government-owned telecommunications company) and Teleglobe brands. Tata Communications will leverage its Tata Global Network (TGN) and unique experience of operating in emerging markets in Asia and Africa to deliver a new world of globally managed communications solutions.

Increasing broadband penetration, popularity of rich media digital content and expansion into emerging markets have all contributed to the surging demand for bandwidth globally. With a specific focus on the new world of IP, MPLS, ethernet and managed services, Tata Communications will leverage the Tata Global Network, which is one of the most recent and advanced submarine cable and IP networks to meet the demand for converged IP solutions.

The company is in the process of completing additional submarine cables systems connecting emerging markets in Asia, Middle East and Africa to Europe to meet the demands of consumer broadband and enterprise customers over the next five to eight years. Tata Communications plans to invest over \$2 billion over the next three years to fuel its global expansion plans.

## Technicolor setting up new facility in Bangalore

TECHNICOLOR, the services division of Thomson, is setting up a new compression and authoring (C&A) operation in Bangalore, to be co-located within its new 100,000 sq ft Paprikaas Animation and Game Design facility. The new facility will operate on the basis of Thomson's research and development efforts for high-definition Blu-ray Disc and standard-definition DVDs.

The new C&A facility will be a central production hub connected to Technicolor's worldwide DVD operation through its secure, high-speed production network. The Technicolor division provides

C&A services on hundreds of Blu-ray Disc and standard definition DVDs monthly, specialising in theatrical high-concept, collector's editions double-disc sets, as well as television episodic series and music videos.

"As part of our expanding role in the Indian market, we feel the time is opportune to grow our C&A offering in Bangalore, especially in light of the increased demand for Blu-ray authoring, now that the market has settled on a single format," said Ahmad Ouri, president of Technicolor content services.

Technicolor is a leading provider of production, post-production, manufacturing, distribution and network management services. The company is a principal developer and supplier of services for end-to-end digital cinema distribution, channel origination and broadcast play-out, out-of-home advertising and electronic content delivery services.

It is one of the world's largest film processors, with the ability to process more than five billion feet of motion picture film annually, and the world's largest manufacturer and distributor of DVDs and CDs, with the capacity to produce more than 1.8 billion DVDs and 170 million CDs annually.

Thomson provides technology, services, and systems to media, entertainment and communications players - content creators, content distributors and broadcasters - and supports them in order to help them improve their commercial offers and their performance in a rapidly changing technology environment.



## Briefs

## Oridian in tie-up with Swedish firm

ORIDIAN Ltd, a subsidiary of Hyderabad-based Ybrant Digital, and a leading advertising network, has entered into a joint venture with Swedish lifestyle and social network G life AB. Livsstilsnätverket, a subsidiary of G life, will act as agent for Oridian in Sweden, with exclusive license to sell online advertising over the Oridian network in the region. Oridian, which was acquired by Ybrant Digital recently, is one of the top 10 international advertising networks.

## Kingfisher to launch international flights

KINGFISHER Airlines plans to launch international operations from the new Bangalore International Airport (BIA) from August. The UB-group airline plans to launch flights to San Francisco, New York and London. According to Siva Ramachandran, vice-president (global sales), Kingfisher Airlines, it plans to launch services to 20 international destinations over the next few months. These include flights from India to three cities in Europe, six in the Gulf, four in the Far East and seven in South Asia.

## International airlines through Bangalore

FOUR foreign airlines will be launching international flights from the new Bangalore International Airport. These include Air Mauritius, Tiger Airways, Oman Air and Dragon Air (a subsidiary of Cathay Pacific). Nearly a dozen other international airlines that already operate services out of the city plan to enhance their flights. The new airport is expected to handle nearly 1,600 flights a week – 85 per cent of which will be domestic – over the next couple of months. The airport has been designed to handle 12 million passengers a year at present, but there is enough land to ensure expansion, in order to handle 50 million passengers a year.

## Gitanjali Gems goes in for full acquisition of Gili

INDIA'S largest integrated diamond and jewellery manufacturer and retailer, Gitanjali Gems Ltd, has announced the complete acquisition of Gili, a 'super-brand,' in which it has a 65 per cent stake. Gitanjali Gems has also acquired Modali Gems Pvt Ltd, which distributes the 'Asmi' brand and allied products.



"We are aggressively pursuing opportunities that will synergise with the company's philosophy to add incremental value at every level of the supply chain, thus ensuring greater shareholder value and boost to the bottom line," says Mehul Choksi, chairman, Gitanjali group. The group has introduced several brands such as Asmi, D'Damas, Nakshatra, Sangini and Gianti.

"Gili pioneered the rapid growth of the Indian diamond market since its launch in 1994," says Rahul Vira, business head, Gili. The brand, which has been valued at over \$20 million, has a 45 per cent market share in the branded jewellery segment. Post acquisition, the Gitanjali group aims at strengthening Gili's existing retail presence by acquiring more retail space, adding new and relevant product lines. It plans to invest about \$12.5 million to nurture and grow the brand.

The group has diversified into the infrastructure space and is developing Special Economic Zones (SEZs) primarily for the gems and jewellery industry. It plans to set up SEZs in Hyderabad and Kolkata and several cities in Maharashtra including Panvel, Nagpur, Nashik, Nanded and Aurangabad.

## Reliance Money to open branch in Oman

RELIANCE Money, the financial distribution company of the Reliance Anil Dhirubhai Ambani Group, has received an 'in-principle approval' for setting up a branch and offering investment advice in Oman. It is the first Indian company to have received such an approval from the Capital Market Authority (CMA) Board, the regulator in Oman. "Having successfully launched our operations in the UAE, we now plan to offer cost-effective, quality financial products and services to our clients in Oman," says Sudip Bandyopadhyay, director and ceo, Reliance Money.

"This is a part of our endeavour to reach out to the large number of NRIs in the Middle East." Reliance Money will initially launch its broking and mutual fund distribution services. The company will also be offering a mobile portal that will allow users to get free real-time access to market information on their phones, besides real-time chat facility with its experts. The company also plans to offer portfolio management services at an entry level of \$50,000.

"We plan to enter other Gulf countries like Bahrain, Kuwait and Qatar in the next 6-12 months," adds Bandyopadhyay.

## Satyam opens 25-acre campus in Australia

SATYAM Computer Services Ltd, a leading consulting and information technology services company, has set up a new campus at the Geelong Technology Precinct, Victoria in Australia.

The new 25-acre campus will accommodate 2,000 employees over the next few years, nurturing local ICT (information and communications technology) talent in Victoria and throughout Australia. The campus will house a software development centre and facilities for training, research and development. "Satyam is well established in Australia and the new campus reinforces our ongoing commitment to the local ICT market," says B. Rama Raju, co-founder and managing director of the company. "The Geelong campus is an important component of our long-term initiative to build new centres of excellence, in strategic locations, around the globe."

The company has a significant presence across the major cities of Sydney, Melbourne, Brisbane and Canberra with a diverse workforce of over 1,400 associates serving Australia. Satyam has laid major emphasis on local employment generation and 42 per cent of associates in Australia are local nationals.

Satyam development and delivery centres in the US, Canada, Brazil, the UK, Hungary, Egypt, the UAE, India, China, Malaysia, Singapore, and Australia, serve 630 clients.

## Tandberg opens R&amp;D centre in Bangalore

TANDBERG, a Norwegian provider of tele-presence, high-definition video-conferencing and mobile video solutions, has opened a research and development (R&D) technology centre in Bangalore. The facility will drive the development of innovative technology solutions in the area of video communications, according to the company.

"The centre in Bangalore will be our fourth R&D facility worldwide, with the other three operating in Oslo, London, and New Zealand," said Odd Johnny Winge, executive vice-president, products, at Tandberg. "It marks a significant milestone in our research and development efforts and is an important step in the expansion of our global presence."

Besides creating new intellectual properties for the company, the centre is expected to develop next-generation video communications solutions that will enable organisations to increase productivity, reduce travel costs, and contribute to a greener world by reducing unnecessary business travel.

The centre is being headed by Pradeep Bardia, a semiconductor industry veteran, and has nearly a dozen engineers. It will scale up its strength to 80 over a period of time. According to Snorre Kjesbu, vice-president, technology and innovation, Tandberg, besides developing products for the global market, the facility will also help the Norwegian firm come closer to international majors like Texas Instruments and Samsung in Bangalore.

The new centre will focus on the development of innovative technology solutions in areas like software development, embedded systems and video compression. Tandberg also has a marketing office in India for its tele-presence, video-conferencing and mobile video products.

## Briefs

## Converteam to expand Chennai centre

CONVERTEAM, an international power conversion engineering company, is expanding its Chennai-based engineering development centre. The centre supports Converteam units worldwide in areas like electrical systems, automation, software, drawing office, and installation and commissioning. The firm also plans to open a technology centre in India, which would be a hub for its global R&D programme. Converteam India, Delhi, was set up as a fully-owned subsidiary to serve the fast-growing metals, oil and gas, material handling, wind and mining sectors.

## Italian firm deploys largest piling rig in India

SOILMEC Foundation Equipments Pvt Ltd, a subsidiary of Soilmec S.p.A, Italy, has deployed the largest Piling Rig ever in India. The 140-ton Hydraulic Piling Rig (model SR-100) has been deployed for use in an infrastructure project in Mumbai. Soilmec has developed strategic set-ups in Mumbai, Delhi and Chennai to support a large fleet of machines being introduced in India. It has about 75 rigs operational in India.

## Bajaj Allianz ties-up with microfinance major

BAJAJ Allianz Life Insurance, a leading private sector insurer, has joined hands with SKS Microfinance, one of the fastest-growing microfinance companies in the world, to launch a group insurance product. "Swayam Shakti Suraksha, the new product, is designed specifically for the poor and keeps in mind the needs of our members," says Vikram Akula, ceo and founder, SKS Microfinance. "The product will help create a sense of financial security amongst our members." Kamesh Goyal, regional ceo, Allianz, and ceo, Bajaj Allianz Life Insurance, says with this partnership, "we will overcome our biggest challenge of being able to extend our product and services economically to micro-insurance customers who pay premiums of less than \$1.25 a month."