

## China &amp; the World



Daihatsu Motor Co president Teruyuki Minoura with the new Sonica minicar in Tokyo on Monday. Daihatsu will sell a model equipped with a turbo-charged engine, pricing it at less than Mitsubishi Motors Corp's i model. —Haruyoshi Yamaguchi/Bloomberg

## Promoters rush to pick up shares

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Maharashtra Seamless Ltd, a Jindal group outfit, also saw one of its holding companies Global Jindal Fin-Invest Limited acquiring 50,000 shares aggregating to 0.08% of the total paid-up capital of MSL on June 14. The acquisition raised the holding company's stake to 50.95 lakh shares to 8.55% of the total paid-up capital of the company.

It is not the promoters alone who bought shares during the period. Mercator Lines said Anil Khanna, a director of the company, acquired 1500 shares on June 13 and 1,000 shares on June 14 of the shipping company.

## A study in contrast

**Major firms** that scooped up shares of firms they own include Holcim & Oracle **Directors** and other insiders too are hiking their holding through the market **All of them** are taking advantage of the erosion in share prices

Another company that saw a ramp-up in promoter holding was Agro Dutch Industries. Vishwa Calibre Builders Pvt Ltd, an associate company of the promoters, bought 68,196 shares of the company between June 8 and June 15.

Himatsingka Seide, the silk-clothing fashion house, saw Nathmal Himatsingka, a promoter, acquiring 5,000 shares of the company on June 14. The mode of acquisition again was through the stock markets.

Orchid Chemicals & Pharmaceuticals informed the Exchange that Raj Rajkumar, a director, acquired its 13,000 shares on June 13 from the market place.

Andhra Sugars said that its executive director P. Achuta Ramayya purchased 4,500 equity shares of the company.

The move by promoters is in direct contrast to what was happening earlier when the markets were rocketing skywards. Many of the promoters — not necessarily the ones mentioned in the story — were selling shares, capitalising on the high prices.

Rico Auto, an auto components company, also saw its promoters — Kapsons Associates — acquiring 36,000 of its equity shares.

## US slowdown an opportunity for Asia

## Global economy may emerge healthier

Rich Miller & Simon Kennedy  
Washington/Paris

The world economy may be better placed than at any time this decade to weather a slowdown in the US wrought by higher interest rates.

While investors debate whether Federal Reserve chairman Ben S Bernanke will smother growth by raising rates too far, the global expansion looks likely to barrel on into next year as strength in Japan, China and Europe help offset slower growth in the US.

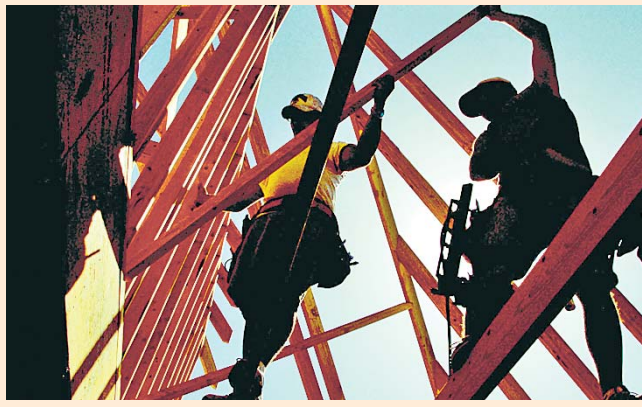
"The US economy will probably soften, but not go into recession," says Paul Samuelson, Nobel laureate and emeritus professor at the Massachusetts

Institute of Technology. "It's a pretty good outcome for the rest of the world for the US to grow by 2-3." The US grew 3.5% last year.

Far from endangering the world economy, a US slowdown may actually benefit it. Cooling demand in the US would ease inflation pressure and help reduce global trade imbalances, especially the record US current account deficit.

"The world economy has been growing very rapidly," says Michael Mussa, former chief economist at the IMF and now with the Institute for International Economics in Washington. "A US slowdown is desirable."

For all the swings in financial markets, economists say the world economy will prove resilient. The IMF is standing by its forecast that the global economy will grow 4.9% in



2006, topping off the best three-year stretch since the early 1970's.

World stock indexes rebounded at the end of last week after tumbling in the past month on concern central banks will keep raising rates to fight inflation, choking growth in the process.

Gold rallied after dropping the most in 15 years on June 13. Franz Wenzel, a senior investment strategist at Axa Investment Managers in Paris, expects the global economy to remain "pretty robust" even with the US slowing.

"This is a positive environment for stocks," says Wenzel.

## Here's a chance

**Cooling demand** in the US would ease inflation pressure and help reduce global trade imbalances

**Strength in Japan, China and Europe** will offset slower growth in the US

**The IMF** has forecast that the global economy will grow 4.9% in 2006

bailing out of equities, the resultant market slide may sap corporate and consumer confidence and spending power.

As many as 49% of money managers surveyed this month by Merrill Lynch & Co expect the global economy to weaken over the next 12 months, up from 14% in May. That's the most pessimistic result in almost six years.

The pessimism may be overdone. While the US economy may be slowing, Japan and Europe are enjoying their first home-grown, sustainable expansions after a decade of false starts.

A surging Chinese economy should also help pick up some of the slack as the US slows. Growth in what is now the world's fourth-largest economy averaged more than 9% in each of the last four years. —Bloomberg



PERESTROIKA ON THE BOURSES  
China CAMC Engineering Co chairman Ren Hongbin rings the quotations' bell at the launch of CAMC's IPO at the Shenzhen Stock Exchange on Monday. Shares of CAMC Engineering, the first company to go public in China since a year-long ban ended, jumped more than fourfold on its first day of trading. —Daniel J Groshong/Bloomberg

## MoMo rings into India

Forum for mobile professionals opens its local chapter

K Raghu  
Bangalore

Finland, home to the world's largest mobile maker, Nokia, is the new inspiration for Indian code jockeys in the wireless world. Six years after the Mobile Monday (MoMo), an informal forum for professionals working on the latest in mobile and wireless technologies was launched in Finland, its India tech hub chapter opened on Monday.

It was a bit of an irony that Indian professionals, who were designing and creating the best-in-the world mobile phones and wireless devices, had no forum of their own in the country. Rajiv Poddar and M Thiagarajan, the two young entrepreneurs who brought MoMo to India, told *DNA Money*.

Poddar has founded Tantra Telecom, a start-up that works in the mobile phone software space, while Thiagarajan co-founded Advetta, a start-up that builds interactive advertising solutions with mobile phones as a medium.

Around 20,000 people are estimated to be working in mobile and wireless technology in India.

## Nestle to buy Jenny Craig for \$600 m

Deal marks foods major's entry into weight-loss market

Maria Sheehan & Hugo Miller  
Frankfurt/Geneva

Nestle SA, the world's biggest foodmaker, agreed to buy Jenny Craig Inc. of the US to enter the \$30 billion weight-loss market and add to its health and nutrition unit.

"The Swiss company will purchase Jenny Craig, a provider of slimming programs and diet food, from a group of private equity firms including ACI Capital Co Inc and MidOcean Partners for about \$600 million, Nestle said on Monday. Jenny Craig's slimming programs generated sales of more than \$400 million in the past 12 months.

"It's not a standard food acquisition, but it's certainly in line with their move into becoming a health and nutrition company," said Jon Cox, an analyst at Kepler Equities in Zurich who has a "buy" recommendation on Nestle stock.

Nestle is buying La Jolla, California-based Jenny Craig to add more than 600 weight-loss centers worldwide and step up competi-

tion with companies such as Weight Watchers International Inc and Unilever's Slimfast unit. More than 1 billion adults around the world are overweight, according to the World Health Organisation.



"The rise of obesity and the resulting metabolic disorders, such as diabetes and cardiovascular disease, is a major public health concern," Nestle chief executive officer Peter Brabeck (pictured) said in the statement.

"The Jenny Craig acquisition puts us in a privileged position to help many of our customers."

Nestle last month spent \$670 million buying the Uncle Tobys brand of breakfast cereals, soups and fruit snack bars in Australia. —Bloomberg

## Nokia, Siemens units' merger

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"It's a good solution for Siemens and for the industry as a whole, because it means less competition," said Michael Vieker, who manages about \$460 million at Muenchener Kapitalanlage GmbH in Munich, including Siemens shares.

"There is too much capacity and we haven't seen any major consolidation so far because the players were too strong to go bankrupt."

The new entity will be run by Nokia executive Simon Beresford-Wylie in the role of CEO. Beresford-Wylie, a 48-year-old Australian, last year became the head of Nokia's network unit.

Peter Schoenhofer, currently an executive at Siemens' Austrian unit, will be chief financial officer. The deal is expected to close before January 1, 2007, and is subject to regulatory approvals.

Nokia and Siemens said the combination will allow them to offer products for so-called quadruple play, a combination of mobile and fixed telephone calling, Internet access and TV services. Nokia will get access to fixed-line network equipment such as switches and routers.

The partnership is "a very good thing as critical size is important in the face of competition," said Nathalie Pelras, a fund manager at Richelieu Finance in Paris, which oversees \$3.5 billion in assets including Siemens stock. —Bloomberg

## Tata Motors targets M&amp;M's Scorpio

## Slashes Safari price by up to Rs 1.7 lakh

Rabin Ghosh  
Mumbai

In its bid to take on Mahindra & Mahindra's best selling sports utility vehicle (SUV) Scorpio, Tata Motors, India's largest automobile manufacturer, on Monday announced price cuts of up to Rs 1.7 lakh on its Safari range of SUVs.

Scorpio enjoys an over 30% market share in the premium UV (over Rs 5 lakh) category, selling over 3,000 units a month.

Tata Motors said its Safari 90PS Turbo Charged Inter-cooled (TCIC) Diesel



price would start at Rs 6.4 lakh (ex showroom, Delhi), 115 PS Direct Injection Common Rail (DICOR) Diesel from Rs 6.99 lakh onwards, and 127 PS Multi-point Fuel Injection (MPFI) Petrol

from Rs 7.99 lakh onwards. The company also introduced two new colours of Safari — Pearl White and Cherry Red.

Market watchers say Safari, launched in 1998, had

priced itself out of the entry level market on one hand while losing the performance-focused SUV buyer on the other. While the former category opted for the Scorpio, the latter class was going for Ford, Mitsubishi, and Hyundai models.

With this price cut, Tata Motors is looking at targeting the entry level SUV buyer, a segment where Scorpio had almost a clean run till now.

Against about 30,000 Scorpios sold last, Safari sales were merely 4,692. The overall UV segment grew by over 15% last year against a 7% growth in the passenger car segment. Other significant players in the market are Innova (about 3,000

units a month), Tavera (1,500), Sumo (700), and Bolero (1,000). M&M is the leader in the UV space.

However M&M has no plans to cut the price of Scorpio. "In spite of Tata Safari matching the price of Scorpio, we believe Scorpio offers significant value proposition and we don't intend to go for any price cuts. Scorpio is continuously upgraded and is a value-for-money product," said Rajesh Jejurikar, executive vice president, automotive sector, M&M.

It may be recalled that in May M&M increased the price of Scorpio by Rs 8,000-11,000 after keeping it steady post the new Scorpio launch in March.

## A fast-track solution to captive power plants

## Indian Infrastructure Equipment launches energy bank

Jyoti Mukul  
New Delhi

After achieving success with its infrastructure equipment bank Quipo, the Srei group-promoted Indian Infrastructure Equipment Ltd has launched a new concept in captive power generation.

The Kanoria-owned company has launched an energy bank that provides fast track solutions as an alternative to putting up power plants for captive use. The concept can help manufacturing units to postpone their capital investment in power plants.

The company offers power solutions of 1-10 mw capacity. "We plan to provide

solutions of 200 mw in five years' time, starting with 50-60 mw in the current year," said Hemant Pincha, chief executive, Quipo-Energy Services.

Power would be generated from natural gas supply to the manufacturing unit through routine linkages. It could also be produced from coal bed methane or biogas produced at the plant site.

The power plants are re-deployable and can be moved from one site to another. To begin with, the focus will be on manufacturing units in textile, pharmaceutical, oil & gas and retail sectors.

Pincha said each mega watt could cost Rs 2.5 crore, which translates into a fixed

## Charging up

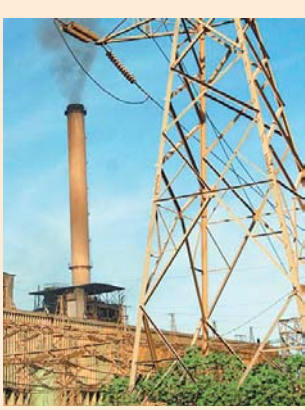
**The firm** plans to offer solutions of 200 mw capacity in five years, from 1-10 mw now

**Power** can be generated from natural gas supply, coal bed methane or biogas produced at the plant site

**The plants** are re-deployable and can be moved from one site to another

cost of Rs 10 crore for 4 mw. The company would be investing Rs 20 crore during 2006-07 to put in place a capacity of 150 mw. "In a five-year time period, we would be investing Rs 500 crore," said Pincha.

Along with power generation, it would also be offer-



ing steam and refrigeration facilities through use of energy generated at the manufacturing site.

Quipo, which manages infrastructure equipment worth Rs 250 crore, has posted a turnover of Rs 100 crore. It had also acquired an oil drilling rig last year

and has been leasing it out to oil and gas exploration companies. It aims to become a company with integrated drilling equipment, services and solutions for the oil sector. It also plans to set up offices in Dubai and Singapore.

Given the growing environment concerns, Quipo is looking to offer gas-based power solutions initially in Gujarat followed by Andhra Pradesh, Tamil Nadu, Rajasthan, Haryana and the northeastern states that have good gas reserves.

Globally, energy equipment leasing business is estimated to be around \$1.5 billion with companies like GE Energy and Caterpillar as some of the major players. Some of these are already offering services in India, though mostly using diesel generated power solutions.

## BSNL to roll out its 3G network by January

Bets big on 'triple play' for broadband dominance

C Chitti Pantulu  
Hyderabad

Public sector telecoms giant Bharat Sanchar Nigam Ltd (BSNL) is set to roll out India's first 3G mobile telephony network across the country by early 2007. This will support applications such as a full-motion video, video conferencing and full Internet access on mobile handsets.

BSNL is in the process of finalising tenders for equipment worth \$4.8 billion for 60 million new GSN and 3G lines, dubbed the biggest such single order for mobile telecom equipment in the world till now.

The equipment tender will be awarded to two suppliers in the east, north and south zones, while ITI will supply equipment in the west, accounting for approximately 25% of the new capacity, BSNL CMD A K Sinha (pictured) said.

Five telecom vendors — Nokia, Ericsson, Motorola, Siemens and ZTE, had submitted their technical and financial bids on June 12 the mega 60 million mobile telephony expansion programme.

Nearly 25% of the new capacity is likely to be 3G lines for which we are expecting a costing of Rs 3400 per line, Sinha said. However, we are hoping that the bidders have submitted offers that are lower than this, he added.

Asked if the intended merger of Nokia's networks business group and the carrier related operations of Siemens would make any difference to the current equipment order, Sinha said there would be little impact on the tender as the bids were already sealed and ready for evaluation. In case the parties requested for a re-tendering, one would have to look at the legalities of the issue, he commented.

BSNL is also eyeing the broadband mar-

ket with what the CMD termed the 'triple play' foray, providing a converged network service including voice, data and video services on the Internet.

Currently BSNL has seven lakh broadband subscribers, accounting for 60% of the market. It is looking to take this number to two million this year and three million next year, Sinha said. He added that the offering would reach 320-600 cities by March 2007 and 1000 by the following year.

Meanwhile, BSNL is likely to post gross revenues of around Rs 39,500 crore during the current year, up 9.5% over the 2004-05 figures.

However, net profit can be expected to be much below the Rs 10,000-crore mark which the country's largest fixed line and second largest mobile operator posted last year, Sinha said.



## Clarion call

**BSNL** hopes to raise broadband subscribers to two million this year **The company** is likely to post gross revenues of around Rs 39,500 crore during the current year