



**MARKET MOVEMENT**

Major Indices	July 03, 2009	July 10, 2009	% Change	Change
BSE Sensex	14,913.05	13,504.22	(9.45)	
NSE Nifty	4,424.25	4,003.90	(9.50)	

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

- **RBI unveils timetable to implement norms**
- **SEBI puts Rs 50 million start up cap on foreign VCIs**
- **FII's invest US\$ 6.32 billion during April-June 2009**
- **Non-farm co-op bank loan defaulters get interest relief**
- **Karnataka Cabinet Okays new biotech policy**
- **IMF revises India growth projection to 5.4% in 2009**

**RBI unveils timetable to implement norms**

**RESERVE Bank of India (RBI) unveiled a timeframe to adopt advanced approaches to manage credit, market and operational risks.** Banks can make application to RBI to use Internal Models Approach (IMA) for market risk from April 1, 2010. This schedule will help banks to plan and prepare for their migration to the advanced approaches for credit risk and operational risk, as also for the Internal Models Approach (IMA) for market risk. By March 2009, all Indian commercial banks as well as foreign banks operating in India have already implemented the Standardised Approach for credit risk, Basic Indicator Approach for operational risk and the Standardised Duration Approach for market risk.

**SEBI puts Rs 50 million start up cap on foreign VCIs**

**SECURITIES & Exchange Board of India (SEBI), has made it compulsory for Foreign Venture Capital Investors (FVCIs) to attain firm commitment from investors for contribution of at least Rs 50 million before the start of operations by the venture capital fund.** Each scheme launched or fund set up by a venture capital fund shall have firm commitment from the investors for contribution of the minimum stipulated amount before the start of operations by the venture capital fund. It has been decided to bring in parity between domestic venture capital funds and FVCI by requiring the applicants desirous of registering with SEBI as FVCIs to obtain firm commitment from their investors for contribution of an amount before the start of operations.

**FII's invest US\$ 6.32 billion during April-June 2009**

**FOREIGN Institutional Investors (FIIs) have invested US\$ 6.32 billion into the stock market during April-June 2009.** Overseas investors invested around US\$ 6.32 billion, with over 66% of the total investment coming in May 2009 alone. FIIs believe the India growth story is intact and would continue to invest in the Indian market on a longer horizon. Even if the US markets fall, the FII investment might take a pause, but it will gradually recover. During the Q1 of the current fiscal,

FII's bought shares worth US\$ 37.66 billion, while they sold equities valued at US\$ 31.36 billion, resulting in a net inflow of US\$ 6.32 billion.

### **Non-farm co-op bank loan defaulters get interest relief**

**THE State Government has announced a special scheme providing for interest concessions for those who have defaulted on non-farm loans from cooperative banks.** Under the scheme, the defaulters would have to pay a simple interest of 6% from the date on which they availed themselves of the loan. Earlier, they would have paid a simple interest of 12%. The banks will waive penal interest and other charges. To benefit from this scheme, the borrowers will have to enter into an agreement with the cooperative banks before October 31, and repay the loan within three months of the agreement. The first installment of 25% of dues will have to be paid immediately after the agreement and the balance in one to three installments.

### **Karnataka Cabinet Okays new biotech policy**

**THE Karnataka Cabinet has approved the revised biotechnology policy that includes Rs 1 billion funds for manufacturing companies and Rs 500 million corpus for Research & Development (R&D).** New companies get tax concessions and the privileges that are given to other industries in Zone 3 or industrially backward areas. Karnataka is home to 60% of the country's biotech units. Their number has increased to 187 with total revenues of Rs 30 billion, a 10-fold increase from 2001, when the policy, the first in the country, was first announced.

### **IMF revises India growth projection to 5.4% in 2009**

**IMF (International Monetary Fund) revises India growth projection to 5.4% in 2009.** The Indian economy is projected to expand at a rate of 5.4% and 6.5% in 2009 and 2010, respectively. In 2010, the Indian economy is expected to grow at a much faster rate of 6.5%. The multilateral lending agency has revised the growth projections in emerging Asia upward to 5.5% in 2009 and 7% in 2010. The agency said emerging and developing economies are projected to regain growth momentum during the second half of 2009.

## **INDUSTRY WATCH**

- **Off shoring publishing business will double to US\$ 1.2 billion by 2012**
- **India continues to be most attractive outsourcing hub**
- **Indian carmakers cashing in on Europe's green drive**
- **Cars, 2 wheelers sales shift gears in June**
- **Government measures to help steel consumption grow 6-8% this fiscal**
- **Cement despatch growth at 4 year highs**

### **Off shoring publishing business will double to US\$ 1.2 billion by 2012**

**OFF shoring publishing business will double to US\$ 1.2 billion by 2012.** India, the world leader in offshore publishing services with 85% of the US\$ 780 million global market, will see its revenue from this segment will touch US\$ 1.2 billion by 2012 as against US\$ 660 million now. India distantly followed by the Philippines and others including China, Vietnam and Sri Lanka. Escalating costs of production and print, changing customer preferences, the need to adapt, exploit and invest in new media technology are the key challenges that are forcing publishers to innovate for survival, which in turn become a boom for those, involved in publishing offshoring services in India.

**India continues to be most attractive outsourcing hub**

**INDIA continues to be the most preferred destination for companies looking to offshore their IT and back-office functions.** It also retains its low-cost advantage and is among the most financially attractive locations when viewed in combination with the business environment it offers and the availability of skilled people. India has retained its numero uno position even as some other well-established outsourcing hubs dropped in their attractiveness to be replaced by new emerging destinations. The top three countries in the 2009 Global Services Location Index (GSLI) remain the same India, China and Malaysia but the world's volatile economic environment is reflected in the rest of the rankings.

**Indian carmakers cashing in on Europe's green drive**

**INDIAN carmakers are reaping the benefits of the incentives offered by the Governments of Germany, France and the UK to people exchanging their old cars for new fuel-efficient ones.** The country's largest car exporter, Hyundai Motor India, recorded its highest export growth rate last month while Maruti Suzuki is raising its export target, as the scrappage policy in Europe that gives Rs 500 billion – 3500 billion to people buying fuel efficient cars has led to an increase in demand for their small cars. The 11-year-old subsidiary of Korean carmaker Hyundai Motor recorded a 33% growth in exports in June to 24,241 cars over the same month last year. On a sequential basis exports increased 21% in June from 20,125 cars in May.

**Cars, 2 wheelers sales shift gears in June**

**CARS, 2 wheelers sales shift gears in June.** Passenger cars sales were on a fast track in June recording a 7.8% growth at 1,07,000 units. This is the highest growth after February in the domestic market. The growth in sales has come from recently launched models such as the Maruti Ritz, Fiat Grande Punto and Honda Jazz. Falling interest rates of public sector banks such as State Bank of India has also helped gain momentum in the market. The two-wheeler industry also saw its best month in terms of sales growth after July 2008. Sales grew by 17% to 0.70 million units. Seven out of 13 auto makers saw their passenger car sales go up in June against the same month last year. Maruti's sales were up 11.7% at 54,693 units. Hyundai Motors sold 5% more last month at 23,103 units. Tata Motors sales increased by 3%. Honda and Fiat saw a healthy increase in their sales numbers with new models.

**Government measures to help steel consumption grow 6-8% this fiscal**

**THE Indian steel industry, with its resilience and benefiting from the stimulus measures, was the third largest producer after China and Japan in the first five months of the year.** India steel consumption will continue to grow at a pace varying between 6% and 8% during the current financial year, fully supported by the various fiscal, monetary and administrative measures taken by the Government from time to time, while production in June was up 5.3% from last year, consumption for April-June was up 5%.

**Cement despatch growth at 4 year highs**

**THE 224 million-tonne (mt) domestic cement industry, the worlds second largest after China, has yet again come up with a robust despatch growth of 12.84% in June.** This is the highest growth in the last four years in the month of June. With this, the industry, with over 50 players, has managed to maintain a consistent growth of over 10% for the fourth month in a row since March this year. It despatched 16.70 mt of cement in June against 14.8 mt last year. Production during the month rose 13.01% to 16.59 mt.

## CORPORATE HIGHLIGHTS

- **TRF takes over Dutch Lanka Trailer**
- **Toshiba JSW to invest US\$ 160 million near Chennai**
- **Intel signs alliance with Phi Group for WiMax foray**
- **Toshiba to provide EPC services for power projects**
- **IMI mobile acquires UK Company Mobytec**
- **Mahindra Satyam signs deal with GlaxoSmithKline**
- **Tata Docomo services launched in Karnataka**
- **Dish TV ties up with job search portal Monster.com**

### **TRF takes over Dutch Lanka Trailer**

TRF Ltd, a Tata group company, has acquired controlling stake in Dutch Lanka Trailer Manufacturers Ltd (DLT) of Sri Lanka. In a disclosure to the stock exchange, TRF said that in the first phase, it would acquire 51% stake of DLT for US\$ 8.67 million. It would have a call and put option agreement for acquisition of the balance 49% for US\$ 8.33 million. Through its Joint Venture (JV) with Tata International Ltd in India, DLT manufactures and sells trailers in India. DLT has manufacturing facility in Sri Lanka and sells trailers in 30 countries. Dutch Lanka Engineering (Private) Ltd, a 100% subsidiary of DLT in Sri Lanka, is engaged in repairs, maintenance and service business for trailers. DLT also has a subsidiary in Oman, which manufactures and sells trailers in the West Asian markets.

### **Toshiba JSW to invest US\$ 160 million near Chennai**

AFTER the auto major, Nissan, another Japanese MNC, Toshiba is betting big on Tamil Nadu for boosting its power equipment business. Toshiba JSW, a 75:25 JV between Japan based Toshiba Corporation and the JSW group has firmed up its plan to invest US\$ 160 million in setting up a manufacturing unit for super critical power equipment in Tamil Nadu, over a 5 year period. The US\$ 67 Billion Toshiba is one of the world's leading providers of steam turbines and generators with over 1800 units with a total capacity of some 150 gw installed in over 40 countries worldwide. Currently, Toshiba operates a steam turbine and generator manufacturing facility in Yokohama near Tokyo. The JV will be its second manufacturing base and will strongly support the long term development of Toshiba's power systems business, the MNC said in a statement.

### **Intel signs alliance with Phi Group for WiMax foray**

INTEL Corporation has signed a strategic alliance with Phi Group, an Indian angel partner firm. This makes Intel the first global major to foray into the Indian WiMax space, while others like IBM and AMD are expected to follow. Under the alliance, formed through Intel Capital (its venture capital subsidiary), Intel has an option to acquire up to 49% stake in the company. Phi Group, a firm started by four former Indian CEOs, helps global companies to set up operations in India. WiMax or Worldwide Inter-operability for Microwave Access is a telecommunications technology that transmits data over various wireless networks.

### **Toshiba to provide EPC services for power projects**

TOSHIBA Corporation, the Japanese power and electronics major, announced that it would set up a company in India to provide Engineering, Procurement and Construction (EPC) services for power projects. Initially, Toshiba India Pvt Ltd will provide engineering services for thermal power plants. Over time, it will provide full EPC services both in India as well as for customers in South

Asia and Middle East. A number of companies have sprung up in India to provide EPC services to the power sector BHEL, Tata Projects, BGR Energy, Punj Lloyd and Indure.

### **IMI mobile acquires UK Company Mobytec**

IMI mobile, provider of converged mobile and online technology platforms and managed services to cellular service companies, has acquired Mobytec from the company Mobyko. Mobytec is a back-up and sharing service. The acquisition will help them offer the add-on phonebook back-up. They have started talking to the cellular services in India and abroad to offer the value-added service to their users. The UK-headquartered Mobyko would continue to act as an independent company, offering mobyko.com branded services. The acquisition would also help the users to synchronise and store social media content such as contacts, photos, texts and videos.

### **Mahindra Satyam signs deal with GlaxoSmithKline**

MAHINDRA Satyam has signed a 5-year multi-million dollar SAP contract with the global pharma major GlaxoSmithKline (GSK). Mahindra Satyam, the new brand identity of Satyam Computer Services, would provide SAP and other critical systems support to GSK's businesses across the world. GSK has been a customer for the global consulting and IT services provider since 2002. This development is a big boost for Mahindra Satyam, as it sends positive signals across a large number of clients, especially in Europe and the US.

### **Tata Docomo services launched in Karnataka**

TATA Teleservices Ltd launched its GSM (Global System for Mobile communication) services brand Tata Docomo in Karnataka. Karnataka is the fourth circle after Tamil Nadu, Kerala and Orissa, where Tata Docomo has rolled-out its services. The company has earmarked about US\$ 2 billion for the pan-India GSM network roll-out to be completed by October-end. In Karnataka, Tata Docomo is investing US\$ 150 million and its network covers some 425 towns and 2,700 villages including the highway and rail network, airports and places of tourist interest.

### **Dish TV ties up with job search portal Monster.com**

DIRECT-To-Home (DTH) player Dish TV has tied up with job search portal Monster.com to allow its consumers to browse through job opportunities. The Monster Jobs Active, constrained by the lack of two way technology on current DTH services, will only offer code numbers. To apply, the consumer will have to SMS it or log on to Monster.com. The service also promises to offer counselling to freshers. With the new value added service, it is hoping to differentiate its offering from five other pay service providers currently in the market.