



MARKET MOVEMENT

Major Indices	May 28, 2010	June 04, 2010	% Change	Change
BSE Sensex	16,863.03	17,117.69	1.51	
NSE Nifty	5,066.55	5,135.50	1.36	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **India, South Africa ink three pacts**
- **Government allowed import of telecom equipment after certification**
- **ITU guidelines on transition to digital broadcasting**
- **Guidelines for watershed management has been issued**
- **Nine transmission corridors worth Rs 580.61 billion got cleared**
- **Government inks pact with 12 firms in Maharashtra**

India, South Africa ink three pacts

INDIA and South Africa inked three pacts, including one on air services, as the leaders of the two countries discussed ways to provide fresh impetus to bilateral ties and agreed to extend support to each other for the United Nations Security Council (UNSC) non-permanent seat for 2011-2012 periods. It is decided to impart a forward- looking character to these ties and agreed to focus on the expansion of economic, trade and investment relationship. They will step up their efforts for reform of global institutions of governance, including of the United Nations Security Council. The Air Services pact will also enable the two countries to enhance their ties in flight security area and increase number of flights from both sides.

Government allowed import of telecom equipment after certification

GOVERNMENT has agreed to allow import of telecom equipment certified by international security audit firms. As per the proposal, telecom companies will be allowed to import the equipment from foreign suppliers only after an International Certification Agency visits the plant of the vendor and gives a security clearance. India currently does not have any Certification Agency so it was planning to rope in eight such international bodies to carry out the task. The Mobile operators who intend to import telecom equipment have to give a bank guarantee to the Department of Communication. The operators will be liable to forfeit their bank guarantee and may also face criminal proceedings, if any security threats are detected in the equipment at a later stage.

ITU guidelines on transition to digital broadcasting

THE International Telecom Union (ITU) has released guidelines for transition from analogue to digital broadcasting at the World Telecommunication Development Conference (WTDC) 2010. The transition to digital broadcasting is a major challenge facing all countries, but in particular, developing and least developed countries. The ITU would also help countries implement the guidelines through country-level assistance and regional initiatives. The guidelines provide information and recommendations on policy, regulation, technologies, network planning, customer awareness and business planning for the smooth transition to Digital Terrestrial Television Broadcasting and the introduction of Mobile Television Broadcasting.

Guidelines for watershed management issued

THE Government has issued new guidelines to boost productivity under the Watershed Management Development Programmes (WMDPs) in India with special focus on proper utilization of heavy funds. Through the new plan, Government would set up a central nodal agency comprising experts to ensure smooth flow of funds to District Watershed Development Units (DWDUs) and allocate budgetary outlay among the states by adopting criteria evolved in the guidelines. The nodal agency would ensure suitable system of monitoring, social auditing and impact assessment and support capacity-building programmes. New guidelines have also been issued to enhance livelihood opportunities for the poor. The focus has now shifted on involving women in decision-making process and institutional arrangements.

Nine transmission corridors worth Rs 580.61 billion cleared

THE Government has approved the state-run Power Grid Corporation's plan to set up nine High Capacity Power Transmission Corridors (HCPTC) costing Rs 580.61 billion. These transmission systems will evacuate power from various projects planned by Independent Power Producers (IPPs). The transmission corridors will evacuate power from IPPs in Orissa to cost Rs 87.52 billion, Jharkhand to Rs 57.09 billion, Sikkim to Rs 13.04 billion, Madhya Pradesh and Chhattisgarh involves Rs 12.43 billion, Chhattisgarh involves Rs 288.24 billion, Krishnapatnam area in Andhra Pradesh Rs 20.65 billion, Srikakulam area in Andhra Pradesh Rs 29.86 billion, Tamil Nadu to Rs 23.57 billion and southern region involves Rs 48.21 billion. The power projects are located either in the coal belt, or in coastal areas (which would use imported coal) or in the hydro power potential areas of the North-East.

Government inks pact with 12 firms in Maharashtra

GOVERNMENT has entered into a Memorandum of Understanding (MoU) with 12 companies, including ACC and Asian Paints, which will bring in an investment of Rs 38.22 billion and provide direct employment to over 4,000 persons in Maharashtra. The companies will stagger their investment over three to five years and will get 100% rebate on VAT for seven years from the date of operation. The company will also get other sops that are part of the mega-project policy of the State. Asian Paints' Rs 7.35 billion projects for the manufacture of paints and intermediates at Maharashtra Industrial Development Corporation (MIDC) estate at Kesurdi near Satara district will have capacity of 400,000 tonnes and it would be a zero effluent discharge plant.

INDUSTRY WATCH

- **India's exports rise by over 36% in April**
- **Indian biotech sector grows to 52% in 2009-2010**
- **Oil product sales up 3.8% in April**
- **Mining grows by 14.4% in March**
- **Manufacturing posts 16.3% in Q4**

India's exports rise by over 36% in April

INDIA'S exports rise by 36.2% to \$16.88 billion in April 2010 compared to \$12.4 billion exports in April 2009. Big buyers are Germany, Italy and France during the period. European Union (EU) generally accounts for about 20% of India's exports. Reflecting a growing domestic demand, imports too increased in April by 43.3% to \$27.3 billion from \$19.05 billion a year ago. Trade deficit for April was \$10.4 billion, against \$6.7 billion in the year-ago period. The Indian economy grew by 8.6% in the last quarter of fiscal 2009-10, despite a slow recovery in several developed countries

Indian biotech sector grows 52% in 2009-2010

INDIA'S biotech industry bounced to high growth in fiscal 2009-10 to post revenues of \$4 billion, a whopping 52% over the previous fiscal. Bio-pharma and agri-biotech accounted for \$3 billion, the equipment and ancillary segment contributed around \$1 billion. Bangalore accounted for 27% or \$810 million, with exports contributing \$750 million. Of the 32 new foreign firms which have invested in India, 11 are located in Bangalore, with an upfront investment of Rs.15 billion. Clinical data management, drug discovery and low-cost product manufacturing are the advantages Indian firms enjoy in the global market.

Oil product sales up 3.8% in April

THE sale of oil products in the country rose 3.8% in April to 12.13 million tonne Year-on-Year (Y-o-Y). To meet the increase in demand, the domestic refiners imported 6.6% more of crude oil in April against the same month last year. Crude oil purchase by domestic refineries stood at 11.7 mt or 2.87 million barrels a day in April. The country's crude oil production in April was up 5.2% at 2.87 mt or 701,480 barrels a day. The domestic refiners processed 5.3% more of crude at 13.136 mt during the month under review. The refiners utilized 102.9% of their capacity. Increase in domestic crude oil output during April was mainly due to higher production from onshore fields including Cairn India's Rajasthan oil fields. Production from onshore fields in April was up 16.3%.

Mining grows by 14.4% in March

THE mines ministry said the country's mineral production grew by 14.41% in March to Rs 113.16 billion. The mineral production in March was higher by 14.41% compared to February; while the increase was 10.96%. The total value of mineral production (excluding atomic and minor minerals) in March was Rs 113.16 billion. The contribution of coal was the highest at Rs 47.61 billion. Iron ore contribution was at Rs 22.61 billion, petroleum (crude) at Rs 16.48 billion, natural gas at Rs 14.74 billion, lignite at Rs 2.73 billion and limestone at Rs 2.66 billion. These six minerals together contributed about 94% of the total value of mineral production in the month.

Manufacturing posts 16.3% in Q4

MANUFACTURING sector posted a **16.3% growth in January-March 2010**. The country's **gross domestic output grew by 8.6% in the Q4**. The agriculture sector registered a growth of 0.7% in the same period. Indian economy grew by 7.4% in 2009-10 driven by the strong growth in manufacturing and agriculture, in addition to the economic stimulus provided by the Government.

CORPORATE HIGHLIGHTS

- **Toyota plans setting up R&D centre, engine plant in India**
- **Arcelor Mittal signs MoU for Karnataka plant**
- **IEL inks agreement with Seawell for engineering support services**
- **Coffee Day buys Czech chain**
- **United Phosphorus buys DuPont's global fungicide business**
- **India, China firms sign MoUs for expanding cooperation**
- **Aditya Birla Minacs buys US-based Company**
- **GCPL buys Argencos**

Toyota plans setting up R&D centre, engine plant in India

JAPANESE car maker **Toyota Kirloskar Motor (TKM)** is exploring the possibility of **setting up a Research and Development (R&D) facility and engine plant in India**. TKM is hiring 2,000 employees for its second plant, coming up at a cost of Rs 32 billion. For the current calendar year, TKM is targeting sales of 70,000 units from 55,000 in 2009. TKM would start production of its compact car Etios, being developed exclusively for the Indian market, at the end of the current calendar year.

Arcelor Mittal signs MoU for Karnataka plant

GLOBAL steel giant **Arcelor Mittal** entered into pact with the Government to set up **Rs 300 billion plant**. Mittal had entered into an initial agreement with **Karnataka Government to set up an estimated six million tonnes steel plant in iron ore rich Bellary district**. In Karnataka, the company has already got land allocation and they have been assured by the Government that other requirements will be processed speedily. They have also got the water allocated for the steel plant. For the power plant they are working with Power Corporation for a Joint Venture (JV).

IEL inks agreement with Seawell for engineering support services

INFOTECH Enterprises Limited (IEL), a city-based engineering services and technology solutions provider, has signed a long-term master service agreement with **Norway-based Seawell AS**, an international drilling and well services company, to provide Engineering support services. This agreement with Infotech would enable Seawell to further expand its engineering capacity and improve competitiveness. This group of engineers would be responsible for managing the agreement and interfacing with the global resource of Drilling Facility Engineering.

Coffee Day buys Czech chain

THE Café Coffee Day chain has acquired a **Czech Republic-based café chain Emporio for Rs 150 million**. Café Emporio, which is present across 11 locations in the Czech Republic with seven of them in Prague, belonged to Oreo Hotels. Initially, they will co-brand the chain as Café

Coffee Day Emporio and transition it to Café Coffee Day in about 18 months. The company intends using the existing manpower for now, but will station a couple of its brew masters and operations personnel to enable free flow of the best business practices from its India operations.

United Phosphorus buys DuPont's global fungicide business

UNITED Phosphorus Ltd has bought the global fungicide business (non-mixture mancozeb) of US Chemical giant DuPont. The acquisition will give United Phosphorus the existing inventory, manufacturing and formulation production facilities in Colombia. The company will also get rights to registered brands for non-mixture mancozeb products, trademarks, registration and supporting regulatory data for those products, which includes the Manzate brand fungicides.

India, China firms sign MoUs for expanding cooperation

BUSINESS representatives of India and China signed three Memorandum of Understanding (MoUs) to expand cooperation, under which leading Indian firms Infosys and Wipro committed to undertake projects in the world's fastest growing economy. Wipro signed an agreement to set up a hydraulic cylinder manufacturing unit in the eastern Chinese city of Changzou. Under the agreement, Wipro will set up a plant that will manufacture high pressure precision hydraulic cylinders, and an R&D facility will be established to enable this centre. Software giant Infosys will set up an education centre at Jiaxing to develop software talent in huge numbers to meet its growing business demand.

Aditya Birla Minacs buys US-based Company

ADITYA BIRLA MINACS, an information technology (IT) business Solutions Company and a subsidiary of Aditya Birla Nuvo Ltd announced the acquisition of US-based Bureau of Collections Recovery (BCR), an accounts receivables management company, in an all-cash transaction. With the acquisition of BCR, Minacs will have presence in the collections segment. BCR is a \$20-million revenue company, with Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) of 17-18 %. BCR has 600 employees, with two centres in the US and a captive unit in Delhi.

GCPL buys Argencos

GODREJ CONSUMER PRODUCTS LTD (GCPL) has acquired Argentinean hair care company Argencos. The company announced the 100% acquisition of Argencos, a market leader in hair colour in Argentina, Peru, Uruguay and Paraguay. Argencos is a major player in the Argentine market, with 17% market share in what the company described as the kit format. Argencos brands, Roby' and 919, have strong market presence in the hair styling spray and mid-premium space. GCPL is becoming a leading multinational in three continents Asia, Africa and Latin America through three core categories such as home care, personal wash and hair care