



MARKET MOVEMENT

Major Indices	Aug 22, 2009	Aug 28, 2009	% Change	Change
BSE Sensex	15,992.34	15689.52	1.89	
NSE Nifty	4,732.35	4680.40	1.09	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **FII inflow tops \$8 billion in 2009**
- **India to set up trade centres in Latin America**
- **FDI norms liberalised for small scale sector**
- **India changing road sector investment norms**
- **Russia, India set higher trade goal**
- **Credit flow to small units to double in 5 years**

FII inflow tops \$8 bn in 2009

FOREIGN Institutional Investors' (FIIs) net investments in Indian equities crossed \$8 billion in calendar 2009 with foreigners buying stocks worth \$274 million. Net inflows from FIIs stood at \$7.3 billion and it took another 20 trading sessions before net inflows crossed the \$8 billion mark, the first time in this year. The benchmark index Sensex has risen 65 % till date in 2009. With FIIs holding 16% of India's biggest 500 companies, FII holding may rival the 19.1% peak in 2007 as third-largest Asian economy continues to grow at decent pace. The World Bank projected an 8% growth for India in 2010 making it the fastest-growing economy for the first time, overtaking China's expected 7.7% growth.

India to set up trade centres in Latin America

THE Ministry of Commerce has proposed to open up four to five trade centres in a few Latin America (LA) countries on a permanent basis, to create awareness among investors and business people alike on Indian products, technologies, manufacturing and R&D capabilities. They are currently working with Indian ambassadors to create trade centres in places such as Sao Paulo, Santiago, Buenos Aires and Port of Spain and in another place in some other country. The Government is also planning to set up help desks across India like Bangalore and Hyderabad to provide valuable information on the Latin America countries. A separate portal would be soon created to provide end-to-end details about each of the LA countries to benefit both importers and exporters from India.

FDI norms liberalised for small scale sector

TO help micro and small enterprises attract higher overseas investment, the Government liberalised the FDI norms for the sector replacing the current 24% ceiling on foreign holding with the sectoral caps. The present policy on FDI in MSE permits FDI subject only to the sectoral equity caps, entry routes and other relevant regulations. The new note replaces press note 18 of

1997 which stipulated that for foreign collaboration, maximum equity participation for small scale units was 24%. This would help the sector obtain equity support and reduce their credit requirement. This will help the small sector pole vault to their next stage of growth and development.

India changing road sector investment norms

THE Government is changing some of the regulations in the road infrastructure sector to make it more attractive for investors. They are modifying certain rules to make it much more investment friendly and investment worthy. India plans to change the numbering of the National Highways in the country to make it more scientific. India planned to build 7,000 km roads per annum at the rate of 20 km per day. It will make a visible difference and we expect an investment of USD 10 billion in the next two years.

Russia, India set higher trade goal

Russia and India pledged to increase the volume of trade between their huge nations to \$10 billion next year. India's economy had focused too much on Western markets and consumers in the past. The two countries set a goal to boost the bilateral trade to \$10 billion in 2010. Trade between Russian and India came to \$7 billion in 2008, and it increased by 15% in the first five months of this year, despite the economic downturn. Russia's major exports to India are steel, iron, coal, paper and military hardware, while India's main exports to Russia are food, clothing and pharmaceuticals.

Credit flow to small units to double in 5 years

THE Government is committed to double the flow of credit to micro, small and medium enterprises (MSMEs) in five years and plans are afoot to provide a one-stop access for capacity building, credit and technology support to small entrepreneurs. Loans outstanding to this sector from the public sector banks have registered a growth of close to 25% in the past one year. These enterprises urged to explore new and emerging sources of finance such as venture capital and private equity. The Government has identified 2,000 clusters across the country.

INDUSTRY WATCH

- **India's jewellery exports regain shine in July**
- **Britain looks beyond Bangalore for biz 'gold' in tier II cities**
- **August auto sales zoom on launches**
- **Karnataka software exports rise 23%**
- **Consumer electronics Companies bank on festive season to boost sales**

India's jewellery exports regain shine in July

INDIA'S gems and jewellery exports are regaining shine with July dispatches showing a rise over June. Gems and jewellery exports in July aggregated to \$1.9 billion as compared to \$1.7 billion in June. Gold jewellery outward shipments recorded a growth of 8.75% and coloured gems stones 24.14%. The US and the EU account for 40% of India's total jewellery sales overseas. The Government has announced a series of measures to help gems and jewellery exports in the Foreign Trade Policy.

Britain looks beyond Bangalore for biz 'gold' in tier II cities

THE tier II cities' story continues to thrive. The British Government sees them as 'lands' of opportunities. Britain is keen on getting investors from Britain to look at tier II cities in the Karnataka and facilitate this has opened a British Deputy Commission in Bangalore. The new centre would cover a whole range of British Government activity in the State, including business, trade and investment and science and technology. British High Commission has had a presence here for 15 years, establishing the British Trade Office in 1994 and developing a strong commercial relationship.

August auto sales zoom on launches

MAJOR auto manufacturers witnessed high double-digit jump in sales in August. While Maruti Suzuki India, India's largest passenger car manufacturer with nearly 52% market share, registered a growth of 29.3% in the domestic market in August at 69,961 units as against 54,113 units. On a month-on-month basis, sales of Maruti went up by 3.6% with the Company selling 67,528 units in July. The good numbers by all players in August are a combination of several factors. Moreover, several new products that have hit the road in the past and a lower base of last year have given an additional boost to overall sales in August.

Karnataka software exports rise 23%

NOT withstanding the global economic slowdown, revenue from software exports in Karnataka grew 23% to Rs 749.29 billion for 2008-09, and constituted 34% of the national software export earnings. During the period, 84 software units were added, which included 35 foreign equity companies, two Indian major and 47 small and medium enterprises, taking the total approved Software Technology Parks (STP) units to 2085 and Electronic Hardware Technology park (EHTP) units to 68. The Potential Tier II cities such as Mysore, Mangalore, Manipal and Hubli have contributed Rs 24.23 billion of revenue from 102 software units. The Government was taking steps to draw foreign investment in the electronic hardware sector.

Consumer electronics Companies bank on festive season to boost sales

WITH huge amount of generation investment underway, supply chain rushes to keep pace .It's raining orders for power sector equipment companies and allied supply chain industries. The Government has allowed National Thermal Power Corporation and Damodar Valley Corporation to place orders for another lot of Rs 400 billion, reserved for domestic companies only. Orders are also flowing for engineering, procurement and construction players and other Balance of Plant players. Larsen & Toubro's Joint Ventures (JV) with Mitsubishi Heavy Industries of Japan for super-critical boilers and steam turbine generators are only in the construction phase, but the Company has already bagged a 2 x 800 Mw steam turbine generator order from the Andhra Pradesh Power Development Corporation and Rs 40 billion worth of orders from the Jaypee Group for a 2 x 660 Mw power project at Nigrie in Madhya Pradesh.

CORPORATE HIGHLIGHTS

- **Cinopolis to invest Rs 8 billion in South India**
- **Toyota targets 150 dealerships in India by 2010**
- **Honda to launch Civic for festive season**
- **HealthHiway gets \$4 mn investment**
- **ArcelorMittal picks up stake in Uttam Galva**

- **Toyota developing anti-drunk driving gadget**
- **Sakata Inx Gujarat plant to cater to local, global markets**
- **Britannia brings West Asian arms under its fold**
- **Plextronics ties up with Acoris**

Cinepolis to invest Rs 8 billion in South India

MEXICAN cinema chain Cinépolis will invest around Rs 8 billion in south India for setting up multiplexes across the four states. The Company has lined up Rs 17 billion for its proposed expansion plan in the country. They will open around 500 screens, 50% of which will be in the southern cities, in the next seven years and for every screen, we will be spending around \$700,000. The Company would focus on the four southern states since the craze for movies was high in this part of the country. Cinépolis is in talks with 200 mall developers and had signed up for around 110 screens in eight cities, of which 62% are in the south.

Toyota targets 150 dealerships in India by 2010

WORLD'S largest car maker Toyota is looking to expand its dealership network in the country with plans to have a total of 150 outlets by 2010. The Japanese auto maker, which is present in India through a Joint Venture (JV) with the Kirloskar Group, inaugurated the 90th outlet of 'Espirit Toyota' in the city. The new showroom is based on the Company's DIVA concept, which showcases advanced features and systems of the Company brand. TKM is looking to increase its Indian business by three times during next 3-4 years. The Company is also targeting to cross 52,000 units in sales this year, up from about 51,000 units in 2008. It had also announced plans to roll out a small car in the country by 2011.

Honda to launch Civic for festive season

IN an attempt to revive sales of its sedan Civic, luxury carmaker Honda Siel Cars India is likely to launch an edition of the car during the coming festive season with some minor changes. The Company, a Joint Venture (JV) between Japanese auto giant Honda and Siel Group, is also ramping up its capacity by up to 50 % in the next month to meet the demand during the festival season. The Company is planning to come up with a new Civic with minor changes in its looks, such as a new bumper, possibly within the next months.

HealthHiway gets \$4 million investment

HEALTHHIWAY, an initiative by the Apollo Hospitals Group providing software solutions for the healthcare sector, has received an investment of \$4 million from Silicon Valley-based venture capital firm Greylock Partners. The funds will be utilised by HealthHiway to enhance its technological capabilities and strengthen the service infrastructure for healthcare providers. HealthHiway was launched in 2007 by the Apollo Group in collaboration with IBM with a capital base of about Rs 50 million. The Company is looking for more such funds and strategic collaborations from technology players in the next three months, HealthHiway's software solutions provide service infrastructure for hospitals, practitioners, pharmacies and health insurance providers to facilitate better collaboration.

ArcelorMittal picks up stake in Uttam Galva

ARCELORMITTAL Netherlands BV will step in as co-promoter of Mumbai-based Uttam Galva Steels. ArcelorMittal, the world's largest steelmaker present in over 60 countries, will come out with an open offer. Uttam Galva Steels is a manufacturer-exporter of value-added steel products. Uttam Galva has approved the co-promotion agreement to accommodate ArcelorMittal. Uttam

Galva Steels said the agreement contemplated amendments to the Articles of Association to incorporate the rights of the parties.

Toyota developing anti-drunk driving gadget

TOYOTA Motor was developing anti-drunk driving equipment that would lock the ignition of a vehicle if high levels of alcohol are detected in the driver. The system features a hand-held breathalyser, equipped with a digital camera that detects alcohol consumption and photographs the driver's face for identification. If the driver tests positive, the system either warns him or her, or locks the vehicle's ignition depending on the level of alcohol detected. The carmaker is conducting tests with affiliate truck maker Hino Motors, and will install the equipment in selected trucks and other vehicles of fleet customers that include companies and Government organisations.

Sakata Inx Gujarat plant to cater to local, global markets

SAKATA Inx (India) Ltd, a wholly-owned subsidiary of Sakata Inx Corp of Japan, has opened a new plant at Panoli, Gujarat. The plant will produce printing inks for the flexible packaging industry. The plant has been built over 20 acres, with an investment of Rs 500 million for the first phase. The total spend over the next two years would be Rs 1billion. The total capacity of the new plant would be 12,000 tonnes and it would cater to both the international and domestic markets. India is one of the fastest growing markets and is strategically placed for the availability of highest levels of managerial skills and quality raw materials. The new facility will play a significant role in strengthening their customer-base and fulfilling the ever-growing needs of our customers with their vast variety of ink products.

Britannia brings West Asian arms under its fold

BRITANNIA Industries Ltd has bought out Khimji Ramdas Group's 30 % stake in Dubai-based Strategic Food International Co LLC (SFIC), to make it a wholly-owned indirect subsidiary of the Company. It has also purchased the residual 34.54 % stake in Oman-based Al Sallan Food Industries (SAOG), the other Joint Venture (JV) with Khimji Ramdas Group. This plant manufactures 2,000 tonnes of biscuits and wafers a month and exports some products to 50 countries.

Plextronics ties up with Acoris

PLEXTRONICS Inc, an international technology Company that specialises in printed solar, lighting and other electronics, has chosen Acoris Research Ltd to provide building blocks for its lighting research programmes. Acoris, a 100 % subsidiary of Hikal Ltd, is a Punebased contract research and development organisation that specialises in custom materials synthesis.