



MARKET MOVEMENT

| Major Indices | July 02, 2010 | July 09, 2010 | % Change | Change |
|---------------|---------------|---------------|----------|---|
| BSE Sensex | 17,460.95 | 17,833.54 | 2.13 |  |
| NSE Nifty | 5,237.10 | 5,352.45 | 2.20 |  |

INDIAN ECONOMY AT A GLANCE

POLICY WATCH

- India, Ontario sign MoU for cooperation in mining sector
- Policy formulated for setting up of warehouses in agriculture zone
- CCEA approves Ganga Action Plan-II
- New programme to fight cancer, diabetes, stroke
- SEBI relaxes exposure margin norms for derivatives
- Government approves 3 year moratorium on deepwater drilling

India, Ontario sign MoU for cooperation in mining sector

INDIA and Ontario, Canada's richest province, signed a Memorandum of Understanding (MoU) to boost cooperation and investment in the field of geology and mineral resources. The MoU will promote Canadian investment in the fields of mining and mineral exploration and exploitation and will encourage and foster mining investment, transfer of technology and Joint Ventures (JV). They are formalizing a framework of cooperation concerning geology and mineral resources on subjects of mutual interests. Ontario and India have mutual interests in the mining sector, including geosciences development, mineral exploration, mine development, mine rehabilitation, health and safety and value-added processing.

Policy formulated for setting up of warehouses in agriculture zone

GOVERNMENT has formulated policy for setting up of warehouses in agriculture zone in Haryana. The warehousing activities included setting up of integrated Inland Container Depots or Custom Bounded Areas, Warehouse for Agro Produces or grain godowns, gas godown, Warehouse other than agriculture produces. These activities would be allowed in the agriculture zone as well as in the industrial zones. The minimum area for setting up of Integrated, inland, container, depots or custom bounded areas would be 50 acres in hyper potential zone and high potential zone, 25 acres in medium potential zone and 10 acres in low potential zone. The minimum area for setting up warehouse other than agricultural produces would be five acres in hyper potential zone and high potential zone, two acres each in medium potential zone and low potential zone. The Floor Area Ratio (FAR) allowed for warehouses was 75% and 5% of the total permissible area would be reserved for offices, essential watch and ward staff residences.

CCEA approves Ganga Action Plan-II

THE Cabinet Committee on Economic Affairs (CCEA) has approved the proposal for phase-II of the Ganga Action Plan (GAP) at Varanasi in Uttar Pradesh for reducing pollution and irrigating farm land from it. The project, under the aegis of the National Ganga River Basin Authority (NGRBA), is estimated to cost Rs 4.96 billion. The Japan International Cooperation Agency (JICA) is assisting in the project. The project will have direct benefits in terms of reduction of pollution load in river Ganga in the region besides collateral benefits like irrigation by effluents from Sathwa Sewage Treatment Plant and employment opportunities, particularly at the construction stage. Biogas (methane) from the Sewage Treatment Plant (STP) will be used to generate electricity and reduce greenhouse gas emissions.

New programme to fight cancer, diabetes, stroke

INDIA launched the Rs 12.30 billion programme to detect, prevent and control the spread of these diseases. Cabinet Committee on Economic Affairs (CCEA) approved the National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS). Rs. 4.99 billion would be spent for interventions on diabetes and cardiovascular diseases and stroke and Rs 7.31 billion would be spent for cancer control. The programme will be implemented in 20,000 sub-centres and 700 Community Health Centres (CHCs) in 100 Districts across 15 States and Union Territories by promoting healthy lifestyle through massive health education and mass media efforts at country level. Under the programme, it is expected to screen more than 70 million adults above 30 years of age for diabetes and hypertension, early diagnosis of non-communicable diseases and treatment.

SEBI relaxes exposure margin norms for derivatives

THE Securities and Exchange Board of India (SEBI) relaxed the exposure margin requirement for stock derivatives, based on the feedback received from market participants. SEBI issued a circular stating that the exposure margin would be higher of 5%, or 1.5 times the standard deviation of the notional value of the gross open position in single stock futures and gross short open position in stock options in a particular underlying.

Government approves 3 year moratorium on deepwater drilling

THE Government has granted an additional three years' time to energy firms for exploring oil and gas in 30 deepwater blocks awarded during the first five auction rounds. The move will benefit Reliance Industries (RIL), Oil & Natural Gas Corp (ONGC) and ENI of Italy. The moratorium would apply to 30 blocks (16 of ONGC, 13 of RIL and one of Italy's Eni) from January 1, 2008, to December 31, 2010. As per contracts signed between the Government and energy explorers, contractors are required to finish mutually committed exploration works in eight years. The decision will give energy explorers more time to complete their exploration commitment. This will also save contractors from paying penalty for unfinished works.

INDUSTRY WATCH

- Corporate tax collections rise 21.7% in Quarter1
- Mineral output up 11% in April
- PE investment in India up two fold to \$2.3 billion in Quarter2
- India June car sales up 30.8%
- M&A deals touch \$14 billion in June

Corporate tax collections rise 21.7% in Quarter1

THE corporate tax collections grew a strong 21.7% in the first quarter of the current fiscal, confirming better profits of companies. Overall direct tax collections were up 15% to Rs 686.75 billion in the April-June quarter. India's manufacturing had grown a strong 19.4% in April. Corporate tax collections for the quarter added up to Rs 434.39 billion while personal income tax grew marginally by 1.24% to Rs 240.75 billion. Advance tax collection in the first quarter was up by 31.4% to Rs 268.76 billion as against Rs 204.56 billion in the same period last fiscal.

Mineral output up 11% in April

MINERAL production from mining and quarrying sector was up 11.4% in April 2010 over the corresponding month last year. The total value of the mineral output in April 2010, excluding atomic and minor minerals, was estimated at Rs 106.07 billion. Coal accounted for 33 % of the total mineral value at Rs 35.51 billion, followed by iron ore at Rs 26.99 billion, petroleum (crude oil) at Rs 15.99 billion, natural gas utilized at Rs 13.99 billion, lignite at Rs 3.90 billion and limestone at Rs 2.72 billion.

PE investment in India up two fold to \$2.3 billion in Quarter2

PRIVATE EQUITY (PE) investment in India rose to \$2.3 billion in the April-June quarter, taking the total PE inflows so far this year to \$4.29 billion. Private Equity deals amounted to \$2.3 billion in the second quarter of the 2010-11 calendar years against \$990 million in the year-ago period. , 24 PE transactions were effected, against 15 deals in the same period of 2009. The first two quarters of 2010 witnessed PE deals worth \$4.29 billion compared to \$4.32 billion in the entire 2009-10 calendar year. PE transactions worth \$50 million and above accounted for 63% of the total capital invested during the quarter under review. The largest PE transaction during the April-June period was Olympus Capital's \$300 million investment in Tata Power's special purpose vehicle for developing Indonesian coal mines, followed by Temasek Holdings's \$200 million investment in GMR Energy.

India June car sales up 30.8%

CAR sales in India rose 30.8% in June over the corresponding month last year. Car companies sold 141,184 cars in the month, compared with 107,948 units a year ago. Sales of trucks and buses, a barometer of economic activity, rose 44 % to 52,211 units in June. India's car sales are likely to rise 12-13% in 2010-11 to 1.7 million units. About 1.71 million units are likely to be sold this fiscal year, compared with 1.53 million a year earlier.

M&A deals touch \$14 billion in June

MERGER & ACQUISITION deal activity witnessed a significant jump last month with total number of Mergers & Acquisitions (M&As) in June 2010 from 43 in the

corresponding month last year. In terms of value, the deals were worth \$13.74 billion, almost nine times the \$1.38 billion worth deals in June 2009. The deals were led by the multi billion dollar transaction between GTL Infrastructure and Reliance Infratel. Telecom, pharma & healthcare and banking & financial services were the most active sectors.

CORPORATE HIGHLIGHTS

- **NMDC seeks Japanese technology for steel plant**
- **Japan Steel Works bullish on Indian Nuclear reactor parts market**
- **Daiichi wins Apex Court nod for offer to Zenotech at Rs 113.62**
- **Bajaj, Renault-Nissan sign car MoU**
- **Focus Diagnostics buys first Joint MRI from GE**
- **NTPC ties up for oil blocks**
- **Tata Advanced System (TASL) in joint venture with Lockheed**

NMDC seeks Japanese technology for steel plant

NMDC is in talks with Japanese steel makers to source technology for its proposed integrated steel plant in Karnataka and iron ore nugget plant in Andhra Pradesh. They are in talks with Nippon Steel Corp, which is negotiating on behalf of some steel mills, to jointly set up a steel plant with a capacity of 2 million tonnes per annum in Karnataka. NMDC is also in talks with Kobe Steel, another Japanese firm, for setting up a Joint Venture (JV) plant to produce iron ore nuggets from fines. The proposed nugget plant would be at the premises of Sponge Iron India Ltd (SIIL), which has an annual capacity of 60,000 tonnes. NMDC expects to start placing equipment orders for its proposed 3 million tonnes integrated steel plant at Bastar in Chattisgarh

Japan Steel Works bullish on Indian Nuclear reactor parts market

TOKYO based Japan Steel Works Ltd (JSW), a major global supplier of heavy forgings with a market leadership in specialized nuclear components, is bullish on the emerging market opportunities in India. The firm, which accounts for nearly 80 % of the global supplies of forged nuclear reactor parts, is keenly watching the progress of the proposed Indo-Japan civil nuclear deal. They expect a strong and sustained growth of the Indian market (for steel products and various kinds of industrial machinery), and they are willing to make a contribution to it. JSW already set up a marketing office in India through a subsidiary JSW India Pvt Ltd. Japan Steel Works' services are in great demand as it is one of only four niche manufacturers worldwide of large single-piece pressure vessels for nuclear reactors. It owns the world's only plant capable of producing the central part of a large-size reactor's containment vessel in a single piece, which reduces radiation risk.

Daiichi wins Apex Court nod for offer to Zenotech at Rs 113.62

THE Supreme Court allowed Japanese pharma major Daiichi-Sankyo's original open offer price of Rs 113.62 a share for acquiring an additional 20 % stake in Zenotech Laboratories Ltd (ZLL) to prevail. It allowed Daiichi-Sankyo's appeals in this regard and set aside an order of the Securities Appellate Tribunal (SAT), which had held that Daiichi-Sankyo's open offer price, should instead be Rs 160 a share. Daiichi-Sankyo, which had acquired a controlling stake in Ranbaxy, was locked in a legal battle with the minority shareholders of the Hyderabad-based Zenotech over the open offer price. The take-over of Ranbaxy in 2008 also resulted in Daiichi-

Sankyo indirectly acquiring a controlling stake in Zenotech. This was because Ranbaxy already had a controlling stake in Zenotech of over 45%.

Bajaj, Renault-Nissan sign car MoU

THE Renault-Nissan alliance and Bajaj Auto signed a Memorandum of Understanding (MoU) for developing the low-cost car. According to the MoU, the design, engineering, manufacturing and supply base expertise to create the product will be executed by Bajaj with the support of the Renault-Nissan alliance. Marketing and distribution will be led by the Renault-Nissan with the support of Bajaj. The low-cost car targets not only Indian market but also other emerging markets. The product is pitched against the Tata Nano. Renault-Nissan will market Low Cost Vehicle (LCV) by 2012.

Focus Diagnostics buys first Joint MRI from GE

FOCUS DIAGNOSTICS, a unit of Sri Venkatasai Healthcare, has set up first 1.5 Tesla MRI for joints supplied by GE Healthcare, which is considered to be amongst first such installations across in the region. This equipment, introduced by GE Healthcare, is part of the first batch of installations in the world, with this centre in Hyderabad among these recipients. The equipment set up with an investment of Rs 30 million through funding from Reliance Finance, helps bring greater precision for MRI scan, particularly for treatment of joint ailments. Patients do not have to go through the traditional full body MRI scan, which is strenuous. Instead, the area which requires focus could be addressed. Focus Diagnostics plans to set up two more major exclusive diagnostics centres in the city at Secunderabad and Kukatpally, each with an outlay of about Rs 70-80 million.

NTPC ties up for oil blocks

NTPC Ltd has signed production sharing contracts with the Government for four oil and gas exploration blocks awarded in the eighth round of bidding under the New Exploration Licensing Policy (NELP-VIII). NTPC will have a 100 % interest and operate an on-land block in the Cambay basin in Maharashtra, while it will hold a 10 % interest in three other blocks in other regions. The blocks where NTPC will have minority interests include the Krishna-Godavari block, a shallow water block in which ONGC and Andhra Pradesh Gas Infrastructure Corp Pvt Ltd (APGIC) are partners. The other two blocks in which NTPC has a minority interest are Krishna-Godavari shallow water block, in which ONGC, Oil India Ltd and APGIC are partners, and an Andaman deep-water block, in which ONGC, GAIL and GSPC are partners. ONGC is the operator in these three blocks.

Tata Advanced System (TASL) in joint venture with Lockheed

THE Tata Advanced System (TASL), Tata group's defence and aerospace arm has forged a Joint Venture (JV) with US-based defence major Lockheed Martin Corporation (LMC), makers of the legendary F-16 fighter jet, for manufacture of defence equipment and aircraft parts. The new company, Tata Aerostructures Ltd, will design, develop and manufacture aerospace and aerostructure products. Lockheed Martin Aerostructure Corporation (LMAC), will invest Rs 420 million into the proposed venture for the 26% stake. The Indian partner will bring in Rs 1.21 billion in the venture that is also looking to export advanced technology systems to other countries. Currently, Foreign Direct Investment (FDI) in defence sector is capped at 26% requiring prior Government approval.