



MARKET MOVEMENT

Major Indices	Aug 07, 2009	Aug 13, 2009	% Change	Change
BSE Sensex	15,160.24	15,518.49	2.36	
NSE Nifty	4,481.40	4,605.00	2.76	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **India, Korea agree to cut tariffs to boost trade ties**
- **Indo Belgian trade body signs MoU with Kochi chamber**
- **TN sweetens compensation deal for land acquisitions**
- **Workmen's Compensation Bill introduced in LS**

India, Korea agree to cut tariffs to boost trade ties

INDIA has signed a Comprehensive Economic Partnership Agreement (CEPA) with the Republic of Korea in a bid not only to promote trade of industrial and farm goods but also boost exchanges of manpower, particularly in the services sector between the two countries. Billed as India's second comprehensive pact with any country, the first being with Singapore in 2005, the CEPA with Korea is also India's first Free Trade Agreement (FTA) with an Organisation for Economic Co-operation and Development (OECD) country. Under the CEPA, tariffs would be reduced or eliminated on 93% of Korea's tariff lines and 85% of India's tariff lines. Korea is the fifth largest investor in India, with a raft of big brands such as Hyundai, Daewoo, LG and Samsung having a robust presence.

Indo Belgian trade body signs MoU with Kochi chamber

THE Indo-Belgian Luxembourg Chamber of Commerce and Industry has signed a Memorandum of Understanding (MoU) with the Cochin Chamber of Commerce and Industry for promotion of trade, economic and scientific co-operation and other business relations between both the organisations. The port offers complete customer service right from Customs advice, Visa advice and assistance, and companies in Antwerp port that can handle cargo and logistics. The following are the advantages, closest distance from all major European cities and centres of consumption; over 500 hectares of covered warehousing; the largest petrochemical/chemical complex in Europe with the largest number of stainless steel storage tanks; the largest European port for break bulk, forest products, steel and project cargo.

TN sweetens compensation deal for land acquisitions

THE Tamil Nadu Government has sweetened the deal for land owners who need to give up a portion of their land for public sector infrastructure projects. The benefit to the Government is that there would be no outgo of cash in land acquisition. But for this system to work the Transfer of Development Rights (TDR) has to be attractive to ensure land owners opt for TDR rather than cash compensation. The TDR will entitle the land owner to additional Floor Space Index (FSI), which is the total area of built-up space that is permitted in a given plot of land.

Workmen's Compensation Bill introduced in LS

A Bill to enhance the compensation to workers and their dependents in case of industrial accidents and occupational diseases was introduced in the Lok Sabha (LS). Amendments to the Workmen's Compensation Act, 1923, introduced by the Minister of State for Labour, would make the legislation more worker-friendly and gender-neutral. The Workmen's Compensation (Amendment) Bill, 2009, seeks the substitution of the word workman with employee to ensure that the Act is applicable to all classes of employees and make the expression gender-neutral.

INDUSTRY WATCH

- **US\$ 10 billion FDI to come into road sector in next 2 yrs**
- **Indian companies success greater in domestic M&A's than overseas**
- **India emerges as the new IT front office of the world**
- **India an attractive destination for clinical trials**
- **Pharma sector in good health in June quarter**
- **Car sales vroom in July on stimulus, new launches**
- **9.47 million new GSM users in July**

US\$ 10 billion FDI to come into road sector in next 2 yrs

THE road building sector in India would receive US\$ 10 billion of Foreign Direct Investment (FDI) within the next 2 years. The Ministry had formulated a work plan for the next two years aimed at achieving the goal of 7,000 km of road construction a year. The bidding process for National Highway Authority of India (NHAI) projects this time will go more smoothly than last time and by the end of this year, Rs 1,000 billion worth of bids should be received and work would start on 11,000 km of roads.

Indian companies success greater in domestic M&A's than overseas

INDIA has emerged as a very attractive and enthusiastic player in the Merger & Acquisition (M&A) space, both domestically and globally, though it is more in the domestic space that its success is more evident. Indian acquirers making domestic M&A deals are more successful, generate significantly higher shareholder value and outperform overall market returns, compared to those involved in cross-border M&A deals. Success domestically is because it is easier to achieve efficiencies. Familiarity with legal and regulatory environment, accounting issues and the culture makes it easy for Indian firms to succeed in the Indian market more than overseas.

India emerges as the new IT front office of the world

THE domestic Information Technology (IT) market is fast becoming the next hot destination for global firms, particularly smaller, niche market players. A slew of niche technology vendors, who were focusing on the US and Europe for so long, are finding greener pastures in emerging markets such as India. The global tech giants are already present in India in a big way. Some of the companies that have set up shops in India in the past six quarters include business intelligence provider MicroStrategy, anti-virus vendor AVG Technologies, investment analytics provider MSCI Barra, document manager ReadSoft, insurance software company IDIT Technologies, banking solutions firm Trasset and financial technology outfit SmartStream.

India an attractive destination for clinical trials

INDIA has emerged as the 3rd most attractive destination for clinical trials and the 12th most active country in terms of industry-sponsored Phase II & III sites. The number of industry-sponsored Phase II-III sites in India has grown by 116% over the last 15 months and India has moved from rank 18 to 12 among the 60 most active countries. India ranks second in Asia after Japan in the number of industry-sponsored Phase II-III clinical trial study sites and accounts for nearly 20% of all Asian study sites. Indian clinical trials market has a growth rate of two and a half times the overall market growth, albeit at a lower base. India participates in 7% of global Phase III and 3.2% of Phase II trials with industry-sponsored trials having grown at 39% Compounded Annual Growth Rate (CAGR) between 2004-2008. The number of clinical trials investigators in India has also grown the fastest among Asian, Latin American and Eastern European countries with a 42% CAGR between 2002-2008.

Pharma sector in good health in June quarter

STRONG domestic demand, growing preference for generics worldwide and favourable rupee-dollar exchange rate helped the pharmaceutical sector post 11% sales growth for the quarter ended **June 2009**, compared with the same period a year ago. On the whole, the sector appears to have benefited from the pro-generic regime driven by the healthcare reforms across the key markets of US, Europe and Japan. Among the companies that managed to clock a better-than-average growth in sales, higher contributions from US appears to have been a commonality.

Car sales vroom in July on stimulus, new launches

PASSENGER cars reported the highest-ever growth in the recent past, with domestic sales up 31% in July on the back of new launches and cheaper loans. 1, 15,067 units passenger cars were sold in July, up from 87,901 units retailed in the same month last year. It is the low base effect which is kicking in, but the figures are also showing the result of the stimulus package and the launch of new models. The festive season was also coming in early and that would translate into higher dealer dispatches. Maruti-Suzuki, the leader in the overall car segment, saw its compact car sales jump 38% from 34,795 cars to 48,115 units.

9.47 million new GSM users in July

GLOBAL System for Mobile GSM-based mobile operators has added 9.47 million users in July. This has taken the GSM subscriber base to 325.70 million. Bharti Airtel was the top gainer adding 2.80 million users in July. The company now has 32.29% share of the GSM market with 105 million subscribers. Vodafone Essar got 2.2 million new users to take its tally to 78.68 million. State-owned BSNL continues to hold on to its third spot with 50.70 million subscribers. The Public Sector Undertakings (PSU) made a come back of sorts by adding 1.6 million new users, despite facing issues with buying new equipment. BSNL also has 40,000 3G subscribers and plans new initiatives to ramp up its subscriber base.

CORPORATE HIGHLIGHTS

- **GI Security, Canadian co sign pact**
- **BOC in pact with Jindal Stainless**
- **Ashok Leyland ties up with WABCO**
- **Airtel, IFFCO tie up to take mobile phones to AP villages**
- **Aegis acquires Australian BPO firm**
- **Petronet signs purchase pact with Exxon Mobil unit**

- **Granules signs finished dosage pact with MNC**
- **Sino-Global ties up with Forbes & Company**
- **GAIL pacts for gas supply**
- **Ushacomm ties up with Talisma**

GI Security, Canadian co sign pact

GI Security of India Pvt Ltd has signed a Joint Venture (JV) agreement with the Canada based Canpro Global Services for setting up modern and well-equipped security training institutes across the country. The proposed JV, to be called Canpro-GI Security, will be the first of its kind in the country. The partners will have equal share in the JV. The first two training centres will be operational in October in Kolkata and Delhi, with subsequent centres proposed to come up by 2011.

BOC in pact with Jindal Stainless

BOC India Ltd has signed a long-term contract with Jindal Stainless Ltd for the installation of an air separation unit on a hire basis at its steel works at Kalinganagar Industrial Complex, in Orissa. The contract entails supply of 300 temperature programmed desorption (tpd) of oxygen, 70 tpd of nitrogen and 55 tpd of argon.

Ashok Leyland ties up with WABCO

ASHOK Leyland has tied up with WABCO-TVS for development of transmission automation technology and the long-term supply of automated manual transmission systems for five years, from 2010 to 2015. Starting in 2010, WABCO will supply Ashok Leyland with its new OptiDrive modular AMT system, a breakthrough in transmission automation technology and one of the most creatively engineered products in WABCO's portfolio.

Airtel, IFFCO tie up to take mobile phones to AP villages

AIRTEL and Indian Farmers' Fertilisers Co-operative (IFFCO) have tied up to take cellular phones to the villages of Andhra Pradesh (AP) at a cost the farmers can afford and to provide farmers with the requisite information on farming methods, weather, crops and finance. There would be a dedicated toll-free helpline for IFFCO farmers to obtain answers for their queries. Farmers would be given free daily voice updates on mandi prices, farming techniques, weather forecasts and fertiliser application. The activation charges for a lifetime would be only Rs 47. More than 100 million IFFCO society members of rural Andhra Pradesh (AP) will be benefited by the JV. The call charges would only be 50 paise/minute among IFFCO members.

Aegis acquires Australian BPO firm

AEGIS group has completed the acquisition of Australia-based BPO firm UCMS Group for A\$ 54 million. Aegis has paid UCMS stockholders A\$ 0.98 a share in cash through Aegis BPO Services Australia, which represents a premium of 133% over the closing price of UCMS on May 14 A\$0.42.

Petronet signs purchase pact with Exxon Mobil unit

PETRONET LNG Ltd has signed a sales and purchase agreement with an Australian subsidiary of Exxon Mobil Corporation for the long-term supply of Liquefied Natural Gas (LNG) from the proposed Gorgon LNG project in Western Australia. The agreement is for the supply of approximately 1.5 million tonne per annum (mtpa) of ExxonMobil's share of LNG from the Gorgon LNG Project over a 20-year term.

Granules signs finished dosage pact with MNC

GRANULES India Ltd announced the signing of a material finished dosage manufacturing and supply agreement with a large multinational pharmaceutical company. The multi-year agreement targets the purchase of in excess of 1.5 billion doses on an annualised basis. This annual demand represents upwards of 25% of the company's finished dosage capacity. The agreement will enable their finished dosage plant to ramp up production and should substantially add to their top and bottom-line figures.

Sino-Global ties up with Forbes & Company

SINO-Global Shipping America Ltd, a non-state-owned provider of shipping agency and forwarding services primarily in China, has signed an exclusive partnership with India's Forbes & Company to enhance shipping agency cooperation in the ports of both the countries, according to shipping industry sources. Forbes will recommend Sino-Global as its exclusive business partner in China to all its clients in India and Sino-Global will serve all vessels appointed by Forbes in China. Similarly, Sino-Global will also recommend Forbes as its exclusive business partner in India to all its clients in China and Forbes will serve all vessels that are appointed by Sino-Global in India.

GAIL pacts for gas supply

GAIL (India) Ltd has signed a Gas Sales and Transmission Contract (GSTC) with Rajasthan Rajya Vidyut Utpadan Nigam Ltd (RRVUNL) for supply of natural gas for 160 MW plant of RRVUNL at Ramgarh. GAIL also signed Gas Sales and Purchase Agreement (GSPA) with the SGL Consortium - iServices Investments Ltd, ONGC, Newbury Oil Company Ltd and Focus Energy the contractors of RJ-ON/6 block for supply of natural gas from the on land block in Rajasthan. The GSPA with SGL Consortium has been signed for supply of 0.95 mscmd of natural gas for a period of 12 years. The gas sourced from the RJ-ON/6 block will be supplied to RRVUNL power plant through 90 km pipeline.

Ushacomm ties up with Talisma

USHACOMM has tied up with Talisma Corporation Pvt Ltd, a Customer Relations Management (CRM) solutions specialist, to help service providers in telecom and other sectors track customer preference patterns and devise packages to retain and expand customer base. The solution, named TIB-X, was built on the capabilities around Business Support System, CRM and Business Intelligence; the service would mainly cater to Mobile Virtual Network Operators (MVNO).