



MARKET MOVEMENT

| Major Indices | Jan 08, 2010 | Jan 15, 2010 | % Change | Change |
|---------------|--------------|--------------|----------|---|
| BSE Sensex | 17,540.29 | 17,554.30 | 0.07 |  |
| NSE Nifty | 5,244.75 | 5,252.20 | 0.14 |  |

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **India, Bangladesh sign five accords**
- **Nod for Rs 36.86 billion terminal at Chennai port**
- **Government grants approval to road projects worth US\$ 1.36 billion**
- **Exporters get US\$ 109.54 million worth incentives**

India, Bangladesh sign five accords

INDIA has signed five accords with Bangladesh and has extended a US\$ 1 billion line of credit to the country. The US\$ 1 billion line of credit, the highest bilateral financial assistance India has provided to another country, will be used for supply of coaches and locomotives and buses, the construction of railway bridges and lines, and assistance in dredging. India has also agreed to supply 250 MW of electricity to Bangladesh through the central grid.

Nod for Rs 36.86 billion terminal at Chennai port

GOVERNMENT has given its nod for the proposed Rs 36.86 billion mega container terminal at Chennai port. The project would be developed in phases between 2013 and 2018. Upon completion, the total capacity of the mega container terminal will be 4 million Twenty Foot Equivalent units (TEUs) per annum. They plans investment of Rs 9.63 billion for breakwater construction, Rs 5 billion for berths, Rs 3.6 billion towards dredging and Rs 1.24 billion for reclamation. The port would contribute Rs 5.61 billion.

Government grants approval to road projects worth US\$ 1.36 billion

THE Government has approved road projects worth US\$ 1.36 billion in five states to upgrade nearly 562 km of four-lane highways to six lanes. The approved projects include six-laning of 435 km in Rajasthan, Maharashtra and Gujarat at an estimated US\$ 943 million, part of the Golden Quadrilateral (GQ) scheme and four/six laning of 122.87 km stretch on Maharashtra-Goa and Goa-Karnataka border at an estimated US\$ 412.5 million.

Exporters get US\$ 109.54 million worth incentives

THE Government has announced US\$ 109.54 million-worth incentives to give a boost to the export sector and to promote exports to China and Japan. It has also announced the expansion of the Focused Product Scheme (FPS) and special FPS, under which exporters would receive a 2-3% incentive. Also, Japan and China have been included among the countries in Market Linked Focused (MLF) Programme. This will help the exporters facing numerous challenges in the international markets.

INDUSTRY WATCH

- Japan may open up to Indian generics
- M&A volume at highest level since 2000
- Industrial output at 2-year high
- Exports rise 9% in December
- Steel rose up 8% in April-December

Japan may open up to Indian generics

JAPAN has veered round to considering India's demand to open up its over \$100-billion pharmaceutical market to Indian generic, or off-patent, drug producers. India and Japan are discussing the issue as part of the Comprehensive Economic Cooperation Agreement (CECA) being thrashed out between them. The two sides are looking to increase bilateral trade to \$20 billion from \$12 billion in 2008-09 once the agreement for liberalizing trade in goods, services and investment is implemented. India is insisting that Japan should agree to a mutual recognition agreement (MRA) in pharma for testing procedures and standards, wherein Tokyo recognizes the standard testing mechanism of the FDA, the US regulator, which many Indian companies follow. India has finally started getting a positive response from the Japanese side.

M&A volume at highest level since 2000

MERGER and acquisition (M&A) volumes have touched US\$ 74.5 billion, the highest figure in ten years. Year 2000 saw over 1,000 M&A deals standing at an aggregate of US\$ 171.5 billion. The 2010 figure is 79% higher than the US\$ 41.7 billion figure for 2009. The healthcare sector has been witnessing maximum deal flow and has accounted for 54% of volumes in 2010. It was followed by the food and beverage, oil and gas, finance and mining sectors.

Industrial output at 2-year high

INDUSTRIAL production grew at a two-year high 11.7% in November 2009, putting India on track to achieve 8% economic growth in the current financial year. Industrial output growth is boosted by a massive 37.3% jump in consumer durables and 12.2% increase in capital goods. Industrial output grew at its fastest pace since October 2007, as the economy began to consume and invest more, suggesting that it may no longer need the stimulus offered in the form of low interest rates and high Government spending.

Exports rise 9% in December

EXPORTS rose for the second successive month in December. Exports from India were estimated at \$14.6 billion in December 2009, which was 9.4% higher than the level in November. The growth in December was driven by sectors such as pharmaceuticals, engineering and auto components. In November 2009, the country's merchandise exports registering 18% growth, at \$13.2 billion, compared with \$11.16 billion in the same month a year ago.

Steel rose up 8% in April-December

INDIA'S steel consumption rose close to 8% during April-December 2009, over the year ago period, buoyed by strong demand from the automobile and infrastructure sectors. The nine month period of the current fiscal saw finished steel consumption rise to 41 million tonne from 38 million tonne in the year-ago period. Steel production, on the other hand, grew 3.5% to 44 million tonne during April-December 2009, from 42.5 million tonne a year ago.

CORPORATE HIGHLIGHTS

- **Tata Communications ties up with Tomizone**
- **GTL, Aircel tower deal confirmed for Rs 84 billion**
- **GVK Biosciences partners ResearchPoint Global**
- **Airtel inks pact with REC**
- **Biological E ties up with US Company**
- **REpower, Suzlon ink pact to boost sales**
- **Dutch Company buys Caltex Gas**
- **Dabur ties up with Belgium firm**

Tata Communications ties up with Tomizone

TATA Communications Internet Services announced that it has tied up with Tomizone, a Wi-Fi solutions Company which is based out of Australia, to offer low-cost Internet services to Indian subscribers. The tie-up would allow broadband subscribers of the Tata Indicom service, to instantly set-up Wi-Fi hotspots at their premises, and also allows them to utilize bandwidth that is not being used, by offering it to others on credit, enabling them to subsidize broadband connection cost. Currently there are less than 1,000 Wi-Fi hotspots in India with Tata Indicom Wi-Fi having a share of over 50%. Through this partnership, the number of such hotspots can grow manifold in a much shorter time.

GTL, Aircel tower deal confirmed for Rs 84 billion

GTL Infrastructure has announced the acquisition of Aircel's 17,500 telecom towers for Rs 84 billion. They will raise the money through a mix of debt and equity. This is the largest all-cash asset purchase transaction in Indian corporate history. In addition to the existing towers, Aircel had also committed for 20,000 more towers over the next three years. On completion of this deal, GTL Infra is expected to have a portfolio of more than 50,000 towers across India. Aircel aims to use these funds to increase its subscriber base from 31 million to 100 million by 2012, increase its base station from 40,000 to 80,000 and expand its value-added services.

GVK Biosciences partners ResearchPoint Global

GVK Biosciences, the Hyderabad-based contract research firm, has announced that it has partnered with ResearchPoint Global, the US-based clinical organization. This partnership enables GVK Bio to participate in global trials while focusing on local investigators, recruitment and leveraging lower local costs. The two companies which are full service Contract Research Organizations (CROs) will offer access to medical writing, clinical data management and biostatistics, as well as quicker patient recruitment.

Airtel inks pact with REC

TELECOM major Bharti Airtel has signed a multi-year network management services contract with state-run Rural Electrification Corporation (REC). Under the agreement, Bharti Airtel will manage REC's complete Enterprise Resource Planning (ERP) backbone, including data centre and entire network connecting Delhi Corporate Office and 18 project/zonal offices across the country. Bharti Airtel will supply, install and manage the hardware security and network equipment and set up a standby server center infrastructure and also establish a data center co-located at Bharti Airtel facilities. It will also offer training and on-site facility management services and set up a helpdesk facility for REC.

Biological E ties up with US Company

BIOLOGICAL E Ltd has tied up with VaxInnate Corporation; a US based Company and obtained a license to manufacture a recombinant H1N1 pandemic swine flu vaccine. Under the terms of the agreement, the Biological E Ltd has gained rights to manufacture the vaccine for South Asian countries, including India. The vaccine is likely to enter clinical development in India soon. Biological E looks forward to working closely with VaxInnate to rapidly develop and manufacture this innovative vaccine in India.

REpower, Suzlon ink pact to boost sales

REPOWER, a unit of Suzlon Energy, has signed an agreement with its parent Company, to promote product sales in markets where Suzlon has a stronger presence. The agreement will give REpower the chance to grow in markets where sales of non-conventional energy products have been surging in recent years. REpower is the world leader in wind turbine technology. The agreement will enable Suzlon's local subsidiaries in countries, such as the US, Australia and New Zealand, to support the Europe-based REpower in expanding market presence and promoting sales. The Company will maintain the entire project management, service, and technical support responsibilities for all turbines it sold within those markets.

Dutch Company buys Caltex Gas

DUTCH group SHV has acquired Caltex Gas India, a wholly-owned subsidiary of US-based Chevron. Though the deal is touted to be the largest in the Indian LPG segment, SHV had spent below Rs 5 billion on this all cash deal. Through this acquisition, SHV has acquired the LPG import terminal facility of Caltex at Tuticorin that has an annual throughput capacity of 180,000 MT. Along with it come two filling plants in Tamil Nadu and a 250-strong distributor base. This will further strengthen their LPG supplies in the country and help them reach southern markets.

Dabur ties up with Belgium firm

DABUR has tied up with a Belgium firm for technical collaboration to reduce carbon emissions in its plants and has invested Rs 50 million for the purpose. The Company is rolling out a host of initiatives at its various manufacturing facilities spread across India and Nepal to reduce carbon emissions and become more energy efficient. While the technology would be first installed in its Pant Nagar plant in Uttarakhand, the company expects to apply the technique in near future to its various units like Newai (Rajasthan), Baddi (Himachal Pradesh), Sahibabad (Uttar Pradesh). This project will use wet herbal waste from the facility as a fuel directly added into a boiler and incinerate the same to generate steam.