



MARKET MOVEMENT

Major Indices	Mar 05, 2010	Mar 12, 2010	% Change	Change
BSE Sensex	16,994.49	17,166.62	1.01	
NSE Nifty	5,088.70	5,137.00	0.94	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- Government nod for Rs 44.37 billion grid connected solar plants
- Centre approves de-notification of 12 SEZs
- Karnataka Government releases master plan
- New draft policy on affordable housing in rural areas

Government nod for Rs 44.37 billion grid connected solar plants

GOVERNMENT has approved Rs 44.37 billion for setting up 1,100 MW grid-connected solar power plants under the first phase of the National Solar Mission. They have planned to set up 1,100 MW grid-connected solar plants, including 100 MW capacity plants as rooftop plants and other smaller solar power plants for the first phase of the mission till March 2013. Under the three-phase National Solar Mission, the Government is planning to generate 20,000 MW solar powers by 2022.

Centre approves de-notification of 12 SEZs

THE Centre has given its nod for de-notification of 12 Special Economic Zones (SEZs) including nine IT SEZs in States such as Delhi, Haryana, Tamil Nadu, Andhra Pradesh, Orissa, West Bengal and Gujarat. Requests for de-notification by the developers have been received from 13 SEZs located in the States/Union territories of Delhi, Orissa, Gujarat, West Bengal, Haryana, Maharashtra, Tamil Nadu and Andhra Pradesh out of which 12 have been approved by the Board of Approval (BoA).

Karnataka Government releases master plan

GOVERNMENT released a master plan for the development of tourism in Karnataka. The plan is prepared based on the vision 2020 document prepared and adopted by the Karnataka State Planning Board (KSPB). The master plan, envisages initiatives to attract Private Investment (PI) ranging from Rs 100 billion to Rs 200 billion in the next three to five years. Most of these investments will be through Public Private Participation (PPP) and Special Purpose Vehicles (SPVs) to be created exclusively for this purpose. The master plan attempts to identify the economic contribution of the Traveler Economy in terms of both direct impacts, from sectors directly related to tourism and indirect impacts, from other sectors that rely on tourism through the value chain.

New draft policy on affordable housing in rural areas

GOVERNMENT has drafted a new policy aiming to ensure adequate and affordable housing for all in the rural areas. A National Rural Housing and Habitat Policy has drafted by Government after wide consultation with the stakeholders. The goal of the proposed policy is to ensure adequate and affordable housing for all in the rural areas. The draft policy also aims to facilitate development of sustainable and inclusive habitats in rural areas by expanding Government support.

INDUSTRY WATCH

- **India tea exports rise 41%**
- **India Inc's M&A tally jumps 5-fold at \$1.3 billion in February**
- **January industrial output seen up 16.65%**
- **Auto sales in February rise 34.98%**

India tea exports rise 41%

INDIA'S tea exports rose 41 % in January 2010 as the global crop shortage accounted for higher demand for Indian teas abroad. Total exports in January stood at 17 million kg from 12.02 million kg a year ago. This is a continuation of the situation prevailing for the last three months when the demands from various tea importing countries improved significantly as other tea exporting countries like Kenya and Sri Lanka are facing a huge production deficit. Meanwhile good post-monsoon rains in Southern India resulted in 25 % rise in India's total tea production for the month of January to 27.1 million kg compared with 21.6 million kg a year earlier.

India Inc's M&A tally jumps 5-fold at \$1.3 billion in February

MERGER AND ACQUISITION (M&A) space in February 2010, the total deal tally in the first two months of this year has risen to nearly \$4 billion. Deals worth over \$1.3 billion were announced in February, a five-fold jump from the year-ago period. Cross border deals constitutes to major share of the total deal pie. M&A and Private Equity (PE) deal activity has kept up with the significant momentum set from the beginning of 2010.

January industrial output seen up 16.65%

INDUSTRIAL output rose 16.65 % in January from a year earlier. This ranged from a rise of 17.6% from 9.5%. Manufacturing growth is on the upswing propelled by growing economic momentum and aided by stimulus measures and easy credit. Strong consumer durables and capital goods demand are driving it up. With both exports and non-oil imports also on the rise, the strong momentum is likely to be sustained.

Auto sales in February rise 34.98%

THE total sales in domestic market stood at 1,129,783 units, up 34.98 % over 837,017 units in the year ago period. The February sales surpassed the previous record of 1,114,157 units achieved in January this year. The domestic passenger car segment too posted the highest ever

sales at 153,845 units against 115,505 units, up 33.20 %, in the corresponding month last year. It was the 11th straight month of growth for the segment.

CORPORATE HIGHLIGHTS

- **JFE to buy into JSW Steel**
- **Suzuki raises stake in Maruti**
- **Thermax, Babcock & Wilcox ink deal for boiler venture**
- **Siva group buys 50% in Norwegian mineral water Company**
- **Fortis buys 23.9% stake in Singapore's Parkway**
- **AstraZeneca in licensing deal for Torrent drugs**
- **Steel intake up 8.5% in April-February**
- **Minacs acquires British firm**

JFE to buy into JSW Steel

JAPAN'S second largest steel firm, JFE Steel, is close to acquiring around 10% stake in India's second largest steel producer, the Sajjan Jindal-led JSW Steel. The deal is seen as significant by analysts leading companies such as JFE to look at growing markets elsewhere like India. JFE, looking to acquire stake in the Indian steel market, JSW is a natural choice since it already has a tie-up with JSW for making high quality automotive steel and operating an integrated steel plant in West Bengal. For JFE, the benefit would be in sourcing raw materials since JSW has a Chilean mining venture from where JFE can source its raw materials. Currently, JFE buys 100% of its raw material as it has no captive base.

Suzuki raises stake in Maruti

JAPANESE automaker Suzuki Motor Corp has raised its stake in Maruti Suzuki to 55%, triggering speculation about the Japanese firm's intentions for its Indian subsidiary and the move is part of a larger plan to take full control of the country's top carmaker. Suzuki raised its stake in Maruti by 0.8% through secondary market purchases. Indian rules allow companies to make creeping acquisitions of up to 5% a year and any increase beyond 55% will require Suzuki to make an open offer for another 20%.

Thermax, Babcock & Wilcox ink deal for boiler venture

THERMAX, energy and environment solution provider and Babcock & Wilcox (B&W), a US based company have inked a Joint Venture (JV) agreement to manufacture super-critical boilers for the power sector, with an investment of Rs 7 billion. The Joint Venture (JV) looks to set up a manufacturing facility with an annual capacity of 3,000 MW. Thermax will hold 51% of the equity, which will come from its cash reserves, while Babcock and Wilcox Power Generation Group will hold 49%. The debt-to-equity ratio will be 1:1. The JV will also manufacture sub-critical boilers over 300 MW.

Siva group buys 50% in Norwegian Mineral Water Company

SIVA group has acquired 50% stake in Isklar, a Norwegian mineral water company, for \$22 million (Rs 1 billion). The Company is promoted by the Sabco group based in Muscat, Oman and Java Holdings of Norway. Isklar takes water from the glaciers and bottles it. It currently has the capacity to bottle 20 million litres. Isklar expects turnover to be \$20 million and twice as much in the following year. The main market is the UK. As a quay is located right alongside the bottling plant, shipping out of Norway is easy.

Fortis buys 23.9% stake in Singapore's Parkway

FORTIS Healthcare Ltd has announced the acquisition of a 23.9% strategic stake in Parkway Holdings Ltd, a Singapore-based healthcare service provider. The deal size is estimated to be about \$685.3 million. Fortis is acquiring the stake held by TPG Capital (formerly Texas Pacific Group), a private investment firm. Parkway has a network of 16 hospitals having 3,400 beds spread across six countries including India, China and Malaysia. This acquisition will significantly expand their footprint across the region and place them strategically for geographical and clinical leadership in Asia, a big step closer to our vision of establishing a global healthcare delivery network.

AstraZeneca in licensing deal for Torrent drugs

ASTRAZENECA, an Anglo-Swedish major on had tied up with Torrent Pharmaceuticals to brand and supply a basket of Torrent's non-patent medicine in emerging markets. Torrent has initially licensed 18 products to be sold in nine countries where AstraZeneca has a strong market presence. These would be sold as AstraZeneca brands. Torrent, which exports to 50 countries, already has a few market authorizations for these drugs. The emerging markets are forecast to contribute around 70 % of pharmaceutical industry growth in the next five years, and branded generics represent approximately 50% by value in these emerging markets.

Steel intake up 8.5% in April-February

STEEL consumption rose 8.5 % to 51.23 million tonne (mt) during April-February period of this fiscal against 47.24mt in the year-ago period, on the back of steady rise in demand from sectors including automobiles, white goods and construction. However, production rose only 4.5 % during the reporting period at 54.35mt over 52.02mt tonne in the same period last year. Moreover, in February alone steel output rose 4.8 % to 4.97mt over the year-ago period. Imports also surged by 22 % to 6.61mt during the period.

Minacs acquires British firm

MINACS, an arm of Aditya Birla Group, announced the acquisition of the UK-based Compass Business Process Outsourcing (BPO), a leading end-to-end Finance and Accounting (F&A) services provider. Through this acquisition, Minacs would take over all the operations of Compass across the UK, US, Middle East and in India, bringing Minacs' F&A employee strength to 600. With Compass forming the core of Aditya Birla Minacs F&A are now strongly positioned to be an integral part of their clients' core processes. Compass is already a highly respected force in the F&A space with the full spectrum of capabilities.