



**MARKET MOVEMENT**

Major Indices	Dec 24, 2009	Jan 01, 2010	% Change	Change
BSE Sensex	17,360.61	17,464.81	0.60	
NSE Nifty	5,178.40	5,201.05	0.43	

**INDIAN ECONOMY AT A GLANCE****POLICY WATCH**

- Japan to work to boost trade with India
- India ink pact for DMIC project with Japan
- Foreign investment proposals worth Rs.5.24 billion approved
- Tax at concessional rate for foreign oil E&P advisors

**Japan to work to boost trade with India**

INDIA and Japan have agreed to relax visa rules in a year's time in order to facilitate improved trade and widen cooperation between the two nations also to ensure that Japanese visa system become more liberal to enable faster growth of trade, investment and people to people contact. The two countries have set a target of US\$ 20 billion in trade for the coming year, up from US\$ 12 billion in the period 2008-09. The two countries also discussed cooperation in infrastructure projects and renewable energy, climate change and security. The two countries also agreed to work out funding and logistical issues relating to the Dedicated Rail Freight Corridor, the first phase of which is targeted for implementation next year.

**India ink pact for DMIC project with Japan**

INDIA and Japan signed two important agreements for implementing Delhi-Mumbai Industrial Corridor (DMIC) project cost Rs 3,600 billion which seeks to create integrated investment regions and industrial areas across six states. The agreements include collaborating in the development of eco cities that are environmentally and ecologically sustainable along the corridor and setting up of a project development fund to undertake activities like master planning & feasibility studies, preparing project reports and obtaining approvals and bid process management for projects.

**Foreign investment proposals worth Rs.5.24 billion approved**

GOVERNMENT approved nine Foreign Direct Investment (FDI) proposals worth Rs 5.24 billion including a proposal of Rs 3.26 billion from Japanese conglomerate Mitsui. The Government approved the proposals based on the recommendations of the Foreign Investment Promotion Board (FIPB). The Mitsui proposal envisages setting up a wholly-owned subsidiary as well as a Joint Venture (JV) Company in the warehousing sector and in the container freight stations segment.

### **Tax at concessional rate for foreign oil E&P advisors**

**AUTHORITY for Advance Rulings (AAR) decided that income of foreign companies providing technical services and data to oil Exploration and Production (E&P) companies in India will be taxed at a concessional rate.** The ruling will be a big help to oil prospecting companies in India as they step up exploration activities, allowing them to avail of technical services and data more easily. Under Section 44BB of the Income-Tax Act, 10% of total gross receipts is deemed to be the total income from the activity and taxed at the rate of 40% applicable for foreign companies. The effective rate thus comes down to 4%.

## **INDUSTRY WATCH**

- **Domestic auto sales grow 49% in December**
- **Companies engaged in eco-friendly biz post return of 105%**
- **Mid-market IT firms gets a platform to tap business**
- **Core sector expands 5.3% in November**

### **Domestic auto sales grow 49% in December**

**DOMESTIC passenger vehicle sales for December 2009 grew 49% to 119,930 units.** This is the second highest sales notched by the auto industry in the current financial year. Excise duty cuts, attractive vehicle loans made possible by Public Sector Unit (PSU) banks have helped the whole industry to post good sales numbers for December 2009. The country's largest manufacturer of passenger vehicles, Maruti Suzuki, sold 84,804 units in December 2009, 51% higher than the sales posted in December 2008.

### **Companies engaged in eco-friendly biz post return of 105%**

**THE Companies engaged in businesses such as hydropower, solar energy, bio-diesel, ethanol and plantation outperformed the broader market by a wide margin in the year 2009** and boosted their bottom lines significantly. These companies posted a return of 105% Year to Date (YTD) compared to 83% for the Bombay Stock Exchange (BSE 500). These companies also posted strong profit growth. On an aggregate basis, their net profit rose by 43% for the three months ended September 2009 from a quarter ago.

### **Mid-market IT firms gets a platform to tap business**

**INDIAN and German Governments have agreed to promote a new bilateral technical cooperation initiative** to support the introduction of high quality e-Governance and e-Business services in the Information technology and small and medium-sized enterprises (IT-SMEs) sector. The objective of this project is to improve the competitiveness of IT-SMEs through the use of e-Governance, e-Business and ICT services and shall lead to increased quality and business opportunities and, as a desired impact, to the creation of income and employment opportunities in the sector.

### **Core sector expands 5.3% in November**

**COUNTRY'S infrastructure sector accelerated by 5.3% in November, backed primarily by growth in steel and cement production in the month of November.** The six core sectors, which contribute 26.7% to the overall Index for Industrial Production (IIP), had grown 0.8% in the corresponding month of 2008. The growth in October this year was revised upwards to 3.8% from an earlier estimate of 3.5%. Production of petroleum refinery products also grew by 4.9% on a Year on Year (YoY) basis, as against a contraction of 1.1% in the year ago period.

## CORPORATE HIGHLIGHTS

- **Nikon Corporation coming up with expansion strategies**
- **Honda Siel Cars inks pact with Axis Bank**
- **Inox acquires Cryogenic Vessel of US**
- **Metalman Auto forms JV Italian Company Cellino**
- **NTPC-Bhutan pact for Amochhu hydel plant**
- **Cox & Kings India acquires two Companies in Australia**
- **BAE Systems, M&M form Rs 1 billion JV**
- **Sonata Software ties up with Maximum Processing**

### **Nikon Corporation coming up with expansion strategies**

**JAPAN'S imaging major Nikon Corporation is set to double its market share to 13% in the country's compact camera segment.** Although a late entrant into this market, almost 14 years after rivals Sony, Canon and Kodak firmly established themselves Japanese major Nikon is positioned strongly in the digital SLR segment. The Company will continue to invest in regional brand building, establishing more sales point and new products launches. The Company is looking at expanding its distribution network aggressively.

### **Honda Siel Cars inks pact with Axis Bank**

**HONDA Siel Cars Limited, a Joint Venture (JV) between the Honda Motor Company Limited, Japan and Siel Limited has tied-up with Axis Bank to offer finance to dealers and customers for its vehicles at competitive rates.** Honda Siel and Axis Bank will pool their resources together to make accessible organized finance at competitive rates to our dealers and customers across the country for the purchase of Honda cars. Under the agreement, Axis Bank has approved a line of credit for financing the dealers of Honda Siel for inventory funding and retail financing of auto loans. Axis Bank plans to leverage its 938 branches in 583 cities pan-India to scale up the vehicle financing and expects to grab a significant market share in the near term. Honda Siel Cars India has a dealership network across 66 cities in the country.

### **Inox acquires Cryogenic Vessel of US**

**INOX Group's venture, Inox India, has acquired US-based Cryogenic Vessel Alternatives (CVA), the world's largest cryogenic transportation equipment maker.** The Indian subsidiary would emerge as the second-largest Company offering cryogenic storage, transportation and distribution products for the global market. The Company is planning another acquisition in the US. The erstwhile owners of CVA will continue to play leadership roles and leverage the significant geographical market and product synergies resulting from this new partnership.

### **Metalman Auto forms JV Italian Company Cellino**

**METALMAN Auto has announced a Joint Venture (JV) with Italian firm Cellino SRL to enable it to manufacture components for passenger cars. Metalman, which currently supplies to only commercial vehicles,** construction equipment and two-wheeler makers, will now get access to overseas markets as well. Metalman Cellino will invest Rs 200 million over two years in setting up a greenfield facility at Aurangabad. It is also in the process of buying another factory in the same city from an existing player, which manufactures cabins for three-wheelers. The tie-up will help them in acquiring the technical know-how for the manufacture of components for the passenger car industry.

### **NTPC-Bhutan pact for Amochhu hydel plant**

**NATIONAL Thermal Power Corporation (NTPC)** has entered into a preliminary agreement with Bhutan to set up the Amochhu Reservoir hydel project. NTPC has a power generation capacity of 30,644 Mw and plans to become 50,000 Mw by 2012. The country has planned to add over 78,000 Mw. India already gave assistance to Bhutan to build three hydel projects at Chukha, Kurichu and Tala and is helping with the construction of Punatsangchhu-1 project.

### **Cox & Kings India acquires two Companies in Australia**

**COX and Kings India** acquired MyPlanet Australia and Bentours International. The company has acquired 100% shares of MyPlanet and Bentours from First Choice Holdings Australia through share sale agreement. First Choice is a European tourism group which is part of the TUI Travel Plc group of companies. The acquisition has been done through an earn-out mechanism and is not being paid for from cash raised for acquisitions from the recent Initial Public Offering (IPO). The acquisition of Bentours and MyPlanet will add to the retail distribution presence of Tempo Holidays.

### **BAE Systems, M&M form Rs 1 billion JV**

**MAHINDRA & Mahindra** and the UK-based BAE Systems signed an agreement to form the land systems-focused Joint Venture (JV). The companies will together invest \$21.25 million over a three year period in a Joint Venture to make defence vehicles. The company will initially employ 100 people in its projects including Axe, the high mobility vehicle as well as up armoured and bullet proof Scorpions, Boleros, Rakshak, Rapid Intervention Vehicles and the Marksman light armoured vehicle. The companies have worked in partnership to produce a prototype of a mine-protected vehicle.

### **Sonata Software ties up with Maximum Processing**

**SONATA Software**, an IT consulting and software services firm has tied up with Maximum Processing to increase the delivery capabilities of its Stingray System, a Web-based property and casualty insurance administration solution. Under the tie-up with Maximum Processing, Bangalore-based Sonata will help insurance companies implement a reliable, fast and accurate core system in keeping with the requirements of dynamic business and industry environments. Maximum's Stingray is a browser-based system which provides workflow, imaging and third party interfaces for credit card, general ledger and bureau statistics reporting functions.