

MARKET MOVEMENT

Major Indices	Nov 27, 2009	Dec 04, 2009	% Change	Change
BSE Sensex	16,632.01	17,101.54	2.74	↑
NSE Nifty	4,941.75	5,108.90	3.27	↑

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- Government drafts list of 25 state firms for stake sales
- India approves \$984 million of foreign investment plans
- Draft corporate governance code released
- India, US enhance investor treatment

Government drafts list of 25 state firms for stake sales

INDIA has prepared a preliminary list of 25 public sector companies it could float on the stock market as it seeks to accelerate state asset sales. The Government announced last month that it would float all profitable publicly owned companies and that 10 % of all listed state-run firms must be publicly traded. Government financial panel has estimated the total market value of public sector companies at \$300-400 billion. The Government has said that it will use the funds raised for social spending such as poverty alleviation.

India approves \$984 million of foreign investment plans

GOVERNMENT has approved 17 foreign direct investment proposals worth \$984 million. The Government approved plans by the local telecoms arm of Russia's Sistema to receive 30.51 billion rupees as foreign investment. The agency has sought the cabinet committee approval for Alstrom's proposal to set up a Joint-Venture Company with a foreign investment of 4.9 billion rupees, as the project cost exceeded a regulatory limit of 6 billion rupees. Pepsico Inc's plans to infuse 9.28 billion rupees of foreign equity to its India arm.

Draft corporate governance code released

A draft corporate governance code formulated by a task force set up by a Government body calling for harmonization of regulation between the Companies Act and Securities and Exchange Board of India (SEBI) regulations among other measures. The code will be non-mandatory, voluntary and aspirational, adding that the proposed code will also be left open for around a year for stake-holders to come with their suggestions. The draft code has come up 25 recommendations on various topics like the constitution of the board of directors, role and responsibility of independent directors and auditors, shareholder activism and harmonization of various regulations in the area of corporate governance.

India, US enhance investor treatment

INDIA and the US have pledged to develop trade and economic opportunities for the two countries and educate the future generations to solve the global challenges. They are negotiating a bilateral investment treaty that will enhance investor treatment and protection to spur greater bilateral investment flows. The US envoy hoped that both countries would initiate landmark steps to arrest the threat of global warming and climate change through the new bilateral green partnership.

INDUSTRY WATCH

- **Indian economy grows 7.9 % during July - September 2009**
- **Car sales post double digit growth in November**
- **October retail drug sales rise 29%**
- **STPI exports log 10% growth in first half**

Indian economy grows 7.9 % during July - September 2009

INDIA'S Gross Domestic Product (GDP) grew by 7.9 % during July - September 2009, up from 6.1 % in the previous quarter. The cumulative expansion for the first half of the current fiscal stands at 7 % with the economy registering a 6.1 % growth in the first quarter of 2009-10. The surge in GDP numbers was led by a 9.2 % growth in the manufacturing sector, with the mining and construction activities expanding by 9.5 % 6.5 %, respectively. Community, social and personal services expanded by double digit at 12.7 %, whereas trade, hotels, transport and communication sector grew by 8.5 %. Further, financing, insurance, real estate, and business services increased by 7.7 % against 6.4 % a year ago.

Car sales post double digit growth in November

CARMAKERS continued to see double-digit sales growth in November. Auto sales had started to grow from December last year, after the Government cut excise duty by 4% on all vehicles under its stimulus package that revived demand and brought sales back on positive charts. The decline in interest rates helped revive car sales in the past one year, which peaked during the festive months of October, during which 160,000 cars were sold. Market leader Maruti Suzuki India continued to hold the sales momentum, recording 60% jump in sales to 76,359 cars.

October retail drug sales rise 29%

The Indian drug retail market grew by a 29.24% in value terms in October 2009 over the year ago period, more than double the average monthly revenue growth rate of 13-14% in the recent past. Domestic drug sales constitute about a third of revenues for pharma companies, who depend on exports for their overall business, besides selling directly to hospitals and institutions. The unusual growth for the drug retail market was marginally above expectations. During October, sales of market leader Cipla grew 30%; Mankind Pharma posted the highest growth with 40%.

STPI exports log 10% growth in first half

THE country's IT exports under the Software Technology Parks of India (STPI) scheme logged an estimated Rs 834.36 billion in the first half of the current financial year, with Bangalore accounting for over 30 % of the total export basket. At this point, the STPI exports have shown over 10 % growth over the year-ago period. Bangalore is estimated to have clocked Rs 255.23 billion in IT exports, with Maharashtra fetching Rs 197.39 billion and Hyderabad at Rs 158 billion in first half. Exports from Noida location stood at Rs 109.10 billion, with Chennai following closely at Rs 75.05 billion.

CORPORATE HIGHLIGHTS

- **IDBI Bank, Toyota ink MoU for auto finance**
- **FACT, Rubbermark pact for granulated mixture**
- **SBI ties up with Singapore bank for remittance service**
- **Shriram EPC in pact with Chinese Company for power projects**
- **Nikon widens network in Tier II cities**
- **L&T, NPCIL ink Rs 17.25 billion JV**
- **Mahindra and BAE Systems to invest US\$ 21.25 million in JVC**
- **Religare, UK Company in tie-up for F&O software**

IDBI Bank, Toyota ink MoU for auto finance

IDBI Bank and Toyota Kirloskar Motor Pvt Ltd (TKM) signed a Memorandum of Understanding (MoU) for providing auto finance to the latter's prospective customers. The MoU would facilitate prospective customers of TKM with vehicle finance at attractive terms. The loan facility for prospective TKM customers would be extended up to 7 years with maximum funding on low prices and faster processing.

FACT, Rubbermark pact for granulated mixture

THE public sector FACT and Kerala State Co-operative Rubber Marketing Federation (Rubbermark) have entered into a joint venture for producing granulated mixture of fertilizers. The Rs 150 million project will be set up at Vazhakkulam in Ernakulam district. A Memorandum of Understanding (MoU) which facilitates Rubbermark to undertake the work of mixing of various fertilizers produced by FACT is signed as well as another MoU, which authorized Rubbermark to operate a stock point dealership for FACT fertilizers, is also signed.

SBI ties up with Singapore bank for remittance service

SOUTHEAST Asia's largest banking entity DBS has announced that it has entered into a partnership with the State Bank of India (SBI), India's largest bank, to offer an online remittance service from Singapore to India. Through the service, known as DBS2SBI Remittance, DBS/POSB customers will now be able to transfer funds quickly and conveniently to beneficiary accounts at over 16,000 SBI branches as well as to 30,000 other branches in India. Through this tie up with DBS SBI will be able to provide speed, convenience and ease to customers banking with DBS/POSB, who wish to send remittance to their clients of the SBI Group in India.

Shriram EPC in pact with Chinese Company for power projects

SHRIRAM EPC Ltd has signed a Memorandum of Understanding (MoU) with **North West Electric Power Design Institute of China** to form a consortium to undertake **Engineering, Procurement and Construction (EPC)** contracts for thermal power projects in India. The MoU is valid for five years. North West Electric specializes in design, consultation and EPC projects in the power sector. The Company has been involved in a large number of coal based power plants domestically and overseas ranging from 25 MW to 1,000 MW.

Nikon widens network in Tier II cities

NIKON a subsidiary of **Nikon Corporation Tokyo**, the digital imaging equipment maker, has embarked on a drive to increase its penetration of smaller towns and cities in India as it looks to double its overall sales and market share. The Company, which currently has around 800 retail points, is increasing distribution channels and has appointed 22 distributors this year. Their objective is to expand our presence in smaller cities and towns like Lucknow, Chandigarh, Dehradun and Pune. So, they are in the process of appointing distributors in these regions.

L&T, NPCIL ink Rs 17.25 billion JV

INDIA'S largest engineering conglomerate Larsen & Toubro (L&T) and state-owned **Nuclear Power Corporation of India (NPCIL)** on Monday formed a **Rs 17.25 billion Joint Venture** for specialized steel and forging products. While NPCIL will hold 26% in the Joint Venture (JV), L&T will have the remaining stake. The equity component of the Joint Venture is Rs 5 billion and the integrated facility will be built in Hazira. The plant, scheduled to be commissioned by April 2011, will produce about 50,000 tonnes of finished forging every year. The Joint Venture (JV) firm will supply finished forgings for nuclear reactors, pressurized and steam generators, in addition to heavy forging for critical equipment in the hydrocarbon sector as well as for thermal power plants.

Mahindra and BAE Systems to invest US\$ 21.25 million in JVC

MAHINDRA & Mahindra Ltd and **BAE Systems** have signed an agreement to set up a land systems focused, **Joint Venture Company (JVC)**, based in India. Both companies will invest US\$ 21.25 million over a three year period. The Company's equity split will be 74% Mahindra and 26% BAE Systems. The Joint Venture Company will be headquartered in New Delhi with manufacturing at a purpose-built facility located south of Faridabad, just outside of Delhi. It is expected to employ about 100 employees initially. Mahindra & Mahindra and BAE Systems are working on a major new project to develop a mine protected vehicle specifically designed to meet the needs of the Indian armed and paramilitary forces.

Religare, UK Company in tie-up for F&O software

RELIGARE Technologies has tied up with UK-based software provider **First Derivatives** to distribute derivatives trading software **Delta Algo** for algorithmic trading. Institutional investors use such software for large-volume trade. Orders move to the market's system from the trader's system and end up being executed automatically. First Derivatives provides software for investment banks and hedge funds.