



**MARKET MOVEMENT**

| Major Indices | Oct 17, 2009 | Oct 23, 2009 | % Change | Change  |
|---------------|--------------|--------------|----------|---|
| BSE Sensex    | 17,195.20    | 16,810.81    | (2.23)   |  |
| NSE Nifty     | 5,108.85     | 4,997.05     | (2.18)   |  |

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

- Government launches the National Skill Development Corporation (NSDC)
- India, China ink pact to fight climate change together
- Government approves divestment in NTPC, SJVN
- Nod for National Policy on Disaster Management

**Government launches the National Skill Development Corporation (NSDC)**

**GOVERNMENT** has launched the National Skill Development Corporation (NSDC), which has been mandated to skill 150 million people by the year 2022. The NSDC, a Public-Private Partnership (PPP) Enterprise, is intended to foster private sector industries to encourage skill training in 21 sectors. All prominent industry bodies have contributed to the initial capital of 51:49 venture between the private sector and Government. The NSDC aims to develop skills and requisite capabilities in 30% of the overall target of 500 million people by the year 2022. The important role assigned to NSDC consists of harnessing the energies of the private sector in supplementing the efforts being made by various Government entities.

**India, China ink pact to fight climate change together**

**INDIA** and **China** signed an agreement to cooperate on ways to fight climate change. They will also continue to work together in international climate deal negotiations. There is virtually no difference between Indian and Chinese negotiating positions on international climate treaties. The agreement is significant in the run-up to the Copenhagen climate summit, with developed and developing countries at odds over who should reduce emissions of greenhouse gases that are causing climate change. The agreement also aims to enhance cooperation in evaluation of adverse impacts of climate change. Indian and Chinese climate scientists will carry out joint research and development.

**Government approves divestment in NTPC, SJVN**

**THE** Government has approved a proposal to divest stake in state-run utilities National Thermal Power Corporation (NTPC) Ltd and Satluj Jal Vidyut Nigam Ltd (SJVN). The Government will offload 5% of its equity in NTPC and 10% in SJVN. The Government will be able to rise over Rs.88 billion by divesting 5% stake in NTPC, which generates over 30,000 MW of power. The Government's shareholding in the Company would come down to 84.5% after the divestment. After disinvestment it is expected that the market capitalization of NTPC would be higher and it would help the Company to raise resources in the international market on competitive terms.

### **Nod for National Policy on Disaster Management**

**THE National Policy on Disaster Management (NPDM), which will provide a framework and roadmap for handling disasters in a holistic manner, was approved by the Government.** The policy has been prepared in tune with and in pursuance of the Disaster Management Act, 2005 with a vision to build a safe and disaster-resilient country by developing a holistic, proactive, multi-disaster oriented and technology-driven strategy through a culture of prevention, mitigation, preparedness and response. The NPDM aims to bring in transparency and accountability in all aspects of disaster management through involvement of community.

### **INDUSTRY WATCH**

- **Forex reserves rise \$282 billion**
- **Indian Companies see \$77 million VC funding in July-September**
- **Realty demand up 15% in Q2**
- **Hiring activity up 4.1% in September**
- **India's electronics exports to Mideast register 107% growth**

#### **Forex reserves rise \$282 billion**

**FOREIGN Exchange (Forex) reserves rose to \$1.5 billion, largely on account of revaluation of non-dollar assets in reserves.** The latest indicate that the total foreign exchange reserves, including gold and special drawing rights (SDR - reserves currency with the International Monetary Fund), rose \$1,521 million to touch \$281.86 billion. Almost the entire rise in reserves was on account of a rise in foreign currency assets, which raised \$1,477 million. The value of SDR and the reserves with the IMF raised \$35 million and \$9 million respectively.

#### **Indian Companies see \$77 million VC funding in July-September**

**VENTURE capital (VC) investment in Indian companies rose by 20% to \$77 million (around Rs 3.60 billion) in July-September this year and is poised to grow in the coming months.** Venture capital (VC) firms invested \$77 million over 17 deals in India during the third quarter of 2009. During the April-June quarter, VC funds had invested \$64 million across 17 deals. The return of confidence in emerging markets in general and India in particular is now getting reflected in the quarter-on-quarter numbers.

#### **Realty demand up 15% in Q2**

**THE real estate sector saw a growth in demand of 15% in the Q2 of financial year 2009-10.** The rise has, of course, been helped by the base effect of a negative growth in the corresponding quarter of the previous year. The Indian commercial office market saw 10 million sq ft of office space commitment pan-India in top major IT cities, including Mumbai and Delhi. The bulk of the demand, almost 70% came in the second quarter. The supply of commercial properties is all set to touch 55 million sq ft by December, with an expected demand for 25 million square ft during the period.

#### **Hiring activity up 4.1% in September**

**HIRING activity is finally picking up steam among Indian companies. The job index, increased by 4.1 % in September, compared with August.** In terms of the three-month moving average, the index inched up from 715 in August to 719 in September this year, making it one of the best months. Recruitment went up across all experience levels, with the highest growth in

hiring for freshers and trainees, up by 39 %. There was a double-digit increase in hiring activities across 14 industries and a single-digit increase in 13 sectors. Recruitment in ITeS/BPO and real estate industries saw an increase of 18.3% and 36.8%.

### **India's electronics exports to Mideast register 107% growth**

**INDIA'S export of electronic hardware registered an unprecedented growth of 107% going up from US \$3279 million in 2007-08 to \$6790 million in 2008-09.** Rise of \$3279 million in 2007-08 to \$6790 million in exports of electronics hardware from India to Middle East countries has been observed during the year 2008-09, a rise of 107%. The share of electronics hardware exports from India to Middle East increased from 12.53% to 14.81% making Middle East countries the 3rd top destination for India's electronics hardware export during the year 2008-09. Export of software and services increased from \$569 million estimated in 2007-08 to \$1486 million estimated in 2008-09.

## **CORPORATE HIGHLIGHTS**

- **Tata Motors buys out Hispano**
- **Saertex Kemrock JV to make Aerospace Structural Components in Vadodara**
- **Datamatics Global acquires German IT firm**
- **Toyota's small car to be 10% more fuel efficient than Maruti, Hyundai**
- **Tata Steel, MMTC form venture to scout for mines**
- **Aditya Birla group signs MoU to develop captive port in Orissa**
- **HAL to make crucial Boeing parts in Bangalore**
- **Toyota to launch Prius next year in India, small car by early 2011**

### **Tata Motors buys out Hispano**

**TATA Motors has acquired 79% stake in Spain-based Hispano Carrocera SA, a bus and coach manufacturing Company.** It already holds 21% stake in the Spanish firm, for around Rs 700 million (including equity, debt and technology licensing). Tata Motors had an option to acquire 100% holding in the Spanish Company. The acquisition of the 79% stake in Hispano Carrocera has been internally funded. It is a minuscule amount. Hispano has been converted into a wholly owned subsidiary to close integration with the Company's bus market strategy in all relevant markets.

### **Saertex Kemrock JV to make Aerospace Structural Components in Vadodara**

**GERMAN composites major, Saertex, engaged in the production of non-crimp glass, carbon and aramide fabrics, has entered into an Memorandum of Understanding (MoU)** with Vadodara based Kemrock Industries and Exports Limited to set up a 50:50 Joint Venture (JV) Company in India. The Joint Venture Company will set up a new facility in Vadodara, Gujarat for producing various components for Indian and global aeronautical industry. The facility is expected to be commissioned in mid 2010. The proposed Saertex - Kemrock India Limited would be the first facility outside Germany, set up by Saertex, to produce high-end carbon composite components for aeronautical applications.

### **Datamatics Global acquires German IT firm**

**DATAMATICS Global Services Ltd has informed that Datamatics Global Technologies AG, a wholly-owned subsidiary of Datamatics Global Services Ltd, has acquired the**

information technology and IT-enabled services division of German IT consulting Company, Devoteam Danet GmbH by making an upfront payment of up to \$2 million. The new division will add nearly \$8-10 million to the topline growth and will be EPS-accretive from the first year itself. The Company expects to achieve an incremental profit of \$1.2-1.5 million from this acquisition. The balance payment is linked to achievement of sales-linked parameters. The acquisition will be funded through internal accruals only.

### **Toyota's small car to be 10% more fuel efficient than Maruti, Hyundai**

**THE world's biggest carmaker by sales, Toyota Motor Corp, is developing a 10% more fuel-efficient small car for launch in India** by Lexus sports car. For the upcoming small car they have set the benchmark with Maruti's Swift and Hyundai's i20. Toyota is targeting to develop the car with 10% more fuel efficiency than the Swift and i20. The Company would introduce the car with a four-cylinder engine that will be Bharat Stage IV emission norm compliant.

### **Tata Steel, MMTC form venture to scout for mines**

**TATA Steel and MMTC signed an agreement to launch a 74:26 Joint Venture (JV) Company for acquisition, development and operation of mines and processing of minerals and metals.** The steel production in the country is projected to grow to over 120 million tonnes by 2015, and with it, the requirement of raw materials needed to produce steel. To cater to the projected increase in raw materials requirement not only of the steel sector but also of other mineral-based industries, Tata Steel and MMTC have agreed to cooperate with each other and therefore to float a Joint Venture (JV) for the purpose.

### **Aditya Birla group signs MoU to develop captive port in Orissa**

**THE Aditya Birla group signed a Memorandum of Understanding (MoU) with Orissa Government to develop a sea port on Build Own Operate [BOO] basis at Chudamani in Bhadrak district on an investment of Rs.15 billion.** The projected capacity of the port to be developed over four years will be three million tons per annum [MTPA] in the first phase. This will be expanded subsequently to 10 mtpa. The port will have two berths, and will handle bulk cargo such as cement, aluminium, iron ore, thermal coal, limestone, gypsum, clinker and copper. The port will be connected by a rail corridor from Markona Station to port site. In this port, directly or indirectly, about 5,000 people will be employed.

### **HAL to make crucial Boeing parts in Bangalore**

**HINDUSTAN Aeronautics Limited (HAL) and Boeing signed an agreement to work together for the production of flaperons for the Boeing's 777 series of commercial jetliners.** The work will be performed in Bangalore. The 777 flaperon is a highly complex composite assembly that is instrumental in controlling the airplane's maneuverability in flight. The composite 777 flaperon that HAL will produce represents a significant leap forward in technological capability, and supports Boeing's strategy to work in partnership with India's aerospace industry for the long-term.

### **Toyota to launch Prius next year in India, small car by early 2011**

**TOYOTA Kirloskar Motor (TKM) will launch a slew of new cars during the next 14 months. The Fortuner sports utility vehicle was launched last month.** The new Land Cruiser Prado is also being considered for a possible introduction. But next to hit the roads will be the Prius which will be Toyota's first and most successful hybrid passenger car. It is expected to be launched by the end of 2010 and will, finally, mark the car major's entry into the mass-market

segment in India. The Prius is a standalone hybrid car, which seamlessly integrates an electric motor that is powered by a Lithium-ion battery pack and a regular gasoline engine using Toyota's proprietary Hybrid Synergy Drive system.