



MARKET MOVEMENT

Major Indices	Oct 24, 2009	Oct 30, 2009	% Change	Change
BSE Sensex	16,810.81	15896.28	(5.44)	
NSE Nifty	4,997.05	4711.70	(5.93)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- India signs Free Trade Agreement with ASEAN members
- India, US agree on trade pact framework
- Egypt offers special zone to India Inc
- New India-Nepal treaty simplifies export refund
- Government, Bengal ink chemical hub pact

India signs Free Trade Agreement with ASEAN members

INDIA signed a Freed Trade Agreement (FTA) with the Association of South East Asian Nations (ASEAN) members. This agreement is aimed to help fighting the situation like global crunch, as there will be minimum duties on goods amongst their trading in ASEAN countries. The trade size between India and ASEAN countries is huge and its size is around 48 billion dollars. Indian Government looks forward to working closely with the ASEAN and other countries of the East Asia Summit process to establish the Nalanda University as an international institution of excellence in the education with a continual focus.

India, US agree on trade pact framework

INDIA and the US agreed on a framework to promote trade and investment. The two Governments agreed to work together on a framework for promoting real and meaningful cooperation in trade and investment. India and the US had also agreed to sign agreements on intellectual property rights and sharing of traditional knowledge digital library. The two sides also agreed to work together to support greater involvement by small and medium enterprises in each other's markets, and to pursue initiatives in the future development of India's infrastructure, and collaboration on clean energy and environmental services and other sectors.

Egypt offers special zone to India Inc

EGYPT has invited India to build an India industrial zone in the Suez development area for setting up Joint Ventures (JV) with Egyptian companies. Egypt has offered to designate an area for setting up of the zone exclusively for Indian companies. India could gain significantly from the offer as it would give it easier entry to the European and African markets, since Egypt has preferential access to both. Indian companies have, till now, invested about \$750 million in 40 projects in Egypt. It has a significant presence in the IT and automobile sector with companies like Wipro, Satyam, Mahindra and Tatas, having invested in the country.

New India-Nepal treaty simplifies export refund

INDIA and Nepal inked a new trade treaty that will lower the incidence of taxes on exports to the Himalayan nation and benefit Indian companies such as Dabur, Asian Paints and HLL that have manufacturing presence there. A number of floriculture products, atta, bran, husk, bristles, herbs, stone aggregates, boulders, sand and gravel in addition to the existing ones can also be imported duty-free into India as per the new treaty. This trade pact will not only make the export refund procedure simple but also lay down clearly that no discrimination will be made on the basis of payment modality or currency of payment.

Government, Bengal ink chemical hub pact

THE Centre signed a Memorandum of Understanding (MoU) with the West Bengal Government for setting up a chemical hub at Nayachara Island. This is a step towards implementing the much-awaited chemical hub project, which is a critical component of the proposed petroleum, chemical and petrochemical investment region (PCPIR) in the state. The Centre will invest Rs 25.08 billion in developing infrastructure for the hub.

INDUSTRY WATCH

- **Forex reserves up \$684 million to \$285 billion**
- **¥260.6 billion Japan loan for freight corridor project**
- **SEBI in pact with Dubai regulator**
- **Infra financing to be made easier**

Forex reserves up \$684 million to \$285 billion

INDIA'S foreign exchange reserves rose by \$684 million to \$285.520 billion from \$284.836 billion. Foreign Currency Assets (FCAs), during the period, grew to \$268.348 billion as against \$267.898 billion. FCAs, expressed in US dollar terms, include the effect of appreciation or depreciation of non-US currencies such as Euro, Sterling, Yen held in reserves. Gold reserves stood unchanged at \$10.316 billion, while the Special Drawing Rights (SDRs) stood marginally up at \$5.267 billion from \$5.250 billion.

¥260.6 billion Japan loan for freight corridor project

THE Government of Japan has committed an amount of ¥260.6 billion for the engineering services loan under the dedicated freight corridor project (Phase-I). The objective of the project is to cope with the increase of freight transport demand in India by constructing new dedicated freight railway system, thereby, promoting comprehensive regional economic

development along the freight corridor, through improvement and modernization of inter-modal logistic system handling considerable freight.

SEBI in pact with Dubai regulator

SECURITIES Exchange Board of India (SEBI) has inked a Memorandum of Understanding with Dubai's regulatory agency, Dubai Financial Services Authority (DFSA), for bilateral assistance and mutual co-operation. The DFSA is the only independent regulator of all financial and ancillary services conducted through the Dubai International Financial Centre. The MOU was signed to establish a general framework for cooperation and consultation and mutual assistance between the regulatory authorities, in order to facilitate the fulfilling of their regulatory responsibilities. SEBI has signed such bilateral MOUs with 16 global jurisdictions; it has also signed a letter of intent for mutual co-operation with the Hong Kong regulatory body, the Securities and Futures Commission.

Infra financing to be made easier

NON-banking finance companies (NBFCs) such as IL&FS, IDFC, L&T Finance, Srei Infrastructure and India Infrastructure Finance Company (IIFCL) will find it easier to lend to infrastructure projects with the RBI creating a new category of NBFCs. The new category of NBFCs will be those that specialise in financing infrastructure projects and include firms which have allotted 75% of their total assets to financing infrastructure projects. There are three categories of NBFCs now - asset finance companies, loan companies and investment companies. Up until now, all NBFCs involved in infrastructure finance were classified under asset finance companies.

CORPORATE HIGHLIGHTS

- **Toyota's Hino Motors to launch luxury buses in India by December**
- **Sasken buys Ingenient's assets, product portfolios**
- **Avesthagen forms JV with Limagrain**
- **Shristi in tie-up with Westin for 5-star hotel**
- **IT startup ties up with Spanish firm to serve SMEs**
- **Tata Power, Norwegian firm sign pact on hydropower projects**
- **Essar in pact to buy 3 Shell refineries**
- **L&T sells 50% Voith Paper stake to Voith AG**

Toyota's Hino Motors to launch luxury buses in India by December

HINO Motors Corporation (HMC), a Toyota Group company would launch luxury buses for Indian roads by December. The Indian arm, Hino Motors Sales India Pvt Ltd, has also set a target to sell 700-800 units of heavy trucks and buses before March 2010 and plans to double it by next year. Hino also launched two truck models, FM8J and FL8J, priced at around Rs 4 million from the Hino 500 series, its fastest selling vehicles in the overseas market. The company would import the cabin and chassis in a semi-knocked down (SKD) form from its Thai plant and assemble these at Hino's facility near Bhiwandi, near Mumbai. The company had identified three partners for tippers and one partner for buses.

Sasken buys Ingenient's assets, product portfolios

SASKEN Communication Technologies has acquired the product portfolio, some customer contracts and certain assets of the US-based **Ingenient Technologies Inc**, a provider of embedded multimedia software solutions. As part of the deal, Ingenient will transfer 40 engineers in Chicago and sales team in Korea and Japan to Sasken. Ingenient's software solutions enable the creation, delivery, management and presentation of rich multimedia content. Customers of Ingenient range from tier one original equipment manufacturers to high-tech start-ups. The engineering team in US will form the core of Sasken's Chicago development centre, which will be a beachhead for new product development supported by multi-site service delivery model.

Avesthagen forms JV with Limagrain

AVESTHAGEN, a Bangalore-based life sciences firm, has announced the formation of a **Joint Venture (JV) with Limagrain**, a French international cooperative group. Limagrain will hold the majority 51 % in the JV, Atash Seeds Pvt Ltd, to build a agri-biotech business model for field crops. Avesthagen will license its patented technologies to Atash Seeds to develop, produce and market seeds nationally and internationally by leveraging Limagrain's network. The Joint Venture will work on new seed varieties that will attempt to address farmers' needs to combat drought, salinity while improving quality. Atash Seeds will promote biotech-driven, gene-based seed technologies designed to address needs of the farmer and other emerging markets.

Shristi in tie-up with Westin for 5-star hotel

SHRISTI Infrastructure Development Corporation India Ltd has entered into a management tie-up with **Westin Hotels & Resorts**, a chain of hotels owned by the US-based **Starwood Hotels & Resorts Worldwide**, to run its upcoming five-star hotel at Rajarhat. The 330-room hotel, to be named after the Westin brand, will be set up by Shristi at an estimated investment of Rs 8 Billion. Construction on the 8-acre land has already started and we hope to launch the hotel in the beginning of 2012. The hotel, located near the Kolkata airport, will cater to both business and leisure travelers. The 1 million sq ft hotel will also have helipad facility and a modern escape elevator security system built on Israeli technology, in which the guests will have an escape route in every floor in case of an emergency situation.

IT startup ties up with Spanish firm to serve SMEs

INFORMATION technology startup **Starlite** tied up with Spanish enterprise resource planning solution firm **Openbravo** to cater to the small and medium enterprises market in the country. Starlite provides services in sectors like infrastructure management, data warehousing, business technology services, enterprise application services and IT consulting. Through the tie-up with Openbravo, Starlite will provide open source Enterprise Resource Planning (ERP) solutions to small and medium scale companies in India. SME market in developed countries as well as emerging markets in India is underserved. This gives us an opportunity to grow faster in the SME market.

Tata Power, Norwegian firm sign pact on hydropower projects

TATA Power has signed an agreement with Norwegian renewable energy company **SN Power** to jointly develop hydropower projects in India and Nepal. This is the first time that the Tata group firm has entered into a partnership with a hydropower company. The Joint Venture aims to add 2,000 MW by 2015, and a total of 4,000 MW by 2020. Both companies have begun pursuing potential renewable energy project opportunities in the Himalayas. SN Power provides

valuable hydropower experience from Norway as well as from key projects in emerging markets, including India and Nepal. The partnership allows them to combine their extensive hydropower competence with their large scale industrial experience.

Essar in pact to buy 3 Shell refineries

THE Ruias - owned Essar Group has clinched an exclusive agreement to buy three refineries from Royal Dutch Shell, beating larger rivals, including US-based Valero Energy, in a move that could potentially catapult the Mumbai-based conglomerate to become India's largest overseas refiners. The talks to buy the three refineries from Royal, Europe's largest refiner, saw many suitors, including Libya's National Oil Corporation and an investment vehicle controlled by the Saudi royal family, lining up. The three refineries include one in the UK and two in Germany, and have a combined capacity of 500,000 barrels per day, or about 26 million tonnes per annum.

L&T sells 50% Voith Paper stake to Voith AG

LARSEN & Toubro Ltd said that it has sold its 50% stake in Voith Paper Technology India Ltd to its Joint Venture (JV) partner Voith AG of Germany. Voith Paper Technology provided design, consultancy and other value-added services to the Indian paper industry that included setting up of complete paper plants. It is currently executing three major orders from West Coast Paper, Century Paper and Tamil Nadu Newsprint and Papers Ltd, an L&T. Voith will continue to work with its long-term joint venture partner (L&T) in the field of manufacturing of machinery and equipment for pulp and paper production.