



MARKET MOVEMENT

Major Indices	Mar 26, 2010	Apr 02, 2010	% Change	Change
BSE Sensex	17,644.76	17,692.62	0.27	
NSE Nifty	5,282.00	5,290.50	0.16	

INDIAN ECONOMY AT A GLANCE

POLICY WATCH

- Japan extends Rs 105 billion loan assistance to India
- New Foreign Investment Policy document launched
- Government announces Rs 6.25 billion stimulus for some exports
- Government approves 23 FDI deals worth Rs 23 billion
- Government clears Rs 940 billion worth investment proposals
- Government sanctions Rs 1.58 billion for development projects

Japan extends Rs 105 billion loan assistance to India

INDIA has signed an agreement for Rs 105 billion Official Development Assistance (ODA) from Japan. The cumulative commitment of ODA from Japan has reached Rs 1,558.40 billion. This includes Rs 16.48 billion for the second phase of Delhi mass rapid transport system project (DMRTS), Rs 44.22 billion for the dedicated rail freight corridor and Rs 29.33 billion for Chennai metro. Six projects will be covered under the loan, including Sikkim Biodiversity Conservation and Forest Management Project, Kolkata East-West Metro Project (II) and Rengali Irrigation Project (III).

New Foreign Investment Policy document launched

GOVERNMENT launched a new policy document consolidating the rules and norms governing Foreign Investment in India under one comprehensive document. The move is aimed at making available all information on Foreign Direct Investment (FDI) policy in one place. It will lead to simplification of the policy, greater clarity of understanding of Foreign Investment rules among foreign investors and sector regulators, as also predictability of policy direction.

Government announces Rs 6.25 billion stimulus for some exports

GOVERNMENT has announced Rs 6.25 billion stimulus package for certain export sectors. The incentives are under the Market Linked Focused Product Scheme (MLFPS) for exports of 200 items in electronics, engineering and agrochemicals sectors targeting 15 countries, and for 300 products in the garments sector aimed at the US and the European Union. The incentives on garment exports are effective for six months beginning 1 April.

Government approves 23 FDI deals worth Rs 23 billion

GOVERNMENT has approved 23 Foreign Direct Investment (FDI) proposals worth over Rs 23 billion. The highest FDI of Rs 11.42 billion is likely to come into Tikona Digital Network from convertible debenture and share sale, followed Kalyani group company Bharat Forge's proposal to raise Rs 5.76 billion by issuing warrants to overseas investors and medical device maker Opto Circuits' Rs 3.76 billion proposals.

Government clears Rs 940 billion worth investment proposals

GOVERNMENT cleared 34 investment proposals amounting to Rs 940 billion. Among the proposals cleared are four cement units, four power plants, one Information Technology (IT) Special Economic Zone (SEZ), a logistics park, steel plants, engineering units, rubber products and sugar. The investments would provide employment to 100,000 persons in the State. The Government also cleared a proposal from Coca Cola to establish its third bottling plant in the State. The project involves an investment of Rs 1.07 billion and would require 36.89 acres in the Bidadi Industrial Area.

Government sanctions Rs 1.58 billion for development projects

GOVERNMENT has sanctioned Rs 1.58 billion so as to provide momentum to various development projects in Kochi city, Kerala including renovation of the North rail over bridge. Delhi Metro Rail Corporation (DMRC) will execute these projects as part of the proposed Kochi Metro Rail project. While Rs 400 million has been allocated for renovation of the North rail over bridge, Rs 125 million has been sanctioned for development of the M.G. Road stretch from Madhava Pharmacy junction to Thevara. A sum of Rs 374.2 million has been allocated for the construction of an over bridge near the KSRTC bus stand and for the development and widening of Salim Rajan Road and Mullassery Canal Road.

INDUSTRY WATCH

- **Mergers & Acquisitions up by 66% in January-February**
- **Core industries grow 4.5% in February**
- **Imports in February rise 66% to \$25 billion**
- **Indian seafood exports up 11% at Rs 80.83 billion**
- **External financial assets cross \$100 billion**

Merger & Acquisition up by 66 % in January-February

MERGER AND ACQUISITION (M&A) activity involving Indian Small and Medium Enterprises (SMEs) are on the rise. During January-February 2010 M&A transactions worth \$155 million have been concluded in the SME sector, up by 66% over the \$93 million in transactions in the corresponding period of 2009. Private equity (PE) investment, which has been the key for acquisitions, also witnessed a 121% increase during this period. There were 22 M&A deals in January-February 2010, compared to 16 deals during the corresponding period of last year, an increase of 55%.

Core industries grow 4.5 % in February

THE six 'core' infrastructure industries have registered a 4.5% Year-on-Year (Y-o-Y) growth in February, compared to 1.9% in the same month last year. For the period April-February 2009-10, the growth rate for the six industries was 5.3%, which is better than the 2.9%

Year-on-Year (Y-o-Y) increase during the corresponding 11 months of 2008-09. Production of electricity rose by 7.3% in February, while increasing by 6.8 % for coal, 5.8 % for cement and 0.9 % for finished steel.

Imports in February rise 66% to \$25 billion

IMPORTS during February were **\$25 billion, up 66.4% over \$15 billion in the same month in 2009. Of this, non-oil imports**, including capital goods were up 55.6% to \$17.4 billion. The rise in imports resulted in trade deficit nearly doubling to \$8.96 billion. Oil imports during the period were \$7.63 billion, 97.4% higher than \$3.87 billion in February 2009. Trade deficit for April 2009-February 2010 was \$95.42 billion, lower than \$114.72 billion last year. Due to the demand revival in overseas markets, exports rose 34.8% to \$16.09 billion. However, the cumulative value of exports for April 2009 to February 2010 declined 11.3% to \$152.98 billion.

Indian seafood exports up 11% at Rs 80.83 billion

INDIA's seafood exports increased 11 % to Rs 80.83 billion during the first 10 months of the current fiscal. The growth was achieved despite global economic recession leading to lower consumption of high end seafood products. Live items exports increased both in volume and value over last year. Shrimp exports continued to dominate seafood exports and accounted for 44% of the total volume. The European Union (EU) continued to be the most dominant export destination accounting for 30% of the value of exports followed by Japan with 13% and South East Asia also with 13%.

External financial assets cross \$100 billion

INDIA's net foreign currency liabilities or external financial assets as reflected in the net Index Industrial Production (IIP) has crossed the \$100-billion mark. Net liabilities increased by \$ 21.2 billion to \$117.1 billion in December 2009 from \$96.0 billion as on September 2009. Total external financial assets increased by \$7.0 billion to \$385.9 billion as on December 2009 over the previous quarter. Among the components of external financial assets, direct investment abroad moved up by \$3.2 billion, over end September 2009, to \$77.3 billion as on December 2009. Trade Credits, a component of other investment, improved by \$2.5 billion to \$5.7 billion during the same period.

CORPORATE HIGHLIGHTS

- **Tata Motors sells 20% stake in Telcon in favour of Hitachi**
- **Daiwa Group buys Shinsei's MF arm**
- **Hitachi, Toshiba, Mitsubishi and JGC ready to invest in DMIC**
- **Bharti inks \$10.7 billion deal with Zain Telecommunications**
- **Genpact signs pact with Hero Communications**
- **Indoco Remedies signs drug supply pact with Aspen**
- **HAL forms Joint Venture with Rolls-Royce**
- **Crompton Greaves acquires Power Technology Solutions for Rs 2.04 billion**
- **SAIL signs deal with Shipping Corporation of India for new venture**

Tata Motors sells 20% stake in Telcon in favour of Hitachi

TELCO CONSTRUCTION EQUIPMENT COMPANY LTD (Telcon), a 60:40 Joint Venture (JV) company between Tata Motors and Hitachi, signed an agreement under which Tata Motors has sold a further 20% stake in Telcon in favour of its Japanese partner Hitachi for Rs.11.59 billion. Telcon will be owned 60% by Hitachi and 40% by Tata Motors. Telcon has manufacturing facilities at Jamshedpur, Dharwad and Kharagpur, and it exports to countries in Asia and Africa.

Daiwa Group buys Shinsei's MF arm

JAPAN'S Daiwa Securities Group has acquired Shinsei Asset Management for about 1 billion yen. The deal paves the way for Daiwa's entry into India's mutual fund industry, values Shinsei Asset Management at almost 11% of its assets under management of around Rs 4.58 billion. Daiwa Securities Group is looking to expand in Asia and emerging markets. The group plans to strengthen its position by entering the Indian domestic asset management business and simultaneously enhancing product offerings in Japan. This acquisition is expected to further strengthen its business platforms in Asia.

Hitachi, Toshiba, Mitsubishi and JGC ready to invest in DMIC

JAPANESE corporations such as Toshiba Corporation, Hitachi, Mitsubishi Heavy Industries and JGC Corporation are planning big investments in the proposed Rs 3,600 billion Delhi Mumbai Industrial Corridor (DMIC) project. These companies are planning projects in solar power, power transmission, infrastructure development, water supply and sewerage treatment. The city of Kitakyushu will provide its knowhow on environmental technologies, while Yokohama is expected to help develop and manage water supply and sewerage systems for DMIC.

Bharti inks \$10.7 billion deal with Zain Telecommunications

BHARTI AIRTEL LTD, India's largest telecom service provider signed an agreement with Zain, a Kuwait based telecom firm to acquire its African assets at an enterprise value of \$10.7 billion. Bharti has already arranged a \$8.3 billion loan to finance the Zain buy. With this acquisition, Bharti Airtel would become the fifth largest wireless company in the world, with a subscriber base of about 179 million across 18 countries. Zain Africa has mobile operations in 15 countries with over 42 million customers.

Genpact signs pact with Hero Communications

GENPACT, India's largest Business Process Outsourcing (BPO) has announced multi-year deal with Hello Communications; a 100% subsidiary of Japan's Hikari Tsushin to provide the latter with customer service and finance and accounting to information technology infrastructure support and back office processing from its delivery centres in China. The strategic deal is for a period of three-five years, involving 100 to 200 people initially. It will give them access into the China and Japan markets. Genpact currently has a headcount of 3,500 at its three centres in China. It plans to add one centre by the end of this year, employing another 500 people.

Indoco Remedies signs drug supply pact with Aspen

INDOCO Remedies has entered into a long term drug supply pact with Aspen Pharmacare, the largest pharmaceutical manufacturer in Africa. The deal encompasses a number of ophthalmic products and will extend to 30 countries in emerging markets. Indoco will offer these products for registration and supply the same from its global standard manufacturing facilities in India. Aspen will market and distribute these products in various geographies immediately on obtaining the regulatory approval.

HAL forms Joint Venture with Rolls-Royce

HINDUSTAN AERONAUTICS LIMITED (HAL) India's premier aerospace company has entered into an alliance with **Rolls-Royce** the global power systems firm to create a **manufacturing Joint Venture (JV)**. The new 50:50 Joint Venture Company (JVC), will undertake the manufacture of compressor shroud rings. Construction of a new purpose built production facility, incorporating the latest in modern manufacturing techniques, will commence this year with component production beginning in 2012. The company aims to develop new, advanced manufacturing technologies and skills in India and will also be creating highly skilled new jobs in the Indian aerospace industry.

Crompton Greaves acquires Power Technology Solutions for Rs 2.04 billion

CROMPTON GREAVES LTD (CG), a subsidiary of **Avantha Group**, has acquired **Power Technology Solutions (PTS)**, a UK based company for around Rs 2.04 billion. With this acquisition, CG would gain significant consolidation in the Engineering, Procurement & Maintenance (EPM) segment in the UK and get access to newer markets. PTS is a high voltage electrical engineering company which provides consultancy, technical and engineering support to Regional Electricity Companies (RECs), including major utilities and Distribution Network Operators (DNOs) in the UK market.

SAIL signs deal with Shipping Corporation of India for new venture

STEEL AUTHORITY OF INDIA LTD (SAIL) announced the signing of an agreement with **Shipping Corporation of India Ltd (SCI)**. The new 50:50 Joint Venture Company (JVC) will primarily take care of SAIL's shipping needs by owning and operating ships. The joint venture will be registered at Kolkata and initially cater to around 1 million tonnes of SAIL's imported cargo annually. This amount will be expanded in subsequent years of operation.