



MARKET MOVEMENT

Major Indices	Oct 30, 2009	Nov 06, 2009	% Change	Change
BSE Sensex	15,896.28	16,158.28	1.64	
NSE Nifty	4,711.70	4,796.15	1.79	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- Government approves DIPP proposal on Foreign Technology Collaborations
- Directive on Public Sector Unit listing opens disinvestment tap
- Government clears road improvement projects worth Rs 42.26 billion
- Government begins sector-wise review on managerial pay cap

Government approves DIPP proposal on Foreign Technology Collaborations

A Proposal to permit all payments for royalty, transfer of technology, use of trademark, brand name on the automatic route without any restrictions, and subject to Foreign Exchange Management Act (FEMA), Current Account Transaction) Rules, 2000, is approved by the Government.. So far automatic approval was permitted for foreign technology transfers involving payment of lump sum fee of US\$ 2 million and royalty of 5% on domestic sales and 8% on exports. Beyond these limits, prior permission of the Government of India (Project Approval Board) was required.

Directive on Public Sector Unit listing opens disinvestment tap

GIVING its disinvestment programme a big push, the Government has asked all listed, profitable Central Public Sector Enterprises (CPSEs) to meet the mandatory listing norm of at least 10% public ownership. It has also asked all unlisted CPSEs with positive net worth, no accumulated losses and a net profit track record in the three preceding consecutive years to get listed. Both these decisions are likely to lead to a slew of equity offerings including Follow-on Public Offerings (FPOs). The eligible candidates include behemoths such as NMDC, MMTC, Neyveli Lignite Corporation, Rashtriya Chemicals and Fertilizers, National Fertilizers, Coal India, BSNL and Engineers India.

Government clears road improvement projects worth Rs 42.26 billion

THE Government approved road improvement projects, worth Rs 42.26 billion, for over 440 km of various national highways stretches. The projects are to be given out on design, build operate, finance and transfer basis and are part of third phase of the National Highways Development Project (NHDP), the Government's programme to develop road infrastructure across the country. Major projects, cleared by the Cabinet Committee on Infrastructure, include the Rs 10.78 billion project for four-laning of 103 km of Farakka-Raiganj section on NH-34 in West Bengal.

Government begins sector-wise review on managerial pay cap

THE Government has for the first time begun a sector-wise assessment on the cap on managerial pay. This comes in response to representations on the issue. Currently, the remuneration for directors and managers put together cannot exceed 11% of a Company's net profits. This cap applies to companies cutting across all the sectors. This new exercise is to understand sector-specific concerns to evolve a managerial remuneration approval system that is rational, objective and transparent. The Government is also looking at the recent global developments on managerial remuneration.

INDUSTRY WATCH

- **Indian mutual fund industry touches high of US\$ 162.62 billion**
- **SEZs post Rs 890 billion exports in April - September**
- **Indian auto sector growth soars**
- **Indian offshore industry saw increased momentum in Q3**
- **Over 500 million Indians own telephones**

Indian mutual fund industry touches high of US\$ 162.62 billion

THE Indian mutual fund industry touched an all time high of US\$ 162.62 billion and the industry's average Assets under Management (AUM) grew by US\$ 4.14 billion, or 2.61%, in October 2009, on the back of increased inflows in fixed income plans. The combined average AUM of the 36 fund houses hit US\$ 162.81 billion at the end of October 2009. Inflows into fixed income schemes helped the industry to record a growth in assets.

SEZs post Rs 890 billion exports in April – September

EXPORTS from the country's 101 operational Special Economies Zones (SEZ) topped Rs 890 billion during the first six months (April-September) of the current financial year, compared to Rs 996.89 billion worth of exports in the entire 2008-09. Out of the Rs 890 billion, around Rs 250 billion worth of exports took place from Government SEZs, Rs 90 billion from state and private SEZs and the remaining approximately Rs 450 billion from SEZs that are set up under the Act. The total number of employees in various SEZs across the country also grew from 283,425 to 418,129.

Indian auto sector growth soars

THE country's auto majors have reported a significant growth in October 2009. Maruti Suzuki India has posted a 32.45 % jump in total sales at 85,415 units in October compared to the same period last year, Hyundai Motor India's total sales for October 2009 stood at 51,736 units as against 46,596 units in October 2008, registering 11% cumulative growth. The festive period of the last two months generated strong sales and has given the Indian automobile industry.

Indian offshore industry saw increased momentum in Q3

OUTSOURCING companies in India saw their businesses growing in the third quarter of this year, driven by improving business sentiments across the world. The Indian offshore industry is growing on the back of improving demand and continued advantages of India as an offshore destination. India centric suppliers are investing in delivery capabilities and setting up new centers. The number of offshoring destinations worldwide increased to an 18-month high in the third quarter of 2009. As many as 36 new supplier delivery centers established in third quarter

compared to 30 during in the previous quarter. Besides, 28 new captives were established in the third quarter globally.

Over 500 million Indians own telephones

THE country's telecom subscriber base has crossed the 500 million-mark and the growth milestone has been achieved 15 months ahead of target. The country had targeted reaching this number by end of 2010, but actually crossed this mark in September this year. The number of telephone subscribers in India increased to 509.03 million at the end of September from 494.07 million in August, registering a growth rate of 3.03 %. The set target of 500 million telephones by the end of 2010 has been achieved by September 2009. This takes the tele-density to 43.50 % in the country whose population stands at near 1.20 billion. Wireless Tele-density stands at 40.31. Mobile operators added 15.1 million users in August.

CORPORATE HIGHLIGHTS

- **ProSim and Hitachi join hands to tap 300 casting units across India**
- **Wipro acquires select Yardley business for \$45.5million**
- **Toyota crosses 400,000 units in India sales**
- **Posiflex Technology acquires Protocol Systems**
- **JBM Group in education tie-up with Dassault Systemes**
- **Air India, Aerostar join hands for jet engine repair services**
- **McNally Bharat completes Humboldt Wedag arm buy**

ProSim and Hitachi join hands to tap 300 casting units across India

TECHNOLOGY solutions provider ProSim and Tokyo-based ProSim have joined hands to provide simulation software support and services to casting units in India. The joint partnership aims to generate revenues up to Rs 350 million in three years' time. The two companies are planning to tap some 300 casting units in cities like Pune, Kolhapur, Belgaum, Mumbai, Rajkot, Delhi, Agra, Bangalore and Coimbtore. There are more than 5,000 big casting units across India. Out of these some 350 companies have turnover in excess of Rs 5 billion. The new tie-up looks at these companies to sell Hitachi's specialized simulation tool Adstefan and also provides after-sales support.

Wipro acquires select Yardley business for \$45.5million

THE consumer care and Lighting business of Wipro acquired the Yardley business in Asia, Middle East, Australia Asia and certain African markets for \$45.5 million from UK-based Lornamead Group. The revenue run-rate of the business for 2010 is \$24 million. The transaction is expected to be completed by mid December 2009. Lornamead Group will retain the Yardley business in Europe and the America's. This is the second largest acquisition made by the Consumer Care and Lighting division of the Company. In 2007 Wipro Consumer Care and Lighting acquired Unza for \$256 million.

Toyota crosses 400,000 units in India sales

TOYOTA has announced that it has crossed the 400,000 units mark in India since it commenced operations 11 years ago. The Company which is in a joint venture with the Kirloskar Group in India is in the process of setting up a manufacturing facility in Bangalore for production of its strategic small car at an investment of Rs 32 billion. This is a big step towards establishing Toyota as one of the major players in the Indian automobile market. This, in fact,

could not have come at a better time for both, with the launch of the compact car in the Indian market next year

Posiflex Technology acquires Protocol Systems

POSIFLEX Technology, a manufacturer of Point of Sale (POS) terminals, has announced to set up its own subsidiary in India with the acquisition of majority stake in Bangalore-based Protocol Solutions, which used to be its distributor in India for the last eight years. The Taiwan-based Company which competes with global majors like IBM, Fujitsu and NCR in this segment, plans to invest \$10 million in India in the next three years, a part of which has gone to acquire controlling stake in Protocol Solutions. The immediate goal of the Company would be to strengthen the sale and marketing activity in India other than increasing the brand awareness. A part of the investment would also go to set up its R&D team which would basically help the Company understand the local customers' need and customize the POS products accordingly.

JBM Group in education tie-up with Dassault Systemes

AUTO component manufacturer JBM Group expects its revenue to grow over 20 % this fiscal on account of revival in the automotive market. The atmosphere is positive in the Indian automobile industry and the demand is coming back from original equipment manufacturers. JBM's partnership announced with Dassault Systemes to enter the education sector. JBM Group has tied up with Dassault Systemes to provide large-scale technology deployment across JBM Group's business unit. Sales reviving across segments such as passenger vehicles, two-wheelers and commercial vehicles, the profit margins of the Company have also improved. The group is targeting revenue of Rs 33 billion in the current financial year.

Air India, Aerostar join hands for jet engine repair services

AIR India's Engine Overhaul Facility, Mumbai, and Aerostar Asset Management. Targeted at the West Asian market, this initiative will provide engine repair and management solutions to all airline operators of the region. This alliance will sell repair services for jet engines such as GE CF6-50 and 80 series, P&W 4000 series, GE-90 series and CFM56-7 series and will also cover CFM56-5 series engine in the future. A marketing agreement was recently executed between the two companies and the brand will be formally launched at the Dubai Air Show later this month

McNally Bharat completes Humboldt Wedag arm buy

MCNALLY Bharat Engineering Company Ltd (MBE), belonging to the BM Khaitan Group, has concluded the acquisition of coal and mineral technology business of Humboldt Wedag GmbH. The acquisition has been made through MBE's wholly-owned subsidiary in Singapore, MBE Holdings Pte Ltd, for \$16 million, of which \$7.5 million has been a cash payout and the balance goes towards the statutory liability on account of workshop employees who have been absorbed. MBE's order book position amounted to Rs 29.25 billion. During the second quarter, the company's total income amounted to Rs 3.05 billion