



MARKET MOVEMENT

Major Indices	Nov 06, 2009	Nov 13, 2009	% Change	Change
BSE Sensex	16,158.28	16,848.83	4.27	
NSE Nifty	4,796.15	4,996	4.16	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- Government setting up spatial data infrastructure
- Government approved three port projects worth Rs 77 billion
- Government begins work on finance sector reforms
- Government approved \$70 million investment by OVL in Brazil block

Government setting up spatial data infrastructure

THE State Government has announced the setting up of a spatial data infrastructure called the **Kerala State Spatial Data Infrastructure (KSSDI)**. The objective of the SSDI is to provide a basis for spatial data discovery, evaluation and application for users and providers within all levels of Government, commercial as well as the non-profit sector and the citizens in general. It would also aim at creating a reliable and supporting environment to access geographically related information using a minimum set of standard practices, protocols and specifications. The State Government has invited proposals from consulting firms to establish a geo-portal and clearing house for the KSSDI on a turnkey basis and has already approved Rs 93.7 million for the five-year project.

Government approved three port projects worth Rs 77 billion.

IN a move to boost capacity at major ports in the country, a Government panel approved **three projects worth over Rs 77 billion**, to be developed through the Public-Private Partnership (PPP) mode. The projects, cleared by the Public-Private Partnership Approval Committee (PPPAC), include development of the fourth container terminal at Jawaharlal Nehru Port (JNPT), Navi Mumbai, the largest container terminal to be considered for construction in the country. The project, to be built at an estimated cost of Rs 67 billion, is currently stalled due to litigation issues.

Government begins work on finance sector reforms

INDIAN policymakers have begun the groundwork for a new architecture to strengthen the country's financial system. The High Level Co-ordination Committee on Financial Markets (HLCCFM), which has representation from all financial regulators and finance secretary, is preparing a paper that will outline the mechanism to ensure financial stability in the country. The paper would also look at conglomerates or multi-product financial service providers.

Government approved \$70 million investment by OVL in Brazil block

GOVERNMENT has approved additional investment by **ONGC Videsh Limited (OVL)**, a wholly owned **Subsidiary of Oil & Natural Gas Corporation**, for its offshore oilfield in Brazil. ONGC Videsh owns a 15% stake in the BC-10 block in Campos's basin in the Latin American country. The firm had also been authorized to invest another \$17.5 million, if needed, after an approval from an empowered committee of secretaries. The investment in overseas oil assets is aimed at enhancing security of the country.

INDUSTRY WATCH

- **Festive cheer pumps up industrial output**
- **Premium consumer goods high in demand**
- **Vehicle sales increase 15% in October**
- **Imports of sensitive items up by 30.4% in April – August**
- **Telecom sector contributes Rs 450 billion for Government**

Festive cheer pumps up industrial output

INDUSTRIAL output grew by a surprisingly strong **9.1% in September from a year ago, reinforcing optimism that economic recovery is on track.** Strong growth in factory output, or manufacturing one of the three components of the Index of Industrial Production (IIP) along with electricity and mining was driven by a surge in consumer durable production and output of capital goods. Pick-up in demand and easier financing also seem to have also spurred investment activity, evident from the strong growth in the production of capital goods in September 2009 on a high 20.8 % base during the year ago period.

Premium consumer goods high in demand

HIGH-end consumer goods such as plasma screen TVs, air-conditioners and automatic washing machines having been moving off the shelf at a faster. The segment grew by around 25% during the period up to September on a yearly basis, shows snap industry estimates. Sales of LCD televisions, which account for about 7% of total TV sets sold in the country, rose 83% to 700,000 sets while that of plasma television grew 19% to 28,000 units over same period last year. Higher purchasing power among affluent consumers was driving growth in mid and high-end items in urban markets, where the focus is more towards upgrading products.

Vehicle sales increase 15% in October

TOTAL vehicle sales in **October rose 15 % over the same period last year as the market continued an upward trend for the ninth month in a row after the low base of the previous year.** Passenger vehicle sales in October were up 33 % at 168,043, over the same month last year. This includes passenger car sales, which showed a similar growth of 34 % at 132,615 units. Maruti Suzuki was the market leader logging sales of 63,365 units, a 21.5 % increase over the same time in the previous year.

Imports of sensitive items up by 30.4% in April – August

IMPORTS of sensitive items, including edible oil, rose by 30.4% during April-August this year, propelled by a 424.8% jump in the shipments of milk and milk products. The overall import of the items went up to Rs 224.29 billion during the period from Rs 172.06 billion in the same period last year. Imports of edible oil rose 87.7% during the period. The imports of edible oil, milk and milk products were at Rs 8994.36 billion and Rs 963 million in April-August. The increase in edible oil import is mainly due to a substantial increase in import of crude palm oil and its fractions.

Telecom sector contributes Rs 450 billion for Government

INDIA'S telecom story is always shining. The telecom sector's contribution to the exchequer is growing exponentially. Latest data reveals a near 50% increase in license fee receipts over the last five years and an over 250 % increase in spectrum charges. In 2009-10, the telecom sector is estimated to contribute around Rs 450 billion to Government's kitty. The proportionate increase in spectrum charges received by the Government during 2004-09, is far higher than the increase in license fee. The license fee has moved up from Rs 68.16 billion in 2004-05 to Rs 95.108 billion in 2008-09.

CORPORATE HIGHLIGHTS

- **Turkish Hidromas, Japanese Fujitec to establish units in Mahindra World**
- **TVS Logistics acquires UK's Multipart Holding**
- **Honda is Committed to JV with Hero Group**
- **Renuka Sugars acquires Brazilian Company for Rs 3.77 billion**
- **RCOM in tie up with Atom Tech to offer M-Commerce transactions**
- **SunTec ties up with Sygnity for solutions to Poland banking sector**
- **Titan Energy, Enfinity tie up for solar power project**
- **Rallis now Tata Chemical subsidiary**

Turkish Hidromas, Japanese Fujitec to establish units in Mahindra World

OVER the last few months, the official machinery in Tamil Nadu has swung into hi-decibel mode, clearing big and small projects on fast track. Signs of green shoot have made investors upbeat on their business prospects. Reinforcing the State's position as a premier investment destination for MNCs, Hidromas, a Turkish Company, is gearing up for its maiden foray into Chennai while Fujitec India is another entity, which is setting up a manufacturing unit in the city. Currently, it is planning to set up an assembling plant. The lift manufacturing facility envisages an investment of Rs 600 million to Rs 700 million.

TVS Logistics acquires UK's Multipart Holding

TVS Logistics, part of TVS group has acquired Multipart Holding, which is among the top three after market logistics companies in UK. Multipart was engaged in the distribution of vehicle parts for Leyland, UK. In 1993, it became a separate Company and grew to provide aftermarket logistics services to its automotive clients and UK's defense sector besides tapping the

emerging utility sector. The growing Indian logistics market has also encouraged the Company to expand operations by floating ventures like TVS Dynamic Logistics services, TVS commutation solutions and TVS infrastructure.

Honda is Committed to JV with Hero Group

JAPANESE auto major Honda said it is committed to its Joint Venture (JV) with the Hero Group, putting to rest speculations of a rift between the partners. Honda and the Hero group hold 26 % each in their Joint Venture (JV). The Hero group and Honda had extended their agreement for 10 years, under which the Japanese partner would continue to provide technology to the JV. It is coming up for renewal in 2014. Hero Honda has been ranked as the number one two-wheeler maker for the 8th year in a row since 2001 and is targeting to sell over 4,000,000 units this fiscal.

Renuka Sugars acquires Brazilian Company for Rs 3.77 billion

INDIAN sugar companies are now acquiring a global footprint. The country's largest refiner Shree Renuka Sugars (SRSL) has bought distressed Brazilian sugar and ethanol producer Vale Do Ivaí (VDI) in a deal worth \$82 million. This is the first time an Indian Sugar Company has bought a Company overseas and could well pave the way for more such acquisitions by SRSL in Brazil, the world's biggest producer and exporter of sugar and ethanol. SRSL has bought 100% equity in VDI, which gives it control over two ethanol and sugar factories that can together crush 3.1 million tonne cane each year, 18,000 hectares on long lease, along with strategic stake in godowns and loading facilities at Paranagua port.

RCOM in tie up with Atom Tech to offer M-Commerce transactions

RELIANCE Communications (RCOM) has entered into a strategic tie-up with M-Commerce solution provider Atom Technologies to offer a fast and secure platform to conclude payment transactions using Reliance Mobile. Through RCOM, Atom will offer multiple banks (Indian and foreign) as well as merchants a common platform, allowing its subscribers to make payments across the entire merchant base. Reliance subscribers would also be able to purchase insurance services, DTH recharges, movie tickets, books and periodicals, consumer goods, holiday packages as well as bus and train tickets using their Reliance Mobile connection. RCOM's tie-up with Atom Technologies is expected to drive nearly 30 % of the m-Commerce traffic volume across its GSM and CDMA networks.

SunTec ties up with Sygnity for solutions to Poland banking sector

TRANSACTION Business Management Solutions (TBMS) major SunTec Business Solutions has tied up with Sygnity, a leading IT solutions provider in Poland, to deliver Relationship Based Pricing (RBP) and centralized billing solutions to banking and financial institutions in Poland. The two companies would provide readymade solutions for banks and financial institutions that can be easily deployed and will efficiently integrate with the banks' existing IT framework. The new solution would enable flexible pricing, personalization of services and enhanced operational efficiency while allowing banks to introduce innovative product bundles, packages and pricing plans. The two companies will co-operate on creating a centre of excellence for RBP and collaborate on joint go-to-market activities and alignment of strategic direction in the region.

Titan Energy, Enfinity tie up for solar power project

TITAN Energy Systems and Enfinity, based in Waregem Belgium, have joined hands to establish a 1 Giga Watt Power (GWp) or 1000 MW of solar Photovoltaic (PV) installations in Andhra Pradesh. Enfinity will develop and finance this project while the Hyderabad-based Titan Energy Systems will act as a contractor and supplier of the PV Modules. Enfinity and Titan will establish a Special Purpose Vehicle (SPV) for this purpose. In the Phase-I of the project about 500 MW capacities is to be constructed in the next five years. About 1500 acres has been allocated to Titan Energy in Kadiri in Anantapur district by the State Government.

Rallis now Tata Chemical subsidiary

TATA Chemicals has invested Rs 890 million to acquire 980,000 equity shares of Rallis India. The shares were allotted on a preferential basis at Rs 908.51. With the allotment, Tata Chemicals now holds 50.06 % of the equity capital of the Company. Rallis India has become a subsidiary of Tata Chemicals. Tata Chemicals in August emerged the single largest shareholder with 45.97 % holding in Rallis India. Tata Chemicals purchased 35.68 % stake from its group companies at an investment of Rs 3.63 billion. The Tata Group decided to consolidate its agriculture business after which the group companies Tata Tea, Tata Sons, Tata Investment Corporation and Ewart Investments divested their holding in Rallis India to Tata Chemicals. Tata Chemicals funded the share buy from its internal accruals.