



MARKET MOVEMENT

Major Indices	Feb 05, 2010	Feb 12, 2010	% Change	Change
BSE Sensex	15,915.65	16,152.59	1.48	
NSE Nifty	4,757.25	4,826.85	1.46	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **India, Japan in tie up to upgrade Alang shipyard**
- **India, UK sign joint declaration on nuclear cooperation**
- **FIPB allows FDI up to Rs 12 billion**
- **Government nod for air service deal with Nepal**

India, Japan in tie up to upgrade Alang shipyard

GOVERNMENT has signed a Memorandum of Understanding (MoU) with Japan to upgrade infrastructure at Asia's largest ship dismantling yard at Alang in Bhavnagar. Gujarat Maritime Board (GMB), which operates and regulates ports in the state, is seeking technology transfer and financial assistance to upgrade the yard at Alang to international standards. The MoU also includes construction and operation of a common hazardous waste removal pre-treatment facility, modernization of recyclable goods market and development of human resources. The project will be completed by 2012-13 and subsequently they will be getting ships from Japan for dismantling.

India, UK sign joint declaration on nuclear cooperation

INDIA and the **UK** signed a joint declaration for civil nuclear cooperation. The move is expected to offer greater access to British companies in the Indian atomic power sector and foster cooperation between scientific institutions on either side. The Declaration will help promotion and facilitation of wide ranging cooperation in the nuclear field including in nuclear trade and also between scientific institutions of the two countries. British nuclear industry can supply 70-80 % parts of a new nuclear reactor.

FIPB allows FDI up to Rs 12 billion

GOVERNMENT liberalized the Foreign Direct Investment (FDI) regime and empowered the Foreign Investment Promotion Board (FIPB) to approve projects envisaging foreign equity investment of up to Rs 12 billion. Earlier, the FIPB, a body under the Finance Ministry, was empowered to approve projects up to Rs 6 billion. With the changes in the FDI policy, the foreign companies will not be required to obtain No Objection Certificates (NOCs) from domestic firms for a second time for raising investment in the ongoing projects.

Government nod for air service deal with Nepal

GOVERNMENT gave its approval for signing of an Air Services Agreement (ASA) between India and Nepal. A new ASA based on International Civil Aviation Organization (ICAO) template was negotiated and initialed in September 2009 between India and Nepal. ASA has the potential to spur greater trade investment, tourism and strengthening the cultural exchange between the two countries besides bringing it in tune with developments in the international civil aviation scenario.

INDUSTRY WATCH

- FDI inflows touch US\$ 1.54 billion in December 2009
- Electronics sector rises 11%
- Telecom sector's revenue up by 4%
- Private equity investments double in January 2010

FDI inflows touch US\$ 1.54 billion in December 2009

FOREIGN Direct Investment (FDI) grew to US\$ 1.54 billion in December 2009, an increase of 13.2 % over the December 2008 level of US\$ 1.36 billion. This makes it the third consecutive month of Year-on-Year (Y-o-Y) increases in FDI inflows. FDI equity inflows for the period between April and December of the current fiscal, stood at US\$ 21.5 billion, higher than the US\$ 21.15 billion posted in the same period in the preceding fiscal. The services sector followed by the telecommunications, real estate and housing sector are seen as preferred destinations for foreign investors.

Electronics sector rises 11%

CONSUMER electronics bucked the trend and is growing a strong double digit 11% last year due to the fiscal stimulus announced by the Government, and the growth is expected to continue this year, led by technology oriented categories. Government had lowered the excise duty in two tranches, from 14% to 10% and then to 8%, which led to a reduction in prices of televisions, home appliances and washing machines. Premium models in all categories are expected to grow this year, with innovative products across multiple platforms to be growth drivers.

Telecom sector's revenue up by 4%

INDIA'S telecom players have set the cash registers ringing for the December 2009 quarter with a 4% hike in revenues, bringing cheer to the industry. The industry notched up Rs 397.56 billion during the quarter ended December 31, helped by a raise in earnings from both mobile and landline services. Mobile and landline revenues were at Rs 311 billion, up 0.5% from September 2009. On the wireless front, the sector clocked Rs 265.64 billion, a 0.7% growth, during this period.

Private equity investments double in January 2010

THE value of private equity deals in India stood at US\$ 386 million in January 2010. In January 2009, the figure stood at US\$ 191 million. Real estate, telecom and infrastructure sectors together accounted for more than 45 % of total private equity deal value in the month of January 2010. The largest private equity deal in the month of January 2010 was the acquisition of a 16 % stake in Coastal Projects by Fidelity, Deutsche Bank, Sequoia Capital and Barings Private Equity.

CORPORATE HIGHLIGHTS

- **Japanese steel giants tie up with Indian firms**
- **M &M ties up with Mitsubishi Agricultural Machinery**
- **Japanese companies interested for Ennore Port connectivity**
- **Ranbaxy to market Daiichi Sankyo drugs in Mexico**
- **Suzuki to launch Kizashi in India**
- **SVC resources acquires two mines**
- **IFFCO buys stakes in Canadian firms**
- **Subex inks pact with US Company**

Japanese steel giants tie up with Indian firms

TATA Steel, India's largest producer, announced a Joint Venture (JV) with Japan's Nippon Steel for production and sales of automotive cold-rolled flat products at Jamshedpur. The JV is expected to invest \$400 million to set up an automobile venture in India. Tata Steel-Nissan is just one among a slew of such JVs announced recently between Indian and Japanese steel producers. About three months earlier, JSW Steel signed an agreement with Japan's second largest producer, JFE, to collaborate for making automobile steel. . Bhushan Steel and Sumitomo had first entered into a six year strategic alliance in 1997, which they renewed in 2003 and then in 2009.

M &M ties up with Mitsubishi Agricultural Machinery

MAHINDRA & MAHINDRA (M&M) has tied up with Mitsubishi Agricultural Machinery Co of Japan to make rice transplanters at a facility in Nagpur. The initial investment will be in the range of Rs 150 million and around 1,000 transplanters will be produced in the first year. The number could then be increased to 5,000 units over the next two years. The transplanters would help the farming community from the viewpoint of increasing agricultural productivity and getting over the problem of scarce labour.

Japanese companies interested for Ennore Port connectivity

Japanese companies including car makers Nissan and Toyota and large engineering companies such as Toshiba are interested in speedier implementation of the Ennore Port connectivity projects. Toyota, which is setting up a second facility in Karnataka, is considering using Ennore Port for car exports. Nissan is expected to commence exports from August from its

plant near Chennai. Toshiba, which has a joint venture to manufacture turbines for thermal power plants, also hopes to use the Ennore Port. Japanese companies have also set up a committee to interact with the Karnataka Government on development of an exclusive 1,000-acre industrial area for them.

Ranbaxy to market Daiichi Sankyo drugs in Mexico

RANBAXY Laboratories will start marketing Japan's Daiichi Sankyo's innovator products in Mexico through a division that was created last year within Ranbaxy's Mexican subsidiary. Daiichi Sankyo have agreed to commercialize the latter's Olmesartan medoxomil, an antihypertensive drug in Mexico. Additionally, the companies have agreed to promote Prasugrel, an antiplatelet co-developed by Daiichi Sankyo and Eli Lilly and Company in Mexico. Ranbaxy had already started marketing Daiichi Sankyo's products in other countries, including Romania and Africa, as part of the strategy to leverage each other's strengths.

Suzuki to launch Kizashi in India

JAPANESE car maker Suzuki will soon launch its latest sports sedan 'Kizashi' in India. Kizashi is going to be sold in India. Kizashi, Suzuki's first entry into the all-wheel-drive sport sedan segment, arrived in dealer showrooms of North America in December last year and the company has so far sold about 300-400 units in the country. Suzuki commands half of the market share in India, which is a key market for the company, where it operates with its Indian partner Maruti.

SVC resources acquires two mines

SVC Resources acquired two mines in Madhya Pradesh. One of the mines is located at Dhamki, Jabalpur district, measuring 2.07 acres through a definitive agreement. The mine consists of laterite and has potentials of iron ore and manganese in it while the mineable reserve could be assessed at a minimum of Rs 100 million. Another mine is at Dilari, at Chhattarpur district, measuring 11.319 acres through a definitive agreement. This mine consists of white earth and ochre and has potentials of iron ore and manganese in it. The mineable reserve could be assessed at a minimum Rs 250 million.

IFFCO buys stakes in Canadian firms

INDIAN FARMERS FERTILISER COOPERATIVE LTD (IFFCO) has acquired 10 % stake in Canada-based Americas Petrogas Inc and 20 % stake in its subsidiary GrowMax Agri Corp. It has also formed a Joint Venture (JV) with the Canadian company for entering into the exploration business for potash, oil and gas. Indian fertilizer cooperative, which is the world's largest fertilizer firm, aims to obtain 50 % of the potash to be produced from the project in Peru. IFFCO and Americas Petrogas also have plans to put up a urea plant in Argentina using the gas from the field with an investment of \$1 billion.

Subex inks pact with US Company

SUBEX has signed a multi-million dollar contract with a US-based communication services provider to implement software that helps in cost management. Under the pact, Subex will implement Lucreta, an effective cost management solution, which would help the US-based firm in its video and content business.