



MARKET MOVEMENT

Major Indices	June 18, 2010	June 25, 2010	% Change	Change
BSE Sensex	17,570.82	17,574.53	0.02	
NSE Nifty	5,262.60	5,269.05	0.12	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- **Uniform building guidelines approved**
- **RBI permits zero coupon NCDs**
- **Service tax waived on power supply, services within ports**
- **Government approves Rs 2.35 billion for energy efficiency mission**
- **Foreign VCs must disclose financial statements for RBI approval**
- **Vizag port to allow barges in lighterage operations**

Uniform building guidelines approved

UNIFORM guidelines or **Development Control Regulations (DCR)** relating to **special buildings, multi-storeyed buildings**, group developments, layouts and sub-divisions are approved by Government. These regulations are to be implemented in planning areas including Trichy, Madurai, Tirunelveli, Thoothukudi, Salem, Erode, Coimbatore, Tirupur, Vellore and sub-urban areas falling in Kancheepuram and Tiruvallur districts in Tamil Nadu. The Development Regulations framed by Chennai Metropolitan Development Authority (CMDA) are scientifically driven with series of deliberations with technical experts and public consultations. If the road width is 18 metres and above then height of the building should be 60 metres and if the road width is minimum 30.5 metres then building 60 metres and above.

RBI permits zero coupon NCDs

RESERVE BANK OF INDIA (RBI) has allowed companies to issue zero-coupon **Non-Convertible Debentures (NCD)** at a discount to the face value. RBI released final guidelines for the issuance of the debt instruments with original maturity of up to one year. These directions will become effective from August 1. No corporate with a tangible net worth of less than Rs 40 million will be permitted to issue an NCD. The company will also have to ensure that it has sanctioned working capital limit or term loan by banks or financial institutions and that its borrowable account is classified as a standard asset.

Service tax waived on power supply, services within ports

GOVERNMENT has decided to exempt distribution of electricity, services provided within ports and airports, international passengers in transit and those travelling to and from the North-East from the ambit of service tax while bringing in more services in the tax net from July 1. In addition, construction services under specified government schemes and tournaments

and championships organized by specified bodies would be exempted from the tax. Realty sector got higher abatement of 75% from 67%. The service tax would now be levied only on 25% of the gross value.

Government approves Rs 2.35 billion for energy efficiency mission

GOVERNMENT approved the implementation plan of the **National Mission for Enhanced Energy Efficiency (NMEEE)** which could lead to reduction in greenhouse gas emissions and savings of millions of rupees of energy expenditure. Government approved expenditure of Rs.2.35 billion for the energy mission, which aims to create and sustain markets for energy efficiency in the entire country. These initiatives will result in fuel savings of around 23 million tonnes of oil equivalent and reduction in Green House Gases (GHG) emissions of 98.55 million tonnes. The national energy mission has several initiatives, including a market-based mechanism to enhance cost effectiveness of improvements in energy efficiency in energy-intensive large industries.

Foreign VCs must disclose financial statements for RBI approval

RESERVE BANK OF INDIA (RBI) has ruled that **Foreign Venture Capital Funds (FVCF)** will have to provide their financial statements for regulatory approval to invest in **India**. RBI has sent nearly a dozen applications of such funds back to market regulator the Securities and Exchange Board of India (SEBI), as these were not backed by financial statements. This aims to ensure that only the credible players get approval to start operations here. Some months ago, SEBI had made it mandatory for Foreign Venture Capital Investors (FVCI) to obtain a firm commitment of at least \$1 million from their investors. The rule on minimum commitment was a modification to an earlier rule that FVCF should have a minimum capitalization of \$100,000. India has attracted Rs 268.27 billion of investments through FVCF, compared to domestic venture capital funds' Rs 248.93 billion as on December 31, 2009.

Vizag port to allow barges in lighterage operations

GOVERNMENT has decided to allow barges in cargo lighterage activity on concessional berth hire charges at **Visakhapatnam port**. At present, the General Cargo Berth (GCB) is the only berth in the port where lightening operations are being carried out to enable Panamax and Handy Max vessels to enter the inner harbour. As per the existing policy, the vessels at the GCB are to be berthed for lightening purpose in the order of their arrival seniority, thus making vessels wait in queue for a long time due to pre-occupancy of the GCB. This has led to diversion of traffic to other ports. In this situation, allowing barges for cargo lightening activity would help both the port and trade.

INDUSTRY WATCH

- **Spices export up 7% in 2009-10**
- **Indian biotech industry grew 17% in 2009-10**
- **India's exports grows to US\$ 16.1 billion**
- **India led M&As touch 40 billion in January-June 2010**
- **Handicraft export up 19% in May**

Spices export up 7% in 2009-10

INDIAN spices exports grew by 7% and touched 502,000 tonne (lt) in 2009-10 for the first time. Despite the economic slow down in the major consuming countries, spices exports have recorded an all time high in value and volume. Rupee realization from spices exports grew by 5% to Rs 55.60 billion while dollar realization grew by 0.5% to \$ 1.17 billion last year. Spices exports have exceeded the targets in both volume and value. Value added products continued to dominate the exports basket with items such as spice oils and oleoresins along with mint products such as mint oils, menthol crystals and menthol powder contributing to 34% of the total export earnings. Chilly contributed 23% followed by cumin with 10%, turmeric 7% and pepper 6%.

Indian biotech industry grew 17% in 2009-10

INDIA'S bio-tech industry clocked a 17% growth with revenues of Rs.137 billion in the 2009-10 financial years over the previous fiscal. Bio-pharma was the biggest contributor generating 60% of the industry's growth at Rs.88.29 billion, followed by bio-services at Rs.26.39 billion and bio-agriculture at Rs.19.36 billion. The industry witnessed a three-fold growth in the last five years. Companies in western India outperformed those in other parts of the country, logged revenues worth Rs.66.31 billion constituted 46% of the total biotech market. Southern India made up for 39% of the overall revenues at Rs.55.37 billion.

India's exports grows to US\$ 16.1 billion

EXPORTS have risen to US\$ 16.1 billion in May 2010, up 35.1% year-on-year (Y-o-Y) due to better demand in markets in western countries. India is looking at a target of 15% growth in exports in the fiscal 2010-11. During April-May 2010, Indian exports were recorded at US\$ 33 billion, a rise of 35.7% Year-On-Year (Y-o-Y). Export figures have shown an increase in the last seven months since November 2009, depicting a steady recovery in the economy. Iron ore exports have more than doubled in April-May over a year ago period and oil exports surged too, due to India's growing refining capacities and increasing external demand. Imports grew to US\$ 27.4 billion in May up by 30.8% as compared to corresponding period last year.

India led M&As touch 40 billion in January-June 2010

MERGERS AND ACQUISITIONS (M&As) in India touched \$40 billion in the first six months of the year. Indian transactions accounted for a sixth of the total Asian deals of \$242.1 billion from 5,078 deals, a rise of 21%. This calendar year has seen outbound M&As pick up substantially on the back of good economic growth and valuations. . Value of deals in energy tripled to a record \$8.8 billion, compared to a year earlier. The telecom sector topped the league table with deals valued at \$13.8 billion.

Handicraft export up 19% in May

INDIA'S handicraft export grew by about 19% to over \$154.16 million in May over the year-ago period, thanks to the increasing demand from the US market. The handicraft export stood at \$129.60 in the same period last fiscal. Besides major markets like the US and Europe, the handicraft exporters are also focusing on new markets like Latin America. Among items that registered maximum growth are imitation jewellery which grew by about 26%, followed by woodware 24.27%, shawls as artwares 22.39%, zari and zari products 19.23% and art metal ware 17.07%.

CORPORATE HIGHLIGHTS

- **NTPC in JV with Japan Company, ADB**
- **Toyota plans rural foray in India**
- **Piramal Healthcare signs pact to acquire BioSyntech's assets**
- **Atul buys adhesive brand Polygrip**
- **MIC Electronics, IOC tie up for solar-based products**
- **Warburg buys ICICI Ventures in Metropolis for \$85 million**
- **Hind Dorr-Oliver ties up with BHT, SPIG Cooling Towers**
- **Hinduja BPO arm acquires UK-based Company**

NTPC in JV with Japan Company, ADB

NTPC is has formed a Joint Venture (JV) with the Asian Development Bank (ADB) and **Kyuden International Corporation**, a wholly-owned subsidiary of Japan's **Kyushu Electric Power Company**, for producing power from renewable sources. The Joint Venture (JV) has set a target of achieving a capacity to produce 500mw primarily from wind power plants and small hydel projects within three years. The venture will eventually look at setting up such plants abroad in future. NTPC will initially hold 50% in the venture and the other two partners will have 25% each. The move is part of NTPC's strategy of adding 1,000 mw green capacity to its portfolio in the long term. This is aimed at rationalizing fuel usage and better manage peak load. Besides, such actions will improve the company's green footprint and help it secure a bigger pie of the carbon credit market.

Toyota plans rural foray in India

TOYOTA KIRLOSKAR MOTOR (TKM), in which Japan's **Toyota Motor Corp** holds an **89% controlling stake**, is tuning its marketing strategy to penetrate into rural India. Toyota Kirloskar, which till date focused mainly in metros and urban areas, has drawn up plans to sell 40% of its cars in the rural markets. In calendar 2010, the company has set a sales target of 70,000 vehicles compared to 55,000 vehicles in calendar 2009. The company is also weighing the option of exporting its small car Etios, which will be available in India from January 2011. While Etios is in its product basket, TKM aims to achieve a 150,000 car sales in 2011 and subsequently increase the volume to 300,000 - 350,000 cars by 2015.

Piramal Healthcare signs pact to acquire BioSyntech's assets

PIRAMAL HEALTHCARE LTD has signed an agreement to acquire **BioSyntech's assets for a consideration of Canadian \$ 3.9 million**. BioSyntech is a medical device company specializing in developing, making and commercializing advanced bio therapeutic thermo gels for regenerative medicine (tissue repair) and therapeutic delivery. Its platform technology is a family of hydrogels called BST-Gel, some of which are liquid at low temperature and solid at human body temperature. These gels can be injected or applied to a specific local site and offer beneficial properties for the local repair of damaged tissue such as cartilage, bone and chronic wounds and provide the benefit of avoiding invasive surgery.

Atul buys adhesive brand Polygrip

ATUL LTD, a **Lalbhai Group** company, has acquired **Polygrip**, **India's leading rubber-based 34 years old adhesive brand**. The polymers division of Atul Ltd that manufactures and markets epoxies, adhesives and sealants under the brand Lapox, has bought the Polygrip brand,

giving Atul a ready access to rubber and PU-based adhesives market in India. They will focus on strengthening the Polygrip brand in the industrial and institutional business by enhanced focus in the various market segments. Atul will utilise the Lapox sales and marketing network to promote Polygrip in the retail markets across India.

MIC Electronics, IOC tie up for solar-based products

MIC Electronics Ltd has announced its Memorandum of Collaboration (MoC) with Indian Oil Corporation (IOC). Both have initiated a channel to market solar-based LED lanterns on a commercial scale in select states. The MoC aims to further improve the quality of the already marketed solar lantern and develop new variants of the same. In addition, plans are on to work on many other new generation products having synergy with solar energy or with energy efficiency and to jointly undertake assignments for customers in India and abroad utilizing the expertise and facilities available to each of them.

Warburg buys ICICI Ventures in Metropolis for \$85 million

WARBURG PINCUS has bought out the entire stake of ICICI Ventures in it for a consideration of \$85-million. As part of this deal, ICICI Ventures has completely divested its holding in the company, which it acquired in 2006. The deal involves a primary and secondary component, and also includes additional capital that will be available to Metropolis to pursue acquisitions. The company will continue to seek attractive acquisition opportunities while expanding its delivery network and deepening its presence in current locations.

Hind Dorr-Oliver ties up with BHT, SPIG Cooling Towers

HINDUSTAN DORR-OLIVER LTD (HDO) has entered into agreements with Bronswerk Heat Transfer BV, Netherlands (BHT), and SPIG Cooling Towers India, part of Italian firm SPIG spa, to work on heat processing systems and cooling tower solutions respectively for the manufacturing sector. Under the agreement with BHT, the two companies will work on developing high pressure heat exchangers and air-cooled heat exchangers for the oil and gas industry, refineries, petrochemicals and power plants. HDO will be the first manufacturing partner for the Netherlands-based company in South-East Asia. HDO also expects this partnership to help them address the market potential in West Asia. Through a Memorandum of Understanding (MoU) with SPIG, HDO plans to provide large manufacturing plants custom-built cooling towers.

Hinduja BPO arm acquires UK-based Company

HINDUJA GLOBAL SOLUTIONS (HGSL), a business process outsourcing company and part of the Hinduja Group announced that it had bought UK-based customer relationship management company Careline Services. The acquisition will act as a launch pad for HGSL to enter the UK and European markets and will also be a platform to cross-sell its global delivery model to Careline's European clients. The group was looking to acquire BPO units in the UK and the US as part of its plan to deploy idle cash. HGSL had a cash and cash-equivalents of Rs 6.48 billion as of March 31, 2010, of which Rs 5.77 billion was with Pacific Horizon, a wholly-owned Mauritian subsidiary.