



MARKET MOVEMENT

Major Indices	Nov 20, 2009	Nov 27, 2009	% Change	Change
BSE Sensex	17,021.85	16,632.01	(2.29)	
NSE Nifty	5,052.45	4,941.75	(2.19)	

INDIAN ECONOMY AT A GLANCE**POLICY WATCH**

- Authorized capital of PSBs doubled to Rs 30 million
- New Divestment Policy: Centre to lease 6 PSUs
- The Government decided to set up three new solar power projects
- Special panels to settle MNCs' tax rows swiftly

Authorized capital of PSBs doubled to Rs 30 million

THE Government has decided to double the limit of authorized capital in Public Sector Banks (PSBs) to help some lenders such as Punjab National Bank, Canara Bank and Allahabad Bank, which were unable raise capital by selling shares because of this technicality. The decision was taken in consultation with the Reserve Bank of India (RBI). This will help the bank raise more capital, especially banks which have low capital adequacy ratio. Indian banks have to maintain a capital equivalent to 9% of their deposits.

New Divestment Policy: Centre to lease 6 PSUs

THE Government plans to offer six loss-making Public Sector Units (PSUs) on long-term lease to private players for periods up to 99 years. Earlier this year, the department of public enterprises had compiled a list of 59 public sector firms and sought opinion of various ministries on their divestment schedule. The companies that may be offered on lease are Hindustan Fertilizer, Scooters India, Hindustan Cables, Triveni Structural. The Government will appoint consultants soon for valuation of these firms.

The Government decided to set up three new solar power projects

THE Government has decided has decided to set up three solar power projects of 225 kilowatt capacity in Gurgaon district under a new scheme launched to motivate commercial/industrial establishments to use solar energy, which is a green and environment-friendly. These projects would be set up at a cost of over Rs 590 million. Out of these, two solar power projects of 100 KW each would be set up at Manesar and the third project of 25 KW capacities would be set up in Gurgaon city at a cost of Rs 8.8 million.

Special panels to settle MNCs' tax rows swiftly

MULTINATIONAL companies can now look forward to expeditiously settling their tax disputes in India. The Government has announced the new rules for creation of special Dispute Resolution Panels (DRP) that will allow foreign taxpayers to sort out their tax disputes in a faster and cost effective manner. However, the new mechanism could be resorted to by a foreign company only if it has a dispute with tax authorities regarding transfer pricing that refers to tax disputes pertaining to pricing of tangible and non-tangible assets transferred within an organization.

INDUSTRY WATCH

- **Software fastest growing sector in 2009**
- **Key sectors' higher net profit strengthens signs of revival**
- **India Income raises \$2.6 billion in October**
- **Indian Manufacturing sector on higher growth in April-September**

Software fastest growing sector in 2009

SOFTWARE companies continued to constitute the fastest growing firms in the Deloitte Technology Fast 50 India 2009 programme. This year, the composition of software companies amounted to as much as 80 %. Software product companies driven by few sunrise segments like mobile Value Added Services (VAS) and outsourced product development formed a significant part of the composition. Based on an analysis by vertical, the software segment has been the top contributor over the last three years.

Key sectors' higher net profit strengthens signs of revival

THE signs of recovery in the domestic economy are visible as automobiles, cement, tyres and consumer durables sectors showed better than expected performance during the first half of this fiscal. The aggregate net profit rose 23% to Rs 1,060 billion during April-September 2009 probably due to the better-than-expected performance of major corporates such as IOCL, Bharti Airtel, Larsen & Toubro, Tata Motors, Mahindra & Mahindra. The aggregate sales of the 2,212 firms fell 10.5% at Rs 11,620 billion during April-September 2009.

India Income raises \$2.6 billion in October

INDIAN companies have raised about \$2.6 billion from the international market through External Commercial Borrowings (ECB) and Foreign Currency Convertible Bonds (FCCBs) in October to fund overseas acquisitions and import capital goods and modernization and lending. This is highest amount raised in a month by Indian companies through ECB\FCCB route after September 2008.

Indian Manufacturing sector on higher growth in April-September

INDIA'S manufacturing sector shows is in on the higher growth trajectory in the first half of the current fiscal (April-September 2009). The buoyant manufacturing growth in the first half of 2009-10 over the corresponding period of the last year is led by rise in production of basic, intermediate and consumer durables. This improvement in manufacturing growth has been a result of the stimulus packages announced by the Government. Around 10% of the sectors covered have

registered excellent growth rates of more than 20% in April- September 2009 compared to 7% in April-September 2008.

CORPORATE HIGHLIGHTS

- **Indian firms inks 8 deals with US counterparts**
- **Axis, PNB, 5 others buy 51% stake in UK's Experian**
- **Edelweiss, Tokio Marine in risk JV**
- **Bayer signs pact with GVK Bio**
- **Tata Communications ties up with Gulf Telephone Companies**
- **Bayer group enters into an agreement with Malibu Plastica**
- **Toyota to set up engine, transmission plant in India**
- **Essar Oil, Aegis joins hands for cross-selling fuels**
- **Kals Distilleries to bottle United Spirits brands**
- **FICCI signs 3 pacts with US educational institutions**

Indian firms inks 8 deals with US counterparts

MEMBERS of industry chamber Confederation of Indian Industry (CII) have signed eight Memorandum of Understandings (MoUs) with American companies. The MoUs range across diverse sectors, including pharmaceuticals and drug development, telecom, information and technology and homeland security, among others. Besides, three agreements were signed between Indian players in the pharmaceutical and healthcare industry. The growing list of sectors of collaboration is reflective of the widening Indo-US partnership and the scope for future collaboration.

Axis, PNB, 5 others buy 51% stake in UK's Experian

FIVE domestic commercial banks and two finance companies have acquired 51% stake in the Indian venture of Experian UK's Experian Credit Information Company (ECIC). The participating banks are Axis Bank, Union Bank of India, Punjab National Bank (PNB), Federal Bank and Indian Bank while the two finance companies are Sundaram Finance and Magma Fincorp. Experian will hold the remaining 49%. Axis Bank and Union Bank will hold 10% each while PNB, Sundaram and Magma Fincorp will hold 7% each. Federal Bank and Indian Bank will hold 5% each in ECIC, which is the latest entrant into the business.

Edelweiss, Tokio Marine in risk JV

FINANCIAL services firm Edelweiss Capital announced that it had entered into a Joint Venture (JV) agreement with Japanese insurer Tokio Marine Holdings for a foray into life insurance. Edelweiss said it would have a 74 % stake in the JV, while the rest will be held by Tokio Marine Holdings. The proposed venture will have Rs 5.5 billion paid-up equity capital to start with. The JV, Edelweiss Tokio Life Insurance (ETLI), will soon apply to the Insurance Regulatory and Development Authority (IRDA) to get its nod to start operations.

Bayer signs pact with GVK Bio

BAYER Crop Science AG, a subsidiary of Germany-based global crop sciences major Bayer AG, and GVK Biosciences Private Limited (GVK Bio) of Hyderabad have entered into a research cooperation agreement in the area of early discovery. The objective of the agreement is to speed up the search for promising active ingredients for innovative crop protection products. Under the agreement, Bayer Crop Science will integrate GVK Bio capacities in the early part of its discovery chemistry process. The objective of the agreement is to speed up the search for promising active ingredients for innovative crop protection products. Under the agreement, Bayer Crop Science will integrate GVK Bio capacities in the early part of its discovery chemistry process.

Tata Communications ties up with Gulf Telephone Companies

TATA Communications, the provider of telecom and internet services, has entered into a strategic partnership agreement with several major telecommunications operators in the Middle East to construct a new cable system in the Gulf. The new cable will connect the region directly to the world's major business hubs and city centers via Tata's global network (TGN), ensuring high-speed bandwidth for the region. The TGN Gulf cable system will be added to the global network that Tata Communications already owns and operates. The partnership will benefit the Middle East region and reiterates our commitment to the region.

Bayer group enters into an agreement with Malibu Plastica

GERMAN pharma and chemical company Bayer group's unit Bayer Material Science (BMS) has entered into an agreement with Ahmedabad-based Malibu Plastica (P) Limited, in order to supply polycarbonate sheets to the Indian market. Bayer Material Science intends to further grow its business in the country and strengthen its global position as a complete solutions provider to its customers. The alliance will enable BMS to bring more of its products to the Indian market through leveraging Malibu's production capacities, marketing expertise and sales and distribution channels.

Toyota to set up engine, transmission plant in India

IN order to increase the local content in our vehicles, the company is keen to set up a transmission and engine unit at the second plant. The company's current level of localization is at an average of 50% and the power train unit will help them to lower the manufacturing cost of the vehicles. The company, which is a Joint Venture (JV) between Toyota Group of Japan and Kirloskar Group of India will set up the new plant at its upcoming second factory in Bangalore.

Essar Oil, Aegis joins hands for cross-selling fuels

ESSAR Oil and Aegis Logistics have joined hands to sell each other's products in their outlets. While Essar will sell auto LPG under the brand Aegis Autogas in some of its 1,300 strong network, its own petrol and diesel will be retailed through Aegis's auto gas dispensing stations. The tie-up will cover Gujarat, Maharashtra, Karnataka, Madhya Pradesh, Andhra Pradesh, Rajasthan and Tamil Nadu. It has 65 outlets and plans to increase this to 300 by the end of 2010-11.

Kals Distilleries to bottle United Spirits brands

KALS Distilleries has entered into an exclusive agreement with United Spirits to bottle a range of liquor brands. Kals Distilleries, a new entrant into the Indian Made Foreign Liquor (IMFL) business, has set up a liquor manufacturing unit with 16 bottling lines in Pudukottai, Tamil Nadu. Under the agreement, Kals will manufacture 16 brands of liquor for United Spirits with 15

of them being new brands in the market. Kals Distilleries long-term plan is to be a complete liquor company with a brewery, and backward integration into sugar mills for a captive source of alcohol, and expansion into neighboring States.

FICCI signs 3 pacts with US educational institutions

THE Federation of Indian Chambers of Commerce and Industry (FICCI) announced that it has signed 3 Memorandum of Understandings (MoUs) in Washington with educational institutions in the US. The MoUs were signed with the Polytechnic Institute of New York University (NYU-Poly), the IC2 Institute of the University of Texas and the Institute of International Education. The MoU with NYU-Poly aims at the development of programmes and events to facilitate Government, industry and higher education partnerships in research and business. The two organizations have agreed to bring their respective strengths to meet India's growing demand for world-class research and development facilities that attract global talent.