



**MARKET MOVEMENT**

Major Indices	Jan 22, 2010	Jan 29, 2010	% Change	Change
BSE Sensex	16,859.68	16,357.96	(2.97)	
NSE Nifty	5,036.00	4882.05	(3.05)	

**INDIAN ECONOMY AT A GLANCE****POLICY WATCH**

- **India, Korea agree to enhance ties in financial sector**
- **Government nod for 14 FDI proposals**
- **IRDA unveils disclosure guidelines**
- **Four PPP port projects get approval**

**India, Korea agree to enhance ties in financial sector**

**INDIA and South Korea have decided to not only enhance ties to a strategic relationship but also aim to target bilateral trade level of \$30 billion by 2014.** The two countries agreed to strengthen cooperation in trade and investment, small and medium enterprises, SPS and standard related measures and IPR issues. Both countries agreed to enhance cooperation in the financial sector through bilateral consultation on macroeconomic policy, budget, taxation, finance and public sector reform. They also signed four agreements, including a Memorandum of Understanding (MoU) on cooperation in information technology and services and a Memorandum of Understanding (MoU) in peaceful uses of outer space.

**Government nod for 14 FDI proposals**

**GOVERNMENT has given its nod to 14 Foreign Direct Investment (FDI) proposals to bring in foreign investment totaling US\$ 157.89 million.** Government cleared a proposal by the Asset Reconstruction Company to bring in FDI worth US\$ 58.82 million and a Standard Chartered Bank proposal to bring in FDI worth US\$ 44.39 million that would increase its FDI from 74.9 % to 100 % in its equity broking investment banking and portfolio management arm. Other proposals are US\$ 54.28 million NDTV Lifestyle proposal and proposals by Sahara One, NDTV Imagine and KS Oils proposals.

**IRDA unveils disclosure guidelines**

**INSURANCE Regulatory and Development Authority (IRDA) has come out with final public disclosure norms which will be effective from March.** Several insurance companies will complete 10 years shortly and may be allowed by the regulator to go for Initial Public Offerings (IPOs). It is essential that investors are fully aware of financial performance, profile, financial position, risk exposure and managements of insurance companies. The data shall preferably be made available for at least five years. It has asked insurance companies to publish balance sheets,

profit & loss accounts, revenue accounts and key analytical ratios on a quarterly, half-yearly and yearly basis from March. The disclosures will remain the same for companies going to tap the market. IRDA has standardized key analytical ratios for life and non-life insurance companies.

### **Four PPP port projects get approval**

**GOVERNMENT has cleared four port expansion projects entailing an estimated investment of US\$ 890.36 million in three states.** An approval for the development of mega container terminal at the Chennai Port at an estimated cost of US\$ 675.17 million has been granted by the Public Private Partnership Appraisal Committee (PPPAC). The development of the second North Cargo Berth at the Tuticorin Port in Tamil Nadu for handling bulk cargo at a cost of US\$ 71.76 million also received approval. The development of container terminal at the New Mangalore Port at an estimated cost of US\$ 59.6 million has also received approval.

## **INDUSTRY WATCH**

- **Forex kitty up \$899 million**
- **Revival in capital inflows gathers momentum**
- **Consumer electronics companies post double digit growth**
- **Imports of sensitive items up 34.5%**

### **Forex kitty up \$899 million**

**FOREIGN exchange reserves rose \$899 million to touch \$285.1 billion largely on account of revaluation of non-dollar assets in reserves.** The total foreign exchange reserves comprising foreign currency assets, gold and Special Drawing Rights (SDR) rose \$853 million reflecting valuation gains in non-dollar assets. The value of SDR and the reserve capital with the IMF rose \$36 million and \$10 million, respectively.

### **Revival in capital inflows gathers momentum**

**THE revival in capital flows has remained buoyant even in the third quarter. Net inward Foreign Direct Investment (FDI) continued to remain upbeat during the second quarter of 2009-10,** reflecting relatively better growth prospects for the economy. Portfolio investments continued their upward trend due to the revival in Foreign Institutional Investment (FII) inflows since the first quarter of 2009-10. In the period from April 2009 to January 15, 2010, net FII inflows increased to \$24.7 billion compared to an outflow of \$12.1 billion in the same period last financial year. The value of ADRs and GDRs nearly tripled to \$3.1 billion in April-November 2009 compared to \$1.1 billion in the corresponding period last year.

### **Consumer electronics companies post double digit growth**

**THE durables industry has continued to buoyant demand from first-time buyers in semi-urban markets and affluent customers in the premium category lifted companies to a double-digit volume growth in January-November 2009.** The consumer electronics industry, in particular, benefited from robust demand for high-value goods such as LCD televisions, split air-conditioners and frost-free refrigerators. The LCD television category grew 93% to 1 million units during January-November, washing machine sales grew 14% to 2.4 million units and refrigerators surged 16.4% to 5 million units from a year ago.

**Imports of sensitive items up 34.5%**

**IMPORTS of sensitive items rose 34.5% in April-October 2009 at Rs 354.87 billion from Rs 263.78 billion during the corresponding previous period.** Imports of milk and milk products grew 376.6 % to Rs 1.31 billion during the period, while that of tea and coffee rose 88.7% to Rs 1.85 billion. Imports of edible oils jumped 73.3% to Rs 142.04 billion from the previous year's Rs 81.95 billion. The imports of crude edible oil and refined oil were up 83% and 36%, respectively. The higher edible oil imports are mainly due to a substantial increase in import of crude palm oil and its fractions.

**CORPORATE HIGHLIGHTS**

- **Tata Steel forms JV with Nippon Steel**
- **Nissan to launch 9 car models over 3 years**
- **Wipro inks deal with BAT**
- **NMDC, APMDC sign mining pact**
- **ACC buys Encore Cement**
- **ONGC Videsh signs pact with Angolan Oil Company**
- **Wendt India inks pact with Delapena Honing machines**
- **Indian Oil ties up with Deakin varsity**

**Tata Steel forms JV with Nippon Steel**

**TATA Steel has formed a 51:49 Joint Venture (JV) with Japan based Nippon Steel for production and sales of automotive cold-rolled flat products at Jamshedpur.** Tata Steel-Nippon Steel joint-venture will meet localization needs of Indian automotive customers for high-grade CR steel sheets. For Japanese steelmakers, interest in local manufacturing in India is a pure business decision. By 2010-11, India could likely produce 2 million cars annually with an accent towards small cars. Automakers in India import nearly 75% of high-grade automotive steel for outer panels of cars and other vehicles.

**Nissan to launch 9 car models over 3 years**

**NISSAN Motor India Private Limited (NMIPL) plans to launch a total of nine car models in India over the next three years.** Sourcing of auto components for export which begins from this year, will total up to \$ 70 million by the end of 2012. They have plans to export components sourced from India to Thailand, China and Japan. The value will be \$10 million during 2010, \$20 million in 2011 and \$40 million in 2012. Products such as engine pistons, clutch discs and starter motors will be among those items that will be procured for exports. Five of the nine models due for launch in India till 2012 will be made at the Company's Chennai facility. Three of them will be on the newly developed compact car 'V' platform. The remaining four models will be imported as Completely Built up (CBU) cars from Japan.

### **Wipro inks deal with BAT**

**WIPRO Technologies has entered into a multi-year outsourcing engagement with British American Tobacco (BAT)** to help the Company improve effectiveness and efficiency of application support services for its global business operations. The partnership will leverage Wipro's global scale and transformational capabilities to achieve results in productivity, IT costs and service quality. The agreement will provide an enterprise wide global application support delivery model and capability, reduce the total cost of ownership and allow more opportunities for Value Added Services (VAS) to business users of British American Tobacco. Wipro will deliver the global programme across over 130 countries where the Company operates.

### **NMDC, APMDC sign mining pact**

**NATIONAL Mineral Development Corporation (NMDC) and Andhra Pradesh Mineral Development Corporation (APMDC) signed a Memorandum of Understanding (MoU)** to take up exploration of low-grade iron ore and gold deposits in the State. The mining exploration work is likely to be centered on the districts of Kadapa, Kurnool, Chittoor and Karimnagar, which are estimated to hold iron ore reserves of about 200 million tonnes valued at about Rs 400 million.

### **ACC buys Encore Cement**

**ACC has acquired Encore Cement and Additive. The Company has now become a wholly-owned subsidiary of ACC.** Encore Cement & Additives has a 200,000 tonnes capacity slag grinding unit in Visakhapatnam. Encore Cement was promoted by a group of technical and management professionals and long-term agreement with Vizag Steel plant for procuring slag which is of high quality consisting 85% glass content. The acquisition will help ACC further strengthen its presence in coastal Andhra Pradesh. ACC has 16 plants across India manufacturing 26 million tonnes of cement a year.

### **ONGC Videsh signs pact with Angolan Oil Company**

**ONGC Videsh Ltd (OVL) has signed a Memorandum of Understanding (MoU) with Sonangol, national oil Company of Angola for cooperation in the exploration sector.** OVL, which is partnering Sonangol in the South Pars acreage in Iran, offered to enter Joint Venture operations in the existing deep water blocks of Sonangol. OVL further offered to participate in the next round of bidding for exploration blocks in Angola with Sonangol.

### **Wendt India inks pact with Delapena Honing machines**

**WENDT India ltd has signed Technology Transfer agreement with Delapena Honing Equipment Ltd, UK,** to manufacture a range of Delapena Honing machines in India and Brand, Market, Sell and Service these machines in India, Middle East (including United Arab Emirates, Iran, Turkey) and Thailand. The tie up enables Wendt India to become a total Grinding & Honing Solution provider to the entire industry segment as diverse as Automobile, Aeronautical, Railways, Engineering, Defense and Precision Hard Metal & Ceramic components.

### **Indian Oil ties up with Deakin University**

**INDIAN Oil Corporation has signed a Memorandum of Understanding (MoU) with Deakin University,** one of Australia's leading universities with strong industry connections, aimed at strengthening research partnerships in India. There would be focus on research projects with high scope for commercialization. Indian Oil research and development has so far developed over 3,500 lubricant formulations and commercialized 11 in-house developed technologies for different refining processes and products.