

September 03, 2010

Weekly Indicators

Indicators	Current	Last Week
Sensex	18,221	17,998
Nifty	5,479	5,409
Forex Reserves	US\$282.84 bn	US\$282.54 bn
Food Inflation	10.86%	10.05%

Exchange Rates

Currency	Current	Last Week
US\$1	Rs. 46.67	Rs. 46.86
€ 1	Rs. 59.82	Rs. 59.59
£ 1	Rs. 71.9861	Rs. 72.6681
JP¥ 100	Rs. 55.40	Rs. 55.31

Global Economic News

- Lack of regulation in the shadow banking system was one of the key triggers in the 2008 economic and financial crisis: Bernanke
- Eurozone growth to be in 1.4-1.8% range in 2010 and in 0.5-2.3% range in 2011: ECB
- Russia has not yet emerged from economic crisis and the state will continue to implement anti crisis measures: Vladimir Putin
- US factory orders edged up by 0.1% in Jul'10, as against 0.6% decline (revised) in Jun'10
- ECB has extended emergency lending measures into Jan'11; keeps key rate unchanged at 1%
- Romanian economy expanded 0.3% QoQ in Q2CY10; Romanian economy to contract by around 1.9% this year and grow 2% in 2011: IMF
- The US construction spending fell by 1% in Jul'10, as against 0.8% (revised) decrease in Jun'10
- The PMI for Britain's mfg sector slipped 54.3 in Aug'10 from 56.9 in Jul'10
- ISM said its index of activity in the mfg sector rose to 56.3 in Aug'10 from 55.5 in Jul'10
- The monetary base in Japan rose 5.4% YoY to JP¥98.399 trillion in Aug'10.
- Australia's trade surplus narrowed to a seasonally adjusted AU\$1.9 bn in Jul'10
- Brazil's central bank has kept its key interest rate steady at 10.75%

Global Corporate News

- Hewlett-Packard has signed an agreement to buy data storage firm 3PAR for an enterprise value of \$2.35 bn
- 3G Capital has signed an agreement to acquire Burger King Holdings for \$4 bn Bank of Nova Scotia has posted C\$1.01 bn profit in Q3, as against C\$882 mn profit in Q3 last year
- Deere & Co to sell its wind energy business to a subsidiary of Exelon Corp for \$900 mn
- HSBC Holdings has sold rest portfolio of loans to HJ Heinz has posted \$240.43 mn profit in Q1, as against \$212.56 mn profit in Q1 last year
- Banco Santander's automotive finance arm for US\$3.56 bn
- Google has acquired Angstro – a startup that sorts news and information across social networks. Also, Google has acquired social games website SocialDeck
- Donaldson has posted \$51.2 mn profit in Q4, as against \$23.6 mn profit in Q4 last year
- 3M has agreed to acquire California-based Cogent Systems for \$943 mn. Also, agreed to buy Israel-based Attenti Holdings SA for \$230 mn
- Take-Two Interactive has posted \$5.9 mn profit in Q3, as against \$56.5 mn loss in Q2 last year
- Del Monte Foods has posted \$59.4 mn profit in Q1, as against \$58.6 mn profit in Q1 last year
- Intel has agreed acquire wireless solutions business of Infineon Technologies for \$1.4 bn

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IN FOCUS

Deliberate with caution, but act with decision; and yield with graciousness, or oppose with firmness. (Charles Caleb Colton)

India's economy grows 8.8% in Q1; exports up 13.2% YoY in July

India's economy grows by 8.8% in Q1FY11, as against 8.6% expansion in Q4FY10, which is the fastest pace of economic growth for the country in two-and-a-half years. The manufacturing growth recorded at 12.4% in Q1FY11, while the mining growth recorded at 8.9% in Q1FY11. While the construction growth recorded at 7.5% in Q1FY11, the agriculture growth recorded at 2.8% in Q1FY11. Meanwhile, the country's exports stood at US\$16.24 bn (Rs. 760.64 bn) in Jul'10, as against US\$14.34 bn (Rs. 695.21 bn) in Jul'09, registering 13.2% YoY rise in Dollar terms, and 9.4% YoY rise in Rupee terms. India's imports stood at US\$29.17 bn (Rs. 1,366.25 bn) in Jul'10, as against US\$21.72 bn (Rs. 1,053.12 bn) in Jul'09, representing 34.3% YoY growth in Dollar terms, and 29.7% YoY growth in Rupee terms. Oil imports rose 4.4% YoY to US\$7.66 bn in Jul'10, while non-oil imports increased 49.6% YoY to US\$21.5 bn in Jul'10.

India's fiscal deficit down 42% in Apr-Jul'10 period

The Indian Government's fiscal deficit declined 42% YoY to Rs. 909.15 bn in Apr-Jul'10 period, mainly due to high revenue receipts from the auction of 3G spectrum. The deficit represents 23.84% of the Budget estimate of Rs. 3,814.08 bn for FY11. Towards the end of Q1FY11, the Government collected over Rs. 1.06 lakh crore through the sale of spectrum for both 3G and Broadband Wireless Access services, compared to the Budget target of Rs. 350 bn. In the first four months of the fiscal year, non-tax revenue receipts were Rs. 1,257.03 bn, 84.9% of the full-year target. Non-tax revenue receipts were at 13.6% of the estimate of the corresponding period last year. But, tax revenue receipts during April-July reached 21.1% of estimates for FY11, at Rs. 1,128.21 bn. The overall revenue is pegged at Rs. 5,340.94 bn for FY11. Meanwhile, the revenue deficit stood at Rs. 500.75 bn in Apr-Jul'10 period, representing 18.1% of the target for FY11.

India's mfg, service sectors PMI slip, but growth still strong: Markit

India's manufacturing sector expanded for the 17th successive month in Aug'10, although at a slightly slower pace than in Jul'10, supported by strength in new orders. The HSBC Markit Purchasing Managers' Index – based on surveys of 500 companies in Asia's third-largest economy – fell to 57.25 in Aug'10 from 57.6 in Jul'10, but remained well above the 50 mark that divides growth from contraction. The new orders index stood at 61.99 in Aug'10, as against 62.82 in Jul'10. The survey showed that output prices rose at their slowest rate in 10 months, while the input price index rose for the second consecutive month. Wholesale inflation slowed in July to just under-10% following five months in double-digits. Separately, the business activity in India's services sector – which accounts for half of the country's GDP – slowed for the second consecutive month in Aug'10 after hitting a two-year peak in Jun'10. The HSBC Markit Business Activity Index fell to 59.3 in Aug'10, as against 61.7 in Jul'10. "India's economy shows no signs of cooling off. Output continues to expand at a brisk pace and new orders remain in solid expansionary territory, signaling further growth ahead," Frederic Neumann, co-head of Asian Economics Research at HSBC, said.

Lack of regulation helped spark financial crisis: Bernanke

Federal reserve Chairman Ben Bernanke said that a lack of regulation in the shadow banking system was one of the key triggers in the 2008 economic and financial crisis. Bernanke said that shadow banks – non-depository institutions – were the source of some key vulnerability that amplified the initial financial shock that began with the sub-prime mortgage crisis. He said that the Federal Reserve had no authority to regulate the shadow banks and address their liquidity problems until the crisis had already decimated the economic and financial system. Highlighting other vulnerabilities in the private sector that exacerbated the crisis, Bernanke said that deficiencies in risk management that led to inadequate risk diversification, excessive debt leverage and derivatives being used as a tool for taking excessive risks.

1. Economy	03
2. Infrastructure	04-05
3. Sectors	06-14
A. IT & ITeS	06-07
B. Pharma & Healthcare	08
C. Auto & Auto Ancillaries	09-10
D. Banking & Financial Services	11
E. Steel, Metals & Minerals / Telecom	12
F. Miscellaneous	13-14
4. Ratings & Open Offers	15
5. Insurance & Mutual Funds	16
6. M&As	17-18
7. Ensuing Events	19
8. Global	20-26
• Global Economy	20-23
• Global Business	24-26

ECONOMY

India's economy grows by 8.8% in Q1

India's economy grows by 8.8% in Q1FY11, as against 8.6% expansion in Q4FY10, which is the fastest pace of economic growth for the country in two-and-a-half years. The manufacturing growth recorded at 12.4% in Q1FY11, as against 16.3% in Q4FY10, while the mining growth recorded at 8.9% in Q1FY11, as against 14% in Q4FY10. While the construction growth recorded at 7.5% in Q1FY11, as against 8.7% in Q4FY10, the agriculture growth recorded at 2.8% in Q1FY11, as against 0.7% in Q4FY10. Electricity / Gas / Water growth recorded at 6.6% in Q1FY11, as against 7.1% in Q4FY10. Trade / Hotels / Transport / Communication growth recorded at 12.2% in Q1FY11, as against 12.4% in Q4FY10. Finance / Insurance / Real Estate growth recorded at 8.0% in Q1FY11, as against 7.9% in Q4FY10, while the Community / Social Services growth recorded at 6.7% in Q1FY11, as against 1.6% in Q4FY10.

India's exports rise 13.2% YoY to US\$16.24 bn in July; trade deficit at US\$43.58 bn in Apr-Jul'10



India's exports stood at US\$16.24 bn (Rs. 760.64 bn) in Jul'10, as against US\$14.34 bn (Rs. 695.21 bn) in Jul'09, registering 13.2% YoY rise in Dollar terms, and 9.4% YoY rise in Rupee terms. The cumulative value of exports stood at US\$68.62 bn (Rs. 3,153.02 bn) in Apr-Jul'10 period, as against US\$52.73 bn (Rs. 2,567.39 bn) in Apr-Jul'09 period, registering 30.1% YoY growth in Dollar terms and 22.8% growth in Rupee terms. India's imports stood at US\$29.17 bn (Rs. 1,366.25 bn) in Jul'10, as against US\$21.72 bn (Rs. 1,053.12 bn) in Jul'09, representing 34.3% YoY growth in Dollar terms, and 29.7% YoY growth in Rupee terms. The cumulative value of imports stood at US\$112.21 bn (Rs. 5,156.17 bn) in Apr-Jul'10 period, as against US\$84.15 bn (Rs. 4,095.18 bn) in Apr-Jul'09 period, registering 33.3% YoY growth in Dollar terms and 25.9% YoY rise in Rupee terms. Oil imports rose 4.4% YoY to US\$7.66 bn in Jul'10, as against US\$7.34 bn in Jul'09, while oil imports rose 37.3% YoY to US\$32.94 bn in Apr-Jul'10 period, as against oil imports worth US\$23.99 bn in Apr-Jul'09 period. Non-oil imports increased 49.6% YoY to US\$21.5 bn in Jul'10, as against non-oil imports worth US\$14.37 bn in Jul'09, while the country's non-oil imports increased 31.8% YoY to US\$79.27 bn in Apr-Jul'10 period, as against non-oil imports worth US\$60.16 bn in Apr-Jul'09 period. The trade deficit is pegged at US\$43.58 bn in Apr-Jul'10 period, as against deficit of US\$31.42 bn in Apr-Jul'09 period.

Govt introduces DTC Bill in Parliament; scraps leave travel allowance from tax exemption list

The Government has tabled the Direct Taxes Code (DTC) Bill in the Lok Sabha, which proposed to raise the exemption limit on income tax from the current Rs. 1.6 lakh to Rs. 2 lakh. The Bill – introduced by Finance Minister Pranab Mukherjee – seeks to widen income tax slabs to levy 10% rate on income between Rs. 2-5 lakh, 20% on between Rs. 5-10 lakh and 30% above Rs. 10 lakh. For senior citizens, tax exemption is sought to be raised to Rs. 2.5 lakh from Rs. 2.4 lakh. The Bill seeks to fix corporate tax at the current 30% but without surcharge and cess. With surcharge and cess, the current tax liability on corporate comes to over 33%. The legislation also proposes to increase MAT from 18% to 20% of book profit of a company. It seeks to levy dividend distribution tax at 15%. When enacted, DTC will replace archaic Income Tax Act. The Direct Taxes Code (DTC) Bill seeks to do away with Leave Travel Concession (LTC) from its list of exemption. DTC aims to replace the archaic Income Tax Act and other direct taxes legislation like Wealth Tax Act, from April 1, 2012. It proposes, among other things, to remove a plethora of exemptions and effect changes in income tax slabs. While DTC proposes to retain exemptions such as house rent allowance and leave encashment. However, the exemption limit for medical reimbursements is sought to be increased. The government has also proposed only a marginal raise in income tax exemption for investment in approved funds, insurance schemes and tuition fee to Rs. 1.5 lakh in a year, from Rs. 1.2 lakh currently. It seeks to provide income tax exemption on investment of up to Rs. 1 lakh in approved funds.

- ✦ **The Union Agriculture Minister Sharad Pawar has reportedly made a formal presentation to the Prime Minister for decontrolling the sugar sector.**
- ✦ The **RBI** has reportedly allowed banks to restructure the debt of the cash-strapped aviation sector to help the beleaguered industry come out of financial turmoil. The RBI has reportedly sent a communication to the banks with regard to debt restructuring for airlines.
- ✦ Inflation for the Food Articles group stood at 10.86% in the week ended August 21, 2010, as against 10.05% in the previous week. Inflation for the primary articles group rose to 15.19% in the reporting week, as against 14.75% in the previous week. The inflation for the fuel & power group increased to 12.71% in the reporting week, as against 12.57% in the previous week.
- ✦ The country's insolvency regime – the legal framework that helps a lender safely recover dues from a defaulter – has shown steady progress since the past few years with the duration of the recovery process getting more than halved – from nearly seven years to two to three years, according to Fitch Ratings India report.
- ✦ The Union Food & Agriculture Minister, Sharad Pawar has announced the release of an additional 25 lakh tonne of wheat and rice for distribution among the poor. According to reports, the Centre will release an additional 2.5 MT of grain to states for the poor. It will be sold at BPL prices, and not distributed free as directed by the Supreme Court.

INFRASTRUCTURE

Govt to take up 8 new SEZ proposals on Sept 16

The Government will take up eight fresh requests for setting up Special Economic Zones (SEZs), which have emerged as major sources of exports, on September 16. The inter-ministerial Board of Approval (BoA) on SEZs, headed by Commerce Secretary Rahul Khullar, will also consider framing a policy for setting up units for recycling of plastics in SEZs. The new SEZ proposals include Infosys Technologies IT SEZ in Bangalore, Lepakshi Knowledge Hub's proposed aerospace SEZ in Andhra Pradesh and the Gopalan E-Park IT SEZ at Mysore, Karnataka. The board will also take up the requests of 24 developers, including Wipro, M&M, Ansal SEZ Projects and Wockhardt Infrastructure Development, who have asked for more time to execute their projects. The BoA will also take up the request of real estate major Raheja Universal for de-notification of its IT SEZ in Maharashtra. Base Realty has also asked for permission to surrender its IT/ITeS SEZ in Maharashtra. In addition, five more developers, including Glenmark Pharmaceuticals, have approached the BoA for withdrawal of formal approvals. The board will also consider the formation of guidelines on establishing contiguity in SEZs.

Suzlon opens new technology center in Germany; REpower opens center on Kiel Canal

Suzlon Energy has inaugurated a new R&D and technology center on the banks of the River Warnow in Rostock, Germany. Ceremonial lighting of candles marked the opening of the new centre which brings together over 120 employees of Suzlon Energy Gmbh and plans to expand to 200 total employees shortly. Separately, Suzlon Energy has announced that the Minister President of Schleswig-Holstein officially inaugurated the new technology center of REpower Systems in Osterrönfeld in the Rendsburg-Eckernförde district. With the installation of the Permanent Monitoring System (PMS) this week, the relocation is complete. It consists of two structures: a nine-story office building and a second, trapezoid-shaped building with four floors, which also houses a cafeteria on the basement level. In addition to research activities and further development of the REpower wind turbines and products, the worldwide service and maintenance of onshore and offshore turbines will be organized from the Osterrönfeld location.



NTPC signs pact with BPDB; may buy stake in two Indonesian coal mines



NTPC has signed a preliminary agreement with Bangladesh Power Development Board (BPDB) for developing the power sector in the neighbouring country. NTPC may consider setting up a 1,320-MW coal-based power plant in Bangladesh in a JV with BPDB, subject to techno-economic viability. In a separate development, NTPC is reportedly looking to buy stakes in two Indonesian coal mines and also plans to invite global bids for more overseas assets. The Company expects to finalize the deals for the two mines – in East Kalimantan and Sumatra – in FY11. NTPC expects to import up to 15 MT of coal in the next financial year, as its annual requirement of the fuel could rise an estimated 6.5% to 165 MT, Sharma said. It is expected to import 12 MT in FY11.

Panasonic to invest Rs. 14 bn in India in next 3 yrs

Panasonic India is planning to invest around Rs. 14 bn over the next three-years to establish the brand as a home appliances leader in the country. The Company would spend the earmarked amount to set up a techno-park in north India, establish the brand as an home appliances major and other technical operations over the next 3-years. The Company is in the process of setting up its first air-conditioners manufacturing unit near Gurgaon. Within the next two-months, the Company will acquire land and set up the techno-park near Gurgaon, which will house our first AC manufacturing unit. After this we will focus on fridge and washing machines.



- ✦ The government has approved 1,000-MW of grid-connected solar power projects, New & Renewable Energy Minister Farooq Abdullah said.
- ✦ **India's fiscal deficit stood at Rs. 909.15 bn – 23.8% of the full-year target – in Apr-Jul'10 period. The country's total tax receipts stood at Rs. 1.13 trillion, while total expenditure stood at Rs. 3.33 trillion in the Apr-Jul'10 period.**
- ✦ The Prime Minister, Dr. Manmohan Singh laid the foundation stone of NTPC-BHEL Power Projects' manufacturing plant at Mannavaram village in Chittoor district of Andhra Pradesh.
- ✦ **JSW Energy** has announced that Unit-I of 300-MW of the 4X300-MW power project at Jaigad in Ratnagiri district of Maharashtra, has been commissioned and has achieved commercial operation date from September 01, 2010.
- ✦ **Lanco Solar Energy** has bagged a contract for setting up a solar power project at Parliament House. The project is expected to be completed within the next five months.
- ✦ India's apparel exports declined 22.5% YoY to \$816 mn in Jul'10, as against 13.2% YoY growth in Jul'09, according to the Apparel Export Promotion Council (AEP). The apparel exports declined 8% YoY to \$3.46 bn, while the overseas shipments rose 30.1% YoY to \$68.63 bn in Apr-Jul'10 period.
- ✦ **HPCL** is reportedly planning to invest about Rs. 150 bn in setting up a 9 MTPA refinery on the west coast. The new refinery – which may be in Raigad district of Maharashtra – is being mulled to make up for space constraint that its Mumbai refinery faces at present.
- ✦ **BEML** has signed an agreement with an aerospace product design company, CADES Digitech to work on 'design-to-build,' 'build-to-print' programmes of global aerospace majors.
- ✦ **SKIL Infrastructure** is reportedly planning to raise Rs. 25 bn by selling less than 20% stake in two phases that includes a private placement to overseas funds.
- ✦ **Neyveli Lignite** is reportedly planning to set up a 1,980-MW (3X660-MW) power plant in Tamil Nadu. It is also exploring the feasibility of taking part in the UMPP that could possibly come up at Cheyyur (TN) as and when notified by the government of India.

INFRASTRUCTURE

IFC to invest US\$8 mn in Visakha Container Terminal

International Finance Corporation (IFC) – the private sector lending arm of the World Bank – plans to invest around US\$8 mn at Visakha Container Terminal (VCTPL) – a private container terminal operating in Visakhapatnam port in Andhra Pradesh. The proposed investment will support the terminal operator's investment of US\$23.3 mn for upgrading existing port infrastructure, reducing turnaround time and costs and facilitating exports. With this investment, VCTPL's handling capacity will expand from 150,000 TEU to 300,000 TEUs. The investment will also increase the employment to 250 from 138 in 2009. VCTPL is expected to contribute US\$30 mn to government payments over the life of the project. VCTPL is a 74:26 JV between United Liner Agencies and Dubai Ports World FZE a Dubai based ports operator.

Apeejay Infralogistics Infra launches two logistics parks

Apeejay Infralogistics – a 50:50 JV between the Apeejay Group and UK-based Eredene Capital – has announced the launch of two logistics parks at Haldia in West Bengal and Kalinganagar in Orissa. The JV has already started commercial operations at both the places, but it will be some more time before all the facilities are in place. Haldia Logistics Park – the bigger of the two and involving an investment of Rs. 2 bn in phases, will take another couple of years to become fully operational while the one at Kalinganagar, costing Rs. 50 crore, will be ready within a year. The logistics park at Kalinganagar would be different from the one at Haldia as it would cater to the requirements of the upcoming steel plants.

- ✦ The Prime Minister, Dr. Manmohan Singh laid the foundation stone for the new Integrated Terminal at Tirupati Airport.
- ✦ **PGCIL** has reportedly been short-listed by Nigeria to manage the electricity grid to be constructed at a cost of US\$3.5 bn. Besides PGCIL, the other short-listed companies are: Manitoba Hydro (Canada) and Electricity Supply Board (Ireland).
- ✦ Caught completely off guard by Cairn Energy's move to sell up to 51% stake in Cairn India to Vedanta Resources, **ONGC** has asked Cairn Energy that the deal cannot go through without the state-run company's consent.
- ✦ **Mundra Port & SEZ (MPSEZ)** has announced the commencement of operations of the dry bulk cargo port at Dahej. Adani Petronet (Dahej) Port – a subsidiary of MPSEZ in which Petronet LNG has a 24% stake – has commenced its dry bulk cargo operations at its Rs. 11.5 bn Dahej Port.
- ✦ **Interlink Petroleum** has commenced drilling well Baola # 8 at Baola field after obtaining all necessary clearances from the central and the state governments.
- ✦ The Indian ministry of environment and forest has restored the terms of reference for Jindal Power's 2,400-MW power plant in Chhattisgarh. According to an order passed by an expert committee under the ministry, the Company may go ahead with the project by following the original terms of reference.
- ✦ The construction work of the first project of **Gail India**, in Kerala, Kochi-Kootanad-Mangalore-Bangalore natural gas pipeline, is scheduled to commence from Oct'10. The project will be implemented in two phases with an investment of Rs. 3,032 crore. The Phase-I of the project with an investment of Rs. 267.5 crore is scheduled to be completed by Mar'12.
- ✦ **Adani Power** is reportedly planning to spend about Rs. 825 bn to increase capacity almost 17-fold to 16,500-MW in the next four years.
- ✦ India and Switzerland have signed a protocol amending the existing Double Taxation Avoidance Agreement between the two nations, which would help the government obtain information on money stashed away in Swiss banks.
- ✦ **Kalindee Rail Nirman** has received a contract for Rs. 1.8 bn from Punjab-based Talwandi Sabo Power for railway siding and linkage project. It has received various orders amounting to Rs. 46.92 crore from the Railways recently. It has already been declared as the lowest bidder in other contracts valued Rs. 93.38 crore in which letters of acceptance is expected to be received shortly.
- ✦ A consortium comprising of **Tata Power**, Origin Energy and PT Supraco Indonesia has been declared as the successful bidder for the Sorik Marapi geothermal project in Northern Sumatra, Indonesia. The Sorik Marapi project is estimated to support the development of approximately 240-MW of geothermal generation capacity. The project will be developed by PT Sorik Marapi Geothermal Power, a Special Purpose Vehicle formed by the Consortium.
- ✦ **UltraTech's** cement production rose 4.18% to 158.12 lakh MT in Apr-Aug'10 period, as against 151.77 lakh MT in Apr-Aug'09 period. Its dispatches rose 4.45% YoY to 157.63 lakh MT in Apr-Aug'10 period, as against 150.92 lakh MT in Apr-Aug'09 period. Its cement production rose 0.81% YoY to 29.54 lakh MT, while its cement dispatches increased 2.4% YoY to 29.61 lakh in Aug'10.
- ✦ **Jaiprakash Associates** has dispatched 10.85 lakh tonne cement in Aug'10, as against 7.19 lakh tonne cement in Aug'09. Its cumulative dispatches rose 59% YoY to 62.03 lakh tonne in Apr-Aug'10 period.
- ✦ **NABARD** has reportedly sold Rs. 6.25 bn of six-month paper; the notes pay a 7.55% coupon.
- ✦ Two units of **BHEL** – Tiruchi and Ranipet – have collaborated Indian Institute of Technology, Madras for joint research and the focus would be sea water desalination and pollutant control systems which would be a great boon for the public and society at large.
- ✦ **Jindal Steel & Power** plans a new bid for a majority stake in Zimbabwe Iron & Steel Co to acquire metal production in the African nation.
- ✦ **IRB Infrastructure Developers** has entered into a pact with Indian Hotels Company to construct and operate a Gateway Hotel for the latter at Kolhapur in Maharashtra. Aryan Hospitality – a unit of IRB Infrastructure – will build the 100-125 room hotel within three years.
- ✦ **Bajaj FinServ** has announced its foray into infrastructure finance. Initially the Company through Bajaj Auto Finance, proposes to provide complete financial solutions to the infrastructure companies / developers in power / road / port / telecom / railway sectors.
- ✦ **Tantia Constructions** has received a project worth Rs. 15.01 crore under Rashtriya Sam Vikas Yojna (RSVY) for development of state highways in Bihar.
- ✦ **BOC India** has commissioned its 221 tonne per day merchant air separation unit at Selaqui, Dehradun.
- ✦ **Suzlon Energy** has bagged 30-MW order from Altrade Group to set up, operate and maintain the project to be installed at wind farms in the Jaisalmer and Jodhpur districts of Rajasthan.
- ✦ **Unity Infraprojects** has secured contract worth Rs. 1.03 bn from CIDCO, and another contract worth Rs. 87.54 crore from MCGM.

IT & ITeS

Worldwide PC shipments to increase 19% in 2010: Gartner

According to the latest preliminary forecast by Gartner, the worldwide PC shipments are projected to total 367.8 mn units in 2010, a 19.2% increase from 308.3 mn units shipped in 2009. "The PC market revived in the first half of 2010, but the real test of its resilience is yet to come. We have reduced our forecast for second-half 2010 PC growth to 15.3%, approximately 2% below our previous forecast, in light of the uncertain economic outlook for the US and Western Europe," Gartner said. "Consumers buoyed the PC market in 2009 as businesses delayed their purchases. The slow pace of economic recovery and austerity measures in Europe have made PC suppliers very cautious in 2010. However, consumer demand is likely to remain strong even if the economic recovery stalls because consumers now view the PC as a relative necessity rather than a 'luxury' and will continue to spend on PCs, even at the expense of other consumer electronic devices," Gartner added. According to Gartner, the Mini-notebooks' impact on the PC market has peaked and is now waning. Mini-notebooks' share of the mobile PC market peaked in late 2009, when they accounted for nearly 20% of total mobile PC shipments. Their share is expected to continue falling until it reaches around 10% by late 2014.

Gartner

Govt wants Google, Skype to set up local servers

The Government of India has widened its crackdown on communications firms and said that Google, Skype Technologies and other service providers must also set up servers in India to allow security forces to monitor encrypted data. The move comes just two days after India gave Blackberry smart phones maker Research In Motion (RIM) a 60-day extension to fulfill the government's demand to open encrypted Blackberry services for scrutiny. "All people who operate communication services in India will have to install servers in the country to aid in monitoring encrypted data," said the Union Home Secretary GK Pillai. The Indian government is expected to send notices to Google, Skype and corporate virtual privacy networks for "lawful access" by the security agencies to internet data. India is seeking access to G-mail email service, which uses powerful encryption technology, and Luxembourg-based Skype's Internet telephony services. The government is also targeting Virtual Private Networks (VPNs) used by corporate employees working remotely. The government has already asked RIM to set up a server in India to track the Blackberry smart-phone's secure messaging system. India has started testing RIM's monitoring tools to see if they allow security agencies to tap its messenger and enterprise mail services. The DoT has been given two months to provide a report on the feasibility of services provide through a server located in India. Meanwhile, Finnish mobile phone maker Nokia said that it will set up servers in India by Nov'10 for its enterprise email services.

TCS UK acquires Unisys insurance business

Diligenta – a BPO provider in the UK, and a subsidiary of Tata Consultancy Services (TCS) – has announced major business wins with Phoenix Group and Old Mutual International following the transfer of Unisys Insurance Services' (UISL) UK Life & Pensions services business to Diligenta. Diligenta's new contract with Phoenix Group has been extended by an additional six years until 2018 and both contracts will generate £250mn in revenue for the company over that period, reinforcing Diligenta's position as one of the largest BPO providers in the UK. Diligenta will begin delivering the services currently provided to UISL's clients effective September 1, 2010. Diligenta was selected as the preferred bidder following a rigorous selection process by UISL's largest client, Phoenix Group. This deal secures Diligenta's position as a leading provider within the UK's life & pensions BPO market and will see Diligenta managing further books of business owned by the Phoenix Group and acquiring a third client, Old Mutual International. The number of policies Diligenta now administers will rise from 3.6 mn to over 5 mn.

Sonata Software opens new office in European region

Sonata Software, a leading IT consulting and software services provider, has announced the opening of its new office in the European region. Located in Amsterdam, Netherlands, the office will cater to the requirements of Sonata's growing number of customers in the BeNeLux (Belgium, Netherlands and Luxembourg) countries. This move will further strengthen Sonata's ties with its European customers and improve its understanding of the local European IT markets. With this new office, the total number of Sonata's offices outside India increases to 12. 6 of these are in the US, 4 in Europe, 1 in the Middle East and 1 in Singapore.



- Geometric has announced the release of eDrawings Professional for NX version 7.2 with support for NX 7.5. eDrawings is the first email enabled collaboration tool designed to ease the sharing and interpretation of 2D and 3D product design data.
- Mastek** has announced that Ocean Life Insurance Company (OLIC), Thailand has selected ElixirAsia, its enterprise-wide policy administration system.
- Subex** has been selected by the Ecuador-based telecom service provider to implement its industry leading Revenue Operations Centre (ROC) fraud management solution.
- HCL Technologies** has received the approval of Delhi High Court to merge its wholly owned subsidiary i.e. HCL Technoparks with itself. The scheme of amalgamation has become effective retrospectively from April 1, 2009.

IT & ITeS

Mahindra Satyam develops migration solutions for healthcare payer organizations

Mahindra Satyam has announced integrated migration solutions for healthcare payer organizations that would meet the new federal HIPAA rules. An upgraded X12 Version 5010 transaction standard has been mandated for implementation by January 1, 2012 requiring significant application engineering to support future nationwide electronic healthcare interchange initiatives for the healthcare industry in the US. The solutions developed by Mahindra Satyam will help customers address many challenges including implementation roadmap, 5010 test data generation with data -on-demand, ability to seamlessly integrate with all major test automation tools and trading partner readiness. Mahindra Satyam has already started deploying the solution through its latest win of a multi-mn dollar deal with a large health insurer for re-engineering the electronic transaction system and upgrading the applications to make it HIPAA 5010 compliant.

Equifax launches credit information service in India

Equifax – a global leader in information solutions – has begun providing its in-depth credit information solutions across India, using member-contributed data from the country's largest banks and financial institutions. Equifax Credit Information Services (ECIS) brings Equifax's global experience to the growing Indian economy through its joint venture with six leading Indian financial institutions. These are Bank of Baroda, Bank of India, Kotak Mahindra Prime, Religare Finvest, Sundaram Finance and Union Bank of India. Equifax applied to the RBI for a Certificate of Registration to establish the new credit information company and was approved for a license in March of this year.

Worldwide Semiconductor revenue to grow 31.5% in 2010: Gartner

According to the latest outlook by Gartner, the worldwide semiconductor revenue in 2010 is forecast to reach US\$300 bn, a 31.5% increase from 2009 revenue of US\$228 bn. The projected 2010 revenue for the semiconductor industry has increased from Gartner's forecast in Q2CY10, when it expected worldwide semiconductor sales to grow 27.1% in 2010. The PC supply chain is showing the most evidence of a correction, as can be seen by recent company announcements, including Intel's lowering its third quarter guidance. The forecast of second half 2010 PC production unit growth has been reduced in the 3Q10 update. Gartner analysts said consumer PC purchases in mature markets were slightly weaker than expected in the second quarter and the outlook for the third quarter is below seasonal growth. However, surging sales of media tablets are partially offsetting the weakness in consumer PCs, as they've begun to prove themselves a popular substitute for net-books.

Cerebra, Cimelia Resource to set up e-waste recycling unit

Cerebra Integrated Technologies has announced a strategic alliance to set up India's largest e-waste recycling unit in alliance with Cimelia Resource Recovery of Singapore. Cimelia Resource Recovery is a subsidiary arm of Enviro Hub Holdings, a global leader in offering environment restoration solutions for Electronic, Electrical and Equip Industries. The Company would set up the proposed unit on 10 acres of land in Bangalore. The alliance will help Cerebra Integrated to double its e-waste management capacity from 30,000 to 60,000 tonne annually. The Company will be investing Rs. 500 mn for the proposed unit and aims to achieve a company turnover of Rs. 2.5 bn in FY13 with a profit margin of 25%.

- ✦ Core Projects & Technologies (CPTL) has announced a business plan to enter the School Management business in India. It plans to set up 30 schools in the next three years, which schools will be in sub-sets of 10 schools each, with a distinct focus and purpose.
- ✦ TAKE Supply Chain- a division of **Take Solutions** – has been recognized as the 2010 Great Supply Chain Partner by SupplyChainBrain, world's leading Supply Chain Management publication for the fourth consecutive year. TAKE was nominated for its exceptional work in the operational control, inventory accuracy, visibility and order fulfillment domain for Welch's, a leading manufacturer and marketer of grape-based products.
- ✦ **Novatium Solutions** has announced a strategic minority investment by Ericsson India. Novatium will continue to focus on India business and select overseas markets with Ericsson spearheading the overseas business.
- ✦ The Board of Directors of **Ranklin Solutions** has approved the proposal to subdivide equity share of Rs. 10 each into 2 equity shares of Rs. 5 each.
- ✦ **Nihar Info Global** has received a work order for implementation of IBM File Net Solution from Non-Conventional Energy Development Corporation of Andhra Pradesh (NEDCAP).
- ✦ **Four Soft** has announced that HJM International has selected Company's Freight forwarding and Order management software solutions.
- ✦ **Wipro** has signed 5-year strategic partnership with Central Bank of India. The engagement is of vital importance to Central Bank in order to achieve its objective of financial inclusion and bringing low cost and efficient banking services to the rural masses.
- ✦ The Board of Directors of **FCS Software Solutions** has decided to raise funds to the extent of Rs. 1 bn by way of preferential allotment of shares/warrants. Its Board has also decided to increase the authorized share capital of the Company from Rs. 1.25 bn to Rs. 1.5 bn. Its Board has also decided to set up an investment Committee to search and acquire company and discharge purchase consideration by way of cash, share swap or kind.
- ✦ **Mahindra Satyam** has won a multi-mn dollar technology services deal from a large health insurer.

PHARMA & HEALTHCARE

Ranbaxy sets up new manufacturing facility in South Africa

Ranbaxy SA – a wholly owned subsidiary of Ranbaxy Laboratories – has announced the opening of its new state-of-the-art manufacturing facility, Be-Tabs Pharmaceuticals Manufacturing Plant, at Roodepoort, Johannesburg, which will be Ranbaxy's second manufacturing facility in South Africa and the third in the African continent. The new facility – built with an investment of US\$30 mn – will manufacture analgesics, cold, cough and flu preparations, anti-histamines, anti-hypertensives, CNS drugs, vitamins and minerals as well as a comprehensive range of over-the-counter medication. The products manufactured will comprise tablets and hard gelatin capsules that will be supplied to current registered regions. The design of the new facility is determined by the current tablet and capsule production requirements and the plant is capable of producing approximately 1.75 bn units and packaging of 2 bn units, annually. The new facility in South Africa is equipped with the latest technology, meets international specifications and conforms to cGMP standards. It is designed to meet local regulatory requirements which imply PIC/S and also WHO standards.

US FDA warns Sun Pharma for New Jersey mfg plant; grants nod for generic Strattera capsules

Sun Pharmaceutical Industries has received a warning letter from the United States Food & Drug Administration (US FDA) after its New Jersey manufacturing plant was inspected. Sun plans to respond to the USFDA within 15 days, and the Company would work “cooperatively and expeditiously” to resolve the matters mentioned in the warning letter, Sun said in a statement. The Company said that the US FDA letter was issued as a follow-up to the inspection of the manufacturing facility in New Jersey in February, during which the regulator had identified violations of manufacturing regulations. Separately, Sun Pharma has received the approval of the US FDA for its ANDA to market a generic version of Strattera – Atomoxetine Hydrochloride capsules in six strengths: 10 mg, 18 mg, 25 mg, 40 mg, 60 mg, and 100 mg.



Fortis Hospitals launches Cancer Institute at Mulund



Fortis Hospitals has inaugurated a dedicated cancer institute at its Mulund (Mumbai) facility bringing in comprehensive cancer care with an integrated approach under one roof. The Fortis Cancer Institute offers comprehensive customized, cancer treatment with dedicated consultants across Medical, Surgical and Radiation Oncology backed by the latest in Cancer Technology. While Fortis Healthcare is an established leader in super specialty care and specifically in cardiac, orthopedics and neuro-sciences, its Cancer Institute in Mumbai will expand the spectrum of our super specialty and provide unparalleled care to cancer patients with an integrated approach. Fortis Cancer Institute also announced the institution of a “Fortis Lisa Ray Award for Conquering Cancer.” This award would be given to that Cancer survivor who has conquered Cancer with confidence and someone who did not let the disease affect his/her zest for living.

Cipla to buy 25% in South Africa unit

Cipla Cipla is looking to acquire around 25% in the manufacturing division of Cipla Medpro – South Africa's third-largest drug-maker and a key ally of the Indian company – where it does not hold any stake at present. The deal size could not be ascertained, but it will be the first overseas acquisition by 75-year-old Cipla in any pharmaceutical company. Cipla will invest in Cipla Medpro Manufacturing (CMM) – a subsidiary of Cipla Medpro – which is setting up one of the largest contract manufacturing facilities in Africa at an investment of over Rand 225 mn (Rs. 1.45 bn), said executives close to the development. In April 2009, Johannesburg-based Adcock Ingram, the second-largest generic drug-maker in South Africa, had mounted a hostile bid for Cipla Medpro by offering close to \$233 mn (over Rs. 10 bn). Sweet Sensations – Cipla Medpro's largest minority shareholder with 18.5% stake – had also opposed the takeover proposal.

- ✦ **Natco Pharma** has sought the US health regulator's nod to sell Lenalidomide capsules – used in treating cancer – in the US market. The Company has filed an ANDA with the US FDA to market lenalidomide capsules prior to the expiry of various US patents. The Company has sought the approval to sell Lenalidomide capsules in strengths of 5, 10, 15 and 25 mg.
- ✦ **Jubilant Organosys** has signed a CRAM contract worth US\$33 mn with a US-based life sciences company.
- ✦ **Elder Pharmaceuticals** is reportedly planning to raise up to US\$50 mn through a Qualified Institutional Placement (QIP) next week, to retire a part of its debt. About half of the fund would be raised to part repay debt which stands at about Rs. 5 bn.
- ✦ **Glenmark Pharmaceuticals** has announced the discovery of a Novel Chemical Entity (NCE) ‘GRC 17536’. The new NCE program is targeting TRPA1 receptor antagonists for pain and respiratory disorders.
- ✦ **Biocon** is reportedly planning to launch skincare products, thereby increasing its existing range of therapeutic segments. The first product will be an ointment with immuno-suppressants. The Company also plans to introduce its ophthalmology products in the key US market and other developed markets within the next two quarters.
- ✦ **Lupin** is reportedly looking at cashing in on its generic tuberculosis drug Ethambutol tablet, which has been included by the World Health Organization in the list of pre-qualified medicines. The estimated market size for Ethambutol is over US\$100 mn globally.
- ✦ **Sun Pharma** is reportedly looking to acquire US0-based company worth US\$500 mn to US\$1 bn. The Company is looking for licensing opportunities with MNCs.
- ✦ **Apollo Hospitals Enterprise** is reportedly planning to invest Rs. 18 bn to set up 11 hospitals in the country over the next two years.

AUTO & AUTO ANCILLARIES

Maruti Suzuki sales up 24% in Aug; launches limited edition of Swift



Maruti Suzuki India has sold 1,04,791 units in Aug'10, as against 84,808 units in Aug'09, registering a rise of 23.56% on YoY basis. It was the third time in this fiscal that the company's monthly sales figure has crossed one lakh mark. Its sales in the domestic market rose 32.47% YoY to 92,674 units in Aug'10, as against 69,961 units in Aug'09. However, its exports declined 18.39% YoY to 12,117 units in Aug'10, as against 14,847 units in Aug'09. The sales of M800 also declined 29.81% YoY to 1,919 units in Aug'10, as against 2,734 units in Aug'09. The A2 segment – comprising Alto, WagonR, Estilo, Swift, A-Star and Ritz – witnessed 25.69% YoY growth at 65,953 units in Aug'10, as against 52,473 units in Aug'09. A3 segment sales – consisting of SX4 and DZiRE – increased 33.99% YoY to 10,479 units in Aug'10, as against 7,821 units in Aug'09. The Company has launched a limited edition of Swift, the iconic premium small car brand. The "Swift One Million Edition" shall be available in a specially created "Goldsmith Black" color and shall be loaded with smart and attractive features like splendid graphics, special integrated stereo with USB and speakers, luxurious leather seats, cushions, foot-mats and an artistic decal on the exteriors. The limited edition celebrates Maruti Suzuki's landmark of selling 1 mn cars a year, achieved in late March. The Swift One Million Edition is available in Vi version (Petrol) at a price of Rs. 483,079 (ex-showroom, Delhi). Only 1,000 units of this celebration model are being offered.

Hero Honda launches all new Super Splendor with new value-added features

Hero Honda Motors, the world's largest two-wheeler manufacturer, has launched the All-New Super Splendor with new value-added features to further strengthen its leadership in the deluxe segment. The all-new Super Splendor 125cc features aesthetic and technological advancements for superior performance and exceptional riding experience. The new Super Splendor is supported by new-age technology featuring the Honda Intelligent Ignition System (HIIS). The motorcycle also features a newly designed Carburetor and ACG for improved engine performance. The 5-step adjustable rear shock-absorber provides a smoother drive and comfort. The well-rounded, universal appeal of the all-new Super Splendor is further enhanced by its upgraded external features such as new body-art on fuel tank, new seat design, new wind screen and tail light, uniquely styled front & rear fender, and an elegantly stylized rear grab-rail that hugs the side cowls – thereby marking its unique aesthetic appeal. The new Super Splendor (drum version with self-start) is attractively priced at Rs. 45,950 (ex-showroom Delhi). It is being made immediately available through Hero Honda's wide network of over 4200 sales and service points across the country.



Tata Motors August sales up 32%

Tata Motors has sold 65,938 (including exports) units in Aug'10, as against 49,810 vehicles sold in Aug'09, registering a rise of 32% on YoY basis. Its domestic sales of Tata commercial and passenger vehicles rose 29% YoY to 60,781 units Aug'10, as against 47,126 units in Aug'09. Its cumulative sales (including exports) rose 43% YoY to 315,445 units in Apr-Aug'10 period, as against 220,978 units in Apr-Aug'09 period. Its sales of CVs in the domestic market grew 20% YoY to 35,585 units in Aug'10, as against 29,762 units in Aug'09. Its LCV sales rose 11% YoY to 20,734, while M&HCV sales grew 34% YoY to 14,851 units in Aug'10. Its cumulative CV sales in the domestic market grew 29% YoY to 168,508 units, while its cumulative LCV sales rose 18% YoY to 96,245 units, while M&HCV sales increased 49% YoY to 72,263 units in Apr-Aug'10 period. The passenger vehicles business reported a total sale and distribution off-take of 27,008 units in Aug'10, as against 20,146 units in Aug'09. The cumulative sales and distribution of passenger vehicles in the domestic market grew 49% YoY to 135,509 units in Apr-Aug'10 period, as against 90,718 units in Apr-Aug'09 period. Its exports rose 92% YoY to 5,157 units in Aug'10, as against 2,684 units in Aug'09. Its cumulative exports rose 109% YoY to 21,641 units in Apr-Aug'10 period, as against 10,360 units in Apr-Aug'09 period.

M&M sales up 29% in August

Mahindra & Mahindra (M&M) has sold 28,903 units in Aug'10, as against 22,413 units in Aug'09, registering an increase of 29% on YoY basis. Its domestic sales stood at 27,275 units in Aug'10, as against 21,410 units in Aug'09, registering a rise of 27% on YoY basis. Its exports have grown by 62% during the period under review. The domestic sales for the passenger UV range of products – including the Bolero, Scorpio and Xylo – stood at 12,994 units in Aug'10, as against 11,443 units in Aug'09. The 3-wheeler range of products domestic sales stood at 5,074 units in Aug'10, as against 3,652 units in Aug'09. The 4-wheel pickups range of products domestic sales stood at 7,533 units in Aug'10, as against 5,188 units in Aug'09.

- ✦ **Ashok Leyland** has sold 7,480 vehicles in Aug'10, as against 6,705 vehicles in Aug'09. Its exports rose 41% YoY to 775 vehicles in Aug'10, while its cumulative vehicle sales rose 115% YoY to 35,627 vehicles in Apr-Aug'10 period.
- ✦ **Bajaj Auto** has sold 329,364 vehicles in Aug'10, as against 213,072 vehicles in Aug'09, registering a rise of 55% on YoY basis. Its exports increased 31% YoY to 98,578 units in Aug'10. Its cumulative sales rose 65% YoY to 1,576,115 units, while its motorcycle sales increased 68% YoY to 1,397,348 units and three-wheeler sales climbed 52% YoY to 178,740 units in Apr-Aug'10 period. Its exports increased 64% YoY to 529,271 units in Apr-Aug'10 period.

AUTO & AUTO ANCILLARIES

TVS Motor August two wheeler sales up 32%

TVS Motor Company has the highest ever sales figures in Aug'10. Total sales of the company stood at 170,735 units in Aug'10, as against 127,875 units in Aug'09, a growth of 34%. Its total two wheeler sales grew 32% to 167,109 units in Aug'10, as against 126,842 units in Aug'09. Its cumulative sales grew 32% YoY to 786,256 units in Apr-Aug'10 period, as against 594,927 units in Apr-Aug'09 period. Its domestic sales grew 29% to 148,081 units in Aug'10, as against 115,095 units in Aug'09. Its scooter sales grew 43% to 40,913 units in Aug'10, as against 28,582 units in Aug'09. Its motorcycles sales grew 30% to 66,574 units in Aug'10, as against 51,127 units in Aug'09. Its exports grew 62% to 19,028 units in Aug'10, as against 11,747 units in Aug'09. Its three wheeler business continued to grow with sales of 3,626 units in Aug'10 in comparison with 1,033 units in Aug'09. Its three wheeler sales grew 239% YoY to 14,533 units in Apr-Aug'10 period.

- ✦ **Steel Strips Wheels** has achieved highest ever steel wheel sales of 805,881 units in Aug'10, as against 519,812 units in Aug'09, recording 55% a growth on YoY basis. It has also achieved the highest ever steel wheel production of 796418 in Aug'10, as against 527,612 in Aug'09, registering a rise of 51% on YoY basis. The Company has achieved the export sales of 77,692 wheel rims in Aug'10, as against 26,247 wheel rims in Aug'09, recording a growth of 196% on YoY basis.
- ✦ **TVS Motor Company** is reportedly planning to invest Rs. 2 bn by April next year to increase its production capacity to 2.8 mn units. The Company also said it will set up a design centre in Indonesia where it has a manufacturing facility.
- ✦ **Mahindra Navistar Automotives** has inaugurated its new, state-of-the-art dealership – Trident Automobiles – in Bengaluru. The new 25 ton truck, MN25 would cost Rs. 15.4 lakh in Bengaluru.
- ✦ **NOCIL** – an Arvind Mafatlal Group firm – has firmed up plans to set up a new plant in Dahej with an initial investment of Rs. 2.5 bn to meet growing demand from domestic tyre-makers.
- ✦ **Sona Koyo Steering Systems** is reportedly exploring possibilities to supply its products to heavy commercial vehicle makers as it looks to increase its sale by around 30% in FY11. The Company is in discussion with major CV makers for supplying steering systems for their heavy vehicles.
- ✦ CRISIL has reaffirmed “GVC Level 1” rating for **M&M**, which indicates that the Company's capability with regard to Corporate Governance and Value Creation for all its stakeholders is the “highest”.
- ✦ **Kinetic Engineering** is reportedly planning to ramp up the production capacity of its Ahmednagar unit in Maharashtra by about 50% within this fiscal to meet the growing vehicle demand. Besides, the Company will also invest about Rs. 75 crore over the next three years to ramp up the capacity of its five facilities across the country.
- ✦ **Honda Siel Cars India** has sold 5,532 units – the highest ever for the month – in Aug'10, as against 3,987 units in Aug'09.
- ✦ **India Yamaha Motor** has sold 30,450 units in Aug'10, as against 23,466 units in Aug'09.
- ✦ **Nissan Motor India** has sold 1,249 units in Aug'10, as against 22 units in Aug'09, with its newly-launched compact car Micra clocking 1,182 units.
- ✦ **SkodaAuto India** has registered 24% MoM sales growth in Aug'10. Its total stood at 1,511 units in Aug'10.
- ✦ **Ford India** has sold 7,925 vehicles in Aug'10, registering a 220% YoY increase compared to Aug'09. The Ford Figo remains at the top of the sales charts with more than 34,000 bookings recorded in the 25 weeks since it was introduced. Its cumulative sales rose 195% YoY to 54,676 vehicles in Jan-Aug'10 period.
- ✦ **Hyundai Motor India** has sold 28,601 units in the domestic markets in Aug'10, as against 24,401 units in Aug'09. Its total sales increased 2.25% YoY to 50,636 units in Aug'10, as against 49,521 units in Aug'09. However, its exports fell by 12.28% to 22,035 units in Aug'10, as against 25,120 units in Aug'09.
- ✦ **Toyota Kirloskar Motor** has sold 6,361 units in Aug'10, as against 5,045 units in Aug'09.
- ✦ In response to the Prime Minister's appeal for contribution for the recent natural calamity in Ladakh, **Maruti Suzuki India** has decided to contribute to the Prime Minister's National Relief Fund. The Company and its employees will contribute Rs. 10 mn. This includes one day's salary from each Company employee and an equal contribution by the Company.
- ✦ Having pioneered the term auto rickshaw for a motorized rickshaw, **Force Motors** has discontinued the manufacturing of its 15-years old three wheeler – “Minidor”. MAN Force – its 50:50 JV with MAN Nutzfahrzeuge – will roll out the first of the inter city coaches by Diwali.
- ✦ **M&M** is planning to launch a passenger vehicle variant under the Maxximo platform over the next 12 months.
- ✦ **Steel Strips Wheels** has bagged an order for approximately 4,000 wheels with a very good potential for repeat business from a German Company, which would earn forex exchange to the extent of €45,000 with this initial order.
- ✦ **Mahindra Two Wheelers** – a part of the US\$7.1bn Mahindra Group – has sold 15,165 units in Aug'10, as against 4005 units in Aug'09. Its cumulative sales stood at 54,261 units in Apr-Aug'10 period, as against 12,948 units in Apr-Aug'09 period.

BANKING & FINANCIAL SERVICES

Fitch affirms HDFC Bank's ratings; outlook stable

Fitch Ratings has today affirmed HDFC Bank's national long-term rating at "AAA(ind)", national short-term rating at "F1+(ind)", Individual rating at "C" and Support rating at "3". The Outlook is Stable. The agency has also affirmed the bank's Rs. 39.93 bn lower Tier-II subordinated bonds at "AAA(ind)" and its Rs. 150 bn certificates of deposit at "F1+(ind)". The Bank's individual rating reflects its robust financial and operational performance, which has consistently outperformed to that of its larger domestic peers and is amongst the best in the Indian banking system. The ratings are underpinned by the Bank's steady track record of growth, current account-savings account (CASA) focused strategy, and good risk management. The ratings also reflect the bank's credible management which has pursued growth strategies (both organic and inorganic) without compromising on critical areas of asset quality, capital ratios, yield spread and profitability. The Bank continues to maintain a strong funding profile with a CASA ratio of 52% of total deposits in FY10 (Q1FY11: 49%). Its CASA ratio is amongst the best within Indian banks and is a key fundamental strength which has helped the bank to manage its net interest margins over the years. In Fitch's opinion, HDFC Bank has a moderate probability of regulatory support given its current size and deposit base which is reflected in its Support rating of "3".



SEBI allows Barclays Bank for issuing Offshore Derivative Instruments



The Securities & Exchange Board of India (SEBI) has lifted the ban on Barclays Bank Plc for issuing Offshore Derivative Instruments (ODI) after the UK lender took steps to rectify its reporting systems. The capital market regulator reversed the ban saying that Barclays had undertaken steps to validate its systems and processes to ensure true and correct reporting of trading activity. "The auditor appointed by Barclays after the regulator's ban has certified that the information provided to the regulator during the review period accurately reflects all outstanding positions of the ODIs," SEBI said. Barclays confirmed that it was notified by SEBI that the ban had been lifted and welcomed the news. The London-based bank demonstrated blatant disregard for the rules and must show adequate controls are in place before it resumes selling the instruments, SEBI said then. The case pertains to reporting of four ODIs issued by Barclays back in Dec'06 with Reliance Communications as underlying assets.

Fitch resolves rating watch on Federal Bank; affirms ratings

Fitch Rating has removed Federal Bank's "AA-(ind)" national long-term rating and the "AA-(ind)" rating on its Rs. 4.5 bn subordinated Lower Tier-II debt programme from Rating Watch Negative (RWN). The agency has simultaneously affirmed the Bank's national long-term rating and the rating on its Rs. 4.5 bn lower Tier-II bonds at "AA-(ind)". The Outlook on the national long-term rating is "Stable". The Bank's ratings reflect its strong capitalization and track record of above-average profitability, especially through the economic slowdown.

- ✦ The Board of Directors of **Karur Vysya Bank** shall meet on September 07, 2010, to consider the issue of further Shares / augment capital including Bonus and Rights Issue.
- ✦ **Oriental Bank of Commerce** is planning to raise Rs. 8 bn through innovative perpetual debt instruments (Tier-I capital) will be issued to raise Rs. 3 bn, and Lower Tier-II/ Upper Tier-II (Tier-II capital) will be issued to raise Rs. 5 bn in FY11 to support the bank's business plans.
- ✦ **Punjab National Bank (PNB)** has increased fixed deposit rate by 25 basis points on select maturities. The Bank has realigned the rate of interest on retail term deposit with an increase of 25 basis points from September 1, 2010 on two slabs. The new rate for 180-270 days term deposit would be 6% from the existing 5.75% while 1-2 years fixed deposit would be 7%. The Bank is launching two special deposit schemes, namely PNB Dugna and PNB Lakhpati, from September 1, 2010 on special rates.
- ✦ **Punjab National Bank (PNB)** has signed a Memorandum of Understanding (MoU) to acquire 64% stake in JSC Dana Bank for US\$24 mn. The RBI is undertaking due diligence exercise on the acquisition proposal. The acquisition will help PNB in expanding its operations in central Asia and Russia.
- ✦ **Development Credit Bank (DCB)** has announced the revision of BPLR to 15% for all eligible advances linked to BPLR. The bank has increased the BPLR by 50 basis points i.e. to 15.50% per annum from 15% per annum with effect from September 01, 2010.
- ✦ **Union Bank of India** has revised / fixed the interest rates applicable to FCNR (B) and NRE (Rupee) Term Deposits with effect from September 01, 2010.
- ✦ **IDBI Bank** has decided to waive charges on Current and Savings Accounts as a measure to further strengthen the Bank's bonds with its customers.
- ✦ Ramnath Pradeep – Executive Director of Central Bank of India – has been appointed as the Chairman & Managing Director of **Corporation Bank** from September 1, 2010 up to September 30, 2011.
- ✦ R Ramchandran – Executive Director of Syndicate Bank – has been appointed as Chairman & Managing Director of **Andhra Bank**.
- ✦ Sunder Rajan Raman – Executive Director of Union Bank of India – has been appointed as the Chairman & Managing Director of **Canara Bank** from September 1, 2010 up to September 30, 2012.
- ✦ **HDFC** has increased its Retail Prime Lending Rate by 50 bps to 14.25%. HDFC is increasing its RPLR, on which its Adjustable Rate Home Loans (ARHL) is benchmarked by 0.5% with effect from 1st September, 2010. This increase in RPLR is for the first time in Two years since Aug'08.
- ✦ **Oriental Bank of Commerce** has announced that the issue of Tier-I Capital amounting to Rs. 3 bn by issuing Innovative Perpetual Debt Instruments on private placement basis is slated to open on September 06, 2010 and will close on September 13, 2010 and deemed date of allotment shall be September 17, 2010. The coupon rate shall be 9.05% for first 10 years and shall be stepped up to 9.55%. For subsequent years, if call option is not exercised by the bank at the end of 10th year from the deemed date of allotment.

STEEL, METALS & MINERALS

Bhuwalka Steel Board approves MoU with Lootah Group

The Board of Directors of Bhuwalka Steel Industries has approved the company's wholly owned subsidiary Bhuwalka Steel Industries FZE, Dubai, entering into MoU with Lootah Group of Companies, Dubai, to meet capex and working capital requirements. The proposed investment from Lootah Group would be done in such a way to make a joint venture of 50:50-partnership. According to the company, by entering into MoU, the prospective investor will commence its financial and technical due diligence and could invest up to around AED 10 mn. As per the MoU, Lootah Group will provide support for early completion of the project and working capital. Bhuwalka Steel Industries would ensure technology, commissioning and running of the plant in an acceptable standard and also quality of the product per market requirement.

Kobe Steel plans to build a steel plant in India

Japanese steel giant, Kobe Steel is planning to establish steel plants in India with two state run companies by providing its technologies for making use of low quality iron ores as raw materials and for reducing carbon dioxide emissions. In an attempt to expand its business in India, Kobe Steel is holding talks with Steel Authority of India (SAIL) to set up one or two plants and produce up to 1 million tonne annually. It is also negotiating with NMDC – a major resource developer – over a plant capable of producing 500,000 tonne annually.

- ✦ **NALCO** is reportedly planning to invest US\$3.8 bn buying a coal mine in Indonesia. The Company is in talks with Indonesian firms. It is planning to build an aluminum smelter and a coal-fired power plant in East Kalimantan on the Borneo Island in a JV.
- ✦ **NMDC and Coal India** are forming a JV with **West Bengal Mineral Development & Trading Company** to acquire one of the largest coal blocks in the country having reserves of around 19 bn tonne. Under the proposed structure, NMDC and Coal India will have 40% stake each in the JV while the West Bengal state mining firm will own the balance 20% equity.
- ✦ **PSL** has received an order from Gail India for supply of steel pipes conforming to API X-70 amounting to US\$19.63 mn. It has also received corresponding order worth Rs.28.39 crore for coating and dumpsite delivering of steel pipes.
- ✦ **Welspun Corp** has bagged new orders worth Rs. 7 bn from domestic and international markets.
- ✦ **Hindustan Zinc Ltd.** has raised metal prices by 4.1% to Rs. 111,400 per metric tonne with immediate effect. The Company has also raised Lead prices by 3.1% to Rs. 112,600 per tonne.
- ✦ **Ispat Industries** has posted Rs. 69.24 crore net loss in the quarter ended June 30, 2010, as against Rs. 214.92 crore net loss in the year-ago quarter. Its total income stood at Rs. 2,427.98 crore in the quarter under review, as against Rs. 1,401.85 crore in the year-ago quarter.
- ✦ **JSW Steel** has raised prices by 3-4% on higher international prices and input cost, with effect from September 01, 2010.
- ✦ **SAIL** has raised Rs. 3 bn by selling a short- term commercial paper to State Bank of India to meet temporary cash needs.
- ✦ **Neyveli Lignite** is reportedly planning to set up a 1,980-MW (3X660-MW) power plant in Tamil Nadu. The Company is also exploring the feasibility of taking part in the UMPP that could possibly come up at Cheyyur (TN) as and when notified by the government of India.

TELECOM

Outlook for mobile phone market steadily improving: Gartner

According to the latest outlook by Gartner, the outlook for the mobile phone market has been steadily improving throughout 2010. The forecast of total market growth has been increased slightly from the 2Q10 update. Gartner stated that application-specific semiconductors for the phone market are experiencing intense competitive pressure, with revenue growing only about 13% in 2010. Smart-phones continue to drive the mobile phone semiconductor market, representing 18% of units and 36% of overall 2010 mobile phone semiconductor revenue. The dramatic rise in DRAM revenue growth is set to peak in 2010. In contrast, NAND revenue is set to sustain a growth trajectory through 2013, with the NAND flash market driven by strong sales of smart-phones and media tablets.

Tata Communications opens data centre in Singapore

Tata Communications has opened a data centre in Singapore to meet the growing IT outsourcing needs of enterprises. The data centre will provide increased capacity for both domestic and international companies, bringing the cost and resource efficiencies as well as greater IT service availability and performance. TCX will also support Tata Communications' cloud computing and managed hosting and storage services to be launched in the near future. Tata Communications Exchange (TCX) is part of the \$430 mn that Tata Communications pledged to invest in Asia Pacific between 2009 and 2011. Of the total planned investment, \$180 mn has been provided for data centre infrastructure and managing services in this geography.

- ✦ **Reliance Communications** has set up an integrated third generation (3G) innovation laboratory to develop applications for mobile services consumers.
- ✦ **Tata Communications** has signed a two-year deal with the mobile services operator group, Axiata from Malaysia to build and manage an internet protocol (IP)-based network in select markets in Asia Pacific. The deal will extend to markets including Dialog Telekom in Sri Lanka, PT XL Axiata in Indonesia, Celcom Axiata in Malaysia and MobileOne in Singapore.
- ✦ **Reliance Communications** is reportedly planning to rope in strategic partners for its infrastructure and technology innovation unit for 3G mobile business, and is in discussions with global players like Motorola and HP.
- ✦ **Aksh Optifibre** has successfully closed its GDR issue of US\$25 mn and its Board of Directors has allotted 58,287,500 equity shares underlying 11,65,750 GDRs.
- ✦ **Tata Teleservices** has awarded the contract to roll out 3G mobile network to China-based Huawei Technologies, for an undisclosed sum.

MISCELLANEOUS

SMX begins operations on electronic trading platform

Singapore Mercantile Exchange (SMX), the first pan-Asian multi-product commodity and currency derivatives exchange, commenced operations on its cutting-edge electronic trading platform. SMX operates as an exchange regulated and licensed by the MAS. It offers multi-currency and multi-asset clearing, trading, and pricing for contracts with guaranteed settlement and delivery. The contracts are developed to meet both generic and specific hedging requirements over Asian trading hours. The SMX product range, together with the agility and accessibility of its systems, and strategic location in Singapore - a reputable financial centre - will enable the Exchange to be a sophisticated one-stop risk management channel for global liquidity to plug into Asian trade flows. The four SMX futures contracts launched from the first day of trading on its platform include two leading crude oil benchmarks – Euro-denominated Brent Crude and West Texas Intermediate (WTI), a currency pair – Euro-US Dollar Currency Futures Contract and the first Gold futures contract in Singapore to be settled via physical delivery.

Govt to release 1.9 mn tonne sugar for September

The Central Government has decided to make available 19 lakh tonne of sugar (levy sugar 2.28 lakh tonne and non-levy sugar 16.72 lakh tonne) for Sept'10. This quantity of 19 lakh tonne is sufficient to meet the internal demand of sugar for the month of Sept'10. The sugar factory shall sell/deliver and dispatch the entire non-levy quantity including the sugar processed out of imported raw sugar released for the month of Sept'10 as above only within the validity period of the release order i.e. up to 30.9.2010. There would be no extension of the validity period for Sept'10 non-levy quota. The validity period for sale and dispatch of the non-levy sugar quota released for the month of August, 2010 – in respect of both indigenous sugar & sugar processed out of imported raw sugar has been extended by 15 days i.e. up to 15th of Sept'10.

Jindal Cotex arm starts implementation of Textile Park in HP

Himachal Textile Park – a subsidiary of Jindal Cotex – has started the implementation of its textile park in Himachal Pradesh. The said park will be located at Upmahal Ram Nagar in Una district of Himachal Pradesh. The park will be the first of its kind in the state having vertically integrated manufacturing base for streams of technical textiles with the units having weaving, warp knitting, bleaching, carding, finishing machines, film production, lamination and packing for domestic & export purposes under one roof. The park has already acquired the land and will be operational by end of this year. Jindal Medicot & Jindal Specialty Textiles – the wholly owned subsidiaries of the Company – are setting up their technical textile projects at Amb in Una district under the Textile Park. The orders for machinery have been duly placed for the projects of Jindal Medicot & Jindal Specialty Textiles. Jindal Medicot is expected to be fully operational by Dec'10, while Jindal Specialty Textiles is expected to commence its operations by Mar'11.

- ✦ **Bajaj Electricals** has secured new orders worth over Rs. 4.08 bn involving the construction of 312 kms of 400 KV double-circuit transmission lines, village electrification under Rajiv Gandhi Gramin Vidhyutikaran Yojna (RGGVY) and High mast & Street Lightening segments. With these new orders, the order book of the Company as on the date now crosses Rs. 11.5 bn.
- ✦ **Investment & Precision Castings** has formed a new Wholly Owned Subsidiary Company – I&PCL Vacuum Cast Ltd. – effective from August 30, 2010 for its new project of manufacturing vacuum investment castings.
- ✦ The Board of Directors of **ACIL Cotton Industries** has approved the subdivision of Company's equity share of face value of Rs. 5 each into 5 equity shares of face value of Rs. 1 each.
- ✦ Sundaram Edusys – a wholly owned subsidiary of **Sundaram Multi Pap** – has launched a new business vertical-an innovative educational content under the brand name "e-class" for the Maharashtra SSC Board's 8th, 9th & 10th standards for all subjects, except languages.
- ✦ The Board of Directors of **Kwality Dairy India** has approved the proposal to raise up to a sum of Rs. 10 bn.
- ✦ The Board of Directors of **Birla Power Solutions** has approved the proposal to issue bonus shares in the ratio of one fully paid bonus share of Re. 1 each for every five existing shares of Re. 1 each. Its Board has also approved the proposal to increase in authorized capital from Rs. 3 bn to Rs. 4.25 bn by creation of additional 1,250 mn equity shares of Re. 1 each.
- ✦ **Reliance MediaWorks** is planning to raise funds up to Rs. 5 bn by private placement of shares with potential investors.
- ✦ **HMT** has entered into an agreement with **Rajasthan Electronics & Instruments (REIL)** for marketing and sale of its dairy machines and equipment in India.
- ✦ **Sanovi Technologies India** has bagged disaster recovery projects under the APDR Programme from the states of Rajasthan, UP, MP and Karnataka. It will be working with the State Electricity Boards and discoms to ensure that a disaster recovery plan in place, it added.
- ✦ **Pantaloen Retail (India)** has posted Rs. 1,795.6 mn net profit (*Audited & Standalone*) in the year ended June 30, 2010, as against Rs. 1,405.8 mn net profit in the previous year. Its total income stood at Rs. 60.19 bn in the year under review, as against Rs. 63.47 bn in the previous year. The Group has posted Rs. 674.9 mn net profit (*Audited & Consolidated*) in the year under review, as against Rs. 100.7 mn net profit in the previous year. Its total income stood at Rs. 99.13 bn in the reporting period, as against Rs. 77.64 bn in the previous year. Its Board of Directors has recommended 40% dividend i.e. 80 per equity share of Rs. 2 each.
- ✦ Specialty chemicals maker **Galaxy Surfactants** has filed for regulatory approval for an initial public offering of 5.9 mn shares. The report stated that the Proceeds from the issue will be used to part-finance expansion of its subsidiary GC Egypt, to set up new manufacturing unit in Gujarat and to expand its existing capacities.
- ✦ The Board of Directors of **Aegis Logistics** has approved the proposal to raise funds up to Rs. 1 bn by means of preferential allotment / QIP. Its Board has also approved the proposal to subdivide of the equity shares of Rs. 10 each of the Company into shares of Rs. 2 each.

MISCELLANEOUS

Nakoda to commence Wind Power project in MP

Nakoda Ltd. is set to commence its Wind Power project in Madhya Pradesh. The Company proposes to acquire Wind Mills from Global Wind Power (GWPL) – a company floated by Reliance ADAG Group. The wind turbines are developed by GWPL with state of art technology in collaboration with Norwin Denmark. Nakoda will invest a sum of Rs. 329 mn to be funded by debt of Rs230mn and balance from internal resources. The Wind Power Plant which is to be set up at Jethana in Ratlam district of Madhya Pradesh will have 7 turbines with a capacity of 750 KW each aggregating to 5.25-MW. The Company will enter into a power purchase agreement with Madhya Pradesh Electricity Board to supply around 112 lakh units per year at the rate of Rs. 4.35 per unit for 13 years.

Kingfisher Airlines board approves fund raising plan

The Board of Directors of Kingfisher Airlines has approved the proposal to increase the authorized equity share capital from Rs. 9 bn to Rs. 16.5 bn and an increase in the authorized Preference Share Capital from Rs. 1 bn to Rs. 26 bn. The Company will immediately seek to raise up to US\$250 mn by way of GDR and a further Rs. 5 bn through a domestic offering. At the meeting of the Board of Directors of United Breweries (Holdings) – the Holding Company of Kingfisher Airlines – it was resolved that a sum of approximately Rs. 6.5 bn provided as loans to Kingfisher Airlines be converted into Preference Share Capital.

- ✚ The Board of Directors of **Diamond Power Infrastructure** has approved preferential allotment of 44,160 equity shares to Kotak Investment Advisors and preferential allotment 8,39,057 equity shares to Kotak India Private Equity Fund.
- ✚ **Mohit Industries** has installed one DTY machine, while the second one will be installed in next 15 days, which will increase its yarn production by 3,000 MTPA amounting to Rs. 270 mm approximately. The Company has started exporting DTY yarn to various countries like South Africa, Thailand, Peru, Algeria, Vietnam etc.
- ✚ **Mukesh Ambani** has been elected as member to the board of World Economic Forum. Others elected to the board are Ben J Verwaayen, CEO of Alcatel-Lucent and Zhu Min, Special Adviser of IMF and former Deputy Governor of People's Bank of China.
- ✚ **Cinemax India** is launching the three screens multiplex "Shiv-Cinemax" situated at Ashram Road, Ahmedabad. The multiplex is having capacity of 657 seats including 75 recliner seats. It will also offer patrons to enjoy a personalized cafe service while enjoying their favorite movies. This is the sixth multiplex of the Company in Gujarat. With this launch, the Company will have 21 screens and 5,442 seats all over Gujarat. Further, with the above said launch, the company will have a pan India presence with 97 screens and 25,830 seats across 30 properties.
- ✚ The Board of Directors of **Koutons Retail India** shall the proposed raise of funds through a public issue and/or on a private placement basis and/or QIP on to September 04, 2010.
- ✚ **Rasoya Proteins** has started producing power at full capacity from the power generation unit located at Wani in Yeotmal district of Maharashtra. The capacity of power generation is 10-MW, and the sale of surplus power up to 7.5-MW has also been started.
- ✚ The Board of Directors of **Murli Industries** has decided to raise the funds up to Rs. 10 bn for financing the upcoming projects / repay the existing debts of the Company, subject to necessary approval.
- ✚ **Farmax India** has completed all formalities for inauguration of Atta plant (12,000-MX capacity), Detergent Soap plant (18,000-MT capacity), Detergent Power plant (9,000-MT capacity), and Toilet Soap plant (2,400-MT capacity).

RATINGS & OPEN OFFERS

ICRA assigns "LAAA" rating on Rs. 34 bn infra bonds program of IDFC

ICRA has assigned "LAAA" rating with stable outlook on the Rs. 34 bn Long-Term Infrastructure Bonds Programme of Infrastructure Development Finance Company (IDFC). ICRA has an outstanding "LAAA" rating with stable outlook on the various long term bonds programme of IDFC. ICRA also has an "A1+" rating outstanding on the short term debt programme of IDFC. The ratings factor in the strength of IDFC's sponsor institutions, strong focus on risk management systems, comfortable liquidity position, sound asset quality as on date and strong focus on fee income generating avenues. While the ratings also take into account the risks inherent in the infrastructure lending business, the cautious approach of the IDFC management and strong capitalization levels supported by the recent capital infusion provide comfort. ICRA positively factors in the new classification of IDFC as an Infrastructure Finance Company which will provide it greater access to funds from the banking system and better diversification of funding sources as it can now tap the ECB market on automatic route besides the retail long term infrastructure bonds.

Citicorp Finance (India) gets "LAA+PP" ICRA rating for Rs. 5 bn ELD Program

ICRA has assigned "LAA+ pp" rating on the Rs. 5 bn Equity Linked Debenture (ELD) Programme of Citicorp Finance India (CFIL). This is the high-credit-quality rating assigned by ICRA. The rated instrument carries low credit risk. *The letters 'pp' suffixed to a rating symbol stand for "principal protected"*. According to the terms of the rated instrument, the amount invested, that is the principal, is protected against erosion while the returns on the investment could vary, being linked to movements in one or more variables, such as equity indices and/or commodity prices. The rating assigned expresses ICRA's current opinion on the credit risk associated with the issuer concerned. The rating does not address the risks associated with variability in returns resulting from adverse movements in the variable(s) concerned. ICRA also has a rating outstanding of "LAA+ pn" on the Rs. 2.25 bn ELD programme and a rating outstanding of "LAA+ pn" on the Rs. 2.75 bn ELD programmes of the Company. "LAA+ pn" is the high-credit-quality rating assigned by ICRA. The rated instrument carries low credit risk. *The letters 'pn' suffixed to a rating symbol stand for "principal not protected"*. According to the terms of the rated instrument, the amount invested, that is the principal, is not protected against erosion, while the returns on the instrument could also vary. While going forward CFIL's portfolio growth is expected to be moderate, its ability to maintain its risk adjusted returns as it expands in such higher yielding but relatively riskier customer segments in its Asset Based Finance operations in addition to managing of collections from its larger ticket investments in corporate debentures would be important rating considerations.

Pro Fin Capital Services: Open Offer

Triyamb Securities (acquirer) and Anupam Narain Gupta, Abhay Narain Gupta, Narain Kumar Gupta and Rashi Gupta (PAC) has made an Open Offer to the shareholders of Pro Fin Capital Services (Pro Fin Capital) to acquire 8,73,380 equity shares of Rs. 10 each representing 20% of the total paid up equity share capital of Pro Fin Capital at a price of Rs. 11.70 apiece, payable in cash. The Offer shall open on October 27, 2010, while the date of closing of the Offer has been fixed at November 15, 2010. Corporate Professionals Capital Pvt. Ltd. has been retained as the Manager to the Open Offer.

Fujikawa Power gets favourable ICRA for Rs. 13 crore bank facilities

ICRA has assigned an "LBB+" rating on the Rs. 8 crore fund based limits of Fujikawa Power (FP). ICRA has also assigned an "A4+" rating to the Rs. 5 crore non-fund based limits of FP. The outlook on the long-term rating is stable. The ratings take into account the highly competitive nature of the battery manufacturing industry, exposure of FP's profitability to movement in raw material prices and the likely impact on FP's profitability after the current tax incentives expire. While assigning the ratings, ICRA has also noted that FP is a newly set up firm and its manufacturing operations are yet to stabilize. The rating is also constrained by the risks inherent in partnership firms like limited ability to raise capital and the risk of dissolution. Nevertheless the ratings derive comfort from FP's experienced management, the established track record of the Okaya group in the battery business and the benefits enjoyed by the firm from being a part of the Okaya group which include a well-established brand image and a strong distribution network.

- ✦ CRISIL has reaffirmed "GVC Level 1" rating for **M&M**, which indicates that the Company's capability with regard to Corporate Governance and Value Creation for all its stakeholders is the "highest".
- ✦ Fitch Ratings has assigned "AAA(ind)" national long-term rating on **Goldman Sachs (India) Finance (GIFL)**. It has also assigned "AAA(ind)" national Long-term rating on Rs. 5 bn long-term debt programme of GIFL. The Outlook is "Stable". Fitch has also affirmed "F1+(ind)" rating of Rs. 10 bn CP programme of GIFL.
- ✦ Fitch Ratings has placed **TV Eighteen's (TV18)** national long-term rating of "BBB(ind)" on Rating Watch Evolving (RWE). The agency has also placed TV18's other instruments at: Rs. 1,250 mn long-term loan at "BBB(ind)"; Rs. 670.1 mn term-loan: "BBB(ind)"; Rs. 850 mn fund-based working capital limits at "BBB(ind)"/"F2(ind)"; Rs. 70 mn non fund-based working capital limits at "F2(ind)"; and Rs. 250 mn CP/STD programme at "F2(ind)". The rating actions follow the company's Jul;'10 announcement regarding the group's restructuring.

INSURANCE & MUTUAL FUNDS

Mutual Fund industry's AAUM up 3% in August

The Indian mutual fund industry had a better August with the average assets under management (AAUM) of the industry growing by a respectable 3.3%. The AAUM of the Indian Mutual Fund industry increased to Rs. 6,870 bn crore in Aug'10 from Rs. 6,650 bn crore in Jul'10. HDFC has recorded the highest growth in AAUM at 6.5%, followed by Birla Sun Life at 4.36%, UTI at 3.16%, and Reliance at 2.28%. Out of the 43 fund houses, around 10 saw a drop in their AAUMs. Reliance MF house continues to be the biggest fund house in the country with an AUM of Rs. 1.04 lakh crore. HDFC is the second biggest with an AUM of Rs. 901.78 bn. The AUM of ICICI Prudential MF rose marginally by 0.08% to Rs. 687.68 bn in Aug'10, while that for Birla Sun Life MF rose by 4.36% to over Rs. 642 bn. Birla Sun Life has moved a notch up to the fourth position, pushing UTI to number five. Franklin Templeton has moved up to the sixth position, pushing down SBI Asset Management to a seventh place. DSP Blackrock has also moved to the ninth position pushing LIC MF down to number 10. The rise in the AAUM has come amid concerns of a possible fall in valuations of the liquid plus category of MF schemes after SEBI announced new valuation norms came into effect last month. The mutual fund industry saw decline in its assets in Jun-Jul'10 period, as the banks pulled out money under tight liquidity conditions emanating from the outflows towards 3G and BWA auctions.

FM asks LIC to increase contribution to 2% of GDP

The Union Finance Minister, Pranab Mukherjee has asked the insurance companies to create awareness among the poor and vulnerable section of the society especially the people living in rural areas so that they can avail the benefits of financial services. He further said that they may be informed about the benefits of the life insurance and insurance against natural calamities. The Minister was addressing a large gathering of the representatives of the insurance companies in a function at Mumbai organized by ASSOCHAM on the occasion of Global Insurance Summit. The FM asked Life Insurance Corporation to increase its contribution to 2% of GDP from its present contribution of 1.84% of GDP. He asked the insurance companies to follow the system of benchmarking, introduce new insurance products, reduce the premium of policies and increase the visibility of the different insurance policies and products through print and electronic media, seminars and discussions etc.

LIC launches unit linked deferred pension plan

Life Insurance Corporation of India (LIC) has announced launch of its new product - LIC's Pension Plus with effect from September 02, 2010. LIC's Pension Plus is a unit linked deferred pension plan, which provides the customer a minimum guarantee on the gross premiums paid. The plan is without any life cover. The customer has a choice of investing the premiums in one of the two types of investment funds available. Premiums paid after deduction of allocation charge will purchase units of the Fund type chosen. Within a given policy year 2 switches are allowed free of charge. Anybody between ages 18 – 75 years can buy this policy.

Aashirvad... ING Life India launches new child insurance product

ING Life India – part of the ING Group – has announced the launch of a new child insurance product called ING Aashirvad, a unique product that helps parents plan for their child's future milestone and thereafter protect the life of the child - at no additional cost. ING Aashirvad – built on a traditional platform – comes with four guarantees: the guarantee of maturity value as decided by the parent, additional guarantee of death benefit in case of any eventuality of the policyholder, guarantee of policy continuing in case of any eventuality of the parent (policyholder) and guaranteed coverage for child after the maturity of the policy. ING Aashirvad is a non-linked and non-participative child plan.

IDBI MF launches IDBI Nifty Junior Index Fund

IDBI Mutual Fund has announced the launch of its second index fund – the IDBI Nifty Junior Index Fund. The New Fund Offer (NFO) will be available from September 2 to September 15, 2010. The scheme will re-open for continuous sale and repurchase with effect from September 27, 2010. The investment objective of the IDBI Nifty Index Fund is to invest only in and all stocks comprising the CNX Nifty Junior Index in the same weights of these stocks as in the index with the objective to replicate the performance of the Total Returns Index of CNX Nifty Junior Index. The scheme may also invest in derivative instruments such as Futures and Options linked to stocks comprising the index or linked to CNX Nifty Junior Index. It will seek to achieve the investment objective by minimizing the tracking error between the Total Returns Index of CNX Nifty Junior Index and the scheme.

- ✦ **HDFC Standard Life** has launched HDFC SL Crest, a new insurance cum investment (unit linked) plan with highest NAV Guarantee. HDFC SL Crest offers another unique feature - the flexibility to opt for highest NAV backed with minimum guaranteed NAV of Rs. 15 on maturity of the contract.
- ✦ **Kotak Life Insurance** has launched two new unit-linked insurance plans (ULIPS) – Kotak Secure Invest Insurance and Kotak Wealth Insurance – meeting the new IRDA guidelines. Kotak Secure Invest Insurance is an equity exposure plan and is backed by capital guarantees with in-built investment advice of the guarantee fund.
- ✦ **Reliance Life Insurance** has received the insurance regulator IRDA's approval for two Unit Linked Insurance Products (ULIPs). The report stated that the company will launch two policies – Reliance Life Highest NAV Advantage Plan and Reliance Life Classic Plan.

M&As

HP to buy 3PAR for \$2.35 bn after Dell pulls out



Hewlett-Packard has entered into a definitive agreement to buy data storage firm 3PAR through a cash tender offer of \$33 per share in cash, or an enterprise value of \$2.35 bn. 3PAR said its board has determined that HP's revised offer constitutes a superior proposal to the bid from Dell. Earlier, Dell decided to opt out of the race for 3PAR. The deal has been approved by the boards of directors of both companies. HP's cash tender offer commenced on August 27 and is scheduled to expire on September 24, subject to customary tender offer conditions being satisfied. The final closing of the acquisition is expected to occur by the end of the calendar year. Earlier today Hewlett-Packard raised its offer to acquire 3PAR to \$33 per share from \$30 per share, making the bid superior once again to its peer Dell. The HP offer marked an end to the intense battle, fought with the aim of gaining an edge in the lucrative and growing market for high-end data centers. The acquisition will accelerate HP's highly successful Converged Infrastructure strategy, driving growth in the fast-growing virtual data center and cloud computing markets.

3M agrees to acquire Cogent for \$943 mn; to buy Israel-based Attenti Holdings for \$230 mn

Minnesota-based diversified technology firm, 3M Company has agreed to acquire Pasadena, California-based Cogent Systems for \$10.50 per share in a deal worth \$943 mn. The transaction, which will expand 3M's ability to provide biometric security solutions, is expected to close in the fourth quarter. Cogent is a provider of finger, palm, face and iris biometric systems for governments, law enforcement agencies, and commercial enterprises. The proposed acquisition is seen to expand 3M's reach into access control and other commercial ID and authentication applications. The acquisition will see 3M foray into the \$4 bn global biometric market, which is expected to grow at more than 20% annually. Separately, 3M Company has agreed to buy Tel Aviv, Israel-based Attenti Holdings SA for \$230 mn in cash from an investor group led by private equity firm Francisco Partners. The Company noted that the acquisition broadens its portfolio of track and trace solutions. The transaction – 3M's second security-related acquisition in as many days – is expected to be completed in the fourth quarter. Attenti – formerly known as Dmatek – makes remote people-monitoring technologies used for a variety of offender monitoring applications.



Google acquires social networking startup Angstro; social games website SocialDeck



Google has acquired Angstro, a Palo Alto-based startup that sorts news and information across social networks like Facebook. Angstro has developed applications to find photos on Facebook, combine Caller ID with LinkedIn profiles and other tools for Twitter. Google, which runs the top search engine in the US with more than two-thirds of the market, did not disclose the terms of the agreement. The Angstro deal underscores the importance to Google of social networks in an increasingly competitive Internet search arena which it dominates. Microsoft has also announced partnerships with Twitter and Facebook to provide real-time search results. The buying of Angstro follows acquisitions by Google earlier this year of small startups like Plink, which makes visual search engines, and video broadcaster Episodic. Separately, Google has acquired social games website SocialDeck for an undisclosed amount, in a move to strengthen its social networking service. The transaction comes within days of Google's acquisition of Angstro, which makes applications to discover new photos on Facebook and create a real-time social address book.

Burger King to go private; 3G Capital to buy Burger King for \$4 bn

Burger King Holdings, which became public in 2006, announced an acquisition deal with New York-based private equity firm 3G Capital. Under the deal, affiliates of 3G Capital will acquire the burger chain's shares for \$24 per share or \$4 bn, including the assumption of its debt. The transaction is expected to close in the fourth quarter of this calendar year. Burger King's shares are currently trading up over 23% on the NYSE. The offer price of \$24 per share represents a 46% premium to the company's unaffected share price before recent market rumors. 3G is expected to commence a tender offer for all outstanding shares of Burger King on or before September 17. As part of the transaction, Burger King's Chairman and CEO John Chidsey will remain in his current capacity through the transition period.



- ✦ **Intel Corporation** and Germany-based **Infineon Technologies AG** have entered into a definitive agreement to transfer Infineon's Wireless Solutions business to Intel for about \$1.4 bn in cash. The deal is expected to close in the first quarter of 2011.
- ✦ **Reliance Industries (RIL)** has acquired, through its wholly owned subsidiary Reliance Industries Investment & Holding shares in EIH Ltd. representing 14.12% of EIH at a total cost of Rs 10.21 bn approximately from Oberoi Hotels and certain other promoters of EIH.
- ✦ **Voltas** has purchased 2,98,211 equity shares of Rohini Industrial Electricals (RIEL) – subsidiary of the Company – for a consideration Rs. 19.97 crore. With this, Voltas' shareholding in RIEL increased to 83.67%.
- ✦ **Bilcare AG** has completed all formalities related to the acquisition of the global films business from the INEOS Group. Bilcare AG had announced its intentions to acquire the business for a sum of Rs6.07bn on August 2, 2010.
- ✦ **Asian Hotels (West)** has acquired 16.38% shares of Inovia Hotels & Resorts (IHRL). The Company proposes to acquire, further 34.11% shares of IHRL in FY11, subsequent to which IHRL shall become a subsidiary of the Company.

M&As

Mahindra to merge subsidiary's agri biz into itself

Mahindra & Mahindra (M&M) has decided to separate the agri-business of its subsidiary Mahindra Shubhlabh Services and merge it into itself. Mahindra Shubhlabh Services (MSSL) has been into various aspects of agriculture such as seeds, fertilizers, chemicals and farm finance among others, while also focusing into exports of fresh fruits. The move to separate the agri-business is a part of MSSL's strategy to focus more on the fresh fruits exports business. "In view of the agri inputs business being a high gestation business, MSSL now intends to streamline its operations and wants to focus only on the fruits business and explore strategic options to grow this business domestically and globally in terms of scale and profitability," M&M said. The fruit business is currently focused on exports of grapes to Europe and MSSL plans to expand it into other fruits businesses. M&M, which is the country's largest utility vehicle maker, said that MSSL's agri input business such as seeds, seed potato and crop care products, is strategically an important business for the auto major. Going forward, the agri-inputs business would be demerged into M&M owing to its strategic importance and funding resources required for the same.



Kenexa announces agreement to acquire Salary.com

Kenexa Corporation, a global provider of business solutions for human resources, has entered into an agreement for acquisition of Salary.com in an all cash tender offer and merger for \$4.07 per share, or approximately \$80 mn. Kenexa expects to complete the cash tender offer and close the transaction during the fourth quarter of 2010. The completion of the transaction is subject to a majority of the outstanding Salary.com shares being tendered, as well as satisfactory completion of other customary closing conditions, including certain regulatory approvals. Kenexa expects to finance the deal through a combination of its cash balances and borrowings against its credit facility, which was recently put in place.

CA Technologies to acquire Arcot Systems

CA Technologies has signed a definitive agreement to acquire privately-held Arcot Systems – a leader in providing advanced authentication and fraud prevention solutions through on premises software or cloud services, in an all-cash transaction valued at US\$200 mn. Arcot employees are primarily located in two locations, Sunnyvale, California, and Bangalore in India. The employees will remain in their current locations through the remainder of CA Technologies FY11. The letter of intent is expected to close in our second fiscal quarter ending Sept'10, subject to regulatory review. The acquisition of Arcot adds visionary technology for fraud prevention and advanced authentication to CA Technologies leading Identity and Access Management (IAM) offerings. Arcot's solutions – delivered as cloud services or deployed on premises – help prevent fraudulent transactions for about one mn online credit card transactions each day. In addition, by combining Arcot's technology with CA Technologies market-leading CA SiteMinder portfolio, the company will provide advanced capabilities to help customers further reduce risk, support regulatory compliance and confidently secure business transactions.

- ✦ **Colgate Palmolive (India) Ltd.** has received the approval of Andhra Pradesh High Court for merging CC Health Care Products – a wholly owned subsidiary of the Company – with the Company from April 01, 2009.
- ✦ The Board of Directors of **JVL Agro Industries** shall meet September 04, 2010, to consider the proposal for subdividing the face value of the equity shares of the Company from Rs. 10 to Rs. 1 each.
- ✦ **Genzyme Corporation** has confirmed the receipt of an unsolicited, non-binding proposal from French drug giant Sanofi-Aventis SA to acquire all the outstanding shares of Genzyme for \$69 per share in cash. The Company stated that its board of directors met again and unanimously affirmed its previous rejection of Sanofi's proposal.
- ✦ **POSCO** has concluded its purchase of Daewoo International Corporation from the Korea Asset Management Corporation and other creditors in a KRW 3.37 trillion deal. POSCO was selected as the preferred bidder for Daewoo International, which it believes will help it to acquire raw materials due to Daewoo's overseas energy business and global distribution network.
- ✦ **Diligenta** – the UK-based subsidiary of **TCS** – has bought Unisys Insurance Services, in lieu of which the company has received business worth £250mn for six years.
- ✦ **Simplex Realty** has acquired 100% shares of Simplex Renewable Resources resulting it into a Wholly Owned Subsidiary of the Company.
- ✦ **Reliance Industries (RIL)** has hiked its stake in hospitality firm East India Hotels (EIH) to 14.8%, taking the Mukesh Ambani-led firm a step closer to the threshold limit of 15% for making an open offer.
- ✦ **Essar Group** has completed acquisition of AGC Networks, including closure of the offer representing 20% of AGC Networks' outstanding shares. The total deal size was \$61.4 mn.
- ✦ UK-based **Weir Group** has agreed to acquire the valves business of Karnataka-based BDK Engineering Industries. However, the financial details of the transaction have not been disclosed.
- ✦ **Asian Hotels (West)** has acquired 16.38% stake in Inovia Hotels & Resorts Ltd. Asian Hotels plans to acquire an additional 34.11% in Inovia during the current fiscal following which the latter would become its subsidiary.
- ✦ **Freeman** has acquired Encore Productions, a full-service creative production and audio visual equipment rental company based in Las Vegas.
- ✦ **Punjab National Bank (PNB)** has signed an MoU to acquire 64% stake in JSC Dana Bank for US\$24 mn. The acquisition will help PNB in expanding its operations in central Asia and Russia.
- ✦ **Goldcorp** has entered into an agreement to acquire all of the outstanding shares of Andean Resources. The total consideration for the purchase of 100% of the fully diluted shares of Andean is approximately C\$3.6 bn.

ENSUING EVENTS

CII to organize 1st CII-Europe Business Congregate on Sept 09-10 in New Delhi

The Confederation of Indian Industry (CII) initiating a fresh engagement model with European countries title "1st CII-Europe Business Congregate" on September 09-10, 2010, at Taj Palace Hotel in New Delhi. This series will focus on Indian industry engagement with select European countries at a time. This series will provide a platform where entrepreneurs of Large, Small and Medium industry would explore and identify closer collaboration between businesses including technology transfer, research & innovation and skill development.

CII to organize 4th International Health Insurance Summit 2010 on Sept 09-10 in New Delhi

Confederation of Indian Industry (CII) is organizing "4th International Health Insurance Summit 2010" on September 09-10, 2010 at The Grand in New Delhi. The Health Insurance summit with the theme – "Health Insurance: Collaborating to build a foundation for Growth and Sustainability" – will be an opportunity to present the progress of the CII Working Groups on Health Insurance, solicit wider inputs and foster debate on all industry issues, disseminate best practices and learning from other international markets and provide a forum for industry, regulatory and government interaction. It is also an opportunity to further strengthen the spirit of collaboration and dialogue that is developing in the Indian health insurance industry. By engaging and welcoming international participation the summit provides the industry with an opportunity to interact with international peers to understand the necessary additional evolutionary options the industry has as it develops best practices and strives towards innovations in products and client services.

CII to organize on 2nd Luxury Goods Forum on Oct 7 in New Delhi

Confederation of Indian Industry (CII) has announced to bring its second edition of Luxury Goods Forum 2010, which will aim at fostering cross-country collaborations and propose the way forward to make the luxury retailing sector grow further and faster in India. The 2nd Luxury Goods Forum 2010 will be held on Oct 07, 2010 at Hotel Taj Palace, in New Delhi. The Forum will be an endeavour to bring together luxury retailers from across the globe especially the Commonwealth Countries, whose representatives would be present in India during the time of the Commonwealth Games. The luxury market in India has been valued at US\$4.3 bn as per India Luxury Review 2007. The luxury products market is expected to grow from US\$500 mn in 2006 to US\$2.5 bn by 2015 with a CAGR of 20%. The Indian economy has evoked a lot of interest globally given its statistics of some of the highest disposable incomes and increase in the number of millionaires.

CII to organize International Hospitality Fair on Oct 21-23 in New Delhi

The Confederation of Indian Industry (CII) is organizing "International Hospitality Fair" on October 21-23 2010, at Pragati Maidan, New Delhi. It will provide an ideal platform for the hospitality industry to showcase its very best in products, technology and services and new innovations to the Indian market which is seen as an important investment destination by various hotel and resort chains from the world over.

CII to organize 'India: The Big Picture' Conference on Nov 23 in Goa

The Confederation of Indian Industry (CII) in partnership with the Ministry of Information and Broadcasting is organizing "India-The Big Picture" Conference on November 23, 2010 in Goa. The conference is a confluence of creativity and commerce and dedicated to the finer aspects of film business. Leading personalities from India and abroad will be speaking and explore opportunities and initiatives to overcome the significant challenges facing the Indian film industry. The conference will also position India's might in the entertainment and media services business.

✦ Confederation of Indian Industry (CII) is organizing "Common Wealth Games Business Forum" on Oct 5-6, 2010 at Taj Palace Hotel in New Delhi.

GLOBAL ECONOMY

Lack of regulation helped spark financial crisis: Bernanke



Federal reserve Chairman Ben Bernanke said that a lack of regulation in the shadow banking system was one of the key triggers in the 2008 economic and financial crisis. Speaking at a hearing before the Financial Crisis Inquiry Commission in Washington, DC, Bernanke said that shadow banks (non-depository institutions) were the source of some key vulnerabilities that amplified the initial financial shock that began with the sub-prime mortgage crisis. "Leading up to the crisis, the shadow banking system, as well as some of the largest global banks, had become dependent on various forms of short-term wholesale funding," he said in prepared remarks, adding that, "the reliance of shadow banks on short-term uninsured funds made them subject to runs, much as commercial banks and thrift institutions had been exposed to runs prior to the creation of deposit insurance." The Fed chief said that the Federal Reserve had no authority to regulate the shadow banks and address their liquidity problems until the crisis had already decimated the economic and financial system. Highlighting other vulnerabilities in the private sector that exacerbated the crisis, Bernanke said that deficiencies in risk management that led to inadequate risk diversification, excessive debt leverage and derivatives being used as a tool for taking excessive risks. Bernanke also said that regulators made poor use of their existing authority in forcing banks to strengthen their risk management systems and limit the severity of the risks taken by them.

ECB extends emergency lending measures into next year; keeps key rate unchanged at 1%

The European Central Bank (ECB) President, Jean-Claude Trichet has decided to extend emergency lending measures into Jan'11, in order to secure the region's uneven economic recovery. In remarks made after the ECB announced its was keeping interest rates unchanged at one% for a sixteenth straight month, Trichet said that banks will be provided unlimited one-week and one-month loans until at least January 18, 2011. The ECB has also decided to conduct 3-month longer-term refinancing operations in October, November and December of this year, as fixed rate tender procedures with full allotment. Looking ahead, the recovery should proceed at a moderate pace, with uncertainty still prevailing, Trichet noted. The ECB expects Eurozone growth to be in a range between 1.4% and 1.8% in 2010 and in a range between 0.5% and 2.3% in 2011. The range has also been revised upwards for both 2010 and 2011, reflecting carry-over effects from the projected stronger growth towards the end of 2010. In a separate development, the ECB has left its key interest rate unchanged at a record low of 1% for the 16th month. The last change in the key interest rate was in May'09, when the ECB cut the rate by 25 bps to the current level of 1%. The bank has lowered the key interest rate by a total of three and a quarter percentage points since early Oct'08. The ECB has also retained its interest rate on the marginal lending facility at 1.75% and that on the deposit facility at 0.25%.



Oil rig explosion in Gulf of Mexico



According to the US Coast Guard, an explosion ripped through an oil rig in the Gulf of Mexico, setting it on fire and forcing all the thirteen workers on board the oil platform into the water. The explosion occurred on a Mariner Energy-owned oil rig, located about 90 miles south of Vermn Bay on Louisiana's coast. The Coast Guard said no one was killed in the incident, adding that all the 13 workers on board the rig at the time of the explosion have been accounted for. It is not yet clear what caused the explosion on board the rig, which according to Coast Guard officials was not producing oil at the time of the accident. The oil workers floating in the Gulf after the explosion have since been rescued by an offshore service vessel, the Crystal Clear, and taken to a nearby platform. The rescued workers are currently being airlifted to Terrebonne General Medical Center for medical attention.

IMF launches lending plan aimed at averting crises

The International Monetary Fund (IMF) has announced a new credit line designed to serve as a crisis insurance policy for pre-qualified countries that do not immediately need an emergency loan. The precautionary credit line is for countries that have sound economic fundamentals and policies but may not qualify for the more stringent flexible credit line, which was introduced in 2009, the IMF said. Only three countries, Mexico, Poland and Colombia, have established flexible credit lines so far, although they have not drawn on the resources. Under the new precautionary credit line, the IMF said any of its 187 member countries could request access and the board would decide on a case-by-case basis which ones qualify. Countries will be assessed against five broad areas, including fiscal and monetary policy and the health of their financial sector.



- Bank of America Merrill Lynch (BoA ML) has pruned its forecasts for US economic growth, saying that Gross Domestic Product (GDP) will grow by 2.6% in 2010, compared to a previous forecast for a 2.7% rate. "The economy will manage to post positive headline GDP numbers, but this growth will not be fast enough to keep the unemployment rate from drifting higher," economists led by Ethan Harris wrote in a note. GDP will expand by just 1.8% in 2011. The unemployment rate will inch back above 10% next year, from 9.5% currently.
- The Organization of Petroleum Exporting Countries (OPEC) will be investing heavily (about US\$40 bn) in downstream activities over the coming years despite uncertainty about the global economic climate.

GLOBAL ECONOMY

BoJ keeps rates steady... extends lending program; ups low-interest loans by JP¥10 trillion



The Bank of Japan (BoJ) has left its key interest rate unchanged but extended its lending program to six months from three months, as it moved to check further gains in the yen and boost its export oriented economy. The BoJ held an emergency board meeting, as the yen's surge to a 15-year high against the US dollar forced policy makers to find ways to support the nation's slowing expansion. The BoJ decided at a special policy meeting that it would expand the terms of its current ¥20 trillion (US\$233bn) quantitative-easing lending program to six months from its current three-month time frame, to help support the ongoing economic recovery. But, the yen pared its losses and Japanese shares gave up some of their strong early gains after the central bank's moves left the markets sour. The BoJ stopped short of taking aggressive steps to stem a rise in the yen that has threatened the country's already fragile economic recovery. The Bank of Japan (BoJ) has increased the amount of low-interest loans available to the money market by JP¥10 trillion in a bid to prevent a deepening of the country's deflationary woes, while the government announced a new JP¥920 bn stimulus package to kick start the economy.

ADB to issue First Clean Energy Bond

The Asian Development Bank (ADB) plans to issue its inaugural Clean Energy Bond to support its clean energy projects in Asia and the Pacific. The Clean Energy Bond is expected to have four tranches, one each denominated in Australian dollars and Turkish lira and two tranches in Brazilian real. It will carry tenors of between 4 and 7 years and will be issued in September. ADB will provide assistance to clean energy projects in an amount at least equal to the amount raised by the Clean Energy Bond. The issuance, targeted at Japanese retail investors, will be arranged through HSBC Securities (Japan) Ltd. and will be distributed nationwide by more than 20 securities firms. The planned bond issue follows the successful sale in April of ADB's inaugural Water Bond, which is supporting the ADB's work in the water sector in Asia and the Pacific. Rapid economic expansion in the region has put immense pressure on resources and the environment. The use of coal and oil and other carbon-based fossil resources to meet the region's growing energy needs has added to the release of greenhouse gases that contribute to global climate change. At the same time, insufficient energy investment in the region is preventing many developing countries and individuals from reaching their full potential.



US pending home sales rise in July: NAR

According to a report released by the National Association of Realtors (NAR), the pending home sales in the US showed a notable increase in the month of Jul'10, with the increase coming on the heels of sharp drops in the months following the expiration of the homebuyer tax credit. The NAR said its pending home sales index rose by 5.2% in Jul'10 following a revised 2.8% decrease in Jun'10 and a more substantial 29.9% drop in May'10. Despite the unexpected monthly increase, the pending home sales index for Jul'10 is still down by 19.1% compared to the same month a year ago. Pending home sales in the Northeast and the Midwest also rose by 6.3% and 4.1%, respectively, while pending sales in the South edge up by 1.2%. NAR said existing home sales fell by 27.2% to an annual rate of 3.83 mn units in Jul'10 from a downwardly revised 5.26 mn unit rate in Jun'10. With the bigger than expected decrease, existing home sales fell to their lowest level since the total existing-home sales series launched in 1999.

US factory orders show modest rebound in July

The orders for manufactured goods in the US edged up by 0.1% in Jul'10, following a revised 0.6% decrease in Jun'10. The modest increase in factory orders in Jul'10 was largely due to a 12.9% increase in orders for transportation equipment, which reflected a substantial 75.9% increase in orders for commercial aircraft and parts. Excluding the increase in orders for transportation equipment, factory orders actually fell by 1.5% in Jul'10 compared to a 0.6% drop in Jun'10. The report also showed that orders for durable goods increased by 0.4% in Jul'10, which reflects an upward revision from the 0.3% increase that was reported last week. However, the increase in durable goods orders was primarily due to the increase in orders for transportation equipment. Meanwhile, orders for non-durable goods were nearly unchanged, falling by less than 0.1% in Jul'10, following a 1.1% drop in Jun'10. The shipments of manufactured goods rose by 1.1% in Jul'10 after falling by 0.5% in Jun'10. Inventories of manufactured goods increased 1% in Jul'10 after inching up by 0.1% in Jun'10.

- ✚ Japanese retail sales jumped for the seventh straight month and at a faster than expected pace in Jul'10, led by higher demand for motor vehicles and fuel. The retail sales rose 3.9% YoY to JP¥11.7 trillion, as against 3.3% rise in Jun'10. Motor vehicle sales increased 8.3%, while fuel sales were up 8.2% in Jul'10. On MoM basis, retail sales were up 0.7% in Jul'10.
- ✚ Japanese consumer prices fell 1.1% in Jul'10, marking the 17th straight month of decline. Slumping prices discourages people from spending in the long-term and it discourages people from investing as well.
- ✚ Japanese small businesses were more confident of their prospects in Aug'10, with manufacturers and non-manufacturers both reporting a rise in confidence. The small business confidence index rose to 48.4 in Aug'10 from 48.1 in Jul'10. The manufacturing index rose to 48.8 in Aug'10 from 47.6 in Jul'10, while the non-manufacturing index climbed to 48.0 in Aug'10 from 46.5 in Jul'10.

GLOBAL ECONOMY

Eurozone Q2 GDP growth kept at 1%; inflation eases but unemployment stays high

The Eurozone economy grew at the fastest pace in four years during the second quarter as exports surged and corporate spending rebounded from a two-year slump. Gross Domestic Product (GDP) in the 16-nation Eurozone grew by 1% in the second quarter versus a revised 0.3% in the previous three months. Compared to the second quarter of 2008, GDP grew by 1.9% in the April-June period of this year. Year-on-year GDP growth in the first quarter stood at 0.8%. The quarterly growth figure was unrevised from an earlier estimate, while annual growth was revised up from a previous estimate of 1.7%. Exports from the 16-nation euro region surged 4.4% from the first quarter, the biggest gain since data were first compiled in 1995. Consumer spending rose 0.5% from the first quarter, when it had gained 0.2%. Imports jumped 4.4% while changes in inventories added 0.2% to second-quarter GDP growth. Meanwhile, the inflation in the Eurozone slowed in August from the previous month but unemployment held at the highest in almost 12 years in Jul'10. Consumer prices in the 16-nation Eurozone rose 1.6% YoY in Aug'10, while CPI grew at an annual rate of 1.7% in Jul'10. Meanwhile, the seasonally-adjusted unemployment rate in the 16-nation Eurozone held steady at 10% for a fifth month in Jul'10.



Japanese factory output climbs 0.3%; housing starts grow 4.3% YoY in July

The Japanese industrial production rose unexpectedly for the first time in two months. Belying expectations for a 0.2% fall, the Japanese industrial production climbed 0.3% in Jul'10, as against 1.1% decline in Jun'10. Industries that mainly contributed to the increase included general machinery, chemicals and pulp, paper & paper products. Production of reaction vessels, flat-panel displays and semiconductors drove the rise in output. Meanwhile, shipments were down 0.1% during Jul'10, while inventory dropped 0.5%. The inventory ratio increased 1.5%. On YoY basis, production and shipments both rose 14.8%. Japanese housing starts grew 4.3% YoY in Jul'10, as against 0.6% rise in Jun'10. The annualized housing starts totaled 7.72 lakh in Jul'10, as against 7.5 lakh in Jun'10. Construction orders received by big 50 contractors dipped at a pace of 0.7% in Jul'10, as against 10.2% decline in Jun'10. Building construction orders declined 2.6% in Jul'10, as against 13.4% fall in Jun'10.

Australia's GDP growth exceeds expectations

Australia's economy grew at a faster-than-expected pace in the second quarter, according to data released by the Australian Bureau of Statistics. The data helped local stocks extend the day's gains besides boosting the nation's currency against the US counterpart. According to the government data, gross domestic product (GDP) rose 1.2% on a seasonally adjusted basis in the quarter, topping a forecast for 0.9% growth. The quarterly data bought annual growth to 3.3% on a seasonally adjusted basis. On a trend basis, the data showed annual growth of 3.2% and quarterly growth of 0.9%. The S&P/ASX 200 index was last seen up nearly 1.9% at 4,522 and the Australian dollar was up 0.8% at 0.8994 versus the US dollar. The statistics office said that the main positive contributors to the stronger-than-expected GDP growth were a 0.9% expansion in household final consumption expenditure and a 0.4% increase in net exports. Construction contributed 0.3% to the seasonally adjusted GDP figure, while mining and professional, scientific and technical services accounted for 0.1% each.

Australia's current account deficit fall sharply in Q2; housing credit up 0.5% MoM in July

Australia's current account balance – the broadest measure of trade balance – showed a deficit of AU\$5.6 bn at the end of the June quarter, down from a AU\$16.5 bn deficit in the March quarter, according to Australian Bureau of Statistics (ABS). The ABS said this was mainly due to a AU\$9.7 bn turnaround in balance of goods and services, which recorded a surplus of AU\$6.5 bn. Separately, According to the Reserve Bank of Australia, the housing credit increased by 0.5% MoM in Jul'10 following a 0.4% rise in Jun'10. on YoY basis, housing credit was up 8.1%. Lending to both owner-occupiers and investors increased during the month. Meanwhile, the retail sales in Australia increased 0.7% MoM to AU\$20.4 bn in Jul'10, as against 0.4% (revised) rise in Jun'10. Sales at cafes, restaurants & takeaway food services increased 5.3% in Jul'10, while food retailing rose 0.4%. On the other hand, household goods retailing fell 1.7% in Jul'10. At the same time, according to Australian Bureau of Statistics (ABS), the total dwelling permits rose by a seasonally adjusted 2.3% MoM to 13,732 in Jul'10. The number of private houses approved edged down 0.1% to 8,624. At the same time, the number of private sector other dwelling units approved were up 7.7% to 4,216.

- ✚ **South Korea's economy** expanded 7.2% in the second quarter from a year earlier and grew 7.6% in the first half.
- ✚ **South Korea's industrial production** rose for the thirteenth consecutive month in Jul'10. The production in the mining and manufacturing sector increased 15.5% YoY in Jul'10, following a revised 17.1% increase in Jun'10. On MoM basis, the output rose 1.1% in Jul'10.
- ✚ **China's official Purchasing Managers' Index (PMI)** rose to 51.7 in Aug'10 from 51.2 in Jul'10.
- ✚ The Romanian economy expanded 0.3% QoQ in Q2CY10. However, on annual comparison the Gross Domestic Product (GDP) dipped 0.5% in Q2. Meanwhile, the IMF expects the Romanian economy to contract by around 1.9% this year and grow 2% in 2011.
- ✚ **Canada's overall current account deficit** on a seasonally adjusted basis widened C\$2.6 bn to reach C\$11 bn in Q2CY10.
- ✚ **Hungary's exports** increased 24.5% YoY in Jun'10, as against 23.2% annual growth reported initially. Imports rose 20.9% YoY in Jun'10.

GLOBAL ECONOMY

Norwegian GDP rises 0.5% QoQ in Q2; industry shrinks in August

Norway's non-oil economy expanded for the fourth consecutive quarter in Q2CY10 led by a strong recovery in the manufacturing sector. Mainland Gross Domestic Product (GDP) rose a seasonally-adjusted 0.5% QoQ in Q2CY10, following a 0.2% growth in Q1CY10. However, the overall growth rate slowed to 0.1% in Q2CY10, as against 0.2% in Q1CY10. Norway's manufacturing sector contracted for the first time in five months in Aug'10. The seasonally adjusted Purchasing Managers' Index (PMI) dropped to 49.2 in Aug'10, as against 55.2 (revised) in Jul'10, a survey by Fokus Bank and the Norwegian Association for Purchasing and Logistics (NIMA) said. The Norwegian PMI dropped below the neutral mark for the first time since March. The output index dropped to 48.9 in Aug'10, as against 61 in Jul'10. The orders index also dropped to 50.4 in Aug'10 from 57.1 in Jul'10, while the employment index slid to 45.1 in Aug'10, as against 46.7 in Jul'10.

UK consumer confidence rises in Aug: GfK NOP

Consumer sentiment in the UK rose unexpectedly in Aug'10 for the first time in six months, adding to a string of recent positive readings on the economy and allowing the government to breathe a sigh of relief. The Consumer Confidence Index increased to minus 18 from minus 22 in Jul'10, market research group GfK NOP said. The August reading is seven points higher than the same period last year. Among the components, four of the five measures increased, while one declined. The index reflecting consumers' expectation for the general economic situation over the next twelve months added eleven points to minus14. However, it was five points lower than a year ago. Confidence in the general economy over the last 12 months also improved. The corresponding indicator showed a reading of minus 43, up from July's minus 48.

South Korean mfg sector growth slows in August

South Korea's manufacturing sector growth in Aug'10 was the weakest in seventeen months, as per the survey data from Markit Economics. The HSBC Purchasing Managers' Index (PMI) dipped to 50.9 in Aug'10 from 53.2 in Jul'10. August was the eighteenth successive month where overall business conditions have strengthened, the report said. Incoming new business increased at the slowest rate since May'09 amid concerns over the stability of the ongoing global economic recovery. Reflecting slowdown in overall new order expansion, output grew only slightly in Aug'10. Input prices faced by manufacturers in South Korea increased notably during Aug'10. At the same time, output prices were unchanged since Jul'10, with anecdotal evidence indicating that any increases due to higher costs were offset by reductions elsewhere, reflective of strong competition for new business.

- ✚ **The construction spending in the US** fell by 1% in Jul'10, as against 0.8% (revised) decrease in Jun'10.
- ✚ According to a report released by the Institute for Supply Management (ISM), **the manufacturing activity in the US** unexpectedly expanded at a faster pace in Aug'10, with the data easing some of the recent concerns about the outlook for the manufacturing sector. The ISM said its index of activity in the manufacturing sector rose to 56.3 in Aug'10 from 55.5 in Jul'10.
- ✚ **Business conditions across Taiwanese manufacturing sector** deteriorated for the first time in 18 months in Aug'10. The headline HSBC manufacturing purchasing managers' index (PMI) fell to 49.2 in Aug'10 from 50.5 in Jul'10.
- ✚ **Spanish manufacturing activity** slowed in Aug'10, with output growth accelerating, while new orders rose only modestly. Markit Economics said the manufacturing purchasing managers' index (PMI) came in at a seasonally adjusted 51.2 in Aug'10, as against 51.6 in Jul'10.
- ✚ **Sweden's manufacturing sector** expanded at a slower pace in Aug'10. The PMI dropped to 60.6 in Aug'10, from 64.2 in Jul'10.
- ✚ The monetary base in Japan rose 5.4% YoY to JP¥98.399 trillion in Aug'10, following 6.1% annual expansion in Jul'10.
- ✚ **French unemployment rate** fell to 9.3% in the June quarter, as against 9.5% in the previous quarter.
- ✚ **Australia's trade surplus** narrowed to a seasonally adjusted AU\$1.9 bn in Jul'10, as against AU\$3.4 bn in Jun'10. Exports fell 4% MoM to AU\$25.4 bn in Jul'10.
- ✚ The **PMI for Britain's manufacturing sector** slipped 54.3 in Aug'10 from 56.9 in Jul'10, hitting its lowest level in nine months, the Chartered Institute of Purchasing and Supply and Markit reported.
- ✚ The **personal spending in the US increased** by a little more than expected in Jul'10. The personal spending increased 0.4% in Jul'10 after coming in unchanged in Jun'10. The personal income rose by 0.2% in Jul'10 after coming in unchanged in Jun'10. Disposable personal income also increased by 0.2% in Jul'10 after coming in unchanged in Jun'10.
- ✚ **Chinese service sector** activity rose to a four-month high in Aug'10. Markit Economics said the HSBC services PMI rose to a seasonally adjusted 57.6 in Aug'10. Meanwhile, the composite PMI, came in at 54.6 in Aug'10, as against 52.6 in Jul'10.
- ✚ **Japan's service sector** activity continued to decline in Aug'10. Markit Economics said the Nomura services purchasing managers' index (PMI) rose to a seasonally adjusted 48.7 in Aug'10, as against 46.3 in Jul'10. Meanwhile, the composite PMI came in at 49.5 in Aug'10, as against 48.6 in Jul'10.
- ✚ **Ireland's manufacturing activity** continued to slow in Aug'10. Markit Economics said the NCB manufacturing purchasing managers' index (PMI) came in at a seasonally adjusted 51.1 in Aug'10, as against 51.4 in Jul'10.
- ✚ South Korea's GDP expanded 1.4% QoQ in Q2CY10, as against 1.5% QoQ expansion indicated in the preliminary reading.
- ✚ **Australia's services sector** remained in a state of contraction in Aug'10. The Performance of Services Index compiled by AIG/Commonwealth rose by 0.9 points to 47.5 in Aug'10.
- ✚ **Capital spending in Japan** was down 1.7% YoY in Q2CY10. Current profits were up 83.4% on year, while sales were up an annual 20.3%. For the fiscal year 2009, capital spending jumped 20.5% YoY.
- ✚ **The UK construction sector growth** weakened for the third successive month in Aug'10. The seasonally adjusted Markit/Chartered Institute of Purchasing and Supply construction purchasing managers' index dropped to 52.1 in Aug'10, as against 54.1 reading in Jul'10.
- ✚ **China's automobile sales** increased 55.72% YoY and 15.09% MoM in Aug'10 to 1.22 mn vehicles ending a four straight month decline.

GLOBAL BUSINESS

Bank of Nova Scotia profit soars to C\$1.01 bn in Q3



Halifax, Canada-based financial services provider, Bank of Nova Scotia (Scotiabank) has posted C\$1.01 bn profit (US\$0.949 mn) in the third quarter, as against C\$882 mn profit in the year-ago third quarter, helped mainly by lower credit loss provisions. Its total revenues stood at C\$3.784 bn (US\$3.55 bn) in the third quarter, as against C\$3.775 bn in the year-ago third quarter. Its Q3 total revenue on a taxable equivalent basis (TEB) rose to C\$3.85 bn, as against C\$3.84 bn in Q3 last year. Its Q3 net interest income declined to C\$2.17 bn, as against C\$2.18 bn in the year-ago third quarter. Its Q3 TEB net interest income stood at C\$2.24 bn, while the other income increased to C\$1.61 bn in the quarter under review, despite the negative impact of foreign currency translation. Its Canadian Banking generated C\$604 mn net income in the third quarter, as against C\$500 mn in the year-ago quarter. Its net income from International Banking rose to C\$317 mn, as against C\$312 mn in Q3 last year. However, its net income from Scotia Capital decreased to C\$305 mn, as against C\$470 mn in the year-ago third quarter.

GM, Ford & Toyota US sales down; Chrysler, Daimler sales rise in Aug

General Motors (GM) and Ford Motor both reported drops in their US vehicle sales for Aug'10, as against Aug'09, when sales were boosted by the US government's "Cash-for-Clunker" incentive program. GM reported a 25% drop in US vehicle sales, while Ford reported an 11% decline in Aug'10. GM's sales fell to 185,176 units in Aug'10, as against 246,479 units in Aug'09. Combined sales of the four brands that GM plans to keep – Buick, Cadillac, Chevrolet and GMC – decreased 10.6% to 184,921 units in Aug'10, as against 206,818 units in Aug'09. Ford sold 157,503 units in Aug'10, as against 176,323 units in Aug'09. Its car sales fell 14% YoY to 56,487 units while utility vehicle sales dropped 25.7% to 36,751 units in Aug'10. Toyota Motor Sales USA – a unit of Toyota Motor Corporation – has sold 148,388 units in Aug'10, as against 225,088 units in Aug'09. The sales of total Toyota division fell 36% YoY to 128,923 units, while sales of Lexus division dropped 15% YoY to 19,465 units in Aug'10. Volkswagen of America said its sales fell 7.9% to 22,855 units in Aug'10, as against 24,823 units in Aug'09. However, Chrysler's US sales 7% YoY to 99,611 units in Aug'10, as against 93,222 units in Aug'09. Its total car sales grew 21% YoY to 27,341 units, and total truck sales rose 2% YoY to 72,270 units in Aug'10. Daimler's US sales for the Mercedes-Benz Cars division – Mercedes-Benz and smart combined – grew 7.4% YoY to 20,122 units in Aug'10, as against 18,734 units in Aug'09.


Deere to sell wind energy business to Exelon for \$900 mn

Moline, Illinois-based farm machine maker Deere & Company has agreed to sell its wind energy business to a subsidiary of Exelon Corporation for \$900 mn. The initial deal is for \$860 mn, plus a provision for up to an additional \$40 mn payment upon commencement of construction on the advanced development projects. The transaction, which is subject to regulatory approvals, is expected to close before the end of this year. Deere's wind energy business, John Deere Renewables, LLC, has 36 completed projects in eight states, which has an operational capacity of 735 megawatts, and numerous other wind energy projects in development. The proposed sale to Exelon's subsidiary, Exelon Generation Company, LLC, is expected to result in a fourth-quarter charge of about \$25 mn for Deere, which was not reflected in the earnings guidance provided by the company in mid-August. The deal makes Exelon one of the nation's largest wind energy generators. Following the completion of the acquisition, John Deere Wind Energy will become part of the Exelon Power division of Exelon Generation.



JOHN DEERE

HSBC Holdings sells remaining portfolio of loans to Banco Santander

 HSBC Holdings has completed its exit from US auto finance "run-off" portfolio by selling the remaining portfolio of loans to Banco Santander SA's automotive finance arm, for US\$3.56 bn in cash. Santander will also assume around US\$431 mn of debt. The carrying value of the loans as of June 30 was US\$4.3 bn. The transaction is expected to close during Q3CY10, and is subject to regulatory notifications and usual closing conditions. Santander Consumer USA – the unit of Santander, which is buying the auto loan portfolio – has already acquired HSBC's auto finance loan servicing platform and US\$1 bn in loan receivables in Mar'10.

- ✦ **Sony Corporation** has slimmed down its electronic readers and also given them touch-screen control. The three new versions of its "Reader" line also feature an improved screen with better clarity.
- ✦ **Kia Motors** is reportedly recalling about 35,000 vehicles sold in the US due to faulty wiring in interior lights that could cause fires. It would recall about 18,000 vehicles sold domestically because of the same problem.
- ✦ **Ferrari** is reportedly recalling more than 1,240 of its 458 Italia super-cars to replace an adhesive prone to melting after five reports of fire accidents.
- ✦ The Board of Directors of **Hewlett-Packard** has approved the authorization of an additional \$10 bn for share repurchases. The Company plans to buy back at least \$3 bn worth of its shares in the fiscal fourth quarter at current price levels.


GLOBAL BUSINESS

Burger King in talks to go private

Burger King Holdings – which became public in 2006 – is reportedly in discussions with private equity firms for a possible sale of the company. British private equity firm 3i Group PLC is said to be interested in the hamburger chain, but the status of the talks is not yet clear. Burger King has a market capitalization of about \$2.26 bn, and operates more than 12,000 restaurants in over 75 countries. However, after going public about four years ago, the fast food chain had a tough time as the recession and unemployment reduced consumer spending.



Allergan pays \$600 mn to settle botox marketing charges


 Allergan has agreed to pay \$600 mn to settle a multi-year probe by the US government related to sales and marketing of the popular anti-wrinkle treatment Botox. Under the resolution reached with the Department of Justice (DoJ), Allergan has agreed to plead guilty to a single misdemeanor “misbranding” charge covering the period 2000 through 2005, and pay \$375 mn to the government. Allergan will also pay \$225 mn to resolve civil claims asserted by DoJ under the civil False Claims Act. A prescription drug is deemed misbranded when its labeling does not contain adequate directions for its “intended uses” Under the government's view, a use that the US FDA has not approved may be deemed “intended” based on written or oral statements made by the drug maker. As part of its plea, Allergan has agreed that between 2000 through 2005, its marketing of Botox resulted in intended uses for the therapeutic treatment of headache, pain, spasticity and juvenile cerebral palsy. Allergan will pay \$225 mn to resolve civil claims asserted by DoJ under the civil False Claims Act. However, the Company denied liability associated with these civil allegations and does not believe there is merit to them factually or legally.

Heinz net income rises 13.1% YoY to \$240.43 mn in Q1

Food products firm HJ Heinz Company has posted \$240.43 mn net income in the first quarter, as against \$212.56 mn net income in the year-ago first quarter – registering a rise of 13.1% on YoY basis – mainly driven by strong results in emerging markets in Asia. Its Q1 sales grew 1.6% YoY to \$2.48 bn, as against \$2.44 bn in Q1 last year. The sales of the US Foodservice dropped 2.3% to \$329 mn on 5.1% drop in volume, while pricing increased sales by 2.8%. Its sales of the North American Consumer Products increased 4.8% YoY to \$762 mn, while in APAC region its sales climbed 19% YoY to \$558 mn, and Heinz Europe sales decreased 7.7% YoY to \$713 mn. In the Rest of World, its sales decreased 12.6% YoY to \$119 mn, reflecting the unfavorable impact of foreign exchange translation rates which decreased sales 36.9%. At its shareholders meeting, the Company reaffirmed its fiscal 2011 outlook.



Sinosteel to build a CRNGO steel plant

 Tong Mingqian Secretary of the Government of Shaoyang, Hunan Province and Gu Dezhang Executive President of Engineering Design & Research Institute Company – affiliated to Sinosteel Corporation – reported met and talked about building a 160,000 tonne non-oriented CR silicon steel project in the city. It plans to invest CH¥500 mn in the first phase of the project and get the construction completed within 14 months. It has extended a great deal of preparatory work in production equipment preparation, technology safeguard and raw materials supplies. The project, once put into service will bring about a sales income of CH¥1.23 bn and tax revenue of CH¥180 mn. Non-oriented CR silicon steel a kind of steel product requiring deep processing is a very promising and profitable item for its high value added feature and comprehensive applications in areas from electronic household appliance to nuclear power plant.

Donaldson posts \$51.2 mn net income in Q4

Minneapolis, Minnesota-based filtration products maker, Donaldson Company has posted \$51.2 mn net income in the fourth quarter, as against \$23.6 mn net income in the year-ago fourth quarter, helped by higher sales and improved margins. Its Q4 net sales rose 22% YoY (4% QoQ) to \$515.24 mn, as against \$421.32 mn in Q2 last year. The net sales of engine products segment increased 35% YoY to \$308 mn, while the net sales in the company's industrial products segment grew 7% to \$207.3 mn in the quarter under review. For the fiscal year 2010, the Company has posted \$166.2 mn net income, as against \$131.9 mn net income in the previous year. Its annual net sales grew 1% YoY to \$1.88 bn, as against \$1.87 bn in the previous year. Looking forward, the Company expects a continued recovery in many of its end markets in fiscal 2011, with higher growth in the emerging economies.



- ✦ Taiwan regulators rejected **AIG's** planned \$2.2 bn sale of its Taiwan unit to a China-related group, citing regulations on mainland investment, and leaving the insurer facing another auction. American International Group, needing to pay back the US government for a bailout, first agreed to sell the Nan Shan unit last October, but suspicions in Taiwan about the connections of buyer China Strategic with China and concern it could not run an insurance business held up the deal.
- ✦ Louisville, Kentucky-based alcoholic beverage manufacturer, **Brown-Forman Corporation** has posted \$111.4 mn net income in the first quarter, as against \$121.4 mn net income in the year-ago first quarter. Its Q1 net sales rose 1% YoY to \$744.9 mn, as against \$737.9 mn in Q1 last year.
- ✦ New York-based world's largest wine company, **Constellation Brands** has posted \$49.1 mn net income in the first quarter, as against \$6.5 mn net income in the year-ago first quarter, with net sales totaling \$787.5 mn.

GLOBAL BUSINESS**Apple unveils new iPods, Apple TV**

Apple has introduced a new line up of its popular music players – iPods at its annual music-themed special event. Its CEO Steve Jobs has also unveiled a social networking feature in the iTunes music store besides a revamped Apple TV device and updates to the operating system for the iPhone, iPod Touch and iPads. The new iPod Touch will start at US\$229. It is thinner and adds many of the new iPhone 4's features, including a front and rear facing camera, "Retina Display" and FaceTime, which allows users to make video calls over Wi-Fi. The iPod Touch is also the best selling portable game player, outselling Nintendo and Sony's portable game players combined. The US\$149 iPod Nano also got a significant upgrade. The device lost its click wheel and will feature a multi-touch screen and a clip on the back. Apple made it almost half the size of the current iPod Nano model and 42% lighter. Apple also unveiled iTunes 10, complete with a new logo, which now features just a blue circle and a musical note. Major new feature in iTunes 10 is "Ping", a social network based feature. People can follow both friends and artists to comment on songs, albums and bands. Jobs also unveiled bug fixes and minor performance upgrades for Apple's mobile device operating system. He said the new iOS 4.1 offers improved photo-taking capabilities, the ability to upload high definition video over Wi-Fi and a new collaborative game playing community called Game Center. The new OS will be available for download in November.



- Virginia-based defense contractor, **SAIC** has posted \$189 mn net income the second quarter, as against \$123 mn net income in the year-ago second quarter, helped mainly by an increase in revenue as well as income from discontinued operations. Its Q2 income from continuing operations increased to \$158 mn, as against \$125 mn in Q2 last year. Its Q2 operating income stood at \$273 mn, as against \$221 mn in Q2 last year. Its Q2 revenues grew 2% YoY to \$2.79 bn, as against \$2.75 bn in Q2 last year.
- Kansas City, Missouri-based tax consulting service provider, **H&R Block** has posted \$130.7 mn net loss in the first quarter, as against \$133.6 mn net loss in the year-ago first quarter, due mainly to lower operating expenses. Its Q1 net loss from continuing operations narrowed to \$114.8 mn, as against \$130.6 mn in the year-ago first quarter.
- New York-based video-game publisher, **Take-Two Interactive Software** has posted \$5.9 mn GAAP net income in the third quarter, as against \$56.5 mn GAAP net loss in the year-ago third quarter. Its GAAP income from continuing operations for the third quarter stood at \$12.4 mn, as against \$58.3 mn GAAP loss from continuing operations in the prior year quarter. Its net revenue jumped to \$354.08 mn in for the third quarter, as against \$94.93 mn in the same quarter last year.
- San Francisco, California-based branded food and pet products producer, **Del Monte Foods** has posted \$59.4 mn net income in the first quarter, as against \$58.6 mn net income in the year-ago first quarter. Its income from continuing operations stood at \$59.9 mn in the first quarter, as against \$58.9 mn in the prior-year quarter. Its Q1 net sales declined 1.1% YoY to \$804.6 mn, as against \$813.7 mn in Q1 last year.
- New Jersey-based homebuilder, **Hovnanian Enterprises** has posted \$72.9 mn net loss in the third quarter, as against \$168.9 mn net loss in the year-ago third quarter, helped by higher homebuilding gross margin and fewer land-related charges. Its total Q3 revenues fell 1.7% YoY to \$380.6 mn, as against \$387.11 mn in Q3 last year.

Additional information with respect to any securities referred to herein will be available upon request.

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