

January 02, 2010

### Weekly Indicators

Indicators	Current	Last Week
Sensex	17,465	17,231
Nifty	5,201	5,178
Forex Reserves	US\$283.49 bn	US\$283.64 bn
Food Inflation	19.83%	18.65%

### Exchange Rates

Currency	Current	Last Week
US\$1	Rs. 46.68	Rs. 46.76
€ 1	Rs. 67.07	Rs. 67.13
£ 1	Rs. 75.0334	Rs. 74.7833
JP¥ 100	Rs. 50.51	Rs. 51.21



*Sushil Finance wishes You  
A New Year filled with  
New Hope, New Joy &  
New Beginnings...!!!*

### Global Economic News

- Asia is expected to resume its rapid growth: Singapore PM
- Japanese Govt has unveiled long-term strategy to revitalize the economy
- The consumer confidence in the US rose to 52.9 in Dec'09 from a revised 50.6 in Nov'09.
- The Bank of Israel has raised benchmark interest rate by 25 bps to 1.25%.
- South Korea's industrial output climbed 1.4% MoM in Nov'09, reversing some of the 3.8% decrease in Oct'09
- The US will slap penalty duties on imported Chinese steel pipes to offset state subsidies
- The US current account surplus totaled US\$4.28 bn in Nov'09
- Singapore's economy shrank 2.1% in CY09, as against 1.1% expansion in CY08
- China will continue its appropriately loose monetary policy in 2010: PBoC Gov
- Singapore's manufactured products price index grew 1.4% YoY in Nov'09, as against 8.3% decline in Oct'09.
- Macedonian economy is expected to expand 2% in 2010, following anticipated 1.3% decline in 2009: IMF
- The financial deficit of the German overall public budget stood at €96.9 bn in the first three quarters of 2009 compared to a shortfall of €17.2 bn in the same period of last year.
- The GDP of Serbia rose seasonally adjusted 0.4% in Q3CY09, after falling 0.2% in Q2CY09
- UBS consumption indicator for Switzerland rose to 1.28 in Nov'09, as against 0.88 in Oct'09
- The financial deficit of the German overall public budget stood at €96.9 bn in the first three quarters of 2009 compared to a shortfall of €17.2 bn in the same period of last year.

### Global Corporate News

- Noble Energy and its partners have signed a Letter of Intent for the sale of natural gas worth up to \$750 mn per year from the Tamar offshore field to state-owned utility Israel Electric Corp.
- The US Treasury will provide GMAC Financial Services with an additional capital infusion of \$3.8 bn and assume a majority stake in the Company.
- Bombardier-consortium wins contract worth €641 mn (US\$917 mn) from Spanish rail operator
- Bombardier Transportation has signed a deal with AB Transito to deliver 11 three-car Contessa trains, valued at about €96 mn (US\$137 mn).

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## IN FOCUS

*Twenty years from now you will be more disappointed by the things that you didn't do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover. (Mark Twain)*

### Exports grow for first time after 13 months in November

India's exports has grown for the first time after 13 months by 18.2% YoY (in dollar terms) to US\$13.19 bn (Rs. 614.62 bn), as against exports worth US\$11.16 bn (Rs. 546.99 bn) in Nov'08. The country's imports valued at US\$22.88 bn (Rs. 1,065.84 bn) in Nov'09, as against US\$23.48 bn (Rs. 1,150.91 bn) in Nov'08, registering a decline of 2.6% on YoY basis (in dollar terms). India's oil imports valued at US\$6.38 bn in Nov'09, as against oil imports worth US\$5.95 bn in Nov'08, registering a rise 7.3% on YoY basis (in dollar terms), while the non-oil imports stood at US\$16.5 bn in Nov'09, as against non-oil imports worth US\$17.53 bn in Nov'08, registering a rise 5.9% on YoY basis (in dollar terms). The trade deficit in the month under review narrowed to \$9.69 bn from \$12.32 bn in Nov'08.

### High fiscal deficit cannot be sustained for long: FM

India's fiscal deficit can't be sustained for long, said the Union Finance Minister Pranab Mukherjee. The country shall have to strike a balance between the requirements of the economy and the capacity of the economy to bear this level of fiscal deficit, he added. Separately, he said that immediate withdrawal of the fiscal stimulus measures may not be the correct approach to tackle the high fiscal deficit, which is set to hit a 16-year peak this fiscal year. Meanwhile, Chairman of the 13<sup>th</sup> Finance Commission Dr. Vijay Kelkar said that the panel has recommended a new path to cut the deficit.

### ONGC finds new gas well in Tripura; doubles oil production at Imperial

Oil & Natural Gas Corporation (ONGC) has struck a new gas well at Sundaribari in South Tripura district, about 125 km from Agartala. The gas reserve is huge and the new discovery would form a considerable reserve base of hydrocarbon which would also cater to the needs of supplying gas to the 740-MW gas-based thermal plant at Palatan in South Tripura district. Separately, ONGC has doubled the crude oil production at Imperial Energy, the Russia-focused oil firm it acquired recently, to 16,000 BPD and is set to turn the company around next year. Meanwhile, ONGC and Gail India are reportedly planning to take 12.5% stake in the \$2.01 bn gas pipeline that China is building in Myanmar to transport natural gas found in the Bay of Bengal. The Cabinet Committee on Economic Affairs is likely to soon consider a proposal allowing OVL and Gail India to invest \$251.2 mn (around Rs. 11.7 bn) in the 870-km pipeline China National Petroleum Corporation (CNPC) is laying in Myanmar to supply gas found in offshore blocks A-1 and A-3 to mainland China. ONGC has reportedly agreed to lend about Rs. 40 bn to OVL to fund its share of cost of developing the gas fields in A-1 and A-3 blocks and the pipeline to China.

### India to promote large capacity nuke power parks: AEC Chairman

India will push for building large capacity integrated nuclear energy parks to step up nuclear power production to meet increasing power demands, said Srikumar Banerjee, the Chairman of Atomic Energy Commission. The integrated energy parks will have some imported reactors of very high capacity ranging from 6,000 MW to 15,000 MW and this is essential in the wake of energy demand in India going up to 6 lakh MW by 2032, Banerjee added. The energy parks will have several high-capacity reactors. Similar parks are also coming up at Haripur in Midnapore district of West Bengal involving Russian reactors and French reactors are being installed in Ratnagiri district of Maharashtra.

### PGCIL plans to set up seven transmission corridors

Power Grid Corporation of India (PGCIL) proposes to set up seven transmission corridors at an investment of about Rs. 500 bn over the next five years. The corridors will act as pooling points for transfer of over 55,000 MW from a number of private generation projects coming up in the eastern and southern states. The move is aimed at facilitating transfer of electricity to the power-starved northern and western regions of the country. The DPR of these schemes as well as the initial tendering activities, envisaging the creation of long-term access capacity of nearly 55,000 MW, are currently underway.

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## ECONOMY

### Exports grow for first time after 13 months in November

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### India's BoP Developments in Q2FY10

As per the RBI data, the growth in exports and imports continued their declining trend in Q2FY10. However, the trade deficit was lower reflecting larger fall in imports, especially oil imports, on account of lower oil prices as compared to last year. Private transfer receipts continued to be sustained through Q2FY10, while the software services exports were lower. Despite lower trade deficit, current account deficit at US\$12.6 bn in Q2FY10 was almost at the same level as last year. In Apr-Sept'09 period, the current account deficit stood higher at US\$18.6 bn. The decline in exports which started since Oct'08 continued during Q2FY10. On a BoP basis, India's merchandise exports recorded a decline of 21% in Q2FY10 as against an increase of 39.6% in Q2FY09. Both gross capital inflows and outflows remained strong during Q2FY10. The gross capital inflows to India during Q2FY10 amounted to US\$98.1 bn (US\$90 bn in Q2FY09) mainly on account higher foreign investment inflows of US\$55.8 bn. Net capital flows were also substantially higher at US\$23.6 bn in Q2FY10 than that of US\$7.1 bn in Q2FY09. The net FDI flows were higher at US\$7.1 bn in Q2FY10, as compared with US\$4.9 bn in Q2FY09. Net inward FDI remained buoyant at US\$11.3 bn in Q2FY10 (US\$8.8 bn in Q2FY09) reflecting relatively better growth prospects of the Indian economy. Net outward FDI amounted to US\$4.2 bn in Q2FY10 (US\$3.9 bn in Q2FY09).

### Food price inflation climbs again; prices of non-food items, fuel products start firming up

Food price inflation inched higher again in the week ended December 19 after a brief decline in the previous week, while the prices of even non-food items and fuel products have started firming up. The point-to-point inflation in the food articles group stood at 19.83% in the week under review as against 18.65% in the week ended December 12. The Index for the primary articles group declined by 0.2% to 284.1 from 284.7 in the previous week. Inflation in the primary articles group rose to 15.49% in the week ended December 19 versus 14.66% in the preceding week. The Index for the fuel, power & light group remained unchanged at its previous week's level of 344.9. The inflation in the fuel, power & light group increased to 4.45% from 3.95% in the week ended December 12. Inflation in the fuel & power group stood at (-) 0.75% during the corresponding week (Dec. 20, 2008) of the previous year. The year-on-year inflation in the non-food articles group climbed to 8.74% in the third week of this month compared to 7.97% in the second week. Inflation in the minerals group stood at -5.91% in the week ended December 19, as against -3.28% in the preceding week, while the inflation in the mineral oils group rose to 6.56% from 5.67%.



- ✦ Indian economy will grow between 7-7.5% in FY10 despite poor performance of the agriculture sector on account of drought and floods, said PMEAC chairman C Rangarajan.
- ✦ The Government has decided to shelve the introduction of the Unique Transaction Number (UTN), which tax payers need to quote along with the Permanent Account Number (PAN) when tax is deducted / collected at source. The scheme was to have come into force from the New Year. However, the Finance Ministry has not ruled out the possibility of introducing a new identity number like UTN from the next fiscal, in addition to PAN to ensure prompt verification and granting of tax credits to tax payers.
- ✦ Total bank credit grew by 11.25% from last year in the fortnight ended December 18, according to the latest data released by the RBI. This is the fourth consecutive fortnight that bank credit has increased. During the fortnight under review, the bank credit increased by Rs. 215.93 bn to Rs. 29,412.93 bn, while the deposits fell by Rs. 218.73 bn to Rs. 41,817.71 bn, as against a rise of Rs. 177.22 bn in the earlier fortnight.
- ✦ The Govt has formulated a draft national consumer policy with an aim to ensure that goods, services and technology are available to the consumers at reasonable prices and good quality. The Department of Consumer Affairs has sought opinion from all stakeholders on the draft policy before finalizing.
- ✦ The Govt has approved nine proposals of Foreign Direct Investment (FDI) amounting to Rs. 523.7 crore approximately. The proposal of Japan-based Mitsui & Company to set up a wholly-owned subsidiary and a JVC, which would attract FDI worth Rs. 326 crore, has been approved.
- ✦ The Federation of Indian Export Organizations (FIEO) expects the government to continue with the stimulus packages.

## INFRASTRUCTURE

### India, Russia to set up \$600 mn aircraft JV

India and Russia are to invest \$600 mn to set up a Joint Venture (JV) to produce a medium lift transport aircraft for their armed forces. While Bangalore based state-owned Hindustan Aeronautics (HAL) will fork out \$300 mn, Russia's United Aircraft Cooperation (UAC) will invest a similar amount for the JV which will start rolling out the aircraft by 2017. The JV coming up with fifty-fifty equity would develop the aircraft at Aviastar-SP plant based in Ulyanovsk city on Volga. The Indian Air Force is expected to order at least 35 and Russian Air Force as many as 100 medium lift transport aircraft. In its basic configuration the new transport aircraft will have a payload capacity of 18.5 tonne of cargo and can fly up to a distance of 2,500 km in any climatic conditions. The aircraft is being designed to also operate from high altitude mountain airstrips, according to information posted on UAC website. India hopes that the new medium lift transport aircraft will replace its ageing fleet of 104 AN-32 aircraft. Though India has signed a contract worth \$398 mn for the upgradation of these aircrafts during 2009 to 2017, the new plane will replace it.

### ONGC strikes new gas well in Tripura; doubles oil production at Imperial to 16,000 BPD

Oil & Natural Gas Corporation (ONGC) has struck a new gas well at Sundaribari in South Tripura district, about 125 km from Agartala. Preliminary examination shows that the low resistivity sand perforated in the interval of 2164-68 metre produced gas at the rate of 160,000 mn cubic metre per day. The gas reserve is huge and the new discovery would form a considerable reserve base of hydrocarbon which would also cater to the needs of supplying gas to the 740-MW gas-based thermal plant at Palatan in South Tripura district. The Tripura Asset of ONGC has set a target of 60 lakh cubic metres of gas production per day which would be completed by three phases and Rs. 1,946.22 crore has already been sanctioned by ONGC board for the first phase to be completed by 2011-12. Separately, ONGC has doubled the crude oil production at Imperial Energy, the Russia-focused oil firm it acquired recently, to 16,000 barrels per day (BPD) and is set to turn the company around next year. When ONGC Videsh, the overseas arm of ONGC, took over Imperial in Jan'09, it was producing less than 6,000 BPD of oil from fields in the Western Siberia region of Russia. The company is targeting an output of 25,000 BPD in 2010, which would help Imperial post maiden cash profits.

### ONGC, Gail eye 12.5% stake in Chinese gas pipeline

Oil & Natural Gas Corporation (ONGC) and Gail India are reportedly planning to take 12.5% stake in the \$2.01 bn (around Rs. 93 bn) gas pipeline that China is building in Myanmar to transport natural gas found in the Bay of Bengal. The Cabinet Committee on Economic Affairs is likely to soon consider a proposal allowing OVL and Gail India to invest \$251.2 mn (around Rs. 11.7 bn) in the 870-km pipeline China National Petroleum Corporation (CNPC) is laying in Myanmar to supply gas found in offshore blocks A-1 and A-3 to mainland China. ONGC has reportedly agreed to lend about Rs. 40 bn to OVL to fund its share of cost of developing the gas fields in A-1 and A-3 blocks and the pipeline to China. CNPC has reportedly offered 49.9% stake to the consortium developing gas fields in blocks A-1 and A-3.

### Reliance Power starts operations at 1,200 MW UP project; bags two projects worth Rs. 41 bn

Reliance Power has announced that its first power project – 1,200 MW Rosa Power Project – has commenced power generation. With this milestone, the project has become the first thermal IPP to start generation in the Northern Region. After taking over the reins of the project by Reliance Power, the project was put on the fast track as company expeditiously achieved all key milestones including obtaining all the statutory and regulatory clearances and approvals, taking over the possession of the land, signing the PPA, coal supply and transportation agreements and starting construction at site within 6 months. It is significant that the project is being brought on stream in a record time. The 1200 MW coal based project is being setup at Rosa in Shahjahanpur district of UP in two stages. Stage I of the Rosa Power Project will supply entire 600 MW power to UP Power Corporation Ltd for which a Power Purchase Agreement (PPA) was signed on 12.11.2006. As per the PPA, the project is scheduled to commence supply of power to UPPCL from April 2010 from Unit I and July 2010 from the second unit. Separately, Reliance Power Transmission, a subsidiary of Reliance Infrastructure, has reportedly bagged two transmission projects worth Rs. 41 bn connecting six states. The two transmission projects i.e. North Karanpura Transmission project is worth around Rs. 27 bn while Talcher-II is of Rs. 14 bn.



- ✦ The Airports Authority of India (AAI) will build a new terminal at the Biju Patnaik Airport in Bhubaneswar. While the construction work for the new terminal will start soon, AAI is also taking steps to develop Jharsuguda airport as a private one, for which the state government to provide 800 acres of land.
- ✦ **NTPC** has announced that Unit No. 5 (490-MW) of Dadri National Capital Thermal Power Project was synchronized. This was the first unit planned to provide power to Common Wealth Games.
- ✦ The Board of Directors of **NTPC** has approved a road map to foray into solar power generation business for capacity addition of 301-MW through solar energy by Mar'14. Its Board has also approved the proposal to invest Rs. 564.53 crore to undertake renovate and modernize works of 2X210MW (Unit No. 4 and 5) Badarpur Thermal Power Station.
- ✦ The **Shipping Ministry** is likely to award a Rs. 14.07 bn contract for building a container terminal at Ennore and another contract for a project at Vizag next week.
- ✦ The **J&K Govt** has reportedly chalked out a hydel power capacity addition programme under which 6,760 MW hydro power would be tapped in the state by the end of 12<sup>th</sup> Five Year Plan.

## INFRASTRUCTURE

### RIL completes assessment of design capacity of KG D6 facilities



Reliance Industries (RIL) has successfully carried out an assessment of the design capacity of the KG D6 deepwater gas production facilities on December 23, 2009. A flow rate of 80 mn standard cubic meters was achieved through the KG D6 facilities and delivered to RGTIL's East West Pipeline. Presently, RIL is producing about 60 mn standard cubic meters of gas which is being supplied to several priority sectors identified by the Government of India under its Gas Utilization Policy. Since commencement of production in April this year, the field has produced over 8.5 billion cubic metres of gas, contributing significantly to the country's critical industrial sectors. RIL started gas production in six and a half years from discovery, in comparison to the world average of 9-10 years for similar deepwater production facilities. Continuous gas production for about 9 months, with 100% uptime, once again demonstrates its flawless commissioning and execution capabilities.

### India to promote large capacity nuke power parks: AEC Chairman

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### Sterlite Energy's 600-MW Jharsuguda project may generate power by Mar'10



Sterlite Energy – a Vedanta Group company – is likely to generate power from Unit-I of 600-MW capacity of its Jharsuguda power plant in Orissa by Mar'10. The 2,400-MW coal-based power plant is being set up at an outlay of Rs. 82 bn. The entire project – which is currently undergoing trial runs for the first unit – is expected to be fully commissioned in Q3FY11. The Company has received provisional coal linkage of 2.57 MTPA, which is sufficient for generating power from the first unit. Its second project coming up with a capacity of 1,980-MW at Talwandi in Punjab is expected to be commissioned in phases between 2013 and 2014. The project entails a cost of Rs. 93.2 bn. For the Talwandi project, the Company has received provisional coal linkage from Rampia block in Orissa.

- ✦ The **Punjab Govt** it will set up a fund of Rs. 1.5 bn to upgrade industrial infrastructure in a bid to give a boost to the state industry. The State Industry Minister Manoranjan Kalia said a dedicated fund of Rs. 150 crore per annum is being planned to create and upgrade industrial infrastructure to contribute to the Centre's schemes of cluster development, common facility centres, etc.
- ✦ **ONGC has reportedly lost an oilfield in Algeria to a consortium of China National Offshore Oil Corporation (CNOOC) and Thailand's PTTEP.**
- ✦ **Jindal Power** – a subsidiary of **Jindal Steel & Power** – proposes a public issue of equity shares through 100% book building method and has filed a Draft Red Herring Prospectus with the Securities & Exchange Board of India. Pursuant to this, JPL proposes to raise Rs. 72 bn and intends to utilize the net proceeds of the Issue to part finance the construction and development of various thermal power projects and party for the General Corporate Purposes.
- ✦ **Sterlite Technologies** has won the Rs. 9.5 bn East-North Interconnection projects, for which the nodal agency is PFC Consulting. The project is 950 kms long and is to be implemented in 36 months covering Assam, West Bengal and Bihar.
- ✦ **HDIL** has achieved the closure of its first tranche of secured redeemable NCDs to the tune of Rs. 4 bn. HDIL will be raising a total of Rs. 11.5 bn through the issue of 11,500 secured redeemable NCDs in separate tranches and will be listed on the BSE.
- ✦ **BHEL** is reportedly in talks with China-based Tebian Electric Apparatus Stock Company (TBEA) to jointly manufacture equipment in India.
- ✦ **NTPC** has entered into a preliminary agreement with Bhutan to set up the Amochhu Reservoir hydel project.
- ✦ **NHAI** has reportedly given a clean chit to construction companies Gammon India and Hyundai Engineering in the collapse of the bridge over the Chambal river which killed 30 people.
- ✦ **NHPC** has announced that the agreement for the preparation of DPRs for Chamkharchhu-I (670-MW) and Kuri-Gongri (1,800-MW) hydel projects in Bhutari with a cost of Rs. 22 crore and Rs. 27 crore respectively have been signed between Company and Royal Government of Bhutan at New Delhi.
- ✦ The Board of Directors of Suryachakra Power Corporation shall meet on January 04, 2010 to consider the issue of FCCBs for up to US\$100 mn.
- ✦ **L&T** has secured orders worth Rs 581 cr in Q3FY10; while **HCC** has received two contracts worth Rs. 483.39 and **Concurrent (India)** has secured an EPC power project contract in Sri Lanka. **Energy Development Company** has secured a contract of Rs. 195 mn, while **Patels Airtemp** has received two orders worth Rs. 54.2 mn, **Deep Industries** has secured a contract worth Rs. 50 mn, and **Tantia Constructions** has received a project worth Rs. 346.2 mn.

## IT & ITeS

### HCL Infosystems bags Rs. 1.1 bn contract in Gujarat; HCL-Motorola JV wins Rs. 1 bn in Delhi

HCL Infosystems, India's premier hardware, services and ICT System Integration Company, has signed a contract worth Rs. 1.1 bn from the Gujarat Government aimed at speeding development in the tribal districts of Gujarat. Gujarat has been consistently recording stable economic growth and this move under Gujarat Government's vision and the Chief Minister's ten point programme (Vanbandhu Kalyan Yojana) will only strengthen the vision of inclusive growth. HCL Infosystems has been chosen to implement this project under a transparent model based on Public Private Partnership, where in the Government will keep a close watch on the progress and services delivered. Under the scope, HCL will supply PCs with biometric finger print scanner and UPS to over 7000 schools across the state. HCL would implement the Biometric based attendance system, offer facility management and run teacher training programs to supply and implement robust education software effectively at schools. The program underlines the need to focus on launching result oriented initiatives, involving local people for the benefit of the tribes and forging strong convergence with various departments of the Government responsible for implementation. Separately, HCL Infosystems in partnership with Motorola has received an order worth about Rs. 1 bn from the Delhi Government. The partnership will build India's first radio-based communications network for the Delhi government. The network – exclusive to Delhi government agencies – will be designed to enable faster communication between the police, fire services, hospitals, the public works department and the Delhi Transport Corporation.



### Sonata Software partners with Maximum Processing

**SONATA** Sonata Software, a leading IT consulting and software services provider, has entered into a strategic alliance with Maximum Processing Inc, to increase the delivery capabilities of the Stingray System, a fully functional web-based property and casualty insurance administration solution. The Stingray Insurance Processing System, designed and developed by Maximum Processing is a policy, billing, claims and reinsurance administration system which provides workflow, imaging and many third party interfaces (e.g. Credit Card, General Ledger, Comparative Raters, CLUE, bureau stat reporting and others). It comes with consumer and agent portals as well as a full point of sale system. Similar to online securities trading platforms and online banking systems, Stingray resides on the Internet and uses the latest technology to access an industry standard database configuration. This standardization on new technology makes deployment simple and customization easy. With Sonata's broad base of services coupled with Property & Casualty Insurance Industry expertise, Maximum Processing can help insurance organizations implement a reliable, fast and accurate core system building a competitive advantage in a dynamic industry environment.

### Four Soft wins contract from Sherritt International Corp

Four Soft has announced that Canada-based Sherritt International Corporation has selected its Integrated Logistics management system 4S Visilog plus to be implemented across its multiple locations. Sherritt International Corporation is a Canadian based diversified natural resource company that produces nickel, cobalt, thermal coal, oil and gas, and electricity licensing its proprietary technologies to other metals companies. A low-cost Operator across all segments, Sherritt's success is built on utilizing proven technologies and financial and operational expertise to increase productivity and profitability, Sherritt is a world leader in the production of nickel from lateritic ore, with operations in Cuba and Canada, and a significant project under development in Madagascar. With nine surface mines, Sherritt is the largest thermal coal producer in Canada, and is developing Canada's first coal gasification project.



- ✦ **Infosys Technologies** is reportedly planning to set up its second project in Orissa at an investment of Rs. 3 bn generating employment opportunity to the tune of 5,000.
- ✦ **Vakrangee Softwares** has been felicitated with e-Rajasthan award by (Centre for Science Development & Media Studies (CSDMS) for the private sector initiative of the year in the category of e-Governance, public choice awards for implementing EPIC (Election Photo Identity card) Project for the Government of Rajasthan.
- ✦ **eClerx Services** has announced that as part of its expansion plans the Company is currently considering proposal(s) to take on Lease an additional facility.
- ✦ **Manjushree Technopack** has been sanctioned an enhancement in credit limits by the State Bank of India (SBI) to the tune of Rs. 1.25 bn (as against previous sanction of Rs. 56.6 crore) for its ongoing expansion project.
- ✦ **Nucleus Software** has announced that Egypt-based start-up company i.e. Sakan Finance has selected FinnOne suite to introduce quick-to-market products and schemes best addressing a challenging environment.

## TELECOM

### 3G spectrum auctions may from Feb 13

The auctions for third generation (3G) spectrum are likely to start from February 13, according to reports. The last date for accepting applications will be January 25 after which mock auctions will be held on February 10 and the DoT will issue notice inviting applications (NIA) on January 10. The new dates have been set following a decision by the EGoM to release 3G spectrum by Aug'10. The mobile operators winning the auction for 3G mobile spectrum might be asked to pay the entire bid amount upfront within 20 days after the bidding process is completed although they will get the spectrum only in August. The successful operator would have to pay 25% of the bid amount in five days of the auction closing and the remaining amount in 15 days. This will be the fourth time in the last one year that the DoT will be setting dates for 3G auction. Earlier attempts to go ahead with the auction could not materialize after the Defence Ministry had raised objections with respect to releasing spectrum.

### 3G Bid... collect not more than 10% of bid amount from successful bidders: AUSPI

The Association of Unified Telecom Service Providers of India (AUSPI), the CDMA operators group, has requested the government not to collect more than 10% of the bid amount from successful bidders of the 3G spectrum auction at once. Since the spectrum is not being made available immediately after auctioning, not more than 10% of bid amount may be collected from the successful bidders after the 3G auction. It is requested that the terms and conditions of payment may kindly be revised, AUSPI said in a letter to the finance ministry. However, with a view to securitising the government, the successful bidders may be asked to furnish bank guarantees for the balance 90% of the bid amount for the period till the spectrum is allotted to all the three successful bidders, it said. AUSPI said as spectrum is likely to be available only at a later date, it would be just and fair for such an arrangement.



### Bharti Airtel nears deal with Warid in Bangladesh



Bharti Airtel is reportedly close to clinching a deal to acquire 70% stake in Bangladesh-based Warid Telecom, owned by Abu Dhabi Group. Bharti Airtel has placed a \$300 mn initial investment plan before the Bangladesh Telecommunication Regulatory Commission (BTRC),

which will be implemented after signing the deal. The nod of BTRC has been sought by Bharti Airtel in a letter to buy the stake in Bangladesh operations of Warid Telecom. Airtel also looks for providing telecom services between India and Bangladesh at affordable cost. Warid made its Bangladesh debut as the sixth mobile operator in May 2007 and has roped in 2.79 mn subscribers until October.

### C-250... Fly Mobile launches 800-MHz CDMA mobile phone in India



UK-headquartered Fly Mobile – one of the pioneers in dual SIM phones in Europe and a brand owned by the Meridian Group – has announced the launch and availability of its latest 800MHz CDMA mobile phone model, C-250 in Indian market. Fly Mobile shall be selling the all new C-250 CDMA phone model at customer price of Rs. 4490 only through its nation-wide network of channel partners in top 100 cities. The new C-250 has QC1110 chipset. Fly Mobile is in fact the first mobile handset brand in the country to introduce this advanced chipset which gives C250 buyers an impressive talk time of 8 hours owing to better power management. It is a BREW (Binary Runtime Environment for Wireless) capable phone which essentially means that it supports the application development platform created by Qualcomm that can download and run small programs for playing games, sending messages, sharing photos, etc., enhancing the user experience further.

- ✦ The Govt has extended the implementation of Mobile Number Portability (MNP) to March 31, 2010. The DoT has also decided to implement it in whole of the country in one go.
- ✦ The **DoT** is understood to have decided to slap a total penalty of Rs. 1.32 bn on some major telecom operators for not rolling out services on time after the award of licence and spectrum. The penalties, which will be in the form of liquidated damages, are for delays since 2005 for which show-cause notices had been issued earlier.
- ✦ **Tata Comm** is reportedly planning to jointly build a fibre optic cable with China Telecom to provide a new high-speed connectivity path between both the countries.
- ✦ **Teracom** has bagged a Rs. 1.04 bn project from Bharat Sanchar Nigam (BSNL) to enable a Fibre-to-the-Home network that will help the telco deliver high-speed voice, video and data services to subscribers.
- ✦ **Tulip Telecom** has announced the prestigious growth leadership award for its MPLS/IP VPN in 2009 by global growth consulting firm Frost & Sullivan, for 3<sup>rd</sup> consecutive year.
- ✦ **Mahanagar Telephone Nigam (MTNL)** expects to add three lakh 3G customers by the end of the fiscal.
- ✦ Chennai-based **Gemini Communication** has won 'Corp Excel 2008' by Corporation Bank, a leading public sector bank.
- ✦ **Vodafone Essar** has announced the Unlimited SMS offer for its Prepaid and Postpaid customers in Mumbai.
- ✦ The Board of Directors of **Aishwarya Telecom** has approved the proposal to subdivide the equity share of the Company from Rs. 10 to Rs. 5 each.
- ✦ **Sony Ericsson** has announced the launch of Elm phone and accessory Bluetooth noise shield hands-free VH700, adding to its green products portfolio. Sony Ericsson would make all accessories green compliant by 2011. The Elm phone can block background noise with the help of a noise shield, clear voice and volume adaptation. The phone offers an easy-to-use social networking experience featuring the Widget Manager application, which allows users access their social networking page. The Company claimed that Elm phone and VH700 would benefit the environment and help reduce carbon dioxide emissions. The phone comes with recycled plastics, free from chemicals, a low power consumption charger and minimized packaging.

## AUTO & AUTO ANCILLARIES

### ICRA assigns "LA", "A2+" ratings to bank facilities of Mahindra Navistar Engines

ICRA has assigned an "LA" rating to the Rs. 1.35 bn, long-term loan and the Rs. 0.15 bn, fund-based facility of Mahindra Navistar Engines (MNEPL). The outlook on the long-term rating is stable. ICRA has also assigned "A2+" rating to the Rs. 0.15 bn, fund-based limits and the Rs. 0.5 bn, non-fund based limits of MNEPL. The assigned ratings incorporate the strong technological, managerial and financial support that MNEPL derives from its parents, Mahindra & Mahindra (M&M) and Navistar International Corporation (Navistar). MNEPL has been established to manufacture and supply diesel engines exclusively for MNAL, which is a JV of M&M and Navistar in the domestic Medium & Heavy Commercial Vehicle (M&HCV) segment. The investments of MNEPL are currently in the project stage and commercial production is expected by November 2009. The domestic M&HCV industry is characterized by a duopolistic structure with two established players accounting for more than 80% of industry volumes. Thus, the prospects of MNEPL will be strongly linked to the ability of MNAL to establish a meaningful presence in the domestic M&HCV market, besides the success and cost-effectiveness of its engines in the Indian operating conditions. The risks are partly mitigated by M&M's established presence in the domestic automobile market; its significant experience in setting up a vendor base and a marketing & distribution network; technology support from the foreign partner and the possibility of MNEPL in extending focus towards off-highway applications.



### Mackeil plans to set up forging plant at Durgapur

Kolkata-based Mackeil Group is planning to invest Rs. 7 bn for setting up an integrated forging plant in Durgapur. The Group has already invested Rs. 2 bn in Phase-I. The forging plant would have a production capacity of 40,000 tonne, while the integrated steel melting shop would have an annual capacity of 3 lakh tonne. The plant would produce all grades of forgings like high carbon, high chromium, stainless steel etc and later may produce 500 mm round casters for the first time in India depending on the customers' needs and requirement. The forging plant would have equipment from world leading companies and some of them would be used for the first time in this forging industry. The Company will supply to industries in India and abroad and cater to the needs of industries like power, cement, gear, iron & steel, defense, oil & Gas, sugar, heavy eng, railways.

- ✦ **Mahindra & Mahindra** plans to launch its mini truck Maxximo – the first product from its new facility in Chakan – at the Auto Expo here during January 5-11. Maxximo has been developed and designed on the basis of extensive customer feedback. Besides, the Company will also showcase its entire range of products, including two-wheelers, utility vehicles, light commercial vehicles and trucks at the fair.
- ✦ **Ford India** will hike the prices of all its models across the board with effect from January 1, 2010, on account of steady rise in input costs and exchange rate fluctuations. The upward price revisions are in the range of Rs. 6,000 to Rs. 40,000 across model variants.
- ✦ **Honda Siel Cars India (HSCI)** has entered into a Memorandum of Understanding with Axis Bank for vehicle finance. Under the agreement, Axis Bank has become one of the preferred channel financiers of HSCI. Axis Bank has approved a line of credit for financing the dealers of Honda Siel on their vehicle stock along with retail financing of auto loans.
- ✦ **SRF** has announced that a second line for manufacturing Biaxially Oriented Polyester (BOPET) Film at its plant at SEZ, Indore with a capacity of 27,000 TPA has been commissioned.
- ✦ **Autoline Industries** has appointed Narayan Gopal Bhat as Chief Financial Officer (CFO) of the Company on or before January 12, 2010.
- ✦ **Indian Auto Gas Company** is reportedly planning to set up 1,000 gas filling stations across the country over a three-year period at a cost of Rs. 7 bn. The Company, which now has 30 outlets on the outskirts of Chennai, would add 970 outlets by the year 2013.
- ✦ **Amtek India** has announced that as per the order of High Court of Punjab & Haryana the Scheme of Arrangement of Amtek India, Ahmednagar Forgings, Amtek Ring Gears, Amtek Crankshafts India and Amtek Casting India with Amtek Auto has been dismissed on account of changed circumstances as regards valuation of shares and decline in turnover and profits. The Court held that it would be impermissible to order the scheme proposed on the basis of valuation of shares of the year 2007. The appropriate remedy could only be through a fresh petition and the scheme cannot be considered on the basis of the data available in the year 2007.
- ✦ **Hero Honda Motors** has sold 3,75,838 units in Dec'09, as against 2,15,931 units in Dec'08, registering a rise of 74.05% on YoY basis. In 2009, its sales grew by over 22% at 44,15,298 units, which is its best ever performance in a calendar year.

### Auto Sales in Dec'09 & CY'09

- ✦ **Ford India** has sold 29,499 vehicles in 2009, as against 28,563 units in 2008, clocking a rise of 3% on YoY basis.
- ✦ **Yamaha Motor India** has sold 2.18 lakh units in 2009, as against 1.36 lakh units in 2008, registering a rise of 60.3% on YoY basis. The Company sold 13,612 units of motorcycles in Dec'09, as against 16,043 in Dec'08.
- ✦ **Hyundai Motor India** has sold 47,217 units in Dec'09, as against 38,502 units in Dec'08 registering a rise of 22.6% on YoY basis.
- ✦ **Maruti Suzuki** has sold 84,804 units in Dec'09, as against 56,293 units in Dec'08, registering a rise of 50.6% on YoY basis. Its domestic sales witnessed a jump of 36.5% at 71,000 units in Dec'09, as against 52,029 units in Dec'08. Its exports witnessed a massive jump to 13,804 units in Dec'09, as against 4,264 units in Dec'08.
- ✦ **TVS Motor Company** has sold 1.19 lakh units in Dec'09, as against 89,285 units in Dec'08, registering a rise of 34% on YoY basis. Its cumulative growth showed a 10% increase in sales of 11.09 lakh units up to Dec'09, as against 10.06 lakh units in the same period of previous year.
- ✦ **M&M** has sold 22,754 units in Dec'09, as against 10,253 units in Dec'08, registering a rise of 122% on YoY basis.
- ✦ **Skoda Auto** has sold 1,113 units in Dec'09, as against 732 units in Dec'08, registering a rise of 52.05% on YoY basis. With the launch of sports utility vehicle Yeti in 2010, the company is expecting the momentum to continue driving the growth in its sales this year.



## BANKING & FINANCIAL SERVICES

### SBI may set up wind power projects of 15 MW

State Bank of India is likely to set up wind power projects with a combined capacity of 15.5 MW for its captive consumption. As per report SBI plans to set up wind power projects in Maharashtra of 9 MW, Tamil Nadu of 5 MW and Gujarat of 1.5 MW for its captive consumption at various SBI offices and branches in these three states. The Bank is looking at the option of using non-conventional energy resources, including solar and bio mass. SBI has reportedly invited bids for establishing captive wind power projects on turnkey basis, including land, infrastructure and permissions. The operations and maintenance is to be handled by the project contractors.

### United Bank of India files DRHP with SEBI for IPO

Public sector lender United Bank of India (UBI) has filed a Draft Red Herring Prospectus (DRHP) with the Securities & Exchange Board of India (SEBI) for its Initial Public Offering (IPO). The PSU bank proposes to issue 50 mn equity shares with a face value of Rs. 10 each at a premium. Post IPO, the Government's stake in the bank will decline to around 85%. The Government has already allowed UBI to recast its capital and reduce the paid-up component to Rs. 2.66 bn from Rs. 15.32 bn as a precursor to the IPO exercise. The change will be reflected in UBI's books after December.



### Brickwork reaffirms "AA+" rating on Rs. 2 bn Tier-I Bonds Issue of Andhra Bank



Brickwork Ratings has reaffirmed "AA+" for Andhra Bank's Perpetual (Tier-I) Bonds issue of Rs. 2 bn, which signifies 'High Safety' and the Rating Outlook further signifies the direction of the rating being stable in the near term. Brickwork has relied upon the audited financial statements and information and clarifications provided by the issuer. During FY09, the Bank has adopted several business development initiatives to grow its business and one important initiative is to bring all the branches under Core Banking Solution (CBS). With 100% CBS branches, the Bank competently managed the challenging economic conditions during FY09, to grow its total business by 23.6% to reach Rs. 1,038.18 bn in FY09 as compared to Rs. 839.93 bn in FY08. The Bank's total income increased by 26.96% to Rs. 48.36 bn in FY09, reflecting the significant buoyancy in core banking operations, excellent fee based income and focus on healthy earning assets which contributed to improvement in the profitability. As a result, the bank's operating profit and net profit surged 21.86% and 13.46% respectively. The Bank's Tier-I capital ratio stood at 8.67% as on March 31, 2009, which is marginally higher than the previous year figure of 8.54% under Basel II. Overall, the Bank has reported capital adequacy ratio of 13.22% under Basel II as on March 31, 2009 (11.61% in FY08), while Basel I CRAR stood at 12.37%.

### ICRA reaffirms ratings on various debt programmes of United Bank of India

ICRA has reaffirmed the rating of "LAA" assigned earlier to the Rs. 12 bn Lower Tier-II bonds and "LAA-" assigned earlier to the Rs. 5.75 bn Upper Tier-II bonds of United Bank of India (UBI). These ratings carry a stable outlook. The one notch lower rating assigned to Upper Tier-II bonds reflect the specific features of these bonds wherein the debt servicing is additionally linked to meeting the regulatory norms on capitalization and reported profitability. The domestic regulatory norms for the Upper Tier-II need regulatory approvals from the Reserve Bank of India for debt servicing (including principal repayments in case of Upper Tier-II) in case the bank were to report a loss and are not liable to service the debt in case the bank breaches the minimum regulatory capitalization norms. ICRA has also reaffirmed "A1+" rating assigned earlier to the Rs. 100 bn Certificate of Deposit programme of UBI. The ratings reflects UBI's 100% sovereign ownership and its strong franchise in the eastern and north-eastern regions of the country giving it access to a strong base of low-cost stable deposits, imparting it a favorable liquidity profile.



### CARE reaffirms "A+" rating on Lower Tier-II Bonds of Karnataka Bank

CARE has reaffirmed "A+" rating assigned to Lower Tier-II Bonds of Karnataka Bank. Instruments with this rating are considered to offer adequate safety for timely servicing of debt obligations. Such instruments carry low credit risk. The rating factors in Karnataka Bank's consistent track record of operations, comfortable capital adequacy marked by high Tier-I capital and sound technology base. The rating is constrained by its small size, geographical concentration and increase in exposure to the retail segment. Going forward, its ability to increase its low-cost deposits, improve its spreads and manage asset quality while containing its retail loan delinquency are the keys rating sensitivities. Karnataka Bank is a small-sized, widely held, old private sector bank which was set up in 1924. As on March 31, 2009, it had an asset size of Rs. 228.58 bn and Networth of Rs. 15.67 bn. It had a network of 447 branches, 171 ATM outlets with the state of Karnataka accounting for almost 62% of the total branch network. In FY09, the Bank earned a net profit of Rs. 2.67 bn on a total income of Rs. 22.71 bn.

- ✦ Government of India has increased the authorized capital of **Corporation Bank** from the existing level of Rs. 15 bn to Rs. 30 bn.
- ✦ **State Bank of Mysore** will raise Rs. 6 bn from Rights Issue base to meet the capital requirements and growth and meet the RBI's solvency norms. However, the draft letter did not disclose the number of shares which SBM will offer as part of Rights Issue.

## BANKING & FINANCIAL SERVICES

### Brickwork assigns AA+ rating on Rs. 3 bn Lower Tier-II Bonds Issue of Yes Bank

Brickwork Ratings has assigned "AA+" rating with "Stable" outlook for Yes Bank's proposed Lower Tier-II Bonds issue of Rs 60 crore. Further, it has revalidated the earlier similar rating assigned to Yes Bank's proposed Lower Tier-II Bonds issue for Rs. 240 crore. Accordingly, the Bank's proposed Lower Tier-II Bonds issue aggregating Rs. 3 bn is rated "AA+" by Brickwork, which signifies 'high credit quality' in terms of timely servicing of debt obligations. In Q2FY10, the Bank has sustained its growth momentum in spite of many challenges witnessed in the banking industry front such as passive credit off take, and restructuring of non-performing assets. However, the Bank has benefited largely from its fee income, pricing power on corporate loan book and re-pricing of interest sensitive liabilities during the year. As a result, the bank has improved its operating and net profits by 50.7% and 51.9% respectively to reach a level of Rs. 5.27 bn (Rs. 3.5 bn in FY08) and Rs. 3.03 bn (Rs. 2 bn in FY08) in FY09. In spite of subdued credit growth, the Bank's net interest margin has improved to 3.1% during Q2FY10 from 2.8% for the same period a year ago. The Bank was able to achieve a growth in net interest margin by penetrating the large corporate loan market and also optimizing its liability franchise. Bank's yield on advances is comparatively higher than its peers' average.



- ✦ **Motor & General Finance** has announced that with the liquidation of all the liabilities towards public deposits and banks, the Company has become a "Debt Free Company".
- ✦ The Board of Directors of **Diamant Investment & Finance** has approved the Bonus Issue of 3 shares for every one share held. Its Board has also decided to withdraw of the Right Issue proposal.
- ✦ **Swastika Investsmart** has promoted a new company i.e. Swastika Fin-Mart, as a wholly owned subsidiary company. The new company would be basically engaged in to act as non-banking finance activities subject to approval of Reserve Bank of India.
- ✦ **Axis Bank** has entered into a Memorandum of Understanding with Honda SIEL Cars India (HSCI) for vehicle finance, as per which it has become one of the preferred channel financiers of HSCI. The Bank has approved a line of credit for financing the dealers of Honda SIEL on their vehicle stock along with retail financing of auto loans.
- ✦ The Board of Directors of **Manappuram General Finance & Leasing** has approved the proposal to raise additional capital of Rs. 3 bn by suitable means including QIP.
- ✦ The Government of India has increased the authorized capital of **Bank of India** from existing level of Rs. 15 bn to Rs. 30 bn.
- ✦ The Government of India has increased the authorized capital of **Allahabad Bank** from existing Rs. 15 bn to Rs. 30 bn.

## PHARMA & HEALTHCARE

### Govt should invest more in rural areas: ASSOCHAM

The government should invest more in agriculture, health care and education sectors in rural areas as private sector is reluctant to go there, industry chamber ASSOCHAM said. In a note sent to the Finance Ministry, the ASSOCHAM President, Swati Piramal said that private investments are highly unlikely at initial stages for programmes in rural agriculture, health care and education, as the private sector is apprehensive if its investments would bear any fruits. The chamber feels that the three key sectors in agrarian regions can be uplifted provided huge public investments are diverted through higher central budgetary allocations, by launching schemes similar to other popular social schemes like National Rural Employment Guarantee Act. The Industry chamber said these sectors can be overhauled provided its responsibility remains entirely in state's domain. Therefore, it has urged the Government that in each panchayat there should be at least one health centre which should be equipped with necessary machines to detect and diagnose diseases.

### Fortis Healthcare further strengthens its network



Fortis Healthcare, India's fastest growing Chain of hospitals, has announced addition of a 175 bedded hospital in Shiwani, Haryana to its network of hospitals. The hospital will operate as Fortis MK, Hospital and will be managed by Fortis under an O&M arrangement. Fortis MK Hospital is a super specialty hospital, spread over a total area of 7.5 acres of land, and shall focus on high end care in the areas of Cardiac Sciences, Neuro Sciences, Orthopedics, along with a full range of multi-specialty services. The hospital complex also houses residential quarters for key doctors and staff and is located on the Delhi-Bhiwani highway. In addition, it has a provision for a helipad in order to receive and fly out emergency patients to and from the hospital. The hospital will be fully equipped with advanced radiology equipments and a cath lab. With 5 high tech operation theaters, the hospital is well poised to cater to the emergency and critical care needs of residents of surrounding areas including the districts of Rohtak, Jhajjar, Hisar, Rewari, Mahendergarh in Haryana and Churu, Jhunjhunu and Pilani in Rajasthan. The hospital has been set up by Sri Hari Health and Education Foundation (SHHEF) and shall commence IPD services by March' 2010. Fortis will leverage its experience to ensure deployment of best suited technology in the hospital and set up quality systems and processes. With its well established brand equity and distinctive patient centric operating system, Fortis will ensure high quality compassionate care at affordable costs. The announcement is in line with Fortis' plans of going deeper into smaller cities to make quality care at affordable rates more easily accessible to a large population base. Fortis Healthcare has recently concluded its acquisition of 10 Wockhardt hospitals including 2 under construction at Kolkotta and Bengaluru. With another 5 Greenfield hospitals under various stages of construction (including a state of the art flagship facility at Gurgaon, the soon to be commissioned hospital at Shalimar Bagh and two hospitals in Ludhiana) Fortis shall become a 6,600 bedded strong network over the next 18-24 months.

### Ranbaxy to transfer stake in RGCL to HNG Chembio

Ranbaxy Laboratories and HNG Chembio Pharmacy Company have announced the transfer of Ranbaxy group's entire shareholding in Ranbaxy (Guangzhou China) (RGCL) to HNG Chembio Pharmacy Company (HNG). RGCL was a joint venture between the Ranbaxy group, Guangzhou Baiyunshan Pharmaceutical Company Ltd., Guangzhou, China and Hong Kong New Chem, Hong Kong. This transaction is part of Ranbaxy's endeavour to develop a new business model for China which entails the marketing of value added pharmaceutical formulations and the consolidation of manufacturing operations, for cost synergies. China continues to be an important market for Ranbaxy and the company believes that this new approach will create greater value. HNG is part of the large state-owned Hunan Nonferrous Metals Holding Group Co., Ltd., located in the Hunan Province in China. HNG has strong operations in the pharmaceutical ingredients business. With this transaction, HNG will gain entry in the field of pharmaceutical dosage forms, in which HNG plans substantial further investments in the near future.

- ✦ The Board of Directors of **Marksans Pharma** has decided to sell/lease/dispose the Active Pharmaceutical Ingredient (API) plants of the Company located at Kurkumbh (Pune). Its Board has also approved the proposal to raise capital through issue of equity shares and/or equity shares through depository receipts and/or FCCBs and/or any other convertible bonds / securities up to US\$125 mn.
- ✦ **Orchid Chemicals & Pharmaceuticals** has purchased bonds at an aggregate face value of \$19.77 mn (around Rs. 90 crore).
- ✦ **Strides Arcolab** has purchased US\$1.5 mn aggregate face value of Bonds and is in the process of extinguishing such Bonds. The Company said that its may also purchase from the markets and extinguish additional Bonds from time to time at its sole discretion.
- ✦ **Aurobindo Pharma** has announced that as per the order of AP High Court a meeting of the equity shareholders of the Company shall be held on January 20, 2010, to consider the scheme of amalgamation between Trident Life Sciences and Aurobindo Pharma.
- ✦ The Board of Directors of **Panacea Biotec** has approved the buy-back of its equity shares of Re. 1 each, by way of open market purchases through stock exchanges, subject to necessary approval. The maximum number of shares proposed for buy-back as 55.92 lakh equity shares at Rs. 189 apiece for an aggregate amount not exceeding Rs. 105.69 crore.
- ✦ **Zydus Cadila** has announced that the South Africa-based Simayla has now become a 100% subsidiary of the group.
- ✦ **Sun Pharmaceutical** has announced that based on the count of votes at Taro's AGM, Taro's minority shareholders sent a strong message of disapproval to Barrie Levitt and his continuing control of Taro.
- ✦ **Kilitch Drugs India** has incorporated a subsidiary Company under the name of Eyekare Kilitch to focus on ophthalmology related products.

## STEEL, METALS & MINERALS

### Steel output to touch 124 MT by 2012: Ministry

India is poised to become the second-largest crude steel producer in the world by 2015 with major investment plans in the sector, the Union Steel Ministry said. With a production of 46.77 MT crude steel during the Jan-Oct'09 period, the country has emerged as the fourth-largest steel producer in the world and is expected to become the second-largest producer in the world by 2015, the Steel Ministry said. The country is likely to achieve a crude steel production capacity of 124 MT by 2012. The Ministry also said as many as 222 MoUs have been signed with various states, mostly Jharkhand, Chhattisgarh, Orissa and West Bengal. These projects would create an additional capacity of 276 MT. Meanwhile, the National Steel Policy estimates of an annual steel consumption growth of 7%, based on a GDP growth rate of 7-7.5% and a 110-MT crude steel production by 2019-20, are likely to be exceeded.

### Neyveli Lignite to step into power generation biz



Neyveli Lignite Corporation (NLC) plans to venture into power generation and mining industry business. The Company plans to participate in development of coal blocks allotted to state governments or coal-based power generation under public private partnership with state government undertakings. The Company has also proposed to participate in competitive bidding of power for taking up Ultra Mega Power Projects (UMPPs). The Company further said that the pre-commissioning activities of the Rs. 55.6 bn Rajasthan lignite

mine-cum-power project are on full swing. Moreover, the 2x125 MW Barsingsar thermal power project and the second unit of the plant was also expected to be commissioned in Mar'10. With implementation of the projects, the mining capacity would increase from 24 MTPA to 30.6 MTPA and power generation capacity from 2,490 MW to 3,240 MW in 2010.

### Iron ore export to slide by 6 MT on duty hike: FIMI

The Federation of Indian Mineral Industries (FIMI) said that iron ore export is set to decline by about 6 MT this fiscal on account of the recent 5% hike in export duty. The industry has sent a 110 MT export target for this fiscal expecting renewed global demand as the world economic recovery is underway. But, the industry body is afraid that the 5% duty hike on iron ore exports would derail that target. Following the hike in export duty on iron ore lumps to 10% from 5%, and 5% on iron ore fines from nil duty, a FIMI delegation met the Steel Minister Virbhadra Singh and requested him to talk to the government for rolling back the duty hike will adversely affect the mining sector. With an additional export duty of 5% on iron ore, export is set to decline even below 105 MT, achieved last fiscal, the mineral industry body added.

### Ennore Coke to raise Rs. 1.25 bn to buy Australian mining firm

Haldia Coke and Chemicals – a group company of Chennai-based met coke and power producer Ennore Coke – is planning to raise Rs. 1.25 bn through private equity. The fund will be used to buy a 90% stake in an Australian mining and to expand its facilities at Haldia and Orissa. The Company plans to buy a 90% stake in an Australian mining firm Broughton for an estimated cost of around US\$15mn. The target company has reserves of 30 MT of coking coal. The Company expects to complete the acquisition by mid Jun'10. A major advantage would be that the Company can control the cost. The proposed acquisition will help the Company control the variant and the company can determine the cost. The mine would supply 1 MT of coal, while the present requirement of the company is 0.72 MT only. Presently, the Company imports 3 lakh tonne of coal from the US and 4 lakh from Australia. The Company is planning to double capacity at its Haldia and Orissa plants to 2.6 lakh tonne and 1.6 lakh tonne respectively. In Haldia, the Company is planning to increase power generation capacity to 24-MW from 12-MW and in Orissa it is planning to set up a new power plant with a capacity of 8 MW.

### JSL plans 2 MT of stainless steel output by 2014

The stainless steel manufacturing capacity of JSL Ltd. will go up to about 2.5 MT by Mar'14 on the back of a 1.6 MT Greenfield plant it would set up in Orissa, making it the largest producer in India. The Company has commenced work in Orissa to set up 0.8 MT of capacity as part of Phase-I. In the Phase-I, the Company will set up a unit of 0.8-MT capacity, and it expects to complete this by end of fiscal 2010 or early 2011. The integrated project will have facilities for mining of iron, manganese and chrome ore for production of ferroalloys and stainless steel in the melt shop and rolling mills. The Company will add another 0.8 MT as part of Phase-II by end of FY14. It will become the number one producer of stainless steel in the country as its total manufacturing capacity will go up to about 2.5 or 2.6 MT. The total capacity upgradation by 2014 includes an existing ferroalloy plant at Visakhapatnam with an installed capacity of 40,000 TPA as well as a precision strip unit, which will have a production capacity of 30,000 tonne. It can be noted that at presently, India's stainless steel production stands at 1.8 MT.

### Varun Industries to set up steel mfg plant in Rajasthan

Varun Industries plans to set up a Rs. 8 bn stainless steel cum alloy steel plant at Rohat village near Jodhpur in Rajasthan. The capacity of the plant would be 1.2 lakh MTPA. The plant will be set up in two phases and will comprise facilities for making stainless steel flats and other high quality stainless steel and alloy steel items including rounds, angles, wire rods, channels, structurals and long products. The estimated cost of the Phase-I of proposed project is Rs. 2.3 bn. The Company will acquire 35% of the required amount through its own funds and rest of the amount through long term bank loans. The initiative is part of the company's backward integration plan to be self sufficient in raw material supply and thereby improve its competitive edge. Varun Industries is engaged in the export of stainless steel kitchenware and houseware items and general merchandise items.

- ✦ **NMDC** has announced that the Government of India has desired to complete the process of disinvestment of 8.38% of paid-up equity in the Company through further public offer in the domestic market during FY10.
- ✦ **China Iron & Steel Industry Association (CISA)** said that the high steel price and market status in 2007 will never come back and Chinese steel enterprises should make adjustments in time to face this situation.
- ✦ The US has announced that it will slap penalty duties on imported Chinese steel pipes to offset state subsidies – a move slammed by Beijing. The US International Trade Commission (ITC) issued a final decision saying that the pipes adversely impacted the US steel industry, paving the way for the Commerce Department to impose countervailing duties of up to nearly 16%.
- ✦ **Lloyds Metals & Engineers** has announced that after raising additional equity its Wholly Owned Subsidiary i.e. Lloyds Line Pipes (LLPL) has now ceased to be subsidiary of the Company.

## MISCELLANEOUS

### Greatship sells platform supply vessel

Great Eastern Shipping's Greatship India – the wholly-owned subsidiary of GE Shipping – has sold its platform supply vessel – Greatship Diya for an undisclosed amount. The vessel will be delivered to the buyers in the first quarter of the next financial year, the company said in a release here. Greatship Global Offshore Services (GGOS), a Singapore incorporated subsidiary of GIL, has also contracted to sell its Platform/ROV Support Vessel – Greatship Rekha, which is currently under construction. This ship is expected to be delivered to the buyers by fourth quarter of FY10, the release said. GIL and its subsidiaries currently own and operate a fleet that consists of six PSVs, eight anchor handling tug supply vessels, two jack-up rigs and one multipurpose platform supply and support vessel. The current order book of GIL and its arms comprise 11 vessels—three MPSSVs in Singapore, two MSVs in India, four ROVSVs in Sri Lanka and two 150 TBP AHTSVs in Batam.

### My Baby Excels Brings Iconic Toy Brand Meccano to India

The legendary 'Nut and Bolts' toy brand, Meccano has entered into an agreement with My Baby Excels for India. Meccano is a model construction system comprising re-usable metal strips, plates, angle girders, wheels, axles and gears, with nuts and bolts to connect the pieces. It enables the building of working models and mechanical devices. My Baby Excels is a premium toy label, representing international best sellers like Leap Frog, Disney Plush and WowWee in India. Established in 1901 by Frank Hornby, a clerk from Liverpool, England, who invented and patented a new toy called "Mechanics Made Easy" that was based on the principles of mechanical engineering. As the construction kits gained in popularity they soon became known as Meccano and went on sale across the world. In September 1907, Hornby registered the Meccano trade mark, and in May 1908, he formed Meccano Ltd. Today, over a hundred years since its inception, there are thousands of Meccano enthusiasts worldwide, many clubs and hundreds of websites covering Meccano history, model building instructions and nostalgia. Individuals and companies worldwide still manufacture parts, some long out of production. There are annual Meccano exhibitions around the world, notably in France (at a different venue around May each year) and at Skegness in England (around July every year). Many notable shows also take place in South Africa, Australia and New Zealand each year to name a few. Traditionally Meccano caters to children above 5 years and extends to young adults. In 2006, Meccano with a view of increasing its target base introduced a pre-school range called Kids Play for children from 2 years onwards. In addition to this, Meccano will also be launching the extensive product line including the construction range, tuning range, multi model range among others. The products are priced from Rs. 599 onwards and are available at all leading stores across the country.

- ✦ **Sical Logistics** has secured a contract worth Rs. 1.63 bn from Hindustan Copper for the multi-modal port, train, and road logistics of copper concentrates, cathodes, and continuous cast copper wire rods.
- ✦ The Board of Directors of **Shree Ashtavinayak Cine Vision** has resolved to issue bonus shares in ratio of 4:1 i.e. four equity Bonus shares of Re. 1 each against one equity shares, subject to necessary approval.
- ✦ The overseas subsidiaries of **Essel Propack** have completed the process of divestiture /sale of their investment in Medical Devise business.
- ✦ **United Breweries Holdings (UBHL)** has announced that the Reserve Bank of India has revised the FII limit in the Company from 26% to 23.25% and further advising that this intermediary limit be fixed and monitored at its end.
- ✦ **SCI** is reportedly planning to acquire three new container ships in the New Year, and has set aside \$200-225 mn to fund these purchases.
- ✦ The Board of Directors of **Basant Agro Tech India** shall meet on January 11, 2010, to consider the proposal for subdividing the the equity shares of the Company.
- ✦ **Fame India** has commenced operations at its new multiplex at Fame Vihar, Vadodara with effect from December 27, 2009. The new multiplex has 3 screens and an overall capacity of 994 seats. With this, the total number of operational properties and screens of the Company are 25 and 95 respectively, including the above.
- ✦ Berger International (BIL) – the Singaporean step-down subsidiary of **Asian Paints** – has entered into a conditional share purchase agreement for sale of 25,60,694 ordinary shares held by BIL in Berger Paints (Thailand), subject to necessary approvals.
- ✦ The Board of Directors of **Rama Newsprint & Papers** shall meet on January 07, 2010 to consider issue of securities on rights basis to the shareholders of the Company.
- ✦ **Samsonite** plans to invest Rs. 1 bn for brand-building and retail expansion in the domestic market.
- ✦ The Board of Directors of **Himadri Chemicals & Industries** has approved the proposal to raise funds by way of issue of 6.31 mn equity shares of Rs. 10 each to Bain Capital India Investments and / or its affiliates at a price of Rs. 400 apiece on preferential basis.
- ✦ **Pantaloon Retail (India)** will transfer its value retail business to its group company i.e. Future Value Retail. Its committee of directors has approved transfer of value retail business of the company to its WOS i.e. Future Value Retail.

## RATINGS, BUY-BACKS & OPEN OFFERS

### CARE assigns “BBB-” rating to long-term bank facilities of Moser Baer India

CARE has assigned “BBB-” rating to the long-term bank facilities of Moser Baer India Ltd. (MBIL). This rating is applicable for facilities having tenure for more than one year. The ratings factor in MBIL’s experienced promoters and management team, MBIL’s dominant position as one of the world’s largest manufacturers of optical storage media, established brand name, reputed original equipment manufacturers (OEMs) clientele, broad product range and wide geographical presence. The ratings also take into account recent trends indicating a revival in photovoltaic (PV) business in export market. However, the ratings are constrained by pricing pressure in optical media leading to fall in margins, weak financial profile with continuing operational losses and high overall gearing, susceptibility to raw material prices and foreign currency fluctuations, substantial exposure to its subsidiaries and technology risk. Going forward, the company’s ability to improve profitability and prudently manage capital structure and extent of support to subsidiary companies would remain the key rating sensitivities.

### CARE assigns “AA” rating to long-term bank facilities of Singareni Collieries

CARE has assigned a “AA” rating to the long-term bank facilities of Singareni Collieries Company (SCCL) aggregating Rs. 151 crore. This rating is applicable to facilities having tenure of more than one year. The rating takes into account GoI and GoAP ownership of SCCL, its long track record, experienced management, position enjoyed as the second largest coal producer in India, low financial risk profile, proven coal reserves and improving employee productivity. The rating also factors in importance of coal as a source of energy for many industries and growing demand for the same due to proposed investments in power sector. The rating is however, constrained by low profitability margins, low grade coal forming majority of reserves, and highly regulated industry with government intervention in pricing of coal. The ability of the company to improve the profitability margin and fund the power project without much deterioration in the financial risk profile are the key rating sensitivities.

### CARE revises ratings assigned to various debt/facilities of ABG Shipyard

CARE has reaffirmed the “PR1+” rating assigned to the CP issue of ABG Shipyard (ASL), aggregating Rs. 4 bn for a maturity not exceeding one year. The CP issue is carved out of the existing sanctioned fund based working capital limits of ASL. CARE has revised the rating assigned to the existing long-term NCDs aggregating Rs. 2 bn of ASL from “A+” to “A”. The NCDs are repayable in three annual installments of Rs. 66.67 crore each, starting from FY12. CARE has revised the rating assigned to the CP / STD issue of ASL, aggregating Rs. 1 bn for a maturity not exceeding one year, from “PR1+” to “PR1”. Besides, CARE has revised the rating assigned to the CP issue of ASL, aggregating Rs. 1 bn for a maturity not exceeding one year, from “PR1+” to “PR1”. Further, CARE has revised the rating assigned to the long-term bank facilities of ASL from “A+” to “A”. Besides, CARE revised the rating assigned to the short-term bank facilities of ASL from “PR1+” to “PR1”.

### CARE revises rating on Rs. 90 cr long-term NCD issue of Bharati Shipyard

CARE has revised the rating assigned to the outstanding Rs. 90 crore long-term Nonconvertible Debenture (NCD) issue of Bharati Shipyard Ltd. (BSL) from “A+” to “A”. Further, CARE has revised the rating assigned to the long-term bank facilities of BSL from “A+” to “A”. Besides, CARE revised the rating assigned to the short-term bank facilities of BSL from “PR1+” with “credit watch” to “PR1”. The rating revision takes into account the significant increase in the company’s gearing levels due to its substantial debt-funded capital expenditure, resulting in higher interest expense and the consequent pressure on the profitability margins and interest coverage ratio, and higher reliance on the short-term borrowings. Besides, the ratings are constrained by the residual project risk associated with the green-field projects, BSL’s obligation towards acquisition of GOL and competition from global players in the event of slowdown in the ship-building activity. However, the rating derives strength from the company’s income growth in the past, its strong current order book further ensuring a reasonable degree of visibility in future revenues, its relatively higher proportion of orders from the offshore segment that had been comparatively less affected by the global turmoil, professionally qualified and experienced management, and a higher proportion of repeat orders.

- ✦ CARE has revised the rating of “A-” assigned to the long-term bank facilities of Patels Airtemp (India) (PAIL) to “A”. Further, CARE has reaffirmed “PR1” rating assigned to the short-term Bank Facilities of PAIL. The revision in the long term rating takes into account improvement in profit margins, gearing level and debt protection measures of PAIL during FY09 and H1FY10.
- ✦ CARE has reaffirmed “AAA” and “AAA(SO)” ratings assigned to **Rural Electrification Corporation’s (REC)** outstanding long term borrowing programmes. The rating assigned to Bonds Programme (41st series), structured obligation (SO) rating is primarily based on credit enhancement in the form of the ‘Letter of Comfort’ issued by Ministry of Power, in 1998. The ratings take into account REC’s satisfactory operational performance and good asset quality.
- ✦ CARE has retained the “AA” rating assigned to the long-term facilities (having tenure of over one year) of **Micro Inks** and “PR1+” rating assigned to the short-term facilities. CARE has retained “PR1+” rating assigned to the Company’s short-term debt programme for an enhanced amount up to Rs. 1 bn for a maturity up to one year.
- ✦ CARE has revised the ratings for the Cumulative Non-Convertible Redeemable Preference Shares (CRPS) issued by **Aban Offshore**. The revised ratings stand at “BBB- RPS”.

## RATINGS, BUY-BACKS & OPEN OFFERS

### ICRA re-affirms outstanding ratings on long term debt program of Edelweiss Capital

ICRA has re-affirmed "LAA-" rating to the Rs. 4.5 bn long term debt programme of Edelweiss Capital (ECL). ICRA has also re-affirmed the "LAA- pn" rating to the Rs. 0.8 bn long term non principal protected equity linked debenture programme and "LAA- pp" to the Rs. 0.25 bn long term principal protected equity linked debenture programme. All the ratings have a stable outlook. The suffix of pp or pn to the ratings of the equity linked debenture programmes express ICRA's current opinion on the credit risk associated with the issuer concerned and does not address the risks associated with variability in returns or erosion of principal resulting from adverse movements in the variable(s) concerned. The rating re-affirmation reflects ECL's continued strong capitalization level, low gearing, diversified income streams with strong franchisee in institutional equity broking and investment banking, comfortable liquidity profile and robust risk management systems. The ratings have also factored in ECL's revenue profile that has come under pressure in a challenging operating environment. However, ICRA draws comfort from ECL's ability to control its operating expenses commensurate with the decline in business volumes. The ratings are constrained by the cyclical nature of ECL's primary business being dependent on the domestic capital markets.

### ICRA assigns "LAA" rating on Rs. 4.33 bn mn long term bank limits of SBPHFL

ICRA has assigned "LAA" rating with a stable outlook to the Rs. 4,331 mn long term bank limits (enhanced from Rs. 2,021 mn) of Sundaram BNP Paribas Home Finance (erstwhile Sundaram Home Finance) (SBPHFL). ICRA has reaffirmed "LAA" rating outstanding on the other NCD programmes aggregating to Rs. 1.5 bn (outstanding Rs. 1 bn) and Rs. 500 mn subordinated debt programme. ICRA has also reaffirmed "MAA+" rating and "A1+" rating to the fixed deposits programme and Rs. 2 bn CP programme, respectively of SBPHFL. The "LAA" and "MAA+" ratings carry a stable outlook. The rating factors in the healthy asset quality as a result of strong appraisal and monitoring systems, good capital adequacy and a comfortable liquidity position. SBPHFL's profitability shrunk marginally in the half-year ended September 2009 as the interest spreads narrowed on account of decline in yields, however even at lower interest spreads, the company could report good profits provided it maintains its asset quality. In terms of liquidity, SBPHFL, akin to all HFCs, has some asset-liability mismatches in the medium term buckets; however, its access to diversified funding sources is likely to ensure low refinance risk.

### CARE assigns "BBB-" rating to long-term bank facilities of Sujana Metal Products

CARE has assigned a "BBB-" rating to the long-term bank facilities of Sujana Metal Products (SMPL). This rating is applicable for facilities having tenure of more than one year. CARE has also assigned "PR 3" rating to the short-term bank facilities of the Company. This rating is applicable for facilities having tenure up to one year. The above ratings are assigned to both long-term facilities and short-term facilities aggregating Rs. 691.18 crore. The rating factors in the promoter's background and track record, strong growth in revenue in FY'08 and growth prospectus for the steel sector due to investments in infrastructure sector. The rating is however, constrained by volatility in the raw material prices, high level of exposure to the group companies by way of corporate guarantees, implementation risk attributable to proposed expansion projects/planned acquisitions and likely increase in financial risk arising out of debt funded nature of these projects/acquisitions. Timely implementation of all the proposed projects, completion of planned acquisitions within envisaged cost, movement of raw material prices and realizations in future, are the key rating sensitivities.

- ✦ RN Ramamurthy (acquirer) has made an **Open Offer** to shareholders of **I-Power Solutions India** to acquire up to 8,89,800 equity shares of Rs. 10 each, representing 20% of the paid up equity share capital and voting capital of I-Power at a price of Rs. 5.75 apiece payable in cash. The Offer shall open on February 05, 2010, while the date of closing of the Offer has been fixed at February 24, 2010. Systematix Corporate Services Ltd. has been retained as the Manager to the Offer.
- ✦ **Pennar Industries** has so far bought back 31,27,327 shares from the market through the Stock Exchange with an investment of Rs. 783.06 lakh.
- ✦ ICRA has assigned "LA+" rating on Rs. 12.55 bn fund-based bank limit of **KRBL**. It has also assigned "A1" rating on Rs. 1 bn non-fund based bank limit of the Company, and "A1+(s)" rating on the Rs. 50 crore commercial paper programme of the Company.
- ✦ CARE has retained the existing "AA+" rating to the NCDs of **Tata Capital (TCL)** aggregating to Rs. 23.5 bn. CARE has also retained the existing "AA" rating to the Subordinate debt of TCL aggregating to Rs. 10 bn. CARE has also reaffirmed the "AA+" rating to long term bank facilities of Tata Capital. Further, CARE has also reaffirmed existing "PR1+" rating to the short-term bank facilities of TCL.
- ✦ CARE has assigned a "BBB-" rating to the enhanced long-term bank facilities aggregating Rs. 12.78 bn enhanced from Rs. 12.08 bn of **RSWM**. This rating is applicable for facilities having tenure of over one year. Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk. The rating continues to factor in RSWM's strong parentage and group support and consistent track record. The rating also takes into consideration the improved financial performance for Q1FY10 on account of stabilization of the facilities of denim and captive power plant and improving operating environment for textile players.

## M&As

### Zydus Group absorbs South Africa-based Simayla with itself

Zydus Cadila, the global healthcare provider, has announced that the South Africa-based Simayla has now become a 100% subsidiary of the group. The change in the shareholding pattern of Simayla has come into effect with Zydus Healthcare SA (Proprietary) Ltd., a 100% subsidiary company of company of Cadila Healthcare acquiring the remaining 30% shareholding of Simayla Pharmaceuticals (Proprietary) Ltd. from the co-promoters. It may be recalled that Zydus Healthcare SA had acquired a majority stake of 70% shareholding of Simayla in 2008. The Company with its strong presence in the cardiovascular, anti-infective, respiratory, CNS, gastrointestinal and women's healthcare segments was a synergistic fit for the Zydus group with also has a strong presence in these core areas. Simayla markets 76 group with also has a strong presence falling in the chronic segment and 41% in the acute segment.

### Cox & Kings arm announces twin acquisitions in Australia

Cox & Kings (Australia) – a wholly owned subsidiary of Cox and Kings (India) – has acquired 100% shares of MyPlanet Australia & Bentours International, through share sale agreement from First Choice Holdings Australia Pty Ltd, a European tourism group which is part of the TU Travel Plc Group of Companies. The acquisition has been done through an earn-out mechanism and is not being paid for from the cash raised for acquisitions from the recent IPO. The business of the acquired companies is currently trading under the brand MyBentours for its wholesale FIT & leisure groups to Scandinavia and has a well-established retail operation. In November 2008, Cox and Kings (India) Limited, through its wholly owned subsidiary Cox & Kings (Australia) Pty Ltd, acquired Tempo Holidays fly Limited. Tempo Holidays is a well known wholesaler in the Australian outbound travel market. This acquisition primarily adds to the product and retail distribution presence of Tempo Holidays.

### Sunraj Diamond to acquire 100% stake in HK-based Pride Crown

The Board of Directors of Sunraj Diamond Exports has approved the Scheme of Arrangement, between the Company, Hong Kong-based Lead Crown Investment (LC), and their respective shareholders, wherein the Company had decided to acquire 100% stake in Hong Kong-based Pride Crown Investments (PC) held by LC. The said scheme provides for transfer of and vesting of said investments held by LC in PC in favour of the Company, in lieu of which the Company would issue such number of its equity shares decided as per the swap ratio, subject to necessary approvals. The Company in its Board Meeting has decided that upon the Scheme becoming effective, in terms of the Scheme, LC would without any further application, act or deed, or without any further payment, transfer to the Company its entire undertaking in PC, with rights attached thereto. Further, for every share so held by LC in PC, the Company will issue and allot, 40,22,393 equity share of the face value of Rs. 10 amounting to a total of 80,44,786 equity shares, credited as fully paid up with rights attached thereto.

- ✚ **Trent** has announced that the Bombay High Court has approved the scheme of amalgamation of Satnam Developers and Finance and Satnam Realtors with the Company. As mentioned in the Scheme, the Company would now proceed to seek the other regulatory approvals and the Scheme will be effective on getting the last of such approval.
- ✚ The Board of Directors of **Deccan Chronicle Holdings** has approved a scheme of amalgamation of its wholly owned subsidiaries i.e. Asianage Holdings, Deccan Chronicle Bangalore, and Sieger Solutions with the Company. The appointed date of the amalgamation is April 1, 2009 and the scheme is subject to the sanction of High Court of Andhra Pradesh, Hyderabad.
- ✚ **Cox and Kings (India)** has announced that its subsidiary company i.e. Cox & Kings (Australia) has acquired 100% stake in MyPlanet Australia & Bentours International.
- ✚ The Board of Directors of **Worldwide Leather Exports** has approved the Scheme of Arrangement made between the Company and its wholly owned subsidiary i.e. Blackberry Property Advisory, subject to necessary approval.
- ✚ **Zee News** has announced that the members of the Company have approved the Scheme of Arrangement between Zee News, Zee Entertainment Enterprises and their respective shareholders & creditors and proposed demerger of regional general entertainment channel business undertaking of the Company and transfer / vesting of the said R-GEC Business Undertaking in favor of Zee Entertainment Enterprises with effect from January 01, 2009.
- ✚ **Credit Suisse of Singapore** has reportedly bought 1.12% stake in **Bharati Shipyard** for Rs. 7.08 crore at Rs. 230.17 apiece in a block deal on the NSE.
- ✚ The Board of Directors of **Prime Textiles** has approved a scheme of arrangement for financial restructuring of the Company under section 391 and other applicable provisions of the Companies Act, 1956.
- ✚ The Board of Directors of **Jyoti Structures** shall meet on January 08, 2010 to consider the amalgamation of its wholly owned subsidiary i.e. JSL Structure with the Company.
- ✚ **Hitech Plast** has announced that the Boards of its two subsidiaries i.e. Clear Plastics and Mipak Polymers have decided to merge Mipak Polymers with Clear Plastics, subject to necessary approval. The Company will issue one equity share of Clear Plastics for every three equity shares of Mipak Polymers. The Company's holding is 60% of equity capital in each of the subsidiaries.
- ✚ **Pantaloon Retail (India)** will transfer its value retail business to its group company i.e. Future Value Retail. Its committee of directors has approved transfer of value retail business of the company to its WOS i.e. Future Value Retail.



## INSURANCE & MUTUAL FUNDS

### Life insurance companies business grow 22% in April-Nov: IRDA

According to Insurance Regulatory Development Authority (IRDA), the new businesses of the life insurance companies grew 22% YoY to Rs. 553.55 bn in the first eight months of FY10, as against Rs. 453.37 bn during the same period last fiscal. The market share of LIC among 23 players in the sector jumped to 66% YoY to Rs. 364.48 bn during the first eight months of FY10, as against Rs. 252.19 bn during the same period last fiscal. However, the private life insurance industry has registered a decline of 6%. The 22 private insurers have collected Rs. 189.05 bn first year premium in Apr-Nov'09 period, as against Rs. 201.16 bn in Apr-Nov'08 period.

### IDFC Mutual Fund starts transaction through BSE Mechanism

IDFC Mutual Fund has introduced an additional new transaction platform to facilitate purchase / subscription and redemption / repurchase of units of certain schemes of the fund house through the Bombay Stock Exchange (BSE) with effect from December 30, 2009. The fund house had already started such facility through National Stock Exchange (NSE) from December 16, 2009. The eligible schemes are IDFC 50-50 Strategic Sector Fund, IDFC Classic Equity Fund, IDFC India GDP Growth Fund, IDFC Enterprise Equity Fund, IDFC Small and Mid-cap Equity Fund, IDFC Imperial Equity Fund, IDFC Arbitrage Plus Fund and IDFC Arbitrage Fund. In accordance to the Securities & Exchange Board of India (SEBI) circular dated 13 November 2009, units of mutual fund schemes may be transacted through the stock exchange infrastructure. Accordingly, trading member of BSE can facilitate investors to subscribe and redeem the mutual fund units using their existing network and order collection mechanism provided by BSE. Further, corporate investors may also avail of the Mutual Fund Services System (MFSS) / BSE Star under both NSE and BSE platform.

### Aviva Life launches nine new unit-linked plans

Aviva Life Insurance has launched nine new unit-linked plans (ULIPs). The new range of products includes child, pension and savings products with 14 new fund options covering savings, retirement, protection and investment needs of all customers. The Company also introduced thematic funds - infrastructure fund and PSU fund across select products. All unit-linked products have a standard charge structure not exceeding 3% for ULIPs up to 10 year term and 2.25% for ULIPs over 10 year term. Within this, the fund management charges will be between 1-1.35%. The Infrastructure and PSU funds aim to provide capital appreciation by investing in equity or equity related instruments. For infrastructure funds the investments in equity will be in the range of 60-100% and in debt securities and money market in the range of 0-40%. The PSU fund will invest in companies where the central and state governments have a majority shareholding of over 50% or the management control is vested with central/state government.

### ICICI Prudential MF launches Banking & PSU Debt Fund

ICICI Prudential Mutual Fund has launched a new fund named as ICICI Prudential Banking & PSU Debt Fund, an open ended income fund. The New Fund Offer (NFO) price for the scheme is Rs 10 per unit. The new issue is open for subscription from 28 December 2009 and closes subscription on December 29, 2009. The investment objective of the scheme is to seek to generate regular income through investments in a basket of debt and money market instruments consisting predominantly of securities issued by entities such as Banks and Public Sector Undertakings (PSU) with a view to providing reasonable returns, while maintaining an optimum balance of safety, liquidity and yield. The scheme shall offer growth and dividend option. Dividend option shall have both dividend payout and dividend reinvestment facility. Daily dividend frequencies shall be available under dividend re-investment facility. Weekly dividend will have both dividend payout and dividend reinvestment facility. The scheme will invest 65% to 100% of assets in debt (including government securities) and money market securities issued by banks and Public Sector Undertakings (PSU) with low to medium risk profile. It will invest up to 35% in debt and money market securities issued by entities other than banks and PSU with low to medium risk profile.

- ✚ **Axis MF** has declared that Axis Tax Saver Fund would re-open for continuous offer of units on 31 December 2009 instead of 1 January 2010 as stated in Scheme Information Document. The initial offer period of the scheme for fresh subscription was opened from 17 December to 21 December 2009.
- ✚ **JPMorgan MF** has declared 1% dividend under dividend option of JPMorgan India Alpha Fund, and fixed 4 January 2010 record date for dividend distribution.
- ✚ **UTI Mutual Fund** has declared a dividend of 15% i.e. Rs 1.5 per unit on a face value of Rs 10, in UTI Equity Tax Savings Plan and UTI Transportation & Logistics Fund, and fixed 29 December 2009 as record date for dividend distribution.
- ✚ **Brila Sun Life MF** has decided to revise the exit load structure for switch outs in its various open ended equity schemes with effect from 31 December 2009.
- ✚ **Sahara MF** has announced Addendum to the Statement of Additional Information. Accordingly, AK Thakur has been appointed as an independent trustee on the board of trustees of Sahara Mutual Fund.
- ✚ **SBI Mutual Fund** has announced 1.501% dividend on Magnum Monthly Income Plan (Quarterly), and fixed 30 December 2009 as the record date for dividend distribution.
- ✚ **HDFC Mutual Fund** has announced change in terms and conditions of Systematic Withdrawal Advantage Plan (SWAP) facility.
- ✚ **SBI Mutual Fund** has announced 50% dividend on Magnum Equity Fund, and fixed 31 December 2009 as the record date for dividend distribution.
- ✚ **Reliance Mutual Fund** has collected nearly Rs. 3 bn through Reliance Fixed Horizon Fund - XIII - Series 6, a close ended income scheme, during its initial offer period from 18 December-23 December 2009. The duration of the scheme is 607 days from the date of allotment of units.

## ENSUING EVENTS

### 10<sup>th</sup> Auto Expo on Jan 5-11 in New Delhi



Auto Expo is the Complete Automotive Show in this part of the world, organized jointly by Automotive Component Manufacturers Association of India (ACMA), Confederation of Indian Industry (CII) and Society of Indian Automobile Manufacturers (SIAM). The first Auto Expo was held in 1986, the second in 1993, and the third in 1996. Since then, Auto Expo has been institutionalized as a biennial show. There will be six focused pavilions such for alternate fuel/gas, accessories, design, diesel, garage equipment and robotics.

### MNRE, FICCI to organize Solar Conclave 2010 on Jan 11 in New Delhi

The Ministry of New & Renewable Energy (MNRE) along with Federation of Indian Chambers of Commerce & Industry (FICCI) is organizing a Solar Conclave 2010 which will provide a common platform to share the experience of various stakeholders including the NRIs in the promotion of solar energy in India and meeting the national Solar Mission target a reality. The one-day conclave will be held on January 11, 2010 with speakers and icons from Non-resident Indians, central and state governments, experts from academia and research institutions, key industry representatives and other related organizations. The main objective of the event is to showcase the opportunities and the potential of solar energy development in the country. The event will highlight the impact of suitable policy framework announced by the government and provide a platform for mutual exchange of ideas. The event will also stress upon the changing solar technology for both Solar Photo-Voltaic and Solar Thermal applications and the need to take proactive measures for capacity building in advanced technologies and mass production of solar power.

### FICCI to organize 13<sup>th</sup> Insurance Conference on Jan 12 in Mumbai

The Federation of Indian Chambers of Commerce & Industry (FICCI) is organizing its 13<sup>th</sup> Conference on Insurance on January 12, 2010 at Hotel Taj Lands End in Mumbai to discuss and debate the current issues and challenges faced by the industry and set a roadmap to enable the Indian Insurance Industry become globally competitive. The conference will attempt to sketch the emerging landscape of the Insurance Industry and the shape it will take a decade from now. The Conference is the most comprehensive forum available for insurance professionals. More than 300 industry experts gather to examine trends and strategize for the future of insurance penetration, product development, distribution and administration.

### ASSOCHAM to organize 12<sup>th</sup> Energy Summit on Jan 19 in New Delhi

In order to discuss various prospects and challenges that exist in the Indian Oil and Gas sector, the Associated Chambers of Commerce & Industry of India (ASSOCHAM) is organizing the 12<sup>th</sup> Energy Summit – Indian Oil & Gas Sector on January 19, 2010 in New Delhi. The Summit is designed to provide a balanced view of the opportunities in upstream, refinery, oil field services, and the prospect of cooperation in joint R&D in developing cutting edge technologies. This Summit will also provide an excellent networking platform for local and international oil & gas companies, technology and equipment providers and other industry players to discuss the latest & future trends in this sector. The objective of the Summit is to provide a common platform to the representatives from the oil, gas, power, infrastructure, financing, equipment manufacturing and other related sectors for a meaningful B2B dialogue. The theme of the discussion will be centered around evolving and exploring business opportunities in oil & gas sector, which lay emphasis on sustainability and security aspects.

### ASSOCHAM, AMFI to organize Mutual Fund Summit on Jan 20 in New Delhi

With the objective of spreading better understanding of the Mutual Fund Industry as an appropriate investment avenue for wealth creation and to discuss best investment practices and investors' protection, the Associated Chambers of Commerce & Industry of India (ASSOCHAM) jointly with Association of Mutual Funds in India (AMFI) is organizing a Mutual Fund Summit on January 20, 2010 at Hotel Le-Meridien in New Delhi. The key issues to be discussed include: Protecting & promoting interest of Investors; Enhancing awareness of Mutual Fund Industry; Trends and Challenges for the Asset Management Business; International Investing; Emerging Market Opportunities; Understanding Risks Associated with Mutual Fund Investment; Globalization of Mutual Funds; Challenges of Mutual Fund Industry: Reaching out to retail investors etc.

### International Stainless Steel Fair 2010 will be held on January

The Indian Stainless Development Organisation (ISDO) and Steel Market Info will jointly host an international stainless steel fair in Ahmedabad next month, bringing together Indian and foreign industry players to share their business strategies. Indinox - Stainless Steel Fair 2010 will be held on January 16-19, 2010. The fair is expected to have 850 stalls, including 800 domestic exhibitors and 50 international exhibitors. The fair will have 45 exhibition categories, mainly consisting of houseware, raw material, hardware, furniture, equipment for industrial use and allied products. The fair will be inaugurated by Gujarat Chief Minister Narendra Modi, while the event will have Union Minister for Steel Virbhadra Singh and Railway Minister Mamta Banerjee as special guests.

## GLOBAL ECONOMY

### Japan unveils long-term growth strategy



The Japanese government has set a GDP growth target of more than 2% for the coming decade by creating new demand and jobs in fields such as environment, health and tourism, as it unveiled its long-term strategy to revitalize an economy battling deflation and a strong yen. Under the new growth strategy, which was unveiled after a meeting of Prime Minister Yukio Hatoyama's Cabinet, the Government said that it aims to lift the nation's gross domestic product to JP¥650 trillion in fiscal 2020/21 compared to the JP¥473 trillion it expects for this fiscal year. The Cabinet vowed to bring down the unemployment rate within a 3-3.9% range in the medium-term, from November's 5.2%. It also aims to create new demand worth more than JP¥100 trillion by fiscal 2020/21 in the areas of environment, health and tourism. As per the growth strategy's outline, the Govt plans to create 1.4 mn jobs in environment-related industries and to cut 1.3 bn tonne in global greenhouse gas emissions by 2020 from the current 28 bn tonne. In addition to environment, health, and tourism, the growth strategy also targets a boost in investment in research and development of the science and technology sector by more than 4% of GDP to help support the nation's growth. The government also intends to set up a free trade zone among members of the Asia-Pacific Economic Cooperation group, and make Tokyo's Haneda airport a round the clock hub for international flights. The Cabinet said that it would finalize the details of its growth strategy next June, including financing, possible tax incentives, and the timing of the implementation of proposed policies over the coming decade.

### US consumer confidence index rises to 52.9 in Dec

The consumer confidence in the US has showed a modest improvement in Dec'09, according to a survey released by a research firm known as the Conference Board. The Conference Board said its consumer confidence index rose to 52.9 in Dec'09 from a revised 50.6 in Nov'09. The expectations index jumped to 75.6 in Dec'09 from 70.3 in Nov'09, rising to its highest level since coming in at 75.8 in Dec'07. On the other hand, the present situation index slipped to 18.8 in Dec'09 from 21.2 in Nov'09, hitting a new twenty-six-year low. The consumers expecting business conditions to improve over the next six months rose to 21.3% in Dec'09 from 19.7% in Nov'09, while those expecting conditions to worsen fell to 11.9% from 14.6%. Additionally, those expecting more jobs to become available in the months ahead rose to 16.2% in Dec'09 from 15.8% in Nov'09, and those expecting fewer jobs decreased to 20.7% from 23.1%. The proportion of consumers anticipating an increase in their incomes decreased to 10.3% in Dec'09 from 10.9% in Nov'09. Meanwhile, the decrease by the present situation index came as consumers claiming current business conditions are "bad" rose to 46.6% in Dec'09 from 44.5% in Nov'09 and those claiming conditions are "good" fell to 7% from 8.1%. Consumers' appraisal of the current job market was more mixed, with those claiming jobs are "hard to get" falling to 48.6% in Dec'09 from 49.2% in Nov'09, while those claiming jobs are "plentiful" also fell to 2.9% from 3.1%.



### South Korea industrial output rebounds; current account surplus at US\$4.28 bn in Nov



Industrial production in South Korea rebounded in Nov'09, in another sign that the economy is fast recovering following the global financial meltdown. South Korea's industrial output climbed 1.4% MoM in Nov'09, reversing some of the 3.8% decrease in Oct'09. On a yearly basis, industrial production climbed 17.8% in Nov'09, following the 0.2% increase in Oct'09. Shipments from South Korea increased 2% MoM in Nov'09, rebounding from 3% decrease in Oct'09. On a yearly basis, shipments rose 15.3%. The manufacturer's inventory index climbed 1.5% from the previous month, but fell 14.5% from the same period of the previous year. The consumer goods trade index fell 0.9% on month in Nov'09, in contrast to the 2.9% rise in Oct'09, while the equipment investment index increased 7% from a month ago. Separately, South Korean manufacturers' sentiment improved for the first time in three months. The index measuring manufacturers' expectations for Jan'10 rose to 90 from 85 in Dec'09, while non-manufacturers expectations remained stable at 84. The outlook for exports stood at 104, up from 98, while that for domestic sales climbed to 100 from 98. Meanwhile, tenth consecutive monthly current account surplus is set to take South Korea's 2009 surplus to more than US\$43 bn. The current account surplus totaled US\$4.28 bn in Nov'09, down from a revised US\$4.76 bn in Oct'09. The trade surplus increased to US\$5.84 bn in Nov'09, as against US\$5.68 bn in Oct'09, while the income account registered a surplus of US\$390 mn in Nov'09, down from around US\$559.4 mn in Oct'09. Further, the capital account showed a net inflow of US\$1.54 bn in Nov'09, as against US\$1.58 bn in Oct'09. The seasonally adjusted current account surplus stood at US\$1.17 bn in Nov'09, as against US\$3.25 bn in Oct'09.

- ✦ The **Bank of Israel** has raised its benchmark interest rate by 25 basis points to 1.25%, against expectations for the 1% rate to be retained. This marks the second straight month in which the central bank has hiked the key interest rate.
- ✦ The GDP of Serbia has increased a seasonally adjusted 0.4% in Q3CY09, after falling 0.2% in Q2CY09. On an annual basis, the GDP declined 2.3% in Q3CY09, compared to the 4.2% decline in Q2CY09.
- ✦ The Singaporean Premier, Lee Hsien Loong said that Asia is expected to resume its rapid growth, which will create many new opportunities for Singapore, though in a more competitive landscape.

## GLOBAL ECONOMY

### UK banks more willing to lend in Q4: BoE Survey

The UK banks have increased lending in the third quarter, a quarterly survey by the Bank of England showed. According to the survey, a net balance of lenders reported that they had increased the availability of secured credit to households in the three months to early December 2009. A further slight increase is expected over the next three months. Meanwhile, unsecured credit availability to households continued to fall in the final quarter. However, it is expected to stabilize over the next three months. Moreover, the survey showed a net balance of lenders reported continued improvement in corporate credit availability over the past three months. Lenders expect a further increase in 2010. The survey revealed that a further increase in demand for secured lending for house purchase was reported in the fourth quarter, but demand for secured lending for remortgaging declined. Demand for secured lending for both house purchase and remortgaging is expected to be broadly unchanged in the first quarter of 2010. Household demand for unsecured credit had continued to fall over the past three months, though demand was expected to rise over the next three months. Demand for credit by private non-financial corporations was weaker than anticipated, driven by reduced demand from larger firms. The demand from PNFs is expected to rise over the next three months.

### PBoC sticks to monetary policy stance: Guv

China will continue its appropriately loose monetary policy in 2010, the People's Bank of China (PBoC) Governor Zhou Xiaochuan said. In his New Year message, posted on the central bank's web site, Zhou said 2010 will be a crucial year for Chinese policy makers to stabilize the economy after the international financial crisis. He pledged to continue the current monetary policy stance in 2010, while improving flexibility in accordance with developments in the domestic economy. Wen also said his government has stabilized economic growth and employment and maintained social stability over the past one year. He said China will continue its pro-active fiscal policy and moderately easy monetary policy in 2010. Zhou said the central bank will encourage lending to new industries and agriculture sector. Moreover, the central bank will promote a balanced international payment system and effectively guard any exposure to financial risks.

### CareerBuilder sees hopeful signs for jobs in 2010

**careerbuilder** CareerBuilder has released its 2010 Job Forecast, showing that encouraging news regarding the economy may be easing hiring fears, as employers signal an increase in their plans to hire in the New Year. According to the forecast, which surveyed over 2,700 hiring managers and human resource professionals nationwide, 20% of employers plan to increase their number of full-time, permanent employees in 2010. This represents an increase from 14% in 2009. In addition, 11% of employers say they plan to add part-time employees in 2010, which would be a slight increase from 9% in 2009. Another 8% said they plan to decrease their part-time help in 2010, down from 14% this year. When broken down by region, the forecast found that employers in the Western US plan to increase their headcounts more in 2010 than the other regions of the country. According to the forecast, 24% of employers in the West say they plan to add full-time workers in 2010. Meanwhile, 21% of employers in the Northeast plan to add full-time workers, compared to 20% in the South and 16% in the Midwest.

### Macedonia set to resume growth in 2010: IMF

The International Monetary Fund (IMF) said in a report that the Macedonian economy is expected to return to growth in 2010 after contracting in 2009 and that any further monetary easing must be carefully considered so that the recovery is not endangered. The IMF welcomed the prospect of a return to growth for the Macedonian economy, but pointed out that the large current account deficit in the context of an exchange rate peg was "a source of vulnerability. The Washington based lender supported the recent cut in the policy rate but warned that further monetary easing should await clear signals of lasting favorable trends in the balance of payments and international reserves. The Macedonian economy is expected to expand 2% in 2010, following the anticipated 1.3% decline this year.



### Bank of Korea hints at rate hike in 2010

South Korea's central bank will adjust the pace of its accommodative monetary policy in 2010, the Bank of Korea Governor Lee Seong-tae said in his New Year message. Without revealing the timing of the first rate hike, he said that "For the time being, the central bank plans to manage the policy rate in a way that will help boost the economic recovery." He said there is a need to underpin growth momentum of the private sector by maintaining the accommodative stance. The South Korean central bank maintained its base rate at a record low of 2% for the 10<sup>th</sup> straight month in December after cutting it by a total of 3.25% between Oct'08 and February in a bid to shore-up the economy. The nation's economy expanded 3.2% YoY in the third quarter. The central bank expects the economy to grow 0.2% in 2009 before expanding by 4.6% in 2010. Meanwhile, the government sees 5% growth next year.

✦ China is likely to replace Germany as the world's largest exporter in 2009, despite an estimated 16% YoY fall in exports, a senior Chinese commerce official has been cited as saying.

## GLOBAL ECONOMY

### US to impose duties on imported Chinese steel pipes

The United States has announced that it will slap penalty duties on imported Chinese steel pipes to offset state subsidies – a move slammed by Beijing. The US International Trade Commission (ITC) issued a final decision saying that the pipes adversely impacted the US steel industry, paving the way for the Commerce Department to impose countervailing duties of up to nearly 16%. The American Iron and Steel Institute, an industry group, called the ITC decision an important step toward allowing domestic steel pipe producers to compete on a level playing field unhindered by unfair and injurious Chinese trade practices.


### Consumer confidence declines; 2009 worst year on record: ABC

ABC News said that 2009 consumer confidence is the worst in the poll's 24 year history of the index. The consumer comfort index averaged minus 48 this year compared to minus 42 a year ago and 4 points lower than its previous year-long low, minus 44 in 1992. In the week ended December 27, the comfort index stood at minus 44, down from minus 42 in the preceding week. The sentiment index has been below minus 40 for a record 88 consecutive weeks and has not seen positive ground since March 2007. The ABC News consumer comfort survey was based on a sample of about 1,000 telephone interviews conducted in the four weeks ending December 27.

- ✦ The UBS consumption indicator for Switzerland rose to 1.28 in Nov'09, as against 0.88 in Oct'09, which is the highest level since Sept'08, while remaining below its long-term average of 1.5. Among the five sub-indicators of the UBS consumption indicator, new car registrations, consumer sentiment and retail sales improved in Nov'09, while hotel stays by Swiss nationals declined.
- ✦ The financial deficit of the German overall public budget stood at €96.9 bn in the first three quarters of 2009 compared to a shortfall of €17.2 bn in the same period of last year. Compared with the first three quarters of 2008, public expenditure increased 7.9% to €838.8 bn, while revenue slipped 2.4% to €741.9 bn. The net borrowing to finance the deficit totaled €62.8 bn.
- ✦ China's Ministry of Commerce has decided to extend an anti-dumping investigation into carbon steel fasteners imported from the European Union by six months. The probe would be extended by six months to June 29 next year, as the situation in this case is quite special and complicated.
- ✦ Chinese officials misused \$34.4 bn from public funds in the first 11 months of this year, state media reported, citing the country's National Audit Office. Investigators recovered \$2.4 bn after conducting audit in 99,000 companies, government bodies and public institutions. Cases involving 67 senior officials and 164 others were handed over to judicial authorities.
- ✦ Singapore's manufactured products price index grew 1.4% YoY in Nov'09, in contrast to the 8.3% decline in Oct'09. The oil index rose by 25.6%, while the non-oil index slid 4.6%. On a monthly basis, manufactured product prices increased 1.1% in Nov'09, reversing the 0.9% decrease in Oct'09. The domestic supply price index grew 5.6% YoY in Nov'09 after declining 7.1% in Oct'09, while on MoM basis the domestic supply price index climbed 1.7%.
- ✦ China's President Hu Jintao said the country will continue its current macroeconomic monetary policy stance in 2010. China will improve its policy flexibility in line with the new trends in the economy, he added.
- ✦ Singapore's economy shrank 2.1% in CY09, as against 1.1% expansion in CY08 and 3.5% in Q4CY08, Prime Minister Lee Hsien Loong said in his New Year Message. The city state's economy expanded 0.6% YoY in the third quarter after contracting 3.3% in the second quarter. The Government expects the economy to grow 3% to 5% next year, Lee said.

## GLOBAL BUSINESS

### GMAC to receive \$3.8 bn in third bailout by US Treasury

 The US Department of the Treasury said that it will provide Detroit-based troubled lender GMAC Financial Services (former lending arm of automaker General Motors) with an additional capital infusion of \$3.8 bn and assume a majority stake in the Company. The new capital infusion, the third by the Treasury to the company, aims to fill a capital shortfall of \$5.6 bn identified at GMAC following the government's stress tests conducted earlier in the year. The Treasury said that as part of the stress tests conducted in May on the largest US banks, a capital shortfall of \$5.6 bn was identified at GMAC. The tests were to determine whether firms would need more capital to continue lending if the economy deteriorated in 2009 and 2010. However, GMAC's capital needs have turned out to be somewhat less than originally anticipated, partly because the restructurings of automakers General Motors and Chrysler were accomplished with less disruption to GMAC than was originally projected. The Treasury noted that the commitment of \$3.8 bn of new capital to GMAC rather than the \$5.6 bn originally announced will result in a \$1.8 bn reduction in the Treasury's previously forecasted TARP expenditures. The third capital infusion had earlier been postponed by the Treasury on advice from the company, until the management along with the company's new chief executive Michael Carpenter assessed the current financial needs, so as advise on the appropriate amount and form of such funding. GMAC has already received two rounds of federal aid totaling \$12.5 bn as it struggled with losses at its home mortgage operations, which include its ailing mortgage unit, Residential Capital. The additional aid brings the total government investment in GMAC to \$16.3 bn and raises the government's ownership interest in the company to 56% from the previous 35%. The capital infusion to GMAC will be the first big infusion to a single company in several months. The Treasury has been working to wind down many of the TARP programs as the financial crisis eases, and it has already seen \$175 bn returned from banks. GMAC said that the capital infusion will minimize further adverse effects on the Company related to Residential Capital (Rescap) and improve its access to the capital markets overtime. GMAC said that ResCap will receive about \$2.7 bn in additional capital. Further, the company said it has written down about \$2 bn in mortgage-related assets at ResCap as a result of decision to sell certain mortgage-related assets and thereby reduce volatility in the company's financial results.

### FDA rejects Johnson & Johnson application on skin drug Ceftobiprole



Swiss biopharmaceutical company Basilea Pharmaceutica said that the US Food & Drug Administration (US FDA) has issued a Complete Response Letter on Ceftobiprole for the treatment of complicated skin and skin structure infections (cSSSI). The agency has indicated in the letter that after review it has determined the application cannot be approved in its present form. The letter was issued to the drug sponsor Johnson & Johnson Pharmaceutical Research and Development (Johnson & Johnson PRD), the consumer health care products and services business of Johnson & Johnson. According to the Company, the FDA has determined that data from studies BAP00154 and BAP00414 of the broad-spectrum Cephalosporin antibiotic cannot be relied upon. This is because inspections and audits of approximately one-third of the clinical trial sites for these studies found that the data from a large proportion of these sites were unreliable or unverifiable, raising concerns regarding the overall data integrity for both studies. Further, the Company said that the FDA's Division of Scientific Investigations has determined that Johnson & Johnson PRD failed to adequately monitor the clinical investigators' conduct of the studies, as outlined in its Warning Letter issued earlier this year to Johnson & Johnson PRD.

### International Royalty Board rejects hostile Franco-Nevada bid



Englewood, Colorado-based mining royalty company, International Royalty Corporation (IRC) has announced that its Board of Directors has recommended shareholders reject a hostile C\$640 mn bid from Franco-Nevada Corporation, insisting the offer is inadequate from a financial point of view. The Company said it believed the C\$749 mn offer by Denver, Colorado-based Royal Gold Inc. to be superior to the Franco-Nevada bid and more attractive to its shareholders. IRC said that a special meeting of its security-holders is scheduled to be held on February 16, 2010, at which shareholders and option-holders will be asked to approve the transaction with Royal Gold. IRC also noted that its shareholders holding an aggregate of about 34% of the common shares on a fully-diluted basis, including the three largest shareholders and each director and officer of IRC, have agreed to vote their shares and options in favor of the transaction with Royal Gold. Royal Gold has agreed to buy IRC for about C\$749 mn in cash and stock, trumping the hostile all-cash bid from Franco-Nevada. The offer represents a premium of about 70% over IRC's 20-day volume-weighted average trading price on the Toronto stock exchange through December 4, 2009, which was the last trading day prior to a publicly announced takeover bid for IRC. Royal Gold said that IRC's shareholders can elect to exchange each common share of IRC held by them for either C\$7.451 in cash or 0.1385 common shares of Royal Gold or a combination thereof, subject to a maximum of US\$350 mn in cash and a maximum of 7.75 mn common shares of Royal Gold to be issued to IRC shareholders.

## GLOBAL BUSINESS

### Noble Energy signs \$9.5 bn gas deal with Israel Electric



Houston, Texas-based oil and gas company, Noble Energy said that the company and its partners have signed a Letter of Intent (LoI) for the sale of natural gas worth up to \$750 mn per year from the Tamar offshore field to state-owned utility Israel Electric Corporation. The deal with IEC extends over a period of fifteen years. Noble currently estimates total revenue for the length of the contract to be about \$9.5 bn, using expected sales volumes and prices calculated with current oil futures' prices. Noble said it plans to sell at least 95 bn cubic feet of natural gas per year from the Tamar offshore field to Israel Electric Corporation, with the potential to sell significantly higher quantities for the fifteen-year period beginning at the startup of Tamar. The Company estimates annual revenue for these volumes in the range of \$400-750 mn. Under a separate LoI, IEC plans to buy natural gas from Noble and its partners to set up a strategic inventory reserve at Mari-B. The Mari-B partners would provide IEC with injection, storage and withdrawal capabilities for the inventory under a related service agreement. Noble said it is currently in talks with a number of potential customers regarding the supply of natural gas from Tamar, where the company estimates total gross mean resources of 6.3 trillion cubic feet.

### Bombardier wins contract worth US\$405 mn from Spanish rail operator

Montreal, Canada-based rail transportation equipment and aircraft maker, Bombardier said that a contact with Spanish national rail operator Renfe will bring it revenue of US\$405 mn. The Company said a consortium comprising of the Company and Talgo, a Spanish maker of railway vehicles, has won a fourteen-year contract from Renfe for the maintenance of thirty very high speed AVE trains. The total value of the contract is about €641 mn (US\$917 mn) of which Bombardier's share is valued at about €283 mn (US\$405 mn). The Company said Berlin-headquartered Bombardier Transportation's scope of work under the contract includes the preventive and corrective maintenance of the train power-heads, power supply, signaling and propulsion system, and auxiliaries. The Company noted that the maintenance activities to take place at Renfe's depots in Spain, is expected to start in 2010.



- ✦ ZEDO, the largest privately held ad server in the US, has added European ad network Pictas Interactive to its ever-growing customer base worldwide. ZEDO has been expanding its presence in the European market. Recent feature developments for Europe include new formats and built in ad network optimization, behavioral targeting data and a self service platform.
- ✦ Berlin, Germany-headquartered, Bombardier Transportation has signed a deal with Swedish railway company AB Transio to deliver 11 three-car Contessa trains, valued at about €96 mn (US\$137 mn). The agreement includes an option for five additional trains.

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

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