Today's News Updates: 11th Nov2013

News to watch	Stocks to Watch
Apollo Tyres has scored a preliminary victory in its court battle in the United States, with a Delaware judge ruling that the Indian company fulfilled its obligations to close its $2.5-billion buyout of American firm Cooper Tire & Rubber Co. The judge on Friday ruled that Apollo did negotiate with a US labour union to mend the planned takeover on Cooper Tire & Rubber Co's demand. Cooper had accused Apollo of intentionally delaying the transaction and had gone to the US court to expedite the transaction. As per the terms of the bid, the deal can be terminated without any financial penalty after December 31.	**Apollo Tyres**
The restructuring plan of **Future Retail**, promoted by Kishore Biyani, has come under the stock market regulator's scanner. The Securities and Exchange Board of India (Sebi) has raised objections to the proposed deal, which involves the merger of subsidiary Future Value Retail Ltd (FVRL) with Future Retail, on concern that the step might lead to dilution of a sizeable equity in the listed parent, hurting minority shareholders. FVRL, which runs the group's signature retail chains Big Bazaar and Food Bazaar, has convertible debentures worth Rs 685 crore. After the merger, these would be replaced by debentures of Future Retail, formerly Pantaloon Retail.	**Future Retail**
Hardening its stance, Sri Lanka has refused to sign a decade old agreement to lease the Trincomalee strategic oil storages to a unit of **Indian Oil Corp (IOC)** and is blocking the Indian firm's plans to set up a bitumen plant in the island nation. In 2003, Lanka IOC — a subsidiary of State-owned IOC — bought one-third share in Ceylon Petroleum Storage Terminals Ltd which operates the China Bay tank farm. Ceylon Petroleum Corp (CPC) and Colombo entered into an MoU with Lanka IOC to grant a long-term lease to the Indian firm for operating the 99 storage tanks at Trincomalee for 35 years for an annual fee of $100,000. However, the 35-year lease finalisation dragged on and now Colombo has reservations on leasing out a 'state asset' to Lanka IOC, industry sources said.	**Indian Oil Corp (IOC)**
Japanese pharmaceutical company Daiichi Sankyo has accused Malvinder Mohan Singh and Shivinder Mohan Singh of concealing and misrepresenting facts at the time of its $2.4-billion purchase of a controlling stake in **Ranbaxy Laboratories** in 2008 from the brothers. The accusation was made in an arbitration case filed in Singapore, said three people familiar with the development. Daiichi has sought compensation for losses arising from the $500-million settlement that Ranbaxy was forced to reach with the US Department of Justice in May over accusations that the company faked test results to get approval from the Food and Drug Administration for its medicines.	**Ranbaxy Laboratories**
The Maharashtra government has raised fresh objections to the state support agreement for the much-delayed . 20,000-crore Mumbai elevated rail corridor project, which is part of the prime minister's . 1 lakh-crore stalled infrastructure projects that are being fast tracked. "The state government has sent its objections, backed by its counsel's opinions, to the railways ministry," said an official, explaining that the state government was not comfortable with the idea that the private project developer, or the concessionaire, should be a deemed party to the agreement and that it should be between the Centre and the state.	**L&T, Alstom India**
Oil and gas producer **Cairn India** could get the government's permission to explore the remaining two-thirds of the prolific Rajasthan block, which was relinquished more than 14 years ago by operators including Shell	**Cairn India**

that had previously owned the block. With its experience and new technology, Cairn is sure to raise the output at the block and could turn it into India's biggest producing field, surpassing Bombay High, government officials and industry executives said. "Sustainability of the Rs 37,000-crore greenfield refinery project in Rajasthan is dependent on oil produced from this block.	

Sector News	Stocks to Watch
India's second largest telecom operator Vodafone expects phone call and other mobile services rates to go up every year, indicating that a low tariff regime may not be sustainable any longer for the industry. "We have lower tariffs for 18 years against inflation of 8-9 per cent each year. Now, can you do that forever? No you can't," Vodafone India Managing Director and Chief Executive Officer Marten Pieters said in an interview to PTI. "So the point has come where lowest has been seen, we will have to increase our tariffs every year depending on cost levels," he said. He said that like everyone else, the telecom industry too has to increase the prices. Last month the company increased 2G mobile Internet rates along with two other players, Airtel and Idea Cellular, in the range of 25-30 per cent. Pieters said going forward 2G data rates and 3G data rates would be at the same level indicating a further hike in 2G mobile Internet rates.	**Idea Celluar, Bharti Airtel**
The finance ministry, struggling to meet its difficult fiscal deficit target of 4.8% of the GDP for the current fiscal, has been slapped with a hefty bill it wasn't accounting for. In a joint letter shot off to the ministry, the finance heads of the three public sector oil marketing companies (OMCs) — Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL) and Hindustan Petroleum Corporation (HPCL) — have asked for an additional R20,000 crore compensation this fiscal for certain costs they accumulated over the last seven years, consequent to the policy of subsidised sale of petroleum products. This bill includes the interest costs on borrowings that resulted from delayed release of subsidy amounts, the losses on the now-discontinued oil bonds for which there's only limited appetite in the market and the extra costs for transportation of LPG to far-flung areas which the current under-recovery estimates don't factor in.	**IOC, BPCL and HPCL**
The Prime Minister's Project Monitoring Group (PMG), set up to track stalled large investment projects, has cleared 128 projects worth over Rs. 4.30 lakh crore so far. Of this, PMG has given priority to troubled projects from the power sector and has resolved all issues on 94 projects, entailing an investment of over Rs. 3.80 lakh crore, data available on its website showed. Besides, issues in 34 projects of oil and gas, railways, steel, roads and highways, shipping, civil aviation and mines have also been resolved. They involve investments of over . 50,000 crore. In total, it has so far compiled a list of 378 stalled projects for want of various types of clearances, entailing investments of over Rs. 17.23 lakh crore. The issues and clearances of the stalled projects depend on their current stage and include environment and forest clearances, land acquisition, lack of coordination between various government departments and clearances stuck at the state government level. The list of cleared projects include Rs. 12,000-crore project for development of new terminal building at the Mumbai Airport, Rs. 12,000-crore power project of Sterlite Energy and Rs. 9,900-crore project of Adani Power. The PMG has also resolved issues related to Rs. 7,000-crore project of Utkal alumina refinery of Hindalco and Rs. 4,255-crore Lumding-Silchar gauge conversion project of Railways, which is aimed at providing seamless connectivity to lower Assam and Tripura, Mizoram and Manipur with rest of India.	**Hindalco, Sesa Sterlite, Adani Power**
Existing and proposed gas-based power plants of firms such as GMR, GVK, Lanco, Torrent, Reliance Power and state-run NTPC may be allowed to sell 50% of their output in the open market to recover the high cost of	**GMR, GVK, Lanco, Torrent, Reliance**

imported fuel. Sources said the power ministry, which has moved a cabinet note for a subsidy to keep electricity tariffs from projects based on imported RLNG low, is weighing the open market sale proposal to make these projects viable. The proposal has also been discussed with companies, many of whom are not getting gas from the Reliance Industries' KG-D 6 block or in small quantities, so that they can run their plants at less than 30% of their rated capacity.	**Power, NTPC**
Indian companies, including Dr. Reddy's, Lupin and Torrent Pharma, have received a nod from the US Food and Drug Administration to market the first generic version of Aciphex, used to treat gastroesophageal reflux disease.	**Dr. Reddy's, Lupin, Torrent Pharma.**
While the Food and Agriculture Organisation (FAO) has struck a bullish note on sugar in its recent outlook, the Indian industry is striking a different note. The industry feels that unless 3-4 million tonnes are shipped out of the country, sugar prices are unlikely to stabilise, reversing the downtrend. FAO last week said that global sugar prices would rise in the coming days on unfavourable weather conditions impacting harvest in Brazil, the largest sugar producer.	
The Prime Minister's Economic Advisory Council has recommended phased dilution of government stake in public-sector banks, from 58 per cent to 51 per cent, and introduction of on-tap licensing of new banks. In a note prepared last week, the council, headed by C Rangarajan, said the stake reduction would help raise the additional capital required to implement the Basel III norms, meant to strengthen the banking system. Assuming no discount to market price, the government will be able to raise more than Rs 55,000 crore, the council has estimated, adding the pricing of shares should be attractive enough to bring in non-government shareholders.	
India Inc's M&A activity in the first 10 months of this year remained muted, with just 411 deals amounting to $25.48 billion, registering a decline of 17 per cent from the same period a year ago, says a report. In the January-October period of 2012, India Inc had announced 493 deals (both inbound and outbound), while in 2011 this was as high as 518. Moreover, in terms of deal value as well, there has been a significant decline in the last two years. In 2012, the January-October period witnessed transactions worth $30.56 billion and in 2011 it stood at $38.01 billion. However, excluding internal mergers and restructuring deals, the M&A deal value so far this year increased by 32 per cent compared to the same period a year ago, according to global assurance, tax and advisory firm, Grant Thornton.	
Stung by the drastic cut in prices of about 350 drugs following the Drug Price Control Order, pharma retailers have urged the industry to give them a fixed margin of 20 per cent and stockists and distributors 10 per cent. The Order has led to a drastic decline in margins and it is difficult to operate at this level, said the All-India Organisation of Chemists and Druggists in a communication to the Government and drug-makers. The retailers said that their gross average margins fell to 14-16 per cent and that of stockists to 8.5 per cent. "After operational expenses, we are left with just 3-4 percentage points and stockists with 2 percentage points," S. Shinde, President of the apex body representing about 7.5 lakh chemists and druggists, told Business Line over phone after its recent meeting.	
The Fertiliser Ministry has moved a proposal to the Cabinet to remove guaranteed buyback clause in the urea investment policy and adopt a bidding process to shortlist companies after the lucrative incentive led to a flood of applications for expanding capacities. In January, the ministry notified the New Investment Policy (NIP) 2012 -- approved by the Cabinet Committee on Economic Affairs in December last year -- to incentivise manufacturers for raising domestic urea output. Policy guaranteed buy-back of urea for eight years from start of production. Encouraged by this clause, 13 fertiliser firms applied for setting up new plant or expanding capacity of existing plant by about 16 million tonne.	
At least Rs 43,000 crore in food subsidy costs may be carried forward to the coming years' budgets, as the Centre is determined to keep this year's accounts within budgeted limits. This would be a record roll-over amount, much higher than last year's R32,650 crore. According to official sources, the revised estimate for fertiliser subsidy for FY14 would be kept at roughly the same level as the budget estimate of R90,000 crore. This is despite the fact that the amount of R41,560 crore released by the finance ministry till	

September being used largely to pay the arrears that have accumulated. The food security law (for which a need-based additional outlay of R10,000 crore is envisaged) is not going to make any impact on this year’s Budget.
Exports of farm items, which grew more than five times in the six years to FY13, faster than the country's overall exports during the period, posted only 17% annual growth in the first half of this fiscal at Rs 66,387 crore, considerably slower than 40% growth registered in FY13 and 96% in FY12. The significant decline in growth is largely due to a sharp negative growth in the export of guar gum, conventionally a major item in the country's agriculture exports basket, and the overall slowdown in exports in the initial months of the year. Export of guar gum, which has seen robust demand from US-based oil exploration companies in recent years, fell 52% to Rs 7,218 crore in H1FY14 from the year-ago period. What continues to drive “agricultural and processed food” exports are rice (basmati and non-basmati), meat products, wheat, fruits and vegetables. India's agricultural and processed foods exports rose 17% to Rs 66,387 crore during the first half of the current fiscal compared to same period last year. In US dollar terms, Indian agricultural goods exports grew 9% to $11.3 billion in H1 this fiscal. The data excludes marine products and plantation crops like tea, coffee and tobacco.
Led by the changes in accounting policies in aircraft lease rentals, GoAir made profit of Rs. 104.34 crores in 2012-13, compared to a Rs. 133.72 crore loss in the previous year.
The Parliamentary Standing Committee on Petroleum and Natural Gas has said the states where gas production is taking place should be given at least 50% of the total quantity produced besides the royalty on natural gas produced from offshore fields. The recommendations, if accepted, will boost Andhra Pradesh government's revenues and economic activity as the state's coast hosts major chunk of oil and gas fields. The committee, which submitted its report last month, has observed that the total gas production during 2012-13 was 40.7 billion cubic metres, out of which the share of private/ JV in the KG basin located in coastal area adjoining Andhra Pradesh was 13.7 billion cubic metres — 30% of the total natural gas production of the country.
Power producers have sought more representation of the industry in the committee set up by the government to assess the impact of Uttarakhand’s two dozen hydropower projects on the ecology of the hill state that witnessed devastating flash floods in June. The Association of Power Producers (APP) and Indian National Hydropower Association (INHA) have written to Prime Minister Manmohan Singh and the ministry of environment & forests that the committee lacks representation from the industry as well as a few relevant government bodies in the power sector. The panel constituted by the ministry following the Supreme Court order last month should have a balanced representation from all stakeholders including the power ministry, Planning Commission, hydropower project developers and Uttarakhand’s power department, among others, the industry bodies have said.

Results
Chennai-based **Shasun Pharmaceuticals** has reported a net profit of Rs 13.4 crore for the second quarter of the current year, 24 per cent down from the Rs 17.7 crore recorded in the corresponding quarter a year ago. Although operating revenues for the September quarter grew nine per cent year-on-year to Rs 300.6 crore, higher operating costs – a 15 per cent increase to Rs 122 crore – dragged profits. The company reported a forex loss of Rs 3.7 crore in the September quarter against a forex gain of Rs 10.2 crore in the corresponding quarter last year.
Public-sector lender **Dena Bank** reported a 55.19 per cent decline in net profit at Rs 107.38 crore for the quarter ended September, 2013 on account of higher provisions. The bank's profit after tax stood at Rs 239.64 crore in the corresponding quarter last year. "The profit has come down mainly on account of higher provisions, which we had to provide for treasury and restructuring and NPA advances," the bank's Chairman and Managing Director Ashwani Kumar told reporters here. The bank's provisions increased to Rs 266 crore in the second quarter as against Rs 197 crore in the last quarter. For the half year, it has gone up by Rs 242 crore to Rs 659 crore from Rs 417 crore, Kumar said.

Multi Commodity Exchange has reported a top-line of Rs. 81.23 crores for the Sept. 2013 quarter a drop of 38% over CPY's top-line of Rs. 130.99 crores. Profit after tax dropped by 67% to Rs. 27.04 crores from Rs. 81.40 crores (Y-o-Y).
BEML's Net sales for the Quarter ended Sept. 30 2013 has increased by 27.95% to Rs. 751.06 crores from Rs. 586.96 crores CPY. Company's net loss for the quarter decreased from Rs. 62.44 crores CPY to Rs. 38.88 crores. Company though reported no loss no profit at the Ebitda level.

Other Indian Market News

Corporate News:

- National carrier Air India's views on the **Jet Airways**-Etihad equity deal may delay, although not stall, the antitrust regulator's clearance to the proposed alliance, a person close to the development has said. Jet plans to sell 24% stake to the Abu Dhabi-based carrier in a deal that will bring $600 million to the airline in equity and soft loans. The proposal has been cleared by the Cabinet Committee on Economic Affairs and is awaiting approval from the Competition Commission of India (CCI). The regulator, which had sought Air India's opinion on the deal's impact on the Indian aviation market, plans to take up the case for review on Monday.
- Private sector lender **Dhanlaxmi Bank** will raise Rs 130 crore this quarter as part of its efforts to intensify business growth, a senior official said. The bank, which had a target to mop up Rs 300 crore as Tier-I capital, has already raised Rs 170 crore during the first quarter of the current fiscal. "The bank has raised Rs 170 crore in the first quarter of this fiscal and will raise another Rs 130 crore in the current quarter. Capital raised will be utilised to intensify business growth and further strengthen the Capital Adequacy Ratio," Dhanlaxmi Bank Ltd Deputy General Manager L Chandran said.
- State-run lender **Dena Bank** is planning to raise Rs 600 crore through qualified institutional placement (QIP) after it receives capital from the government, which is expected to happen by December-end. "We expect Rs 700 crore by way of capital infusion for which we will be issuing preferential shares to the government," Bank's chairman and managing director Ashwani Kumar said.
- **Reliance Power Ltd (RPower)** has once again approached Power Finance Corporation Ltd (PFC) for loans totalling Rs 5,000 crore for its two projects — Samalkot (Andhra Pradesh) and Tato-II (Arunachal Pradesh). The Anil Ambani group company has sought Rs 2,500 crore for the 2,400-MW Samalkot gas-based station and Rs 2,584 crore for the 700-MW Tato-II hydro power project. "The Tato-II case was discussed by PFC Board on November 8, while the one for Samalkot is under examination," an official privy to the development told Business Line. But no final decision has been made till now, he added.
- Fair trade watchdog CCI is dealing with as many as seven cases of alleged abuse of dominant position by state-owned **Coal India**. Competition Commission of India (CCI), which keeps a tab on unfair trade practices at market place, is currently looking into investigation reports of three cases submitted by its Director General (DG), according to the regulator's latest newsletter. Four other cases are still under probe. Once it finds prima facie evidence of anti-competitive practices, CCI refers such cases for detailed investigation to the DG.
- A high-level panel looking into environment clearance to Talabira II coal block, allocated to **Hindalco** jointly with PSUs, has sought some details with regard to the mine. The Expert Appraisal Committee will further consider the proposal after the receipt of required information, according to an official document. It said the panel has sought the information including "air quality data for one month so as to revalidate the data", among other things.
- **Steel Authority of India (SAIL)** plans to set up a three million tonne per annum (mtpa) hot strip mill at Rourkela Steel Plant

(RSP) at an estimated cost of Rs 4,360 crore to cater to auto and white goods sectors. The Hot Strip Mill, where steel slabs are reheated and rolled to hot rolled coil (HRC), will produce high-quality products that would cater to the high-end automobile and white goods segment, a source said. RSP is located in the north-western tip of Odisha and at the heart of a rich mineral belt.

- **Coal India** arm BCCL, which made a turnaround following a revival package from the government, plans to increase output by 15.3 per cent to 36 million tonnes (MT) in the next three years with a capex of Rs 2,100 crore on various projects. Bharat Coking Coal Ltd (BCCL), a Dhanbad-based Coal India subsidiary, had achieved its highest ever production of 31.21 MT in 2012-13.
- **Infotech Enterprises Limited**, a Hyderabad-based engineering solutions provider, is planning to have a net addition of 700-1,000 associates during the current financial year, according to its president (global human resources and corporate affairs), B Ashok Reddy. “We planned to have a net addition of at least 1,500 people this fiscal. While we have already added close to 700 people in the first half of the year, we should be adding another 700-1,000 in the next two quarters,” he said, adding that most of the hirings were freshers from campuses.
- **Infosys**, which is managing the corporate affairs ministry’s e-governance portal MCA21, is investing over . 100 crore to upgrade the system in view of expected rise in load as company filings surge on account of new companies law. It expects multi-fold increase in the number of filings by companies with the MCA due to various provisions of the new Companies Act, Infosys VP and head, India business, CN Raghupathi said.
- **SBI** Macquarie Infrastructure Trust has acquired 74% stake in a Trichy road project developed by IJM of Malaysia and Shapoorji Pallonji for Rs. 275 crore. This is SBI Macquarie’s third buy in the road space in the last one year. India’s road sector is abuzz with talks of mergers and acquisition, with smaller and more aggressive bidders piling up orders that have run into viability issues, creating an opportunity for financial and strategic investors to shop around for distressed projects.
- Recovering some lost ground, the troubled Financial Technologies-promoted bourse **MCX**-SX saw a 53.8% jump in its equity derivative turnover to Rs. 10,967.9 crore for October, while its cash market turnover rose 13%. Its cash segment turnover increased to Rs. 1,118.9 crore in October from . 990 crore in September, 2013.

Indian Macros:

- Rating agency Fitch said the Reserve Bank's recent wholly-owned subsidiary (WOS) guidelines for foreign banks will not change the landscape of the Indian banking space but portend well for sector in the long run. "As such, the recent rules are a good beginning - but insufficient, by themselves, to shake up the domestic banking landscape. But what it potentially signals is that further banking reforms - currently being considered - are not too far off," the agency said in a statement. RBI has recently come out with detailed guidelines for subsidiarisation of domestic foreign banks.

Global Market News

- China’s industrial output growth unexpectedly accelerated and inflation stayed below a government target, providing a boost to Communist Party leaders meeting in Beijing to chart the economy’s course for coming years. Production rose 10.3 percent from a year earlier, the National Bureau of Statistics said yesterday, exceeding the 10 percent median estimate in a Bloomberg News survey of economists and the previous month’s 10.2 percent. Inflation was a less-than-forecast 3.2 percent and producer prices fell 1.5 percent.
- China’s consumer prices rose less than economists forecast in October and factory-gate deflation deepened for the first time in five months, reducing odds that officials will tighten monetary policy. The consumer price index rose 3.2 percent in October from a year earlier, the National Bureau of Statistics said today in Beijing, compared with the 3.3 percent median estimate in a Bloomberg News survey and September’s 3.1 percent. Industrial-production growth unexpectedly accelerated to 10.3 percent, a separate report showed.
- China's annual consumer inflation climbed to an eight-month high of 3.2 percent in October, driven by food prices, data showed on Saturday, adding to market worries about policy tightening as the world's second-largest economy stabilises. Inflation, which quickened slightly from 3.1 percent in September, was lower than a median forecast of 3.3 percent in a Reuters poll and was below the official target of 3.5 percent for 2013. "Although the CPI inflation was mainly pushed up by seasonal food demand, it may fuel market concerns that the central bank may tighten monetary conditions," said Li Huiyong, an economist at Shenyin & Wanguo Securities in Shanghai.