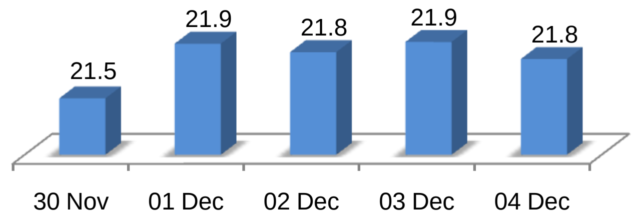
Business This Week - India

07 December 2009

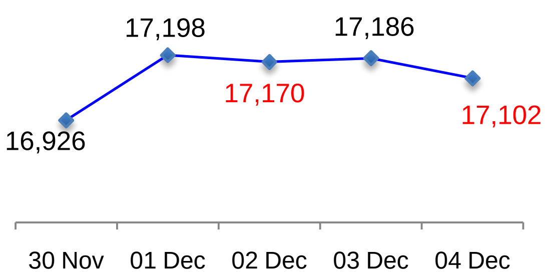
- **Stock Markets:** The higher-than-expected GDP growth of 7.9% for the 2nd quarter boosted investors sentiments, and appear to have wiped out investor-memory of the recent events in Dubai. The BSE Sensex ended 470 points or 2.82% higher at 17,102 while the broader S&P CNX Nifty moved up 3.38% or 167 points to end at 5,109
- **Biggest loser and Gainer:**
  - Ranbaxy Labs was the top gainer for the week with a gain of 13.9%
  - While Hero Honda was the top loser for the week with a loss of 4.7%
- **Foreign Exchange Reserves:** India's foreign exchange reserve increased by $1.37B to S$286.72B in the week ended 27 Nov'09
- **Inflation:** The annual rate of inflation for the week ended 21 Nov'09 for primary articles rose to 12.53% from 11.04% in the preceding week. It was 11.98% for the same week in the preceding year
- **Crude oil:** Crude oil fell to a seven-week low as the dollar surged on an unexpected drop in the US unemployment rate, curbing the appeal of commodities to investors. Crude oil for January delivery declined 0.8% this week to $75.47 a barrel lowest settlement price since 14 Oct'09. Prices are up 69% this year
- **Gold:** Gold futures shot up to $1,226.40 an ounce this week on the Comex Division of the New York Mercantile Exchange following weakness in the dollar, which fell to a 16-month low. Gold prices ended 2.97% lower this week to settle at $1,159.1 an ounce

Index	Closing 04 Dec'09	Absolute Change	% Change
BSE Sensex	17,102	470	2.8%
NSE Nifty	5,109	167	3.4%
Dow Jones	10,389	79	0.8%
S&P 500	1,106	19	1.8%
NASDAQ	2,194	56	2.6%
FTSE 100	5,322	76	1.5%
Nikkei	10,023	941	10.4%
Hang Seng	22,498	1,363	6.5%

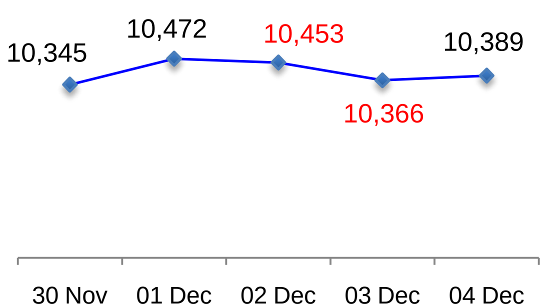
BSE Sensex P/E



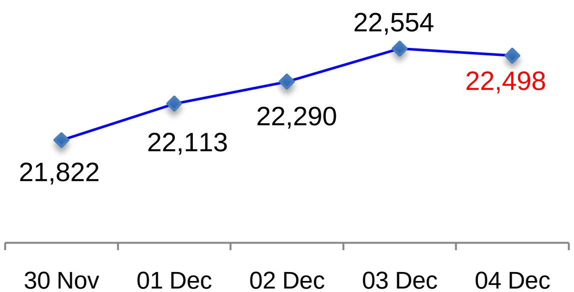
BSE Sensex



Dow Jones



Hang Seng



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Mergers, Acquisitions and Joint Ventures

- **State Bank of India** announced the formation of a 74:26 JV in general insurance with Insurance Australia Group (IAG)
  - SBI plans to make an investment of INR 1.1B in SBI General Insurance Company Ltd while the Australian firm will pump INR 5.4B at a premium through its subsidiary IAG International Pty. Ltd
  - SBI General Insurance plans to commence commercial operations in the first half of next year depending on the IRDA approval
- **General Motors India** entered into a 50:50 JV with Shanghai Automotive Industry Corporation (SAIC) to develop and manufacture commercial vehicles and other products for India and exports
  - The vehicles will be produced in the company' existing two plants in India and will result in more jobs in the country
- **Siemens** has fixed the merger ratio for two of its listed companies in India-- Siemens Healthcare Diagnostics Ltd with Siemens Ltd.
  - Shareholders of Siemens Healthcare will get two shares of Siemens for every one share held by them in the healthcare equipment firm
    - Siemens Healthcare is into medical equipment business and focuses on immuno-diagnostics and clinical chemistry business
- **ABG Shipyard** sold 3.08M shares or 8.27% stake (almost the entire holding) in Great Offshore at an undisclosed price after Bharati Shipyard raised the stakes by offering 5.3% more than its previous offer of INR 560/share to acquire 20% additional equity in the Great Offshore
  - At this price, Bharati would need to shell out INR 4.6B ($100M) in the open offer
  - This led to end of six month battle between ABG Shipyard and Bharati Shipyard, the top two ship builders firms in the country, for acquiring controlling stake in Great Offshore
- **GVK Power and Infrastructure**, Hyderabad-headquartered infrastructure developer, acquired the entire stake of 17% held by L&T Infrastructure Development Projects in Bengaluru International Airport (BIAL) for a total consideration of INR 6.9B
  - With this acquisition, GVKPIL will now hold 29% stale in BIAL
  - The company, on 29 Nov'09 acquired a 12% stake of the 17% held by Zurich Airport for INR 4.8B
  - Siemens currently holds the largest stake in BIAL at 40%

Capital Raising (PE, VC, Right Issue)

- **Elephant Capital,** AIM-listed private equity fund, acquired 50% stake in Global Cricket Ventures Ltd (GCV) for $10M
  - GCV owns the exclusive licenses for digital and mobile rights to the Indian Premier League (IPL). Also has the key digital rights to Champions League Twenty20 until 2017
  - GCV plans to raise another $5M which will lead to dilution in Elephant Capital's shareholding
- **GI Engineering Solutions Ltd,** Mumbai- based firm, raised INR 19.8M form Abu Dhabi-based Fortune Private Equity LLC in a preferential issue
  - The private equity firm will end up taking a 12.77% stake in the post-diluted share capital of GI Engineering
  - GI Engineering is engaged in offshore engineering design specializing in civil engineering and IT support
- **OrbiMed,** healthcare focused private equity funds, invested in Bangalore-based clinical research organization Ecron Acunova
  - Ecron Acunova conducts clinical trials for pharmaceutical, biotech and medical device companies in Europe, Asia and the US
  - The company has earlier raised funding from IL&FS Investment Managers back in 2005
- **Milestone Religare Investment Advisors,** invested INR 600M in Hyderabad-based Krishna Institute of Medical Sciences Limited (KIMS)
  - KIMS offers multispecialty treatment in cardiology, orthopedics, urology, nephrology, dermatology, gynecology with a 300 capacity
  - The fund will be used to expand the capacity to 850 beds and offering additional specialties like oncology treatment, liver transplant amongst others over the next 12-18 months
- **Mumbai Angels** invested in Bangalore-based Insta Health Solutions (IHS), a start-up company providing hospital IT solutions at an undisclosed amount for expanding to Tier-I and Tier II cities
  - IHS is a hospital management system and EMR (electronic medical record) solutions company
  - In Apr'09, IHS announced the plans of raising of about $1M from Inventus Capital Partners and a clutch of HNIs
- **Motilal Oswal PE** plans to invest INR 400M in Power Mech Projects Ltd (Power Mech) for an undisclosed stake over the next 1-2 years towards building its own equipment bank for increased mechanization to fast track the mobilization of new sites
  - The 10-year-old Power Mech is engaged in erection, testing and commissioning of boilers, turbines and generators for thermal and gas-based power plants besides overhauling and maintaining them

IPO Scan

Listings Last Week:

- No listing last week

IPOs Next Week

- JSW Energy
  - Issue Size: INR 27B
  - Offer Price: INR 100 – INR 115 a share
  - Issue Date: 07 Dec'09 – 09 Dec'09
  - 5% discount to retail individual bidders

Future Plans:

- Prestige Estates Projects, Bangalore-based realty firm
  - Issue Size: INR 12B
  - To finance projects besides purchasing land and retiring debt
- Jaypee Infratech, subsidiary of Jaiprakash Associates
  - Issue Size: INR 16.5B (around 130M)
  - Stake: 15%
- VA Tech Wabag, Chennai-based water treatment player
  - Issue Size: INR 5B
  - To fund global acquisition plans
- United Bank of India
  - Issue Size: INR 3.5B – 4B (50M shares)
  - Date: By Jan'10 end
- IL&FS Transportation Networks
  - Issue Size: INR 7B
- Tarapur Transformers Ltd, unit of Bilpower Ltd
  - Issue Size: 8.5M shares

DHRP Filed This Week With SEBI	
Date of filing	**Company Name**
30 Nov'09	Prestige Estates Projects Limited
02 Dec'09	Jaypee Infratech Limited
03 Dec'09	Nitesh Estates Limited
04 Dec'09	Rural Electrification Corporation Limited

Year	IPOs
2009	19
2008	38
2007	112
2006	96
2005	76

In Focus

- The Gross Domestic Product (GDP) grew 7.9% during Jul'09 –Sep'09. This has raised hopes that the growth for the full year will cross 7%. Growth in the first quarter was only 6.1%
    - Overall, industrial output was boosted by strong growth in mining (9.5%), manufacturing (9.2%) and electricity (7.5%) during the second quarter
    - In the first half of the current fiscal, GDP grew 7% against 7.8% in the same period last year
- With the US and other western economies seeing little opportunities for investment in their own backyard for the last 12-18 months, India has emerged the most lucrative markets for short and medium-term investments
    - After a gap of two years, the US is again one of the top 10 investors in the Indian stock market
    - Till mid-Nov'09, The US-based foreign institutional investors (FIIs) have net investments of about INR 213.5B in the Indian markets, as compared with Rs 335.6B in 2006
- Private equity (PE) and venture capital (VC) firms cut, on an average, recorded one transaction a day in Nov'09, indicating clear signs of a pickup in deal activity
    - The top three deals (above $50M) last month included
        - Apollo Management's investment in Dish TV through a GDR issue
        - Dar Capital deal for Indian Premier League's theatrical rights
        - Blackstone's investment in Gateway Distriparks

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