

**Market Outlook:** Nifty will have positive opening today on the back of strong global cues. Nifty has supports at 4900-4950 and resistances are at 5100-5150.

**Global Events to watch for today:**

- Monster Employment Index
- Productivity and Costs
- Factory Orders
- Jobless Claims

**Global indices Update @ 8:**

Dow Jones	: 10249	(+225.5)
NASDAQ	: 2281	(+58.74)
Nikkei 225	: 9855	(+252.1)
Hang seng	: 19802	(+330.6)
SGX CNX Nifty	: 5069	(+55.00)
INR / 1 USD	: 47.19	

**Stocks in action for the day : NTPC, RCom, JSW Steel, Renuka Sugars, United Phosphorus, Sterlite Industries ...**

**Sasol-Tata JV to invest USD 10 bn in India** Sasol, the largest producer of motor fuel made from coal, plans to spend USD 10 billion in India in partnership with the Tata Group on a block awarded last year, following similar investments in Indonesia and China. The South African company plans to produce 80,000 barrels a day of motor fuel by 2018 from a coal block in Orissa, Mark Schnell, president of the company's Indian unit, said in an interview in Mumbai. Sasol and Tata Group own equal stakes in the venture, he said. "It's going to be a mega project of the magnitude of USD 10 billion by the joint venture," Schnell said. "At this stage, the focus is on understanding the resource and making sure of the economics of building a plant here."

**Cash-strapped Reliance Communications set to give up strategic stake** The Anil Dhirubhai Ambani Group (ADAG) is ready to sell a strategic stake in Reliance Communications (RCom) as the company seeks to infuse fresh equity to fund its foray into third-generation telephony and wireless broadband access. The company is considering two options: a merger with South Africa's MTN or infusion of fresh equity from a strategic foreign investor, according to a person familiar with the group's plans. At an MTN meeting held on Tuesday, the board of the South Africa-based telecom major decided it would examine the RCom proposal after analyzing what has transpired in the Indian telecom market since its last talks with Bharti Airtel in 2009, the person quoted earlier said.

**JSW Steel to issue Rs 21 bn warrants to promoters** India's third-largest steel maker, JSW Steel, will raise about Rs 21 billion through an issue of warrants to promoters on a preferential basis to help cut debt, a top official said on Wednesday. The firm will issue 175 lakh convertible warrants to promoters on a preferential basis at Rs 1,210 each, MVS Seshagiri Rao, joint managing director, told shareholders at its general meeting. This is nearly a 15% premium to Tuesday's closing price. "We have very high debt leverage

but we wanted to maintain our growth momentum. So we wanted to raise capital as early as possible," Rao told shareholders after they approved the fund-raising.

**Renuka Sugars in talks for 28% cut in Equipav buyout price** Shree Renuka Sugars (SRS) is negotiating a 25-28% reduction in the acquisition price for its proposed Equipav buyout. SRS will now pay anywhere between Rs 11 billion and Rs 11.5 billion against the earlier price of Rs 15.3 billion for Brazil's seventh-largest sugar refiner. The SRS management, however, was not available for a confirmation about the re-negotiation. The Indian firm had announced plans to acquire Equipav in February last. The buyout would have seen SRS pay Rs 15.3 billion besides assuming Equipav's debt of nearly USD 700 million. However, the fall in global sugar prices, on the back of news of higher production in India and Brazil, forced SRS to re-negotiate the price.

**GMR Energy raises Rs 3.5 bn from IDFC** GMR Energy, the flagship power venture of GMR group, has raised Rs 3.5 billion from IDFC Group for a significant minority stake. The transaction is part of the GMR Energy's plan to raise Rs 16 billion through the equity route to meet its immediate requirement. This is the second round of equity fund-raising as it had raised USD 200 million from Singapore-based private equity (PE) firm Temasek and Rs 3 billion from ICICI Bank through preference share allotment in April this year. "The company has achieved the financial closure for 1,950-mw power plant and is now raising funds through the equity route to meet debt-equity ratio," said a person familiar with the deal. The debt-equity ratio for the proposed project is 80:20.

**NTPC to buy Australian coal mine** India's largest power producer, NTPC, is set to acquire controlling interest in a 720-million-tonne coal field in Australia in a deal valued at USD 1-1.5 billion, which will enable it to fire about 3,500 mw of power capacity. The coal mines, located near Perth in western Australia, will allow NTPC to bring home up to 10 million tonnes of coal annually for its plants.

**Hinduja Group plans USD 30 bn India play** The biggest chunk of the investments is expected to flow into the power sector. The diversified Hinduja Group is planning to use its Indian units for overseas acquisitions, besides lining up investments of around USD 30 billion (Rs 1,350 billion) in the country over the next five years. Ashok P Hinduja, chairman of Hinduja Group India, said the investments would be across 10 verticals - oil and gas, power, realty, banking, healthcare, automotive, education, infrastructure, IT and media - which had been identified as the growth drivers.

**Leyland, Nissan to jointly make LCVs** Ashok Leyland and Nissan, who have joined hands for manufacturing light commercial vehicles (LCV), are planning to roll out their first product by mid-2011. The two partners will produce 150,000 vehicles as part of Phase-I at their existing facilities and said a greenfield facility was very much on the cards. Andy Palmer, senior vice-president, Nissan Motor Company and chairman, Ashok Leyland Nissan Vehicles (ANLV), said the two partners would use their existing facilities and networks to manufacture and sell vehicles and that there would not be any cross distribution of products. "It will be different brands," he said.

**Promoters hike stake in Unitech** The country's second largest realty firm, Unitech, on Wednesday said its promoters have increased their stake in the company by 1.3% points to 46.30% by converting warrants worth Rs 2,247.8 million. "Unitech promoters today

converted another 5,90,56,781 warrants into equity shares ahead of schedule. The promoters paid Rs 2,247.8 million for the said conversion, the company said in a statement. Following this conversion, the promoters' stake in the company has gone up to 46.30% from 45% earlier. The company said each warrant has been converted into an equity share of Rs 2 each at a premium of Rs 48.75 per share. The fresh infusion of funds by promoters in the company will help in further reducing the debt, which as of March 31, 2010, stood at Rs 52.81 billion. Consequently, the debt equity ratio will also fall below 0.50, it added.

**Sun rejects USD 215 mn offer to sell Taro stake** Mumbai-based drug maker Sun Pharmaceuticals Industries has rejected a USD 215 million offer from US-based banker and financial advisor Guggenheim Securities Llc to buy its 36% stake in Israel's Taro Pharmaceuticals Industries. On behalf of chairman Dilip Shanghvi, Sun Pharma's director Sailesh Desai on 29 May wrote to Guggenheim executive chairman Alan D. Schwartz that his firm's goal was to acquire control of Taro and would therefore decline Guggenheim's offer. The offer valued Taro's shares at USD 15 each, a 93% premium over what Sun Pharma paid to acquire 14.4 million shares in 2007. An Indian analyst suggested that the Guggenheim offer was acceptable.

**RIL may revive chemical plant plan** Billionaire Mukesh Ambani's Reliance Industries may start work on a multibillion-dollar chemical plant this year, reviving a project to meet India's surging demand for the raw materials for plastics, drugs and textiles. Reliance is close to deciding the final configuration of the plant, which will be capable of producing as much as 1.6 million tonnes a year of chemicals such as ethylene and propylene, said a person familiar with the project, who declined to be identified because the information isn't public.

**Stake buy buzz fuels rally in United Phosphorus** Trading volumes in shares of United Phosphorus have shot up over the past few sessions, fuelled by talk that it may shortly acquire a Mumbai-based chemical company. A senior United Phosphorus official, when contacted on the matter, said, "We don't comment on market speculation." The stock closed at Rs 179.30 on Wednesday on BSE, up over 2% after reaching an intra-day high of Rs 181.90, supported by above average volumes. But the stock has surged by more than 10% in the past one week. The buzz is also that a domestic mutual fund known for its aggressive bets has been a buyer in the stock. Analysts say that a sharp decline in the net profit of the company has been due to a slowdown in its agri-chemical business globally, but expect the bottomline to improve in the days to come.

**A domestic insurer seen buying Sterlite shares** A domestic insurance company is learnt to have picked up a sizeable chunk of **Sterlite Industries** shares on Wednesday. The stock closed 0.8% higher at Rs 634.55 supported by good volumes. The stock has been an underperformer recently, having lost more than 20% in the past one month on account of fall in metal prices globally. The company saw a big jump in its net profit for the fourth quarter driven by a better operating performance and increase in other income. Analysts expect the company's margins to improve through the development of Balco coal block and also expansion of its zinc capacity. But much will depend on the timely execution of the projects, they say.

**R-Comm, MTN exchange informal talks:** (R-Comm) and South African telecom company MTN exchanged an informal conversation three weeks back, say sources to

CNBC-TV18's Nayantara Rai. It is learnt that the 'feelers' exchanged between the principals of both the companies are not at company level. Sources say that MTN is very keen on reviving its interest in India.

**Market Outlook:** Nifty will have flat to negative opening today on the back of mixed global cues. Nifty has supports at 4950-5000 and resistances are at 5150-5200.

#### Global Events to watch for today:

- Employment Situation

#### Global indices Update @ 8:

Dow Jones	: 10255	(+05.74)
NASDAQ	: 2303	(+21.96)
Nikkei 225	: 9911	(- 02.48)
Hang seng	: 19747	(- 39.22)
SGX CNX Nifty	: 5092	(- 04.50)
INR / 1 USD	: 46.52	

#### Stocks in action for the day : GCPL, HUL, Thermax, BHEL, L&T, Suzlon, Maruti Suzuki...

**Godrej Consumer to raise Rs 6-7 bn via QIP** Godrej Consumer Products (GCPL), the fast moving consumer goods company, is planning to raise Rs 6-7 billion through qualified institutional placement (QIP) to fund acquisitions. The QIP issue will result in an equity dilution of around 6%, according to GCPL Chairman Adi Godrej. He plans to launch the issue before the month-end. GCPL shares closed 1.86% up at Rs 333.35 on the Bombay Stock Exchange (BSE). It hit an intra-day high of Rs 352. GCPL has been on an acquisition spree. Its latest buy Argencos, a mid-size Argentinian hair care company, is the fifth in three months.

**HUL plans share buyback to give its sagging stock price a lift:** Hindustan Unilever, the worst-performing consumer goods company in the BSE sectoral index, plans to buy back shares aimed at boosting stock prices and raising per share earnings in future. The company said its board would meet on June 11 to decide on the price at which it may buy back the shares and the quantity. The buyback, once completed, may help Unilever raise its stake in the company beyond the 52.2% it now holds. Its last buyback was in July 2007. The buyback may act as a cushion against a share price fall. It rose 4% to close at Rs 247.

**Tantis may hike stake in Suzlon via rights issue:** Promoters of Suzlon Energy, the Tanti family, may raise their stake in the company through the rights issue expected to open in a few weeks. A sharp fall in the share price has rendered the rights offer price unattractive for public shareholders, raising doubts whether the issue will be fully subscribed. This will give the promoters an opportunity to pick up the unsubscribed portion and raise their holdings in the company, according to merchant bankers. Suzlon Energy is planning a 2:15 rights (two shares for every 15 held) at Rs 63 per share, which is 14% higher than Thursday's closing price of Rs 55.3.

**Maruti Suzuki to launch new small car at Rs 2.75-3.25 lakh:** Maruti Suzuki will soon launch a new small car with a 1 litre engine, reports CNBC-TV18's Swati Khandelwal quoting sources. The launch is expected by July or early August and will sport a KB Series engine. Sources say the car is likely to be priced in the range of Rs 2.75-3.25 lakh. Maruti had in the month of May clocked a sale of 1.02 lakh units compared to 79,872 units in the year-ago period. Earlier in the month of April, it had sold 93,078 units.

#### Four Soft denies news of Kotak PE selling co stake:

**Apollo to finance Rs 9 bn investments with promoter money** The board of Apollo Hospitals Enterprises decided to raise funds for a planned Rs 9 billion of investments over the next two years by issuing up to 15,44,621 convertible warrants to its promoter, executive chairman Prathap C Reddy. It plans to finance additional working capital requirements as well. The board also appointed Sindhoori Reddy, daughter of Suneeta Reddy, executive director, finance, and granddaughter of Prathap Reddy, as vice-president, operations. The Chennai-based hospital chain reported a top line of Rs 18 billion and Rs 1.52 billion of profit in 2009-10.

**Thermax signs technology transfer pact with Lambion** Thermax has signed a technology transfer license agreement with a German engineering company--Lambion Energy Solutions, having expertise in converting waste to energy. This technology transfer agreement will provide Thermax with high efficiency combustion systems for using a high in moisture content like biomass for energy generation. It will be integrated in its boilers and heaters with heat output ranging from 4 MW to 30 MW. The licensing agreement is valid for a period of five years. A dedicated team from Thermax will work with Lambion to absorb and deploy this technology.

**JK Tyre hints at yet another price rise in next quarter** With natural rubber prices hovering around Rs 169 a kilogram (kg), JK Tyre & Industries that enjoys a 40% market share in the truck radial segment, hinted at a likely price hike in the coming quarter. It has already raised the price thrice during this calendar year. The firm raised prices by around 4% in January, followed by two more equal price hikes in May and June respectively. "We have raised our prices by around 12% during this calendar year as rubber prices have almost doubled from Rs 90 per kg at the same time last year to around Rs 169 per kg now. If prices remain at the current level, then one more price rise might become necessary", said A S Mehta, marketing director, JK Tyres.

**JSW Steel to raise loan limit by Rs 100 bn** Sajjan Jindal-controlled JSW Steel is raising its borrowing limit by Rs 100 billion, to Rs 250 billion, to help fund its capital expenditure, including proposed investments in Indian and overseas subsidiaries. A resolution to this effect will be placed before shareholders at the company's coming annual general meeting. In December 2007, the borrowing limit was raised to Rs 150 billion. "The move is made keeping the future financial requirements of the company (in mind)", said Seshagiri Rao, joint managing director and group chief financial officer.

**Infosys prefers small cos to bigger foreign buys** Infosys Technologies ruled out the acquisition of a large European outsourcing rival like Logica, and said the company would instead look for smaller, back office and consulting firms in Germany and France that are around 10% of the company's revenues or up to USD 500 million in revenues. "When we are forecasting 16-18% growth, why would I go and acquire a turnaround story?" asked Senapathy S Gopalakrishnan, chief executive officer and managing director of Infosys. "The reason why it's (rumours) coming too often is because these companies are not doing well," he added. Over the past few years, speculation about Infosys acquiring European service providers like Logica, Capgemini and even Atos Origin have gained momentum forcing Infosys executives to issue denials.

**MVL to invest Rs 4 bn to manufacture cellphones** Property developer and consumer electronics maker MVL group plans to invest Rs 4 billion to manufacture and sell mobile handsets in the country under its own brand, a top company executive said. It would join a host of local handset makers who have created strong mass-market brands of their own in the domestic market. The privately owned group has formed a separate entity, MVL Telecom, to spearhead its foray into handsets business and plans to roll out its products soon. Prem Adip Rishi, chairman, MVL group said, "Our handsets would be competitively priced." MVL plans to sell products priced in the range of Rs 1,400 to Rs 5,000.

**Ranbaxy scion unlikely to relent in Parkway battle** This time the surprise is on Malvinder Singh. Two years ago, Singh and his brother Shivinder sold their controlling stake in Ranbaxy Laboratories, a leading Indian drugmaker built by their grandfather, to Japan's Daiichi Sankyo - an

unlikely move in a country where families rarely sell. But the 37-year-old billionaire's plans to build a global healthcare chain were disrupted last week when Malaysian government fund Khazanah unexpectedly launched an USD 835 million bid for control of Singapore's Parkway Holdings.

**GCPL buys one more LatAm co** Home and personal care major Godrej Consumer Products (GCPL) has acquired Argentinean hair care company Argencos. This is Indian firm's second acquisition in Latin America in the last two weeks. On May 23, the company announced the 100% acquisition of Latin American company Issue, a market leader in hair colour in Argentina, Peru, Uruguay and Paraguay. Argencos is a major player in the Argentine market, with 17% market share in what the company described as the kit format, a reference to a compilation of hair-care products.

**Zuari to re-enter cement business** Zuari Industries is re-entering cement business after exiting it four years ago as part of plans to spend over USD1.5 billion for expanding fertilizer, real estate and cement businesses, chairman of the diversified firm said. The company had sold its equity stake in the cement business to joint venture partner Italcementi in 2006. Saroj Poddar, chairman of Zuari Industries said the Italian cement giant has the right of first refusal to undertake either jointly or wholly the proposed cement unit that is at present housed under Gulbarga Cement. But the rights expire in October and Italcementi has not shown any interest in the project as yet.

**BHEL, L&T line up to bag Jindal Power contracts** State-run power equipments giant BHEL, engineering major Larsen & Toubro, and Russian firm Power Machines, among others have evinced interest in supplying to Jindal Power's two thermal plants in Jharkhand. Jindal Power, a subsidiary of Jindal Steel and Power, is executing two supercritical power projects of 1,320mw at Dumka and 660mw at Godda in Jharkhand by 2014. Supercritical power projects are environment-friendly and energy-efficient. The company invited bids for the supply of boilers, turbines and generator package for these projects and received a positive response from various national and international suppliers.

**IOC buys 6 mn bbls W.Africa crude** Indian Oil Corp on Thursday bought 6 million barrels of West African and 1 million barrels of Libyan crude oil via tender for July and August, including its first purchase of Nigerian grade Okono, trade sources said. The refiner bought a Very Large Crude Carrier (VLCC) comprising 1 million barrels each of Nigerian grades Yoho and Bonga from Shell for July lifting, they said, taking its monthly purchases to 11 million barrels.

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