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SENSEX 20,687.88 ▲ 484.54

NIFTY 6,233.90 ▲ 143.00

DOLLAR ₹44.51 ▼ ₹0.15

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OIL \$84.24 ▲ \$0.89

## IISc scientists make progress on new thyroid drug

BY JACOB P. KOSHY  
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NEW DELHI

A team of scientists at the Bangalore-based Indian Institute of Science (IISc) has synthesized a key molecule that could potentially translate into a drug for hyperthyroidism, a disorder that's increasingly associated with a host of lifestyle diseases.

If successful, the chemical entity could contain thyroid levels without side effects such as excessive balding and jaundice, commonly associated with the relevant drugs, the researchers added. It would be the first successful molecule for hyperthyroidism to come out of an Indian lab.

"We are still very much in the pre-clinical stage," said Govindasamy Mugesh, associate professor, department of inorganic and physical chemistry, IISc. "We've synthesized the molecule and have seen that the underlying mechanism works. But animal studies and clinical trials are a long way off."

The findings of the team were published on Wednesday in the peer-reviewed *Angewandte Chemie* (international edition), a top chemistry journal published out of Germany.

The basic "mechanism" that Mugesh refers to involves circumventing the approach that the contemporary drugs use. Hyperthyroidism involves the over-production of key thyroid hormones called T3 and T4.

The current drug approach to stemming the disease involves cutting the levels of iodine—the key thyroid regulator—by mimicking an enzyme called deiodinase, which completely blocks their production. "That works negatively because these hormones are responsible for practically every metabolic function in the body. So, complete shut-down could trigger side effects and even hypothyroidism, which comes with its own problems," said Mugesh.

His team has developed a completely new compound that only lowers—and doesn't

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## RIGHT PRICING

# Coal India IPO plan gives market a lift

**Prospect of India's largest offering cheers investors to push stocks higher amid global upsurge**

BY RAVI KRISHNAN & N. SUNDARESHA SUBRAMANIAN

MUMBAI

Indian stocks dipped marginally at the start of Wednesday's trading, in half-hearted acknowledgement of Tuesday's announcement of slower-than-expected growth in factory output, then gained strongly on continued buying by foreign investors.

Analysts predict further inflows aimed at Coal India Ltd's (CIL) attractively priced IPO (initial public offering). Another round of quantitative easing in the US and elsewhere should help, they add.

The Bombay Stock Exchange's Sensex gained 484.54 points, or 2.4%, to close at 20,687.88 on Wednesday. The National Stock Exchange's Nifty gained 2.35% to close at 6,233.90.

There "was a big bout of buying by the FIIs (foreign institutional investors) in the morning since the CIL IPO price was considered reasonable," said Deepak Jasani, head of retail research, HDFC Securities Ltd. "There is an expectation that this IPO will bring in more investors. There is a good likelihood that we will see new highs in the coming months." His logic is that higher investor interest bodes well for the markets.

FIIs have so far bought Indian stocks worth a record \$21.8 billion (₹9.7 trillion).

"Foreign inflows are quite strong," said Ullal Ravindra Bhat, managing director of the Indian arm of Dalton Strategic Partnership Llp, a global fund registered as an FII. "There is anticipation of quantitative easing in the US and elsewhere."

Bodies such as the Organization for Economic Co-operation and Development predict a slowdown that will prompt the easing of policy. This will push money into emerging markets as investors chase higher returns, analysts say.

Estimated economic growth of 8.5% in India has encouraged foreign investors, pushing the market to rise the most in 2010 among the world's 10 largest economies. Year to date, the Sensex has gained 22% in dollar terms, outperforming the MSCI Emerging Market Index, which is up 13%.

This also augurs well for CIL's \$3.5 billion IPO, which opens on 18 October. While

## RIDING THE IPO WAVE

With the Sensex rising 485 points a day after the price band of the Coal India IPO was announced, here's a look at where the index stood when previous mega IPOs opened for subscription.

Source: BSE  
PARAS JAIN/MINT

## Birla to raise stake in Nuvo, plans bank

BY BAIJU KALESH & JOEL REBELLO

MUMBAI

Kumar Mangalam Birla, chairman of the ₹1.4 trillion aluminium-to-mobile telephony conglomerate Aditya Birla Group, will raise his stake in Aditya Birla Nuvo Ltd by December. The group company runs Aditya Birla Financial Services, or ABFS, and holds 25.38% of mobile firm Idea Cellular Ltd.

The holding will be increased by converting preferential warrants issued in June 2009 into equity shares.

"Our balance sheet will further improve with the remaining equity infusion by promoters for ₹425 crore and the promoter's stake will rise to 51% from the current 46%," Aditya Birla Nuvo chief financial officer Sushil Agarwal said in an interview last week.

Aditya Birla Nuvo, a company with interests in information technology, garments, carbon black and fertilizers, had issued 18.5 million warrants to promoters on 22 June 2009, giving them the option to purchase one equity share against one warrant at ₹541.19 a share.

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## QUICK EDIT

### Thrice as much

Even in a country used to seeing legislators wasting taxpayer funds, events in Karnataka should mark a nadir of sorts. Today, the Karnataka legislative assembly meets to vote on a trust motion moved by the government. The outcome of the vote, the second such in four days, may be irrelevant because the Karnataka high court has ruled that the outcome will be dependent on a judgement it will deliver on 18 October—on whether or not the five independent representatives of the assembly who were disqualified by the speaker and thereby prevented from taking part in Monday's trust vote can go ahead and do so. If the court rules that they can indeed vote, a third trust vote may have to be conducted, though there is no clarity on this as yet. Surely, the governor could have waited for the court's verdict before asking the government to seek a conclusive trust vote.

some observers term this a watershed event that will set the direction the markets will take because of its huge size, most analysts and investment bankers say there is enough liquidity in the system to fund this IPO and further fuel the rally.

One reason for this is that FII flows are expected to continue, said Nilesh Shah, deputy managing director, ICICI Prudential Asset Management Co. "Lot of money we are getting is from fresh allocations made to India by existing investors. This is likely to continue."

Vikas Khattar, managing director and head of South Asia, equity and equity-linked capital markets origination, for Citigroup Global Markets India Pvt. Ltd, one of the bankers to the IPO, reckons FIIs roughly account for one-fourth of qualified institutional placement in IPOs. For the CIL issue, this works out to under \$1 billion, compared with the \$7 billion inflows seen in September.

After the ₹11,700 crore issue of Reliance Power Ltd, the largest in India till now, markets rose 5% in the following month before slumping. After subscription closed for the world's largest IPO by Petroleo Brasileiro SA that raised \$70 billion, the Brazilian markets have gained 4.6%.

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Pramit Bhattacharya and Ashwin Ramarathinam contributed to this story.

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## Get what you pay for

Editor of the 'Financial Times', Lionel Barber, talks about opportunities in India, charging for online content, and why there's room for both newspapers and their websites. (www.livemint.com/barber.htm)

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## Preview

India's favourite sports song 'Chak De', soulful Sufi and classical tunes, and traditional bagpiper music will bring alive the Jawaharlal Nehru Stadium at the close of the Games. (http://blog.livemint.com)

## An Awkward Corner

## Amol Agarwal

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## INSIDE MINT TODAY



## Business of Life: Women on top

India's rising medal tally at CWG also indicates how far women athletes have come, even storming traditional male bastions. >P16-17



## Tata Motors to revamp light commercial vehicles platform

Tata Motors is looking to launch several new light trucks on an entirely new platform as traffic of goods within cities increases. >P8



## Intel sees signs of computer demand

Intel posted a 59% jump in Q3 earnings and was upbeat about technology spending, allaying fears of a sharp slowdown in computer demand. >P27



## Fresh bid by NTPC to enter power distribution business

NTPC is seeking to become an integrated power sector entity by entering the electricity distribution business. >P7

## KM Birla to raise stake in Nuvo, plans bank

FROM PAGE 1

Aditya Birla Nuvo rose 0.16% to close at ₹854.65 on the Bombay Stock Exchange on Wednesday even as the exchange's benchmark index, the Sensex, rose 2.4%.

The promoters have an 18-month window till December for conversion. The Birlas paid ₹575 crore and increased the stake to 46% from 41.5% by converting part of the warrants into equity shares between June and September.

Most of the money will go into fuelling the growth of ABFS, a business which the group plans to strengthen and convert into a bank as and when the Reserve Bank of India (RBI) gives licences.

"We would be keen to have a banking licence (if allowed by the regulator) as this will be a strategic fit for our financial services business," Agarwal said. "We need more banks as we have around 400 million bank accounts, including multiple bank accounts in a country of more than a billion. However, everything will depend on the regulator's guidelines."

RBI had in August released draft guidelines on licensing norms for new banks after finance minister Pranab Mukherjee in his February Budget announced that the central bank will allow the entry of new players in banking. The objective is to spread banking services across the nation.

RBI is currently in talks with industry lobbies, banks and corporations before drafting the final guidelines. The banking regulator has made it clear that companies with exposure to real estate may not be considered for setting up new



Future plans: Aditya Birla Group chairman Kumar Mangalam Birla.

banks. Its stance vis-a-vis big industrial conglomerates is not known, though some have reservations about their being allowed to set up banks.

Analysts said the Birlas are in contention for a bank licence with other large industrial houses such as the Tatas, but RBI may be cautious about giving licences to groups with diversified business interests.

"They will look for companies with strong corporate governance and the Birlas fit the bill," said Deepak Tiwari, analyst with domestic brokerage Kisan Ratilal Choksey Shares and Securities Pvt. Ltd. "But the central bank will be cautious."

Another analyst with a local brokerage said there may be reluctance because RBI won't be able to pick and choose among industrial houses and if the Birlas are given (a licence) the banking regulator will have to say yes to others as well.

"Conglomerates such as the Reliance-Anil Dhirubhai Ambani Group, which competes with the Birlas in financial services, will also ask for a li-

cence," Agarwal said.

The financial services-focused company will improve synergies in marketing, legal, compliance and human resources, besides strengthening capital-raising ability.

The company has already got an in-principle approval from Sebi, but RBI and Irda are yet to give their nod. The group sought their permission to create a holding company last year.

RBI's reservations about the holding company structure are known. In the past, ICICI Bank Ltd, the nation's largest private sector lender, had wanted to have a holding company for its insurance ventures, but it did not get an RBI approval. State Bank of India, too, is awaiting RBI approval for a similar proposal.

Earlier in 2009, Birla refrained from converting 20.5 million preferential warrants of Aditya Birla Nuvo into equity at ₹1,997.45 a share after the stock lost 60%. These warrants were issued in February 2008 and had they been converted in September 2009, the company would have raised ₹4,000 crore.

The latest move to increase the promoter's stake in the company also coincides with an improvement in Nuvo's financial performance. Revenue rose to ₹15,500 crore, the highest ever for the company, in 2009-10.

The company posted a net profit of ₹155 crore in 2009-10 against a loss of ₹436 crore in the previous year.

In the April-June quarter this fiscal, Aditya Birla Nuvo posted a net profit of ₹149 crore against a loss of ₹35 crore in the corresponding quarter last year.

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## IISc scientists make progress on new thyroid drug

FROM PAGE 1

entirely deplete—T3 and T4 levels. "Therefore, the optimum balance is maintained," he said.

Previous efforts to mimic deiodinase to develop a drug for practical use have been unsuccessful, said V.S. Dubey, a Delhi-based endocrinologist and a former adviser to the government on women's health.

Typically, hyperthyroidism affects women more than men, and according to estimates by the health ministry, there are at least 10 million patients afflicted with the disorder to varying degrees in India.

Dubey said that an erratic diet, increasing stress levels at work and a rising urban trend of women opting for delayed pregnancies were correlated to hyperthyroidism disorders.

"It's not a killer disease, but changing lifestyles such as work-related stress, late births all impact women far more adversely. In fact, one of the key signs of polycystic ovarian syndrome (which affects one in 10 Indian women) are thyroid-related disorders," he said.

Others say Mughes's results are interesting but there's a high risk of failure with the chemical eventually revealing some side effects during clinical trials.

"It's a useful finding, but I would wait at least for preliminary level clinical trials before I got really excited," said C.R. Pillai, an emeritus scientist with the Indian Council for Medical Research. "Wet labs (synthesizing compounds in the lab) are usually very successful, but clinical trials can break even the most promising of candidate drugs."

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