Appendix 1.1
List of Companies and Industries

i) Companies

Aban Loyd Chiles Offshore Ltd.
A B B Ltd Ltd.
Alembic Ltd.
Alfa Laval (India) Ltd.
Arvind Mills Ltd.
Aventis Pharma Ltd.
Bharat Forge Ltd.
Bombay Dyeing & Mfg. Co. Ltd.
Castrol India Ltd.
Century Textiles & Inds. Ltd.
Cipla Ltd.
Crompton Greaves Ltd.
Cummins India Ltd.
Dr. Reddy'S Laboratories Ltd.
E I H Ltd.
Escorts Ltd.
Essar Steel Ltd.
Essel Propack Ltd.
Exide Industries Ltd.
Appendix 1.1 continued

Great Eastern Shipping Co. Ltd.
Gillette India Ltd.
Housing Development Finance Corpn. Ltd.
Himatsingka Seide Ltd.
Hindalco Industries Ltd.
Ingersoll-Rand (India) Ltd.
Jindal Iron & Steel Co. Ltd.
Jindal Saw Ltd.
Jubilant Organosys Ltd.
Kochi Refineries Ltd.
Max India Ltd.
Merck Ltd.
Monsanto India Ltd.
Moser Baer India Ltd.
Nestle India Ltd.
Nicholas Piramal India Ltd.
Novartis India Ltd.
Procter & Gamble Hygiene & Health Care Ltd.
Ranbaxy Laboratories Ltd.
Raymond Ltd.
Appendix 1.1 continued

Indian Rayon & Inds. Ltd.
Reliance Industries Ltd.
Rolta India Ltd.
Sesa Goa Ltd.
Siemens Ltd.
Sterling Biotech Ltd.
Sundram Fasteners Ltd.
Tata Infotech Ltd.
Tata Tea Ltd.
Thomas Cook (India) Ltd.
Tata Iron & Steel Co. Ltd.
Titan Industries Ltd.
Wipro Ltd.
Wyeth Laboratories Ltd. [Merged]

ii) Industries

BSE AUTO INDEX
BSE OIL&GAS INDEX
BSE HEALTH CARE INDEX
BSE CAPITAL GOODS INDEX
BSE METAL INDEX
BSE FMCG INDEX
BSE INFORMATION TECHNOLOGY INDEX
Appendix 3.1
Glossary

Risk Shifting: Here the common objective is to avoid exposure on receivable and payables. The simplest way to accomplish this, if the bargaining power is available, is to do the business in one's own currency in the first place. That will shift the currency risk to the trading partner. If one has a strong bargaining position, such risk shifting can be the best strategy to follow.

Leading and Lagging: If one is required to book foreign denominated trade accounts, it can be possible to alter the timing of the payments in his favour. For this the classic rules to follow are:

(i) Accelerate payment of payables in currencies that are expected to strengthen and delay payments in currencies that should weaken.

(ii) Accelerate collection of receivables denominated in "weak" currencies and delay receipts of those in "strong" currencies.

Even though, leading and lagging are useful concepts in the management of exposure, they can be severely restricted by the governments in their application.

Netting and Reinvoicing Centers: Another approach to managing exposure without the use of financial market contracts involves netting of individual transaction exposures. For example, a Franc receivable can be used to offset a
Franc payable. Not only that if two currencies are closely linked, the receivables of one currency can be offset by the payables of other currency.

For multinational corporations, an expanded version of netting is accomplished through the establishment of reinvoicing centers. These centers purchase product from the various operational units of the multinational for resale to other units or to the ultimate customer.

Parallel Loans: It became popular around 1970 when the Bank of England was imposing fairly stringent currency controls in an attempt to control the pound. Under the parallel loan arrangement, an American firm would lend dollars to the American subsidiary of a British parent, and the British parent would lend pounds to the English subsidiary of the American parent. Under this situation money was not converted or crossed borders.

Credit Swaps: Credit swaps through the banking system are used mainly in situation involving controlled currencies, which are also considered likely to devalue. If a multinational wishes to provide financing for a subsidiary operating in such a country, but is reluctant to convert a ‘hard’ currency for this purpose, it will place its currency on deposit with the bank, and the bank, through its branch or affiliate in the subsidiary’s country, makes a local currency loan of equal value to the subsidiary.

Currency Swaps: It is a common method for hedging currency exposure in long-dated foreign currency financing. Currency swap is an arrangement under which borrowers effectively exchange the cash flows from both principal and
interest on the debt. The exchange rate used for all principal exchanges is the rate in effect when the swap deal is done. The interest payments are determined by the interest rate on the date multiplied by the outstanding balance, just as in any form of finance.

The Forward Contract: Forward foreign exchange contract, used to hedge a future payment in a foreign currency, entails delivery of a certain amount of one currency in exchange for a certain amount of another currency at a future date. The forward contract stipulates that the full amount need not be exchanged on the settlement date. Instead, only the difference between the forward rate and the spot rate prevailing on the settlement date will be paid. The use of forward contracts to hedge transactions exposure at a single date is quite straightforward. A contractual net inflow of foreign currency is sold forward and a contractual net outflow is bought forward. This removes all uncertainty regarding the domestic value of the receivable or payable.

Hedging with the Money Market: Firms which have access to international money markets for short-term borrowing as well as investments, can use the money market for hedging transactions exposure. A firm with planned receivables in a currency can hedge by borrowing in that currency and in that way the outflows on account of interest and repayments can be set off against the receivable. This type of exposure management is useful only if the firm can freely convert the currency borrowed into a currency it needs, or is able to use the borrowed currency itself to finance some local operations.
Currency Options: Currency options give a more flexible means to cover transactions exposure. An option contract has been defined as an agreement between two parties in which one grants to the other the right to buy (call option) or sell (put option) an asset under specified conditions, and assumes the obligation to sell or buy it. Some of the typical situations where option contracts are used are:

(a) International tenders,

(b) Foreign currency receivables with substantial default risk or political risk, and

(c) Risk portfolio investment also leads to the situation where option contracts are used.

Currency Futures: A financial future contract has been defined as “the simultaneous right and obligation to buy or sell a standard quantity of a specific financial instrument at a specific future date and at a price agreed between the parties at the time the contract was signed”. Hedging contractual foreign currency flows with currency futures is in many respects similar to hedging with forward contract. A receivable is hedged by selling futures while a payable is hedged by buying futures. The important advantage of futures over forwards is easier access and greater liquidity.
Appendix 5.1
Abbreviations and the Complete Name of Companies

ABANC: Aban Loyd Chiles Offshore Ltd.
ABB: A B B Ltd Ltd.
ALEMBIC: Alembic Ltd.
ALFAR: Alfa Laval (India) Ltd.
ARVIND: Arvind Mills Ltd.
AVENTI: Aventis Pharma Ltd.
BHAR: Bharat Forge Ltd.
BOMBD: Bombay Dyeing & Mfg. Co. Ltd.
CASTR: Castrol India Ltd.
CENTT: Century Textiles & Inds. Ltd.
CIPLA: Cipla Ltd.
CROM: Crompton Greaves Ltd.
CUMM: Cummins India Ltd.
DRR: Dr. Reddy'S Laboratories Ltd.
EIH: E I H Ltd.
ESCORTS: Escorts Ltd.
ESSAR: Essar Steel Ltd.
ESSEL: Essel Propack Ltd.
EXIDE: Exide Industries Ltd.
GES: Great Eastern Shipping Co. Ltd.
GILLET: Gillette India Ltd.

'256
Appendix 5.1 continued

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC:</td>
<td>Housing Development Finance Corpn. Ltd.</td>
</tr>
<tr>
<td>HIMATS:</td>
<td>Himatsingka Seide Ltd.</td>
</tr>
<tr>
<td>HINDAL:</td>
<td>Hindalco Industries Ltd.</td>
</tr>
<tr>
<td>INGER:</td>
<td>Ingersoll-Rand (India) Ltd.</td>
</tr>
<tr>
<td>JINDAL:</td>
<td>Jindal Iron &amp; Steel Co. Ltd.</td>
</tr>
<tr>
<td>JINDAL SAW:</td>
<td>Jindal Saw Ltd.</td>
</tr>
<tr>
<td>JUBO:</td>
<td>Jubilant Organosys Ltd.</td>
</tr>
<tr>
<td>KOCHIR:</td>
<td>Kochi Refineries Ltd.</td>
</tr>
<tr>
<td>MAXIND:</td>
<td>Max India Ltd.</td>
</tr>
<tr>
<td>MERCK:</td>
<td>Merck Ltd.</td>
</tr>
<tr>
<td>MONSA:</td>
<td>Monsanto India Ltd.</td>
</tr>
<tr>
<td>MOSERB:</td>
<td>Moser Baer India Ltd.</td>
</tr>
<tr>
<td>NESTLE:</td>
<td>Nestle India Ltd.</td>
</tr>
<tr>
<td>NICHOL:</td>
<td>Nicholas Piramal India Ltd.</td>
</tr>
<tr>
<td>NOVAR:</td>
<td>Novartis India Ltd.</td>
</tr>
<tr>
<td>P&amp;G:</td>
<td>Procter &amp; Gamble Hygiene &amp; Health Care Ltd.</td>
</tr>
<tr>
<td>RANB:</td>
<td>Ranbaxy Laboratories Ltd.</td>
</tr>
<tr>
<td>RAYMO:</td>
<td>Raymond Ltd.</td>
</tr>
<tr>
<td>RAYON:</td>
<td>Indian Rayon &amp; Inds. Ltd.</td>
</tr>
<tr>
<td>RELIA:</td>
<td>Reliance Industries Ltd.</td>
</tr>
</tbody>
</table>
### Appendix 5.1 continued

<table>
<thead>
<tr>
<th>Code</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROLTA</td>
<td>Rolta India Ltd.</td>
</tr>
<tr>
<td>SESAG</td>
<td>Sesa Goa Ltd.</td>
</tr>
<tr>
<td>SIEM</td>
<td>Siemens Ltd.</td>
</tr>
<tr>
<td>STERL</td>
<td>Sterling Biotech Ltd.</td>
</tr>
<tr>
<td>SUNDF</td>
<td>Sundram Fasteners Ltd.</td>
</tr>
<tr>
<td>TATAINFO</td>
<td>Tata Infotech Ltd.</td>
</tr>
<tr>
<td>TATAT</td>
<td>Tata Tea Ltd.</td>
</tr>
<tr>
<td>THOMC</td>
<td>Thomas Cook (India) Ltd.</td>
</tr>
<tr>
<td>TISCO</td>
<td>Tata Iron &amp; Steel Co. Ltd.</td>
</tr>
<tr>
<td>TITAN</td>
<td>Titan Industries Ltd.</td>
</tr>
<tr>
<td>WIPRO</td>
<td>Wipro Ltd.</td>
</tr>
<tr>
<td>WYETH</td>
<td>Wyeth Laboratories Ltd. [Merged]</td>
</tr>
</tbody>
</table>