

HFL HANSUTTAM
FINANCE LTD

NEWS LETTER

**INFRASTRUCTURE
&
REAL ESTATE**

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Dear Reader

In the league of the most preferred property market among foreign investors globally, US has retained its top position, while China was ranked second followed by India, a survey conducted by the Association of Foreign Investors in Real Estate (AFIRE) said. Retail Real Estate is witnessing strong action with some 330 new shopping malls expected to come up in metros & smaller cities over the next two years. The large numbers is giving rise to innovation as developers compete to find innovative ways to attract stores and maintain foot traffic from shoppers.

Real estate is expected to get a shot in arm if the move afoot within the government to liberalize the norms for foreign direct investment (FDI) in real estate passes through. The department of industrial policy and promotion (DIPP) has circulated a Cabinet note proposing waiver of two conditions—the three-year lock-in on foreign investment and the minimum investment criteria of \$5 million for joint ventures or \$10 million for wholly-owned ventures. The move is expected to lead to large increase in funds committed to Indian real estate

The fund raising in the infrastructure sector are gathering steam with a host of multiple billion dollar funds announced. The funds are expected to be deployed starting last quarter of the current fiscal & over a couple of year's horizon. Fund raising would be aided by the fact that Infrastructure growth is on the way up after a brief slow down in the first 2 months of the year. Six main infrastructure industries in India, including crude oil, power generation and coal production, registering a strong a 10 percent growth in March against 7.6 percent in the same month last fiscal.

Team Hansuttam

REAL ESTATE

Indiareit to raise US \$ 800 million international fund

Indiareit Fund Advisors are planning to raise its second international fund of US \$ 800 million through an offshoring vehicle. This fund is expected to invest in the domestic market. Indiareit Fund Advisors is the real estate venture capital fund promoted by Piramal Group, a well known healthcare company in India. At present Indiareit is managing capital of US \$ 450 million which was raised through domestic & international funds

SBI MF to launch Real Estate Equity Fund

The SBI Mutual Fund - Magnum Sector Funds Umbrella (MSFU) Real Estate Equity Fund is to provide investors opportunities for long-term growth in capital through an active management of investments in equity and equity-related instruments (including derivatives) of companies in the realty and similar sectors and in debt and money market instruments. The open-ended scheme would be available in Retail and Institutional Plan with minimum investment under the retail plan of Rs 5,000 while under the institutional plan of Rs 5 crore. The performance of the scheme will be benchmarked against a composite benchmark created using BSE Realty Index to the extent of 60 per cent of the portfolio and BSE 100 for the remainder 40 per cent.

Abu Dhabi Investment House announces \$400 million Entertainment City Fund In Navi Mumbai

Abu Dhabi Investment House (ADIH) has announced the launch of India Entertainment City (IEC) fund, which would be financed through a \$400 million Sharia-compliant fund. IEC is planned to be developed in the special economic zone of Navi Mumbai. The fund, which has an investment period of two and a half years, is expected to achieve a 75 per cent return on investment over the period of the investment. The new project is built on ADIH's entertainment city concept, which is currently being implemented in Qatar - the Qatar Entertainment City. The concept consists of a mixed-use development comprising residential and retail components and focusing on the family entertainment industry.

Lehman Brothers and Deutsche Bank to invest \$500 million In Unitech SPV

Private equity arms of the global investment banks such as Lehman Brothers and Deutsche Bank will make a combined investment of \$500 million in an SPV of Unitech, a leading real estate developer in the country. The SPV has been floated to execute two

commercial projects in Mumbai. Unitech recently put on hold its \$1-billion qualified institutional placement (QIP) and the listing of its Singapore REIT (Real Estate Investment Trust) due to poor market sentiment. Following this and also the market volatility, Unitech stock has shed close to 30 per cent in the last few weeks

Deutsche Bank picks up 40% stake in Ramprastha

Deutsche Bank has picked up close to 40% stake in Ramprastha Promoters and Developers, a group company owned by Delhi-based Ramprastha Group for \$80 million. Ramprastha Promoters and Developers have been primarily engaged in developing housing projects in the national capital region (NCR). Ernst & Young advised Ramprastha on the deal. Currently, several big players like DLF, Unitech and Omaxe are also looking at raising money through PE route.

Indian Property Market may attract an Investment of \$ 10 Billion from Trikona

Trikona Capital, a U.K.-based fund that invests in Indian property, plans to spend as much as \$10 billion in the country's real estate market over the next decade. Trikona has invested \$450 million in over a dozen transactions in India in the last one-and-a-half years. The fund expects the increase in per capita income to drive consumption & accelerate demand for offices, factories, shops and houses. Trikona expects high demand for office spaces from tier 1 & Tier 2 cities

Acumen Fund, Hindustan Latex in healthcare JV

New York based Acumen Fund; a nonprofit venture fund has invested US \$ 2 million for a 50:50 joint venture with Hindustan Latex (HLL). The JV called Life Spring Hospitals Pvt Ltd would create a chain of small hospitals (20-25 beds) focused on providing low-income clients in India with quality health care services at low rates. Life Spring's has already drawn up plans to open five hospitals in 2008 and expand to thirty across India by the end of 2010. With 80 per cent of all health care expenditures in India out-of-pocket, Life Spring aims to significantly lessen the burden of rising health costs to low-income communities.

Acumen Fund is a nonprofit venture fund that invests in underserved markets like India, East and South Africa and Pakistan. It invests in health, housing, energy and water sectors.

George Soros buys 2.5-per cent stake in Indiabulls Real Estate

George Soros, the real estate billionaire has acquired a 2.5-per cent stake in Indiabulls Real Estate (IRE), for US \$ 75 million. Soros' hedge fund Quantum Fund picked up over

6 million Indiabulls Real Estate shares in the open market for US \$ 10 per share. There would be no dilution in the promoters' stake post-acquisition, as the transaction involved an exchange of stakes between Quantum and global financial firm Morgan Stanley.

Yatra Capital invests US \$ 50 million in Bangalore Property

The Euro next-listed real estate investment company Yatra Capital has invested approx Rs 175 crore in Bangalore-based property developments. Yatra has invested Rs 111.62 crore in Palladium Constructions for a 30 per cent stake. Palladium Constructions plans to develop mixed complex of retail and residential buildings. Yatra has also invested Rs 63.44 crore in Platinum Hospitality Services for a 30 per cent stake. Platinum will develop a hotel in Bangalore. Yatra has already committed Rs 914.62 crore of Rs 1,375 crore of the capital it has raised. The company has till date invested in nine real estate projects/entities.

Rodere Holdings, Cyprus to invest Rs 2 bn in Orbit High city

Rodere Holdings, Cyprus, would make foreign direct investment of up to Rs 200 crore in Orbit High city, a wholly owned subsidiary of Mumbai based realty player, Orbit Corporation. The investment would be used to develop township projects in Metropolitan region. Recently Orbit Corporation announced the acquisition of 100% stake in Orbit High city. Orbit Corporation is into real estate construction and development with primary focus on redevelopment of existing properties. It specializes in developing, designing and managing high-end residential and commercial properties

Acacia acquires 49% Stake in IT Park

Acacia, a Bahrain based Real Estate Company has acquired 49 per cent stake in an IT park in Noida for a consideration of US \$ 69 million. The property, along the Greater Noida Expressway, consists of four newly built 100% occupied office towers with a total gross leasable area of 461,120 sq/ft. It is currently leased to such strong tenants as Oracle, Mentor Graphics, Conexant Systems and Safe Net InfoTech.

Mantri unveils 5 Realty Projects in Bangalore

Mantri Realty Ltd, a Sunil Mantri Enterprise, has launched five real estate projects in Bangalore. The total land investment in Bangalore is to the tune of US \$ 125 million. The company has also acquired around 500 acres in Bangalore and projects on these lands would be launched in the financial year 2008-09. Mantri Realty aims to create 10,000 houses in three years in Bangalore alone. The company plans to launch five township projects ranging from 1,000-5,000 houses in each township in the acquired

land. The company has also been promoting projects in Belgaum, one of largest cities in Karnataka. The company has already acquired two prime properties in Belgaum. One property is of around 300 acres for a residential township, where around 5,000 houses would be constructed at an estimated cost of US \$ 125 million.

The second property is around 200 acres at the outskirts of Belgaum costing US \$ 50 million. The overall investment in the City of Belgaum by Mantri Realty would be to the tune of US \$ 200 million.

Sobha Developers to invest US \$ 500 million

Sobha Developers plans to invest US \$ 500 million for developing about 12 million square feet of commercial and residential space during fiscal 2008-09.

Of the 12 million square feet, 4 million will be commercial, which will include hospitality and retail. The proposed development will cover 5-6 cities, mainly in south India and the project will be funded through customer advance, internal accruals and debt. The Bangalore-based real estate company complete is expecting to complete the smaller projects in 2-3 years and the larger ones in 4-5 years.

India Infoline forays into Real Estate by partnering Chennai based realty group Indus

India Infoline is foraying into real estate by establishing a partnership with Chennai based Indus group. It has acquired stake into Indus IT Park Techscape Towers in Chennai by investing US \$ 2 million. The newly acquired facility will function as a captive centre that will offer back office support for the company's India operations.

Techscape Towers spread across 2.25 lakh square feet has a seating capacity of 2,500 and will be fully ready for occupation in another two months. It is covered by STPI tax benefits, which may are due to expire next year.

Indus Group is a 25-year old realty player promoted by the Lunawath family. India Infoline group offers services such as equity research, equities and derivatives trading, portfolio management services, life insurance and investment banking. India Infoline recently announced that it will raise Rs 555 crore through allotment of 37 lakh shares on preferential basis to Orient Global Tamarind Fund Pte Ltd. Orient Global Tamarind Fund is part of the Singapore- based private investment firm Orient Global group.

Indian Realty Market attracts Australian Company

Australian real estate consultancy major LJ Hooker (LJH), which recently entered India with its real estate franchisee business, is planning to tap the emerging demand for

professional property management, particularly in the residential and retail segment in the country. LJH's new venture in India will provide professional maintenance and upkeep of these assets upon project completion. Project management or letting management provides services like regular property inspections, end-of-year financial reporting, tenant sourcing and lease preparation among others. Quality maintenance protects the value of the property considerably during a market slowdown

DAMAC Properties signs up 60 real estate agents across India

DAMAC Properties - the largest real estate developers and luxury lifestyle provider in the Middle East signed up with 60 agents in India across metros and tier one cities to market and sell their regional properties to the Indian investors

Emaar to build Residences designed by Giorgio Armani

Dubai-based Emaar Properties plans to launch private residences branded as `Armani Residences` & designed by Giorgio Armani. The residences would be developed by its Indian joint venture Emaar MGF Land. Emaar had recently unveiled 144 Armani Residences at Burj Dubai development, Dubai. Emaar MGF plans to set up Armani brand of luxury hotels in places like Mumbai, Delhi and Goa.

Citigroup-Backed Real Estate Firm Makes Priciest Land Acquisition In India

Delhi-based real estate firm BPTP has struck the single largest ever real estate deal in the country. The firm has bagged a 95 acre plot in Noida on the expressway for a staggering \$1.25 billion. It is a staggered deal and BPTP would need to pitch in with just 30 per cent or about Rs 1,500 crore to begin with. It will pay the rest in 16 installments spread over eight years, along with an interest of 11 per cent compounded annually on the due amount. BPTP is a closely-held firm promoted by Kabul Chawla, which sold 5 per cent stake to Citigroup last year for an undisclosed sum. This deal is the most expensive in the country in absolute terms, even though last year Wadhawan Group (of HDIL) won the bid for a 7,107 sq metre commercial plot at the Bandra-Kurla Complex in Mumbai at a higher value per sq metre compared to the BPTP-Noida deal.

Phoenix Mills buys Bangalore land from GKW Ltd

Mumbai-based real estate developer, The Phoenix Mills Ltd, has struck a deal to acquire a 25-acre plot in Rajaji Nagar in Bangalore for around US \$ 80 million from engineering firm GKW Ltd. Phoenix Mills has teamed up with a UK-based real estate fund to acquire the land. Phoenix Mills and its subsidiary Bellona Finvest Ltd currently own 7.5% equity

interest in GKW. At the current market price of US \$ 2.5 a share the stake is valued at US \$ 10 million.

Mangalore Special Economic Zone sells over 82 acres to ISPRL

Mangalore Special Economic Zone Limited has sold a portion of the land to a public sector crude oil reserve for a whopping sum of Rs 50 lakh an acre, totaling US \$ 10 million. The Mangalore Special Economic Zone Limited (MSEZL) has acquired 1,800 acres of land through the Karnataka Industrial Area Development Board (KIADB) in Mangalore taluk. 1,800 acres was acquired by the MSEZL for the setting up of the first phase of MSEZ which includes MRPL Phase III Refinery, Aromatic Complex, Olefin Complex and allied infrastructure facilities.

European real estate giant enters India

Global realty major Yoo by Strack has identified India as a one of its major growth regions. The firm is in advanced stages of launching its first project named 'Yoo in Pune' to be developed in collaboration (25:75) with Panchshil Realty over 21 acres of land. The project will be built in phases with the first phase having six 30-storie-towers. The project would be launched in October this year and it would be completed within 30 months there after.

Israeli Giants Enter Indian Retail Sector

Tel Aviv-based retail mall giant Gazit Globe has tied up with HDFC funds to invest US \$ 150 million into developing assets, including supermarket anchored retail concepts. Gazit Globe's is also looking at getting into business parks and special economic zones (SEZs). Big Shopping Group, one of Israel's bigger real estate groups has entered into collaboration with Lehman Brothers Real Estate Private equity to set up 'open malls' in tier I and tier II cities. Big Shopping Group along with Lehman has drawn up plans to develop assets across 60 centres over the next 10 years. This will entail over \$2 billion in investments

Smart city shortlists four cos for US \$ 500 million project

Dubai-based Smart city has short listed four national and international companies for preparing a detailed master plan for the US \$ 500 million IT infrastructure project in Kochi.

The project is a joint venture between Kerala government and Dubai Smart city. The project promises to offer business support services, residential hospitality, retail and recreational facilities

INFRASTRUCTURE NEWS

ICICI Venture plans US \$3 billion Infrastructure fund

ICICI Venture plans to launch a separate US \$3-billion infrastructure fund to invest in road, port and power projects across the country. The fund would be from domestic and institutional investors in the current fiscal. The infrastructure fund will be the firm's third-biggest fund launch and will help it achieve a target of US \$10 billion assets under management by 2010. A \$2-billion real estate fund and a private equity fund of similar size are also being planned. The infrastructure fund has come to I-Venture after ICICI Bank, the parent, decided not to proceed with its own plans.

Nasser Munjee, Ajit Dayal Launch \$500 Million Infrastructure Fund

Mumbai based investment firm Quantum Equity Advisors has launched a US \$ 500 million private equity fund focused on infrastructure in India. The fund christened - Q India Fund - is expected to be closed in next six months, and will mainly be via foreign investment. It will focus on investments in infrastructure projects and companies in India. Ex-IDFC chief Nasser Munjee, his former colleague Satish Mehta and Ajit Dayal of Quantum group are the backers of the fund.

Quantum is part of the mutual fund house Quantum AMC and personal financial website EquityMaster.com. Ajit Dayal, one of the pioneering investment managers in India, is the founder of the group. He founded India's first equity research company in 1990, and also set the stage for the entry of India's first FII

PTC plans US \$1 billion fund to acquire coal mines

Power trader PTC India Ltd, which plans to diversify into the coal business and supply fuel to companies from which it will buy power, will create a US \$1 billion fund for the acquisition of overseas coal blocks. The blocks would be acquired by setting up an overseas arm, registered in Singapore. PTC is also considering divesting 70% stake in the overseas arm. PTC is considering mines in Indonesia, due to the proximity of the South Asian country to India leading to lower freight costs.

DLF Assets plans to raise US \$ 2 billion

DLF Assets Ltd, the real estate company owned by India's third-richest family, plans to raise more than \$2 billion in a private stock sale to buy office properties. The companies' investors include Lehman Brothers Holdings Inc. and D.E. Shaw & Co. The company

intends to sell the shares privately as the listing of its real estate investment trust on the Singapore stock exchange is delayed by almost a year. The offering will include convertible preferred shares that will later be exchanged into publicly traded common stock DLF Assets, based in New Delhi, buys commercial properties from DLF Ltd., India's biggest developer.

Allcargo Global to raise US \$ 50 million from Blackstone Group

Logistics firm Allcargo Global will raise about US \$ 50 million from private equity firm Blackstone Group through issue of preferential securities. The company will raise the US \$ 25 million funds through allotment of 10.81 lakh debentures. It would raise the other US \$ 25 million by issuing 15 lakh warrants at a price ranging between Rs 1600 and Rs 1800.

Axis Private Equity's Infrastructure Fund I to have a corpus of US \$ 200 million

Axis Private Equity Ltd, the private equity arm of Axis Bank (formerly known as UTI Bank), is launching a \$ 200 million infrastructure fund. The fund (registered as a trust) - christened Axis Infrastructure Fund I (AIF I) - will accept foreign direct investment from its Mauritius based entities Axis Infrastructure Fund Ltd and Axis Infrastructure Holdings Ltd.

The AIF I is expected to garner foreign investment of up to US \$ 150 million of its targeted US \$ 200 million corpus. The rest US \$ 50 million will come as an anchor investment of from Axis Bank, which owns the 100 per cent stake in the private equity arm. The funds will invest in Indian companies - in the range of \$20-50 million each in four to six companies. The fund is in advanced stages of closing a deal with an oil and gas pipeline company.

Axis PE joins a host of other funds who have already raised dedicated infrastructure funds for India such as 3i Infrastructure Fund and IDFC Private Equity. Many others like JP Morgan, Citigroup, ICICI Ventures, and ICICI Bank are also starting infrastructure funds.

Japan lends US \$ 2 billion for core sector

Japan on Monday extended US \$ 2 billion long-tenure loan at low-interest to fund India's infrastructure investments, its second batch of assistance for the fiscal.

Hyderabad's Totem Infrastructure raises US \$ 8 million from Aquarius Investment

Hyderabad-based engineering and construction company Totem Infrastructure has raised US \$ 8 million from Singapore-based private equity fund Aquarius Investment Advisors Pte Ltd. SBI Capital Markets advised Totem on the transaction.

The company, which started as a real estate company in 1997 & has ventured into infrastructure and construction since in 2003, currently has an order book of over US \$ 200 million in highways, irrigation, railways and power projects. Totem registered revenues of Rs 96 crore last year, and is expecting Rs 150 crore this year. It is executing projects across the country especially in states like Uttar Pradesh, Maharashtra's, Karnataka, Madhya Pradesh and Chattisgarh. Some of the large clients of Totem are IRCON and RITES.

Dubai's ETA Star to invest US \$1 billion in India

Dubai's ETA Star will invest more than \$1 billion in India's ports and aviation sector. ETA Star, a holding company for businesses including real estate and shipping, has already committed more than US \$2.3 billion in power and real estate in India. ETA Star was now likely to invest 40-45 billion rupees in developing a port in southern Tamil Nadu state.

Millennium invests US \$100 million in India

Millennium Private Equity (MPE), an entity regulated by the Dubai Financial Services Authority (DFSA), and part of Millennium Finance Corporation (MFC), the leading international investment bank based in the Dubai International Financial Centre (DIFC), would invest into an Indian telecoms tower business. MPE committed US \$100 million together with other highly reputable investment firms such as Temasek Holdings, Goldman Sachs, Macquarie, AIF Capital, Citigroup and India Equity Partners out of a total investment of US \$1 billion into Bharti Infratel (Infratel), a subsidiary of Bharti Airtel Limited, the leading telecoms player in India

Export Development Canada invests \$50 million IDFC Infra Fund

Export Development Canada (EDC), Canada's export credit agency, is investing \$50 million in an IDFC fund, which would be its single largest equity investment till date. EDC is investing in the proposed \$1 billion infrastructure fund, which will provide Canadian companies to invest in opportunities in India. The fund will be managed by IDFC Project Equity Company. It will invest in infrastructure projects involving energy and utilities,

transportation, telecommunications and social infrastructure. IDFC Project Equity Company is a wholly owned subsidiary of IDFC.

Singapore's Orient Global invests US \$ 278 million in Cairn Energy

Orient Global Tamarind Fund, a part of Orient Global, the Singapore-based private investment group, is picking 2.6 per cent stake in energy major Cairn India in a deal valued at US \$ 278 million. Petronas which already holds 10 per cent of Cairn India is increasing its stake to 12.7 per cent. Petronas would pick the additional stake at US \$ 355 million. The transactions are on a preferential allotment basis at a price of Rs 224.3 per share. The fund would be utilized towards expansion and operational requirements.

Frontline Ventures invested US \$40 million in Futura Infraprojects

Mumbai-based infrastructure and real estate firm Futura Infraprojects has offloaded 10 per cent equity stake to US-based private equity major Frontline Ventures for US \$40 million. The company is also planning to raise around Rs 250 crore through a public float that is expected to hit the markets by August. The company intends to use the proceeds from the private placement and the initial public offering (IPO) for its expansion plans.

Global PE majors buy stake in Pipavav Shipyard

In a pre-initial public offering (IPO) deal, four global private equity majors together picked up 2.25 per cent stake in Pipavav Shipyard (PSL) for around US \$ 25 million. Global private equity major Blackstone picked up five million shares through its India Fund, Merrill Lynch four million, Deutsche Bank two million and Galleon Group two million shares of the company. The shares were all bought at approximately US \$ 2 each. The total investments by made the PEs increase the total foreign institutional investor (FII) stake in PSL to 29 per cent. After this investment, the total institutional holding in company (foreign and domestic) stands at around 45 per cent.

Temasek may buy 10% stake in Fortis

Healthcare has become a major private equity play and with a few select large players in the industry like Fortis, the investor line is long. NDTV has learnt that none other than private equity (PE) major Temasek Holdings is the front runner for a stake in the company. No wonder the stock is at its all time high and the key trigger could be Temasek buying into the company. Temasek is in talks with Fortis to pick up a 10 per cent stake. The deal value is not yet known but going by the current market price it is

likely to be at least Rs 250 crore. The Fortis management is tightlipped about such a development but admits that it is open to partnerships to grow

Darby PE invests US \$ 200 million in Bangalore-based Bhoruka Power

Darby Overseas Investments, the private equity arm of Franklin Templeton Investments and a leading provider of private equity and mezzanine capital in emerging markets, has invested US \$ 200 million through an affiliate in Bangalore-based Bhoruka Power Corporation. Bhoruka Power Corporation (BPCL) is a company engaged in the development and construction of small hydro-electric and wind energy power generation projects. BPCL has a portfolio of fourteen projects adding up to 91 MW of renewable energy capacity, primarily in Karnataka, with a planned addition of another 111 MW to be commissioned in the next 48 months.

Railways to invest US \$ 160 million for modernization

The Indian Railways is likely to invest about US \$ 23 million for procurement of machines and approximately US \$ 140 million for modernization of workshops over the next one year. The modernization is under the purview of Central Organization for Modernization of Workshops (COFMOW)

ICICI Venture-Backed Tebma Shipyards scouting for strategic investors

South-based Tebma Shipyards, the third largest private ship-building firm after ABG and Bharati Shipyard is scouting for strategic acquirers. L&T, Great Offshore, Blackstone, Abraaj Capital and Apax Partners are interested in picking equity in the firm.

Primarily owned by ICICI Venture, Tebma is looking to expand and plans to build a facility in West Bengal. This project would entail a cost of US \$ 125 million and would be funded through a mix of equity and debt. The firm could see fresh equity infusion to the tune of US \$ 100 million for 26 per cent odd stake. This would value the firm at around US \$ 400 million.

Tebma had an equity share capital of Rs 7.77 crore and free reserves of Rs 68.80 crore as of March'07. Tebma has a turnover of around US \$ 100 million and has an order book position of \$ 400 million which is equal to its expected valuation post this transaction.

Tebma is part ICICI Venture's buyout portfolio where it has a majority stake. It had initially bought 33 per cent stake which was eventually hiked to 53 per cent. ICICI Venture would consider bringing a strategic investor on board while making a partial exit in this firm.

Reliance (ADAG) Group may tie up with Indiabulls for Raigad SEZ

Anil Dhirubhai Ambani Group (ADAG) company Reliance Energy Ltd. (REL) is forming a 50:50 joint venture (JV) with Indiabulls Real Estate Ltd. to develop the 6,000-acre multi-product special economic zone (SEZ) in Maharashtra's Raigad district.

REL plan's to diversify into real estate and infrastructure development businesses. The company aims to utilise the 22-km Mumbai Trans Harbour Link project from Sewree to Nhava-Sheva as a logistics link to the SEZ. The proposed SEZ will comprise an industrial processing area of 2,100 acres, commercial area of 900 acres, residential area of 1,500 acres and open space of 1,500 acres. It will comprise of a central core with various industry hubs.

ICICI ropes in global healthcare investor

ICICI Venture, the largest domestic private equity fund in the country, has roped in a foreign strategic healthcare investor in its endeavor to become a healthcare investment major in the country. The strategic partner would invest US \$80 million in IVEN Medicare, the fully-owned subsidiary of ICICI Ventures, to form a special purpose vehicle. The new entity would have a capital base of \$250 million. The new company would acquire majority stakes in key regional hospitals. It will use its large balance sheet and size to buy equipment, help the hospitals raise money and hire doctors.

Private equity funds want to buy stake in Wadia's GoAir

Private equity firms are interested in acquiring a minority stake in the Wadias-promoted GoAir. Estimates value the low-cost private carrier at US \$400 million. Global consulting firm Ernst and Young are acting as consultants to the private equity players.

ICICI Ventures to pick stake in Express Towers

ICICI Ventures, the private equity arm of the country's biggest private bank, will partner with the Indian Express Group for its Express Towers property and plans to take a minority stake in the business. ICICI Venture will advise on up gradation and management of the property. The Indian Express Group would demerge the Express Towers from its publishing business to unlock value and to give effect to the partnership. BMR Advisors is acting as the transaction advisor to the media house

GMR Infra sets up subsidiary in Mauritius

GMR plans setting up of the wholly-owned Mauritius arm, GMR Infrastructure (Mauritius), to put in place a structure that will act as an entry vehicle for its global foray.

GMR eyeing projects in Mid-East, North Africa

Leveraging on its recent contract to expand the Sabiha Gokcen International Airport at Istanbul, India's infrastructure major GMR Group is currently exploring opportunities in the Middle-East, North Africa & European countries. The London-based international business division of GMR is expecting 2-3 major projects in the infrastructure sector. GMR would focus on projects in sectors such as energy, airports and highways for which it has the requisite expertise

The group, he added, will also be trying to enter the infrastructure space in the other Asian Nations by building on its business relationship with the Malaysia Airports Holding Berhad (MAHB). MAHB has provided various services to the group's new airport project at Hyderabad and will pick up 20 per cent stake in the GMR-led consortium to upgrade the Istanbul airport.

Trikona Announces SEZ Approval for 76-Acre Mixed-Use Development

Trikona Capital Ltd., has received approval for developing a Special Economic Zone (SEZ) in the rapidly growing city of Greater Nodia. The development would entail an equity investment of US \$ 56 million and is located in a specially designated area, known as Tech Zone, which promotes the development of the IT services industry in the region. The 76-acre mixed-use development called Tech Oasis project would comprise 10 million square feet of IT, residential and commercial space. Tech Oasis is situated along the Taj Expressway, which will connect the site to a new proposed international airport and provide direct access to Agra, Faridabad and Gurgaon.

SBI buys 8% stake in ARSS Infra

In a private equity (PE) deal, the State Bank of India (SBI), the largest public sector bank of the country, has picked up 7.79 per cent equity in the Orissa-based ARSS Infrastructure Projects Limited. The deal was for 10 lakh shares out of the company's total equity base of 1,25,54,000 shares of Rs 10 each. The value of the deal has not been disclosed

Mercator Lines in charter deal with PRC Shipping

Mercator Lines has entered into a compact negotiation with Refined Success, a subsidiary of PRC Shipping Conglomerate COSCO Shipping Co, for the time charter-out

of Geastiniono TBN, a gearless post panamax vessel of 92,500 DWT. The vessel would be taken by the company on time charter-in basis at \$25,300 per day for a period of 5 years and is expected to be delivered in June 2009.

Mittal open to acquiring iron ore mines other than Chiria

Arcelor-Mittal is open to acquiring mines other than Chiria for iron ore capability both in Jharkhand and Orissa projects. Arcelor-Mittal accounts for at least 10 per cent of the global steel production and has pledged to build two new 12 million tonne integrated plants - one each in Jharkhand and Orissa - at a total cost of Rs 80,000 crore.

Leighton Wins US \$720 million Pipeline Contract in India

Leighton International has been awarded a US \$ 720 million contract for the construction of offshore pipelines in India for Oil and Natural Gas Corporation (ONGC). The project, PRP - 2 (Pipeline Replacement Project - 2), involves engineering, procurement and installation of over 200 kilometers of fixed and flexible pipelines of various diameters in the Mumbai High field some 80 kilometers off the coast of Mumbai. Stage one is expected to be completed in May 2009, stage two in 2010, and stage three in 2011.

Jyoti Structures bags contract worth US \$ 250 million

Jyoti Structures Africa (Pvt.) Ltd., a joint venture company of Jyoti Structures Ltd., has received a contract by Eskom Enterprises (Pty) Ltd., the electricity utility of South Africa. The order is for execution of the 114 Km of 765 KV single circuit transmission line construction from Majuba to Umfolozi. The contract is valued at about Rands 184ms (equivalent to US \$ 25 million) and is to be executed in 13 months.

Era Infra JV gets DMRC contract worth US \$ 60 million

Era Infra Engineering Ltd in a joint venture with KMB Ukraine had secured a contract from Delhi Metro Rail Corp, worth US \$ 60 million. The project, for construction of an underground station and tunnel, is to be completed by November 2009, Era said in a statement. Era has orders worth 47.3 billion rupees on its books

Australian construction co bags \$720 mn contract from ONGC

Australian construction company Leighton Holdings Ltd has bagged a contract from Oil and Natural Gas Corporation worth 720 million dollars for building an oil and gas pipeline in India. Leighton will install over 200 km of fixed and flexible pipelines for ONGC in the Mumbai High field, about 80 km off the coast of Mumbai and the project will commence in November. The work will take place over the next three years between November and

May when the weather is suitable. Leighton International Managing Director David Savage said the project consolidated the company's operations in India.

Unity Infraprojects gets US \$ 30 million & US \$ 25 million orders

Unity Infraprojects Ltd has secured a multi speciality hospital construction order in Hyderabad worth US \$ 30 million. The project is to be completed in 15 months. Unity Infraprojects has received a letter of intent from Magarpatta Retail for civil construction of Magarpatta retail mall at Pune. The contract is valued at US \$ 25 million and will be completed in 9.5 months.

L&T bags US \$ 40 million order from Chinese firm

Engineering and construction major Larsen & Toubro has bagged a 28-million euro (about Rs 170 crore) contract from a Chinese firm for supply of gasification equipment. The heavy engineering division of Larsen & Toubro (L&T) would supply coal gasifier and syngas cooler assembly to Hebi Coal and Electricity, a subsidiary of Zhongyuan Coal Chemical Industry, for utilization in its methanol plant.

The company's manufactured equipments would help produce six lakh tonnes per annum of methanol. The equipment would be manufactured at L&T's Powai and Hazira facilities. The gasifier assembly would be the world's largest and heaviest weighing about 1,740 MT. The manufacture of this gasifier would require transportation of fabricated sections. L&T is confident of successfully completing the work based on its similar past experience.

Navi Mumbai Airport to be ready by 2012

Navi Mumbai airport would be operational by the time Mumbai airport reaches its saturation capacity of 40 million. The prime consultant for structuring the bidding process for Navi Mumbai International Airport is expected to be appointed by the end of this month. The airport to be built at a cost of US \$ 700 million would have a capacity of 10 million passengers per year.

Aai begins legal due diligence for non-metro airports

The Airports Authority of India (AAI) has began the process of legal due diligence for non-metro airports with the appointment of Legal Advisor for the process. The AAI has appointed M/s. M.V. Kini & Co., Mumbai as Legal Advisor for providing legal advisory services for the city side development of the four non-metro airports – Amritsar, Udaipur, Trichi and Vizag. The Legal Adviser will be advising the AAI on all legal matters

associated with the successful conduct of the bidding process and execution of the Concession Agreement with the select bidder.

REGULATORY NEWS / GOVERNMENT

Infrastructure

Electricity on demand by 2012

Government has a strong focus on the power sector & intends to provide electricity on demand by 2012. The country had added 54,000 MW generation capacity during the last 15 years (8th, 9th and 10th Plans). The Government, proposes to introduce a restructured Accelerated Power Development and Reforms Programme (APDRP) in the XIth Five Year Plan to cut transmission and distribution losses. The APDRP was launched in 2002-03 with the objective of encouraging reforms, reducing aggregate technical and commercial loss and improving quality of supply of power.

Government for more roles of private firms in coal exploration

To meet the production target for the Eleventh Five Year Plan (2007-12), the government is for more private players entering the area of coal exploration. Quoting Coal Secretary H C Gupta, The Times of India reports that the public sector cannot meet the demand alone and hence, efforts had been made to allow private sector in coal exploration within the existing framework.

Government liberalizes FDI in Cargo, Petroleum Refining, Industrial Parks, Titanium Mining

Government has liberalized FDI regulations for investments in Industrial Parks, Titanium Mining, Cargo, and Petroleum Refining. Restrictions such as minimum capitalization and lock in period of 3 years have been removed for Industrial Parks. 100% FDI allowed with FIPB permission for Titanium Mining. For petroleum refining FDI limit raised from 26% to 49% in ventures with PSU's. Investments by FII have to be distinct from FDI for construction development projects.

FDI Cap raised for in Civil Aviation

The Union Cabinet has increased the FDI limit for non-scheduled airlines and chartered airlines to 74 per cent from 49%. However no foreign airline would be allowed to participate in the civil aviation sector either directly or indirectly.

Government considering corporatisation of non-metro airports

The government is considering corporatisation of cargo operations at non-metro airports as part of the private-public partnership (PPP) initiative. The policy is as per recommendations of the inter-ministerial group (IMG) for upgrading facilities at non-metro airports across the country. The move will enable private sector players to run cargo terminals at these airports that are now managed by Airports Authority of India (AAI).

Government announces draft airport policy

On establishing greenfield airports to be set up by the AAI, the policy suggests that this should be preferably constructed through PPP and such airports would be financed substantially through them.

Planning Commission planning to raise Infrastructure investment to 9% of GDP

Planning Commission is proposing to raise investment in infrastructure sector to 9 per cent of Gross Domestic Product (GDP) by 2012 to achieve the high growth rate planned during the Eleventh Five Year Plan (2007-2012).

Industry demands granting permission to MF/ FIs to launch dedicated Infrastructure Funds

The Associated Chambers of Commerce and Industry of India (ASSOCHAM) has suggested granting permission to mutual fund companies and financial institutions to launch Dedicated Infrastructure Funds (DIFs) with a view to mobilize resources to develop key sectors such as power, roads, rail, ports, airports to help India move a higher growth trajectory of 10% during 11th plan period.

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Real Estate

PE/VC Funds To Be Brought Under FDI Regime

Private equity and overseas venture capital investments into India may have to conform to the sector specific Foreign Direct Investment caps while investing in India. The central bank RBI has put a draft paper for public comments for reporting FDI, which could include PE/VC investors under the definition of foreign direct investment (FDI). This move is being seen as a part of the government's and RBIs plan to monitor the flow of foreign capital into the country.

Commerce and Industry Minister favors tax relief

The Union Minister for Commerce and Industry, Shri Kamal Nath has expressed his concern over the high taxes applied on Real Estate Prices. According to the minister the sector should get tax breaks to spur development to meet the growing demand.