

## Daily Economic News Summary: 5 April 2016

### 1. Gammon India to sell EPC biz to Thailand firm for Rs 250 Crores

Source: **Financial Express** ([Link](#))

Debt-laden civil contractor Gammon India has accepted the proposal from Thailand-based GP Group to sell a controlling stake in Gammon's engineering, procurement and construction (EPC) business for R250 crore. In a filing to BSE, the company said that the board of the company "*considered and accepted the proposal from GP Group, Thailand to invest in the company's Civil EPC by investing in the company's wholly owned subsidiary, Gammon Retail Infrastructure Private (GRIPL)*". As part of the agreement, GP Group shall invest a sum of R250 crore, of which R26 crore is to be invested on completion of business transfer agreement and balance R224 crore upon completing the scheme of arrangement for acquiring upto 75% stake in GRIPL.

The sale of EPC business forms part of the company's efforts to repay the CDR lenders. Gammon India's CDR package of R13,000 crore in 2013, was among the largest approved in the last two years. According to the Master Restructuring Agreement (MRA) dated September 24, 2013 executed by Gammon India with the CDR lenders, the company was required to ensure that either the corporate guarantees issued by the company on behalf of its subsidiaries are released in full or the company monetises or divests its investments in the domestic and overseas subsidiaries.

### 2. Finance Ministry lines up 16 PSUs for disinvestment

Source: **Economic Times** ([Link](#))

Finance Ministry has drawn up a list of 16 PSUs including ONGC, Oil India and Coal India for disinvestment in 2016-17 which could fetch the exchequer Rs 40,000 crore at current stock value. The list includes state-owned companies such as NMDC, MOIL, MMTC, National Fertilisers, NHPC, NALCO and Bharat Electronics, sources said. Based on the current market prices, the stake sales could fetch the exchequer around Rs 40,000 crore. The list mostly contains PSUs which were up for sale in the last fiscal itself but volatile market conditions delayed the plan. Besides, the Cabinet approvals are also in place for some of these PSUs. "*We have cabinet approval for stake sales. In PSUs which have excess cash, buy back is also an option for which we do not need a new approval,*" a source said.

### 3. Microsoft finds India incredibly unique, valuable market

Source: **IBN Live** ([Link](#))

India's growing and robust start-up culture, strong base of development partners and its large economy make it an "incredibly unique and valuable" market for Microsoft, senior executives at the technology giant have said. *"India is unique in a number of different ways. In India, (there is) such an embrace of technology in development as a whole. It is unbelievable the quality and diversity of development that is coming out of the country,"* Senior Director of Windows Product Marketing at Microsoft Aaron Woodman told PTI on the sidelines of the just-concluded annual developers' conference 'Build 2016' here.

Underlining the importance of the Indian market from the perspective of Cloud computing, Microsoft's Cloud Platform General Manager Julia White said that India is an "amazing and robust market", particularly against the backdrop of the innovations coming from there and the growing start-up culture. *"That was one of the reasons we put data centers in India. We know that there is so much opportunity and so many start-ups and innovation going on in India that there is need and comfort around having data sovereignty and having information remain local in India,"* she said. Noting that there is significant development being done in India on Windows, Woodman said the country's embrace of the English language in addition to the native languages and dialects has helped Microsoft a lot in terms of its acceleration and ability to speak to developers and have a conversation.

### 4. Banks to invite buyers for ABG Shipyard stake

Source: **Live Mint** ([Link](#))

Lenders to private shipbuilder ABG Shipyard Ltd have decided to issue a public notice inviting expression of interest (EOI) from buyers keen to pick up a controlling stake in the company, said two bankers familiar with the development, on condition of anonymity. *"We are going for an open process since it is more transparent and we will get a better sense of the valuation of the company this way,"* said one of the bankers. *"Initially when we were going through a closed process, we couldn't find that many buyers. The discussions with the Vietnamese investors is still on, though we are doing this open process to see if any surprises come up."*

On 9 March, *Mint* had reported that the lending consortium was in discussions with a Vietnamese financial investor to sell a majority stake in ABG, after they invoked the strategic debt restructuring (SDR) provision in December. The consortium is led by ICICI Bank Ltd and State Bank of India (SBI). *"The banks are actively pursuing the possibility of a change of ownership and management of ABG Shipyard. Another option that banks are exploring is to sell the assets of the shipyard to recover their money. The banks are taking all steps to protect their*

*interest and maximise value of their exposures,”* said the second of the two bankers cited earlier. *“We do not comment on client-specific information. However, we would like to state that we explore all possible options including stake sale in companies to protect the bank’s interest,”* an ICICI Bank spokesperson said.

## **5. India’s electric vehicle sales grow 37.5% to 22,000 units**

Source: **Live Mint** ([Link](#))

Sales of electric vehicles in India grew by 37.5% to 22,000 units in the year ended 31 March, according to industry lobby group Society of Manufacturers of Electric Vehicles (SMEV). Of these, only 2,000 units were four-wheelers. The lobby group said that industry sold 16,000 units in 2014-15. At these levels, India remains miles away from its objective of selling 6 million electric vehicles by 2020, a vision stated by the government through the National Electric Mobility Mission Plan (NEMMP) 2020 and FAME (Faster Adoption and Manufacturing of Electric Vehicles). *“It would be tough to achieve (the target) unless ground level infrastructural deficiencies were removed and credit facilities eased for buying green vehicles,”* SMEV said in a statement.

However, SMEV took solace from increased awareness among commuters about electric vehicles *“and the fact that people are seeing a good value proposition in EVs,”* said Sohinder Gill, director of corporate affairs at SMEV. *“Intentions at policy level abound but government at every level, be it Centre, State or Municipal, now has to go the extra mile to facilitate mass migration to green mobility,”* he said.

## **6. Xiaomi backs Hungama, its 1<sup>st</sup> India investment**

Source: **Times of India** ([Link](#))

Chinese smartphone maker Xiaomi is leading a \$25-million (about Rs 165.4 crore) funding in content provider Hungama Digital Media Entertainment, which also has ace investor Rakesh Jhunjhunwala on board. The investment comes in as mobile broadband speed gets faster in India and 4G networks are rolled out in many parts of the country. The investment in Hungama is Xiaomi's first in an Indian company and it is open to more such opportunities, VPHugo Barra said. Hungama will help the company strengthen its local content and services portfolio in India. *“Our Video on Demand (VoD) service in China has 100 million installs and 30 million daily active users. 4G has played a major role in this. India is now on the verge of witnessing a similar data explosion and we wanted to ensure that we have a big play in this segment,”* Barra said, adding that Xiaomi will be able to integrate Hungama's content into its own line of smartphones.

Hungama has partnerships with over 700 content creators, and has over 8,000 movies in Hindi, Tamil, Telugu, Malayalam, Bengali, Punjabi and six other Indian regional languages on its platform. Over 65 million monthly active consumers across platforms access Hungama for its music, video and movie services, the company said. The funding round also saw participation from existing investors Intel Capital, Bessemer Venture Partners and billionaire Rakesh Jhunjhunwala.

**7. RBI cuts repo rate by 25bps to 6.5%; CRR unchanged at 4%**

Source: **Live Mint** ([Link](#))

Reserve Bank of India (RBI) cut its repo rate by 25 basis points to 6.5% at a policy review on Tuesday, making a widely expected first reduction since September to bring the rate to its lowest in more than five years. The cash reserve ratio (CRR) remains unchanged at 4%. The central bank sees consumer inflation at 5% in 2016-17 and economic growth at 6.7%. The RBI had cut its repo rate by 125 basis points last year, and most analysts had anticipated a further reduction as inflation has slowed and the government's 2016/17 budget kept borrowing and spending in check.



**By Harsha Hazarika**