Daily Economic News Summary: 8 March 2016

1. “Happening Haryana” sees Rs 80,000 crore worth of proposals from renewable sector

Source: **Economic Times** (Link)

The renewable energy sector has made business commitments worth Rs 80,000 crore at the ongoing 'Happening Haryana' investment summit. The proposals include investments in solar, biomass, micro hydroelectricity and waste-to-energy projects. *"The investment proposals (from the sector) have far exceeded expectations and even surpassed those in industrial investments,"* a top source from the Haryana government told ET, speaking on the condition of anonymity as these are part of elaborate announcements to be made later by Haryana chief minister Manohar Lal.

Under its upcoming solar policy, the Haryana government is set to offer industry status to the segment with a bouquet of financial exemptions and single-window clearance. The state will open panchayat land, irrigation canals and government buildings for investors to set up photovoltaic projects. A special scheme for solar water pumps is part of the policy. A price preference of 2% will be extended for solar power producers with 1-2 MW capacities. Sites to set up photovoltaic cells will be offered directly or through Saur Urja Nigam Limited (SUN), a special purpose vehicle of Haryana Power Generation Corporation and Haryana State Industrial and Infrastructure Development Corporation. The SPV will identify land to promote green energy in the state.

2. Suzuki plans $1.8 billion bond sale to fund India expansion

Source: **Live Mint** (Link)

Suzuki Motor Corp. plans to sell 200 billion yen ($1.8 billion) of convertible bonds and cancel most of the stock it bought back from Volkswagen AG last year, as the Japanese automaker expands in India following a failed alliance. Suzuki will sell the bonds primarily to fund the Rs.185 billion ($2.8 billion) factory it’s building in Gujarat, according to a statement filed Monday to the Tokyo stock exchange. The automaker also will cancel 70 million treasury shares, or 12.5% of outstanding stock, to boost returns for investors after ending its partnership with Volkswagen in September, the company said in separate statement.

President Toshihiro Suzuki, who took over from his father and chairman Osamu Suzuki in June, has been under pressure both to press ahead with expansion in the company’s largest market and reward shareholders who lost out on any value from an alliance with Volkswagen, which failed to yield any joint projects. Daniel Loeb, whose hedge fund Third Point LLC disclosed it bought a stake in the carmaker in August, told reporters the automaker should cancel all the stock bought back from Volkswagen. Suzuki acquired 111.6 million shares from the German automaker last year. The Japanese company said Monday it will hold a maximum of 50 million treasury shares, mainly to exercise the convertible bond sale.

3. Railways form Special Purpose Vehicle to execute bullet train project

Source: **Economic Times** (Link)

Gearing up to introduce trains that run at speeds of more than 300kmph, the railways have formed a new Special Purpose Vehicle (SPV) to implement the Mumbai-Ahmedabad High Speed Bullet Train project. The entity has been named the National High Speed Rail Corporation Limited. The bullet train is expected to cover the 508km between Mumbai and Ahmedabad in about two hours, running at a maximum speed of 350kmph and operating speed of 320kmph. Currently, Duronto takes about seven hours to cover the distance between the two financial centres of the country. Estimated to cost about Rs 97,636 crore, 81 per cent of the funding for the project would come by way of a loan from Japan. The project cost includes possible cost escalation, interest during construction and import duties.

It is a soft loan for 50 years at 0.1 per cent annual interest with 15 years' moratorium period, said a senior Railway Ministry official. Maharashtra and Gujarat are expected to participate in the equity for the SPV, while the Railways will have 50 per cent. The balance would be contributed by the state governments of Maharashtra and Gujarat.

4. Paytm, US firm in tech tie-up for payments bank

Source: **Business Standard** (Link)

With a view to launching its payments bank, Paytm has tied up with US-based FIS Global, for technology, say sources close to the company. The bank may come by the second half of the next year. Sources added the deal would be worth Rs 150 crore and the contract would span five years. FIS is a Fortune 500 company. Paytm is a mobile payment and commerce platform owned by One97 Communications. Founded by Vijay Shekhar Sharma, Paytm plans to turn its 120-million wallet users into account holders of its payments bankonce it is launched, it is learnt.

FIS offers the financial world payment processing and banking solutions, including software, services and technology outsourcing. According to experts, the core banking system is the backbone of any bank. This is one of the critical elements of information-technology infrastructure, a source said. *"All consumer transactions will go through this, so it is critical to have a foolproof system."* FIS says it has more than 20,000 clients in 130 countries. According to the company website, its technology enables billions of transactions that move over $9 trillion per year around the globe. According to sources, Paytm would tie up with firms for banking operations over the next three months.

5. Mukesh Ambani's $20 billion bet on TV, telecom may rekindle wealthy brothers' rivalry

Source: **Economic Times** (Link)

India's richest man, Mukesh Ambani, is muscling into the country's cable TV sector as part of a media and telecoms offensive that pits him against his once-estranged younger brother and threatens to shake up both industries. Ambani controls Reliance Industries, an oil and gas behemoth that is India's most profitable conglomerate. He is also now targeting India's consumers, taking steps most recently into telecoms, where he has spent at least $18 billion on 4G telecoms brand RJio, due to launch this year. Now, he plans to spend around $2 billion over three years to capture India's TV sets, two people with direct knowledge of the matter said, as he eyes an opportunity to use his financial clout in what is a highly fragmented sector. Home entertainment is wildly popular in India, but it's a high-volume, low-margin business where many smaller local operators control the so-called "last mile" - the connection from fibre optic cable in the street into the living room.

Ambani's television unit has been aggressively wrapping up deals with hundreds of small players in a street-by-street effort to conquer that final hurdle in its cable TV drive, people familiar with the matter said. It could also snap up rival operators as part of that push, those sources and analysts said, driving tie-ups in a densely populated sector that includes Hathway Cable, Den Networks and Siti Cable. One Reliance official, who didn't want to be named because the targets are not public, said a mid-year goal of 1 million subscribers would rise to 5 million homes in the medium-term. Within three years, the aim is 20 million.

6. Minda Industries buys lighting business of Spain's Rinder Group for 20 Million Euros

Source: **Live Mint** (Link)

Auto components manufacturer Minda Industries has acquired Spain-based Rinder Group's global automotive lighting business for €20 million (over Rs.145 crore). The acquisition includes 100% equity holding in Rinder India, Spain-based Light Systems and Technical Center, along with 50% stake in Rinder Riducu, Colombia. *"This acquisition will give us immense advantage technology wise in lighting solutions and will further augment the R&D Capabilities of the company. With this acquisition the company's lighting business will have turnover in* *excess of Rs.700 crore,"* Uno Minda Group chairman N.K. Minda told PTI. The turnover from the lighting business is currently around Rs.300 crore, he added. *"Our vision is to achieve 25% of group turnover from international business. The overseas leg of this global acquisition will ensure that the company moves closer to its vision and expand its geographical footprints further,"* Minda said.

The deal will be financed through a mix of internal accruals and debt. As part of the deal, Minda has also acquired Rinder's brand name and intellectual property rights. Integration and merger with Uno Minda brand name will be finalised at a later stage. Minda group manufactures lighting products at its plants at Manesar, Pune and north of Delhi. Rinder India's manufacturing facilities are located at Chakan, Pimpri (Maharashtra) and Bahadurgarh in Haryana.

By Harsha Hazarika