

Anil signs Rs 15 bn deal with Bachchans

Reliance Big Entertainment (RBE) seems to be getting bigger by the day. Days after reports of the Anil Ambani firm planning to infuse about \$600 million into Hollywood bigwig Steven Spielberg's DreamWorks, comes the news of a mega deal with the Bachchans.



Sources said the deal could be worth Rs 10-15 bn and will include film production, television series, reality shows, internet and mobile content, besides live shows. RBE will look into the managerial, marketing and distribution of the projects in the deal, while the creative inputs will come from the Bachchans.

Some of the directors who have been signed up to direct films for the joint venture are Cheeni Kum director R Balakrishnan, Sujoy Ghosh, Rohan Sippy and Dr Chandraprakash Dwivedi. A source from Reliance Adlabs said that more directors would soon be signed up for the joint venture.

Amitabh Bachchan's company AB Corp will facilitate the execution of the joint venture projects. Speaking, Bachchan Sr said, "We will provide the creative inputs and also share the profits. As of now, we plan to start with film projects and work in a way that will benefit us mutually."

Nano roll out likely by Durga Puja

Tata Motors on Saturday said its ambitious Nano project was facing cost overrun but maintained the Rs 1 lakh car could be rolled out from its Singur facility by Durga Puja. Managing Director of the company Ravi Kant, who met West Bengal Chief Minister Buddhadev Bhattacharjee at Writers' Buildings here, told reporters that the entire project had been reworked at the plant site at Singur due to floods last year which had led to the cost escalation.

"We have already sunk in Rs 2000 crore", Kant said, adding earlier the

project cost was pegged at Rs 1700 crore. Stating that Tata Motors was fully committed to the Singur project, Kant said if everything went well as planned, then the Nano car would be rolled out from the plant during Durga Puja. "We hope to start trial production during July or August" he said. Asked whether there was a possibility of Nano being rolled out from any other plant of Tata Motors, Kant said, "Nano will be produced out of West Bengal". Kant had visited the Singur plant earlier to review progress and held long discussions with suppliers and vendors.

GACL, Dow Chemical to form JV firm

The 50:50 partnership will set up a Rs 600-crore plant in Dahej

Gujarat's chemical sector is likely to get a major fillip, with the state public sector undertaking (PSU), Gujarat Alkalies and Chemicals Ltd (GACL), all set to kick start a joint-venture company next week with Dow Chemical Company, a world leader in providing innovative chemical, plastic and agricultural products and services around the globe. Sachivalaya sources said, though the name of the company has not been finalized, "in all likelihood it will be registered as Dow-GACL Solventure Ltd."

A senior official said, "The new joint-venture company, which will have 50:50 partnership, will start work to set up a Rs 600-crore plant on six hectare (ha) in Dahej immediately, choosing the right type of technology

and machines. To produce two lakh tonne chloromethane group of chemicals per annum, the project will be commissioned by mid-2011." Currently, only one lakh tonne of chloromethane are being produced in the country, of which one-third is produced by GACL.

But with the new joint-venture company in field, the entire chloromethane scenario would undergo a sea change. It will increase the total chloromethane production in the country by 2.5 times. The official said, "Right now, the country has to import nearly 40% of the chloromethane group of chemicals to satisfy the domestic needs of pharmaceutical and other downstream industries. With the new JV, not only will imports stop, India may consider exporting

Ahmedabad a hot destination: HDFC

Internal report gives a positive outlook on city's growth course

So what if HDFC honcho Deepak Parekh has been jittery on the real estate sector. There is one market HDFC seems quite optimistic about - Amdavad.

An internal report recently circulated by HDFC has profiled Ahmedabad as one of the fastest emerging and most cost-effective megacities in India offering realty that is economical by 20-30% as compared to other tier-II cities.

"The city has witnessed impressive growth in real estate over the last 2-3 years with high quality infrastructure, pro-active government measures and

business-friendly policies - all contributing to Ahmedabad emerging very fast with the highest rate of intra-state urbanisation. Despite the average price appreciation for new properties being in the range of 35-40% over the last year, real estate prices are economical." The report adds: "Ahmedabad today is a hot destination attracting a large number of pan-India developers who have either firmed up plans or are scouting for land to participate in the comparatively affordable real estate market by capitalising on its future metamorphosis."

Thanks to lower cost

of operations, the report also projects Ahmedabad as a future IT/ITeS hub. Citing a recent survey conducted by retail consultant Technopak that ranked Ahmedabad as among top eight Indian cities that are slated to attract investments worth \$15 billion in the next five years, the HDFC report states: "As the cost of IT/ITeS operations in Ahmedabad is lower by 40-50% as compared to tier-I cities in the country, substantial potential is envisaged for future IT/ITeS investment. Though in a nascent stage, over the next 2-3 years significant IT/ITeS supply is expected to come in."

Terming proposed mega-projects like the metro rail, bus rapid transit system, Sabarmati riverfront development, international airport and the Gujarat International Finance Tec-City as major price propellers for Ahmedabad's realty, the report says Ahmedabad has undergone a steady transformation that is evident in its modern cityscape.

According to the report, SEZs were set to serve as engines of Ahmedabad's growth and creators of jobs with nearly 18 of the total 64 SEZs proposed in Gujarat located within a 25-km radius of Ahmedabad.

Barclays announces \$8.85 bn share issue

Barclays PLC hopes to raise \$8.85 billion through a share issue that will draw in new investment from the Middle East and Asia, the company said last week.

The company said the cash would bolster its financial position after losses from the US sub-prime crisis and allow it to capitalize on current disruptions in financial markets.

Barclays is the third big British bank to go to its shareholders to shore up its financial position. Royal Bank of Scotland recently raised \$23.6 billion in Europe's biggest-ever rights issue, and HBOS PLC has announced a \$7.9 billion rights issue.

Barclays, Britain's third-largest bank, said its plan would bring in new investment from Sumitomo Mitsui Banking

Corp., the Qatar Investment Authority and Challenger, a company representing Sheikh Hamad Bin Jassim Bin Jabr Al-Thani, the chairman of Qatar Holding, and his family.

The bank said 500 million pounds (\$983 million) will be raised through a placing of 169 million new ordinary shares at 296 pence (\$5.82), and 4 billion pounds (\$7.9 billion) to be raised through an open offer of 1.4 billion shares at 282 pence (\$5.55) each on the basis of 3 shares for every 14 shares now held.

Qatar Investment Authority and Challenger have agreed to invest up to 1.76 billion pounds (\$3.46 billion) and 533 million pounds (\$1.05 billion) respectively, Barclays said.

Sumitomo Mitsui has agreed to invest 500 million pounds (\$983 mil-

lion); China Development Bank up to 136 million pounds (\$267 million); and Temasek Holdings, based in Singapore, up to 200 million pounds (\$393 million).

"We feel that the valuation is undemanding, the dividend outlook is good news, as is the lack of any earnings guidance downgrade," said Alex Potter, analyst at Collins Stewart.

"Following this, we have a strongly capitalized bank which was the key bear point," Potter said.

The bank has reported write-downs of 2.6 billion pounds (\$5.1 billion) through the first quarter of this year related to the subprime lending crisis in the United States, a smaller hit than reported by some of its peers, including RBS. The company said the share issue would boost its capital and equity ratios above its long-

term target, and it intends to keep them at that level "particularly while current market turbulence persists." Current strains in the financial system have created opportunities, including pricing changes in many asset classes and reduced competition, Barclays said in a statement.

"Significant opportunities therefore exist to attract flows of new business at expanded margins consistent with Barclays' strategy to seek higher growth over time by diversifying its profits base."

The company said it intends to expand its presence in Asia, the Middle East, Africa and Europe, and step up growth in Russia, Pakistan and other new markets. It also intends to expand its investment banking activity, particularly in Asia and the United States.

Essar withdraws bid to acquire Esmark

Indian conglomerate Essar group withdrew its 1.2-billion-dollar bid on Thursday last for acquiring US-based steel company Esmark following a higher bid by the Russian company which has full support of the unions.

Russian company Severstal has offered 19.25 dollar a share, compared to 19 dollar by the Essar group. Essar Global, a subsidiary of Ruias-led Essar group, had raised the bid to 19 dollar a share from original 17 dollar and had also extended a 110 million dollar loan to Esmark, which helped the US steel company address a potential default.

Essar has been in discussion with the United Steelworkers Union (USW) throughout the process, but later learnt of a supposed understanding between the USW and Severstal. "Essar has been at disadvantage in not

knowing the terms of the USW's agreement with Severstal," Essar said in a statement adding despite their offer to commence negotiations on renewal of basic labour agreement, the USW continued its support of Severstal and has assigned its "right-to-bid" to Russian company as well.

Commenting on the development, Shashi Ruia, Chairman of Essar Global, said "Essar's vision is to be a major steel producer integrated from mining to finished products with a global footprint."

Given the USW's continued strong support of Severstal and along with Essar's belief that its 19 dollar a share reflects a full and fair value for Esmark, Essar, based on the recent developments, has determined to withdraw from bidding process.