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Investments Announcements

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Samreen

India Inc investment plans add up to Rs 1,75,629 crore in Aug-Sept 07

India is set to become a potential goldmine as investment announcements surged in the recent times to Rs. 1,75,629 crore for the months of August and September, bulk of which will go to the Petroleum sector in states of Orissa and West Bengal, an ASSOCHAM Eco Pulse Study has said.

The AEP study on 'Investment Announcements' for the period of August and September 2007 found that of the total, Petroleum sector attracted maximum number of investment announcements totaling to Rs. 53,300 crore with giants like Indian Oil Corporation (IOC) and Reliance Group planning to mop up Rs. 43,500 crore and Rs. 8000 crore, respectively.

Orissa attracted whopping investment plans of Rs. 55,800 crore, especially in steel and oil refinery capacity reflecting the high investment spree by the companies in the core infrastructure sector.

“The total investment intentions tracked in the AEP Study reflects encouraging signs of pick up in investments and acceleration in the overall growth rate”, said Mr. Venugopal Dhoot, President, ASSOCHAM.

The AEP tracked investment announcements made by 70 companies in Indian private sector during months of August-September 2007 with investments plans ranging between two to ten years across various sectors like petroleum, steel, hospitality, real estate.

With major public private partnership projects in line, West Bengal is ranked second by AEP as the Indian companies made investment announcements worth Rs. 31,200 crore in last two months. The major investors in the State would be Jai Balaji Industries, a Kolkata based steel company that announced capex of Rs. 16,000 crore followed by Indian Oil Corporation (IOC) (Rs. 14,500 crore) and DLF (Rs. 700 crore).

Mumbai continues to remain the most favoured location by the services-based companies, which announced Rs. 8,500 crore capex plans in areas of hospitality, entertainment and IT. The fast growing city of Pune attracted Rs. 1,334 crore investments in two months period. With these two cities accounting for the total investment announcement in Maharashtra, the State was ranked third on investment radar with total planned mopup being Rs. 9,834 crore.

Delhi took a back seat and ranked 12th with very low investments announcements of Rs. 1,125 crore despite being the hub of major economic and political activities.

Top ten states with investments (in Rs. crore)

Sno	States	Capex
1	Orissa	55,800
2	West Bengal	31,200
3	Maharashtra	9,834
4	Andhra Pradesh	8594
5	Kerala	6,000
6	Karnataka	5,045
7	Gujarat	4,032
8	UP	2,410
9	Rajasthan	2,000
10	Chennai	1,725

Source: Company announcements for August & September 07.

With increasing energy requirements of the rapidly growing Indian economy, Petroleum sector witnessed bulk of the total investments announcements, majority of which were announced by Indian Oil Corporation with a capital announcement of Rs. 43,500 crore for upgradation and expansion of technology for the next five years, followed by Reliance Industries with an investment announcement of Rs. 8,000 crore and Gulf Oil Corporation Ltd. with Rs. 1,800 crore, adding up to Rs. 53,300 crore.

Top Ten Sectors
(In Rs. crore)

Sno.	Sectors	Capex
1	Petroleum	53,300
2	Steel & Cement*	28,300
3	Real Estate	18,750
4	Hospitality	8,660
5	Automobile	6,400
6	Retail	6,200
7	Media	4,850
8	IT	3,140
9	Pharmaceuticals	2,100
10	Telecom	1,872

Source: Company announcements for August & September 07

*Steel and cement sectors are considered one by companies making announcements in this sector.

With major expansion activity under its way, cement and steel sector attracted investments from the leading corporates totaling to Rs. 28,300 crore.

The hyper growing real estate sector saw investment announcements of Rs. 18,750 crore. The growing number of investment announcements in these sectors showed the national needs for investments in key sectors. The major corporates investing were Essar group real estate venture, Suncity Project with a major share of investments of Rs. 9,000 crore, HDIL (Rs. 2,000 crore), Hines Real Estate (Rs. 1,200 crore).

Hospitality sector also attracted major share of investments with tourism sector growing at an average rate of 19.97 per cent. Automobile sector ranked fifth on account of the only investment made by Mahindra and Mahindra worth Rs. 6,400 crore for setting up a research centre in Chennai for a period of next three years.

During the months of August and September, Indian Oil Corporation (IOC) made the largest investment plan of Rs. 43,500 crore for a period of next five years for the purpose of expansion of capacity. The company also unveiled plans for setting up world-class petro-chemical production centres in cities of Orissa, West Bengal and Tamil Nadu.

Jai Balaji, a Kolkata based company, announced an investment plan of Rs. 16,000 crore for setting up cement and power plants in West Bengal making the mineral rich state a hot destination for steel industry.

SAIL ranked third in terms of capital investments worth Rs. 12,300 crore with an aim to increase the production of iron ore to two million tonnes of by 2010-11.