



# Business Standard

Monday, Aug 03, 2009

[Advanced Search](#)  
[Feedback](#) | [RSS](#)  
[Content Guide](#)  
Follow us on [Twitter](#)

[Home](#) | [Markets & Investing](#) | [Companies & Industry](#) | [Banking & Finance](#) | [Economy & Policy](#) | [Opinion](#) | [Life & Leisure](#) | [Mgmt & Mktg](#) | [Tech World](#) | [BS Products](#)

[Section Home](#) | [News Now](#) | [Today's Paper](#) | [Columnists](#) | [BS Says](#) | [Money & Forex Markets](#) | [Q&A](#) | [Bank](#) | [Insurance](#) | [Monetary Policy](#) | [Banking Annual](#)

[Home](#) > [Banking & Finance](#)

[Live Markets](#) | [Smart Portfolios](#)

Search:  Text or company name Keyword  6

POWERED BY

## Japanese financial firms develop a yen for India

Rajesh Bhayani / Mumbai August 3, 2009, 1:08 IST

Just a fortnight ago, Japan's financial powerhouse, Nomura, bought a 35 per cent stake in LIC Mutual Fund in a deal that values the Indian firm at Rs 800 crore. Nomura, which in October 2008 acquired the Asian operations of bankrupt US investment bank, Lehman Brothers, employs over 2,600 people in India. Last week, it surprised many by issuing half-page advertisements expressing its intent to recruit in large numbers.

Four days ago, the mutual fund arm of the \$120 billion Shinsei Bank launched its second equity fund in India, just a month after the first — an open-ended liquid fund — closed successfully. The second fund, which closes on August 25, will invest in companies that are leaders in their respective sectors, and the fund house plans to launch two more equity funds by the end of this financial year.

And the Indian outfit of Japan's Daiwa Securities is set to launch investment banking operations, having just received the Securities and Exchange Board of India's permission for category one merchant banker status. Daiwa Securities SMBC India, which already has an institutional and foreign institutional investor (FII) broking business, is also planning to enter private equity investments in India.

### JAPAN'S SUNRISE

#### Why and why now?

- \* Virtually no growth opportunities and returns in the Japanese market
- \* India has more potential than China, since the Japanese are already present in that market in large numbers
- \* In January 2008, 100 yen could fetch Indian assets worth Rs 35.27. Today 100 yen fetches Rs 50-plus

#### How are they coming?

- \* As Sebi-registered FIIs
- \* Offshore funds raising money from the Japanese markets for India-specific investments
- \* Buying/setting up companies in India — mutual funds, investment banks, broking firms
- \* Most of the big brands and industries in Japan are looking at India opportunities

#### What is the investment potential?

- \* \$20 billion in the next four or five years

Though the number of Japanese foreign institutional investors in India is still negligible, it's significant that 8 of the 11 registered with Sebi entered in the past year and a half. The country head of a large Japanese investment bank in India said the trickle was set to turn into a flood, with many Japanese FIIs in various stages of registration with the market regulator.

Investment bankers said India could easily see \$20 billion worth of Japanese money in the next three years. The manufacturing sector has been receiving Japanese foreign direct investment for some time now; the entry of that country's financial services sector is a relatively recent phenomenon.

A big chunk of Japanese funds has so far been coming into India by way of offshore funds, with many Indian houses such as SBI Capital, UTI and DSP Blackrock raising money from the Japanese markets to invest in India. But Japanese companies said it's time now for direct investment.

Why this change? Aditya Rattan, President, Daiwa Securities SMBC India, has an answer. Apart from a stable government and the booming infrastructure sector, Rattan sees the stronger yen as a compelling reason for the Japanese to look at India with renewed interest. For example, in January 2008, Japanese investors were able to get Indian rupee assets worth Rs 35.27 for 100 yen. For the same amount of yen, they will now get assets worth Rs 51. They can, in fact, get even more, since Indian asset valuations have fallen over the period.

Sanjay Sachdev, country manager for India, Shinsei banking group, said India was still significantly behind China in Japanese investments, but things could change since the country was now being increasingly seen as a viable investment destination.

Also, while Japanese investors have huge cash, they want to now invest in countries like India, since there are virtually no returns in their own country and their favourite investment destination — the US — is losing sheen, with the dollar

#### Also Read

[Related Stories](#) [News Now](#)

- Nomura back in black with 11.42 bn yen Q1 profit
- Nomura to find PE investors for MCX-SX stake sale
- Nomura gets 35% in LICMF for Rs 308 cr
- Sensex to rise 14 per cent, says Nomura
- Nomura to pay Rs 138 cr for 19% of LIC MF stake
- LIC Housing sells 18.3% stake in LIC MF to Nomura

### Most Popular

[Read](#) [E-Mailed](#) [Commented](#)

- Tata Steel to produce half of Corus' raw materials by 2012
- IMF gold sales may begin in 2010
- Eurofighter sweetens its India offer
- Analysts' corner
- Japanese financial firms develop a yen for India

[More](#)

### BS Poll

[Cast Your Vote](#)

Are the parameters on which inflation is calculated inaccurate?

Yes

No

### Hot Searches

[Union Budget](#) | [Pranab Mukherjee](#) | [Railway Budget](#) | [Economic Survey](#) | [Sonia Gandhi](#) | [Congress](#) | [Rahul Gandhi](#) | [Maruti Ritz](#) | [LTFE](#) | [Ranbaxy](#) | [DMK](#) | [Swine Flu](#) | [New Pension Scheme](#) | [Q4 Results](#) | [Tata Nano](#) | [Service tax](#) | [Excise duty](#) | [Sebi](#) | [Tech Mahindra](#) | [Election Commission](#) | [Ramalinga Raju](#) | [CitiBank](#) | [Satyam](#) | [Maytas](#) | [Reliance](#) | [RBI](#) | [GDP](#) | [Gold](#) | [Ratan Tata](#) | [Bailout plan](#) | [LICICI](#) | [Mumbai Terror Attack](#) | [6th Pay Commission](#) | [B-School](#) | [Mukesh Ambani](#) | [DLF](#) | [Sensex](#) | [Anil Ambani](#) | [Tax calculator](#) | [Home Loan](#) | [Bollywood](#) | [Subprime Crisis](#) | [Personal Finance](#) | [inflation](#) | [oil prices](#) | [World Bank](#) | [ICS](#) | [HDFC](#) | [Barack Obama](#)

weakening. Sensing the opportunity, a 45-member Assocham and commerce ministry delegation is now busy in road shows in Tokyo, Osaka and Yokohama to woo Japanese investors.

Siddharth Shah, head of funds practice at Nishith Desai Associates, said, "There had been an increased interest in Indian paper from Japanese investors and for many of them, Singapore is a good entry point into the Indian markets in view of the favourable tax treaty between India and Singapore as part of the Comprehensive Economic Co-operation Agreement. Further, Singapore and Japan also have a tax treaty, making Singapore a hub for Japanese investors investing in Asia."

Tags : Financial powerhouse | Nomura | Lehman Brothers |

➤ [Read Business news in हिंदी](#)

Advertisements

- [Giftwithlove.com: Same day delivery of Flowers and Cakes to India](#)
- [Enquire Here For Corporate Bulk SMS Schemes!](#)
- [Register now and get an exhaustive and FREE eBook on Forex Trading](#)
- [Apply Now for HDFC BANK PERSONAL LOAN !](#)
- [Smart IT Strategies for Uncertain Times](#)
- [Renew Your Car Insurance with Tata-AIG AutoSecure](#)
- [Choose smart affordable IT solutions and meet customer expectations](#)
- [Download the E-book on the Future of Business Intelligence](#)
- [Learn Best Practices for improving customer satisfaction](#)
- [Know your customers better... download the free e-book on CRM](#)
- 

➤ **Share this Story** »

 [Print this](#)

 [Email this](#)

 [Add to favorites](#)

 [del.icio.us](#)

 [digg](#)

 [newsVine](#)

 [Reddit](#)

 [Facebook](#)

#### ➤ Discussion Board / User Comments (0)

Display Name

Email-Id

Post your comment

➤ [Member Area](#)

 [Write to the Editor](#)

 [RSS](#)

 [Archives](#)

 [Advanced Search](#)

➤ [Subscribe to](#)

 [BS print product](#)

 [BS e-paper](#)

 [Newsletter](#)

➤ [BS Products](#)

 [BS Hindi](#)

 [BS Motoring](#)

**FOR HOT PRODUCTS**

[BS Bazaar.com](#)

[Home](#) | [Markets & Investing](#) | [Companies & Industry](#) | [Banking & Finance](#) | [Economy & Policy](#) | [Opinion](#)  
[Life & Leisure](#) | [Management & Marketing](#) | [Tech World](#)

[About Us](#) | [Partner With Us](#) | [Code of Conduct](#) | [Careers](#) | [Advertise with us](#) | [Terms & Conditions](#) | [Disclaimer](#) | [Site Map](#) | [Contact Us](#)