
**Towards A Closer Business Partnership Between
India and Japan Through Capital Markets**

Daiwa Securities SMBC



Daiwa Securities SMBC

The Leading Investment Bank of Japan



Daiwa Securities SMBC

Daiwa Securities SMBC is the investment banking joint venture between two of Japan's largest financial groups

Daiwa Securities Group



- Listing: TSE, market cap.*: US\$12.6bn
- 117 Sales Offices (6,729 sales professionals)
- Daiwa has a strong Domestic Retail Sales Network with over 2.5mn of retail accounts and retail total asset under custody exceeding US\$245bn
- Credit rating: Baa1 (Moody's)/ BBB+ (S&P)/ BBB+ (Fitch)

60%

Sumitomo Mitsui Financial Group



- Listing: TSE, market cap.*: US\$57 bn
- SMFG provides a comprehensive range of banking services and has banking relationships estimated to cover 80% of the 3,700 listed companies in Japan
- Credit rating: A- (S&P)/ A (Fitch)

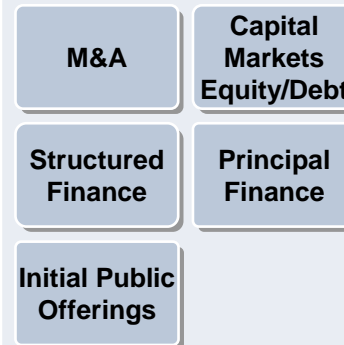
40%

Daiwa Securities SMBC

Daiwa Securities SMBC

- Daiwa Securities SMBC is a JV between Daiwa Securities Group and Sumitomo Mitsui Financial Group established in 1999
- It is one of Japan's leading investment banks, offering a full range of investment banking services

Investment Banking



Sales & Trading

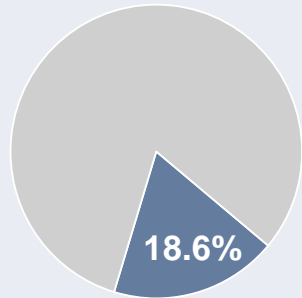


- The Group is present in India with a Representative Office in Mumbai
- Combined Daiwa and SMFG provide Indian corporations with unparalleled access to Japan's equity and debt capital markets and to Japan's leading corporations

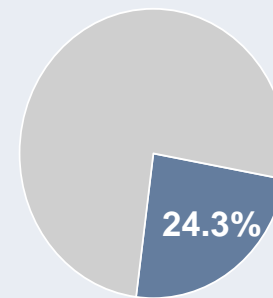
2006 Investment Banking Japan League Table Highlights

Daiwa Securities SMBC was ranked number one in 2006 in several key market sectors in Japan.

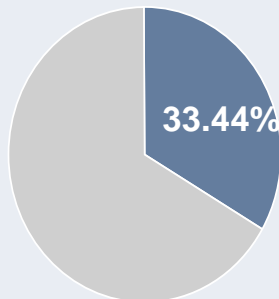
Yen Bonds (Domestic+Foreign)
2006/4 - 2007/3 **No.1**



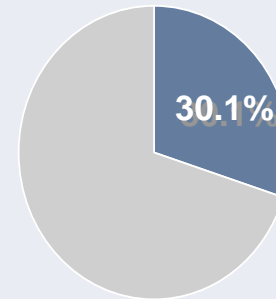
Samurai Bonds
2006/4 - 2007/3 **No.1**



Initial Public Offering
2006/4 - 2007/3 **No.1**



M&A Financial Advisor
Completed Deals involving Japanese Corp.
2006/1 - 2006/12 **No.1**



Source: Thomson Financial, Dealogic

2006 Awards and Achievements

Daiwa Securities SMBC has been recognized for its ability to provide high quality solutions in various areas, and has received numerous awards from [prestigious organizations and global media](#).



- Yen Bond House



- Best M&A Deal
- Best IPO



- Deal of the Year - JAPAN
- Deal of the Year - ROMANIA



- Debt House of the Year
- M&A House of the Year
- Best IPO House
- Best Samurai Bond House



- House of the Year
- Straight Bond Debut Deal of the Year
- Samurai Bond House of the Year
- Samurai Bond Deal of the Year
- IPO of the Year



- Best M&A House
- Best Securitization House
- Best IPO
- Best Samurai Bond



- Best Lead Manager of Yen Bonds
- Best Yen Deal

No. 1 Lead Manager for Public Offerings in Japan

High levels of trust from clients:

- Since 1991, foreign issuers have undertaken 70 public offerings in Japan. Daiwa Securities SMBC lead managed 41 of these, raising over US\$207.2bn for the clients.
- The excellent performance of Daiwa Securities SMBC has earned high levels of trust from our clients, hence they usually continue to appoint us as their arranger for any subsequent POWL offerings. Those issuers include Deutsche Telekom, Telstra, Enel, Chunghwa Telecom, Bank of China, China Merchants Bank, Industrial and Commercial Bank of China.

Foreign Equity Offerings in Japan

Date	Issuer	Nationality	Offering Method	US\$m	Lead/Arranger
Jun-91	Scottish Electricity	UK	POWL	4,969	Daiwa
Dec-91	BT II	UK	POWL	10,119	Daiwa
Jul-93	BT III	UK	POWL	8,012	Daiwa
Feb-94	Elf Aquitaine	France	POWL	3,921	Daiwa
Nov-95	PT Telkom	Indonesia	POWL	1,675	Daiwa
Feb-96	YTL	Malaysia	Listing on TSE	44	Daiwa
May-96	Assurances Generales	France	POWL	1,733	Daiwa
Nov-96	DT	Germany	Listing on TSE	12,487	Daiwa
Oct-97	France Telecom	France	POWL	6,992	Daiwa
Oct-97	ENDESA III	Spain	POWL	4,497	Daiwa
Nov-97	Telstra I	Australia	POWL	9,819	Daiwa
Jun-98	ENDESA IV	Spain	POWL	6,404	Daiwa
Jun-99	DT II	Germany	Listing on TSE	11,157	Daiwa
Oct-99	Telstra II	Australia	POWL	10,208	Daiwa
Jan-00	Societe Generale	France	Listing on TSE	29	Daiwa
Jun-00	DT III	Germany	Listing on TSE	12,842	Daiwa
May-03	Singapore Post	Singapore	POWL	446	Daiwa
Jun-03	Chunghwa Telecom ADR I	Taiwan	POWL	1,580	Daiwa
Aug-03	Hopewell Highway	Hong Kong	POWL	386	Daiwa
Oct-03	Chi Mei Optoelectronics GDR	Taiwan	POWL	637	Daiwa
Dec-03	China Life	China	POWL	3,475	Daiwa/Nom
Jun-04	Ping An Insurance	China	POWL	1,840	Daiwa
Oct-04	Hutchison Telecommunications	Hong Kong	POWL	899	Daiwa
Oct-04	Enel I	Italy	POWL	9,521	Daiwa/Nom
Nov-04	China Netcom	China	POWL	1,312	Daiwa/Nom
Dec-04	Air China	China	POWL	1,238	Daiwa
Feb-05	Medicinova	US	Listing on OSE	134	Daiwa
Apr-05	Shanghai Electric Group	China	POWL	648	Daiwa
Jun-05	Chi Mei Optoelectronics GDR	Taiwan	POWL	751	Daiwa
Jun-05	Bank of Communications	China	POWL	2,165	Daiwa
Jun-05	China COSCO	China	POWL	1,227	Daiwa
Jul-05	Enel II	Italy	POWL	4,909	Daiwa
Aug-05	Chunghwa Telecom ADR II	Taiwan	POWL	3,075	Daiwa
Oct-05	China Construction Bank	China	POWL	9,227	Daiwa/Nom
Nov-05	EDF	France	POWL	7,665	Diawa/Nom
Nov-05	Link RIET	Hong Kong	POWL	2,839	Daiwa
Dec-05	Dongfeng Motor Group	China	POWL	589	Daiwa
Jun-06	Bank of China	China	POWL	11,184	Daiwa
Sep-06	China Merchants Bank	China	POWL	2,659	Daiwa
Oct-06	Industrial & Commercial Bank of China	China	POWL	21,969	Daiwa/Nom
Nov-06	Telstra III	Australia	POWL	11,896	Daiwa

Date	Issuer	Nationality	Offering Method	US\$m	Lead/Arranger
May-91	Telefonos de Mexico	Mexico	POWL	2,153	Nomura
Nov-93	Rhone-Poulenc	France	POWL	1,867	Nomura
Jul-96	Cheung Kong	Hong Kong	POWL	570	Nomura
Nov-96	Nu Skin Asia Pacific	USA	POWL	241	Nomura
Feb-97	Henderson Land	Hong Kong	Listing on TSE	312	Nomura
Nov-00	Deutsche Post	Germany	POWL	5,292	Nomura
Jul-01	Korea Telecom	Korea	POWL	2,242	Nomura
Jul-02	Bank of China HK	Hong Kong	POWL	2,630	Nomura
Nov-02	China Telecom	Hong Kong	POWL	1,524	Nomura
Oct-03	China Steel	Taiwan	POWL	936	Nomura
Oct-03	PICC	China	POWL	802	Nomura
Dec-03	China Life	China	POWL	3,475	Daiwa/Nom
Mar-04	SMC	China	POWL	1,803	Nomura
Jun-04	China Shipping	China	POWL	986	Nomura
Oct-04	StarHub Telecommunications	Singapore	POWL	287	Nomura
Oct-04	China Power	China	POWL	370	Nomura
Oct-04	Enel	Italy	POWL	9,521	Daiwa/Nom
Oct-04	Xinhua Finance	Cayman	Listing on TSE	51	Nomura
Nov-04	China Netcom	China	POWL	1,312	Daiwa/Nom
Jun-05	Infosys Technology	India	POWL	1,072	Nomura
Jun-05	Shenhua Energy	China	POWL	3,276	Nomura
Oct-05	China Construction Bank	China	POWL	9,227	Daiwa/Nom
Nov-05	POSCO	Korea	Listing on TSE	690	Nomura
Nov-05	EDF	France	POWL	7,479	Diawa/Nom
Dec-05	ICICI Bank	India	POWL	498	Nomura
Feb-06	Lotte shopping	Korea	POWL	3,739	Nomura
Oct-06	Industrial and Commercial Bank of China	China	POWL	21,969	Daiwa/Nom
Nov-06	Infosys Technology	India	POWL	1,605	Nomura
Dec-06	China Coal Energy	China	POWL	1,946	Nomura
Apr-07	China Citic Bank	China	POWL	5,946	Nomura
Jul-92	Wellcome	UK	POWL	2,133	Nikko
Feb-95	National Power PLC	UK	POWL	2,807	Nikko
Feb-95	PowerGen PLC	UK	POWL	1,919	Nikko
Feb-97	Telefonica	Spain	POWL	4,260	Nikko
May-99	Goldman Sachs	USA	POWL	3,657	Goldman
Mar-00	UT Starcom Inc	USA	POWL	207	Merill Lynch

POWL-Public Offering without Listing
TSE - Tokyo Stock Exchange

Source: Thomson



Investment Environment in Japan

**~ Large Potential for Investment
into the Indian Markets ~**

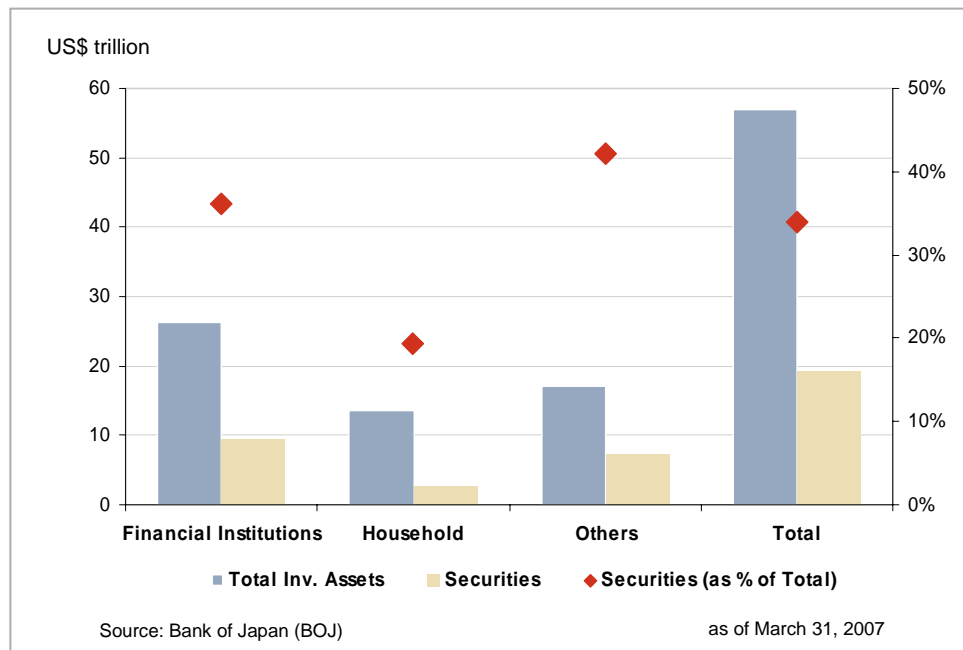


Japan's Investor Universe

Assets available for investment in Japan exceeds US\$50 trillion

- Financial institutions and households account for 70% of the total investment assets
- Household assets held in form of securities, such as equities, bonds and investment trusts is small by global standards, thus providing significant opportunity for growth

Japanese Investment Assets



Individuals

- High Net Worth and broader individual investors
- Long term investment profile
- 35 million individual investors with financial assets exceeding US\$13 trillion

Institutions

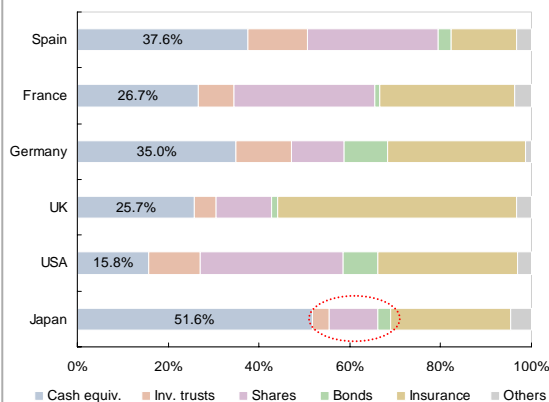
- Institutions include Trust banks, Commercial Banks, Insurance Companies and Asset Managers
- Financial assets exceeding US\$ 26 trillion

Individually Held Financial Assets in Japan

Japanese individuals hold significant levels of cash available for investment

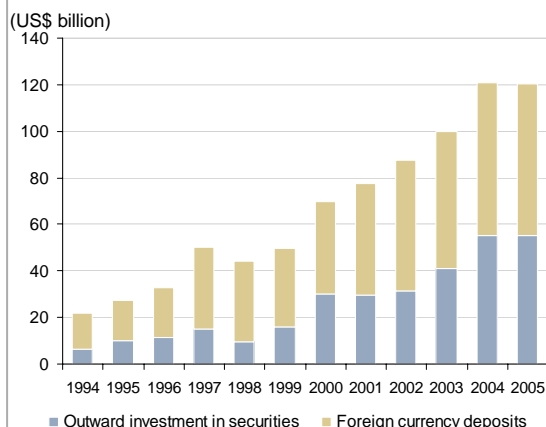
- More than 50% of financial assets held in cash & deposits
- Holdings in securities account for only 19%, - Lowest among the major developed economies
- However, the shift from “savings to investments” is continuing
- The trend can be evidenced by the increase in assets of foreign currency assets and publicly offered investment trusts

Household Financial Assets Breakdown

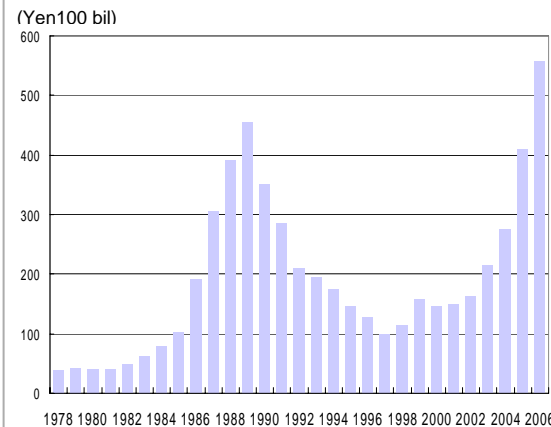


Sources: Bank of Japan; compiled by Daiwa SMBC
Country flow-of-fund statistics, Central Banks, compiled by DIR

Household Foreign Currency Assets



Outstanding Amount of Publicly Offered Investment Trusts



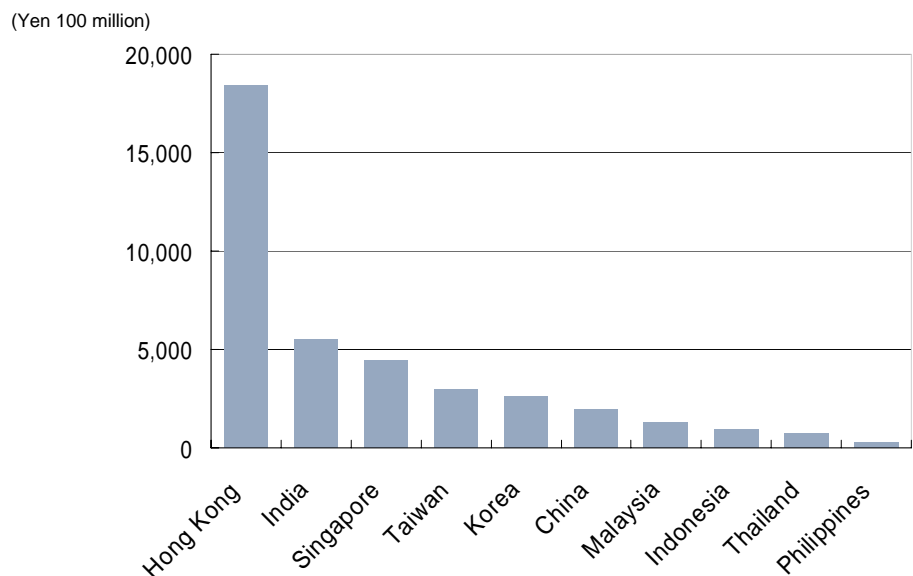
Source: The Investment Trust Association, Japan

Daiwa: Prominent Seller for Indian Mutual Fund

BlackRock India Equity Fund

- Fund Size as of November 8, 2007: 142.6 billion yen
- Exclusively sold by Daiwa to individual investors in Japan
- Investing in stock of India-listed companies and DRs of Indian companies
- The fund is managed by BlackRock Japan

Foreign Currency Denominated Assets of Public Offered Investment Trusts of Contractual Type



Source: The Investment Trust Association, Japan



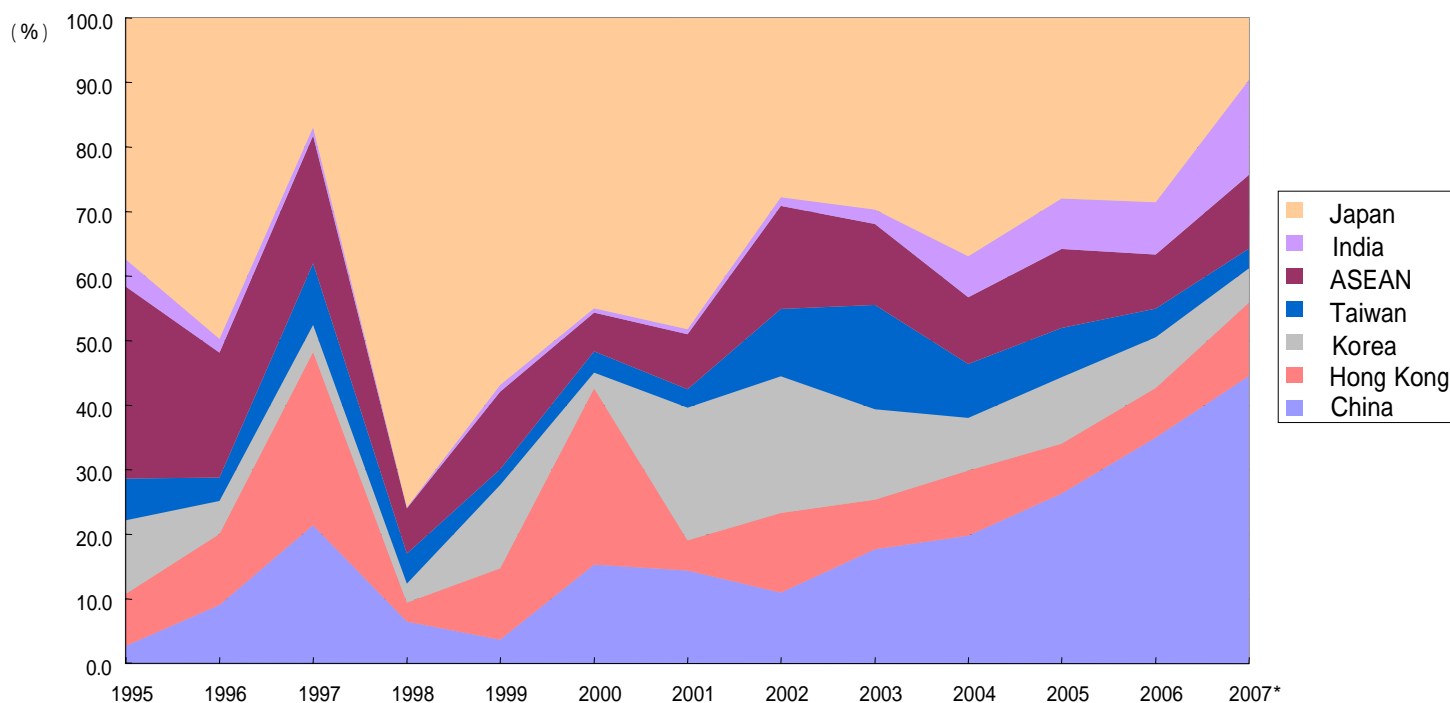
Global Expansion of Indian Firms



Equity Financing Activity in the Asian Markets

- From Jan to Sep 2007, almost half of the equity financing activity in Asia occurred in the Chinese market. The Indian market comprised 15%.
- In contrast, weight of the Japanese market has been decreasing.

Weight of Equity Financing Amounts in Asian Markets



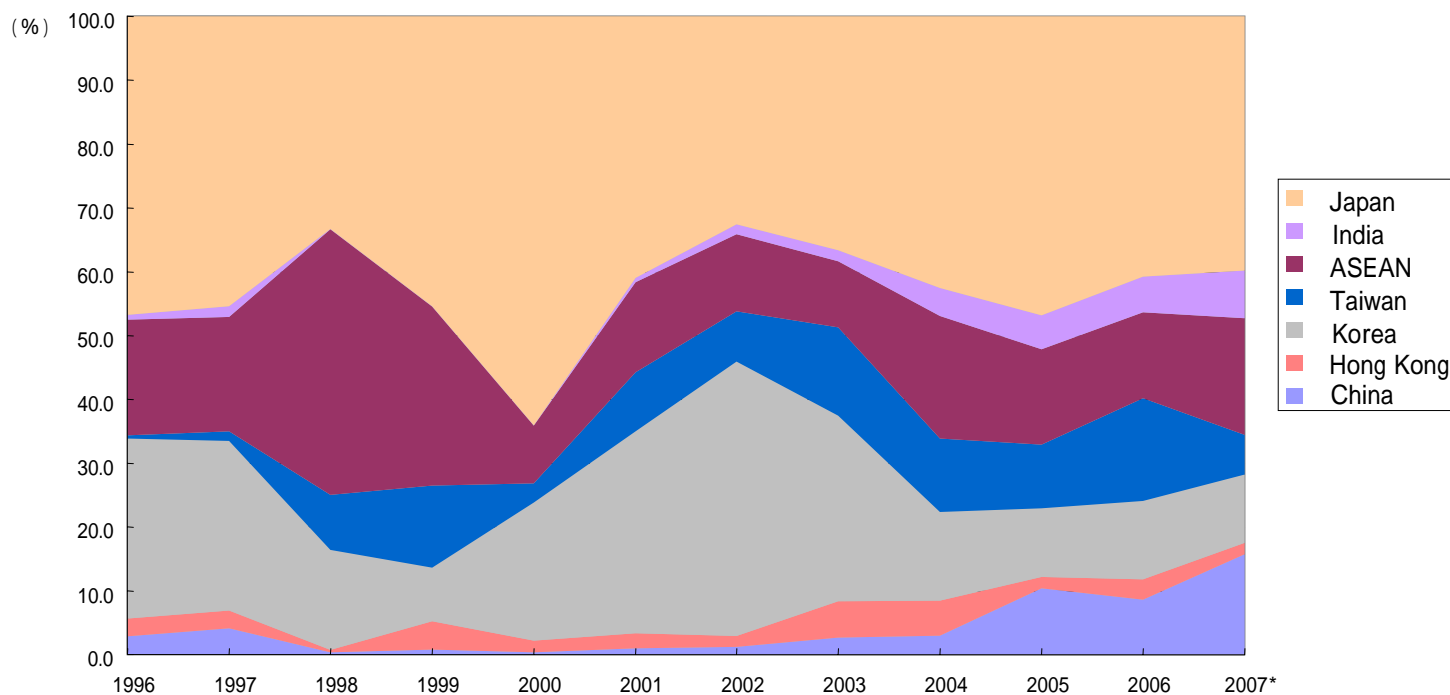
(Source) DIR based on data from Thomson Financial

* Figure for 2007 is for Jan-Sep

Debt Financing Activity in the Asian Markets

- Weight of the Chinese and Indian markets is increasing.
- The Japanese market comprises almost 40%.

Weight of Debt Financing Amounts in Asian Markets

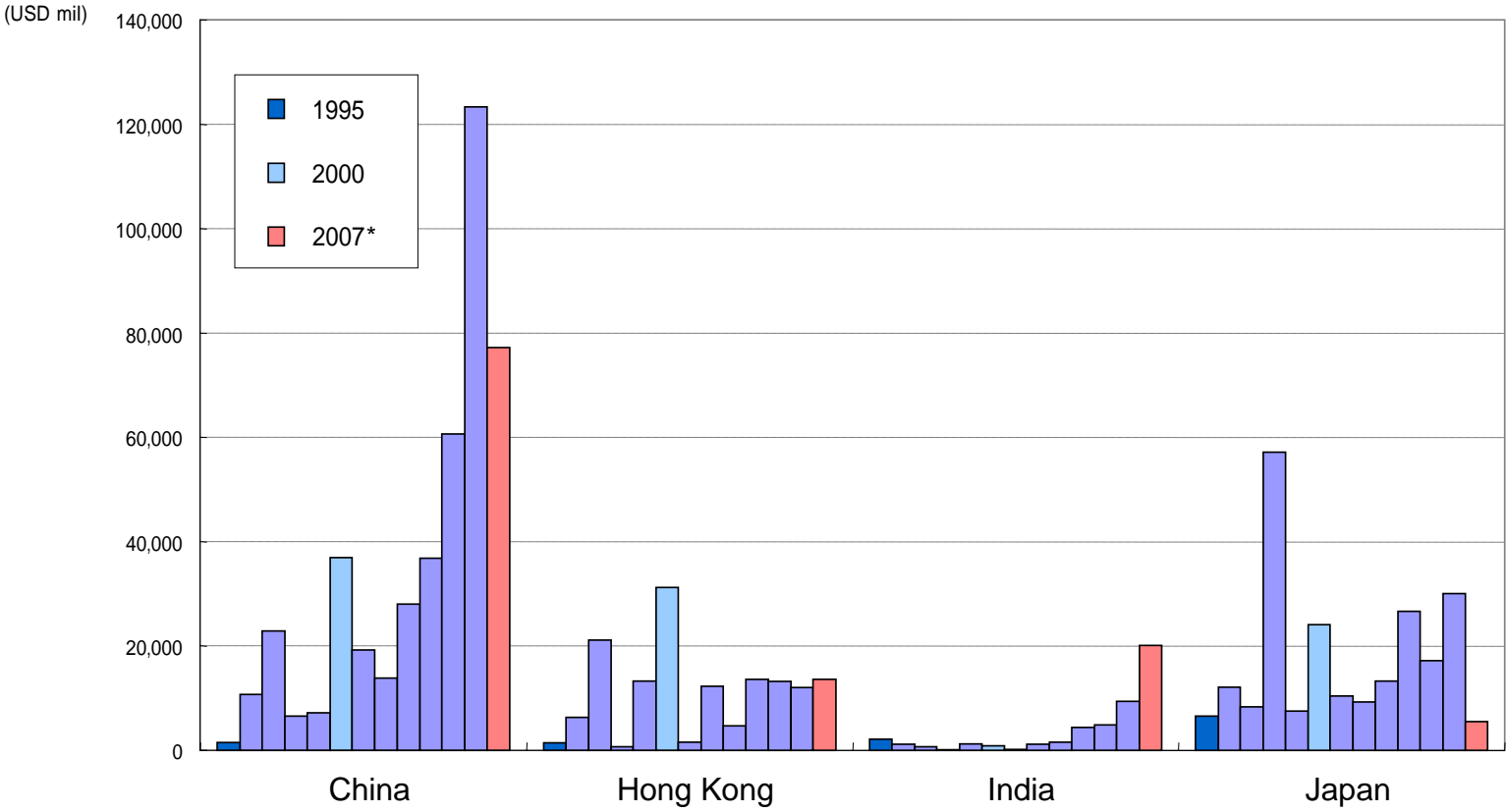


(Source) DIR based on data from Thomson Financial

* Figure for 2007 is for Jan-Sep

IPOs in the Asian Markets

IPO Amounts in China, Hong Kong, India, Japan

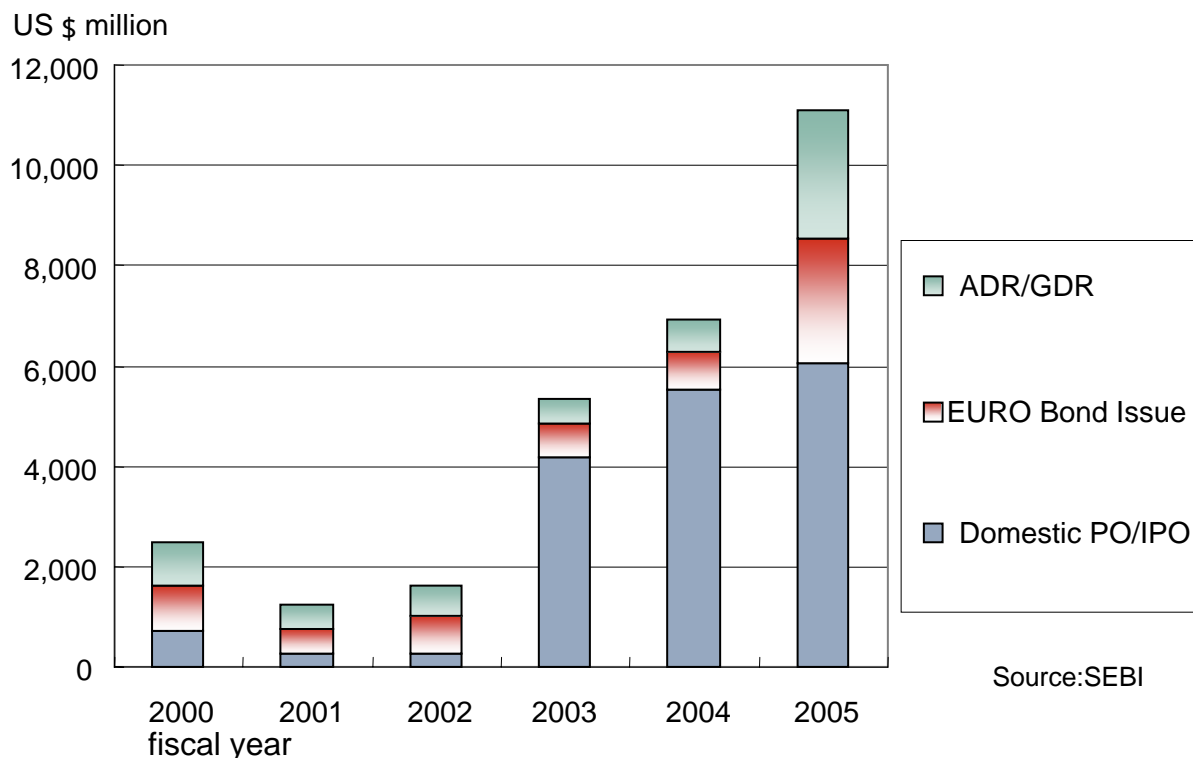


(Source) DIR based on data from Thomson Financial
 * Figure for 2007 is for Jan-Sep

Fund Raising in Domestic and Offshore Markets by Indian Firms

- The domestic PO/IPO rapidly increased in FY2003 onwards reflecting the robust Indian economy.
- The funds Indian firms raised through Euro issues and ADR/GDR in FY05-06 increased 3.7 times compared with those in the previous fiscal year. This is estimated to be due to the accelerated international operations by Indian firms.

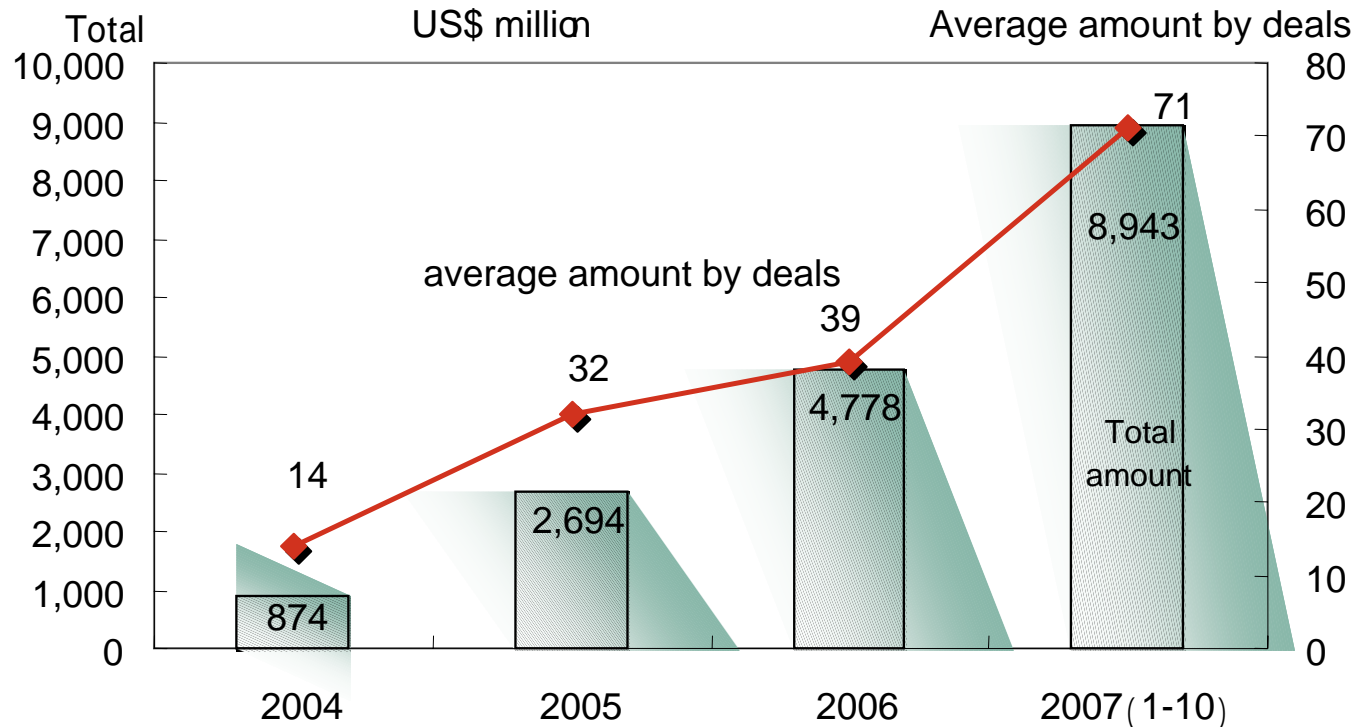
Funds raised through capital markets



Increase in Amount of Acquisition by Indian Firms

- The amount of non-Indian firms acquisition by Indian firms have doubled or tripled for the past three years.
- The average amount of international M&A deals also doubled in 2005 and 2007 (Jan-Oct).

Acquisition of non-Indian firms by Indian firms



Source: Thomson Financial

Accelerating Global Expansion of Indian Firms

Symbolic Overseas M&A Deal ; Acquisition of Corus Steel boosts TATA Steel to #5 globally

- Tata Steel acquired British Steel manufacturer Corus for US\$12.1 billion in January 2007. The crude steel production volume of Corus is approximately 3 times compared to that of Tata. As a result, Tata has now ranked up to #5 globally in terms of crude steel production volume.

(metric ton)	2006	
Firm/Group	Ranking	Production Volume
Arcelor Mittal	1	117.2
Nippon Steel	2	32.7
JFE	3	32.0
POSCO	4	30.1
Baosteel	5	22.5
U.S. Steel	6	21.2
Nucor	7	20.3
Tangshan	8	19.1
Corus Group	9	18.3
Riva Group	10	18.2

Tata	47	6.4
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(metric ton)	2006	
Firm/Group	Ranking	Production Volume
Arcelor Mittal	1	117.2
Nippon Steel	2	32.7
JFE	3	32.0
POSCO	4	30.1
Tata Group	5	24.6
Baosteel	6	22.5
U.S. Steel	7	21.2
Nucor	8	20.3
Tangshan	9	19.1
Riva Group	10	18.2

Source : International Iron and Steel Institute (IISI)

Accelerating Global Expansion of Indian Firms

Overseas Sales of Top 6 Indian IT Companies

	Tata	Infosys	Wipro	Satyam	HCL	I-Flex	Average
Overseas	87.2%	99.1%	78.9%	95.9%	89.2%	100.0%	90.4%
Domestic	12.8%	0.9%	21.1%	4.1%	10.8%	0.0%	9.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Bloomberg

Overseas Sales of Top 5 Indian Pharmaceutical Companies

	Dr.Reddy's	Ranbaxy	Cipla	Aurobindo	Nicholas	Average
Overseas	64.5%	71.6%	50.0%	21.5%	13.9%	51.7%
Domestic	35.5%	28.4%	50.0%	78.5%	86.1%	48.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Bloomberg

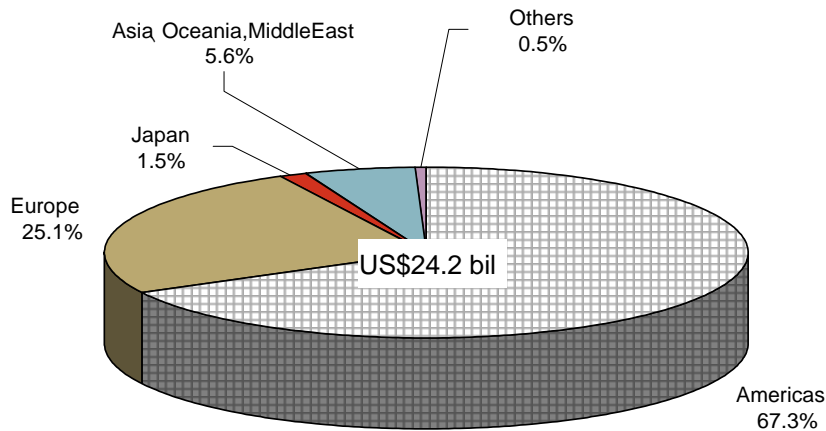
Japan – Future Opportunity for Indian Firms to Tap International Markets

Acceleration of Indian Firms to Tap International Markets

- Indian IT firms are accelerating to expand their international operations, however, contribution to the sales by those in the Japanese market is very small.

Japanese market means 'future Opportunity' for Indian businesses

Geographical sales breakdown of Indian IT industry



Source NASSCOM, *Strategic Review 2007*

Major Indian firms that have presence in Japan

- TCS (IT)
- Wipro (IT)
- Satyam (IT)
- Rambaxy (Pharmaceuticals)



Daiwa Securities SMBC

**Catalyst to fuel economic relations
between Indian and Japanese Firms**

How you can capitalize on the Japanese capital markets

Listing on Tokyo Stock Exchange

- Name recognition enhanced in Japan
- Hiring of competent staff in Japan
- Equity financing with institutional and retail investors

POWL (Public offering without listing)

- Expeditious equity financing with institutional and retail investors

Samurai and Euro Yen Bonds

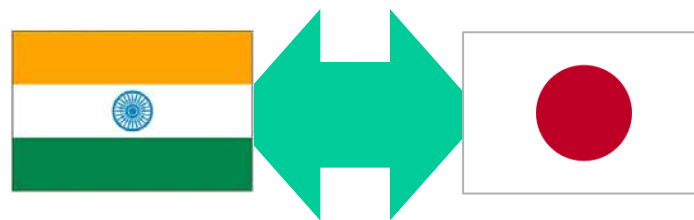
- New funding sources at reasonably cheap costs

M&A & Strategic Alliance with JPN firms

- Tie up with Japanese firms to expand your business both in Japan and India

Private Equity

- Funding source for private firms and PE funds



Daiwa Securities SMBC

~ Catalyst to fuel economic relations between India & Japan ~

✓ Brings **Best of Both Worlds** as leading Securities house join hands with a leading commercial bank, SMFG.

✓ A **huge presence on the ground** having access to Quality Retail & Institutional investors as well as penetration into the Japan Inc.

✓ **One stop shop** for your Global expansion Ambitions; Equity & Debt financing, Private Equity Investment, IPO Structured Finance, M&A etc.

Daiwa's Recent Activity In India

IRFC Samurai

- JPY15bn due Feb 2012
- This was the debut Samurai issued by Indian Railway Finance Corporation (IRFC). It was also IRFC's largest Yen denominated bond issue ever

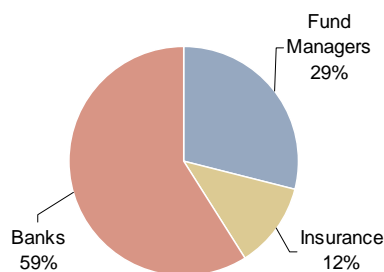
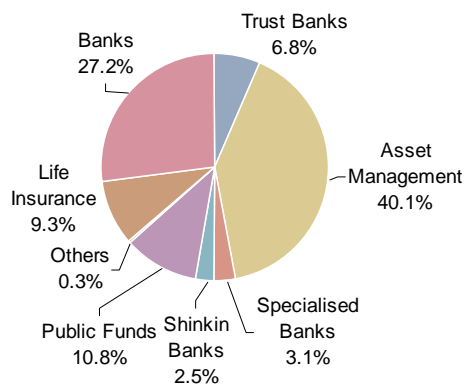
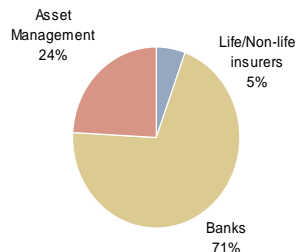
EXIM Bank Samurai

- JPY26bn due November 2011
- The Export-Import Bank of India, 100% owned by the Government of India, priced a 5-year JPY26 billion Samurai bond offering, the largest Samurai offering from India in the past 15 years

IRFC Euroyen

- JPY13bn March 2010
- 15% of the bonds were placed with investors in Japan
- Growing interest in Japan towards Indian credit specially after it received a BBB Moody's rating

Investors



Issuer	Indian Railway Finance Corp.
Tenor/ Coupon	5 years/ 1.91%
Issue Amount	JPY 15 billion
Reoffer Spread	Yen swap offered +50bp
Payment Date	23 February 2007
Lead Managers	Daiwa Securities Co Ltd.

Issuer	Export-Import Bank of India
Tenor/ Coupon	5 years/ 2.07%
Issue Amount	JPY 26 billion
Spread over Libor	YL +70bps
Launch Date	27 October 2006
Lead Managers	Daiwa SMBC/ Nikko Citigroup

Issuer	Indian Railway Finance Corp.
Tenor/ Coupon	5 years/ 1.43%
Issue Amount	JPY 13 bn
Reoffer Spread	70 bps
Payment Date	March 23, 2005
Lead Managers	Daiwa SMBC / ABN Amro / UBS

Daiwa's Commitment to Indian Market

March 2006

Mumbai representative office established

February 2008

Planning to convert the same into a wholly-owned subsidiary