

Financial Insights

July 2019

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- Canada's Brookfield Asset Management is acquiring a prime Mumbai real estate asset spread across 9.67 acres, which includes a 100-room premium hotel, for INR 7500 Mn from Sanjay Narang-owned Mars Enterprises and Hospitality Ltd.
- Blackstone Group, has acquired an office building in Powai, Mumbai from L&T Realty, an arm of business conglomerate Larsen & Toubro for 6500-7000 Mn .
- Sheela Foam Ltd. has approved a plan to acquire a majority stake in Spanish company Interplasp SL for INR 3176 Mn (€42 million or \$46.7 million) to expand in Europe.
- Hyderabad-based KIMS Hospitals plans to buy Secunderabad's Sunshine Hospitals for INR 3000 Mn (around \$44 million).
- OYO Hotels & Homes has bought co-working space provider Innov8 to expand in the fast-growing segment, as the hospitality unicorn enters new areas to diversify its operations for INR 2060 Mn.
- Aditya Birla Fashion and Retail Ltd. (ABFRL), a unit of Aditya Birla Group, has agreed to acquire a 51% stake for INR 600 Mn in Finesse International Design Pvt. Ltd., which owns bespoke apparel brand Shantanu & Nikhil brand.
- BASF India Ltd. will sell the business to Archroma India Pvt. Ltd. for INR 335 Mn (about \$5 million at current exchange rate).
- CLP India Pvt. Ltd. has agreed to buy three power transmission assets from Kalpataru Power Transmission Ltd. for a total enterprise value of INR 32,750 Mn (\$476 million).
- Ebix Inc., a supplier of on-demand software and e-commerce services, s has acquired online travel portal Yatra Online Inc., for an enterprise value of INR 22970 Mn (\$337.8 million) in an all stock transaction.

*INR to USD conversion rate considered at USD 1 = INR 69.32

- In one of the largest funding rounds by an Indian clean energy producer, sovereign wealth funds GIC Holdings Pte Ltd. and Abu Dhabi Investment Authority (ADIA) have agreed to invest an additional INR 22,372 Mn (\$329 million) in Greenko Energy Holdings.
- Canada's Brookfield Asset Management will invest INR 25,215 Mn (about \$3.7 billion) in the former's Tower Infrastructure Trust.
- Private equity giant Blackstone is investing about INR 17,000 Mn (\$250 million) in Kishore Biyani-led Future Lifestyle Fashions.
- Ajay Piramal-controlled Piramal Enterprises Ltd. has raised INR 15,000 Mn from Standard Chartered Bank through non-convertible debentures (NCD).
- India's most valued ed-tech company, Byju's, has raised INR 10,200 Mn (\$150 million) in its latest round of funding led by Qatar Investment Authority (QIA), the sovereign wealth fund of the State of Qatar.
- Digital Payment App PhonePe has raised about INR 6,980 Mn (\$100 million) in fresh infusion from its parent company Flipkart.
- Bizongo, a business-to-business marketplace for packaging materials, has received funding for INR 1,032 MN (\$15 million) from existing investors B Capital Group and International Finance Corporation
- Rivigo Services Pvt. Ltd. has raised INR 4,446 Mn (\$65 million) in its ongoing Series E funding round that was led by existing investors Warburg Pincus and SAIF Partners.
- Industrial goods marketplace Moglix has raised INR 4,101 Mn (\$60 million) in its Series D funding round led by the US-based investment firm Tiger Global.
- WinZO, a vernacular gaming platform, has raised INR 3,446 Mn (\$5 million) in its Series A funding round led by an early-stage VC firm Kalaari Capital and messaging platform Hike.

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Buyer	Target/Company	Industry	Amount INR in Mn	Stake (%)
Canada's Brookfield Asset Management	Mars Enterprises and Hospitality Ltd.	Realestate	7,500	NA
Blackstone Group	L&T Realty-office building in Powai, Mumbai	Realestate	7,000	NA
Sheela Foam Ltd.	Interplasp SL	Consumer	3,176	93.67%
KIMS Hospitals	Sunshine Hospitals	Hospitals	3,000	NA
Oravel Stays Pvt. Ltd.	Innov8	Co working Space	2060	NA
Aditya Birla Fashion and Retail Ltd. (ABFRL)	Finesse International Design Pvt. Ltd.	Fashion	600	51%
Archroma India Pvt. Ltd.	BASF India Ltd.	Consumer	335	NA
Milkbasket	PSR Supply Chain Services (P) Ltd.	eGrocery	NA	NA
Walmart Labs	FloCare Labs India (P) Ltd. and BigTrade Infosystems (P) Ltd.	IT	NA	NA
Dentsu Aegis Network Ltd.	Ugam Interactive Solutions (P) Ltd.	Data Analytics	NA	NA
Larsen & Toubro Infotech Ltd.	Lymbyc	Artificial Intelligence	NA	NA
Druva	CloudLanes	Data Security	NA	NA
eBay	Paytm Mall	Ecommerce	NA	5.50%
Druva Inc.	CloudLanes	Technology	NA	NA
Orix Corp	Infrastructure Leasing & Financial Services Ltd. (IL&FS)	Wind Energy	NA	NA
Haptik	Convrq Technologies Inc	Technology	NA	NA
Tech Mahindra Ltd.	Mad*Pow Media Solutions LLC.	Media	NA	65%
Strides Pharma Science Ltd.	Sun Moral International Ltd.	Pharmaceutical	NA	NA
Zomato Media (P) Ltd.	Feeding India	Consumer	NA	NA
Tech Mahindra Ltd.	Mad*Pow Media Solutions LLC.	Consultancy	NA	65%
EY India	C Centric Solutions (P) Ltd.	Management	NA	NA
CLP India (P) Ltd.	Kalpataru Power Transmission Ltd.	Power	NA	NA
Ebix Inc.	Yatra Online Inc.	Travel	NA	NA
PayNearby	We Care Insurance Broking Services Pvt. Ltd.	Insurance	NA	NA
Walmart Labs	FloCare Labs India Pvt. Ltd. and BigTrade Infosystems Pvt. Ltd.	Technology	NA	NA

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Buyer	Target/Company	Industry	Amount INR in Mn	Stake (%)
GIC Holdings Pte Ltd. and Abu Dhabi Investment Authority (ADIA)	Greenko Energy Holdings.	Renewable Energy	22,372	NA
Brookfield Asset Management	Tower Infrastructure Trust	Infrastructure	22,215	NA
Blackstone	Future Lifestyle Fashions.	Fashion	17,000	NA
Standard Chartered Bank	Piramal Enterprises Ltd.	Finance	15,000	NA
Qatar Investment Authority (QIA)	Byju's	Ed-tech	10,200	NA
Flipkart	PhonePe	Digital Payments	6,980	NA
B Capital and International Finance Corporation (IFC)	Bizongo	Ecommerce	6,880	NA
Warburg Pincus and SAIF Partners	Rivigo Services (P) Ltd.	Logistics	4,446	NA
Tiger Global	Moglix	Industrial Goods	4,101	NA
Kalaari Capital and Hike	WinZO	Gaming	3,446	NA
AION Capital Partners & ICICI Venture	Future Lifestyle Fashions	Fashion	3,000	NA
Norwest Venture Partners	MindTickle Inc.	Training	2,750	NA
Falcon Edge Capital	Stanza Living	Real Estate	2,500	NA
Tencent	NiYO Solutions	Digital Banking	2,402	NA
IDG Ventures India Fund III LLC, Chiratae Trust, YourNest India VC Fund, and Technology Venture Fund	Emotix	Robotics	1,859	NA
CDC Group Plc.	Indifi Technologies (P) Ltd.	Technology	1,450	NA
Lok Capital, and IIFL AMC	RenewBuy	Digital Insurance	1,300	NA
B Capital and International Finance Corporation (IFC).	Bizongo	Ecommerce	1,020	NA
Trifecta Capital	BigBasket	Ecommerce	1,000	NA
IIFL Asset Management Limited (IIFL AMC)	CDE Asia Limited (CDE Asia)	Wealth Management	1,000	NA
Sequoia Capital India, DSP Group and 3one4 Capital	Pocket Aces Pictures (P) Ltd.	Digital Entertainment	1,000	NA
Eight Roads Ventures	StashAway	Digital Wealth Management	825	NA
Trustroot Internet	Udaan	Technology	689	NA
Lightspeed Venture Partners	Freight Tiger	Logistics	544	NA
Amazon	Qdigi	Ecommerce	510	NA
TVS Motor Company Ltd.	Scienaptic Systems Inc	Data Analytics	483	NA
Chiratae Ventures	PlayShifu	Manufacturing	482	NA
Samsung Venture Investment Corporation	OSLabs Technology India (P) Ltd.	Technology	394	0.2
Alteria Capital	NovoCura Tech Health Services Pvt Ltd.	Health tech	310	NA

*INR to USD conversion rate considered at USD 1 = INR 69.26

Sector	Location	Company Brief	Acquisition Criteria
FMCG	India	The company is engaged in the manufacturing of FMCG products and is exploring to diversify into new businesses.	<ul style="list-style-type: none"> ✓ Looking for some Regional brands in the categories like Personal Care, Health Care (OTC), Health Food (like Nutraceuticals, Dietary Supplements, health food etc.) ✓ Minimum turnover ~ Rs. 40-50 Crs. ✓ Gross Margin should be over and above 50% ✓ The brand should have good visibility in the market. ✓ Also looking for brands in Africa, SE Asia, SAARC region, Middle East and Russia
Pipes & Tubes	India	The company manufactures a wide range of welded and seamless stainless steel tubes and pipes & carbon steel pipes	<ul style="list-style-type: none"> ✓ Actively scouting targets with similar product lines ✓ Preferably in southern and western India ✓ Investment Size: USD 25-50 MN. ✓ Prefers to acquire total management control
Renewable Energy	Gujarat	The Company is a diversified player based out of Gujarat	<ul style="list-style-type: none"> ✓ Looking to acquire wind and solar assets in Gujarat and Rajasthan ✓ Hydro assets in Himachal Pradesh

PUSH TO INFRASTRUCTURAL DEVELOPMENT

Road	Railways	Airways	Waterways
Bharatmala Phase 2 to be launched to develop the state road networks	Investment of Rs 5,000,000 crore (US\$ 750 billion) for railways infrastructure between 2018-2030	More focus on UDAN project, to bridge the rural-urban divide and improve transport infrastructure	Jal Mark Vikas Project and Sagarmala Initiatives for improving logistics, reducing transportation cost and increasing competitiveness
Estimated cost of Rs 80,250 crore (US\$ 12.03 billion) is envisaged under Pradhan Mantri Gram Sadak Yojana-III (PMGSY) to upgrade 1,25,000 kms of road length over the next five years	Public Private Partnerships (PPP) to unleash faster development and delivery of passenger freight services along with station modernisation programme	FDI in aviation sector in consultation with all stakeholders.	Creation of transit hubs at Varanasi, Sahigbanj and Haldia

Other Key Measures

- Government has announced to invest Rs 10,000,000 crore (US\$ 1.5 trillion) in infrastructure over the next five years.
- Credit Guarantee Enhancement Corporation to be set up in 2019-20
- Action plan to deepen long term bonds market.
- To permit transfer of Foreign Institutional Investor's (FIIs)/Foreign Portfolio Investments (FPIs) investment in debt securities issued by Infrastructure Debt Fund (IDF)-Non Banking Financial Companies(NBFCs) to domestic investor.
- In order to promote Make in India, basic customs duty is being increased on various items.
- One Nation, One grid to ensure power availability to states at affordable rates through model in power Sector
- Government has finalised the model tenancy law- promotion of rental housing

PUSH TO INDUSTRIAL DEVELOPMENT

- MSME / Traders/ Social Enterprises
 - Proposal for granting of loans up to Rs 1 crore within 59 minutes through a committed online portal
 - Under the Interest Subvention Scheme, Rs 350 crore has been allocated for FY 2019-20
 - Payment platform for bill filing for MSMEs to be created to address delays
 - Social stock exchange for listing social enterprises and voluntary organisations
 - The Government e-Marketplace (GeM) is being extended to all Central Public Sector Enterprises (CPSEs), providing more opportunities for MSMEs to sell their products.
- Start up Promotion
 - Exclusive TV channel for startups
 - E-verification for establishing investor identity and source of funds to resolve tax issues relating to fund raising

FOREIGN DIRECT INVESTMENT(FDI) /FOREIGN PORTFOLIO INVESTMENT(FPI)

- 100% FDI to be permitted for Insurance intermediaries
- Statutory limit for FPI investment in a company increased to a sectoral limit
- Local sourcing norms to be eased for FDI in single brand retail
- Investments made by FPIs to be allowed in listed debt securities issued by Real Estate Investment Trust(ReITs) and infrastructure investment trusts (InvITs)
- NRI Portfolio Investment Scheme to be merged with the Foreign Portfolio Investment Route to boost investment in Indian equities

TAX PROPOSAL











- Threshold for applicability of lower corporate tax rate of 25% increased from Rs.250 Crore to Rs.400 Crore.
- Enhanced interest deduction up to ₹3.5 lakh for purchase of an affordable house
- TDS of 2% on cash withdrawal exceeding ₹1 crore in a year from a bank account to promote less cash economy
- Effective tax rate for individuals having taxable income above ₹2 crore has been increased
- No charges or Merchant Discount Rate (MDR) on specified digital mode of payments
- Sabka Vishwas(Legacy Dispute Resolution Scheme) proposed for quick closure of service tax and excise related
- Litigations
- Deposit taking and systemically important non-deposit taking NBFCs can now pay tax in the year they receive
- interest for certain bad or doubtful debts
- Special additional excise duty and road and infrastructure cess increased by INR1 each on petrol and diesel

BANKING

- Public sector banks to be provided Rs.70,000 crore capital to boost credit for a strong impetus to the economy
- Government to provide onetime six months' partial credit guarantee to public sector banks for first loss of up to 10% arising on purchase of high-rated pooled assets of financially sound NBFCs

OTHER

- SEBI to consider increase in minimum public shareholding for listed entities from 25% to 35%
- Creation of National Appellate Authority for Advance Ruling under GST
- Regulation authority over the housing finance sector to move back to RBI from National Housing Board(NHB)
- Custom duty exemption on import of certain electric vehicle parts and military equipment and parts not being manufactured in India on import by Ministry of Defence and armed forces.
- Pension benefit to retail traders & small shopkeepers, whose annual turnover is less than Rs 1.5 crore under "Pradhan Mantri Karam Yogi Maandhan Scheme

Stock Indices	Opening (1st Jul'19)	Closing (31st Jul'19)	Change %
Sensex	39,543.73	37,481.12	-5.22% 
Nifty	11,839.9	11,118	-6.10% 
FTSE	7,425.6	7,586.8	2.17% 
Nikkei	21,566.27	21,521.53	-0.21% 
Dow Jones	26,805.86	26,864.27	0.22% 
Gold (INR/10 Grams)	33,646	34,526	2.62% 
Silver (INR /1 Kg)	36,553	41,267	12.90% 
USD (\$) (INR /Dollar)	69.56	69.09	-0.68% 
Euro (€) (INR /Euro)	78.23	76.61	-2.07% 
GBP (£) (INR /British Pound)	91.05	84.11	-7.62% 

Sources - Global Indices, BSE, NSE, RBI, MCX INDIA



Ahmedabad Office

A-707, Infinity Tower, Corporate Road, Prahladnagar,
Ahmedabad - 380 015
Ph: +91 79 4002 6336



Kolkata Office

Suite # 68, 6th Floor, Chitrakoot Building
230 A, A.J.C. Bose Road, Kolkata - 700 020
Ph: +91 33 4069 8001



Mumbai Office

1st floor, Solaris 1,
Unit No. 114/B, Saki Vihar Road,
Andheri East, Mumbai-400072
Ph:+91 22 49738878



New Delhi Office

Suite # 823, 8th Floor,
DLF Tower A, Jasola District Centre. New Delhi - 110 025
Ph: +91 11 2694 2340

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e:indcap@indcap.in
w: www.indcap.in