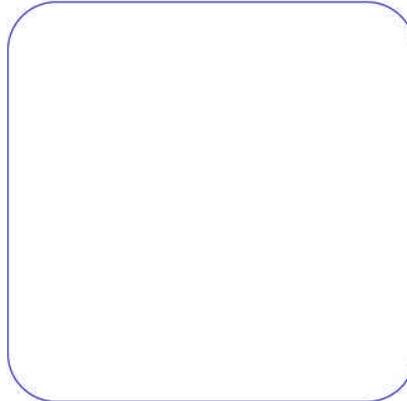


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Brain Trust
June, 2019



Chartered Accountants
Association, Ahmedabad

Capital Markets



CA. Karan Vora
karan@vorafin.com

Summary:

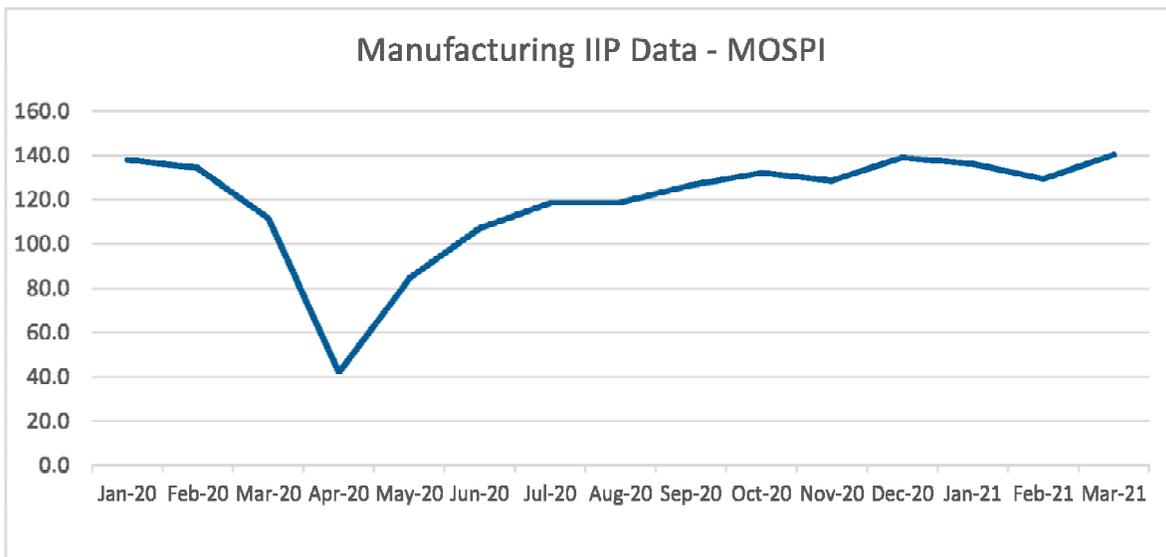
Indian Economy's recovery pace moderated in April on account of 2nd Covid 19 wave with record infections. Markets remained stable in this month but two IPOs were listed at discount.

Key Deals include BYJU'S to acquire Aakash, Piramal to Acquire Hemmo Pharmaceuticals and Creador's exit from Corona Remedies to ChrysCapital. Fun fact: Byju's Aakash deal was shaped by ISB Alumni Aakash Chaudhry (MD Aakash), Amit Jain and Amit Khanna.

Economic Update:

Department of Economic affair has stated that the rapid resurgence in Covid 19 cases, especially in India, has moderated the momentum of economic

recovery. The IIP (Index of Industrial Production) data showed that manufacturing Index was at its highest in last 15 months in March 2021. However, it is to be noted that the IIP data does not capture the impact of second Covid 19 wave which poses downside risk to economic activity. At the same time, agriculture and rural demand will continue to be the silver lining due to forecast of normal monsoon. In its first monetary policy statement for 2021-22, the Reserve Bank retained its projection of real GDP growth for the year at 10.5 per cent. Collections under the goods and services tax (GST) in April 2021 recorded a new high of Rs. 1.41 lakh Crore, remaining above the Rs. 1 lakh crore mark for the sixth consecutive month despite of Covid 2nd wave.

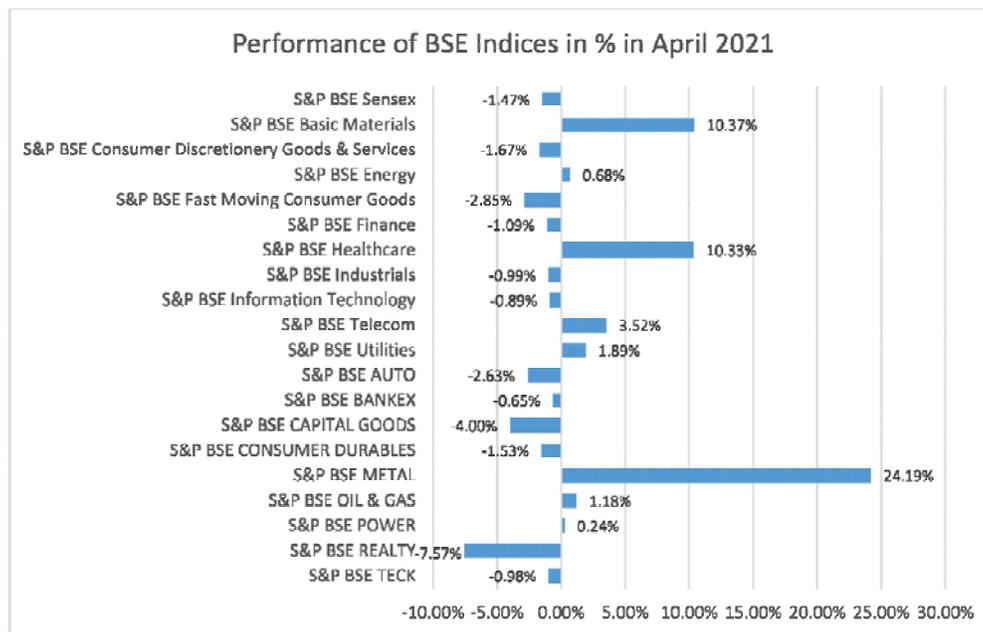


Trends in Secondary Markets:



Equity Markets	Mar 21	Apr 21	Change%
Sensex	49,509	48,782	1.47%
Nifty 50	14,691	14,631	0.41%
BSE 500	19,602	19,690	0.45%
BSE Bankex	37,547	37,305	0.64%
BSE Consumer Durables	32,826	32,325	1.53%
BSE Healthcare	21,328	23,531	10.33%
BSE FMCG	12,875	12,509	2.85%

BSE Sensex went down by 1.47% in April 2021 to close at 48,782. Nifty 50 closed at 14,631 lower by 0.41% from 14,691 in March closing. Investor sentiments were weak in April on account of 2nd Covid wave with record infections, stricter lockdowns and low demand. However, company report cards of Q4FY21 were largely positive which supported the markets. Foreign Portfolio Investors (FPI) divested Rs. 9,659 Crore from the Indian equity markets in the month of April.



Capital Markets

Amongst the BSE sectoral indices Metal (24.19%) and Healthcare (10.33%) were the best performers while Realty and Capital Goods sectors were the laggards. Metal sector has seen action due to pick up in global demands and increase in metal prices of Steel, copper and aluminum. Indian Steel demand is likely to be strong in FY22.

Primary market Update:

There were two main board IPOs of Macrotech Developers Limited and Barbeque Nation Hospitality Limited in April 2021 as against nine main board IPOs March 2021. Both IPOs were listed at discount on opening day due to relatively weak investor sentiments. There were three SME IPOs of Jetmull Spices and Masala Limited, Rajeshwari Cans Limited and EKI Energy Services Limited in April 2021 as against two SME IPOs of Rangoli Tradecomm Limited and Knowledge Marine & Engineering Works Limited in March 2021.

Particulars	Jan 21	Feb 21
I. Equity Issue	11,517	14,517
a. IPOs (i+ii)	4,933	3,658
i. Main Board	4,933	3,655
ii. SME Platform	-	3
b. FPOs	-	-
c. Equity Rights Issue	81	2,999
d. QIP/IPP	1,170	2,645
e. Preferential Allotment	5,333	5,216
II. Debt Issue	61,224	45,902
a. Debt Public Issue	5,600	216
b. Private Placement of Debt	55,624	45,685
Total Funds Mobilised (I+II)	72,741	60,419

Initial Public Offers:

Macrotech Developers Limited:

Established in 1995, Macrotech Developers is a real estate developer in India. The company is primarily engaged in affordable residential real estate developments. It has also entered into the development of logistics and industrial parks and also develops commercial real estate. The price

band of IPO was Rs.483-486 per share and it was subscribed 1.36 times. Amount raised through IPO was about Rs.2500 crore which will be used to reduce debt and acquired land. IPO got listed at Rs.439 at 9.67 percent discount to its issue price of Rs.486 per share.

Barbeque Nation Hospitality Limited:

Incorporated in 2006, Barbeque Nation Restaurants is a casual dining restaurant chain in India. The first Barbeque Nation Restaurant was established in 2008 and it has grown to 138 Barbeque Nation Restaurants in 73 cities in India and 7 International Barbeque Nation Restaurants in 3 countries outside India. The price band of the IPO was Rs.498-500 per share. Amount raised by the IPO was Rs.453 crore. The share was listed at Rs.492 on BSE at a 1.6 per cent discount over its issue price of Rs.500. At the issue price, the company had a valuation of 2.4x FY20 EV/sales.

Mergers and Acquisitions and Private Equity

Key deals:

M&A: BYJU'S to acquire Aakash Educational Services Limited:

Transaction:

BYJU'S has announced to acquire Aakash Educational Services Limited (AESL) through a strategic merger in a nearly \$1 Billion deal. Aakash founders JC Chaudhry and Aakash Chaudhry will continue to lead AESL's growth and expansion. Aakash founders along with investor Blackstone will become shareholders in BYJU'S.

BYJU'S:

BYJU'S is an education tech company which offers learning programs for students from classes 1-12 (K 12) to competitive exams. Today, the app has over 80 million registered students and 5.5 million annual paid subscriptions (In our October 2020 write up, this number was 50 million registered users and over 3.5 million paid subscriptions). It was widely reported that the platform turned profitable in 2019. Byju's investor list includes Sequoia Capital India, Chan Zuckerberg Initiative (CZI), Tencent, Sofina, Lightspeed Venture Partners and now Silver Lake Partners amongst others.

Aakash Educational Services Limited:

Aakash provides comprehensive test preparatory services for students preparing for Entrance Examinations, School/Board Exams and Competitive Exams. Company has a pan India network of 215+ Aakash Centers and a student count of more than 250,000. PE fund Blackstone is an investor of around 37.5% stake in AESL (valuing Aakash at around \$500 Million in 2019; with this deal Blackstone almost doubled its investment in AESL within less than 2 years.)

Rationale:

Byju's is disrupting the Indian education space with technology and with this acquisition it is adding offline teaching capabilities to its platform. It said that partnership combines Aakash's pedagogy expertise in the test prep segment with BYJU'S content and tech capabilities. Complementary strengths of Byju's and Aakash will enable Byju's to build capabilities, create engaging and personalized learning programs.

Aakash will expand by adding 100 to 150 more physical centers with support from Byju's and centers of Aakash will be physical point of contact for services of Byju's as well creating synergies for both groups.

Byju is on a fundraising spree in last few years with valuations at approx. \$14 to 15 billion in latest series F fund raising of \$460 million from MC global and B capital amongst other investors. Byju has also acquired US based OSMO in 2019 and startup Whitehat Jr. which teaches coding for \$300 Mn in August 20.

Last, an interesting fact: Aakash Chaudhri (MD AESL), Amit Jain (ex senior MD Blackstone) and Amit Khanna (deal advisor to Aakash) who have shaped this deal are all Indian School of Business (ISB Hyderabad) alumni.

M&A: Piramal Pharma Ltd. To Acquire Hemmo Pharmaceuticals:**Transaction:**

Piramal Pharma Limited to acquire a 100% stake in Hemmo Pharmaceuticals Pvt. Ltd. for an upfront consideration of Rs.775 crores and earn outs linked to achievement of milestones. Consequent to this

acquisition, Hemmo will become a wholly owned subsidiary of Piramal Pharma.

Piramal Pharma Limited:

Piramal Pharma Limited is a subsidiary of Piramal Enterprises Limited and is headquartered in Mumbai. It offers a portfolio of products and services through manufacturing capabilities across 14 global facilities and a global distribution network in over 100 countries. In October PPL has received 20% growth investment from Carlyle Group.

Hemmo Pharmaceuticals Pvt. Ltd.:

Hemmo Pharmaceuticals Pvt. Ltd. is a manufacturer of Peptide based pharmaceuticals. Its portfolio covers 30+ APIs including generic peptides, peptide NCEs and peptides in clinical development which it offers to pharma and research companies in both domestic and global markets. Its manufacturing facility located at Turbhe is certified by the USFDA, EDQM and WHO and its R&D facility located at Thane. Hemmo's turnover in FY 19 20 was Rs. 85 Crore.

Rationale:

This acquisition marks Piramal Pharma's foray into the development and manufacturing of peptide APIs, a capability that complements its existing service offering. Peptide is a compound of two or more amino acids and manufacturing it is complex. Peptide APIs have seen increased use in oncology, treatment of diabetes and obesity. The growth in therapies for rare diseases and orphan drugs has also increased the need for peptides. Hemmo is one of key manufacturers of synthetic peptides with a legacy of more than thirty eight years in business supplying peptide products and custom peptide synthesis.

Hemmo has expertise in both solution phase and solid phase synthesis of peptides.

Credor exits Corona Remedies to ChrysCapital:**Transaction:**

Credor sold its stake in Ahmedabad based Corona Remedies to PE fund ChrysCapital. ChrysCapital

Continued to page 77

As you can see from the picture, you need to select the value in Year 10 in the SET CELL tab. The TO VALUE needs to be changed to 30,00,000 (which is our end intended result). And the most important BY CHANGING CELL is the tab, which needs to be altered to arrive at your end number. I have mentioned all these numbers, which makes it quite simple for all of you to understand. Once the same is done, you may press the OK button to see the magic unfold.

The ROI which we mentioned as 10% now changes to 11.61% and the Year 10 now changes to what we wanted, i.e. Rs. 30,00,000.

Investment	10,00,000
ROI	11.61%

Year 1	11,16,123
Year 2	12,45,731
Year 3	13,90,389
Year 4	15,51,846
Year 5	17,32,051
Year 6	19,33,182
Year 7	21,57,669
Year 8	24,08,225
Year 9	26,87,875
Year 10	30,00,000

On a lighter note !!!J

Continued from page 65

paid Rs.6.7 billion (\$90 million) for a 30% stake, of which 20% came from Creador and 10% from the promoter group. The deal values Corona Remedies at around Rs. 2300 Crore as reported by Economic Times.

Corona Remedies Pvt. Ltd.:

Ahmedabad based Corona Remedies Pvt. Ltd.'s product range includes formulations in therapeutic segments like gynaecology, cardio diabetic, nutraceuticals, anti infective and paediatrics. The company has also acquired various brands from GSK & Abbott. Company was found by Dr. Kirtibhai Mehta and his two sons Nirav & Ankur and is backed by team of over 3000 professionals including around 1900 medical representatives.

ChrysCapital:

Established in 1999, ChrysCapital is an India focused investment firm with approximately \$4 billion of assets under management across eight funds and series of successful exits. Its current portfolio consists of companies like Herofincorp, FirstCry, DreamSports, Intas pharma, Mankind, Eris pharma amongst others.

Rationale:

In 2016, Creador fund had invested INR1.18 billion

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in Corona Remedies for a minority stake and have said to made 35% IRR on their investment with this exit. Creador said that during their investment time frame the company's sale went up by 2.6 times and EBITDA went up by 8 times. Nirav Mehta, promoter of Corona commented that the Corona's market beating growth has been result of focusing on the gaps in the market and focus on affordability. Pharma API segment has become one of the most exciting segment in the deal space lately in Indian market which has traditionally favored the generics segment. Earlier the Chinese API players had dominated the markets due to strong price competition in the market. However, in last few years many environmental curbs were placed on Chinese players due to their widely polluting nature. Global players are also de risking their supply chains with china plus one strategy. Indian Government has also started Atmanirbhar initiative to reduce outside dependence. Indian API companies are increasingly doing very well presently and depending on the complexity and market of their products are commanding very attractive valuations.

Acknowledgements: RBI Bulletin (www.bulletin.rbi.org.in), SEBI (www.sebi.gov.in), NSE (www.nseindia.com), BSE (www.bseindia.com)
