

VC Snapshot for India

August 31, 2007
Week 35

Dickenson Intellinetics Pvt. Ltd, (022) 2625 2282 www.vcindia.com



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Lead Stories

DFJ to set up office in Bangalore

Silicon Valley's leading venture capital firm Draper Fisher Jurvetson (DFJ) is finally setting up its shop in India. The early stage technology-focused VC is opening its Bangalore office with also a presence in Hyderabad.

DFJ has kept aside US\$ 75 mn of its recently raised US\$ 600 mn DFJ IX fund for India. Mohanjit Jolly, a partner with the firm, will be moving to Bangalore next month. DFJ will be investing in India directly out of the DFJ IX fund that it recently raised. The DFJ offices in India will have Mr. Jolly and venture partner Sateesh Andra in Hyderabad.

Blackstone buys 12.5% in Nagarjuna for US\$ 150 mn

Global buyout fund Blackstone will pick up a 12.5% stake in Hyderabad-based Nagarjuna Construction Company (NCC) for US\$ 150 mn.

Blackstone will have representation on the Board of NCC. Blackstone will make the investment in NCC in two tranches. In the first phase it will be allotted 20,246,900 shares of Rs 2 each at a premium of Rs 200.50 (US\$ 4.88) and 9,111,111 warrants of Rs 225 (US\$ 5.48) per warrant, with each warrant convertible into one equity share of Rs 2 each at a premium of Rs 223 (US\$ 5.43).

The investment will allow NCC to make additional investments in public-private infrastructure projects.

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It's a Wrap!

1. Hines Real Estate lines up US\$ 300 mn India fund

Hines India Real Estate, a wholly owned subsidiary of American realty giant Hines, has set up a US\$ 300 mn fund dedicated for projects in India. Hines is one of the largest real estate developers in the world. It is a privately-held firm with a presence in over 96 cities across the globe. Its portfolio consists of around 950 properties and the firm controls assets valued at approximately US\$ 16 bn.

2. General Atlantic plans to exit Patni

General Atlantic Partners, which holds about 16% in Patni Computers, has decided to exit completely from the company. General Atlantic Partners' decision will help the brothers at the helm of Patni Computer Systems, who are planning to sell the stake in the company to private equity investors. Leading private equity company such as Carlyle, Cerberus and Blackstone have shown interest in buying into the company. The new investor will have the powers to appoint a new CEO and will be responsible for future growth. The new investor will also get a chance to hold a substantial stake due to GA's decision to exit.

3. Helix Investments puts US\$ 12 mn into Mumbai's Mahesh Tutorials

Mahesh Tutorials Educare Pvt. Ltd received FDI worth US\$ 12 mn from Mauritius-based Helix Investments to expand its operations in India and abroad. With current revenue of Rs 35.5 cr (US\$ 8.65 mn), the tutorial, which has a strong presence in Mumbai, wants to have a turnover of Rs 150 cr (US\$ 36.56 mn) by 2010.

4. Reliance Capital buys 26% in VTSL

Reliance Capital (RCL) has picked up 26% stake in Victory Transformer & Switchgear (VTSL), a fully-integrated transformer manufacturing company, for Rs 75 cr (US\$ 18.28 mn). VTSL is a Hyderabad-based company, promoted by Vaddineni Venkatappaiah Naidu in 1996. It is currently managed by his son - Mahindra Vaddineni. The company primarily manufactures power transformers, but it is vertically integrated and manufactures related products such as unitised substation, transformer core, vacuum circuit breaker, insulators and transformer oil.

5. HDFC closes intl real estate fund at US\$ 800 mn

Housing Development Finance Corporation (HDFC) announced the closing of its first sponsored international real estate fund, HIREF International LLC, at US\$ 800 mn. The nine-year, close-ended fund, open for subscription from only foreign investors, was subscribed to by 28 investors. The objective of the fund is to invest in FDI - compliant real estate projects in India to achieve long-term capital appreciation. The fund will target equity returns of 20-25%. The fund will have a conservative approach with no regional or sector bias, and would invest in residential, commercial, hospitality, education and healthcare sectors and at the developers' entity level.

6. Citi, UTI Ventures planning to invest US\$ 12 mn in Primus

Citigroup and UTI Ventures are investing around US\$ 12 mn into value fashion retailer Primus. The Bangalore-headquartered retailer is also the master franchisee for Levi's, Dockers and Adidas. It recently completed the acquisition of Weekender. Citigroup Venture Capital is infusing about US\$ 7.5-8 mn while UTI Ventures is hiking exposure with Rs 13 cr (US\$ 3.16 mn) second-round funding. UTI Ventures had made initial investment of Rs 22.5 cr (US\$ 5.48 mn), and with the latest round has increased the cumulative exposure to around Rs 35 cr (US\$ 8.53 mn).

7. Srei stake in Andhra company

Srei Infrastructure Finance acquired a 76% stake in Hyderabad Information Technology Venture Enterprises Ltd, a venture capital firm. The venture capital firm was set up in 2000 jointly by the Andhra Pradesh Development Corporation, the Andhra Pradesh Industrial Infrastructure Corporation and the Small Industries Development Bank of India. The Hyderabad firm floated its first fund with an initial

corpus of Rs 15 cr (US\$ 3.65 mn). It came out with a second fund of Rs 50 cr (US\$ 12.18 mn). After the shareholders' approval, Srei will pick up a 51% stake in the initial fund and another 25% in the second.

8. BCCL acquires stake in Travel Masti

Bennett, Coleman & Co Ltd (BCCL) has acquired a stake in Travel Masti Holidays Private Ltd, a company which provides internet-based travel related services to domestic and inbound tourists and corporates for their conferences. The portal, www.travelmasti.com, offers hotel reservations and information on various hotels and resorts and is in the process of expanding into other premium services, such as hotel representation services and travel agency transactions business.

9. Apollo arm buys BPO firm in US for US\$ 170 mn

Apollo Health Street, the BPO arm of hospital major Apollo Hospitals Enterprise Ltd (AHEL), had signed an agreement with Atlanta-based, Zavata to acquire the latter's medical BPO business for US\$ 170 mn. The deal entails a cash plus debt component. The cash in the form of equity infusion by Apollo Hospitals group by US\$ 25 mn, and the rest raised from private equity investors. One Equity Partners (the investment arm of JP Morgan) and Temasek have invested US\$ 25 mn, which will be used to part fund the buy-out. The debt valued at US\$ 120 mn has been raised from Bank of India and Barclays Capital.

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STOCK WATCH (From 24th Aug, 2007 to 31st Aug, 2007)

Index	Open	Close	Abs. change	% Change
SENSEX	14424.87	15318.60	893.82	6.19
NIFTY	4190.15	4464.00	273.85	6.53

LEADERS

BSE	Open	Close	% change
Scooters Ind.	24.00	28.80	20.00
Innova Food	54.43	65.31	19.99
Vaibhav Gems	185.30	222.35	19.99

NSE	Open	Close	% change
Alchemist LT	86.95	104.35	20.01
Vaibhav Gems	183.95	220.75	20.01
Bhush Steel	659.90	762.95	15.62

LAGGARDS

BSE	Open	Close	% change
Northgate Te	1294.10	679.40	-47.50
Simbh. Sugar	36.35	30.85	-15.13

Ashco Inds.	33.70	30.35	-9.94
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NSE	Open	Close	% Change
Northgate TE	1289.70	677.10	-47.50
Simbh Sugar	36.15	30.80	-14.80
G.K.W.LTD (Del)	61.95	55.75	-10.01

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Disclaimer: This snapshot has been prepared from various public sources. The above information is believed to be correct, but the firm is not responsible for any error or any decisions made by the reader based on the information provided. It should not be relied upon as a substitute for detailed advice and the firm does not accept responsibility for any loss as a result of relying on material contained herein.

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'9 JVDP' Building, Next to UTI Bank, 10th N.S. Road, Juhu, Mumbai - 49, India.