

Spreading wings

New York-based investment firm Berggruen Holdings Inc, which owns the Keys Hotel chain in India, is all geared up to further expand its presence in the country. Enthused by the response it received in the last 10 years of its existence in India, Berggruen Hotels Pvt Ltd, which runs 22 hotels (2,200 keys) currently, is looking to add 6-8 hotels to its portfolio in the next 12-18 months. As part of the expansion strategy, the company, with a presence across the mid-segment, is also looking to strengthen its presence in vacation or leisure destinations. At present, 60 per cent of its existing hotels cater to the business segment. The hospitality company, grown at a CAGR of about 24 per cent in the last few years, far exceeding the industry growth of about 14 per cent, will follow an asset-light model, where it will enter into a management contract with the developers.

Currently, out of its entire portfolio, 15 Keys Hotel properties are run on management contract, while seven are owned by the company in locations like Ludhiana, Vizag, Bengaluru and Kochi. The company has launched two new hotels in Port Blair and Ramgarh near Nainital. Founded by American investor and philanthropist Nicolas Berggruen, the company has business interests in real estate and renewable energy, among others. In India, apart from Keys hotels, it has invested in several real estate and mixed used development projects.

On expansion mode

The Danfoss group of Denmark, a global producer of products and services used in areas such as cooling food, air-conditioning, heating buildings, controlling electric motors, compressors, bowling, drives and powering mobile machinery, is betting big on the Indian market. Exploring a series of opportunities across various sectors, Danfoss India, growing at a CAGR of over 19 per cent in the last five years, has already clocked a turnover of ₹1,000 crore. Backed by over 950 employees and three manufacturing

facilities in Chennai, Pune and Baroda, the company is looking to double its turnover in the next three-four years. Danfoss meets the growing need for infrastructure, food supply, energy efficiency and climate-friendly solutions with its technologies finding applications in areas such as refrigeration, air-conditioning, heating, motor control and mobile machinery. It has set up a global R&D centre in Chennai, which is backed by a strong team of 300 people.

The company, which invested \$100 million in setting up a greenfield manufacturing facility in Chennai a couple of years ago, is now ramping up this capacity and now makes over 20



products, as against two products in 2015. Last year, the company acquired privately-held Sondex Holding AS, a global leader in heat transfer technologies with a facility in Baroda. In manufacturing, the company is looking to increase localisation from 20 per cent today to around 50-60 per cent in the next three years.

Niche business

Mumbai-headquartered Drytech Processes Pvt Ltd, a leading player in specialised spray-dried ingredient maker for the food and beverage industry, has made big strides with its pioneering products and solutions. Spray dried ingredients – being increasingly used – help increase shelf-life while maintaining the naturalness

of the product. Moreover, they also offer handling benefits due to their powder form. Having grown at a CAGR of 20 per cent for the last five years, the ₹200-crore company, with a clientele including names like Pepsico, ITC, Unilever, Nestle and Mondelez, and 80 per cent production being exported, is looking to expand its capacity (current: 20,000 tonnes per annum) further, having commissioned additional capacity at its Nagpur facility recently. Having started its journey in the spray drying industry in 1992 with spray dried gum arabic (a natural gum, also known as acacia gum, used primarily in the food industry as a stabiliser), the company has emerged as the largest manufacturer of gum arabic in Asia. Danfoss currently has a well diversified portfolio of spray dried fruit powders, fat base powders, caseinates, natural colourants and many other exclusive ingredients. Its specialised spray dried ingredients such as tomato powder with 100 per cent pure solids and fat powders loaded with up to 80 per cent fat, command a big market.

P/Es look for exits

Private equity firms are keenly watching the capital markets to time their exits from the investments made over the last 3-5 years in Indian companies. One sector which is all set to see IPOs is the NBFC sector. Several well run companies are witnessing sky high valuations, upto 3 and 4x, in terms of price to book value. Some of the companies that investment bankers are wooing in the private sector include the big 5: Avendus, IndoStar Capital, Ask, Hinduja Leyland, and IIFL Wealth Management. The valuation of each company could well be within ₹4,000-5,000 crore and while it is anyone's guess as to which one will be the first off the block, some investors feel that it could be IIFL Wealth Management, in which General Atlantic had bought a 21 per cent stake for \$173 million or roughly ₹1,122 crore in October 2015. Others feel it could be IndoStar Capital, an Everstone-Goldman Sachs-backed NBFC. There could be at least two companies which could go in for an IPO before the end of this fiscal. ♦