



CIA-GLOCAL VENTURES LLP™

NEWSLETTER

Maharashtra, UP to drive state-led capex in road sector in next 3 years

By [Economic Times](#)

The state-level spend on roads in Maharashtra and Uttar Pradesh is expected to grow at an annual rate of 22 per cent to Rs 1.43 lakh crore by 2020- 2021, rating agency ICRA said Tuesday.

In Maharashtra, the estimated spend in case of Nagpur-Mumbai expressway alone is Rs 35,000 crore over next three years in addition to proposed road improvement program through hybrid annuity mode.

Similarly, in UP, for Purvanchal and Ganga expressways together, the estimated spend over next three years is around Rs 20,000 crore, it added.

IL&FS to return incomplete road projects to NHAI for rebidding

By [LiveMint](#)

Debt-laden Infrastructure Leasing & Financial Services (IL&FS) Ltd has agreed to return under-construction road projects to the National Highways Authority of India (NHAI) for fresh bidding, according to the minutes of IL&FS's 22 April board meeting.

According to the minutes of the board meeting, IL&FS and NHAI discussed the future of 10 projects that are incomplete, at various stages of completion or where the financial closure has not been achieved yet. These projects, after analyzing the information available in annual reports, are worth ₹14,519 crore. The work done by IL&FS would be valued by the regional offices of NHAI to arrive at an arbitration amount, the minutes said.

FROM THE DESK



Alok C. Sapre

Chairman & Managing Director,
CIA-GLOCAL VENTURES LLP

We at CIA-GLOCAL VENTURE LLP (CGV) are overwhelmed by your response on our first newsletter. Your inputs and suggestions are always welcome.

Industry in general has shown mixed signals, on one hand investors (PE largely) are showing keen interest to invest in companies than projects; highway assets & restructuring remain an addition to attraction while on other hand project delays in highways, railways and other infra are adding to almost 45Bn USD worth of cost overrun.

Co-share and commercial market has become attractive compared to residential which is showing some movement but large surplus inventory adds to agony. Though adaptation to RERA is improving quality of delivery and time, REIT and InvIT are still to be tested and adopted fully.

Further Iran sanctions and trade war between China and USA is making markets to bleed. India in particular is passing through an aftermath of "Cyclone Fani" and draught in different states. Financial and economic traction can only be expected after the ongoing parliamentary election.

CGV as a management consulting and Infra advisory is open to adding values where needed and this newsletter is a small contribution in that line.

INFRASTRUCTURE**Metro rail to chart new road to growth for construction cos**By [Economic Times](#)

Domestic brokerage Edelweiss Securities and a few industry experts estimate under-construction metro rail projects to generate order book of Rs 2.5-2.6 lakh crore in the next five years. This would entail investment of Rs 3.5-3.6 lakh crore in the same period. It is estimated that 55-60 per cent of this order book is likely to be in construction segment.

Piramal Enterprises, Canadian pension fund set up renewable energy trustBy [Business Times](#)

Piramal Enterprises Tuesday said it has signed an initial pact with Canada Pension Plan Investment Board to co-sponsor a USD 600 million renewable energy-focused infrastructure investment trust (InvIT).

CPPIB has committed USD 360 million and holding up to 60 per cent while Piramal Enterprises has committed USD 90 million and holding 15%. The InvIT would seek to raise capital from other like-minded investors for the remaining 25%.

In the interim and prior to its launch, Piramal Enterprises and CPPIB will jointly warehouse seed assets for the proposed InvIT. Piramal would act as the sole investment manager as well as project manager for the proposed InvIT, the release added.

NHAI tweaks strategy for Rs 3 trillion projects under Bharatmala schemeBy [Business Times](#)

The NHAI has decided to consider only those projects that require minimal land acquisition as it finalises highway contracts worth about Rs 3 trillion under the Bharatmala scheme. This will help in getting a better fix on viability. Projects that have financial viability will be considered," a senior NHAI official said, adding these projects were part of the broader Bharatmala scheme.

The reason for shifting priority is land compensation costs, which increased after the new Act — the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR) — came into being in January 2014. Before the Act, the land acquisition cost made up 10 per cent of a project's cost. This has now risen to 30-40 per cent.

The NHAI plans to raise Rs 10,000 crore through Bharatmala Taxable Bonds in 2019-20. The total length of projects under Bharatmala is 65,000 km. The overall market borrowing for the Bharatmala project is estimated at ~2.09 trillion till 2021-22.

REAL ESTATE**Flexible space leasing by co-working operators sees 4-fold jump in Jan-Mar: CBRE**By [Economics Times](#)

Co-working operators have leased 2.9 million sqft of area, largely office space, during January-March 2019 across seven major cities - a jump of nearly four-fold from the year-ago period, to meet rising demand for shared and flexible workplace, property consultant CBRE said.

Co-working players had leased just 0.8 million sqft space in the corresponding period of the previous year, according to a CBRE report 'India Flexible Space Quarterly Digest– Q1 2019'.

"We further anticipate that operators would also look at semi-investment grade or refurbished options, keeping in mind the location and cost of these properties," it added.

ENERGY

Sterlite Power targets \$10bn assets by 2022 fueled by KKR funds

By [Economic Times](#)

Sterlite Power Transmission aims to expand its global footprint in power transmission sector to a portfolio worth \$10 billion in by 2021-22, and the investment made by KKR in its infrastructure investment trust would play a crucial role in achieving it.

"We feel 2019-20 would be the beginning of aggressive spend in Indian transmission sector. This year we will see about Rs 20,000 crore of projects being awarded, which is twice that of last year. This can easily be doubled next year. We are geared up," Pratik Agarwal, Group CEO of Sterlite Power.

Towards greener growth in India

By [Energy World](#)

In 2015, India set a target of reaching 175 gigawatt (GW) of renewable energy capacity by March 2022. Four years later, the country is well on its way to meet this target with 119 GW of green energy capacity installed by February 2019.

A blueprint published by India's Central Electricity Authority predicts that by 2027, 57 per cent of the total electricity capacity will come from renewable sources.

To truly transform the energy landscape in India, a system-level intervention through collaboration is needed. This is the aim of the 'India2022' coalition, bringing together companies including the Tata Trust, Hindalco, the Aditya Birla Foundation, Unilever, BHGE, Shell, State Bank of India, TechnipFMC and WPP.

INDUSTRY

Big Four Hit Back At India Law Society Over Bans

By [The American Lawyer](#)

Big Four accounting firms Ernst & Young and KPMG have responded to the Bar Council of Delhi's decision to ban them from practicing law in India, denying allegations made by the country's Law Society president.

KPMG said in its statement. "In our response, we specifically stated that the firm does not represent or hold itself out to be a legal firm or a firm of lawyers or legal experts, nor is it engaged in the practice of law. Given the matter is baseless and incorrect, we would refrain from commenting on it further."

EY has also said it will defend itself against the claims.

JSPL bags Rs665 crore rail order from RVNL

By [Economic Times](#)

Steel maker Jindal Steel and Power Ltd (JSPL) Thursday said it has bagged aRs 665 crore order from Rail Vikas Nigam Ltd (RVNL) to supply 89,042 tonnes of rails.

This is the second big rail order in less than a year, the first-ever rail order to JSPL for supplying close to one lakh tonnes rails to Indian Railways was completed in April, 2019, the filing added. RVNL functions as an extended arm of the Ministry of Railways. It is empowered to act as an umbrella special purpose vehicle (SPV) to undertake projects directly or by creating project specific SPVs, according to its website.

Steel Gaining Prominence in the Indian Construction Industry

By [Accommodation Times](#)

The general sentiment within the industry is that steel is going to be a great enabler for the Indian growth story, particularly for the downstream sector. Construction and infrastructure occupy the lion's share of this growth in demand. According to a recent industry report by Steel Authority of India Limited (SAIL), there is 7% growth in domestic steel consumption led by investment in construction and infrastructure. Also, the proposal to bring construction material in the lower GST slab will further give a fillip to the industry.

INVESTMENT & FINANCE

PE infra investment seen soaring this year

By [The Asian age](#)

In the first four months of 2019 itself, private equity and venture capital investments in infrastructure sector has surpassed the previous annual high of 2007. Between January and April, investments totaling \$3.7 billion were made in the infrastructure space, which was more than double of \$1.8 billion invested for the entire year of 2018. In 2007, the sector had received investments worth \$2.25 billion and this was the highest annual funding seen by the sector. The four-month investment of \$3.7 billion is 64 per cent higher than this previous high.

RBI withdraws circular that asked banks to disclose IL&FS exposure, provisions

By [Live Mint](#)

The Reserve Bank of India (RBI) on 8th May withdrew its 24 April-circular which mandated banks to disclose their exposure to Infrastructure Leasing and Financial Services Ltd (IL&FS), and its group entities, in their notes to financial statements. This comes after the National Company Law Appellate Tribunal (NCLAT) last week allowed banks to declare defaulting loans of IL&FS and its group companies as bad loans.

RBI had earlier said that banks must disclose details, including total amount of exposure that are non-performing assets (NPAs) as per Income Recognition and Asset Classification (IRAC) norms, but not classified as NPA. These banks, RBI had said, must also reveal the provisions required to be made and the provisions actually made by the banks.

NIIF, Roadis tie up for \$2 billion road investment platform

By [LiveMint](#)

Infrastructure Investment Company Roadis and the National Investment and Infrastructure Fund (NIIF) have announced the creation of a platform that will invest in road projects in India.

The platform will invest up to \$2 billion of equity to target toll-operate-transfer models, acquisition of existing road concessions and investment opportunities in the road sector with the aim of creating a large roads platform in the country, the companies said in a press release.

Macquarie eyes exit from roads platform Ashoka Concessions

By [LiveMint](#)

Macquarie Infrastructure and Real Assets (Mira), one of the biggest foreign infrastructure investors with interests in India, aims to exit its seven-year-old investment in roads platform Ashoka Concessions Ltd, said two people aware of the development.

"An exit for Macquarie could materialize in the form of sale of road assets or a stake sale at Ashoka Concessions," the said one of the above person.

The plan to sell its Ashoka Concessions stake is part of Macquarie's efforts to exit investments from its previous India fund, which it co-sponsored with the State Bank of India, said the other person cited above, also requesting anonymity. "They have several transactions in the works which will provide them exits and they plan to start a couple of other exit processes too," he said.

Institutional investors switch focus to entity-level exposure

By [Economic Times](#)

Institutional investors, especially private equity (PE) firms, are gradually moving towards entity level investments from project-level exposure. The PE funds pumped in up to \$3.3 billion into the Indian real estate through entity-level investments between 2017 and 2018, showed the data obtained from ANAROCK Property Consultants.

This is three times the amount — \$1.1 billion — invested by them between 2015 and 2016. The share of PE funds' entity-level investments into Indian realty rose from 22% in 2015 -16 to over 39% in 2017-18.

Realty funds step up investments but fail to address funding gap in sector

By [Live Mint](#)

Home-grown real estate funds are stepping up investments in residential projects, but are unable to address the huge funding gap as non-banking financial companies (NBFCs) continue to lag in financing real estate projects. The NBFC liquidity crisis has opened up a financing opportunity for alternative investment funds (AIF), privately pooled investment vehicles that are incorporated in India, which are actively investing and evaluating real estate deals.

"Funding is a challenge. With very little loan to value remaining in projects, we have to think multiple times before committing any capital. But with the slowdown and regulatory changes, we are finally adopting a bottoms up approach with a focus on mid-income housing," said Balaji Rao, managing partner-real estate, Axis AMC. Axis AMC signed its first deal, from its maiden fund, to invest ₹60 crore in a township project of Chennai's Akshaya Pvt. Ltd in May.

About us:

We are an Accredited Global Management Consultancy & Financial Cum Infra-Advisory with experience in Techno-Commercial Diligence, having a clear focus on Banking & Investor Sector for value creation to its clientele, working with lean management concept.

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