

June 2024

THE INDCAP NEWSLETTER

INVESTMENT BANKING INSIGHTS & UPDATES



A Indcap Advisors
Enabling Growth | Creating Value

A SEBI registered Category I Merchant Banker

www.indcap.in

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MONTHLY UPDATE



Monthly M&A Update | Monthly PE Update
Debt Market Update | Merchant Banking Bulletin

M&A UPDATE

Mergers & Acquisitions Deals

Buyer	Target Company	Industry	Amount	Stake
Cognizant Technologies	Belcan, LLC	IT Services (Digital Engineering)	1,07,651	NA
Information technology services provider Cognizant Technologies has agreed to acquire digital engineering firm Belcan for nearly USD 1.3 Bn in cash and stock.				
TPG Asia	Altimetrik	IT Services	75,105	60%
TPG Capital (via TPG Capital Asia) acquired a 60% stake in Altimetrik, valuing the IT services firm at USD 1.5 Bn. Promoted by Raj Vattikuti, Altimetrik aims for USD 1 Bn in annual revenue within three years; Jefferies LLC was the exclusive financial advisor.				
Dr. Reddys Laboratories	Haleon Nicotinell	FMCG	52,740	NA
Dr. Reddy's Laboratories is acquiring British consumer healthcare company Haleon's global portfolio of consumer healthcare brands in the nicotine replacement therapy (NRT) category outside of the U.S.				
UltraTech Cement	India Cement	Chemical	18,850	23%
UltraTech Cement, part of the Aditya Birla Group, will acquire a 23% stake in India Cements. As of March 2024, promoters owned 28%, resident individuals held 39.33%, and Radhakishan and Gopikishan Damani jointly held 22.78%.				
JSW Infrastructure	Navkar	Infrastructure	16,438	70.30%
JSW Infrastructure, part of the JSW Group, is the country's second-largest private-sector commercial port operator. It is acquiring Navkar, a multi-modal logistics company, through unit JSW Port Logistics Pvt Ltd.				
Global Enterprises Ltd	Vizag Hospital	Healthcare	4,140	85%
Listed oncology-focused player Healthcare Global Enterprises Ltd has acquired a majority stake in Vizag Hospital, which operates Mahatma Gandhi Cancer Hospital and Research Institute, for an enterprise value of ~USD 50 Mn				

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.45

PE/VC UPDATE

Private Equity or Venture Capital Deals

INR in Mn

Investor(s)	Company	Industry	Amount
Glade Brook Capital, Nexus Venture Partners, StepStone Group and others	Zepto	IT	55,569
Mumbai-based quick commerce firm Zepto secured USD 665 Mn in a Series F round, valuing it at USD 3.6 Bn, with existing investors Glade Brook Capital, Nexus Venture Partners, and StepStone Group co-leading alongside new backers DST Global, Avenir Growth Capital, Lightspeed Venture Partners, and Anu Hariharan's Avra Fund.			
Finnest	Loyal Hospitality	Cloud Kitchen	12,102
Finnest bought a 53.75% stake in cloud kitchens-focused startup Kitchens@ operated and owned by Loyal Hospitality by investing USD 160 Mn in the company			
GEF Capital Partners	TI Clean Mobility	Automobiles (Electric Vehicles)	7,500
GEF Capital Partners is investing in TI Clean Mobility Pvt Ltd, Murugappa Group's electric vehicle arm, through equity and CCPS, bringing the total fundraising to INR 2,530 Cr.			
CX Partners	Sabine Hospital & Research Centre	Clinics (Fertility)	4,200
Sabine Hospital & Research Centre, secured USD 50 Mn in funding, with CX Partners-led consortium purchasing a 53% stake at a valuation of approximately INR 8350 Mn.			
Keppel Ltd.	Smartworks Coworking Space Pvt. Ltd.	Cowork Space	1,680
Smartworks Coworking Space Pvt. Ltd. has raised USD 20.24 Mn this year from a host of investors including existing backer Keppel Ltd.			
Z47, Kae Capital, Panthera Growth Partners	Foxtale	Personal Care (Cosmetics)	1,503
Mumbai-based Foxtale , a D2C (direct-to-consumer) skincare brand, has raised USD 18 Mn in its Series B round led by existing investor Panthera Growth Partners. The startup plans to use the funds to expand its digital presence and introduce new product categories.			

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.45

DEBT MARKET

Debt Market Insights

Market Snapshot (%)	Current Week	1 month ago	3 months ago	6 months ago	1 year ago
Average Call Rates	6.69	6.56	6.98	6.82	6.80
Average Repo Rates	6.63	6.51	6.83	6.82	6.63
Bank Rate	6.75	6.75	6.75	6.75	6.75
Cash Reserve Ratio (CRR)	4.50	4.50	4.50	4.50	4.50
RBI-Liquidity Adjustment Facility (LAF) Repo Rate	6.50	6.50	6.50	6.50	6.50
RBI-Liquidity Adjustment Facility (LAF) Reverse Repo Rate	3.35	3.35	3.35	3.35	3.35
91-Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	6.80	6.85	7.01	6.93	6.76
182 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	6.92	7.01	7.14	7.16	6.87
364 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	6.96	7.04	7.08	7.13	6.87
1-Year Government Securities (G-Sec) Yield	6.63	7.03	7.02	7.09	6.91
5-Year Government Securities (G-Sec) Yield	7.01	7.05	7.04	7.10	7.09
10-Year Government Securities (G-Sec) Yield	7.04	7.03	7.07	7.22	7.13

Sources: The Clearing Corporation of India Limited (CCIL)

Other key highlights:

- **S&P Global Ratings retained its growth forecast for India at 6.80% for FY25.**
- The eight core industries with a combined weight of 40.27% in the Index of Industrial Production (IIP) registered a growth of 6.30% in May 2024 (provisional) compared to growth of 5.20% in May 2023. The core sector grew 6.50% in April-May FY25 as against 4.90% in April-May FY24.
- RBI released the Financial Stability Report June 2024. ([Click Here](#))

MERCHANT BANKING

Market Scenario

Particulars	No. of Issues in the month of June	Amount (INR in Mn)
Public Issues (IPO, FPO)	7	36,282.70
Public Issues (IPO - SME)	20	6,224.70
Rights Issues	9	23,051.10
Public Issues (Debt)	2	20,500.00

Regulatory Updates by SEBI

SEBI issues guidelines for stock bourses, market infra institutions

Markets regulator SEBI revised its oversight framework for stock exchanges and other market infrastructure institutions (MIIs), defining the structure and responsibilities of various statutory committees to enhance governance. These guidelines are on the recommendations of SEBI's Committee on Strengthening Governance of MIIs, according to a circular issued by the market regulator. Statutory committees of MIIs can be divided into different categories, such as functional, oversight and investment. On the composition of panels, SEBI said such committees should include key management personnel (KMP), non-independent directors (NIDs), independent external professionals (IEPs), and public interest directors (PIDs).

SEBI eases trading norms for company insiders

SEBI has given flexibility to senior executives of listed companies relating to their trading plans under insider trading norms. The regulator has reduced the minimum cool-off period between disclosure and implementation of trading plan to four months from six months. It has allowed flexibility during formulation of trading plan, to provide price limits - upper price limits for buy trades and lower price limits for sell trades. The regulator has provided a 20% price range for buying or selling of shares in the trading plan. Insider may make adjustments, with the approval of the compliance officer, in the number of securities and price limit in the event of corporate actions related to bonus issue and stock split occurring after the approval of trading plan and the same shall be notified on the stock exchanges on which securities are listed, as per SEBI Notification. Further, in case of non-implementation of trading plan, the insider should inform about it to compliance officer within two trading days with reasons.



MERCHANT BANKING

Regulatory Updates by SEBI

Framework for providing flexibility to Foreign Portfolio Investors in dealing with their securities post expiry of their registration

SEBI vide “Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors” dated May 30, 2024 has, inter alia, specified the guidelines for registration of FPIs, the investment conditions/restriction on FPIs and the timelines for disclosure of certain material changes/events under Part A and Part C of the FPI Master Circular respectively. In view of the amendments to the SEBI (Foreign Portfolio Investors) Regulations, 2019, the Part A and Part C of the FPI Master Circular stands modified.

Master Circular for Bankers to an Issue registered with SEBI

SEBI has been, from time to time, issuing various circulars/directions to Bankers to an Issue under the relevant provisions of the SEBI (Bankers to an Issue) Regulations, 1994 and extant securities laws. In order to enable the stakeholders to have access to all such circulars at one place, this Master Circular in respect of the Bankers to an Issue is prepared and issued by SEBI. With the issuance of this Master Circular, all directions/instructions contained in the circulars listed out in the Appendix to this Master Circular shall stand rescinded to the extent they relate to Bankers to an Issue

Consultation Paper: Recommendations of the Expert Committee for facilitating ease of doing business and harmonization of the provisions of ICDR and LODR Regulations

SEBI has placed this Consultation Paper with an objective to seek comments / views / suggestions from the public and other stakeholders on the recommendations of the Expert Committee with respect to facilitating ease of doing business under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and harmonization of the provisions of the ICDR and LODR Regulations. Pursuant to the Budget Announcement, an Expert Committee chaired by Shri S.K. Mohanty, ex-Whole Time Member, SEBI was set up to inter-alia review the LODR Regulations and ICDR Regulations from the point of view of facilitating ease of doing business and to harmonize the provisions of ICDR and LODR Regulations.



MERCHANT BANKING

Regulatory Updates by SEBI

Approvals from the SEBI Board Meeting (27th June, 2024)

- Proposal on association of persons regulated by the SEBI and the agents of such persons with other specified persons.
- Introduction of Fixed Price process as an alternative to Reverse Book Building process (RBB) for delisting of companies whose shares are frequently traded.
- Introduction of an alternate delisting framework for listed Investment Holding Companies (IHC) through scheme of arrangement by way of selective capital reduction.
- Proposal to facilitate ease of doing business with respect to the additional disclosure framework for FPIs.
- Proposal to streamline the public issue process for debt securities and Non-Convertible Redeemable Preference Shares to provide:
 - › faster access to funds to issuers,
 - › flexibility to issuer by providing discretion with regard to advertisement of public issue through electronic modes subject to a window advertisement (containing a QR Code and Link to full advertisement) in newspapers
 - › harmonization of the procedure by mandating UPI for individual investors where the investment is up to INR 5 lakhs
- Amendments to SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 pertaining to rationalization of disclosure requirements in the offer document for nonconvertible securities and modification in timeline of intimation to Stock Exchanges for listed Commercial Paper towards measures for ease of doing Business.
- Measures to facilitate Ease of Doing Business for Infrastructure Investment Trusts and Real Estate Investment Trusts.
- Guidelines for borrowing by Category I and II AIFs (facilitating ease of doing business) and specifying of maximum permissible limit for extension of tenure by Large Value Funds.
- Proposal to facilitate an optional mechanism for fee collection by SEBI registered Investment Advisers (IAs) and Research Analysts (RAs)
- Parameters for independent external evaluation of performance of Market Infrastructure Institutions.
- Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs).
- Proposal to remove Financial Disincentive applicable on Managing Director and Chief Technology Officer of Market Infrastructure Institutions on account of Technical Glitch.
- Review of eligibility criteria for entry/exit of stocks in derivatives segment.

CASE OVERVIEW



NCLT | NCLAT

National Company Law Tribunal (NCLT)

State Bank of India Vs. Mukesh Udyog Ltd.

Facts of the Case:



- State Bank of India (Financial Creditor) filed a CIRP application u/s 7 of the IBC against M/s Mukesh Udyog Ltd. (CD) for a INR 60.01 Cr default.
- Respondent availed initial financial facilities of INR 9.50 Cr in 2003, with further enhancements and renewals, secured through equitable mortgages.
- Notice dated 27.04.15 under Section 13(2) of SARFAESI Act, 2002 was issued by the Applicant; application filed in DRT on 26.12.19.
- DRT granted a recovery certificate on 29.01.2021 for INR 33.96 Cr; Respondent failed to repay.
- Despite restructuring and settlement efforts, Respondent failed to meet payment obligations; OTS offer from Respondent was rejected by Applicant.
- Insolvency petition was subsequently filed.
- Respondent contested the application, disputing the date of default, claiming the application was barred by limitation, and challenging the amount and procedural adherence.

Main issue Raised:



- Whether the present application is filled within the limitation or not?*
- Whether there is a default in payment of financial debt or not?*

NCLT Observations:



- The AA scrutinized the application's compliance with statutory timelines and default substantiation under IBC provisions. Legal precedents indicated that the DRT recovery certificate on 26.12.19 provided a fresh cause of action for the Applicant.
- The AA noted that the Respondent did not contest the debt's existence or default. The Respondent acknowledged the debt through balance confirmation certificates, OTS offers, and various financial documents. This was supported by loan agreements, the DRT recovery certificate, and related financial records.
- The AA admitted the application for CIRP initiation against the Respondent, finding the application timely and the default substantiated.

As per the order of the AA it can be understood that to determine the time limitation nature of a case prima facie is not only dependent on the relevant dates of the calendar but also on the litigations involved. Like the nature of a "fresh cause of action" arising from a recovery certificate of the DRT was examined to determine the timeliness of the application.

National Company Law Appellate Tribunal (NCLAT)

Mr. Devarajan Raman (Liquidator of M/s Kotak Urja Pvt. Ltd.) [Appellant] Vs. Principal Commissioner Income Tax [Respondent]

Facts of the Case:



- M/s Kotak Urja Pvt. Ltd. (CD) was initially admitted into the Corporate Insolvency Resolution Process (CIRP) on 18.11.19.
- The Appellant was appointed as the Resolution Professional (RP).
- Subsequently, the company transitioned into liquidation following a resolution by the Committee of Creditors (CoC) on 04.01.21.
- Despite the ongoing moratorium, the Respondent adjusted a tax refund received by the company against its outstanding tax demands during 10.02.21.
- This adjustment was challenged by the RP and later by the Liquidator on the grounds that it contravened the moratorium provisions designed to protect the assets of the CD from any creditor action that might undermine the collective process of resolution or liquidation.
- The appeal made before the Adjudicating Authority (AA) was dismissed.
- On being aggrieved by the order of the AA, the Liquidator of the CD. filed an appeal before the Hon'ble NCLAT u/s 61 of the Insolvency and Bankruptcy Code, 2016 against The Principal Commissioner Income Tax

Main issue Raised:



- Whether the set-off exercised by the Respondent for adjustment of tax refunds against the outstanding tax liabilities during the moratorium period contravened the moratorium provisions under the IBC?*
- Whether the Respondent is liable to refund the amount which has been set off against income tax due?*

NCLAT Observations:



- The Appellate Tribunal, citing Bharti Airtel Ltd vs Vijaykumar V. Iyer, held that set-off against a company under CIRP violates IBC principles.
- Respondent, as a secured creditor, cannot realize security interest before the commencement of liquidation on 03.10.2022. The set-off by the Respondent was impermissible.
- The Tribunal set aside the AA order dated 16.06.23 and directed the Respondent to refund INR 90,42,174 to the Appellant within two weeks.
- The Tribunal clarified that the Respondent retains the right to submit a claim for their dues under the IBBI (Liquidation Process) Regulations, 2016

The Appellate Tribunal held that the Regulation 29 of the Liquidation Regulations applies only after the liquidation order. The AA erred in allowing the Respondent's set-off during the vacuum period. The action of the Respondent was unwarranted, and the Respondent was liable to return or pay the adjusted amount to the CD.

MARKETS & COMMODITIES



Global Indices | BSE | NSE | Currency | Gold | Silver

AN OVERVIEW

BSE, NSE, Global Indices, Gold, Silver, Currency Rates

Stock Indices	Closing (INR) (30 th June, 2024)	Opening (INR) (1 st June, 2024)	Change %
Sensex	79,032.73	76,583.29	3.20%
Nifty	24,010.60	23,337.90	2.88%
FTSE	8,212.90	8,275.38	-0.76%
Nikkei	39,583.08	38,734.95	2.19%
Dow Jones	39,118.86	38,709.99	1.06%
Gold (INR/10 Grams)	71,585	72,050	-0.65%
Silver (INR/1 Kg)	87,151	91,650	-4.91%
USD (\$) (INR/Dollar)	83.45	83.45	0.00%
Euro (€) (INR/Euro)	89.29	89.57	-0.30%
GBP (£) (INR/British Pound)	105.50	106.35	-0.79%

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

INDCAP OPPORTUNITIES



Current Buy/Sell Opportunities

OPPORTUNITIES

Buy Side Opportunities

Sector	Location	Company Brief	Acquisition Criteria
FMCG	West Bengal	The Company is engaged in the manufacturing and distribution of food products in Eastern India	<ul style="list-style-type: none"> > Established brand in the Food Processing Industry > Eastern India dominant > Minimum Turnover: INR 500 Mn
Chemical	West Bengal	One of the Leading chemical processing company in Eastern India	<ul style="list-style-type: none"> > Smaller companies in Carbons, Chemicals and Coal Tar sector > Region Agnostic > Turnover: above INR 500 Mn
Machinery Equipment Manufacturing	West Bengal	Engineering company having business of design and manufacturing of industrial equipment	<ul style="list-style-type: none"> > Recognized brand in equipment manufacturing having international presence > Equipped with advanced integrated technology > Turnover: above INR 2,000 Mn
Construction	Maharashtra	Manufacturer and supplier of construction material products	<ul style="list-style-type: none"> > Building material manufacturers in India > Country wide presence > Minimum turnover: INR 200 Mn
Poultry Feed	West Bengal	One of the prominent poultry and animal feed players in India	<ul style="list-style-type: none"> > Must be involved in manufacturing of poultry feed products in India
Diversified	West Bengal	Leading professional and investor	<ul style="list-style-type: none"> > Looking to invest INR ~500-1000 Mn in D2C companies based out of Eastern India
Diversified	West Bengal	A leading conglomerate headquartered in Eastern India	<ul style="list-style-type: none"> > Looking to acquire any brick and mortar business having manufacturing set up > Turnover: INR ~4000-5000 Mn

Sell Side Opportunities

Sector	Location	Company Brief	Rationale
Packaged Food	West Bengal	An Eastern India packaged food player with owned brand and technologically advanced manufacturing facility	<ul style="list-style-type: none"> > Looking for a strategic investment in the Company to fuel the next level of growth
Media	West Bengal	A leading vernacular newspaper with presence in Eastern India	<ul style="list-style-type: none"> > Looking for possible deal opportunities in the Company

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ABOUT US

Indcap Advisors (P) Ltd.

Executed More than INR 5,00,000 Mn in various Transaction across Debt and Structured Debt, M&A/PE and Corporate Debt Restructuring

- > Founded with the objective of providing world class service to clients and ensure that client satisfaction is achieved at all point of time while adhering to best practices and business ethics
- > Have developed a track record of advising more than 400 clients and companies over the last 25 years
- > We are a **SEBI Registered Category I Merchant Banker**
- > Extensive experience, in depth domain understanding and knowledge of Indian Businesses
- > Clients across Industries, businesses sizes and ownership structures from family-owned businesses to professionally managed Companies
- > Nationwide presence and global alliances

OUR SERVICES

Sophisticated and Customized Solutions



Corporate Advisory

Business reorganization advisory |
Transaction structuring advisory | TEV/
Project feasibility study | Financial
appraisals | Credit rating advisory |
Business and Equity Valuations



Mergers & Acquisitions

Sell Side & Buy Side Advisory | Joint
Ventures | Cross Border Acquisitions |
Inbound Investment Advise



Debt Resolution Advisory

Corporate & Strategic Debt Restructuring |
Settlements | Insolvency Resolution
Advisory



Capital Raising Solution

Equity – Private, Public and Convertible
Instruments |
Debt – Project Finance, Working Capital,
ECBs, Structured Debt /Treasury
Instruments



Capital Market Services

Issue Management-
IPO/FPO/SME/Rights/Debt/QIP Issuances,
etc. | Preference Capital/ Debentures |
Listing of Non-Convertible Debentures |
Advisory and Assistance

JUNE HIGHLIGHTS

Key highlights in the month of June 2024

Indcap at Conferences

Indcap's Promoter Director, Mr. Samir Agarwal, at the Young Indian Financial (YiFi) Conclave where Indcap Advisors Pvt Ltd was also the Investment Banking Sponsors of the event, it was held on 28th and 29th June, 2024.

The YiFi Conclave was a unique Financial Conclave which focused on educating people about financial nuances, benefit the existing industries in Bengal and also provide a launch pad for Start-ups and Venture Capitalists

Day 1 at the YiFi Conclave in Kolkata



Day 1:

Mr. Samir Agarwal was the moderator for the panel discussion on "The Entrepreneur's Road to Market Cap" with esteemed speakers – Mr. Pramod Agarwal, Chairman, BSE Ltd. And Mr. Arun Maheshwari, Jt. MD & CEO, JSW Infrastructure.

Day 2:

Mr. Samir Agarwal was invited as a speaker along with other esteemed speakers, including Mukul Gupta, CEO, Capital Numbers Infotech Pvt Ltd, Vishal Gurnani, CEO, Insomnia Media and Content Services Ltd, Abhishek Sharma, Director, GYR Capital Advisors Pvt Ltd discussing on the topic "IPO Voyage for MSMEs and SMEs" moderated by Mamta Binani, President, MSME Development Forum, West Bengal.

Day 2 at the YiFi Conclave in Kolkata



Contact us at.....

KOLKATA

Suite #1201, 12th Floor,
Aurora Waterfront
GN – 34/1, Sector 5, Salt Lake City
Kolkata - 700 091
Ph: +91 33 4069 8001

BENGALURU

Cove Offices
Raheja Plaza, 3rd Floor,
Richmond Road, Ashok Nagar,
Bengaluru, Karnataka 560025



kolkata@indcap.in



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