

July 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
BLS International Services	iData	IT Services	7,200	100%
New Delhi-based BLS International Services, through its subsidiaries, has acquired a 100% stake in Istanbul-based iData for around USD 720 Cr.				
A.O. Smith Corp	Pureit	Manufacturing	6,010	-
Hindustan Unilever Ltd (HUL) sold its water purification business, Pureit, to A.O. Smith's Indian division for USD 72 Mn. The sale includes trademarks, copyrights, intellectual properties, and related assets and contracts on a slump sale basis.				
Nazara Technologies	Kiddopia	Mobile App (Content - Education)	3,000	48.42%
Nazara Technologies acquired the remaining 48.42% stake in Paper Boat Apps, maker of Kiddopia, for USD 300 Cr in cash. Nazara previously held a 50.91% stake.				
Zensar Technologies	BridgeView Life Sciences	Enterprise Software (SaaS - Life Sciences)	2,010	-
Pune-based IT company Zensar Technologies has acquired pharma and life sciences consulting firm BridgeView Lifesciences for USD 24 Mn.				
Hinduja Tech Ltd	TECOSIM Group	Engg. & Construction	1,926	100%
Hinduja Tech Ltd, a subsidiary of Ashok Leyland, is acquiring a 100% stake in Germany-based TECOSIM Group for EUR 21 Mn (USD 23 Mn) to expand its European and international market reach.				
L&T Semiconductor Technologies	SiliConch Systems	Semiconductor	1,330	100%
L&T Semiconductor Technologies acquired Bengaluru-based SiliConch Systems for USD 133 Cr upfront and USD 50 Cr deferred, with completion expected by September 15, 2024.				

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.74

PE/VC UPDATE

Private Equity or Venture Capital Deals

INR in Mn

Investor(s)	Company	Industry	Amount
Brookfield	Leap Green Energy	Renewable Power Projects (wind)	45,934.40
Brookfield will invest USD 550 Mn in Coimbatore-based Leap Green Energy for a majority stake, to support the company's growth in providing clean energy solutions			
KKR	Baby Memorial Hospital	Hospitals	25,000.00
Asian Fund IV, a fund managed by global private equity investor KKR, is to acquire 70% stake in Kozhikode, Kerala-headquartered multi-specialty hospital chain Baby Memorial Hospital (BMH)			
Platinum Equity	Inventia Healthcare	Pharmaceuticals	18,770.00
US-based buyout fund Platinum Equity has acquired a 75% stake in Mumbai-based pharmaceuticals company Inventia Healthcare at a valuation of INR 2,500 Cr (USD 300 Mn)			
Vy Capital, Prosus Ventures, Dharana Capital	Urban Company	Mobile App (Marketplace - Services)	5,271.20
Urban Company secured USD 50 Mn from Dharana Capital, Vy Capital, and Prosus through a secondary purchase from employees and existing shareholders. The total funding in this round reached USD 63 Mn.			
AUM Ventures, Fireside Ventures	Newme	Mobile App (Shopping - Fashion Apparels)	1506.40
Fast fashion retailer NEWME raised USD18 Mn in Series A funding. The funds will be used to expand offline, optimize the supply chain, and open 40-50 stores across 20 cities within 12-18 months.			
Nexus Venture Partners, Elevation Capital, AngelList India	Comet	E- Commerce (Footwear)	423.00
Bengaluru D2C sneaker brand Comet raised USD 42.3 Cr (USD 5 Mn) in Series A funding from Elevation Capital, Nexus Venture Partners, and AngelList India. The funds will be used for capital expenditures and marketing.			

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.74

DEBT MARKET

Debt Market Insights

Market Snapshot (%)	Current Week	1 month ago	3 months ago	6 months ago	1 year ago
Average Call Rates	6.49	6.61	6.50	6.77	6.42
Average Repo Rates	6.43	6.63	6.38	6.79	5.69
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	6.74	6.82	6.88	6.97	6.71
182 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	6.85	6.96	7.03	7.17	6.86
364 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	6.87	6.98	7.06	7.15	6.89
1-Year Government Securities (G-Sec) Yield	6.54	6.95	7.03	6.79	6.92
5-Year Government Securities (G-Sec) Yield	6.93	6.99	7.24	7.09	7.09
10-Year Government Securities (G-Sec) Yield	7.00	7.02	7.19	7.21	7.12

Sources: The Clearing Corporation of India Limited (CCIL)

Other key highlights:

- RBI issued Revised Master Directions on fraud risk management in the Regulated Entities.
- IMF raised India's FY25 growth forecast to 7% from 6.80% projected in April.
- India's overall exports (Merchandise and Services combined) in June 2024 grew 5.40% over June 2023 to USD 65.47 Bn while overall imports rose 6.29% to USD 73.47 Bn. Overall trade deficit for June 2024 is estimated at USD 8.00 Bn.

MERCHANT BANKING

Market Scenario

Particulars	No. of Issues in the month of July	Amount (INR in Mn)
Public Issues (IPO, FPO)	4	5,0639.20
Public Issues (IPO - SME)	28	1,3759.60
Rights Issues	12	3,8204.00
Public Issues (Debt)	5	3900.00

Regulatory Updates by SEBI

SEBI recognizes BSE as supervisory body for Research Analysts, Investment Advisors

The market regulator has recognized BSE Limited as the Research Analyst Administration and Supervisory Body (RAASB) and Investment Adviser Administration and Supervisory Body (IAASB). In a circular issued on July 12, 2024, the Securities and Exchange Board of India (SEBI) stated that BSE Ltd has been granted the recognition for five years starting July 25, 2024. BSE will formulate bye-laws as RAASB and IAASB and will issue circulars, Standard Operating Procedures (SOPs), Frequently Asked Questions (FAQs), etc. to provide guidance and ensure smooth adoption of the RAASB and IAASB framework by RAs and IAs. Applicants seeking registration/renewal as RA/IA will be liable to pay administrative fees, as specified by RAASB/IAASB.

SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2024 and SEBI (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2024 (July 13, 2024)

SEBI vide gazette notifications dated July 09, 2024, notified the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2024 and SEBI (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, SEBI has brought out the framework for Unit Based Employee Benefit Scheme and inserted "Chapter IVB - Framework for Unit Based Employee Benefit Scheme" in the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and "Chapter IVA - Framework for Unit Based Employee Benefit Scheme" in the SEBI (Real Estate Investment Trusts) Regulations, 2014. The provisions of these chapters shall be applicable for all unit-based employee benefit scheme introduced on or after the date of these chapters coming into force. A definition of employee unit option scheme has also been inserted which means a scheme under which the investment manager/manager grants unit options to its employees through an employee benefit trust.

MERCHANT BANKING

Regulatory Updates by SEBI

Reduction in denomination of debt securities and non-convertible redeemable preference shares

The SEBI has made amendments in Chapter V (Denomination of issuance and trading of Non-convertible Securities) of the Master Circular for issue and listing of Nonconvertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper as many market participants have expressed that lower ticket size of debt securities may encourage more non-institutional investors to participate in the corporate bond market which in turn may also enhance liquidity. The amendment provides that the issuer may issue debt security or non-convertible redeemable preference share on private placement basis at a face value of INR 10,000 subject to that the issuer shall appoint at least one Merchant Banker. Such debt security or non-convertible redeemable preference share shall be interest/ dividend bearing security paying coupon/ dividend at regular intervals with a fixed maturity without any structured obligations.



Master Circular on Surveillance of Securities Market

SEBI has been issuing various circulars from time to time pertaining to effective surveillance of the securities market. To ensure availability of consolidated information contained in all the circulars pertaining to surveillance of securities market at one place, the provisions of the relevant circulars have been consolidated in this Master Circular. This Master Circular is categorized subject wise under various headings, viz., trading rules and shareholding in dematerialized mode, monitoring of unauthenticated news circulated by SEBI registered market intermediaries through various modes of communication and disclosure reporting under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Consultation Paper: Disclosure of Risk Adjusted Return by Mutual Funds

SEBI has placed the above-mentioned consultation paper with an objective to seek comments / views from the public on the proposal regarding disclosure of Risk Adjusted Return of the portfolio of a Mutual Fund scheme (MF Scheme), thereby enabling informed investment decision by the investors. The "Risk Adjusted Return" (RAR) of a scheme portfolio represents a more holistic measure of the scheme's performance because it quantifies the amount of return generated by a MF scheme for each unit of risk taken to achieve that return.

However, the extant regulatory framework does not mandate disclosure of RAR along with the returns of a MF scheme.

CASE OVERVIEW



NCLT | NCLAT

National Company Law Tribunal (NCLT)

State Bank of India Vs. Navjeevan Tyres Private Limited



Facts of the Case:

- Corporate Insolvency Resolution Process ('CIRP') application was filed by the State Bank of India in the capacity of financial creditor (hereinafter referred as 'Applicant') against M/s Navjeevan Tyres Pvt Ltd./CD (hereinafter referred as 'Respondent') for initiating insolvency process under Section 7 of the IBC, 2016.
- The application was initiated due to defaults by Deogiri Infrastructure Private Limited, the principal borrower, for whom the Respondent acted as a corporate guarantor.
- Despite multiple credit facilities extended from 2007 to 2018, the principal borrower defaulted on repayments, leading the Applicant to declare the loan as an NPA in 2018. Subsequently, a notice under Section 13(2) of the SARFAESI Act was issued in 2019.
- The Applicant sought to initiate CIRP against the Respondent due to outstanding dues totaling over INR 4,100 lakhs, including both cash credit and bank guarantees.
- The Respondent despite not being the principal borrower was involved due to its status as a guarantor and had an obligated role in ensuring the repayment of the borrowed sums, which it failed to fulfill, leading to the initiation of this insolvency application.



Hon'ble NCLT Observations:

- The Adjudicating Authority noted that calling for payment from the Principal Borrower and Respondent within 60 days did not suffice to invoke the guarantee agreements.
- Citing **State Bank of India vs. Shaliwahan Farms Pvt. Ltd.**, the NCLT found the guarantee was not properly invoked because notices were sent to the wrong address and did not explicitly reference the guarantee agreements.
- Following **Nirja Realtors Pvt. Ltd. vs. Janglu**, the NCLT ruled that substitute service through paper publication was invalid without proof of unsuccessful direct service attempts.
- Consequently, the application was rejected due to the Applicant's failure to properly invoke the guarantee and demonstrate valid service.

The NCLT concluded that a guarantor's liability depends on the contract terms. Here, the Guarantee Agreements' terms were not met, and proper demands on the Corporate Debtor (CD) were not established. Therefore, the conditions for initiating CIRP were not satisfied.

National Company Law Appellate Tribunal (NCLAT)

Ms. Sangita Arora Vs. M/s IFCI Limited & Ors

Facts of the Case:



- Ms. Sangita Arora (Appellant), a personal guarantor, appealed against M/s IFCI Ltd. (Respondent No.1) and the Resolution Professional (RP) of Supertech Ltd. (Respondent No.2), challenging the Adjudicating Authority's (AA) order appointing an RP under Section 99 of the IBC 2016.
- Respondent No.1 had provided loans totaling ₹250 crores to the Corporate Debtor (CD), secured by Personal Guarantees from the Appellant.
- After the CD defaulted, Respondent No.1 issued demand notices and filed a CIRP application against the Appellant under Section 95 of the IBC in June 2021.
- Another creditor, PNB Housing Finance Ltd. (PNBHFL), also filed a similar application in July 2021, registered on August 2, 2021, but no order was passed.
- The AA appointed an RP based on Respondent No.1's application on 01.05.24.
- The Appellant argued that the interim moratorium from the PNBHFL application should prevent any proceedings by other creditors, making the AA's order on Respondent No.1's application without jurisdiction.

Main issue Raised:



Whether the filing of application under Section 95 of IBC shall be treated from the date of e-filing, or from the date, on which the application is registered and numbered by the registry.

NCLAT Observations:



- The Appellate Tribunal noted that Respondent No.1 filed its application on 02.06.21, before PNBHFL's application filed on 24.07.21, despite PNBHFL's application being registered earlier on 02.08.21.
- It clarified that under Section 96 of the IBC, the interim moratorium begins upon the e-filing of an application, not its registration date.
- Citing **Krishan Kumar Basia vs. State Bank of India, 2022**, the Tribunal ruled that the date of filing is when the application is e-filed.
- Although the Kerala High Court in **Jeny Thankachan vs. Union of India & Ors, 2023** suggested the moratorium starts when the application is complete, the Tribunal followed the **Krishan Kumar Basia** precedent.
- The Tribunal concluded that Respondent No.1's application was filed first, validating the AA's order to appoint an RP as within jurisdiction.

In the instant case, it was held by the judiciary that the date of filing is the date when an application is e-filed and the applicant can be proceeded against irrespective of the date of its actual registration with the registry.

MARKETS & COMMODITIES



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

AN OVERVIEW

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

Stock Indices	Closing (INR) (31 st July, 2024)	Opening (INR) (1 st July, 2024)	Change %
Sensex	81,741.34	76,468.78	6.90%
Nifty	24,951.15	23,263.90	7.25%
FTSE	8,367.98	8,166.76	2.46%
Nikkei	39,101.82	38,923.03	0.46%
Dow Jones	40,842.79	39,169.52	4.27%
Gold (INR/10 Grams)	69,086.00	71,499.00	-3.37%
Silver (INR/1 Kg)	83,566.00	87,088.00	-4.04%
USD (\$) (INR/Dollar)	83.74	83.45	0.35%
Euro (€) (INR/Euro)	90.57	89.23	1.51%
GBP (£) (INR/British Pound)	107.50	106.35	1.09%

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

ABOUT INDCAP & OUR SERVICES



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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

JULY HIGHLIGHTS

Key highlights in the month of July 2024

Indcap at Conferences

Our Managing Partner, Manoj Bansal was invited as a speaker and presenter at the 48th Regional Conference by ICSI held in Bengaluru on 26th and 27th July 2024, where members from the Southern India region were present along with Industry leaders.

Indcap was the silver sponsors as the Merchant Bankers for the event. Mr. Manoj Bansal extensively spoke about SME IPO and ways to adapt to the changing landscape of capital markets, along with Indcap's role in capital raising solutions.



Indcap at Conferences

Our Vertical Head – Merchant Banking, Manoj Agarwal was invited as a speaker at the North Bengal CII Fiscal Conclave 2024 held in Siliguri, West Bengal on 27th July 2024.

Indcap was the silver sponsors as the Merchant Bankers for the event. Mr. Manoj Agarwal extensively discussed about SME IPO and the changing landscape of capital raising solutions within MSMEs and SMEs.



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