

November 2024

THE INDCAP NEWSLETTER

INVESTMENT BANKING INSIGHTS & UPDATES



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A SEBI registered Category I Merchant Banker

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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
Murugappa Group	Hubergroup	Speciality Chemicals	26,186	100%
Murugappa Group, with Avenue Capital, is acquiring German specialty chemicals firm Hubergroup for USD 310 Mn, boosting its global print and packaging presence				
Larsen & Toubro Ltd (L&T)	E2E Networks Ltd	Networking Tech (Cloud Computing)	14,070	21%
L&T will acquire a 21% stake in cloud services firm E2E Networks for USD 1,407 Cr, gaining board representation and entering strategic agreements, while retaining minority shareholder rights				
Agro Tech Foods Ltd (ATFL)	Del Monte Foods Pvt Ltd (DMFPL)	FMCG - Packaged Foods	13,000	100%
LTTS will acquire Silicon Valley-based Intelliswift for USD 110 Mn to enhance capabilities in software development, platform engineering, digital integration, and AI				
L&T Technology Services (LTTS)	Intelliswift	IT Services (Product Engineering)	9,292	-
LTTS will acquire Silicon Valley-based Intelliswift to strengthen its expertise in software development, platform engineering, digital integration, and AI				
Sandur Manganese and Iron Ore	Arjas Steel Pvt Ltd (ASPL)	Metals & Alloys (Steel)	6,023	20%
Publicly-listed Sandur Manganese and Iron Ore has acquired an additional 20% stake in Arjas Steel Pvt Ltd (ASPL) at an enterprise Value of INR 3,000 Cr. Post acquisition, Sandur Manganese will hold 99.12% stake in ASPL				
Genisys Information Systems India Pvt Ltd	Bandhan Financial Services Ltd (BFSL)	IT Services	1,004	-
BFSL consolidated Genisys Software's UK, US, and India entities into Bengaluru-based Genisys Information Systems India Pvt Ltd, now its head office, with London and New York units as subsidiaries				

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 84.47

PE/VC UPDATE

Private Equity or Venture Capital Deals

INR in Mn

Investor(s)	Company	Industry	Amount
Motilal Oswal Alternates, RPSG Capital Ventures, J&A Partners, Claypond Capital and others	Zepto	Mobile App (Consumer Shopping - Groceries)	29,572
The round comes just three months after Zepto closed its extended capital infusion with an investment of USD 340 Mn at a USD 5 Bn valuation. The latest round takes the total fundraise this year to USD 1.35 Bn			
TA Associates	Vee Healthtek	BPO (Healthcare)	21,000
US private equity fund TA Associates will acquire Vee Healthtek, a Bengaluru- and US-based RCM services provider, for \$250 Mn. TA will hold a majority stake, while the Valliappa family retains a minority share			
ChrysCapital, Motilal Oswal Alternates, A91 Partners and others	HealthKart	Mobile App (Shopping - Supplements)	12,913
HealthKart raised USD 153 Mn from ChrysCapital, Motilal Oswal, Neo Group, and A91 Partners. It also announced a INR 55 Cr ESOP buyback for current and former employees			
Elevation Capital, Temasek, Peak XV Partners, TVS Capital, Elevar Equity	SarvaGram Fincare	Financial Services	5,650
Mumbai-based lender SarvaGram Fincare has raised INR 565 Cr in Series D funding led by Peak XV Partners. The round also saw participation from existing investors Temasek, Elevar Equity, Elevation Capital and TVS Capital			
Peak XV Partners, Z47, Better Tomorrow Ventures	OneCard	Mobile App (Lending - Credit Card)	2,394
Pune-based OneCard raised USD 28.5 Mn led by Better Tomorrow Ventures at a USD 1.1 Bn valuation, with Z47 and Peak XV Partners participating			
Speciale Invest, Anicut Capital, Homage Ventures, Java Capital, Micelio Fund, Samarthy Investment Advisors, Antares Ventures, others	ePlane Company	IT Products (Flying Taxis)	1,182
Chennai-based ePlane Company raised USD 14 Mn in Series B funding to develop and certify its eVTOL aircraft, with flight tests set for mid-2025. Funds will also support drone commercialization via a subsidiary			

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 84.47

DEBT MARKET

Debt Market Insights

Market Snapshot (%)	Current Week	1 month ago	3 months ago	6 months ago	1 year ago
Average Call Rates	6.71	6.57	6.59	6.56	6.69
Average Repo Rates	6.65	6.45	6.48	6.51	6.79
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	6.49	6.48	6.63	6.85	6.95
182 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	6.66	6.60	6.72	7.01	7.12
364 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	6.65	6.60	6.72	7.04	7.15
1-Year Government Securities (G-Sec) Yield	6.66	6.64	6.74	7.03	7.16
5-Year Government Securities (G-Sec) Yield	6.78	6.77	6.80	7.05	7.28
10-Year Government Securities (G-Sec) Yield	6.80	6.83	6.90	7.03	7.31
10 Year Benchmark Yield	6.78	6.83	6.87	6.99	7.28

Sources: The Clearing Corporation of India Limited (CCIL) *data available for week ended 29th November 2024

Other key highlights:

- Goldman Sachs said India's GDP growth will decelerate to 6.30% in 2025 due to continued fiscal consolidation and slower credit growth.
- US President-elect Donald Trump announced plans for imposing significant tariffs on China, Mexico and Canada from January 20, 2025.
- S&P Global Ratings lowered India's FY26 and FY27 growth forecasts to 6.70% and 6.80%, while retaining the forecast for FY25 at 6.80%.

MERCHANT BANKING

Market Scenario

Particulars	No. of Issues in the month of November	Amount (INR in Mn)
Public Issues (IPO, FPO)	8	3,11,454.30
Public Issues (IPO - SME)	11	6,293.10
Rights Issues	8	35,977.20
Public Issues (Debt)	3	2,250.00

Regulatory Updates by SEBI

Consultation paper on Review of SME segment framework under SEBI (ICDR) Regulations, 2018, and applicability of corporate governance provisions under SEBI (LODR) Regulations, 2015 on SME companies to strengthen prelisting and post-listing SME provisions

In recent times, instances have been observed of diversion of issue proceeds by some SME companies to related parties / connected parties / shell companies and inflation of revenue by circular transactions through related parties / connected parties / shell companies. In view of the above backdrop and based on the SEBI Primary Market Advisory Committee recommendations, it is proposed to amend SME provisions.

The proposals to amend SME provisions are divided into 2 parts. The first part deals with provisions related to IPO at SME Exchange as well as conditions of migration from SME platform to Main Board post listing. The second part deals with Corporate Governance norms including post listing disclosures by issuers listed on SME Exchange.

Public comments are invited on the abovementioned proposals which should be submitted latest by December 04, 2024.



MERCHANT BANKING

Regulatory Updates by SEBI

Disclosure of expenses, half yearly returns, yield and risk-o-meter of schemes of Mutual Funds

SEBI introduced separate disclosure requirements for expenses, half-yearly returns, and annualised yields in both direct and regular mutual fund (MF) plans, along with a colour-coded system for the existing risk-o-meter. This visual aid will be required in all digital and printed materials, making it easier for investors to assess risk at a glance. Additionally, any changes in a scheme's risk-o-meter level will require prompt notification to unitholders. These requirements will become effective from December 05, 2024 and aim to improve investor protection and clarity around Mutual Fund disclosures.



SEBI (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024

SEBI has notified the SEBI (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, SEBI has prescribed that the investors of a scheme of an Alternative Investment Fund shall have rights, pro-rata to their commitment to the scheme, in each investment of the scheme and in the distribution of proceeds of such investment, except as may be specified by the SEBI from time to time. Further provided that the rights of investors of a scheme of an Alternative Investment Fund, other than that specified above, shall be pari-passu in all aspects. The amendments have been made with an objective to clarify the regulatory intent of Alternative Investment Funds being pooled investment vehicles and to ensure fair and equal treatment of investors of an AIF.

Proposed amendments with respect to assigning responsibility for the use of artificial intelligence tools by Market Infrastructure Institutions, Registered Intermediaries and other persons regulated by SEBI

SEBI has released a consultation paper seeking comments/views/suggestions from the public on proposed amendments to the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, with respect to assign responsibility on the Market Infrastructure Institutions (MIIs), intermediaries and persons regulated by SEBI that use AI/ML, in the conduct of their business and related activities or while servicing their clients so as to bring in more seriousness to such users while deploying AI/ML tools and at the same time ensure investors' protection.

A copy of all the afore mentioned circulars/Consultation Papers are available on SEBI website at www.sebi.gov.in

CASE OVERVIEW



NCLT | NCLAT

National Company Law Tribunal (NCLT)

Threshold Limit for Personal Guarantor Insolvency under Section 95 of IBC: Jurisdictional Determination by NCLT

Case Background:



- **Applicant:** M/s Mudraksh Investfin Pvt. Ltd. through its Resolution Professional (RP).
- **Respondent:** Gursev Singh (Personal Guarantor to Corporate Debtor).
- Application filed under Section 95(1) of the Insolvency and Bankruptcy Code (IBC), 2016, seeking to initiate the insolvency resolution process against the Personal Guarantor for a default amount of INR 10 lakhs.

Main issue Raised:



Whether the threshold limit for invoking Section 95 of IBC, 2016, against a Personal Guarantor to a Corporate Debtor is INR 1,000 (as per Section 78) or INR 1 Cr (as per Sections 4 and 60(1) of IBC).



This judgment underscores the need for clear thresholds and procedural adherence when filing insolvency applications involving Personal Guarantors.

Hon'ble NCLT Observations:



Applicability of Threshold Limits:

- Section 78 specifies INR 1,000 as the default threshold for insolvency processes for individuals and partnerships.
- However, for Personal Guarantors linked to Corporate Debtors, the adjudicating authority is the NCLT under Section 60(1), and the threshold aligns with Corporate Debtors (INR 1 Cr).

Rule 3 of the 2019 Rules:

- Clarifies that NCLT is the adjudicating authority for insolvency matters concerning Personal Guarantors to Corporate Debtors.
- Section 4 and related provisions set the threshold limit at INR 1 Cr for such cases.

Jurisdictional Implications:

- Cases involving defaults below INR 1 Cr cannot be maintained before the NCLT for Sections 7, 9, 10, 94, or 95 of the IBC.
- Such cases may need to be addressed under different forums or legal frameworks, as the NCLT lacks jurisdiction in this context.

Conclusion:



- The application under Section 95 for initiating insolvency proceedings against the Personal Guarantor for a default amount of INR 10 lakhs was dismissed.
- Liberty was granted to the applicant to seek appropriate remedies under applicable laws.

National Company Law Appellate Tribunal (NCLAT)

Equitable Contributions by Secured Creditors in Liquidation: Analyzing Worker Dues and Liquidation Costs under IBC

Facts of the Case:



- M/s Pandit Automotive Private Limited ("Corporate Debtor") was undergoing liquidation as per the Insolvency and Bankruptcy Code (IBC), 2016.
- The Liquidator, CS Anagha Anasingaraju, filed an application under Section 60(5) of the IBC, seeking contributions from secured creditors toward liquidation costs and worker dues under Regulation 21A of the IBBI (Liquidation Process) Regulations, 2016.
- Liquidation commenced in 2018 before Regulation 21A's introduction in 2019, which led to legal questions about its applicability

Main issue Raised:



Whether the secured creditors who exercised their rights under Section 52 of the IBC are liable to contribute to liquidation costs and worker dues, given that Regulation 21A (introduced in 2019) explicitly applies only to liquidation processes initiated after its enactment.

The application was partially allowed, directing secured creditors to contribute proportionately to worker dues under Section 326(1)(b) of the Companies Act, 2013, and liquidation costs under Section 52(8) of IBC, ensuring equitable treatment of claims.

NCLAT Observations and Decision



Arguments by the Liquidator:

- Secured creditors who realized their security interest independently must contribute to liquidation costs and worker dues to ensure fairness.
- Relied on analogous provisions from SARFAESI Act and Companies Acts for equitable distribution.

Arguments by Secured Creditors:

- Regulation 21A applies prospectively, as explicitly stated, and cannot govern cases predating its introduction.
- Legal principles dictate that retrospective application requires express legislative intent, which is absent here.
- Provisions under the Companies Act and SARFAESI Act are not applicable as the liquidation was governed by the IBC.

Tribunal's Analysis:

- Acknowledged the absence of a direct provision in IBC for such contributions pre-Regulation 21A.
- Found that gaps in IBC could be addressed using analogous provisions from SARFAESI Act and Companies Act to ensure equitable distribution, particularly for worker dues.
- Confirmed that liquidation and winding-up provisions are synonymous under IBC and Companies Act for distribution of proceeds.

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 November, 2024)	Opening (INR) (1 st November, 2024)	Change %
Sensex	79,802.79	80,023.75	-0.28%
Nifty	24,131.10	24,302.75	-0.71%
FTSE	8,287.30	8,110.10	2.18%
Nikkei	38,208.03	38,504.35	-0.77%
Dow Jones	44,910.65	41,869.82	7.26%
Gold (INR/10 Grams)	76,400.00	78,780.00	-3.02%
Silver (INR/1 Kg)	88,874.00	95,463.00	-6.90%
USD (\$) (INR/Dollar)	84.47	84.09	0.45%
Euro (€) (INR/Euro)	89.14	93.74	-4.92%
GBP (£) (INR/British Pound)	107.23	108.44	-1.12%

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
Ecommerce Fashion	West Bengal	One of the leading cross-border e-commerce brands engaged in retail ethnic fashion wear	<ul style="list-style-type: none"> > Looking for strategic investment 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



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Listing of Non-Convertible Debentures |
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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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