

September 2023

# THE INDCAP NEWSLETTER

INVESTMENT BANKING INSIGHTS & UPDATES



**A Indcap Advisors**  
Enabling Growth | Creating Value

A SEBI registered Category I Merchant Banker

[www.indcap.in](http://www.indcap.in)

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# MONTHLY UPDATE

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

# M&A UPDATE

## Mergers & Acquisitions Deals

				INR in Mn
Buyer	Target Company	Industry	Amount	Stake
Manipal Health Enterprises Ltd	Emami Group's AMRI Hospitals	Healthcare	23,000	84%
Manipal will pick up an equity stake as well as assume a portion of AMRI's debt. The EMAMI Group shall continue as an investor in AMRI Hospitals with a 15% stake and the Govt. of West Bengal will hold ~1%.				
BL Agro	Leads Connect	AgriTech	5,000	NA
The funding from BL Agro in Leads Connect is spread over three years, leading to a controlling stake by India's leading FMCG firm and will be utilized towards technology advancement and investment in R&D.				
MindSpace Business Parks REIT	Commercial real estate project in Chennai	Real Estate	1,816	22%
MindSpace Business Parks REIT has acquired the 22% ownership interest in a commercial real estate project in Chennai. The acquisition was funded via debt.				
Reliance Retail Ventures Ltd. (RRVL)	Ed-a-Mamma	Retail Fashion Brand	NA	51%
RRVL through its retail arm has acquired Alia Bhatt's kids and maternity brand Ed-a-Mamma to add to its portfolio of children's brand.				
Agilitas Sports	Mochiko Shoes Pvt Ltd.	Footwear	NA	NA
The acquisition of the multi brand contract manufacturer after Agilitas raised INR 4000 Mn in May via Convergent Finance LLP, now is focused on improving its value proposition in the footwear market.				
ETS	PeopleStrong HR Services Pvt. Ltd's Wheebox	HRTech	NA	NA
Wheebox, now a majority-owned subsidiary of ETS, will operate independently, collaborating to measure talent potential and enhance education quality and equity in India and key markets.				

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.19

# PE/VC UPDATE

## Private Equity or Venture Capital Deals

INR in Mn

Investor(s)	Company	Industry	Amount
Pentathlon Ventures	-	SaaS focused VC	4500
Pentathlon Ventures launches second fund, targeting INR 4500 Mn (~\$54.4 million) to support 25 startups in various sectors including B2B SaaS, fintech, applied AI, and sustainable tech.			
Creagis Advisors	Kale Logistics Solutions	SaaS Logistics	2500
Kale Logistics Solutions raises \$30 million in a Series B round led by Creagis Advisors LLP, following a Series A investment from Inflexor Ventures in 2020.			
SBI Investment and Evolve Capital, including some existing investors	Infifresh Foods Pvt Ltd's Capital Fresh	B2B Seafood	1660
Business-to-business fish and seafood company Captain Fresh has raised \$20 million (around INR 1660 Mn) in an extended Series C funding round co-led by SBI Investment and Evolve Capital.			
Blume Ventures, Matrix Partners India, Storm Ventures, Neon Fund	Atomicwork	SaaS Startup	913
San Francisco and Bengaluru based startup Atomicwork today announced its seed round of \$11 million, led by Blume Ventures and Matrix Partners India.			
The Lingotto Opportunity Fund	TVS Supply Chain Solutions Ltd	Logistics	513
The Lingotto Opportunity Fund will invest INR 513 Mn (around \$6.2 million) to buy a 4.5% stake in the logistics company from Mumbai-listed TVS Supply Chain Solutions Ltd.			
Elan Corporation	Smart Wash	Laundry Services	428
Japanese care and support healthcare service provider Elan Corporation has invested \$5.15 million in domestic laundry service startup Quick Smart Wash.			

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.19

# DEBT MARKET

## Debt Market Insights

Market Snapshot (%)	Current Week	1 month ago	3 months ago	6 months ago	1 year ago
Average Call Rates	6.74	6.67	6.8	6.85	5.57
Average Repo Rates	6.80	6.69	6.63	6.96	5.60
Bank Rate	6.75	6.75	6.75	6.75	6.15
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	5.90
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	6.86	6.82	6.76	-	6.18
182 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	7.08	7.02	6.87	7.28	6.64
364 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	7.08	7.03	6.87	7.31	6.80
1-Year Government Securities (G-Sec) Yield	7.08	7.04	6.86	7.22	6.91
5-Year Government Securities (G-Sec) Yield	7.24	7.18	7.03	7.22	7.33
10-Year Government Securities (G-Sec) Yield	7.23	7.17	7.09	7.32	7.36
10-Year Benchmark Yield	7.20	7.17	7.06	7.32	7.36

Sources: The Clearing Corporation of India Limited (CCIL)

- Key findings:**
- Year-on-year CPI-IW inflation based on all-items stood at 6.91% for August 2023 as compared to 7.54% for July 2023 and 5.85% in August 2022.
  - Yield on the 10-year benchmark paper increased to 7.20% as on 29/09/2023 from 7.14% as on 22/09/2023.
  - US GDP grew at an annualized rate of 2.10% in Q2:2023, unchanged from the previous estimate.

# MERCHANT BANKING

## Market Scenario

Particulars	No. of Issues in the month of September	Amount (INR in Mn)
Public Issues (IPO, FPO)	14	1,18,928
Public Issues (IPO - SME)	36	10,607
Rights Issues	4	1,365
Public Issues (Debt)	5	32,000

## Regulatory Updates by SEBI

### Master Circular for Merchant Bankers

- The SEBI has issued a Master Circular for all registered Merchant Bankers on 26<sup>th</sup> September 2023.
- Vide this Circular, SEBI has endeavored to put in one place all relevant circulars/directions issued to Merchant Bankers under the provisions of the SEBI (Merchant Bankers) Regulations, 1992.
- This circular is also intended to rescind a total of 25 other circulars.



### Circular on Redressal of investor grievances through the SEBI Complaint Redressal (SCORES) Platform and linking it to Online Dispute Resolution platform:

- The SEBI vide its circular dated 20<sup>th</sup> September, 2023, provided a framework for handling of complaints received through SCORES platform for Entities and for monitoring the complaints by designated bodies.
- The provisions of this circular related to work flow of processing of investor grievances by Entities and framework for monitoring and handling of investor complaints by the Designated Bodies shall come into force with effect from December 4<sup>th</sup>, 2023.



# MERCHANT BANKING

## Regulatory Updates by SEBI

### SEBI Board Meeting: ●

- The SEBI had its Board Meeting on the 21<sup>st</sup> of September wherein various trends in the securities markets - including technology trends and SEBI's approach to proactively planning for the same going forward, were discussed.
- The key decisions taken pertained to
  - › Flexibility in the framework for Large Corporates (LCs) for meeting incremental financing needs through issuance of debt securities;
  - › Streamlining the Framework for credit of unclaimed amounts of investors in listed entities other than companies, REITS and InvITs to the Investor Protection and Education Fund (IPEF) and process of refund from the IPEF; and
  - › Extension of timeline for compliance with enhanced qualification and experience requirements for Investment Advisors.



### New format of Abridged Prospectus for public issues of Non-Convertible Debt Securities and/or Non-convertible Redeemable Preference Shares'

In order to further simplify, provide greater clarity and consistency in the disclosures across various documents and to provide additional but critical information in the abridged Prospectus, the format for disclosures in the abridged Prospectus has been revised for public issues of Non-Convertible Debt Securities and/or Non-convertible Redeemable Preference Shares'. For public issues that open on or after October 1<sup>st</sup>, 2023, the format of an Abridged Prospectus shall be as per Annex-I of the Circular instead of Part B of Schedule I of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 Regulations. Further, it is prescribed that the issuer/ Merchant Bankers shall insert a Quick Response (QR) code on the last page of the Abridged Prospectus. The scan of such QR code on the Abridged prospectus would lead to the Prospectus.





# MERCHANT BANKING

## Regulatory Updates by SEBI

### BSE, NSE announce additional surveillance measures for SME stocks

- BSE and NSE have announced that the stocks in the small and medium enterprises (SME) segment will come under the framework of Additional Surveillance Measures (ASM) and trade-to-trade settlement to curb volatility in such shares and speculative trading in the SME space, where retail participation has been increasing.
- A stock can be placed under additional surveillance measures in case it falls under a certain basis including high variation between high and low prices and variation in volumes as compared to the monthly average.
- Such shares attract higher margin requirements.
- In the trade-for-trade (TFT) framework, speculative trading is not allowed and delivery of shares and payment of consideration amount is mandatory.



*The new frameworks will be made available by October 3<sup>rd</sup>, 2023 the circulars noted.*



A copy of all the afore mentioned circulars are available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories 'Legal Framework' → 'Circulars'

# IBC LAW UPDATE

## Regulatory Updates by IBBI

The Insolvency and Bankruptcy Board of India (IBBI) vide its notification dated 18.09.2023, amended the Corporate Insolvency Resolution Process (CIRP) Regulations. A summary of the amendments made to the existing regulations are –

1. Insertion of a provision regarding the assistance and cooperation expected from the personnel of the Corporate Debtor by providing a detailed procedure for taking custody and control of assets and records of the Corporate Debtor by the Resolution Professional.
2. The timelines for filing claims have been extended until the Request for Resolution Plans is issued under regulation 36B or 90 days from the insolvency commencement date, whichever is later. The RP can assess claims even if submitted after this deadline, and the CoC must recommend their acceptance and treatment in the resolution plan before it's adjudicated or condoned by the Adjudicating Authority.
3. The Authorized Representative (AR) now has expanded roles and responsibilities, including reviewing minutes to maintain accuracy, aiding creditors in assessing resolution plans, providing regular progress updates of the CIRP to creditor classes, and assisting with plan modifications. AR fees have increased to match their increased duties, and a process for AR replacement has been introduced.
4. The amendment allows committee members to conduct audits of the Corporate Debtor, with the audit costs included as part of the CIRP expenses for enhanced transparency and robustness.
5. The amendment aligns the timelines concerning various procedural aspects like issuance of information memorandum and request for resolution plans.
6. Changes have been introduced in Form G to improve the value received in the resolution plan. Changes pertain to provision of more information to Prospective Resolution Applicants with less effort on their part.
7. Inclusion in compliance certificate (Form H): minutes of the committee of creditors' meeting where the resolution plan was approved, aiding the Adjudicating Authority in understanding the CoC's decision rationale.
8. The amendment mandates creditors to inform the Resolution Professional of debt assignment by a creditor to another person within 7 days.
9. It is required to submit details of chronology of debt, default, and limitation along with evidence in case of application filed u/s 7 or 9.



# CASE OVERVIEW

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**NCLT | NCLAT | Apex Court**

## National Company Law Tribunal (NCLT)

**In the case of CoC of Tamra Dhatu Udyog Pvt. Ltd. (Corporate Debtor) Vs. Ms. Mamta Binani (Resolution Professional)**



### Key Concern of the Case:

The issue that comes for determination is whether the COC can be permitted to go ahead with its decision to allow all the PRAs a fair chance and a level playing field to enhance their plan with the object of maximization of value of assets

### Observation of the Tribunal:

The NCLT dismissed this plea on the ground that plan will become binding only once it is approved by NCLT and commercial wisdom of COC is of paramount importance. Hence, the CoC has the commercial wisdom to get the best possible value for a Corporate Debtor.

**An application was filed by the COC of the Corporate Debtor before the Hon'ble NCLT to seek the following relief:**

- To clarify an earlier order (dated 03/08/2023) to the extent that all the resolution applicants may be given a last opportunity to revise their resolution plan so that equal and fair opportunity may be given to them to submit a revised resolution plan.
- Direction to the RP to cancel the ongoing voting on the resolution plans and to conduct fresh voting on the resolution plans post submission of the revised resolution plans.

***This prayer of the CoC before the NCLT (Kolkata Bench) was opposed by the Prospective Resolution Applicant (PRA) highest (H1) bidder – Tarun Singh on the following grounds:***

- After the said PRA has been declared as H1 Bidder and the same is made public, no further opportunity can be given to other PRAs to enhance their plan;
- Regulation 39(1A) (a) of the IBBI (CIRP) Regulation 2016 imposes a bar as the PRA was allowed by the RP to enhance his plan twice

## National Company Law Appellate Tribunal (NCLAT)

### In the matter of Mr. Vijay Kumar Garg Liquidator Vs. Power Grid Corporation of India Ltd.

#### Facts of the Case:

- A Transmission Agreement was signed between the Company (Power Grid Corporation of India Ltd) and the Corporate Debtor - M/s Lanco Vidarbha Thermal Power Ltd, allowing the company to encash the bank guarantee if the Corporate Debtor's progress on a transmission line construction turned adverse.
- The Corporate Debtor had adverse progress and accordingly Power Grid Corporation of India, invoked the bank guarantee.
- The Liquidator filed a petition with the NCLT, contending that the Company couldn't encash the bank guarantee because the Corporate Debtor was undergoing liquidation.
- The NCLT rejected the Liquidator's petition, citing insufficient reasons to interfere with the bank guarantee's invocation.
- Aggrieved by, the same, the Liquidator preferred an appeal before the Hon'ble NCLAT.

#### Key Concern of the Case:

*Whether a bank guarantee could be invoked during a company's liquidation while considering the applicability of a moratorium?*



#### Decision of the Hon'ble NCLAT:

- The Appellant Authority held that the Guarantee falls under Performance of Bank Guarantee, explicitly excluded from the Section 3(31) definition in the I & B Code, 2016.
- Consequently, it does not fall under the Moratorium as defined in Section 14 of the IBC 2016.
- It was further held that Section 14 of the Code does not prohibit actions against the Corporate Debtor's guarantors and the moratorium strictly applies to the assets of the Corporate Debtor and excludes bank guarantee, which is neither an asset nor a liability of a Company.
- The bank guarantee can indeed be invoked, and the appeal was found to lack merit.

# APEX COURT

**Electricity department can't demand arrears payable by Corporate Debtor from Successful Resolution Applicant For restoration of electricity connection**

*The Tata Power Western Odisha Distribution Ltd. vs. Jagannath Sponge Pvt. Ltd. case centered on the issue of service connection application and demand for payment of arrears.*

## Analysis:

- The dispute arose for the payment of arrears amounting to INR 135 Mn which Tata Power claimed from Jagannath Sponge Pvt Ltd for electricity dues.
- The NCLT Cuttack, had earlier given a judgment that the amount claimed was not valid, primarily since Tata Power did not file a claim during the CIRP.
- The NCLT directed that the application for service connection should be considered without insisting on any arrear payments prior to the date of the plan's approval.
- On challenging this at the NCLAT, Tata Power presented arguments that the outstanding dues need to be cleared before providing any electricity connection. They also contended about improper publication by the RP, which prevented them from filing their claim in the CIRP.
- The NCLAT supported the earlier judgment, referencing other Apex judgments like "Paschimanchal Vidyut Vitran Nigam Ltd. vs. Raman Ispat Private Limited and Others" that if dues (including statutory dues) aren't part of the resolution plan, they stand extinguished.

## Observations of Hon'ble Supreme Court:

- Tata Power preferred an appeal before the Apex Court wherein the court held that - Tata Power's claims, based on arrears from before the approval date of the Resolution Plan, were found to be invalid.
- This case serves as a precedent in similar corporate insolvency disputes, emphasizing the significance of adhering to the Code and its resolution plans.
- The Supreme Court, citing its earlier judgment, reiterated that IBC takes precedence over the Electricity Act, 2003

## Crux of the Ruling:

- Once a resolution plan is approved by the NCLT under the IBC, the Electricity Department cannot demand payment of these arrears from the Successful Resolution Applicant seeking electricity connection restoration or grant.

*This ruling, upholds the sanctity of a resolution plan, preventing undue financial burden on the Successful Resolution Applicant.*





# MARKETS & COMMODITIES

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



# AN OVERVIEW

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

Stock Indices	Closing (INR) (30 <sup>th</sup> September, 2023)	Opening (INR) (1 <sup>st</sup> September, 2023)	Change %
Sensex	65,387.16	64,855.51	0.82%
Nifty	19,638.30	19,258.15	1.97%
FTSE	7,608.08	7,464.54	1.92%
Nikkei	31,857.62	32,521.15	-2.04%
Dow Jones	33,507.5	34,876.24	-3.92%
Gold (INR/10 Grams)	57,096.00	59,392.00	-3.87%
Silver (INR/1 Kg)	69,870.00	73,365.00	-4.76%
USD (\$) (INR/Dollar)	83.19	82.68	0.62%
Euro (€) (INR/Euro)	87.79	89.55	-1.96%
GBP (£) (INR/British Pound)	101.69	104.77	-2.94%

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

# INDCAP OPPORTUNITIES

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## 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"> <li>&gt; Established brand in the Food Processing Industry</li> <li>&gt; Eastern India dominant</li> <li>&gt; Minimum Turnover: INR 500 Mn</li> </ul>
Chemical	West Bengal	One of the Leading chemical processing company in Eastern India	<ul style="list-style-type: none"> <li>&gt; Smaller companies in Carbons, Chemicals and Coal Tar sector</li> <li>&gt; Region Agnostic</li> <li>&gt; Turnover: above INR 500 Mn</li> </ul>
Machinery Equipment Manufacturing	West Bengal	Engineering company having business of design and manufacturing of industrial equipment	<ul style="list-style-type: none"> <li>&gt; Recognized brand in equipment manufacturing having international presence</li> <li>&gt; Equipped with advanced integrated technology</li> <li>&gt; Turnover: above INR 2,000 Mn</li> </ul>
Construction	Maharashtra	Manufacturer and supplier of construction material products	<ul style="list-style-type: none"> <li>&gt; Building material manufacturers in India</li> <li>&gt; Country wide presence</li> <li>&gt; Minimum turnover: INR 200 Mn</li> </ul>
Poultry Feed	West Bengal	One of the prominent poultry and animal feed players in India	<ul style="list-style-type: none"> <li>&gt; Must be involved in manufacturing of poultry feed products in India</li> </ul>

## 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"> <li>&gt; Looking for a strategic investment in the Company to fuel the next level of growth</li> </ul>

# ABOUT INDCAP & OUR SERVICES

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# ABOUT US

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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

# SEPTEMBER HIGHLIGHTS

Key highlights in the month of September 2023

## Indcap at Conferences



Indcap's promoter director Mr. Samir Agarwal, acting as a moderator in a session on 'Financial Inclusion and Rural Banking for Economic Empowerment' with speakers – Olee Bora, Sachindra Nath and Sumit Mukherjee at CII Banking Colloquium held on 28<sup>th</sup> September, 2023



## Contact us at....

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