

October 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**

# M&A UPDATE

## Mergers & Acquisitions Deals

Buyer	Target Company	Industry	Amount	Stake
Cordis	MedAlliance	Medical Technology	100000	100%
MedAlliance, the visionary Swiss-based medical technology company, is delighted to announce the successful acquisition by Cordis, a transaction valued at \$1.135 billion.				
Insud Pharma	Viatrix	Active Pharmaceuticals Ingredients	62000	100%
The women's healthcare business, focused on contraceptives, has been sold to Insud Pharma, a Spanish multinational. This includes two Indian manufacturing facilities in Ahmedabad and Sarigam.				
Bajaj Finance	Pennant Technologies	Technology	2675	26%
Bajaj Finance is to acquire a 26% stake in Hyderabad-based technology services and software products company Pennant Technologies Pvt Ltd for INR 2675 Mn.				
Access Healthcare	Envera Health	Healthcare & Life Sciences	2630	100%
Chennai's Access Healthcare acquires US-based Envera Health for INR 2630 Mn (USD 31.7 million) to expand revenue cycle services and enhance patient engagement offerings.				
National Asset Reconstruction Company Ltd (NARCL)	SPML Infra	Engg. & Construction	4050	-
The National Asset Reconstruction Company Ltd (NARCL) has concluded the acquisition of financial assets of SPML Infra that it won in a Swiss challenge auction for INR 4050 Mn.				
Slice	North East Small Finance Bank	BFSI	-	-
Bengaluru-based fintech unicorn Slice has merged with Guwahati-based North East Small Finance Bank (NESFB). Previously, Slice had acquired a 5% stake in NESFB for USD 3.42 million (INR 280 Mn).				

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.30

# PE/VC UPDATE

## Private Equity or Venture Capital Deals

INR in Mn

Investor(s)	Company	Industry	Amount
Celesta Capital, Rocketship.vc, Artha Venture Fund and Artha Select Fund	Agnikul Cosmos Pvt Ltd	SpaceTech	2000
Spacetech startup Agnikul Cosmos Pvt Ltd has raised Series B funding of \$26.7 million (INR 2000 Mn) from Celesta Capital, Rocketship.vc, Artha Venture Fund and Artha Select Fund.			
Elevation Capital	Vridhi Home Finance	Finance	1500
Early-to-growth stage venture capital investor Elevation Capital has led a capital infusion of INR 1500 Mn (\$18 million) in Vridhi Home Finance, in its first external funding round.			
Rainmatter Capital and Gruhas	Age Care Labs	Service	920
Age Care Labs secures \$11 million (~INR 920 Mn) in pre-Series B funding from Zerodha's Rainmatter Capital and Gruhas, co-founded by Nikhil Kamth.			
Nexus Venture Partners	Giga ML	Artificial Intelligence	300
Bengaluru-based Giga ML has secured \$3.6 million (INR 300 Mn) in seed funding, led by venture capital firm Nexus Venture Partners.			
Blume Ventures and IndiaQuotient	DPDzero	Finance	271
DPDzero, floated by former Setu executives, has raised \$3.25 million in a seed funding round co-led by Blume Ventures and IndiaQuotient.			
Peak XV's Surge	ClearFeed	Artificial Intelligence	224
ClearFeed has raised \$2.7 million in a seed funding round led by Peak XV's Surge. The round also saw participation from 8VC and undisclosed angel investors.			

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.30

# DEBT MARKET

## Debt Market Insights

Market Snapshot (%)	Current Week	1 month ago	3 months ago	6 months ago	1 year ago
Average Call Rates	6.64	6.74	6.50	6.71	6.17
Average Repo Rates	6.70	6.80	6.45	6.70	6.14
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	6.93	6.86	6.72	6.82	6.40
182 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	7.14	7.08	6.86	6.97	6.72
364 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	7.16	7.08	6.89	7.00	6.92
1-Year Government Securities (G-Sec) Yield	7.17	7.09	6.89	6.95	6.90
5-Year Government Securities (G-Sec) Yield	7.36	7.19	7.09	7.01	7.31
10-Year Government Securities (G-Sec) Yield	7.39	7.20	7.13	7.14	7.42
10-Year Benchmark Yield	7.35	7.16	7.10	7.10	7.39

Sources: The Clearing Corporation of India Limited (CCIL)

- Other Key findings:**
- Yield on the 10-year benchmark paper increased to 7.35% as on 27/10/2023 from 7.20% the previous month i.e. as on 29/09/2023.
  - RBI advised Banks to ensure the presence of at least two Whole Time Directors, including the MD & CEO, on their Boards.
  - The European Central Bank left interest rates unchanged, bringing an end to a series of hikes that started in July 2022.

# MERCHANT BANKING

## Market Scenario

Particulars	No. of Issues in the month of October	Amount (INR in Mn)
Public Issues (IPO, FPO)	4	49867
Public Issues (IPO - SME)	12	7007
Rights Issues	6	6540
Public Issues (Debt)	6	67000

## Regulatory Updates by SEBI

### Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI has extended the relaxation on the applicability of regulation 36(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 for Annual General Meetings (AGMs) and regulation 44(4) of the LODR Regulations for general meetings (in electronic mode) held till September 30, 2024. Earlier, SEBI Master Circular dated July 11, 2023 on compliance with the provisions of the LODR Regulations, 2015 by listed entities inter-alia relaxed the applicability of regulations 36(1)(b) and 44(4) of the LODR Regulations till September 30, 2023.



# MERCHANT BANKING

## Regulatory Updates by SEBI

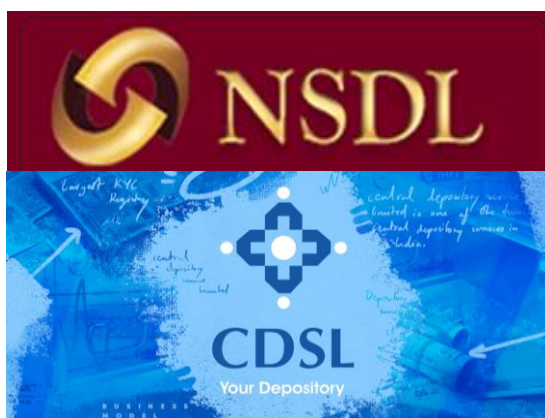
### Extension in timeline for compliance with qualification and experience requirements under Regulation 7(1) of SEBI (Investment Advisers) Regulations, 2013



Regulation 7 of SEBI (Investment Advisers) Regulations, 2013, as amended vide SEBI (Investment Advisers) (Amendment) Regulations, 2020, specifies the qualification and experience requirements for investment advisers and provides that an individual investment adviser or principal officer of a non-individual investment adviser registered under these regulations and persons associated with investment advice shall comply with the enhanced qualification and experience requirements within a period of 3 years, i.e., by September 30, 2023. SEBI, vide this circular has extended the timeline for compliance with qualification and experience requirements under Regulation 7(1) of SEBI (Investment Advisers) Regulations, 2013.

### Master Circular for Depositories

In order to enable the users to have access to all the applicable circulars/directions pertaining to depositories at one place, the Master Circular for Depositories has been prepared by SEBI. This Master Circular shall come into force from the date of its issuance and covers the relevant circular/communications pertaining to depositories issued by SEBI up to August 31, 2023.



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'



# CASE OVERVIEW

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**NCLT | NCLAT | Apex Court**

## National Company Law Tribunal (NCLT)

### In the case of BBC Global News India Pvt. Ltd. Vs The Reserve Bank of India.

#### Key Facts of the Case:

- Applicant/Petitioner: BBC Global News India Pvt. Ltd. (“BBC India”) is engaged in downlinking and distribution of BBC News and CBeebies in India as per contract with BBC, UK, authorized by the Ministry of Information & Broadcasting. It is a wholly owned subsidiary of BBC Global News Ltd, UK.
- Respondent: Reserve Bank of India (RBI)
- Petitioner had issued ~3.50 lacs, 0% non-convertible preference shares to its holding company in August 2000, originally due for redemption at par in equal instalment ideally in 2018, 2019 and 2020. However, BBC India decided to redeem the entire preference shares in one tranche and the redemption was extended to 2020.
- However, the Petitioner was incurring losses and the year of redemption 2020 was a Covid struck year which limited the functioning of the Petitioner company and its Board, unable to redeem the preference shares to the holding company well in advance of due date of redemption.
- Therefore, BBC India decided to issue fresh 3,50,000, 0% Compulsory Convertible Preference Shares (CCPS) of Rs. 10/- each to BBC Global News Limited, U.K. on revised/varied terms and conditions.
- BBC UK was willing and had no objection to accept fresh CCPS on revised/varied terms and conditions. This was also approved by the BOD and the shareholders of BBC India.

#### Issue that arose in the Matter:

Can a company extend the redemption date of preference shares without RBI approval, considering FEMA regulations for shares issued to an overseas company?

Are CCPS Redeemable Preference Shares as per requirement of Section 55(3) of the Act?

At the time of issue of NCRPS by BBC India was it provided in the Terms & Conditions that they can be redeemed by issue of CCPS to the same entity?

Is it necessary for a company’s AoA to specify the redemption of non-convertible instruments with convertibles?

Is RBI permission required for issue of CCPS in general and particularly in this case of redemption?

## National Company Law Tribunal (NCLT)

### Tribunal's remarkable observations:

- RBI's prior approval for extension of redemption of already issued NCRPS was not required because the issuer company (BBC India) had at the time of issue of preference shares (i.e., in August 2000) Letter from the Secretarial of Industrial Assistance, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India for issuance of NCRPS with a maximum redemption period of 20 years.
- Section 55(1) of the Companies Act, 2013 prevents a company to issue any preference shares which are irredeemable. Thus, all preferences shares issued under the Act are by their very nature redeemable. The distinction between NCRPS as debt and CCPS as equity is made only under FEMA. RBI's Master Direction issued on 04.01.2018 permits the issuance of CCPS with an option to the shareholders to redeem such preference shares, after a minimum lock-in period of 1 year, but without any option or right to exit at an assured price. Thus, for the purpose of Section 55(3) of the Act, CCPS also qualify as Redeemable Preference Shares.
- It need not be provided in the Terms & Conditions the time of issuance of NCRPS that NCRPS can be redeemed by issue of CCPS to the same entity as it is not a legal requirement.
- The articles of association need to provide the manner of redemption of instruments by a company.
- RBI approval/permission is not required for the issuance of CCPS as the issuance of CCPS does not amount to ECB



# NCLAT

## National Company Law Appellate Tribunal (NCLAT)

### In the case of CFM Asset Reconstruction Private Limited (Appellant) v. SS Natural Resources Private Limited and Others



#### Facts of the Case:

- The case revolves around the Corporate Insolvency Resolution Process initiated against Ramsarup Industries Limited on January 8, 2018.
- During this process, a Committee of Creditors (CoC) was formed, and a Resolution Plan was submitted by S.S. Natural Resources Pvt. Ltd.
- The Resolution Plan was subsequently approved by both the CoC and the Adjudicating Authority (Hon'ble NCLT Kolkata Bench) on September 4, 2019.
- However, disputes arose on distribution of funds deposited by the Successful Resolution Applicant (SRA) and the Appellant's obligation to provide a No Dues Certificate (NDC).
- The Appellant contended that they had not received their entitled payment, leading to a legal dispute.
- An appeal was filed by a Financial Creditor against the order issued by the National Company Law Tribunal, Kolkata Bench.

*This judgment revolved around deducting CoC and security expenses from the upfront INR 351 Cr paid by the SRA. CoC expenses were established as the CoC's responsibility, not CIRP costs. The Adjudicating Authority also mandated subtracting security expenses from the upfront payment.*

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

- The NCLAT held that CoC expenses and security expenses should be deducted from the upfront payment in a Resolution Plan based on prior resolutions and regulatory directives.
- The judgment further directed the Respondents to pay the principal balance amount to the Appellant and recalculate the CoC expenses to be deducted.
- Additionally, it specified that the amount held under the Future Litigation Fund should be distributed to the Financial Creditors based on their security interests.
- Once these payments were made, the Appellant was required to issue an NDC, execute an assignment agreement, and hand over the Corporate Debtor's title deeds.
- The NCLAT modified the order to ensure that the Appellant receives the correct payment before issuing the NDC and executing the assignment agreement

# APEX COURT

## In the case of Tottempudi Salalith Vs. State Bank of India and Others

### Facts of the Case:

- The case involved the Managing Director of Totem Infrastructures Limited, a Corporate Debtor, and proceedings initiated due to a default in repaying financial facilities from multiple banks, with a total claim of ~INR 613.30 Cr. These facilities were extended by a consortium of lenders with State Bank of India being the lead bank.
- Prior to IBC action, the Corporate Debtor received a SARFAESI Act notice, leading to recovery proceedings before the DRT and the issuance of recovery certificates.
- The State Bank of India filed an application under Section 7 of the IBC, which the NCLT admitted, declaring a moratorium.
- The Managing Director of the Corporate Debtor appealed this decision, mainly on the grounds of limitation, procedural issues, the election doctrine, SARFAESI, and an RBI Circular dated 12.02.2018.
- The Appellate Tribunal upheld the NCLT's decision, concluding that the application was valid and that the debt and default were established. The judgment referenced the case of Kotak Mahindra Bank Limited v. A. Balakrishnan and another, which held that the issuance of recovery certificates created a fresh cause of action for initiating IBC proceedings within three years.

*Aggrieved by the order of the appellate tribunal the Managing Director of the Corporate Debtor, made an appeal before the Apex Court.*

### Rulings of the Hon'ble Supreme Court:

- The Supreme Court held that the application under Section 7 of the Insolvency and Bankruptcy Code was valid and that the moratorium should be upheld, dismissing the appeal by the Managing Director of the Corporate Debtor.
- Supreme Court affirmed the decision to admit the application under Section 7 of the IBC, upheld the moratorium, and dismissed the appellant's appeal. The judgment addressed various legal aspects, including acknowledgment of debt, limitation periods, and the doctrine of election.



# 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) (31 <sup>st</sup> October, 2023)	Opening (INR) (1 <sup>st</sup> October, 2023)	Change %
Sensex	63874.93	65813.42	-2.95%
Nifty	19079.60	19622.40	-2.77%
FTSE	7321.70	7608.10	-3.76%
Nikkei	30858.85	32101.97	-3.87%
Dow Jones	33052.87	33455.50	-1.20%
Gold (INR/10 Grams)	61241	57096	7.26%
Silver (INR/1 Kg)	72520	69870	3.79%
USD (\$) (INR/Dollar)	83.30	83.03	0.32%
Euro (€) (INR/Euro)	88.29	87.10	1.36%
GBP (£) (INR/British Pound)	101.34	101.22	0.12%

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

## Contact us at....

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