

November 2023

# THE INDCAP NEWSLETTER

INVESTMENT BANKING INSIGHTS & UPDATES



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

A SEBI registered Category I Merchant Banker

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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
UltraTech Cement	Kesoram Industries	Building Material	53790	100%
UltraTech Cement announced a INR 53.79 billion (\$645.41 million) all-stock deal to acquire Kesoram Industries' cement business, enhancing its capacity in a competitive sector.				
Zurich Insurance	Kotak Mahindra General Insurance	BFSI	40510	51%
Zurich Insurance Group to acquire a 51% stake in Kotak Mahindra General Insurance for INR 4,051 Cr, comprising a fresh infusion of ~INR 1,609 Cr, and share purchase from Kotak Mahindra Bank, with an option for an additional 19% within 3 years.				
PCBL Ltd	Aquapharm Chemicals Pvt. Ltd	Lubricant	38000	100%
RP-Sanjiv Goenka Group's PCBL Ltd is set to acquire Pune-based Aquapharm Chemicals for INR 38,000 Mn (\$456 Mn), outbidding rivals Dorf Ketal and Tata Chemicals Ltd.				
BP	Lightsource BP	Lubricant	26832	50%
BP is set to acquire the remaining 50.03% stake in solar power developer Lightsource BP for £254 Mn (\$322 Mn), expanding its renewable energy capacity and taking full control.				
Jubilant Foodworks	DP Eurasia	Food	6691	51%
Jubilant Foodworks to acquire the remaining stake in London Stock Exchange-listed DP Eurasia for approximately €73.35 Mn (\$80.3 Mn) in cash.				
Sembcorp Industries Ltd	Narain Karthikeyans Leap Green Energy	Green Energy	4370	
Temasek-backed Sembcorp Industries is acquiring over 200MW of operational wind power assets from an Indian green energy firm, for INR 4370 Mn (\$570 Mn or \$52.4 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
CappellaEducore	Alta Capital	Education	16652
CappellaEducore, a Hyderabad-based education infrastructure firm, secured a USD 200 Mn equity commitment from Alta Capital, aiming to develop a \$550 million portfolio in the next 3 years.			
InCred Finance	Others	NBFC	5000
InCred Holdings, the Mumbai-based parent company of InCred Financial Services, attracted INR 500 Cr for 5.68% in Series D equity funding, achieving the unicorn status with a valuation surpassing USD 1 Bn.			
Regency Hospital	Norwest	Hospitals	4500
Norwest Venture Partners is nearing the acquisition of a 40% stake in Regency Healthcare for up to INR 600 Cr, involving an equity base expansion and share transfer in a deal backed by Wells Fargo.			
Clove Dental	Qatar Investment Authority	Clinics	4170
Qatar Investment Authority invested USD 50 Mn in Global Dental Services, the Investcorp-backed operator of India's major dental clinic chain, Clove Dental.			
Scapia	Three State Ventures, Tanglin Venture Partners, Matrix Partners India, Elevation Capital	Mobile App	1916
Travel fintech Scapia raises INR 23 Mn in round led by Elevation Capital, Binny Bansal's Three State Ventures, others			
EMotorad	Panthera Growth Partners, Green Frontier Capital, Others	Automobiles	1640
Pune-based electric cycle and bike manufacturer, Emotorad, raised \$20 million in Series B funding on November 27, featuring a combination of debt and equity led by Panthera Growth Partners.			

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	6.69	6.64	6.68	6.34	6.05
Average Repo Rates	6.79	6.70	6.66	6.31	6.03
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	6.95	6.93	6.86	6.77	6.45
182 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	7.12	7.14	7.04	6.90	6.75
364 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	7.15	7.16	7.05	6.89	6.88
1-Year Government Securities (G-Sec) Yield	7.16	7.17	7.03	6.80	6.84
5-Year Government Securities (G-Sec) Yield	7.28	7.36	7.20	6.95	7.16
10-Year Government Securities (G-Sec) Yield	7.31	7.39	7.21	7.04	7.31
10-Year Benchmark Yield	7.28	7.35	7.20	7.01	7.32

Sources: The Clearing Corporation of India Limited (CCIL) \*data from 24<sup>th</sup> November 2023

- Other Key findings:**
- RBI conducted the auction of G-Secs for an aggregate amount of INR 30,000 Cr on November 24, 2023.
  - S&P hiked India's FY24 GDP growth forecast by 40 bps to 6.40% led by robust domestic momentum.
  - Moody's said RBI's decision to tighten norms for unsecured personal loans is credit positive.

# MERCHANT BANKING

## Market Scenario

Particulars	No. of Issues in the month of November	Amount (INR in Mn)
Public Issues (IPO, FPO)	8	91660.00
Public Issues (IPO - SME)	14	3910.80
Rights Issues	2	381.00
Public Issues (Debt)	2	51000.00

## Regulatory Updates by SEBI

### BSE introduces new guidelines for SMEs seeking to move to main board

The Bombay Stock Exchange (BSE) has introduced new guidelines for small and medium enterprises (SMEs) seeking to move to the main board from the SMEs platform. As per the latest guidelines, an applicant firm will be required to have a net worth of at least ₹15 crore for the preceding two financial years to migrate to the main board. Besides, the guidelines stipulate that the applicant firm should have been listed on the SME platform for a minimum of three years. Also, they should have 250 public shareholders before shifting to the main board.



### Simplification and streamlining of Offer Documents of Mutual Fund Schemes

In order to streamline the dissemination of relevant information to investors, rationalizing the preparation of Scheme Information Document (SID) and facilitating its periodic updation by mutual funds, SEBI has revised format of SID/KIM/SAI to be implemented w.e.f. April 01, 2024. Further, in order to give effect to the revisions in the SID, SEBI has modified various clauses of its Master circular dated May 19, 2023.

# MERCHANT BANKING

## Regulatory Updates by SEBI

### SEBI expands the scope of achieving minimum public unitholding requirement in InvITs

SEBI has updated the minimum public unitholding requirements for infrastructure investment trusts (InvITs). In a recent revision, a new method has been introduced for privately placed InvITs to meet these requirements—issuing units through preferential allotment. It's important to note that only units issued to the public will be considered for compliance with the minimum unitholding requirements, adding to the existing nine methods outlined in the master circular dated July 6, 2023.

### Sebi scraps rule requiring investors holding stocks in physical mode to provide KYC and PAN by October 1

SEBI has eliminated the requirement for retail investors holding physical securities to furnish PAN and KYC details by October 1, previously risking folio freezes. The market regulator also removed the provision that frozen folios by December 31, 2025, would be referred to the administering authority under the Benami Transactions Act and/or Prevention of Money Laundering Act.



### Sebi proposes changes in Special Situation Funds to facilitate acquisition of stressed assets

SEBI is considering amendments to the regulatory framework for Special Situation Funds (SSFs), a category of Alternative Investment Funds (AIFs). The proposed changes aim to streamline the acquisition of stressed loans, aiding the resolution of stressed assets in India's financial system. The consultation paper outlines key aspects, including defining 'special situation assets,' investor eligibility under insolvency law, investment restrictions in connected entities, minimum holding periods, subsequent loan transfers, and the monitoring and supervision of SSFs.

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 Nitin Pannalal Shah v. Vipul H Raja

#### Key Facts of the Case:

- The case involves a challenge to the admission of Simandhar Broking Limited (SBL) and Astitva Capital Market Private Limited (ACMPL), both registered stockbrokers with SEBI, into Corporate Insolvency Resolution Process (CIRP).
- In the SBL matter, the investor deposited margin money in form of cash collateral with SBL for trading.
- SBL, incurring losses, used the margin money to offset the losses, leading to a payable shortfall by the investor.
- The investor, filed a complaint with the Investor Grievance Redressal Panel, which rejected the claim of the investor.
- The investor then initiated CIRP under Section 7 of IBC against SBL in 2019, citing payment default.

#### NCLAT's Observation:

- The NCLT, in the admission order, distinguished SBL's activities from the definition of financial service in Section 3(16)(e) of IBC. It ruled that SBL, directly dealing in financial products without providing advice or solicitation, is a 'corporate person,' not a Financial Service Provider (FSP).
- The NCLT also relied on Section 5(8) of IBC, specifically clause (g), stating that derivative transactions, considered financial debt, can only be undertaken by a company registered with SEBI.

#### NCLT's Stand

- The NCLAT, overturning the NCLT's judgment, deemed stockbrokers as Financial Service Providers (FSPs). It relied on the Insolvency Law Committee's sub-committee report, recognizing stockbrokers in various segments as FSPs.
- Emphasizing Section 3(17) of IBC, defining FSPs, the NCLAT highlighted that stockbrokers, regulated and registered with SEBI, fall under the purview of FSPs as per Section 3(18) of IBC. Their services align with Section 3(16)(e) of IBC.
- Citing a prior judgment (Randhiraj Thakur v. Jindal Saxena Financial Services Private Limited), the NCLAT stated that IBC, while being a comprehensive code for reorganization, has an exception keeping FSPs outside its scope.
- The NCLAT noted the unique nature and economic significance of FSPs, advocating for a distinct treatment under IBC.

***In particular, the Hon'ble NCLAT disagreed with the reasoning of NCLT in relation to SBL Admission Order, observed that Section 5(8)(g) of IBC has to be read harmoniously with Section 7 (Initiation of CIRP by financial creditor), Section 5(7) (definition of financial creditor) and Section 5(8) (definition of financial debt) of IBC, and it cannot be read in any manner to include FSPs within its ambit.***

## National Company Law Tribunal (NCLT)

**In the case of M/s Krishna Solvesolvechem Ltd (Operational Creditor) Vs M/s Arch Pharmalabs Limited (Corporate Debtor)**

### Key Facts of the Case:

- The Mumbai Bench of the Hon'ble NCLT heard a petition filed by the operational creditor under section 9 of the IBC for an unpaid amount of ~INR 2.36 Crs.
- The operational creditor invoked statutory arbitration under the Micro, Small, and Medium Enterprises Development Act 2006 (MSMED Act) against the Corporate Debtor to recover the outstanding amounts due and payable under the unpaid invoices.
- However, the execution application of the operational creditor was dismissed.
- Subsequently, the operational creditor filed a petition under Section 9 of the IBC.
- The corporate debtor pleaded for dismissing the application as the debts due were barred by time. The last invoice was raised by the operational creditor between January 2012 and June 2013, but the limitation period as per Schedule 137 of the Limitation Act would have ended in 2016.

### NCLT's Observation

- The Corporate Debtor contested the Operational Creditor's claim, asserting it was time-barred.
- The Facilitation Council issued a decree under the MSME Act on 23.02.2015, more than three years before the present petition.
- The Operational Creditor sought to exclude the period of June 2016 to October 2017 due to pending liquidation proceedings, but the NCLT rejected this, deeming it irrelevant to the Code's provisions.
- The NCLT concluded that the petition was time-barred and therefore not maintainable.
- Additionally, the tribunal noted the petition seemed geared towards recovery, lacking the objective of resolution under the IBC, diminishing its chances of success.

***The Hon'ble NCLT while dismissing the instant case has made a remark that the liquidation proceedings law of a Corporate Debtor does not bar a Section 9 petition under the IBC. On the contrary, the petition for liquidation under the Companies Act, 2013 after promulgation of the Code does not survive and must be necessarily dealt with accordance with the provision.***

# NCLAT

## National Company Law Appellate Tribunal (NCLAT)

### Sanjay Jain & Ors. (Appellant) Vs Nilesh Sharma - Resolution Professional of M/S Dream Procon Pvt. Ltd. & Anr. (Respondents)

#### Key Facts of the Case:

- The Resolution Professional had filed the Resolution Plan which was approved with 90.66% votes by the Committee of Creditors (CoC) in a class to the Hon'ble NCLT.
- The Appellant who belongs to the same class of creditors was aggrieved by the approval of the plan by the CoC.
- The Adjudicating Authority relying on Judgment of Hon'ble Supreme Court in Jaypee Kensington Boulevard Apartments Welfare Association and Ors. Vs. NBCC (India) Ltd. and Ors. had dismissed the application on the ground that Appellant has no locus to challenge the approval of the plan.
- The Appellant filed an appeal against the order of the Adjudicating Authority

*The Hon'ble NCLAT has ordered that after approval of the resolution plan by the CoC, where homebuyers as a class assented to the plan, any individual homebuyer or association cannot maintain any challenge to the resolution plan nor could be treated as carrying any legal grievance.*

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

- The Hon'ble NCLAT in its order stated that it was in full agreement with the view taken by the Adjudicating Authority relying on said judgment.
- Once we have held that these dissatisfied homebuyers and associations are not entitled to put up any challenge to the resolution plan contrary to the decision of the requisite majority of their class, all their objections are required to be rejected outright.
- Yet, in the interest of justice, the Hon'ble NCLAT examined the objections to find if there be any aspect worth consideration within the periphery of Section 30(2) of the Code and it could find none.
- Since no merit could be found in the appeal, the appeal was dismissed.



# APEX COURT

## Role of Resolution Professional in Personal Guarantor Cases

### Background:

### What/Who are personal guarantors and what does the IBC say about them?

A personal guarantor is a person who gives a written assurance to a lender that a company will repay the loan/credit facility it has obtained. In the event the company does not repay the facility, his personal assets can be attached by the lender. Prior to the IBC, banks would have had to move the Debt Recovery Tribunal (DRT) to enforce a personal guarantee. The PG is generally given by the promoters/shareholders of the corporate houses in respect of a loan being availed from banks/financial institutions.

### Practical Difficulty being Faced:

In 2019, the government introduced amendments to the Insolvency and Bankruptcy Code (IBC) allowing creditors or Resolution Professionals (RPs) to file applications under the IBC for enforcing personal guarantees. This meant that if a company entered insolvency, its lenders could, through the RP, initiate insolvency proceedings against the promoter who provided a personal guarantee. The National Company Law Tribunal (NCLT) would appoint another RP for the personal guarantor. The RP would compile information on the loan, default amount, and the guarantor's role. The NCLT, based on the RP's report, would decide whether the guarantor should undergo insolvency. Critics, including prominent figures like Anil Ambani and Venugopal Dhoot, challenged these provisions, arguing that they denied personal guarantors the right to present their case before an RP and raised concerns about potential abuse of power.

### Supreme Court Ruling:

**In its judgment delivered on November 9, 2023, the Hon'ble Supreme Court has held that:**

*The Apex Court has upheld the constitutional validity of the IBC provisions relating to personal guarantors and has clarified that the role of the RP is of a 'facilitator' and not an 'adjudicator'.*

- Natural justice principles vary across legislation and do not apply uniformly.
- The RP's role is to assist the NCLT in forming an opinion, not deciding on the personal guarantor's insolvency.
- Upholding these provisions ensures personal guarantors fulfill their obligations.
- The Supreme Court ruled personal guarantors can't claim ignorance in insolvency; the process has safeguards.
- The RP doesn't need a separate hearing for personal guarantors.

# 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> November, 2023)	Opening (INR) (1 <sup>st</sup> November, 2023)	Change %
Sensex	66988.44	63829.87	4.95%
Nifty	20133.15	19064.05	5.61%
FTSE	7423.46	7321.72	1.39%
Nikkei	33486.89	31311.22	6.95%
Dow Jones	35950.89	33081.87	8.67%
Gold (INR/10 Grams)	62535	60749	2.94%
Silver (INR/1 Kg)	75924	71108	6.77%
USD (\$) (INR/Dollar)	83.33	83.28	0.06%
Euro (€) (INR/Euro)	91.21	87.98	3.67%
GBP (£) (INR/British Pound)	105.77	101.20	4.52%

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>
Media	West Bengal	A leading vernacular newspaper with presence in Eastern India	<ul style="list-style-type: none"> <li>&gt; Looking for possible deal opportunities in the Company</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

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

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