

January 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
India Grid Trust	ReNew Solar Urja (P) Ltd (RSUPL)	Renewable Power Projects	16,539	-
Nasdaq-listed renewable power firm ReNew is set to sell its 300 MW solar project in Rajasthan, ReNew Solar Urja (P) Ltd, to India Grid Trust for USD 199 Mn, generating a cash inflow of around USD 82 Mn after transferring outstanding debt.				
ACC Ltd. - Ambuja Cements	Asian Concretes and Cements Private Limited	Cement & Refractories	4,260	55%
ACC, which already owned a 45% stake in the Chandigarh-based target company, bought the residual 55% stake - valued at INR 425.96 Cr - at an enterprise value of INR 775 Cr.				
Steel Strips Wheels Ltd (SSWL)	AMW Autocomponent Ltd (AACL)	Auto Components	1,380	-
Steel Strips Wheels Ltd (SSWL) will invest INR 138 Cr in AMW Autocomponent Ltd (AACL) as part of an insolvency resolution plan. The investment will be done through a mix of equity and debt.				
Ansa Folding Carton (AFC)	Rich Printers (P) Ltd (RPL)	Printing Services	359	45%
Mumbai-based Ansa Folding Carton (AFC) has acquired a strategic stake in Rich Printers (P) Ltd (RPL) for INR 117 Cr, forming one of the largest pharmaceutical folding carton producers with a total of 5 paper conversion manufacturing plants.				
Dr. Reddys Laboratories	MenoLabs Business - Amyris	Wellness Products (Supplements)	249	-
Publicly listed Dr. Reddy's Labs has acquired the MenoLabs business, a women's health and dietary supplement branded portfolio, from Amyris, through Chapter 11 bankruptcy proceeding in the US Bankruptcy Court.				
Amber Enterprises	Ascent Circuits (P) Ltd	Electronics (Printed Circuit Boards)	-	60%
Publicly-listed B2B electronic products manufacturing company Amber Enterprises has acquired a 60% stake in Hosur-headquartered Ascent Circuits (P) Ltd for cash.				

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.11

PE/VC UPDATE

Private Equity or Venture Capital Deals

INR in Mn

Investor(s)	Company	Industry	Amount
NIIF	Mahindra Last Mile Mobility	Automobiles (Electric Vehicles)	4,000
India-Japan Fund, managed by NIIF, will invest INR 400 Cr in Mahindra Last Mile Mobility Ltd (MLMML), an electric vehicle subsidiary of Mahindra & Mahindra (M&M). The investment is expected to secure a 6-8% stake for the fund.			
Khazanah Nasional	Wow Momo	Restaurants (QSR)	3,500
Wow! Momo Foods, a Kolkata-based QSR chain, secured funding from Khazanah Nasional, the sovereign wealth fund of Malaysia, through a combination of primary infusion and secondary purchase from early-stage investors.			
Vistara Growth, Sageview Capital, Argentum Capital Partners, Aarin Capital	Impact Analytics	Enterprise Software (SaaS - Analytics)	3,324
Bengaluru-based Impact Analytics, a retail-focused Software-as-a-Service (SaaS) retail startup, has raised USD 40 Mn in growth financing led by Sageview Capital. Vistara Growth also participated in the round.			
Shastra VC, Beenext, RTP Global, Others	International Battery Company	Equipment (Storage - Battery)	2,910
Delaware's International Battery Company (IBC), specializing in EV lithium-ion batteries for India, secured USD 35 Mn in a bridge-seed round and targets ~USD 75 Mn in the upcoming Series A funding.			
Venturi Partners, Temasek, Others	Country Delight	Milk Products	1,640
Delhi-NCR dairy seller Country Delight is set to raise USD 20 Mn from existing investors, including Temasek and Venturi Partners, at a valuation of approximately USD 758 Mn.			
IIFL AMC, Eight Roads Ventures, Others	Ampa Orthodontics Private Limited - makeO	Online Services (Dental Care)	1,314
IIFL AMC invested INR 50 Cr, Eight Roads Ventures invested INR 12.2 Cr, and others invested INR 69.21 Cr, totaling INR 131.41 Cr for a 5.89% stake.			

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.11

DEBT MARKET

Debt Market Insights

Market Snapshot (%)	Current Week	1 month ago	3 months ago	6 months ago	1 year ago
Average Call Rates	6.65	6.82	6.64	6.50	6.34
Average Repo Rates	6.52	6.82	6.70	6.45	6.37
Bank Rate	6.75	6.75	6.75	6.75	6.50
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	6.25
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	7.02	6.93	6.93	6.72	6.47
182 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	7.19	7.16	7.14	6.86	6.87
364 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield	7.17	7.13	7.16	6.89	6.90
1-Year Government Securities (G-Sec) Yield	7.09	7.09	7.16	6.91	6.87
5-Year Government Securities (G-Sec) Yield	7.08	7.11	7.38	7.09	7.23
10-Year Government Securities (G-Sec) Yield	7.21	7.23	7.40	7.13	7.40
10-Year Benchmark Yield					

Sources: The Clearing Corporation of India Limited (CCIL)

Other Key findings:

- Point to point rate of inflation based on the CPI-AL and CPI-RL stood at 7.71% and 7.46% in December 2023 compared to 7.37% and 7.13% respectively in November 2023 and 6.38% and 6.60% respectively during December 2022.
- The share of direct taxes in gross domestic product (GDP) rose to a 15-year high of 6.11% during FY23
- RBI released its Report titled “Finances of Panchayati Raj Institutions”. [\(Read here\)](#)

MERCHANT BANKING

Market Scenario

Particulars	No. of Issues in the month of January	Amount (INR in Mn)
Public Issues (IPO, FPO)	5	32,664
Public Issues (IPO - SME)	18	5,306
Rights Issues	6	80,108
Public Issues (Debt)	7	89,500

Regulatory Updates by SEBI

SEBI allows short-selling by all investors; F&O stocks also eligible

SEBI allows short-selling for all investor categories, with a prohibition on naked short-selling. All stocks in the futures and options segment are eligible. Institutional investors are restricted from day trading, requiring transactions to be grossed at the custodians' level. The custodians, however, will continue to settle their deliveries on a net basis with the stock exchanges.

“Short selling” means selling a stock that the seller does not own at the time of trade



Consultation Paper: Additional Proposals Regarding Framework for Issuance of Subordinate Units – REITs and InvITs

SEBI seeks public comments on proposals including setting a ceiling for subordinate units, ensuring uniformity in conferred rights, and addressing changes in terms and conditions post-issuance.

Consultation Paper: SEBI Seeks Public Comments on Interim Recommendations of the Expert Committee for Facilitating Ease of Doing Business and Harmonization of the provisions of ICDR and LODR Regulations

MERCHANT BANKING

Regulatory Updates by SEBI

Guidelines for AIFs with respect to holding their investments in dematerialized form and appointment of custodian

SEBI's circular mandates AIFs to hold investments in dematerialized form from October 01, 2024, with exemptions for investments made before this date, subject to SEBI specifications. The dematerialization requirement does not apply to AIF schemes ending on or before January 31, 2025, or those in extended tenure as of the circular date. Custodians must be appointed before the scheme's first investment, and the Standard Setting Forum for AIFs ('SFA') will formulate reporting standards for data on AIF investments under custodianship.

Consultation Paper: Proposal to enhance trust in the Alternative Investment Funds (‘AIF’) ecosystem to facilitate Ease of Doing Business measures



This consultation paper suggests implementing a requirement for AIFs, AIF Managers, and their Key Management Personnel to prevent circumvention of financial sector regulations. Specific standards for compliance will be developed by the pilot Industry Standards Forum for AIFs in collaboration with SEBI. The proposal aims to enhance trust and regulatory comfort, supporting Ease of Doing Business (EoDB) initiatives for AIFs under SEBI's consideration.

Public comments are invited until February 11, 2024, through the provided online web-based form.

Framework for Offer for Sale (OFS) of Shares to Employees through Stock Exchange Mechanism

SEBI introduces a framework allowing promoters to offer shares to employees through the Stock Exchange Mechanism in the Offer for Sale (OFS). This provides efficiency, eases compliance, and reduces costs. Promoters of eligible companies can sell shares to employees within two weeks from the OFS transaction, either at the OFS-discovered price or at a discount. The circular comes into effect 30 days from its issuance.

A copy of all the afore mentioned circulars are available on SEBI website at www.sebi.gov.in under the categories 'Legal Framework' → 'Circulars'

CASE OVERVIEW



NCLT | NCLAT | Apex Court

National Company Law Tribunal (NCLT)

In the matter of ICICI Prudential Real Estate AIF I Vs Sunshine Housing and Infrastructure Private Limited

Brief Overview of the Case:

- ICICI Prudential Real Estate AIF I (ICICI) had disbursed INR 40 Cr to Sunshine Housing and Infrastructure Private Limited (SHIPL) by subscribing to 4,000 unlisted, unrated, secured, redeemable non-convertible debentures.
- On default, ICICI filed an insolvency application against SHIPL and by way of order dated May 2019, the Hon'ble NCLT admitted the insolvency application.
- In September 2020, a Resolution Plan was submitted for SHIPL.
- The Resolution Plan was approved by the Committee of Creditors of SHIPL and the Resolution Professional (RP) filed an application for approval of the Resolution Plan before the Hon'ble NCLT.
- The Resolution Plan was approved by the Hon'ble NCLT by way of an order dated February 2022.
- As per the plan, the applicant was required to pay ICICI a sum of INR 5 Cr in partial discharge of the financial debt owed to ICICI within six months from the Plan approval date. However, the applicant failed to abide by the payment obligation under the Resolution Plan.
- ICICI filed an application before the Hon'ble NCLT again against the applicant for initiating CIRP as the applicant had failed in fulfilling its obligations under the approved Resolution Plan.

Stand of the Hon'ble NCLT:

- The Hon'ble NCLT refused to initiate CIRP against the Resolution Applicant, observing that the Resolution Applicant can only be prosecuted under Section 74, and his guarantee could be forfeited.
- It was observed that the performance guarantee furnished by such Successful Resolution Applicant ("SRA") can be forfeited and the SRA can also be prosecuted u/s 74 of the Code, 2016 but since the liability of the SRA either to pay the creditor or to infuse money in the Corporate Debtor in CIRP for its revival cannot be equated with a financial debt, proceedings u/s 7 of the Code, 2016 cannot be initiated.



A Financial Creditor cannot initiate a CIRP application against the Successful Resolution Applicant on default in payment to stakeholders/creditors as per terms of the approved Resolution Plan under IBC 2016; but, is entitled to initiate proceedings under Section 74 of the IBC, 2016.

National Company Law Appellate Tribunal (NCLAT)

In the matter of Metro Jet Airways Training Pvt. Ltd. & Ors

Brief Overview of the Case:

- Jaipur Trade Expocentre Private Limited (Appellant) entered into a license agreement with Metro Jet Airways Training Private Limited (Respondent) granting it a license to use a building for business purposes. The license fee was agreed at INR 4,00,000 plus government taxes on a monthly basis.
- The Respondent made payment towards the license fee through 2 cheques dated May 07, 2018 and September 08, 2018. However, both were dishonored.
- The Appellant issued a notice to the Respondent under Section 8 of the IBC. However, the Respondent did not revert with any reply.
- The appellant applied for CIRP under Section 9 of the IBC, but NCLT dismissed it on March 4, 2020, stating that the claim from the grant of license to use immovable property does not fall within the category of goods and services doesn't qualify as unpaid operational debt under the IBC.
- Aggrieved, the Appellant filed an appeal before the Hon'ble NCLAT against the Impugned Order.

Issue to be decided by the Hon'ble NCLAT

- NCLAT's two-member bench referred appeal questions to a larger bench on March 7, 2022. The three-member bench later directed the questions to a further larger bench on March 9, 2022.
- The issue under consideration is whether the Licensor's claim for the payment of License Fee for the use of immovable premises for commercial purposes falls under the category of 'Operational Debt' as defined in Section 5(21) of the Code.

Decision of the Tribunal:

- The Hon'ble NCLAT allowed the appeal preferred by Appellant by overturning its judgements in Ravindranath and Promila Taneja v. Surendri Design Pvt Ltd and held that claims towards unpaid 'License Fees' would constitute as operational debt under the IBC.
- The tribunal also observed that the term 'services' used under Section 5(21) has not been defined under the IBC and hence the court has to explain the meaning of the undefined expression.



This judgment clarifies a long pending issue and it is now settled that the claim of the Licensor for payment of License Fee for use and occupation of immovable premises for commercial purposes is a claim of 'Operational Debt'.



APEX COURT

In the matter of DBS Bank Ltd Singapore v. Ruchi Soya Industries Ltd

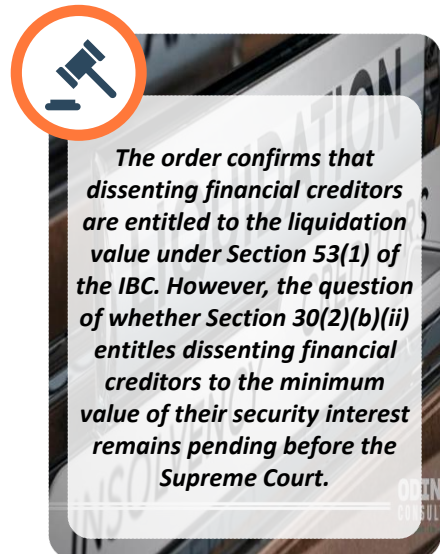
Brief on the Case:

- DBS Bank Limited Singapore had extended financial debt of ~Rs. 243.00 Cr to M/s. Ruchi Soya Industries Limited, the Corporate Debtor.
- In December 2017, CIRP was initiated against the Corporate Debtor. DBS Bank Ltd Singapore had submitted its claim which was admitted by the RP.
- In March 2019, Patanjali Ayurvedic Limited submitted a Resolution Plan representing ~49.22% of the total admitted claims of the financial creditors.
- DBS Bank informed the CoC that its security's value exceeded others in the Resolution Plan. It urged the CoC to consider this in the distribution of proceeds to ensure a "fair and equitable" outcome.
- In April 2019, the Resolution Plan was approved by 96.95% of the CoC and DBS Bank Ltd had voted against the Resolution Plan - thereby becoming a dissenting financial creditor.
- The Resolution Plan was filed for approval before the Hon'ble NCLT Mumbai and separately, DBS Bank Ltd challenged the distribution mechanism of the Resolution Plan proceeds by way of an application before the Hon'ble NCLT, Mumbai.
- The NCLT dismissed the application challenging the distribution mechanism of the Resolution Plan proceeds. Aggrieved by the order of the NCLT, DBS Bank Ltd, challenged the dismissal of its application before the Hon'ble NCLAT.
- The Hon'ble NCLAT also dismissed the appeal, and the appellant approached the Supreme Court.

Observations made by the Supreme Court

- An appeal was preferred before the Apex Court wherein after considering the facts of the case and also acknowledging the change in the stand of law.
- The court notes that a dissenting financial creditor lacks authority when a Resolution Plan is approved by a two-thirds majority in the CoC. While unable to object to the Plan itself, the dissenting financial creditor can object to the proceeds' distribution if they fall below what they would be entitled to in a liquidation scenario under Section 53(1).

The Supreme Court has referred the issue of payment to dissenting financial creditors to a larger bench under the Insolvency and Bankruptcy Code 2016.



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 January, 2024)	Opening (INR) (1 st January, 2024)	Change %
Sensex	71,752.11	72,332.85	-0.80%
Nifty	21,725.70	21,751.35	-0.12%
FTSE	7,666.31	7,721.52	-0.72%
Nikkei	36,286.71	33,193.05	9.32%
Dow Jones	38,150.30	37,566.22	1.55%
Gold (INR/10 Grams)	63,040	63,325	-0.45%
Silver (INR/1 Kg)	72,618	74,400	-2.40%
USD (\$) (INR/Dollar)	83.11	83.25	-0.17%
Euro (€) (INR/Euro)	90.05	91.14	-1.20%
GBP (£) (INR/British Pound)	105.51	105.94	-0.40%

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

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

JANUARY HIGHLIGHTS

Key highlights in the month of January 2024

Indcap Advisors acted as advisors for the acquisition of TIL Ltd. by the Gainwell Group's entity IDSPL

Gainwell Group on 25th January 2024 announced the acquisition of Kolkata-based listed player TIL Ltd, an infrastructure equipment manufacturer in a strategic transaction where Indcap advisors acted as advisors to the sell side. The acquisition was made through Gainwell Group's entity Indocrest Defence Solutions Pvt Ltd (IDSPL), through a special dispensation of RBI and SEBI.

The company will be commencing the process of an one time settlement (OTS) of INR 144 Cr with its lenders. Out of INR 144 Cr, around INR 102 Cr would be the cash settlement with the lenders.

Other details of the transaction can be found under the following link:

[TIL - Gainwell - Indcap - Deal Announcement](#)

Gainwell group acquires TIL

TIMES NEWS NETWORK

Kolkata: Gainwell Group has taken over city-based TIL Ltd run by Sumit Mazumdar and family. TIL (formerly Tractors India Ltd) is an 80-yr-old engineering company that has been listed at BSE since 1955.

Gainwell group, promoted by former IAS Sunil Chaturvedi had earlier acquired the caterpillar dealership business of TIL in 2016.

Chaturvedi told reporters after the takeover that the acquisition of TIL was made through Indocrest Defence Solutions Private Limited (IDSPL) through a special dispensation of RBI and Sebi. IDSPL has infused Rs 120 crore into TIL including Rs 70 crore for subscribing to the preferential issue of shares of TIL. Following the preferential issue, Gainwell group holding in the compa-

ny would be 43% while that of Sumit Mazumdar and family would go down to 32% from the current level of 56%. Chaturvedi would also be appointed as chairman and MD of TIL Ltd. A new six-member board of directors replacing the existing members has also been put in place.

The Gainwell chairman also added that TIL would be the first listed entity of the group. It would also be in the process of a one-time settlement of Rs144 crore with the lenders.

He pointed out that Rs102 crore would be cash settlement with lenders and the rest non-cash based exposure. The other group companies include Gainwell -CAT, which deals with caterpillar dealerships, and Gainwell Engineering that deals in manufacturing. Indcap Advisors guided TIL Ltd in this

deal. Indcap director Samir Agarwal said that it is a win-win deal for all stakeholders.

"This is a milestone moment for Gainwell and TIL both and is in line with the larger aspiration of the Gainwell Group to achieve \$1.4 billion size and stature within the next 5 years as a whole. The company has a strong, strategic fit for Gainwell Group and the combination of our strengths will drive significant value for all stakeholders. The acquisition is a strategic move that will enhance Gainwell Group's leadership in the heavy equipment manufacturing industry," Chaturvedi said.

Sharing his views on the acquisition, Mazumdar said, "This strategic measure will ensure a seamless continuation of TIL's legacy, growth, and expansion benefiting our employees and all stakeholders."

Times
Newspaper
Article dated
25th January,
2024

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



kolkata@indcap.in



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