

March 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 |
|---|------------------------------|--|--------|--------|
| TV 18 - Reliance Industries | Viacom 18 Media | Media & Entertainment | 42,860 | 13.01% |
| Paramount Global sells 13.01% stake in Viacom18 to Reliance Industries for INR 4,286 crore, boosting Reliance's ownership to 70.49%. | | | | |
| Adani Port and SEZ Ltd | Gopalpur Ports Limited (GPL) | Shipping & Logistics | 13,490 | 95% |
| Publicly listed Adani Port and SEZ Ltd is to acquire 95% stake of Gopalpur Ports Limited (GPL) from the existing shareholders of GPL. | | | | |
| Eris Lifesciences | Biocon Biologics Ltd (BBL) | Healthcare & Life Sciences | 12,420 | - |
| Eris Lifesciences, based in Ahmedabad, acquires Biocon Biologics India's branded formulation business in Bengaluru for INR 1,242 Cr. A 10-yr supply agreement with Biocon Biologics will commence from April 15, 2024. | | | | |
| LatentView Analytics | Decision Point | IT & ITES | 32,602 | 100% |
| LatentView Analytics, Chennai, is set to acquire a 70% stake in Gurugram-based Decision Point, an analytics firm specializing in the CPG & Retail sector. The remaining 30% stake will be acquired over the next 2 years. | | | | |
| Jupiter Wagons Ltd | Bonatrans India Pvt Ltd | Auto Components (Railway Wagons & Coaches) | 2,710 | 94% |
| Publicly-listed, Kolkata-headquartered Jupiter Wagons Ltd is to acquire 94.25 % of shares of Bonatrans India Pvt Ltd for INR 271 Cr. | | | | |
| HIL Ltd | Crestia Polytech | Pipes & Fittings - Manufacturing | 2,650 | - |
| HIL Ltd, a CK Birla Group building materials maker, signs an agreement with Crestia Polytech to acquire Topline, a pipe and fittings brand in Eastern India, along with four subsidiaries, for INR 265 Cr. | | | | |

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.39

PE/VC UPDATE

Private Equity or Venture Capital Deals

INR in Mn

| Investor(s) | Company | Industry | Amount |
|--|--|----------------------------------|--------|
| GIC | Sterlite Power Transmission Ltd (SPTL) | EPC (Energy) | 41,685 |
| Vedanta Group's power transmission arm, Sterlite Power Transmission Ltd (SPTL), and Singapore's sovereign wealth fund GIC are forming a \$1 Bn JV called Sterlite Grid 32 Ltd. to focus on India's power transmission sector. | | | |
| Advent International & Multiples PE | Svatantra Microfin | BFSI (Microfinance) | 19,300 |
| Advent International and Multiples will invest INR 1,930 Cr in Svatantra Microfin, backed by Ananya Birla. This comes after Svatantra's INR 1,479 Cr acquisition of Bengaluru's Chaitanya India Fin Credit Ltd. | | | |
| StepStone Group, Lightspeed Ventures, Others | Pocket FM | Mobile App (Audio Books) | 8,561 |
| Bengaluru-based audio-tech platform Pocket FM has raised USD 103 million in Series D funding led by Lightspeed with participation from Stepstone Group. | | | |
| Tiger Pacific Capital & Others | B9 Beverages Ltd (Bira 91) | F&B - Beverages (Beer) | 4,136 |
| B9 Beverages Ltd, Bira 91's parent company is raising USD 25 Mn in new funding from Tiger Pacific Capital. It has acquired close to 4% stake in Bira 91. The investments were closed at a pre-money valuation of USD 600 Mn. | | | |
| Warburg Pincus, Bessemer, Prosus Ventures, Accel India & Others | The Good Glamm Group | FMCG - Personal Care (Cosmetics) | 2,455 |
| Delhi-based content-to-commerce company The Good Glamm Group has raised INR 245.5 crore (about USD 30 million) in a bridge round from the existing investors via a rights issue. | | | |
| InnoVen Capital & Others | BlueStone.com | E-Commerce (B2C - Jewelry) | 377 |
| BlueStone, an omnichannel jewellery startup, secures approximately USD 16.5 Mn (INR 137.7 Cr) through a blend of debt and equity, including INR 100 crore in debt and INR 37.7 crore in equity funding from investors like Innoven Capital and individual investors via Series G CCPS. | | | |

Sources: VCCircle ; INR to USD conversion rate considered at USD 1 = INR 83.39

DEBT MARKET

Debt Market Insights

| Market Snapshot (%) | Current Week | 1 month ago | 3 months ago | 6 months ago | 1 year ago |
|---|--------------|-------------|--------------|--------------|------------|
| Average Call Rates | 6.98 | 6.61 | 6.82 | 6.74 | 6.85 |
| Average Repo Rates | 6.83 | 6.61 | 6.82 | 6.80 | 6.96 |
| 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 | 7.01 | 6.96 | 6.93 | 6.86 | - |
| 182 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield | 7.14 | 7.17 | 7.16 | 7.08 | 7.28 |
| 364 Day Cut-off Treasury Bill (T-Bill) (Primary) Yield | 7.08 | 7.12 | 7.13 | 7.08 | 7.31 |
| 1-Year Government Securities (G-Sec) Yield | 7.02 | 7.06 | 7.09 | 7.08 | 7.22 |
| 5-Year Government Securities (G-Sec) Yield | 7.04 | 7.07 | 7.10 | 7.24 | 7.22 |
| 10-Year Government Securities (G-Sec) Yield | 7.07 | 7.09 | 7.22 | 7.23 | 7.32 |

Sources: The Clearing Corporation of India Limited (CCIL)

- Other Key findings:**
- The eight core industries with a combined weight of 40.27% in the Index of Industrial Production (IIP) registered a growth of 7.40% in February 2024 (provisional) compared to growth of 6.70% in February 2023.
 - The core sector grew 7.70% in April-February FY24 as against 8.20% in April-February FY23

MERCHANT BANKING

Market Scenario

| Particulars | No. of Issues in the month of March | Amount (INR in Mn) |
|---------------------------|-------------------------------------|--------------------|
| Public Issues (IPO, FPO) | 6 | 23,566.30 |
| Public Issues (IPO - SME) | 28 | 9540.60 |
| Rights Issues | 7 | 16,632.80 |
| Public Issues (Debt) | - | - |

Regulatory Updates by SEBI

SEBI to introduce settlement scheme III on illiquid option cases

SEBI proposed to introduce a 3rd settlement schemes in the matter of trading activities of certain entities in the illiquid stock options segment of BSE. The Scheme would provide a settlement opportunity to all the entities that have executed reversal trades in the stock options in the period between April 01, 2014 and September 30, 2015, against whom proceedings have been initiated and are pending before any authority, SEBI said. The Scheme would commence on March 11, 2024 and end on May 10, 2024. After the scheme period expires, actions as per Securities laws would be continued against the entities who didn't avail this opportunity for settlement.



SEBI to repeal circulars related to private placement of securities

- SEBI has decided to repeal certain circulars related to relaxation in cases of allotment of securities through private placement.
- Under the Companies Act, 1956, private placement was defined as issuance to up to 49 people, which was increased to up to 200 under the Companies Act, 2013.

- For cases under the Companies Act, 1956, involving issuance to more than 49 but up to 200 persons in a financial year, SEBI had provided certain conditions to avoid penal action.

Conditional to: provide investors with an option to surrender securities and receive the refund amount along with 15% interest p.a. or such higher return as promised.

- The circular providing these conditions was issued on March 13, 2024.
- SEBI stated that considerable time has passed since the repeal of the Companies Act, 1956, leading to the decision to repeal the circular.
- The circulars shall stand rescinded 6 months from the date of issue of this circular, without prejudice to anything done or any action taken under them.

MERCHANT BANKING

Regulatory Updates by SEBI

SEBI: Real Estate Investment Trusts (Amendment) Regulations, 2024

- SEBI has amended the SEBI (Real Estate Investment Trusts) Regulations, 2014.
- The amendments aim to establish a regulatory framework for Small and Medium REITs.
- Small and Medium REITs must have an asset value of at least Rs. 50 crore, in contrast to the Rs. 500 crore requirement for existing REITs.
- SM REITs can create separate schemes for owning real estate assets through special purpose vehicles.
- The regulatory framework covers SM REITs' structure, migration criteria for existing structures, obligations of investment managers, investment conditions, minimum subscription, distribution norms, asset valuation, etc.

These amendments come into force upon publication in the Official Gazette.

Circular: To exempt certain FPIs from additional disclosure framework

The market regulator has issued directions to exempt a section of foreign portfolio investors (FPIs) who hold concentrated holdings in one corporate group from the additional disclosure framework issued last August. The regulator's Board had recently given the go-ahead for this amendment. In a circular dated March 20, 2024, the SEBI stated that an FPI having more than 50% of its Indian equity AUM in a corporate group shall not be required to make the additional disclosures as in the circular dated August 24, 2023, subject to compliance with conditions.

SEBI Board Meeting on March 15, 2024, several measures approved

- Launch of optional T+0 settlement beta version for 25 scrips with select brokers.
- Exemptions to disclosure requirements for certain FPIs, with relaxed timelines for material changes.
- Amendments to ease IPO/fundraising for companies under SEBI Regulations.
- Amendments to ease ongoing compliance for listed companies under Listing Obligations Regulations.
- Uniform approach for market rumor verification by listed entities.
- Flexibility for AIFs to encumber equity in infrastructure companies.
- Due diligence measures for AIF ecosystem trust enhancement.
- Extension of listing norms timeline for high-value debt listed entities.
- Flexibility for AIFs and investors in handling unliquidated investments.
- Framework for subordinate units issuance by privately placed InvITs for infrastructure asset purchase.



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



NCLAT | Apex Court

NCLAT

National Company Law Appellate Tribunal (NCLAT)

In the case of Hem Singh Bharana Vs Pawan Doot Estate Private Limited

Facts of the Case:



- The appellant, an ex-promoter of the Corporate Debtor, challenged an order passed by the National Company Law Tribunal (NCLT), New Delhi Bench.
- The NCLT had dismissed their application to defer the approval of a resolution plan submitted by the Resolution Professional (RP).
- The appellant sought to keep the proceedings in abeyance based on a revised settlement proposal under Section 12A of the IBC.

Key Concern of the Case:



The key issue at hand was whether a settlement proposal, particularly one submitted by an ex-promoter, could be entertained after the Committee of Creditors (CoC) had already approved a resolution plan and the RP had filed an application for its approval before the Hon'ble NCLT.

Defense of the Appellant:



- The appellant argued that the CoC's approval of a resolution plan does not preclude them from considering a better financial proposal, such as the settlement proposal under Section 12A.
- They contended that the CoC's commercial wisdom should prevail, and they should be allowed to withdraw or modify the approved plan.



Observations of the NCLAT:



- The NCLAT upheld the decision of the NCLT and rejected the appellant's arguments.
- The tribunal highlighted the statutory scheme under the IBC, particularly Sections 30 and 12A, along with relevant regulations, to establish that once a resolution plan is approved by the CoC and submitted to the adjudicating authority, it cannot be withdrawn or altered.
- The tribunal emphasized that the approval of a resolution plan by the CoC is binding on all stakeholders, including the successful resolution applicant and the CoC itself.
- It underscored the need for adherence to the timelines prescribed under the IBC and reiterated that the CoC's decision is final once a resolution plan is approved.

In conclusion, the NCLAT's ruling clarifies that once a resolution plan is approved by the CoC and submitted for adjudication, any subsequent attempts to withdraw or alter the plan, is not permissible. This decision provides certainty and finality to the resolution process under the IBC, ensuring timely and effective resolution of insolvency cases.

APEX COURT

In the matter of Greater Noida Industrial Development Authority v. Prabhjit Singh Soni



Brief on the Case:

- The Greater Noida Industrial Development Authority (GNIDA) is a statutory corporation that had leased land to the Corporate Debtor in return for a premium payable by the lessee
- While there were certain defaults in the payment of the premium to the GNIDA, the Corporate Debtor was taken into insolvency under the Insolvency and Bankruptcy Code, 2016 (IBC)
- Despite GNIDA's claim as a financial creditor, the resolution professional categorized it as an operational creditor, barring its participation in the Committee of Creditors (CoC)
- Disputes arose regarding whether GNIDA had submitted its claim on time, with only a portion being admitted during the Corporate Insolvency Resolution Process (CIRP). GNIDA subsequently appealed to the NCLAT under section 60(5) of the IBC

The fact that the adjudicating authority has a recall power is undeniable, especially in light of the statutory intention that is evident from the language of section 60(5) of the IBC. The ruling in GNIDA case, suggests that the approval of the resolution plan by the adjudicating authority is not the end of the matter. Apart from the usual appellate mechanism provided in the IBC, the adjudicating authority can itself recall its own order if facts justifying such an action are subsequently brought to its attention.

Concern for Appeal:



- GNIDA was wrongly categorized as an operational creditor, instead of being recognized as a financial creditor, resulting in fewer rights
- Its claim was unjustly rejected by the resolution professional and CoC
- As the owner of the leased land to the Corporate Debtor, GNIDA should have been given higher priority in the dues' waterfall mechanism
- GNIDA argued that it wasn't given sufficient opportunity during the CIRP to effectively present its claims

Despite unsuccessful appeals to the NCLT and NCLAT, GNIDA turned to the Supreme Court, where the outcome differed.

Points made by the Supreme Court



- The Supreme Court found that the decisions arrived at by the CoC are not sacrosanct or unalterable
- In case there are any shortcomings in the resolution plan, the adjudicating authority is entitled to examine those and resend the plan to the CoC for reconsideration
- The Court attributed the source of such review jurisdiction to the inherent powers of the adjudicating authority under the IBC
- The Court identified deficiencies in the GNIDA resolution plan that warranted a recall, which the NCLT and NCLAT neglected to address
- The Supreme Court reversed those rulings and instructed the Corporate Debtor's resolution plan to be reevaluated by the CoC

MARKETS & COMMODITIES



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

AN OVERVIEW

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

| Stock Indices | Closing (INR) (28 th March, 2024)* | Opening (INR) (1 st March, 2024) | Change % |
|-----------------------------|--|--|----------|
| Sensex | 73,651.35 | 72,606.31 | 1.44% |
| Nifty | 22,326.90 | 22,048.30 | 1.26% |
| FTSE | 7,952.62 | 7,630.02 | 4.23% |
| Nikkei | 40,369.44 | 39,254.69 | 2.84% |
| Dow Jones | 39,807.37 | 38,989.51 | 2.10% |
| Gold (INR/10 Grams) | 67,800.00 | 62,595.00 | 8.32% |
| Silver (INR/1 Kg) | 75,044.00 | 69,543.00 | 7.91% |
| USD (\$) (INR/Dollar) | 83.39 | 82.91 | 0.58% |
| Euro (€) (INR/Euro) | 89.92 | 89.53 | 0.43% |
| GBP (£) (INR/British Pound) | 105.23 | 104.67 | 0.53% |

Sources: Global Indices, BSE, NSE, RBI, MCX INDIA, *some dates may vary

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 |
|---------------|-------------|--|---|
| 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 |

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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

MARCH HIGHLIGHTS

Key highlights in the month of March 2024

Indcap assisted Simplex Infrastructures Limited (SIL) on its Financial Due Diligence (FDD) by National Asset Reconstruction Company Ltd (NARCL)

Simplex Infrastructures Limited is an established diversified infrastructure company with projects in several verticals such as Transport, Energy & Power, Mining, Railways etc.

Indcap was actively involved with the Company to assist in a successful and smooth process of financial due diligence by NARCL.



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