

# AHMEDABAD CHARTERED ACCOUNTANT JOURNAL

*Volume : 48  
Part 09  
December, 2024*



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### Summary:

The Monetary Policy Committee (MPC) of the RBI kept the Repo rate unchanged at 6.5% in a majority 4-2 decision in December 2024 against market expectations of rate cuts. However it reduced CRR by 50 bps to increase liquidity in the system. The BSE Sensex closed at 79,803 up by 0.52% and the Nifty 50 closed at 24,131 down by 0.31% in November. IPO of food delivery platform Swiggy hit the market and was listed at a modest premium.

Key M&A and PE deals include merger of Aster DM and Blackstone backed Quality CARE to create India's third largest Hospital chain and Beta Drugs, a vertically integrated cancer firm raising funds in a round led by HealthQuad Fund.

### Economic Update:

- The Monetary Policy Committee (MPC) of the RBI, which met in Mumbai in December 2024, kept the Repo rate unchanged at 6.5% in a majority 4-2 decision. This is the eleventh consecutive monetary policy, over 22 months, which has left the Repo rate unchanged.
- The MPC has reduced the GDP growth forecast to 6.6% from 7.2% in the wake of the slowdown in the economy in the second quarter. However, as per Governor Das, the slowdown bottomed out in the second quarter, and has since then recovered – driven by festive demand and rural consumption.
- At the same time, MPC reduced the cash reserve ratio (CRR) by 50 basis points (bps) to 4%, providing adequate liquidity for lending requirements through FY25. The CRR cut indicates the RBI's aim to address the sharp tightening of banking system liquidity arising from RBI's FX operations as well as expected volatility in capital flows.

- The recent data released by the National Statistics Office (NSO) showed that the country's real gross domestic product (GDP) slumped to a seven-quarter low of 5.4% in July-September 2024. This compares with a growth of 6.7% in the April-June 2024 quarter and 8.1% in the July-September 2023 period.
- The policy panel has hiked the inflation estimate for FY25 to 4.8% for the current fiscal from 4.5% projected earlier.
- Consumer price-based inflation (CPI), or retail inflation, surged to a 14-month high of 6.21% in October 2024, compared to 5.5% in September.
- The MPC had maintained a cautious posture, highlighting limited room to cut rates in the face of above-target inflation. The inflation level has remained much above the RBI's tolerance level.

### Secondary Market:

- The BSE Sensex closed at 79,803 up by 0.52% and the Nifty 50 closed at 24,131 down by 0.31% in November 2024, driven by concerns over stretched valuations, weak performance by Indian Inc in Q2 and persistent selloffs by foreign investors.
- From a sector perspective, leading gainers were Information Technology (+6%), Teck (+5%) Consumer Durables (+3%), and Capital Goods (+2.5%) while Utilities (-6.5%), Power (-4.5%) and Energy (-3.5%) went down.
- Foreign portfolio investors (FPIs) extended their selling streak in November, driven by concerns over expensive valuations, weak Q2 earnings, and diminishing expectations of a Federal Reserve rate cut in the upcoming meeting.

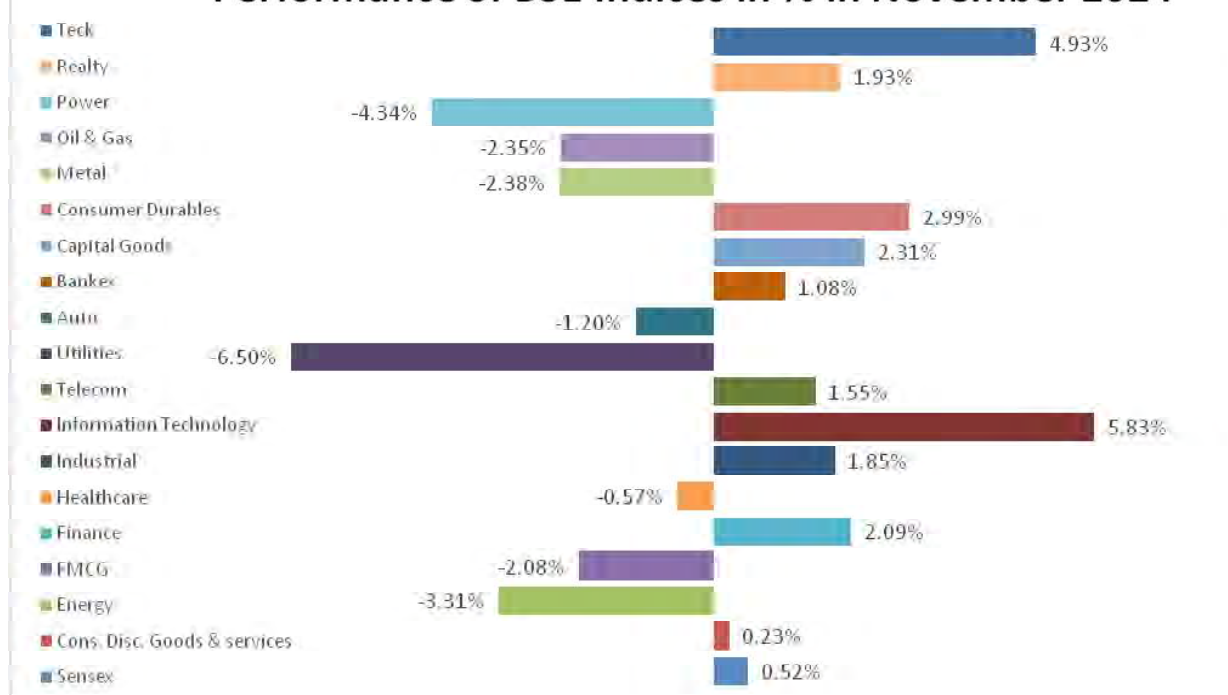
- Benchmark indices Sensex and Nifty surged on 22<sup>nd</sup> Nov, ahead of state election results, with the recovery anchored by index heavyweight Reliance Industries Ltd, banking names such as ICICI Bank and State Bank of India and IT majors Tata Consultancy Services Ltd (TCS) and Infosys and Adani group shares rebounded, rising upto 5%.

- As of November 2024, India's Securities Transaction Tax (STT) collection was INR 36,000 crore, which is nearly 97% of the budget estimate of ₹ 37,000 crore for the current fiscal year, amidst market rally.
- Significant escalation in the Middle-east conflict is also creating geopolitical imbalance and is driving crude prices up which also has bearing on Indian equities.



Equity Markets	Oct-24	Nov-24	% Change
BSE Sensex	79,389	79,803	0.52 %
Nifty 50	24,205	24,131	-0.31%
BSE 500	35,738	35,726	-0.03%
BSE Healthcare	43,915	43,666	-0.57 %
BSE IT	40,428	42,783	5.83 %
BSE FMCG	21,663	21,213	-2.08 %
BSE Industrial	15,002	15,279	1.85 %
BSE Auto	53,540	52,988	-1.20 %
BSE Teck	18,633	19,552	4.93 %

### Performance of BSE Indices in % in November 2024



### Primary Market Update:

There were 08 main board IPOs in November 2024 of Afcons Infrastructure Limited, Sagility India Limited, Swiggy Limited, ACME Solar Holdings Limited, Niva Bupa Health Insurance Limited, Zinka Logistics

Solutions Limited, NTPC Green Energy Limited and Enviro Infra Engineers Limited as against 07 main board IPOs in October 2024. There were 01SME IPOs in November2024 as against 05SME IPOs in October 2024.

**Swiggy Limited:**

<b>About the Company</b>	Founded in 2014, Swiggy Limited provides its users with an easy-to-use platform that they can access via a single app to search, select, order, and pay for food (Food Delivery), grocery and household goods (Instamart) and have orders delivered to their homes via an on-demand delivery partner network. As of September 10, 2024, Instamart operated a network of 605 Active Dark Stores across 43 cities in India. Swiggy Limited's revenue increased by 34% and profit after tax (PAT) rose by 44% in FY24.
<b>Funds Utilization</b>	Net proceeds from the IPO will be used for investments in technology and cloud infrastructure; brand marketing and business promotion, repaying debt and allocating funds for inorganic growth and general corporate purposes.
<b>IPO Performance</b>	The Rs. 11,327 Crore IPO consisted of a fresh issue of Rs. 4,499 Crore and an offer for sale of Rs. 6,828 Crore. The issue was oversubscribed over 3.59 times, with QIB'S subscribed the most at 6.02 times to the issue. Shares of Swiggy Limited made an entry on the bourses on November 13, and got listed at Rs 420 at NSE, i.e. a premium of 7.69 percent over the issue price of Rs 390.
<b>Valuation</b>	Swiggy's initial public offering (IPO) valued the company at approximately INR 958 Billion, at the upper end of its price band of ₹ 371–390 per equity share. The EV/EBITDA multiple of the company is negative, since it is making operating losses.
<b>Selling Stake Holders</b>	VC firms Accel India, Tencent Cloud Europe, Alpha Wave Ventures and early investors Elevation Capital and Norwest Venture Partners divested fully or part of their holdings through OFS. While, Swiggy's founders Sriharsha Majety,

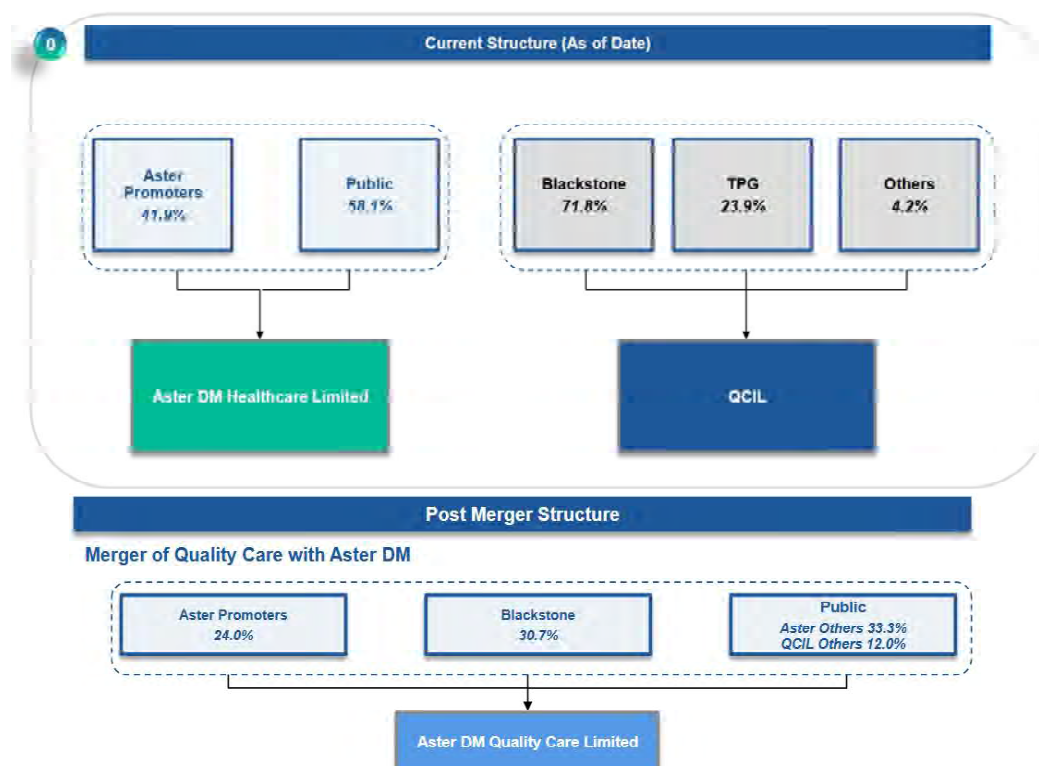
	Rahul Jaimini and Nandan Reddy sold part of their stakes in the public offering.
<b>Food Delivery Market</b>	As per joint report by Bain & Company and Swiggy, India's food delivery segment is expected to grow at a CAGR of 18% and cross Rs 2 lakh crore by 2030.

**Funds Mobilization by Corporates (Rs. In Crore)**

Particulars	Sep-24	Oct-24
<b>I. Equity Issues</b>	<b>50,964</b>	<b>54,616</b>
a. IPOs (i+ii)	16,213	34,981
i. Main Board	14,825	33,757
ii. SME Platform	1,388	1,224
b. FPOs	0	0
c. Equity Rights Issues	671	670
d. QIPs/PPPs	21,483	15,589
e. Preferential Allotments	12,597	3,376
<b>II. Debt Issues</b>	<b>1,29,017</b>	<b>76,752</b>
a. Debt Public Issues	1,695	670
b. Private Placement of Debt	1,27,322	76,082
<b>III. REITs/ InvITs</b>	<b>6,666</b>	<b>694</b>
a. REITs	0	0
b. InvITs	6,666	694
<b>Total Funds Mobilized (I+II+III)</b>	<b>1,86,647</b>	<b>1,32,062</b>

**Mergers and Acquisitions (M&A) and Private Equity (PE) key deals:****M&A:Blackstone-backed CARE Hospitals signed definitive agreement for merger with DM Aster Healthcare****Transaction:**

- Ahead of the merger, Aster will purchase a 5.0% stake in Quality Care from Blackstone and TPG in consideration of primary share issuance by Aster for a 3.6% stake.
- Post the initial share acquisition, Quality Care will be merged into Aster by way of a scheme of amalgamation and named **Aster DM Quality Care Limited**.
- As per the stock filing, Aster DM will acquire 19 million equity shares of Quality Care India (QCIL) from Blackstone and Centella at Rs 445.8 per share by issuing 18.6 million of its own shares to QCIL's shareholders at Rs 456.33 per share.



### About Quality Care India Limited:

- Founded in 1997 by a team of India's leading cardiologists, CARE Hospitals started its journey as a 100-bed heart institute. Now, QCIL has grown into a leading multi-specialty healthcare provider with a network of 26 healthcare centers operating over 5,150+ beds across 14 cities.
- QCIL's healthcare troika includes CARE Hospitals, KIMSHEALTH and Evercare.

### About DM Aster Healthcare Limited:

- Started in 1987 by Dr. Azad Moopen in Dubai, UAE, and has since grown into one of the largest healthcare groups based in the Middle East, India, and other regions.
- It operates a network of 19 hospitals, 13 clinics, 243 labs and 217 pharmacies in India, offering primary, secondary, tertiary and quaternary healthcare facilities across various specialties such as cardiology, orthopedics, oncology, and pediatrics.

### Rationale:

- Scale:** The merged entity will have a combined portfolio of four leading brands: Aster DM, CARE

Hospitals, KIMSHEALTH and Evercare with a network of 38 hospitals and 10,150+ beds spread across 27 cities making it one of the top three hospital chains in India.

- The merged entity has planned adding 3,500 beds by FY27, taking its bed capacity to 13,300.
- Diversification:** Geographically well diversified platform with low overlap in cities of presence.
- Enhanced Metrics:** The merger is expected to result in strong financial, operational metrics and return metrics being highly accretive for investors.
- The merged entity will be valued at \$5 billion (INR 43,000 crore). Its revenue will be Rs 7,314 crore.
- The combined entity is expected to achieve 18-20% revenue growth and 10-15% EBITDA growth levels, demonstrating its strengths over the next two years.
- The merger is cash neutral and is expected to be EPS accretive from 1st full year of operations.
- Growth Potential:** Brownfield and Greenfield expansion.
- It plans to leverage a debt-to-equity ratio of up to 2:1 to fund future growth.





- **Synergies:** Combination to result in potential synergies from revenue, procurement & supply chain, capex and integration of corporate functions.
- **Backing of Global Marquee Investor:** Blackstone, world's largest alternative asset manager will provide backing to this merged entity.
- Based on the swap ratio, Aster shareholders will hold 57.3% and Quality Care shareholders will hold 42.7% in the merged entity. The merged entity will be jointly controlled by Aster promoters and Blackstone, holding 24.0% and 30.7% ownership respectively and 45.3% by public and other shareholders.
- Aster is valued at a multiple of 36.6x on FY24 adjusted post IND AS EV/ EBITDA. In comparison, Quality Care is valued at a multiple of 25.2x based on FY24 adjusted post IND AS EV/ EBITDA.
- The other two players in the top three hospital chains are the Apollo group and Manipal Hospitals.

#### PE:Oncology focused Beta Drugs raises Rs 117 crore from HealthQuad, IntiCapital

##### Transaction:

- Beta Drugs, a vertically integrated cancer firm, raised INR 117 crore in a funding round led by HealthQuad Fund II, Inti Capital and Generational Capital for a minority stake in the company.
- The stake has been given through preferential allotment of 707,651 CCDs and 100 equity shares.

##### About Beta Drugs Limited:

- Incorporated in 2005, as a part of Adley Group, is primarily involved in manufacturing of oncology products, offering a broad product portfolio across all major oncology segments, including chemotherapy, targeted, hormonal and supportive therapy.

- The company exports to over 46 countries and holds accreditations from key regulatory bodies, including ANVISA Brazil, INVIMA, PICS, and EAEU.

##### About Investors:

- Founded in 2014, HealthQuad is a healthcare transformation fund, backed by Quadria Capital, a healthcare focused PE fund in Asia and KOIS.
- Their Fund II portfolio investments include Qure.ai, ekincare, Red.health, Redcliffe Lifesciences, Wysa, GoApptiv, CureSkin, ImpactGuru, BeatO, and HealthifyMe.

##### Rationale:

- The funds will be used to accelerate Beta Drugs' growth and solidify its position as one of India's top five oncology companies in India over the next five years.
- Leveraging on HealthQuad's and Inti Capital's global network and industry knowledge, it aim to drive innovation, expand reach and improve patient care.
- In FY 24, the company reported Revenue of INR 296 Crores and Net profit of INR 36 Crores, delivering 25% NP margin and profit growth of 35.3% CAGR over last 5 years.
- According to Technavio, Indian oncology market size is estimated to grow by USD 1.49 billion from 2024-2028 with a CAGR of 17.43% during the forecast period. Increased prevalence of cancer is driving market growth, with a trend towards rise in R&D for developing diagnostic devices.

Acknowledgements: RBI Bulletin (www.bulletin.rbi.org.in), SEBI (www.sebi.gov.in), NSE (www.nseindia.com), BSE (www.bseindia.com)

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