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Summary:

The Maha Kumbh Mela 2025 in Prayagraj is expected to attract 40-45 crore attendees, driving significant economic activity. The RBI's Monetary Policy Committee cut the repo rate by 25 basis points to 6.25% on 7th February 2025, in response to softening inflation and low GDP growth. The cash reserve ratio remains unchanged at 4%. Indian stock markets saw increased volatility in January 2025, with the BSE Sensex and Nifty 50 both closing lower by 0.82% and 0.58%, respectively.

Key M&A and PE deals includes of Alkem Laboratories acquired Adroit Biomed and Bombay Ortho Industries to diversify its portfolio in dermatology, cosmetology, and orthopedic sectors. Investment firm PAG acquired a majority stake in Pravesha Industries for \$200 million, targeting India's growing pharmaceutical packaging sector driven by strong export demand.

Economic Update:

Maha Kumbh Mela 2025: A Major Economic Driver for Uttar Pradesh



Being held in Prayagraj, Uttar Pradesh, is poised to become one of the largest economic events in the region, with an anticipated turnout of 40-45 crore devotees and tourists. Spanning 10,000 acres, this religious congregation is expected to generate substantial economic activity, making a significant contribution to both the state and national economy.

- The Maha Kumbh Mela, held after every 144 years, is not only a major spiritual gathering but also a powerful economic driver. The 2025 edition will take place over 45 days and is expected to witness an unprecedented number of pilgrims and tourists.
- With an estimated economic turnover of Rs 160,000 crore, this event will impact sectors such as hospitality, transportation, retail, and tourism, contributing significantly to Uttar Pradesh's economy.
- The estimated average spending of Rs 5,000-10,000 per person will cover airfare, accommodation, food, and local travel, while additional purchases like souvenirs and clothing will further boost economic activity.
- The total economic impact is expected to reach Rs 4 lakh crore, boosting India's GDP by over 1%, increasing local business demand, and created jobs for over 45,000 families just during the preparations.
- The Maha Kumbh Mela will also generate significant trade, the Confederation of All India Traders (CAIT) projections of staggering Rs 2 trillion in transactions. Regional tourism will be boosted in neighboring cities like Varanasi, Mathura, and Ayodhya, contributing further to the state's economic growth.

Infrastructure and Investment

- In preparation for the event, the Uttar Pradesh and Central governments have allocated Rs 5,436 crore and Rs. 2100 Crore respectively, with Rs 5,600 crore earmarked for infrastructure improvements.
- These upgrades include roads, bridges, sanitation, and public amenities, such as a six-lane bridge over the Ganga and 150,000 toilets. The event venue spans 10,000 acres and will feature 80,000 tents, 12 km of ghats, 30 pontoon bridges, and 67,000 streetlights.

Environmental Focus

- Environmental sustainability is prioritized with a "zero discharge" policy for rivers and measures to protect the ecosystem during the massive gathering.
- Fairgrounds are designated as plastic-free zones, with a complete ban on single-use plastics.
- Robust sanitation infrastructure includes 12,000 FRP toilets, 16,100 prefabricated steel toilets, and 20,000 community urinals, supported by a strong waste management system with 20,000 bins and 37.75 lakh liner bags.
- Over 500 industrial units in 11 districts are required to maintain "zero" discharge and only engage in dry production to prevent water pollution during the Mahakumbh.

Repo Rate Policy:

- For the first time in five years, since the extraordinary Covid-induced rate cuts, the Reserve Bank of India (RBI) rate-setting monetary policy committee (MPC) announced for a 25 basis points cut in the benchmark repo rate to 6.25% on 7th February, while cash reserve ratio (CRR) was maintained at 4%.
- A decline in GDP growth, moderating inflation, and low urban consumption prompted the Reserve Bank of India (RBI) to reduce the repo rate aiming to stimulate economic activity and provide support to growth in a challenging economic environment.

Economic Growth:

- Lower borrowing costs drive economic growth by helping businesses expand and create jobs, while also making borrowing more affordable for homebuyers and loan borrowers with reduced EMIs and lower interest rates.
- Lower repo rates could make savings less attractive, prompting consumers to explore stocks, mutual funds, or real estate. While this may weaken the currency and raise import costs, it could boost export competitiveness. Additionally, increased spending from rate cuts may drive inflation, potentially surpassing the RBI's target of 4% within a +/- 2% band.

Secondary Market:

- The BSE Sensex closed at 77,501 down by 0.82% and the Nifty 50 closed at 23,508 down by 0.58 % in January 2025, amid a market pullback.
- Benchmark indices rose over 1% following the Economic Survey 2024-25, projecting India's GDP growth at 6.3-6.8% for 2025-26, compared to previous estimate of 6.4% and reinforcing confidence in India's robust economic fundamentals, suggesting that the current investment slowdown is transient.
- The volatility index (India VIX) spiked in January, surpassing a level of 19.01, up from 16.58 in December 2024, indicating heightened market uncertainty due to geopolitical tensions and global economic concerns.
- Foreign Portfolio Investors (FPIs) withdrew Rs 78,027 crore from Indian equities due to rising US dollar and bond yields post-Trump's re-election, while Domestic Institutional Investors (DIIs) bought Rs 86,591 crore, helping prevent a market downturn.

Capital Market



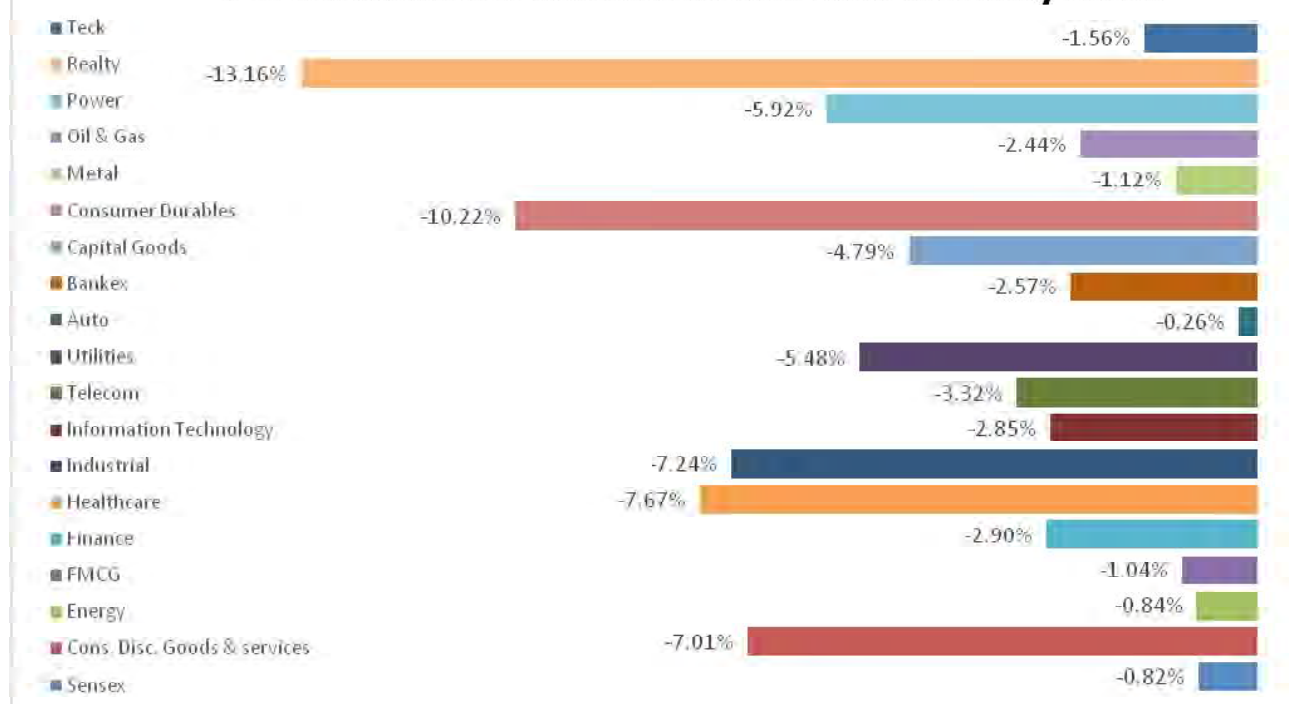
Equity Markets	Dec-24	Jan-25	% Change
BSE Sensex	78,139	77,501	-0.82%
Nifty 50	23,645	23,508	-0.58%
BSE 500	35,189	33,962	-3.49%
BSE Healthcare	45,277	41,803	-7.67%
BSE IT	43,188	41,956	-2.85%
BSE FMCG	20,772	20,555	-1.04%
BSE Industrial	14,912	13,832	-7.24%
BSE Auto	51,663	51,527	-0.26%
BSE Teck	19,478	19,175	-1.56 %

- FII heavily sold in sectors like BFSI (\$2.8 billion), IT (\$747 million), Oil & Gas (\$182 million), and Auto (\$672 million), contributing to overall outflows.
- FII ownership in Indian equities has continued its downward trajectory, falling from 20.2% in January 2015 to 16.0% in January 2025, highlighting sustained selling pressure.

Primary Market Update:

There were 06 main board IPOs in January 2025 of Indo Farm Equipment Limited, Standard Glass lining Technology Limited, Quadrant Future Tek Limited, Laxmi Dental Limited, Stallion Flurochemicals Limited and Denta Water and Infra Solutions Limited against 15 main board IPOs in December 2024. There were 15 SME IPOs in January 2025 as against 07 SME IPOs in December 2024.

Performance of BSE Indices in % in January 2025



Laxmi Dental Limited:

About the Company	Incorporated in 2004, Laxmi Dental is an integrated dental products company offering a comprehensive portfolio of custom crowns and bridges, branded dental items like clear aligners and thermoforming sheets, aligner-related products as part of its aligner solutions, and pediatric dental products. It has six manufacturing facilities and over 22,000 clinics, multifaceted group with over 2,100 employees and a global presence in more than 95 countries. The firm reported a consolidated revenue of Rs 194 crore and net profit of Rs. 25 Crore for the year ended 31 st March 2024.
Funds Utilization	The proceeds will be used for repayment or prepayment of borrowings by the company, funding the capital expenditure requirements for purchasing new machinery, investment in subsidiary Bizdent Devices Pvt Ltd and general corporate purposes.
Anchor Investors	Ahead of the IPO, the company raised Rs 314 crore from anchor investors and allocated 45% of the total issue size. The board allotted 73.39 lakh shares at Rs 428 each to 31 anchor investors.
IPO Performance	The Rs. 698 Crore IPO comprised of fresh issue of Rs. 138 Crore and an offer for sale for Rs. 560 Crore. The issue was oversubscribed over 114times, with Non- Institutional investors subscribed the most at 148 times to the issue. IPO got listed at Rs 542 on NSE, i.e. a premium of 26% over the issue price of Rs 428.

Funds Mobilization by Corporates (Rs. In Crore)

Particulars	Nov-24	Dec-24
I. Equity Issues	49,507	71,360
a. IPOs (i+ii)	35,849	27,031
i. Main Board	35,729	26,025
ii. SME Platform	120	1,006
b. FPOs	0	0
c. Equity Rights Issues	417	4,088
d. QIPs/PPs	11,190	34,739
e. Preferential Allotments	2,051	5,502
II. Debt Issues	67,920	1,18,671
a. Debt Public Issues	380	722
b. Private Placement of Debt	67,540	1,17,949
III. REITs/ InvITs	0	5,215
a. REITs	0	3,500
b. InvITs	0	1,715
Total Funds Mobilized (I+II+III)	1,17,426	1,95,246

Mergers and Acquisitions (M&A) and Private Equity (PE) key deals:**M&A: Alkem Laboratories Ltd announces acquisition of Adroit Biomed and Bombay Ortho Industries****Transaction:**

- Alkem Laboratories Ltd has announced the acquisition of 100% stake in Adroit Biomed Ltd., a pharmaceutical company focused on the skincare segment, for around Rs 140 crore.
- Separately, Alkem's subsidiary, Alkem MedTech, has signed a binding offer to acquire 100% stake in Bombay Ortho Industries Pvt Ltd, a manufacturer of orthopaedic implants, for around Rs 147 crore.

About Adroit Biomed:

- Adroit has a differentiated dermatology portfolio with key brands being Glutone, SkinFay, Racine and FortiSil.
- Adroit Biomed's revenue grew from Rs 48.14 Crores in FY23 to Rs 53.55 crore in FY24.

About Bombay Ortho Industries:

- Established in 2021, Bombay Ortho specializes in hip and knee implants, a key segment in India's growing medical device industry.

Capital Market

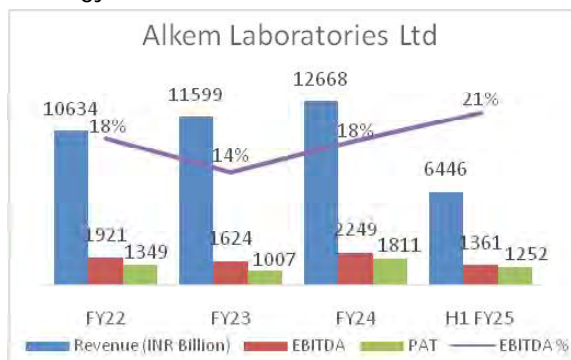
- Bombay Ortho Industries revenue grew from Rs 30 Lakhs in FY23 to Rs 5.5 Crores in FY24.

About Alkem Laboratories Ltd:

- Incorporated in 1973, Alkem is engaged in the development, manufacturing, and marketing of pharmaceuticals with operational footprints across 50+ countries.
- The company offers a wide range of products spanning across multiple therapeutic areas, such as anti-infective, gastroenterology, pain relief and analgesic, anti-diabetic, cardiology, oncology, dermatology, osteoporosis, gynecology, neurology, CNS, and vitamins, minerals and nutrients.
- Alkem has 20 manufacturing facilities (18 in India and 2 in the US) and 5 R&D centers.

Rationale:

- The Adroit Biomed acquisition will be paid in two tranches, subject to adjustment on account of debt & debt like items and change in normalized working capital as on closing date and other appropriate closing adjustments, with the deal set to be completed by 1 April" Alkem said in a statement accompanying its December quarter (Q3 FY25) earnings.
- The Bombay Ortho Industries acquisition will be payable in four tranches, with the deal set to be completed by 30 June.
- The acquisition of Adroit will enable Alkem to diversify its portfolio, enhance market penetration and strengthen presence in the growing segments of dermatology and cosmetology. Also, the investment in Bombay Ortho is in line with Alkem's strategy for Medtech in India.



- Bombay Ortho is a strategic investment which will help to gain manufacturing capabilities to participate in growing orthopedic space and leveraging Bombay Ortho's expertise within the hip and knee implants segment.

PE: PAG acquires majority stake in Pravesha Industries for \$ 200 Million.

Transaction:

- Asia-focused PAG, a leading alternative investment firm, acquired a majority stake in packaging firm Pravesha Industries at an enterprise value of \$200 million (about Rs 1,734 crore).
- PAG has acquired a little over 80% for Rs 1,387 Crores from the promoters Bomma Sivaprasad Reddy and RPR Sons Advisors.

About Pravesha Industries Private Limited:

- Incorporated in 1993 as Pravesha Tools Private Limited, the company was initially engaged in manufacturing reactors. The company changed its name to the current nomenclature of Pravesha Industries Private Limited in October 2004.
- PIPL is engaged in providing integrated primary and secondary packaging solutions requirements for pharma, food, cosmetics, and other industries. The company has been promoted by B Siva Prasad Reddy and M/s RPR Sons Advisors Private Limited (RPR) who are closely related to Aurobindo Pharma's promoter group, which is one of the leading pharma groups in India.
- The company has six manufacturing facilities across the country, It annually produces over 15,000 metric tons of plastic bottles, closures, and drums, along with two billion units of cartons, labels, and leaflets.
- Approximately 95% of its products are exported to developed markets such as the US and Europe.

Continued to page 770