



Artistic Representation of the Hyderabad Information Technology and Engineering Consultancy City (HITEC City), Hyderabad

# HyMA

An update on Hyderabad Mergers & Acquisitions

A fortnightly E-Newsletter from  
Lakshmikumaran & Sridharan Attorneys

**INDIA**

## Table of Contents

Article.....	2
Impact of SEBI's 2025 ICDR amendment on rights issues to specific investors.....	2
Featured Deals.....	3
Regulatory Landscape.....	5

## Impact of SEBI's 2025 ICDR amendment on rights issues to specific investors

By Netri Agrawal

In March 2025, the Securities and Exchange Board of India has amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**'ICDR Regulations'**), introducing a pivotal change in the mechanism of rights issues by listed companies. Notably, this amendment introduces the concept of 'Specific Investors' – a move aimed at increasing the flexibility and efficiency of capital raising through rights issues.

Earlier, promoters and promoter groups classified as wilful defaulter, or a fraudulent borrower could renounce their shares only within the promoter groups. This limitation often hindered promoters from ensuring full subscription to rights issues, especially when they were unable or unwilling to subscribe themselves. The recent amendment allows promoters not only renounce their share within the promoter group but also in favor of identified 'Specific Investors' provided that such investors are clearly disclosed in the offer documents prior to the issue opening.

The amendment also addresses the issue of under-subscription in rights issues. Issuers can now allocate unsubscribed shares to Specific Investors, subject to prior disclosure in the offer documents. This provision ensures that rights issues can be fully subscribed, enhancing the efficiency of the capital-raising process while enabling companies to bring in strategic or financial investors without breaching regulatory norms, thereby increasing certainty of capital infusion and reducing the risk of under-subscription.

To maintain integrity and transparency, the amended regulation imposes strict timelines on the participation of Specific Investors. Specifically, applications by Specific Investors must be submitted before 11:00 A.M. on the opening day of the rights issue. Furthermore, companies are required to disclose these applications to the stock exchanges by 11:30 A.M. on the same day. Importantly, once submitted, these applications cannot be withdrawn

These measures will ensure timely and transparent communication between issuers, investors, and regulatory bodies, while also aiming to prevent the misuse of insider information and manipulation of offer terms based on market sentiment.

Thus, the introduction of the concept of 'Specific Investor' is a strategic move by SEBI to strengthen the rights issue mechanism. This amendment facilitates a broader investor base for issuers, mitigates the risk of under-subscription, and affords promoters an alternative mechanism to address their entitlements, thereby rendering rights issues a more flexible and efficient instrument for capital raising, particularly for entities intending to mobilize funds expeditiously without undertaking a public offering. By allowing Specific Investors to participate in a more structured and transparent manner, SEBI is aligning the capital markets with modern financing needs while protecting investor interests.

## Citizens Financial Group to set up its GCC in Hyderabad with Cognizant

Citizens Financial Group is set to establish its Global Capability Center (GCC) in Hyderabad, partnering with Cognizant to support the initiative. This strategic move marks the bank's first major technology hub outside the United States, aiming to strengthen its digital and operational capabilities. The centre is expected to scale to a headcount of 1,000 information technology and data & analytics professionals by March 2026.

[Source: [Business Standard](#), 15 April 2025]

## Mattress maker Slumberzone New Zealand enters into India, to set up first manufacturing unit in Hyderabad

New Zealand-based mattress manufacturer Slumberzone has entered the Indian market with plans to set up its first manufacturing unit in Hyderabad with an initial investment of INR 100 crores. This strategic investment reflects the company's aim to tap into the growing demand for premium sleep solutions in India, one of the world's largest and fastest-growing consumer markets. The Hyderabad facility will not only cater to domestic needs but also serve as a hub for potential exports in the region.

[Source: [The Economic Times](#), 19 March 2025]

## Zaggle to acquire majority stake in PoS software firm Effiasoft for INR 36.7 crore

Zaggle has announced its plan to acquire a majority stake in EffiaSoft, a Hyderabad-based point-of-sale (POS) software company, for INR 36.7 crore. This acquisition is a strategic move aimed at strengthening Zaggle's product portfolio in the digital payments and expense management space. By integrating EffiaSoft's technology, Zaggle intends to enhance its offerings to SMEs and retail clients, tapping into a wider market and accelerating its growth in the fintech ecosystem.

[Source: [The Economic Times](#), 16 April 2025]

## Sealy enters India with Hyderabad factory

Sealy, a renowned U.S.-based luxury mattress brand, has entered the Indian market by launching its first manufacturing facility in Hyderabad. Sealy India is part of the Sealy International Joint Ventures, a partnership between TempurSealy International (US) and Sealy Australia. Hyderabad factory will serve both domestic and export markets, offering locally made, high-end sleep solutions tailored for Indian consumers.

[Source: [The Economic Times](#), 16 April 2025]

## Agri-Vestors acquires 45.4% stake in Nagarjuna Fertilizers and Chemicals

Agri Vestors Private Limited, has acquired a 45.4% stake in Nagarjuna Fertilizers and Chemicals Limited (NFCL) by purchase of 27.17 crore shares. This acquisition, executed on 28 March 2025, was carried out through an open market purchase. The shares were sold at a price of INR 4.31 per share. The said acquisition is expected to enhance NFCL's production capabilities, improve supply chain efficiency, and drive innovation in fertilizer solutions tailored for Indian farmers.

[Source: [The Hindu Business Line](#), 13 April 2025]

## Cyient Board approves transfer of semiconductor business for INR 313.60 crore

Cyient has received approval from its board for the transfer of its semiconductor business to a newly formed entity, a deal valued at INR 313.60 crore. As part of the transaction, Cyient will transfer its semiconductor business and associated assets, with the transfer expected to generate significant capital for future investments. The deal will also involve a mix of cash and shares, providing the company with more flexibility to strengthen its operations in high-growth sectors.

[Source: [The Hindu Business Line](#), 13 April 2025]

## Regulatory Landscape

### Reserve Bank of India

#### **Press Note 2 (2025 Series): Clarifications on permissibility of issuance of bonus shares to existing non-resident shareholders by Indian companies in sectors prohibited for FDI**

As per the consolidated FDI Policy Circular 2020 dated 15 October 2020 ('**FDI Policy**'), Indian companies are permitted to issue bonus shares to existing non-resident shareholders, subject to adherence to sectoral cap, if any. Accordingly, under Para 1, Annexure 3 of the FDI A clarification has been added to the policy stating that an Indian company operating in a sector where FDI is prohibited can still issue bonus shares to its existing non-resident shareholders, as long as the shareholding pattern of these non-resident shareholders remains unchanged after the bonus shares are issued.

Further, the issuance of bonus shares must comply with the applicable rules/laws/regulations/guidelines. The clarification shall be effective from the date of issue of the applicable notifications under the Foreign Exchange Management Act, 1999. However, it is now mandatory for all issuers, regardless of issue size, to appoint a monitoring agency to oversee the utilization of proceeds, thereby enhancing transparency and governance.

### Contact Us

Any query relating to the subject of this Update may be directed to:

**Noorul Hassan**, Partner, Corporate and M&A

E-mail: [noorul.hassan@lakshmisri.com](mailto:noorul.hassan@lakshmisri.com)

You can also contact us at:

**Lakshmikumaran & Sridharan Attorneys**

'Hastigiri', 5-9-163, Chapel Road, Opp. Methodist Church, Nampally,

Hyderabad 500 001 Phone: 040-2323 4924

E-mail: [Lshyd@lakshmisri.com](mailto:Lshyd@lakshmisri.com)

### Stay Connected

[www.lakshmisri.com](http://www.lakshmisri.com) | [www.gst.lakshmisri.com](http://www.gst.lakshmisri.com) | [www.addb.lakshmisri.com](http://www.addb.lakshmisri.com)

NEW DELHI • MUMBAI • CHENNAI • BENGALURU • HYDERABAD • AHMEDABAD • PUNE • KOLKATA • CHANDIGARH • GURGAON • PRAYAGRAJ • KOCHI • JAIPUR • NAGPUR

**Disclaimer:** HyMA is meant for informational purposes only and does not purport to be an advice or opinion, legal or otherwise, whatsoever. Lakshmikumaran & Sridharan does not intend to advertise its services through this newsletter. Lakshmikumaran & Sridharan or its associates are not responsible for any error or omission in this newsletter or for any action taken based on its contents. You are receiving this newsletter based on your request. If you do not wish to receive this, please send a mail to [km@lakshmisri.com](mailto:km@lakshmisri.com).

© 2025 Lakshmikumaran & Sridharan, India. All rights reserved