



HyMA

An update on Hyderabad Mergers & Acquisitions

A fortnightly E-Newsletter from
Lakshmikumaran & Sridharan Attorneys

INDIA

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MSME reforms: Easing M&A compliance

The current mergers and acquisitions ('M&A') landscape for Micro, Small and Medium Enterprises ('MSME') in India is evolving, driven by increasing investor interest, government incentives, and digital transformation. Government initiatives like Udyam registration, credit guarantee schemes, and production-linked incentive schemes have boosted financial support, making MSMEs attractive for consolidation. However, challenges such as regulatory compliance and post-merger integration remain key concerns for MSMEs.

With a view to bolster the growth and operational efficiency of MSMEs, the Government is contemplating the relaxation of M&A regulations for these entities. This initiative, spearheaded by the Ministry of MSME and the Corporate Affairs, aims to streamline compliance procedures, enabling smaller enterprises to scale more effectively and contribute to the economy.

First and foremost, the initiatives should address the misalignment in definitions under different legal frameworks. The Companies Act, 2013 does not explicitly define 'micro' and 'medium' enterprises, and the definition of 'small companies' is not aligned with the criteria prescribed under the MSME Development Act, 2006. These discrepancies add to regulatory uncertainty, making it difficult for MSMEs to navigate compliance

requirements efficiently. Consequently, businesses that fall under the MSME category for financial benefits may not qualify for regulatory relaxations under the Companies Act, 2013 leading to inconsistencies.

To simplify mergers of MSMEs, the government could introduce a single-window clearance system to centralize approvals, filings, and regulatory processes. Standardized merger templates and predefined approval categories to enable automatic clearances for eligible MSMEs. Viability of proposals like granting approvals by the ROC, without involvement of National Company Law Tribunal or the Regional Director, could be assessed for pre-defined category of cases like small and intra-group entities. Additionally, compliance requirements should be simplified by incorporating digital submissions, relaxed financial disclosures, and minimal documentation. To encourage mergers among MSMEs, tax benefits and reduced regulatory fees should be provided, making consolidation a more attractive option for small businesses seeking growth opportunities.

The proposed initiative concerning rationalization / relaxation of M&A rules for MSMEs marks a positive step but misalignment in the definitions of the Companies Act, 2013 and other legislations must be addressed. A comprehensive approach that integrates legislations and procedures is key at this juncture and shall enable more M&A activity in the MSME sector.

Quadria Capital's investment in Aragen Life Sciences

Aragen Life Sciences (Aragen), (formerly GVK Biosciences), has secured an investment of ₹865 crore (approximately \$100 million) from Quadria Capital, a private equity firm focused on healthcare. This investment shall enhance Aragen's infrastructure and expand its capabilities to meet the growing demand for outsourcing services from pharmaceutical innovators in the US and Europe. With Quadria Capital acquiring a minority stake, it becomes the second strategic investment in addition to Goldman Sachs that hold over 25% stake in Aragen. This funding is part of Aragen's broader strategy to scale up its contract research, development, and manufacturing operations to cater to the expanding pharmaceutical outsourcing market.

[Source: [Times of India](#), published on 14 January 2025]

CCI approves merger of nine Pharma entities with Sequent Scientific

The Competition Commission of India (CCI) has approved the merger of nine pharmaceutical entities into Sequent Scientific Ltd (SSL). The entities involved include Sequent Research Ltd, Viyash Life Sciences, Symed Labs, Appcure Labs, Vindhya Pharma, Vandana Life Sciences, Vindhya Organics, Geninn Laboratories, and S V Labs. While the specific financial details of this merger have not been disclosed, SSL and Viyash Life Sciences had previously announced a merger valued between ₹7,000 crore and ₹8,000 crore. This consolidation is expected to strengthen SSL's presence in the pharmaceutical sector, particularly in active pharmaceutical ingredients, finished dosage formulations, and analytical services for animal health. The

merger aims to enhance operational efficiency and market expansion for SSL.

[Source: [Economic Times](#), published on 21 January 2025]

Zen Technologies to acquire two Simulation Technology Firms for ₹130 crore

Zen Technologies, a Hyderabad-based defense training solutions provider, has announced plans to acquire Applied Electro Magnetics Pvt. Ltd. (AEM) and Unistring Tech Solutions Pvt. Ltd. (UTS) for a total of ₹130 crore. AEM specializes in electronic warfare and electromagnetic systems, while UTS focuses on signal intelligence and communication systems. These acquisitions aim to enhance Zen Technologies' capabilities in defense simulations and combat preparedness solutions. The company expects to complete the transactions by the end of the current fiscal year.

[Source: [The Hindu](#), published on 17 February 2025]

Bajaj Consumer Care to acquire Vishal Personal Care for ₹108 crore

Bajaj Consumer Care, has announced plans to acquire a 100% stake in Vishal Personal Care Pvt. Ltd., the owner of the Banjara's brand, at an enterprise value of ₹108.3 crore. The acquisition will occur in two phases: an initial 49% stake purchase, followed by the remaining 51%. This strategic move aims to strengthen Bajaj Consumer Care's presence in the South India market and expand its portfolio in the hair and skin care segments.

[Source: [NDTV](#), published on 17 February 2025]

Magellanic Cloud to invest ₹300 crore on acquisitions

Magellanic Cloud Limited, a Hyderabad based technology solutions, e-surveillance services, and drone company, is set to invest over ₹300 crore to acquire a US-based technology firm for ₹200 crore and 4-5 smaller companies in 2025-26. This strategic acquisition aims to expand its service offerings, client base, and geographical presence. The deal will be partially funded with ₹100 crore from internal accruals, while the rest will be raised via a preferential or QIP issue. Furthermore, the company has secured \$10 million worth of AI / Generative AI orders and continues to innovate in the drone sector, with its subsidiary Scandron.

[Source: [The Business Line](#), 17 February 2025]

KIMS-UAIMS Partnership

Krishna Institute of Medical Sciences (KIMS) has formed a strategic partnership with Ushahkal Abhinav Institute of Medical Sciences (UAIMS Hospital) to expand its presence in Sangli, Maharashtra. Under this collaboration, KIMS will oversee the operations of UAIMS's Sangli facility, which has 356 beds and plans for expansion to over 500. This move is part of KIMS's broader strategy to strengthen its healthcare network in Maharashtra.

Moreover, KIMS retains the option to acquire a majority stake in the future, leading to the creation of a new entity named KIMS-UAIMS Hospital.

[Source: [Business Standard](#), published on 19 February 2025]

Granules India expands into Peptide Therapeutics with Senn Chemicals AG Acquisition

Granules India has announced the acquisition of Switzerland-based CDMO, Senn Chemicals AG, for INR 192 crores. This strategic move marks Granules' entry into peptide therapeutics, a rapidly growing segment in pharmaceuticals. Senn Chemicals specializes in peptide synthesis and contract development, catering to global pharmaceutical clients. The acquisition will enhance Granules' capabilities by integrating Senn's expertise with its own cost-efficient, large-scale manufacturing. With the deal expected to close by mid-2025, Granules is set to diversify its product offerings and expand its footprint in the pharmaceutical industry.

[Source: [Economic Times](#), published on 21 February 2025]

Reserve Bank of India ('RBI')

- Master Direction on Foreign Investments dated 20 January 2025: The said directions provide (i) clarifications on downstream investments by foreign-owned or controlled companies, (ii) outline compliances for acquisitions through rights issues and filing requirements for downstream investments (iii) incorporate the amendments that facilitated cross border mergers and acquisitions by permitting secondary share swap arrangements.

Ministry of Corporate Affairs ('MCA')

- MCA through a notification dated 12 February 2025, extended the deadline for dematerialisation to 30 June 2025 for private companies, other than producer companies, that were not classified as small companies as of 31 March 2023.

Budget takeaways

- In the Budget of 2025-26, the Government of India announced certain key proposals, which may impact the general M&A and PE markets:
 - (a) Amend Indian nuclear liability law to boost foreign and private investments.
 - (b) Opening up of the insurance sector to 100% per cent foreign direct investment, up from the previous limit of 74%.
 - (c) Unveil an 'Investment Friendliness Index' (IFI) in 2025, developed by NITI Aayog, which shall rank states based on their investment attractiveness and efficacy.
 - (d) Investment & turnover limits for MSME classification to be enhanced by 2.5x and 2x, respectively, to aid scaling the said MSMEs.

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

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

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