

WCMS Investment Solution Pvt Ltd



Success Story: <<<

Eco Hotels (P) Ltd – A Journey in Alternate Assets



We empower businesses by providing essential funding for growth and development.

Success Story: Eco Hotels (P) Ltd – A Journey in Alternate Assets

We are thrilled to share the success story of our partnership with Eco Hotels (P) Ltd, highlighting a remarkable entry and exit opportunity in the Alternate Asset class. This exclusive offer was made available only through our distribution network, with direct engagement from Eco Hotel's management. It was distributed via our trusted B2B partners, further enriching the reach of this opportunity.

Product Offering:

In the last quarter of 2015, we offered Compulsorily Convertible Debentures (CCDs) of Eco Hotels (P) Ltd at INR 10/- per unit, with an attractive 15% coupon rate. Introducing this high-risk, high-return product with a long investment horizon was challenging. Both our clients and B2B partners needed to grasp the importance of asset allocation and portfolio diversification. While only a select few truly understood the product's potential and acted on it, we ensured that all investors were fully aware of both the offer and its associated risks.

Exit Strategy:

Upon maturity, the CCDs were converted into unlisted equity shares of Eco Hotels (P) Ltd, followed by a reverse merger. Although the reverse merger took longer than expected, we deeply appreciate the investors' patience and support throughout the process.

The equity shares of Eco Hotels (P) Ltd were subsequently listed on the Bombay Stock Exchange (BSE) as Eco Hotels and Resorts Ltd via the reverse merger, with a 1:1 swap ratio. Since its listing, the company has performed exceptionally well, with its 52-week high reaching INR 55.18, and as of today (17-9-24), it's trading at INR 41.70.

Investors not only enjoyed the benefits of the 15% coupon during the investment period but also capitalized on the equity appreciation, with some seeing returns of up to 5X.

Conclusion:

This success story demonstrates that a well-diversified portfolio with proper asset allocation, aligned with your risk profile and investment tenure, can deliver solid returns without undue stress. Investing in Alternate Assets demands both confidence in the offering and patience on exit.

Key Terms

Alternate Asset:

Refers to any investment outside traditional categories like stocks, bonds, and cash. These assets are typically more complex, less liquid, and have a longer investment horizon, offering potential for higher returns and diversification.

CCD (Compulsorily Convertible Debentures):

A hybrid financial instrument that converts into equity after a certain period. CCDs provide immediate financing without diluting equity at the outset, making them an attractive option for early-stage companies.

Coupon Rate:

The annual interest rate paid by the issuer of a bond or debt instrument. It represents the fixed income the investor will receive periodically.

Reverse Merger:

A process where a private company becomes publicly traded by merging with an existing public company, bypassing the traditional IPO process.

Swap Ratio:

The ratio that determines how shares of one company are exchanged for shares of another during mergers or acquisitions.

