



MONTHLY PULSE - FEBRUARY 2024

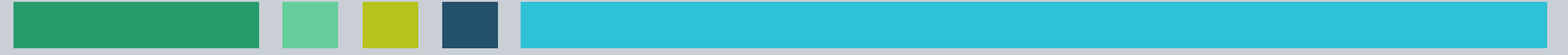


Table of Contents

#	Sub-Topic	Page No
1	Global Outlook	1
2	Domestic Outlook	2
3	Deal Activity in the Indian Economy	3
4	Business News	5
5	Trends in the Industry	8

Global Economy



- ✓ The likelihood of stronger-than-expected economic growth for 2024 has risen, with risks broadly balanced
- ✓ Global growth forecasted at 3.1% in 2024, according to IMF's latest WEO, 0.2% higher than October 2023 forecasts

IMF - International Monetary Fund
WEO - World Economic Outlook

Global Trade



- ✓ Though the momentum in global trade remains weak, it is exhibiting signs of recovery in 2024
- ✓ Global trade volume growth is expected to rise to 3.3% in 2024 from 0.4% in 2023, according to IMF's latest WEO

Policy Rates



- ✓ As inflationary pressures waned in February, most central banks halted rate hikes, while some reduced policy rates
- ✓ Czech Republic cut its benchmark rate by 50 bps, while Peru continued to reduce its policy rate by 25 bps

bps - basis points [1 bp = 0.01%]

Fixed Income



- ✓ The US 10-year G-sec yield rose marginally by 3 bps, while the 2-year G-sec yield fell by 4 bps in January
- ✓ In the forex market, the MSCI currency index for EMEs declined by 0.9% in January, augmented by capital outflows, mainly in equities

MSCI - Morgan Stanley Capital International
EMEs - Emerging Market Economies
AEs - Advanced Economies

Geopolitics



- ✓ The BlackRock Geopolitical Risk Indicator is at an 18-month high, implying rising geopolitical concerns globally
- ✓ Container shipping costs have soared due to hostilities in the Red Sea and other major global trade routes



Economic Scenario

- ✓ India continues to sustain the momentum seen in H1 FY2024, going by high frequency indicators
- ✓ CPI came off Nov-Dec spikes in the January 2024 reading, while core inflation was at its lowest since October 2019

CPI - Consumer Price Inflation



Financial Markets

- ✓ Equity markets oscillated between gains/losses amid hawkish FOMC comments, and the Union Budget
- ✓ 10 year 7.18% G-Sec 2033 closed at INR 100.74 (7.07%) on 29th February 2024, compared with 100.15 (7.16%) on 31st January 2024

FOMC - Federal Open Market Committee



Growth Estimates

- ✓ Given the fiscal consolidation path coupled with improving growth prospects, general government debt is expected to come down gradually
- ✓ On a cumulative basis, net FPI inflows amounted to \$32.9 bn, till 15th Feb (*for FY 2024*)

bn - billion(s)



Foreign Affairs

- ✓ The US Ambassador to India has said that India-US trade has the potential to increase to \$500 bn annually, from \$200 bn currently
- ✓ In the 10th round of upgradation talks of India-Korea's CEPA, India sought greater market access for specific products ⁽¹⁾

CEPA - Comprehensive Economic Partnership Agreement

(1) Steel, rice, and shrimps



Future Outlook

- ✓ The RBI has projected a 7% real GDP growth for FY 2025, up from 6.6% earlier
- ✓ As the services sector contributes sizeably to India's GDP, net services export earnings rose by 3.9% (*Y-O-Y*) to a record \$16 bn in December 2023

Deal Activity in the Indian Economy

METALS & MINING

- ✓ Novelis, a subsidiary of Hindalco, might take bridge loans to fund capital expenditure requirements, aimed at allocating \$4.1 bn for its integrated plant in the US ⁽¹⁾
- ✓ JSW Steel in talks with Australian miner Whitehaven Coal for a \$1 bn stake in the Blackwater metallurgical coal mine, as the miner explores alternatives for a potential sell-down ⁽²⁾
- ✓ JSW Steel sounds out banks and lenders for a \$750 mn loan, as it plans a major capacity expansion aimed at doubling its steel output by the end of the decade ⁽³⁾

mn - million(s)
bn - billion(s)

- (1) Novelis might take bridge loans for higher capex
 (2) JSW Steel in talks for a \$1 bn stake in Blackwater coal mine
 (3) JSW Steel sounds out banks and lenders for a \$750 mn loan

ENERGY & INFRASTRUCTURE

- ✓ Investcorp-backed Indian warehousing company NDR Warehousing listed its InvIT in NSE, as privately placed units were fully subscribed, amounting to \$106 mn (INR 880 crores) ⁽⁴⁾
- ✓ Jindal Power, a unit of Jindal Steel & Power Ltd, submitted a \$1.68 bn (INR 140 bn) bid for the KSK Mahanadi power plant, a distressed coal plant ⁽⁵⁾
- ✓ Swiss impact investor Blue Earth Capital, in partnership with Aavishkaar Capital, invested in India's leading cleantech venture Nepra Resource Management ⁽⁶⁾

- (4) NDR Warehousing lists InvIT with a \$106 mn issue
 (5) Jindal Power bids \$1.68 bn for a distressed power plant
 (6) Blue Earth Capital invested in Nepra Resource Management

BFSI

- ✓ Abu Dhabi Investment Authority (ADIA) is setting up a \$4 to 5 bn sovereign wealth fund in the tax-neutral GIFT City, to invest in India. In-principle approval to set up the fund has been granted ⁽⁷⁾
- ✓ Bandhan Financial Holdings Limited (BFHL), the holding company of Bandhan Bank, acquires a 56% stake in Aegon Life Insurance Company Limited ⁽⁸⁾
- ✓ Julius Baer India, the local wealth management arm of the Swiss bank, raised \$36 mn (INR 300 crores) for its first Indian AIF, that will invest in Indian equities ⁽⁹⁾

BFSI - Banking, Financial Services and Insurance
 GIFT - Gujarat International Finance Tec-City
 AIF - Alternative Investment Fund

- (7) ADIA is setting up a \$4 to 5 bn fund in the GIFT city
 (8) BFHL acquires a 56% stake in Aegon Life Insurance Co Ltd
 (9) Julius Bear India raised \$36 mn for its first Indian AIF

Deal Activity in the Indian Economy

AUTOMOBILE

- ✓ Hyundai Motors has appointed bankers for its planned \$3 bn IPO, to accelerate expansion in India. The offering could be the country's biggest listing till date ⁽¹⁾
- ✓ Canadian automotive products manufacturing giant Magna, which ended 2023 with a revenue of ~\$43 bn, to divest a major chunk of Indian business ⁽²⁾
- ✓ National Infrastructure and Investment Fund-managed India-Japan Fund, invests \$48 mn (INR 400 crores) for a minority stake between 6.06% to 8.25% in Mahindra's mobility business ⁽³⁾

mn - million(s)
bn - billion(s)

(1) [Hyundai Motors plans \\$3 bn IPO in India](#)

(2) [Magna to divest a major chunk of its Indian business](#)

(3) [NIIF-managed India-Japan Fund invests \\$48 mn in Mahindra's mobility business](#)

AGRICULTURE / FOOD PROCESSING

- ✓ Temasek and wholly owned unit Seviora have raised \$173 mn in total via Seviora's "T3F Strategy", to invest in late venture and early growth agri-food companies ⁽⁴⁾
- ✓ Temasek-backed Country Delight, a D2C food essentials brand, eyes a fresh round of funding between \$75 to \$100 mn, which might be its Series F financing ⁽⁵⁾
- ✓ Singapore-based VC Jungle Ventures doubles its maiden investment in the food and beverage segment, as it invested INR 166 crores (\$20 mn) in ice cream maker Walko Food ⁽⁶⁾

(4) [Temasek and Seviora have raised \\$173 mn for agri-food bets](#)

(5) [Country Delight eyes a fresh round of funding](#)

(6) [Jungle Ventures doubles maiden investment in the food and beverages](#)

CHEMICALS

- ✓ Backed by GIC and Malaysia's Gentari, AM Green Ammonia Holdings taps another sovereign fund to seal a buyout deal with an Indian company ⁽⁷⁾
- ✓ Rahul Bhasin-led Baring PE India, which has focused on venture capital deals in the last few years, invests in Maharashtra-based Platinum Industries, a manufacturer of PVC stabilizers ⁽⁸⁾
- ✓ European private equity player CVC Capital has partnered with a leading Indian agrochem company, to invest in chemicals and CDMO businesses ⁽⁹⁾

CDMO - Contract Development and Manufacturing Organisation

(7) [AM Green taps a sovereign wealth fund to seal a buyout deal](#)

(8) [Baring PE India invests in Platinum Industries](#)

(9) [CVC Capital has partnered with an Indian agrochem leader](#)

METALS & MINING



The index of mineral production in the mining and quarrying sector stood at 139.4 as of December 2023, 5.1% higher than December 2022 ⁽¹⁾

Former ArcelorMittal executive, Jai Saraf discusses a potential bid for Vedanta's steel business, ESL Steel; with private credit funds ⁽²⁾

SAIL might invest INR 20,000 to 24,000 crores to set up a four-million-tonne greenfield steel plant at its IISCO plant in West Bengal ⁽³⁾

NCLT approves Tata Steel's proposal to withdraw amalgamation of associate entity TRF Ltd, as the associate entity witnesses a business turnaround ⁽⁴⁾

E&I



Honourable PM Narendra Modi inaugurated a few railway projects in Chhattisgarh, including redevelopment of 21 stations and 83 road over/under bridges ⁽⁵⁾

RenewSys signs an MoU with Telangana Government to set up multiple PV modules and manufacturing facilities with a phased investment of INR 6,000 crores ⁽⁶⁾

Jakson Green signs a pact with Rajasthan's discom RUVNL to supply electricity from its upcoming 100 MW solar plant in the state ⁽⁷⁾

Infrastructure Investment Trust (InvIT) IndiGrid has acquired a 300 MW solar project at an enterprise value of INR 1,550 crores ⁽⁸⁾

E&I - Energy and Infrastructure

MoU - Memorandum of Understanding

(1) [The index of mineral production rose by 5.1% \(Y-O-Y\) in December 2023](#)

(2) [Jai Saraf discusses a potential bid for Vedanta's steel business](#)

(3) [SAIL might invest INR 20,000 to 24,000 crores in West Bengal](#)

(4) [NCLT approves Tata Steel's proposal to withdraw amalgamation of TRF Ltd](#)

(5) [Honourable PM inaugurated a few railway projects in Chhattisgarh](#)

(6) [RenewSys to invest INR 6,000 crores in Telangana in a phased manner](#)

(7) [Jakson Green signs a pact to supply electricity from upcoming 100 MW solar project](#)

(8) [InvIT IndiGrid has acquired a 300 MW solar project](#)



NBFCs continue to dominate the microfinance market with a significant 39% share ⁽¹⁾

Reserve Bank of India has directed a card network to stop an unauthorized arrangement for payments via business cards ⁽²⁾

Affordable Housing Finance Companies (AHFCs) are expected to grow by 29% in FY24 and by 30% in FY25, according to CareEdge Ratings ⁽³⁾

As Capital Small Finance Bank has deepened into Punjab and Haryana, it will start opening branches and expanding in Rajasthan ⁽⁴⁾

BFSI - Banking, Financial Services and Insurance



Outlay for the FAME scheme curtailed by 44% to INR 2,671.33 crores for 2024-25 from INR 4,807.40 crores in the current financial year ⁽⁵⁾

Ashok Leyland achieves a significant milestone with a cumulative production of 3 mn units at its Uttarakhand plant ⁽⁶⁾

Mahindra & Mahindra has signed a supply agreement with the Volkswagen Group for an e-mobility push ⁽⁷⁾

Force Motors to invest INR 2,000 crores in the next two years to enhance manufacturing capacity, step up R&D, among other objectives ⁽⁸⁾

FAME scheme - Faster Adoption & Manufacturing of (Hybrid &) Electric Vehicles

(1) NBFCs continue to dominate the microfinance market

(2) RBI has directed a card network to stop unauthorized payments via business cards

(3) AHFCs are expected to continue on the growth trajectory

(4) Capital Small Finance Bank to expand in Rajasthan

(5) Outlay for the FAME scheme curtailed by 44%

(6) Ashok Leyland achieves a 3 mn production milestone at its Uttarakhand plant

(7) M&M has signed a supply agreement with the Volkswagen Group

(8) Force Motors to invest INR 2,000 crores in the next two years

AGRICULTURE AND FOOD PROCESSING



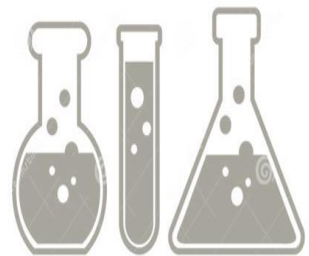
Sugar mills can sell Potash Derived from Molasses (PDM) to fertilizer companies as an additional source of revenue, and claim a subsidy ⁽¹⁾

Punjab Government has encouraged an increase in the cultivation of maize, as an industrial crop to be used as biofuel ⁽²⁾

Escorts-Kubota Ltd submitted an expression of interest to invest INR 4500 crores for setting up a tractor and agri-machinery plant in Rajasthan ⁽³⁾

Jubilant Foods Ltd (JFL) anticipates its fried chicken brand Popeyes to cross INR 1000 crores in revenue in the next 3 to 4 years ⁽⁴⁾

CHEMICALS



The allocation for the National Green Hydrogen Mission in the Union Budget 2024-25 is INR 600 crores, above INR 297 crores for 2023-24 ⁽⁵⁾

Pidilite Industries announces the appointment of Sudhanshu Vats as Managing Director designate ⁽⁶⁾

Balrampur Chini announces an INR 2,000 crores capex in India's first-ever "industrial bioplastic" plant ⁽⁷⁾

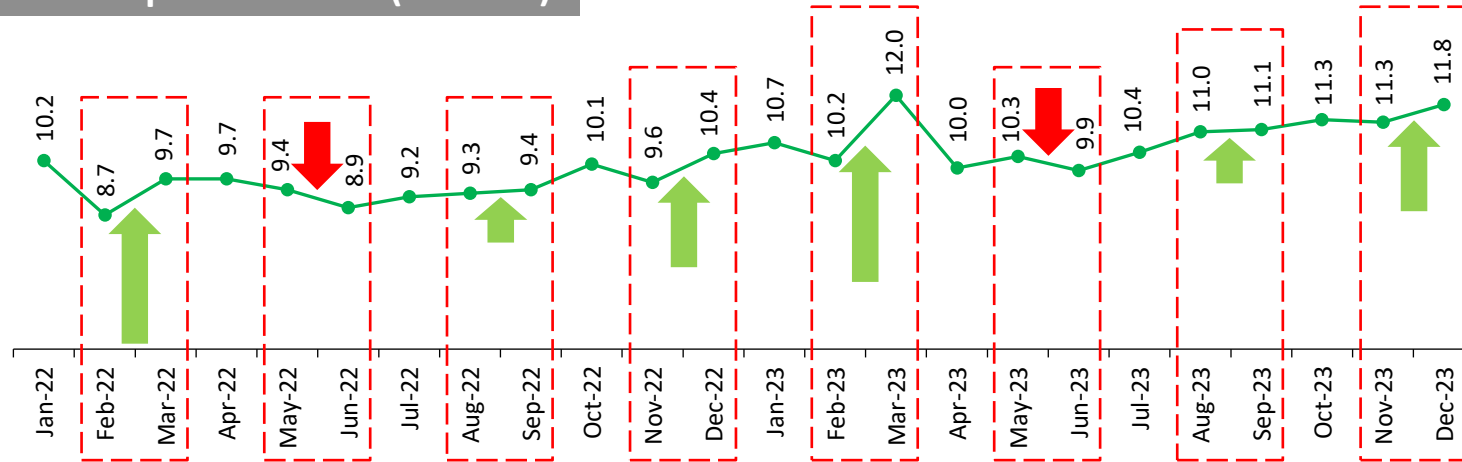
DCM Shriram will invest INR 1,000 crores over the next few years, to set up a greenfield plant for producing epoxy resin ⁽⁸⁾

(1) [Sugar mills can sell PDM to fertilizer companies, and claim a subsidy](#)
(2) [Punjab Govt has encouraged an increase in maize cultivation](#)
(3) [Escorts-Kubota Ltd submits an EoI to set up an INR 4500 crores plant in Rajasthan](#)
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(5) [Budgetary allocation for the National Green Hydrogen Mission is INR 600 crores](#)
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Trends in the Metals & Mining and the Energy & Infrastructure (E&I) Industry

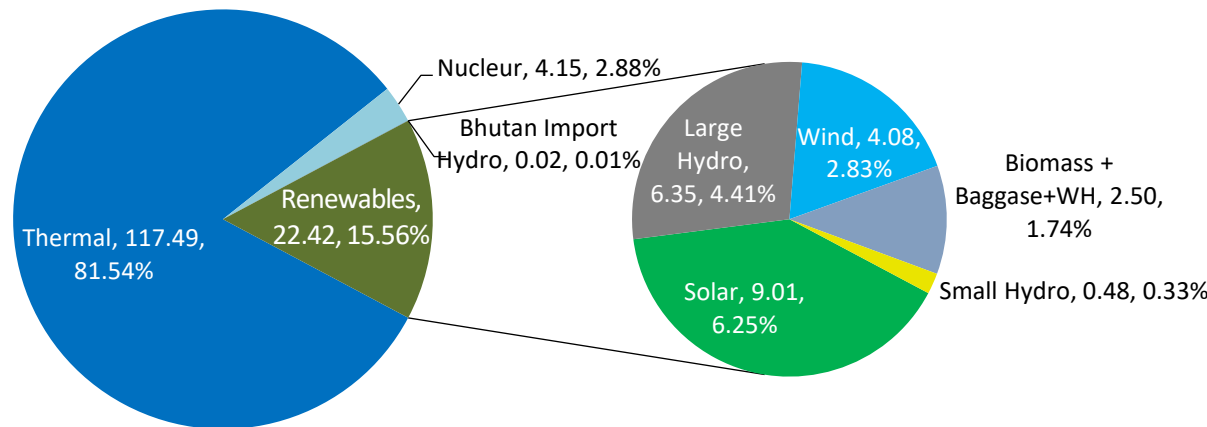
Consumption of Steel (in MMT)



Sources - Power System Operation Corporation, Ministry of Statistics & Programme Implementation, Department for Promotion of Industry & Internal Trade, Joint Plant Committee, Ministry of Commerce and Industry, BCG analysis
Steel consumption includes Long Steel and Flat Steel

- ✓ Consumption of steel saw an uptick in December 2023, compared to the previous month (11.8 MMT in December from 11.3 MMT in November 2023)
- ✓ For the months depicted, the consumption of steel improved in the “Feb-Mar”, “Aug-Sep”, and “Nov-Dec” periods; in both 2022 and 2023. The growth rate of steel consumption is highest in the “Feb-Mar” period, while it has just inched up the “Aug-Sep” period
- ✓ The “May-Jun” period in 2022 and 2023 witnessed a de-growth in steel consumption

India’s Monthly Energy Generation in January 2024 (144.08 BU)

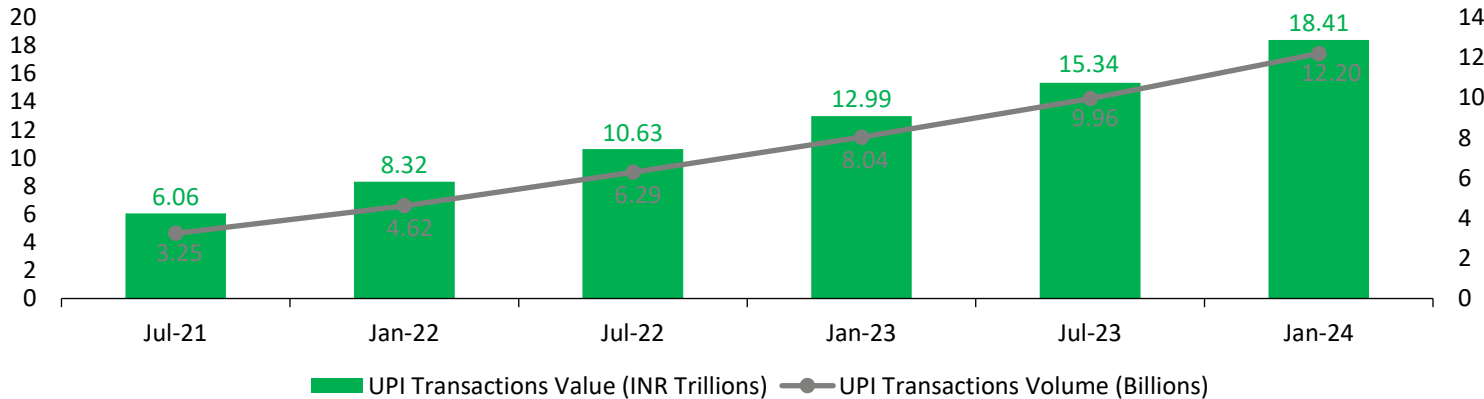


Source - Monthly Renewable Energy Generation Report by the Ministry of Power
Data Labels outlined as [(Energy Source), (Energy Generation in BU), (Percentage contribution to total energy generated)]
Value of Energy Generation outlined in Billion Units

- ✓ In January 2024, ~15.56% of energy generated in India resulted from renewable sources
- ✓ Out of 22.42 billion units (BU) of renewable energy generated in the month, 9.01 BU of solar energy (most significant source of renewable energy generation in January) was generated
- ✓ From April 2023 to January 2024, ~309.7 BU of renewable energy has been generated, and the Northern Region is the most significant contributor (~119.6 BU out of ~309.7 BU was generated in the Northern Region)

Trends in the BFSI and the Automobile Industry

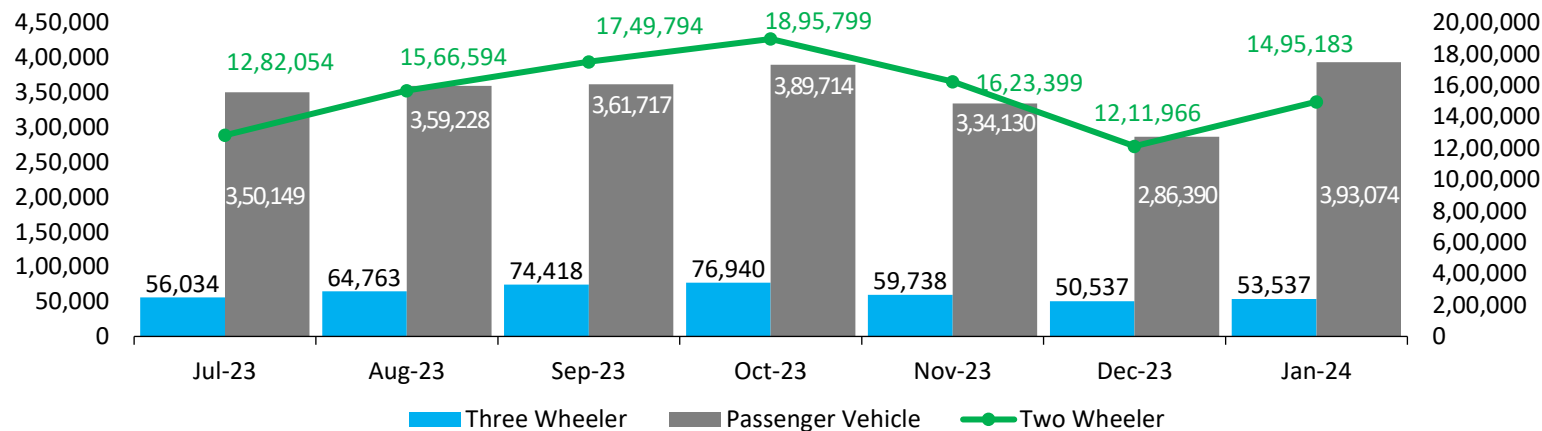
UPI Transactions Value and Volume



Source - National Payments Corporation of India
 UPI Transactions Value and UPI Transactions Volume rounded off to the nearest decimal
 BFSI - Banking, Financial Services and Insurance

- ✓ The value of UPI transactions in January 2024 was INR 18.41 trillion - ~3.04 times the UPI transaction value of INR 6.06 trillion in July 2021 (2.5 years prior)
- ✓ The volume of UPI transactions in the month was 12.20 billion - ~3.75 times the UPI transaction volume of 3.25 billion in July 2021
- ✓ While UPI improves transaction processing, among other benefits; the introduction of prepaid cards, Buy Now Pay Later (BNPL) options, and other solutions has transformed the Indian digital financial landscape

Domestic Sales Volumes of Auto Segments

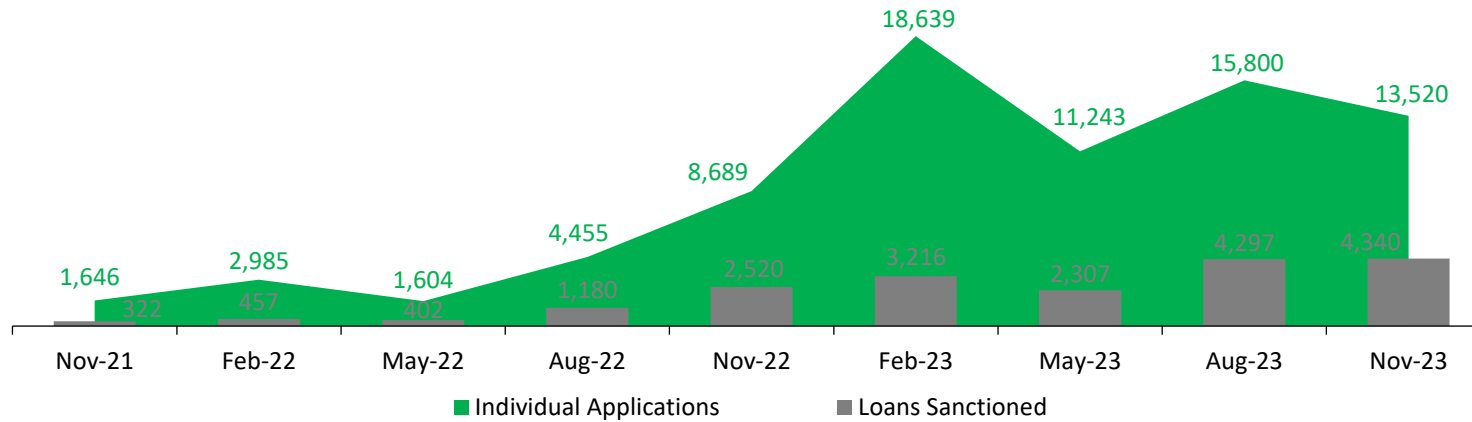


Source - Society of Indian Automobile Manufacturers
 Sales Volumes for Passenger Vehicles excludes the sales volumes of BMW, Mercedes, JLR, and Volvo Auto

- ✓ In January 2024, two-wheeler sales saw decent growth as rural markets continued to recover, passenger vehicle sales was resilient led by positive consumer sentiments, while three-wheelers also performed better
- ✓ The month witnessed two-wheeler sales of 14,95,183 units in the domestic market - a ~23.4% month-on-month (MoM) increase from 12,11,966 units in December 2023
- ✓ Passenger Vehicle and Three Wheeler sales rose by ~37.3% and ~ 5.9% MoM to 3,93,074 and 53,537 units respectively

Trends in the Agriculture & Food Processing and the Chemicals Industry

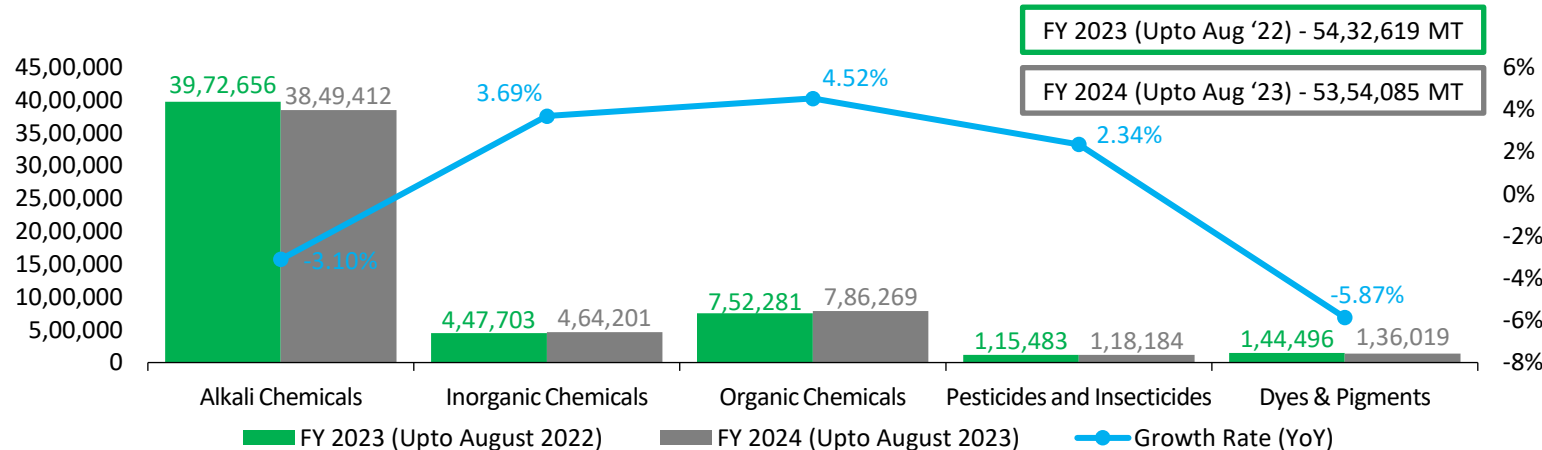
Individual Applications and Loans Sanctioned under PM FME



Source - Ministry of Food Processing Industries
 PM FME - Prime Minister Scheme for Formalisation of Micro Food Processing Enterprises
 Note - Data outlined is of a monthly frequency, and captures the data of the specified month (*not the previous two months*)

- ✓ Out of the 9 months outlined, February 2022 had the lowest proportion of 15.3% for loans sanctioned to individual applications (*457 loans sanctioned of 2,985 individual applications*)
- ✓ November 2023 had the highest proportion of 32.1% (*4,340 loans sanctioned of 13,520 individual applications*)
- ✓ While the proportion remains in the 15% to 33% band, it was above 25.0% in 5 of these 9 months (*May, August, November of 2022; and August, November of 2023*)

Production of Major Chemical Categories - Metric Tonnes



Source - Department of Chemicals and Petrochemicals
 Total production of the major chemical categories (*upto August of the respective fiscal year*) outlined in the boxes
 1 Metric Ton (MT) = 1,000 Kilograms

- ✓ The production of the major categories of chemicals fell by 1.45% (*YoY*) to ~53.54 lakh MT in FY 2024 (*Upto August 2023*), compared to ~54.33 lakh MT in the same period of the previous fiscal (*FY 2023*)
- ✓ While production of “Inorganic Chemicals”, “Organic Chemicals”, and “Pesticides & Insecticides” rose; “Organic Chemicals” recorded the highest growth of 4.52% (*YoY*)
- ✓ While production of “Alkali Chemicals”, and “Dyes & Pigments” fell; “Dyes & Pigments” recorded the highest decline of 5.87% (*YoY*)

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