



MONTHLY PULSE - JANUARY 2024

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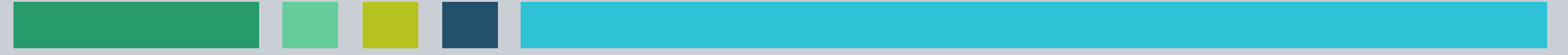


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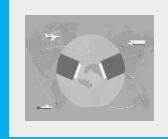
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Global Economy



- ✓ The global economy faces divergent near-term growth prospects
- ✓ It has been highly resilient, and is adapting better than expected amidst enduring wars, tight financial conditions, and production cuts

Global Trade



- ✓ On a welcoming note, projections on global growth are being proved pessimistic by incoming data
- ✓ Global trade growth, which had flatlined in 2023, is expected to revive in 2024, reflecting a recovery in demand for goods

Policy Rates



- ✓ As inflation pressures diminish, several central banks across the globe are signalling a pivot towards expected policy rate cuts in 2024
- ✓ However, the timing and magnitude of rate cuts are subject to uncertainty

Fixed Income



- ✓ Sovereign yields have moderated. The US 10-year G-sec yield fell by 45 bps in December to below 4%
- ✓ In the forex market, the MSCI currency index for EMEs* rose by 1.5% in December, as dollar index depreciated by 2% (M-O-M)

Geopolitics



- ✓ Geopolitical risks remain elevated with BlackRock's Geo-political Risks Indicator at 0.41 as of December 2023
- ✓ Missile strikes of Iran and Pakistan pose threats, though the nations mentioned about expanding security cooperation

*EMEs - Emerging market economies



Economic Scenario

- ✓ RBI's Economic Activity Index (EAI) forecasts GDP growth for Q3 of FY2024 at 7%
- ✓ NSO's* First Advance Estimates (FAE) of national income placed real GDP growth for FY2024 at 7.3%, up from 7.2% in the preceding year

*NSO - National Statistical Office



Financial Market

- ✓ Indian equity market is hovering around lifetime highs with relatively high valuations compared to peers
- ✓ 10 year 7.18% G-Sec 2033 closed at INR 100.15 (7.16%) on 31st January 2024, compared with INR 99.78 (7.21%) in the previous month



Growth Estimates

- ✓ Supported by a positive growth, India recorded net FPI inflows of \$9.5 billion in December 2023, which stands at a 37-month high
- ✓ As Indian equity markets remain bullish, healthy corporate earnings will be a key to sustain these levels



Foreign Affairs

- ✓ India participated in the 54th World Economic Forum (WEF) Annual Meeting from 15th to 19th January at Davos, Switzerland
- ✓ The key discussion points at Davos 2024 included transitioning to clean energy, and AI governance



Future Outlook

- ✓ Uncertain food prices could impact the inflation outlook. Food price shocks could de-anchor expectations
- ✓ India is emerging as a leader in hosting global capability centres (GCCs), backed by a growing economy and rising human capital

Deal Activity in the Indian Economy

REAL ESTATE

- ✓ Nuvama Asset Management and Cushman & Wakefield have announced a joint venture to float a new fund for investments in Indian office assets and commercial realty segment ⁽¹⁾
- ✓ NeoLiv, a real estate development and asset management platform founded by a former head of Godrej Properties, has secured additional capital ⁽²⁾
- ✓ Integrow Asset Management announced to invest INR 100 crores in Pune-based developer Paranjape Schemes upcoming residential projects in Thane ⁽³⁾

*mn - million(s)

**bn - billion(s)

(1) Nuvama, Cushman & Wakefield to float a new fund

(2) NeoLiv has secured additional capital

(3) Integrow to invest INR 100 crores in the projects of Paranjape Schemes

ENERGY & INFRASTRUCTURE

- ✓ Highway Infrastructure Trust, a KKR-controlled InvIT, signed a deal to acquire 12 highway assets from PNC Infratech at an enterprise value of \$1.09 bn (INR 90.06 bn) ⁽⁴⁾
- ✓ Jindal Power offers \$505.77 mn (INR 42.03 bn) for a distressed 1,980 megawatt coal-fired power plant, topping the offer made by Adani Power by ~INR 1.03 bn ⁽⁵⁾
- ✓ Mahindra Group and Canadian Ontario Teachers' Pension Plan Board's InvIT listed in the NSE with an offer size of \$273 mn (INR 22.63 billion) ⁽⁶⁾

*InvIT - Infrastructure Investment Trust

(4) KKR-controlled InvIT signs \$1.09 bn deal to buy highway assets

(5) Jindal Power offers \$505.77 mn for distressed power plant

(6) Mahindra and Ontario Teachers' backed InvIT goes public

BFSI

- ✓ Blackstone-owned home loans provider, Aadhar Housing Finance, targets a \$600 to \$650 mn IPO. The IPO is its second shot at listing after calling off an IPO plan in 2022 amidst market volatility ⁽⁷⁾
- ✓ TPG Growth-backed SK Finance, an NBFC in the business loans and vehicle financing segment, raises INR 1,328 crores from existing and new investors ⁽⁸⁾
- ✓ Japan's Sumitomo Mitsui Banking Corporation raised INR 600 crores via maiden rupee-denominated debt issuance. Funds to be infused into SMFG India Credit Co. ⁽⁹⁾

*BFSI - Banking, Financial Services and Insurance

(7) Blackstone's Aadhar Housing Finance targets an IPO

(8) SK Finance raises INR 1,328 crores

(9) SMFG India Credit Co. raised INR 600 crores

Deal Activity in the Indian Economy

AUTOMOBILE

- ✓ International Battery Company, which manufactures Lithium ion batteries, raises \$35 mn in pre-Series A round, led by venture capital firm RTP Global ⁽¹⁾
- ✓ Swiss impact investor ResponsAbility will invest upto \$25 mn (INR 207 crores) in Gurugram-based electric mobility startup BluSmart ⁽²⁾
- ✓ After a break of four years, ChrysCapital-backed commercial battery manufacturer, Livguard Energy Technologies is eyeing for a large round of funding from institutions ⁽³⁾

*mn - million(s)

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(1) International Battery Company raises \$35 mn in pre-series A round

(2) ResponsAbility will invest \$25 mn in BluSmart

(3) Livguard eyes for institutional funding

PHARMACEUTICAL

- ✓ India's largest drugmaker Sun Pharma to acquire the remaining 21.52% stake in Israel-based Taro Pharmaceuticals Industries for INR 2,891.7 crores ⁽⁴⁾
- ✓ Morgan Stanley PE and Indian healthcare-focused PE firm InvAscent in advanced stage of talks to jointly pick up majority stake in a company making sterile injectables for drugmakers ⁽⁵⁾
- ✓ Medyseva Technologies, an Indore-based telemedicine firm backed by angel investors is in the process of securing early-stage funding ⁽⁶⁾

(4) Sun Pharma to acquire remaining stake in Taro

(5) Morgan Stanley PE and InvAscent in advanced stage of talks for majority stake in a pharma company

(6) Medyseva Technologies in process to secure early-stage funding

TMT

- ✓ Maryland and Bangalore based tech-firm Impact Analytics raised \$40 mn in growth financing, led by American investment firm Sageview Capital ⁽⁷⁾
- ✓ Nazara Technologies raised ~\$30 mn (INR 250 crores) from Kamath Associates, NKSquared, Plutus Wealth Management, and other investors by selling ~28.66 lakh equity shares at INR 872.15 ⁽⁸⁾
- ✓ AI startup RagaAI, gaming-focused platform Stan, edtech startup Analytics Jobs, and investment platform OpiGo secure early-stage funding ⁽⁹⁾

*TMT - Technology, Media and Telecom

(7) Tech-firm Impact Analytics raises \$40 mn

(8) Nazara Technologies raises \$30 mn

(9) RagaAI and three other startups secure early-stage funding



Uttar Pradesh Government has planned a 1,000-acre township in Ayodhya, named “New Ayodhya”. It will be India’s first Vastu-based township ⁽¹⁾

The Maharashtra Real Estate Regulatory Authority (MahaRERA) issued notices to 41 unregistered plotted development projects in the state ⁽²⁾

German-based aluplast GmbH*, a uPVC windows and doors provider, is looking to invest €4 million in the next two years to expand in India ⁽³⁾

Barclays Bank’s India arm inks an INR 306 crores lease deal spanning 10 years for a 64,000 sq ft office space in Mumbai’s Altimus office tower ⁽⁴⁾

*The entity is “aluplast GmbH”, and not Aluplast GmbH



India and United Arab Emirates (UAE) have signed an agreement to explore potential energy grid connectivity between the two nations ⁽⁵⁾

The Centre plans to develop 200 ropeway projects worth ~INR 1.25 lakh crores in the next five years ⁽⁶⁾

Bharat Heavy Electricals Limited (BHEL) to set up a greenfield thermal powerplant of 2,400 MW capacity in Odisha’s Jharsuguda district ⁽⁷⁾

APM Terminals ties up with Jawaharlal Nehru Ports Authority to develop a new container terminal in Maharashtra, with an estimated cost of INR 76,220 crores ⁽⁸⁾

*E&I - Energy and Infrastructure

- (1) UP Government plans a 1,000-acre township in Ayodhya
- (2) MahaRERA issued notices to 41 unregistered plot projects
- (3) German-based aluplast GmbH looks to invest €4 million in India in the next two years
- (4) Barclays Bank’s India arm inks an INR 306 crores lease deal for Mumbai office

- (5) India and UAE sign agreement for potential energy grid connectivity
- (6) Centre plans to develop 200 ropeway projects in five years
- (7) BHEL to set up a thermal powerplant in Jharsuguda, Odisha
- (8) APM Terminal ties up with JNPA to develop a new container terminal



Policy researchers propose a new parameter, the Debt-to-Income (DTI) ratio for evaluating the creditworthiness of individual borrowers ⁽¹⁾

Insurers anticipate continued progress in technology, regulations, customer-centric approaches, and innovative offerings in the sector, for 2024 ⁽²⁾

RBI imposes business restrictions on Paytm Payments Bank, including barring acceptance of deposits, credit services, among others ⁽³⁾

A weak earnings report and concerns of the impact of the reverse merger with HDFC Ltd led to HDFC Bank's market capitalization falling by over INR 1 lakh crores ⁽⁴⁾

*BFSI - Banking, Financial Services and Insurance



The share of diesel vehicles in the total sales of luxury vehicles has more than halved from ~80% five years back to 35% last year ⁽⁵⁾

As automakers bet big on the future demand for EVs, the growth in the pace of EV demand has slowed in the near term ⁽⁶⁾

Bajaj Auto is looking to scale up its three key businesses - electric three wheelers, Chetak electric scooters and Triumph motorcycles ⁽⁷⁾

FlixBus, the German transportation major with the world's largest bus network across 42 nations, makes its debut in India ⁽⁸⁾

(1) Policy researchers propose a new parameter for evaluating creditworthiness

(2) Insurers anticipate continued progress in the insurance sector for 2024

(3) RBI imposes restrictions on Paytm Payments Bank

(4) HDFC Bank's market capitalization has fallen by over INR 1 lakh crores

(5) The share of diesel in the luxury vehicles segment has declined

(6) Growth in the pace of EV demand has slowed in the near term

(7) Bajaj Auto is looking to scale up its three key businesses

(8) German transportation major FlixBus makes its debut in India

PHARMACEUTICAL



After emerging as a pivotal player in global healthcare in 2023, the Indian pharmaceuticals market is poised for further evolution in 2024 ⁽¹⁾

Drug Controller General of India (DCGI) asked all port offices to ensure that products meant for “India market only”, are not exported ⁽²⁾

Ozone Pharmaceuticals exclaimed that it is eyeing a turnover of INR 1,000 crores in the next three years ⁽³⁾

Samina Hamied to step down from drug-major Cipla’s Executive Vice Chairperson, and continue as a non-executive director ⁽⁴⁾

TMT



UP government plans to offer 10 more land parcels in the Noida to Yamuna Expressway (YXP) region to develop it into India’s data centre hub ⁽⁵⁾

The Sony-Zee proposed \$10 billion deal, which aimed to establish India’s largest entertainment company, has been terminated ⁽⁶⁾

HFCL has secured an order worth INR 1,127 crores to transform BSNL’s pan-India Optical Transport Network (OTN) infrastructure ⁽⁷⁾

CK Birla Group’s IT company, Birlasoft appoints Manjunath Kygonahally as the CEO for the ‘rest of the world’ (RoW) region ⁽⁸⁾

*TMT - Technology, Media and Telecom

(1) [India’s pharma market is poised for further evolution in 2024](#)

(2) [DCGI asks port offices to contain unauthorized exports](#)

(3) [Ozone Pharmaceuticals eyes a turnover of INR 1,000 crores in next three years](#)

(4) [Samina Hamied to step down from Cipla’s Executive Vice Chairperson](#)

(5) [Noida to YXP region to become India’s data centre hub](#)

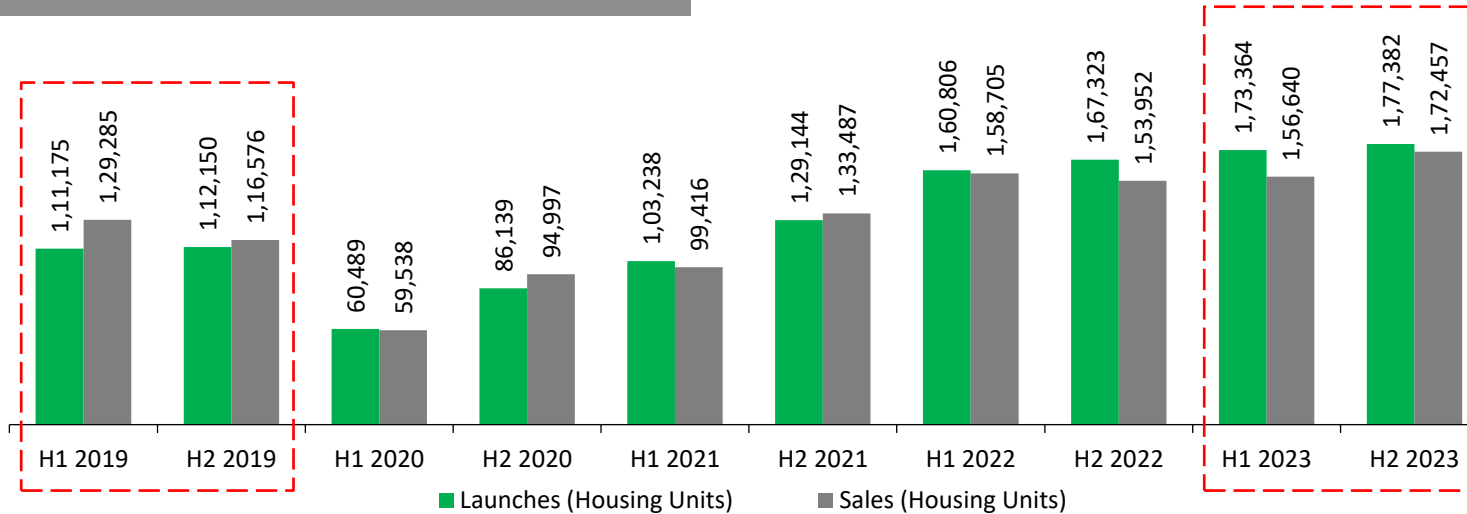
(6) [The Sony-Zee proposed \\$10 billion deal has been terminated](#)

(7) [HFCL has secured an INR 1,127 crores order from BSNL](#)

(8) [Birlasoft appoints Manjunath Kygonahally as CEO for the RoW region](#)

Trends in the Real Estate and Energy & Infrastructure (E&I) Industry

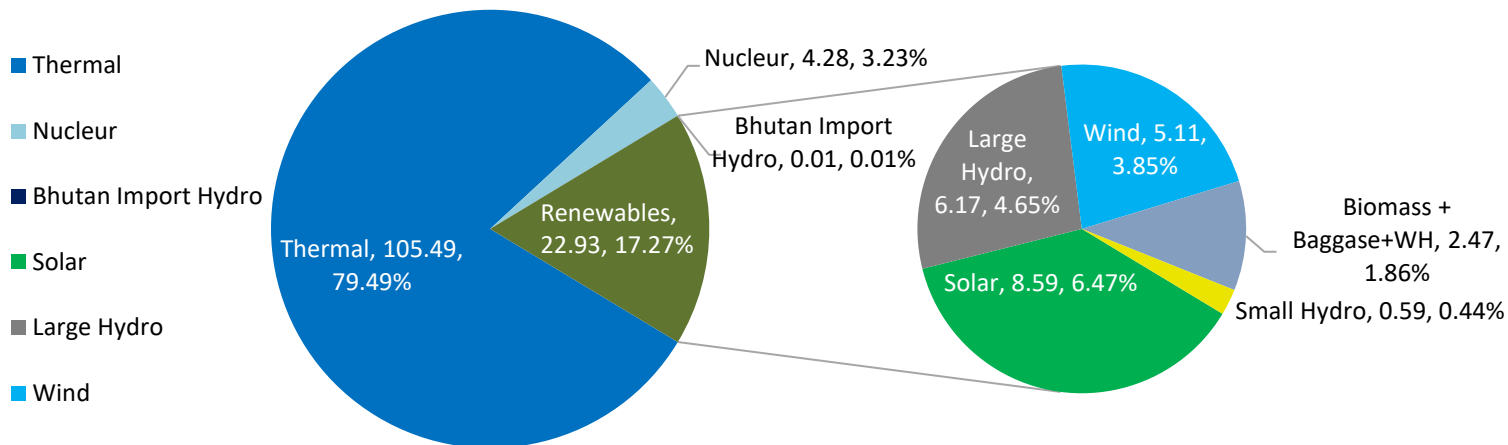
Indian Residential Real Estate Market



Source - Knight Frank Research

- ✓ All categories of real estate assets have recovered since the pandemic, with the residential sector experiencing the most significant resurgence
- ✓ Despite factors like inflation, RBI's policy rate increases May 2022 to February 2023, and global geopolitics; residential property annual sales stood at a ten-year high in 2023
- ✓ 3,50,746 and 3,29,097 housing units were launched and sold in 2023, compared with 2,23,325 and 2,45,861 units launched and sold in 2019 (*pre-pandemic*), respectively

India's Energy Generation in December 2023 (132.71 BU)

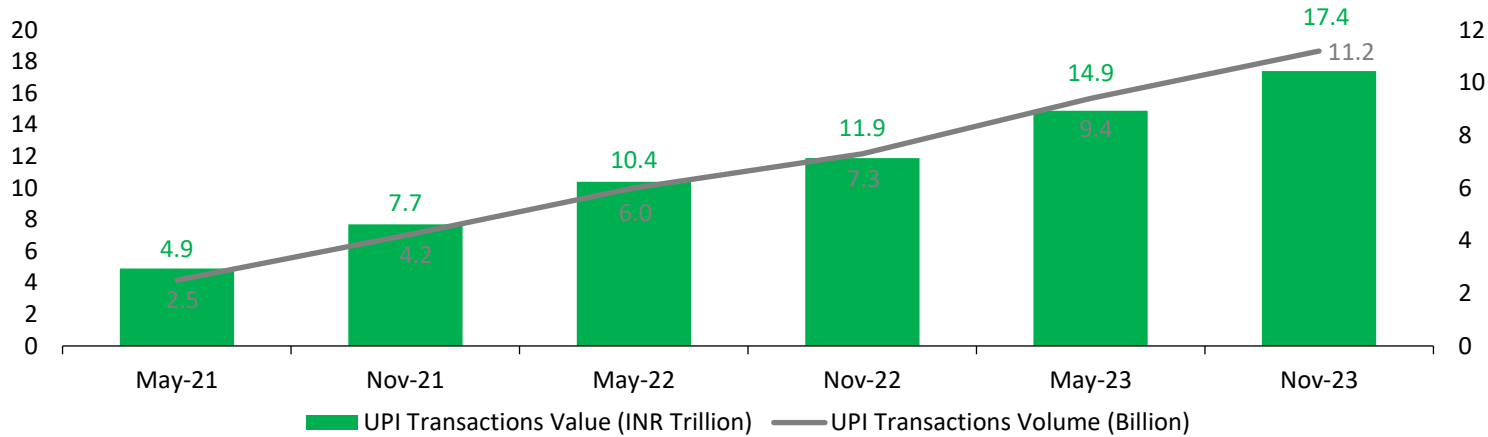


Source - Monthly Renewable Energy Generation Report by the Ministry of Power
 Data Labels outlined as [(Energy Source), (Energy Generation in BU), (Percentage contribution to total energy generated)]
 Value of Energy Generation outlined in Billion Units

- ✓ ~17.27% of energy generated in India in December 2023 resulted from sources of renewable energy
- ✓ Of 22.93 BU of renewable energy generated in the month, 8.59 billion units (*BU*) of solar energy (*most significant source of renewable energy generation in December*) was generated
- ✓ In Calendar Year 2023, ~13.5 gigawatt (*GW*) of renewable energy capacity was added, and India ranks 4th globally in the capacity of renewable energy installed

Trends in the BFSI and Automobile Industry

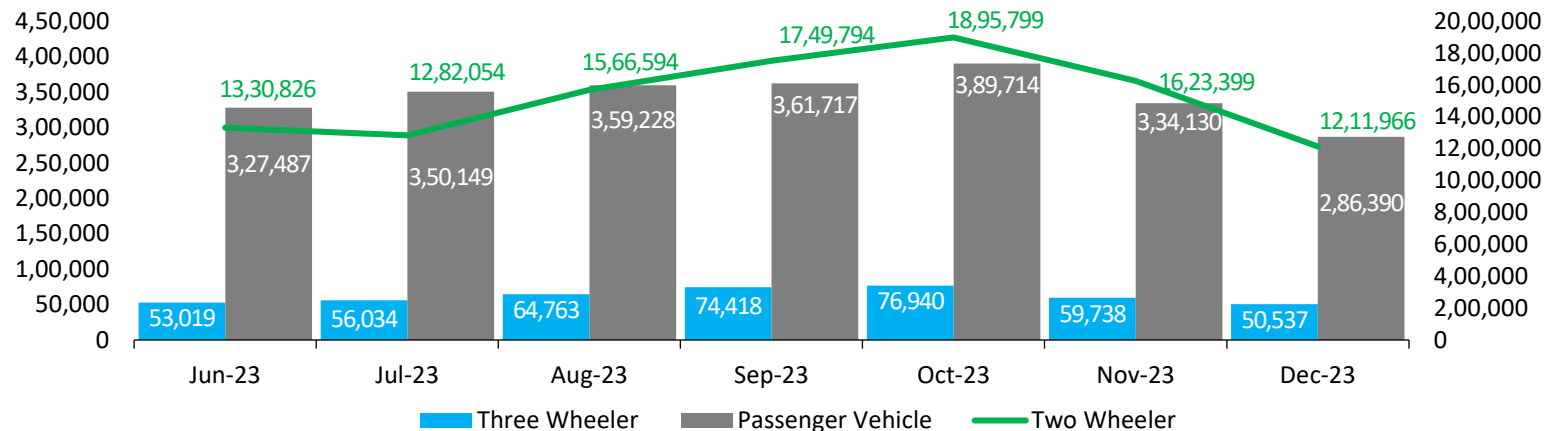
UPI Transactions Value and Volume



Source - BCG India Economic Monitor
 UPI Transactions Value and UPI Transactions Volumes rounded off to the nearest decimal
 *BFSI - Banking, Financial Services and Insurance

- ✓ The value of UPI transactions more than tripled in two and a half years - from INR 4.9 trillion in May 2021 to INR 17.4 trillion in November 2023
- ✓ The volume of UPI transactions more than quadrupled - from 2.5 billion in May 2021 to 11.2 billion in November 2023
- ✓ A higher growth rate of the volume of UPI transactions compared with the growth rate of the value of UPI transactions signals a greater number of UPI payments (of lower average value) in the economy

Domestic Sales Volumes of Auto Segments

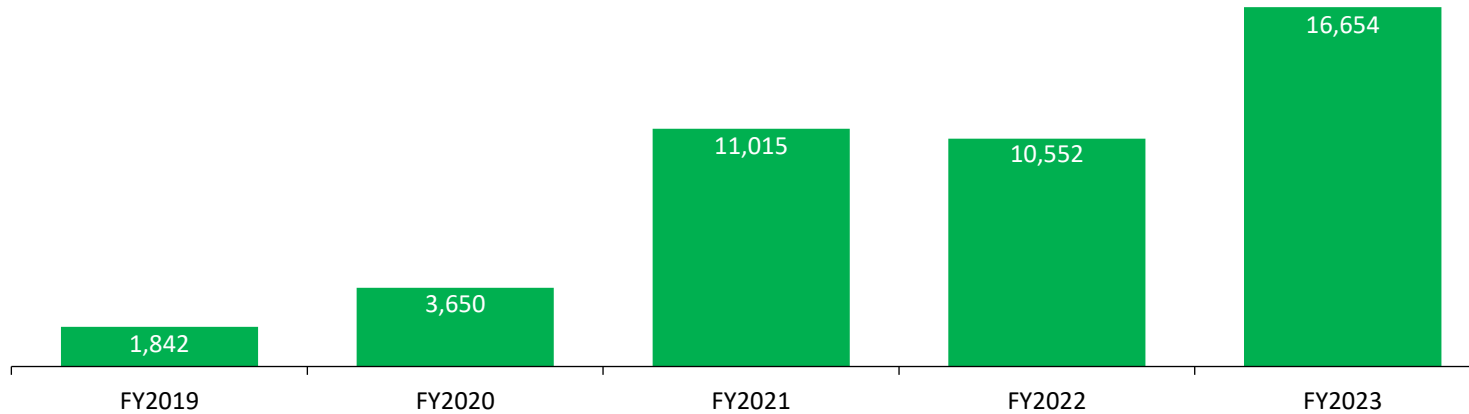


Source - Society of Indian Automobile Manufacturers
 Sales Volumes for Passenger Vehicles excludes the sales volumes of BMW, Mercedes, JLR, and Volvo Auto. Tata Motor's domestic sales data is included in Passenger Vehicles

- ✓ December usually witnesses weaker auto sales as customers wait for the new year to purchase the newest vehicles with the updated model year
- ✓ The December of 2023 witnessed two-wheeler sales of 12,11,966 units in the domestic market - a ~25.3% month-on-month (MoM) decline from 16,23,399 units in November 2023
- ✓ Passenger Vehicle and Three Wheeler sales declined by ~14.3% and ~15.4% MoM to 2,86,390 and 50,537 units respectively

Trends in the Pharmaceutical and TMT Industry

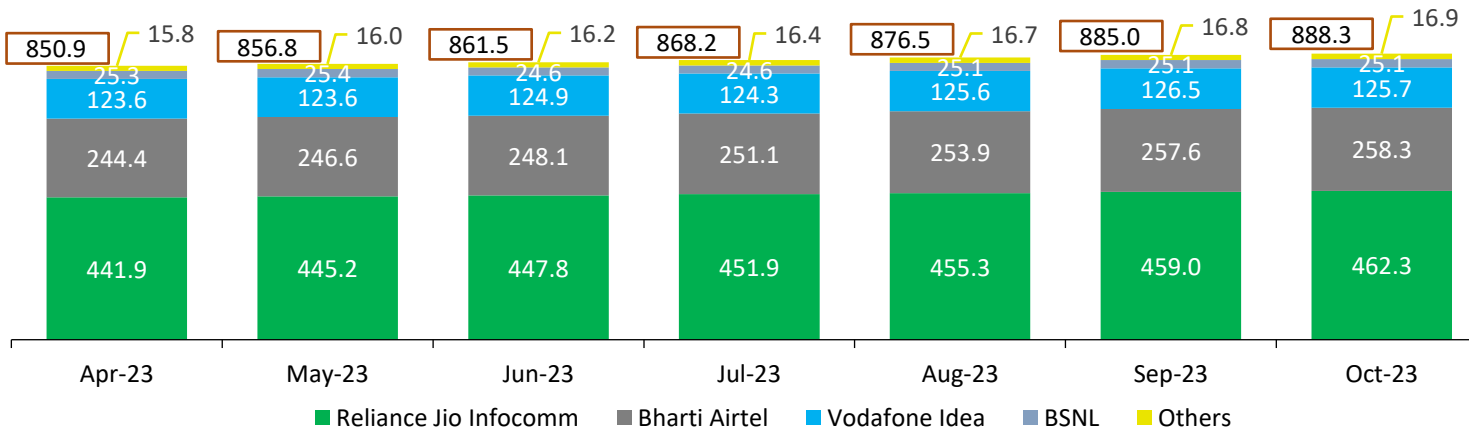
FDI Inflow in Drugs and Pharmaceutical Activities (INR Crores)



Source - Department of Pharmaceuticals

- ✓ Foreign Direct Investment (FDI) inflows in drugs and pharmaceutical activities recorded a ~202% growth in FY2021, supported by the need to meet Covid-19 related demands
- ✓ In FY2022, FDI inflows plummeted as India managed the third wave better with less severe cases
- ✓ A significant ~58% growth in FDI inflows was witnessed in FY2023, making it stand at INR 16,654 crores; markedly above the FY2021 inflows, backed by investor-friendly policies and positive outlook

Market Share of Broadband Subscribers (Wireless and Wireline) - Millions



Source - Telecom Regulatory of India (TRAI) - News and Latest Releases

Rounded to the nearest tenth decimal, and total subscribers (wireless and wireline) outlined in the brown textbox

*TMT - Technology, Media and Telecom

- ✓ Total broadband subscribers in India rose by ~4.40% (on a semi-annual basis) to 888.3 million in October 2023 from 850.9 million in April 2023
- ✓ Of the three key players, Bharti Airtel saw the maximum growth in subscribers of ~5.68% (on a semi-annual basis) to 258.3 million in October from 244.4 million in April 2023
- ✓ Among the three key players, Vodafone Idea witnessed the lowest growth in subscribers of ~1.70% (on a semi-annual basis) during the same time period

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