



MONTHLY NEWSLETTER - MAY 2024

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Global Economy



- ✓ As the **descent of global inflation is stalling**; the global economic outlook is becoming **fragile**, and making **capital flows volatile**
- ✓ Given the limited progress in lowering inflation to its target, **“high interest rates”** might require **time to be effective**

Equity Markets



- ✓ Equity markets **recovered** in May; as **Middle Eastern tensions de-escalated**, and **US inflation** showed signs of **easing**
- ✓ With **market expectations** and **central bank guidance** starting to align, global **equity markets** are **strengthening**

Policy Rates



- ✓ Most **AE central banks** retained their **restrictive policy stance**, and held **policy rates steady** in their latest meetings
- ✓ Among **EME central banks**, both **Brazil** and **Peru** **reduced** their policy rates by **25 bps** in their **May** meetings

Fixed Income



- ✓ As **interest rates** remain **elevated** to fight inflation, **debt servicing costs** are currently **spiralling** across the globe
- ✓ **Unsustainable debt levels** could impact **sovereign ratings**. It could **constrain the governments’ ability** to raise resources for **public investments**

Geopolitics



- ✓ The **BlackRock Geopolitical Risk Indicator** has **edged up** since mid-April due to **tensions** between **Iran and Israel**
- ✓ Geopolitical tensions are **exerting upward pressures** on **key commodity prices**, especially **crude oil** and **gold**



Economic Scenario

- ✓ As NBFCs emerge as the preferred option for the underserved sectors, their role in the Indian financial system is growing significantly
- ✓ EAI depicts that economic activity in India rebounded in April. Estimates suggest GDP growth in Q1 of FY 2025 to be close to 7.5%

EAI - Economic Activity Index



Financial Markets

- ✓ In May, FPIs turned net sellers in Indian equities owing to the uncertainty surrounding the general elections in the country
- ✓ 10 year 7.18% G-Sec 2033 closed at INR 100.82 (at 7.06%) on 31st May, compared to INR 99.87 (at 7.20%) on 30th April



Inflation

- ✓ **Headline inflation** (measured basis the YOY changes in the all-India CPI) moderated to 4.8% in April 2024, from 4.9% in March
- ✓ However, **food inflation** (YOY) rose to 7.9% in April, from 7.7% in March; as inflation increased in fruits, cereals, and meat

bps - basis points [1 bp = 0.01%]



Foreign Affairs

- ✓ India and UAE held their inaugural inter-ministerial meeting to discuss the operation of the IMEEC corridor from 15-17th May
- ✓ The next discussion round to review the existing India-ASEAN free trade agreement, will be held in Indonesia in July 2024

IMEEC - India-Middle East-Europe Economic Corridor
ASEAN - Association of Southeast Asian Nations



Future Outlook

- ✓ There is a wave of optimism globally about India's future prospects, and expectations of a long-awaited economic takeoff
- ✓ Sizeable renewables projects could be completed, as green power projects of ~INR 700 bn are slated to be operational this year

CU - Capacity Utilisation

HOTEL & TOURISM

- ✓ Shares of **TBO Tek**, one of India's leading travel distribution platform, listed in the NSE at **INR 1,426** - a **55% premium** over an issue price of **INR 920 per share** ⁽¹⁾
- ✓ **Tata Group** plans to complete the merger of its full-service airlines, **Air India and Vistara (51:49 JV of Singapore Airlines and Tata Group)**, by the end of **2024** ⁽²⁾
- ✓ **Le Travenues Technology**, parent of online travel portal "**Ixigo**", has received **SEBI's nod** for IPO plans to raise **INR 740 crores** - INR 120 crores of fresh issue, and INR 620 crores of offer for sale ⁽³⁾

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

- (1) TBO Tek lists at a 55% premium in the NSE
(2) Tata Group plans to complete Air India-Vistara merger by year-end
(3) Ixigo's parent has received SEBI's nod for IPO

ENERGY & INFRASTRUCTURE

- ✓ **Adani Green Energy** secures **~INR 3,338.80 crores***, from a consortium of five leading banks, for its under construction **solar projects with 750 MW capacity** ⁽⁴⁾
- ✓ **KPI Green Energy's board** has approved a proposal to raise up to **INR 1,000 crores** through the issuance of shares via **Qualified Institutional Placement**, subject to approval from shareholders ⁽⁵⁾
- ✓ **Nalanda Capital** divests **~1.4% stake (~20 lakh shares)** in **Great Eastern Shipping** for **INR 190 crores**, through an open market transaction in the BSE ⁽⁶⁾

*USDINR of ~INR 83.47 as on 2nd May

- (4) Adani Green Energy secures ~INR 3,338.80 crores mn for 750 MW solar projects
(5) KPI Green Energy's board approves proposal to raise INR 1,000 crores
(6) Nalanda Capital divests 1.4% stake in Great Eastern Shipping

BFSI

- ✓ **Hinduja Group**, via investment arm **IIHL**, will **raise its stake in IndusInd Bank** from **16% to 26%**. At **current stock prices**, it needs to infuse over **~INR 11,500 crore** for the additional 10% stake ⁽⁷⁾
- ✓ **Shriram Finance** to sell its **entire stake** in its housing finance unit, **Shriram Housing Finance**, to US PE firm **Warburg Pincus**, for **INR 4,630 crores (\$ 554.59 mn)** ⁽⁸⁾
- ✓ Shareholders and non-convertible debenture (**NCD**) holders of **IDFC First Bank** have approved a proposal, to **merge the parent IDFC Ltd** with the lender ⁽⁹⁾

BFSI - Banking, Financial Services and Insurance

- (7) Hinduja Group will raise stake in IndusInd Bank from 16% to 26%
(8) Warburg Pincus acquires Shriram Housing Finance
(9) Shareholders and NCD holders approve merger of IDFC and IDFC First Bank

AUTOMOBILE

- ✓ NCLT's Mumbai bench approves the acquisition of Metalysts Forgings by Deccan Value Investors LP-led consortium for INR 1,600 crores, against admitted liabilities of INR 3,907 crores ⁽¹⁾
- ✓ Samvardhana Motherson completes the acquisition of AD Industries, a French component maker, in more favourable terms than planned earlier ⁽²⁾
- ✓ Mandeep Auto Industries makes a weak debut with a listing at INR 62.25 per share - a 7.1% discount on the issue price of INR 67 per share, in the NSE SME ⁽³⁾

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

REAL ESTATE

- ✓ Blackstone Group is in talks to acquire Adani Realty's 8,00,000 sq ft Inspire BKC, located in Mumbai's Bandra-Kurla complex, for INR 1,800-2,000 crores ⁽⁴⁾
- ✓ Awfis Space Solution made a strong listing in the Indian bourses. It listed in the NSE at INR 435 per share, a ~13.5% premium over the issue price ⁽⁵⁾
- ✓ Certus Capital will invest INR 125 crores in an upcoming housing project in Chennai, as part of its aim to invest INR 1,000 crores in secured credit in the real estate sector by FY 2025 ⁽⁶⁾

AGRICULTURE & FOOD PROCESSING

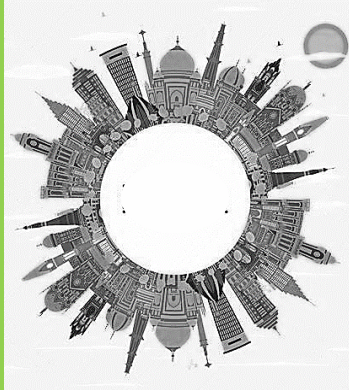
- ✓ Packaged foods and condiments maker, Cremica Food, eyes to raise ~INR 500 crores via an IPO; to expand distribution, venture into new product niches, enable efficiencies, among others ⁽⁷⁾
- ✓ HOAC Foods India makes a strong listing in the NSE SME. The scrip listed at INR 147 per share - a ~206% premium over the issue price of INR 48 per share ⁽⁸⁾
- ✓ Tea brand Freshleaf raises INR 1 crore in a seed-round led by Inflection Point Ventures. the funds will be used to enhance marketing, R&D, among others ⁽⁹⁾

(1) NCLT approves Metalysts Forgings' acquisition by Deccan value-led group
(2) Samvardhana Motherson acquires AD Industries
(3) Mandeep Auto Industries makes a weak market debut

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(9) Freshleaf raises INR 1 crore in a seed round

HOTEL & TOURISM



The **Ministry of Tourism** showcased **India** as a **leading MICE destination** at **IMEX**, which is a hub for the global events industry, in **Frankfurt** ⁽¹⁾

India's largest airline **IndiGo** is in **talks** with **ATR**, **Embraer**, and **Airbus**; for **100 smaller planes** (such as the **"ATR - 72"** plane / **"Embraer E - 175"** plane / **"Airbus A220"** plane); in order to **widen its regional network** ⁽²⁾

Uttar Pradesh plans to **transform its historic forts and palaces** into **luxurious heritage hotels** ⁽³⁾

EaseMyTrip founder **Nishant Pitti**, one of the bidders aiming to revive **GoFirst**, withdraws the revival bid in order to focus on strategic areas ⁽⁴⁾

MICE - Meetings, Incentives, Conferences and Exhibitions tourism

E&I



India signs a **10-year deal** with **Iran** for developing and managing **Iran's Chabahar Port**, a **strategic location** for connectivity in **Central Asia** ⁽⁵⁾

MoRTH has spent over **INR 54,500 crores** in **April 2024** to build highways, meeting **~20%** of this fiscal's **capex target** in the **first month** itself ⁽⁶⁾

L&T's power transmission and distribution business receives **multiple orders** in **India and abroad**. It has bagged orders to set up **two floating solar plants*** in **India** ⁽⁷⁾

NTPC Green Energy partners with **Mahatma Phule Renewable Energy and Information Technology (MAHAPREIT)**, to develop a **10 GW renewable energy park** in **Maharashtra** ⁽⁸⁾

MoRTH - Ministry of Road Transport and Highways

*Floating solar projects involve mounting solar modules on structures that float on a water body; hence, the projects do not require land acquisition

(1) Ministry of Tourism showcases India as a leading MICE destination at IMEX

(2) IndiGo plans to order 100 smaller planes to widen its regional network

(3) Uttar Pradesh plans to revive its heritage sites

(4) Nishant Pitti withdraws revival bid for GoFirst

(5) India signs a 10-year deal with Iran to manage Chabahar Port

(6) MoRTH meets 20% of the capex target in April 2024

(7) L&T's power transmission and distribution business bags multiple orders in India and abroad

(8) NTPC Green Energy partners with MAHAPREIT to develop a 10GW renewable energy park



RBI approves a dividend of ~INR 2.11 lakh crore (140% higher YoY) to the Centre for FY 2024 - a move that could facilitate sharper fiscal consolidation ⁽¹⁾

Wipro and Microsoft collaborate to launch a suite of cognitive assistants for financial services, powered by Generative AI (GenAI) ⁽²⁾

REC Ltd, a Maharatna enterprise under the 'Ministry of Power' and a leading NBFC, receives RBI's nod to set up a wholly owned subsidiary in GIFT City ⁽³⁾

Paytm CEO hints on job cuts, improving governance, and leveraging AI, among other aspects; as the fintech reports a record loss of INR 550 crores in Q4 FY 2024 ⁽⁴⁾

BFSI - Banking, Financial Services and Insurance

GIFT City - Gujarat International Finance Tec-City



NSE launches the 'Nifty EV & New Age Automotive' index to track companies that are part of the EV ecosystem, or develop new age vehicles / related technology ⁽⁵⁾

Tata Motors increases its investment outlay for FY 2025 to INR 43,000 crores, with a significant allocation towards its British arm JLR ⁽⁶⁾

Mahindra Group plans to invest INR 37,000 crores in the auto sector over the next 3 years, with a focus to launch 23 new vehicles by 2030 ⁽⁷⁾

Hyundai Motor India commences the local assembly of its Venue compact SUV in Nepal through a partnership with Laxmi Group ⁽⁸⁾

JLR - Jaguar Land Rover

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(2) Wipro and Microsoft collaborate to launch a suite of GenAI-powered assistants

(3) REC Ltd receives RBI's nod to set up a subsidiary in GIFT city

(4) Paytm CEO hints on job cuts, improving governance, and leveraging AI, among other aspects

(5) NSE launches India's first Electric Vehicle Index

(6) Tata Motors increases its investment outlay for FY 2025 to INR 43,000 crores

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(8) Hyundai partners with Laxmi Group to commence the assembly of compact SUV Venue



REIT - Real Estate Investment Trust

DLF plans to launch over 11 million sq ft of new projects in FY 2025, with an estimated sales potential of all the launches worth ~INR 36,000 crores ⁽¹⁾

In FY 2024, Godrej Properties acquired 10 land parcels to build projects worth INR 21,000 crores. The RE giant targets to buy more parcels this fiscal ⁽²⁾

Embassy REIT is constructing 6.1 million sq ft of premium office space to cater to the rising demand from GCCs, and domestic players

Microsoft acquires 48 acres of land in Hyderabad for ~INR 267 crores to expand its data centre business ⁽⁴⁾

GCCs - Global Capability Centres

AGRICULTURE & FOOD PROCESSING



PM KISAN - "Pradhan Mantri Kisan Samman Nidhi" scheme

The Centre plans to evaluate the success of PM KISAN, its impact on farm income, and the extent to which it has reduced dependence on moneylenders ⁽⁵⁾

Kerala successfully commenced 2,548 new food processing units in 2023-24, surpassing the Centre's target to establish 2,500 food processing units ⁽⁶⁾

Adani Wilmar aims to double its food and FMCG business to ~INR 10,000 crores in the next three years, from ~INR 5,000 crores in FY 2024 ⁽⁷⁾

The Uttar Pradesh Government has partnered with the agriculture industry to promote agriculture startups, and introduce AI in farming ⁽⁸⁾

⁽¹⁾ [DLF plans to launch over 11 million sq ft of new projects in FY 2025](#)

⁽²⁾ [Godrej Properties acquired 10 land parcels in FY 2024](#)

⁽³⁾ [Embassy REIT is constructing 6.1 million sq ft of premium office space](#)

⁽⁴⁾ [Microsoft acquires land in Hyderabad to expand data centre business](#)

⁽⁵⁾ [Centre plans to evaluate the success of the PM KISAN scheme](#)

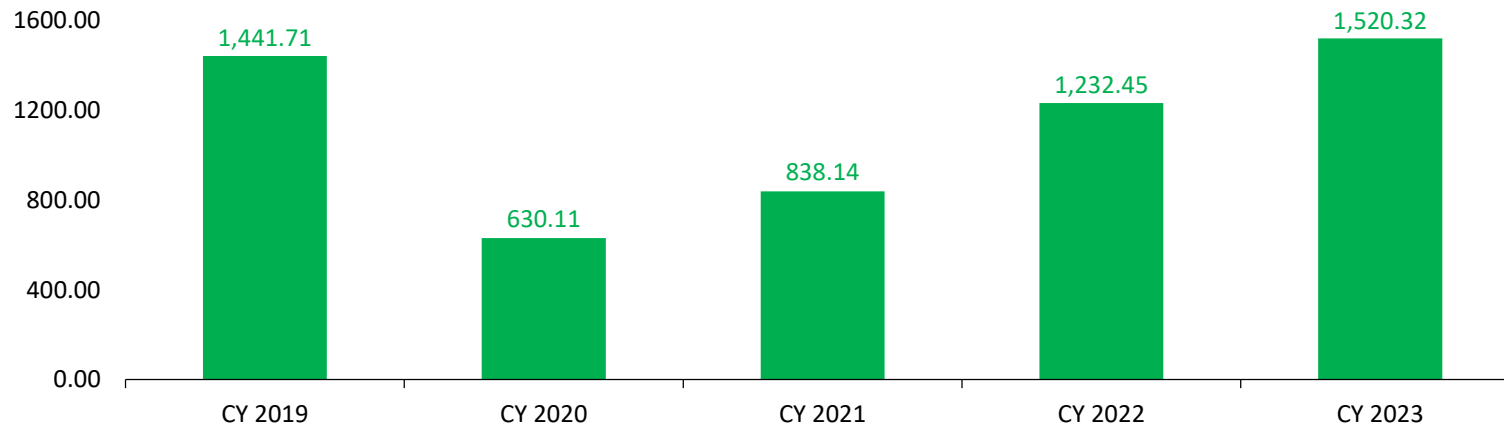
⁽⁶⁾ [2,548 new food processing units were opened in Kerala in 2023-24](#)

⁽⁷⁾ [Adani Wilmar aims to double its food and FMCG business in three years](#)

⁽⁸⁾ [UP Government to promote agri startups, and introduce AI in farming](#)

Trends in the Hotel & Tourism and the Energy & Infrastructure (E&I) Industry

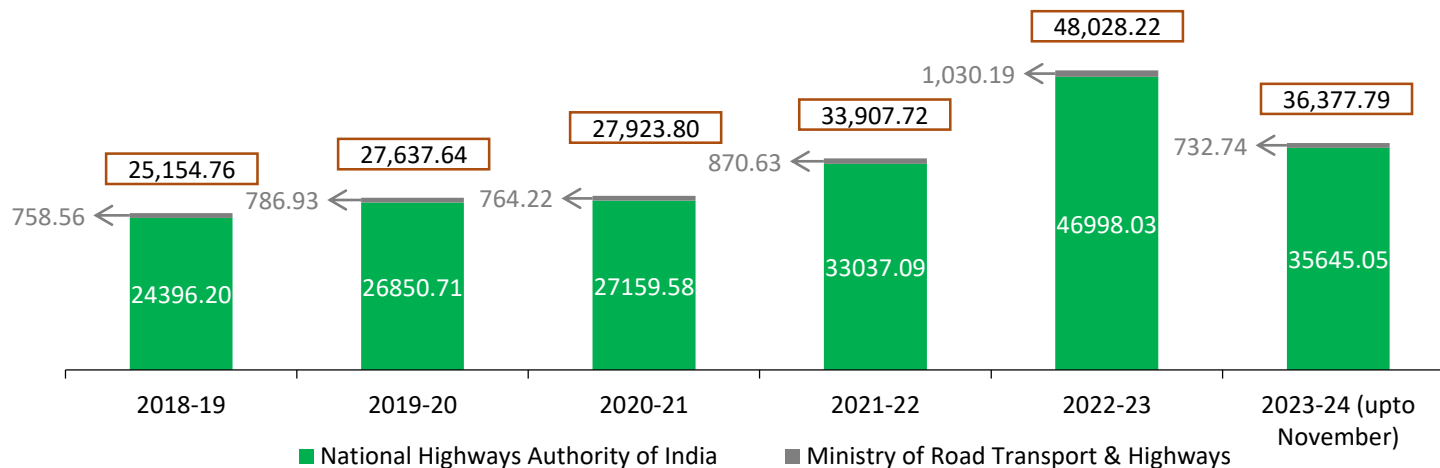
Passengers Carried by Domestic Airlines (In Lakhs)



Source - Ministry of Civil Aviation

- ✓ The **passengers carried by domestic airlines** in **CY 2023** was **1,520.32 lakhs**, compared to 1,232.45 lakhs in CY 2022; registering an **annual growth of 23.36%**
- ✓ The **pandemic** was a key **headwind** in global aviation (including India), with the **passengers declining by 56.29% in CY 2020**
- ✓ In **CY 2023**, the passengers finally **surpassed pre-Covid levels of 1,441.71 lakhs in CY 2019**. A few industry tailwinds include the **surging air traffic, rising disposable income, and growing aviation infrastructure**

Total Toll Collection (User Fee) in National Highways (INR Crores)

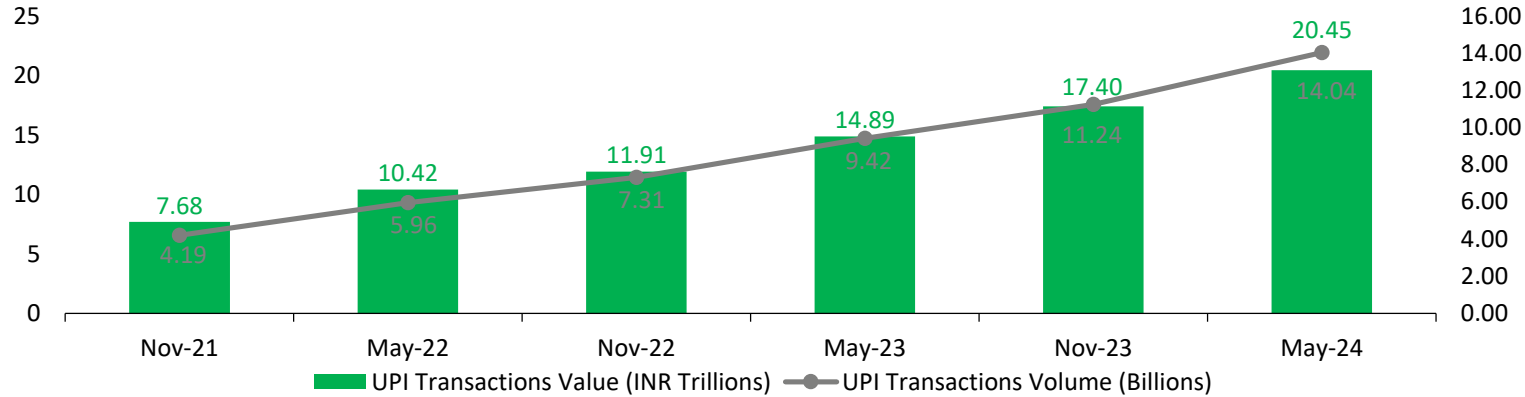


Source - Press Information Bureau

- ✓ The **total toll collection** in national highways has **improved** over the years - almost doubled from **INR 25,154.76 crores** in **2018-19** to **INR 48,028.22 crores** in **2022-23**
- ✓ The **total toll collection** in **2023-24** stood at **INR 36,377.79 crores**, up to November 2023; an impressive **average toll collection per day** of **~INR 150 crores** (in 8M FY 2024)
- ✓ Some **factors** leading to an **increase in toll collection** include migration from manual toll collection to **FASTag**, **revision in user fee rates**, and **addition of tollable road length**

Trends in the BFSI and the Automobile Industry

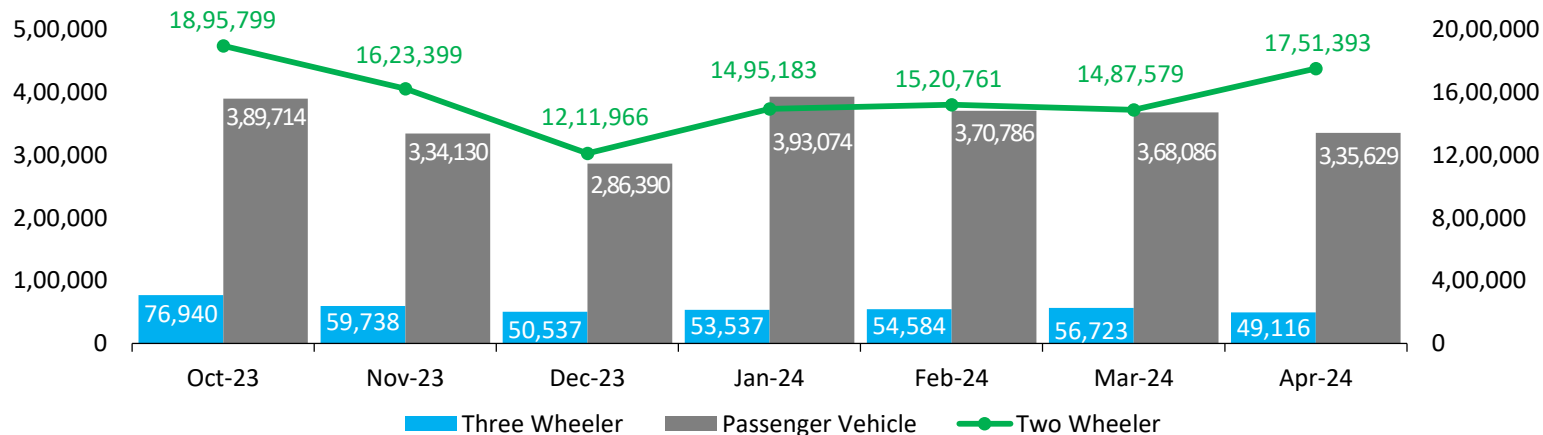
UPI Transaction Value and Volume



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

- ✓ The **value of UPI transactions** in India has grown to **~2.66x** in two and half years - from **INR 7.68 trillion in November 2021 to INR 20.45 trillion in May 2024**
- ✓ The **volume of UPI transactions** has grown to **~3.35x** in the same period - from **4.19 billion transactions in November 2021 to 14.04 billion transactions in May 2024**
- ✓ The continuous **advancements** in UPI transactions have not only devised an **efficient payment instrument**, but also fostered a **well-structured digital platform**

Domestic Sales Volume - Auto Segments

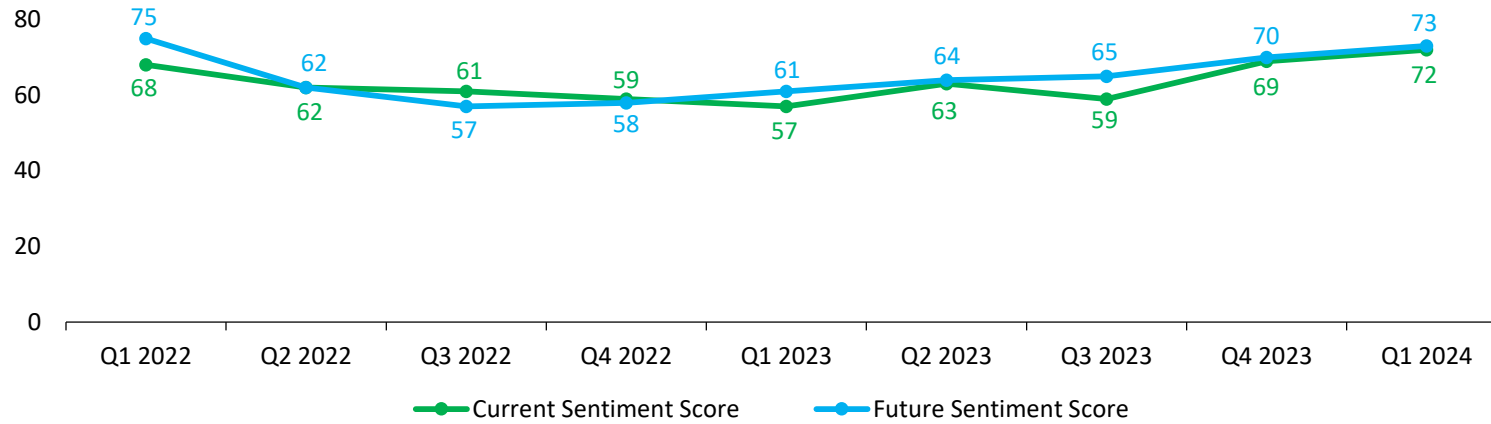


Source - Society of Indian Automobile Manufacturers
 Note - Domestic sales volume for Passenger Vehicles excludes the sales volumes of BMW, Mercedes, JLR, and Volvo Auto

- ✓ In **April 2024**, the **domestic sales volume** of the **three auto segments** - two wheelers (2Ws), passenger vehicles (PVs), and three wheelers (3Ws) - were **lower**, compared to **October 2023**
- ✓ **3Ws** recorded the **highest decline** in domestic sales volume - a **~36.2% decline** from 76,940 units in October 2023 to 49,116 units in April 2024
- ✓ Domestic **PV** sales volume **fell** by **~13.9%** to 3,35,629 units, and **2W** sales volume **fell** by **~7.6%** to 17,51,393 units; in the same period

Trends in the Real Estate and the Agriculture & Food Processing Industry

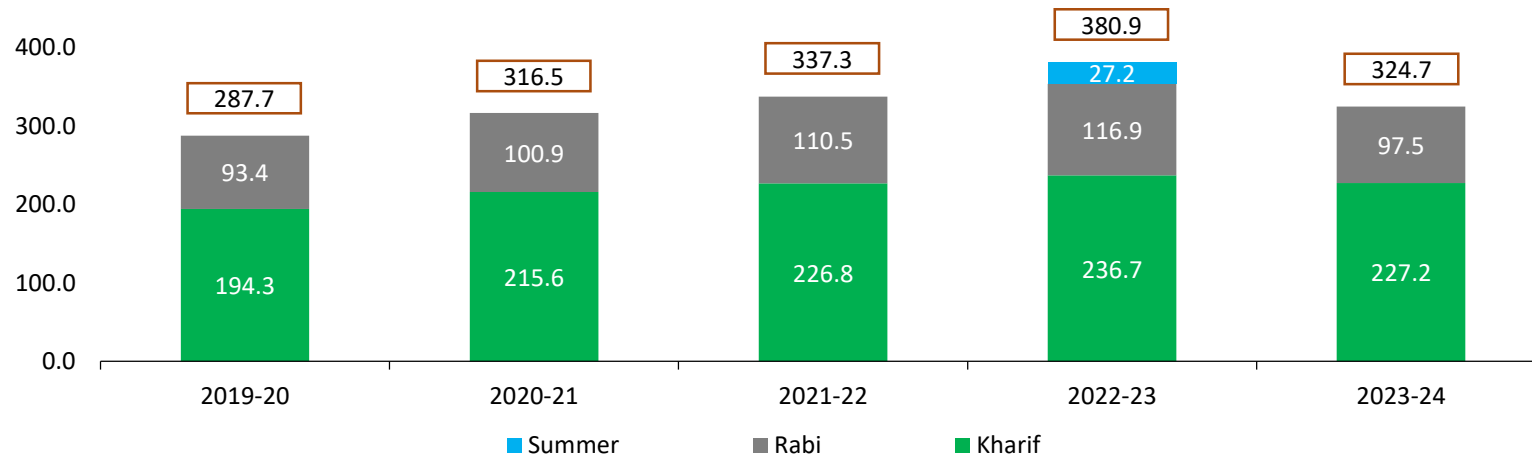
Overall Real Estate Sentiment Index Score



*Sentiment Index developed jointly by Knight Frank India and the National Real Estate Development Council (NAREDCO)
 Score>50 - Optimism; Score=50 - Neutral; and Score<50 - Pessimism
 Note - Quarters outlined basis the Calendar Year. Current Sentiment Score depicts current stakeholder outlook in comparison to the preceding six months

- ✓ In Q1 2024, the **Current Sentiment Score** for real estate has risen to **72**, from the **previous quarter's sentiment score of 69**. This score is well within the **optimistic zone**
- ✓ The **Future Sentiment Score** has risen to **73** in Q1 2024, from **70** in Q4 2023; signaling expectations of sustained demand in India's real estate industry
- ✓ Despite global economic volatility, the **Indian real estate market** is experiencing **robust optimism** in the **residential** and **office markets**, particularly for **office leasing**

Production of Maize in Lakh Tonnes - Pan India



Source - Department of Agriculture & Farmers Welfare
 Note - Figures for 2023-24 is based on the Second Advance Estimates

- ✓ **Maize** is one of the most important cereal crops globally. The key maize growing states in India are **Madhya Pradesh** and **Karnataka**
- ✓ The **total production** of maize is estimated at **324.7 LMT (Lakh Tonnes)** for **2023-24** (Second Advance Estimates); a **~14.8% decline** compared to **380.9 LMT** for **2022-23**
- ✓ Out of the outlined five fiscal periods, the **highest maize production** was recorded in **2022-23**, at **380.9 LMT**. Conversely, the **lowest maize production** was recorded in **2019-20**, at **287.7 LMT**

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