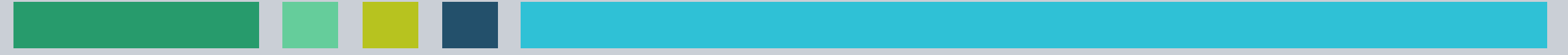




# MONTHLY PULSE - DECEMBER 2023

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## GLOBAL MACROS



- ✓ Global growth is slowing at a divergent pace, and emerging markets are facing volatile capital flows
- ✓ Global supply chains are restoring; however, global headwinds could pose threats to the inflation outlook

## POLICY RATES



- ✓ US Fed, ECB, and Bank of England kept their policy rates unchanged in December
- ✓ Turkey hiked its policy rate by 5.0%, Russia by 1.0%, Brazil by 0.5%. China injected net liquidity of 600 billion yuan

## EQUITY MARKETS



- ✓ Global equity markets witnessed gains in November 2023, as US Treasury yields fell from October highs
- ✓ Fed's signal about ending its hiking cycle and the possibility of rate cuts in 2024, are encouraging signs

## FIXED INCOME



- ✓ Sovereign bond yields are declining as debt markets do not expect further rate hikes
- ✓ 2024 perception of Fed rate cuts led to a rise in bond prices. It can be reflected in Dollar Index's 1.7% depreciation in November (MOM)

## GEOPOLITICS



- ✓ BlackRock's Geopolitical Risk Indicator stands at a fifteen-month high at 0.41 in November 2023
- ✓ Escalation of attacks on ships in the Red Sea by the Houthi rebels of Yemen is disrupting global trade



## ECONOMIC SCENARIO

- ✓ Domestic economic activity remained buoyant on account of strong domestic demand and high government expenditure
- ✓ A broad-based easing in core inflation has been observed, masked by risks to food inflation



## FINANCIAL MARKETS

- ✓ Equity markets were strong, amidst oversubscription of IPOs and bullish sentiments of investors
- ✓ 10 year 7.18% G-Sec 2033 closed at INR 99.78 (at 7.21%) on December 29, compared to INR 99.50 (at 7.25%) on November 30



## GROWTH ESTIMATES

- ✓ RBI has projected the GDP growth for FY24 at 7.1%, followed by relatively slower and uneven growth for FY25 at 6.0%
- ✓ Real GDP growth has been projected at 7.0% for FY24, with 6.5% in Q3 and 6.0% in Q4 of the fiscal year



## FOREIGN AFFAIRS

- ✓ French President Emmanuel Macron will be the chief guest for India's Republic Day celebrations, on 26<sup>th</sup> January, 2024
- ✓ The Quadrilateral Security Dialogue Summit, slated to be hosted by India in January, is proposed to be held later



## FUTURE OUTLOOK

- ✓ RBI's industrial outlook survey portrays an improved business outlook, backed by optimism about demand in Q3 FY24
- ✓ Positive outlook amidst perceptions of rising current income and growing consumer confidence

# Deal Activity in the Indian Economy

## METALS / MINING

- ✓ Vedanta Resources outlined bond restructuring plan, after its recent announcement of a \$1.25 bn financing. The bonds saw selling by private banks, wealth clients <sup>(1)</sup>
- ✓ Vedanta has raised INR 3400 crores from Oaktree Capital at 12% interest for a term of 18 months, through the issue of 3.4 lakh NCDs of INR 1,00,000 each <sup>(2)</sup>
- ✓ Steel-maker Jayaswal Neco Industries Ltd to raise INR 3200 crores debt jointly from three private credit funds. Proceeds to be used to repay high-cost debt <sup>(3)</sup>

## ENERGY & INFRASTRUCTURE

- ✓ Adani Green Energy will raise \$1.12 billion to expand its renewable power capacity, by issuing 63.1 mn warrants on a preferential basis, at an issue price of INR 1481 per warrant <sup>(4)</sup>
- ✓ Blue Planet Environmental Solutions secures a \$35 mn investment from impact investor IFU (The Investment Fund for Developing Countries) <sup>(5)</sup>
- ✓ Adani Ports will sell a 49% stake in its Ennore Container Terminal located in Chennai, to MSC Terminal Investment Ltd for \$29.65 million <sup>(6)</sup>

## BFSI

- ✓ Fintech startup Pontera raises \$60 mn in a fresh funding round led by ICONIQ Growth. This startup's platform is leveraged to manage retirement accounts <sup>(7)</sup>
- ✓ Digital e-mobility lender RevFin Services Pvt Ltd raised \$14 mn in a Series B funding round led by Omidyar Network, which invested \$5 mn in the startup <sup>(8)</sup>
- ✓ India Shelter Finance Corporation Ltd underwent an IPO of INR 1200 crores (\$145 mn) - a fresh issue of INR 800 crores, and an OFS of 400 crores. It debuted on the bourses at a ~24% premium <sup>(9)</sup>

(1) Vedanta Resources outlined bond restructuring plan

(2) Vedanta has raised INR 3400 crores from Oaktree Capital

(3) Jayaswal Neco Industries Ltd to raise INR 3200 crores debt

(4) Adani Green Energy to raise \$1.12 billion

(5) Blue Planet secures a 35 million investment from IFU

(6) Adani Port's to sell 49% stake in Ennore Container Terminal

(7) Pontera raises \$60 million in a fresh funding round

(8) RevFin raised \$14 million in a Series B funding round

(9) India Shelter Finance raises INR 1200 crores in its IPO

# Deal Activity in the Indian Economy

## AUTOMOBILE

- ✓ Mahindra & Mahindra, along with existing shareholders, will invest \$105 mn in their two-wheeler unit Classic Legends - it will invest ~\$63 mn of the \$105 mn <sup>(1)</sup>
- ✓ Japan's Mitsui and Dutch electric bus maker VDL Groep have partnered with India's Pinnacle Mobility Solutions Pvt Ltd. The long term partnership will involve joint investments of ~\$100 mn <sup>(2)</sup>
- ✓ Hero MotoCorp Corp Ltd (HMCL) increases its stake in electric scooter maker Ather Energy from 36.7% to 39.7%, through an investment of \$16.9 mn <sup>(3)</sup>

## CONSUMER

- ✓ SoftBank, TPG, and other investment firms will offload a part of their stakes in BrainBees Solution's IPO. The Japanese VC, SoftBank plans to sell 20.23 mn of its 124.1 mn shares via the IPO <sup>(4)</sup>
- ✓ Varun Beverages to acquire 100% stake in Beverage Company, which manufactures and distributes Pepsi's beverages in South Africa, for \$158.7 mn (INR 13.2 bn) <sup>(5)</sup>
- ✓ Devyani International to acquire KFC Thailand's franchisee, Restaurant Development Co, in a ~\$129 mn deal, and commence operating in Thailand <sup>(6)</sup>

## TMT

- ✓ GreyOrange, a warehousing automation firm backed by Tiger Global, raised \$135 mn in its Series D funding round led by Anthelion Capital <sup>(7)</sup>
- ✓ Hong Kong-based PE fund BPEA EQT will acquire a majority stake in Chennai-based digital engineering firm Indium Software for an undisclosed sum <sup>(8)</sup>
- ✓ Qnu Labs; that offers cybersecurity solutions on the internet, cloud, and edge; secured a \$6.5 mn pre-Series A1 funding from Ashish Kacholia, VC firm Speciale Invest, and an undisclosed family fund <sup>(9)</sup>

(1) Mahindra & Mahindra to invest \$105 million in Classic Legends, along with existing shareholders

(2) Mitsui and VDL Groep partner with Pinnacle Mobility Solutions

(3) HMCL increases its stake in Ather Energy

(4) SoftBank and other investment firms to sell part of their stakes in BrainBees Solution's IPO

(5) Varun Beverages to acquire 100% stake in The Beverage Company

(6) Devyani International to acquire KFC Thailand's franchisee

(7) GreyOrange raises \$135 million in its Series D funding round

(8) BPEA EQT to acquire majority stake in Indium Software

(9) Qnu Labs secured \$6.5 million in pre-Series A1 funding round



## METALS / MINING



Aiming to improve pricing transparency, the Centre plans to link domestically produced ore to the prices of global indices <sup>(1)</sup>

The Ministry of Mines has allowed Notified Private Exploration Agencies (NPEAs) to bid for the mineral blocks explored by them <sup>(2)</sup>

India's coal production rose by ~12.3% to 664.37 million tonnes (MT) as of April to 25<sup>th</sup> December, 2023 from 591.64 MT in the same period of the previous fiscal <sup>(3)</sup>

Adani subsidiary Kutch Copper's copper refinery facility in Gujarat is likely to commence operations in March 2024 <sup>(4)</sup>

## E&I



MoRTH has prepared a draft policy for the use of inert soil in the construction of embankments for national highways and state roads <sup>(5)</sup>

Five hydropower projects, with a cumulative installed capacity of 2626 MW, are to be implemented in Arunachal Pradesh's Shi-Yomi district <sup>(6)</sup>

IRB Infra has received an ~INR 1683 crores contract from NHA for the tolling, operation, and maintenance of the Gwalior-Jhansi and Kota bypass <sup>(7)</sup>

Tata Power Solar Systems signed an agreement to supply 152 MWp solar PV modules for an NTPC project in Pokhran <sup>(8)</sup>

\*E&I implies the Energy and Infrastructure industry of India

(1) [Centre plans to link domestically-produced ore prices to global indices](#)

(2) [Exploration agencies can bid for the mineral blocks explored by them](#)

(3) [India's coal production rises by ~12.3% to 664.37 MT](#)

(4) [Adani's copper refinery subsidiary is likely to commence operations in March 2024](#)

(5) [Govt paves way for the usage of waste material in highway construction](#)

(6) [Five hydropower projects are to be implemented in Arunachal Pradesh](#)

(7) [IRB Infra has received an INR 1,683 crores contract from NHA](#)

(8) [TPSSL bags an order worth INR 418 crores for an NTPC project](#)



Value of aggregate FPI govt bond holdings, under 'Fully Accessible Route', more than doubled to ~INR 1.28 lakh crores as on 26<sup>th</sup> December 2023 <sup>(1)</sup>

A cloud facility to be set up for the financial sector in India for enhancing data security and privacy <sup>(2)</sup>

RBI has approved the appointment of Mr. C S Rajan as Kotak Mahindra Bank's part-time Chairman for two years from January 2024 <sup>(3)</sup>

IIFL's book for personal loans is ~4% of the total loan book value, making the impact of RBI's revised consumer lending norms on its books, minimal <sup>(4)</sup>



Industry experts mention about the need for continued government support for the electric vehicle sector to get established <sup>(5)</sup>

India contributing to 10% of Kia's global sales. Kia is looking to radically shift its lineup with an increased focus towards the Indian market <sup>(6)</sup>

Tata Green Batteries partners with TVS Motor Company for a smooth battery buying experience for Indian customers <sup>(7)</sup>

Toyota to integrate India with the Middle East, East Asia & Oceania Region, and India will act as the hub of the region from January 2024 <sup>(8)</sup>

(1) FPI inflows in govt bonds more than doubled in 2023

(2) RBI is to establish cloud facility for the financial sector

(3) RBI has approved CS Rajan's appointment as Kotak Mahindra Bank's part-time Chairman

(4) IIFL's personal loan book is around 4% of total loan book value

(5) EV industry experts outline the need for continuing government support

(6) India becomes Kia's fourth largest market

(7) Tata Green Batteries partners with TVS Motor Company

(8) India's significance in Toyota's global strategy rises as it becomes a new regional hub





French luxury brand Cartier's India MD exclaims about India's importance in the company's global footprint <sup>(1)</sup>

Consumer durable companies expect revenue growth to continue in 2024 with premium, value-added products to be the key growth drivers <sup>(2)</sup>

Tata Coffee merged with Tata Consumer Products and TCPL Beverages & Foods, to stand dissolved without winding up <sup>(3)</sup>

Hindustan Unilever Ltd to split its BPC division into two units from 1<sup>st</sup> April 2024 - one unit for beauty, and the other for personal care <sup>(4)</sup>



As of October 2023, investments worth INR 2725 crores were received, out of INR 4014 crores committed for telecom gear manufacturing under the PLI scheme <sup>(5)</sup>

The Broadcasting Services Regulation Bill 2023 seeks to include OTT, digital news, and other platforms; in its purview <sup>(6)</sup>

A Qualcomm executive told that the company is open to working with OneWeb and JioSatellite Communications for satellite connectivity needs <sup>(7)</sup>

Sahasra Semiconductors plans to invest INR 350 crores in three years to set up a semiconductor packaging unit <sup>(8)</sup>

<sup>(1)</sup> [Cartier India's MD speaks about the French luxury brand's priority to scale up online retail in India](#)

<sup>(2)</sup> [Consumer durable companies expect revenue growth to continue in 2024](#)

<sup>(3)</sup> [Tata Coffee dissolves effective from 1<sup>st</sup> January 2024 without winding up](#)

<sup>(4)</sup> [HUL will split its beauty and personal care business from 1<sup>st</sup> April 2024](#)

<sup>(5)</sup> [INR 2725 crores has been received by the Govt under the PLI scheme for telecom gear manufacturing](#)

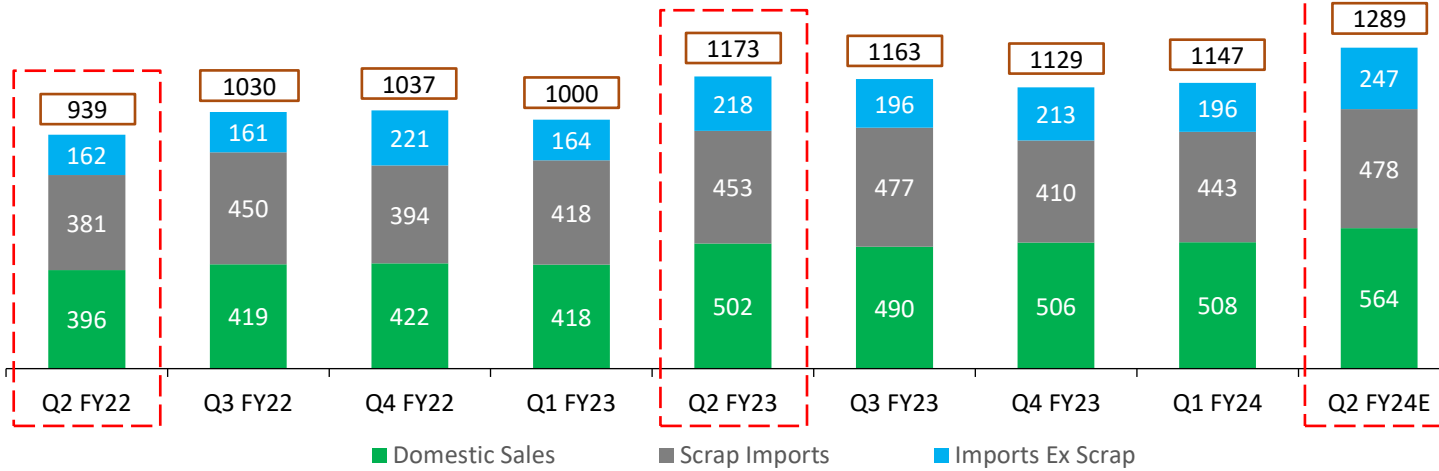
<sup>(6)</sup> [The Broadcasting Services Regulation Bill could have major implications for the broadcasting sector](#)

<sup>(7)</sup> [Qualcomm is open to working with OneWeb and JioSatellite for satellite connectivity in mobiles](#)

<sup>(8)</sup> [Sahasra to set up a semiconductor packaging unit in three years](#)

# Trends in the Metals / Mining and Energy & Infrastructure (E&I) Industry

## Indian Aluminium Industry - Domestic Demand (in Kt)



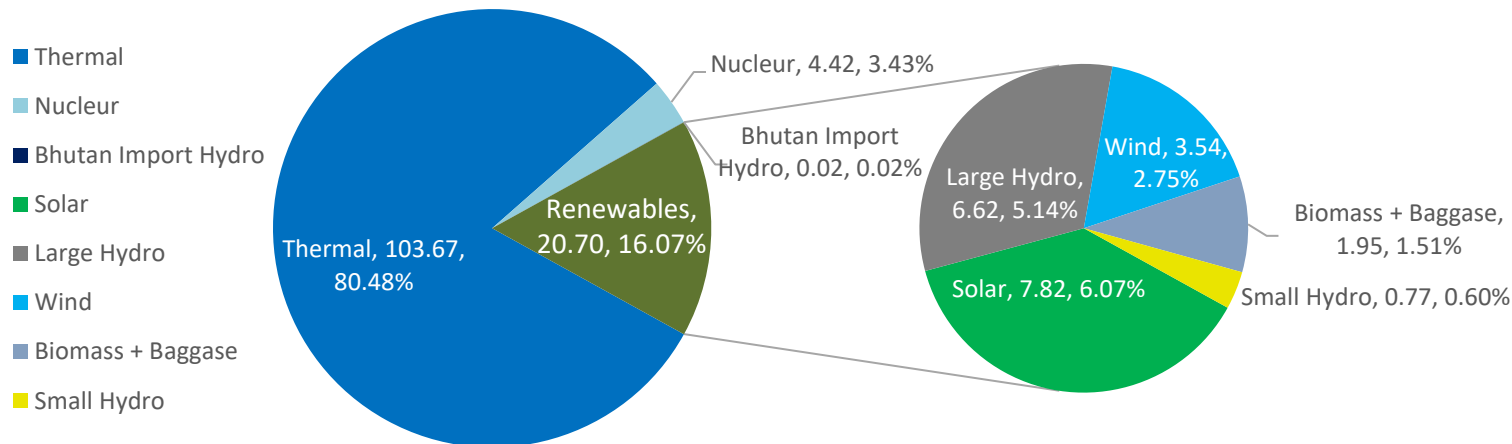
\*Hindalco Industries Limited estimates (Rounded to the nearest whole number)

1 Kiloton (Kt) = 10,00,000 Kg

Domestic Demand for Q2 FY24 is outlined as projected by Hindalco Industries Limited

- ✓ Domestic Demand for Aluminium is projected to be ~1289 Kt in Q2 FY24 - a ~10% y-o-y growth from 1173 Kt in Q2 FY23 - as of November 2023 estimates
- ✓ This sequential growth is backed by robust demand in the electrical, building and construction, and the automobile industries; intern, supported by rural electrification, rapid urbanization, Smart City projects, etc.
- ✓ It rose by ~25% y-o-y in the preceding time period - from ~939 Kt in Q2 FY22 to ~1173 Kt in Q2 FY23

## India's Energy Generation in November 2023 (128.82 BU)



\*Monthly Renewable Energy Generation Report by the Ministry of Power

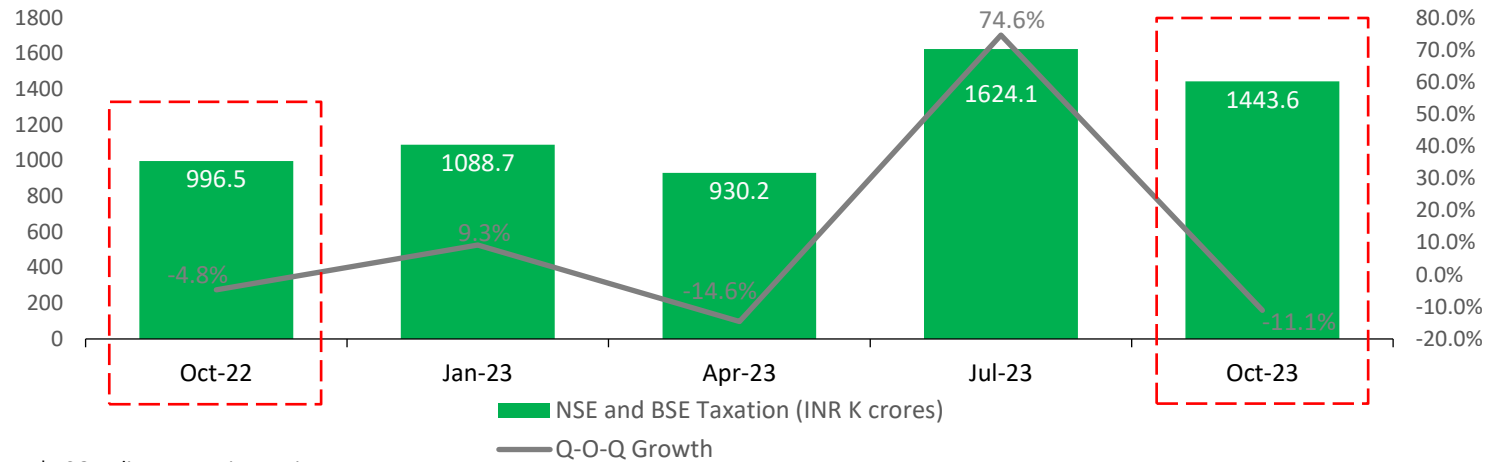
Data Labels outlined as [(Energy Source), (Energy Generation in BU), (Percentage contribution to total energy generated)]

Value of Energy Generation outlined in Billion Units

- ✓ ~16.1% of energy generated in India in November 2023 resulted from sources of renewable energy
- ✓ Of 20.70 BU of renewable energy generated in November 2023, 7.82 BU of solar energy (most significant renewable energy generation source in November) was generated
- ✓ The 2030 target of 500 GW of non-fossil fuel capacity seems viable currently. Khadva in Rajasthan could play a significant role towards achieving the target

# Trends in the BFSI and Automobile Industry

## NSE and BSE Taxation (INR Thousand Crores)

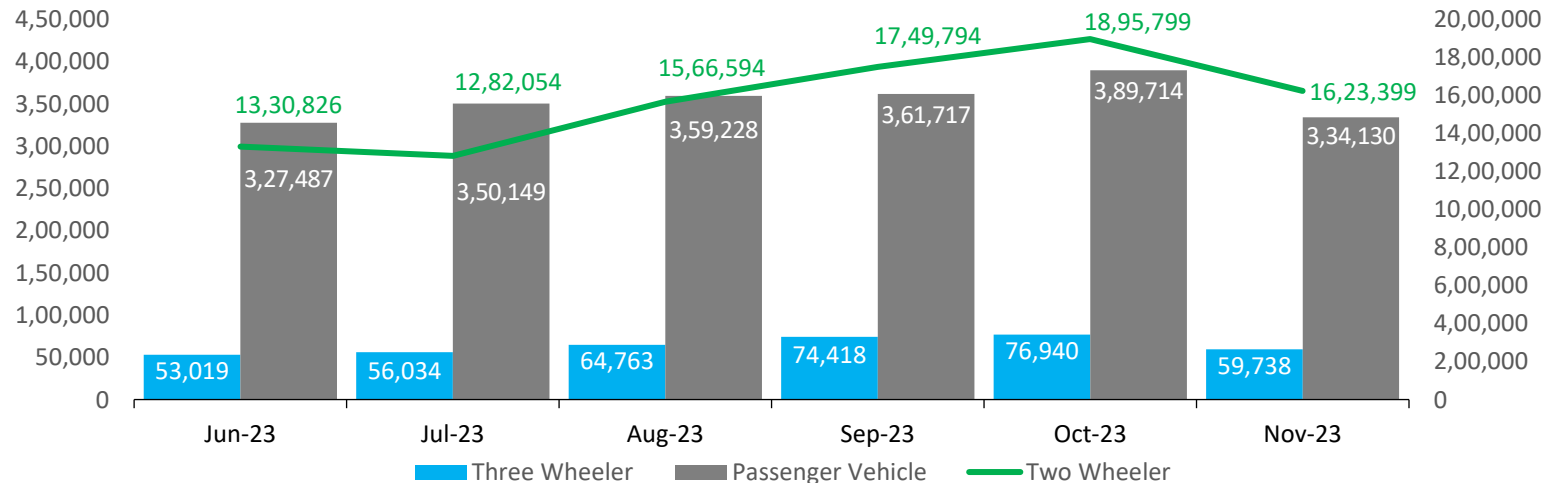


\*BCG India Economic Monitor

NSE and BSE Taxation for Jul-22 was INR 1046.3 K crores. Rounded to the nearest tenth decimal

Y-O-Y growth compared from Oct-22 to Oct-23, and Q-O-Q growth outlined as per the three-month growth of the months outlined

## Domestic Sales Volumes of Auto Segments



\*Society of Indian Automobile Manufacturers

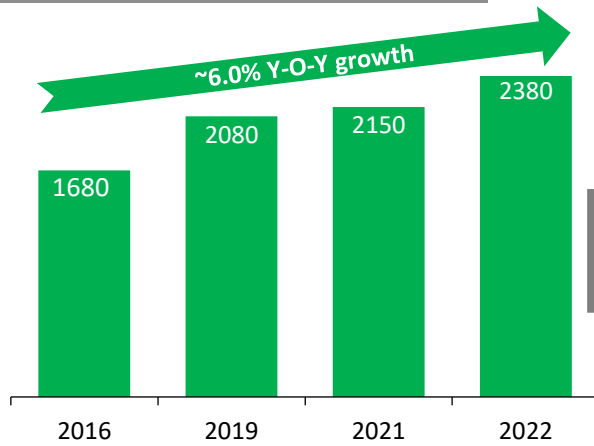
Sales Volumes for Passenger Vehicles excludes the sales volumes of BMW, Mercedes, JLR, and Volvo Auto

- ✓ NSE and BSE taxation rose ~44.9% from ~INR 996.5 thousand crores in October 2022 to ~INR 1443.6 thousand crores in October 2023
- ✓ 3 month rise was the highest as of Jul-23 – a steep ~74.6% rise from ~INR 930.2 thousand crores in Apr-23 to ~INR 1624.1 thousand crores in Jul-23
- ✓ As of Apr-23, NSE and BSE taxation has plummeted by ~14.6% from ~INR 1088.7 thousand crores in Jan-23 to ~INR 930.2 thousand crores in the month

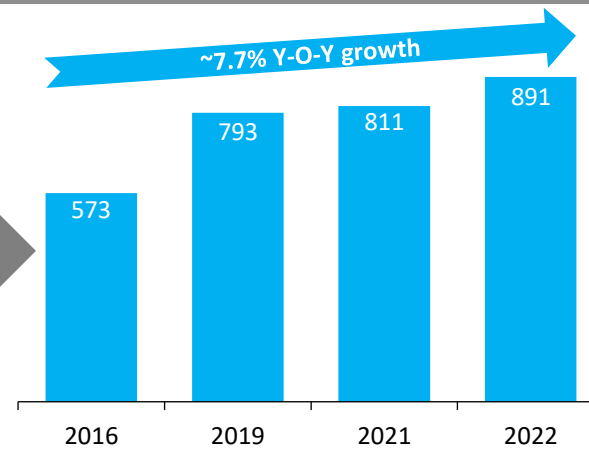
- ✓ November 2023 witnessed two-wheeler sales of 16,23,399 units in the domestic market - a ~14.37% MoM decline from 18,95,799 units in October 2023
- ✓ The month saw a YoY growth of ~31.31% in two-wheeler sales compared to 12,36,282 units in November 2022. Mostly, all two-wheeler brands recorded a declines in MoM numbers, but positive YoY growth
- ✓ Passenger Vehicle and Three Wheeler sales declined by ~14.26% and ~22.36% MoM to 3,34,130 and 59,738 units respectively

# Trends in the Consumer and TMT Industry

### India's GNI Per Capita (USD)



### Overall Retail Market in India (USD Billions)

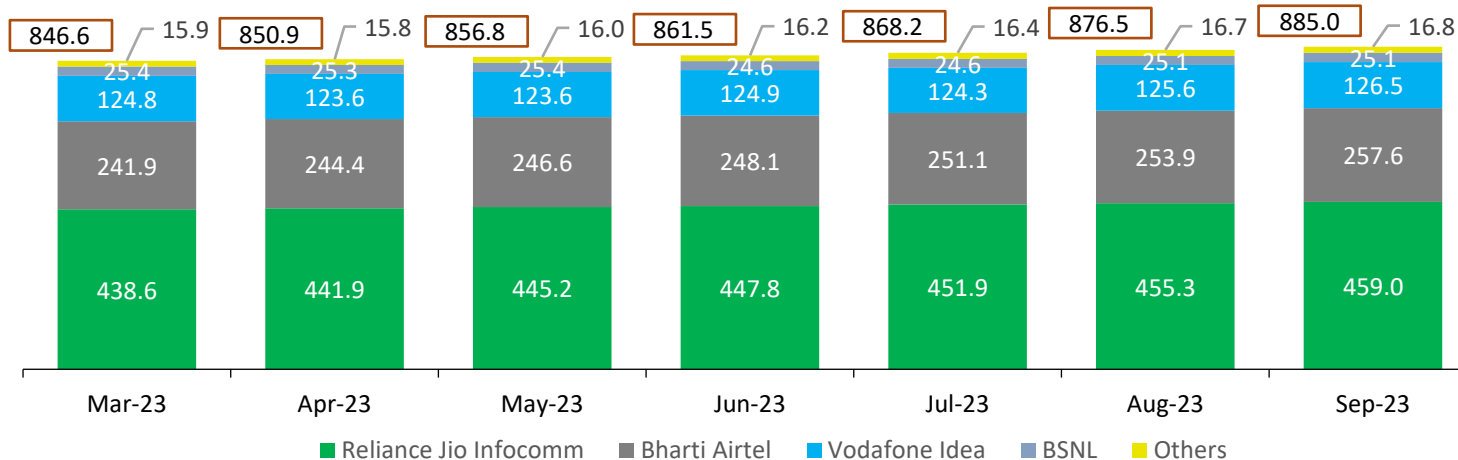


Rising income results in higher consumption

\*LHS - Gross National Income (GNI) per capita [*GNI per capita*] in USD from World Bank  
 \*RHS - Overall Retail Market In India in USD billions from Redseer Research (*Includes both E-commerce and Offline B&M*)  
 Values [in USD and USD billions in LHS and RHS respectively] rounded to the nearest number

- ✓ Rising income is a key growth driver of retail consumption. India's Gross National Income (GNI) - total amount of money earned by a nation's people and businesses - has been in an upward trajectory over the years
- ✓ The overall retail market in India has grown from \$570 bn in 2016 to \$891 bn in 2022, backed by rise in GNI per capita
- ✓ A ~6.0% Y-O-Y rise in India's GNI per capita from 2016 to 2022 led to a higher growth in consumption of ~7.7% Y-O-Y

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



\*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

- ✓ Total broadband subscribers in India rose by ~4.54% (semi-annual basis) to 885.0 million in September 2023 from 846.6 million in March 2023
- ✓ Of the three key players, Bharti Airtel saw the maximum growth in subscribers of ~6.49% (semi-annual basis) from March to September 2023, followed by Reliance Jio Infocomm (~4.65%)
- ✓ Of the three key players, Vodafone Idea witnessed the lowest semi-annual growth of ~1.34% during the same time period

# Calendar Year 2023 - Economic Highlights



## Overview

- ✓ India is the fifth largest economy with a GDP of over \$3.75 trillion
- ✓ In November, RBI Deputy Governor said that India was on track to hit \$5 trillion by 2027
- ✓ Factory activity grew for the 29<sup>th</sup> straight month in November 2023



## Global Recognition

- ✓ India hosted the 18<sup>th</sup> G20 summit of 2023
- ✓ India became the fifth country to achieve a \$4 trillion market capitalization
- ✓ Reuters report noted that India is in a pivotal phase of the S-curve, a phase characterized by high economic acceleration



## Inflows and Deals

- ✓ Few deals included Abu Dhabi Investment Authority's \$500 mn in Lenskart, and Qatar Investment Authority's \$150 mn in Indospace
- ✓ Maharashtra, Karnataka and Gujarat attracted high FDI inflows
- ✓ Startup funding fell from ~\$25 bn in 2022 to ~\$7 bn



## Market Capitalization

- ✓ Nifty ended with a ~20% rise, while Sensex with a ~18% rise year-to-date
- ✓ Surge in investments by retail traders as well as FIIs were some key trends
- ✓ High performing sectors predicted for 2024 include banking, pharmaceuticals, and energy



## Bureaucracy

- ✓ Indo-Pacific Economic Framework signed to reduce supply chain reliance on China
- ✓ Chinese phone manufacturers asked to appoint Indian equity partners with a majority stake
- ✓ Government plans to extend the PLI scheme to other sectors



We are a Global Investment Bank established in 2011, known for the quality of our services, integrity of our conduct and application of scientific methodology at work. We provide an array of Investment Banking services to Corporates by timely facilitation of debt and/or equity funding at attractive rates to support their strategic and critical financing needs. We help our clients cut through the complexities of fundraising, and in executing transactions, Mergers & Acquisitions (M&A), and financing key projects through a team of expert advisors

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We develop structured finance options via re-capitalisation as well as structured instruments like secured loans, promoter funding, pre-IPO funding, and mezzanine funding

## Private Equity

We assist Private Equity (PE) fund houses in raising capital from investors. We also provide fund placement services to PE funds, right from the fund development to final closure

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Our Corporate Advisory services entail client-focused research, information memorandum, business consulting, risk mitigation, and transaction support services

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