



MONTHLY NEWSLETTER - APRIL 2024

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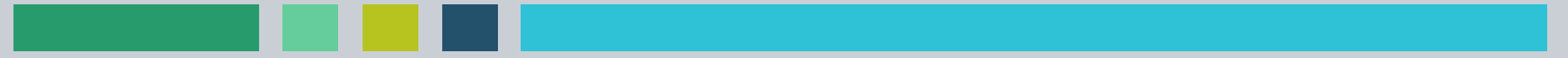


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Global Economy



- ✓ Although **inflation is easing**, it is **above the target in several economies**. Central banks continue to maintain monetary policy restraint
- ✓ **Elevated public debt** amidst tight financial conditions, **extreme weather events**, and **geopolitics** pose **downside risks**

Equity Markets



- ✓ **MSCI world equity index rose 2.9% in March**, with gains in AEs and EMEs by 3.0% and 2.2% respectively
- ✓ **Equity markets**, however, **lost these gains in April** due to higher-than-expected non-farm payroll data, rise in US CPI inflation and escalating geopolitics

Policy Rates



- ✓ Most **AE central banks** held **policy rates constant** at restrictive levels, to ensure aligning of inflation with the targets
- ✓ Major **EME central banks** either **paused or cut their policy rates**, as inflation appears to be converging towards the target

Fixed Income



- ✓ **Debt-GDP ratios**, especially in **AEs**, which rose during the pandemic, are **projected to rise further**, with rising interest burden and cost of debt
- ✓ **Worsening debt situation in AEs** can lead to **spillovers for EMEs** through volatility in the financial markets

Geopolitics



- ✓ **BlackRock Geopolitical Risk Indicator** stood at **0.35 on 19th April**. BlackRock kept the likelihood of Gulf tensions at “high”
- ✓ A few other “**high**” **likelihood risks** included **Russia-NATO conflict**, **US-China strategic competition**, and **Major cyber attacks**



Economic Scenario

- ✓ While India was the fastest growing major economy in FY 2024, India's **real GDP growth** for FY 2025 has been projected at **7.0%**
- ✓ Currently, **food price volatility** in India is **distorting** the nation's **ongoing path of disinflation** and clouding the inflation outlook



Financial Markets

- ✓ **Equity markets** saw mixed results in **April**. While the **IT** and **Pharma** sectors were **resilient**; the **Banking, Energy, and Automotives** sectors faced **challenges**
- ✓ **10 year 7.18% G-Sec 2033** closed at **INR 99.87 (at 7.20%)** on **30th April**, compared to **INR 100.74 (at 7.07%)** on **28th March**

IT - Information Technology



Policy Rates and Inflation

- ✓ RBI keeps key **repo rate unchanged** at **6.5%** for the **7th time**, while maintaining the **"withdrawal of accommodation"** policy stance
- ✓ RBI projects India's **CPI inflation** for **FY 2025** at **4.5%** (**Q1** at **4.9%**, **Q2** at **3.8%**, **Q3** at **4.6%**, and **Q4** at **4.5%**)

bps - basis points [**1 bp = 0.01%**]
MPC - Monetary Policy Committee



Foreign Affairs

- ✓ The **7th round** of negotiations for the **India-Peru Trade Agreement** took place in **New Delhi** from **8th to 11th April**
- ✓ The topics discussed included **Trade in Goods, Trade in Services, Rules of Origin, Technical Barriers to Trade, Trade Remedies**; among many others



Future Outlook

- ✓ RBI's Enterprise Surveys conclude that the **business sentiments** of the **services sector** are **highly optimistic**, till the end of **2024**
- ✓ Manufacturers expect **production optimism** to **improve**, and anticipate **healthy CU levels** from **Q1 to Q3 of FY 2025**

CU - Capacity Utilisation

REAL ESTATE

- ✓ PE giant **Blackstone** is investing in an **Indian real estate developer**, and also selling its rights in a real estate asset to the local entity, as part of **recycling its capital** ⁽¹⁾
- ✓ **Eldeco Group** received its **third-round of injection** worth **INR 350 crores** from **HDFC Capital**, to accelerate the development of projects in Delhi, Gurugram, and Ludhiana, among other cities ⁽²⁾
- ✓ **ICICI Venture** has raised ~**90%** of the **target amount** for **fourth real estate (RE) fund**. This follows the third RE fund, which successfully raised INR 500 crores in 2018 ⁽³⁾

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

(1) Blackstone recycles capital from Indian real estate portfolio
(2) Eldeco Group receives its third-round of injection
(3) ICICI Venture nears fundraising completion for its fourth RE fund

ENERGY & INFRASTRUCTURE

- ✓ **Gautam Adani's family** raised its stake in **Ambuja Cements** to **70.3%** with an equity infusion of **INR 8,339 crores**, taking the family's **total infusion** to **INR 20,000 crores** ⁽⁴⁾
- ✓ **JSW Energy** raises **INR 5,000 crores** through a **QIP**. The proceeds will be used to **reduce debt** and **invest in JSW Neo Energy** (the renewable arm) ⁽⁵⁾
- ✓ Climate-focused investment firm **Eversource Capital** to get **funding** from one of its **existing limited partners** for its **India-focused smart metering platform** ⁽⁶⁾

QIP - Qualified Institutional Placement
OTPPB - Ontario Teachers' Pension Plan Board

(4) Adani's family raises its stake in Ambuja Cements to 70.3%
(5) JSW Energy to raises INR 5,000 crores through a QIP
(6) Eversource Capital to get funding for smart metering platform

BFSI

- ✓ **Navi Technologies** in talks to raise **external funding** at a **\$ 2 bn valuation** - a move coming after the entity didn't go ahead with its planned IPO post SEBI's nod ⁽⁷⁾
- ✓ **ChrysCapital** raises ~**INR 5,840 crores** for a **continuation fund**; allowing it to **maintain its stake** in **India's National Stock Exchange**, while its older investors sell their stakes to the new investors ⁽⁸⁾
- ✓ **IIFL Finance** raises **INR 500 crores** from **Odyssey Reinsurance**, a **subsidiary of Fairfax Financial Holdings**, via 3-year secured bonds at 9.5% coupon, payable s.a. ⁽⁹⁾

BFSI - Banking, Financial Services and Insurance
Continuation fund - It allows a General Partner to hold onto their high-performing assets, beyond the life of the original fund

(7) Navi Technologies in talks for an external round of funding
(8) ChrysCapital raises INR 5,840 crores for a continuation fund
(9) IIFL Finance raises INR 500 crores from Fairfax's subsidiary

AUTOMOBILE

- ✓ **JSW Ventures** to buy a **35%** stake in MG Motor India for **INR 35.77 bn**. Additional funds were infused by **IndoEdge India** (INR 8.18 bn), a **dealer trust** (INR 3.07 bn), and through an **ESOP** (INR 5.11 bn) ⁽¹⁾
- ✓ **Ola Electric Mobility** raises **INR 410 crores** in non-convertible debentures from **EvolutionX Debt Capital**, a platform established by DBS and Temasek ⁽²⁾
- ✓ **Lithium battery startup PointO** raises **INR 6.2 crores** in a **seed round**, led by Equirus InnovateX Fund. The proceeds will be used to **expand its physical centres** ⁽³⁾

mn - million(s)

bn - billion(s)

ESOP - Employee Stock Ownership Plan

- (1) MG Motor India plans to bring investors
(2) Ola Electric Mobility raises INR 410 crores
(3) PointO raises INR 6.2 crores

HEALTHCARE

- ✓ US-based PE **Advent International** agrees to invest **INR 2,475 crores** for a **12.1% stake** in **Apollo HealthCo Ltd**, a subsidiary of Apollo Hospitals Enterprises Ltd ⁽⁴⁾
- ✓ **Warburg Pincus** acquires a stake in **Appasamy Associates Pvt Ltd**, India's largest manufacturer of ophthalmic equipment and intraocular lenses ⁽⁵⁾
- ✓ The **family office** of **Sunil Munjal**, Chairman of Hero Enterprises, **might join a PE firm** in backing an **in-vitro fertilization (IVF) hospital**, which specializes in fertility and obstetrics treatment ⁽⁶⁾

- (4) Advent International agrees to invest in Apollo HealthCo Ltd
(5) Warburg Pincus acquires a stake in Appasamy Associates Pvt Ltd
(6) Sunil Munjal's family office might join a PE firm to back an IVF hospital

RETAIL

- ✓ The **Carlyle Group** joins the race with global PE firms, aiming to acquire a **controlling stake** in an **Indian bakery chain**. Details of the deal are yet to be made public ⁽⁷⁾
- ✓ Former BharatPe CEO **Suhail Sameer's**-backed **OTP Ventures**, aims to close its **debut fund** at **INR 400 crores**. The fund focuses on consumer brands, consumer technology, and fintech ⁽⁸⁾
- ✓ Quick-service restaurant (**QSR**) chain **Wow! Momo** raises **INR 70 crores (~\$ 8.4 mn)** in its latest **Series D** funding round from early-growth fund **Z3Partners** ⁽⁹⁾

CDMO - Contract Development and Manufacturing Organisation

- (7) Carlyle joins the race for a controlling stake in an Indian bakery chain
(8) OTP Ventures aims to close of its debut fund at INR 400 crores
(9) Wow! Momo raises INR 70 crores in its Series D round



NCLT approves the **resolution plan** of **Macrotech Developers** for **V Hotels**. The company will pay **INR 900 crores** in tranches, over a **270-day period** ⁽¹⁾

Prestige Group acquires **21 acres of land** in **Bengaluru** for **INR 450 crores**, with a plan for residential development spanning four million sq ft of developable area ⁽²⁾

NCR-based Migsun Group plans to launch a **mix-use project** at an investment of **INR 426 crores** on a **5-acre land parcel** in **Lucknow** ⁽³⁾

Godrej Properties announces that it sold over **1,050 homes** worth over **INR 3,000 crores** in only **three days** of the **Godrej Zenith** project launch in **Gurugram** ⁽⁴⁾

Mix-use project - A project combining residential and commercial spaces in a single property



India added a record renewable energy capacity of **18.48 GW (gigawatt)** in **2023-24** - **21% more** than **15.27 GW** in the **previous year** ⁽⁵⁾

Reliance, JSW Neo and Amara Raja among the entities to **bid for battery manufacturing gigafactory** - a move critical to expand India's renewable energy capacity ⁽⁶⁾

NTPC eyes a **5 GW power generation capacity addition** in **2024-25** - **3 GW** of renewable energy and **2 GW** of thermal energy capacity ⁽⁷⁾

Edelweiss AIF plans to deploy **INR 6500 crores** over two years to acquire operating projects in two segments - **roads and energy** ⁽⁸⁾

E&I - Energy and Infrastructure

(1) [NCLT approves the resolution plan of Macrotech Developers](#)

(2) [Prestige Group acquired 21 acres of land in Bengaluru](#)

(3) [Migsun Group plans to launch a mix-use project in Lucknow](#)

(4) [Godrej Properties sells homes worth over INR 3,000 crores in only three days](#)

(5) [India added more than 18 GW of renewable energy capacity in 2023-24](#)

(6) [Reliance, JSW and Amara Raja among the entities to bid for battery manufacturing gigafactory](#)

(7) [NTPC eyes a 5 GW power generation capacity addition in 2024-25](#)

(8) [Edelweiss AIF plans to deploy INR 6500 crores in roads and energy](#)



Cash in circulation more than doubles from INR 13.35 lakh crores in March 2017 to 35.15 lakh crores in March 2024, implying that cash is still as important as the digital modes ⁽¹⁾

RBI bans Kotak Mahindra Bank from onboarding new customers through online / mobile banking channels and issuing fresh credit cards ⁽²⁾

India's largest stock exchange (by volume) National Stock Exchange awaits SEBI's nod to begin its IPO process ⁽³⁾

PNB reports an 11.5% credit growth at INR 9.85 lakh crores for the March 2024 quarter, with a Credit Deposit (CD) ratio of 72% ⁽⁴⁾

BFSI - Banking, Financial Services and Insurance



The Indian automobile industry posts a 12.5% sales growth in FY 2024 with 2.38 million units (MU) of total domestic sales, against 2.12 MU in FY 2023 ⁽⁵⁾

Maruti Suzuki expands production capacity in its Manesar plant by one lakh units annually, taking its manufacturing capability at Manesar to 9 lakh units annually ⁽⁶⁾

Greaves Electric Mobility appoints K Vijaya Kumar, who possesses three decades of experience in the mobility sector, as its CEO ⁽⁷⁾

Ashok Leyland plans to grow its in-house software team by 6x in 3 years for future Medium and Heavy Commercial Vehicles (M&HCVs) ⁽⁸⁾

(1) Cash in circulation more than doubles from March 2017 to March 2024
(2) RBI bans Kotak Mahindra Bank from onboarding customers and issuing credit cards
(3) NSE awaits SEBI's nod to begin its IPO process
(4) PNB reports a credit growth of 11.5% for the March 2024 quarter

(5) Indian automobile industry posts a 12.5% sales growth
(6) Maruti Suzuki expands Manesar plant capacity by one lakh units annually
(7) Greaves Electric Mobility appoints K Vijaya Kumar as its CEO
(8) Ashok Leyland looks to grow its in-house software team



India's Ayurveda product market is projected to reach INR 1,20,000 crores by FY 2028, from INR 57,450 crores at present, according to a study ⁽¹⁾

MMC has partnered with the **National Medical Commission (NMC)** to train physicians in Maharashtra in handling medico-legal matters ⁽²⁾

Max Healthcare to invest **INR 5,500 crores** over the next **3-5 years**, funded via internal accruals, to **double their existing bed capacity** ⁽³⁾

Blackstone and TPG-backed **Quality Care**, announces **two key appointments** to its management to drive the hospital platform's growth in South Asia ⁽⁴⁾

CII - Confederation of Indian Industry

MMC - Maharashtra Medical Council



Growth in rural demand for FMCG, from December 2023 to February 2024, outpaces urban demand, signalling early indications of demand recovery ⁽⁵⁾

Despite high valuations, **KKR & Co.** is **optimistic** on India's consumer sector and believes in the nation's long-term consumption growth ⁽⁶⁾

Japan-based **Takasago**, one of the leading **flavour and fragrances companies** globally, plans a **major expansion** in India to support its strong growth in the country ⁽⁷⁾

Lifestyle and mobile-accessories maker, **Damson Technologies** plans to move **half of its production from China to India**, with an initial investment of **INR 150 crores** ⁽⁸⁾

⁽¹⁾ India's Ayurveda product market projected to reach 1,20,000 crores by FY 2028

⁽²⁾ MMC partners with NMC to train physicians in handling medico-legal matters

⁽³⁾ Max Healthcare to invest INR 5,500 crores in the next 3-5 years

⁽⁴⁾ Quality Care announces two key appointments to its management

⁽⁵⁾ Growth in rural FMCG demand, from December to February, outpaces urban demand

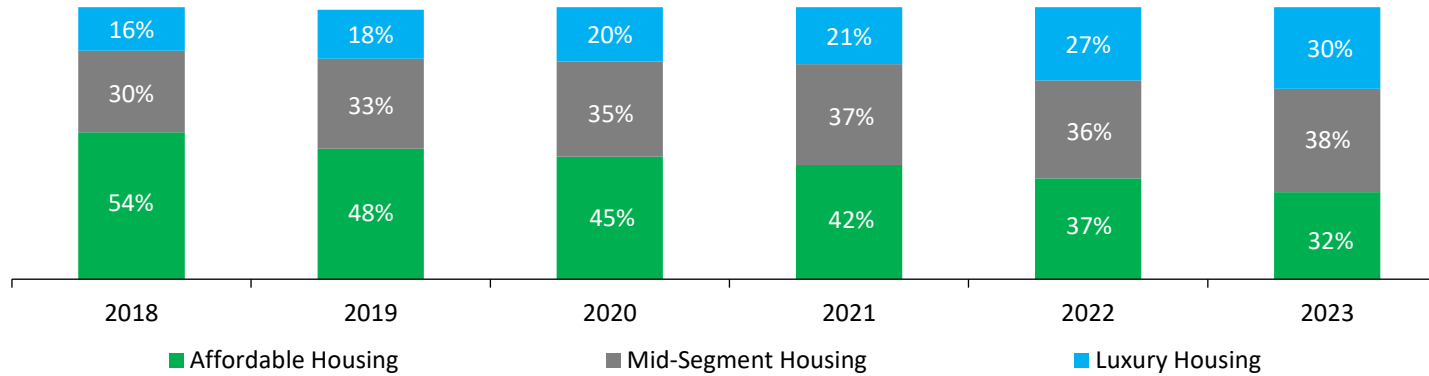
⁽⁶⁾ KKR is optimistic about India's consumer sector

⁽⁷⁾ Takasago plans a major expansion in India

⁽⁸⁾ Damson Technologies plans to move half of its production to India

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

Demand across Housing Segments in Residential Real Estate



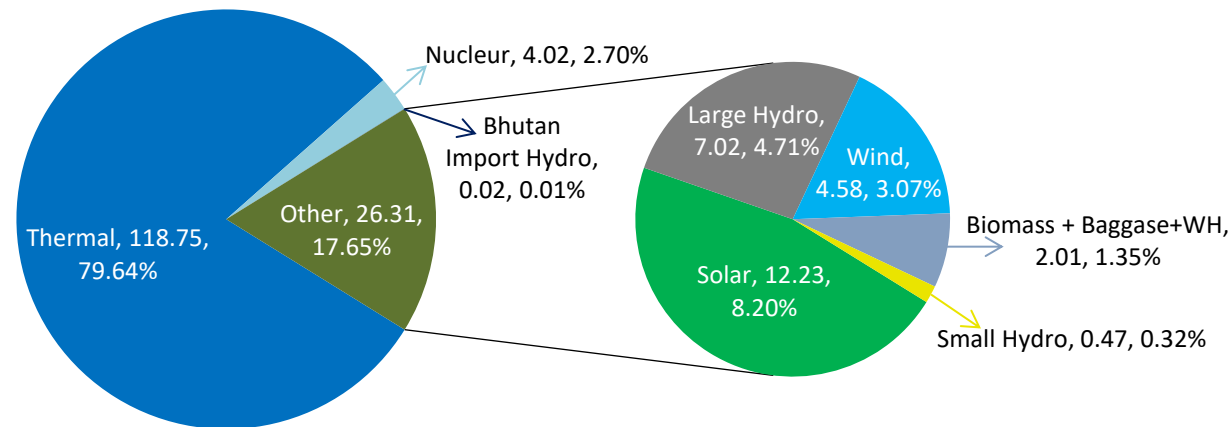
Source - Knight Frank Research

Affordable Housing - Under INR 5 million; Mid-Segment Housing - INR 5 to 10 million; and Luxury Housing - Above INR 10 million

Note - Data is subject to rounding differences. Data for residential sales across the top 8 Indian cities is available till June 2023

- ✓ While “Mid-Segment Housing” continues to dominate the demand for residential real estate in India; there has been a **rising demand** for “Luxury Housing” in the nation
- ✓ In **2023**, the **share of “Luxury Housing”** was **34%** - a **significant increase** from a mere **16%** in **2018**. Conversely, the share of “Affordable Housing” **declined** from **54%** to **32%** during the same time period
- ✓ Factors like **growth in HNIs / UHNIs, salary growth**, among others; will continue to **raise the demand** for **luxury housing** in India

India’s Monthly Energy Generation in March 2024 (149.08 BU)



Source - Monthly Renewable Energy Generation Report by the Ministry of Power

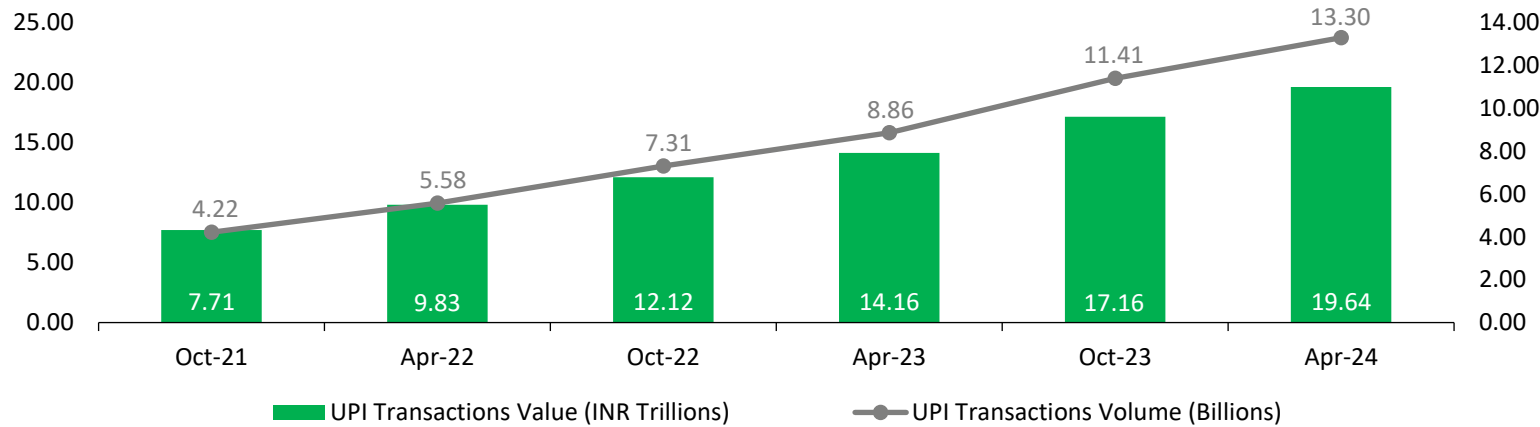
Data Labels outlined as [(Energy Source), (Energy Generation in BU), (Percentage contribution to total energy generated)]

Note - Value of Energy Generation outlined in Billion Units, and figures subject to rounding differences

- ✓ In March, **~17.65%** of **energy generated** in India resulted from **renewable sources**
- ✓ Out of **26.31 BU** of renewable energy generated, **12.23 BU** resulted from **solar energy** and **7.02 BU** from “**Large Hydro**” (*highest contributors*). Conversely, with **0.47 BU**, “**Small Hydro**” was the **lowest contributor**
- ✓ From **April 2023 to March 2024**, **~359.89 BU** of **renewable energy** has been generated, and **North India** has been the **highest contributor** by region (~137.89 BU out of ~333.6 BU was generated in the Northern Region)

Trends in the BFSI and the Automobile Industry

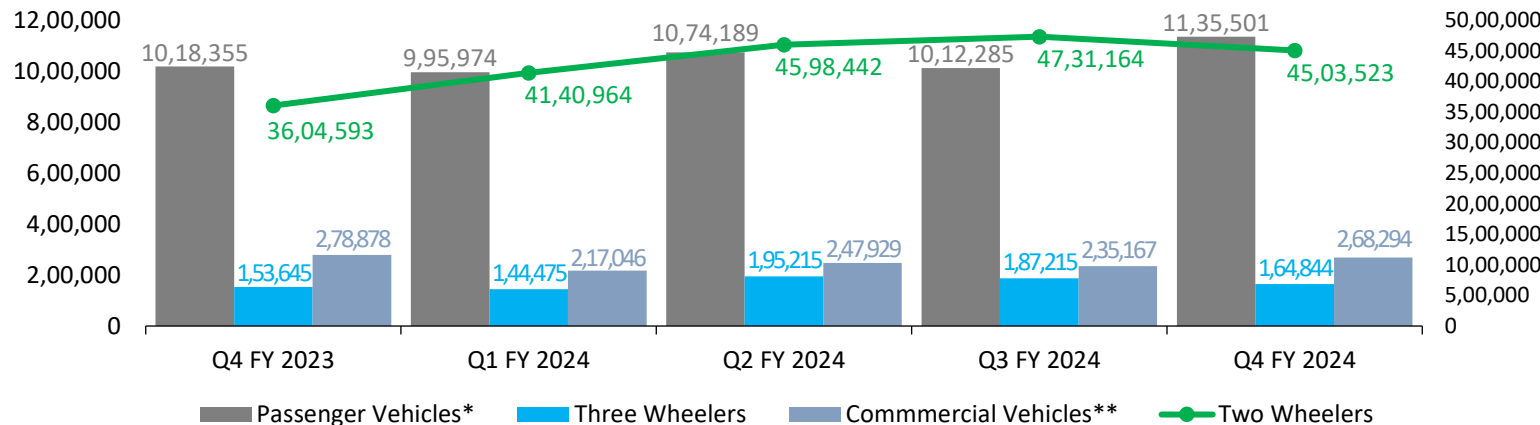
UPI Transaction Value and Volume



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 **~2.55x** in two and half years - from **INR 7.71 trillion** in **October 2021** to **INR 19.64 trillion** in **April 2024**
- ✓ The **volume** of UPI transactions has grown to **~3.15x** in the same period - from **4.22 billion** transactions in **October 2021** to **13.30 billion** transactions in **April 2024**
- ✓ While **UPI** continues to revolutionize digital payments in India, its **widespread adoption** demonstrates its **significance** in the country's **financial landscape**

Quarterly Performance of Auto Segments - Domestic Sales Volume

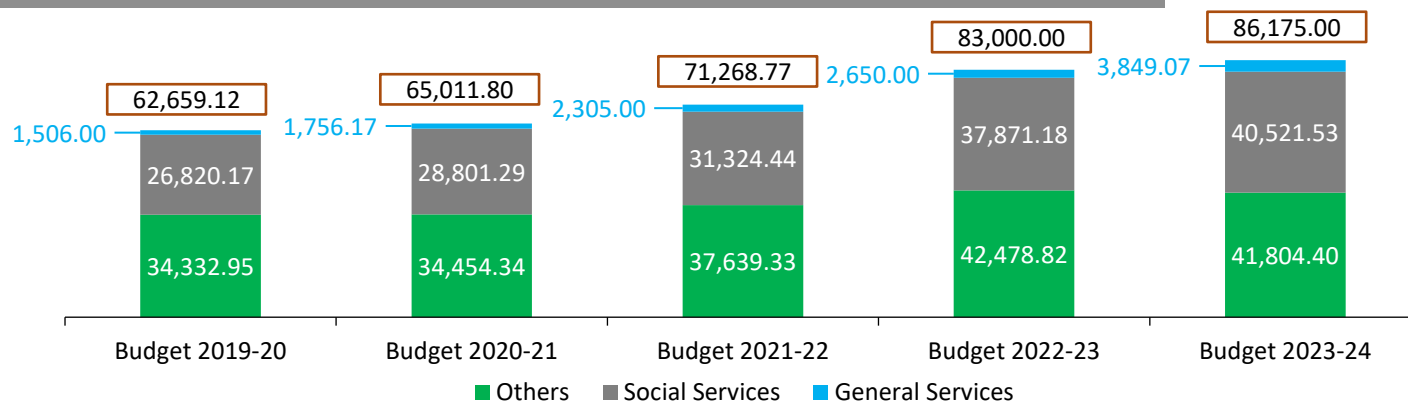


Source - Society of Indian Automobile Manufacturers
 *Domestic sales volume of Passenger Vehicles excludes BMW, Mercedes, JLR, and Volvo Auto
 ** Domestic sales volume of Commercial Vehicles excludes Daimler, JBM Auto, and Scania

- ✓ Compared to Q4 FY 2023, the **domestic quarterly sales volumes** of all auto segments witnessed an **annual rise** (for Q4 FY 2024); **except commercial vehicles (CVs)**, whose quarterly sales volume **fell** by **~3.8%**
- ✓ **Two Wheelers (2Ws)** saw the **highest rise** of **~25%** in domestic quarterly sales volume - from **36,04,593 units** in **Q4 FY 2023** to **45,03,523 units** in **Q4 FY 2024**
- ✓ **Passenger Vehicles (PVs)** quarterly sales volume **rose** by **~11.5%**, and **Three Wheelers (3Ws)** quarterly sales volume **rose** by **~7.3%**

Trends in the Healthcare and the Retail Industry

Net Allocation - Ministry of Health and Family Welfare (MoHFW) [INR Crores]



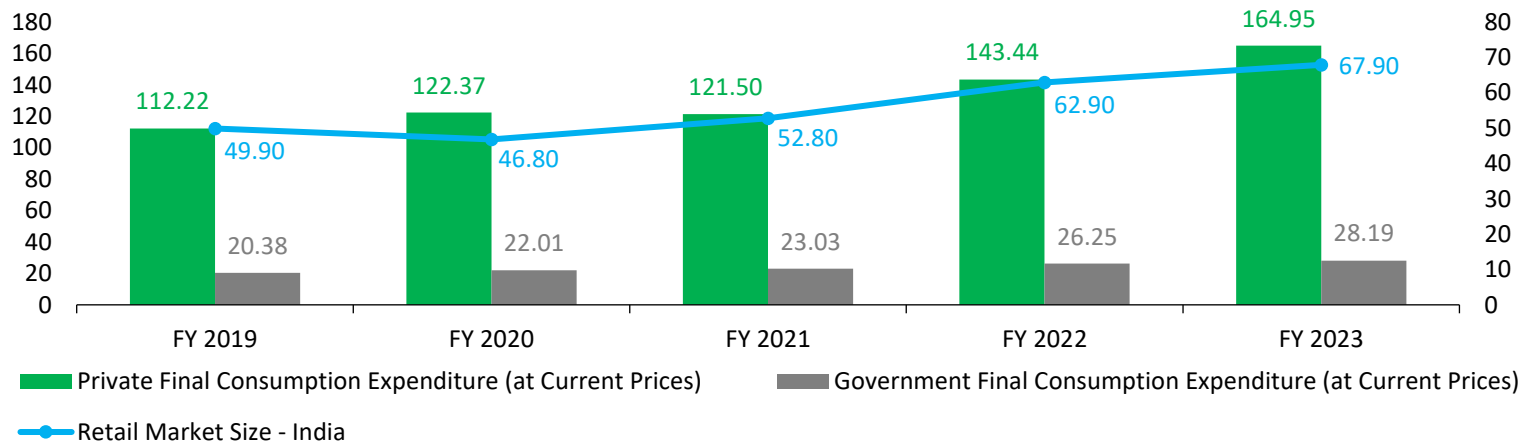
Source - Union Budget(s): Notes on Demands for Grants

Brown textboxes outline the total expenditure allocated (Budget Estimates) towards MoHFW for the respective year

Note - The "Others" developmental head includes North-Eastern Areas, Grants-in-aid to State Governments / Union Territory Governments, etc; the "Social Services" developmental head includes Medical and Public Health, Family Welfare, Capital Outlay on Medical and Public Health, etc; and the "General Services" developmental head includes Council of Ministers and Pensions / Other retirement Benefits.

- ✓ Net allocation (**Budget Estimates**) towards MoHFW has grown at a CAGR of **8.29%** from INR 62,659.12 crores in Budget 2019-20 to INR 86,175.00 crores in Budget 2023-24
- ✓ The share of "Others" in the net allocation has **declined** marginally from **54.8%** in 2019-20 to **48.5%** in 2023-24
- ✓ Conversely, the share of "Social Services" in the net allocation has **risen** marginally from **42.8%** in 2019-20 to **47.0%** in 2023-24. The share of "General Services" rose from **2.4%** to **4.5%** in the same time period

India's PFCE, GFCE and Retail Market Size - FY 2019 to FY 2023 [INR Trillions]



Source (PFCE and GFCE) - National Statistical Office

Source (Retail Market Size) - Annual Reports of organized players, India Brand Equity Foundation, Expert Interviews, Frost & Sullivan Analysis

Note (PFCE and GFCE) - Figures for FY 2019 to FY 2021: 2nd Revised Estimates; FY 2022: 1st Revised Estimates; and FY 2023: Provisional Estimates

- ✓ PFCE in India has grown at **~10.1% p.a.** (marginal decline in the pandemic year, FY 2021), while the GFCE has grown at **~8.5% p.a.**; from FY 2019 to FY 2023
- ✓ This marked growth in expenditure by resident households and the Government resulted in a decent **8% p.a. growth** in the Indian retail market size, during the same period, despite a decline in FY 2020
- ✓ A few industry growth drivers include the rise in disposal income, e-commerce sales, emergence of consumerism, among others

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Regd. Office

47, Capital Trust House,
New Friends Colony,
New Delhi - 110025
Phone No: 011-49-656-500

Chandigarh

SCO - 52 - 53, Level 1,
Sector 9- D, Madhyamarg,
Chandigarh - 160009
Phone No: 0172-46-10206 /20206

Corporate Office

G-1, Floor at Berger Tower,
Plot No. C-01 A/2,
DND Flyway, Sector - 16B,
Noida - 201301
Phone No: 0120-6953300

Pune

Lower Ground Floor, Jewel Square,
CTS No 15/A, 7/15,
S. No 479 & 480 Koregaon Road Nex,
Pune - 411001

Mumbai

One BKC, C Wing, Unit no. 716, 7th floor,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400051
Phone No: 022-6713-9600

Website: <https://www.uvcapital.in/>