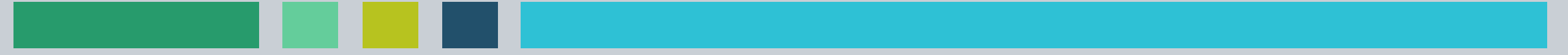




# MONTHLY PULSE - FEBRUARY 2024



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## 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 29<sup>th</sup> February 2024, compared with 100.15 (7.16%) on 31<sup>st</sup> 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 15<sup>th</sup> 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 10<sup>th</sup> round of upgradation talks of India-Korea's CEPA, India sought greater market access for specific products <sup>(1)</sup>

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

## 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 <sup>(1)</sup>
- ✓ 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 <sup>(2)</sup>
- ✓ 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 <sup>(3)</sup>

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) <sup>(4)</sup>
- ✓ 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 <sup>(5)</sup>
- ✓ Swiss impact investor Blue Earth Capital, in partnership with Aavishkaar Capital, invested in India's leading cleantech venture Nepra Resource Management <sup>(6)</sup>

- (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 <sup>(7)</sup>
- ✓ Bandhan Financial Holdings Limited (BFHL), the holding company of Bandhan Bank, acquires a 56% stake in Aegon Life Insurance Company Limited <sup>(8)</sup>
- ✓ 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 <sup>(9)</sup>

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 <sup>(1)</sup>
- ✓ Canadian automotive products manufacturing giant Magna, which ended 2023 with a revenue of ~\$43 bn, to divest a major chunk of Indian business <sup>(2)</sup>
- ✓ 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 <sup>(3)</sup>

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 Sevia have raised \$173 mn in total via Sevia's "T3F Strategy", to invest in late venture and early growth agri-food companies <sup>(4)</sup>
- ✓ 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 <sup>(5)</sup>
- ✓ 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 <sup>(6)</sup>

(4) [Temasek and Sevia 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 <sup>(7)</sup>
- ✓ 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 <sup>(8)</sup>
- ✓ European private equity player CVC Capital has partnered with a leading Indian agrochem company, to invest in chemicals and CDMO businesses <sup>(9)</sup>

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 <sup>(1)</sup>

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

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 <sup>(3)</sup>

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

## E&I



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

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 <sup>(6)</sup>

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

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

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](#)

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



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

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

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

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

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 <sup>(5)</sup>

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

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

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

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](#)

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



## AGRICULTURE AND FOOD PROCESSING



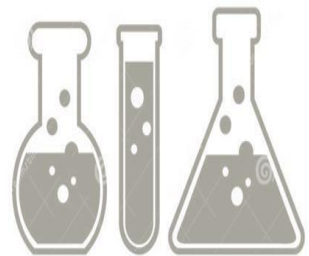
Sugar mills can sell Potash Derived from Molasses (PDM) to fertilizer companies as an additional source of revenue, and claim a subsidy <sup>(1)</sup>

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

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

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

## 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 <sup>(5)</sup>

Pidilite Industries announces the appointment of Sudhanshu Vats as Managing Director designate <sup>(6)</sup>

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

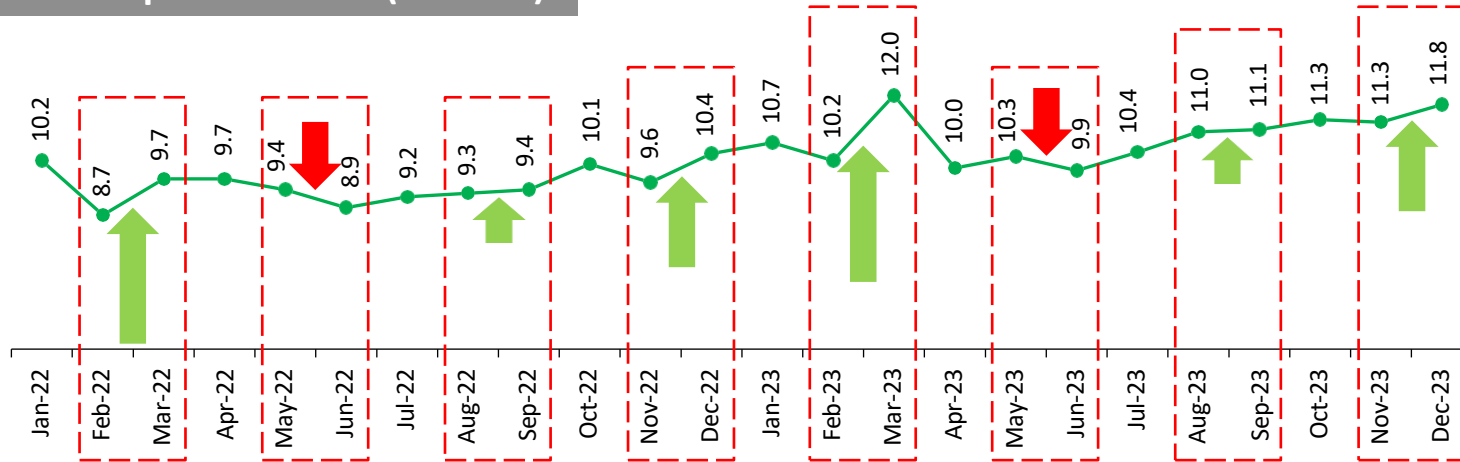
DCM Shriram will invest INR 1,000 crores over the next few years, to set up a greenfield plant for producing epoxy resin <sup>(8)</sup>

(1) [Sugar mills can sell PDM to fertilizer companies, and claim a subsidy](#)  
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# Trends in the Metals & Mining and the Energy & Infrastructure (E&I) Industry

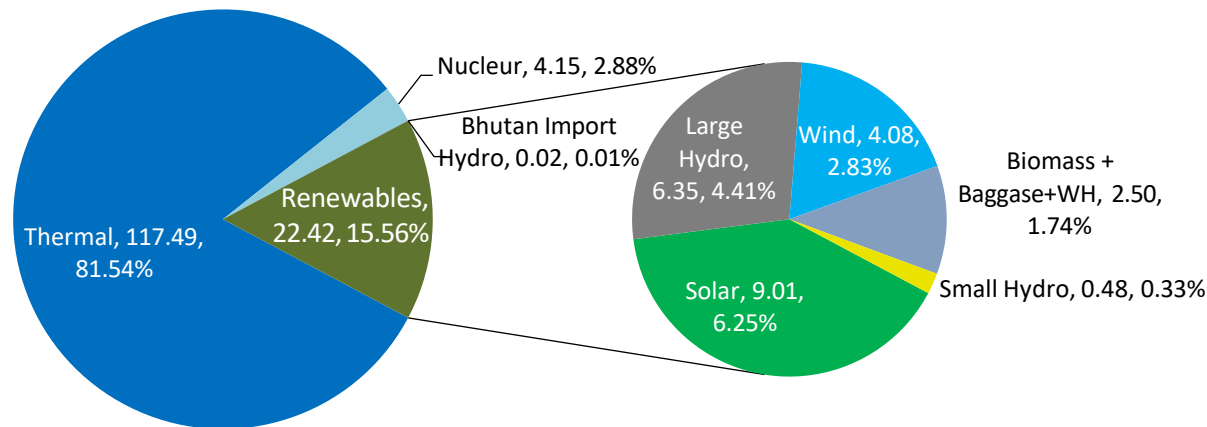
## Consumption of Steel (in MMT)



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)

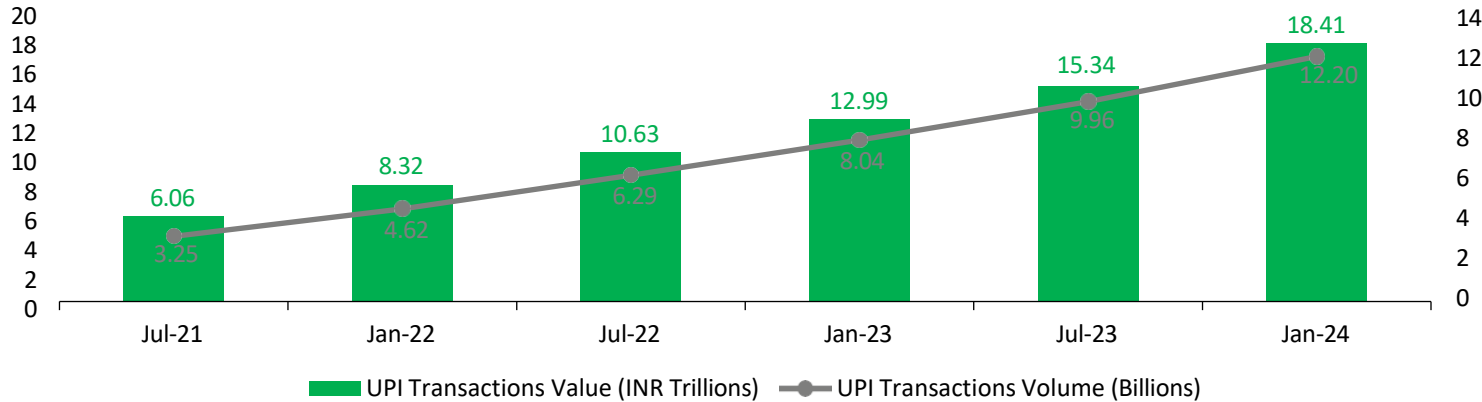


Source - Monthly Renewable Energy Generation Report by the Ministry of Power  
Data Labels outlined as [(Energy Source), (Energy Generation in BU), (Percentage contribution to total energy generated)]  
Value of Energy Generation outlined in Billion Units

- ✓ 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

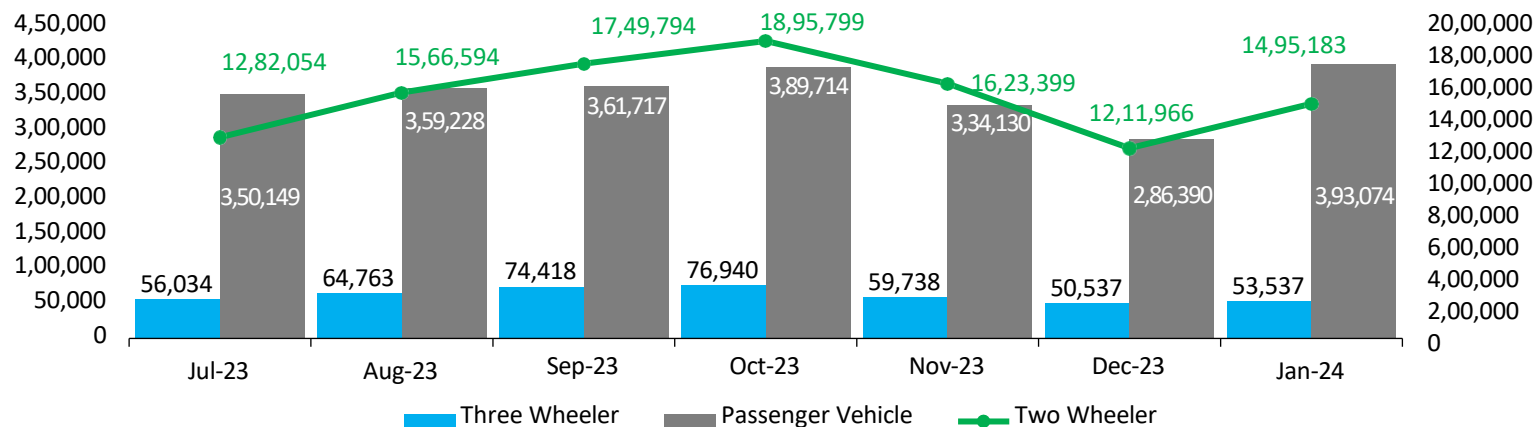
## UPI Transactions Value and Volume



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

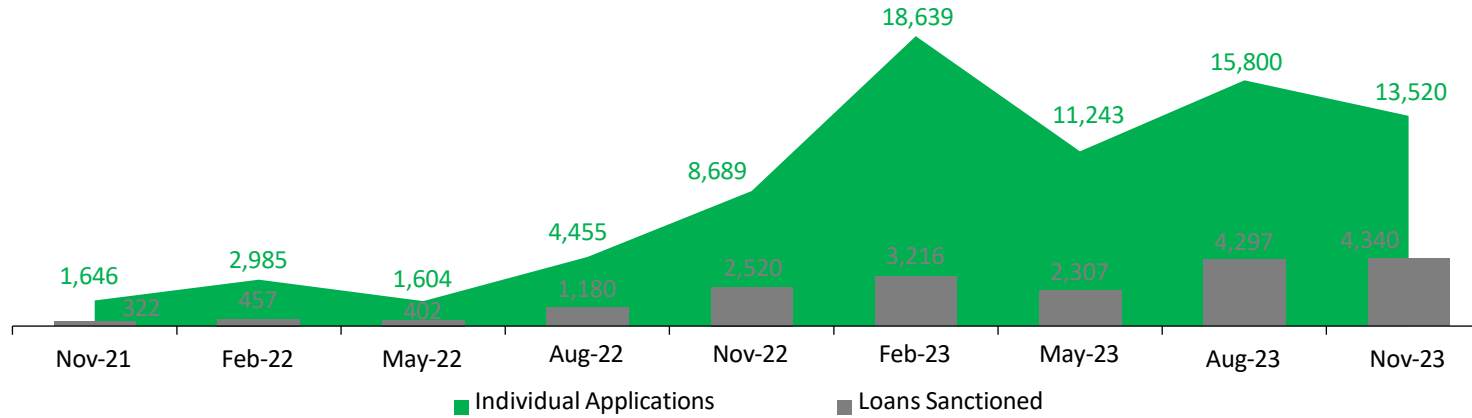


Source - Society of Indian Automobile Manufacturers  
 Sales Volumes for Passenger Vehicles excludes the sales volumes of BMW, Mercedes, JLR, and Volvo Auto

- ✓ 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



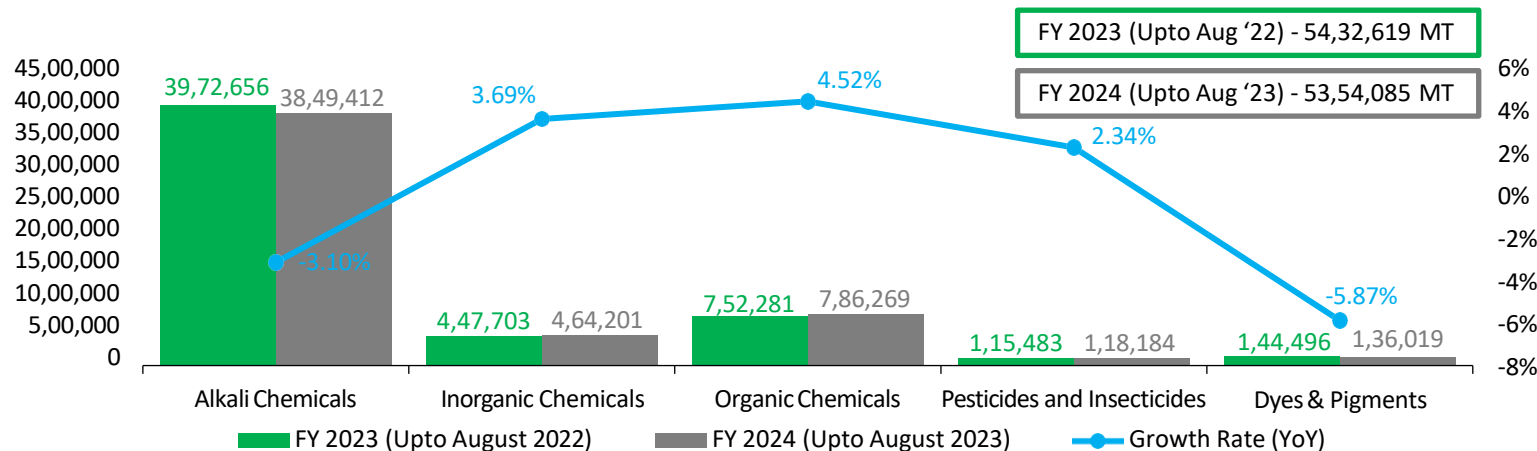
Source - Ministry of Food Processing Industries

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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