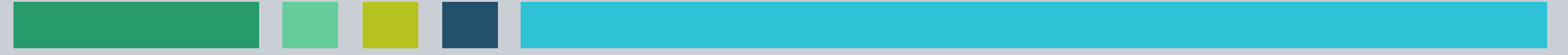




# MONTHLY NEWSLETTER - MARCH 2024



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## Global Economy



- ✓ While inflation trends downwards, real GDP growth is slowing in some of the most resilient economies
- ✓ With Asia being the centre of gravity for economic order, it could likely contribute to two-thirds of the global growth for 2024

## Equity Markets



- ✓ MSCI world equity index rose by 4.2% in February, with a 4.1% gain in AEs, as earnings proved were higher than expected
- ✓ MSCI for EMEs rose by 4.6%, as capital flows into EMEs surged and China witnessed a strong rally

## Policy Rates



- ✓ Most AE central banks held policy rates constant, while some EME central banks were in their easing paths
- ✓ China witnessed reductions in key lending rates. Conversely, Japan ended its eight-year period of negative interest rates

## Fixed Income



- ✓ February saw government bond yields of AEs climb from their January lows, as central banks pushed back expectations of early rate cuts
- ✓ In the forex market, the US Dollar index appreciated by 0.9% (M-O-M) in February

## Geopolitics



- ✓ The ongoing war in the Middle East, escalation of US-China tensions over Taiwan, and hostilities in the Red Sea pose geopolitical risks
- ✓ BlackRock's Geopolitical Risk Indicator stood at 19-month highs in February



## Economic Scenario

- ✓ After a slight moderation in January, economic activity in India gained momentum in February 2024
- ✓ Backed by robust momentum in the manufacturing sector, the real GDP growth in Q3 of FY 2024 stood at 8.4%, a six-quarter high



## Financial Markets

- ✓ India received the highest equity inflows among emerging market peers in 2023-24 (April to February)
- ✓ Within equity; consumer services, automobiles, healthcare, and capital goods were the leading FPI recipient sectors



## Growth Estimates

- ✓ Fitch Ratings has revised India's real GDP growth forecast for FY 2025 to 7.0%, a strong 50 bps revision from 6.5% earlier
- ✓ Net FPI inflows during 2023-24 amounted to \$40.5 bn, till 14<sup>th</sup> March, the highest since 2015-16

bps - basis points [1 bp = 0.01%]



## Foreign Affairs

- ✓ S. Jaishankar reveals India's intent to strengthen India-ASEAN relations during his two-day visit to Malaysia
- ✓ Ukraine's Minister of Foreign Affairs made his maiden visit to India to seek a resolution to the two-year old Russia-Ukraine conflict



## Future Outlook

- ✓ As India's PFCE remains low, demand in small towns is driving growth across the consumer sector
- ✓ Research indicates an average growth outlook in the FMCG sector (next six months), but a robust medium term outlook in premium consumer businesses

PFCE - Private Final Consumption Expenditure

## REAL ESTATE

- ✓ Edelweiss Special Situations Fund makes two debt investments at ~18% to 20% - INR 325 crores in Prateek Realtors and 450 crores in Suruchi Properties <sup>(1)</sup>
- ✓ Former KKR executive's real estate investment and advisory firm Certus Capital invests INR 130 crores in two prime commercial projects in Pune for its secured bonds platform <sup>(2)</sup>
- ✓ Macrotech Developers, which markets properties under the "Lodha" brand, will raise INR 125 crores via the issue of 12,500 NCDs of INR 1 lakh each <sup>(3)</sup>

mn - million(s)

bn - billion(s)

NCDs - Non-convertible debentures

(1) Edelweiss Special Situations Fund makes two debt investments

(2) Certus Capital invests INR 130 crores in two Pune commercial projects

(3) Macrotech Developers will raise INR 125 crores

## ENERGY & INFRASTRUCTURE

- ✓ GIC to sell nearly half its stake - 24% of units in IRB Infrastructure Trust and a similar stake in its investment manager - to Spain's Ferrovial for \$810 mn (INR 6586 crores) <sup>(4)</sup>
- ✓ Canadian pension funds CPPIB and OTPP have made a follow-on investment in National Highways Infra Trust (NHAI's InvIT) totaling to \$438 mn (INR 3640 crores) <sup>(5)</sup>
- ✓ Adani Ports to buy a 95% stake in Gopalpur Port - 56% from SP Group and 39% from Orissa Stevedores - for an equity value of \$161.74 mn (INR 13.49 bn) <sup>(6)</sup>

CPPIB - Canada Pension Plan Investment Board

OTPP - Ontario Teachers' Pension Plan

SP Group - Shapoorji Pallonji Group

(4) GIC to sell nearly half its stake in IRB Infrastructure Trust

(5) CPPIB and OTPP make follow-on investments in NHAI's InvIT

(6) Adani Ports to buy a 95% stake in Gopalpur Port

## BFSI

- ✓ Alteria Capital makes the final close of its third venture debt fund with a capital raise of \$186 mn (INR 1,550 crores). It had set a target of INR 1000 crores with a green-shoe option <sup>(7)</sup>
- ✓ Avanse Financial Services Ltd, an education-focused NBFC raised ~\$120 mn (INR 1000 crores) in a funding round led by Mubadala Investment Company <sup>(8)</sup>
- ✓ Ambit Group's NBFC arm is raising \$49.2 mn (INR 410 crores) from Japan's Daiwa Securities, and ~\$33 mn (INR 275 crores) from existing shareholders <sup>(9)</sup>

BFSI - Banking, Financial Services and Insurance

(7) Alteria Capital closes its third venture debt fund

(8) Avanse Financial Services Ltd raised ~\$120 mn

(9) Ambit Group's NBFC arm is raising funds

## AUTOMOBILE

- ✓ Chiratae-backed Minus Zero signs a strategic alliance with Ashok Leyland to develop self driving trucks for ports, factories, etc. The deal value / execution timeline is yet to be made public <sup>(1)</sup>
- ✓ JSW Group and China's SAIC Motor owned-MG Motor India announce joint venture to produce both electric and ICE cars and capture a large chunk of the Indian market <sup>(2)</sup>
- ✓ Tata Motors will separate its commercial vehicle (CV) business from its passenger vehicle (PV) arm, which will house the Jaguar Land Rover business <sup>(3)</sup>

mn - million(s)

bn - billion(s)

ICE - Internal Combustion Engine

(1) Minus Zero and Ashok Leyland to develop self-driving trucks

(2) JSW Group and MG Motor India announce joint venture

(3) Tata Motors to separate its businesses

## PHARMACEUTICALS

- ✓ AstraZeneca to buy Canadian drug developer Fusion Pharmaceuticals for \$2 bn in cash, as the drugmaker bets on next-generation cancer treatments and expands foothold in radiopharmaceutical drugs <sup>(4)</sup>
- ✓ Engrail Therapeutics, a former Cipla executive's biotech startup, secures \$157 mn (INR 1300 crores) in Series B round led by healthcare-focused VC firms <sup>(5)</sup>
- ✓ ChrysCapital-backed Eris Lifesciences, acquires biopharma company Biocon Biologics' Indian formulations business at \$150 mn (INR 1242 crores) <sup>(6)</sup>

(4) AstraZeneca to buy Fusion Pharmaceuticals for \$2 bn in cash

(5) Engrail Therapeutics secures \$157 mn in Series B round

(6) Eris Lifesciences acquires Biocon Biologics' Indian formulations business

## AGRICULTURE / FOOD PROCESSING

- ✓ Kedaara Capital acquires majority stake in Dairy Classic Ice Creams (Dairy Day), a leading South Indian ice cream brand, for \$150 mn (INR 1200 crores), providing an exit to Motilal Oswal PE <sup>(1)</sup>
- ✓ Samara Capital is in discussions to acquire a 50% stake in Del Monte Foods from Bharti Enterprises, and is also considering a minority stake in Godrej Tyson Foods <sup>(2)</sup>
- ✓ JM Financial Private Equity (JMFPE) to invest INR 45 crores in Energy Beverages Pvt Ltd, which owns the bottled water brand "Clear Premium Water" <sup>(3)</sup>

CDMO - Contract Development and Manufacturing Organisation

(7) Kedaara Capital acquires majority stake in Dairy Day

(8) Samara in discussions for majority stake in Del Mote Foods, and minority stake in Godrej Tyson Foods

(9) JMFPE to invest INR 45 crores in in Energy Beverages Pvt Ltd



SM REITs - Small and Medium REITs

SEBI notification for SM REITs to reduce the ticket size from INR 25 lakhs to 10 lakhs could better investor participation and enhance liquidity <sup>(1)</sup>

DDA has issued a tender to demolish North Delhi's Signature View Apartments owing to structural issues <sup>(2)</sup>

Prestige Group acquires 62.5 acres of land in Indirapuram Extension for INR 468 crores; marking an expansion of its footprint in the NCR real estate market <sup>(3)</sup>

K Raheja Corp to develop a 2.5 acre land parcel in Mumbai into a residential project with a revenue potential of more than INR 2000 crores <sup>(4)</sup>

DDA - Delhi Development Authority



E&I - Energy and Infrastructure

Maharashtra's MMRDA has allocated INR 4,195 crores for various infrastructure projects in the 2024-25 budget <sup>(5)</sup>

According to experts, India's nascent green hydrogen market might witness troughs owing to incentives offered in the United States and Europe <sup>(6)</sup>

Adani Group infuses INR 6,661 crores in Ambuja Cement by converting 21.20 crore warrants into shares, raising its stake by 3.6% to 66.7% <sup>(7)</sup>

Kalpataru Projects International and its arms bag orders worth INR 2,071 crores, including new orders in the T&D business in overseas markets <sup>(8)</sup>

MMRDA - Mumbai Metropolitan Region Development Authority

T&D - Transmission and Distribution

<sup>(1)</sup> [SEBI notification for SM REITs could better investor participation](#)

<sup>(2)</sup> [DDA issues tender to demolish Signature View Apartments](#)

<sup>(3)</sup> [Prestige Group acquires 62.5 acres of land in NCR](#)

<sup>(4)</sup> [K Raheja Corp to develop a 2.5 acre land parcel in Mumbai](#)

<sup>(5)</sup> [MMRDA has allocated INR 4,195 crores for infrastructure projects](#)

<sup>(6)</sup> [India's nascent green hydrogen market might witness troughs, according to experts](#)

<sup>(7)</sup> [Adani Group infuses INR 6,661 crores in Ambuja Cement](#)

<sup>(8)</sup> [Kalpataru Projects International and its arms bag orders worth INR 2,071 crores](#)



The Centre's credit outreach programme was inaugurated by distributing loans worth INR 1,348 crores to 61,730 beneficiaries in Bihar <sup>(1)</sup>

According to RBI's latest circular, lenders are now permitted to invest in AIFs with downstream investments in debtor companies <sup>(2)</sup>

LIC has emerged as the strongest insurance brand in the world, according to the Brand Finance Insurance 100 2024 report <sup>(3)</sup>

ICICI Securities secures shareholder approval to delist its stock, paving the way to merge with its parent ICICI Bank <sup>(4)</sup>

BFSI - Banking, Financial Services and Insurance



Hyundai aims to enhance the efficiency of former General Motors-owned Talegaon plant and make it among the world's best <sup>(5)</sup>

Tata Cummins has inaugurated a facility in Jamshedpur to produce hydrogen-based internal combustion engines for commercial vehicles <sup>(6)</sup>

Ford officials have visited India to discuss re-entry plans with the Tamil Nadu Government and the future use of the Chennai facility <sup>(7)</sup>

Maruti Suzuki has reorganized its top management, with the changes in senior management personnel (SMP) to be effective from April 2024 <sup>(8)</sup>

(1) [The Centre's credit outreach programme was inaugurated](#)  
(2) [RBI has eased AIF norms in its latest circular](#)  
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(8) [Maruti Suzuki has reorganized its top management](#)



## PHARMACEUTICALS



AYUSH Ministry Secretary mentioned about the AYUSH sector achieving a value of \$24 bn in 10 years, in the 7<sup>th</sup> CII AYUSH Conclave <sup>(1)</sup>

Dr Reddy's signs an agreement with Pharmazz, Inc. to commercialize the latter's Centhaquine, a hypovolemic shock drug, in India and Nepal <sup>(2)</sup>

Sanofi India and Cipla announce a distribution and marketing agreement for the former's Central Nervous System (CNS) product line in India <sup>(3)</sup>

Entod Pharmaceuticals announces the development of human insulin eye drops, EyeSulin, to treat corneal eye conditions <sup>(4)</sup>

CII - Confederation of Indian Industry

## AGRICULTURE AND FOOD PROCESSING



India uses two-to-three times more water per tonne of crop production compared to several nations, according to Niti Aayog's Professor Ramesh Chand <sup>(5)</sup>

Farmers in Rajasthan to receive financial support to set up food processing units, as part of the PMFME scheme <sup>(6)</sup>

India's first integrated oil palm processing unit in Arunachal Pradesh by 3F Oil Palm, starts commercial operations <sup>(7)</sup>

Hindustan Unilever evaluates future options for Indian ice cream business, following Unilever's announcement of its intent to separate the vertical globally <sup>(8)</sup>

(1) [AYUSH sector has achieved a value of \\$24 bn in 10 years](#)

(2) [Dr Reddy's and Pharmazz, Inc. to market Centhaquine in India and Nepal](#)

(3) [Sanofi India and Cipla partner for CNS product line in India](#)

(4) [Entod Pharmaceuticals develops human insulin eye drops to treat corneal conditions](#)

(5) [India uses two-to-three times more water per tonne of crop production](#)

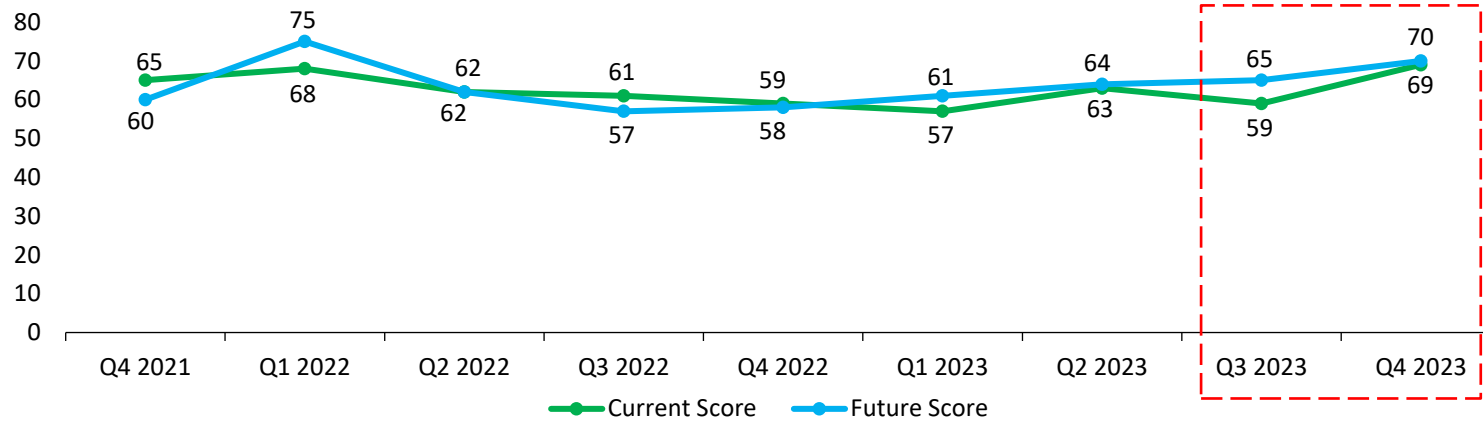
(6) [Financial support to set up food processing units for farmers in Rajasthan](#)

(7) [India's first integrated oil palm processing unit commences operations](#)

(8) [Hindustan Unilever evaluates options for Indian ice cream business](#)

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

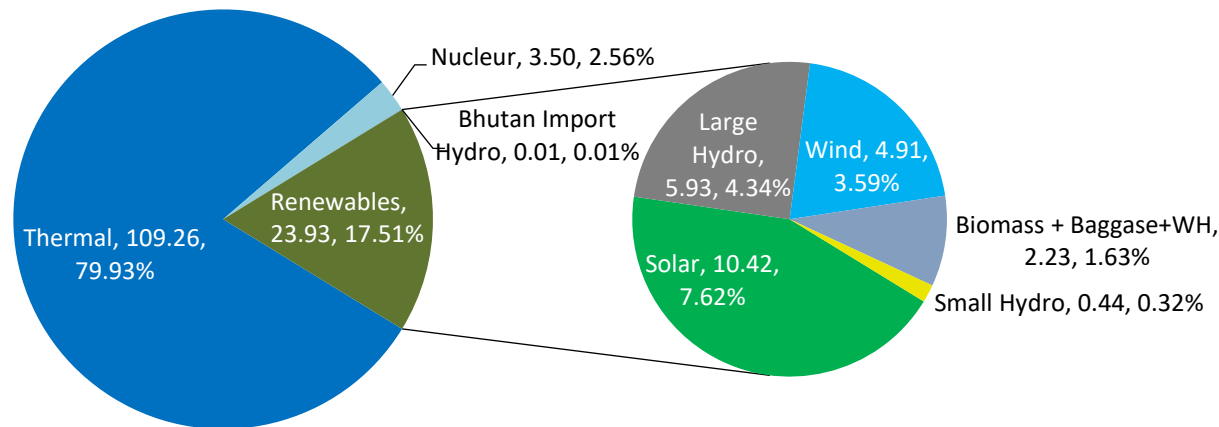
## Overall Real Estate Sentiment Index Score



\*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 is as per Calander year. Current Sentiment Score depicts current stakeholder outlook in comparison to the preceding six months

- ✓ The Current Real Estate Sentiment Index Score is in the optimistic zone (index score exceeds 50) and has risen from 59 in Q3 2023 to 69 in Q4 2023
- ✓ This increase is attributed to a robust economic environment - strong domestic consumption, ongoing capex in businesses, and retail inflation within 6% - which imparts confidence to supply-side stakeholders
- ✓ Stakeholder confidence is also visible as the Future Real Estate Sentiment Index Score has risen from 65 in Q3 2023 to 70 in Q4 2023

## India's Monthly Energy Generation in February 2024 (136.70 BU)

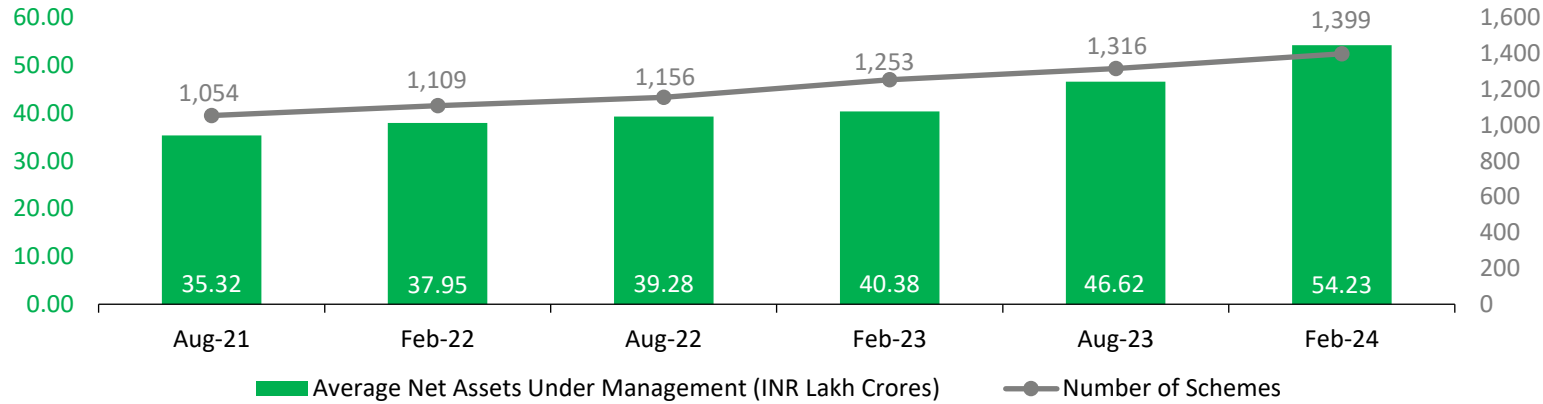


- ✓ In February, ~17.51% of energy generated in India resulted from renewable sources
- ✓ Out of 23.93 billion units (BU) of renewable energy generated, 10.42 BU resulted from solar energy (most significant contributor). Conversely, with a meagre 0.44 BU generated, small hydro was the lowest contributor
- ✓ From April 2023 to February 2024, ~333.6 BU of renewable energy has been generated, and North India has been the most significant contributor (~127.7 BU out of ~333.6 BU was generated in the Northern Region)

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

# Trends in the BFSI and the Automobile Industry

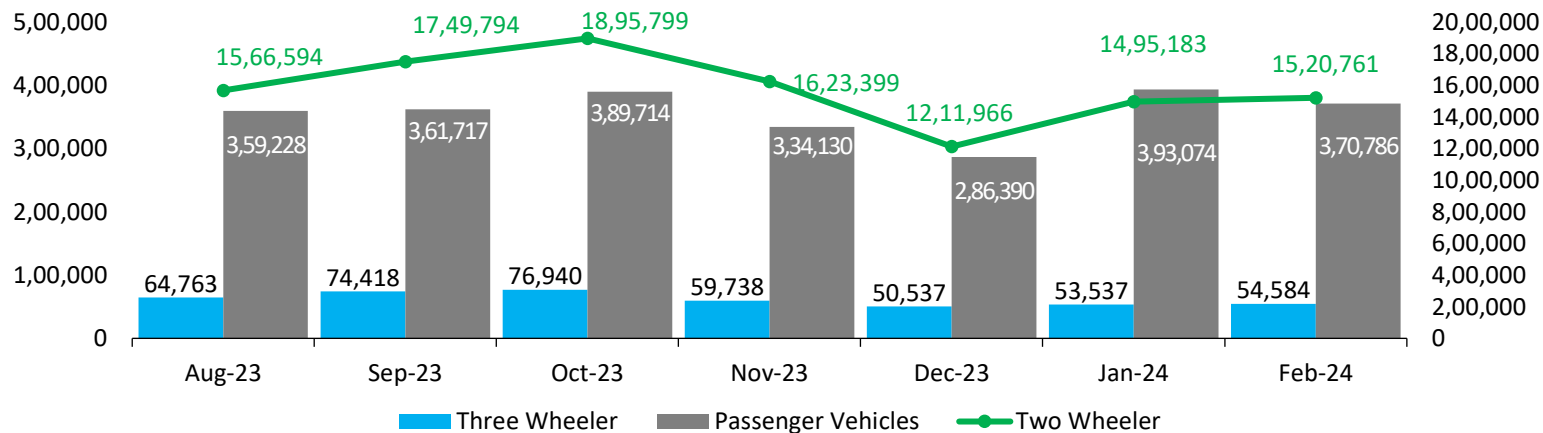
## Average Net AUM and No of Schemes - Open ended Schemes



Source - Association of Mutual Funds in India  
 Note - Data for Open ended Schemes outlined (*exclusive of Close Ended Schemes and Interval Schemes*)  
 BFSI - Banking, Financial Services and Insurance

- ✓ The Average Net Assets Under Management of Open ended Schemes increased by 53.5% to INR 54.23 lakh crores in February 2024 from INR 35.32 lakh crores in August 2021
- ✓ The total number of Open ended Schemes rose by 32.7% to 1,399 schemes in February 2024 from 1,054 schemes in August 2021
- ✓ Higher growth of Average Net AUM compared to the growth of the Number of Schemes implies greater fund infusion, rising investor confidence, and cost efficiencies, among other implications

## Domestic Sales Volume of Auto Segments



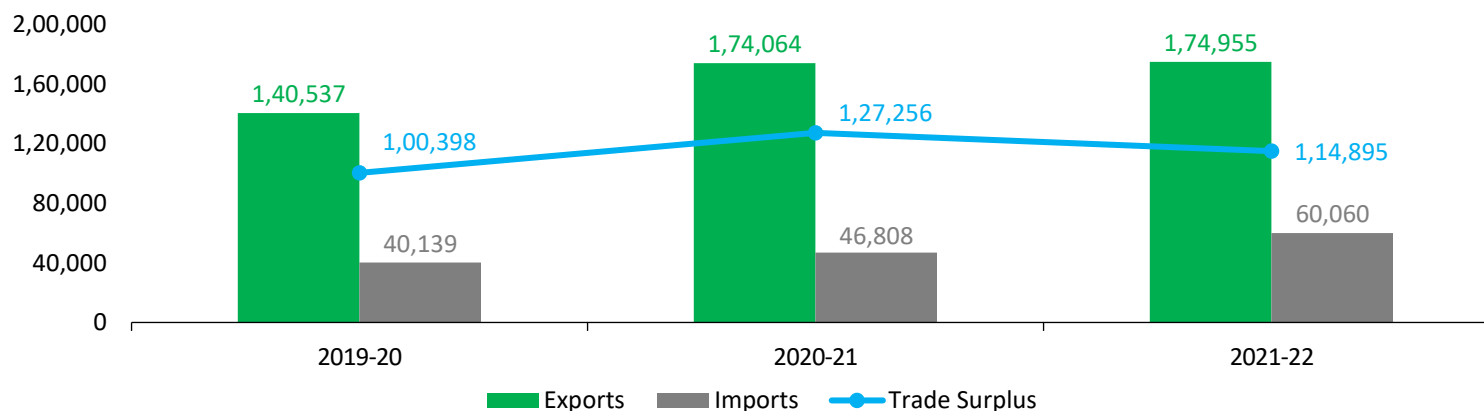
Source - Society of Indian Automobile Manufacturers  
 Domestic sales volume for Passenger Vehicles excludes the sales volumes of BMW, Mercedes, JLR, and Volvo Auto

- ✓ From August 2023 to February 2024, domestic sales volume of passenger vehicles (PVs) increased; while sales volume of two wheelers (2Ws) and three wheelers (3Ws) declined
- ✓ Domestic PV sales volume rose by 3.2% from 3,59,228 units in August 2023 to 3,70,786 units in February 2024
- ✓ 2W domestic sales volume fell by 2.9% from 15,66,594 units in August 2023 to 15,20,761 units in February 2024. 3W domestic sales volume fell by 15.7% from 64,763 units in August 2023 to 54,584 units in February 2024

# Trends in the Pharmaceutical and the Agriculture & Food Processing Industry

## Export and Import of Pharmaceuticals

In INR crores

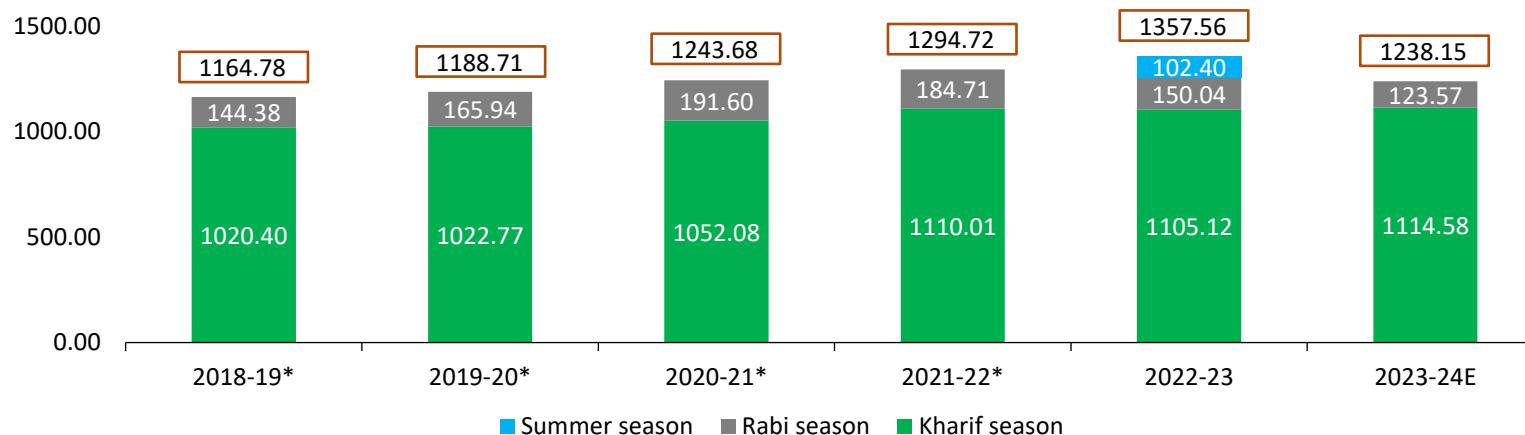


Source - Department of Pharmaceuticals

- ✓ In 2021-22, total exports of pharmaceuticals stood at INR 1,74,955 crores while total imports stood at INR 60,060 crores - a trade surplus of INR 1,14,895 crores
- ✓ In the three fiscals outlined, the highest trade surplus in the foreign trade of pharmaceuticals was observed in 2020-21 - a trade surplus of INR 1,27,246 crores
- ✓ India's pharmaceutical exports have been on an upward trajectory since 2013-14, owing to world-class manufacturing facilities, cost competitiveness and trained human capital

## Advance Estimates - Production of Rice for 2023-24

In lakh tonnes



Source - Second Advance Estimates of Production of Food Grains by the Ministry of Agriculture & Farmers Welfare

\*Production of rice in the Summer season is included in the Rabi season (for fiscals 2018-19, 2019-20, 2020-21, and 2021-22)

In the 2023-24 estimate (1238.15 lakh tonnes), rice production covers only Kharif and Rabi season, and not the Summer season

- ✓ The production of Kharif Rice is estimated at 1114.58 LMT (lakh tonnes) in 2023-24 compared to 1105.12 LMT in 2022-23, an increase of in production by 9.46 LMT
- ✓ The production of Rabi Rice is estimated at 123.57 LMT in 2023-24 compared to 150.04 LMT in 2022-23, a decrease in production by 26.47 LMT
- ✓ In the five historical fiscals, the highest rice production was recorded in 2022-23 - at 1357.56 LMT, higher by 62.84 LMT compared to 1294.72 LMT in 2020-21

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