

# FINOLOOK

by **unituscapital**

Debt Newsletter for April 2023 | RECENT DEALS CLOSED

**IKF**  
Equity  
₹ 250 Cr

**Avanti Finance**  
Equity  
₹ 197 Cr

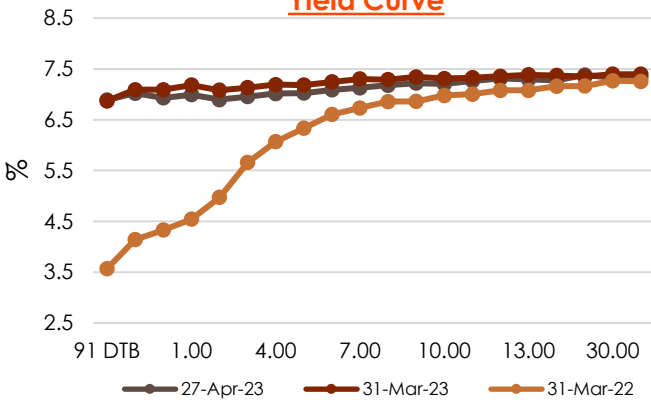
**Pahal**  
Debt  
₹ 42 Cr

**SBM bank**  
Debt  
₹ 27 Cr

**Bizongo**  
Debt  
₹ 25Cr

## Market Overview\*

### Yield Curve



## NBFC Bond Spread Over G-Sec Benchmark Indices

Tenor	3 Year Spread	5 Year Spread	10 Year Spread
AAA	75	64	56
AA	150	137	135
A	393	375	381
A-	418	400	406
BBB+	468	450	456
BBB	493	475	481
BBB-	543	525	531

The Reserve Bank Of India (RBI) on 6<sup>th</sup> April released its monetary policy report for April 2023 where in the central bank kept the repo rate unchanged i.e 6.50%. The pause in the repo rate could have been based on multiple factors such as projections for reduction in crude prices, reduced inflation, sustained economic growth etc. Economic activity is showing decent growth. Inflation has moderated below 6%, also due to a very strong and favourable base and some moderation in food items like cereals. **The 10 year is expected to trade within the 7.15-7.35% range, as inflation expectation dampen at the longer end, suggesting disinflation in the coming few quarters.**

## RBI's Framework for acceptance of Green Deposits\*\*

### What is Green Finance?

Green Finance means **lending to** and/or **investing in** the **green activities/projects** that contributes to climate risk mitigation, climate adaptation and resilience, and other climate-related or environmental objectives - including biodiversity management and nature-based solutions.

### What is Green Deposit?

Green Deposit means an **interest-bearing deposit**, received by the Regulated entities for a fixed period and the proceeds of which are earmarked for being allocated towards green finance.

### Why has RBI come up with this framework?

RBI wants to encourage regulated entities (REs) to offer green deposits to customers, protect interest of the depositors, aid customers to achieve their sustainability agenda, address greenwashing concerns and help augment the flow of credit to green activities/projects.

### Applicability of Framework:

The provisions of these instructions shall be applicable to the following entities, collectively referred to as regulated entities (REs):

- (a) Scheduled Commercial Banks including Small Finance Banks (excluding Regional Rural Banks, Local Area Banks and Payments Banks) and
- (b) All Deposit taking Non-Banking Financial Companies (NBFCs) registered with the Reserve Bank of India under clause (5) of Section 451A of The Reserve Bank of India Act, 1934, including Housing Finance Companies (HFCs) registered under Section 29A of The National Housing Bank Act, 1987

## Corporate Debt Issuance in April\*\*\*

Issuer	Secured	Size (₹ Cr)	Coupon	Tenor (years)	Rating
Techno Global Security Private Limited	Yes	50	14.05%	3.6	-
Bajaj Finance Limited	Yes	1317	7.89%	2	AAA

Disclaimer: The information contained herein is of a general nature and is not intended to address the facts and figures of any individual or entity. The content provided here treats the subjects covered here in condensed form. It is intended to provide a general guide to the subject matter and should not be relied on as a basis for business decisions. The information provided herein is from public domain except the transactions done by Unitus Capital [UC]. UC does not take any responsibility for any errors or omissions therein. Source: \*\*MAMDA, BRICS online \*\*RBI \*\*\*NDL / BSE

# FIN O L O O K

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## RBI's Framework for acceptance of Green Deposits\*\*

### What are Green activities / projects?

Activities / Projects which encourage energy efficiency in resource utilisation, reduce carbon emissions and greenhouse gases, promote climate resilience and/or adaptation and value and improve natural ecosystems and biodiversity. Following are the sectors that are identified under Green activities / projects:

#### Inclusions:

- Renewable Energy
- Energy Efficiency
- Clean Transportation
- Climate Change Adoption
- Sustainable Water and Waste Management
- Pollution prevention and control
- Green Buildings
- Sustainable management of Living Natural resources and land use
- Terrestrial and Aquatic Biodiversity Conservation

#### Exclusions:

- Projects involving new or existing extraction, production and distribution of fossil fuels, including improvements and upgrades; or where the core energy source is fossil-fuel based.
- Nuclear power generation.
- Direct waste incineration.
- Alcohol, weapons, tobacco, gaming, or palm oil industries.
- Renewable energy projects generating energy from biomass using feedstock originating from protected areas.
- Landfill projects.
- Hydropower plants larger than 25 MW.

This Framework aims at providing all the stakeholders with a better view of use of proceeds without worrying about the greenwashing. This would help in identifying the responsibilities of the RE's, assessing impact and identifying the financing gaps towards green goals.

# Meet the Team



**Eric Savage**  
Co-Founder & CEO

25+ years of investment banking experience with strong relationships with domestic and foreign investors; serves on the boards of multiple companies, and other institutions.



**Amit Kumar Rathi**  
Managing Director

20+ years of post-qualification experience which includes 15+ years in the broad PE / VC investing and M&A as either an Investment Banker, Diligence Advisor, and Investor.



**Simmi Sareen**  
Director

23+ years in financial services with extensive experience in supporting access to capital for sustainable startups & social enterprises. Recognized as a thought leader for impact investing and climate finance in India.

# Meet the Team



**Rima Agarwalla**  
**Vice President**

11+ years experience with Bank of Baroda in corporate credit, transaction Banking, in India and Middle East. Specialized in structuring deals.



**Anshul Agarwal**  
**Associate**

6+ years of experience in financial services. At Unitus Capital Anshul covers Financial inclusion, climate action and agriculture.



**Harish Peddina**  
**Associate**

5+ years of experience in debt syndication. He previously worked at Indusind Bank covering sectors such as real estate, agri & manufacturing



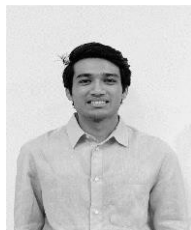
**Jagrati Goyal**  
**Analyst**

Jagrati covers climate and financial inclusion, at Unitus Capital. She previously worked with State Street in alternative investments.



**Ishita Jain**  
**Analyst**

Ishita covers financial inclusion and agriculture at Unitus Capital. She has 2+ years of experience with a boutique IB in Mumbai. She is a CA.



**Naman Jain**  
**Analyst**

Naman covers climate and healthcare at Unitus Capital. He has 3+ years of experience in equity research and fintech. He is currently pursuing CFA.



**Vidhi Sarawagi**  
**Intern**

Vidhi has previously interned with IIFL securities covering technical analysis and trading in stock market. She is currently pursuing CFA.