

FINOLOOK

by **unituscapital**

Debt Newsletter for July 2022 | Unitus Capital, RECENT DEALS CLOSED

ERGOS

Debt
Undisclosed

**CLIX
CAPITAL**

PTC
Undisclosed

**LENDING-
KART**

NCD
₹ 50 Cr

**ANNA-
PURNA**

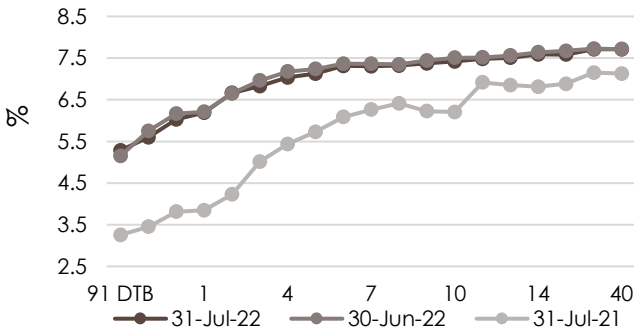
Equity
~ ₹ 115 Cr

**BLACK
SOIL**

Debt
Undisclosed

Market Overview*

Yield Curve



NBFC Bond Spread Over G-Sec Benchmark Indices

Tenor	3 Year Spread	5 Year Spread	10 Year Spread
AAA	55	54	54
AA	129	130	128
A	374	371	370
A-	399	396	395
BBB+	449	446	445
BBB	474	471	470
BBB-	524	521	520

In the last quarter, the RBI MPC increased the repo rate by 90 bps bringing it to 4.90% with an intention to control spiraling inflation. With more hikes during the year coupled with a normal monsoon and excise duty cuts on fuel prices, the inflation is expected to gradually decrease and crawl back within the target band. The yields will move further depending on the inflation trajectory.

MSME Lending**

In a recent circular the RBI has updated "Instructions/Guidelines for lending" to micro, small & medium enterprises.

Recommendations

- Public sector banks are advised to open at least **one specialized branch** in each district
- Set up special cells to **spread financial literacy** among MSMEs, especially **small entrepreneurs**
- Incorporate **e-tracking systems** to **monitor the loan application** & give **branch-wise, region-wise, zone-wise and state-wise positions**

Directives

- Banks are mandated **avoid collateral security** in the case of loans up to **₹10 lakh** given to units in the micro & small enterprise (MSE) sector
- NPA recognition to be done by **creating 3 sub-categories** under the Special Mention Account (SMA)
- Empowered Committee** to review the progress in MSME financing & help in **reviving stressed** micro, small and medium units

Climate Risk***

RBI has come out with a "Discussion Paper on Climate Risk and Sustainable Finance" covering best practices for Regulated Entities (REs), summarized below.

- Setting up committees** at the board level to oversee & manage climate related risks & opportunities
- Incorporate **climate indicators** in risk assessment framework, like **carbon emissions of a project**
- Develop models to assess **physical** (financial losses due to weather severity) & **transitional** (impact arising due to climate friendly policy changes) risks. The assessment may be on the following metrics:
 - CO2-intensive assets**
 - Impact on **collateral value** located in areas of **extreme weather**
- Diversify assets geographically** to avoid **concentrating critical functions** in a certain location
- Conduct **scenario analysis** to identify emerging risks in the short, medium & long term for **strategic decision making**

Corporate Debt Issuance****

Issuer	Secured	Size (₹ Cr)	Coupon	Tenor (years)	Rating
Annapurna Finance Pvt. Ltd.	Yes	50.00	11.35%	6.00	A-
Blacksoil Capital Pvt. Ltd.	Yes	40.00	10.00%	3.00	N.A.
Midland Microfin Ltd.	Yes	30.00	11.20%	2.00	BBB+

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.



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.



Vivek Pathak
Associate

At Unitus Capital Vivek covers financial services, Waste to Energy & EVs. A CA by profession, Vivek has prior experience with a boutique IB.



Anshul Agarwal
Associate

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



Jagrati Goyal
Analyst

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



Ishita Jain
Junior 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 Chartered Accountant.



Mohammed M E
Junior Analyst

1+ years of experience with a financial services company in Bangalore and is currently pursuing his CFA & FRM.