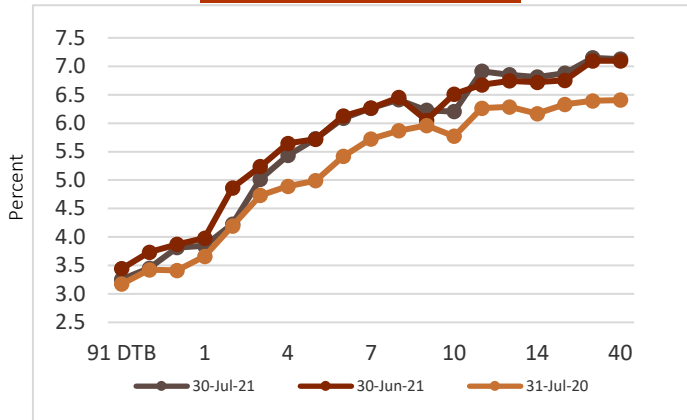


## Market Overview

Yield Curve\*



NBFC Bond Spread Over G-Sec Benchmark Indices\*

Tenor	3 Year Spread	5 Year Spread	10 Year Spread
AAA	28	(11)	55
AA	115	72	133
A	334	291	348
A-	384	341	398
BBB+	434	391	448
BBB	459	416	473
BBB-	509	466	523

In July 2021, the bond yields have largely remained unchanged. Further, the RBI MPC unanimously voted to keep policy rates intact, with the repo rate at 4%. The MPC maintained an accommodative stance - "as long as necessary to sustain growth on a durable basis and continue to mitigate the impact of Covid-19 on the economy, while ensuring inflation remains within the target going forward". Lockdowns and curfews are relaxing, and case counts are stable for now. The cautious recovery and excess liquidity in the market continue to pressure bond yields. With the vaccination campaign improving, there are expectations of economic recoveries.

## External Commercial Borrowings 'ECB' – A Snapshot\*\*

### What is an ECB?

ECB is an RBI regulated instrument which refers to the debt shouldered by an eligible Indian entity for solely commercial purposes, extended by an entity outside India and IFSC business units set up in GIFT city.

### Securities created

Can include mortgage over immovable properties, charge over current assets, pledge of shares and guarantees.

### All-in-cost ceiling = Benchmark rate + 450 bps

Here 'Benchmark Rate' implies:

- FCY ECB refers to 6-months LIBOR rate of the respective currency.
- INR ECB refers to prevailing yield of the Government of India (GOI) securities of corresponding maturity.

### Minimum tenure ("MAMP")

Requirements are covered under the minimum average maturity period ("MAMP") for loans availed under the ECB route. MAMP is computed on a weighted average basis on a day-to-day basis assuming a 360-day year.

### Process for availing ECBs



The borrower and the lender need to finalize the terms of the facility, basis the RBI framework.

The borrower needs to obtain through its authorized dealer bank, the loan registration number.

The security documents are executed, and the security is created in favor of the lender. Loan is availed.

### Two paths to employ ECBs

#### Automatic Route

Eligibility criteria for amounts, industry, end-use of the funds, etc have been pre-defined. If an entity meets these criteria, no approval from RBI is required.

#### Approval Route

Companies which fall under pre-specified sectors must obtain the RBI's or the government's explicit permission for raising ECB funding.

## Corporate Debt Issuance in the month of July 2021\*\*\*

S. No.	Issuer	Seniority	Secured	Size (INR Crore)	Coupon	Tenor	Rating
1	Annapurna Finance Private Limited	-	Yes	40.00	11.20%	5 years	-
2	Lendingkart Finance Limited	-	Yes	15.00	G-Sec Linked	10 years	-
3	Satya Microcapital Limited	-	Yes	16.10	11.72%	5 years	-

### News Bulletin\*\*

- In Pune, the Pimpri Chinchwad Municipal Corporation 'PCMC' and UNDP India have signed a historic MOU to co-create India's first Social Impact Bond (SIB). This SIB will allow the PCMC to focus on improving healthcare services while incurring minimum investment risks.
- SIDA and Danske Bank are launching a USD 177.5 million social bond that bundles loans to innovative companies in capital scarce regions. The selected companies' business models are characterized by products and services achieving measurable social impact.
- The IRFC has listed its green bonds on NSE IFSC's debt securities market platform. The company is raising USD 500 million through the green bonds program.
- CreditAccess Grameen has raised USD 25 million from SwedFund International AB. This is the first FCY ECB for India's largest NBFC-MFI by gross loan portfolio.

### UC Recent Select Deals Closed

Africa School Finance	Avanti Finance	Aryadhan	Financial Services Group	Progcap
Equity Undisclosed	Equity INR 195 Cr	Term Loan INR 5 Cr	Loan Against Shares INR 75 Cr	Equity INR 182 Cr

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# Meet the Team – Fixed Income



**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.



**Samarth Tandon**, *Vice President*

10+ years of experience in Debt Markets. He previously worked with Northern Arc Capital, Darashaw & Co., and Nomura. His focus areas include financial inclusion, healthcare, renewable energy, and wash.



**Vivek Pathak**, *Associate*

4+ years of experience in Debt Capital markets. He is a CA by profession and at Unitus he covers financial services, WASH and electric vehicles. Prior to joining Unitus, Vivek worked with a boutique IB in Mumbai.



**Pratik Bohra**, *Analyst*

Pratik has previously worked at EY in assurance & transaction advisory, covering multiple sectors while completing CA. At Unitus Capital, he focuses on financial services & renewable energy.



**Jagrati Goyal**, *Fellow Analyst*

At Unitus Capital, Jagrati focuses on healthcare, agriculture and financial services. Prior to joining Unitus Capital, she worked with State Street Corporation with their alternative investments team.