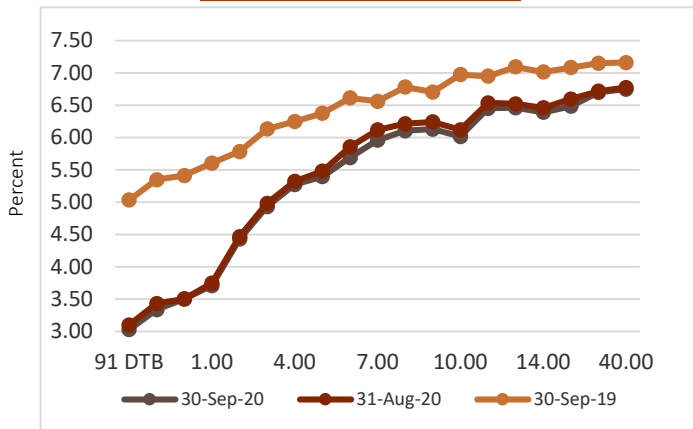


Market Overview

Yield Curve*



NBFC Bond Spread Over G-Sec Benchmark Indices*

Tenor	3 Year Spread	5 Year Spread	10 Year Spread
AAA	76	80	116
AA	180	172	189
A	457	446	445
A-	507	496	495
BBB+	532	521	520
BBB	557	546	545
BBB-	607	596	595

In September 2020, the bond prices were largely in line with the previous month, reflecting a cautious investor mindset. The 10-year G-sec closed at 6.02% lower by 10 bps than its previous month's level. In its recent MPC, RBI has kept the repo rate unchanged at 4.00%. With the government's focus on unlocking the economy and an increase in industrial activity, there are expectations of a faster economic revival. However, with continuing increase of COVID-19 cases in India, declining economic activity globally and a higher than expected GDP contraction in the 1st quarter of FY 21 of -23.9%, will keep the bonds yields under pressure.

Agri Sector Update**

The Agri sector witnessed a major overhaul of Agri related regulations after decades. Three bills (mentioned below) received the President's assent on 27th September 2020, thereby making them enforceable –

- The Farmers Produce Trade and Commerce (Promotion and Facilitation) Act, 2020
- The Farmers (Empowerment and Protection) agreement of price assurance & farm services Act, 2020
- The Essential Commodities (Amendment) Act, 2020

Few key highlights –

- Barrier – free intra-state and inter-state trade of farm produce. Trade area defined as any area, location, including farm gates, factory premises, warehouses, silos, cold storages excluding APMCs & markets designated as APMC by the states
- No Market fee to be levied by the states on trades executed in the Trade Areas.
- Farm produce under a farming agreement (contract farming) with a buyer shall be exempted from the purview of all state acts.
- Regulation of food items, drugs, fertilizers, and petroleum products is permitted post the amendments in the Essential Commodities Act.
- Cereal, pulses, onion, potatoes, edible oil, and oil seeds can only be regulated by the Central Government under extraordinary circumstances.

Here's a comparison on how the new Acts will play out:

Pre – Act situation	Post – Act Situation
Farmers can sell produce only through the APMCs in their respective state	Allows intra-state and inter-state trade of farmers' produce beyond APMCs
A farmer could only sell his produce through a licensed trader, 'middleman'	Farmers can enter into a direct agreement with any potential buyer
Under the Essential Commodities Act, the Central Government could impose restrictions on hoarding of certain commodities if it is of the opinion to do so. This was used by the government as a tool to regulate prices	The central government can invoke the Act only under certain circumstances which include war, famine, extraordinary price rise and natural calamity. This indirectly increases the purchasing power of the private sector
Minimum Support Price mechanism for goods sold outside the APMCs	Central Government has assured that Minimum Support Price mechanism will continue, however the same is not mentioned in the Act

Recent NCD Issuance***

S. No.	Issuer	Issue Month	Seniority	Secured	Size (INR Crore)	Coupon	Tenor	Rating
1	Centrum Financial Services Limited	Sep-2020	NA	Yes	25.00	10.00%	1.5 Yrs	A-
2	Muthoot Capital Services Limited	Sep-2020	NA	Yes	-	9.30%	1.5 Yrs	A
3	Muthoot Finance Limited	Sep-2020	NA	Yes	-	8.25%	2.08 Yrs	AA

Impact Sector Bulletin^

✓ According to latest data from the Finance Ministry, the total funds raised through commercial papers by NBFCs, HFCs, financial institutions and MFIs rose to INR 98,742 Cr in August from INR 15,950 Cr in April. In an indication of stabilising financing conditions, fundraising by over the last four months has seen the following boost in August in comparison to that in April:

- NBFCs raised over 15x the funds raised in April in the short-term money market
- Housing finance companies raised over 4x the funds they did in April
- Funds raised by financial institutions more than doubled over the same period

✓ Bengaluru based, cleantech start-up GPS Renewables, raised USD 3 million in a round led by Dutch impact investor Hivos-Triadods Fund. The funding will be primarily used for research and development and expansion activities. In the last 3 years, the company has grown by 5x purely via debt, and also been profitable since inception.

Disclaimer: The information contained herein is of a general nature and is not intended to address the facts and figures of any particular 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 thereto.

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*Source – FIMMDA, BRICS online. **The Farmers Produce Trade and Commerce (Promotion and Facilitation) Act 2020, The Farmers (Empowerment and Protection) agreement of price assurance & farm services Act 2020 & The Essential Commodities (Amendment) Act, 2020
 ***Source – NSDL / BSE ^Source – News Reports, VC Circle