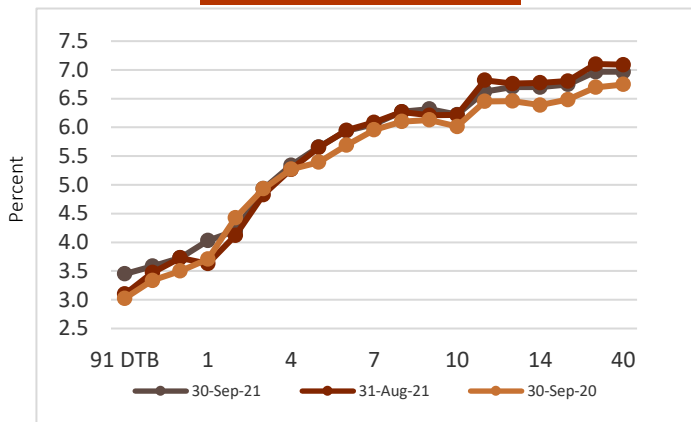


Market Overview

Yield Curve*



NBFC Bond Spread Over G-Sec Benchmark Indices*

Tenor	3 Year Spread	5 Year Spread	10 Year Spread
AAA	33	19	54
AA	133	105	129
A	398	370	389
A-	423	395	414
BBB+	473	445	464
BBB	498	470	489
BBB-	548	520	539

In September 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.

Bad Bank – A Snapshot**

What is a Bad Bank?

A Bad bank is a corporate entity that acquires Stressed Assets (Assets which have defaulted on their loans) held by banks and financial institutions. The underlying idea is to help banks and financial institutions clean their balance sheet so that they can focus on their core business of taking deposits and lending money.

Bad Bank in the Indian Context

- Even though there have been some significant resolutions through the Indian Bankruptcy Code, the Indian Banking sector is still plagued by rising NPA levels.
- In order to professionally manage stressed assets, the Central Government proposed creation of a Bad Bank in the Union Budget for FY 2021- 22. On September 16, 2021, the honourable Finance Minister announced setting up of National Asset Reconstruction Company Limited (NARCL) which will be responsible for acquiring stressed assets and Indian Debt Resolution Company Limited for managing and resolving those assets.
- NARCL is expected to acquire ~ INR 2 Lakh Crore of which ~ INR 90,000 Crore of fully provisioned assets are expected to be acquired in the first phase which will seek to resolve stressed assets above INR 500 Crore each.
- Canara Bank is the lead sponsor for NARCL with 12% equity stake and the balance stake shall be held by other Public and Private sector banks.
- Accounts classified as Fraud cannot be transferred to NARCL.
- The Central Government has guaranteed INR 30,600 Crore worth of security receipts issued by NARCL to acquire stressed assets.

Key Points

51%

stake in NARCL to be held by Public Sector Banks

16

Public & Private sector banks have already infused capital in NARCL

15%

to be paid as cash by NARCL while acquiring stressed assets

85%

to be paid as Security receipts issued by NARCL

INR 2 Lakh Crore

of stressed loans carved out to be acquired by NARCL

INR 30,600 Crore

worth of security receipts to be Central Government guaranteed

Corporate Debt Issuance in the month of September 2021***

S. No.	Issuer	Seniority	Secured	Size (INR Crore)	Coupon	Tenor	Rating
1	Annapurna Finance Private Limited	-	Yes	49.99	11.00%	3.5 years	A-
2	Dhanvarsha Finvest Limited	-	Yes	15.00	BSE sensx linked	1.25 years	BBB
3	IIFL Home Finance Limited	-	Yes	112.00	8.20%	5 years	AA
4	Lendingkart Finance Limited	-	Yes	30.00	11.25%	2.15 years	AA-

News Bulletin**

- Championing the cause of green vehicles, BluSmart, India's first and largest all-electric, ride-hailing platform, raised \$25 million in its Series A. The round led was by BP Ventures and saw participation of existing investors. BluSmart also announced a partnership with Jio-bp (not to be confused with BP ventures), the fuels and mobility joint venture between Reliance Industries Limited and UK's bp, to set up a network of commercial large scale EV charging stations.
- Power Finance Corporation Ltd, successfully issued its maiden €300 million 7-year Euro Green Bond issuance this week. The pricing of 1.841% achieved is the lowest yield locked in the Euro markets. The issuance saw a strong participation from institutional investors across Asia and Europe with a participation from across 82 accounts and was oversubscribed 2.65 times.

UC Recent Select Deals Closed

Ummeed Housing Finance	Avanti Finance	Aryadhan	Financial Services Group	Progcap
Equity INR 270 Cr	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 Debt 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.



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.