

FIN O L O O K

by **unituscapital**

Debt Newsletter for July 2023 | RECENT DEALS CLOSED

IKF
Equity
₹ 250 Cr

Avanti Finance
Equity
₹ 197 Cr

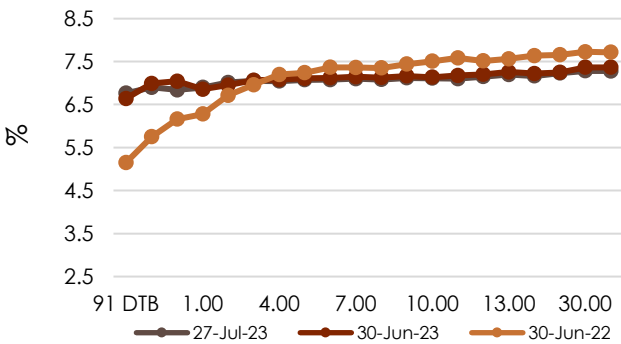
Nepra
Debt
₹ 33 Cr

DCDC
Debt

Srichakra
Debt

Market Overview*

Yield Curve



NBFC Bond Spread Over G-Sec Benchmark Indices

Tenor	3 Year Spread	5 Year Spread	10 Year Spread
AAA	54	41	61
AA	120	109	137
A	362	350	377
A-	387	375	402
BBB+	437	425	452
BBB	462	450	477
BBB-	512	500	527

The federal reserve raises interest rates 25bps to 5.25%-5.5%- The highest level in 22 years. But this very well could be the last hike of the cycle.

Headline inflation has fallen pretty dramatically from 9% to just 3% and it is likely to fall further. But if we look at the history(1970s), inflation tends to move in waves and could easily reaccelerate.

For now, however, the US economy is resilient, housing is holding up, financial conditions are loosening, High yield credit spreads relatively tight, equity markets positive and the dollar weakening.

India's Quest to Become a Solar Module Manufacturing Giant**

The Sunlit Path: From Polysilicon to Illuminating Homes: Solar manufacturing is a fascinating process. It starts with polysilicon, the root material that forms the base of all solar modules. Polysilicon is melted and cast into metal blocks called ingots. When you thinly slice an ingot, you get wafers. The wafer is then cleaned to form a solar cell. And finally, multiple cells are put together to form solar modules. These modules convert sunlight into energy and help light up our homes.

China's Dominance: An 80% Market Share: China dominates the entire solar supply chain, with an 80% market share across stages. But India has big dreams too. We want to go toe to toe with China and capture at least one part of this supply chain. We want to become a mega solar module maker.

India is Making Progress: India seem to be making good progress. We doubled the manufacturing capacity in FY23. And our solar cell and module exports also rose a whopping 364% compared to the previous fiscal year. If things go right, we could become the second-largest solar module maker in the world by 2026.

How is India Achieving This? China was a major panel supplier to India but the country is aiming to reduce its reliance on chinese imports to achieve greater transparency in the ethical practices throughout the supply chain. The Indian government is providing positive incentives for domestic usage and supporting the growth of the domestic solar industry.

Latest Corporate Debt Issuance***

Issuer	Secured	Size (₹ Cr)	Coupon	Tenor (years)	Rating
KLM Axiva Finvest Limited	No	20	12%	6.5	BBB-
DBFS Finance & Leasing(India) Limited	Yes	1.1	10%	5	BBB

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: **BAMMDA, BRIC's online **Articles from iea.org, money control. ***NSDL / BSE

FINOLOOK

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India's Quest to Become a Solar Module Manufacturing Giant**

The Government's Support: The government has come up with a production linked incentive (PLI) scheme for solar modules. In the union budget for FY23, finance minister Nirmala Sitharaman allocated ₹19,500 crore in PLI incentives to make solar modules, bringing the total to ₹24,000 crore. Initially the government had announced an incentive of ₹4,500 crore under the scheme.

ALMM and its impact on Domestic Solar manufacturing: In 2021, the Indian government introduced the Approved List of Models and Manufacturers (ALMM) as a non-tariff barrier to promote domestic solar manufacturing. Currently, 83 Indian manufacturers, with a total capacity of 21 GW, have been approved under this initiative. However, the ALMM, coupled with a 40% customs duty on module imports and a 25% duty on cell imports, has posed challenges for the government's development target. The country's domestic manufacturers were only able to produce 10 gigawatts of 500-watt peak panels, whereas the government had allocated about 70 gigawatts for installation. Consequently, in February 2023, the ministry decided to relax the ALMM mandate till March 2024 due to the inability of domestic manufacturers to meet the present demand.

The government's decision to suspend ALMM for a year has provided a unique opportunity for local manufacturers to explore new avenues. While the policy hasn't been entirely lifted, it is in abeyance, allowing projects seeking modules from non-ALMM manufacturers to commission until March 31, 2024. To bolster the Indian module manufacturing industry, the government has already introduced encouraging programs like the DC (domestic content requirement) for projects installed under PM KUSUM and rooftop, as well as the CPSU programs.

The focus is shifting towards boosting domestic manufacturing. According to data from the Center for Energy, Environment, and Water, India requires investments of \$7.2 billion (Rs 53,773 crore) over the next 3-4 years to indigenize the solar manufacturing value chain. This move is expected to lead to a remarkable achievement, with the Indian solar industry projected to reach over 95 gigawatts of PV manufacturing capacity by the end of 2025, and solar cell production set to hit 18 GW by the end of 2023, as per JMK Research.

In the horizon, India's solar manufacturing future gleams with promise. Challenges are stepping stones to growth, as government initiatives and industry responses shape a radiant and sustainable energy-filled tomorrow.

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.



Balaji Sridharan
Associate

3 years of experience across financial consulting, agricultural finance and ESG domains. Previously worked with Samunnati & PWC. He has done his MBA in Agri business management.



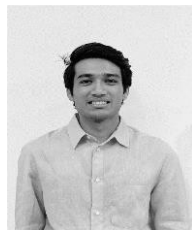
Harish Peddina
Associate

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



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.