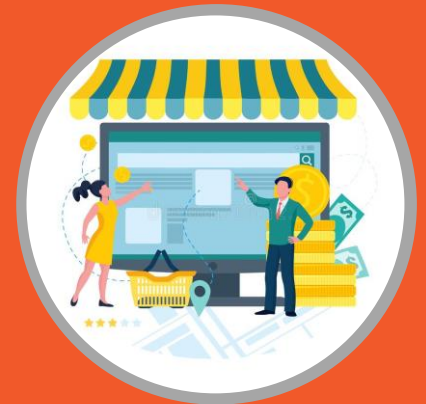




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Key Updates from Regulators

The Reserve Bank of India (RBI) has issued new guidelines for Digital Lending Platforms and Fintechs

Regulation

- **Purpose:** Enhance transparency, safeguard consumers, and address risks in digital lending.
- **Key Highlights:**
 - Mandatory Disclosures:** Clear loan terms (APR, fees, repayment schedules) to borrowers upfront.
 - Direct Bank Credit:** Loan disbursements and repayments only through borrower accounts.
 - Data Privacy:** Limited data collection with explicit borrower consent.
- **Numerical Insights:**
 - 1,100+ lending apps flagged in 2023 for violations.
 - India's digital lending market to reach **\$350 billion** by 2025.
- **Impact:**
 - Protects borrowers from predatory practices.
 - Enhances fintech credibility, boosting investor trust.
 - Promotes financial inclusion and ethical lending practices.

Removal of supervisory restrictions on Navi Finserv Limited

Regulation

- On October 17, 2024, RBI directed Navi Finserv to halt loan sanctioning and disbursement by October 21, 2024
- RBI has reviewed the company's corrective actions and revamped processes, ensuring adherence to regulatory guidelines, particularly in loan pricing fairness
- Based on the company's improvements and commitment, RBI has lifted the previously imposed restrictions, effective immediately

The Reserve Bank of India (RBI) has updated the Priority Sector Lending (PSL) targets for Renewable Energy Projects.

Regulation

- **Purpose:** Enhance funding for renewable energy to support India's sustainability goals.
- **Revised Targets:** Financial institutions encouraged to allocate more resources for solar, wind, biomass, and green hydrogen.
- **Loan Limits:**
 - Individuals can borrow up to ₹30 crore for renewable energy and ₹10 lakh for solar pumps/off-grid systems.
 - Corporates can access up to ₹100 crore for large projects.
- **Impact Areas:** Green energy generation, rural solar, and sustainable infrastructure.
- **Numerical Insights:** India's renewable capacity is 174 GW (2024), targeting 500 GW by 2030. PSL funding has risen by 20% annually, aligning with climate goals.
- **Significance:** Promotes renewable energy adoption and supports India's net-zero emissions and 500 GW capacity targets.

The Reserve Bank of India (RBI) has updated guidelines for Domestic Systemically Important Banks (D-SIBs).

Regulation



Identified D-SIBs: State Bank of India, HDFC Bank, ICICI Bank.



D-SIB Requirements: Must maintain an additional Common Equity Tier 1 (CET1) capital buffer due to their systemic importance.

CET1 Requirements:

- SBI: 1.0% (0.8% until April 2025).
- HDFC Bank: 0.4% (rising to 0.8% from April 2025).
- ICICI Bank: 0.2%.

Implications

Sectoral Impact

- **Education & Healthcare**
- **Electric Vehicles & Renewable Energy**
- **Power & Social Development**

Significance

- Enhances the resilience of critical banks while reducing systemic risk.
- Supports sustainable growth by ensuring capital is preserved for priority sectors aligned with India's development goals.

Reclassification of Foreign Portfolio to Foreign Direct Investment



Why? To streamline foreign investment processes, allow certain foreign portfolio investments to convert into foreign direct investments, thereby establishing clear funding channels for India's priority sectors.



Framework? FPIs exceeding holding limits will be reclassified as FDIs. This seeks to simplify compliance, encourage steady capital inflow, and enhance long-term investment in the Indian market.

Implications

Impact

- Promotes stable, long-term capital in key areas like renewable energy, healthcare, and social infrastructure.
- Demonstrates India's commitment to sustainable growth by attracting more dependable foreign investment.

Significance

- **Investment Climate:** The new framework seeks to enhance investor confidence by minimizing regulatory uncertainties for foreign investments.
- **Sustainable Growth:** Improved access to stable capital supports India's strategic emphasis on infrastructure and renewable energy sectors.

SEBI's Enhanced Regulatory Focus on Healthcare, Education, and EV Investments



- **Background:** SEBI has established new guidelines to promote responsible investment practices and strengthen due diligence in sectors with significant environmental, social, and governance (ESG) implications, including healthcare, education, electric vehicles (EVs), and renewable energy.
- **Main Requirements:**
 - **ESG Reporting:** Listed companies are mandated to disclose ESG metrics, emphasizing emissions, resource utilization, and social impact.
 - **Due Diligence for AIFs:** Investments in healthcare and education necessitate rigorous compliance verification.
 - **Green and Social Bond:** Enhanced disclosure requirements to ensure funds are directed towards environmental and social initiatives.
 - **EV Funding Transparency:** Electric vehicle firms must reveal the sources and applications of funds allocated for infrastructure and sustainability.
- **Implementation Standards:** These standards align with SEBI's overarching ESG framework and international best practices for compliance guidance.
- **Effective Date:** Immediate.
- **Impact:** The circular is designed to foster sustainable investment, promote transparency in critical sectors, and align India's financial markets with global ESG standards.

IRDAI's Enhanced Regulatory Emphasis on Social Impact and Healthcare Insurance



- **Background:** The IRDAI is actively advancing policies to bolster social welfare through insurance, prioritizing healthcare accessibility, environmental stewardship, and digital inclusivity within the insurance sector.
- **Main Requirements:**
 - **Green Insurance Initiatives:** IRDAI encourages insurers to create "Green Insurance" products that provide coverage for renewable energy projects, such as solar and wind farms, to support sustainable infrastructure development.
 - **Healthcare Accessibility Standards:** New guidelines mandate health insurers to offer affordable policies focused on underserved and rural populations, improving access to essential healthcare services.
 - **ESG Compliance in Insurance Investments:** Insurers are required to align a portion of their investment portfolios with ESG (Environmental, Social, and Governance) principles, prioritizing projects that promote clean energy, electric vehicle infrastructure, and low-carbon solutions.
 - **Digital Onboarding for Rural & Low-Income Populations:** IRDAI mandates simplified digital onboarding processes to extend insurance coverage to rural and low-income populations, ensuring easier access to insurance products and efficient claims settlements.
- **Implementation Standards:** Insurance companies are expected to adopt these initiatives based on frameworks developed in consultation with IRDAI's ESG advisory committee.
- **Effective Date:** Immediate.
- **Impact:** These measures will enhance environmental responsibility, improve healthcare access, and strengthen social protection for underserved communities.

NABARD's Renewed Emphasis on Sustainability and Social Development



- **Background:** NABARD is dedicated to achieving significant social and environmental outcomes through renewable energy initiatives, facilitating electric vehicle adoption, and advancing sustainable agriculture practices.
- **Main Requirements:**
 - **Renewable Energy Financing:** Provision of concessional loans and grants to rural cooperatives engaged in biomass and solar energy investments.
 - **Support for Electric Vehicle Adoption:** Financial programs for rural SMEs and farmers making the transition to electric vehicles.
 - **Promotion of Sustainable Agriculture:** Financial support will be prioritized for organic farming and environmentally friendly practices.
 - **Monitoring Social Impact:** Enhanced accountability and reporting for healthcare, education, and community inclusion projects to ensure tangible outcomes in rural sectors.
- **Implementation Standards:** All projects must adhere to NABARD's sustainability criteria, and funding recipients are required to submit regular impact assessments to ensure compliance.
- **Effective Date:** Immediate implementation, with a phased rollout according to project timelines.
- **Impact:** NABARD's initiatives are poised to facilitate rural development, mitigate environmental impacts, and support sustainable practices across rural regions.

Market and Investment Updates

Sector-	Market Capitalization #	% Change*
Finance		
• Housing	282,924	▼ 3.1%
• NBFC's	1,402,268	▼ 4.4%
• Lending^	379,813	▼ 1.9%
Agriculture	329,543	▼ 0.6%
Climate		
• Power	1,723,454	▼ 6.9%
• Oil and Gas	2,642,545	▼ 7.6%
• Plastics	216,538	▼ 6.3%

#Market capitalization based on top 5 companies listed in BSE within the sector

*% Change from 21/10/2024-12/11/2024

^Does not include private banks

Company	Funding raised/ Stage
Finova Capital	\$135.0 Mn: Series E
EHFL	\$35.0 Mn: Series B
HealthifyMe	\$20.0 Mn: Series C
Nexstem	\$3.5 Mn: Series A
India IVF Clinic	\$1.3 Mn: Seed
Spinny	\$666.0 K: Seed
Jarsh Safety	\$500.0 K: Seed
MEINE Electric	\$345.0 K: Seed
Doodley	\$119.0 K: Seed

Select fundraises from Mid-October 2024 to Mid-November 2024

Thank You
