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***A tech-focused impact-first
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Newsletter Feb 2025 >



Key Updates from Regulators

Regulation



Repo Rate Cut:

The Reserve Bank of India (RBI) reduced the **policy repo rate** by **25 basis points** to **6.25%** in its **Monetary Policy Committee (MPC) meeting held from February 5-7, 2025**.



Monetary Policy Stance:

This move aims to revive economic growth while keeping inflation within the target range, in response to evolving macroeconomic conditions.



Liquidity Adjustment Measures:

RBI has infused additional liquidity into the banking system to ensure credit availability, strengthen financial market stability, and support lending growth.

Implications

Impact Areas

Lower Borrowing Costs:

Interest rates on loans and credit facilities are expected to decline, benefiting businesses in financial inclusion, MSMEs, and impact investing sectors.

Boost to Consumption & Investments:

With cheaper credit, consumer demand may rise, positively impacting sectors like housing, renewable energy, and infrastructure

Sector Insights

Financial Inclusion & MSMEs:

Easier access to credit can enhance funding opportunities for Microfinance Institutions (MFIs), Fintech's, and small businesses.

Global Competitiveness:

A rate cut aligns with international trends of monetary easing, making India a more attractive destination for investors.

Topic of the Month



Depreciation of the Indian Rupee Against the US Dollar





The Indian Rupee has depreciated 6% in six months, reaching ₹88.10 per USD in early 2025. This drop has heightened concerns over inflation, corporate debt, and foreign investments.



RBI's Intervention & Forex Reserves Decline

The RBI sold \$10-11 billion in February 2025, helping the rupee recover to ₹86.47/USD from a low of ₹87.95. However, forex reserves have fallen by \$51.52 billion since late 2024.



Key Drivers of Depreciation

Stronger USD: Global trade tensions and geopolitical risks.

Widening Trade Deficit: Higher crude oil imports drive up forex demand.

Capital Outflows: \$12 billion in foreign investor withdrawals in 2025.



Impact on Borrowing & Sectors

Foreign Debt: ECBs surged to \$49.2 billion, with 30% unhedged.

Challenges: Oil, pharma, electronics, and banking face rising costs.

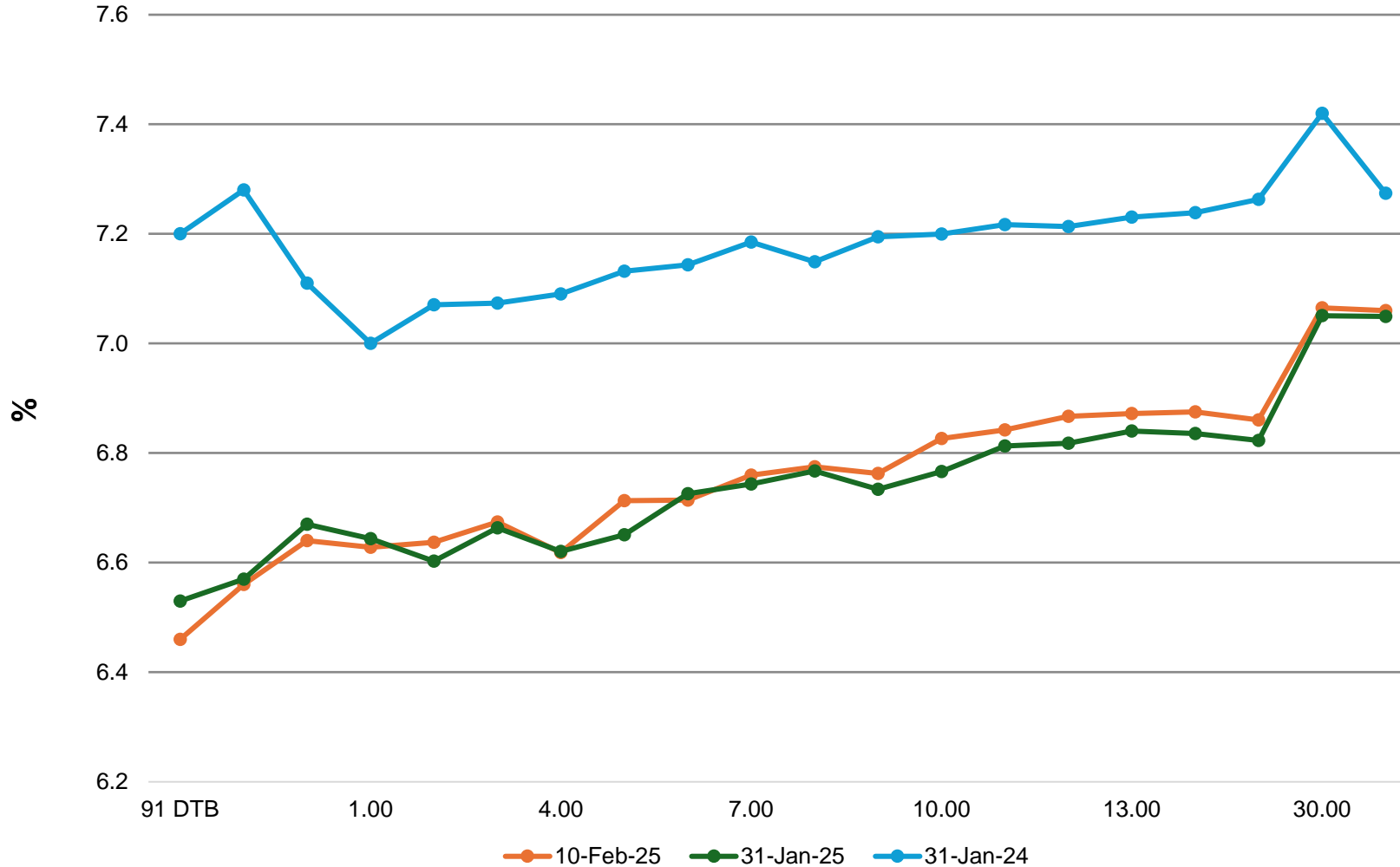
Beneficiaries: IT, textiles, and exports gain from the weaker rupee.

A prolonged weak rupee could fuel inflation and curb investments, necessitating strategic policy measures for stability.



Market and Investment Updates

Yield Curve



Key market rates*

Repo Rate
6.25%

Reverse Repo Rate
3.35%

MSFR
6.50%

EURIBOR-6M
2.514%

SOFR-6M
4.76982%

Sector	Market Capitalization #	% Change*
Finance		
Housing	260,860	▼ 5.2%
NBFC's	1,468,891	▲ 3.6%
Lending [^]	326,772	▼ 9.0%
Agriculture	307,914	▼ 2.4%
Climate		
Power	1,479,228	▼ 11.1%
Oil and Gas	2,429,101	▼ 5.4%
Plastics	178,149	▼ 12.6%

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

*% Change from 21/01/2025 - 15/02/2025

[^]Does not include private banks

Company	Funding raised/ Stage
Cashfree Payments	\$53.0 Mn: Series C
Zeta	\$50.0 Mn: Series D
Attentive AI	\$12.0 Mn: Series A
Vilcart	\$10.0 Mn: Series A
Border Plus	\$7.0 Mn: Series A
Capgrid	\$5.0 Mn: Series A
Bizloan	\$4.0 Mn: Series A
Ambak	\$4.0 Mn: Seed
Artha Alpha	\$2.0 Mn: Seed

Select fundraises from Mid-January 2025 to Mid-February 2025



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Thank You

