

First Edition
AUGUST 2018
16 Pages

VLE EDGE

e-News Letter

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STEEL INDUSTRY OUTLOOK

+INSIDE

- 
- PRAAPTI: BRINGING TRANSPARENCY
 - INDIAN EDUCATION INDUSTRY
 - BALANCE OF PAYMENTS
 - SMART CITIES

FOR INNOVATIVE GROWTH



HOLISTICS

URBAN INNOVATIONS PVT. LTD.
---CAPABILITIES PRESENTATION---

Accomplishments

Top class execution with operational excellence, customer centricity, six sigma & lean standards being our core strength.

Awards & recognitions - received # 1 IIM award for the design of Dhatu Bhawan at Durgapur. Also received innumerable accolades for 'The Corenthum' - NCR's best state of the art (24x7) commercial building centre with the latest integrated conference facilities - boasting offer roof top helipad and a mini golf course.

First time in India Geo Spatial services developed by state government for generating digital map of sewage & water lines.

Services

- Green Design Services (G.D.S.):
- Green Engineering Services (G.E.S.):
- Green Construction Services (G.C.S.):
- Geographical Information System (G.I.S.):
- Green Real Estate Services

International Associates

- DHV - Holland
- TENSYS - Australia
- LBG - USA
- Iterium Architects Korea

Contact us: Holistics Urban Innovations Pvt. Ltd.

Terrace Office, Tower-A, The Corenthum, A-41, Sec - 62, Noida - 201 301

Tel.: +91-0120 - 4527777, Tele Fax: 4527788 | Mob.: 9971017777 | E-mail: holcons@yahoo.co.in

AMRG & ASSOCIATES

Chartered Accountants

PCAOB

Public Company Accounting Oversight Board



M: +91-9910044223 | E: rajat.mohan@icai.org | T: +91-11-47322696/97 | W: www.amrg.in

A: 18-A, IInd Floor, North Avenue Road, West Punjabi Bagh, New Delhi-110026

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ENGINEERING CREATIONS

Engineering Creations is a Noida based structural design and Civil Engineering Consulting organization providing quality services in the field of civil engineering having an experience of over 38 years.

The team works with a Client centric approach wherein we are proud of thinking of what is best for our client and offer solutions that are not only theoretical but workable.

The team has vast exposure in structural design of Bridges-Roads-Infrastructure projects-Tall Structures - Residential-Commercial-IT Parks- Hotels -Retail-Healthcare- Educational - Public Amenities - Industrial - Residential Mixed Use Development - Multiplex - Infrastructure Support Building - Steel Structures -Steel Trusses.

Some Projects: Elevated Road at Tiruchirappalli, Corenthum-IT building, Jewel of Noida- Residential Building

PROFESSIONAL SERVICES OFFERED

- Structural Design Consultancy – All kind of Structures
- Structural Design for Retrofitting, Alterations and Strengthening Work
- Design for Earth/Liquid Retention Systems
- Structural Design Peer Review / Value Engineering
- Site inspection for Quality Control during execution
- Building Survey for Structural Health Monitoring

Contact details: marketing.enggsolutions@gmail.com , 0120-2404141

MESSAGE FROM THE PARTNER

Hello Everyone,

We are pleased to launch our first ever monthly newsletter VLE EDGE.

I wish to thank all the staff members, and everyone who have played a pivotal role in its publication. I would also thank to CARE Ratings Research Team for their valuable contributions.

Indian economy is one of the fastest growing superpowers in the world accounting for 15% of global growth. With this continued growth, India should be among the top 3 economies in the world during the next 10-15 years.

India's economy is picking up fast, GDP is growing, and markets are expanding. India is on aggressive expansion path. With economic improvements, & recent implementation of policies, the investments have picked up across almost all sectors with M&A alone touching around USD \$ 77.6 billion during the previous financial year.

In addition, Government of India is also undertaking various reforms for further uplifting and strengthening the Indian economy with special focus on agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education in the country.

Through our monthly publication, we plan to bring out our independent view on Indian economy focusing on sectors that have huge potential of growth.

In this edition, we have kept our focus mainly on sectors like Steel which is poised to grow exponentially as demand for steel is expected to be at all time high with increase in Infra activities across the Indian continent. Govt. of India has also taken initiatives like setting up the SRTMI to spearhead research and development activities in this sector. We also cover various other initiatives undertaken by Govt. like PRAAPTI which will help consumers to financially evaluate the performance of their Discoms and bring more transparency into the system.

In addition, this edition also includes our assessment on the Indian education society, Balance of Trade and future of smart cities in India.

As part of our core strategy, we will continue to offer regular publication space to sectors which form core to our economy during the next few years.

We also look forward to your continuous support and guidance to make VLE EDGE successful. We welcome your submissions, as well as feedback as authors, readers, and reviewers of the newsletter.

Regards,
Ritesh Vig
Partner & Founder
Veracity Leading Edge LLP



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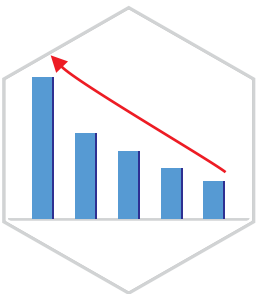
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STEEL INDUSTRY - OUTLOOK

INDIA IS EXPECTED
TO OVERTAKE JAPAN
TO BECOME THE
WORLD'S SECOND
LARGEST STEEL
PRODUCER

Production in Million Tonnes

3.1 %

101.85 Million Tonnes

105 Million Tonnes



During financial year 2017-18, steel production in India grew by 3.1% to 105 million tonnes and consumption increased by 7.9% to 90.7 million tonnes. We expect the upward momentum in production and consumption to continue in the ongoing financial year 2018-19 as well.

The demand for steel from user industries is likely to result in increase in production and is expected to keep the prices firm during 2018-19, while we may see some moderation in steel prices during the monsoon months as infrastructure and construction activities slow down during these months. The prices had averaged 18%-21% higher during 2017-18

Product Segments

Steel products can be widely divided into two categories, long and flat products. There are various products manufactured within these two categories based on the needs of user industries. Long products are generally used for construction, mechanical engineering, energy and automotive, flat products are generally used for automotive, heavy machinery, pipes and tubes, construction, packaging and appliances. In addition to these two broad categories, finished steel production also includes alloy steel.

During 2016-17, the output of flat products grew by a healthy 20.9% to 49.3 million tonnes and long products increased by 5% to 44 million tonnes on a y-o-y basis. In the next year 2017-18, the output of long products rose by 2.3% to 45 million tonnes and that for flat products was up by 0.9% to 49.8 million tonnes. The output of alloy steel on the other hand grew by a strong 20.7% to 10.2 million tonnes which led the rise in finished steel production during 2017-18. In the previous year, production of alloy steel had increased by 2.3% on a y-o-y basis to 8.5 million tonnes.

Demand drivers for steel industry

India's steel production is expected to remain higher in the current financial year 2018-19 backed by growth in domestic demand from user industries during the year. Construction & infrastructure sector is the largest consumer of steel in India, it accounted for a noteworthy share of 62% of the total finished steel consumed during 2015-16. This was followed by engineering & fabrication sector which had a

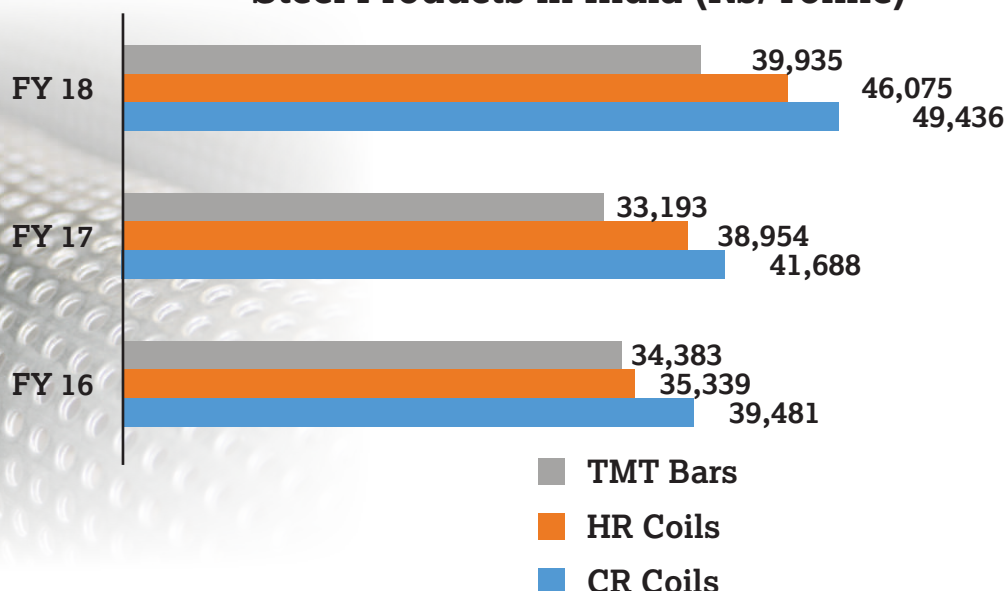
second largest share of 22.1% of the total finished steel consumed during the year. The automotive sector was the third largest consumer of steel with a share of 10.1%, other transport and packaging & others sector had a share of 2.9% each in total finished steel consumption. India's steel production is expected to grow by 6%-8% during 2018-19.

Source: Care Ratings

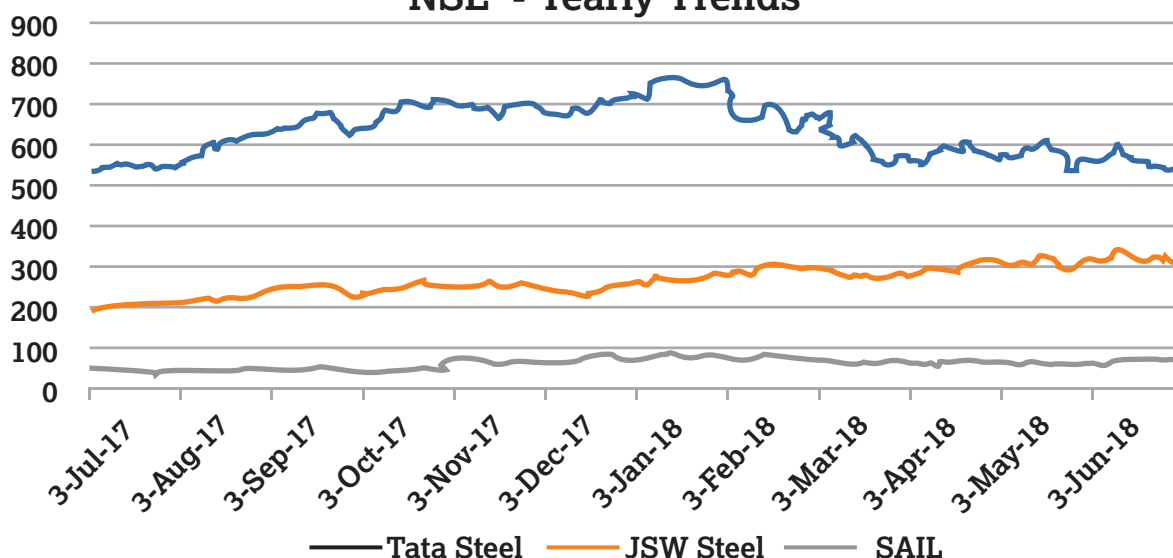
National Steel Policy (NSP)

Steel Research and Technology Mission of India (SRTMI)

Steel Products in India (Rs/Tonne)



NSE - Yearly Trends



STEEL PRICES

During 2017-18, domestic steel prices remained buoyant as they rose in the range of 18%-21% on a y-o-y basis. The increase in prices was on account of a growth in domestic consumption and international prices.

Road Ahead

India is expected to overtake Japan to become the world's second largest steel producer soon, and has envisaged achieving 300 MT of annual steel production capacity by 2030. India is expected to become the second largest steel producer in the world by 2018

Key Government Reforms

The Union Cabinet, Government of India has approved the National Steel Policy (NSP) 2017, as it seeks to create a globally competitive steel industry in India. NSP 2017 targets 300 million tonnes (MT) steel-making capacity and 160 kgs per capita steel consumption by 2030.

The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US\$ 30 million).

Source: Care Ratings

PRAAPTI: Bringing Transparency

Ministry of Power launched PRAAPTI (Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators) app. The portal has been developed to bring transparency in power purchase transactions between generators and distributors.

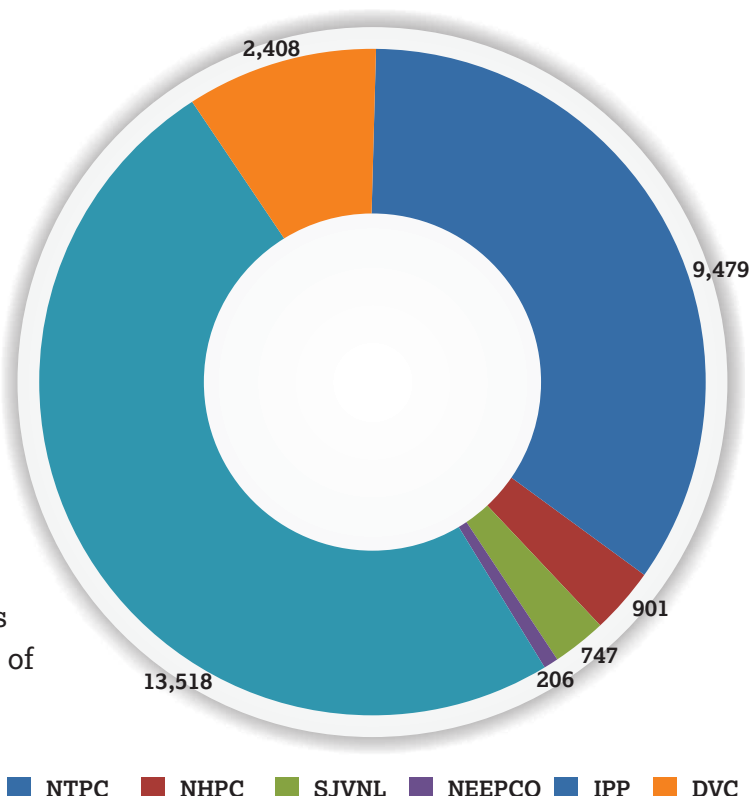
The App and Web Portal will capture the Invoicing and payment data for various long term PPAs from the Generators. This will help the stakeholders in getting month-wise and legacy data on outstanding amounts of Discoms against power purchase.

PRAAPTI will also enable the consumers to evaluate financial performance of their Discoms in terms of payments being made to the generation companies.

Total outstanding bills grew from Rs. 26,279 cr. in September 2017 to Rs.31,143 cr. in March 2018. Uttar Pradesh, Telangana, Tamil Nadu, Maharashtra and Karnataka account for 61% of the total dues outstanding.

Dues Outstanding for GenCos

Independent power producers (Private Power Producers) were owed 49.6% of the total outstanding dues followed by NTPC (34.8%), Damodar Valley Corporation (8.8%) and the remaining to NHPC, SJVNL, DVC etc. NTPC (State-owned) is the single largest genco accounting for 34.8% or Rs. 8,454 cr. of outstanding dues to be paid. Among Independent Power Producers (IPPs) - Adani Power, Sembcorp, JSPL, DB Power and JP Associates are the other generation companies which are collectively owed Rs. 11,450 cr. (approx.) of dues by discoms.



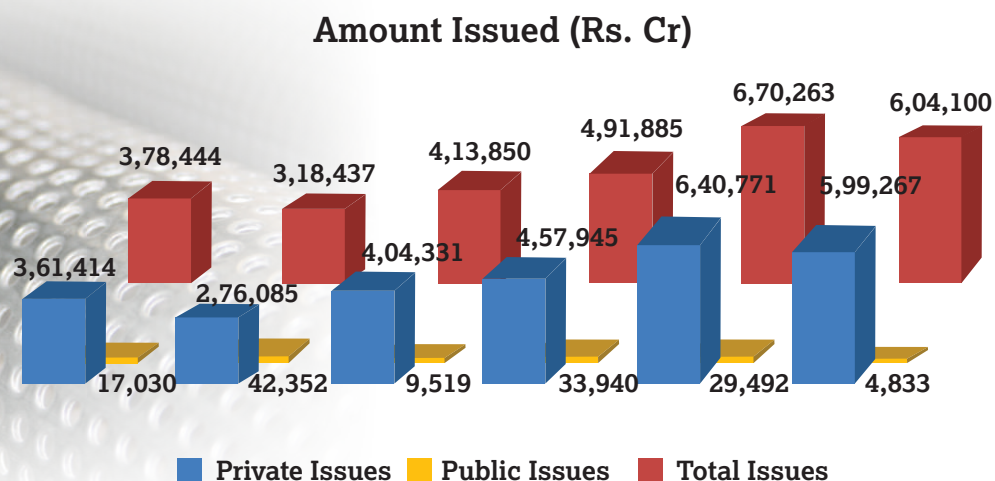
VLE Opinion

The main purpose of this initiative is to herald a new era of transparency in financial transaction in the power sector. Moreover, the portal will allow consumers to assess the financial performance of their DISCOMs and note if the generation companies are not being paid properly.

Source: Care Ratings

ISSUANCE OF CORPORATE BOND

The total issuances have been dominated by private placement as they account for on an average, 94.3% of the total issuances.



The issuance of corporate bonds is either by way of public issues or private placement with the latter dominating 90% of total issuance. The public issuance of corporate bonds has been relatively stagnant owing to complex regulatory structures and procedures. With the traditional banking channels stressed on account of higher non-performing assets, corporates have been increasingly tapping the bond markets for their funding requirements. Given their growing importance and untapped potential, measures are being undertaken by the government and the regulators (SEBI and RBI) to address the various issues that constrain

Over the period of time, the regulators have introduced measures like permitting brokers in repo/reverse repo contracts in corporate debt securities, allowing FPIs to trade directly in corporate bond market and recommendation for introduction of electronic dealing platforms for repo in corporate bonds for the development and deepening of the corporate bond market.

The ratio of secondary market turnover to outstanding bonds indicates the increasing activity in the secondary market of the corporate bonds. However, this market is constrained by limited liquidity for a variety of reasons.

The Indian corporate bond market has challenges like dominance of private placement, limited investor base, several regulatory restrictions, and cost of transaction.

The untapped potential of the corporate bond market can be leveraged over time by getting in more buyers and sellers of paper. The announcements made in the Budget on acceptance of bonds with rating of A as well as RBI's move to nudge large borrowers to the bond market are some measures which will increase the volumes in the market.

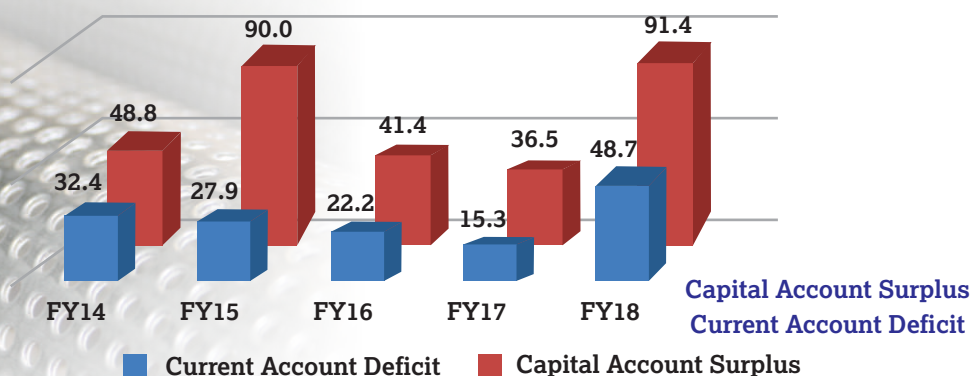
Source: Care Ratings



BALANCE OF PAYMENTS

- Capital Account Becomes stronger.
- Current Account Gap Widens On Higher Trade Deficit

Current Account & Capital Accounts (\$Bn)



Current Account Deficit

The current account deficit has been highest this year at \$48.7 Bn. The current account deficit has been under control for the last five years and has been less than 2%. In FY12 and FY13, which was the time when the crude oil price had peaked in global markets, the deficit was at 4.2% and 4.8% respectively. Low crude oil prices have kept the current deficit in check as the invisibles account was largely stable. Between FY14 and FY17, there was a continuous decline in the current account deficit which had gotten reversed in FY18. With strong support coming from the capital account the forex reserves too have been increasing at a steady pace.

Capital Account

The capital account has become stronger in FY18 with \$ 91.4 bn coming in net term. More than half has come from foreign investment (58%) and around 18% each from loans and banks (which cover NRIs). The FDI story is interesting as there are two sides to it which comes out from the net numbers which rose till FY16 and then declined in the subsequent two years. Gross inflows have been buoyant in the region of \$ 60 bn in the last two years which is remarkable as it had risen from \$ 36 bn in FY14 to \$ 44 bn in FY15 and \$ 55 bn in FY16. Around a quarter of these flows are in the form of reinvestment of earnings which reflects the commitment of the investors to the Indian growth story.

FPIs

FPIs have been very volatile as they are driven by different factors. After being negative in FY16, they have turned positive in the subsequent two years contributing more in FY18 and equity in FY17. Therefore, while these flows are very critical, they tend to get whimsical too which affects the overall flows. FDI is definitely proved to be more stable with direction.

ECBs

ECBs have been another source of finance for corporates over the years. The major factor driving this decision is the interest rate differential and currency stability. While these flows came down in FY15-FY17, there was an increase of almost 170% in FY18. However, in net terms the accretion has been low due to commensurate amount of repayments being made every year.

VLE Opinion

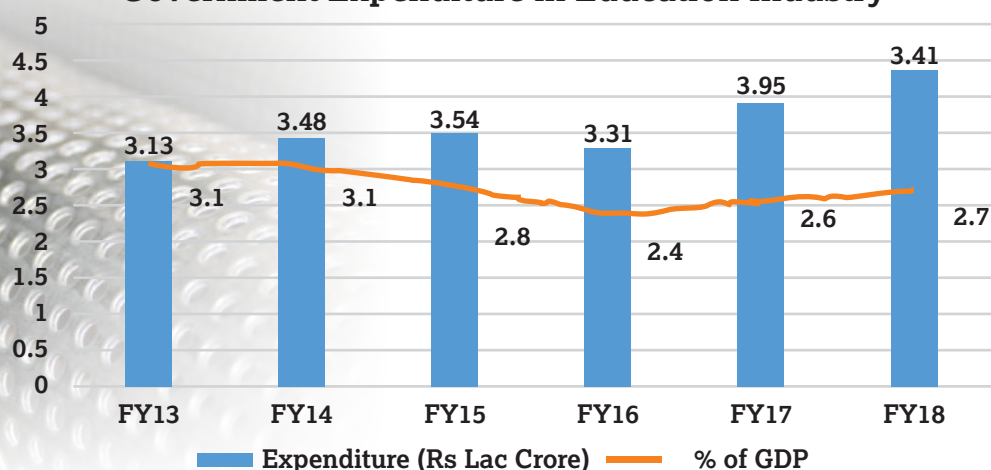
We do expect that the CAD will be range bound at the 2-2.5% level in FY19 while forex reserves will increase, albeit at a lower quantum of \$ 10-15 bn. As the rupee will be under pressure, sale of forex by the RBI would be necessitated periodically which supports the belief that there will be moderation in the improvement of the balance of payments.

Source: Care Ratings

INDIAN EDUCATION INDUSTRY

PARADIGM SHIFT IN EDUCATION INDUSTRY

Government Expenditure in Education Industry



DRAFT OF EDUCATION POLICY IS EXPECTED

The Indian Education sector is amongst the largest, with an extensive network of more than 1.4 million schools with over 200 million students enrolled and more than 850 universities and 40,000 higher education institutes and is expanding rapidly in light of rising income levels and growing demand for quality education in the country.

Education sector in India is a mix of government-operated & privately operated educational institutions and allied education products & services providers. The sector is highly influenced by various government schemes and policies launched primarily to improve the quality of education and the planned expenditure through several schemes.

Shift Towards Organized Sector

The education industry revenue has grown at a CAGR of 15% over the FY13 – FY17 period. Concurrently, the annual revenue growth rate has remained over 10% in the same period. The institutions generate the largest share of their revenues from fees and government grants other sources of earnings include income from endowment funds, funds

Shift towards organized Market

Low entry barriers, minimal capital requirement and absence of regulatory restrictions have resulted into a fragmented preschool industry in India with many unorganized players. The preschool market continues to be highly unorganized being run by independent entrepreneurs. However, of late several corporates have also evinced interest in this educational segment. Several organized players are entering the market as they have sufficient resources to establish their brands by opening multiple centres, as branding has become increasingly essential in the preschool segment due to increasing demand. There are many organized players such as KidZee, Euro Kids, Bachpan, Apple Kids, Shemrock, Kangaroo Kids, Podar Jumbo Kids, etc.

Summary

The final draft of the New Education Policy which is expected to address the changing dynamics in the education industry is expected to be released mid-2018. The preschool segment market size is estimated at Rs. 130 bn in FY17 and is expected to grow at a CAGR of over 20% over the next three years to reach Rs 225 bn. The K-12 market is estimated at Rs. 1,655 bn in FY17 and is expected to grow at a CAGR of over 13% over the next three years to reach Rs 2,400 bn. The market size of the Indian higher education segment stood at approximately Rs. 2,230 bn in FY17 and is expected to grow at a CAGR of over 11% over the next three years to reach Rs 3,100 bn. The market size of the Indian coaching classes segment stood at approximately Rs. 2,170 bn in FY17 and is expected to grow at a CAGR of over 13% over the next three years to reach Rs 3,150 bn.

Source: Care Ratings

INVESTMENT CLIMATE

PE Deals have witnessed a significant rise in investment activity by value. It has increased by almost 50% from \$ 16.50 Bn in 2016 to \$24.70 Bn in 2017. However, there is a noticeable drop in volume by 23% has been recorded in 2017 as number of deals fall from 829 deals in 2016 to 639 deals in 2017. Investors are found to be more focused towards quality rather than quantity as average value per deal is higher in 2017 than 2016. Sovereign Wealth Funds (SWFs) and Pension Funds contribute approximate 33 % during investment activity in 2017. Sovereign wealth funds and pension funds like Canada Pension Plan Investment Board (CPPIB), Government of Singapore Investment Corporation (GIC), CDPQ, Abu Dhabi Investment Authority (ADIA) and Ontario Teachers' Pension Plan (OTPPB), among others, increased the activity in India in the last year

Technology sector continued to be the most dominant sector accounted for 45% investment value in 2017. Top 15 deals in 2017 accounted for 50% of investment value. Average deal size in 2017 is \$47.1 Mn. Flipkart (\$2.5 billion), Paytm (\$1.4 billion) and Ola Cabs (\$1.1 billion) are top 3 deals executed in 2017.

**PE INVESTMENT
REACH TO
\$ 40 BN BY 2025 WHICH
IS HELPING INDIA GROW AT
ALMOST 2-3X THE GLOBAL
AVERAGE**



Late stage Investments accounted for almost 45% of investment value. Buyout deals have witnessed a sharp decline of 32%. A major part of investments in 2017 is happened due to consolidation across various sectors. Some of the consolidation remain to be continued in 2018.

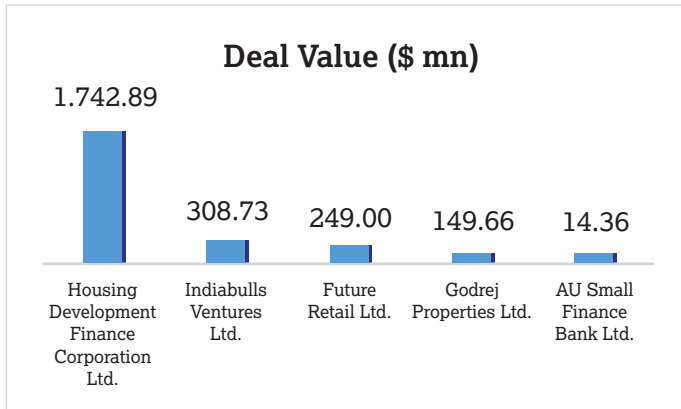
Outlook for 2018

Private Equity Investments is continued to reach \$ 40 Bn by 2025. Investor confidence in India continue to boost up. India continues to remain the fastest growing major global economy, growing at almost 2 – 3x the global average. Advancements in Artificial Intelligence, Robotics and an increasing move towards digital wallets and online retail to cause incremental opportunities for investors in the technology space. Infrastructure and allied service businesses too are expected to continue to attract high interest from private equity investors. The Government- sponsored, National Investment and Infrastructure Fund (NIIF), which has already attracted significant investor interest is also likely to lead platform deals across various infrastructure vertical

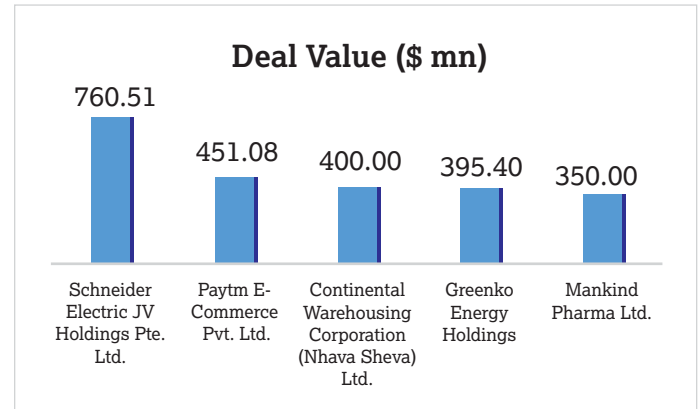
Source: Care Ratings

INVESTMENT OVERVIEW: 2018

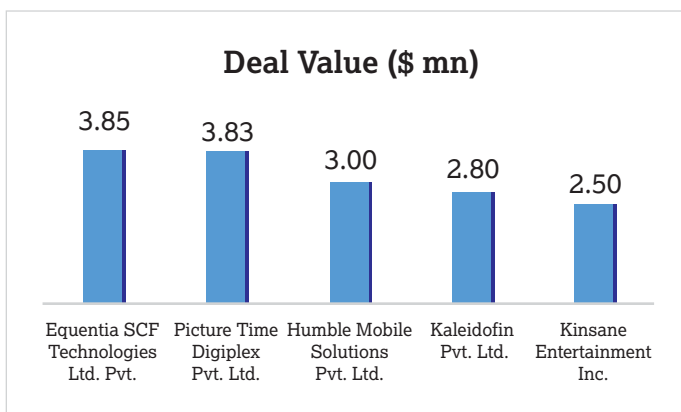
Top 5 Deals Across Various Asset Classes



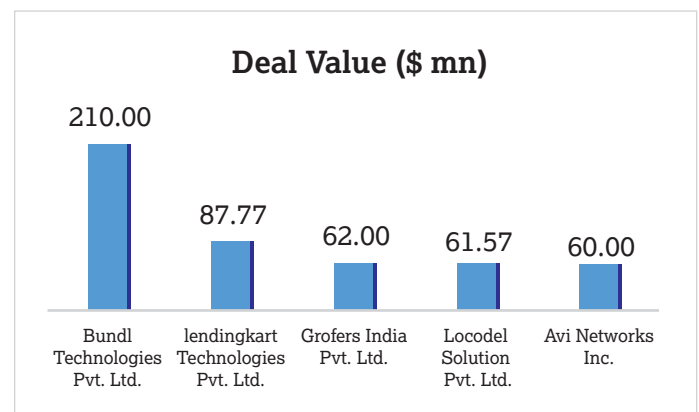
Public Equity Deals



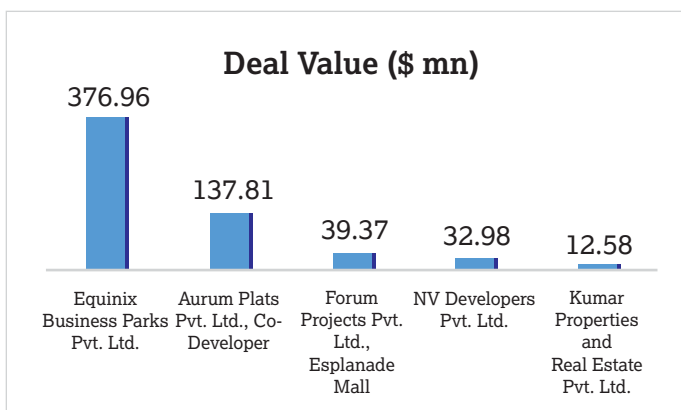
Private Equity Deals



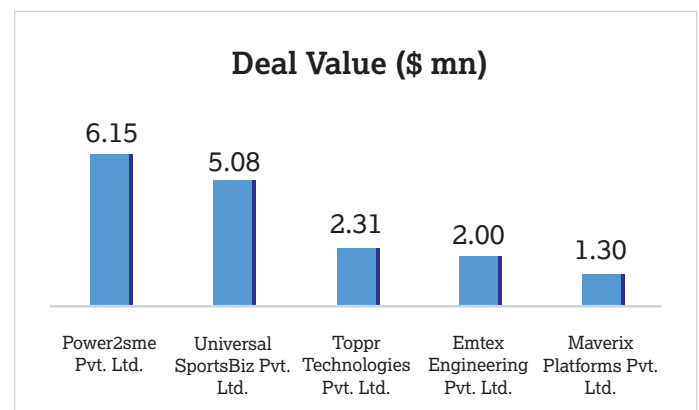
Angel Seed Investments



Venture Capital Investments



Real Estate Investments

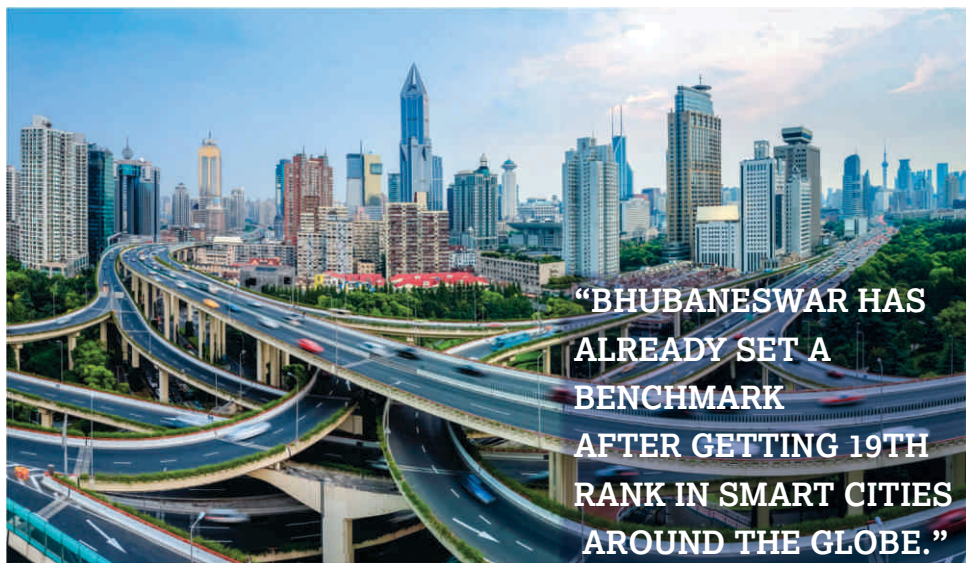


Debt Investments

Source: VCC EDGE

SMART CITIES

Presently in India, Smart cities is a prime focus for development. The reason of this is its people-centric approach, and to set up a landmark in development projects of the cities. **Bhubaneswar** had already set a benchmark after getting 19th rank in smart cities around the globe, proving mission with great success. Now the main question is, what is a smart city? What is its need in India?



In this article, first, we will talk about the smart city mission and its need in India. Later, about key dimensions, and strategic components, stakeholders involved. Concluding with the existing scenario of the mission.

What is a smart city?

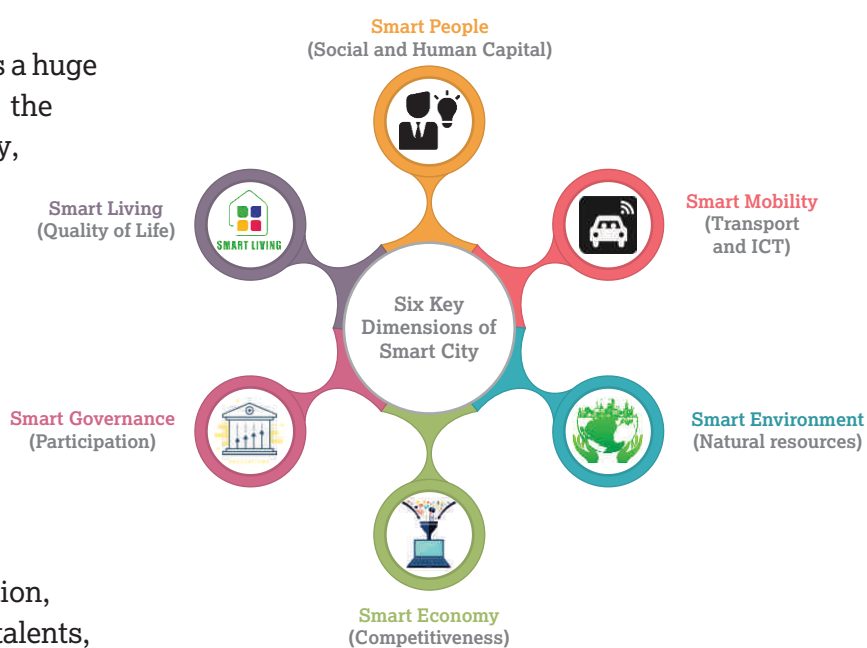
The government of India had iterated smart city mission as an urban renewal and retrofitting program. This mission aims to develop an entire urban Eco-system under four comprehensive development models: institution, physical, social and economic infrastructure.

Why does India need to develop smart cities?

India is urbanizing with greater pace. As highlighted by many researchers that by 2030, India's urban population will be comprised of 50 % of the total population. The rise in population put pressure on cities to accommodate the urban population.

As people are moving towards cities there is a huge pressure on Indian cities to accommodate the influx population. Big ones like NSN Murty, Partner and Leader, PwC, India highlighted that in near future Indian cities requires the comprehensive development of physical, institutional, social and economic infrastructure. This will improve the quality of life, attracts people and investment and be set in motion a virtuous cycle of growth and development. Development of Smart Cities is thus a step in that direction.

The mission is to support the production, accessible, liveable cities that attract talents, encourage innovation and create jobs and economic prosperity.

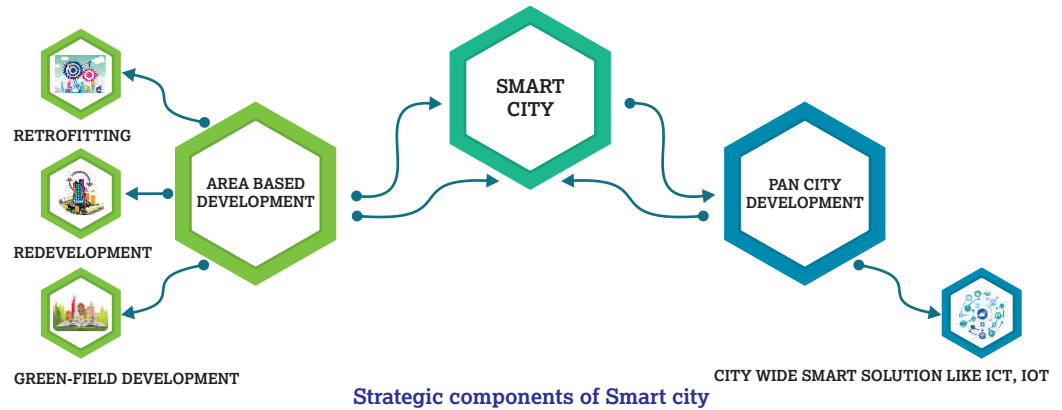


Six Key Dimensions of Smart City

SMART CITIES

Strategic Components of smart city:

The smart city has two components, the first is area-based development and second is pan-city development. The area-based has three components, retrofitting, redevelopment and green-field development. On the other hand, pan city development focus to provide citywide smart solutions like ICT, IOT.



Stakeholders involvement:

Smart city mission has a motto of active citizen participation. It had involved both government and private bodies for the mission implementation.



Existing scenario of the smart city:

Smart city mission covered Shillong as 100th smart city in 2018. All cities are having a competition to get the best smart city award. Lots of new innovative ideas and innovations are taking place, including and encouraging start-ups like Zippr, We Do Sky, Oizom Instruments, Quenext and many more. Below are few statistics of smart cities.



Overview of Existing Smart Cities

Highlights:

- Shillong has been selected as 100th smart city in June 2018.
- Ministry of housing and Urban affairs announces India Smart City award 2018
- Surat got Smart City award for great momentum in implementation.
- Bhopal and Ahmedabad have been awarded for Innovative Idea.
- PMC CARE PUNE has been awarded for best governance.

Ahmedabad has been awarded for Smart water management through SCADA.

RECRUITMENTS

Personal Assistant – PA

VERACITY LEADING EDGE

Qualification : Any Graduate,
Preferable B.Com, M.Com

Experience – 5 Years

Skill set – Project Management,
Project Planning, Project Coordination,
Project Support

✉ amit.gaba@vleconsultants.com

Debt – Senior Manager

VERACITY LEADING EDGE

Qualification : MBA Marketing

Experience – 5 Years

Skill set – Sales Executive Activities,
Sales Executive, Marketing Executive.

✉ amit.gaba@vleconsultants.com

Administrative Head

VERACITY LEADING EDGE

Qualification : Any Graduate

Experience – 2 Years

Skill set – Office Administration,
Coordination, Front Office

✉ amit.gaba@vleconsultants.com

Urban Planner - Head

VERACITY LEADING EDGE

Qualification : Masters in Urban
Planning, B.tech C.E./B.Arch

Experience – 5 - 8 Years

Skill set – Worked on - Large Scale
Urban Development Projects, Railway
related Projects, Good writing skills to
develop report, Sound Knowledge of
AutoCAD, MS Office, ArcGIS

✉ amit.gaba@vleconsultants.com

Financial Analyst

VERACITY LEADING EDGE

Qualification : Preferable CA,
B.Com / M.Com

Experience – 2 - 5 Years

Skill set – Financial Modeling
Statement Analysis, Budgeting,
Forecasting, Planning

✉ amit.gaba@vleconsultants.com

Sales Manager

CITY CHAI

Qualification : MBA PGDM
Marketing

Experience – 2 Years

Skill set – Sales Executive Activities,
Sales Executive, Marketing Executive.

✉ amit.gaba@vleconsultants.com

Sales Manager

CHILD YIELD

Experience – 5 Years

Skill set – Develop and implement
marketing plans, Analyze market
trends, tracking competition activities,
Customer Interactions & feedback on
Product

✉ amit.gaba@vleconsultants.com

Content Writer

CHILD YIELD

Experience – 2 Years

Skill set – Excellent verbal and written
communications skills (English),
good editorial skills, Computer Literacy
Educational curriculum, Educational
trends and research findings.

✉ amit.gaba@vleconsultants.com

Sales Manager

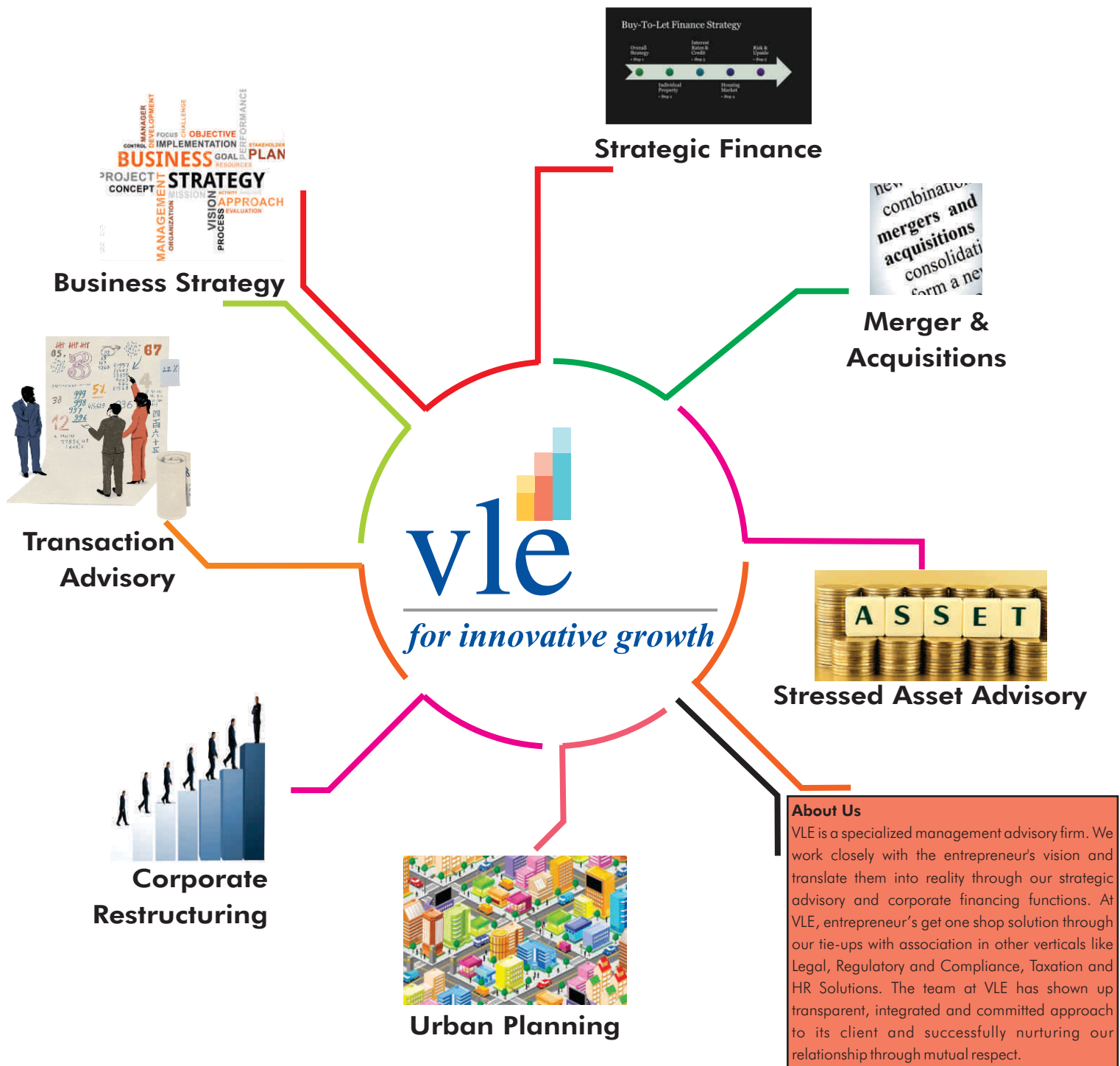
SEPL

Qualification : MBA PGDM
Marketing

Experience – 2 Years

Skill set – Sales Executive Activities,
Sales Executive, Marketing Executive.

✉ amit.gaba@vleconsultants.com



Veracity Leading Edge LLP

709, The I Thum, Plot No. A-40, Sector 62, Noida 201301, Uttar Pradesh (India)

E-mail : info@vleconsultants.com, Website : www.vleconsultants.com