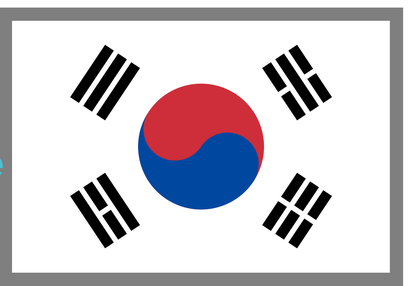
Leveraged Growth

MONTHLY REPORT

FEBRUARY 2021

GLOBAL

South Korea Unveils $43 Billion Plan for World's Largest Offshore Wind Farm



The South Korean government led by President Moon Jae-in attended a signing contract in the coastal town of Sinan for the World's largest offshore wind power plant, which will have a maximum capacity of 8.2 gigawatts. This project will make South Korea a step closer to its goal of carbon neutrality by 2050.

Korean Peninsula provides a distinct advantage for suitable energy rollouts and with efficient technology, the upcoming project could be 'seven times' bigger than Hornsea 1 in Britain which is currently the world's largest offshore wind farm with a capacity of generating 1.12 gigawatts.

Global Companies Raise Massive Funding through Convertible Bonds

The surge in the equity market increases the demand for such bonds making it easy for global companies to raise a vast amount of money. Approximately $19.7 billion worth of convertible bonds were issued in the first seven weeks of 2021, the biggest in three years for the comparable period. Till now, American companies and Chinese firms issued $7.2 billion and $8.6 worth of convertible bonds. The price of convertible bonds soared earlier this month due to regulatory scrutiny and tighter domestic cash conditions which resulted in CSI convertible bond index hit seven-month lows in the first week of February, the index is still above 3.

Biden Warns Iran

The first military action under the presidentship of Joe Biden in Syria was a sign of warning sent to Iran for backing non-state militia groups who were involved in recent attacks against the US and coalition personnel in Iraq. The action has been called an inherent right of self-defense. While running for the presidentship Biden took shots at Donald Trump for making several attacks during his regime. Biden once tweeted "No president should order a military strike without fully understanding the consequences. We don't need another war in the Middle East". Does this raise a question of hypocrisy?

After France, Australia Proposes a Law to Generate Revenue from Multinational Dollar Internet Companies: Google And Facebook.

According to Treasurer Josh Frydenberg, Google and Facebook accounts for 53% and 23% of Australian online advertising revenue, respectively. Seeing the widening of revenue, generated from news, differences between multinational-dollar internet companies and news organizations the Australian government proposed a law to compel internet companies to pay the news organization. Google and Facebook have been selling advertisements linked to reports, published by the news industry, without giving them their fair share. After a few meetings, Google agreed to pay publishers whereas Facebook continues to operate after blocking users from accessing and sharing Australian news for a day. France is the first government to enforce the rules, to which Google has agreed to compensate a group of 121 French news publishers with $76 million over three years. Even publishers in Spain and Germany tried to fight against Google but failed to win this battle. Google has terminated its news website in Spain since 2013.

Myanmar protest

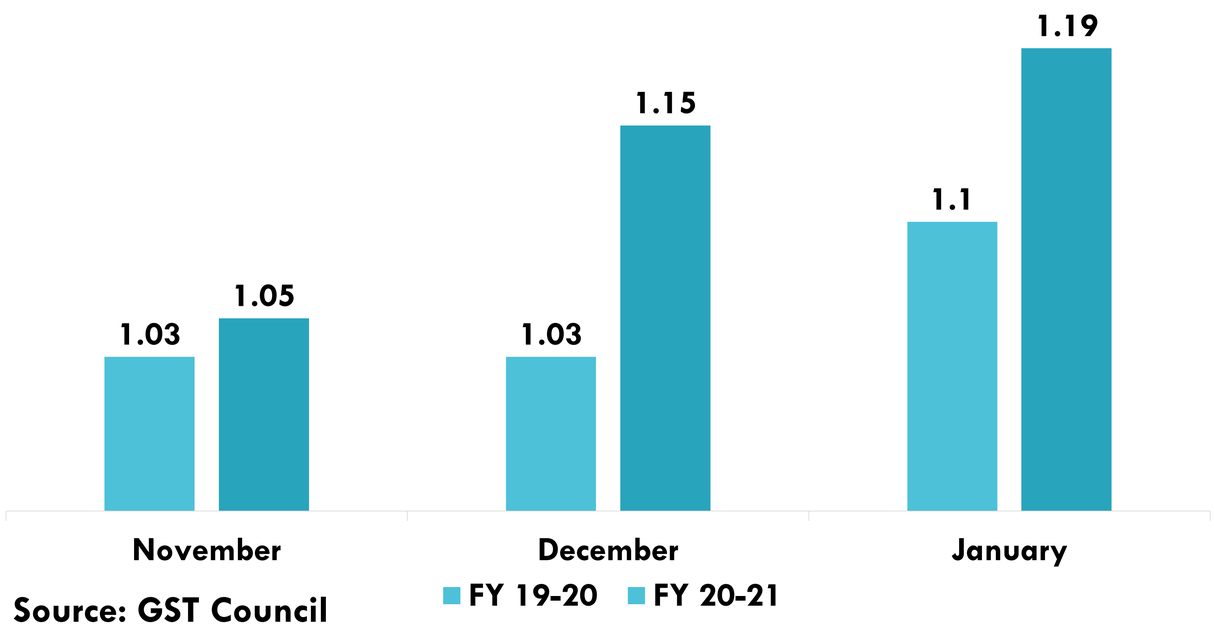
The 2021 Myanmar coup d'état began, before the new session of parliament was about to begin, when democratically elected members of ruling party were overthrown by the Tatmadaw – Myanmar's military – who announced a year-long state of emergency, handing over all the powers in the hand of Commander-in-chief Min Aung Hlaing. The ruling party of the General election 2021, the National League of Democracy (NLD) was accused of fraudulently winning and as a result, the military arrested Win Myint, the president, and Aung San Suu Kyi, the State Counsellor for breaching campaign guidelines and COVID-19 pandemic restrictions and illegally importing and using radio and communication devices. The peaceful protest was carried out by hundreds of thousands of citizens raising three-finger salutes to end the military's rule and release members of NLD.

INDIA INC.

GST Collections

The monthly collection of GST has once again crossed the barrier of ₹1 lakh crore for the fourth time indicating a sharp recovery in the market. GST collected in January was the highest collection ever seen at ₹1.19 lakh crores, surpassing the benchmark set in December. There was an 8% increase in MoM along with a 16% increase in revenue from the import of goods and a 6% increase in the revenue from the domestic transaction. The average YoY growth in GST revenue over the first four months in the second half of the financial year has been 8% as compared to -24% during the first half of the year.

GST Collection (₹ Lakh Crore)



Source: GST Council

India's PMI

India's Service PMI moderately increased from 52.3 in the previous month to 52.8 in January yet falling short of the market expectation of 53. Despite fall in employment, it grew consecutively for the fourth time in a row because of the rise in both output and new orders. With an increase in the prices of both fuel and materials, the input cost rose for the seventh straight month.

Meanwhile, India's Manufacturing PMI stood at three months high of 57.7 in January 2021 against 56.4 in December 2020 indicating a quick recovery from the massive impact of Covid-19. The speed of increase in output was fastest since October and new orders rose at the quickest in three months whereas input cost inflation sprung to a 28-month high. It indicates an upward movement with increasing speed-boosting recovery.

India on Geothermal Power Map of the World

Maharatna ONGC is the largest crude oil and natural gas company in India, contributing around 75% to Indian domestic production. Crude oil is the raw material used by downstream companies like IOC, BPCL, and HPCL (a subsidiary of ONGC) to produce petroleum products like Petrol, Diesel, Kerosene, Naphtha, and Cooking Gas-LPG. Now it is heading towards setting up India's first geothermal power plant in Ladakh, after signing an MoU with the Union Territory of Ladakh and Ladakh Autonomous Hill Development Council, Leh on the 6th of this month.

This project will change the course of farming in Ladakh, which is currently totally dependent on a fresh supply of fruits and vegetables from outside the Union Territory all around the year. Heat energy is more suitable looking at the geographical and climatic condition of Ladakh, which is clean, renewable, sustainable, carbon-free, continuous, uninterrupted, and environment-friendly.

PLI to Support Aatmanirbhar Bharat

Following the announcement made by the government to contribute ₹1.97 lakh crores to Production Linked Incentive (PLI) scheme over the next five years and additional ₹40,951 crores to electronic manufacturing schemes in the Union Budget on 1st February, Amazon informs to contribute to schemes supporting Aatmanirbhar Bharat by considering to built devices in Chennai further creating more jobs and increasing the domestic production. By the end of this month, the government allocates ₹15,000 and ₹7,350 crores to pharmaceuticals schemes and producers of laptops, all-in-one computers, and servers respectively.

Indian Economy Out Of Technical Recession

The Indian economy resurfaced to growth territory after it grew by 0.4% YoY in Q3FY21 following two straight quarters of economic contraction due to the coronavirus-imposed lockdown. The National Statistical Office (NSO) revised its estimate of the decline in GDP to 8% in FY21 from 7.7% projected earlier against a 4% growth seen in FY20. The Indian economy had contracted by 23.9% in Q1FY21 and by 7.5% in Q2FY21.

GOVT. POLICIES

Mandating Fastag

Toll collections on national highways for all vehicles through FASTag finally got mandatory from 15th February 2021. With this, the unnecessary queuing at toll booths would come to an end.

According to a report by Economic Times, a 100% toll collection via FASTag could help India save up to ₹12,000 crores per annum in terms of fuel costs and man-hours lost. The Radio Frequency Identification Technology (RFID) was first introduced by the Government of India in October 2017 and after several delays were finally made mandatory from 15th February.

PSB Privatization

The government in the Budget proposed the privatization of IDBI bank and 2 other PSBs in the next fiscal whose names were not disclosed. However, in the 3rd week of February, reports suggested 4 mid-sized PSBs which could be privatization candidates - Bank of India, Bank of Maharashtra, Indian Overseas Bank and Central Bank of India. Following this, their shares hit Upper Circuits for 4 straight trading sessions and NIFTY PSU Bank index rallied by about 16%. The privatization, if successful, would make it the first time a public sector bank is privatized after years of delay. Prior to this, the government only resorted to merging the smaller banks with a large public bank ultimately affecting the balance sheets of the large PSB severely.

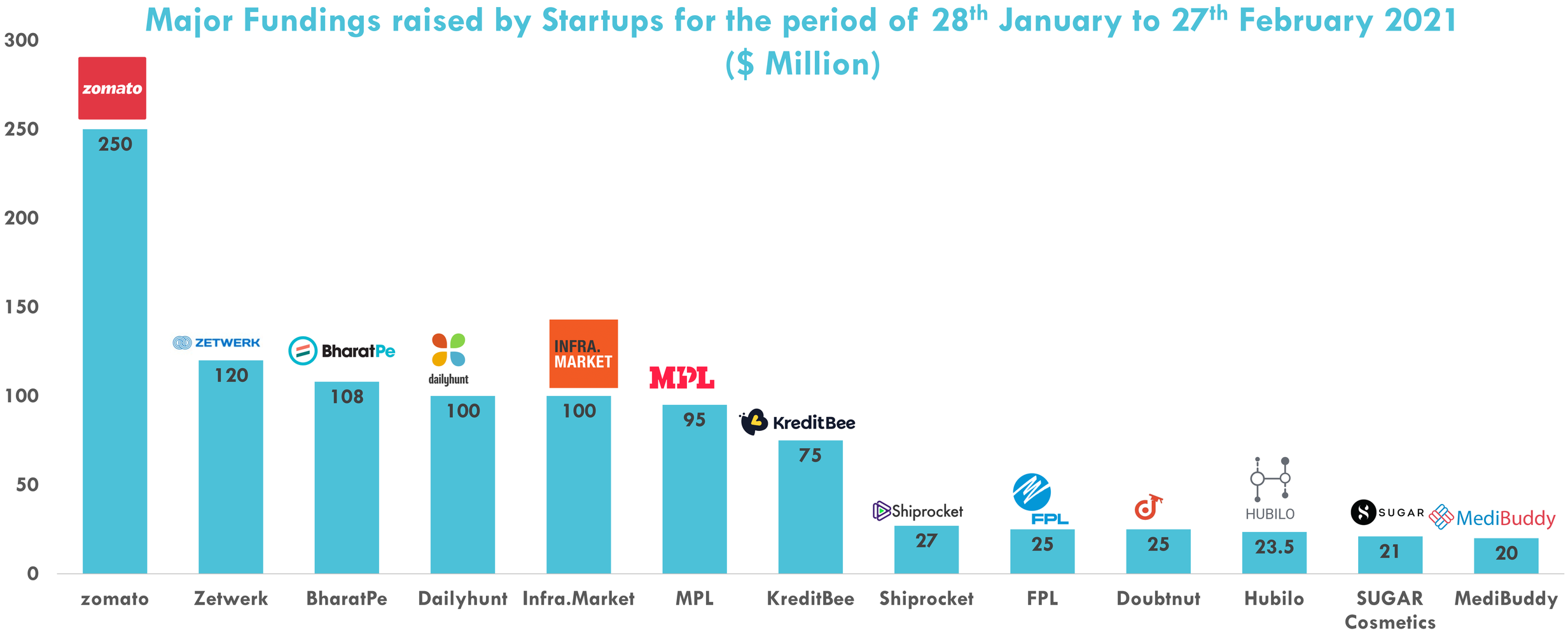
BUDGET HIGHLIGHTS

Budget 2021 was the first paperless Union Budget of India presented by the Finance Minister. She announced that the Budget proposals for 2021-22 rest on 6 pillars – health & wellbeing, physical & financial capital & infrastructure, inclusive development for aspirational India, reinvigorating human capital, innovation & R&D, and Minimum Government & Maximum Governance

- Total spend of ₹2 lakh crores on healthcare and ₹35,000 crores for the COVID-19 vaccination drive.
- The government aims to complete 11,000 km of national highway infrastructure primarily in the 4 states undergoing state elections this year – Kerala, Tamil Nadu, West Bengal, and Assam and has allotted ₹1.1 lakh crore for railways
- Production Linked Incentive (PLI) schemes for 13 sectors for which the government has committed nearly ₹1.97 lakh crores over the next 5 years.
- A scheme of Mega Investment Textile Parks (MITRA) by the Government to enable the textile industry to become globally competitive and attract large investments boosting employment generation and exports.
- Voluntary vehicle scrapping policy which is to phase out old and unfit vehicles starting 1st April 2022. Fitness tests will be conducted for vehicles every 20 years for personal vehicles and every 15 years for commercial vehicles.
- A sharp increase in capital expenditure is proposed and 5.54 lakh crores are provided which is 34.5% more than the BE of 2020-21. Of this, a sum of more than ₹44,000 crores in the Budget head of the Department of Economic Affairs to a provided for project the Budget head of the Department of that show good progress on Capital Expenditure and are in need of further funds.
- The government to introduce a bill to set up a Development Financial Institution (DFI) to act as a provider, enabler, and catalyst for infrastructure financing and infuse a sum of ₹20,000 crores to capitalize the institution.
- Amend Insurance Act by increasing FDI limit to 74% from the current 49%.
- Fiscal Deficit pegged at 9.5% of GDP.
- Budget 2021 proposed to exempt senior citizens who are 75 years or above and have only pension and interest income in a financial year, from filing income tax returns.
- Raising duty on solar inverter from 5 % to 20 percent and on solar lanterns from 5 % to 15 %.

START-UP NEWS

Major Fundings raised by Startups for the period of 28th January to 27th February 2021
($ Million)



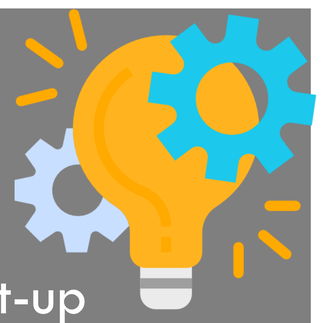
Source: Entrackr

This month 71 Indian start-ups were able to raise close to $1225 million vs $745 million funding raised by 67 companies in the previous month, indicating stronger growth in the economy.

What is there in for start-up?

To incentivize a One-person company (OPC), The government has revised the criteria of converting the company into a public or private company. The compulsory conversion of the company, on meeting the paid-up share capital of ₹50 crores and an average annual turnover of ₹2 crores, has been so that the growth of an OPC is not capped. The waiting period of 2 years for conversion has also been removed. To attract NRIs to set up more OPC, the Finance Minister reduced the residency period from 182 days to 120 days. To facilitate funding, the government has established the Credit Guarantee Fund for providing guarantees to financial intermediaries. The government agreed to provide up to ₹20 lakh for validation of proof of concept or product trial which will be distributed in installments after covering a milestone. The Budget has extended the eligibility for start-up by one more year till 31st March 2022. Even the Tax holiday for start-ups has been extended by one more year.

Highest Addition in Three Years



The population of tech start-ups Increased by more than 1600 in 2020, making India the third-largest tech start-up hub in the world. This is the highest addition in three years, resulting in a total of 12,500 start-ups including 12 unicorns.

18 Angel Investors exit with 80x Return

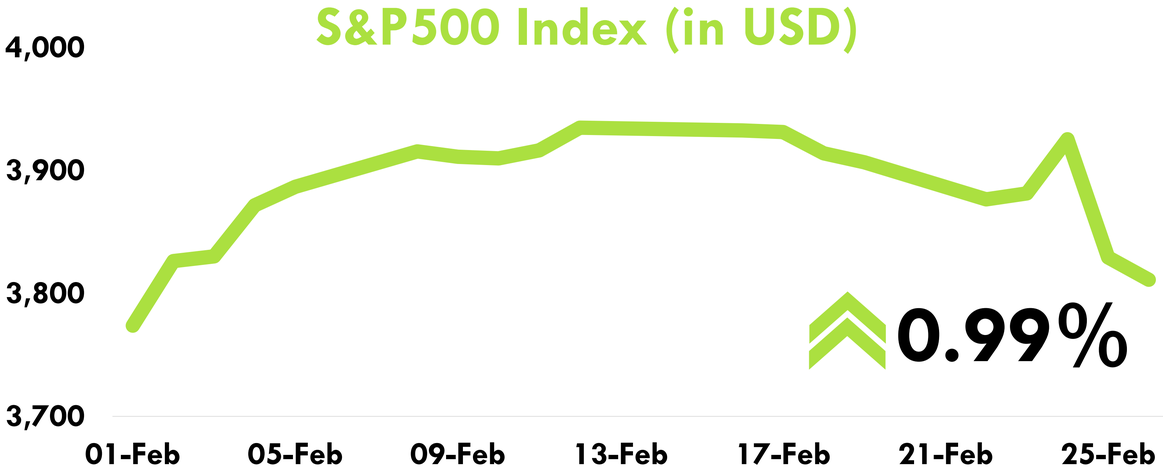
Bharat Pe, another fintech soon to be a unicorn, in its recent funding round raised $108 million at a valuation of $900 million, up from $425 million last year. This marked the exit of 18 angel investors, who gained up to almost 80X return in just two years. It has already returned ₹102 crores in cash to its secondary investors against the initial angel round of ₹1.9 crores. The company saw rapid growth due to the COVID-19 pandemic which significantly accelerated digital payments. Its payment business and lending business have grown by 5X and 10X respectively in past one year.

Digital Ads Behind Commercial Vehicle

Road Runner Media, a Digital out-of-home media company driving the future of road safety and advertising raised $62.5 million in debt financing. The start-up started placing digital screens on the back of the vans, delivery vehicles, buses, and other commercial vehicles which can show both ads and serve as a brake light. The capital will enable Roadrunner to expand and evolve its patented Vehicle Operational Indicator technology and will also help to grow its digital mobile advertising network. Currently, Road Runner is also offering brands a new opportunity to engage consumers in a relevant way throughout their daily journey while at the same time making America's road safer.

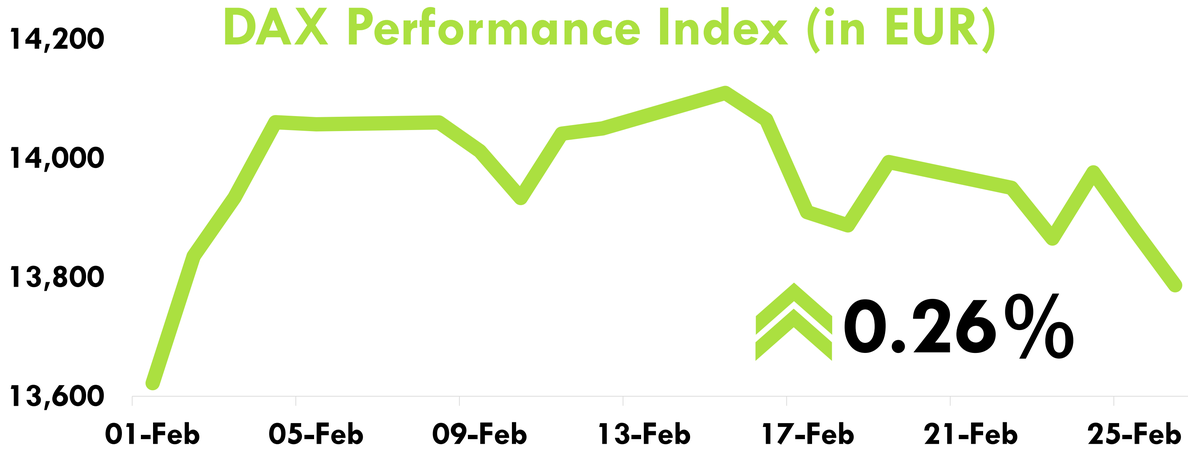
GLOBAL INDICES

S&P500 Index (in USD)



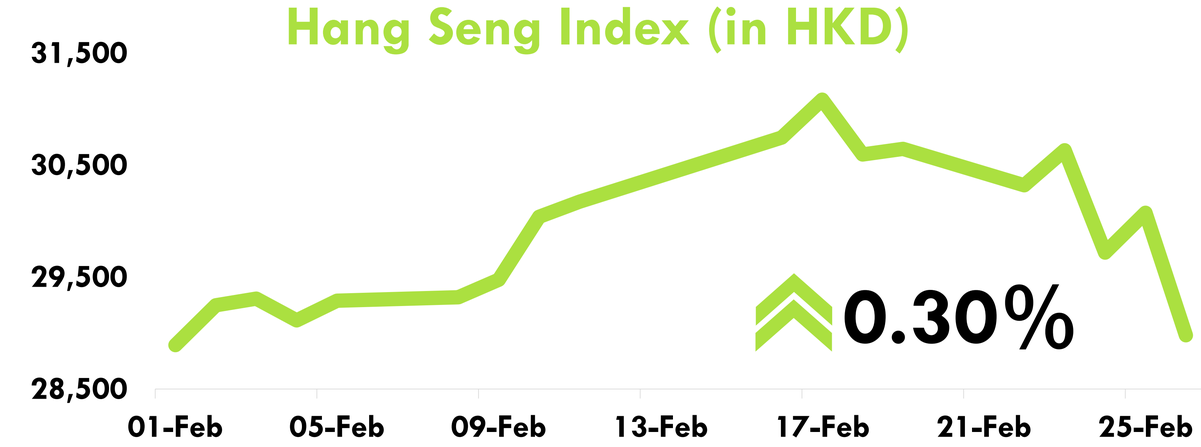
The US index posted the biggest daily decline since late January. The Yield on Treasury note surpassed S&P500 dividend yield, erasing the index's competitive advantage, making investors more risk-averse to question high flying prices of stocks. S&P technology stocks dropped by 3.5% and so did the communication stocks by 2.1%. The Index posted 71 new highs and not even a single new low this month indicating higher optimism among investors.

DAX Performance Index (in EUR)



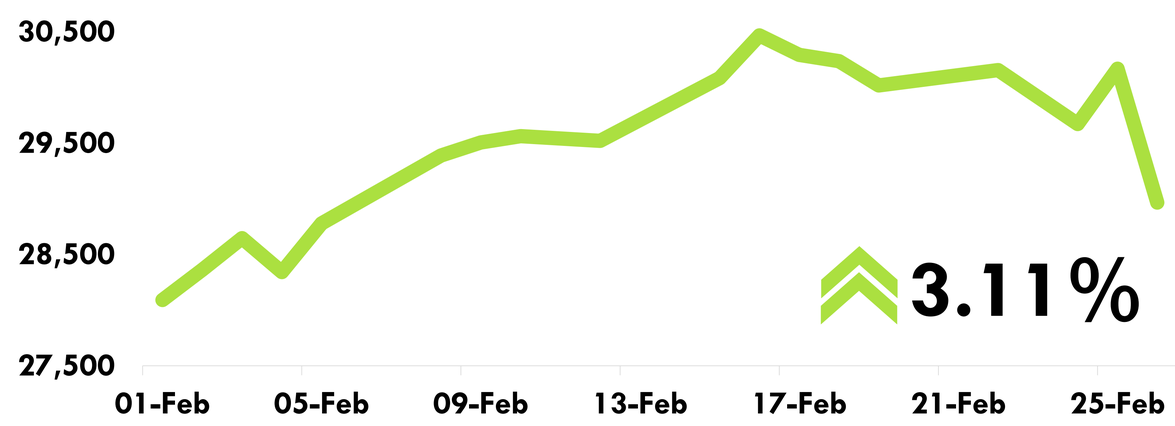
The DAX started the month by gradually moving towards the 14000 levels and breaching it by the second week of the month becoming bullish until the investors began to retrieve towards the bond market, questioning high valuations of stocks. Retail sales declined by 9.6% in December 2020 and delay in delivery of vaccines by AstraZeneca made investors more skeptical about the market.

Hang Seng Index (in HKD)



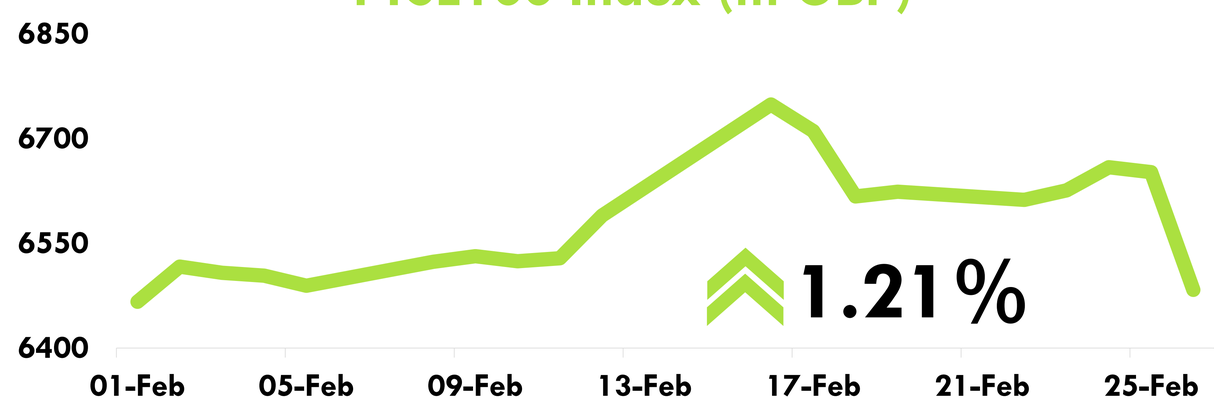
The index continued its upward momentum from January and reached a month high of 31,183 in the third week as investors expected strong inflows from Mainland China to increase exposure to Hong Kong stocks. However, the index was down MoM as the counter saw a brutal sell-off in the last week due to an increase in the stamp duty from 0.1% to 0.13% on stock trading and because of the weak global cues as a result of the increase in US bond yields

Nikkei225 (in JPY)



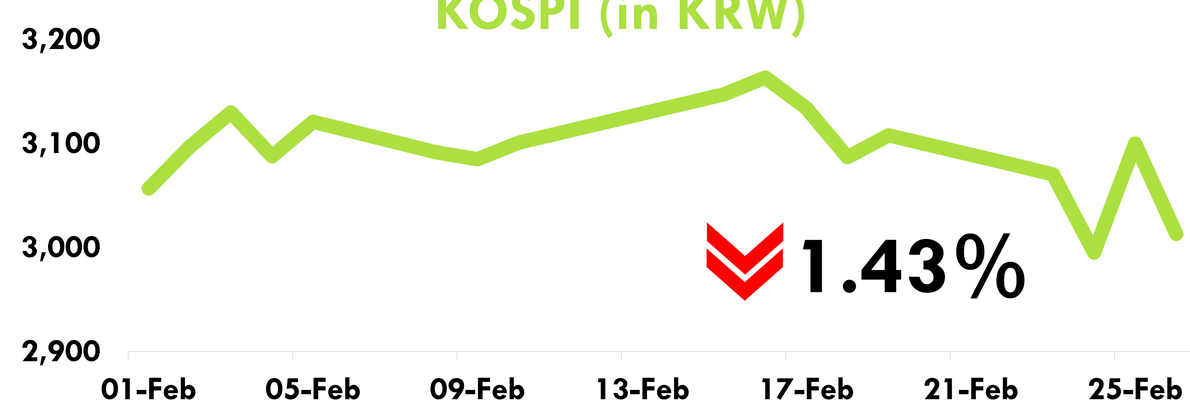
The index leaped beyond the 30,000 point threshold for the first time since 1990. The index rose by 1.9% after the country posted stronger GDP than predicted, higher corporate gains, and higher economic growth. Unfortunately, the index dropped down below 29,000 level -the highest daily drop in 4 years- because of global tension created by the increase in yield of US Treasury bond and Japanese government bond yielding 0.175%, the highest since 29th January 2016.

FTSE100 Index (in GBP)



The commodity heavy index fell by 1% because of the increase in bond yield spread to global equities. Despite suffering from the fall lately, FTSE 100 moved by more than 3% in February after witnessing an increase in copper and oil prices. The banking, energy, and mining stocks backed the index to recover but the risk of an increase in inflation and spread of covid-19 spiked a pullback in the last week.

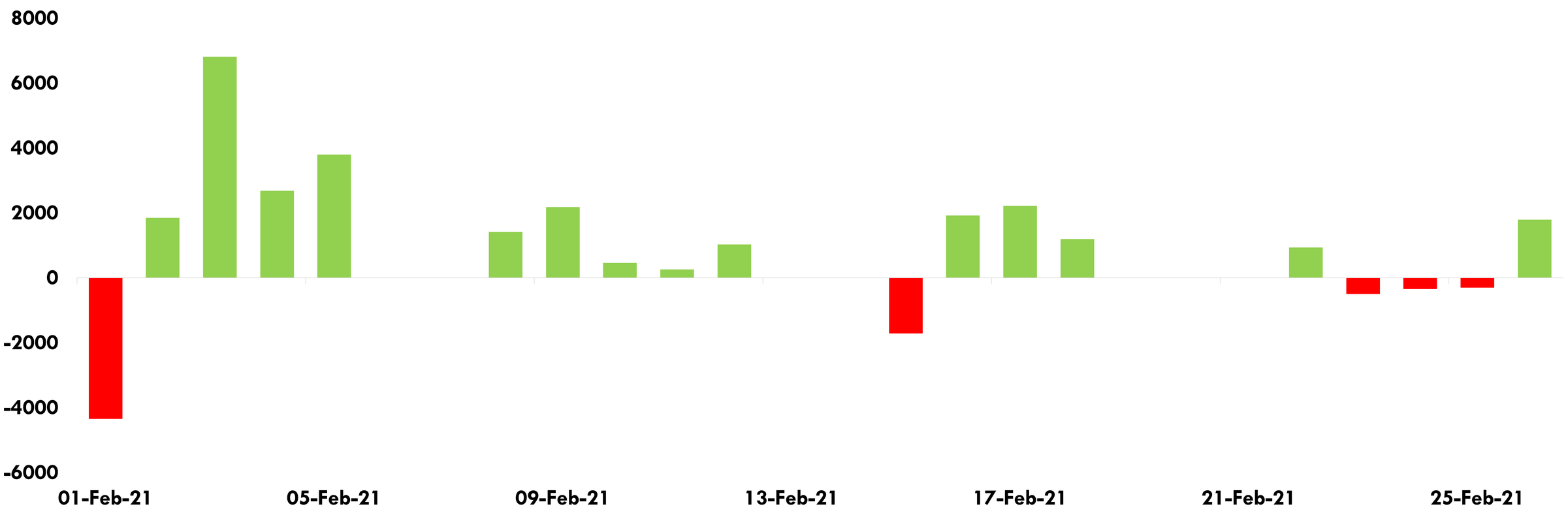
KOSPI (in KRW)



The index rose by 4.8% in the first week of the month due to strong corporate earnings and positive global cues as investors remained optimistic about more fiscal stimulus by the Joe Biden administration in the US. However, gains were capped as the index only due to fears of rising coronavirus cases and a sharp sell-off in the last week by FIIs due to rising bond yields in the US.

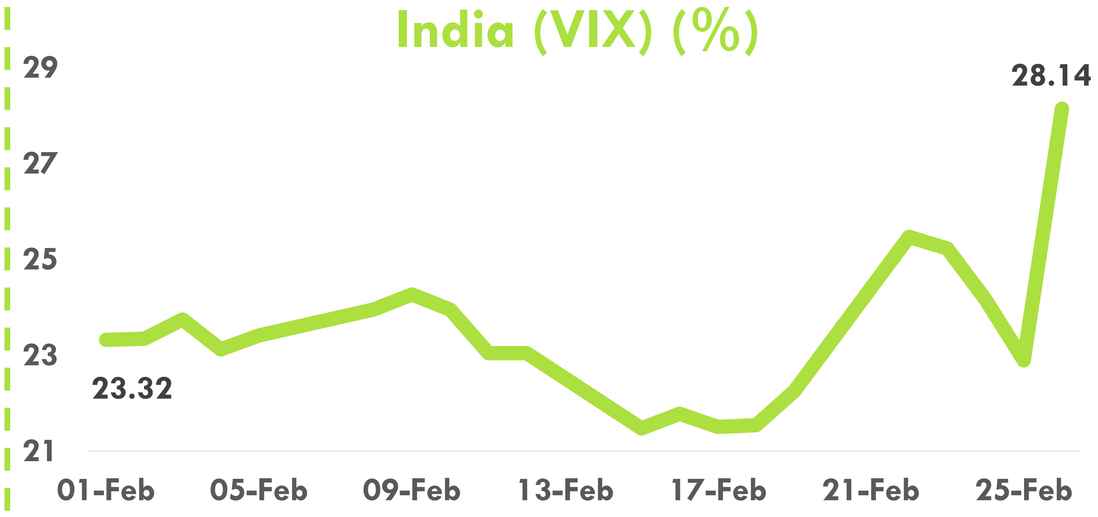
EQUITIES

FPI Net Investment in February 2021 (In ₹ Crore)



Source: NSDL

India (VIX) (%)



Source: NSE India

The India VIX was as low as 19.3450 this month but in the last week of the month, it surged over by 45%, an eight-month high. This depicts the presence of nervousness among investors as a result of weak global cues due to a spurt in US bond yields.

Investors outside India had already contributed ₹22,000 crores to the Indian market while the finance minister proposed to increase the investment limit of FPI from 9% to 15% in corporate bonds earlier this month. The budget had also considered the certain government to be open to foreign investors. Besides that, The RBI has lifted off conditions of short-term limit and minimum residential maturity requirement for foreign investors to invest in defaulted corporate bonds. As per data provided by NSDL, the net FPI investment in equity so far this year amounts to ₹45260 out of which ₹25787 was made in February. On the last trading day of the month, FPI pulled out ₹8,295 crores in the equity market and ₹6,488 crores in the debt market when the benchmark indices fell because of heaving selling pressure triggered by the rising bond yield.

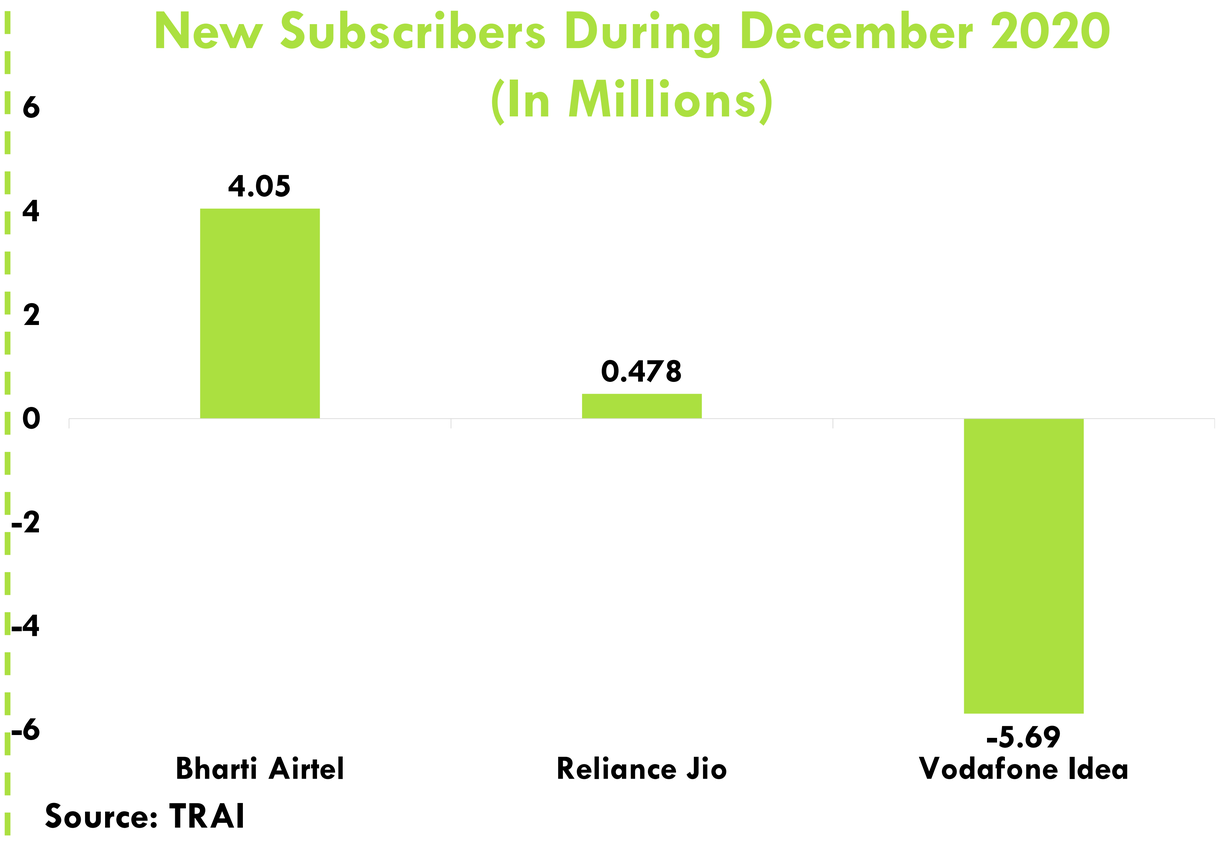
Index	1st February 2021 (In ₹)	26h February 2021 (In ₹)	Change (%)	Trend
NIFTY Auto	9919.1	10169.9	↑ 2.53%	
Nifty Bank	30976.4	34803.6	↑ 12.36%	
Nifty Consumer Durables	20744.0	21012.4	↑ 1.29%	
Nifty Financial Services	14779.8	16085.3	↑ 8.83%	
Nifty FMCG	33304.2	32443.2	↓ -2.59%	
Nifty IT	24709.3	24301.5	↓ -1.65%	
Nifty Media	1676.0	1625.2	↓ -3.03%	
Nifty Metal	3096.3	3822.7	↑ 23.46%	
Nifty Oil & Gas	5499.0	6164.5	↑ 12.10%	
Nifty Pharma	12212.2	11927.9	↓ -2.33%	

Source: NSE India

SECTOR UPDATES

Telecom Sector

As per the December data released by the Telecom Regulatory Authority of India (TRAI), that net mobile revenue in India rose 4.5% QoQ to an annualised $25 billion in Q3FY21.Bharti Airtel continued to add the maximum number of wireless users for the fifth month in a row, making the company's user base to 338.7 million and market share to 29.4% from 29% in November. Reliance Jio on the other hand saw its subscriber addition slowing down. However, the market share improved marginally to 35.4% from 35.3% in November. At the same time, Vodafone Idea continued to lose its market share as it fell to 24.6%. The Department of Telecommunication (DOT) issued the list of pre-qualified bidders for the spectrum auction scheduled to take place in March with Reliance Jio submitting the highest amount of ₹10,000 crore, while Bharti Airtel deposited ₹3,000 crore to participate in the auction. Cash strapped Vodafone Idea deposited ₹475 crore.



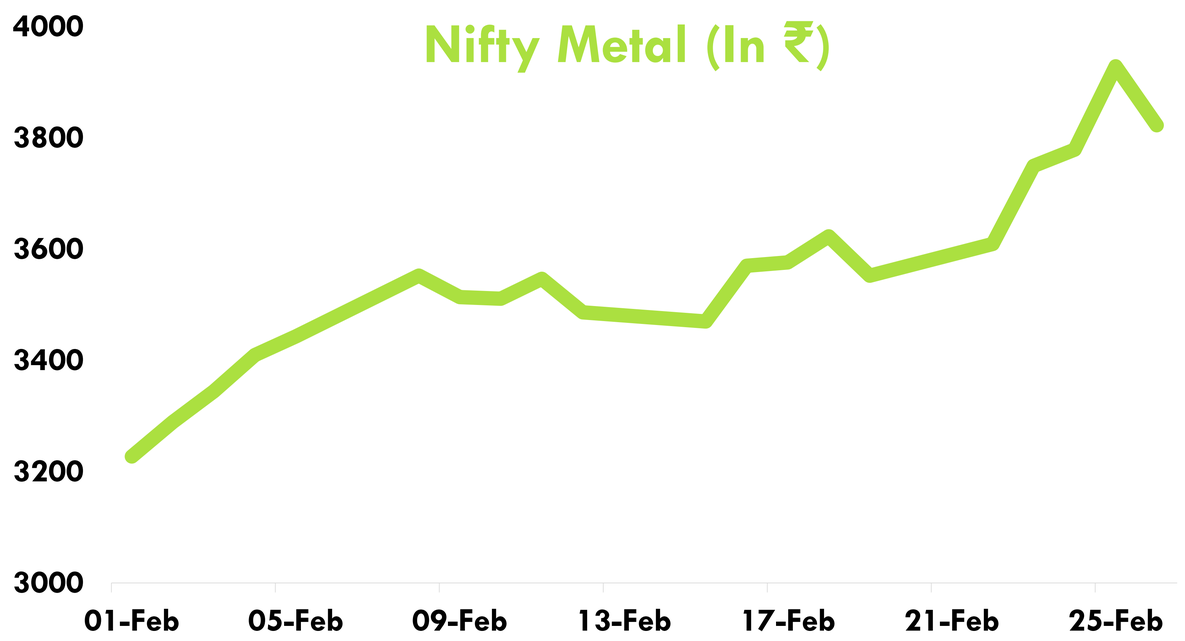
Source: TRAI

Auto Sector

The much-awaited scrappage policy was proposed by the government in the Union Budget 2021 post which the auto index rallied by about 11% during the first week of February. The scrappage policy is expected to bring a revolution in the automobile industry as it will phase out old and unfit vehicles from the road leading to the new demand. The index ended 2.6% MoM. Amongst the top gainers were MotherSumi which rose by 41% MoM and Tata Motors rose by 20.34% MoM while Maruti as the worst performer which was down by almost 13% MoM.

Metal Sector

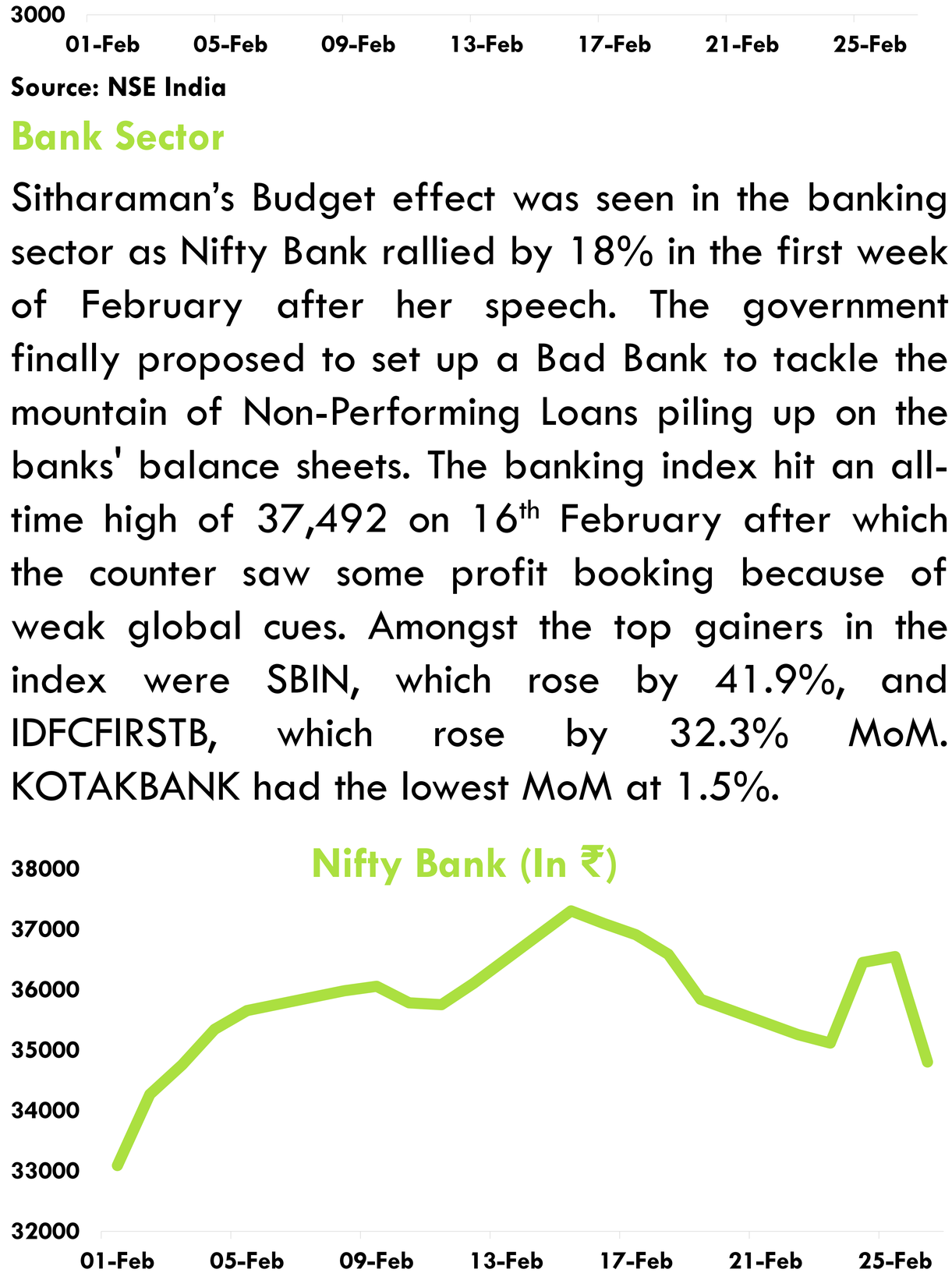
NIFTY Metal jumped by 23.5% MoM on account of an increase in commodity prices and growth in global demand. Not just India's Nifty Metal surged to its highest in 28 months, Copper prices on the London Metal Exchange sprung to their highest since 2012. All the 15 stocks on the index gained despite growing concerns of the investors about the inflation and increase in yield of Treasury Bond. The top gainers in the index were Hindcopper that made an unexpected upward movement by 155 % MoM and Hindalco which rose by 47% MoM while the top loser in the index was Midhani which was up only by over 0.34% MoM.



Source: NSE India

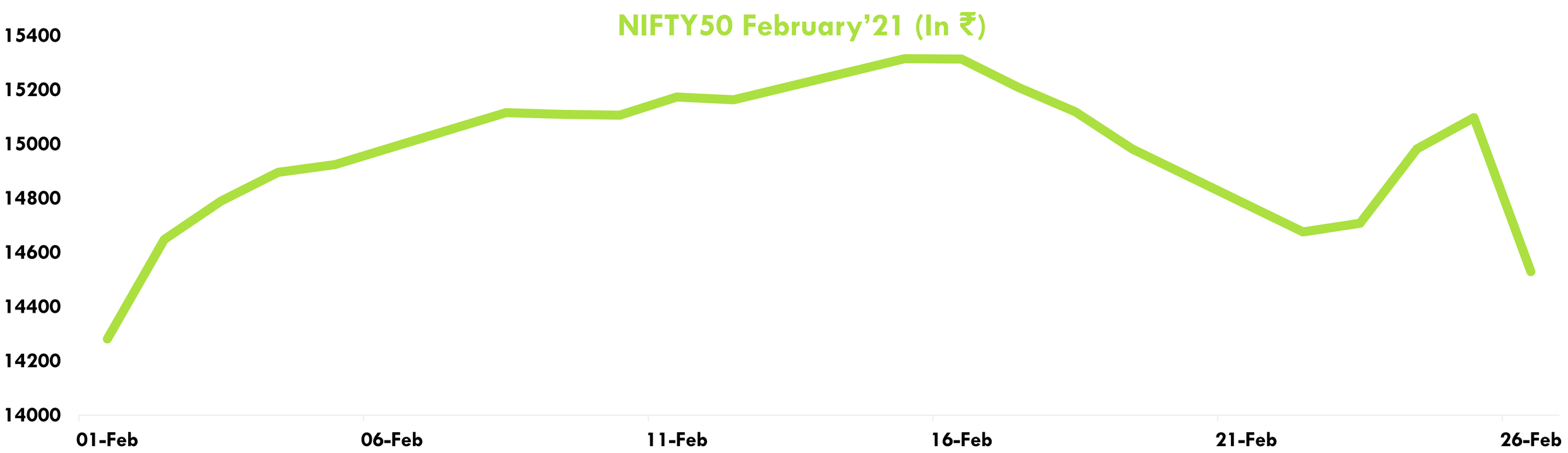
Bank Sector

Sitharaman's Budget effect was seen in the banking sector as Nifty Bank rallied by 18% in the first week of February after her speech. The government finally proposed to set up a Bad Bank to tackle the mountain of Non-Performing Loans piling up on the banks' balance sheets. The banking index hit an all-time high of 37,492 on 16th February after which the counter saw some profit booking because of weak global cues. Amongst the top gainers in the index were SBIN, which rose by 41.9%, and IDFCFIRSTB, which rose by 32.3% MoM. KOTAKBANK had the lowest MoM at 1.5%.



Source: NSE India

NIFTY50



Source: NSE India

NIFTY50 ended at 14,529, down by 568 points wiping out majority of gains made after the index hit a new all-time high of 15,431.

Tata Consumer Replaces GAIL in Nifty50

Tata Consumer becomes the 5th company under the Tata group to be included in the Nifty50 index replacing GAIL from 31st March 2021 with a weight of 60bps.

Other Tata companies include TCS, Tata Motors, Tata Steel and Titan. With this, the Tata Group companies will have a combined weight of 8.1% in the index. The addition would make it the highest number of FMCG companies to be included in the benchmark in the last 15 years, with Tata Consumer being the 8th company currently.

Reliance Industries get SEBI's Approval to Hive Off O2C Business into a Wholly-Owned Subsidiary

The Mukesh Ambani led conglomerate started the process of carving out its O2C business after getting SEBI approval and expects it to be completed by Q2FY22. The move will make it easier to bring external investors on board including the much talked about investment by Saudi Aramco for a 20% stake in the O2C unit. RIL is said to transfer $40 billion of long-term assets, $2 billion of net working capital, and $5 billion of non-current liabilities for a consideration of $25 billion of long-dated loan and $12 billion of equity into the O2C unit.

Top Gainers in NIFTY50 for February'21

Company Name	Change (%)
Hindalco	41.6
SBI	38.9
Adani Ports & Specials	29.0
Vedanta	25.5
Indusind Bank	25.2
ONGC	21.5
BPCL	16.1
TATA Motors	15.7
Coal India	15.4
NTPC	15.1

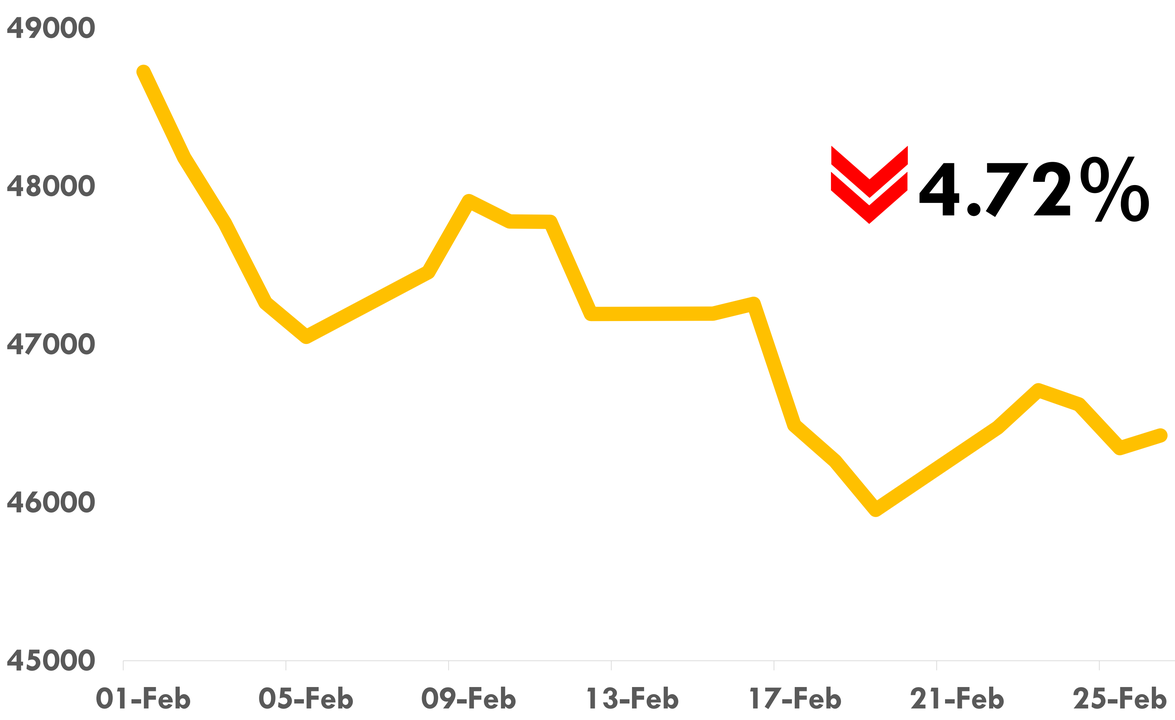
Source: NSE India

Top Losers in NIFTY50 for February'21

Company Name	Change (%)
IMaruti Suzuki	-14.0
Eicher Motors	-12.9
Dr. Reddys Lab	-12.9
TCS	-12.0
Hindustan Unilever	-11.1
Zee Entertainments	-10.1
Asian Paints	-9.4
Bajaj Auto	-8.9
Hero Motocop	-7.2
Britannia Inds	-6.9

COMMODITIES

Gold Spot Price (In ₹ per 10 grams)



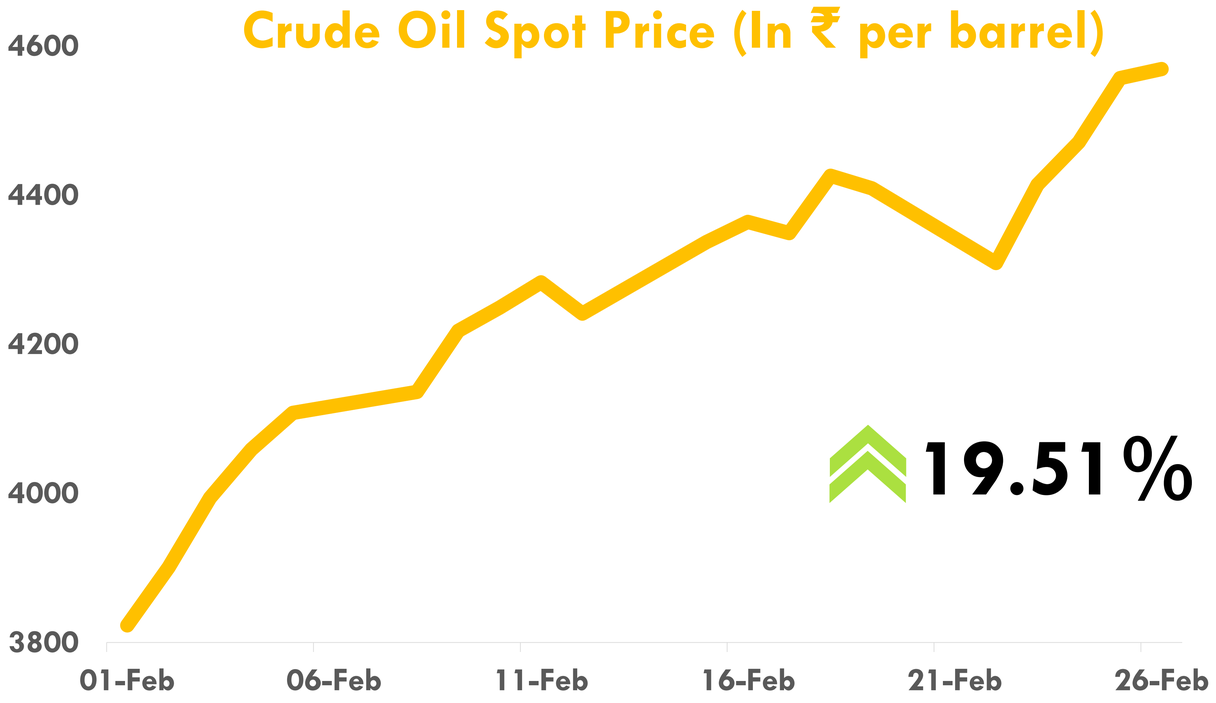
Source: MCX

The price of Gold increased steadily after a jump in global gold prices. The 10-year Treasury yield decreased in response to Federal Reserve Chair Jerome Powell's testimony to support the US economy.

Copper

Copper prices in the global market touched a nine year high of $9000 per tonne, 10% below its all-time high of $10,190. Copper futures in India rose by 1% in the mid-week of February. Copper prices moved to a new lifetime high of ₹739.45 per kg to as low as ₹585 per kg on MCX by the end of the month.

Crude Oil Spot Price (In ₹ per barrel)



Source: MCX

Crude oil prices surged throughout the month crossing the ₹4500 levels because of the increase in global demand and decrease in supply. While the oil prices soared because of a deep freeze in southern states restraining demand hence increasing the stockpile by 1 million barrels vs. withdrawal of 5.2 million barrels according to data provided by API. Extra voluntary cuts by Saudi Arabia in February has tightened global supplies and supported prices.

Alteration in Customs Duty

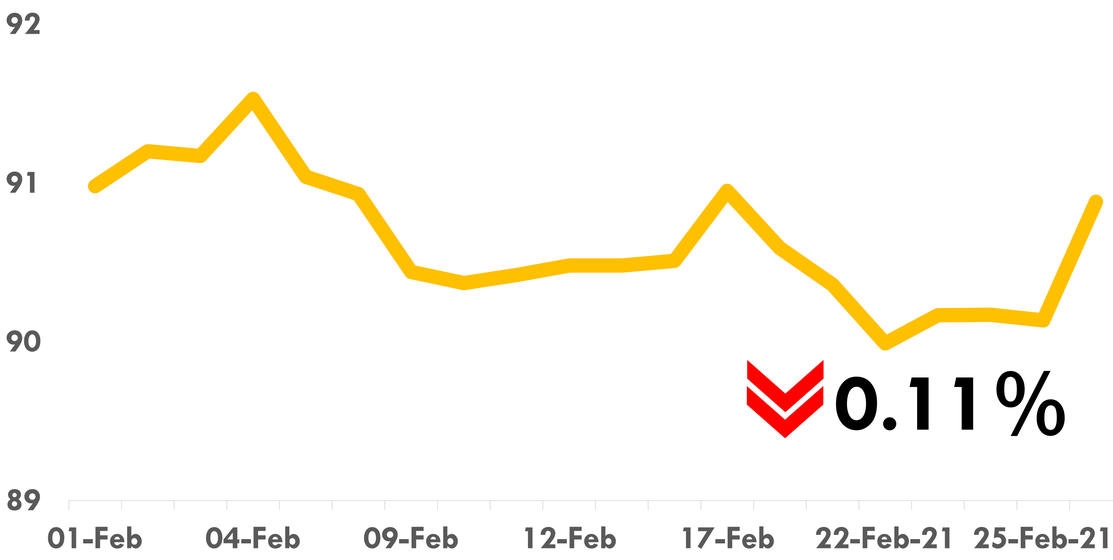
The budget proposed to bring down the customs duty on steel products from 12.5% to 7.5% and exempt duty on import of steel scrap up to March 2022. In January, the benchmark price for hot-rolled steel reached record high levels of ₹58,000 per tonne and ranging from ₹47,500-₹47,000 per tonne in December quarter last year which was a two-year high. The move would help MSMEs and other user industries to recover from severe losses due the recent sharp surge in iron and steel prices. To boost the recycling of copper in the country, the import duty on copper scrap was cut down from 5% to 2.5% with the hope of social, environmental and economic benefit. Looking forward to the rise of demand for petrochemicals in the country due to increased emphasis on infrastructure spending in Budget 2021, the import duty on naphtha was slashed to 2.5% from 4%, while on carbon black it was raised from 5% to 7.5%. As part of Budget 2021, the customs duty on gold and silver has been cut down from12.5% to 7.5%. This move can help reduce the price of precious metals which has been volatile and continuously increasing since the beginning of 2021.

Introduction of Pre-Expiry Margins by SEBI

In 2020 the world witnessed Crude Oil future markets crashing. To avoid huge negative impacts on the retail investors of such black swan events Risk Management Review Committee (RMRC) of SEBI introduces pre-expiry margins. Commodities fulfilling the conditions of Alternate Risk Management Framework(ARMF) which are recognized by the Clearing Corporation or the exchange, pre- expiry margin will be imposed on these commodities on the last five trading days which shall increase by 5% daily. This measure will reduce the Open Interest significantly.

CURRENCY

US Dollar Index (USD)



Source: Investing

After a multi-week low near 89.70, the US Dollar index finally rebounded to 90.50 area because of the strong bounce of yield and roll-out of vaccines keeping investors bullish but there are concerns regarding an increase in inflation among investors, but the expected extra stimulus could keep them protected and less risk-averse.

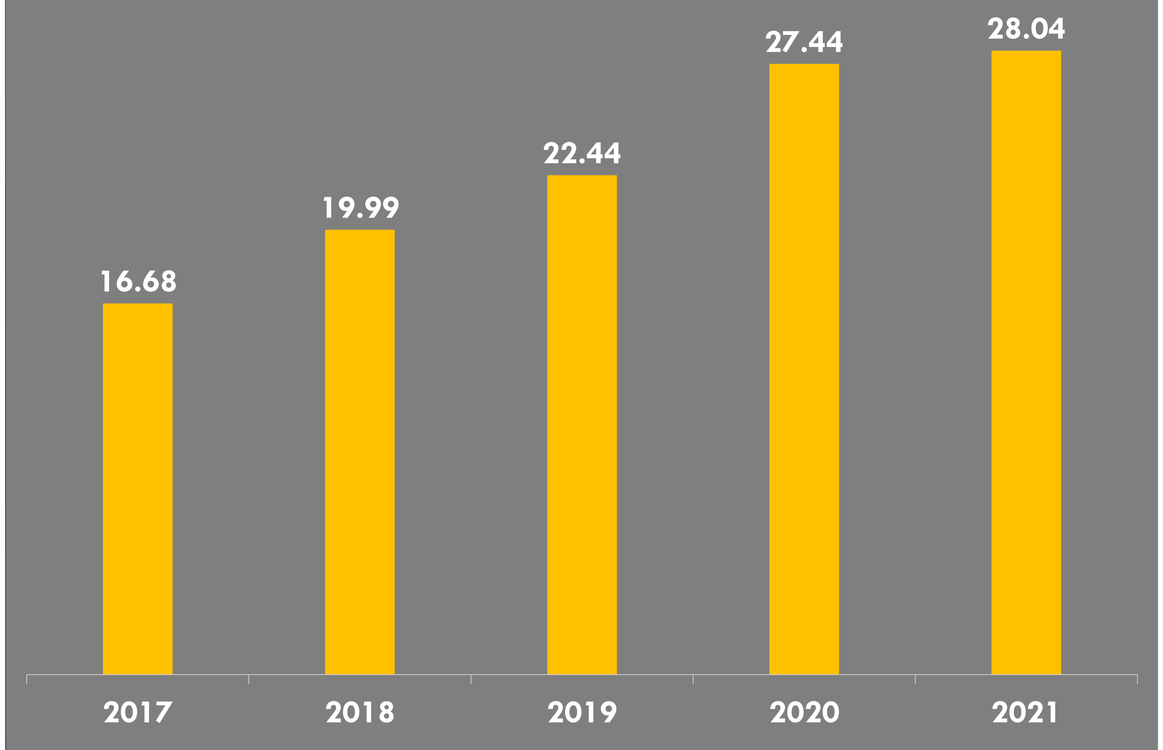
FCAs Push Country's Foreign Exchange Reserve

The forex reserve increased by $169 million to $583.865 billion after it had declined by $249 at the end of the second week of February. The increase in the third week of February was because of the rise in Foreign Currency Assets (FCAs) by $1.55 billion to $542.106. There was a reduction of $977 million in gold reserve, amounting to $35.25 billion. The country's reserve potion with the IMF also declined by $ 4 million to $5.002 billion.

CIC Reached All-time High

According to data released by the RBI, the Currency in circulation (CIC) contracted by 0.2% on the week to stand at ₹28.36 lakh crore as of February 19th after reaching ₹28.04 lakh crores, an all-time high, on February 12th. The central bank stated further that the overall reserve money gained 0.9% on the third week at Rs 34.14 lakh crore.

CIC Year ended (₹ Lakh Crore)



Source: RBI's Weekly Statistical Supplement

The Fall of The Rupees

The rupee dropped by 104 paise to 73.47 against the US dollar, its biggest drop since March. Reason being global selloff in risk assets along with increase in US yields. The fear of inflation and higher interest rate pulled the rupee down after rallying at the start of 2021.

Currency	1st February'21	26th February'21	Change (%)	Trend
INR/USD	INR 73.11	INR 73.92	-1.10	
INR/EUR	INR 88.16	INR 89.251	-1.23	
USD/EUR	USD 1.21	USD 1.2074	-0.124	
JPY/USD	JPY 104.91	JPY 106.58	-1.59	
CAD/USD	CAD 1.28	CAD 1.2739	0.856	
USD/GBP	USD 1.36	USD 1.3932	-1.98	
USD/SEK	USD 0.1186	USD 0.1185	0.084	
USD/CHF	USD 1.11	USD 1.1006	1.26	

Source: Investing

OTHER ASSET CLASSES

Real Estate Sector Gains from Budget 2021

The budget is expected to accelerate the real estate sector because of the government's vision of housing for all. Moving forward with this vision the Ministry of Housing and Finance has been granted ₹54,581 crores. The government proposed to increase safe harbour from 10% to 20% to incentivize home buyers and real estate developers. To make housing more affordable, the budget proposed to extend the time horizon of additional deduction in interest on loans taken to be available till 31st March 2022. The government also proposed an affordable housing project that can avail a tax holiday by one more year-till 31st March 2022.

Real Estate Emerges as the Best Asset Class

A survey conducted by the Confederation of Indian Industry (CII) and Anarock showed that preference for real estate as an asset class has reached almost pre-COVID levels because of an increase in housing sales by 39% in the second half of 2020 when compared to the first half.

According to the survey, 57% of the respondents favored real estate as an asset class over fixed deposits, equity, and gold. The next preferred asset class was equity which was favoured by 24% of the respondents followed by gold (12%) and fixed deposits (7%). Anuj Puri, Chairman, and Founder of Anarock said that one of the major reasons for the increase in demand for real estate was because post-COVID, new supply was mostly by branded developers who are favoured by homebuyers as they are safe and more organized. The survey conducted also found out that there was a reduction in demand of ready-to-move-in homes by 17% since the lockdown and by 6% when compared to pre-COVID levels.

Bitcoin market capitalization crosses the $1 trillion mark

Bitcoin for the first time crossed a market capitalization of $1 trillion on 19th February after prices rallied to $55,000 per coin. The crypto hit an all-time high of $58,335.1 on 21st February as speculators are betting on it to be the dominant digital currency and investors believe it could be an asset class that could retain its value and be a hedge against inflation. Earlier in the month, the crypto rallied by 20% on 8th February after Tesla CEO, Elon Musk announced in an SEC filing that it has bought $1.5 billion worth of bitcoin and would start accepting bitcoin as payment for its products. However, the rally was short-lived with Elon Musk tweeting about it again, saying the price of bitcoin seemed high and comments by Bill Gates and US Treasury Secretary Janet Yellen against the use of bitcoin.

Rising Bond Yields Puts Pressure on Other Asset Classes

10-year bond yields in India rose to 6.2% on 21st February, the highest since 21st April, 2020, as traders demanded a higher yield for bonds issued by the RBI. The rise in yields was in line with the US and was one of the major reasons for a market correction in the third week of February when the BSE SENSEX fell by about 2.4% amid a 17 bps rise in the 10-year bond yields. A sudden rise in yields severely affects valuations of other asset classes as investors demand higher returns. Gold too hit an eight-month low as it fell below ₹46,000 per 10 grams.

All About REITs & InVITs from Union Budget

The budget proposed special amendments to pull in foreign investors to finance REITs and InVITs in debt. The last budget saw the abolishment of the Dividend Distribution Tax (DDT) to incentivize investment. This year the government produced another scheme to make dividend payments in REITs and InVITs exempt from TDS.

AMC

5% Drop in SIP Collection After a Bounce-back

Despite Indices, Sensex, and Nifty, reaching a new all-time high there was a decrease in the inflow of SIP during January after a dramatic comeback in December. After escalating, it dropped down by 395 crores. The total collection amounted to ₹8,023 crores which is about 4.69% lower than the previous month, which jumped by 15% compared to November. The number of SIP accounts, however, increased by 8.78 lakh to 3.55 crore in January. Overall assets under management by fund houses hit a record high at ₹31.84 lakh crore.

Month	New Registrations (lakh)	Contributions (₹ crore)
Aug-20	11.01	7,792
Sep-20	10.41	7,788
Oct-20	11.27	7,800
Nov-20	10.63	7,302
Dec-20	14.22	8,418
Jan-20	16.44	8,023

Source: AMFI

Gold ETF Shines Brighter

In January about ₹624.87 crores were infused in Gold ETF after a major fall since November. The inflow surged by 45% indicating the Investor's preference shifting back to the yellow metal with a hope to perform better over a longer horizon.

SEBI Direction on LPCC to Mutual Fund Houses

Capital markets regulator SEBI released guidelines to mutual fund houses for setting up a Limited Purpose Clearing Corporation (LPCC) for clearing and settling repo transactions in corporate debt securities. The guidelines mandated that mutual fund houses shall contribute ₹150 crores towards the share capital of the LPCC in proportion to their average Assets Under Management (AUMs) under open-ended debt mutual fund schemes in financial year 2019-20 managed by them. The clearing corporation will provide critical IT support for core activities like transaction processing, clearing and settlement related operations according to SEBI.

Unstoppable Outflow was Seen in Equity Mutual Funds.

It was the seventh time in a row that investors withdrew ₹9,253 crores from equity and equity-linked mutual fund schemes in January. Though the amount pulled out was comparatively lower than the preceding month, the persistent redemption might raise a question of liquidity in the market even when the market was climbing up to a new all-time high. ₹45,316 crores were taken out from liquid funds compared to the investment of 5,102 crores made in December.

IRDAI gives thumbs up to Axis Entities' acquisition in Max Life Insurance

The Insurance Regulatory and Development Authority of India (IRDAI) approved the acquisition a 12% stake in Max Life Insurance by Axis Bank and its subsidiaries Axis Capital and Axis Securities, together Axis Entities. Additionally, Axis Entities has the right to acquire another 7% in one or more tranches. The joint venture between fourth largest private life insurer and third largest private bank was first announced in April 2020 and had been awaiting regulatory approval. The two companies have shared a business relationship for more than a decade serving nearly 20 lakh customers.

First Momentum Index

AUM of ₹39,928 crores under ETFs and Index Funds, the country's second-largest fund, is managed by UTI AMC and now it launched the country's first momentum-based passively managed fund, based on the Nifty 200 index. Nifty 200 Momentum 30 Index aims to track the performance of the 30 companies with high momentum within the Nifty200 Index. The Index aims to attract investors by passively adding performing and removing non-performing stocks from the Nifty200 itself so the fund here is indirectly the index.

RISK

Mother-Of-All Asset Bubbles

Even after the fastest bear-to-bull market switch last year, Investors are still pumping more cash into the equity market, Bank of America (BoA) calls this "mother-of-all asset bubbles" raising a red flag to the downpour of cash seeping into markets all around the world especially after numerous stimulus measures were taken to pull economic out of recission. Investment amounting to $27.8 billion were made on technology stocks and global market capitalization rose to $50 trillion at a pace of 10 times compared to the aftermath of the 2008 global financial crisis. Big tech attracted a record $19 billion inflows and bond funds took in $12.6 billion. Outflows of just $300 million marked the largest reduction in emerging markets debt since July 2020, while emerging market stock funds saw $5.3 billion inflows. Meanwhile, increasing inflation expectations have resulted in real assets outperforming financial assets so far in 2021, prompting investors to pour $1.2 billion into Treasury inflation-protected securities (TIPS).

S&P Warns of Default

The bonds of Ezdan, the Qatar property developer, dropped by 6.6 cents to 90.45 cents, the biggest decline in 10 months, after S&P had degraded the company's rating from B- to CCC because of narrowing of liquidity and high debt balance which might lead to debt restructuring or default over the next 3-12 months.

Corporate India Risk Index

ICICI Lombard has launched the 'Corporate India Risk Index' which aims to be a united, standardized corporate risk index. The index will aid the investors understand the amount of risk the companies are facing and their framework to mitigate it. ICICI Lombard outsourced the development of risk management tools to a consulting firm, Frost and Sullivan. The index constitutes 15 sectors including IT/ITeS, BFSI, automotive and ancillary, pharma and biotech, manufacturing, realty, FMCG, and others, BFSI having the highest exposure. The Corporate India Risk Index stood at 57 on its first appearance which shows the optimized risk handling method by the company. The Index also showed a higher emphasis on risk management of operational and hazard risk but has room for improvement in methods to mitigate other risks like cyber risk and fraud.

Shutdown over Online Risk Management Problem

The absence of an online risk management system due to unstable telecom links forced the exchange to stud down its operations for more than four hours. The trading system made no impact on the online risk management system, only the instability of telecom links made it difficult for traders to trade but by 3:30 pm, NSE resumed the trading till 5 pm on the 24th of February.

Futures & Options

16 More to Trade

These are the 16 new stock, that has been added to F&O on the 25th of February and were available for trading from the 26th, Alkem Laboratories, Alembic Pharmaceuticals, AU Small Finance Bank, City Union Bank, Deepak Nitrite, Granules India, Gujarat Gas, IRCTC, Larsen & Toubro Infotech, L&T Technology Services, Mphasis, Nippon Life India Asset Management, Navin Fluorine International, Pfizer, PI Industries and Trent. After the inclusion of these stocks, the population of stocks that are available in the derivative segment of the NSE has jumped to 165.

Cheapest and Most Competitive Brokerage

Paytm Money has finally made Future & Options accessible to everyone at the lowest and most competitive brokerage at ₹10 for Future & Options which is in line with its intraday changes of ₹10 and zero for delivery. This move aims to deliver a smooth trading experience at a price affordable for every investor who has been given a flexible choice of using the app or the website to trade. With this, Paytm Money is taking one step further to become India's most comprehensive & top digital wealth management platform.

STRATEGY

Geo-tagging Warehouses

The farmers of India were suffering from a huge problem in the past years. They grew crops, harvested them, but did not have a solution for storing them. It was reported that the country suffers a loss of about 15% due to the lack of information on warehousing facilities. The government of India is now working on solving this problem by geo-tagging all cold storages, warehouses, and refrigerated vans in the country. This will help farmers in tracking cold storages on a real-time basis and inform them about the location and status of space availability. This data will be available to users in a mobile app, wherein they can locate nearest warehouses and store their crops which will help in reducing the risk of wastage. This initiative by the government will help in curbing distress sale by farmers and help them get adequate prices for their produce by timing their sale rightly. The government has mandated the National Bank for Agriculture and Rural Development (NABARD) to locate and geotag the Agri Storage Infrastructures (ASI) across the country. Till date, a survey of 82,000 ASIs have been completed out of 1.08 lakh structures that have been identified across the country. The data will be updated on Google Maps for users as soon as the verification is done. It is estimated that the country suffers a loss of about ₹44,000 crores every year because of harvest rot and most of it is because the farmers are not aware of the storage facilities. The mobile application will give them access to identify the availability of warehouses and cold storages in their vicinity, eradicating the problem of lack of information on warehousing.

Airtel collaborates with Qualcomm for 5G Rollout.

Airtel recently announced that it will collaborate with US chip-maker Qualcomm's 5G radio access network (RAN) platforms to roll out virtualized and open 5G networks. This collaboration was followed soon after India's second-largest telco was the country's first operator to conduct a live 5G demonstration in Hyderabad underlining the company's technological capabilities. It further claimed that it is ready for the next-generation wireless service. Airtel has retained its top spot when it comes to monthly subscribers. Airtel also beat its rival Reliance Jio Infocomm Ltd, which is due to hold trials on a commercial network. As a board member of the O-RAN Alliance, Airtel is driven to work towards the success of O-RAN and is exploring its implementation in India. The structure of O-RAN is flexible which will enable small and medium-sized businesses to become viable players in the deployment of 5G networks. This collaboration will also enable a 5G Fixed Wireless Access (FWA) that will deliver broadband connectivity at Gigabit speeds across homes and businesses. It is also aiming to allow a faster rollout of broadband services cost-effectively and expeditiously in India. The FWA services are also expected to deliver multi-gigabit Internet speeds wirelessly to customers which will open up a slew of innovations. The super-fast and low latency of 5G will usher in a digital world of 'limitless possibilities'. Users will be able to download gigabit size files in seconds and experience 4K video streaming on-the-go across smartphones and computing devices.

Amazon India Partners with Mahindra to Expand EV Fleet

Amazon.com Inc became one of the first signatories of the Climate Pledge in September 2019 which stated that the company will be net-zero carbon by 2040 across its businesses. To achieve this eco-friendly goal, the e-commerce giant has partnered with Mahindra Electric. Amazon.com Inc. agreed to strengthen its delivery system as it plans to add 10,000 electric vehicles to its local delivery fleet by 2025. Mahindra's Treo Zor electric three-wheeler vehicles have already been deployed in seven cities of India so far -- Bengaluru, New Delhi, Hyderabad, Ahmedabad, Bhopal, Indore, and Lucknow with Amazon India's network of delivery service partners. The Treo Zor was launched in October 2020 and has a 56% market share in the electric three-wheeler market, as per data released by the Society of Indian Automobile Manufacturers (SIAM). Amazon might likely add more such vehicles from other manufacturers in India as it aims to have 1,00,00 lakh Electric Vehicles making deliveries by 2030.

COVID UPDATES

COVID cases across the Globe, data as of 28h February
114.68 million - Total no. of cases
90.24 million - Recovered
21.90 million - Active cases
(0.4% are serious and 99.6% are in mild condition)

Pune Overtakes Bengaluru to Become The Second Worst City.

With the recent surge in the Coronavirus cases, Pune has re-emerged as the city with the second-highest number of confirmed cases. Pune has now over 4.06 lakh confirmed cases, overtaking Bengaluru which has 4.04 lakh confirmed cases. For the last few consecutive days, Pune has reported more than 1000 cases which is the highest as compared to any other city in the country. In Maharashtra, the number of cases has remained over 8000 for the last three days. From, the beginning of this month Maharashtra has registered an increase of more than 23000 active cases. The state has now over 67000 active cases almost 45% of the country's total no. of active cases.

COVID-19 Vaccination- Day41

Till 25th February the cumulative number of COVID-19 vaccine doses administered to healthcare and frontline workers has crossed 1.30 crores. A total of 1.3 crore vaccine doses have been given through 2.8 lakh sessions. These include 65.8 lakh HCWs who have taken the 1st Dose and 18.6 lakh HCWs who have taken the second dose. Wile vaccination of the FLWs started from 2nd February a total of 46.2 lakh FLWs 1st dose has been given till now. A total of 3.9 lakh vaccine doses were given on the forty-first day of nationwide COVID19 vaccination. Out of which 1.5 lakh beneficiaries were vaccinated for 1st dose and 2.4 lakh HCWs received 2nd dose of vaccines. From 1st March 2021, COVID-19 vaccination will be extended to people aged 60 years and above and 45 years and above with comorbidities. UP, Gujarat, West Bengal, Madhya Pradesh & Maharashtra were the 5 states that recorded the highest number of vaccinations.

COVID cases in India, data as of 28th February
11.12 million - Total no. of cases
10.78 million - Recovered
0.170 million- Active cases
(5.55% are serious and 94.45% are in mild condition)

INDIA Extends Ban on Flight Services

With the rise in the Coronavirus cases in some states the Central government extended the ban on international commercial flights till March 31st. The ban on international flight services comes as India recorded 16577 Covid-19 cases in a single day. The DGCA however said that the dedicated Cargo flights and flight services under the bilateral air bubble pacts with selected countries will continue to operate. The International scheduled flights may be allowed on selected routes by the competent authority on case-to-case basis.

Covax Vaccines

Ghana on 24th February became the World's first nation to receive COVAX vaccines. The COVAX shipment to Ghana was the start of the World's largest vaccine procurement and supply operation which was formed to make sure that low and middle-income countries have fair access to Covid-19 vaccines. The shipment consisted of 600,000 doses. After Ghana, Ivory Coast became the second country to receive a shipment of COVID-19 vaccines from the global COVAX initiative, with 504,000 doses of the AstraZeneca vaccine made by the Serum Institute of India. It has secured almost 2.3 billion doses for distribution this year, the majority of which would be free of cost.

Night Curfew Extended for Another 15 Days in 4 Cities in Gujarat

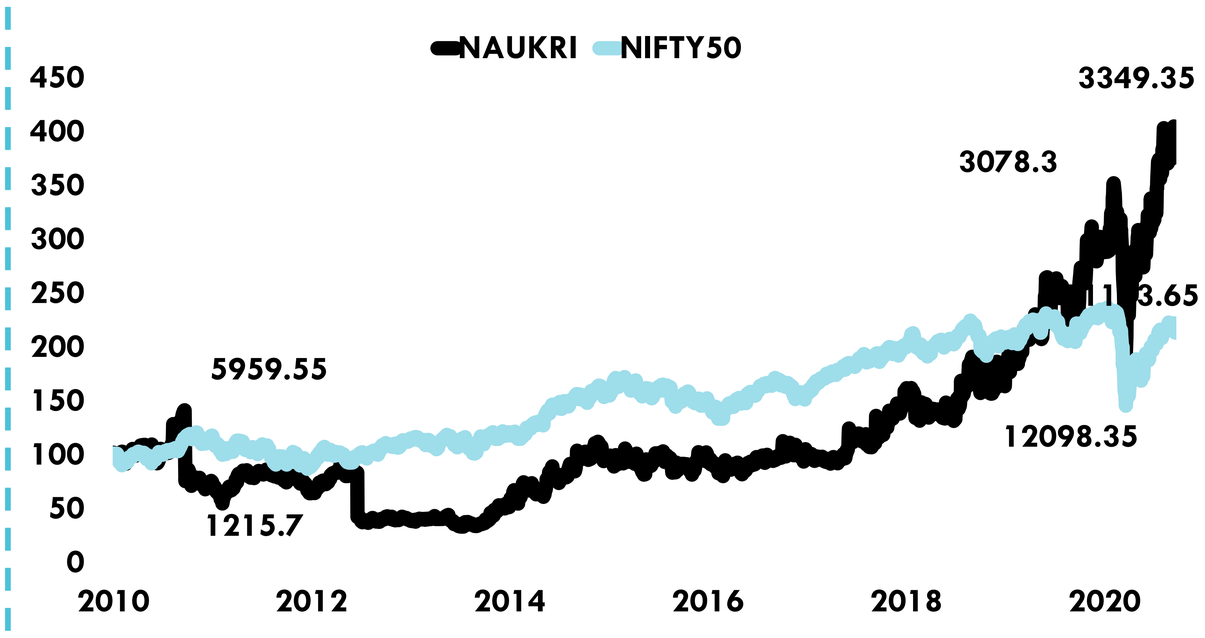
The Gujarat government extended the night curfew in four major cities of the state including Ahmedabad for another 15 days due to the recent spike in coronavirus cases. This was the fifth extension of the night curfew which came into force in November last year post-Diwali. The ongoing night curfew starts at midnight and ends at 6 AM.

COVERAGE THIS MONTH

Info Edge (India) Limited

Info Edge (India) Limited, the owner of Naukri.com is the first dot com company to be listed on Bombay and National Stock Exchange. It is an online classified company offering online recruitment, education and matrimonial services as their standalone portfolio.

Stock Price of Info Edge against NIFTY 50



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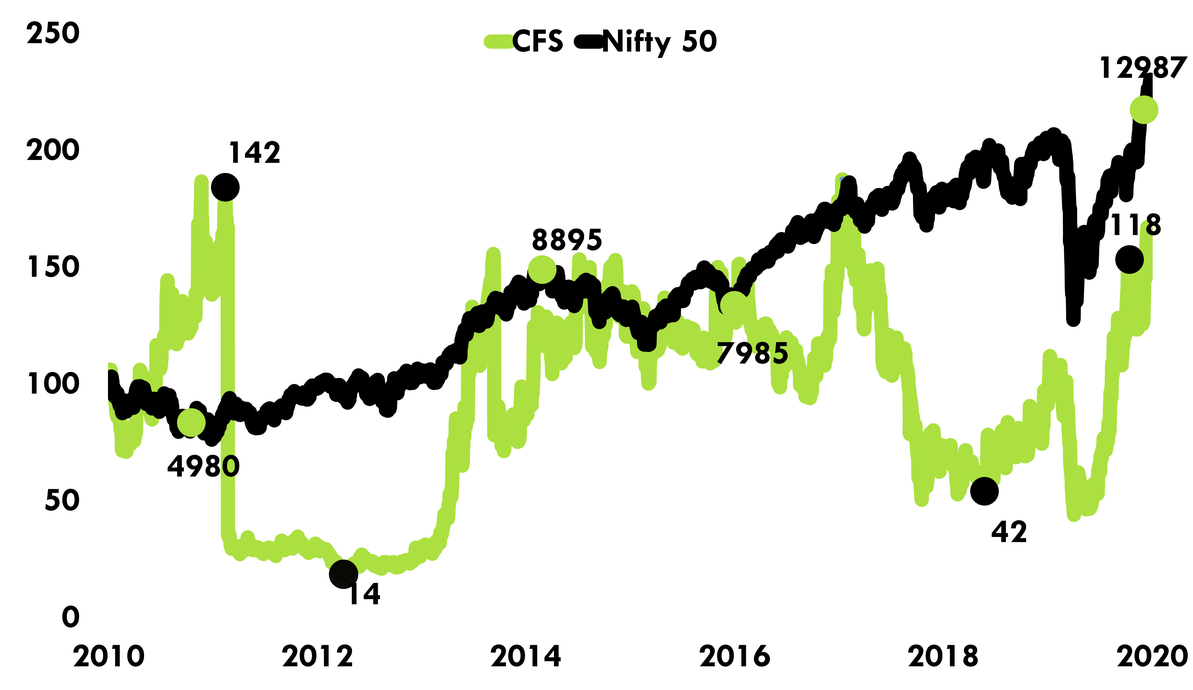
Camlin Fine Sciences Limited

Camlin Fine Sciences Ltd. was formed after getting demerged from the parent firm, Chemical Fine Chemicals Ltd, in 2006. It is one of the world's leading Vanillin producer. The Company has more than 30 years of experience in providing innovative solutions.

Stock Price of Camlin Fine Sciences against NIFTY 50



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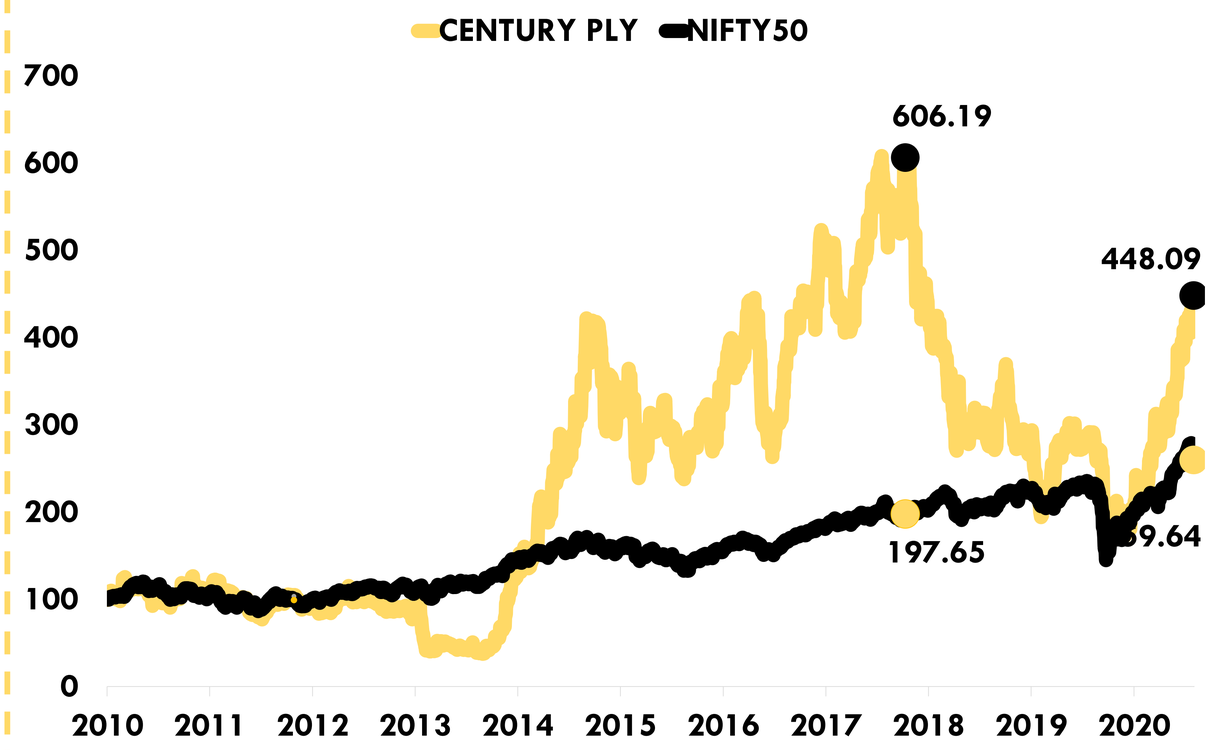
Century Plyboards (India) Ltd

Century Plyboards (India) Limited that initially began with a plywood manufacturing unit in 1986, has now become one of the largest interior infrastructure portfolio providers in India. Along with that, it enjoys a 25% market share in the organized plywood market in India.

Returns given by Century Ply against NIFTY50



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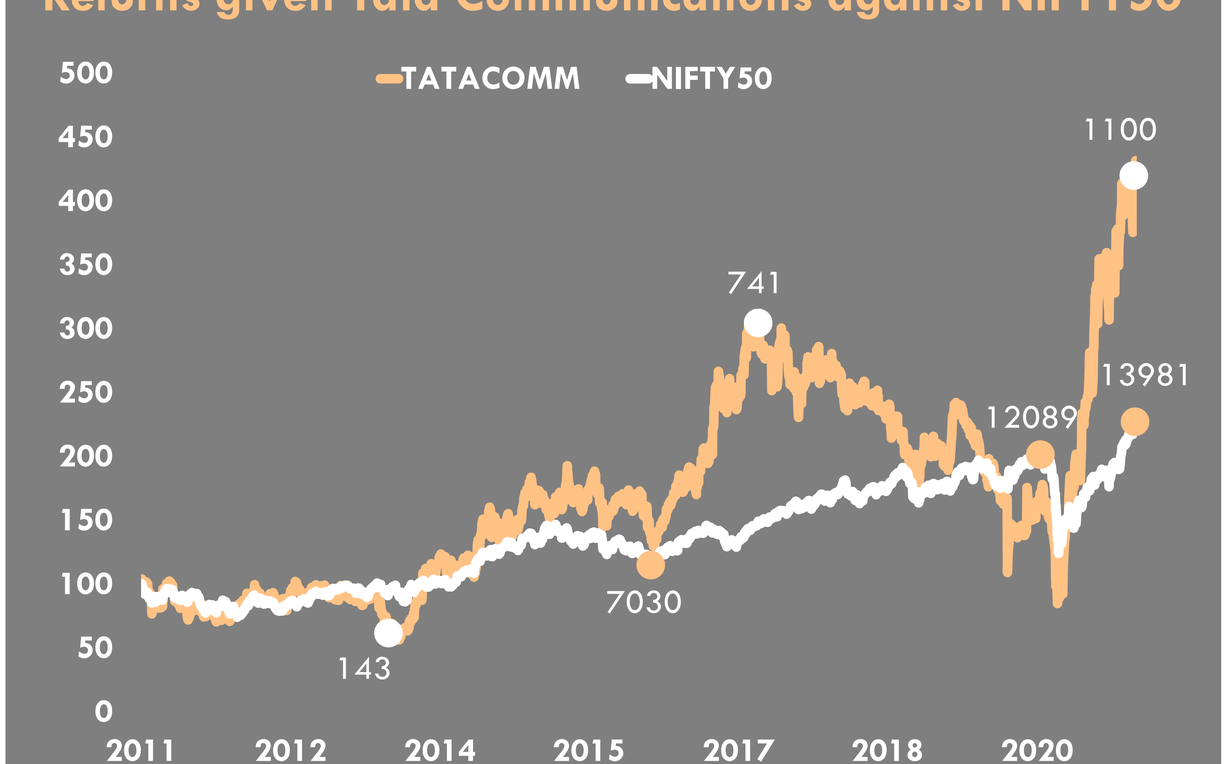
Tata Communications Limited

The genesis of the Internet Revolution in India started with VSNL, now known as TATA Communications (TATACOMM) in 1985 and since then India and the world have come a long way. TATA Communications has played an integral part in transforming India's digital foundation. From 64 Kbps bandwidth in 1995 in India to carrying almost 30% of the world's internet routes.

Returns given Tata Communications against NIFTY50



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OPINION POLL

"These particular farm laws were in the area of marketing. It was widening the market for farmers as they will be able to sell to multiple outlets besides the mandis, without having to pay tax. This has the potential to raise, in our view, farmers' incomes. That said, every time a reform is put in place, there are transition costs. One has to make sure and pay close attention that it does not harm vulnerable farmers, and make sure that a social safety net is provided. Clearly, there is a discussion right now and we'll see what comes out if it."

-Gita Gopinath, Chief Economist, International Monetary Fund

"This is a budget for growth, next generation reforms; the focus on the healthcare, infrastructure, and financial sector are welcome. The finance minister has taken the bold move for higher borrowing which will go into capital expenditure.

-Anand Mahindra, Chairman Mahindra Group

"There is a strong momentum in the IPO markets, and we are seeing an increased interest from companies across sectors looking to raise capital in the near term. Additionally, companies are keenly awaiting guidelines for direct listing in overseas markets. The market sentiment remains positive for what could be a stellar 2021."

-Sandip Khetan, Partner and National Leader, Financial Accounting Advisory Services (FAAS) at EY India

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Contact

+91 98310 79737

Website

www.leveragedgrowth.in

Social Media

Address

Diamond Heritage, Suite 525
16, Strand Road, Fairley Place
B.B.D. Bagh, Kolkata 700 001
West Bengal, India

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