



Leveraged Growth

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# MONTHLY REPORT APRIL 2021

# GLOBAL



## India-US Climate and Clean Energy Partnership

Narendra Modi and Joe Biden announced the “India-US Climate and Clean Energy Agenda 2030 Partnership” in a virtual summit attended by 40 global leaders and heads of states. They announced concrete, high-speed, large-scale global action to combat climate change and meet the goals of the Paris agreement.

The objective of this partnership is to - mobilize finances and speed up the deployment of clean energy; demonstrate and scale innovative clean technology needed to decarbonize sectors like transportation, power, and infrastructure; and build capacity to measure, manage, and adapt to the risks of climate-related impacts.

The US has set an economy-wide target of significantly reducing its greenhouse emissions by 2030, bringing it down to 50-52% less than the 2005 level. India has set a target of generating 450 gigawatts of clean and renewable energy.

### Mastercard to Buy Ekata

Mastercard has decided to acquire identity verification firm, Ekata, for \$850 million to advance global digital identity efforts.

Ekata works with a wide range of global merchants, financial institutions, travel companies, marketplaces, and digital currency platforms to help them identify good actors and bad actors on a real-time basis during the digital interaction. It uses unique scores, data attributes, and risk indicators to deliver information that its customers and businesses can use to make informed decisions. With the help of Ekata, Mastercard will be able to stand up to its commitment of providing real-time, safe, and secure data services as Ekata’s proprietary technology, data assets, and engineering process, added to Mastercard’s identity solutions, will help strengthen efforts to provide its services.

## Biden to Propose Capital Gains Tax of 39.6% to Fund Education and Child Care

President Joe Biden plans to propose an increase in capital gains tax to fund the American Families Plan by about \$1 trillion to overhaul the US economy. The plan aims to expand subsidies for childcare, universal pre-kindergarten education, US workers learning new skills, and making community college tuition-free for all. The proposal calls for an increase in the marginal income tax rate to 39.6% from the current base rate of 20% for all Americans earning more than \$1 million; the federal tax rate for wealthy investors could be as high as 43.4%.

On 22<sup>nd</sup> April, Wall Street was severely affected by the news as stocks slid the most in more than a month, with the S&P 500 Index down by 0.9% at the close. 10-year Treasury yields fell to 1.5% from an intraday high of 1.6%.

The proposal will not affect taxes paid by individuals earning less than \$400,000 a year. The move would effectively reverse Donald Trump’s 2017 income tax cut for the highest income earners.

## China’s Digital Yuan

People’s Bank of China launched the beta version of Digital Yuan in cities across the country. They believe that



data from digital currency would help improve the money supply and support mechanisms for boosting economic recovery in the post-COVID era.

Citizens who do not have a bank account and those in rural areas will have access to the platform as it will not require an internet connection. China’s digital payment space is dominated by Alipay and WeChat Pay, which the central bank highly regulates.

With Digital Yuan, the central bank aims to reduce systemic risk and impose control and access to the financial data of the citizens.

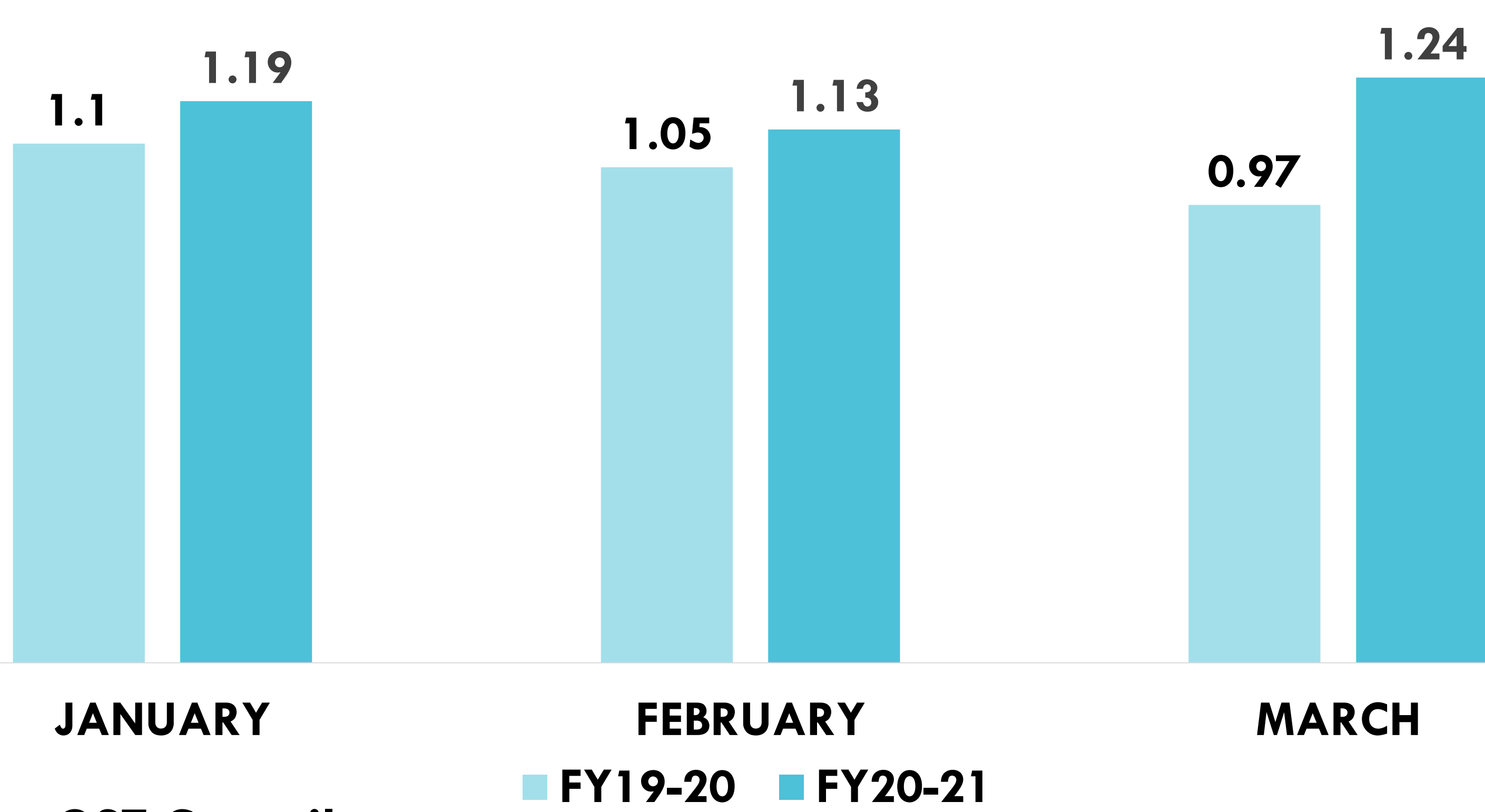
This digital currency could have a negative impact on the privacy of citizens and businesses beyond China. Economists suggest, once fully developed, it can be expected to evade US sanctions. To prevent the worldwide spread of the negative impact of the Digital Yuan, international communities are expected to accelerate their digital currency research.

# INDIA INC.

## GST Collections

GST collections for March'21 stood at an all-time high of ₹1.24 lakhs, representing a 14% MoM growth. Closer monitoring against fake billing, deep-data analytics using data from multiple sources including GST, income-tax and Customs IT systems, and effective tax administration have supported the upward trend. An increase in domestic transactions and collection on imports indicates that the overall production and consumption cycle is back to pre-COVID levels.

GST Collection (₹ Lakh Crore)

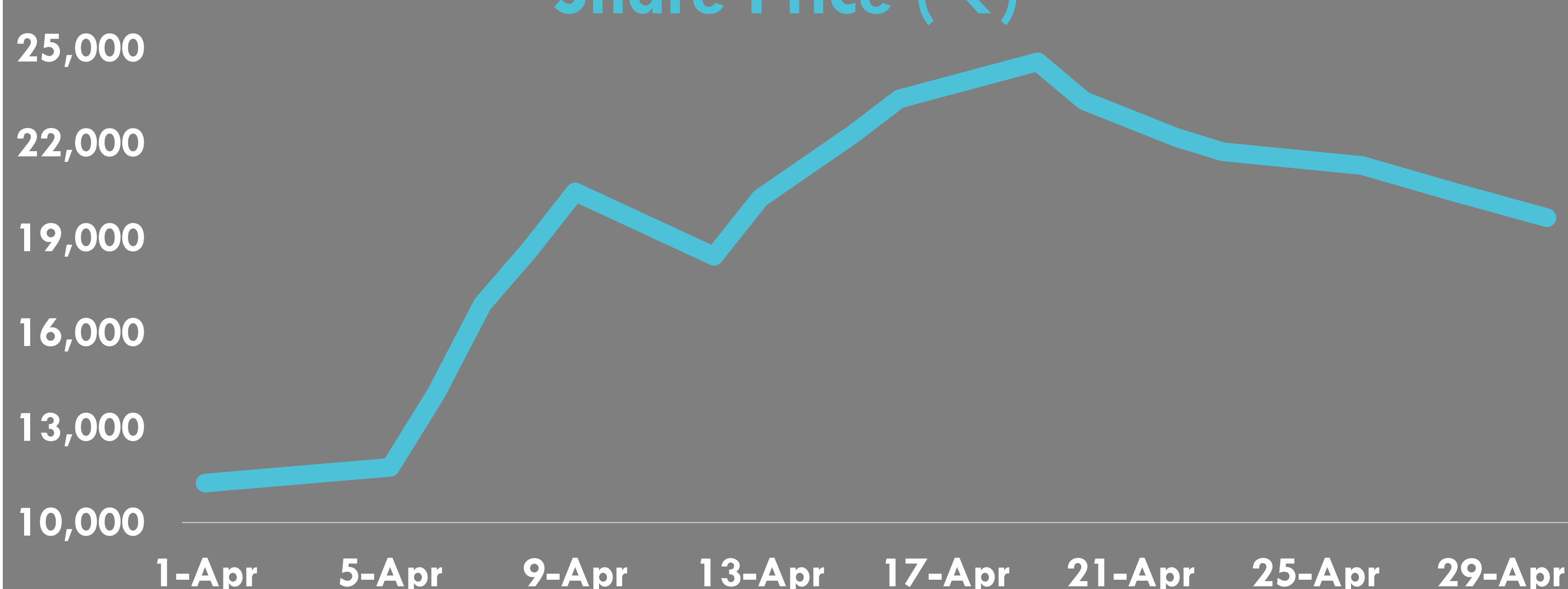


Source: GST Council

## Bombay Oxygen Investments' Share Prices Hiked by 133% in One Month

As the Novel Coronavirus hit India like a storm once again, an acute shortage of medical oxygen triggered a surge in stocks linked to industrial gas. The lack of oxygen led to the price of oxygen cylinders doubling in most cities. The investors started picking stocks of companies manufacturing the gas to make quick gains. This went to such an extent that investors started buying stocks of companies with 'oxygen' in their name, irrespective of whether the company manufactured the gas or not. The stock price of Bombay Oxygen Investments Ltd. fell by 5% when the investors were brought to light. This incident has prompted retail investors to do their due diligence before hopping on to a stock suggested by some social media platforms.

Bombay Oxygen Investments' Share Price (₹)



Source: BSE

## IRDAI Inflicts a Harsh Penalty of ₹51 lakh on SBI General Insurance & 3 Others

The Insurance Regulatory and Development Authority of India (IRDAI) imposed a fine of ₹51 lakhs on four insurers for violating motor insurance regulations.



Company Name	Penalty (₹ Lakhs)
SBI General Insurance Co. (an unlisted subsidiary of SBI)	25
Liberty General Insurance Ltd.	13
Bajaj Allianz General Insurance Co.	10
Royal Sundaram General Insurance Co.	3

Source: IRDAI

The penalty on SBI has been imposed for not fulfilling all regulatory obligations under the Motor Third Party (MTP) business and violation of Sec. 32D of the Insurance Act, 1938. The order stated that the insurer failed to comply with MTP Obligation for 2017-18 and did not fulfil the obligation, resulting in a shortfall of ₹104.6 crores (24.1%).

The penalties imposed on Liberty and Royal Sundaram were for violation of the Motor Insurance Service Provider Guidelines.

The penalty on Bajaj Allianz was also because of breach of specific provisions of the Insurance Act, 1938.

This information leads us to question the lack of honesty and integrity that a good insurance company must have.

## American Express, Diners Club Banned by RBI from Acquiring New Customers

The Reserve Bank of India (RBI) restricted American Express Banking Corp. (Amex) and Diners Club International from acquiring new domestic customers onto their card networks from 1<sup>st</sup> May'21. The supervisory action was taken because these entities have been non-compliant with the central bank's directions on the storage of payment system data. RBI also stated that this action would not impact the existing customers in any way. One of the key takeaways for corporates from this event is to follow the guidelines strictly and not to over estimate their stature against the law.



# GOVT. POLICIES

## IRDAI's New Guidelines for Insurers

Under the new guidelines, IRDAI has permitted insurance companies to invest in debt securities of Infrastructure



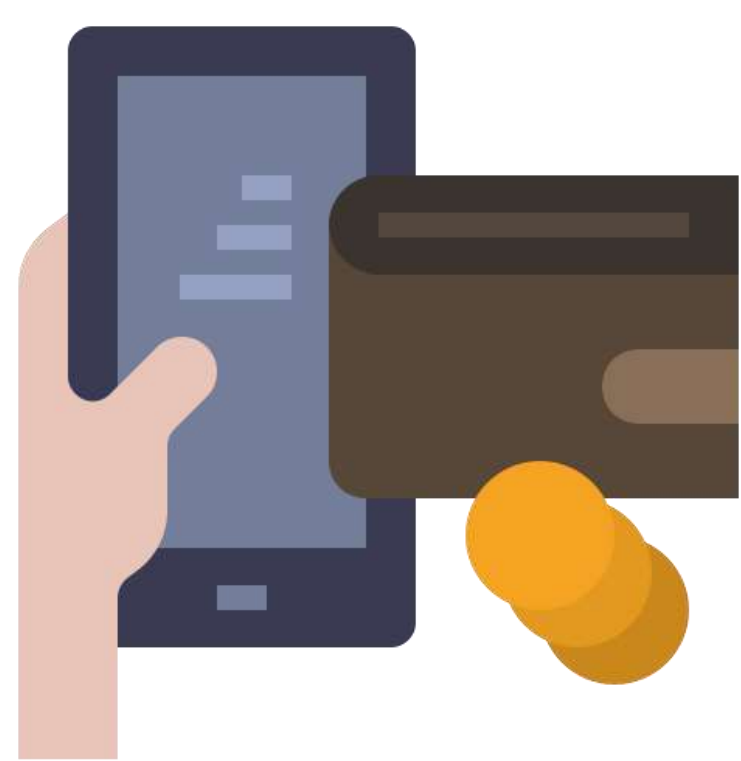
Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs). This will improve the overall yield of portfolios held by insurance companies providing more long-term funding to the cash-starved real estate sector. Earlier, the insurance companies were only allowed to invest in units of pooled investment vehicles.

As per IRDAI, 3/4<sup>th</sup> of the insurers' investment must be in AAA-rated assets, while the remaining can go to AA or A-rated instruments. An insurer could take exposure to below AA- rating only after getting approval from the board. Instruments rated or downgraded below AA rating should be placed in the category of other investments. The cumulative investment of insurance companies in units and debt instruments of InvITs and REITs shall not exceed 3% of the total fund size and 10% of the outstanding debt instruments in a single InvITs/REITs.

Thus, this move could be a game-changer as both real estate and infra investment trusts are well suited to insurance companies and their investment goal.

## Mobile Wallets to Function as Bank Accounts

RBI makes the interoperability feature mandatory for all prepaid instruments such as mobile wallets and prepaid



Cards thus, allowing the customers to send money from a wallet to a bank account and from one company's wallet to another.

It also increased the mobile wallet fund limit from ₹1 lakh to ₹2 lakhs in full KYC accounts and allowed mobile wallet users to use RTGS and NEFT for payments and transfers.

This move by RBI aimed at expanding digital payments to smaller cities across the country and directly benefit non-banking prepaid service providers and fintech firms, bringing them almost at par with bank accounts.

## IRDAI Modifies Guidelines on TCI Products

IRDAI recently modified the Trade Credit Insurance (TCI) guidelines for general insurance companies to develop new TCI products with customized covers for SMEs and MSMEs.

The latest guidelines enabled general insurers to offer TCI cover to licensed banks and other financial institutions. It is helping businesses manage the country's risk by opening access to new markets and non-payment risk associated with the trade financing portfolio. The new policy only covered credit risk that had a link with an underlying trade transaction or the delivery of goods or services, which included commercial and political risks. (Political risks are risks associated with changes that occur within a country's policies, business laws, or investment regulations).

As per IRDAI's draft guidelines, this risk was available only for buyers outside India. The risk of insolvency or protracted defaults of a buyer or bank responsible for payments in case of a letter of credit transactions is among others that are covered in commercial risk. Thus, improving the overall business environment by protecting businesses against the risk of non-payment for goods and services by buyers. The guidelines will boost the SMEs and MSMEs sector as they will be able to provide a wide range of products.

## RBI's G-SAP 1.0

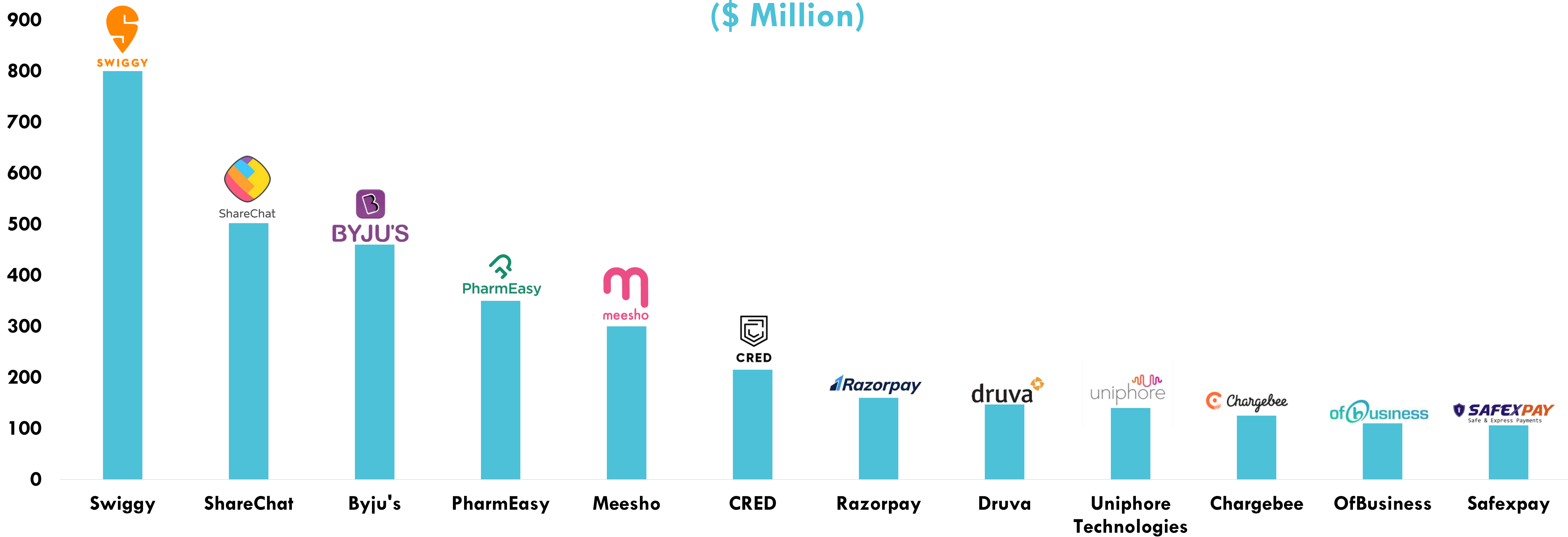
RBI announced a secondary market Government Security Acquisition Programme, under which they plan to purchase ₹1 trillion worth of government bonds. The 1<sup>st</sup> purchase took place on preset date of 15<sup>th</sup> April of ₹25,000 crores.

This move of announcing an Open Market Operation (OMO) calendar will provide certainty to the bond market participants concerning RBI's commitment to support the bond market in FY22. The program is expected to decrease the volatility in the bond yield, which will reduce the government's cost of borrowing.

In a rising inflationary environment, declining interest rates could have a negative impact on the real rate.

# START-UP NEWS

Major Funding raised by Startups for the period 1<sup>st</sup> April'21 to 29<sup>th</sup> April'21 (\$ Million)

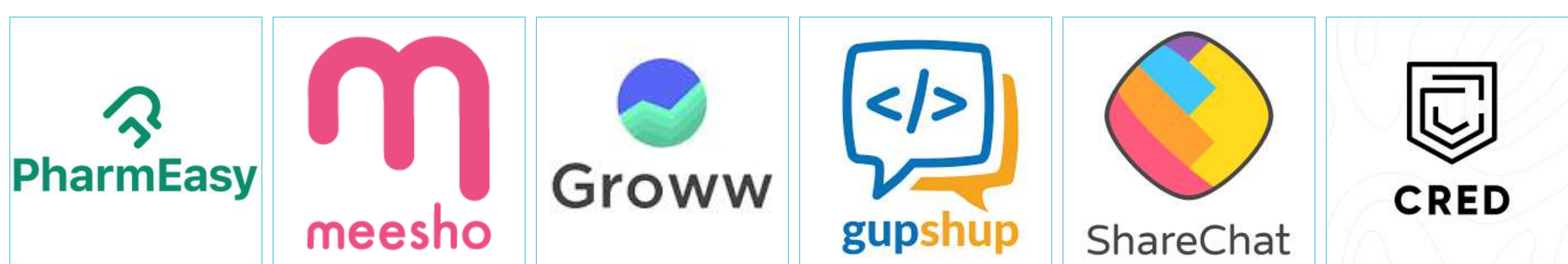


Source: Entrackr

This month 91 Indian start-ups were able to raise close to \$4177 million vs \$1170 million funding raised by 78 companies in the previous month.

## Start-Up Funding Boom

Despite Covid-19 hammering the Indian economy and rising coronavirus cases across the country, just within four months, the Indian start-up ecosystem witnessed a funding boom. April turned out to be an action-packed month for start-ups with multiple companies becoming unicorns. In April, within four days, six start-ups attained a valuation exceeding \$1 billion. As a result, the Indian start-up ecosystem added ten new companies to the unicorn club compared to 11 unicorns that emerged in the past 12 months.



Due to the pandemic, there has been a rise in the number of internet users, which has led to the rapid growth of online services from Ecommerce to payments to software. Till January 2021, India had over 50,000 registered start-ups, out of which only close to 50 start-ups have achieved unicorn status. With the growing number of start-ups in India, it is becoming one of the largest markets. Using websites and apps, start-ups can now reach hundreds of millions of customers easily across the country.

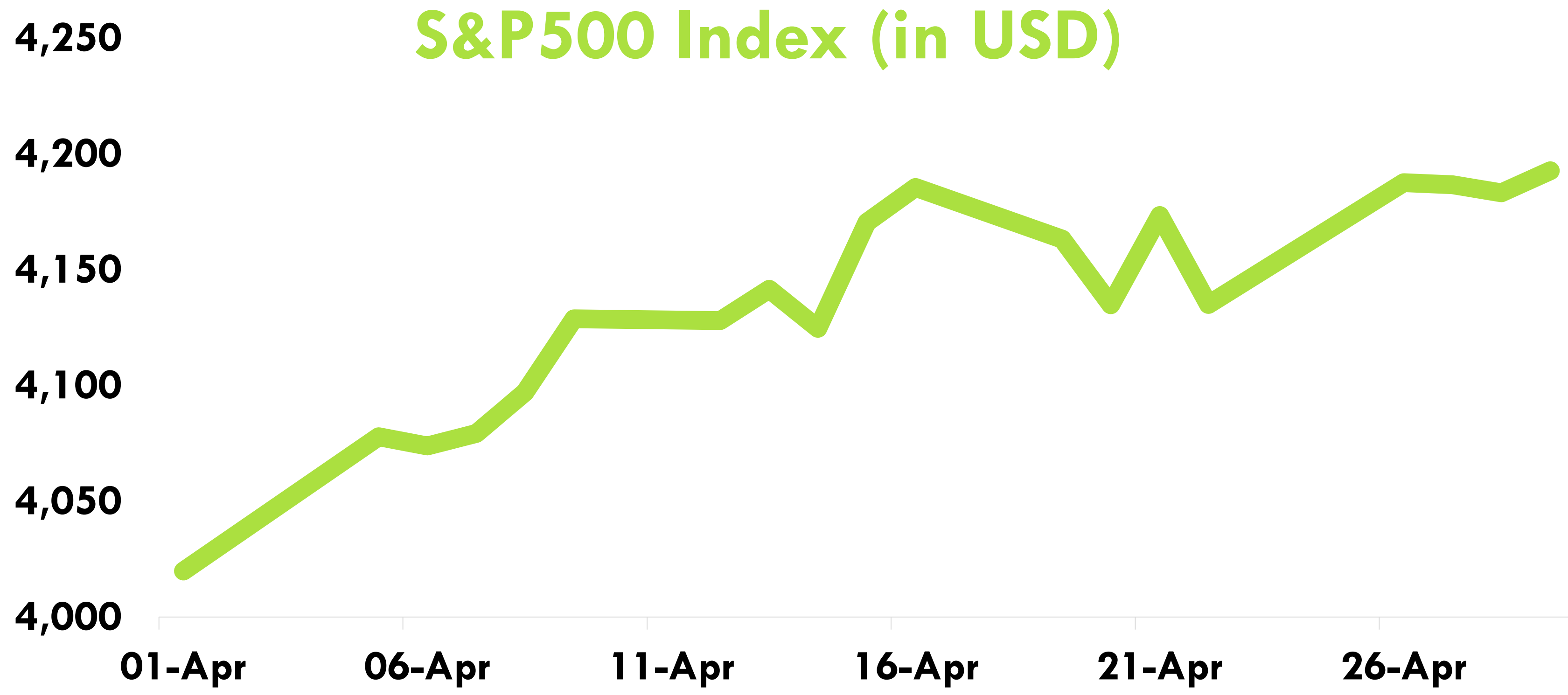
## CHARGE-UP



As electric vehicles are gaining popularity, charging infrastructure is becoming one of the most important aspects of the industry. 80% of electric vehicles running in India today are e-rickshaws as they are affordable means of clean transportation. However, the main problem faced by the e-rickshaw community is battery charging time which takes about 7-8 hours to charge the battery. Charge-Up created a network of battery swapping stations to counter this problem, allowing the drivers to cover more distance. Founded by Varun Goenka and Akshay Kashyap, the venture introduced a subscription-based model wherein drivers can sign up for battery rental plans minus any upfront costs. It charges ₹150 per swap for an 80 km run which is less than ₹2/km. The whole process of battery swapping is completed in just 2 minutes. From handling 120 swaps a month, the company is currently handling 3,000 swaps a month with 320 electric rickshaws in Delhi-NCR swapping batteries every day and is planning to reach 3,00,000 swaps by March 2022, along with setting up 3,000 swapping hubs by 2024.

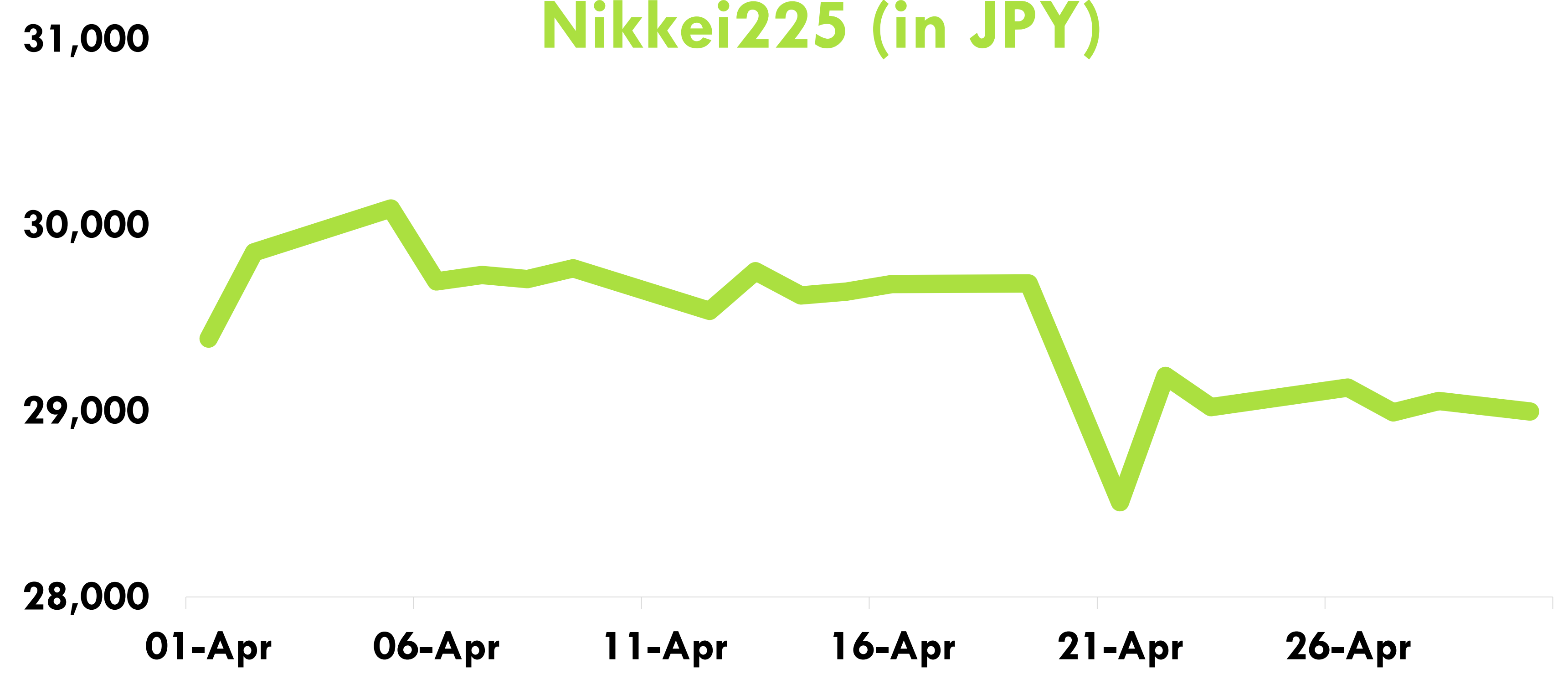
# GLOBAL INDICES

**S&P500 Index (in USD)**



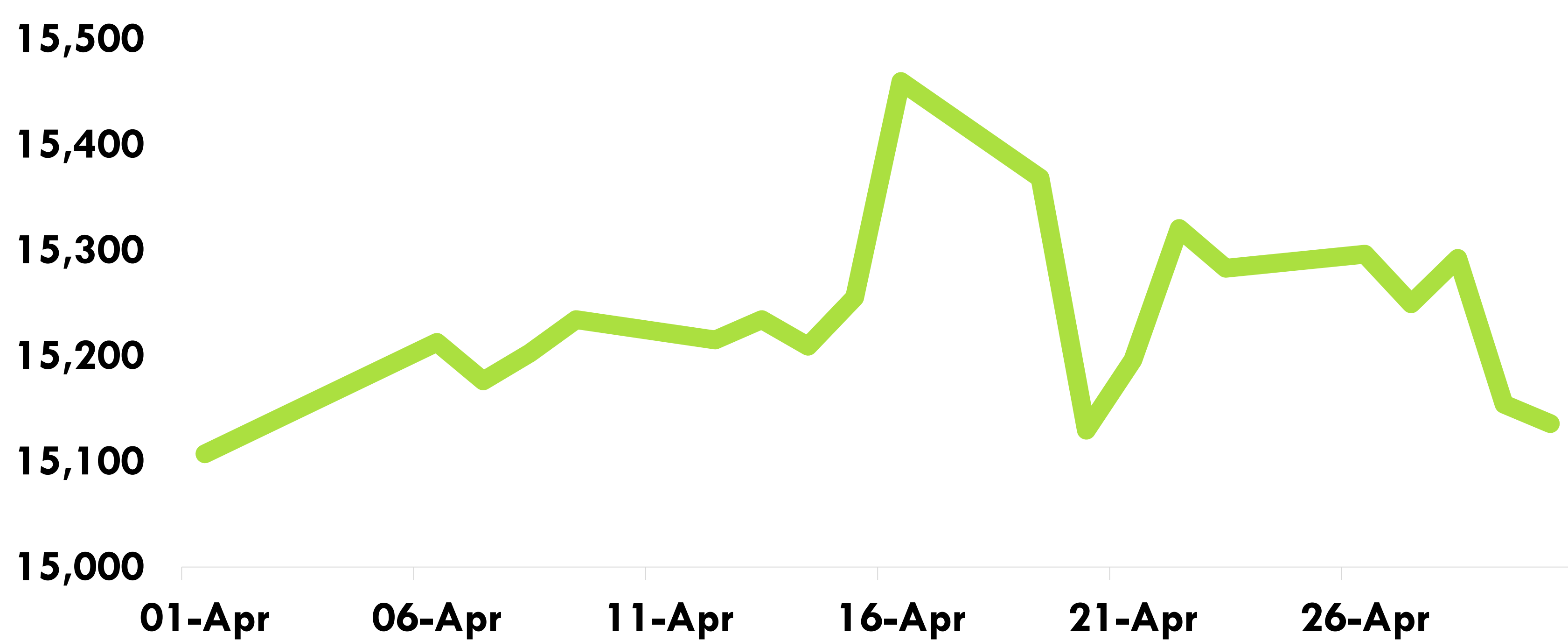
The Index crossed the 4,000 mark for the first time ever during this month. The push was led by the technology stocks which gained on account of flattening 10-year Treasury yield. Positive corporate earnings and economic growth have also fueled the rise. It is expected that the recent tax plan proposal of Biden can put the index under pressure if passed.

**Nikkei225 (in JPY)**



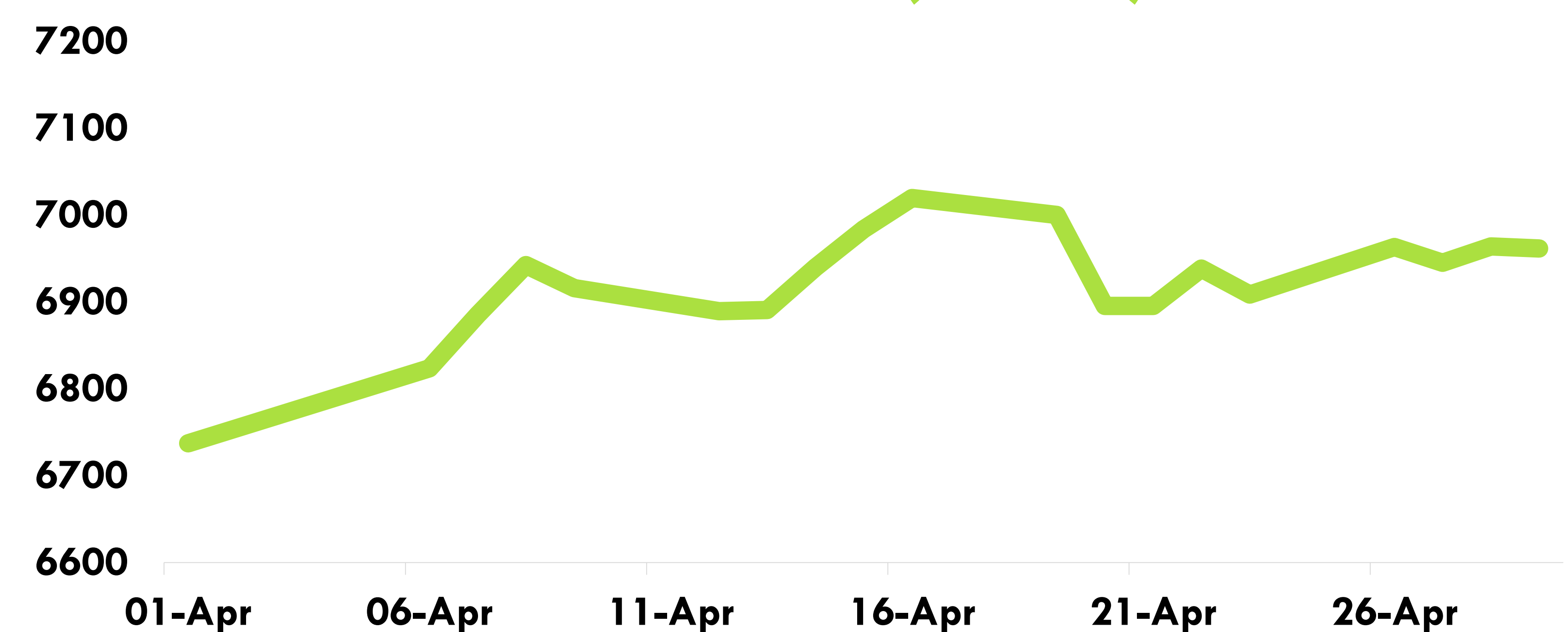
Japan's Nikkei 225 Index has been trading below the 30,000 mark since early April. Rising covid cases, slow vaccination progress domestically and supply shortage of semiconductor for the auto sector have led to a decline in the index

**DAX Performance Index (in EUR)**



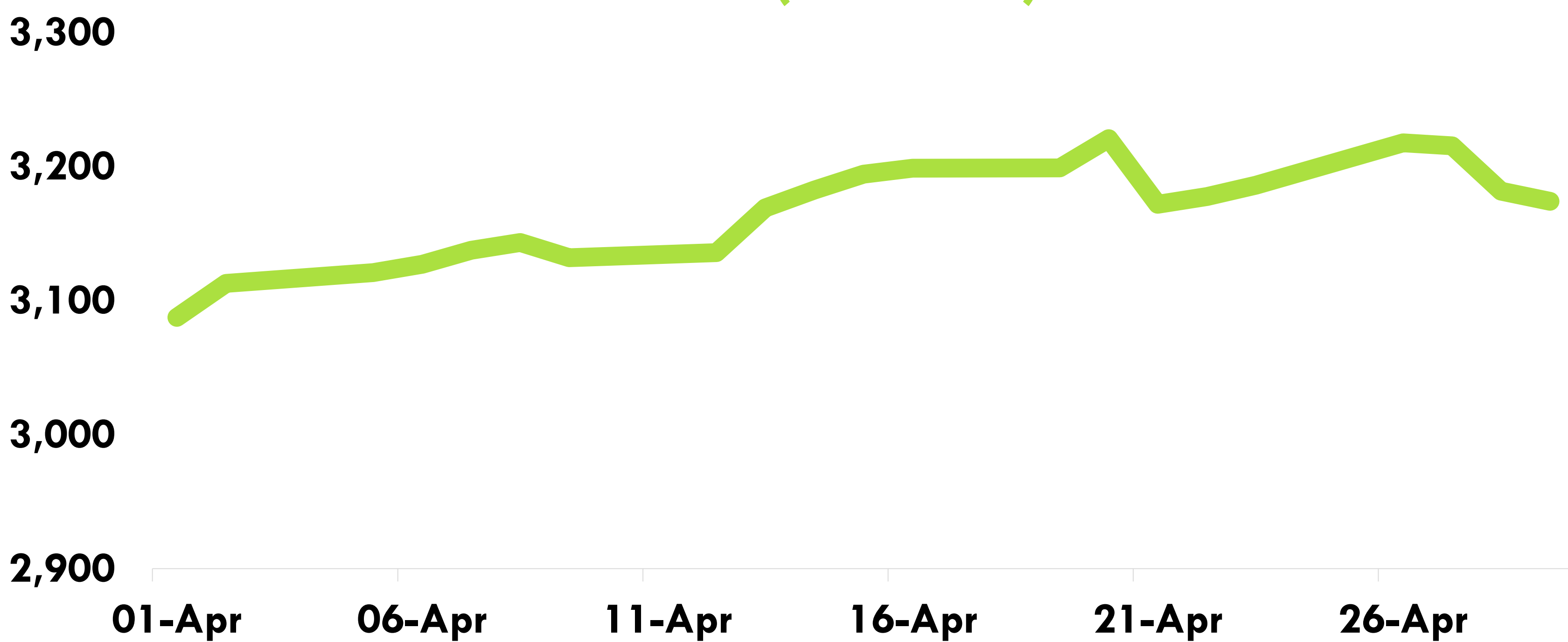
Amidst rising concerns about the economic effect of a 3<sup>rd</sup> wave of Covid-19 in Europe, the German index crossed the 15,000 mark, indicating investors' optimism in the economic recovery. Other factors such as positive US economic data, strong corporate earning expectation and stable currency market has supported the upward trend.

**FTSE100 Index (in GBP)**



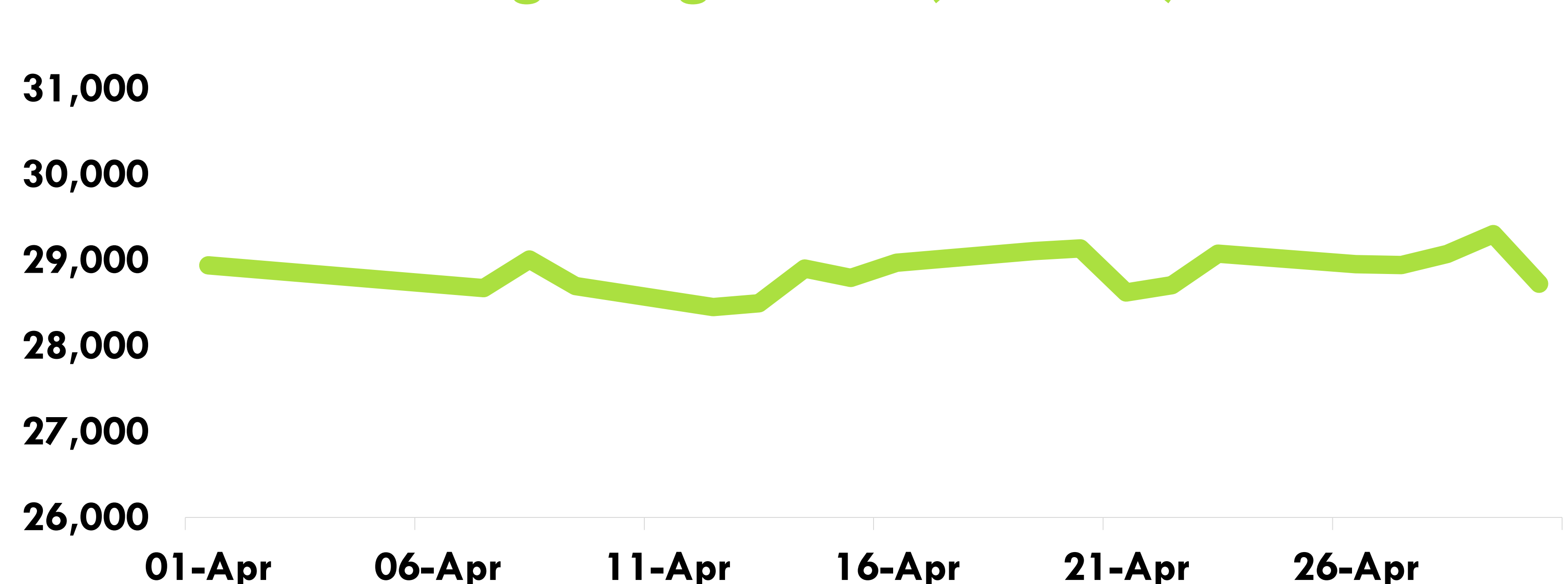
FTSE 100 recorded the highest single-day fall of approximately 2% amidst concerns over renewed travel restriction and stock of tobacco companies declines as the US. was considering to amend the proportion of nicotine in cigarettes. Continuous appreciation of Sterling against the US dollar could also weigh on the index as profits of the constituent firms may erode.

**KOSPI (in KRW)**



South Korea's Kospi hit a fresh high driven largely by foreign and institutional buyers. Decrease in market volatility backed by the stable bond market, stable won-dollar exchange rate and expectation of economic recovery has contributed to the market rally.

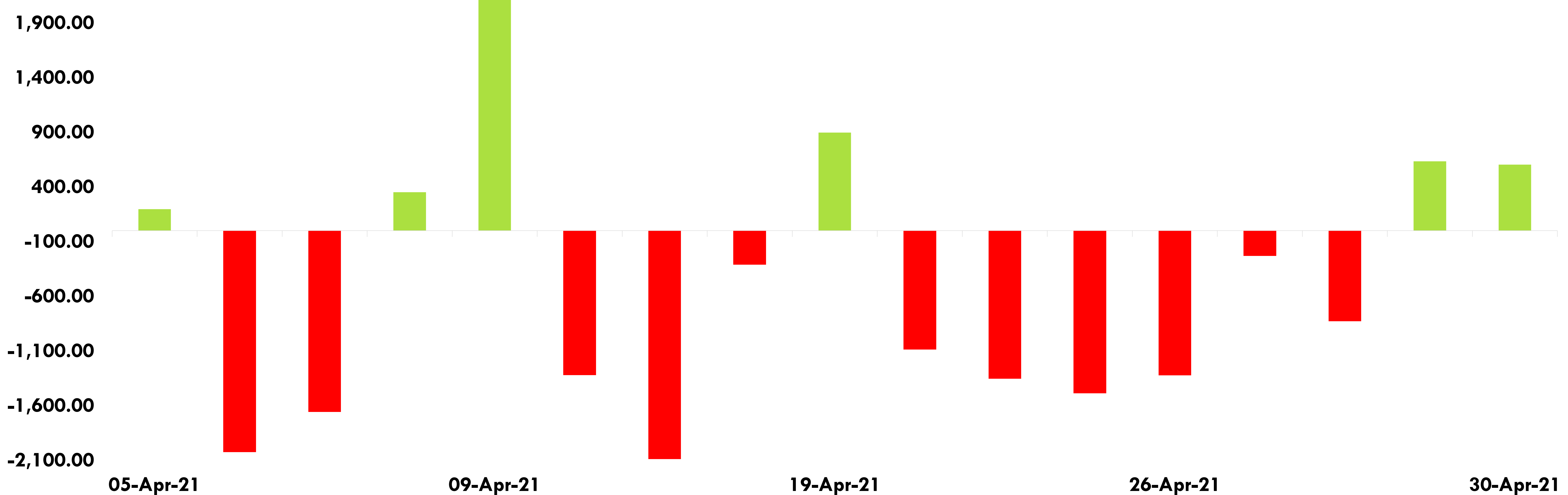
**Hang Seng Index (in HKD)**



Hong Kong's Hang Sang gained as strong inflows from Mainland China were witnessed indicating improved risk appetite of investors. However, the gains were capped as Meituan, a Chinese tech company faces an antitrust probe. The news overshadowed hopes for an earnings boost.

# EQUITIES

FPI Net Investment in April' 21 (₹ Crore)



Source: NSDL

## Foreign Portfolio Investment

Indian stocks are set for the largest foreign outflows for over a year as foreign portfolios (FPIs) have reported net outflow of ₹4,615 crores from Indian markets in April'21. Investors' perception has been affected by the sharp escalation in COVID-19 cases and consequent restrictions, including lockdowns imposed by various states, unnerving overseas investors. Overseas investors have sold approximately ₹8.25 lakh crores of local stocks by 23<sup>rd</sup> April, which has been the most significant outflow since March'20. However, FPI's also put in a record amount of ₹2.74 trillion, in the last financial year. The previous record was made in FY13 when the overseas investors had pumped ₹1.4 trillion.

## IPO Highlights for March 2021



The most awaited IPO of the year has been set in motion after the food Delivery firm Zomato filed a draft red herring prospectus with the Securities And Exchange Board of India (SEBI) for ₹8250 crore IPO. **zomato**

At present, Info Edge is the largest stakeholder in Zomato with an 18.6% stake and will be selling a stake worth ₹750 crores in the Zomato IPO.

Index	1 <sup>st</sup> April 2021 (In ₹)	30 <sup>th</sup> April 2021 (In ₹)	Change (%)	Trend
NIFTY Auto	10,022.6	9,640.8	↓ -3.8	
Nifty Bank	33,858.0	32,781.8	↓ -3.2	
Nifty Consumer Durables	21,445.3	20,832.9	↓ -2.8	
Nifty Financial Services	15,909.2	15,560.1	↓ -2.2	
Nifty FMCG	34,874.5	33,623.4	↓ -3.6	
Nifty IT	25,980.4	25,664.4	↓ -1.2	
Nifty Media	1,580.4	1,547.9	↓ -2.1	
Nifty Metal	4,189.1	4,847.9	↑ 15.7	
Nifty Oil & Gas	6,283.5	6,265.3	↓ -0.3	
Nifty Pharma	12,377.1	13,469.2	↑ 8.8	

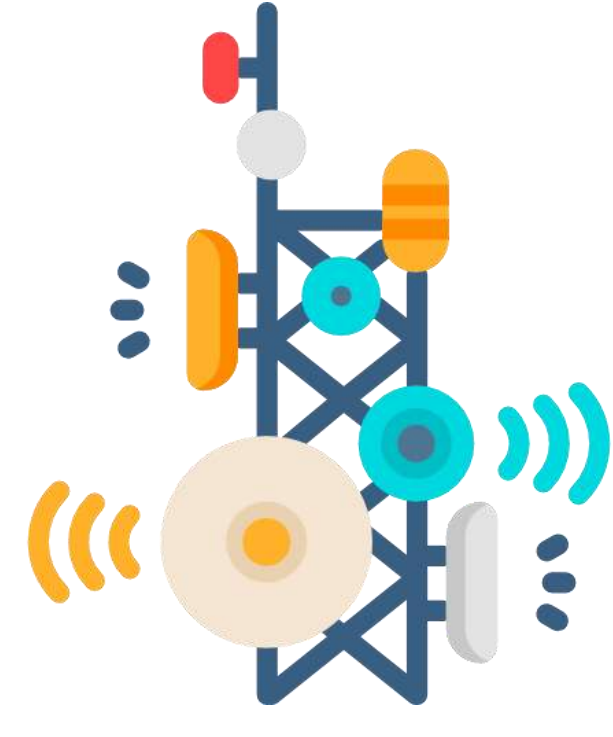
Source: NSE India

# SECTOR UPDATES

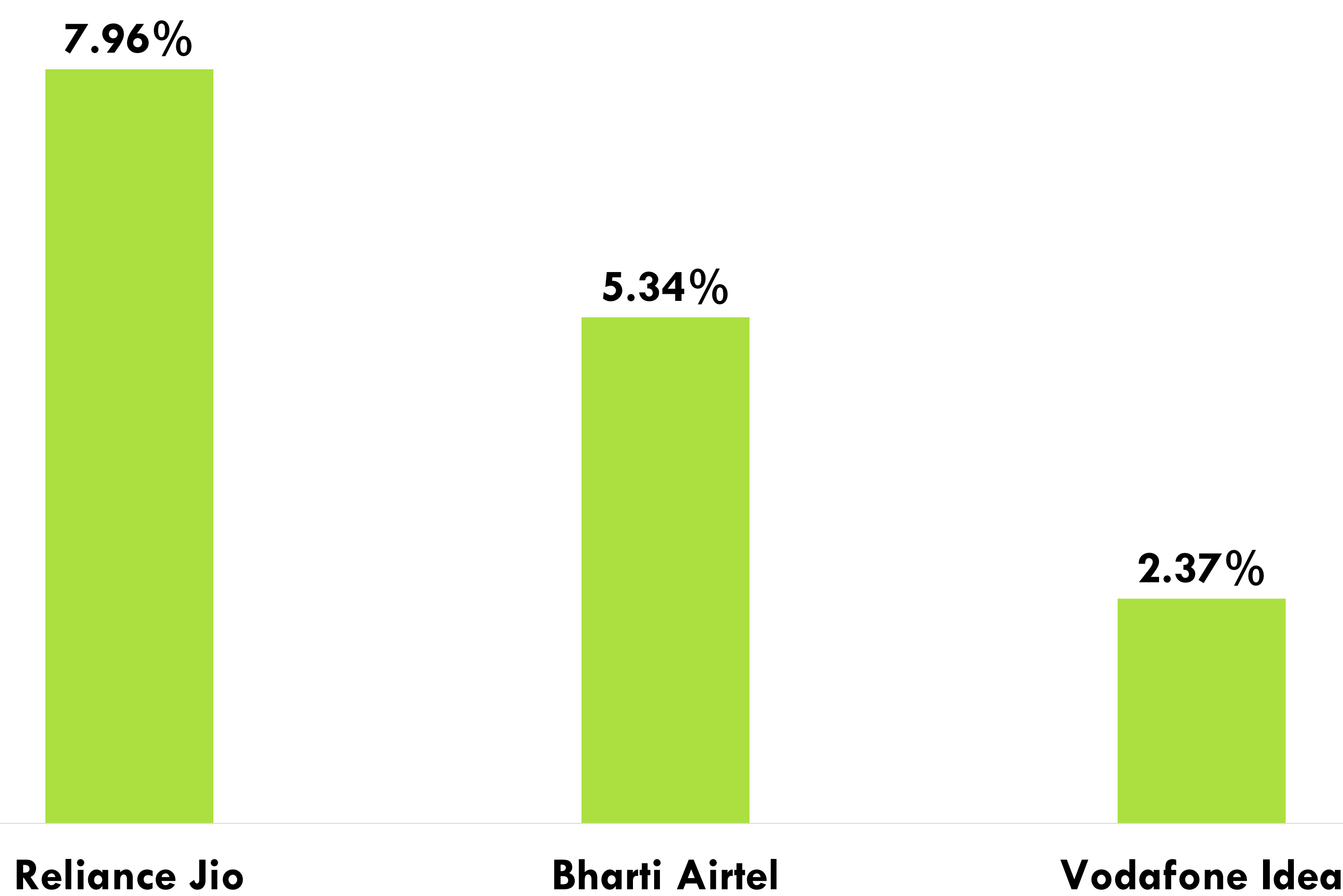
## Telecom Sector

The growth in data consumption due to easing lockdown curbs, high mobile recharge volumes and strong customer adds resulted in the telecom sector recording a near 4.2% growth in adjusted gross revenue (AGR) in Q3FY21. The continuous upgradation of subscribers from 2G to 4G and the rise in usage of mobile phones is also expected to increase the average revenue per user to ₹220 in the medium term.

The AGR of the overall telecom sector rose by 4.19% QoQ to ₹47,623 crores in Q3FY21.



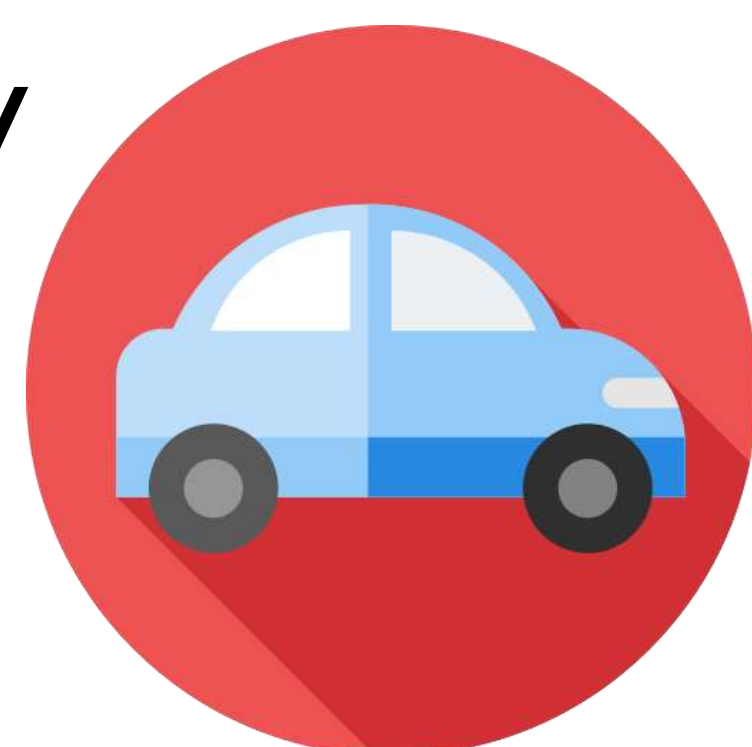
### Growth Rates During March 2021



Source: TRAI

## Auto Sector

The automobile sector's volume recovery continued in Q4FY21, with the Nifty Auto index giving a 7% return in Q4FY21. The passenger vehicle sales



and utility vehicle sales registered a YoY uptick of 42.2% and 12.1%, respectively, in FY21. Rural and semi-urban markets aided the robust momentum observed in retail sales for tractors, motorcycles, and entry-level cars. The increase in construction activities and national infrastructure projects also led to a gradual recovery in commercial vehicles.

The BSE Auto index underperformed the benchmarks in the last quarter due to rising commodity prices and supply disruptions. Even though the Indian automotive industry closed FY21 with a sales decline of 13.6%, the last few months' performances were relatively better.

## IT Sector

The Nifty IT Index outperformed the Nifty and Nifty Bank by 150 bps and 10 bps, respectively, in Q4FY21. All IT companies have reported a robust QoQ performance led by healthy demand and meaningful cross-currency gains.



According to the solid growth in Q2 and Q3 of FY21, analysts also believe that the Indian IT sector might show double-digit growth in FY22E. The subsequent lockdown in most states due to rising covid-19 cases accelerated the push towards digitalization. Business survival is also one of the reasons top companies have started investing in emerging technologies.

## FMCG Sector

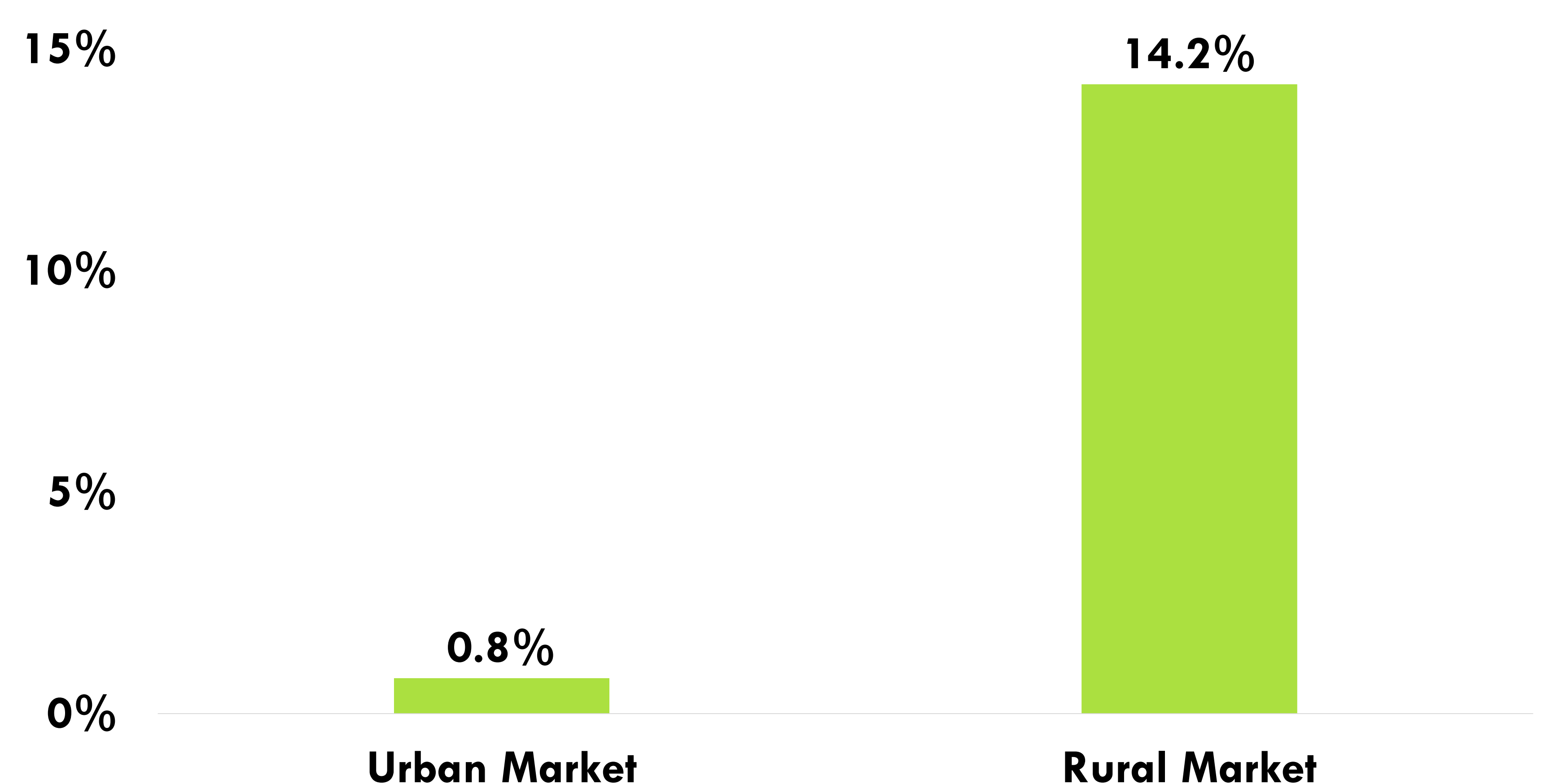
The festive boost in Q3FY21 enabled the retail players to witness a 70-80%



revenue recovery rate. While the demand in January and February continued to stay decent, the sudden rise in COVID cases in the past few weeks dampened the growth picture for FY22 for retail companies. The earlier expectation that companies would return to regular business by H1FY22 has been dashed as partial lockdowns, closure of malls and curbs on late evening movement has resulted in a slump in demand in H1FY22.

The rural demand had increased at twice the pace of that from cities throughout 2020. However, the best part is that the second wave has pushed the demand for packaged and hygiene goods such as honey, chawanprash and ayurvedic teas by 60% in April itself.

### Demand for Dec 2020 Quarter on YoY Basis



Source: Nielsen

# SECTOR UPDATES

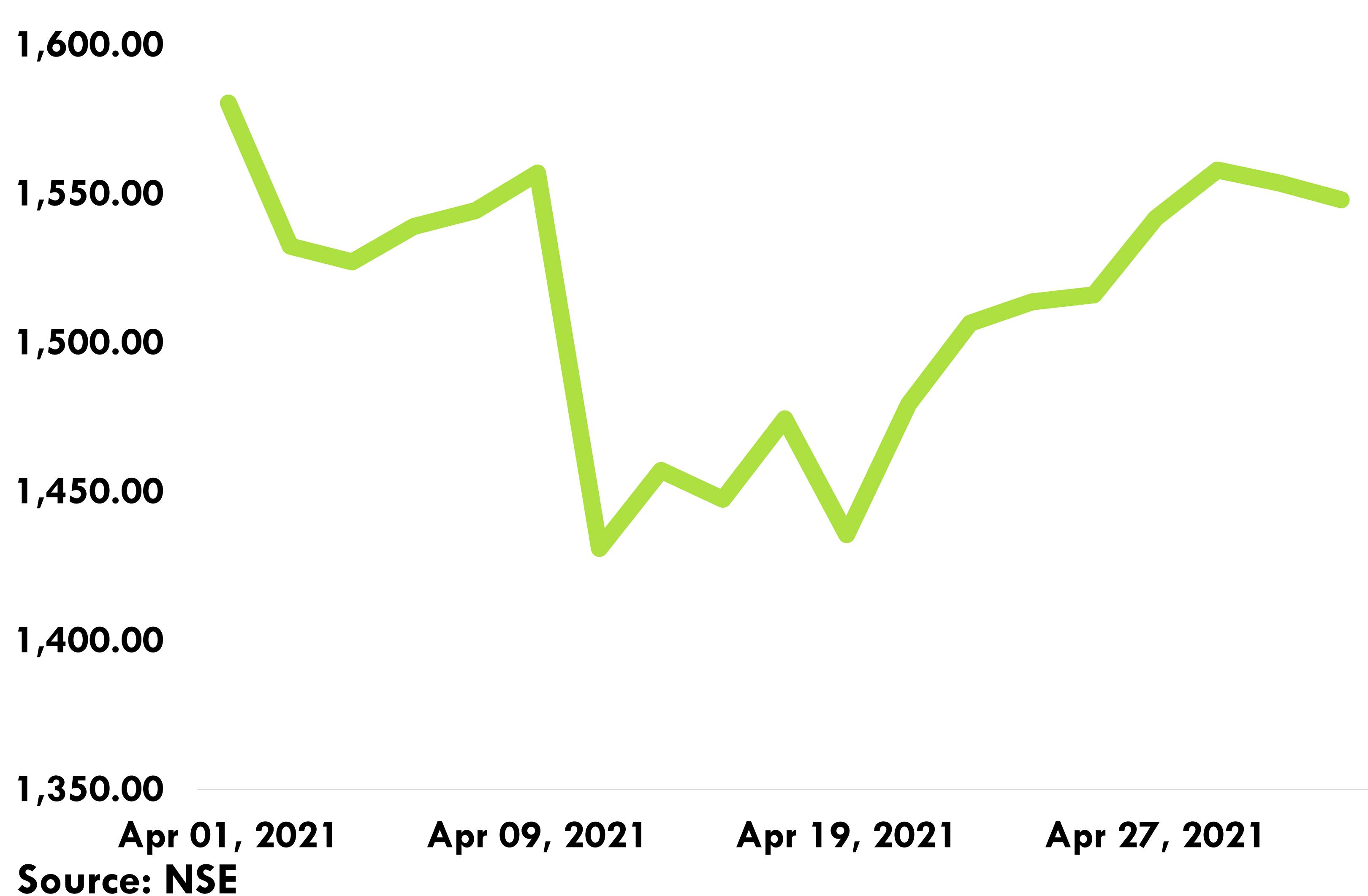
## Media Sector

The index glided by 11% over the last month but soared by 30% over the previous year, compared to a 54.4% increase in the benchmark Nifty 50 index.



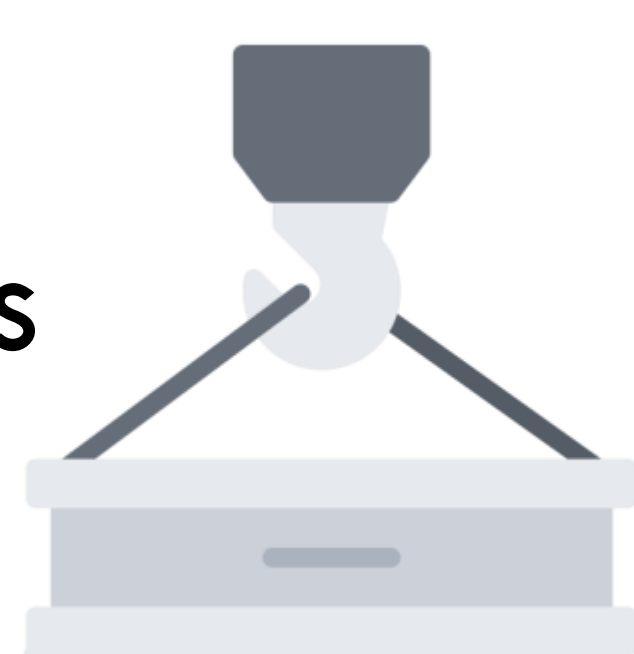
However, investors and analysts continue to stay sceptical about the sector's performance in light of the stricter restrictions imposed in most states to control the rise in COVID-19 cases. Among all the constituents, PVR Ltd jumped 6.7%, Inox Leisure Ltd gained 5.4%, and Zee Entertainment Enterprises Ltd gained 3.7%.

### Nifty Media (₹)



## Metal Sector

Metals have been one of the core drivers of industrialization. Among metals, steel has historically held a dominant position. Nifty Metal jumped by 16.8% MoM because of increased commodity prices, rising infrastructural development and growth in global demand.



Operational data reported by Indian steel companies indicated that volumes remained stronger. The domestic steel inventories continued to slide down, which further boded well for domestic steel prices.

Amongst the top gainers were JSW Steel, up by more than 50% MoM, followed by SAIL which rose by 37% MoM, while the top loser in the index was Coal India which lost more than 3% MoM.

## Banking Sector

The Nifty Bank index has risen by 63% over the last year compared to a 59% surge in the benchmark Nifty 50 index.



Indian stock market crashed in early April owing to the rising number of covid cases, which led to restrictions on economic activity.

On the positive side, the banks in India crossed the milestone of ₹150 trillion in deposits as the inflows continued at an astounding pace. The bank deposits stood at ₹151 million in the last fortnight of the financial year. On account of the banking crisis that unfolded in the Yes Bank case, the RBI announced that the CEO and Managing Director of Indian private-sector banks would be eligible to hold their posts for up to 15 years.

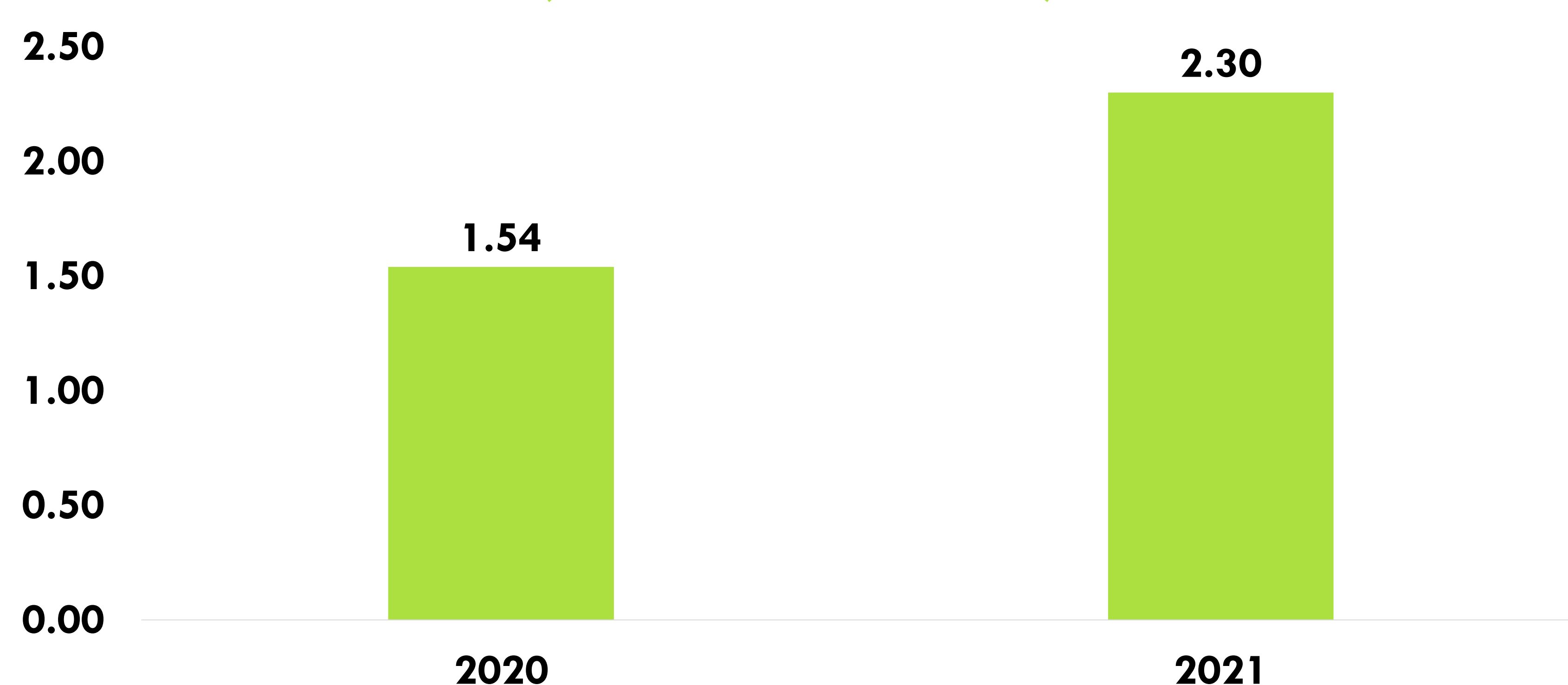
## Pharma Sector

The Pharmaceuticals Export Promotion Council of India (Pharmexcil) reported that the exports in March 2021 were the highest in the past five years, with a 49% growth YoY. The boost was led by the demand for COVID-19 vaccines and drugs such as hydroxychloroquine, which were being used to treat patients in the initial stages of the pandemic. The pharmaceutical manufacturing costs in India is 33% lower than those in the US, which acts as a significant contributing factor in the export of medicines.



Due to the rise in COVID-19 cases in India, the sector has been forced to reduce its export of vaccines and drugs. The suspension of cargo flights by Chinese State-owned Sichuan Airlines impacted the Indian Pharma sector dreadfully as small-scale businessmen sourced 60-70% of medical equipment from China for sale in India.

### Exports for Pharma Sector in March (In Billion Dollar)



Source: Pharmexcil

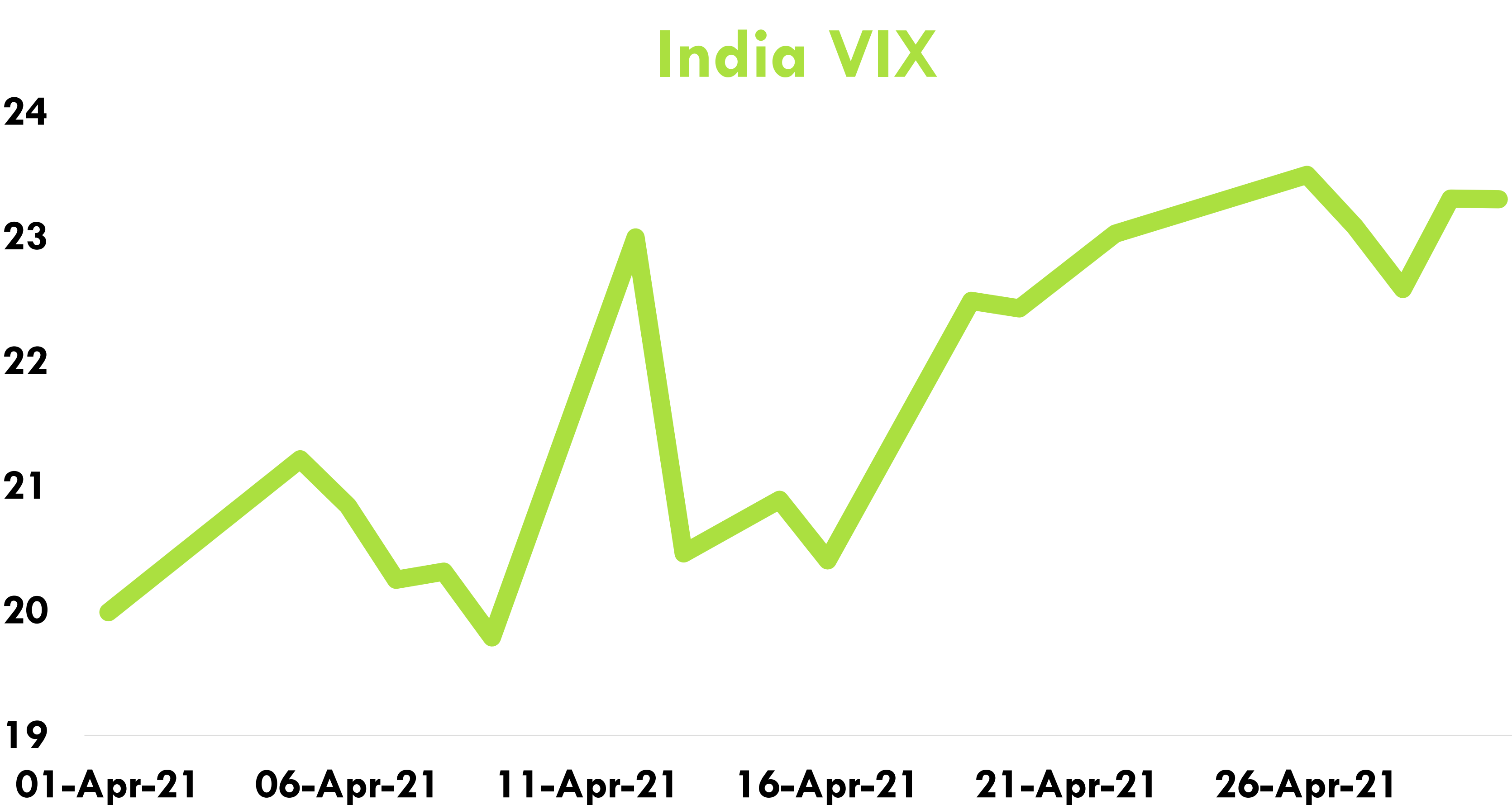
# RISK

## APRA Issues Draft Guidance on Managing Climate Risk

The Australian Prudential Regulation Authority (APRA)



issued a draft guidance for managing climate-related risk, including physical, transition, and liability exposures for banks, insurers, and pension funds. The guide was developed in consultation with peer regulators globally and taken into consideration the recommendations from the Global Task Force on Climate-related Financial Disclosure (TCFD). The draft is designed to assist and not impose any obligation on APRA-regulated entities in managing climate-related risk and identify opportunities in their existing risk management and governance frameworks as per their sizes, customer base, and business strategies. It states that financial institutions must consider, plan, and report their climate-related risk taking consideration of credit, market, operational, underwriting, and reputational risks. Management should set clear lines of responsibilities and monitor exposures related to climate risk. All investment, lending, and underwriting decisions must be well informed to the board of directors, management, and internal and external stakeholders.



Source: NSE India

India VIX recorded a single-day biggest spike of 16% in the past two months when Nifty 50 fell by 3.5%. Amidst the concerns over rising COVID-19 cases in the second wave, the VIX indicates a bearish outlook in the market. The market needs to remain below the level of 20 to indicate low risk perception and attract the bullish investors.

## ECB Detects Deficiencies in Large Banks' Risk Modelling

The European Central Bank's (ECB's) Targeted Review of Internal Models (TRIM)



EUROPEAN CENTRAL BANK

detected deficiencies in risk modelling of 65 large banks across euro zones. These banks have been under-reporting their risk-weighted assets by 12%, or €275 billion using their internal rating-based (IRB) models to quantify potential losses.

Since 2008, large banks have been using IRB models to calculate the risk they have on their balance sheet and the amount of capital they need for that. The banks are working on their models for further improvement in some areas to comply with the requirements; for example, banks must ensure that the probability of default (PD) estimated by banks are in line with the long-run averages. Banks also need to amend rules of how borrowers are being rated.

## European Commission Proposes Risk-Based Regulation for Artificial Intelligence

The European Commission has laid out its plans for the first legal framework on artificial intelligence (AI) for the European unions. The regulation will also apply to providers and users of AI technology located in third-party countries. The proposal states to use a system based on a tiered, risk-based approach to detect and ban unacceptable risk, related to the safety, livelihoods and rights of people. These include tools that allow 'social scoring' and 'real time remote biometric identification' for law enforcement. The proposal also imposes testing and transparency obligations for 'high-risk' uses of AI, including a publicly accessible EU database on stand-alone 'high-risk' systems. However, a penalty of up to 4% of annual revenue on companies that violate the regulation is included.

# DERIVATIVES

## Citi Group and Bank of America Collaborate in Building Multi-Dealer Platform for CLOs and Syndicated Loans

Citi-Group and Bank of America are working



together in building a new multi-dealer execution platform for fixed-income trades. The platform will address the issue of Collateralized Loan Obligations (CLOs) and Syndicated loans faced by investors such as efficiency, speed, liquidity, cost of execution. The banks are planning to develop a centralized platform for trading of structured credit and underlying collateral markets.

The platform is currently in the testing phase and will provide a user-friendly market place for 3<sup>rd</sup> party data and analytics. Moreover, it plans to expand to other asset classes. Spread Products Investment Technologies (SPRINT) group of Citi is backing this venture in the Citi Markets FinTech Investments program. The project is called Project Octopus as the name of the platform is not decided.

## EGM Securities Becomes First Online Trading Broker in Kenya to Offer Nairobi Stock Exchange (NSE) Derivatives



EGM Securities, a subsidiary of the Jordan-based Equiti Group, become first CMA Licensed Forex Broker in Kenya. The investors at the Nairobi Securities Exchange (NSE) will be able to trade online derivatives contracts at the Nairobi stock exchange. EGM Securities will initially offer futures contract on six most traded Kenyan stocks- British American Tobacco Kenya, KCB, Equity, Safaricom, EABL, and Absa Bank. It will also offer NSE 25 Index which covers 25 most liquid and blue-chip stocks in Kenya. Investors will now take less than five minutes to trade compared to current average two-day processing time, putting Kenya at par with global standards. EGM Securities will provide Kenyan investors the financial education through regular training seminars and webinars on trading. It will also provide them the ability to short-sell Kenyan cash equities, lower margin costs, and lower transaction cost at a flat rate of 0.14%.

## China Launched its New Guangzhou Exchange

China launched its 5<sup>th</sup> futures exchange in the southern city of Guangzhou. The exchange will develop products, systems, and innovative technology to establish a futures market focusing on environmental products including carbon futures, commodity index futures like electricity, and other unspecified “green-linked” products.

### Market Share

Shanghai Futures Exchange (SHFE)	15%
Zhengzhou Commodity Exchange (ZCE)	15%
Dalian Commodity Exchange (DCE)	15%
China Financial Futures Exchange (CFFEX)	15%
Ping'an Insurance group	15%
Guangdong Pearl River Investment	9%
Guangzhou Finance holding	9%
Hong Kong Exchange	7%

Source: Yahoo News

### Futures & Options

## NSE Reduced Market Lot Sizes for Nifty50 Contracts and Halves Futures & Options Lot Sizes for 40 Stocks

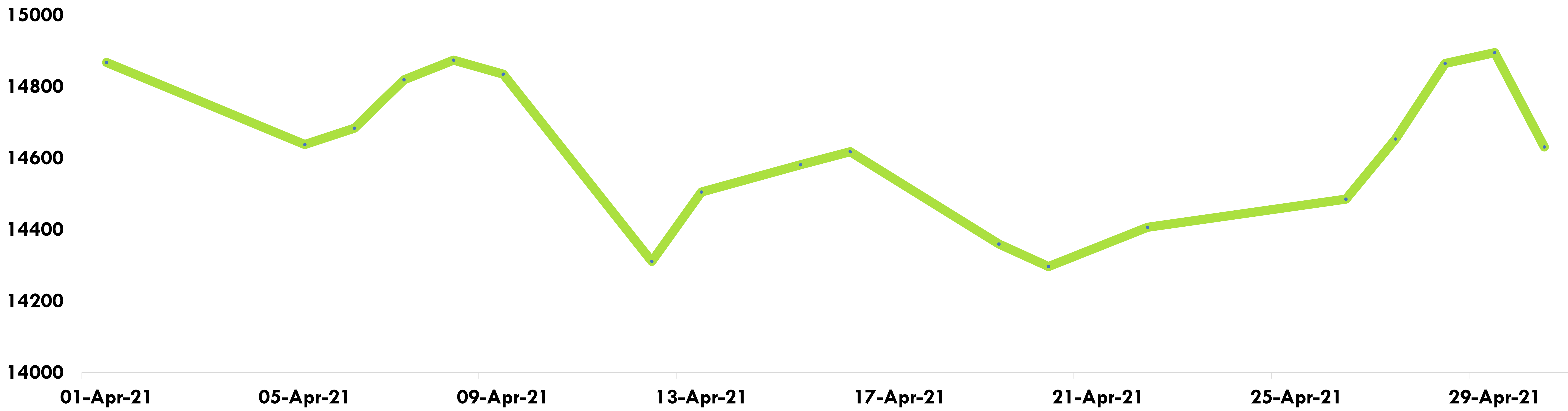
The National Stock Exchange of India (NSE) reduced the future and options lot size by 50% of 40 stocks, including State Bank of India, Tata Motors, Tech Mahindra, Bajaj Finance, SAIL, and many more. The market lot sizes of Nifty Bank and Nifty Financial Services remain unchanged at 25 and 40 respectively. The lot size remains unchanged for 114 stocks. All monthly contracts expiring from July 2021 will be using the revised lot size and the contract expiring before July will follow the current lot size. All weekly contracts will follow the revised lot sizes from August 2021. The reduction in lot size for NIFTY will reduce margin requirement for futures as traders are currently required to post the margin of approximately ₹1.73 lakh to trade one lot. But from July onwards traders will require approximately ₹1.16 lakh (at current Nifty prices).

Index/ Stock	Old Lot Size	New Lot Size
Nifty50	75	50
Bajaj Finserv	125	75
Coforge	375	200

Source: NSE

# NIFTY50

NIFTY50 April'21 (In ₹)



Source: NSE India

This month Nifty 50 hit as low as ₹14,296 on account of rising Covid-19 cases as India recorded World's highest one-day surge in Covid cases.

## After More Than Two-Decade SEBI Penalized Reliance Promoters



SEBI imposed a ₹25 crores penalty on 34 individuals including the Ambani family who were found guilty under the Substantial Acquisition of Shares and Takeover Regulation 1997.

Under the act, a group of promoters acquiring more than 5% of the voting right needs to make an open offer to minority investors within the ongoing financial year. In 2000, promoters of RIL converted their warrants issued in 1994, which increased their stakes by 6.83%. They violated the act by not making an open offer to the minority shareholders. In their defense, these undue delays had deprived them of fair justice and they did abide by the applicable rules in 1994 when the warrants were issued, and the amendments introduced in 1997 should not be applicable to them, but the adjudicating officer overruled it. The group will appeal against SEBI in Securities Appellate Tribunal (SAT).

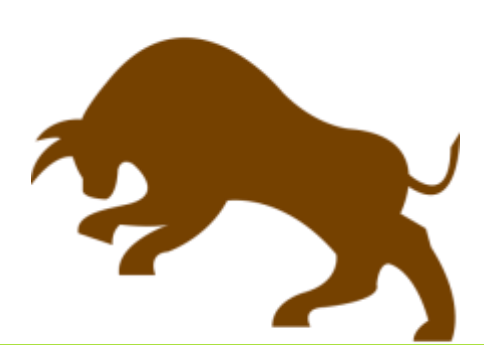
## Coal India Ltd. Forays into Solar Power Business



Coal India Limited

To diversify into the solar power business Coal

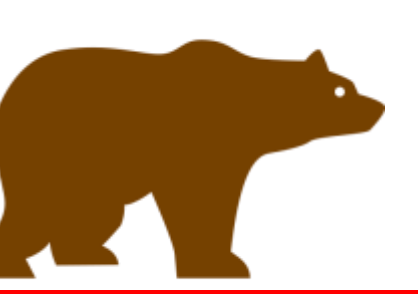
India has incorporated two wholly owned subsidiaries- CIL Solar PV Limited for manufacturing of solar value Chain (Ingot-wafer-Cell Module) and CIL Navikarniya Urja Limited for renewable energy. This sector is highly competitive with Chinese manufacturers dominating the sector as they have access to cheap power and abundant water supply. Coal India will have to work on achieving economies of scale to benefit from this.



### Top Gainers in NIFTY50 for April'21

Company Name	Change (%)
JSW Steel	61.2
Tata Steel	34.8
Wipro	22.0
Dr. Reddys Lab	17.2
Bajaj Finserv	16.6
Cipla	15.6
Vedanta	13.4
Sun Pharma Inds.	11.4
Hindalco	11.4
Bajaj Auto	6.5

Source: NSE India

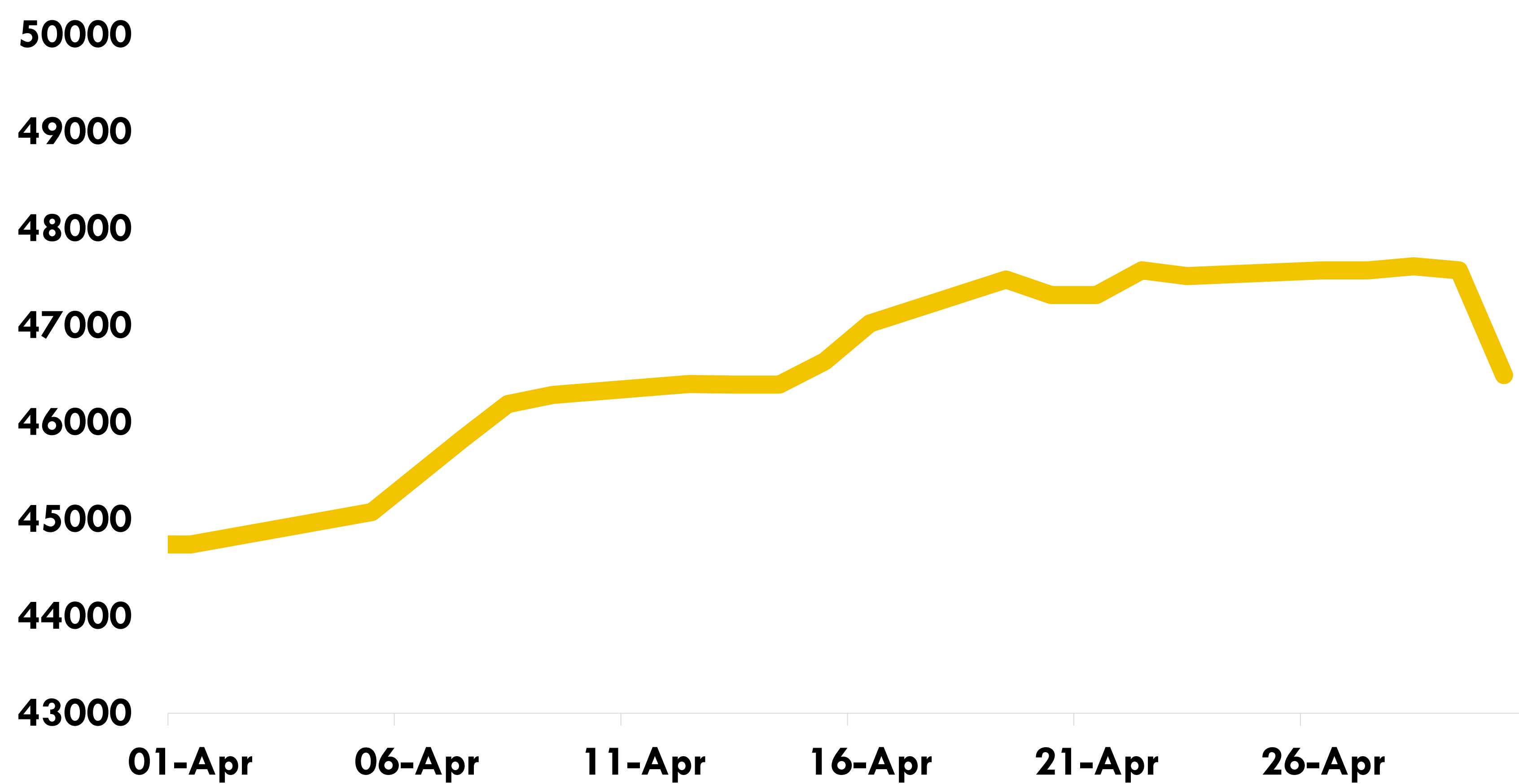


### Top Losers in NIFTY50 for April'21

Company Name	Change (%)
Indiabulls Housing	-8.5
Zee Entertainment	-7.2
Ultratech Cement	-6.8
HCL Tech	-6.2
Mahindra & Mahindra	-5.8
Eicher Motors	-5.4
HDFC Bank	-5.3
Maruti Suzuki	-4.8
HDFC	-4.4
Larsen & Toubro	-4.1

# COMMODITIES

**Gold Spot Price (In ₹ per 10 grams)**



Source: MCX

Earlier this month, Gold has rebounded from its year low levels and reached its 8-week high. This rally was driven by a 1.6% fall in the 10-year US bond yield and weakening the US dollar against Rupee. Gold prices fell marginally in the latter half of April due to rising coronavirus cases and restrictions imposed by most states.

## Fuel Consumption Pattern During March 2021

According to Petroleum Planning & Analysis Cell, consumption of petroleum and petroleum-related products stood at 1.8 Million Metric Tonnes (MMT), accounting for a growth of 17.9% YoY. Consumption of petroleum in March 2021 rose by 27.1% YoY to 2.7 MMT.

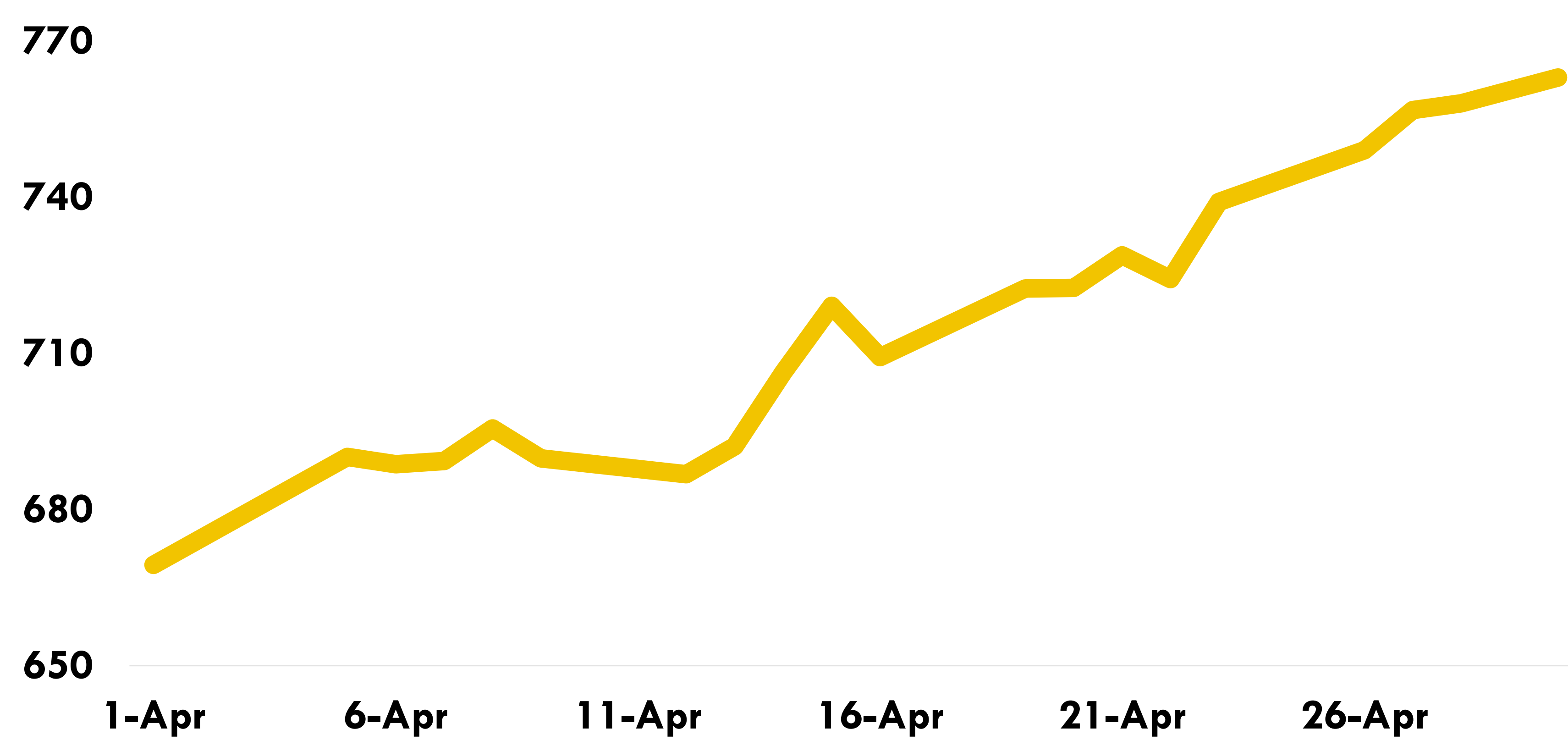
Factors leading to this growth:

- Sales of passenger vehicles and 2 wheelers have been registering consecutive growth from August 2020 due to increased preference for personal mobility.
- Robust agriculture season continues growth trend in the rural sector.

Consumption of diesel increased to 7.2 MMT. Increased sales of commercial vehicles and tractors led to increased consumption of diesel during the month. The consumption of natural gas stood at 5.6 billion cubic meters (BCM). Aviation turbine fuel accounted for 98.4% YoY growth during the month.

Kerosene consumption registered a growth of 1.8% YoY during the month. While consumption for the period of April–March 2021 registered degrowth of -25.1% mainly due to few States & all Union Territories (except UTs of Jammu & Kashmir and Ladakh) going Kerosene free.

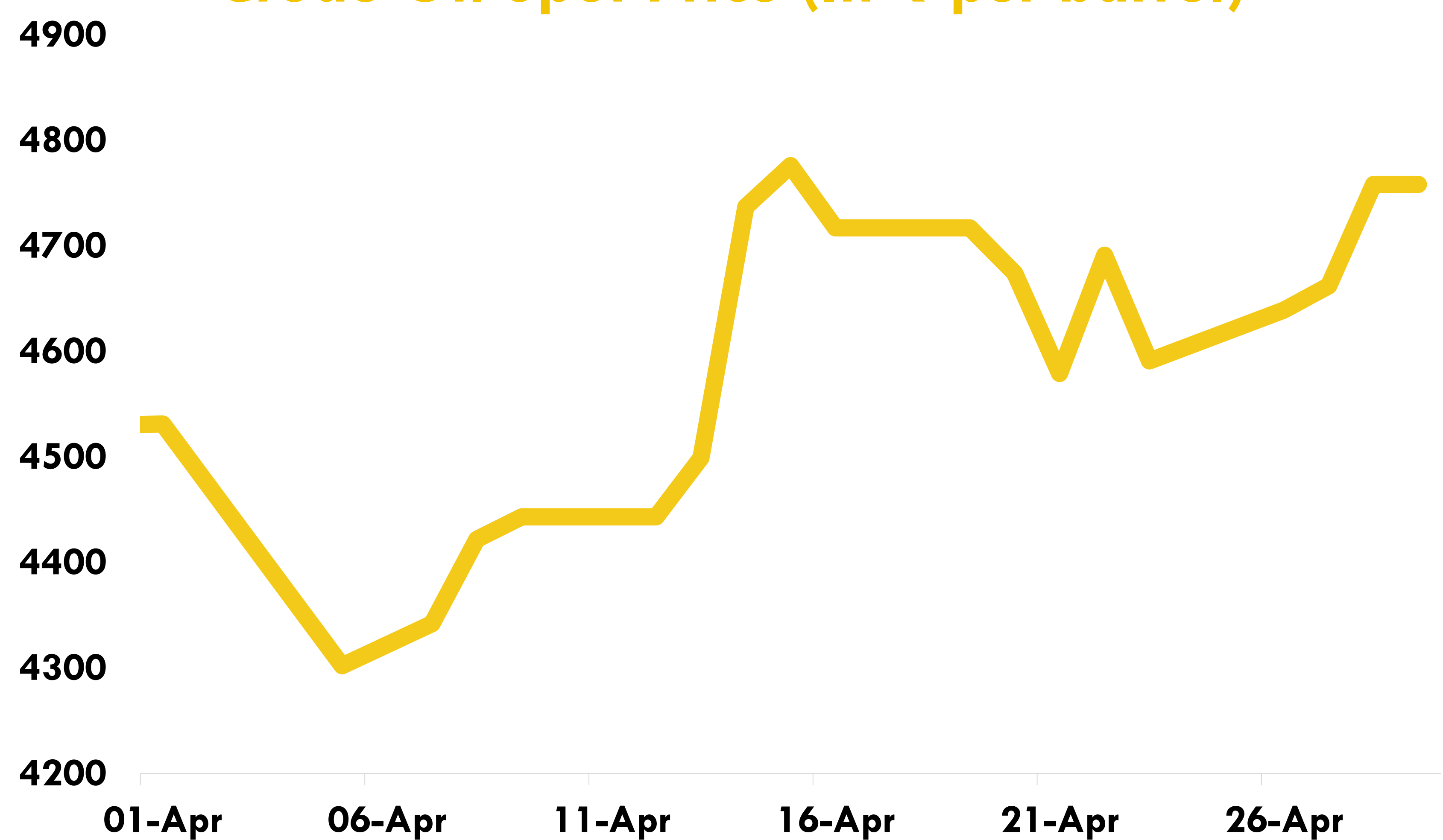
**Copper Spot Price (In ₹ per kilogram)**



Source: MCX

During the month, Copper prices recorded a lifetime high amidst concerns over sliding inventory supplies from Chile and weakening dollar against other currencies. This move was also supported by increased targets for slashing greenhouse emissions by the United States, China, and other countries, as the metal is benefiting from green investments into electric vehicles and renewable energy.

**Crude Oil Spot Price (In ₹ per barrel)**



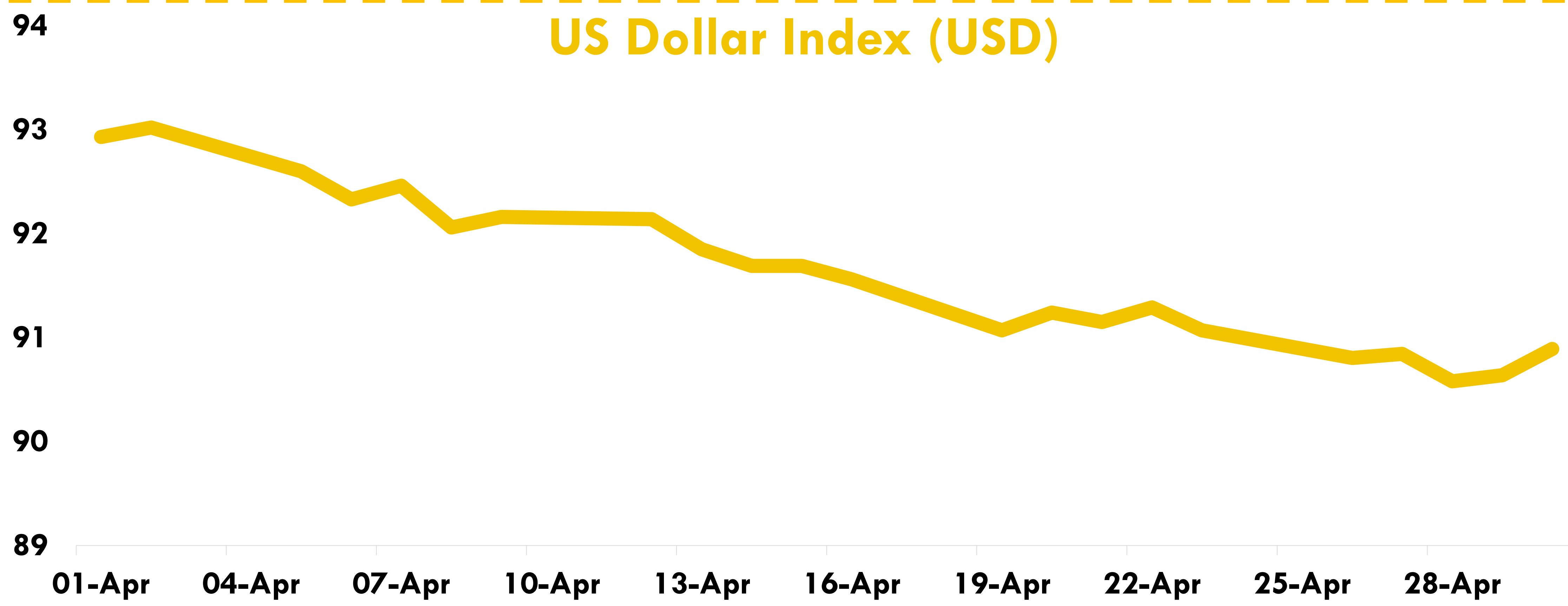
Source: MCX

At the beginning of the month, crude oil fell due to lower demand as a result of increasing COVID-19 cases, increase in OPEC+ supply, and the prospect of Iranian crude coming back to the market. However, OPEC+ has planned to bring 2.21 million barrels per day back to the market in three stages between May and July.

India's crude oil production and demand fell by 5% and 9% YoY respectively over the concerns of lockdown and rising COVID-19 cases.

# CURRENCY

US Dollar Index (USD)



Source: Investing

After a multi-week high near 93.23 in March, the US Dollar Index declined significantly to 90.83 against major currencies. The index was driven by declining Treasury yield and strengthening euro. Euro appreciated by 0.7% against the dollar after the announcement of the European purchasing managers' index for April, which was better than expected.

## India Under US Treasury's Monitoring List of Currency Manipulators

To examine whether a country has manipulated its currency or not, US Treasury has established 3 criteria:

1. Bilateral trade of more than \$20 billion with the US
2. Current account surplus of at least 3% of GDP
3. Net purchases of foreign currency of 2% of GDP over 12 months

A country is placed under the monitoring list if it meets two of the above-given criteria.

India has been retained in the currency manipulator watchlist as RBIs foreign currency purchases stood at \$131 billion which accounts for 5% of the GDP and trade surplus with the US. stood at \$24 billion. Along with India, China, Japan, Korea, Germany, Ireland, Italy, Malaysia, Singapore, Thailand, and Mexico are also places under the monitoring list. Due to the manipulation by the authorities, exchange rates fail to reflect true economic fundamentals.

## Is the US. Dollar Losing its Shine?

Foreign central banks hold Treasury securities, corporate bonds, mortgage-backed securities, Commercial Mortgage-Backed Securities, etc. in their foreign exchange reserve. Shares of dollar-denominated exchange reserves have dropped significantly to 59%. Banks have been diversifying their reserves into different currencies such as Euro and Yuan. Their share has risen to 21.2% and 2.3% respectively.

Analysts believe that a greater move can be caused if banks start backing their currency using gold. The Bank of Russia has been adding approximately 205 tons of gold every year since 2014. Recently, their gold holdings exceeded their dollar holdings. Other countries such as Poland and India have also been on a gold-buying spree. If this trend continues dollar may lose its dominance.

Currency	1 <sup>st</sup> April '21	30 <sup>th</sup> April '21	Change (%)	Trend
INR/USD	INR 73.32	INR 73.95	↑ 0.8	
INR/EUR	INR 86.33	INR 89.34	↑ 3.5	
USD/EUR	USD 1.17	USD 1.20	↑ 2.6	
JPY/USD	JPY 110.6	JPY 109.04	↓ -1.4	
CAD/USD	CAD 1.25	CAD 1.22	↓ -2.4	
USD/GBP	USD 1.38	USD 1.38	0	
USD/SEK	USD 0.11	USD 0.11	0	
USD/CHF	USD 1.06	USD 1.09	↑ 2.8	

Source: Investing

# OTHER ASSET CLASSES

## SEBI Imposes a ₹25 crores Penalty on YES Bank in AT1 Bonds Case

The market regulator Securities Exchange Board of India (SEBI)



inflicted a monetary fine of ₹25 crores on private sector lender Yes Bank in the additional tier 1 bond (AT1) misselling case. SEBI stated that the bank had fraudulently sold risky bonds to mom-and-pop investors without assessing the risk appropriately. Yes Bank manipulated its customers and misrepresented its AT1 bonds as more attractive than fixed deposits by distorting facts and suppressing all risk factors. SEBI also found that Yes Bank had misrepresented the product as a 'Super FD' and 'as safe as an FD'. Yes Bank also failed to conduct risk profiling of retail investors, especially senior citizens aged 70, 80 and 90.

SEBI also penalized three senior executives of its private wealth management team, namely Vivek Kanwar (₹1 crore), Ashish Nasa (₹50 lakhs) and Jasjit Singh Banga (₹50 lakhs). Soon after this, the agitated investors moved to Courts, under the banner of the AT1 Bondholders Association, alleging that the bank sold the bonds on false assurances. The bondholders urged the court to direct Yes Bank to deposit ₹160 crores in the court and compensate the investors for giving false assurances. Apart from retail investors, institutional investors such as Indiabulls, 63 Moons Technologies have also moved to courts.

## Private Equity Inflows in Real Estate Surge by 19% in FY21

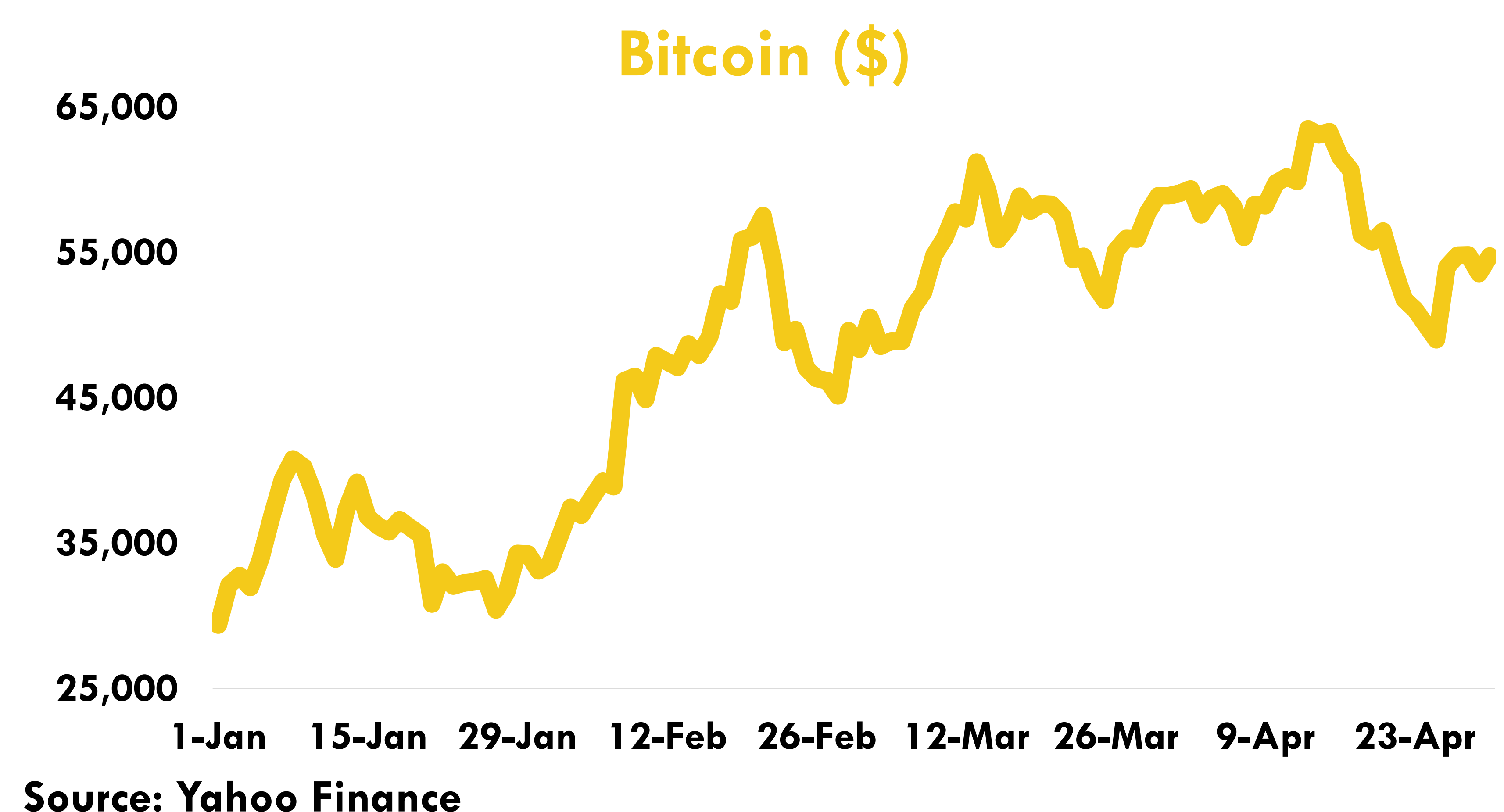
Even though FY21 was an unpredictable year due to the novel coronavirus, most foreign Private equity (PE) funds decided to be optimistic for India and pumped as much as 93% of the total PE investments into the Indian real estate sector. The PE investment inflows stood at \$1.9 billion (about ₹13500 crores) in Q1CY21 itself.

Despite remote working culture prevalent now, commercial office assets won the race by garnering more than half, i.e., 58% share of the total investment. Most of the investments came from FII's and was primarily concentrated in the two southernmost cities of India, Bengaluru and Hyderabad. The conspicuous recovery and the rising momentum of investment inflow, which we observe here, tell us that the investors are regaining confidence after the slowdown caused by the pandemic last year.

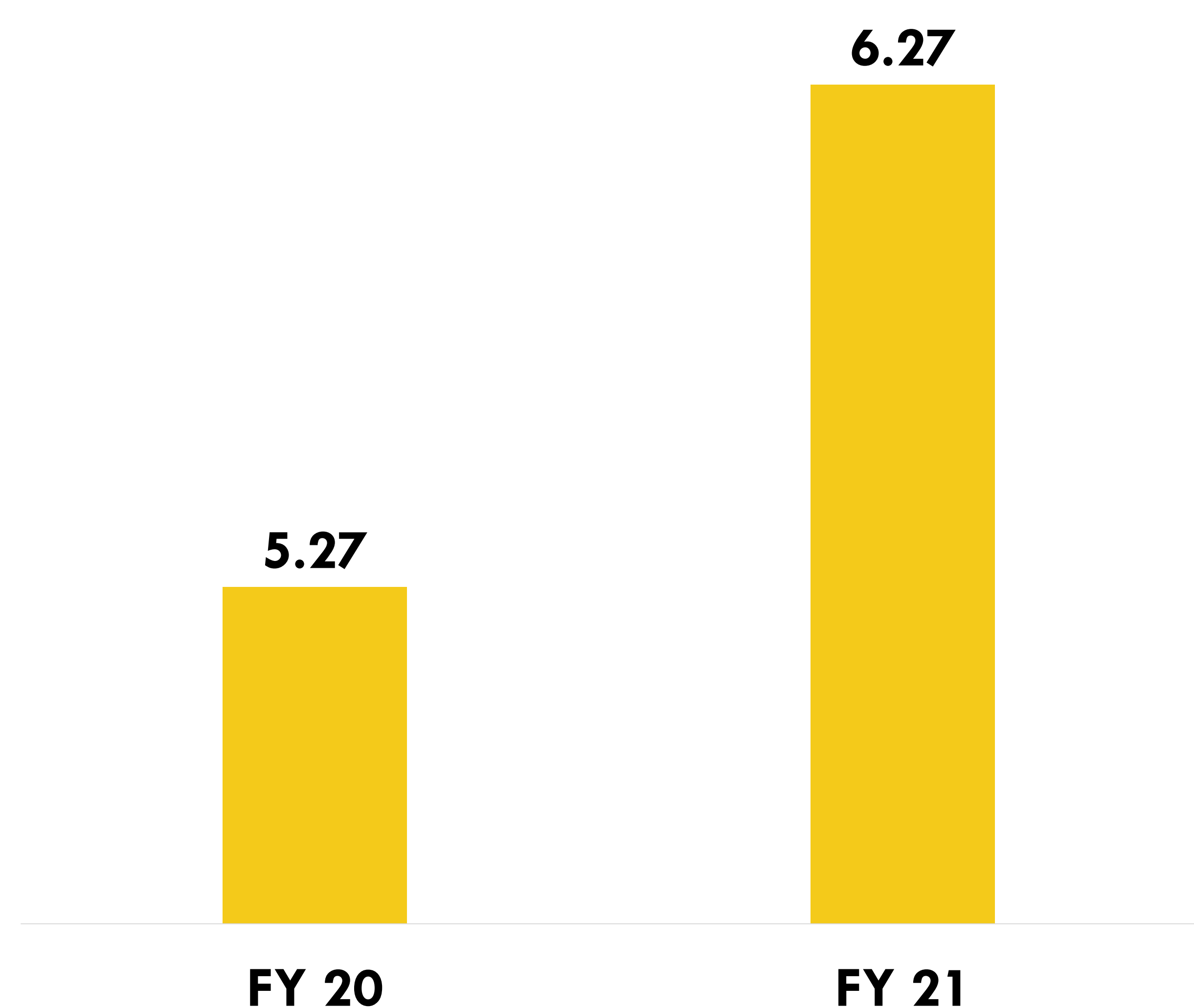
## Worst Phase for Crypto in a Year- Bitcoin Leading the Way

Prices of the world's biggest cryptocurrency, bitcoin, plunged by 13% in April, dipping below \$50,000 for the first time since early March. Bitcoin has also dropped below the 50% mark for the first time since 2018.

The digital asset is now trading below 24% against its all-time high of \$64,805 hit on 9<sup>th</sup> April. Bitcoin headed for its worst week in approximately more than a year as a proposed capital-gains tax increase for wealthy Americans intensified the volatility of Bitcoin. This incident intensified the volatility of the world's largest cryptocurrency. Events involving Tesla and Coinbase resulted in Bitcoin trading at an all-time high in February and April. However, it suffered a notable correction in the latter half of April after speculation on government regulations. Experts stated that the electricity blackout in the Xinjiang region in China was also one reason Bitcoin slumped below \$50,000.



## Inflows in the Real Estate Sector of India (\$ Billion)



Source: Anarock Capital Flux

## Life Insurance Premium Collection Recorded 70.9% Growth YoY

Despite the challenges present in the economy, the life insurance sector ended FY21 on a positive note. Premium collection in March stood at ₹43,417 crores accounting for 70.9% growth YoY. It indicates that investors view life insurance products not just as a pure protection plan but also as an investment tool.

The unusual rise could be attributed to the major changes that the insurance sector has gone through over the past year, and the pandemic has led to a huge increase in the demand for insurance products. As interest rates were reduced to boost the growth of the economy, investors shifted to these guaranteed products.

Month	Premium (₹ crore)	Delta YoY
Nov-20	19,159	-26.9%
Dec-20	24,383	-02.8%
Jan-21	21,390	03.7%
Feb-21	22,425	21.0%
Mar-21	43,417	70.9%

Source: IRDAI, CMIE

## After Eight Months of Outflow, Equity Mutual Funds Witness Inflow

Amidst correction in the stock market, equity mutual funds recorded a net inflow of ₹1,195 crores in March. Except for value and multi-cap fund category all the equity scheme funds witness inflow. Thematic and ELSS funds recorded the highest inflow among all of ₹2,009 and ₹1,552 crores respectively. As per analysts, investors have been waiting for a market correction to invest in the equity funds. Additionally, the volume of redemption also lowered indicating a slowdown in profit booking and reallocation to different asset classes.

## Mirae Asset Mutual Fund launches NYSE FANG+ETF FoF

Mirae Asset NYSE FANG Plus ETF (open-ended fund) will be tracking the NYSE FANG+ETF. The index constitutes 5 core FANG stock and 5 growth stock. The performance of the fund is highly dependent on the performance of the tech industry and some of the companies in the industry are facing regulatory challenges in various countries, which makes it a very high-risk investment.

On the positive note, companies in the fund are known for their innovation and equal allocation to all can reduce the overall risk. As these companies are not listed in the Indian equity market it will bring diversification benefit to the portfolio.



## Highest Single Month SIP Inflow

SIP inflow stood at ₹9,182 crores in March'21 accounting for 22% growth MoM. As per analysts, the significant increase is due to the infusion of about ₹500 crores of February amount in March, as the last two days of February were holidays.

SIP inflow in FY21 dropped to ₹96,000 crores from ₹1,00,084 crores in FY20 due to the worst effect of the pandemic. In the second half of FY21, SIP inflows started to recover indicating investor's faith in SIP as an investment vehicle.

Month	New Registrations (lakh)	Contributions (₹ crore)
Nov-20	10.63	7,302
Dec-20	14.22	8,418
Jan-21	16.44	8,023
Feb-21	14.90	7,528
Mar-21	16.72	9,182

Source: AMFI

# STRATEGY

## Amidst a Funding Boom, Zerodha Not Looking to Raise Money

When money is flowing into the Indian start-up



ecosystem where unicorns are being created at a much faster pace, Zerodha adopted the strategy of not joining the likes of CRED, Groww, and other promising start-ups who recently raised money from investors.

Nithin Kamath, the director of Zerodha, pointed out some counterintuitive reasons behind their decision for not looking to raise money. At a time when others are investing heavily in marketing and advertising of their companies, Zerodha with zero debts has no advertising and marketing cost, which is primarily why most companies raise money. Even though Zerodha is the leading player in the Indian stock brokerage industry by the number of active clients, it is hard to promise continuous growth to the investors as its business performance is directly linked to the fortunes of the stock market, and the hotness of the industry can disappear overnight with a 20% fall in the market.

With Zerodha sticking to the same approach of not raising money from investors, it would be interesting to see how it works against its competitor Groww, that recently raised \$89 million.

## Citi Group Exits Consumer Business Operations in 13 Countries

Citi Group recently announced its strategic decision of exiting the



consumer banking business in 13 countries across Asia and parts of Europe, to focus on its wealth management and institutional business.

The announcement came at a time when Citigroup's global CEO Jane Fraser declared its earnings for Q1CY21. This came as a surprise to many, as Citi played a significant role in both digitalization and privatization of banking services in India. Although Citi's exit from the consumer banking business is a part of the global decision, this was not the first time when a foreign bank witnessed a slow, but slide in its market share in India.

With Citi's departure from the Indian market, it is evident that high regulatory and operational cost has led to an inability amongst many foreign banks to achieve scale and size in the retail segment which has already seen massive expansion by the domestic incumbents. Citi's decision is a bold step and it would be interesting to see who acquires Citibank's operations as it would enable them to scale up in the Indian market.

## Bharti Airtel's New Corporate Structure

Bharti Airtel recently unveiled a new corporate structure to sharpen its focus on rapidly unfolding digital opportunities in India. With digital business growing swiftly, Airtel intended to merge all its digital services with the parent company and hive off regulated telecom business into a wholly-owned subsidiary.



Airtel's restructuring is similar to that of JIO, which moved its connectivity business to a separate unit. This new move sharpens Airtel's future course and enables them to focus on the four distinct businesses i.e. Digital, India, International, and Infrastructure, each in a razor-sharp way. Bharti Airtel recently announced an agreement with Reliance JIO wherein the former transferred the 'Right to use' of Airtel's 800 MHz band in Andhra Pradesh, Delhi, and Mumbai to JIO for ₹1,037.6 crores. In addition, JIO also agreed to absorb future liabilities of ₹459 crores relating to the spectrum. The company's board has approved the scheme of new corporate restructuring, allowing it to file for approvals to carry out proposed arrangements. With this new strategy, the company expects to increase the digital business revenue to more than ₹1,000 crores from ₹100 crores.

# COVID UPDATES



COVID cases across the Globe, data as of 31<sup>st</sup> March  
**150.1 million**- Total no. of cases  
**129.3 million**- Recovered  
**20.8 million**- Active cases  
 (0.07% are serious and 99.93% are in mild condition)

## Israel Lifts Public Mask Mandate

While other countries are speeding up vaccination campaigns and enforcing new lockdowns and restrictions due to the increasing number of coronavirus cases, Israel has lifted the mandatory requirement to wear face masks outdoor. It has also reopened its education system for the first time after the pandemic outbreak.



With one of the world's quickest and most extensive campaigns against the virus, Israel has been able to prevent the recent surge in infections and has vaccinated the majority of its population. Till now, more than 81% of Israel's population above the age of 16 has received both doses of vaccines. Thus, taking the daily number of caseloads dropping down from 10,000 new infections in January to 200 cases today. A few months before, Israel recorded the world's highest infection rate in which around 6,300 people were dead among 8.36 lakh cases.

With the latest easing of coronavirus restrictions across the country following its mass vaccination campaigns, Israel opened the doors for vaccinated foreign tourists starting from May.



COVID cases in India, data as of 31<sup>st</sup> March  
**18.76 million**- Total no. of cases  
**15.4 million**- Recovered  
**3.4 million**- Active cases  
 (0.05% are serious and 99.95% are in mild condition)

## Vaccinating Indians Above 18 Years to Cost Less than 1% of Annual GDP

Research done by India Ratings and Research (Ind-Ra) has reported that India's universal vaccination drive against the novel coronavirus is estimated to cost just 0.36% of the GDP.

As the number of cases increased at an alarming rate, the government announced an accelerated Phase 3 vaccination strategy, allowing everyone above 18 years of age to get the vaccine from 1<sup>st</sup> May. The total cost of vaccinating the currently eligible 84.2 crore population will be borne by the central and state government.

	Cost (₹ Crore)	% of GDP
State Government	46,323	0.24%
Union Government	20,870	0.12%
<b>Total</b>	<b>67,193</b>	<b>0.36%</b>

Source: India Rating

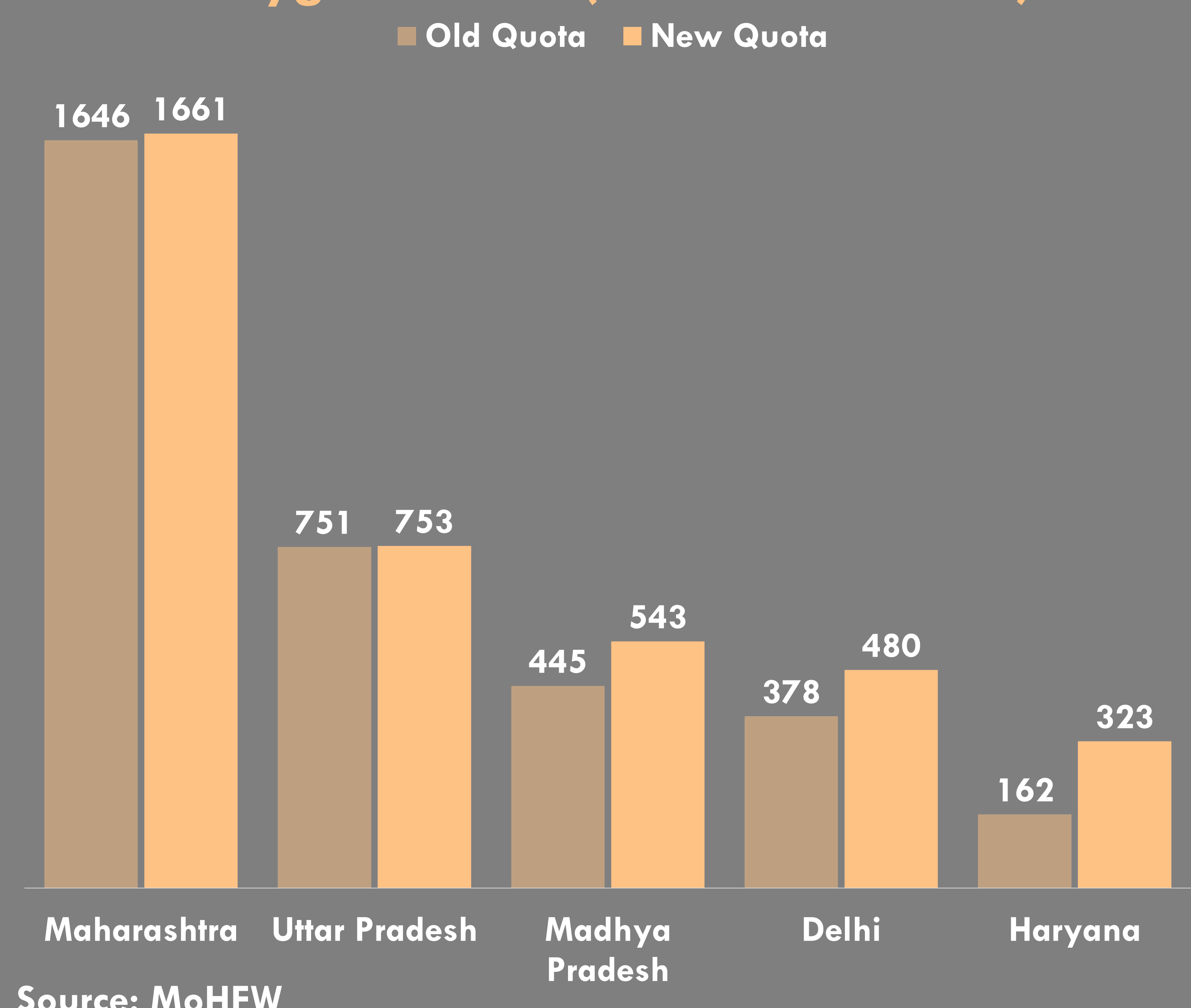
Among all states, Bihar will have to bear the highest burden of expenditure on the vaccine at 0.6% of gross state domestic product (GSDP), followed by Uttar Pradesh at 0.47% and Jharkhand 0.37% of GSDP each.

## Second Wave Of COVID-19 In India

In just 2 weeks, India's daily case count rose from 1 lakh to 3 lakh cases a day, breaking the global record of most COVID cases recorded in a single day. Amidst the massive surge, India is now in the grips of a public health emergency as it has started reporting a chronic shortage of hospital beds, and medical oxygen for a growing pool of patients.

Recently, the central government prohibited the supply of oxygen for industrial purposes except for 9 specified industries and increased the quota of oxygen across states. The government has also decided to install 551 dedicated Pressure Swing Adsorption medical oxygen generation plants.

## Oxygen Quota (In Metric Tonnes)



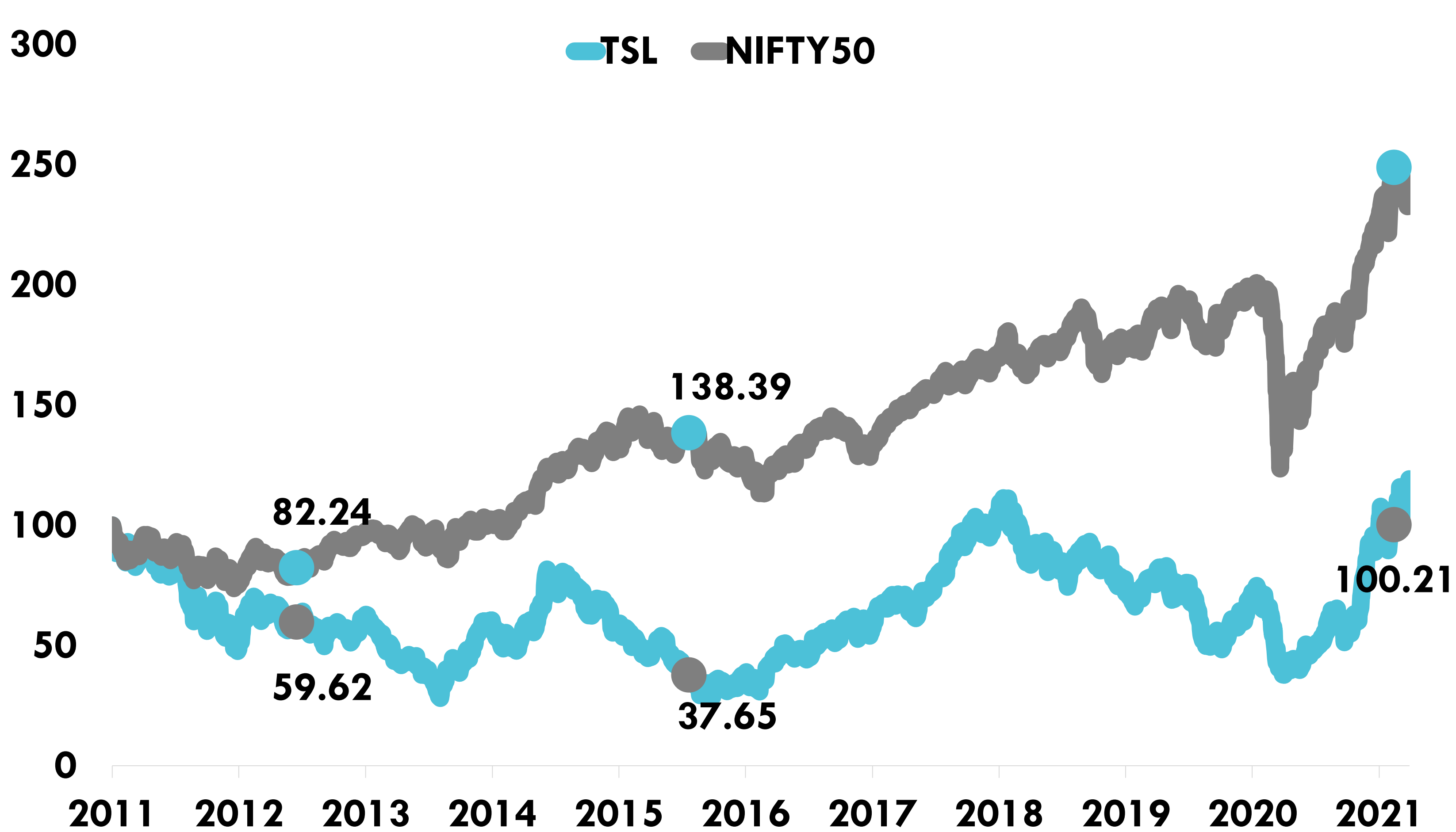
# COVERAGE THIS MONTH

## Tata Steel Limited

Tata Steel Limited (TSL) is one of the few companies in India that has been in business for more than 100 years. Founded in 1907 by Jamshetji Tata under the British Raj, Tata Steel today has organically and inorganically grown into one of the top 10 steel producers globally. Vertical integration, has been one of the strategies that has helped TSL be a market leader, coupled with its value-added product portfolio.

Transformation lies at the heart of the Company. Bringing the latest technologies in steel production to India, TSL today is transforming the age-old industry by scaling up its digital channels for greater market penetration and developing new brands like TATA Pravesh (steel doors) and TATA Aashiyana to fuel its revenue growth through from its B2C segments in India.

Stock Price of TSL against NIFTY 50



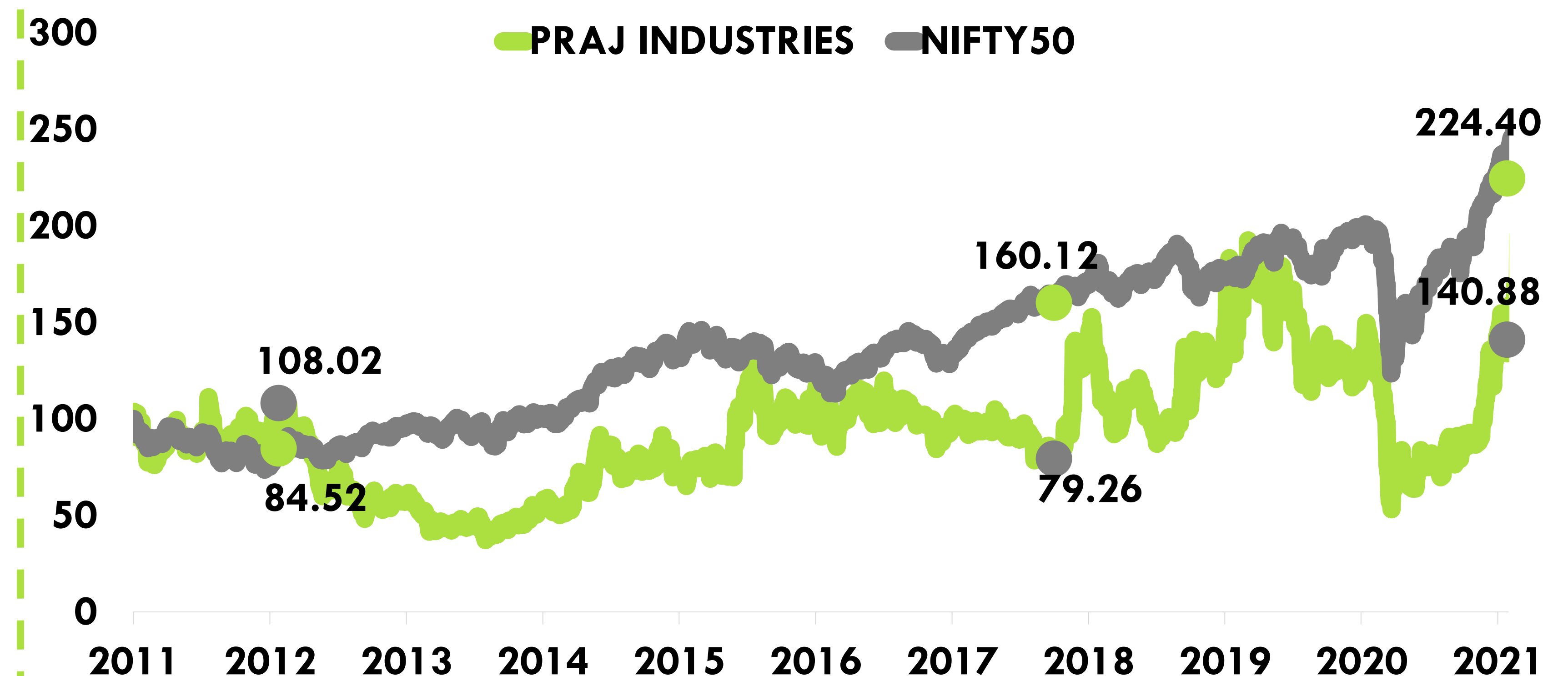
[Click Here to Know More](#)

## Praj Industries Limited

Pramod Chaudhari founded Praj Industries Limited in 1983. The Company primarily operated in the agricultural-based process industry and was known as Praj Counsel Tech. Currently headquartered in Pune, India, Praj is one of the most successful companies in India in fields like bioenergy, engineering, and wastewater treatment solutions. In 1987, PIL received its first capital support from ICICI Ventures which gave a huge boost in moving forward and executing its production as well as expansion plans.

Currently, Praj is the market leader in the biofuel industry. The Company also expanded its business in the South American markets in 1999. PIL has a long-lasting market reputation because of its capability to expand its business very quickly and has been spending a quite significant amount on researching and developing potential new products for its business.

Stock Price of PIL against NIFTY 50



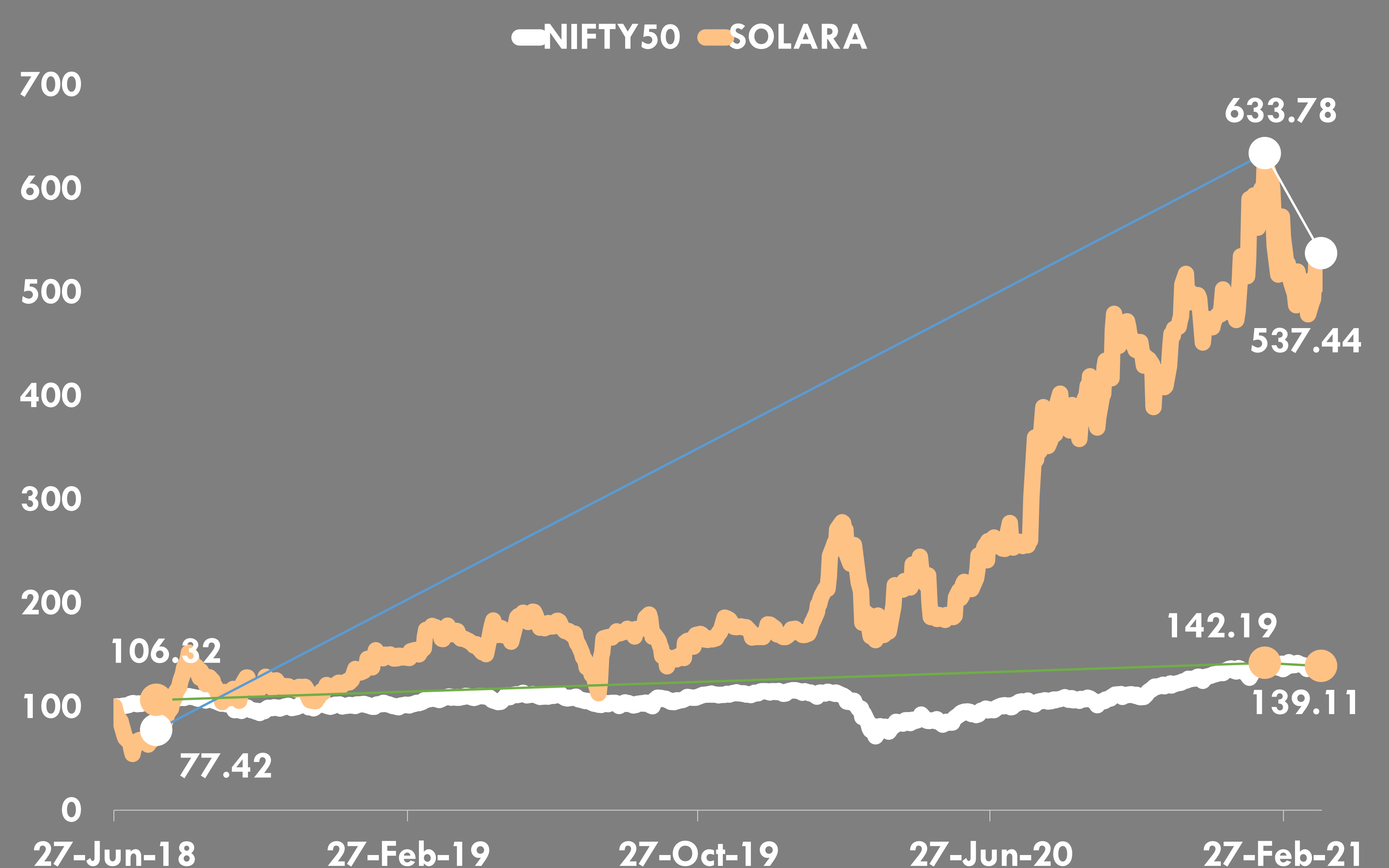
[Click Here to Know More](#)

## Solara Active Pharma Sciences Limited

Solara Active Pharma Sciences Limited (Solara) came with an IPO in 2018 and it ended up being a massive success for the Company. Solara has been climbing up rapidly by researching and developing complex Intellectual Property-led formulations and is always keen to launch new products in the market to generate more revenues.

The Company further aims to continue with the same set of strategies in the future and expand its operations into the Contract Research and Manufacturing Services (CRAMS) segment, which is expected to drive the Company's revenues in the coming years.

Stock Price of SAPSL against NIFTY 50



[Click Here to Know More](#)

# PINION POLL

"The robust revenue growth rides on a low base of the corresponding quarter a year ago, besides higher government capital expenditure, and higher realizations amid a commodity upcycle, among others. A closer look at the revenue breakup indicates -50% of the recovery is contributed by three key verticals-automobiles, IT services and construction."

**-Hetal Gandhi, Director, CRISIL Research**

"Even with high uncertainty about the path of the pandemic, a way out of this health and economic crisis is increasingly visible."

**-Gita Gopinath, Chief Economist, International Monetary Fund**

"A science-based model that uses algorithms to factor in probability of exposure, vulnerability, infection rates and virus variants will enable the government to deploy its resources with speed, agility and accuracy. In fact, India can lead the way globally in developing such paradigms for vaccine deployment."

**-Kiran Mazumdar Shaw, Executive Chairperson, Biocon & Biocon Biologics**

# About Us

Leveraged Growth is a niche finance-based Business Consultancy firm. We are built around **four business verticals – Consulting, Research Advisory, Corporate Training and Learning and Development.** We provide customized solutions to leading businesses worldwide. Our team consists of experienced professionals having diverse skill-sets and a passion to excel



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