



Leveraged Growth

MONTHLY REPORT DECEMBER 2021

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REWIND 2021

2021: The Best Year for Indian Equity Market

- NIFTY gave a return of 21%
- Mid Caps generated 44% return
- Small caps gave a massive 53% return

Most of these returns were distributed in a short time span.

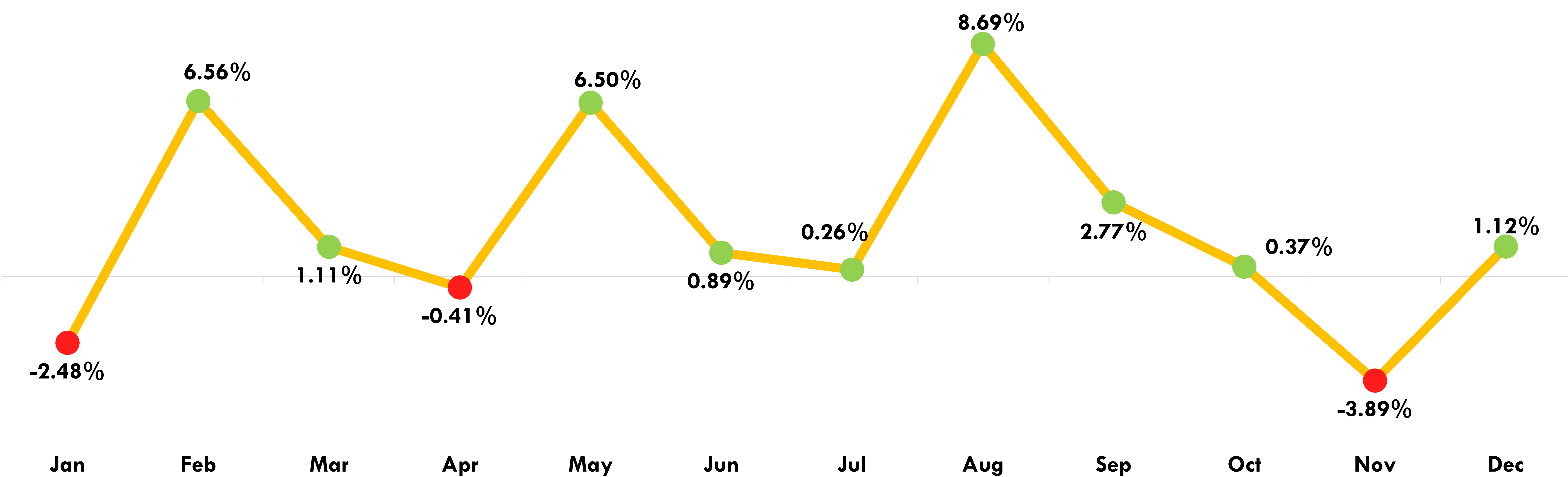
Factors like liquidity gush, robust earnings updates, FII inflows and easy monetary policy kept sentiments upbeat in the first half of the year. However, the market turned choppy during the later part of the year because of lockdowns due to the rapid spread of COVID, tightening monetary policy and negative global cues weighed on the sentiments

A record number of companies also came out with their IPOs during the year. During 2021, a total of 62 companies have been listed on the exchanges, raising approximately ₹1.20 lakh crore.

Top IPO Gainers and Losers

Top 5 Gainers			Top 5 Losers		
Sigachi	↑	270%	Paytm	↓	-27.2%
Latent View	↑	148%	Windlas	↓	-11.6%
Paras Defense	↑	185%	CarTrade	↓	-7.3%
Tatva Chintan	↑	113%	Suryoday	↓	-9.4%
Indigo	↑	109%	Kalyan	↓	-13.4%

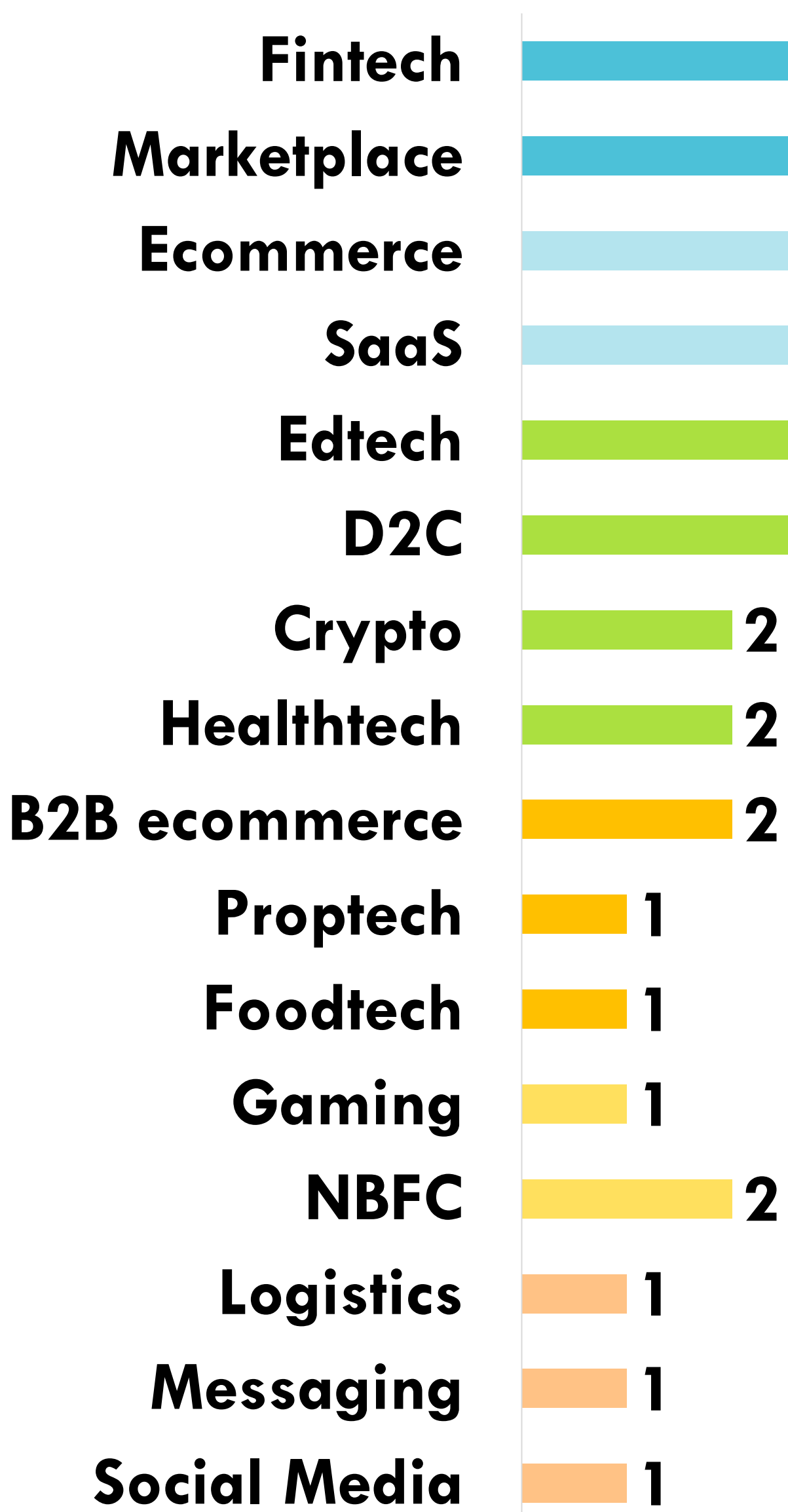
NIFTY 50 Return During 2021



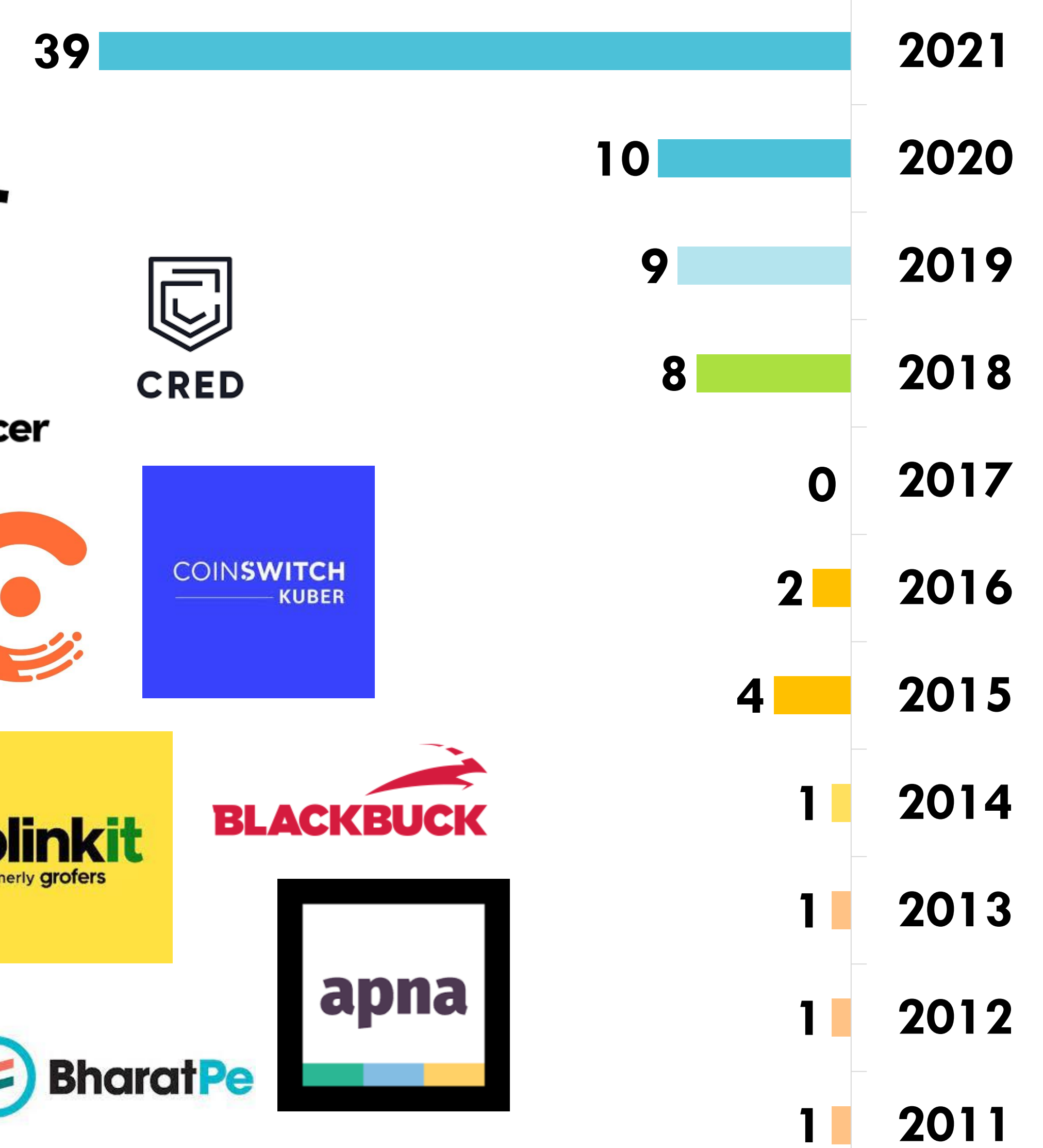
2021: The Year Of The Unicorns

2021 was undoubtedly the year of the unicorn for India's startup ecosystem with 39 startups reaching a billion-dollar valuation. India is now home to the 3rd highest number of unicorns of any country after the United States and China, having overtaken the UK.

Indian Unicorns in 2021 by Sector



Indian Unicorns By Year



Global M&A Activity Surpasses \$5 Trillion, Smashing Records in 2021

By December, the global mergers and acquisitions (M&A) activity shattered all-time records and reached \$5trn, due to a surplus of capital and sky-high valuations.



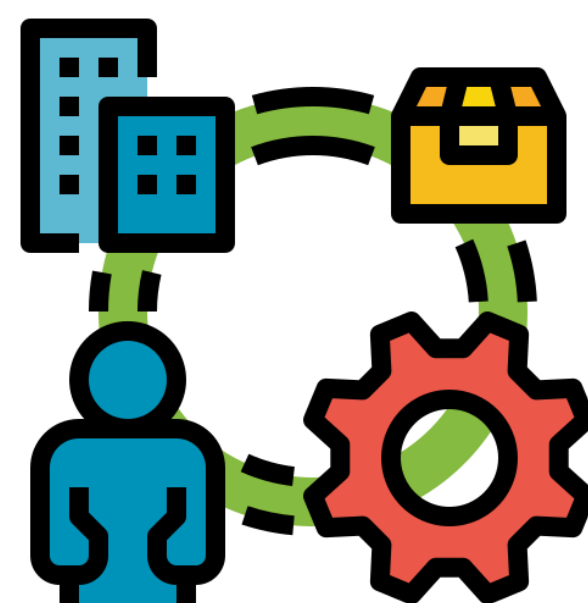
The largest share of the M&A market is typically accounted by the technology and healthcare sector. This was fueled partly as a result of pent-up demand from last year when M&A activity slowed down due to Covid-19. The United States' total deal volume nearly doubled in 2021 to \$2.61trn. Europe's deal-making increased 47% to \$1.26trn, while Asia Pacific's surged 37% to \$1.27trn.

M&A is driven by strong equity markets. Further, strong corporate earnings and an optimistic economic outlook enabled the CEOs to engage in large, transformational deals despite potential challenges such as inflationary pressure.

Globally, the asset valuations have reached historic heights as investors deploy cash at a staggering pace.

Japan's Plan for Channelizing Investments to India from China Gets Hit by a Supply-chain Roadblock

Even though India features prominently in Japan's list of alternative destinations to China in Asia, few Japanese companies have taken advantage of it. India wants the companies to move their entire supply chain to the country. The Japanese companies, however, do not intend to move their entire supply chain of sophisticated products all at once. Japanese companies are instead seeking to advance by acquiring highly sophisticated inputs from other countries. According to the companies, moving the entire supply chain of sophisticated products all at one go would significantly affect the quality of the finished product. Despite Japan's efforts to encourage its companies to exit China, it has not resulted in any substantial increase in investments in India. Japan's focus on high precision is affecting India's efforts to persuade the Japanese manufacturers to diversify their investments in the country.



Trade Boom Between the US and Taiwan Fueled by Tariffs on Chinese Goods

In the past 12 months through September, Taiwanese exports have reached a record \$72bn, making it the 8th largest trading partner of the US. Additionally, exports from the US to Taiwan have increased by 35% since pre-tariff levels to \$35bn. Among the biggest triggers for this increase in trade are the tariffs that have been imposed on Chinese goods, which the Biden administration has maintained. The US export to Taiwan is largely driven by purchases of American crude oil, machinery, and cars. The Taiwanese exports are driven by the increase in demand for semiconductors, electronic equipment, etc. Taiwan-based companies have shifted some of their operations back from China to their own country to avoid the price increase for the US customers. Taiwan helped the returning companies secure land, finance construction and find employees. Taiwan sought to deepen its economic ties with the US as a bulwark against Chinese aggression.

US President Signs Bill Banning Goods Over Forced Labor from China

The US president signed into law a bill banning all goods from China's Xinjiang region over the concerns of forced labor unless the company proves that it isn't made with forced labor. The key to this law is the "rebuttable presumption" which assumes that all goods from Xinjiang, where the detention camps for Uyghurs and other Muslim groups have been established, are made with forced labor unless proven otherwise. This move is motivated by concerns about the oppression of Uyghur Muslims in China. The Law focuses on three products in particular: cotton, tomatoes, and polysilicon. Xinjiang is a major producer of Cotton and polysilicon, a material that is used in Solar Panels. Enforcing these products is deemed as a "high priority". In a region that is key to global supply chains, this law can pose significant challenges for US-based and other companies that source items from Xinjiang for products used in the US.

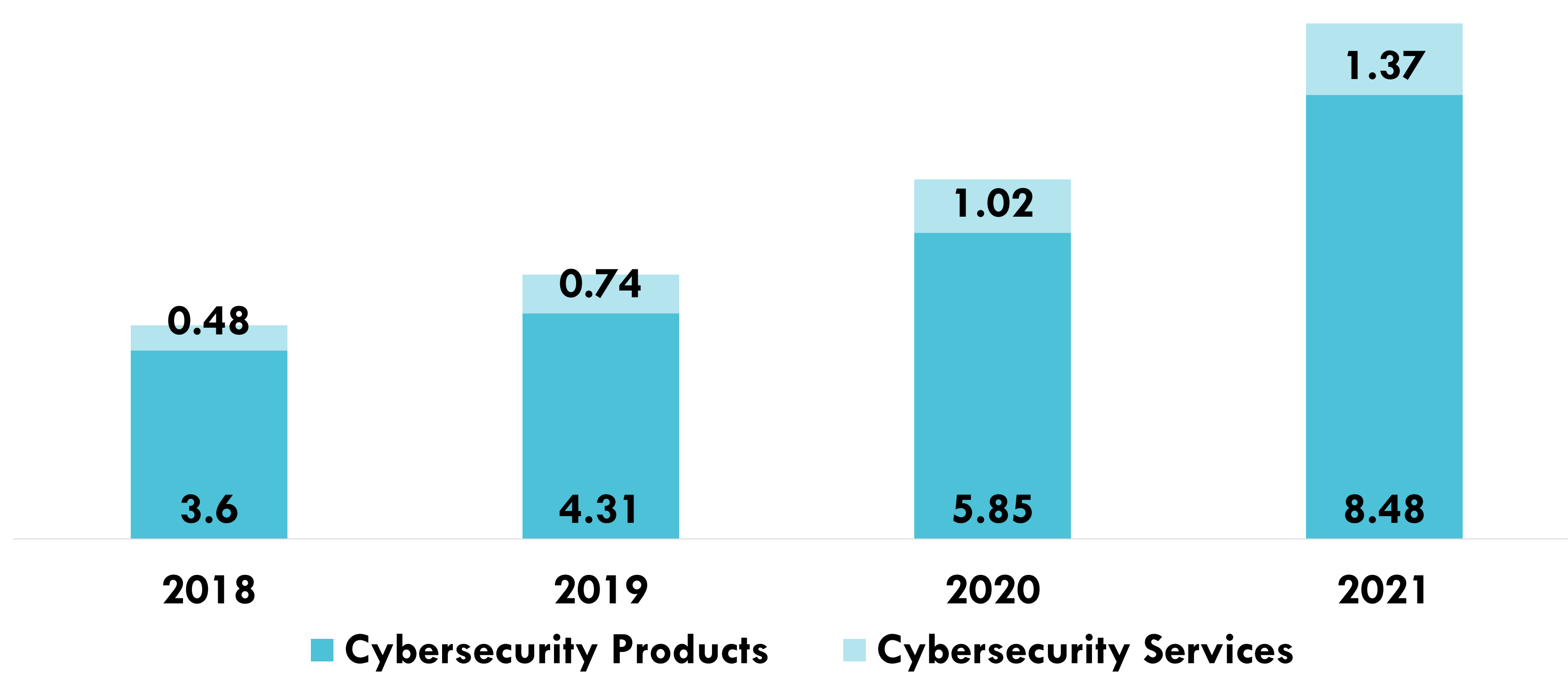
INDIA INC.

India's Cybersecurity Boom: Silver Lining in the Cloud of Pandemic

The Indian Cybersecurity industry has witnessed a 40.3% CAGR in the last 2 years with 3 major sectors- BFSI, IT & ITeS, and the Govt. being the precursors of the hike.

The rise in economy-crippling cyberattacks, govt. mandated regulatory and compliance requirements, digital literacy, data consumption, accelerating fintech, and awareness regarding data privacy have caused a multi-fold increase in the demand for cybersecurity professionals. The pandemic-induced emerging trend of remote working called for endpoint and cloud security upgrades. AI/ML infused Cloud services, data privacy products, R&D, and marketing solutions are the key areas for innovation and growth.

Indian Cybersecurity Industry Revenue (\$ Bn)



Source: DSCI

India Needs to Sustain 8% Growth Levels to Achieve its \$5 Trn Economy Goals

India has come a long way amid the COVID-19 outbreak when its ambitious \$5trn economy dream was almost

crumbling. As per the FICCI President, India needs to sustain an 8% growth rate to achieve its goals. Plunging private investments and spreading omicron infection are the biggest obstacles. The Govt. needs to stabilize the fiscal policies, incentivize private investment, fortify the MSME and Agriculture sector, and ramp up the vaccination drive.

The current prospect looks bright. RBI has projected a 9.5% GDP growth rate for FY22, exports and FDI has gone up as multiple sectors are back to their pre-covid yield levels. Low cost of capital, ease of doing business, and focus on emboldening R&D should be prioritized for long-term growth on a high base.

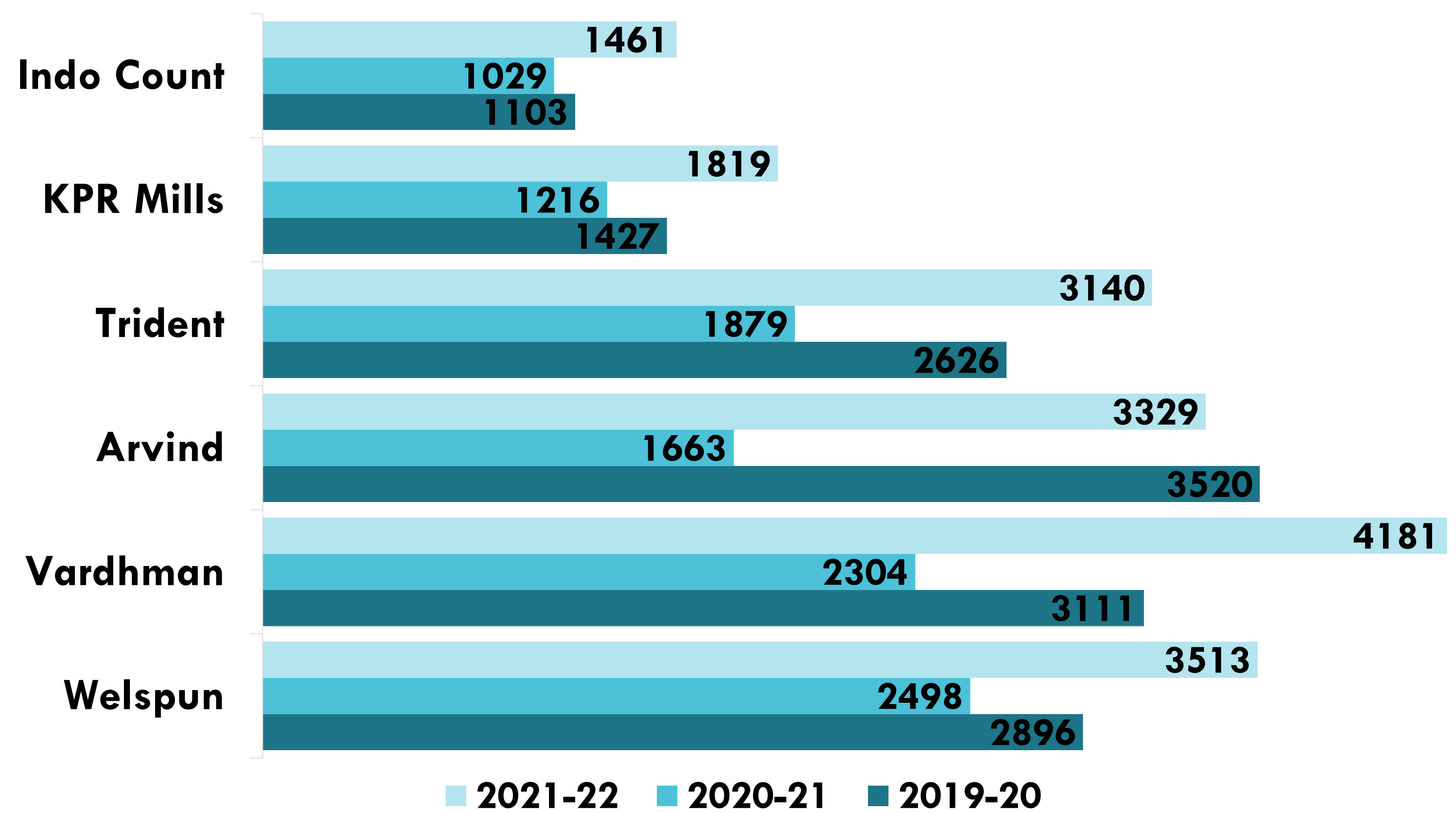


Textile and Apparel Industry Logs a 52.3% Rise in Exports

All the major players in the industry have registered better sales in H1FY21 as compared to their pre-covid levels. 9.9% of the total exports have been contributed by this sector.

The reasons are the "China-plus-one" policy to diversify input procurement base from China to other developing Asian nations (India, Bangladesh, Vietnam, Cambodia, etc.) and growing global market sentiments in the favor of India. The numbers in the 1st half would have been better if not for the covid second wave and the shipping crisis. The real surge is not due to an increase in quantity sold but due to the increasing input cost of dyes and yarns. The government is also trying to curb competition and remobilize the stagnant EU and US markets via quality control and FTAs.

Sales During H1 (₹ Cr)



Source: Business Standard

65% Hike in Turnover of India's Auto Component Manufacturing Industry in H1CY21

As announced by the "Automotive Component Manufacturers Association of India (ACMA)", the auto component manufacturing industry is valued at ₹1.96 lakh crores with a 65% growth YoY basis in H1FY21. Exports grew by 76% to ₹68.7 crores (\$9.3 Bn) while imports grew by 71% to \$8.7bn giving a trade surplus of \$600 Mn.

Despite the initial lag in vehicle sales due to supply-side issues of semiconductor scarcity, logistic issues, high input cost, and availability of containers the industry bounced back with a remarkable performance showing resilience. Traction in the OEM market and the aftermarket markets sales and increased value-addition to meet regulatory compliance helped recover the industry.

GOVT. POLICIES

Government's New Warehousing Policy to Cut Logistic Expenses

A new warehousing policy has been introduced by the government to set up a pathway for the development of the warehousing zones in public-private partnership to soothe transportation and cut down logistic expenses in India which is 14%-16% of GDP. The policy will be framed by the National Highways Authority of India and warehousing zones and multi-modal logistics parks (MMLP) are being set up by them.



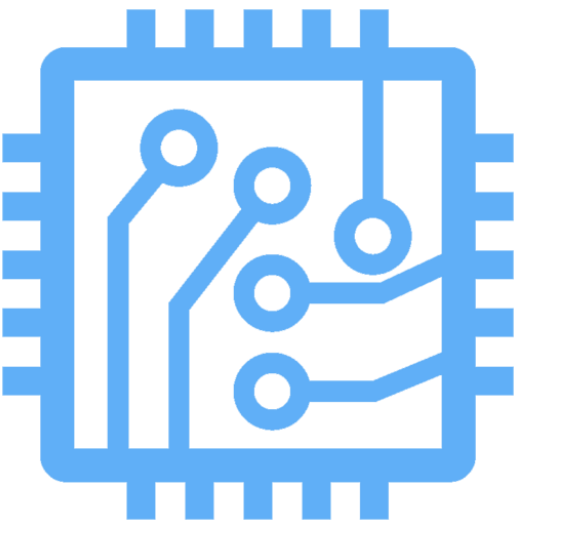
The policy aims to enhance logistics in the country and minimize pollution and traffic congestion. The new modern warehouses will consist of cold storage chains and will be able to store all kinds of cargo wet and dry. MMLP focuses on combining railway lines with highway projects and other connectivity initiatives to provide easy connectivity to airports or seaports. The most demand for logistics and warehousing can be seen in the e-commerce sector. The sector share has grown up from 18% in FY17 to 31% in FY21.

Gujarat's New Ethanol Policy to be Implemented Soon

Gujarat government is likely to announce an ethanol production policy shortly to benefit both manufacturing units as well as the farmers. The state government is expected to introduce several incentives to promote the policy. The policy aims to enhance the availability of bio-ethanol in the market and boost the blending percentage from 7.9% to 20% in petrol by 2025. Since maize has high starch content, it is suited for the production of ethanol and so farmers cultivating maize through traditional or hybridization method and supplying it to the manufacturing units are eligible under the policy. It is imminent to provide incentives to qualifying ethanol production units for the construction of additional distilleries and the installation of any methods authorized by the Central Pollution Control Board for the sector's development. Gujarat Agro Industries Corporation Limited shall be implementing the policy.

Government Approves ₹76000 Cr. Incentive For Semiconductor Manufacturing

The Union Ministers approved the most awaited incentive plan worth ₹76000 cr.



to promote semiconductor and display board production in India, which is used in everything from automobiles to electronic devices. The government intends to create a whole ecosystem for semiconductors, including design, fabrication, packaging, and testing, as well as financial support of up to 30% of project costs for companies. Over the following two years, the government plans to build 20 semiconductor units.

The government came up with such a scheme since India imports semiconductors to meet its demand but does not establish its manufacturing facilities due to the heavy investments required. The scheme is a boon to the industry as the major sectors were facing massive chip shortages due to the outbreak of the pandemic. The moto is to make India self-sufficient in electric manufacturing as well as create more job opportunities.

Government's decision on change of repo rates

Due to the renewed threats of the Omicron variant, the repo rate was left unchanged. The current repo rate is 4%, while the reverse repo rate is

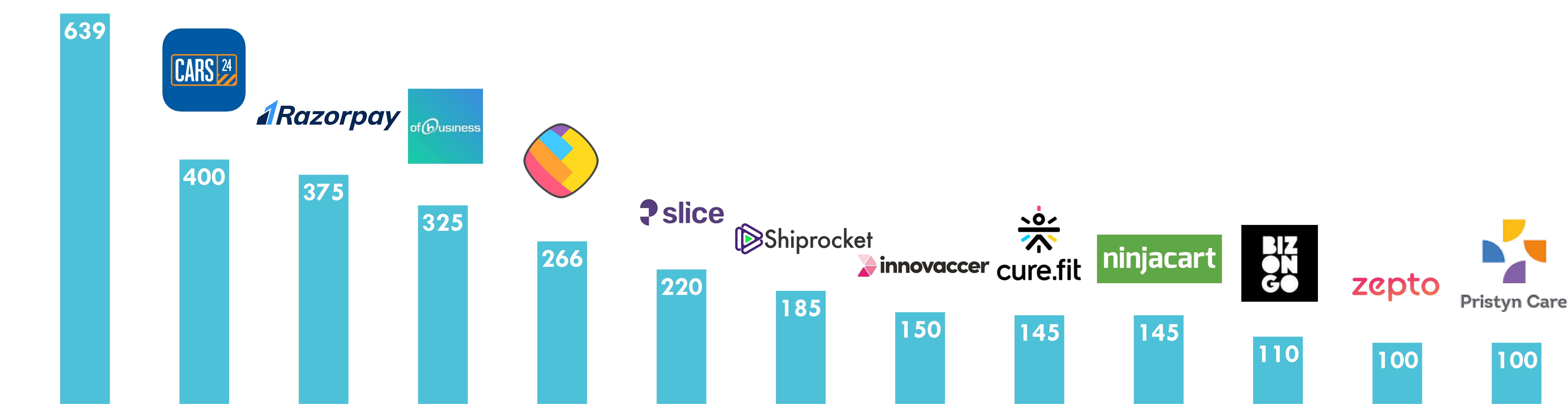


3.35%. Marginal Standing Facility (MSF) rate and bank rate remained unchanged at 4.25%. The RBI cut its repo rate on 22nd May, 2020, as part of an off-policy cycle to boost demand.

Experts believe that this policy is sensible, with the recent moderated inflation and the apparent strengthening of the domestic economy. Since the economy is still recovering, the RBI decided to keep the rates unchanged and support the economic growth keeping inflation in check. If the economic growth rate increases, the repo rates might go up in the coming months, leading to an increase in inflation rates.

START-UPS NEWS

Major Funding raised by Startups for the period 29th Nov'21 to 25th Dec'21
(\$ Million)



Source: Entracker

This month 186 start-ups have approximately raised \$4359.56mn. Even with the threat of a new strain of the Covid virus looming large, the young entrepreneurs faced no dearth in raising their capital.

India Gets Another Health Tech Start-Up

In the latest round of funding Pristyn Care - a health care tech start-up managed to raise \$96mn in Series E funding. The company backed by marquee investors specializes in secondary care surgeries. The funds will be utilized to diversify the company's service offerings, including expanding into new disease categories, modernizing the infrastructure of its partner hospitals, and training its surgeons. The company intends to expand its coverage to include more than 50 cities and towns, as well as 1,000 surgical centers. Presently, the company operates via 150 clinics and 700 partner hospitals in Mumbai, Pune, Hyderabad, Bengaluru, Kolkata, and 33 other tier 2 and 3 cities.



15x Valuation in 15 Months **Razorpay**

Razorpay sets a new record for the fastest valuation increase by a Unicorn in India. The Fintech start-up just raised \$375 million at a valuation of \$7.5 billion, reflecting a 15-fold rise in worth in just 15 months. The company intends to utilize the funds to advance the company's banking business suite. It intends to provide latest banking solutions to enable its partnering firms to focus less on managing their compliances and operations and more on handling their businesses.

A "one-stop-shop" for all Investments

With looming uncertainty over **COINSWITCH KUBER** the future of cryptocurrency in India, the largest cryptocurrency unicorn, Coinswitch Kuber has decided to diversify its operations and reconstruct into a wealth tech start-up. It has decided to offer Stocks, Mutual Funds, Fixed Deposits, and Bonds other than cryptocurrency on its platform. The new service offerings will help the company expand its portfolio to a diversified target audience from a niche segment by being a "one-stop-shop" for all investment activities for its users.

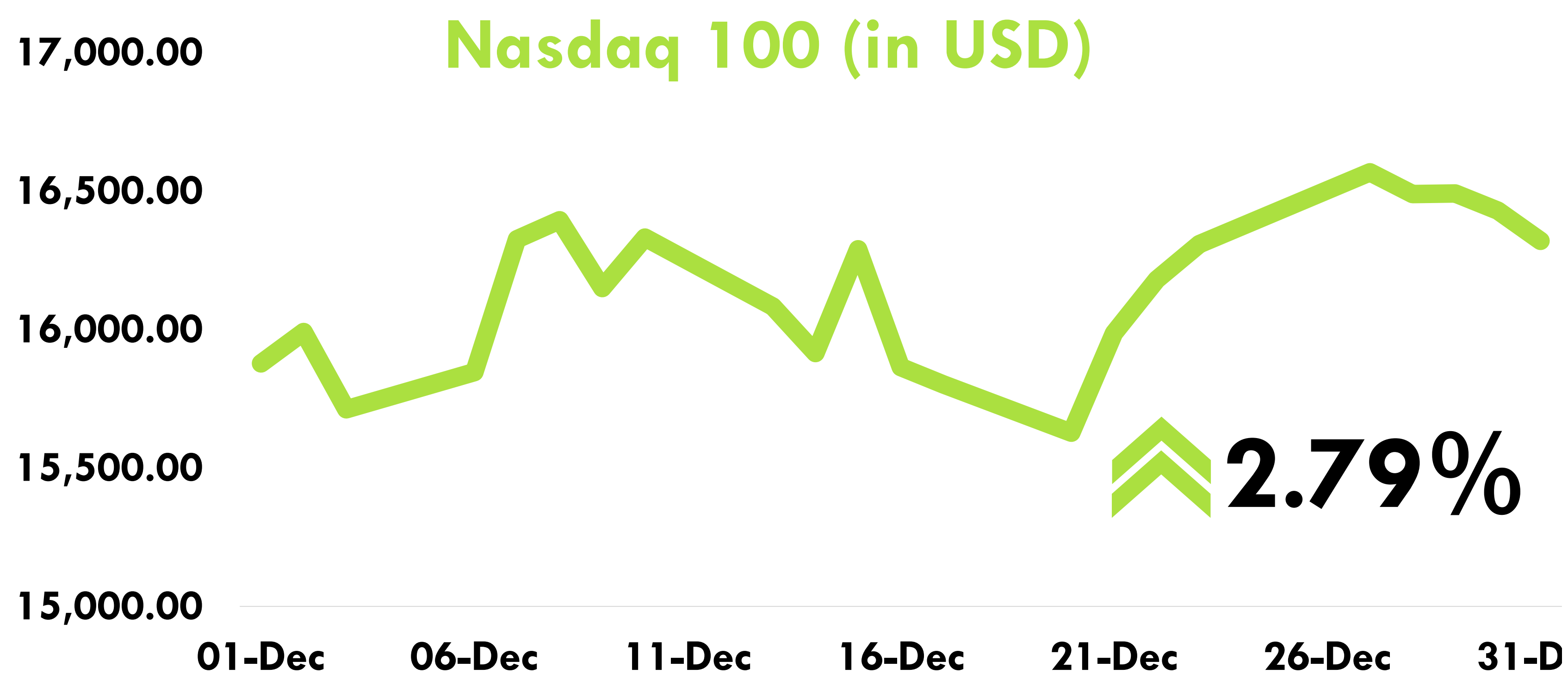
2021 – The Start-Up Year

In comparison to previous years, there was a significant rise in the number of deals and the start-ups were able to attract larger financing rounds as risk capital funds ramped up their bets on high-growth companies early on. As a result, companies were able to achieve higher valuations in subsequent fundraising rounds, frequently doubling or tripling their worth.

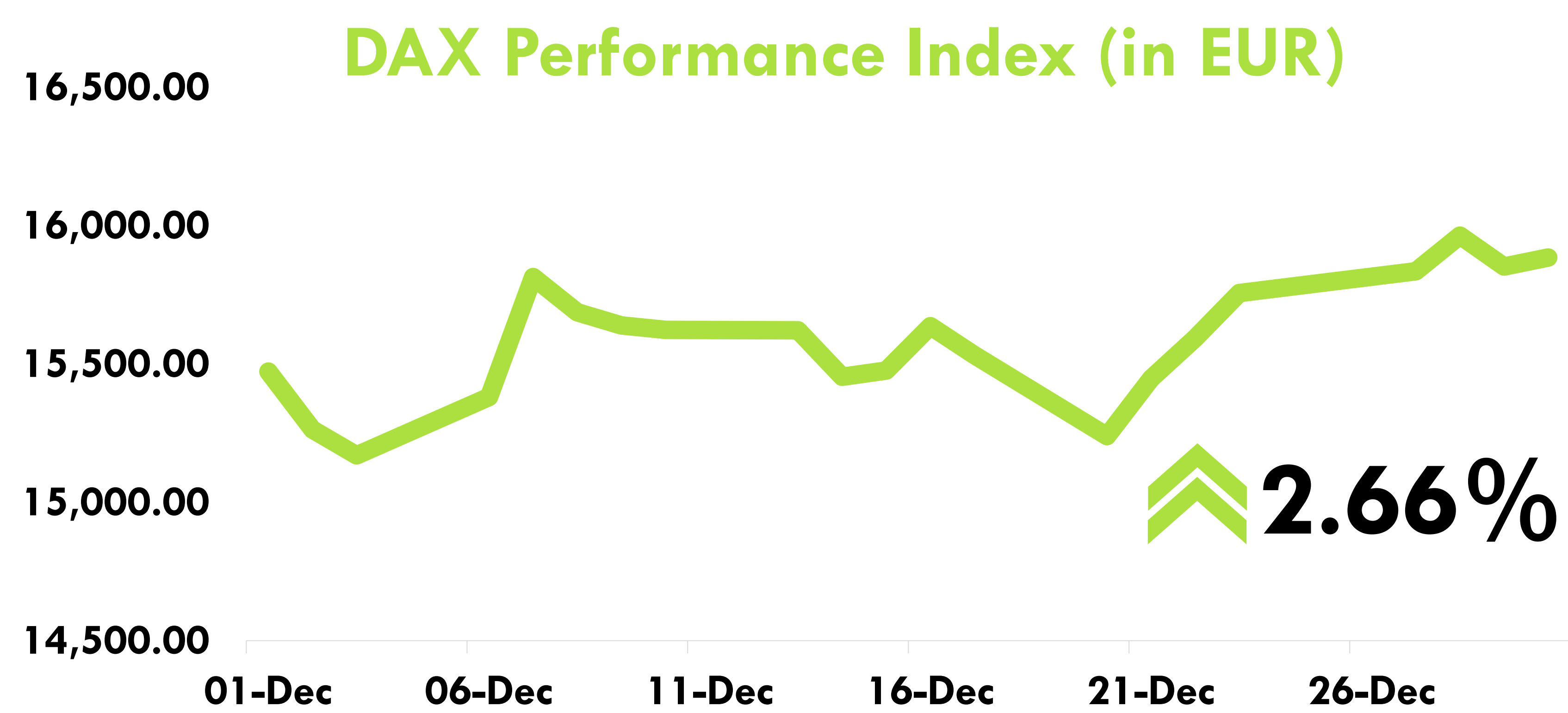
Date	No. of Deals	Aggregate Deal Value (\$Mn)	Average Deal Value (\$Mn)
2017	938	10,700	17.9
2018	964	9,900	13.6
2019	1127	14,700	18
2020	1088	11,200	14.6
2021	1376	36,100	32.9

Source: Preqin Pro

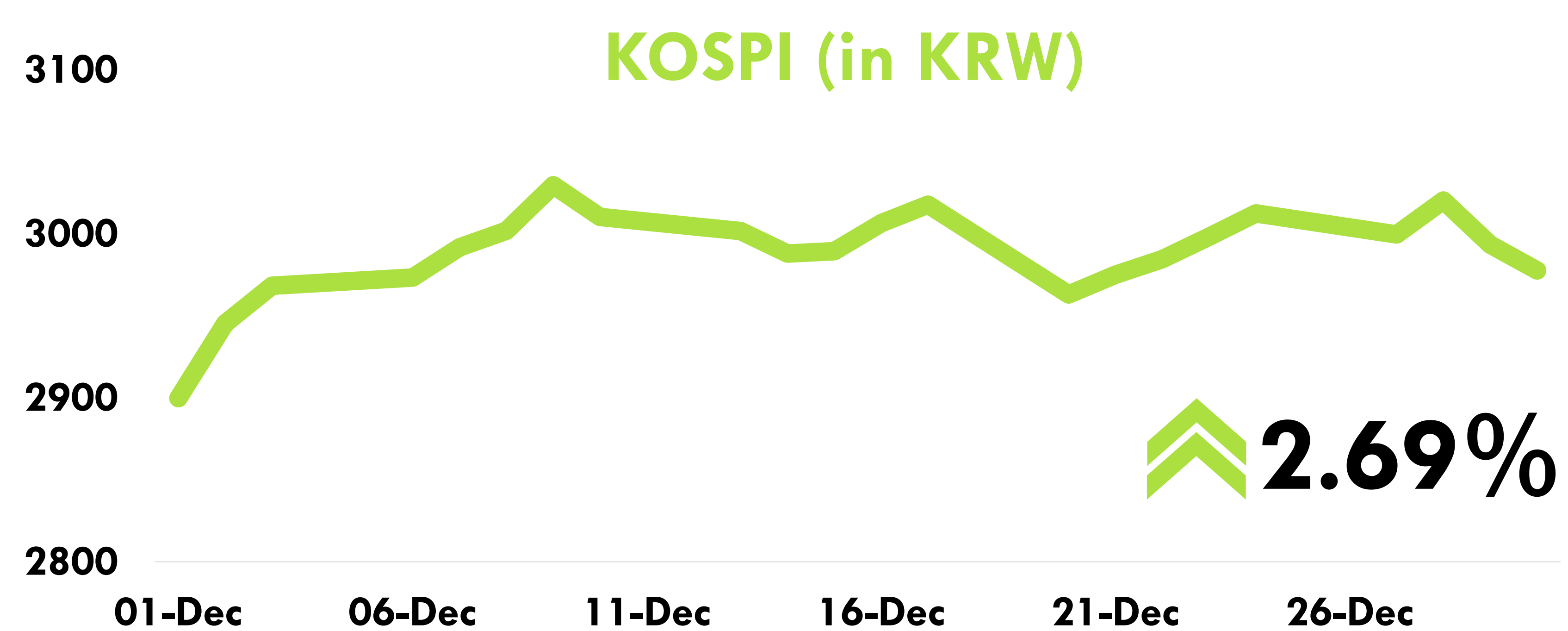
GLOBAL INDICES



The Index continued its decline from the previous month as the Fed expressed support for a faster withdrawal of its massive asset purchase program along with the fear of a new strain of covid. Major tech companies fell as a result of rising inflationary pressures and the Fed's intention to raise borrowing costs 3 times in 2022. Despite the fear, the index rose and ended at a record high, owing to strong US retail sales and the arrival of the holiday season.

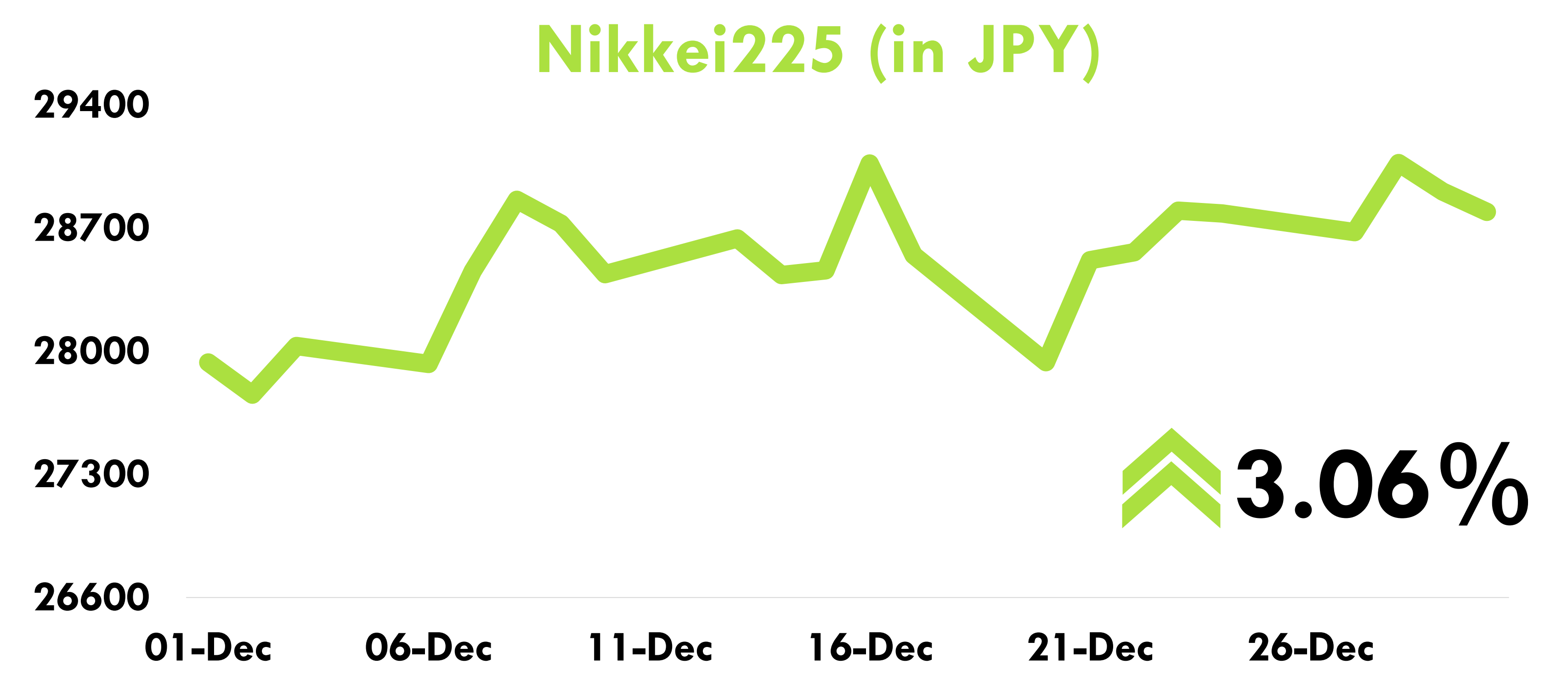


During the first half of the month, investors remained cautious due to concerns about the omicron and the German government's efforts to slow the spread. The index was also strained by Germany's record-high CPI inflation of 6.2%. However, the index surged on optimism that the new COVID-19 variant will be less catastrophic than the previous one.

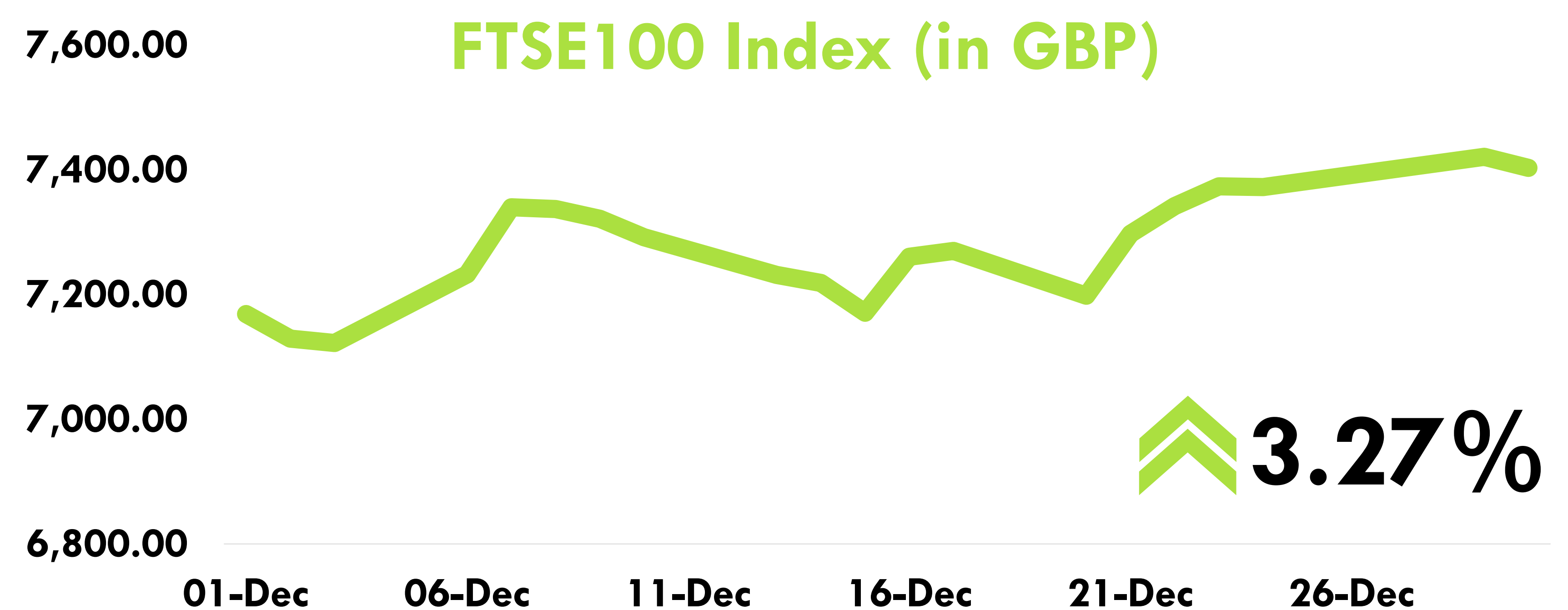


South Korea's Kospi recovers from the previous month's losses as foreign investors pour money into semiconductor, game, and secondary battery companies. However, the index fell as a result of the Fed's recent announcement on rate hikes and a recent spike in COVID-19 cases, which could impede economic recovery.

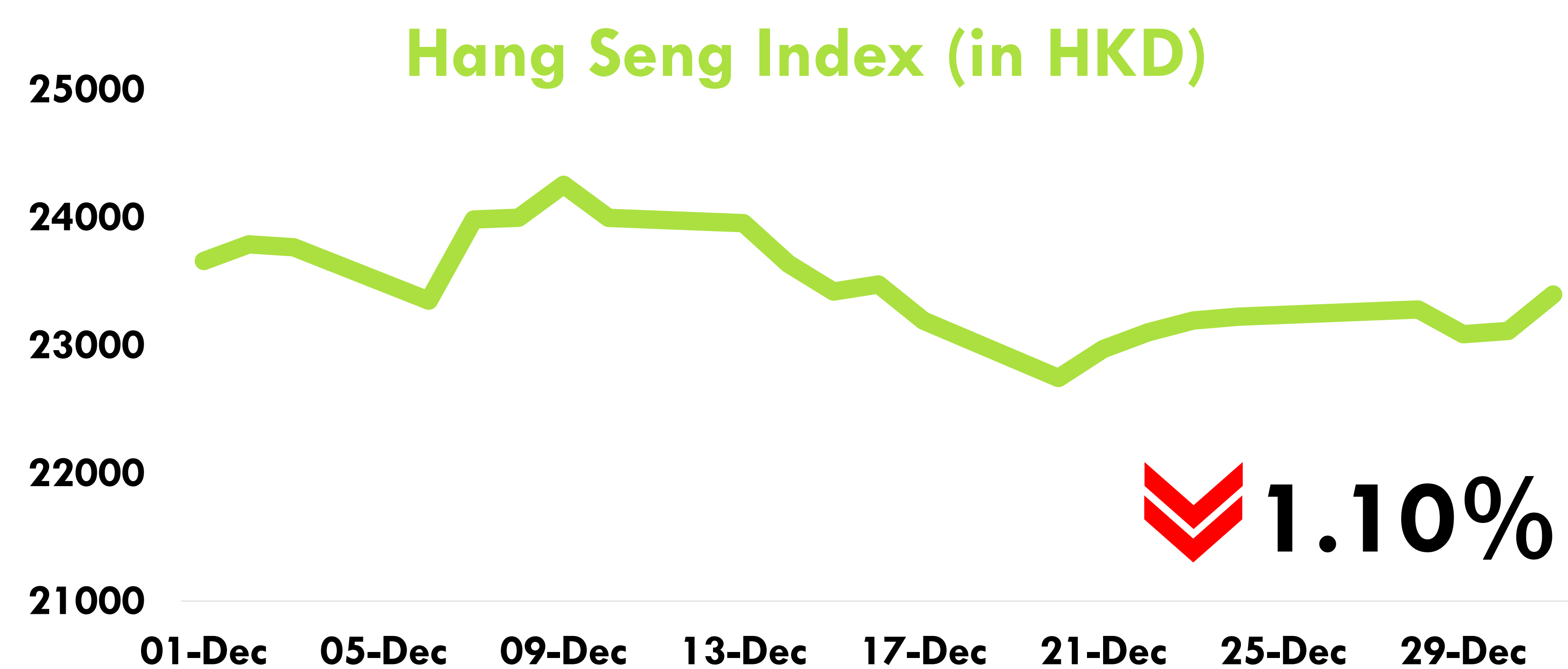
Source: Investing



The Index remained volatile throughout the month as investors assessed the risks associated with the new COVID-19 variant. The index's rise was fuelled by higher oil prices and better-than-expected domestic factory output data in November. However, the rally was short-lived, and the index fell due to concerns about the Fed's rate hike.



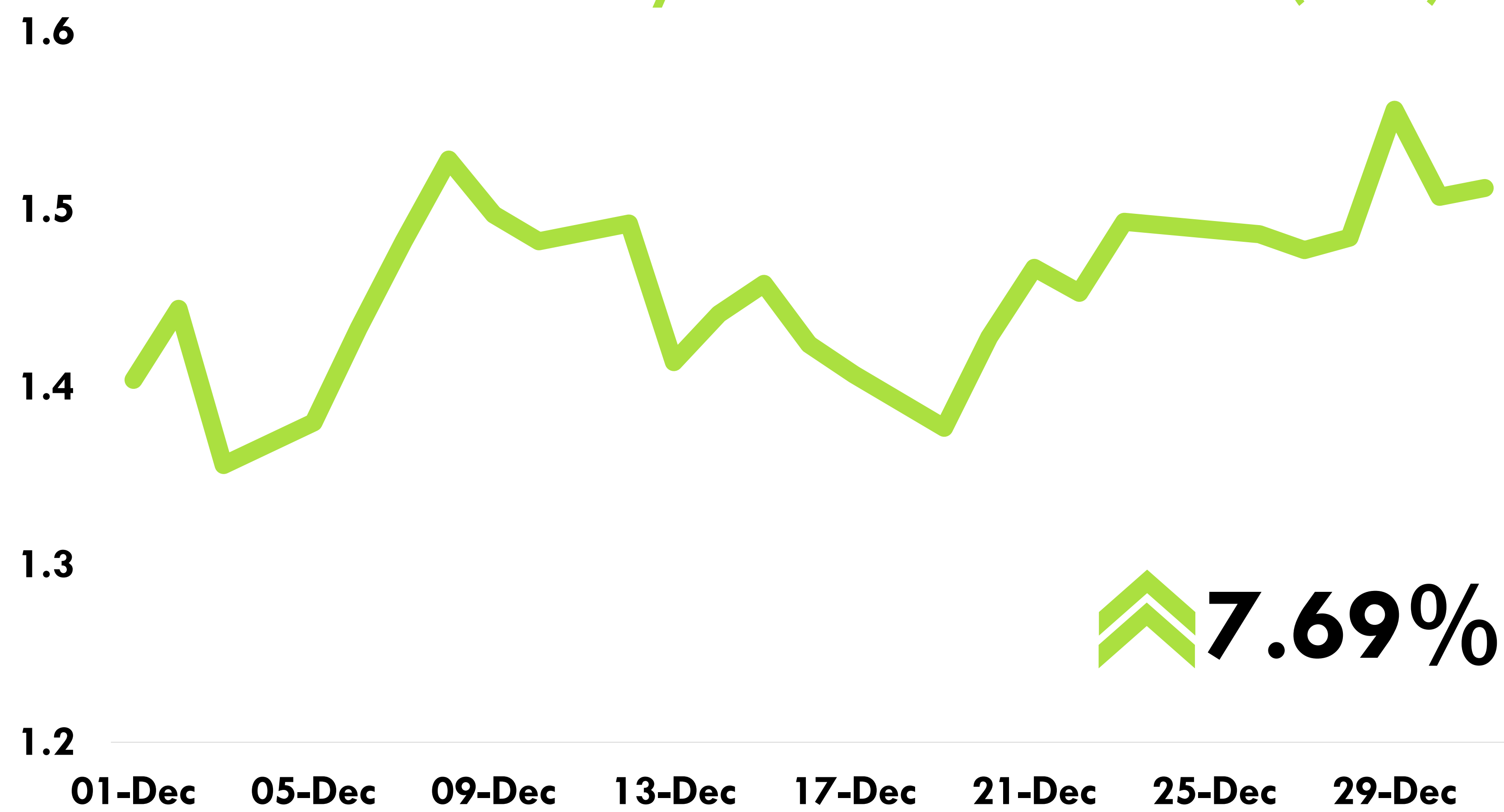
The index recovered all its losses since the COVID-19 crisis and reached a 22-month high, aided by expectations that the new strain will not be as severe as the previous strain and will not necessitate harsh restrictions. The downward movement during the month was due to a decline in demand for commodities.



During the first half of December, the index gained on account of China easing the monetary and real estate control curbs along with factory inflation for November. However, the index fell as a result of Evergrande's failure to make coupon payments and the escalation of US-China tensions as the US added more Chinese companies to its export blacklist. Towards the month-end, the index recovered slightly on signs of the Chinese government supporting troubled developers.

FIXED INCOME

US 10 Year Treasury Yield December'21 (In ₹)



Source: US Department of the Treasury

Volatility in the yield persisted. The benchmark 10-year Treasury rose by 6bps on 15th Dec after the Fed announced its tightening policy to accelerate the wind up of its pandemic bond-buying program. Fed officials also hinted at least three interest rate hikes in 2022. It fell briefly the next day due to underwhelming retail sales data but bounced back after surprisingly good performance of the manufacturing sector. The yield then plummeted again by more than 3 bps on Thursday as the market sentiment formed that the Fed can't go beyond 2-3 rate hikes in the short-

Liquidity Surplus

RBI is conducting the 14-day Variable Rate Reverse Repo (VRRR) auctions of longer maturity to reconstitute it as the major liquidity absorption route over the fixed-rate overnight reverse repo window from Jan 2022 onwards. The month opened with liquidity surplus widening in week 1 and then narrowing down due to advance tax outflows of nearly 1 lakh crore and 7day/14day VRRR auctions conducted by RBI. GST outflow will further tighten the liquidity surplus. Govt. will continue to pump out excess liquidity till April 2022 to mitigate risk and instability but it might turn counterproductive in the medium term.

Date (December'21)	Net Outstanding Liquidity Surplus (₹ Lakh Crore)
6 th -10 th	₹8.31
10 th -17 th	₹7.50
20 th - 24 th	₹6.22

Source: RBI

abrdn to Launch Emerging Markets Sustainable Development Corporate Bond Fund



The first of its type in the Emerging Market Debt marketplace, this Article 9 fund is launched by abrdn, a UK-based global investment company. Article 9 funds come under Sustainable Finance Disclosure Regulation (SFDR) as "a Fund that has sustainable investment as its objective or a reduction in carbon emissions as its objective". The aim is to deliver "profit with purpose" by investing in bonds from the companies that work on providing solutions to challenges faced by the world such as climate change, growing social inequality, unsustainable production and consumption. The current additional investment requirement for Emerging Markets to achieve UN's SDG goals by 2030 is over \$2.5trn per year. There is an acute need for financial inclusion, access to healthcare, mitigation of climate change, basic infrastructure, sustainable forest management, etc. These goals will be achieved by abrdn's eight-pillar SDG Investment Framework launched in 2017 and successfully utilized by its sister funds in the range.

Inflation

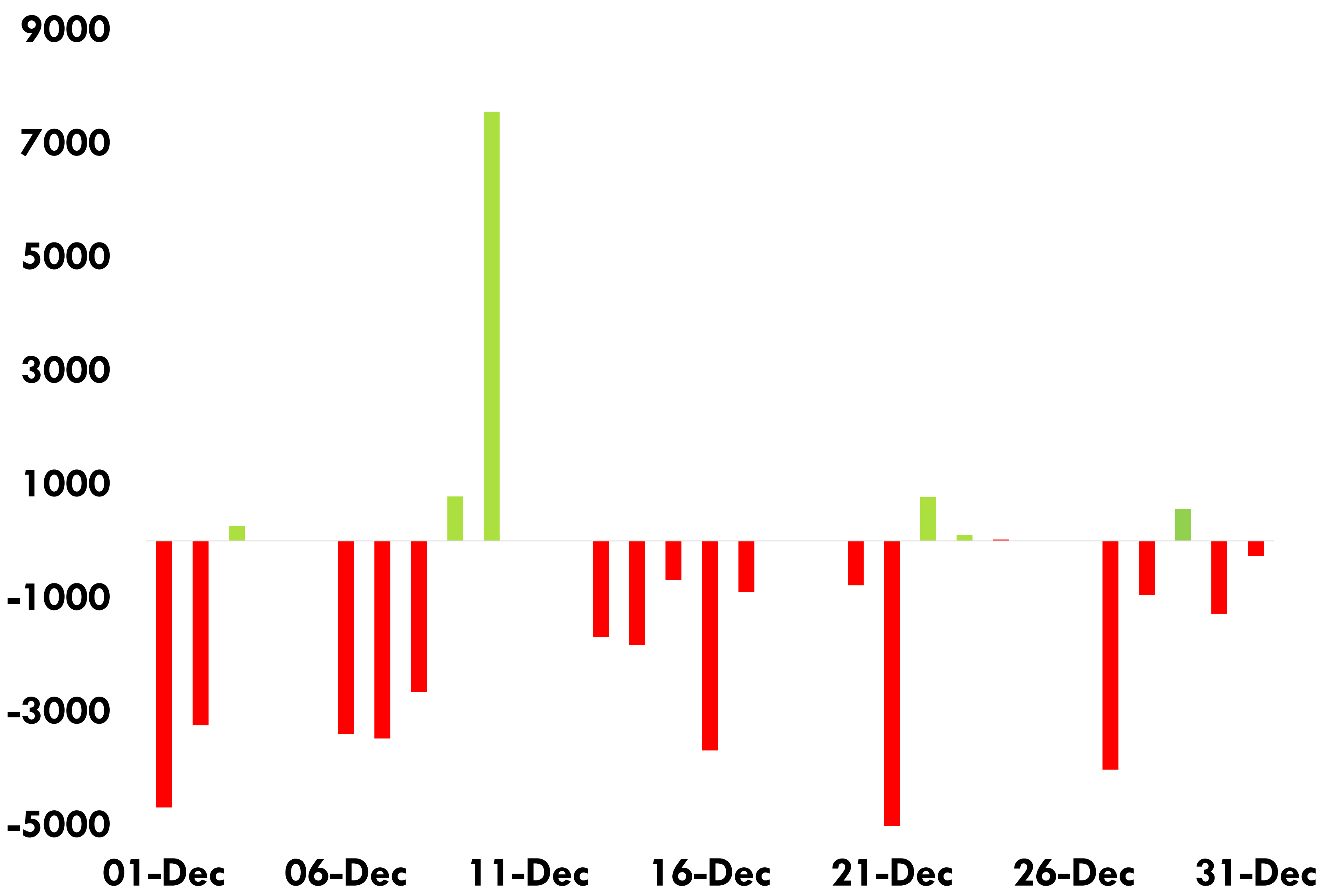
The higher food and fuel prices along with depreciation in the rupee pushed up India's retail or Consumer Price-based Inflation (CPI) by 0.7% MoM from 4.48% in Oct to 4.9% in November, a 3 month high. The Wholesale Price Inflation (WPI) shot up to a record high of 14.2% against 12.5% in Oct. Inflation in vegetables rose from 18.5% in Oct to 3.91% in Nov. Fuel and power inflation was at 39.8%. Manufactured products prices rose 11.9%. The inflation trajectory has incentivized RBI's Monetary Policy Committee to keep the repo rate unchanged and stance accommodative.

Month	Inflation (%)
June-21	6.26
July-21	5.59
Aug-21	5.30
Sept-21	4.35
Oct-21	4.48
Nov-21	4.91

Source: Ministry of Statistic and Programme Implementation

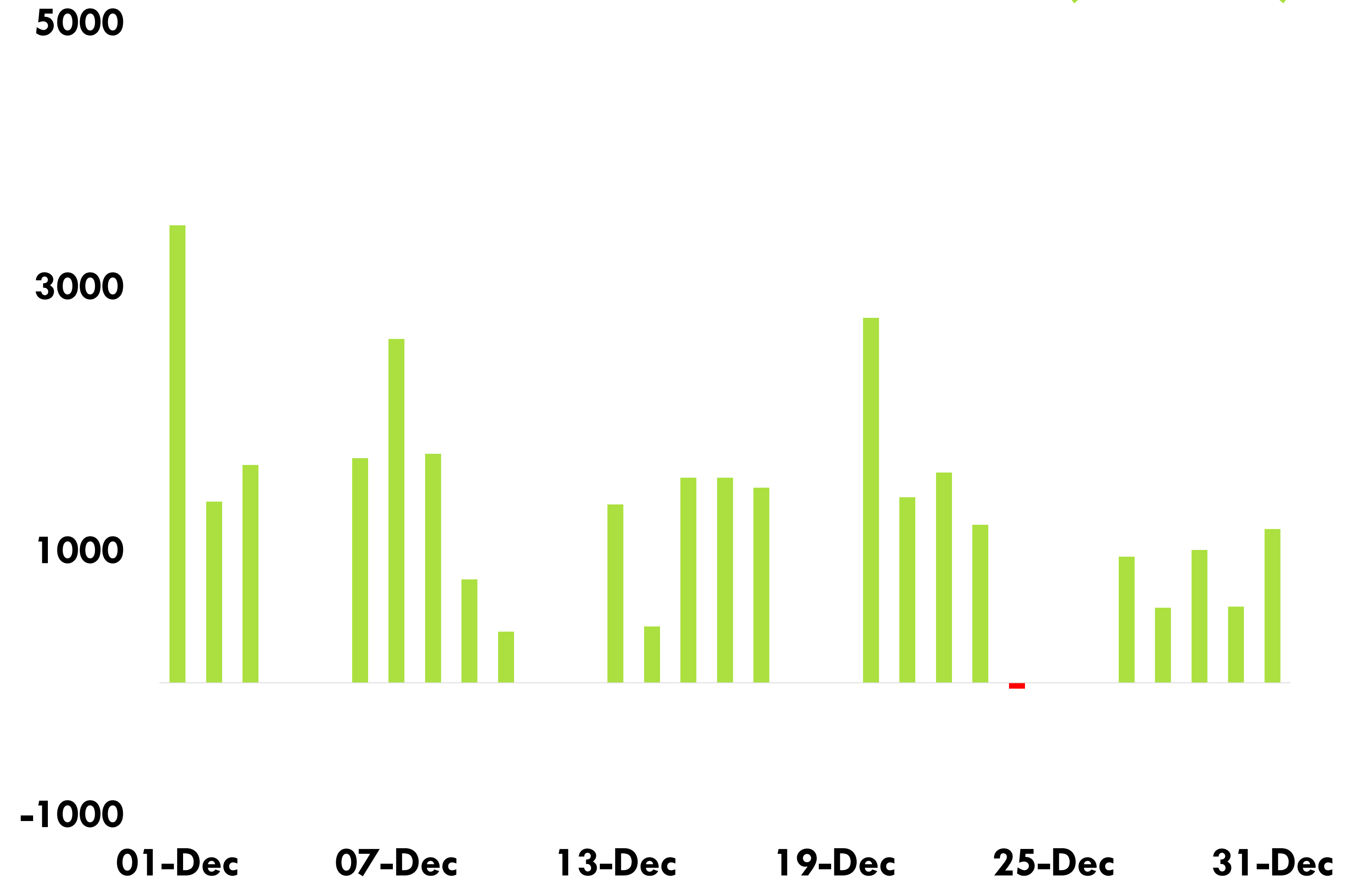
EQUITIES

FPI Net Investment in December'21 (₹ Crore)



Source: NSDL

DII Net Investment in December'21 (₹ Crore)



Source: NSDL

FII's interest in Indian stocks has increased over the years. There are certain instances (HDFC, ZEE, Shriram Transport) where a majority of the stake is owned by them. FII's were net sellers during the month due to fear over the omicron virus. Globally, equity markets witnessed a high sell-off since the US dollar tightening its grip over the other currencies as the central bank announced an increase in interest rates.

DII continues to have high-frequency investments into the local market instruments. Increase in the GDP data for the Q2FY22 and high GST collections over the last few months indicate domestic investors have trust in the Indian economy but fear the unstable western markets.

New Rules for Corporate Governance

NSE announces a new framework called NSE Prime to increase the level of corporate governance in the stock market. The main objective of these prescribed additional disclosures for listed companies is to improve on providing information to the public and function with greater transparency. The new guidelines will aim to help organizations construct stronger and sustainable businesses for a longer period, not only helping themselves but also accelerating the market at large.

Many industry experts believe listed companies voluntarily accepting the NSE Prime, will raise foreign and domestic investors' trust in Indian markets and broaden their investments.

Index	1 st Dec'21 (In ₹)	31 st Dec'21 (In ₹)	Change (%)	Trend
NIFTY Auto	10,758.1	10,936.9	↑ 1.6	
NIFTY Bank	36,364.9	35,481.7	↓ -2.4	
NIFTY Consumer Durables	28,160.5	29,138.9	↑ 3.4	
NIFTY Financial Services	17,758.8	17,330.8	↓ -2.4	
NIFTY FMCG	37,457.8	37,579.9	↑ 0.3	
NIFTY IT	35,428.9	38,701.0	↑ 9.2	
NIFTY Media	2,193.7	2,218.8	↑ 1.1	
NIFTY Metal	5,322.2	5,521.7	↑ 3.7	
NIFTY Oil & Gas	7,459.7	7,348.8	↓ -1.4	
NIFTY Pharma	13,442.1	14,223.0	↑ 5.8	

Source: NSE

SECTOR UPDATES

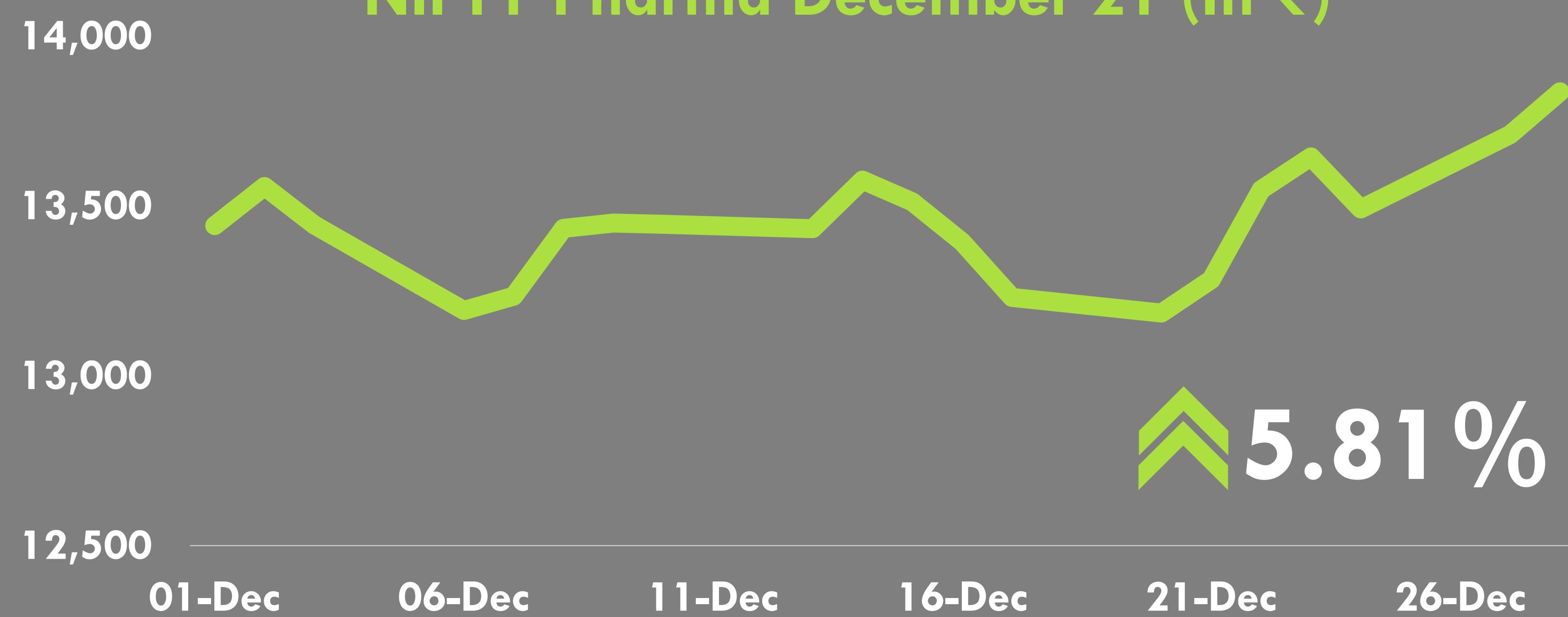
Pharma Sector

Amid mixed global cues, NIFTY Pharma moved sideways in a narrow range initially. However, the opportunity for the pharma companies to expand their Covid portfolios into new medications, antivirals, and vaccine boosters, which will be in demand shortly, attracted the investors to value buy the pharma stocks by the end of the month. India's Active Pharmaceutical Ingredients (API) saw a three-time increment in investments on a YoY basis.



Torrent Pharma has announced that it has come into an agreement with US-based MSD to manufacture oral anti-viral drugs to treat mild to moderate Covid 19 infection for more than 100 low to middle-income markets. Torrent Pharma topped the charts with a 2.74% gain followed by Aurobindo Pharm and Lupin whereas Cipla booked a loss of 0.91%.

NIFTY Pharma December'21 (In ₹)



FMCG Sector

The FMCG sector performance has not been very promising in the last few months. Q2 saw relatively good consumption due to the festive season. However, the growth had a negative movement. While food items are seeing some momentum, non-food items are declining. Rural sales are comparatively lower than urban sales due to the return of migrant laborers back from their home states. The slowdown can be attributed to a decline in the source of income amid moderate monsoon and salary & job cuts. Stock levels with distributors have increased up from 12-13 days to 20-25 days, as market offtake from retail counters has drastically fallen by 10-15% due to disruption caused by the e-commerce players.



FMCG ended positively with Varun Beverages being the top gainer booking 3.13% gains respectively.

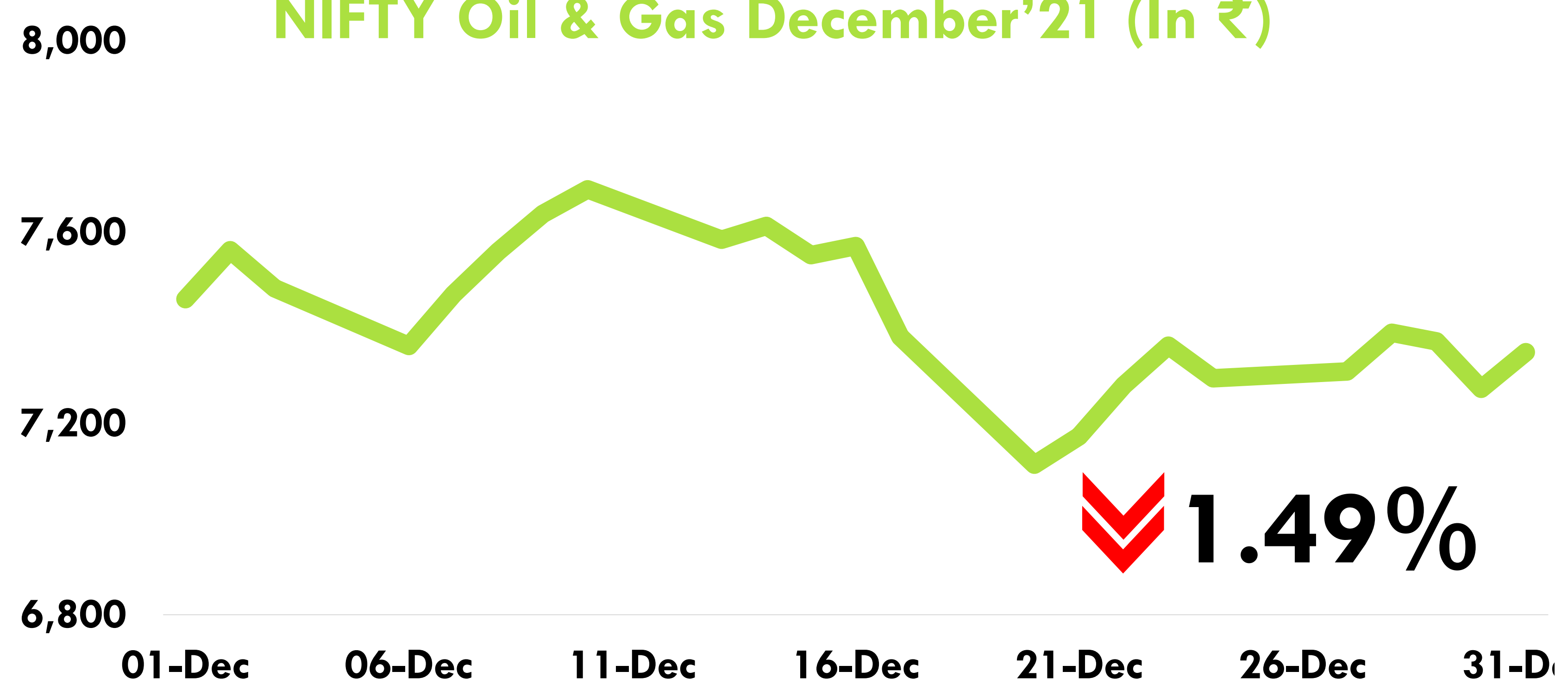
Oil and Gas Sector

Oil markets were highly volatile in December due to the demand-supply dynamics and anticipation of travel-ban amid the Omicron surge. After a bearish pull in November, December started on a positive side due to increasing economic activities. Adani Total Gas, BPCL, and HPCL pulled the index up. However, the subdued demand from investors amid mixed global cues and the expiration of various F&O contracts on 30th December caused a bearish pressure towards the end.



Gulf of Lubric at 2.53% surge was the top gainer. Oil India Limited dipped 1.34% pulling down the index by 2.7%.

NIFTY Oil & Gas December'21 (In ₹)



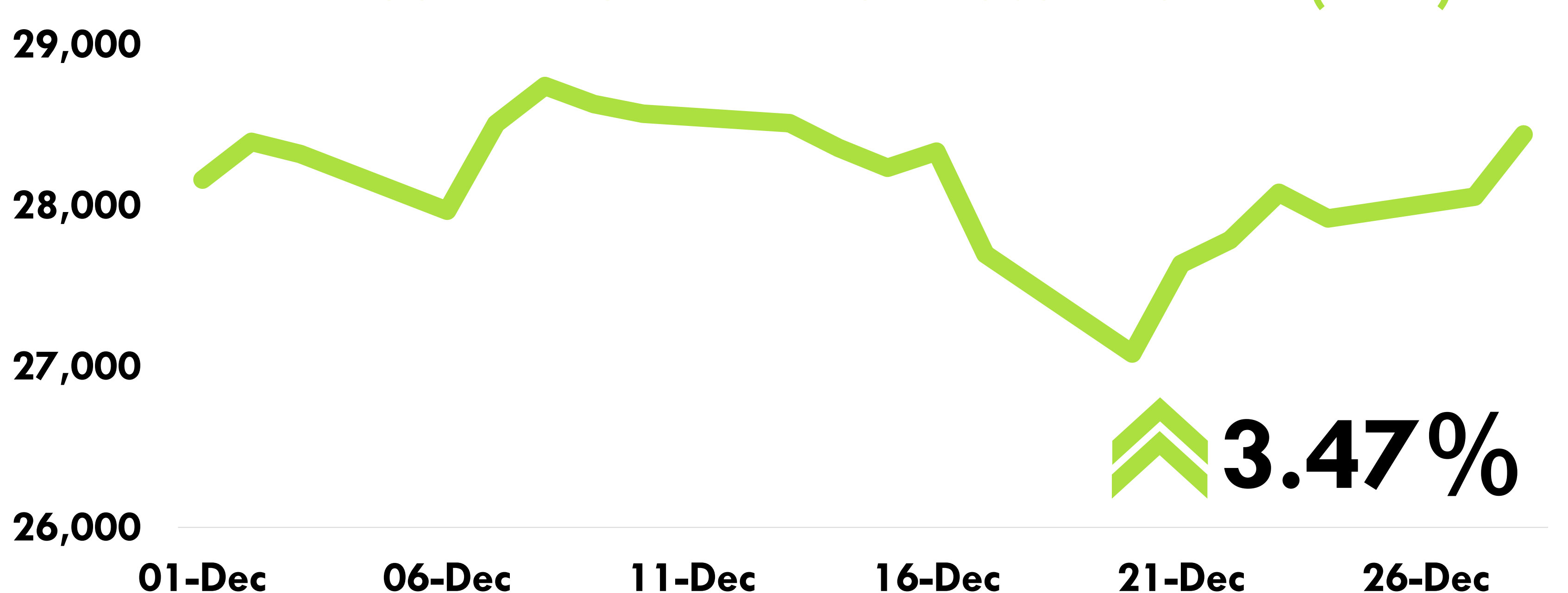
Consumer Durables Sector

NIFTY Consumer Durable Stocks moved upwards to add to the overall bullish market sentiments. After the end of the festive season, it was the wedding season that kept up the demand, especially in the white goods and appliances sector. The market was optimistic despite the semiconductor shortage, and uncertainty due to Covid. The key reason was price correction after softening in raw material input and continuous improvement of economic data. B2B demand in Consumer Electricals saw an uptick whereas B2C demand staggered with the Air Conditioner sector performing poorly.



Titan climbed by 3.75% followed by Bata India soaring at 3%.

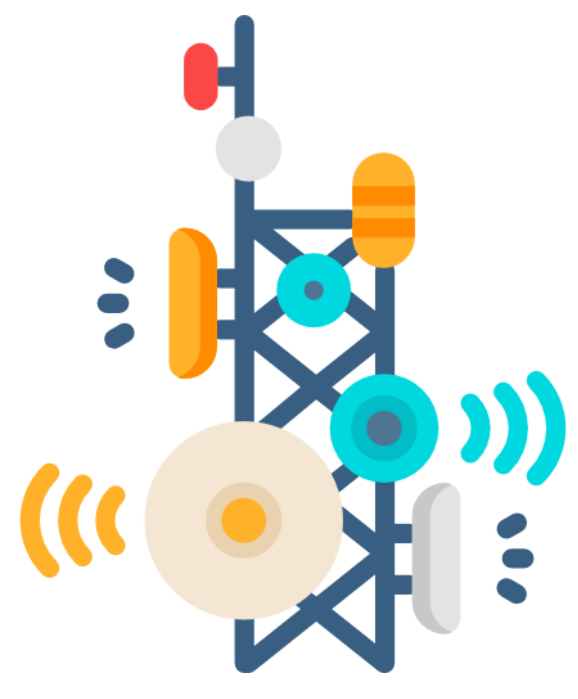
NIFTY Consumer Durables December'21 (In ₹)



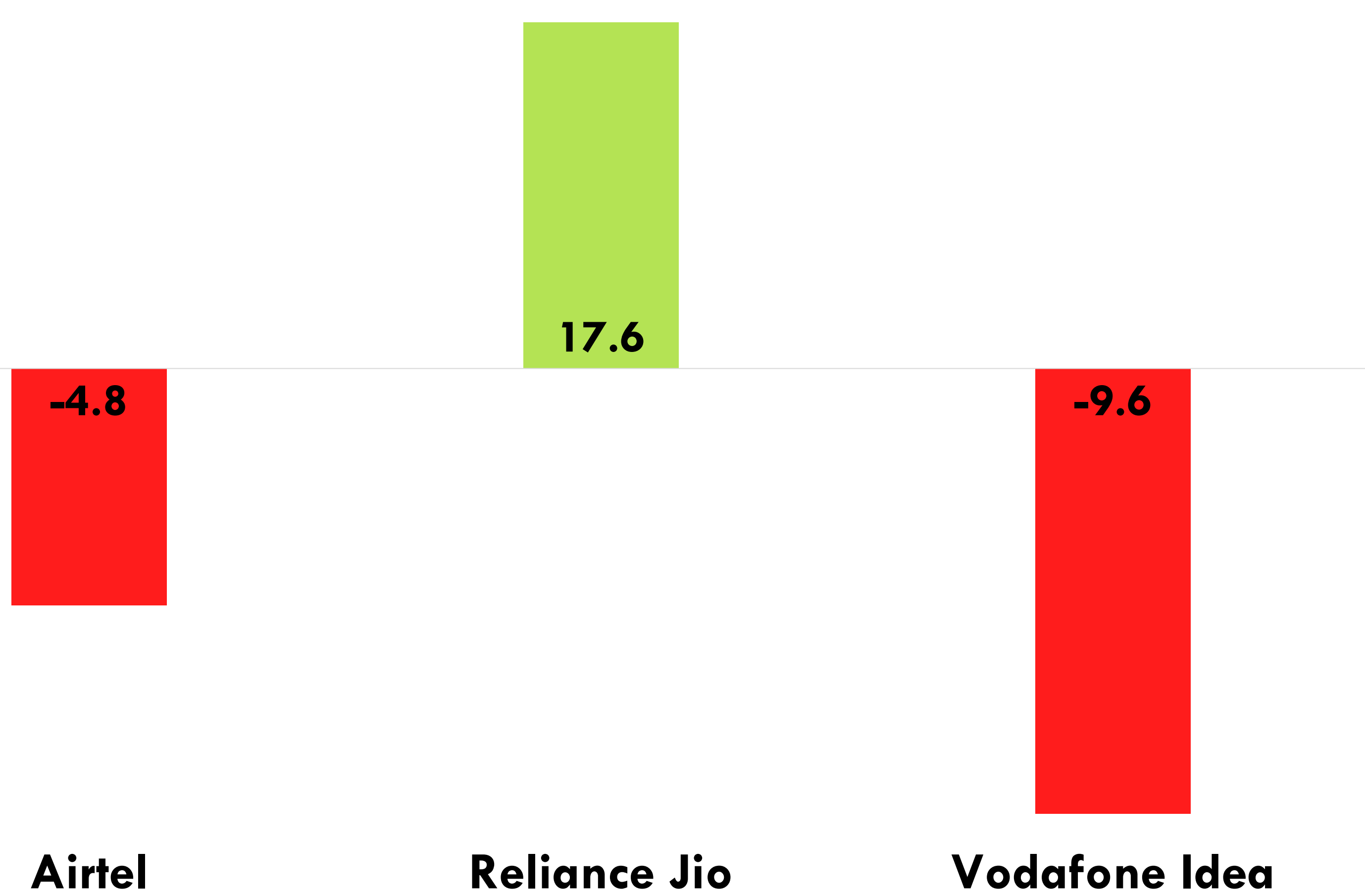
SECTOR UPDATES

Telecom Sector

December was a profitable month for the Telecom sector. DoT released Bank Guarantees of ₹92,000cr to the three major Telecom service providers as a part of the reform package announced in September 2021. Also, the telecom providers have requested the regulators to rationalize the taxes, provide enough spectrum at reasonable prices as well as reduce the burden of fine and old legacy litigation. On the other hand, the aviation officials raised concerns with regards to 5G services as it could disrupt air travel. However, the problem was solved as both sectors agreed to share data to deploy 5G services while preserving air safety. Henceforth, the DoT selected 13 prominent cities for the rollout of 5G services, marking promising progress of the sector.



Addition During October'21 (Lakhs)



Source: TRAI

Auto Sector

Initially this month, NIFTY Auto traded on a positive note as the figures of Q2 GDP growth were out as well as the Eight Core Industries performance in October this year. Few giant companies like Tata Motors & Maruti Suzuki announced to hike their prices as the investors were concerned with the rising input costs. Also, some leading manufacturing companies are looking forward to launching ethanol-powered vehicles with flex engines, omitting the use of petrol. However, the chip shortage crisis along with omicron panic weighed the index down.



Despite disappointing financial results in Q2, Amara Raja Batteries recovered to become the sector's best performer rallying on a 2.97% gain.

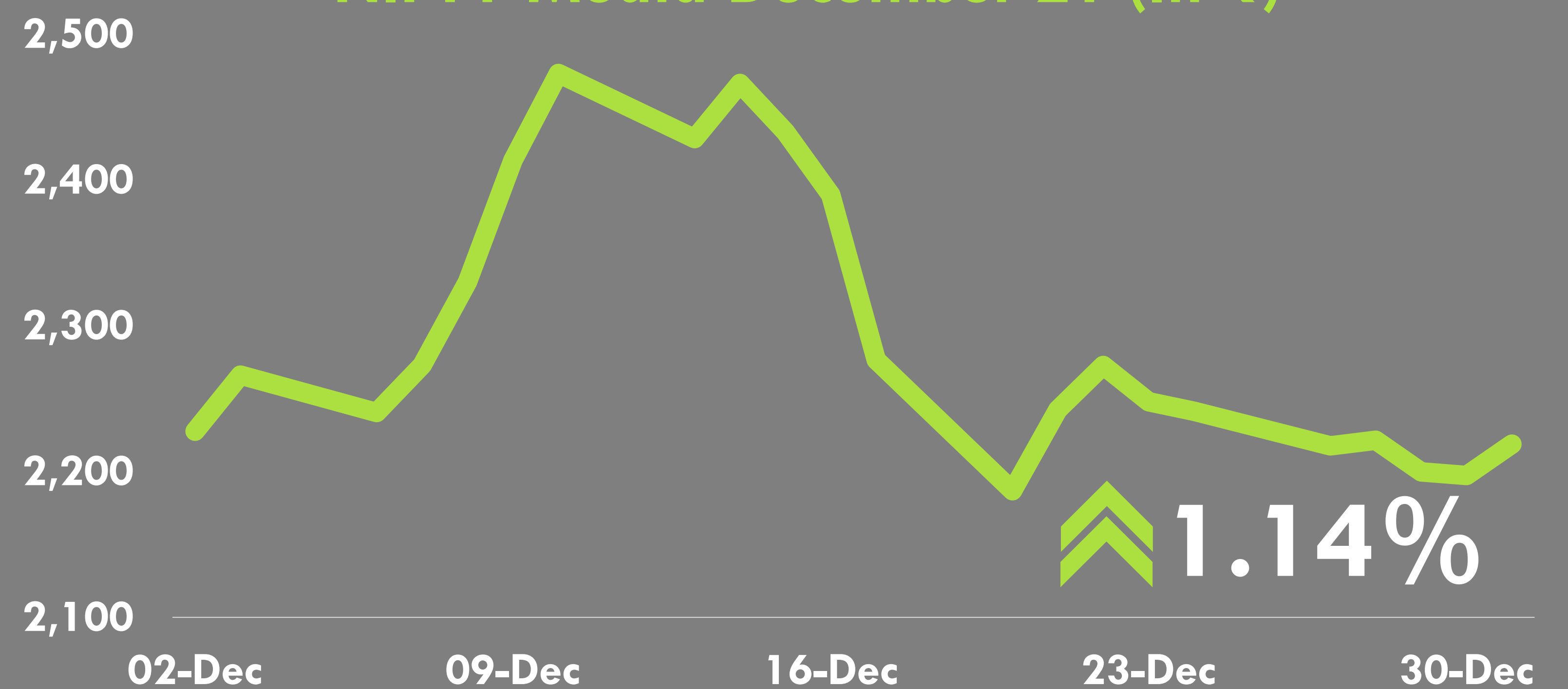
Media Sector

NIFTY Media enjoyed a bull ride with heavyweights PVR, and Inox Leisure pulling up the index. Despite mixed global cues due to Covid, markets remained strong. TV ad volumes bounced back to pre-pandemic levels and are expected to grow further. TV penetration levels remained flat and ARPUs were steady.



Sun TV Network topped the charts with a 2.51% gain. With a 22.9% ROE and booking a 38.6% profit growth, the fundamentals of the stock have been improving YoY.

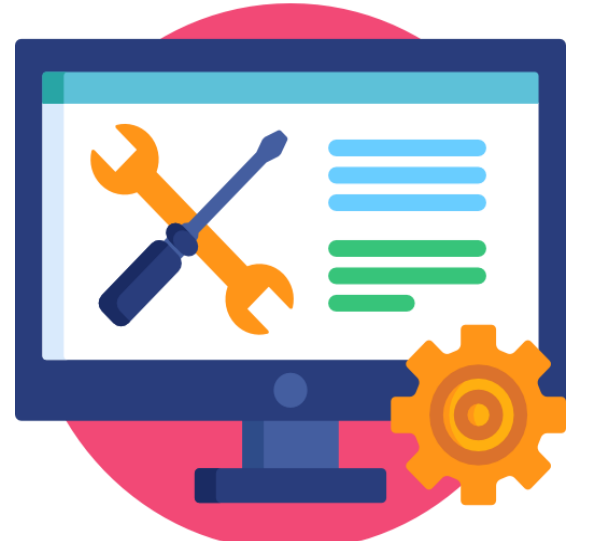
NIFTY Media December'21 (In ₹)



Source: NSE

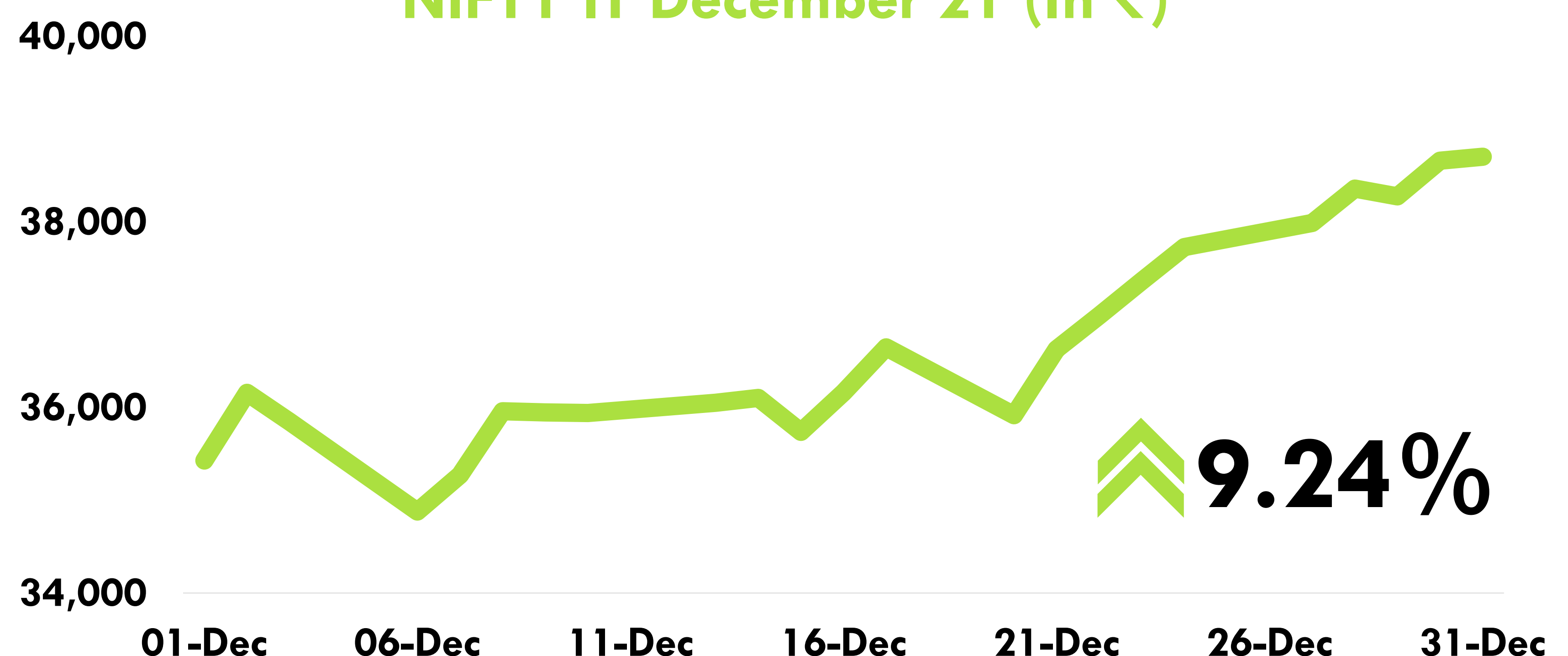
IT Sector

The index moved sideways this month as mixed sentiments prevailed over the sector. In the middle of the month, the bearish global sentiment and strong selling pressure from FIIs nosedived the index to its 4-month low. However, amid the weak market, the IT giant Accenture Plc published forecasts of Q2 revenue beating the street estimates which gave instant relief to the index, rallying it to its month's initial value.



Mphasis is the month's best performer. Mphasis paved its way to the UK soil and diversified its product portfolio to include services to the insurance industry after it acquired a 51% stake in Ardonagh.

NIFTY IT December'21 (In ₹)



Source: NSE

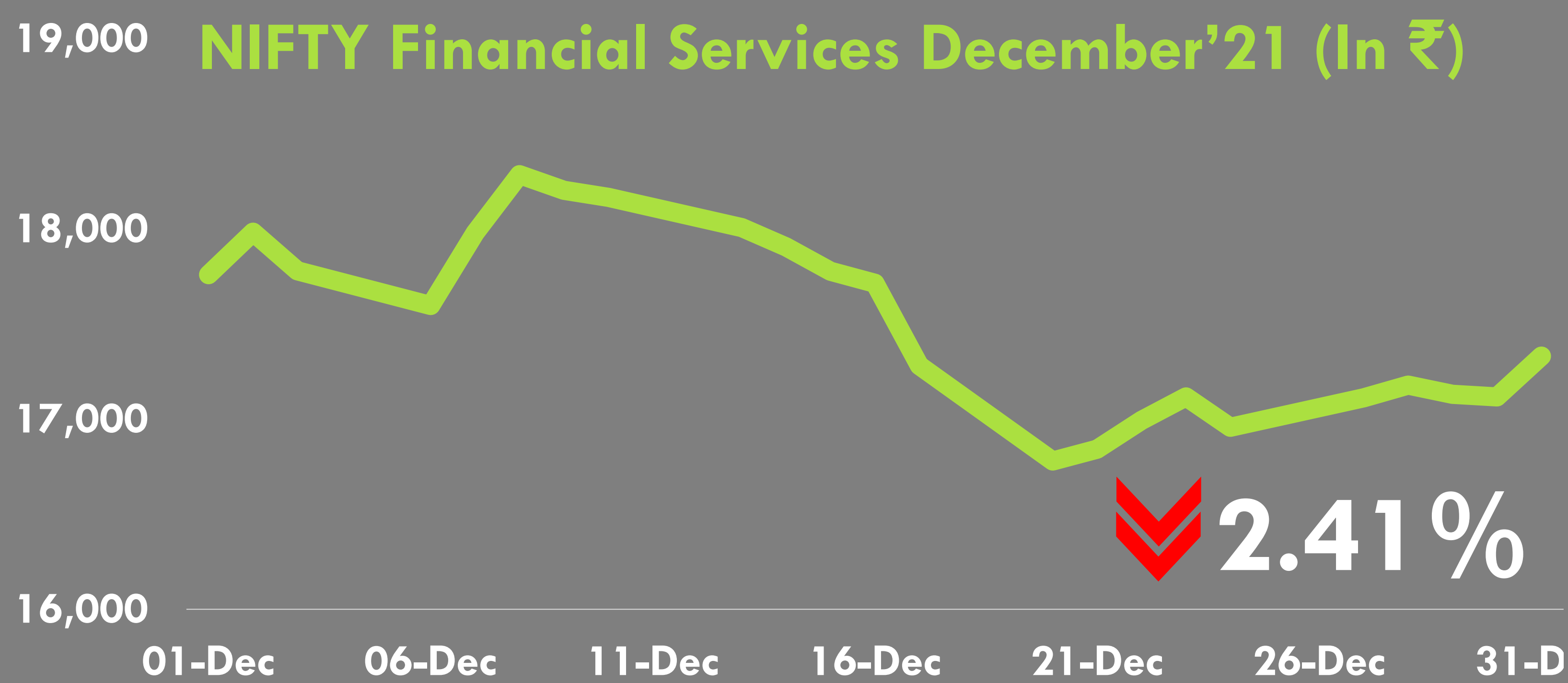
SECTOR UPDATES

Financial Services Sector

NIFTY Financial Services Index started the month on a positive note as the RBI announced to keep the interest rates unchanged for the 9th straight time. Financial stocks, which serve function as a barometer to economic recovery, are facing selling pressure in the current market scenario.



However, the negative outlook for the economic growth of the country due to the rising spread of the Omicron variant has caused the FIIs to unwind their position in the Indian equity market, specifically, financial stocks.



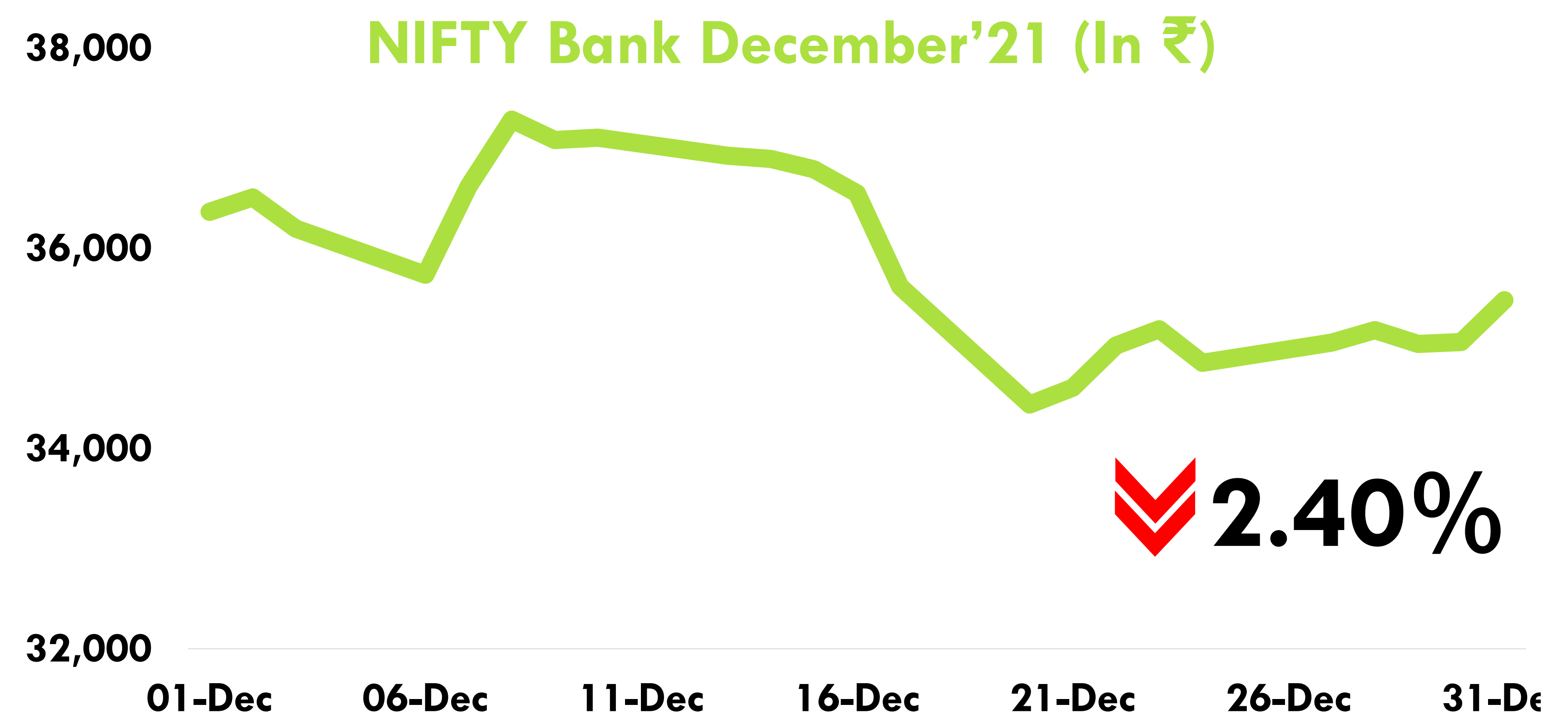
Source: NSE

Banking Sector

During the first half of the month, the RBI monetary policy helped Bank NIFTY recover temporarily. However, the rich market valuations, fast-spreading new variant Omicron, and the rising inflation created a selling pressure in the market. Since the banking sector had major FPI holdings, the index nosedived to its 5 month low.



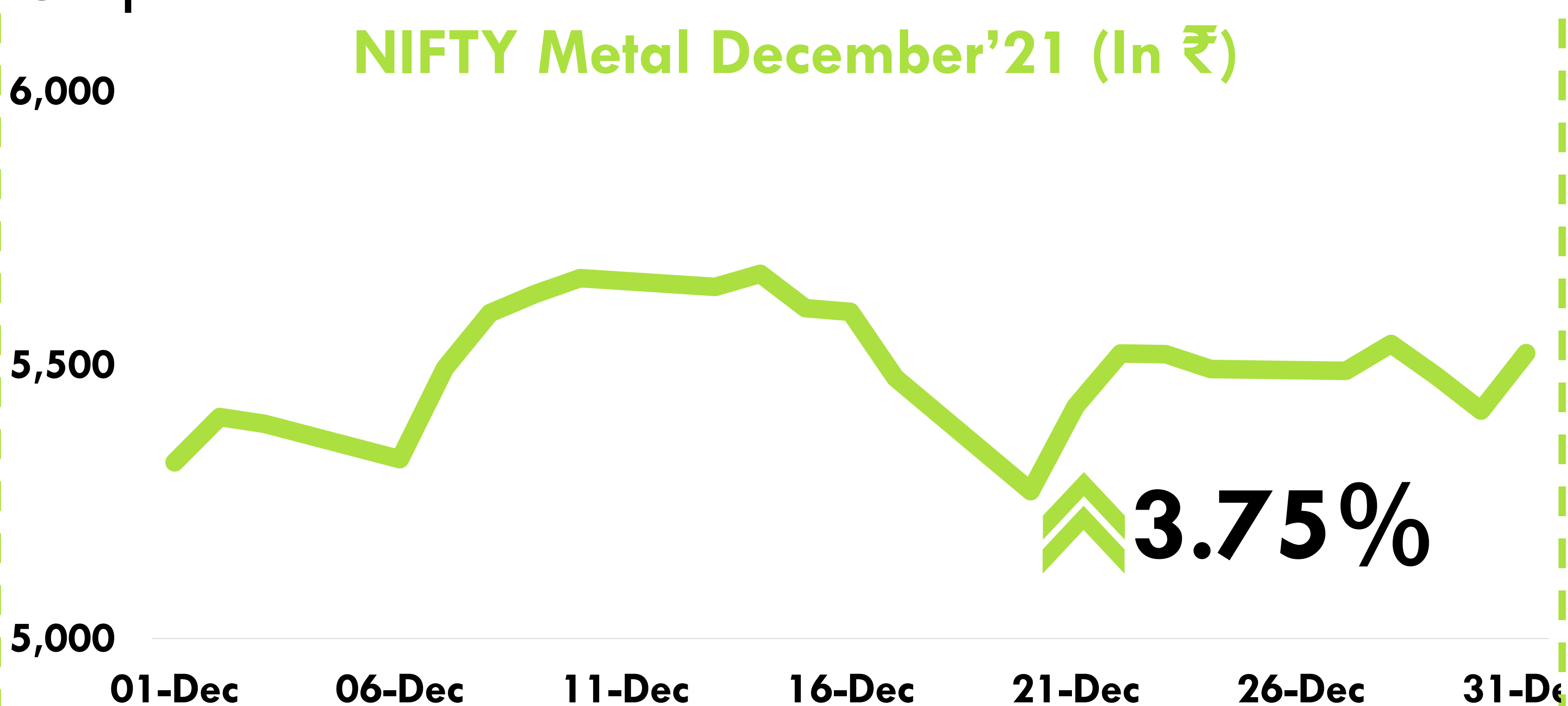
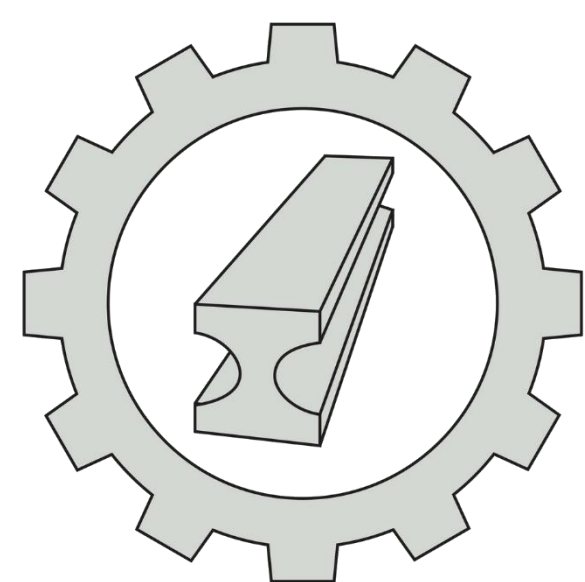
With the rumor spreading that the bank wrote off loans worth ₹300cr within only 7 months of sanction and RBI's sudden intervention to appoint interim MD & CEO, the stock plummeted over 26%, 10% in a single day, to be the worst performer of the sector.



Source: NSE

Metal Sector

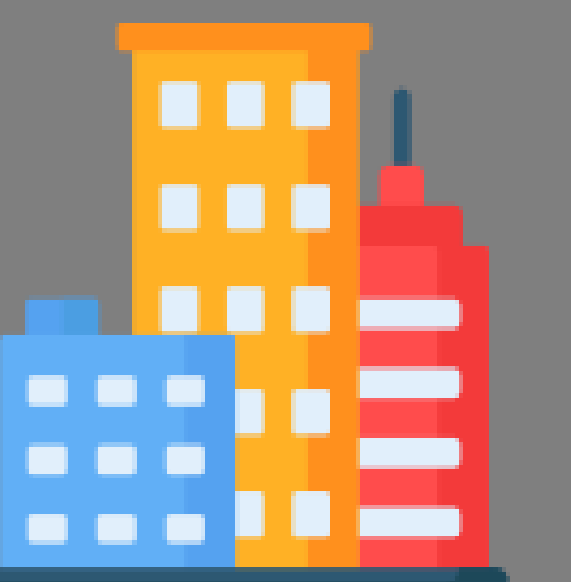
The index surged this month on the back of aluminum stocks after the Ministry of Mines recommended a raise in the customs and import duty on aluminum, benefitting the aluminum companies. Also, the aluminum makers are striving to reduce their carbon footprint to increase their exports to the demand-rich EV market, as well as capitalizing on the world's first carbon tax levied by the European Union. Hindalco became the top gainer of the sector after its share prices surged 5% with the announcement of the temporary closure of a rival firm – Alcoa Corporation.



Source: NSE

Realty Sector

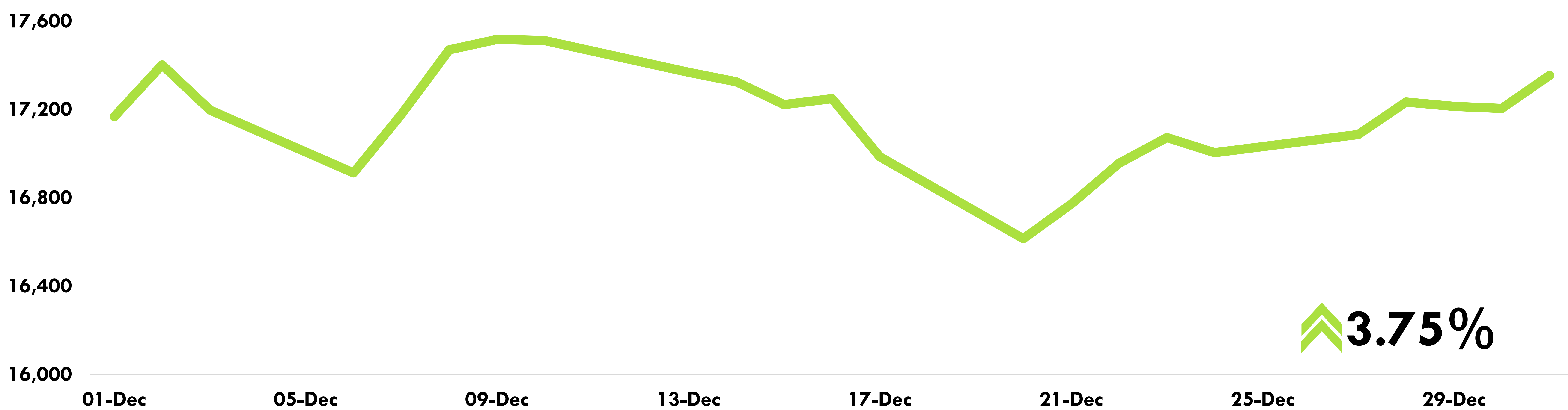
The index started the month on a positive note as the investors got bullish after the strong Q2 GDP data was published on 30th November 2021. Strong FII selling pressure during mid-month due to the bearish market amid mixed global cues, led to a steep fall of around 12%. However, the index bounced back on the back of strong future prospects of the realty sector since the demand for residential and commercial space is on the uptrend. Pandemic-infused trends paired with low-interest rates and affordability and expansion in Tier 2 and 3 cities, real estate growth in the coming months looks favorable.



Source: NSE

NIFTY 50

NIFTY50 December'21 (In ₹)



Source: NSE India

Even though a rampaging new COVID-19 variant and valuation uncertainties kept investors cautious towards the year's conclusion, Indian stocks were set for their best year since 2017, fueled by an economic rebound from the pandemic-fueled recession and enormous liquidity.

IOCL Acquired 5% Stakes in IGX

Indian Oil Corporation Limited (IOCL), India's largest oil refining and marketing company, has been approved for the acquisition of a 5% stake in the Indian Gas Exchange (IGX), a subsidiary of Indian Energy Exchange (IEX). Through the acquisition of an equity stake in IGX, IOCL will be able to gain a foothold in India's natural gas market and achieve a leadership position there.

IOCL also received approval to invest in the construction of a crude oil pipeline system from Mundra in Gujarat to Panipat in Haryana that will have a nameplate capacity of 17 MMTPA. Nine crude oil tanks with a capacity of 60000 kiloliters each will be built at Mundra, aiding in the increase in the country's crude oil storage capacity.



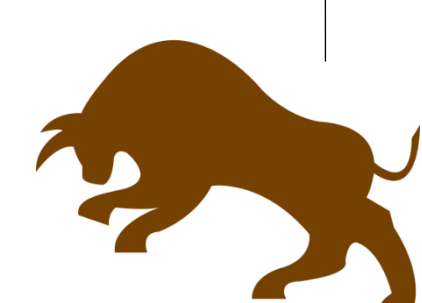
Tata Motors New Step Towards Electric Vehicle

Tata Motors, one of the biggest contributors to electric vehicles (EV) in India received approval from the Ministry of Company Affairs to introduce Tata Passenger Electric Mobility Limited (TPEML). It will be a fully owned subsidiary with a capital of ₹700cr for the manufacturing of electric motor vehicles.

TPEML aims to focus on all aspects of design, development, after-sales services, and servicing of all types of EVs. The company is also looking forward to introducing solar energy to run vehicles.

After realizing the potential and increased demand of EVs in the market the company launched different types of EVs ranging from SUVs to sedans and looking forward to bringing more EV models in the future.

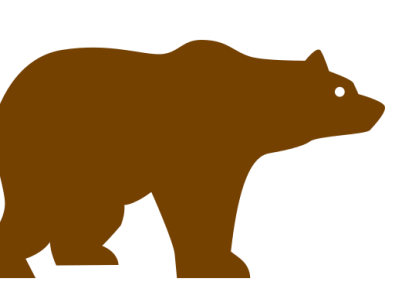
Top Gainers in NIFTY50 for December'21



Company Name	Change (%)
Tech Mahindra	16.1
HCL Tech.	15.9
Hindalco	15.2
Wipro	12.3
Sun Pharma Industries	12.2
Infosys	10.2
UPL	9.6
Eicher Motors	9.3
JSW Steel	7.8
Asian Paints	7.6

Source: NSE India

Top Losers in NIFTY50 for December'21



Company Name	Change (%)
Kotak Mahindra Bank	-8.5
Indian Oil Corp.	-6.3
Bharti Airtel	-6.1
Bajaj Finserv	-4.8
HDFC Life Insurance	-4.6
Tata Consumer Product	-4.5
Divi's Lab	-4.1
Coal India	-3.9
HDFC	-3.2
Cipla	-2.8

IPO

MedPlus Health

India's Second-largest pharmacy chain MedPlus Health went public



this month. The company offers pharmaceutical and wellness products. In addition to prescription medicines and OTC items, MedPlus sells vitamin supplements, FMCG products, and optical products. The company intends to raise ₹1398 Cr. out of which ₹600cr are fresh issues. The IPO proceeds will be utilized for the working capital requirements of its subsidiary. The price band has been fixed at ₹780-796/share. The issue was subscribed 52.6 times even after an underperforming result in the last fiscal year. However, the company expects to bounce back with strong growth projections and a positive industry outlook.

IPOs (January'22)	IPO Size (Approx.)
Emcure Pharmaceuticals	₹4,500 Cr.
Arohan Financial Services	₹1,800 Cr.
MobiKwik	₹1,900 Cr.
LIC India Ltd.	₹80,000 Cr.

Metro Brands Limited

Metro Brands Limited has been serving customers through a wide range of branded products since 1955 and is one of the largest footwear specialty retailers in India. The company targets the mid-range and premium segments of the footwear market, which have a high concentration of organized players and are experiencing growth. The public offering worth ₹1,367.5 Cr. was subscribed 3.64 times over three days. Price band fixed ranged ₹485-500/share with a lot size of 30. The IPO was subscribed 3.64 times.

The company operates on an asset-light model where it sells third-party products and thus intends to use the net proceeds in expenditure for opening new stores specifically under the "metro", "mochi", "walkaway" and "croc" brands and for general corporate purposes.



CMS Info Systems

As an outsource provider of end-to-end technology solutions, the company works with banks, financial institutions, organized retail stores, and online retailers in India to manage assets, technologies and provides cash management services. CMS's network of nearly 90,000 ATMs and retail outlets puts it in the unique position of being the company that serves as the 'circulation system' of the nation's economy. The company intends to raise ₹1100 Cr. with the IPO and has a fixed price band of ₹205-216/share. The main objective of the public issue is entirely an offer for sale by the promoter Sion Investments Holdings Pte Limited. The issue was subscribed 1.98 times.



This Month's IPO Highlights

<p>₹7318.15 cr.</p>	<p>₹619.23 cr.</p>	<p>₹660 cr.</p>	<p>₹1,354 cr.</p>
<p>₹600 cr.</p>	<p>₹1376.63 cr.</p>	<p>₹2073.25 cr.</p>	<p>₹125.96 cr.</p>
<p>₹601.2 cr.</p>		<p>₹700 cr.</p>	

Supriya Lifescience Limited

Supriya Lifescience is engaged in the production of Active Pharmaceutical Ingredients (APIs). The Organisation produces 38 APIs targeted on numerous healing segments along with analgesic, anesthetic, vitamin, anti-asthmatic, anti-allergic, etc. With a total of 1,296 clients and 346 distributors, the company has gone public in the hope of utilizing the proceeds in the funding of the capital expenditure, repayment of the debt, and other general corporate purposes. The company recently got investments of ₹315 Cr. from anchor investors and now with the public issue company intends to raise ₹700 Cr. with a price band fixed at ₹265-274/share. The issue has subscribed by a staggering 71.5 times.



SUPRIYA LIFESCIENCE LTD.

RISK

Global Hazards for 2022

The potential global risks to the economy in 2022 range from a wide variety with pandemic topping the list of concerns- there are other perennial risks expected to cause disruption.

With growing climate risk concerns, fresh euro crisis, China's Evergrande slump, hard Brexit, rising food prices (CPI), all these could feature in the risk gallery for 2022.

The global inflation risk triggers diverse opinions among central banks demanding a tightening of monetary policy, which leads to cost-push inflation with high unemployment and recession that squeezes the profit margins. However, some analysts predict by late 2022- the global economy could face stagnation, not stagflation.

Not every risk is to be a downside. For example, the pandemic has left households globally sitting on trillions of dollars of excess savings that's enough to fund a global spending rush. Only time can reveal what 2022 has in store.

Log4j- A Deadly Weapon for any Run-Of-The-Mill Hacker

In early December a security researcher at the Chinese giant Alibaba discovered a bug in software called "Log4j" that could be the deadliest threat to computer servers and network security.



Software programmers use pre-existing code libraries to build their programs. Developers routinely used the Log4j library in many programs to capture IP addresses and record other crucial activities and data.

What makes things more complicated is that even an amateur hacker could leverage servers running on Log4j to contact a remote computer, and then run any command received from it. Eventually, it would give hackers complete control over the entire server network through the vulnerable server. They could use it to plant ransomware programs or other software that could corrupt or steal data.

Hence the bug has got governments, a host of global tech companies, and businesses worldwide racing against time to patch the breach. However, a report issued by Microsoft mentioned that hackers linked to governments of China, Iran, North Korea, and Turkey are already exploiting the security hole.

Climate-Risk has to be Taken Seriously Given its Cascading Effect

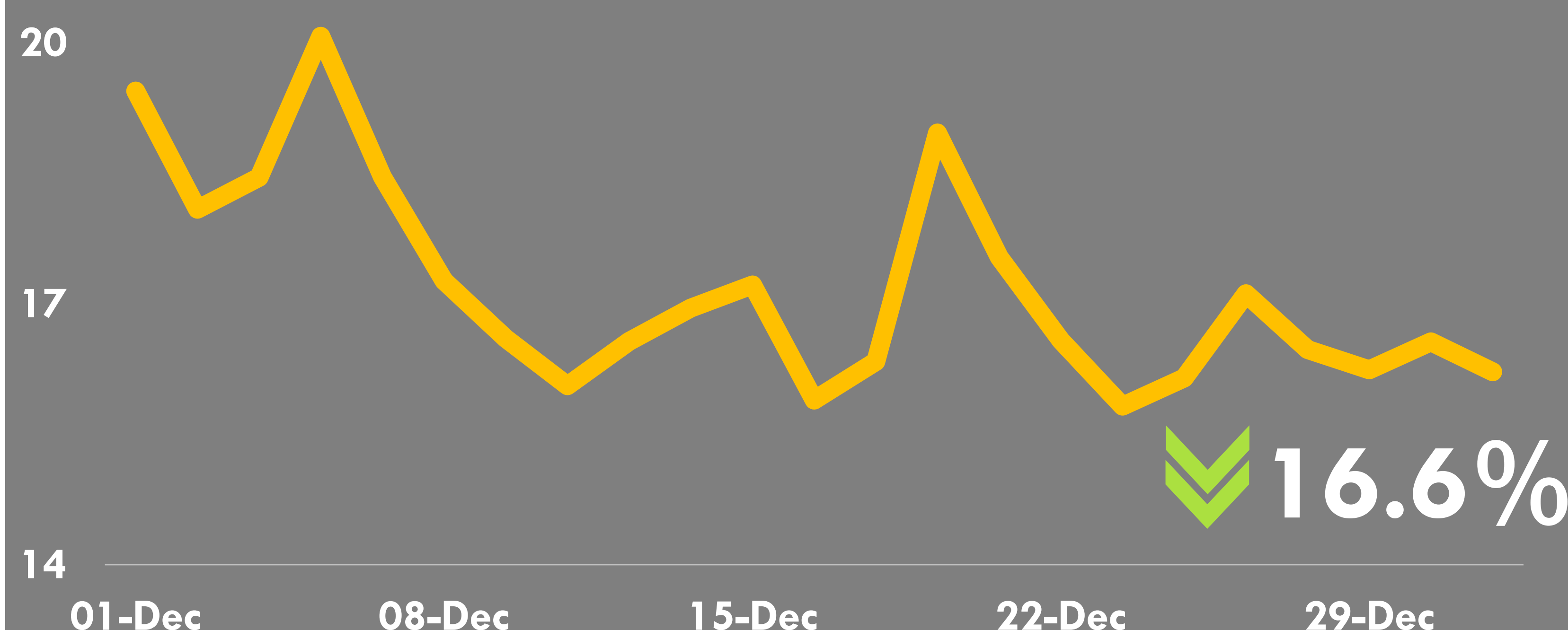


The US Office of the Comptroller of the Currency said it's soliciting feedback on draft principles to develop formal guidance for bank supervisors assessing lenders' risk with more than \$100bn in assets.

While large lenders have been tackling climate risks for some time, these principles are the first significant step by regulators under President Joe Biden's administration to push banks to address climate risks.

The principles will address everything from how climate change affects board room governance to its contagious effect on operational, liquidity, and credit risk, including guidance on how banks could project contingent losses on their books and their capacity to service poorer communities.

India VIX November'21



Source: NSE India

The month started with VIX going down as markets were in a super rally after RBI maintained the status quo in the bi-monthly monetary policy by keeping the repo rate unchanged at 4%.

The midweeks witnessed a deep slump that pushed the India VIX index up as the headline indices lost over 10%. Analysts mentioned that the Omicron fear, sell-offs by FIIs, and the hawkish global central banks caused the spooking in the markets.

Post this 20th, VIX consecutively reduced indicated the last week's correction spell has worn out as the benchmark indices climbed up by mirroring an upbeat in the global markets.

VIX in the last week of the year spurted a 6% hike given the lockdown measures announced for some parts of the country. However, as market indices showed positive signs, VIX cooled down over the week.

DERIVATIVES

Singapore Index Gets a Cut above NSE in NIFTY Futures Volume

The Singapore Stock Exchange



(SGX) outperformed NSE India in average volumes in NIFTY Futures trading this year. The total volume of NIFTY Futures contracts on the SGX was double whereas the average open interest was more than 3 times the size of its peer NSE.

NIFTY Futures is representative of the market and economy in general. SGX NIFTY is a derivative of the NIFTY index with NIFTY Futures as the underlying and no constituent shares. It trades on SGX, Asia's largest stock exchange. The prime reason for this disparity is the opening time for foreign markets which commences 2.5 hours before and allows overseas capital to set the direction for Indian markets. The power of price discovery is in the hands of foreign players. The trading session for SGX is 16 hours whereas, for domestic markets, it's 6.5 hours.

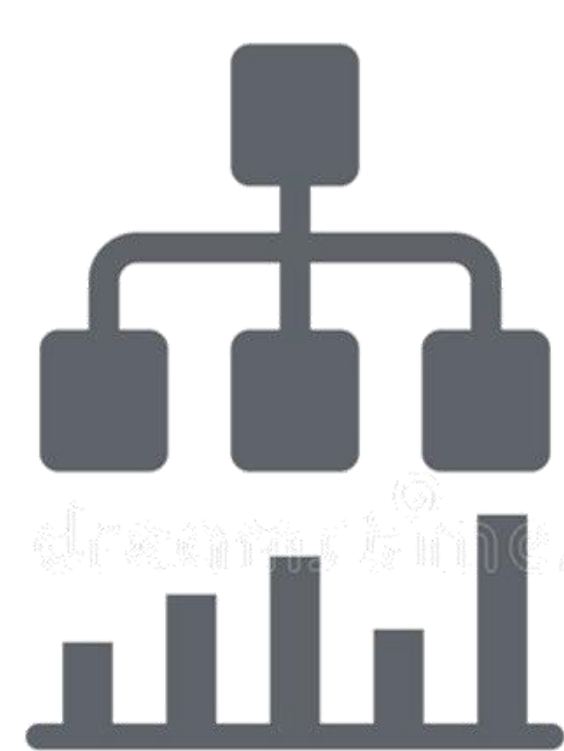
China to Ban Offering of OTC Derivatives to Individuals

In the course of bolstering up risk control measures, Chinese regulators have banned banks

and insurance providers from issuing OTC derivative products to individual clients and corporates for non-hedging purposes.

The regulators are urging the lenders to stop issuing products linked to commodity futures to the mom-and-pop buyers to prevent investment losses due to high commodity price volatility.

Regulatory concerns due to speculative bets as the market price surge prompted the authorities to call the shots. The aim is to amplify the crackdown on unchecked shadow banking which has siphoned money to inefficient sectors such as mining and real estate, resulting in the last year's stock market boom and bust. This draft will also push China's deleveraging goals to restructure its debt-fueled economy.



SEBI Suspends F&O Trade in 7 Agri Commodities

SEBI, in an attempt to rein in inflation, has suspended trade in 7 Agri

commodities which includes chana, mustard seeds, crude palm oil,

moong, paddy(basmati), wheat and soybean and its derivatives. Only squaring of existing positions is allowed and no new F&O contracts will be launched till further notice. The move came in after Wholesale Price Inflation (WPI) rose to a record high of 14.2% in November due to surging food prices.

The move will disrupt the entire derivatives market ecosystem including that of brokerage firms as this will leave the traders with only energy and metal contracts, rebutting SEBI's endeavor to strengthen the commodity derivatives market. The suspension at the time of winter sowing will leave the traders without a reference price and the importers, who hedged themselves against the price volatility, vulnerable.



Futures & Options

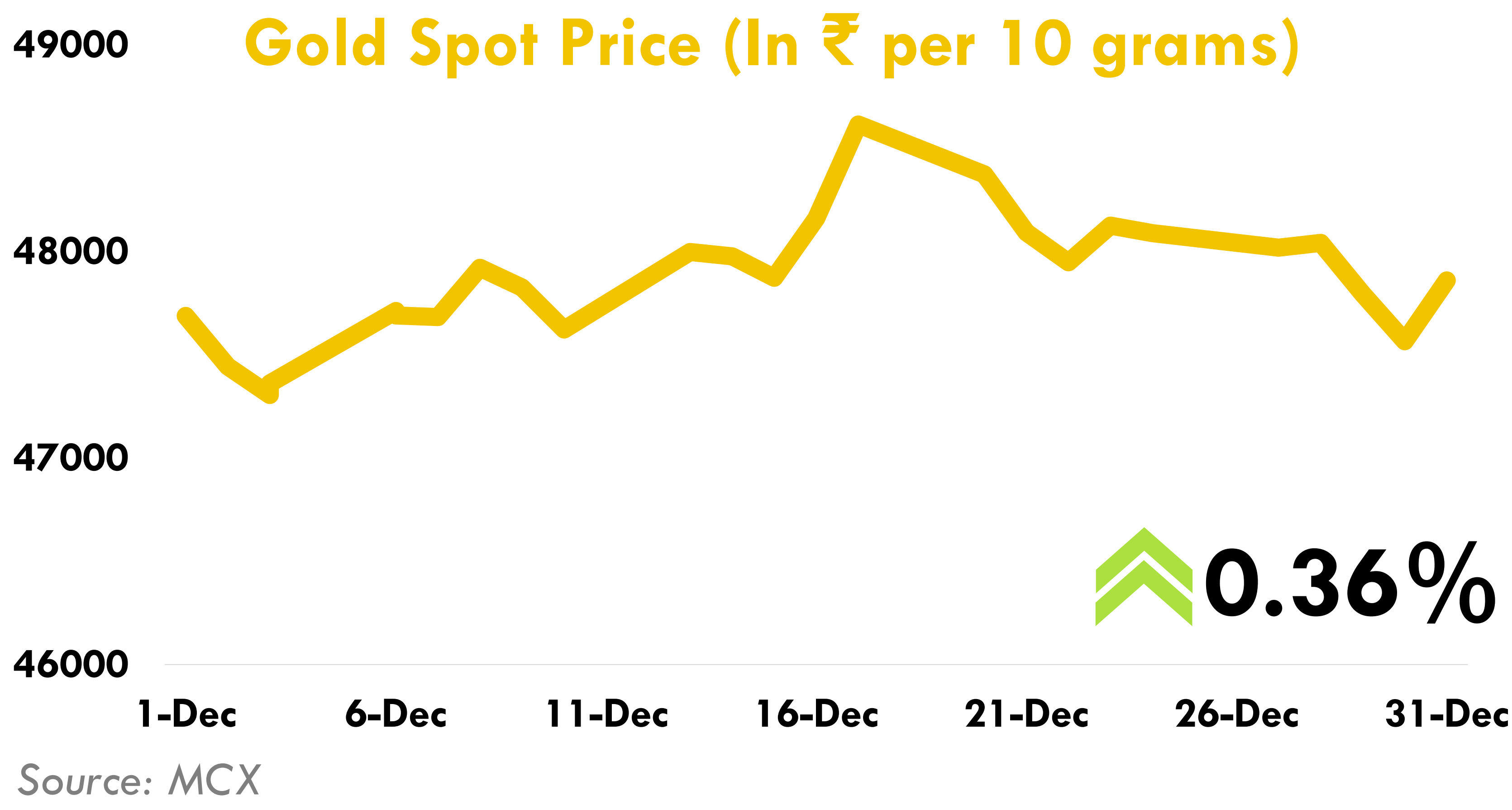
BSE Collaborates with Nashik Sarafa Associations

BSE have signed an MOU with Nasik Sarafa Association to consolidate bullion commodity contracts and educate its stakeholders on better risk management practices. The aim is to combine the resources and expertise of both parties to develop a self-sustaining ecosystem.

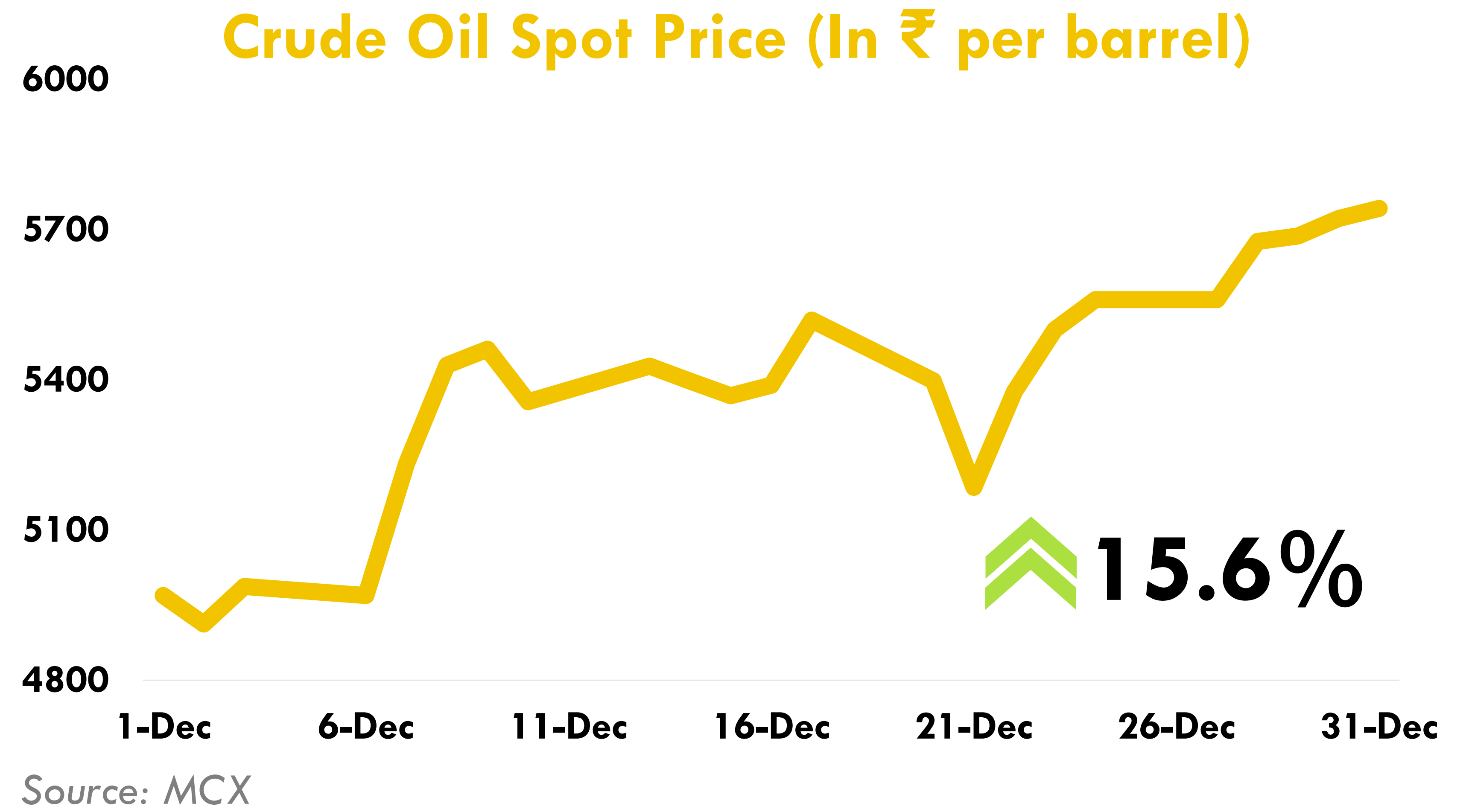
BSE is India's second-largest commodity exchange and a market leader in the bullion "options in goods" segment. It is the only exchange to have executed deliveries on gold under BSE-BIS India Gold Delivery Standard.

Both parties will work together to establish new bullion contracts in the commodity derivatives market. Bullion refers to the purest form of physical gold and silver. It can be traded in the form of physical assets, ETFs, and Futures contracts. India has the world's largest gold market but lacks in structure and organization. Mainstreaming bullion as an asset class will help India to achieve its trillion-dollar economy dreams.

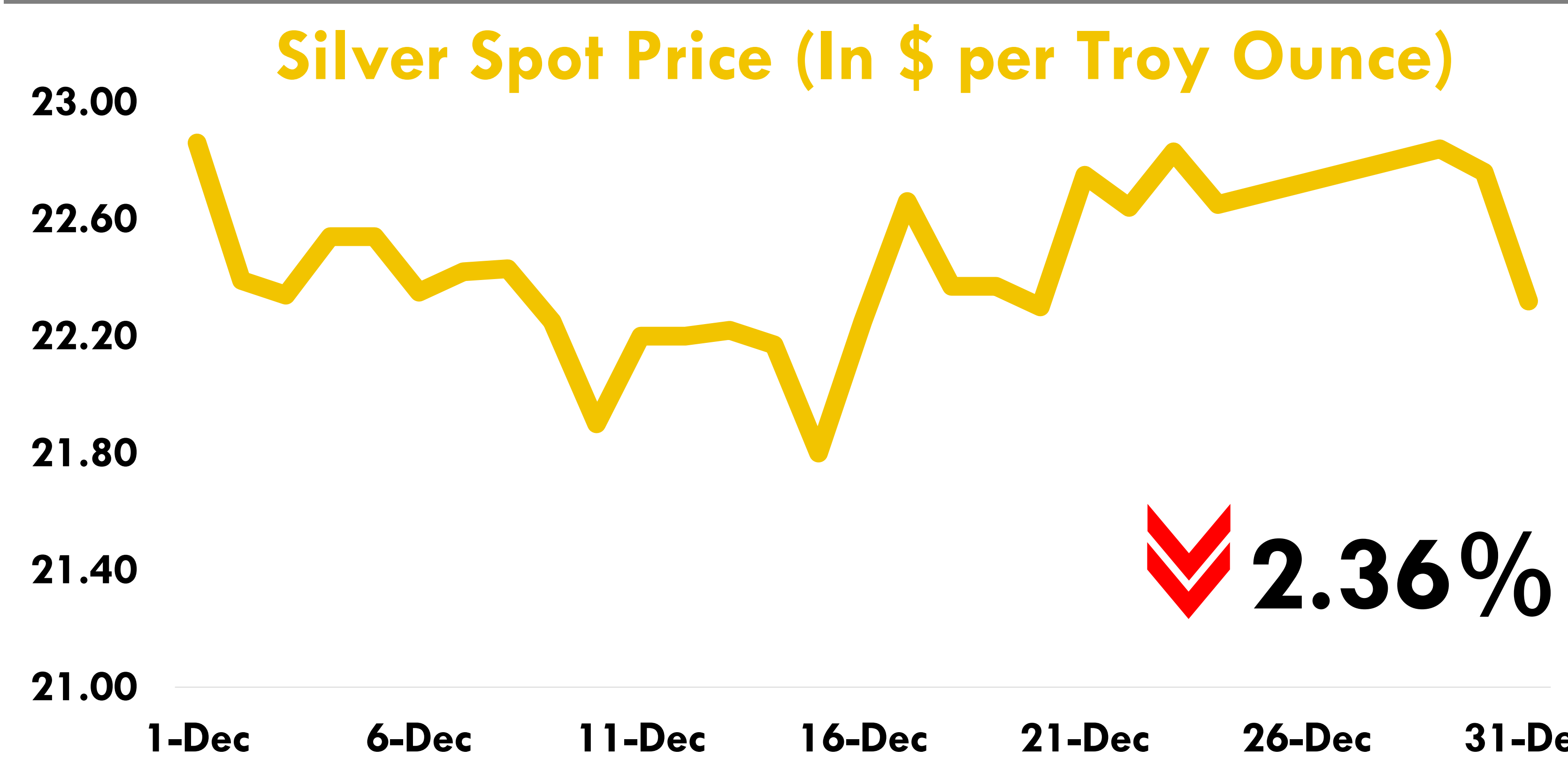
COMMODITIES



The month started with a sharp fall in the gold prices by 540/10 grams, as capitalists thought that the new variant is not going to affect globally so they are less concerned about the major inflationary pressures but it rebounded after a one-month low as the US federal reserve decided to end its pandemic-era bond purchases in March, with capitalists now awaiting policy decisions from other major banks. On the other hand, the US dollar index has been down as the market opened which triggered the gold market to surge.



The coronavirus epidemic has severely affected the oil market but as the world was slowly emerging from a lockdown-ridden 2020, the oil markets sought to recover but it declined in Mid-December due to growing impact from the omicron variant which overshadowed a bullish outlook and choppy trading. Despite rising by close to 2% in the first half, crude prices later pared gains to end the day in the red. The declines came because the UK reported its first death from the omicron variant, while the government warned of a "tidal wave" of omicron infections soon to come.



Silver is one such metal that has the liberty to either be a safe-haven asset on some occasions or to be a risk-off industrial metal on others. It is the investor's dilemma to predict which side it chooses to be. Hence it is very important to scrutinize trends and charts for direction.

The weekly charts show a bearish pull in the prices of the close dated silver futures for the past 11 months after a \$30.35 an ounce high in February 2021. Meanwhile, the monthly charts show a neutral trend, with choppy and sideways price action.

A drop below the support level of \$21 would give more longer-term technical power to the bears and a hike above the resistance level of \$25 will charge up the bulls. Silver will closely follow gold at times when market sentiment is risk-aversion owing to high volatility and global inflation.

Fuel Consumption Pattern During Nov'21

According to Petroleum Planning & Analysis Cell, consumption of petroleum and petroleum-related products in Nov'21 recorded a growth of 0.8% YoY and stood at 17.9 MMT.

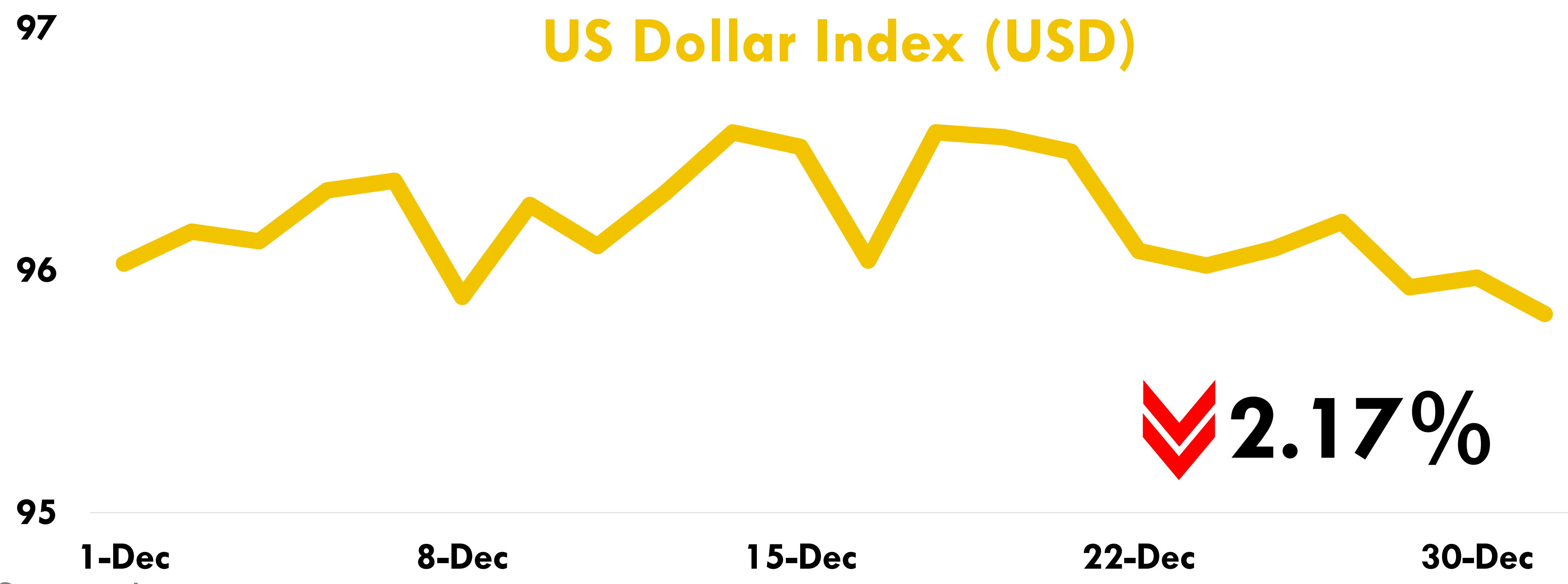
Petrol consumption in Nov'21 rose by 3.6% to 2.75 MMT. The growth trend continues as the country is prepared for the festive season.

Diesel consumption last month recovered to 94.4% of the volume of 7.0 MMT from 6.6 MMT as excess rainfall affected consumption in mining and road transport sectors.

LPG consumption recorded a growth of 2.8% to 2.5 MMT in the month of Nov'21. An increase in consumption during the month was led by the non-domestic category followed by growth in the domestic category as well.

ATF consumption also rose by 33.1% to 0.5 MMT as domestic air travel increased for both business and leisure as they were allowed to operate at full capacity while International air travel continued to remain regulated.

CURRENCY



An upper shift in the US yield curve at the starting of the month gave relief to the falling dollar index. Henceforth, the index moved sideways this month, mean-reverting with high variance. The fall in the unemployment rate from 4.6% in October to 4.2% in November and the addition of 2.1 lacs to the US's Non-Farm Payroll raised the index. However, the Fed's announcement of keeping the interest rate unchanged at 0-0.25% and doubling the rate of tapering from January 2022 dragged DXY. Further, a fall in the US Treasury yields towards the end of the month led the index to end on a negative note.

Erroneous Monetary policies might just be the end of Turkey's economy

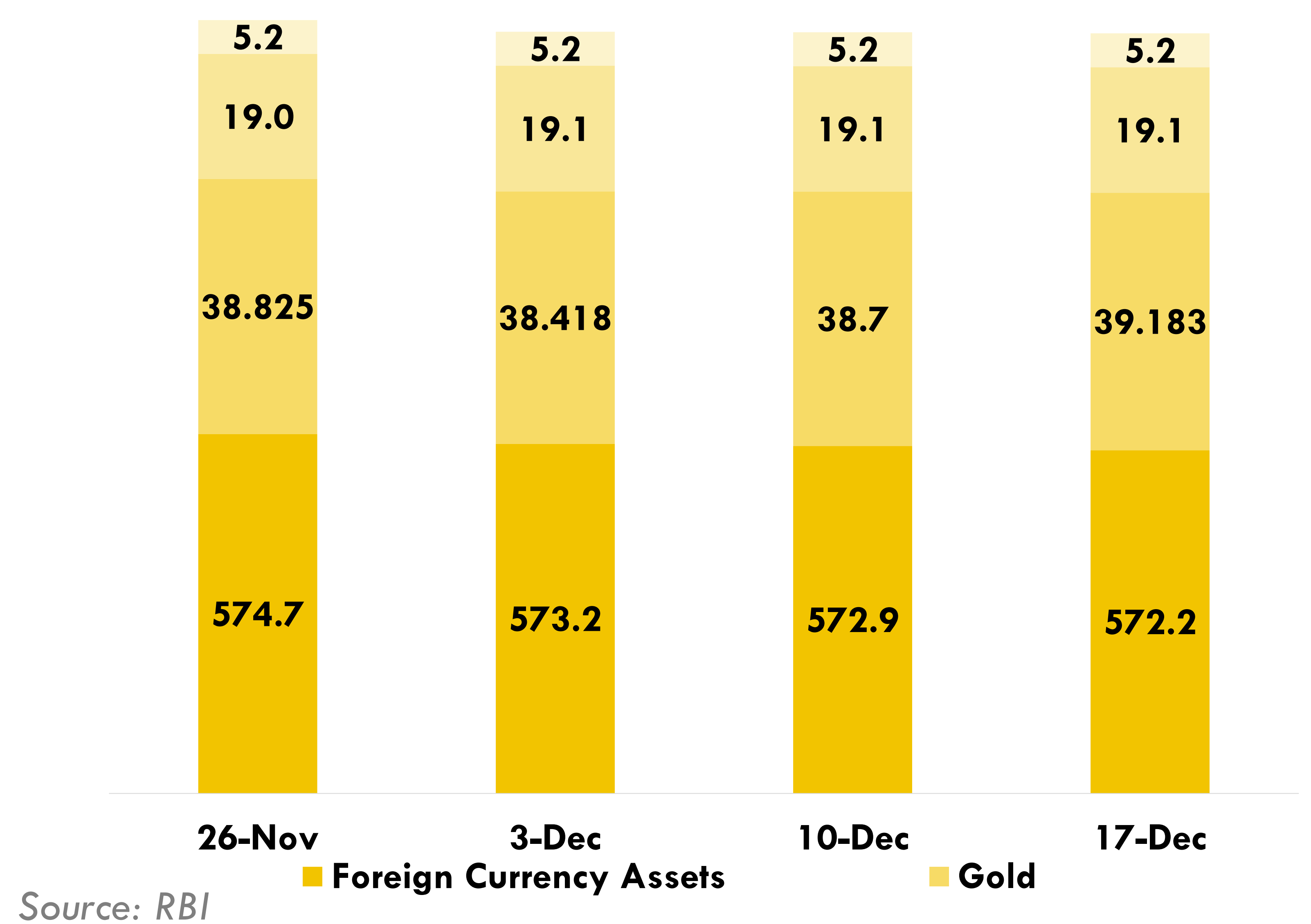
In 2018, what started as debt restructuring and political reforms, turned into a massive currency crisis. Currently, Turkey is suffering from inflation of ~58%, during which the PM is unconventionally still lowering the interest rates to decrement inflation. Turkey's home currency, Lira, has lost 30% of its value in November alone. Due to such high inflation, the people of Turkey are cutting down their consumption by almost half. With the currency touching all-time lows, prices of goods skyrocketing, and rising unemployment prevailing in the economy, the country has entered into a phase of stagflation, leading the country's economy towards a catastrophic future.

Gold Reserves Giving Support To The Tumbling Indian Forex Reserve

Indian Forex Reserve

India's Forex Reserve plunged by \$587mn to \$635.08bn. The fall was largely caused by a decline in the Foreign Currency Assets (FCA), which majorly consists of US treasury bills and bonds. Therefore, the weakening of the USD devalued the US treasury bills and bonds, henceforth reducing the reserve. The fall was subdued owing to the RBI's large gold reserves, holding almost 6-6.1% of the Indian forex reserves. The surge in the gold prices acted as a hedging instrument against the falling FCA.

FOREX Reserve (USD Billion)



Currency	1 st December'21	31 st December'21	Change (%)	Trend
INR/USD	INR 75.00	INR 74.49	↑ 0.7	
INR/EUR	INR 84.89	INR 84.79	↑ 0.1	
USD/EUR	USD 1.13	USD 1.14	↓ -0.6	
JPY/USD	JPY 112.75	JPY 115.05	↑ 2.0	
CAD/USD	CAD 1.28	CAD 1.26	↑ 1.4	
USD/GBP	USD 1.33	USD 1.35	↓ -1.9	
USD/SEK	USD 0.11	USD 0.11	↓ -0.5	
USD/CHF	USD 1.08	USD 1.09	↓ -0.9	

Source: Investing

OTHER ASSET CLASSES

MetaSpace REIT

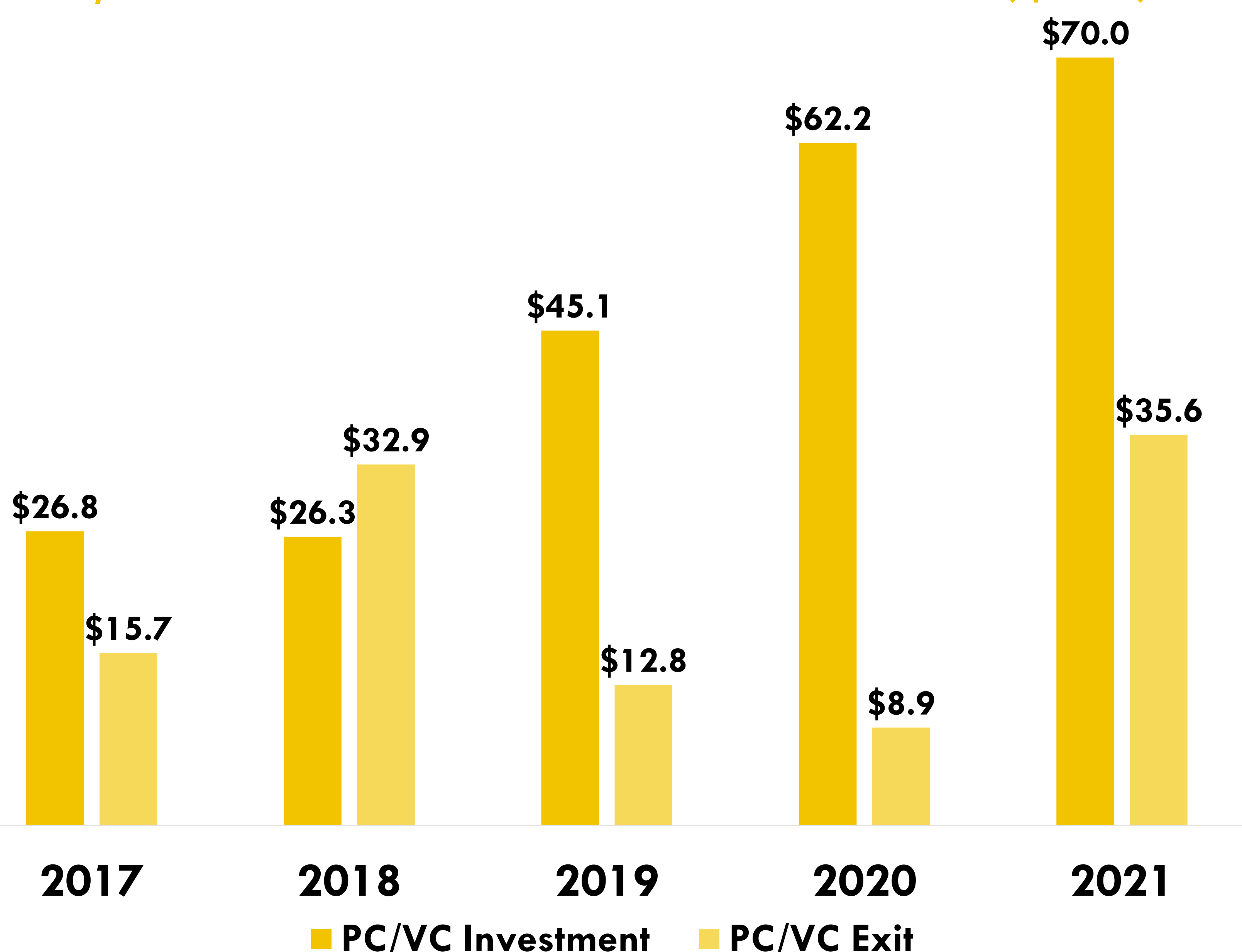
With the recent hype in the development of Metaverse, the traditional REIT market is set to see a regime change with the launch of MetaSpace REIT (MREIT). It is a metaverse REIT that aims at acquiring and minting digital assets across the metaverse where the token holders earn yields through smart contracts. It had a successful venture capital round in Unicrypt, where it saw a 30% growth in just 24 hours. Now, the trust is launched on PancakeSwap, the decentralized exchange having daily trading volumes over \$2 bn. This offers a great opportunity for traditional REIT investors to diversify their portfolios into the virtual real estate world and be a part of one of the fastest-rising asset classes.

MREIT

PE & VC - New High

For the year 2021, Private Equity & Venture Capital investment is estimated to reach a new high of \$70 billion. Consumer Technology and IT/Saas (Software as a service) sectors have attracted the highest investments on the back of great expectations of tremendous growth in the coming years. In 2020, the investment stood at \$62 billion including a single large deal of \$26.5 billion by the Reliance group, funding into Jio and Reliance Retail. However, despite the absence of any such large deal this year, there has been an overall growth. Therefore, with the value of the investment, the number of deals are also on the rise.

PC/VC Investment from 2017 to 2021 (\$ bn)

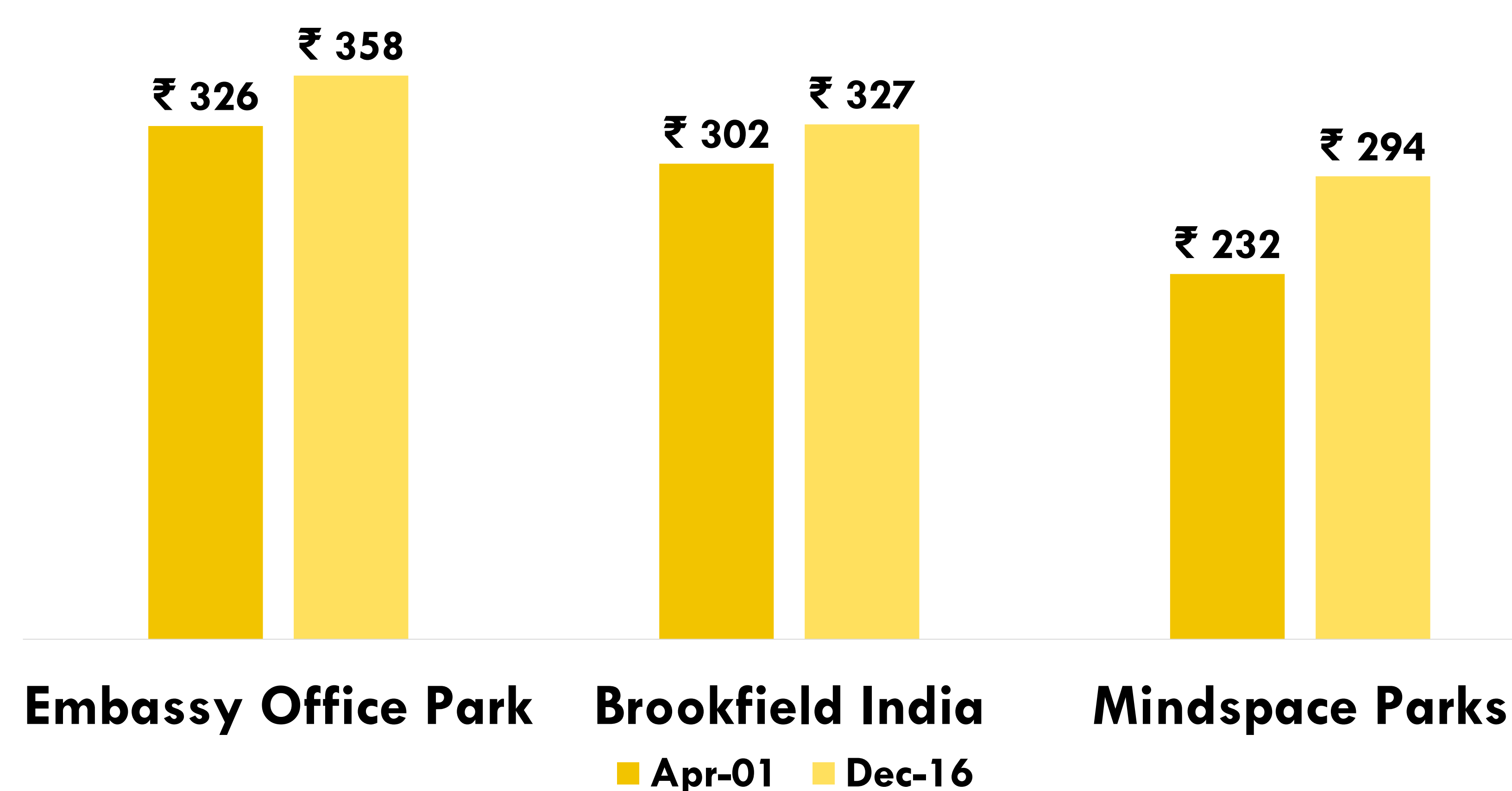


Source: Bain and Company

Real Estate Market is on the Path to a Good Recovery

With the reopening of offices and the resuming commercial activities, the demand for offices and commercial space has surged significantly. Offering profitable investment opportunity in this promising market, REITs has obtained great popularity among the investors. In H1FY22, the net absorption, i.e., the net commercial area used by any company in a certain period of time, was 53% less than in H1FY20 (pre-covid). However, with the gradual resumption of the economy, H2FY22 has witnessed an uptrend in the occupancy rates. Also, new office completion is on the rise, crossing the pre-covid levels by 2% already. Despite the pandemic, there has been a strong rental collection, standing at 98%-99%.

REIT Unit Price Movement



Source: Investing

High Return-Offering New Smart-Contract-Based Crypto App Launched Globally

A smart-contract-based decentralized app (dApp) named BNBXMAS was launched on Binance Smart Chain (BSC) this month. BSC has recently gained a lot of popularity among crypto investors because of its cheap offerings as well as interoperability services among other exchanges. BNBXMAS has been confirmed to be purely secure with no security loopholes.

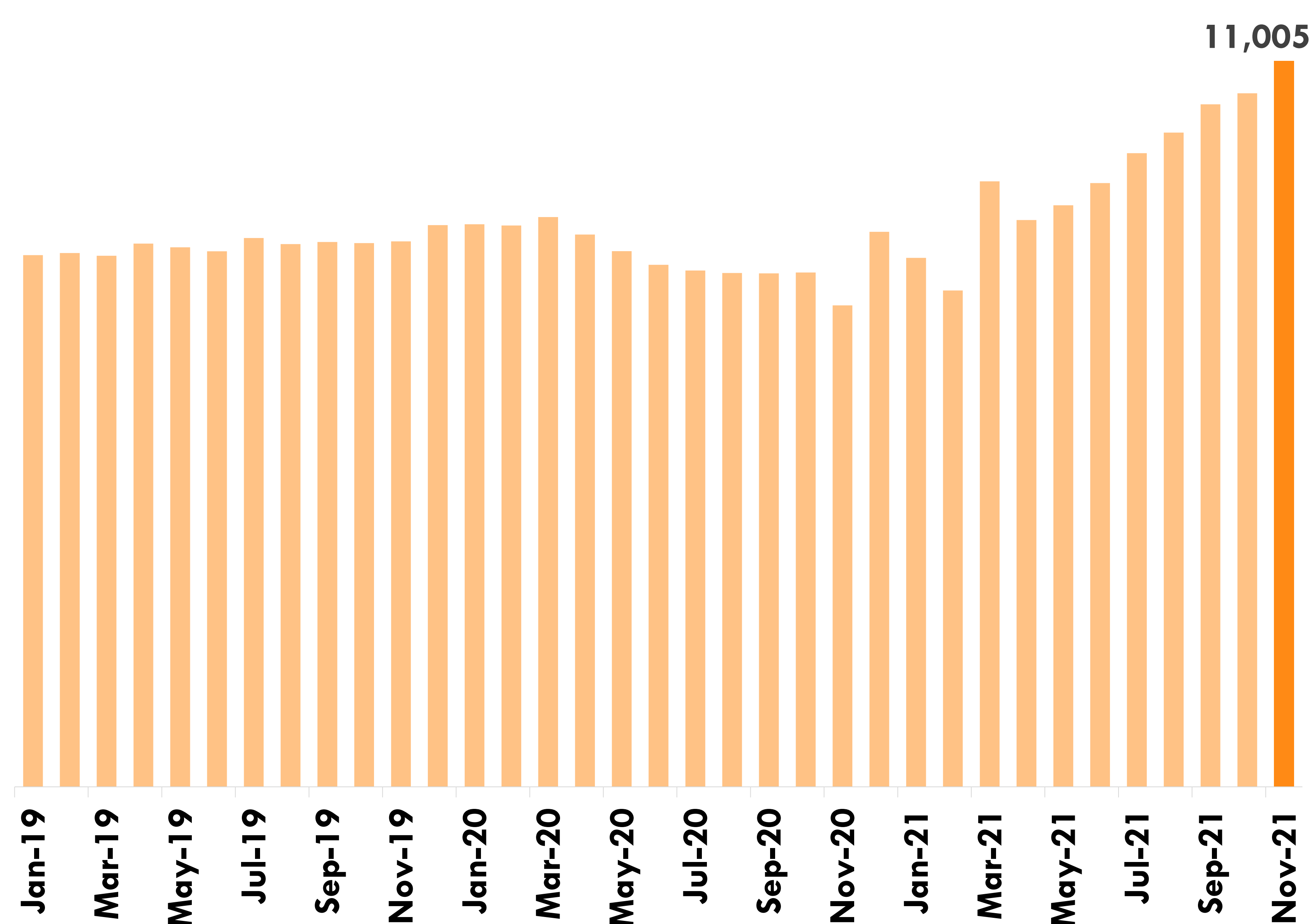
It aims at deriving the full utility of the BSC without investing an ample amount of time and resources into it. It offers the investors an opportunity to invest as little as 0.01 BNB while earning around 8%-17% return daily.



Mutual Fund Industry Witnesses High Inflows, SIP Investments Hits New Record

Despite the current market volatility resulting from the outbreak of the omicron virus, SIP inflows continue to break records. Over the last nine months, though there have been major corrections to the market, investors have found it to be a good entry point into the market. There were ₹4.78 crore MF SIP accounts by the end of November.

SIP Contribution Net investments (₹ Cr.)



Source: AMFI

Life Insurance Industry Comebacks After Spike in Premium Rates

The life insurance industry bounces back after underperforming in the previous month, supported by an



increase in group single premiums by both private insurers and the Life Insurance Corporation (LIC) of India. Premium income from the new insurance business grew by 42%, from ₹19,159 Cr. in Nov'20 to ₹27,177 Cr. in Nov'21. LIC reported a 32% YoY increase and private insurers reported a 58% YoY increase.

As the COVID-19 has been receding, industry experts believe the economy has rebounded due to a robust drive of vaccinations. The growing concern about securing their lives has fueled the health industry's growth.

Equity Inflows Continue to Record High Inflows.

Net inflows for the equity mutual fund reached ₹11,615 crores for the 9th successive month in November, which is nearly double the amount accumulated in October. As a result of the correction in the stock market in November, investors had an opportunity to invest, which has resulted in higher flows into these funds.

The mutual fund industry is expected to report good growth and deliver value to investors due to supportive RBI policy, focusing on economic revival and keeping inflation under control.

India's First NIFTY Alpha 50 ETF to be Launched by Kotak Mahindra AMC



The ETF tracks stocks with the highest alphas over the past year. Based on the average daily turnover and

free-float market capitalization of the past six months, the stocks are selected from the top 300 companies.

An AMC will invest solely in stocks based on different strategies and strive to earn aggressive returns. This type of fund is suitable only for investors with a high risk appetite, as it is not like any other typical fund. The security which has the highest alpha in the index will be capped at 5%.

Axis AMC's Growth Avenues Hits its Target of ₹1,000 Cr. at Final Close

Axis AMC has managed to raise ₹1000 Cr. from the final close of Axis Growth Avenues AIF-I. This fund will invest in various sectors that use deep technology as their key differentiator. In less than 3 months from the initial close, AMC secured some HNIs and NRIs as investors.

Fund investments will be made in mid-to-late-stage unlisted companies with a technology-enabled and scalable business model that can deliver long-term growth and a favorable risk-return profile. The fund house targets a portfolio size of 8-10 companies with an average deal size of ₹100-₹150cr each.

M&A

Magenta Invested ₹50 Cr. into EV Component

Manufacturer

magenta



Magenta, an electric vehicle charging solution company, acquired a majority stake in Axiom, India's biggest electric rickshaw charger company. Recently, Magenta signed an MoU with the state govt of Tamil Nadu to set up a ₹250 cr. EV charger plant that mainly focused on R&D and manufacturing.

Axiom Energy Conversion is a 25-year-old Hyderabad-based company having expertise in battery chargers and DC converters. Axiom aims to be the largest 2 & 3-wheeler component supplier and envisaged to six-fold its manufacturing unit by the end of 2022. The acquisition will let Magenta have an in-house manufacturing advantage for its EV charging equipment.

The strategic partnership of Magenta with Axiom catapults across its business verticals spanning from integrated charger manufacturing to charging tech, charging as a service, and last-mile electric delivery. Their future expansion plans include deploying these integrated EV solutions across the country.

Purple Strengthens International Offerings.



Ecommerce beauty firm Purple acquired the Indian arm of skincare and cosmetics brand, Faces Canada. Purple recently raised \$60mn from the Azim Premji family office and \$75mn from Kedaara Capital to fuel its growth and acquire beauty brands across categories. The common investors between the deal are Sequoia Capital. The acquisition will elevate Purple's international product offering and tap into the next level of diverse customer base. Together they plan to provide an enhanced personalized experience with international quality cosmetics available for all Indian consumers. Purple is actively scouting for multiple such acquisitions to strengthen its portfolio and scale its presence in the Indian market by reaching more untapped pockets.

Vedanta's Forays Into Nickel and Cobalt Space



Vedanta Ltd is a mining company that has acquired goa-based defunct Nicomet, a leading nickel, and cobalt producer. Nicomet stopped operations in 2018, Vedanta plans to revive the plant by March 2022.

The natural resources company Vedanta plans to capitalize on the electric vehicle and energy boom. Nickel and Cobalt are the key raw materials used in batteries for electric vehicles, manufacturing of stainless steel, and energy storage systems. Currently, India is importing 100% of its Nickel needs. The acquisition will make Vedanta the sole producer of Nickel in the country, to meet 50% of India's total Nickel demand. The transaction will help boost India's carbon neutrality goals and transition to a net-zero economy.

EaseMyTrip Adds Another Revenue Stream



An online travel booking platform, EaseMyTrip acquires YoloBus, an intercity mobility platform. The transaction involved acquiring the brand name, team, tech, data expertise, and its running business-opening a new revenue stream to the firm. Together they will offer an enhanced next-generation bus experience at delightful prices.

Bus travel remains the dominant model of travel in India and has a huge opportunity. YoloBus is a full-stack technology-enabled platform with an asset-light model that works with bus operators pan India, connecting tier-1 cities to tier 2 & 3 cities.

The acquisition will allow EaseMyTrip to strengthen its presence and fast-track growth in the non-air business line giving Indians a better and modern way to travel on buses by leveraging YoloBus.

STRATEGY

DHL's "Accelerated Digitization of Supply Chain" Strategy to Leverage TuSimple's Technology

DHL, the shipping giant, has partnered with San Diego-based autonomous driving tech company, TuSimple as a part of its accelerated digitization strategy. TuSimple aspires to revamp the \$4 trillion global truck freight industry by providing fully autonomous driving solutions for long-haul heavy-duty trucks. DHL has ordered 100 such trucks as an extension to the partnership after utilizing TuSimple's Autonomous Freight Network (AFN) for hauling freight earlier this December.



DHL has identified that digitization can solve the lags in the shipping industry such as warehousing problems, labor shortage, and cost inefficiencies by leveraging TuSimple's robotic semi-trucks for hauling freight. These trucks can see 1,000 meters away, operate almost continuously and reduce fuel consumption by 10% as compared to manually operated trucks.

Thus, a lowered hazard rate and operational cost, future sustainability, and a step closer to DHL group's aim to provide emission-less logistic services by 2050. Digitization will further open doors for DHL in the Asian/European markets and bestow a competitive edge to it. The synergies can bring about a pivotal disruption in the transportation industry required for a paradigm shift.

IndusInd Bank Partners with Samunnati

RBI earlier released its guidelines on Co-Lending Models (CLM) between scheduled commercial banks and NBFCs to leverage their comparative advantages. The aim is to provide affordable financing and market linkage to the unserved and forlorn strata of the society using the bank's lower borrowing cost and NBFCs deep-rooted network across the section. IndusInd Bank's strategic agreement with Chennai-based Samunnati, an agri-value chain financier, is one of the first such partnerships.



This alliance is aimed at popularizing Farmer Producer Organizations (FPOs) as an asset class. FPOs are agricultural cooperatives established to empower small-scale farmers by providing them technical, financial, and logistic assistance. Samunnati has an extensive network of FPOs - 1500 farmer collectives, and 6 million members. IndusInd Bank will disburse an initial amount of ₹150 million among these collectives.

FPOs are Govt.'s latest approach to mechanization and unification of India's agricultural sector which lags behind most of the developing nations. Therefore, this alliance will bring FPOs to the forefront of the business, leading towards a technology-driven transformation aimed at upscaling the farmer's income, competitiveness, and self-sustainability.

Aditya Birla Fashion and Retail Limited (ABFRL)'s Consortium with Reebok

Authentic Brands Group (ABG), and ABFRL signed a long-term licensing agreement granting exclusive rights to ABFRL to sell Reebok products through wholesale, e-commerce, and Reebok retail outlets in India and other ASEAN countries. ABG acquired Reebok from Adidas last year for \$2.5 billion. ABG is a brand aggregator that sells country-wise distribution and manufacturing rights to other companies. ABFRL is a retail fashion and apparel company that owns iconic brands like Van Huesen, Peter England, Allen Solly, and Louis Phillipe.



This deal is ABFRL's official entry into India's sports and activewear segment which is growing exponentially at an annual growth rate of ~14% reaching \$13 billion by FY24. This is due to rising income levels plus health consciousness and active lifestyle choices amongst the youth. Thus it will let ABFRL establish an extensive portfolio and bolster its market capitalization and consumer engagement.

MARKETING & BRANDING

Cadbury's Silky Monopoly

Dairy Milk, the chocolate company on average, sells 350 mn bars every year all over the world.



They are the most loved Indian chocolate brand with a 70% market share.

Cadbury was launched in India in 1948 but remained unsung as the concept of chocolate wasn't popular in the land of sweets. In 1994 they came to the limelight when their ad 'Asli Swad Zindagi Ka', where a girl started dancing on the cricket ground while enjoying a Dairy Milk bar.

In the 2000s, they signed Amitabh Bachchan as their first celebrity ambassador to promote their marketing campaign- 'Kuchh Meetha Ho Jaaye' that positioned the chocolate brand as a substitute for traditional sweets during festival seasons. Soon they creatively launched the 'Meetha' after dinner and Cadbury Celebrations- targeting every occasion.

Though chocolates aren't a part of our tradition, Dairy Milk understood the importance of sweets in the Indian culture and have associated themselves with the word "Meetha" meaning sweet, a strategy endorsed to counter traditional sweets.

India is a traditional country, Dairy Milk adjusting and evolving itself to the sentiments and culture of the country has made it a household name. The chocolate brand has its unique and lovable advertisements with catchy jingles- 'Shubh Aarambh', 'Kiss Me' etc., continues to rule the hearts of many.

Hey, I just turned 80!

The \$38 bn. Mars Group introduced its flagship product



M&Ms in 1941. The M&M candies have sold in over 100 countries since 2003.

In 1949 the brand released the tagline "Melt in your mouth, not in your hand," this led to a significant hike in sales because it delivered a solid insight to parents who didn't like seeing their children making a mess when eating chocolates. Within a decade, the candies got so popular that the brand started to stamp each candy with the letter 'm' to help customers find the real M&Ms from its inferior imitators.

In the 90s, the brand struggled and lost its share to other chocolate players. That's when the concept of M&M characters came up. Each candy inspired by its color got its own character and personality trait. Soon the characters became the center of the brand's communication, advertising, and packaging. Today across all social media platforms- the brand has garnered millions of followers with its quirky style. The brand knows how to entertain and be part of the culture and conversation for every generation. It has not let competitors put a dent in its strong brand love. The big reason behind their success has been its colorful marketing strategy that has led them to achieve pop-culture status.

Good Service is Good Marketing

We seldom come across a successful business that spends no big money on advertising.

Despite having several accolades on its walls, Taaza Thindi is a self-service budget restaurant in Bengaluru that works by the old phrase "Good wine needs no bush."



In the digital age, where a single tweet can boost or tumble down the sales of a company, the restaurant chain without any social media marketing has been thriving by sticking to the good old business model of quality, hygiene, affordability, and excellent service. The restaurant takes leverage of its customers' social media presence, who can't stop raving about the quality and service of the restaurant on their digital handles, thereby raising brand awareness and providing "Taaza Thindi" with a wider target audience.

They use technology to automate non-core activities like dishwashing and temperature monitored fermentation rooms, things that are still uncommon in most Indian restaurants. The automation strategy has awestruck customers to spread the "word" about their hygiene and quick service. The brand leaves no stone unturned to keep its customers satisfied, which earned the brand "ZOMATO Highest Popular User Award" in 2015. The founder's outlets are landmarks in Bengaluru, known for the value for money, something Indians love.

COVID UPDATES

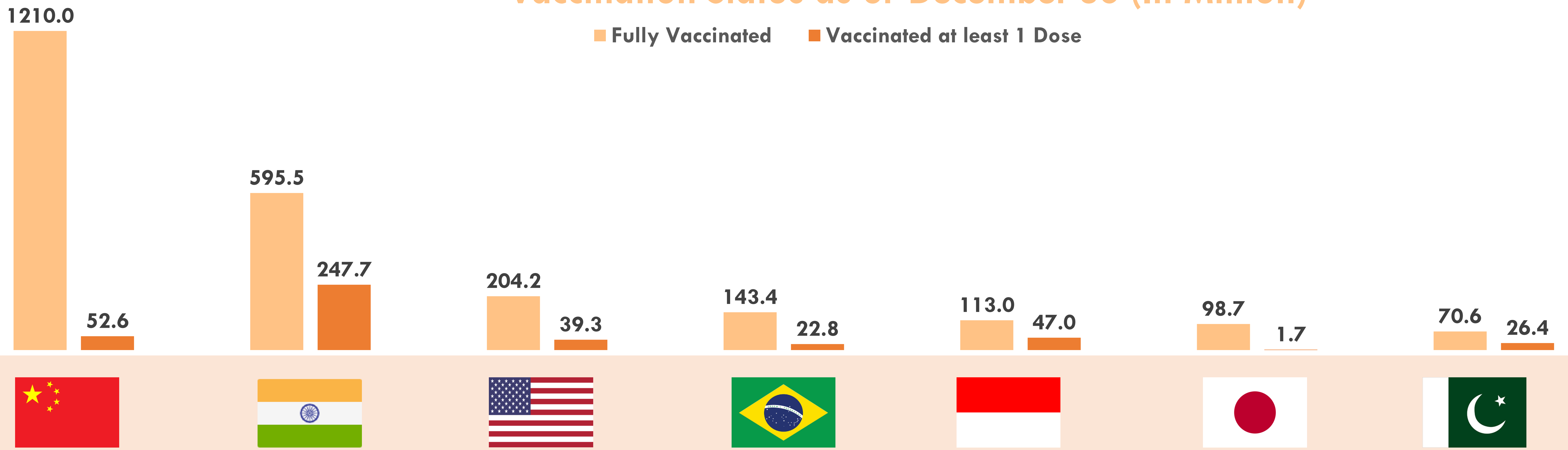


COVID cases across the Globe, data as of 31st Dec
 281M- Total no. of cases
 253M- Recovered
 28M- Active cases
 (0.3% are serious and 99.7% are in mild condition)



COVID cases in India, data as of 31st Dec
 34M - Total no. of cases
 34M - Recovered
 0.10M- Active cases
 (9.03% are serious and 90.97% are in mild condition)

Vaccination Status as of December'30 (In Million)

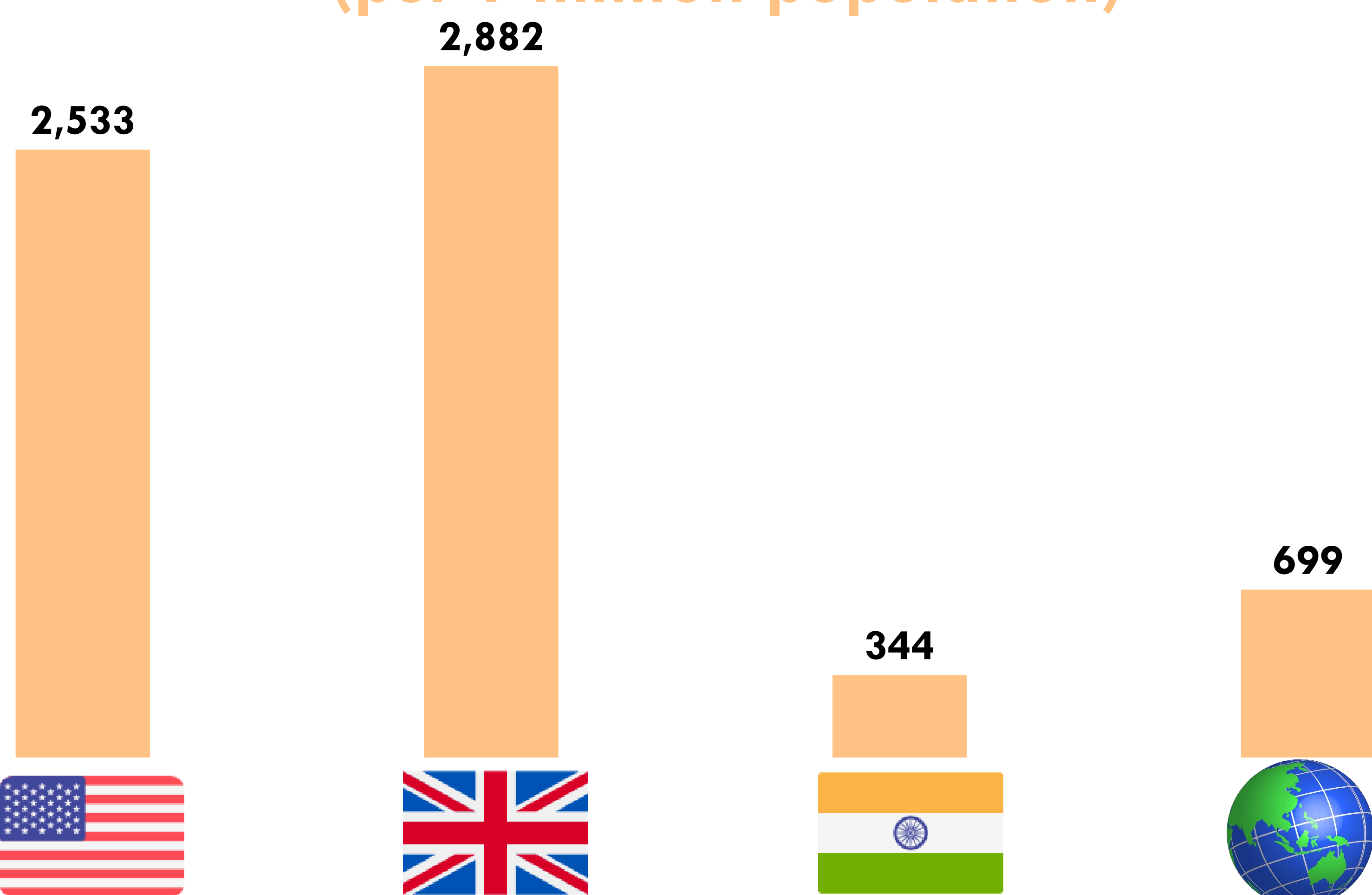


Source: Our World In Data

India to Ramp up its Vaccination Drive from January 2022

Amid the looming Omicron fear, India will start administering COVID vaccination to adolescents between the age group of 15-18 from Jan 3 as announced by the PM on 25th Dec. From 10th Jan onwards, elders above the age of 60 with comorbidities, frontline, and healthcare workers will also be eligible for the “precautionary doses” given they received their second dose 7-9 months ago. India has roughly 680 million doses, mostly Covishield – 179mn doses with the States and 500mn doses with Serum, Institute of India. Of this, children will be administered only Covaxin, and elderlies with comorbidities will be given either Covishield, Covaxin, Sputnik V or ZyCov-D.

Total Number of Deaths (per 1 million population)



Source: Worldometers

PAXLOVID - World's First Pill to Treat COVID gets Approved in the US

The FDA has now approved the use of Pfizer's COVID-19 antiviral, at-home pill, Paxlovid to treat novel coronavirus. This breakthrough treatment will be given only upon doctor's prescription to the high-risk individuals over the age of 12 who weighs at least 88 pounds (40 kgs) and have tested positive. Trials have been shown to cut risks of hospitalization or death by 89% if given to high-risk individuals. The efficacy was 88% when taken within the first five days of infection. However, it might take months to reach Indian markets due to regulatory requirements.

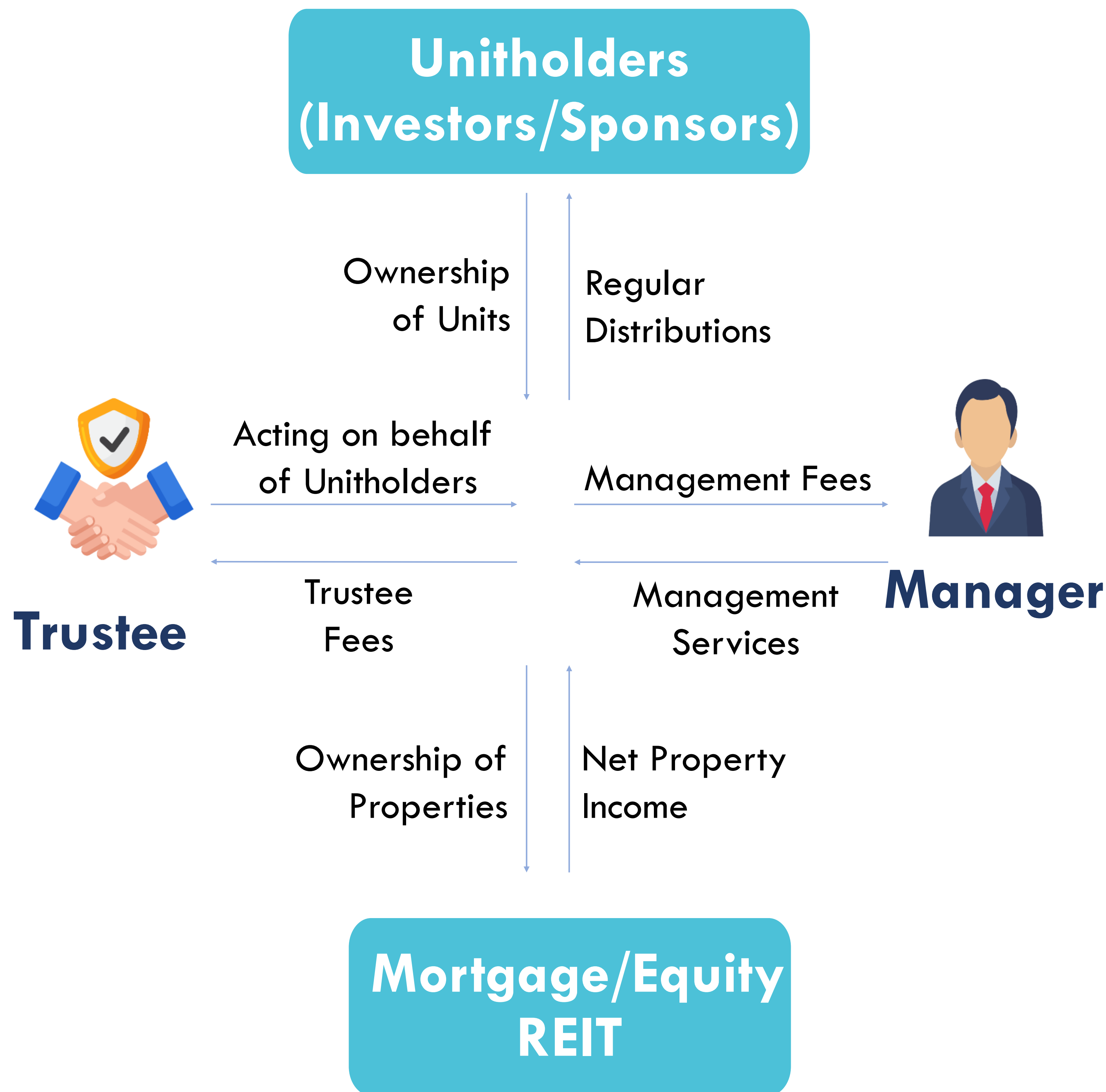
Looming Omicron Threat: Trouble for the UK

UK is in grave condition. It has registered nearly 2 lakh fresh omicron cases till now with the latest 1lakh cases in a day, the highest in the world. 1.7 million in the UK and one in 35 in England had covid by Mid-Dec. The government modeling predicted that mutant super strain is doubling every two days. The initial stage of omicron spread is higher than the peaks of the other two waves. A lower vaccination rate amongst the youth has made them the most vulnerable.

All the precautionary measures have been reinstated including social distancing rules and travel restrictions ahead of Christmas and New Year.

COVERAGE THIS MONTH

Real Estate Investment Trusts



REITs are an emerging asset class that provides both regular dividend income and investment opportunities in the emerging real estate sector. Their global market capitalization is around \$1.70 trillion. They can only own or invest in properties that generate income, such as residential, industrial, specialized, retail, and so on. The office segment REIT alone occupies 294 million square feet in India, which could result in a \$35 billion inflow. REIT portfolios have a high concentration in the following metropolitan cities such as Bengaluru, Hyderabad, Chennai, Delhi-NCR, Pune, and Mumbai. Chennai, Pune, and Hyderabad are also popular destinations for IT and global corporations, which could fuel REIT growth.

Consideration Analysis for investing in REITs:

- Remaining Lease Term
- Tenant/Geographic Concentration
- Cost of re-leasing space
- Market Rent Analysis
- Management/Leverage Analysis

[Click Here to Know More](#)

Aviation Industry

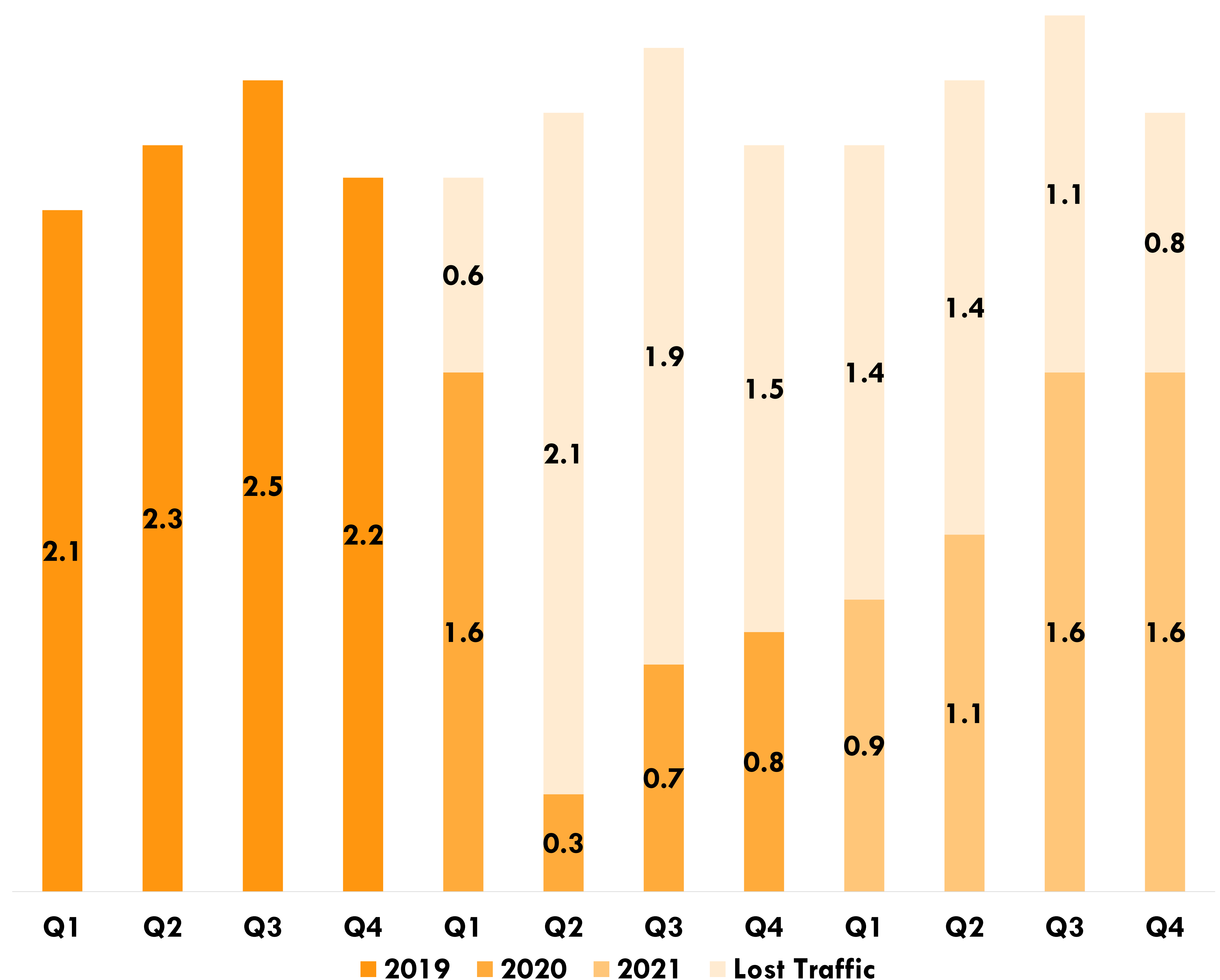
The industry that supports \$3.5 trillion (4.1%) of the world's gross domestic product (GDP) – the Aviation Industry!

India has recently become the 3rd largest market in terms of aircraft passengers. However, the pandemic has hit the industry very hard. It is one of the most affected industries by the Covid-19.

The persisting threat of the spread of the virus has led the airline players to equip new methods, abiding by the Covid-19 norms to avoid any further outbreak. The uncertainty around the sector is not quantifiable as the third wave could hit us anytime or not even at all. If the lockdowns are back in place, the sustainability of the companies would be in question. However, the companies standing post-pandemic seem to have a very bright future in the long term.

[Click Here to Know More](#)

Predicted Global Quarterly Passengers Losses Due to the COVID-19 Crisis (In Billions)



PINION POLL

“Overall Q2 GDP growth was on expected lines. On the demand side, investments (largely government) continued to remain the key growth driver while private consumption is yet to show a decisive recovery. Also, unlike last year, net exports are again a drag on the economy”.

-Dharmakirti, Chief Economist, CRISIL Ratings Ltd.

“Wholesale inflation is 14.2% and ‘unemployment’ has expanded by 10.48%. Now, without private investment (increasing), we may be heading towards stagflation.”

-Amit Mitra, West Bengal’s former finance minister

“Corporate governance is a subject of intense debate globally and in India. Proper governance supports entrepreneurship and professionalism in a firm and gives confidence to a wide variety of investors.”

-Uday Kotak, MD & CEO, Mahindra Bank

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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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