



Leveraged Growth

MONTHLY REPORT AUGUST 2022

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The UK Economy in Hot Waters



The UK's inflation rates intensified to a 40-year high last month with its Consumer Price Index rising to 10.1% annually in July. The reading was higher than expected by both the Bank of England (BOE) and the private-sector economists. Rising food prices and the impending eurozone energy crisis are the biggest contributors to the month's increase. Food prices rose drastically, especially for staples like bakery, meat, dairy, and vegetables, toothbrushes, and toilet rolls. The sterling has fallen markedly against the dollar over the past year, adding on to the inflationary woes of imported fuel and energy. The spike in food and fuel prices has created the worst cost-of-living crisis in decades, eating into household incomes. Brexit has also added to the woes, resulting in trade barriers and labor shortages.

The inflation is expected to reach 13.3% in October when the energy bills will rise further. BOE expects the recession to start in the fourth quarter and last till early 2024. The BOE implemented 6 consecutive rate hikes last month to reign in inflation as the real wages in the UK fell by 3% YoY.

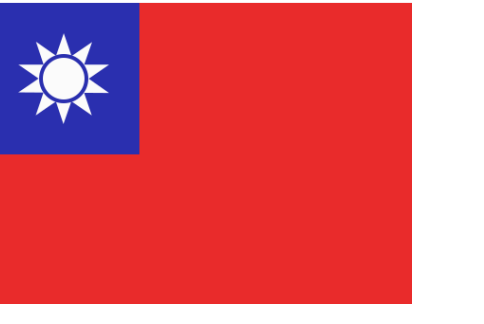
Bangladesh Faces a Setback



Asia's rising star Bangladesh, whose GDP rose to \$416bn and overtook India in Nominal GDP per capita is now facing a severe economic crisis. The key reasons include high borrowing, unsustainable infrastructure spending, loan defaults, banking malpractice, corruption in the power sector, and capital flight.

High oil and food prices have led to a drop in foreign exchange reserves, as import bills have risen. A slowdown in the global economy has impacted Bangladesh's export markets. 80% of Bangladesh's exports are ready-made garment (RMG) and depressed consumer demand in developed and developing economies has seen fewer orders for RMG companies. Remittances from Bangladeshis working abroad have also fallen, depleting foreign reserves. Remittance inflows peaked at \$24.77bn and have now fallen to \$21bn. The Bangladeshi Taka fell to 112 BDT/\$ in the market. Though exports have touched \$52bn, imports have also risen, leaving a deficit of \$33bn.

Island Dispute Brings Turmoil to the West



China views Taiwan as a "breakaway province" and is determined to take



over the island. However, Taiwan

claims independence. Taiwan is a small island located on the Southeastern coast of China and separated by the Taiwan Strait. 90% of China's trade towards Asia and the Middle East passes through the Taiwan strait. Taiwan also dominates the global semiconductor industry used in smartphones, cars, and even fighter jets. A single Taiwanese company - the Taiwan Semiconductor Manufacturing Company or TSMC - has over half of the world's market.

If China were to invade Taiwan, the most-advanced chip factory in the world would be jeopardized, thus elevating Taiwan's strategic importance, especially for the US and European countries. The US, like always is again seen intervening itself in the geopolitical conflict, siding with Taiwan. This has enraged Chinese troops as they resorted to intimidation tactics and the possibility of another war is high. Will the Taiwan-China conflict face the same fate as the Russia-Ukraine war, the Syrian war or the Afghanistan crisis, where the US poked its nose, aggravated the situation, and then abandoned the country to struggle?

China's Plan to Spur Economic Growth



Beijing has announced to inject \$44bn to

restore its battered economy. The plan aims to expand effective investment, boost consumption and rebound economic activities. From real estate to factory output to consumer spending, China's draconian measures have taken a toll across all sectors. Forecasters have cut their growth estimates for China to just 3.3% for the year, below earlier pessimistic projections of 4.4%. China's property sector has been lurching from steep housing price declines. Homebuyers have threatened to stop paying mortgages on unfinished housing projects nationwide, leading to severe cash flow problems among already-indebted property developers. It would be inquisitive to see if the stimulus would restore China's economy to its feet or will the government keep on prioritizing health risks posed by the pandemic over the economy.

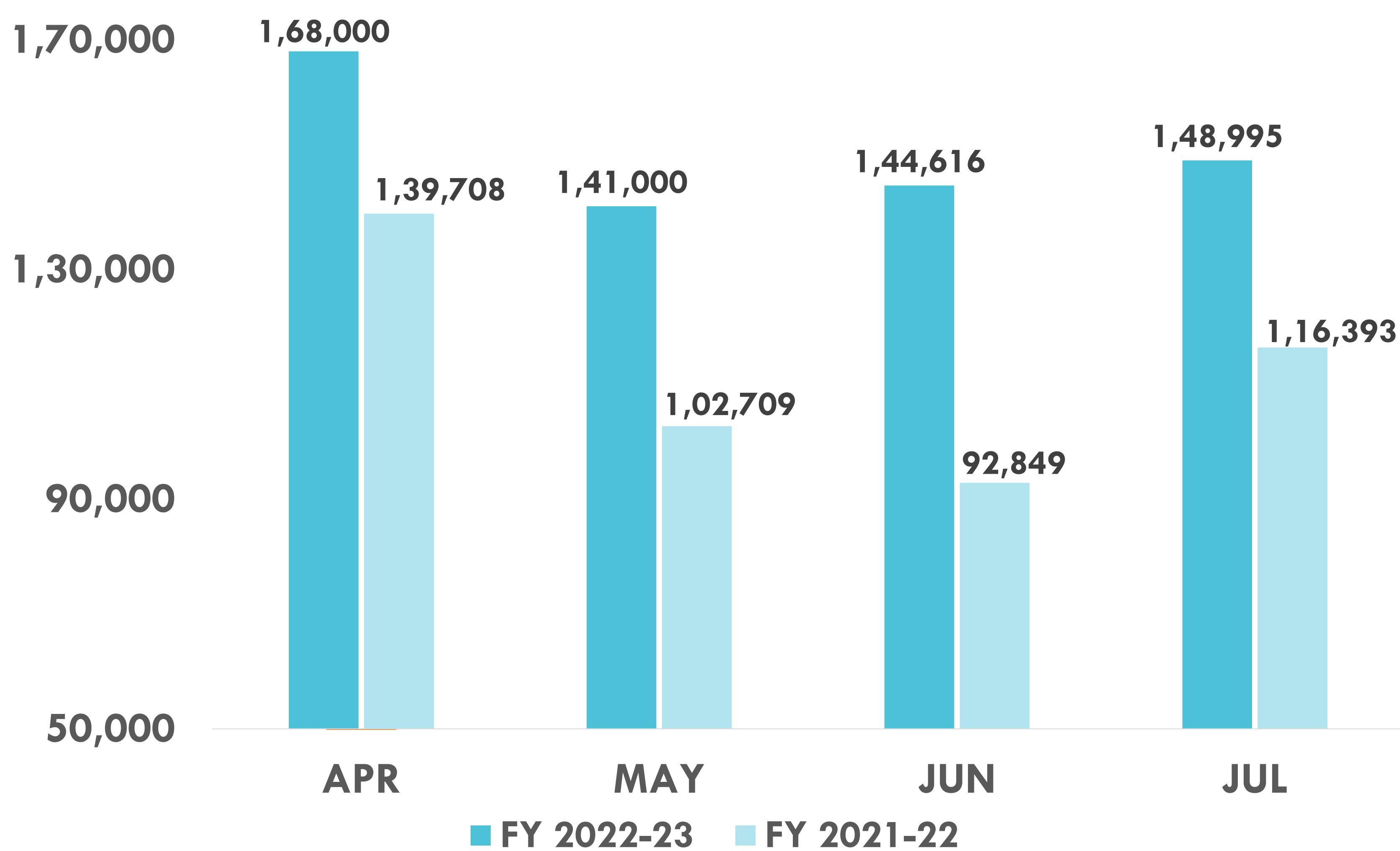
INDIA INC.

GST Collection Scales Up

GST collection in July surged to ₹1.49 lakh crores, the second-highest collection since the inception of GST. There was a 28% YoY rise in the collections, being a function of economic recovery, increased enforcement action against tax-evasion activities, and elevated inflation. Revenues have been more than ₹1.4 lakh crores for five straight months, showing a consistent monthly rise. The revenue from imports was 48% higher and the revenues from domestic transactions are 22% higher than the previous year for the same month. It is anticipated that with the GST rate revision, the revenue collection in August 2022 will be higher than the previous month. The analysts suggest that the increase in GST is not due to an increase in consumption of products but more due to inflation and rising imports which rose 54% YoY.



GST Collection In INR Crores



Booming Indian Warehousing Market

Demand for the warehousing market in India has seen a sharp rise. The robust deal pipeline indicated a record net absorption of 42.5mn sq. ft in 2022 against 39mn sq. ft a year ago. Rising disposable income and consumption pushed the retail demand enormously in the first half of 2022. Further, with the boom of e-commerce platforms, the requirement for warehousing facilities has risen. 15-minute and 30 minutes delivery, e-commerce companies are trying to stock more inventories closer to customers' locations to improve the quality of products and optimize efficiency. This has increased demand for warehousing in tier-1 and tier-2 cities. Further, warehouse construction costs are much lower. With a higher occupancy rate, the investment is more stable regarding rental consistency than office spaces.

₹1,000cr Opportunity Lost

IRCTC has withdrawn the contentious tender to appoint a consultant for digital data monetization which was aimed at improving the customer experience. The Govt. has scrapped the Personal Data Protection Bill 2018 and now India does not have a standalone law on data privacy. This increased concerns among stakeholders regarding data privacy and the scope for unethical data usage. As a result, the railway portal was compelled to drop its data monetization plans. A substantial loophole in India's data privacy laws. The IRCTC portal has a monopoly in booking train tickets in India since 1999 with a total active user base of 7.5crs. This massive passenger data set can be utilized across various sectors, such as hospitality, energy, infrastructure, and health, as potential customers for passenger data, and potential revenue of ₹1,000cr can be earned. IRCTC shares witnessed a heavy sell-off after the withdrawal of the tender.



The company can opt for alternative data protection measures like end-to-end encryption and removing personal identifiers to set example for the companies to operate without the data protection laws. Should the company reconsider its decision?

Resiliency Despite Market Turmoil

The Indian Inc will continue solidifying its position despite the headwinds of rising interest rates and elevated inflation. Spike in interest rates can put debt-laden companies into trouble since their financial costs can become a burden and weigh down profits. However, the operating environment for the companies remains supportive, and the credit profiles of most rated entities are quite resilient due to their comfortable liquidity position and increased revenues. A stress test report by ratings agency S&P has revealed that 80% of its rated companies have enough liquidity, with no significant debt maturities over the next 12-18 months.



While RBI is likely to continue tightening monetary policy to manage inflation expectations, companies have adopted a prudent strategy by utilizing free operating cash flows to fund their CapEx needs instead of opting for debt.

GOVT. POLICIES

RBI Safeguards Digital Lending Ecosystem



Where most medium-income customers and MSMEs still struggle to get hassle-free and affordable formal credit, the birth of digital lenders is a boon for borrowers. The lending apps capitalize on borrowers' lack of financial literacy, charge exorbitant interest rates, take daily fines for missing payments, and access customers' private data to threaten them. The RBI has thus laid out stringent digital lending guidelines. The rules allow only RBI-regulated entities or other bodies permitted by law to continue digital lending. The rules also prohibit companies from automatically raising credit limits without borrowers' permission and have to inform them about how much they will have to pay and the other terms and conditions upfront. For better clarity and data protection, the RBI has directed that third parties be allowed loan transactions, and the lender can store only the necessary data. With this, customers should be able to decline access to any data at any time. These rules will ensure customers do not lose confidence in the Indian financial regulatory authorities. However, it will be interesting to see how effectively they will be implemented in the fintech sector.

India Proposes Anti-Trust Scrutiny For M&A



According to a recent draft law, India proposes mandating Anti-trust Scrutiny for M&A valued above \$250mn. The move is anticipated to target global tech companies having a substantial local presence in the country. The proposal is part of an extensive overhaul of India's competition law amendments. Under the current regime, the Competition Commission of India (CCI) reviews mergers and acquisitions surpassing asset size or turnover thresholds.

However, most high-value deals between technology firms with a significant presence, have escaped scrutiny because the companies involved have had few assets and comparatively low turnover. The latest regulations introduced in the draft of the bill by the CCI will lay out the procedure to determine whether an entity has "substantial business operations" in India. The revamp also proposes reducing the time limit for approving mergers from 210 days to 150 days.

Government to Amend a Century-old Act



The Shipping Ministry has proposed a draft to amend the 114-year-old Indian Ports Act of 1908. The bill aims to revamp the industry by bringing non-major ports into the national fold, creating a new mechanism for resolving disputes, and empowering the Maritime State Development Council (MSDC). The bill proposes establishing a national council for structured growth and development of the port sector, containment of pollution measures for all ports in India, and ensuring compliance with India's obligations under international treaties. The redundant provisions of the old act have been updated to reflect the present-day framework where the Centre, State, and Union Territory will homogenize efforts for the development of the maritime sector.

Centre Opens Door to Invest in Foreign Fintechs



With evolving needs of businesses in India and the presence of an integrated global market, RBI has acknowledged that there is a need for Indian corporates to be part of the global value chain. The center has amended the Foreign Exchange Management (Overseas Investment) Rules in consultation with RBI.

Until now, only NBFCs registered with RBI were allowed to invest in foreign companies. Technology entrepreneurs and angel investors were mainly not eligible for NBFC licenses, but now, the amendment has cleared the pavement for wealthy investors who want to invest in foreign companies. The government also created a new portfolio route through which the investors can buy less than 10% stake in foreign companies without having to float a joint venture. Until now, there was only one route of investment - overseas direct investment and these routes were primarily meant for those domestic entities that wanted to form a wholly owned subsidiary or joint venture overseas. In such entities, the Indian investor will exercise some amount of control.

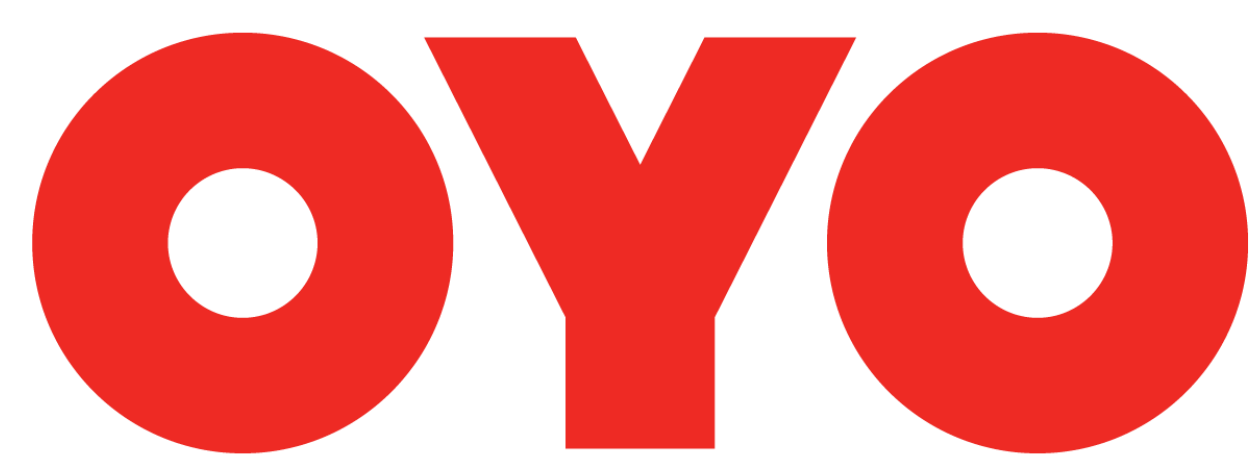
However, the only red flag for making investments is the requirement of a three-year net profit. Even these criteria need not be met if the investment is routed through International Financial Services Center.

START-UPS

106 start-ups received approximately \$882.6mn of funding. The funding fell below the \$1bn mark. Will the funding scene in India continue to plummet? As of now, there are 75,000 start-ups in the country, which coincides with the 75th year of independence. As India celebrates 'Azadi ka Amrit Mahotsav', the Indian start-up ecosystem continues to be driven by innovation, enthusiasm, and entrepreneurial spirit. India has now become the 3rd largest ecosystem in the world for start-ups. As more than 80 start-ups getting recognized per day, the highest rate in the world, the future of the start-up culture is very bright. From tea to taking payloads into space, beauty, accommodation, UX-UI, FinTech, Clean Tech, and AgriTech, the Indian start-up ecosystem has 100 unicorns and still growing.

Top 5 Indian Start-ups

 **Razorpay**

 **OYO**



udaan



CRED

 **purple.com**
India's #1 Beauty Destination

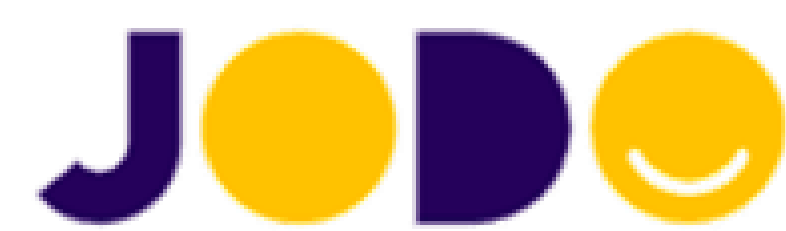
Sales Acceleration Start-up Clinches ₹140cr

SaaS-enabled SquadStack raised ₹140cr in a Series B round led by Bertelsmann India Investments with existing investors Chiratae Ventures and Blume Ventures. These fresh funds will be used to hire talents to strengthen its team for expansion. They also plan to increase their sales expert base and expand into new verticals. It operates in a hybrid work model across five cities. The company aims to provide access to skilled work for anyone, anywhere. It partners with existing sales talent and homemakers, allowing them to work from anywhere. The start-up wants to revolutionize the ₹80,000cr Indian telesales industry that lacks innovation.



Tiger Global Leads \$15mn Round in Jodo

Jodo is an academic-focused fintech start-up that helps middle-income households in urban India manage their children's educational expenses. The company's founders observed many families struggling to pay tuition fees due to a lack of flexible payment methods. They felt that the most critical and high-value spent categories have seen negligible innovation and are lagging in digitization. The company helps schools digitize the collection process by offering multiple payment options. Jodo has raised \$15mn and will deploy the proceeds toward tweaking products, catalyzing sales, and expanding the workforce.



DPhi Raises Funds from Switzerland Investors

DPhi is a global AI community focusing on making AI education accessible to everyone and making AI competent enough to tackle critical challenges faced by humanity. DPhi fostered AI-driven innovation among several leading companies and solved crucial problems, including predicting earthquakes to save lives, safeguarding NFTs, and building an AI-powered lens for the blind. The startup has secured ₹2.4cr in funding, which will be utilized to grow its community, expand the business model to democratize the use of AI, and build a global marketplace for AI algorithms and solutions.

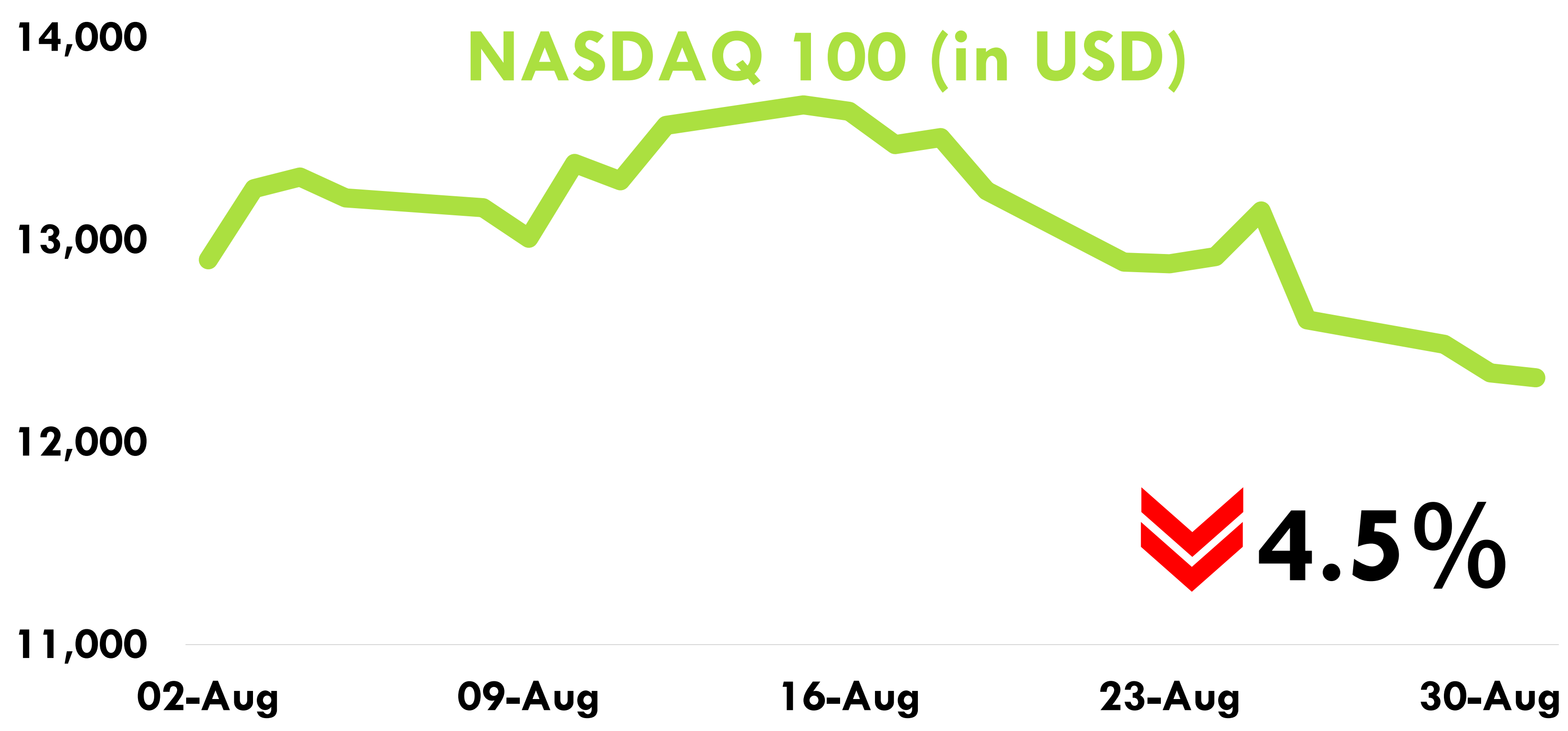


Servify Secures \$65mn, Plans IPO Ahead

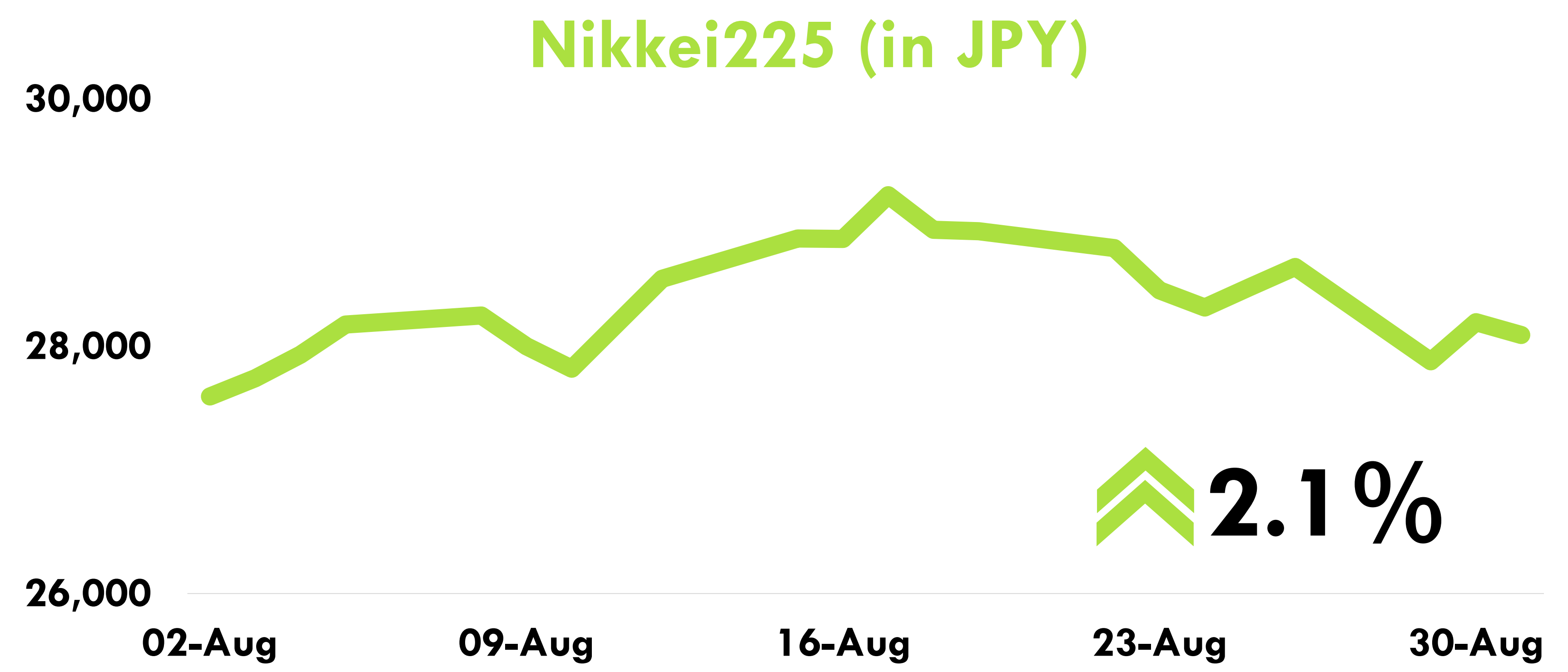
Personal device management and after-sale services for electronic gadgets company, Servify, secured \$65mn. The company will use the latest proceeds to grow its business in international markets and strengthen its technology platform. It offers brand-authorized after-sales support for mobile phones, personal gadgets, electronics, and home appliances. It allows its consumers to store the bills and access authentic brand-authorized service during and beyond the warranty period. It reported a 2.8x jump in operating revenue to nearly ₹198cr in FY'21.



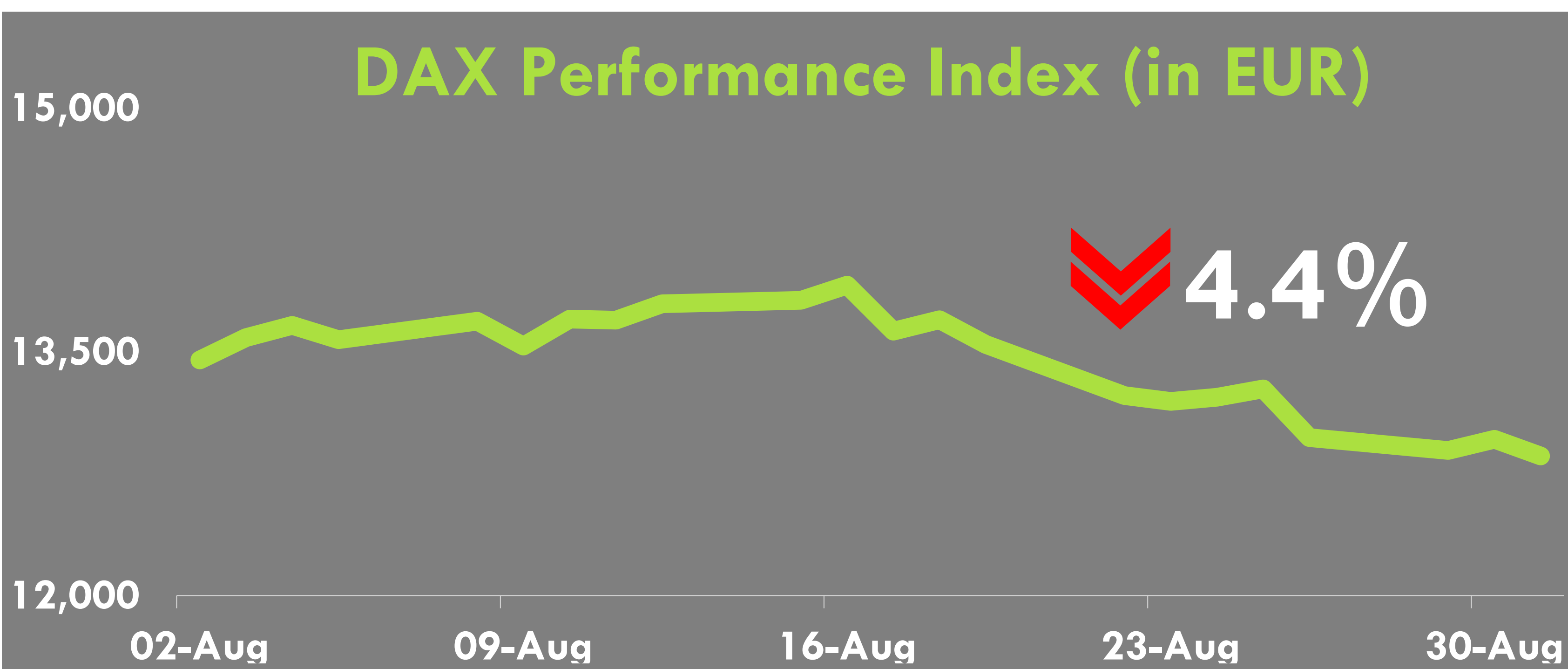
GLOBAL INDICES



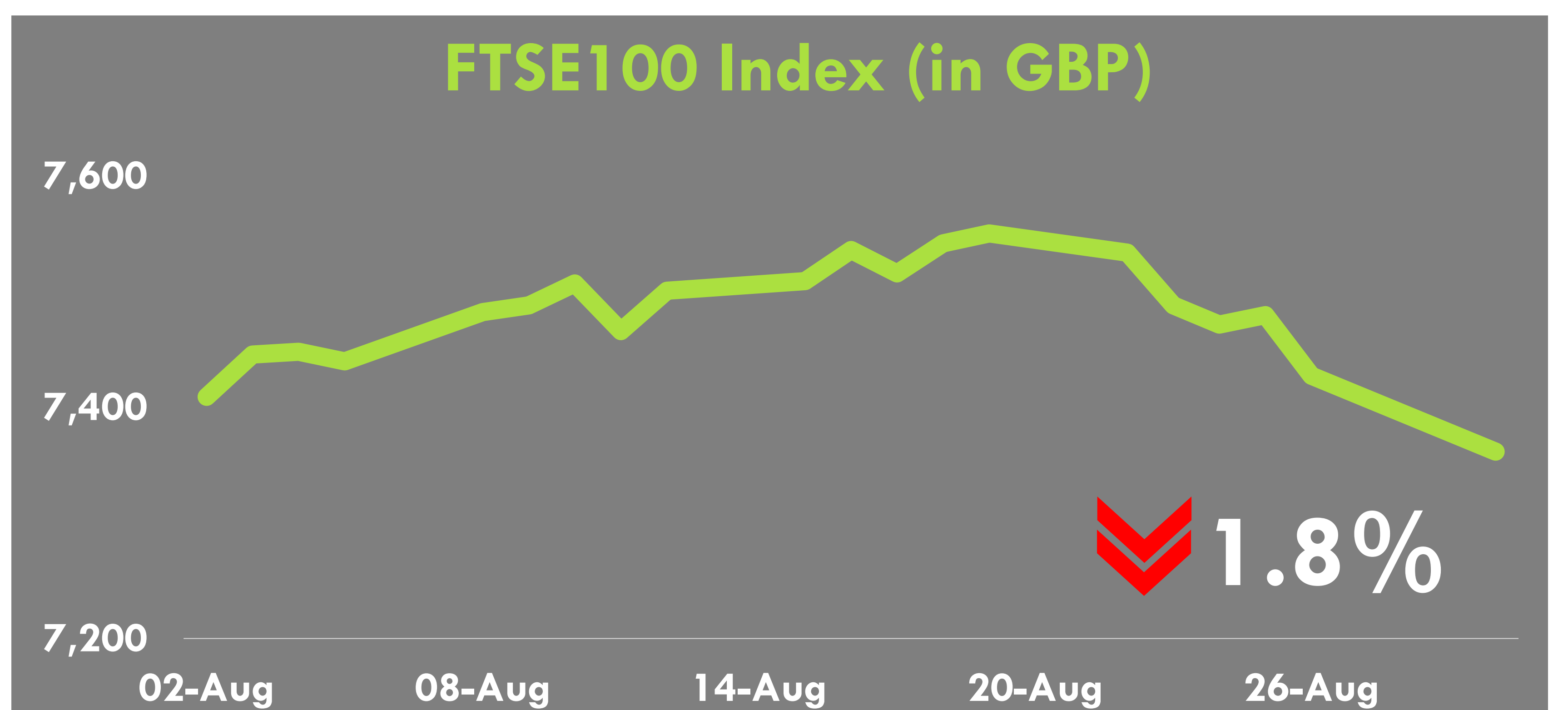
The NASDAQ overall fell 4.5% in August. It entered the month in a precarious position as the investors juggled with rate hikes, inflation, and mixed global cues. The tech-heavy index historically has shown a negative average in September which can be seen from the bruising downtrend since mid-August.



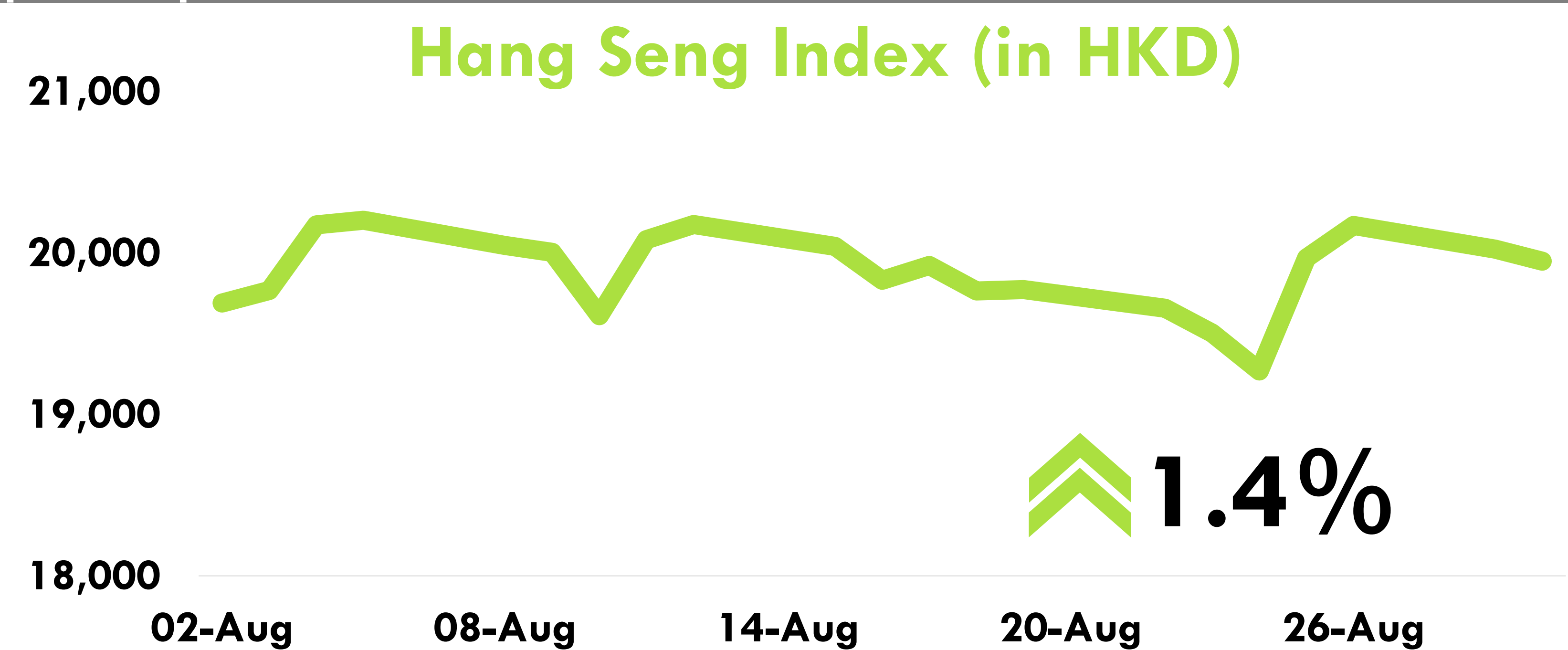
The Japan Nikkei finished lower for the fifth consecutive session this month. The reason being investors offloading their risky assets in view of the concern that central bankers might underscore ongoing commitment to its aggressive monetary policy to tackle inflation. The index saw tech stocks hitting hard with companies like Screen Holdings and Tokyo Electronic losing 1-2%.



The DAX traded in a mixed fashion during August over the release of key economic data and the impending energy crisis in the eurozone. S&P's composite purchasing manager indices for Germany fell to a 26-month low. The business morale also fell as the uncertainty among companies remained high and the economy is set to shrink in the third quarter. However, the German economy expanded by 0.1% in Q2 over easing supply chain issues and input price pressure.

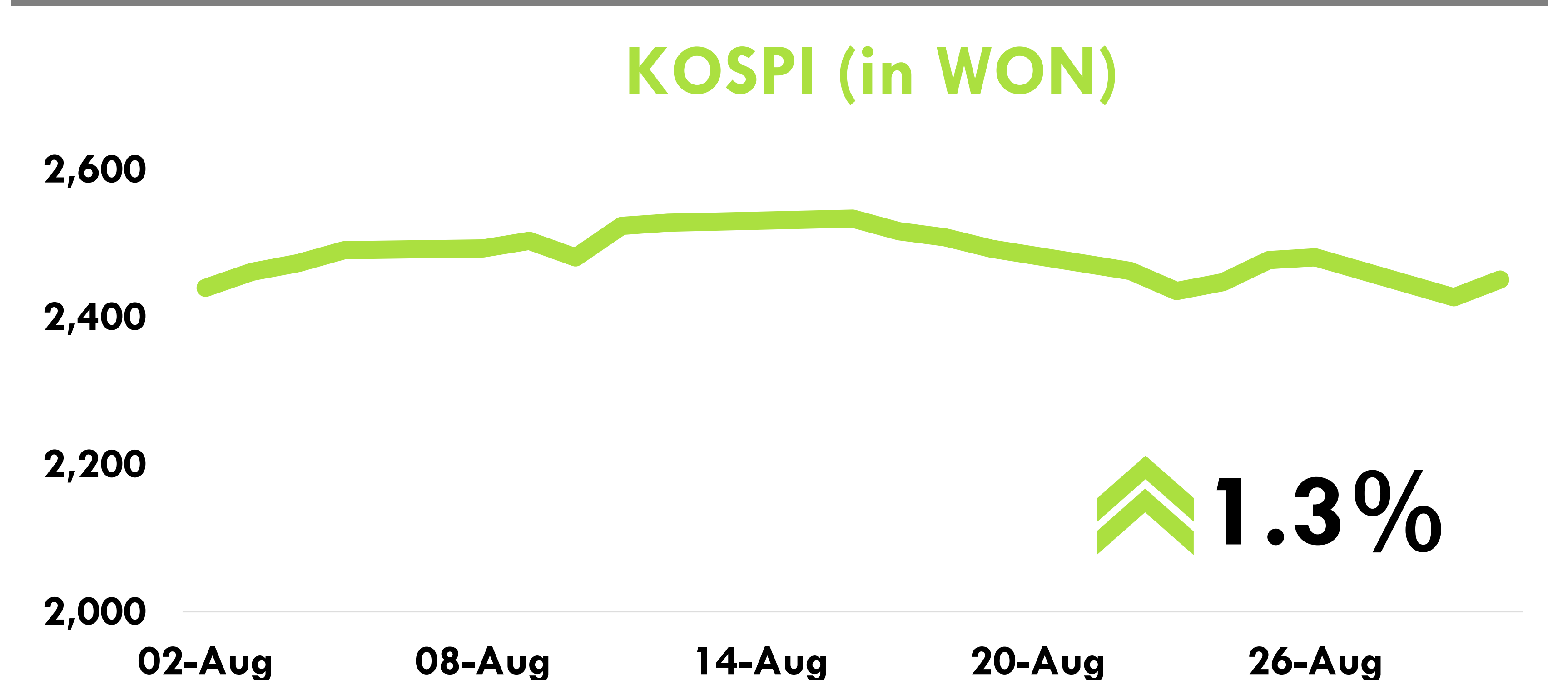


FTSE 100 saw a monthly decline of almost 2% which hit the home builders, automakers, and retailers the most. With the energy bills set to rise by 80% from October, inflation is expected to rise much further above its current level of over 10%. The Bank of Britain will deliver another 50 bps increase in interest rate next month followed by a slowdown to a regular 25 bps rise in November.



The index was dragged down by the sharp fall in the Chinese heavyweights Baidu Inc., Alibaba Group, and Tencent Holdings. The tech stocks extended loss after the Fed denied any dovish stance. However, it saw some rebound on the reports of a possible US-China deal that requires US auditors to travel to Hong Kong to inspect records of US-listed Chinese firms.

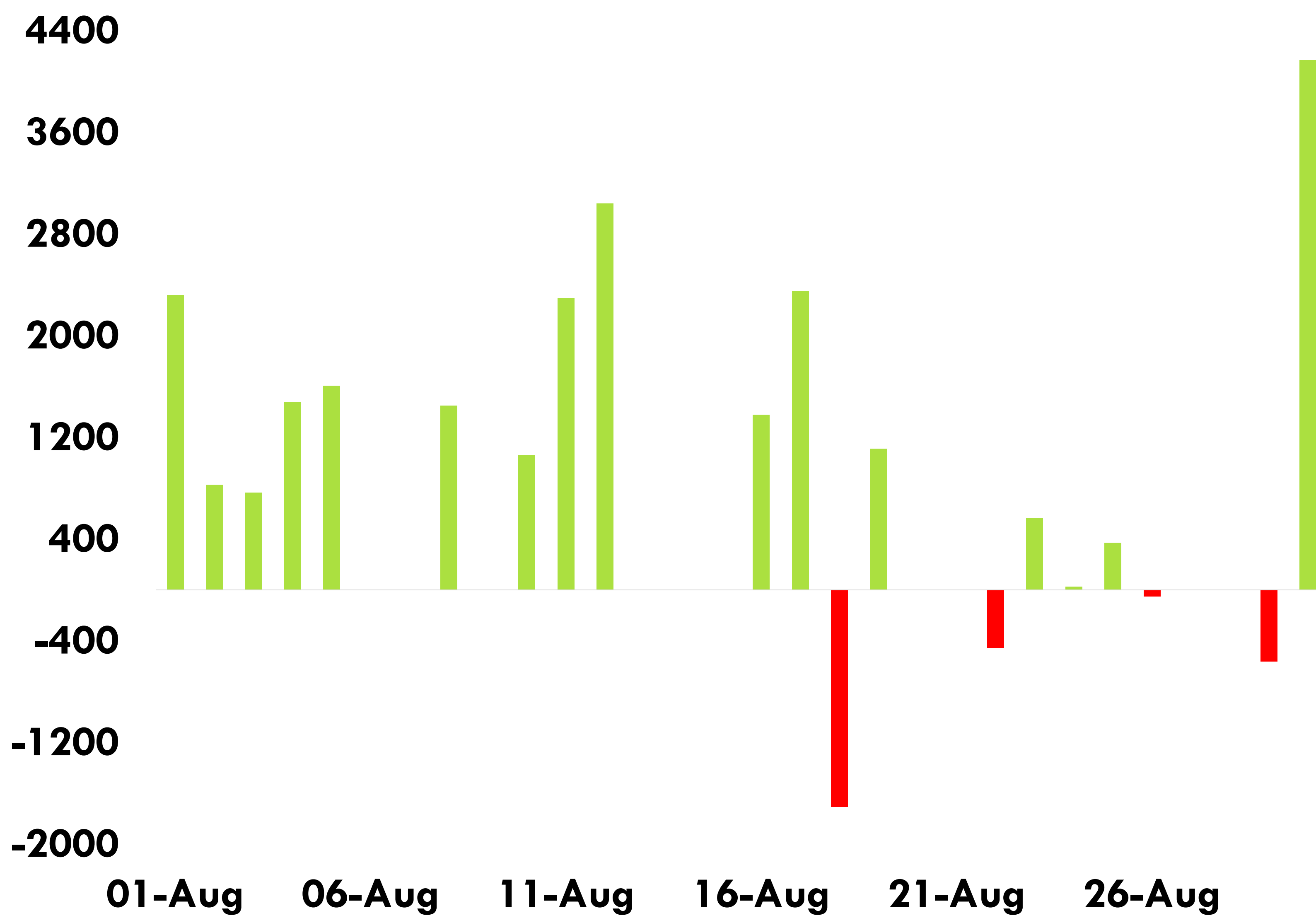
Source: Investing



After a strong start, KOSPI saw a 2% decline towards the end of the month and reached the last 13 years' weakest level. This was due to the increased volatility followed by the US Fed's policy rate decision. The Chief of Korea's central bank remarked that any rise in the Fed's interest rate will have a depreciating impact on their currency.

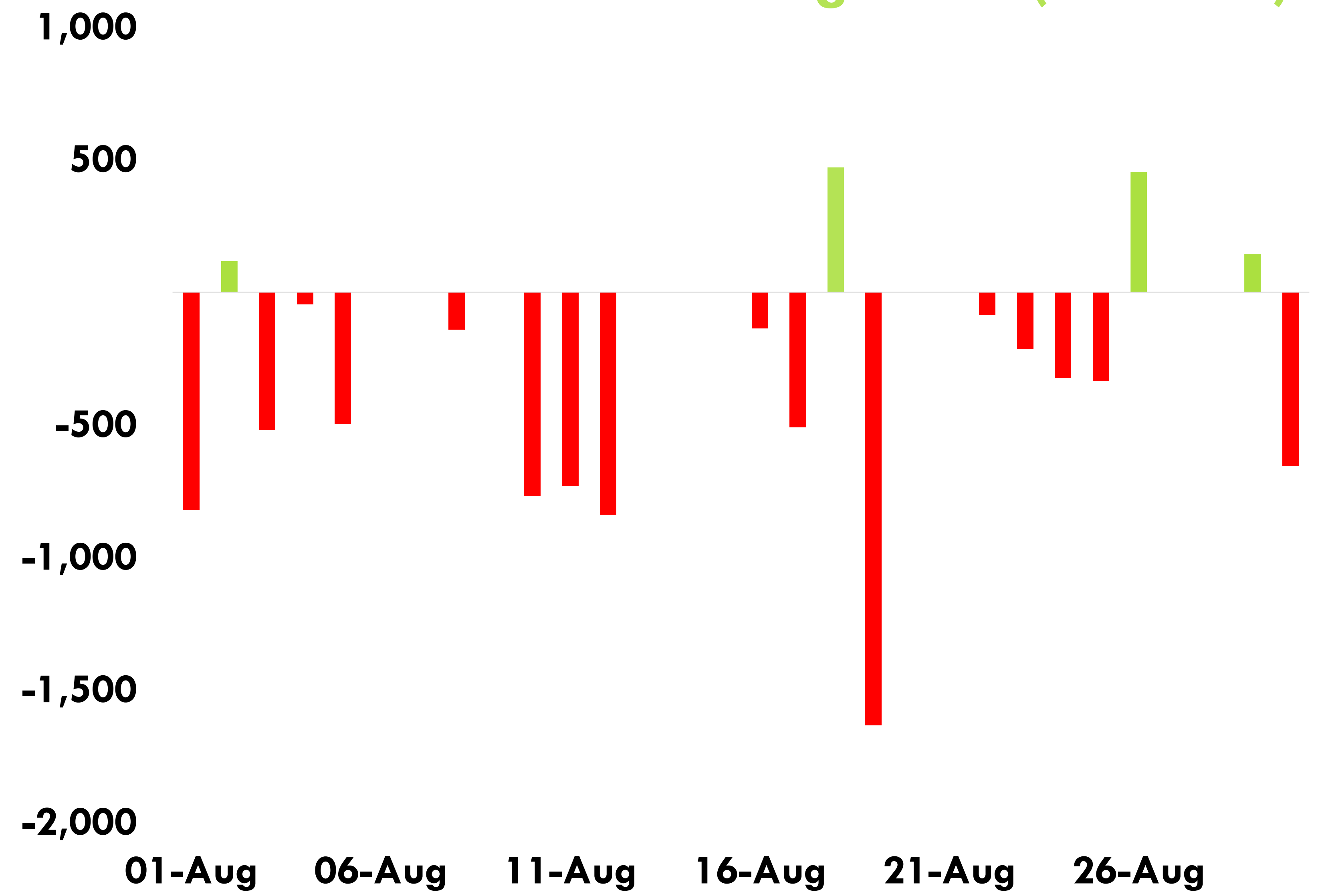
EQUITIES

FPI Net Investment in August'22 (₹ Crores)



Source: NSDL

DII Net Investment in August'22 (₹ Crores)



Source: NSDL

FII Selloff Slows Down

The foreign institutional investors turned net buyers in the month of August and DIIs were the net sellers. The net purchases of FII amounted to approximately ₹18,420cr as opposed to net sales of ₹6,555cr by DIIs. FIIs have reduced the aggressiveness of selling and have even been buying. After a few months of relentless selling between October 2021 and June 2022, when FIIs pulled out over \$30bn from Indian equities, the tide seems to have turned since July. Corporate earnings in spite of higher crude oil prices and fears of the global recession are the primary reasons for fund infusion by FPIs.

SEBI to Establish Cap Limit on PMS Investments

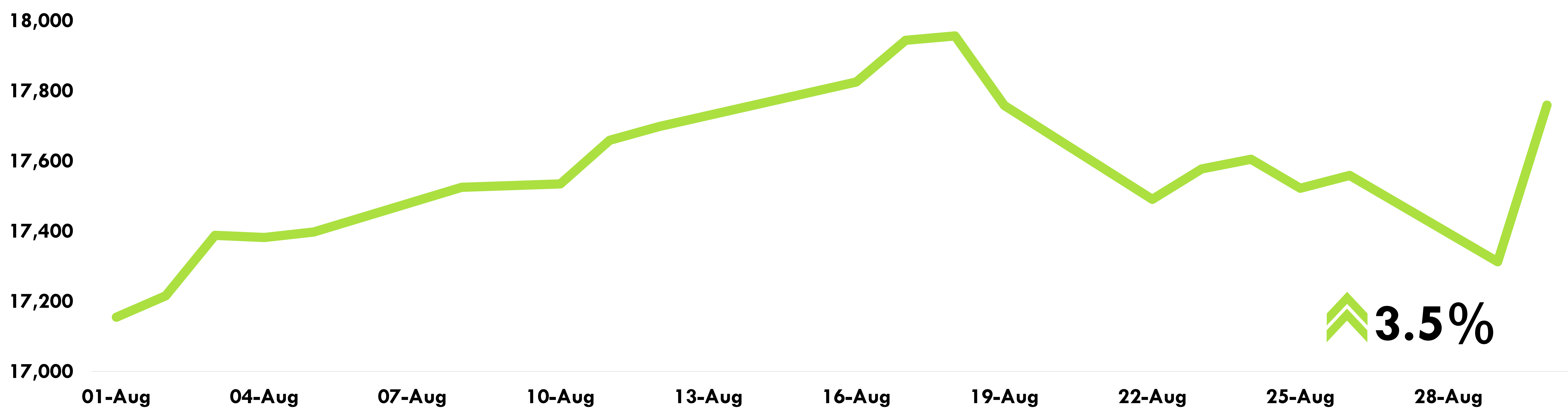
Under a Portfolio Management Service, managers enter into an agreement independently with each client, and shares thereby purchased are kept in a Demat account. SEBI observed that many PMS firms, especially the ones promoted by NBFCs, were deploying client money in debt securities of NBFCs or equity offerings of other group companies. To avoid this, it can tighten the rules on investments by PMS firms investing in related entities. Earlier, the cap on PMS firms' investments in all equity and debt securities of related parties was 30%. After the cap limit, the PMS manager may not be allowed to invest 10%-15% of the money in a single, related-party entity. The managers may now be required to ask clients for their consent to invest in related parties. This move will likely limit the exposure of asset managers who cater to wealthy investors.

Index	1 st Aug'22 (In ₹)	30 th Aug'22 (In ₹)	Change (%)	Trend
NIFTY Auto	12,953.7	13,217.4	↑ 2.0	
NIFTY Bank	37,903.2	39,536.8	↑ 4.3	
NIFTY Consumer Durables	26,088.5	27,069.9	↑ 3.8	
NIFTY Financial Services	17,584.2	18,235.1	↑ 3.7	
NIFTY FMCG	42,526.8	43,821.2	↑ 3.0	
NIFTY IT	29,220.0	28,407.9	↓ 2.8	
NIFTY Media	2,126.9	2,069.2	↓ 2.7	
NIFTY Metal	5,578.2	5,934.6	↑ 6.4	
NIFTY Oil & Gas	8,007.7	8,357.8	↑ 4.4	
NIFTY Pharma	12,766.9	12,699.4	↓ 0.5	

Source: NSE

NIFTY50

NIFTY50 August'22 (In ₹)



The FIIs, who had been selling relentlessly since October returned to buying Indian equities in July, which aided the market rally in the first half of August. The second half saw a bearish trend amid gloom in Asian markets, triggered by the announcement of a temporary shutdown of China's electronic wholesale hub Huaqiangbei market to curb the COVID-19 outbreak also dampened the sentiments of investors globally.

Adani Ports Form a Collaboration

Adani Ports and Special Economic Zone Ltd (APSEZ) has inked a Memorandum of Understanding (MoU) with Abu Dhabi-based AD Ports Group to implement strategic joint investments in port logistics in Tanzania. APSEZ's venture in this country is part of its strategy to enhance itself as a global leader in logistics and industry.

The MoU comes as the Tanzanian Government aims to strengthen the trade environment, especially in the ports. This agreement would pave the way for logistics infrastructure development along with railways, marine services, port operations, digital services, industrial zones, and marine academies. The move will also impact Tanzania's ability to transform itself into an African trading hub and build global connections that will enable faster movement of goods and services.

ITC Exits Lifestyle Retailing Business

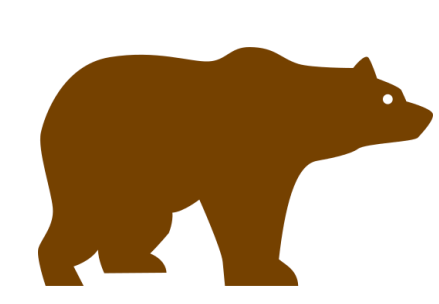
ITC has exited its lifestyle retailing business after a tactical review. The diversified conglomerate forayed into the lifestyle retailing business over two decades ago under the Wills Lifestyle brand. The company's major revenue share comes from cigarettes, paperboard & packaging, and hotels. ITC's lifestyle retailing business was affected by e-commerce players like Zara, Nike, Puma, Adidas, etc., aggressively pushing to capture market share among value-seeking consumers by offering heavy discounts and launching exclusive labels and brands. In Q1 of FY23, non-cigarette FMCG revenue stood at ₹4,451cr, up 19.5% YoY, while revenue from hotels came in at ₹554cr, increasing 332.8% YoY. The company has been liquidating some old inventory of the Wills brand left in a few stores, and there were no further plans to continue the business.

Top Gainers in NIFTY50 for August'22



Company Name	Change (%)
Bajaj Finserv	12.72%
M&M	12.39%
Coal India	11.15%
Titan Company	10.74%
Eicher Motors	8.58%
ICICI Bank	8.39%
Shree Cements	7.68%
Grasim	6.72%
Larsen	6.33%
IndusInd Bank	6.13%

Top Losers in NIFTY50 for August'22



Company Name	Change (%)
Divis Labs	-5.34%
Sun Pharma	-5.32%
Tata Motors	-4.78%
Britannia	-3.91%
Infosys	-3.66%
TCS	-2.75%
Wipro	-2.40%
HCL Tech	-1.00%
Hero Motor Corp	-0.70%
BPCL	-0.50%

Source: NSE India

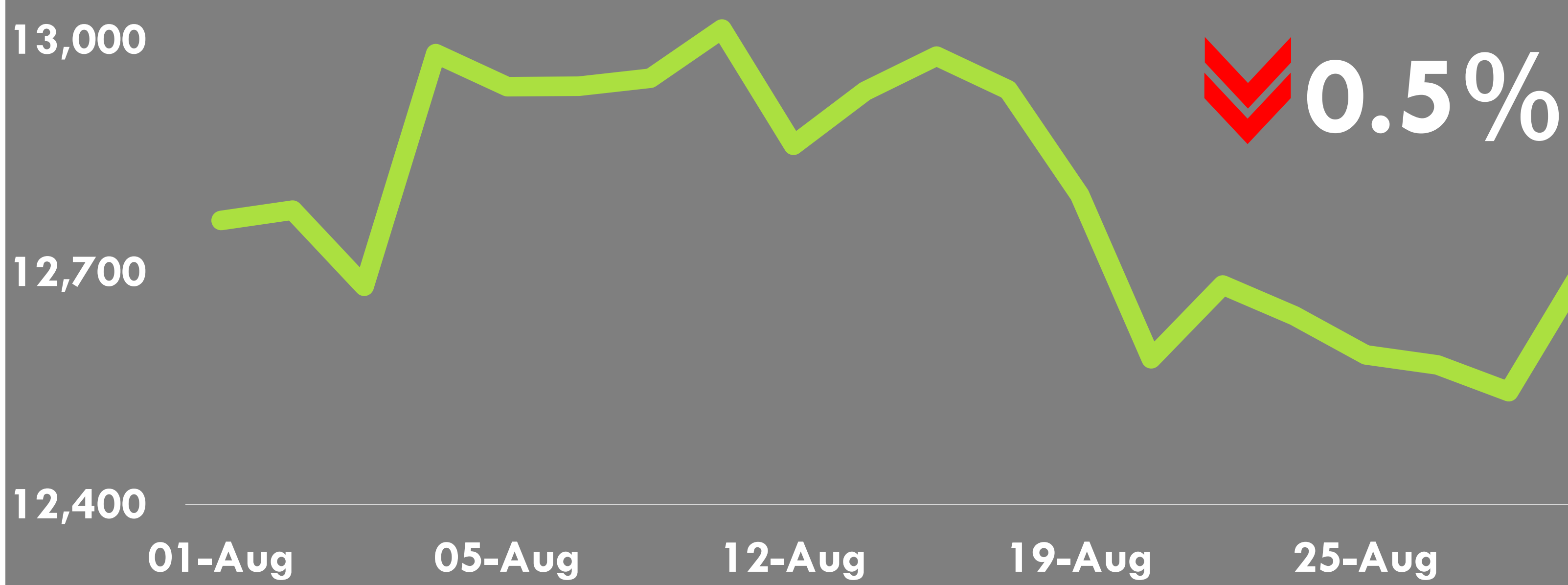
SECTOR UPDATES

Pharma Sector

The Pharma sector slipped approximately 188 points in August 2022. The amount released by the Central govt towards drug development and R&D has come down by almost 50% in the last 2 fiscal years, which is a source of worry for the sector. While the demand for COVID-19-induced drugs and vitamins is fading, a pickup in lifestyle-related chronic portfolio drugs and a few acute portfolio drugs, such as in the dermatology and ophthalmology segments, is likely to drive demand this fiscal. The sector is witnessing headwinds in export sales in regulated markets.



NIFTY Pharma August'22 (In ₹)



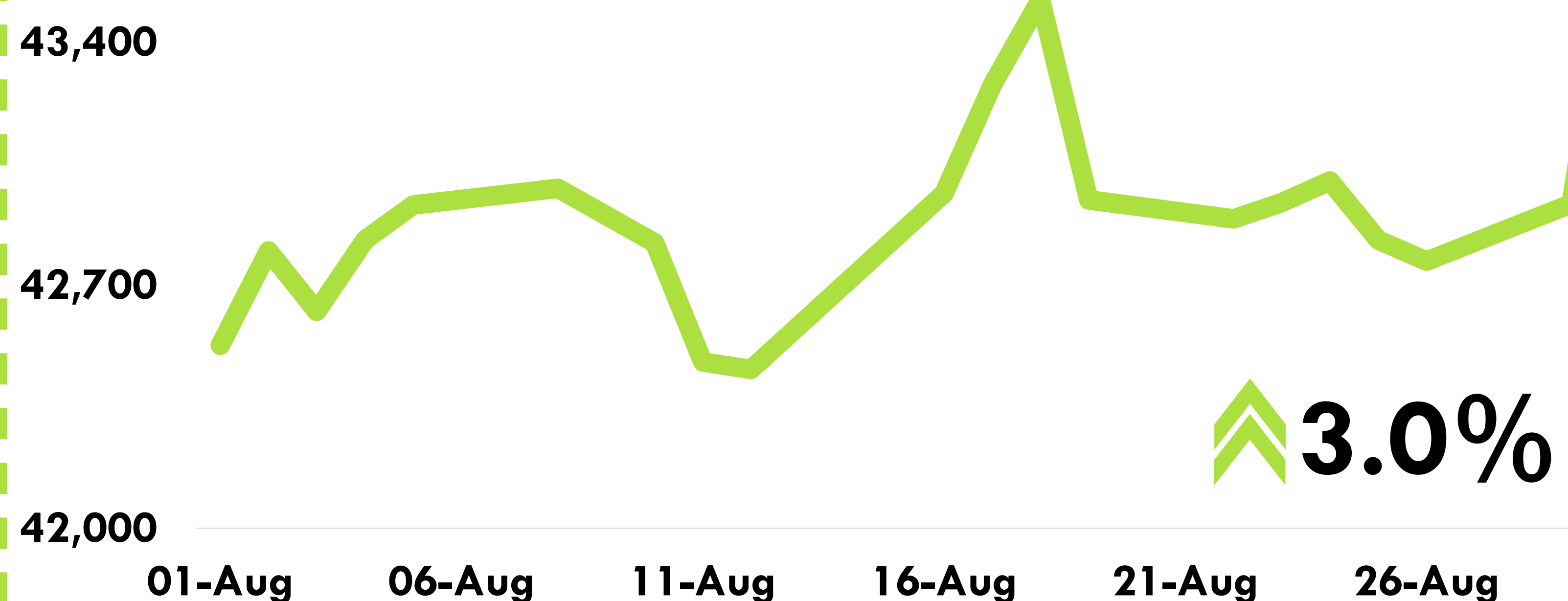
Source: NSE

FMCG Sector

The Nifty FMCG saw moderate growth of 248 points in August and remained volatile during the entire month. The inflationary impact continued in Q2 and improved from 2nd half of August. The rising input costs due to inflationary pressure drove the profit margins down for the companies in the sector. FMCG companies also expect volume decline to continue in the rural side but saw some stabilization in the business and recovery in demand, starting from the Q3 of FY23. With the onset of the festive season, the sector will see a recovery in premium and necessary items.



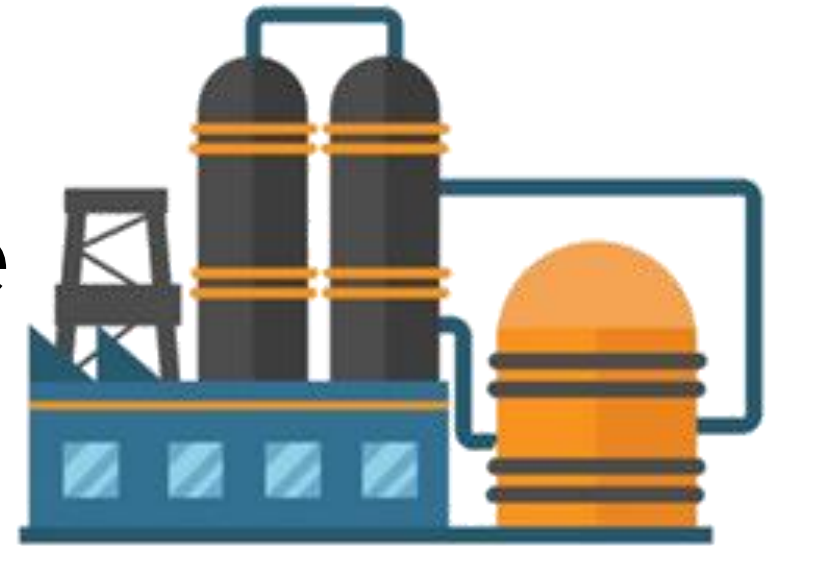
NIFTY FMCG August'22 (In ₹)



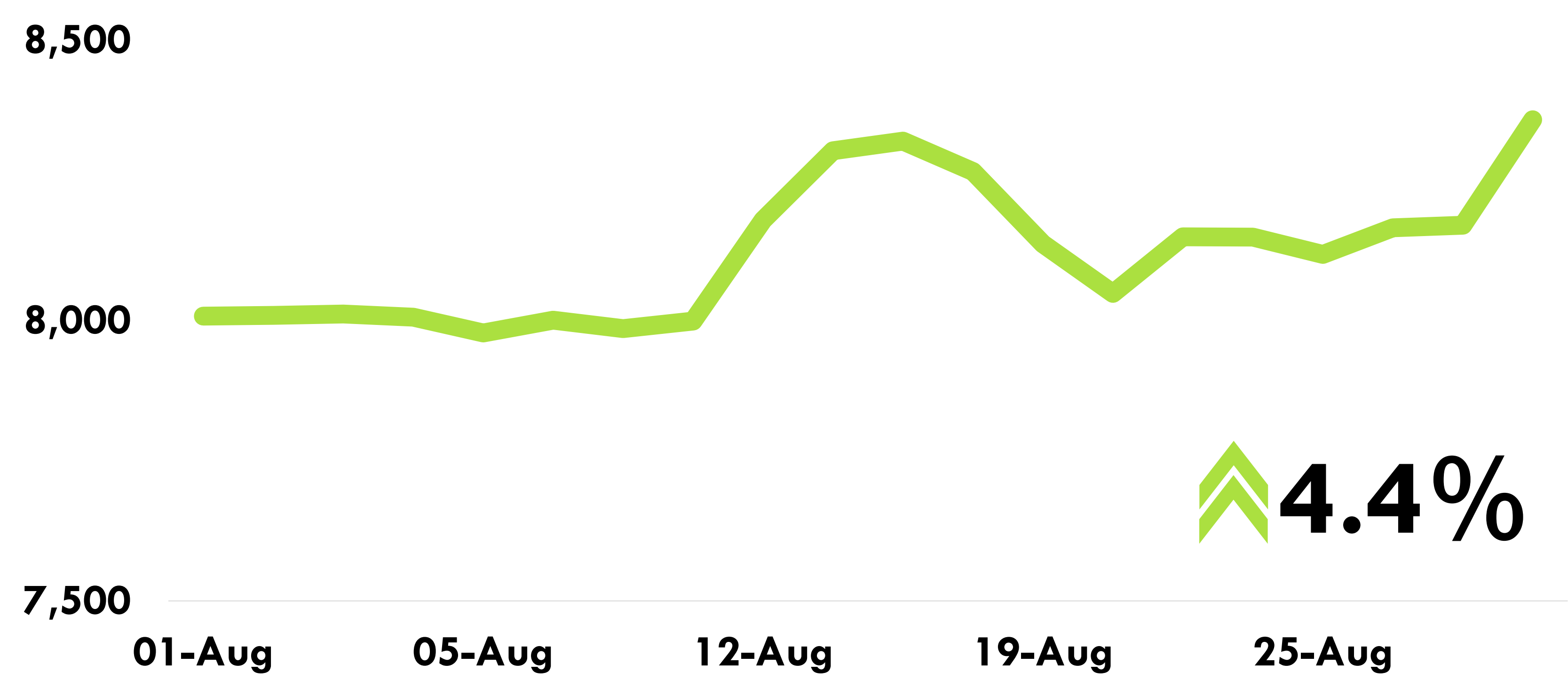
Source: NSE

Oil and Gas Sector

The index started in August on a stable note. The Govt. increased domestic gas allocation to City Gas Distribution (CGD) for Compressed Natural Gas (CNG) and Piped Natural Gas (PNG). This reduced the gas prices and in turn the CNG retail prices. The index rose by approximately 675 points in August. Cooking gas LPG sales were up 8.19 % Y-o-Y to 1.14mn tonnes in the first half of August. Though the inflationary pressure has come down, the geopolitical environment remains tense. This can impact supply concerns for crude oil and natural gas.



NIFTY Oil & Gas August'22 (In ₹)



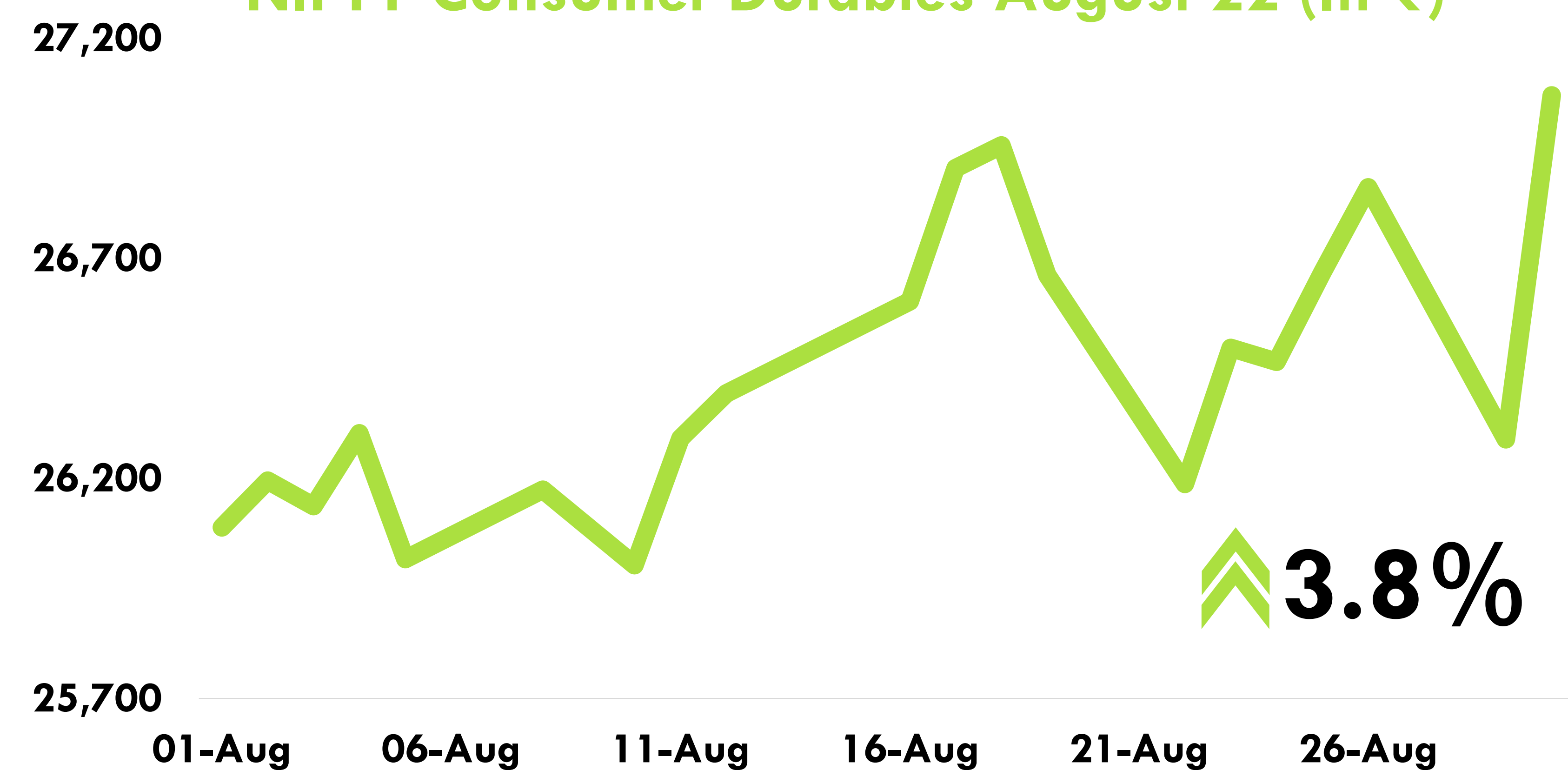
Source: NSE

Consumer Durables Sector

The Consumer durables, was up by 3.8% in August. It was also among the top-gaining sectors. The easing inflation, coupled with the FPI buying in this sector, drove positive sentiments. Also, the producers of consumer durables are eyeing the upcoming festive season, which is predicted to be better as compared to previous years, to help lift sales of premium household appliances. The gig economy is acting as a growth catalyst for the consumer durable industry, where contractual workers help businesses to scale rapidly.



NIFTY Consumer Durables August'22 (In ₹)

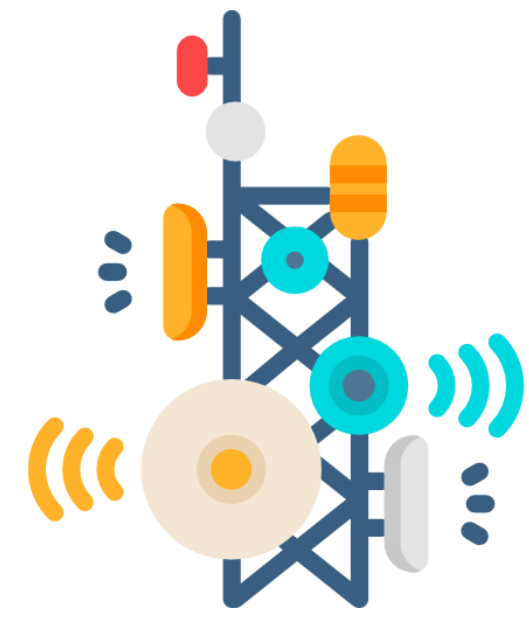


Source: NSE

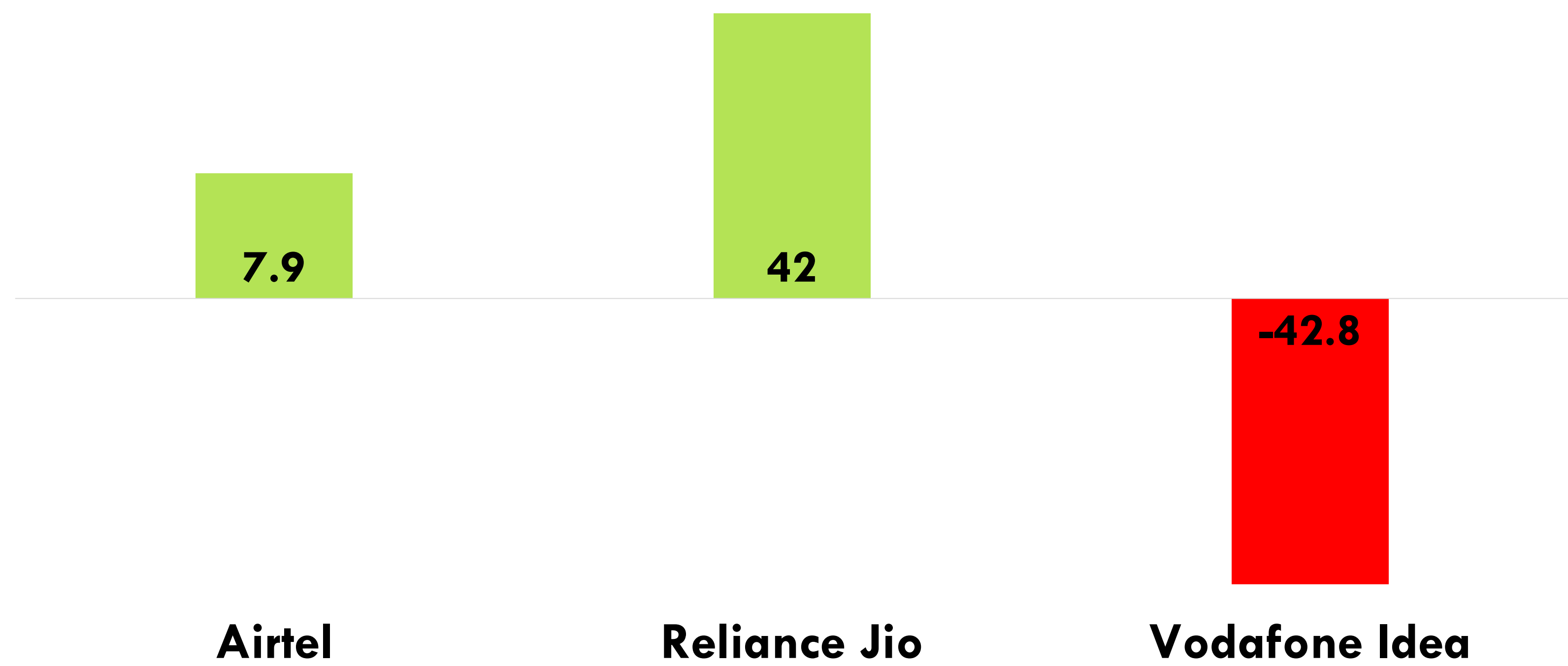
SECTOR UPDATES

Telecom Sector

The telecom industry's debt levels are set to climb to ₹6trn, from ₹4.7trn currently, with companies having made commitments of more than ₹1.5 trillion towards spectrum payments plus interest over the next two decades. Moreover, the Govt. has decided not to charge a fixed upfront payment from the operators who bought spectrum in the recently concluded 5G auction. It won't levy spectrum usage charges on the spectrum bought in the recent auctions and the four-year moratorium for the payment of deferred installments on the spectrum bought in the previous auctions. This will result in 27% less revenue from the telecom sector.



Addition During August'22 (Lakhs)



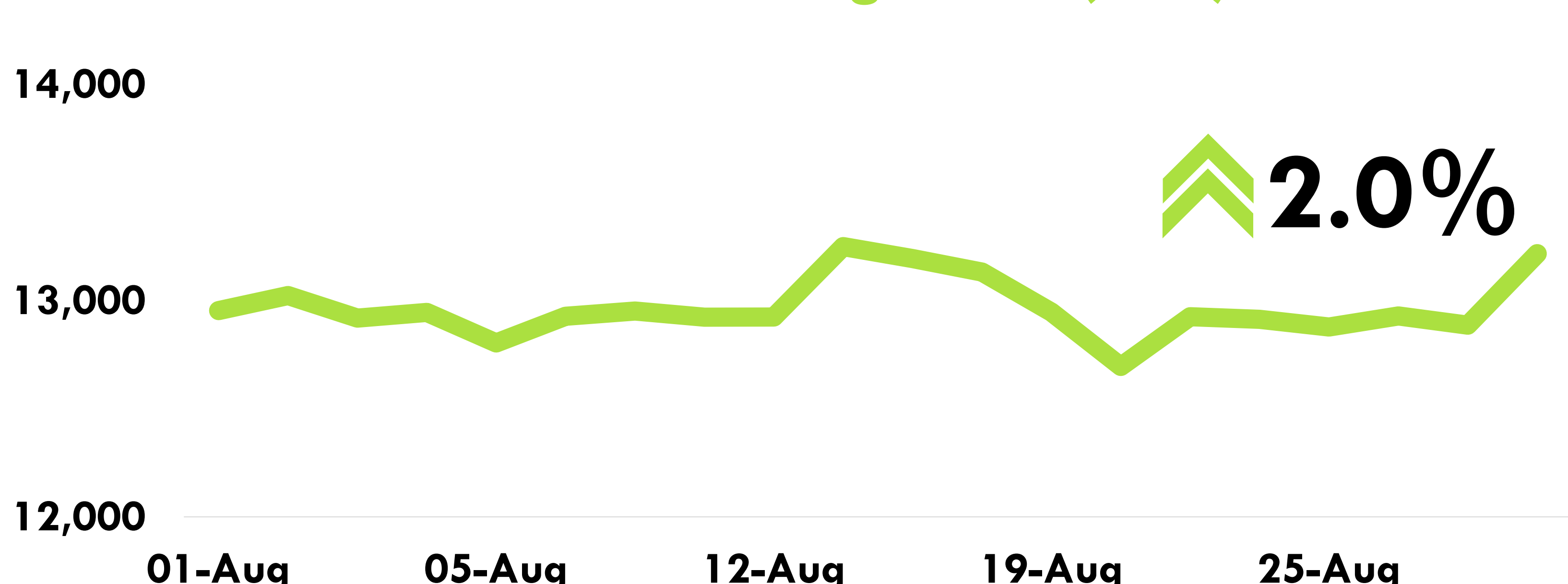
Source: TRAI

Auto Sector

The Nifty Auto opened at approximately 12,944 points and ended at 12,886 levels. The auto sales rose 10% YoY as chip availability improved. Strong demand for passenger vehicles including cars, vans, and utility vehicles due to increased preference for personal mobility helped boost the sales. PV sales during the month rose 11% to 2,93,865 units from 2,64,442 units a year ago as production increased to 3,58,888 units from 3,33,369 units. Indian auto components industry clocked its highest-ever turnover of ₹4.2trn in FY22, registering a growth of 23% on the back of strong performance in exports and aftermarket.



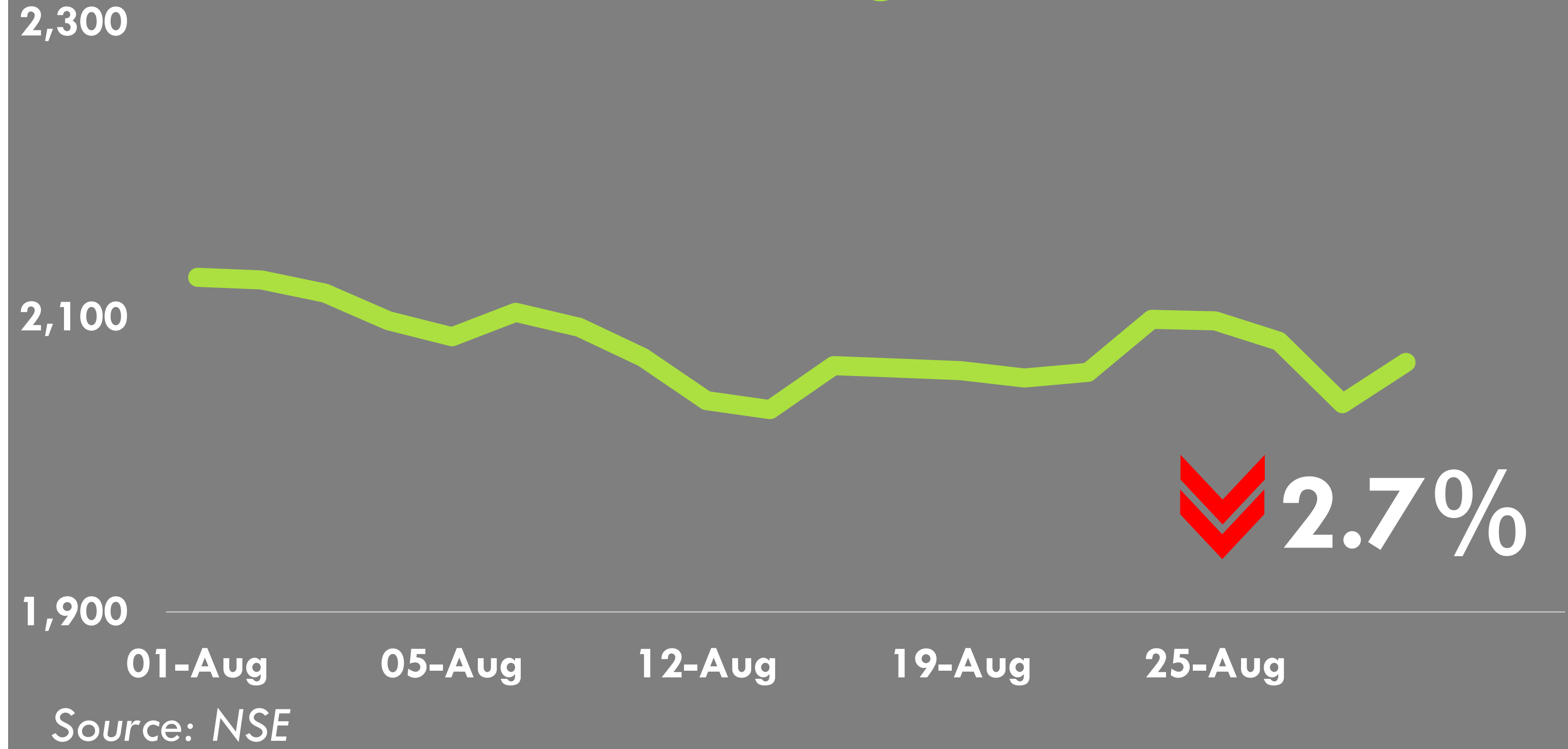
NIFTY Auto August'22 (In ₹)



Media Sector

The media sector was quite volatile during the month. The streaming business is getting expensive for homegrown over-the-top (OTT) video platforms competing for customers with well-funded global companies such as Netflix, Amazon Prime Video and Disney+Hotstar. The news of acquisition of NDTV by Adani, came as a big news to the industry. In the digital media sector, games dominate the sector, accounting for 53% of global digital media sales, with video streaming and service (video on demand, or VOD) accounting for the next-largest chunk of the market.

NIFTY Media August'22 (in ₹)

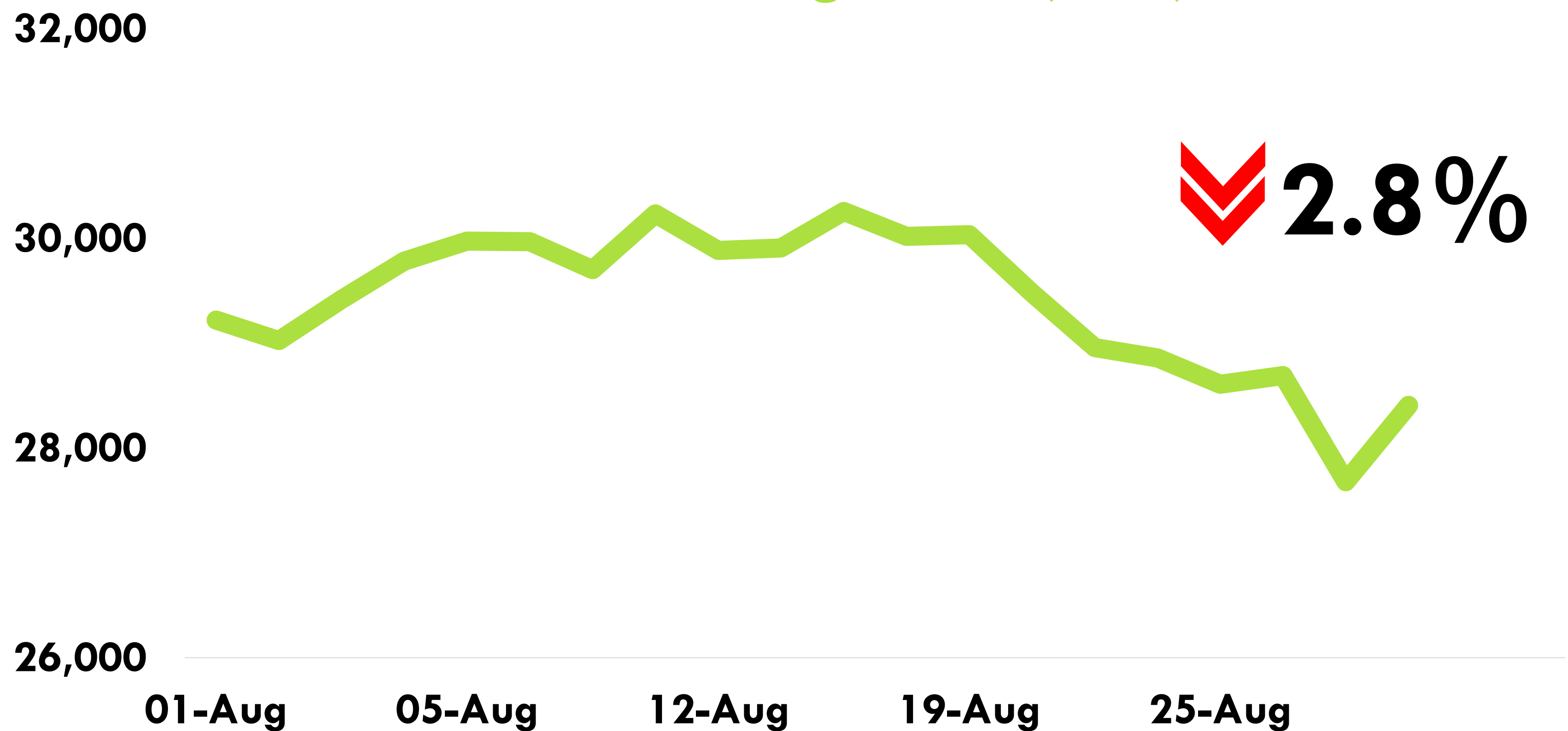


IT Sector

The IT sector declined by 2.8% in the Month and lost around 1,545 points since the beginning of the month. Falling margins, high attrition rates, and moonlighting are causing trouble for the IT sector. Wipro, one of the four IT majors in India, announced that it will withhold the variable pay of mid, and senior-level employees for the first quarter (Q1FY23) due to poor financial health. Other IT companies like TCS and Infosys have also followed suit. The performance of IT stocks mirrored a trend in the US, where the sentiments have soured because of higher interest rates.



NIFTY IT August'22 (In ₹)



Source: NSE

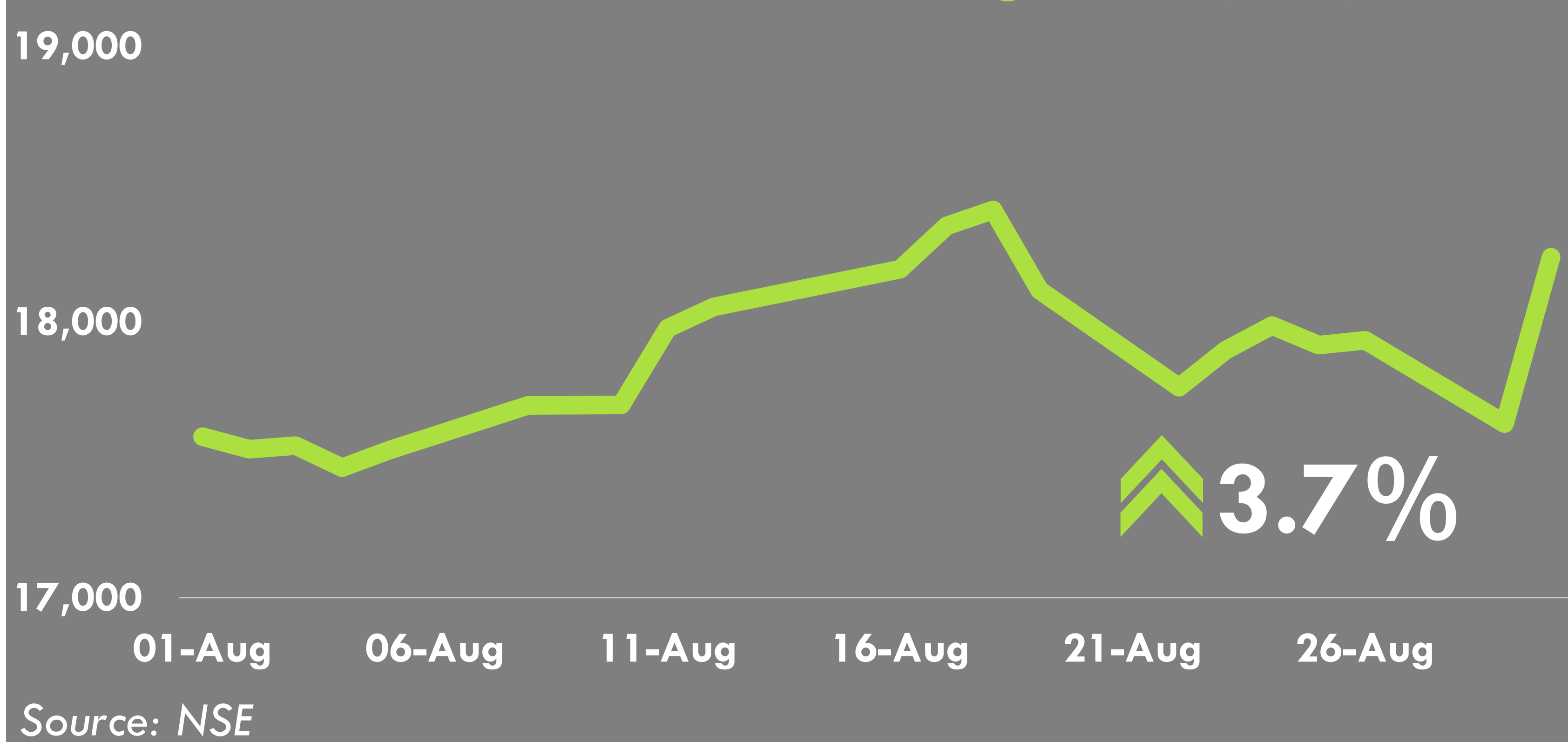
SECTOR UPDATES

Financial Services Sector



The rate-sensitive index surged as the investors piled into stocks to buy the dips triggered by the Fed's hawkish tone on interest rates. FPIs purchased provisional ₹4,165.9crs. FPI buying strengthened the rupee by 50 paise. The Nifty Financial Services index rose by more than 3% due as the risk-on sentiment resumed. The index was one of the biggest gainers this month depicting an onset of bullish sentiments towards the end.

NIFTY Financial Services August'22 (In ₹)

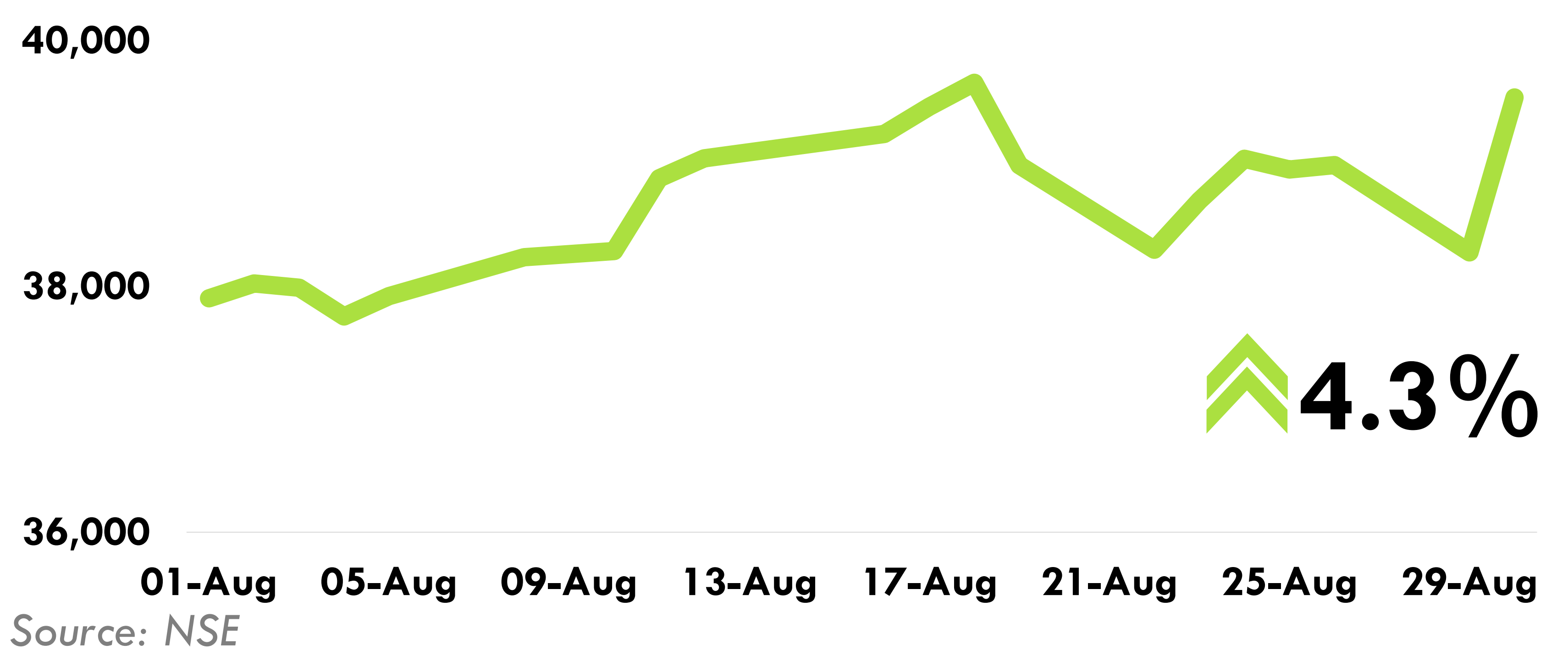


Banking Sector

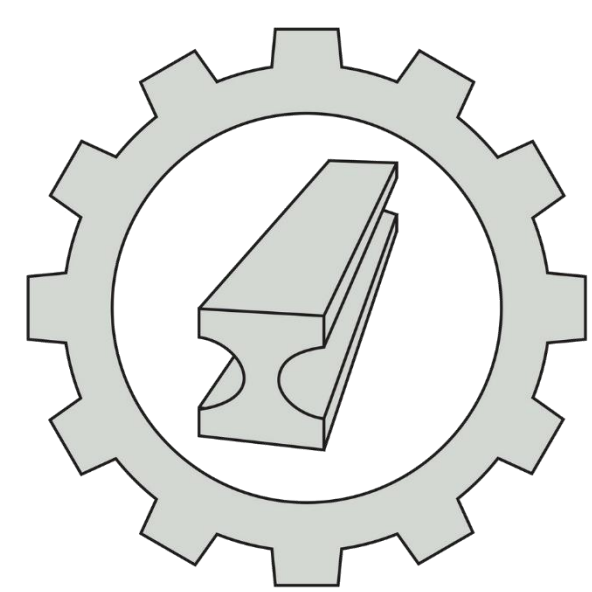


Nifty Bank managed to breakout of its falling trend line and suggested a bullish trend in the short term. It witnessed Golden Crossover in August. The index jumped by 3% led by the index heavyweights Bajaj twins – Bajaj Finance & Bajaj Finserv. Macro factors influenced the movement in the index. Cool-off in key commodity prices coupled with the central bank's actions on front-loading the interest rates has changed the market style in the last month. Bank Nifty continues to relatively outperform the benchmark index in the last few quarters as can be seen in the Bank Nifty/Nifty ratio chart.

NIFTY Bank August'22 (In ₹)

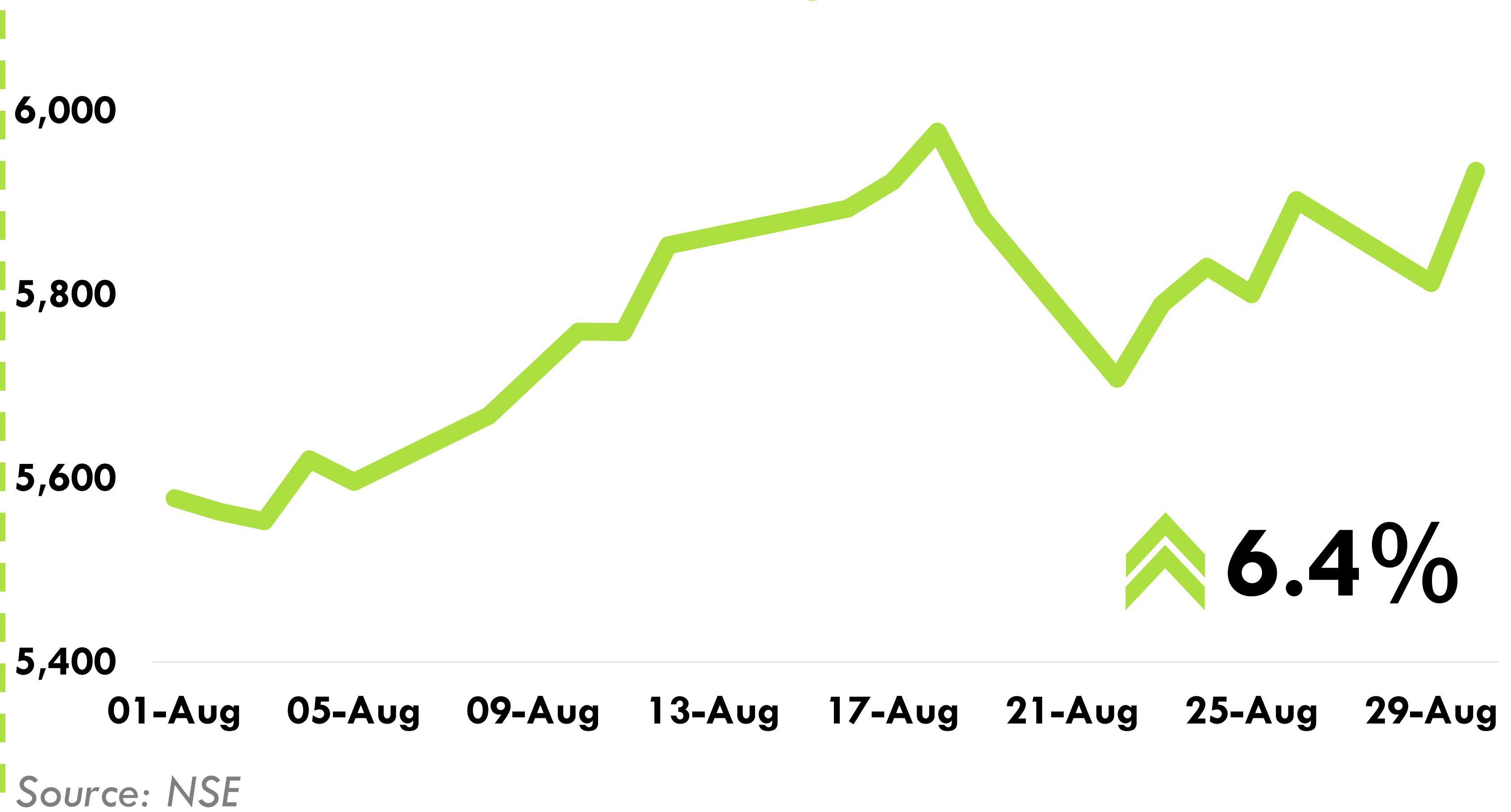


Metal Sector

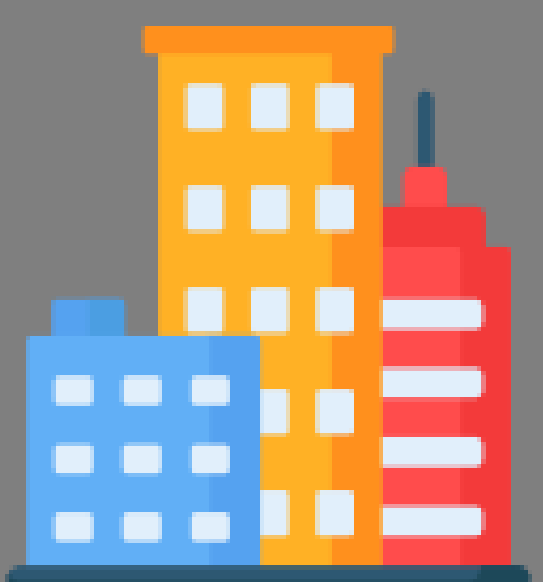


After the sharp sell-off due to global meltdown in metal prices and increasing recessionary pressure, the metal stocks recovered some of the losses due to the broad-based resilience in the financial markets. Metal stocks witnessed volatility in the third week of the August due to higher oil prices and weaker Asian markets led by an escalation in the Sino-US tensions. The index however, surged 2.3% this month despite the slower growth in the Chinese economy. Tata steel and Vedanta have a strong future outlook despite the headwinds in Chinese economy.

NIFTY Metal August'22 (In ₹)

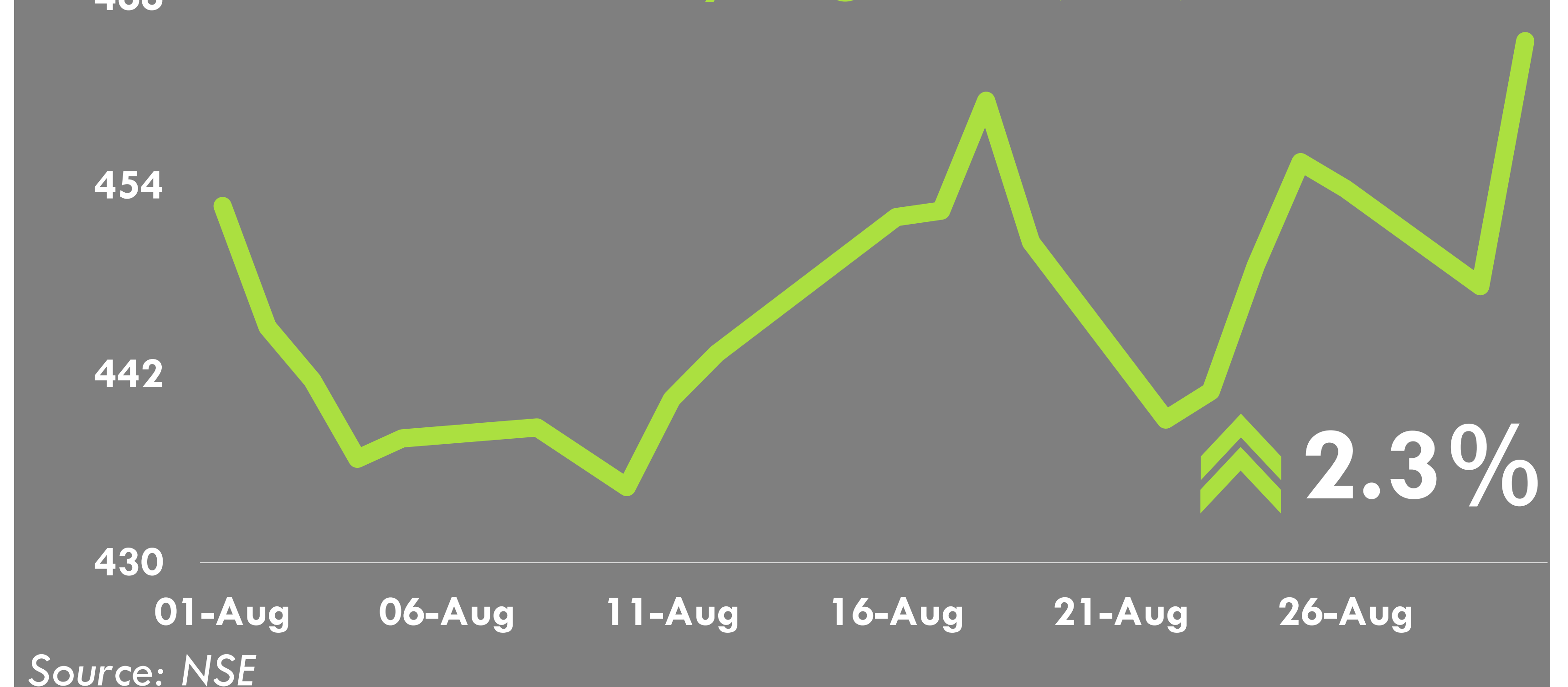


Realty Sector



The realty sector ended on a green note as it advanced 6.4% in August. The real estate stock revived due to low systemic inventory, the launch of new projects amid rising in rental yields, and price hikes. The top gainers of this index are Prestige Estates which surged by 3.1% and Oberoi Realty by 2.7%. The optimism in the residential space, sharp recovery in retail, and a revival in the commercial segment bode well for the sector. The real estate market is poised to touch ₹65,000 crs by 2024 and 2025, this sector is expected to contribute to 13% of the country's GDP.

NIFTY Realty August'22 (In ₹)



IPO

Syrma SGS Technology Ltd

Syrma SGS is a tech-focused engineering and designing company engaged in electronics manufacturing services (EMS). The company decided to allocate 1,14,56,261 equity shares to raise ₹766cr through fresh equity shares, while the existing shareholders & promoters offloaded 33,69,360 shares, aggregating about ₹71cr. The share issue's proceeds will fund CapEx requirements to expand manufacturing, R&D facilities, and long-term working capital requirements. The company recorded a 43% revenue growth of ₹1,267cr in FY22 against FY21. Net profit grew 17% to ₹76.5cr for March 2022. It showed stellar performance as it clocked 43% return on its debut on August 26. The returns were expected and attributed to its healthy subscription figures, strong financial performance, diversified product portfolio with a strong customer base, and positive secondary market position.



DreamFolks Services

The airport service aggregator platform hit Dalal Street on 24th August and closed on 26th August. It has been subscribed 56.68 times. The company had fixed its price band range ₹308-326 for its initial stake sale. The IPO saw huge retail demand. The IPO was entirely OFS up to 1,72,42,368 equity shares. The company did not directly receive any proceeds from the issue; the selling shareholders received entire proceeds in proportion to the offered shares sold by them. There are no listed peers for the company so far. The Company facilitates an enhanced airport experience for passengers, leveraging its technology-driven platform. The asset-light business model of the company integrates global card networks operating in India, credit and debit card issuers, and other corporate clients with various airport lounge operators. It facilitates consumers' access to airport-related services like lounges, transit hotels or nap room access, and baggage transfer services. Its revenue from operations increased from ₹98.7cr in 2017 to ₹367cr in 2020 at a CAGR of 55%



Avalon Tech

Avalon Technologies offer end-to-end solutions for the electronic manufacturing industry. It filed a DRPH with SEBI to raise ₹1,025cr through an IPO that consists of a fresh issue of ₹400cr and an offer-for-sale (OFS) of around ₹625cr. Proceeds from the issue worth ₹150cr will be used for the prepayment of the outstanding borrowings availed by the company and one of its material subsidiaries, ATSPL. The company will use another ₹150cr to fund its working capital requirements. IIFL Securities, JM Financial and Nomura Financial Advisory, and Securities India are some book-running lead managers to the issue. For FY22, the net profit stood at ₹68.2cr against ₹23.1cr last year. The EBITDA margin improved to 11.6% from 9.58% a year ago. The company's total income increased to ₹851.6cr from ₹695.9cr a year ago.



Upcoming IPOs

IPO Size (Approx.)

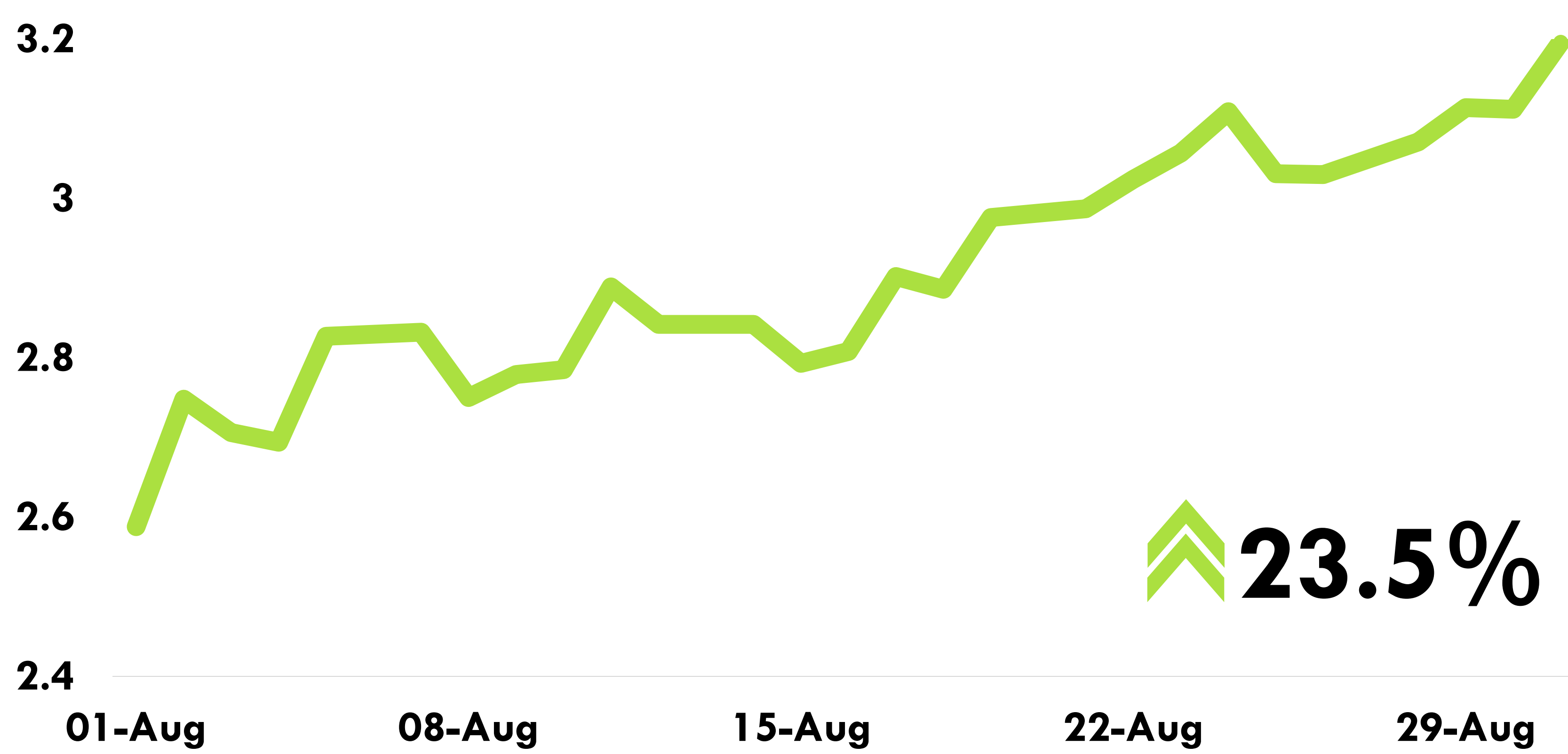
Fusion Microfinance	₹600 Cr.
Blackstone	₹19,874 Cr.
Tamilnad Mercantile Bank	₹831 Cr.
Mamaearth	₹2,400 Cr.
Apeejay Surrendra Park Hotel	₹1,000 Cr.

Balaji Speciality Chemicals

Balaji Specialty Chemicals, a part of Balaji Amines, filed its DRHP with SEBI to float its IPO. The Co. manufactures niche chemicals such as piperazine anhydrous, ethylene diamine, etc., using the mono ethanol amine process. The issue consists of equity shares worth ₹250cr and an offer-for-sale of up to 2.6cr equity shares by the promoter and shareholder. The Solapur-based Co. will use the funds raised to repay ₹68cr of its outstanding borrowings and use ₹119.5cr to fund its working capital needs besides general corporate purposes. Due to stringent environmental norms in China, the chemical industry is expected to post a 10% to 12% CAGR between 2021 and 2026 due to a rise in demand from end-user industries.

FIXED INCOME

US 10 Year Treasury Yield August'22 (In %)



Source: US Department of the Treasury

The 10-year Treasury yield started the month on a weak note at a rate of 2.516%, which was the lowest in 4-months. The Bank of England increased the interest rates, which were the highest in 27 years. Later, the yield rose from the stronger-than-expected jobs report for July to 2.83%. The data showed nonfarm payrolls increased by 5,28,000 last month and surpassed Dow Jones' expectations of 2,58,000. At the same time, wage growth rose, with average earnings climbing 0.5% for the month and 5.2% over last year. Investors are selling bonds which are driving the yields higher. The yield rebound below 3% pushes it to advance further to as high as 3.075%.

Liquidity Surplus

RBI's liquidity surplus shrunk significantly due to a combination of factors, including interventions in the forex market and strong momentum in credit demand. The recent reports manifest instances of the daily quantum of funds deployed with the central bank falling to less than the ₹1trn mark than in the previous month. The jolt was mainly felt in raising funds across the banking channel as money market rates have been inching closer to the benchmark policy repo rate since the end of July, contradictory to the stance which RBI maintained during the pandemic of keeping money market rates below the repo rate. Given the global happening, there has been a clear indication that the RBI has been intervening on the forex side. The forex reserves were at \$564bn as on August 19, marking the lowest levels in the past 2 years.



SEBI's Resistance to The Increasing Bond Market?

Regulators are considering tightening control of trading platforms that allow on-click company debt investments. User-friendly interfaces similar to e-commerce websites have grown more than 6 times over the 2 years among non-institutional investors. SEBI plans to bar these platforms from selling privately placed corporate bonds and unlisted debts to non-institutional investors within 6 months of allotment. The proposal came after SEBI found cases of entire private issues sold to more than 200 investors within 15 days of allotment. The regulators are concerned about private placements becoming shadow public offerings due to stringent compliance and controls on public offerings. Therefore, SEBI has proposed the settlement through the debt segments of the exchange platform or through the request for quote platforms. However, many argued that the move might hurt liquidity as these platforms are rarely used by the bigger participants to settle their OTC trades.

Inflation



Indian retail inflation (CPI) in July was at a 5-month low of 6.71%, down from 7.01% in June. The easing of food items carried the drop in inflation. Food inflation was down to 6.75% from 7.75% in June, its lowest in 5 months. Within food, animal protein and edible oil saw the most significant price drop. Despite a drop of 30 bps in CPI, it remained above the Govt. mandated 2%-6% margin for the seventh consecutive month the government has mandated. The Index of Industrial Production (IIP) indicates that production increased by 12.3% in June. The upward trend was led by the manufacturing and electricity sectors.

Month (2022)	Inflation (%)
January	6.01
February	6.07
March	6.95
April	7.79
May	7.04
June	7.01
July	6.71

Source: MOSPI

RISK

Concerns Escalate over Consumer Products

Pharmaceutical giant Johnson & Johnson (J&J) has decided to pull its controversial baby powder out of the market in 2023. The product faced thousands of lawsuits alleging the presence of asbestos, a known carcinogen. J&J continues to deny these allegations and states that the move is simply a shift to meet evolving consumer trends. Darlene Coker was the first person to sue, claiming that the talc she used on her baby and herself gave her mesothelioma, cancer that affects the tissue of various organs. The company, however, avoided disclosing any talc results, and the lawsuit was dismissed. This reflects companies' lack of accountability toward customers needing better product content information. To change that, organizations across countries are drafting policies to ensure better protection of consumer rights. Organizations like the Consumer Protection Cooperation Network (CPN) across the EU, Iceland, and Norway and the ASEAN Coordinating Committee on Consumer Protection (ACCCP) in Southeast Asia are a few.

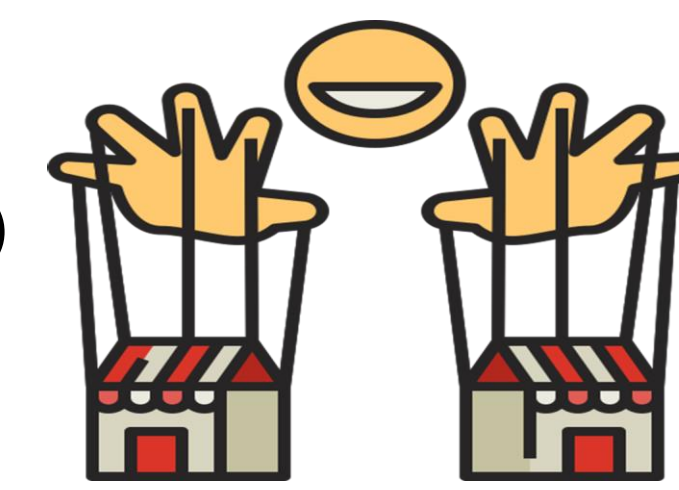


The Future of FinTech

The onset of COVID-19 acted as a pressure test for many Indian FinTech. A sizeable number had to prove their immunity as funding inflows took a hit but quickly restored to 70-80%. For FinTech companies to succeed, a greater comprehension of banking revenue pools and the creation of lucrative operations from the inception are essential. With the race for customer acquisition and surging funding over the last five years, profitability and compliance have been an afterthought for many players. However, while profitability gives runway, compliance helps create sustainable growth models. Certain incumbents come into play to ensure these companies remain profitable in the next 2-3 years. Some suggestions include embracing data democratization, open credit enablement (OCEN), and Account Aggregator models. Furthermore, more focus should not be vested in layering private innovation on public features to make conditions favorable economically and strategically.

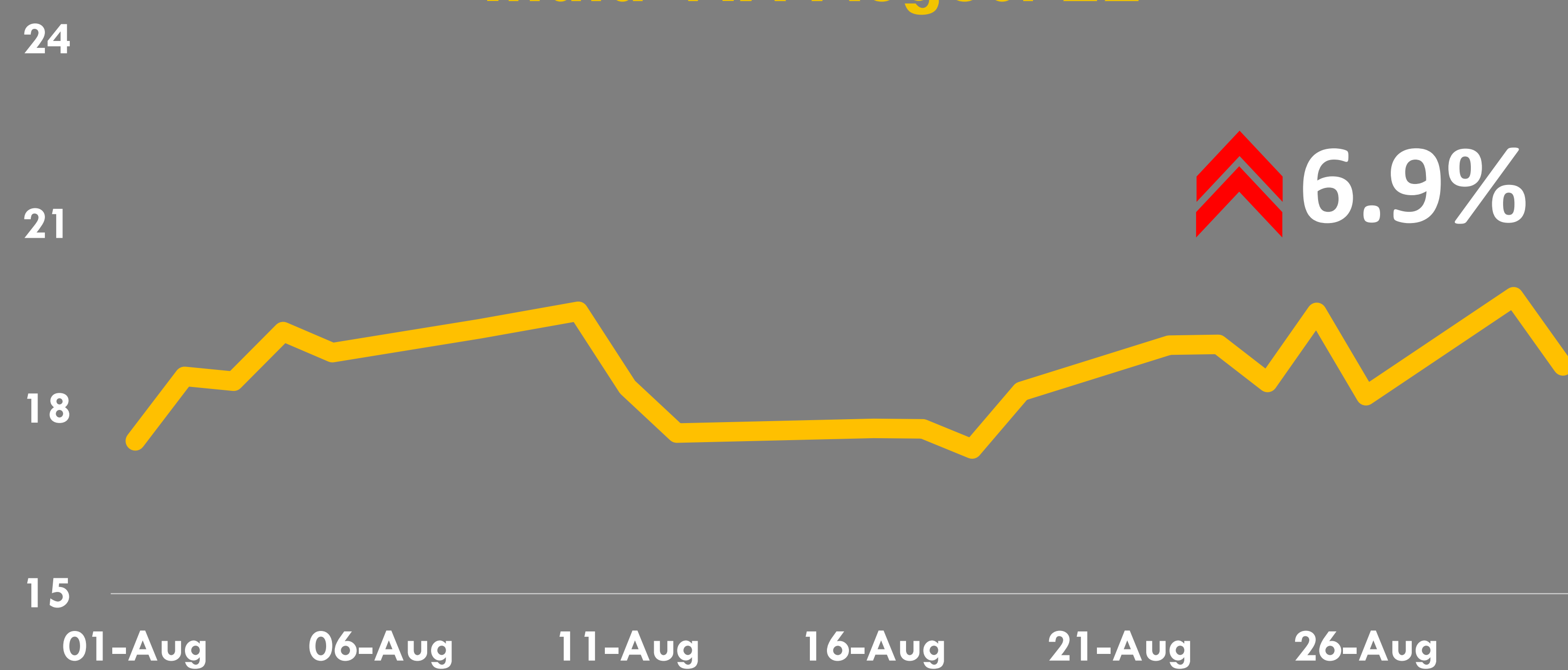
RBI Cracks Down on Loan Scams

The spike in loan demand during COVID led to widespread loan app scams.



According to RBI, nearly half of the 1,100 digital lending apps that mushroomed during January-February 2021 were illegal. These scammers charged high processing fees, interest rates, and hefty fines on missed payments. They also blackmailed customers through access gained to contacts and galleries. As individuals started falling victim, the RBI tried to ban many of these apps, but getting rid of them wasn't possible. As a result, RBI came up with digital lending rules for those lenders. Now, all loan transactions will be made using bank accounts of entities and borrowers regulated by the RBI, dismissing the role of third parties. The terms and conditions of lending, the amount to be paid, and other relevant details must be revealed upfront. Lenders can't increase the credit limit without the permission of the customer. Also, lenders can only access essential data.

India VIX August'22



Source: NSE India

The Indian VIX opened at 17.48, with equity shares trading at substantial gains and media shares continuing their fifth consecutive winning streak. The volatility persisted due to weak global market cues. The VIX gained 6.9% in the month of August. Bulls and bears continued to battle in the domestic markets. The US economy contracted amid muted demand, and the service sector witnessed a sharp decline. However, the indices managed modest gains towards the end as the FII's turned net buyers and market sentiments recovered during the last hours, and the risk-on emotions were back

DERIVATIVES

RBI Suggests MIBOR Committee

The RBI governor proposed to set up a committee to do an in-depth analysis of the issues faced by the Mumbai Interbank Offer Rate (MIBOR). The committee also plans to study if an alternative benchmark is needed and how the interest rate benchmark mechanism should move forward. With the RBI's diversified participant base and the introduction of IRD instruments, the use of MIBOR-based derivative contracts rose. It is calculated based on the actual call money transactions data obtained from the NDS-call platform. But the RBI noticed that the window of transactions on which the MIBOR benchmark rate was calculated was very narrow. Hence, to increase the participant base and the liquidity of alternative benchmark rates, a MIBOR committee was proposed. This announcement is following a prevailing international practice. Replacing the narrow range of transactions with a broad-based liquid benchmark would ensure greater transparency and lesser chances of rate manipulation.

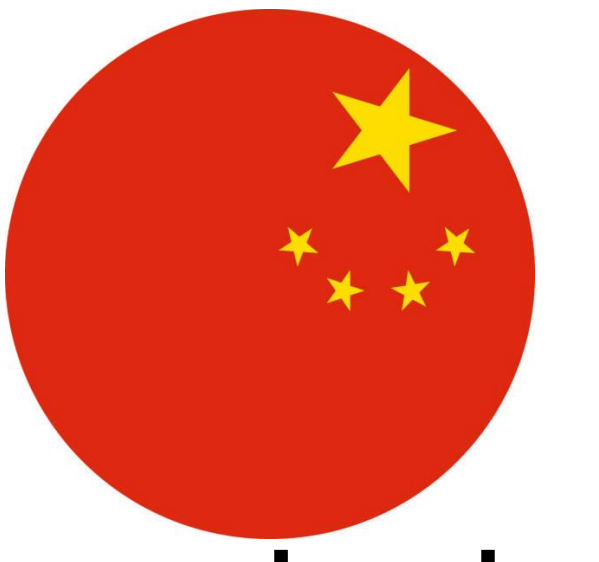


SPDs Given Mandate

The central bank took some vital steps to help deepen the currency and interest rates derivatives market, where bond houses, known as primary dealers (PDs), would now be allowed to trade on behalf of their clients. Standalone Primary Dealers (SPDs) can undertake foreign currency business for limited purposes. With a vision to strengthen the role of SPDs as market makers, on par with banks operating primary dealer business, it is proposed to enable SPDs to offer all foreign exchange market-making facilities as currently permitted to Category-1 Authorization. This measure would give forex customers a broader spectrum of market-makers in managing their currency risk, thereby adding breadth to the forex market of India. A more comprehensive market presence would improve SPDs' ability to sustain government securities' primary and secondary market activities. There are seven SPDs currently. This move will help integrate offshore and domestic markets and improve overall liquidity, enabling clients to hedge interest rate risks better.

Chinese Derivatives in Open Markets

In a breakthrough move, China has enforced a mechanism for determining payouts during counterparty defaults. A method of close-out netting will be implemented which will bring the country's laws up to international standards and see a decrease in costs for investors to trade in the OTC derivatives. Less capital will have to be maintained to hedge against credit risks, and a major barrier to international finance will be removed.



International Swaps and Derivatives Association recognized this game-changing Chinese law to give international firms more confidence in derivative trading with Chinese counterparties. Trading in Chinese OTC derivatives accounted for around 1% of global turnover in 2019. The law forms a part of China's efforts to open up—a term used in its official five-year plan covering the period through 2025. In this period, the country pledged to build an institutional system and a regulatory model that is linked to international rules. However, the proposal might pose significant operational challenges as the firms will have to set up a system in place for calculating initial and variation margins.

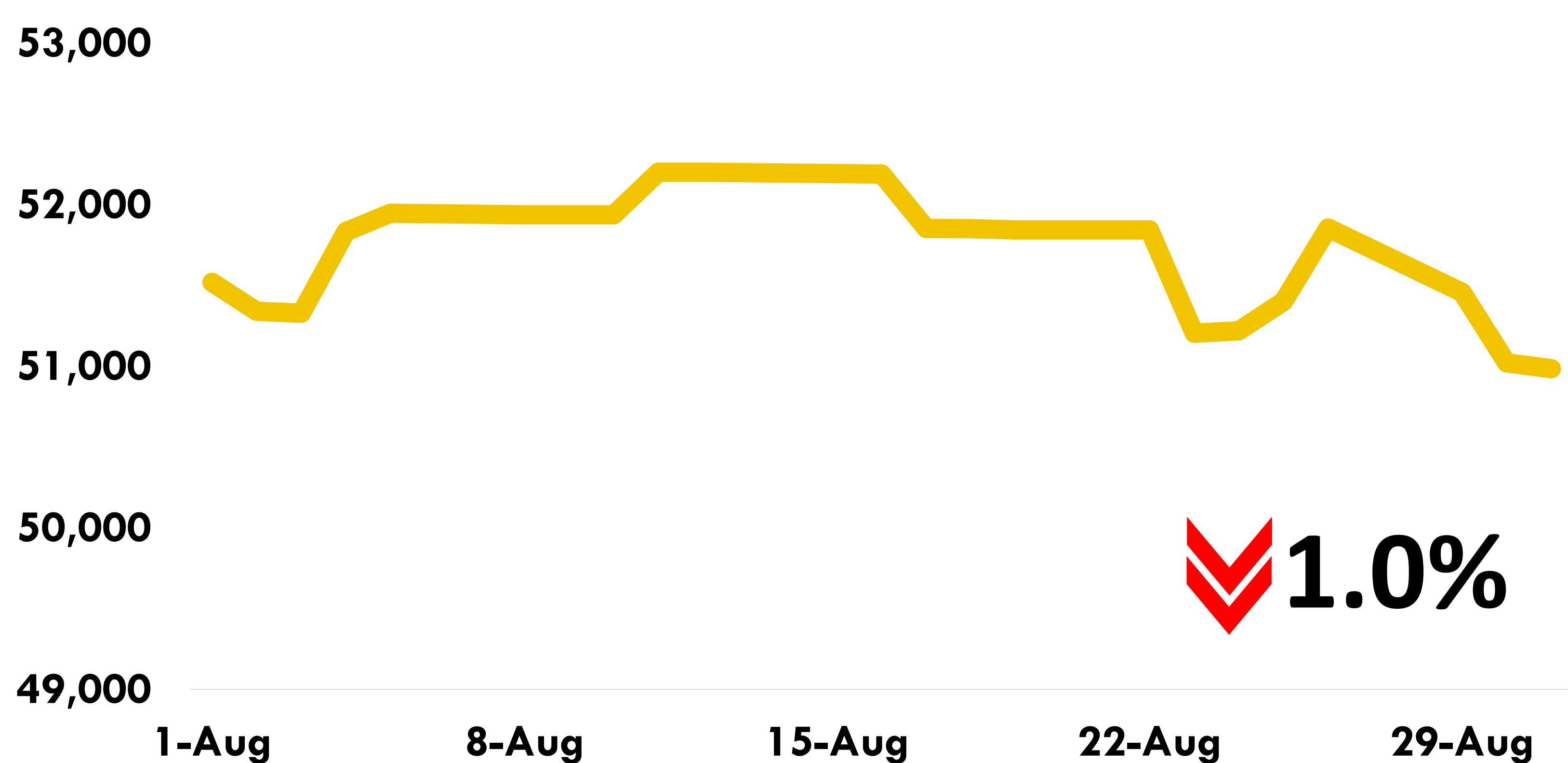
Auction for Russian CDS Settlement

The Credit Derivatives Determinations Committee (CDDC) expects to hold a public sale in the first half of September. This will be the settlement procedure of the credit default swaps (CDS) concerning the payment of international bonds that Russia defaulted on earlier in May. The auction followed the US's announcement of sanctions on Russia, calling for a total ban on US entities buying Moscow debt.

But the US Treasury's Office of Foreign Assets Control (OFAC) mentioned in a waiver in July that it would allow for trading to be held two business days before the auction date and eight business days after its conclusion, giving a green signal to the CDS settlement procedure. As the committee continues to monitor how the settlement restrictions could impact, it is also working towards providing the parties multiple options to participate in the settlement.

COMMODITIES

Gold Spot Price (In ₹ per 10 grams)

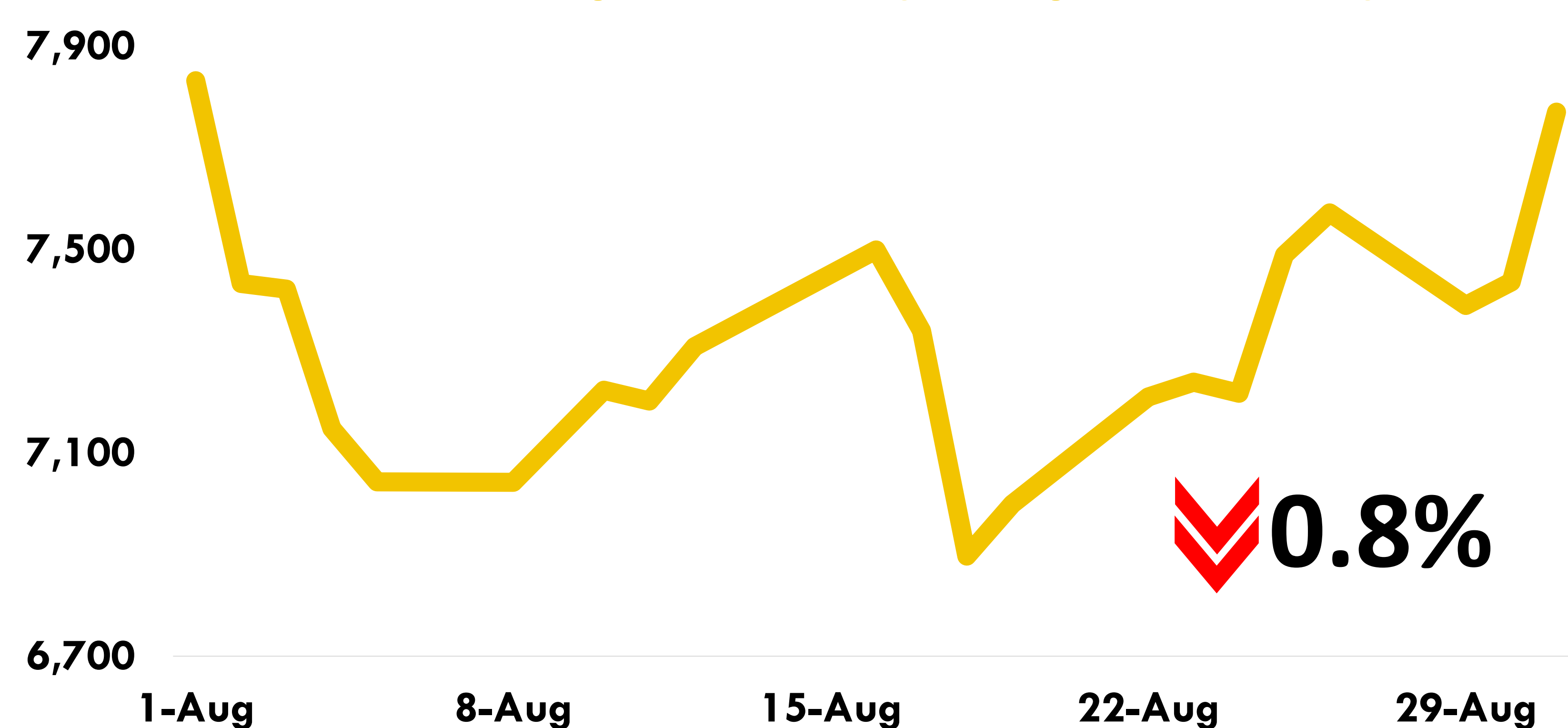


Source: MCX

The gold market continues to trade sideways because of weak INR against Dollar. Pelosi's visit to Taiwan gave a fresh impetus to gold. The gold futures were down after rising to a three-month high when it had jumped above ₹52,600. Prices declined following the robust US jobs data announced last week lifting the prospect of an aggressive rate hike bet by the US central bank. The dollar's weakness and declining bond yields have helped strengthen gold prices. In 2022, the cost of mining an ounce of gold climbed by 7% annually to \$1,173, which portends well for gold. The prices corrected sharply by 2.1% during the previous week. Gold prices fell sharply on Monday after US Federal Reserve signaled more rate hikes.



Crude Oil Spot Price (In ₹ per barrel)



Source: MCX

Crude has hit new lows in the first week due to the rise in US crude inventories and the decision of OPEC and allies to raise output by 1,00,000 barrels a day. The price fall bodes well for India as it imports 85% of its energy requirements. India has been trying to diversify its oil sourcing amid the Russia-Ukraine conflict. However, the low output hike by OPEC supported prices. Crude climbed back to 7,200 after making a low of 6,944. It closed on a positive note despite WTI trading negative on the back of a weak rupee. Efforts to revive the 2015 nuclear deal that could boost Iranian oil exports by about 1.3mn BPD drove prices to hit six-month lows. Crude has found a new trigger after Saudi warned that OPEC+ could reduce output to counter sharp declines in oil prices.



Higher Cotton Prices in the Cards?

Cotton prices in India are moving up the ladder daily, increasing over 12% in August. The international prices of cotton are at a seven-week high. The problem stems from the low yield of cotton crops in several states such as Gujrat, Madhya Pradesh, Rajasthan, Karnataka, and, Maharashtra. The MCX cotton prices are rising because the volume is less, owing to low liquidity. The pest attacks and heavy rains caused severe damage to the crop. The low stock of cotton was further strapped by the import defaults, in turn bumping up prices. Thanks to the rising prices of cotton, its demand among cotton manufacturers in the textile industry have taken a hit. Now, they are buying the raw material as and when required, avoiding hoarding and advance purchases. In US, a similar hike is visible due to higher sales and exports for new season crops and lower crop production

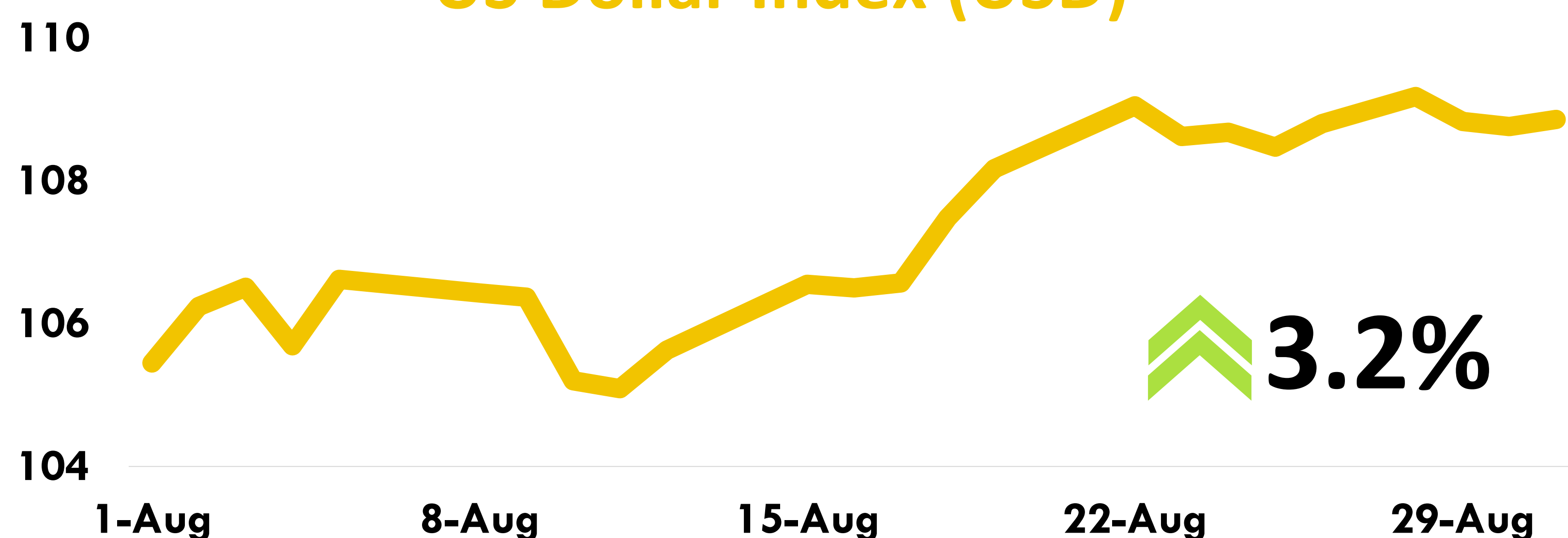
Iron Ore Pellet Export Unavailable

Iron ore pellet prices are anticipated to drop up to 30% due to the government's new 45% export tariff, which was nil last year. The imposition of levy has made the material unviable for exports. Pellets are a raw material input used to produce iron in a blast furnace, which is then used to manufacture steel.

The goal of the currently existing 45% charge on iron ore pellets was to deter exports and, as a result, reduce the rate of price inflation in the domestic market. In FY22, India exported more than 11mn tonnes of pellets, or about 15% of the total production of pellets, before the imposition of the tax. Analysts predict that a decline in exports will affect the usage of assets. Future domestic pellet pricing will come under pressure. However, there may be some chance for merchant pellet players, given the global shortage of foreign pellets.

CURRENCY

US Dollar Index (USD)



Source: Investing

US Dollar Index oscillated sideways in the first week of August but was overall bullish. Federal Reserve officials spoke of the need for further rate hikes. The Central Bank's July meeting was evaluated as being more hawkish than expected. The USD rises with an increase in the interest rates and this was reflected in the dollar index, which rose 3.2% in August. The investors speed toward safe-haven assets such as USD when markets show uncertainty.

Yuan- Russia's New Reserve Currency?

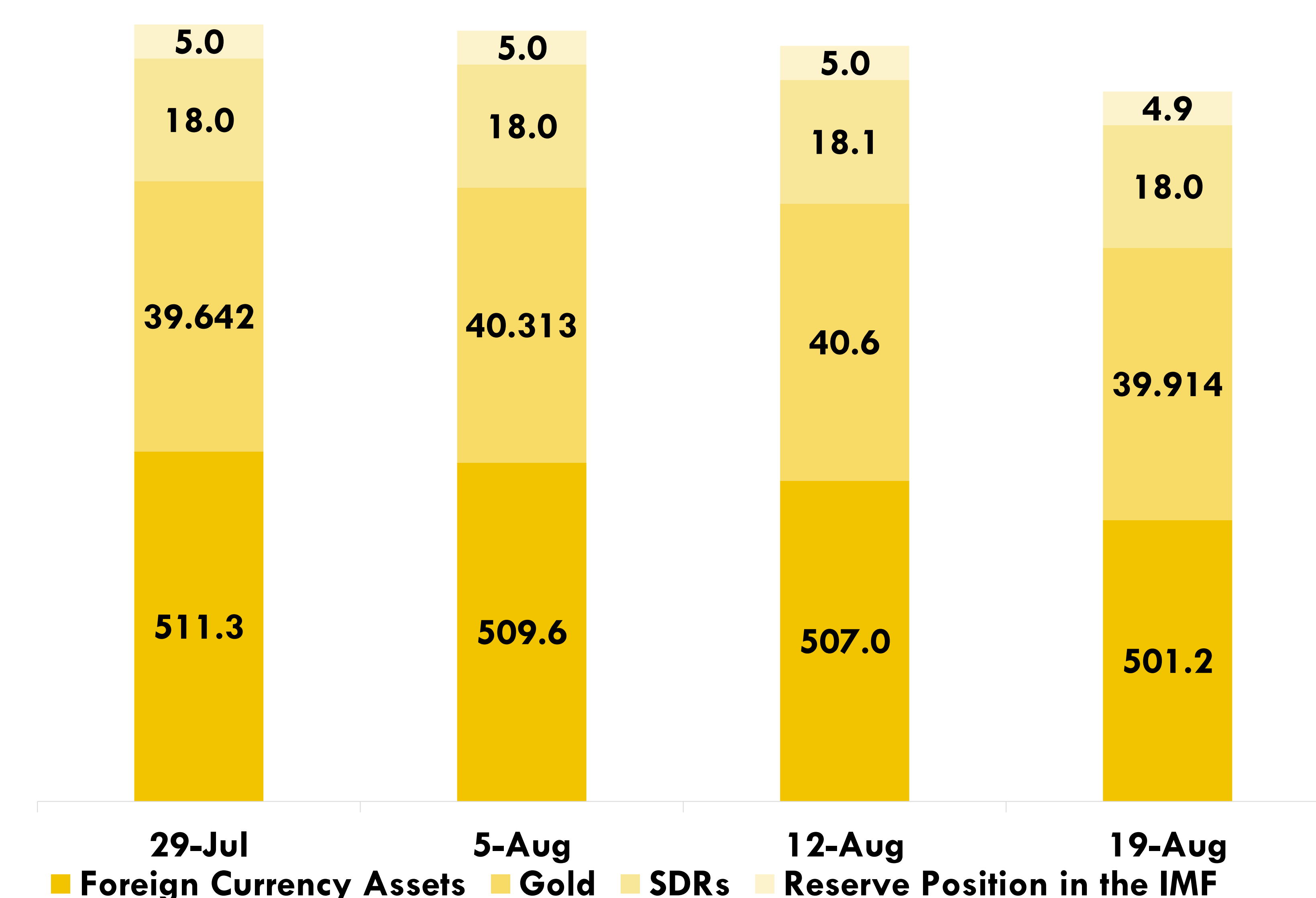


The Chinese RMB Yuan has become Russia's reserve currency. The demand for Yuan was low, prior to the Russia- Ukraine conflict. But, since July this year, the tables have turned and it has emerged to become the most demanded currency in Russia, after the USD and Euro. The Moscow Exchange now trades close to \$14bn in RMB Yuan, slightly behind the volume of euros trading on the Moscow Exchange at \$16.5bn. China's People's Bank of China (PBOC) does not allow its national currency to fluctuate much. Hence, for Russians and other international investors, the Chinese yuan can be considered a safe haven for depositors due to its lesser fluctuations. The PBOC, however, can devalue its currency if required by the state, which can be a risk for depositors.

India's Foreign Reserve Falls to 2-year Low

The country's forex reserve fell from \$897bn to \$573bn in the first week of August, then to \$570bn and \$564bn in the consecutive weeks, marking the lowest levels in 2 years. The falling trend started at the beginning of the Russia-Ukraine war. Foreign Current Assets, expressed in Dollars, and Gold witnessed a fall in August. The main reason for the fall was the central bank's aggressive selling of dollars in the foreign exchange market to curb any sharp fall in the Rupee. The domestic currency has hit record lows multiple times in the past few months due to capital outflows.

FOREX Reserve (USD Bn)



Source: RBI

Currency	1 st Aug'22	31 st Aug'22	Change (%)	Trend
INR/USD	INR 79.2	INR 79.5	↑ 0.4	
INR/EUR	INR 80.4	INR 79.9	↓ -0.6	
USD/EUR	USD 1.0	USD 1.0	↑ 3.0	
JPY/USD	JPY 133.4	JPY 138.9	↑ 4.2	
CAD/USD	CAD 1.3	CAD 1.3	↑ 2.4	
USD/GBP	USD 1.2	USD 1.2	↓ -4.4	
USD/SEK	USD 0.1	USD 0.1	↓ -5.3	
USD/CHF	USD 1.0	USD 1.0	↓ -2.9	

Source: Investing

OTHER ASSET CLASSES

PE/VC Investments Plunge

Investment in private equity and venture capital funds into Indian entities fell 69% to \$3bn in July. The investments in July were the lowest for any month in a year and lower than the \$4.9bn across 118 deals in May. June recorded 74 deals against 134 deals in the previous year. The primary reason is the result of global headwinds like recession and high-interest rates in developed countries, especially the US.

Investments into start-ups, which had given a leg-up to the overall venture investing landscape in the last 18 months, were down 76% to \$820mn. The total fundraising stood at \$866mn across nine deals, compared to \$726mn of dry powder raised in June 2021. Dry powder refers to cash reserves set aside to cover future obligations, primarily the company's capital that is obligated to invest but has not yet been allocated.



End of the Road for Investors

Alternative Investment Funds (AIFs), set up to wind up in the next few months, are struggling to sell holdings in unlisted ventures and start-ups as investors steer clear of risky investments due to tightening liquidity. Once a close-ended AIF's life cycle is complete, the fund manager is required to liquidate its holdings within 12 months and distribute the proceeds to investors. However, in present circumstances, most of these AIFs, which hit the market in 2013-14, are either not longing to sell their holdings or have failed to find a buyer at the desired valuations because of liquidity-related challenges.

Due to the tightening of policies by the central bank, funds flowing into unlisted companies, especially tech-driven start-ups, have been affected. Some AIFs have now asked SEBI to extend the liquidation period by two years until the private market funding scenario improves.



Mindspace Business Parks REIT hits 18

Mindspace business parks REIT leased nearly 1Mn sq. ft. of office space through 18 transactions during Q1FY23 across its IT parks in Bombay, Pune, Chennai, and Hyderabad. Its clients include companies like Facebook and Real Page.

The leasing demonstrates the revival of demand for office spaces after COVID as companies continue to encourage employees to return to their workplaces. The demand for renewals has also paced. Mindspace REIT's portfolio consists of 31.8Mn sq. ft. of leasable area, mainly located in four key property markets, including Mumbai, Pune, Hyderabad, and Chennai, totaling five integrated business parks and five independent office assets. The entity focuses on build-to-suit facilities. Its portfolio consists of Grade A integrated business districts and independent office buildings as well.

The REIT is currently valued at ₹264bn. It has also witnessed a 9.3% YoY growth in rentals to ₹62.4 per sq. ft. a month. Would you consider investing in this OAC?



Green Bank can Turn India Carbon-Neutral

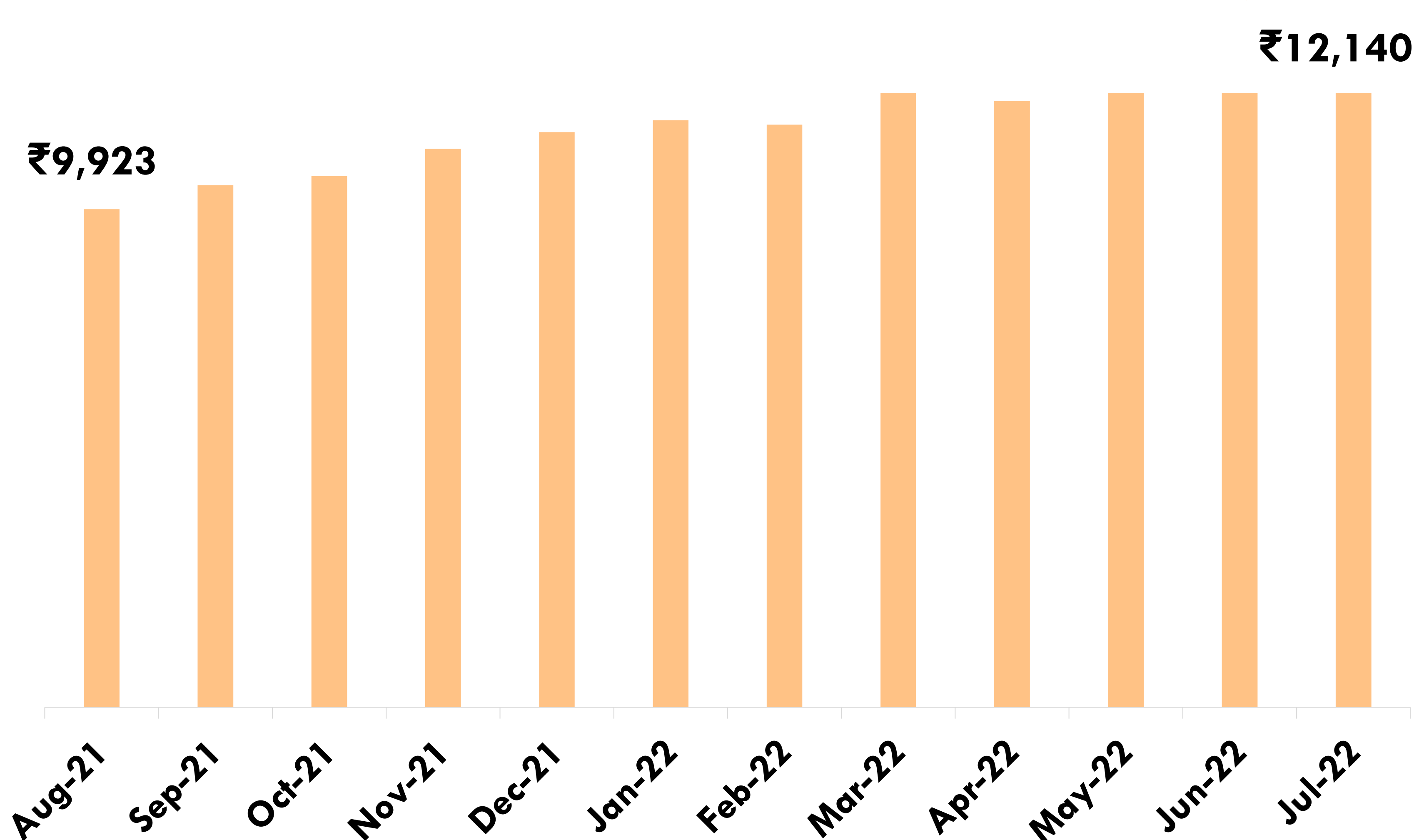
While Green finance is available globally in abundance, India on the other hand faces a lack of such capital finance. It hence needs a mechanism for Indian companies to tap into global capital. When it comes to backbone sectors like power and steel, they are among the major carbon emitters and require huge green finance investments to reduce their carbon footprint. The average carbon emission per ton of steel is 2.5 tons. The use of renewable sources to generate electricity cannot alone reduce the emission of the sector, which is produced by the use of coal. Here comes the role of Green Finance, which includes lending financial instruments to promote environmental sustainability, usually at a lower cost than other funding sources. To encourage sustainable investments, financial institutions have started to implement green retail products, such as green car loans and green home equity loans. Focusing on such finance leads to transparency and a regular flow of investments into environmental objectives.



Assets Under SIPs Scale a New Peak

The share of SIP-linked AUM in the entire mutual fund industry AUM expanded to a record 16.1%, with a peak of ₹6.1 lakh cr in July compared with the long-term average of 11%. The SIP schemes attracted an inflow of ₹12,140cr in July, while the total inflow into various schemes over the past 12 months was ₹1.4 lakh cr. The existing account holders mainly drive the SIP monthly inflows since there has been only a moderate increase in monthly SIP accounts in the past few months.

SIP Contribution Net Investments (₹ Cr.)



Source: AMFI

Edelweiss MF to Introduce Gold and Silver Fund

As a first mover in the country, the AMC, Edelweiss mutual fund is slated to introduce a single fund that provides exposure to gold and silver. The Edelweiss gold and silver ETF (FOF), NFO, will expire on September 7, 2022. While gold funds were introduced in 2007 and silver funds earlier this year, there was no fund offering the amalgamation of both.

The strategy from Edelweiss aims for equal exposure to the two metals that will be periodically modified. The planning letter for the fund claims that silver has outperformed during metal bull rallies while gold outperformed during recessions. In the long run, both offer a strong hedge against inflation which has become the need of the hour. The yellow metal saw a rally of 26.1%, 31.7%, and 11.3% during the downturns of 2008, 2011, and 2016.

Equity MFs see Funds Flow Decline.

Equity mutual funds felt the pinch of volatility as the net inflows fell 42% MoM in July to a nine-month low of ₹8,898crs. The total AUM for the mutual fund industry rose to ₹37.74trn, mainly due to inflows in short-term debt funds, as the investors waited for a market correction before finding the right avenues to park their money in. Small-cap and flexi-cap funds were the prominent gainers among the equity mutual funds as they received net inflows of ₹1,779crs and ₹1,381crs, respectively. The steep correction in July slowed the momentum, and the investors pruned their exposure to the equity mutual funds.

Golden Opportunity for US Insurance Companies

Among the recent developments, The regulatory authority IRDAI invited US-based insurance companies to invest in the domestic market. The industry seems lucrative alongside a liberalized policy regime and the country's vision to have insurance for all by 2027. India is the destination of four major US-based insurance companies, while the average is 10-14 in other Asian countries. The Gross Written Premium (GWP) grew from \$69bn in 2017 to \$115bn in 2022 and is expected to reach \$500bn by 2027.



Tata Asset Management Eye's Pension Business

With 28 years of work experience in investment management, Tata Asset Management Company (TAMC) entered the pension space with Tata Pension Management Limited (TPML) as the Pension Fund Manager (PFM) for managing funds under the NPS scheme. TPML, sponsored by TAMC, has been approved by PFM and the regulatory body, PFRDA.



TAMC is one of the three new firms that have received a license for pension fund management over the past 1 year. With the addition of Tata in the pension space, there are now 8 pension fund managers, with SBI being the market leader. The concept of retirement planning is still developing in India and promises huge growth in the coming years with the rise in awareness of financial literacy among citizens.

Axis Bank-CredAble Deal

Axis Bank announced to acquire over a 5% stake in the FinTech platform CredAble for ₹55cr



(\$7mn approx.). The deal, expected to be completed by early September involves taking over 8,921 shares, equivalent to 5.09% of the face value of ₹10 each for ₹55cr.

The start-up caters to the working capital requirements of India Inc., which includes large, mid, and emerging corporates, MSMEs, and financial institutions, through its network of financial institutions via its proprietary technology (platform) and licensing its technology to financial institutions as a co-branding solution. This investment will help CredAble expand its back-end as a Service (BaaS) solutions in global markets as well as penetrate deeper into the SME ecosystem in India, "Formalization of MSME lending and high contribution of MSME segment in India's GDP offer tremendous opportunity. We continue to invest in the MSME space, extending our distribution and service footprint across India," quoted Amitabh Chaudhry, MD and CEO at Axis Bank.

JSW Energy Unit to Buy Mytrah Energy Assets

The third biggest acquisition in the Indian renewable energy space is all



set to take place with JSW Energy purchasing Mytrah Energy's 1.75GW assets for ₹10,530cr. If the deal goes through, JSW'S Energy's operational capacity will increase by over 35% to 6.53GW from 4.78GW currently. As part of the deal, the company announced that it was picking up 10 wind assets as Special Purpose Vehicles (SPVs) and 7 Solar SPVs, however, the deal is subject to approval from CCI. The company has set the target to achieve its 10GW capacity target ahead of 2025. With a capacity of 1.33GW in wind assets and solar powered capacity of 0.42GW, the company operates primarily in Southern, western, and central parts of India.

The company also has 2.5GW of capacity under construction and expects to get completed in 18-24 months. The renewable energy sector has seen a significant increase in investments and fierce competition in recent years.

NDTV Hostile Takeover?

Adani Group's recent announcement of acquiring over 29% of the stake in New Delhi television, aka NDTV



Ltd. expressed concerns over a hostile takeover and a possible shift from a free media space to a corporate control one. NDTV is among the few media houses that have actively taken a critical stand on government policies. Standing in solidarity with the Management of NDTV, the Delhi Union of journalists remarked on the channel's bravery over the years for having stood up against several challenges.

The critical matter for the takeover was the unpaid loan that NDTV's promoter entity RRPR Holding Pvt Ltd had taken from Vishvapradhan Commercial Pvt Ltd. (VCPL). RRPR issued warrants worth ₹403.85crs, which VCPL could convert into a 99.9% stake in RRPR upon default of payments. Adani Group acquired VCPL and exercised its option to convert unpaid debt into a ~29% stake.

Fighting back, NDTV filed a letter with the stock exchange, stating the warrant could only be exercised after having explicit consent from the promoters, which never happened.

So the saga may take some further twists and turns.

OYO Acquires Danish Vacation Home Company

Hospitality giant OYO announced the acquisition of vacation company



Bornholmske Feriehuse for an undisclosed amount. The move is expected to add around 737 vacation homes to OYO's kitty. OYO's subsidiary DanCenter executed the transaction via the Danish government's "Invest in Denmark" initiative. As part of the agreement, director and co-founder will continue to head the company and monitor operations. The start-up provides an end-to-end solution to homeowners, allowing users to book vacation homes, list their properties, and realize a rental percentage from total sales. The hospitality major has deep roots in EU countries such as the Netherlands, Belgium, Germany, and Croatia. At the end of March 2021, OYO offered services in more than 35 countries. The hotel and resort industry is projected to reach \$722bn by 2022, while Indian tourism and hospitality are expected to earn \$50.9bn from foreign investors by 2028.

STRATEGY

Tourism: the Malayali Style

Ranking 9th among the world's greatest places in the eco-tourism category, Kerala has been a sought-after destination. The "God's Own Country" campaign is the major highlight in its 25x growth in the earnings collected from tourist arrivals. To make people recognize a place with a particular experience is what Kerala rightfully built. Emphasizing the 3 leading USPs – nature, ayurvedic practices, and culture – helped it create its own identity in both global and domestic markets, enhancing its brand recall value. Smooth-running business avenues were established to support the industry. Ayurveda centers, boat-housing facilities, wildlife sanctuaries, and other businesses that could assist their functioning were boosted through government subsidies. Tourist safety is a significant issue that can impact the brand image of the place. Kerala's tourism department won over people's trust via insurance policies for themselves, their baggage, and even passports. Actively engaging content on its social media platforms has added to conversions of prospective customers. Having a sturdy backend mechanism in the form of small businesses generating revenues has resulted in excellent returns from Kerala's natural assets. In 2022, Kerala Tourism embarked on an intensive marketing drive to showcase and promote its Caravan Tourism initiative across India.

How is Switzerland Bypassing Inflation?

Surprisingly, Switzerland has the most negligible inflation in the world, even when economies underwent a crisis during the pandemic. Since 2009, it has recorded negative inflation or deflation apart from the recent positive inflation rate of 1.6%, massively lower than other European and Western countries. The question arises, how have the Swiss managed to control inflation? What policies is the Swiss National Bank implementing to eliminate inflation? One of the reasons is the amount of gold and forex reserves maintained by the Swiss National Bank, also listed on the stock exchange. 91.5% of reserves held by the Swiss Bank suggests that 9 out of 10 banks are backed by assets like Amazon, Google, and Apple shares. These reserves have kept growing year on year and have become an important reason for investments in the Swiss franc, appreciating its value over time. Investors look to the Swiss franc to secure their funds during a financial crisis. Also, the profits earned by the National Bank through lending, along with the returns on its investments in well-performing shares, is a great financing source for the Swiss Government. Inflation is quickly curbed by printing currency and repurchasing its currency against the heavy reserves they possess. Low taxes have also been incremental in the smooth functioning of the economy.

Will Quick Commerce Start-ups be Able to Survive?

Quick commerce is set to witness 15x growth by 2025, especially in the grocery delivery foray. Zepto and Blinkit have mastered the art of logistics via the strategic placement of dark stores per consumer behavior and buying frequencies. But a primary concern is the low margins that fluctuate with the gig-employee base with 18-20% attrition rates. Most of the players have introduced delivery charges. However, the revenue generated falls short of the stores' operating cost causing low to negative returns. Increasing the average order value can resolve this issue. Furthermore, the only USP of these companies is the convenience they offer. Unplanned purchasers are their frequent users, and all they look for is convenience. The faster the delivery, the better for them. In such a scenario, delivery charges are often neglected. So, a customer might opt for Zepto over Swiggy Instamart because of lesser delivery time, even if it provides a narrower range of products. Now, a lesser delivery time can be achieved through numerous dark stores in the city catering to hyper-local needs. A high number of dark stores indicates higher fixed costs that are difficult to sustain as the frequency and order value of unplanned purchases are low. Local grocery shops have removed the planned purchasers as they are also near their houses. While Dunzo and Zepto look to expand, they might eventually be taken over by industry giants like DMart and Reliance as they are brewing on cold data and have mastered last-mile delivery.

MARKETING & BRANDING

The 'Lagey Raho' Mantra of Videsi Candy

Alpenliebe has been the market leader in the Indian sweet indulgence candy segment for 25 years. Having introduced the pillow packaging trend in the industry, Alpenliebe has established itself as a candy brand for all ages. PVM brand's has been following the trend of extensive advertising to create consumer awareness of product launches. One of the major challenges for the brand has been its name itself. To make it an average Indian recall, its mostly foreign-sounding name was a nut that the company cracked through repetitive series of TV ads. New candies like Creamfills, Mangofilz, Strawberry, Chatapata flavors, and Juzt Jelly were introduced to meet the taste and preferences of Indian consumers.

A famous media campaign involving an animated crocodile fascinated by Alpenliebe was a massive hit. Subsequently, they faced a significant drawback of hopping on to too many ad campaigns as users could not connect with the brand, which became vague. To rectify this, Alpenliebe reverted to one of its original styles of the ad campaign that showcased the ordinary happenings in an Indian family. Consistency in product quality, stellar distribution channel, unique ad campaigns, and customizing products per the Indian palette has made Alpenliebe the king of this ₹2 market in the subcontinent.

IKEA in Godrej Talks

Godrej interio, the furnishing venture of the Godrej group, has been one of the trusted names in the Indian household. It eyes to capture 15% of the home and institutional furnishing sector that remains highly unorganized. However, it has faced tough competition from IKEA after its entrance into the Indian markets and e-commerce players like Pepperfry and UrbanLadder. In one of its Twitter ads, Godrej smartly tried to grab consumer attention by talking about its competitor - IKEA. It spotlighted the benefits Godrej interio provides over other brands.

For instance, it offers free installation service, which isn't the case with IKEA. Hence, Godrej posted a question on Twitter - "FREE INSTALLATION KEA?" The answer was - "NAIKEA." This way, Godrej made a dig at IKEA, projecting itself as a solution to the problems faced by IKEA's users. Similar posts were curated for warranty, EMI, and free delivery advantages. IKEA did not keep mum, responding to the tweets with a "Thank you" note but in a twisted way. They wrote - "Thank you, god, for thinking of us."

The God here refers to Godrej making as a sheer exchange of ambush marketing. The ambush marketing technique prays on the competitor in its very own advertisements.

The Vicious Circle of Marketing

GoPro is the real pro in the action camera retail segment. Having shipped more than 3 million cameras in 2021, it has thrived as the market leader. Curating products for the niche market and retaining users is challenging. Action cameras are often used to record sports and adventurous activities, and the marketers of GoPro exhibited the best way to engage with such an audience. They focused on the outcome of their product and used it for advertising and growing their brand through word-of-mouth marketing. Posting user-generated videos shot with a GoPro on the official social media platforms created a buzz. Subsequently, GoPro gained brand traction on an expanding user base. They created a vicious cycle of engagement, posting user-made videos, drawing in more customers, and posting videos of newly-acquired customers. GoPro adopted slogan marketing and created a bold slogan, "Be a Hero," that not only motivated people but also instilled a desire to purchase their products. These methods emerged as the most cost-efficient way of reaching and acquiring customers.

COVID UPDATES



COVID cases across the Globe, data as of 31st August

608M- Total no. of cases

585M- Recovered

17M- Active cases

(0.2% are serious and 99.8% are in mild condition)



COVID cases in India, data as of 30th August

44.4M - Total no. of cases

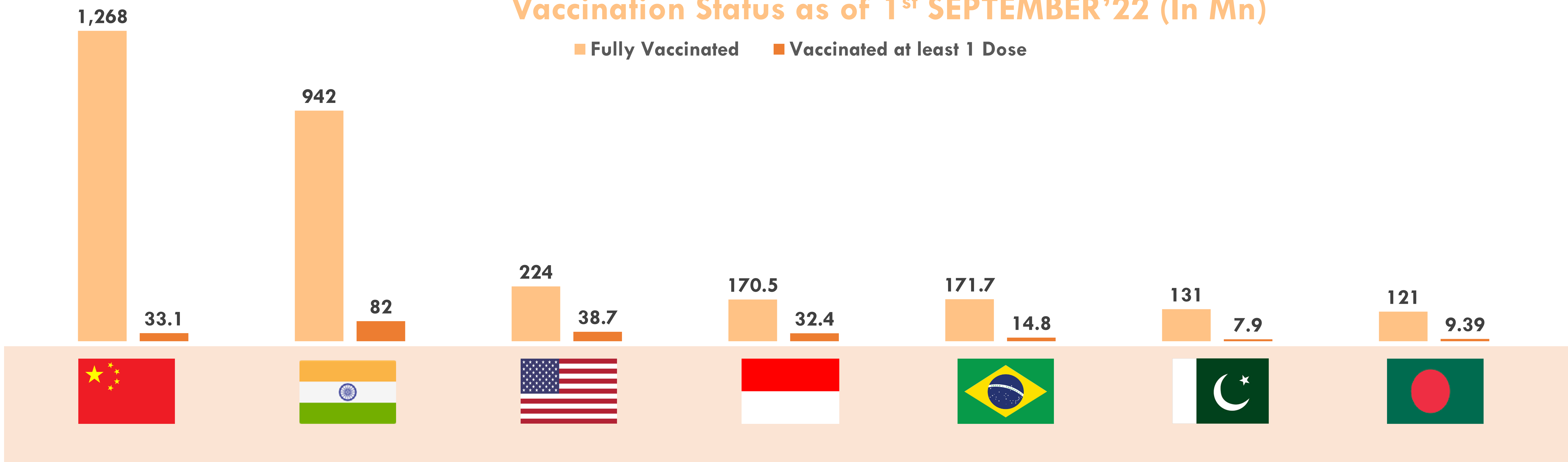
43.8M - Recovered

0.06M- Active cases

(1% are serious and 99% are in mild condition)

Vaccination Status as of 1st SEPTEMBER'22 (In Mn)

■ Fully Vaccinated ■ Vaccinated at least 1 Dose



Goodfellows Promoting Intergenerational Friendships

“You don’t know what it is to be lonely,” said Ratan Tata, the octogenarian industrialist who backed a startup that connects “grandpals”- men and women over 70 years of age with “good fellows”- who are in their 20s. The Start-up follows a subscription-based model. Over a period of time, the young fellows and senior citizens form meaningful bonds. A varied group of employees is chosen after intense vetting and psychometric testing, most of whom are engineering arts or filmmaking graduates. There are about 1.4bn people in India, with every second person under the age of 25 and over 15mn elderly Indians living alone either because their children are overseas or they have no family, which gives the idea of the mental and physical health challenges they must face. The startup emphasizes companionship, anything like a quiet walk or watching a movie, or having a conversation. Shantanu Naidu, the founder of Goodfellows, said that the idea for the startup came from his bond with Tata. He gravitates toward those like Tata for their newfound innocence and wisdom.

Coronavirus Treatment Acceleration Program (CTAP)

The FDA (Food & Drug Administration) has created a special program for possible coronavirus therapies, the CTAP. It uses all the available methods to move new treatments to patients quickly and effectively. COVID-related therapies include immunomodulators, antiviral drugs, gene therapies, and cell therapies. Therapeutic approaches being deployed are manifold as they become essential in understanding the effects of various categories of potential treatments. CTAP’s focus is to accelerate the development of therapeutics for patients. Accelerating COVID-19 Therapeutic Interventions and Vaccines (ACTIV), another initiative that involves collaboration among governments, and industry partners, including the FDA, to focus on the vaccine and therapeutic candidates, streamline clinical trials, and expand the research resources. The ACTIV govt. and industry partners offer subject matter expertise and funding to identify, prioritize and facilitate the entry of promising candidates into clinical trials. Under the CTAP program, the FDA can better ensure that critical focus is placed on reviewing those therapies prioritized by the ACTIV partnership.

OPINION POLL

“Federal Reserve Chairman Powell finally spoke firmly to fight inflation. Reminds us of Paul Volcker who broke the back of US inflation in 70s/80s. Watch out for Quantitative Tightening (QT). US rules the financial world. Opiated markets will wake up and smell the coffee!”

-Uday Kotak
CEO, Kotak Mahindra Bank

“I think it's clear that India is going to grow in every decade of the 21st century. It's gonna rise to be one of the biggest economies in the world, if not the biggest economy in the world.”

-Atul Keshap
President, US India Business Council

“The unemployment rate now matches the lowest it's been in more than 50 years: 3.5%. More people are working than at any point in American history, and it's the result of my economic plan to build the economy from the bottom up and middle out.”

-Joe Biden
President, The United States

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