



Leveraged Growth

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# MONTHLY REPORT JANUARY 2023

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## Is Pakistan the New Sri Lanka?

In the wake of political unpredictability, Pakistan's economy is getting worse. Gross unemployment and inflation have risen. Pakistan, like Sri Lanka, has welcomed Chinese funding to help its struggling economy. Some claim Pakistan's economy was on the verge of collapse because of significant Chinese investments. However, most of Pakistan's issues resulted due to its own poor management, lack of preparation, and—most importantly—the country's deteriorating relations with its neighbors. The IMF's strict preconditions for reviving the bailout program are becoming increasingly apparent as Pakistan's current financial crisis gets worse each day. But doing so would have a negative political impact, which the coalition government does not wish to bear. The foreign currency reserves have critically declined to just three weeks' worth of imports. The PM of Pakistan pleaded with the IMF to halt what he described as back-breaking loan terms. The World Bank has deferred the approval of two loans totaling \$1.1bn until the following fiscal year, whereas UAE has approved a \$2bn loan.

## Russia's Waning Energy Clout

Vladimir Putin's strategy of using energy as a tool for financial warfare is starting to backfire, endangering the foundation of Russia's struggling economy and reducing its geopolitical clout. The country's oil and gas industry is suffering as a result of Western sanctions, declining fossil resource prices, and strategic errors, and the war in Ukraine is expected to stretch another year. Russia thought that by shutting off natural gas, Europe would freeze and slacken its support to Kyiv. Energy prices have slipped to pre-war levels due to warm weather and abundant supply from other providers, which have so far thwarted this effort. Meanwhile, a European Union oil embargo and a U.S.-led price limit are making it difficult for the Russian oil sector to react. To sell fuel that previously went to Europe, Russia has to construct substantial pipelines to the East — a prospect that will take years to materialize. Soviet-era oil and gas resources might disappear owing to a lack of access to technology and Western knowledge. Sanctions have made Russia's economy increasingly dependent on oil exports, and as those exports diminish, so does Russia's capacity for investment and infrastructure modernization.

## IMF Issues a Warning!

According to the International Monetary Fund's (IMF) chief, this year will see a third of the world's economy in recession. The global economy is currently being weighed down by the conflict in Ukraine, rising costs, higher interest rates, and the rampant spread of Covid-19 in China. Any additional blows, such as higher-than-expected inflation, abrupt increases in interest rates to curb it, a recurrence of the Covid-19 pandemic, or rising geopolitical tensions, might send the world economy into recession, given the unstable economic conditions. According to the World Bank, the gloomy outlook will be particularly difficult on emerging and developing economies as they battle high debt loads, weak currencies and rising incomes, and slowing business investment that is now predicted to grow at a rate of 3.5% annually over the next two years - less than half the pace of the past two decades. Borrowing will become more expensive with interest rates rising. Investors may withdraw funds from an economy due to lack of growth, which leaves nations—particularly those that are poorer—with less money to pay for essential imports like food and energy.

## Knock-Knock! Who Is It? Another Crisis!

The world's three biggest sovereign bond markets—the US, Japan, and Italy—could face debt crises as early as this summer. These crises, if they materialize, may agitate the presently unsteady global financial markets. It will be similar to the recent UK gilt-market collapse following the disastrous budget of former Prime Minister Liz Truss, which shook the nation's financial markets. The impending debt crisis in the United States is by far the most worrisome. That isn't only because the country has by far the largest market for public debt. Interest rates worldwide are established using the US debt market as the risk-free benchmark. A rise in the price of ten-year US Treasury bonds would impact the world economy. This summer's continuous standoff over raising the debt ceiling is the cause for concern of a US sovereign debt catastrophe. The recent increase in Japan's core inflation rate to 4% is cause for concern over a sovereign debt crisis. Additionally, there is a strong chance that a new round of the European sovereign debt crisis may develop later this year, keeping central bankers up at night.

## Seamless Payment Option for NRI

UPI for NRIs. That's right; this is indeed a game-changing proposition for international remittances.

India's retail payment umbrella body NPCI recently issued a circular that paved the way for the broader adaptation of the homegrown payment platform - UPI. This is an important step, as the promotion of UPI payments across NRIs will strengthen India's strides in digital payments.

To start with, NPCI has allowed NRIs to avail of UPI services – send and receive money from 10 countries.

However, this is only possible if the NRIs have domestic bank accounts, such as Non-Resident External (NRE) and Non-Resident Ordinary (NRO), linked to their international phone numbers. The users will be able to access UPI services without relying on their Indian number.

Enabling UPI for international transactions provides substantial benefits for the huge working population and students overseas, such as streamlined payments and less reliance. This announcement will also present monetization opportunities for NPCI, banks, and other UPI – ecosystem partners in the form of FOREX charges and GST.

In the long run, NRIs will play a vital role in increasing the adaption and popularity of Indian payment technology, making UPI a global payment and money transfer system.

## India's Green Hydrogen Plan

India is marching forward, intending to be the universal manufacturing hub and a clean source of energy. But how?

This is possible because of National Green Hydrogen Mission. The primary objective of the Mission is to develop a production capacity of at least 5 MMT per annum with an associated renewable energy capacity addition of about 125 GW in the country by 2030 and kick-start India's green hydrogen journey.

Moreover, with this, the input cost of renewable energy sources will be reduced, thereby helping local players become more competitive and compete globally. Such an initiative will boost the investment sentiments of more and more prospective players.

## Green Bond – India's New Growth Story

With an attempt to leverage the Indian debt market to finance green infrastructure projects,



the central government plans to raise ₹160bn through sovereign green bonds, with the first tranche set for auction for a value of ₹80bn. The proceeds of this would be used for “green” projects, such as solar power, wind, small hydro projects, and other public sector projects that will help reduce the economy's carbon footprint. However, given India's illiquid bond market, several obstacles are in the way. There is no awareness among people to invest in domestic green-dedicated debt funds. If the government wants to raise funds globally, India needs to upgrade its credit rating, as the bonds issued are closely linked to the credit rating of the issuing country. This could entail rigorous scrutiny of domestic policies, to which the government should be open and transparent. Additionally, with active discussions on whether to price it higher or lower than standard bonds, it is challenging to calculate the coupon rates for green bonds.

## India's Power Transition

South Asian countries are plagued by several obstacles that make the transition to renewable



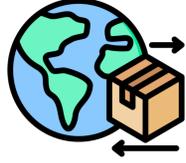
energy difficult. To tackle this situation, India is now focused on linking the power grids as part of India's Act East policy. The country is trying to improve its economic ties with Southeast Asian countries and counter China's influence. Currently, India and Myanmar are in talks to upgrade their power transmission connectivity, which may be extended to Thailand. The plan is to allow Myanmar to procure power from certain points in India.

The connectivity plan comes after severe power outages in Myanmar last year. Moreover, Thailand depends on LNF for ~55% of its power generation, the prices of which rose following the Ukraine conflict. Apart from this, under the Bangladesh, Bhutan, India, and Nepal (BBIN) sub-regional initiative, India has established connectivity with all the member nations.

# GOVT. POLICIES

## Proposal of New Trade Body to Boost Exports

With the uncertainty and instability of the global economy, how will India manage its trade? Well, for this, the



Government has proposed the creation of a unified body that will solely focus on strategizing and coordinating trade promotion efforts. This body will help boost the Government's collaboration among various export promotion entities, with a focus on expanding into Latin America and Africa to drive trade growth.

Currently, export promotion activities are not done by any single body but by various ministries, councils, and state governments. The Confederation of Indian Industry (CII) has been requesting a national export mission with a focus on the creation of a dedicated export promotion body that can combine resources and initiatives to build the Indian brand, assist Indian exporters in accessing overseas markets, and connect overseas buyers with India's exporters.

## Promotion of "Make in India" Under New Policy

The "Make in India" policy for the world is set and has been circulated to different ministries for their views.



This initiative will act as a catalyst to enhance the country's credibility as a source of quality products. Six aims, including a focus on competitiveness and capability, economic integration, marketing India as a desirable investment location, fostering entrepreneurship, and achieving global scale have been set forth in order to accomplish the goals. It primarily suggests expanding the financing options for industries. The policy is expected to include implementing an integrated investment promotion strategy by involving district, state, national, and international market synergies. Besides, it has suggested the support of providing performance-based loans and incentives for innovation and green growth.

Moreover, it has focused on enabling supply chain financing, encouraging microfinance institutions to form cooperative groups and finance micro enterprises at affordable rates.

## Airports to Benefit Under the UDAN Scheme

UDAN (Ude Desh ka Aam Nagrik) – the regional connectivity scheme intending to make air travel affordable to the masses – was launched in 2016 by the Union Government. Under this scheme, the Government is now focusing on the security of air passengers traveling from small air terminals across the country.

Airports will be brought under the Central Industrial Security Force's (CISF) complete anti-terrorist protection with the deployment of more than 1,600 troops. However, airport security under the UDAN scheme will not be uniform for the country. Small airports like the one in Shimla are guarded by the CISF, but many airports under the regional connectivity scheme are guarded by state police forces and their special units.

For the airports under the UDAN scheme, a squad of 57 personnel will provide security to the airport, out of which 27 personnel will be drawn from CISF while the remaining will be from private security agencies. The proposal was prepared by the Bureau of Civil Aviation Security (BCAS) in consultation with the Ministry of Civil Aviation. CISF is awaiting approval from the Union Ministry of Home Affairs.

## Plead to Launch E-commerce Policy

To ensure that the nation's rapidly expanding e-commerce market is adequately regulated, the Confederation of All India Traders (CAIT) and a number of other related organizations have urged the Union Government to implement its e-commerce policy. In addition, a regulatory authority should be established for proper governance. This comes into action after CAIT sees foreign businesses dominating the Indian e-commerce market and has accused US-based businesses Amazon and Flipkart of side-stepping regulations.

Such a policy has also long been demanded by traders' bodies as they are worried that the current regulations are inadequately protecting Indian businesses and consumers. Moreover, the e-commerce rules under the Consumer Protection Act should be implemented, which has been pending for three years.

# START-UPS

## Major Funding Raised by Startups for the Period 2<sup>nd</sup> Jan'23 to 28th Jan'23 (\$ Million)



Source: Entracker

This month 96 startups raised approximately \$1,134mn. Regarding the number of startup deals and the cash raised, Bengaluru-based businesses came out on top. Deep tech, Fintech, and E-commerce startups were the top segments in terms of the number of deals as startups in this space.

### The End of Stubble Burning

Will farmers get put an end to stubble burning? In the northern part of the country, stubble burning, i.e., burning farm residue to clear the field, is a common phenomenon. This practice emits toxic pollutants and degrades the air quality index. The farmers, too, do not have many options as they get only ten days to clear and prepare the field for the next round of sowing.

To address this problem, GFF Innovation has stepped in and seems to have cracked the code. The co-founders belong to farming families and have had a close look at the issue. Therefore, they have come up with a machine called "Moksh."

Moksh is attached as a tail to the tractor and has a generator set that powers it. There is a mechanism that picks up the residue and converts it into a powder after removing the silica in it.

There are two variants — Moksh, which was released in 2018, and Moksh 2.0 in 2022, which is bigger and can cover more area. The upgraded version is in the pilot phase and targets to clear one acre in less than 40 minutes.

### Swaasa - The AI For Lungs

Did you ever think that coughing into your phone could reveal the health of your lungs? Well, Swaasa does that for you. This AI-backed software analyzes human cough, points out any abnormality in the lungs, and consequently gives the imaging result within 15 seconds. Claiming an accuracy of 90%, Swaasa is an easy-to-install method for the early detection of lung infections and diseases. Launched in 2017 by a trio of techies — Salcit Technologies is revolutionizing this industry. While other technologies like Google Fit also determine and check a person's health, there is nothing dedicated to lung health specifically, which makes their approach unique.

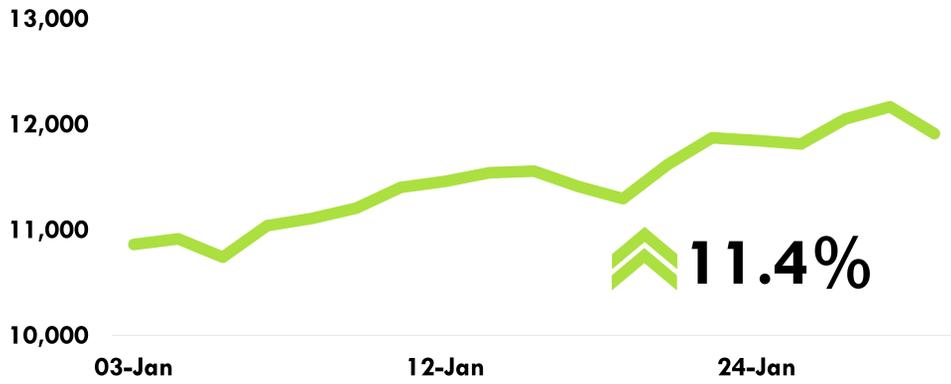
Moreover, the startup has received funding from USAID through its partner IP Global for third-party validation. The founders aim to make Swaasa available in rural India and currently have six clinical validations, including one from the Central Drugs Standard Control Organization.

### Growth of Space-Tech Startups in India

In January 2023, ISRO and Microsoft signed the MoU to fuel the growth of Indian space-tech startups and back them with technology, platforms, mentoring, and market support. The collaboration aims to strengthen ISRO's vision of harnessing the market potential of the most promising space tech innovators and entrepreneurs in India. ISRO will identify 15 space-tech startups and then will board onto the Microsoft startup founders hub platform. This platform supports startups and entrepreneurs at every stage of their journey, from idea to unicorn. Moreover, the identified startups can avail of up to \$1,50,000 worth of free Azure credits.

# GLOBAL INDICES

**NASDAQ 100 (in USD)**



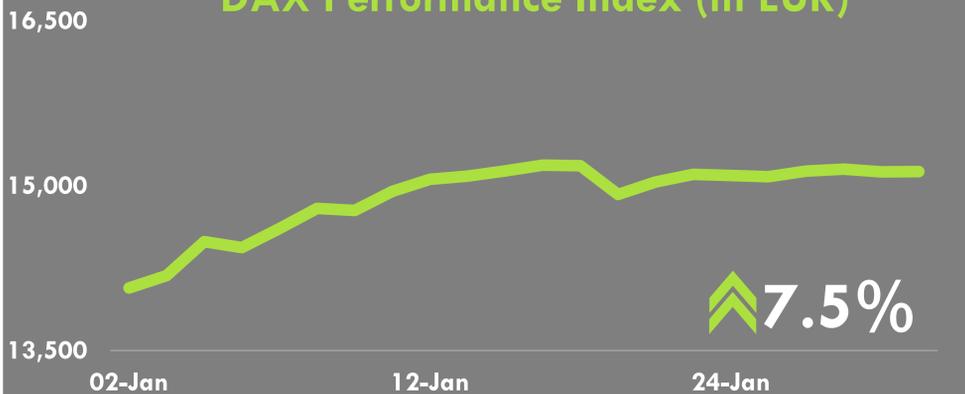
After all the stringent measures by central banks globally, things are coming back to normalcy; US GDP got expanded at an annual rate of 2.9% in Q4 turning all the estimates. Inflation data continues to slow down, boosting the overall sentiment with additional support coming from stocks like Tesla and Adobe, which ascended over 60% and 10%, respectively.

**Nikkei225 (in JPY)**



With the bank of Japan policy meeting around the corner, investors continue to remain vigilant as this month's inflation outdo the market expectation, consequently developing a possible shift in the current ultra-ease policy of the Bank of Japan. Prolonged lenient monetary policy by BoJ is been the driving factor for the escalation of the index, with interest rate remaining untouched.

**DAX Performance Index (in EUR)**



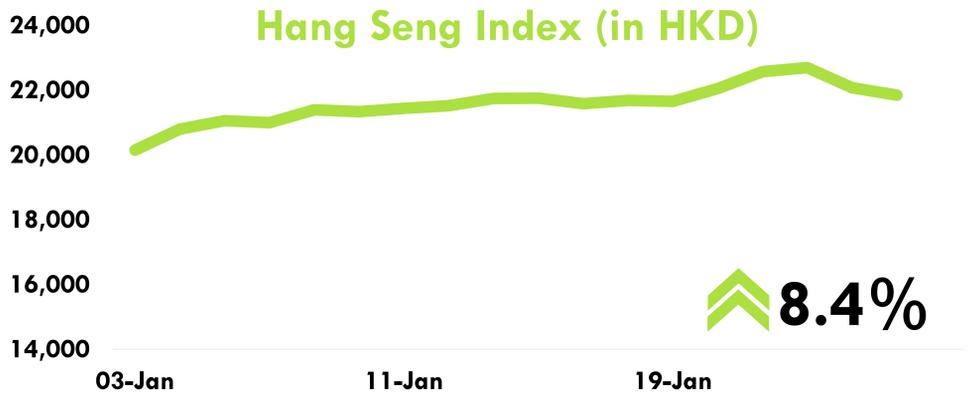
Dax continues to outperform as it has revisited its mid-Feb levels in the wake of data showing Britain's negligible chance of not hitting recession and US CPI to remain comfortable has boosted the sentiment in the markets. On economic, UK retail sales have fallen by 1% the prior month. However, Auto stocks like Volkswagen and Daimler Truck continue to bleed, serving as index draggers.

**FTSE100 Index (in GBP)**



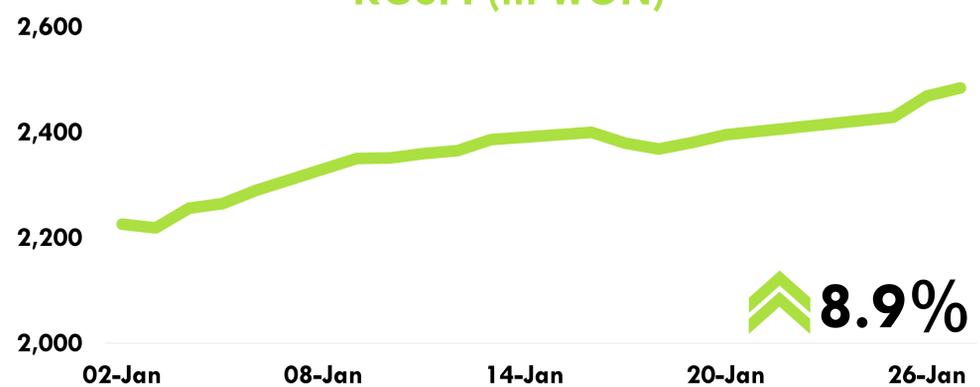
The export-centric Index has been one of the prime beneficiaries of China's reopening theme. However, out of the blue UK economy expanded in November, with data showing the much-needed relief with consumer banking on consumption despite the cost of living squeeze. However, US low CPI numbers have ignited overall sentiments.

**Hang Seng Index (in HKD)**



The Index continues to be comfortable as China's sudden reopening has served as a boost for global economic recovery. However, PBoC has injected around \$79bn into the banking system. Tech-enabled stocks like Baidu and NetEase have surged over 15% and 18% yanking the Index up.

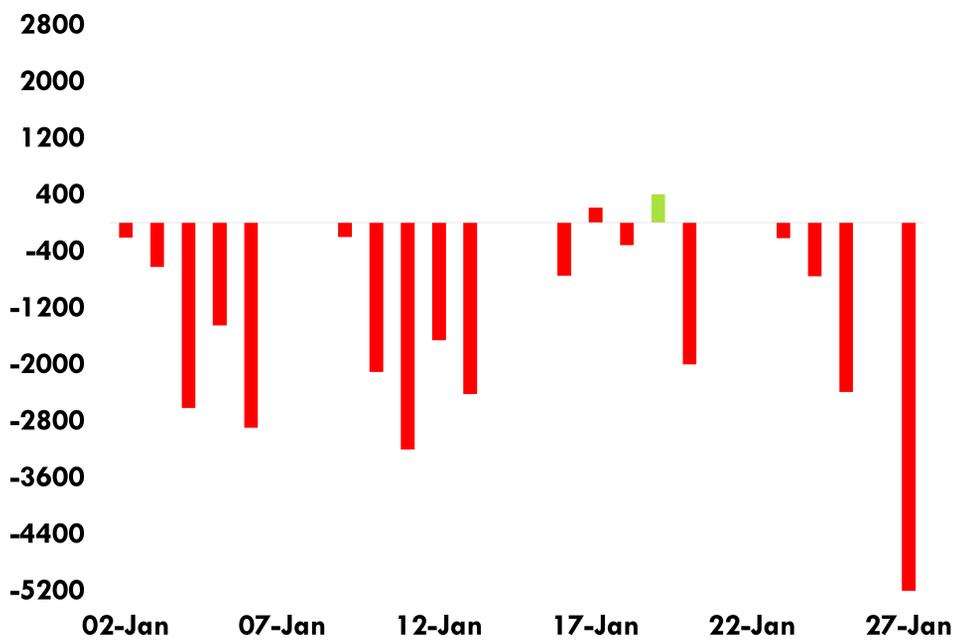
**KOSPI (in WON)**



Flls had revisited the benchmark index in the wake of enfeeble dollar and rising hopes of stringent global policies to get wind up. However, the sharp fall in the won-dollar exchange has turned out to be the key driving factor for the Fil's surprise return. Sectors like semiconductors, finance, and IoT were their go-to sectors.

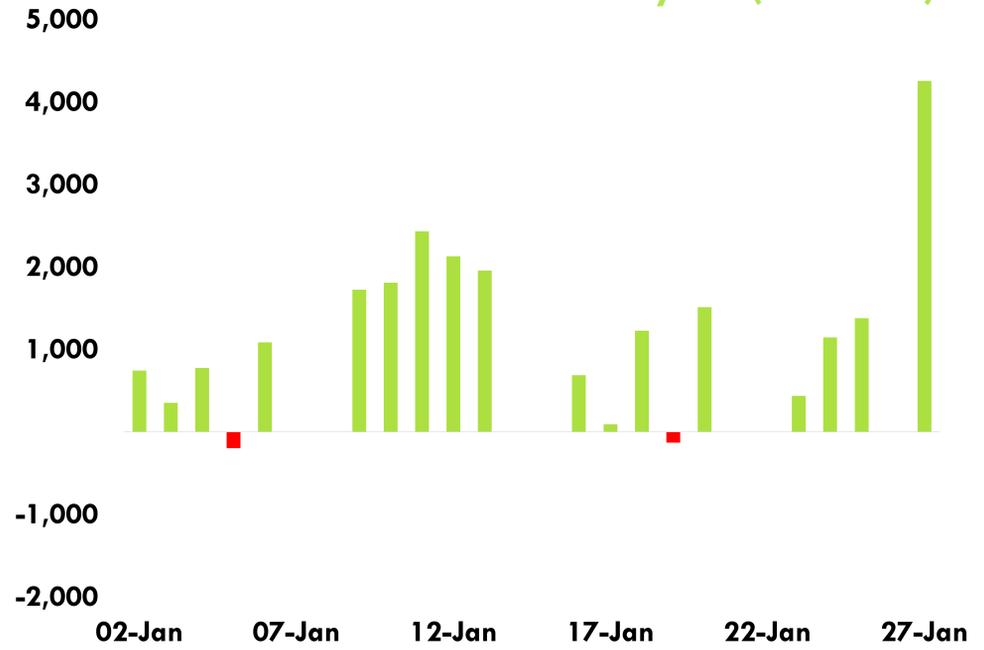
# EQUITIES

FII Net Investment in January'23 (₹ Crores)



Source: NSDL

DII Net Investment in January'23 (₹ Crores)



Source: NSDL

In the month of January, FII sold equities worth ₹12,232.44crs while DII bought equities worth ₹10,018.94crs. A major factor in the pullback by FPIs was driven by worries about the tightening of monetary policy by the US Federal Reserve and other central banks globally.

However, market players indicate that the FIIs are starting to build long on indices after good corporate earnings, stability in UK politics after the election of Rishi Sunak, and an interest rate hike by the ECB. The positive undercurrent of FII moves may trigger a strong rally toward new all-time highs.

## SEBI Envisions a Scheme to Recover Fines

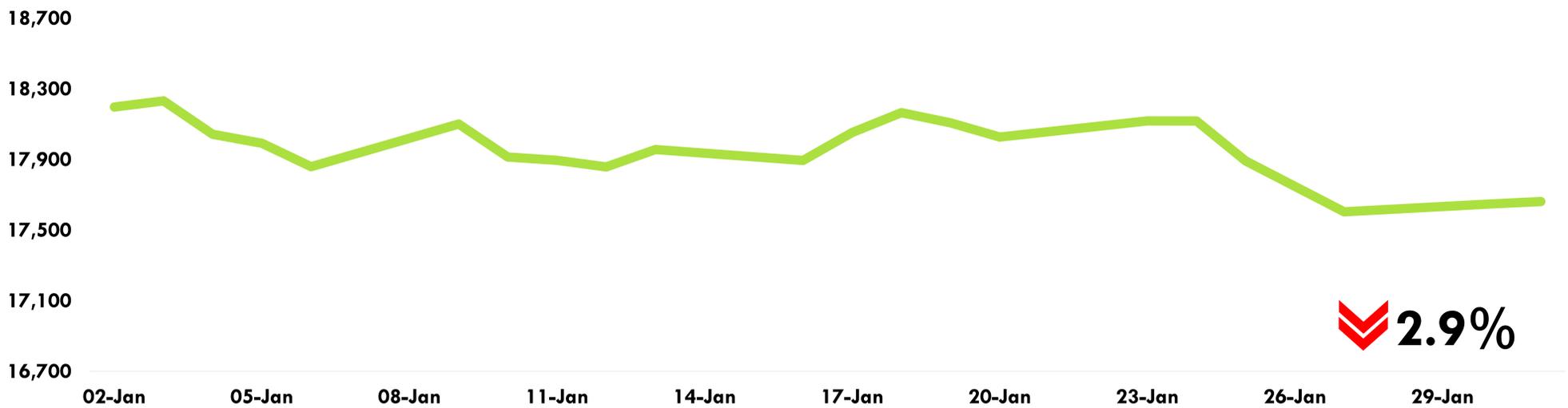
There are about 446 cases where companies have been shut down, the defaulters are untraceable, or there needs to be more knowledge regarding attachable assets. Nearly ₹1,939crs worth of recovery certificates have been issued. During the execution of recovery proceedings, it was observed that the amount remains due for various reasons such as insolvency, stay on recovery of due, etc. The SEBI aspires to compensate sources who provide information about offenders up to ₹20lacs per case or 10% of the amount of debt that would be recovered, whichever is smaller. Additionally, they will be qualified for an interim reward of up to ₹5lacs. They will receive payment from the Investors Education and Protection Fund (IEPF), a fund SEBI manages to carry out different investor protection and awareness initiatives. The identity of the informant would remain confidential.

Index	2 <sup>nd</sup> Jan'23 (In ₹)	30 <sup>st</sup> Jan'23 (In ₹)	Change (%)	Trend
NIFTY Auto	12,667	13,381	↑ 2.6	
NIFTY Bank	43,203	39,775	↓ -7.9	
NIFTY Consumer Durables	25,224	23,771	↓ -6.0	
NIFTY Financial Services	19,074	17,843	↓ -6.5	
NIFTY FMCG	44,192	44,006	↓ -0.4	
NIFTY IT	28,737	30,028	↑ 3.5	
NIFTY Media	2,015	1,850	↓ -8.2	
NIFTY Metal	6,886	6,287	↓ -8.7	
NIFTY Oil & Gas	8,464	7,660	↓ -9.5	
NIFTY Pharma	12,551	12,455	↓ -0.8	

Source: NSE

# NIFTY50

## NIFTY50 Jan'23 (In ₹)



It's been a roller coaster ride for the index on the backdrop of significant macro and micro factors kicking in, from CPI getting improved to FIIs being net sellers. However, a blatant report from Hindenburg came out of the box, shattering the market's overall sentiment. Nevertheless, the economic survey projects India being the front runner in the growing market has somewhat revived the sentiments.

### The True 5G Network in India

The wait for 5G is finally over. Reliance Jio has rolled out this service and currently provides 5G services to 184 cities across 17 states. Jio users in these cities will be invited to the Jio Welcome Offer and be offered Unlimited Data at up to 1 Gbps+ speeds at no additional cost. To enjoy the Jio 5G plans, users must have an active recharge of ₹239 or more. This has been one of the largest rollouts of 5G services globally. This sophisticated technique seamlessly joins 5G frequencies into a single, resilient "data highway." That's not all; Reliance Jio aims to provide True 5G services to the entire nation by December 2023. These would provide limitless opportunities for growth in industries, such as agriculture, education, e-governance, IT, SME, and automation.



### Boost of India's Crude Oil Production

Oil Minister, HS. Puri has re-dedicated the ONGC's iconic drilling rig Sagar Samrat to the nation as the Mobile Offshore Production Unit (MOPU). Sagar Samrat drilled 125 wells, and 14 significant offshore oil and gas discoveries were made in India. He believes ONGC'S victory is India's victory. The MOPU is made to handle 20,000 barrels per day (BPD) of crude oil and will likely add 6,000 BPD to India's production in the coming days. It has a maximum export gas capacity of 2.36mcm per day. Sagar Samrat's re-coronation is evidence of the bravery and will to make a difference in facing uncertainties and the irregular forces of nature via realignment and innovation. By 2047, it will be able to operate in deep waters, opening up new opportunities to access previously untapped reserves.

### Top Gainers | NIFTY50 | Jan'23



Company Name	Change (%)
Tata Motors	16.4%
M&M	10.2%
HCL Tech	8.1%
ITC	6.4%
Tata Steel	6.2%
Maruti Suzuki	6.0%
UPL	5.7%
Bajaj Auto	5.9%
BPCL	4.0%
Sun Pharma	3.6%

### Top Losers | NIFTY50 | Jan'23



Company Name	Change (%)
Adani Ports	-25.0%
Adani Enterprise	-23.6%
Bajaj Finserv	-13.2%
Asian Paints	-11.6%
IndusInd Bank	-11.2%
Bajaj Finance	-10.5%
SBI	-9.3%
Titan Company	-8.3%
Grasim	-7.7%
Reliance	-7.5%

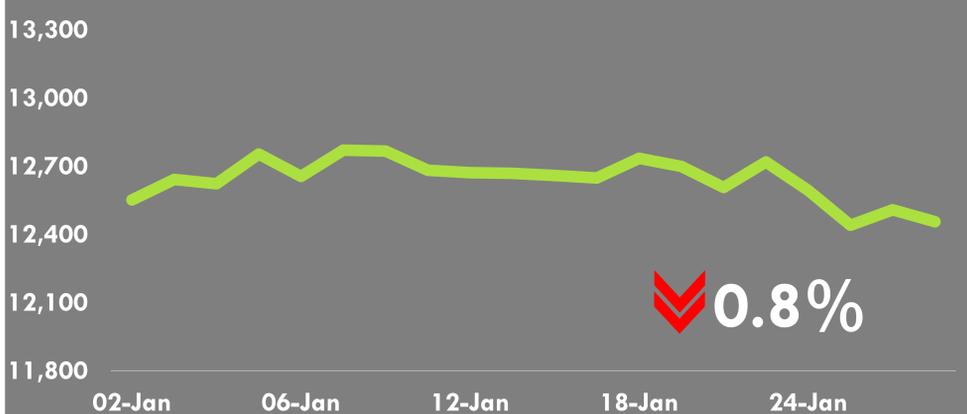
Source: NSE India

# SECTOR UPDATES

## Pharma Sector

Falling raw material prices, currency depreciation, and correction in shipping prices turn out to be a boon for the sector. Additionally, the fall in API, which serves as a significant raw material for the industry, has observed a sharp fall in its prices from its peak. Consequently, it may improve the top line and margins. However, the Index was on a flat mode with significant pull coming from Gland Pharma and Laurus labs which had descended over 17% and 11%, respectively. As the budget is on the cards, it's anticipated there could be a lot of headroom for R&D.

NIFTY Pharma January'23 (In ₹)

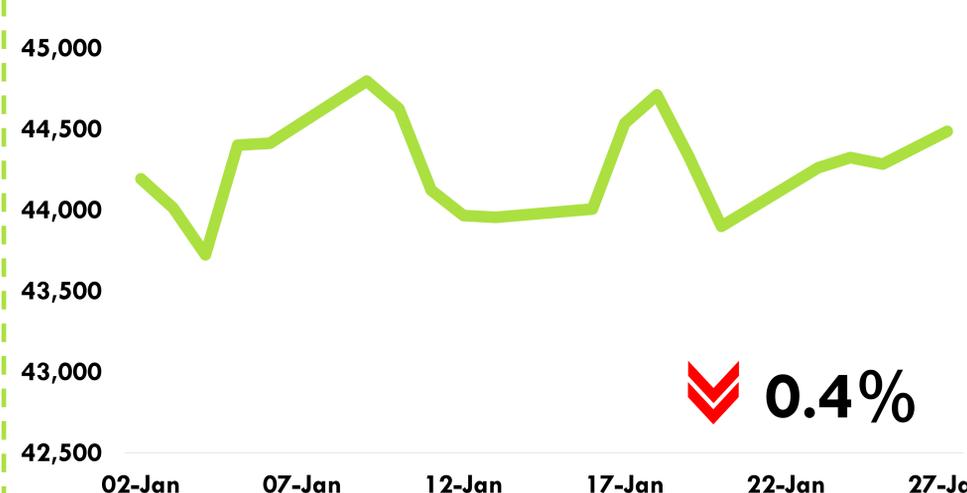


Source: NSE

## FMCG Sector

As recession fears continue, sector-centric commodities like palm oil and crude have observed a surge in their imports; however, a significant relief came from CPI data as they continue to be under the targeted zone. Furthermore, muted rural demand seems to fade against the backdrop of the harvesting season. The Index had shredded over 0.4%, with significant contributions coming from VBL and COLPAL, which had tanked over 14% and 4%, respectively.

NIFTY FMCG January'23 (In ₹)



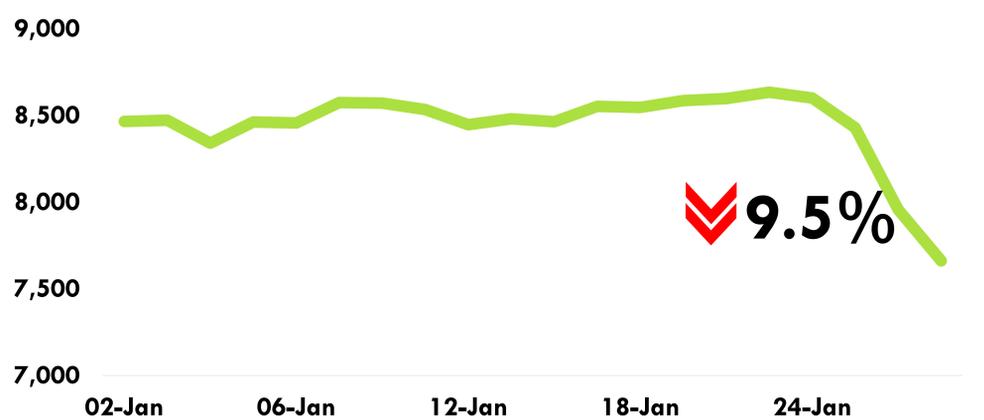
Source: NSE

## Oil and Gas Sector

Globally gas demand was a bit inferior as the winter turned out to be less severe than expected, denting the overall demand, Oil prices surged on the anticipation that Fed would end its tightening stance on boosting the economy and fuel demand. Moreover, since the reopening of China, the demand for oil is back in action. However, as the budget is next door, there could be something on the cards for the sector as the last Gov. estimation and reality seems to be broken up in the wake of the Ukraine-Russia conflict.



NIFTY Oil & Gas January'23 (In ₹)

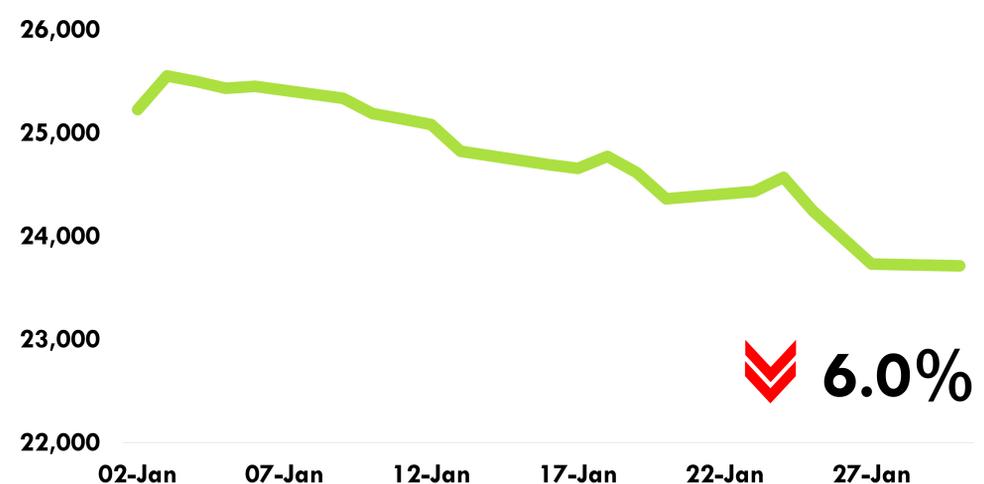


Source: NSE

## Consumer Durables Sector

The Index is set to hit the green field as rural demand is expected to pump up on the backdrop of high crop yields and realization; however, lower inflation will serve as a volume booster; additionally, as End-of-season sale is being preponed in some segments along with weddings jammed month, exhibiting a better top line and margin. Stocks like Kalyan jewelers, Manyavar, and Raymond has been in the limelight in the wake of elevated footfalls and season-centric demands.

NIFTY Consumer Durables January'23 (In ₹)



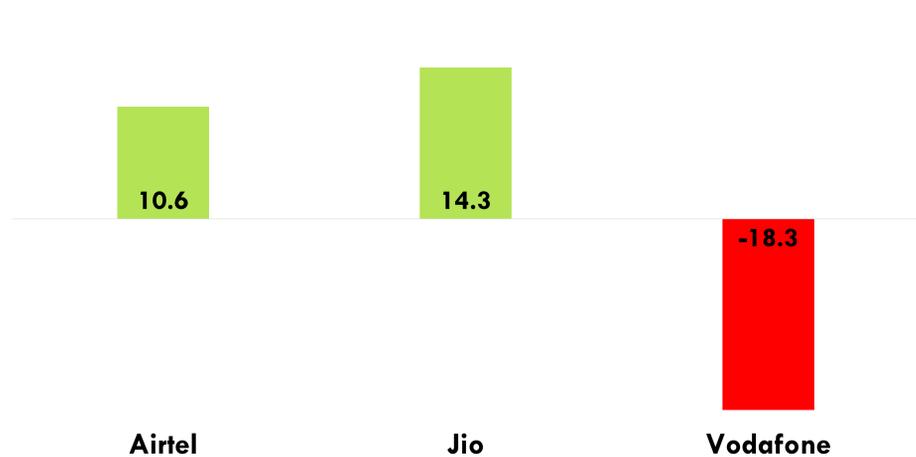
Source: NSE

# SECTOR UPDATES

## Telecom Sector

The sector is still not out of the woods as they have been riding over a lot of instability, i.e., attrition, tariff hikes, and Agr issues. Alongside the intense rivalry in the sector, Airtel has shelled out ₹2000cr. CAPEX for the sake of data centers and also intends to bring off an ARPU of ₹300, and for the same, Airtel has increased its base plan by 57%, which accounts for 7% and 8% of revenue. Additionally, VI being in financial distress is now also facing an exodus of employees as 20% of their sales team has signed the dotted lines. However, it's expected that relief for telecom companies can be on the cards in the coming union budget.

Addition During Nov'22 (Lakhs)



Source: TRAI

## Auto Sector

The sector opened up on a negative note as monthly data exhibits a decline of 5% in sales MoM on a backdrop of lower 2W sales; contrarily, 3W showed a leap of 42% in the same period, however as auto expo had hit the streets it has bagged in a bunch of new models, concepts and other tech advancements by OEMs. With Gov. Going fervent on Infra. Along with a strong order book and new launches, there is much headroom for the industry. The Index seems to be flat, with a major Balakrishnan and M&M being the top gainer, gaining by 4.4% and 9%.

NIFTY Auto January'23 (In ₹)

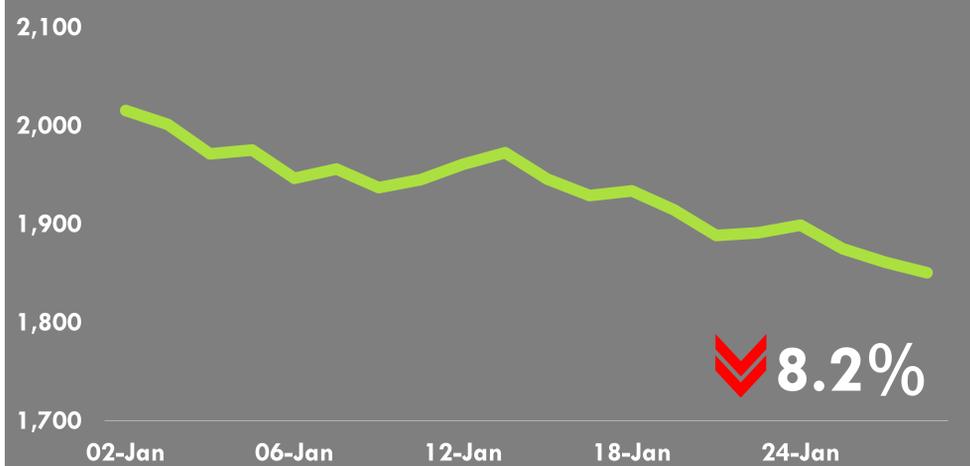


Source: NSE

## Media Sector

It's been a dream month for multiplex stocks like PVR and INOX, as footfalls are in revival mode in the wake of some grand releases. Alongside Network18 group and Hathway serving a significant loss in q3 has laid down pressure on the Index with additional support coming from macroeconomic factors. However, stocks like DishTV and TV18 has been mercilessly thrashed by the markets, shedding 14% and 9%, respectively.

NIFTY Media January'23 (in ₹)



Source: NSE

## IT Sector

It's been a result-jammed month for the IT companies as some biggie results are up. TCS and Infosys being the front runners, had reported an 11% and 13.4% growth QoQ on their bottom line. A slew downtrend of 97% was observed in net hiring by the top IT firms. However, tailwinds like improving macro data could revive the overall sector, as companies can shed more on their IT budget and so on. The Index has risen by 3.5%, with Coforge and HCL Tech rising over 12% and 8%, respectively.



NIFTY IT January'23 (In ₹)



Source: NSE

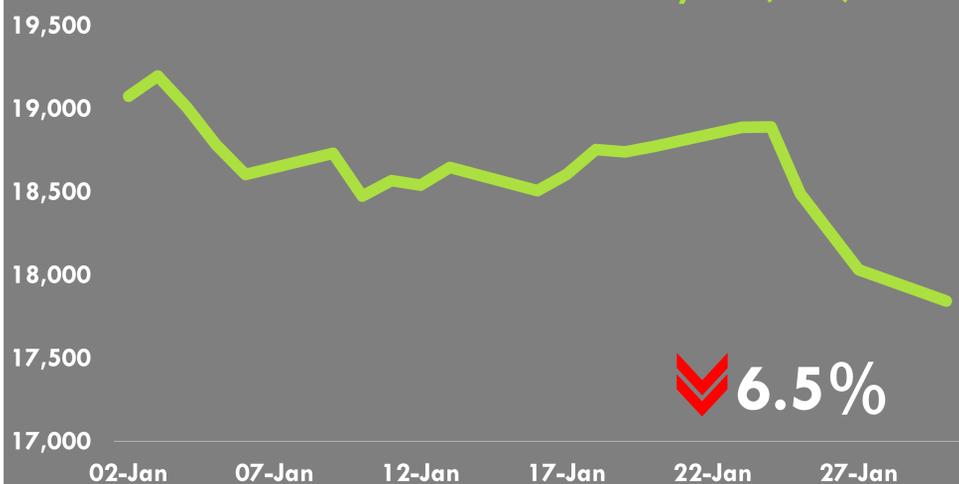
# SECTOR UPDATES

## Financial Services Sector



The news-sensitive index has been down trending throughout the month, owing to a near-term undercurrent of 'risk-on' in the equities market, prompted by anticipation that central banks may begin to slow their rate hikes. Furthermore, the dollar index has slipped below 110, and the 10-year US bond yield has dropped to 4%, enticing FPIs to become purchasers and strengthening the index.

NIFTY Financial Services January'23 (In ₹)



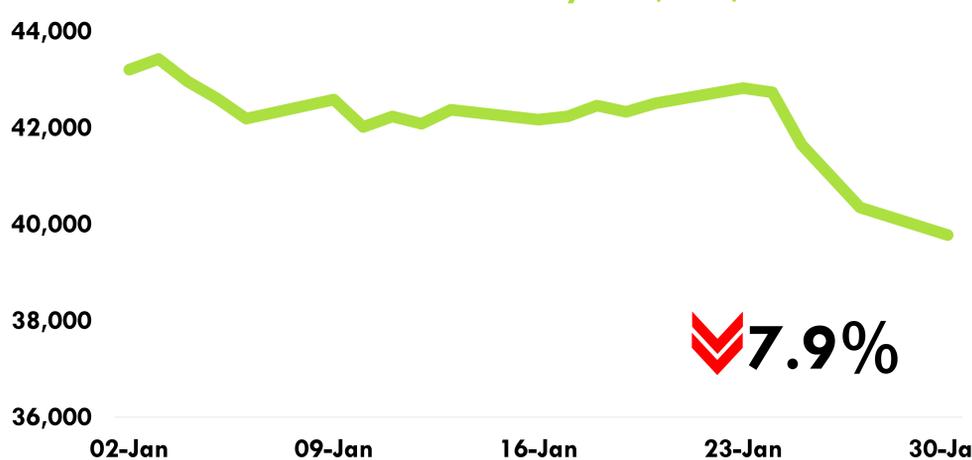
Source: NSE

## Banking Sector



The sector credit growth continues to be on a dream run driven by retail and SME segments. Precisely from home, auto, and credit card outstanding. However, corporate loans' slow recovery is still a cause for concern. Improved asset quality and global macro conditions can elevate the NIMs for financial institutions. Stocks like BOB and IndusInd Bank have shed over 15.5% and 13.7%, respectively.

NIFTY Bank January'23 (In ₹)



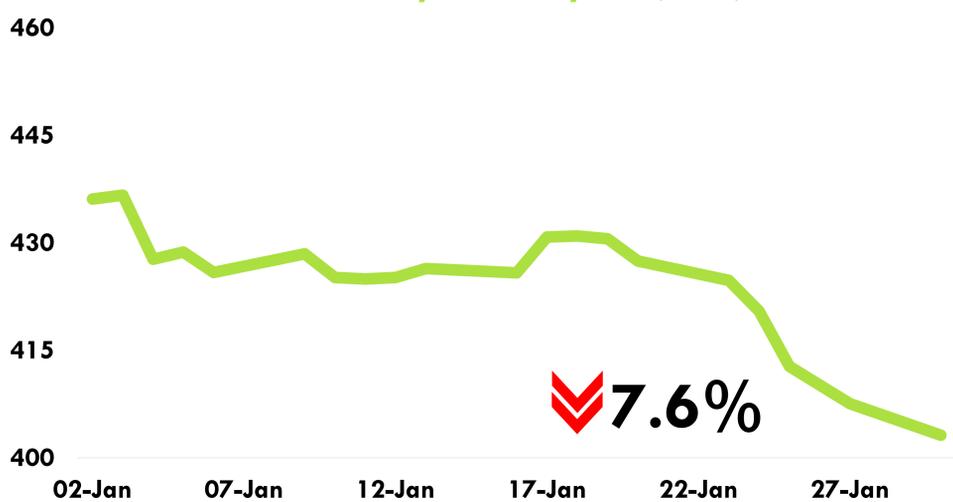
Source: NSE

## Realty Sector



In the wake of a streak of rate hikes by the central gov., realty was one of the sectors that were dented the most; however, the real estate cycle seems to be riding positive momentum, and strong earnings numbers on cards, surged demand, and squishy input prices synced with affordability foster strong top-line growth. However, stocks like Indiabulls Real Estate and Lodha have shed the most by plunging 13% and 7%, respectively.

NIFTY Realty January'23 (In ₹)



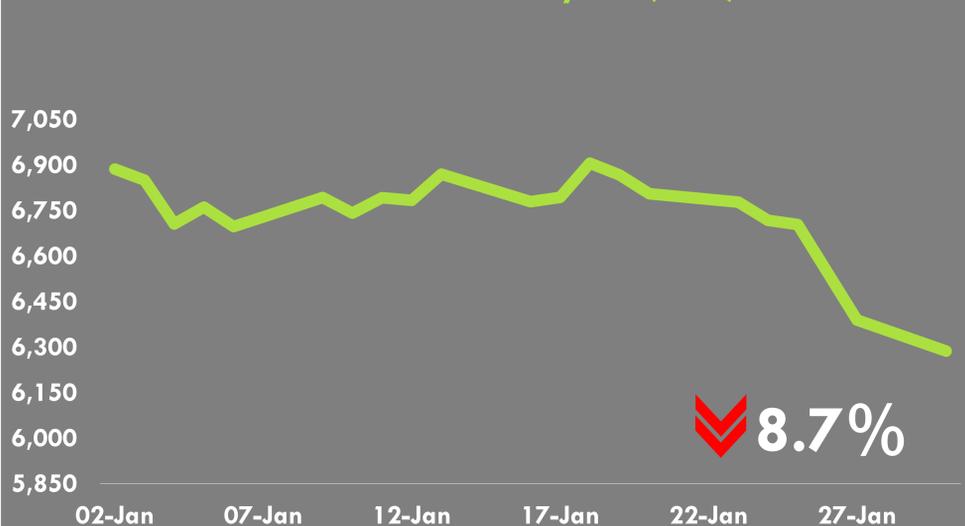
Source: NSE

## Metal Sector



China going lenient on Covid norms and providing external ailment has improved the overall metal sector inflated consumption demand in China. Throughout the year, metals were the most which had bleed; however, a catch-up rally is expected on the backdrop of inflated global demands. Additionally, Mining Conglomerate VEDANTA had struck a deal to sell its overseas business to HINDUSTAN ZINC for \$2.98bn.

NIFTY Metal January'23 (In ₹)



Source: NSE

## Sah Polymers Enters the Capital Market

Incorporated in 1992, Sah Polymers is one of India's pioneers in manufacturing and exporting PP/HDPE Woven Bags, BOPP Laminated Bags, and Flexible Intermediate Bulk Containers. Exports account for most of the business's sales as the company exports its products to 14 countries.



The IPO was an entirely fresh issue and received a healthy response from investors, especially HNI & retail individuals. HNI and retail investors oversubscribed the shares by 32.69 and 39.78 times, respectively. On 12th January 2023, the shares got listed at ₹85 compared to the issue price of ₹65, registering a premium of 30.77% over its issue price. Even though the IPO received a stellar response, the overall weak market sentiment prevented the stock from commanding a sizable premium in the unofficial or grey market.

## Mumbai-based IT Company Submits Draft Papers for IPO

Rashi Peripherals Ltd, a national distributor of information and communication technology products for global technology brands, has submitted the draft red herring prospectus with the SEBI to raise ₹750cr through an IPO. With no offer-for-sale component, the public offering is a wholly fresh issuance of shares. The company's revenue from operations surged 57.19%, and the profit after tax grew 33.85% from FY21-22. The Mumbai-based company plans to use ₹400cr from the proceeds to repay the debt and ₹200cr to meet the working capital needs. A private placement of equity shares of ₹150cr may also be considered by the company, which in turn may reduce the fresh issue size. By providing end-to-end value-added services including pre-sales, technical support, marketing services, credit solutions, and warranty management services, the company sets itself apart from the competition. Currently, the company serves over 8,600 B2B customers in 730 locations, and it aims to expand its geographic presence in non-metropolitan areas and other rural regions that are increasingly becoming centers of ICT product consumption.

## SMEs: The Turning Wheels of India's Economy

SMEs act as a catalyst for the country's growth as they contribute one-third of India's GDP. It was observed that the Sensex gave investors an annual return of 6% in 2022, while the BSE SME IPO index delivered an annual return of ~67%, beating all other major indices. Moreover, the number of SME IPOs hitting stock exchanges jumped 84% in 2022. Currently, it has a market cap of ₹63,898crs and 410 companies listed in this segment.

The top performer in SME IPOs in 2022 was Kolkata-based Cool Caps Industries, with 981% gains since its listing in March 2022. The IPO pipeline in 2023 appears formidable, with 54 companies proposing to raise ₹84,000crs with SEBI approval, and 33 more waiting for approval to raise about ₹57,000crs.

Well-marked rational valuations, excellent returns, and growth trajectories are the major factors behind their growing appetite.

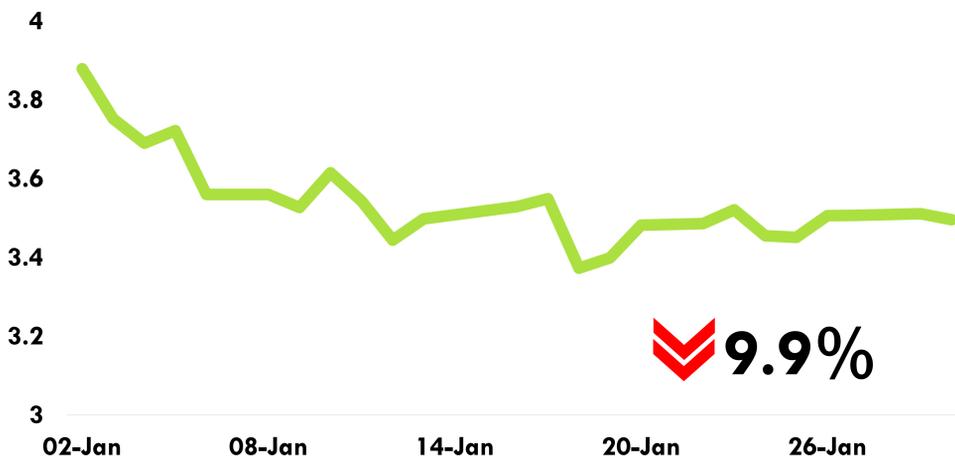
Upcoming IPOs	IPO Size (Approx.)
Ixigo	₹1,600 Cr.
Gemini Edibles & Fats	₹2,500 Cr.
Droom Technology	₹3,000 Cr.
Aadhar Housing Finance	₹7,300 Cr.

## Cyient to Hit the Street

Cyient DLM, the Hyderabad-based Indian multinational technology company, plans to raise ₹740cr in its upcoming IPO. On a quarterly basis, the company grew by 97.2% in Q3FY23, with profits reaching ₹156cr. The wholly-owned subsidiary of the IT services company may also contemplate raising funds through pre-IPO placement up to ₹148cr prior to submitting the red herring prospectus with the Registrar of Companies, which in turn will reduce the fresh issue size. The qualified supplier to global original equipment manufacturers in aerospace and defense, medical technology, and industrial sectors will utilize funds to meet working capital requirements and expenditure. The IPO proceeds would also enable debt repayments and inorganic expansion through acquisitions.

# FIXED INCOME

## US 10-Year Treasury Yield January'2023 (In %)



Source: US Department of the Treasury

US Treasury yield seems to be flat and cranky on the backdrop of the Fed's policy meeting, which will take place in the coming days, with the possibility of rate hikes to continue, albeit the spectrum mainly varies. However, recent PPI numbers vouch that inflation has shifted in reverse gear. The best part about the 10-year treasury yield is that it's directly correlated with mortgage rates, so if the trend continues to ride consequently, it can serve as a much-needed relief for the housing market. The bottom line is that as recession fears are on the cards, there is no substantial data to bank upon that the US economy is out of the woods.

### Golden Synergy

GoldenPi and Moneycontrol have come into a strategic partnership to provide a bunch of fixed-income instruments. Zerodha-backed GoldenPi, one of the largest online platforms for bonds and debentures, will provide alternate fixed-income investments to retail investors in India via an alliance with money control. The partnership intends to facilitate GoldenPi's audience to get their hands on various fixed-income instruments consisting of quality bonds and NCDs from reliable institutions. Moneycontrol being a financial news portal, will serve as a knowledge partner and will take care of the dissemination aspect. Currently, GoldenPi offers a pool of bonds and debentures consisting of 100+ bonds and debentures wrapped as daily listings. The bond market in India is often seen as a far-flung and complicated way of investment in order to subdue it; this move can come out as a game-changer.

## Bonds under Radar

If we go by the predictions of prominent Central Banks, the recession is next door and is inevitable. After incessant rate hikes to encounter higher inflation, the world economy could wear the recession cap soon. US treasury yields are surging on the back of recession fears; within a year, its 10yr bond yield has surged almost 2x from 1.75% to 3.48%. It's also anticipated that more and more countries could dip into recession, consequently serving Fixed income as a safe haven for investors. However, as far as India is concerned, it's very unlikely to incline towards recession, and this has also been reflected in its bond yields as it continues to be in the narrow range. With recession around the corner, will India tap into the opportunity and emerge as a global outperformer as far as equities are concerned?



## Inflation

India's retail inflation continues to remain in RBI's Comfort zone of 2% to 6%, standing at 5.72% in the prior month. This had been possible on the back of easing food prices, which implies 40% of the CPI. A drop in food inflation could turn out to be a blessing for households as a significant amount of their budget is committed towards it. As far as the WPI is concerned, it is also following the footprints of CPI; the benchmark eased to 4.95%, which was under 5% after a break of 22months; the ease drove all these in supply side pressures and fall off in the prices of food, oil, and fuels. All these data can serve as early signs of inflation getting eased out.



Month (2022)	Inflation (%)
July	6.71
August	7.00
September	7.41
October	6.81
November	5.91
December	5.72

Source: MOSPI

# RISK

## New Loan Loss Provisions Proposed by the RBI

To strengthen the reliability of the banking system in line with the globally accepted norms and avoid systematic issues, the RBI proposed the need to switch to the "expected credit loss" approach regime. The current "incurred loss" approach requires the bank to provide for losses that have already occurred or have been incurred. The approach is insufficient, as the delay in recognizing loan losses overestimates the banks' income, which in turn impacts the bank's capital base.



Meanwhile, the expected credit loss approach requires the bank to estimate expected credit losses based on forward-looking estimations rather than wait for credit losses to be actually incurred before making corresponding loss provisions. Under this, the banks will have to categorize financial assets into one of the three groups — Stage 1, Stage 2, or Stage 3 — based on their estimated credit losses, both at the time of initial recognition and on each subsequent reporting date. Moreover, this approach is likely to result in the creation of excess provisions as compared to the shortfall in provisions seen in the incurred loss approach.

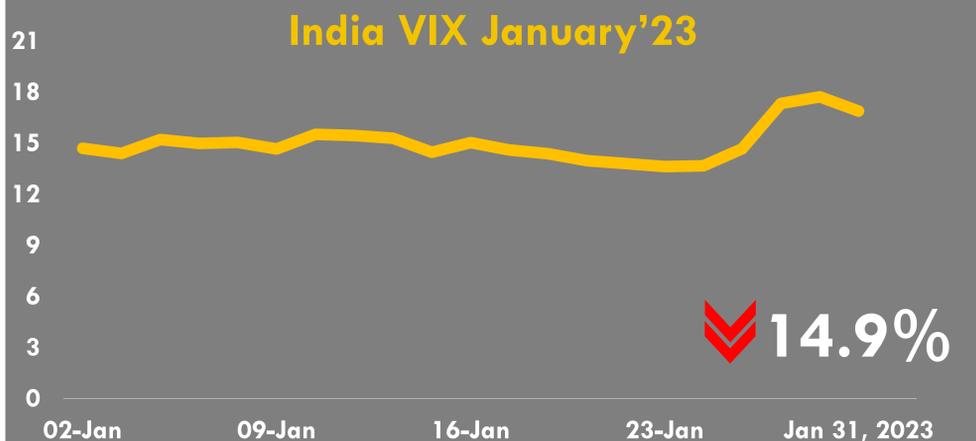
## Threats to the Indian Equity Market

With positive returns in the last 7 years, the Indian markets appeared even stronger than S&P 500, Russian MOEX, CSI 300 (China), etc. Unfortunately, given that inflationary concerns are subsiding, we are not off to a great start for 2023, and the threats are expected to increase. The most important risk to Indian equities is the Rupee's depreciating value against the US dollar. Increasing interest rates could challenge the retail flows in Indian equities. A significant threat is also the rise in crude oil prices, which affects India's trade and current account balance and increases inflation. Companies in the export sector are potentially facing risk from a slowdown in the global economy. One of the major domestic concerns affecting the markets is the sluggish rural recovery which may be brought on by a delayed expenditure cycle.



## Low Carbon Transition: A Major Threat

India presently generates 70% of its electricity and 44% of its primary energy from coal. The risks of a low-carbon transition are particularly prevalent in India's financial sector. Very few finance professionals are experienced in managing such risks. Despite its vast potential for cheap solar, wind, and small hydropower, India has much higher electricity from carbon sources than the world average. According to researchers, the country is being locked into a more polluting, more expensive energy supply because of the financial decisions of Indian banks and financial institutions. 10% of the nation's outstanding debt to financial institutions comes from high-carbon industries, thus being a significant risk for the financial sector. Owing to the need for the energy transition to create a sustainable economy, India has made a series of announcements, such as reaching 500GW non-fossil energy capacity and 50 percent of its energy requirements from renewable energy by 2030. With India holding the G-20 presidency, the energy transition and mobilizing sustainable finance will also receive attention. Can a green energy road map be created by Budget 2023?



Source: NSE India

The domestic market indices opened this new year positively, led by a sharp rally in metal stocks after the harshest December. The following week, Dalal Street benchmark indices increased, tracking firm global cues as optimism grew on hints of less aggressive Fed rate hikes and signs of easing inflation. Further, the reopening of China's border solidified the global economic outlook. This led to a decline in the VIX by 1.54%. Towards the end of the month, the market fears because of the Nifty50 hitting a 4-month low and the global economy inching to recession led to the VIX soaring 14%.

# DERIVATIVES

## Impending Liquid Bond Market

Liquidity in the bond market has been a persistent problem in India. To address this long-standing issue and increase liquidity in the bond market, the Capital Markets Regulator, SEBI, has authorized stock exchanges to launch index derivatives contracts based on corporate debt instruments graded AA+ and above.

Stock exchanges that are desirous of introducing such contracts should put in place necessary systems and make amendments to the relevant bye-laws, rules, and regulations before submitting a detailed proposal to SEBI for approval.

The behemoth has been advancing corporate debt markets, and in recent months, it has shifted its attention to regulating retail bond platforms and lowering the minimum investment amount for corporate bond purchases. This move will be another step in the same direction toward increasing bond market liquidity and giving investors chances for arbitrage and hedging.

## SEBI Intervenes to Aid The Bleeding F&O Segment

India is the world's largest market for trading in equity F&O; however, also an emerging impoverished



segment. The primary cause of the bleeding of retail stock market participants is the lure of booking instant profit. About 90% of traders incurred losses, with the average loss exceeding 15 times the earnings of the 10% who make a profit. Due to the proliferation of inexpensive broking firms that intrigue traders with mobile apps and no brokerage, F&O trading have become attractive.

As a solution, curbs on individual traders seem to be an urgent need to avoid squandering trading. Retail traders must be encouraged to employ F&O products and funds operating on a hedging mechanism. If retail clients use back-tested F&O software that can hedge positions, the probability of their loss will fall drastically.

Moreover, periodic data analysis and dissemination of this nature can significantly enhance investor knowledge regarding market risks.

## Advancements in AIF Investments

Hedging risks associated with the bond market have been a persistent cause of concern for businesses. To tackle this issue, SEBI has introduced a new norm, allowing Alternative Investment Funds (AIFs) to participate in the Credit Default Swaps (CDS) market. With this, AIFs can engage in the CDS transaction as protection buyers and sellers to expand the domestic corporate bond segment. Under the new norm, Category-I and Category-II AIFs can only buy CDS on underlying investments in debt securities for hedging. At the same time, Category-III AIFs can purchase CDS for hedging or another purpose within permissible leverage. With respect to selling, Category-II and Category-III AIFs are allowed to sell CDS by earmarking unencumbered Government Bonds or Treasury Bills equal to the amount of the CDS exposure. Such earmarked securities may also be used for margin requirements. Such a norm will not increase the exposure to an investee company, as the total exposure, including the CDS exposure, shall be within the limit of the applicable concentration norm, as specified in AIF Regulations.

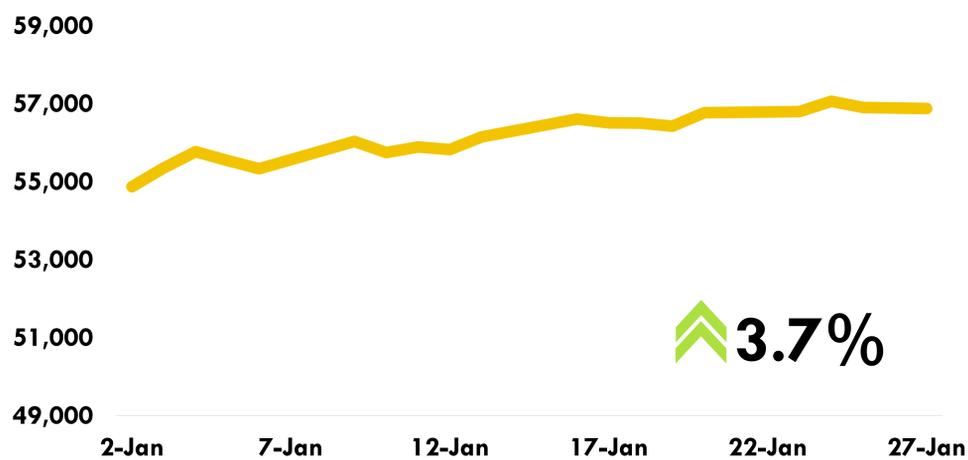
## NSE Hits Another Milestone

For the fourth consecutive year, NSE emerged as the largest global derivatives exchange in 2022 by the volume of contracts traded based on statistics compiled by the Futures Industry Association (FIA), a derivatives trade body. The recently launched derivatives on the Nifty Financial Services index, along with the derivatives on the Nifty 50 index and Nifty Bank index, ramped up the liquidity in the segment. Moreover, NSE is also developing the new currency, interest rates, and commodity derivatives products. It will soon announce its launch, boosting the number of contracts traded. It has also been ranked as the third-largest exchange for trading cash equities in 2022.

However, while the number of individual traders in the derivatives segment registered an exponential rise between FY19 and FY22, 9 out of 10 individual investors experiencing major losses is a matter of concern

# COMMODITIES

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



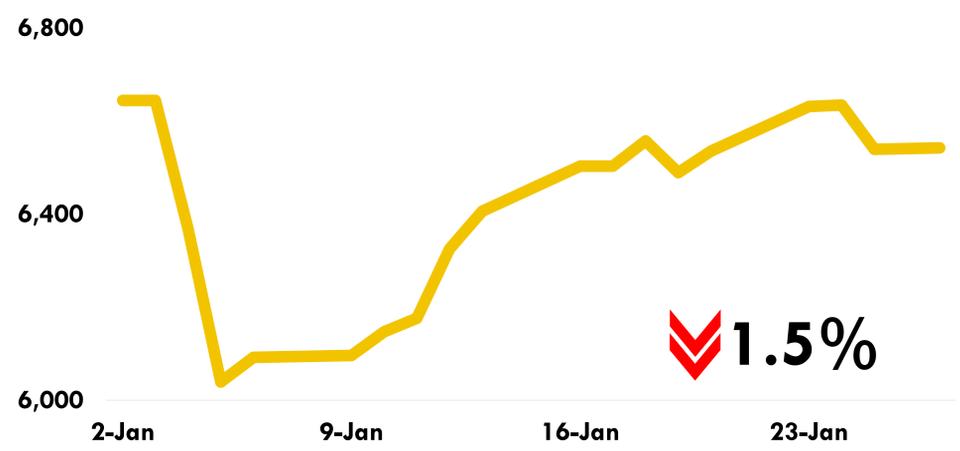
Source: MCX

Gold prices followed an aggressive upward movement flinching more than ₹56191. With the expectation that the US would reach its legal debt limit on January 19, safe haven buying also started to occur. The prospect of an impending slowdown in the US, a shift in the Fed's policy, and a cooling of the labor market bolstered gold prices. The price volatility provided investors with a buy-on-dips opportunity. The gold prices remained steady on Republic Day, but before that, gold rates rose to a new high, with MCX gold rising 0.4% to ₹57050 per 10 grams.

## Regulatory Standards for Basmati Rice Notified by FSSAI

Basmati – the premium quality rice, is long, slender-grained, and aromatic. With a price higher than non-basmati variants, it is prone to various types of adulteration. Traditionally grown in India, Nepal, and Pakistan, India accounts for 65% of its international trade. The regulatory standards for basmati rice have been defined by the Food Safety and Standards Authority of India and will go into effect on August 1, 2023. These standards aim to safeguard consumers' interests both domestically and internationally while promoting fair business practices. According to these standards, basmati must have a distinctive natural smell and should be free from synthetic coloring, polishing agents, and artificial fragrances. In addition, these guidelines outline other identification and quality criteria, including average grain size, elongation ratio after cooking, maximum moisture levels, etc. Therefore, these standards will guarantee the availability of standardized, authentic Basmati rice in both domestic and international markets.

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



Source: MCX

MCX Crude Oil prices have remained volatile throughout the month. At the beginning of January, the MCX Crude Oil futures plunged, facing resistance around the 50-WMA after almost 2 months, at ₹6,660. The fall was mainly attributed to the weak demand driven by sluggish economic performance across Europe, Asia, and the U.S., along with increasing numbers of reported cases of COVID-19 coming out of China. Yet many traders and analysts continue to predict crude prices will rebound. In mid-January, crude oil futures pulled back with hopes of demand recovery in China, which expected economic growth. Another reason for the rise in prices was the US GDP figures. Towards the end of the month, the scheduled meeting of OPEC+ and its allies boosted the demand for the commodity.



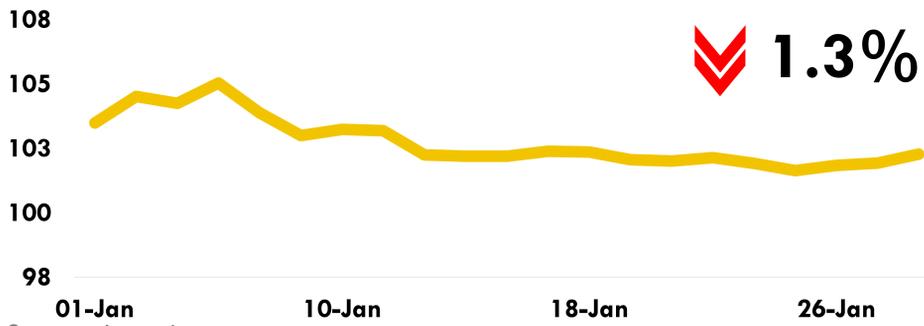
## Welcome News for the MCX

Are multiple contracts on the same commodity in the derivatives segment possible?

Well, SEBI has allowed stock exchanges to launch multiple contracts in the same commodity in an effort to encourage broader market participation. At present, a single contract exists for all commodities except for gold, silver, and precious metals, which restricts the participation of investors and traders. Being issued with the approval of the competent authority, i.e., the Commodity Derivatives Advisory Committee, the move would come into force with immediate effect. This move by the SEBI is anticipated to be good news for India's leading commodity exchange, MCX.

# CURRENCY

## US Dollar Index (USD)



Source: Investing

With the 101.90 mark, the US Dollar Index (DXY) opened the month in a downward trend. This illustrates the market's bias toward the Fed. The cautious market optimism and the lower US Treasury bond yields may both be exerting downward pressure on the DXY. Halfway through the month, the USD Index was able to shake off the prior pessimism and retake the territory above the 102.00 yardstick. From here, there is little downside.

## Rise of the Indian Rupee

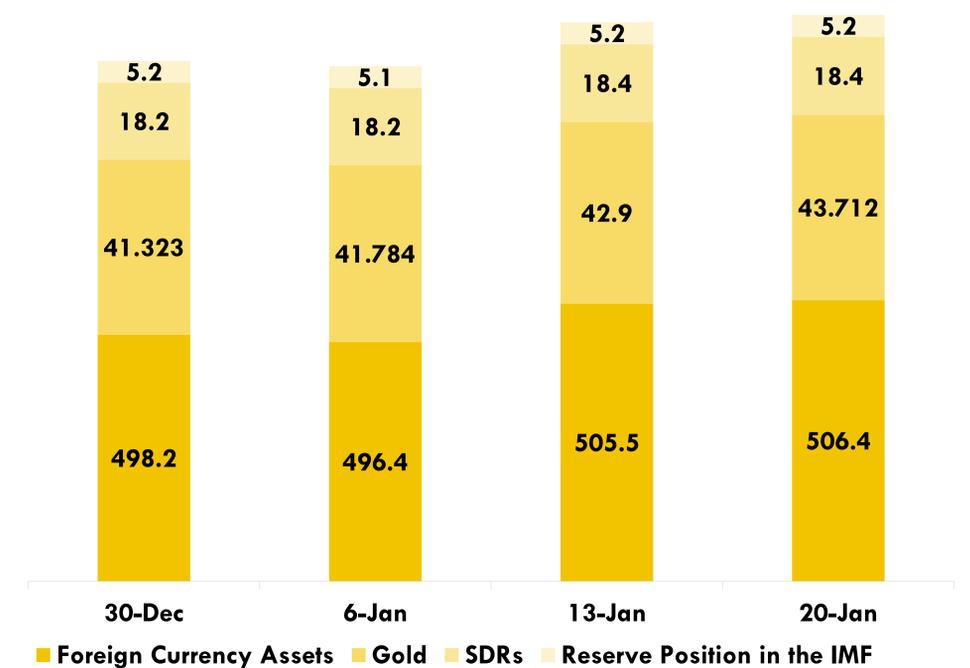
The Indian rupee trade settlement mechanism -- that's right, the Indian rupee is going global and will be used instead of dollars and other big currencies for international transactions. Russia changed its trade settlements to Indian rupees, becoming the first overseas country to start foreign trade in the Indian rupee. Also, about 35 nations have expressed interest in better understanding the rupee trade mechanism. The country that wants to adopt this will have to create a special rupee account - the Vostro account. With the help of this account, instead of paying and receiving US dollars, the countries can get the invoice for the goods and services in Indian rupees if the counterparty has a Rupee Vostro account. Moreover, the trade settlement in INR would reduce dependency on the US dollar, euro, and yen.

## India's Forex Reserve Rises to 5-month High

India's foreign exchange reserves rose to \$572bn in the week ending mid-month. The reserves reached a five-month high with this staggering increase. The nation's reserves were worth \$561.58bn during the first week. The changes in reserves also stem from a valuation of gains or losses.

Except for the most recent increase, the forex reserves had been sporadically declining, partly due to the RBI's market intervention to protect the weakening rupee from an advancing US dollar. The RBI occasionally steps into the spot and forward market to ensure the stability of the rupee.

## FOREX Reserve (USD Bn)



Source: RBI

Currency	2 <sup>nd</sup> Jan '23	31 <sup>st</sup> Jan '23	Change (%)	Trend
INR/USD	INR 82.75	INR 81.77	↓ -1.2	
INR/EUR	INR 88.22	INR 88.81	↑ 0.6	
USD/EUR	USD 1.07	USD 1.09	↑ 1.9	
JPY/USD	JPY 130.73	JPY 130.12	↓ -0.5	
CAD/USD	CAD 1.36	CAD 1.33	↓ -2.2	
USD/GBP	USD 1.20	USD 1.23	↑ 2.5	
USD/SEK	USD 0.09	USD 0.09	-	
USD/CHF	USD 1.08	USD 1.09	↑ 0.9	

Source: Investing

# OTHER ASSET CLASSES

## SEBI Sanctioned CDS

SEBI has amended its AIF regulations, allowing AIFs to transact in CDS. CDS is a financial derivative that serves as insurance against the default of an underlying debt instrument. Currently, category I AIF, which consists of Infra, Vc, and SME Funds, and Category II, which involves PE, Real estate funds, etc., are allowed to use it for the purpose of hedging. However, Category II and III, which covers PE, Real Estate, hedge, and PIPE Funds, have been given an exception to use it for hedging or for leveraging it under permissible limits. Moreover, Category II and III AIFs are also empowered to short the CDS by earmarking unencumbered govt. Bonds and T-bills with respect to the exposure. Additionally, PE and VC funds had to delineate CDS transaction details to the custodian, alongside AIFs had to maintain a certain cooling-off period while transacting in CDS. However, SEBI had permitted Mutual funds to go in for CDS a decade ago, which authorizes business entities to hedge risks related to the bond market.

## Fractional Art: The Next Big Thing?

Gone are the days when one requires deep pockets to invest in fine arts; now, one can buy a portion of art just like traditional fractional shares that too effortlessly. Moreover, this takes care of all the costs associated with storage, security, and other concerns. However, everything is not that as sweet as it seems, as the fractionalization process is a newer concept; it comes with its own constraints, i.e., no prolonged track record, illiquidity, etc., as fractional art is owned and supervised via the use of digital tokens, which in itself represents ownership to access and further rights pertaining to the related art. As per the traditional way value of art was determined by beauty or historical connection, but with fractional art coming into the picture, it's more defined by uniqueness and demand, consequently making it more transparent and fair. All things considered, it can be said that this concept is bringing a paradigm shift in the art world and has the caliber to revolutionize the industry.



## Wine as An Asset Class

As the quote says, "Wine and friends are a great blend", well, we can't vouch for that, but it seems Wine as an investment is making a perfect blend. Traditional asset classes, i.e., shares and bonds, have been present for centuries, so let's avert a bit and know how Wine is emerging as an asset class. We all know wine price is determined by its age; the longer it is, the higher you have to spend; as per the stats of the online wine trading platform Live-Ex, Fine Wine which is a concentrated group of elite wines, has outperformed the equities, fixed income, and FTSE within a span of 20 years. However, it's complicated to mint money in the short term as it intends to move in a non-linear fashion; over and above that, there are wine funds available where one can invest just like a mutual fund, but for wines where they Buy-Hold-Sell wines. A lot of things and innovations will take place as soon as this futuristic asset class gets more gaze. However, the bottom of the glass is that it's outperforming the returns of traditional assets, and you have to resist the fascination of not drinking it whenever you invest.

## NFT in Real Estate

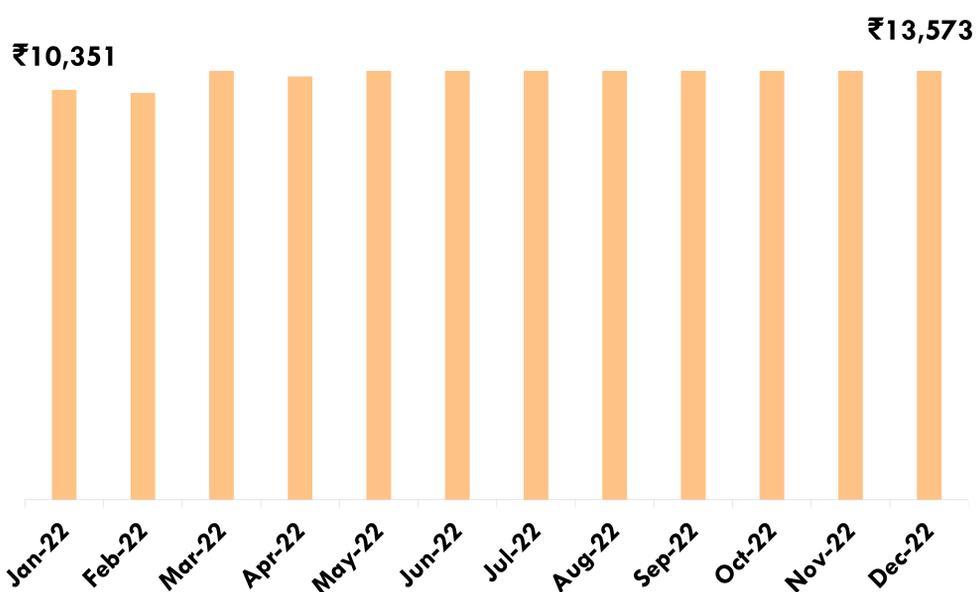
Non-Fungible token is an Acronym for NFT, which means something that is unique and irreplaceable. Every real estate property is unique in its terms, whether geographically or in real-time wise. So when it's minted on the blockchain as an NFT, it can be termed as a Unique Digital Asset. And, if you buy a digital real estate NFT, it means you acquire the rights of the underlying. Alongside, just as we can invest in fractional shares, we can do the same for real estate NFTs. i.e., the value gets divided into the number of NFTs people can buy, consequently improving the liquidity and the investment barriers. However, it's not only limited to real estate but caters to a broader aspects like music rights, arts, etc. The main USP of real estate NFT is that you can buy it in fraction consequently, this surge the demand for it. However, to buy an NFT, you would require Cryptocurrency.



## SIPs Inflows Creates Fresh All-Time High

SIP inflows reached a fresh all-time high of ₹13,573cr in December, exceeding the inflows of ₹13,306cr in November and ₹13,041cr in October. For the third time, SIP inflows remained over the ₹13,000cr benchmark. Additionally, this was the 16th consecutive month with SIP inflows above ₹10,000cr. About 90% of the total SIP inflows were into equity schemes. This demonstrates that SIP is one of the best investments to accumulate funds even during volatile times.

### SIP Contribution Net Investments (₹ Cr.)



Source: AMFI

## AMCs Expands Services in New Sectors

Earlier, AMCs were only permitted to offer management and consulting services to appropriately regulated FPIs, such as banks and insurance firms. Additionally, AMCs could provide such services to businesses controlled or at least 75% directly or indirectly owned by governments and governments-related investors, including central banks, sovereign wealth funds, and international or multilateral organizations or agencies.

However, SEBI's decision made in conjunction with International Financial Services Centres Authority (IFSCA) has allowed AMCs to expand their services to other sectors. SEBI permitted AMCs to provide management and advisory services to all Foreign Portfolio Investors (FPIs) operating out of the International Financial Services Centres (IFSCs) and regulated by IFSCA. This is subject to the condition that FPIs will be allowed to invest only in mutual funds schemes and not in the "thematic" schemes categorized by SEBI.

## Equity MF Records Threefold Increase

Net monthly inflows in December into equity-mutual fund schemes surged to ₹7,280cr, witnessing a threefold increase from November. December was the 22nd consecutive month of positive inflows into equity MFs. The inflows spiked in spite of a nearly 4% selloff in the broader indices, NSE Nifty 50 and S&P BSE Sensex. The increase in numbers was due to the highest inflow of ₹2,244.77cr and ₹1,962.26cr into small-cap and mid-cap data funds, respectively. Large-cap funds recorded a marginal outflow of ₹26.37cr as opposed to an outflow of ₹1,038.84cr in November. Sectoral/thematic funds and focused funds reported outflows of Rs 164.32cr and Rs 203.59cr, respectively.

SIP accounts increased by almost 25% yoy to 6.12cr. Moreover, funds collected through new fund offers (NFO) contributed to significant inflows into equity schemes. MF raised ₹1,996cr through six equity NFOs.



## Revised Role of AMC's Sponsor

Are PE funds gearing up to enter the ₹40-trn Indian Mutual Funds (MF) industry? That is some news!

The capital market regulator SEBI wants PE funds to enter the MF industry while protecting investors' interests. Therefore, it proposed that PE-owned funds should have fund managing and investing experience in the financial sector for at least five years, and a capital of ₹5,000crs.

Moreover, SEBI wants to reimagine the role of sponsors in the industry and is proposing the idea of making the fund houses independent of a sponsor. It has proposed that sponsors who don't meet the existing criteria and wish to set up an AMC may also be allowed. They must have deeper pockets, though. For instance, if a sponsor does not have a track record of profitability or the required experience, its AMC must have a net worth of at least ₹150crs.

Apart from these, SEBI has proposed that a sponsor might be allowed to reduce its stake to 26% or even 10%. However, it can only happen after the AMC has had a full-fledged sponsor for five years.

## Mahindra Electric's Merger with Mahindra & Mahindra Gets Greenlight



**Mahindra**

The proposed merger of Mahindra Electric with Mahindra & Mahindra will bring the complete automotive chain of the Anand Mahindra-run group under one umbrella amid a snowballing focus on electric vehicles. The National Company Law Tribunal (NCLT) Mumbai bench has okayed the merger. The merger would be essential to Mahindra Group's plans to make significant investments in the EV market to scale up operations and create a robust EV product pipeline. Mahindra Electric has proficiency in EV technology, while Mahindra & Mahindra has skills in automotive design, manufacturing and engineering, sourcing network, and marketing & sales. From Mahindra Group's outlook, the consolidation could lead to better innovation and research & development competencies by leveraging both companies' joint resources and expertise. Mahindra & Mahindra's superior credit rating would provide significant reductions in financial costs for funding the investment. This could lead to increased rivalry and innovation in the EV market and potentially cut down EV costs from the industry's perspective.

## TATA to Expand Apple Supply Role

Tata Group is close to acquiring a significant facility in southern India in a transaction that would create the nation's first indigenous iPhone manufacturer. The airline-to-software conglomerate hopes to close the deal by the end of March. Tata will be in charge of managing the primary manufacturing operation with assistance from Wistron. Tata's transaction would boost India's initiatives to develop domestic rivals to China's dominance in the electronics industry, which political tensions have threatened with the US and obstacles relating to the Covid-19 pandemic. The single iPhone production facility owned by Wistron in India may be worth more than \$600 million as a result of the transaction. On approval of the deal, Tata will acquire all eight of the iPhone lines and 10,000 employees, including engineers who work at the plant from Apple. In India, Wistron would continue to be an iPhone service provider. The first of 100 Apple stores that Tata has promised to open in the 1.4 billion-person nation will debut in Mumbai this quarter. This might bring the prices of iPhones down in India.

## IIFL AMC to Bring TrueScale Capital Onboard

TrueScale Capital, a mid-sized investment firm, and IIFL Asset Management (AMC) has announced a partnership, combining their private equity and venture capital verticals. TrueScale is an emerging leader in the Series B and Series C venture growth sector, whereas IIFL is a private equity business. It will transfer the funds it holds and manages to IIFL AMC along with the sponsorship. This proposed acquisition will boost IIFL AMC's private market program, which includes mid and late-stage venture capital, along with growth equity and pre-IPO investments. The fact that the combined deal under the AMC is equipped to take the lead in India's mid-stage venture market is an excellent opportunity for TrueScale. There is no financial exchange, and the only change is that TrueScale's founder and MD, Mr. Sameer Nath, will join the AMC as the new Chief Investment Officer (CIO) and the head of the venture capital and private equity segment. To manage the platform, he will partner with Karan Bhagat, founder, and CEO of formerly IIFL Wealth and Asset Management, and Anup Maheshwari, CIO and Co-founder of IIFL AMC.

## EY India Makes Its Second Bet with eBorn Consulting

The Covid-19 pandemic has multiplied client demand for tech transformation services. To cater to the increased demand, EY has acquired eBorn Consulting Private Limited, a provider of SAP solutions, to bolster its technology in consulting expertise. While competing for significant transformation contracts with IT companies like Accenture and management consulting firms like McKinsey and BCG over the past few years, EY has aggressively built its Indian technology practice. This is its second acquisition in 3 years. eBorn is a Thane-based company that provides comprehensive SAP S4/HANA implementation services and solutions. eBorn's co-founders and their team of more than 130 SAP consultants will join EY once the takeover gets through. The Big Four has been increasingly acquiring digital companies to fill the gaps in their service bouquet. eBorn's team is known for its delivery-focused approach to providing SAP implementation and solutions. With eBorn joining, EY would be able to offer customized, adaptable, and scalable solutions, driven by eBorn's cutting-edge technology. The acquisition considers eBorn's all-inclusive approach to growth, industry, and its own suit to offer domain-focused SAP solutions to clients.

# STRATEGY

## Hungry? Snapchat has Snickers!

Gen Z has grown up in a world of filters – starting from Snapchat to Instagram. They are known for having a shorter attention span and seeking out experiences that are unique and engaging. Catering to such a demanding clientele becomes a challenge for brands.

However, Snickers viewed the filter feature as an opportunity and wasted no time in reaching out to the Gen Z audience. It made its way to their screens by tying up with Snapchat. The brand used Snap's lens as a creative way to connect and engage the, demonstrating users' hungry faces by utilizing AR capabilities and then sharing a Snickers to make them happy. Snickers also used Snapchat's premium and non-skippable ads that delivered the brand's message for a longer duration by questioning users with their tagline – "Hungry? Grab a Snickers."

To help the brand reach a large audience, Snickers used Snap Ads and amplified it by interest-based targeting to create awareness and deliver the brand messages across various demographics.

All demographics saw a positive lift, showing a +12pts uptick in ad awareness, indicating that the ad creatives of Snickers are appealing and popular. The lens performed with 5.9 mn unique reach and 10.46 secs of average playtime.



## McDonald's - Are We "loving it"?

Do you surmise that you made a savvy or lucrative decision while selecting the large fries of McDonald's over the medium or small ones? Well, that wasn't your instinct, though; it was a highly astute psychological ploy by McDonald's to deceive you into believing that you were choosing what was best for you when, in reality, you were choosing what was best for them. In other words, you were just one of the victims of the "Decoy Effect."

Due to the centerstage effect, the consumer's attention tends to gravitate toward the center option naturally. However, to refrain consumers from selecting the medium option, McDonald's manipulates the price of products.

When you check the price, medium fries cost ₹113, while a large one costs only ₹12 more. Here, the medium is the ruse item; it merely acts as a benchmark to make the large option appear less pricey. The price difference between a large and small option is ₹34. Given only these two options, a consumer is quite unlikely to select the large. So, brands like McDonald's and Starbucks deceitfully offer a medium option that is less desirable, known as the decoy, which alters our view of the first two possibilities. This is known as the "Decoy Effect."

## Zara Banks on "See It, Like It, Want It, Got It" Strategy

Have you ever wondered why you consistently overspend at Zara stores? This is because of their legendary marketing strategy. When you enter a Zara store, you will notice that the most expensive items are displayed at the front because the designers expect the shopper to fall in love with them immediately. Zara bets on "see-want-buy" or the impulsive decision of customers. Moreover, like other outlets, Zara doesn't have different shelves for individual product lines, and the goods are placed adjacent to each other. Customers are not required to put much thought into planning their outfits as the shop designer has already decided on everyone's behalf, taking care of every aspect -- from shoes to accessories.

Zara conveys the "scarcity effect" on their products quite deftly. Your brain is prompted to "Get this thing NOW!" by this impact. Shoppers believe that the dress or shirt will be out of stock soon, and Zara fans the feeling of "FOMO" to its advantage.

These brilliant strategies have helped Zara in becoming one of the world's largest fashion retailers, even after its low investments in advertising as compared to its industry peers.

# MARKETING & BRANDING

## Zomato and Blinkit's Ingenious Meme Marketing Solution

“Doodh mangoge, doodh denge Kheer mangoge, kheer denge” – meme marketing has become one of the most popular tools for brands, especially in the food industry. The Zomato-Blinkit entity has been banking on it heavily. Its famous meme marketing helped them gain 3 important things for its brand.

**Humor** – It is the best way a company can add a human touch to brands. It is a wonderful digital marketing tactic and works as an emotional motivator for consumers that drives them to make a purchase. Zomato and Blinkit have become more relatable to customers, helping them create a brand identity with the quality of familiarity at their center.

**Becoming Memorable** – Bollywood is evergreen, and some of its dialogues rule our hearts. Zomato and Blinkit made their merger memorable with their own versions of the dialogue. Now every time Indians hear the dialogue, they instantly recall this “unlikely” union.

**Free Marketing** – The “Zomato – Blinkit billboard” meme is getting featured on almost every big corporation’s social media page. And this is literally free marketing for the merged entity. The companies did not have to resort to any marketing pitch; it was simply a display of creativity and pure genius.



## Coca-Cola – A Brand for All Season

The Core Brand theme, ‘Thanda Matlab Coco-Cola’, is still going strong; however, the US beverage giant is pushing hard to establish itself as a brand for all seasons. At the heart of the brand strategy is how to get more from the core. So, while the peak summer months will continue to be important, the de-seasonalization of all its core brands will be in focus in the coming years.

A multi-pronged approach is playing out to make this strategy workable. Coco-Cola India is reallocating its marketing spends to multiple quarters. The idea is to increase the occasions when the brands are consumed and offer more variants. With these initiatives, Coca-Cola is building a culture of experience and trying out new ideas to make sales in the second half of the year equal to the first.

Experts say de-seasonalising the business portfolio is the way forward, and if done well, it can lead to 30-40% growth in business. Additionally, with consumers’ preference for healthier options growing, Coco-Cola has launched honey infused range of juices under minute maid. With further plans to grow its nutrition category, the launch is in line with Coca-Cola’s ‘Beverage for Life’ Strategy.

## MarkeTEAing: How Marketing Made TEA an Integral Part of India

It is more than just a brew; for most Indian, it’s a wake-up call. From high-end bistros to every street corner, it’s one ubiquitous drink that most Indians live by. No morning can start without it; conversations weave around it, and even our Prime Minister chooses to speak to us over it!

Surprisingly though, tea has never been integral to Indian culture.

The Britishers and the Indian Tea Committee began massive marketing campaigns that lasted years and ingrained tea into our culture.

These MarkeTEAing strategies included setting up tea stalls at railway stations as an experiment to make Indians aware of the beverage, and demonstrating how to make tea at home.

After all, there came the “Tactic of Indianization” – the bland taste of black tea did not appeal to Indian taste buds. So, marketers broke the stereotype of “English Tea” and co-created “Chai,” thereby giving birth to the famous “Cutting Chai” of Mumbai and “Bhar er Cha” in Kolkata.

Marketing, as we know, has shaped behavior in humans – similar to the story of Tea, Chai, Cha, Tenir, and Chaya. It is astonishing how this simple concoction has turned into the favored brew for every social class Indian.

# OPINION POLL

“Amid global challenges of debt distress, economic slowdown & climate change, South Asia has opportunity to push for open borders & robust trade & investment regionally to drive growth & shape an inclusive future.”

- **Amitabh Kant,**  
**G20 Sherpa, India**

“The World needs resilience, and India is in a position to take the lead, including supply chain frameworks”

- **N. Chandrasekaran,**  
**Chairman, Tata Group**

“Startups as an economic force multiplier for a better world, more jobs & climate change are the best solution the world can depend on”

- **Gopal Srinivasan,**  
**Chairman, TVS Capital Funds**

# About Us

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



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