



Leveraged Growth

MONTHLY REPORT NOVEMBER 2023

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Deficits and Debts

The decision to shift the U.S. credit rating outlook from "stable" to "negative" by Moody's signals heightened concern over substantial fiscal deficits and diminishing debt affordability. Even though the U.S. credit rating remains 'Aaa,' the highest investment grade notch, the agency warns about the risk posed by political polarization, hindering the formulation of a cohesive fiscal plan. The downgrade has fueled a selloff, pushing U.S. government bond prices to their lowest in 16 years. Persistent high fiscal deficits, projected at around 6% of GDP, coupled with elevated interest rates, pose challenges to debt affordability. Moody's stresses that without effective measures to control spending or bolster revenue, the fiscal outlook remains uncertain. This assessment impacted the financial markets, with ten-year treasury note futures declining and U.S. 10-year treasury yields reaching 4.65%. The government's credit trajectory faces increased scrutiny, especially following the Treasury's announcement of borrowing \$112bn in its quarterly refunding, which is slightly below expectations.



Flexibility in Focus

The Bank of Japan has taken a significant stride in ending its seven-year policy of capping long-term interest rates, spurred by a notable surge in US bond yields. This move paves the way for a gradual unwinding of extensive monetary easing measures, coupled with a substantial upward revision of its inflation outlook. Responding to escalating prices and the continued depreciation of the yen, the central bank announced adjustments to its YCC (Yield Curve Control) framework, introducing greater policy flexibility with 1% as the new reference point for 10-year yields, with the yields fluctuating around +0.5%. Furthermore, in order to encourage the formation of a yield curve that is consistent with the above guidelines it will continue to conduct "fixed amount" bond purchases, although not at a fixed rate of 1%. While dropping specific yield fluctuation targets, the bank maintains its overall framework of targeting short-term rates at minus 0.1% and 10-year JGB yields at around zero. The shift aims to return interest rate control to market forces and prevent future financial market volatility.



Growth Amidst Challenges

South Africa's Finance Minister has issued a cautionary note, highlighting the adverse effects of a less favorable global economic climate on the country's growth trajectory. Citing weak growth in China and the looming threat of elevated US interest rates, the government outlined several challenges, including electricity blackouts, a compromised public transport sector, high inflation, escalating borrowing costs, and a generally weakened global environment. Despite these challenges, the South African economy has exhibited resilience, with real GDP surpassing pre-pandemic levels, growing by 0.9% in H1 2023, and the tourism sector expanding by over 70%. However, previously acknowledged risks, such as declining global commodity prices and the depreciation of Rand, have materialized, significantly weakening public finances. The annual budget deficits have reached an extent where the government will have to borrow an average of ZAR553bn per year over the medium term. Additionally, it is forecasted that the gross government debt will reach 77% of GDP by 2025/26. Thus, for this purpose, the government proposes targeted spending based on policy priorities to address the above challenges.



Risks and Uncertainties

The estimate of German GDP growth in Q3 confirmed a slight economic contraction, recording 0.1% quarter-on-quarter and a 0.4% year-on-year shrinkage. The German economy remains stagnant, with growth occurring in only two of the last six quarters since the Ukraine war began. Unfortunately, the economy hovers marginally above its pre-pandemic level even after three years. While private consumption posed a drag (-0.3% QoQ), government spending (+0.2% QoQ) and investments (+1.1% QoQ) provided support to the economy. The country has emerged as a growth laggard in the eurozone, facing challenges from cyclical factors like inflation and elevated energy prices to structural issues like higher interest rates and China's changing role from being a flourishing export destination to being a rival that needs fewer German products. Furthermore, the Constitutional Court has introduced new risks of fiscal austerity and political uncertainty, amplifying the existing economic challenges. Coupled with ongoing ECB monetary policy tightening and geopolitical uncertainties, the prospect of Germany's economic stagnation looms large.



INDIA INC.

India's pledge: Bangladesh's progress

India, as Bangladesh's primary development ally, inaugurated three Indian-assisted development projects. The first project, the Akhaura-Agartala rail link, marks the renewal of connectivity between Bangladesh and Northeast India via Tripura. Spanning over 12.24 km, with 6.78 km in Bangladesh and 5.46 km in Tripura, this dual gauge rail is more than tracks; it represents the enduring ties between Tripura and Bangladesh, creating a gateway for Northeastern states to access Bangladeshi ports.

The 65 km Khulna-Mongla rail link integrates Mongla, Bangladesh's second-largest port, with Khulna's rail network. This connection promises expanded maritime access to eastern India, fostering a crucial bridge between Mongla's port and the extensive broad gauge railway system. The third project, Unit 2 of the Maitree Super Thermal Power Project, a 1320 MW facility located in Khulna, has been financed by a \$1.6bn Indian loan. Developed as a joint venture between NTPC Ltd and the Bangladesh Power Development Board, the MSTPP substantially bolsters Bangladesh's energy security, supporting the shared vision of creating the Golden Bengal.



Abu Dhabi's Big Bet on India's Growth

Abu Dhabi has charted plans to infuse \$50bn into India over the span of the next five years, focusing on energy, infrastructure, and real estate. This strategic move aims to diversify Abu Dhabi's investments and strengthen economic bonds, with both countries targeting a \$100bn non-oil bilateral trade. Abu Dhabi's decision to invest in India stems from recognizing India's rapid urbanization and the corresponding need for a massive infrastructure upgrade to accommodate this expansion. Additionally, Abu Dhabi's investment aligns with India's sustainable development objectives, focusing on renewable energy and eco-friendly urban infrastructure, forging a greener, more sustainable future. In conclusion, Abu Dhabi's \$50bn investment in India signifies a pivotal moment in bilateral ties. With the potential to transform India's urban infrastructure landscape, this investment will fuel economic growth and enhance the overall standard of living for millions of Indians. It underscores a joint pursuit of a prosperous future blending sustainable and economic development.



Innovating Urban Landscapes

The central government has agreed with the Manila-based Asian Development Bank (ADB) to secure a \$400mn policy-based loan. This aims to bolster its urban reform agenda, enhancing urban infrastructure, service delivery, and governance efficiency. The \$350mn funding for Sub-programme 1, sanctioned in 2021, laid the groundwork for national-level policies, focusing on elevating urban services. The new phase, backed by a \$400mn loan, targets state, and local urban bodies, aiming to revamp building regulations, promote land pooling, encourage urban clustering, and plan transit-oriented urban mobility. Specifically aligning with the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0, Sub-program 2 supports state and local initiatives, striving for universal water access, urban water security, and coherent urban planning to curtail sprawl and foster organized urban growth. Moreover, the initiative aims to enhance cities' financial sustainability by encouraging revenue growth via property taxes and user charges, fostering creditworthiness. This fiscal approach enables cities to access alternative funding for vital urban infrastructure investments.



Security and Collaboration

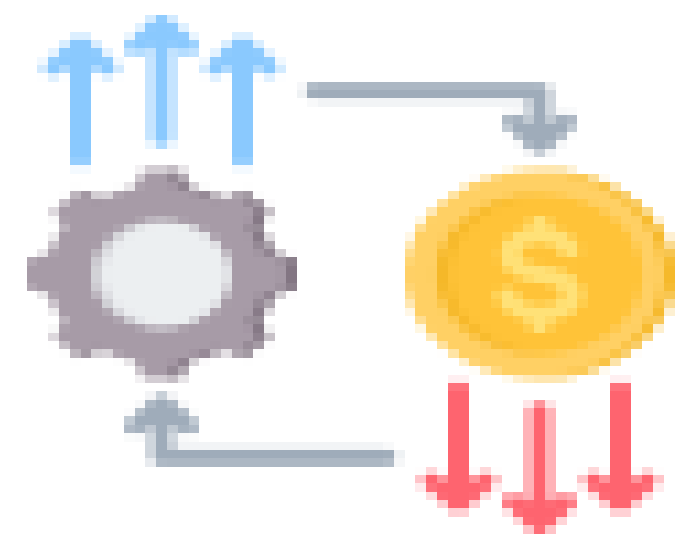
In a bid to fortify India's ground forces amidst escalating tensions with China, the U.S. and India have united to co-produce the versatile Stryker armored vehicles within the Indian borders. Furthermore, the US and India are also working to advance collaboration on defense technology companies, currently targeting maritime reconnaissance and undersea communications. This move promises a diverse range of over two dozen variants, from infantry carriers to reconnaissance platforms and vital support units. Besides security, this effort is about broadening supply chains, ensuring our militaries can work together, and ramping up defense for both nations. The vehicles will not only help India in pushing back against China at their disputed border but will also help in reducing India's dependency on Russian weapons. This deal shows how the US and India, part of the Quad with Japan and Australia, are working together more closely on defense technology.



GOVT. POLICIES

Transparency and Efficiency

The Ministry of Information and Broadcasting approved the Digital Advertisement Policy 2023, empowering the Central Bureau of Communication (CBC) to spearhead digital media campaigns. Tasked with raising awareness about government policies, schemes, and programs in India, the CBC will leverage the expansive digital subscriber base and tech-driven messaging avenues to deliver citizen-centric messages efficiently. This targeted approach is anticipated to result in cost-effective public campaigns. The policy permits CBC advertisements on social media, Over-the-Top (OTT) platforms, digital audio platforms, mobile applications, and websites, with eligibility requiring platforms to be at least a year old. Advertising rates will be linked to the subscriber base and viewership numbers, which will be determined through competitive bidding to ensure transparency and efficiency. Notably, OTT platforms can be enlisted not only for advertisement placement during regular content but also for producing embedded/in-film advertisements, promotions, or branding activities. This strategic move reflects the government's commitment to leveraging digital platforms for impactful communication and engagement with the public.



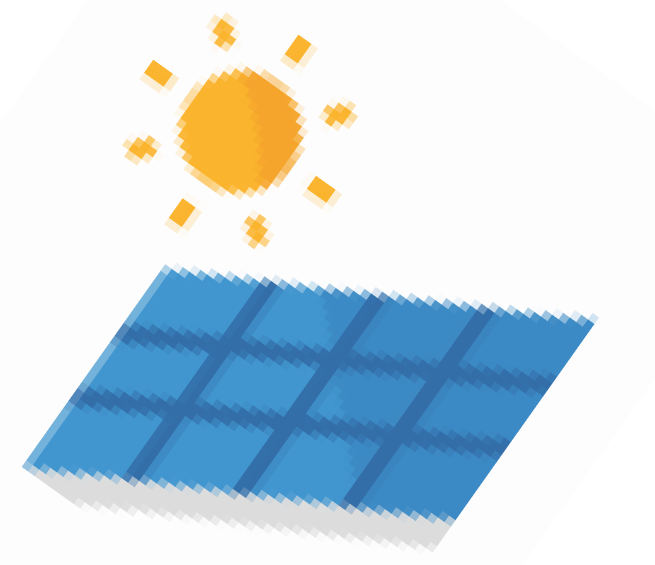
An Economic Infusion

The Maharashtra government has approved its first export promotion policy, designed to stimulate FDI (Foreign Direct Investment) and generate additional avenues for employment. Set to be operational from the ongoing fiscal year until 2027-28, the policy anticipates an infusion of ~₹25,000cr in the state's economy. Focused on ambitious targets, the policy seeks to approximately double the state's exports to \$150bn, introduce 30 additional export-oriented infrastructure projects within the next five years, and secure a 22% stake in the national \$1tn export goal by 2030. With a keen eye on fostering growth, the policy is expected to benefit around 5,000 MSMEs and large industrial units, effectively doubling the state's current export share to 14% and generating 40,000 job opportunities. Providing financial backing for export-specific projects, coupled with incentives like insurance cover, interest subsidy, and export promotion subsidies for MSMEs, the policy reflects a comprehensive strategy for bolstering Maharashtra's role in India's export landscape. Additionally, central government incentives, including electricity tariff waivers, contribute to the policy's emphasis on import substitution and economic resilience.



Solar Revolution

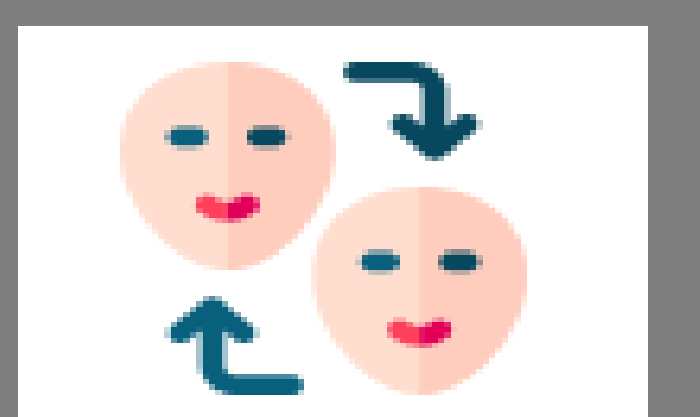
The Government of Haryana has introduced a revamped policy, titled "Haryana Solar Power Policy 2023," to harness the potential of solar energy in India. The country is blessed with abundant solar energy and has set an ambitious target of achieving 500 GW of renewable energy capacity by 2030, with a substantial 280 GW dedicated to solar energy. For this purpose, Haryana has taken a significant step in this direction, thereby harnessing the solar energy potential in India. Apart from reducing the state's energy expenditures, the policy envisions curbing transmission and distribution losses through the use of solar power. The policy also promotes the use of cutting-edge technologies, including battery storage and renewable energy-based electric vehicle charging.



Moreover, it aims to improve the income of farmers through the installation of solar power plants for the sale of excess power while also addressing provisions for solar waste management, training and skill development, and research and development activities. The policy's holistic approach includes promoting solar applications like water pumps and home lighting systems, contributing to a sustainable and resilient energy landscape.

Combatting the Misuse of AI

The surge in deepfake videos on social media recently has prompted the Indian government to address this growing concern. The issue gained prominence with the viral spread of a manipulated video featuring a prominent actress, sparking widespread debates on the potential misuse of such content. Deepfakes, which involve altering videos to depict individuals as someone else, are increasingly used to propagate false information. To counter this, the government intends to develop a "clear, actionable plan" by imposing financial penalties on both creators and social media platforms, facilitating the dissemination of deceptive content. The comprehensive plan focuses on four key pillars: detecting deepfakes, preventing their widespread circulation, implementing reporting mechanisms, and raising awareness about this technology. Social media companies are urged to exercise caution, identify false information and deepfake content, and promptly remove reported content within 36 hours as per the IT Rules of 2021. Moreover, users are also explicitly instructed not to host or promote any misleading content. The government's efforts aim to empower citizens against AI-generated harmful content, emphasizing India's commitment to safeguarding privacy and digital information.



START-UPS

Major Funding Raised by Startups for the Period 30th Oct'23 to 25th Nov'23 (\$ Million)

XPRESSBEEES
delivering happiness



Source: Entrackr

In November, 85 startups majorly based out of Delhi and Bengaluru raised an impressive \$587.4mn in funding, showcasing the strength of the startup ecosystem. Fintech and e-commerce based startups dominated fundraising activities, reflecting recognition and support for innovative solutions across industries through cutting-edge technology.

UPI Credit by Kiwi

Kiwi is an Indian fintech startup that has introduced a groundbreaking virtual credit card platform, 'Credit cards with UPI.' The innovation not only fulfills consumer demand for credit liquidity but also alleviates the impact on credit card companies from the rise of UPI-linked payments with debit cards.

The company has established a successful partnership with Axis Bank, offering virtual RuPay credit cards seamlessly linked to its app's UPI service and services where users can conveniently manage cards, escalate limits, and earn transaction rewards.

Kiwi has already distributed 25,000 virtual credit cards with an average monthly spending of ~₹22,000 per user and aims to host 500,000 additional users by 2024. Moreover, the company plans to utilize the \$13m raised in the Series A round in November to launch innovative products, including no-cost EMI on UPI and initiating a credit line on UPI, in line with the guidelines set by authorities.



Inito's Smart Solution

Established in 2015, health tech startup Inito empowers individuals to manage their health effectively from home. At the core of its offerings is the Fertility Monitor, a home test designed to assist women in monitoring fertility hormones, providing in-depth, personalized insights into reproductive health. Unlike traditional ovulation tests, Inito's monitor measures four fertility hormones on a single test strip. The device is user-friendly and offers a seamless experience as it connects to smartphones, guiding users through the process via the Inito app and delivering personalized results based on individual hormonal profiles. Users globally have reported over 10,000 pregnancies and 2.5mn tests using Inito's solutions. Furthermore, the new funds raised by the startup will be used for the worldwide expansion of its hormone test, advanced AI analytics, and research and development of new tests, with a vision to revolutionize the diagnostics industry and deliver valuable solutions.

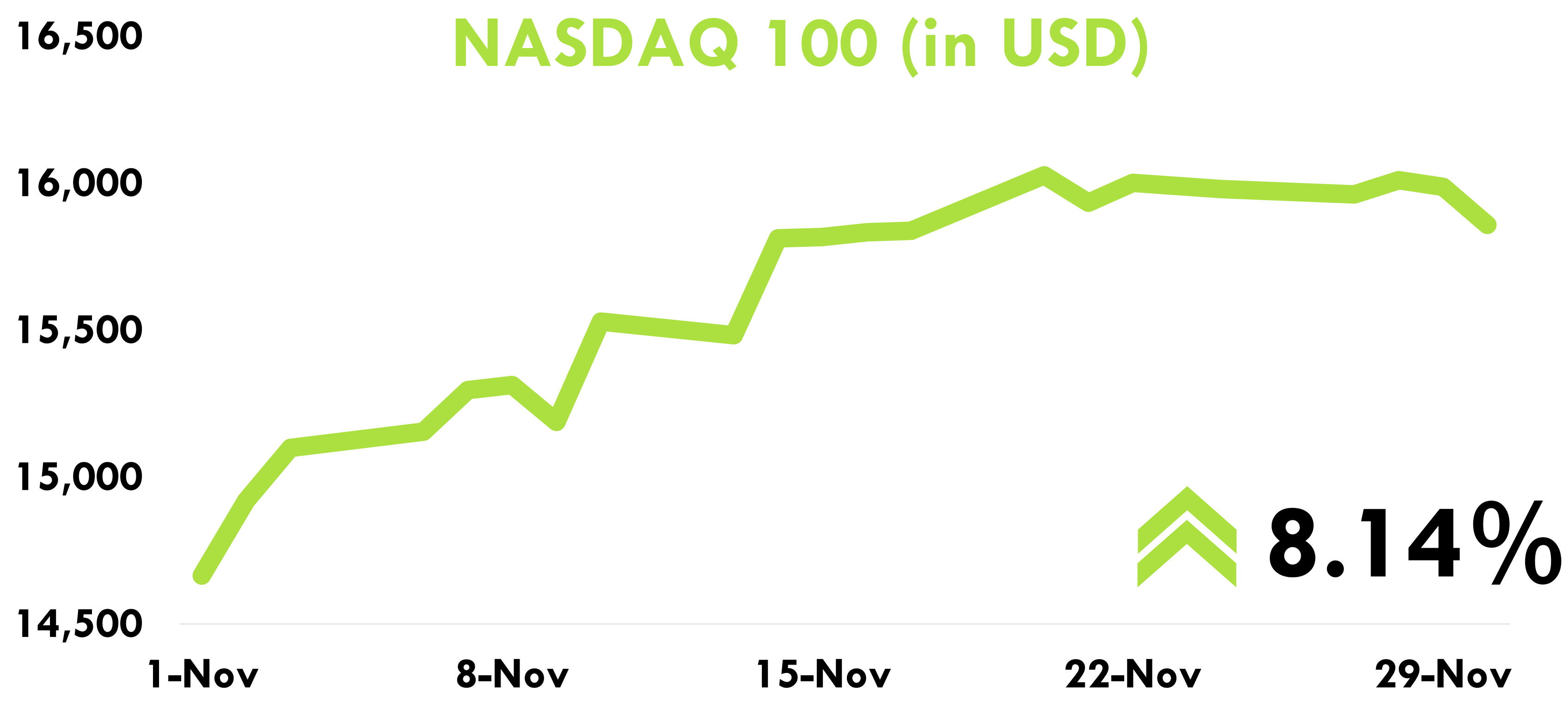


Cerana Meads: Bee-utiful Brews

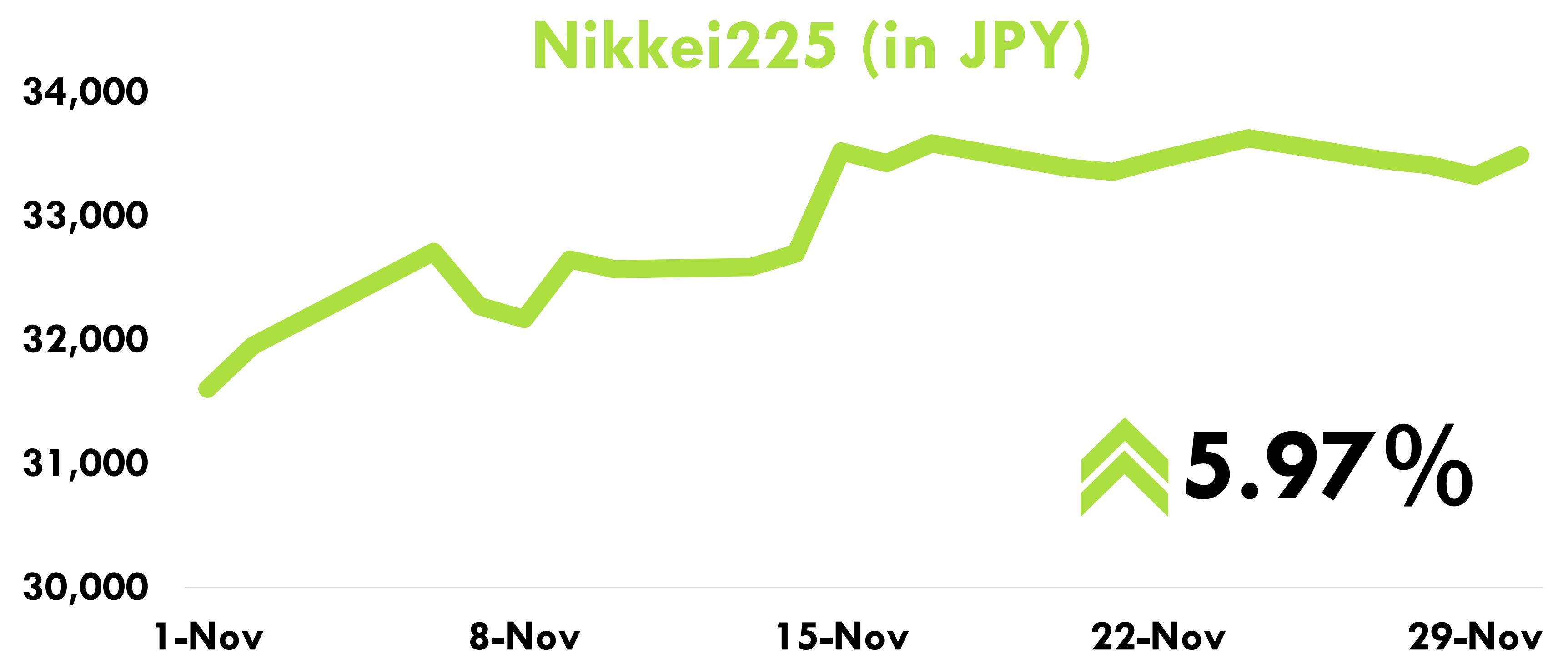
Established in 2019, Cerana Meads stands out as one of India's first women-run meaderies, introducing a unique dimension to the country's beverage landscape. Specializing in mead, which is crafted from fermented honey, water, fruits, and spices, this startup symbolizes India's foray into its oldest alcoholic tradition. With a production of 25,000 liters to date, it signifies their successful efforts to localize mead production. Unlike traditional wine and beer production, often associated with chemical-laden agricultural practices, mead-making is environment-friendly. It leaves no harm to bees or the environment, as it employs locally sourced, gluten-free ingredients devoid of synthetic additives. The company is driven by a vision of expansion and innovation and plans to introduce its distinctive meads in Bengaluru, Delhi, and Goa, coupled with the launch of new products by next year with a commitment to sustainability.



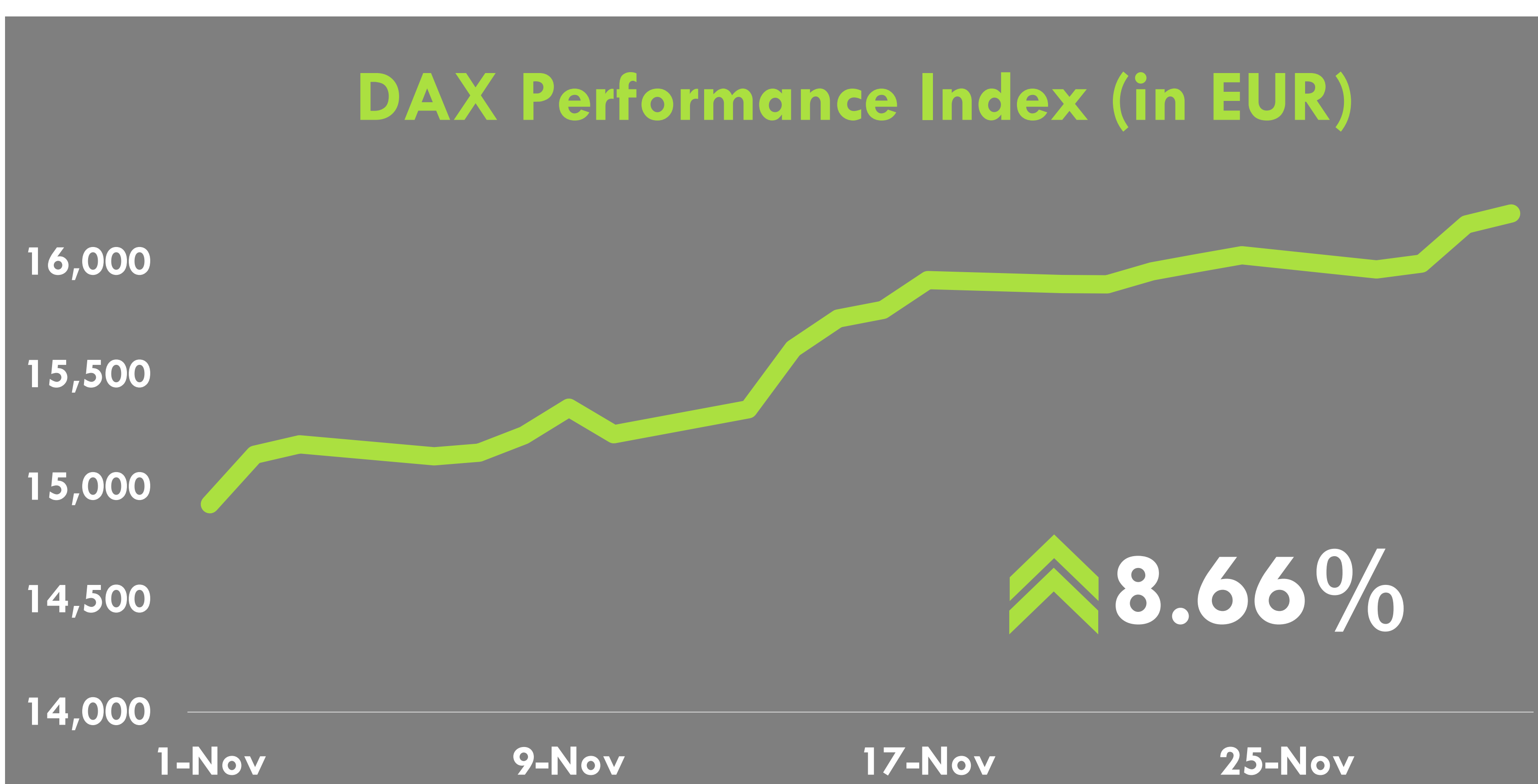
GLOBAL INDICES



This month, the technology-heavy index continued its robust upward momentum, surpassing its 22-month high. Favorable global economic indicators have injected enthusiasm into the market. Notably, both Nvidia and Microsoft Corp. reached new record levels, with gains of 10.5% and 9.4%, respectively, driven by a resurgence in the artificial intelligence sector.



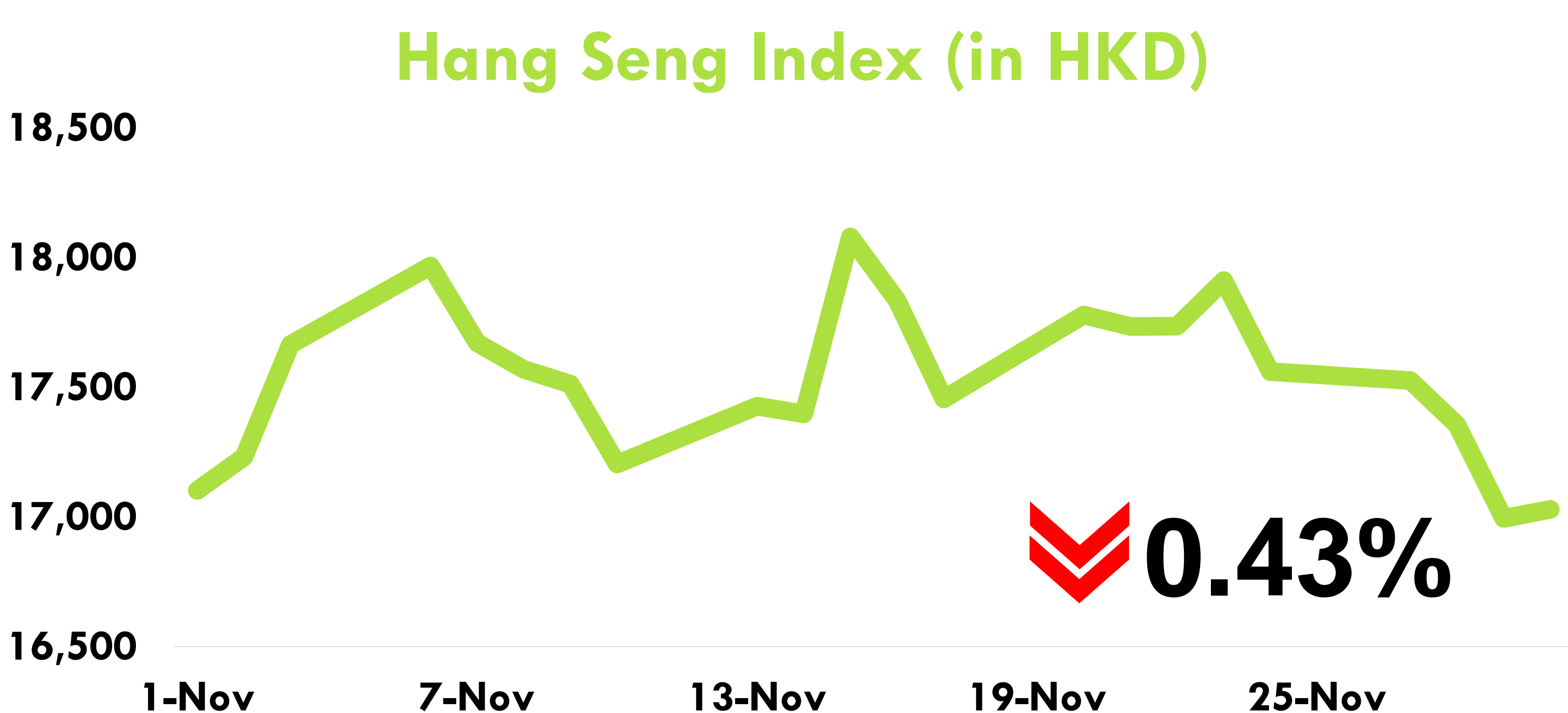
The index has experienced an upward trend this month, registering a 5.97% increase. This surge is attributed to the anticipation of significant economic data releases scheduled for the week, particularly Japanese retail sales and industrial production figures, which are expected to lean towards the positive side. Notably, stocks such as Dainippon Screen and Trend Micro have recorded substantial gains of 44.74% and 31.09%, respectively, providing a significant boost.



The Index has exhibited an upward trend since the beginning of the month, recording a notable increase of 8.66%. The German economy took center stage, focusing on consumer confidence, dovish comments from the Fed, and a late boost from better-than-expected US consumer confidence. Investor attention will now tend toward the German inflation numbers released this month.

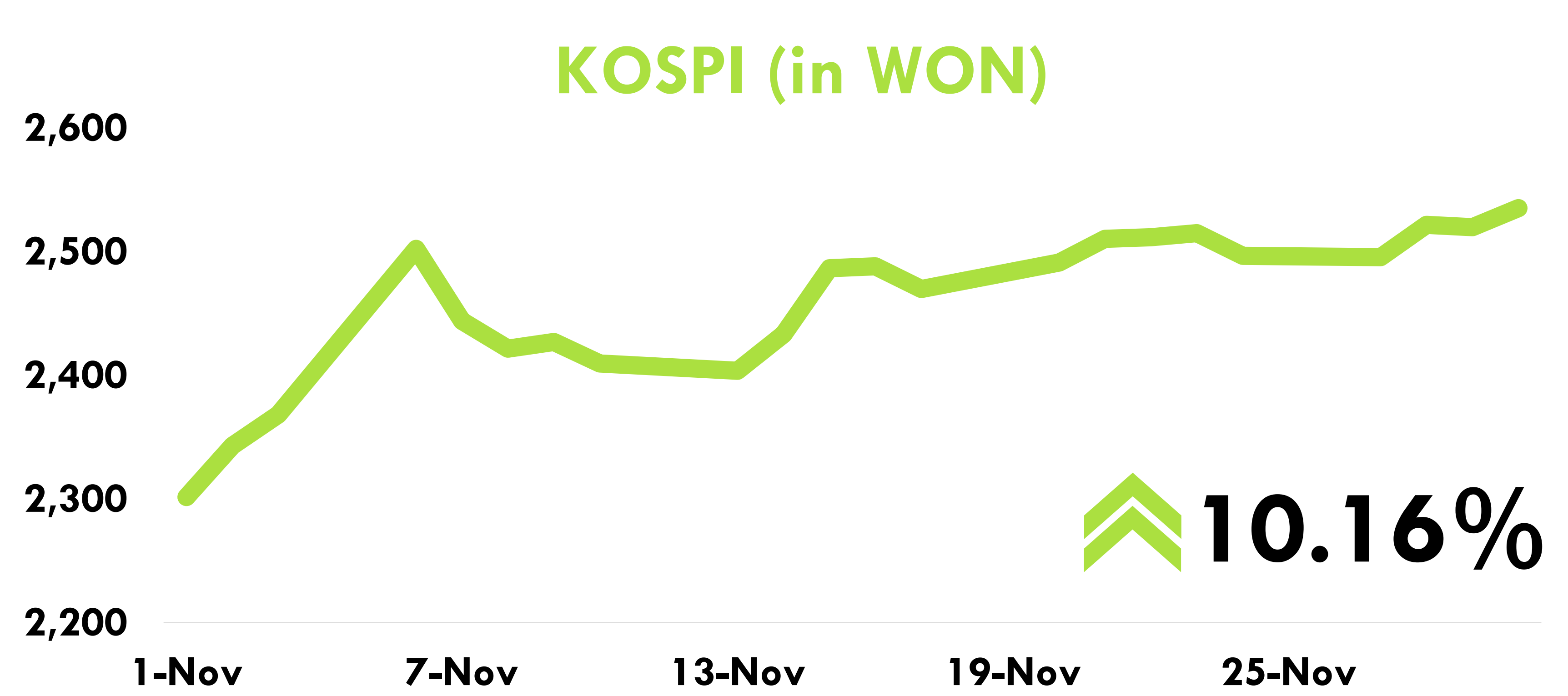


The FTSE 100, heavily influenced by commodities, has advanced by 1.48%. Constituents within the index reported a modest return to growth in November after three consecutive months of contraction. However, orders declined, influenced by higher interest rates and subdued demand. Index constituents such as Persimmon and Carnival have experienced a significant surge, with an increase of 21.37% and 33.27%, respectively.



This month, the index experienced significant volatility, ultimately closing with a 0.43% decline, driven by concerns over asset quality and potential lending measures to support the property sector. However, stocks like China Resources and BYD have fallen over 15% and 16.71%, respectively, particularly by a significant name in the electric vehicle market, whose shares dipped following the company's announcement of price cuts on some models by up to 10,000 yuan to remain competitive.

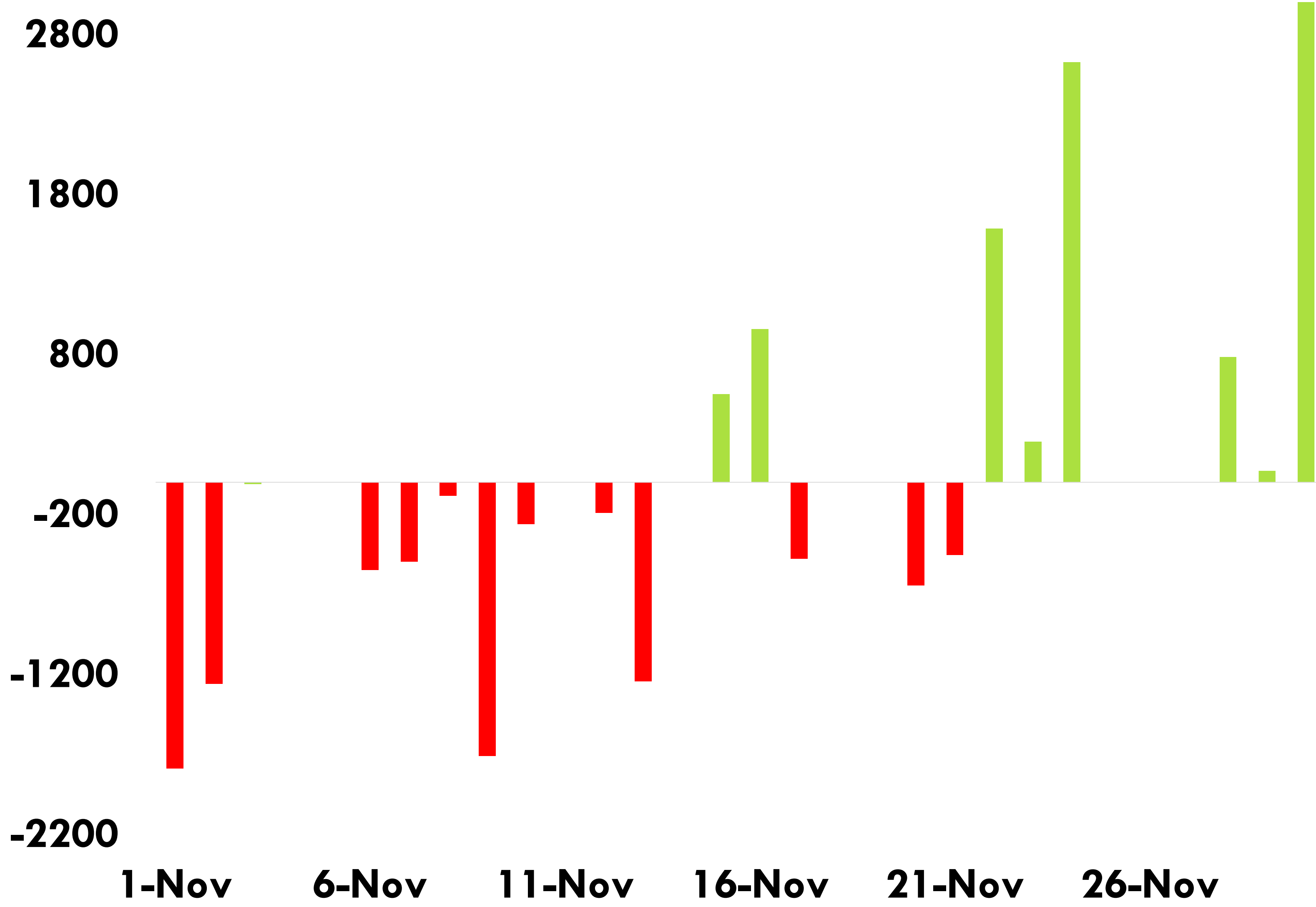
Source: Investing



The South Korean index surged by 10.16% after regulators reimposed a total ban on short selling. Concurrently, The Bank of Korea maintained its benchmark interest rate for the seventh consecutive meeting, monitoring the effects of prior rate hikes on inflation. In response, the central bank increased inflation projections for the current and next year but decreased the growth forecast for the following year.

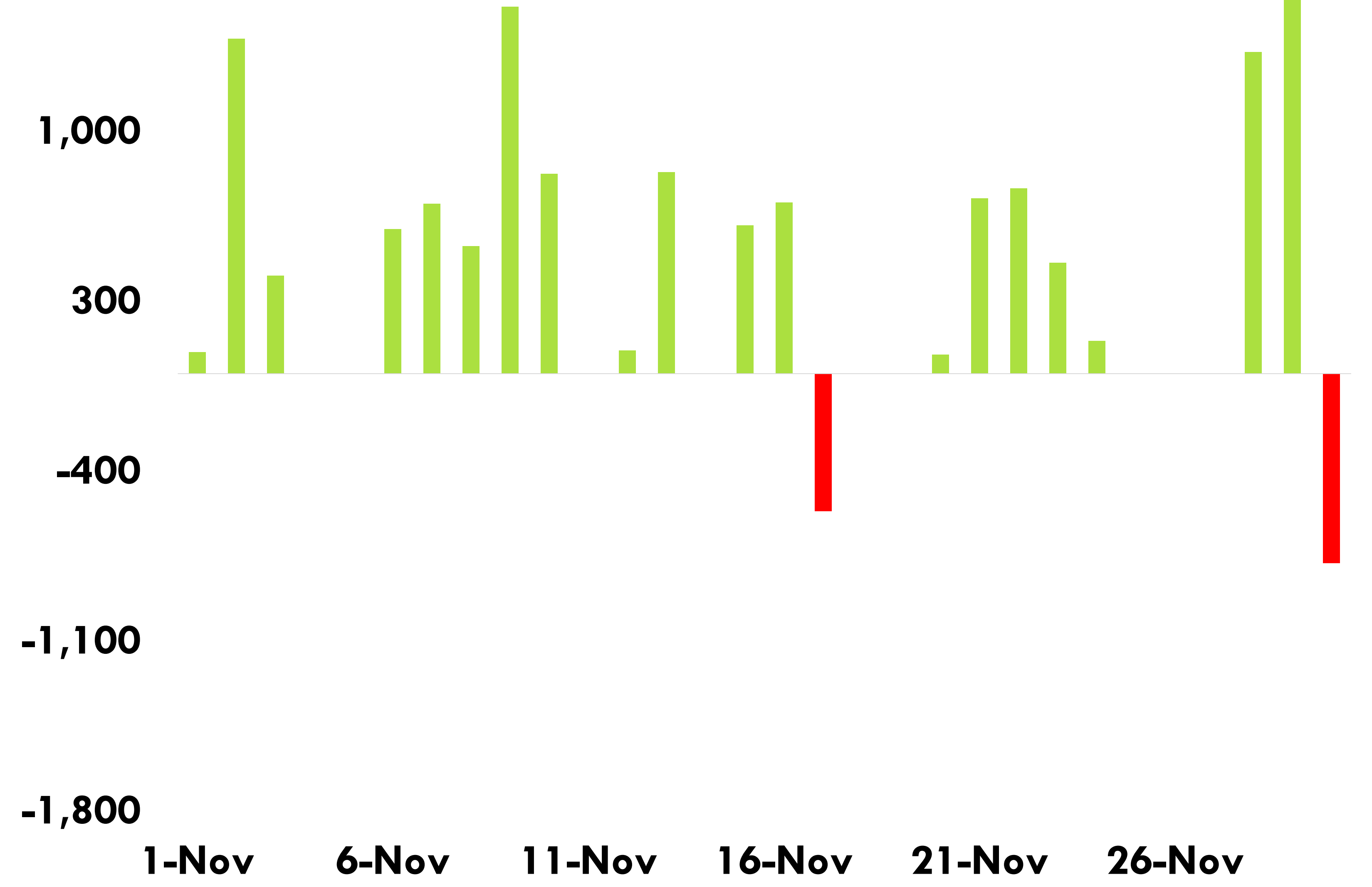
EQUITIES

FII Net Investment in November'23 (₹ Crores)



Source: NSDL

DII Net Investment in November'23 (₹ Crores)



Source: NSDL

FII's have been net buyers in November amounting to a total inflows of ~₹5795cr. Amidst the sensitive global environment, the decline in US inflation, falling US bond yields, stable dollar and crude prices, and reduced exports from China have ensured stability in the emerging markets by foreign inflows. DIIs remain bullish for the 5th consecutive month, injecting 11,140cr into the Indian markets amidst Q2 results, upcoming general elections, major IPOs, and overall market stability.

SEBI swift trade settlements: T+0 by March 2024

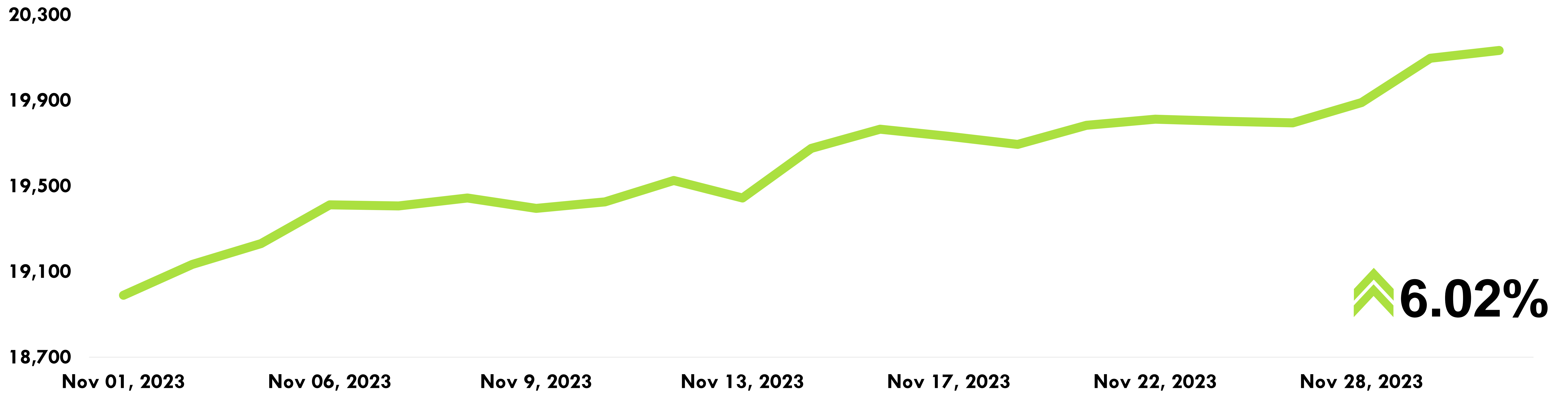
SEBI plans to accelerate trade settlements, targeting a T+0 settlement by March FY24, with an optional parallel system for instantaneous settlement by 2025. A shorter settlement cycle offers significant benefits for investors, optimizing capital utilization. The transition from T+2 to T+1 has already yielded an annual benefit accrued interest income of ₹700cr for HNI investors or volume traders, freeing up funds more rapidly for additional transactions. Initially facing resistance from offshore investors that it would lead to a fragmented system and add to the cost of trading, SEBI keeps the quicker settlement cycle non-mandatory. A foreign investor would need to convert funds into Indian rupees a day prior to the trade to transact and settle a trade within the same day. While the move to instantaneous settlements requires further technological development, the interim shift toward quicker settlement cycles aims to eliminate one-hour delays. This strategic roadmap is expected to enhance the efficiency of Indian capital markets, benefiting both market infrastructure and participants.

Index	1 st Nov'23 (In ₹)	30 th Nov'23 (In ₹)	Change (%)	Trend
NIFTY Auto	15,836	17,552	↑ 10.8	
NIFTY Bank	42,701	44,482	↑ 4.2	
NIFTY Consumer Durables	28,029	29,440	↑ 5.0	
NIFTY Financial Services	19,145	20,055	↑ 4.8	
NIFTY FMCG	51,088	53,014	↑ 3.8	
NIFTY IT	30,345	32,582	↑ 7.4	
NIFTY Media	2,218	2,297	↑ 3.5	
NIFTY Metal	6,360	7,017	↑ 10.3	
NIFTY Oil & Gas	7,626	8,476	↑ 11.2	
NIFTY Pharma	14,735	16,239	↑ 10.2	

Source: NSE

NIFTY50

NIFTY50 November'23 (In ₹)



Source: NSE India

Throughout most of November, the index exhibited an upward trajectory, surpassing a growth rate of over ~6%. This upward movement can be attributed to the positive global cues, primarily due to stabilizing the US dollar and crude oil prices, a steep decrease in US bond yields, and increased FII inflows in Indian markets. Additionally, a rally in heavyweight stocks, strong listing gains in the IPO, and the announcement of the Federal Retirement Thrift Investment Board's transition to the MSCI Index added to the up-move.

CNG Bikes: Bajaj's Revolution



Bajaj Auto Ltd. aims to launch the world's first CNG-powered motorcycles by 2025, addressing the absence of such vehicles in a market where 60% of three-wheelers have already shifted to CNG. Despite a slow recovery in auto sales post-pandemic, the company aims to address the over-regulated and heavily taxed two-wheeler industry. This cost-effective alternative lowers operating costs by 50-65% and reduces emissions. Bajaj Auto plans to double the production and sales of Triumph motorcycles, premium products with tremendous value, to 18,000 units in Q3FY24 and achieve monthly sales of 10,000 units for the upcoming two-wheeler CNG model. The automotive industry's push to reduce GST rates for cleaner fuels is tapped perfectly with Bajaj's upcoming CNG Bikes.

Cipla Faces FDA Warning



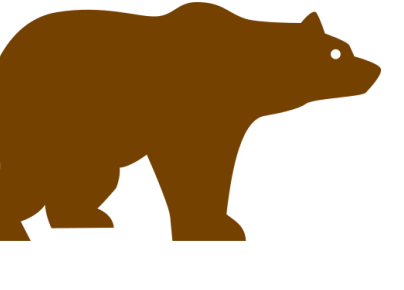
Cipla Ltd.'s Pithampur facility in Indore received a warning letter from the US FDA, designating it as an Official Action Indicated (OAI) facility. While no import alert has been issued yet, the warning stems from data integrity concerns, encompassing product complaints and microbial contamination. This facility is crucial for exporting respiratory products, particularly Albuterol generics, to the US. These generics significantly contribute to Cipla's US sales, and any further escalation could disrupt the supply chain. Despite strong quarterly performance and no material risk to their existing product portfolio, the management is actively implementing a de-risking plan for new products and addressing observations to prevent an import alert, acknowledging the potential impact on Cipla's share price.

Top Gainers | NIFTY50 | Nov'23



Company Name	Change (%)
BPCL	25.6%
Hero Motocorp	22.8%
Eicher Motors	16.1%
Bajaj Auto	14.7%
Apollo Hospital	14.2%
HDFC Life	13.7%
Hindalco	12.9%
Tata Motors	12.4%
Titan Company	12.0%
NTPC	11.4%

Top Losers | NIFTY50 | Nov'23



Company Name	Change (%)
Bajaj Finance	-5.1%
SBI	-0.1%

Source: NSE India

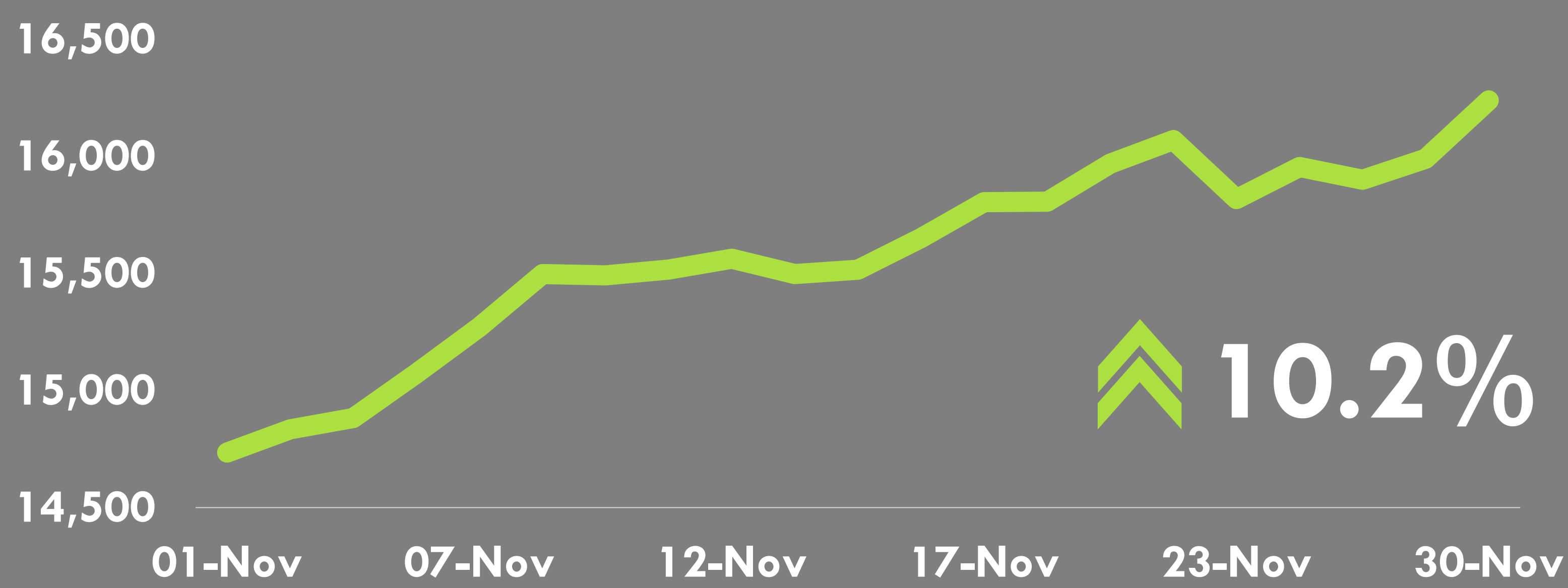
SECTOR UPDATES

Pharma Sector

Nifty Pharma grew by ~10% this month. Pharma stocks reported a robust 14.3% YoY and 1.7% QoQ revenue growth, driven by increased sales volume, new product launches, stabilized pricing in the US market due to supply shortages, and defensive healthcare stocks during market volatility. US FDA inspections and potential price erosion possess challenges. However, stocks like Alkem Lab and Aurobindo Pharma performed well.



NIFTY Pharma November'23 (In ₹)



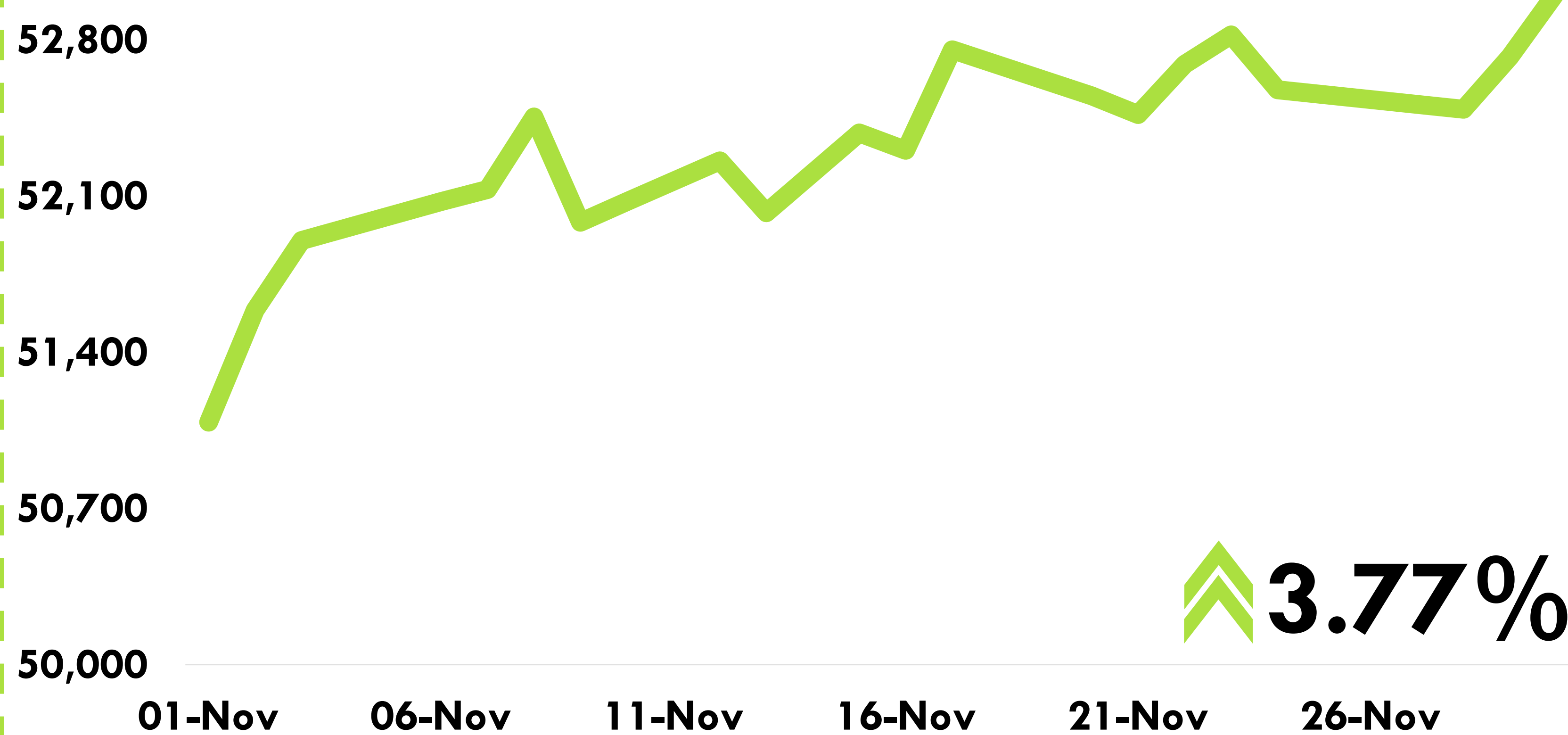
Source: NSE

FMCG Sector

Nifty FMCG exhibited a modest growth of 3.77%, attributed to muted volume growth amid heightened regional competition and delayed rural recovery. Despite increased advertising spending, companies maintained margins, implementing price cuts to counter competition and protect market share. Varun Beverages Ltd. and Jubilant Food gained, while Emami faced declines due to inflationary pressures. The FMCG sector is poised for an upward trend in volume recovery with easing inflation, a robust festive season, increased government spending, and higher urban remittances.



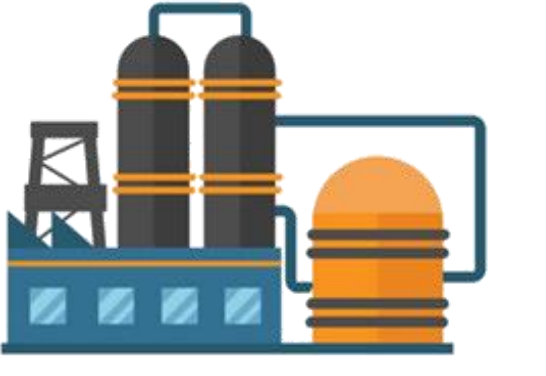
NIFTY FMCG November'23 (In ₹)



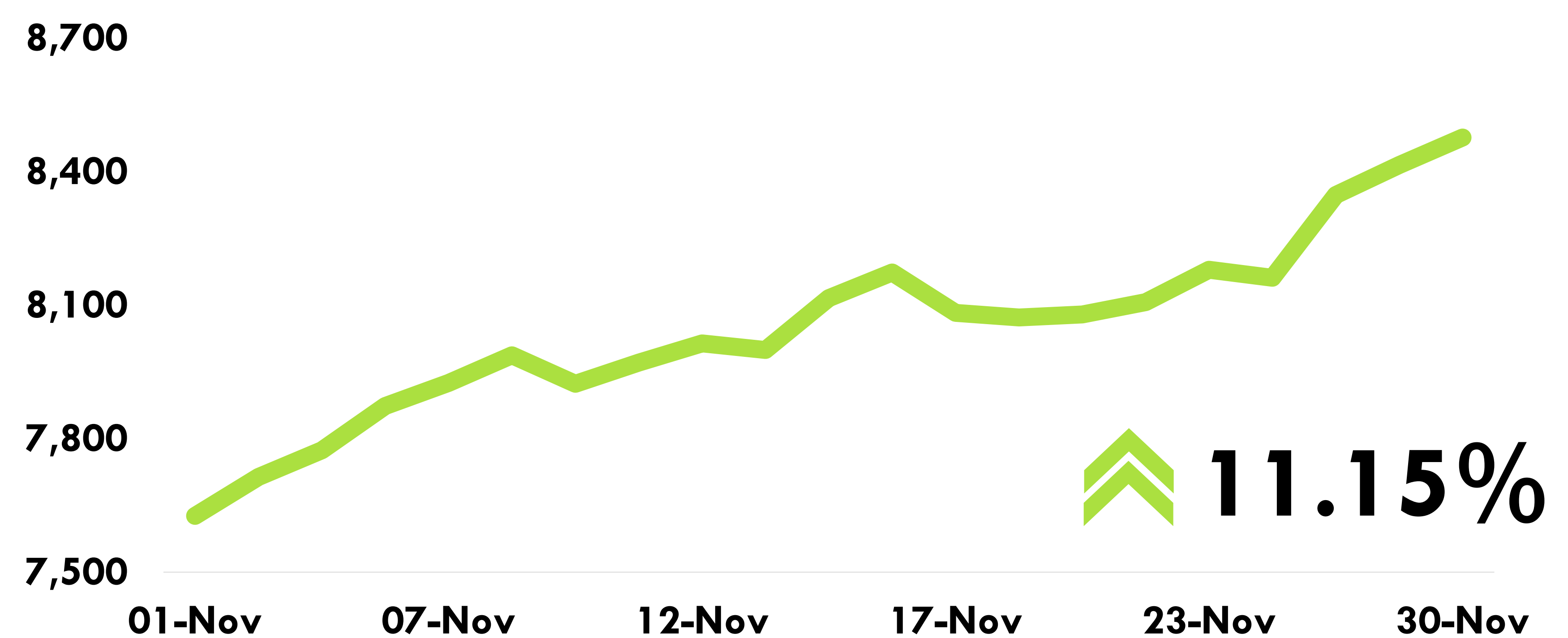
Source: NSE

Oil and Gas Sector

Nifty oil and gas gained 11.15%, aligning with the overall benchmark. This rise may be attributed to oil prices stabilizing at \$80 per barrel pre-OPEC meeting and Indian companies expanding PP capacities to offset OPEC+ supply cuts. Lower crude oil prices provide gross refining margins and marketing margins to OMCs like HindPetro and IOC to reduce crude imports. Weakened dollar post-US inflation results reduced crude import costs, but Castrol declined amid future global petrochemical uncertainties.



NIFTY Oil & Gas November'23 (In ₹)



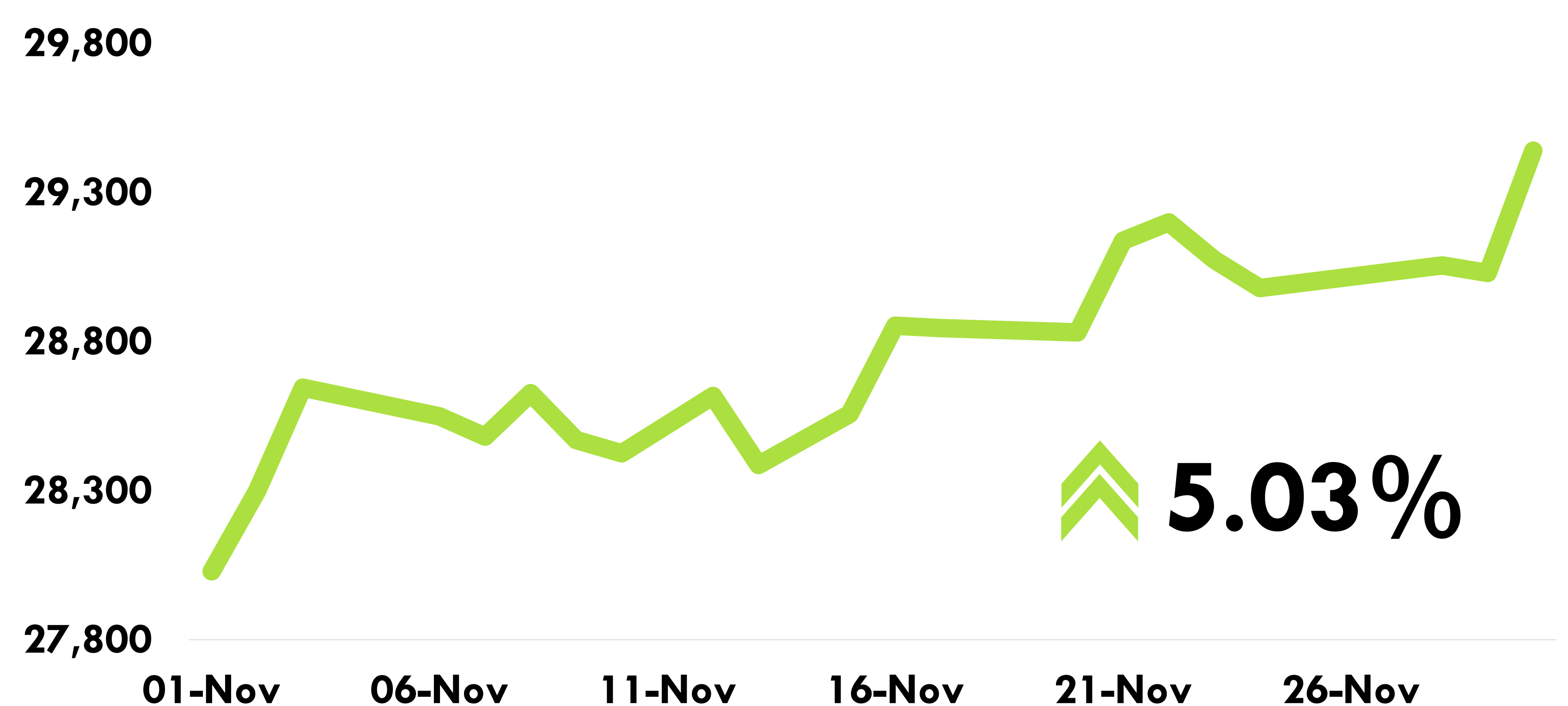
Source: NSE

Consumer Durables Sector

The consumer durables sector, up by 5.03% this month signals a boost for India's Electronic System Design and Manufacturing (ESDM) industry. Blue Star Ltd. leads with a 14.86% gain, while Rajesh Exports Ltd. declines by 19.8% after weak Q2 earnings. Projected 32%+ growth over the next five years stems from factors like increasing domestic demand due to outsourcing, the China + 1 strategy and a rise in electronic content across automotive, consumer durables, and industrial segments.



NIFTY Consumer Durables November'23 (In ₹)



Source: NSE

SECTOR UPDATES

Telecom Sector

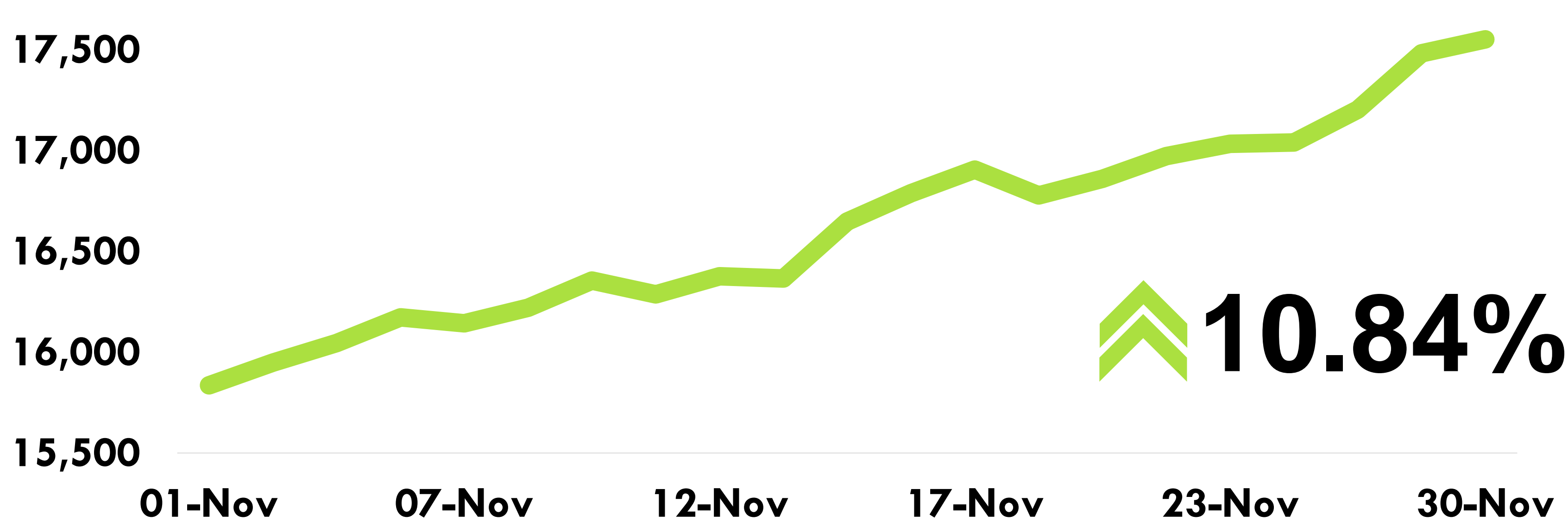
In November, the telecom sector thrived as GSMA allocated the 6 GHz band for telecom, emphasizing its crucial role in expanding high-speed wireless services. Vodafone Idea faces challenges in the December fundraising deadline, while Bharti Airtel's selling and distribution costs are four times higher than Jio's in FY24, jeopardizing its competitiveness amid financial struggles. Despite these challenges, the sector foresees a brighter future, with the development of chip fabrication units evolving the landscape of the telecom sector in India.



Auto Sector

The Nifty auto sector experienced a 10.84% upswing this month, driven by heightened demand, improved margins from reduced metal prices, and robust product cycles. Two-wheeler demand with CNG bikes, rural recovery, and strategic partnerships like Hero Moto Corp with Harley Davidson boosted the premium motorcycle segment. This optimism for sustained growth is driven by rising per capita income and infrastructure development. In this sector, Hero Motocorp and Eicher Motors emerged as the frontrunners, while Samvardhana Motherson International Ltd. experienced a downturn.

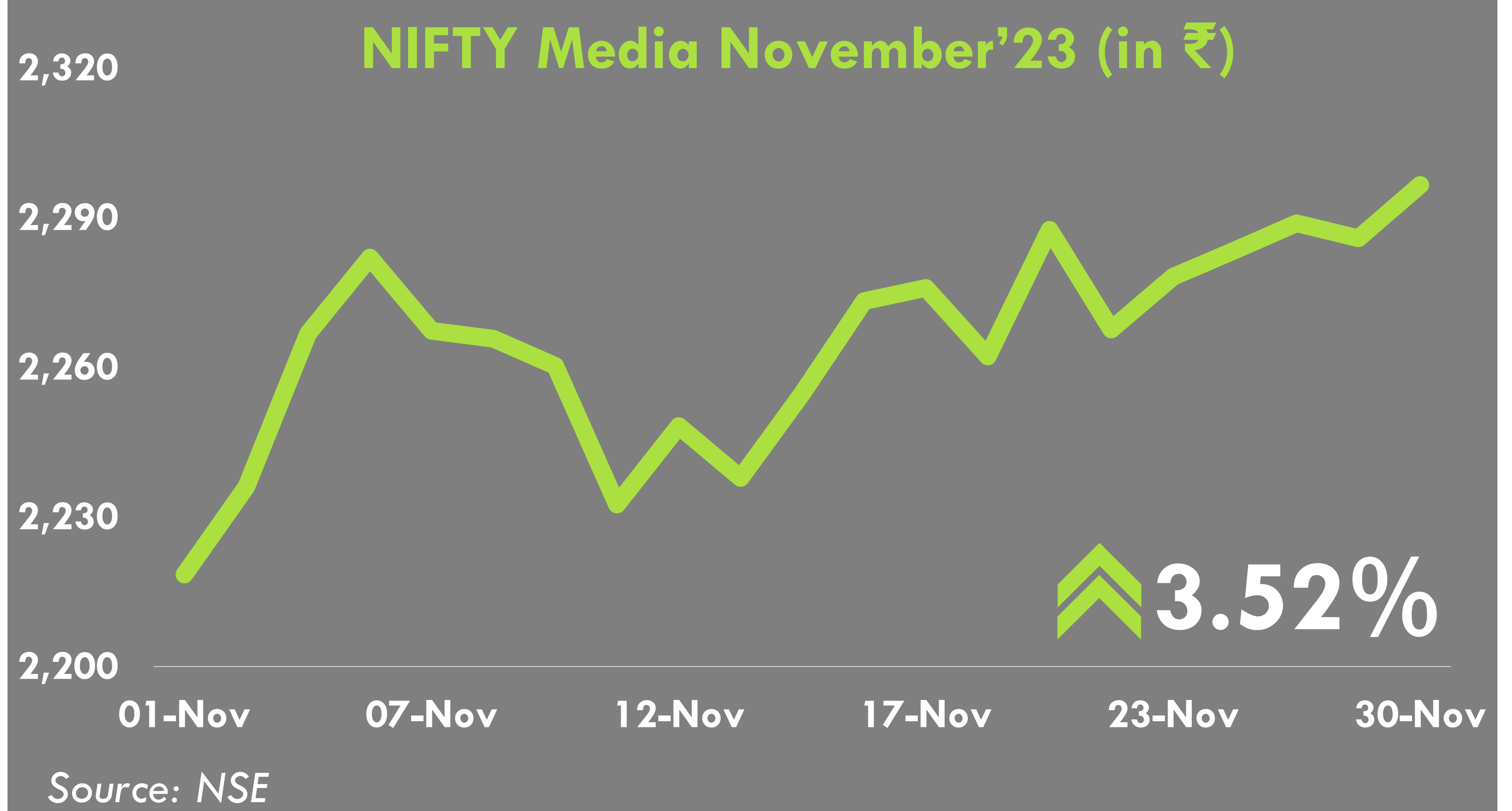
NIFTY Auto November'23 (In ₹)



Source: NSE

Media Sector

Nifty Media grew by 3.52% this month, driven by favorable trends in ad spending and potential revenue increases from the new IPL team's valuation and festive demands. Network18 Media & Investments Ltd. had risen by 25.07% emerging as the top gainer, DB Corp. remained the top loser. Discussions of Reliance Ltd. acquiring Disney Hotstar and leveraging increased viewership during the ODI World Cup finals fueled the upward momentum, indicating expectations of continued growth with an anticipated improved Q2 performance in the media sector.

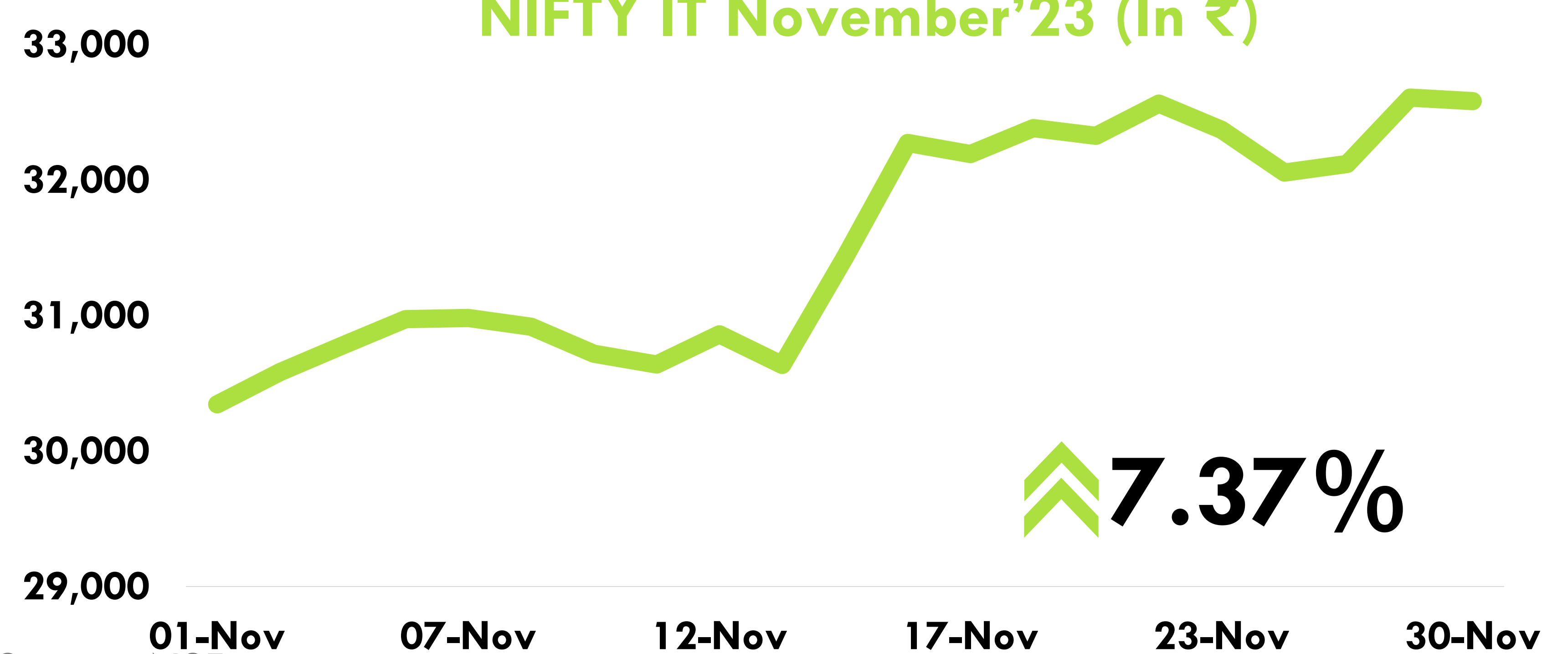


Source: NSE

IT Sector

The sector experienced a 7.37% overall increase, driven by a surge in IT stocks and enhanced valuations. While the markets remain concerned over a long period subdued due to larger fundamental concerns, tepid constant currency growth in revenues, weak guidance, falling margins, and a shrinking workforce, Coforge Ltd. and L&T Technology Services Ltd emerged as the top gainers. Moreover, IT stocks saw an FII inflow worth ₹738cr in the last week of November, showing a buyer trend. Anticipated lower US interest rates, aimed at controlling inflation coupled with a stable dollar, may stimulate investments in the IT sector.

NIFTY IT November'23 (In ₹)



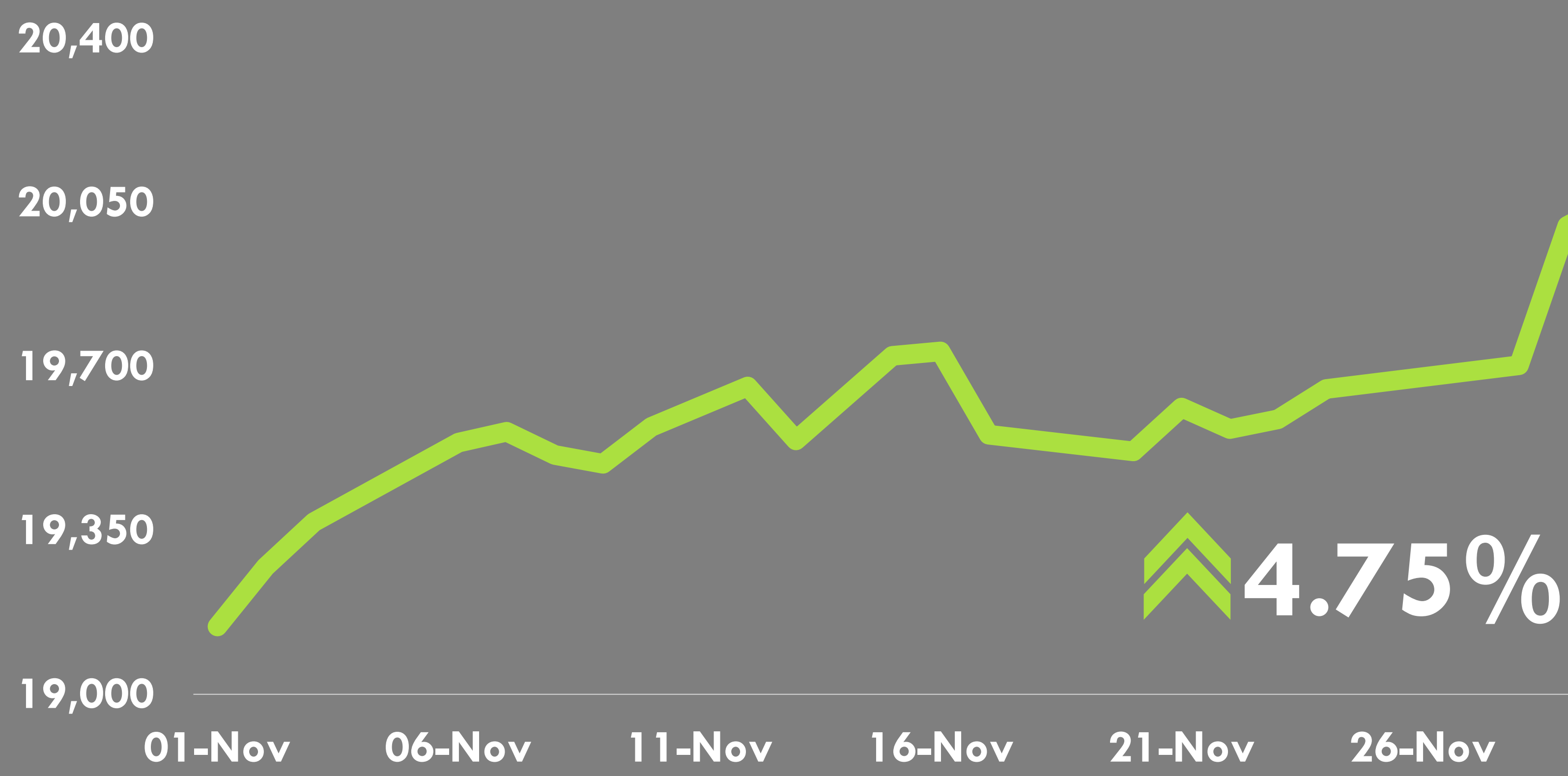
Source: NSE

SECTOR UPDATES

Financial Services Sector

Amidst substantial volatility, the Nifty Financial Services Index recorded a modest 4.75% growth this month. REC, Indian Energy Exchange Ltd., and Power Finance Corporation. led the gains, while Bajaj Finance Ltd. and SBI Cards and Payment Services Ltd. experienced notable declines. The index felt the impact of the Fed minutes, which emphasized stabilizing inflation over immediate rate adjustments, ultimately disappointing markets and dashing hopes for near-term changes.

NIFTY Financial Services November'23 (In ₹)

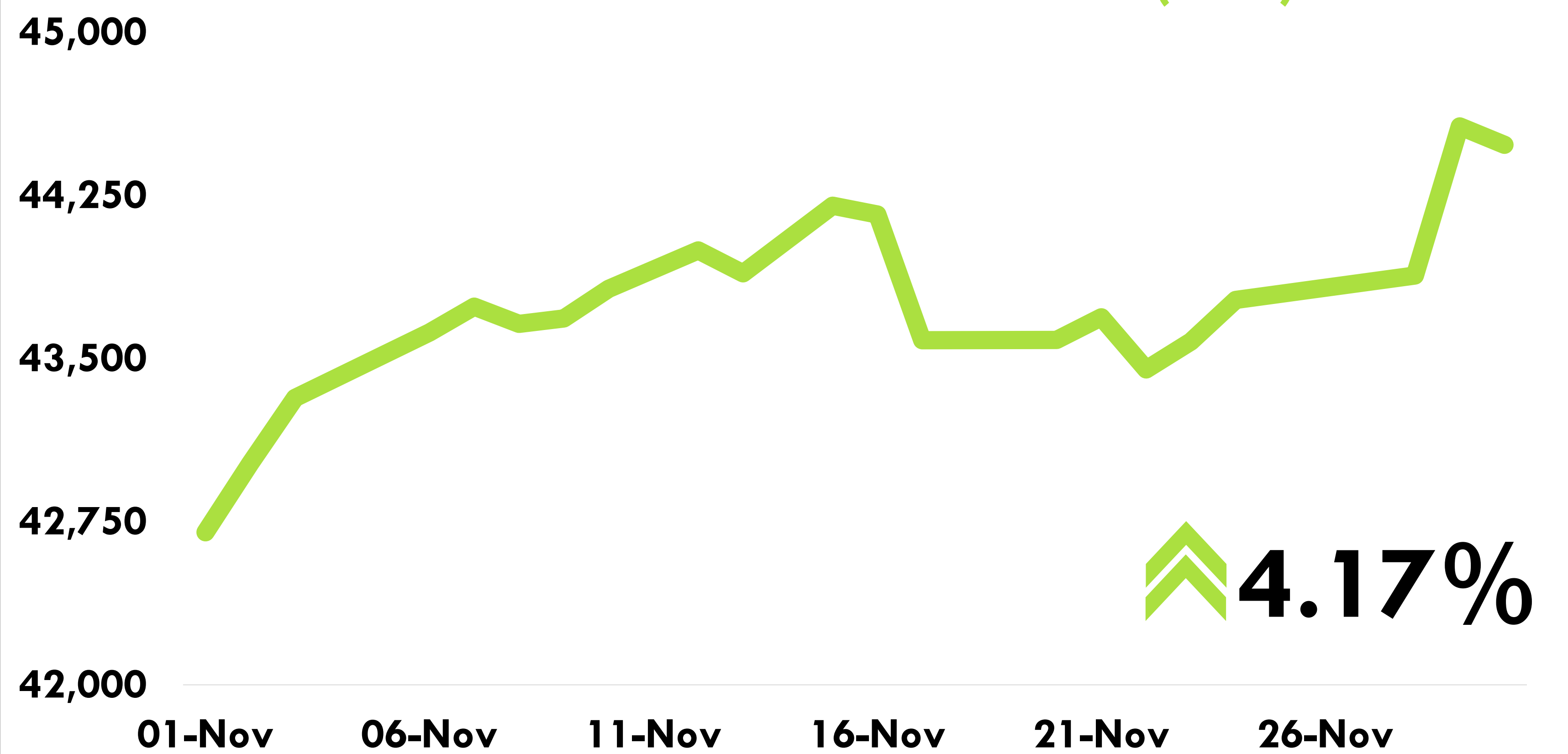


Banking Sector

This month, the Nifty bank sector has witnessed considerable fluctuations in the Nifty Bank, despite which it recorded a 4.17% positive growth. The index saw a temporary dip in mid-November after RBI raised weightage on unsecured loans. Axis Bank Ltd., IndusInd Bank Ltd., and Au Small Finance Bank Ltd. were leading gainers, exerting upward pressure on the index.

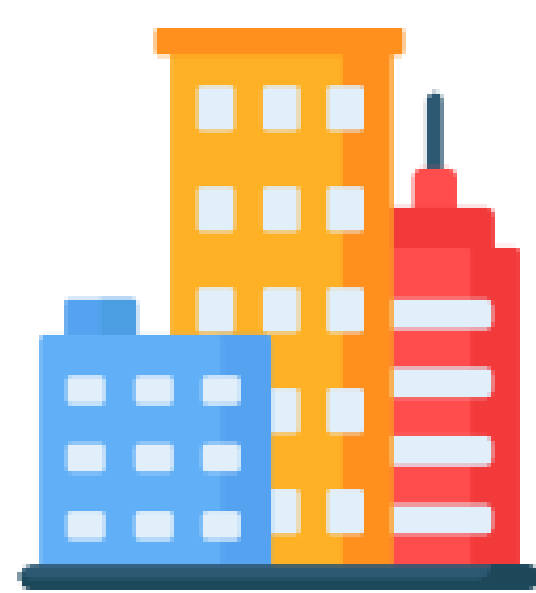


NIFTY Bank November'23 (In ₹)

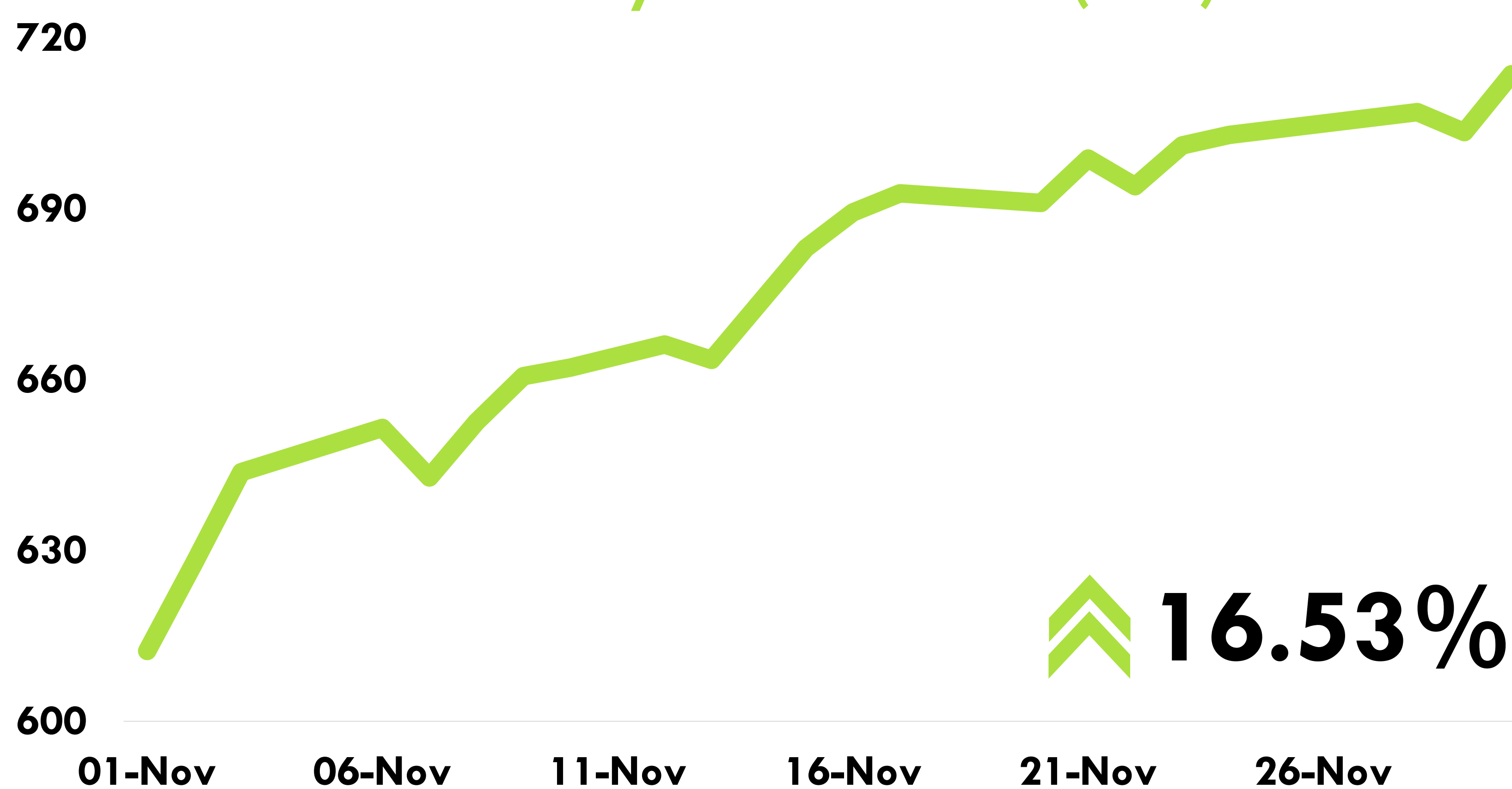


Realty Sector

The realty index steadily rose by 16.53% month-on-month, credited to stable interest rates and home prices aligned with cooling commodity prices. The RBI's steadfastness in maintaining unaltered repo rates created a robust base for real estate, fostering investor trust and stability. Coupled with festive season dynamics and a significant demand resurgence, this stability drove renewed interest and investments in the market. Companies like Bridage Enterprises Ltd., Oberoi Realty Ltd., and Godrej Properties Ltd. notably fueled this month's index surge.

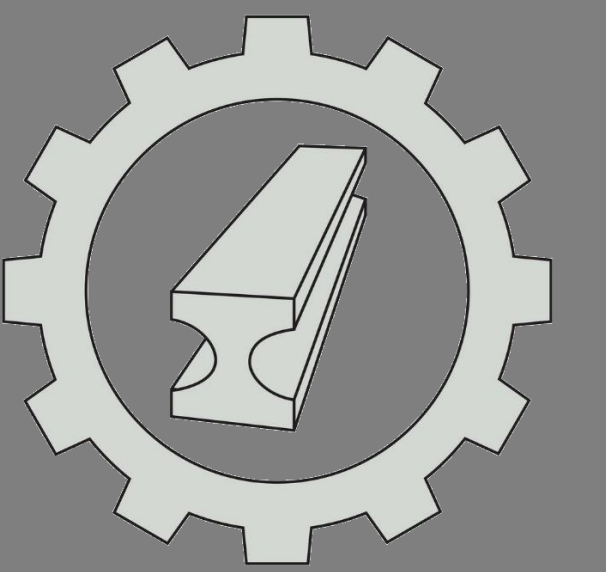


NIFTY Realty November'23 (In ₹)

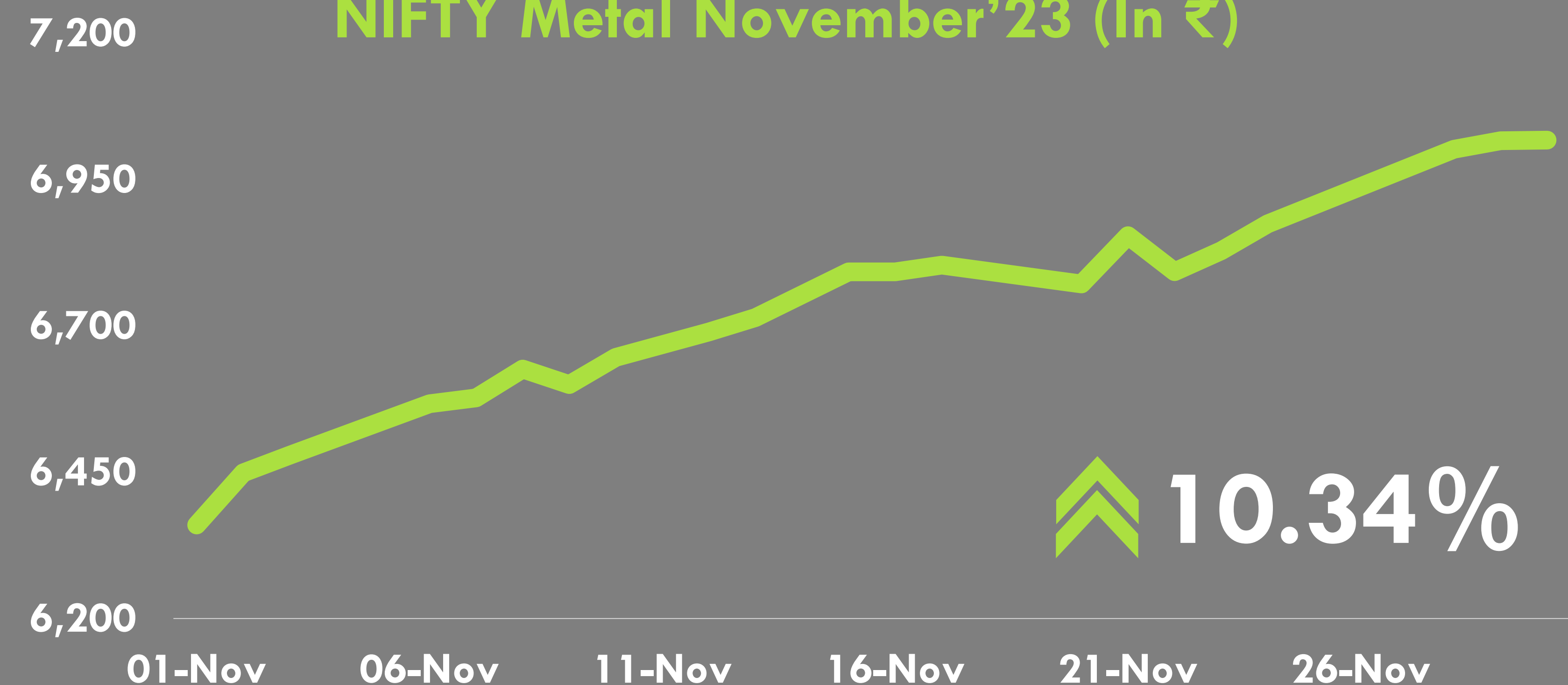


Metal Sector

This month, the Nifty Metal sector showcased impressive growth, surging by a remarkable 10.34%. Adani Enterprises, Ratnamani Metals and Tubes Ltd, and Coal India emerged as top gainers, boasting significant increases. The surge is driven by anticipated growth and reduced US rate hike worries. Additionally, the recent shift of FII's to net buyers of domestic equities and increasing global demand for metal has fueled optimism in the metal sector.



NIFTY Metal November'23 (In ₹)



Green Finance: IREDA's IPO Move

IREDA operates as a government enterprise within the purview of the Ministry of New and Renewable Energy. As it functioned as NBFC, its primary mandate is to foster, advance, and extend financial support for projects related to renewable energy. It has engaged with 357 borrowers in the renewable energy sector, spanning over 10 distinct categories, including solar, wind, hydro, and biomass. The numbers show a three-year average rate of 14% and a net margin of 3.7%, respectively. The stock will be valued at a P/E and P/B of 8.3 and 1.3 times, respectively, compared to its peers' median and average of 6.3 and 1.2 times, respectively. The IPO has a total size of ₹2,150cr, comprising ₹860cr through an Offer for Sale and a fresh issue of ₹1,290cr. The new topic is intended to fulfill future capital requirements and support ongoing lending activities.



Gandhar IPO's Stellar Debut

Gandhar Oil Refinery is a specialty oil manufacturer.



It primarily emphasizes white oils, constituting 64% of its FY23 revenue. Holding a 27% market share in India, the company offers a diverse product range of over 440 offerings under the 'Divyol' brand. These include personal care, healthcare, performance oils, lubricants, and process and insulating oils, catering to industries such as automotive, industrial power, tire and rubber, as well as personal and healthcare sectors. It has introduced an offering of ₹501cr, encompassing a 199 crore offer for sale, intending to address working capital requirements, capital expenditures, and loan repayment. Evaluating the financial metrics, the company's three-year average Return on Equity (ROE) and Return on Capital Employed (ROCE) stand at 30% and 32%, respectively. In FY23, the company achieved a robust ROE of 32% and ROCE of 35%. In terms of valuation, the Price-to-Earnings (PE) ratio is 4 times, contrasting with the peers' median level of 29 times. Additionally, the company's P/B stands at 1.5 times compared to the peer's average of 4.6

Tata Tech IPO Hit Streets

Tata Technologies is a worldwide engineering services firm that provides comprehensive product development and digital solutions, including turnkey offerings, to global Original Equipment Manufacturers (OEMs) and their tier-1 suppliers. Tata Tech has collaborated with Tata Motors to transform conventional internal combustion engine (ICE) vehicles into electric vehicles (EVs). This encompassed full responsibility for designing, packaging, and integrating EV components, ensuring compliance with the rigorous Global New Car Assessment Programme standards. The company is coming out with its IPO with an issue size of ₹3,042.51cr with a price band of ₹475-500. As far as financials (H1FY24) are concerned, the company reported ₹2,526.70cr revenue (33.84% YoY growth), EBITDA rose 33.03% to ₹525.47cr, and net profit increased to ₹351.90 crore (35.84% YoY growth).



Upcoming IPOs

IPO Size (Approx.)

India Shelter Finance	₹1,800 Cr.
DOMS Industries	₹1,200 Cr.
Jana Small Finance Bank	₹ 575 Cr.
Shiva Pharmachem	₹900 Cr.

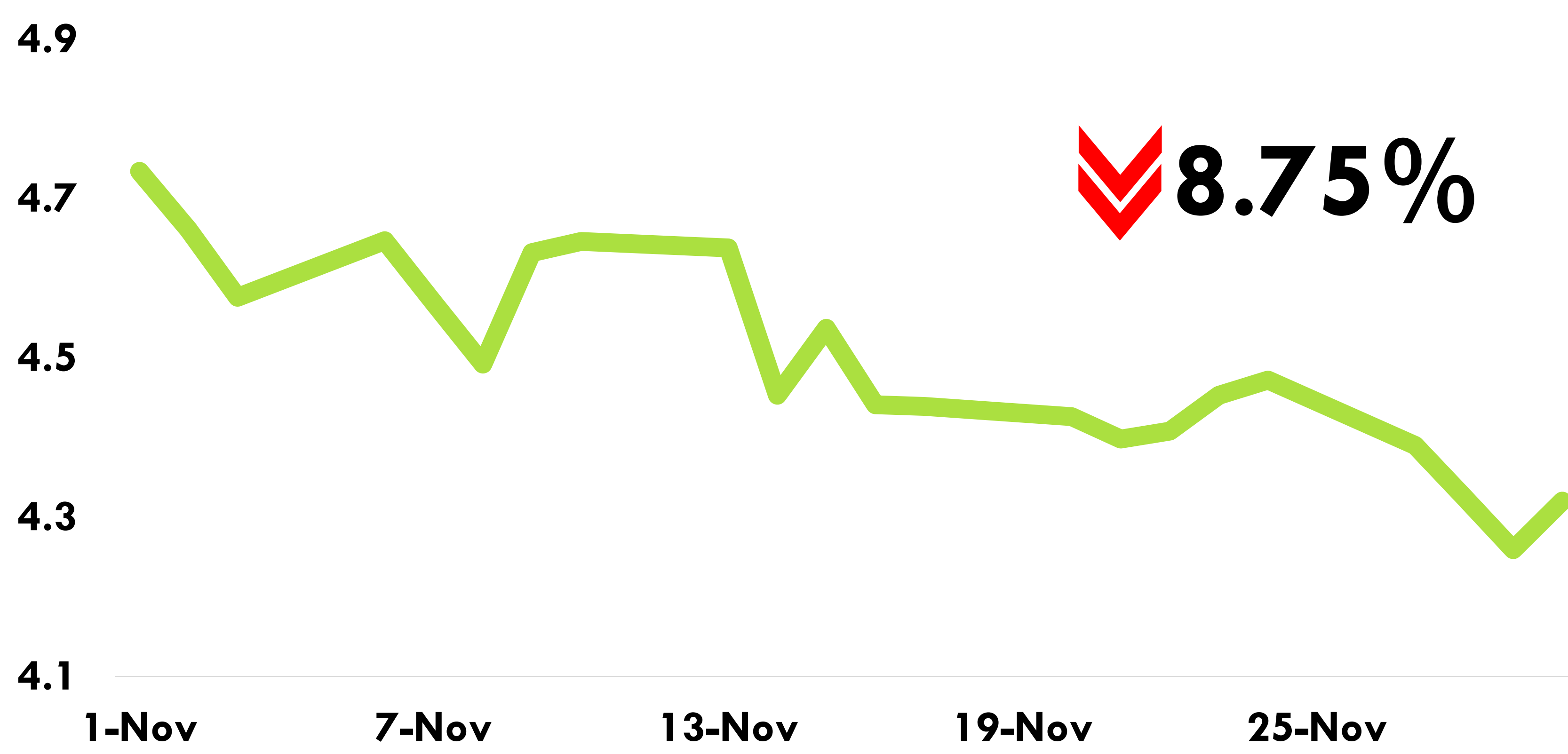
Ink to Innovation: Flair's IPO



Flair Writing Industries, a company specializing in manufacturing writing instruments, has successfully gone public. Positioned among the top three players in the writing instrument industry, the company commands a notable 9% market share in India's overall writing and creative instruments segment as of FY23, with a distribution network comprising approximately 7,700 distributors/dealers and around 3,15,000 wholesalers/retailers, the company has established a retail distributor presence in 2,424 across India. The total size of the IPO stands at ₹593cr, with ₹301cr designated for the offer for sale. In terms of valuation, the PE ratio is positioned at 27x, a favorable comparison to its peers at 37 times. Additionally, the company is expected to trade at a P/B ratio of 4 times, contrasting with its historical average of 6 times.

FIXED INCOME

US 10 Year Treasury Yield November'23 (In %)



Source: US Department of the Treasury

Throughout November, the US 10-year Treasury note exhibited fluctuations, experiencing a gradual ~9% decline. Hovering around ~4.5%, it mirrors cautious market sentiments amid ongoing evaluations of economic and monetary landscapes. Data releases present a mixed outlook—S&P Global PMIs signaled unexpected manufacturing slumps but accelerated service sector growth. Notably, scrutiny continues over Treasury sales, comprising \$54bn in 2-year notes, \$55bn in 5-year notes, and \$39bn in 7-year notes. Strong demand for 20-year US Treasury bonds marked the prior week, adding depth to market observations amidst this landscape.

Bloomberg Index: India's Bond Bonanza

Indian government bonds might soon attract a lot of international money if added to a significant Bloomberg index. This move could bring in about \$25bn and reduce India's 10-year bond interest rates.

JPMorgan's plan to include Indian bonds by mid-2024 has already led to over ₹165bn entering non-restricted bonds. This surge was backed by lower U.S. bond rates, lower oil prices, and expectations of a U.S. interest rate cut by mid-2024, all boosting confidence in Indian bonds. The 7.40% benchmark bond's yield dropped to 7.25%, in line with softer U.S. inflation and India nearing its inflation target. Additionally, the central bank's lack of immediate plans to sell more debt could help stabilize bond prices. The awaited Bloomberg index decision could solidify India's global bond market standing, attracting more foreign investments and aiding the economy.



Banks Going Loco for CoCos

AT1 bonds, also known as CoCo or Contingent Convertible bonds, resemble regular bonds but with a twist: when the issuing bank's capital dips significantly, some convert to equity, and others get written off. Despite typically having a call option for redemption after five years, Sebi's recent valuation regulation now mandates treating these bonds as having a 100-year maturity, dampening investor interest.



Banking circles advocate for a valuation method tweak, advocating for aligning the bond tenor with the call option year to reignite institutional interest. SEBI's new regulation shift has drastically impacted AT1 bond appeal, leading to industry-wide blame games. Banks put the blame on SEBI's valuation rules, while mutual funds point fingers at the RBI for market disruption. Amid this tangle, all parties seek a solution for banks requiring capital access through the AT1 bond market. Harmonizing valuation norms to global standards emerges as the sought-after escape from this problem.

Inflation

In October, inflation declined to a four-month low of 4.87%, marking a month-on-month decrease of approximately 2.8%. Food inflation, comprising nearly half of the consumer price basket, remained relatively stable at 6.61%. Volatility in vegetable, milk, and cereal prices shaped the inflation trajectory. The Ministry of Commerce and Industry attributed the negative inflation to decreased prices in various sectors like chemicals, electricity, textiles, metals, food products, and paper compared to the previous year. Nonetheless, escalating onion and crude oil prices pose heightened inflation risk in the forthcoming months.

Month (2023)	Inflation (%)
June	4.81
July	7.44
August	6.80
September	5.01
October	4.87

Source: MOSPI

RISK

Debt Domino Effect

The World Bank's warning of a "silent debt crisis" echoes as smaller emerging markets face surging US interest rates. The predicament of developing nations experiencing high borrowing costs intensifies for lower-income countries with substantial debts, especially those affected during the pandemic. By 2028, the average gross government debt burden for emerging market and middle-income countries is projected to exceed 78% of GDP, marking a substantial ~47% increase over a decade. Soaring yields limit access to international financing for low-income nations, prompting defaults in countries like Ghana and Sri Lanka. The exclusion from the dollar bond market disproportionately affects weaker economies, leaving borrowing options available mainly for stronger nations. Elevated rates create hurdles for economic growth, exacerbating debt issues, and straining fiscal deficits, notably for nations such as Egypt and Kenya facing imminent bond maturities. The surge in US rates restricts emerging economies' flexibility in managing inflation. While some swiftly cut rates, others like Hungary and Chile slowed reductions to support their currencies amidst these heightened US rates.



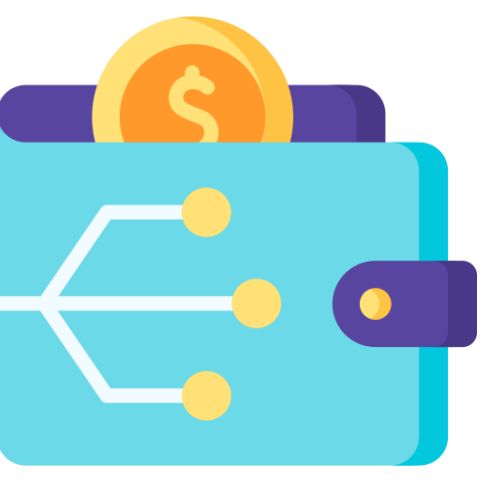
Nations Amidst Storms

The "Adaptation Gap Report 2023" by the United Nations highlighted a significant shortfall in climate adaptation financing, estimated between \$194bn to \$366bn annually. The adaptation gap represents the gap between the costs of climate change adaptation in developing nations and the available finance. Ahead of the UN climate talks in Dubai, the report emphasized that developing countries require 10-18 times more adaptation finance than current international public funding provides. Despite pledges to double adaptation finance by 2025, support to developing nations decreased by 15% to around \$21bn in 2021. Mounting losses for climate-exposed nations, totaling over \$500bn in the last two decades, signal the urgent need for robust mitigation and adaptation. The report stressed the transformative potential of investment, indicating every billion invested in coastal flooding adaptation could reduce economic damage by \$14bn. By proposing diverse strategies the report outlines urgent steps needed to shield vulnerable nations from escalating climate risks.

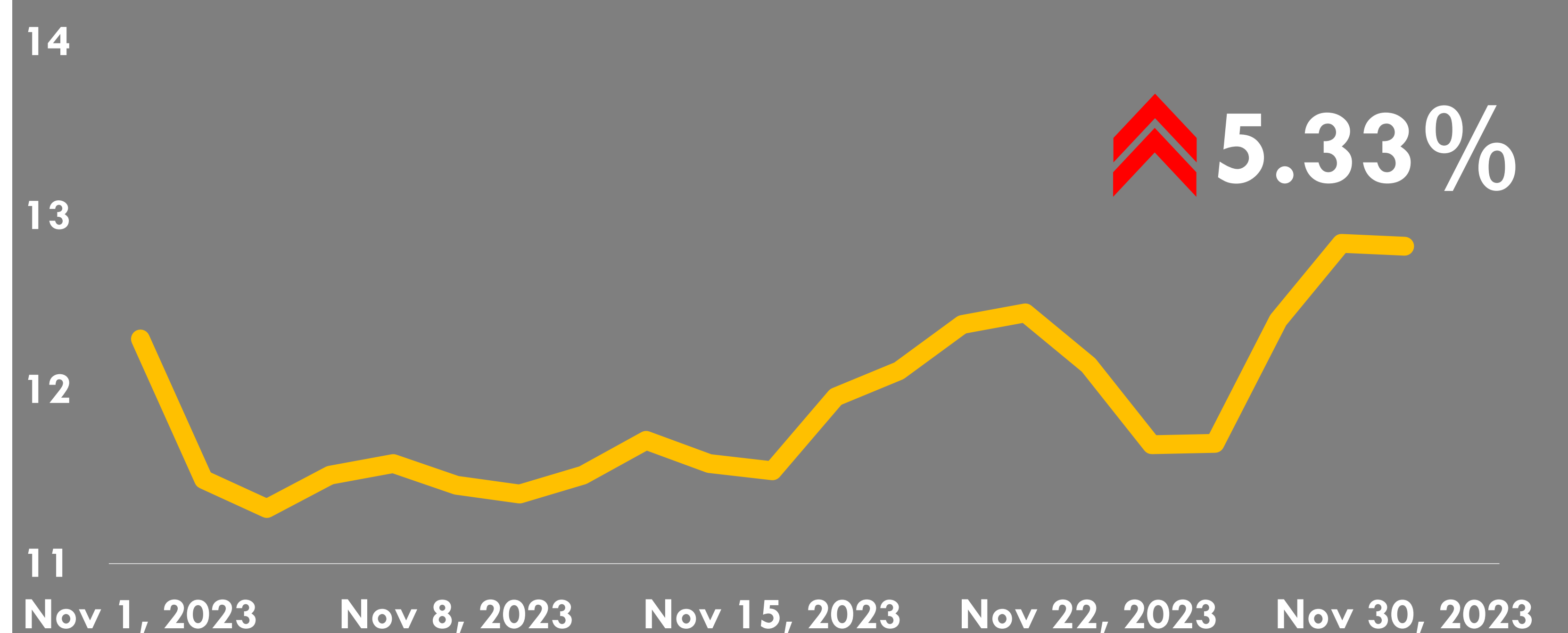


Beware of Wallet Watchdogs!

The US CFPB (Consumer Financial Protection Bureau) has proposed a transformative rule targeting digital wallet and payment app providers like Meta Platforms Inc., Apple Inc., Alphabet Inc., and other similar companies placing them under supervision. The companies, handling over 5 million annual transactions, will fall under the purview of CFPB supervision akin to traditional financial institutions. The CFPB estimates that 17 companies representing 88% of total digital payments annually would be covered under the proposed rule and processed a whopping 13bn transactions worth \$1.7tn in 2021 alone. This strict move is a strategic response to the meteoric rise of digital payment apps like PayPal's Venmo and Block Inc.'s Cash App, reshaping how we handle our money. CFPB examiners stand poised to oversee compliance with federal money-transfer laws and prevent unfair conduct in payment apps, provided the proposed rule comes into effect. This move mirrors the pressing need for equitable consumer safeguards, aligning with consumer-oriented agendas and showcasing a heightened emphasis on scrutinizing big tech's expanding financial role.



India VIX November'23



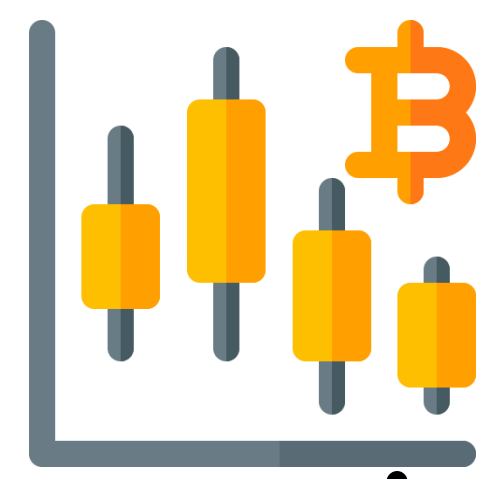
Source: NSE India

November showcased an overall upward movement of ~5% in the index, with a major downturn faced initially due to reduced uncertainty post-US Fed concerns. The index faced fluctuations majorly due to FII's being net buyers due to the decline of US treasury bond yields, a weakened dollar, and geopolitical tensions. Stable oil prices pre-OPEC aided OMCs, while Chinese stimulus boosted metals, PSU banks thrived on peer performance and state exit polls are expected to guide short-term market movements in coming months.

DERIVATIVES

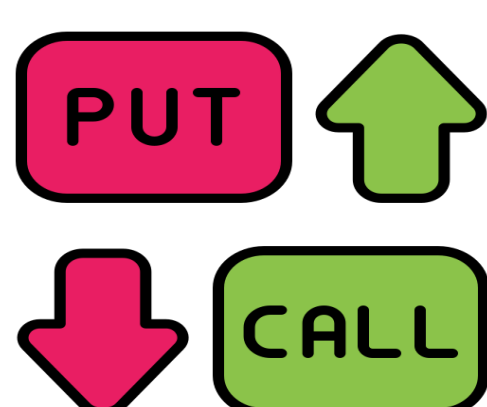
BTC Options Surpass Futures

The BTC options market has surpassed the futures market in size, indicating market maturity and an influx of sophisticated traders. The bitcoin options worldwide stood at \$17.39bn, almost 10% more than futures' open interest of \$15.84bn. The increased open interest highlights a highly liquid market, signaling a preference for options as strategic tools for positioning, hedging, and capitalizing on implied volatility. This market shift prompts traders to consider the impact of quarterly and monthly settlements and market makers' hedging activities on spot prices. Market makers are now net short gamma, and actively trade Bitcoin options above \$36,000 to maintain the order book liquidity, positively impacting spot prices for market-neutral exposure. Unlike one-dimensional futures and spot markets, the growing demand for options stems from being less riskier, profiting from bitcoin prices, volatility, and time. The crypto market's rebound is fueled by optimism around a potential approval of a spot bitcoin ETF in the US and notable macroeconomic changes, driving increased open interest and heightened interest in specific assets.



Elevating European Markets: €STR Options

CME Group, the world's leading derivatives marketplace, is set to expand its product offerings with the introduction of options on the Euro Short-Term Rate (€STR) in Q1FY25. This follows the success of €STR futures in FY23, which secured 80% market share and peaked at 29,000 contracts in open interest. The expansion aims to provide additional risk management tools, building on the significant growth of €STR futures that averaged 17,000 daily contracts in November 2023. These derivatives serve as an efficient hedge for European money market rates, facilitating functions such as price discovery along the forward curve, IBOR/OIS basis trading, and managing cross-country basis spreads and price differentials between EU and US interest rates. The introduction of €STR options aligns with CME Group's strategic commitment to meeting the evolving needs of global financial market participants amidst ongoing economic uncertainty.



SEBI's Concern: Retail Derivatives Trading

SEBI has expressed concern over a substantial surge in derivatives trading volume among retail investors, with Average Daily Turnover (ADT) for futures and options spiking 34.5 times from FY19-24, contrasting with a doubling of cash volumes. The pandemic saw a 500% increase in F&O investors, driven by surplus funds and increased free time. Despite substantial losses faced by retail investors, the rise in options volumes is fueled by weekly index options' everyday expiry. The use of leveraged borrowing, with a sharp increase in personal loans via fintech and unsecured loans being lent in the equity derivatives market, poses potential harm to both the banking and derivatives sectors. With 9 out of 10 F&O traders incurring losses averaging ₹1.1lk during FY22, SEBI emphasizes risk disclosure. To address the situation, SEBI is contemplating measures like increased margins for trading and establishing minimum net worth criteria for F&O in the future while encouraging retail investor participation in equity markets for long-term wealth creation.



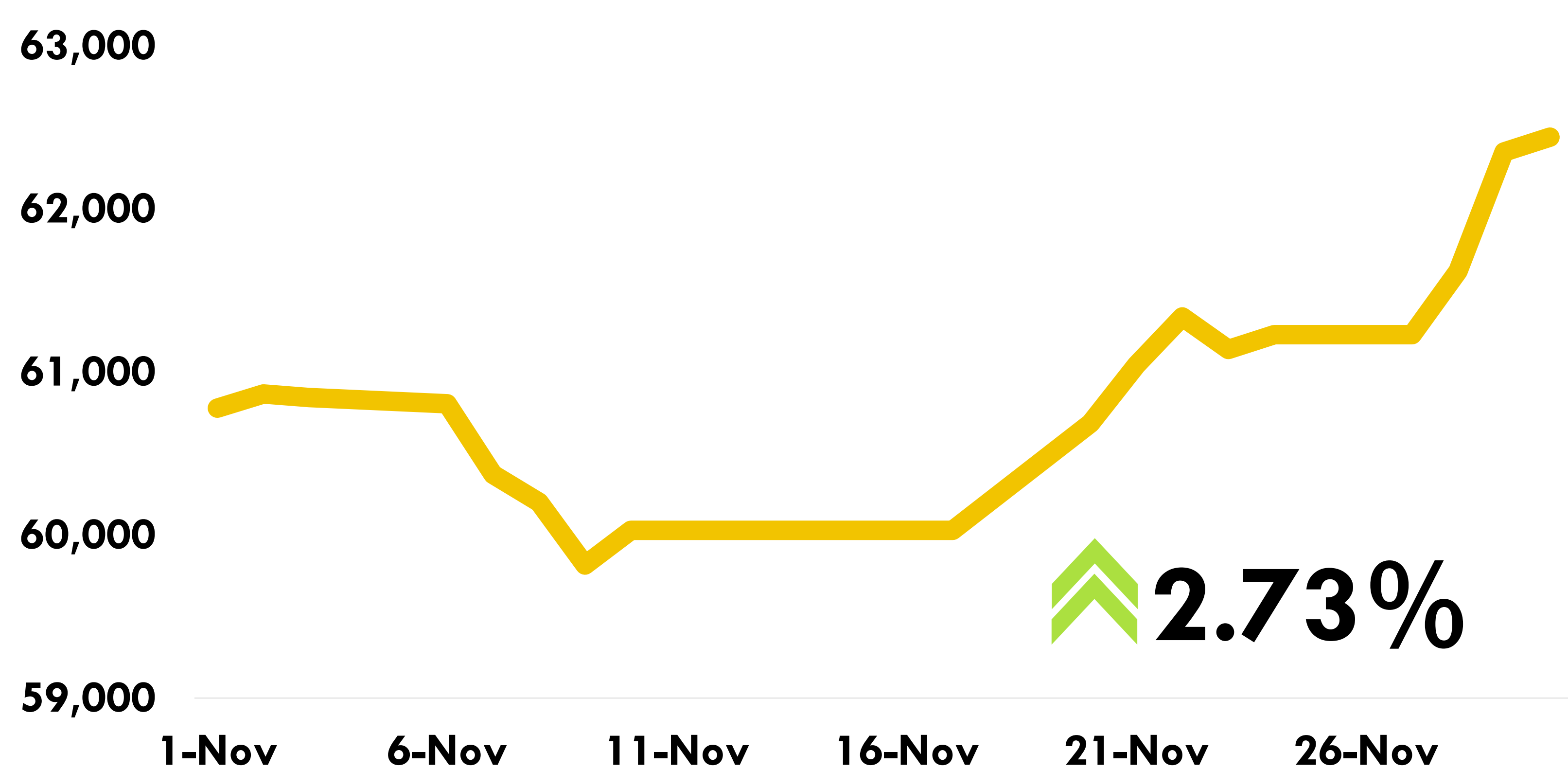
GIFT City's ODI Milestone

Standard Chartered Bank has executed the first over-the-counter transaction using the government-exempted overseas derivative instrument for non-resident investors in GIFT City. The UK-based bank conducted a \$5mn ODI transaction through an FPI from its GIFT City branch located in Gujarat. The transaction involved a Total Return Swap using a 5-year benchmark government bond as a pricing reference. The development aligns with the recent inclusion of Indian government bonds in JP Morgan's GBI EM indices, potentially attracting increased interest from non-resident investors in the Indian bond market. GIFT City strives to expand its footprint in global financial markets, appealing to businesses seeking a gateway to India and the Asia-Pacific region. This move is part of GIFT City's strategy to become a competitive global financial hub by offering a robust and efficient platform for international financial transactions, fostering economic growth and financial sector development.



COMMODITIES

Gold Spot Price (In ₹ per 10 grams)



Source: MCX

The month, gold prices saw an increase of ~3% hitting 61618. Heightened demand during Diwali and the upcoming wedding season bolstered the gold spot price. Towards the month's end, gold surged to its highest since May, propelled by a weakened US dollar. The dollar's three-month low against major currencies increased gold's attractiveness for investors using alternative currencies. Furthermore, anticipation of earlier-than-expected monetary policy easing by the Fed, especially following the decision to halt rate hikes, further fueled the upward trend. A devalued dollar and reduced interest rates enhance gold's attractiveness as a cost-effective investment.

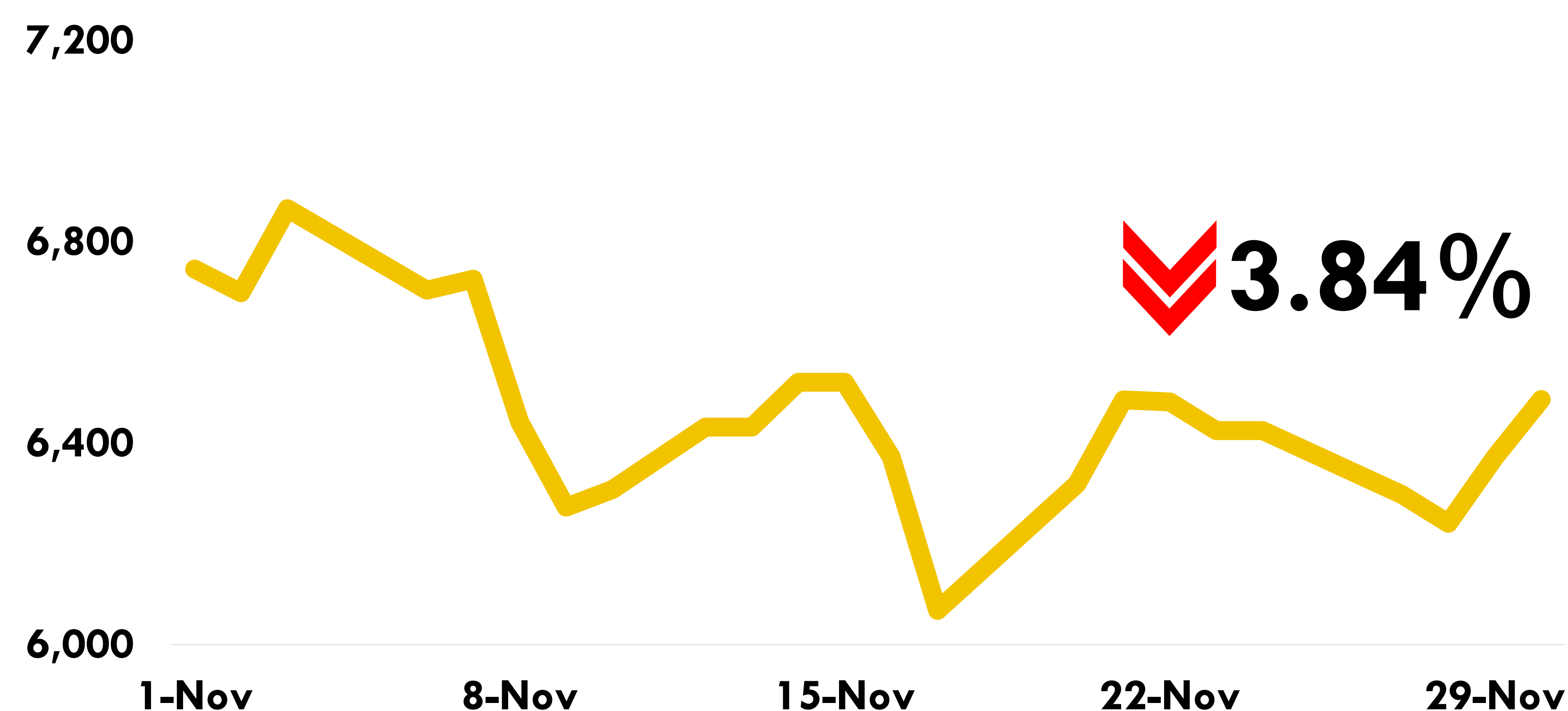


Millets in PDS System

The government aims to triple millet procurement to 2mn tonnes in the current fiscal year, up from 0.73mn in 2022-23, intending to replace some quantities of wheat and rice in the Public Distribution System (PDS). Procuring at the minimum support price (MSP), this initiative supports eco-friendly, climate-resistant coarse grains rich in nutrients, contributing to crop diversification and improved nutrition. The government also plans to procure six minor millets, such as kodo, kudki, and kangni, and others in several states at the minimum support price of another pricier millet, ragi, to encourage cultivation. Additionally, the government has also revised the distribution period of millets, incorporated inter-state transportation of millets, and added the provision of advanced subsidies. Despite the unmet 2022-23 procurement target of 1.3mn tonnes, the government's strategic adjustments aim to enhance millet cultivation, consumption, and distribution through PDS.



Crude Oil Spot Price (In ₹ per barrel)



Source: MCX

A downward pressure was observed on the oil prices in November, magnified due to the discord within the Organization of the Petroleum Exporting Countries (OPEC) and its allies, notably involving the African nations Nigeria and Angola. These nations advocate for increased oil output, conflicting with OPEC's cautious stance amid market oversupply concerns. The postponement of the OPEC+ meeting to November 30, driven by Saudi Arabia's dissatisfaction with the production levels of other OPEC members, initially fueled speculation of potential supply reductions. This, combined with a substantial 9mn barrel surge in US crude inventories, led to a significant 3.84% decline in crude oil prices to 6487, surpassing market expectations. Despite anticipated OPEC+ cuts, the International Energy Agency expects a modest supply surplus in 2024.



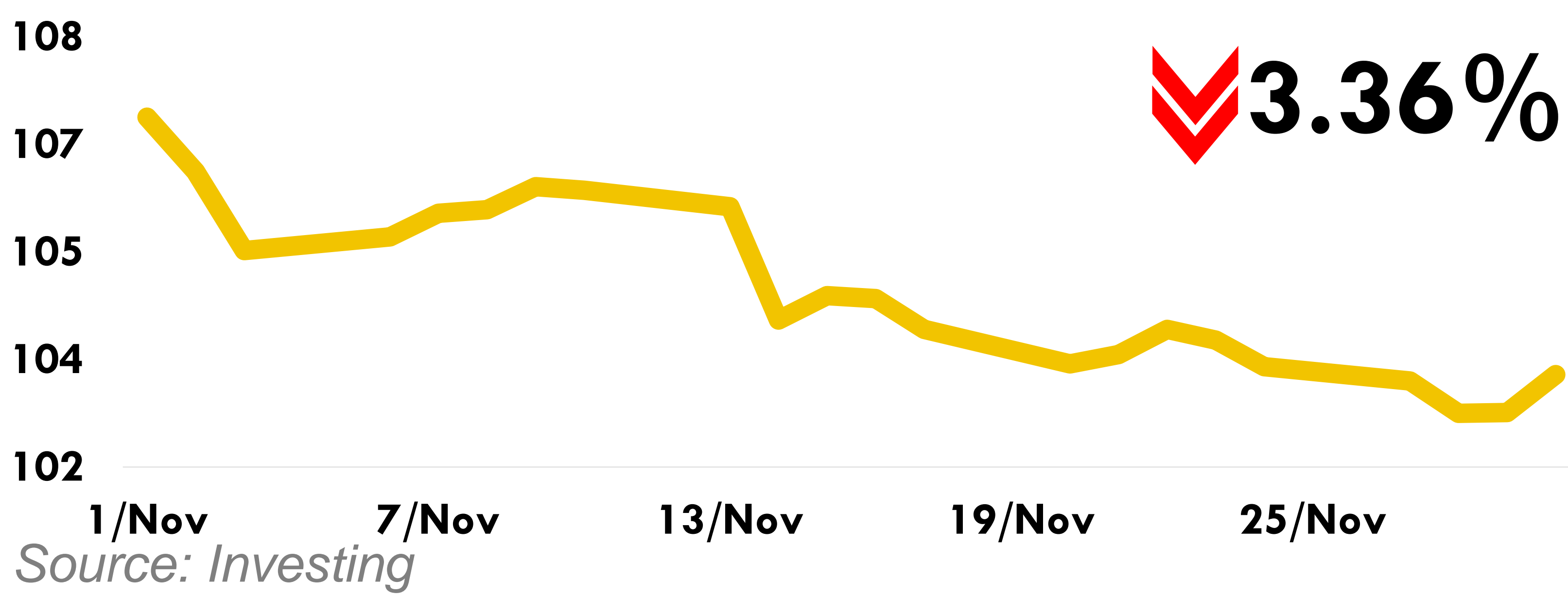
Surge in Paper Imports

Paper imports to India witnessed a substantial 43% surge in volume during the first half of the current fiscal year to ₹1,509cr, primarily attributed to a twofold increase in imports from ASEAN nations. The substantial surge of ~255% in India's imports, reaching 288,000 tonnes, can be attributed to the zero import duty facilitated by AIFTA (ASEAN-India Free Trade Agreement). Meanwhile, Chinese imports remained comparatively steady at 186,400 tonnes during the same period. Despite industry challenges to produce paper at cost-effective rates due to escalating raw material and input costs, the preferential tariff treatment accorded under various FTAs remains a constraint. With the economic slowdown in China, trade restrictions, and import duties imposed by the US and EU, the trajectory of paper imports into India is poised for continued acceleration.



CURRENCY

US Dollar Index (USD)



A notable weakening of the US dollar was witnessed this month, marking it as the poorest performer among global currencies. The decline was propelled by robust global risk-on sentiment and a drop in treasury yields both domestically and internationally. Investors increasingly believe that major central banks, including the Fed, have concluded their interest rate hiking cycles. Moreover, the dollar reached its lowest point in over three months due to market perceptions of a slowing US economy and a growing anticipation of rate cuts in the coming year.

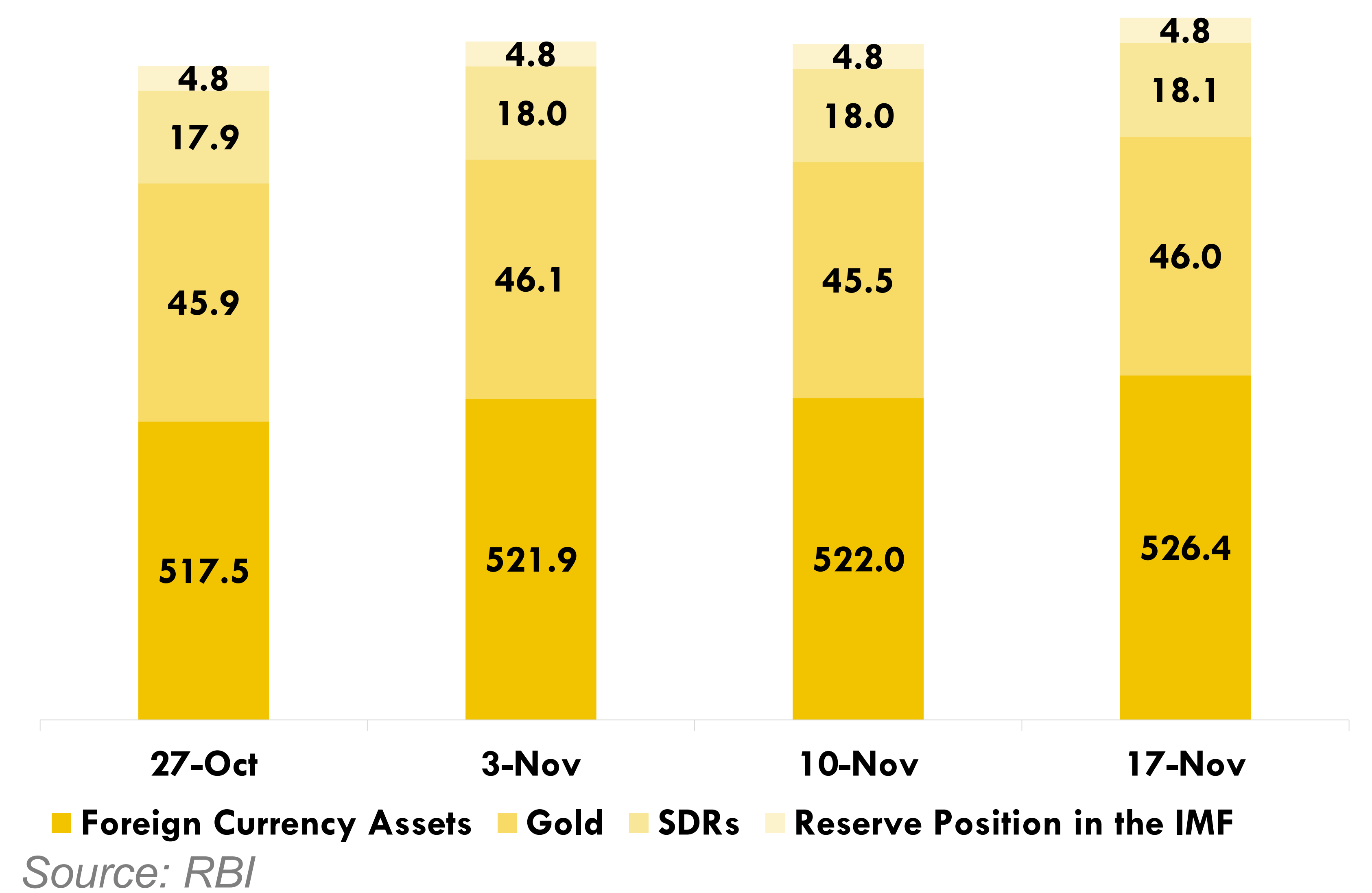
Germany's Bold Move to Crush BRICS Dominance

Germany has boldly taken on the dominant BRICS currencies by launching its game-changing Digital Euro, marking a significant initiative in the global financial landscape. This daring leap aims to shake up the global economic scenario and transform the financial sector. The BRICS alliance intends to introduce a new global currency, countering the dominance of the U.S. dollar and Euro. Germany's aim to challenge these currencies aligns with its development of the digital Euro. However, Europe needs to be unified on the digital Euro concept. While some EU nations support it, others argue against the necessity of a digital currency. Failure to respond to the BRICS currency launch could pose significant repercussions for Germany, the EU, and the U.S.

India's Forex Reserves in Uptrend

India's forex reserves surged ~\$5bn, totaling \$595.397bn, in November. Initially experiencing a decline of \$462mn, bringing the total to \$590.32bn, this reduction was attributed to the RBI's proactive measures to protect the rupee amidst global pressures over the past year. The foreign currency assets, influenced by non-US currencies like the euro, pound, and yen, held in the reserves, reflect the impact of their appreciation or depreciation when measured in dollars. This upswing underscores India's robust financial resilience.

FOREX Reserve (USD Bn)



Currency	1 th Nov'23	30 st Nov'23	Change (%)	Trend
INR/USD	INR 83.237	INR 83.392	↑ 0.19	
INR/EUR	INR 87.9650	INR 90.9660	↑ 3.41	
USD/EUR	USD 1.0568	USD 1.0908	↑ 3.22	
JPY/USD	JPY 150.95	JPY 147.87	↓ -2.04	
CAD/USD	CAD 1.3856	CAD 1.3584	↓ -1.96	
USD/GBP	USD 1.2150	USD 1.2644	↑ 4.07	
USD/SEK	USD 0.0894	USD 0.0958	↑ 7.16	
USD/CHF	USD 1.1014	USD 1.1462	↑ 4.07	

Source: Investing

OTHER ASSET CLASSES

Bitcoin on the Spot



The evolving landscape of cryptocurrency investment vehicles is poised for a seismic shift as the future of Bitcoin-related exchange-traded funds (ETFs) faces a significant test. The ProShares Bitcoin Strategy ETF (BITO), managing \$1.4bn, represents the current frontier in Bitcoin ETFs, yet forthcoming "spot bitcoin" ETFs could revolutionize this domain. Set for potential approval by the SEC by January 10, these new ETFs might offer a cheaper alternative for Bitcoin exposure, challenging the existing futures-based offerings. The launch of spot ETFs is anticipated to render futures ETFs obsolete, potentially reshaping investor preferences. Despite regulators' concerns regarding market manipulation risks and uncertainties, proponents envision coexistence between futures and spot ETFs, with potential benefits for risk-averse investors. The impending entrance of multiple spot Bitcoin ETFs, offering lower fees and potentially enhanced investor appeal, may intensify the competition for market share among providers, pushing down costs and heralding a transformative phase in cryptocurrency investment opportunities.

The Appeal of Vintage



Investing in vintage clothing involves acquiring and holding onto pieces of clothing from past decades that are considered valuable due to their rarity, historical significance, or unique design. Vintage clothing is typically defined as garments that are at least 20 years old but less than 100 years old. Contemporary consumers are drawn to vintage clothing for its nostalgic value and the desire to own pieces with a distinct history. While return on investment in vintage clothing can vary, success stories abound. Limited-edition sneakers from past decades, such as vintage Air Jordans, have shown remarkable appreciation. Some pieces have seen returns exceeding 100% over a relatively short period. Platforms like Etsy, eBay, and specialized vintage shops offer opportunities to buy and sell vintage pieces. They provide a broad reach to a global audience. Investing in vintage clothing requires diligence in research, understanding market trends, and a keen eye for quality pieces. It's a dynamic market that combines a love for fashion with the potential for solid returns.

Brakes and Gears



Investor enthusiasm for mobility technology, encompassing electric vehicles (EVs), self-driving advancements, and delivery innovations, has sharply declined after a prosperous period during the recent bull market. US-based mobility tech firms raised \$6.1bn across 191 deals this year, a stark contrast to the \$21.6bn amassed in 2021. This plunge of ~70% off the peak, reflects the sector's lowest since 2017, largely due to EV and autonomous driving stock underperformance. Companies like Rivian and Nikola witnessing drastic stock drops have tempered venture capitalists' interest, recognizing that auto industry disruption is more complex than anticipated. Amidst this downturn, EV battery-focused companies are gaining traction. Despite challenges, opportunities persist, exemplified by firms like Gatik partnering with Walmart for autonomous commercial fleets, suggesting selective investments amidst a retreating landscape for mobility tech funding.

Safeguards Needed

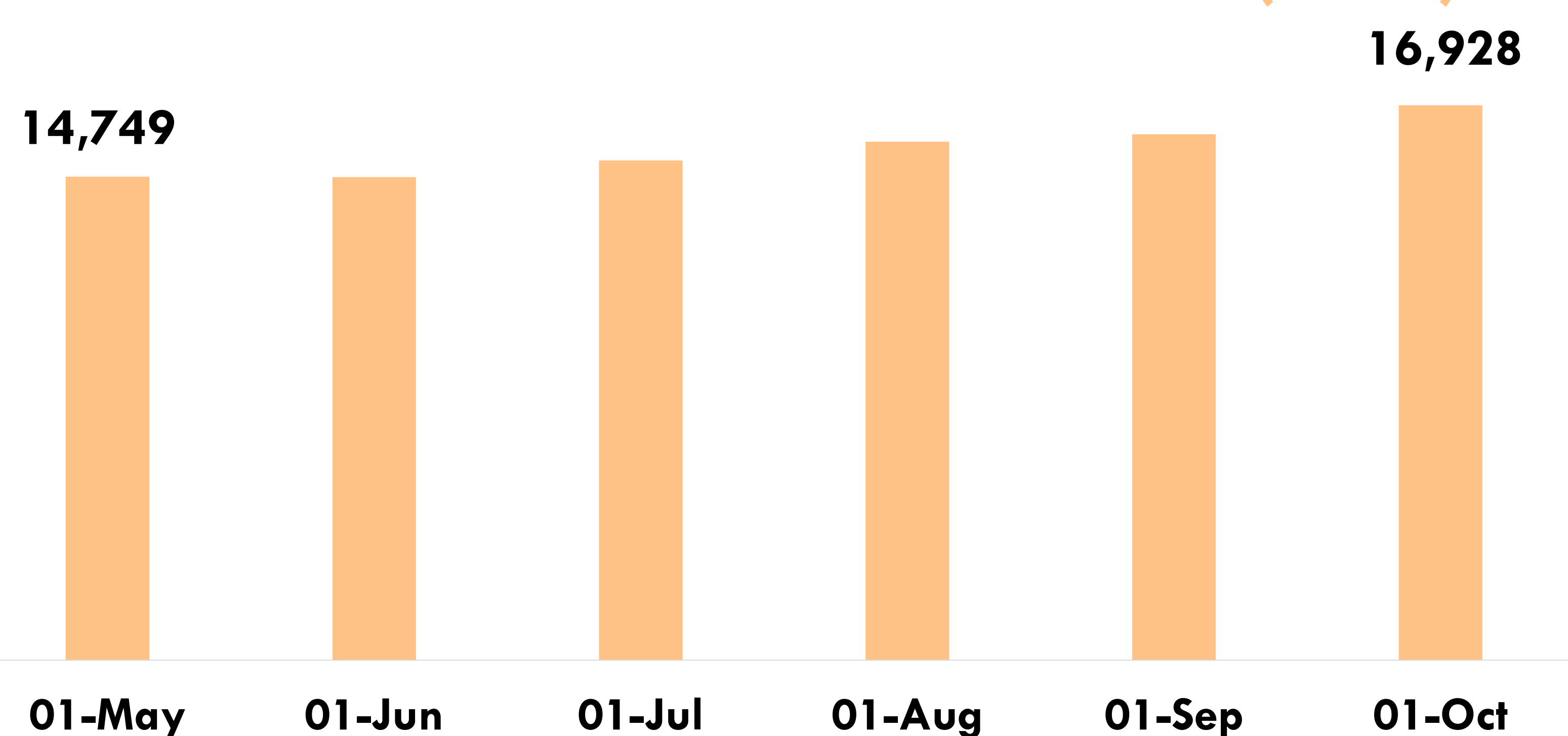


The Financial Stability Board (FSB) emphasized the necessity for additional measures to prevent potential disruptions from intricate crypto entities such as FTX, from unsettling the broader financial system. Highlighting the turmoil during FTX's collapse last year, the FSB underscored the heightened vulnerabilities posed by multifunctional crypto firms amalgamating trading and other activities. These vulnerabilities mirror conventional finance risks, encompassing leverage, liquidity mismatches, and technological vulnerabilities, according to the FSB's report. The agency outlined that deficient controls, operational transparency, inadequate disclosures, and conflicts of interest exacerbate these vulnerabilities. Despite current evidence indicating limited threats to wider financial stability and the economy, the FSB cautioned on the existing risks. Both the FSB and the International Organization of Securities Commissions (IOSCO) have already issued high-level recommendations this year for supervising crypto activities, aiming to address these concerns.

SIPs Inflows getting Popular

Mutual funds have seen a surge in popularity among retail investors, with a significant influx of ₹16,927.86cr through SIPs. The number of newly registered accounts skyrocketed by an impressive 17.08 lakhs in October. A consistent rise in SIP numbers each month highlights investor attention to move towards safe investments. Growing SIP account openings signal a committed investor base realizing the importance of long-term strategies over market timing. Further, the total assets managed by the MF industry within these SIP accounts stood at ₹8.59lakh cr, compared to ₹8.70lakh cr in September.

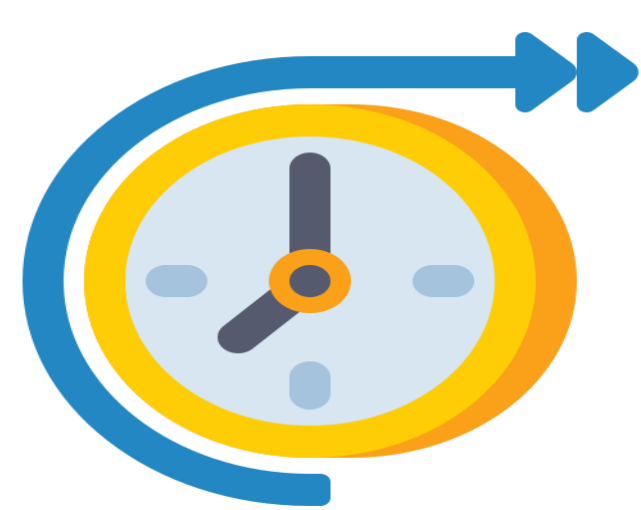
SIP Contribution Net Investments (₹ Cr.)



Source: AMFI

Investing for the Future

Union Mutual Fund has officially introduced the Union Children's Fund, an open-ended equity scheme with a solution-oriented theme. Commencing public subscription on November 28, the fund is set to conclude in December. Designed specifically for children, this open-ended equity fund necessitates a lock-in period of at least five years or until the child reaches the age of majority, whichever occurs earlier. The primary objective of the scheme is to secure long-term capital appreciation through strategic investments in a diversified portfolio. This portfolio encompasses various securities, including equity, equity-related instruments, and debt instruments, in alignment with its specified asset allocation. Investors have the opportunity to participate in the scheme with a minimum investment of ₹1000 per plan/option, and subsequent investments can be made in multiples of ₹1. Importantly, there is no upper limit imposed on investment amounts.



Equity MFs Consecutive Inflows

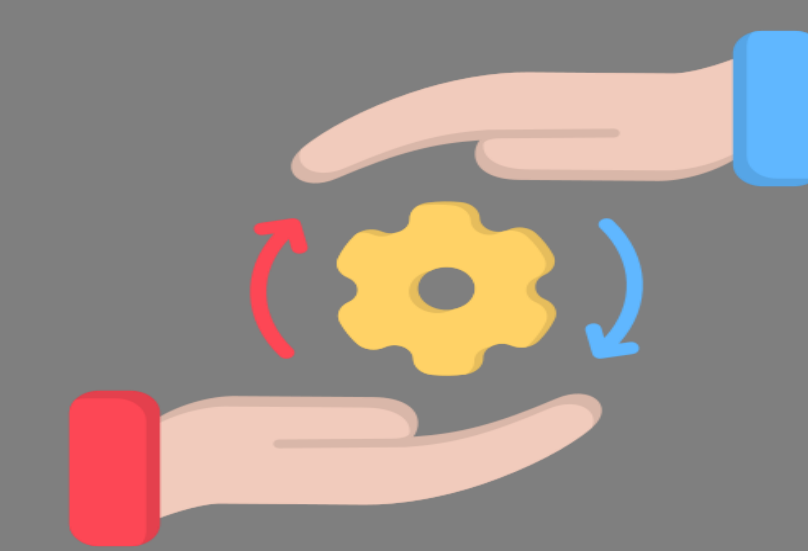
In October 2023, despite prevailing market volatility, equity mutual funds in India showcased



remarkable resilience, reporting a substantial surge in inflows to ₹19,932cr from ₹13,857cr in September. This marked the 32nd consecutive month of net inflows, underlining consistent investor trust and positive expectations. Notably, small-cap funds surged approximately 68% in October versus September, indicating heightened interest in smaller enterprises, while large-cap funds rebounded with a ₹724 crore influx after six months of outflows. In conclusion, a strong positive scenario can be observed for the Indian equity market despite high interest rates due to great optimism in money markets, gilt, small-cap, and large-cap funds.

Exemptions and Amendments

'MF Lite,' a set of less stringent Mutual Fund (MF) regulations proposed by the Securities and Exchange Board of India (SEBI), is nearing finalization. The regulations recently received clearance from SEBI's MF advisory committee, marking a pivotal step before any significant policy announcement by SEBI. Going by the reports, MF Lite will coexist with the current SEBI MF Regulations, 1996." It is anticipated that fund houses opting for registration under MF Lite will be exempt from the necessity of obtaining SEBI approvals before launching each scheme. Additionally, these funds may not be obligated to make periodic disclosures as mandated by the existing SEBI MF regulations. Furthermore, fund managers associated with houses registered under MF Lite may not be required to document their telephone conversations during market hours, a departure from the current regulatory requirements.



Banking Synergy: AU-Fincare

AU SFB's acquisition of Fincare SFB in a ₹4,411cr all-stock deal marks a milestone as the first "good bank-good bank" merger in the small finance banking sector. AU SFB, the sole NBFC granted an SFB license, aims to add a microfinance portfolio with the merger that would also strengthen its presence in southern India, where it currently has only 2% of its branches. The Fincare shareholders benefit as they get 2,000 AU SFB shares for each ₹579 Fincare share, securing ~9.9% in AU SFB post-merger. With a complementary branch network in rural areas, a diversified portfolio, and shared values, the merger offers strategic benefits, including synergies in deposits, technology, and economies of scale. The unified entity will boast over 98 lakh customers, 43,000 employees, and 2,334 touchpoints across 25 states, positioning them for a universal banking license with bigger balance sheets. This rival amalgamation would ensure more flexibility in capital allocation and lending business, providing a strong platform to expand their distribution network with financial inclusion in the banking domain.



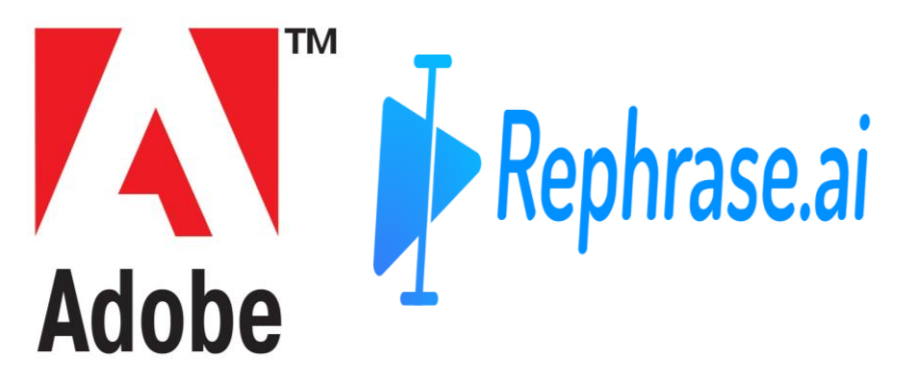
Raymond's Precision Power Move

Raymond Group, known for its leadership in the fabric and realty sectors, has significantly expanded its presence in the engineering business by acquiring a 59.25% stake in Maini Precision Products for ₹682cr. MPPL has a niche in manufacturing precision engineering products for aerospace, EV, and defense sectors, with 11 facilities in India generating revenue of ₹750cr in FY23. This move consolidates Raymond's automotive components businesses under JK Files & Engineering Ltd and RPAL, with MPPL to form a new subsidiary, 'Newco' where Raymond holds a 66.3% stake and reinforces its commitment to the 'Make in India' and advances China Plus One strategy. MPPL shareholders profit from a consolidated revenue rise to ₹1,600cr in FY23, with the MPPL founder contributing to NewCo's leadership team. This strategic acquisition will diversify Raymond from its core business, generating a post-transaction net cash surplus to serve as a global original equipment manufacturer (OEMs) across aerospace, defense, auto, and industrial businesses, establishing a presence across international and domestic markets.



Adobe's AI Boost: Acquisition

US software giant Adobe marks its very first acquisition in the Indian startup ecosystem by acquiring Bangalore-based generative AI startup Rephrase.ai, founded by IIT graduates. Having raised \$13.9mn, the startup simplifies video production, transforming text into professional-looking videos that help influencers and video creators build digital avatars and enable marketing teams with video content. This acquisition aligns with prevailing industry trends, as leading companies actively pursue AI-driven solutions to refine daily workflows. Adobe's integration of Rephrase.ai's technology and generative AI video capabilities into its Creative Cloud video-editing platform promises transformative change in the digital content creation landscape. Renowned for tools like Premier Pro, After Effects, and Audition, Adobe has been actively expanding its generative AI-based product portfolio, including the recent Firefly AI model. This step significantly enhances Adobe's video generative capabilities in the AI sector, potentially leaving a significant mark on the Indian AI startup ecosystem.



Pidilite Ventures into Lending

Adhesive and construction chemicals manufacturer Pidilite Industries ventures into the NBFC sector with the acquisition of its wholly-owned subsidiary, Pargro Investments. Pargro Investments is an NBFC that will be acquired under a Share Purchase Agreement (SPA) at a fair value of ₹10cr in March'24. This acquisition focuses on providing small-ticket retail loans to Pidilite's channel ecosystem, such as furniture contractors, plumbing contractors, and masons, to meet their working capital needs at reasonable interest rates rather than large capital investments. This strategic move aims to deepen loyalty, enable premiumization, and achieve financial returns. The company plans to build this dealer contractor universe with a planned investment of up to ₹100cr over the next two years. Pidilite's initiative isn't about scaling up as an NBFC. Rather, it focuses on leveraging its competitive edge within the company's ecosystem and services. This approach allows for the diversification of its main business and boosts revenue.



STRATEGY

Ruling the Scribbleverse

Amid industry giants of the Indian stationery market, DOMS shines as a standout performer, marking an extraordinary growth trajectory and a promising future. Witnessing an impressive revenue of ₹700cr in 2022, DOMS has demonstrated robust financials surpassing industry titans and establishing itself as a force to be reckoned with. Ingeniously infusing graphite with polymer, the company has redefined pencil composition, resulting in a smoother and darker lead, resonating profoundly with their primary audience, school-going children seeking a flawless writing experience. Central to the brand's ethos is its comprehensive control over the entire production process, crafting everything in-house from raw materials to the finished product. Leveraging influencers, particularly among children, has significantly amplified DOMS' popularity. Children, captivated by the pencils' seamless writing, vibrant designs, and unique scent, passionately advocate for DOMS' products, fostering a burgeoning consumer base. Furthermore, DOMS' strategic bundling strategy, persuades consumers of the cost-effectiveness of acquiring supplementary products alongside the core offering. Highlighting its remarkable profit margins and the recent approval for its IPO this year, DOMS stands poised for a robust and prosperous future.



Mango Mania

Frooti, an iconic beverage brand, navigated a transformative path from a humble origin to a colossal ₹4200cr comeback, spearheaded by Nadia Chauhan. Nadia, the visionary force behind this renaissance, embarked on an audacious quest to disrupt India's beverage market. The landscape was daunting in 2003, dominated by Coca-Cola's Maza with a formidable 17-year reign. Undeterred, Nadia discerned an untapped market longing for mango-based beverages in a country where mangoes are revered. Leveraging this insight, Frooti introduced Tetra packs, a groundbreaking move revolutionizing beverage packaging across India. The brand recognizes that children were key influencers so they devised a strategy of introducing affordable triangular packs priced at an irresistible ₹2.5 that not only captivated kids but also empowered parents with control over their children's soft drink intake. Moreover, the brand strategically engaged in extensive sales and distribution networks, augmented by impactful advertising campaigns, featuring celebrities and educating consumers on their novel packaging. Despite intensified market competition leading to a dip in market share, Nadia's adaptability was evident and embodies resilience and adaptability.

Environmental Ethos

In an era prioritizing conscious consumerism and sustainability, Neeman's footwear stands as a beacon of innovation in the fashion industry. Revolutionizing traditional shoe design, Neeman crafts eco-conscious footwear that impeccably balances comfort and style. Rooted in environmental stewardship, Neeman's ethos focuses on minimizing the carbon footprint while delivering shoes that cater to wearer needs and environmental responsibility. Central to their innovation is the ingenious use of Merino Wool, sourced from Australian Merino sheep. This remarkably thin and flexible fiber, comprising uppers just 20% of human hair's thickness, delivers unparalleled breathability and sets Neeman's shoes apart. Beyond wool, Neeman's commitment extends to sustainability by incorporating recycled PET bottles and natural cotton in their shoe construction. This dedication to repurposing materials showcases a profound commitment to reducing environmental impact while catering to conscious consumers. What distinguishes Neeman's is its unwavering dedication to providing all-day comfort without sacrificing style. Seamlessly blending sustainability with versatility, their footwear effortlessly transitions from casual to formal, ensuring wearers never compromise on comfort for fashion. The remarkable growth of Neeman's, from 500 to a thousand orders per day in nine months, underscores its resonance with consumers seeking sustainable, comfortable, and stylish footwear. Neeman's strategic focus on product adaptability and post-purchase engagement fuels customer retention and loyalty. Neeman's embodies a brand committed to sustainability and customer satisfaction, setting a benchmark for responsible fashion choices. Through innovative use of natural materials and a dedication to customer needs, Neeman's stands tall as a pioneer in sustainable footwear.

MARKETING & BRANDING

World Off, Music On!!

JBL's digital marketing initiative, 'Mute the World,' advocates for dismissing unwarranted criticism and concentrating on one's personal journey. The campaign applauds the perseverance and hard work of Indian cricketers Rinku Singh and Yashasvi Jaiswal, who come from humble backgrounds and have eventually become stars of IPL 2023. The campaign cleverly correlates JBL's innovative noise-canceling products with the players' ability to overcome negativity. Aligning with JBL's ethos of silencing unwanted noise, the videos featuring Singh and Jaiswal amplify the campaign's message across social media platforms, ensuring widespread reach and engagement. The campaign's brilliance lies in its portrayal of the players rising above criticism from the general public, trolls, and colleagues, mirroring the theme of overcoming any obstacles in one's career. This resonates with the broader message of staying determined and focused on personal goals. Beyond promoting the brand, 'Mute the World' celebrates human resilience and encourages individuals to embrace their unique journey despite potential hurdles or negative comments. The initiative stands out for its refreshing blend of brand promotion and showcasing the universal capacity for determination and success.



Toast to Clear Mornings

As the year draws to a close, ushering in the festive season, celebrations are on the horizon! It's the time of the year that is filled with family gatherings, games, parties, and, of course, a toast to the year's accomplishments. However, the impending hangover the next day often dampens the energy. Enter Morning Fresh, a brand poised to tackle this concern. At the heart of Morning Fresh's brand strategy is positioning itself as the 'last shot' of the night, ensuring that one 'wakes up fresh' the following day. In a season filled with back-to-back celebrations from Diwali to New Year's, the demand for a reliable hangover remedy is higher than ever. Morning Fresh steps in as the ultimate solution with its all-natural hangover detox drinks. By encouraging consumers to conclude their night with this 'last shot,' the brand not only promotes responsible drinking but also preserves the enjoyment of the festivities. It's a strategic move that aligns perfectly with the season's busy social calendar, positioning the brand as the go-to remedy for those seeking an energetic morning after a long night of celebrations. As we raise our glasses to bid farewell to the year, the company ensures we can greet the new one with a clear head and a fresh start.

Turning Fantasy into Reality

Sunfeast Dark Fantasy, a widely recognized brand celebrated for its delicious cookies, started the "Dark Fantasy ad with SRK" campaign as part of its marketing strategy. This innovative initiative perfectly blends the magnetic appeal of Bollywood star Shah Rukh Khan, the transformative capabilities of AI technology, and the desire to fulfill fantasies. The campaign's primary objective is to forge a connection with consumers by actualizing their dreams and establishing a bond between the brand and its audience. The campaign revolves around the theme of 'Har dil ki fantasy', and the standout aspect of the campaign is its integration of generative AI technology (GenAI), empowering fans to craft personalized advertisements featuring themselves alongside Shah Rukh Khan. The AI has been trained extensively on visuals of SRK and Dark Fantasy's signature advertisement style. Through an analysis of the user's selfie and reference to these visuals, the AI can produce a video featuring the user alongside SRK within a Dark Fantasy advertising context. Additionally, the machine learning models ensure that the user is appropriately integrated into the ad, bringing their fantasy to life. Apart from demonstrating GenAI's capabilities, this campaign also stands as evidence of its ability to enhance brand engagement, prioritize audience desires at the core of brand content, and reshape creative marketing initiatives, thereby influencing consumer experiences significantly.

OPINION POLL

“99% of mobile phones used in India are being locally made, adding that the flourishing mobile manufacturing market has surpassed \$44bn in value.”

- **Ashwini Vaishnaw,**
Minster of Railways & Communications

“India is going to get a lot of money that would have normally gone to China.”

- **Mark Mobius**
Founder of Mobius Capital
Partners LLP

“Same-day settlement in stock markets by March, 2024”

- **Madhabi Puri Buch**
SEBI Chief

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 **Contact**

[+91 98310 79737](tel:+919831079737)

 **Website**

www.leveragedgrowth.in

 **Social Media**



 **Address**

50 Chowringhee, Rear
Building 2nd floor, Kolkata
700071, West Bengal, Indi

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