



Leveraged Growth

MONTHLY REPORT

DECEMBER 2023

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Navigating Crisis: Sri Lanka's IMF Bailout

Sri Lanka, an island nation of 22mn, defaulted on its \$46bn external debt, leaving it unable to finance crucial imports like food, fuel, and medicines. To tackle the situation, the newly-elected President Ranil Wickremesinghe imposed tax hikes, scaled back generous energy subsidies, and adjusted essential goods prices to bolster the faltering state of the financial reserves. In September last year, inflation had reached nearly 70%. However, it has now eased to 1.5% as of last month. The country sought financial assistance from the International Monetary Fund (IMF) and successfully obtained a rescue loan of \$2.9bn spread over four years, with the first installment of \$330mn already paid in March. Recognizing the improving health of Sri Lanka and its successful debt restructuring deal of \$4.2bn with China, its biggest official lender, the IMF's executive board has approved the release of the second tranche of the bailout package to help Sri Lanka recover from its worst-ever economic crisis, giving about \$670mn of the total loan amount. But will this be enough to provide relief to the distressed citizens?



Rain and Rates Drown UK's Growth

The UK economy took a surprise dip in October, shrinking 0.3% just weeks before the Bank of England's (BOE's) pivotal interest rate decision. The current interest rate, perched at a 16-year high of 5.25%, continues to squeeze business and consumer spending. The sectors particularly reliant on consumer confidence, like IT, legal, and film production, contracted the most. Construction and manufacturing, already grappling with rising costs and supply chain disruptions, saw their outputs dip further, adding to the overall malaise. Continuous rain and storms are another problem the UK economy faces. Sectors like retail, tourism, and entertainment, heavily dependent on foot traffic and outdoor activities, took a direct hit from the stormy weather. Unfortunately, there seems to be no end to this as experts foresee a prolonged period of sluggish growth, with no significant upturn expected until 2025. Ultimately, the UK's economic revival hinges on a delicate balancing act: tackling inflation through prudent monetary policy while offering targeted support to businesses and individuals most affected by the current headwinds.



Suez Snooze, Oil Bruise!

A naval crisis is unfolding over a thousand miles from Gaza as Houthi militants escalate attacks on global shipping flows in the Red Sea in support of Palestinians in Gaza. The Red Sea closure has prompted increased naval activity by the U.S. and its allies in the Middle East to ensure free passage. As of December 15th, some of the biggest container-shipping companies, such as Maersk and Hapag-Lloyd, have ceased their services on that route. To navigate the region, these companies have added a war risk surcharge, leading to an approximately 40% rise in shipping fees. Potential disruptions to the Suez Canal could significantly impact India's oil imports from Iraq, a major supplier. While there are alternative routes such as the Cape of Good Hope, pipelines, and other ports, they are longer and more expensive, resulting in increased oil import costs for India. Continuous rise in global oil prices could further add to the cost burden. Companies like IOCL and HPCL could see their margins being hurt due to increased crude oil prices and shipping costs.



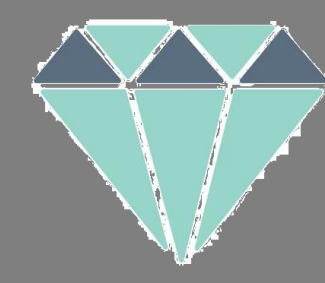
The Rise of China: Economic Synergy with Russia

With the ongoing conflict between Russia and Ukraine, China has emerged as a global economic victor, consolidating its strategic position. The economic ties with Russia have strengthened, surpassing trade expectations and reaching over \$200bn in the 11 months of 2023, making China the world's leading car exporter. This economic boost to China's auto manufacturing industry highlights the deepening relationship between the two nations. As Western businesses exit, Chinese companies are poised to dominate the Russian market, contributing to its budget surplus despite the ongoing conflict. The intensified Russo-Chinese cooperation creates an economic synergy that shields Russia from Western economic warfare. Top-tier Chinese companies are strategically reducing their presence, paving the way for second-tier corporations to maintain powerful influence in Russia. The alliance's impact on global dynamics weakens the West's ability to exert economic pressure on China. Along with the expected expansion of the logistical infrastructure, China will gain access to a significant source of strategic commodities, at substantial discounts as Russia will be isolated from many other markets, and China will use its own currency for these trades.



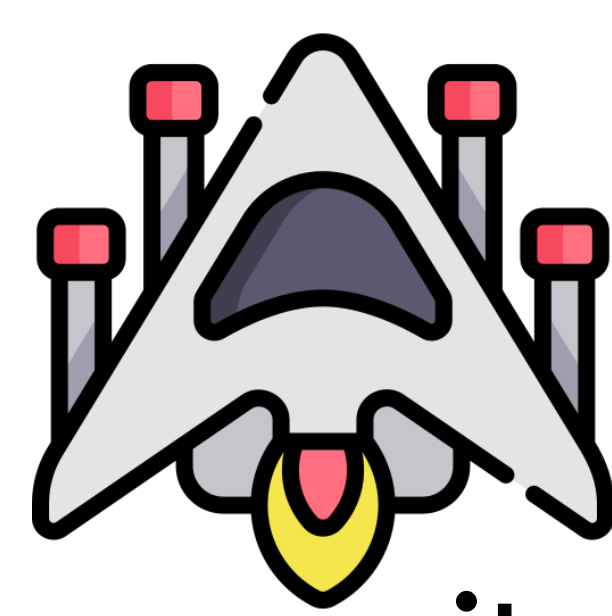
Surat Diamond Bourse: Global Business Beacon

In a historic moment during his Gujarat tour, Prime Minister Narendra Modi unveiled the Surat Diamond Bourse, emphasizing its role as the world's leading diamond producer and a symbol of India's economic ascent. The expansive 6.7mn sq. feet complex, poised to be the world's largest office space, includes international banking, secure vaults, and a stunning jewelry mall, set to create 150,000 jobs. The Surat Diamond Bourse is a testament to New India's expertise in design, materials, and concepts. Surat, the Diamond City, processes 90% of the world's rough diamonds before distributing them to buyers in the US and China. As a global hub for diamond and jewelry trading, it features a state-of-the-art Customs Clearance House. Recognizing Surat's pivotal role in the diamond industry, substantial gains are anticipated, in line with India's positive global perception and 'Make in India' plan. The new bourse aims to centralize the entire industry, establishing Surat as a premier global hub. Modi commended Surat's international connectivity and unveiled a 25-year roadmap for a 5trn dollar economy, reinforcing India's commitment to a top-three global economy.



India's Resilient Investments

Despite concerns over geopolitical tensions impacting short-term demand, India's corporate sector remains eager to pursue capital projects, signaling a strong commitment to long-term investments in domestic growth. Data indicates a remarkable capital expenditure exceeding \$80bn in FY23 by 118 companies (top 150 by revenue, excluding financial firms), nearly quadrupling the past five-year average. Avendus Spark's capex tracker index, reaching a 12-year high at 342 in June 2023, underscores growing confidence. Private sector capex announcements for H1 FY24, totaling \$6.2trn, surpass the ten-year average by 40%. Bank loan sanctions for private sector capex soared 80% YoY to \$3.5trn in FY23, marking a 12-year high, as per RBI data. Industry leaders such as L&T and Pidilite express positive investment sentiments, emphasizing a medium to long-term perspective amidst favorable economic conditions and enhanced market support for growth opportunities.



Cargo Tracking Revolution

India is poised to launch a revolutionary app designed to enable real-time tracking of cargo across land, rail, sea, and air. Over 700 companies engaged in courier services, logistics, shipping, and manufacturing have eagerly enrolled in anticipation of the imminent government launch. This groundbreaking initiative focuses on elevating tracking precision, providing instantaneous insights into the movements of trucks, trains, and air couriers. Aligned with India's strategic plan to optimize logistics, the app aims to curtail costs, with the objective of reducing the logistics share of GDP from 7.8-8.9% (FY 2022) to 5-6%. Additionally, the venture aligns with India's aspirations to enhance its logistics performance on a global front. Developed by the National Industrial Corridor Development Corporation, the app employs unique tracking codes for consignment surveillance, ensuring real-time details and vehicle visibility. This innovation holds the promise of reducing lead times, shortening import-export cycles, and consequently lowering inventory carry. Simultaneously, the government is actively devising strategies to enhance overall logistics efficiency and reduce operational expenses by eliminating redundancies. Only time will tell if this will be the catalyst for the Indian logistics sector's transformation.



India-Armenia Defense Deal

India is poised to export its indigenous Akash anti-air system to Armenia, valued at an estimated ₹6,000 crore, as part of an expanded arms export portfolio to the Asian nation. Manufactured by Bharat Dynamics Limited and currently in use by the Indian Armed Forces, the Akash system will be included in a comprehensive export package to Armenia, encompassing multi-barrel rocket launchers, artillery guns, ammunition, and drones. This strategic move aligns with India's vision for global arms exports, with the Akash system also being offered to Vietnam and the Philippines. Developed by the Defence Research and Development Organisation, the enhanced Akash version features a reduced footprint, 360° Engagement Capability, and advanced seekers. With 82% indigenous content, the system underscores India's self-reliance, and a 60% allocation to the private industry, including MSMEs, contributes to building a robust supply chain for advanced defense technology. This significant export enhances India's standing in the global arms market, reflecting its growth and expertise in defense innovation.

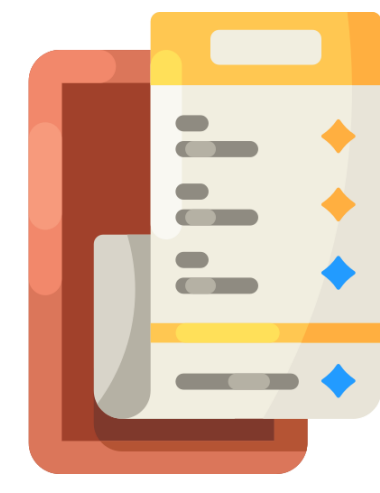


GOVT. POLICIES

Revolutionizing Telecommunications

The Indian government has recently approved the Telecommunications Bill of 2023, a significant legislative step aimed at unifying the regulatory framework governing telecommunications services. This comprehensive bill stands to safeguard national sovereignty while prioritizing the privacy and security of end users, marking a pivotal shift from antiquated statutes such as the Indian Telegraph Act (1885) and the Indian Wireless Telegraphy Act (1993).

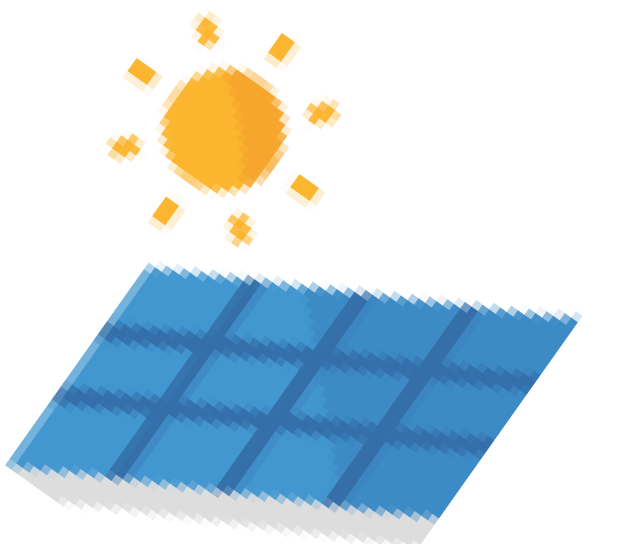
The Telecommunications Bill of 2023 broadens infrastructure rights of way, authorizes telecommunication interception on state security and public order grounds, and combats misuse of SIM cards. By mandating biometric data capture for new connections, the bill reinforces authentication measures within telecom operations. It presents stringent interception protocols set by the central government but raises privacy concerns due to potential violations of fundamental rights. Moreover, the bill has also been criticized for not reforming the telecom sector and failing to establish a law centered on rights that safeguard user freedoms rather than constricting them.



The Green Credit Initiative

Prime Minister Narendra Modi recently launched the 'Green Credit Initiative,' a pathbreaking program aimed at reshaping global environmental policies. The initiative is positioned as a pro-planet, proactive, step towards a sustainable future. The Green Credit program redefines carbon credit norms, emphasizing water conservation and afforestation. Operating as a domestic voluntary market mechanism, the program utilizes green credits as distinctive units that function as tradable commodities on a dedicated domestic platform. The program outlines eight focused activities aimed to build a sustainable environmental infrastructure development. Each activity adheres to preset benchmarks. Oversight of the program lies with the Indian Council of Forestry Research and Education, charged with formulating guidelines, procedures, and standards. It will manage registrations and employ robust measurement, reporting, and verification mechanisms for seamless implementation.

The program marks a transformative shift from carbon-centric approaches, embracing a market-driven strategy to engage stakeholders in diverse environmental actions, recognizing efforts spanning water conservation and waste management.



NICDP 2.0: Corridors of Tomorrow

India and the Asian Development Bank (ADB) recently inked a \$250mn policy-based loan, reinforcing backing for industrial corridor development. This follows the \$250mn Subprogramme 1 loan from October 2021, which was pivotal in shaping policy frameworks for the National Industrial Corridor Development Programme (NICDP). Launched in 2016 and revamped in 2020, NICDP targets effective industrial corridor development. Subprogramme 2 aligns with the Prime Minister Gati Shakti platform, aiming to seamlessly integrate corridors with transport, logistics, and urban facilities, fostering comprehensive growth. Gender equality in manufacturing is also a vital objective of this loan. Allocated funds support worker training, advancing an inclusive and skilled workforce.

Subprogramme 2 highlights the adoption of alternative financing methods, such as green finance, to foster sustainable development within industrial clusters. Anticipated outcomes encompass job creation across manufacturing sectors, spanning agribusiness, automotive, electronics, food and beverages, heavy machinery, pharmaceuticals, and textiles. This initiative holds the potential to alleviate poverty in corridor states to a large extent.



India's new EV Policy

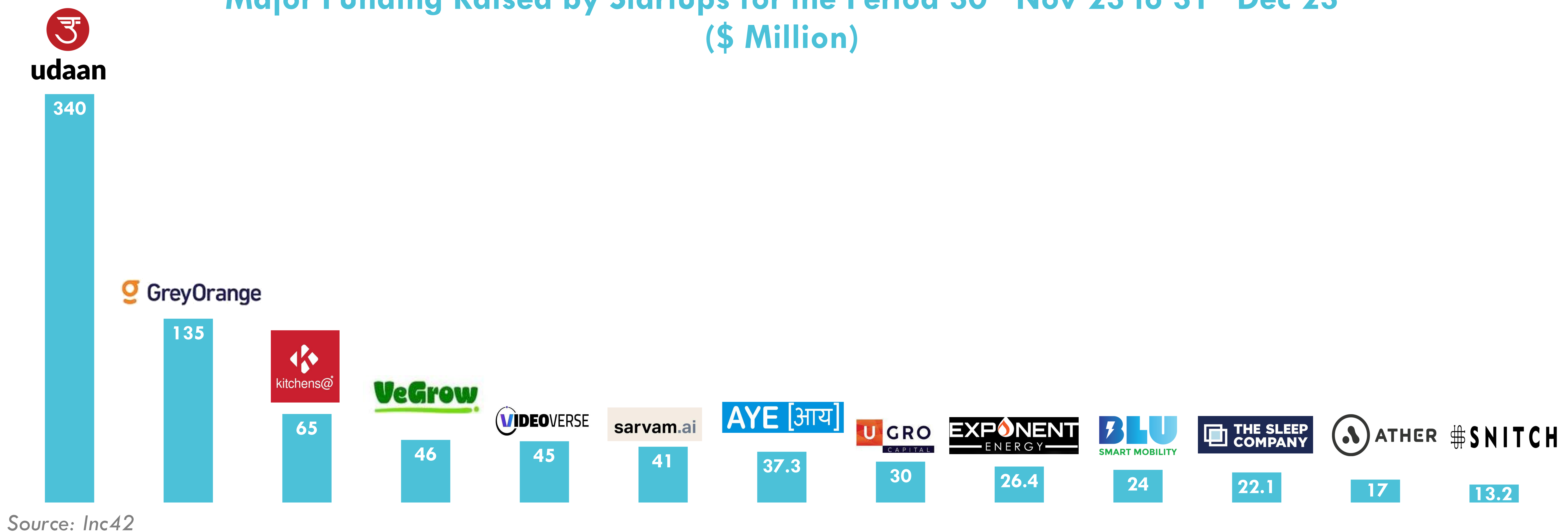
The central government is now crafting unique electric vehicle (EV) manufacturing policy, distinct from current subsidies like FAME and PLI schemes. This initiative aims to lure global EV manufacturers, prioritizing companies like VinFast and the renowned US-based giant Tesla, to invest and produce in India.

The proposed policy aims to attract investments by temporarily slashing duties, with discussions centering on Tesla's request to reduce import duties from 100% to 15%. This concession, potentially lasting two to three years, supports Tesla's India manufacturing setup. However, concerns among domestic car manufacturers about conflicting priorities between duty concessions and localization will drive the government to seek a balanced approach, benefiting both domestic and global automakers. Under the policy, firms must submit bank guarantees, which could be encashed if they fail to initiate manufacturing within the specified timeframe. The proposed policy signifies India's strategic initiative to cultivate a welcoming atmosphere for global EV manufacturers and bolster the 'Make in India' campaign through increased competition.



START-UPS

Major Funding Raised by Startups for the Period 30th Nov'23 to 31st Dec'23
(\$ Million)



In December, 90 startups majorly based out of Delhi and Bengaluru raised an impressive \$1,695mn 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.

Smart Solutions for Wastewater

DigitalPaani is at the forefront of a water management revolution, aiming to address the global challenge of clean water scarcity. The company operates an IoT-based platform to streamline the entire wastewater treatment process. The primary objective is to manage wastewater effectively, mitigate pollution, and unlock a sustainable source of clean water. It allows water treatment facilities to generate and reuse wastewater, addressing more than half of the urban water demand. Dedicated to transforming wastewater management, the platform optimizes plant operations, increasing treatment capacity by up to 30% and reducing costs by a substantial 66%. With over 40 industry giants already utilising DigitalPaani's technology, including Tata Power and Delhi Jal Board, the company recently secured \$1.2mn in a seed round, which it intends to utilize to enhance its technology deployment in numerous wastewater treatment plants throughout India. Additionally, it aims to investigate potential markets for future expansion.



Xume's NutriScores

Mumbai-based Xume is India's pioneering recommendation and scoring system, revolutionizing how users assess the nutritional content of packaged foods. Launched in August with initial funding from Aakash Chaudhary, Co-founder of Aakash Educational Services, Xume's innovative platform employs AI to analyse a vast database containing information on over 1 lakh products, 10,000 ingredients, and 3,500 brands, assigning each item a health score out of 100. The higher the score, the healthier the food. Using AI algorithms, Xume evaluates more than 60 parameters, including sugar content and preservatives, utilizing data from global regulatory bodies like India's FSSAI, the US FDA, and Europe's FDA. Users can easily access nutritional information by scanning a product's barcode with Xume's smartphone app, facilitating informed and healthier food choices. If a product receives a low score, Xume suggests alternatives with higher health ratings, promoting a personalized and health-conscious approach to food selection.

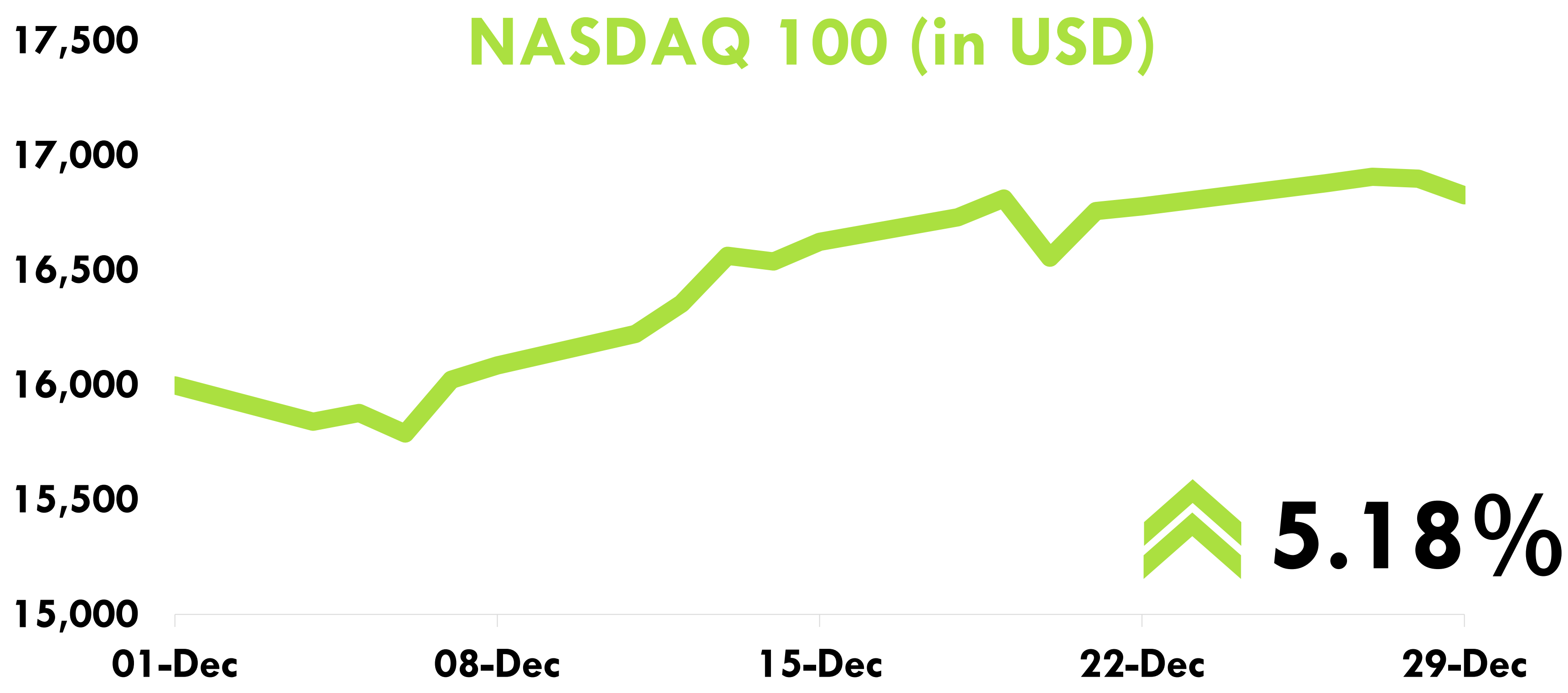


Arboreal's Sugar-Free Solution

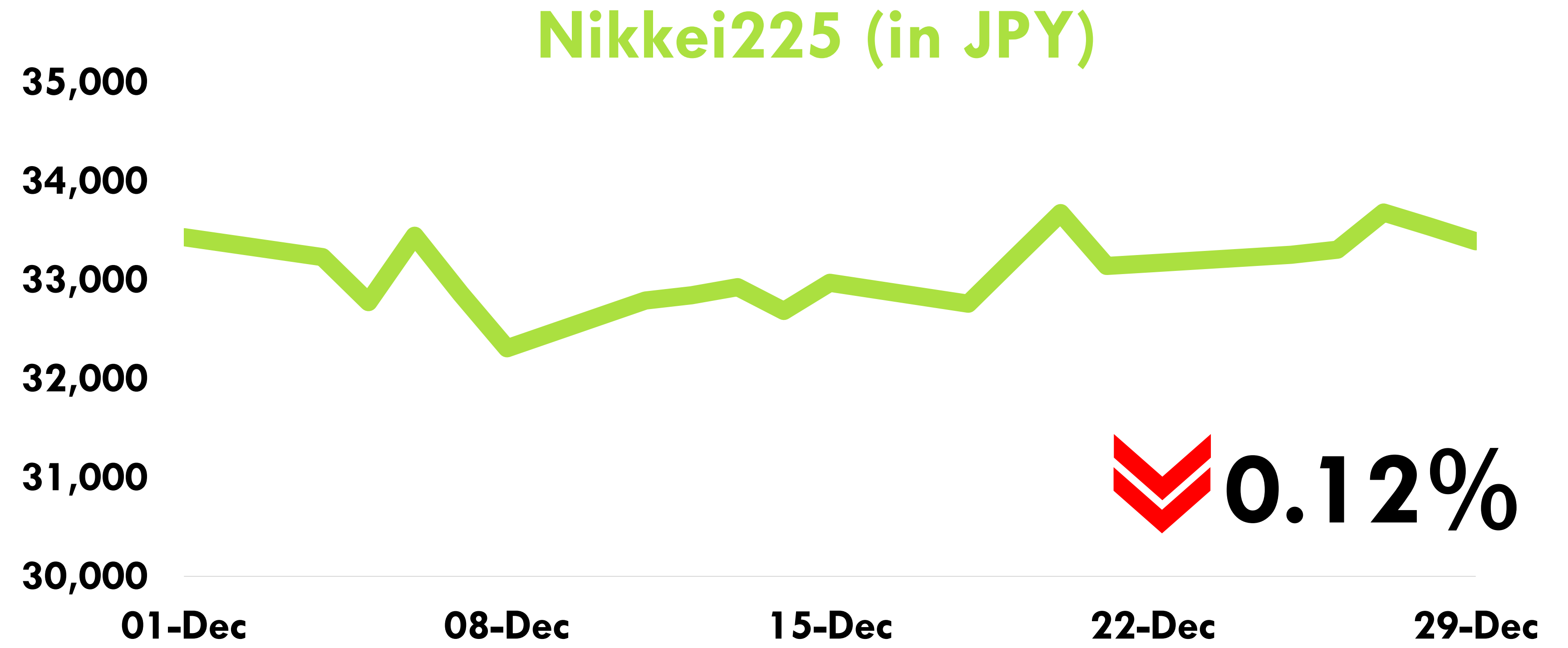
Lucknow-based startup Arboreal is tackling the challenge of sugar replacement with its versatile, low/zero-calorie natural substitutes. Despite the long-standing existence of sugar alternatives in the market, they have not entirely substituted sugar due to their inability to replicate all of its properties. Founded in 2015, the B2B company offers sugar reduction products in powder and liquid forms to global F&B companies. Having started with Stevia, Arboreal now collaborates with smallholder farmers to cultivate other natural sweeteners as well. Through extensive R&D, the startup has developed solutions that replicate not only the taste but also the texture and mouthfeel of sugar. Arboreal's portfolio includes sugar-reduction solutions for various applications, including Indian sweets, snacks, and beverages. With \$3.5mn in funding across two rounds, it supplies its innovative solutions to over 150 companies worldwide, pushing the boundaries of sugar reduction in the industry.



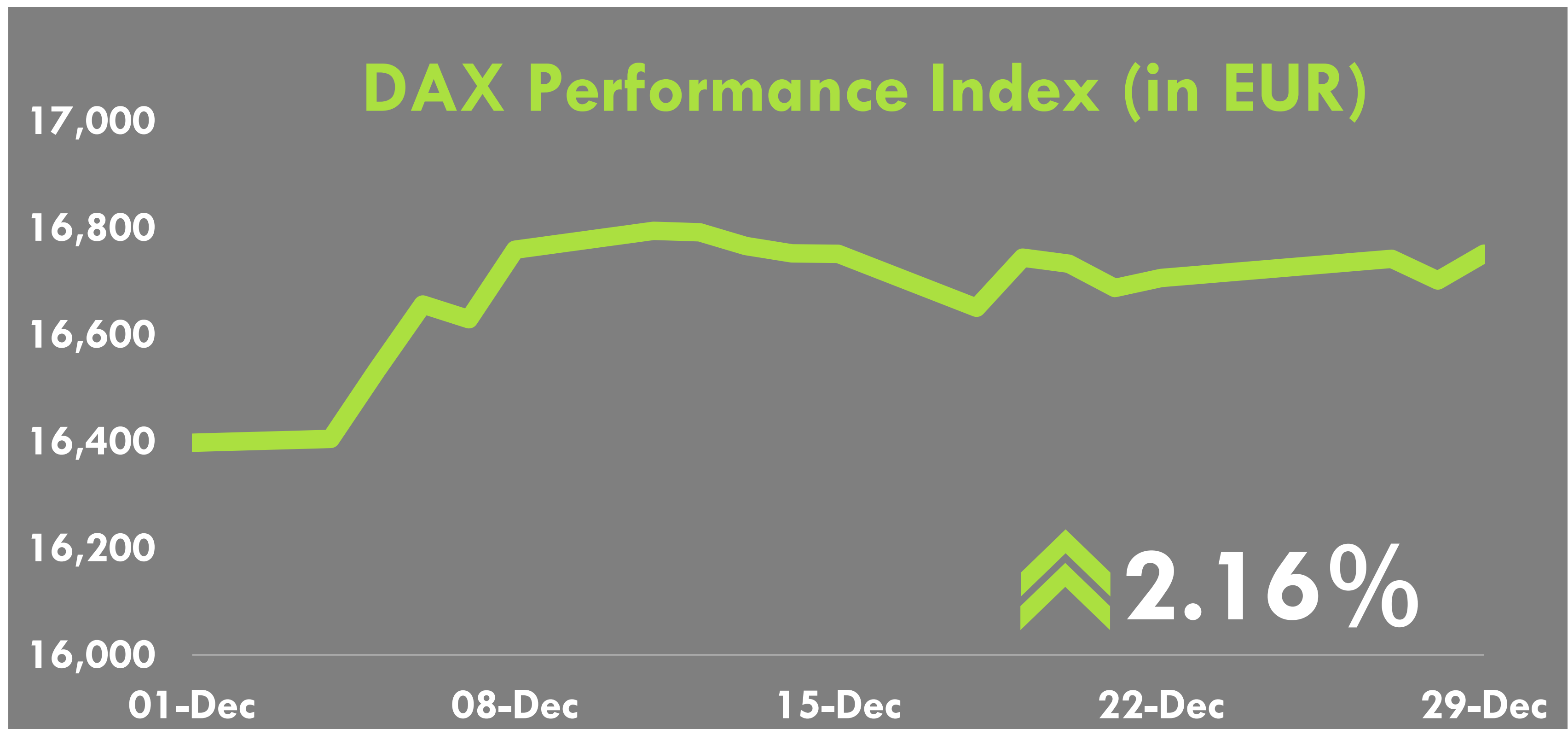
GLOBAL INDICES



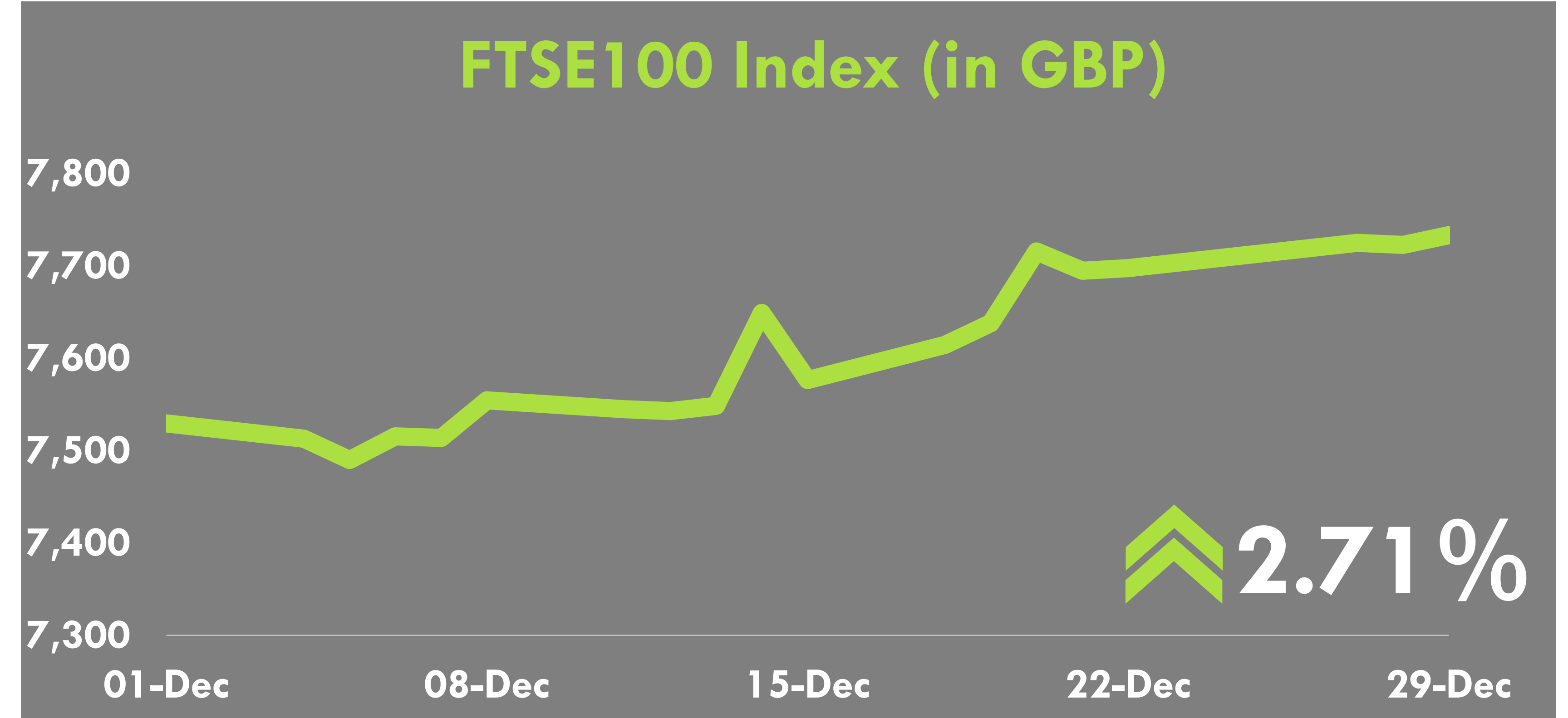
The Nasdaq rose 5.1% driven by strong performances in major tech stocks. Moderna Inc. led with a 3.5% surge. The unexpected December pivot by the Fed reduced the risk of an immediate economic downturn, prompting planned rate cuts for a soft landing. Small-cap stocks are poised to flourish amid an improving economic outlook. The Nasdaq surged 43% in 2023, fueled by significant gains in Nvidia and Meta.



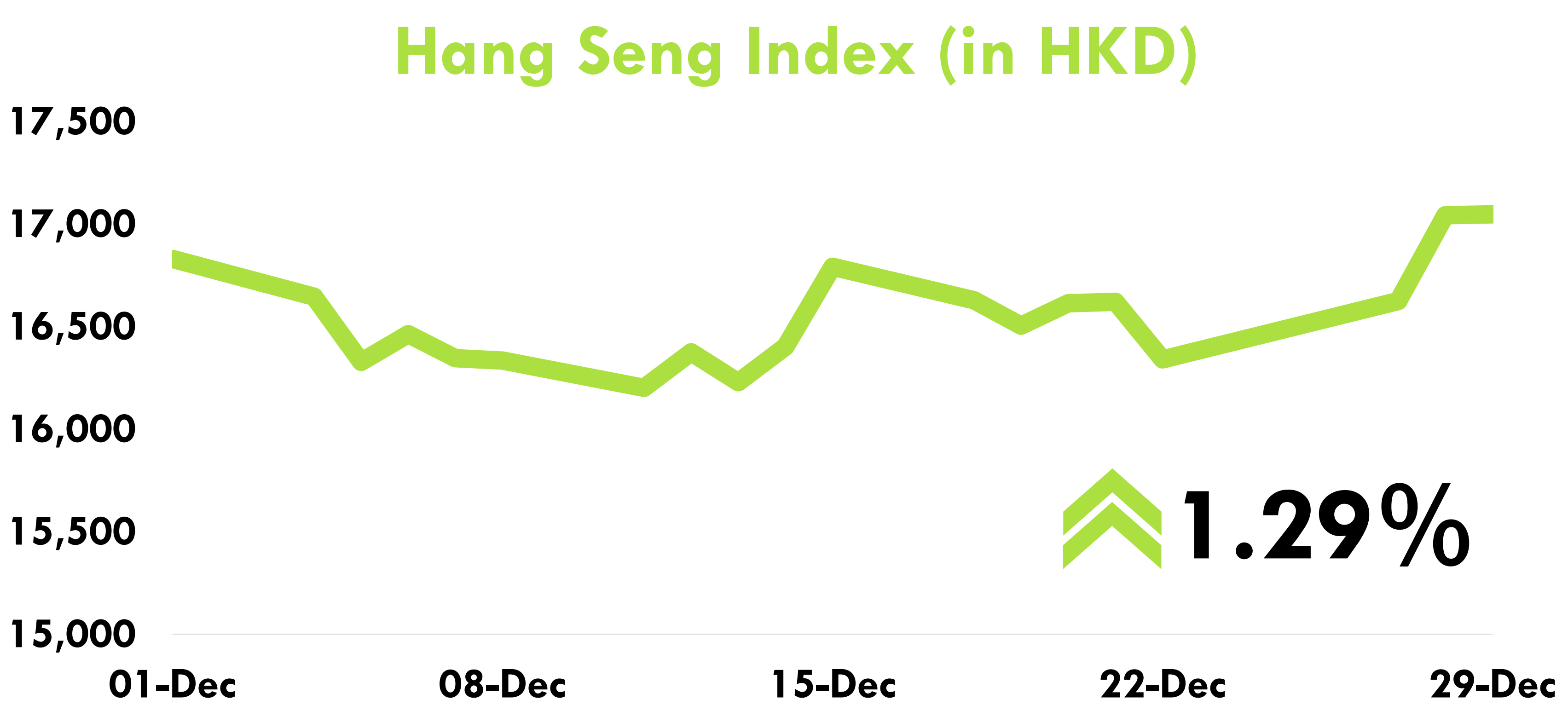
The index has been flat for the month driven by mixed influences. Economic indicators signal a potential Bank of Japan pivot away from negative rates. Better-than-expected retail sales numbers could give the BoJ reason to begin more meaningful pivot discussions. Significantly, industrial profit fell by less than expected. Notably, stocks such as Keisei Electric Railway and NH Foods have recorded substantial gains of 8.5% and 8.4%, respectively, providing a significant boost.



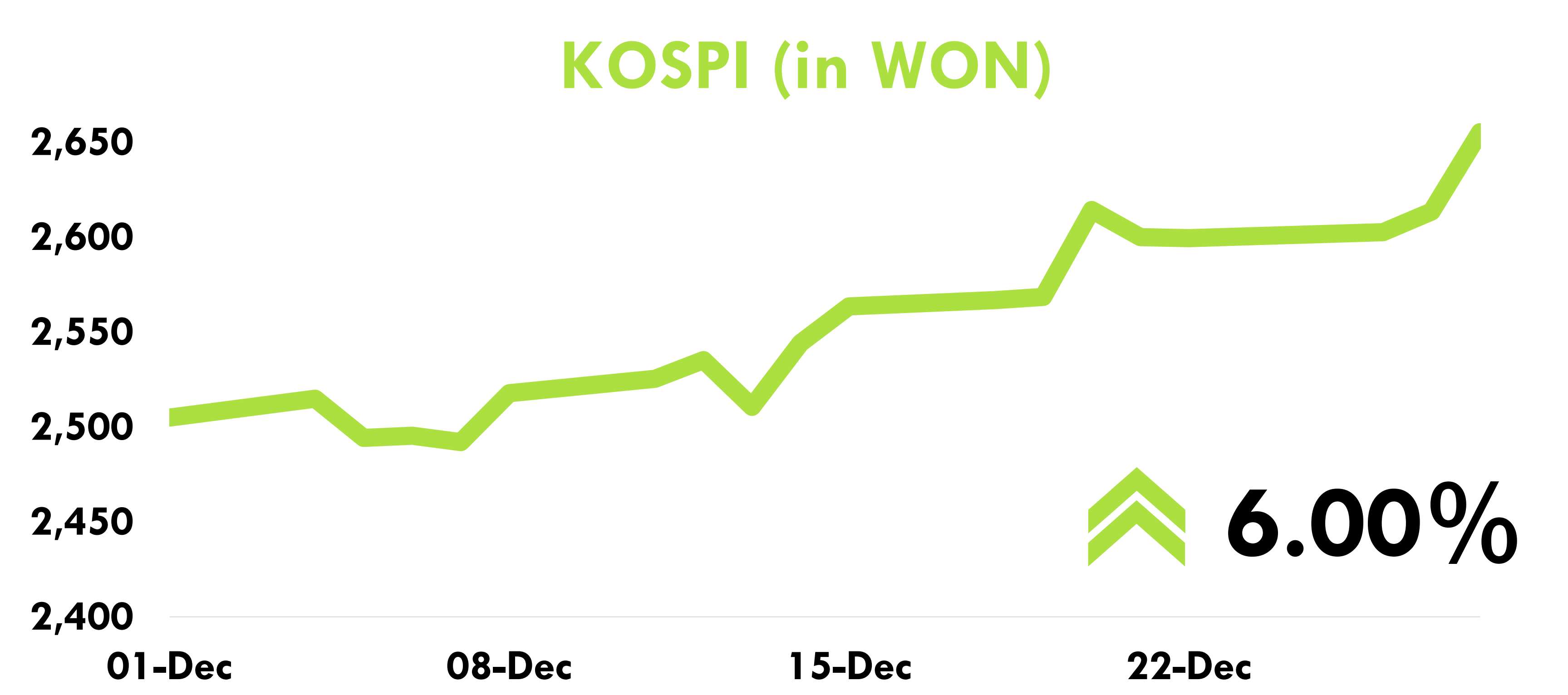
The German index recorded a modest increase of 2.1% this month led by consumer confidence, dovish comments from the Fed, and a late boost from better-than-expected US consumer confidence. Rate of inflation has slowed for fifth consecutive month, causing consumers to save more and delay consumption. US economic indicators and central bank commentary will influence market risk sentiment as bets on a Q1 2024 Fed rate cut rise further.



The FTSE 100, heavily influenced by commodities, has advanced by 2.7%. UK equities experienced a pullback. The uptrend comes despite the hawkish stance of the Bank of England, as the central bank vowed to maintain rates at terminal levels for longer than previously anticipated. The dovish stance of the US Fed could make the British central bank reconsider its policy. The rise was muted due to profit booking after a remarkable rally.



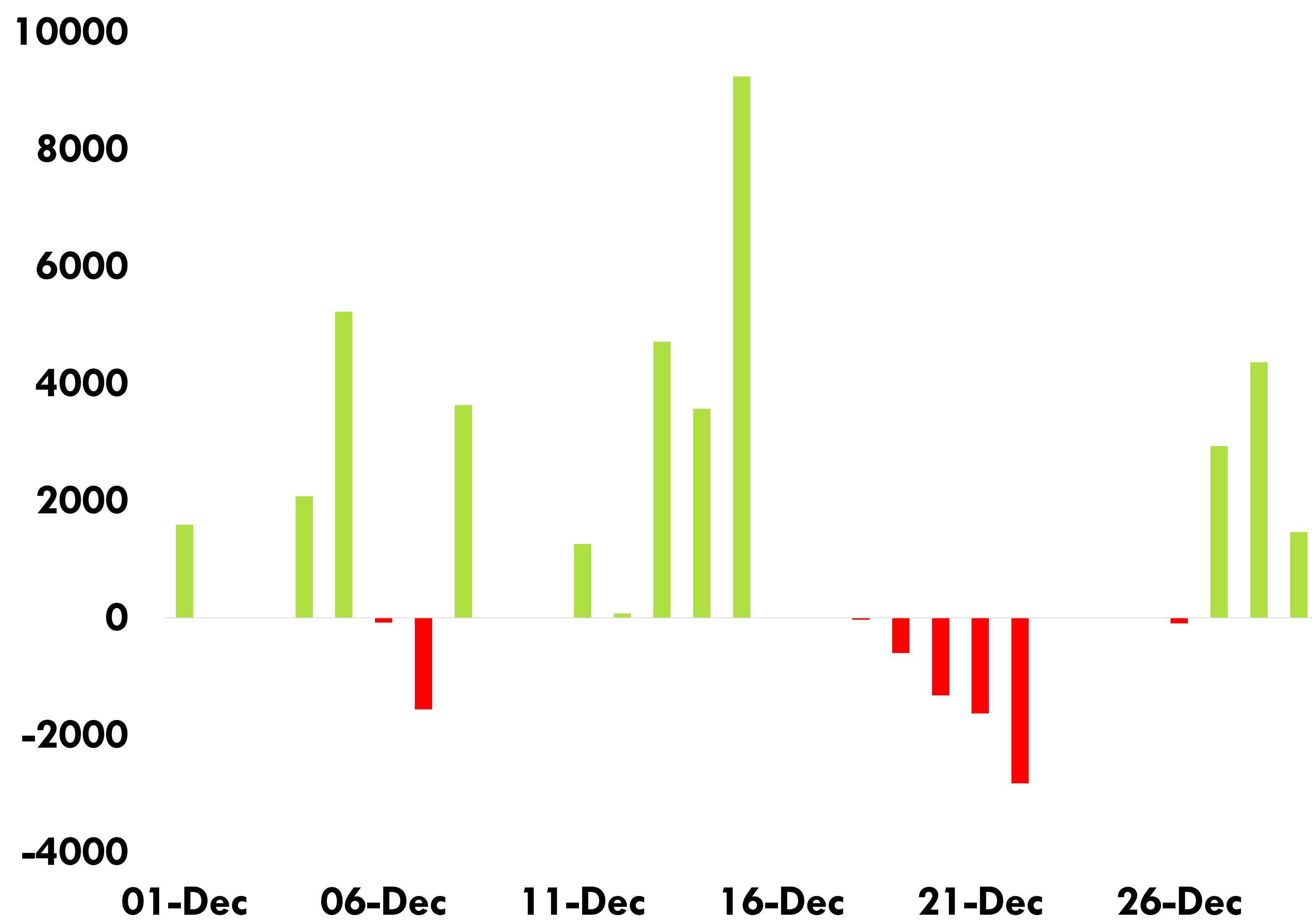
The index experienced significant turbulence, ultimately closing with a 1.3% higher. Global hedge funds continued reducing exposure to China. Chinese equities faced a fourth straight month of net outflows, mainly in long bets. U.S. rate cuts, however, did some good to the Chinese Indices which were primarily influenced by concerns over economic data and the property sector crisis.



Surging 6% after regulators reinstated a total short-selling ban. South Korean shares, including Samsung, SK Hynix, and LG Energy Solution, rise in tandem with Wall Street's optimism about potential Federal Reserve policy easing in 2024. The Korean won strengthens against dollar. Additionally, South Korea removed the registration requirement for foreign traders, aiming to boost foreign capital in its equity market.

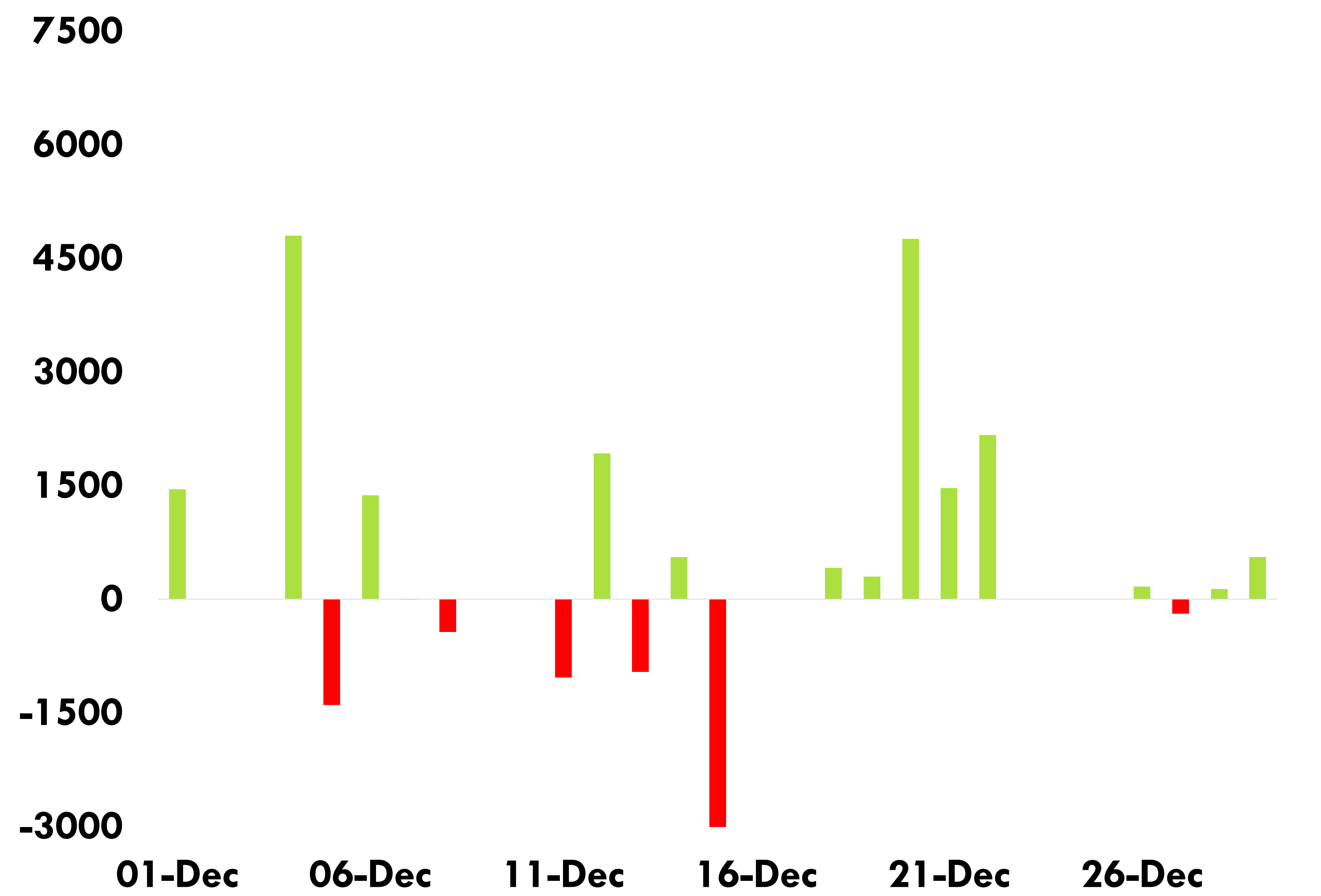
EQUITIES

FII Net Investment in December'23 (₹ Crores)



Source: NSDL

DII Net Investment in December'23 (₹ Crores)



Source: NSDL

FII have been net buyers in December amounting to total inflows of ₹26,141cr. This surge is attributed to dollar easing, declining bond yields, and domestic interest rate reductions. Attractive valuations of the Indian market and its robust economic performance also serve as catalysts for this trend. DIIs remain bullish for the 5th consecutive month, injecting ₹12,251cr into the Indian markets owing to factors like robust corporate earnings, enhanced GDP figures, and the recent election results, acting as a potential immediate trigger.

Adani Returns

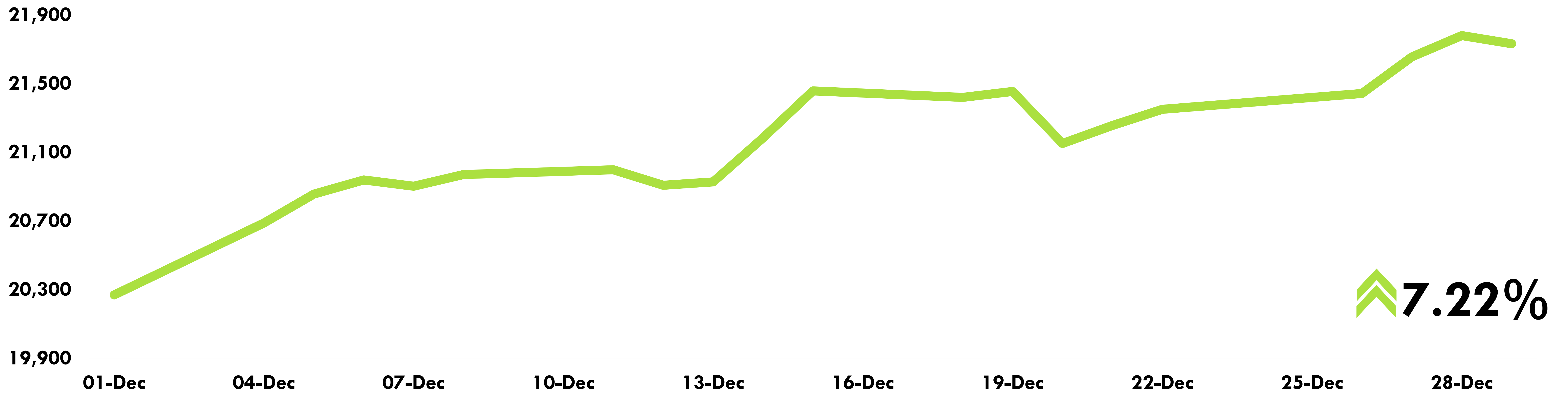
In a stunning comeback story, Adani Group has swiftly recovered from the cloud of accusations made by Hindenburg less than a year ago. From a significant market downturn triggered by the report, the conglomerate is now on a vigorous upswing, rekindling faith among investors and the market. The allocation of \$553mn by a US agency to Adani's Sri Lankan port project reflects a notable vote of confidence from an American governmental body. This support, combined with the US government's disregard for accusations against the Adani Group by Hindenburg, underscores a strong validation of the group's standing. While this endorsement initiated the recent surge, the upward trend in Adani stocks was a result of multiple concurrent factors at play. Over the recent months, Adani has taken proactive steps, restructuring debt, securing funds, and maintaining a strong emphasis on critical infrastructure within the group. Adding to this momentum, the Supreme Court highlighted that accusations from foreign entities shouldn't be blindly accepted as absolute truth. Since the court's observation on November 28, the conglomerate's market capitalization has notably surged by almost \$20bn.

Index	1 st Dec'23 (In ₹)	31 th Dec'23 (In ₹)	Change (%)	Trend
NIFTY Auto	17,489	18,618	↑ 6.46	
NIFTY Bank	44,814	49,292	↑ 7.76	
NIFTY Consumer Durables	29,698	31,132	↑ 4.86	
NIFTY Financial Services	20,211	21,534	↑ 6.55	
NIFTY FMCG	53,851	56,987	↑ 5.82	
NIFTY IT	32,599	35,515	↑ 8.95	
NIFTY Media	2,356	2,388	↑ 1.38	
NIFTY Metal	7,087	7,978	↑ 12.57	
NIFTY Oil & Gas	8,519	9,496	↑ 11.47	
NIFTY Pharma	16,257	16,832	↑ 3.54	

Source: NSE

NIFTY50

NIFTY50 December'23 (In ₹)



▲ 7.22%

The index demonstrated an upward trend, exceeding a growth rate of ~7%. The surge can be attributed to robust domestic macroeconomic indicators, decline in US inflation, which fueled expectations of rate cuts, a sustained decrease in US bond yields, along with foreign portfolio investors (FPIs) engaging in buying activities. Moreover, the outlook for the Indian economy appears favorable, with Fitch Ratings anticipating India to be among the world's fastest-growing nations, with a resilient GDP growth of 6.5% projected for 2024-25.

RIL's Energy Push

Reliance Industries (RIL) is charting an ambitious course towards sustainability with a planned investment of ₹75,000cr over the next three years, primarily directed at solar, batteries, and hydrogen. The strategic vision includes targeting 100GW of installations by 2030, representing 36% of India's total solar capacity. Further, to capture 19% of the hydrogen market by 2030, RIL plans to leverage 16GW of cumulative electrolyzer capacity, with an investment of ₹60,000cr and an additional ₹15,000cr allocated to partnerships, technology, and the value chain. Analysts foresee a potential \$10bn in revenue from the new energy business by 2030 but caution that RIL may face challenges due to limited expertise in essential technologies, emphasizing the need for acquisitions or partnerships with technology leaders.



Powergrid's Green Frontier

Power Grid Corporation of India Limited (Powergrid), a Maharatna CPSU under the Ministry of Power, has recently acquired two Project Special Purpose Vehicles (SPVs) – Ramgarh II Transmission Limited and Beawar Dausa Transmission Limited, dedicated to Transmission System Projects through competitive Tariff Based Competitive Bidding (TBCB). These acquisitions, aimed at evacuating power from the 20GW Renewable Energy Zone (REZ) in Rajasthan, mark a strategic move in the renewable energy sector. Collectively, these projects are set to facilitate the evacuation of 12GW of solar power across transmission lines in Rajasthan. Leveraging SPVs, Powergrid is implementing diverse projects on a Build, Own, Operate, and Transfer (BOOT) basis, contributing significantly to India's transmission infrastructure and aligning with the Government's ambitious 500GW renewable energy target by 2030.



Top Gainers | NIFTY50 | Dec'23



Company Name	Change (%)
Adani Ports	22.6%
NTPC	20.4%
UltraTechCement	20.3%
Adani Enterprise	18.9%
Hindalco	18.8%
TATA Cons. Prod	16.4%
Wipro	16.0%
Larsen	14.3%
SBI	12.9%
LTIMindtree	12.6%

Top Losers | NIFTY50 | Dec'23



Company Name	Change (%)
HDFC Life	-4.3%
Maruti Suzuki	-2.8%

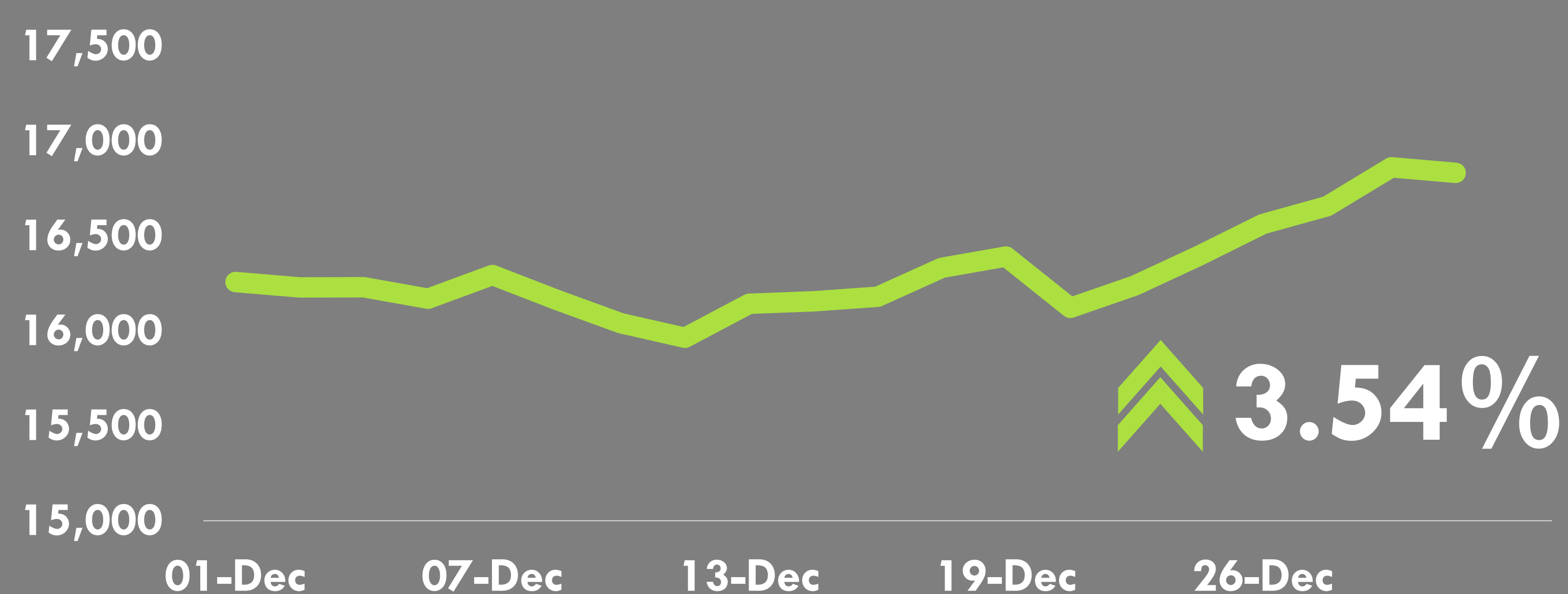
SECTOR UPDATES

Pharma Sector

During the first half of the month, India's pharmaceutical industry experienced a decline. However, there was a rapid recovery due to the approval of drugs by the USFDA and an increase in COVID-19 infections caused by the new sub-variant JN. 1. As a result, the sector witnessed a growth of 2.3% in December. Alkem Lab was among the top gainers with a 11.9% gain.



NIFTY Pharma December'23 (In ₹)



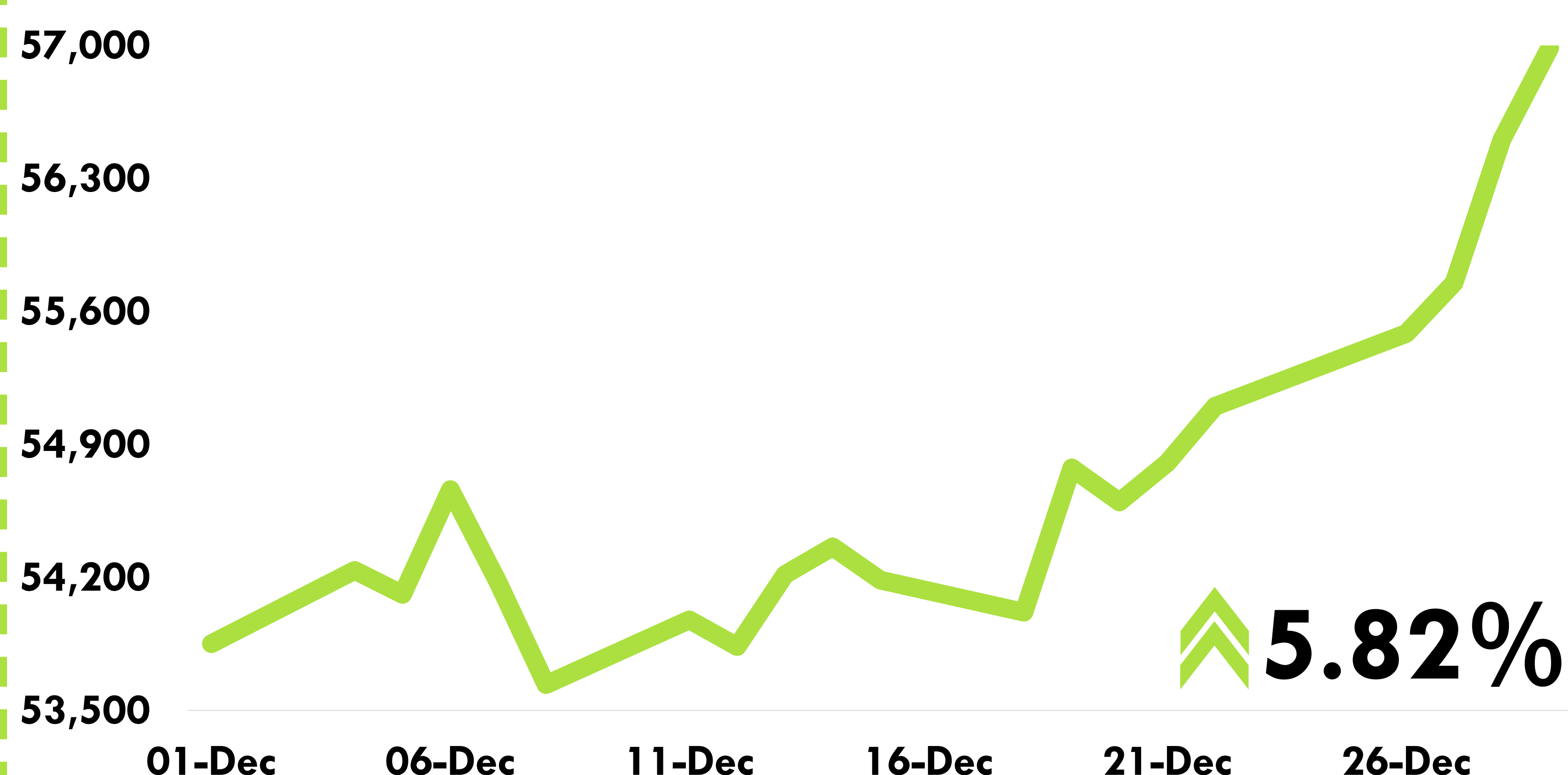
Source: NSE

FMCG Sector

Nifty FMCG sector saw a notable increase of 5.8% despite the weak demand due to the lack of a festive season. The demand situation is expected to improve as we enter the next financial year. The FMCG players are also expecting expansion of their profit margins with softening of commodity inflation that would result in increased spending on branding, return of promotional schemes for consumers and increased dividend payout to their shareholders. Varun Beverages and Colgate experienced a remarkable surge of 12%, while Emami faced a decline of 9.3% in contrast.



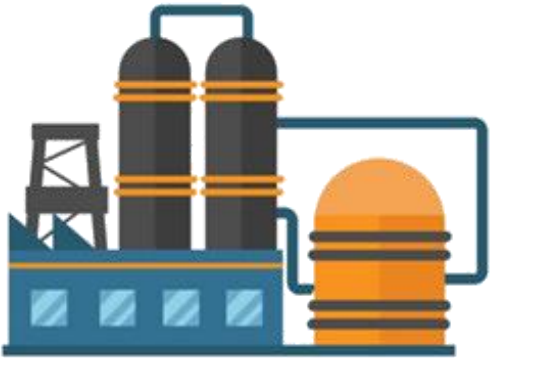
NIFTY FMCG December'23 (In ₹)



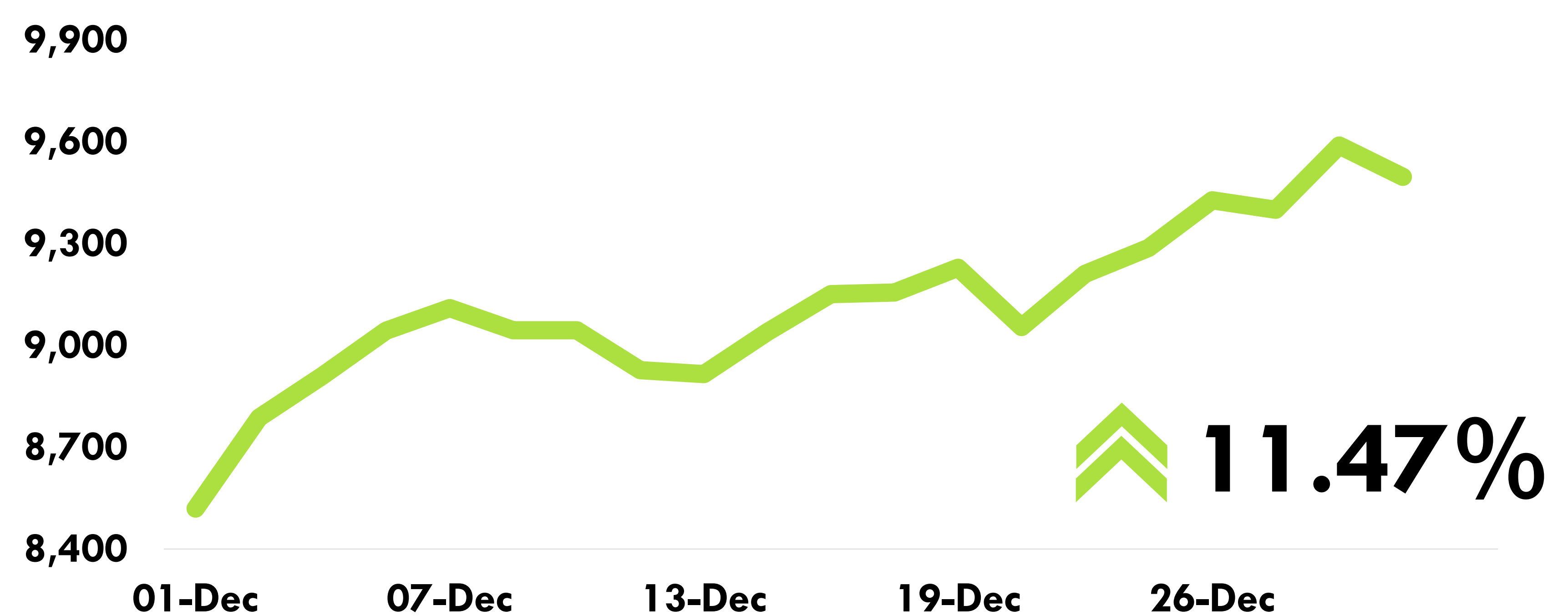
Source: NSE

Oil and Gas Sector

Nifty oil and gas gained 11.5% this month. Adani Total Gas maintained its growth trajectory and gained about 42% in Dec as the Supreme Court reserved its judgment on a batch of pleas demanding probe into allegations made by Hindenburg Research. During the first half of the month, Oil marketing companies (OMCs) posted solid gains on falling crude prices but later the index's growth slowed due to the Suez Crisis, which increased crude oil prices. Additionally, OMCs slashed commercial cylinder prices by ~₹39.5, adding another burden upon itself.



NIFTY Oil & Gas December'23 (In ₹)



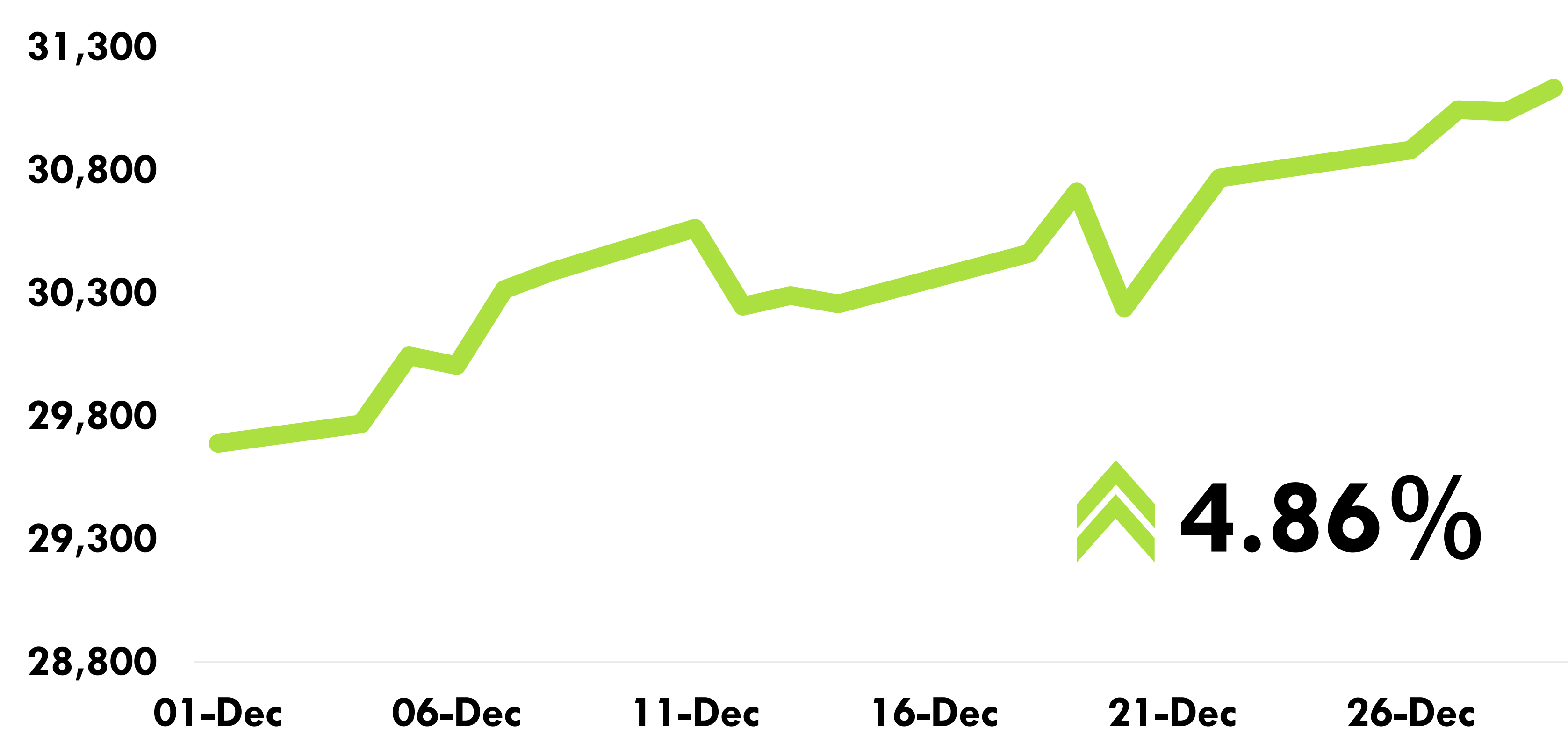
Source: NSE

Consumer Durables Sector

The consumer durables sector, up by 4.9% 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 December'23 (In ₹)

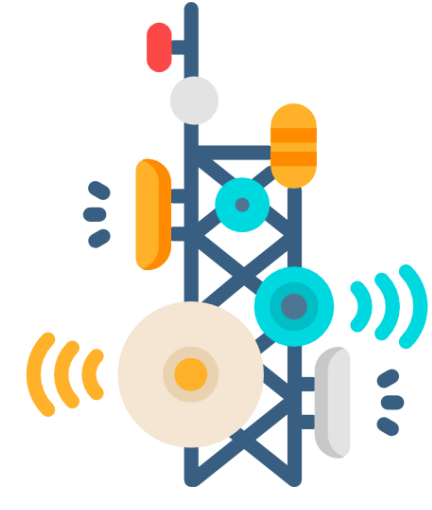


Source: NSE

SECTOR UPDATES

Telecom Sector

In December, the Telecommunications Act 2023 underscores India's commitment to a robust telecom infrastructure. India aims to launch the fastest 5G networks globally, followed shortly by a 'Bharat 6G Vision' in collaborations with Nokia and Ericsson. Fears of a duopoly continues to hound, regardless, India boasts of lowest tariffs with sufficient room for potential increase. Vodafone Idea soared over 30% in the last quarter, driven by rumors of equity infusion and swift debt repayment, 5G rollouts, improved EBITDA margins and regulatory changes.

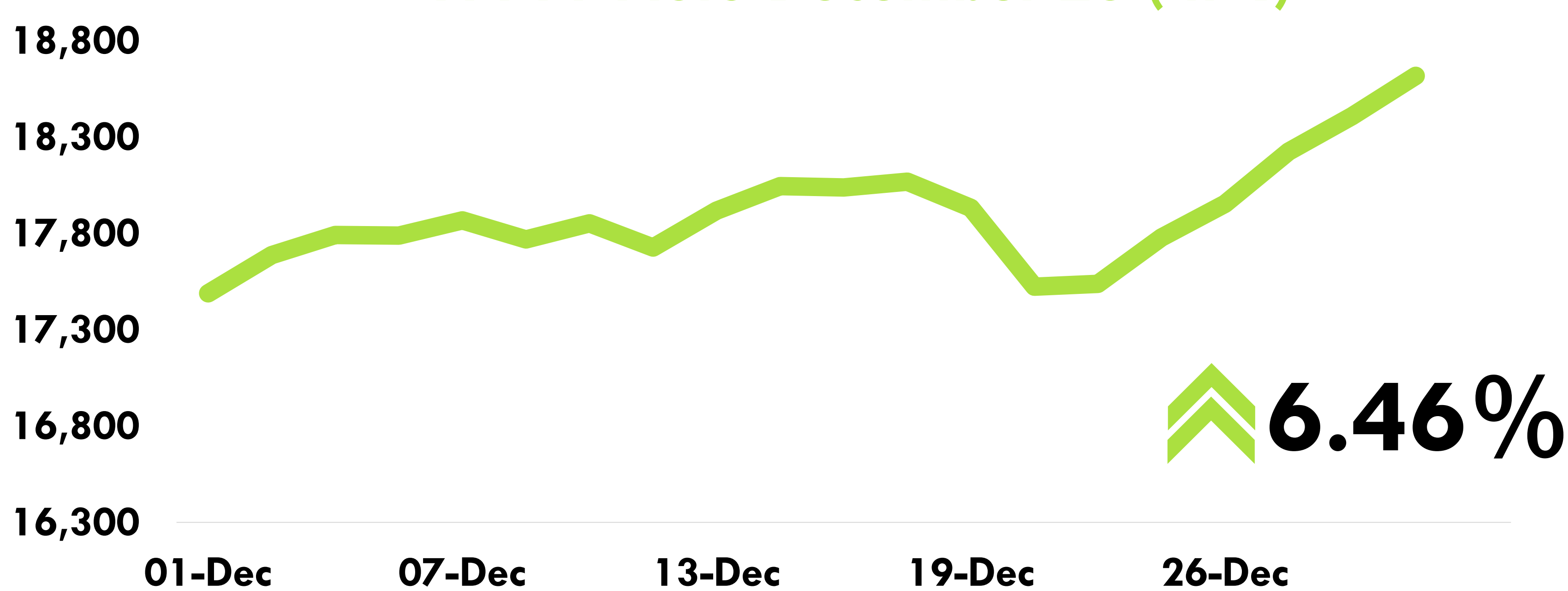


Auto Sector

The Nifty auto sector experienced a 6.5% upswing this month, driven by heightened demand, improved margins from reduced metal prices, and robust product cycles. Sona Blw Precision Forgings Ltd investment in captive solar power plant under the "Open Access Mechanism" and increase in FI's holdings have nearly doubled which led to the major movements in the index. This optimism for sustained growth is driven by rising per capita income and infrastructure development. In this sector, Sona Blw Precision Forgings Ltd and MRF emerged as the frontrunners, while Hero Motocorp and M&M experienced a downturn.



NIFTY Auto December'23 (In ₹)



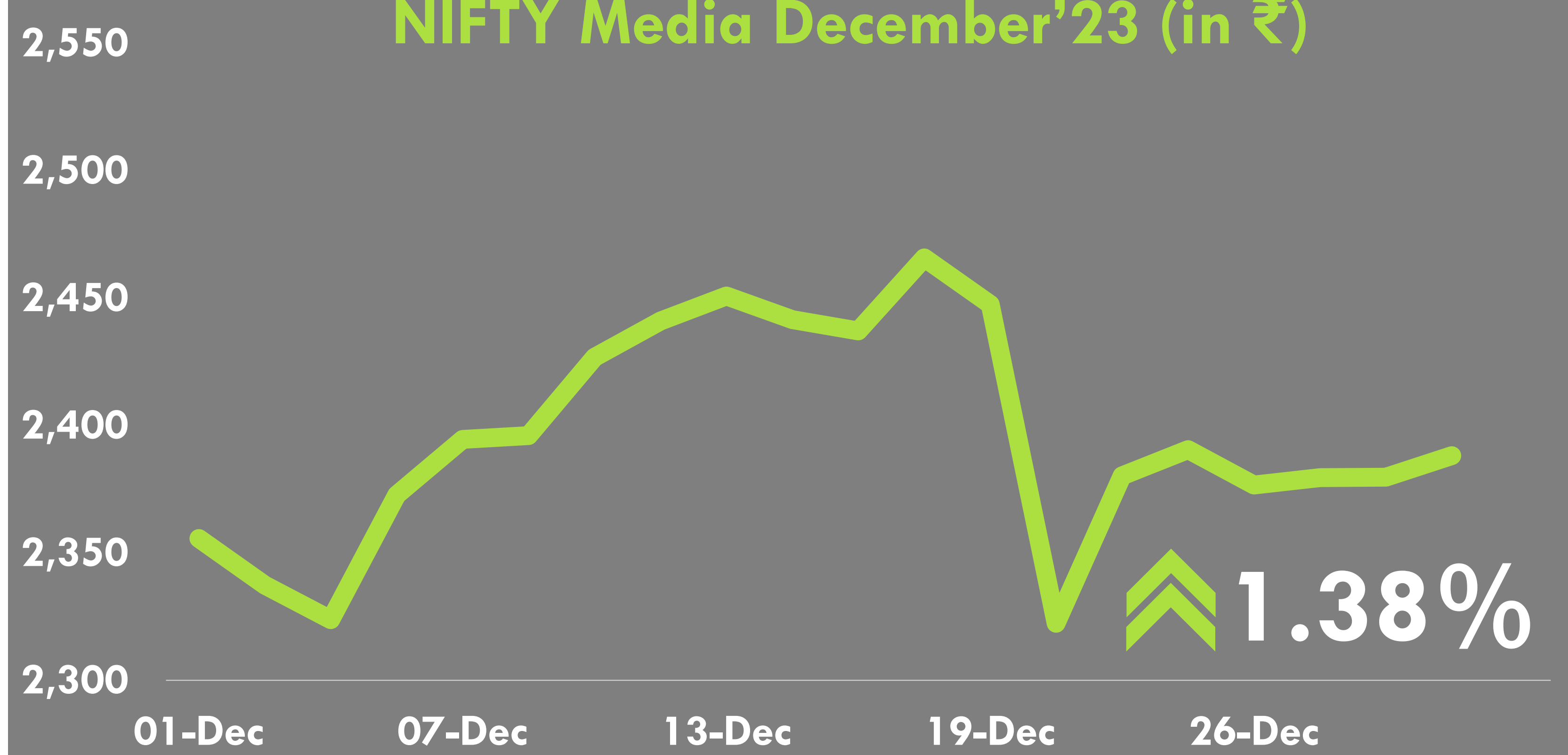
Source: NSE

Media Sector

Nifty Media witnessed a 1.4% growth this month. The index faces challenges with Zee Entertainment, its main constituent, underperforming due to a stalled merger with Sony, leading to a 10% decline in Zee's stock. PVR-INOX experiencing reduced cinema occupancy post-Covid are still not resolved amidst strategies implemented. Sun TV and DB Corp stand out as strong performers. Despite a digital shift, optimism persists, driven by expected increased ad spends and the upcoming Zee-Sony merger, fostering a cautiously optimistic sector outlook.



NIFTY Media December'23 (in ₹)



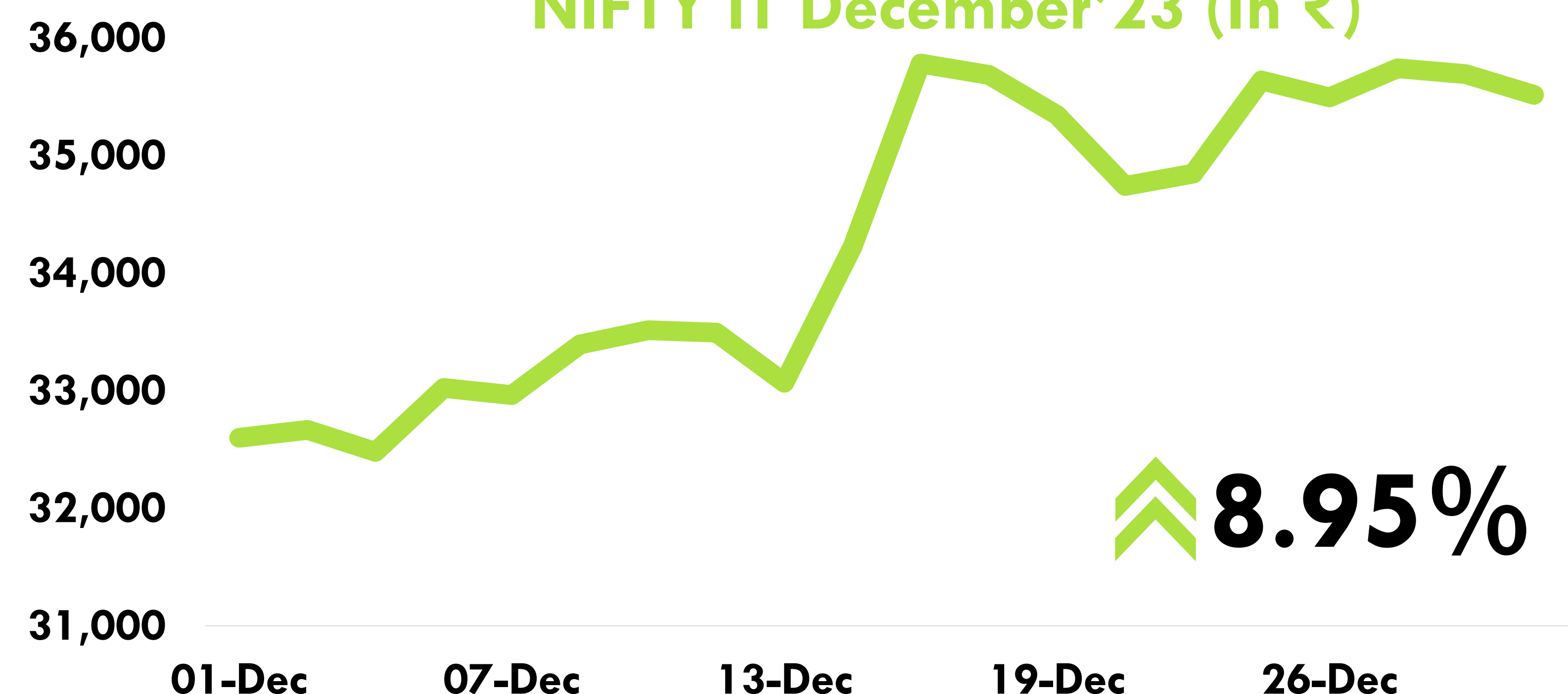
Source: NSE

IT Sector

The sector experienced a 8.9% 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, . and HCL Tech emerged as the top gainers which increased by 9.8% and 9.2% respectively. Moreover, IT stocks saw an FII outflow worth ₹1539 cr this month. The surge in domestic equities follows the Fed Chair's acknowledgement of the risks of delaying rate cuts by 25 basis points by March 2024 and fueling a rally across global stock markets.



NIFTY IT December'23 (In ₹)



Source: NSE

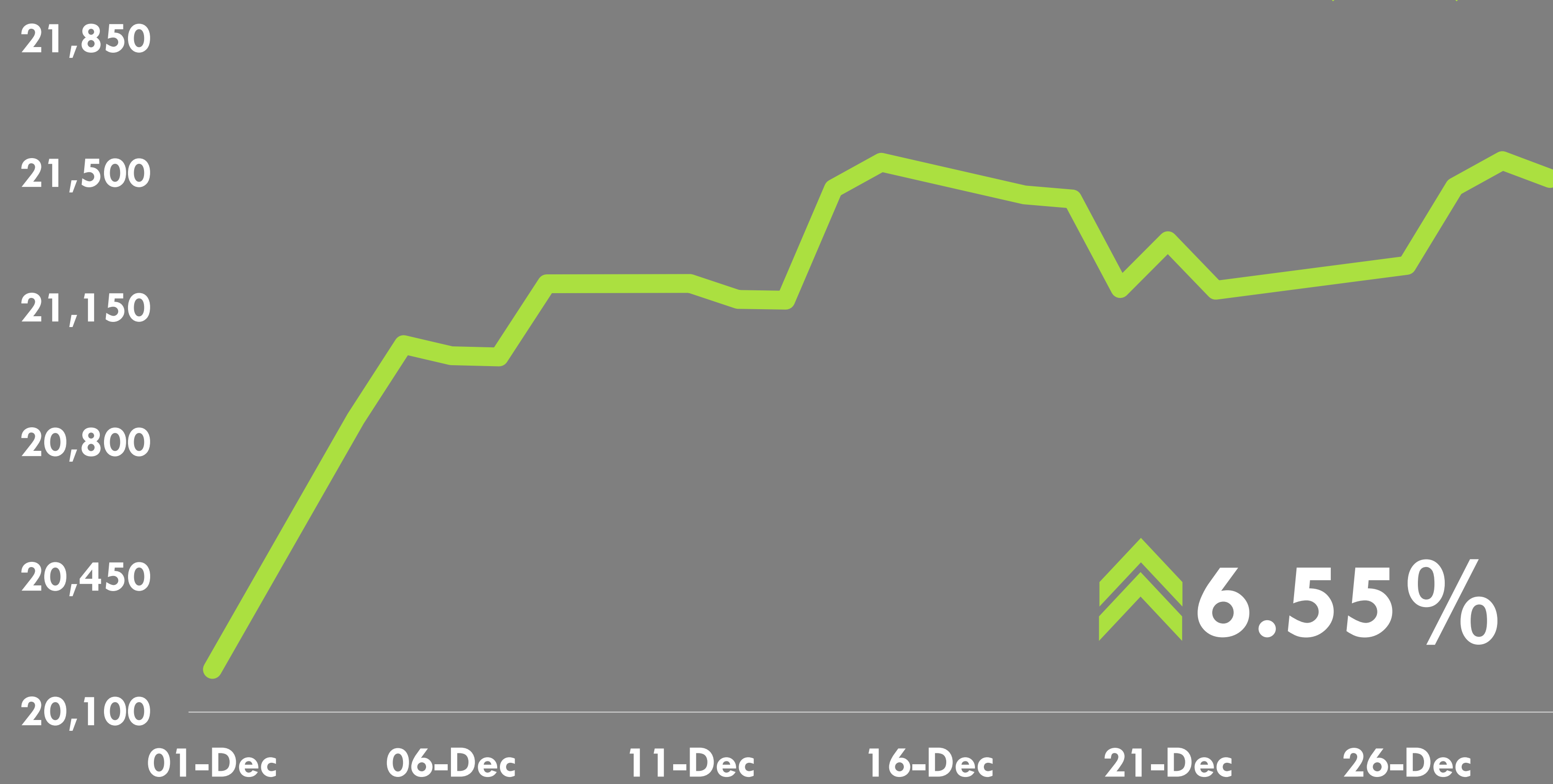
SECTOR UPDATES

Financial Services Sector



During the first half of the month, the Nifty financial services surged by 6.6%. Notably, IEX experienced a 5.8% boost, driven by healthy growth in its profit and margins. LIC Housing Finance also delivered strong quarterly results. Strong results and bullish sentiments in the domestic markets led the sector to witness a growth of 6.6% in December. Apart from these, Stocks like CHOLAFIN and SBIN were among the top gainers too with 11.7% & 12.3% gains.

NIFTY Financial Services December'23 (In ₹)

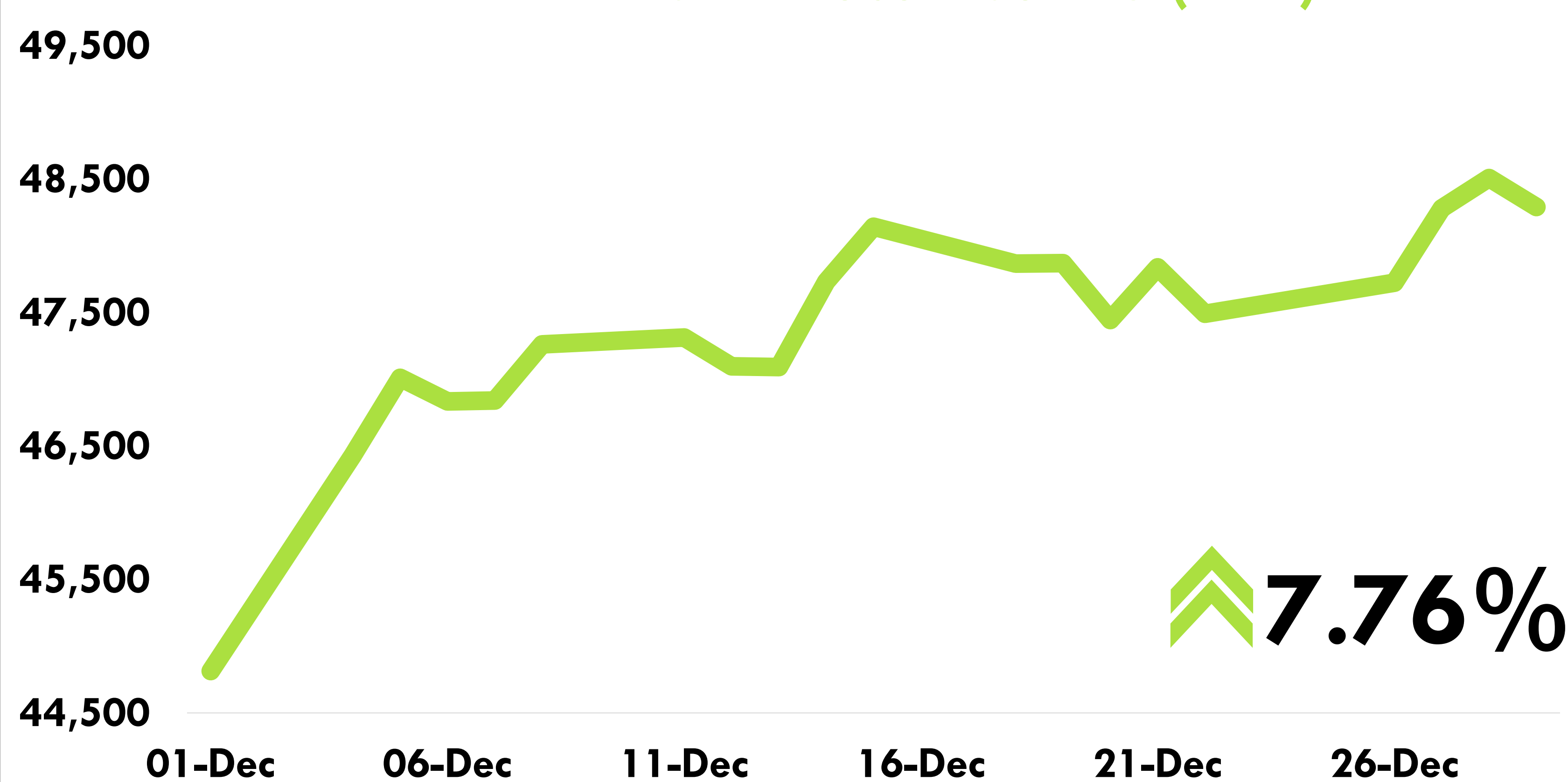


Banking Sector



This month, the Nifty Bank sector recorded a substantial 7.8% growth. However, mid-December witnessed a brief downturn, influenced by mixed market trends, heightened COVID cases, profit booking, and geopolitical concerns. Leading gainers, including SBI, HDFC Bank Ltd, Punjab National Bank, and The Federal Bank Ltd, contributed to the upward momentum of the Nifty Bank index.

NIFTY Bank December'23 (In ₹)



Realty Sector

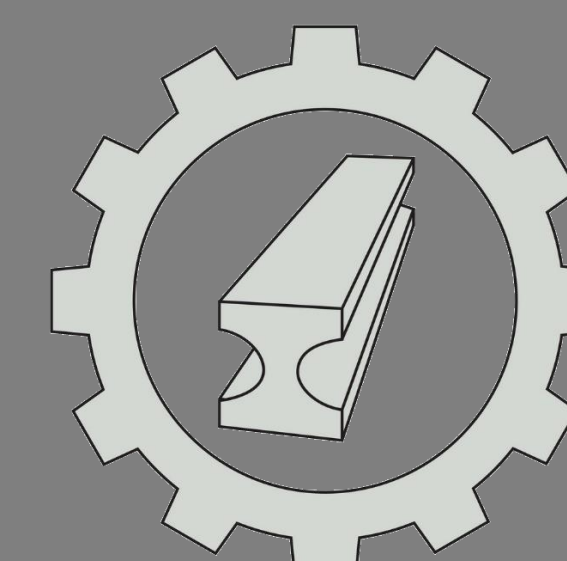


The realty index steadily rose by 8.3% month-on-month, credited to stable interest rates and home prices aligned with cooling commodity prices. The RBI's steadfastness in maintaining unaltered repo rates created a robust base for real estate, fostering investor trust and stability. Coupled with festive 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 December'23 (In ₹)

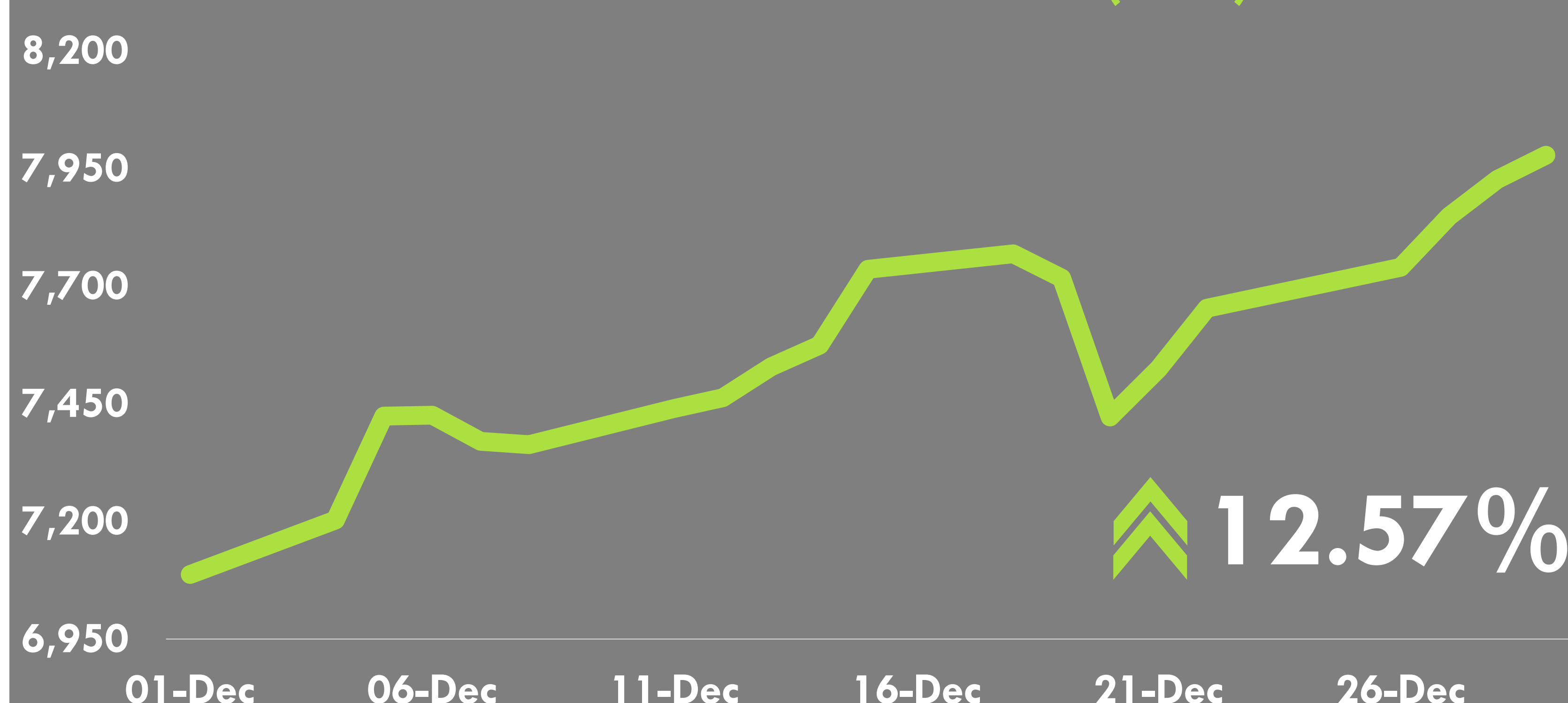


Metal Sector



This month, the Nifty Metal sector showcased impressive growth, surging by a remarkable 12.6%. 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 FIIs to net buyers of domestic equities and increasing global demand for metal has fueled optimism in the metal sector.

NIFTY Metal December'23 (In ₹)



IPO

India Shelter Finance's Stellar Debut

India Shelter Finance is a company specializing in affordable housing finance primarily aimed at retail customers, boasting a wide-reaching distribution system and a highly adaptable technological setup. During the period spanning FY21 to FY23, it experienced a remarkable two-year CAGR of 40.8% in its AUM. The company provides home loans, catering to urban households, offering financing options up to ₹50 lakhs for activities such as home construction, expansion, renovation, and new home purchases. Its main focus lies on self-employed individuals, especially first-time home loan applicants within the low and middle-income brackets residing in Tier II and Tier III cities across India. The IPO listed at ₹620, over 25% premium to the IPO price driven by IPO boom and strong results in last fiscal year. In FY23, the company recorded a 32% YoY increase in its overall revenue, reaching ₹606 crore. Profit for the same period rose by 21% to ₹155cr. The IPO of India Shelter Finance comprises a fresh equity issue of ₹800cr and an OFS of ₹400cr is priced in the range of ₹469-493.



SGBS Unnati's Transformative Step

India witnessed its first-ever listing on The Social Stock Exchange (SSE) on Dec 13 with the listing of SGBS Unnati Foundation (SUF). SUF was incorporated in 2011 and has successfully trained over 45,000 youths, placing more than 35,000 of them to date. With a target of ₹2cr, the Bengaluru-based non-profit organization (NPO) raised about ₹1.8 crore, with the issue being subscribed to 90%. Through the funds raised, the NPO plans to train about 10,000 graduates from government colleges and assist them in employment placement through its UNXT program. What the donors have subscribed to is a zero-coupon, zero-principal security that cannot be traded and will carry a tenure equal to the duration of a given project of the NPO. A 'social impact assessor' will review the progress and issue a report. Donors cannot claim deductions if they go through this process. The issue did not get the confidence it expected from investors, nonetheless, Unnati is a pioneer in integrating social responsibility with capital markets.



DOMS Writing Success Scripts

DOMS Industries launched its flagship brand DOMS in 2005. Since then, the stationary company has created its presence in 40 countries, having 11 manufacturing facilities in India. DOMS' IPO comprised a fresh equity issue worth ₹350cr along with an offer for sale (OFS) of ₹850cr. The price band for the issue was fixed at ₹750-790. The IPO received a strong response, being subscribed 93 times, with investors buying 82cr shares against an IPO size of 88 lakh shares. The net proceeds from the new issue will be used to pay for general corporate purposes and for building a new manufacturing facility to increase production capacity for various writing instruments, watercolor pens, markers, and highlighters. In H1FY24, it recorded a net profit of ₹70cr on a revenue of ₹761.8cr. The company saw its EBITDA margin improve from 10.4% in FY22 to 15.4% in FY23.



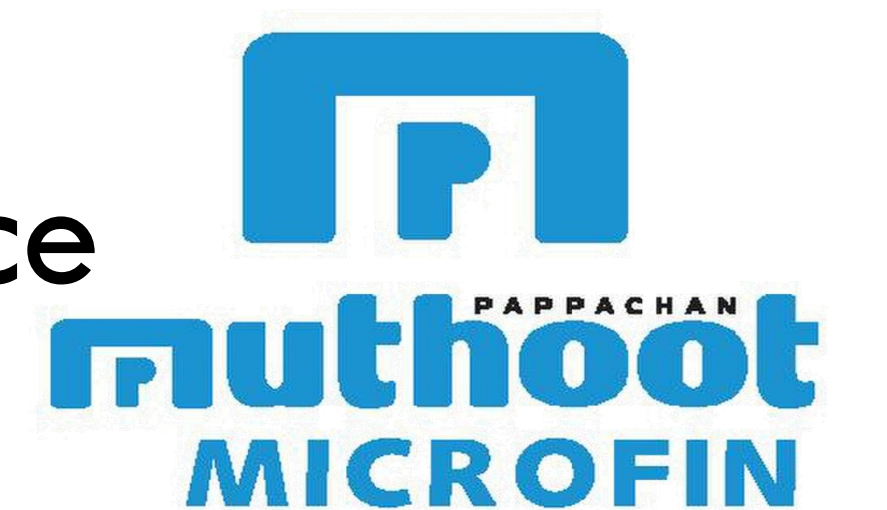
Upcoming IPOs

IPO Size (Approx.)

Oyo	₹8,430 Cr.
Ola Electric	₹8,300 Cr.
FirstCry	₹7,250 Cr.
Jyoti CNC Automation Ltd.	₹1,000 Cr.

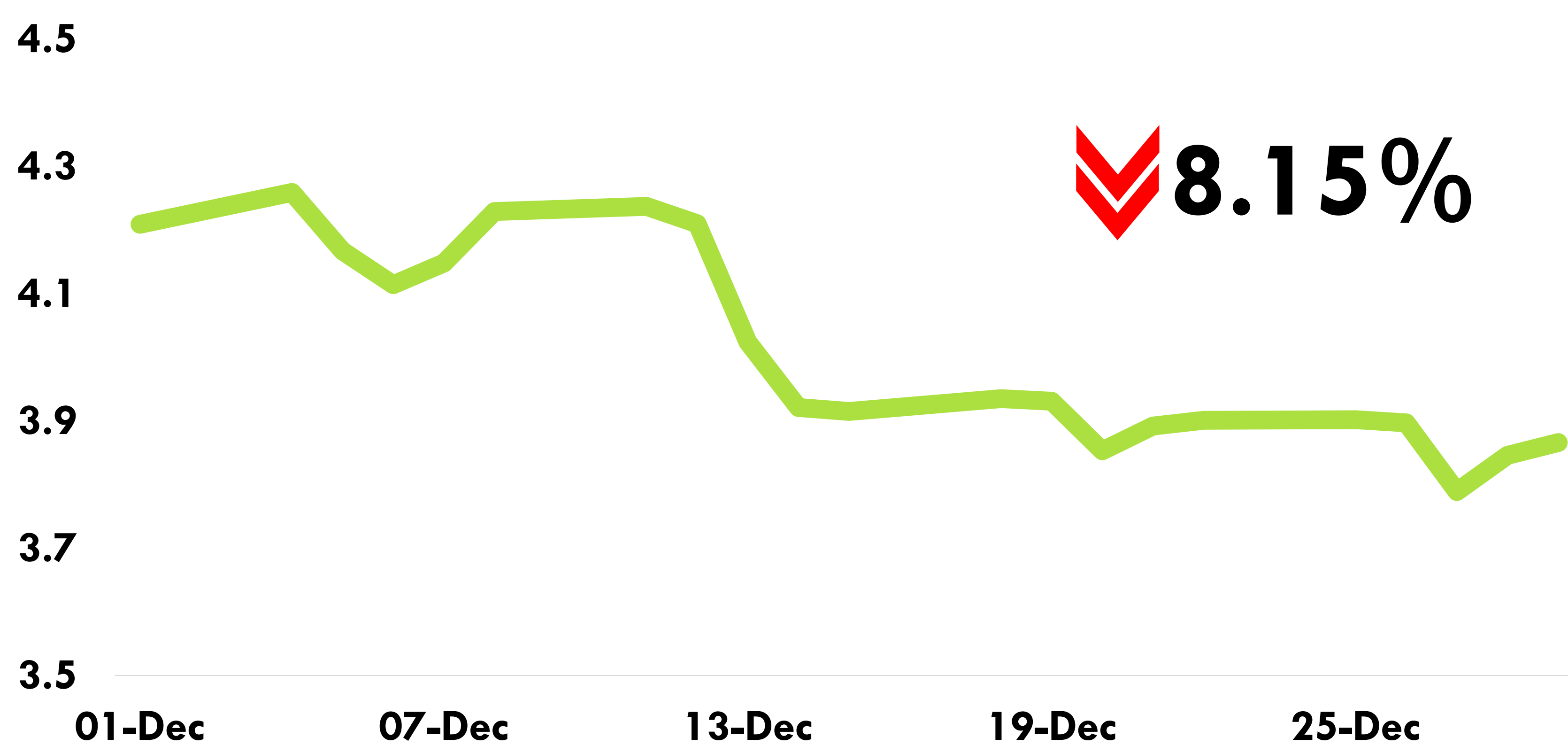
Muthoot Microfin rolls out IPO

Muthoot Microfin Ltd. is the microfinance arm of Muthoot Pappachan Group provides micro-loans to women customers to promote entrepreneurship and inclusive growth, focusing on the rural regions in the country. In terms of gross loan portfolio, Muthoot Microfin is the fourth-largest microfinance company in India, having the largest market share in Kerala. In H1FY24, the company's revenue rose by 72% YoY to ₹1,042cr, while profit surged multifold to ₹205cr. The Muthoot Microfin IPO consists of a fresh issue of ₹760cr and an offer-for-sale (OFS) of ₹200cr. The net proceeds from the issue will be used for business expansion, onward lending, and maintaining RBI-mandated capital adequacy levels. The microfinance lender has a Capital to Risk (Weighted) Assets Ratio (CRAR) higher than the statutory limit of 15%. While the issue price was ₹277 per equity share, it listed at discount of about 5.4% from the issue price at ₹278.



FIXED INCOME

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



Source: US Department of the Treasury

After a turbulent October and November, the US 10-year Treasury yield dipped throughout December, reaching a low of 3.78% on December 27th. While still higher than the year-ago closing of 3.64%, the current yield is significantly lower than the recent peak of 4.98% in October. The month of December saw an overall decline of 8.2%, which can be attributed to the moderating inflation expectations and speculation about slower Federal Reserve interest rate hikes. The data releases show a mixed outlook: while S&P Global PMIs indicated unexpected declines in manufacturing, they also highlighted an acceleration in the growth of the service sector.

FPIs Keen on Indian Bonds

In September of this year, JP Morgan announced the inclusion of 23 Indian bonds, valued at \$330bn, into its Global EM bond index starting from June 2024. Over a ten-month period, their share will progressively increase to 10%, growing by 1% each month. This inclusion means investors will likely start positioning themselves in Indian bonds three to six months before they officially enter the JP Morgan bond indices. This strategy aims to capitalize on price shifts once the inclusion occurs. Consequently, heightened FPI inflows are anticipated in the first half of 2024. While the bulk of these inflows is expected next year, some early surges are predicted in Fiscal Year 2024, potentially gaining momentum in Q4FY24. Notably, FPIs injected ₹14,860 crore in November 2023, and debt-related FPI inflows have already reached a record ₹17,785 crore in December 2023, as per depositories' data, marking the highest this year.



Egypt Eyes Gulf Currency Bonds

Egypt is increasingly looking to tap into international debt markets, contemplating the issuance of bonds denominated in Gulf currencies. This strategic move comes in response to Egypt's foremost challenge: the steep cost of financing, compounded by a recent credit rating downgrade from B to B-. Finance Minister Mohamed Maait expressed Egypt's consideration of issuing Gulf currency bonds, acknowledging the complexity of this decision that necessitates coordination with advisors and legal experts. Securing affordable financing has become progressively challenging due to Egypt's credit rating downgrade and stringent monetary policies. Notably, interest rates for short-term treasury bills surged from 9-10% a year and a half ago to a staggering 26% presently. Delays in the IMF's review of Egypt's economic reform program have further inflated financing costs. Maait affirmed positive negotiations with the IMF, prioritizing inflation control and discussing prospects for increased financing.



Will the newer bonds be a game-changer for the Gaza-impacted Egyptian economy?

Inflation

In November, India witnessed a surge in retail inflation, reaching 5.6%, following a four-month low of 4.9%. This rate, though above RBI's medium-term target level of 4%, is well within the limit of 2-6%. Core inflation declined from 4.3% to 4.1%. The inflationary pressure was primarily fueled by food, a spike in prices by 8.7%. This increase was attributed to the rise in the cost of production, demand and supply gaps, lower levels of Kharif output, weak sowing, lower reservoir levels, and continued erratic weather conditions. However, the inflation remained relatively low in housing, clothing and fuel, with a mild 0.1-0.3% increase compared to their October levels.



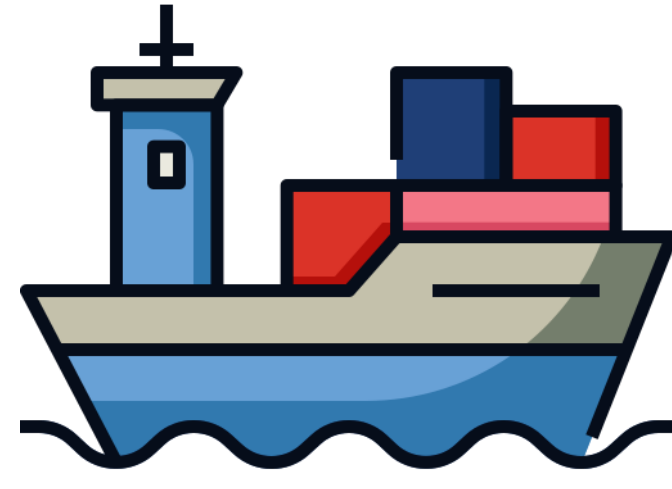
Month (2023)	Inflation (%)
July	7.44
August	6.80
September	5.01
October	4.87
November	5.55

Source: MOSPI

RISK

Troubled Waters

Houthi militants' targeting of merchant ships passing through the Suez Canal in support of Hamas amid its conflict with Israel has intensified pressure on global trade. Simultaneously, the Panama Canal, a crucial waterway for international shipping, faces severe disruptions due to drought. A prolonged disruption in shipping through the Suez Canal could elevate prices and hinder economic growth, potentially escalating inflation risks. Approximately 15% of global shipping, including 30% of global container trade, typically traverses the Suez Canal. Detouring ships around Africa could extend round-trip journeys by about two and a half weeks, curtailing shipping capacity and elevating expenses. This situation may trigger a chain reaction lasting several months. The ongoing Houthi attacks have diverted 158 vessels, bearing roughly \$105bn in ocean freight, away from the Red Sea, causing a surge in cargo prices. Ocean freight rates are climbing by 40% on select trade routes, with container prices peaking at \$10,000. The disruption's impact on oil prices is notable, given the Suez Canal's significance as a crucial route for Middle Eastern crude oil shipments.



China Bans Rare Earth Exports

In a strategic move with potential global ramifications, China, the world's top processor of rare earths, announced a ban on the export of rare earths processing technology, citing national security concerns. Rare earths, a group of 17 metals used to make magnets that convert power into motion for use in electric vehicles, wind turbines, and electronics, are at the core of this decision. The move to protect its rare earth technology comes as Europe and the United States scramble to reduce their reliance on rare earths from China, which accounts for nearly 90% of global refined output. This ban has the potential to disrupt the global production of electric vehicles, as many manufacturers heavily rely on these materials. The move could trigger shifts in sourcing strategies, prompting other nations to invest in domestic production or seek alternative technologies to reduce dependency on Chinese rare earths. The decision underscores the intertwining of geopolitics and technology supply chains, challenging nations heavily reliant on Chinese rare earths to reassess their strategies. This emphasizes the urgency to diversify sources and develop independent capabilities to ensure stability in the burgeoning EV market.



The "Beginning of the End"

In a demonstration of global cooperation at the COP28 Conference, negotiators from nearly 200 countries, for the first time, recognized the need to transition away from fossil fuels. However, the deal stopped short of a long-demanded call for a "phaseout" of oil, coal, and gas. While limiting global heating to 1.5°C, one of the keystone targets set in the landmark 2015 Paris Agreement, will be impossible without the phase-out of all fossil fuels, it poses multiple risks for Middle East countries, considering the region's heavy reliance on these resources. Reducing fossil fuel usage could directly impact these nations' GDP and government budgets, potentially leading to economic, political, and social instability, job losses, social unrest among people, and alterations in the countries' alliances and international relations. Furthermore, emerging markets might struggle to afford the upfront costs of investments in infrastructure, technology, and research, potentially limiting their ability to adopt cleaner energy sources. This may also lead to heavy dependence on developed nations for technology, posing several financial risks.



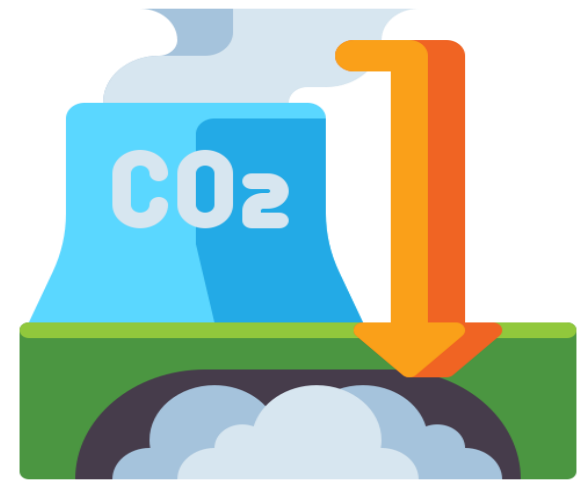
Source: NSE India

The NSE VIX concluded the month at 14.5, up from around 12.69 in the preceding month. Although strong performance in large-cap stocks propelled the Nifty and Sensex to new peaks, the India VIX, which typically falls when markets rise and vice-versa, surged to a 10-month high. This likely reflects traders' discomfort amidst soaring market levels. The rapid increase in valuations in such a short period prompted a significant rise in the VIX, increasing costs for purchasing hedging strategies using Nifty or Bank Nifty put options. Anticipation surrounding uncertainties related to the upcoming 2024 elections and the Union Budget significantly contributes to investor expectations, driving heightened market volatility.

DERIVATIVES

Derivatives of Hope

Established in the aftermath of the Great Depression to curb market manipulation and promote fair play, the Commodity Futures Trading Commission (CFTC) has evolved into a cornerstone of the modern US financial system, independently safeguarding the integrity of the vital derivatives market and promoting fair and honest competition. The CFTC's guidance steers exchanges listing carbon derivatives to prioritize contract transparency and ensure genuine emission reductions. This aims to bolster the Voluntary Carbon Credit Market's (VCCM) integrity and support its role in tackling climate change. The booming VCCM, global climate pressure, rising manipulation risks, years of internal research, and alignment with international efforts tempted the CFTC to approve carbon credit derivatives. Greenlighting carbon derivatives brings financial sunshine to credit developers, banks, and exchanges. However, this has raised concerns about speculators and smaller project creators being shaded out, while investors and consumers face a mixed bag depending on market evolution and regulation. By boosting credit quality, market efficiency, and price discovery, carbon derivatives can incentivize emission reductions and green investments, but success hinges on solid regulations and genuine project benefits.



Elevating European Markets: €STR Options

A landmark development is poised to transform India's non-deliverable forward (NDF) market: LCH, a leading global clearinghouse, has fulfilled the necessary conditions mandated by the RBI to function as a Qualifying Central Counterparty (QCCP) and has informed Indian banks about the same. LCH's arrival relieves banks by taking credit risk in NDF trades and thereby freeing up capital. This boost in capital will increase lending, investment, and competitiveness, and a lead to stronger NDF market. Banks will also gain a level playing field, competing on equal terms with international counterparts who already enjoy QCCP benefits. This fairer competition attracts foreign investors and increases liquidity, depth, and dynamism in the NDF market. A thriving NDF market benefits all participants, facilitating better risk management, and positioning India as a prominent regional NDF hub. Integrating into the Indian NDF landscape requires careful attention to operational adjustments and legal considerations. However, the potential benefits outweigh the challenges. LCH's QCCP status will also strengthen financial cooperation between India and the UK.



Derivatives Drive

A new financial derivatives market focusing on FX Forwards and FX Swaps is set to be launched in Egypt by the Financial Regulatory Authority (FRA) within the first quarter of 2024. This move is expected to enhance risk management, attract investments, and revitalize the primary market. The introduction of derivatives will provide a multifaceted risk management toolset, empowering businesses, portfolio managers, and individual investors to secure cross-border transactions, navigate market volatility, and safeguard international investments from exchange rate fluctuations. Beyond these, the derivative market has immense potential to inject new lifeblood into the broader Egyptian economy, fueling further growth and development. Recognizing the transformative potential of the derivatives market, the Central Bank of Egypt (CBE) has taken decisive steps. By implementing robust controls for banks and actively strengthening the foreign exchange market, they are paving the way for a responsible, vibrant, and liquid trading environment that will benefit investors and the Egyptian economy. This strategic pivot positions Egypt as a regional leader in risk management and paves the way for a flourishing and dynamic financial future.

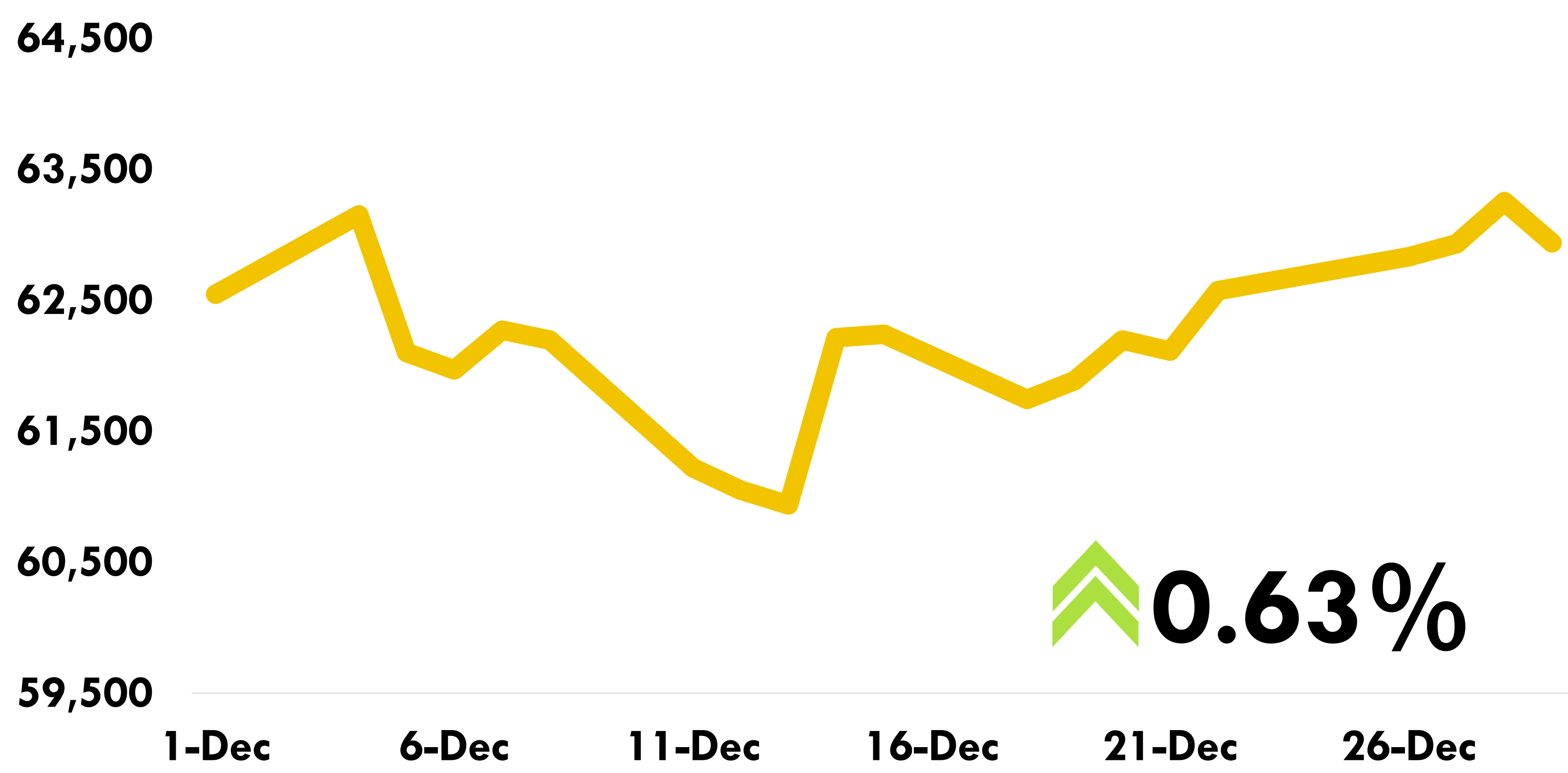


UK's first regulated Bitcoin derivatives exchange

M&G Investments, a leading asset management firm of the M&G group, has strategically invested \$20mn in Global Futures & Options Holding (GFO-X), the UK's first FCA-regulated crypto derivatives exchange. This move signifies a major step forward for the UK's aspirations to become a global hub for digital asset innovation. GFO-X's unique value proposition lies in its focus on institutional investors, providing them with a secure and transparent platform to trade Bitcoin derivatives within a regulated environment. This proposition addresses a key pain point for traditional financial institutions seeking exposure to the crypto market but wary of the existing unregulated landscape. M&G's investment recognizes this demand and underscores its confidence in GFO-X's ability to bridge the gap between traditional finance and the world of digital assets. However, challenges remain, with regulatory uncertainty and lingering concerns about risk management within the crypto industry needing careful attention from GFO-X and the broader market. Nevertheless, M&G's investment demonstrates a crucial understanding: collaboration between established institutions like M&G and innovative players like GFO-X is the key to mitigating these risks and paving the way for the responsible integration of digital assets into the mainstream financial landscape.

COMMODITIES

Gold Spot Price (In ₹ per 10 grams)

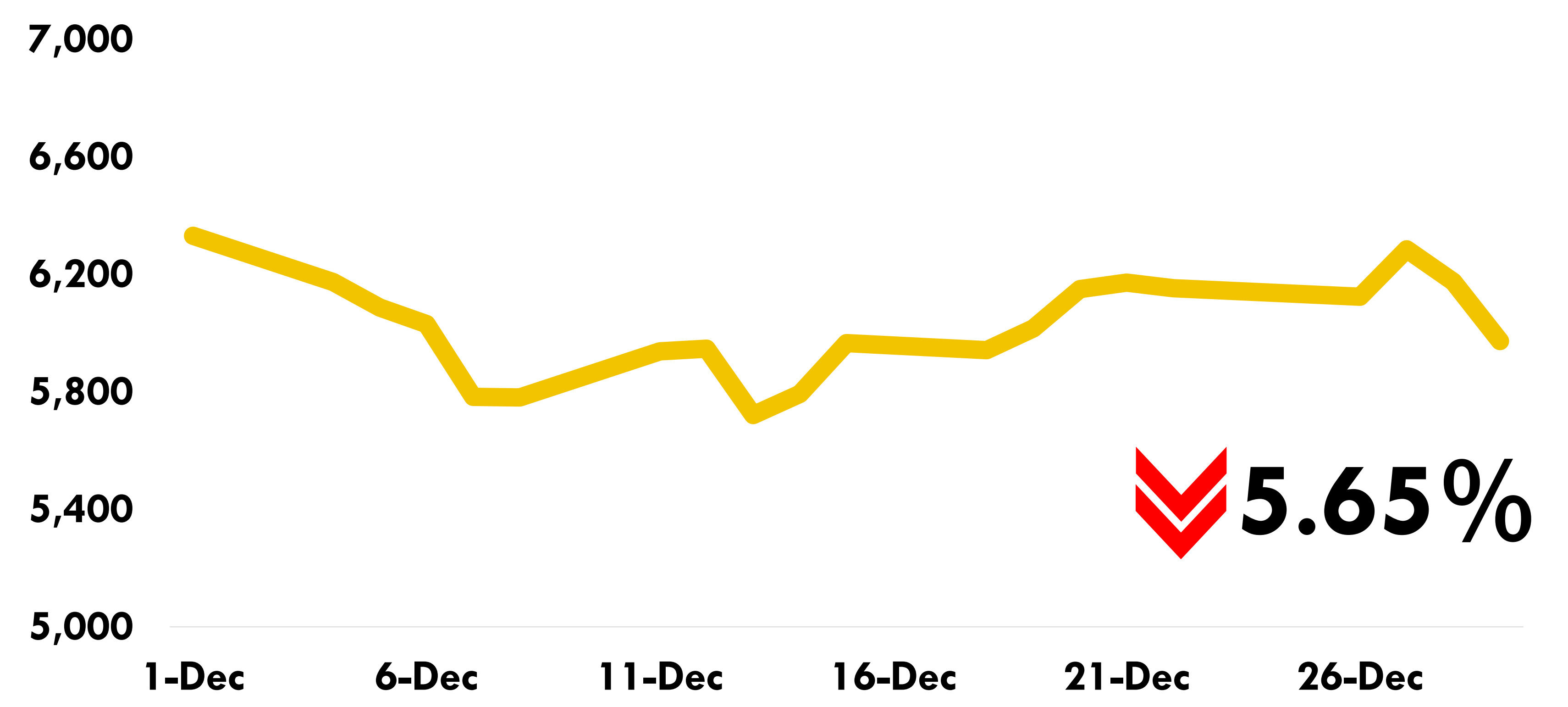


Source: MCX

This month witnessed a surge in gold prices, reaching 63,093, influenced by several factors. Early in December, gold prices rose globally and domestically due to speculations on a US Federal Reserve rate cut. This development created pressure on bond yields and US dollar rates. The precious metal increased significantly as the US Fed conveyed a dovish outlook, signaling an end to interest rate hikes and potentially lower borrowing costs in 2024. Increased jewelry demand during the peak wedding season further contributed to the positive sentiment surrounding gold prices in India.



Crude Oil Spot Price (In ₹ per barrel)



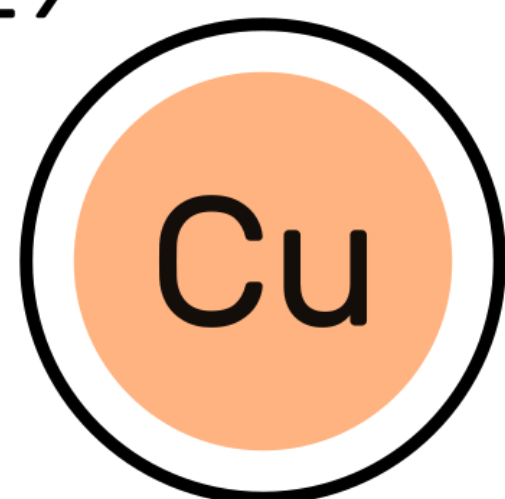
Source: MCX

In December, oil prices experienced downward pressure due to OPEC+ and allies pledging a 2.2mn barrels per day production cut for Q1 of 2024. Heightened US outputs and Chinese demand concerns contributed to crude oil's decline to six-month lows. However, mid-December saw a rise, driven by a weaker dollar and increased oil demand forecast by the IEA. Prices eased on expectations of Angola raising oil output after leaving OPEC. Geopolitical tensions, including Houthi attacks and the Israel-Hamas conflict, led to an oil surge towards the end of the month. Investor optimism about potential US Federal Reserve interest rate cuts further supported the market.



Copper Market Supply Shock

29



The global copper market faces unexpected challenges as a forecasted surplus for 2024 has vanished due to disruptions in major mining projects. Despite expectations of a surplus, recent events, including the closure of one of the world's biggest copper mines, First Quantum Minerals Ltd in Panama, have led to a sudden removal of ~4 lakh tons a year of anticipated copper supply. Simultaneously, Anglo-American Plc's (one of the world's largest mining companies) decision to slash copper production by ~2 lakh tons caught investors off guard, exacerbating concerns. These developments are swiftly transforming a projected surplus into a potential deficit. Such disruptions underscore the vulnerability of copper supply chains, posing a critical warning for the future, given the metal's crucial role in decarbonizing the global economy and supporting the shift towards green energy.

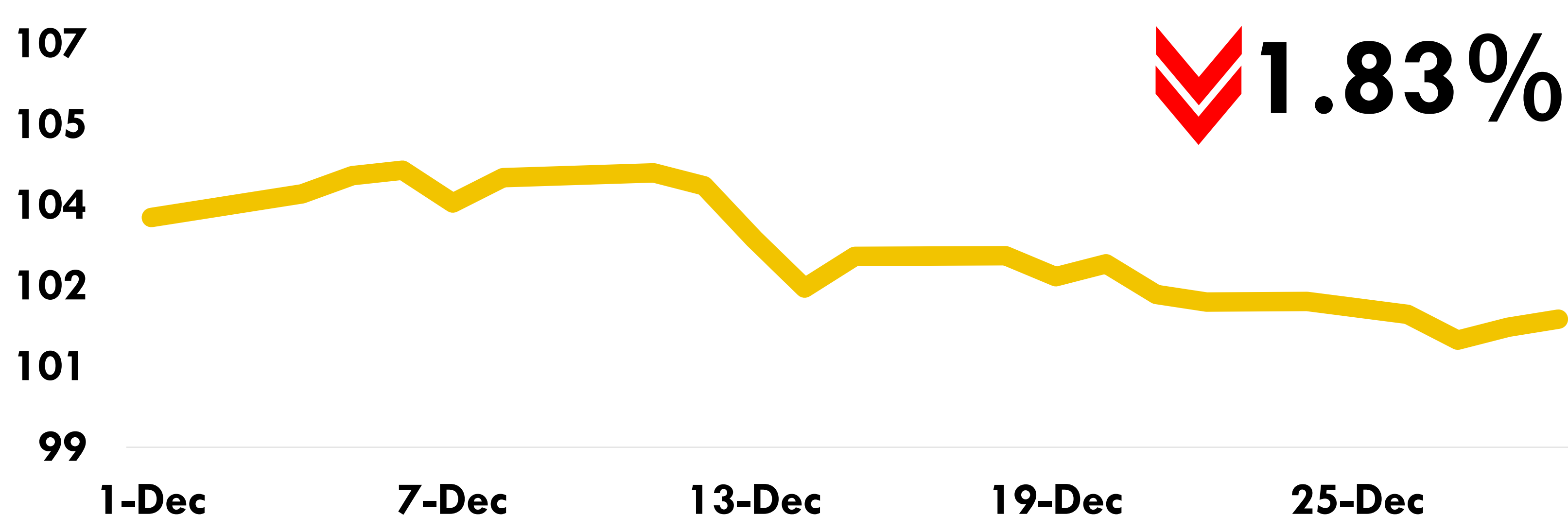
India's Sugar Dynamics



India, positioned as the world's second-largest sugar producer, is poised to potentially shift from being a net exporter to an importer by 2025. This shift is due to a decrease in production, which is a consequence of exceptionally dry conditions aggravated by the El Nino phenomenon, particularly affecting Maharashtra and Karnataka. Moreover, these two states, along with Uttar Pradesh, collectively contribute to more than 80% of India's sugar output. India's sugar production was ~33.1mn metric tons in the year ended September 2023, with the country supplying 12% of the total sugar traded globally. Climate uncertainties, coupled with potential declines in crop yields and a simultaneous surge in domestic consumption, could collectively contribute to an impending shortfall. This underscores the need for strategic interventions to align production, consumption, and potential imports amid the evolving dynamics of the Indian sugar market.

CURRENCY

US Dollar Index (USD)



December exhibited considerable volatility in the USD Index, marked by early gains followed by a decline in the middle of the month. The US Dollar notably weakened, emerging as one of the weakest performers among global currencies in this period. This decline stemmed from the anticipated slowdown in interest rate hikes expected in 2024, coupled with investors displaying a greater appetite for risk, prompting a shift away from safe-haven assets like the US Dollar. Furthermore, perceptions of potential rate cuts led the Dollar to hit its lowest mark in more than five months.

Taking rupee Global

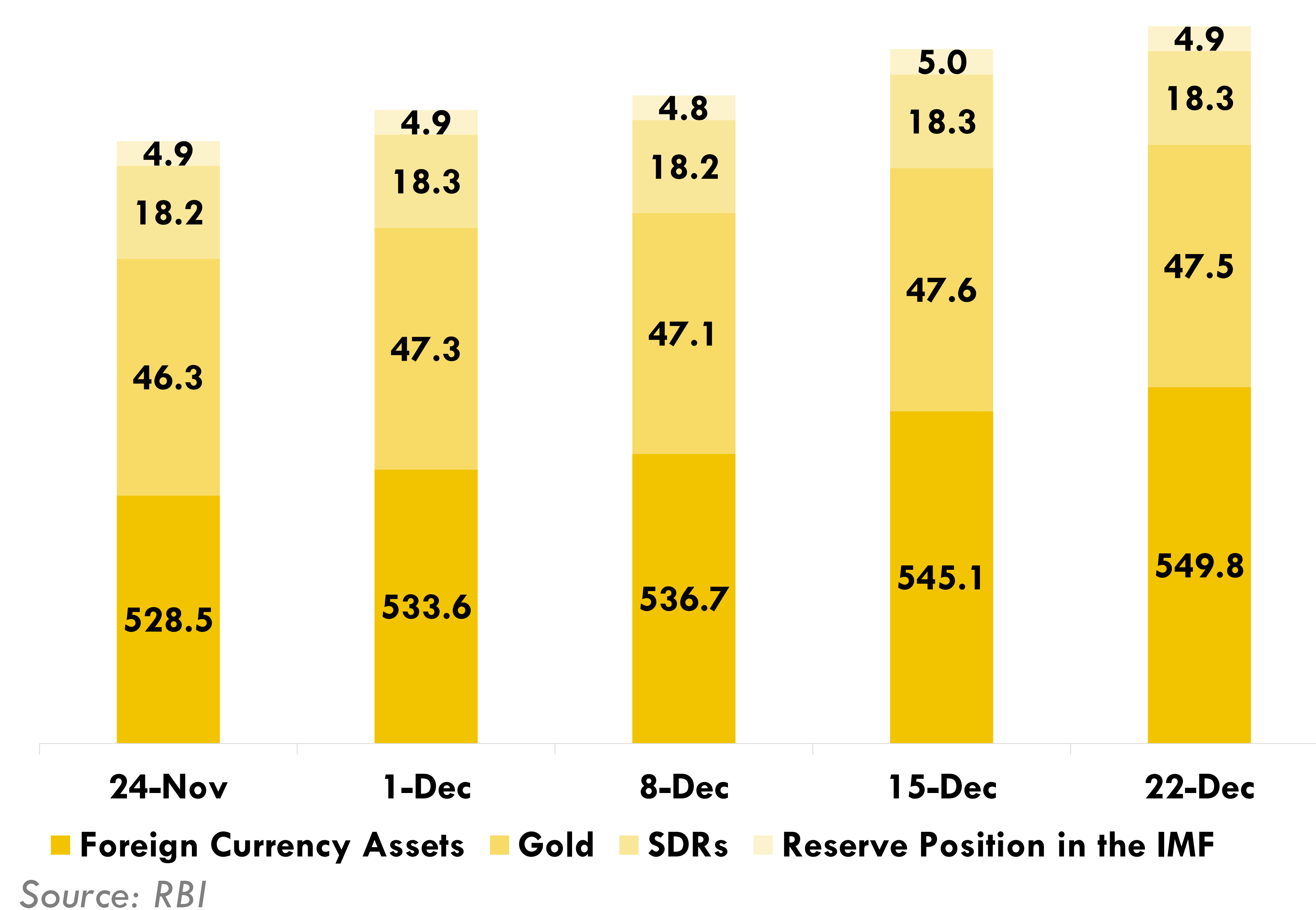
India created History by executing its first-ever payment in INR for crude oil purchased from UAE, signaling a strategic move to take the rupee global. In July, an agreement was formalized with the UAE, which led to the Indian Oil Corporation making payments for purchasing one million barrels of crude oil from Abu Dhabi National Oil Company using INR. Furthermore, some Russian oil imports have also been settled in INR. With the nation being more than 85% dependent on imports for meeting its oil needs, India has been pursuing a three-pronged strategy of buying from the most cost-effective source, diversifying supply sources, and adhering to international obligations. Being the third-largest energy consumer, India is looking to settle similar deals with other suppliers in INR instead of the US Dollar, aiming to eliminate the reliance on dollar.



India's Forex Reserves in Uptrend

Amid substantial inflows into Indian debt and equity markets, India's foreign exchange reserves soared to a 20-month peak of \$615.97bn. Following a previous increase of \$16.5bn in the prior weeks, the reserves further grew by \$9.1bn. Notably, December witnessed heightened net inflows in the Indian debt and equity market. This surge in reserves appears to be driven by a decline in imports and a softening of crude oil prices. Moreover, the foreign currency assets within the reserves, influenced by non-US currencies like the euro, pound, and yen, reflect fluctuations in their value concerning the dollar.

FOREX Reserve (USD Bn)



Currency	1 st Dec'23	31 st Dec'23	Change (%)	Trend
INR/USD	INR 83.2600	INR 83.186	↓ 0.09	
INR/EUR	INR 90.6040	INR 91.8690	↑ 1.40	
USD/EUR	USD 1.0881	USD 1.1.037	↑ 1.43	
JPY/USD	JPY 146.81	JPY 141.04	↓ -3.93	
CAD/USD	CAD 1.3497	CAD 1.3250	↓ -1.83	
USD/GBP	USD 1.2700	USD 1.2732	↑ 0.25	
USD/SEK	USD 0.0964	USD 0.0993	↑ 3.01	
USD/CHF	USD 1.1502	USD 1.1883	↑ 3.31	

Source: Investing

OTHER ASSET CLASSES

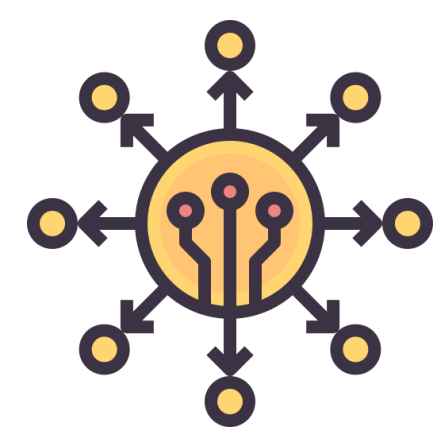
China Real Estate Faces Turmoil

The ongoing Chinese property sector crisis stems from challenges faced by Evergrande Group and other developers, exacerbated by new Chinese regulations on debt limits. Beyond Evergrande, the crisis spread to major developers like Country Garden, Sunac, and Modern Land. According to JP Morgan, nearly 40% of Chinese home sales are linked to real estate developers who defaulted on debts, totaling over \$114.6bn of the \$175bn in outstanding dollar bonds, as reported by CreditSights. In August 2023, Country Garden Holdings warned of a substantial net loss of ¥45-¥55bn for the first six months in 2023 due to impairments on property projects and declining profit margins, a stark contrast to the ¥1.9bn net profit in the same period in 2022. Zhongzhi Enterprise Group, a major wealth manager, faced similar issues, suspending payments on nearly all products in mid-August 2023. This had triggered an alarm in the trust sector, which is heavily invested in real estate projects, raising further concerns about the broader financial impact. The property market can bring yet another concerns to the troubling Chinese economy.



Revolutionizing Finance through Decentralization

Decentralized Finance (DeFi) is an emerging financial technology based on secure distributed ledgers, akin to cryptocurrencies, challenging the current centralized banking system. It aims to eliminate the fees that banks and other financial services companies charge for their services while promoting peer-to-peer transactions. DeFi utilizes cryptocurrency, blockchain technology, and software that enable people to transact financially with each other. Through peer-to-peer financial networks, it employs security protocols, connectivity, software, and hardware advancements, eliminating intermediaries like banks and other financial service companies. Using DeFi allows for better accessibility, security transparency, and autonomy. It also enables any two parties to negotiate interest rates directly and lend cryptocurrency or money via DeFi networks. However, DeFi is still in its early stages and is susceptible to hacks due to programming flaws and inadequate security testing before application launches. Despite these challenges, its transformative potential lies in reshaping the financial landscape, providing financial services to a wider audience, and empowering users with greater control over their assets and transactions.



Musical Icons: Economic Powerhouses

From the Beatles' timeless anthems to Taylor Swift's global phenomenon, musical icons wield economic influence far beyond the confines of the music industry. While Taylor Swift's concert movie "Taylor Swift: The Eras Tour" earned about \$250 million worldwide, the tour itself became the first to cross the \$1 billion mark in terms of revenue. The massive production not only provided a jolt of money to sold-out stadiums but also infused the American economy with a trickle-down flow of cash. While the war in Ukraine was cited as a key factor for the cost-of-living crisis in Europe, higher-than-expected inflation in Sweden was attributed to Beyonce. Consumer prices rose by a higher-than-expected 9.7% in May YoY, with increased costs of certain goods and services, such as clothing and hotel visits, offsetting a decrease in electricity and food prices. In its decade-long existence, BTS has added billions of dollars to the South Korean economy. It was estimated that the K-pop boy band brought its country more than \$3.6 billion in annual economic benefits. The music industry, among other entertainment sectors, is increasingly becoming an important contributor to the economy and tourism.



Paving Way for A Sustainable Impact

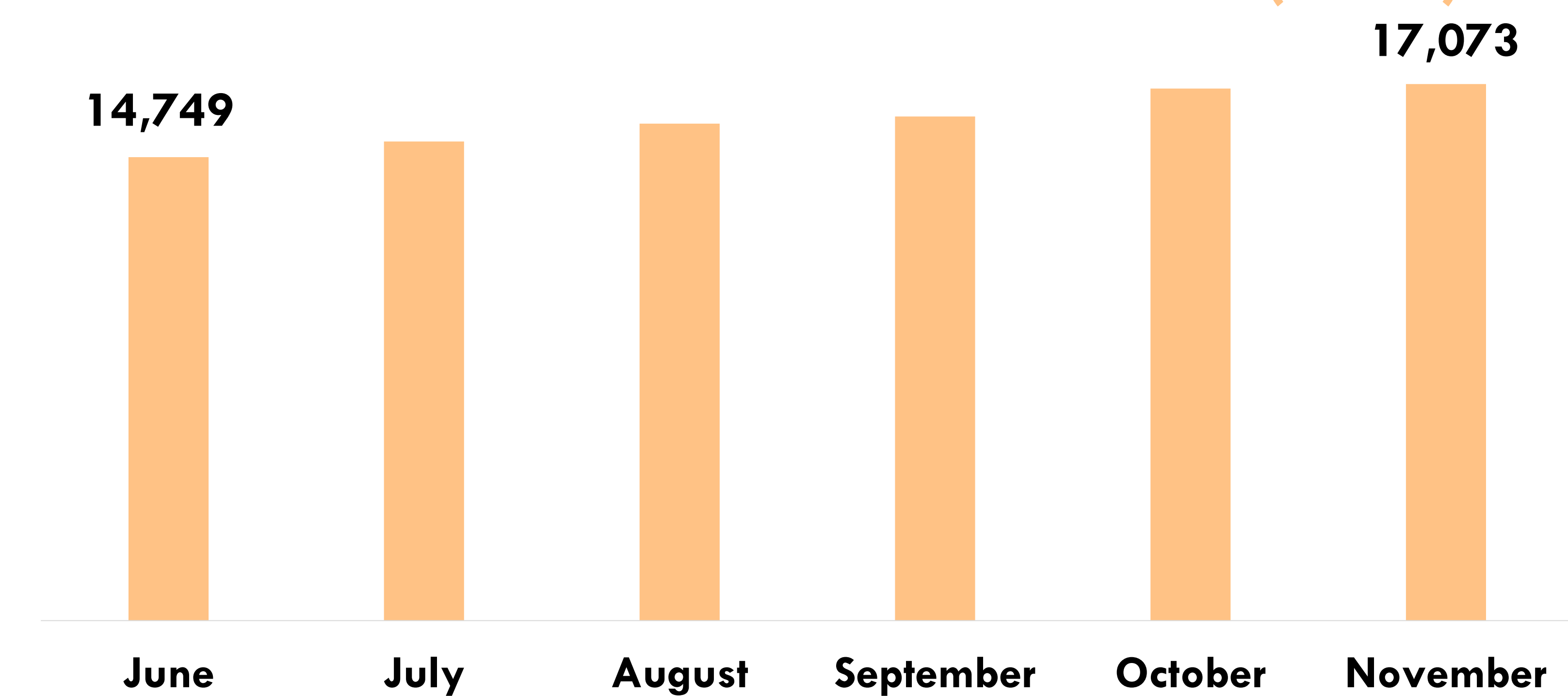
Carbon credits, also referred to as carbon offsets, represent permits enabling the emission of a specific quantity of carbon dioxide or other greenhouse gases. These credits are pivotal in regulating emissions, allowing companies a set limit of emissions while continually reducing this cap over time. Entities generating surplus credits can trade them with those exceeding their allocation, fostering a dual incentive for companies to curtail emissions. This system compels private entities to reduce greenhouse emissions, either by purchasing additional credits or by profiting from emission reductions through selling excess allowances. This method proves effective in driving measurable emission reductions via certified climate action projects, aiming to mitigate, eliminate, or prevent greenhouse gas emissions. Ultimately, the goal of carbon credits is to curtail the release of greenhouse gases into the atmosphere. Investment avenues in carbon credits encompass diverse options like Carbon Mutual Funds, ETFs, Green Companies, and Carbon Credits Futures. These avenues enable investors to participate in the effort toward a sustainable, low-emission future while potentially yielding financial returns.



SIPs Inflows getting Popular

The month of November saw the inflows of SIPs exceed the ₹17,000cr mark, recording a skyrocketing amount of ₹17,073cr. While inflows into open-ended equity funds continued at a slower pace, debt funds witnessed outflows. Within the debt fund category, overnight liquid funds saw net outflows of ₹484cr and liquid funds saw outflows of ₹640cr. There was an addition of 30.8 lakh new SIP accounts, which brought the total number of SIP accounts to their highest-ever figure of 744.1 lakh, while the total AUM stood at ₹9.3 lakh cr. An increase in SIP numbers each month indicates the investors' realization of the importance of long-term wealth creation. Furthermore, it highlights the growing risk appetite of investors, as well as their confidence in the market's stability.

SIP Contribution Net Investments (₹ Cr.)



Source: AMFI

Investing for the Future

Equity-oriented mutual funds recorded a net inflow of ₹15,536cr in November, as compared to ₹19,957cr in October, thus accounting for a 22% decline in the same. This marks the 33rd consecutive month of net inflows, showcasing the investors' continued faith in the equity markets and the mutual fund industry. While all categories of mutual funds experienced inflows during the month, investor interest remained robust in small-cap and mid-cap funds, with the categories experiencing substantial inflows of ₹3,699cr and ₹2,666cr, respectively. The growing interest in mid and small-cap stocks reflects the broad-based strength of India's corporate earnings in recent years, as well as an indication of these categories' growing investor base, increasing market share and revenue, and potential for capacity expansion in small companies.



Slowing Growth of Debt MFs

Over the past five years, the proportion of mutual funds' debt assets compared to bank deposits has declined. This fall coincides with banks receiving substantial investments due to increased interest rates. At the same time, confidence in debt mutual funds among investors has wavered due to credit incidents and rises in key bank rates during the same period. In November 2018, Debt AUM was ₹12.94 lakh cr, representing 11% of bank deposits totaling ₹121.26 lakh cr. However, by November 2023, debt AUM had risen to ₹13.58 lakh cr but accounted for only 7% of bank deposits which had surged to ₹200.84 lakh cr. Although the MF industry has 16cr folios, a mere 5% are in fixed income, with the majority in equities. Notably, institutional investors largely dominate debt MF investments through their treasury operations, while retail participation remains considerably lower compared to bank deposits.




Exemptions and Amendments

ETFs, one of the primary avenues for passive investment within MFs, lag behind the overall MF industry in terms of asset growth for the first time in a decade. While ETF AUM has risen by 17% in 2023, the overall MF AUM has experienced a greater growth of 23% (until November). Despite a gradual increase in retail investor interest in ETFs, these products remain predominantly favored by institutional investors, with the Employees' Provident Fund Organization (EPFO) being the largest user. The slowdown in ETF AUM expansion is likely influenced by reduced flows from EPFO or potential redemptions by this retirement fund body. Additionally, alterations in debt fund taxation have impacted inflows across various debt schemes, including debt ETFs, contributing to this trend. The expanding asset base of ETFs, coupled with a larger retail entry into equity mutual funds, has further contributed to these dynamics.




Sahara Hospital Joins Max Banner

Max Healthcare Institute Ltd (MHIL)  has successfully acquired Starlit Medical Centre, securing ownership of Lucknow's 250-bed Sahara Hospital for ₹940cr. It was acquired through a binding share purchase agreement representing a strategic acquisition. The acquisition will take Max Health's bed total to 4,083, a 16% increase to its existing capacity. Sahara Hospital is estimated to report sales of ₹370cr (3.4% of network sales) in FY26, with ~26% EBITDA margin. The addition of beds will increase MHIL's EBITDA and PAT margins to 19% and 23%, respectively, on the back of an 8% CAGR in ARPOB (Average Revenue Per Operating Bed). Abhay Soi, the company's Chairman and MD, said the acquisition aligns with the organization's plan to enter new Tier I and II cities with a developed healthcare services ecosystem. Apart from hospitals, Max Healthcare also operates a homecare business and pathology business under the brand names Max@Home and Max Labs, respectively. This deal solidifies its role as a healthcare leader, prioritizing growth, innovation, and excellence in emerging markets.

Tech Revolution: Infibeam + Pirimid Fintech

Infibeam Avenues, a digital Payments  heavyweight, has ignited its expansion trajectory by acquiring a 49% stake in Pirimid Fintech for a strategic ₹25cr investment. Integrating Pirimid's capital market and digital lending tech software products with its flagship CCAvenue gateway is projected to double the transaction volume, thus increasing revenue from its payment business. Pirimid's AI-powered security and compliance solutions bolster Infibeam's platform, addressing regulatory concerns and potentially attracting more financial institutions as clients. Leveraging the expertise and technological foundation provided by Infibeam Avenues, Pirimid Fintech is poised to develop innovative digital lending solutions to streamline the lending process, offering faster and more efficient credit disbursement, enhanced customer experience, and improved risk management through advanced data analytics and AI algorithms. Also, Infibeam's international footprint unlocks doors for Pirimid, granting them access to lucrative markets like the UAE, Saudi Arabia, Australia, and the US, propelling them onto the global stage.

Ultratech Fortifies South

Aditya Birla Group's flagship  cement company, UltraTech Cement, is the biggest producer of grey cement, ready mix concrete (RMC), and white cement in India. The cement giant is now set to acquire Kesoram Cement from Kesoram Industries for \$912mn in an all-stock transaction. The shareholders will gain a single share in UltraTech Cement for every 52 shares they hold in Kesoram Industries. This acquisition adds a substantial cement capacity of 10.75 Million Tonnes Per Annum (MTPA), strategically bolstering its presence in the vital South market, where it currently has an 11% market share. Its ambitious target to achieve a grey cement capacity of 200 MTPA in the country propels this move. The company hit 137 MTPA cement capacity in September 2023. Ultratech's successful acquisitions, such as Jaypee Cements, Binani, and Century Textiles, highlight its inorganic growth strategy as a critical driver of its current capacity. The other three largest grey cement producers are Shree Cement, Ambuja Cement, and ACC, which have a combined capacity of approximately 112.4 MTPA.

Bottling Up Success: VBL Acquires Bevco

Varun Beverages Limited (VBL), a  major PepsiCo bottler, is set to acquire a 100% stake in The Beverage Company (Proprietary) Ltd and its wholly owned subsidiaries in South Africa with an option to accept minority co-investment from a large equity fund, subject to regulatory and other approvals. The transaction is expected to occur in cash at an enterprise value of ₹1,320cr. The deal is anticipated to conclude by Jul '24, reflecting VBL's strategic move to broaden its international presence. Bevco, a subsidiary of The Beverage Company, is known for producing and distributing licensed and proprietary non-alcoholic beverages. Holding franchise rights from PepsiCo Inc. in South Africa, Lesotho, and Eswatini, with additional distribution rights in Namibia and Botswana, the company reported a commendable turnover of ₹1,638cr in FY23. It is expected that Bevco's existing market presence and revenue-generating capabilities will make a significant contribution to VBL's financials, where revenue in Q2 increased to ₹3,870cr with a YoY growth of 22%, and PAT showed an impressive surge of 31.5% to ₹501cr.

STRATEGY

Jar: Revolutionizing Digital Gold

Based in Bangalore, the startup Jar is a standout app that fosters daily saving habits among users. Transforming the way people save, it combines digital gold investment with day to day transactions, marking a pioneering innovation in the world of financial technology. Jar has revolutionized technology in just 18 months since its inception, offering simplified solutions for managing online transactions and digital banking for its 1.5cr+ customer base. Acting as a bridge between users and efficient savings, Jar's innovative model streamlines digital investments. It is a unique daily gold savings app that effortlessly converts spare change from transactions into 24K digital gold. Termed as the 'Digital Piggy Bank,' this app educates its users on new online investment and savings methods, making financial management accessible and user-friendly. The company follows and stands with the quote, "Save your money today, and your money will save you tomorrow." This 10-member startup has also partnered with the digital gold platform SafeGold, earning commissions from investments. Wrapping up, Jar's business model could be a game-changing one that introduces an effortless avenue for both savings and investments. It is a gateway to a secure financial realm and boasts innovative features and automated savings, simplifying financial management for all.



Mumbai's Dabbawalas Partner with VI

In the bustling metropolis of Mumbai, where dreams and ambitions thrive on a robust mobile network, Vi embarked on a unique challenge to enhance its connectivity. Recognizing the dynamic nature of the city, Vi understood that improving the network required more than just cutting-edge technology; it demanded an intimate knowledge of every nook and corner of the city. In a strategic move, Vi forged a partnership with Mumbai's iconic Dabbawalas, who have been an integral part of the city for over a century with their unparalleled food delivery capabilities. Leveraging the Dabbawalas' deep understanding of Mumbai's intricacies, Vi started torture testing the strength of its Vi GIGAnet. Covering 22 wards and over 550 locations, the Dabbawalas meticulously evaluated the network's performance on crucial parameters such as data, voice calling, video streaming, and gaming. Their firsthand experiences conveyed through videos, voice notes, and live location sharing, became invaluable feedback for Vi. This innovative collaboration exemplifies how a modern network service provider embraced the expertise of a traditional human network to strengthen its infrastructure. As Vi continues its journey of improvement, this campaign highlights the fusion of cutting-edge technology with the timeless efficiency of Mumbai's Dabbawalas, setting a new benchmark in the competitive landscape of telecommunications.

Environmental Ethos

In 2012, Instacart pioneered a transformative shift in the grocery industry, aiming to simplify shopping and uplift retailers of all sizes. Their goal is to enable businesses to thrive in both online and offline realms, all tailored to customer preferences. The company's groundbreaking model offers convenient, prompt, and same-day delivery from familiar local stores, catering to a vast audience of 7.7 million monthly active customers. Instacart serves as the bridge between consumers and their preferred shopping experiences.

To extend retailers' reach, Instacart employs two key avenues: the Marketplace, allowing customers to shop from their favorite stores via the app or website, and the Instacart Enterprise Platform. Additionally, Instacart Ads provides a potent tool for brands to engage customers at purchase moments and post-delivery. In 2022 alone, over 5,500 brands leveraged Instacart Ads, enhancing their discoverability as shoppers fill their digital carts.

Instacart stands out as a meticulously crafted app, riding the wave of shifting consumer behavior towards online grocery platforms. The app's seamless functionalities and optimized business strategy prioritize customer satisfaction. By consistently refining their app based on user feedback, the company exemplifies the necessity of continual evolution to stay relevant. In this ever-changing landscape, Instacart's adaptive business model and strategy have attracted a growing customer base, showcasing its expertise in meeting evolving demands.

MARKETING & BRANDING

Nitin Menon: The Yummpire Icon

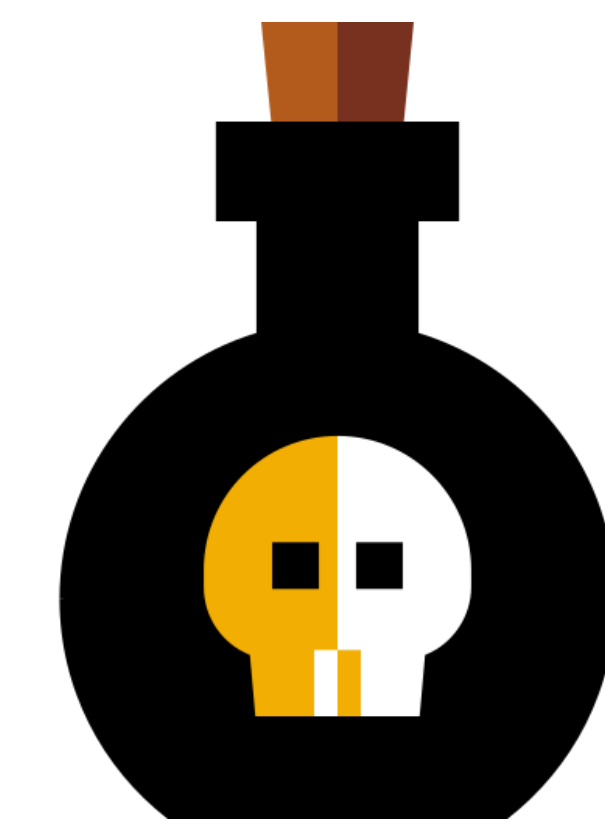
Chinese Wok recently launched a standout campaign that taps into the cricket fever sweeping the nation and the widespread love for good food. The 'Yummpire' campaign strikes a perfect balance of humour, innovation, and relatability, showcasing the impact of prioritising creativity in marketing.

While cricketers and commentators usually grab the headlines for their skills and hard work, Chinese Wok decided to shine the spotlight on the often-overlooked heroes of the pitch – the umpires. During the World Cup season, the brand made these unsung figures the stars of their campaign. Notably, Nitin Menon featured in his first branded deal, playing a pivotal role in connecting the worlds of food and cricket, making him a Yummpire!

Known for his precision on the field and being the only Indian umpire at the World Cup, Nitin Menon was the perfect choice to bring the brand's unconventional message to life. The campaign humorously blended his strict standards of on-field decision-making with his food choices. It also featured a series of short films, combining Menon's umpiring gestures with Chinese Wok meals, creating an engaging and entertaining connection with cricket fans. With 4mn views across digital platforms, the campaign clearly resonated with the audience, and Chinese Wok – with its Yummpires – made a lasting impact.



Jeevansathi.com
Be found



Case of Liquid Death

Carving a niche is challenging in the competitive beverage industry ruled by Coca-Cola and Pepsi. Yet, one brand that made a notable splash is Liquid Death. Beyond its canned water, the brand's bold strategy and marketing captivated the consumers, setting it apart in the market.

Founded by Mike Cessario, the strategy was straightforward: introduce canned mountain spring water to a demographic in the beverage market — the younger, more daring consumer who desires a social presence without alcohol. The brand's unique appeal lies in its can design, offering a discreet alternative for these occasions and giving the impression that one is holding a beer. Liquid Death sets itself apart through its fundamental elements — the product and packaging. Choosing tallboy aluminium cans over conventional plastic bottles represents a bold departure in the water industry. Opting for aluminium, engaging in beach clean-up initiatives, and the "Sell Your Soul" campaign highlighting sustainability resonated with eco-conscious consumers. Moreover, the name "Liquid Death" strikes a bold chord, offering an unforgettable brand identity that fiercely quenches thirst and establishes lasting brand recognition.

Critics aside, Liquid Death's success defied expectations. With over \$33 million in funding by 2020, the brand's triumph underscores a crucial shift: consumers invest in a brand's narrative, values, and identity, and not just its product.

Jeevansathi's Celebration of Love

Celebrating its remarkable 25-year journey in the matchmaking industry, Jeevansathi.com joined forces with Viacom18 and JioCinema to unveil an exclusive three-episode anthology series, 'Saath By Chance.' Premiering on December 21, the series unfolds love stories inspired by the real-life successes of couples brought together by Jeevansathi. The series, aptly named 'Saath By Chance,' delves into the authenticity and beauty of love, commitment, and the journey of finding one's soulmate, drawing inspiration from genuine narratives. This creative endeavour aims to underscore that enduring relationships often commence with a simple conversation. The marketing campaign mirrors this sentiment by seamlessly blending relatable content with a reinforced brand identity.

Utilizing JioCinema as the primary release platform strategically broadens the series' outreach to a diverse audience. Social media platforms complement this strategy, serving as pivotal channels for amplifying the campaign's impact. The branded content studio at JioCinema ingeniously translated select series scenes into shareable 'meme' content, fostering engagement and stimulating discussions on platforms. This innovative approach ensures that the series not only entertains but also resonates with viewers on a profound level. The collaboration signifies a commitment towards weaving together entertainment and meaningful connections. This partnership reflects an ongoing dedication to delivering narratives that deeply connect with audiences, transcending boundaries, and fostering unity through the timeless themes of love and storytelling.

PINION POLL

“...time to go into overdrive, to negotiate in good faith, and rise to the challenge. We can't keep kicking the can down the road. We are out of road and almost out of time.”

- **Antonio Guterres,
UN Secretary General**

“Today, the domestic and global environments are changing very fast. There is simply no room for complacency.”

- **Mukesh Ambani,
Chairman & MD, Reliance
Industries**

“India's greatest strength is our human resource... With a million young Indians joining the workforce every month, India will be the only country on the planet with a surplus of talent”

- **Vineet Jain,
MD, Times Group**

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