



Leveraged Growth

MONTHLY REPORT

FEBRUARY 2024

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Economic Crossroads: Japan's Dilemma



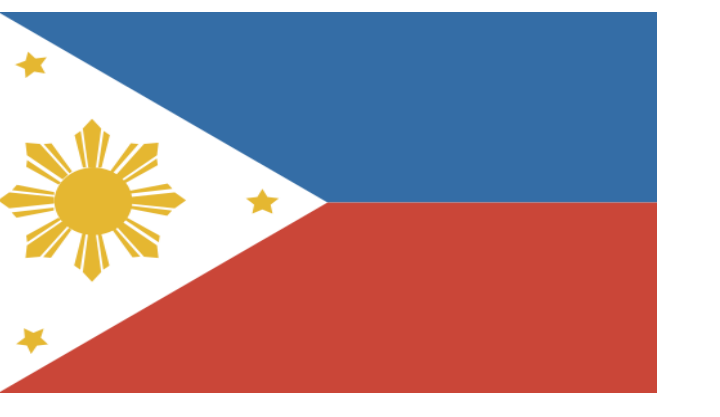
Japan has fallen to the position of the fourth-largest economy globally, down from being the third-largest in 2010. This shift highlights a wider trend of reduced competitiveness and productivity affecting Japan, with factors such as an ageing population and declining birth rates contributing to its economic decline. The latest figures based on nominal GDP reveal Japan's economy totalling \$4.2tn last year, trailing behind Germany's \$4.4tn. Both Japan and Germany have developed their economies by fostering robust SMEs with strong productivity. While Germany's economic foundation is bolstered by a robust euro and controlled inflation, Japan faces challenges due to a weakened yen. Furthermore, with the emergence of the EV sector, Japan's competitive edge in the automotive industry has diminished. Addressing the nation's labour shortage, immigration stands as a potential solution, yet Japan's historical reluctance to embrace foreign labour beyond temporary roles has drawn criticism. As the nation grapples with multifaceted challenges, the path forward remains uncertain, casting a shadow over Japan's economic prospects for the foreseeable future.

IFD: A Game Changer?



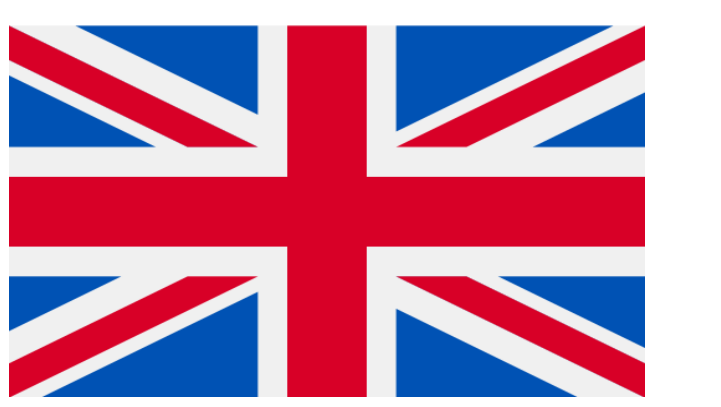
A proposal led by China to integrate investment facilitation into the World Trade Organisation (WTO) has raised concerns among experts, who warn of systemic implications for the organization and potential impacts on developing nations. The proposal, known as Investment Facilitation for Development (IFD), is being pushed by a China-led group of 130 countries at the WTO's 13th ministerial conference in Abu Dhabi. India and South Africa have opposed the proposal, arguing that it falls outside the WTO's mandate. They are concerned that accepting the proposal would gradually normalise plurilateral agreements, undermining the influence of developing countries in future negotiations. The US, Sri Lanka, and Pakistan are also among the countries not participating in the agreement. The IFD initiative has faced criticism for attempting to bypass consensus-based decision-making processes at the WTO and lacks a ministerial mandate for negotiations on investment-related matters. Experts emphasize the importance of upholding the multilateral nature of the WTO and resisting attempts to introduce non-mandated issues into its formal processes.

Philippines Leads Economic Boom



The Philippines emerged as the fastest-growing the economy in Southeast Asia in 2023, driven by robust consumption, services, and investment, with its GDP expanding by 5.6%. Despite the peso experiencing a slight decline of 0.1% against the US dollar, the country's economic growth rate, though slightly below the government's 6-7% target, remains the swiftest in the region. Optimism about the economy is growing, fueled by signs of inflation moderation and the central bank easing off on aggressive interest rate hikes. Sustaining this growth trajectory will require significant efforts from the government, particularly as monetary policymakers are unlikely to shift to a more accommodative stance due to ongoing price risks. Despite a 1.8% decline in government spending as part of fiscal consolidation efforts, there's anticipation of continued growth driven by the services sector. Moreover, while consumption remains resilient, challenges like a sluggish global economy, high inflation, and elevated interest rates may hinder significant improvement in growth prospects this year.

Economic Crisis Hits UK Pre-Election



Amidst the backdrop of an impending election, Britain's economy has taken a hit, slipping into recession in the latter half of 2023. The country experienced a concerning 0.3% contraction in GDP for the final quarter, having contracted by 0.1% from July to September in 2023. Sterling depreciated against major currencies, fueling expectations of interest rate cuts. This downturn, alongside stagnant GDP growth over nearly two years, underlines significant economic challenges ahead. With households facing their first decline in living standards since World War II, economic concerns are prominent. Moreover, prolonged stagnation is evident, with GDP per capita falling since early 2022, reflecting persistent challenges in the economy. Chronic underinvestment in crucial sectors like healthcare, education, and infrastructure is highlighted as a key factor contributing to the economic decline. The need for government prioritization of public investment over irresponsible tax cuts is important to address underlying structural weaknesses and stimulate sustainable growth.

Strategic Unity: US-India Alliance

In recent discussions, the Biden Administration reiterated the vital partnership between the US and India, emphasizing its significance for both nations. The collaborative efforts aim to address shared challenges and capitalize on mutual opportunities. The US-India Initiative on Critical and Emerging Technology (iCET) aims to promote innovation and resilience in vital sectors. Its goals include strengthening semiconductor supply chains, boosting space collaboration, and advancing telecommunications. This initiative seeks to foster cooperation with India in critical technologies and climate infrastructure, including initiatives like e-buses and regional climate leadership. The commitment to collectively address global challenges is underscored by substantial investment, including a \$500mn contribution to climate infrastructure. Moreover, joint defense initiatives and security engagements highlight the shared commitment to maintaining regional security and stability. The US-India partnership goes beyond bilateral ties, focusing on regional stability and economic development in South Asia. Overall, the Indo-US partnership serves as a cornerstone for addressing complex challenges and advancing shared interests in the Indo-Pacific region.



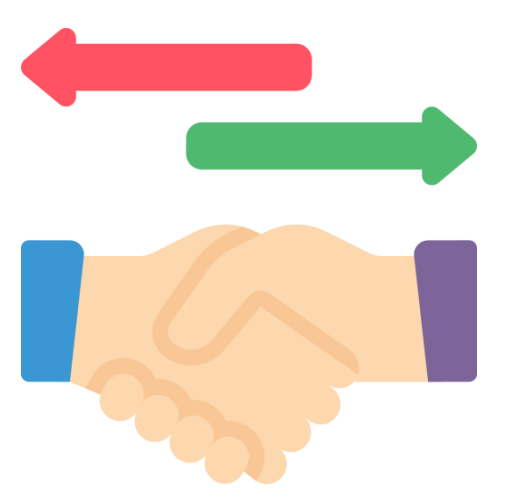
Electoral Bonds Invalidated

The Supreme Court invalidated the electoral bond scheme, and mandated the disclosure of transaction details, ordering SBI to halt the issuance of electoral bonds. The bank was directed to provide information about bond buyers to the Election Commission within March 6th, with publication of this being scheduled for March 13th. Introduced in the 2017 Union budget, the scheme allowed anonymous donations, generating ₹16,518.11cr between March 2018 and January 2024. It was noted that the ruling removes anonymity but doesn't ban political funding outright. Parties must return uncashed bonds within 15 days, with refunds to buyers, criticized for violating citizens' right to information. Concerns about the ruling party's unchecked funding led to corruption fears. Encashed bonds won't face consequences, but uncashed ones must be returned promptly. Opposition parties welcomed the decision, emphasizing transparency in election funding. The verdict aims to restore faith in democracy and curb political financing corruption.



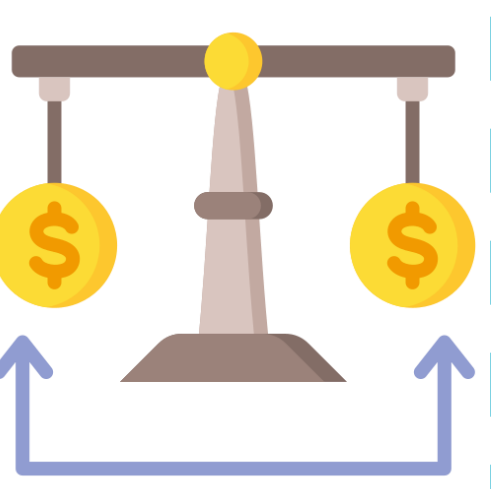
Trade Nexus: Bharat Mart

During his visit to the UAE, Prime Minister Narendra Modi inaugurated Bharat Mart, a warehouse facility, to support Indian exporters in showcasing their goods in one location. This initiative is set to commence operations in 2025 at Jebel Ali Free Zone, with a planned area exceeding 1lkh square meters. Bharat Mart will offer retail, hospitality, and warehousing spaces, facilitating Indian businesses' expansion into regions like Europe, Africa, and the US. It will accommodate various goods, including heavy machinery and perishables, in its showrooms, warehouses, offices, and ancillary facilities. Plans also include the creation of a digital marketplace for global customers to purchase goods. By streamlining logistics, Bharat Mart is poised to reduce the time and cost associated with shipping goods, enhancing India's competitiveness on the global stage. Moreover, the visit underscores the robust economic ties between India and the UAE, marked by a significant increase in bilateral trade in recent years. It epitomizes India's path toward economic growth and global engagement, building upon historical ties and forging new avenues for mutual prosperity.



Economic Stability Ensured

Governor Shaktikanta Das, leading the RBI's Monetary Policy Committee (MPC), announced the decision to maintain the policy repo rate at 6.5%, signaling a commitment to bolstering India's economic resilience. This decision is poised to invigorate financial markets and stimulate economic growth by ensuring favorable lending conditions. By keeping borrowing costs stable, the MPC aims to sustain investment and consumption, thereby fueling economic expansion. Das's optimism regarding India's economic outlook, with a projected GDP growth of 7.3% for FY24 and 7.0% for FY25, reinforces confidence in the nation's economic trajectory. Moreover, inflation projections of 5.4% for the current year and 4.5% for the subsequent fiscal year highlight the MPC's focus on price stability amidst potential risks. The decision to maintain the repo rate is expected to provide crucial support to sectors like real estate, fostering continued growth and market confidence. Overall, the MPC's strategic monetary policy stance aims to fortify the foundations of the Indian economy, paving the way for sustained growth and prosperity.



GOVT. POLICIES

Powering Homes, Lighting India

In February 2024, PM Narendra Modi introduced a pioneering initiative named PM Surya Ghar: Muft Bijli Yojana to facilitate the widespread adoption of rooftop solar panels among Indian households through financial incentives. Initially proposed by Finance Minister Nirmala Sitharaman during her interim budget speech on February 1, the scheme's objective is to equip 1cr homes with solar photovoltaic systems in the forthcoming years. This strategic endeavour aims to elevate India's renewable energy uptake while concurrently alleviating the monthly electricity expenses borne by citizens. With an investment exceeding ₹75,000cr, the project intends to illuminate 1cr households by furnishing up to 300 units of free electricity each month, with all stakeholders being seamlessly integrated into a National Online Portal. The central government will extend a 40% upfront subsidy on procurement and installation expenses of rooftop solar equipment, disbursed via direct benefit transfers into bank accounts. Moreover, this initiative promises increased income, reduced power bills, and employment opportunities for the people.



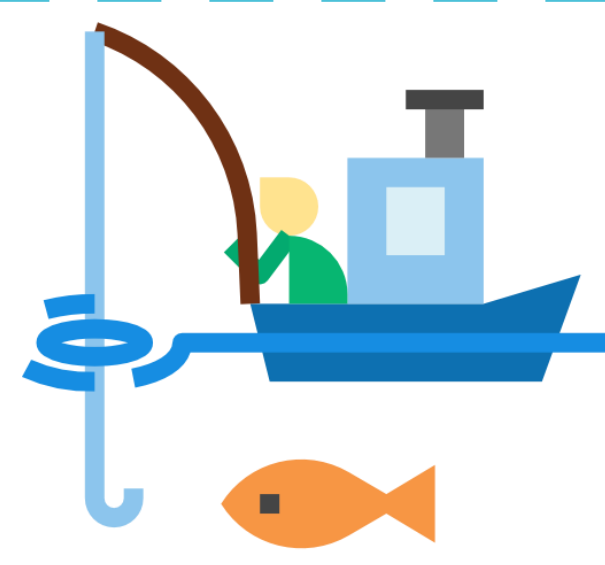
Community Care Circles

Tamil Nadu's Differently Abled Welfare Department is establishing 39 One-Stop Centers (OSCs) at the sub-divisional administration level to implement the Rights of Persons with Disabilities (RPWD) Act. These OSCs will function as centralized district-wise hubs, offering comprehensive welfare services and rehabilitation support for disabled individuals closer to their residences. The initiative is part of the \$162mn RIGHTS (Rehabilitation Initiative for True Human Advancement Support) project, sanctioned by the World Bank. The RIGHTS project comprises three components, including enhancing the state's capabilities through policy decisions and establishing an information technology system, rehabilitation through community and family-based services (including OSCs), and conducting studies to assess and provide skill training for PwDs. The OSCs aim to reduce the travel distance for PwDs who currently have to visit district headquarters for various services, shifting towards a family/community-based approach for improved accessibility. OSCs will feature interdisciplinary teams, including vocational instructors, physiotherapists, counsellors, and welfare officers, to provide certification and identify intervention needs, training, and assistance with government schemes.



Operation Amrith: Antibiotic Vigilance

The Union Cabinet approved the Pradhan Mantri Matsya Kisan Samridhi Sah-Yojana (PM-MKSSY), a Central Sector Sub-scheme within the Pradhan Mantri Matsya Sampada initiative aimed at formalizing the fisheries sector and bolstering fisheries micro and small enterprises. Set to run from FY24 to FY27 across all States/Union Territories, the scheme carries an estimated outlay of ₹6,000cr. It envisions a 50% investment from public finance and expects the remaining 50% from the private sector. Targeting fishers, fish farmers, vendors, micro and small enterprises, cooperatives, self-help groups, and other stakeholders in the fisheries value chains, the scheme aims to gradually formalize the unorganized fisheries sector through self-registration on a National Fisheries Sector Digital Platform (NFDP). It also seeks to facilitate institutional financing access for fisheries sector micro and small enterprises, provide a one-time incentive for aquaculture insurance purchases to the beneficiaries, encourage the adoption and expansion of safety and quality assurance systems for fish and fishery products, and ensure maintenance of jobs.



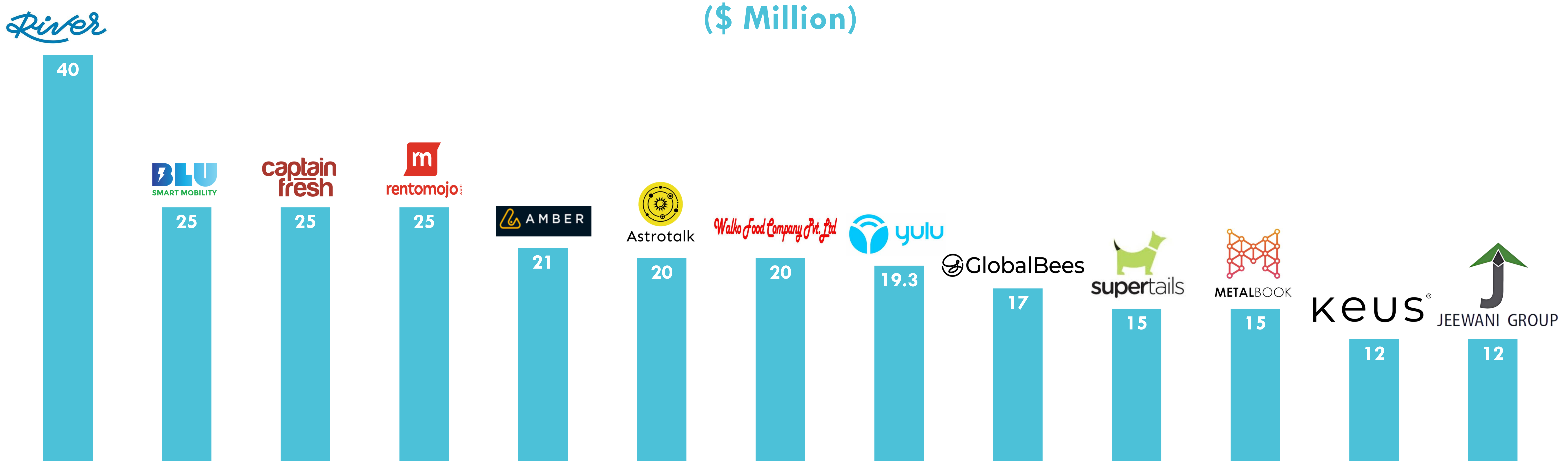
Empowering Farmers, Fueling Future

The Mizoram government is set to introduce a flagship program called 'Bana Kaih,' aimed at facilitating institutional credit for agricultural and small industrial purposes. This innovative initiative aims to address the longstanding challenge of accessing institutional credit, particularly microcredit, in both agriculture and small-scale industries. The 'Bana Kaih' or hand-holding policy will be implemented by integrating various schemes and initiatives of the central government. Emphasizing the development of agriculture and allied sectors, which contribute ~26% to the gross state domestic product (GSDP), will be a core priority. Additionally, efforts will focus on enhancing the marketing of agricultural produce, bolstering physical market infrastructure, and safeguarding the interests of farmers. Special attention will also be given to revitalizing horticulture, fisheries, veterinary and animal husbandry, and sericulture activities, vital for livelihoods. These measures aim to create economic opportunities and enhance the overall well-being of the state's populace.



START-UPS

Major Funding Raised by Startups for the Period 29th Jan'24 to 25th Feb'24 (\$ Million)



Source: Inc42

In February, 105 startups majorly based out of Delhi and Bengaluru raised an impressive \$616mn in funding, showcasing the strength of the startup ecosystem. Cleantech and e-commerce based startups dominated fundraising activities, reflecting recognition and support for innovative solutions across industries through cutting-edge technology.

AI-Driven Drug Discovery

Established in 2019 by Shridhar Narayanan, Venkatasubramanian, Anand Budni, and Amit Mahajan, Peptris Technologies utilizes AI to expedite drug development, with a particular focus on oncology, inflammation, and rare diseases. The company constructs predictive models aiding scientists in foreseeing failures in late-stage clinical trials and determining potential side effects to refine drug safety profiles. Currently managing numerous projects, Peptris concentrates on both testing molecules for oncology and inflammation therapies and repurposing existing drugs for rare diseases like Duchenne muscular dystrophy, targeting clinical trial readiness within a year and a half. Collaborating with pharmaceutical firms, Peptris explores molecules it discovers for drug development and testing. Recently, the Bengaluru-based company secured \$1mn in funding led by Speciale Invest, marking its first institutional capital infusion. This investment aims to leverage AI advancements to enhance Peptris' proprietary drug discovery platform.



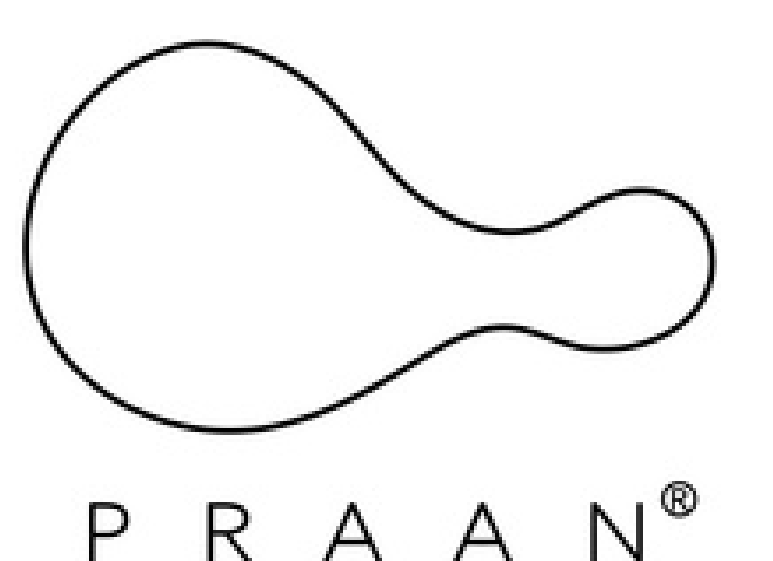
Transforming Battery Waste

Co-founded by Utkarsh Singh and Vikrant Singh, BatX Energies offers a comprehensive recycling and refurbishing solution for Original Equipment Manufacturers (OEMs) and their clients, converting used, end-of-life lithium-ion batteries into high-quality battery-grade materials. Claiming to achieve 99.95% purity in extracting lithium, nickel, and cobalt from black mass, the startup has recycled 220mn batteries, aligning with global sustainability objectives such as the UN's Sustainable Development Goals. Besides these, they provide manganese, cobalt, nickel sulphate, high-grade plastic, aluminium, steel, and copper for sale, all extracted through their mechanical process. Additionally, BatX Energies empowers local scrap collectors by integrating them into the formal sector and establishing a robust supply chain. The lithium battery recycling startup secured \$5mn in pre-Series A funding in December 2023, earmarking for expanding its market presence and enhancing recycling operations nationwide.

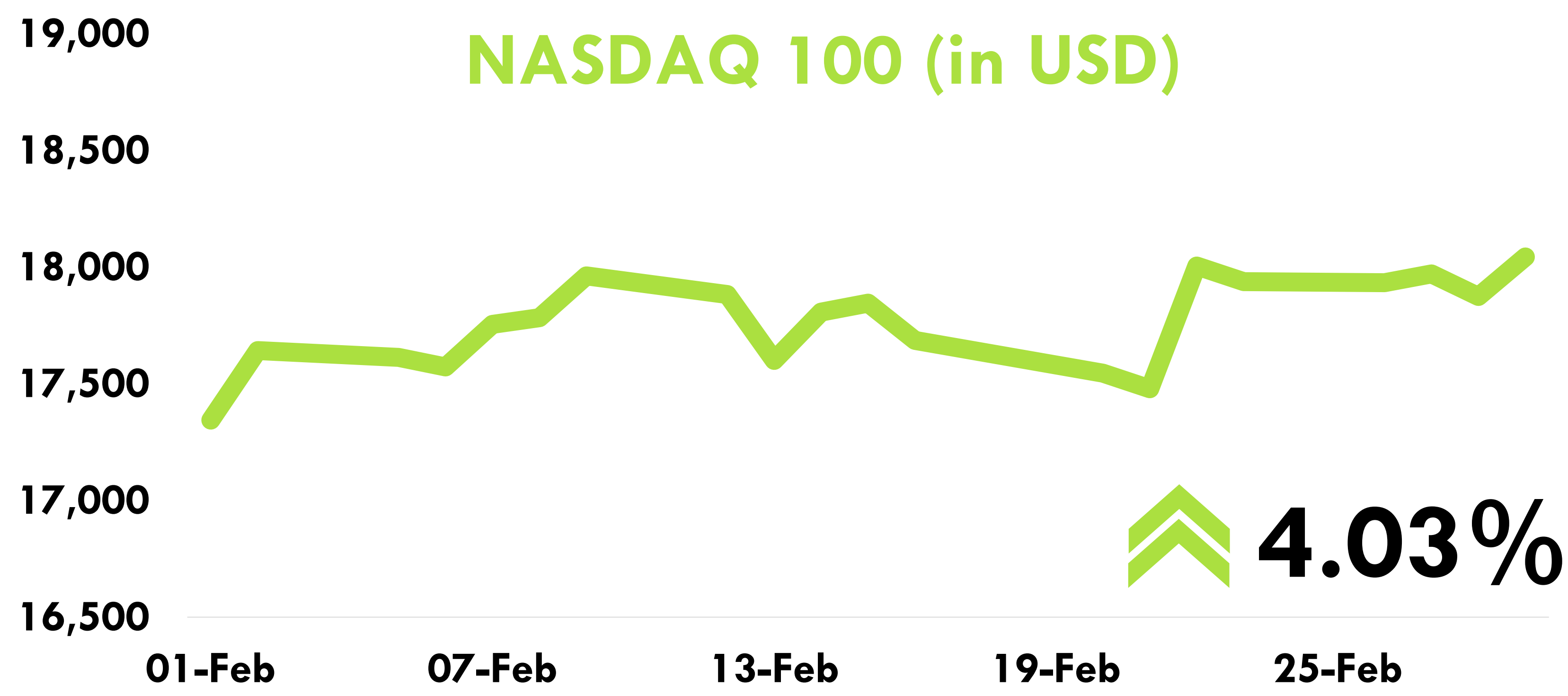


Envisioning a Cleaner Future

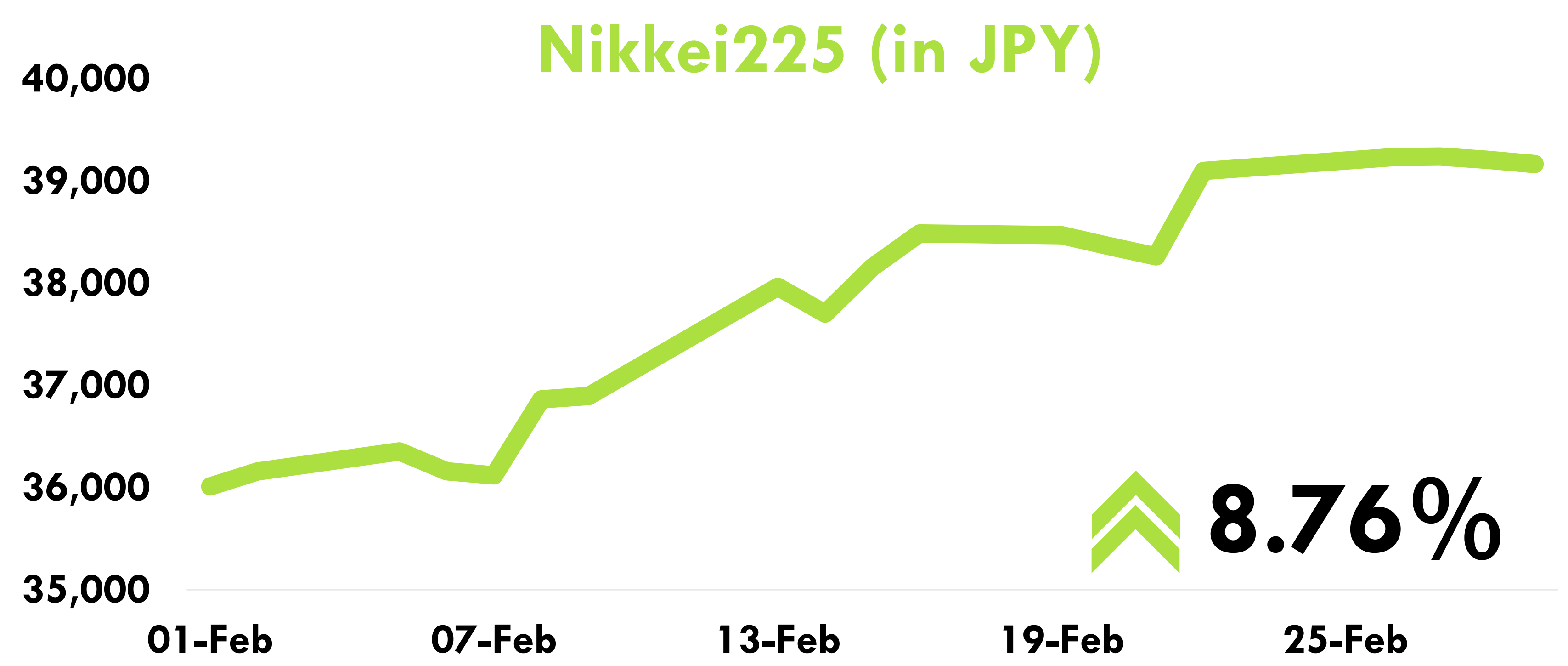
Praan, a deep tech company founded in 2017, offers filter-less and cost-effective outdoor air purification systems utilizing artificial intelligence. Its flagship product is a six-and-a-half-foot tall cylindrical air purifier that can be placed outdoors to purify the air surrounding it. The startup's product sets itself apart by optimizing airflow to ensure that filtered particles settle in a designated collection chamber instead of sticking to the fan plates. Utilizing sensors, the system alerts users when the chamber reaches its full capacity, prompting a simple 30-second process to empty and replace it, enhancing convenience and efficiency in maintaining the purification system. The company has its operations in the US and India, and manufactures predominantly in Maharashtra and Gujarat. Their latest version operates efficiently, even on solar power, targeting industrial and educational institutions as initial clients. Future plans for the startup include team expansion, large-scale B2B pilots, enhanced manufacturing, and CO2 capture device development.



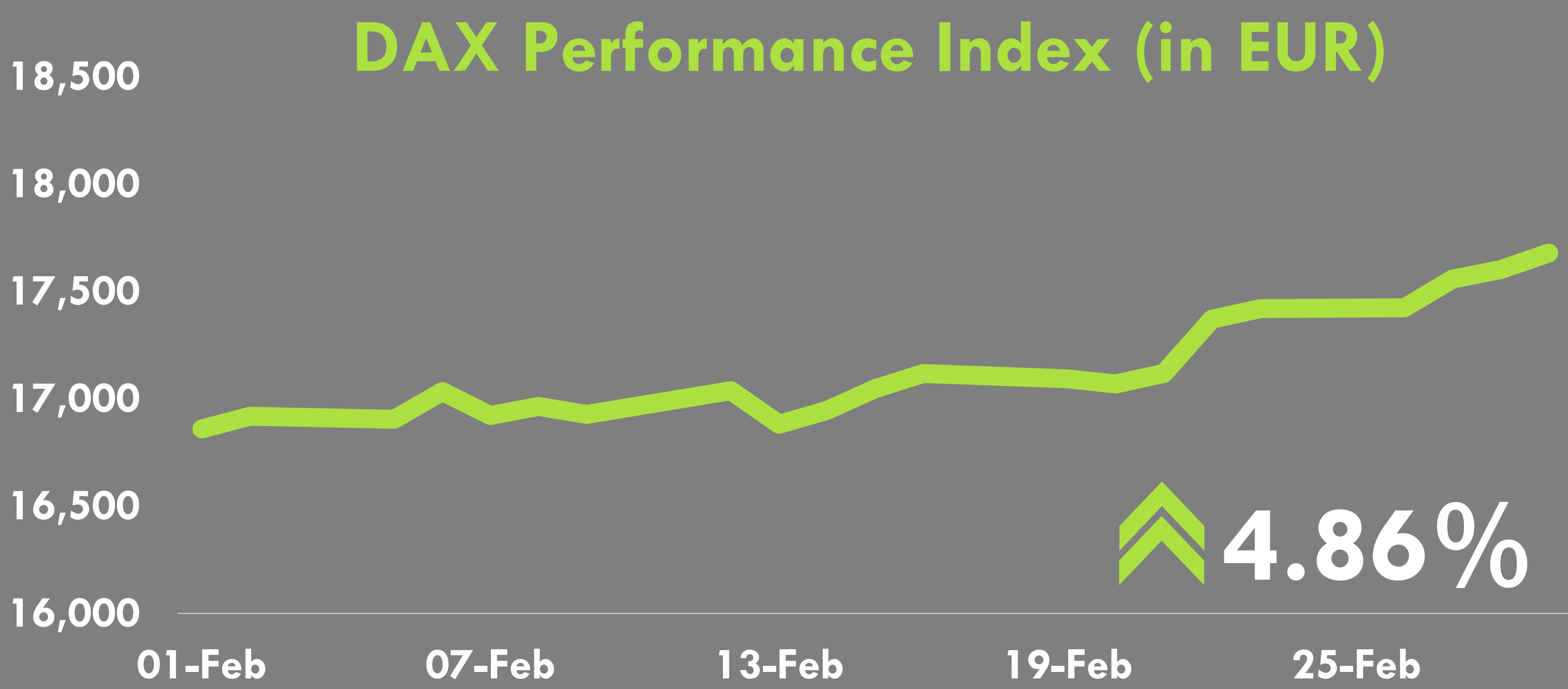
GLOBAL INDICES



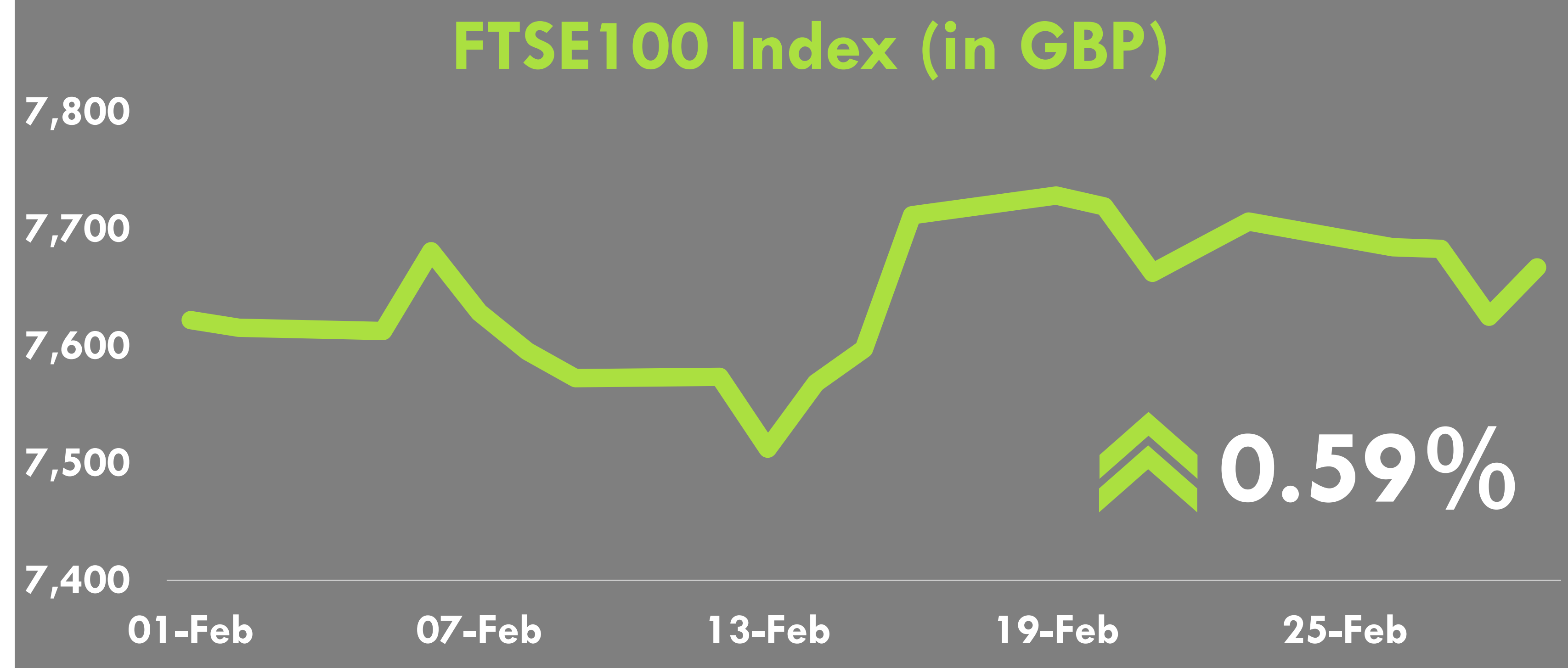
The index continued its upward trend for the fourth consecutive month, rising by 4.03%. Nvidia played a pivotal role in driving this increase, with its remarkable 265% YoY revenue growth. As the earnings season concludes, attention now turns to the Fed's decision regarding potential interest rate cuts. The recent PMI data signals a decrease in price pressures, introducing an interesting aspect to the market outlook.



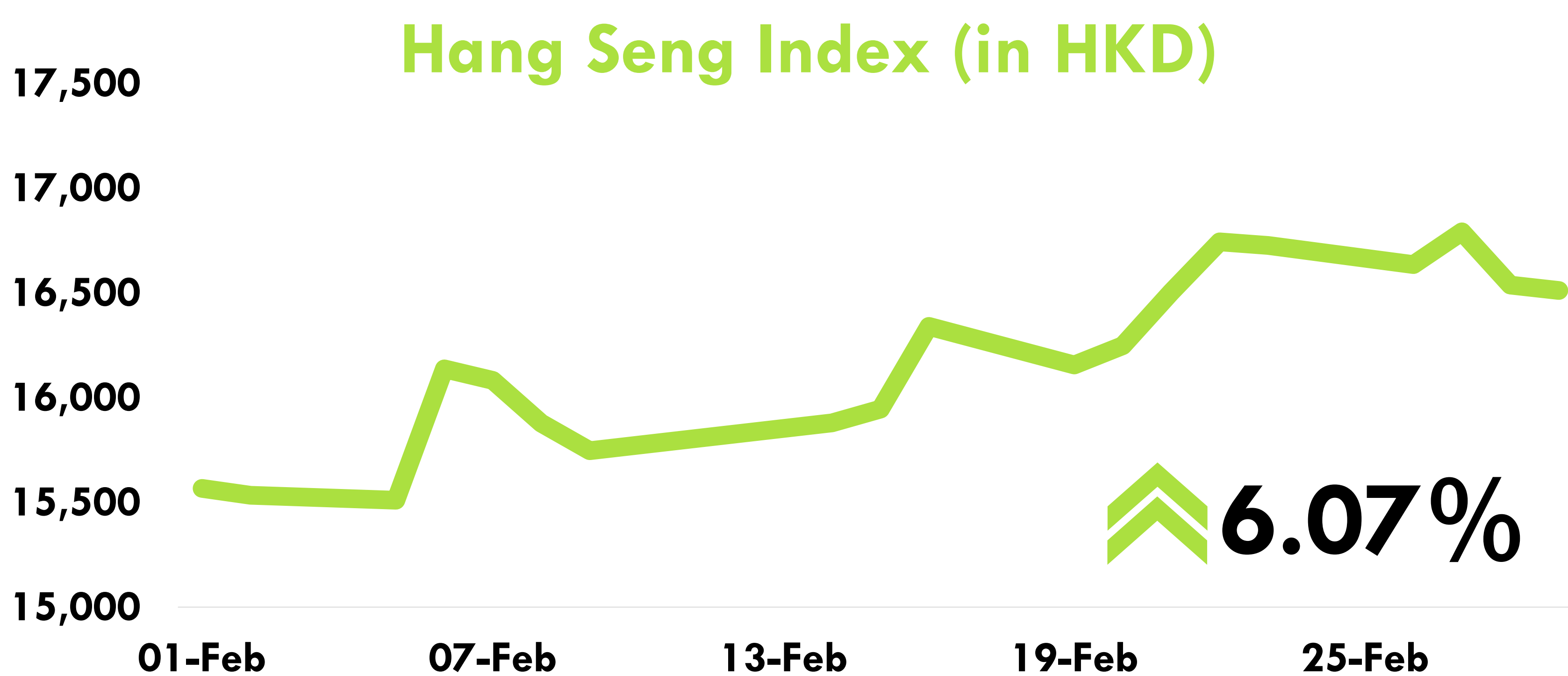
The index saw an impressive 8.76% surge, fueled by record-breaking quarterly profits among Japanese companies. Furthermore, robust economic data from the US and a weaker yen provided substantial support to Japanese exporters. Remarkably, Nvidia's earnings surpassed expectations, exerting a substantial influence on the upswing of semiconductor shares, including companies like Screen Holdings and Tokyo Electron.



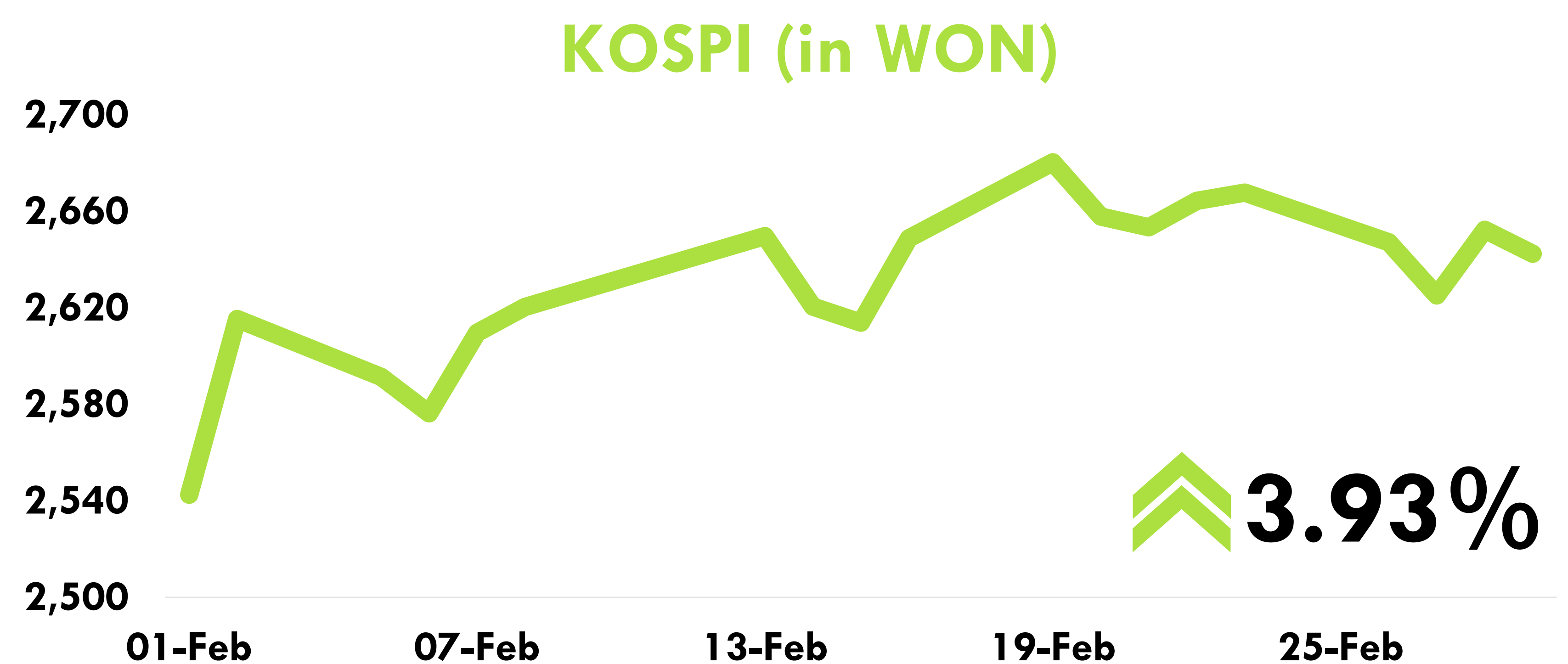
In the first half of February, the index displayed volatility, followed by a notable upswing in the latter half, resulting in a 4.86% gain by the end of the month. This surge was attributed to heightened expectations of ECB rate cuts for the month of June and declining energy prices. Noteworthy contributors to this upward trend include Infineon Technologies AG, Siemens Energy AG, and Sartorius.



The index maintained a relatively stagnant trend throughout the month, registering a modest increase of 0.59%. In the initial half, the index experienced a downturn as stronger-than-anticipated US inflation data and underwhelming employment report dampened expectations for an imminent interest rate cut. Conversely, the latter half of the month witnessed a rally attributed to the positive impact of Nvidia's earnings.



After enduring a persistent sell-off, the market index increased by 6.07% in February. This upturn was attributed to the implementation of economic reforms in China aimed at fostering recovery. However, sentiments took a hit as Moody's Investors Service removed credit ratings for eleven Chinese companies, contributing to subdued market conditions.

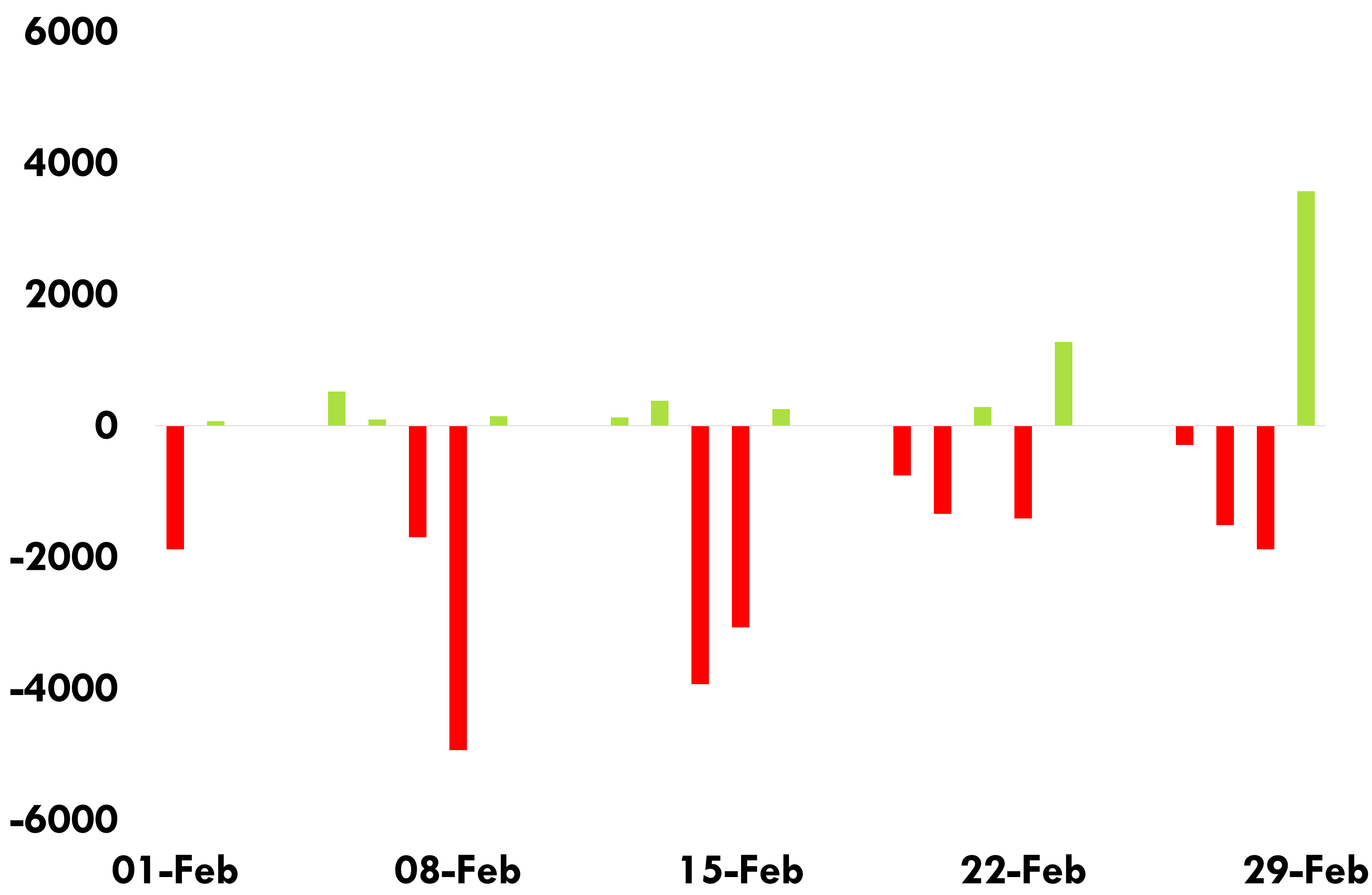


The index recorded a 3.93% increase in February. The first half of the month saw a substantial surge, fueled by expectations of regulatory initiatives aimed at enhancing corporate governance standards and shareholder returns. Notably, financial stocks experienced the most notable gains during this period. However, the latter half witnessed profit-booking, leading the index to stabilize around its 20-month high.

Source: Investing

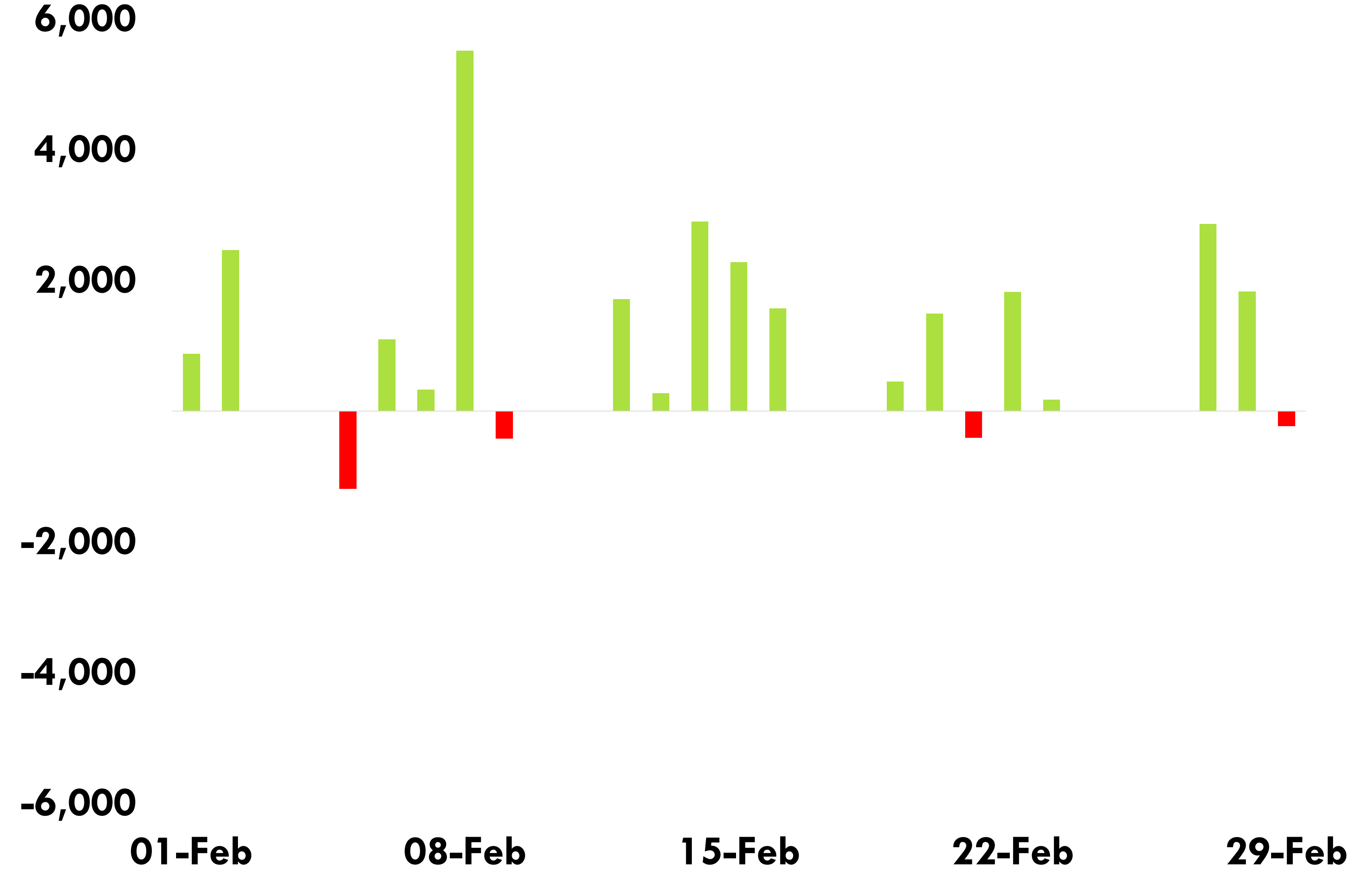
EQUITIES

FII Net Investment in February'24 (₹ Crores)



Source: NSDL

DII Net Investment in February'24 (₹ Crores)



Source: NSDL

In February, FIIs recorded net outflows of ₹15,962.72cr, attributed partly to caution amid rising US bond yields. Although FIIs could have sold more aggressively in response to this, they exhibited restraint. Investor caution persisted in the banking sector due to sluggish credit demand and deposit challenges. They also showed selling interest in construction and telecom sectors. On the other hand, DIIs were net buyers, injecting ₹25,379.30cr into the Indian markets.

Paytm's Regulatory Rollercoaster

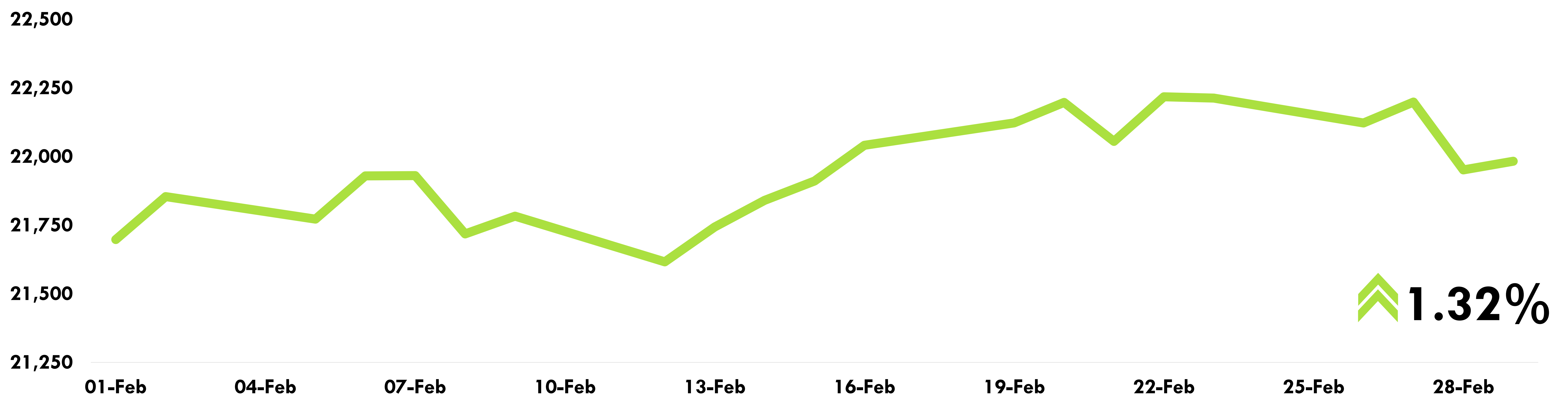
Paytm is seeing a big hit as its shares drop by over 30% this month following RBI's imposition of restrictions on its payments bank, potentially reducing the annual EBITDA by ₹300-500cr. While most of its marketing and financial services remain unaffected, operational adjustments are necessary for relationships associated with PPBL. Paytm has pledged to transition entirely to other bank partners to ensure compliance with RBI directives. Analysts at JPMorgan and Jefferies revised their targets downward, expressing concerns about near-term growth prospects. Additionally, RBI's directive to halt further transactions in customer accounts and prepaid instruments poses revenue challenges for Paytm. Although customers can still withdraw balances, the termination of Nodal Accounts could have varying impacts. However, customers using PPBL services can continue to top up, transfer funds, and make payments through those accounts until March 15, 2024, beyond which all those services will stop. With limited banking services expected post-February 29, 2024, Paytm faces obstacles in maintaining investor confidence and navigating regulatory complexities.

Index	1 st Feb'24 (In ₹)	29 th Feb'24 (In ₹)	Change (%)	Trend
NIFTY Auto	19,328	20,412	↑ 5.6	
NIFTY Bank	46,188	46,120	↓ 0.2	
NIFTY Consumer Durables	31,332	32,047	↑ 2.3	
NIFTY Financial Services	20,517	20,408	↓ 0.5	
NIFTY FMCG	55,216	54,016	↓ 2.2	
NIFTY IT	36,535	37,720	↑ 3.3	
NIFTY Media	2,128	2,050	↓ 3.7	
NIFTY Metal	7,891	7,922	↑ 0.4	
NIFTY Oil & Gas	10,728	11,458	↑ 6.8	
NIFTY Pharma	17,839	19,003	↑ 6.5	

Source: NSE

NIFTY50

NIFTY50 February'24 (in ₹)



The Nifty 50 index exhibited an upward trajectory, witnessing an increase of 1.32%. This could be attributed to gains in TCS and Reliance Industries, which pushed the index to a record 22,297 points. Despite the increase in US bond yields and selling activities by foreign portfolio investors (FPIs), the government's fiscal prudence in the budget, coupled with buying activities by domestic institutional investors (DIIs), played a crucial role in sustaining the upward momentum of the index.

World's First Airport Hydrogen Hub

CIAL has entered into a Memorandum of Understanding (MoU) with BPCL to set up the world's first green hydrogen plant and fueling station within an airport to reinforce its green energy initiatives. Green hydrogen is produced by the electrolysis of water, where water is split into hydrogen and oxygen using renewable electricity. It is recognized as a future fuel and aligns with zero-carbon energy strategies. The initial output of the 1000 KW capacity plant will be used for powering vehicles within the airport. Under the arrangement, CIAL will supply land, water, and green energy resources, while BPCL will take the lead in setting up the integrated plant and fueling station, supplying the necessary technology, and managing operations.



Mahindra's Pioneering EV Collaboration

M&M has signed a supply agreement with Volkswagen Group to enhance its INGLO platform, the backbone of Mahindra's EV architecture and human-machine interface. Initially, Volkswagen will supply some electric components and unified cells, and it may expand the collaboration in the future. Mahindra will be the first external partner to use the unified cell concept, a core element for Volkswagen's battery strategy, which can potentially reduce battery costs by almost 50% in electric vehicles. The supply agreement will run over several years and have a total volume of about 50 GWh during its lifetime. Mahindra's strategic move aligns with its plan to introduce five all-electric SUVs in India, leveraging its electric platform INGLO, with the initial launch stated for December 2024.



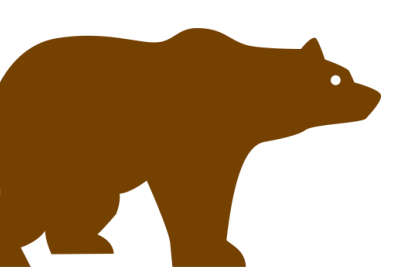
Top Gainers | NIFTY50 | Feb'24



Company Name	Change (%)
BPCL	19.5
Mahindra & Mahindra	17.0
SBI	16.3
Sun Pharma	11.9
Wipro	10.5
Adani Ports	9.0
Tata Motors	8.7
SBI Life Insurance	8.6
Coal India	7.9
ONGC	7.3

Source: NSE India

Top Losers | NIFTY50 | Feb'24



Company Name	Change (%)
Hindalco	11.3
UPL	11.0
ITC	8.1
Kotak Mahindra Bank	6.9
Divi's Laboratories	4.5
HDFC Bank	4.0
IndusInd Bank	4.0
Hero Motocorp	3.8
Bajaj Finance	3.4
Eicher Motors	3.4

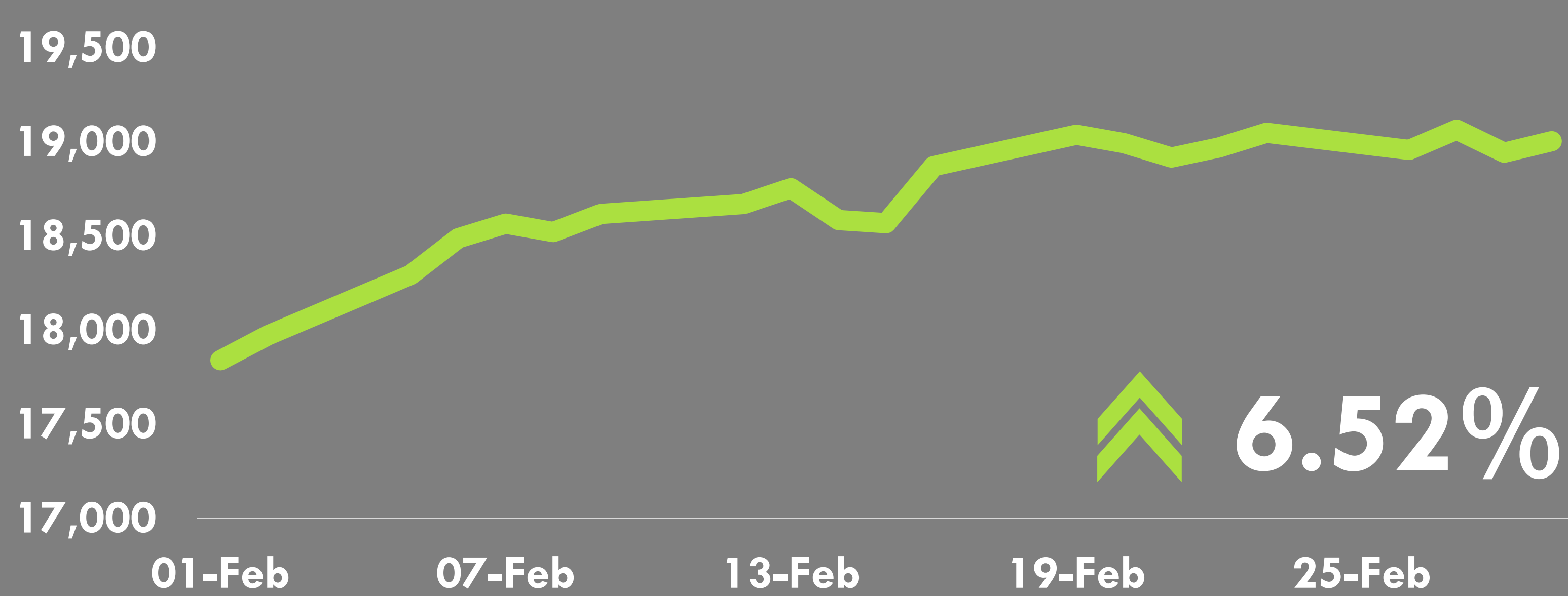
SECTOR UPDATES

Pharma Sector

The pharmaceutical sector exhibited strong performance over the month, showing a significant uptrend of ~6.52%. Zydus Lifesciences notably excelled, recording an impressive gain of around 24.01%, while Gland Pharma saw a decline of 10.98%. Factors such as heightened trading activity, positive quarterly results of companies like Cipla and Biocon, the introduction of new products, and stabilized prices in the US market were pivotal in driving the sector's favorable momentum.



NIFTY Pharma February'24 (in ₹)



Source: NSE

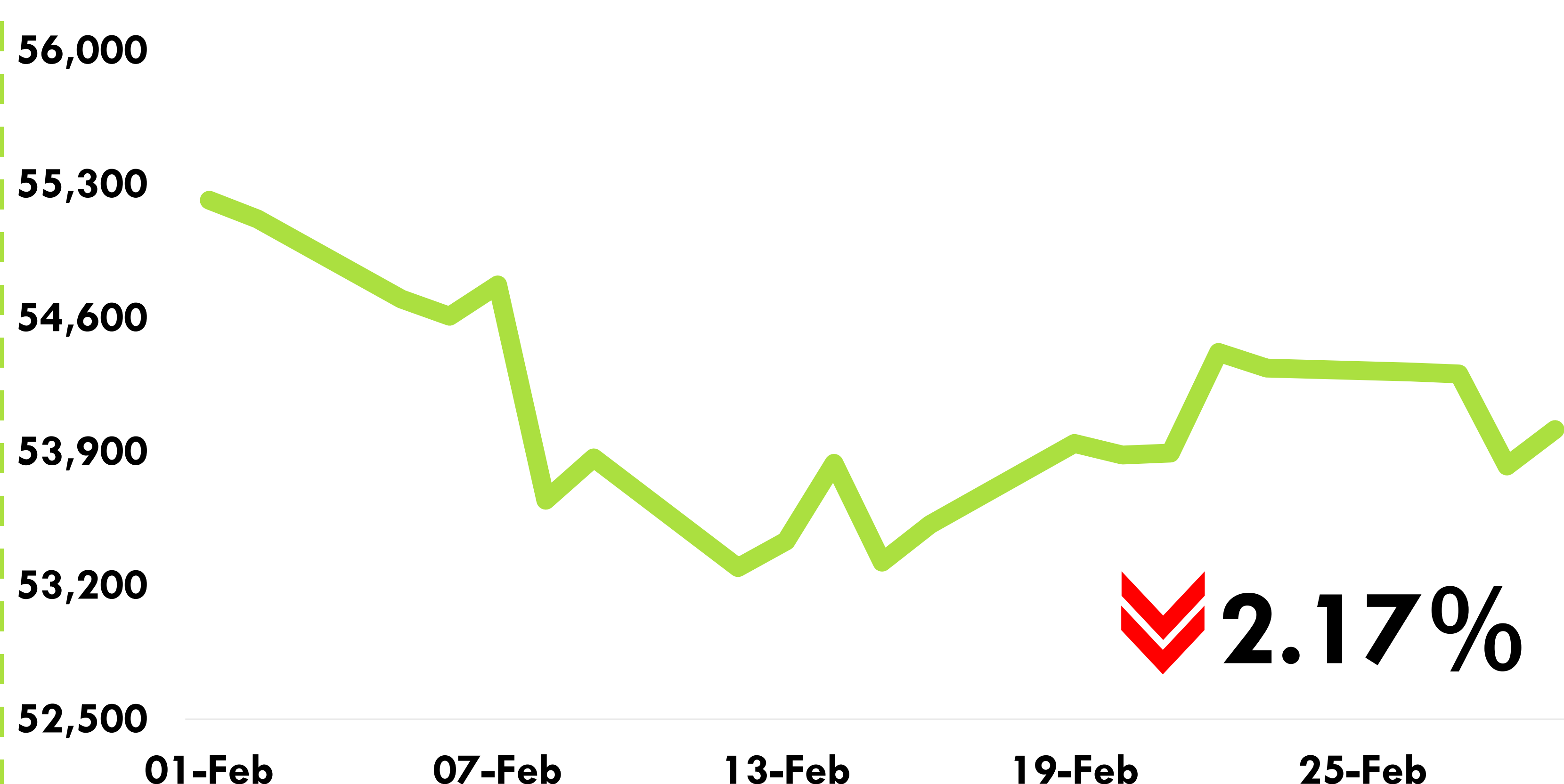
FMCG Sector

Nifty FMCG experienced a decline of 2.17% in the month of February.



Varun Beverages Ltd. emerged as the top gainer with a 9.65% increase, while ITC Ltd. witnessed a decline of 8.26%. The Indian FMCG sector's Q3FY24 earnings showed that the rural demand failed to rise to expectations despite falling commodity prices and a strong GDP growth rate. Recovery is now expected to pick up in the next quarter, driven by economic boosters for the rural sector, stable macroeconomic factors and an Minimum Support Price hike.

NIFTY FMCG February'24 (in ₹)



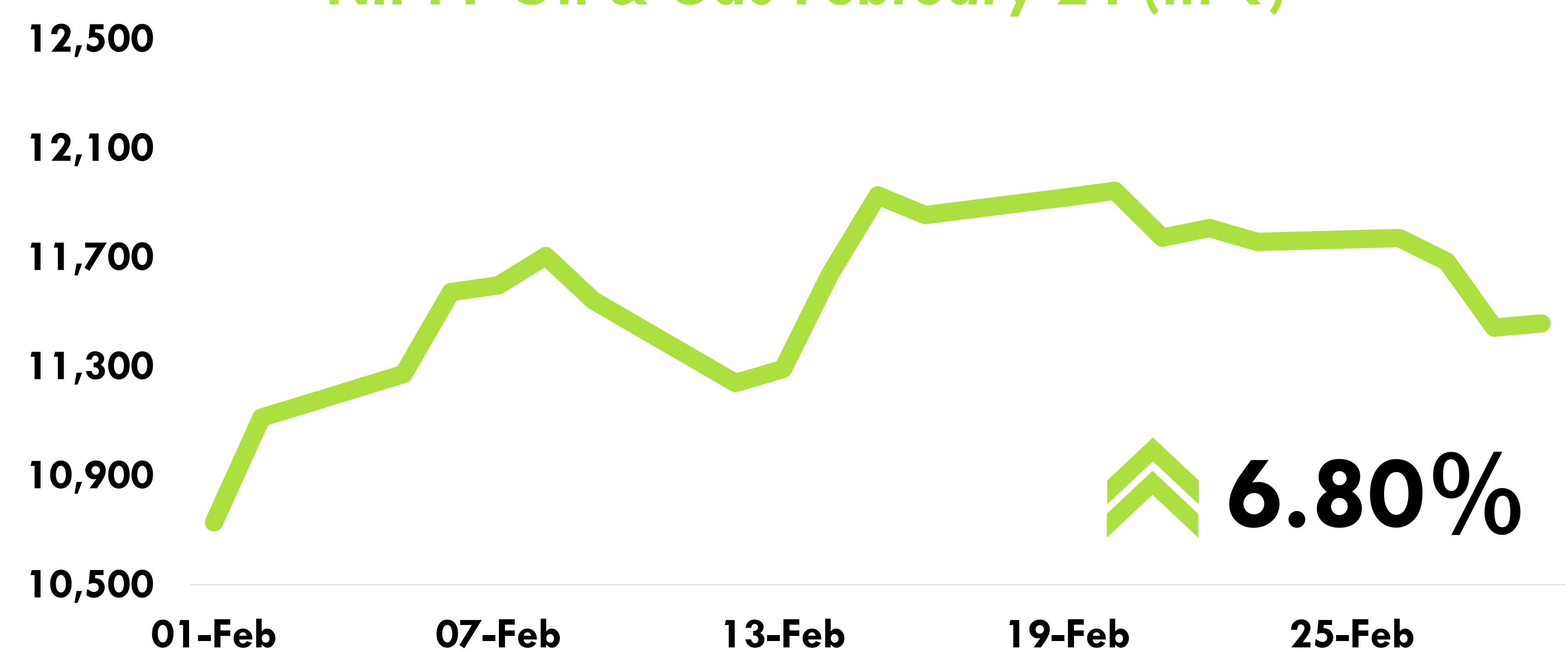
Source: NSE

Oil and Gas Sector

The Nifty Oil and Gas sector displayed a positive trajectory, witnessing a notable surge of 6.80% on a host of triggers, including relatively stable crude oil prices, favourable budget announcements and better-than-expected quarterly earnings. Reduced gas prices, both domestically and internationally, along with increased domestic availability, also supported the demand growth. The top gainer was Oil India Ltd., which jumped 25.25% to hit its 52-week top of ₹630. However, Indraprastha Gas and Gujarat Gas were the only losers for the month.



NIFTY Oil & Gas February'24 (in ₹)



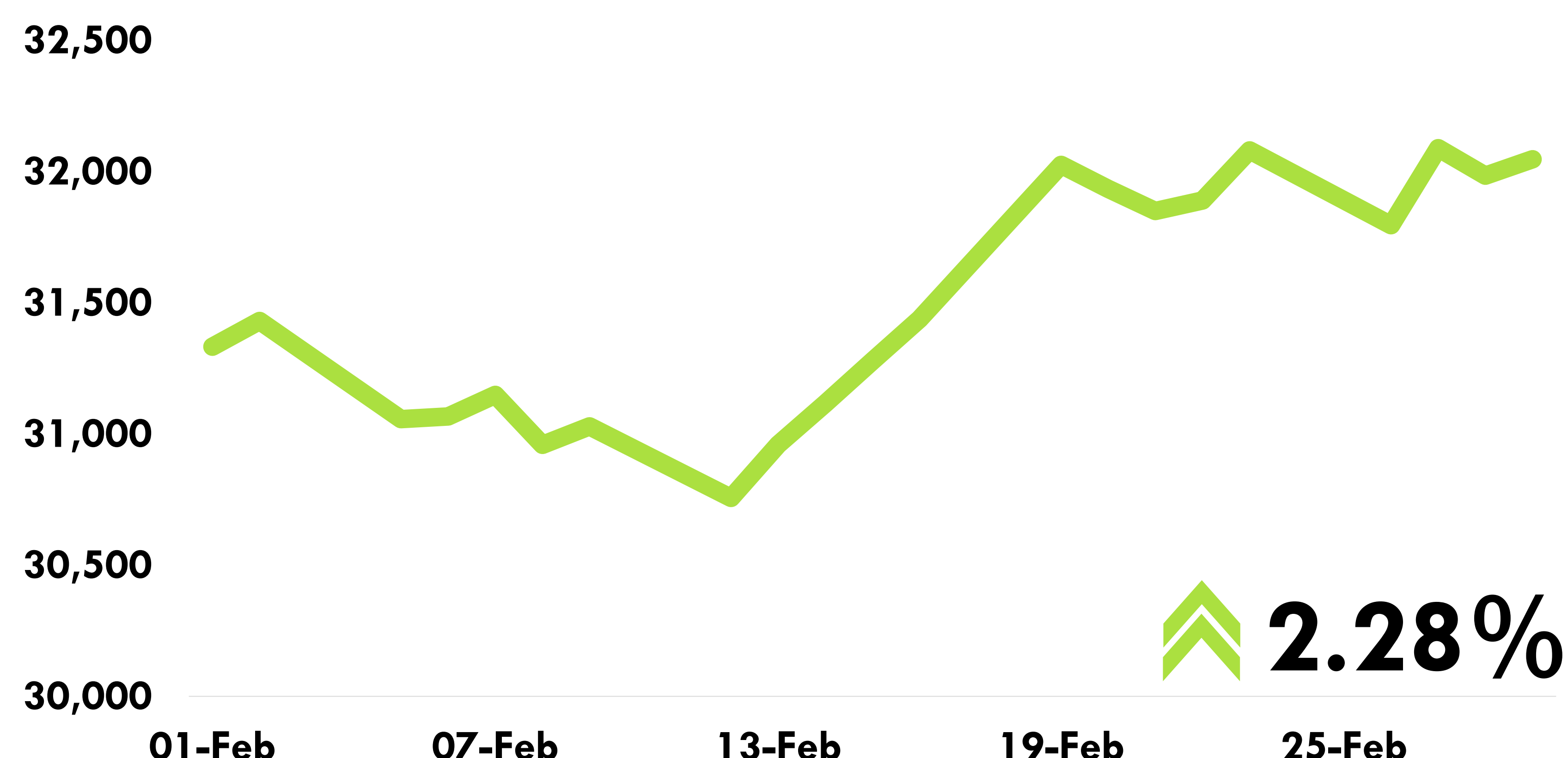
Source: NSE

Consumer Durables Sector

Despite a significant mid-month decline, Nifty Consumer Durables closed with a 2.28% gain, initially impacted by elevated raw material prices and high inflation. However, stabilized interest rates later fueled momentum in the sector, with anticipated growth in the capital expenditure cycle likely to bolster company revenues. Havells India led the gains for the month, surging 16.49%. Conversely, Kajaria Ceramics' disappointing Q3 earnings announcement triggered its sell-off, marking it as the top loser in this sector.



NIFTY Consumer Durables February'24 (in ₹)

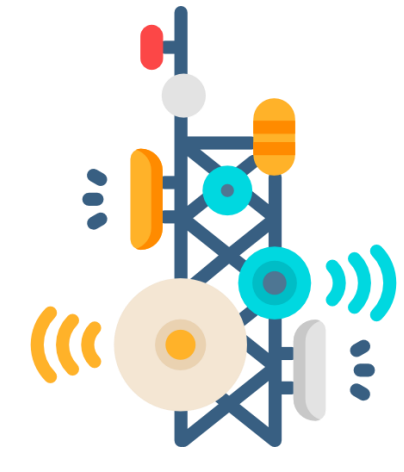


Source: NSE

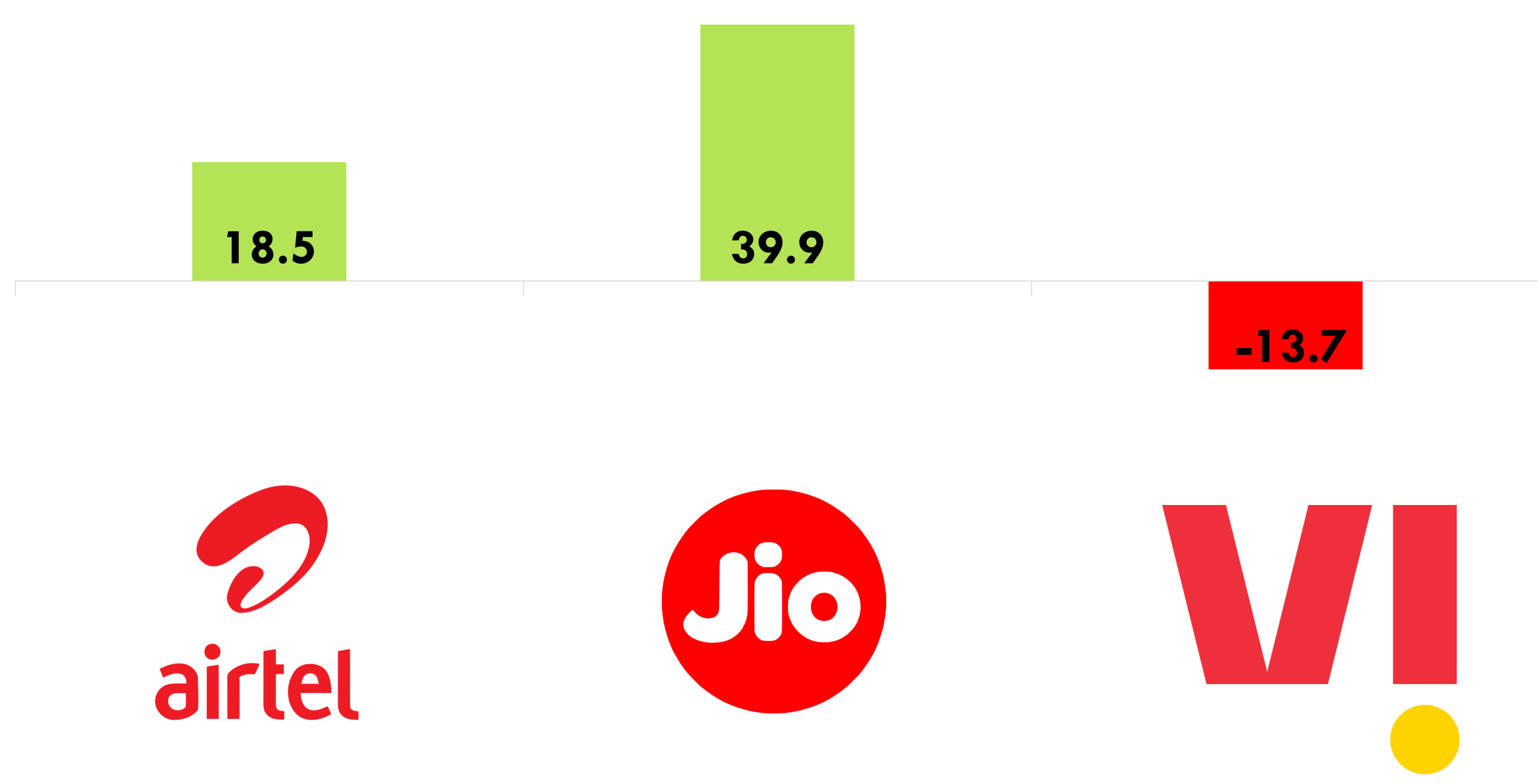
SECTOR UPDATES

Telecom Sector

In February, c-DOT and IIT Roorkee signed an agreement to develop a 140GHz fully integrated transmitter & receiver module for 6G and beyond. The novelty of this system lies in the generation, transmission, and antenna integration of TeraHertz waves onto a single chip, which will reduce system size, making it suitable for use in portable devices such as smartphones and laptops. This agreement will contribute to the 'Bharat 6G Vision' as it will pave the way for building home-grown 6G solutions with ultra-low latency.



Addition During December'23 (Lakhs)

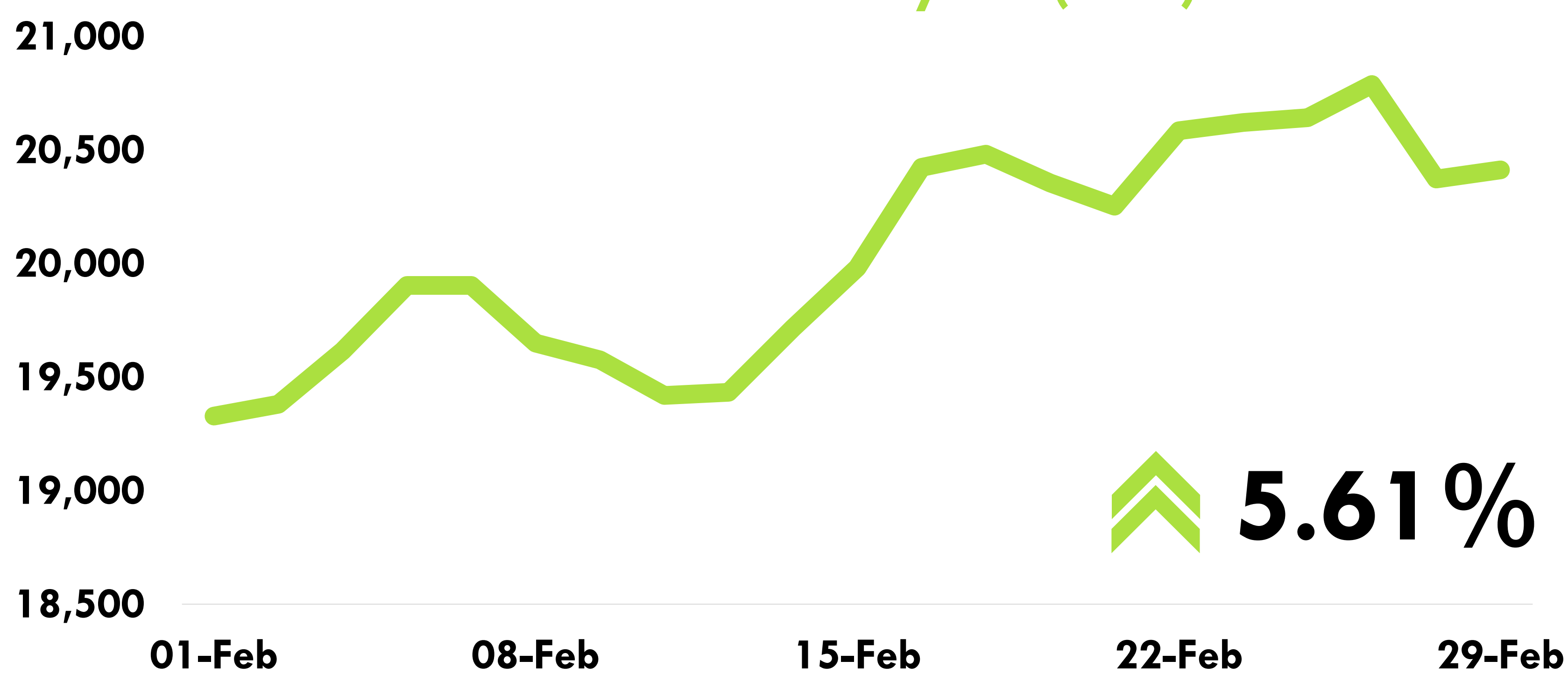


Auto Sector

February was a stellar month for the Nifty Auto sector as it surged 5.61%. This rally in automotive stocks is credited to strong earnings for the quarter ending 2023, driven by significant increases in sales volume, enhanced operational efficiency and price hikes. Tata Motors reported a more than two-fold increase in Q3 profit, fueled by strong Jaguar Land Rover sales. Additionally, M&M announced a supply agreement with Volkswagen for its electric platform INGLO. Tata Motors, M&M, Bosch, and Maruti were the frontrunners while Balakrishna Industries experienced a downturn this month.



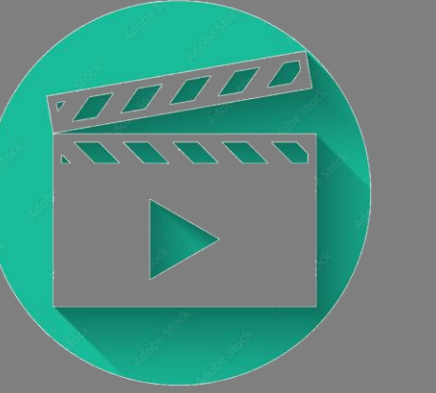
NIFTY Auto February'24 (in ₹)



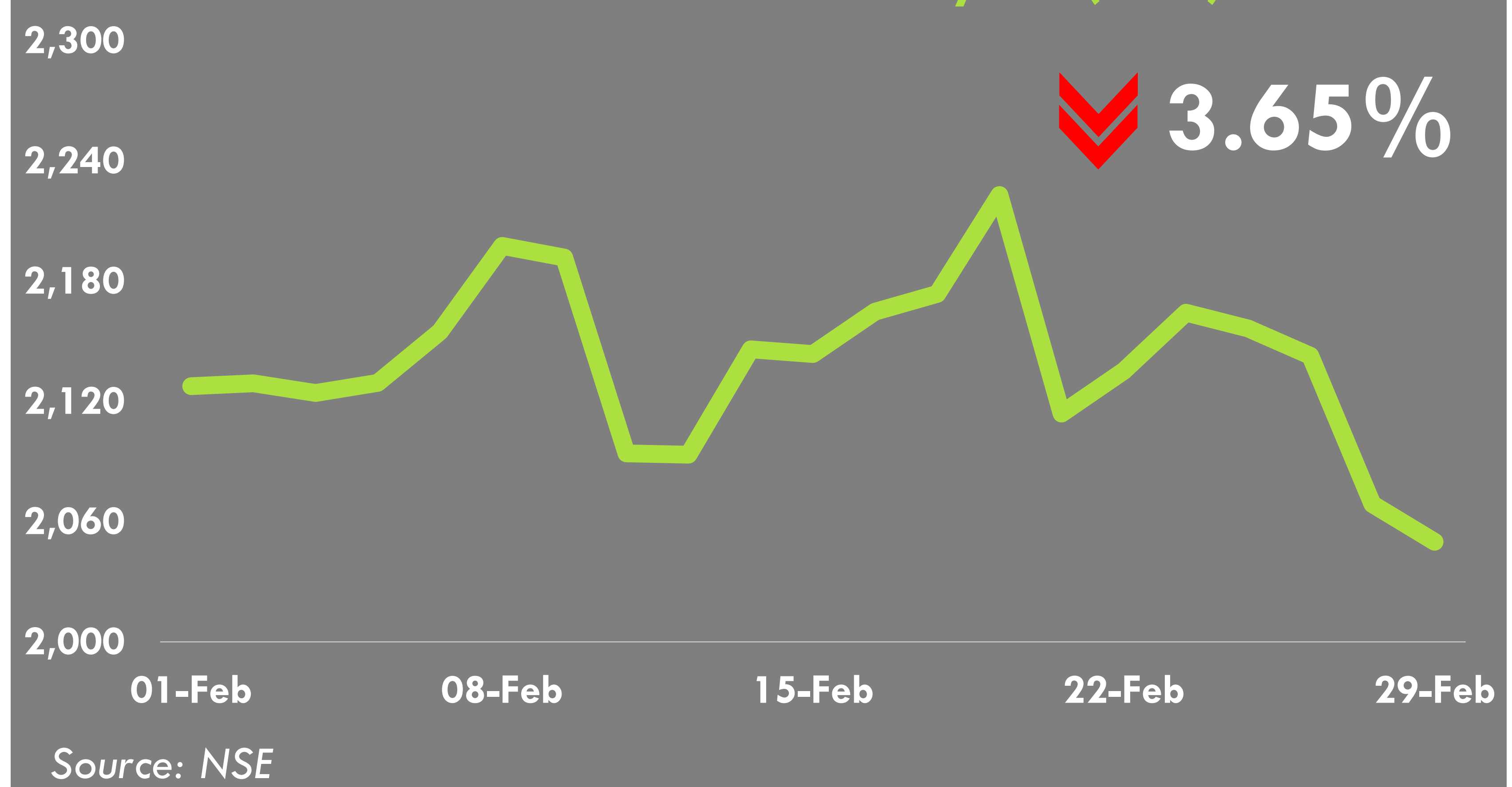
Source: NSE

Media Sector

Despite showing heavy fluctuations, Nifty Media experienced a 3.65% decline in February. The anticipated growth in DTH subscribers is expected with the introduction of the New Tariff Order 3.0, coupled with DTH operators actively promoting set-top boxes that integrate both OTT and linear TV services. Dish TV launched its OTT aggregation under its brand 'Watcho' which led to a 6.45% increase in its stock price while Nazara Technologies witnessed a decline of 14.01% due to missing revenue targets in Q3.



NIFTY Media February'24 (in ₹)



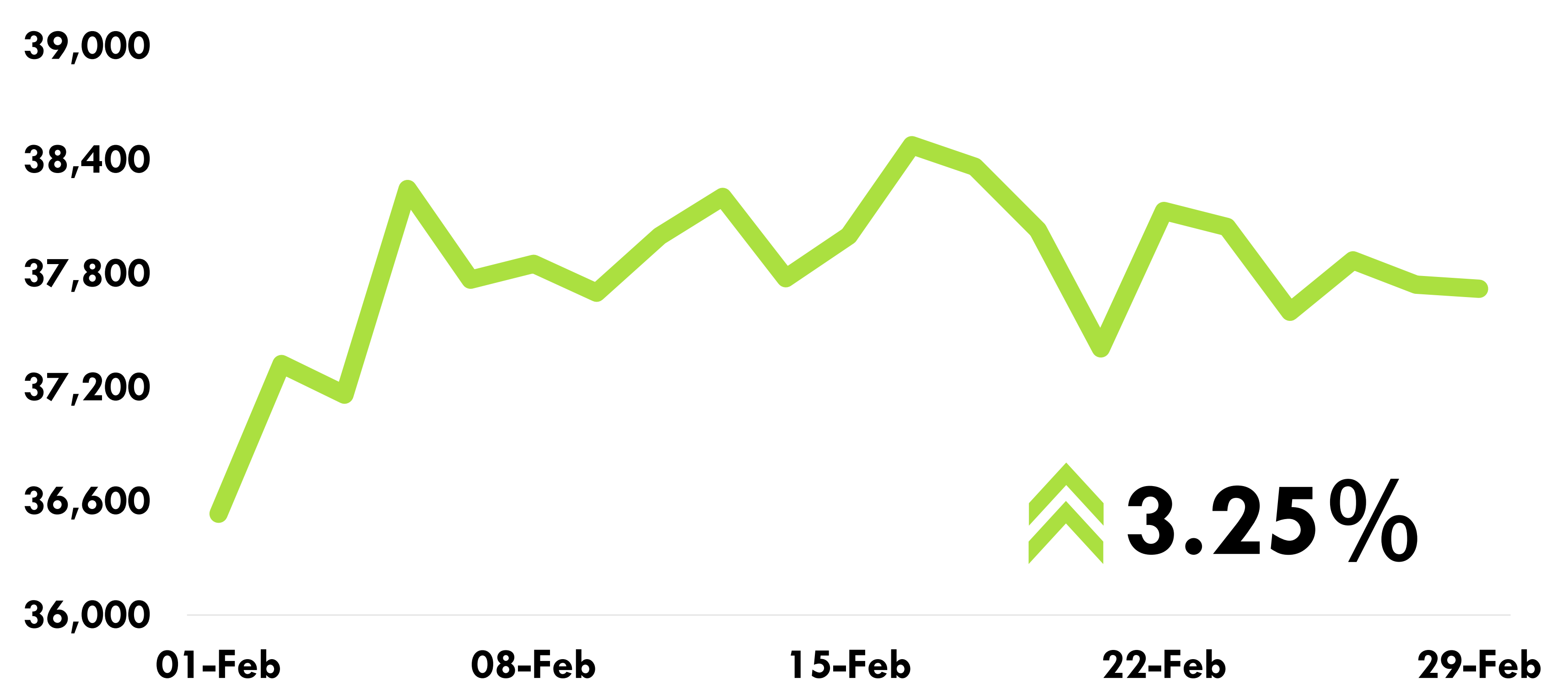
Source: NSE

IT Sector

The IT sector witnessed a 3.25% growth this month. The growth observed can be attributed to the superior performance of major IT stocks like Wipro, HCL Tech, and TCS. Wipro's acquisition of Aggne Global and its deal with US chipmaker Intel Foundry led to a rise of around 10.02% in its stock price this month. Additionally, TCS is committed to hiring fresh talent despite challenges in the job market. The sector's growth is further fueled by the positive momentum in the US markets, attributed to the influence of NVIDIA.



NIFTY IT February'24 (in ₹)



Source: NSE

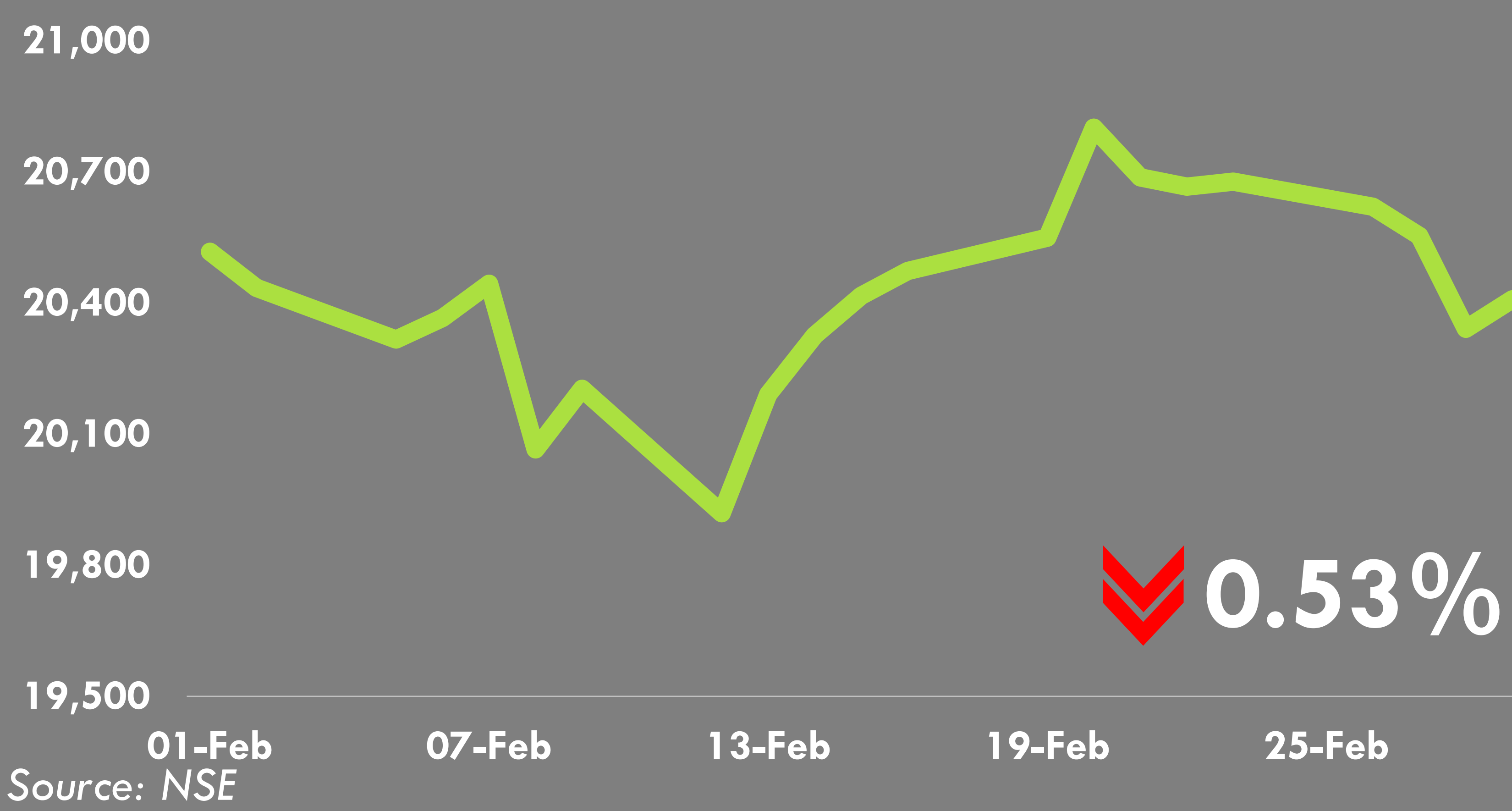
SECTOR UPDATES

Financial Services Sector

During the month of February, Nifty financial services declined by 0.53% as ICICI Lombard saw a significant increase, driven by a 22.4% jump in net profit, while LIC Housing Finance also reported a considerable rise in earnings. Conversely, CHOLAFIN faced a downturn due to a 'Reduce' rating by Nomura, affecting the index. Top gainers were ICICI Lombard, SBI Cards and Payments Services Ltd., while Shriram Finance and REC incurred losses.



NIFTY Financial Services February'24 (in ₹)



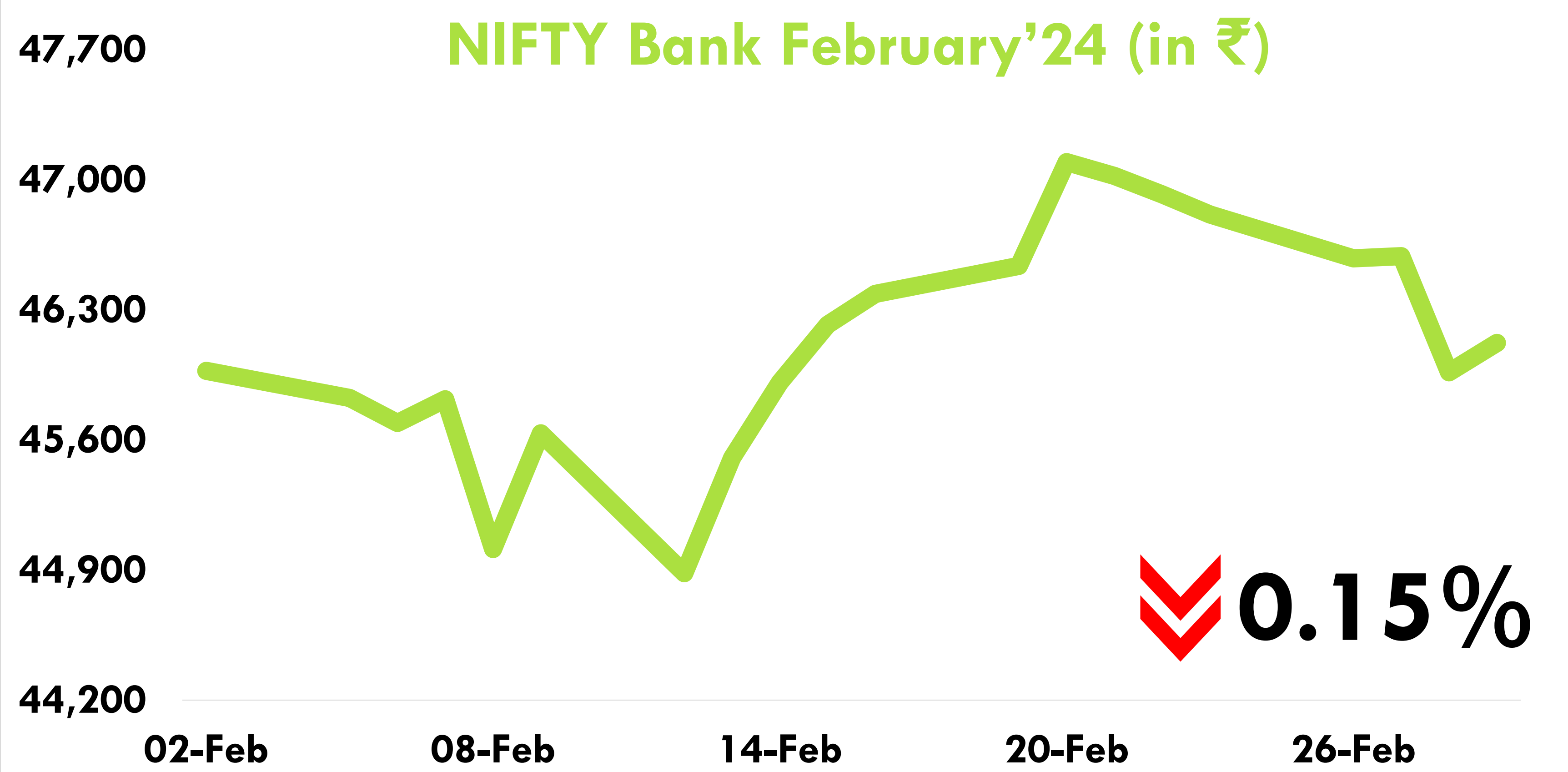
Source: NSE

Banking Sector

The Nifty Bank index witnessed a marginal 0.15% decrease this month, supported by strong performances from public sector banks, which reported significant profit growth compared to the previous year. Public banks benefitted from broader access to low-cost deposits, while private banks faced challenges in deposit collection. Private banks were compelled to hike deposit rates and resort to borrowing from the expensive wholesale market, thereby impacting net interest margins. SBI and Bank of Baroda emerged as the top gainers.



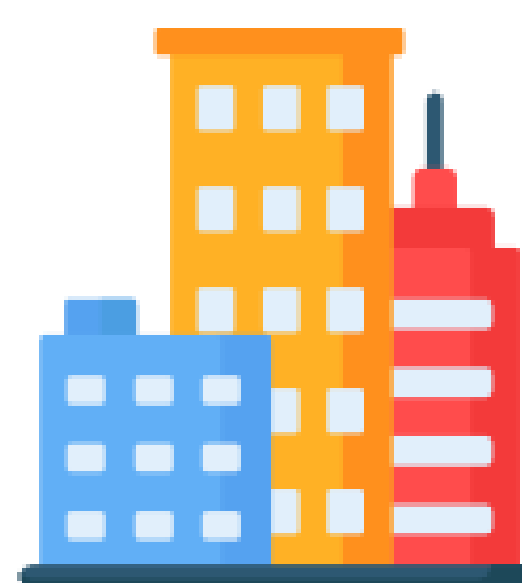
NIFTY Bank February'24 (in ₹)



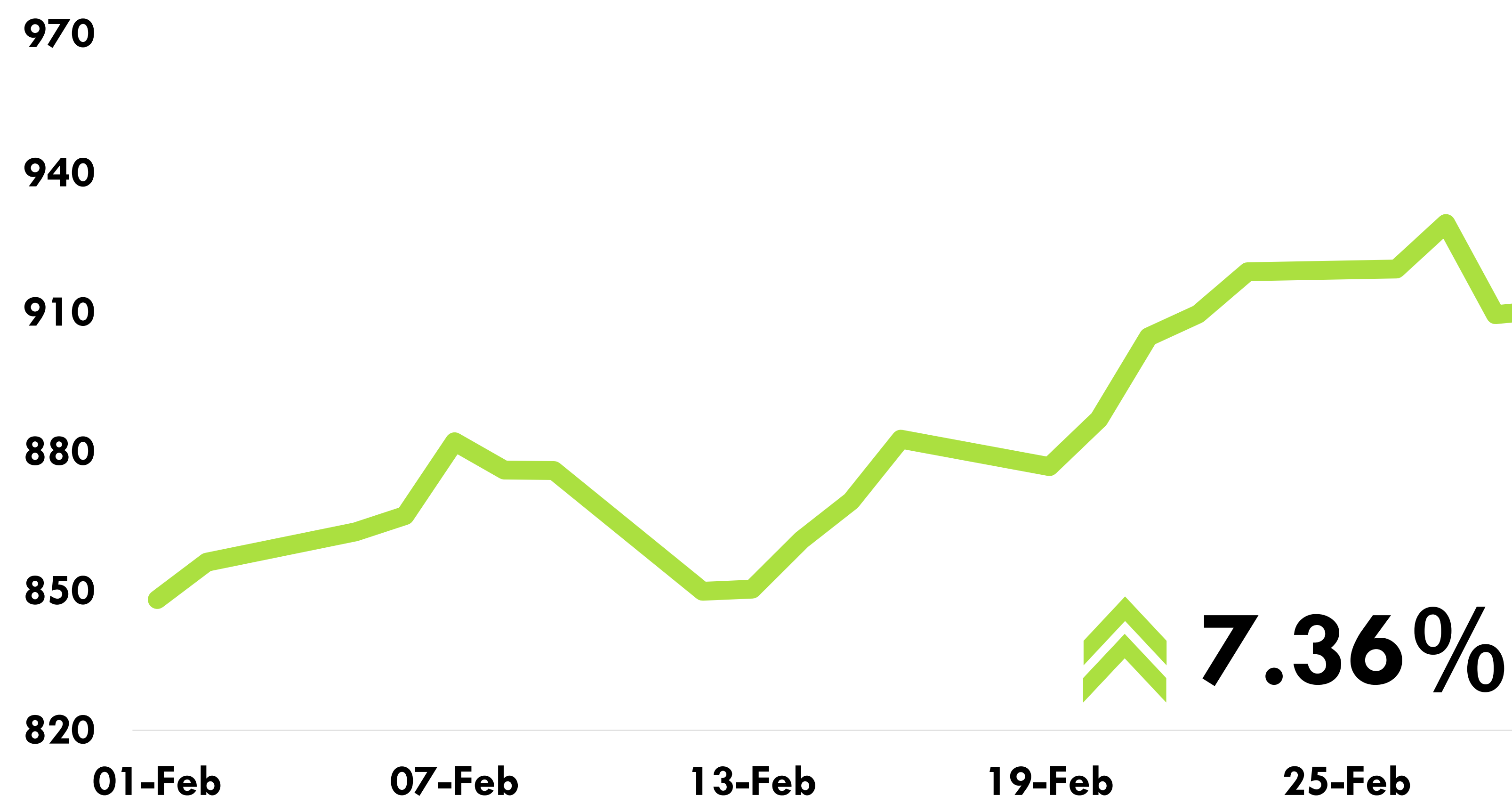
Source: NSE

Realty Sector

The realty index steadily rose by 7.36% due to rising demand for luxury and affordable real estate, driven by increasing spending power and favorable economic conditions. Additionally, the Interim Budget laid down an 11.1% increase in Infrastructure spending, thus improving connectivity in emerging areas and fueling demand for housing and commercial ventures. Companies like Phoenix Mills., Swan Energy, and DLF Ltd. notably fueled this month's surge, while Prestige Estates and Brigade Enterprises were the top losers.



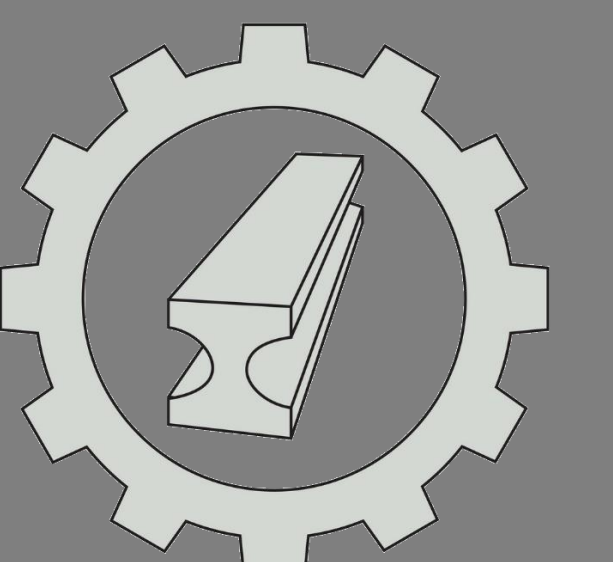
NIFTY Realty February'24 (in ₹)



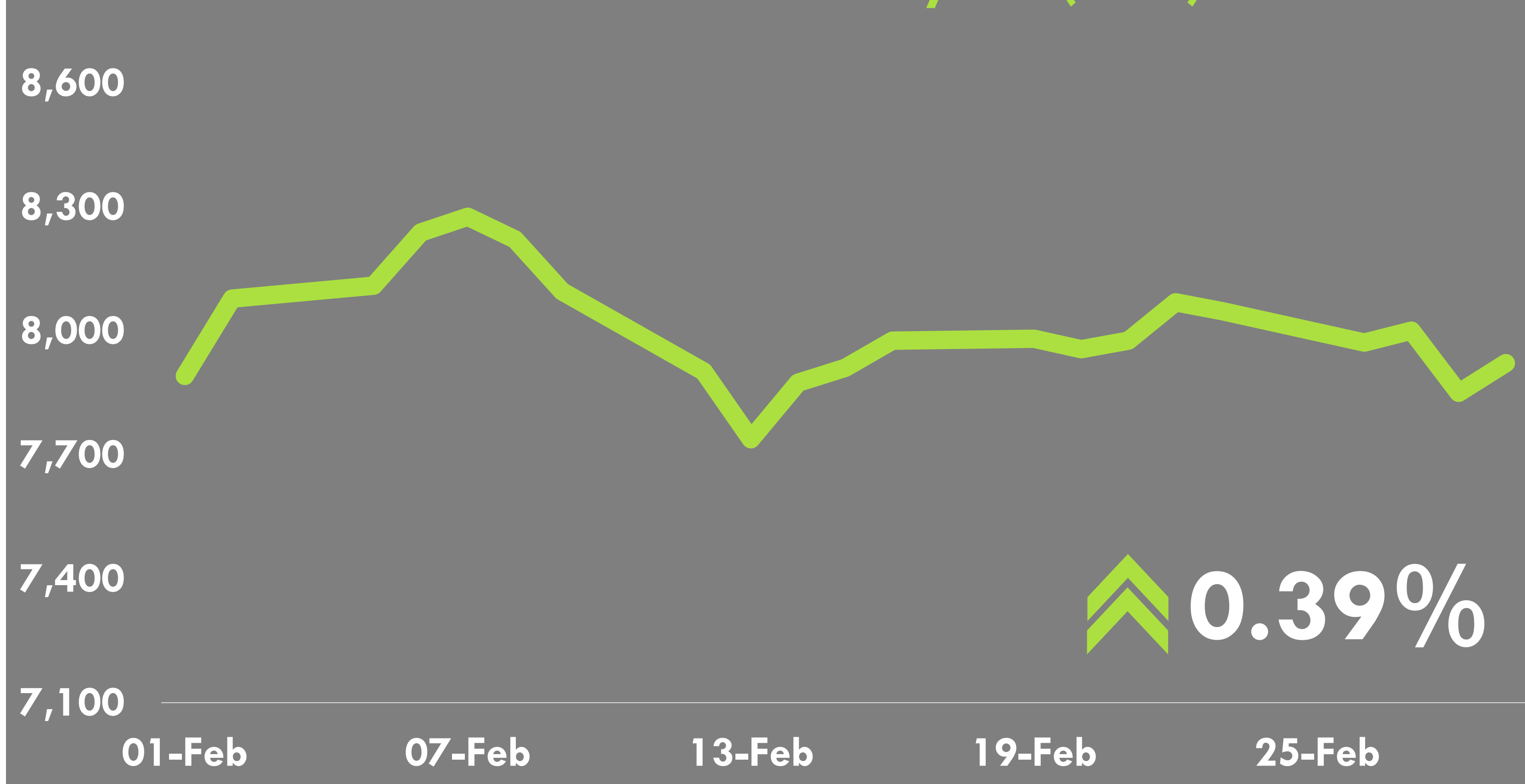
Source: NSE

Metal Sector

This month, the Nifty Metal sector saw a slight growth of 0.39%, attributed to iron ore prices hitting a three-month low due to concerns over weak steel demand in China post-Lunar New Year. Despite Chinese banks cutting mortgage rates significantly, market weakness persisted, highlighting ongoing efforts to support the property sector. NALCO reported an 83.6% YoY profit surge in Q3 FY24. Top gainers included Jindal Stainless Ltd and NALCO, while Hindalco and Welspun Corp dragged the index downward.



NIFTY Metal February'24 (in ₹)



Source: NSE

IPO

Capital SFB: IPO Triumph

Capital Small Finance Bank Ltd, having its headquarters in Jalandhar, Punjab, targets middle-income customers with a range of products through branches and digital channels. Incorporated in 1999, it obtained its SFB license in 2015, making it the first non-NBFC microfinance entity to do so. With a focus on semi-urban and rural areas, the bank serves its clientele effectively. Capital SFB's IPO, valued at ₹523.07cr, includes a fresh issue of 0.96cr shares totalling ₹450cr and an offer for sale of 0.16cr shares totalling ₹73.07cr at a price band of ₹445-468 per share. The IPO was oversubscribed by 4 times but got listed at a 7.1% discount from its price band. The bank proposes to utilize the net proceeds from the fresh issue towards augmenting the Bank's Tier-I capital base to meet its future capital requirements. Further, the proceeds from the fresh issue will also be used to meet the expenses incurred while raising funds from the IPO.



E-Revolution: BLS IPO Soars

Established in 2016, BLS E-Services Limited functions as a tech-oriented digital service provider. The company provides business correspondent services to prominent Indian banks, in addition to offering Assisted e-services and e-governance solutions to government agencies. Catering to governments, businesses, and consumers, it provides access points for various essential services through a network of merchants called BLS Touchpoints and BLS Stores. As of September 2023, it boasted 98,034 BLS touchpoints and 1,016 BLS stores, helping the company report operating revenue of ₹243.06cr as of FY23. The BLS E-Services IPO, valued at ₹310.91cr, consisted of 2.3cr newly issued shares, priced between ₹129 to ₹135 each. It was oversubscribed by 162.47 times and debuted at ₹309 per share, reflecting a premium of 128.9%. Looking ahead, the company plans to utilize the net proceeds from the IPO to bolster its technology infrastructure, expand existing platforms, establish BLS Stores for organic growth, pursue acquisitions for inorganic expansion, and cover general corporate purposes.



Park Hotel's Stellar Debut

Incorporated in 1987, Apeejay Surrendra Park Hotels is a major player in India's sector, ranking 8th in affiliated hotel room inventory as of September 2023. Their portfolio includes upscale brands like "THE PARK" and "THE PARK Collection," as well as upper-midscale options like "Zone by The Park" and "Zone Connect by The Park." They also manage 81 restaurants, nightclubs, and bars, offering diverse culinary experiences, and operate in the retail food and beverage industry with their brand 'Flurys'. Apeejay Surrendra Park's IPO, valued at ₹920cr, includes a fresh issue of 3.87cr shares totalling ₹600cr and an offer for sale of 2.06cr shares totalling ₹320cr at a price band of ₹147-155 per share. The IPO received an impressive response, oversubscribed by 59.66 times, and upon listing, shares debuted at ₹187, reflecting a 20.6% premium. The IPO's primary goals include debt repayment and general corporate purposes like rent and administration costs.



Upcoming IPOs

IPO Size (Approx.)

Gopal Snacks Ltd.	₹650 Cr.
R K Swamy Ltd.	₹424 Cr.
JG Chemicals Ltd.	₹251 Cr.
Sona Machinery Ltd.	₹52 Cr.

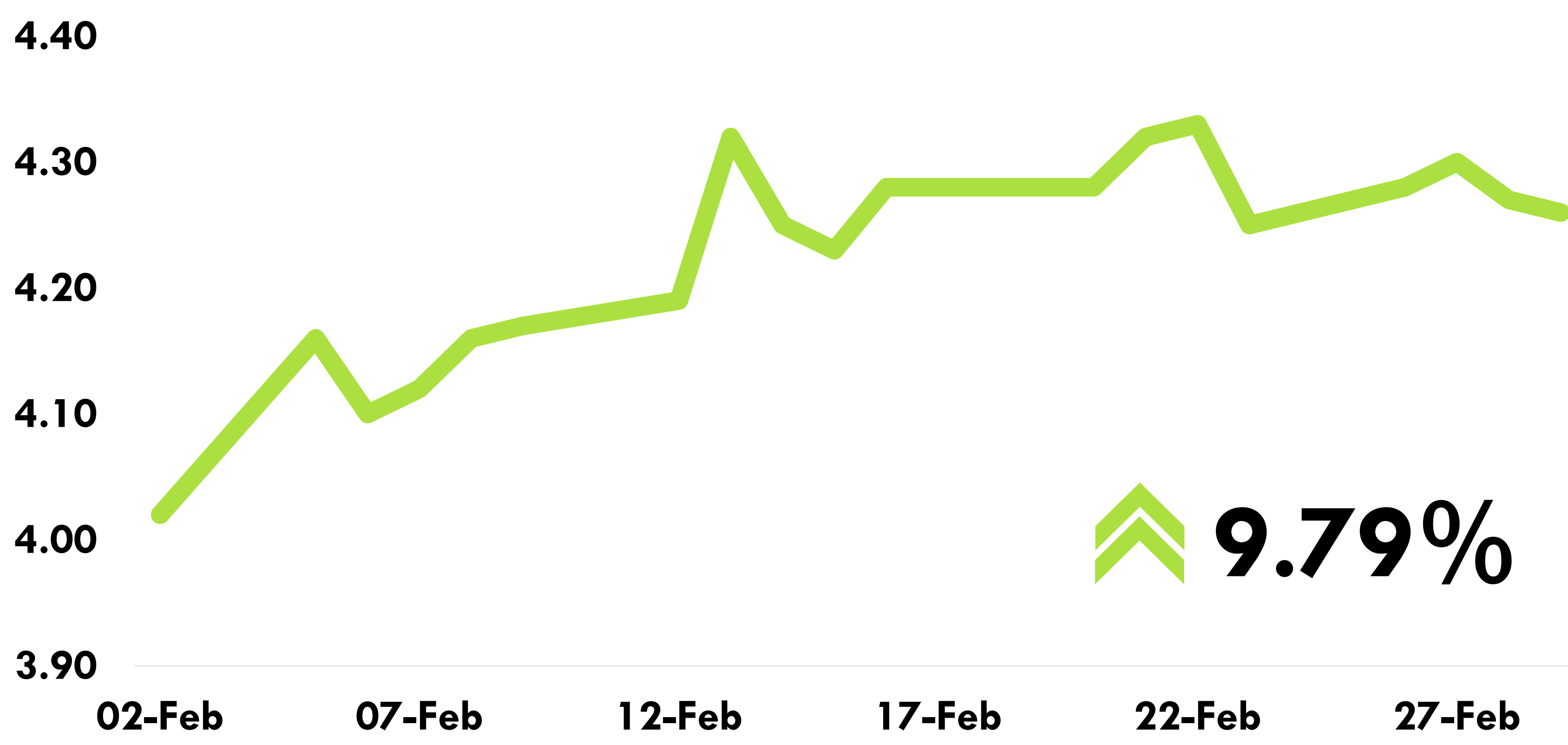
Rashi Peripheral rolls out IPO



Rashi Peripherals has been a prominent distributor of global ICT brands in India since 1989, operating in two main sectors: Personal Computing Enterprise and Cloud Solutions (PES) and Lifestyle and IT Essentials (LIT). The company's service offerings include value-added services such as pre-sales, technical support, credit solutions and warranty management services. Rashi Peripherals IPO, valued at ₹600cr, comprises a fresh issue of 1.93cr shares at a price band of ₹295-311 per share. The IPO was oversubscribed by 59.71 times, and the shares listed at ₹335, representing a premium of 7.7%. The company intends to utilize the net proceeds from the IPO for various purposes, including prepayment of outstanding borrowings, funding working capital requirements, and general corporate needs like strategic financing and capital expenditures.

FIXED INCOME

US 10 Year Treasury Yield February'24 (in %)



Source: US Department of the Treasury

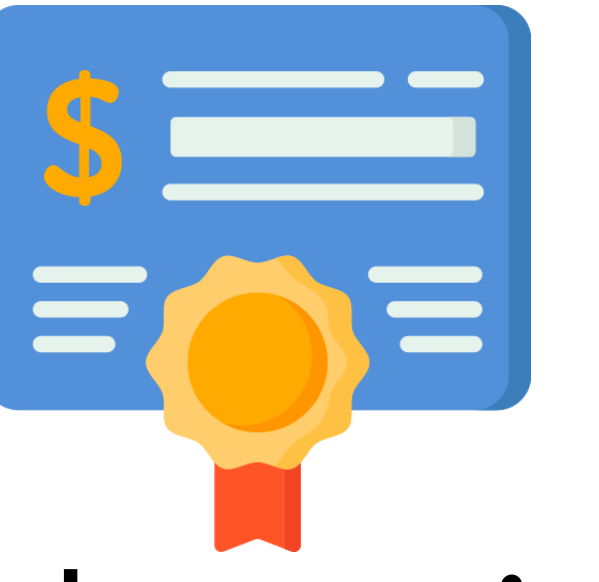
In February, the US 10-year Treasury yield initially surged, ultimately rising by ~9.43% and settling near 4.26%. This early increase was linked to the nonfarm payrolls report, which revealed nearly double the expected job growth in January, dimming expectations for immediate interest rate cuts by the Federal Reserve. Conversely, as the month ended, yields declined as January's inflation met expectations. This bolstered expectations for Fed rate cuts starting in June. Overall, cautious market sentiment prevailed amid ongoing economic fluctuations and uncertainties regarding future Fed actions.

Venezuela's Bond Revival



Venezuela's sovereign bonds and Petroleos de Venezuela S.A. (PDVSA) bonds will gradually re-enter JPMorgan's emerging market bond indices over three months starting in April. This follows the lifting of a four-year ban by the US Treasury Department in October, a move that had placed the bonds under watch for potential restatement. JPMorgan's decision is significant given the importance of its Emerging Market Bond Index (EMBI) as the benchmark for bonds issued by developing nations. The inclusion of Venezuelan bonds is expected to attract buying from funds tracking these indices, with a projected total weight of 58 bps in the EMBI Global Diversified Index and 69 bps in the EMBI Global Index. Venezuela's emphasis on self-reliance and plans to join BRICS underline the nation's response to external pressures and its pursuit of alternative alliances. Despite challenges, President Maduro remains steadfast in Venezuela's determination to assert its independence and sovereignty.

European Junk Bonds Surge



European investors are increasingly flocking to the region's risky corporate bonds, lured by attractive yields and growing confidence in companies' debt refinancing abilities. European-listed exchange-traded funds (ETFs) focused on high-yield bonds have seen record inflows of \$1.2bn this year, surpassing flows into US high-yield bond ETFs, which was at \$200mn. Concerns persist in the US regarding high government spending and the potential for inflation to rise, keeping interest rates elevated. European investors now favor European credit over US junk bonds, causing credit spreads of risky bonds' yields & equivalent German Bunds to narrow to their lowest level. A rapid surge in European government bond prices towards the end of 2023 redirected funds into risky bonds this year. The decrease in borrowing expenses, which alleviated worries regarding risky borrowers' debt refinancing, is evident in the present average yield of European high-yield bonds at 5.7% and is considered feasible for the majority of issuers.

Inflation

India's retail inflation dropped to 5.10% in January, a three-month low, driven by easing food prices. Urban and rural consumers saw a decrease in food inflation to 9% and 7.91%, respectively. Vegetable inflation remained high at over 27%, while pulses and cereals moderated. Expectations for an interest rate decrease are postponed until at least August, with economists predicting reductions of 50 to 75 bps, subject to the performance of the monsoon and inflationary patterns. The WPI index for the fuel & power group saw a slight uptick of 0.39%, while manufactured products saw a marginal decline of 0.21%.

Month (2023-24)	Inflation (%)
September	5.01
October	4.87
November	5.55
December	5.69
January	5.10

Source: MOSPI

RISK

Inflation Risks: Market Caution

JPMorgan Chase & Co. issued a cautionary note to clients, highlighting concerns about the potential resurgence of inflation that could upset the current optimism in capital markets. Many investors presently perceive the market climate as being unusually low-risk. This phase is commonly referred to as a "parabolic stock market", which is a situation where stock prices increase very quickly and sharply. However, nations such as the UK, Japan, and Germany are experiencing a technical recession, even as their stock markets reached historically high levels. Recent economic signals, such as an increase in the Consumer Price Index (CPI) and Producer Price Index (PPI), coupled with weaker-than-anticipated economic data from the US and other nations, have instilled a degree of doubt regarding the most optimistic market forecasts. Geopolitical tensions and potential trade disputes, particularly with China, could fuel a second wave of inflation and market turbulence, posing significant risks to global economies. This cautious stance reflects a disconnect between financial markets and economic fundamentals, emphasizing the need for investors to remain vigilant and adaptable.



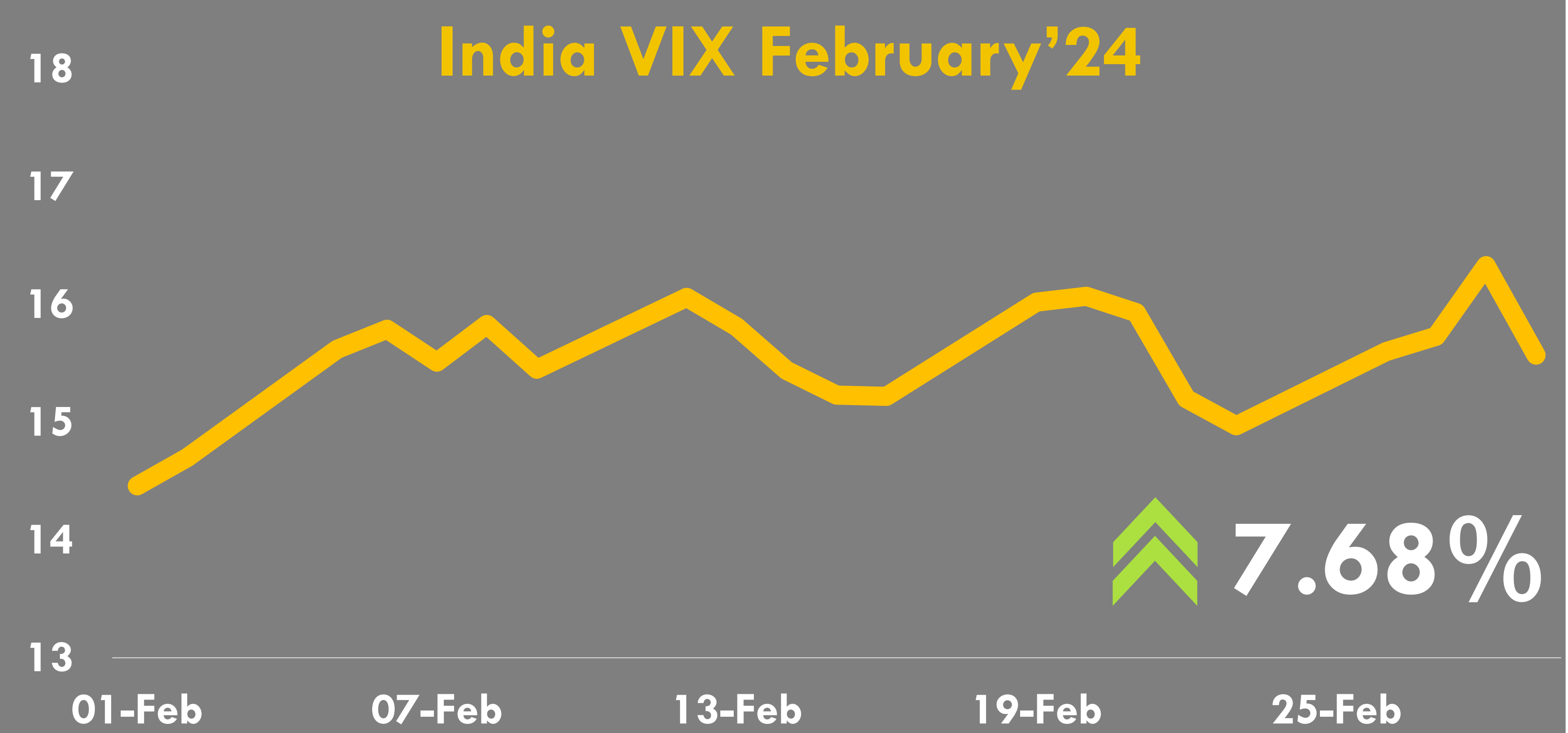
Crisis Alert: China's Economic Challenge

China's economic rebound following the pandemic has hit a snag, raising concerns about a potential "debt-deflation spiral." This scenario occurs when a slowing economy hinders debt repayment, leading to spending cuts and further economic decline. Several factors are contributing to this risk, including falling prices (deflation), a shrinking workforce due to an ageing population, and turmoil in the real estate market. These factors, coupled with low investor confidence, are creating an environment ripe for a vicious cycle of debt and economic decline. The Institute of International Finance (IIF) maintains a positive growth outlook for China but acknowledges significant risks, particularly given past policy missteps by Beijing. The housing crisis may linger, impacting household wealth and consumption, while deflationary pressures have hampered corporate earnings and stock prices. Failure to address these risks could lead to entrenched deflation expectations, further dampening domestic demand and foreign investment, potentially triggering a debt-deflation spiral.



Carbon Tax Woes

Indian steel exporters are facing a significant challenge with the introduction of Europe's new carbon tax on imports. Indian steel sales to Europe could incur additional taxes ranging from \$102 to \$190 per ton over the next decade, based on a \$70 carbon price. This represents 15% to 28% of the current hot-rolled coil prices. The European Union's Carbon Border Adjustment Mechanism aims to tax imported goods like steel to maintain its pollution standards. This move aligns with global efforts to combat climate change, focusing on industries with a history of high pollution levels, such as steel manufacturing. Tata Steel Ltd. and JSW Steel Ltd. are particularly vulnerable due to their reliance on coal-based processes, resulting in higher emissions compared to EU standards. Consequently, they face the risk of potential margin reductions and decreased sales in the European market. Criticism from steel producers in Russia and China, along with concerns voiced by Indian mills, has prompted negotiations between New Delhi and the EU to mitigate the impact on Indian steel exports.



Source: NSE India

The Indian volatility index attained 15.57 this month. Globally, speculation regarding the timing and extent of the first Fed rate cut of the season, along with selling pressure from FIIs in emerging markets, holds significant sway. On the domestic front, various factors such as the announcement of Q3 results, Budget implications, pre-election rally, and heightened levels of margin trading are playing a pivotal role in driving market volatility. The RBI's decision to maintain the repo rate at 6.5% and focus on withdrawing accommodative stance has tempered expectations of an imminent interest rate reduction.

DERIVATIVES

Powering the Commodity Market

In a strategic move, NCDEX's Investor Protection Fund and the Institute of Rural Management Anand (IRMA) have jointly launched a centre of excellence in Anand, Gujarat. This collaborative initiative aims to accelerate the growth of the commodity derivatives market by focusing on research, policy advocacy, capacity building, and product development. The partnership seeks to redefine how policymakers perceive commodity derivatives markets, fostering a more profound understanding of price discovery mechanisms for banned and unbanned commodities. IRMA, renowned for its expertise in the rural ecosystem, will spearhead efforts to expand the scope of commodity markets through rigorous research and analysis. NCDEX, actively engaged in organizing various awareness activities, will contribute technical support and data-related assistance. The collaboration is a driving force in establishing agri-marketing as a sustainable livelihood through the derivatives market. Support from key entities like IFFCO, NCUI, and the World Cooperation Economic Forum (WCopEF) underscores the significance of gaining assurance and backing from the cooperative sector.



Extended Trading Hours Approved

The Association of National Exchange Members of India (ANMI) board recently granted in-principal approval to the National Stock Exchange of India (NSE) to extend trading hours specifically for index derivatives. The proposal, approved during the ANMI board meeting, aims to enhance global connectivity and provide Indian traders with a more immediate response window to global events. However, there are certain operational hurdles that must be sorted out before the move becomes a reality. This comes after the NSE's initial proposal in September 2023, which suggested a phased approach to extend the trading hours for index derivatives, introducing evening sessions from 6 p.m. to 9 p.m. IST in the first phase, alongside the regular trading hours of 9:15 am to 3:30 pm IST. The second phase involves extending the index derivatives trading until 11:30 pm IST, and the third phase aims to stretch the cash market trading hours until 5 pm IST.



Mitigating Counterparty Credit Risk

The financial landscape is witnessing the emergence of CVA swaps, providing an innovative strategy for counterparty credit risk management in OTC derivatives. In the context of CVA swaps, hedge funds function as the XVA desk, leveraging their credit market expertise to identify suitable credit hedges like indexes or single-name CDSs. This mirrors the operational setup within banks, where the trading desk initiates the transaction by paying an upfront CVA charge, and the XVA desk assumes the responsibility of hedging associated risks. Apart from the initial upfront payment of CVA from the bank to a hedge fund, there are also daily margins in case of a CVA swap. This allows banks to transfer risk to hedge funds, reducing capital requirements and mitigating the impact of volatile credit markets and rising interest rates. While credit hedges play a crucial role, market risk hedges counter the influence of factors like interest rates and foreign exchange on CVA. The sophisticated XVA systems for hedge funds empower them to independently verify CVA quotes, calculate sensitivities, and proficiently manage various risk factors associated with CVA swaps.



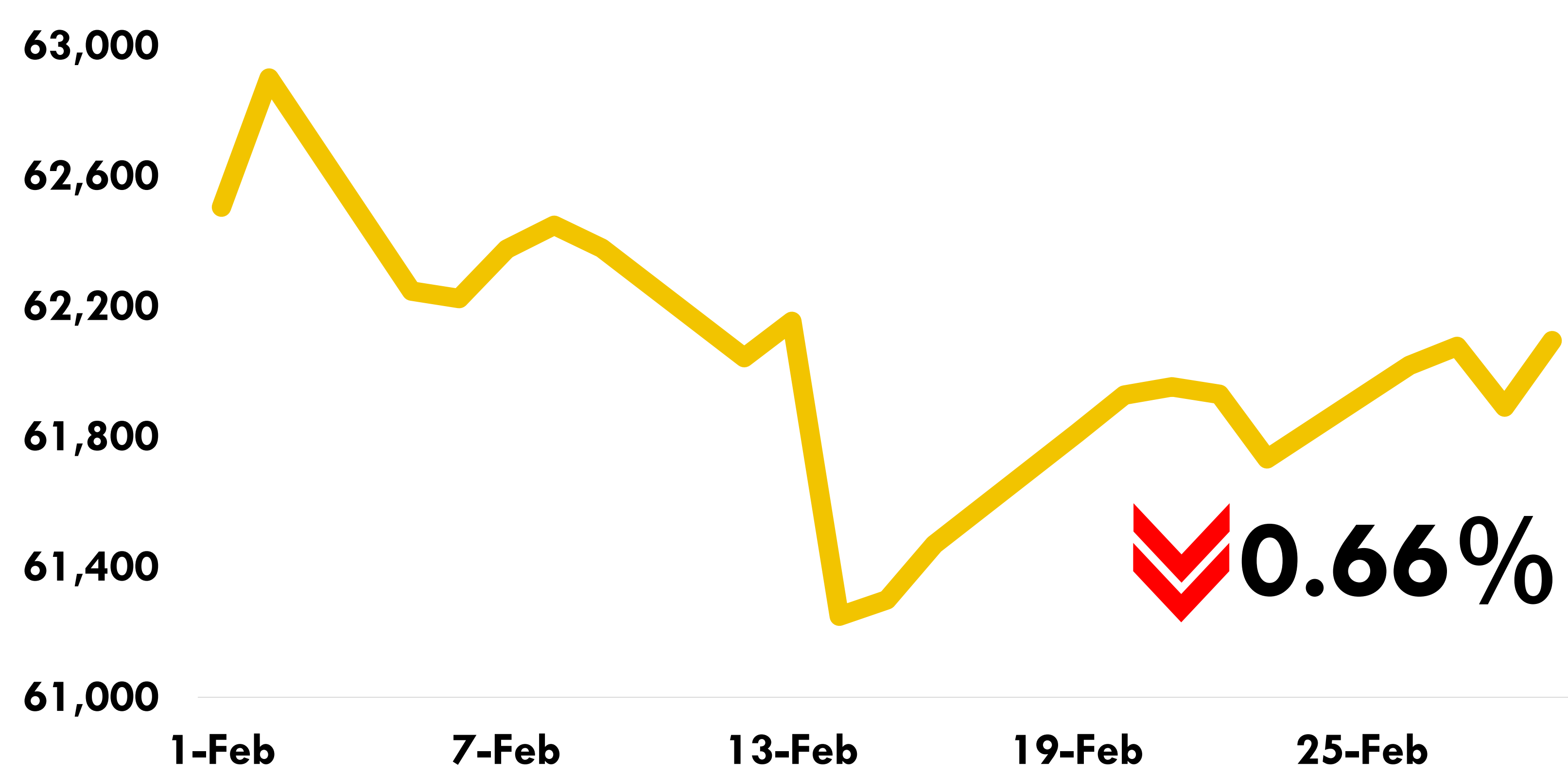
EU Prioritizes Sovereignty

The European Union has provisionally agreed on new regulations aimed at transitioning the clearing of euro derivatives from London to the EU, a strategic move post-Brexit to bolster financial sovereignty. This decision is particularly significant as the EU aims to exercise more direct oversight of euro-clearing activities. These regulations necessitate EU banks to establish "active accounts" at clearing houses within the bloc for specific "systemic" derivatives. London, overseeing over 90% of the global euro derivatives business, may face challenges as the move seeks to bolster the EU's autonomy. Asset managers and Banks are hesitant to bear the costs associated with breaking up and transferring parts of their derivatives positions, deeming it prohibitively expensive. This initiative has also affected international banks, as concerns of being severed from the global pools of multi-currency liquidity at the London Stock Exchange Group (LSEG) could adversely affect their international competitiveness.




COMMODITIES


Gold Spot Price (in ₹ per 10 grams)



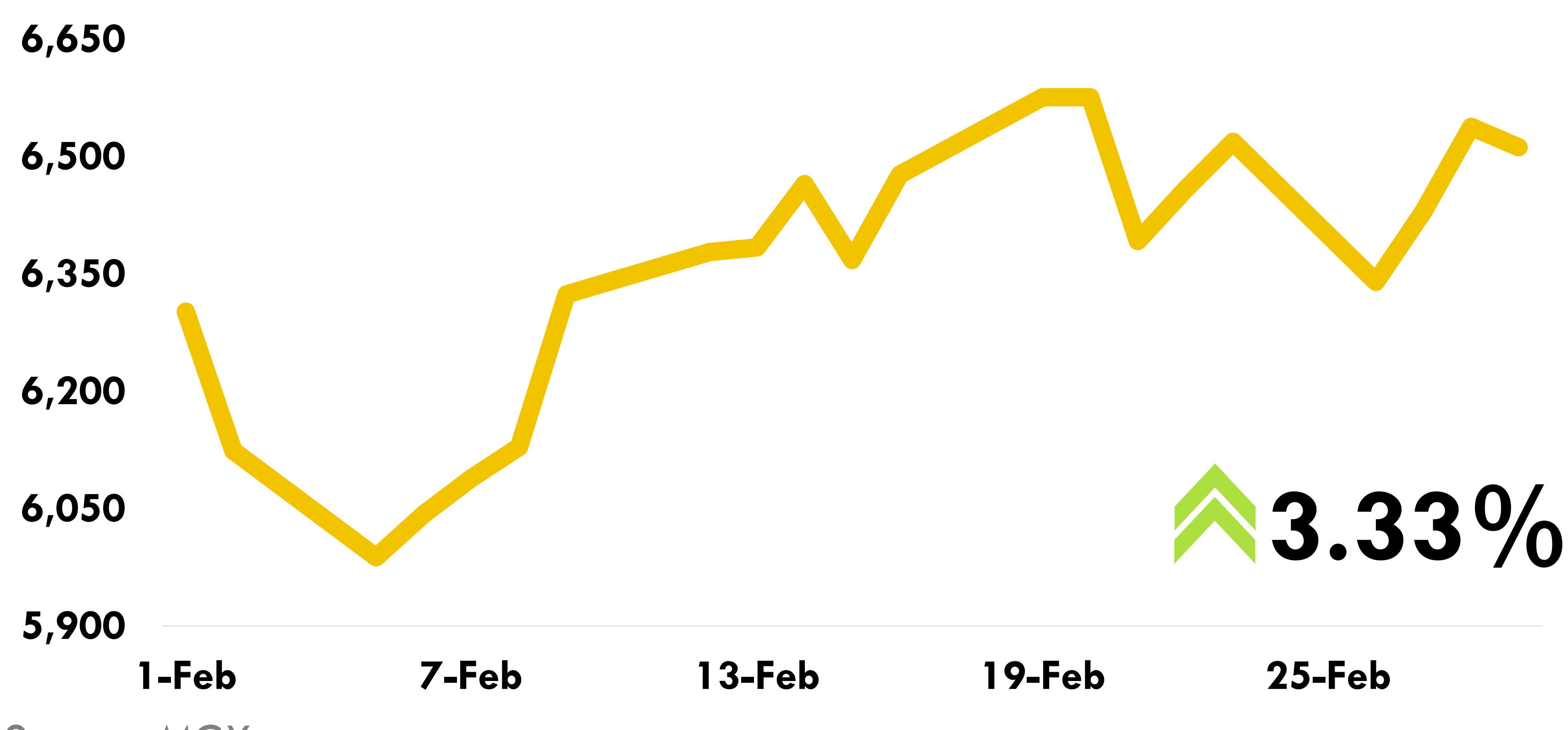
Source: MCX

Gold prices experienced volatility, falling by 0.66% in the month of February. Amidst  upcoming economic data releases and geopolitical tensions, gold remains poised for fluctuation. Gold prices are experiencing downward pressure due to various factors, including a surge in the US dollar. The weakening of US dollar and Middle East crisis support prices, while uncertainty regarding US interest rates persists. Heightened demand for gold as a safe-haven asset amidst geopolitical unrest underscores its role as a reliable store of value. Geopolitical tensions and currency fluctuations continue to shape gold's trajectory in the market.

NCDEX Diversifies Offerings

NCDEX, a leading online commodity exchange in India, plans to introduce 15 new  commodities by the end of the year, including household staples like milk powder, eggs, and timber. The Commodity Derivatives Advisory Committee has proposed this expansion to the Ministry of Finance. Approval for trading in these commodities is expected to bolster market participation and ensure transparent price discovery. Despite SEBI's ban on futures trading in seven agricultural commodities to mitigate inflation, NCDEX foresees a positive impact on trading turnover with the addition of new commodities. Prior to the ban, these seven commodities represented ~70% of trade volumes in India's agricultural commodities futures market. It was also emphasized that futures trading in commodities lacked correlation with their price volatility. Thus, the government was urged to review the ban, highlighting the market's growth prospects.


Crude Oil Spot Price (in ₹ per barrel)



Source: MCX

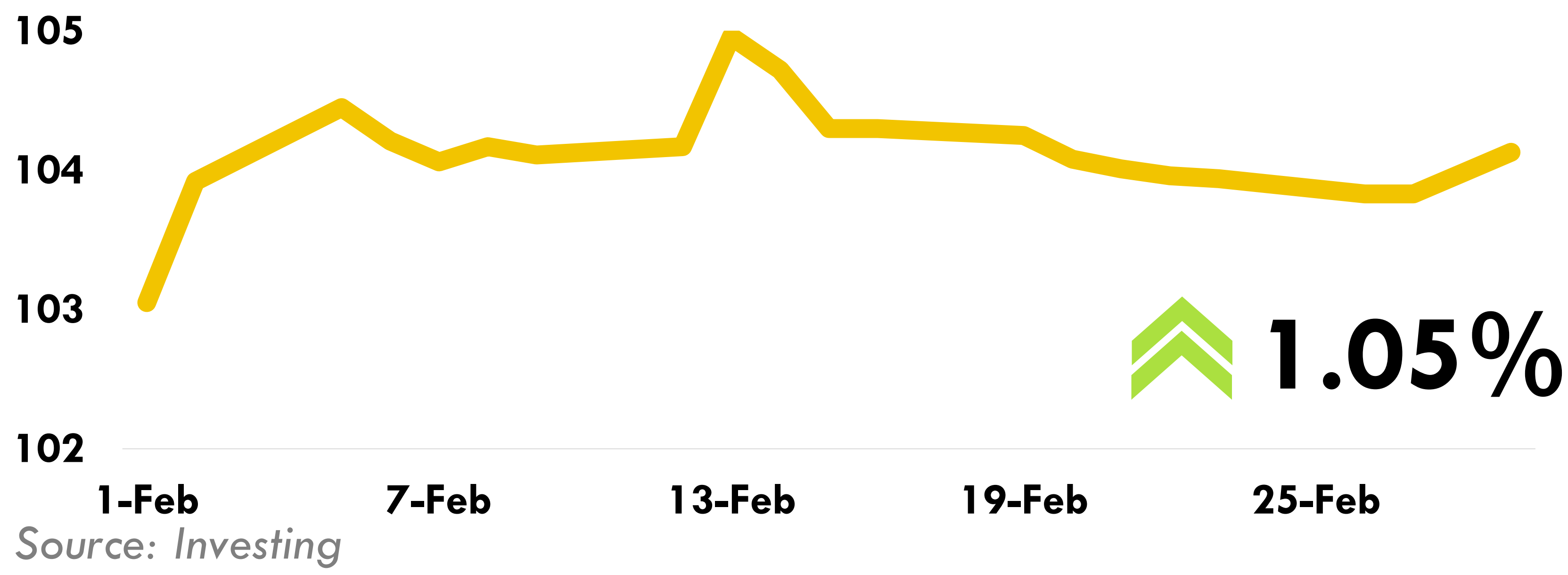
India's state-owned refiners face challenges as the cost and accessibility of Russian oil, once affordable, escalated in the midst of geopolitical tensions. Higher freight rates and US sanctions hinder Russian cargo deliveries, potentially pushing refiners towards more expensive Middle Eastern suppliers, thus impacting profitability and highlighting India's import reliance vulnerability. Amidst US sanction fears, India's renewed imports from Venezuela raise uncertainty. Indian PSU refiners, heavily invested in Venezuelan projects, grapple with dividend allocation and investment dilemmas. Potential supply disruptions threaten refinery operations, accentuating India's energy security vulnerabilities amidst fluctuating oil prices and refining complexities. 

Palladium Price Reversal

The recent decline in palladium prices, falling below platinum levels for the first time in four years, reflects significant shifts in precious metal markets. Palladium's notable price surge from 2018 to 2022 led the automotive industry, responsible for 80% of its demand, to start substituting it with more economical platinum, resulting in a 39% price drop of palladium in 2023. Moreover, the rising popularity of electric vehicles adds uncertainty to palladium's demand outlook. Despite potential demand contractions, the supply is expected to remain relatively stable. Forecasts for steady future supply rely on the majority of palladium production being part of a mixed metal basket, limiting producers' ability to scale back palladium production even during periods of low market prices. Additionally, major palladium-producing countries like South Africa and America have no intentions of halting production. 

CURRENCY

US Dollar Index (USD)



The US dollar underwent a period of volatility, beginning the month on a low note but concluding with a 1.05% upsurge. The index fell in early February, influenced by declining U.S. bond yields. Mid-February saw a significant upturn following the higher-than-anticipated January U.S. inflation data release, impacting Treasury yields and altering Federal Reserve interest rate expectations. However, the U.S. dollar retreated from its nearly three-month peak due to weaker U.S. durable goods orders and consumer confidence, alongside a drop in U.S. Treasury yields.

Zimbabwe's New Gold Standard?

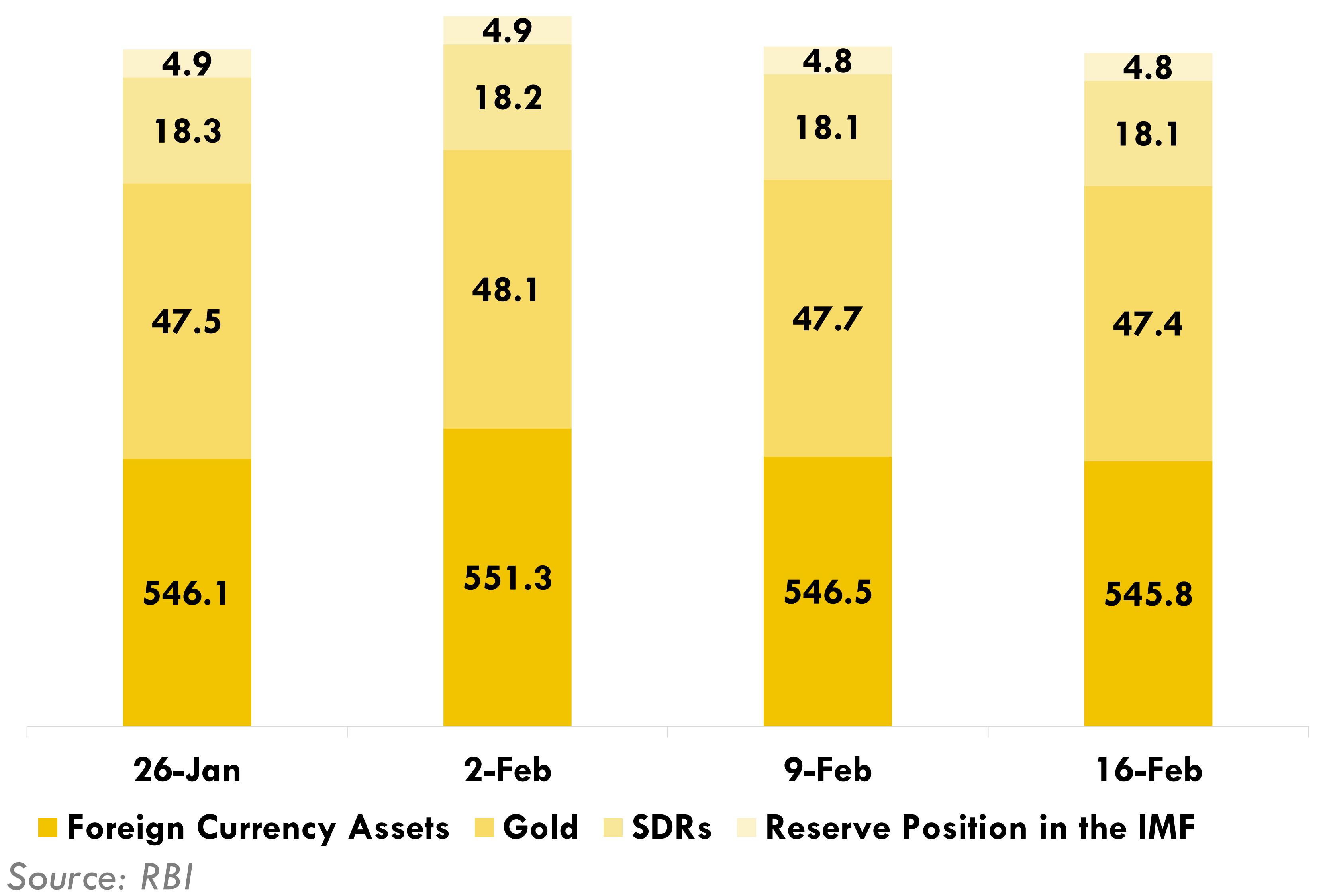


The government of Zimbabwe is considering the introduction of a gold-backed currency to replace the nearly worthless Zimbabwean dollar, which has largely been abandoned by businesses in favor of the US dollar or the South African rand. The decision comes as the Zimbabwean dollar sharply depreciated, dropping ~50% against the US dollar since the start of 2024. Previous attempts to stabilize the currency, including the introduction of gold coins and digital tokens backed by bullion, known as ZiG, proved ineffective in halting the currency's decline. The IMF has criticized these unconventional measures and recommended a tighter monetary policy stance and liberalization of the foreign currency market. Additionally, the nation is exploring the possibility of establishing a currency board as part of its deliberations.

India's Forex Reserves Fall

Foreign exchange reserves dropped to their lowest level in two months, reaching \$616.10bn. This marks a decrease of \$1.13bn from the previous week, following a larger decline of \$5.24bn in the week ending February 9. Despite the rupee holding steady against the dollar, trading within a narrow range, the central bank's intervention to prevent further depreciation likely contributed to the reduction. The RBI resorted to selling dollars in the non-deliverable forward market to stabilize the rupee, which settled marginally higher at 82.9375 against the dollar. The trend underscores ongoing efforts to maintain currency stability amidst global economic uncertainties.

FOREX Reserve (USD Bn)



Currency	1 st Feb'24	29 th Feb'24	Change (%)	Trend
INR/USD	INR 82.928	INR 82.911	↓ 0.02	
INR/EUR	INR 90.1640	INR 89.6070	↓ 0.61	
USD/EUR	USD 1.0874	USD 1.0804	↓ 0.88	
JPY/USD	JPY 146.45	JPY 150.10	↑ 2.49	
CAD/USD	CAD 1.3386	CAD 1.3574	↑ 1.29	
USD/GBP	USD 1.2745	USD 1.2625	↓ 0.59	
USD/SEK	USD 0.0963	USD 0.0964	↑ 0.10	
USD/CHF	USD 1.1659	USD 1.1304	↓ 3.04	

Source: Investing

OTHER ASSET CLASSES

HNI's Stressed Asset Exploration

Asset Reconstruction Companies (ARCs) play a crucial role in tackling Non-Performing Loans (NPLs) in the financial sector. Despite their expertise, ARCs often face challenges in accessing sufficient capital to revitalize distressed assets effectively. India's NPL soared to ₹5.72tn in FY23, underscoring the urgency of addressing this issue. Initially, ARCs relied on mechanisms like Pass-Through Certificates (PTCs) for asset acquisition, but regulatory changes have shifted transactions towards cash sales, necessitating larger capital reserves. However, High-Net-Worth Individuals (HNIs) remain untapped capital sources, hindered by regulatory restrictions. An amendment to the SARFAESI Act to include HNIs as Qualified Buyers could unlock significant capital and offer them opportunities for portfolio diversification. With NPL deal returns averaging 20% annually, investing in ARCs' security receipts could provide HNIs with a secure, high-yield asset class akin to Alternative Investment Funds (AIFs). Beyond individual gains, HNI participation could alleviate the burden of NPA resolution on government entities, fostering financial innovation and fueling India's economic growth trajectory.



Pi42: Crypto-INR Pioneer

Indian cryptocurrency markets witnessed a significant shift with the introduction of Pi42, a new exchange targeting the country's expansive investor base of over 30mn. Founded by cryptocurrency veterans Nischal Shetty and Avinash Shekhar, Pi42 seeks to revolutionize the landscape by offering seamless trading in Indian Rupees, eliminating the complexities of foreign currency conversions. Pi42's standout feature is its introduction of perpetual futures contracts, a first for India, facilitating advanced trading strategies. Emphasizing compliance and security, Pi42 adheres strictly to Prevention of Money Laundering Act guidelines and actively pursues Finance Intelligence Unit approval. The exchange boasts competitive fees starting at 5bps along with margin trading and stop-loss orders. Pi42 is set to tap into an undiscovered market by introducing beta versions, offering instant deposits, and soon, instant withdrawals. With aspirations for global expansion, Pi42 aims to seize a significant share of the estimated \$30-40bn futures market within a year, providing user-friendly access through their services.



CANQ: Innovative Convertible Alternative

In response to the limited availability of convertible bonds among cash-rich firms like the Magnificent Seven, Calamos has unveiled the Alternative Nasdaq & Bond ETF (CANQ). This ETF is designed to replicate the risk profile of convertible bonds through synthetic strategies. By investing in call options on major Nasdaq 100 stocks and QQQE (the equal-weighted version of the Nasdaq 100 index), CANQ aims to provide investors with exposure to dynamic Nasdaq companies while mitigating volatility. The launch of CANQ addresses investor demand for income and risk management solutions. With a targeted yield of about 5%, the ETF offers an alternative for investors seeking innovative approaches to navigate the evolving market landscape. However, potential profitability concerns may arise due to higher call option prices in a rising interest rate environment. Nevertheless, CANQ represents a notable addition to the ETF market, offering investors a unique avenue to access companies typically excluded from traditional convertible bond strategies.



Tokenizing PE: Citi Opens the Gate?

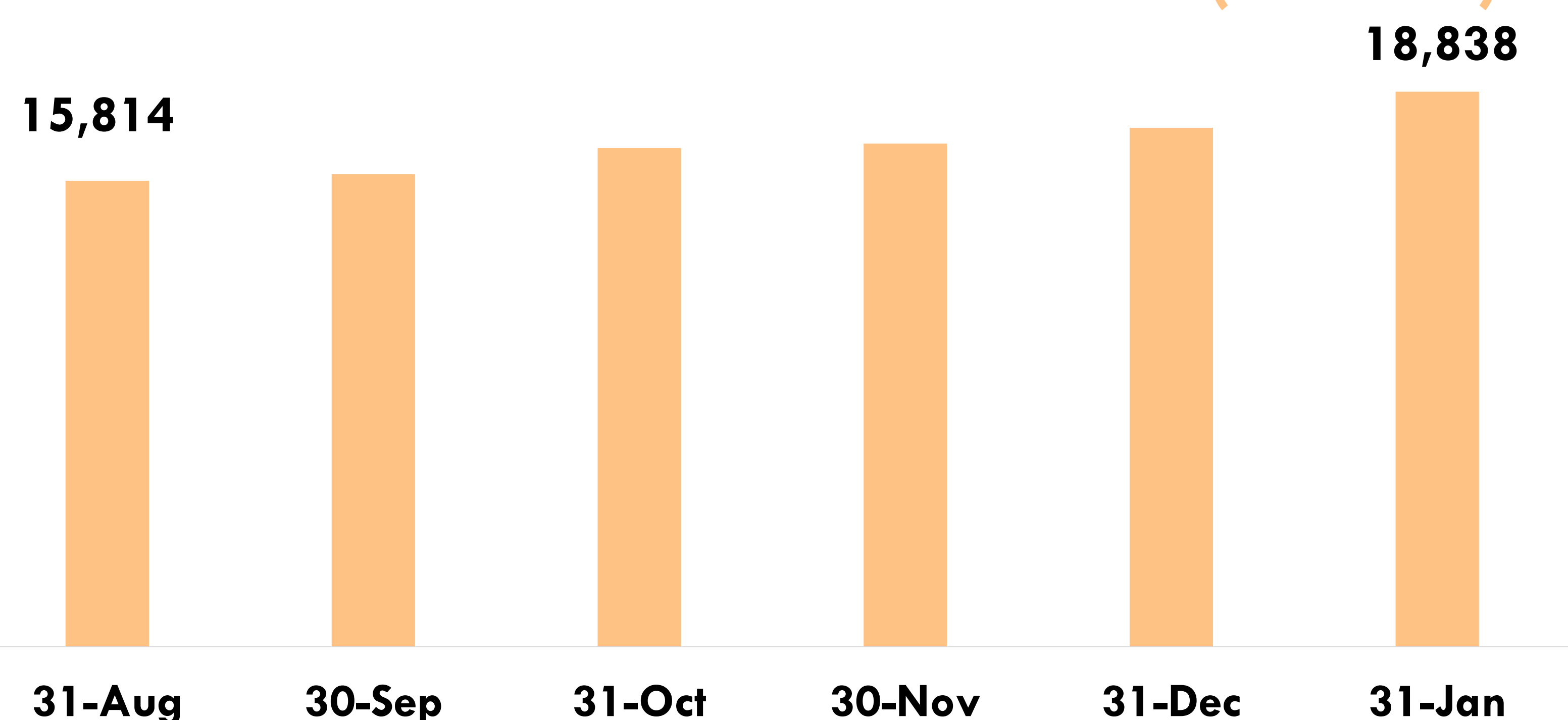
Technological advancements are opening up the once-exclusive realm of private equity (PE), traditionally accessible only to selected entities like pension funds and endowments. Recently, global banking giant Citigroup, alongside Wellington Management and WisdomTree, successfully piloted the tokenization of a PE fund on a blockchain network. Tokenization converts asset ownership into digital tokens, enabling easy trade and management via blockchain. Each token in a PE fund represents a share, granting fractional ownership with smart contracts defining investment parameters. Reduced capital requirements for fractional ownership increase accessibility, while blockchain ensures transparency and automates compliance, lowering administrative costs. Security risks loom large, and regulatory ambiguity complicates compliance. Despite individual investors possessing substantial global wealth, they currently only tap into a fraction of alternative investment funds. However, initiatives aimed at democratizing private equity indicate a transition where retail investors emerge as a pivotal force driving growth in the industry.



SIPs Inflows getting Popular

Based on the latest AMFI data, SIP contributions soared to a new high in January, reaching ₹18,838.33cr, up from December's ₹17,610.16cr. The SIP asset base increased by 3.12% to ₹10.26 lakh cr. January saw a record number of SIP accounts at 791.7lakh, with 51.84lakh new registrations. This surge highlights investors' dedication to disciplined wealth building. The industry's net AUM also rose significantly to ₹52.74cr, reflecting mutual funds' resilience and potential as a favored investment avenue. Additionally, sustained retail participation underscores growing financial literacy, investors' increasing risk appetite and their trust in the market's stability.

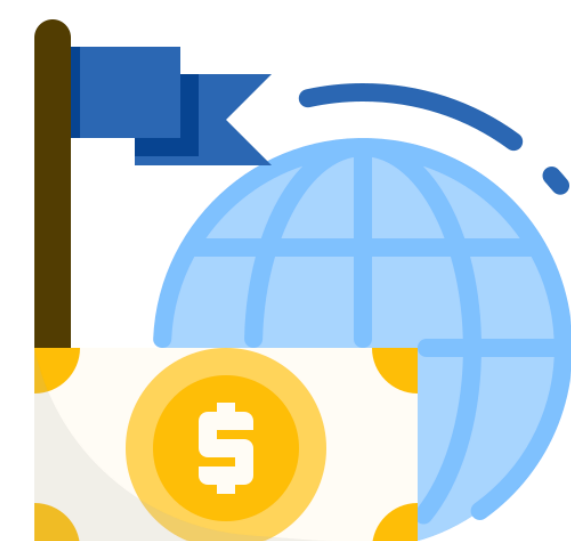
SIP Contribution Net Investments (in ₹ Cr.)



Source: AMFI

The New Indian Finance Hub

Several Indian AMCs are relocating their offshore fund operations from financial Hubs like Dubai and Singapore to Gujarat's GIFT City to improve access to India's capital markets. GIFT City, promoted by the Indian government as a global financial hub, facilitates investment in Indian markets, boosts employment, and enhances tax revenue. These efforts bolster its competitiveness, spur economic growth, and benefit various sectors through tax incentives. In the last six months, eight of India's top ten asset managers have either moved or planned to move their operations to GIFT City. GIFT City offers a ten-year tax holiday and exempts taxes on overseas fund transfers, making it more cost-effective compared to locations like Mauritius and Singapore. DSP Mutual Fund and Aditya Birla Sun Life AMC are among those shifting operations to GIFT City, with the latter planning an ESG-focused fund. Over the past three years, more than 80 fund managers with commitments totaling \$30bn have been established in GIFT City.



Equity MFs Consecutive Inflows

In an unprecedented surge, equity inflows skyrocketed by a staggering 28% MoM in January, soaring to an astounding ₹21,780.56cr, compared to a mere ₹16,997.09cr in December. All categories of equity segments witnessed inflows, except for focussed funds, which experienced an outflow of ₹201.83cr. Sectoral/thematic funds garnered the highest interest with inflows of ₹4,804.69cr, followed by small-cap funds with inflows of ₹3,256.98cr. Remarkably, large-cap funds have revived and captured their prominence with a strong influx of ₹1,287.05cr. Investors are showing increased confidence in the Indian equity market, driven by expectations of strong economic growth. Furthermore, the attraction of wide spreads in arbitrage funds, along with favorable equity taxation considerations, persists in driving a relentless influx of capital into this category, depicting an unprecedented wave of bullish sentiment and unwavering optimism in the financial realm.



Swift Settlement Revolution

With the onset of the T+1 settlement cycle in the Indian stock market, a new era began as equity mutual funds in India swiftly transitioned to a T+2 settlement cycle from February 1, 2023. The objective of this shift was to accelerate redemption payments, reducing settlement time from three days to two. Industry bodies stress the global significance of the T+1 settlement cycle and its benefits for MF investors in a media statement. The industry's commitment to passing on these benefits was emphasized upon, highlighting its focus on investor interests and preparedness for the change. The Association of Mutual Funds confirmed that all AMCs have uniformly implemented the T+2 redemption payment cycle for equity schemes that started on February 1, 2023. This move has boosted liquidity in mutual funds, especially through ETFs, bringing India's market practices closer to international standards. The introduction of the T+1 settlement cycle in the stock market on January 27, 2023, aimed to ensure quicker liquidity for investors, with Dalal Street that had anticipated a rise in market volume as a result.



Wipro's Insurtech Move

Wipro has acquired a 60% stake in US-based insurtech firm Aggne



Global Inc. and its Hyderabad-based affiliate Aggne Global IT Services for \$66mn in an all-cash deal, with an option to purchase the remaining stake over a period of time. Aggne Global is a leading consulting and managed services company serving the Property and Casualty (P&C) industry whose revenues increased from \$9.1mn in 2021 to \$17.1mn in 2023. This transaction grants Wipro access to a distinct and highly sought-after set of capabilities and Intellectual Property in the P&C insurance domain, specifically in the area of Duck Creek - a full suite of cloud-based, low-code products that enable P&C insurers to fast-track product development and drive ongoing innovation. Aggne's innovative, IP-driven consulting capabilities in the insurance space, combined with Wipro's wider offerings, will contribute to providing enhanced value, quicker time-to-market, and differentiated services to clients in the fast-growing P&C sector.

Juspay's Payment Power-Up

Juspay, a SoftBank-backed startup based in Bengaluru, provides diverse payment solutions for leading companies in various sectors such as BFSI, e-commerce, travel, fintech, etc. The acquisition of LotusPay in an all-cash deal strengthens Juspay's offerings to the BFSI segment and merchants, with a particular focus on enhancing its recurring payment capabilities. LotusPay is a pioneer in NACH (National Automated Clearing House) Debit and provides cloud-based software for merchants and banks. NACH Debit enables banks, financial institutions, and merchants to collect recurring payments for loans, investments, insurance premiums, and more. In 2023, LotusPay processed over 20 transactions, surpassing a total value of ₹ 20,000cr. By integrating LotusPay's NACH into Juspay's HyperCheckout and Express Checkout products, Juspay will be able to serve clients with a complete suite of recurring payment options in a single integration. The synergy of Juspay's advanced technology, strong security, and excellent customer support, coupled with LotusPay's recurring payments expertise, will enhance India's global standing in the payments sector.



Servicing Synergy

Onsitego, an after-sale service provider to consumer devices, has acquired Qdigi



Services from business services provider Qess Corp in a transaction valued at ₹80cr. The transaction is expected to complete in the next two to three months with Qess Corp holding a minority stake in Onsitego. Since its inception, Onsitego has established relationships with major retailers such as Amazon, Bajaj Electronics, and Croma, servicing more than 1.5cr devices through its extensive network of over 10,000 stores. Backed by venture capital firms Accel and Zodius, Onsitego competes with Servify, OneAssist and Syska Gadget Secure. On the other hand, Qdigi provides installation, repair, and maintenance services to OEMs like Apple, Samsung, OnePlus and online retailers like Amazon. The company has ~1400 employees and manages 100 company-owned and 200+ franchise-owned service centres. This acquisition will enhance Onsitego's customer service and explore growth opportunities, like collaborating with OEM partners and retailers with new market offerings.

Xoriant's Cloud Engineering Triumph

Consulting and IT services provider Xoriant, backed by private equity firm



ChrysCapital, has wholly acquired MapleLabs Inc. to focus on hybrid cloud infrastructure and cloud-native engineering. MapleLabs is a product engineering company in the high-tech space that specializes in solving complex engineering challenges, especially in the areas of cloud-native engineering, DevOps, and site reliability engineering. On the contrary, Xoriant offers services focused on digital product engineering, cloud infrastructure, and operations across sectors like BFSI, retail and healthcare. The strategic acquisition enhances Xoriant's core strengths in platform engineering, bolstering capabilities in product ideation, development, and the maintenance of intricate, cloud-native applications. This move reinforces the company's position in delivering comprehensive solutions across diverse technological domains. Xoriant's clients can now utilize MapleLabs' intellectual properties, including SnappyFlow (an observability platform) and Cloud sizing tools, to enhance their cloud performance and provide an improved customer experience.

STRATEGY

Dairy Disruptor: Milky Mist

In India's dairy industry, Milky Mist has emerged as a formidable force, challenging established giants with its blend of innovation, determination, and strategic planning. Milky Mist's story began in the early 1990s as a small dairy farm focusing on cheese production. Milk's inherent limitations, including its short shelf life of merely two days and thin profit margins ranging from 3-5%, pose significant challenges for brands entering the market. Engaging in price wars within such narrow margins would inevitably lead to the swift demise of a brand. However, Milky Mist strategically navigated this landscape by devising a Milky Way strategy: augmenting the value proposition of its products. By transforming milk into higher-value items such as curd, paneer, ghee, and ice cream, each boasting significantly extended shelf lives of nearly a year, Milky Mist effectively circumvented the constraints imposed by milk's inherent limitations. The company, despite competition from giants like Amul, thrived through strategic diversification and a strong supply chain forged through partnerships with local farmers. Emphasizing sustainability, the brand's eco-friendly practices and community engagement bolstered its image, positioning Milky Mist as an industry leader and exemplifying purpose-driven success.

The logo for Milky Mist, featuring the words "Milky Mist" in a stylized, blue, serif font with a registered trademark symbol.The logo for blinkit, featuring the word "blinkit" in a bold, lowercase, sans-serif font, with "blink" in black and "it" in green.

Blinkit Illuminates the Future of Retail

Blinkit is making waves in the world of quick-commerce with its innovative approach, leveraging efficient operations, capital management, and product organization to ensure rapid delivery and superior customer satisfaction, giving the company a competitive edge. It distinguishes itself through daily purchase orders, ensuring minimal working capital requirements and low inventory, which assists in exercising improved control over its finances. Blinkit is also expanding its stock-keeping units to transition from selling daily essentials to offering a broader range of products, including reading glasses and electronics, enabling them to compete effectively with established e-commerce players. This broader assortment allows quick commerce companies to enhance the value of each purchase by offering consumers a wider selection of products to choose from. Blinkit consistently adopted this strategy, and now this approach is being adopted by others as it has proven to be beneficial for Blinkit. Its rapport with top sellers further solidifies its market position. Blinkit takes its competitive edge a step further by offering sellers early insights on festive season bestsellers. This valuable information allows sellers to optimize their inventory and maximize sales during crucial periods. Blinkit positions itself as a forward-thinking platform ready to meet diverse consumer needs in the competitive online retail market.

Environmental Ethos

Lijjat Papad represents a remarkable success story driven by seven ordinary women without prior business experience or notable educational backgrounds. Central to its operation is a cooperative model that empowers women from various backgrounds to collaborate in papad production, providing both income and fostering a sense of community and solidarity. At a time when women faced limited work opportunities outside the home, Lijjat Papad emerged as a rare avenue for income generation, enabling women to work from home. They adopted the "Collective Ownership" model, where every member holds a stake in the company, departing from traditional hierarchical structures. This ensures shared profits and losses, promoting collective responsibility and unity among the workforce. Thus, rather than hiring women, the company grants ownership to each new member, who are referred to as "Lijjat Sisters" rather than employees. The company focused on building a robust, cost-effective supply chain that would ensure quality production and fit the lifestyle of the women who worked for the company. Thus, they utilized the houses of the sisters as small papad-making centres instead of large office spaces. Moreover, Lijjat Papad's success stems from its holistic business approach, prioritizing quality, scalability, empowerment, and customer satisfaction. Remaining faithful to its core values, the organization has not only achieved impressive growth but also positively impacted the lives of numerous women throughout India.

MARKETING & BRANDING

Soda Sizzle: Pepsi's Playful Punch

PepsiCo is stirring up the beverage battleground with its latest campaign, "Tastes OK," taking a cheeky jab at rival Coca-Cola. This audacious move spotlights a quirky twist in Coca-Cola's name, honing in on the "OK" and playfully urging consumers to opt for the superior taste of Pepsi Max. Crafted by the creative agency Special, the "Tastes OK" campaign dominates Australia's out-of-home advertising landscape, but its reach doesn't stop there. With a strategic media blitz spanning print, digital, influencer collaborations, and social media, PepsiCo is ensuring its message hits home. Special's creative directors, Simon Gibson and Nils Eberhardt, admit to feeling the pressure of living up to PepsiCo's legacy of daring marketing ventures. However, inspiration struck when they stumbled upon a golden opportunity within their competitor's own imagery. But PepsiCo's boldness doesn't end with "Tastes OK." Across the globe, Pepsi Philippines is shaking things up with a vibrant new brand identity, celebrating individuality with the tagline "Mas Masarap Maiba" (It's better to be different). The update involves introducing an eye-catching new logo and "Can" design that exudes vibrant energy, aligning with Pepsi's commitment to its youthful audience.



Signs of Celebration: Maybank's Unspoken Story

Maybank's Chinese New Year brand film, "Unspoken," sheds light on the experiences of persons with disabilities (PwDs) during festive celebrations. Co-directed by Pan Wai Ling, who has hearing impairments herself, the film follows deaf protagonist Lim Bee Chin as she navigates a lively Chinese New Year gathering with her family. Highlighting the importance of communication beyond spoken words, the film aims to foster awareness and understanding of different forms of communication. Lim, making her acting debut, expresses hope that the film will encourage people to learn sign language and communicate meaningfully with the deaf community. Maybank is dedicated to supporting underserved communities, particularly PwDs, through career development and community empowerment initiatives. Through this empathetic storytelling, Maybank not only connects with consumers but also positions itself as a socially responsible brand that advocates for inclusion and understanding. With nearly 100 PwD trainees onboard, Maybank aims to expand its programme regionally in Indonesia, Singapore, Cambodia, and the Philippines, furthering its commitment to financial inclusion for all.

Game On: Adidas' Pressure Relief Squad

Adidas has launched the "You Got This" campaign, focusing on alleviating performance pressure for athletes. By unveiling campaigns like these, Adidas effectively engages its audience and addresses relevant issues in sports. This not only resonates with consumers but also positions Adidas as a brand that understands and supports athletes at all levels. The use of high-profile athletes like Lionel Messi and Pat Mahomes in their campaigns enhances Adidas' credibility and appeal to consumers. Associating with successful athletes creates positive brand associations and strengthens Adidas' image as a leader in athletic performance. Furthermore, Adidas multi-platform approach, including films, social media content, and partnerships with influencers, maximizes its reach and visibility. By leveraging platforms like Instagram, YouTube, and TikTok and collaborations with initiatives like "Game On," Adidas expands its audience base and fosters community engagement. Additionally, Adidas teamed up with neurobiologists to study how athletes handle pressure. They found that both regular and top-level athletes feel pressure similarly, but the pros are better at managing it. To help everyone handle pressure better, Adidas and the neurobiologists share tips, like focusing on the best spots for goals. Their goal is to motivate athletes of all levels to deal with pressure using the latest neuroscience data. This combination of marketing creativity, strategic partnerships, and research-driven initiatives ultimately drives brand growth, revenue expansion, and increased media coverage for Adidas.

OPINION POLL

“The UK and India have historical relations, which are now entering a new era of increased cooperation and collaboration. I remain committed to working towards strengthening the economic and bilateral trade relationships...”

- **Sunil Bharti Mittal**
Founder and Chairman of Bharti Enterprises

“I believe startups will be the backbone of new India. I hope the message goes loud and clear to all startups not to lose this opportunity.”

- **Piyush Goyal**
Union Minister of Commerce & Industry

“India will continue to grow at 6-8% over the next 10 years. The building blocks for this are already in place, and the results are visible. The next five years will lay the foundation for India to become a developed country by 2047.”

- **Ashwini Vaishnaw**
Union Railways Minister

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