



Leveraged Growth

MONTHLY REPORT MARCH 2024

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Economic Crossroads: Japan's Dilemma

China's military is intensifying cooperation with India's neighbouring nations, including Sri Lanka, Nepal, and the Maldives, to fortify its strategic position amid territorial disputes, notably near Arunachal Pradesh. This move comes as China asserts claims over Arunachal Pradesh and the Aksai Chin plateau, part of Kashmir, belonging to southern Tibet. Nepal's Foreign Minister Shrestha's upcoming visit to China to finalise the Belt and Road Initiative (BRI) implementation agreement underscores China's regional interests, sparking concerns. Additionally, China's significant economic engagement in Sri Lanka, epitomised by the Hambantota port lease agreement, and its defence pact with the Maldives for free military assistance signify growing ties. These agreements raise apprehensions for India, especially concerning China-backed projects near its borders. Amidst ongoing tensions, both China and India are seeking strategic partnerships elsewhere. India has bolstered connections with the U.S. and Japan, exploring defence technology transfers and collaborative development ventures as the geopolitical scenario in the region continues to develop.



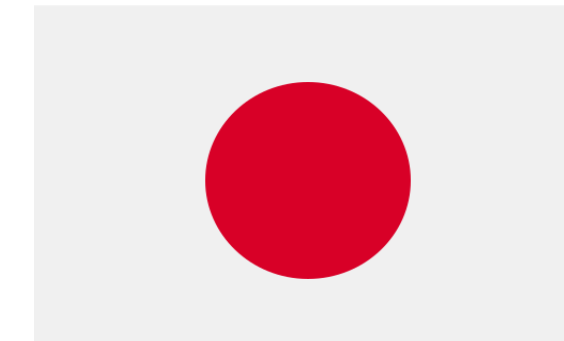
UN adopted first AI resolution

On March 21st, the United Nations General Assembly passed its inaugural global resolution on AI. The resolution, proposed by the US and supported by over 120 nations, including China, emphasises the importance of protecting human rights and personal data while monitoring AI for potential risks. US Ambassador Linda Thomas-Greenfield lauded the resolution as a collaborative endeavour to govern AI responsibly, addressing concerns about its potential negative impacts, such as threats to democratic processes and job displacement. The measure underscores the need for robust privacy policies and highlights the risks associated with its misuse. While countries like the US and Britain have unveiled agreements to ensure AI safety, challenges remain in enacting comprehensive AI legislation, with the US Congress facing obstacles in this regard. Nevertheless, the White House has taken steps to mitigate AI risks through executive orders aimed at enhancing national security. Despite global interest in AI regulation, concerns persist about its potential misuse, with recent reports revealing the use of AI tools for espionage by hackers from China and Russia.



BoJ's Historic Policy Shift

The Bank of Japan (BoJ) made significant monetary policy changes at its March 19 meeting, marking the first interest rate increase since 2007 and discontinuing the yield curve control framework. This move was motivated by the prospect of achieving a sustainable 2% inflation target by the end of fiscal year 2025. Under the new policy, the BoJ raised rates to 0.0%-0.1% and removed the 1% soft cap on the 10-year Japanese government bond (JGB) yield. The central bank also announced the cessation of purchases of exchange-traded funds and Japanese real estate investment trusts, with a gradual reduction in purchases of commercial paper and corporate bonds over the next year. While the BoJ pledged to maintain accommodative financial conditions and conduct emergency purchases of JGBs if necessary, it signalled a cautious approach to further tightening, with the timing of future rate hikes contingent on inflation. This policy shift reflects Japan's economic recovery, changing inflation dynamics, and notable wage increases as observed during recent Shunto wage negotiations between enterprise unions and employers.



Bridge Catastrophe

The collapse of the Francis Scott Key Bridge near the Port of Baltimore, Maryland, is projected to incur insured losses ranging from \$2-3bn, potentially becoming the largest-ever marine loss. The incident occurred when the container ship "Dali" lost power and collided with a bridge pillar, causing a significant section of the bridge to collapse into the river. Maryland Governor Wes Moore declared a state of emergency and closed the Port of Baltimore to ships. The bridge, valued at around \$1.2bn, suffered extensive damage, as did the container ship bound for Colombo, Sri Lanka. Aon, a leading global firm in risk management and insurance solutions, brokered the bridge policy, but claims are expected to be redirected to the shipowner's insurance coverage. Thus, reinsurance companies are anticipated to bear the brunt of the insured costs, impacting various lines of business, including property, cargo, liability, trade credit, and contingent business interruption. Alongside, the event is expected to have significant implications for the wider marine insurance market, potentially surpassing the Costa Concordia incident's \$1.5bn cost in 2012.



INDIA INC.

Opening Of International Doors

In a notable development this year, the Government of India introduced new regulations enabling public companies to list their shares directly on international exchanges in GIFT International Financial Services Centre (IFSC). However, this opportunity remains exclusive to public companies, with private companies still excluded from direct listings. This move marks a transformative moment for Indian enterprises, offering access to a broader spectrum of qualified foreign investors. Eligible non-Indian residents can now buy equity shares on international exchanges, enhancing cross-border investments. Transparent pricing formulas for listed and unlisted entities are mandated, ensuring fairness in the listing process. Raising capital in IFSC is expected to streamline compliance-related aspects, reducing the burden associated with various laws and regulations. This strategic initiative aims to align Indian capital markets with global counterparts, enticing foreign investors and incorporating international best practices, cutting-edge technologies, and opportunities in global markets. The objective is to position GIFT City as a prominent center for international capital, making it an attractive destination for global investment.



India Shifts Gears to EVs

The Ministry of Heavy Industries unveiled a new policy to boost electric vehicle (EV) manufacturing in India, attracting global players like Tesla, BYD, BMW, and Mercedes-Benz. The policy offers tax incentives for companies committing to invest at least \$500mn and establish a manufacturing plant within three years. These companies will benefit from reduced import duties of 15% on EVs having a cost, insurance, and freight (CIF) value of \$35,000 or higher for five years from the issuance of government approval. All international players qualify for duty reductions if they establish manufacturing facilities within three years and achieve a 50% localization level by their fifth year of operation. The policy mandates a 25% locally-made component level within three years, rising to 50% within five years for firms availing the duty breaks. This initiative seeks to leverage India's fast-growing automotive sector, projected to exceed \$373bn billion by 2030, making the country an attractive destination for EV investment and establishing it as a major EV production center.



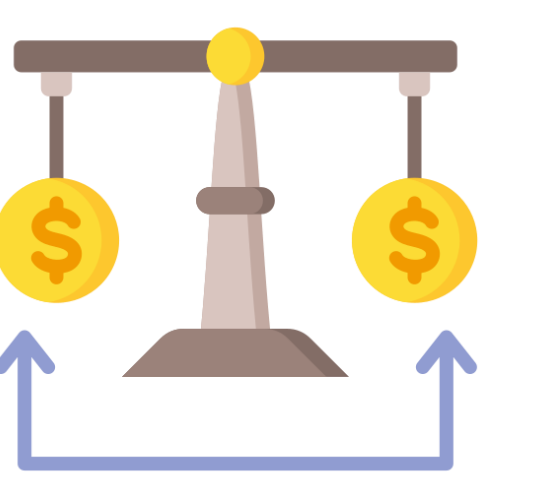
India's Exports Surge

Despite geopolitical challenges, including the Red Sea crisis, India's merchandise exports are projected to reach \$450bn by the end of FY24. To boost exports, particularly among Micro, Small & Medium Enterprises (MSMEs), easy access to low-cost credit and marketing support are vital. The swift conclusion of free trade agreements, such as with the UK and Oman, is crucial for enhancing outbound shipments. MSMEs play a pivotal role in achieving the \$1trn goods export target by 2030. From April to February 2023-24, exports surged to \$395bn, demonstrating remarkable growth despite challenges such as the Red Sea crisis, global monetary tightening, and declining commodity prices. This resilience highlights the exporting community's ability to overcome adversities, notably amidst the Russia-Ukraine conflict. Sectors like engineering goods, electronics, chemicals, pharmaceuticals, and petroleum products drove merchandise export growth, with February witnessing a YoY increase of 11.9%, rising from \$37bn.



Asia's New Billionaire Capital

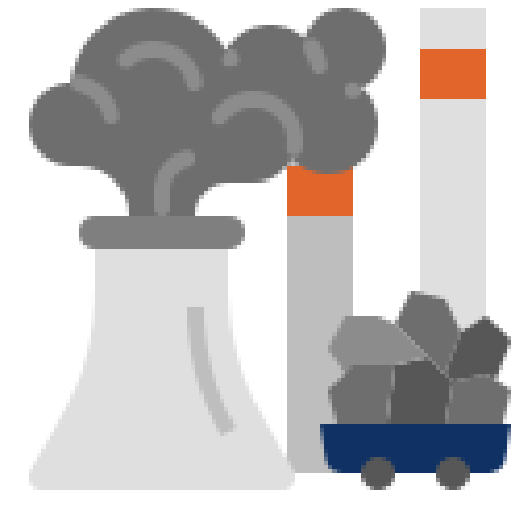
In a major shift, Mumbai, India's financial capital, dethroned Beijing as Asia's billionaire capital, according to the 2024 Hurun Global Rich List. With 92 billionaires, Mumbai now ranks third behind New York and London. Mumbai's total wealth surged by an impressive 47%, making it the world's fastest-growing billionaire hub. The success of these billionaires extends beyond traditional sectors, with the AI startup boom serving as a significant catalyst, aligning with the global trend. India's youthful and tech-savvy population positions it favorably to capitalize on this AI wave, potentially fostering more billionaires in the future. India, ranked third in the country ranking of the 2024 Hurun Global Rich List, saw an astonishing addition of 94 new billionaires within a year, reaching a total of 271, making it the second-largest source of global billionaires. The cumulative wealth of Indian billionaires soared to \$1tn, with Mukesh Ambani, Chairman of Reliance Industries, retaining his status as Asia's wealthiest individual and the world's eleventh richest person, boasting a net worth of \$110bn.



GOVT. POLICIES

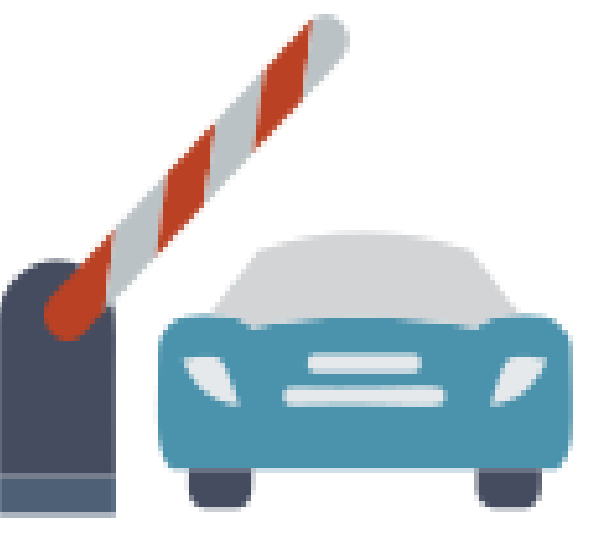
Revolutionizing Coal Logistics

At an event organized by the Indian National Committee of the World Mining Congress in New Delhi, the Coal Logistics Plan and Policy was introduced, emphasizing the optimization of coal logistics to meet India's increasing energy demand, which is projected to rise to 1.5bn tonnes by 2030 from the current 980mn tonnes. The plan aims to enhance the cleanliness, affordability, and efficiency of coal transportation, particularly through railway networks, with a target of reducing railway freight costs by 14% by 2030, resulting in annual savings of ₹21,000cr. Significant growth in coastal shipping of coal via rail-sea-rail routes was highlighted, with aspirations to increase this to 120bn tonnes by 2030. Additionally, 37 critical rail projects have been identified under the PM GatiShakti plan to bolster cargo capacity. The commitment to balancing efficiency and sustainability through R&D and digitization was reiterated. The comprehensive roadmap seeks coordinated efforts among stakeholders to unlock the sector's economic potential in an environmentally friendly manner, paving the way for a brighter and more sustainable energy future.



The Next-Gen Toll System

India's Ministry of Road Transport and Highways recently announced plans in Parliament to introduce a new highway toll collection system leveraging the Global Navigation Satellite System (GNSS) before the 2024 election model code of conduct takes effect. This system will utilize GNSS, including India's GPS Aided GEO Augmented Navigation (GAGAN), for precise location tracking. Through onboard units (OBUs), vehicles will communicate with satellites to determine their location, allowing toll rates to be calculated based on distance traveled. Toll amounts will be deducted from linked digital wallets, ensuring seamless transactions. The new system is expected to reduce traffic congestion by eliminating toll plazas, leading to faster commutes and fairer billing based on actual distance traveled. Enforcement measures, including gantries equipped with CCTV cameras, will monitor compliance. Initially, this system will coexist with the existing FASTag-based toll collection, and a decision on mandating OBUs for all vehicles is pending. Despite benefits such as smoother traffic flow and faster commutes, challenges like payment recovery and privacy concerns require attention. Overall, this initiative aims to enhance transportation efficiency and user convenience.



Vocal For Local

NITI Aayog introduced the 'Vocal for Local' Drive on 13th March, 2024, as a part of its Aspirational Blocks Program. This initiative strives to invigorate local economies and bolster grassroots entrepreneurship, thereby promoting self-reliance and sustainable development. The goal is to showcase indigenous local products from 500 Aspirational Blocks under the unified brand 'Aakanksha'. A dedicated section for the Aspirational Blocks Program, named 'Aakanksha', has been established on the GeM portal to boost local product visibility. Partnerships will provide essential support for e-commerce integration, establishing market linkages, enhancing financial and digital literacy, obtaining certifications, and upgrading skills. The 'Vocal for Local' initiative seeks to cultivate a favorable environment for local enterprises, promoting economic empowerment and self-sustainability. NITI Aayog is steadfast in its commitment to unlocking the potential of every Aspirational Block, driving inclusive growth and prosperity through collaborative efforts.



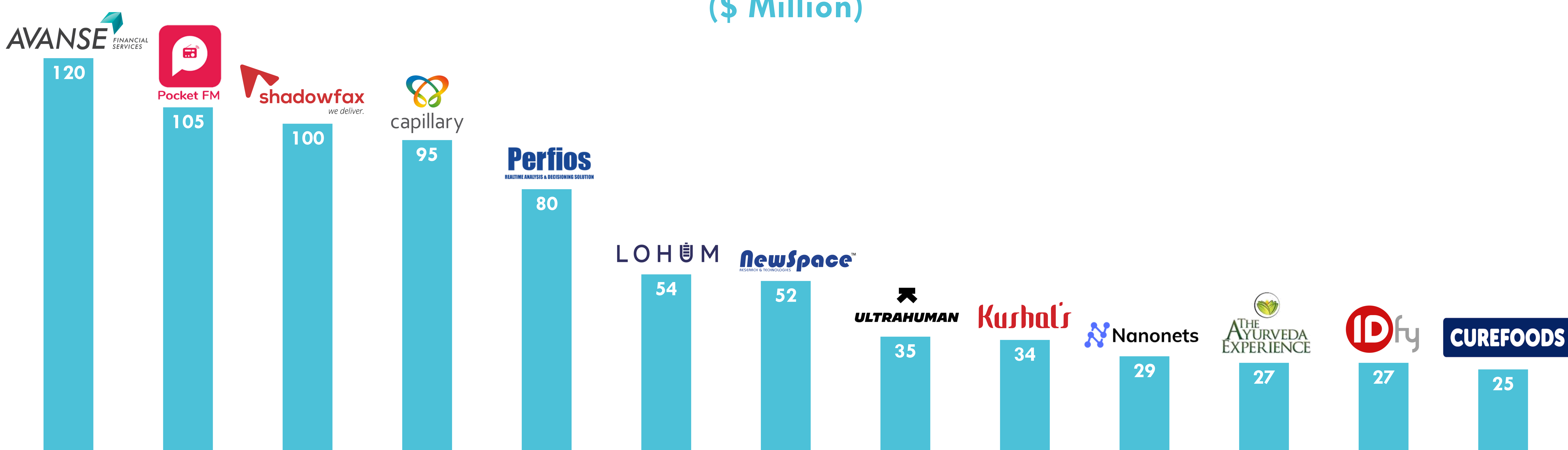
Empowering Sanitation Workers: NAMASTE

The NAMASTE Scheme, a collaborative effort between the Ministry of Social Justice and Empowerment and the Ministry of Housing and Urban Affairs, aims to eradicate manual sewer and septic tank cleaning. Administered by the National Safai Karamcharis Finance and Development Corporation from FY24 to FY26, with a budget of ₹349.73cr, it empowers Sewer and Septic Tank Workers (SSWs) by offering health insurance under the Pradhan Mantri Jan Arogya Yojana, safety training, capital subsidies for sanitation vehicles, and distribution of Personal Protective Equipment. The scheme profiles SSWs digitally through training programs nationwide. This process, coupled with an extensive Information, Education, and Communication (IEC) campaign, enhances awareness and ensures the dignity and safety of SSWs. As of March 6, 2024, significant progress has been made, with over 28,732 SSWs surveyed and more than 21,760 validated, indicating tangible benefits of the government's policy in safeguarding the lives and rights of sanitation workers.



START-UPS

Major Funding Raised by Startups for the Period 26th Feb'24 to 31st Mar'24 (\$ Million)



Source: Inc42

In March, 94 startups majorly based out of Delhi and Bengaluru raised an impressive \$1.2bn in funding, showcasing the strength of the startup ecosystem. E-commerce and Enterprisetech based startups dominated fundraising activities, reflecting recognition and support for innovative solutions across industries through cutting-edge technology.

Skydo's Cross-Border Breakthrough

In the dynamic world of global finance, Srivatsan Sridhar and Movin Jain emerged as pioneers, birthing Skydo in March 2022, a beacon illuminating the path for small businesses navigating the complexities of cross-border transactions. Offering a gateway to international accounts through strategic alliances with six global banking titans, Skydo empowers Indian enterprises to transcend borders effortlessly. These partnerships, spanning financial hubs from the US to the UAE, granted access to a palette of 32 currencies. At present, Skydo stands as a trusted ally for 1,500 businesses, orchestrating transactions worth \$50mn annually. Yet, as the stage becomes increasingly crowded, whispers of competition loom. While Skydo boasts the advantage of being a trailblazer in its domain, in this ever-evolving landscape, the tale of Skydo serves as a testament to the relentless pursuit of innovation and the enduring quest for distinction in the realm of global commerce.



Agritech Drone Boom

Salam Kisan emerges as a beacon of innovation, disrupting traditional farming practices with its visionary approach. Founded in 2022 by Dhanashri Mandhani, the company transcends conventional boundaries, offering a holistic range of services tailored to the needs of farmers. From employing cutting-edge drone technology for precise soil testing to facilitating seamless produce procurement and operating a vibrant marketplace for agricultural goods, Salam Kisan epitomises the convergence of technology and agriculture. Yet, its significance extends beyond its offerings; it symbolizes the triumph of entrepreneurship and perseverance. Despite its humble beginnings as a bootstrapped startup with an initial investment of \$2mn, Salam Kisan has rapidly evolved into a formidable player, boasting an expanding user base of 58,000 farmers and a relentless commitment to innovation. Salam Kisan isn't merely riding the wave of agritech advancement; it's charting its own course, shaping the future of farming one innovation at a time.

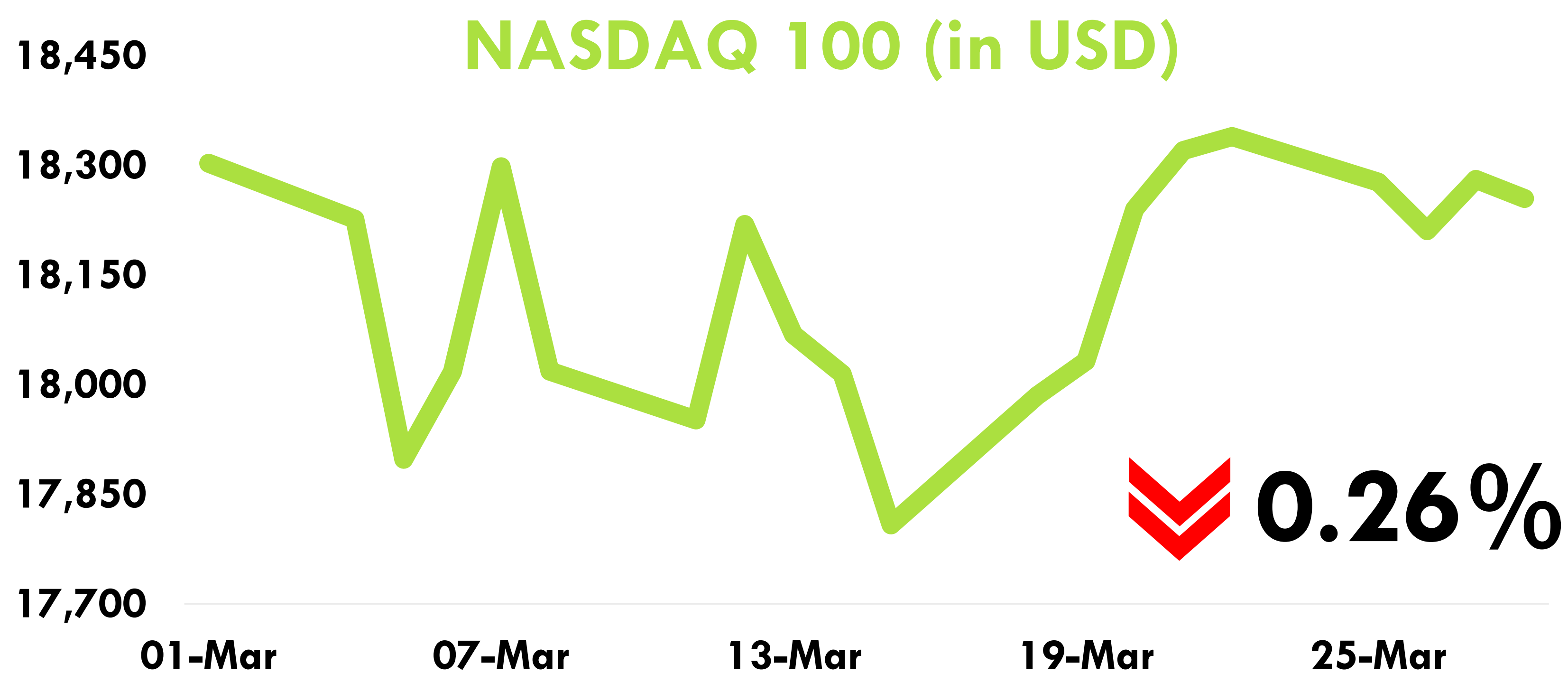


Kroop AI's Deepfake Crusade

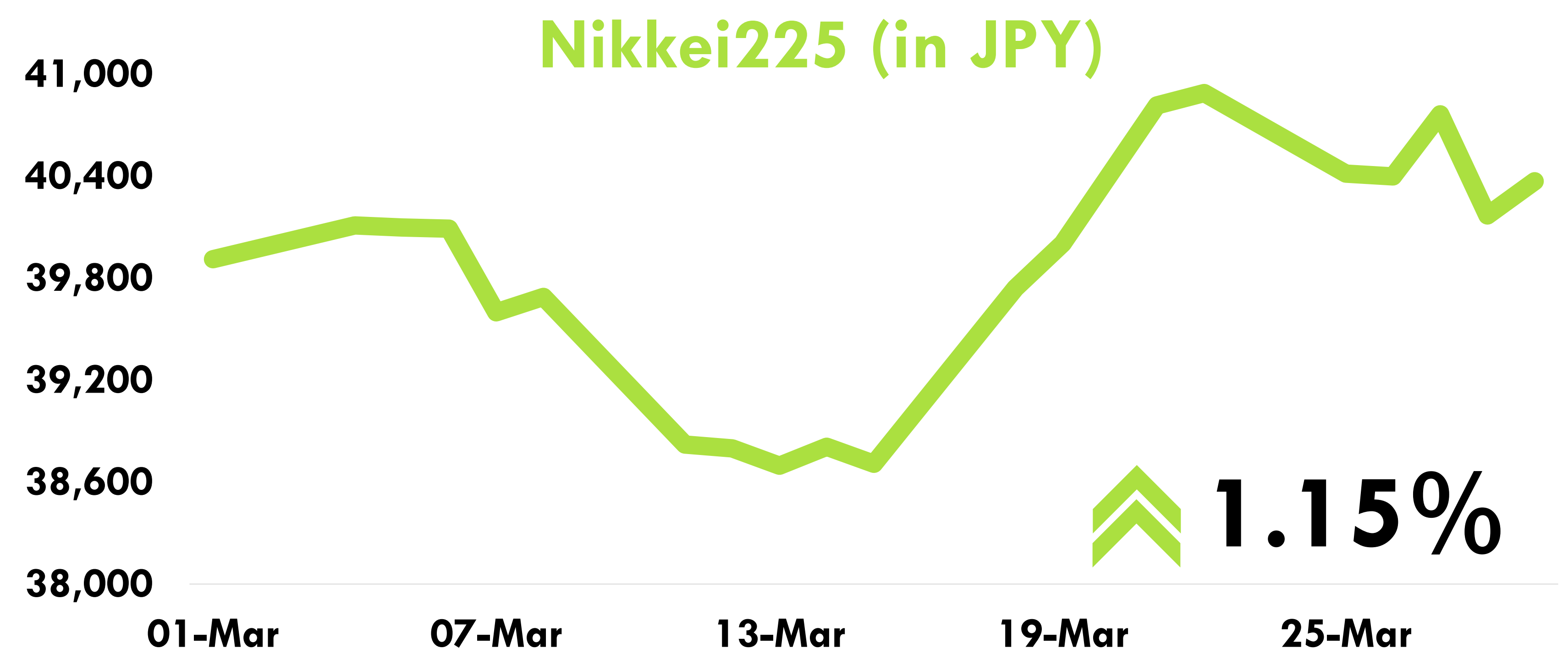
In early 2021, Jyoti Joshi foresaw the looming threat of deepfakes and founded Kroop AI, an Ahmedabad-based startup dedicated to combating this menace. With advanced GenAI technology, Kroop AI empowers users to distinguish between authentic and AI-generated content, transcending mere detection. Using sophisticated deep learning algorithms like Generative Adversarial Networks (GAN), Kroop AI's tools unravel the intricate deception of deepfakes. Their innovation doesn't stop there, beyond detection, Kroop AI's video generation platform supports over 25 languages, catering to a diverse global audience. At present, the startup caters to clients within the ecommerce and pharmaceutical sectors, with its most significant impact observed in the banking, financial services and insurance domains. Kroop AI has successfully secured \$230K in funding from prominent investors and is now strategizing for future fundraising initiatives. Despite navigating the challenges of a cost-intensive industry, the company remains driven by its vision to preserve truth in the digital era.



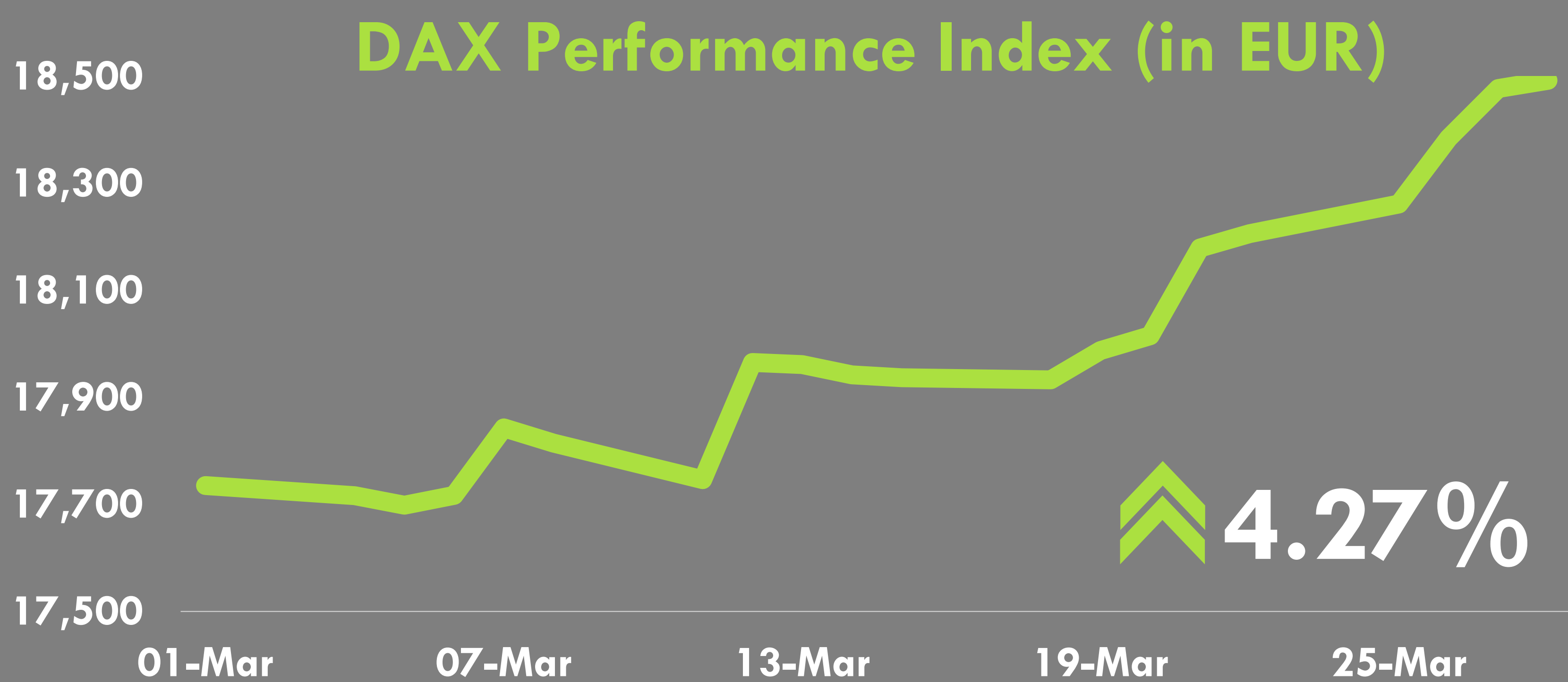
GLOBAL INDICES



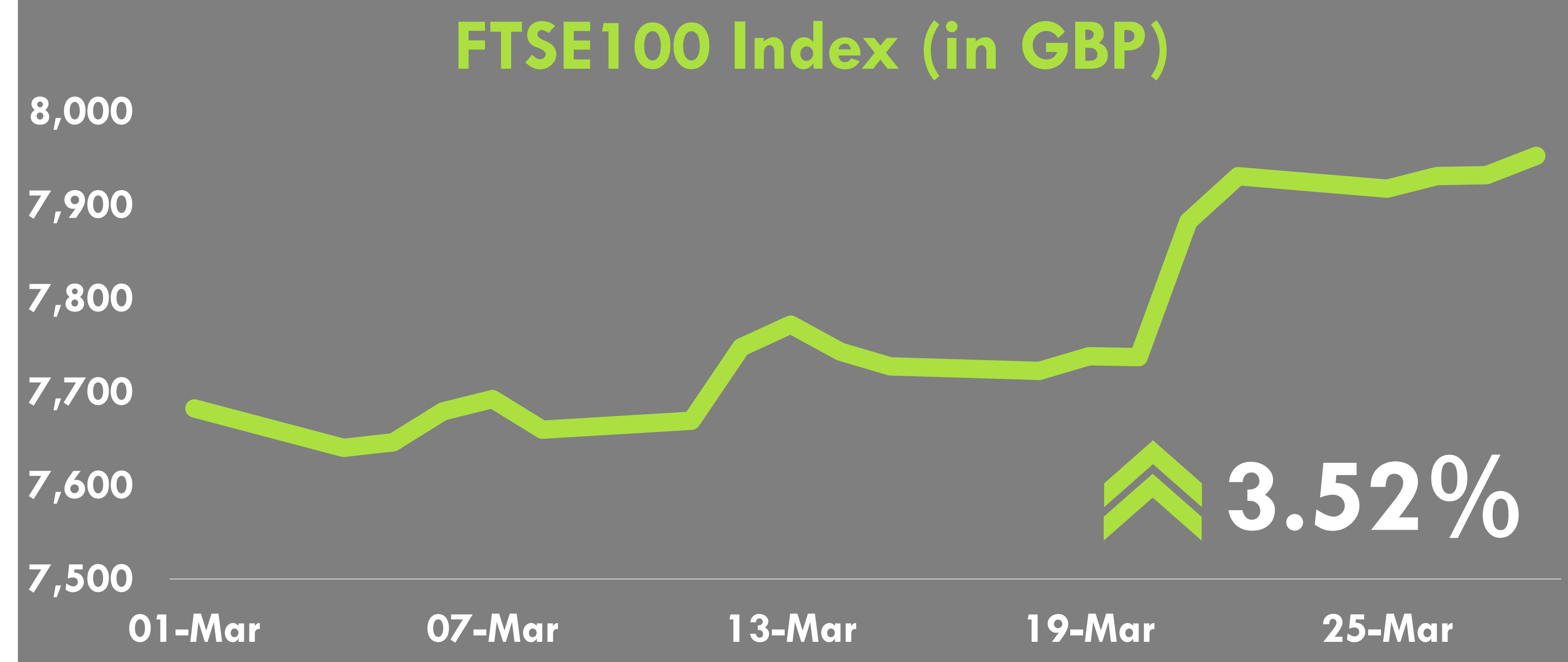
Mid-month, the Nasdaq index fell by 0.3% due to chipmaker stock losses and worries about potential delays in Federal Reserve interest rate cuts. However, as the month neared the end, the index bounced back, driven by Nvidia's recovery post the Blackwell B200 chip reveal. Additionally, Trump Media & Technology Group's Truth Social debut as "DJT" on Nasdaq led to the share skyrocketing over 50%.



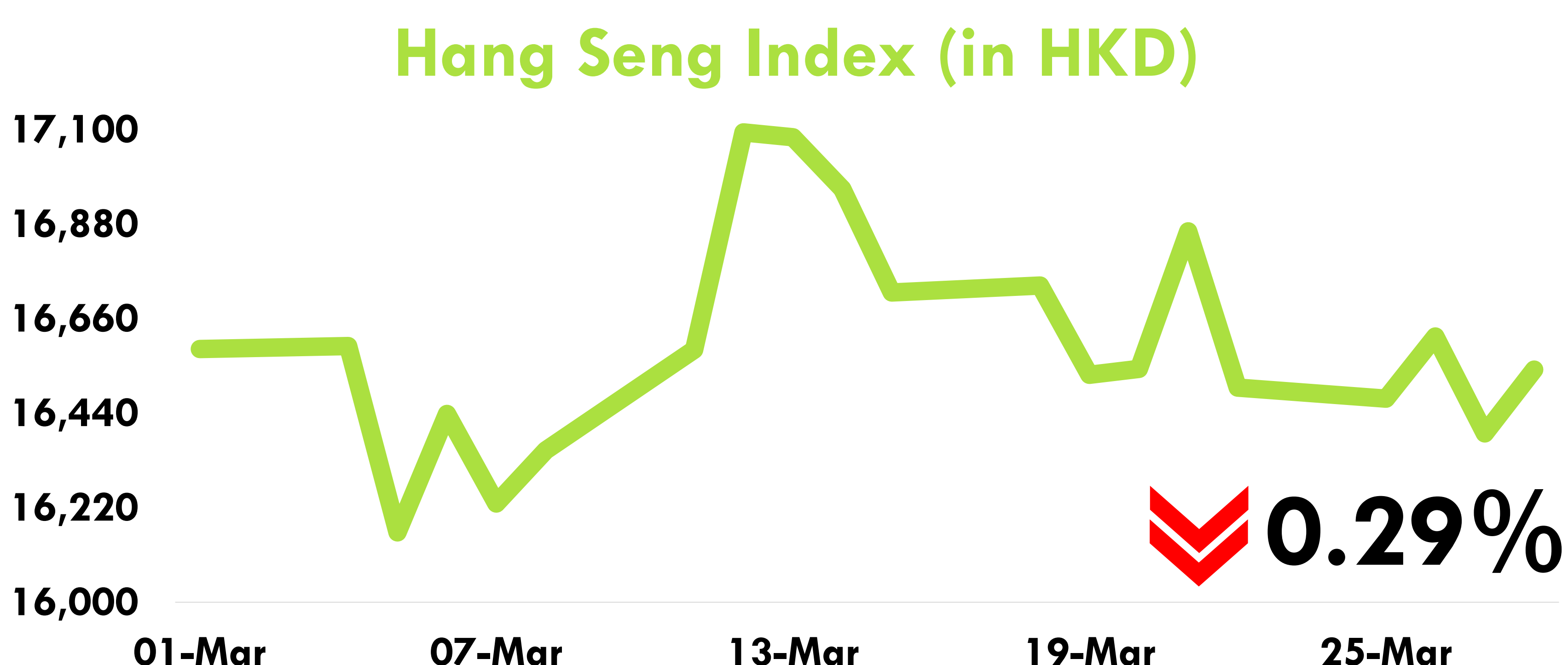
The benchmark index surged 1.2% as yen weakened, boosting investor confidence and favoring exporters with enhanced profits from overseas operations. This quarter, the index hit successive record highs, breaking levels last seen in 1989 during the nation's bubble economy. Boosted by better corporate governance and foreign investment, the rally reflects expectations of relaxed monetary policies by the Bank of Japan.



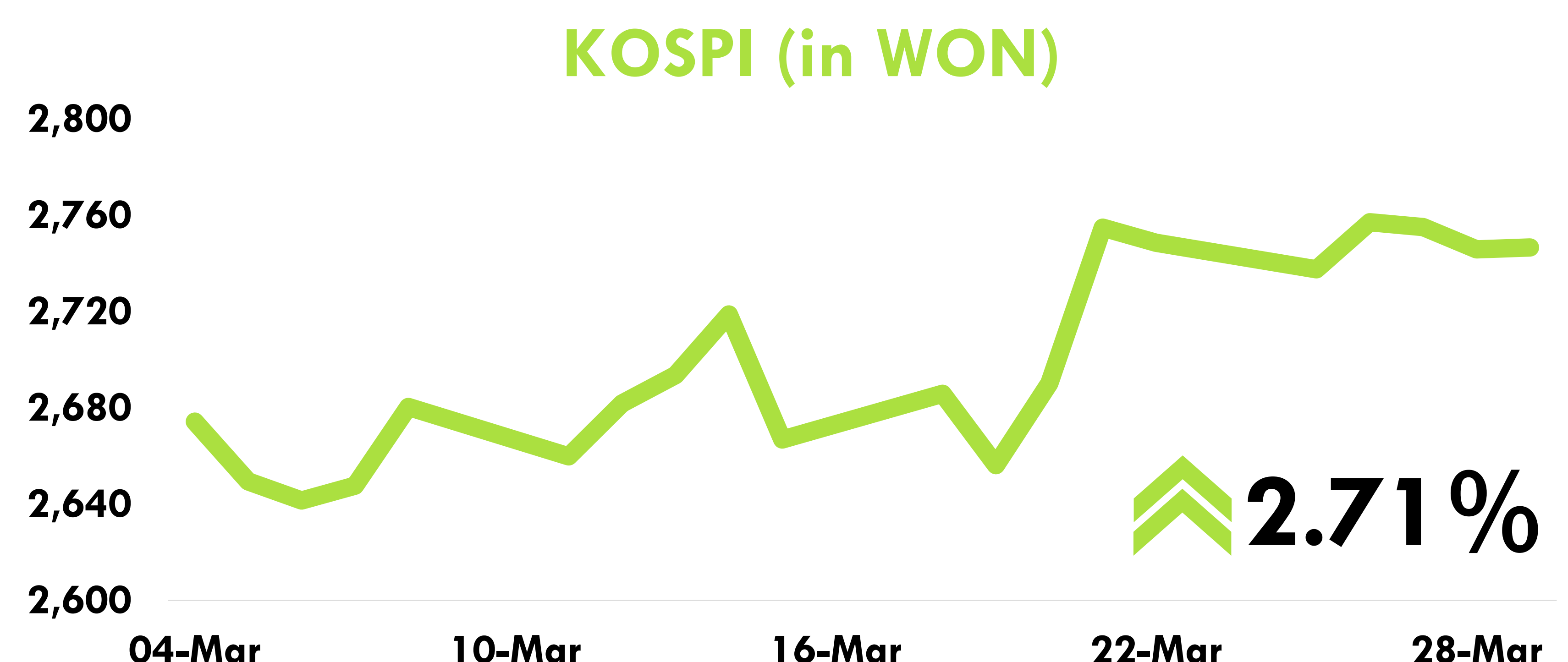
Germany's stock market index surged 4.3%, hitting a 12-month high. Despite economic worries, fewer households are concerned about saving. Equities benefited from a favorable macroeconomic backdrop before the release of crucial European inflation rates. Additionally, ifo Export Expectations rose from -7 to -1.4, signaling improved sentiment in Germany's export industry.



In March, the FTSE surged by 3.5% nearing its 12-month high, propelled by the Bank of England's choice to keep interest rates at 5.3%, as anticipated. This rise mirrors confidence in forthcoming global interest rate reductions. Moreover, Retailer Next saw a 5.3% increase due to record annual results amid increasing UK's private sector growth.



China's Hang Seng index displayed volatility, ending the month with a slight 0.3% decrease. Initially, it surged as Beijing proposed economic stimulus measures and President Xi Jinping pledged to support a world-class business environment. But as the month concluded, foreign investors exerted significant selling pressure due to the yuan's depreciation, resulting in an outflow of ~7.2bn yuan.

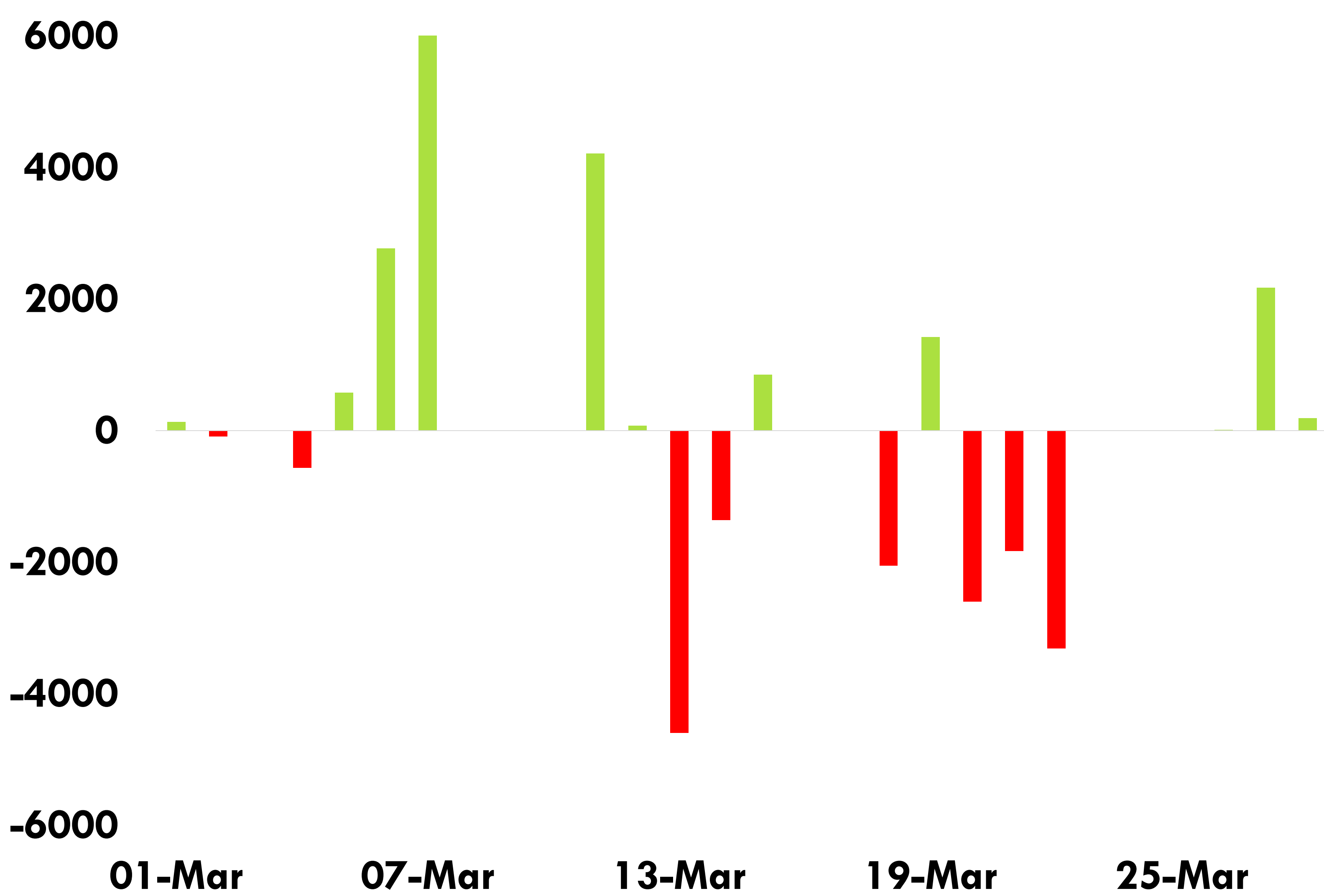


The Index saw a 2.7% uptick in March, slightly lower than the previous month. Notable gains in chip stocks were driven by Samsung Electronics and SK Hynix, rising 1.7% and 4.4% respectively. Other major index components, including Hyundai Motors, Kia, Celltrion, and KB Financial, also experienced significant increases in their stock prices.

Source: Investing

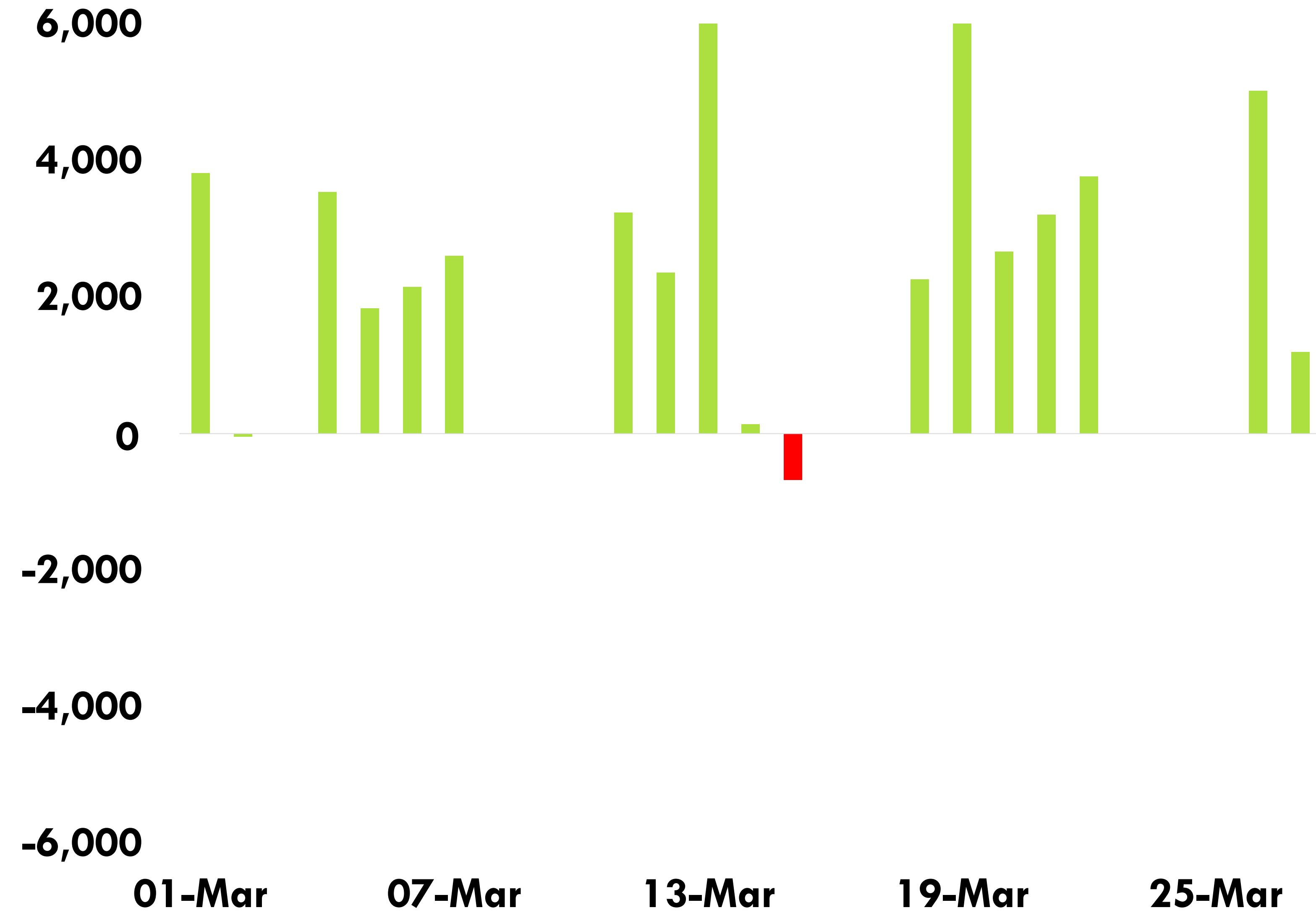
EQUITIES

FII Net Investment in March'24 (₹ Crores)



Source: NSDL

DII Net Investment in March'24 (₹ Crores)



Source: NSDL

In March, both FIIs and DIIs recorded a net inflow of ₹3,314.47cr and ₹56,311.60cr, attributed partly to the Federal Reserve's rate cuts acting as a catalyst. This surge is attributed to dollar easing, declining bond yields, and domestic interest rate reductions. FIIs made a comeback during the month, investing across various sectors. Sectors like consumer goods, financial services, and telecommunications saw significant inflows, while IT, oil & gas, and healthcare sectors faced sell-offs.

SEBI Speeds: T+0 Trading Unleashed

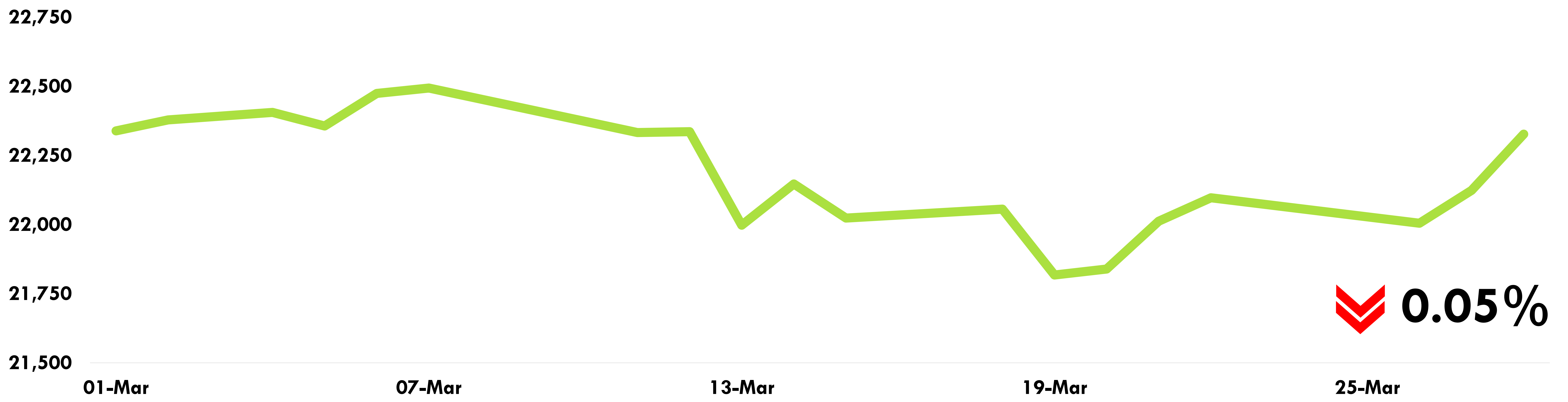
SEBI unveiled an innovative move, introducing a beta version of the T+0 trade settlement cycle alongside the existing T+1 cycle in the equity cash market. Commencing March 28, this option will initially be offered for 25 selected scrips and a limited number of brokers. T+0 settlement implies transactions finalized on the same trading day, enhancing efficiency, transparency, and risk management within the securities market ecosystem. Trading will occur between 9:15 am and 1:30 pm. Eligibility for participation extends to all investors capable of meeting the prescribed timelines, processes, and risk requirements. Notably, prices in the T+0 segment will operate within a 100bps band from the prices in the T+1 market and will be adjusted after every 50bps movement in the same. Surveillance measures applicable to T+1 settlement shall extend to T+0 scrips. However, T+0 prices won't factor into index calculation or settlement price determination. Market Infrastructure Institutions will furnish operational guidelines, including trading mechanisms, risk management, and a list of 25 scrips for the beta T+0 cycle, ensuring a smooth implementation process.

Index	1 st Mar'24 (In ₹)	29 th Mar'24 (In ₹)	Change (%)	Trend
NIFTY Auto	20,871	21,419	↑ 2.6	
NIFTY Bank	47,286	47,124	↓ 0.2	
NIFTY Consumer Durables	32,593	32,337	↓ 0.8	
NIFTY Financial Services	20,842	20,989	↑ 0.7	
NIFTY FMCG	54,225	53,949	↓ 0.5	
NIFTY IT	37,516	34,898	↓ 7.0	
NIFTY Media	2,015	1,795	↓ 10.9	
NIFTY Metal	8,208	8,257	↑ 0.6	
NIFTY Oil & Gas	11,715	11,440	↓ 2.3	
NIFTY Pharma	18,822	18,996	↑ 0.9	

Source: NSE

NIFTY50

NIFTY50 March'24 (in ₹)



India's Nifty 50 index rose nearly 29% in the fiscal year ending March 31, driven by a strong economy and significant fund inflows. The total market capitalization of National Stock Exchange-listed stocks increased by about 49% to \$4.56trn. The Nifty auto index remained at the forefront of major sectors, with 13 out of 15 stocks trading positively in the month of March.

Adani Airport Expansion

Karan Adani, MD of Adani Ports and Special Economic Zone, unveiled plans to invest ₹60,000cr over the next five to ten years to bolster the capacity of seven existing airports within the Adani Group's portfolio. Adani Airports Holdings (AAHL) CEO Arun Bansal detailed that ₹30,000cr will be allocated towards 'airside' expansion in the next five years, with the remainder slated for 'cityside' development over the subsequent five to ten years. Adani suggested that their airports, currently capable of accommodating 10-11cr passengers annually, are expected to triple in capacity. This expansion could potentially boost economic activity and infrastructure development, potentially impacting the performance of companies listed in the Nifty 50 index, especially those involved in transportation, construction, and related sectors.



TCS Equity Shake-up

Tata Sons plans to sell 2.34cr shares of Tata Consultancy Services Ltd. (TCS) through block deals, aiming to raise \$1.1bn. The offer price of ₹4,001 per share signifies a 3.6% discount from the last traded price of ₹4,144.25 per share. This proposed share sale, facilitated by Citigroup and JPMorgan, could potentially exert downward pressure on TCS' share price due to the increased supply of shares in the market. As TCS is India's second most valuable listed company, its share price movement can significantly influence the index's performance. With Tata Sons holding a substantial stake in TCS, they seek to capitalize on this opportunity, potentially altering TCS' weighting in the Nifty 50 and affecting the index's overall trajectory.



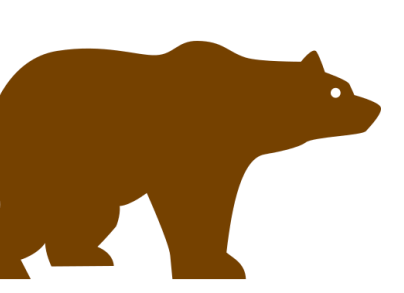
Top Gainers | NIFTY50 | Mar'24



Company Name	Change (%)
Bajaj Auto	13.3
Bajaj Finance	10.1
Bharti Airtel	9.5
Maruti Suzuki India	8.5
Hindalco Industries	8.2
HDFC Life Insurance	7.2
Hero MotoCorp	5.0
ITC	4.8
Eicher Motors	4.7
Sun Pharmaceutical	4.4

Source: NSE India

Top Losers | NIFTY50 | Mar'24



Company Name	Change (%)
Infosys	9.6
Tata Consumer Products	8.4
Wipro	7.5
LTIMindtree	6.3
Hindustan Unilever	6.1
HCL Technologies	5.9
Tata Consultancy Services	5.2
Axis Bank	4.8
UltraTech Cement	4.0
UPL	3.9

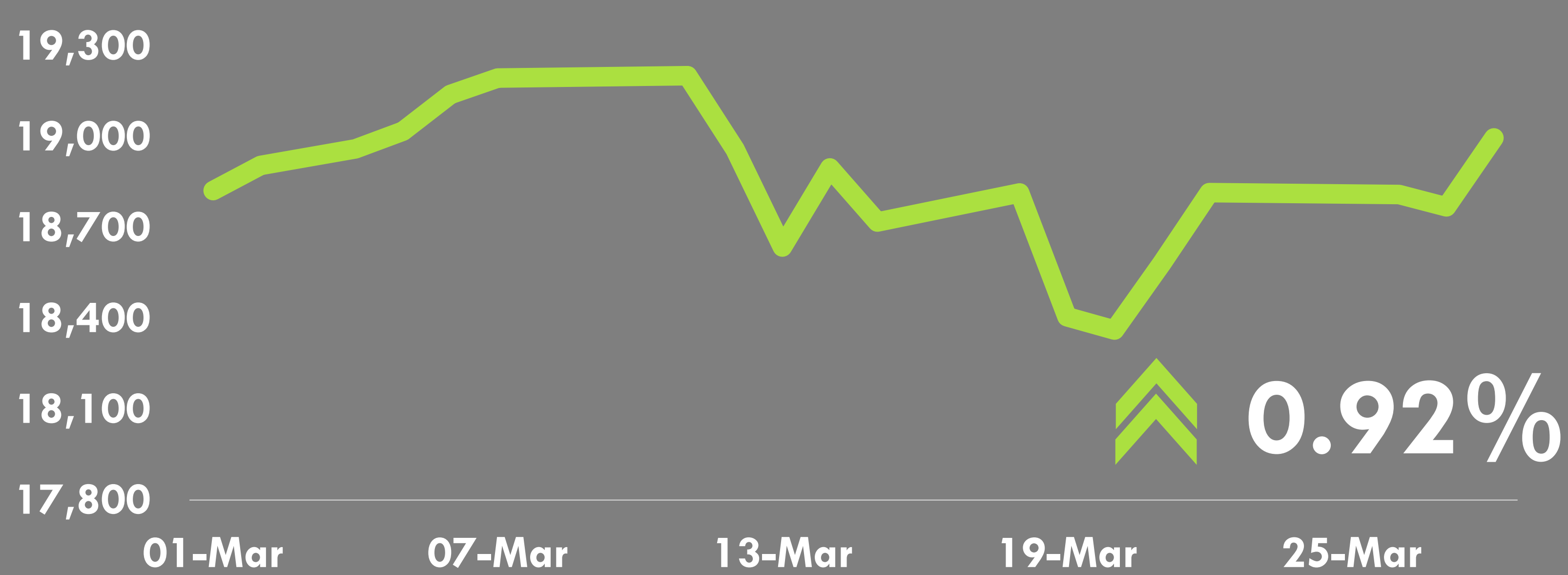
SECTOR UPDATES

Pharma Sector

In March, the pharmaceutical sector experienced a mere 0.9% rise. This slow growth was a result of the government's prohibition on gifting healthcare professionals. Companies or their representatives are prohibited from providing cash or monetary grants to healthcare professionals or their immediate and extended family members. Glaxosmithkline Pharmaceuticals Ltd. was the top loser with a 9.3% decrease, while Zydus Lifesciences Ltd. was the top gainer with an increase of 8.9%.



NIFTY Pharma March'24 (in ₹)



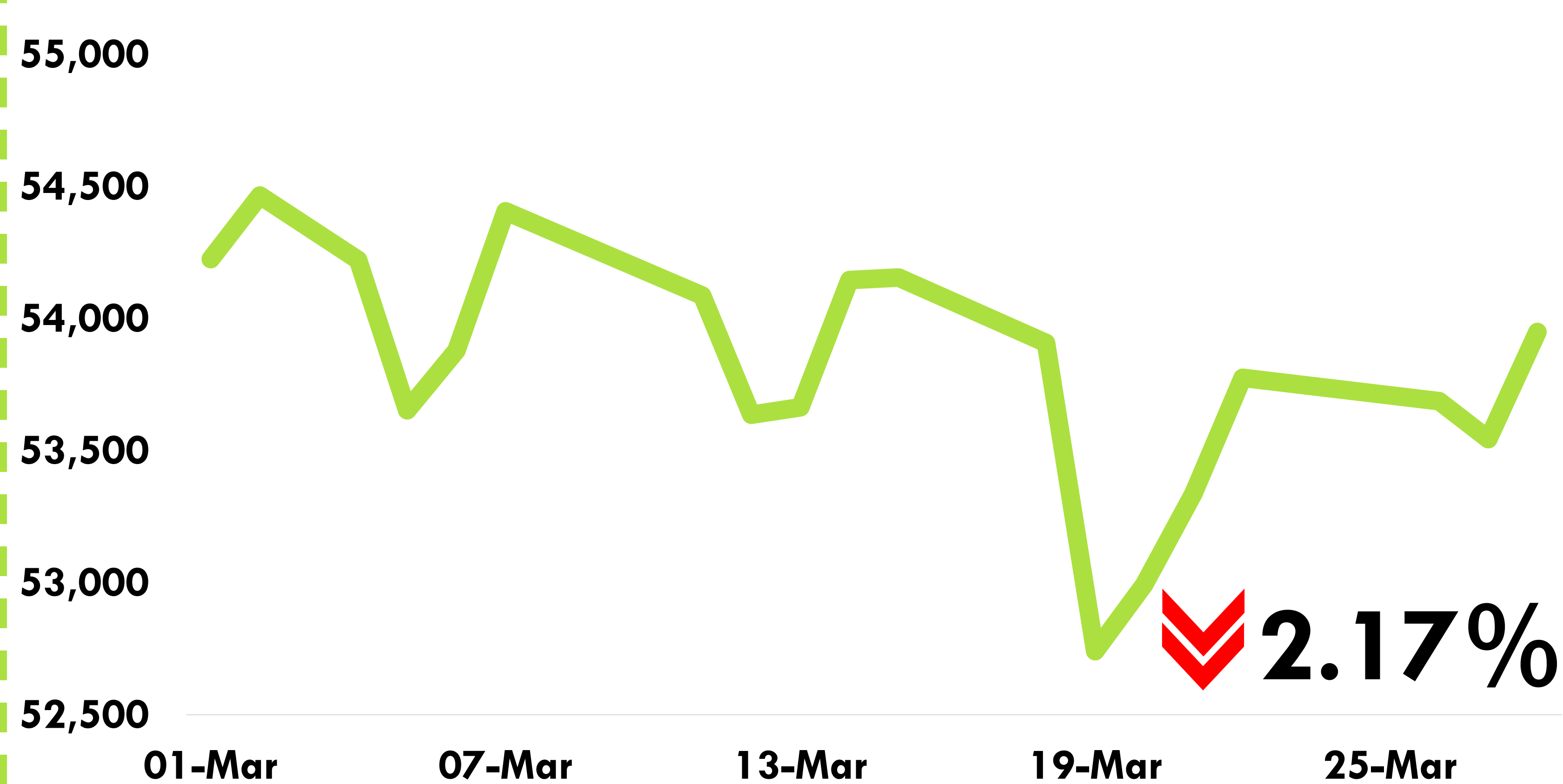
Source: NSE

FMCG Sector

The Nifty FMCG index witnessed a decrease of 2.2%, with concerns revolving around volume growth and margin expansion being the primary drivers. This decline was influenced by increased competition from regional and smaller players who are offering products at reduced prices. Industry estimates suggest that this trend will persist for another 2 to 3 quarters. Tata Consumer Products Ltd. saw the most significant decline, dropping by 8.7%, while Radico Khaitan Ltd. stood out with a noteworthy increase of 8.3%.



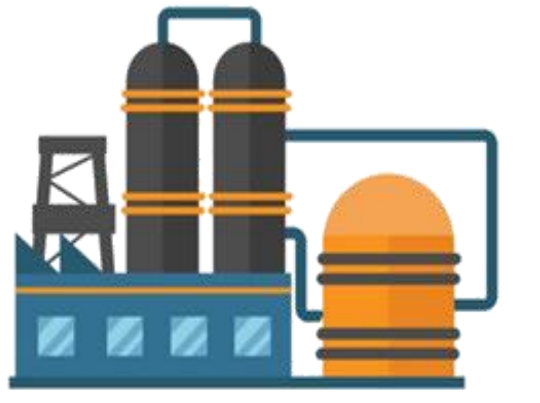
NIFTY FMCG March'24 (in ₹)



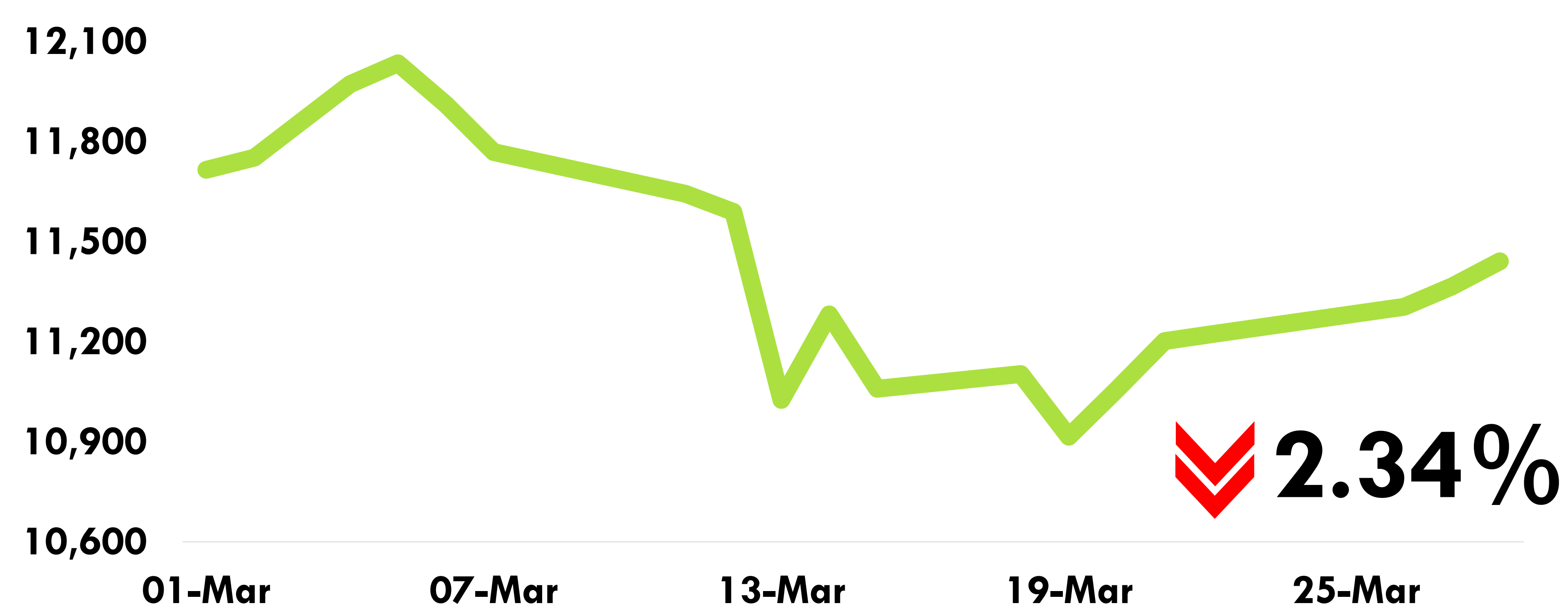
Source: NSE

Oil and Gas Sector

In March, the oil and gas sector saw a fall of 2.3%. This decline was a result of reductions in petrol and diesel prices. This marks the first fuel price adjustment by Oil Marketing Companies (OMCs) in almost two years since April 6, 2022. Despite global oil price volatility due to the Russia-Ukraine conflict and West Asian unrest, oil prices in India have remained stable. Notably, Castrol India Ltd. faced a significant 13% drop, while Aegis Logistics Ltd. emerged as the top gainer, climbing by 2.4%.



NIFTY Oil & Gas March'24 (in ₹)



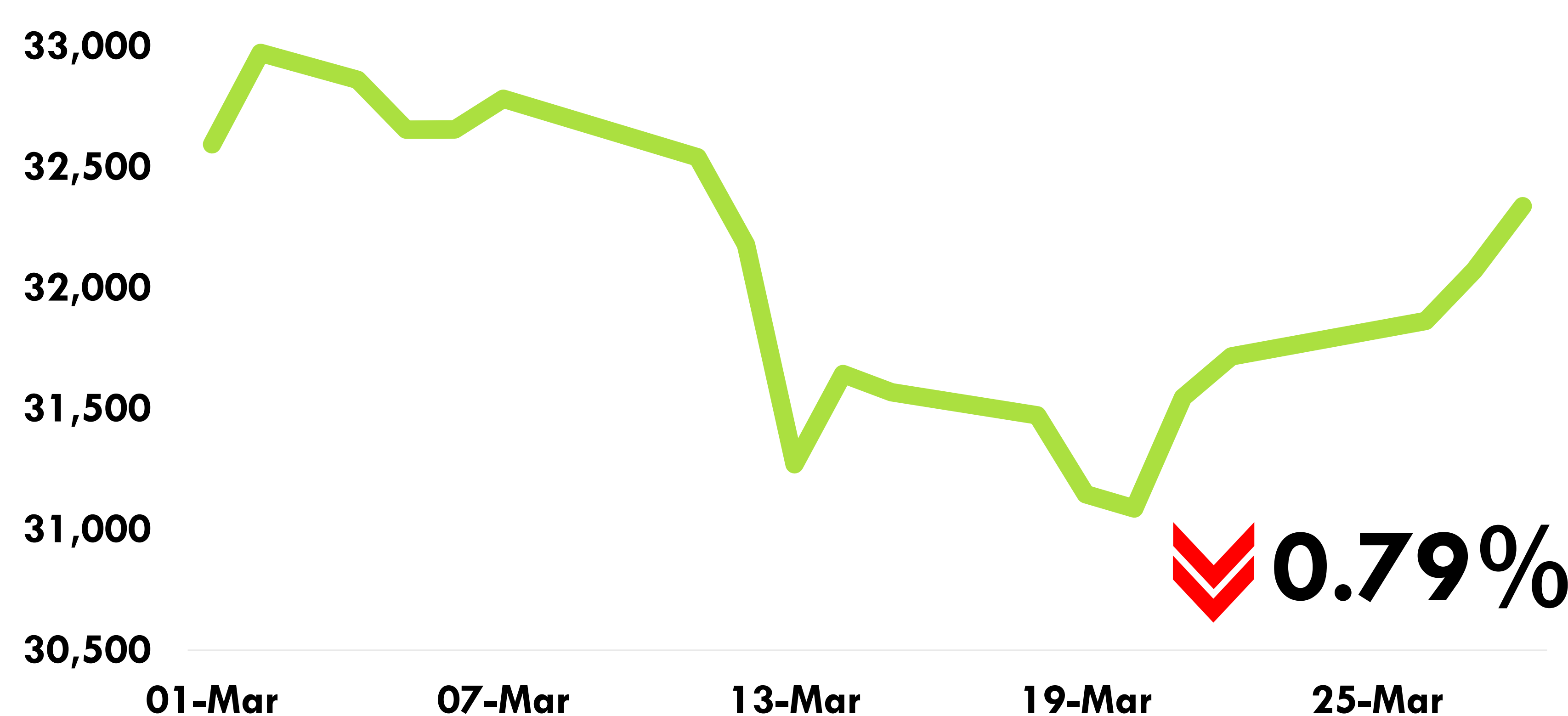
Source: NSE

Consumer Durables Sector

Consumer stocks saw a decrease of 0.8%, as fluctuating inflation levels subdued the demand for everyday goods. Nonetheless, there was a notable increase in sales of luxury items. Private consumption, which contributes significantly to economic growth at 60%, is projected to grow at a modest rate of only 3%, marking its slowest expansion in twenty years. Dixon Technologies Ltd. witnessed substantial growth, climbing by 6.8%, whereas Rajesh Exports faced a considerable decline of 15.5%.



NIFTY Consumer Durables March'24 (in ₹)



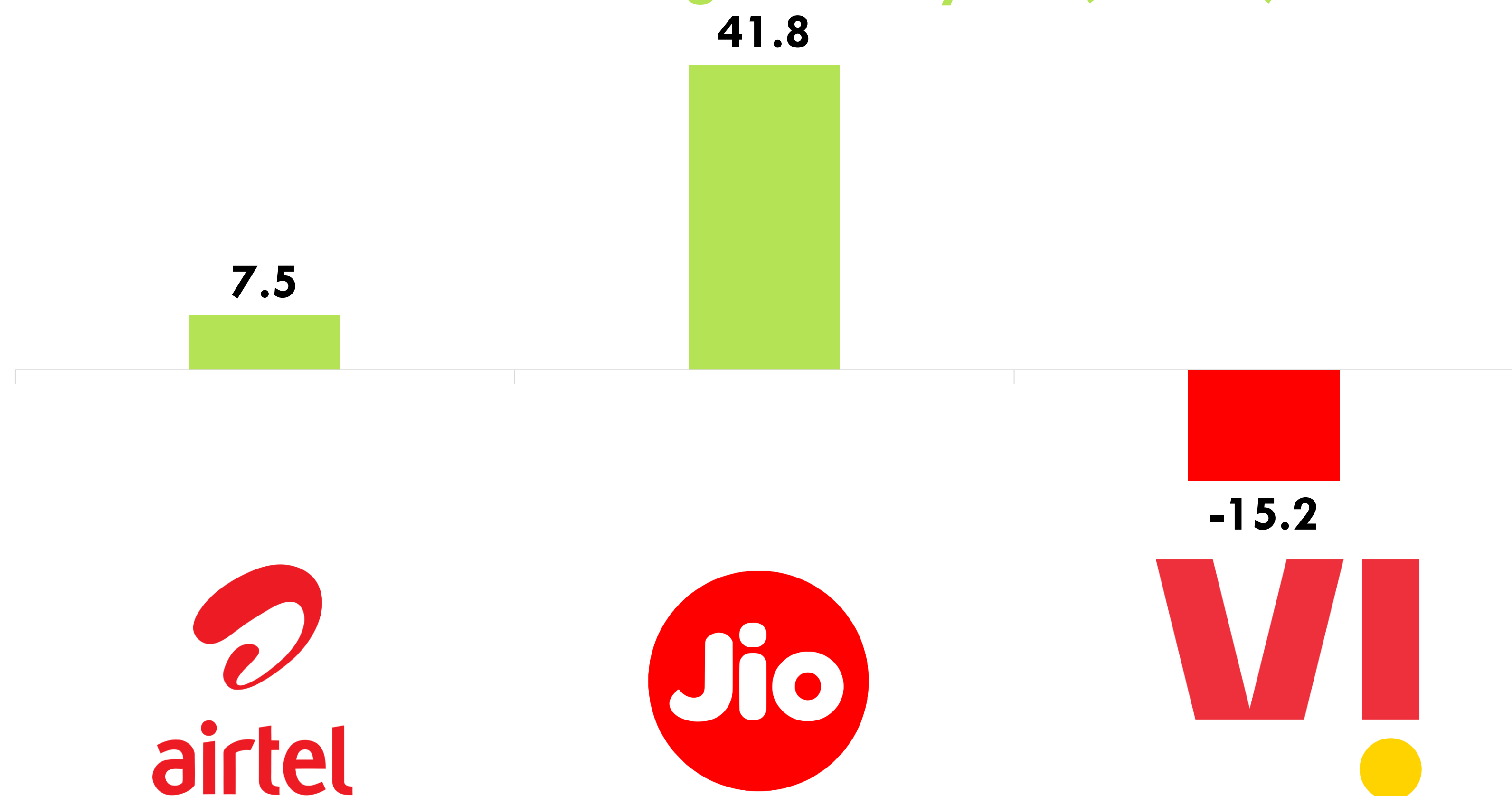
Source: NSE

SECTOR UPDATES

Telecom Sector

In March, Bharti Airtel expanded its network coverage, in various regions across India including Bankura (West Bengal), Jharkhand, Kollam district (Kerala), and Surat district (Gujarat) as part of the company's rural enhancement project, aiming to improve connectivity in 60,000 villages nationwide by 2024. Additionally, both Reliance Jio and Bharti Airtel are considering separate 5G plans, potentially increasing prices by 5-10% compared to standard 4G plans, consequently leading to an increase in Average Revenue Per User (ARPU) and offering 30% more data.

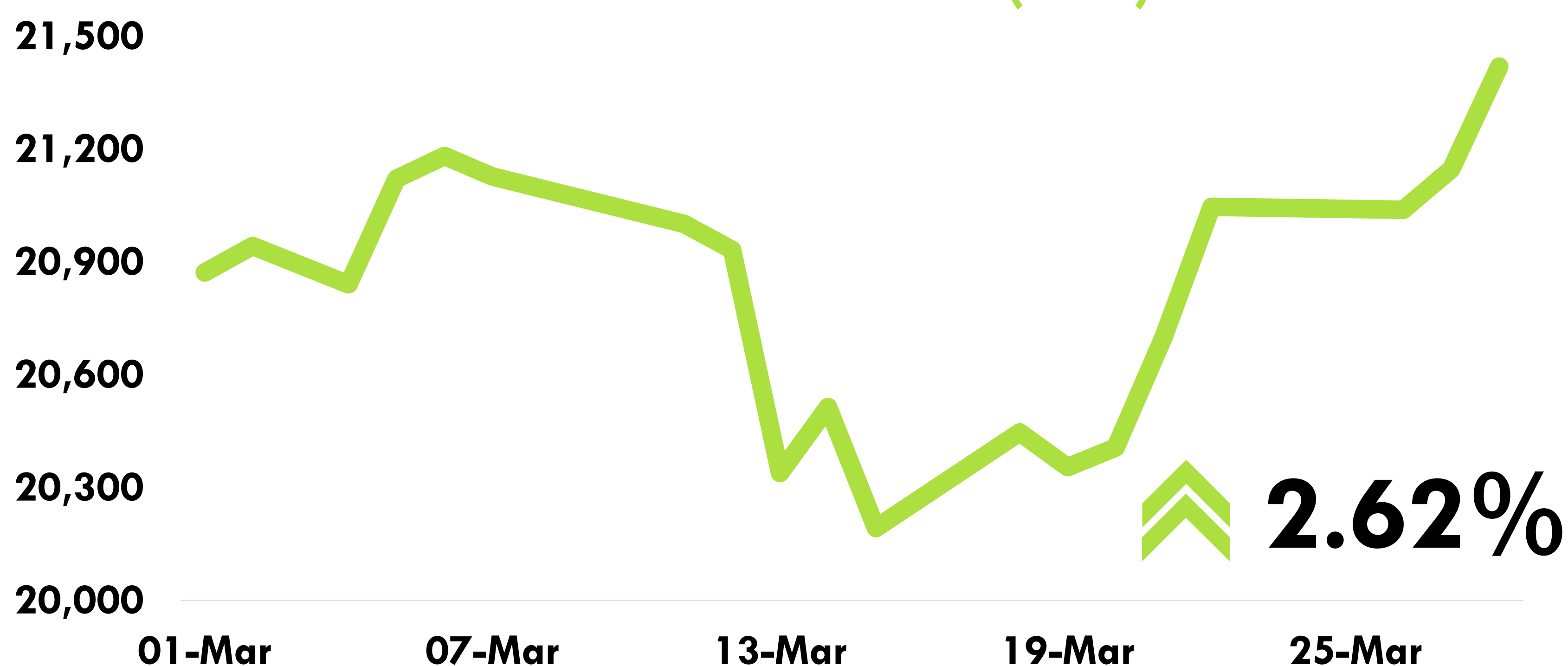
Addition During January'24 (Lakhs)



Auto Sector

During March, the auto index experienced a significant upsurge of 2.6%, propelled by the government's favorable electric vehicle (EV) policy, which sparked a bullish sentiment in the auto sector. Additionally, increased sales growth and record-breaking February sales in passenger vehicles further fueled the sector's positive momentum. Major car manufacturers, including Bajaj Auto and Maruti Suzuki, capitalized on this momentum and gained 13.8% and 8.4% respectively. However, MRF and Bharat Forge declined by 8.1% and 4.6% respectively, positioning them as top losers in the sector.

NIFTY Auto March'24 (in ₹)

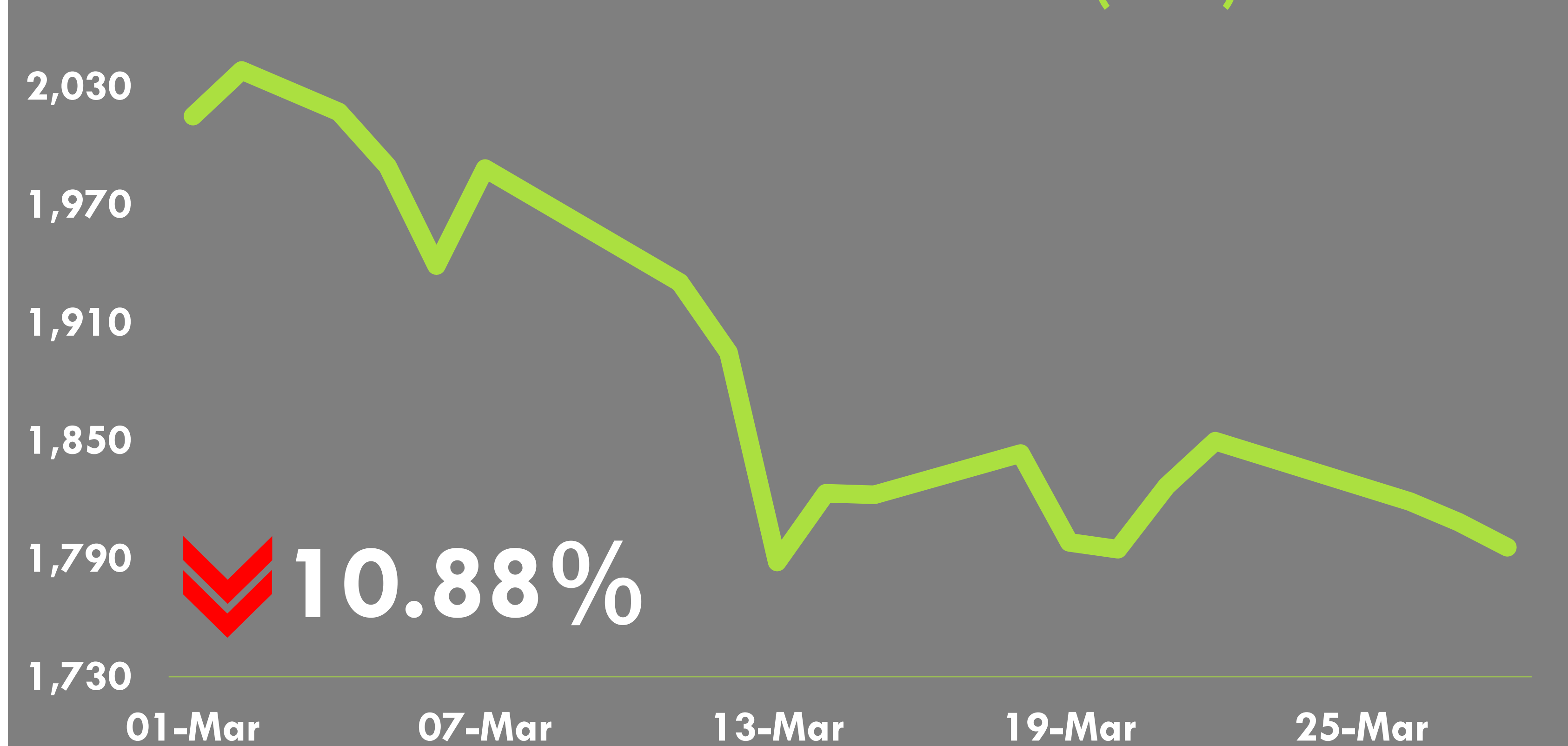


Source: NSE

Media Sector

The media sector experienced a significant downturn, with a sharp 10.9% decline attributed to the cancellation of the Zee-Sony merger. This setback was compounded by a mixed earnings outlook and lackluster performance from industry giants like PVR and Inox. Furthermore, challenges mounted as Star India initiated arbitration against Zee over a failed ICC TV rights deal. Notably, there were no top gainers, while Dish TV India Ltd. and TV18 Broadcast Ltd. fell 20.2% and 18.5% respectively, as the top losers in the sector.

NIFTY Media March'24 (in ₹)

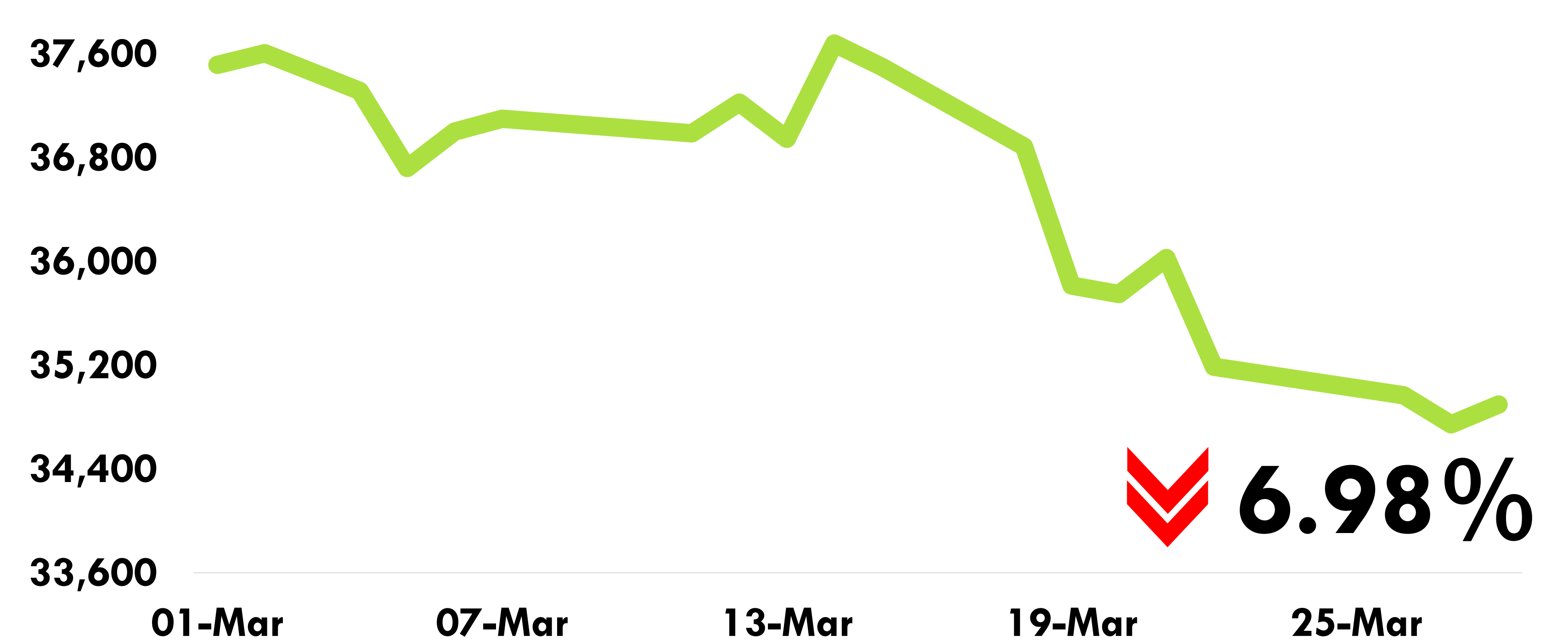


Source: NSE

IT Sector

In March, the IT index experienced a 7% decline, largely attributed to a decrease in deal announcements compared to previous quarters. The index encountered further pressure when TATA Sons sold approximately ₹9300cr worth of TCS stock, and Accenture revised its revenue growth projection for FY24 downward to 1-3% from the previous 3-5%. Notably, L&T Technology was the sole gainer, rising by 3.7%, while Coforge and Infosys were among the top losers, declining by 15.4% and 9.5%, respectively.

NIFTY IT March'24 (in ₹)



Source: NSE

SECTOR UPDATES

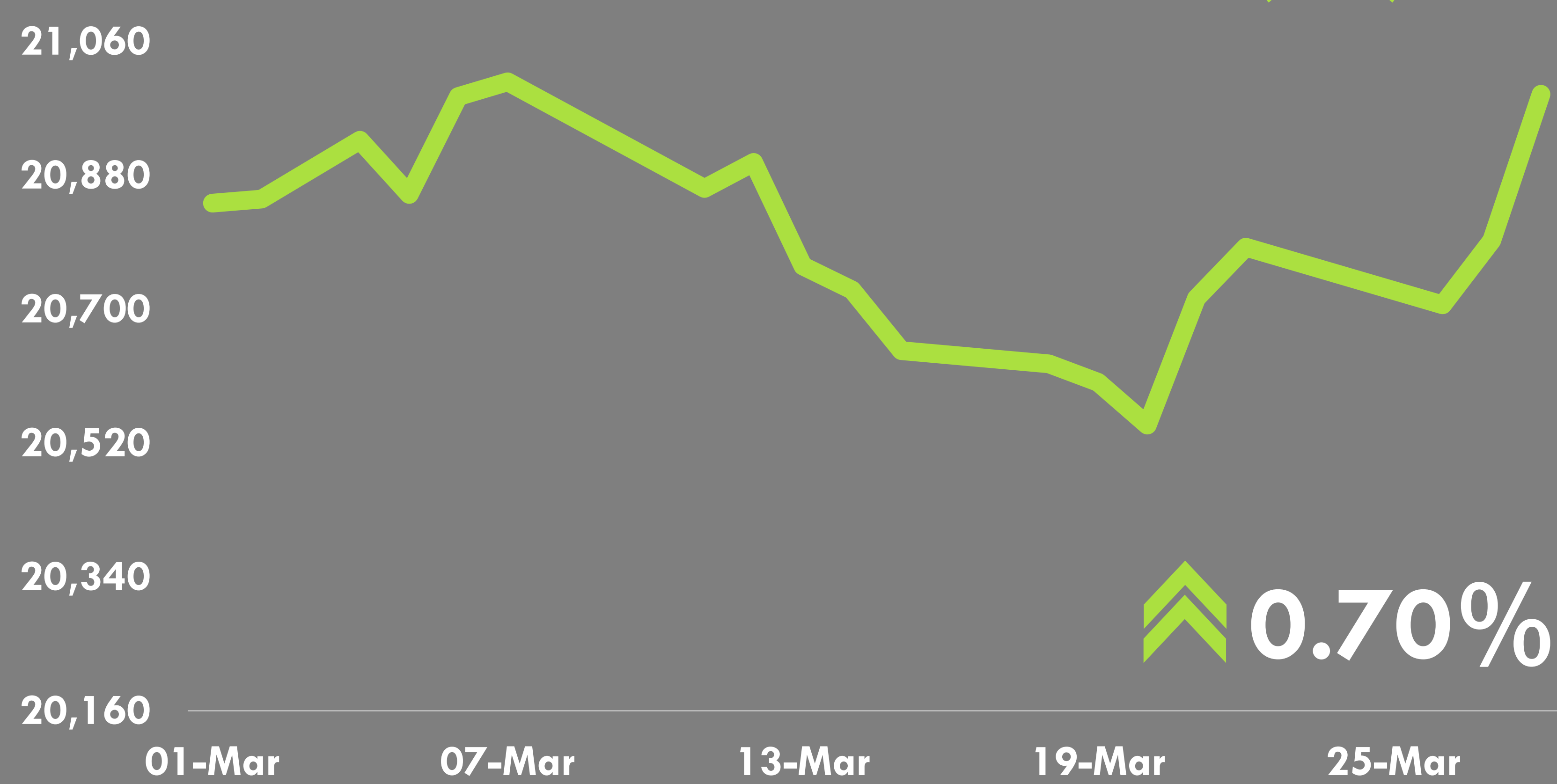
Financial Services Sector

During the month of March, Nifty Financial Services saw an overall increase of 0.7%.



Concerns over global interest rate cuts, geopolitical tensions, rising pressure on the cost of funds due to structural funding environment issues, and sluggish growth in key economies impacted market sentiment, slowing down the growth of this sector. ICICI Prudential emerged as the top gainer, rising by 12.8%, whereas the top loser for the month was Shriram Finance, which fell by 16.5%.

NIFTY Financial Services March'24 (in ₹)



Source: NSE

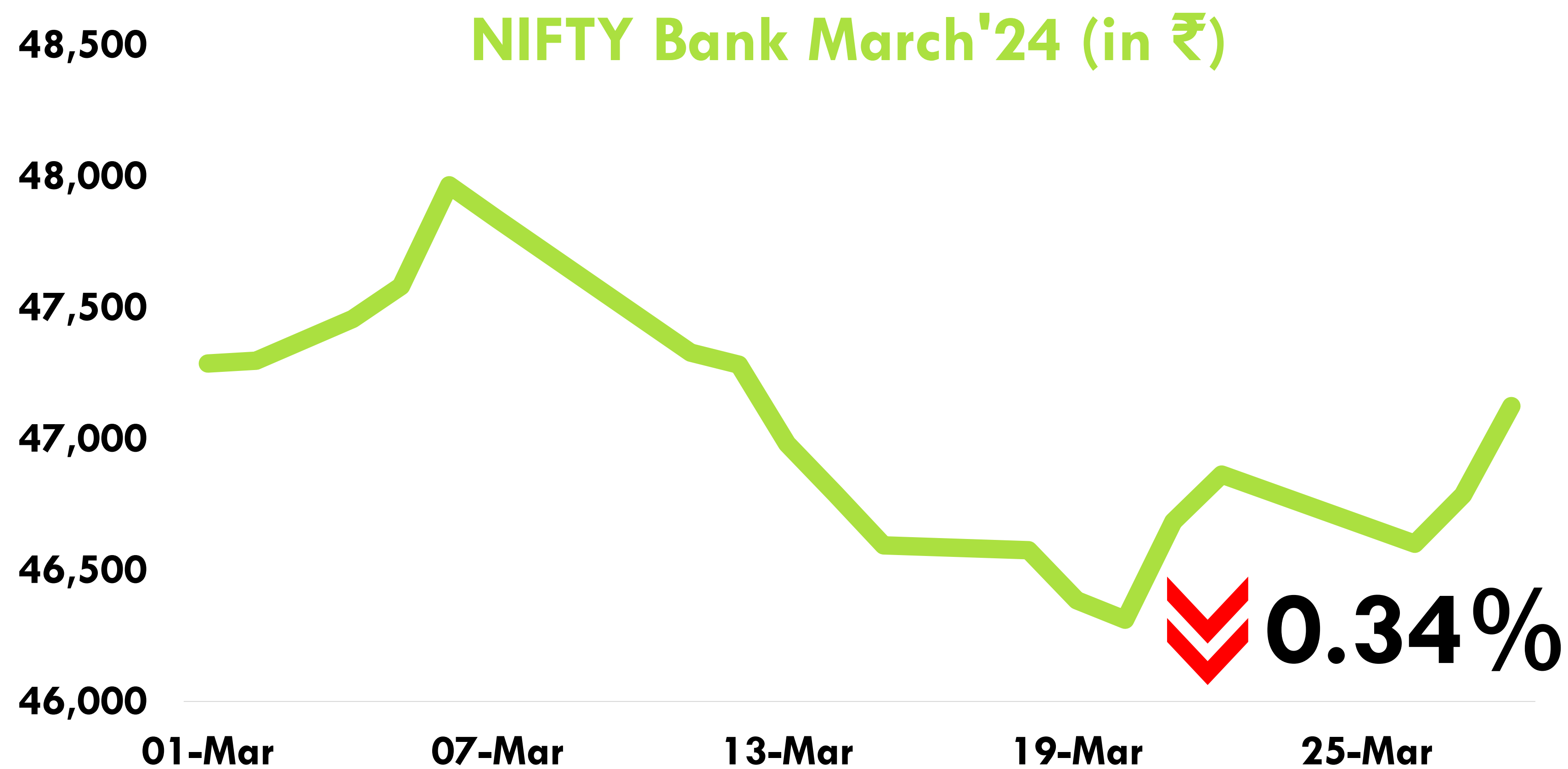
Banking Sector

In March, the Nifty Bank index experienced a decline of 0.3%.



Following the release of better-than-expected GDP growth numbers for Q3FY24, it opened strongly with gains on the first day of the month. Global market sell-offs, driven by delayed rate-cut expectations and inflation uncertainty, prompted investors to shift towards safe haven assets like gold. Kotak Mahindra Bank was the top gainer, rising by 3.6%, while Bandhan Bank was the top loser, witnessing drops of 9.9%.

NIFTY Bank March'24 (in ₹)



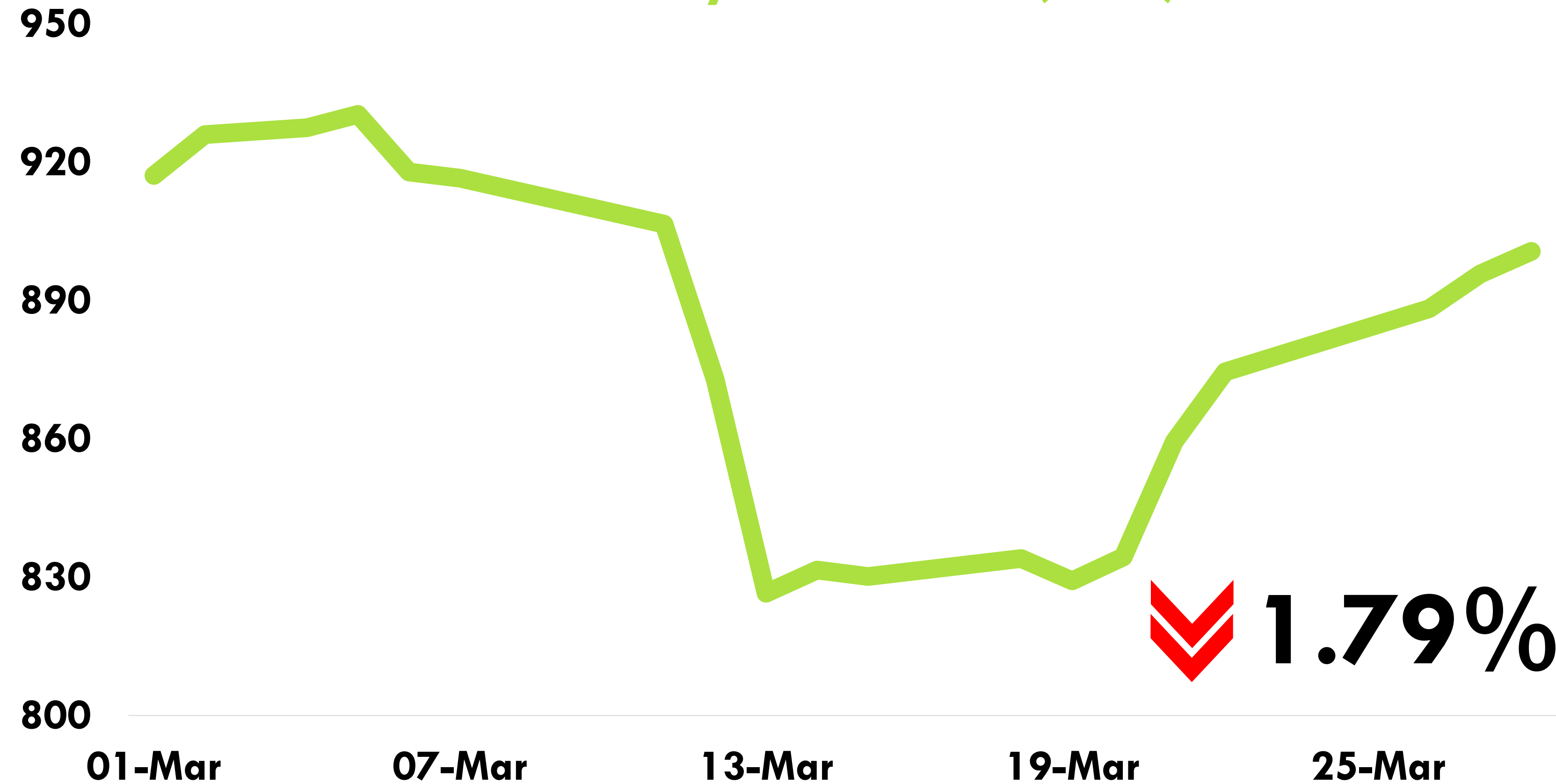
Source: NSE

Realty Sector

The Nifty Realty sector concluded the month with a decrease of 1.8%. During mid-March, the index faced a significant downturn, reflecting a broader correction in the realty sector, dropping over 11% from its peak earlier in the month. However, the index rebounded due to robust pre-sales figures reported by realty firms amidst announcements of upcoming projects and expansions into new markets. Oberoi Realty emerged as the top gainer for the month, with an impressive increase of 7.9%, while Swan Energy Ltd. experienced the highest decline, plummeting by 12.1%.



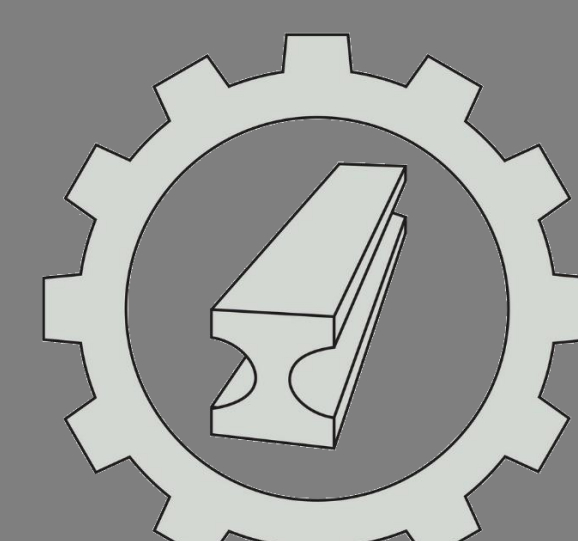
NIFTY Realty March'24 (in ₹)



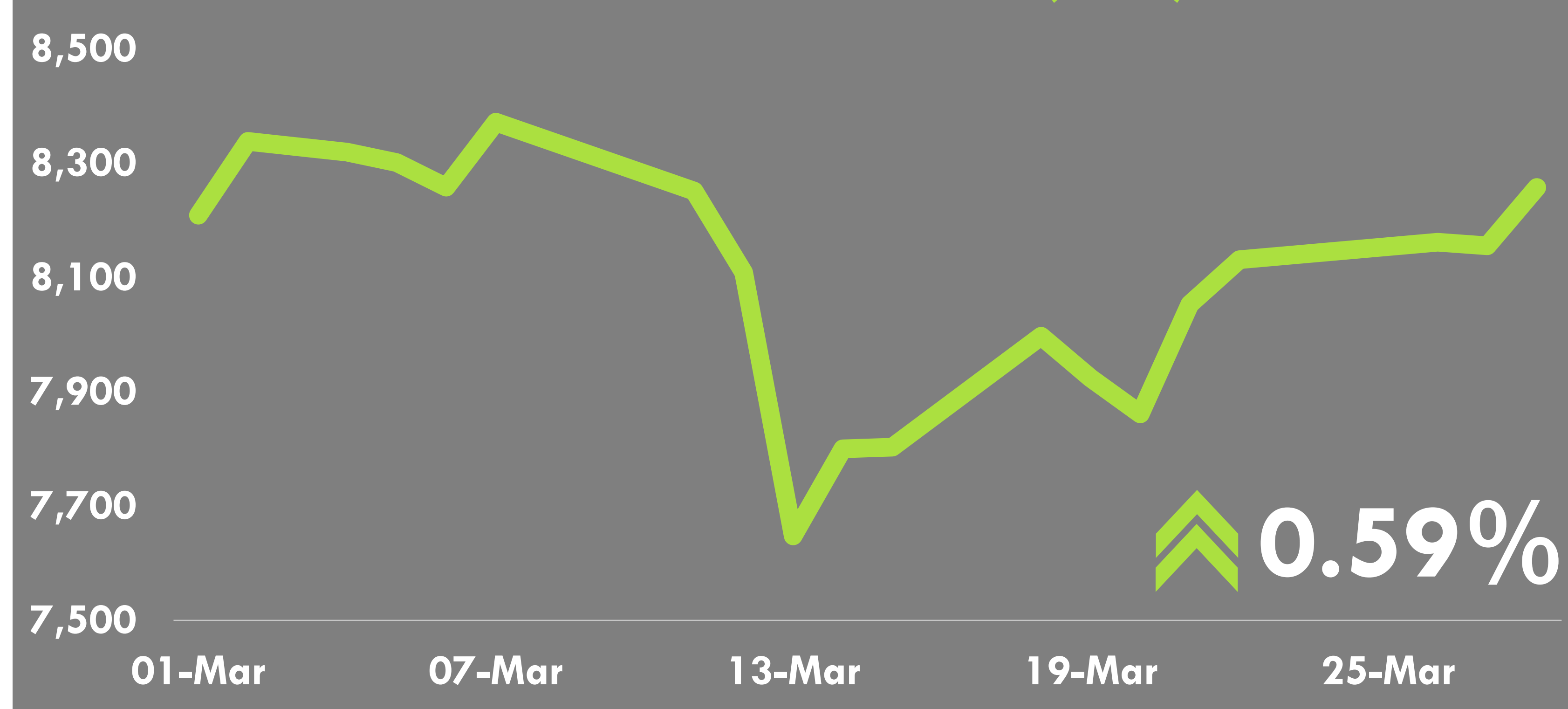
Source: NSE

Metal Sector

In March, the Nifty Metal index faced volatility, ending the month with a mere 0.6% increase. However, it opened strong with gains exceeding 3.6% on the first day of the month, following the release of better-than-expected GDP growth numbers for Q3FY24. The index faced pressure from declining global steel prices and weakened demand, exacerbated by increased exports from China. Despite short-term challenges, lower input costs may support steel companies, aiding share price recovery. Hindalco led gains with a 7.9% rise, while NMDC Ltd. saw the largest decline, dropping 12.7%.



NIFTY Metal March'24 (in ₹)



Source: NSE

IPO

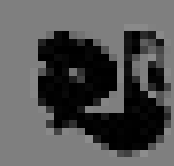
Signoria Creation IPO Soars

Signoria Creation Ltd., established in 2019, is renowned for its classic kurtis, dresses, and dupattas in various colors, patterns, and sizes. With two manufacturing units near Jaipur, the company's total operational capacity for FY23 exceeds 4,77,000 pieces of quality garments, which the company markets through both offline and online channels. Employing 147 individuals, the workforce consists mainly of temporary or contract workers alongside a few permanent staff. During the fiscal years ending March 31, 2022, and March 31, 2023, the company's profit after tax increased by 242.14%. Signoria Creation's IPO debuted with an impressive 101.5% premium, priced at ₹131 per share, well above its price band of ₹61 to ₹65. The SME IPO, valued at ₹9.28cr, comprises a fresh issue of 14,28,000 equity shares with a face value of ₹10 each. The proceeds will primarily support the company's working capital needs and general corporate purposes.



RK Swamy rolls out IPO

Established in 1973, RK Swamy is a prominent integrated marketing services provider, offering creative and digital content, data analytics, media, event planning, activation, and market research solutions. In Q2FY24, they executed 438 innovative campaigns, managed 140TB of data, and conducted 1.44mn consumer interviews. With operations in 12 cities across three business categories, the company employs over 2,500 staff members and serves renowned clients such as Dr. Reddy's Laboratories, Havells India, and Hindustan Petroleum Corporation. RK Swamy's IPO, valued at ₹423.56cr, comprised a fresh equity share issuance of ₹173cr and an OFS of 871kh shares, each with a face value of ₹5. The book-building IPO had a price band of ₹270-₹288 per share. Before its listing, the IPO garnered significant investor attention, being oversubscribed by more than 25 times. However, the company's shares surprised the market by debuting at a discount of 13%. The company intends to allocate the proceeds from the issue towards enhancing working capital, developing IT infrastructure, establishing customer experience centers, and investing in computer-aided telephonic interview centers and digital video content production studios.



RK SWAMY BBDO

Krystal Integrated: IPO Triumph

Krystal Integrated Services offers facilities management services, including waste management, pest control, façade cleaning, sanitation, gardening, landscaping, and mechanical, electrical, and plumbing services. They also provide production assistance, warehouse management, and airport management. Their issue comprised a fresh issue worth ₹175cr and an offer-for-sale (OFS) component of 1,750,000 equity shares offloaded by Krystal Family Holdings Private Limited. The ₹300cr public issue was subscribed 13.21 times, with non-institutional investors providing the majority of support. Shares of Krystal Integrated Services made a positive start on the exchanges, opening at ₹795, a premium of 11% from the issue price of ₹715. The company intends to use the net proceeds from the new issue to cover working capital needs, for funding capital expenditure for the purchase of new machinery, servicing partial or full repayment of certain loans taken out by the company, and general corporate purposes.



Upcoming IPOs	IPO Size (Approx.)
Bharti Hexacom Ltd.	₹4,275 Cr.
Allied Blenders and Distillers	₹2,000 Cr.
Polymatech Electronics	TBD

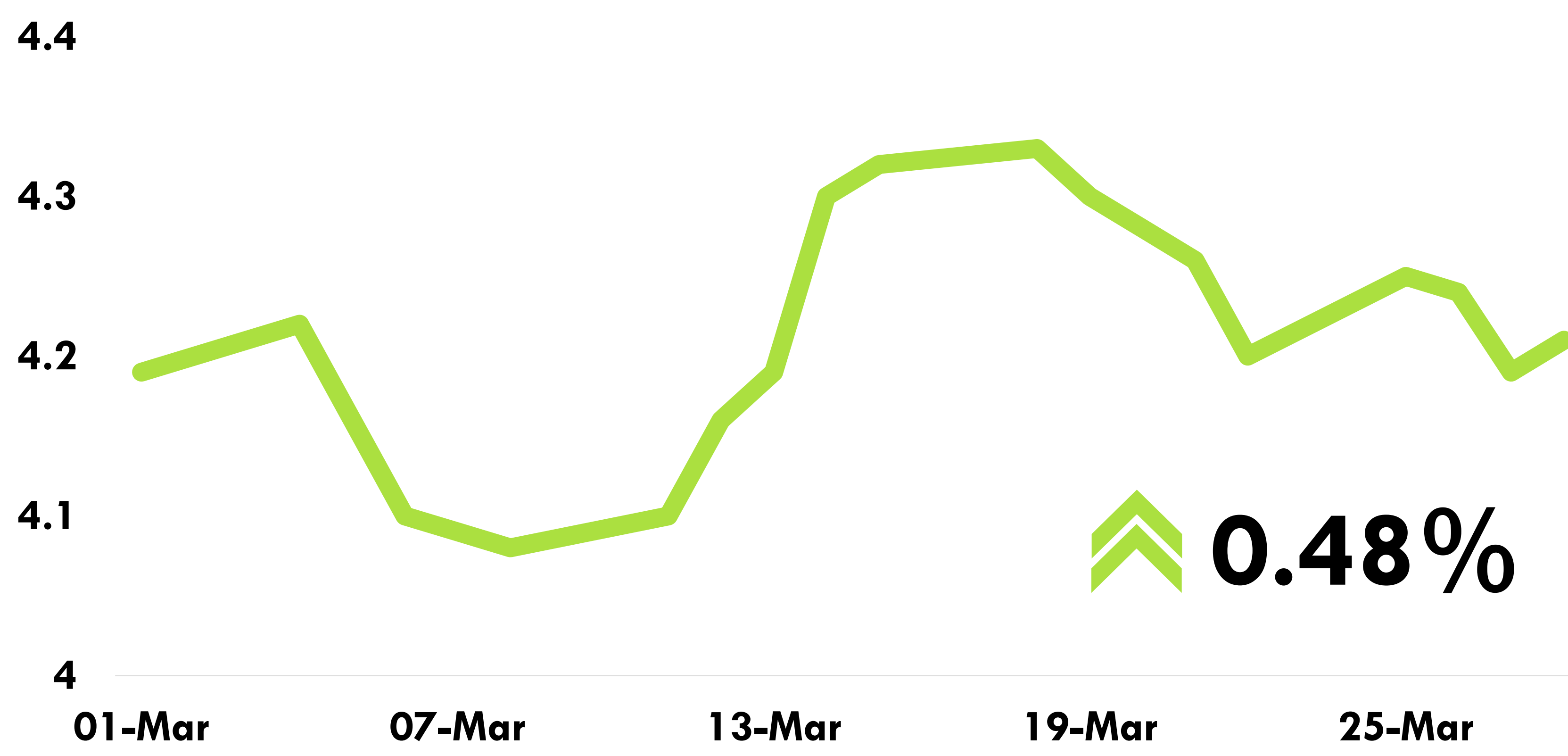
Pratham EPC's Stellar Debut (SME IPO)

Established in 2014, Pratham EPC Projects Ltd. provided services to India's oil and gas utilities sector, specializing primarily in gas pipeline projects, encompassing tasks such as welding, testing, and commissioning. The company excelled in various aspects of project management, including engineering, procurement, construction, and commissioning. In its IPO, Pratham EPC Projects had set a price range of ₹71 to ₹75 per share, with the objective to raise ₹36cr from the offering. This comprised solely of a fresh issue of 481kh equity shares. The shares of the company made a remarkable debut with a premium of 51% over the issue price of ₹75, trading at ₹113.30. The company will utilize the issue proceeds on machinery, working capital requirements, and general corporate purposes.



FIXED INCOME

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



Source: US Department of the Treasury

At the month's start, US treasury bond yields neared a significant low, anticipating June rate cuts by the Federal Reserve, impacting global markets, including India, as investors sought safer assets. Earlier, cautious remarks from Fed Chair Jerome Powell and ECB's downward revisions in inflation and growth forecasts caused yield slips, fostering market uncertainty. Mid-month, yields rose slightly, ending a four-week decline streak, aligning with a modest uptick in Treasury yields. The benchmark 10-year yield closed at 7.06%, reflecting market sentiment and economic indicators, amid speculation on potential rate adjustments due to persistent inflation concerns, with investors awaiting CPI and PPI data.

Bloomberg to Include Indian Bonds

Bloomberg's decision to include India's Fully Accessible Route (FAR) bonds in its Emerging Market (EM) Local Currency Government Index and related indices marks a significant milestone for India's financial markets. This move, scheduled to be phased in over a ten-month period starting January 31, 2025, is expected to attract substantial foreign investment into Indian government securities. With India's economy on a steady growth trajectory, inclusion in these key indices highlights its growing importance on the global stage. Once fully phased in, India is anticipated to become the third-largest market within the Bloomberg EM 10% Country Capped Index, following China and South Korea. As of January 31, 2024, the Bloomberg EM Local Currency Government Index includes 34 Indian securities, making up 7.3% of the total index valued at \$6.18trn, signaling India's rising significance in global finance. Bloomberg plans to introduce customized index versions, including an "ex-India" option, addressing diverse investor preferences, ensuring flexibility, and offering comprehensive global investment opportunities.



Gujarat's Path to Sustainability

India's Vadodara Municipal Corporation made history by issuing Asia's inaugural certified green municipal bond, raising ₹1bn. Hailing from Gujarat, the civic body offered a semi-annual coupon of 7.9% on the issuance following an investor bidding process. The proceeds from the bond issuance will be directed towards financing eco-friendly projects, such as renewable energy, waste management, and green infrastructure. Gujarat's green bond signifies a significant step towards environmental sustainability and sets a precedent for other municipalities and regions to follow suit. By leveraging financial instruments like green bonds, governments can mobilize capital for crucial sustainability projects, driving economic growth while mitigating climate change. This initiative demonstrates the Gujarat State Municipal Corporation's dedication to environmental stewardship and serves as an example for other local governments across India and Asia. This approach illustrates how local governments can synchronize financial resources with sustainability objectives, establishing a model for environmentally conscious investments throughout the region.



Inflation

February CPI-based inflation in India saw a marginal decline to 5.09%, staying above the central bank's 4% target for the sixth consecutive month. Retail inflation has broader implications for the economy, affecting consumer purchasing power, investment decisions, and overall economic growth. Food inflation remained a concern, rising to 8.7%, driven by an increase in egg, meat, fish, and vegetable prices. Despite government interventions, experts anticipate inflation to ease slightly in March, but food prices are expected to stay elevated. This stability suggests a favorable trend in maintaining economic equilibrium.

Month (2023-24)	Inflation (%)
October'23	4.87
November'23	5.55
December'23	5.69
January'24	5.10
February'24	5.09

Source: MOSPI

RISK

Dry Days: Bangalore's Thirst

The water scarcity in Bangalore arises from the rapid pace of urbanization surpassing infrastructure development, resulting in depleted groundwater levels and dry borewells. This crisis poses a significant risk to India due to its implications for urban sustainability and water management across the country. Bangalore's residents grapple with severe disruptions to their daily lives, resorting to water rationing and facing uncertainties about their future in the city. The situation underscores broader challenges in water management and urban sustainability in India, necessitating urgent measures to replenish water sources, and promote rainwater harvesting. In the previous year, Karnataka experienced a monsoon with rainfall 18% below the normal level, leading farmers to distressingly sell cattle as fodder prices surged in Karnataka. Water scarcity in Bengaluru affected vegetable supply, doubling retail prices, with wholesale markets experiencing marginal hikes due to low yields. States like Kerala, Bihar, Jharkhand, and Uttar Pradesh also experienced significant rainfall deficits, highlighting the widespread nature of the crisis and its impact on the country's water security.



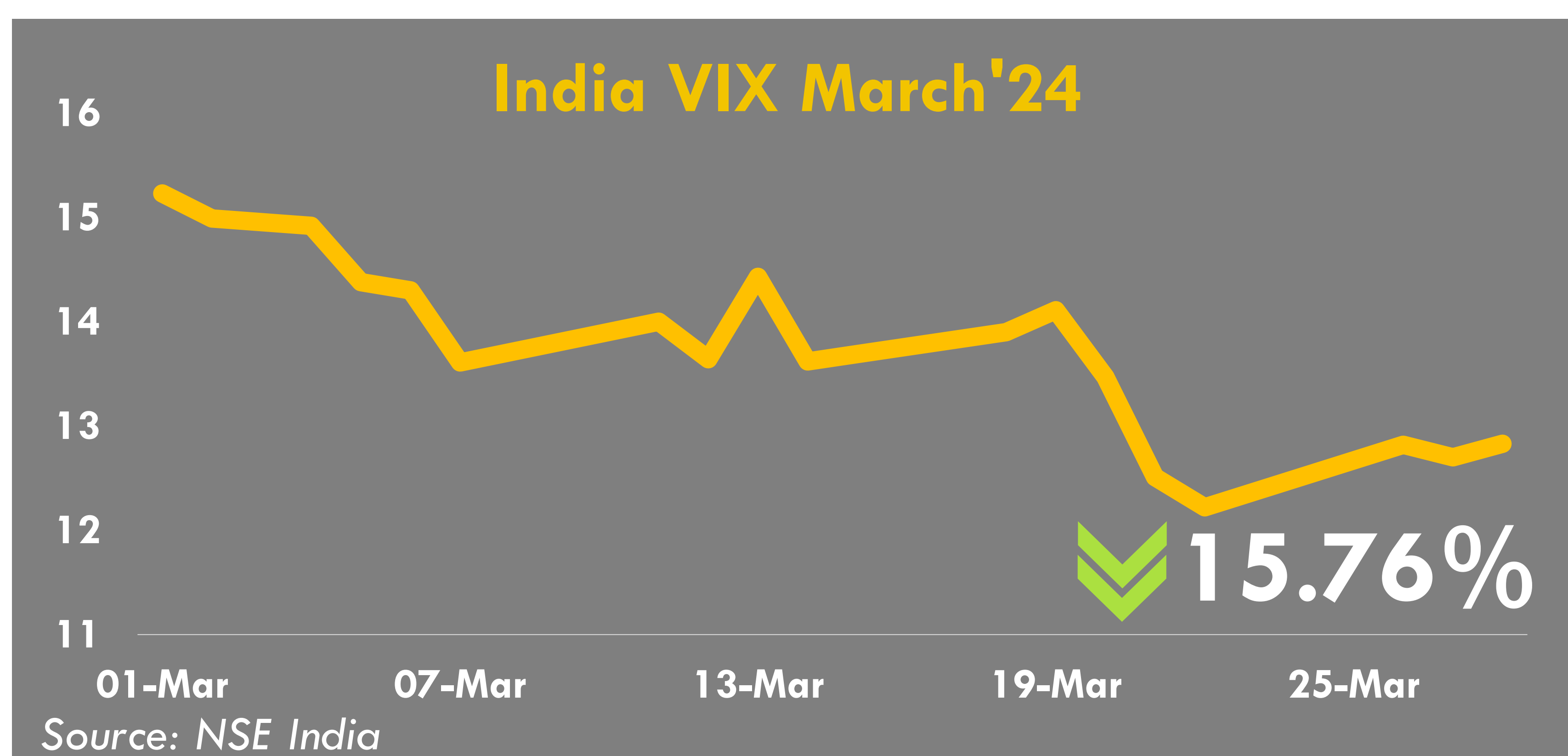
Credit Quandary: Europe's Risky Ride

Europe's mounting default risk stems from private credit funds increasingly relying on bank borrowing to bolster performance, heightening concerns over interconnected risks. A staggering 80% of new European private credit funds utilized bank loans in 2023, fueled by 'subscription lines' enabling lending before investor cash tapping. Loosely regulated credit funds financing struggling firms compound the risk, with some adding leverage to magnify returns, posing a risk of potential losses. Corporate distress in Europe surges amid pandemic fallout, while opaque credit fund practices hinder regulators and bank investors from assessing lending health. Despite minimal reported defaults, looming defaults from European speculative borrowers forecasts indicate escalating financial fragility. Flexible lending tactics mitigate defaults temporarily, but long-term repercussions loom, accentuated by the prevalence of single-lender deals and complex refinancing structures. The contagion threat heightens as leveraged structures risk unwinding during market stress, emphasizing the necessity for enhanced regulation and scrutiny to mitigate systemic risks.



Aussie Climate Turmoil

According to the government's National Climate Risk Assessment, Australia faces a heightened risk of substantial financial losses as climate change worsens. The assessment forecasts an increase in the frequency and intensity of extreme weather events, including wildfires, heatwaves, and coastal flooding. Vulnerable sectors such as water, agriculture, and economic resilience are particularly at risk. While climate economic volatility is hard to assess, it is likely to create macroeconomic shocks across the whole country. The potential withdrawal of insurance and banking services from highly exposed communities could exacerbate economic severity, leading to cascading effects on infrastructure and various sectors like health and primary industries. There is a risk of financial instability due to increased insurance claims, loan losses, and asset price depreciation, impacting household and business confidence. Australian insurers have raised premiums due to heightened risks, further contributing to economic inflation. Addressing these challenges is crucial for safeguarding the economy against climate-induced financial risks.

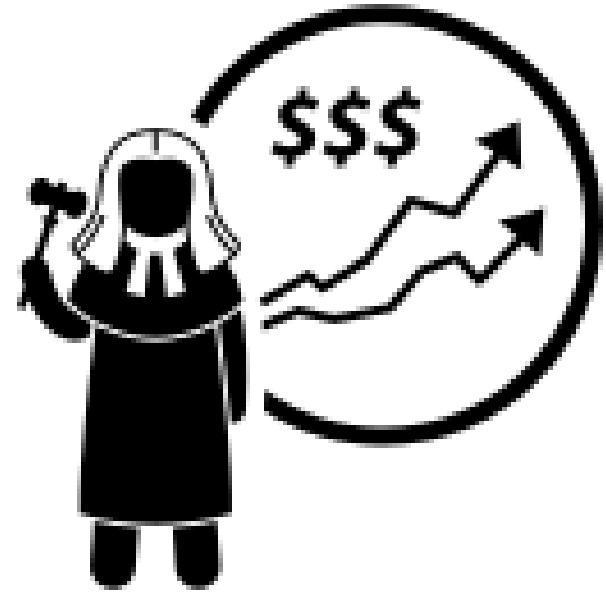


During the month, the NSE VIX decreased by 17.6%, reaching 12.83 from 15.24 previously, indicating low market volatility influenced by investor expectations amidst some demand weakness leading to inventory buildup. Starting this month, market caution prevailed due to global uncertainties ahead of the Fed Chair's testimony and US jobs data, compounded by China's lack of significant stimulus. As FY24 concluded, Indian equity markets showed strong performance, driven by accommodative monetary policy, robust retail participation, corporate earnings, and post-pandemic economic recovery. Short-term volatility before elections is likely, but strong fundamentals indicate long-term market resilience.

DERIVATIVES

Market Fee Shake-Up

The National Stock Exchange (NSE) has announced a 1% reduction in charges for both equity cash and derivatives segments, effective from April 1. This notable cut is anticipated to have a substantial impact, reducing NSE's annual revenue from transaction charges by an estimated ₹130cr. This reduction signals a proactive move by NSE to enhance market participation and stimulate trading activity, particularly in the derivatives segment. By lowering transaction costs, the exchange aims to attract more investors and traders, thereby boosting liquidity and market efficiency. This initiative aligns with its commitment to foster a conducive environment for market growth and development. With the reduction in charges, NSE aims to further solidify its position as a leading derivatives exchange globally, facilitating increased trading volumes and providing greater opportunities for market participants to hedge risks and optimize their investment strategies. This reduction in transaction charges underscores its dedication to promoting accessibility and competitiveness in the derivatives market.



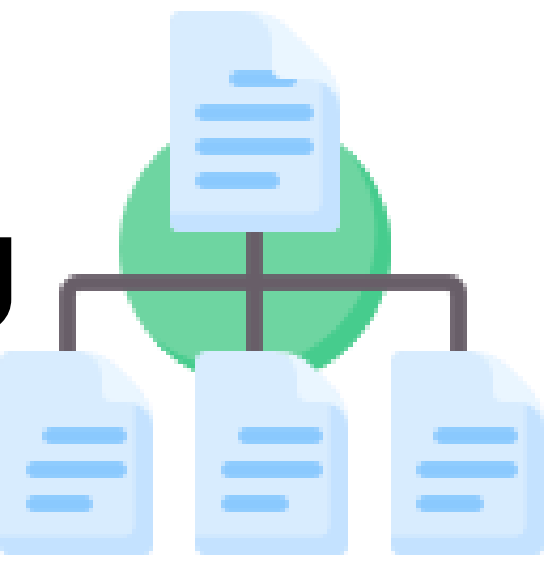
Revolutionizing Derivatives Data

SmartStream Reference Data Services (RDS), a leading provider of financial reference data, has unveiled an upgraded derivatives data service focusing on futures transactions. This expansion is essential to meet the reporting demands of EMIR Refit, which aims to enhance transparency and stability in the OTC derivatives market. EMIR Refit raises concerns about identifying unforeseen data quality issues, particularly in commodity and energy derivatives reporting fields. Financial institutions are actively seeking efficient methods to manage their securities reference data to comply with these new requirements. SmartStream RDS will integrate additional attributes into its Listed Derivatives and standalone OTC Derivatives services to support the comprehensive reference data needs for commodity transactions under the updated EMIR regulation. Leveraging its reputation for delivering quality reference data, SmartStream RDS will provide accurate data and customized regulatory operations tailored to each institution, ensuring compliance with EMIR Refit standards.



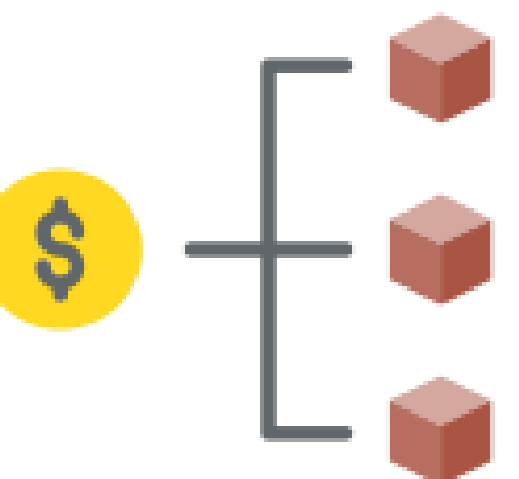
Credit Derivatives Evolution

Bond fund managers are increasingly turning to the derivatives market to deploy their surplus capital, driving down the cost of default protection to levels reminiscent of the early stages of interest rate hikes by central banks. This trend reflects an overarching optimism prevailing in markets, with credit investors leveraging large amounts of new debt issuance to push back concerns about the maturity wall. Utilizing credit derivatives indexes such as the Markit CDX North American Investment Grade Index, managers seek exposure amid challenges in finding cash bonds. This tightening in Credit Default Swap (CDS) spreads is expected to receive a short-term boost from the upcoming role of CDS contracts at the end of March, potentially leading to outperformance in the derivatives index market. However, concerns remain about market fragmentation and the potential for wider default swap spreads, despite recent rallies in credit. The derivatives market continues to play a pivotal role in shaping investor sentiment and market dynamics amid ongoing economic and regulatory shifts.



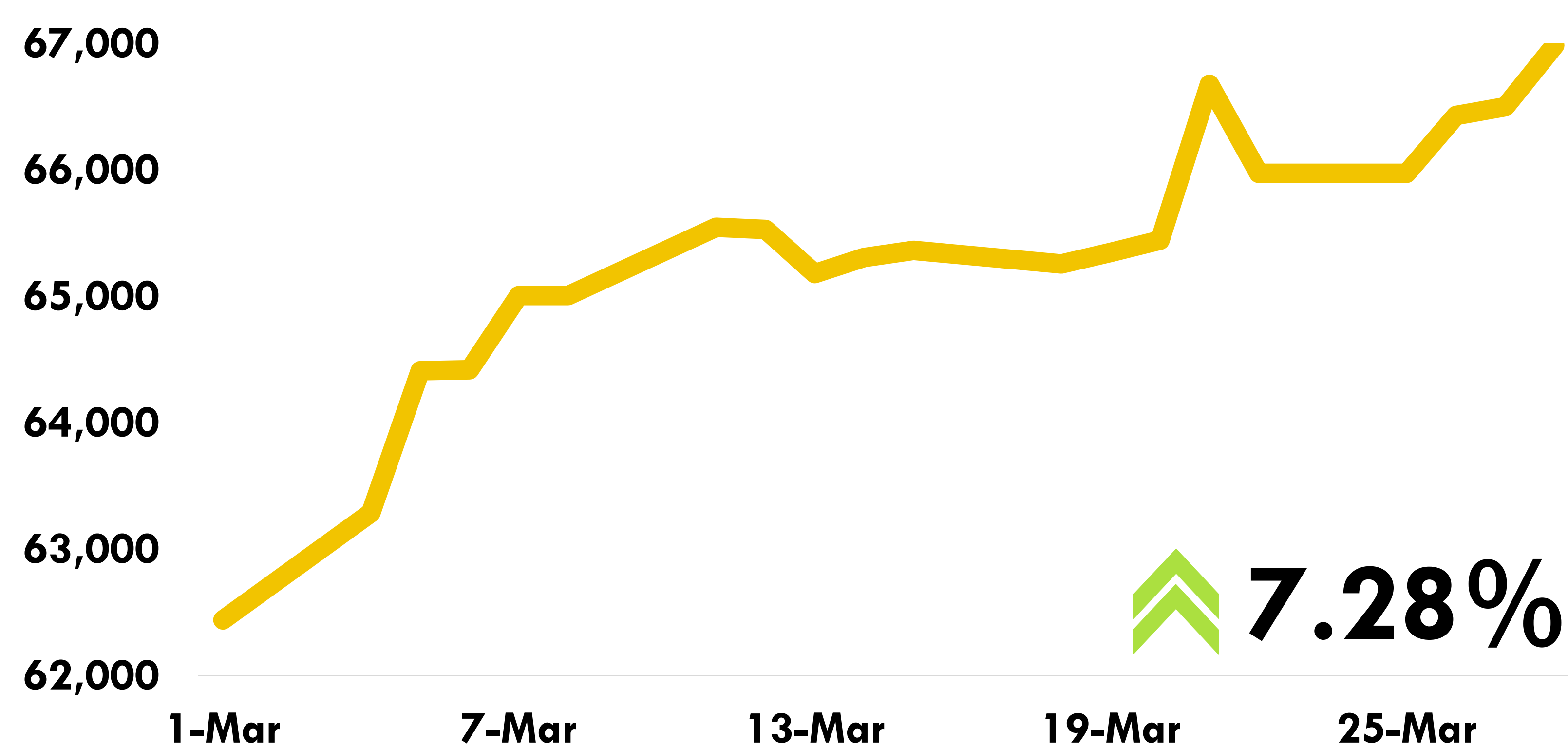
Nvidia Options Surge

The U.S. options market is witnessing a surge in investor enthusiasm for AI-related assets, particularly in derivatives trading. Nvidia, a leading AI company, has seen remarkable activity in its options, accounting for a significant portion of total single-stock options premium traded. On average, nearly \$3bn in options premium is traded daily in Nvidia's options, with the company frequently surpassing Tesla as the most heavily traded name in recent sessions. Nvidia's market value briefly reached \$2trn, fueled by robust demand for its chips in the generative AI trend. With Nvidia's substantial weighting in the S&P 500 index, its options continue to attract traders, driven by both hype and index mechanics. Other AI companies like Super Micro Computer and Arm Holdings have also experienced significant options volume. While the frantic pace of trading in Nvidia's options may subside post-earnings, the AI theme is expected to remain popular among investors, providing opportunities for leveraging potential gains through options contracts.



COMMODITIES

Gold Spot Price (in ₹ per 10 grams)



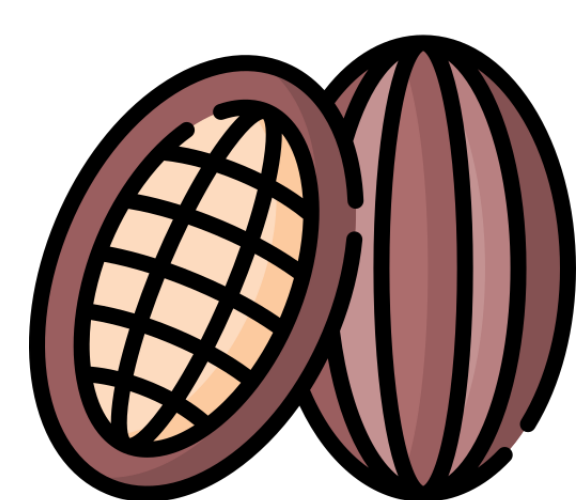
Source: MCX

The price of gold rose to ₹66,987 at the end of March, reflecting a 7.3% increase during the month. This surge can be attributed to various factors, including the gradual easing of inflation in the US, a noticeable fall in the dollar index that makes US exports more attractive, prospects of increased liquidity, and the Federal Reserve reiterating its view of three interest rate cuts this year, which are expected to start in June. Typically, a drop in interest rates keeps the value of gold high. Further, heightened demand for safe-haven assets and strong buying from central banks, who are looking to raise their reserves of bullion, contributed to the surge in prices.

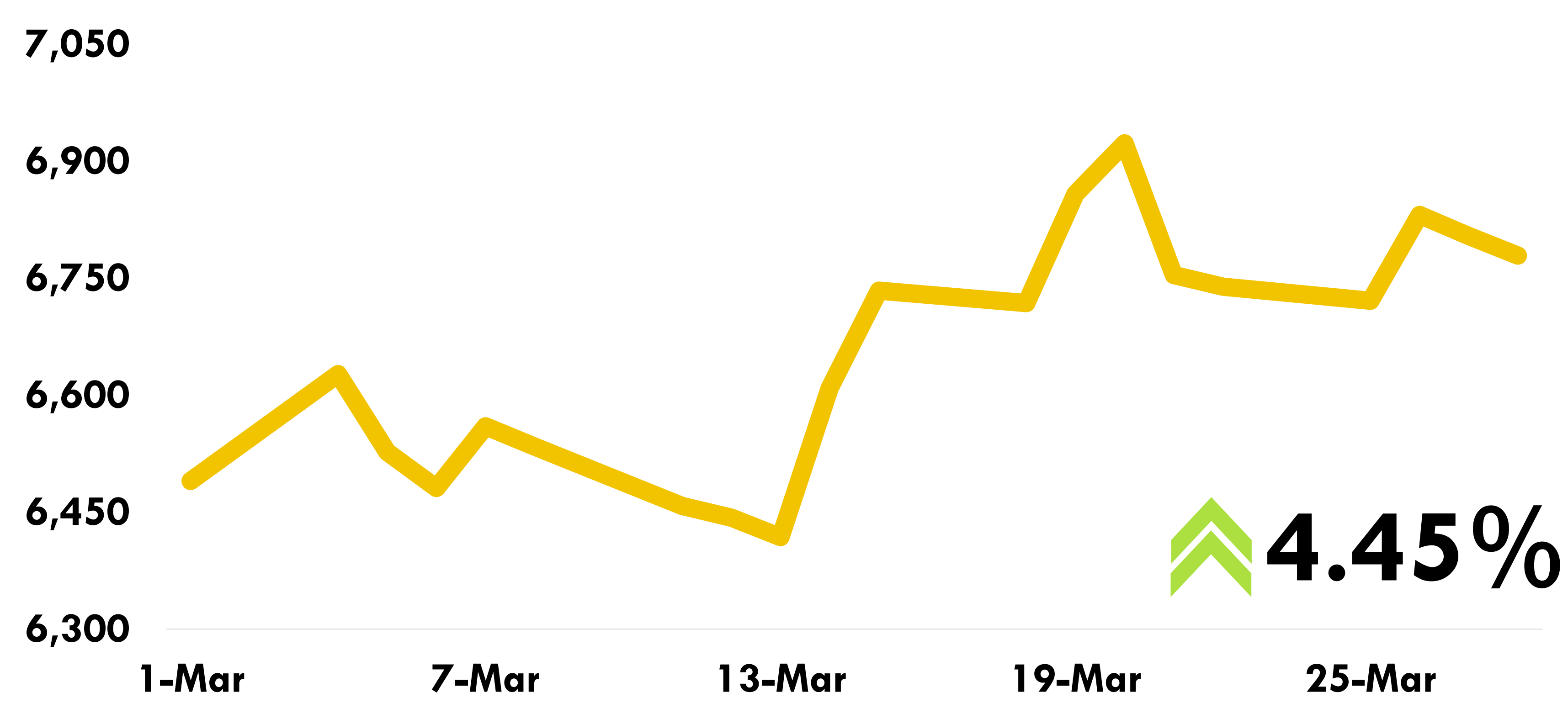


Chocolates get a bitter bite

The global cocoa market faces a looming supply crisis likely to result in higher chocolate prices for consumers. Unusually heavy rainfall and disease outbreaks have severely impacted cocoa production in West Africa, responsible for approximately 60% of the world's cocoa supply. These adverse conditions have contributed to multi-year production declines, with the International Cocoa Organization (ICCO) forecasting an 11% drop in global cocoa output for the current season. Compounding this issue, aging cocoa trees in key producing regions are yielding less fruit. As a result, cocoa prices have more than doubled over the past year, reaching \$8,000 per metric ton. Processors are struggling to source cocoa beans at sustainable prices, creating ripple effects throughout the supply chain. Leading chocolate manufacturers, such as Hershey and Cadbury, have signaled the potential for consumer price increases. The ICCO predicts a fourth consecutive year of global cocoa deficit, potentially leading to a 45-year low in cocoa stockpiles.



Crude Oil Spot Price (in ₹ per barrel)



Source: MCX

Crude oil prices continue to experience volatility, as MCX crude oil futures increased to 6779 at the end of March. Geopolitical conflicts in both the Middle East and between Russia and Ukraine have tightened global supply. Attacks on energy infrastructure in these regions are exacerbating concerns. A shrinking US rig count adds further upward pressure on prices. Brent crude futures climbed Indian refiners have halted purchases of Venezuelan crude oil ahead of potential US sanctions. This could redirect Venezuelan supplies to China. However, limited Venezuelan output may not significantly disrupt India's supply options as Indian imports of Russian crude increased to 1.8mn barrels per day in March. Oil majors with investments in Venezuela may face challenges with newly imposed sanctions.



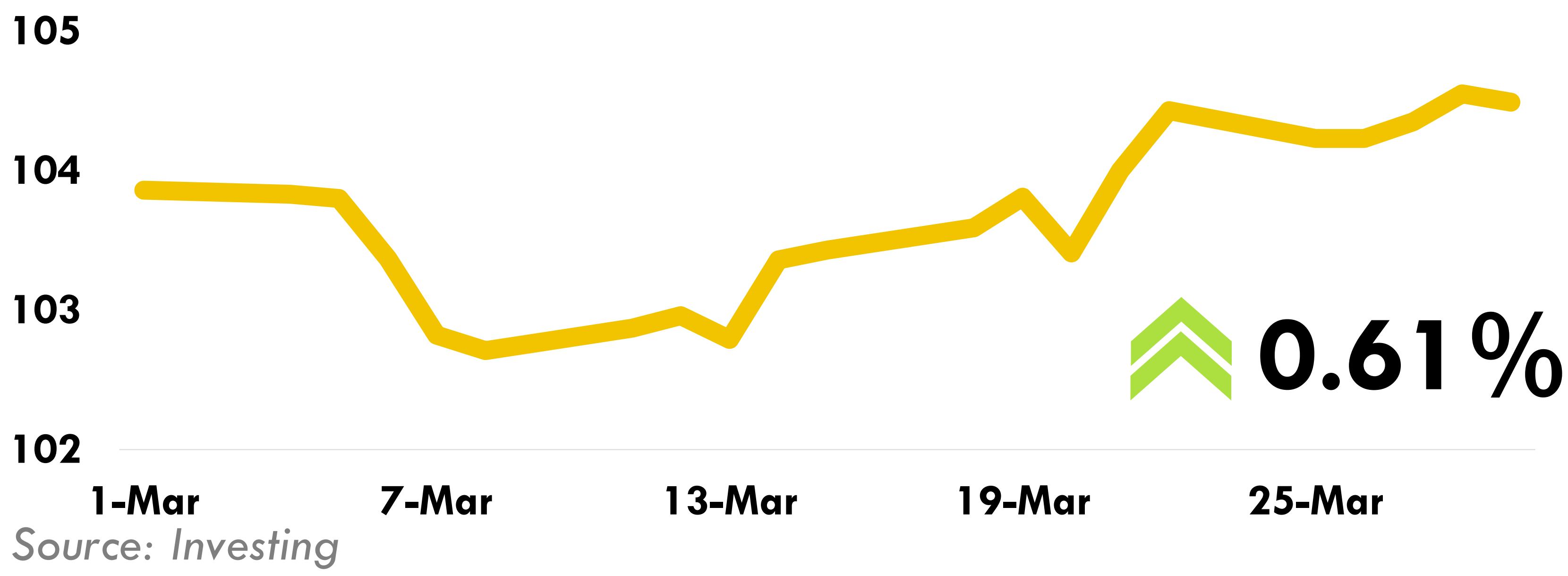
India's Accelerating LNG Consumption

India's reliance on imported liquefied natural gas (LNG) is expected to stabilize in the coming years, with import dependency projected to hold around 45% by 2026. This shift is supported by a concerted effort to increase domestic natural gas production, reducing the need for imports that had previously reached over 50% of consumption. The government's target is to raise the percentage of natural gas within its energy portfolio to 15% by 2030, up from the current 7%. This objective is fueling growing demand across sectors such as fertilizer, city gas distribution, power generation, refineries, and petrochemicals. To address this demand, India is enhancing its LNG infrastructure by constructing new import terminals such as Chhara and Jafrabad. This initiative positions the country to significantly boost its LNG consumption in the coming years.



CURRENCY

US Dollar Index (USD)



The US Dollar Index retreated below 104.5 after hitting a six-week high of 104.7. Both headline and core PCE deflators showed no unexpected changes. However, a revision in the previous month's core PCE pushed the index to its highest consecutive increase in a year, suggesting persistent price growth. Despite this, Fed Chairman Powell stressed that recent price upticks were insufficient to counteract disinflation trends, prompting the Fed's signal of potential rate cuts. This highlights concerns regarding the dollar's strength amid ongoing economic dynamics, influencing investor sentiment.

Egypt's Economic Pivot

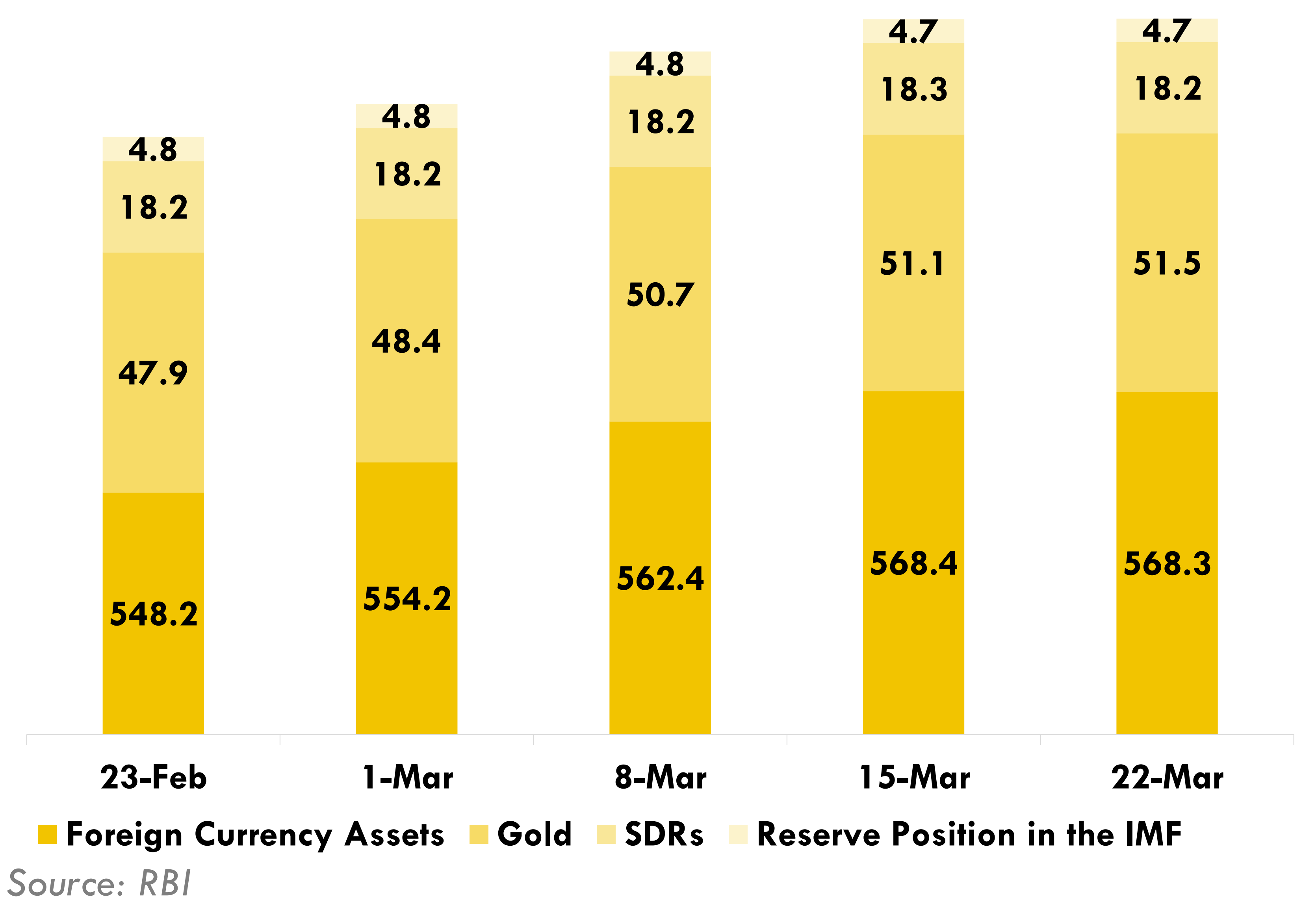


Egypt implemented significant measures to address currency depreciation, including raising interest rates by 600 bps and transitioning from a fixed exchange rate system to one characterized by flexible exchange rates. As a result, the Egyptian pound weakened, surpassing E£50 against the US dollar. The move aims to restore investor confidence and fulfill IMF demands for a more flexible exchange rate, leading to a \$5bn increase in its existing \$3bn loan program. Despite past fluctuations, Egypt grapples with chronic currency shortages impacting local businesses and causing delays in payments. The prolonged crisis prompted a series of devaluations, resulting in the pound losing over two-thirds of its value against the dollar since early 2022. The country now navigates between stability efforts and the risk of further depreciation amidst various challenges.

India's Forex Reserves Fall

Amid significant inflows into Indian markets, foreign exchange reserves surged to \$642.63bn, driven primarily by increased gold reserves. This rise allows the RBI to absorb dollar inflows, preventing sharp rupee appreciation despite strong economic growth. However, the foreign currency portion slightly decreased by \$123mn during the last week due to fluctuations in non-US currencies. Overall, the increase in reserves signals ample dollar supply, reinforcing the rupee and providing the RBI with greater stability measures. SDRs were also down by \$57mn, the key reason being the increase in RBI purchases of the US dollar.

FOREX Reserve (USD Bn)



Currency	1 st Mar'24	31 st Mar'24	Change (%)	Trend
INR/USD	INR 82.910	INR 83.321	↑ 0.50	
INR/EUR	INR 89.5270	INR 89.8640	↑ 0.38	
USD/EUR	USD 1.0805	USD 1.0794	↓ 0.10	
JPY/USD	JPY 150.10	JPY 151.44	↑ 0.90	
CAD/USD	CAD 1.3573	CAD 1.3541	↓ 0.24	
USD/GBP	USD 1.2625	USD 1.2626	↑ 0.10	
USD/SEK	USD 0.0964	USD 0.0935	↓ 2.99	
USD/CHF	USD 1.1307	USD 1.1097	↓ 1.88	

Source: Investing

OTHER ASSET CLASSES

Unlocking Opportunities in Infrastructure

Bharat Highways InvIT marks India's inaugural public listing of an InvIT with a unique focus on Hybrid Annuity Model (HAM) assets, ensuring fixed annuity income from NHA. Its recent ₹2,500cr primary market offering garnered significant investor interest, oversubscribing by 8.02 times. The company aims to utilize the proceeds from the issue to grant loans to project special purpose vehicles (SPVs) for repayment of their outstanding loans. The emphasis on HAM assets is intentional, as they offer stable and predictable cash flows compared to toll-based models, which are prone to variability. This choice prioritizes consistency and reduces investment risk. The strategic decision aligns with the company's long-term vision for sustainable growth. A Right of First Offer (ROFO) agreement with GR Infra enhances future opportunities by committing to transfer 23 extra HAM assets to the InvIT. Additionally, it includes forthcoming developments by GR Infra over the subsequent five years. Quarterly Distribution per Unit (DPU) guidance, projected at 11%, underscores the InvIT's commitment to delivering stable returns amidst operational fluctuations.



Vintage Cars: Beyond Nostalgic Appeal

The vintage car market is experiencing significant growth, with projections estimating it to reach ~\$51.3bn by 2028, accompanied by an expected growth rate of 8.7%. These vehicles offer more than just nostalgia and beauty; they have the potential to generate substantial returns. Classic cars have shown significant appreciation, increasing by 185% over the last 10 years. However, selecting the right investment is paramount. For instance, iconic models such as the Ferrari 250 GTO have achieved record-breaking sales, with one selling for an astounding \$48.4mn in 2018. However, it's important to note that certain vehicles, once believed to be future classics, may actually depreciate in value, as seen with the Dodge Viper from the early 1990s. While offering potentially lucrative returns, investing in vintage cars comes with its own set of considerations. Maintenance and insurance costs can be significant as classic cars require meticulous upkeep and proper storage conditions to preserve their value. The market can be influenced by economic trends and shifting preferences.



Sustainable Sparkle

Lab-grown diamonds are increasingly being recognized as a compelling alternative asset class, demonstrating remarkable growth within the investment landscape. Experiencing a surge from \$1bn in sales in 2016 to over \$12bn in 2023, the flourishing market, currently valued at \$24bn, is projected to reach \$45bn by 2030. India plays a significant role in this industry, with a 25% share in global production. These diamonds can be traded in the country through online platforms, physical stores, auctions, and manufacturers under appropriate regulation. While initial prices were relatively high, they have since stabilized, largely due to the labor-intensive processes involved in diamond cutting and polishing. However, as demand continues to grow, there is a looming concern over potential price increases driven by a shortage of skilled labor. Nevertheless, lab-grown diamonds offer a compelling proposition for consumers and investors alike, boasting both aesthetic appeal and ethical sourcing practices, all at a relatively accessible price point.



Half the Reward, Double the Hype?

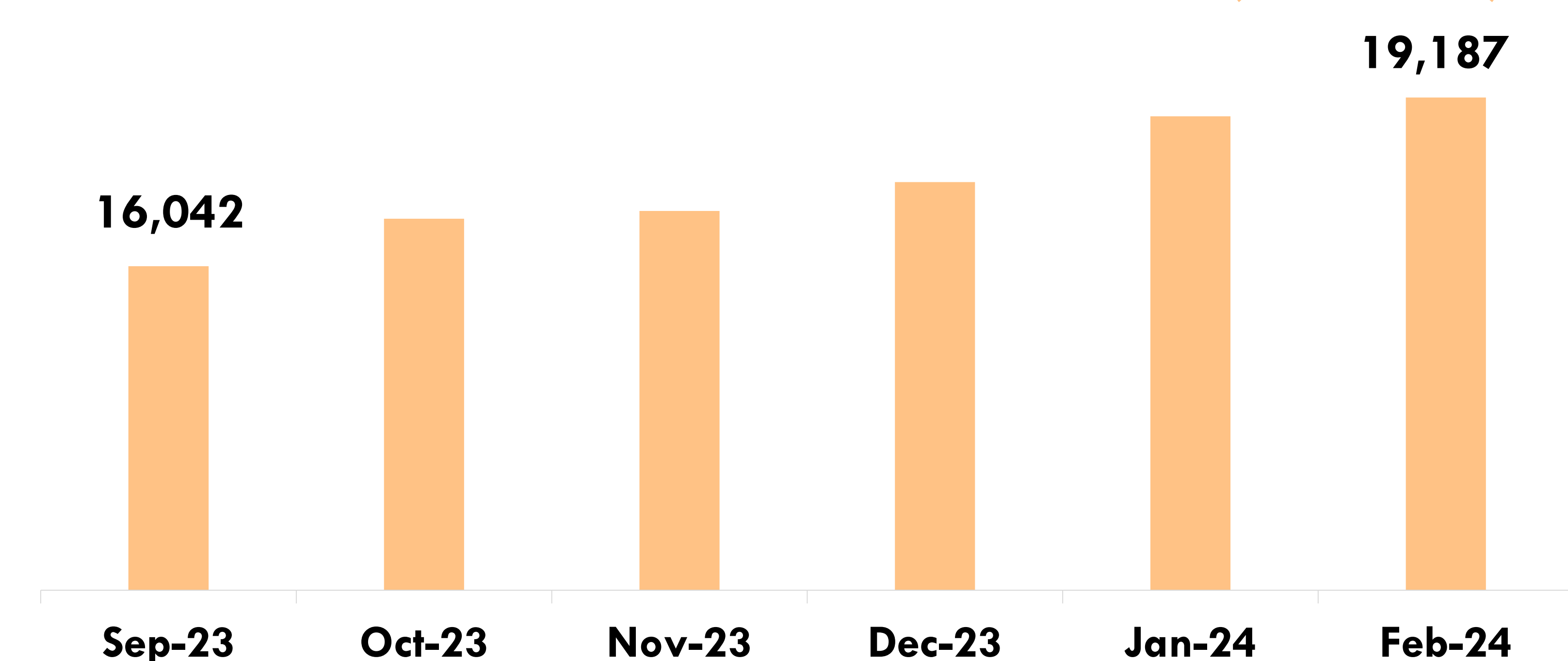
The Bitcoin halving event, scheduled for April 2024, is a pivotal moment for the world's most prominent cryptocurrency. This pre-programmed mechanism within the Bitcoin network systematically reduces the reward miners receive for verifying transactions by half, effectively slowing the rate at which new Bitcoins enter circulation. Bitcoin halving reduces new coin supply, aiming to curb inflation and often increasing demand due to scarcity. While gains may offer investors some inflation protection, Bitcoin's volatility remains an obstacle for its use as a stable currency. Historically, halving events have often been followed by periods of price increases, driven by the economic principle of supply and demand – a reduced supply with sustained or growing demand can lead to higher prices. The ongoing price surge is evident as Bitcoin rose from \$46,000 in early January to \$68,000 by early March, with its market capitalization reaching 1.3tn. The upcoming halving, combined with Bitcoin's increasing mainstream recognition and its potential as a digital store of value, could significantly impact its trajectory in 2024 and the years to follow. This recognition includes growing interest from institutional investors and wider acceptance by some businesses as a form of payment.



SIPs Inflows getting Popular

Mutual funds have witnessed a notable rise in popularity among retail investors, with a substantial influx of ₹19,187cr through SIPs in February. A notable uptick in newly registered accounts occurred this month, with 49.79 lakh openings. This increase propelled the total number of outstanding SIP accounts to 8.20cr, with the total AUM reaching ₹10.52 lkh cr, marking a 2.5% increase from the previous month. A rising trend in SIP numbers per month reflects investors' recognition of the significance of long-term wealth accumulation. Additionally, it underscores investors' increasing willingness to take risks and their confidence in the stability of the market.

SIP Contribution Net Investments (in ₹ Cr.)



Source: AMFI

SEBI bans inflows to overseas ETFs

SEBI has asked AMC's not to accept funds in mutual fund plans that invest in overseas exchange-traded funds (ETFs) as the mutual fund industry has already reached 95% of its limit. 13 international MF schemes invest in international passive funds such as ETFs and index funds, managing a total of ₹7,743cr. Restrictions on foreign ETF investing blocked the sole international route after reaching the \$7bn non-ETF limit in January 2022. Mutual funds can now invest only when redemptions free up space. Over the past two years, they've occasionally reopened international schemes when opportunities arise. At present, the Reserve Bank of India (RBI) imposes an overall cap of \$7bn on fund houses for investing in overseas stocks or mutual funds. Additionally, mutual funds are allowed to invest up to \$1bn in overseas exchange-traded funds. The mutual fund industry has urged the RBI to increase the \$7bn overseas investment limit. In response, the RBI governor stated that a decision would be made once the RBI is confident in the rupee's stability on a durable basis.



Equity MFs Consecutive Inflows

Net inflows into equity-oriented mutual funds saw a significant increase in



February, reaching ₹26,866cr and marking an 18.9% jump from the previous month. This growth can be attributed to buoyant market conditions and strong SIP flows. Among equity funds, the sectoral funds category, holding the largest number of schemes, continues to be the category with the highest inflows at ₹11,262cr, mainly due to the recent launch of SBI Energy Opportunities Fund NFO. This was followed by large and mid-cap funds at ₹3,156cr. This strong performance in sectoral funds is due to the increasing attractiveness of various sectors like banking, infrastructure, housing, and pharmaceuticals. Eight new open-ended equity-oriented schemes were introduced, contributing to an influx of ₹8,692cr during February. Hybrid mutual funds attracted a total of ₹18,105.08cr, with notable inflows observed in arbitrage funds amounting to ₹11,508.15cr and multi-asset allocation funds totaling ₹4,043.20cr.

AMFI Permits Trail Commissions

AMFI, in its recent circular, initiated a notable change in commission policies for distributors, enabling them to earn trail commissions on Assets Under Management (AUM) when investors switch to them. This represents a departure from the previous practice of withholding commissions to prevent excessive competition among distributors. A notable addition is the introduction of a cooling-off period lasting six months, aimed at regulating these transitions. This measure responds to concerns raised by younger distributors, who felt pressured to switch investors' funds to new funds under a fresh Application Reference Number (ARN) solely for income generation, which was not beneficial for investors. The cooling-off period serves to mitigate frequent AUM shifts, with its duration resetting if investors return to their previous distributor within the specified timeframe. Additionally, AMFI specified that payments to new distributors will be based on the lower commission rate between the transferring and receiving distributors while prohibiting any other payments related to distributor code changes.



Aditya Birla: Powering Growth Together!

Aditya Birla Capital, a prominent player in India's financial services sector, has announced a strategic move to merge its wholly-owned subsidiary, Aditya Birla Finance. The merger aims to form a single, strong NBFC through integration. The expected completion time frame for this process is 9 to 12 months. The merger aligns with regulations, promising enhanced stability, efficiency, and stakeholder value, while committing to streamline operations and drive growth across lending, housing finance, and insurance verticals. With a pro forma lending asset worth ₹1.1lkh cr, the merged entity anticipates a 150 bps improvement in its Capital to Risk Asset Ratio (CRAR). Notably, this transformation positions Aditya Birla Capital as an operational NBFC from a holding company. Vishakha Mulye, CEO of Aditya Birla Capital, emphasized on a customer-centric approach and the integration's potential to enhance service delivery. Post-merger, Mulye will assume the role of MD and CEO, with Rakesh Singh being appointed as Executive Director and CEO (NBFC).



Cisco Expands Security with Splunk Buyout

Cisco has finalized its acquisition of cybersecurity firm Splunk in a monumental deal valued at \$28bn. This acquisition marks a significant move by Cisco to strengthen its cybersecurity portfolio and expand opportunities to explore untapped customer segments and revenue channels, fostering growth and enhancing competitiveness. Splunk, renowned for its advanced data analytics and security solutions, brings a wealth of expertise and cutting-edge technologies to Cisco's arsenal. With cyber threats becoming increasingly sophisticated and prevalent, the synergy between Cisco and Splunk is poised to bolster defenses and safeguard businesses against cyberattacks. They plan to utilize telemetry data to safeguard applications and infrastructure, aligning with business context to preemptively detect and mitigate issues for users. It concentrates on uniting security, IT, and engineering teams to enhance effectiveness and efficiency, facilitating tool consolidation. This acquisition ensures unmatched resilience with a robust portfolio of security and observability products, dominating the market and aligning with Cisco's strategic goals of innovation, market dominance, and customer value.



Servicing Synergy

Reliance Industries Ltd. and Walt Disney's definitive agreement to merge their media operations in India heralds the creation of an \$8.5bn media behemoth, with Reliance holding 63.2% and Disney 36.8%. Reliance commits ₹11,500cr, targeting growth in the OTT sector where the merged entity commands 30% market share. The merger aims to capture the Indian market, leveraging synergies and addressing challenges such as subscriber retention. It involves utilizing Disney's content library for distribution through Reliance's platforms and exploring co-production ventures, enhancing content offerings and market presence. Additionally, Reliance can capitalize on the 55,000 diverse metric combinations utilized by Disney for targeting users with ads. This merger could redefine advertising dynamics, particularly in cricket, leveraging its broad appeal to expand influence in India. The conglomerate secures the "most lucrative cricketing rights," with a 40% share of the advertising market, surpassing Sony and India's Zee. This dominance may weaken advertisers' leverage, prompting rate and strategy changes, while regulatory scrutiny may affect competition and advertising.



HIL's Crestia Venture

HIL Ltd., a prominent player in sustainable home and building materials, has finalized an agreement to acquire Crestia Polytech, marking a significant move into the fast-growing pipes and fittings sector. Valued at ₹265cr, this acquisition encompasses Crestia's topline brand and its four subsidiaries. HIL Ltd. emphasized that the synergy between the two entities will double revenue by merging products, technologies, and market reach and substantially increase production capacity, particularly in the strategically vital Eastern region. This move enables HIL to diversify its product portfolio, tapping into segments like HDPE, MDPE, and water tanks. The acquisition has granted access to patented technologies and has also broadened the range of SKU offerings available. Furthermore, it strengthens HIL's position in government projects and secures approvals in critical sectors such as agriculture and telecom. Following the acquisition, HIL plans to integrate Crestia Polytech's operations into its existing business framework, focusing on maximizing operational efficiencies and driving growth. The acquisition aligns with HIL's long-term vision of becoming a leading player in the construction materials industry, solidifying its position as a key player in the market.



STRATEGY

Saffola's Astute Odyssey

In the 1960s, the Mariwalas observed heart patients' need for healthy safflower oil, prompting them to create Saffola in 1965, a healthcare brand offering a range of Heart Healthy foods and services that seamlessly integrate into everyday lifestyles. To boost awareness despite its high quality, Saffola launched heart health campaigns, collaborated with hospitals, and provided free cholesterol tests. This strategy, not only enhanced brand credibility, but also attracted health-conscious consumers, expanding the market to include preventive measures seekers. In the 1980s, as larger companies like HUL and ITC entered the market, Saffola took a unique approach by introducing Sweekar, a lower-cost variant, rather than competing on price. This strategy expanded their audience while preserving Saffola's premium status. In the 1990s, facing safflower seed shortages, Harsh Mariwala and his team at Marico demonstrated determination by convincing the government to approve oil blending, showcasing its benefits. This solution solved supply problems and opened the door for Saffola to release new products, solidifying its dominance. These factors not only helped Saffola to tackle health concerns, but also cemented its status as a legendary Indian brand with an 81% market share in the super-premium edible oil segment.



EV Mavericks: Ather's Voyage

Founded by Swapnil Jain and Tarun Mehta, Ather Energy aims to revolutionize Indian mobility. Starting at IIT Madras, they embarked on experimental vehicle projects, laying the foundation for intelligent electric scooters powered by AI and IoT. To realise this vision, Ather Energy partnered with Google Cloud, leveraging its IoT Core and BigQuery capabilities. This collaboration enabled Ather to collect and analyze IoT data for real-time monitoring, personalized services, and predictive maintenance. Google Cloud's reliability and security supported seamless operations, driving Ather Energy's growth in the EV sector. The company's commitment to innovation and quality sets it apart from competitors in the EV scooter market. Ather scooters, unlike assembly-based models from China, are designed and manufactured in-house, ensuring superior quality and reliability. Ather Energy focuses on creating a dedicated community of early adopters by providing personalized engagement, exclusive access to prototypes, and fostering customer ownership. This strategy emphasizes transparency and customer involvement in shaping the company's direction. This focus on innovation and technology positions Ather Energy as a leader in the competitive EV scooter market, pioneering transformative mobility solutions tailored to the unique needs of the Indian market.

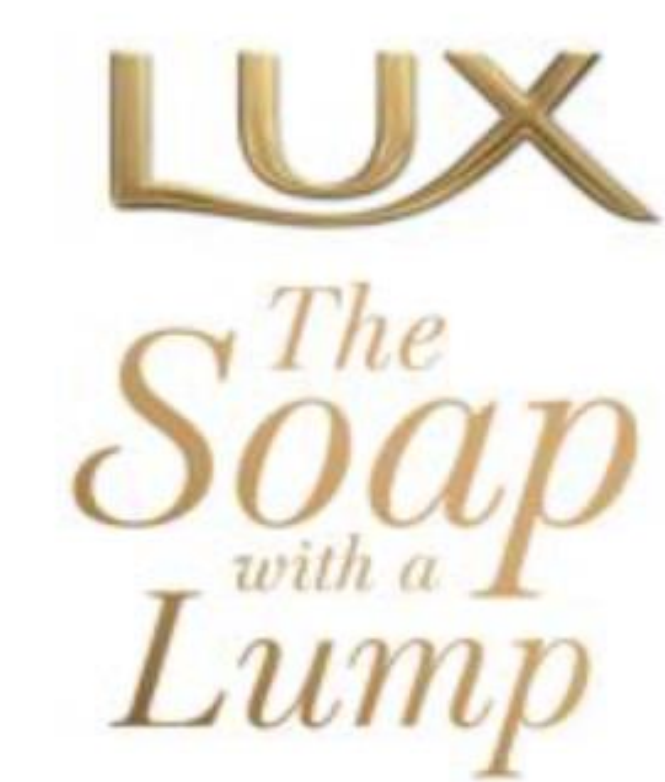
H&M: Fashionably Sustainable

H&M, renowned for its fast-fashion prowess, seamlessly blends European styles into the American market, offering high-quality clothing at competitive prices. Despite perceptions of steep costs, H&M prioritizes affordability, ensuring fashion accessibility for all. Through robust promotion strategies spanning advertising and internet campaigns, H&M extends its global footprint across 73 countries with over 5000 stores. The brand's collaborations with esteemed designers like Karl Lagerfeld and Versace further solidify its fashion authority. By embracing social media and targeting younger demographics, H&M fosters inclusivity and broad appeal. Innovative marketing initiatives, such as expanding digital services and introducing warehouse items, cement H&M's position as a leader in the fast-fashion industry. Moreover, H&M's sustainability commitment is evident in its garment collecting program since 2013, collecting over 155,000 tonnes of textiles. Customers' items are meticulously sorted according to the EU waste hierarchy, with a focus on prioritizing reuse, repurposing/recycling, or energy recovery, whereby customers receive a discount voucher to use towards their next purchase. Through these strategic efforts, H&M maintains its fashion-forward image and champions minimalism, aligning with its vision for a circular fashion industry and inspiring consumers worldwide.

MARKETING & BRANDING

Colorful Bonds: Surf Excel Stories

Originating in 2005 with the groundbreaking 'Daag Acche hai' campaign, Surf Excel revolutionized detergent advertising by infusing storytelling and emotion into its marketing strategy. By featuring children as protagonists, the brand tapped into themes of innocence, kindness, and togetherness, setting a new benchmark in the industry. Surf Excel's annual Holi ads have evolved over the years, embracing diverse narratives while maintaining their core message of embracing stains as symbols of goodness, from showcasing interfaith friendships to promoting inclusivity during the COVID-19 pandemic, resonating deeply with audiences, garnering millions of views, and sparking conversations. The transition from 'Daag Acche Hai' to 'Rang Acche Hai' in response to audience feedback reflects the brand's adaptability and commitment to fostering positive connections. In 2022, the ad encouraged embracing one's inner child, as a young girl persuades her aunt to join Holi celebrations, resonating with viewers through its poignant tagline. Similarly, in 2020, the brand continued its theme of kindness and togetherness, avoiding religious narratives. By adding a personal touch to the message being conveyed, Surf Excel's campaigns stand as a testament to the brand's enduring commitment.



Soap with a Purpose: Lux's Creative Twist

Lux's innovative marketing campaign, featuring a soap with a visible lump designed to alert women about early signs of breast cancer, has sparked conversations about beauty, health, and empowerment. This collaboration between Hindustan Unilever (HUL) and Wunderman Thompson reflects a creative approach to leverage everyday products for social good. By incorporating a health message into a common household item, Lux has tapped into a private moment of self-care – the shower – to encourage women to prioritize their well-being. The soap's design, supported by educational leaflets, serves as a tangible reminder for women to conduct regular breast examinations. The company's intention to distribute these soaps through various channels, including colleges, corporate offices, and cancer hospitals, demonstrates a strategic effort to reach diverse demographics. While some may question the effectiveness of using a beauty product for health awareness, the campaign's impact lies in its ability to initiate dialogue and prompt action. The campaign's impact was immense, with a global reach of 9.4 million within 24 hours. Social media saw 86,687 expressions in just one day after its launch, while enquiries about breast cancer and its early detection surged by 27%.

Celebrating Womanhood

Prega News, the renowned pregnancy test kit brand from Mankind Pharma, has unveiled a captivating new advertisement celebrating the unwavering commitment of women. In a society where women's dedication often goes unnoticed, Prega News shines a spotlight on their resilience and resolve. From pursuing dreams despite obstacles to shouldering responsibilities with grace, the campaign beautifully captures the essence of womanhood. In the final weeks of her pregnancy, a dedicated teacher perseveres despite her condition, demonstrating her commitment to her students and her role in helping children. It serves as a powerful reminder of the strength and determination inherent in every woman. Prega News has a history of producing impactful advertisements that not only promote their product but also convey meaningful messages. The campaign has resonated with audiences, significantly impacting Prega News' revenue and market presence, signaling a positive response from consumers and stakeholders alike. One of the standout features of Prega News' recent marketing efforts is its innovative use of out-of-home advertising. Rather than relying solely on traditional mediums, the brand has embraced creativity and technology to deliver its message in unconventional ways. From interactive billboards to experiential installations, Prega News' OOH campaign has sparked conversations and generated buzz across various touchpoints, further amplifying the brand's presence in the market. This compelling campaign has bolstered consumer engagement, brand loyalty, and market standing, enhancing Prega News' visibility and competitive edge.

OPINION POLL

“We are in a new era of AI technology, and the world acknowledges that India will have an upper hand in AI. It is our priority to ensure that we do not let go of this opportunity. The leadership of AI capabilities will and should remain in the hands of India.”

- **Narendra Modi**
Prime Minister

“This is India which will not be pressured, which will state its mind. If it has to make a choice, we will make a choice for the welfare of our citizens... So, the idea is of a much stronger, more capable India and willing to take the tough course.”

- **S. Jaishankar**
External Affairs Minister

“Unless Q4 numbers fall very significantly from the momentum seen in the first three quarters, India's real GDP growth in FY24 will be closer to 8% rather than 7.6%, as estimated by the ministry of statistics.”

- **V. Anantha Nageswaran**
Chief Economic Adviser

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