



Leveraged Growth

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# MONTHLY REPORT MAY 2024

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## Iranian Leaders' Fatal Accident

Iranian President Ebrahim Raisi and Foreign Minister Hossein Amir-Abdollahian died in a helicopter crash in East Azerbaijan province while heading to Tabriz. Following their attendance at a dam inauguration with Azerbaijan's President Ilham Aliyev, the crash occurred in a mountainous area with poor weather conditions. Rescuers found the burned-out wreckage after hours of searching, with no survivors. Iran has not identified a cause for the crash or suggested sabotage. Nine people were onboard, including East Azerbaijan Governor Malek Rahmati and Ayatollah Mohammad Ali Ale-Hashem. In accordance with the constitution, First Vice-President Mohammad Mokhber has been named interim president, with new elections to be held on 28th June. Supreme Leader Ayatollah Ali Khamenei declared five days of mourning. Russia, Turkey, and India expressed concern and offered condolences, with Indian Prime Minister Narendra Modi noting Raisi's contributions to bilateral relations. Condolences also came from Hamas, Hezbollah, and Yemen's Houthi rebels, mourning Raisi as a supporter of their causes. The crash caused oil prices to rise in early Asian trading, gold to surge to an all-time high, and the Tehran Stock Exchange to close.



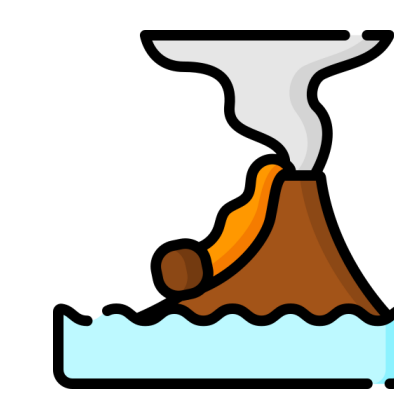
## Russia-China Alliance Solidifies Further

Russian President Vladimir Putin's visit to China this month to meet with Chinese leader Xi Jinping marked a significant deepening of strategic ties between the two nations. This two-day state visit, Putin's first overseas trip since beginning his fifth term, came at a critical juncture as the Kremlin increasingly relies on China for trade and political support. During the visit, Putin sought to secure a deal for the Power of Siberia 2 natural gas pipeline, Chinese backing for the war in Ukraine, and access to Chinese financial markets to bolster Russia's trade. In a pre-visit interview, Putin praised the resilience of Russia-China economic relations and supported China's peace proposal for the Ukraine conflict. Concurrently, new tariffs from the Biden administration on \$18bn worth of Chinese imports have been driving Beijing closer to Moscow. As geopolitical tensions and economic pressures continue to mount, the partnership between Russia and China appears poised to deepen further, reflecting a shared resolve to counterbalance Western influence and promote mutual economic interests.



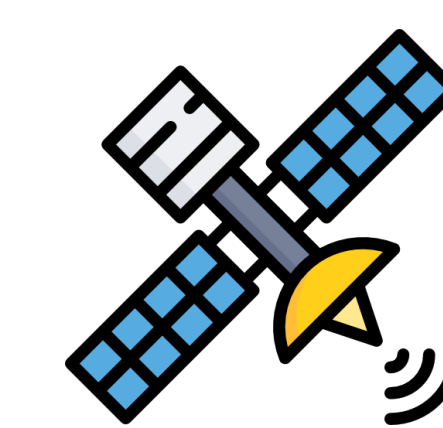
## Lava Meets Monsoon Chaos

The eruption of Indonesia's Mount Merapi triggered flash floods and cold lava flows, causing widespread devastation on Sumatra Island. Monsoon rains and mudslides wreaked havoc across four districts in West Sumatra province, resulting in 58 fatalities and numerous missing individuals, and crop failures on around 450 hectares of rice fields and damaged 1,600 plants. Overdevelopment and deforestation exacerbated the floods, submerging over 100 structures and hampering rescue efforts due to damaged roads. Urgent measures like enhanced disaster preparedness by investing in proactive measures like evacuation plans and land use policies, particularly in volcano-prone areas. Responding to the crisis, Indonesia's Agriculture Ministry plans to allocate a total of Rp20bn (\$1.25mn) in aid to affected residents, additionally including compensation of Rp10bn for crop failures and distribution of agricultural supplies. This aid aims to alleviate the hardships faced by communities and support their recovery efforts in West Sumatra.



## Space Sampling Spectacle

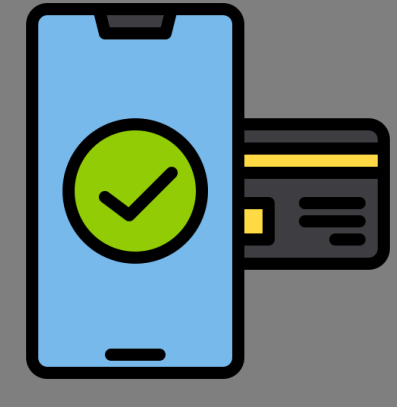
Pakistan's lunar satellite iCube-Qamar is on track to enter lunar orbit as a key component of China's Chang'e-6 lunar mission, launched on 2nd May 2024 from Hainan, China. The National Space Agency of Pakistan, SUPARCO, and Shanghai University SJTU in China have collaborated to construct the iCube-Q satellite developed by the Institute of Space Technology (IST). The miniature satellites are primarily built in the form of cubes and are made up of modular parts that must fit together precisely. The China National Space Administration intends to develop ten trajectories for a two-day lunar mission with a 50-minute launch window to achieve significant advancements in automated sample collecting. Chang'e-6 intends to retrieve two kilograms of lunar material from the Moon's far side and return it to Earth for examination. China's space program has seen a substantial increase in funding over the past decade. This surge in investment reflects Beijing's ambition to become a leading space power, rivaling established players like the United States and Russia. This focus on space exploration extends beyond China's borders, with Pakistan celebrating a major milestone in its space development program with the successful launch of its first satellite, the iCube-Q.



# INDIA INC.

## Click, Pay, Prosper

NPCI International Payments Limited (NIPL), the international arm of the National Payments Corporation of India (NPCI), has inked a deal with the Bank of Namibia (BoN) to pioneer the creation of an immediate payment system akin to India's Unified Payment Interface (UPI) for Namibia. This partnership enables BoN to access top-tier technology and insights from NIPL, primarily establishing real-time person-to-person (P2P) and person-to-merchant (P2M) transaction capabilities within Namibia. Strategically crafted, the agreement seeks to enhance payment accessibility, affordability, and connectivity domestically and internationally while strengthening payment interoperability and financial inclusion, especially for underserved populations. Aligned with NPCI's broader goal of extending UPI infrastructure globally, recent achievements include launching UPI services in France, Sri Lanka, Singapore, and Mauritius. Furthermore, initiatives like the UPI-PayNow connection between India and Singapore underscore NPCI's commitment to facilitating seamless cross-border transactions. This latest venture underscores NPCI's position as a worldwide pioneer in transforming digital payments.



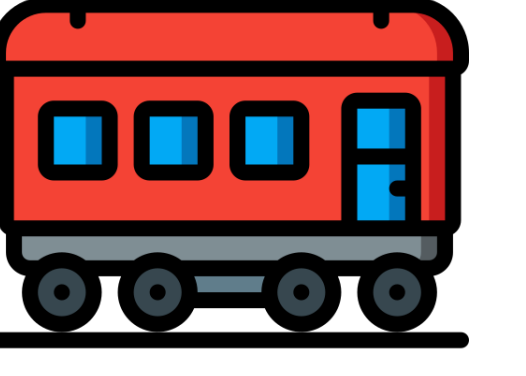
## RuPay Reshaping Rufiyaa

The recent agreement between the Maldivian government and RuPay, a product of India's National Payments Corporation of India (NPCI), marks a significant step in financial cooperation between the two nations. Despite recent bilateral tensions, this deal underscores the commitment to strengthen economic ties. RuPay, India's domestic card payment network, will soon be available in the Maldives, facilitating transactions across various platforms, including ATMs, point-of-sale terminals, and online stores. This collaboration not only enhances the convenience of financial transactions for Maldivian citizens but also promotes the stability of the local currency, the Rufiyaa. By reducing reliance on the US dollar and formalizing local currency transactions, the Maldives aims to bolster its economic resilience and achieve key developmental objectives. The partnership signifies a broader trend of cross-border financial integration and underscores the potential for mutually beneficial collaborations in the South Asian region.



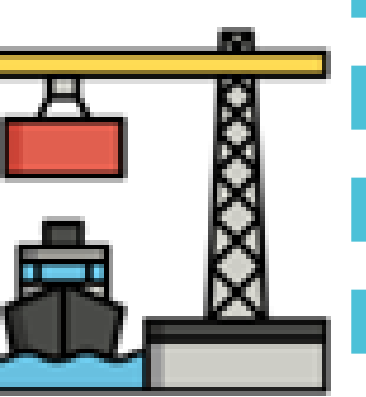
## RITES' Bangladeshi Venture

RITES Limited, a government-owned entity and the export arm of Indian Railways, recently secured a substantial contract to supply Bangladesh Railways with 200 broad-gauge passenger carriages. Financed by the European Investment Bank, the deal amounted to \$111.3mn (approximately ₹915cr) and was clinched through a global procurement process. Beyond merely selling carriages, the agreement between RITES and Bangladesh Railways encompasses additional provisions such as aiding design, supplying spare parts, and conducting training sessions. The contract stipulates a 36-month timeframe for delivery and commissioning, followed by a 24-month warranty period. This agreement is a significant milestone in RITES's strategy to export high-quality railway rolling stock manufactured in India, aligning with the country's "Make in India, for the World" initiative to position India as a global manufacturing hub. Moreover, it underscores RITES's ongoing commitment to enhancing Bangladesh's railway infrastructure, building upon prior collaborations involving diverse types of rolling stock and joint project endeavors.



## Maritime Collaboration Milestone

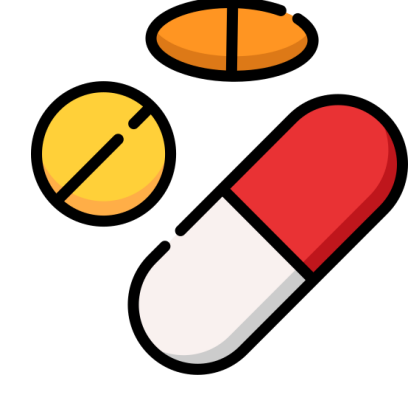
India's Minister of External Affairs, Dr. S Jaishankar, signed a pact with Iran's Maritime Organisation concerning the administration of Chabahar's Shahid Beheshti Port for 10 years. This agreement involves India committing around \$120mn towards the port's development and operation, alongside extending a credit line of \$250mn for infrastructure enhancements. This agreement is paramount to India's strategic interests, as it establishes a more efficient route to lucrative global markets. Chabahar is crucial in the proposed International North-South Transport Corridor (INSTC), a multi-modal transportation network connecting the Indian Ocean and the Persian Gulf to the Caspian Sea via Iran and then onward to northern Europe via Saint Petersburg. Projections indicate that shipments through the INSTC route will be 15 days faster than the Suez Canal route. In Iran's Sistan Baluchistan province, Chabahar, meaning 'four springs' in Persian, is a deep-water port providing accessible and secure access for large cargo vessels. Its convenient proximity to Gujarat and Mumbai further bolsters its strategic significance.



# GOVT. POLICIES

## Centralizing Drug Regulations

The Union government has consolidated authority over issuing manufacturing licenses for new drugs earmarked for exports, removing this power from state governments amidst reports of contaminated drugs and increased global scrutiny of Indian pharmaceuticals. Effective May 15, 2024, the Central Drugs Standard Control Organisation (CDSCO) will be the sole licensing body. This decision, communicated in order by Drug Controller General India, Dr. Rajeev Raghuvanshi, aims to streamline the process of transitioning responsibilities. Manufacturers must now apply for No Objection Certificates (NOCs) exclusively through CDSCO's online platform. This move addresses concerns raised by the Drug Consultative Committee (DCC), highlighting the lengthy and cumbersome process of obtaining NOCs from various state regulators, which could delay export consignments. The change reverses a 2018 provision that waived NOC requirements for exporters, emphasizing the need for centralized regulation to expedite exports, maintain regulatory standards, and bolster the reputation of Indian pharmaceutical products in the global market.



## Odisha's Route to Safer Travels

The Odisha government is poised to introduce a new road safety policy aimed at curbing road accidents and ensuring safer travel within the state. With a goal of reducing accidents and fatalities by 50% by 2030, the policy will focus on four key areas: Engineering, Education, Enforcement, and Emergency Care. Leveraging technology and administrative interventions, the policy seeks to address the significant economic and social costs associated with road mishaps, which currently rank as the leading cause of unnatural deaths in Odisha. Plans include promoting research in road safety, collaborating with industry bodies, and establishing a Centre of Excellence to drive innovation in road safety. Additionally, the policy outlines the establishment of the Odisha Road Safety Authority to streamline actions and enhance funding for initiatives. By prioritizing root cause analysis, strengthening emergency care facilities, and bolstering legal and financial support, the policy aims to significantly improve road safety and enhance the overall well-being of citizens.



## Navigating Driver Licensing

Under the RTO Rules 2024, first-time applicants or people looking to renew their driving licenses need not take driving tests at the Regional Transport Office (RTO) but can instead appear for them at accredited private driving schools, thereby providing a time-saving process. This rule aims to simplify the licensing process by making it more accessible, reducing the required documents, and reducing the paperwork hassle previously involved in the project. Addressing regulatory challenges in a country with a ₹60,000cr annual loss due to a driver shortage can be a principled move and a key motivator to boost labor participation in the sector. However, this raises concerns about the issuance of licenses to unqualified persons and an increase in corruption in the process. Under the new rule, minors caught driving face severe penalties including fine up to ₹20000, potential action against the parents and even cancellation of vehicle registration certificate. These rules look forward to improving road safety and make the processes more convenient for citizens.



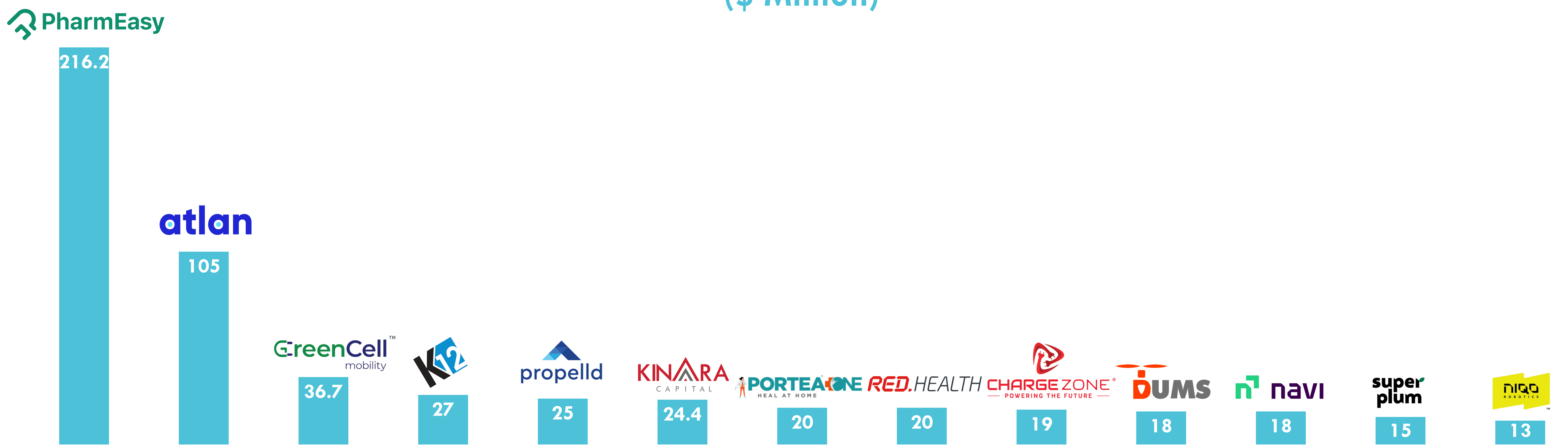
## Regulating Tomorrow's Competition

The Competition Commission of India (CCI) is poised to unveil an updated merger regulations following amendments to the Competition Act last year. These amendments, geared towards modernizing competition law frameworks and reflecting global best practices, aim to tackle evolving market challenges. The revised regulations encompass various aspects, including negotiated settlements with businesses regarding anti-competitive practices and streamlining merger control processes. Notably, they clarify the assessment of transaction values and expedite decision-making timelines from 210 to 150 days. Additionally, the amendments stipulate that CCI approval is mandatory for transactions exceeding ₹2,000cr, irrespective of asset and sales thresholds. In response to the transformative impact of the digital economy, discussions are underway to regulate systemically important digital firms through the proposed Digital Competition Bill. CCI's forthcoming market study on artificial intelligence underscores the need to comprehend its implications on competition.



# START-UPS

## Major Funding Raised by Startups for the Period 29th April'24 to 25th May'24 (\$ Million)



Source: Inc42

In May, 81 startups majorly based out of Bengaluru and Delhi raised an impressive \$717mn 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.

### Minimalist's Rise in Beauty Market

Minimalist, a rapidly growing Indian direct-to-consumer (D2C) skincare brand, was founded by Jaipur-based siblings Mohit and Rahul Yadav in 2020. The company specializes in clinically tested and highly effective skincare, haircare, and body care products, utilizing 'active' ingredients known for their efficacy. Minimalist's commitment to transparency and customer-centric practices has helped them build trust and loyalty amongst consumers. Remarkably, within just eight months of its inception, Minimalist achieved a revenue milestone of ₹100cr. This rapid growth can be attributed to their innovative approach and the strategic use of globally sourced, lab-tested ingredients. In July 2021, Minimalist secured ₹110cr (\$15mn) in Series A funding led by Peak XV Partners (formerly Sequoia Capital India) with participation from Unilever Ventures. This investment has fueled their expansion plans, including the establishment of a second manufacturing plant in Jaipur and the launch of Minimalist Global to serve international markets.



### Justbaat.AI: Transforming News Media

Justbaat.AI is a company founded in 2021 that develops AI-powered video creation platforms specifically designed for media houses. Since its inception, Justbaat.AI has raised \$500K to expand its tech stack. Their platform leverages AI to automate 95% of video creation tasks, offering a customizable multilingual AI news anchor. They cater to B2B clients and address government concerns about AI ethics. They train their platform on a massive dataset of over 2,000 hours, accessed by their media clients. Justbaat presents a competitive edge in the digital media landscape by offering companies a cost-effective solution, slashing video production costs from ₹5000 to ₹50 per minute. Recognizing this, former Airtel executives Shaurya Rao Nigam and Amandeep Kamboj founded Justbaat.AI to streamline digital content creation in the news media sector. This shift towards social media platforms has piqued the interest of media organizations, prompting contemplation of migrating from traditional platforms.



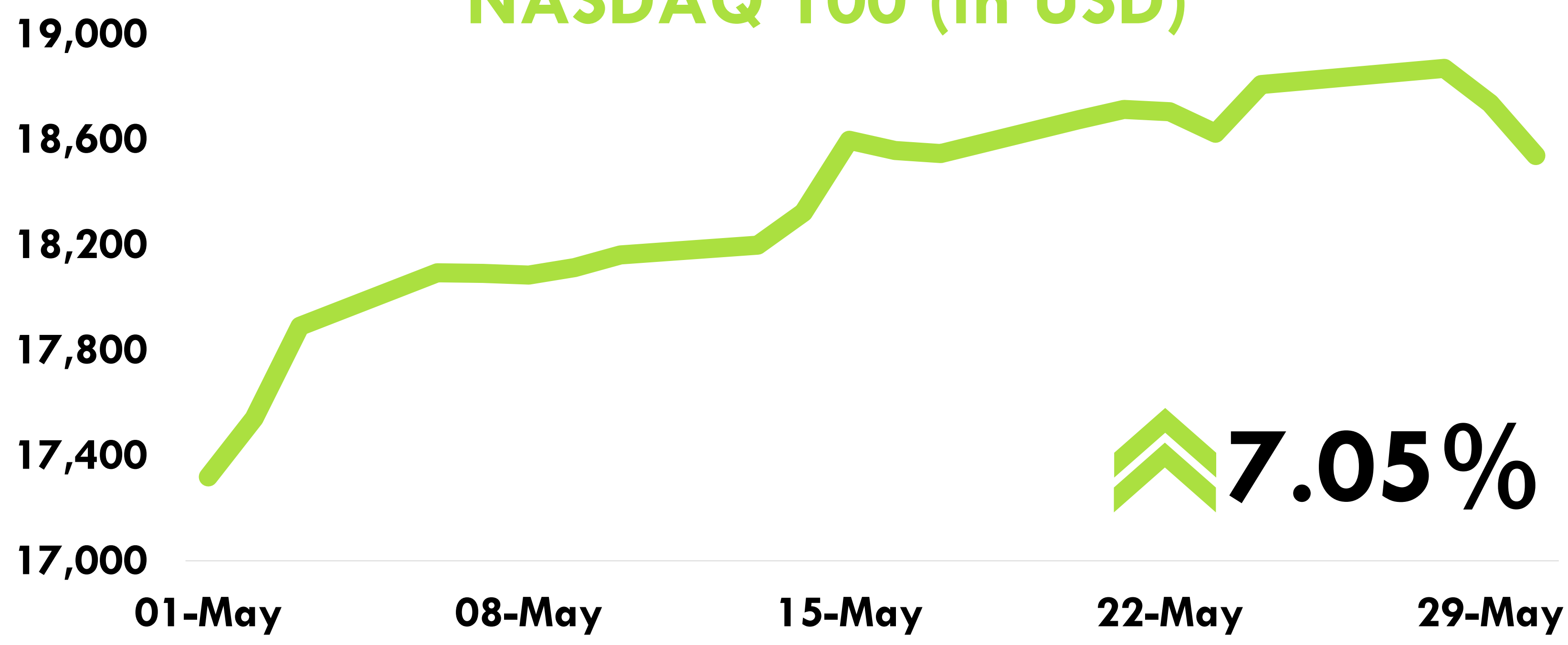
### Alphadroid: Pioneering Automation

Alphadroid, founded by Sanjeev Kumar in 2023 with support from IIT Lucknow, has emerged as a key player in robotics. Utilizing a B2B model, the company integrates automation primarily in the hospitality and healthcare sectors, drawing inspiration from the success of robot-operated restaurants in Bengaluru. A rising trend is being observed in India's service robotics market, recognizing the efficiency and enhanced customer experience automation offers. In addition to its current offerings, Alphadroid is developing a second product to optimize hospital front-office operations. Venturing into the public sector, the company aims to raise \$4mn-\$5mn, focusing initially on railways and expanding into the UK market. Their goal of deploying 150 robots in India by 2024 underscores their growth plans. While bootstrapped, Alphadroid's founder has invested ₹5cr in building the robots. The company aims to generate ₹3.95cr in revenue by FY25 through a combination of subscription fees and outright purchases. Additionally, it is developing a conversational tool, the 3D avatar, poised to transform communication, currently in the pilot stage.



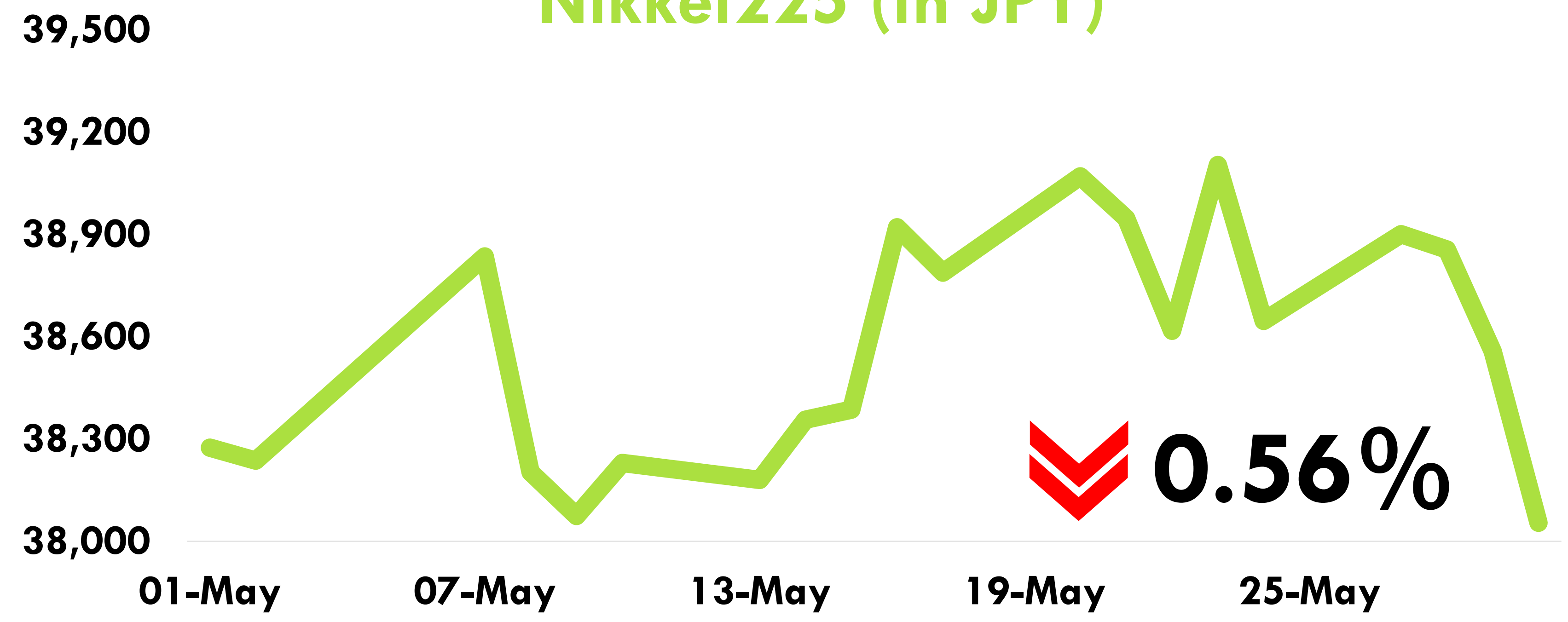
# GLOBAL INDICES

**NASDAQ 100 (in USD)**



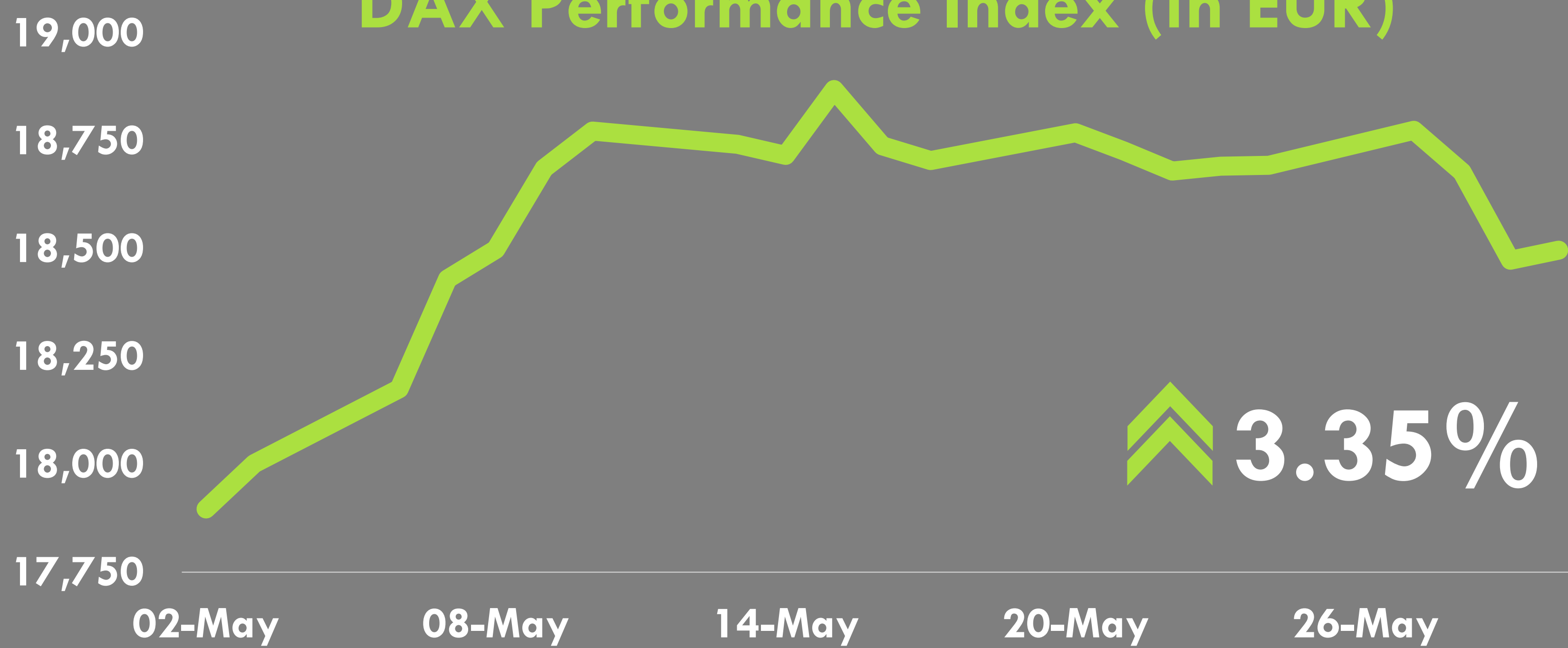
The index saw a surge of 7.05% this month. Retail investors have shown revived engagement in May. This renewed interest is indicated by the net influx of equity funds and the increased trading volume of call options by small investors in U.S. stocks. It seems that retail investors took advantage of market decline in April, possibly spurred by profit-taking moves from hedge funds focused on equities, to buy stocks.

**Nikkei225 (in JPY)**



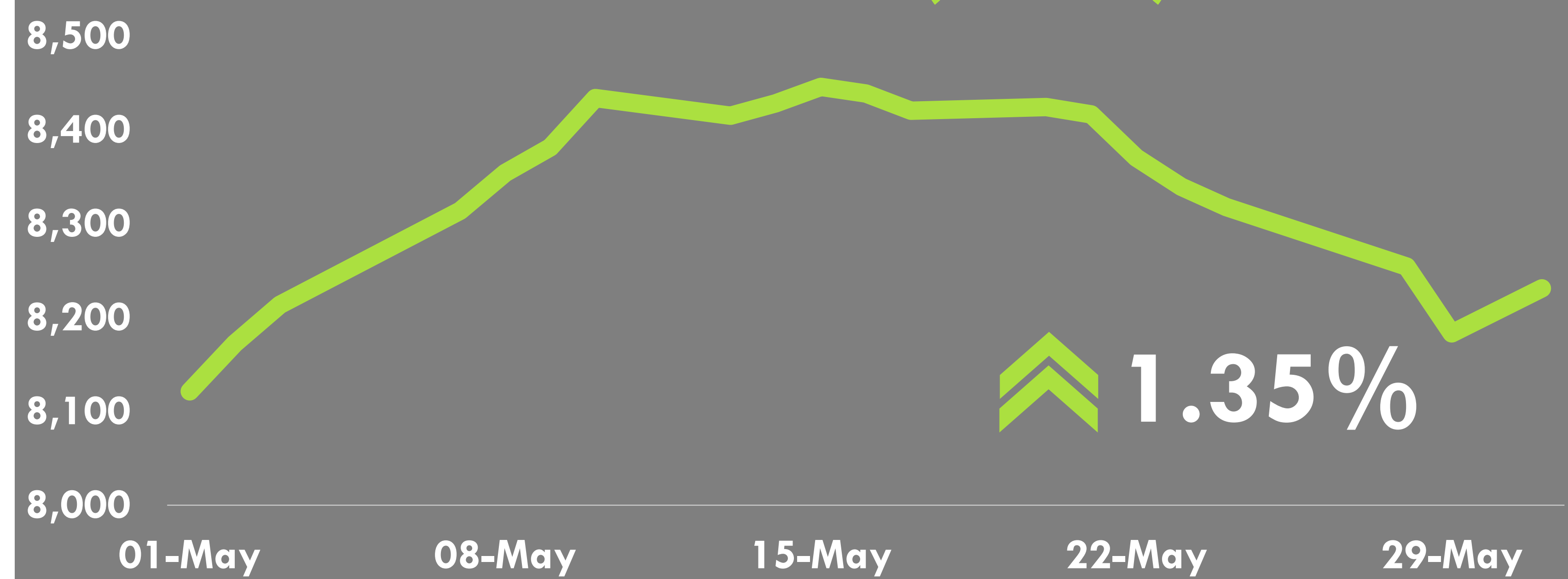
A surge in Japan's stock market lost momentum in the past couple of months, as the key Nikkei 225 index stayed mostly stagnant below its peak levels. The Nikkei 225 had a remarkable surge in the initial quarter, reaching a peak of 41,087.75 points, buoyed by optimism surrounding Japanese consumption recovery and robust corporate earnings, which attracted investment into domestic stocks.

**DAX Performance Index (in EUR)**



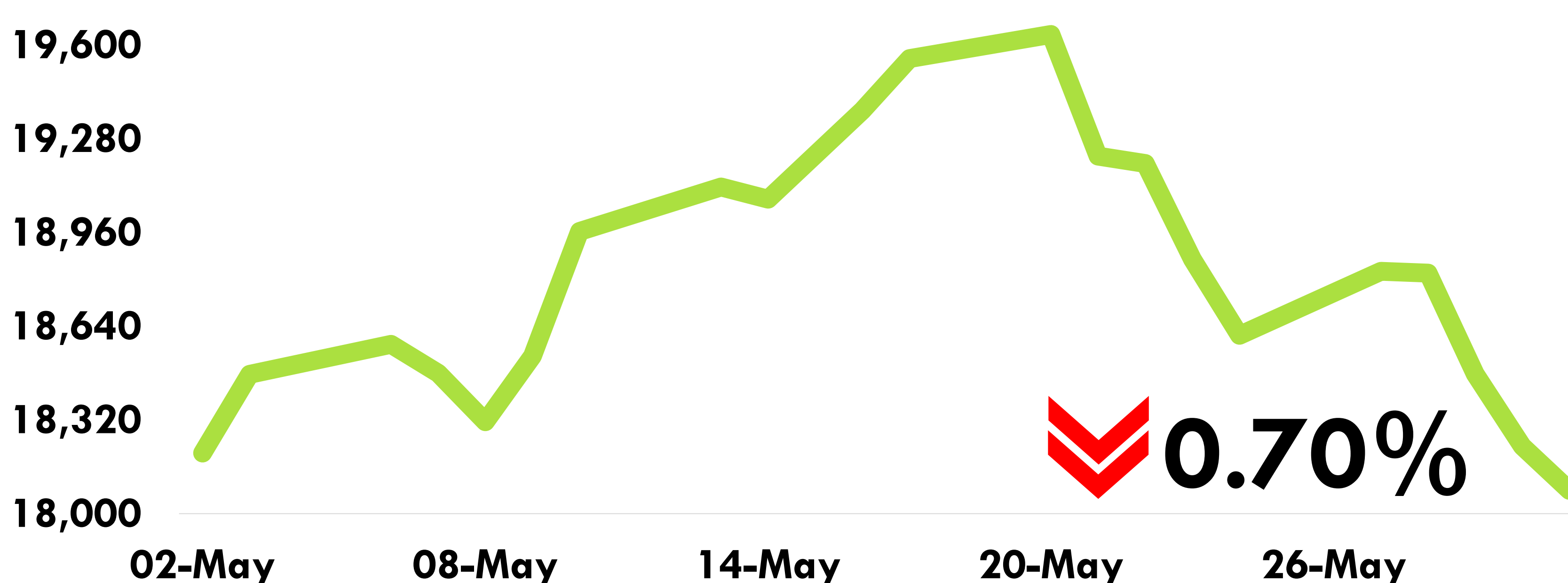
European stock markets declined as the initial upward movement at the beginning of the month halted due to apprehensions about U.S. interest rates remaining elevated. Trading activity has been restricted this week as investors anticipated the Federal Reserve's minutes from its recent policy meeting, seeking insights into the potential timing and magnitude of interest rate reductions in the largest global economy.

**FTSE100 Index (in GBP)**



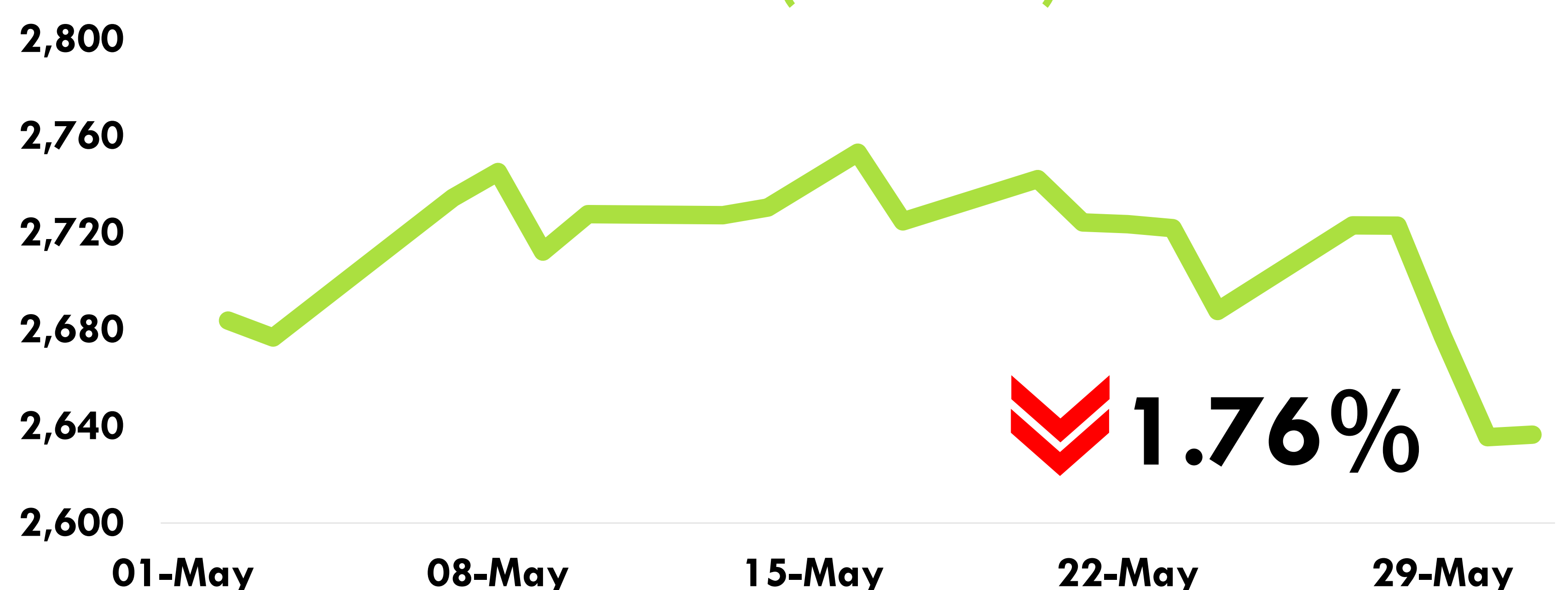
European stock markets exhibited varied performance, with U.K. markets resuming trading after a hiatus. Investors were in anticipation of significant inflation figures from both sides of the Atlantic. Bond yields climbed in Europe due to apprehensions that persistent inflation might prolong high interest rates or prompt further immediate hikes.

**Hang Seng Index (in HKD)**



The Hang Seng declined due to ongoing concerns about sticky inflation leading to potential hikes in interest rates. The technology sector experienced significant drops, as investors opted to secure profits from recent gains. The initial excitement surrounding artificial intelligence that fueled a rally in the sector seemed to be fading, and reduced risk tolerance prompted investors to cash in on recent profits in the sector as well.

**KOSPI (in WON)**

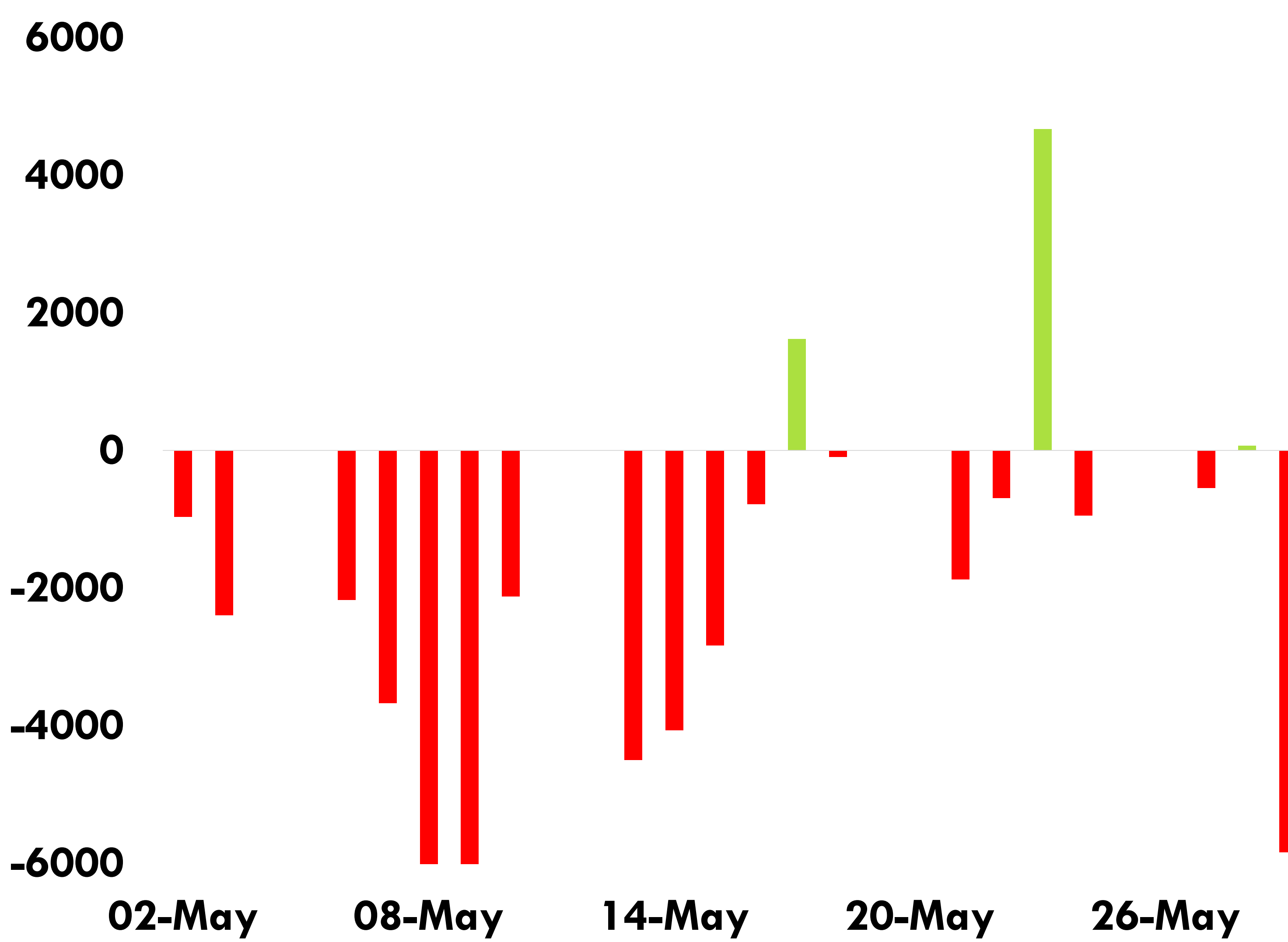


Under the burden of ongoing worries that persistent inflation will compel major central banks to maintain high interest rates for an extended period, Korean markets showed a modest uptick. This followed the government's announcement of additional measures to bolster the troubled property sector. Meanwhile, Federal Reserve officials continued their assertive stance on interest rates.

Source: Investing

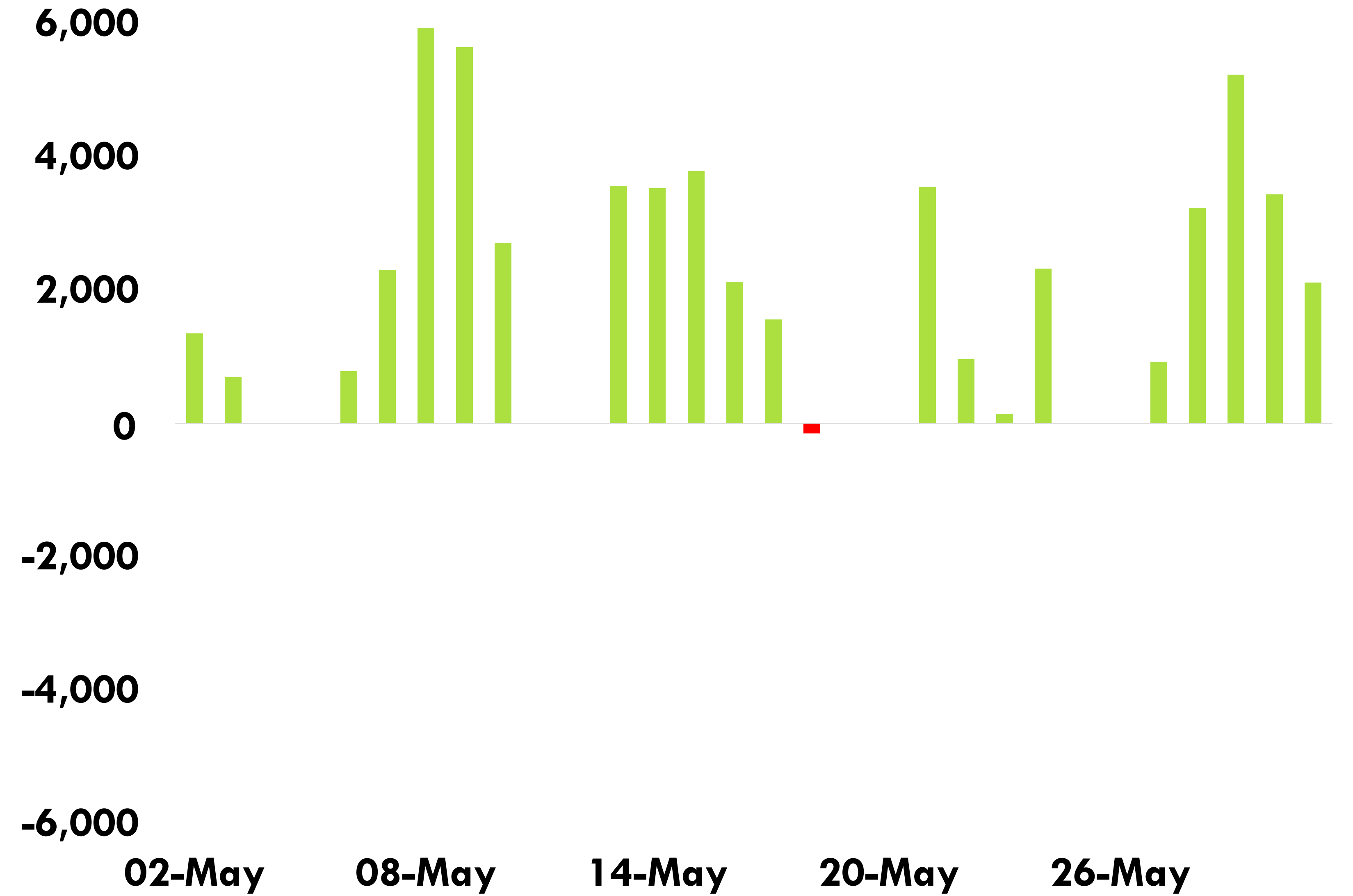
# EQUITIES

FII Net Investment in May'24 (₹ Crores)



Source: NSDL

DII Net Investment in May'24 (₹ Crores)



Source: NSDL

In May, foreign institutional investors (FIIs) sold ₹43,827cr worth of Indian equities, influenced by rising US bond yields and geopolitical tensions. Meanwhile, domestic institutional investors (DIIs) were net buyers, investing ₹53,618cr. Despite continued domestic inflows, uncertainty surrounding the general election outcomes led to increased market volatility, with DII's heavy buying outweighing the FII's selling activity, causing significant market fluctuations.

## Godrej Group Splits Legacy

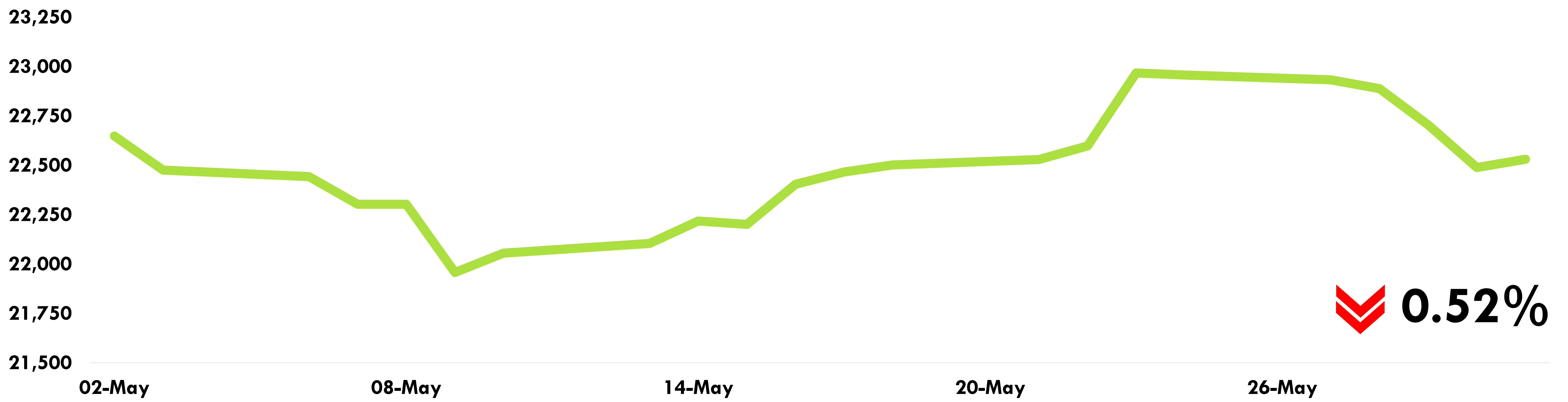
The Godrej family has announced an amicable split of the Godrej Group, dividing its business interests between two branches. This restructuring involves untangling cross-holdings within group companies and dividing assets and businesses. The Godrej Industries Group, which includes listed entities like Godrej Industries, Godrej Consumer Products, and Godrej Properties, will be chaired by Nadir Godrej and controlled by Adi Godrej's family. Meanwhile, the Godrej Enterprises Group, focusing on aerospace, aviation, defense, and other sectors, will be led by Jamshyd Godrej. This realignment aims to optimize strategic direction and enhance long-term value creation for shareholders, assigning exclusive brand rights to each faction and emphasizing distinct market sectors. Following the announcement, shares of most Godrej companies fell, with notable drops in Godrej Properties and Godrej Industries, while Godrej Consumer Products and Godrej Agrovet saw slight gains.

Index	1 <sup>st</sup> May'24 (In ₹)	31 <sup>st</sup> May'24 (In ₹)	Change (%)	Trend
NIFTY Auto	22,733	23,419	↑ 3.0	
NIFTY Bank	49,231	48,983	↓ 0.5	
NIFTY Consumer Durables	34,626	35,130	↑ 1.4	
NIFTY Financial Services	21,873	21,718	↓ 0.7	
NIFTY FMCG	54,490	54,107	↓ 0.7	
NIFTY IT	33,203	32,386	↓ 2.4	
NIFTY Media	1,862	1,870	↑ 0.4	
NIFTY Metal	9,279	9,723	↑ 4.7	
NIFTY Oil & Gas	11,925	11,625	↓ 2.5	
NIFTY Pharma	19,124	18,796	↓ 1.7	

Source: NSE

# NIFTY50

NIFTY50 May'24 (in ₹)



Source: NSE India

The Nifty 50 index, closing with a 0.5% decline, experienced notable volatility, initially dropping before surging to all-time highs above 23,000 mid-month. This fluctuation was influenced by general election anticipation and sustained Domestic Institutional Investors (DIIs) activity. Weak global cues prompted investors to profit-taking ahead of anticipated US core PCE data, a significant inflation gauge.

## Airtel & Google Cloud's alliance

Bharti Airtel and Google Cloud are pairing forces to deliver advanced cloud and AI solutions to Indian businesses. The partnership aims to provide affordable smartphone access, explore India-specific 5G use cases, and accelerate the cloud ecosystem for businesses in India. According to International Data Corporation (IDC), the Indian public cloud services market is expected to reach \$17.8bn by 2027. The two companies will bring their expertise together to the table and excel in connectivity and AI technology to create artificial intelligence and machine learning solutions using Airtel's large dataset for training. In an effort to increase Airtel's digital capabilities, Google intends to contribute up to \$1bn to India's Digitization Fund, consisting of \$700mn in equity and \$300mn in commercial agreements.



## Tata Sparks Green Steel Revolution

Tata Steel has partnered with National Grid Plc's Electricity System Operator to transition its Port Talbot site to green steel production. The agreement involves constructing power infrastructure for a 3.2 million-ton electric arc furnace by 2027, replacing carbon-intensive blast furnaces. Notably, last year, the UK pledged up to £500mn to support Tata Steel's revitalization efforts. Despite the anticipated impact on approximately 2,500 roles within 18 months, the £1.25bn investment in the electric arc furnace underscores Tata Steel's commitment to sustainable steel production, aligning with global environmental imperatives. This transition signifies a substantial long-term investment in greener infrastructure, potentially bolstering Tata Steel's market position.



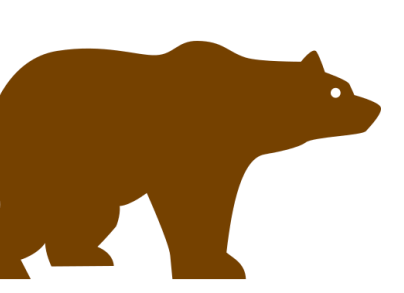
## Top Gainers | NIFTY50 | May'24



Company Name	Change (%)
Mahindra & Mahindra	14.1
Hero Motocorp	12.6
Divi's Laboratories	11.3
Britannia Industries	9.2
Hindalco Industries	8.4
Kotak Mahindra Bank	7.3
Coal India	6.2
Hindustan Unilever	5.6
Bharti Airtel	5.6
Adani Enterprises	5.1

Source: NSE India

## Top Losers | NIFTY50 | May'24

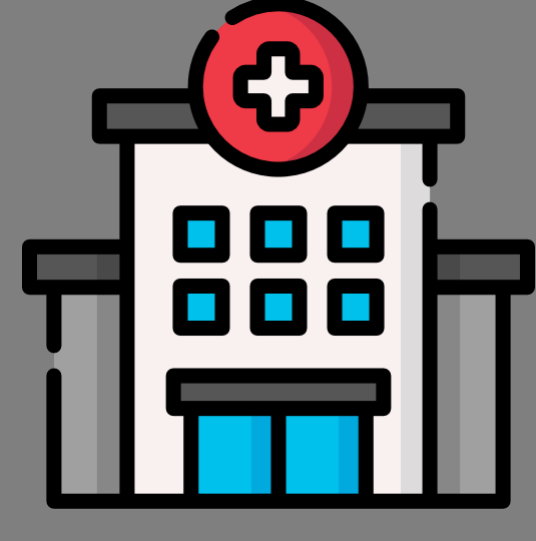


Company Name	Change (%)
Tata Motors	10.1
Titan	8.3
Dr Reddy's Laboratories	6.5
ONGC	5.7
Bajaj Finserv	5.7
SBI Life Insurance	5.5
Wipro	4.5
HDFC Life Insurance	4.4
Nestle	4.3
Sun Pharmaceutical	3.9

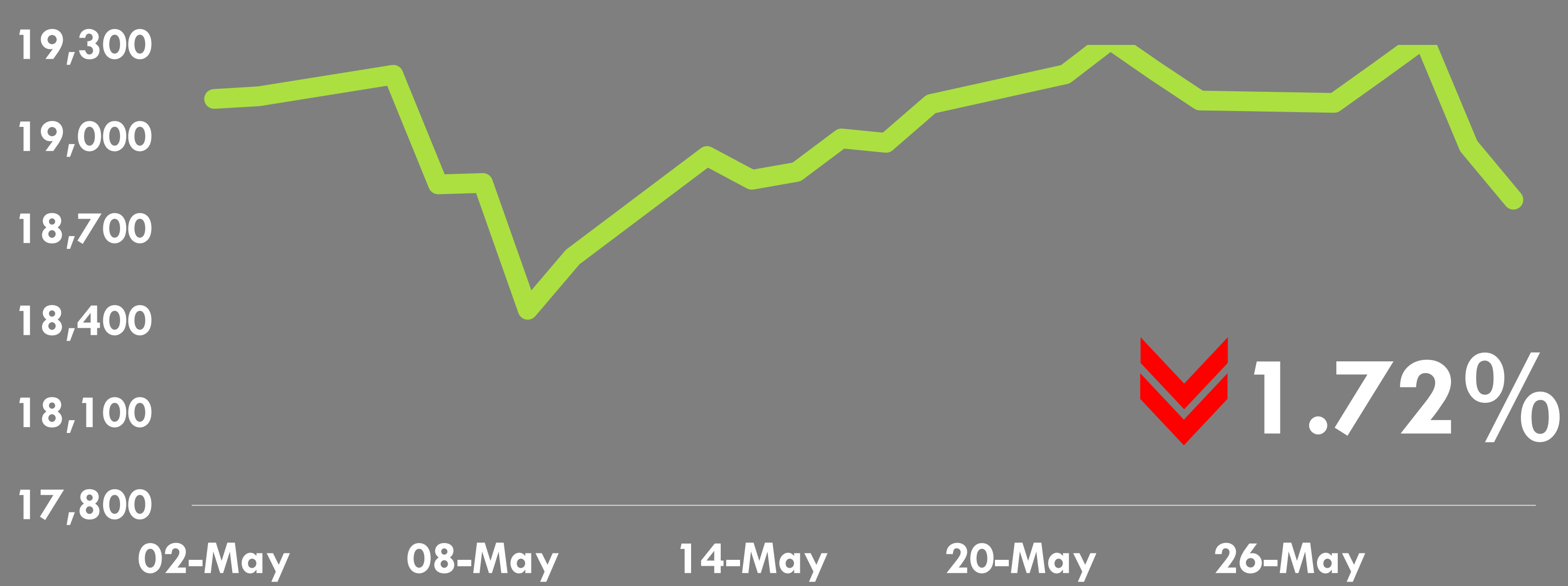
# SECTOR UPDATES

## Pharma Sector

In May, the pharmaceutical sector witnessed a marginal loss of 1.7%, amidst the sector delivering strong earnings. Divi's Lab rallied to a 2-year high on healthy results. To ensure higher scrutiny on export oriented drugs, the central government now has exclusive authority to issue NOCs to them. GSK Pharma was the top gainer, owing to a 46% YoY rise in profits, and Ipca Laboratories was the biggest loser, falling by 14.7% over the month.



NIFTY Pharma May'24 (in ₹)



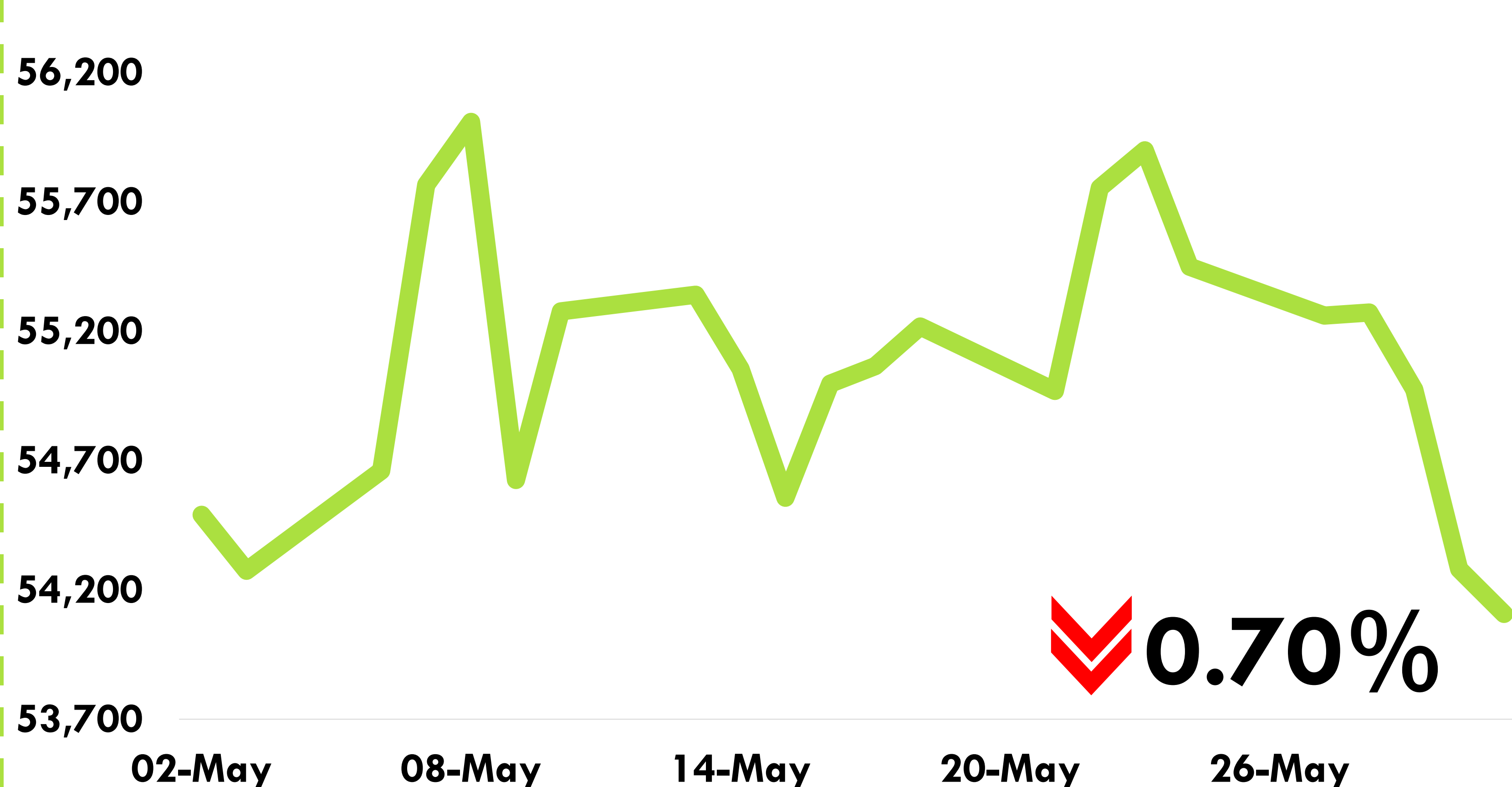
Source: NSE

## FMCG Sector

In May, the FMCG sector saw a 0.7% loss. Rural India's consumer product demand finally outpaced urban areas, which is likely to translate to a return of growth and contained inflation, which will improve margins and has reverberated positive sentiments in the sector. Domestic volume growth saw Emami being the top gainer, rising by 28.9% witnessed strong gains after release of results whereas Radico Khaitan, the top loser in the sector fell by 10.6% due to the overall brewing industry witnessing a decline in momentum.



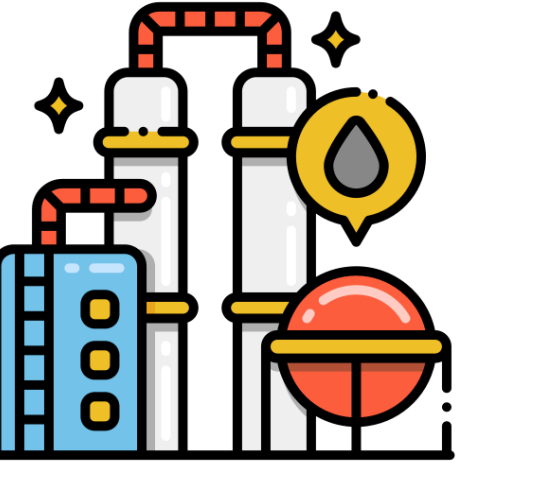
NIFTY FMCG May'24 (in ₹)



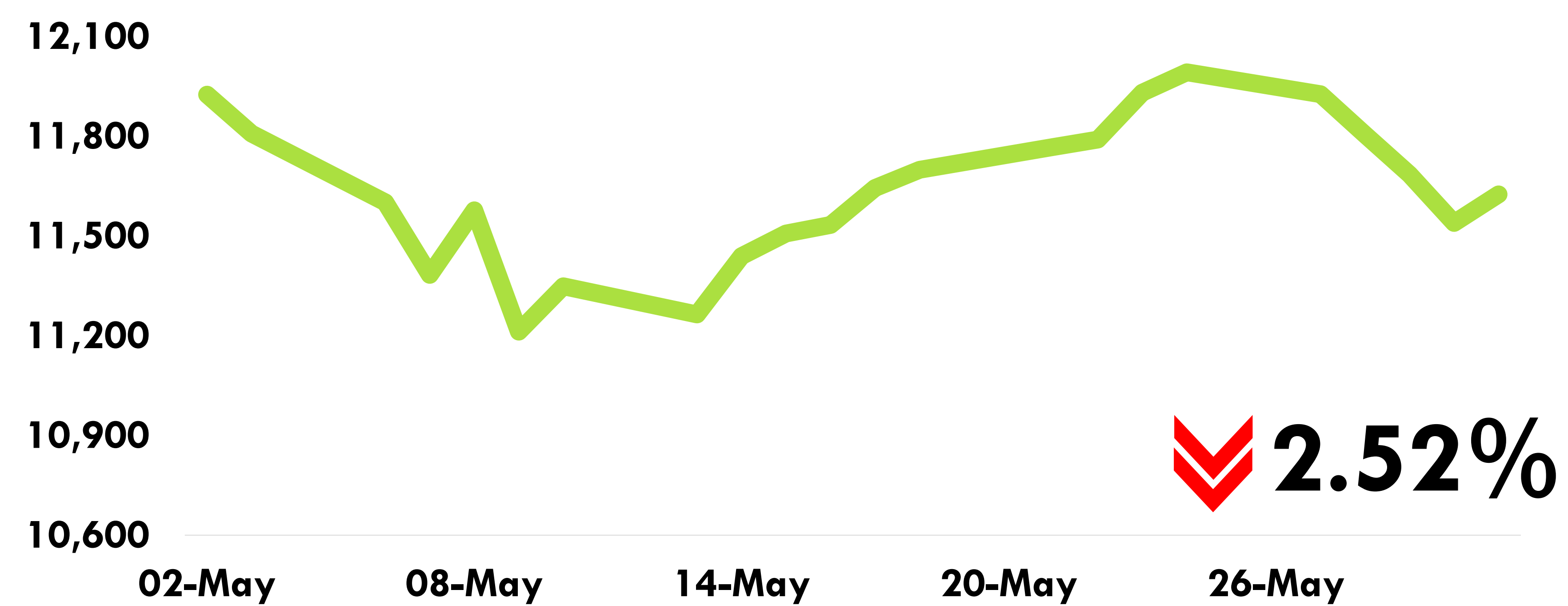
Source: NSE

## Oil and Gas Sector

In May, the Oil & Gas sector experienced a moderate 2.5% loss. The Index witnessed significant volatility as it plummeted by over 6.5% in the first half, only to recover as the month drew to a close. The sector's margins have been negatively impacted by ongoing pressure on crude oil prices. The Iranian President's death led to an increase in oil prices due to concerns surrounding oil supply and prices. Adani Total Gas emerged as the top gainer, rallying by 11.5%.



NIFTY Oil & Gas May'24 (in ₹)



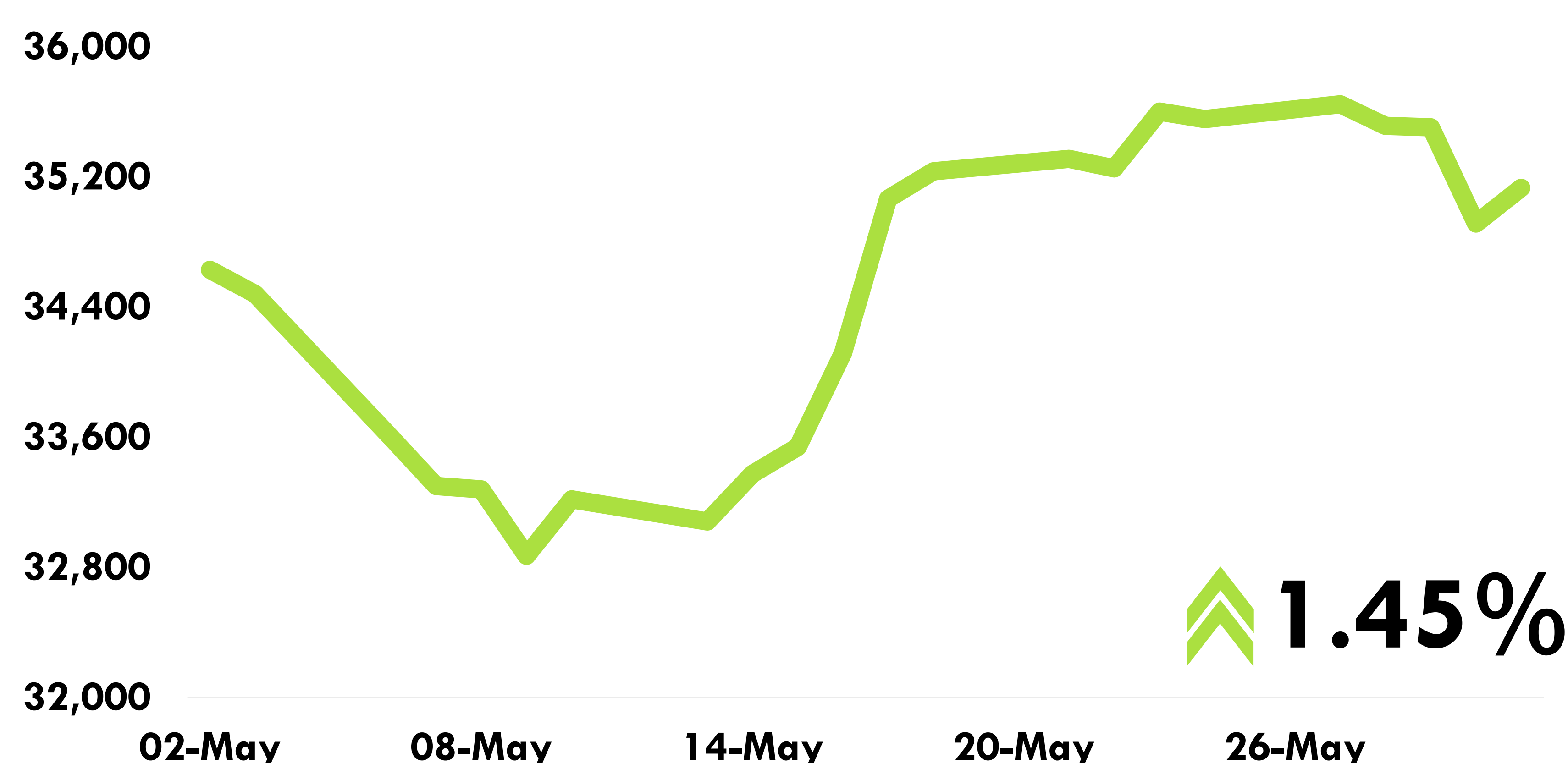
Source: NSE

## Consumer Durables Sector

In May, the consumer durables index surged by 1.5%. The blistering summer has led to increased demand for consumer durables, with the likes of Havells and Voltas enjoying it the most. Titan's Market Cap eroded by 5% on account of lower margins and soft demand. RIL, with the aim of providing an alternative to foreign labels, launched Wyzr, an affordable consumer durables brand. Crompton Greaves led the pack as it gained 21% but at the same time Titan lost 9.2%.



NIFTY Consumer Durables May'24 (in ₹)



Source: NSE

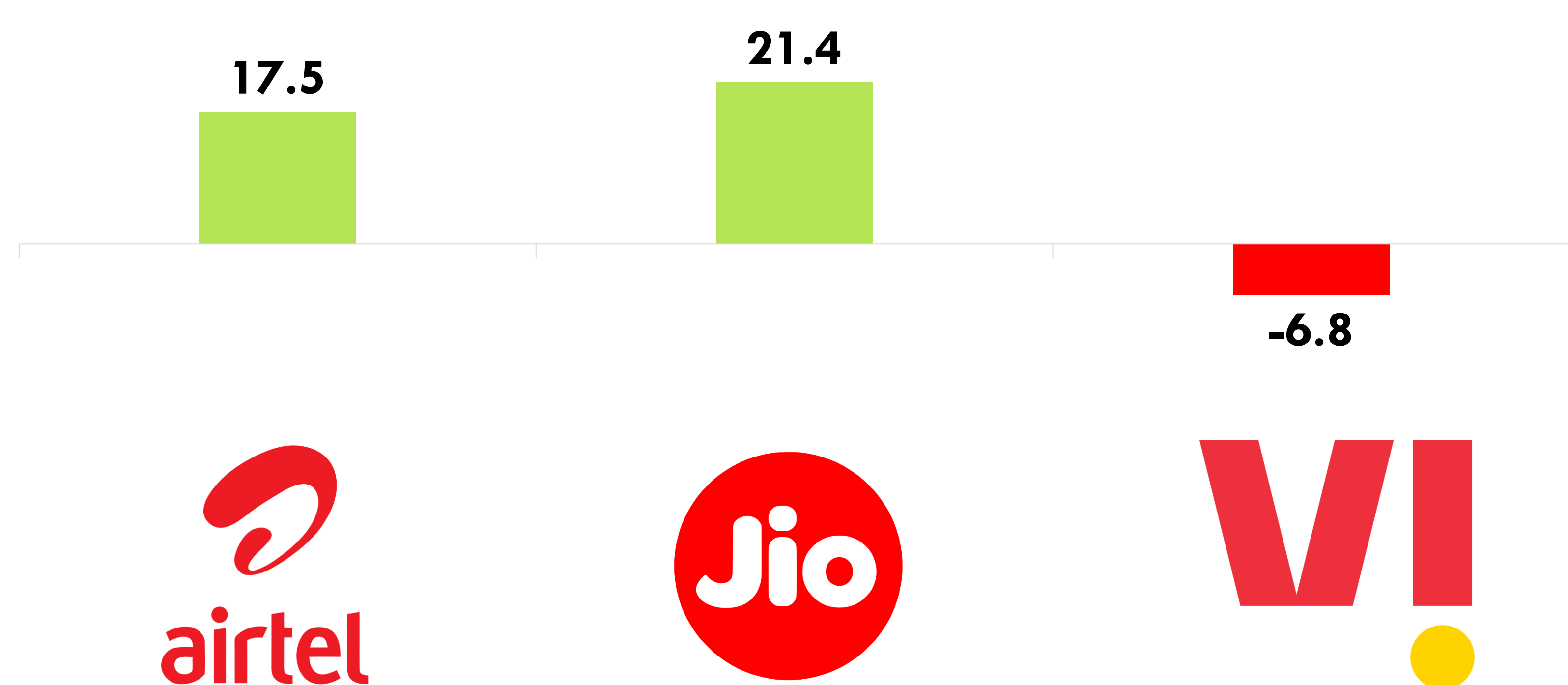
# SECTOR UPDATES

## Telecom Sector

The Telecom sector has been attracting FPIs consistently. Vodafone Idea (VI) is to raise ₹2,075cr from Oriana Investments Ltd., through a preferential share issue. The company shows future earnings outlook to be significantly brighter. Bharti Airtel acquired 1.9mn customers for its 5G telecom service in Odisha. Reliance Jio's subsidiary, Radisys Corporation along with Tech Mahindra and Nokia has partnered with Ghana's Next-Gen Infrastructure Company (NGIC) to build the infrastructure to enhance the telecom capabilities of Africa.

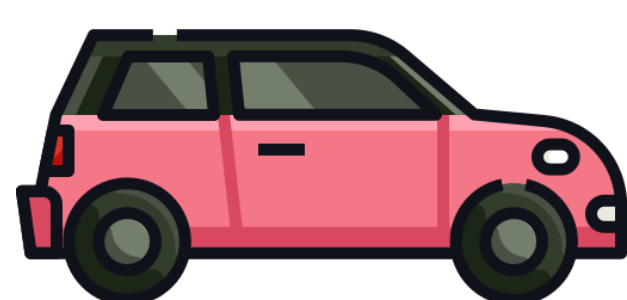


Addition During March'24 (Lakhs)

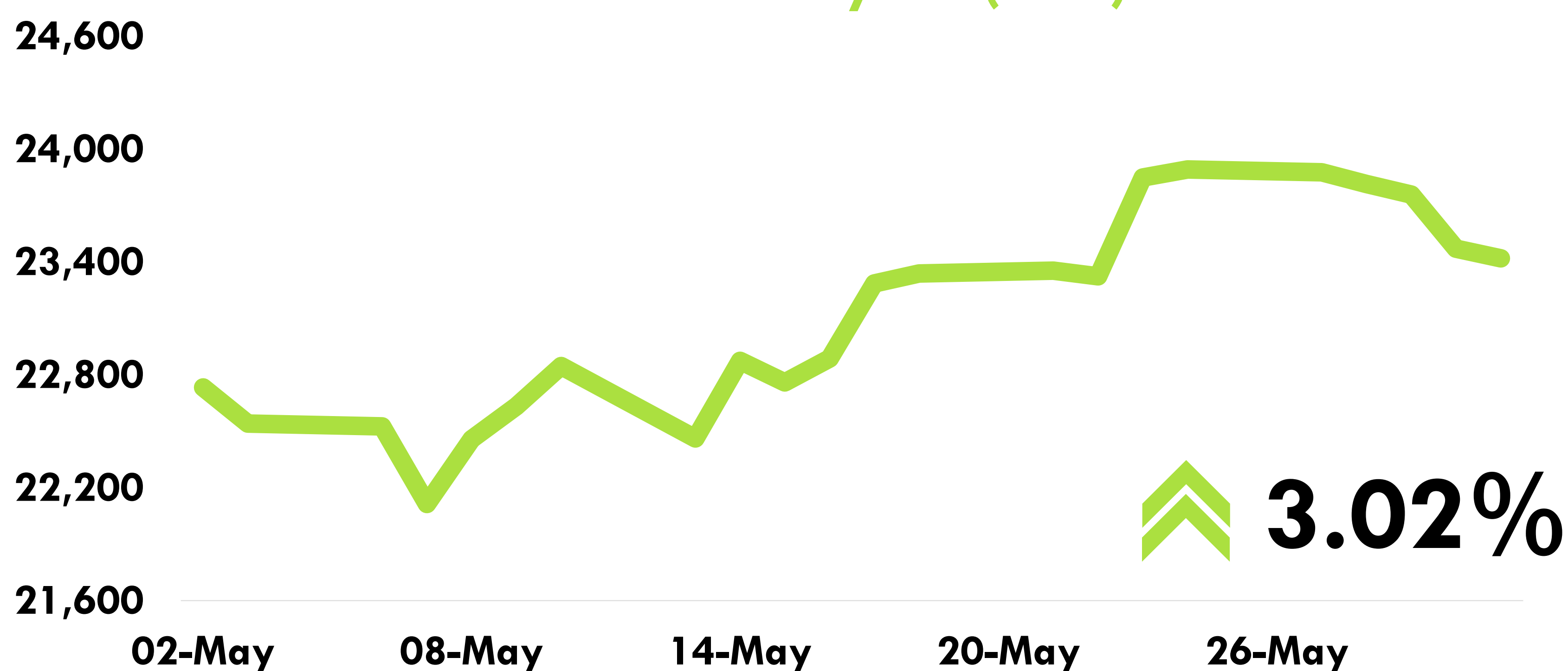


## Auto Sector

The automobile sector has continued its upward trajectory. The index surged by 3% primarily due to robust sales expectations in FY25 and increased margins driven by stable raw material prices. Healthy earnings of the index constituents along with the revival of the rural market boosted the sector. Companies like Mahindra & Mahindra and Bharat Forge have reached their all-time high, supporting the index. Moreover, the demand for EV vehicles and the adoption of the technology by the companies suggest continued growth in the future.



NIFTY Auto May'24 (in ₹)



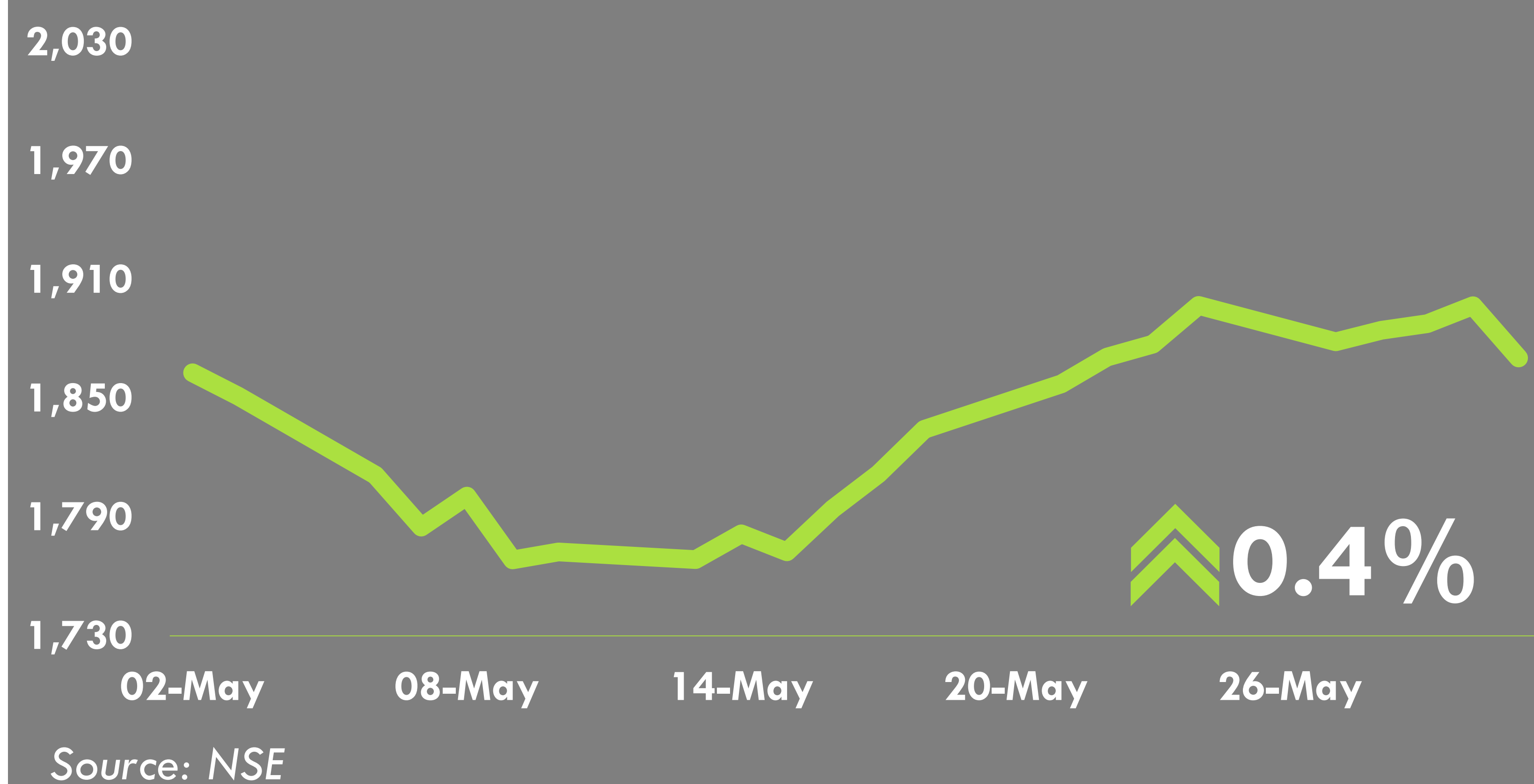
Source: NSE

## Media Sector

The media sector has been fairly volatile in May and experienced a gain of 0.4%. Dish TV plunged nearly 13.7%, dragging down the index in the first half of the month along with PVR Inox Ltd. which failed to meet its earnings expectation in the quarter. The second half of the month sparked recovery, primarily due to an increase in the revenue of Saregama India Ltd. This volatility highlights the sector's sensitivity to individual company performance, but the overall gain suggests a bullish outlook.



NIFTY Media May'24 (in ₹)



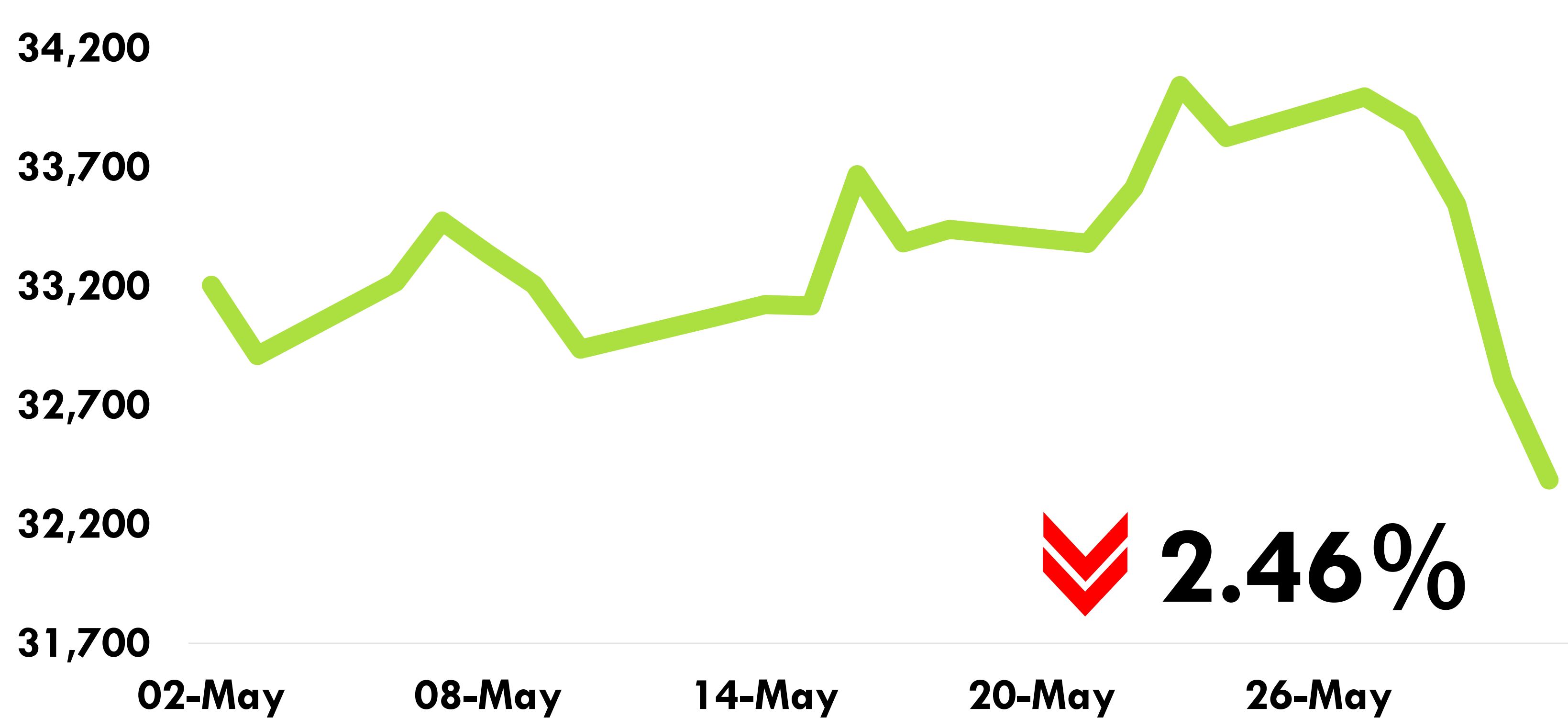
Source: NSE

## IT Sector

Despite a mid-month rally, the IT sector witnessed a decline of 2.5% in May. The softer-than-expected US inflation increased the investor's expectation of a rate cut by the Fed, which led the index to post its biggest gain in the past 2 months. However, the index fell sharply as its major constituents like Infosys, HCL Tech, Wipro, and TCS dragged down the index in the last 2 weeks. Silent layoffs, coupled with uncertainties over global rate cuts, are the main reasons for the index's decline.



NIFTY IT May'24 (in ₹)



Source: NSE

# SECTOR UPDATES

## Financial Services Sector

The Nifty Financial Services index declined 0.7% marginally due to uncertainty around the general election results and the timing of US rate cuts. Weak global cues led investors to take profits ahead of the US core PCE data, an important inflation measure expected to rise. Broad-based sector weakness, with financials underperforming, is expected as regulatory crackdowns shift focus from growth to internal controls. SBI Cards and Payment Services emerged as the top gainer.



NIFTY Financial Services May'24 (in ₹)



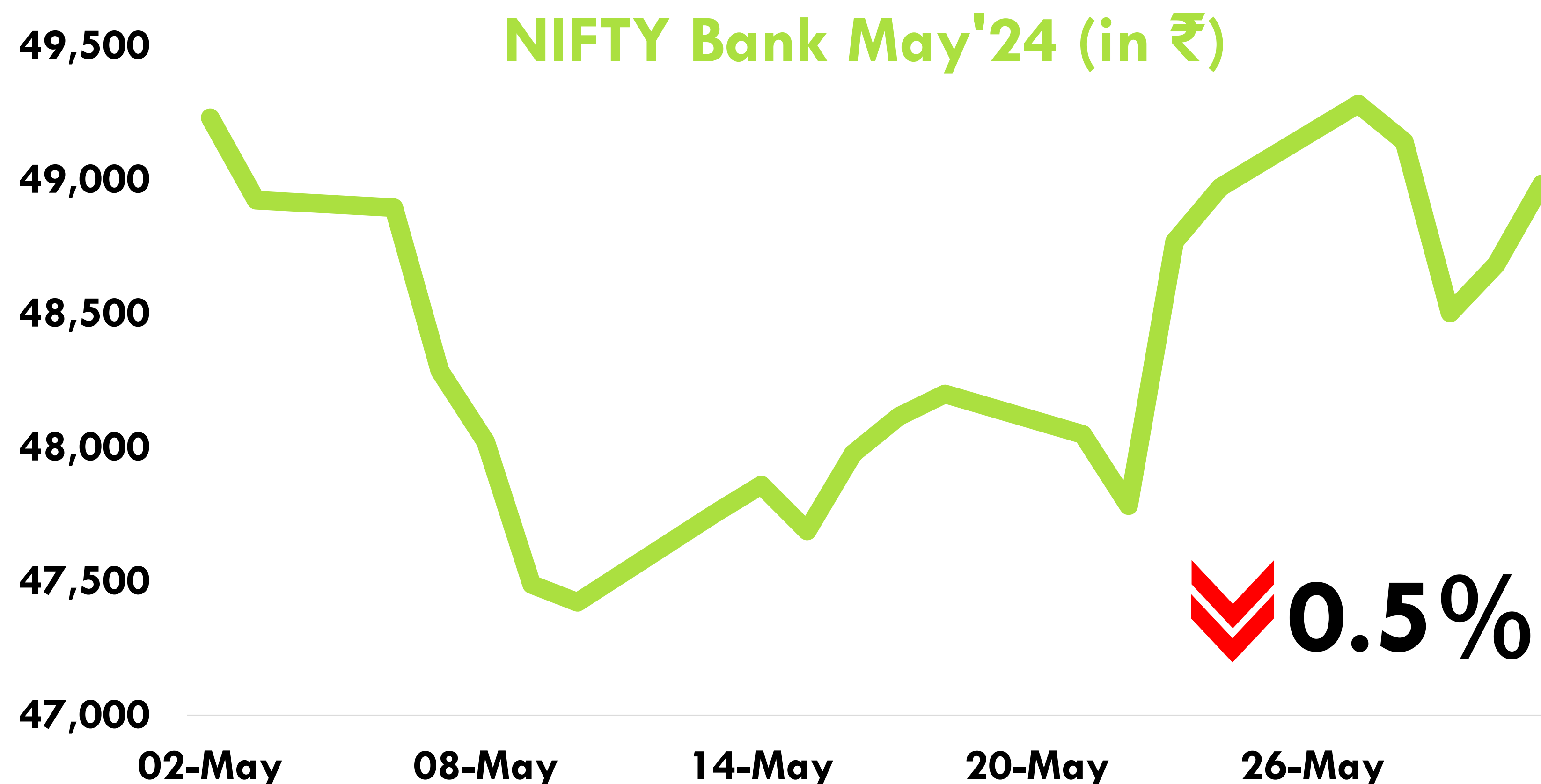
Source: NSE

## Banking Sector

The banking sector experienced a decline of 0.5% in May with public sector banks (PSUs) bearing the brunt worse than private ones. This discrepancy arose from sector-specific challenges, particularly stemming from the Reserve Bank of India's draft guidelines on project finance. These guidelines advocate for lenders to allocate more funds for loans to under-construction infrastructure projects, posing specific challenges to PSU banks. Kotak Mahindra Bank emerged as the top gainer.



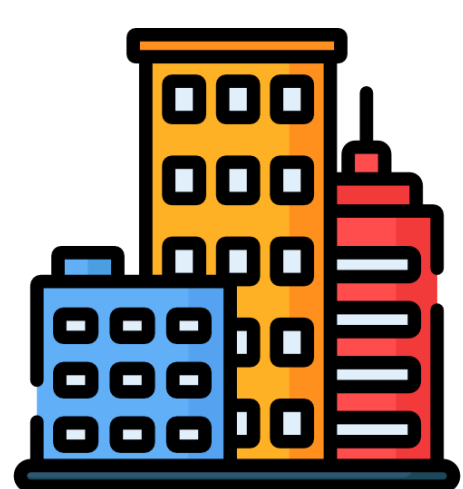
NIFTY Bank May'24 (in ₹)



Source: NSE

## Realty Sector

The realty sector witnessed a notable surge of 4.8% in May, propelled by robust quarterly performances and a surging demand for data centers. Market sentiment, fueled by an optimistic economic forecast, soared to levels unseen in a decade, playing a pivotal role in driving the sector's rally. Brigade Enterprises Ltd. stole the limelight as the month's top gainer, boasting an impressive 24.3% surge, accompanied by a threefold increase in quarterly profits. Conversely, DLF Ltd. faced a stark decline, plummeting by 9%, marking a notable contrast amidst the sector's buoyancy.



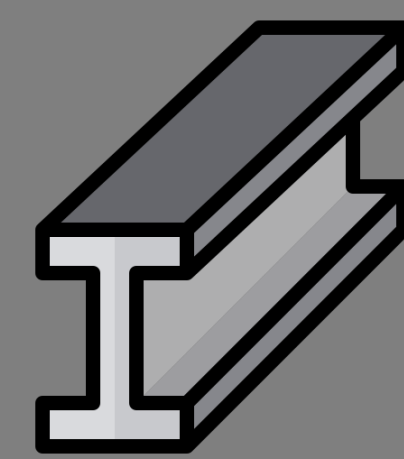
NIFTY Realty May'24 (in ₹)



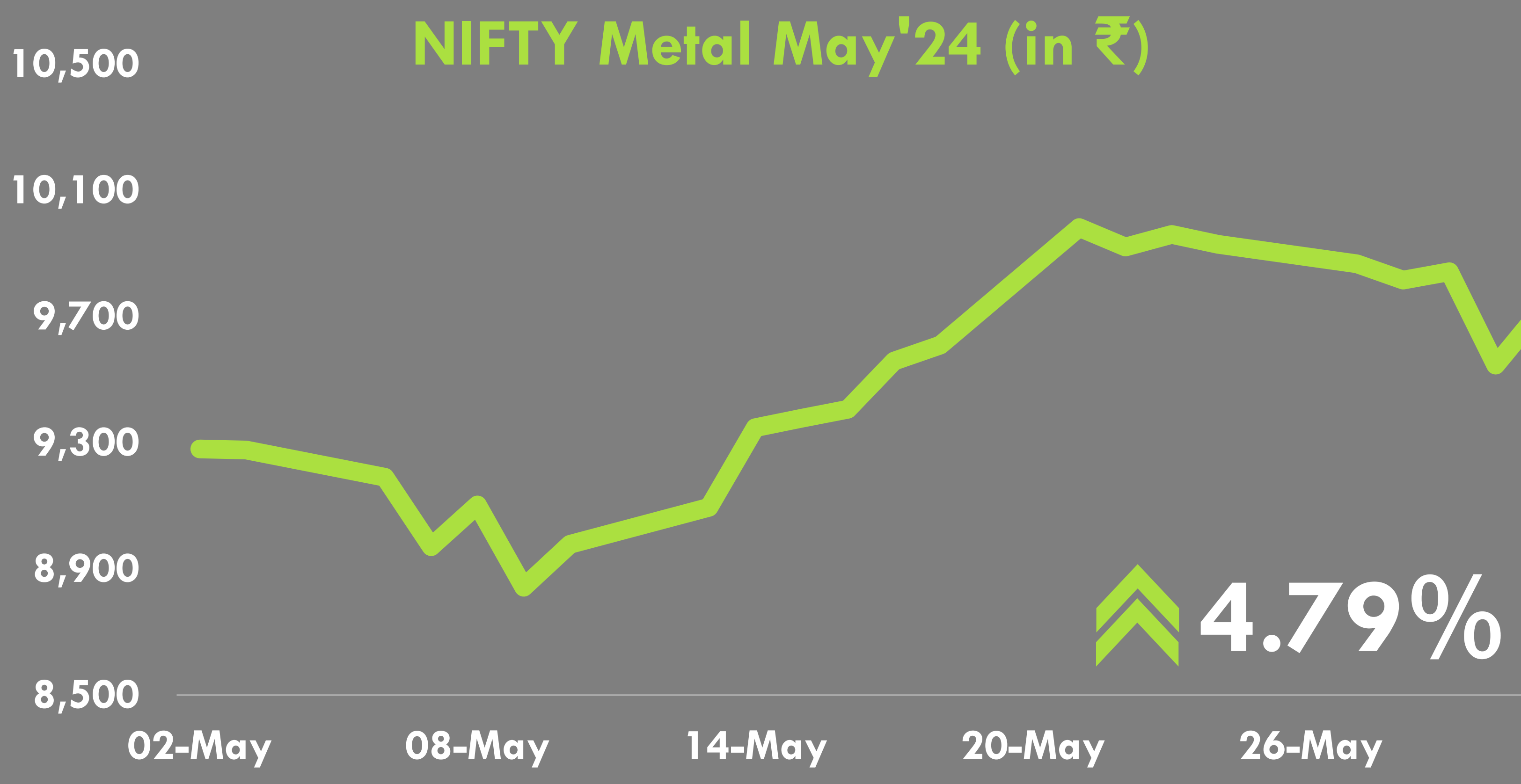
Source: NSE

## Metal Sector

The metal sector initially dipped in the first half of May but rebounded, reaching a new 52-week high. This recovery was fueled by an easing dollar, strong Q4 performance, and a global rise in metal prices such as zinc and copper. Additionally, increased manufacturing activities worldwide and a fall in coking coal prices boosted domestic steel companies. Positive developments in China's realty sector also contributed to the sector's upturn. Hindustan Zinc Ltd. emerged as the top gainer, rising by an impressive 59% and Welspun Corp Ltd. emerged as the top loser falling by 9.3% over the month.




NIFTY Metal May'24 (in ₹)



Source: NSE

# IPO

## Indegene's Stellar Debut

Founded in 1998, Indegene, a  digital-first life sciences commercialization company, helps biopharmaceutical, biotech, and medical device firms develop, market, and grow their products more effectively. Indegene leverages healthcare expertise, customized technology, and agility to offer personalized, scalable, and omnichannel experiences for both patients and physicians. Indegene's IPO, a book-built issue of ₹1,842cr, included a fresh issue of 1.7 crore shares worth ₹760cr and an offer for sale of 2.4cr shares worth ₹1,082cr. The IPO was highly successful, subscribed 70 times, with shares debuting ₹660, a 46% premium. Indegene's market valuation reached ₹13,614cr, with significant trading volumes on both BSE and NSE. The issue proceeds will be utilized to repay debt, fund capital expenditure, cover deferred acquisition costs, support inorganic growth, and general corporate purposes.

## Empowering Travel: TBO Tek's IPO

TBO Tek, founded in 2006, simplifies  global travel transactions, beginning with air ticketing and expanding into a comprehensive distribution platform for airfare, hotels, rail travel, holiday packages, and car rentals. Leveraging technology, the company integrates data analytics and AI to enhance user experience and drive sales. The IPO, valued at ₹1,551cr, included a fresh issue of 0.43 crore shares and an offer for sale of 1.3 crore shares. It was oversubscribed 87 times overall, with Qualified Institutional Buyers subscribing 126 times, Non-Institutional Investors subscribing 50.6 times, and the retail category subscribed 26 times. TBO Tek debuted strongly on both the BSE and NSE, with shares opening at ₹1,380 and ₹1,426 per share respectively, representing premiums of 50% and 55% over the issue price of ₹920 per share. Proceeds will fund expansion and technology upgrades. TBO Tek's IPO debut demonstrated strong investor confidence, listing at a significant premium. Its scalable platform and business model attract investors seeking long-term profitability. TBO Tek's adeptness in seizing digital commerce opportunities underscores its potential for sustained growth and market leadership.

## Byte-Sized IPO Boom

Slone Infosystems, a prominent IT  hardware solutions provider in  India, is distinguished in the industry for its curated selection of top-tier IT brands and innovative solutions, showcasing a steadfast commitment to quality and technological advancement since its inception in 1999. The company recently concluded its IPO aimed at raising ~₹11cr through a fresh issue of 14 lakh shares priced at ₹79 per share. Managed by Jawa Capital Services and registered by Kfin Technologies, the IPO garnered exceptional investor interest, evidenced by a subscription status of ~668 times, reflecting strong market confidence in Slone Infosystems' offerings and growth potential. The IPO proceeds will be utilized for general business purposes, debt repayment, and capital expenditures to acquire essential IT equipment such as laptops, desktops, SSDs, and RAM. Slone Infosystems debuted strongly at ₹118.5, a 50% premium over the IPO price signaling a positive outlook for the company and underscoring investor optimism in its growth.

### Upcoming IPOs

### IPO Size (Approx.)

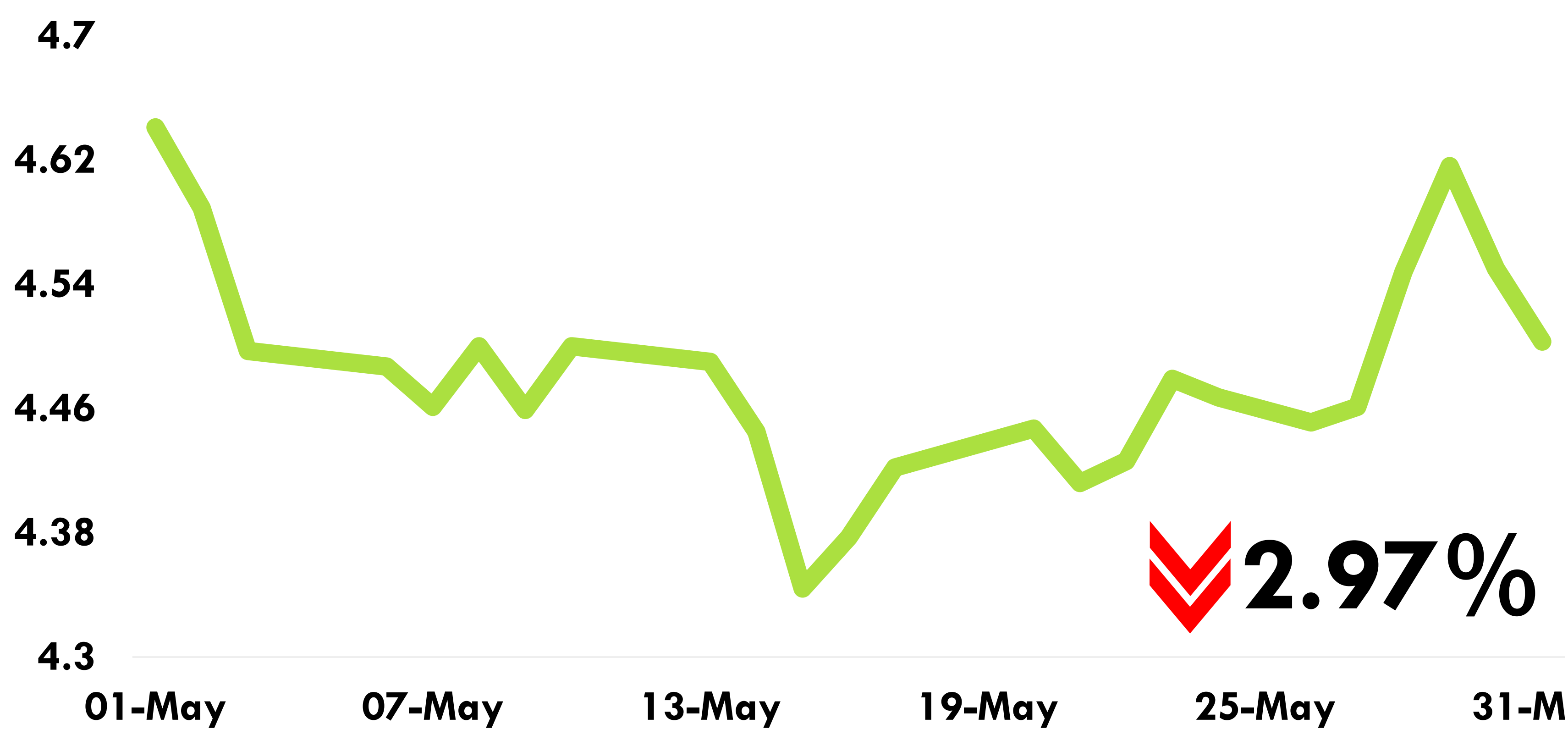
Kronox Life Science Ltd.	₹130 Cr.
Satrix Information Security Ltd.	₹ 22 Cr.
Magenta Lifecare Ltd.	₹ 7 Cr.

## Empowering Dreams: Aadhar's IPO

Aadhar Housing Finance Ltd is a  significant player in India's housing finance sector, focusing on low-income segments' home financing needs. Established in 2010, the company expanded notably after merging with DHFL Vysya in 2017. Recently, the company initiated an Initial Public Offering to raise ₹3,000cr, comprising a fresh issue of 3.2 crore shares worth ₹1,000cr and an offer for sale of 6.35 crore shares worth ₹2,000cr. The IPO attracted substantial investor interest, with an overall subscription of 26.8 times. Aadhar intends to utilize the IPO proceeds to meet future capital requirements for lending activities and general corporate purposes, demonstrating its commitment to expanding its reach and addressing the housing finance needs of underserved segments in India.

# FIXED INCOME

## US 10 Year Treasury Yield May'24 (in %)



Source: US Department of the Treasury

In May, U.S. Treasury yields experienced fluctuations amidst economic data releases and Federal Reserve commentary, declining to 4.5% at the end of the month. At the month's outset, weak jobs data prompted a drop in yields, reflecting concerns about economic growth. However, yields rose mid-month as investors awaited further clarity on inflation and employment. A two-day selloff later in the month drove yields to one-month highs, driven by poorly received government auctions and comments from Fed officials. Overall, uncertainty about Fed rate cuts, economic data, and inflation expectations contributed to the varied movements in Treasury yields throughout May.

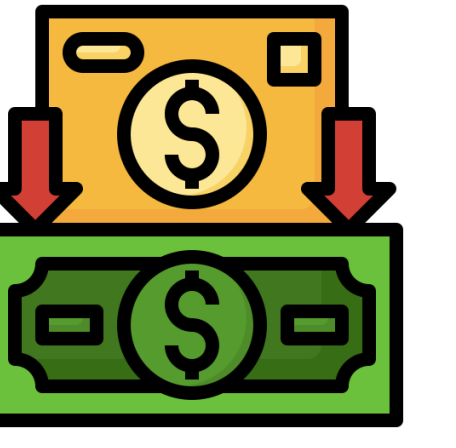
### Emerging Bonds Beat Odds

Emerging market sovereign bonds have outperformed expectations this year, delivering a 4.9% total return despite high US borrowing costs. These bonds, often rated as "junk," have surpassed US Treasury bonds, which saw a 3.3% loss. Key drivers include the resilience of the global economy and higher commodity prices, benefiting countries like Nigeria, Angola, and Zambia. Even with high inflation and challenges in the US economy, these emerging market bonds have shown remarkable resilience. Additionally, support from lenders such as the IMF has aided countries in debt distress, like Sri Lanka and Zambia. Domestic reforms and restructuring have also bolstered performance, with Argentina's bonds gaining 39% year-to-date. Significant investments and bailout loans have reduced the risk of sovereign debt defaults in countries like Egypt and Pakistan. Though high US interest rates typically draw capital away from emerging markets, the robust performance of these bonds has surprised investors, marking a notable shift in the global debt market landscape.



### Investing Made Easy: SEBI's Move

The Securities and Exchange Board of India (SEBI) has significantly lowered the face value of corporate bonds from ₹11kh to ₹10,000, aiming to make these investments more accessible to retail investors who were previously excluded due to high minimum investment thresholds. Historically, bonds were predominantly an investment vehicle for high-net-worth individuals, with face values often exceeding ₹10kh and minimum transaction sizes set at ₹21kh. This reduction allows a broader spectrum of investors to diversify their portfolios with bonds, benefiting from stable income and lower volatility compared to stocks. The increased retail participation is expected to invigorate the bond market, making it more dynamic and robust. SEBI's initiative also includes standardizing record dates to ensure consistency, harmonizing due diligence certificates for better comparability, and offering flexibility in publishing financial results to reduce costs and administrative burdens, further streamlining the issuance process and enhancing market transparency.



### Inflation

India's retail inflation eased marginally to hit an 11-month low of 4.83% on an annual basis in April due to a decline in the inflation rates in the Food and Beverage category. Although headline inflation has eased from its December peak, persistent pressure from food prices is impeding the ongoing disinflation process, presenting obstacles to achieving the target of 4%. The Monetary Policy Committee (MPC) maintains inflation prediction at 4.5% for the current year, even as the country braces for a scorching summer amid a spike in crude oil prices and persisting worries about supply chain issues due to the Red Sea crisis.

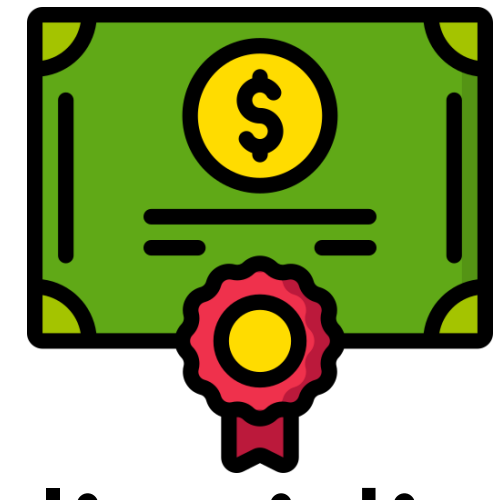
Month (2023-24)	Inflation (%)
December'23	5.69
January'24	5.10
February'24	5.09
March'24	4.85
April'24	4.83

Source: MOSPI

# RISK

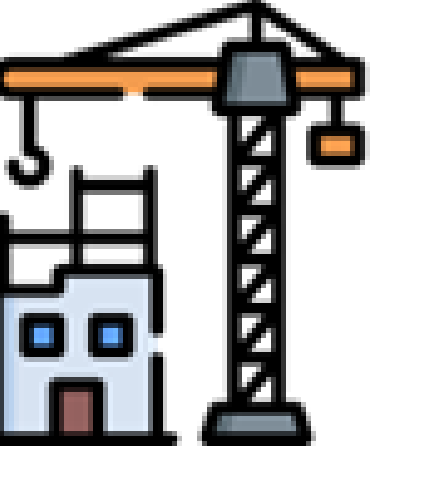
## Bond Chaos: Fed's Impact

The US Federal Reserve launched an aggressive interest rate hike campaign to curb rising inflation, inadvertently impacting liquidity—the ease and speed of asset trading. This heightened risk not only for bondholders but also for investors in companies reliant on bonds. As the Fed hinted at further rate hikes, existing fixed-income securities lost allure and worth, disconnecting buyers and sellers. Increasing yields on government and corporate bonds discouraged companies from issuing new debt due to concerns about elevated borrowing expenses. The losses on bond investments and declining investor confidence led to the collapse of Silicon Valley Bank and Signature Bank, marking a significant impact on the financial landscape. Losses on bond investments and declining investor confidence led to the collapse of Silicon Valley Bank and Signature Bank. Amid the Fed's interest rates remaining steady at 5.25 to 5.5 percent for nine months, companies seized the opportunity of relative stability to issue a record amount of new dollar-denominated bonds. Over the past couple of decades, instances of market strain—from the global financial crisis to the coronavirus pandemic—have spurred heightened scrutiny of liquidity risk by traders, analysts, and regulators.



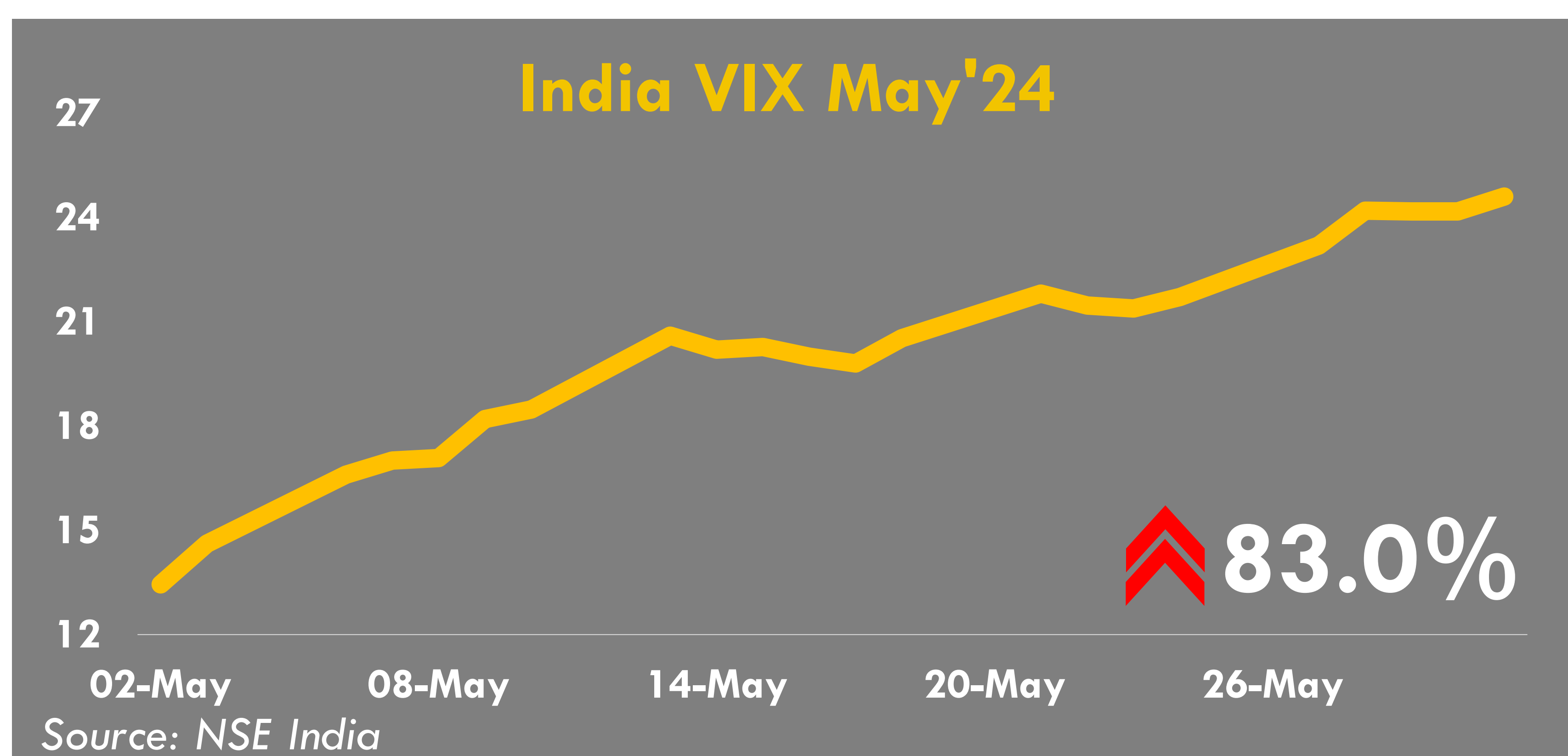
## Delayed Projects, Soaring Costs

According to a recent Ministry of Statistics and Programme Implementation report, project delays have resulted in a cost overrun of ₹5tn. Nearly 40% of infrastructure projects are affected by these delays, leading to significant cost escalations. This situation could potentially strain banks and non-banking financial companies (NBFCs) and increase the risk of loans becoming non-performing. Out of 1,873 infrastructure projects valued at ₹26.9tn, 779 projects are encountering delays. As a result, the collective cost of these projects has surged to ₹31.9 tn, representing a 19% increase. The extended duration of infrastructure project completion may have prompted the Reserve Bank of India (RBI) to propose draft guidelines for project finance, recommending a provision of up to 5% for project loans. These guidelines aim to mitigate the financial risks associated with project delays by ensuring that lenders have sufficient reserves to cover potential losses. Despite the challenges in timely project execution, bank loans to the infrastructure and construction sectors have risen by 30% in the last five years.



## A Shot in the Dark: Covishield

AstraZeneca, the creator of the Covishield COVID vaccine, recently made a surprising revelation concerning the potential occurrence of Thrombosis with Thrombocytopenia Syndrome (TTS) as a side effect. TTS is a rare but serious condition characterized by low platelet count and the formation of blood clots, with symptoms including shortness of breath, chest pain, and headaches. AstraZeneca has recognized a rare association between its vaccine and TTS, raising concerns about vaccine safety and causing difficulties for the Serum Institute of India, which manufactures Covishield, an identical version of AstraZeneca's vaccine. This acknowledgment has prompted various legal actions, including petitions filed in the Supreme Court of India, posing significant legal and regulatory challenges for the company. The apex court is yet to decide on the future of the vaccine in India. However, global regulatory bodies, such as the WHO, maintain that the benefits of vaccination far outweigh the risks associated with extremely rare side effects.



The India VIX has recently become a focal point of discussion, experiencing a staggering surge of over 83% throughout May 2024, a notable development as India awaits its forthcoming election results scheduled for the upcoming week. This surge represents the second-largest monthly spike observed since March 2020. It is a common phenomenon for the VIX to ascend in anticipation of elections, reflecting the prevailing uncertainty surrounding such events. However, beyond the local political sphere, a confluence of global factors is also exerting influence, including the monetary policy decisions of the US Federal Reserve and the recent divestment activities undertaken by foreign investors.

# DERIVATIVES

## After Hours Afterthought

SEBI's refusal of NSE's proposal to extend trading hours for index derivatives is linked to inadequate feedback from stockbrokers, falling short of SEBI's standards and expectations. Consequently, NSE has halted the plan for the time being. The proposed extension seeks to implement an evening session from 6 pm to 9 pm, dedicated to trading index futures and options. This initiative sought to align with global markets, allowing traders more time to react to international events. While such an extension could potentially bolster exchange revenues by increasing trading volumes, it met with resistance from derivative traders. Concerns were voiced about the potential impact on work-life balance, as well as the technical hurdles encountered by brokerages, especially those with a more traditional setup. Although some brokerages expressed support for the extended trading hours, SEBI's decision underscores the importance of thorough industry feedback and ensuring operational readiness before implementing significant changes to market structure.



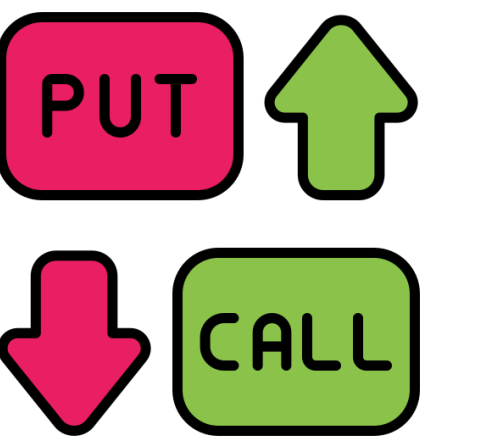
## Event Contracts in CFTC Crosshairs

The Commodity Futures Trading Commission (CFTC) has proposed a rule change to ban event contracts from the US derivatives market, potentially ending options trading on sports games, award ceremonies, and elections. This amendment broadens the definition of "gaming" to include these contracts, which CFTC Chair Rostin Behnam argues are against the public interest. Historically, the CFTC has opposed election betting, viewing it as harmful to the democratic process. The proposed rule also affects other event contracts, including betting on sports events and award ceremonies like the Oscars. Commissioner Summer K. Mersinger criticized the proposal for its broad scope and lack of specific legal authority, arguing it unfairly categorizes entire contract types without examining individual merits. The CFTC's stance could significantly impact the market, stifling the growth of betting on sports and award shows in the US. Critics argue that such broad regulation overlooks the benefits of these markets and could push these activities into unregulated spaces, increasing the risk of fraud and manipulation.



## Calls & Puts on Parade

India's top stock exchanges, NSE and BSE, are introducing new products with lower fees to capture a larger share of the booming derivatives market. The NSE plans to launch options contracts based on key sectoral indices, including pharmaceuticals and IT, pending regulatory approval. It has already launched options on the Nifty Next 50 index and reduced transaction fees. Similarly, the BSE will introduce options contracts based on indices of the top 50 and top 100 companies by market value and plans to relaunch underperforming products. These strategies have fueled a surge in trading activity, doubling the monthly notional value of derivatives to ₹8,737trn in March 2024. BSE's market share in derivatives trading has risen from under 1% to 17%, challenging NSE's dominance. Both exchanges experienced revenue growth, with BSE reporting a 55% increase and NSE a 21% rise in the nine months ending December 2023. This competition has drawn regulatory scrutiny from SEBI, which is now examining exchange incentives to brokers and has increased regulatory fees.



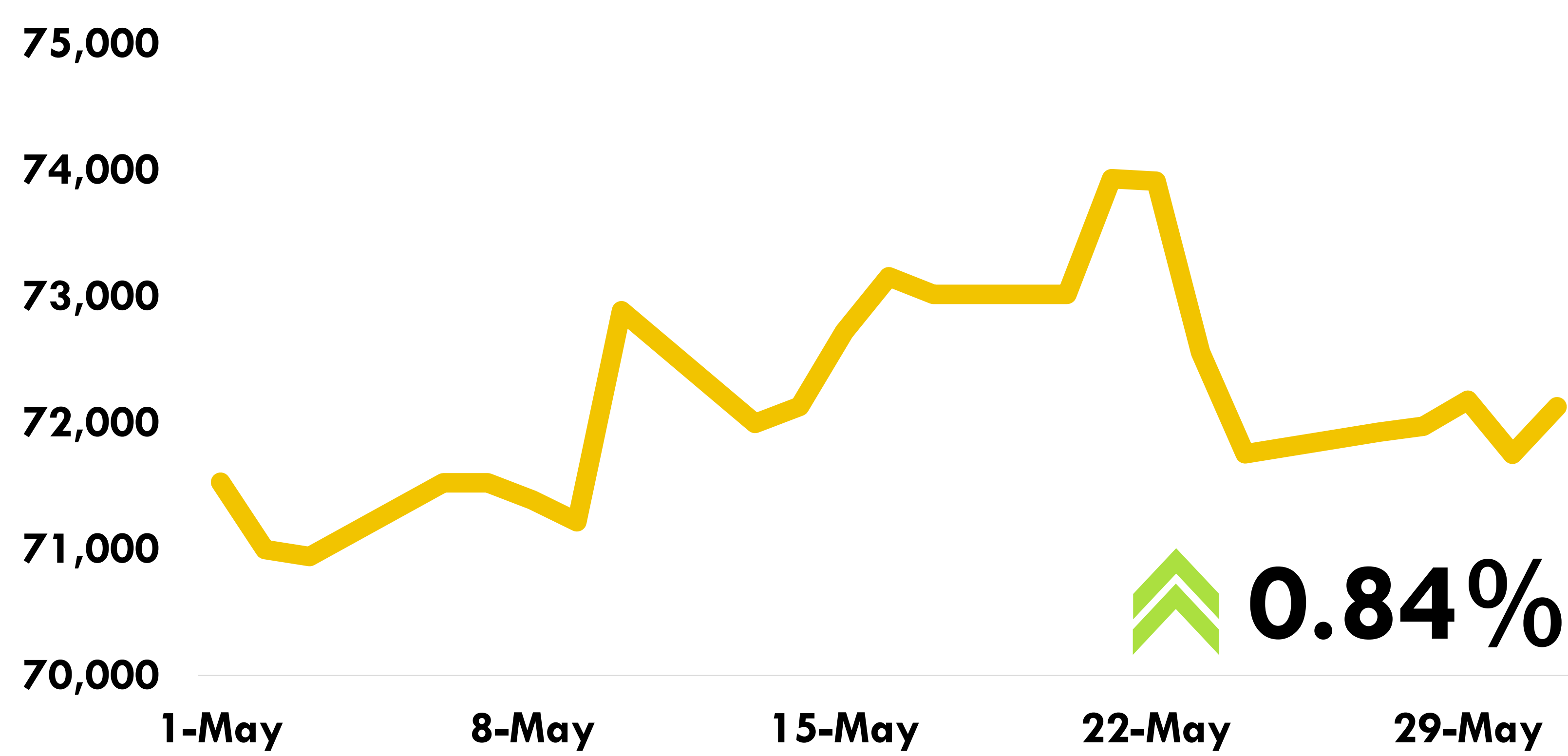
## Hedging Weather's Whims

Weather derivatives are experiencing a surge in demand due to increased climate volatility and societal changes. Trading volumes for these products soared over 260% in 2023, with outstanding contracts now 48% higher than a year ago. This growth is driven by corporations addressing their weather-related risks, influenced by regulatory and investor pressures. Weather derivatives offer protection against common meteorological threats, unlike catastrophe bonds that cover rare events. They help industries like agriculture and tourism manage financial impacts from unpredictable weather. Recent expansions in derivative offerings include new geographical options and advanced products leveraging meteorological technology. Despite challenges like basis risk and short-term specificity, the market's role in supporting renewable energy projects and mitigating climate risks underscores its growing importance. Weather derivatives are viewed as essential tools for businesses navigating the complexities of climate-related financial exposure.



# COMMODITIES

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



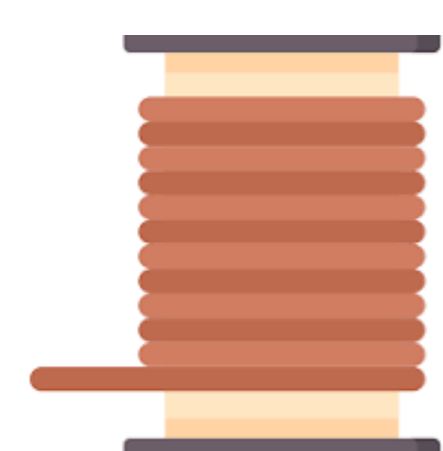
Source: MCX

During May, gold prices surged on the Multi Commodity Exchange (MCX), reaching an intraday high of ₹72,320 per 10 gm. Similarly, COMEX gold prices hovered around \$2,358 per troy ounce internationally, reflecting an upward trajectory in line with recent trends. This surge is primarily attributed to central bank's gold buying momentum, geopolitical tensions and the weakness in the US dollar rate, underscoring gold's appeal as a safe-haven asset. Anticipation surrounding US GDP and core PCE data on Thursday aligned with the market expectations of flat figures thereby boosting gold prices.

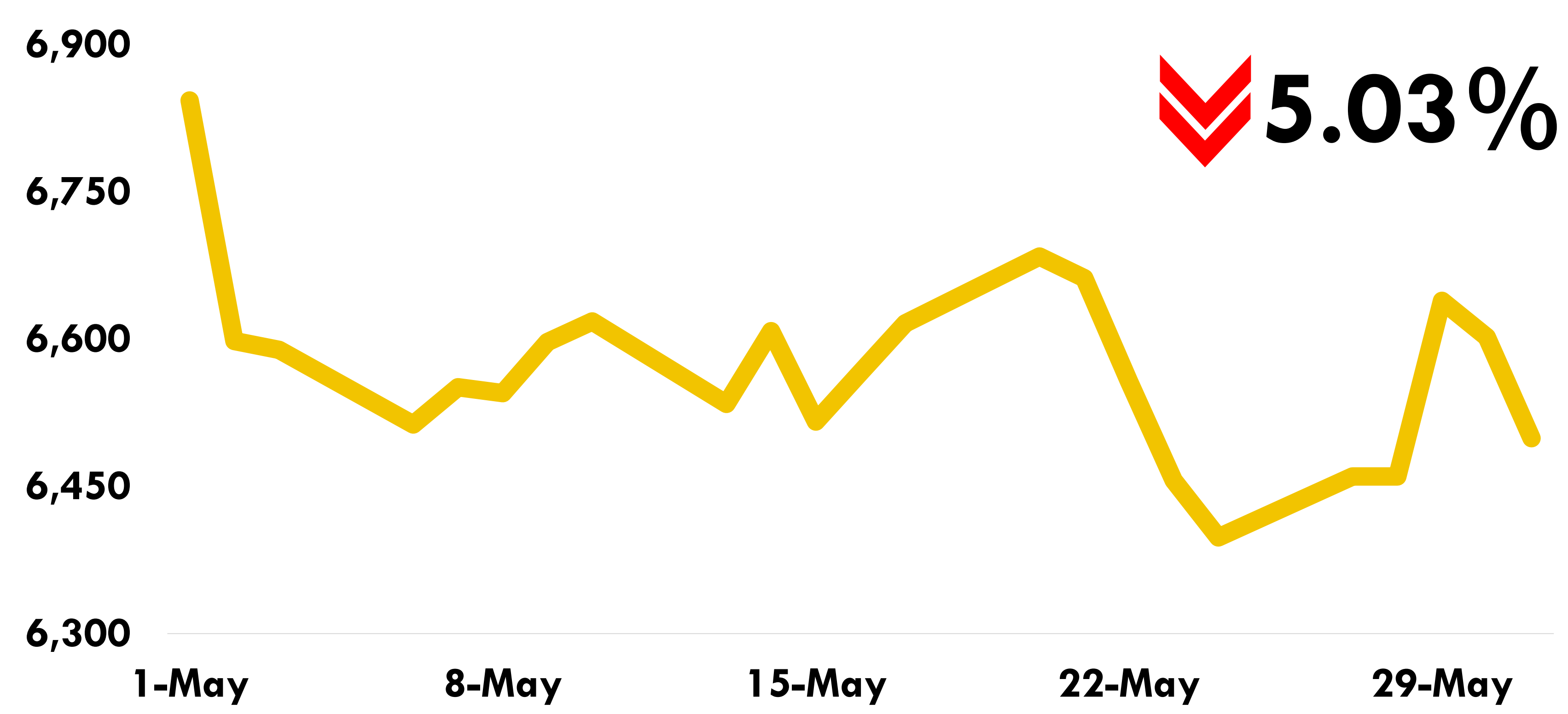


## Copper's Ascending Demand

Copper, a crucial industrial metal, witnessed a surge in demand driven by the rise of electric vehicles (EVs), expanding power grids, and concerns about global warming. This demand surge led to a significant increase in copper prices, with investors anticipating further gains. Supply shortages, including the closure of the Cobre Panama mine and rising demand from the EV segment, contributed to the supply crunch. Geopolitical factors, such as sanctions on Russia, further exacerbated the situation. Predictions indicated sustained growth in copper prices, buoyed by a revival in China's housing market and increased demand from renewable energy sectors. However, challenges such as geopolitical tensions, uncertainty surrounding US rate cuts, and a slowdown in the Chinese property market introduced short-term volatility. Despite these potential disruptions, the outlook for copper remained strong, with growing demand from the EV and renewable energy sectors driving its value.



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



Source: MCX

In May, crude oil and gasoline prices initially surged but later retreated, with crude dropping from a one-month peak. Factors such as a stronger dollar and weakness in the stock market contributed to the decline, denting confidence in economic prospects and energy demand. Despite geopolitical tensions in the Middle East, including missile attacks and conflict between Israel and Hamas, crude's losses were tempered. Additionally, higher-than-expected Russian crude output and concerns about potential discord among OPEC+ members regarding production levels added to market uncertainty. The anticipation of U.S. crude stockpiles data amid resilient economic activity and expectations of prolonged higher borrowing costs further influenced oil prices.



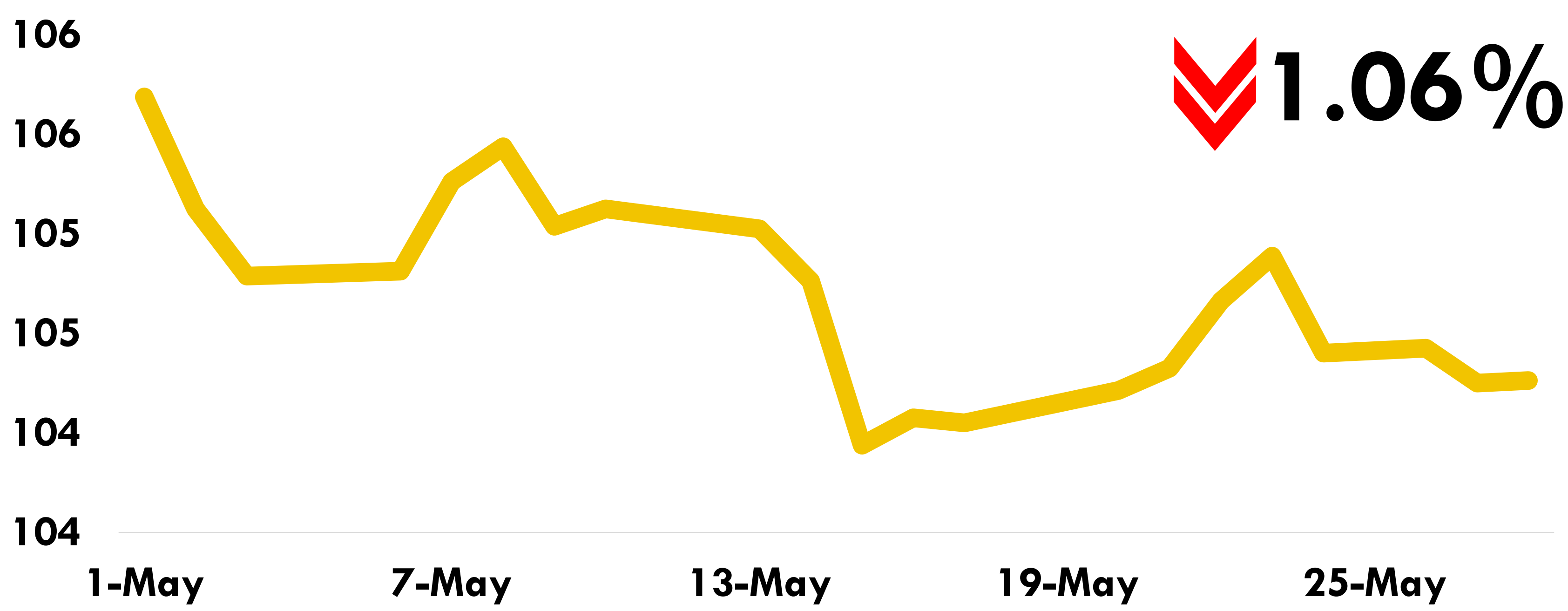
## India's Wheat Revival

India is set to resume wheat imports after six years to replenish low reserves and curb soaring prices caused by poor harvests over the past three years. The government plans to eliminate the 40% import tax after June, coinciding with Russia's harvest, allowing private traders and flour millers to import wheat. This move, prompted by pressure from the Roller Flour Millers' Federation of India, aims to stabilize domestic supplies and prices. Expected imports of 3-5 million metric tons would mitigate local price spikes during the peak festival season and prevent depletion of state reserves. India's wheat stocks dropped to a 16-year low of 7.5 million metric tons in April, pressuring the government to act swiftly. This import strategy is crucial to maintaining a psychological benchmark of 10 million tons in state reserves and sustaining the world's largest food welfare program.



# CURRENCY

## US Dollar Index (USD)



Source: Investing

In May, the US Dollar Index fell by 1.06% as investors anticipated inflation data. The dollar was recovering some losses against peer currencies after a weaker-than-expected first-quarter GDP adjustment hinted at potential rate cuts this year. Earlier in May, softer US consumer price inflation data renewed expectations for rate cuts, depreciating the dollar and setting it on track for its first monthly losses in 2024.

## Argentina Unveils 10,000 Peso Bills

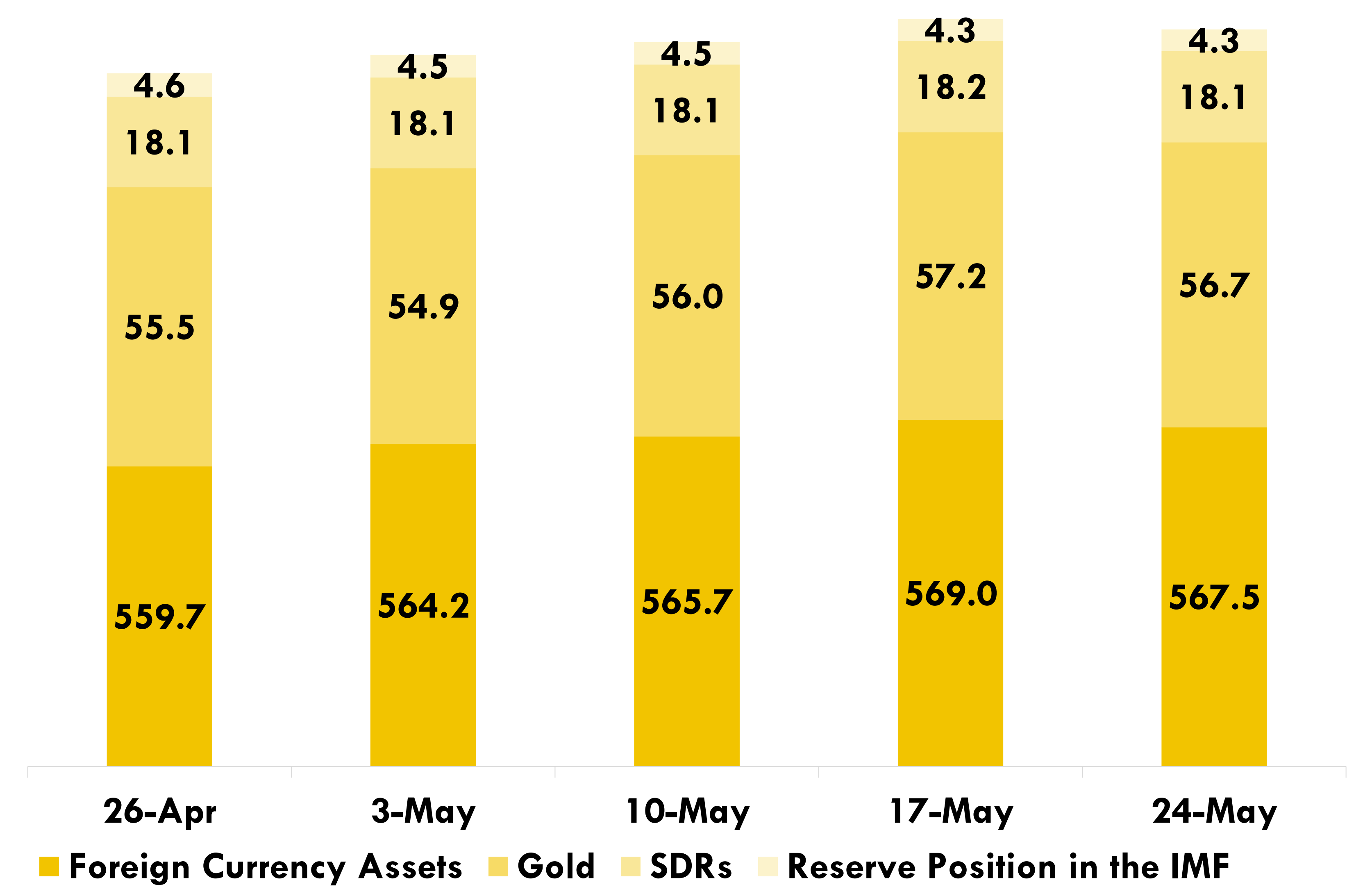


Argentina's central bank introduced Arg\$10,000 notes to simplify transactions burdened by the country's increased inflation, which reached 287% in March. The new notes, worth \$11 at the country's official exchange rate, are five times more valuable than the previous largest denomination of Arg\$2,000 and are expected to hit the streets in the upcoming month. This was done to ease the load of residents who are forced to carry large amounts of cash to make small payments. Cash payments remain popular in the country, as retailers prefer to receive funds immediately amid economic instability. The new Arg\$10,000 notes depict portraits of Manuel Belgrano, a founding father of Argentina, and María Remedios del Valle, an army captain who fought for the country's independence. The central bank also plans to launch an Arg\$20,000 note later this year.

## India's Forex Reserves Fall

After reaching an all-time high of \$648.7bn in the third week of the month, forex reserves ended the month at \$646.7bn. Despite previous weekly increases, foreign currency assets fell \$1.5bn to \$567.5bn, gold reserves dropped \$482mn to nearly \$57bn, and Special Drawing Rights decreased by \$33mn to \$18.1bn in the week ending May 24, 2024. Amid the significant local event of the general election declaration on Tuesday, the rupee's volatility remained stable and range-bound, thanks to the RBI's efforts and the absence of significant instability.

## FOREX Reserve (USD Bn)



Source: RBI

Currency	1 <sup>st</sup> May'24	31 <sup>st</sup> May'24	Change (%)	Trend
INR/USD	INR 83.4067	INR 83.4378	↑ 0.04	
INR/EUR	INR 89.0580	INR 90.5010	↑ 1.62	
USD/EUR	USD 1.0718	USD 1.0858	↑ 1.31	
JPY/USD	JPY 155.69	JPY 157.25	↑ 1.00	
CAD/USD	CAD 1.3723	CAD 1.3654	↓ 0.51	
USD/GBP	USD 1.2541	USD 1.2737	↑ 1.56	
USD/SEK	USD 0.0916	USD 0.0950	↑ 3.71	
USD/CHF	USD 1.0911	USD 1.1079	↑ 1.54	

Source: Investing

# OTHER ASSET CLASSES

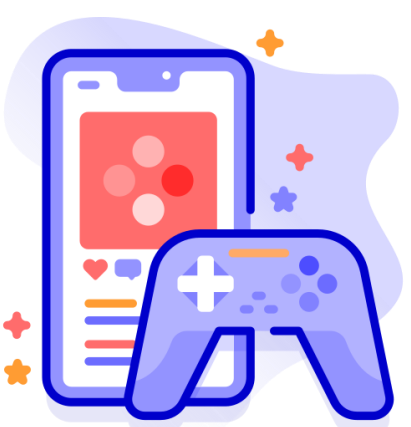
## Crypto Craze Hits UK

The UK is on the brink of witnessing its first cryptocurrency exchange-traded products (ETPs) entering the market, following almost a decade after Sweden saw the advent of such financial instruments. WisdomTree, 21Shares, and Invesco have obtained approvals from the Financial Conduct Authority (FCA), the financial regulatory body in London, to launch ETPs focused on bitcoin and ether, from May 28 onwards. Nevertheless, these ETPs will be accessible solely to professional investors, as the FCA regards crypto derivatives as inappropriate for retail consumers due to potential risks. This stands in stark contrast to stock exchanges in various parts of continental Europe, Australia, Brazil, Canada, Hong Kong, and the US, where crypto ETPs are open to both retail and institutional investors. Despite the retail investors ban, issuers remain hopeful that there would be sufficient interest among the UK-based professional investors to make the listing on LSE worthwhile. Additionally, several other managers of crypto ETPs, such as ETC Group and CoinShares, are also in the process of seeking approval from the FCA to list their products on the LSE.



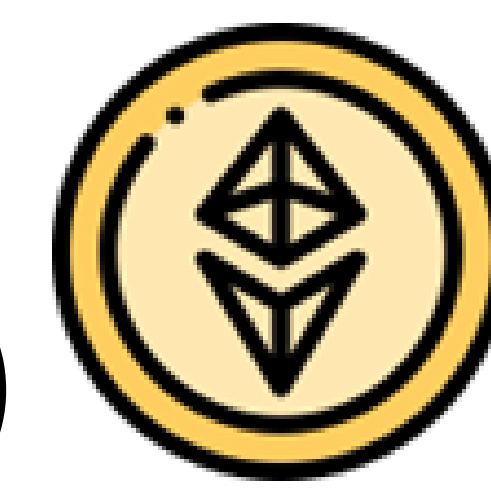
## Digital Playground: India

India's dynamic online gaming sector is rapidly gaining momentum, driven by a thriving digital economy and a population well-versed in technology. With a youthful demographic, widespread smartphone availability, and fast internet access, India's gaming industry is poised to impact the global stage significantly. As of 2023, India is the world's largest gaming market, boasting an impressive 568 million gamers and over 9.5 billion gaming app downloads. This growth story is underscored by a remarkable 28% Compound Annual Growth Rate (CAGR) from FY20 to FY23, attracting substantial investments and creating numerous job opportunities in the country. The proliferation of broadband infrastructure in Tier-II and Tier-III cities has democratized access to online gaming, extending its reach beyond urban hubs. Moreover, the recognition of e-sports as a medal event in prestigious competitions like the Commonwealth Games 2022 and Asian Games 2023 has solidified its status as a legitimate sporting activity, further enhancing its appeal and acceptance.



## SEC approves Ether's ETF

The Securities and Exchange Commission has approved the first exchange-traded funds (ETFs) in the United States that hold ether, the second-largest cryptocurrency after bitcoin. This decision came as a surprise to the crypto community. These newly sanctioned funds, known as spot ether ETFs because they deal directly in the digital currency itself, will simplify the process for mainstream investors to purchase and sell ether, similar to how they trade stocks or mutual funds. Ether functions as the native token on the Ethereum blockchain, which operates as an open software platform for developers to build and manage crypto applications, much like iOS or Android. This ruling paves the way for the eventual trading of ether ETFs by allowing exchanges to list such products. Over 10 asset management firms, including BlackRock and Fidelity Investments, have applied to launch the first batch of ether ETFs. Bitcoin ETFs have enjoyed significant success, amassing over \$30bn in investor assets and fueling a frenzy that has driven the cryptocurrency's price to all-time highs.



## Time is Money

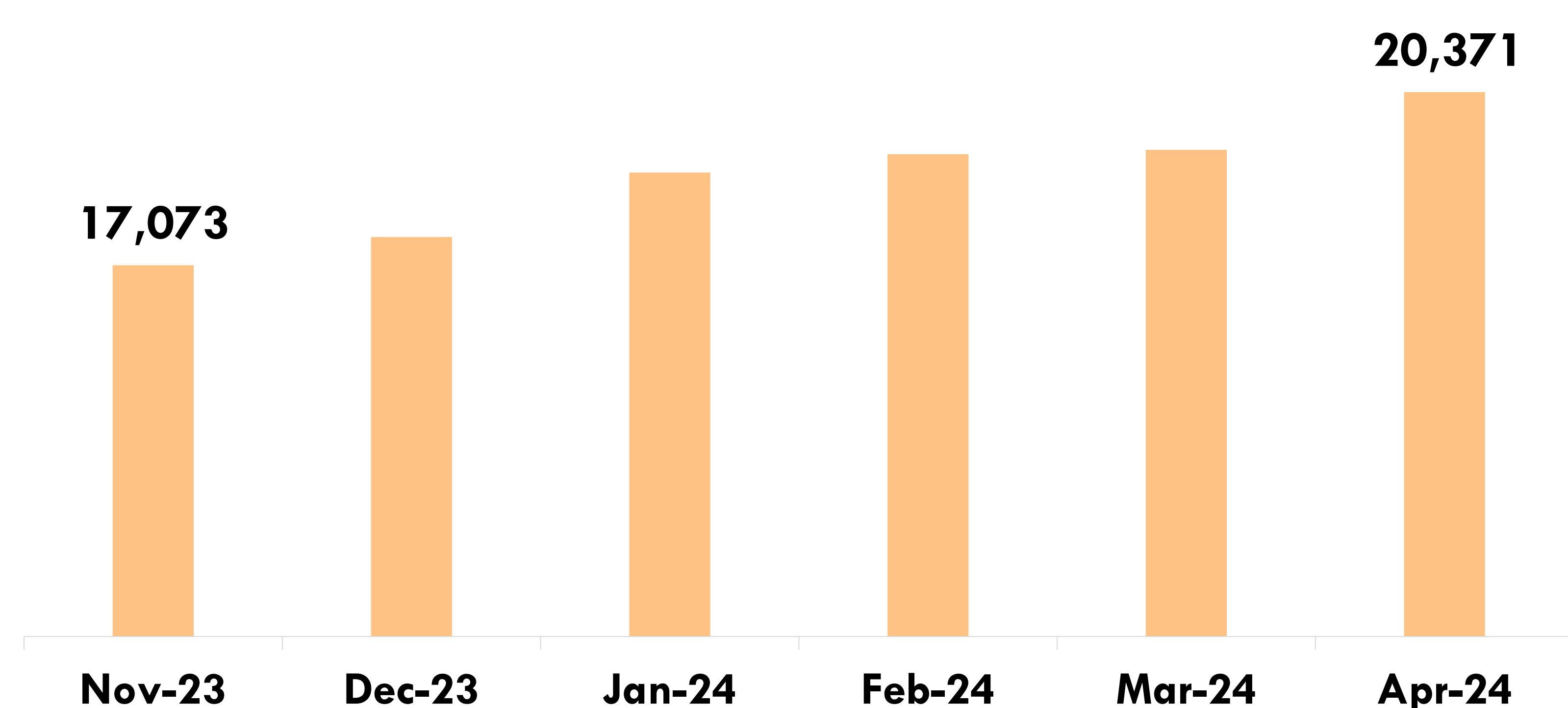
Luxury watches have historically symbolized success and status, often adorning the wrists of affluent individuals to showcase their standing in society. However, beyond their visual allure and prestige, many collectors and investors see luxury watches as a promising avenue for investment. A key rationale for investing in these timepieces is their capacity to maintain their worth over time. Unlike other luxury items that may depreciate or fall out of favor, high-end watches from reputable brands have consistently demonstrated their ability to preserve value. Specific Rolex models have seen a notable appreciation of about 93% over five years, presenting an enticing opportunity for collectors seeking financial gain. Additionally, the durability and longevity of luxury watches further bolster their investment appeal. These watches can be sold via the online marketplace, auction houses, local dealers, and consignment shops. Unlike perishable luxury goods like designer apparel or accessories, finely crafted watches are built to withstand the test of time. With proper upkeep, a premium watch can endure for generations while retaining its allure and value, making it a prudent investment choice for those seeking a dependable asset.



## SIPs Inflows getting Popular

Retail investor interest in mutual funds continues to surge as SIPs in mutual funds achieve a historic milestone in April, surpassing the ₹20,000cr mark for the first time with inflows of ₹20,371cr. This coincides with a record 63.65 lakh new account openings and 33.25 lakh account closures this month. This growth has pushed the total number of outstanding SIP accounts to 8.70cr and propelled the total Assets Under Management (AUM) to ₹11.26 lakh cr. This jump in new SIP registrations, as well as closures, signals a realignment in portfolios by investors amid equity volatility ahead of the general elections.

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



Source: AMFI

## Mutual Funds' Global Gateway

The Securities and Exchange Board of India (SEBI) has proposed a framework allowing domestic mutual funds (MFs) to invest in overseas mutual funds (MFs) and unit trusts (UTs) with up to 20% of their assets in Indian securities. This initiative aims to eliminate existing ambiguities that currently deter Indian MFs from investing in global funds with Indian exposure, thereby expanding investment opportunities. SEBI mandates a six-month rebalancing period if the Indian exposure exceeds the 20% limit, followed by mandatory liquidation if not rectified. The framework requires independent management of overseas funds without advisory agreements with Indian MFs to ensure transparency and prevent conflicts of interest. The proposal's success hinges on the Reserve Bank of India raising the \$7bn cap on overseas investments, which is currently exhausted by the industry. Despite this limitation, the framework promises greater diversification and access to sectors unavailable in India, aligning with SEBI's goal of facilitating global investments while protecting investor interests.



## Equity MFs Consecutive Inflows

Equity mutual funds in India saw net inflows dip 16.4% in April to ₹18,917cr, marking the lowest level in four months. However, this continues a positive inflow trend for the 38th consecutive month. This moderation in inflows did not dampen investor enthusiasm entirely, and the Indian mutual fund industry witnessed a dynamic shift in investment choices during April. Sectoral and thematic funds emerged as investor favorites, attracting over ₹5,166cr during the month. Notably, small-cap funds saw a significant turnaround, transitioning from outflows in March to inflows exceeding ₹2,200cr in April. Additionally, hybrid funds experienced a surge in inflows, reflecting investors' preference for diversification in a potentially volatile market. This mix of continued equity interest, renewed small-cap focus, and increased hybrid fund inflows paints a picture of a dynamic and evolving investment landscape in India.



## Flexible Funds for Your Future

ICICI Prudential Life Insurance, a prominent private insurer in India, has introduced a new Unit-Linked Insurance Plan (ULIP) named ICICI Pru Platinum. The plan aims to better serve customers by changing how distributors are paid. Traditionally, distributors earn large upfront commissions on these plans, which can sometimes encourage them to focus on quick sales rather than the customer's long-term financial goals. ICICI Pru Platinum takes a different approach by linking distributor commissions to the customer's fund value. This unique feature incentivises distributors to recommend the product to customers seeking long-term wealth creation and to guide them towards staying invested throughout the policy term. The plan offers customers the luxury of choosing from a wide range of 21 funds, including equity, debt and balanced funds, allowing them to tailor their investment strategy to their risk appetite and financial goals. Customers enjoy the flexibility to switch between asset classes at no additional cost or tax penalty, allowing for portfolio adjustments based on market conditions.



## Funding Fuels Housing Growth

To capitalize on long-term growth potential, Shriram Housing Finance Ltd. (SHFL) struck a deal with New York-based private equity firm Warburg Pincus, selling its equity and convertible instruments for ₹4,630cr. The booming consumer finance sector presents significant opportunities for both Shriram Finance Ltd. (SFL) and its subsidiary SHFL. They focus on enhanced customer satisfaction by providing affordable housing and leveraging the market's growth potential. Warburg Pincus will acquire the stake through its affiliate, Mango Crest Investment Ltd. As of March 31st, 2024, SFL holds an 83.8% controlling stake in SHFL, while private equity firm Valiant holds 14.8%. Valiant will also sell its entire stake to Warburg Pincus as part of the deal. Following the agreement, SHFL will no longer operate as a subsidiary of SFL, but its current management team will continue to lead the business. This transaction aims to create value for both SHFL and SFL, leveraging Warburg Pincus's extensive experience partnering with exceptional teams in the financial sector.



## Distressed Deal, Big Win!

Indian Oil Corporation Ltd. (IOCL), India's largest oil marketing company, has acquired Mercator Petroleum, an oil and gas subsidiary of Mercator Ltd., for ₹148cr. This acquisition stands out as it was conducted under the Insolvency and Bankruptcy Code (IBC) of 2016. Mercator Petroleum has been undergoing the Corporate Insolvency Resolution Process (CIRP) since 2020, and IOCL submitted a resolution plan to the National Company Law Tribunal (NCLT) to acquire a 100% stake in the insolvent company. The plan was approved by the Mumbai Bench of NCLT, enabling IOCL to complete its first acquisition via the IBC by transferring the amount to the principal lender, Bank of Baroda (BoB). The insolvent entity's total dues were ₹482cr, with approximately 31% recovery achieved through the ₹148cr agreement. Additionally, Mercator owns land-based oil and gas research blocks with oil reserves valued at ₹4.55cr, located 60km from the significant petroleum refinery block at Koyali. This acquisition has proven favorable for IOCL, as it not only strengthens their resource base but also enhances their strategic position in the region.



## Enhancing Energy Network Capacity

Adani Energy Solutions Ltd. (AESL) has bought 100% of Essar Transco Ltd. for ₹1,900cr, with intentions to expand its operations. The purchase was made by Adani Transmission Step Two Ltd. (ATSTL), a subsidiary of AESL. As a result, Essar Transco Ltd. is now a subsidiary of ATSTL and a step-down subsidiary of AESL. The acquisition was funded solely by MUFG Bank Ltd. The deal includes a 400kV inter-state transmission line connecting Mahan in Madhya Pradesh to the Sipat pooling substation in Chhattisgarh. The project was completed under the Central Electricity Regulatory Commission (CERC) regulated return framework. This move strengthens AESL's presence in Central India, adding to their existing four operational assets in the area, which cover a total of 3,373km. This expansion is part of AESL's strategy to grow its capabilities and improve efficiency through operational synergies. Additionally, ATSTL secured the financing for this acquisition at highly competitive rates, setting a new standard for financing operational assets under AESL.



## Streamlining Petrochemicals Powerhouse

India's largest conglomerate by market cap Reliance Industries acquired a 100% stake in its step-down subsidiary Reliance Chemicals and Materials Ltd. (RCML) for consideration of ₹314.5cr. RCML is a step-down wholly-owned subsidiary of the company through Reliance Projects and Property Management Services Ltd. (RPPMSL), is engaged in the business of manufacturing petrochemicals, vinyl, hydrogen, and its derivatives, rare and industrial gasses, bioenergy products and carbon fiber. The transaction was completed through RPPMSL and is a mere transfer of ownership between two entities, qualifying it as a related party transaction. Thus, no government or regulatory approvals or other formalities were required. The acquisition was on an arm's length basis, i.e. there was no conflict of interest related to the transaction. The ulterior motive behind this strategic acquisition was to streamline the company's operations by making its petrochemicals step-down subsidiary, RCML, a wholly-owned subsidiary of Reliance Industries. This strategic move has helped the parent company to boost its petrochemicals portfolio.



# STRATEGY

## Sweet Pandemic Strategy

Naturals Ice Cream, a leading brand in India, is renowned for its diverse flavors extracted from fruit pulps, truly justifying its name. Naturals Ice Cream has been dominating the market with its “slow cooking” method, which focuses on maximizing the quality of its ice creams. Naturals' revenue took a hit during the pandemic due to unfounded rumors linking ice cream consumption to coronavirus infection. To recover sales, they implemented a two-pronged strategy: a return to pre-pandemic levels and global expansion, aiming for an ambitious growth of 30-40%. They partnered with Rebel Foods to sell its ice creams through cloud kitchens on online platforms like Zomato and Swiggy. While this strategy helped the brand recover sales, they also introduced easy-to-store mini packs during the lockdown. Additionally, their ‘Tough Tub’ campaign assured customers that the products were tamper-proof. Embracing the “vocal for local” concept, Naturals started offering flavors inspired by local desserts, helping them establish a pan-India presence while maintaining a local touch. Today, the brand has a turnover of approx ₹300cr. Its success is rooted in its simplicity, a deep understanding of consumer demand, and the effective use of modern Enterprise Resource Planning (ERP) and Business Intelligence (BI) systems.



## A Timeless Investment

Launched in 1984 through a partnership between the Tata Group and Tamil Nadu Industrial Development Corporation (TIDCO), Titan Watches swiftly rose to prominence in India's burgeoning watch market. Despite early challenges, Titan Watches devised a distinct strategy that focussed on design and innovation, collaborating with global design firms to create stylish and functional timepieces tailored for the Indian market. Notably, Titan Watches pioneered water-resistant watches in India, catering to the country's climate. Additionally, the brand cultivated a strong resonance with Indian consumers by celebrating the nation's culture, traditions, and values through marketing campaigns and festival-themed designs. Recognizing the significance of distribution, Titan Watches established a widespread retail network and bolstered its online presence through strategic partnerships. Continual emphasis on design innovation and alignment with Indian culture propelled Titan Watches to its current status as a dominant player in the Indian watch market, capturing over 25% market share. Titan Watches stands as a testament to the fusion of innovation, design, and Indian ethos, embodying the nation's rich identity and values.

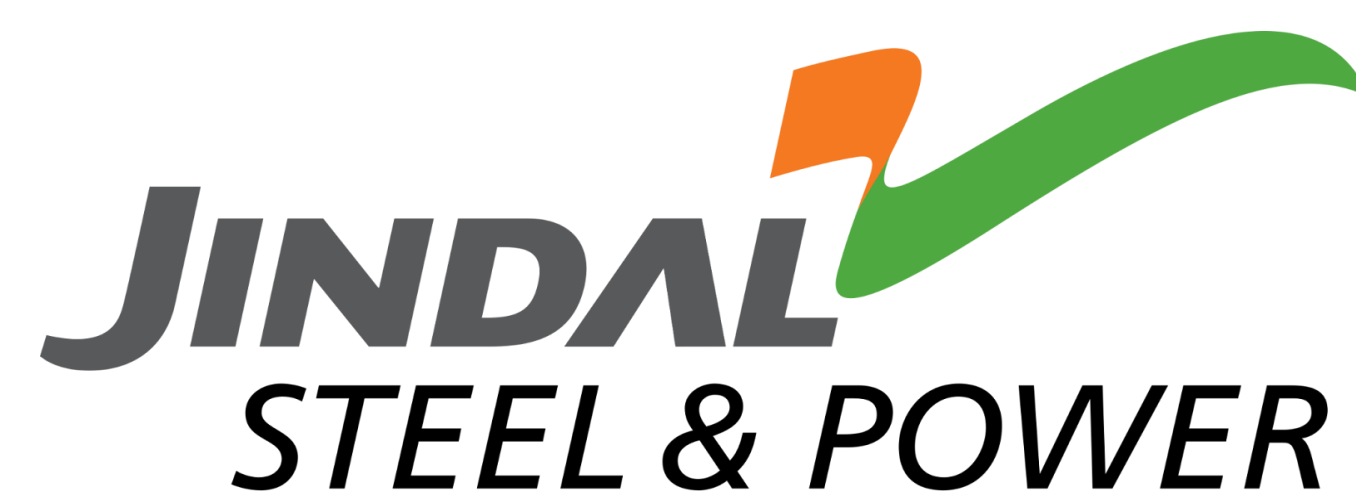
## From Chaos to Cozy: Furnishing Dreams

Pepperfry is more than just a furniture brand; it's an innovative force in the Indian furniture market. Since its inception in 2012, Pepperfry has transformed the market by establishing an online platform with a wide array of products. It targets urban, middle-class individuals aged 25-45 who want stylish and affordable furniture to create their ideal homes but face challenges in an unorganized market, such as high prices and limited product availability. By using a managed marketplace model, Pepperfry has captured nearly 50% of the market share. Pepperfry's extensive and unique product range appeals to budget-conscious customers, offering a seamless omnichannel experience. The company boosts sales with incentives like discounts and various financing options. Additionally, their humorous marketing campaigns and user-generated content enhance consumer engagement. Leveraging data for personalized recommendations and targeted advertising further strengthens their market position. Pepperfry's growth stems from its minimalist, space-saving solutions, multifunctional furniture, and clutter-free storage options, all backed by a blend of online and offline marketing strategies. These elements have enabled Pepperfry to revolutionize the Indian furniture market and effectively meet the aspirational needs of its target demographic.

# MARKETING & BRANDING

## Fortune's Recipe for Connection

In today's fast-paced society, virtual chats and social media often overshadow in-person conversations. Even during meals, couples frequently immerse themselves in the digital world, missing opportunities to connect on a deeper level. Addressing this modern disconnect, Fortune Foods launched its "Language of Love" campaign, based on the belief that every meal is an opportunity to rediscover and celebrate meaningful connections through the universal language of love: food. This campaign is a crucial element of Fortune Foods' marketing strategy, aiming to promote its products while positioning the brand as a facilitator of meaningful connections and shared experiences. Through a series of heartwarming films, Fortune Foods promotes not just a product but a lifestyle. The "Language of Love" campaign encourages couples to set aside digital distractions, share a home-cooked meal, and let the act of savoring these moments strengthen their bonds. This powerful message transcends the product, aiming to spark a cultural shift towards more mindful and intentional dining experiences. It envisions a world where sharing a meal becomes a cherished ritual for strengthening connections and nurturing love.



## Empowering Moms to Chase Dreams

YES Securities has launched a heartfelt marketing campaign aimed at empowering mothers to pursue their dreams. The campaign, titled "Gift Her The Future," features a poignant short film highlighting the stories of mothers who have put their aspirations on hold for their families. It encourages mothers seeking part-time employment to explore opportunities with YES Securities, welcoming those eager to balance career growth with family responsibilities. Through the ad film, live on all YES Securities' social media platforms, the company highlights the capability of mothers to multitask, nurturing their families while achieving career goals. Through this campaign, YES Securities seeks to inspire and support mothers in rediscovering and achieving their personal and professional goals. This initiative aligns with YES Securities' broader commitment to social responsibility and community support, emphasizing financial independence and self-fulfillment for mothers. By showcasing real-life stories and offering practical financial advice, YES Securities aims to create a positive impact on the lives of mothers, encouraging them to take the first step toward realizing their dreams. This campaign not only promotes the brand but also fosters a deeper connection with the audience by addressing a relevant and emotionally resonant issue.

## Metal Meets Mettle

Jindal Steel's latest marketing campaign pays homage to the indomitable spirit and steely resolve of India, celebrating the nation's unwavering determination and strength. The campaign artfully combines powerful visuals and compelling narratives to illustrate the contributions of everyday Indians who exhibit extraordinary perseverance in the face of challenges. Through this campaign, Jindal Steel draws a parallel between the inherent strength of steel and the resilience of the Indian populace, emphasizing its role in supporting the nation's development and infrastructure. The narrative underscores the brand's commitment to being a cornerstone of strength and reliability in India's industrial growth. By focusing on real-life stories of grit and determination, the campaign aims to inspire and resonate deeply with its audience, fostering a sense of national pride and unity. Jindal Steel's initiative not only highlights the robustness of its products but also reinforces its identity as a key player in building a stronger, more resilient India. This strategic approach aims to enhance brand loyalty and connect with consumers on an emotional level, positioning Jindal Steel as a trusted partner in the nation's journey towards progress and prosperity. By showcasing the steadfast spirit that drives both the company and the country, Jindal Steel seeks to strengthen its bond with the community. Through this heartfelt tribute, Jindal Steel reaffirms its dedication to contributing to India's growth story, embodying the spirit of resilience that defines the nation.

# PINION POLL

“In India, digital payments has come, deepened and transformed the financial landscape. The time for digital banking has now come... people will use digital bank accounts to make payments, feel safe, and then look at many other second order needs.”

**- Anubrata Biswas**  
**Airtel Payments Bank CEO**

“I am sure there are loads of opportunities in countries like India... The question, however, is whether we have any advantage or insights into those businesses in India...”

**- Warren Buffet**  
**Berkshire Hathaway Co-Founder,**  
**Chairman & CEO.**

“India, home to one sixth of humanity, is no longer a sleeping giant. No longer a country without potential. It is a country on the rise and the rise is unstoppable.”

**- Jagdeep Dhankhar**  
**Vice President of India**

# About Us

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



## Contact

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

## Website

[www.leveragedgrowth.in](http://www.leveragedgrowth.in)

## Social Media



## Address

50 Chowringhee, Rear  
Building 2<sup>nd</sup> floor, Kolkata  
700071, West Bengal, Indi

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