



Leveraged Growth

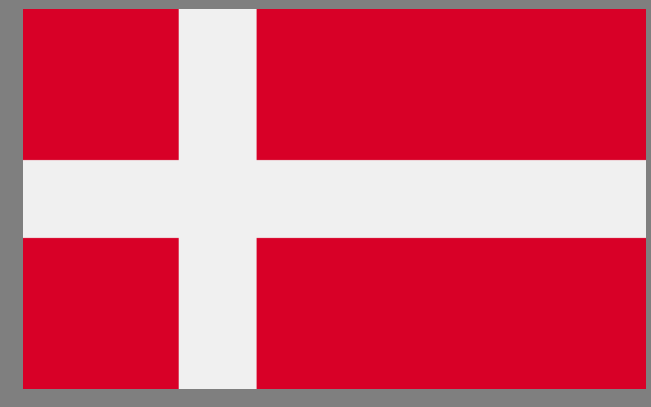
MONTHLY REPORT JULY 2024

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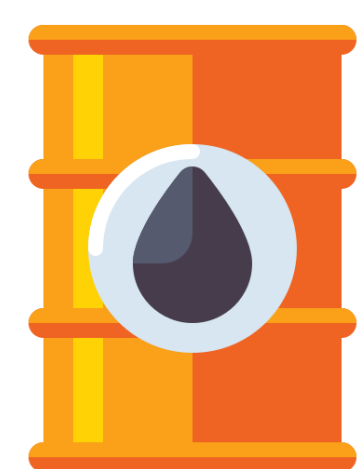
Denmark's Eco-Tax: Farming Forward

Denmark's coalition government has approved a landmark plan to implement the world's first carbon emissions tax targeting farms, significantly advancing the country's environmental efforts. Agriculture, predominantly pork and dairy production, contributes significantly to Denmark's pollution. Consequently, the government will impose a tax of \$96 per cow annually starting in 2030, based on their greenhouse gas emissions. This initiative is part of a broader agreement, allocating \$3.7bn for environmental restoration projects like tree planting and wetland creation. The tax will start at \$43 per tonne of CO₂-equivalent emissions in 2030, and will increase to \$107 by 2035, with an initial 60% tax break, reducing the charge to \$17 per tonne in 2030. The dairy sector, while supportive of climate goals, expresses concerns about the complexity of the tax and its competitive impacts. The revenue from the tax will aid the agricultural sector in adopting sustainable practices, with calls for alignment with EU regulations to maintain market competitiveness.



Geopolitical Tensions Rattle Oil Markets

India's oil import bill rose to \$13.25bn in February, a 10% increase from the previous month's total of \$12.04bn, despite a slight decrease in domestic consumption, according to the Ministry of Commerce and Industry (MOCI). In the month of February, Russia remained India's leading crude oil supplier with shipments worth \$3.61bn. This represents a 19% drop from January's \$4.47bn, attributed to a decrease in discounts, which have plummeted from over \$30 per barrel in 2022 to under \$5 now. Saudi Arabia overtook Iraq as India's second-largest supplier, with imports surging 67.5% to \$2.6bn from \$1.55bn in January. Iraq, previously second for most of the past two years, dropped to third with February imports of \$2.24bn, an 11.6% decrease from \$2.54bn in January. Geopolitical tensions in West Asia, including recent Iranian attacks on Israel, have intensified concerns over oil supply security, adding to market volatility. However, oil prices have stabilized below the 90 dollars per barrel mark.



Yen's Wild Ride: BoJ Takes Action

The Bank of Japan has raised its benchmark interest rate to 0.25% and announced a reduction in its monthly bond purchases from ¥6tn to ¥3tn by spring 2026, marking a significant policy shift. This move aims to address the yen's prolonged weakness, which has been exacerbated by contrasting US Federal Reserve policies. The yen strengthened over 1% to ¥150.70 against the dollar following the announcement. The rate hike, the highest since late 2008, reflects concerns over inflation driven by the weak yen, despite recent weak economic data. Core inflation remains above the BoJ's 2% target, but Japan's economy contracted earlier this year. Market reactions indicate the potential for further yen appreciation, influenced by both BoJ's actions and future Fed policies. The BoJ's interest rate hike and bond purchase reduction could stabilize the yen and potentially enhance its value, yet they may also pose risks of economic strain and market volatility.



Portugal's Talent Attraction Reforms

Portugal has announced the reinstatement of tax breaks aimed at attracting skilled foreign workers, reversing a previous decision to scrap incentives perceived as inflating the housing market. This move, part of broader economic stimulus legislation, aims to enhance Portugal's economy by enticing professionals to the country. The renewed policy will reintroduce a 20% flat tax rate on salaries and professional income for high-value-added jobs, excluding dividends, capital gains, and pensions. Notably, this flat rate contrasts with the progressive tax rates currently in place for Portuguese citizens, ranging from 14.5% to 48%. This decision marks Portugal's latest adjustment in its approach to foreign workers, amid ongoing debates over their economic impact and housing affordability. Critics argue that such incentives may exacerbate the cost of living for local residents, while advocates see them as crucial for attracting entrepreneurial and innovative talent. Portugal's evolving immigration policies reflect a balancing act between economic growth, demographic challenges, and social integration priorities within the EU framework. The goal is a strong economy, a broader tax base, and support for Portugal's aging population.



India's Push for Coal Power Expansion

India's government has directed power companies to accelerate their procurement of equipment, aiming to bolster coal-fired power capacity by adding 31 gigawatts over the next 5-6 years. This unprecedented move, aimed at meeting surging electricity demand, mandates major players like NTPC, SJVN, Adani Power, and Essar Power to collectively order equipment worth \$33bn this year alone. Traditionally, companies decide on tendering timelines independently, but the recent directive underscores a strategic push by the government to expedite capacity additions. The urgency arises as India grapples with record power shortages amid robust economic growth and frequent heat waves. Bharat Heavy Electricals Ltd (BHEL) is expected to secure most contracts, having monopolized equipment auctions last year, while Larsen & Toubro's limited participation highlights market dynamics. Policy shifts and reduced orders in recent years have led to the closure of manufacturing units of other equipment suppliers. This initiative seeks to address power deficits promptly, despite concerns about environmental implications and India's carbon reduction goals.



India-UK Tech Security Leap

The Governments of India and the UK have introduced the Technology Security Initiative (TSI) to fortify their strategic alliance, recognizing the crucial role of technology in national security and economic development. This initiative underscores both nations' acknowledgment of technology's pivotal impact on their security and economic progress. As outlined in the India-UK Roadmap 2030, the TSI will enhance collaboration across several vital technology sectors. A bilateral framework, overseen by the National Security Advisors (NSAs) from both countries, will tackle trade and technology issues, ensuring comprehensive discussions on key areas of cooperation. Major focus areas include advancements in telecommunications, critical minerals, semiconductors, artificial intelligence, quantum technologies, biotechnology, and advanced materials. Prime Minister Narendra Modi has emphasized his commitment to strengthening ties with the UK, particularly as the Labour government prioritizes global partnerships.



Indexation Benefits: A Goodbye

In a significant shift announced in the 2024 budget, indexation benefits for capital gains tax on property transactions have been eliminated. Previously, indexation helped adjust the purchase price for inflation, potentially lowering the capital gains tax. With this change, investors may face higher tax obligations as their inflation-adjusted returns could be taxed. The new tax regime imposes a 12.5% long-term capital gains tax on properties sold after July 23, 2024, which is a reduction from the previous rate of 20% with indexation benefits, with potential total rates reaching up to 15% when including surcharges and cess. While this shift may initially seem unfavorable, the Finance Secretary assures that 95% of property sellers will not experience adverse effects. The new rates are designed to simplify and rationalize the tax system, aiming to benefit most taxpayers by reflecting actual market dynamics. According to the tax department, the new regime will generally be advantageous for properties held for extended periods, appreciating significantly.



Efficient Imports with Self-Certification

The Indian government's amendment to the Customs Act, which replaces the traditional "certificate" of origin with "proof" of origin, marks a significant advancement in import facilitation under Free Trade Agreements (FTAs). Previously, importers were required to obtain a "certificate" of origin from designated authorities to confirm compliance with origin criteria, crucial for customs clearance and duty determination. This process typically involved third-party verification to ensure adherence to trade regulations and agreements. The updated provision now empowers importers to self-certify the origin of goods, in line with global standards aimed at expediting customs procedures, enhancing operational efficiency, and reducing administrative complexities. This reform is poised to promote transparency and compliance, particularly beneficial for sectors like electronics, anticipating expedited cargo clearance and improved business operations. It underscores India's commitment to modernizing trade facilitation and reinforcing India's appeal as a preferred trade partner while simplifying regulatory requirements for international businesses.



GOVT. POLICIES

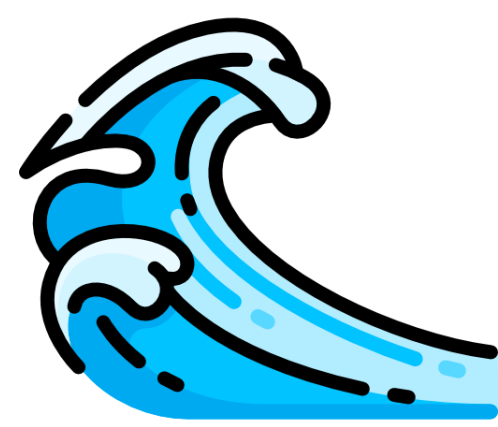
SIGHT Set for Hydrogen Future

The Ministry of New and Renewable Energy has announced the "Strategic Interventions for Green Hydrogen Transition (SIGHT) Programme" aiming to produce 450,000 Tonnes Per Annum (TPA) of green hydrogen, with 40,000 TPA allocated for biomass-based pathways and the rest for technology-agnostic pathways. Managed by the Solar Energy Corporation of India (SECI), the scheme will see bidding based on the lowest average incentive quoted, with specific bid capacities for each bucket. Launched on January 4, 2023, with an outlay of ₹19,744cr up to FY 2029-30, the national green hydrogen mission aims to decarbonize the economy, reduce fossil fuel imports, and establish India as a leader in green hydrogen technology. The norms will identify gaps in existing testing facilities for components, technologies, and processes in the green hydrogen value chain, and support the creation and upgrading of testing facilities to ensure safe operations. This initiative will significantly decarbonize the economy, reduce dependence on fossil fuel imports, and enable India to assume technology and market leadership in Green Hydrogen.



India's Oceanic Leap Forward

India's Union Cabinet, led by Prime Minister Narendra Modi, has approved the signing of the Biodiversity Beyond National Jurisdiction (BBNJ) Agreement, a pivotal international treaty aimed at conserving and managing marine biodiversity in areas beyond national borders. This treaty, also referred to as the 'High Seas Treaty,' is part of the United Nations Convention on the Law of the Sea (UNCLOS) and focuses on sustainable marine use through international cooperation. By signing this agreement, India will enhance its role in protecting global marine environments. The BBNJ Agreement emphasizes fair sharing of benefits and integrating traditional and scientific knowledge. For India, this move opens up opportunities for increased scientific research, access to marine samples, and collaborative conservation efforts. It also supports India's strategic interests by allowing a more active presence in international waters, strengthening marine conservation, and promoting technology transfer, which will benefit global marine health and India's environmental commitments.



Capital Gains Tax Twist

The Union Budget 2024, presented by Finance Minister Nirmala Sitharaman, brought several noteworthy adjustments to capital gains taxes. The short-term capital gains (STCG) tax on equity investments has increased from 15% to 20%, while the long-term capital gains (LTCG) tax has been raised from 10% to 12.5%. Additionally, the exemption limit for LTCG has been elevated from ₹1lkh to ₹1.25lkh, offering some relief to small investors. The removal of indexation benefits for real estate investments may significantly impact home sellers, who could face higher tax liabilities on property sales. The increase in STCG is expected to deter speculative trading, potentially reducing short-term market volatility. Conversely, the slight rise in LTCG is deemed manageable for long-term investors, who may continue to find equity mutual funds appealing due to India's robust economic prospects. Overall, while the budget introduces higher taxes, it reflects a focus on fiscal responsibility and infrastructure investment, encouraging investors to adhere to a disciplined, long-term investment strategy.



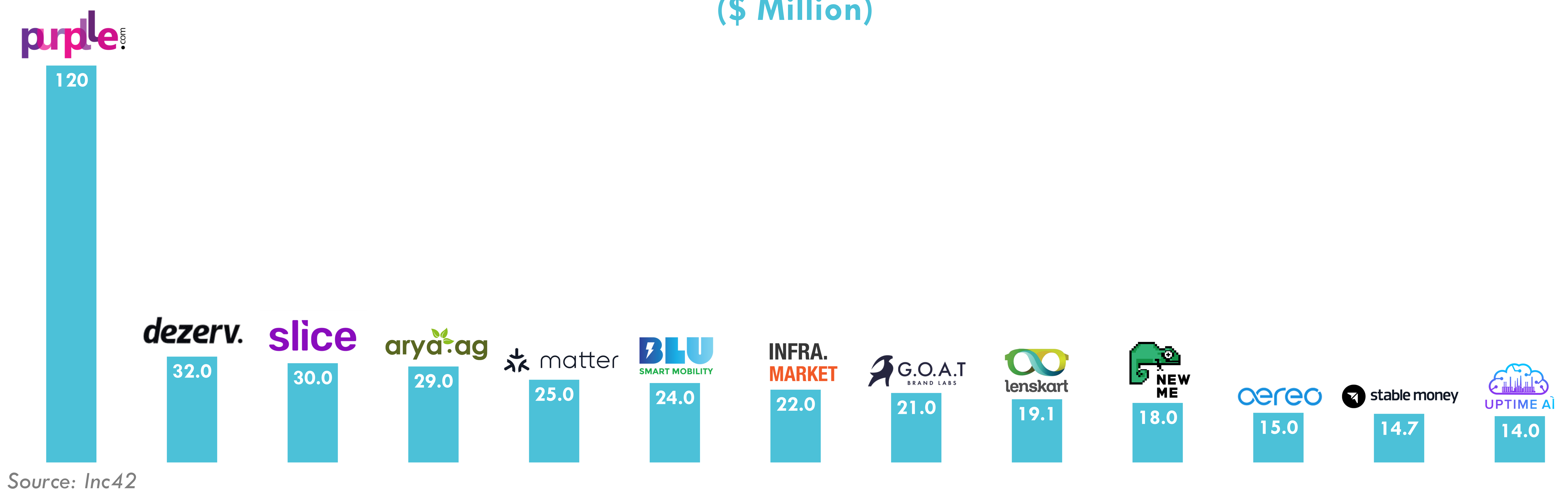
China's Tech Visa Bottleneck Eases

India is moving to address significant visa delays impacting Chinese technicians, a crucial step in easing the country's manufacturing sector's woes. The Department of Promotion of Industry and Internal Trade, in collaboration with the Ministries of Home and External Affairs, is developing a framework to expedite visa approvals for Chinese engineers and technicians. Currently, obtaining a visa for Chinese workers can take up to 4-5 months, but the new rules aim to reduce this to 30 days. This change comes in response to complaints from businesses that the current slow visa process is hampering India's ambition to become a major manufacturing hub. The restrictions, imposed after a 2020 border clash with China, had significantly slowed Chinese investments and limited the issuance of visas. By streamlining the process, India hopes to mitigate rising costs, unblock investments, and enhance the credibility of Indian firms. This move is critical as India seeks to boost its manufacturing sector and offset the impacts of strained relations with China, which have already led to substantial losses in production and job opportunities.



START-UPS

Major Funding Raised by Startups for the Period 1st July'24 to 27th July'24 (\$ Million)



In July, 68 startups majorly based out of Bangalore and Delhi raised an impressive \$761mn in funding, showcasing the strength of the startup ecosystem. E-commerce-based startups dominated fundraising activities, reflecting recognition and support for innovative solutions across industries through cutting-edge technology.

Hyperlab's Helios: Fitness Reimagined

Hyperlab, an Ahmedabad-based startup, is revolutionizing fitness with its innovative device, Helios. Co-founded by Hitarth Parikh and Chahil Patel, Helios enhances agility, reflexes, and stamina using advanced laser projections to measure and record movement patterns. This provides invaluable data for athletes and fitness enthusiasts to improve their performance. Entirely manufactured in India, Helios offers customization to cater to various user needs. Operating on a B2B model, Hyperlab has already received 600 orders. The company aims to expand its market presence, diversify its product line, and scale production to reduce costs, making advanced fitness technology more accessible. The founders are committed to enhancing athletic performance and overall health through innovation and quality. With a focus on making high-tech fitness solutions available to a broader audience, Hyperlab envisions Helios becoming a significant player in the fitness industry, transforming how fitness is perceived and practiced in India.



Wahter's Affordable Hydration Revolution

Amitt and Kashiish Nenwani, co-founders of Wahter, were inspired to make bottled water affordable after witnessing a child drink from a roadside puddle of water during a business trip. Established in 2023 in Gurugram, Wahter aims to sell bottled water at just ₹2 per 500 ml. The startup allocates 80% of its bottle label space to advertising partners, allowing them to customize designs and target specific markets via a tech-enabled platform. Wahter's distribution network covers Delhi NCR, and they have partnered with brands like Vijay Sales and boAt Lifestyle to maximize reach. They also collaborate with Scrapbuddy to recycle PET bottles. With projections of significant revenue growth, Wahter expects to reach revenues of ₹250-300cr by FY 2025-26 and ₹3600cr by FY 2028-29. The founders are committed to making clean drinking water accessible to everyone, particularly underprivileged communities.



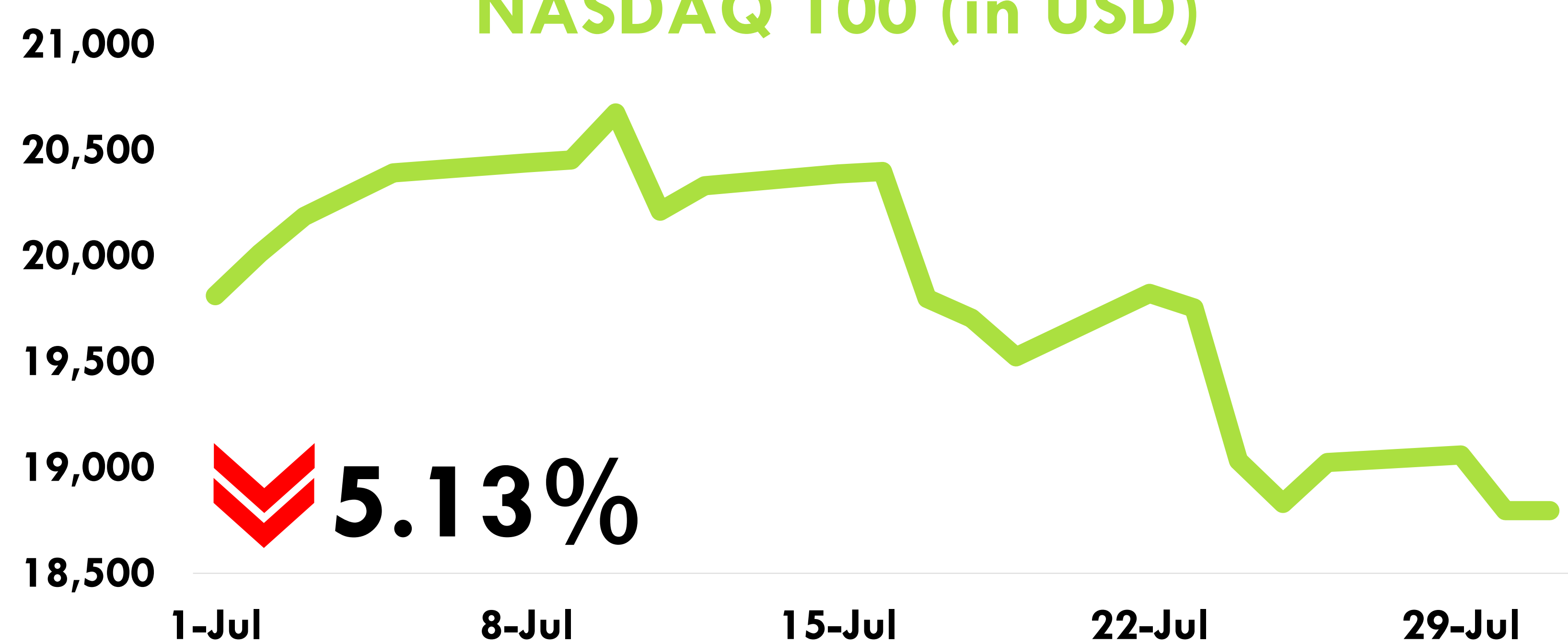
Eco Rides for Urban Commutes

Snap E-Cabs, a Kolkata-based startup, is revolutionizing urban mobility with its electric vehicle (EV) ride-hailing service. Founded by Mayank Bindal, the company addresses environmental concerns by offering an on-demand fleet of electric cabs accessible via a user-friendly mobile app. This initiative aims to combat air pollution and reduce carbon emissions in cities like Kolkata, where congestion and environmental impact are significant issues. Snap E-Cabs provides convenient booking options for eco-conscious travelers, emphasizing both ease of use and environmental responsibility. The startup plans to expand its EV fleet and service coverage to meet increasing demand for sustainable transportation solutions. By integrating technology with a strong commitment to sustainability, Snap E-Cabs is leading the way in promoting cleaner and efficient urban transport options, positioning itself as a pioneer in the evolving landscape of eco-friendly ride-hailing services and contributing positively to urban environmental health and quality of life.



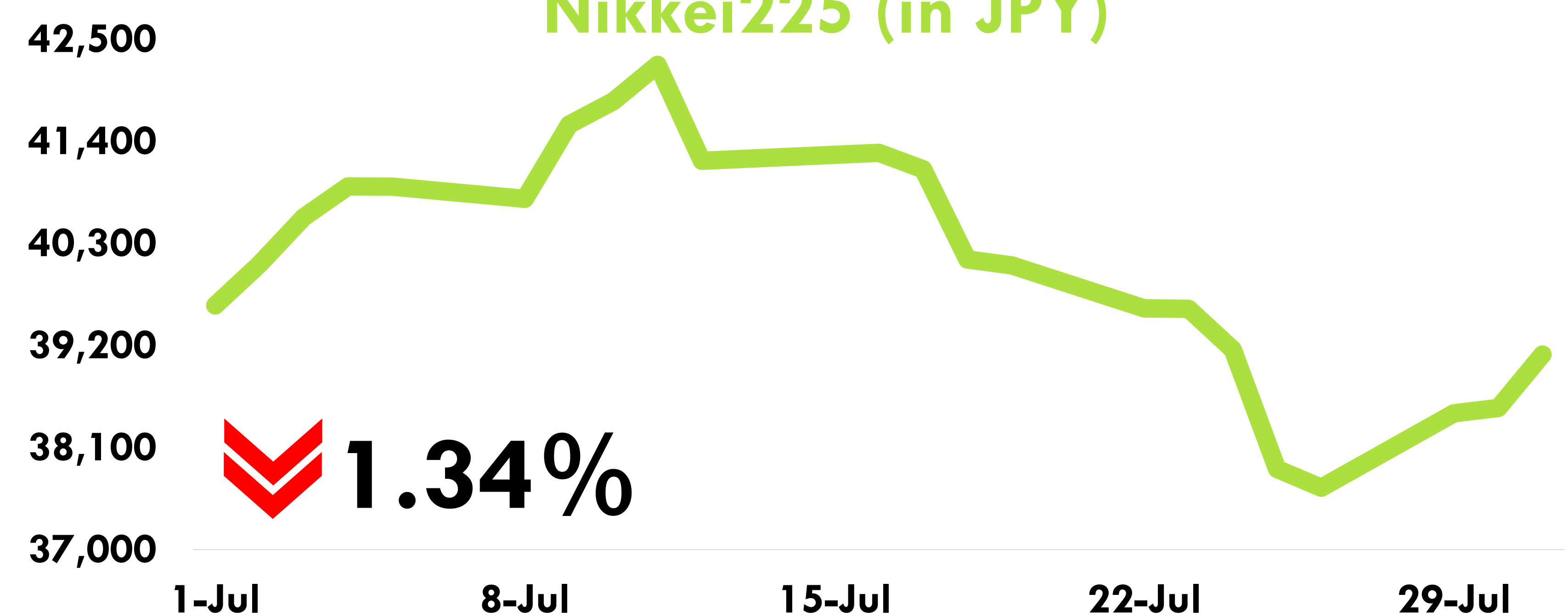
GLOBAL INDICES

NASDAQ 100 (in USD)



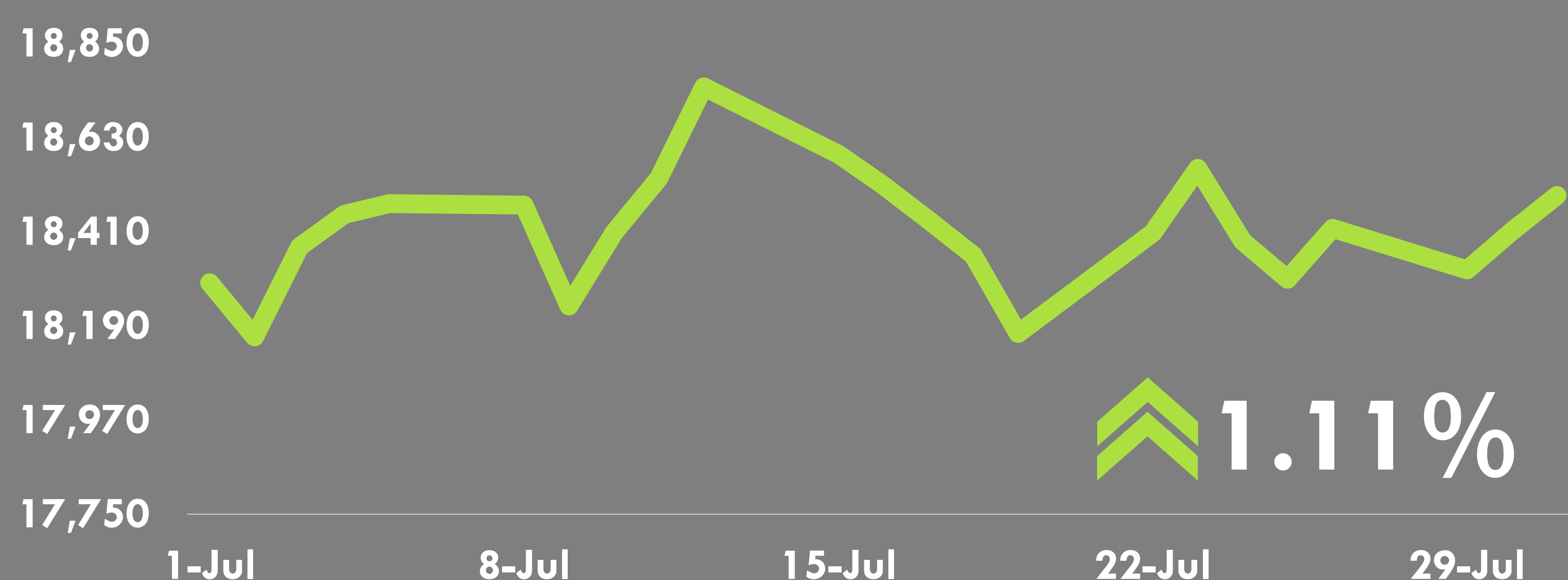
The Nasdaq 100, which surged early in the month, ultimately dropped by 5.13% as concerns grew that the artificial intelligence boom might be losing steam. The decline was prompted by a mixed earnings report from Alphabet Inc., which included higher-than-expected capital expenses. Chip stocks were hit hard, with NVIDIA and AMD falling by 5.86% and 8.38%, respectively.

Nikkei225 (in JPY)



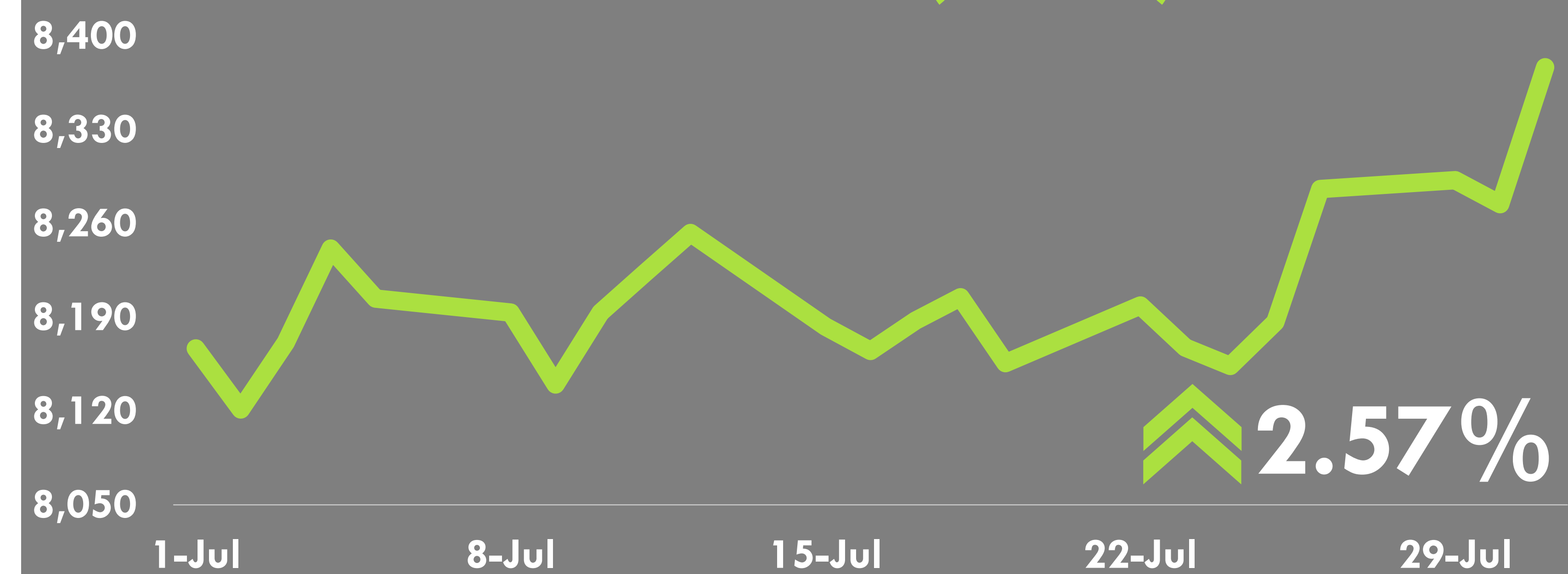
In July, the Nikkei 225 initially surged but ended the month down 1.34%. Investors sold off export-related stocks as the yen strengthened against the dollar. The index saw gains after Japan's central bank raised the benchmark interest rate to around 0.25%, marking the first time since December 2008 that it exceeded 0.1%. This shift in monetary policy reflects a significant change in Japan's economic approach.

DAX Performance Index (in EUR)



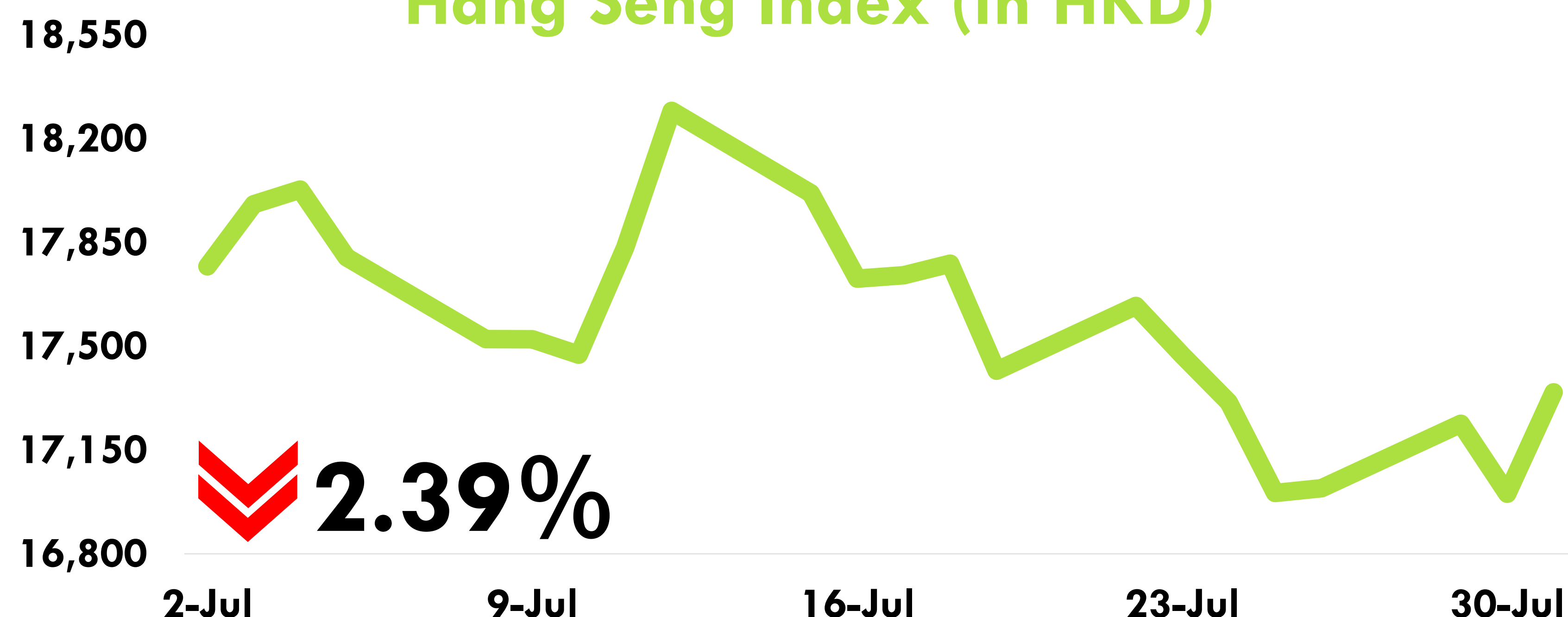
In July, the DAX index rose by 1.11%, driven by positive earnings reports and anticipation of central bank decisions in the U.S. and U.K. The healthcare and industrial sectors saw significant gains, with Merck and Airbus surging 9% and 6.3% respectively. Investors were encouraged by strong quarterly results. The market's focus was on upcoming central bank actions, which are expected to influence future policies.

FTSE100 Index (in GBP)



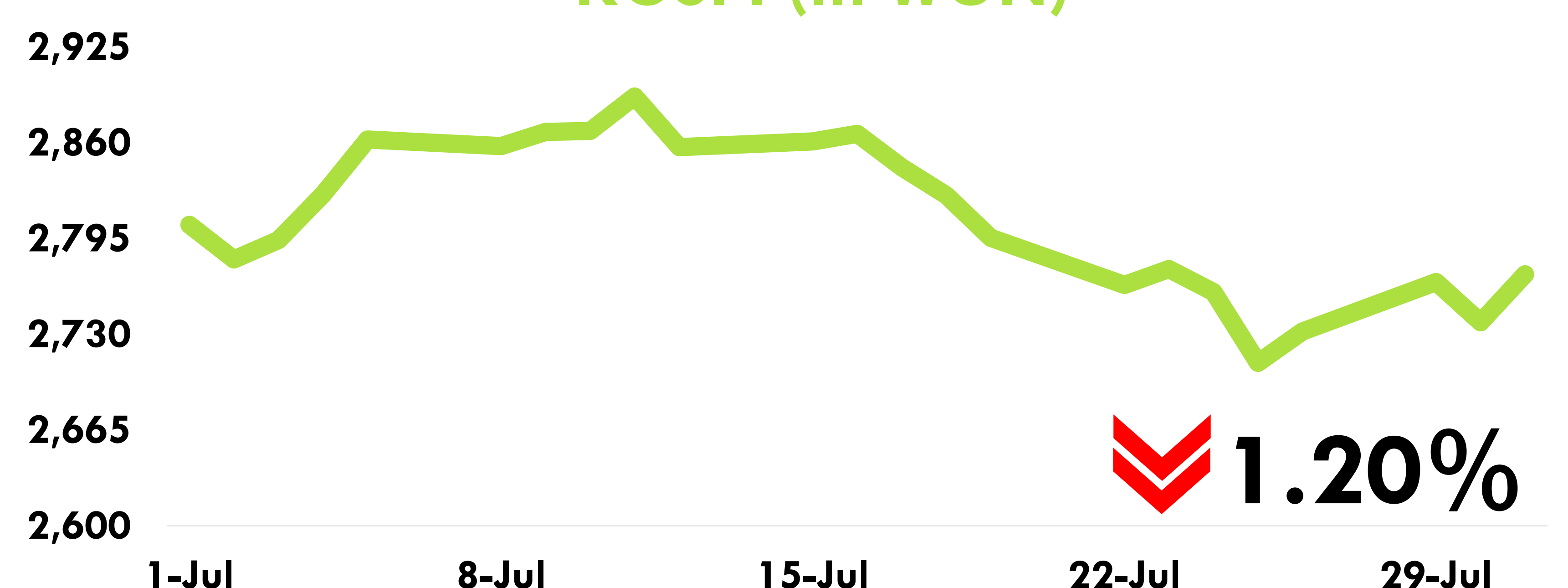
London stocks finished July strongly, with the FTSE 100 index increasing by 2.57%, achieving its best performance since April. Gains in energy and mining stocks, alongside positive corporate updates, boosted market sentiments. HSBC bank surged 4.0% after pledging a \$3bn share buyback and reporting stable first-half profits that exceeded investor expectations.

Hang Seng Index (in HKD)



The Hang Seng Index hit its lowest level in three months in July. This was driven by weak performance in the property sector and mounting challenges from recent pay cuts in the financial services sector. Investors are closely monitoring upcoming data on Chinese companies' industrial profits which is expected to provide insights into second-quarter earnings for Chinese listed firms.

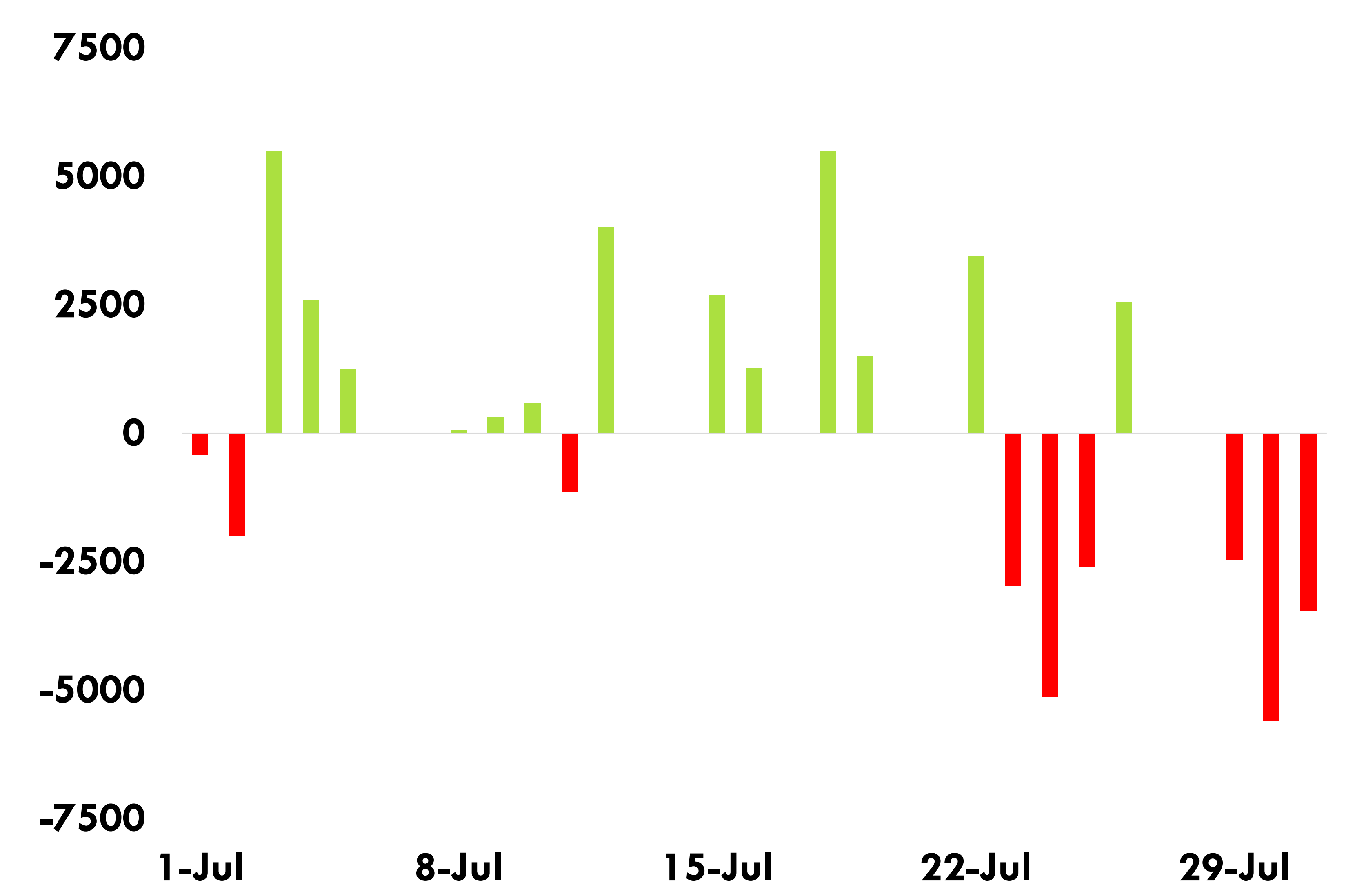
KOSPI (in WON)



In July, South Korea's benchmark KOSPI index experienced volatility, ending the month with a 1.2% overall decline. This was driven by a decline in key sectors like the automobile and ecommerce sectors. Foreign investors offloaded \$29.85mn in shares, showing caution due to uncertainties around the U.S. Federal Reserve policies and domestic interest rate debates.

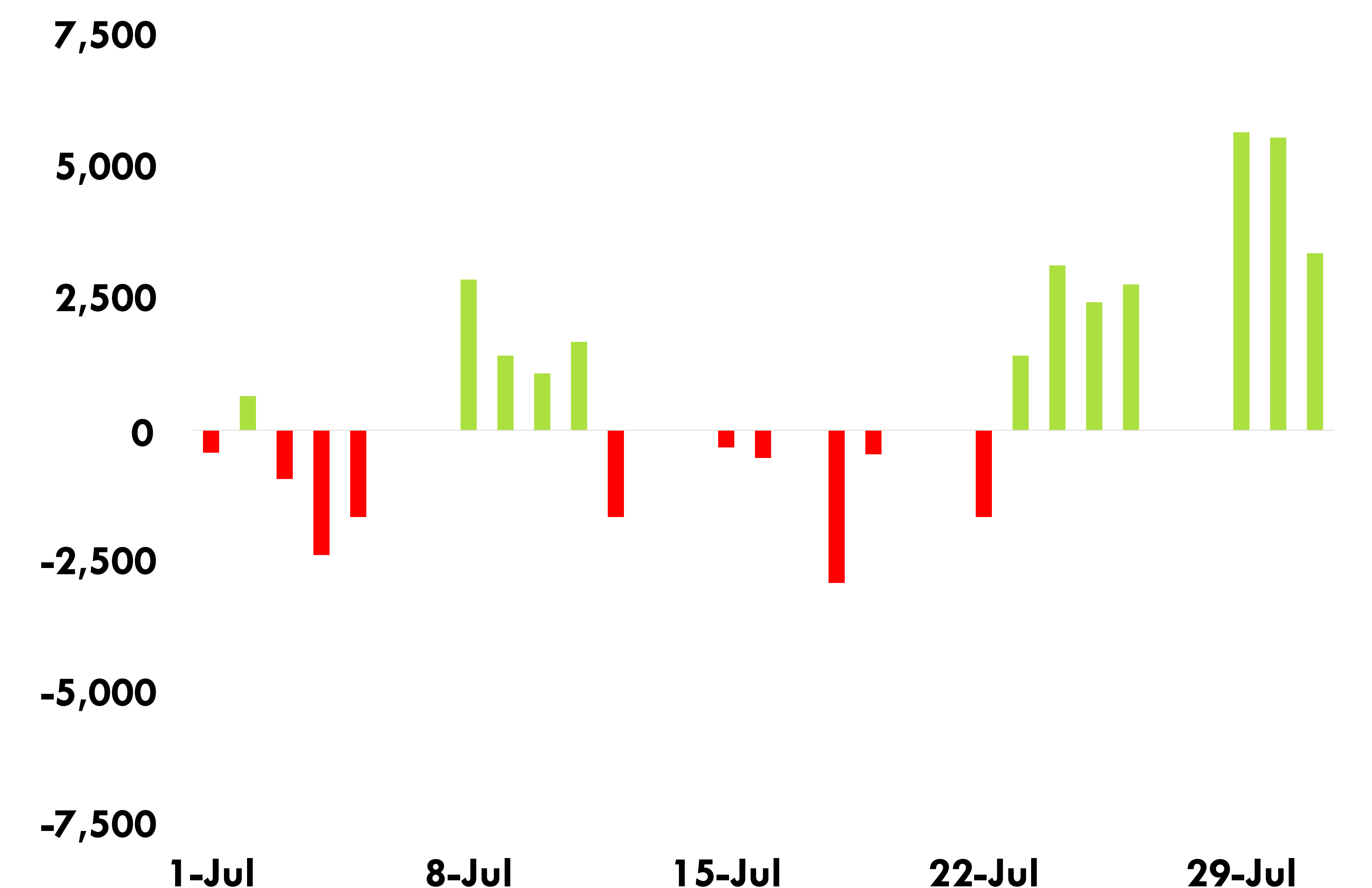
EQUITIES

FII Net Investment in July'24 (₹ Crores)



Source: NSDL

DII Net Investment in July'24 (₹ Crores)



Source: NSDL

In July, Foreign Institutional Investors (FIIs) were net buyers for the second month in a row, acquiring equities worth ₹5,407.8cr. Domestic Institutional Investors (DIIs) continued their buying trend, investing ₹23,486cr in equities. This purchasing activity was driven by strong fiscal discipline and positive earnings growth in the broader market. The recent changes in taxation did not pose any significant obstacles to the market.

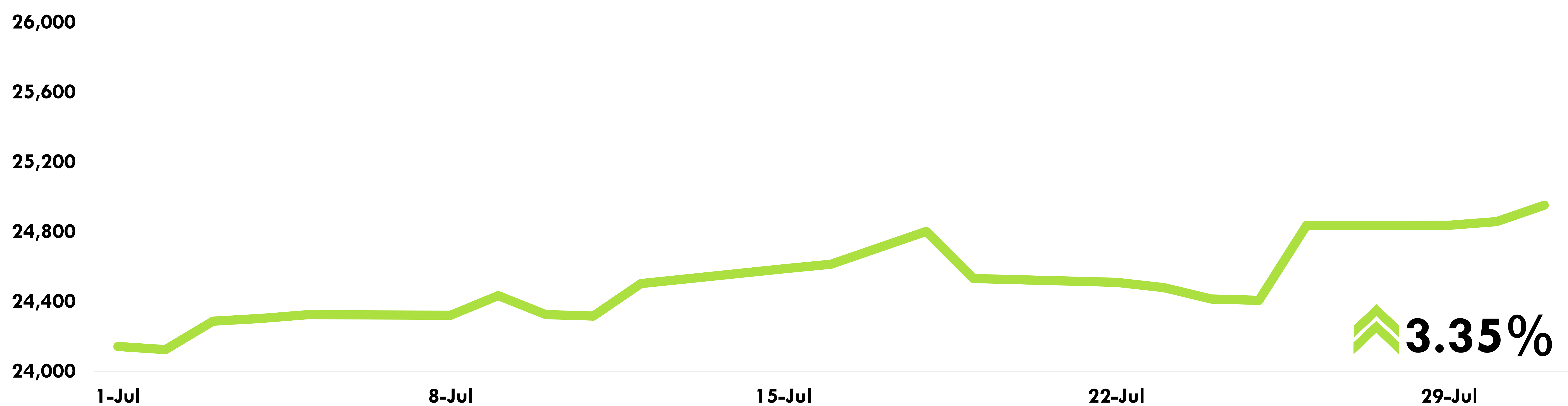
TCS leads the way for IT

The Indian IT sector captured significant attention on Friday, fueled by Tata Consultancy Services' (TCS) impressive June quarter earnings that surpassed market expectations. This positive performance acting as a catalyst sparked a rally in IT stocks, driving the Nifty IT index to a fresh 52-week high of 38,698.9 marking a substantial 3.7% increase above the previous closing. The company's consolidated net profit for the quarter stood at ₹12,040cr and reported revenue from operations at ₹62,613cr. The wave of optimism generated by TCS's performance extended to other major IT firms as well. This surge in IT stocks played a crucial role in pushing the Nifty 50 and Sensex to record highs. Brokerages highlighted their positive outlook on the sector throughout the year and anticipated that robust deal-wins from recent quarters would gradually translate into revenue growth as US macroeconomic conditions improve. As investor confidence remains buoyant, the IT sector is poised to continue its significant contribution to the overall strength of the Indian stock market.

Index	1 st July'24 (In ₹)	31 st July'24 (In ₹)	Change (%)	Trend
NIFTY Auto	25,324	26,685	↑ 5.4	
NIFTY Bank	52,575	51,553	↓ 1.9	
NIFTY Consumer Durables	38,666	39,762	↑ 2.8	
NIFTY Financial Services	23,631	23,412	↓ 0.9	
NIFTY FMCG	57,155	62,082	↑ 8.6	
NIFTY IT	36,869	40,851	↑ 10.8	
NIFTY Media	2,041	2,150	↑ 5.4	
NIFTY Metal	9,883	9,583	↓ 3.0	
NIFTY Oil & Gas	12,270	13,255	↑ 8.0	
NIFTY Pharma	19,758	21,777	↑ 10.2	

Source: NSE

NIFTY50 July'24 (in ₹)



Source: NSE India

In July 2024, the Nifty 50 index rose by 3.35%, ending the month at 24951.2, reflecting strong performance despite daily volatility. On July 31, Indian indices reached new closing highs, driven by positive global cues, including Fed Chair Jerome Powell's indication of a potential US interest rate cut in September amid easing inflation and a cooling job market.

A Bold Step Towards Clean Mobility

Bajaj Auto, a pioneer in the Indian motorcycle industry has disrupted the market with the launch of the world’s first CNG bike, Freedom 125 at affordable prices. This lead and sulfur-free innovation can significantly reduce CO₂ emissions and noise pollution. The potential to deliver substantial cost savings while being environmentally friendly to its customers resulted in the company receiving 6000 orders in the first week itself. Powered by a 125cc single cylinder engine, this product is available in 6 colours and three variants. The dual-fuel capability provides for a CNG tank that covers essentially 200 kms in just 2 kgs of CNG fuel and an extended 2L petrol tank that offers an additional 130 kms in case of exhaustion of the CNG fuel.



Adani goes global

The Indian giant, Adani Group set its sight on Vietnamese flourishing trade and has secured an “in principle approval” to build a port at Da Nang. This “greenfield” project will include container terminals and multipurpose berths to handle cargo and shipments. After the success of Adani’s new mega port in Southern India, the company emphasized its fourth international port asset in an attempt to capture the overseas market and fulfill the goal of making India a maritime hub. Their prime focus lies on countries with high manufacturing output or a large population that will eventually lead to high consumption. Currently, international operations account for 5% of the total volume of Adani Ports and Special Economic Zone Ltd. but it plans to double this figure by 2030.



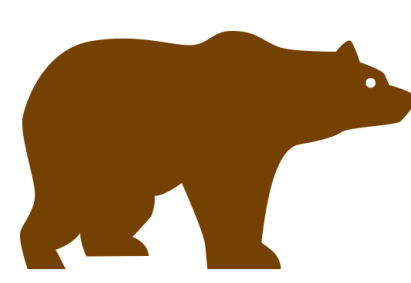
Top Gainers | NIFTY50 | July'24



Company Name	Change (%)
Oil & Natural Gas Corp Ltd.	22.4
HDFC Life Insurance Co. Ltd.	19.1
Infosys Ltd.	17.4
SBI Life Insurance Co. Ltd.	15.2
ITC Ltd.	16.8
Tata Motos Ltd.	15.4
Bharat Petroleum Corp Ltd.	14.9
Sun Pharma Industries Ltd.	13.1
NTPC Ltd.	12.5
HCL Technologies Ltd.	11.8

Source: NSE

Top Losers | NIFTY50 | July'24



Company Name	Change (%)
Axis Bank Ltd.	7.6
Bajaj Finance Ltd.	6.5
HDFC Bank Ltd.	5.3
Tata Steel Ltd.	5.0
Nestle India Ltd.	4.4
Reliance Industries Ltd.	3.5
Hindalco Industries Ltd.	2.9

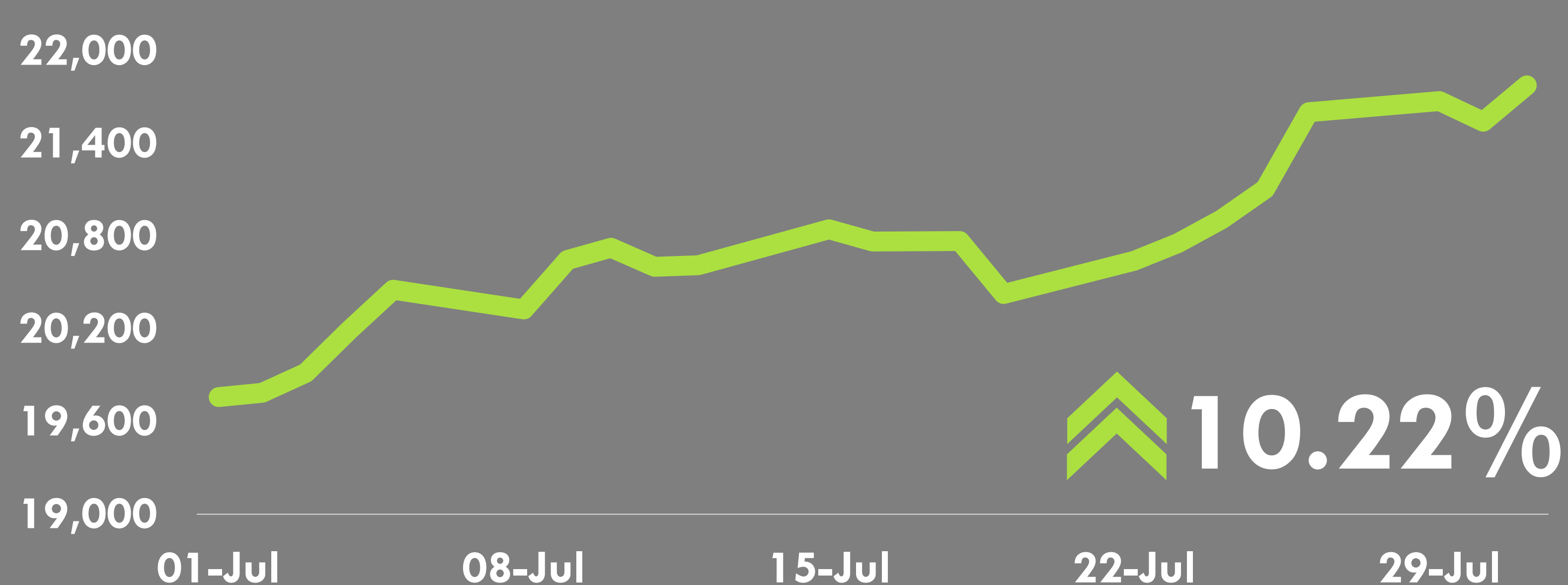
SECTOR UPDATES

Pharma Sector

The index surged by 10.22%, fueled by robust quarterly results and the exemption of customs duty on three cancer drugs in the Union Budget, which notably benefited AstraZeneca. Additionally, industry players received approvals to launch new products in the US and Mexico, further boosting growth prospects. Granules India Ltd. emerged as the top gainer with a 27.38% increase, reflecting significant positive sentiment.



NIFTY Pharma July'24 (in ₹)



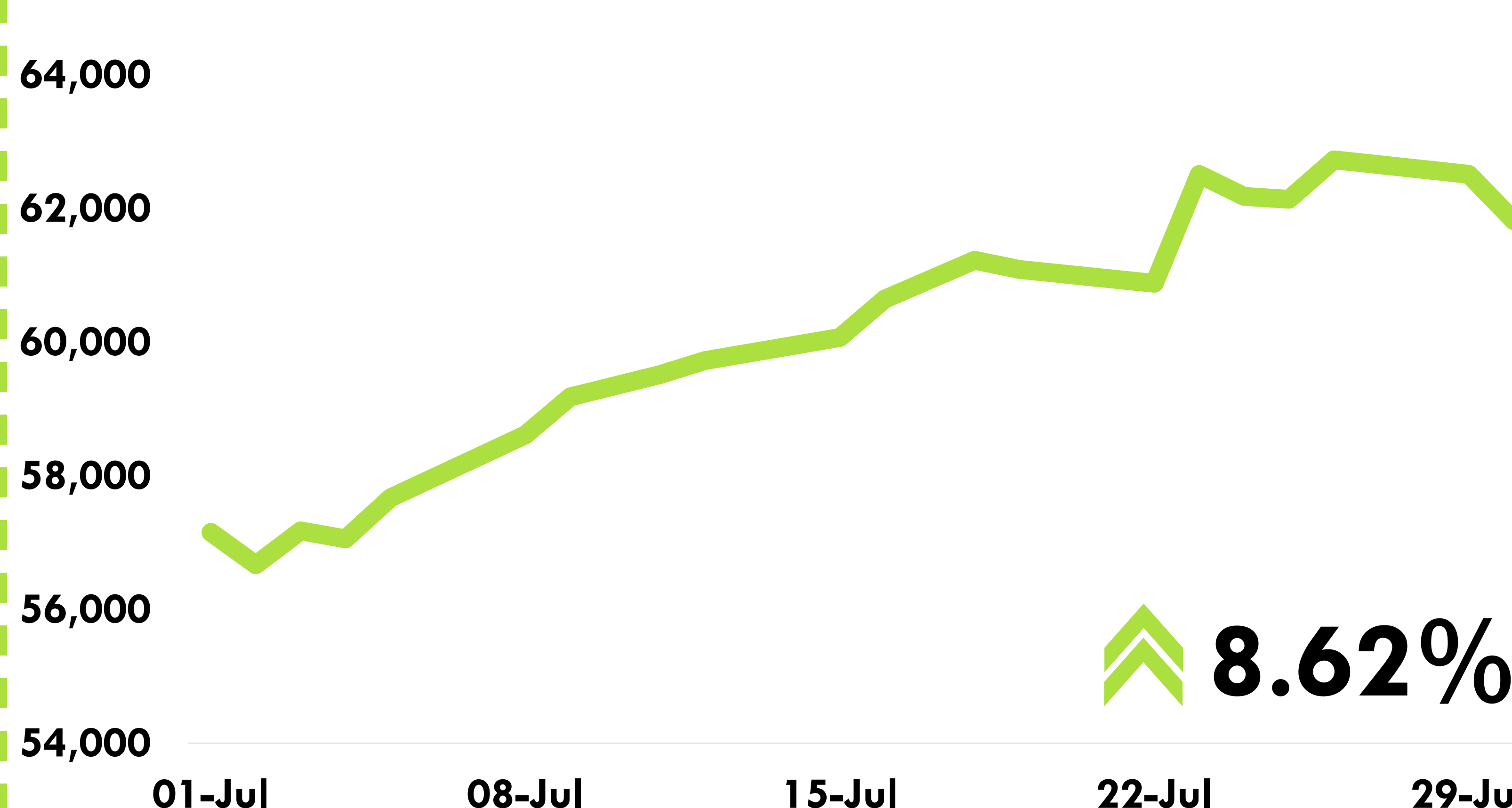
Source: NSE

FMCG Sector

By the end of the month, the index had gained approximately 8.62% driven by increased rural consumption outpacing urban consumption in Q4FY23. The budget allocated ₹2.66 lakh cr for rural development, focusing on employment and tax benefits, which are expected to boost consumption further. Additionally, companies are anticipating the upcoming festive season of Rakshabandhan and are planning to increase their advertisement expenditure in response. Colgate Palmolive Ltd. was the top gainer with a 19.24% increase, while Nestle India was the top loser, declining by 4.35%.



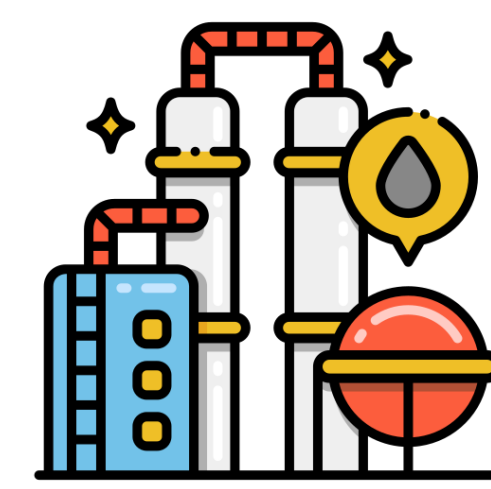
NIFTY FMCG July'24 (in ₹)



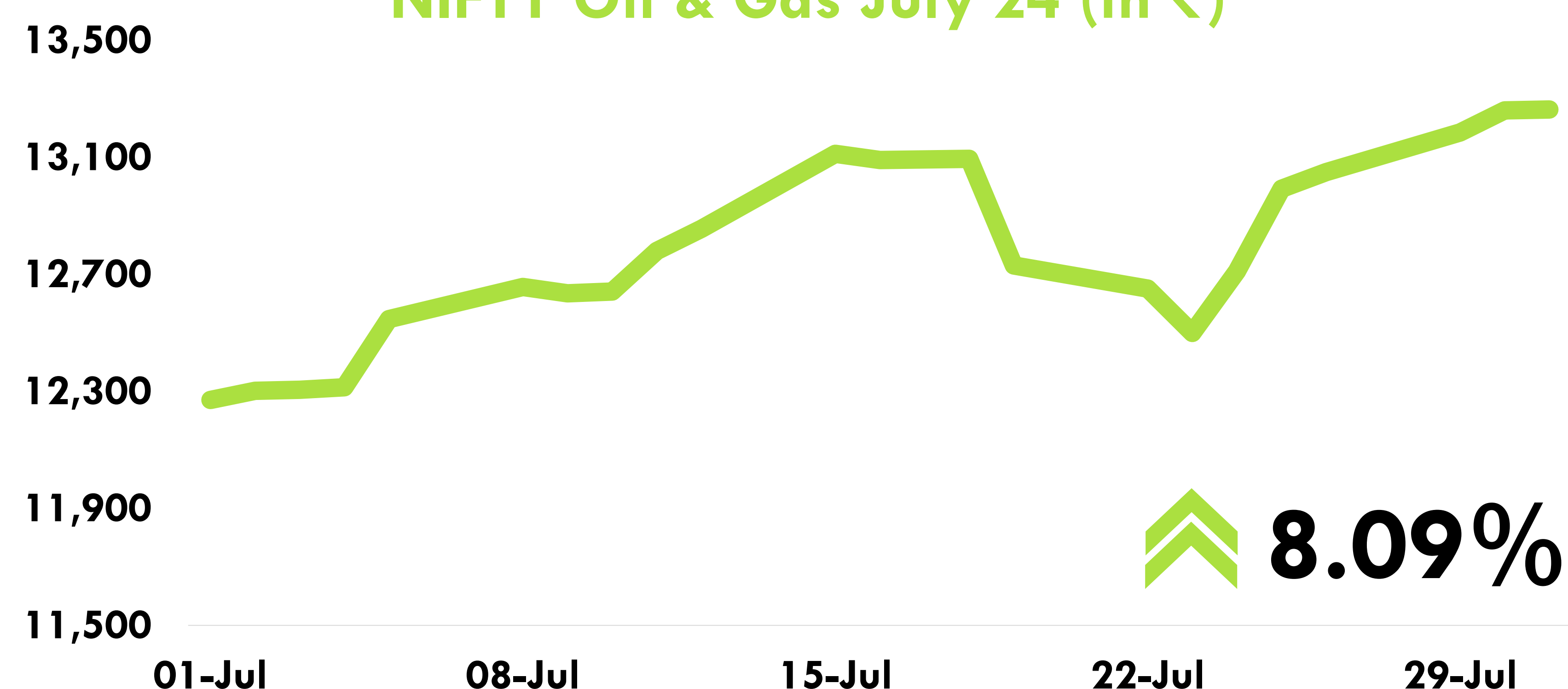
Source: NSE

Oil and Gas Sector

The sector saw an overall increase of 8% for the month, starting with modest gains before encountering mixed increases and declines. Early optimism was tempered by market volatility driven by shifting supply-demand dynamics and geopolitical concerns. Notably, India cut its windfall tax on petroleum crude from ₹7,000 to ₹4,600 per metric ton, effective August 1, which influenced market sentiments. Despite mid-month strength, the sector ended with a mixed outlook, with ONGC as the top gainer, rising by 22.44%.



NIFTY Oil & Gas July'24 (in ₹)



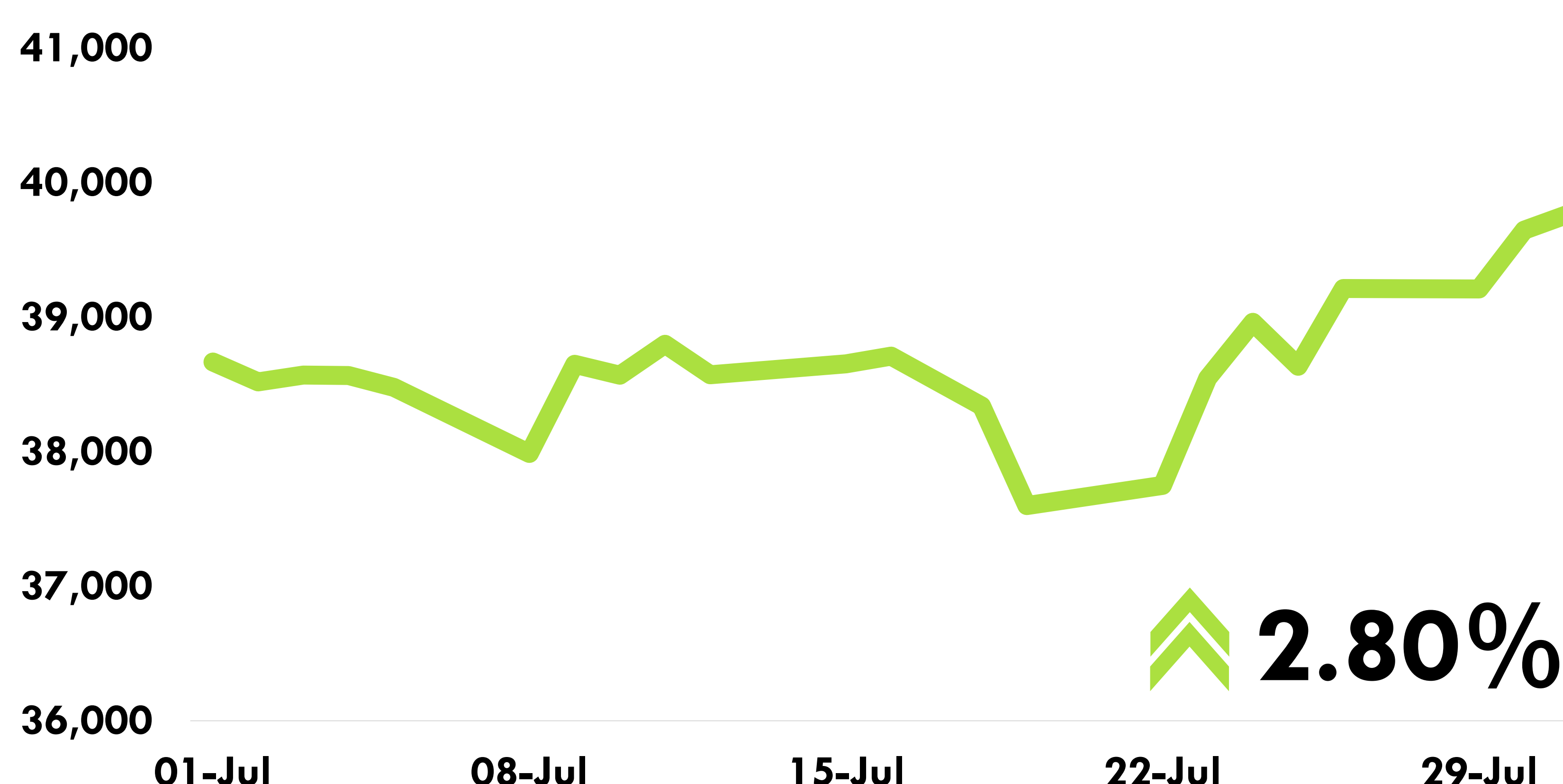
Source: NSE

Consumer Durables Sector

The AC segment of the sector outperformed due to expectations of a strong quarter as rising temperatures increased demand for air conditioners in the April-June quarter. Consumer Electronics and Appliances Manufacturers Association (CEAMA) anticipates 14mn RAC sales in 2024, implying a volume growth of 27% year-on-year. Nifty Consumer Durables index gained 2.8% this month, with TTK Prestige Ltd. being the top gainer and Amber Enterprises Ltd. the top loser with 16.87% and 3.43% respectively.



NIFTY Consumer Durables July'24 (in ₹)



Source: NSE

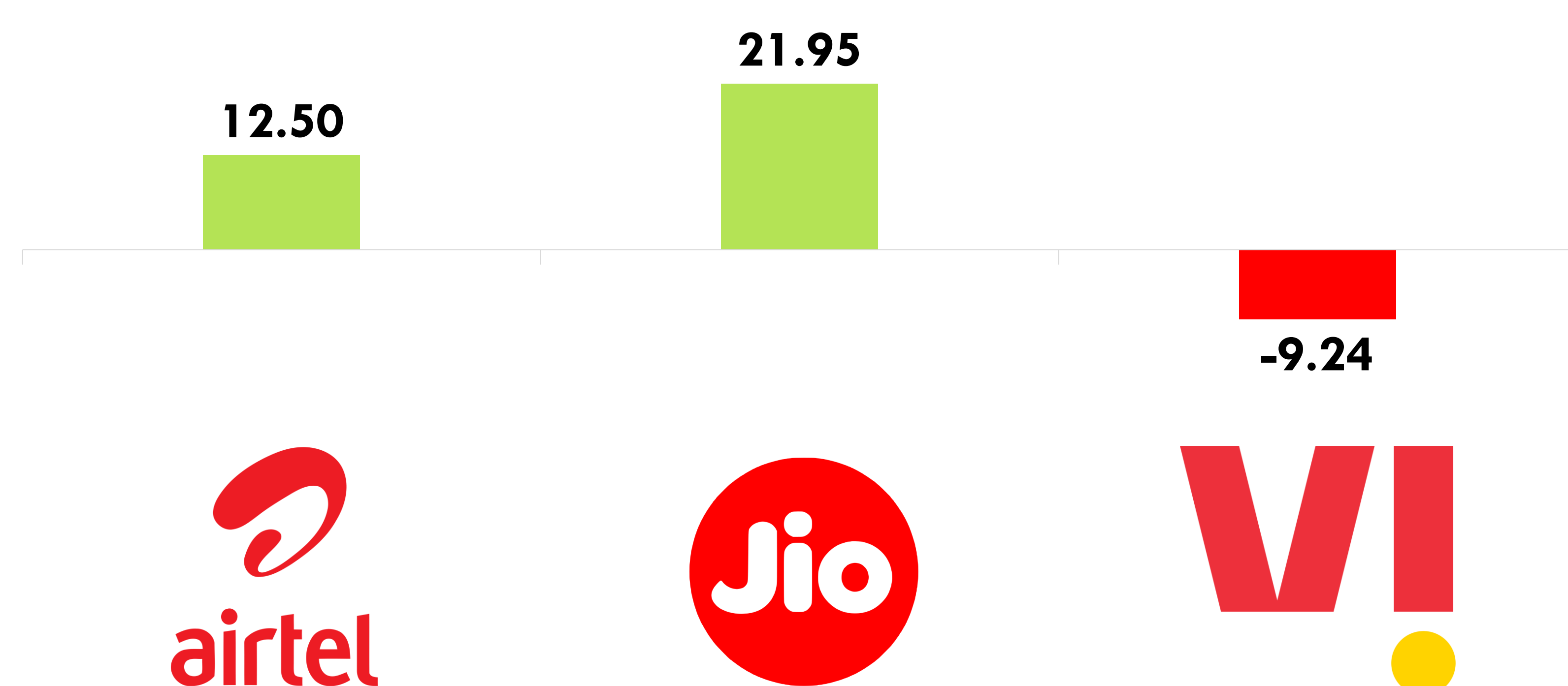
SECTOR UPDATES

Telecom Sector

The sector is eagerly advancing towards 6G technology, harnessing the power of AI with ambitious plans to bring it to commercialization by 2029-2030. At the same time, the Department of Telecommunications (DoT) is overhauling the classification of traded telecom equipment to enhance trade tracking. However, in a surprising twist in the Union Budget, Finance Minister Nirmala Sitharaman proposed raising the Basic Customs Duty (BCD) on telecom equipment from 10% to 15%, a move that diverges from industry expectations.

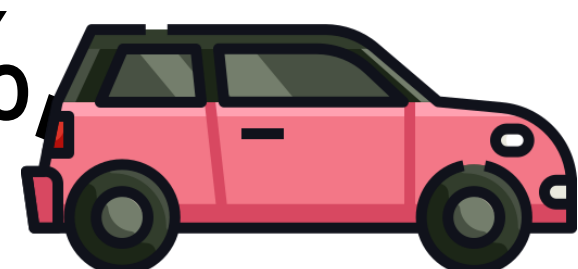


Addition During May'24 (Lakhs)

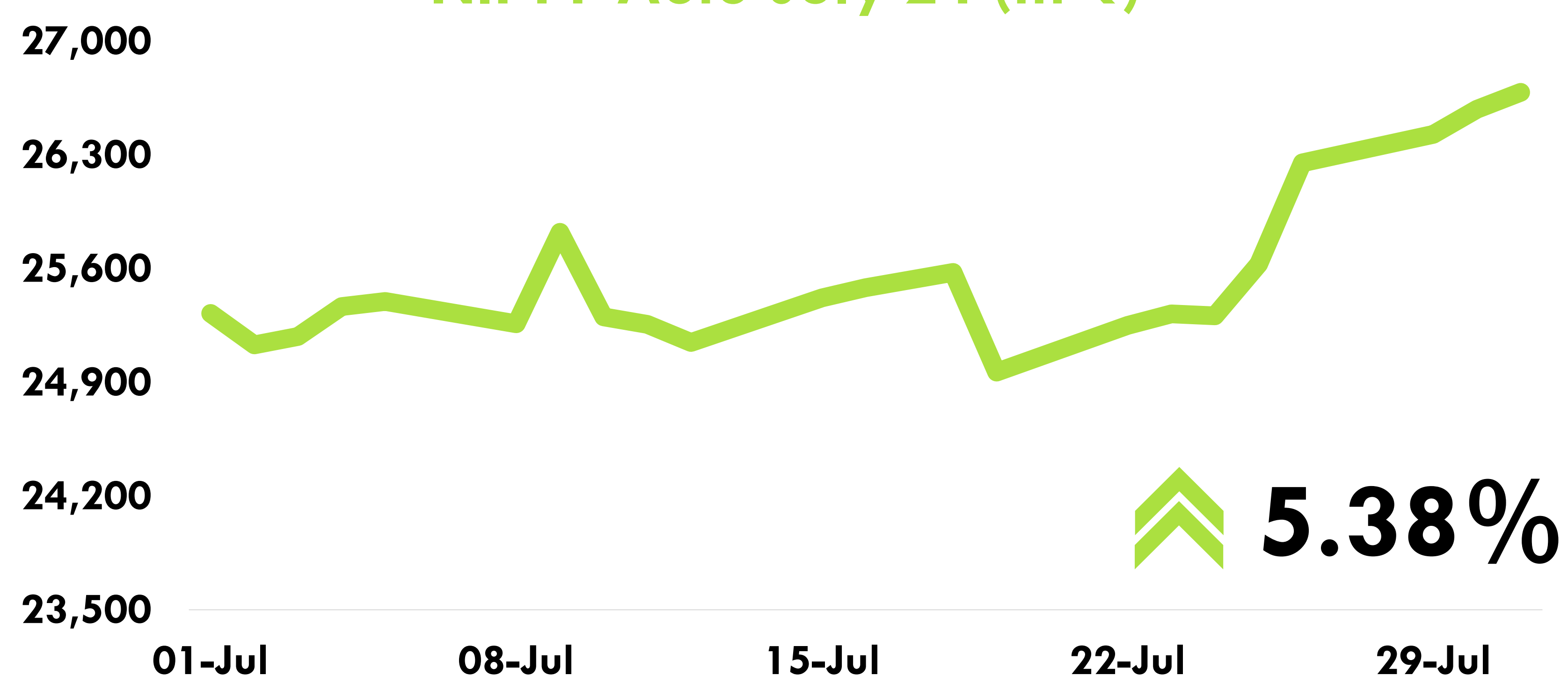


Auto Sector

In July, the Nifty Auto index gained 5.38% driven by strong sales expectations and positive investor sentiment. Major automakers like Maruti Suzuki, Mahindra & Mahindra, and Tata Motors were set to announce robust quarterly results, boosting market optimism. The auto sector maintained a positive sales outlook, with two-wheelers performing well and new launches like the Tata Curvv EV generating excitement. Tata Motors was the top gainer, gaining by 15.43%, while Tube Investments of India emerged as the top loser, falling by 2.28%.



NIFTY Auto July'24 (in ₹)



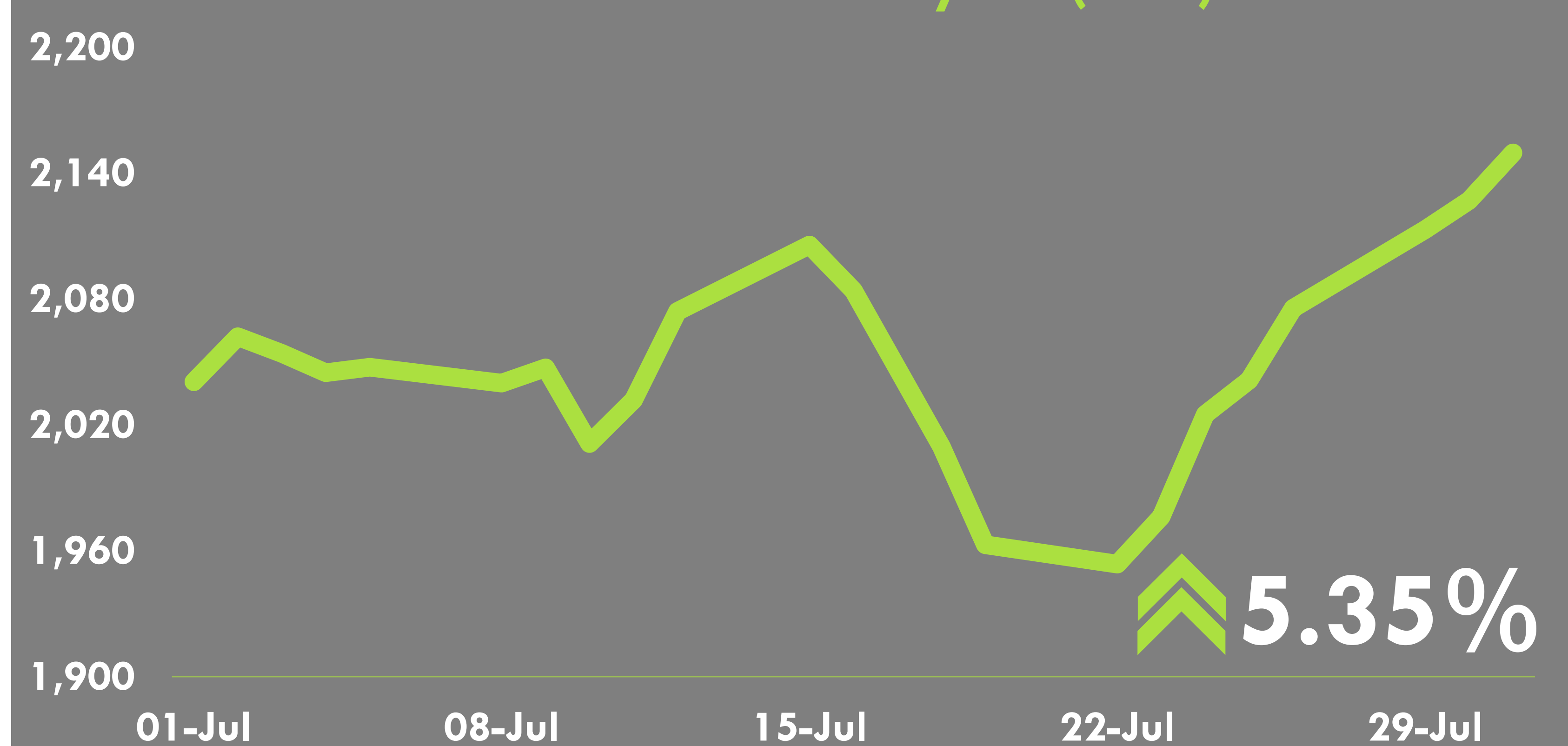
Source: NSE

Media Sector

The Nifty Media sector increased by 5.35% overall despite significant volatility. While most companies reported widening losses in their Q1 results, SunTV performed strongly due to a substantial ₹280cr deal and a broadcast agreement with Measat. The sector benefited from technological advancements and increased demand for OTT content, improving investor sentiment and market performance. Network 18 Media and Investments Ltd. was the top gainer, rising 19.48%, while Zee Entertainment Enterprises Ltd. was the top loser, falling 2.79%.



NIFTY Media July'24 (in ₹)



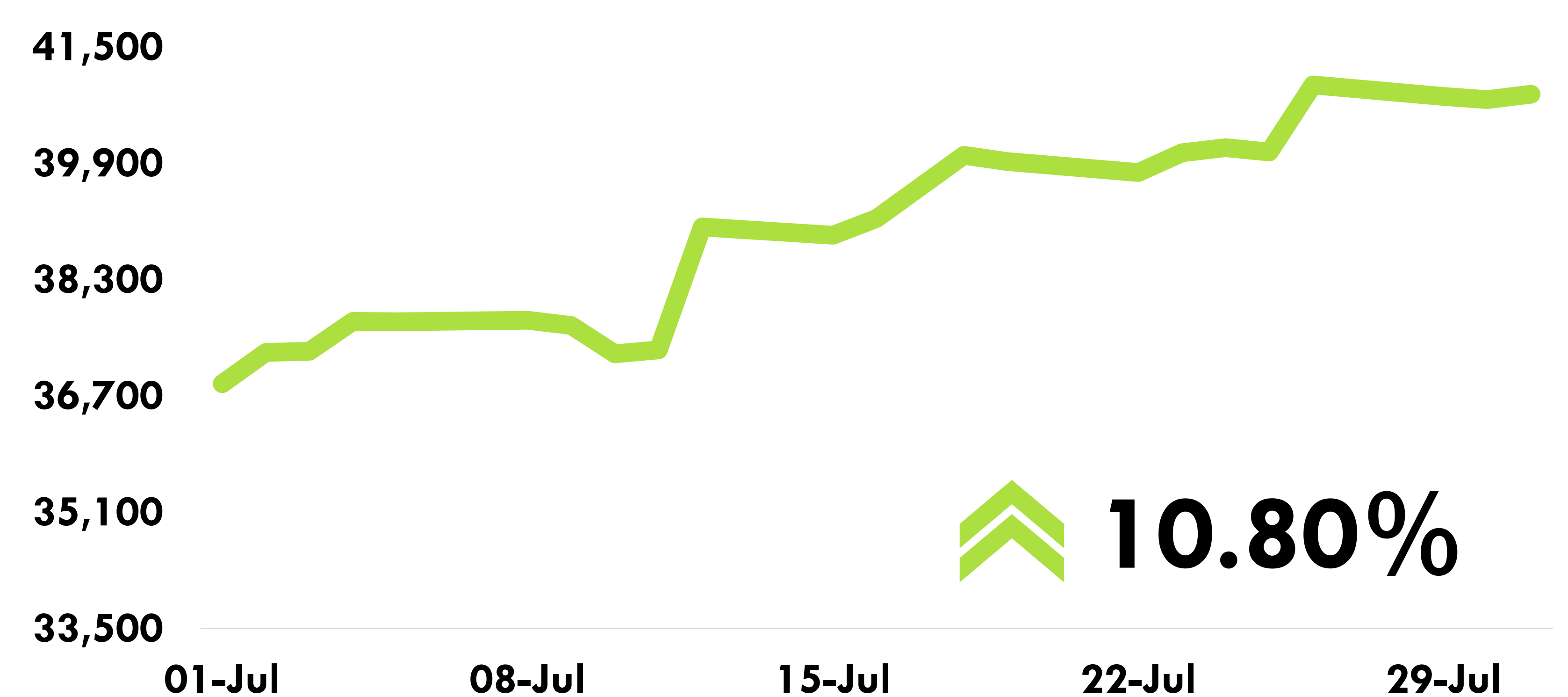
Source: NSE

IT Sector

The index surged by 10.8% in July, fueled by positive quarterly results from some IT giants, although overall sentiment remained cautious due to global economic uncertainties. The sector saw mixed earnings, with some companies exceeding expectations while others faced challenges from slowing deal closures and project delays. The rupee's depreciation against the US dollar helped increase revenue margins. IT companies continued to focus on digital transformation, Generative AI, and cloud services.



NIFTY IT July'24 (in ₹)



Source: NSE

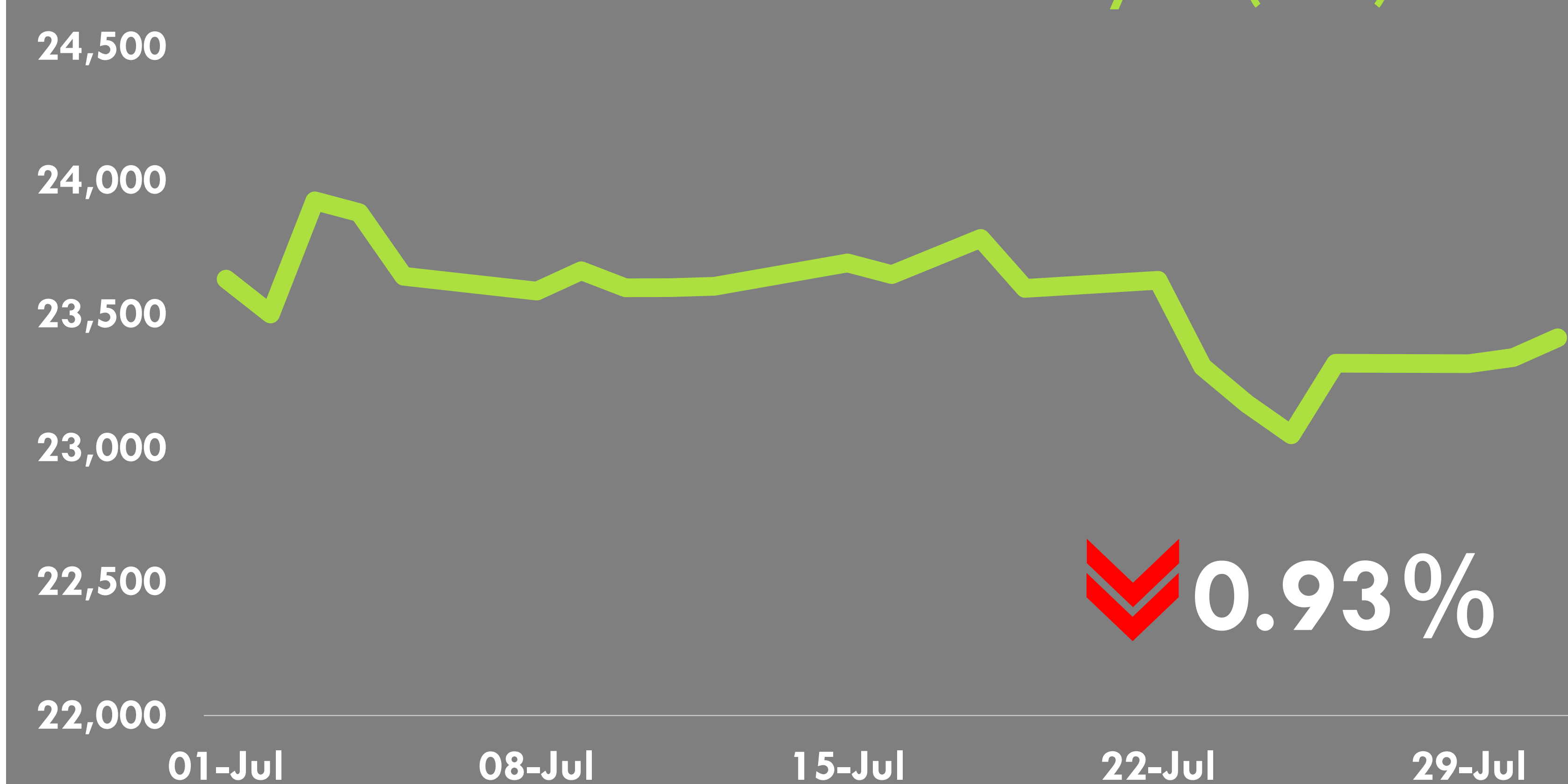
SECTOR UPDATES

Financial Services Sector

The Nifty Financial Services sector showed moderate fluctuations due to a mix of regulatory measures, macroeconomic factors, and global financial trends and ended the month marginally 0.93% down. The Reserve Bank of India's ongoing regulatory actions aimed at ensuring financial stability influenced investor sentiment. Additionally, the sector was impacted by concerns over inflation and broader global economic uncertainties. ICICI Prudential Life Insurance was the top gainer in the sector.



NIFTY Financial Services July'24 (in ₹)



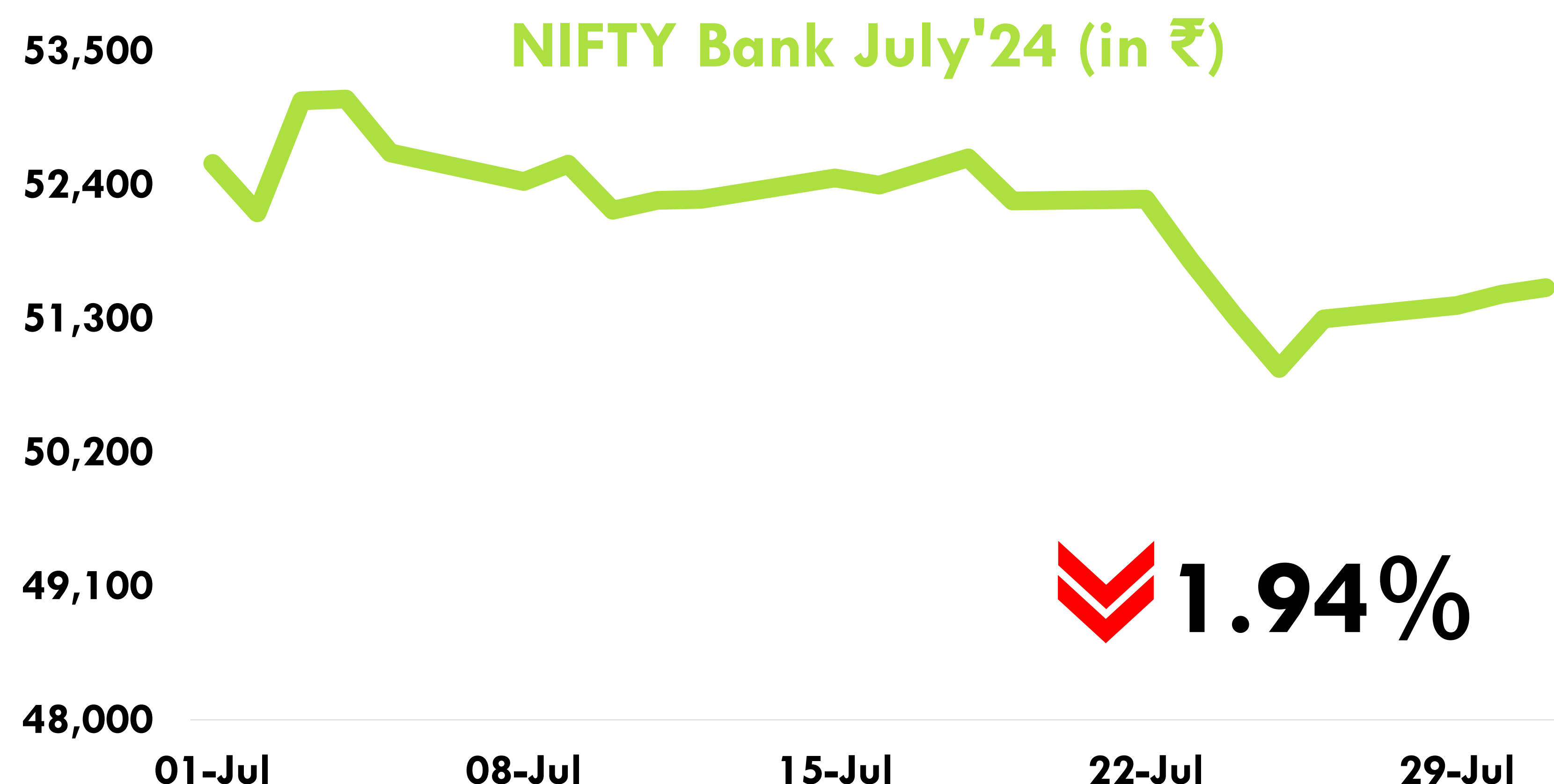
Source: NSE

Banking Sector

The index ended the month down 1.94% amid volatility and disappointing earnings. New RBI norms propose increasing the liquidity cover for 'stable deposits' from 5% to 10% and for 'less stable deposits' from 10% to 15%, aiming to enhance the liquidity management of banks. A deposit crunch and rising borrowings suggest a shift in savings behavior, with more individuals investing in capital markets instead of keeping money in banks. The top gainer was Federal Bank, up by 13.3% during the month.



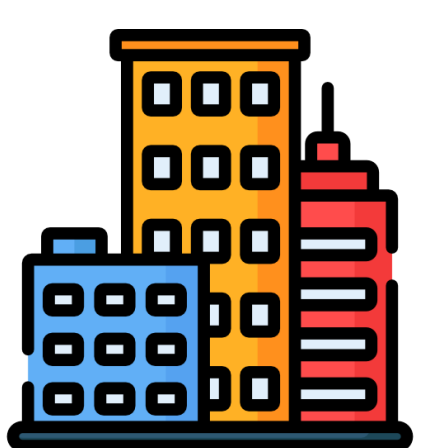
NIFTY Bank July'24 (in ₹)



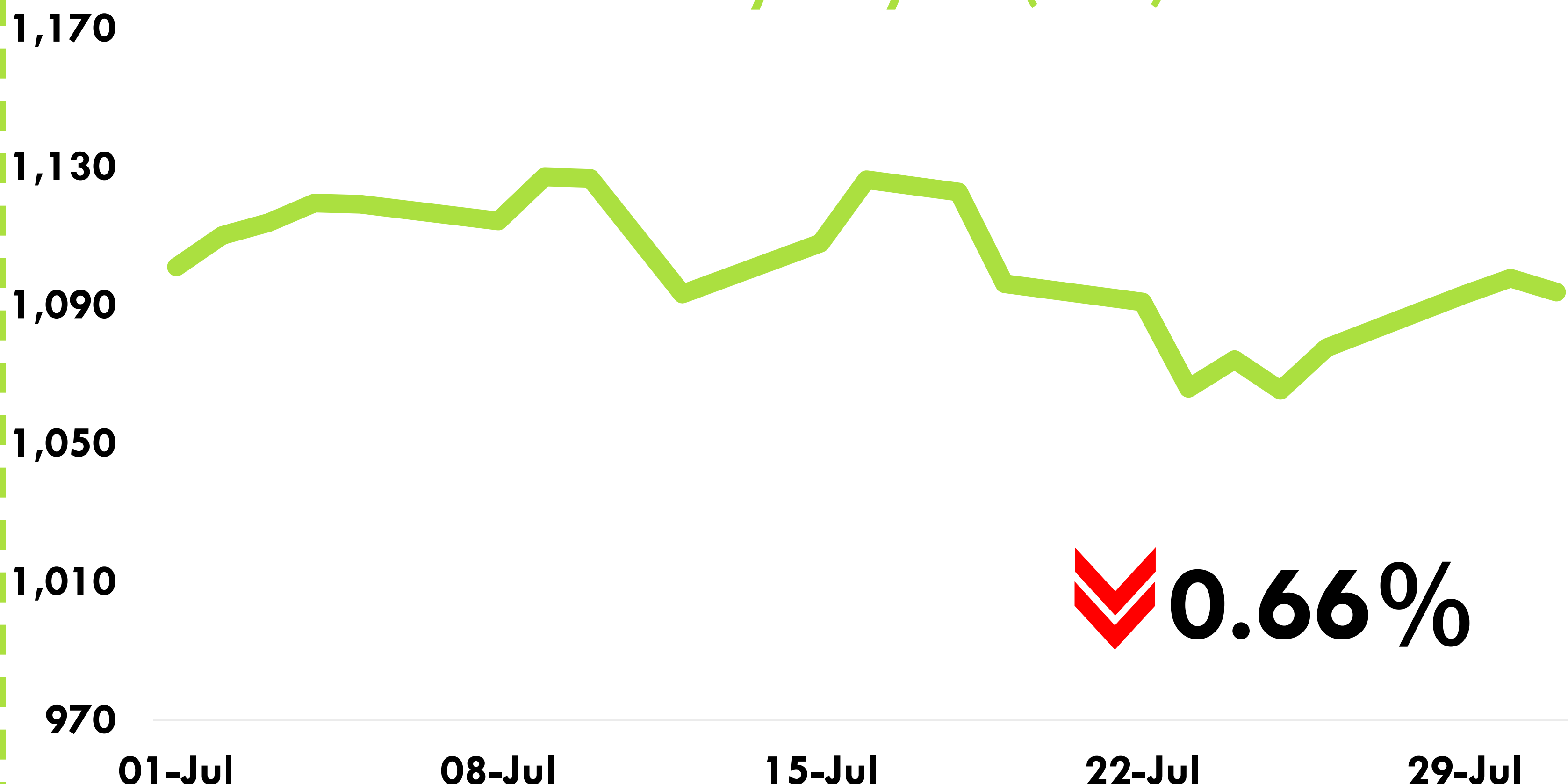
Source: NSE

Realty Sector

The Nifty Realty index had a volatile month, ending with a marginal decline of less than 1%. The removal of indexation benefits for long-term capital gains on property sales, as outlined in the Union Budget, negatively impacted the sector. However, some realty companies, like DLF, reported strong quarterly results, including a remarkable 214% year-on-year increase in new sales bookings, which led to the index's recovery. Swan Energy remained the top gainer with a 23.35% increase, while Macrotech developers experienced a 13.98% decline.



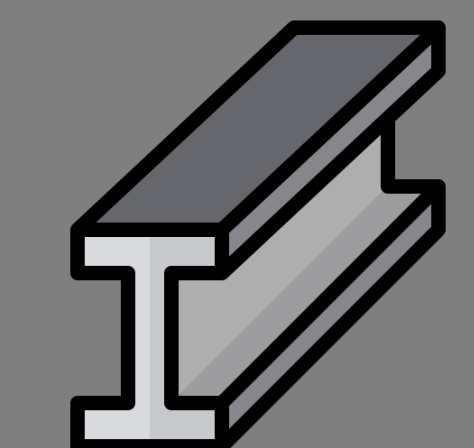
NIFTY Realty July'24 (in ₹)



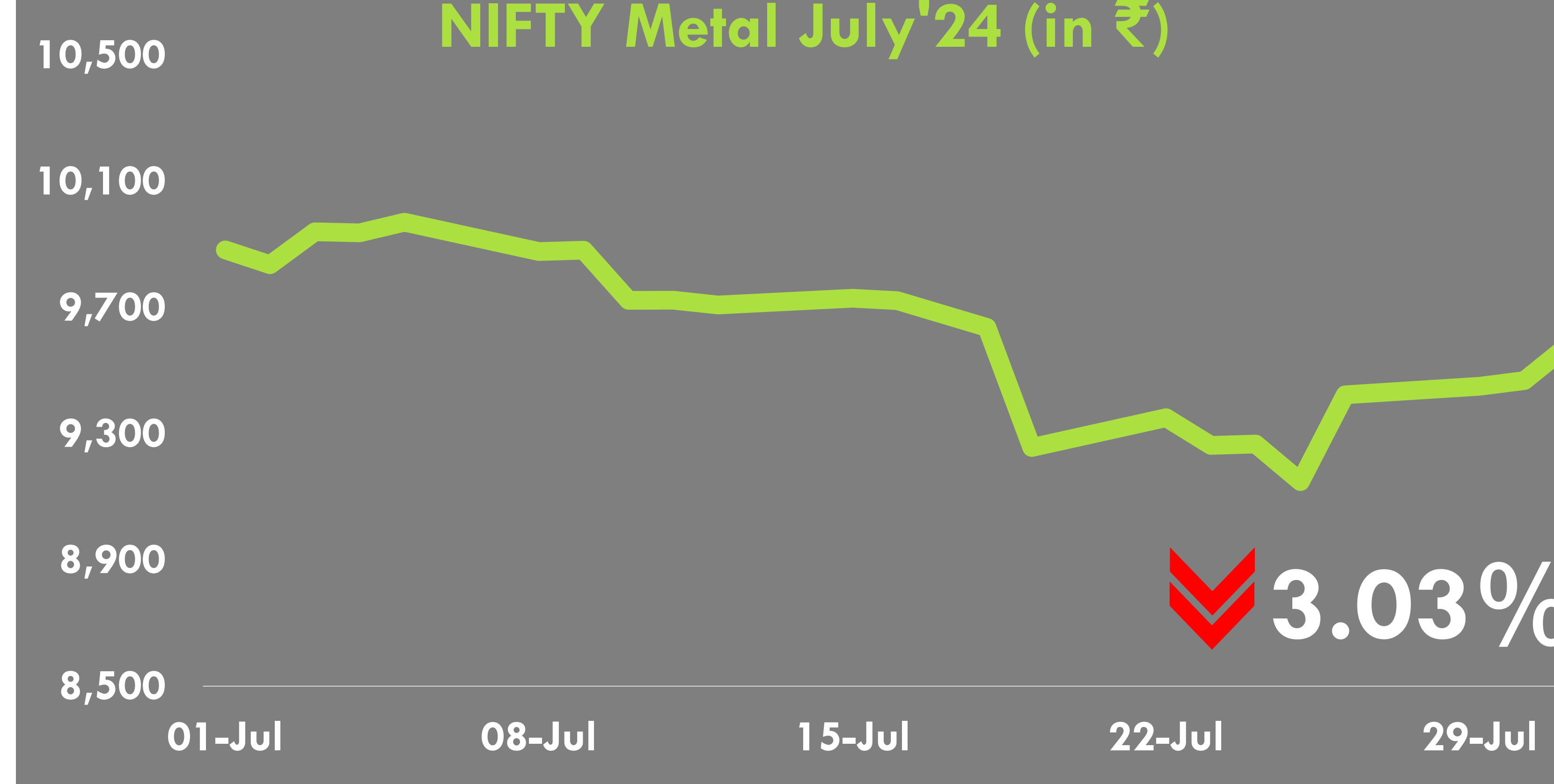
Source: NSE

Metal Sector

In July, the metal sector index saw a notable decline of approximately 3.03%. Concerns about a potential global economic slowdown and weakening metal prices negatively affected investor sentiment. Additionally, China's economic slowdown, as a major consumer of metals, put downward pressure on metal prices. Increased inventory levels among metal producers further fueled worries about demand-supply imbalances. Among the sector's performers, Welspun Corp. emerged as the top gainer with a 14.7% increase, while JSL was the top loser, falling by 8.73%.



NIFTY Metal July'24 (in ₹)



Source: NSE

IPO Goldmine: A Winning Debut

Sanstar Limited, a leading Indian manufacturer of plant-based specialty products and ingredient solutions for food, animal nutrition, and industry, operates advanced facilities in Dhule and Kutch. They produce high-quality ingredients like liquid glucose, maltodextrin powder, and maize starches, renowned for enhancing global food and industrial applications. With over six decades of combined expertise, Sanstar Limited is recognized for innovation and reliability. Their recent IPO, valued at ₹510.15cr, consists of a fresh issue of 4.18 crore shares worth ₹397.10cr and an offer for sale of 1.19 crore shares totaling ₹113.05cr. The company plans to use net proceeds from the fresh issue for expanding its Dhule facility, repay debt, and other general corporate purposes. Subscription ran from 19 July to 23 July 2024, with listing planned for 26 July 2024 on the BSE and NSE. Sanstar's shares are listed at a 10.83% premium on the BSE, priced at ₹106.4 per share.



Dose of Delight in Pharma

Established in 1981, Emcure Pharmaceuticals Limited is an Indian firm specializing in the development, manufacture, and global distribution of a diverse portfolio of pharmaceutical products across key therapeutic areas. The company recently conducted an IPO amounting to ₹1,952cr through a book-built issue. This offer consisted of a fresh issue of 0.79 crore shares, raising ₹800cr, and an offer for sale of 1.14 crore shares, amounting to ₹1,152cr. Notably, the offering garnered significant investor interest, with the subscription rate reaching 67.9 times the total shares available. In detail, the retail investor category saw a subscription rate of 7.4 times, while the Qualified Institutional Buying (QIB) category saw an overwhelming subscription rate of 191.24 times, and the Non-Institutional Investor (NII) category stood at 49.3 times. Emcure Pharmaceuticals shares debuted strongly on July 10th, opening at ₹1,325.05, marking a 31.5% premium over the issue price of ₹1,008 per share. The company intends to utilize the net proceeds from the fresh issue primarily to repay existing debt obligations and for general corporate purposes.



Bansal Wire's Fresh Issue

Incorporated in December 1985, Bansal Wire Industries Limited (BWIL) specialises in manufacturing over 3,000 types of steel wire products, including high-carbon, low-carbon (mild), and stainless steel wires. The company caters to more than 5,000 customers across various industries, offering a wide range of wire sizes from very thin to very thick. Recently, BWIL made a significant stride by launching its IPO as a book-built issue, raising ₹745cr through the issuance of 2.91cr shares. Priced between ₹243 to ₹256 per share with a face value of ₹5, the IPO debuted at a robust market premium of 39%. Managed by SBI Capital Markets Limited and Dam Capital Advisors Ltd, the offering's proceeds are earmarked to repay debt, bolster working capital reserves, and support general corporate objectives. BWIL's successful IPO debut underscores its dedication to innovation and industry leadership, cementing its position as a prominent player in the wire manufacturing sector.



Upcoming IPOs	IPO Size (Approx.)
Ola Electric Mobility Ltd.	₹ 6,145 Cr.
Brainbees Solutions Ltd.	₹ 4,193 Cr.
Ceigall India Ltd.	₹ 1,252 Cr.
Unicommerce eSolutions Ltd.	₹ 276 Cr.

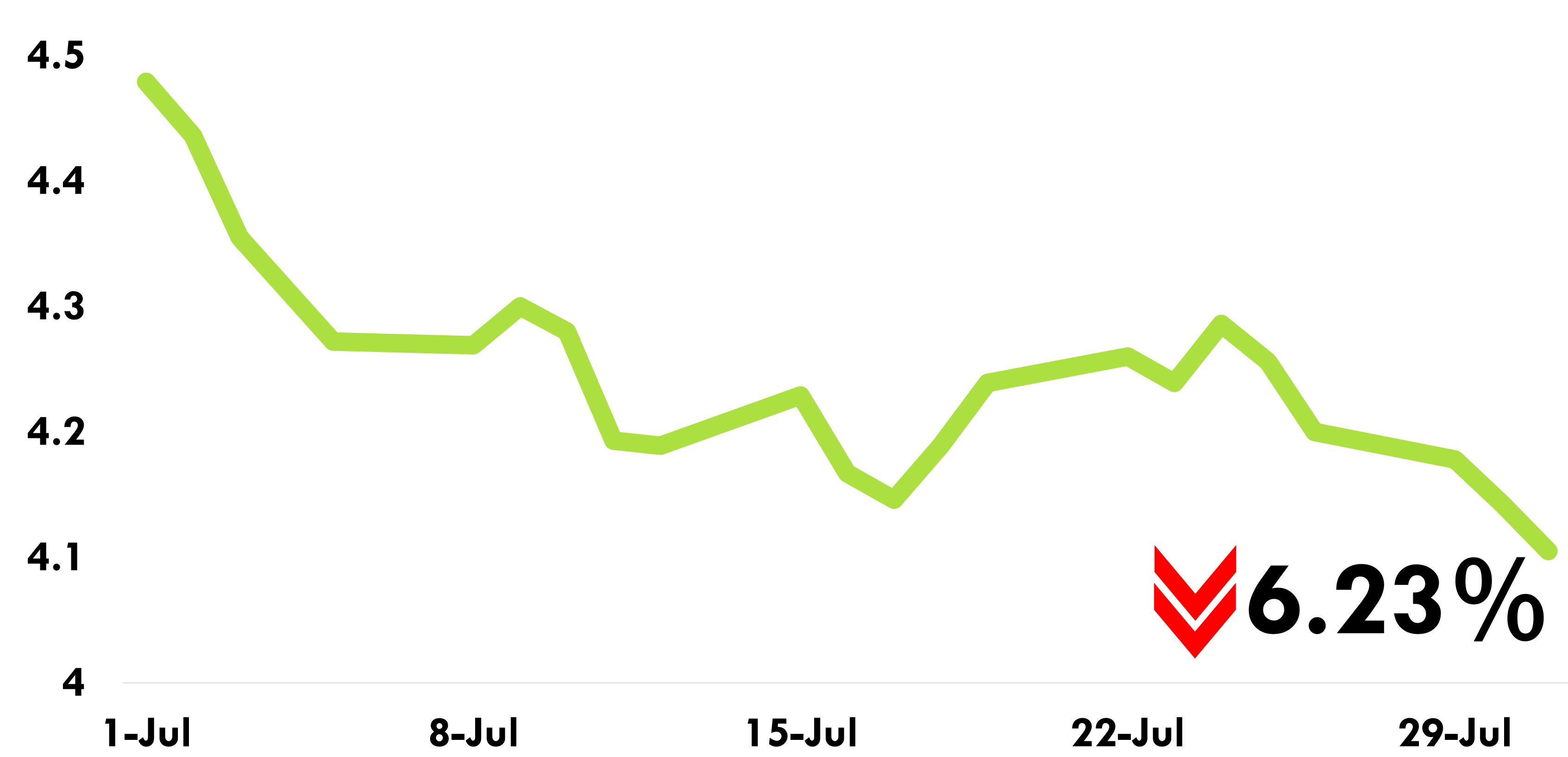
Electric Dreams: Tunwal's IPO Unveiled

Founded in October 2013, Tunwal E-Bike stands as a prominent player in the electric vehicle industry, specializing in the manufacturing of 100% electric two-wheelers. The company is at the forefront of revolutionizing mobility by offering both economical and premium electric scooter options designed to meet diverse consumer needs. Tunwal E-Motors is now entering the capital markets with an initial public offering (IPO), aiming to raise ₹115.64cr. The IPO is priced at ₹59 per share. The IPO was subscribed 12.3 times and got listed at a premium of 8.5% on July 23, 2024. The high subscription rate and premium listing underscore investor optimism about Tunwal E-Motors' potential, signaling strong market confidence in the company's future growth and its role in advancing electric mobility.



FIXED INCOME

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



Source: US Department of the Treasury

In July, several factors affected the yield on the US treasuries, causing volatility. The 10-year U.S Treasury yield began at 4.48% before gradually decreasing to 4.16%. It then stabilized around 4.25% before falling to 4.1% by the end of the month. Treasury yields slipped after key June inflation data. These yield movements were also shaped by Federal Reserve signals and economic conditions. Investors seek clearer signals on future rate cuts and their timing, investors believe that rate cuts are imminent and will be significant, resulting in the yields falling, reflecting expectations of a more accommodative monetary policy in the future, ahead of the US elections.

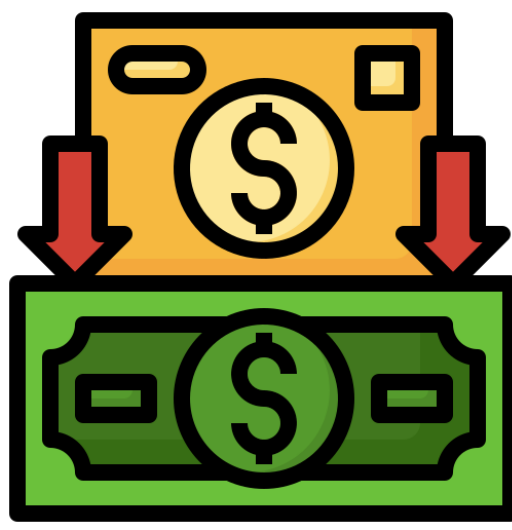
RBI's Tactical Bond Balancing Act

In response to the surge in foreign capital inflows following the inclusion of Indian sovereign bonds in JPMorgan's Emerging Market Bond Index, the Reserve Bank of India (RBI) has implemented strategic measures to stabilize the market. During the week ending July 14th, the RBI sold \$406mn worth of bonds in the secondary market over four days, aiming to manage the liquidity influx and curb volatility. Concurrently, the RBI bolstered its reserves by \$9.7bn. Foreign inflows into Indian bonds have surged, exceeding \$1bn in July alone and totaling \$7.2bn since June, as reported by the Clearing Corporation of India (CCIL). These inflows have been driven by increased demand from global investors seeking to capitalize on India's growing market presence. By selling bonds, the RBI is absorbing excess cash from the system to stabilize the bond market, balancing the inflow of foreign capital with its monetary policy goals of controlling inflation and managing exchange rates. This approach reflects the RBI's commitment to maintaining market stability and fostering a conducive economic environment.



Fiscal Deficit Drops, Bonds Soar!

The FY24-25 budget brings notable changes to the bond market, starting with the government lowering its fiscal deficit target to 4.9% of GDP, down from the previously proposed 5.1% in the Interim Budget. Additionally, the Centre has revised its gross borrowing target for 2024-25 to ₹14.01 lakh cr, which is ₹1.4 lakh cr lower than earlier estimates for FY24. This reduction in borrowing is significant as the government primarily finances its fiscal deficit through the issuance of bonds. The lower fiscal deficit and reduced borrowing could lead to a decrease in the supply of sovereign bonds, potentially driving up bond prices and lowering yields. Furthermore, a key policy shift in the budget involves taxing capital gains on unlisted bonds under section 50AA of the Income Tax Act. This measure is expected to incentivize the issuance and investment in listed bonds, as investors seek more tax-efficient options. These changes are likely to have a considerable impact on investor behavior and the overall dynamics of the bond market.



Inflation

The consistent downtrend in inflation since December 2023 has been broken with a 4-month high inflation of 5.08% in June. The trend of rural inflation being more than urban inflation remained constant. Inflation which had been under the 5% threshold for the last 3 months was breached by a rise in food prices which rose by 67 bps to 9.36%. Economists expected food inflation to be higher on account of the impact of higher MSP on the food basket but this rise was mainly caused by the delay in monsoon.

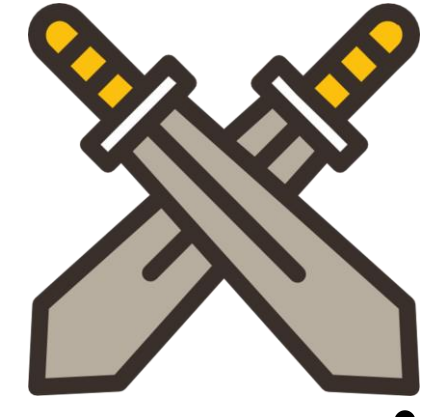
Month	Inflation (%)
June'24	5.08
May'24	4.75
April'24	4.83
March'24	4.85
February'24	5.09

Source: MOSPI

RISK

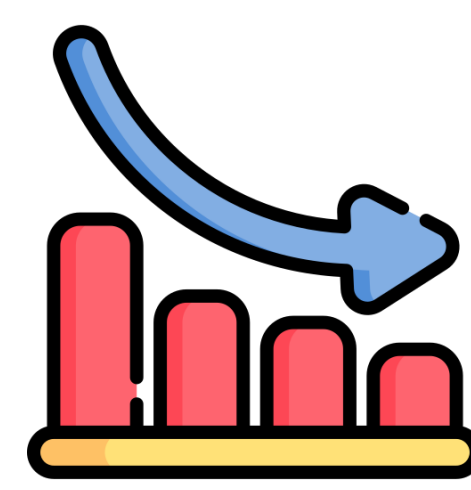
Japan's Reaction to Russia-North Korea Pact

Putin's recent defense agreement with North Korea significantly impacts Japan's strategic planning. The Russia-North Korea axis, including the potential delivery of precision weapons to Pyongyang, largely increases the threat to Japan, with implications for U.S. bases there. Moscow's aid to North Korea's missile programs, particularly ICBMs, could enable retaliation against the U.S., raising the risk of decoupling from its Northeast Asian allies. Putin's nuclear threats complicate Japan's security, especially given North Korea's bolstered capabilities. Japan's Indo-Pacific strategy faces new challenges, particularly with increased Russian influence and cooperation with China. Prime Minister Kishida must address defense spending and manage diplomatic relations amidst these threats. The U.S., Japan, and South Korea must strengthen trilateral ties and crisis management, especially with simultaneous challenges from China and Russia. This situation underscores Japan's vulnerability and the need for robust, coordinated responses to maintain regional stability. Strengthening defense capabilities and enhancing regional alliances are essential for Japan to navigate this complex and evolving security environment effectively and efficiently.



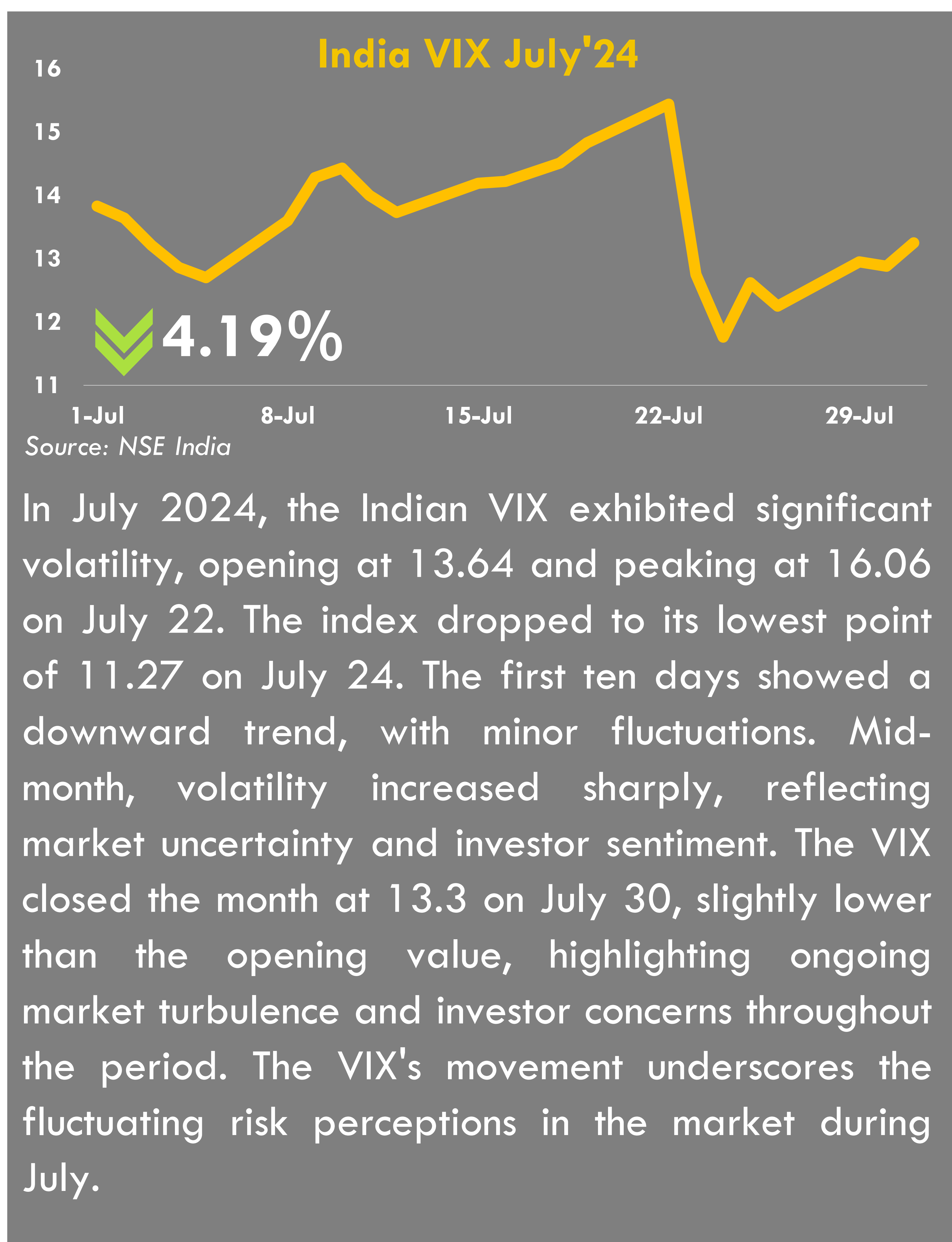
Potential Market Downturn

Recent weaknesses in the S&P 500 raise concerns about a potential medium-term global risk-off event. Significant losses in the "Magnificent 7" stocks—Apple, Amazon, Microsoft, Nvidia, Tesla, Alphabet, and Meta—have contributed to the worst daily performance for the Nasdaq 100 since October 2022. This decline highlights risks of a medium-term downturn for the S&P 500, which may trigger broader risk-off sentiments in global markets. Key factors include the S&P 500's low implied volatility and stock correlation, which may reverse, causing further sell-offs if upcoming earnings reports are disappointing. A critical support level is 4310; breaching this could confirm the downturn. Geopolitical tensions, economic data, and central bank policies will also influence market direction. Investors should closely monitor these elements, as they could exacerbate market instability. The interplay between earnings results and macroeconomic indicators will be crucial in determining the market's trajectory in the coming months.




Cloud Crash Chaos

On July 18, 2024, a major global outage impacted Microsoft 365, Azure, and other services due to a critical bug in a CrowdStrike software update. This bug, stemming from a null pointer error, caused severe memory access violations and system crashes. The disruption affected millions of users worldwide, leading to significant operational and service disruptions across various sectors. CrowdStrike and Microsoft quickly responded to the crisis, working tirelessly to issue patches and provide support to affected customers. This incident underscores the critical need for rigorous code reviews and thorough testing processes in software development. Additionally, it highlights the importance of collaboration between tech companies to ensure robust security and reliability of their services. The outage serves as a stark reminder of the vulnerabilities inherent in even the most advanced systems and the necessity of continuous vigilance and proactive measures to safeguard against such major disruptions in the future.



DERIVATIVES


Europe's First Covered Call ETPs

Leverage Shares has introduced  Leverage Shares Europe's first covered call exchange traded products (ETPs) focused on single stocks. The initial lineup includes three ETPs targeting Nvidia, Tesla, and the SPDR Gold Shares ETF (GLD). Covered call strategies involve selling call options on underlying assets, generating premium income while capping potential gains. This approach has seen significant growth in the US, with assets rising from \$16.6bn in early 2022 to \$77.1bn, driven by funds like JPMorgan's Equity Premium Income ETF (JEPI). European adoption remains limited, with the JPMorgan Global Equity Premium Income ETF (JEPG) holding just \$154mn. However, Leverage Shares aims to fill this gap, capitalizing on increased volatility in individual stocks to enhance premium income. Their ETPs will sell slightly out-of-the-money call options, balancing yield with potential capital gains. Leverage Shares plans to expand this offering with additional ETPs under a new IncomeShares brand and is preparing to launch index-based derivative income ETPs soon.

EU's First Perpetual Futures Venue

One Trading has achieved a notable milestone by becoming the sole provider of perpetual futures trading in the European Union and the first to offer cash-settled perpetual contracts throughout Europe. This advancement follows the award of an Organized Trading Facility (OTF) license from the Dutch Authority for the Financial Markets (AFM), allowing the company to operate as a regulated crypto derivatives exchange. Previously known as Bitpanda Pro, One Trading is now officially recognized under the Markets in Financial Instruments Directive (MiFID) II. This regulatory designation expands the company's ability to provide institutional-grade solutions within the digital asset space. The introduction of cash-settled perpetual contracts is expected to attract a diverse range of institutional investors, who have previously lacked such opportunities within the EU market. The company has outlined plans to launch regulated products, starting with Bitcoin and Ethereum, to fill the existing gap in onshore EU-regulated venues.

SGX Thrives on RBI's Curbs

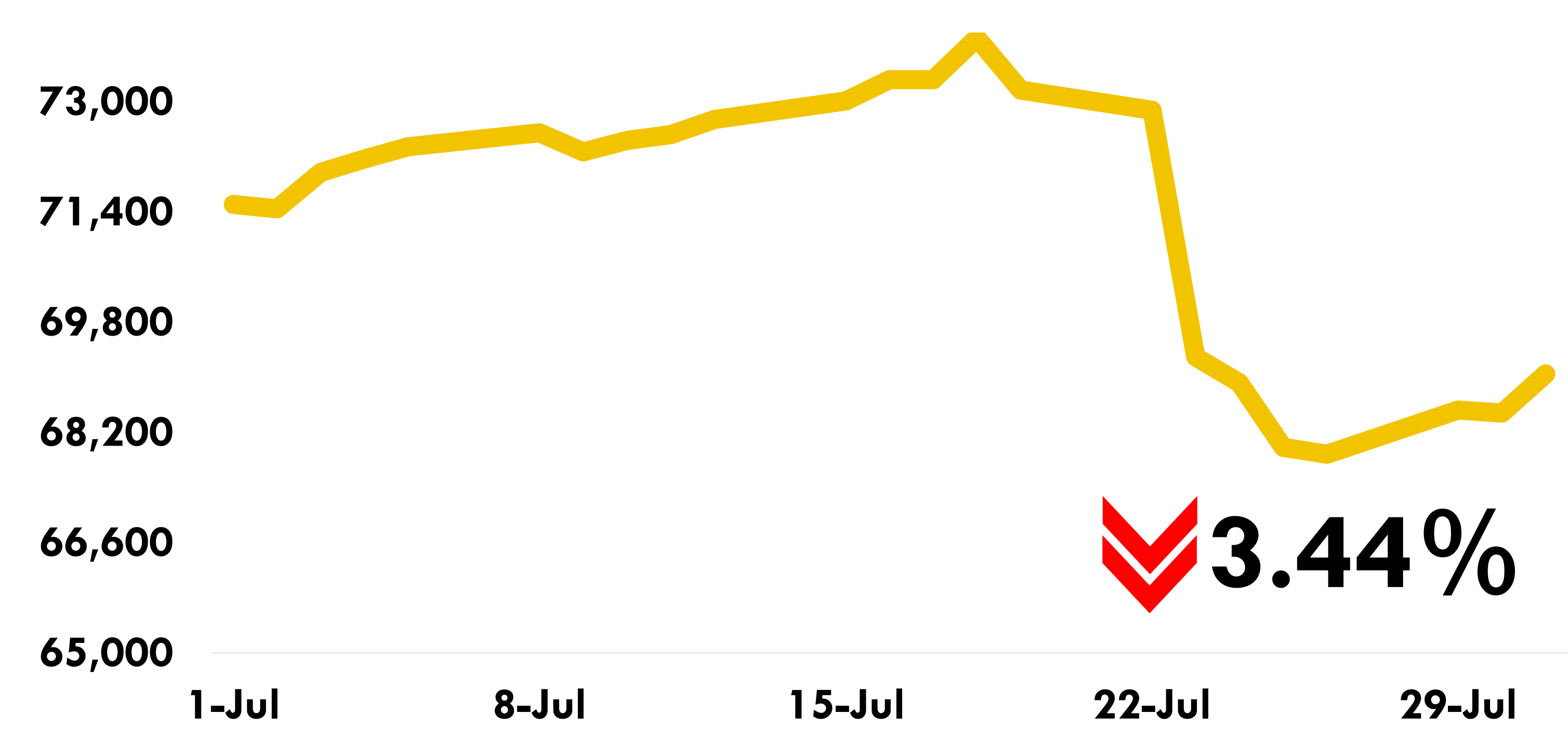
Following recent regulatory changes by  the Reserve Bank of India (RBI) concerning rupee/dollar currency futures, traders have observed a significant transformation in market dynamics. The RBI's initiative aimed to promote greater domestic trading of rupee derivatives, thereby enhancing regulatory oversight and control over currency fluctuations. However, revised rules mandating underlying foreign exchange exposures for trading in local exchange derivatives inadvertently prompted a surge in trading activities on the Singapore Exchange (SGX). This unintended consequence is evidenced by a substantial increase in open interest up by 400% since the beginning of the year, now amounting to 268,000 contracts with a notional value nearing \$6.5bn. In contrast, the National Stock Exchange of India (NSE) has seen a significant decline in open interest, down to 2.7 million contracts valued at \$2.7bn. The shift underscores challenges faced by regulatory bodies in aligning market behaviors with policy objectives, potentially impacting liquidity and hedging strategies in the region's currency markets.

Trading Costs Soar: STT Increase

The Indian government has proposed a 60% increase in the Securities Transaction Tax (STT) on select equity derivative transactions, as outlined in the recent budget. The new rates, effective October 1, will raise the STT on option sales from 0.0625% to 0.1% of the option premium value and on futures sales from 0.0125% to 0.02% of the futures price. This change translates to an increase from ₹62.5 to ₹100 per lakh for options, and from ₹12.5 to ₹20 per lakh for futures. The hike aims to moderate the high trading volumes in the futures and options category, which has surged by more than 40 times in daily notional turnover from May 2018 to June 2024. Market experts anticipate that this increase, along with potential regulatory measures from Sebi, may dampen overall trading volumes. Analysts suggest the STT rise targets high-frequency traders and may indirectly discourage retail participation in the F&O segment.

COMMODITIES

Gold Spot Price (in ₹ per 10 grams)



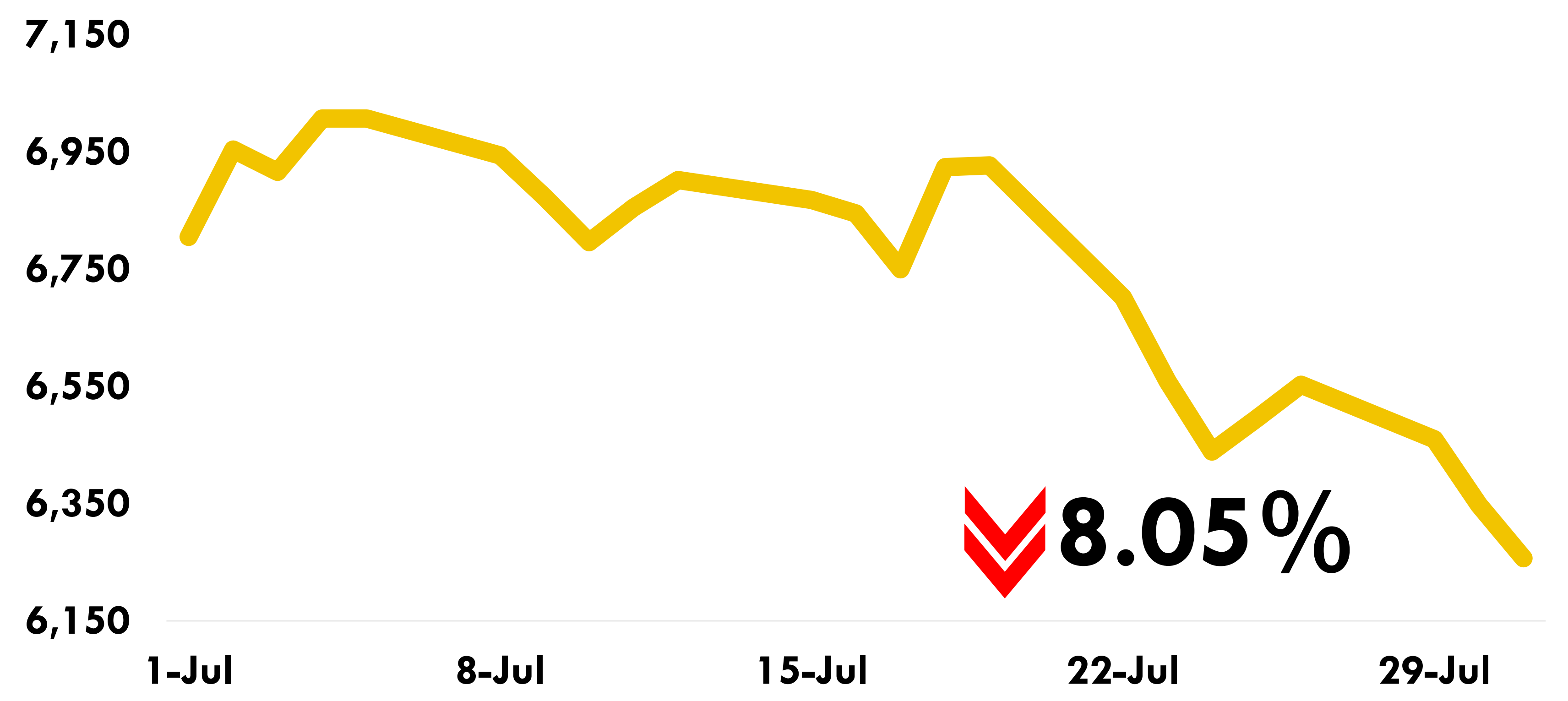
Source: MCX

Gold prices on MCX hit a three-month low of ₹67,700, down from ₹74,700 on July 17, 2024. Gold rate on MCX has dropped by nearly 3.44% in July, the biggest monthly drop since May 2021. Comex Gold's fall below \$2,375 pressured MCX Gold, dropping it by ₹1,100 to settle at ₹67,850. The Union Budget 2024's unexpected cut in gold customs duty caused prices to drop over five percent in one day, erasing around ₹10.7 lakh crore in value, marking the sixth-largest wealth erosion in Indian market history. The market experienced significant movement, peaking mid-month due to heightened demand and global economic factors.

Loophole Exploitation in Platinum Imports

India's surge in platinum imports in the last 4 weeks from mid-June has stirred the bullion market, revealing a clever use of regulatory gaps. Dealers labeled alloys containing around 90% gold as platinum to dodge higher duties, bringing in more than 13 metric tonnes of alloys, valued at approximately \$1 billion, far surpassing the 9.97 metric tons imported in 2023. This clever masking exploited a rule-defining alloy with over 2% platinum as platinum. Thanks to a trade agreement with the United Arab Emirates, platinum incurs only a 5% duty compared to gold's duty of 15%. This allows dealers to sell refined gold at enticing discounts, disadvantaging legitimate importers. As a result, India's tax revenue from these sources has dropped, and gold discounts have widened, causing significant market disruptions. Gold discounts soared to \$34 per ounce, the highest in three and a half months. This situation highlights the need to review import rules to ensure fairness and stability.

Crude Oil Spot Price (in ₹ per barrel)



Source: MCX

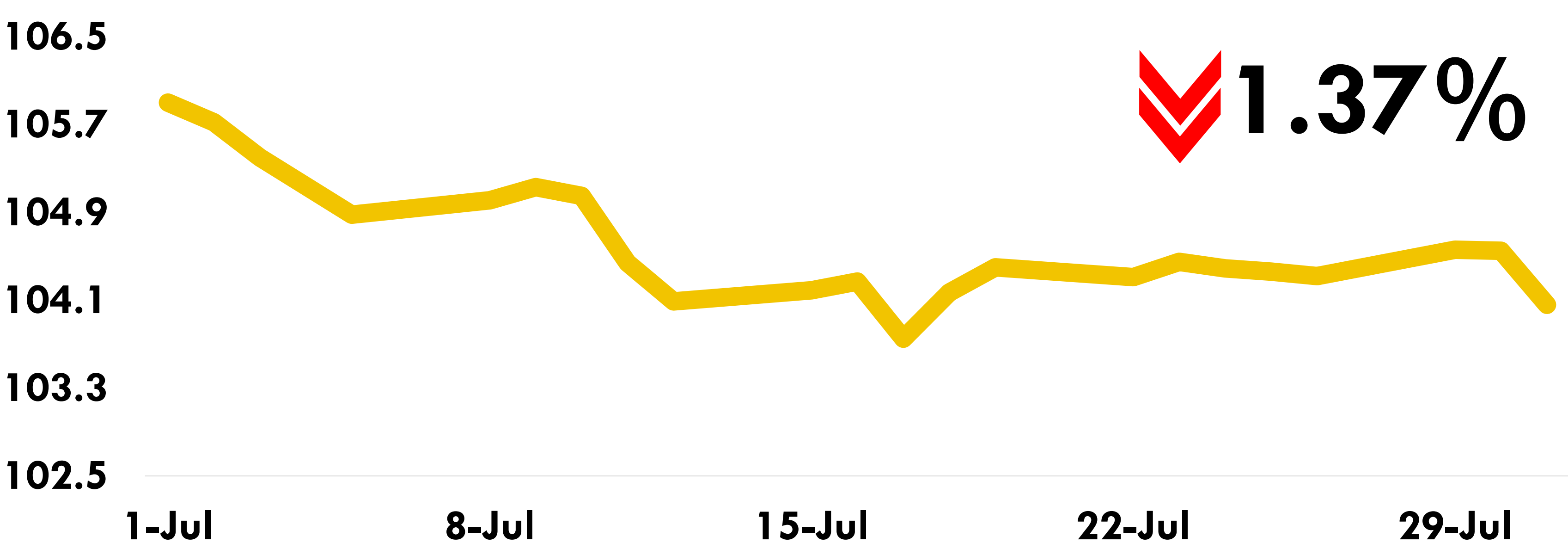
The Indian basket of crude oil experienced notable fluctuations this month, opening at ₹6,800 per barrel and closing at ₹6,200. These changes closely followed global Brent crude trends and were affected by the Rupee's fluctuation against the US Dollar, impacting import costs. Key factors included OPEC+ maintaining current production levels despite calls to increase output to control rising prices, alongside increasing demand for crude oil in China. Meanwhile, US shale oil production increased, and a 7 million barrel drop in US inventories indicated strong domestic consumption and exports. The overall market sentiment was bullish, driven by these supply constraints and a recovering global demand, highlighting the complex interplay of geopolitical and economic factors in the oil market.

India's Edible Oil Imports Decline

India's edible oil imports dipped to 10.09 million tonnes (mt) in the first eight months of the 2023-24 oil year, marking a 2.62% decline from the previous year's 10.36 mt. Yet, June 2024 witnessed a resurgence with imports surging to 1.52 mt, a 16.46% increase from June 2023. The Solvent Extractors' Association of India (SEA) highlighted a reduction in palm and soybean oil imports. Palm oil imports fell to 5.7 mt from 6.03 mt, while soybean oil imports dropped to 1.86 mt from 2.48 mt. Conversely, sunflower oil imports soared to 2.46 mt from 1.85 mt. Indonesia and Malaysia remained key suppliers, while Russia led in sunflower oil exports. SEA's Executive Director, BV Mehta, urged a hike in duty differences between crude and refined oils, proposing a 15% differential to bolster domestic production and reduce import dependence to 15-20% over the next decade.

CURRENCY

US Dollar Index (USD)



Source: Investing

In July, the US Dollar Index surged near the 104.2 mark after its four-month low of 103.6. The upcoming US elections and the Federal Reserve Policy are expected to dampen investor sentiments. The probability of Donald Trump emerging victorious is leading investors to seek the safe haven of US dollars. Critical remarks regarding Fed rate cuts to battle inflation and an expansionary monetary policy could significantly bolster the dollar causing the US Dollar Index to rise.

Zambia's De-dollarization Push

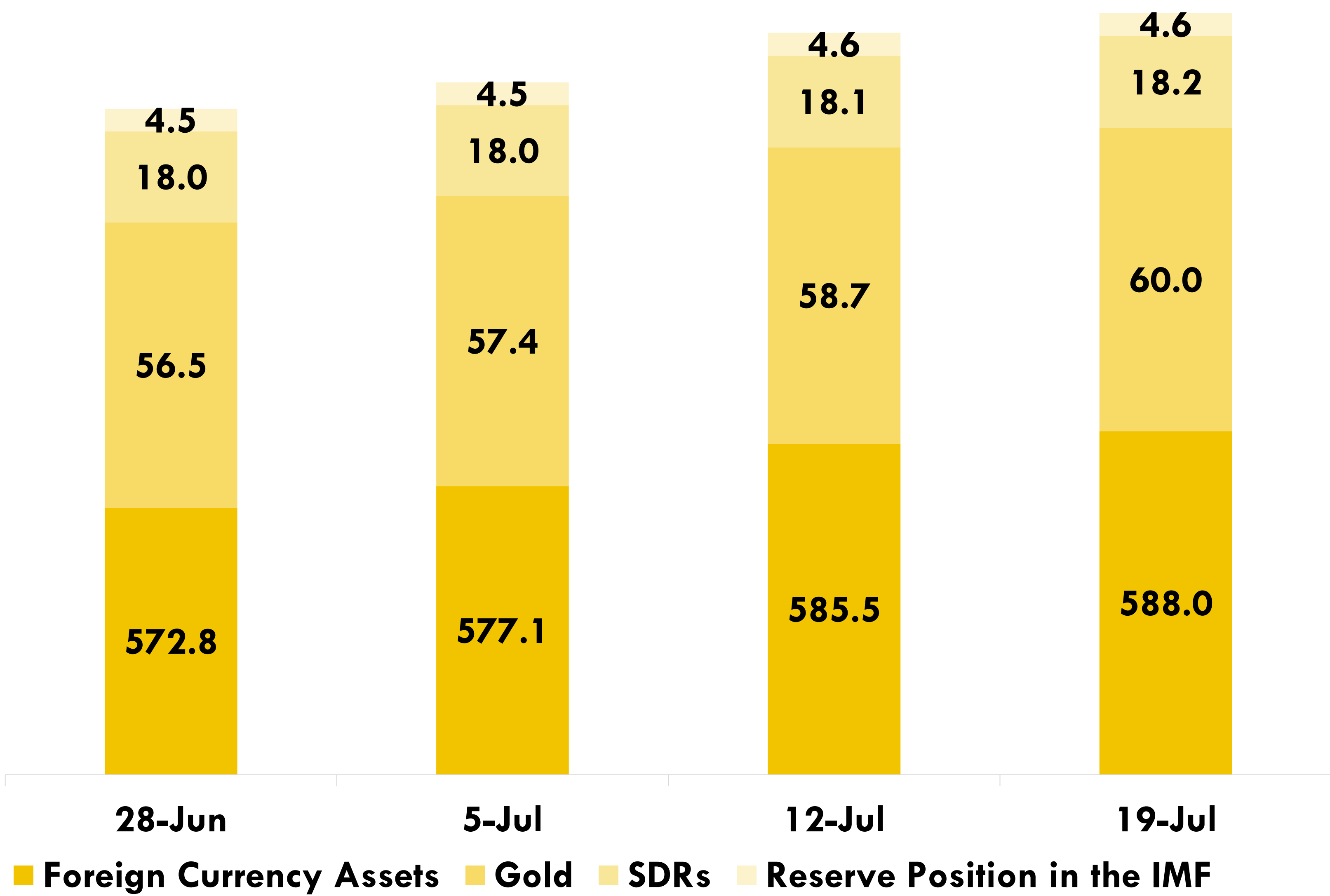
Zambia is making headlines with the adoption of a de-dollarization policy which aims at phasing out the use of foreign currencies including US Dollars and strengthening Kwacha, their local currency as the sole tender for all domestic transactions. Yet to be approved as a statutory instrument by the Minister of Finance and National Planning, this bold move intends to strengthen the economy and reduce Zambia's dependence on the US Dollar. Dollarization does not only hinder the economy's exchange rate policy management system but also exposes the economy to liquidity and credit risk. Non-compliance with the regulations regarding the use of Kwacha could result in the violators facing 10 years of imprisonment or hefty fines.



India's Forex Reserves Rise

India's Forex Reserves hit an all-time high of \$670.85bn in the third week of July. Foreign Currency Assets experienced a notable jump to \$588.05bn following the announcement of Indian bonds inclusion in the JP Morgan Global Bond Index. Concurrently, gold reserves rose to \$60bn whereas SDRs increased to \$18.21bn. The recent depreciation of several currencies like the Yuan, Yen, and Won helped RBI in making Indian exports more attractive globally. The RBI strategically weakened the dollar which benefited the exporters and helped maintain substantial forex reserves.

FOREX Reserve (USD Bn)



Source: RBI

Currency	1 st July'24	31 st July'24	Change (%)	Trend
INR/USD	INR 83.4415	INR 83.7002	↑ 0.34	<div></div>
INR/EUR	INR 89.5900	INR 90.7530	↑ 1.14	<div></div>
USD/EUR	USD 1.0736	USD 1.0844	↑ 1.01	<div></div>
JPY/USD	JPY 161.5050	JPY 150.1665	↓ 7.02	<div></div>
CAD/USD	CAD 1.3738	CAD 1.3807	↑ 0.50	<div></div>
USD/GBP	USD 1.2645	USD 1.2852	↑ 1.64	<div></div>
USD/SEK	USD 0.0941	USD 0.0936	↓ 0.53	<div></div>
USD/CHF	USD 1.1072	USD 1.1394	↑ 2.91	<div></div>

Source: Investing

OTHER ASSET CLASSES

Bengaluru Dominates Real Estate Market

In Q1 2024, Bengaluru emerged as a dominant force in India's real estate market with 16,995 housing units sold, marking a 30% growth year-on-year. Despite a 15% decline from the record set in Q4 2023, Bengaluru showed significant recovery, exceeding the quarterly average sales volumes from 2019-2022 by 124%. The city's appeal lies in its robust infrastructure, thriving IT sector, and favourable business conditions, attracting both investors and homebuyers. Notably, 90% of sales were in under-construction projects, indicating strong buyer confidence. Bengaluru, Mumbai, and Pune collectively accounted for 64% of total sales, with each city showing robust activity in specific price segments. The overall residential market across India saw prices rise 3-15% year-on-year, driven by a limited inventory of high-quality launches and strategic pricing by developers launching new project phases at higher price points. This price surge is due to the rapid sale of high-quality new launches, leading to a severe shortage of inventory and prompting developers to introduce new phases at elevated prices.



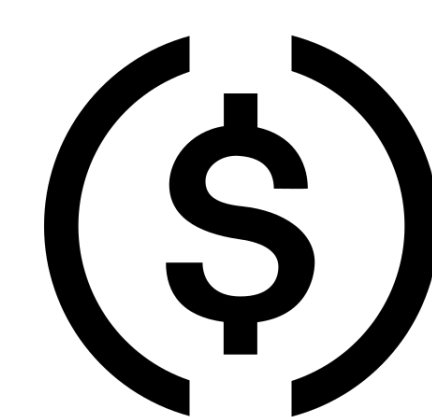
Sustainable Investments Capture Interest

The INVL Sustainable Timberland and Farmland Fund II – Capital Fund, a specialized sub fund within a closed-end umbrella investment fund designed for informed investors, has successfully raised an additional €1.28mn. This sub fund, which focuses on investing in forest and agricultural land across Central and Eastern European EU countries, continues to attract interest from both local and regional investors. Four years post-launch, the fund remains a compelling choice for those seeking alternatives to traditional asset classes, offering diversification and stable returns. Asta Jovaišienė, head of INVL Financial Advisors under the INVL Family Office brand, notes the growing emphasis on sustainability among investors, reflecting a desire for investments that not only provide financial benefits but also align with environmental values. The INVL Sustainable Timberland and Farmland Fund II – Capital Fund is distributed by the INVL Family Office with a minimum investment of €125,000. Managed by INVL Asset Management, the fund targets sustainably managed forest and agricultural land, operating under stringent sustainable forestry and farming principles. The master fund has raised a total of €95.2mn.



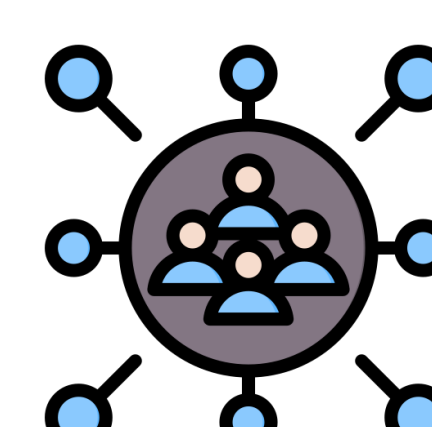
Liquidity Boosts Crypto Stability

The stablecoin market cap has surged to \$164bn, marking a significant recovery after months of stagnation. This growth is primarily driven by Tether's USDT, which has reached an all-time high market cap of \$89bn. Stablecoins are cryptocurrencies designed to maintain a stable value by being pegged to a reserve asset, such as a fiat currency or commodity. This stability makes them appealing for investors seeking to avoid the volatility typical of other cryptocurrencies. The expansion represents a major trend reversal from the prolonged downturn that began in May 2022 during the crypto winter. Analysts attribute this resurgence to improving liquidity and renewed investor confidence in the cryptocurrency market. Fresh capital is flowing into stablecoins, underscoring their crucial role in the broader crypto ecosystem. This upward trend indicates more stable market conditions and an increasing acceptance of stablecoins as reliable assets. The surge in investments shows that investors are regaining confidence in the stability and potential of cryptocurrencies, highlighting the evolving digital finance landscape.



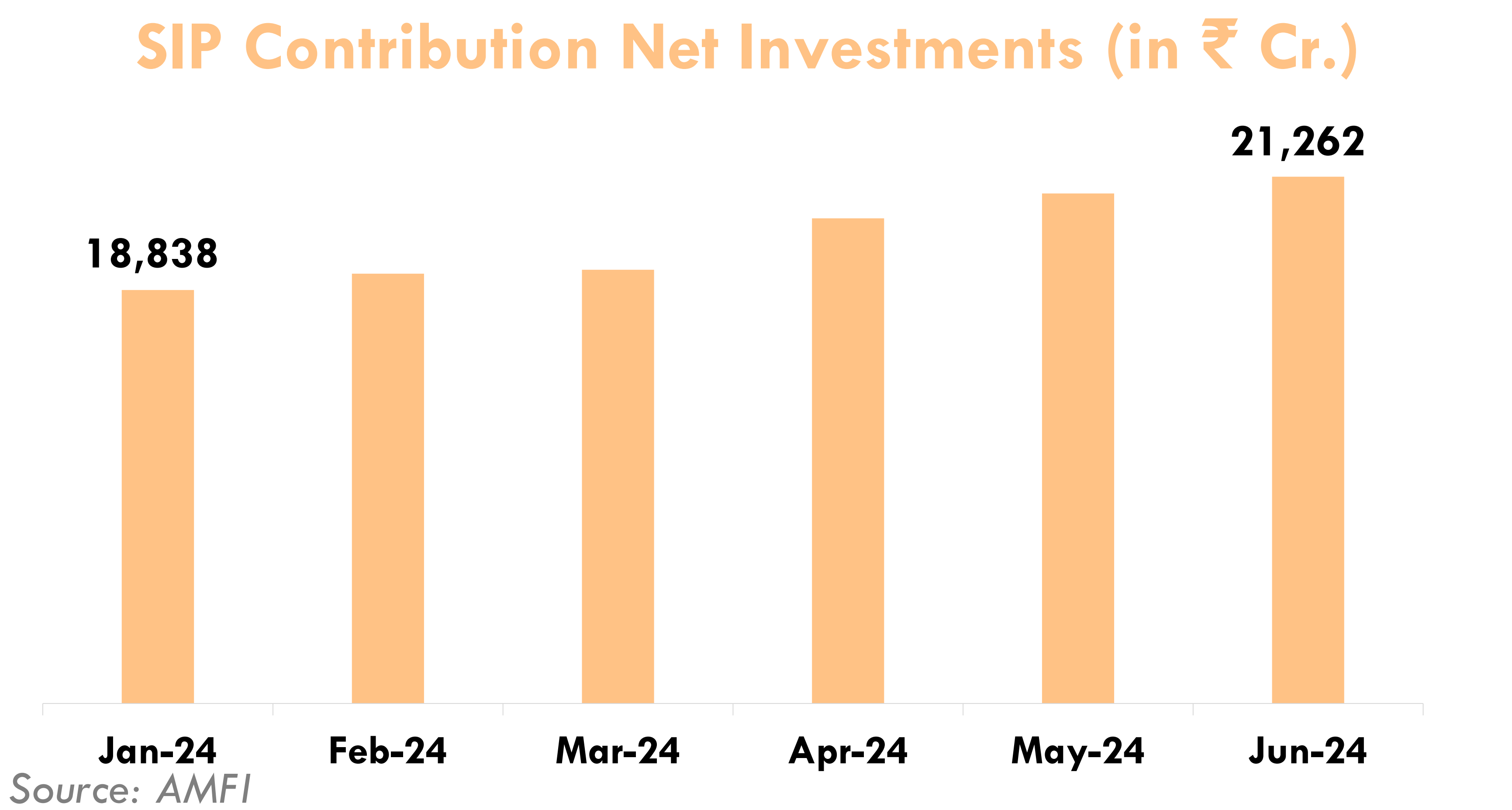
Hedge Funds Flock to Dubai

Over the past 18 months, the Dubai International Financial Centre (DIFC) has evolved into a premier global hub for hedge funds and alternative investments. This transformation results from a combination of strategic factors. Dubai's high concentration of wealth and favorable regulatory environment make it an appealing location for financial firms. The DIFC now hosts over 370 wealth and asset management firms, including more than 50 hedge funds managing substantial assets. The center is noted for its swift regulatory approvals, a critical advantage for financial operations. Additionally, Dubai's strategic geographical position as a trading bridge between Asia, Europe, and North America enhances its attractiveness. The city's high living standards, low taxes, and absence of personal income tax further draw top global talent. DIFC's proactive initiatives and supportive infrastructure have solidified its reputation as a leading destination for hedge funds and alternative investments. This development highlights Dubai's competitive edge, its robust financial ecosystem, and its growing significance in the ever-evolving global financial market landscape, showcasing its resilience and adaptability.



SIPs Inflows Getting Popular

In June 2024, investments in Systematic Investment Plans (SIPs) reached ₹21,262cr, marking a rise from ₹20,904cr in May. The month also saw 55.13 lakh new SIP registrations, with the SIP Assets Under Management (AUM) hitting an all-time high of ₹12.44 lakh cr. The number of SIP accounts rose to a record 8.99 crore in June, compared to 8.76 crore in May. This growth was supported by significant inflows due to the favorable overall macroeconomic factors, including ₹14,370cr from the launch of 11 new equity fund offerings (NFOs) and increased investments in sectoral/thematic funds.



Luxury Giant's Strategic India Fund

In a pioneering move, L Catterton, the consumer-focused private equity firm supported by French luxury giant LVMH, is setting up a dedicated investment vehicle for India. The firm aims to raise ₹4000cr over the next year under Category II AIF guidelines. This initiative follows L Catterton's announcement in March 2024 of a joint venture with former HUL CEO Sanjiv Mehta. The new India-focused fund, pending SEBI registration, will co-invest alongside L Catterton's Pan Asia dollar fund on a pro rata basis. Targeting investments across 7-9 deals, the fund will seek contributions from banks, insurance companies, pension funds, family offices, and high-net-worth individuals, aiming to drive substantial growth and returns. Led by Sanjiv Mehta, Executive Chairman of India, and Partner Anjana Sasidharan, the vehicle will focus on both majority and minority stakes in the consumer sector. L Catterton's Asia team, under Managing Partner Scott Chen, has previously invested over \$1bn in 19 Asian companies, including Jio Platforms and Drools.

LVMH

Equity MFs Consecutive Inflows

In June, inflows into equity mutual funds surged 17% to a record ₹40,608.2cr, as reported by the Association of Mutual Funds of India (AMFI) on July 9. The mutual fund industry's Assets Under Management (AUM) reached a milestone of ₹61.16 lakh cr. Despite net outflows of ₹1,07,357.6cr from debt funds and overall net outflows of ₹43,108.8cr from open-ended funds, equity fund inflows continued to thrive. The industry continued to gain from persistent investments in equity-oriented mutual funds, hybrid funds, and passive funds. Sectoral/Thematic Funds led with net investments of ₹22,351.7cr, driven by new fund offers (NFOs) and market corrections. The ongoing interest in equities shows growing investor confidence, even amid market volatility. This confidence persisted despite a brief dip and a quick rebound in benchmark indices following the recent general elections. Investors seem to view these equities as reliable, indicating a robust market recovery and a positive outlook.



SEBI's Innovative Asset Proposal

India's capital markets regulator, SEBI, has proposed the introduction of a new asset class designed for high-risk investors, aimed at increasing flexibility in portfolio management. This proposal seeks to bridge the gap between mutual funds and Portfolio Management Services (PMS) by offering products that include features such as Systematic Investment Plans (SIPs) and the option to invest in derivatives beyond mere hedging. The new asset class will set a minimum investment threshold of ₹10 lakh, a measure intended to discourage casual retail investors while appealing to those with investable amounts between ₹10 lakh and ₹50 lakh. The proposal is designed to provide access to sophisticated investment strategies like long-short equity funds and inverse ETFs. These strategies allow investors to take both long and short positions or to bet against market indices. Industry experts view this proposal as a promising development, potentially reducing reliance on unregulated investment schemes and offering a regulated alternative for sophisticated investors.



Raymond Group Restructures

Raymond Limited has announced the demerger of its real estate business into its wholly-owned subsidiary, Raymond Realty Limited (RRL). Once the demerger is complete and all statutory approvals are obtained, Raymond Ltd and RRL will function as separate listed entities under the Raymond Group. According to the scheme, shareholders of Raymond Ltd will receive one share of RRL for each Raymond Ltd share held, facilitating RRL's automatic listing on stock exchanges. Raymond's real estate business has shown significant growth, reporting a revenue of ₹1,593cr, a 43% year-on-year increase, and an EBITDA of ₹370cr in FY24. This growth positions the real estate business to pursue its trajectory as an independent entity. The demerger aligns with the Group's strategic objectives of simplifying its corporate structure and enhancing shareholder value through operational and structural benefits. It will enable dedicated management teams to focus on industry-specific expertise, sharpening business focus and tailoring investment strategies to each sector's unique dynamics.



Filtering Portfolio

Hindustan Unilever Limited (HUL) has announced the sale of its two-decade-old water purification business, Pureit, to AO Smith for an enterprise value of \$72mn (₹601cr). This decision aligns with HUL's strategic focus on its core categories. Pureit, known for providing essential water purification solutions, will benefit from AO Smith's ownership, ensuring its growth and continued service to loyal consumers. The deal will cost approximately \$120mn in cash to AO Smith subject to customary adjustments and is expected to close by the end of 2024 and will not materially impact HUL's earnings in the first year. The transaction will occur through a slump sale via a business transfer agreement between HUL and AO Smith India Water Products. In FY24, Pureit generated a turnover of ₹293cr, accounting for less than one percent of HUL's total turnover. Until the transaction is completed, HUL will continue to manage the Pureit business, ensuring a smooth transition for the stakeholders involved.



Organic for Inorganic-Growth

Edible oil giant Patanjali Foods Ltd announced this month its plan to acquire the home and personal care business of Baba Ramdev-led Patanjali Ayurved (also a promoter in Patanjali Foods Ltd) for ₹1,100cr. This move is part of Patanjali Foods' strategy to become a leading FMCG company. The board has approved the acquisition of the entire non-food business, including hair care, skin care, dental care, and home care products. This includes all movable assets, immovable properties, contracts, licenses, records, employees, and certain assumed liabilities of Patanjali Ayurved, through a slump sale arrangement on a going concern basis. Patanjali Foods will fund the ₹1,100cr deal through internal cash reserves, paying in five tranches. The acquisition, expected to conclude in the current quarter, includes major brands like Dant Kanti and Kesh Kanti. Additionally, Patanjali Foods and Patanjali Ayurved will enter into a licensing agreement, allowing the use of trademarks and associated intellectual property rights owned by Patanjali Ayurved.



Cementing Its Position

Exactly a month after acquiring a 23% stake from DMart founder Radhakishan Damani, UltraTech Cement, part of the Aditya Birla Group and the largest player in the sector, announced plans to acquire an additional 32.72% stake in South India-based India Cements at ₹390 per share. This move will be followed by a mandatory 26% open offer, and if fully subscribed, UltraTech will hold 81% of India Cements, marking the exit of the promoter group led by N Srinivasan. The acquisition price is 46% higher than the ₹267 per share Damani received for his holding. Strategically, this acquisition gives UltraTech a significant foothold in the South Indian market, which is fragmented with over 45 players. The region's capacity utilization is low, at 60-65%, compared to the national average of around 70%. This move also aims to preempt the Adani Group-owned Ambuja Cements, which has been acquiring assets like Sanghi, MyHome's grinding unit, and Penna, and secures UltraTech's position in the South.



STRATEGY

Cruising from crisis to glory

In the 2000s, Royal Enfield, now a leader in the cruising segment of the biking industry, was on the verge of shutting down. The turnaround began when its ex-CEO refocused the company's strategy. He closed 13 of 15 operations, choosing to excel in a few areas rather than being mediocre in many. His vision was to cultivate a biking culture in India, adding a recreational dimension to the experience. Royal Enfield organized annual events and rides, sponsored mountain biking, and cross-country runs, fostering a strong community and aspirational brand value. The CEO emphasized on the quality, developing parts with much lower failure rates and introducing newer, more powerful, and efficient engines. This meticulous attention to detail sets Royal Enfield apart from competitors, offering a cruising bike at an unmatched price range, complete with a rugged, appealing look for riders. This strategic shift led Royal Enfield to increase its sales from 25,000 units in 2005 to an impressive 8,24,066 units in 2023. It solidified the brand's market position and cemented its iconic status among biking enthusiasts, especially for dream trips through the valleys of Leh Ladakh, by creating a unique and desirable biking lifestyle.

ROYAL ENFIELD

**TATA
CONSUMER
PRODUCTS**

DE BEERS
A DIAMOND IS FOREVER

Polishing the Illusion: De Beers

Established in 1888, De Beers Group has cemented its status as the world's leading diamond company, renowned for its expertise in the exploration, mining, marketing, and retailing of diamonds. At its peak, De Beers controlled upwards of 90% of the natural diamond market, shaping the industry and public perception of diamonds. De Beers understood the power of scarcity and its impact on demand. Leveraging their monopoly, they created an artificial scarcity for diamonds in the market. Despite diamonds being one of the most commonly found gems, this manipulation made them appear rare and, consequently, exorbitantly priced. This strategy increased the allure of diamonds and also positioned them as luxury items. They marketed diamonds as eternal symbols of love, emphasizing that diamonds are the quintessential standard for engagements and lifelong commitments. Although De Beers' market share has decreased from its peak and it no longer controls 90% of the market, the company still commands a significant portion of the diamond market. The demand for diamonds remains strong, perpetuated by the lasting impact of De Beers' marketing strategies and the perceived value of diamonds in society. De Beers Group's legacy in the diamond industry is marked by its strategic creation of scarcity and effective marketing.

From Tata's Salt To Nation's Salt

In the 1980s, India's salt market was highly fragmented, dominated by unbranded products, and characterized by traditional hand-harvesting techniques. During this time, TATA introduced TATA Salt, a premium product noted for its superior quality and higher price. Utilizing vacuum evaporation methods, TATA Salt offered far greater hygiene, marking a significant departure from the norm. This innovation improved food taste and addressed critical nutritional deficiencies in the Indian diet. TATA employed strategic marketing to forge a strong emotional connection with consumers. Their branding evolved from "Namak ho TATA ka" to "Desh ka Namak," instilling national pride and unity. Recognizing the widespread iodine deficiency in India, TATA saw an opportunity to meet a vital public health need. Through TATA Salt, they provided not merely a seasoning but an essential source of iodine, benefiting a vast segment of the population. This dual focus on quality and health allowed TATA Salt to transition from a mere commodity to a trusted household name. It reshaped the Indian salt market by setting new standards for hygiene and nutrition. TATA Salt's success story illustrates the impact of innovation and strategic marketing in transforming a basic product into an essential element of the Indian diet.

MARKETING & BRANDING

Play Your Own Way: Decathlon

Decathlon's latest campaign champions the message that sports are for everyone, transcending age, gender, background, and fitness levels. At the heart of this initiative is a compelling video that highlights women breaking barriers and embracing their uniqueness through sports. This powerful portrayal features women from diverse backgrounds participating in various sports and overcoming challenges, symbolizing resilience and empowerment. To reinforce its commitment, Decathlon shares testimonials from its female teammates across India. These stories highlight personal journeys and experiences, showcasing how women within the organization challenge norms and cultivate a culture of inclusivity and empowerment. In celebration of Women's Day, Decathlon also launched an ad audio challenge, encouraging everyone to participate, and invited women to join the conversation using the hashtag #HERoesofDecathlon. This campaign vividly illustrates Decathlon's belief in the transformative power of sports to uplift and inspire. It empowers women to take pride in their strength and individuality and reinforces the notion that sports is a powerful tool for personal and societal growth.



zomato

Pintola[®]
SPREAD THE GOODNESS

Pintola's Mystery Truck

Pintola's dazzling 'truck campaign' became the talk of the town, artfully blending a 2D cut-out of cricket sensation Suryakumar Yadav with a striking 3D peanut butter jar. Launched amidst the fervor of the T20 Cricket World Cup, this campaign was a heartfelt tribute, a collective manifestation of victory for Team India. On Instagram, Pintola ignited a thrilling treasure hunt encouraging fans to share their discoveries on their Instagram stories, tagging Pintola and using #HelpUsFindPintola. Fans loved the challenge, eagerly searching for the truck and sharing their finds. Pintola's collaboration with local influencers who crafted captivating reels, documenting their playful quests to locate the lost truck, further amplified the buzz. When India's triumphant victory in the ICC T20 World Cup was sealed, Pintola celebrated it with a rally in Ahmedabad, with their iconic truck at the forefront. This created a big splash on social media and resulted in boosted engagement for the peanut butter brand. The 'truck campaign' was a masterful blend of creativity, community spirit, and national pride, leaving a lasting imprint on the hearts of millions.

Zomato's Sweet Sixteen

Zomato celebrated its 16th anniversary with a unique twist. They enlisted the witty stand-up comedian Samay Raina to roast the beloved brand. With sharp humor, Raina critiqued Zomato's quirky, cheesy notifications that tempt people to explore diverse culinary delights through their app. He also poked fun at Zomato's customer service and playfully jabbed at their friendly rivalry with Swiggy, adding another layer of humor. The post created quite a buzz, with brands like Swiggy, Uno, Britannia, and Book My Show humorously commenting that they wouldn't want such a roast. In an epic response, Zomato quipped, "Samay aane pe tum bhi sahoge," hinting at both comedian Samay Raina and perfect timing. They issued ads on the front pages of national newspapers which grabbed everyone's attention. It featured key team members, including Goyal, co-founder Akriti Chopra, CFO Akshant Goyal, and food delivery CEO Rakesh Ranjan which cleverly parodied well-known birthday posters and ads put up by political parties. The language and designations in the ad were humorously altered to fit this theme, with a ticker clarifying the ad's playful intent. On LinkedIn, the post about this campaign drew numerous comments, with many netizens joining the fun by posting birthday wishes in Hindi. This blend of humor and creativity fosters a deeper connection with users, making Zomato a beloved brand that people feel a part of.



PINION POLL

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- RADHIKA GUPTA

MD AND CEO, EDELWEISS MUTUAL FUND

“The Indian economy is on a strong wicket and stable footing, demonstrating resilience in the face of geopolitical challenges.”

- V.ANANTHA NAGESWARAN
CHIEF ECONOMIC ADVISER

“We are the envy of the world in terms of our growth in GDP. We are the preferred destination of the world for investment because of the belief in our future.”

- ANAND MAHINDRA
CHAIRMAN, MAHINDRA GROUP

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