



Leveraged Growth

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# MONTHLY REPORT AUGUST 2024

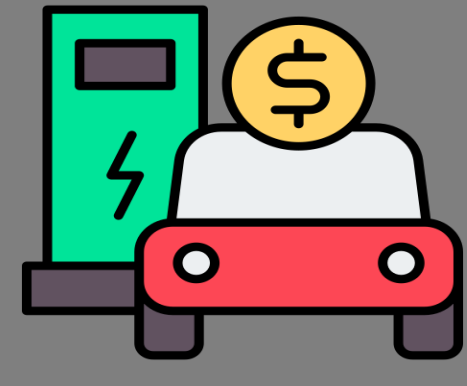
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## Canada Slams China with Tariffs

Canada has significantly intensified its trade measures against China, as announced on August 26. Starting October 1, a 100% tariff will be imposed on electric vehicles (EVs) manufactured in China, on top of existing import duties of 6.1 percent. Additionally, a 25% tariff on steel and aluminium imports from China will come into effect on October 15. China is the third-largest supplier of steel to Canada, making this move particularly impactful. The Canadian government stated that these tariffs are necessary to combat unfair competition and trade practices from China. This decision follows similar actions by the United States and the European Union, which have both implemented significant tariffs on Chinese EVs—100% and 38%, respectively. Canada's new tariffs are designed to level the playing field for its domestic electric vehicle, steel, and aluminium industries, ensuring they can compete effectively both within Canada and globally. China has strongly criticized the tariffs, arguing that the accusations of unfair trade practices are baseless. This move by Canada demonstrates its commitment to protecting its industries and maintaining economic competitiveness.



## Bank of England's New Rate Path

The Bank of England has cut rates by 25 basis points to 5% from its sixteen-year high. The decision to cut rates was made by the Monetary Policy Committee after a vote, with 5 members in favor of the rate cut and 4 against. Interest rates are further set to decline, but unlike the rapid hikes of recent years, the decrease will be more gradual and measured. Higher rates had previously helped reduce inflation by making borrowing more expensive but had also strained the British economy, resulting in minimal growth since the pandemic. The recent rate cut provides relief to mortgage holders, particularly those whose costs align with the bank's headline rate. However, this may lead to lower savings rates offered by banks. The Governor of the Bank of England stated that the interest rate cut is a response to reduced inflationary pressures, he further emphasized the importance of managing future rate cuts to ensure stable inflation, which is crucial for economic growth and prosperity.



## Economic Fears Trigger Global Selloffs

On August 5, global markets experienced a significant decline due to increasing concerns about the US economy, leading to widespread selling of stocks. Japan's TOPIX index fell by 12 percent, marking its largest drop since the 1987 "Black Monday" crash. This decline also affected US and European markets, with the S&P 500 falling by over 2 percent. The high cost of borrowing is straining the US economy, and economic activities in the Eurozone and China have slowed down. Additionally, the Bank of Japan increased rates to 0.25% from 0% which caused the yen to rise rapidly, creating challenges for its export-oriented economy and leading to significant sell-offs by foreign investors, resulting in increased market volatility. The Federal Reserve's decision to maintain high interest rates amid weaker July jobs data has heightened fears of a potential recession. There are concerns that the Fed might make emergency rate cuts before its next scheduled meeting in September if economic conditions deteriorate further.



## Dollar Reserves Collapse in Maldives

Maldives is currently facing an unprecedented financial crisis, with its usable dollar reserves depleting to negative levels for the first time in history. This alarming situation was highlighted when the Maldives Monetary Authority issued a warning to the finance ministry, signaling the depleting Dollar reserves. The crisis intensified swiftly, with reports confirming that reserves had fallen into negative territory by August 21. A significant contributor to this decline was a \$25mn oil payment that could not be postponed. The drop in reserves is also linked to increased spending on essential imports and the repayment of loans. Usable reserves, which have fallen down to \$43mn, are significantly insufficient to cover even a single month's worth of essential imports. Gross international reserves had already dropped sharply from \$509mn in June to \$395mn by the end of July. In response to the worsening financial situation, the Bank of Maldives temporarily restricted dollar transactions. However, these measures were quickly reversed following regulatory intervention.





## India's Drug Approval Revolution

In a significant advancement toward enhancing healthcare accessibility, the Indian Government has introduced a key reform designed to accelerate the availability of new drugs and vaccines. The new policy waives the requirement for local trials for vaccines and drugs that have already received approval from regulatory authorities in six different countries. The policy is set to fast-track the availability of medicines for weight loss, Alzheimer's, and cancer that have already been cleared in developed foreign countries. Previously, pharmaceutical companies experienced delays in launching new drugs, despite approvals from major markets like the European Union, due to the need for additional local trials mandated by certain regulatory bodies. The new directive removes this requirement, thereby streamlining the approval process and saving cost. According to a senior health ministry official, such variations affect only 0.1 to 0.2% of the population, rendering local trials less essential. This regulatory change is expected to speed up the introduction of new treatments and minimize unnecessary delays, benefitting both the pharmaceutical industry and patients.



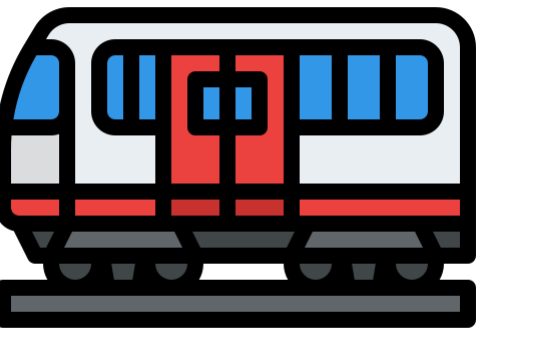
## RBI's New Rules for P2P Lending

The Reserve Bank of India's (RBI) new directive on peer-to-peer (P2P) lending platforms restricts early withdrawal options by mandating all transactions to occur through escrow accounts, prohibiting lender-to-lender fund transfers. This change impacts lenders who rely on liquidity from reselling loans before maturity, potentially causing cash flow disruptions as they must now wait for loan maturity to access funds. While this regulation tightens liquidity, it enhances transparency by requiring full disclosure of losses on principal or interest, similar to SEBI's reporting standards. This shift helps lenders better understand the risks involved. P2P platforms, offering higher returns than traditional bank deposits but with greater risk, screen borrowers and charge fees without guaranteeing against Non-Performing Assets (NPAs). However, new regulations, such as the 'T+1' requirement aim to enhance regulatory oversight and protect lenders' interests by increasing transparency and reducing financial risks.



## India's Transport Transformation Unveiled

India's Union Cabinet has approved major infrastructure projects totaling nearly ₹34,000cr, focusing on metro expansions and new airport facilities in the 3 major cities: Bengaluru, Pune and Thane. Bengaluru will receive ₹15,611cr for Phase 3 of its metro, which will significantly enhance urban transit and alleviate traffic congestion. Thane's Integral Ring Metro Rail Project, costing ₹12,200cr, aims to improve regional connectivity and support economic growth in the industrial and commercial hub. Pune will see an investment of ₹2,955cr for extending Line 1, with the extension expected to be completed by 2029, further integrating the city's transport network. Additionally, two new airport facilities have been approved: a ₹1,549cr civil enclave at Bagdogra Airport in West Bengal, and a ₹1,413cr enclave at Bihta Airport in Bihar. Both projects are designed to accommodate increased aircraft traffic and enhance regional accessibility. These initiatives are part of India's broader strategy to strengthen transportation infrastructure, supporting economic development and urban growth across the country.



## RBI Launches ULI: Revolutionizing Loans

RBI Governor Shaktikanta Das announced plans to launch the Unified Lending Interface (ULI) nationwide to streamline credit disbursement, particularly for rural and smaller borrowers. Speaking at a global conference, the governor noted that ULI aims to transform retail lending much like the Unified Payments Interface (UPI) did for payments. The ULI platform, developed from pilot projects in 2022, uses open architecture and APIs to integrate various data sources, reducing loan processing time and enhancing efficiency. It supports various loans, including Kisan Credit Card and MSME loans, and links with multiple data services. The platform is part of the RBI's broader push to digitalize banking services while ensuring data privacy through a consent-based framework. The governor introduced a new "trinity" of digital infrastructure—Jan dhan-Aadhar-Mobile, UPI, ULI, and Central Bank Digital Currency—to simplify processes and provide seamless credit access. The ULI will eventually transition to oversight by the National Payments Corporation of India or another entity.





# GOVT. POLICIES

## India's High-Speed Road Expansion

The Indian government has recently approved a substantial investment of ₹50,655cr for eight national high-speed road corridor projects, covering 936 kilometers in total. This initiative aims to enhance logistics efficiency and connectivity across the country by significantly expanding and modernizing key transportation routes. The projects encompass new high-speed corridors and ring roads, which will alleviate traffic congestion, bolster regional economic integration, and link crucial industrial and tourist destinations. The development is set to generate approximately 4.42 crore man-days of direct and indirect employment, reflecting a major boost to job creation. Additionally, these upgrades will improve road capacity, reduce travel times, and lower logistics costs, making transportation more efficient and cost-effective. This corridor-based approach marks a strategic shift from traditional project-based development, aiming to support India's long-term goal of becoming a \$30+ trillion economy by 2047. Overall, these projects are expected to transform the country's infrastructure landscape, driving economic growth and improving the quality of life for its citizens.



## Cross-Border Swaps Simplified

India has introduced significant changes to simplify cross-border share swaps and attract more foreign investment, as outlined in the Union Budget held in July. The government has amended the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, allowing Indian companies to exchange equity instruments with foreign firms, boosting global expansion through mergers and acquisitions. The definition of "control" has been aligned with the Companies Act and SEBI regulations, ensuring consistency across laws. The startup criteria have also been updated, raising the turnover threshold to ₹100cr and extending recognition to 10 years from incorporation, making Indian startups more appealing to foreign investors. Additionally, investments by Overseas Citizens of India on a non-repatriation basis will no longer be considered indirect foreign investment, meaning these investments can be made more freely, without stringent regulations, encouraging greater NRI participation in the Indian economy. This change simplifies investment processes for NRIs, fostering closer ties and increasing their involvement in India's growth.



## UPS: Pension Without Pressure

The Union Cabinet has approved a new pension policy called the Unified Pension Scheme (UPS) for nearly 2.3 million central government employees, providing a guaranteed 50% of the average basic pay drawn over the last 12 months prior to retirement, effective from April 1, 2025. This new framework replaces the market-linked New Pension Scheme with a more stable system, addressing long-standing grievances about the unpredictability of retirement benefits. The UPS also offers family or survivor pensions at 60% of the last-drawn pension of a deceased employee and assures a minimum monthly payout of ₹10,000 for those retiring after a decade of service. Furthermore, the UPS is linked to the Consumer Price Index for Industrial Workers, ensuring protection against inflation. By maintaining a higher government contribution rate of 18.5% and allowing employees who retired since 2004 to opt in, UPS provides a more predictable, financially secure retirement.



## Sweet Boost: Ethanol Policy Revamp

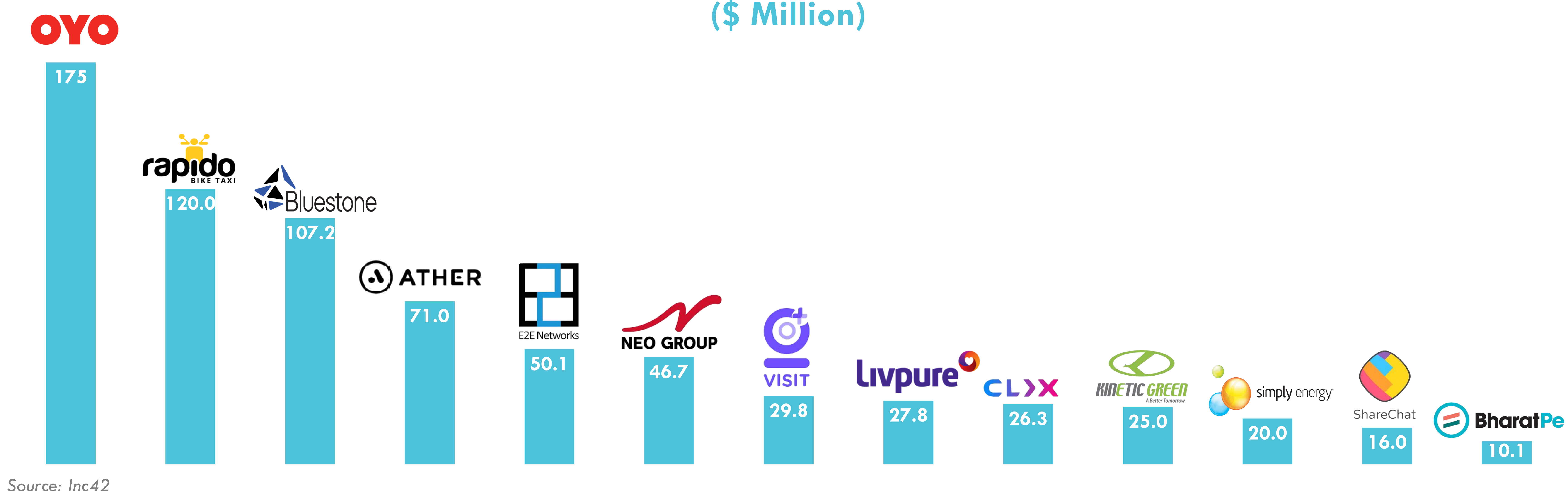
The Union government has introduced a significant policy change to enhance ethanol production, starting November 1, 2024. This policy aims to lift the cap on diverting sugar for ethanol, allowing sugar mills to use cane juice, syrup, and various types of molasses, including B-Heavy and C-Heavy, for ethanol production. Additionally, distilleries are authorized to purchase up to 2.3 million metric tons of rice from the Food Corporation of India specifically for ethanol production. These changes are part of the government's broader strategy to boost renewable energy and reduce dependence on fossil fuels by expanding ethanol blending in fuels. The Department of Food and Public Distribution, in coordination with the Ministry of Petroleum and Natural Gas, will oversee the impact on sugar availability to ensure stable domestic supplies. By broadening the range of sugar derivatives for ethanol and enabling rice use, the policy aims to create a more efficient and adaptable ethanol supply chain. This shift underscores the government's commitment to sustainable energy practices.





# START-UPS

## Major Funding Raised by Startups for the Period 29<sup>th</sup> July'24 to 24<sup>th</sup> August'24 (\$ Million)



In August, 107 startups majorly based out of Bangalore and Delhi raised an impressive \$994mn in funding, showcasing the strength of the startup ecosystem. Enterprise Tech-based startups dominated fundraising activities, reflecting recognition and support for innovative solutions across industries through cutting-edge technology.

### Fabricating the Future of Crypto

Founded by MIT and Stanford dropouts, Fabric Cryptography is a pioneering full stack company incorporating semiconductors, software and cloud solutions in its business model. They aim to revolutionize digital trust and privacy through the development of Verifiable Processing Units (VPUs). The VPU is the first versatile, fully programmable chip designed for advanced cryptography like zero-knowledge proofs (ZKP) and fully homomorphic encryption. Fabric has secured its initial market in blockchain for advanced cryptography, with ZKPs crucial for scaling decentralized infrastructure, already garnering tens of millions in pre-orders for their VPUs. Fabric is also developing a software stack and algorithms that would make this technology accessible to developers while safeguarding personal data in cloud-based AI models. It has raised \$39mn funding till now and plans to use the new funds to develop next-gen chips, expand its software and cryptography teams, and aim for data centers and hyperscale cloud providers.



### Moonstruck: Starpath's Lunar Leap

Starpath Robotics, a cutting-edge company dedicated to revolutionizing space exploration is establishing self-sustaining propellant production facilities on the Moon. Founded by a team of visionary engineers, Starpath leverages advanced robotics and innovative technologies to extract water ice from the lunar surface and process it into hydrogen and oxygen, the key components of rocket fuel. It builds a set of three technologies to produce rocket propellant at mega scale. The end-to-end stack includes a fleet of mining rovers, a refinery and a vertically deployable solar array. By creating a network of extraterrestrial factories, the company aims to reduce the cost of space travel, enable long-term human presence in space, and unlock the vast potential of lunar resources. With a focus on sustainability and innovation, Starpath is paving the way for a new era of space exploration. The company has raised \$12mn in seed funding, plus an \$800,000 grant from NASA, to propel its ambitious mission forward.



### AI Voice Assistants? Skit's the Leader

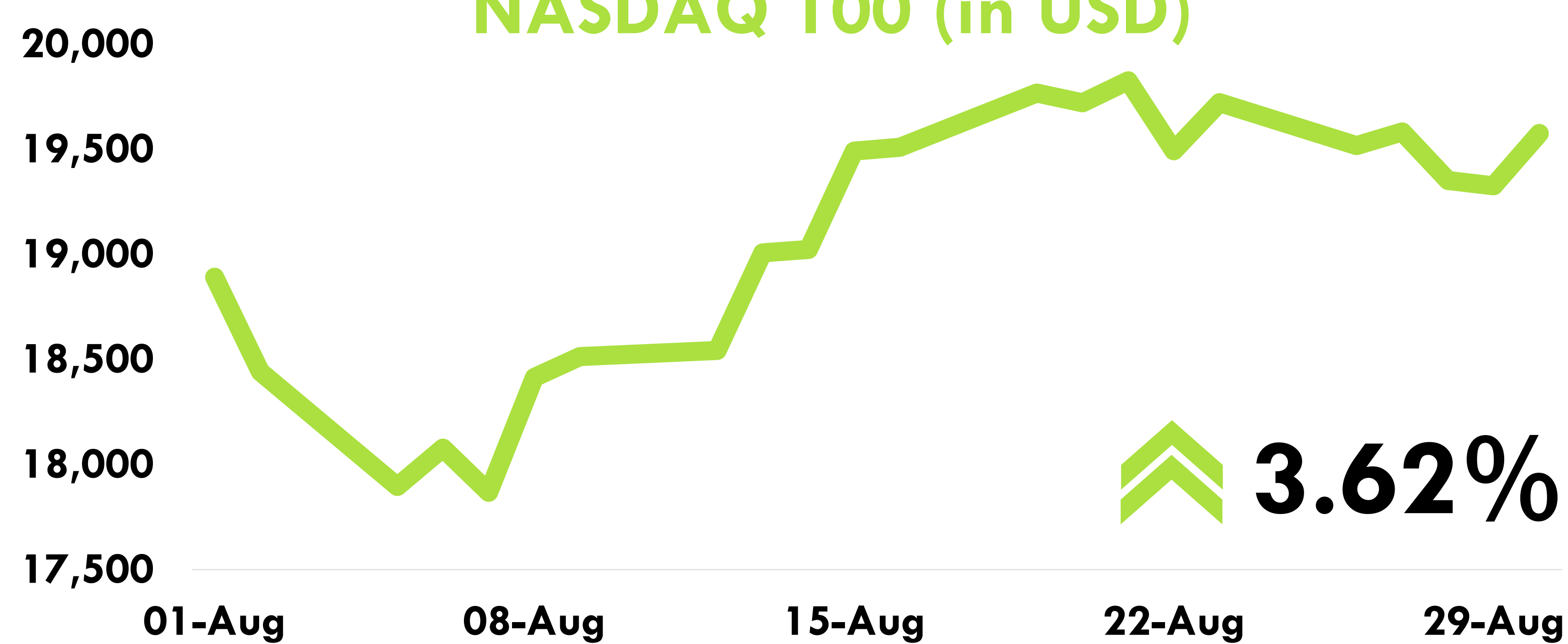
Vernacular.ai (now known as Skit) is a leading AI-powered voice assistant platform, founded by Sourabh Gupta, Akshay Deshraj, Manoj Sarda, and Prateek Gupta specializes in natural language understanding and conversational AI. They offer a range of solutions for businesses, including customer service, sales, and marketing. Their AI-powered voice assistants can understand and respond to customer queries in 16 languages and 160 dialects, making it easier for businesses to provide exceptional customer service while automating it with a success rate of 80%. It recently secured \$25mn in funding from WestBridge Capital. This investment underscores the investor community's confidence in Skit's innovative technology and vision for transforming customer interactions. With this funding, Skit is poised to expand its global footprint, particularly in Southeast Asia, and further enhance its AI-powered voice assistants to provide even more personalized and efficient support to customers in multiple languages.





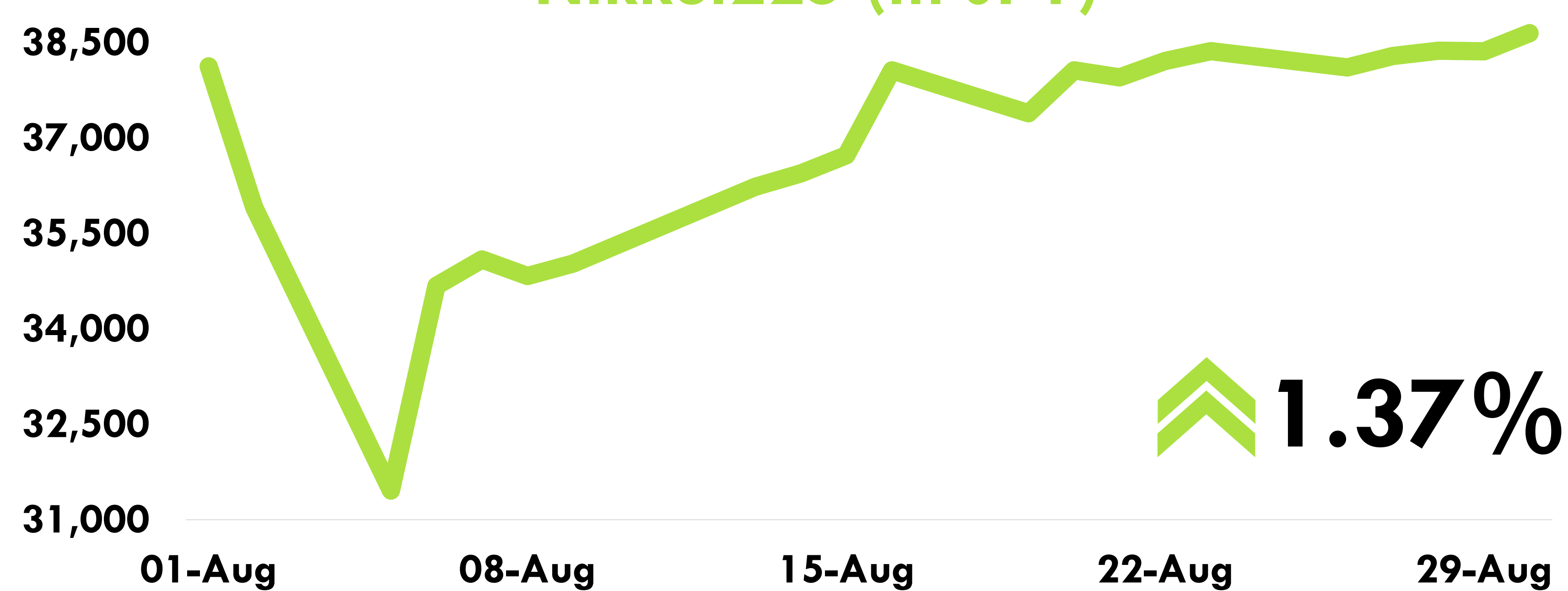
# GLOBAL INDICES

NASDAQ 100 (in USD)



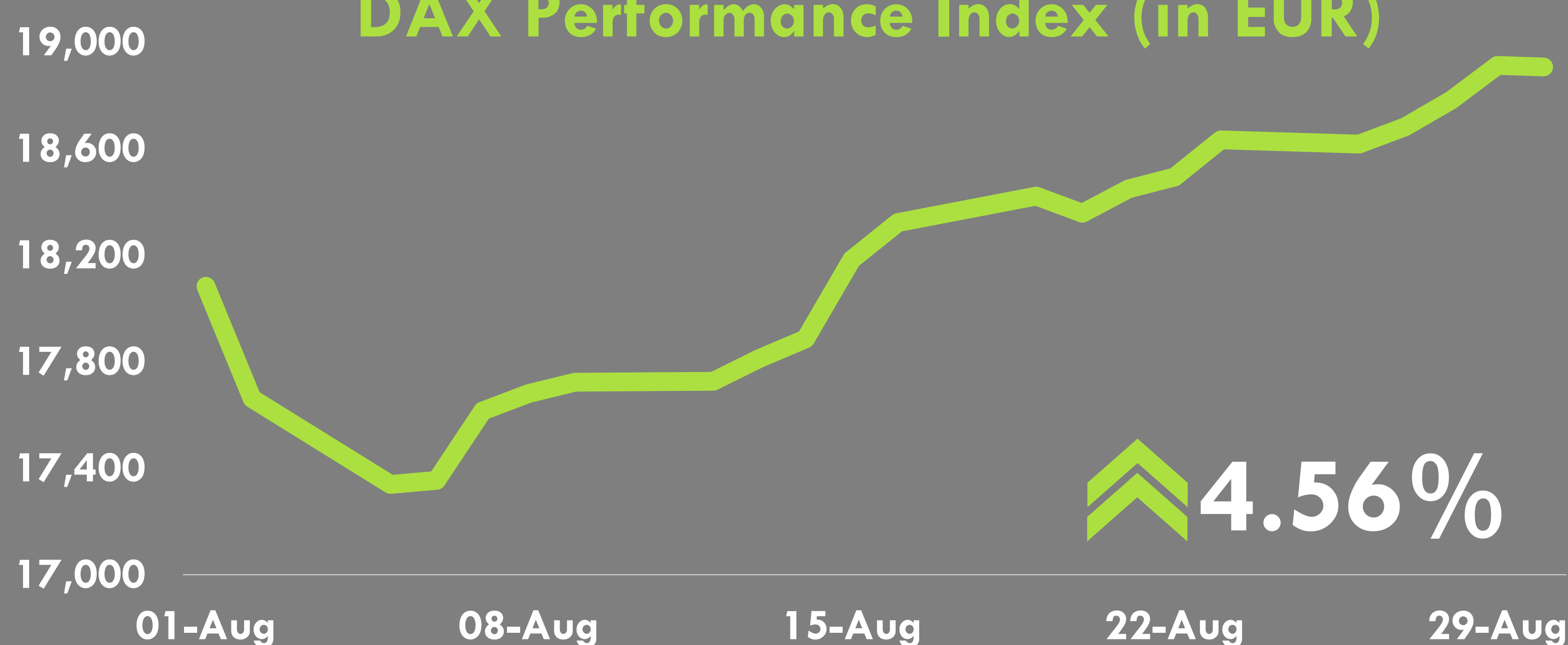
The Nasdaq 100 index surged by 3.6% during the month. Despite this overall rise, the index initially fell in the first week due to yen appreciation and concerns over U.S. jobs data and potential recession risks. A GDP growth of 3% and a drop in jobless claims boosted market confidence. Tech stocks, especially Nvidia, played a significant role, despite the company's dip post-earnings.

Nikkei225 (in JPY)



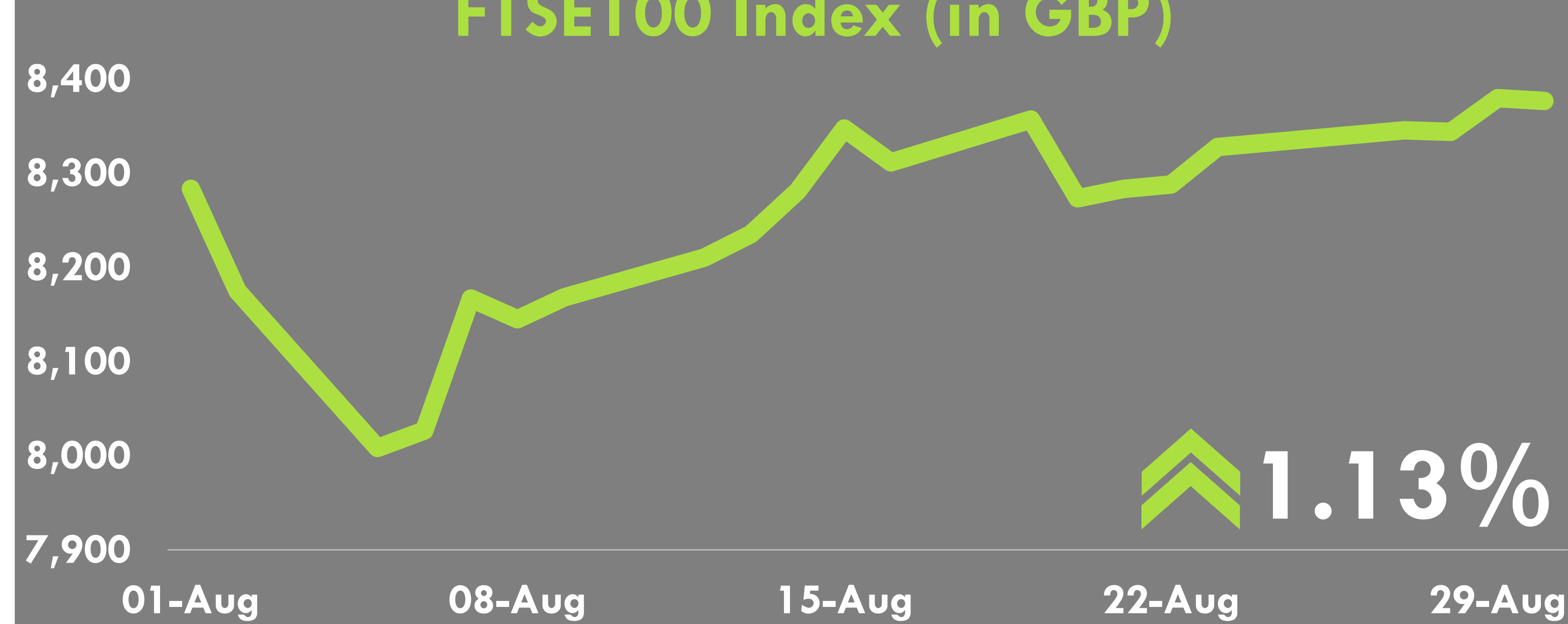
In August, the Nikkei 225 grew by 1.4% overall, despite crashing over 12.4% on August 5th. The sharp drop was triggered by the Bank of Japan's surprise rate hike from 0% to 0.25%, which caused the yen to rise rapidly. This put pressure on Japan's export-driven economy and led to significant sell-offs by foreign investors, resulting in increased market volatility before the index recovered.

DAX Performance Index (in EUR)



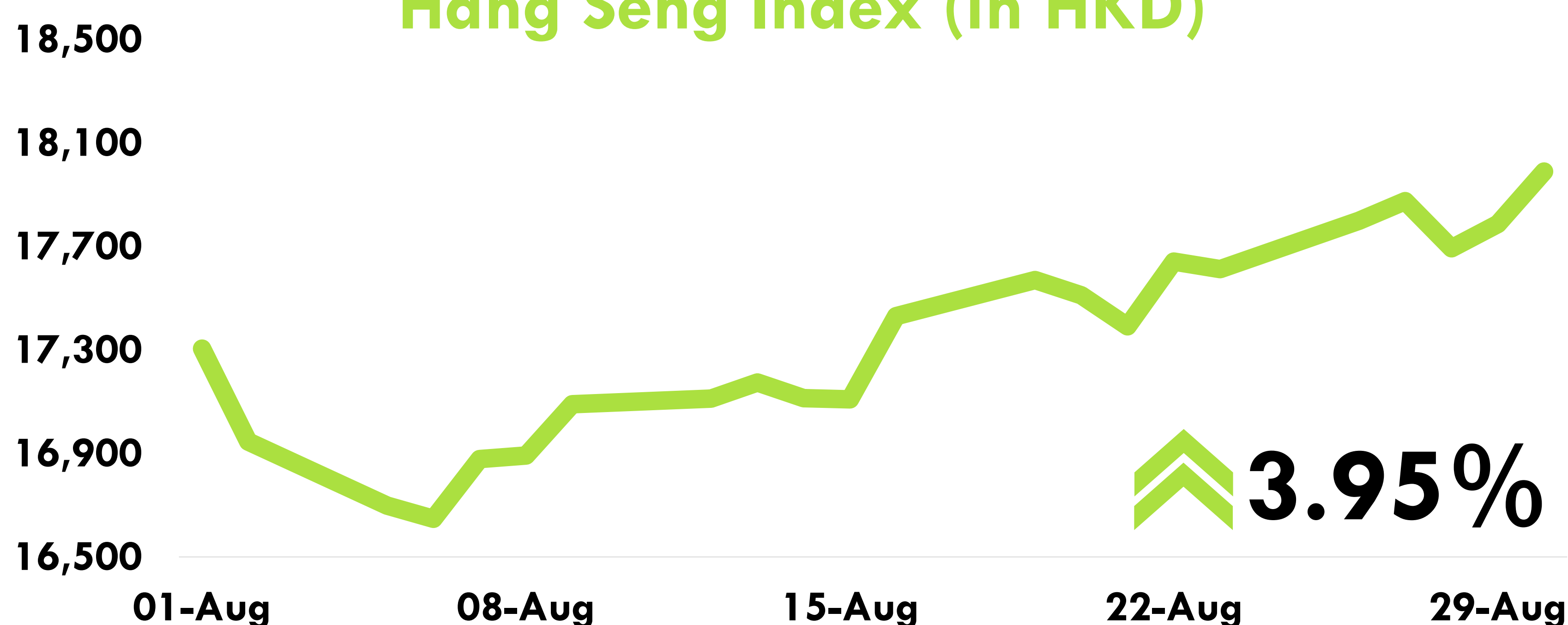
The index experienced an increase of 4.6% in August, hitting record highs due to a strong services sector and better job prospects in the eurozone. Improved economic sentiment in the European Union was also supported by a decline in inflation in German states. The index hit a fresh record as it rebounded from a selloff earlier in the month, fueled by optimism about the path of interest rates.

FTSE100 Index (in GBP)



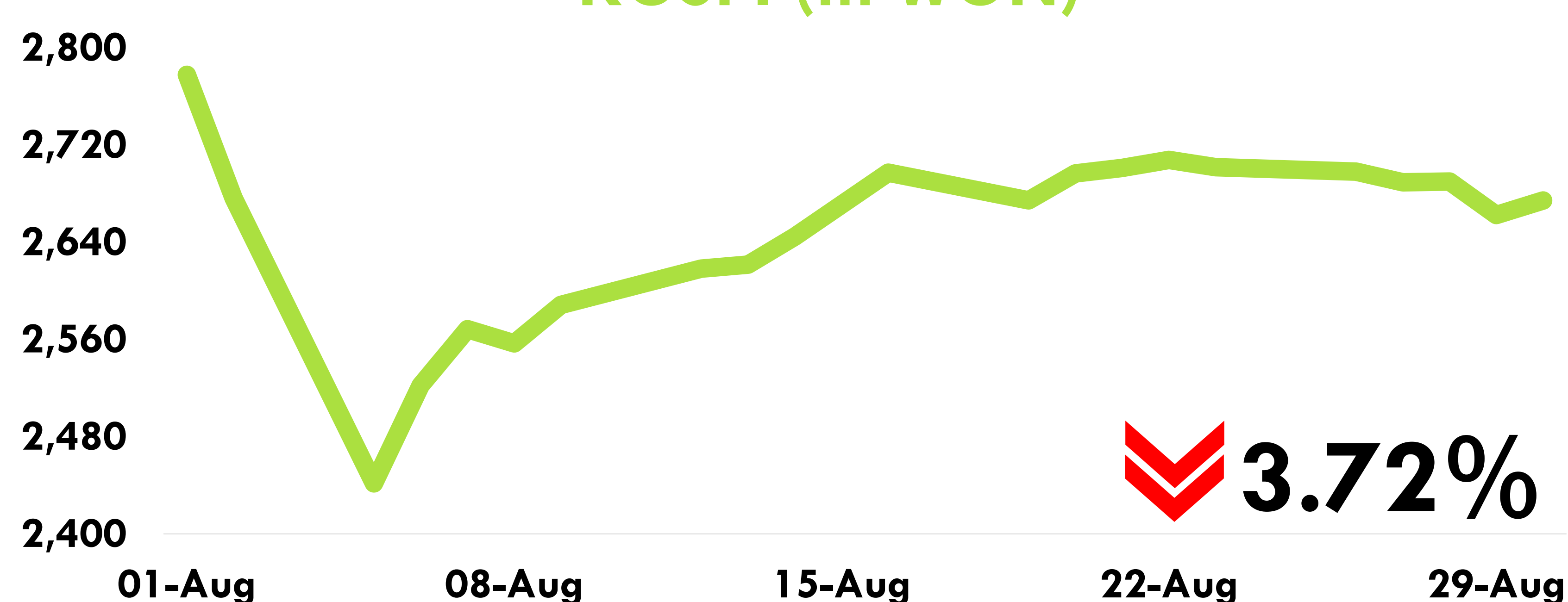
In August, the FTSE 100 index rose by 1.1%, reaching a three-month high by the end of the month. Real estate shares led the gains as the Bank of England cut interest rates by 25 basis points. However, energy shares struggled due to concerns about lower demand, which limited some of the index's gains during the month and capped overall performance.

Hang Seng Index (in HKD)



In August, the Hang Seng Index rose 4%, ending a two-month losing streak as investors grew optimistic about potential rate cuts. This positive shift followed comments indicating a possible move away from a hawkish policy stance after signs of cooling inflation. The changing outlook contributed to the index's notable recovery and improved performance for the month.

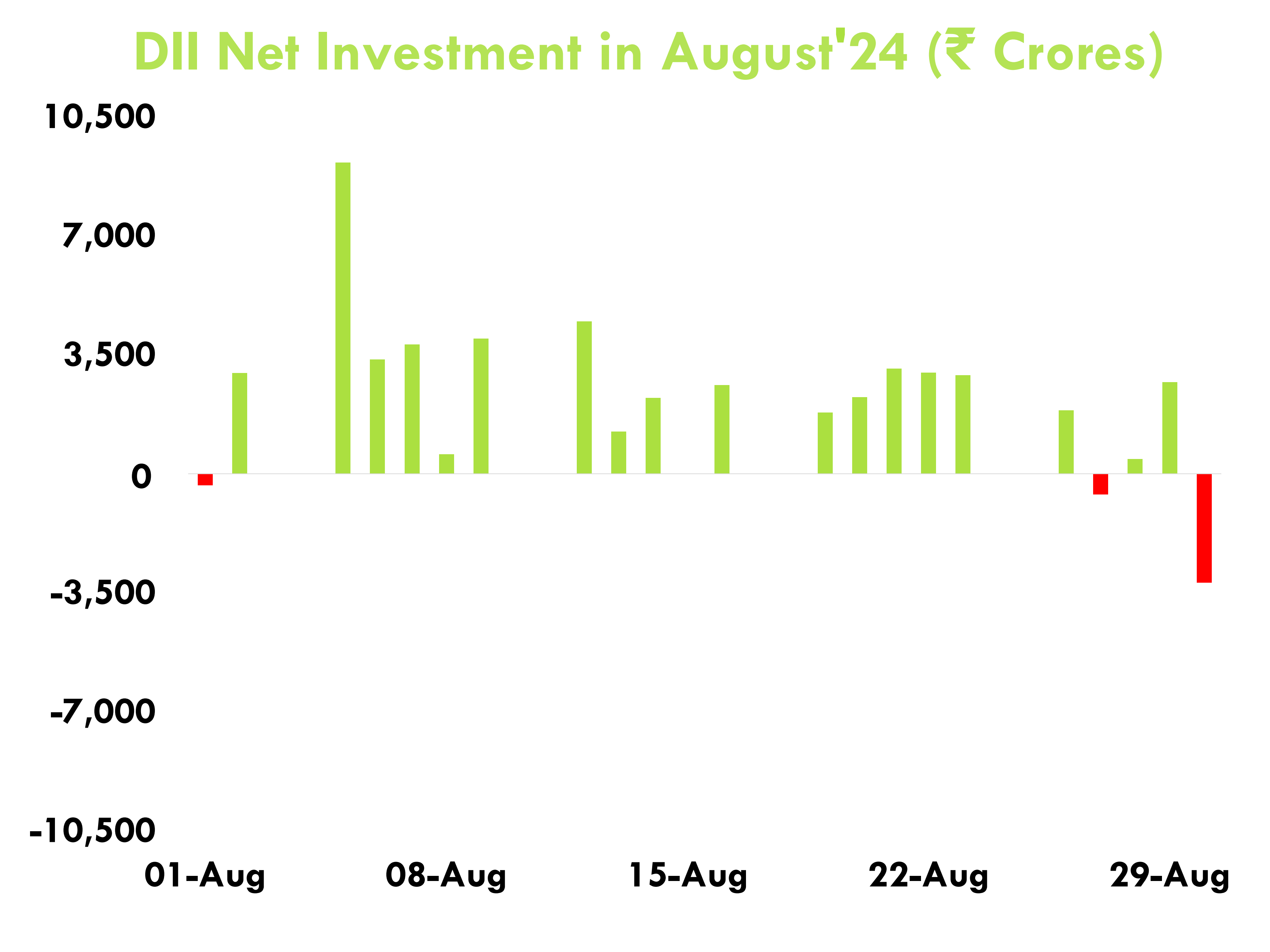
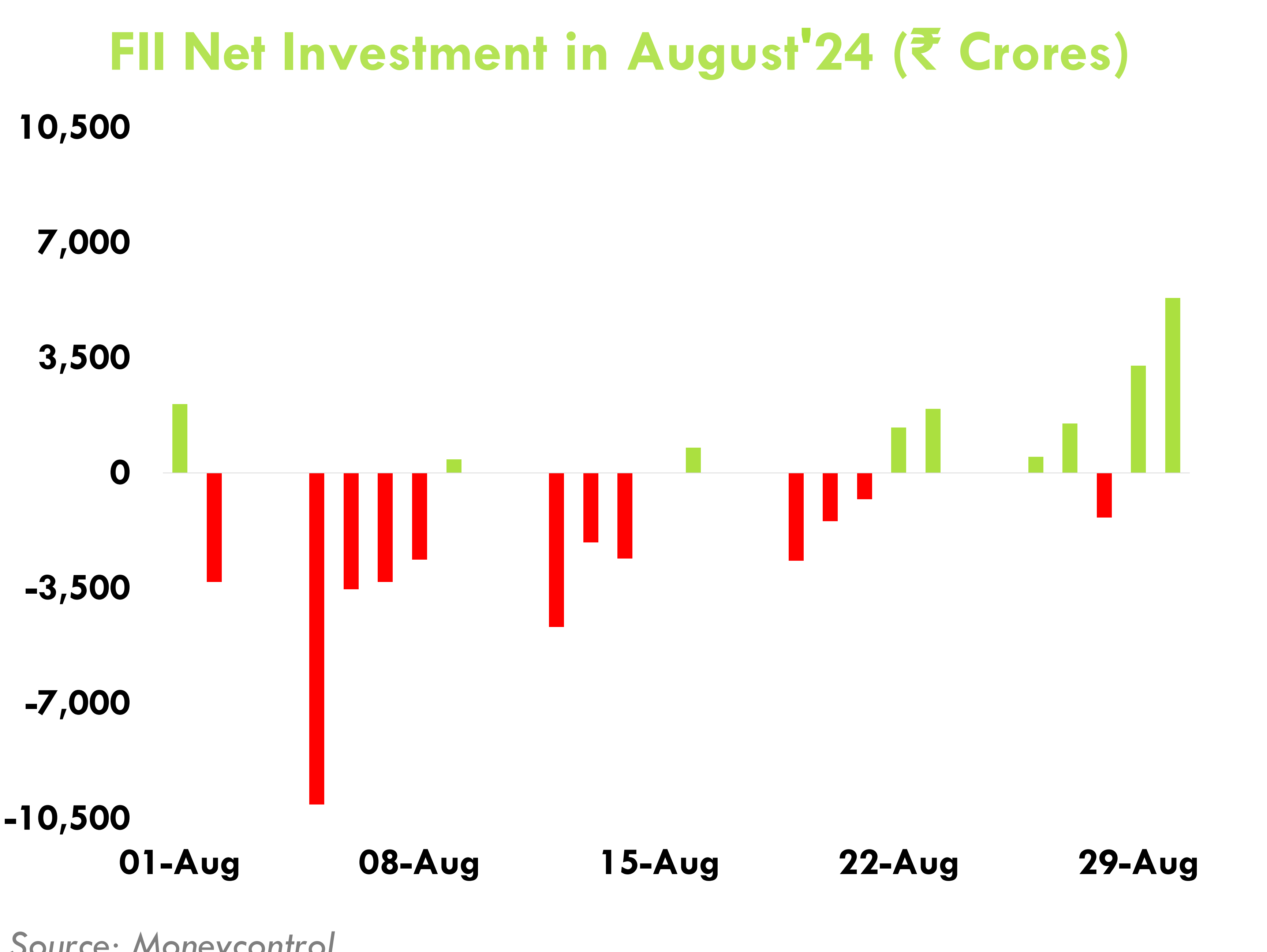
KOSPI (in WON)



In August, the Kospi plunged 3.7% amid several challenges. Weak consumer spending and worries about global economic slowdowns hit South Korea's market hard. Rising interest rates in major economies and uncertainties over US-China trade relations also contributed to the decline. These factors led the index to decline during the month.



# EQUITIES



In August, Foreign Institutional Investors (FIIs) were net sellers, selling ₹21,369cr, reflecting their cautious stance due to global economic uncertainties and currency risks. On the other hand, Domestic Institutional Investors (DIIs) were net buyers, purchasing ₹48,279cr, showing their confidence in India's long-term growth. This difference in actions helps stabilize the market, as domestic buying offsets the selling pressure from FIIs.

## Bajaj's Healing New Horizons

The Bajaj Group with a valuation of ₹1.46 lakh cr is planning to enter the healthcare sector by establishing a chain of hospitals across major Indian metro cities. The Bajaj Group entered the healthcare sector due to the high growth potential in metropolitan areas and increasing corporatization, with hospital chains accounting for 10-23% of beds compared to 21-52% at public hospitals and 10-62% at standalone facilities. The new healthcare initiative will be managed by a newly formed company, with Nirav Bajaj, head of corporate strategy at Mukand, overseeing the project and potentially leading the new entity. The group will invest in phases, linked to business milestones, and has set up an office in Lower Parel, Mumbai. The decision to enter healthcare reflects the group's commitment to quality and aligns with its service-oriented values. In a bold new chapter, the Bajaj Group's entry into the healthcare sector underscores its ongoing commitment to innovation and excellence, heralding a future where their legacy of quality extends into the realm of health and wellness.

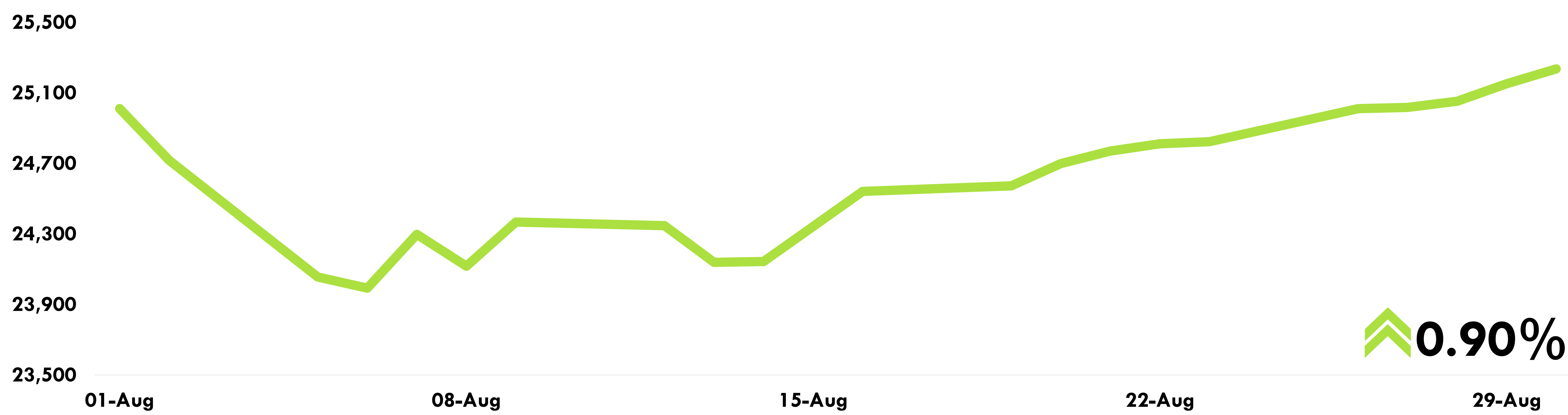
Index	1 <sup>st</sup> August'24 (In ₹)	30 <sup>th</sup> August'24 (In ₹)	Change (%)	Trend
NIFTY Auto	26,487	26,173	↓ 1.2	
NIFTY Bank	51,564	51,351	↓ 0.4	
NIFTY Consumer Durables	39,568	41,313	↑ 4.4	
NIFTY Financial Services	23,436	23,638	↑ 0.9	
NIFTY FMCG	62,173	63,060	↑ 1.4	
NIFTY IT	40,709	42,788	↑ 5.1	
NIFTY Media	2,109	2,105	↓ 0.2	
NIFTY Metal	9,573	9,405	↓ 1.8	
NIFTY Oil & Gas	13,302	13,457	↑ 1.2	
NIFTY Pharma	21,790	23,218	↑ 6.6	

Source: NSE



# NIFTY50

NIFTY50 August'24 (in ₹)



Source: NSE India

In August, the Nifty 50 index hit an all-time high, reflecting strong market sentiment despite global uncertainties and domestic challenges. Key players like Bajaj Auto and LTIMindtree led the gains due to robust earnings and positive sector outlooks. However, giants such as Tata Steel and SBI bank acted as pushers, facing pressure in the form of financial obligations and volatile earnings, along with the absence of operating triggers, and consistent market share loss to private players.

## Fueling Fleets with Financial Flexibility

Bajaj Finance has formed a strategic partnership with Daimler India Commercial Vehicles (DICV) to transform commercial vehicle financing in India. This collaboration will provide tailored financial solutions to businesses, from independent truck owners to large fleet operators, enhancing cash flow management and supporting growth. By integrating Daimler's advanced vehicles with Bajaj Finance's innovative financial products, the partnership aims to simplify capital access through faster loan approvals, flexible terms, and a streamlined credit appraisal process. This alliance strengthens Bajaj Finance's presence in the logistics and transportation sectors and positions it to tap into new markets and customer segments.



## Reliance Bets Big on AI!

At Reliance's AGM, key announcements highlighted the company's focus on innovation and shareholder value. Mukesh Ambani revealed plans to enter the AI sector, aiming to build a robust AI infrastructure and offer AI-driven solutions across various sectors. This move underscores Reliance's strategy to drive growth through technology and digital transformation. Jio Financial Services (JFS) also announced plans to expand its digital financial services, targeting underserved and unbanked populations to promote financial inclusion. Additionally, Reliance declared a 1:1 bonus share issue, rewarding shareholders with one bonus share for every share held. This decision aims to increase stock liquidity and enhance shareholder value, reinforcing investor confidence in Reliance's growth strategy.



Reliance

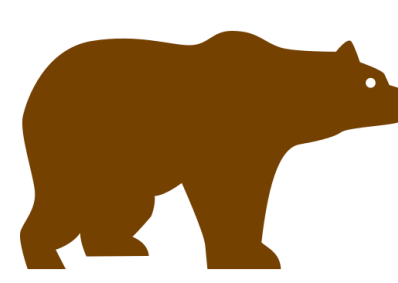
## Top Gainers | NIFTY50 | August'24



Company Name	Change (%)
Bajaj Auto Ltd.	11.9
Bajaj Finserv Ltd.	9.1
LTIMindtree Ltd.	8.4
Cipla Ltd Co. Ltd.	7.0
HCL Technologies Ltd.	6.9
UPL Ltd.	6.8
Bajaj Finance Ltd.	6.3
Sun Pharma Industries Ltd.	6.2
Tech Mahindra Ltd.	6.0
Bharti Airtel Ltd.	5.6

Source: NSE

## Top Losers | NIFTY50 | August'24



Company Name	Change (%)
Maruti Suzuki India Ltd.	7.2
Adani Ports Ltd.	6.8
Power Grid Ltd.	6.6
Tata Steel Ltd.	6.3
Adani Enterprises Ltd.	6.2
UltraTech Cement Ltd.	5.7
State Bank of India Ltd.	5.5
ONGC Ltd.	3.2
Tata Motors Ltd.	2.9
Coal India Ltd.	2.9



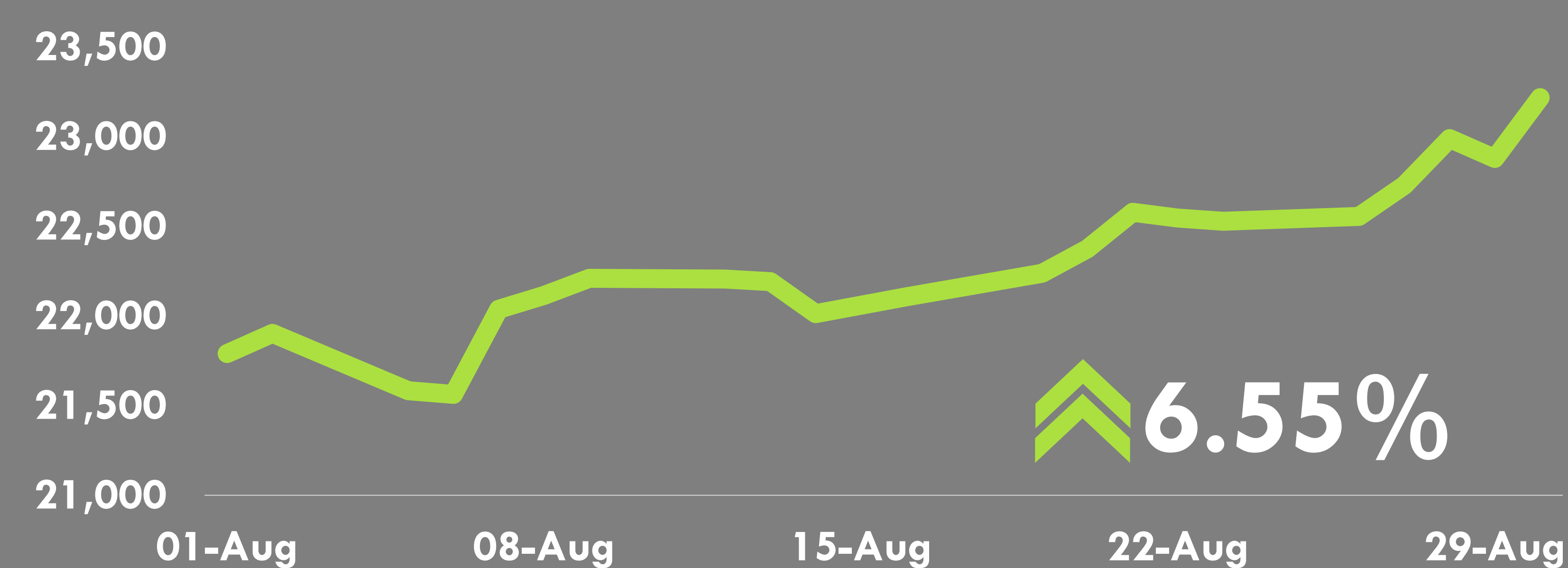
# SECTOR UPDATES

## Pharma Sector

In August, the Nifty Pharma sector rose steadily, ending the month up 6.6%. The sector's performance was bolstered by Sun Pharmaceutical Industries' record high and its launch of tedizolid phosphate tablets in India. Glenmark Pharmaceuticals emerged as the top gainer with a 20.5% rise, while Gland Pharma, the top loser, fell 13.4%. Despite the mixed performances among companies, the sector closed strongly, supported by robust earnings reports and sustained investor confidence.



NIFTY Pharma August'24 (in ₹)



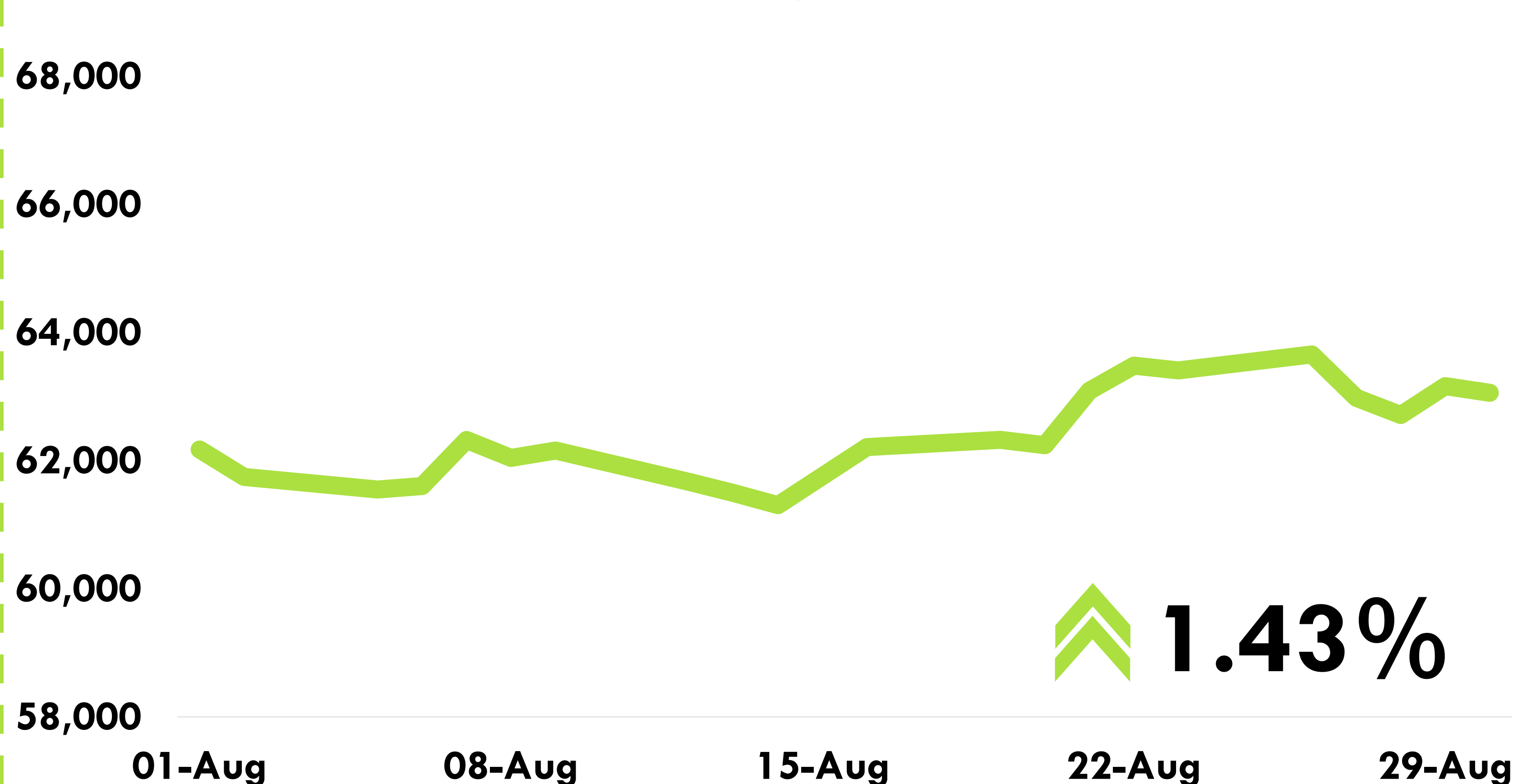
Source: NSE

## FMCG Sector

In August, the Nifty FMCG sector rose 1.4%, driven by strong rural demand, favorable June quarter results, and declining raw material prices. The index, which has surged by about 16% over the past three months, benefits from government initiatives to boost rural consumption and expectations of a healthy monsoon. This positive trend highlights the sector's resilience and growth potential, supported by improving economic conditions and strategic corporate performance. Radico Khaitan emerged as the top gainer, up 13.6%, while Varun Beverages fell 4.8%.



NIFTY FMCG August'24 (in ₹)



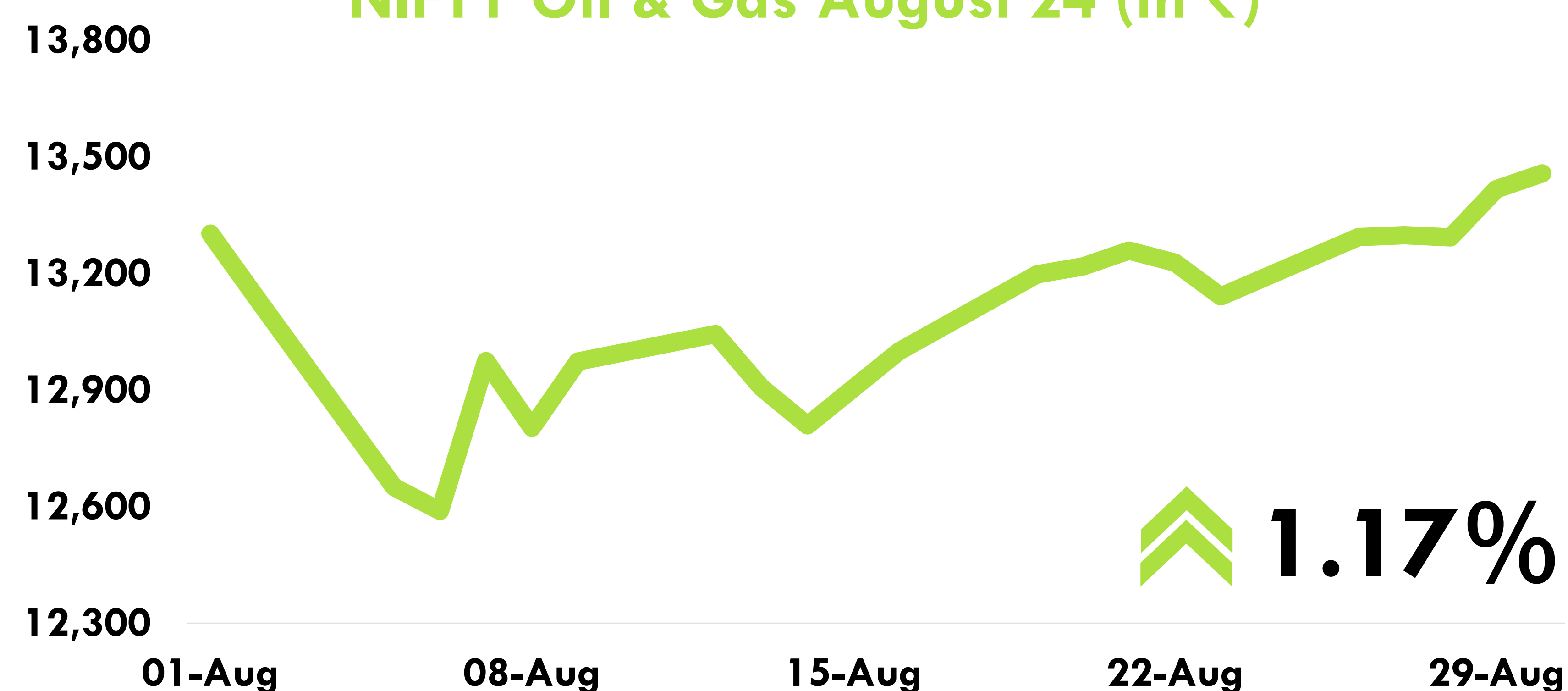
Source: NSE

## Oil and Gas Sector

The Nifty Oil & Gas index rose 1.2% this month. It started strong due to stable crude prices but experienced mid-month volatility from fluctuating oil prices and a strong dollar. By month-end, the index rebounded, supported by strong demand and a Union government windfall tax cut to ₹1,850 per ton. Additionally, Oil India gained from its new overseas mineral asset deal, while ONGC's new production in the Krishna Godavari basin further boosted the index. The recovery was also aided by OPEC supply increases, despite Libyan output disruptions.



NIFTY Oil & Gas August'24 (in ₹)



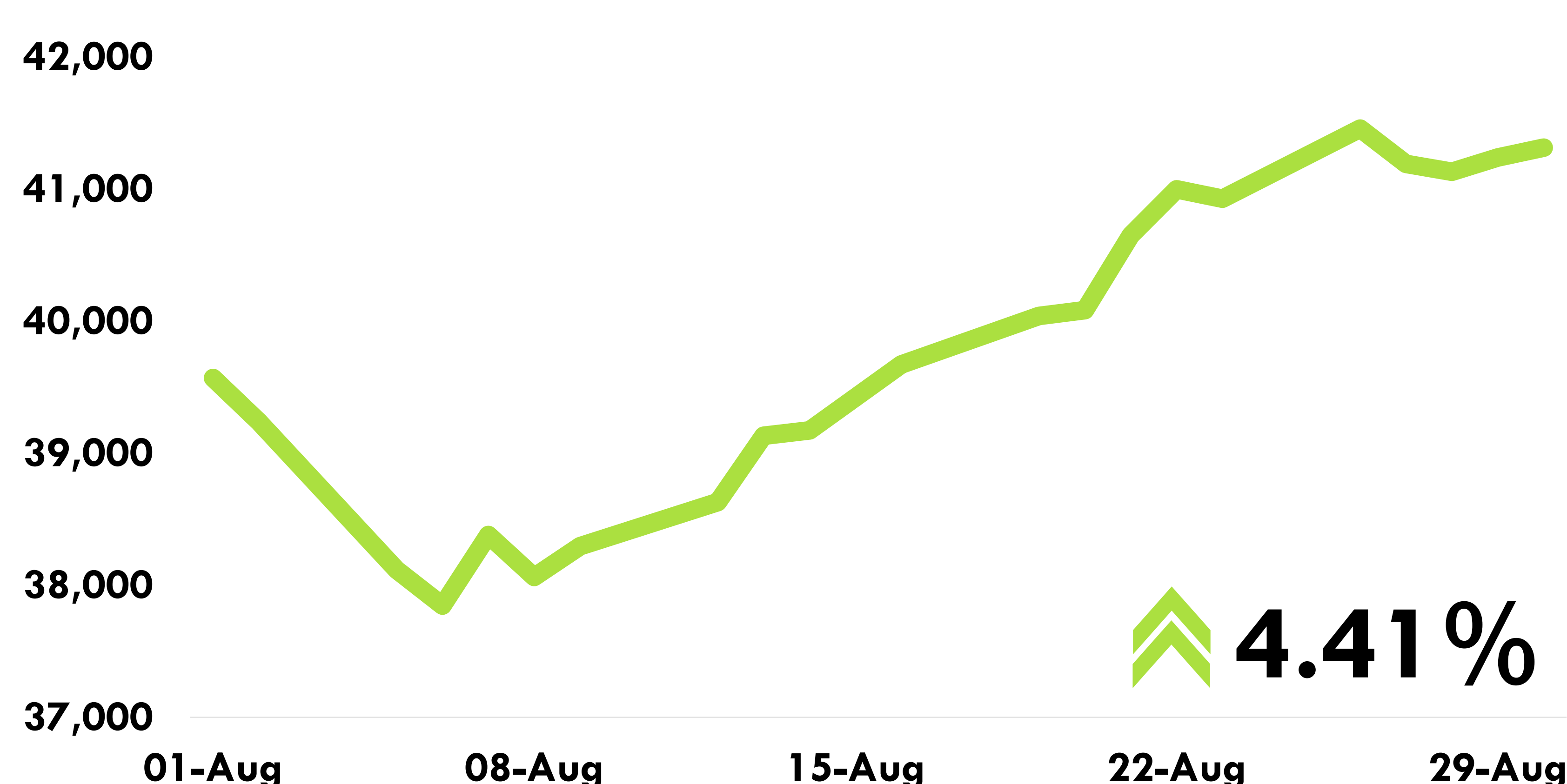
Source: NSE

## Consumer Durables Sector

The index increased 4.4% over the month, rebounding from initial declines due to profit booking and weak global cues. Finance Minister Nirmala Sitharaman's budget measures, including tax relief and enhanced housing plans under PM Aawas Yojana, significantly boosted consumer sentiment and demand for durables. Mid-month gains were further driven by strong quarterly earnings and positive outlooks. Additionally, De Beers' partnership with Tanishq to promote natural diamonds highlighted the sector's growth potential.



NIFTY Consumer Durables August'24 (in ₹)



Source: NSE



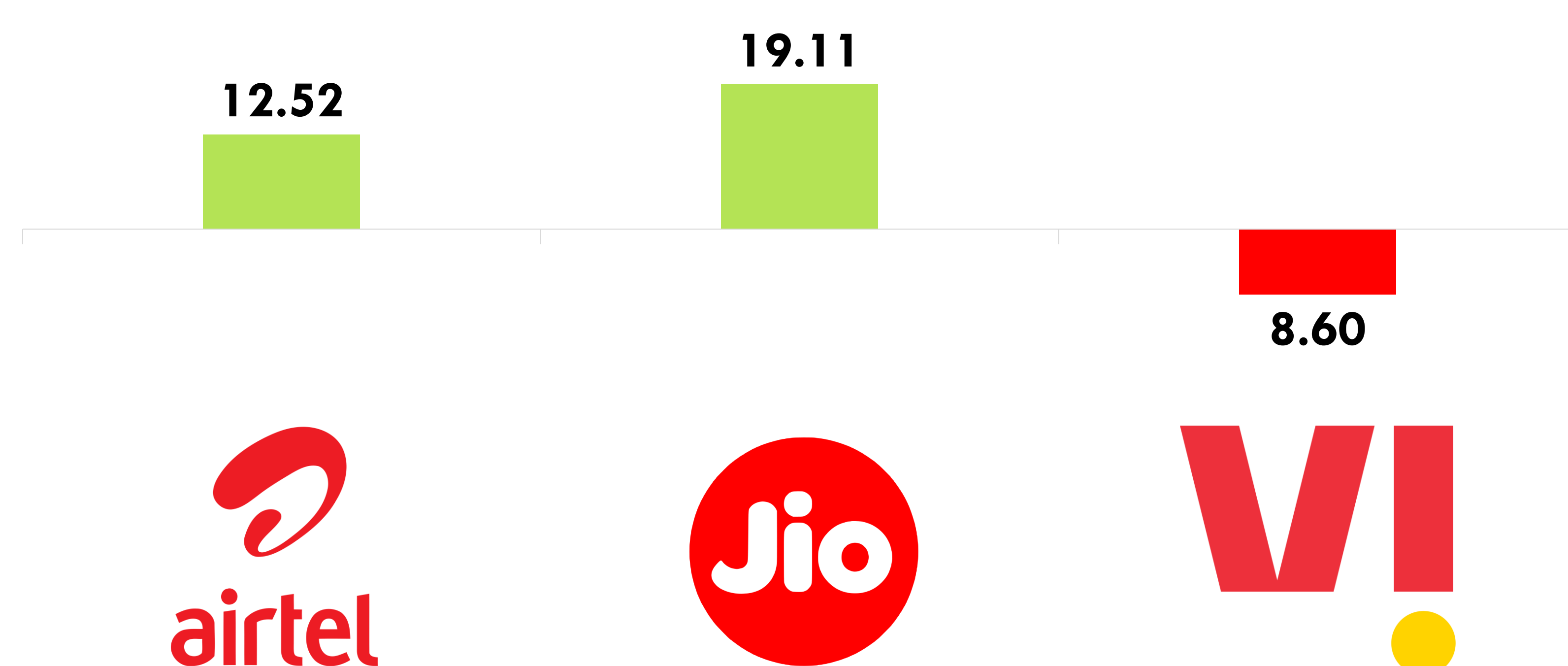
# SECTOR UPDATES

## Telecom Sector

The Department of Telecommunications has issued a new draft of rules aimed at enhancing regulatory control over telecom operations. The interception and suspension rules reinforce existing guidelines but introduce stricter compliance requirements. The telecom cybersecurity rules mandate entities to adopt robust security measures and report incidents promptly, bolstering the nation's cyber defences. Meanwhile, the government maintained a non-interference stance in Vodafone Idea's, focusing on fostering a competitive and consumer-centric telecom market.

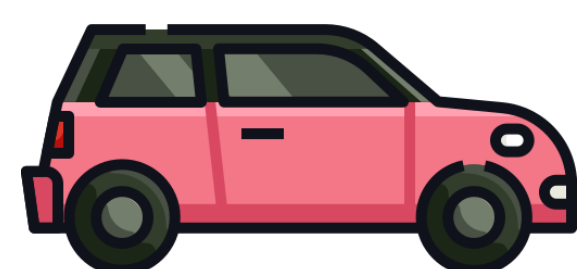


Addition During June'24 (Lakhs)

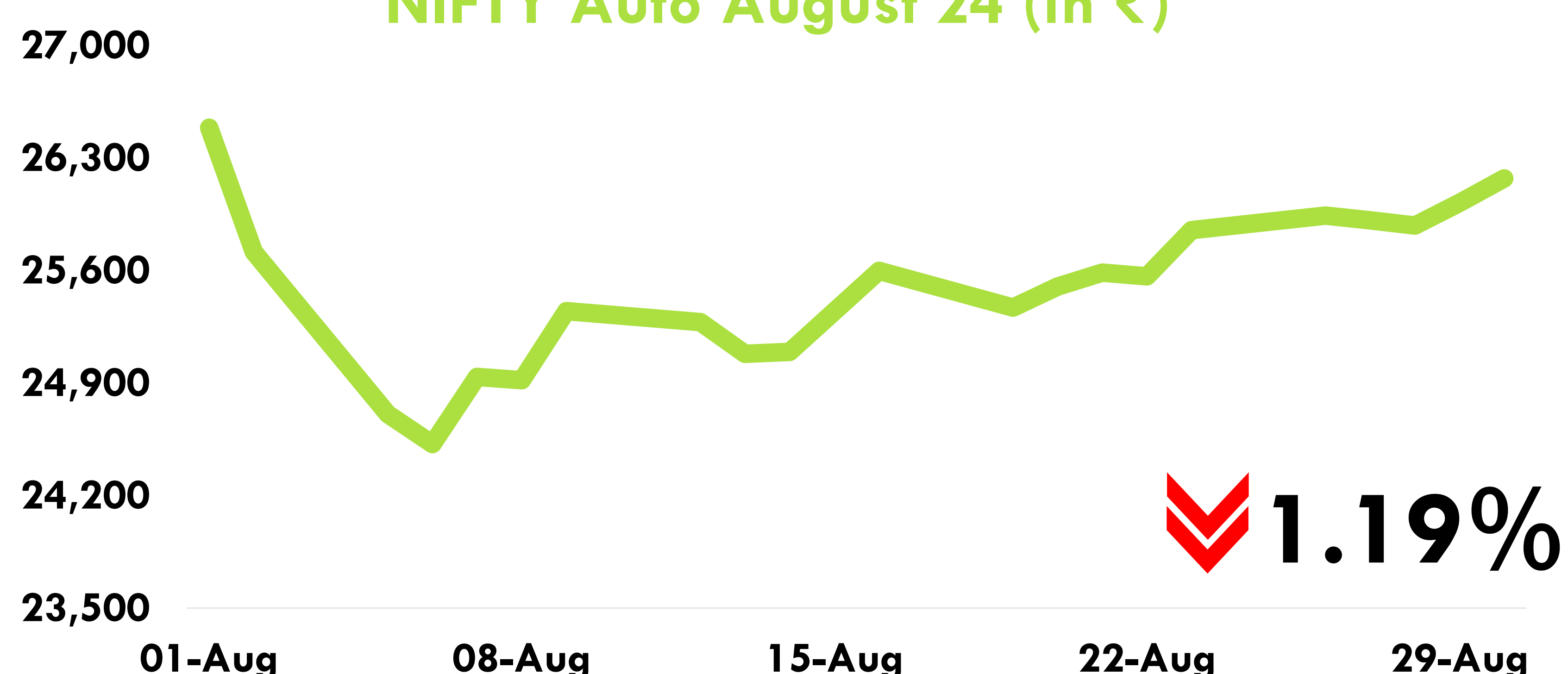


## Auto Sector

The Nifty Auto index ended August with a nearly 1.2% decline, breaking a nine month winning streak. 13 of the 15 stocks in the index closed in the red. This drop can be attributed to a decline of 2.5% in sales of passenger vehicles in July, marking the first decrease in two years. This slowdown, combined with muted growth in the first quarter of the current fiscal year, has led to a significant rise in inventory levels at auto dealerships across the country, posing challenges for both manufacturers and dealers



NIFTY Auto August'24 (in ₹)



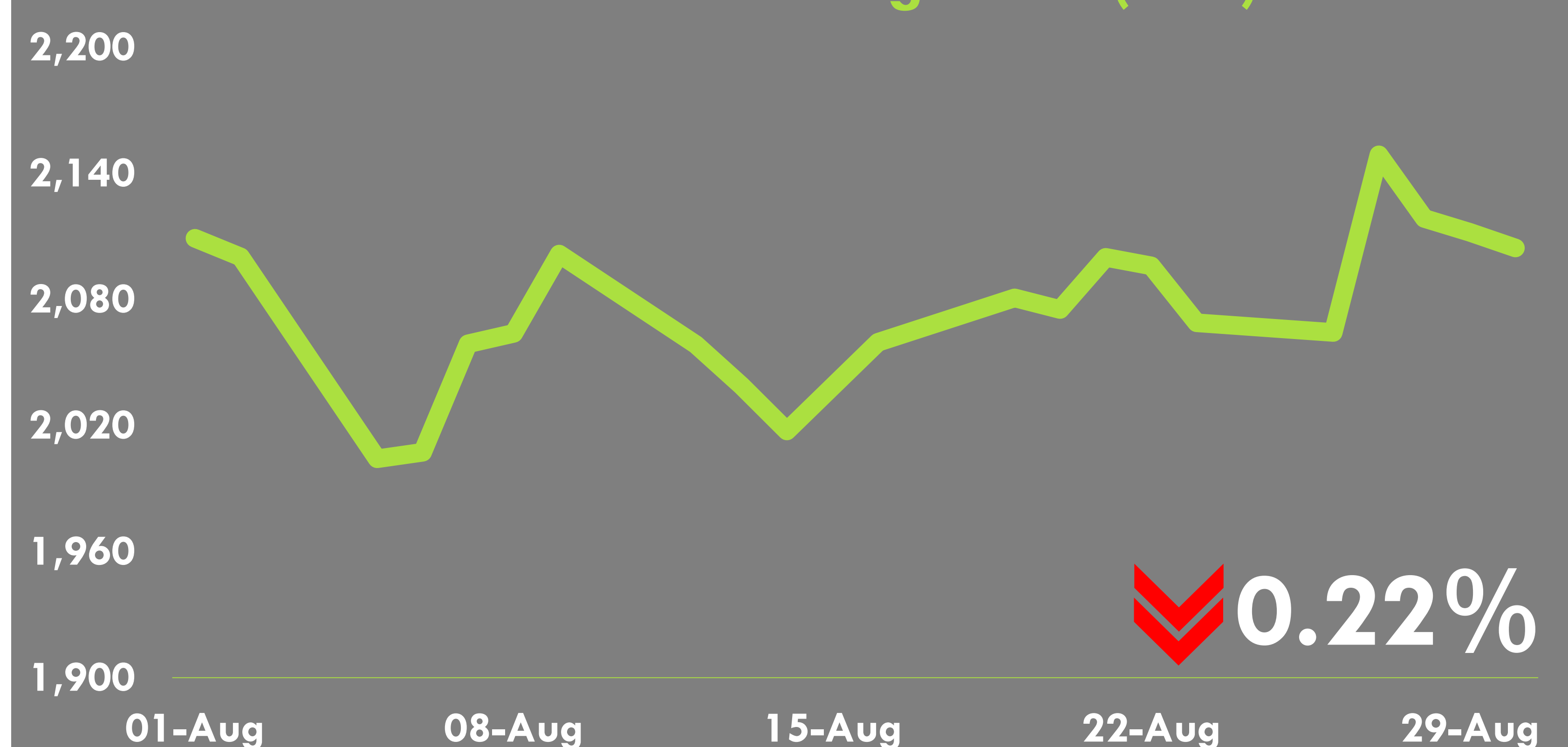
Source: NSE

## Media Sector

The Indian media sector rebounded from a sharp decline earlier in the month, closing with a minimal drop of 0.2%. This recovery was driven by the Competition Commission of India's approval of a merger involving Reliance Industries, Viacom18 Media, Digital18 Media, Star India, and Star Television Productions. The consolidation is expected to enhance market dynamics and competition. Among stocks, TV18 Broadcast was the top performer, gaining 11.1%, while Hathway Cable and Datacom fell by 9.4%, marking the largest decline over the month.



NIFTY Media August'24 (in ₹)



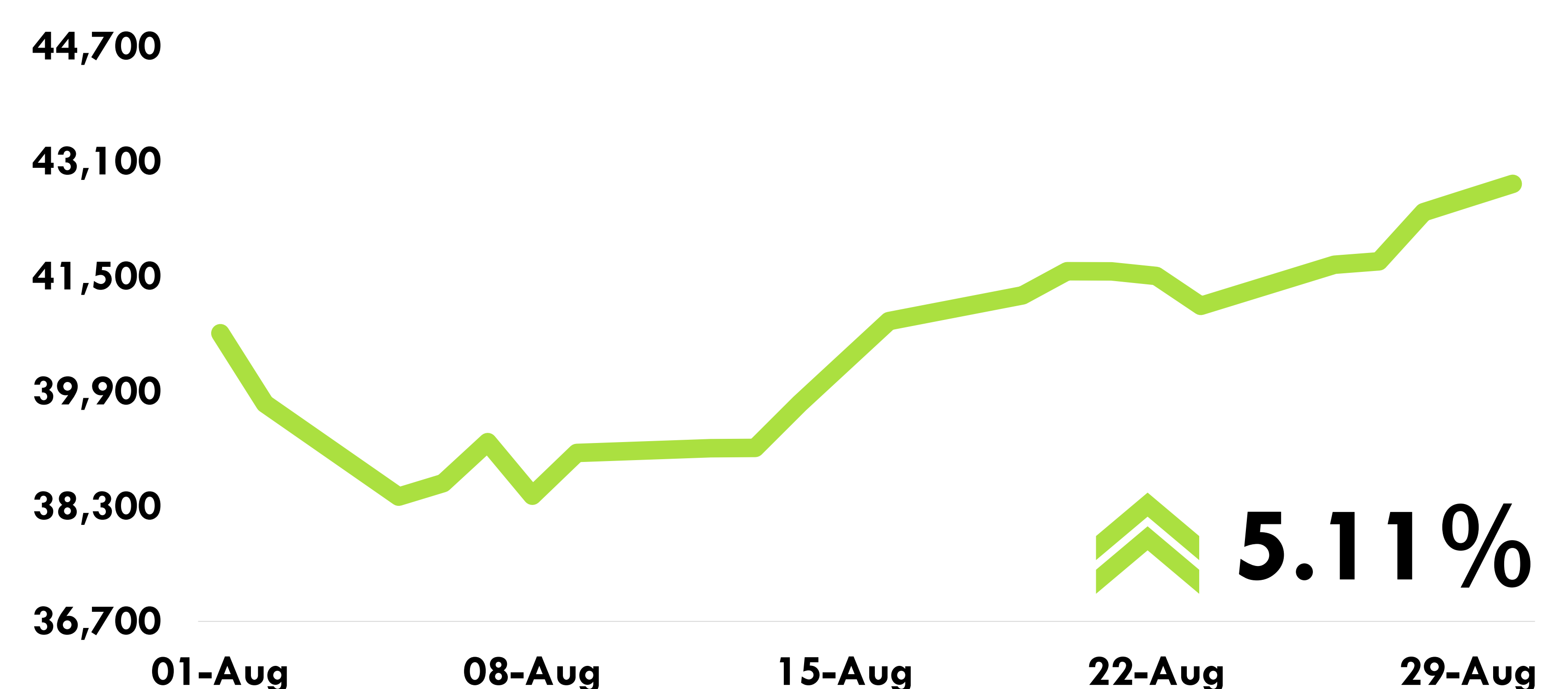
Source: NSE

## IT Sector

The IT index rose by 5.1%, fueled by encouraging U.S. economic data that eased recession worries in a crucial market for Indian IT firms. Strong retail sales, mild consumer price inflation, and lower jobless claims have bolstered confidence in U.S. economic health. Additionally, expectations of an imminent rate cut in the U.S. have brightened the outlook for the sector, enhancing revenue prospects for domestic IT companies. The top gainer was L&T Technology Services, which rose by 11.6% over the course of the month.



NIFTY IT August'24 (in ₹)



Source: NSE



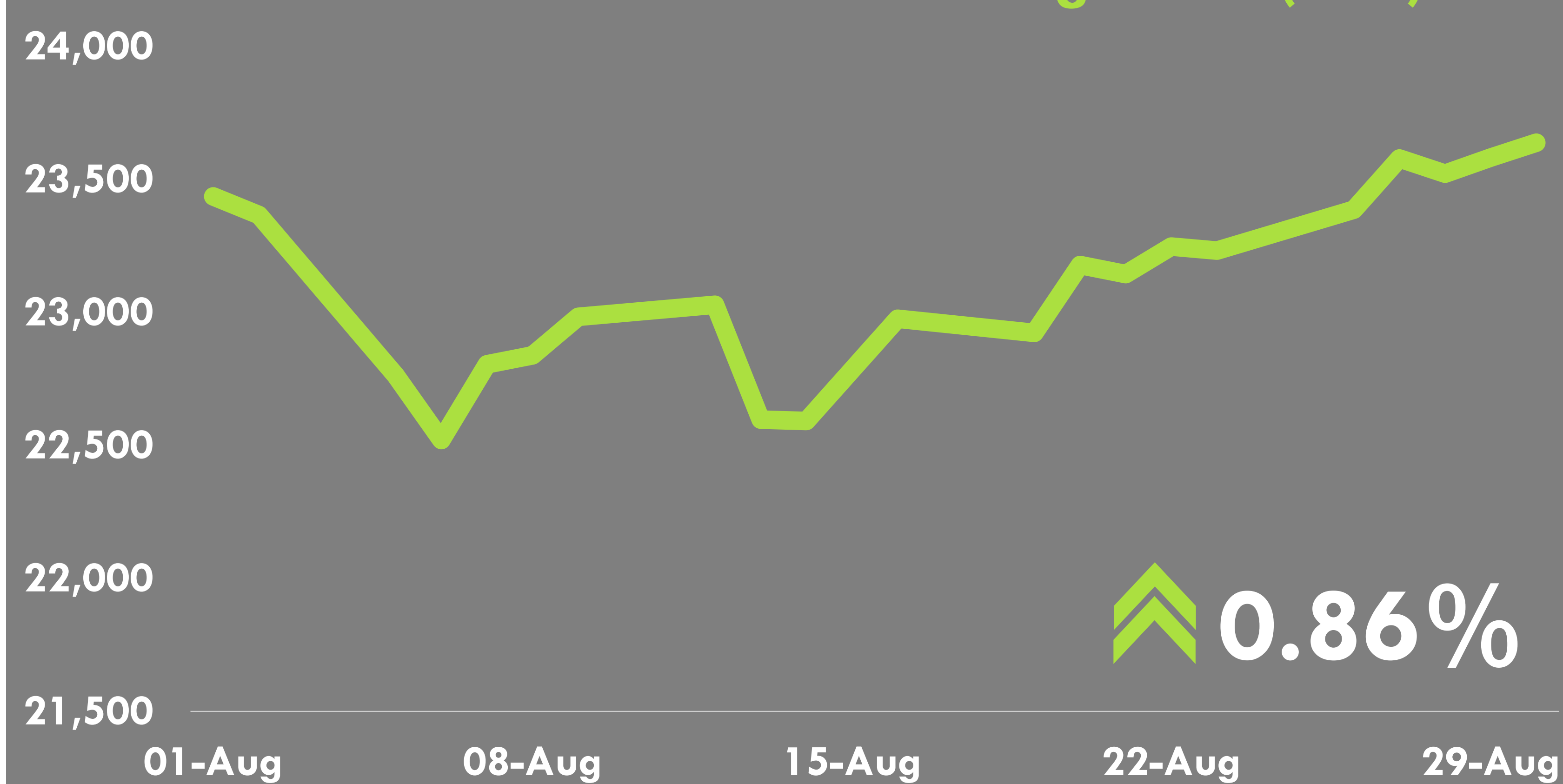
# SECTOR UPDATES

## Financial Services Sector

In August 2024, the Nifty Financial Services index rose by 0.9% which was significantly influenced by the revised regulations and the strong quarterly earnings reported by some of the major banks and NBFCs. The uptick in M&A activity in this sector positioned companies for stronger growth and strengthened the market sentiment. Bajaj Finserv stole the limelight as the month's top gainer, boasting an impressive 9.1% surge. Conversely, LIC Housing Finance Ltd. faced a stark decline, plummeting by 11%.



NIFTY Financial Services August'24 (in ₹)



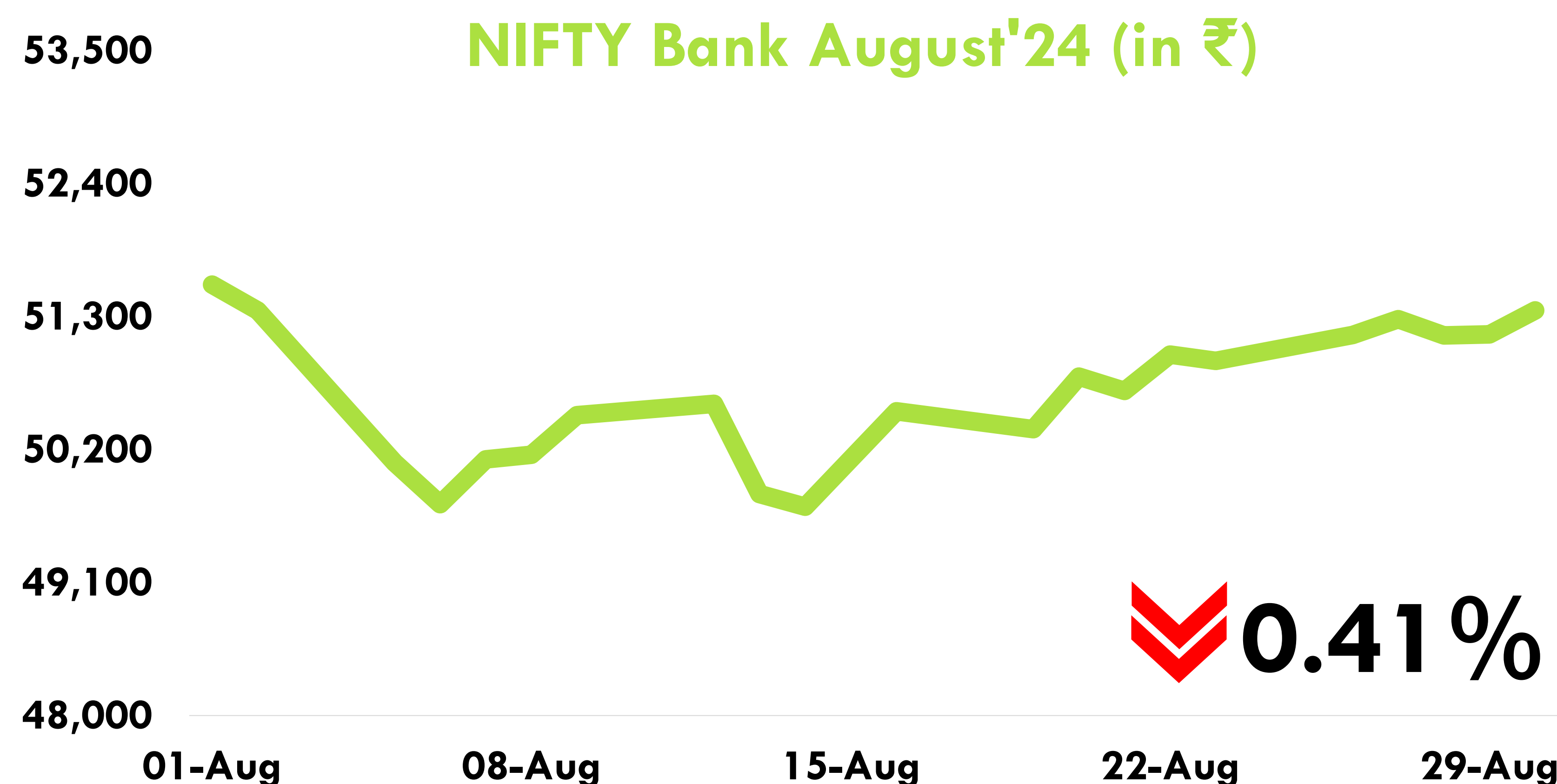
Source: NSE

## Banking Sector

The Bank Nifty exhibited a mixed performance in August 2024, declining marginally during the first week due to rising interest rates and global economic concerns, which impacted private sector banks more severely. However, public sector banks showed resilience, helping the index recover and end the month with a slight fall of 0.4%. This recovery was driven by strong earnings from key public banks and government support through capital infusions and efforts to reduce non-performing assets.



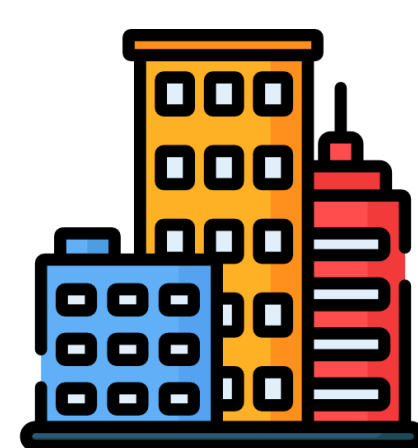
NIFTY Bank August'24 (in ₹)



Source: NSE

## Realty Sector

The Nifty Realty index experienced a drop of 2% in August, primarily due to the rising US Treasury Yields and the weak real estate sector data from China. This downturn was further exacerbated by fears of a slowdown in this sector, particularly with regard to commercial properties, as higher rates could dampen borrowing and investment. The index saw a resurgence during the last week of the month, driven by positive developments such as government policy support for affordable housing and improved sentiment in the residential real estate segment.



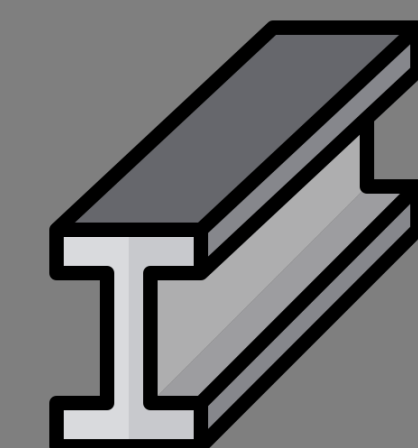
NIFTY Realty August'24 (in ₹)



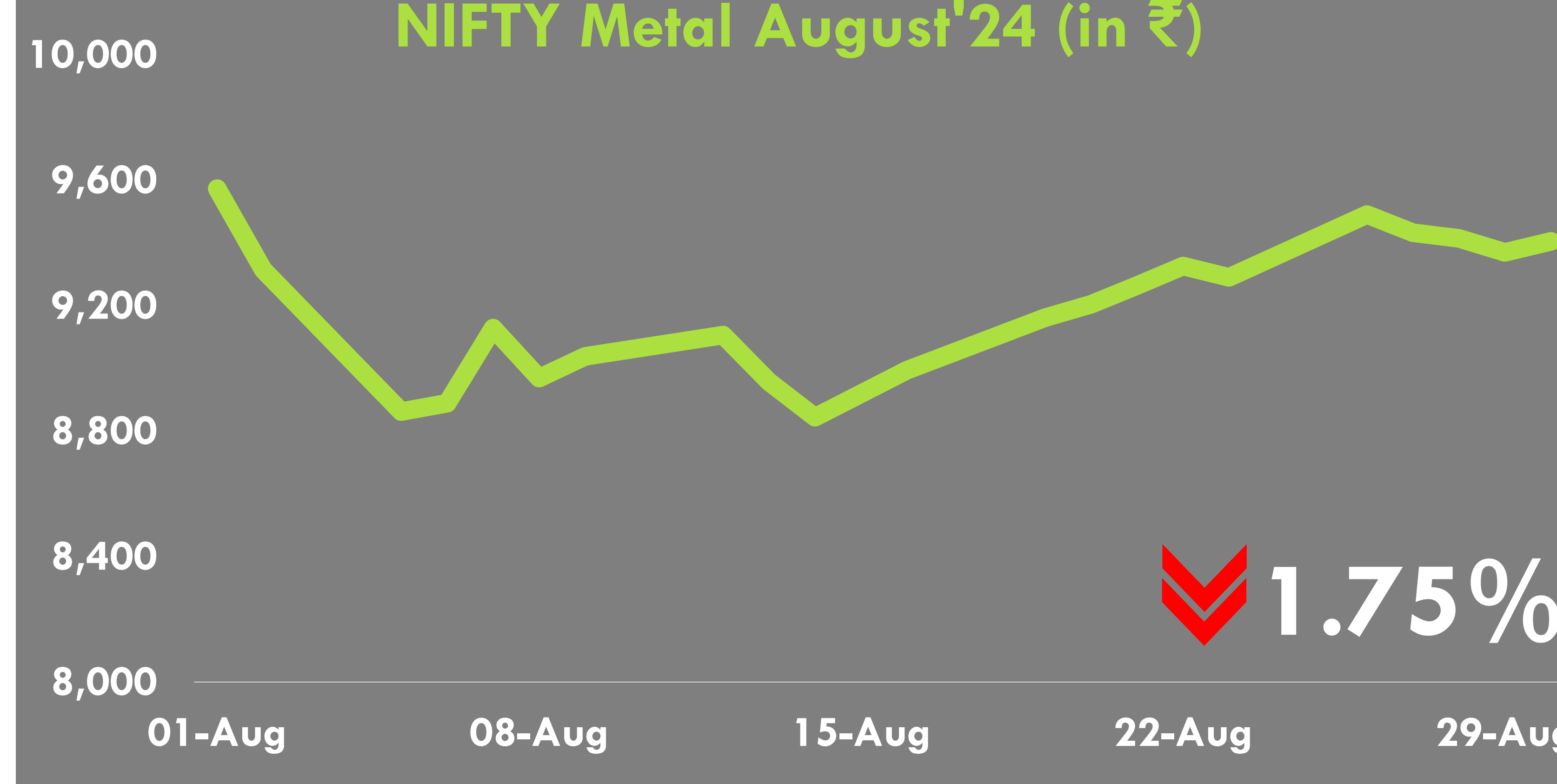
Source: NSE

## Metal Sector

The Nifty Metal index declined sharply during the first week, primarily due to concerns over weakening global demand for metals, particularly in China, where industrial activity has been sluggish. This downturn was exacerbated by ongoing geopolitical tensions, leading to fears of reduced consumption of industrial metals. Despite the tensions, Gold and Palladium prices significantly spiked up. Welspun Corp Ltd. emerged as the top gainer, rising by 9% and Hindustan Zinc Ltd. emerged as the top loser falling by 22.7% over the month.



NIFTY Metal August'24 (in ₹)



Source: NSE



From Tunnels to Trading Floors

Established in 2002, Ceigall India Limited stands as a prominent player in the infrastructure construction sector, focusing on intricate projects such as elevated roads, flyovers, bridges, railway overpasses, tunnels, highways, expressways, and runways. The company's IPO, a book-built issue valued at ₹1,252.66cr, features a fresh issuance of 1.71 crore shares worth ₹684.25cr and an offer for sale of 1.42 crore shares totaling ₹568.41cr. The public issue saw varying levels of interest, with subscriptions of 3.82 times in the retail category, 31.26 times in the QIB category, and 14.83 times in the NII category. Ceigall India Ltd. made its debut on the NSE at ₹419 per share, marking a 4.49% premium over the issue price of ₹401. The proceeds from the IPO are planned to be utilized for acquiring new equipment and repaying existing loans, including those of its subsidiary, Ceigall Infra Projects Private Limited.



Ola Electric's Stock Sparks Interest

Established in 2017, Ola Electric Mobility Limited specializes in electric vehicles and their essential components, including battery packs, motors, and vehicle frames, which are produced at its FutureFactory in Tamil Nadu. The business model is driven by three scalable platforms: an in-house R&D and technology hub for EV components, a flexible production and supply chain, and a direct-to-consumer omnichannel sales network. The company's IPO is a book-built offering valued at ₹6,145.56cr. This offering included a fresh issue of 72.37 crore shares worth ₹5,500cr and an offer for sale of 8.49 crore shares totaling ₹645.56cr. The IPO garnered significant interest, with subscriptions reaching 4.05 times in the retail segment, 5.53 times in QIBs, and 2.51 times in NIIs. On its debut day, August 9, Ola Electric's shares were listed at ₹76 each at par, eventually closing at ₹91.2, marking a 20% gain. The proceeds from the IPO are earmarked for expanding cell manufacturing capacity, repaying subsidiary debt, investing in research and development, supporting organic growth initiatives, and covering general corporate expenses.



FirstCry IPO Hits Jackpot

Brainbees Solutions Limited, the parent company of FirstCry, recently concluded its IPO with significant market enthusiasm. Founded in 2010, Brainbees Solutions operates FirstCry, a comprehensive online platform serving parents with a wide range of products for infants up to 12 years old. In addition to their online presence, they also run brick-and-mortar stores. This includes over 1.5 million SKUs from more than 7,500 brands, covering categories from apparel to baby gear and personal care. The IPO, valued at ₹4,193.73cr, comprises a fresh issue of 3.58 crore shares worth ₹1,666cr and an offer for sale of 5.44 crore shares totaling ₹2,527.73cr. The issue was oversubscribed 12.22 times overall. The stock debuted strongly on the NSE at ₹651, marking a 40% premium over the issue price of ₹465. The company plans to use the proceeds for establishing new stores, expanding internationally, investing in subsidiaries, and enhancing technology and marketing efforts.



Upcoming IPOs	IPO Size (Approx.)
Bajaj Housing Finance	₹ 6,560 Cr.
Premier Energies	₹ 2,830 Cr.
Baazar Style Retail	₹ 835 Cr.
Eco Mobility	₹ 601 Cr.

Interarch's IPO Soars High

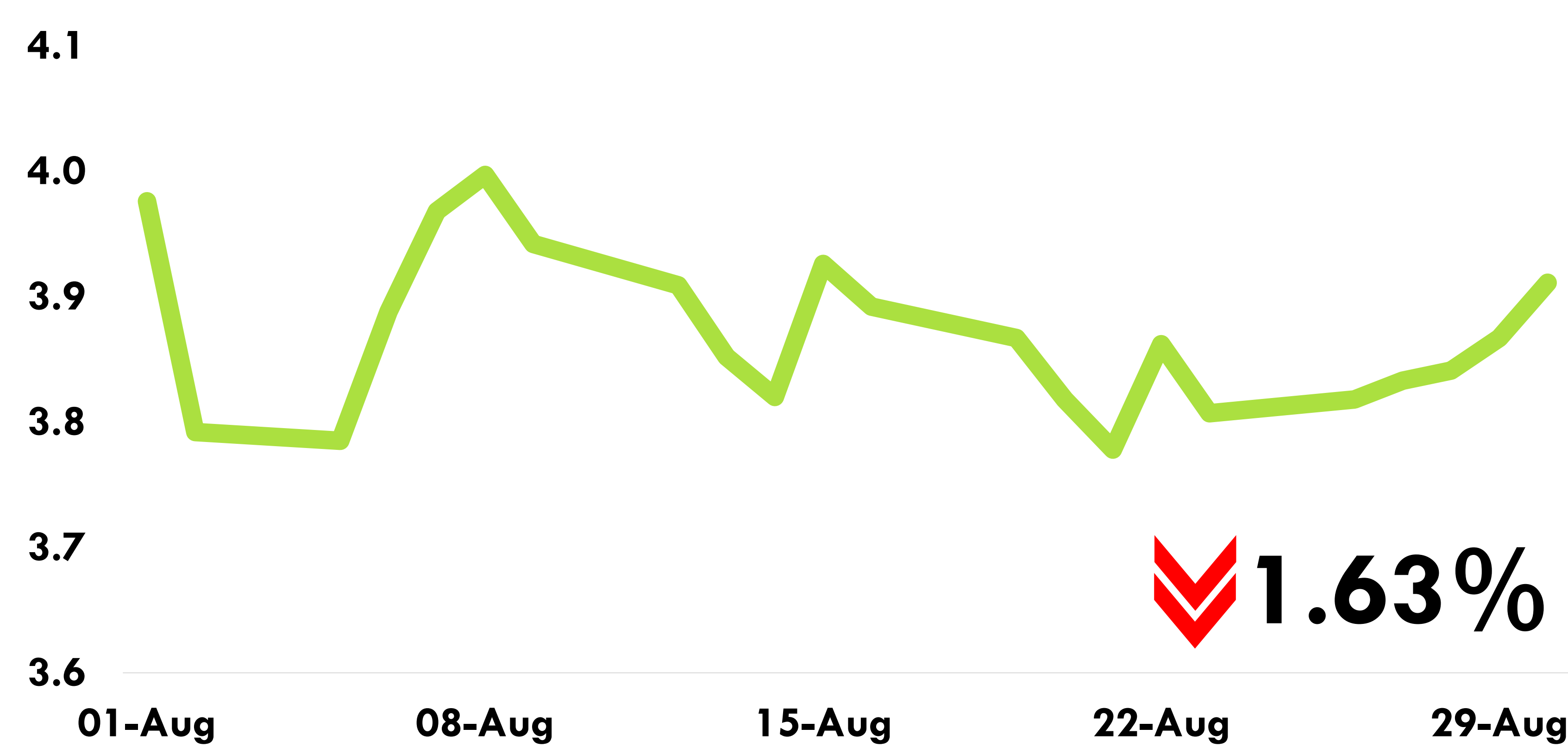
Interarch Building Limited is a prominent provider of turnkey pre-engineered steel construction solutions in India. The company offers services encompassing design, engineering, manufacturing, and on-site project management for the installation of pre-engineered steel buildings. The company's recent IPO garnered significant attention, raising ₹600.29cr through a combination of a fresh issue worth ₹200cr and an offer for sale amounting to ₹400.29cr. The IPO was overwhelmingly subscribed at 93.79 times. Interarch made a robust entry into the stock market listing at ₹1,299 per share, which represents a 44.3% premium over its issue price of ₹900. The funds raised are earmarked for establishing a new manufacturing facility in Andhra Pradesh, upgrading existing plants across various locations and enhancing IT infrastructure





# FIXED INCOME

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



Source: US Department of the Treasury

US 10-year Treasury Yields exhibited a mixed performance in August 2024, soaring to 4.02% in the first week and falling to 3.76% in the third week, leading to a drop of 1.6% over the month. Weekly jobless claims fell from the previous week, signaling a resilient labor market, while the second-quarter gross domestic product was revised upwards to 3% growth from an initial 2.8% estimate. Additionally, the speech by Jerome Powell triggered an initial drop in longer-term Treasury yields and secondary mortgage market rates, suggesting that mortgage rates could see a slight decrease in the near term.

## Nature's Debt Deal: A Swap with a Twist

The Nature Conservancy, a US-based Non-Profit Organization (NPO) has recommended Angola to adopt an environmental bond project to reduce its debt burden which roughly amounts to 70% of its Gross Domestic Product (GDP). This debt-for-nature swap would provide assistance to Angola's government to reduce its debt levels in a low cost manner while ensuring guaranteed returns to the investors through these financial instruments. In the typical debt-for-nature swap, an international environmental organization would buy sovereign debt on the secondary market at a significant discount and then convert it into conservation commitments from Angola. The project is a promising alternative to Angola's plan of selling Eurobonds after a drop in the yield premium of Eurobonds over US Treasuries to 671 bps, down from nearly 750 bps as on August 5. This initiative by the Nature Conservancy has been implemented in other countries like Belize and Colombia and is the second one to be issued in Africa after the \$500mn debt-for-nature swap that was raised in Gabon in 2023.



## Green Bond Fuels Amazon Reforestation

The World Bank has issued the world's first 9-year principal protected carbon removal bond to help gather funds for Brazil's Amazon Forest Reforestation. This bond which is priced at \$225mn is the most premium bond that the World Bank has ever sold and it offers investor's returns that are linked to the amount of carbon eliminated from the atmosphere rather than to the reduction of emissions through curbing deforestation. Under this project, investors will earn a fixed coupon of approximately 1.75% per annum and a variable coupon based on the number of carbon credits sold, generating up to a total annualized yield of approximately 4.36%. The coupons left behind, amounting to approximately \$36mn would be used to support Brazilian startup Mombak's reforestation activities of entering into alliances with the landowners in the forest to replant the land with the native tree species. The carbon credits, calculated based on the amount of carbon removed from the atmosphere, would then be sold to Microsoft Corp., which has entered into a purchase deal with the startup Mombak.



## Inflation

India's inflation hit an all time low of 3.54% in 5 years. Food inflation, a major contributor to the overall Consumer Price Index, reduced to its 13-month low of 5.42%, with vegetable prices experiencing a notable fall. The RBI's consistent monetary policies, along with beneficial base effects have played a crucial role in curbing inflation. Favorable weather conditions producing robust agricultural output combined with effective supply chain management, have helped stabilize prices in this category.

Month	Inflation (%)
July'24	3.54
June'24	5.08
May'24	4.75
April'24	4.83
March'24	4.85

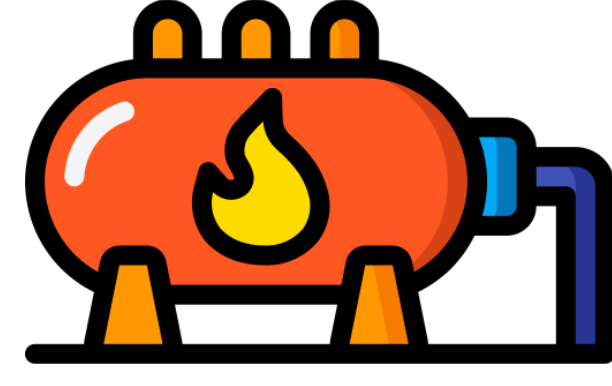
Source: MOSPI



# RISK

## Gas Storage Tumbles Amid Conflict

European traders have significantly reduced their use of Ukraine's vast natural gas storage facilities this summer due to increased risks from Russian attacks. Ukraine, which boasts the largest underground storage capacity in Europe, offered valuable space for EU companies last year, facilitating gas storage ahead of winter. However, after Russian offensives targeted Ukrainian energy infrastructure, including crucial pumping facilities, European storage volumes fell dramatically. In June and July, gas storage fell to 15.4 million and 51.9 million cubic meters, respectively, from 102.7 million and 586.6 million cubic meters the previous year. Despite repairs and assurances from Ukraine's Naftogaz, a state-owned energy company, incentives are lacking to encourage storage, and the lucrative price differentials of last year have diminished. EU discussions on risk insurance have stalled, causing uncertainty that has pushed traders away. This instability has prompted a shift to alternative storage solutions across Europe, significantly altering market dynamics and potentially disrupting trade and access to essential goods in Ukraine, thereby affecting its economy and recovery efforts.



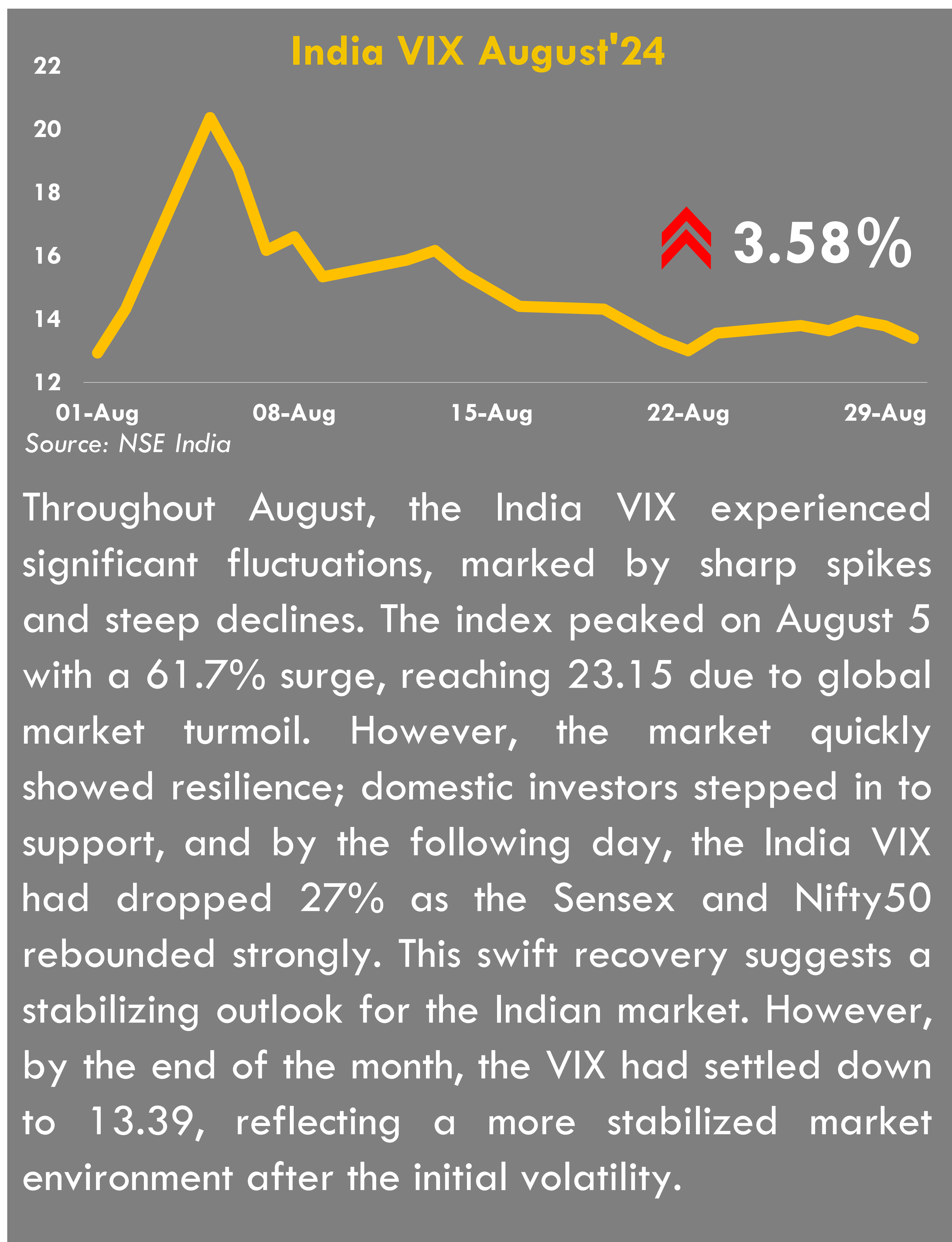
## Overleveraging: Microfinance's Hidden Risk

The microfinance sector is again grappling with the challenges of overleveraging, despite the Reserve Bank of India's (RBI) efforts to mitigate this risk through uniform regulations. A key issue highlighted by industry leaders is the inconsistent methods of assessing household income, which is crucial to ensuring that borrowers do not become over-indebted. The RBI's guidelines stipulate that a household's monthly repayment obligation should not exceed 50% of its income. However, the absence of a reliable income assessment mechanism has led to concerns about over-lending. Sa-Dhan and the Microfinance Institutions Network (MFIN) have cautioned their members against extending loan exposure beyond ₹2lakh per borrower. Additionally, there is a growing incidence of borrowers taking loans from multiple lenders, raising concerns about potential credit stress. Some lenders have already taken steps to address these issues by tightening risk management practices and limiting new customer acquisitions.



## Banking Risks: The Vendor Dilemma

The Reserve Bank of India (RBI) has raised concerns about the increasing reliance on third-party vendors by financial institutions. At a convention hosted by the International Association of Deposit Insurers, the RBI stressed the need for caution to mitigate risks associated with these vendors. The shift towards digital banking has created a complex web of third-party relationships, amplifying the risk of vulnerabilities such as ransomware and other cyber threats. As financial institutions expand their digital ecosystems, maintaining robust vendor management practices becomes crucial to ensure operational security and resilience. Recent events, such as the ransomware attack on C-edge Technologies, which impacted several cooperative and regional rural banks, highlight the pressing need for robust data security. This incident disrupted the banks' access to retail payment networks, illustrating the critical role of safeguarding data integrity. This strategy aims to incentivize better risk management practices among banks and enhance the stability of the financial system by ensuring that higher-risk institutions contribute more to the insurance fund.





# DERIVATIVES

## SEBI Cracks Down on P-Note Flexibility

The Securities and Exchange Board of India (SEBI) is tightening regulations on Foreign Portfolio Investors (FPIs) issuing Offshore Derivative Instruments (ODIs), commonly known as Participatory notes (P-notes), which are financial instruments used by hedge funds to invest in Indian securities. SEBI has proposed mandatory separate registration for FPIs issuing ODIs, a move aimed at eliminating the existing lack of uniformity in the use of separate accounts for ODIs. Furthermore, the market regulator plans to discontinue current exceptions that allow ODIs with derivatives as underlying assets, restricting ODIs to cash equity, debt securities, or other permissible investments, fully hedged on a one-to-one basis. This tightening of norms comes as SEBI seeks to address concerns over opacity in ODI transactions, which have persisted despite previous regulatory efforts. Existing ODIs with derivatives will need to be redeemed within a year once the new rules are implemented. Additionally, SEBI intends to extend the stringent disclosure norms applied to FPIs to cover ODIs, sub-funds, and broader portfolios.



## Euronext Expands with Power Futures

Euronext and Nord Pool are set to transform the Nordic and Baltic power markets with the launch of the Euronext Nord Pool Power Futures market. This new venture, debuting on November 1, 2024, aims to bolster the region's power futures trading by introducing a dedicated platform on Euronext's Optiq trading system and Euronext Clearing. Designed to address market needs for a robust and enduring infrastructure, the platform will provide cash-settled futures for power prices and regional energy contracts across the Nordic and Baltic regions, with spot prices set by Nord Pool. The initiative follows extensive consultations with key market players, who highlighted the necessity for a liquid and secure trading environment. By consolidating expertise in energy markets with a strong Nordic foundation, this new market is expected to enhance liquidity and attract OTC traded volumes. The phased rollout will commence with equity futures and expand to other sectors by 2025, promising a revitalized trading landscape and accelerated recovery in the power derivatives market.



## LIC Drives Forward Rate Agreements Surge

As India's largest insurer, Life Insurance Corporation (LIC), prepares to enter the forward rate agreements (FRA) market, interest in these bond derivatives is set to surge. FRAs, which allow insurers to lock in future interest rates and shield themselves from volatility, are becoming increasingly attractive as central banks, including India's, signal potential rate cuts. This move could drive down yields and borrowing costs, benefiting the government and broadening the appeal of such instruments. Recent data shows a notable rise in FRA trades, with volumes increasing nearly 20% from June to early August, reaching around ₹113bn. The entry of LIC is expected to further boost demand. Additionally, there is growing interest in Separate Trading of Registered Interest and Principal of Securities (STRIPS), as their appeal grows with the steepening of the yield curve. The seasonal uptick in the insurance business is anticipated to sustain strong demand for both FRAs and STRIPS, highlighting a dynamic shift in the Indian fixed-income landscape.



## Market Shake-Up: SEBI Tightens the Reins

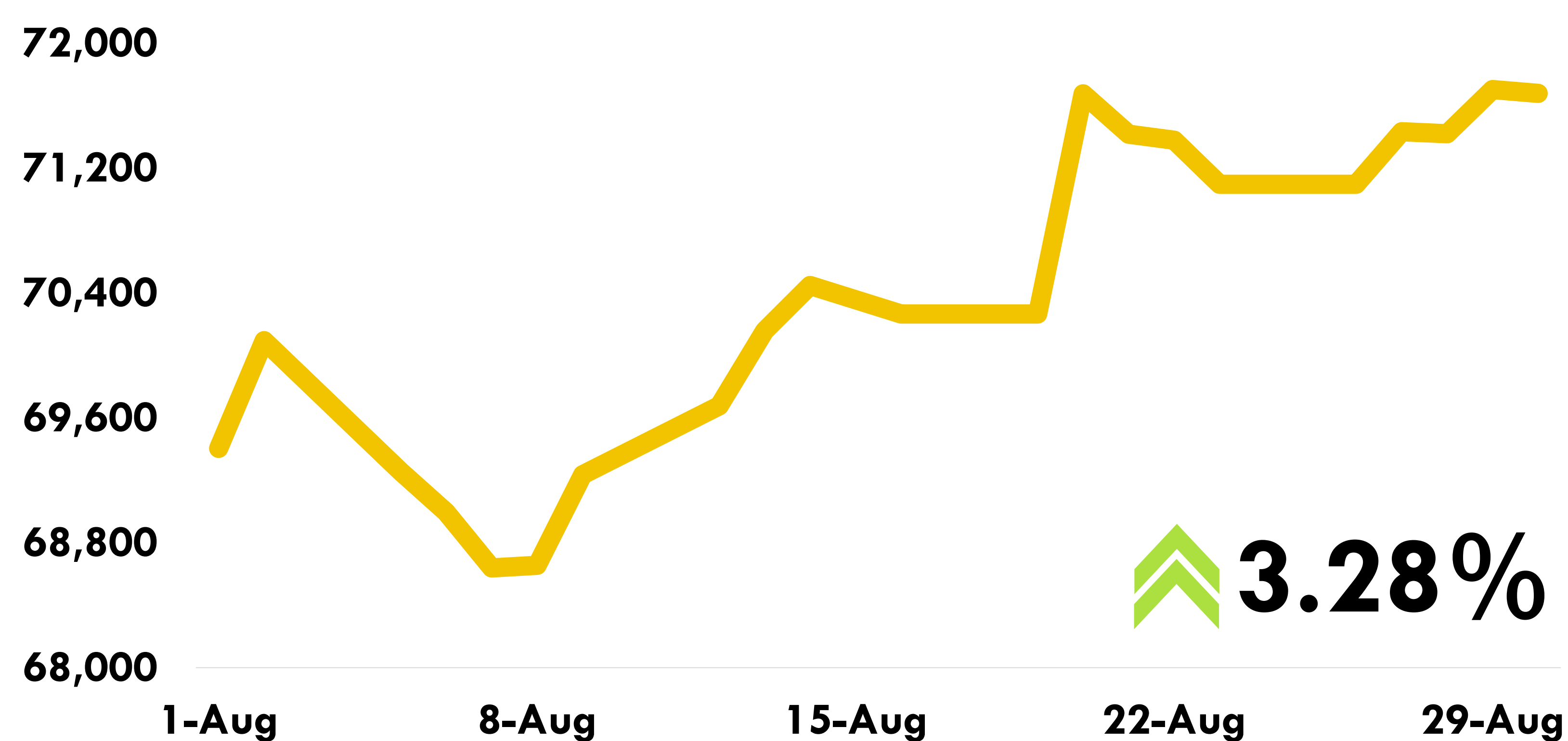
The Securities and Exchange Board of India (SEBI) has introduced a comprehensive 7-step strategy to overhaul the index derivatives market, focusing on bolstering retail investor protection and ensuring market stability. Key proposals include the mandatory upfront collection of option premiums and real-time monitoring of intraday positions to mitigate risks and curb excessive speculation. While some measures, such as rationalizing strike prices and increasing margins near contract expiry, may initially trigger market disruptions and reduce liquidity, they are aimed at promoting responsible trading practices. Other initiatives, like stricter monitoring of position limits and higher margin requirements, are expected to enhance market integrity. However, measures like increasing minimum contract sizes and modifying expiry day margins could introduce additional volatility and operational hurdles for market participants. Overall, these reforms reflect SEBI's commitment to fostering a more stable trading environment while enhancing investor confidence in the derivatives market.





# COMMODITIES

Gold Spot Price (in ₹ per 10 grams)

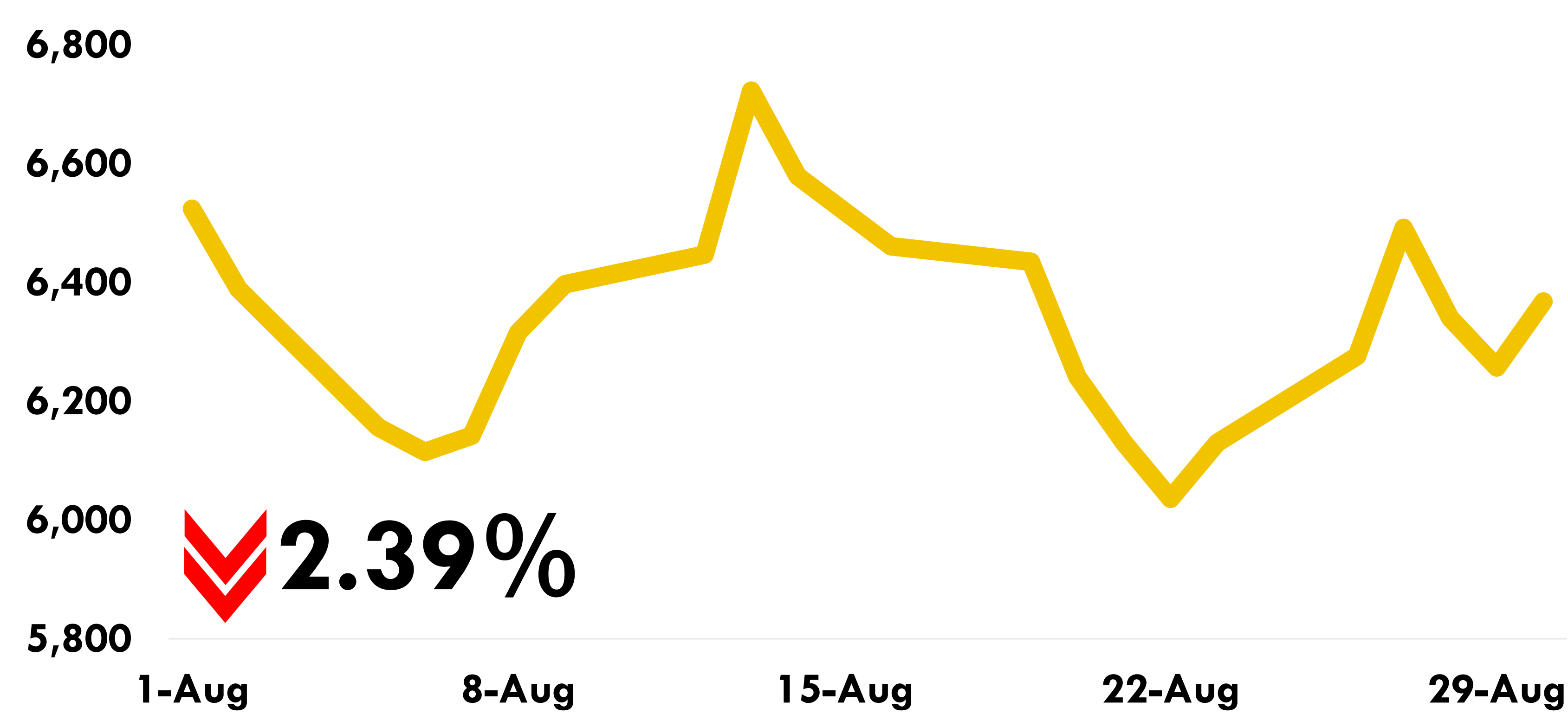


In August 2024, gold prices soared by 3.3%, driven by a mix of economic uncertainty, a weakening US dollar, and global geopolitical tensions. Investors, seeking to hedge against volatility, turned to gold as a safe haven amid speculations of interest rate cuts by central banks. The dollar's decline further fueled demand, making gold more attractive to foreign buyers. Concerns over inflation and shifting economic indicators pushed investors towards gold, which historically retains its value during such times. With heightened demand from cautious investors, gold reaffirmed its status as a reliable store of wealth in turbulent market conditions.

## Price Plunge in Kolkata Markets

In Kolkata, the prices of essential food items, particularly potatoes and rice, have experienced a notable decline. Potato prices have dropped by 8% over the past 20 days, currently selling at ₹34 per kilogram, down from ₹36. This reduction is attributed to an oversupply, as cold storages in Uttar Pradesh and West Bengal are nearing capacity. The West Bengal government's temporary halt on inter-state potato movement, imposed in July, contributed to this surplus, forcing states like Assam, Odisha, and Bihar to seek alternative sources. Meanwhile, rice prices have also decreased, with basmati rice now retailing at ₹60 per kilogram, a reduction from ₹75 over the last three months. This drop is largely due to a favorable kharif crop outlook and weakened export markets, where competing nations are offering rice at lower prices. As India set the minimum export price for basmati rice at \$950 per ton, domestic prices have been adjusted accordingly.

Crude Oil Spot Price (in ₹ per barrel)



The Union government has reduced the windfall tax on domestically produced crude oil from ₹2,100 per ton to ₹1,850 per ton, effective August 31. This adjustment is part of a series of ongoing modifications to the tax regime, reflecting the government's continuous efforts to fine-tune the policy in response to market conditions. Notably, the tax on exports of diesel and aviation turbine fuel remains at zero. This decision comes amid a backdrop of weakening oil prices, with Brent crude futures declining to \$78.9 per barrel and U.S. West Texas Intermediate slipping to \$73.8. The price drops are largely attributed to concerns about global demand and the anticipation of increased OPEC supply starting in October, despite ongoing disruptions in Libyan oil output.

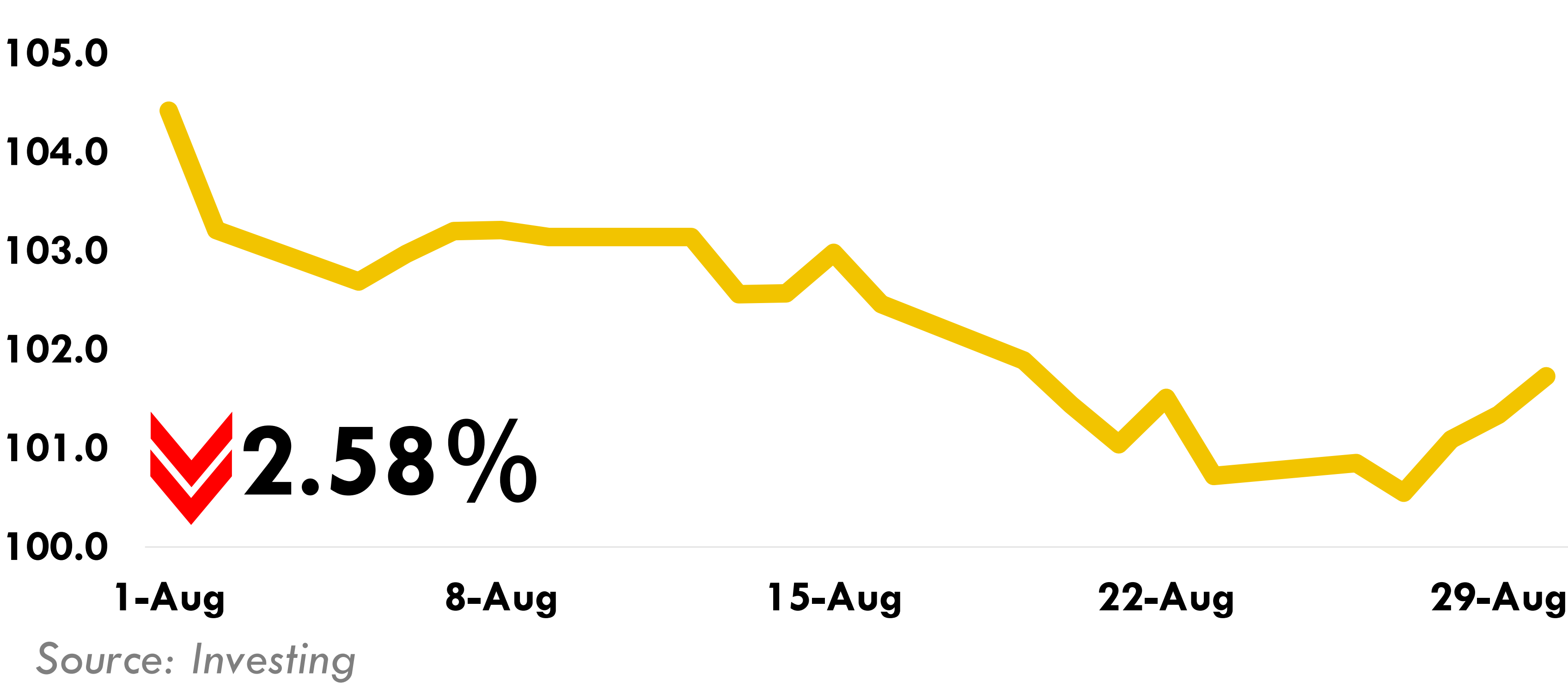
## Rubber Riddle of Supply and Demand

India faces a significant shortage of Natural Rubber (NR), with domestic production falling short of demand by about 550,000 tons, according to the Times of India. Despite an increase in NR production from 839,000 tons in 2022-23 to 857,000 tons in 2023-24, consumption has surged from 1.35 million tons to 1.42 million tons, perpetuating the substantial deficit. The rise in NR consumption has exacerbated the deficit, which remains at 550,000 tons. He highlighted challenges with imports, including a 25% customs duty and limited availability due to issues in China and Bangladesh. Consequently, NR prices have nearly doubled, reaching ₹247 per kilogram, the highest in 15 years. Efforts are underway to enhance domestic production and address import challenges, highlighting the urgent need for a strategic approach to support industries reliant on NR and stabilize the market.



# CURRENCY

US Dollar Index (USD)



The U.S. dollar index fell by about 2.6% in August to \$101.73. Despite strong U.S. economic data, such as retail sales and jobless claims, which usually support a stronger dollar, its decline is notable. The dollar fell after the Federal Reserve signaled a long-awaited interest rate cut next month, indicating that it's time for policy adjustments because inflation risks have gone down and job risks have gone up.

## Yen's Carry Trade Shake-Up

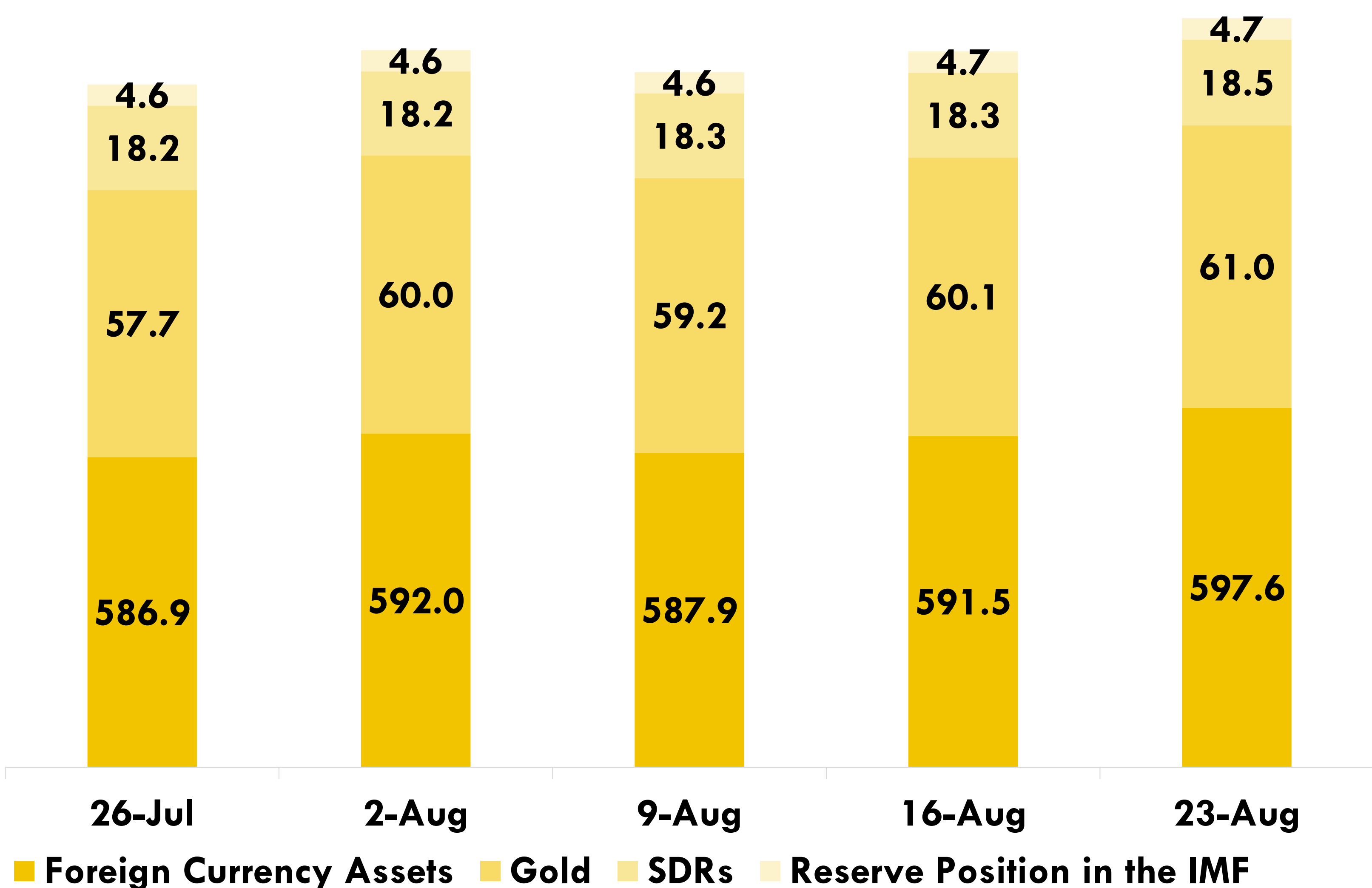
A carry trade is an investment strategy where investors borrow in a currency with low interest rates to invest in higher-yielding assets. The Japanese yen has been a preferred choice due to Japan's long-standing low interest rates. The Bank of Japan maintained near-zero interest rates for years, encouraging borrowing in yen. However, a recent increase in Japan's interest rates caused the yen to strengthen significantly against the U.S. Dollar. Now facing higher borrowing costs and reduced profits, traders began selling dollar-denominated assets. This sell-off was further driven by expected U.S. interest rate cuts and the Yen's 13% appreciation within a month. The rise in Yen also forced leveraged investors to unwind their positions, contending with higher borrowing costs.



## India's Forex Reserves Rise

India's foreign exchange reserves hit a record high of \$681.69bn as of August 23rd. This increase was fueled by strong foreign direct investment inflows, RBI's strategic forex market interventions, and stable economic policies. Gold reserves rose to \$61bn, and Special Drawing Rights (SDRs) expanded to \$18.46bn. Additionally, foreign currency assets, a major reserve component, increased by \$5.98bn to \$597.55bn. These substantial reserves not only ensure adequate import coverage but also equip the RBI with greater flexibility in managing monetary policy and currency stability, reinforcing India's economic resilience in the face of global uncertainties.

FOREX Reserve (USD Bn)



Currency	1 <sup>st</sup> August'24	31 <sup>st</sup> August'24	Change (%)	Trend
INR/USD	INR 83.7439	INR 83.8901	↑ 0.2	
INR/EUR	INR 90.2770	INR 92.9099	↑ 1.1	
USD/EUR	USD 1.0787	USD 1.1061	↑ 2.5	
JPY/USD	JPY 149.2010	JPY 146.2050	↓ 2.0	
CAD/USD	CAD 1.3881	CAD 1.3497	↓ 2.8	
USD/GBP	USD 1.2728	USD 1.3131	↑ 3.2	
USD/SEK	USD 0.0931	USD 0.0965	↑ 3.7	
USD/CHF	USD 1.1456	USD 1.1765	↑ 2.7	

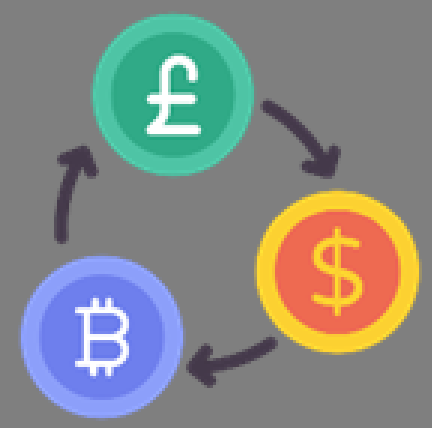
Source: Investing



# OTHER ASSET CLASSES

## Crypto Law to Bypass Sanctions

Russian lawmakers have passed a new law that will allow businesses to use cryptocurrency for international transactions, aiming to bypass Western sanctions imposed after Russia's invasion of Ukraine. The State Duma, the lower chamber of the Federal Assembly of Russia, has given initial approval, with the law expected to be implemented in September. The Governor of the Russian Central Bank has announced that the launch of initial cryptocurrency transactions is anticipated to commence by the end of this year, marking a significant and strategic step in the country's evolving financial sector. Due to increased caution from banks under Western regulatory pressure, Russia has faced significant delays in payments with major trading partners such as China, India, and the UAE. This legislation is designed to address these ongoing challenges. The central bank reported that such delays have severely impacted the Russian economy, resulting in an 8% drop in imports in the second quarter of 2024. The law is part of a broader legislative package that also includes comprehensive regulations for cryptocurrency mining and other digital assets.



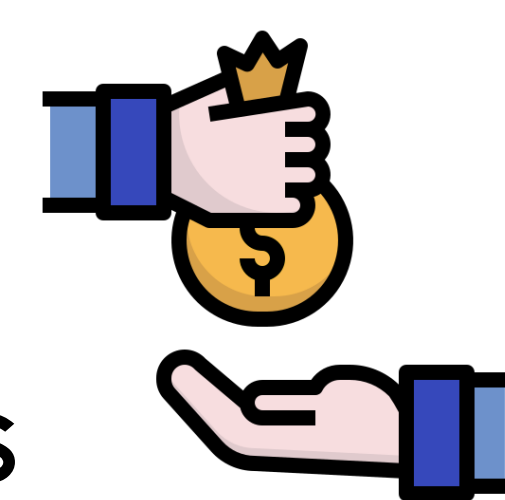
## Delhi's Real Estate Boom

Delhi-NCR was the top destination for private equity investments, during the first half of the year, attracting \$633mn worth of inflows, representing a 16% share of the record \$3.9bn invested in real estate across six major cities. Among the cities, Bengaluru attracted \$509.5mn, Hyderabad \$319.9mn, Chennai \$234.7mn, Pune \$151.7mn, and Mumbai \$147mn. Recent investment activity in Delhi has been largely fueled by the office sector, out of the total investment in Delhi-NCR, office assets received \$483.6mn, while residential assets \$149.6mn. The office segment sees significant inflows due to major equity buy-outs, while the high-end and luxury residential market also remains attractive. Private equity inflows into India's real estate market in the first half of 2024 exceeded 70% of last year's total, showcasing impressive growth and heightened investor confidence. This increase is largely attributed to the infrastructure-related sectors such as logistics and industrial, which are being driven by substantial public investments in multi-modal economic corridors.



## Borrowing Rules Simplified for AIFs

The Securities and Exchange Board of India (SEBI) has eased regulations, allowing Category I and II Alternative Investment Funds (AIFs) to borrow funds to address drawdown shortfalls (the decline in an investment's value from its peak). This move is intended to simplify the operational processes for these funds. SEBI now allows Category I and II AIFs to borrow funds for temporary shortfalls in investor contributions for portfolio investments, expanding beyond the previous restrictions on short-term and routine borrowing. However, any borrowing must be expressly disclosed in the Private Placement Memorandum (PPM) of the scheme, according to SEBI regulations. Moreover, borrowing is restricted to emergency scenarios and should only be considered as a final option. SEBI has also imposed a limit on the borrowed sum, ensuring it does not exceed the lowest of the following: 20% of the intended investment in the investee company, 10% of the AIF scheme's available funds for investment, or the outstanding commitments from investors, excluding those who failed to provide the drawdown amount.



## Investments Shifts Away from China

The Asia-Pacific region saw a slowdown in alternative investments during the April-June quarter, largely due to China's economic struggles, rising U.S.-China tensions, and tight credit conditions from high interest rates. Geopolitical tensions, particularly between China and key trading partners, have significantly impacted investment flows, with U.S. restrictions on investments in China's tech sector since 2023, further dampening confidence. As China becomes less attractive, investors are shifting focus to India, Japan, and South Korea. According to Preqin, a London-based research firm specialising in alternative assets, \$14.8bn was invested in private equity in the region, with \$5bn allocated to Japan and \$6.9bn spread across other countries. The decline in interest in China's private equity, real estate, and venture capital has led to a 10-year low in alternative investment fundraising, falling to \$22bn from \$98bn in late 2020. A recovery is expected but likely to be slow and gradual. This shift highlights a crucial pivot from China to emerging markets.

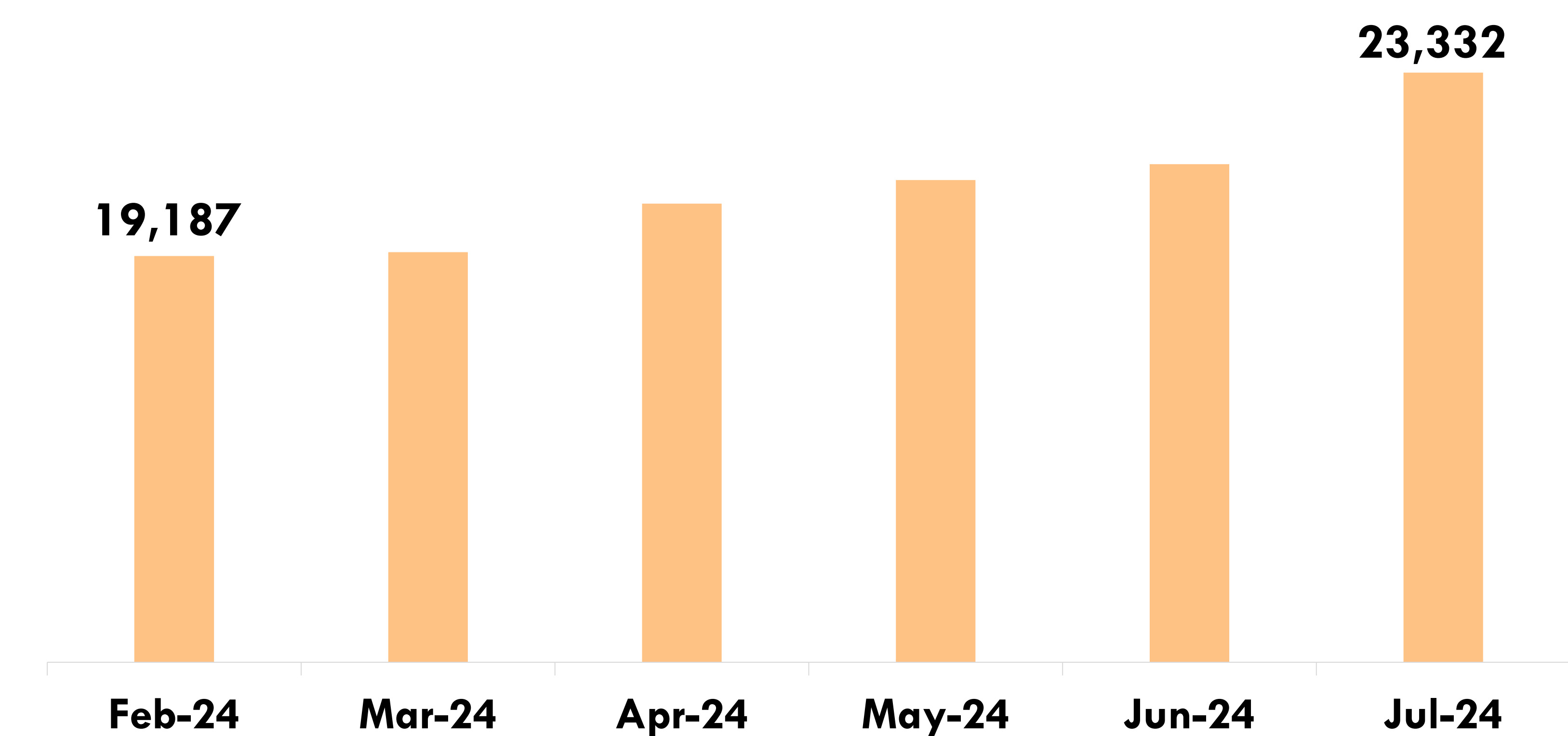




## SIPs Inflows Getting Popular

Mutual funds have witnessed a notable rise in popularity among retail investors, with a substantial influx of ₹23,332cr through SIPs in July. A notable uptick in newly registered accounts occurred this month, with 72.62 lakh openings. This increase propelled the total number of outstanding SIP accounts to 9.34 crore, with the total AUM reaching ₹13.09 lakh cr. A rising trend in SIP numbers per month reflects investors' recognition of the significance of long-term wealth accumulation. Additionally, it underscores investors' increasing willingness to take risks and their confidence in the stability of the market.

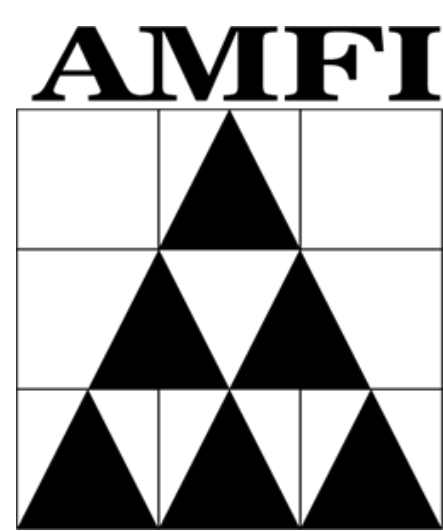
SIP Contribution Net Investments (in ₹ Cr.)



Source: AMFI

## AMFI Cracks Down on Front-Running

The Association of Mutual Funds in India (AMFI) has introduced new standards to combat market abuse, including front-running and fraudulent transactions within asset management companies (AMCs). These regulations mandate stricter surveillance for equity mutual funds, with all trades in high-AUM funds initially covered, followed by other schemes and securities by August 2025. AMCs must now implement robust mechanisms to identify suspicious trading, including generating weekly alerts based on trading patterns and price movements. These alerts will be reviewed through comprehensive systems, including biometric access to dealing rooms and periodic employee transaction audits. AMCs are also required to take action against brokers involved in market abuse and update their broker agreements to include termination clauses. While these measures enhance market integrity and prevent past abuses, they also raise compliance costs and operational burdens for AMCs, aiming to improve transparency and protect mutual fund investors.



## Equity MFs Consecutive Inflows

Net inflows into equity-oriented mutual funds declined to ₹37,113cr in July, marking an 8.61% decrease from the previous month. This reduction is mainly attributed to decreased investments in large-cap and mid-cap funds, with large-cap inflows dropping sharply by 31% to ₹670cr. Despite the overall dip, small-cap funds managed to attract ₹2,109cr, and mid-cap funds received fresh investments of ₹1,644cr, reflecting selective interest from investors in these categories. Sectoral and thematic funds continued to dominate inflows, totaling ₹18,386cr, although slightly down from June, suggesting a recalibration of investment strategies within specific sectors. In contrast, hybrid funds witnessed a substantial increase in inflows, soaring to ₹17,436cr. This trend indicates a growing investor preference for diversified portfolios that balance equity exposure with stable debt options, highlighting a cautious approach amid ongoing market uncertainties and fluctuating investor sentiments.



## Enhanced Transparency in Mutual Funds

Starting November 1, 2024, the Securities and Exchange Board of India (SEBI) will enforce new insider trading regulations to enhance transparency and integrity within Asset Management Companies (AMCs). The updated rules, require AMCs to identify and maintain lists of employees and individuals with access to unpublished price-sensitive information, who must then sign confidentiality agreements. These regulations also ban insiders from trading mutual fund units based on non-public information that could affect the fund's net asset value or impact unit holders. This policy shift follows the Franklin Templeton case, where fund executives were accused of redeeming holdings in schemes just before they were closed for redemption, highlighting vulnerabilities in the system. The new rules mandate AMCs to disclose transactions in their own mutual funds by designated persons and trustees, ensuring greater accountability and monitoring. By addressing these issues, SEBI aims to prevent unethical trading practices, enhance market integrity, and protect investor interests.





## Cement Company Boosts Portfolio

Ambuja Cements Ltd., a subsidiary of the Adani Group, acquired a 100% stake in Penna Cement



Industries Ltd on 16th August 2024 at an enterprise value of ₹10,422cr. The binding agreement will aid in increasing the company's production capacity by 14 MTPA, taking the total production capacity to 89 MTPA. This acquisition, funded fully through internal accruals, will help Ambuja Cements set its foot in Southern India and further tap into Sri Lanka via sea routes. In order to surpass the current leader UltraTech Cement of the Aditya Birla Group, the company has strategically decided to invest nearly \$3bn for acquisitions in this sector, aiming to produce 140mn tons per annum by FY 2028 while maintaining a debt-free status. This will not only assist the company in emerging as a leader in the Indian cement market but will also help improve its sea transportation logistics. Its market share in the cement industry is expected to increase by 2% pan India and 8% in Southern India.

## A Winning Recipe Sparks Industry Buzz

Compass India Food Services Private Ltd, a



subsidiary of The global foodservice giant Compass Group India, announced its strategic acquisition of a 70% stake in the I.C.S Foods Private Ltd, a prominent contract catering company with great exposure to the manufacturing sector. With a total workforce exceeding 32,000 employees and a record of delivering more than 750,000 meals a day, Compass India Food Services meets the needs of both domestic and international markets. Their objective is to deliver healthy meals that are sustainable and of superior quality, features that are highly appreciated by their consumers. This strategic acquisition is a turning point for the growth of the company allowing it to reap the benefits of combining their expertise in catering for the manufacturing sector. It is also poised to benefit the shareholders due to the expansion of the company and the diversified product offerings associated with improved cost synergies and operational efficiencies.

## Charging Ahead with a Bold Move

Exicom Tele-systems Limited, the largest



TRITIUM



manufacturer of EV Chargers in India sets its foot in the global markets with the acquisition of an Australian based company, Tritium that is renowned for its advanced liquid-cooled DC Fast Chargers through its subsidiary Exicom Power Solutions B.V Netherlands. This takeover would open the gateway for Exicom to access Tritium's manufacturing facility in Tennessee, USA and its engineering center in Brisbane, Australia. The product's appealing outlook and longevity combined with simplified installation, ownership and usage processes has aided Exicom to settle the acquisition at \$29.6mn. This strategic move aligns with Exicom's vision towards a sustainable, cleaner and greener environment. Exicom Tele Systems provides a host of other products and services like batteries, refiners and energy storage. The combined product portfolio has the ability to position Exicom as a leader in the EV Infrastructure market leading to increase in revenues and thereby shareholder value.

## The Future of Gaming

Nazara Technologies, the only listed esports and



Nazara™



gaming company in India acquired Fusebox, a UK-based gaming studio, in an all-cash transaction amounting to \$27.2mn. Nazara plans to use its strengths in user acquisition and data analytics to expand its gaming services and deploy its projects of developing its in-house AI-based playbooks while targeting global markets. Fusebox Studios holds a robust market position in Europe and North America. The studio reported \$15mn in revenue for the previous fiscal year, with a net profit margin of 20%. Fusebox's solid financial performance, combined with its extensive user base and popular game titles, significantly enhances Nazara's global gaming presence. Concurrently, Nazara Technologies also received a proposal for the acquisition of the Smaaash Company through the Insolvency and Bankruptcy proceedings. This strategic move is set to benefit shareholders by the company's portfolio enhancement in the gaming sector and through Fusebox's already established user base and innovative games.



# STRATEGY

## Redefining E-commerce in India

Meesho, an online marketplace that facilitates trade between suppliers, resellers, and customers, has emphasized on Tier 2 and Tier 3 cities in India, enabling it to surpass major rivals like Amazon, Flipkart, and Myntra. Recognizing a significant opportunity in India's small and medium-sized enterprises, Meesho targeted the vast market segment where the majority of the businesses were not involved in e-commerce due to high costs and complexity. By adopting a marketplace model, Meesho minimized commission fees for sellers and substantially reduced payment cycles compared to other established e-commerce platforms. This approach addressed key challenges for small businesses, allowing them to enter the online market with lower financial barriers and faster returns. Furthermore, Meesho's asset-light model, by not holding inventory, avoids waste from unsold items and cuts down on costly warehousing. This flexibility enables it to offer competitive prices without the need for frequent price adjustments. Amazon Bazaar and Flipkart Shopsy have emerged as competitors, targeting similar market segments in response to the growing e-commerce opportunities. Meesho's innovative strategy is revolutionizing e-commerce, driving competition and setting new standards for India's E-commerce space.



zepto

NETFLIX

## Netflix's Password Crackdown Fuels Revenue

Netflix's revised password-sharing policy, introduced in May 2023, permits account sharing only within the same household. Users must set a "primary location" based on their device's IP address, while those outside the household can join via an "extra member" feature at a reduced fee, applicable only to Standard and Premium subscribers with limits on additional users. This policy controls sharing and prevents unauthorized use. To capitalize on this, Netflix encourages former account sharers to opt for its ad-supported plan, priced at \$6.99. This approach boosts the attractiveness of the ad-supported tier, generates additional revenue, and increases the Average Revenue per Member (ARM), enhancing overall financial performance. Contrary to initial concerns, Netflix's crackdown on password sharing has proven to be a smart financial move. In the first quarter following the policy change, Netflix's operating income surged by 54%, surprising investors. The company also gained 9.3 million new subscribers globally, showing that the long-term benefits of the crackdown outweighed initial skepticism. This increase brought Netflix's total subscriber count to a record high of 269.6 million, reflecting a 16% growth from the previous year.

## Optimizing Groceries with Zepto

Zepto was founded in April 2021 in Bandra, Mumbai by two 19-year-old Stanford dropouts Aadit Palicha and Kaivalya Vohra. They came up with this ground-breaking idea while sitting in their homes and waiting for their groceries to be delivered in 2 to 3 days. Zepto's strategy is a comprehensive blend of hyperlocal expansion, operational excellence, customer-centric focus, and advanced technology. They strategically place small fulfillment centers, known as dark stores, near residential areas, allowing quick access to groceries and avoiding traffic congestion. Their efficient team, including riders and packers, ensures deliveries within 10 minutes by seamlessly navigating traffic. Zepto also utilizes technology to record and analyze geographical data, traffic patterns, and delivery times, optimizing routes and determining the need for additional dark stores to consistently meet their 10-minute delivery target—achieved 90% of the time, fostering strong brand loyalty. Furthermore, Zepto's success is supported by a capable team of professionals, including a market-savvy workforce that plays a vital role in executing the company's strategy. By prioritizing customer needs, continually gathering feedback, and enhancing their app and services, Zepto has successfully built a loyal customer base that eagerly anticipates their reliable and prompt deliveries.



# MARKETING & BRANDING

## Heartfelt Goodbyes with Canva's Flair

Canva has unveiled its inaugural brand marketing campaign in India, titled 'Dil Se, Design Tak'. This campaign highlights Canva's role in turning ideas into reality, encouraging creativity across diverse sectors, from small businesses to large enterprises. It emphasizes Canva's ability to support various design needs, including pitch decks and team collaborations. The campaign features a touching story of an office worker's farewell, where colleagues use Canva to create personalized party elements such as memes and graphic t-shirts. This narrative illustrates how Canva can capture and celebrate significant workplace moments. It employs a comprehensive marketing strategy, delivering creative content seamlessly across both TV and digital platforms. This approach ensures consistent messaging and maximizes audience engagement. Developed with OML Entertainment, the campaign includes brand films across TV and digital platforms, showcasing Canva's local relevance and extensive capabilities. India is now Canva's fifth-largest market, with notable growth in 2023. The platform boasts over 120 Indian creators in its Creator Program and more than 240,000 members in the Canva for Freelancers community.



## MOFSL's Campaign: The Trusted Advisor

Motilal Oswal Financial Services (MOFSL) has unveiled a new multimedia campaign titled 'The Man From Motilal Oswal', designed to strengthen its brand positioning and showcase its unique market advantages. The campaign introduces a distinguished character that exemplifies MOFSL's commitment to delivering research-driven insights and cultivating strong client relationships, reinforcing the company's core values and positioning in the financial services market. The campaign aims to enhance MOFSL's brand image across various channels, including broadcast, print, out-of-home (OOH) displays, and digital platforms. By focusing on engaging dialogues and emphasizing the company's commitment to delivering substantial advice rather than mere tips, the campaign reinforces MOFSL's reputation for reliability and expertise in financial services. This campaign is a strategic effort to differentiate MOFSL in the competitive financial market and highlight its leadership in providing informed investment guidance. Varun Mundra, Senior Vice President – Marketing, Wealth Management, added that the campaign underscores MOFSL's dedication to bridging gaps in financial literacy through its robust research capabilities.

## Levi's: A Bold New Beat

Levi's has recently launched a groundbreaking brand campaign, "The Floor Is Yours," under the leadership of newly appointed Chief Marketing Officer Kenny Mitchell. Having joined Levi's nine months ago, Mitchell brought a wealth of experience in marketing and brand management, which is evident in this bold initiative. The campaign marks a significant shift in Levi's marketing strategy, emphasizing movement and progress. It creatively intertwines the brand's rich history with a contemporary narrative, positioning Levi's as the "unofficial uniform of progress." Directed by Omar Jones and choreographed by Sherrie Silver, the 60-second ad features a group of friends dancing to break free from the constraints of daily life, a metaphor that aligns with Levi's commitment to social progress and self-expression. A standout feature of the campaign is the collaboration with Grammy-winning artist Kaytranada, who contributed an unreleased track featuring Channel Tres. This partnership adds a fresh and engaging twist, enhancing the campaign's appeal. Moreover, Levi's launched the #LevisOpenCall on social media, inviting dancers worldwide to audition for a role in Kaytranada's upcoming music video. Levi's multi-channel strategy, which includes broadcast TV, social media, and online platforms, ensures extensive reach and engagement. The campaign, developed in partnership with creative agency TBWA\Chiat\Day, underscores Levi's ability to innovate while staying true to its core values, reinforcing the brand's enduring relevance in today's market.



# PINION POLL

“Just like UPI transformed the payments ecosystem, we expect that ULI (Unified Lending Interface) will play a similar role in transforming the lending space in India. The ‘new trinity’ of JAM, UPI, and ULI will be a revolutionary step forward in India’s digital infrastructure journey.”

**- SHAKTIKANTA DAS**  
**RESERVE BANK OF INDIA GOVERNOR**

“We have a series of missions to go to the moon. Chandrayaan-3 is over. Now, design for Chandrayaan-4 and -5 has been completed and we are seeking approval of the government.”

**- S. SOMANATH**  
**CHAIRMAN, ISRO**

“The conflicts in Ukraine and West Asia are matters of deep concern for all of us. It is India’s firm belief that a solution to any problem cannot be found on the battlefield.”

**- NARENDRA MODI**  
**PRIME MINISTER 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



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