



Leveraged Growth

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# MONTHLY REPORT

September 2024



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## China's Retaliatory Trade Moves

China plans to begin an anti-dumping investigation into Canadian canola (Canadian Oil Low Acid) and other chemical products made in Canada as a retaliation for the new restrictions on Chinese electric vehicle imports imposed by Ottawa. Last month, Canadian Prime Minister Justin Trudeau placed 100% tariffs on Chinese electric vehicles since Beijing was believed to not adhere to international norms in areas such as labor and environmental regulations. Furthermore, tariffs on Chinese EVs have been imposed by the United States and the European Union, at 36% and 100%, respectively. Canola exports by Canada to China have risen steadily despite the continuous price declines; in FY23, the export value reached \$3.47bn. In addition to the existing 6.1% import charges, a surcharge on electric vehicles by Ottawa will also come into effect from October 1. Due to this act of retaliation, China will no longer be eligible for government incentives. Only electric vehicles manufactured in countries that have free trade agreements with Canada will be eligible for these incentives.



## Deflation Threat Looms in China

The risk of deflation in China is on the rise as indicators of economic weakness become more pronounced. Core inflation in China dropped to its lowest level in over three years, calling for greater efforts to boost household spending as weak demand puts the annual growth target under pressure. Excluding the volatile food and energy sectors, core CPI increased by 0.3%, the smallest gain since March 2021, highlighting persistent weakness in overall demand. The continued weakness in prices of most non-food segments, including healthcare, recreation, housing, and transportation, raises the possibility that deflation expectations could strengthen. Companies are lowering wages and consumers are deferring purchases, reducing China's chances of meeting its 5% growth target. This might contribute to near-term global disinflation, with China's declining export prices translating into lower import prices for other countries. As a result, the current situation indicates a significant gap in the actions required to stabilize China's economy.



## New Era: Trump's Crypto Initiative

Former United States President Donald Trump, alongside his two eldest sons, Donald Trump Jr., Eric Trump, and cryptocurrency entrepreneurs Chase Herro and Zachary Folkman, announced a new digital currency initiative, World Liberty Financial. With his earlier criticism of digital currencies during his campaigns, this initiative represents a significant change in Trump's stance on cryptocurrencies. Stablecoins, or virtual currencies tethered to a constant value, often \$1, will be the main emphasis of World Liberty Financial's operations as a cryptocurrency platform. With a new cryptocurrency called \$WLFI at its heart, the platform is anticipated to offer services including lending and borrowing. With the cryptocurrency landscape evolving, Donald Trump's introduction into the market through World Liberty Financial may indicate a shift in his campaign as the United States cryptocurrency market develops. Although the project may offer Trump an advantage over proponents of digital assets, it also invites moral and legal scrutiny.



## Fed Rate Cut: Boosting Stability

In response to growing concerns about the state of the labor market, the US Federal Reserve has reduced its key lending rate by half a percentage point, marking its first significant action since the outbreak. This decision initiates what is expected to be a gradual easing of monetary policy and leads to a more substantial reduction in borrowing costs than usual. Consequently, this move by the Fed will lower the interest rates at which commercial banks extend loans to individuals and businesses. As a result, the public's purchasing power is likely to increase significantly, boosting demand for a wide variety of products and services, while also reducing borrowing costs for everything from credit cards to mortgages. The Fed aims to restore price stability with this rate cut, while avoiding the severe spikes in unemployment that have historically accompanied periods of high inflation. This could lead to greater job creation, enhanced economic growth, and rising inflation in the coming months compared to previous projections, and it may also help prevent a significant economic downturn from occurring, ultimately fostering a more resilient economy overall.



## India and Singapore Forge Ahead

India and Singapore have elevated their bilateral relationship to a comprehensive strategic partnership, highlighted by pivotal agreements aimed at enhancing cooperation. Indian Prime Minister Narendra Modi and Singapore Deputy Prime Minister Lawrence Wong announced initiatives to strengthen their semiconductor industries, improve digital interoperability, and collaborate in healthcare and education. The agreements include a semiconductor ecosystem partnership designed to support India's burgeoning semiconductor industry and to integrate Singaporean supply chains. A Memorandum of Understanding (MoU) on digital cooperation will advance interoperability between their digital economies, focusing on data flows, cybersecurity, and digital infrastructure. Another MoU will address healthcare challenges such as disease surveillance and pandemic preparedness, while the education agreement aims to bolster technical and vocational training. Singapore, India's sixth-largest trade partner with \$35.3bn in bilateral trade, including \$14.4bn in exports, remains a key economic ally. Singapore remains India's largest trade partner in the Association of Southeast Asian Nations and a leading source of foreign direct investment.



## India and Africa: A Growth Partnership

Vice President Solomon Quaynor led a delegation from the African Development Bank on a four-day visit to India, focusing on attracting investments in pharmaceuticals, agriculture, and technology. The trip aimed to address Africa's \$111bn pharmaceutical investment gap and promote the Africa Investment Forum as a hub for opportunities. The Bank has a strategy for pharmaceutical and vaccine manufacturing, planning to invest up to \$3.1bn by 2030. At the 19th India-Africa Business Conclave, Quaynor emphasized India's crucial role in Africa's development, highlighting partnerships in youth training and digital finance. The delegation also visited the Indian Agricultural Research Institute (IARI) to explore collaborations on seed systems and training, leveraging IARI's contributions to India's green revolution. Additionally, India recently pledged \$6mn to a new trust fund managed by the Bank and \$2mn to the Africa Digital Financial Inclusion Facility, reinforcing its commitment to growth.



## Top Talent Thrives on ESOPs

In a notable shift, top executives and senior managers at leading Indian firms have seen their wealth rise significantly, surpassing ₹10,300cr, driven by a surge in employee stock options (ESOPs). As of August 30, data from ESOP Direct reveals that approximately 90 million options were allocated by 12 major Nifty 50 companies, including L&T, Infosys, and Reliance Industries, during FY23 and FY24. This increase in ESOP value underscores a strategic shift in compensation practices, with companies increasingly using these incentives to attract and retain top talent amid growing competition and poaching threats. By aligning an executive's financial rewards with company performance, ESOPs have become a crucial component of compensation packages. The impressive gains, ranging from ₹26cr to ₹3,254cr, highlight the effectiveness of stock options in rewarding high-level professionals and reflect broader trends in executive compensation strategies. This approach marks a significant evolution in how companies manage and motivate their top talent.



## Nuclear Energy and Trade Corridors

India and the UAE recently signed significant agreements during Prime Minister Narendra Modi's meeting with Crown Prince Khaled bin Mohamed bin Zayed Al Nahyan. The deals focus on long-term liquefied natural gas (LNG) supplies, civil nuclear cooperation, and strategic petroleum reserves, emphasizing a commitment to energy security. Notably, a 15-year LNG supply agreement will deliver one million metric tons per annum from ADNOC's lower-carbon Ruwais gas project. Additionally, a memorandum of understanding between India's Nuclear Power Corporation and the Emirates Nuclear Energy Corporation aims to enhance nuclear expertise and investments. The UAE's completion of the Arab world's first nuclear plant strengthens this collaboration. The visit also highlighted plans for an India-UAE virtual trade corridor, part of the broader India-Middle East-Europe Economic Corridor. Sheikh Khaled's first official visit as crown prince marks a pivotal moment in deepening multifaceted ties, celebrating the contributions of over 3.5 million Indians residing in the UAE.



# GOVT. POLICIES

## Boosting Energy with PSPs

The Tamil Nadu Pumped Storage Projects (PSP) Policy 2024 aims to utilize PSPs for sustainable energy, achieving renewable targets, and attracting investments. With Tamil Nadu's green energy capacity at 22,628MW, PSPs are critical for storing excess renewable energy during low demand and supplying it during peak times, helping the state meet union Renewable Purchase Obligation targets and increase green energy share. These projects offer a sustainable and environmentally friendly solution for large-scale energy storage, using water and gravitational energy with minimal degradation over decades. PSPs create jobs across engineering, construction, and maintenance, while also boosting local economies and industries like manufacturing and logistics. The policy incentivizes PSP development with benefits, including tax exemptions and concessions for 40 years. Central or State Public Sector Undertakings, in partnership with private developers, can establish PSPs at on-river or off-river closed-loop sites, with annual and one-time facilitation charges. The policy, effective immediately for five years, is overseen by the Tamil Nadu Green Energy Corporation.



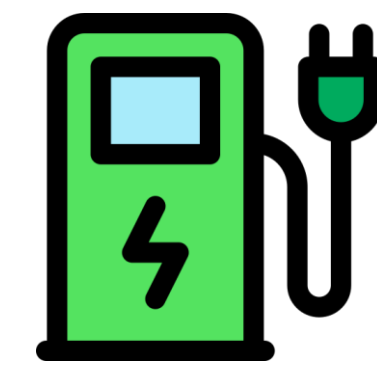
## Revving Up Telangana's MSME Landscape

Telangana Chief Minister Revanth Reddy launched the "Telangana MSME Policy 2024," with an investment of ₹4,000cr over the next five years to accelerate MSME development. The policy outlines 40 key initiatives across areas like credit access, land availability, raw materials, labor markets, technology adoption, and market access. A primary goal is to establish 25,000 new MSMEs and support self-help groups transitioning into MSMEs by offering end-to-end assistance. The government will increase capital investment subsidies under the T-IDEA scheme, with higher limits for women-led MSMEs. An industrial park will be developed in each district, with 20% of plots reserved for MSMEs. The policy also promotes green technology adoption, offering incentives like 15% additional floor area for MSMEs installing solar systems or waste management plants. This policy aims to drive inclusive, sustainable growth, focusing on empowering women, SC/ST entrepreneurs, and encouraging the adoption of green technologies to foster long-term environmental benefits.



## Accelerating India's Electric Dreams

The Union Cabinet, under the Prime Minister's leadership, has approved the PM E-DRIVE Scheme, a groundbreaking ₹10,900cr initiative spearheaded by the Ministry of Heavy Industries (MHI) to enhance electric mobility in India. The scheme sets ambitious targets to capture a 10% market share for electric 2-wheelers and 15% for 3-wheelers by March 2026. It will support the deployment of 24.79 lakh electric 2-wheelers, 3.16 lakh electric 3-wheelers, and 14,028 electric buses, alongside 88,500 new EV charging stations. A key feature of the scheme is the exclusion of electric cars, as they already benefit from a lower GST rate. Instead, the focus is on electric 2-wheelers, 3-wheelers, e-ambulances, and e-trucks. Key elements include ₹3,679cr in subsidies and the introduction of Aadhaar-authenticated e-vouchers for seamless demand incentives. Additionally, ₹500cr is allocated for e-ambulances, aiming to improve patient transport. The scheme's comprehensive approach addresses both vehicle adoption and essential charging infrastructure, aiming to significantly reduce environmental impact and improve air quality.



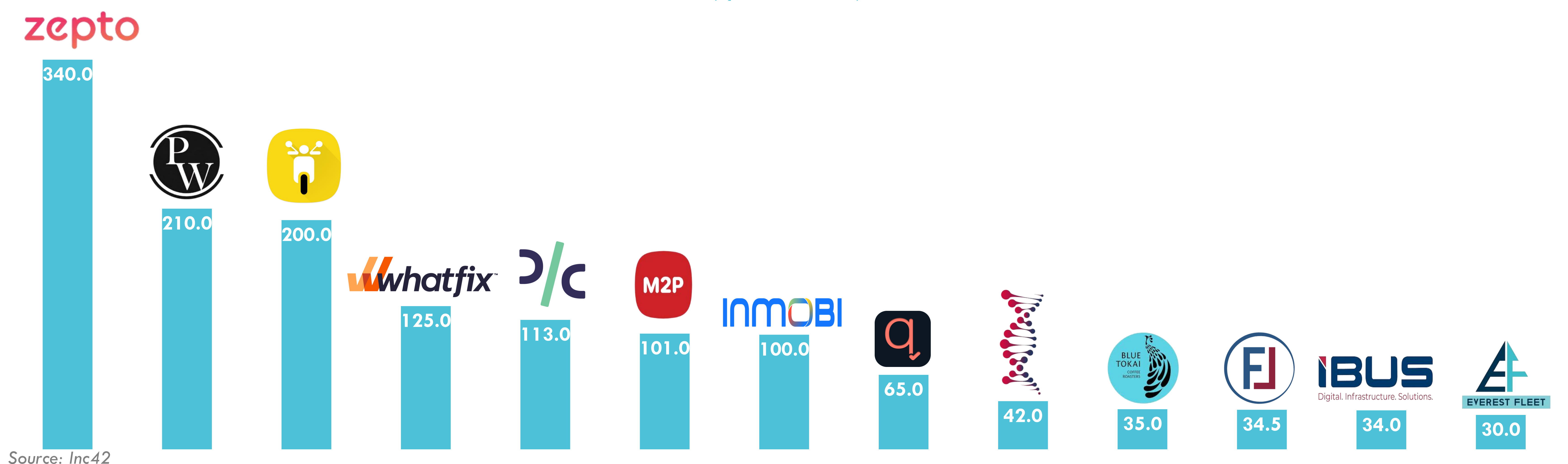
## Building India's Digital Farm Future

The Indian government has launched the ambitious ₹2,817cr Digital Agriculture Mission for the creation of Digital Public Infrastructure, aiming to transform the agricultural landscape through innovative digital solutions. This budget allocation will be supported by both the Central and State Governments, with the Central Government providing ₹1,940cr. The three pillars of this mission are: AgriStack, a unified digital framework that aggregates various agricultural services, providing farmers with seamless access to essential resources such as weather data and market trends, the Krishi Decision Support System, which will leverage artificial intelligence to offer tailored recommendations for crop management, helping farmers make choices based on real-time data and lastly Soil Profile Maps which will provide critical insights into soil health and composition across different regions, enabling farmers to understand their land better and adopt appropriate farming practices. Together, these components will help equip farmers with the information necessary to thrive in an increasingly competitive landscape.



# START-UPS

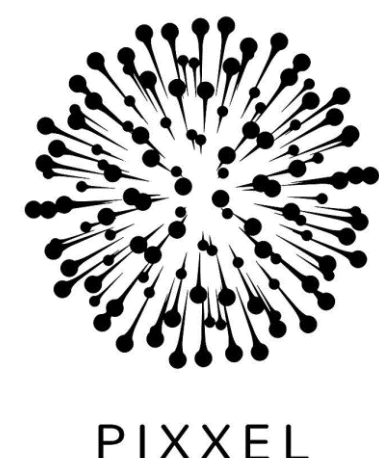
## Major Funding Raised by Startups for the Period 25<sup>th</sup> Aug'24 to 28<sup>th</sup> Sept'24 (\$ Million)



In September, 109 startups majorly based out of Bangalore and Delhi raised an impressive \$1.92bn 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.

### Pixxel Expands Space Capabilities

Pixxel, a Bengaluru-based startup founded in 2020, has rapidly become a leader in hyperspectral imaging technology. Its innovative approach captures detailed insights across hundreds of narrow wavelengths, enabling precise analysis of critical environmental factors such as climate change, agriculture, and resource management. The company has launched several hyperspectral satellites and plans to deploy six more, known as Fireflies, which will offer 5-meter resolution and revisit any point on Earth every 24 hours. Recently, Pixxel became the first Indian startup to secure a contract with NASA under its Commercial SmallSat Data Acquisition Program, providing hyperspectral Earth observation data to NASA and its partners. This milestone underscores Pixxel's growing influence in the global space tech landscape. Additionally, the launch of its "Aurora" platform aims to make satellite data analysis more accessible, positioning the company for further growth and collaboration in the international space sector.



### Krutrim Innovating AI for India

Krutrim is an innovative Indian AI startup founded in 2023 by Bhavish Aggarwal, the well-known founder of Ola. Described as "India's own AI" model, the company aims to launch its initial AI chips—named 'Bodhi,' 'Sarv,' and 'Ojas'—by 2026. The startup, deriving its name from the Sanskrit word for "artificial," focuses on developing a large language model trained in English and various regional Indian languages, catering to India's diverse linguistic landscape. They are building advanced data centers to create powerful servers and supercomputers, which will significantly enhance the AI ecosystem. By offering cutting-edge GPU resources through the cloud, Krutrim aims to make high-performance computing accessible to everyone, from freelancers to large enterprises, thus unlocking new possibilities and driving innovation across industries. Recently, Krutrim raised \$50mn in equity at a \$1bn valuation, backed by Matrix Partners India, making it the third-fastest firm to achieve unicorn status in India's vibrant startup ecosystem.



### Fabrics at Your Fingertips

Fabrito, founded in 2022, is revolutionizing fabric sourcing for fashion brands by addressing key inefficiencies in India's fashion industry. Co-founded by Mayank Narain, Pushpendra Singh, and Naresh Dhaka, Fabrito targets D2C brands, small to medium retailers, and larger companies, offering both ready-made and custom-made fabrics. With over 3,000 fabric options and low minimum order quantities (as little as 100 meters), Fabrito helps brands reduce excess inventory and quickly adapt to changing trends. The startup's key differentiator lies in its seamless fabric supply chain, providing direct access to high-quality fabrics. Fabrito's plans include expanding its offerings to 10,000 fabrics and onboarding international brands from the UK, US, and Dubai. Despite the competition, Fabrito's unique approach has driven sales of over ₹6cr in its first fiscal year, with a 4-5X revenue growth expected by FY25. By empowering smaller fashion brands to source fabrics efficiently, Fabrito is positioned to ride the wave of India's booming fashion e-commerce sector.

**Fabrito**

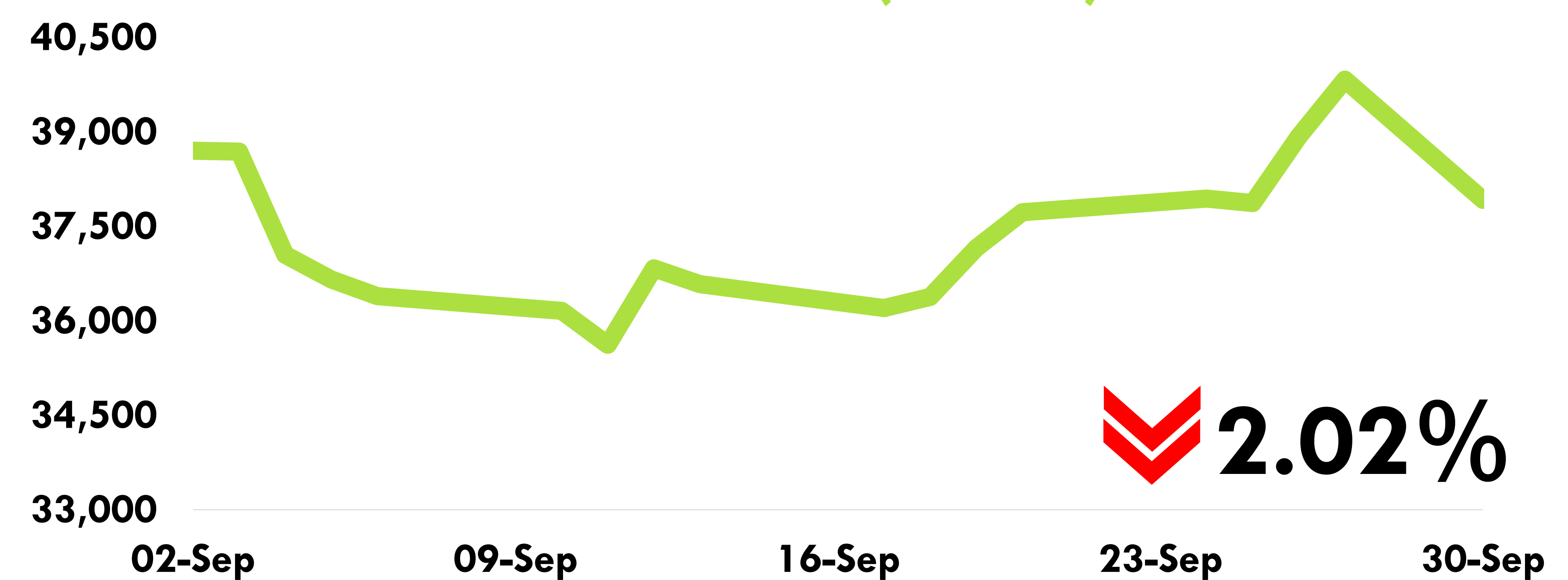
# GLOBAL INDICES

NASDAQ 100 (in USD)



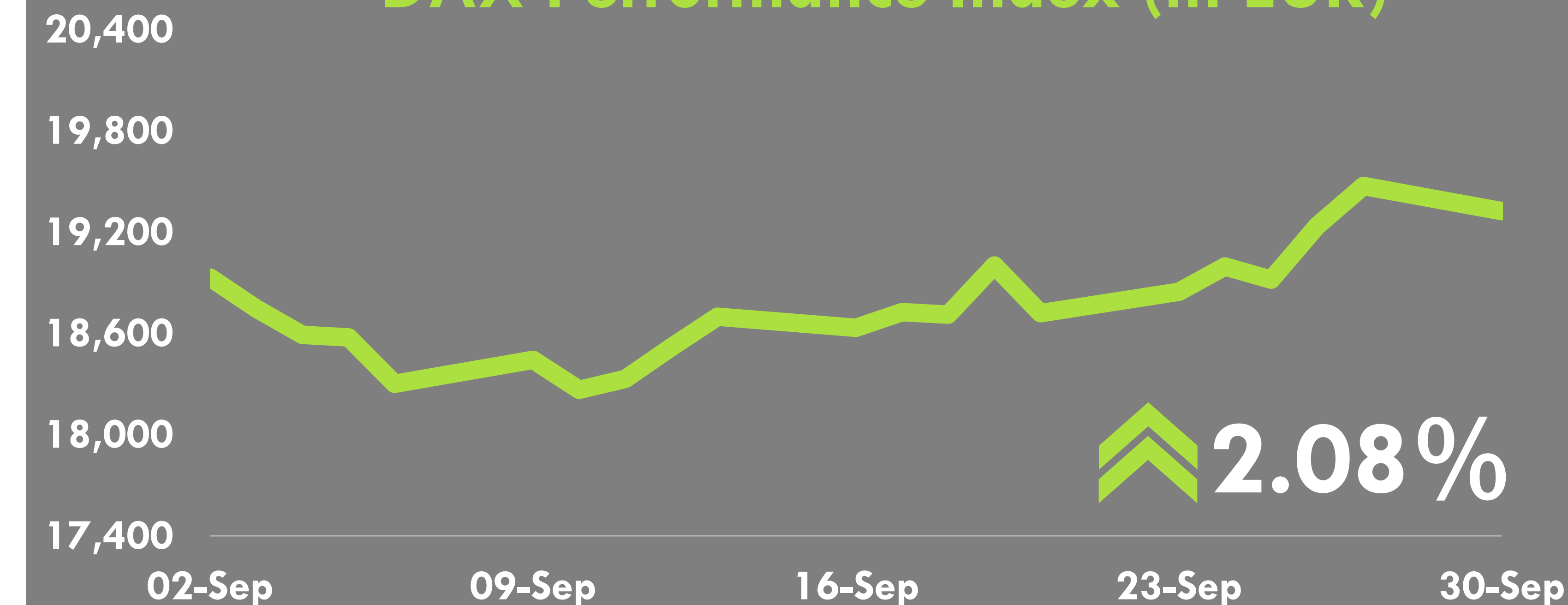
In September, the index posted a strong performance of 5.8%. Early in the month, the index faced pressure due to uncertainty regarding the Fed's monetary policy decision and a tech stock selloff, leading to its worst week since January 2022. However, this trend reversed mid-month as the Federal Reserve's decision to cut interest rates and the downward inflation near the 2% target sparked a market rally.

Nikkei225 (in JPY)



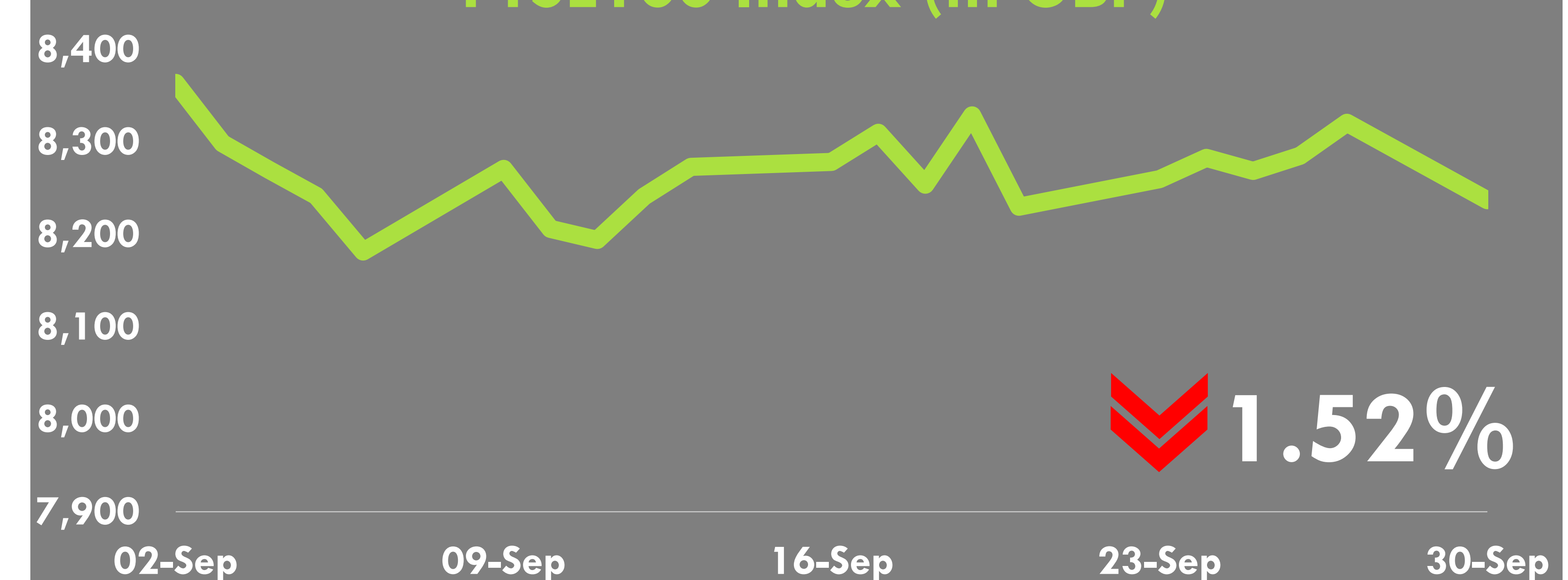
The Nikkei 225 Index tumbled by approximately 5% in the last week of September as the ruling party chose the former defense minister, Shigeru Ishiba as the next prime minister. The overall change was a drop of 2% caused by losses in real estate stocks and the weakening of the Japanese Yen by 0.52% against the US Dollar.

DAX Performance Index (in EUR)



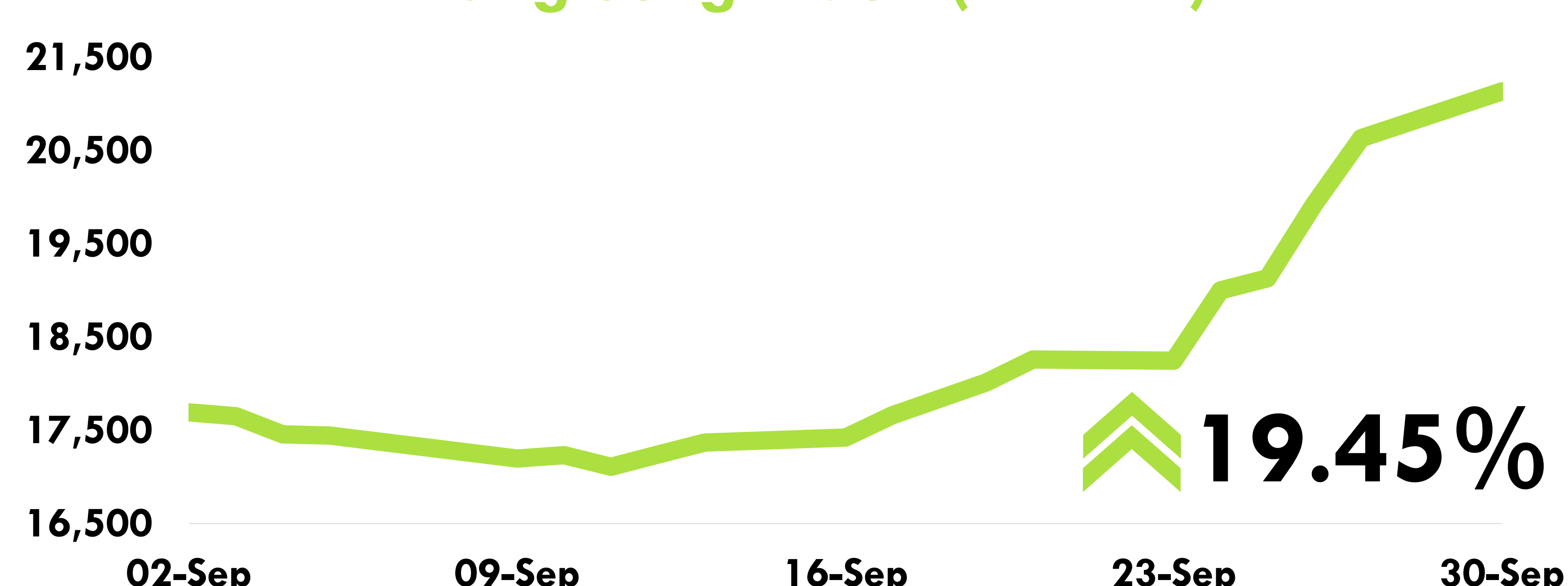
The index experienced an increase of 2.1% in September, hitting record highs due to the Chinese government's decision to deliver substantial stimulus and China being one of the largest consumers of German products. The interest rates plunged by 0.25%, adding to the DAX's increase and causing Siemens Energy Ltd., one of the world's leading energy technology companies to soar by 31%.

FTSE100 Index (in GBP)



The Index fell by 1.5% in September, driven by a steep sell-off in commodity-linked stocks amid declining metal and crude prices. The index also faced downward pressure from persistent inflation and rising interest rate concerns in the UK. Companies like Burberry struggled, resulting in its removal from the FTSE 100 during the quarterly rebalance, where it was replaced by Hiscox.

Hang Seng Index (in HKD)



In September, the Hang Seng Index saw a remarkable surge of 19.5%, its highest monthly gain since 1998. The Chinese government's policy to stimulate the domestic economy, including interest rate cuts and fiscal support, boosted consumer spending and industrial activity. Additionally, easing geopolitical tensions between China and the U.S., also contributed to the rise.

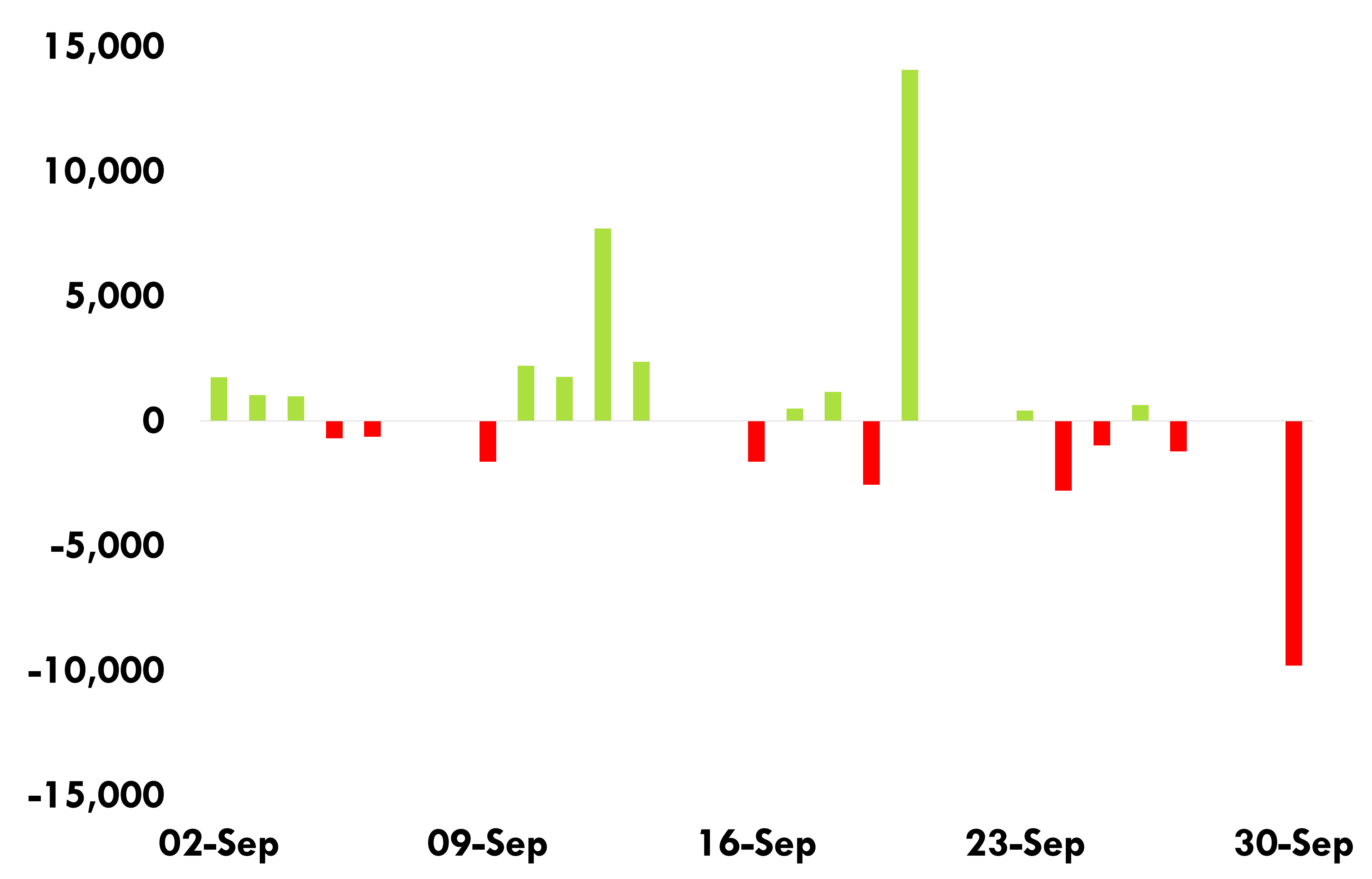
KOSPI (in WON)



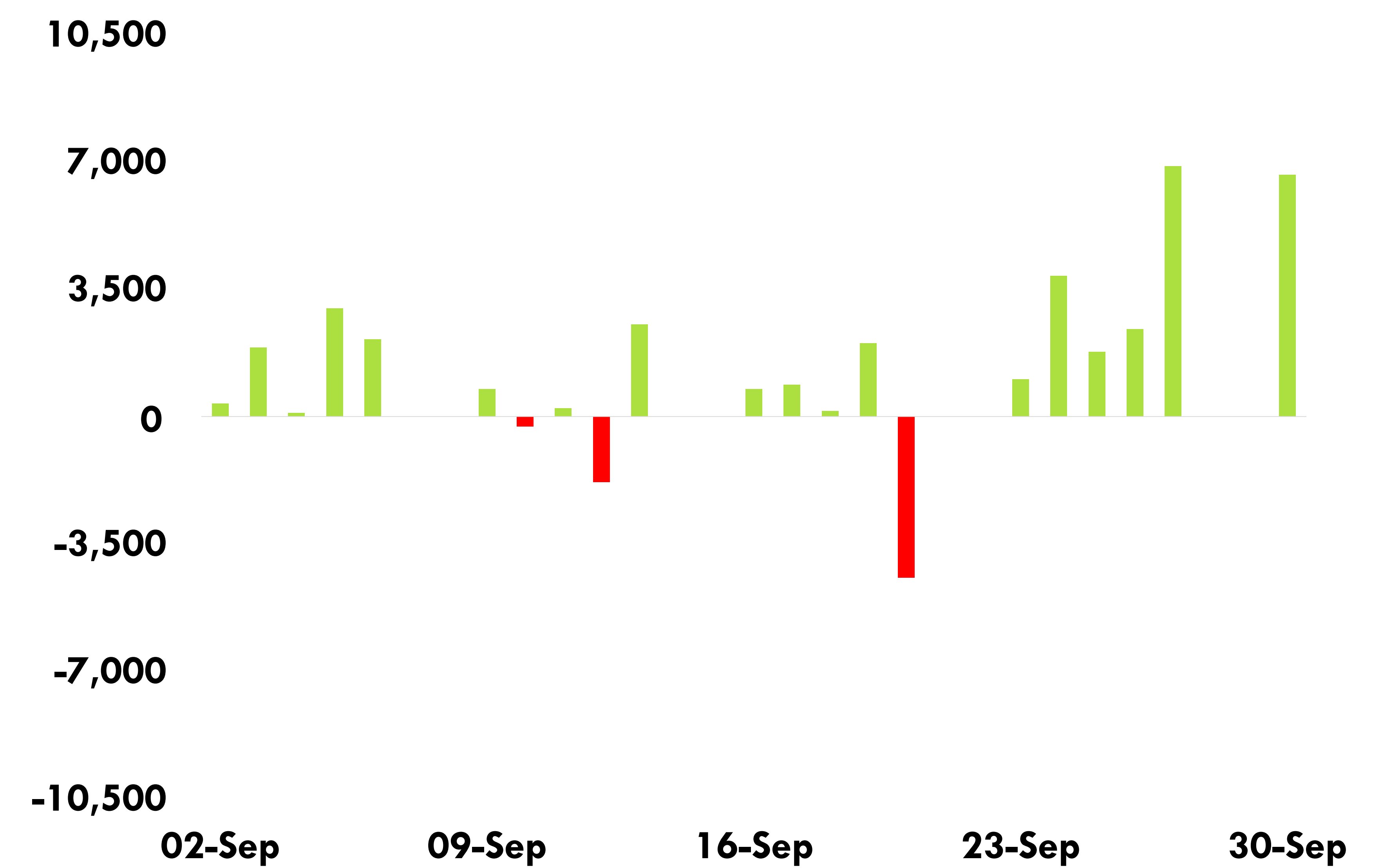
The KOSPI Index exhibited a mixed performance in September. Gains in the financial and tech sectors were driven by strong earnings, favorable policies, and rising demand for semiconductors and AI technologies. However, in the end, the index fell by 3.3% owing to the market's vulnerability to profit-taking and policy changes.

# EQUITIES

FII Net Investment in September'24 (₹ Crores)



DII Net Investment in September'24 (₹ Crores)



Source: Moneycontrol

In September, Domestic Institutional Investors (DIIs) displayed strong confidence in the Indian market, net buying shares worth ₹30,857cr amid fluctuations. Foreign Institutional Investors (FIIs) also contributed, purchasing ₹12,612cr in shares, fueled by optimism about India's economic outlook. This highlights the influence of domestic investors and renewed FII confidence, reflecting a positive sentiment despite global economic uncertainties.

## Coal India's Big Energy Bet

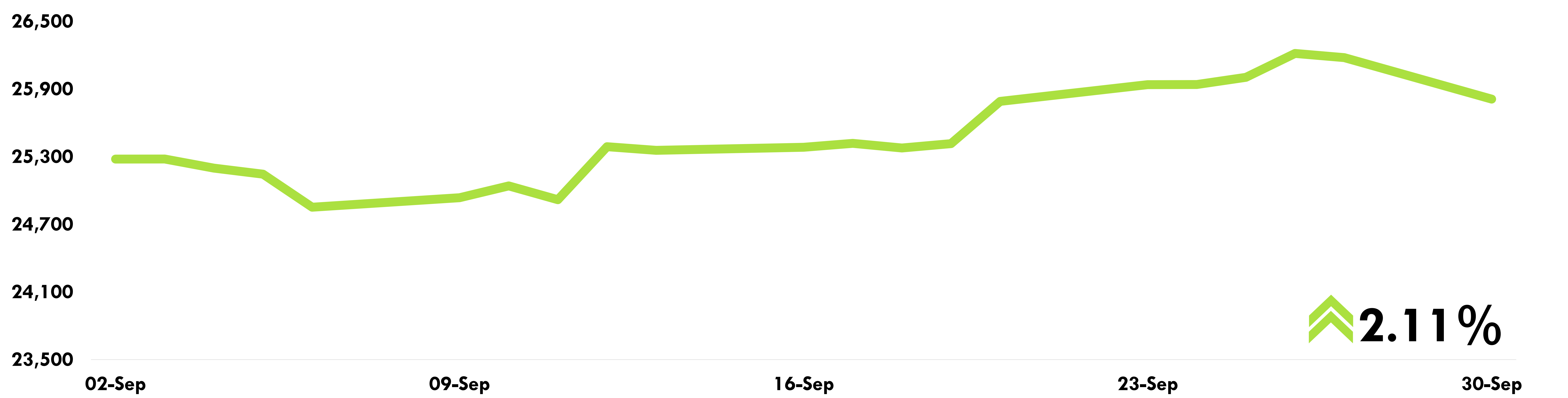
Coal India Ltd. plans to invest approximately ₹67,000cr to develop coal-fired power plants near its mining sites, highlighting India's ongoing reliance on coal amid rapid economic growth. This investment reflects the country's continued dependence on fossil fuels, even as it seeks to diversify its energy sources. The state-owned firm has received approval to establish 4.7GW of power generation capacity over the next six to seven years, primarily in Odisha on the east coast, with an additional 2GW under review and potentially facing delays. This move supports the Indian government's strategy to add 88GW of thermal power capacity by 2032 to meet rising electricity demand. Coal currently accounts for about 75% of India's power supply, and the new plants will reduce transportation costs by being situated close to coal mines. While Coal India is also exploring renewable energy and critical minerals mining, environmentalists advocate for more aggressive decarbonization measures, arguing that coal remains unsustainable for climate, environmental, and social reasons. India's 2070 net zero target highlights the challenge of addressing its rising energy demands.

Index	2 <sup>nd</sup> Sept'24 (In ₹)	30 <sup>th</sup> Sept'24 (In ₹)	Change (%)	Trend
NIFTY Auto	26,071	27,027	↑ 3.7	<div></div>
NIFTY Bank	51,540	52,978	↑ 3.0	<div></div>
NIFTY Consumer Durables	41,176	43,689	↑ 6.1	<div></div>
NIFTY Financial Services	23,728	24,480	↑ 3.2	<div></div>
NIFTY FMCG	63,579	65,540	↑ 3.1	<div></div>
NIFTY IT	42,976	41,946	↓ 2.4	<div></div>
NIFTY Media	2,095	2,139	↑ 2.1	<div></div>
NIFTY Metal	9,307	10,198	↑ 9.6	<div></div>
NIFTY Oil & Gas	13,487	13,036	↓ 3.3	<div></div>
NIFTY Pharma	22,987	23,281	↑ 1.3	<div></div>

Source: NSE

# NIFTY50

NIFTY50 September'24 (in ₹)



Source: NSE India

In September 2024, NIFTY50 rose about 2.1% amidst volatility following the U.S. rate cut. Metal stocks surged over 9.5% due to strong prices and optimism around Chinese stimulus measures. Mahindra & Mahindra and Bajaj Auto, the top gainers for the index, enjoyed sales increases of 16% and 20%, respectively. However, the month ended with a significant crash as FIIs shifted focus to China influenced by its economic stimulus.

## Port Talbot Turns Electric and Green

Tata Steel has secured £500mn in grant funding from the UK government for its £1.25bn green steel project at Port Talbot. This initiative includes the installation of a cutting-edge Electric Arc Furnace (EAF) to significantly reduce carbon emissions by recycling scrap steel with electricity. The project is expected to lower industrial carbon emissions by 8% and cut emissions from Port Talbot by 90%, setting a new standard in sustainable steel production. The site work is set to begin by July 2025, with the EAF expected to be operational within three years. Tata Steel is preparing to order essential equipment and finalize planning approvals. This project will safeguard 5,000 jobs and mark a major advancement in green steel technology.



## Cementing a Greener Future

UltraTech Cement, part of the Aditya Birla Group, has secured a \$500mn sustainability-linked loan from six banks, including SBI and BNP Paribas. This follows \$400mn in green financing obtained in 2021. The loan will help UltraTech achieve its sustainability goals, targeting a 27% reduction in Scope 1 emissions per ton of cement by 2032 and increasing green energy usage to 85% by FY30, with a long-term goal of 100% by FY50. As the world's third-largest cement producer outside China, UltraTech has a consolidated gray cement capacity of 154.86 MTPA, with over 100 MTPA in a single country. This financing underscores the company's commitment to aligning its funding strategy with sustainability and ESG objectives.



## Top Gainers | NIFTY50 | September'24



Company Name	Change (%)
Mahindra & Mahindra Ltd.	11.5
Bajaj Auto Ltd.	11.0
Hindalco Industries Ltd.	10.6
Tata Steel Ltd.	10.3
JSW Steel Ltd.	9.5
Bharti Airtel Ltd.	8.8
NTPC Ltd.	8.1
Divi's Laboratories Ltd.	8.1
Bajaj Finserv Ltd.	7.2
Nestle India Ltd.	7.2

Source: NSE

## Top Losers | NIFTY50 | September'24

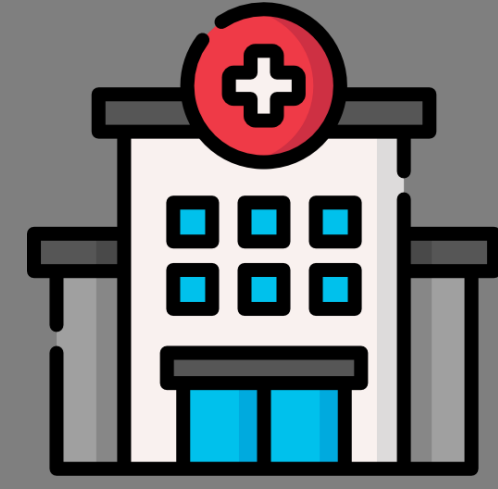


Company Name	Change (%)
Tata Motors Ltd.	10.8
ONGC Ltd.	8.8
Tata Consultancy Services Ltd.	5.6
Infosys Ltd.	4.5
Tech Mahindra Ltd.	4.2
State Bank of India Ltd.	4.2
HDFC Life Insurance Co. Ltd.	3.7
Adani Ports Ltd.	3.1
Reliance Industries Ltd.	2.6
SBI Life Insurance Co. Ltd.	2.4

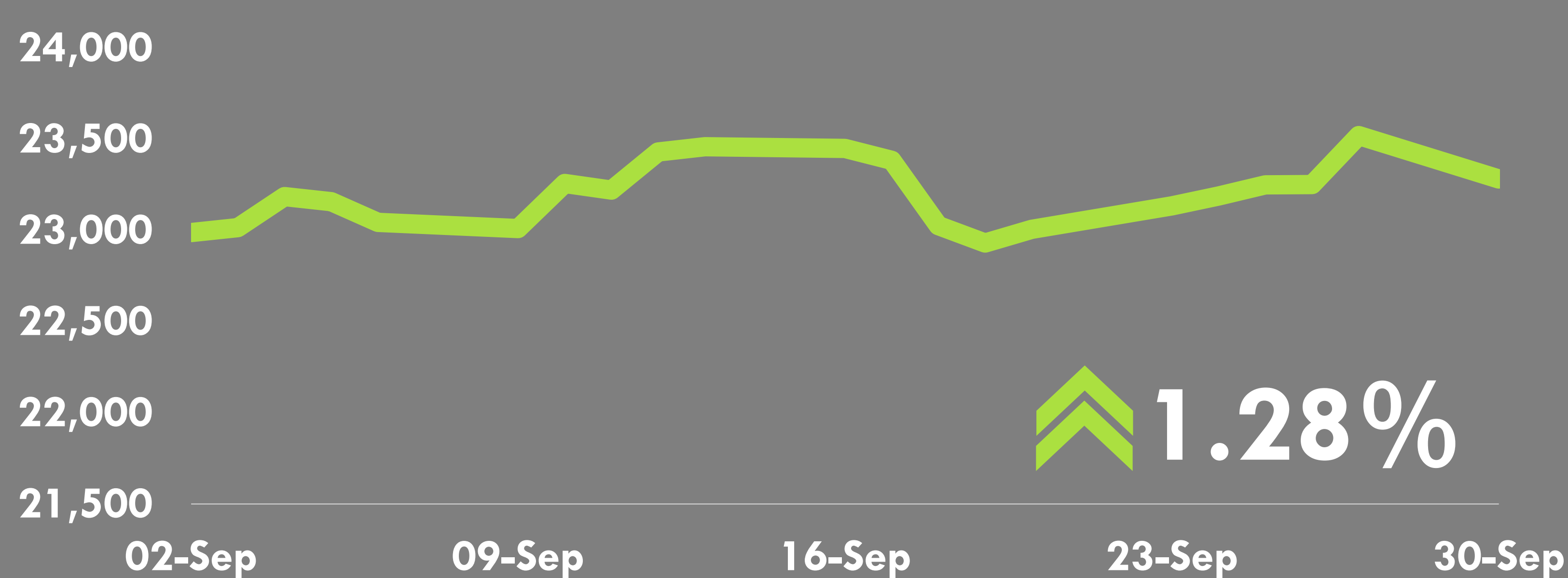
# SECTOR UPDATES

## Pharma Sector

The Nifty Pharma exhibited a mixed performance in September 2024, resulting in an overall positive change of 1.3%. This growth can be attributed to the Product-Linked Incentive Scheme under which 50 greenfield plants have started operating and 50 are in the process. Alongside the success of this PLI scheme, there has also been a rise in the number of Contract, Research, Development & Manufacturing Organizations. IPCA Laboratories Ltd. emerged as the top gainer with an 8.5% rise.



NIFTY Pharma September'24 (in ₹)



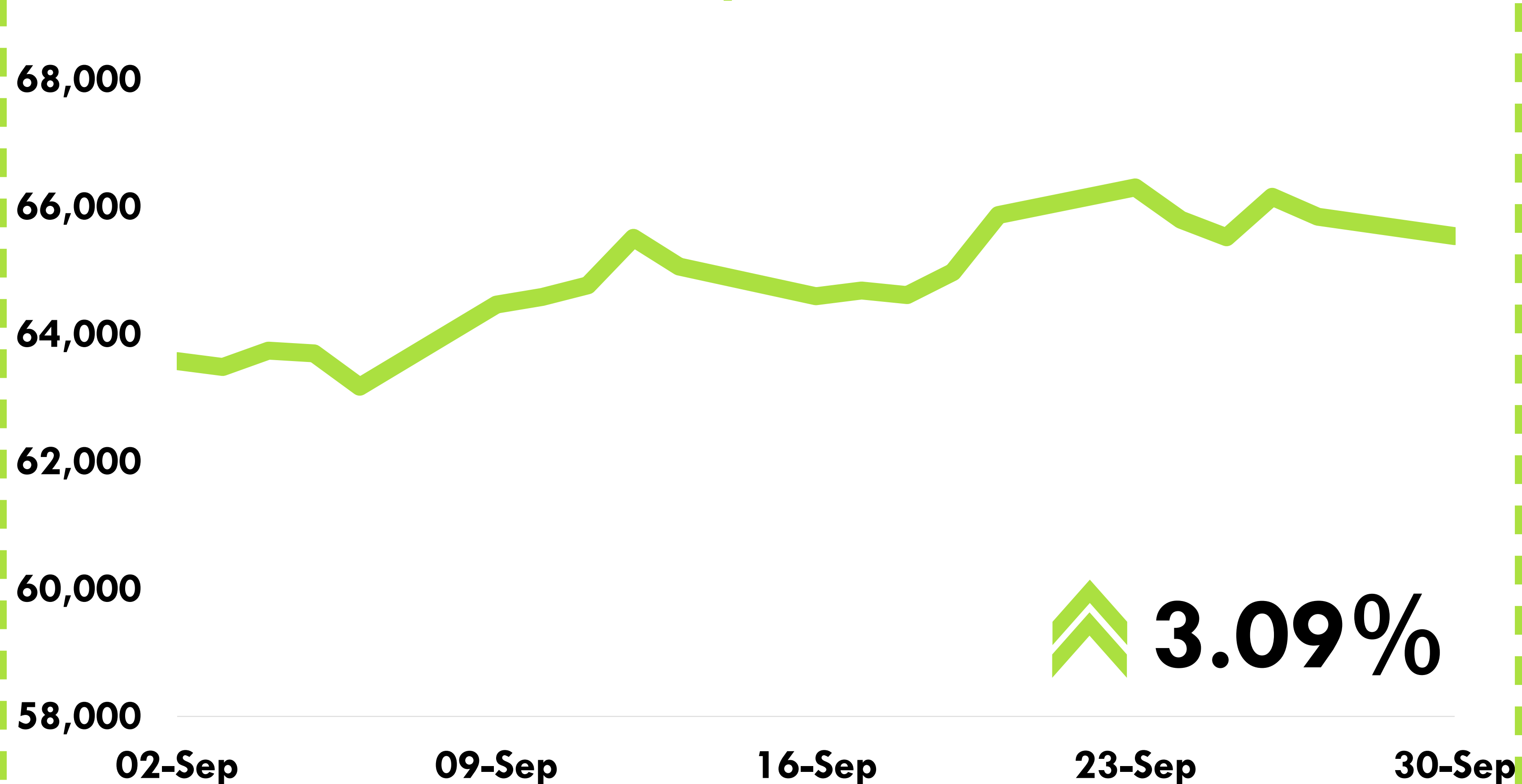
Source: NSE

## FMCG Sector

The Nifty FMCG fell sharply in the first week of September owing to rising competition and skyrocketing raw material prices. However, timely arrival and distribution of monsoon across the entire country coupled with easing inflationary pressures that boosted consumer demand played a pivotal role in the index's surge by 3.1% at the end of September. Additionally Nestle India Ltd. emerged as the top gainer with a 7.2% rise overall, whereas Emami Ltd. emerged as the top loser and was down by 5.6%.



NIFTY FMCG September'24 (in ₹)



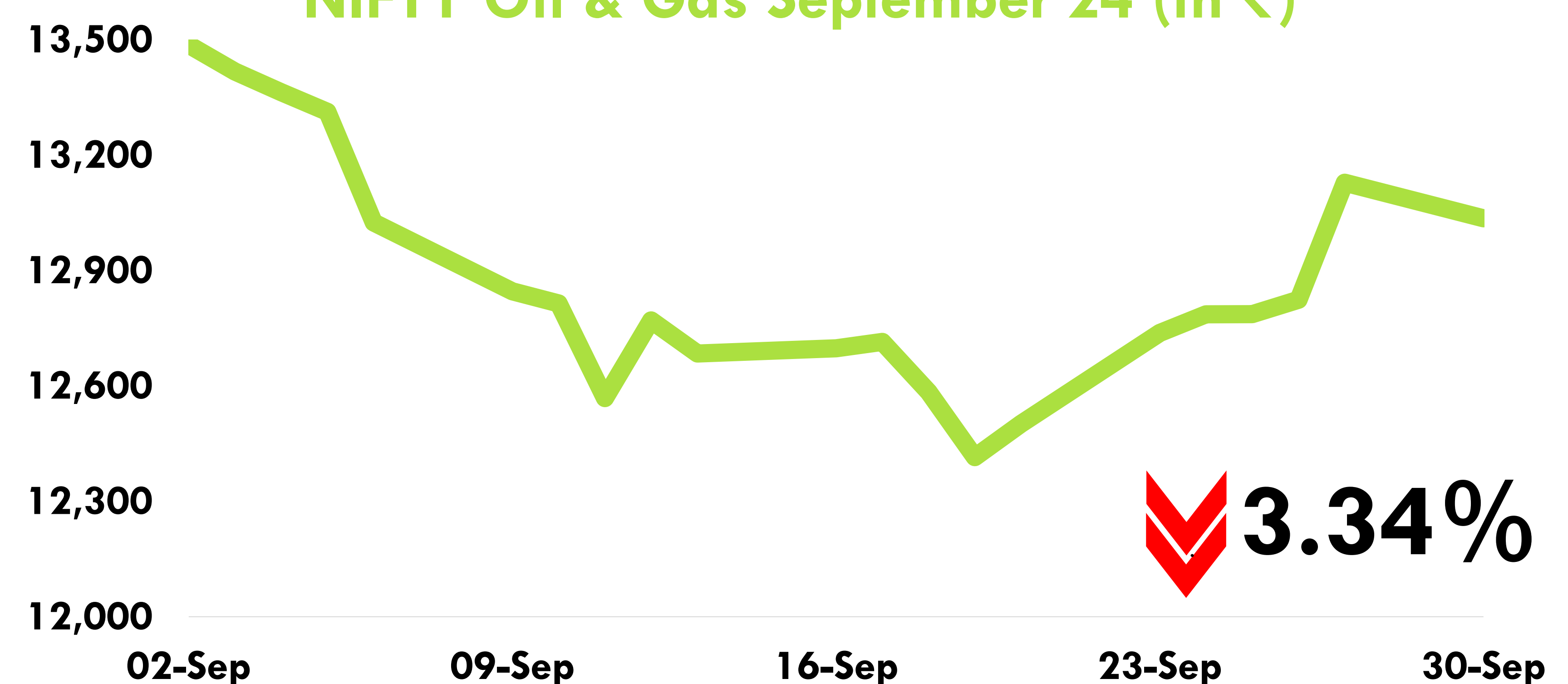
Source: NSE

## Oil and Gas Sector

In September 2024, Nifty Oil & Gas Index rose steadily but ended the month down 3.3%. The recent decline in WTI Crude Oil prices due to weak global economic growth and high US production to an average of \$74 per barrel is expected to benefit downstream companies like Indian Oil Corporation and Bharat Petroleum, potentially improving margins. The government's push for energy transition and clean fuel adoption continues to influence investor sentiment, creating a cautious yet optimistic outlook for the sector.



NIFTY Oil & Gas September'24 (in ₹)



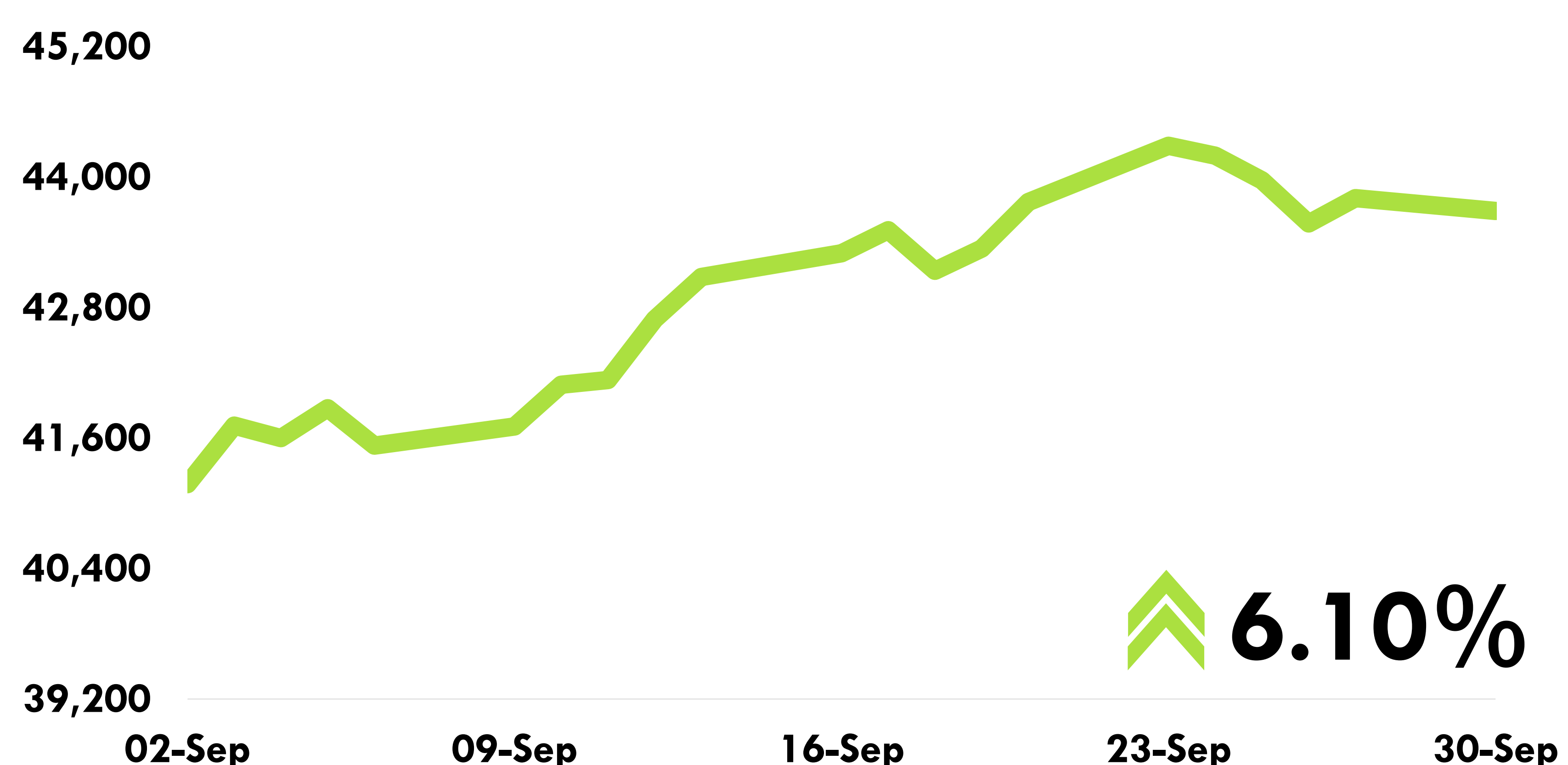
Source: NSE

## Consumer Durables Sector

As of September 2024, the Nifty Consumer Durables Index rose 6.1%. A reduction in the Fed rate is expected to boost the consumer durables sector through FII inflows, benefiting export-oriented companies. Among local manufacturers, Dixon Technologies plans to create a capacity of 2 million units by FY26, aiming to meet 15% of India's domestic demand. Notably, the top gainer of the index was Blue Star, rising 24.3%, while Crompton Greaves Consumer Electricals was the top loser, falling 10.5%.



NIFTY Consumer Durables September'24 (in ₹)



Source: NSE

# SECTOR UPDATES

## Telecom Sector

India's telecom sector is abuzz as TRAI considers withdrawing its consultation paper on regulating OTT communication services, with CEO Gopal Vittal of Bharti Airtel calling for regulatory oversight on internet-based messaging to counter spam and cyber fraud. The move comes after OTT services were excluded from the new telecom act, sparking debate on whether platforms like WhatsApp and FaceTime should follow the same regulations as traditional telecom operators. Telecom companies argue for a "same services, same rules" framework.

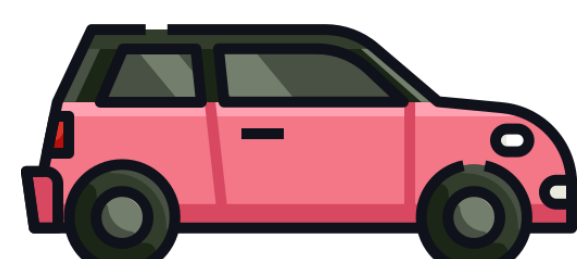


Addition During July'24 (Lakhs)

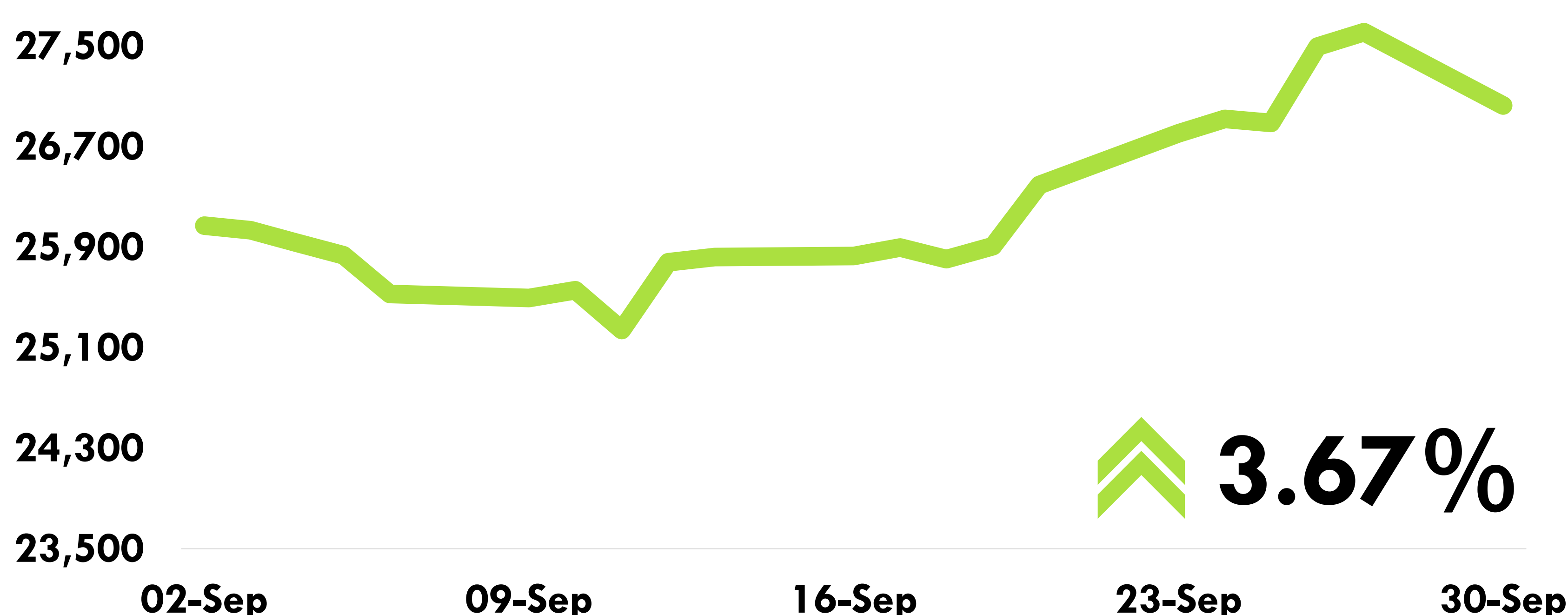


## Auto Sector

During the month, India's Nifty Auto index surged 3.7%, driven by strong buying interest and attractive valuations. Maruti Suzuki rose 6.5%, supported by Karnataka's plans for tax cuts on hybrid cars and incentives for electric vehicles. However, Tata Motors faced challenges, sliding nearly 10.8% amid concerns over rising discounts and moderating growth. Retail sales were also expected to be affected by the pre-festive inauspicious period, while automakers geared up to build stock ahead of the festive season starting October 3.



NIFTY Auto September'24 (in ₹)



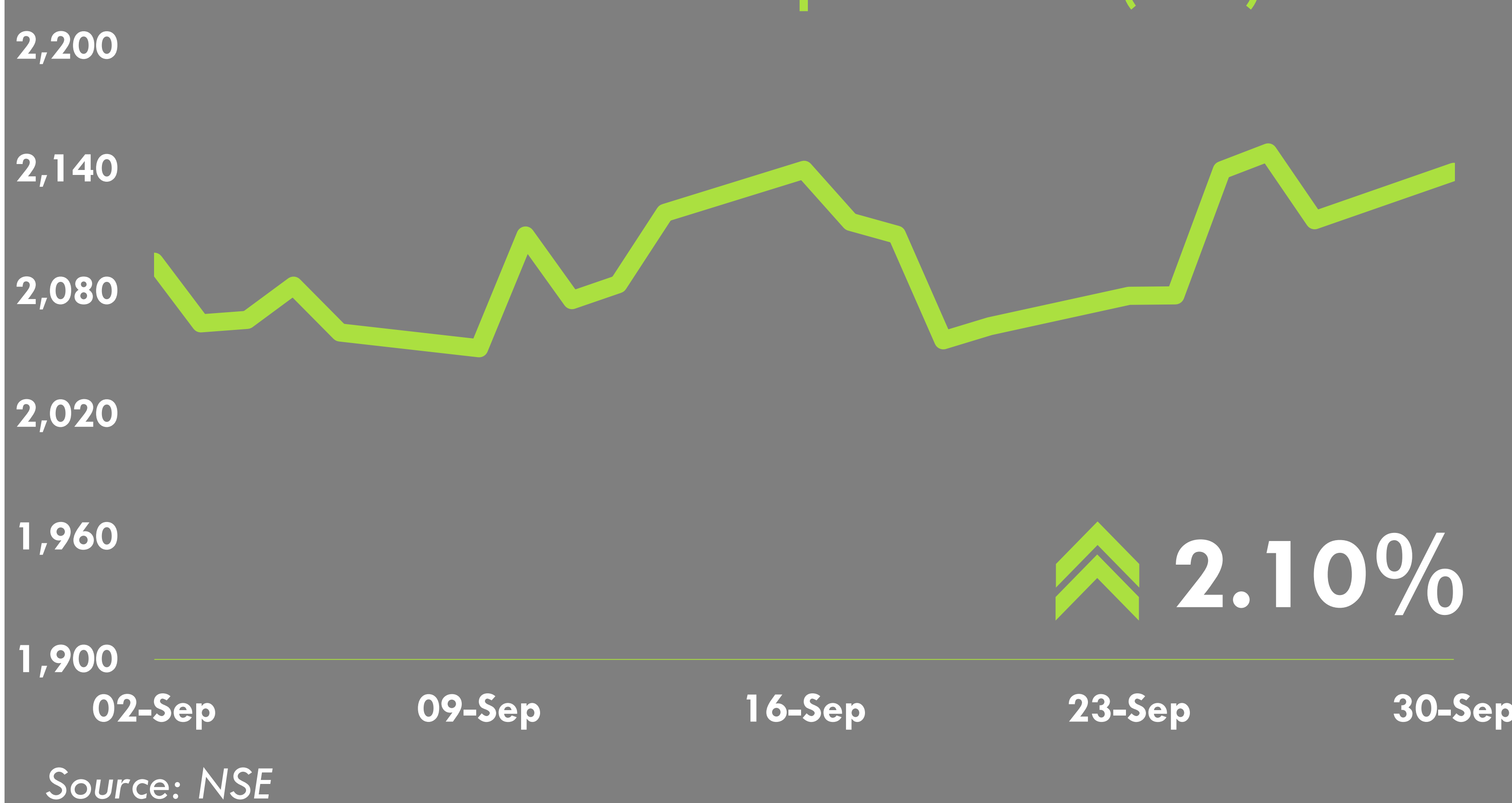
Source: NSE

## Media Sector

In September 2024, the Nifty Media sector rose by 2.1%, driven by key industry events. Mukta Arts surged after signing a film rights deal with Zee Entertainment, marking its best day in nearly a year. Zee also gained traction with its settlement with Sony, while the \$8.5bn merger between Reliance and Disney advanced. PVR INOX saw a 9.9% increase, fueled by expectations of a robust Q3, backed by blockbuster releases and strategic screen expansions.



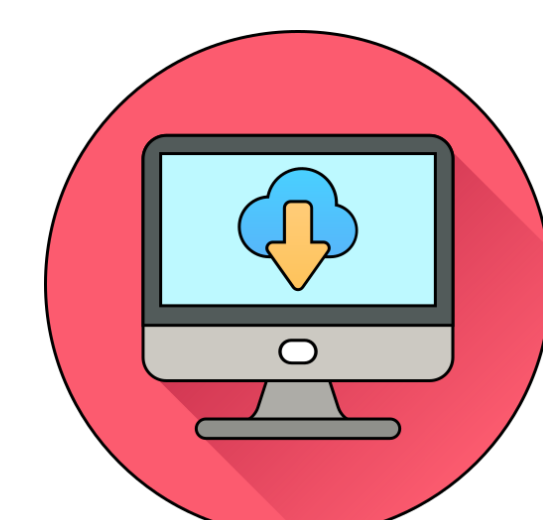
NIFTY Media September'24 (in ₹)



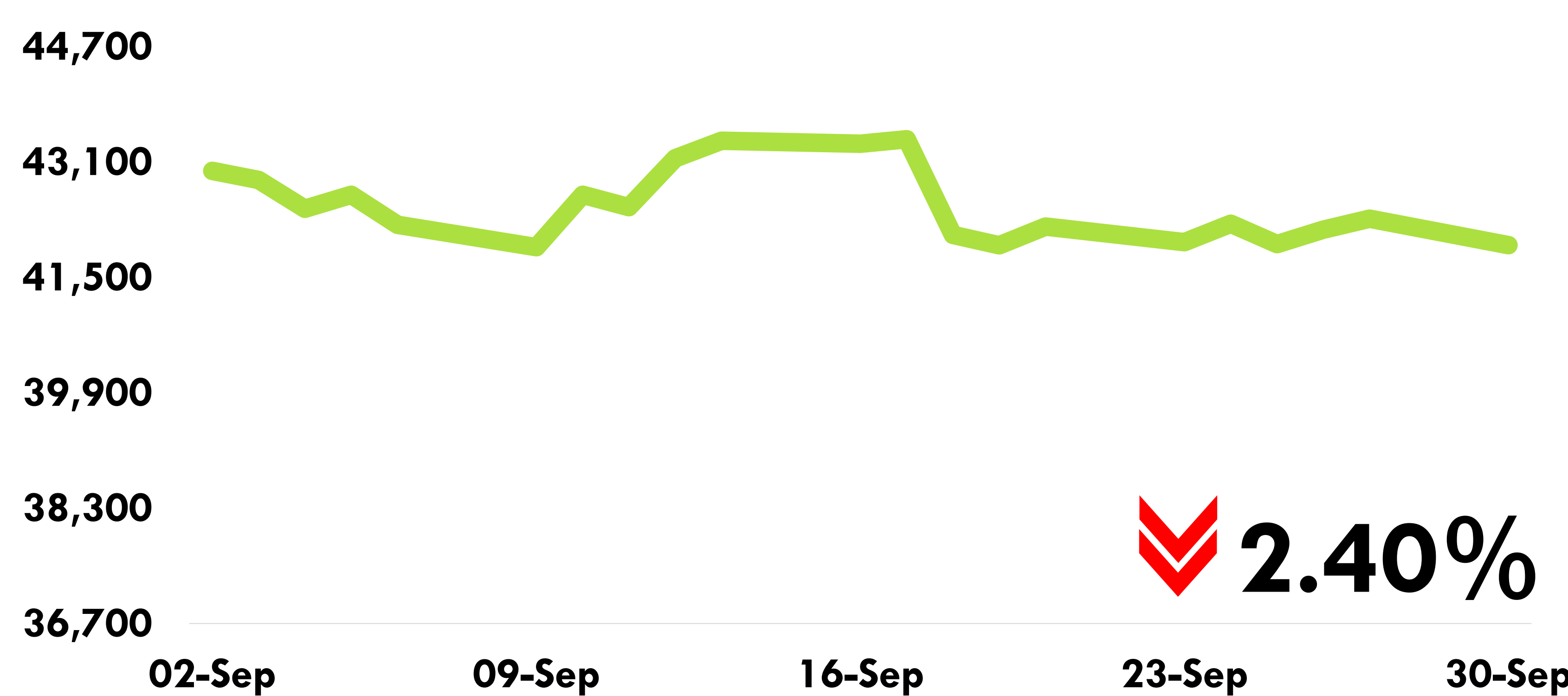
Source: NSE

## IT Sector

The Nifty IT index fell by 2.4% in September, driven by the overall market conditions and profit booking ahead of the crucial Federal Reserve interest-rate decision. Coforge benefited from a recovery in client spending within the U.S. banking, financial services, and insurance (BFSI) sector. With Indian IT exports expected to outpace global firms due to investments in generative AI and a robust local talent pool, the sector's long-term outlook remains positive. L&T was the top loser, falling 6.9%.



NIFTY IT September'24 (in ₹)



Source: NSE

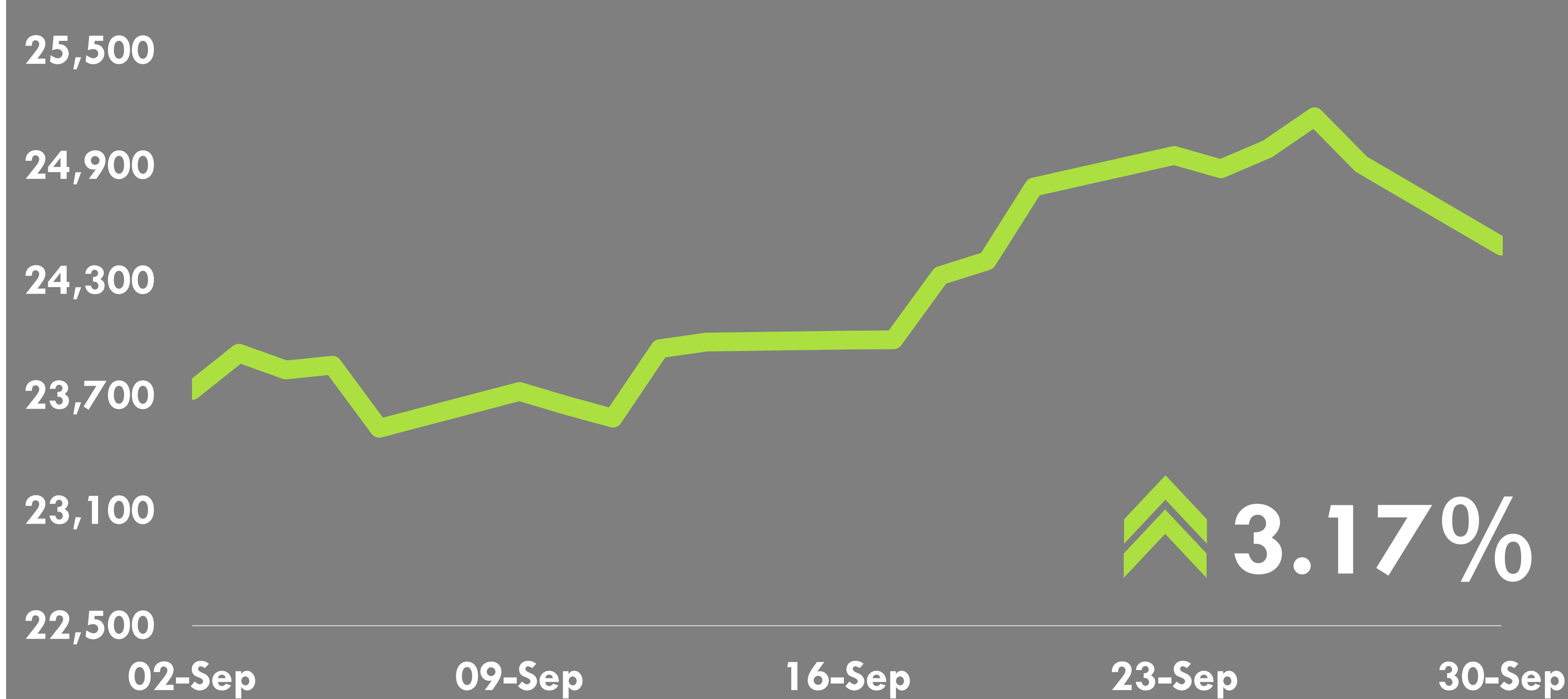
# SECTOR UPDATES

## Financial Services Sector

September 2024 saw the Nifty Financial Services Index rise by 3.2%, fueled by financial institutions launching innovative products to boost deposit growth. Several non-banking financial companies (NBFCs) plan to raise over ₹5,000cr through bond issuances. With bank loans becoming more expensive due to the RBI's new risk-weight norms, NBFCs are accelerating their borrowings through corporate bonds. Shriram Finance Ltd. emerged as the top gainer, surging 10.9%.



NIFTY Financial Services September'24 (in ₹)



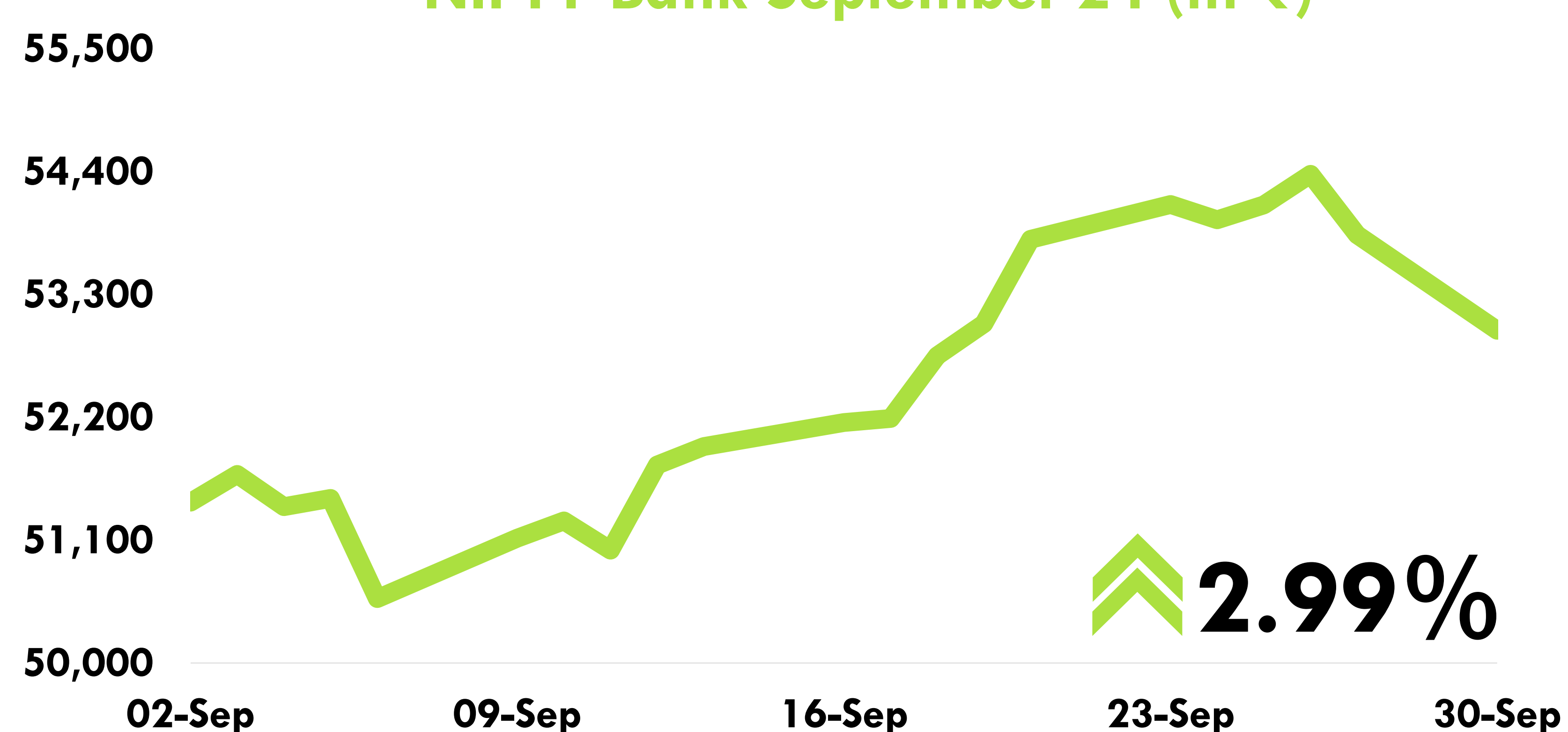
Source: NSE

## Banking Sector

The Nifty banking index recorded a 3% rise in September 2024. The gap between credit and deposit growth in banks, which has been a major concern for the RBI, shrank down from more than 700 bps at the start of 2024 to just 200 bps. AU Small Finance Bank and HDFC Bank were the top gainers, witnessing an outstanding growth of 8.7% and 6.5%, respectively, and PNB Bank turned out to be the top loser with a fall of 8.0%.



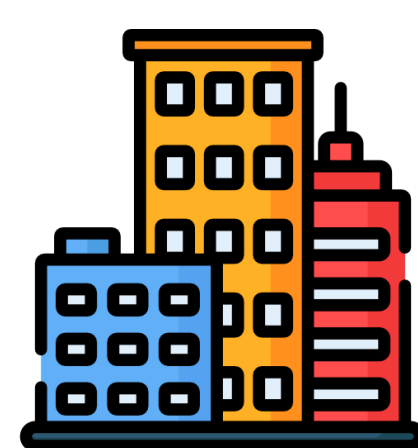
NIFTY Bank September'24 (in ₹)



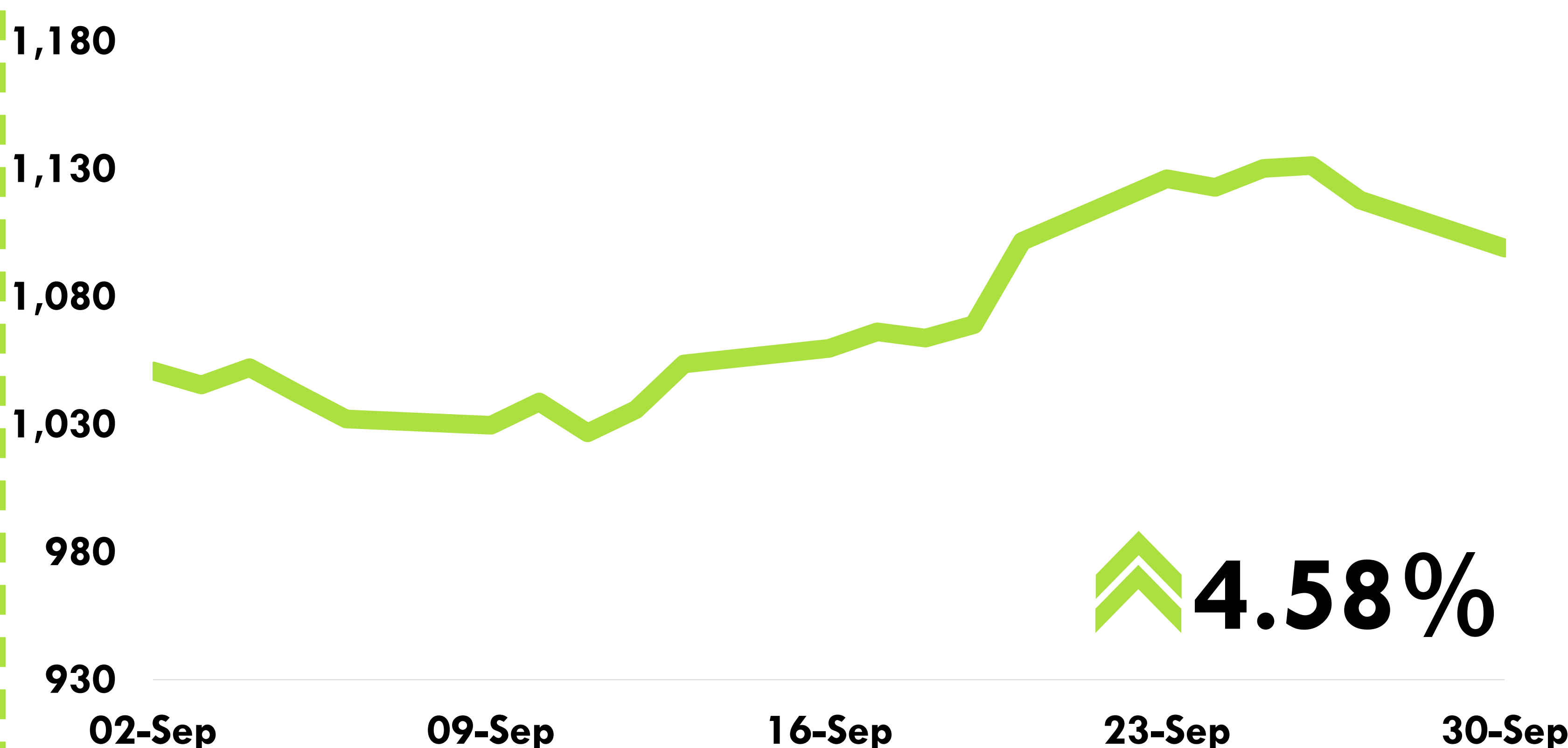
Source: NSE

## Realty Sector

In September 2024, the Nifty Realty index experienced a rise of 4.6%. The growth can be attributed to the rate cut by the Fed, the increasing investments in infrastructure, increasing population, and increasing urbanization. Major trends include the use of blockchain for easy transferability and greater customer control over property, the use of data analytics to gain insights into market trends, and the integration of AR and VR in real estate. Brigade Enterprises Ltd. emerged as the top gainer, experiencing a rise of 14.2%.



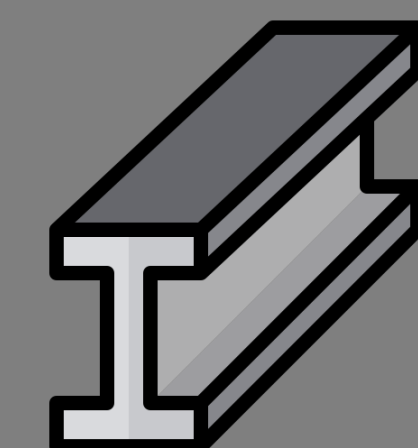
NIFTY Realty September'24 (in ₹)



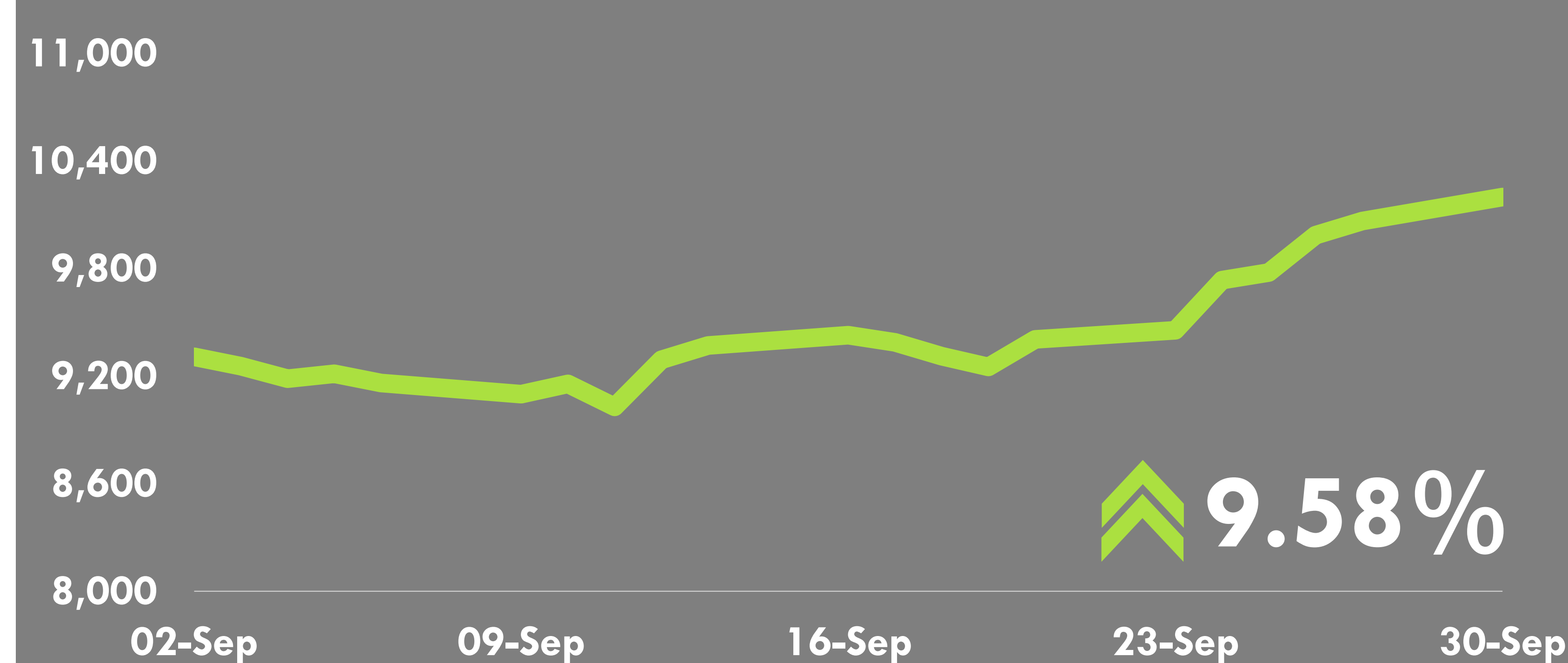
Source: NSE

## Metal Sector

Metal prices have been rising in anticipation of further economic stimulus from China, the world's largest producer and consumer of ferrous and non-ferrous metals. The PBOC has reduced the seven-day reverse repo rate by 20 bps. These measures are expected to encourage borrowing, investment, and spending, boosting demand for sectors that heavily consume metals, and thereby driving up metal prices. In response, the Nifty Metal Index in India has gained 9.6%, with stocks like National Aluminium Co. Ltd. rising by as much as 17.7%.



NIFTY Metal September'24 (in ₹)



Source: NSE

## Loaning Dreams: Northern Arc Soars

Northern Arc Capital Limited, founded in 2009, is a company offering retail loans to underserved households and businesses in India. The business strategy of the organization is varied throughout a range of services, industries, goods, regions, and borrower types. Its IPO is a book-built issue of ₹777cr, including a fresh issue of 1.9 crore shares aggregating to ₹500cr and an OFS of 1.05 crore shares aggregating to ₹277cr. The company’s IPO was subscribed 117.2 times, wherein the public issue was subscribed 32 times in the retail category, 242.7 times in the QIB category, and 147.6 times in the NII category. On NSE, Northern Arc Capital shares made a debut with an outstanding 33.1% premium at ₹350 as compared to the issue price of ₹263, reflecting investor confidence. The business plans to use the net proceeds to cover any future capital needs for further lending.



## Housing IPO Hits High

Bajaj Housing Finance is a non-deposit housing financing company that was founded in 2008 and has been providing mortgage loans since FY18. This business, which is a member of the Bajaj Group, offers both individuals and corporations specialized financial solutions for the acquisition and refurbishment of residential and commercial properties. The company has issued a ₹6,560cr book-built IPO. The issuance consists of an OFS of 42.86 crore shares totaling ₹3,000cr and a fresh issue of 50.86 crore shares totaling ₹3,560cr. Bajaj Housing Finance made a stellar debut on the stock market, with its shares opening at ₹150 per share, representing a remarkable 114% premium over its IPO price. The multi-bagger listing was the largest of the year, subscribed 67 times over. The exceptional premium reflects investor optimism about robust growth in the booming home loan market. The proceeds from the new issue will be used to expand the company's capital base to meet its future capital requirements. With the ongoing demand for housing finance and favorable market conditions, could the stock continue its upward trajectory in the coming days?



## P N Gadgil Jewellers IPO Shines Bright

P N Gadgil Jewellers Limited was established in 2013 and offers a wide range of precious metal/jewelry products, including gold, silver, platinum, and diamond jewelry. The company is the second largest organized jewelry player from Maharashtra. Its IPO is a book-built issue of ₹1,100cr. The issue is a combination of a fresh issue of 1.77cr shares aggregating to ₹850cr and an OFS of 0.52 crore shares aggregating to ₹250cr. The IPO is oversubscribed 59.41 times. The public issue subscribed 16.58 times in the retail category, 136.85 times in the QIB category, and 56.08 times in the NII category. Its shares debuted on the exchanges with a premium of 73%, with the stock listed at ₹830 on NSE against the issue price of ₹480. The company proposes to utilize the net proceeds towards funding expenditure incurred in setting up 12 new stores in Maharashtra, repayment of borrowings, and other general corporate purposes.



Upcoming IPOs	IPO Size (Approx.)
Afcons Infrastructure	₹ 7,000 Cr.
KRN Heat Exchanger	₹ 342 Cr.
Garuda Construction	₹ 264 Cr.
Diffusion Engineers	₹ 158 Cr.

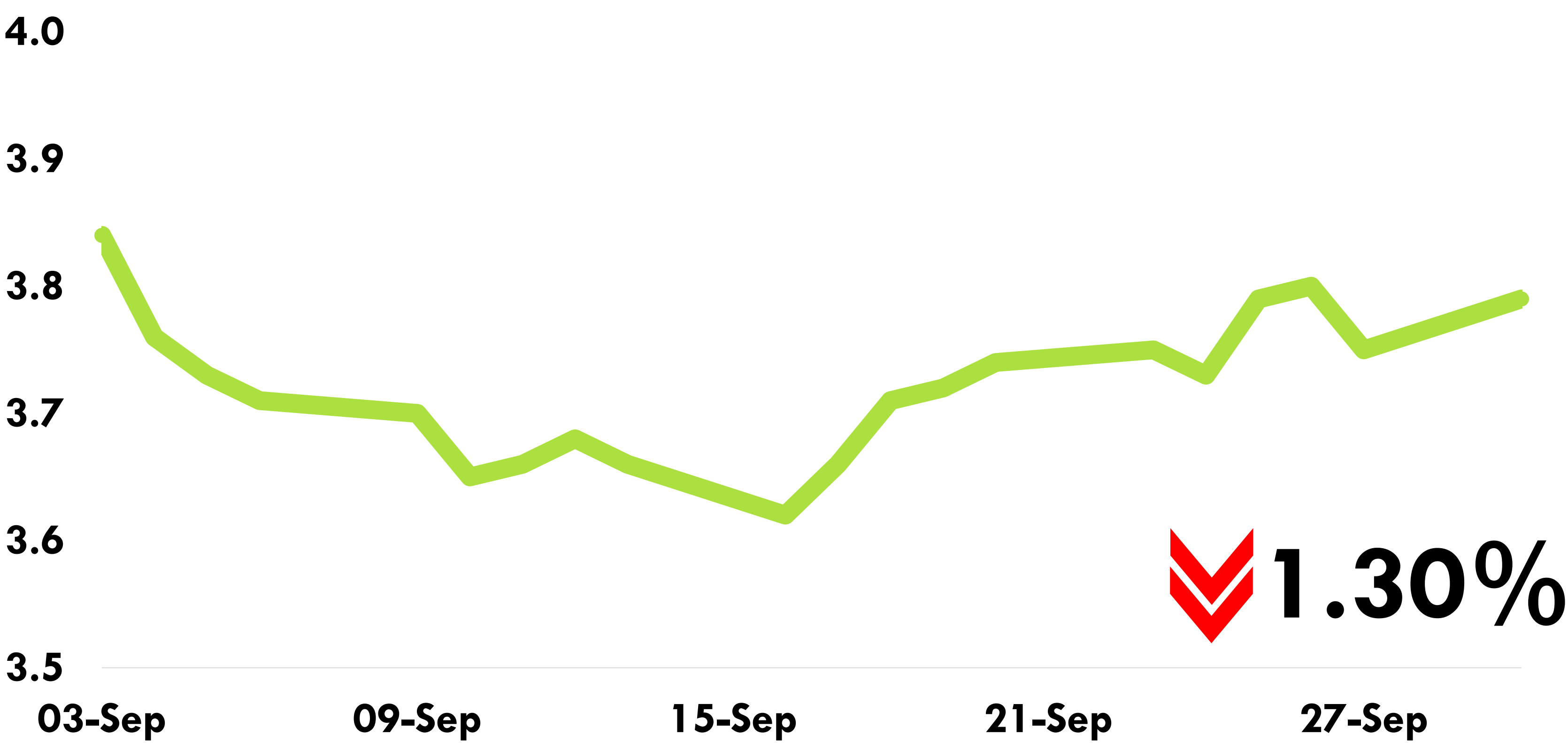
## Gala Precision: A Stellar Debut

Gala Precision Engineering Limited, incorporated in February 2009, manufactures precision components, including disc springs, coil springs, and special fasteners, serving sectors such as electrical, automotive, and railway. The company’s IPO is a book-built issue totaling ₹167.93cr, consisting of a fresh issue of 25.58 lakh shares valued at ₹135.34cr and an offer for sale (OFS) of 6.16 lakh shares worth ₹32.59cr. The IPO was oversubscribed 201.41 times, reflecting strong investor demand and confidence. Shares opened at ₹721.1 on the NSE, representing a 36.3% premium over the ₹529 issue price. The net proceeds will be used to establish new facilities for manufacturing high-tensile fasteners and hex bolts, as well as to acquire essential equipment and machinery to enhance production capabilities.



# FIXED INCOME

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



Source: US Department of the Treasury

In the wake of the Federal Reserve’s recent half-percentage point cut in short-term borrowing rates, the 10-year U.S. Treasury yield has surged, defying expectations. Bond market analysts attribute this trend to a potential market correction, adjusting from earlier forecasts of excessive easing. This rise is concerning, as it signals possible inflationary pressures amid the Fed’s willingness to tolerate higher inflation rates. The widening gap between the 10-year and 2-year yields indicates a “bear steepener,” reflecting market apprehension about future economic conditions and potential impacts on investment strategies. Investors should closely monitor these trends for strategic adjustments in their portfolios.

## Festival Financing: NBFCs on the Rise!

As the festival season approaches, non-banking financial companies (NBFCs) are increasingly tapping into the debt capital market to meet rising credit demand amid tighter bank funding. Since August 1, NBFCs have raised ₹73,820cr through corporate bonds, with AAA-rated firms accounting for ₹54,680cr, or 74% of total issuances. Notable transactions include Aptus Value Housing Finance securing ₹300cr at 8.75% and ICICI Home Finance raising ₹275cr at 7.94% and another ₹300cr at 7.95%. Following the Reserve Bank of India's increase in risk weight for loans to NBFCs, banks have become more selective in lending, prompting firms to explore alternative funding sources like Commercial Papers (CP) and bonds. As of July 2024, outstanding bank loans to NBFCs declined, with year-on-year growth slowing to 12.7%. The yield on AAA-rated 10-year corporate bonds has fallen by 9 basis points since August, reflecting a softening in borrowing rates. Increased issuance is anticipated as the festival season approaches.



## Foreign Banks Push for Relaxed Rules

In light of India's recent inclusion in the JP Morgan bond index, foreign banks have urged the Reserve Bank of India to ease regulations governing foreign portfolio investment (FPI) in corporate debt. Currently, FPIs can only invest in corporate bonds with a minimum residual maturity of over one year, capped at 30% for short-term investments. Banks argue that relaxing these norms would enhance operational flexibility and encourage greater investment, especially as interest rates in corporate debt lags behind that in sovereign bonds. Additional requests include raising the 50% limit on FPI investment in individual corporate bond issuances and reducing the three-year lock-in period under the voluntary retention route. With the rupee showing stability against the US dollar and domestic markets demonstrating resilience to global capital fluctuations, banks believe this is an opportune moment for regulatory adjustments. If implemented, these changes could attract increased foreign capital to India’s fixed-income market, further integrating the country into global financial systems and supporting economic growth.



## Inflation

In August 2024, India’s Consumer Price Index (CPI) inflation edged up to 3.65%, slightly higher than July’s 3.6%, primarily driven by stubborn food prices. Although the rise exceeded the 3.5% forecast, inflation stayed within the Reserve Bank of India’s (RBI) target range of 2-6%. RBI Governor emphasized the goal of a "durable 4%," which remains unmet. Meanwhile, the Index of Industrial Production grew by 4.8% in July, signaling industrial resilience. However, concerns over a weak rupee and monsoon risks may keep inflationary pressures elevated in the near future.

Month	Inflation (%)
August'24	3.65
July'24	3.54
June'24	5.08
May'24	4.75
April'24	4.83

Source: MOSPI

# RISK

## Debt Surge: Uncertainty Ahead

U.S. companies are strategically issuing record amounts of debt to navigate potential economic disruptions. Recently, a historic surge in investment-grade bond deals occurred, with 29 transactions in a single day and total borrowing nearing \$73bn, the highest in the London Stock Exchange Group, in its 20-year history, highlighting its role as a key player in the global financial market. Overall issuance reached nearly \$82bn, marking the busiest period since May 2020. This surge is driven by companies seeking to secure funding ahead of anticipated volatility from Federal Reserve decisions and the upcoming presidential election. Favourable borrowing conditions, with average yields on investment-grade bonds falling to 4.8%, have incentivized refinancing. Concerns about market turbulence in August and the possibility of a recession have heightened urgency among firms. Additionally, election-related risks have prompted many to act early, aiming to avoid becoming "forced borrowers." Companies are positioning themselves by proactively securing funding, to better navigate the increasingly volatile financial landscape. This trend reflects a broader strategy to bolster financial stability in uncertain times.



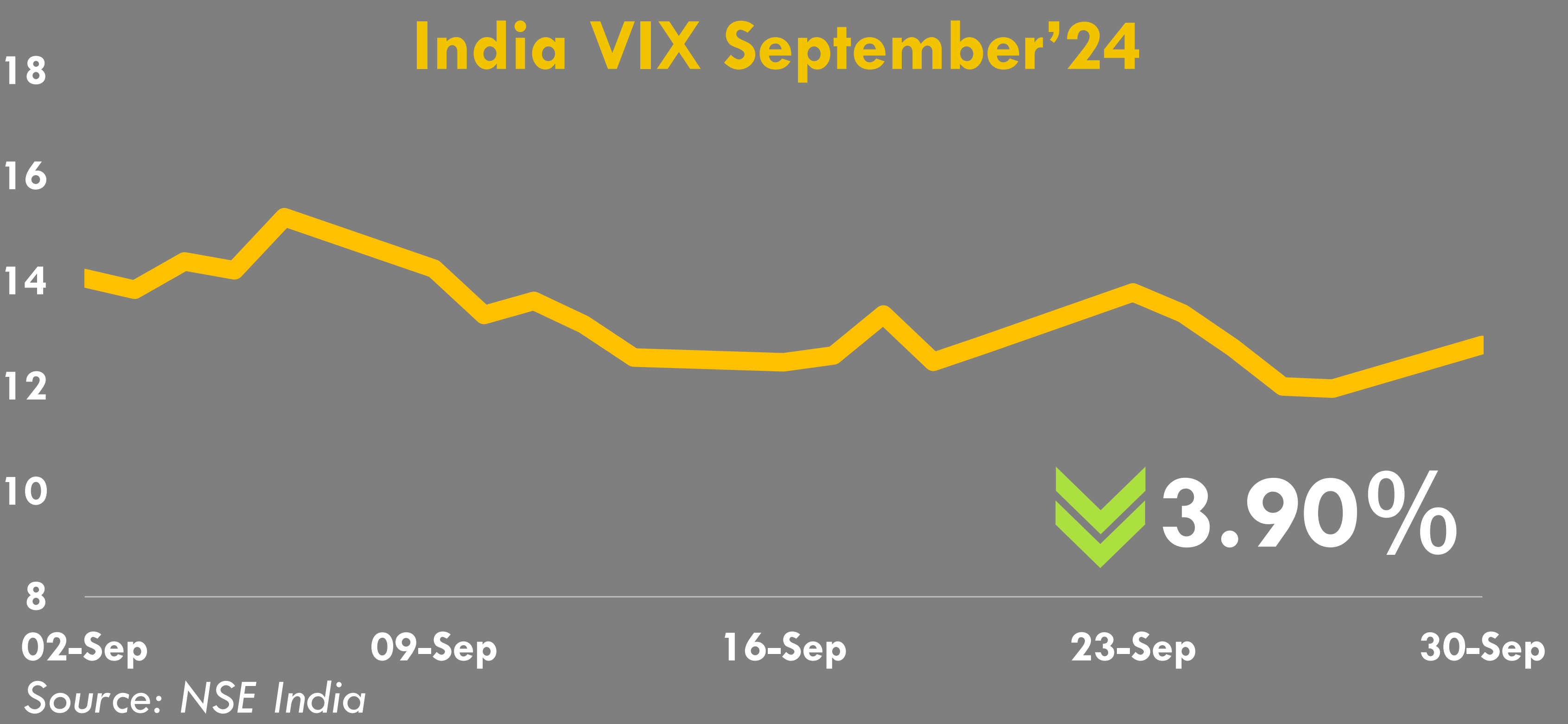
## BIS Flags Investment Risks

The Bank for International Settlements (BIS) has raised concerns about emerging markets increasing resilience on foreign investments, particularly in the form of Mutual Funds and Exchange Traded Funds. Mutual Funds have become a popular investment vehicle in many emerging markets, offering investors diversification benefits and professional management. However, the BIS points out that the concentration of funds in certain sectors or assets could create vulnerabilities like a sharp decline in asset prices or difficulty in selling off their holdings. Since developing countries exhibit a greater sensitivity towards dollar movements, a strong dollar move could reduce foreign investment in local currency assets and in a move to overcome this, many developing countries have formed their domestic bond markets to reduce reliance on loans in other currencies. To mitigate these risks, the BIS recommends that policymakers in emerging markets closely monitor the activities of mutual fund industries. Implementing appropriate regulatory frameworks and promoting market diversification can help reduce systemic risks.



## Rising VIX intensifies market fears

The uncertainty in the US Markets, driven by looming Presidential elections and a shift in Federal Policy is a growing concern among the investors. To safeguard against unpredictable swings, investors are turning to portfolio hedging strategies. The elevated CBOE Volatility Index (VIX) to around 20, compared to the 2024 average of 14.8 highlights the market's fear of potential swings, especially ahead of the debate between Democrat Kamala Harris and Republican Donald Trump. The VIX has gained significant attention recently, with investors responding to heightened market volatility triggered by sharp sell-offs and the unwinding of the global yen carry trade. This underscores the growing unease in markets as economic data continues to falter. In addition to political and economic risks, other factors such as inflationary pressures, global energy prices, and ongoing geopolitical tensions in middle eastern countries and Ukraine are likely to keep investors on edge. Amid these challenges, many investors are recognizing that navigating the months ahead will require a careful balance of risk management and strategic positioning to safeguard their portfolios in an increasingly unpredictable and volatile market.



Throughout September 2024, the India VIX experienced significant fluctuations, falling 3.9% overall. The index surged to 15.3 in mid-September, indicating cautious investor sentiment about inflation and agricultural output, before dipping to 11.96 by month-end. This decline coincided with the Nifty and Sensex reaching new all-time highs. Meanwhile, investors had expected more aggressive rate cuts from the Federal Reserve; however, Powell indicated a shift to quarter-point reductions due to strong economic data. Overall, the India VIX remained between 11.6 and 13.18, reflecting a mix of optimism and caution in the Indian equity markets.

# DERIVATIVES

## SEBI Boosts Derivatives Barriers

The Securities and Exchange Board of India (SEBI) is set to implement stricter regulations on derivatives trading in India, aiming to mitigate risks associated with growing retail participation. The move to increase entry barriers and make trading more costly comes in response to concerns about the potential for significant losses among investors who may not fully understand the complexities of derivatives trading. SEBI's proposed measures to discourage excessive speculation include reducing the number of options contract expiries available per exchange per week and substantially increasing the minimum amount required for derivatives trading. This minimum trading amount will increase threefold from ₹5lkh to ₹15-20lkh as proposed in one of the consultation papers. The proposed changes have garnered mixed reactions from the market where some industry experts argue that the measures may limit investor choice and hinder market liquidity. Others, however, believe that stricter regulations are necessary to safeguard retail investors from the potential pitfalls of derivatives trading.



## Euronext Strengthens Clearing Services

Euronext, a leading European Clearinghouse has announced its strategic expansion in the European financial derivatives markets. This milestone marks the end of Euronext's contractual relationship with London Clearing House SwapAgent and is set to strengthen its presence across Europe, providing an integrated clearing solution for a wider range of asset classes, including equity derivatives, commodities, and fixed income. With the completion of this migration project, Euronext is on track to achieve its EBITDA target of €115mn by the end of 2024 as outlined in its 'Growth for Impact 2024' strategic plan. Over the past three years, the firm successfully relocated its core data center from the UK to Italy and transitioned Borsa Italiana's cash and derivatives markets to its Optiq trading platform. Euronext has also acquired a 100% stake in Substantive Research, an industry leader specializing in providing comprehensive transparency in product and pricing comparisons for investment research expenditures, market data, and investment research content.



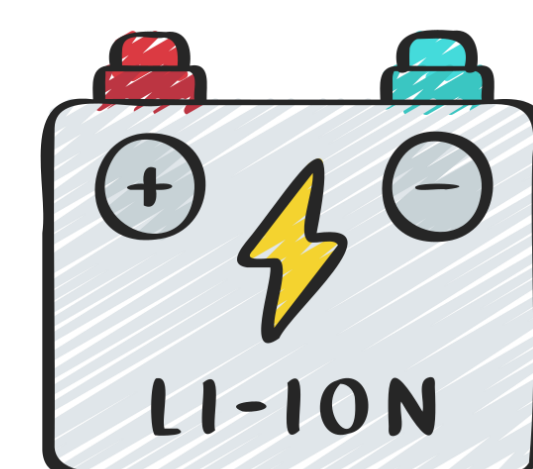
## Currency Swaps: A Lifeline for Indian Companies

In response to the U.S. Federal Reserve's rate cuts, Indian companies are increasingly adopting cross-currency swaps to reduce borrowing costs. Currency swaps which allow companies to borrow in foreign currencies at lower interest rates, by exchanging their rupee-denominated debt have enabled Indian companies to restructure their debt and reduce interest expenses. The 50 bps reduction in the Fed's rate is projected to lower the borrowing costs by 200 bps over the next 15 months. Banks and foreign exchange advisors are currently recommending a 2-year tenure for currency swaps, as it not only offers the most significant interest rate savings but also helps lower borrowing costs. The U.S. rate cut has caused a sharp decline in the 2-year Secured Overnight Funding Rate (SOFR), a key benchmark for dollar-denominated derivatives. However, India's 2-year MIBOR has seen a much smaller decline. Despite serving as a powerful tool for managing interest rate and forex risks, it exposes Indian companies to significant currency risks.



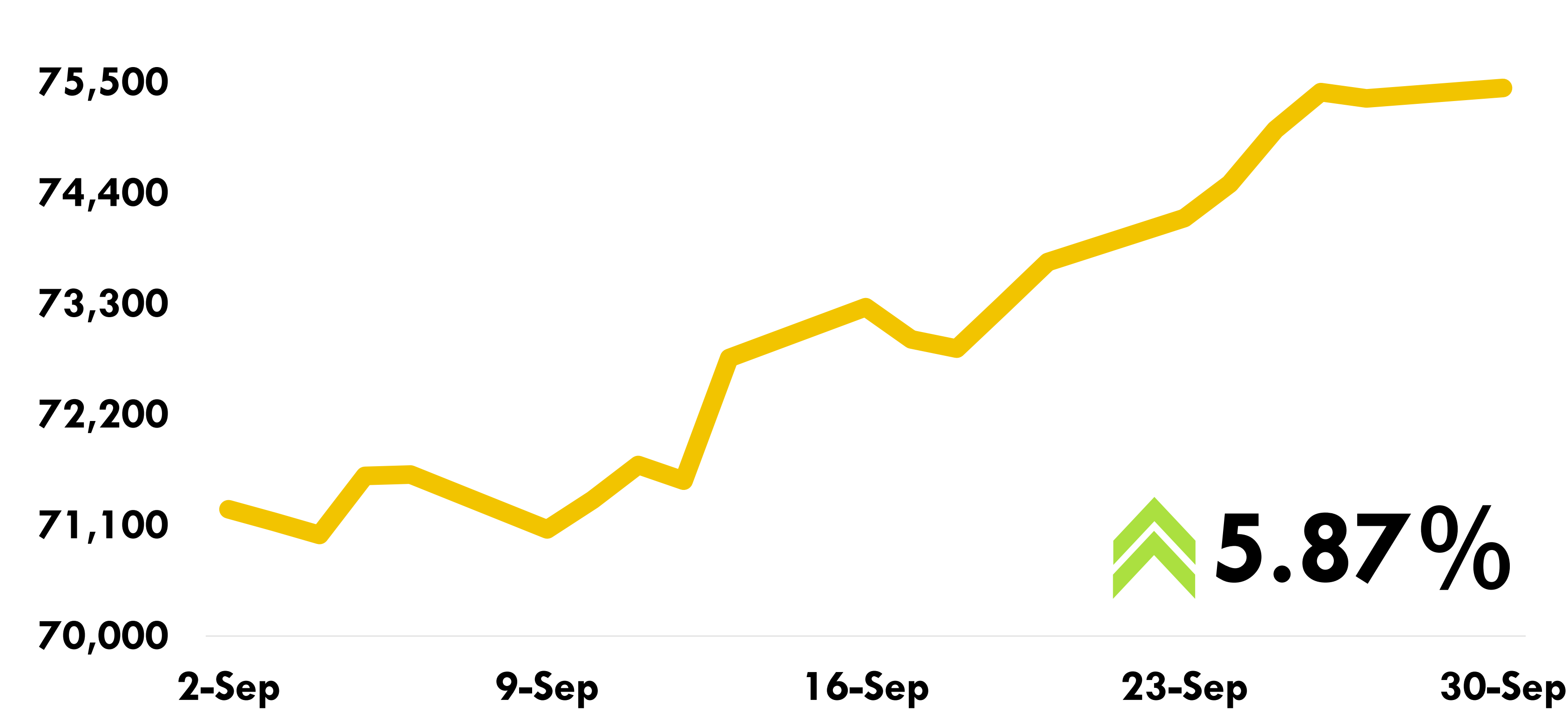
## Powering Growth with Lithium

Due to the increasing demand for Energy storage solutions, Electric Vehicles (EVs) and industrial applications, there has been significant growth in the Lithium Derivatives Market over the past decade. From an estimated market size of \$21.62bn in 2023, it is expected to reach \$51.5bn by the end of 2032 which can be attributed to the increased reliance on renewable energy solutions. This market can be segmented based on type, application, and geography. Governments worldwide are investing in the development of lithium resources and battery manufacturing capabilities. Countries such as the United States and China are also focusing on building a robust domestic supply chain to support this growth. However, to sustain this growth, the industry must address challenges related to supply chain sustainability, environmental impact, and price volatility. Investments in innovative extraction technologies, recycling of lithium-ion batteries, and expansion of production capacities are essential to meet the rising demand.



# COMMODITIES

Gold Spot Price (in ₹ per 10 grams)



In September 2024, gold prices surged by 5.9%, driven by a combination of easing monetary policies, and heightened market volatility. The US Federal Reserve's surprise 50-basis-point rate cut, its first in four years, significantly bolstered gold's appeal as investors sought safe havens amid growing global uncertainty. While many expected a steeper cut to drive more substantial gains, a stronger dollar limited the rise. Lower interest rates tend to elevate gold prices due to reduced opportunity costs and inflation concerns, reinforcing its traditional role as a hedge. Fears of escalating conflicts in the Middle East further fueled gold's bullish upward trajectory in the global market.

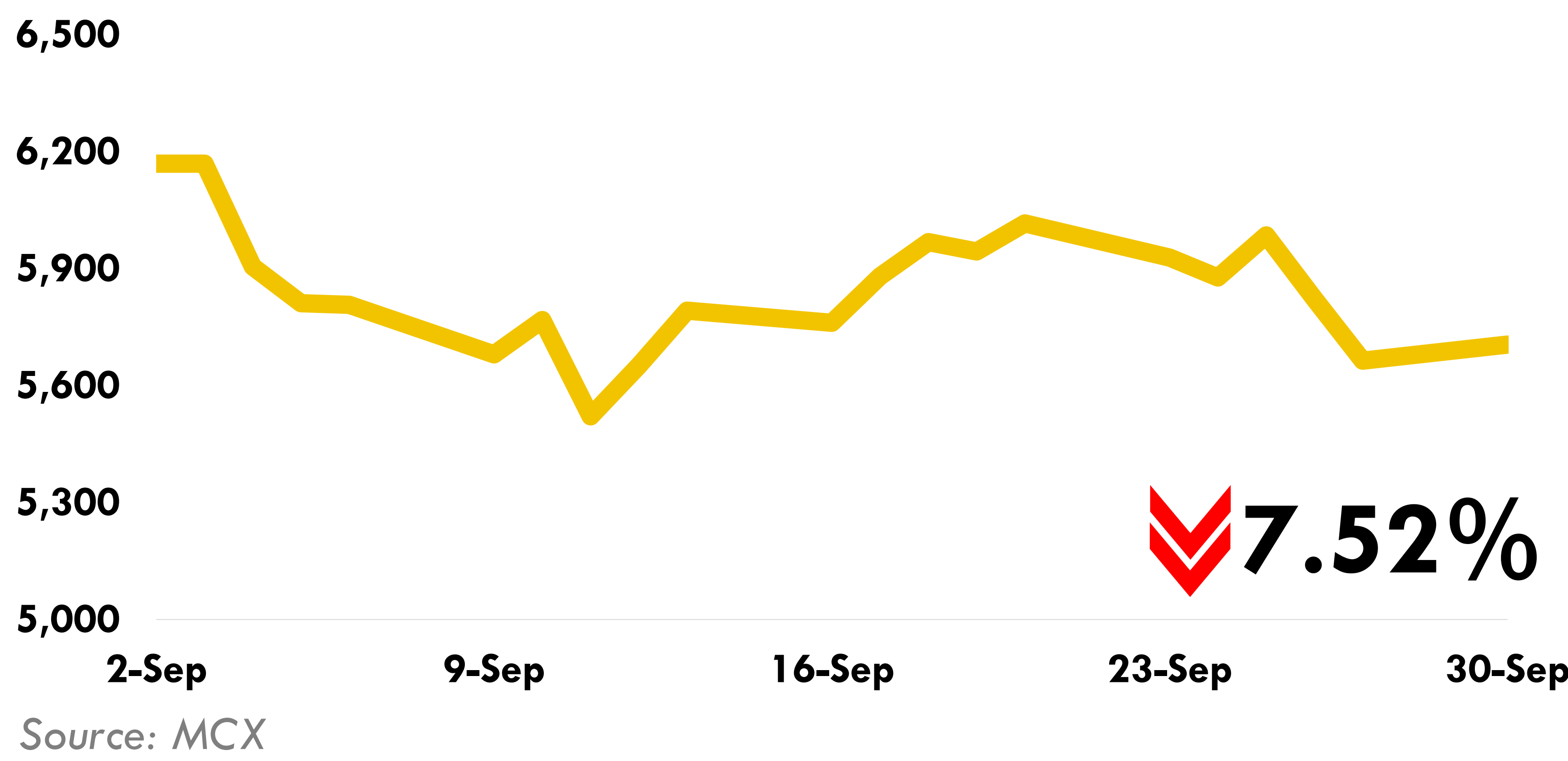


## Aluminum Prices and Economic Dynamics

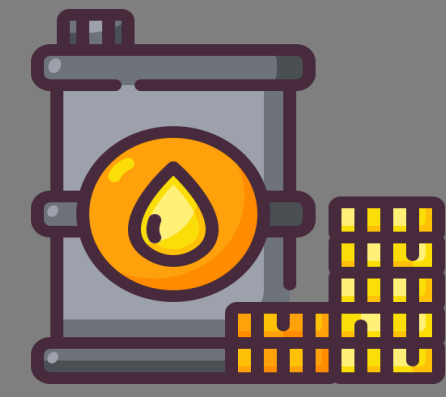
Aluminum prices have recently experienced a significant uptick, driven by expectations of economic stimulus initiatives from China. This optimistic market atmosphere is further enhanced by constrained supplies of essential raw materials and a weakening U.S. dollar, which makes aluminum more cost-effective for buyers in other currencies. Nonetheless, the future outlook remains ambiguous due to mixed economic signals from major metal consumers, especially China. Recent data shows a decline in China's manufacturing activity, raising concerns about its economic trajectory. While Beijing has suggested potential stimulus measures aimed at boosting domestic consumption, details remain unclear. Additionally, shortages of vital raw materials such as alumina and bauxite have been pivotal in sustaining prices. Disruptions in bauxite shipments from Guinea and production cuts in other areas are tightening the market further, placing aluminum prices in a delicate balance between supportive conditions and ongoing uncertainties.



Crude Oil Spot Price (in ₹ per barrel)



Crude oil prices experienced a sharp decline in the last week of September 2024, despite two weeks of steady performance. Brent Crude settled at \$71.77 per barrel, while West Texas Intermediate fell to \$69.17 per barrel. This downturn was largely attributed to the US Federal Reserve's recent rate cuts, which dampened market sentiment. Additionally, China's economic slowdown further weakened global oil demand. However, on the last day of the month, prices surged amid escalating Middle East tensions involving Iran, a key OPEC member, as Israel intensified its attacks on Hezbollah and Houthi militant groups. These conflicting factors created a complex landscape for oil prices, influencing trader strategies and market predictions as October began.



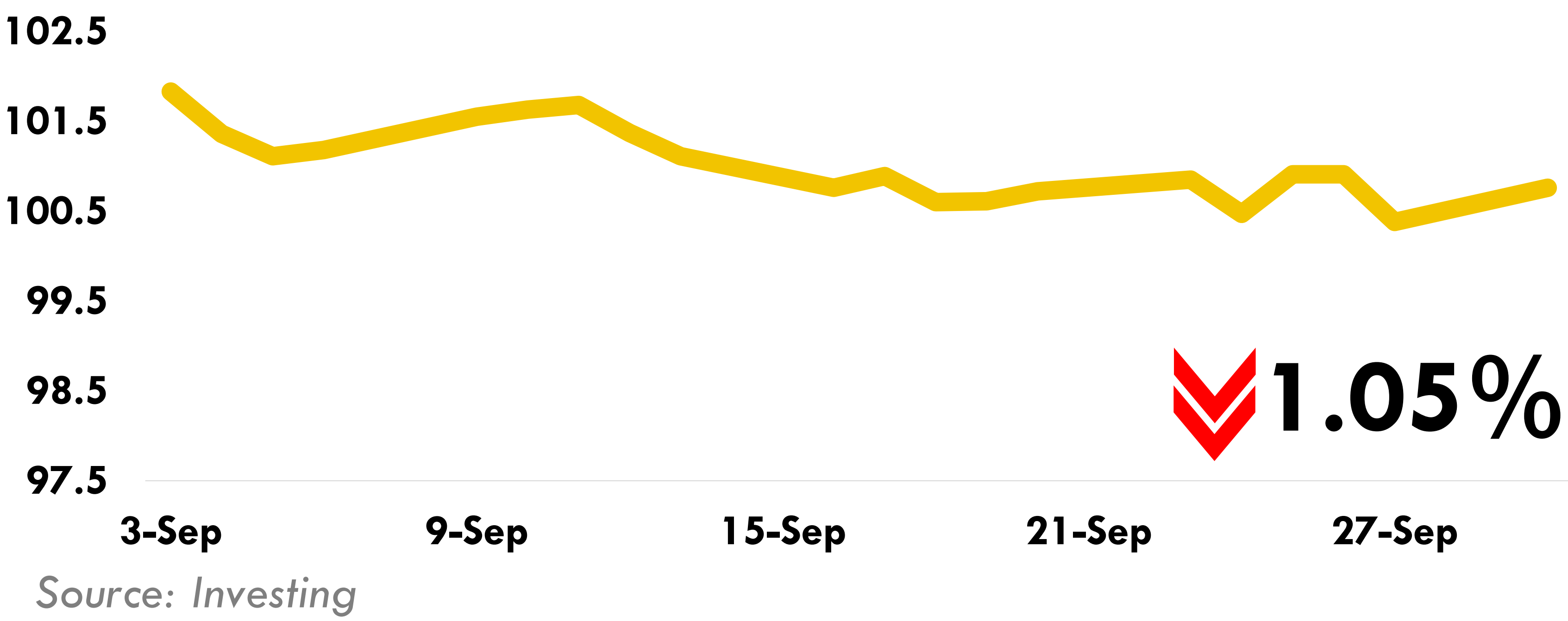
## Ensuring Price Stability for Essentials

As the festive season approaches, the Centre has taken steps to stabilize the prices of essential commodities, particularly edible oils and onions. To combat cheaper imports that affect domestic prices, the government increased customs duties on crude soya bean, palm, and sunflower oils to 20%, raising the effective rate to 27.5%. Food Secretary Sanjeev Chopra held a meeting with key edible oil associations to ensure that the minimum retail prices are maintained until the existing stocks, imported at lower duties, are sold out. Currently, there are around 3 million tons of lower-duty edible oil available for domestic use. As consumer inflation rose to 3.65% in August, the government is also increasing wheat allocations for the poor. To help consumers further, discounted onions are being sold at ₹35 per kg through mobile vans and cooperative outlets in Delhi and other state capitals, easing the recent price increase.



# CURRENCY

US Dollar Index (USD)



The US dollar has weakened against most major currencies after the Federal Reserve's recent rate cut, with the USD index hovering below 101 amid pressure ahead of key labor market data. However, Fed Chairman Jerome Powell indicated that future rate cuts will be smooth and gradual, unlike last month's 50 basis point reduction. This assurance could restore investor confidence and pave the way for a potential dollar rebound shortly.

## China's Currency: The Global Gambit

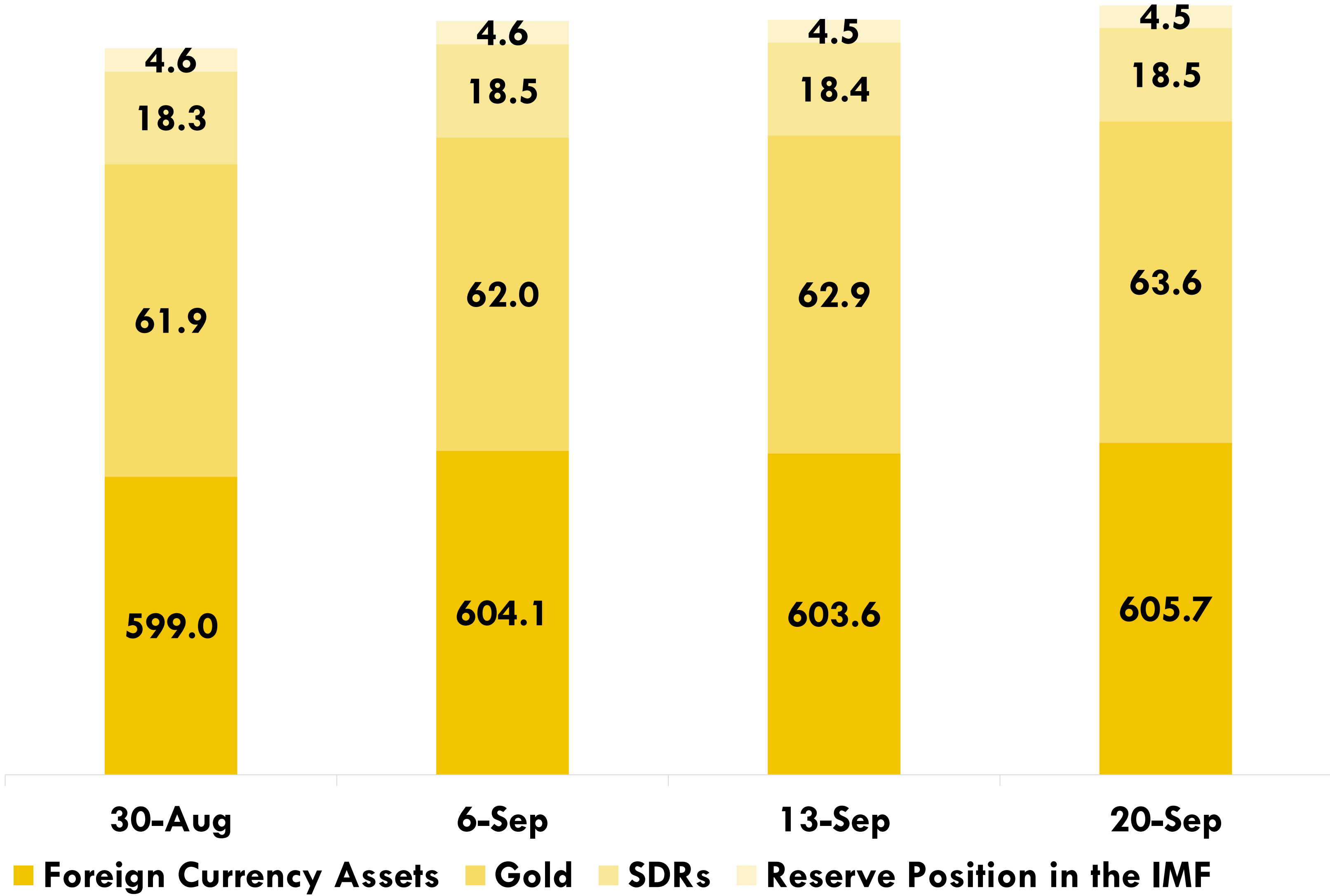
Chinese President Xi Jinping aims for a strong yuan, not a superpower currency, seeking broader acceptance in global payments and reserves. While he has made progress, significant challenges persist, particularly Beijing's tight control over capital flows, which hampers the yuan's convertibility. Currently, the yuan accounts for less than 5% of global payments and just over 2% of reserves, while the U.S. dollar dominates with nearly half of international transactions. Recently, the yuan strengthened following major monetary stimulus, reaching its highest value in over 16 months. However, the journey toward internationalization is hindered by a closed capital account. Without increased convertibility, the yuan's potential may continue to clash with Beijing's economic security priorities, complicating its ambitious quest for global recognition and influence in finance.



## India's Forex Reserves Rise

India's forex reserves surged to a new high of \$692.3bn, supported by expectations of forex inflows due to the US Federal Reserve's recent 50 basis point rate cut, making Indian markets attractive for higher returns. Gold holdings, the second-largest portion of the reserves, increased to \$63.61bn. Foreign currency assets, which include the impact of non-US currencies like the euro, pound, and yen, rose to \$605.68bn. Special Drawing Rights (SDRs) also increased to \$18.54bn, while India's reserve position with the IMF fell to \$4.45bn. Overall, these developments reflect a strong forex position for India.

FOREX Reserve (USD Bn)



Currency	1 <sup>st</sup> September'24	30 <sup>th</sup> September'24	Change (%)	Trend
INR/USD	INR 83.8638	INR 83.8276	↓ 0.1	<div></div>
INR/EUR	INR 92.5880	INR 93.3140	↑ 0.6	<div></div>
USD/EUR	USD 1.1044	USD 1.1136	↑ 0.8	<div></div>
JPY/USD	JPY 146.3810	JPY 143.7277	↓ 1.8	<div></div>
CAD/USD	CAD 1.3489	CAD 1.3527	↑ 0.3	<div></div>
USD/GBP	USD 1.3129	USD 1.3375	↑ 1.9	<div></div>
USD/SEK	USD 0.0973	USD 0.984	↑ 1.1	<div></div>
USD/CHF	USD 1.1754	USD 1.1829	↑ 0.6	<div></div>

Source: Investing

# OTHER ASSET CLASSES

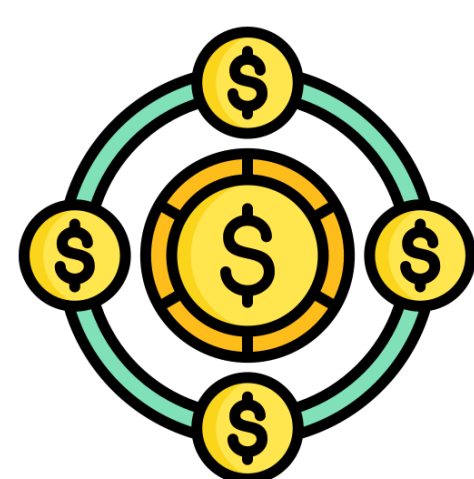
## India Defies Crypto Regulations Boldly

India has solidified its position as a global leader in cryptocurrency adoption for the second year in a row, despite a challenging regulatory environment. According to a Chainalysis report, India ranks prominently in the use of both centralized exchanges and decentralized finance assets from June 2023 to July 2024. The country's stringent stance on cryptocurrencies, marked by significant trading taxes and regulatory actions, has not deterred its growing crypto community. In December 2023, the Financial Intelligence Unit issued show-cause notices to nine offshore exchanges for non-compliance with local regulations. However, easing restrictions, such as Binance's recent regulatory registration, are expected to further enhance adoption. The report indicates that despite regulatory hurdles, new participants continue to engage with crypto through available services. The Chainalysis index also highlights substantial crypto trading activity in other South and Central Asian countries, such as Indonesia, which, despite its ban on cryptocurrencies as a payment method, saw \$157.1bn in trading inflows over the past year.



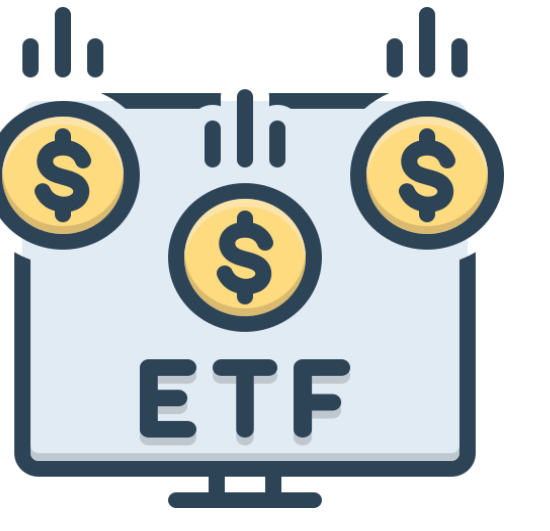
## Hedge Fund Blues: A Market Awakening

The multi-manager hedge fund sector is experiencing a significant transformation, marked by a \$30bn outflow—the first decline in seven years. Once lauded for delivering consistent returns through diverse trading strategies, funds like Citadel and Millennium are now facing declining investor interest. A recent Goldman Sachs report attributes this trend to major institutional investors, particularly pension funds, reassessing their commitments amid uninspiring performance that has barely exceeded risk-free returns. Additionally, high fees, sometimes reaching 10%, are prompting investors to rethink their allocations. In response, Millennium is actively seeking new capital. Despite these outflows, the hedge fund industry continues to grow, adding thousands of new employees. To remain competitive, multi-manager hedge funds must adapt their strategies to align with evolving market conditions and shifting investor expectations. This adaptability will be crucial for maintaining relevance and continuing to play a significant role in the changing financial landscape.



## Hybrid Credit ETF Unveiled

Apollo Global Management and State Street are collaborating to launch an innovative Exchange Traded Fund (ETF) that invests in a mixture of public and private credit markets. The collaboration combines Apollo's expertise in alternative asset management with State Street's strength in managing public market instruments. The proposed 'SPDR SSGA Apollo IG Public and Private Credit ETF' would invest in the hybrid investment grade securities showing one of the early attempts to package private credit investments into the ETF structure. These funds are designed to provide a mix of alternative investments while still offering a degree of regular liquidity. The ETF will allocate 80% of its portfolio to investment-grade debt while allowing 20% to high-yield debt. The upcoming ETF reflects a growing trend toward blending hybrid credit in a single investment vehicle. As investors seek diverse strategies for generating yield, this partnership could emerge as a major innovation in the credit space, providing both opportunities and flexibility within the fixed-income market.



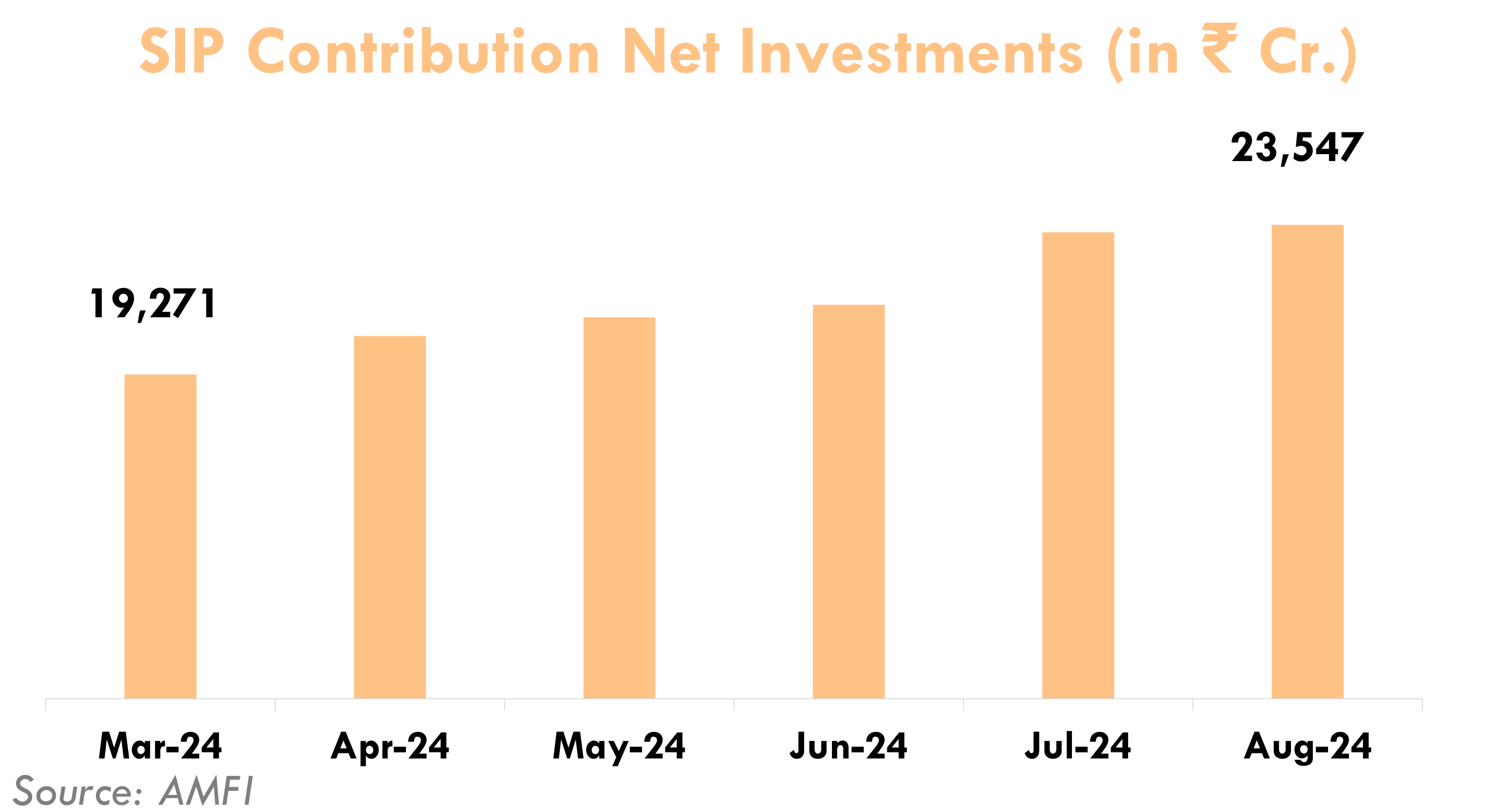
## Beyond Banks: A Lending Revolution

Over the past 15 years, private credit has emerged as one of the fastest-growing segments in the financial system, reaching nearly \$2tn by the end of 2023. While still a small part of the broader fixed-income market, private credit continues to outperform traditional bank and public financing options. As banks retreat from leveraged lending, private credit has flourished, particularly in direct lending, and is now diversifying into various asset-based financing structures. Key areas of growth include asset-backed finance, such as aircraft loans and equipment leasing, infrastructure projects with long durations, and higher-risk commercial real estate. This shift could see an additional \$5tn to \$6tn transition into the nonbank ecosystem over the next decade, driven by evolving market dynamics. Market participants face both challenges and opportunities, as banks and insurance companies adapt their business models to this evolving landscape. By embracing partnerships, they can effectively match assets with suitable investors, ultimately supporting the real economy. The future of private credit promises a dynamic and interconnected financial ecosystem, redefining traditional lending practices.



## SIPs Inflows Getting Popular

In August 2024, mutual fund SIP contributions exceeded ₹23,000cr for the second month in a row, reaching ₹23,547cr. The SIP AUM as well as the number of SIP accounts stood at their highest, with an AUM of ₹13.38 lakh cr and the number of SIP accounts being 9.61 crores. The good inflow, in addition to the folio count topping 20 crores, is suggestive of the confidence of investors and the growing admiration for mutual funds as a preferred investment channel. This significantly helps the investors build wealth systematically over time.



### Push for Clearer Mutual Fund Disclosures

According to a proposal by SEBI, mutual fund houses will have to include distinct disclosures for both regular plan and direct plan schemes in their half-yearly financial reports. Currently, AMCs only disclose this information for regular plans, but since direct plans have different expense ratios and returns, SEBI believes it is essential to provide them separately. Since the expense ratio, returns, and yields for direct plans and regular plans are different, it is proposed that disclosures pertaining to both direct plans and regular plans may be disclosed in a standard format. To further enhance the pictorial representation of risk, it is proposed that the risk-o-meter should be color coded and to standardize the format for disclosure of change in the risk-o-meters as well as their benchmarks. These reforms are being adopted in order to facilitate enhanced transparency, which is likely to help investors understand the impact of fees on their investments. It shall also promote the ease of comprehension and a standardized approach towards disclosures by the mutual fund industry.

## Equity MFs Consecutive Inflows

Equity-oriented funds witnessed a net inflow of ₹38,239cr in August 2024, representing a 3.3% increase compared to July. These rising inflows underscore the growing trust and acceptance of mutual funds as a viable investment option for Indian investors. The number of mutual fund folios also increased by 3.2% to 14.3cr, indicating a broader and more diverse base of investors entering the market. Additionally, six new funds were launched this month, attracting a total of ₹11,067cr. The large-cap category experienced a surge in inflows due to valuation concerns and a desire for stability. Thematic equity funds, focusing on specific industries, led with a remarkable influx of ₹18,117cr. Overall, the sustained SIP flows reflect the financialization of savings and the increasingly strategic financial planning approach investors are adopting for managing their finances, further solidifying mutual funds as a cornerstone of investment in India.

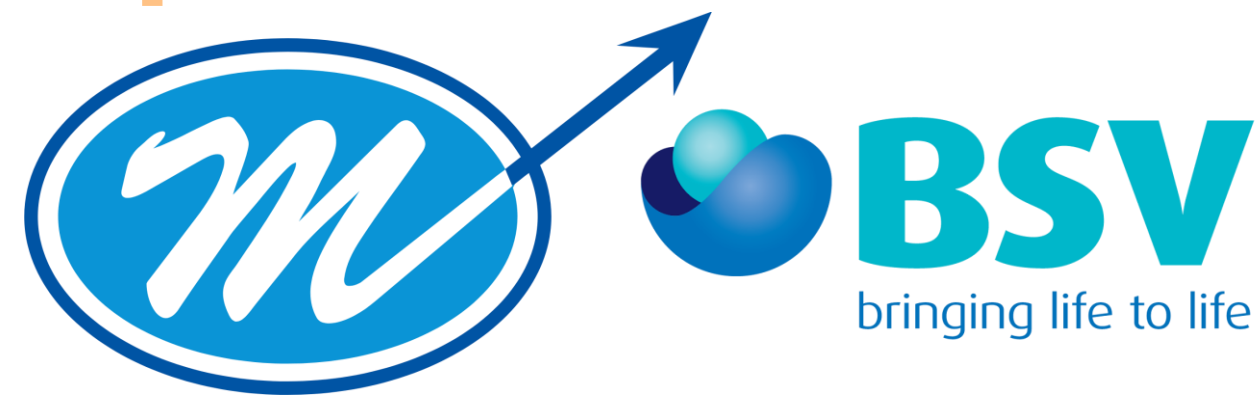


### Enhanced Transparency in Mutual Funds

According to SEBI, there has been a significant shift in the Indian investment landscape in the last few years, which calls for the development of a product that caters to the changing needs of a different group of investors. Hence, it may clear the decks for the launch of a new asset class—aimed at bridging the gap between mutual funds and PMS—along with the Mutual Fund Lite framework for passive fund houses. Other recommendations, like tighter trading guidelines for the F&O market, might also be discussed by the board. According to the market regulator's most recent analysis, 93% of individual investors lost ₹1.8tn in the derivatives market during the previous three years. Additionally, SEBI reviewed the standards for research analysts and registered investment advisors, and it suggested revising the laws to make compliance easier. The board might also discuss measures to reduce retail engagement in index derivatives, new asset classes to close the gap between MFs and PMS for high-risk investors, and changes to the roles of research analyst and investment advisor.

## BSV: Mankind's New Secret Weapon?

Mankind Pharma is making a bold move with its ₹13,630cr acquisition of Bharat Serums and Vaccines Ltd (BSV). Vice Chairman and Managing Director Rajeev Juneja noted that this acquisition aims to provide not just an increase in revenue but substantial value and future growth. To finance the deal, Mankind plans to raise about ₹9,000cr through a combination of debt, with the remaining funds coming from internal accruals and equity. BSV, renowned for its robust portfolio in women's health, fertility, and critical care, is strategically positioned to leverage global trends such as lifestyle changes and rising chronic conditions. This acquisition is set to strengthen Mankind's specialty business, integrating high-entry barrier products and innovative R&D capabilities. By combining BSV's niche expertise with its own diverse therapeutic range, Mankind aims to unlock new growth avenues, enhance global market presence, and drive substantial long-term value. The question remains: will this ambitious strategy yield the expected results?



## Combining Forces for Engaging Content

In a significant move shaping the Indian media landscape, the National Company Law Tribunal (NCLT) has approved the merger between Viacom18 and Disney's Star India. This strategic partnership will see Reliance Industries investing approximately ₹11,500cr into the joint venture, enhancing its competitive edge against arch-rivals like Sony and Netflix. This collaboration will cater to a wide range of audiences' needs, revolutionizing content consumption in India with fresh offerings. Under the new arrangement, Reliance will control a 63.16% stake, while Walt Disney will hold 36.84%. This merger is poised to create the largest media company in India, boasting a combined audience of over 750 million viewers. As a result of this powerhouse collaboration, Indian viewers can expect a groundbreaking era of entertainment, characterized by diverse, engaging content tailored to their preferences. The venture signals a new chapter in media consumption, promising innovative programming designed to captivate and retain audiences.



## Rolling Forward with a Strategic Merger

The board of JK Tyres has officially approved the merger with Cavendish Industries, proposing an exchange of 92 JK Tyre shares for every 100 shares of Cavendish. Under Chairman Raghupati Singhania's leadership, JK Tyre & Industries has established itself as a leading tyre manufacturer in India and ranks among the world's top 25, providing a wide array of products for trucks, buses, cars, and tractors. Cavendish Industries, a subsidiary of Kesoram Industries, focuses on developing, producing, marketing, and distributing automotive tyres, tubes, and flaps. Following the implementation of this scheme, the shareholding structure will reflect a minor change, with the promoter stake decreasing to 49.31%. The merger aims to consolidate operations under a single listed entity, enhancing economies of scale and streamlining processes while reducing overhead costs. This strategic move is also anticipated to foster resource pooling, improve product offerings, and elevate customer satisfaction. JK Tyre is poised for sustained growth and competitiveness in the dynamic tyre market, benefiting shareholders with increased value.



## Cyqure's Leap: Transforming Reliance Capital

Cyqure India, a subsidiary of the Hinduja Group has raised ₹3,000cr (\$357.76mn) through a zero-coupon bond issuance to finance its acquisition of Reliance Capital's insurance subsidiaries. This strategic move will allow Cyqure to acquire a 25.05% stake in Reliance General Insurance and a 26% stake in Reliance Nippon Life Insurance, further strengthening Hinduja's position in the financial sector. Having emerged as the winning bidder with an offer of ₹9,861cr, the Hinduja Group has already deposited ₹2,750cr into an escrow account as part of the acquisition process. The Reserve Bank of India took control of Reliance Capital in 2021 due to governance issues, paving the way for IndusInd International Holdings, a Hinduja Group holding company, to pursue this significant investment. While lenders have raised concerns regarding interest payments due to delays in cash deposits, IIHL is committed to finalizing the acquisition, underscoring the Hinduja Group's strategic intent to enhance its portfolio in the financial services industry.



# STRATEGY

## Jio's AI Vision Takes Flight

Reliance Jio, India's largest telecom company is stepping up its game with a pioneering plan that could disrupt the AI market and challenge the dominance of Big Tech giants like Google, Amazon, and Microsoft. The company has announced its commitment to harnessing artificial intelligence to drive innovation across multiple sectors, from telecommunications to healthcare and education. This ambitious move could redefine India's role in the global tech ecosystem. By leveraging its extensive 5G network and customer base, Jio aims to provide affordable and scalable AI solutions tailored to India's unique needs. As part of its efforts, Jio is offering users 100GB of free cloud storage, potentially pressuring other tech giants to lower prices to retain their market share. In addition, the company also has plans to develop a Gigawatt scale AI-ready data center in Jamnagar, Gujarat, powered entirely by renewable energy. This approach could democratize AI access, especially for small businesses and individuals, and aid Jio in creating a more inclusive ecosystem, empowering local startups and entrepreneurs. Could this strategy spark a major shift in the global tech landscape, with India at the forefront of innovation?



## DHL's New Era of Logistics

In a bold move to strengthen its market position and enhance revenue growth, the German logistics company, DHL Group has unveiled a comprehensive strategy focused on innovation, digital transformation, and sustainability. The company plans to enhance its operations through AI and automation, streamlining processes and offering customers a personalized experience. To position itself as a market leader in global logistics, the company is strengthening its focus on quality and servicing the needs of rapidly expanding industry segments. To support this strategy, they are restructuring their operations by spinning off their eCommerce and Post & Parcel Germany divisions into separate entities. With a commitment to carbon-neutral logistics by 2050, DHL is investing in green technologies, such as electric vehicles and carbon offsetting. The company intends to leverage its expertise to help customers reduce their supply chain's carbon footprint, positioning itself for growth in the evolving market for sustainable logistics. To achieve this, they are pursuing strategic partnerships and accelerating their decarbonization efforts, including a goal of using a 30% blend of Sustainable Aviation Fuel by 2030. How can DHL ensure its innovation aligns with customer needs and market trends?

## Four Levers for Market Growth

The German pharmaceutical company, BASF has unveiled a new corporate strategy centered around 4 levers namely Focus, Accelerate, Transform, and Win aimed at fostering growth and enhancing its market position. The first lever focuses on customer-centric growth, with the company redefining its approach towards the management of its portfolio by differentiating between its core and standalone business. The second lever highlights BASF's commitment to innovation and technology leadership, with increased investments in research and development, particularly in digitalization and sustainable solutions. Transformation is the third lever and it outlines sustainability as a core principle of the strategy, with the company committed to achieving net-zero carbon emissions by 2050 and promoting circular economy practices. The final lever Win focuses on improving the work culture by increasing speed and nurturing a mindset of continuous improvement. In its defined financial targets of 2025-2028, the company aims to distribute \$12bn to its shareholders. This strategic framework reflects BASF's forward-thinking approach to addressing evolving market demands, and environmental challenges, and maintaining its leadership in the global chemical industry. What challenges do you foresee for BASF as it aims for net-zero emissions by 2050?

# MARKETING & BRANDING

## Harvesting Hope, Honoring Tradition

In a country where agriculture has been the backbone of the economy for centuries, many young people tend to overlook farming as a potential career. Dhanuka Agritech, through its recent marketing campaign, aims to change this perspective. The campaign shares the story of a farmer's son who, despite being academically gifted, chooses to continue his family's farming legacy. This message seeks to inspire the youth to view farming not only as a career but also as a source of pride and fulfillment. For years, Dhanuka Agritech has stood by Indian farmers, recognizing their challenges and celebrating their achievements. The campaign is a tribute to their hard work and determination, showcasing farming as more than just a profession—it's a legacy of dedication. The story shifts the narrative from the struggles of farming to the deep satisfaction it brings, instilling hope for a future that honors this vital tradition. As Dhanuka Agritech champions the farming legacy, it reminds us that farmers are the heart of our communities, shaping our food and futures. What are your thoughts on the vital role they play? Share your opinions, and let's celebrate the incredible impact of farming together!



## Missed Your Show? Not Anymore

A new ad-supported video-on-demand (AVOD) brand campaign has been launched to enhance the adoption of connected TVs, featuring a humorous TV commercial that addresses the frustration of missing TV shows due to traditional broadcasting schedules. The promo showcases a disgruntled wife and mother, who, after missing her favorite show, learns from her child about the convenience of streaming on connected TVs. The child explains how users can break free from fixed schedules and watch content anytime, anywhere. The campaign aims to connect with audiences in innovative ways while reinforcing the brand's AVOD identity, highlighting the seamless entertainment experience that can be enjoyed at their convenience. With the increasing prevalence of connected devices, the commercial promotes the flexibility of watching content directly on smart TVs, leading to an on-demand and high-quality viewing experience. To cater to diverse viewers, the campaign is available in multiple languages, including regional options, ensuring that audiences across different regions can access the extensive library of content tailored to their preferences. So, the next time you miss a show, why not explore what's available on Zee5?

## Nostalgia Meets Success: Amul's Story

Amul has firmly established itself as the world's strongest food brand as of August 2024, achieving an impressive score of 91 out of 100 on the Brand Strength Index (BSI) and earning an AAA+ rating in Brand Finance's Food & Drinks 2024 report. With a delightful range of products including butter, ice cream, chocolates, milkshakes, and yogurt, Amul has become an integral part of daily life for millions of consumers. Central to its marketing success is the beloved Amul girl, introduced in 1966. She has captured the hearts of the nation with her witty and topical advertisements, striking the ideal balance between humor and respect. Whether she's commenting on global events or local happenings, her cheeky one-liners have made her a familiar and cherished figure for generations, ensuring she remains relevant and vital to Amul's branding. Amul's marketing strategy has evolved alongside changing consumer tastes, expanding from traditional butter to include indulgent chocolates, refreshing yogurt, and irresistible ice cream. This innovative approach, combined with its cooperative structure, has enabled Amul to maintain its status as the leading dairy brand for the fourth consecutive year, despite facing global challenges. So, what do you think makes Amul so "utterly butterly delicious"? Is it the nostalgia, the clever humor of our favorite mascot, or perhaps something else entirely? We'd love to hear your favorite Amul ad moment—let's keep the conversation going!

# PINION POLL

“AI is a very complicated technology, but in the end it enables a country to take advantage of the technology in a way that has never been possible before. AI really democratized computing. This is India’s moment, you have to seize.”

**- JENSEN HUANG**  
**CEO, NVIDIA**

“The ambitions of Indian passengers have grown so much that people from tier-II and tier-III cities also want to travel abroad.”

**- K RAMMOHAN NAIDU**  
**CIVIL AVIATION MINISTER**

“We are much better off than many other countries, even if they are advanced countries, today they are struggling to grow. We are standing out as an economy which is growing at the fastest rate in the last few years...”

**- NIRMALA SITHARAMAN**  
**FINANCE MINISTER**

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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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