Leveraged Growth

MONTHLY REPORT

APRIL 2024

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GLOBAL

Export Eruption: China's Challenge

Global resistance is mounting against China's heavily subsidized manufacturing sector, especially in green technologies like electric vehicles and solar panels. Concerns about the potential economic impact of a flood of Chinese goods have led the United Kingdom, Europe, and Brazil to consider protective measures like tariffs and anti-dumping investigations. The US Treasury Secretary highlighted these shared global concerns, with other countries like Mexico and Japan also feeling the pressure. In response, China is cautious of potential retaliatory actions and has challenged certain policies at the World Trade Organization, alleging discrimination. Diplomatic efforts aim to navigate tensions without damaging international relations, with officials clarifying that the intent is not anti-China but a response to specific policies. This delicate diplomatic balance reflects broader concerns about China's economic dominance and underscores the need for strategic measures to safeguard domestic industries. The outcome of these discussions could significantly impact global trade dynamics and the future of green technology markets.

Monetary Domino Effect

Investors are revising their expectations for global interest rate cuts as the US Federal Reserve grapples with inflation. This hesitation stems from concerns about the potential impact of US inflation dynamics on other major central banks' plans, such as the European Central Bank (ECB) and the Bank of England (BoE). The Fed's reluctance to cut rates promptly has prompted market participants to reassess their forecasts for monetary policy adjustments by the ECB and the BoE. Although the ECB and BoE acknowledge distinct inflationary challenges compared to the US, they still anticipate implementing rate cuts to stimulate their economies. However, they must navigate potential consequences such as exchange rate fluctuations and imported inflation resulting from delayed rate adjustments. This delay underscores the interconnectedness of global economies and highlights the significant influence of US monetary policy on global financial conditions. It underscores the need for central banks in other regions to adopt counteractive measures to mitigate the impact of tighter financial conditions resulting from delayed rate cuts.

Worldwide Arms Race

Global military spending reached a record high of $2.4trn in 2023, marking the largest annual increase in over a decade. This surge was driven by ongoing conflicts and heightened geopolitical tensions across major geographical regions simultaneously for the first time since 2009. The Ukraine conflict led to substantial increases in military spending in Europe, including a 51% rise to $64.8bn for Ukraine with support from the US and other countries and a 24% increase to $109bn for Russia. In the Middle East, Israel and Saudi Arabia increased their military budgets by 24% and 4.3%, respectively, in response to regional security challenges. In Asia, concerns over China's military expansion led Japan and Taiwan to raise their defense expenditures by 11%. The United States remained the largest global spender with $916bn, followed by China at $296bn. India emerged as the fourth-largest spender globally, allocating $83.6bn, up 4.2% from 2022. Forecasts indicate that ongoing conflicts and geopolitical instability will likely continue to drive further growth in military spending, reflecting persistent global security concerns.

Diplomatic Tightrope Walk

In retaliation for an attack on its consulate in Syria, Iran launched over 300 projectiles, including about 170 drones and 120 ballistic missiles, targeting Israel, with most of these being intercepted by Israel's advanced defense systems. This escalation shows the ongoing conflict between Iran and Israel, which is often carried out through proxies like Hezbollah and the Houthis. The conflict encompasses Iran's pursuit of nuclear capabilities, disruptions in maritime activities, and heightened regional tensions in Syria and Lebanon. The situation poses significant geopolitical risks with potential global economic impacts. Rising oil prices due to supply disruptions could affect sectors like automotive, transportation, aviation, and chemicals. The war could slacken India's plan of building an India-Middle East-Europe Economic Corridor, as reflected in the prices of railway stocks like IRCON, Jupiter Wagons, and RVNL. Iran's significant oil production and its control over the Hormuz Strait, critical for oil transport, could push oil prices above $100 per barrel, impacting India's trade, current account, and fiscal deficits. This conflict underscores the complex relationships India maintains with both Iran and Israel amidst challenging geopolitical circumstances.

INDIA INC.

India's Eye in the Sky

Tata Advanced Systems (TASL), a wholly-owned subsidiary of Tata Sons, recently launched India's premier private sector-built sub-metre resolution earth observation satellite, TSAT-1A, in partnership with Satellogic. This groundbreaking satellite, assembled at TASL's Vemagal facility in Karnataka, promises enhanced optical satellite imagery capabilities, boasting multispectral and hyperspectral features. Launched aboard SpaceX Falcon 9 rocket from the Kennedy Space Center, on April 7, TSAT-1A is expected to offer high-resolution imagery to Indian armed forces, surpassing ISRO's image resolution, while enabling governments and businesses to meet their requirements more efficiently. Notably, its inclined orbit allows for more frequent revisits to areas of interest as compared to the traditional Sun Synchronous Polar Orbit (SSPO). Weighing less than 50kg and positioned in a lower Earth orbit, TSAT-1A delivers an inherent resolution of around 0.7-0.8m, with potential enhancement to 0.5-0.6m using specialized software. This milestone underscores India's commitment to space exploration and global collaboration, marking a significant leap in Earth observation capabilities.

Tech Solutions Go Global

India envisions expanding the reach of its successful Digital Public Infrastructure (DPI) and Digital Public Goods (DPG) to empower emerging economies, particularly from the global south, driving financial inclusion, innovation, and economic growth. While established successes like Aadhaar and UPI are popular models for developing nations, India pushes for the export of other impactful DPIs. These include "Samarth" in education, "Niti for States" as a knowledge platform, and "Agami" for legal system improvements. The India Stack, including initiatives like Ayushman Bharat (Healthcare), DigiLocker, and Diksha (Education), provides the technological foundation for this digital transformation. India's commitment is underscored by its active collaboration with international bodies like the UN and G20. By promoting the export of these successful digital initiatives, India aims to create accessible and inclusive digital ecosystems that benefit the global south.

EU and India Join Green Forces

The European Union (EU) and India have released an Expression of Interest (EoI) aimed at businesses that specialize in battery recycling solutions for electric vehicles to encourage collaborations in the clean and green technology sectors. The European Commission and India announced this initiative in 2022. The event is anticipated to take place in June 2024 and will take place under the India-EU Trade & Technology Council (TTC). This will be a virtual event in the presence of distinguished guests from both regions. This initiative boosts economic relations, increases the lifespan of rare materials, and encourages two region's transition towards carbon neutrality. The objective of this initiative is to increase collaboration, strengthen links with customers, and look into trade and investment prospects. This will evaluate possible solutions for the EU and Indian markets. Six startups were chosen to pitch to stakeholders of the Battery Recycling Ecosystem, while three startups were offered a trip to an EV battery recycling facility in the EU as well as financial support.

Digital Insurance Evolution

The Insurance Regulatory and Development Authority of India (IRDAI) has made it mandatory to hold new insurance policies in digital format from April 1, 2024. These new digital insurance policies will improve accessibility for policyholders and streamline management across organizations and segments. It will affect both current policyholders and prospective clients, bringing in a new era of efficiency and convenience in the insurance business. The concept of an e-Insurance Account (eIA) mirrors that of a demat account for shares. Similar to how you establish a demat account to hold shares electronically, an eIA is required for managing your insurance policies digitally. The opening of eIA accounts in India is made possible through four insurance repositories: CAMS Insurance Repository, Karvy, NSDL Database Management (NDML), and Central Insurance Repository of India. IRDAI has already developed an industry service, i-Trex, to ensure that eIA is not duplicated across insurance repositories. These changes intend to improve the policyholder experience, boost digitization, and match the insurance industry with modern norms.

GOVT. POLICIES

Niti for States: Digital Governance

Niti Aayog, the government's public policy advisory body, is rolling out "Niti for States", a digital cross-sectoral knowledge platform designed to establish a digital public infrastructure (DPI) for policy and governance. This platform will serve as a comprehensive live repository, encompassing 7,500 best practices, 5,000 policy documents, over 900 datasets, and 1,400 data profiles covering various administrative units categorized by demography and socioeconomic indicators, alongside 350 NITI publications. Accessible online to stakeholders like think tanks and academia, its primary aim is to enhance policymaking by providing officials at all levels with reliable, contextually relevant, and actionable knowledge for informed decision-making. Additionally, it will offer knowledge products spanning ten sectors and two cross-cutting themes - gender and climate, facilitating data sharing, cross-learning, and informed decision-making by the bureaucracy under Niti Aayog's State Support Mission. Currently, six states have already joined the platform, with all states encouraged to contribute their data and best practices.

PMAY-G: Rural Housing Boost

The Finance Ministry has approved an extension of funds until September 2024 for the Pradhan Mantri Awaas Yojana-Gramin (PMAY-G), the government's primary rural housing program. This extension aims to support the completion of around 3.5mn rural houses, aligning with the government's "housing for all" initiative. Initially, the government targeted constructing 29.5mn houses by March 2024 through this scheme, which was revamped from the Indira Awas Yojana in 2016. Approximately 25mn houses have already been built since then. Under PMAY-G, the central government typically covers 60% of construction costs in most states, increasing to 90% in the Northeast and 100% in Union Territories, with states contributing the remainder. Despite occurring during general election preparations, this action does not violate the Election Commission's model code of conduct, as the fund extension fulfills previous commitments rather than initiating new projects.

Starstruck Investments

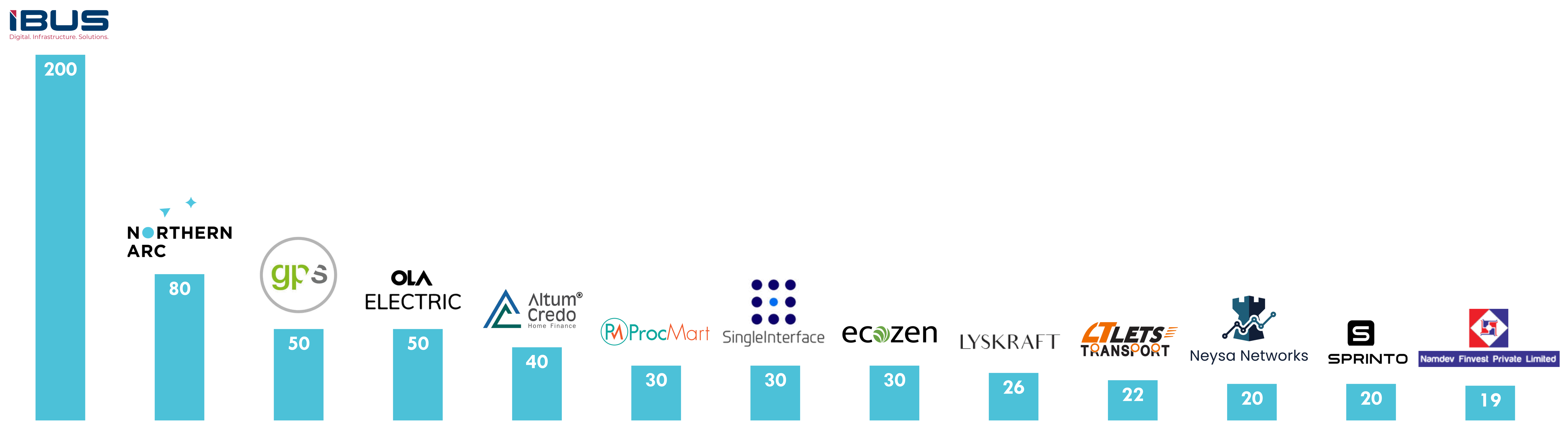
The Government has revised the Foreign Direct Investment (FDI) policy in the space sector to attract foreign investors in satellite manufacturing and launch vehicle segments, notably just before Elon Musk's scheduled visit to India. This updated policy aims to simplify entry routes and offer clarity on FDI regulations concerning satellites, launch vehicles, associated systems, spaceport creation, and space-related component manufacturing. According to the new policy, automatic approval allows for up to 74% FDI in satellite-related activities, with government permission needed beyond this threshold. Likewise, FDI up to 49% is allowed for launch vehicles and associated systems under the automatic route, while spaceport creation falls under this route as well but requires government permission beyond 49%. Additionally, manufacturing components and systems/sub-systems for satellites and related segments permit 100% FDI without government intervention. These amendments reflect a strategic effort to foster foreign investment and collaboration in India's burgeoning space industry.

India's ₹500Cr E-Push

The Government has unveiled a fresh initiative as part of the Electric Mobility Promotion Scheme (EMPS), allocating a total budget of ₹500cr. This newly introduced program is set to run for four months starting from April 2024. The objective of the scheme is to subsidize the expenses of a combined 3,72,215 electric vehicles (EVs), specifically for vehicles equipped with advanced batteries, including two-wheelers (e-2W), e-rickshaws, and e-karts (e-3Ws). Under the scheme, the e-2Ws and the e-3Ws would be subsidized by ₹10,000 and ₹25,000, respectively. Aligned with the Prime Minister's vision of Atma Nirbhar Bharat, the scheme aims to accelerate the adoption of e-2Ws and e-3Ws, thereby bolstering green mobility and fostering the growth of EVs in the national manufacturing landscape. To increase employment, the scheme will exclusively apply to vehicles intended for commercial purposes. This initiative comes when the sale of e-2Ws has witnessed a YoY growth of 36.1%, with the overall EV sales increasing by 49.3% YoY.

START-UPs

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



Source: Inc42

In April, 91 startups majorly based out of Bengaluru and Delhi raised an impressive $869.8mn in funding, showcasing the strength of the startup ecosystem. Enterprisetech and E-commerce based startups dominated fundraising activities, reflecting recognition and support for innovative solutions across industries through cutting-edge technology.

Boson's Clean H_2O

Boson WhiteWater utilizes recycled water sourced from sewage treatment plants to produce clean, drinkable water suitable for various uses like toilet flushing, gardening, and even consumption. Under the Boson WhiteWater model, customers are charged solely for the recycled water, which is cheaper than tanker water, while the organization covers installation and operational expenses. This model reduces reliance on tanker water by recycling sewage water from facilities, creating a closed-loop system. Additionally, clients have access to an online dashboard for real-time monitoring of water quality and quantity. The process involves an 11-step filtration method carefully crafted to ensure that every drop meets stringent safety standards before consumption. Currently, the company processes over 8 lkh ltr of sewage water into drinking water daily. The primary hurdle faced by the startup is not technological but rather perceptual. Despite clear scientific evidence and proven water safety, there is a significant hurdle to overcome- the strong aversion associated with wastewater.

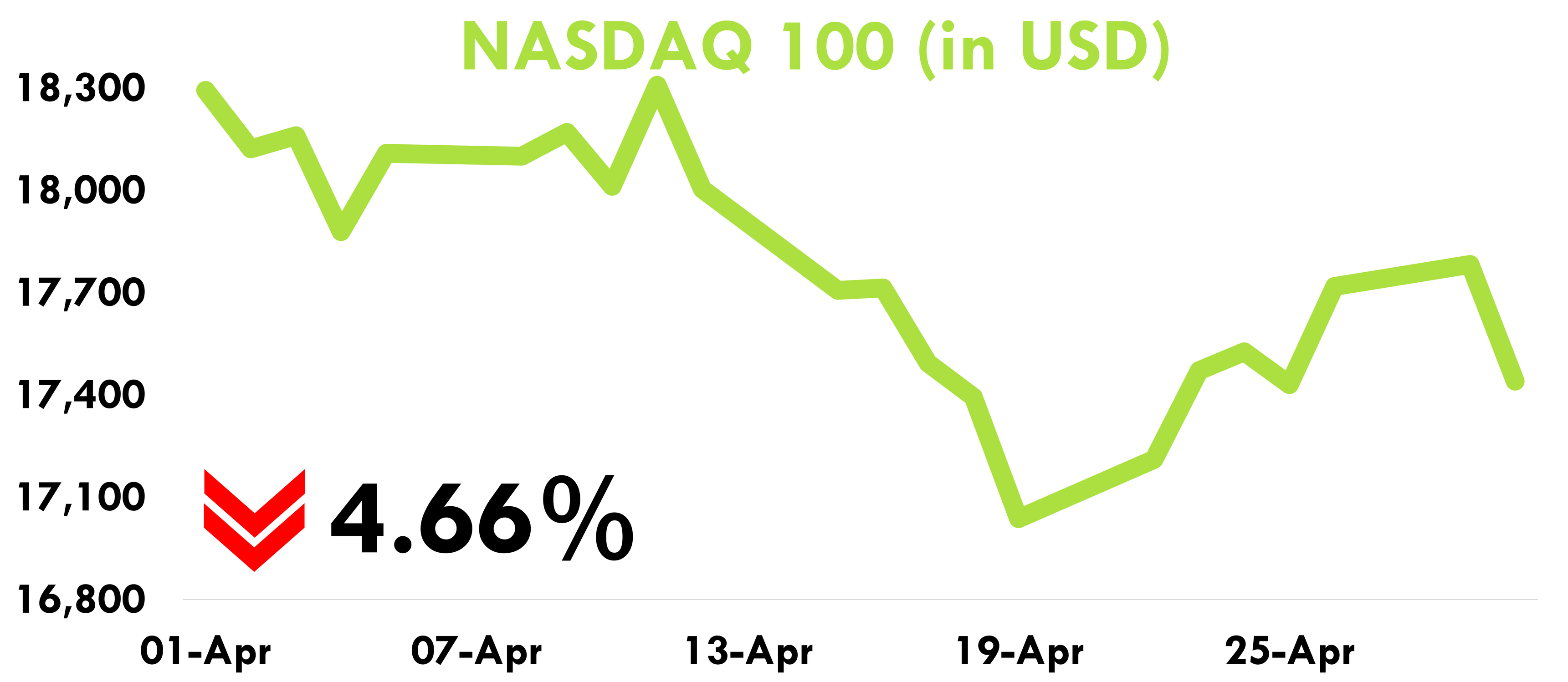
Navigating Healthcare with Mykare

Navigating healthcare in small and medium-sized hospitals in India poses a challenge for the Indian middle class, as crucial information about the attending doctors is often inaccessible. Mykare Health addresses this issue by enabling patients to access such information and facilitating informed decisions. Concurrently, Mykare Health assists smaller hospitals by ensuring a consistent patient influx. Their objective involves establishing expansive provider networks and offering supplementary services to enhance the affordability and accessibility of patient care. These innovative healthcare startups collaborate with medical establishments, including hospitals, clinics, and diagnostic centers to elevate the quality and scale of services, prioritizing patient-centricity. Patients have reported significant cost savings of nearly 30% compared to conventional healthcare routes. Furthermore, the company has recognized an opportunity in the elective surgery market, likely to grow at a CAGR of 21.6%. Mykare Health aims to seize this opportunity by leveraging its capabilities.

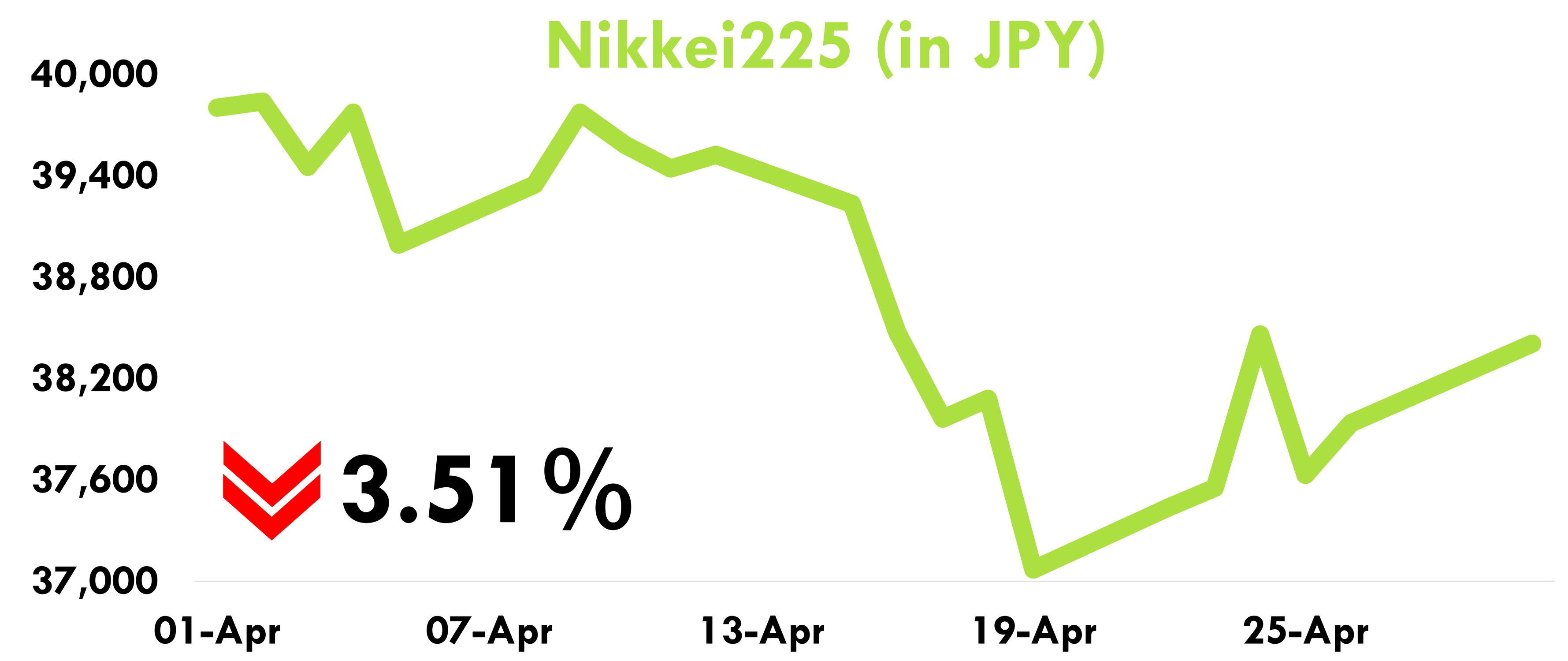
Insurance Made Simple

Ditto Insurance, a startup in the insurance sector backed by Zerodha, aims to simplify the daunting task of choosing from numerous insurance options by prioritizing an advisory-centric approach. Their goal is to enable individuals to make informed decisions regarding their insurance needs, which are fundamental to their overall financial journey. Drawing inspiration from Zerodha's decade-long journey to building a profitable unicorn, Ditto adopts a similar strategy emphasizing financial education, customer-centricity, and eschewing traditional marketing methods. The co-founders emphasize that the key distinguishing factor of Ditto is its team of insurance advisors, proficient in simplifying complex financial terms and policies for potential clients. Currently comprising approximately 100 staff, including 50 advisors, Ditto Insurance plans to expand its advisory team to 170-200 individuals within the following year. However, the challenge of scaling this advisory-first model is not attracting users but servicing them with advisors who are experts in the products they are dealing with.

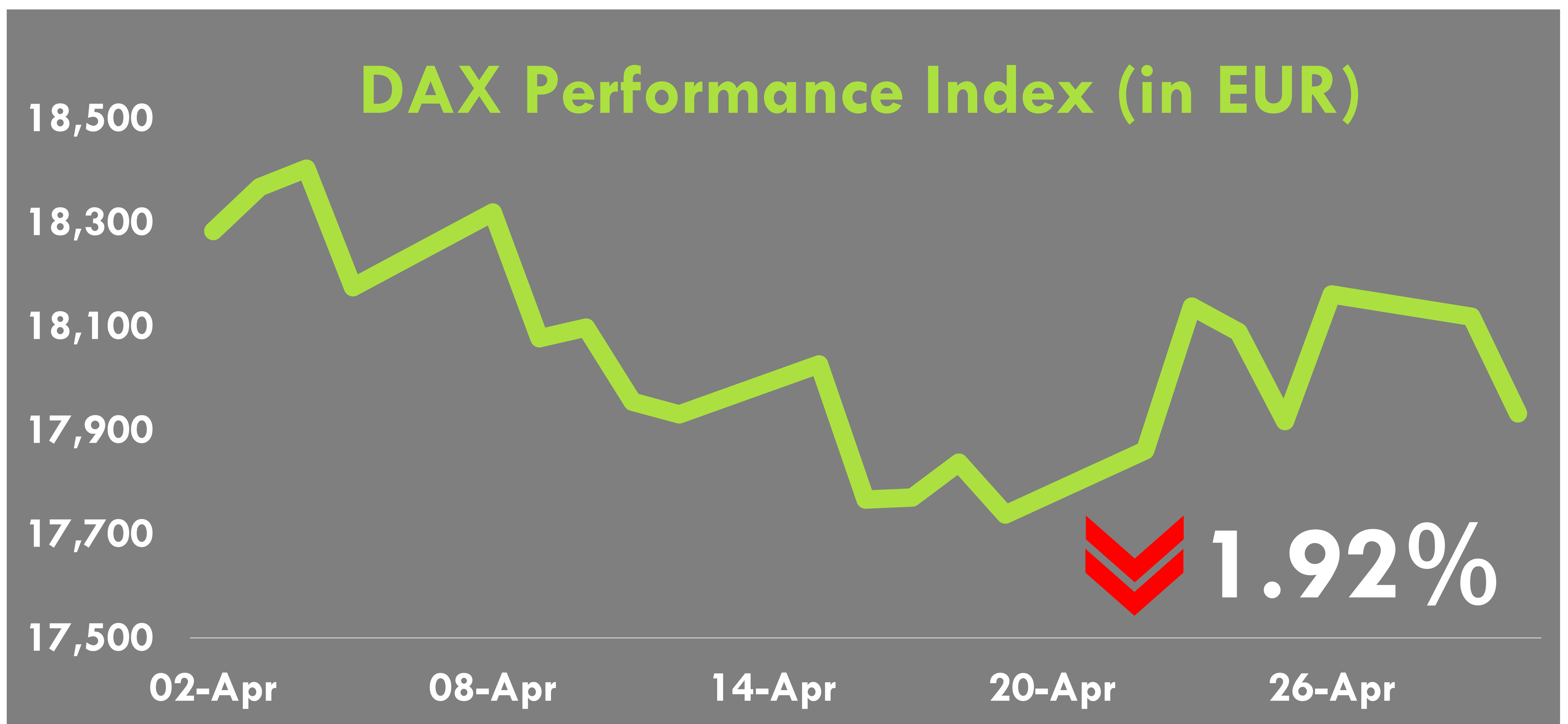
GLOBAL INDICES



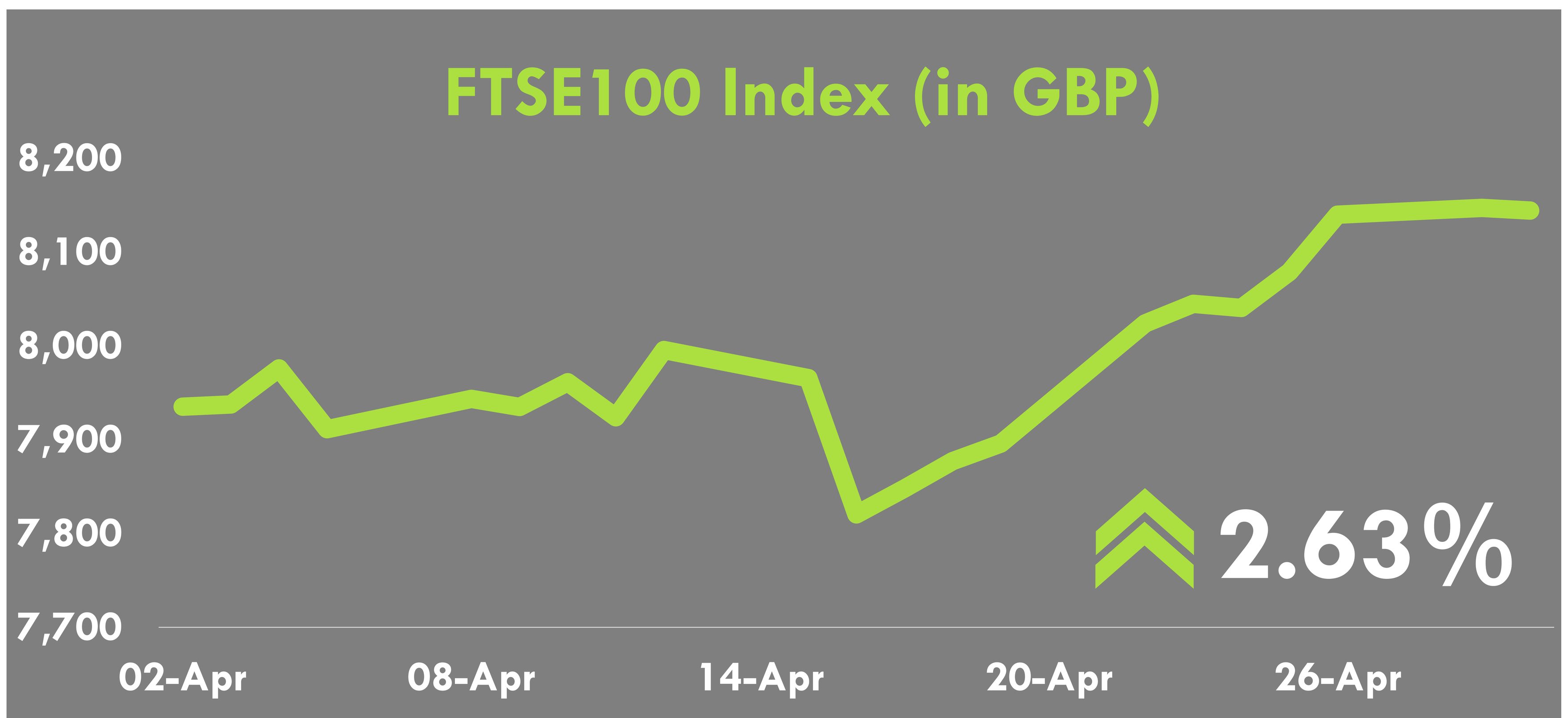
The tech-heavy NASDAQ-100 experienced a 4.7% decrease this month. The Fed's confirmation of delayed interest rate cuts and escalating geopolitical tensions rattled the markets, sparking a wave of risk aversion and stock selloffs. Overall, the index remained subdued as investors nervously eyed rising treasury yields and analyzed the Fed's statement for hints about future rate moves.



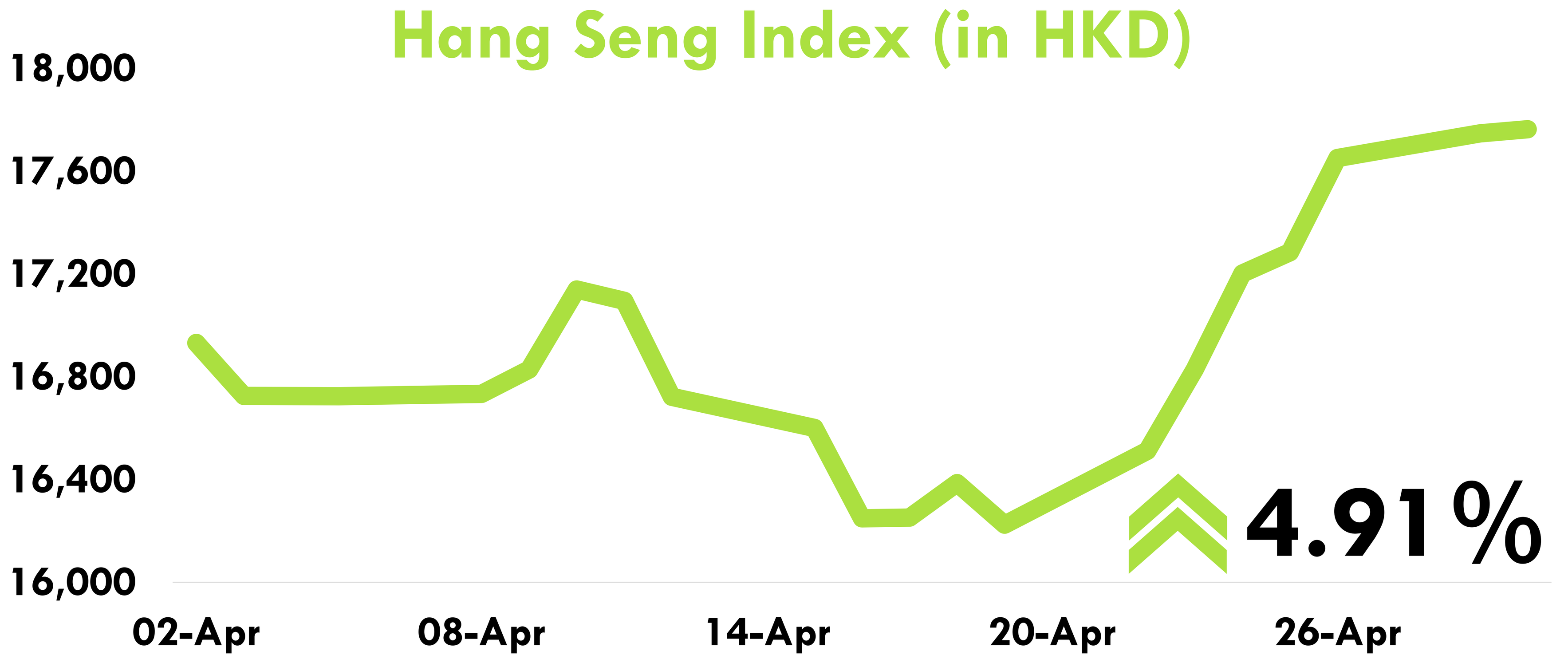
The benchmark index experienced a 3.5% decline this month, largely driven by escalating tensions in the Middle East that dampened investor confidence. This decline was reflected in significant losses for industry leaders like Tokyo Electron and Softbank. However, during the later stages of the month, the markets stabilized as the BoJ opted to leave interest rates unchanged, meeting analyst expectations.



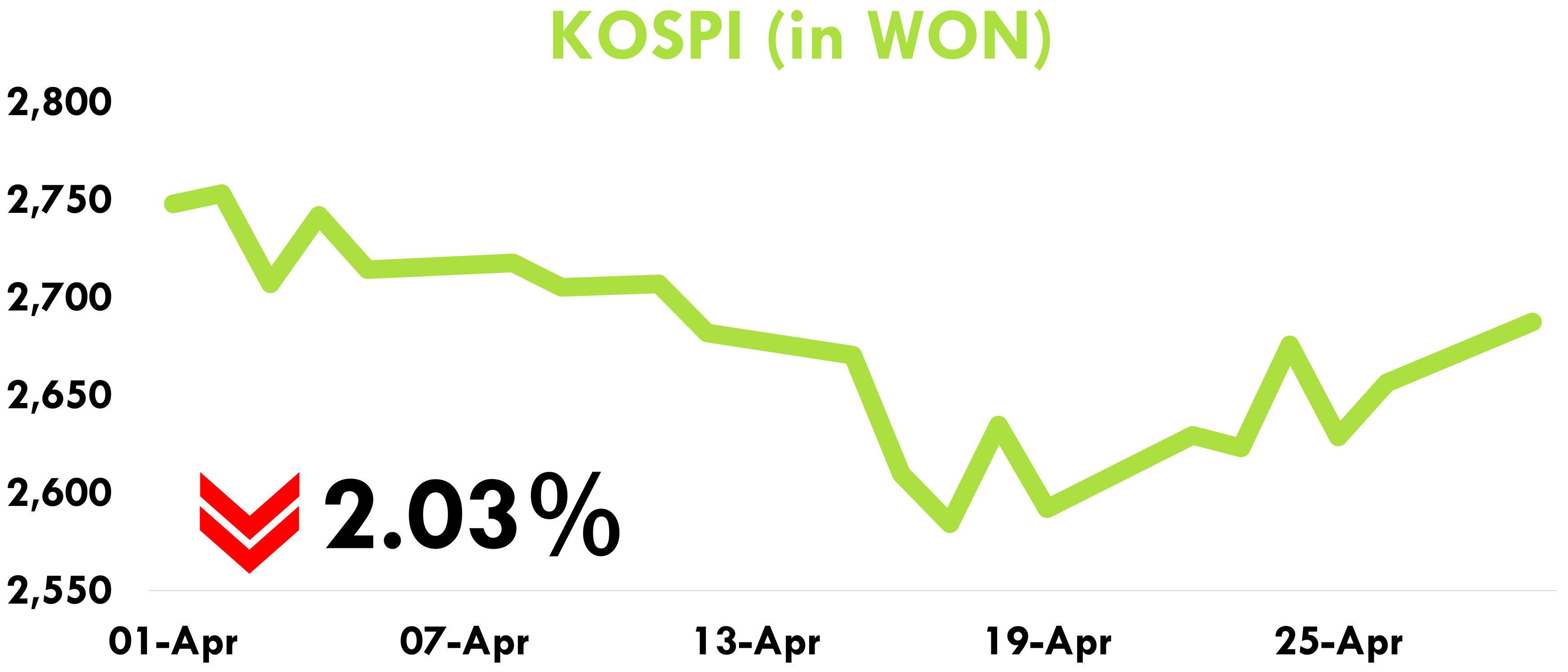
The index experienced a volatile month, ultimately declining by 1.9%. Mounting geopolitical tensions and the anticipation of continued interest rate hikes by the Federal Reserve dampened investor enthusiasm. Further fueling the decline were disappointing economic figures from China, which particularly impacted Germany's strong automotive sector, with Porsche suffering notable losses.



In April, the FTSE 100 experienced a significant surge, breaking the 8000 mark for the first time with a 2.6% increase. The index has been rising steadily amid hopes that the Bank of England(BoE) will cut interest rates soon from their level of 5.3%, as inflation moves towards the central bank's 2% target. Strong earnings from blue-chip companies such as Barclays further fueled the surge.



The Hang Seng Index experienced an upward trend this month, registering an increase of 4.9%. This upswing can be attributed to a shift in global investment strategies, with funds increasing their allocations to China and reducing their exposure to other emerging markets. Mainland investors are also returning to the Hong Kong stock market, acting as net buyers for 22 consecutive days this month.

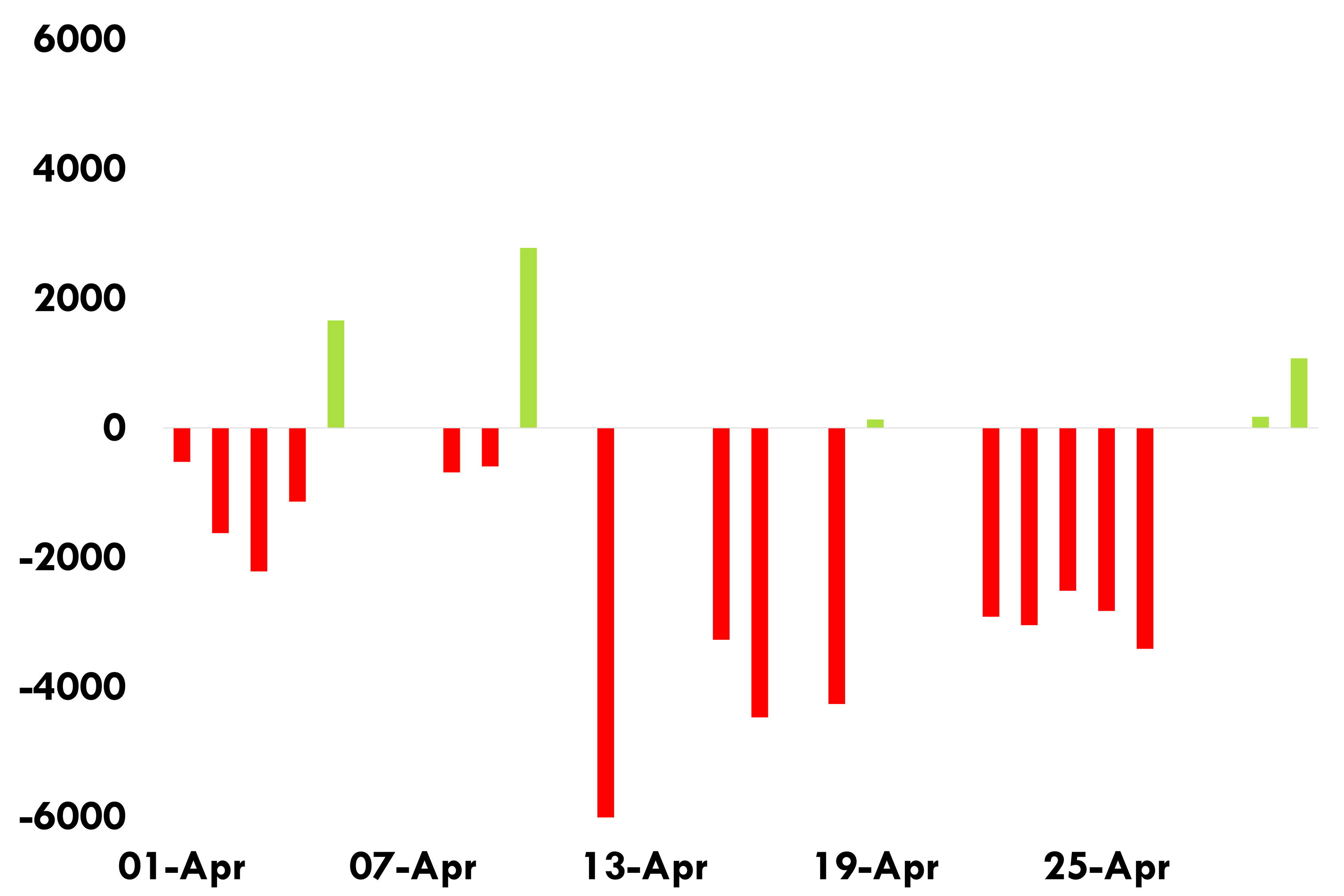


The South Korean Index concluded the month with a decline of 2%. The index was dragged down by losses in automakers, while the appetite for risk assets remained subdued amid U.S. interest rate woes. However, the index strengthened later in the month after the finance ministers of South Korea, the U.S., and Japan agreed to cooperate on foreign exchange.

Source: Investing

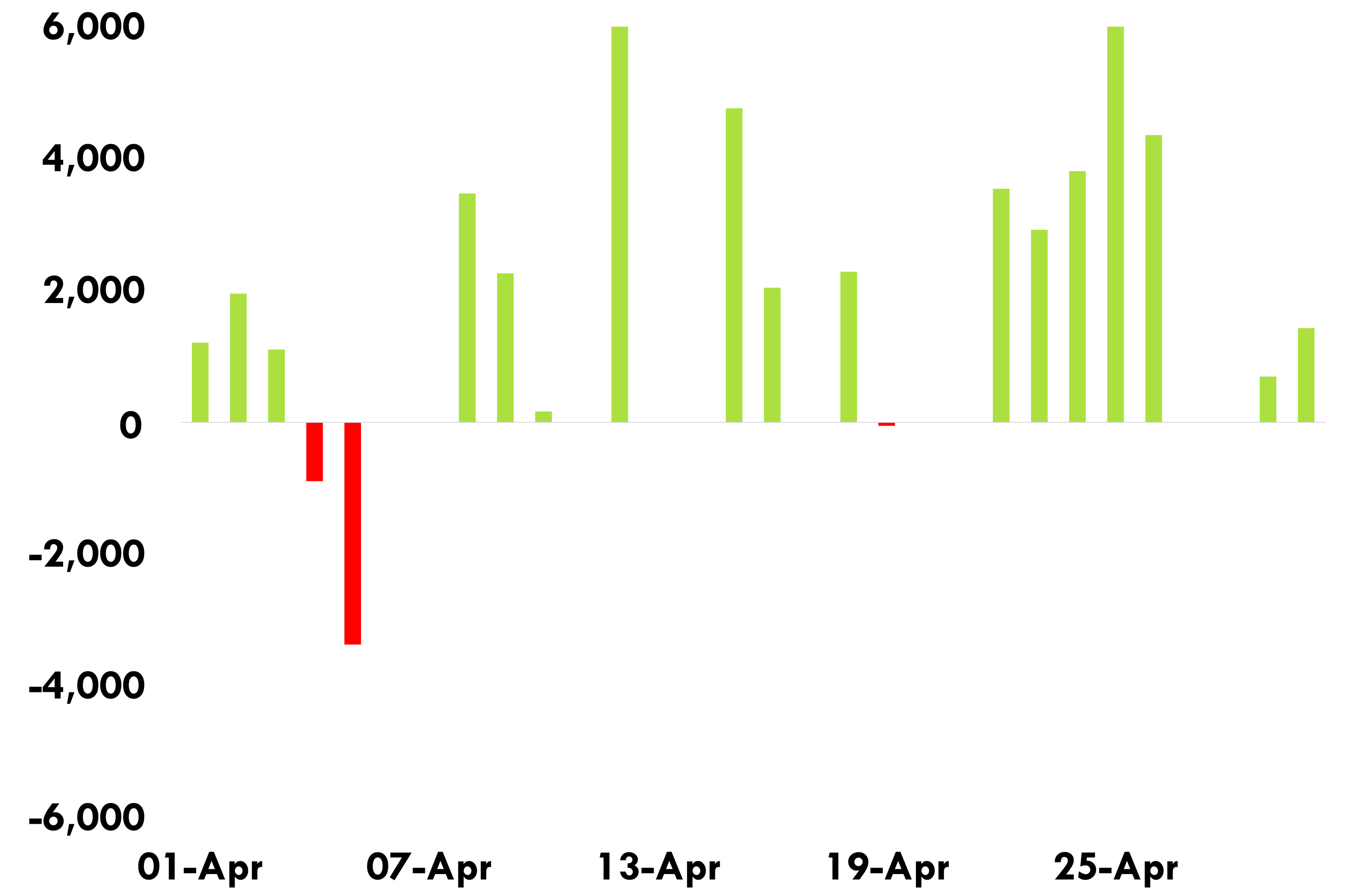
EQUITIES

FII Net Investment in April'24 (₹ Crores)



Source: NSDL

DII Net Investment in April'24 (₹ Crores)



Source: NSDL

In April, FIIs experienced a significant outflow of ₹35,692.2cr, primarily driven by excessively high valuations that have outpaced underlying fundamentals. Conversely, DIIs witnessed an inflow of ₹44,186.3cr. This sustained influx can be attributed to robust buying by domestic institutional investors, notably fueled by retail investments in mutual funds via systematic investment plans (SIPs). Additionally, the Nifty Benchmark Index corrected by over 10% from its peak in December 2022, prompting value-oriented buying to emerge at lower price levels.

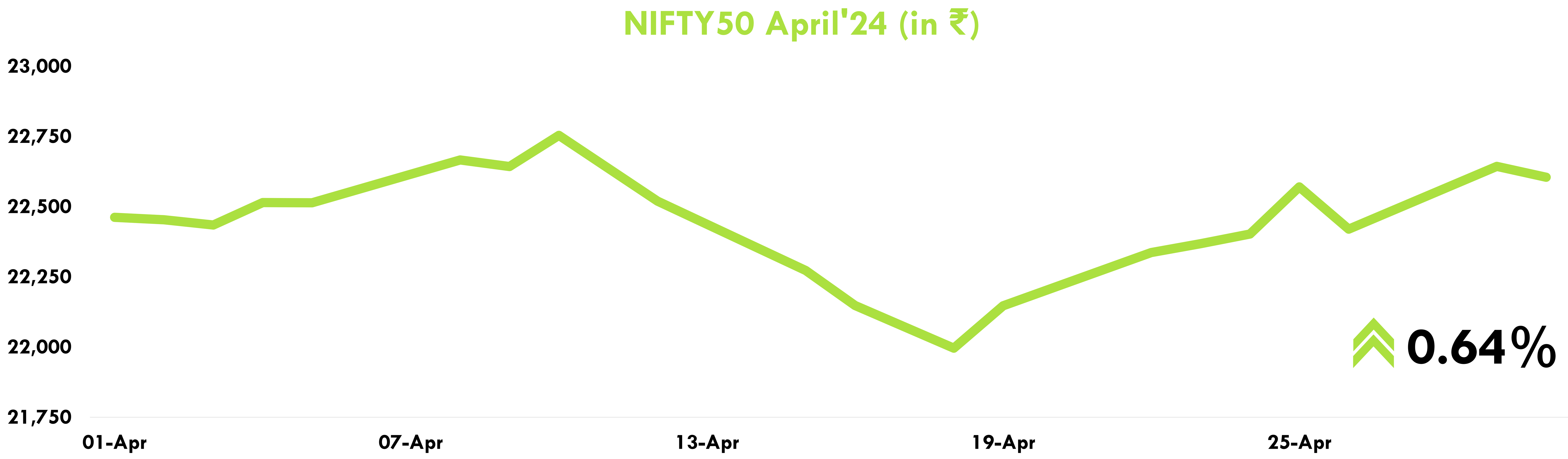
India's Largest FPO

Vi's follow-on-public offer (FPO) of ₹ 18,000cr, the largest in the country, was subscribed 6.36 times on the final bidding day. Out of a total of 1,636.36cr shares, retail investors grabbed 576cr shares, while the remaining were secured by qualified institutional buyers (QIBs), encompassing foreign institutional investors (FIIs), domestic financial institutions like banks, financial institutions (FIs), and insurance companies. Although initially priced at ₹11, the stock was listed at ₹12, offering investors a modest listing gain of 9.1%. Following the FPO, the company's market capitalization soared to ₹91,747.2cr, signaling the dawn of 'Vi 2.0'. The capital raised will predominantly be allocated towards procuring equipment to bolster network infrastructure, including establishing new 4G sites, augmenting existing 4G site capacity, and rolling new 5G sites. This successful listing underscores investor confidence in Vi's growth trajectory and its strategic network expansion and technological advancement initiatives.

Index	1st Apr'24 (In ₹)	30th Apr'24 (In ₹)	Change (%)	Trend
NIFTY Auto	21,385	22,479	⬆ 5.1	
NIFTY Bank	47,578	49,396	⬆ 3.8	
NIFTY Consumer Durables	32,517	34,630	⬆ 6.5	
NIFTY Financial Services	21,198	21,841	⬆ 3.0	
NIFTY FMCG	53,889	54,241	⬆ 0.7	
NIFTY IT	35,042	33,200	⬇ 7.0	
NIFTY Media	1,880	1,892	⬆ 0.7	
NIFTY Metal	8,562	9,175	⬆ 7.2	
NIFTY Oil & Gas	11,500	11,826	⬆ 2.8	
NIFTY Pharma	19,207	18,970	⬇ 1.2	

Source: NSE

NIFTY50



Source: NSE India

Despite geopolitical tensions in the Middle East, the Nifty 50 index maintained its upward trajectory, recording a 0.6% surge in April. Investors' optimism is evident as the index approaches its all-time high, accompanied by increasing trading volumes. The month proved volatile, marked by fluctuations influenced notably by the Q4 earnings of over 100 companies. The upward momentum is attributed to HDFC Bank's gains, while Reliance Industries' movements underscored the market's volatility throughout the period.

Sun Pharma's Regulatory Blow

Sun Pharmaceuticals faces continued regulatory hurdles as its Mumbai unit has been issued an "official action indicated" (OAI) tag by the US Food and Drug Administration (FDA), similar to previous actions taken against the Halol and Mohali facilities. This designation could delay new drug launches. The OAI for the Dadra unit is raising concerns among investors as the sales growth is expected to remain stagnant. The share price plunged by approximately 4% after the news broke out. The Dadra unit, responsible for producing the blockbuster drug "Revlimid," is a key revenue generator for Sun Pharma, contributing approximately $240mn to its revenue. Furthermore, the approval for its new products may be on a halt till the compliance issues are addressed and the FDA clears the site.

USD Deposits Made Easy

Axis Bank announced the introduction of Digital US Dollar Fixed Deposits tailored for NRI customers at the IFSC Banking Unit (IBU) situated in Gift City, Gujarat. This move marks a historical event, as Axis Bank became the first-ever bank to offer digitized systems for Gift City deposits. NRIs can now open FDs denominated in USD via the mobile application named "Open by Axis Bank", eliminating the need for physical documentation. Supported by attractive interest rates, the bank's digital US dollar FDs come with a flexible range of investment tenures, from seven days to ten years, catering to diverse financial planning needs and goals of NRIs. The launch of USD-denominated FDs represents the shift from a traditional banking system to a more efficient and accessible system.

Top Gainers | NIFTY50 | Apr'24

Company Name	Change (%)
Eicher Motors	16.5
Hindalco Industries	13.3
Mahindra & Mahindra	12.6
Divi's Laboratories	12.2
Axis Bank	10.7
State Bank of India	9.0
UPL	8.8
Bharti Airtel	8.6
Power Grid Corporation	7.8
NTPC	6.1

Top Losers | NIFTY50 | Apr'24

Company Name	Change (%)
HCL Technologies	12.2
Kotak Mahindra Bank	9.3
HDFC Life Insurance	8.1
Apollo Hospitals	7.9
Sun Pharmaceuticals	7.8
Cipla	6.6
Larsen & Toubro	6.4
Adani Enterprises	6.1
Infosys	5.0
Wipro	4.7

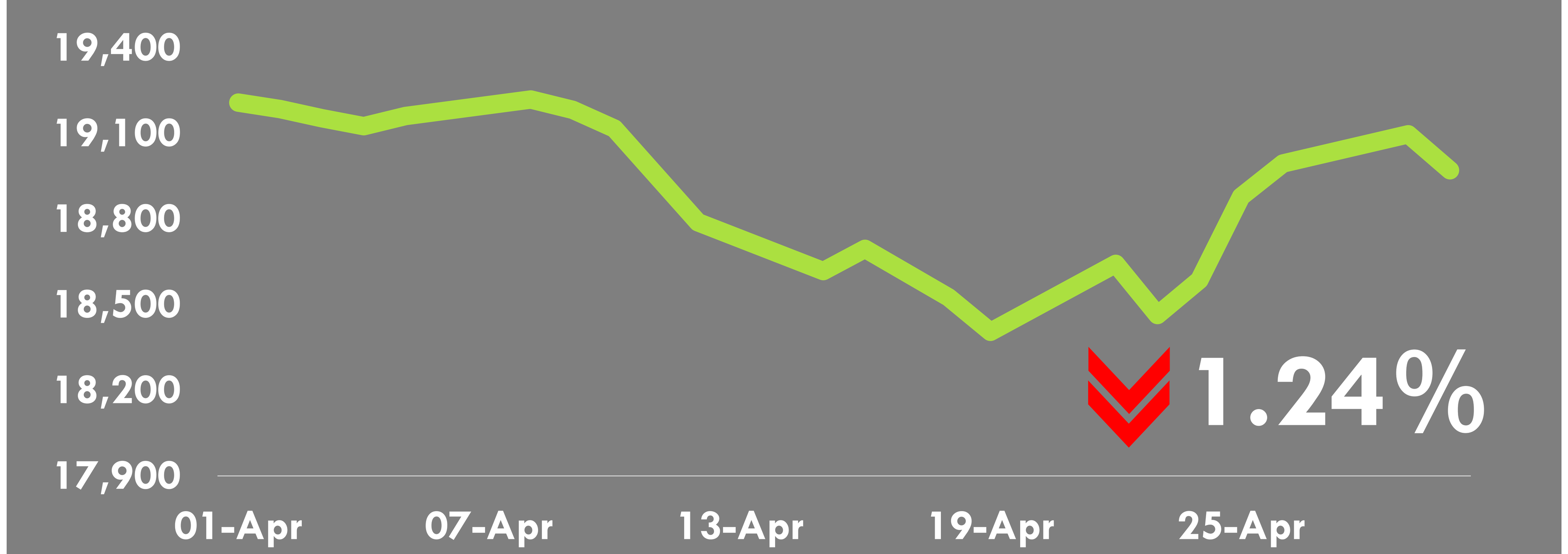
Source: NSE India

SECTOR UPDATES

Pharma Sector

In April, the pharmaceutical sector saw a slight decline of 1.2% amid growing concerns over potential impacts on India's pharmaceutical exports due to escalating conflicts in the Middle East. Nonetheless, Sanofi's launch of IMOVAX-Polio highlighted the industry's adaptability in response to changing demands. Investors turned their focus towards the medical devices and wellness sectors, while the health technology segment saw a rise in deal volumes.

NIFTY Pharma April'24 (in ₹)

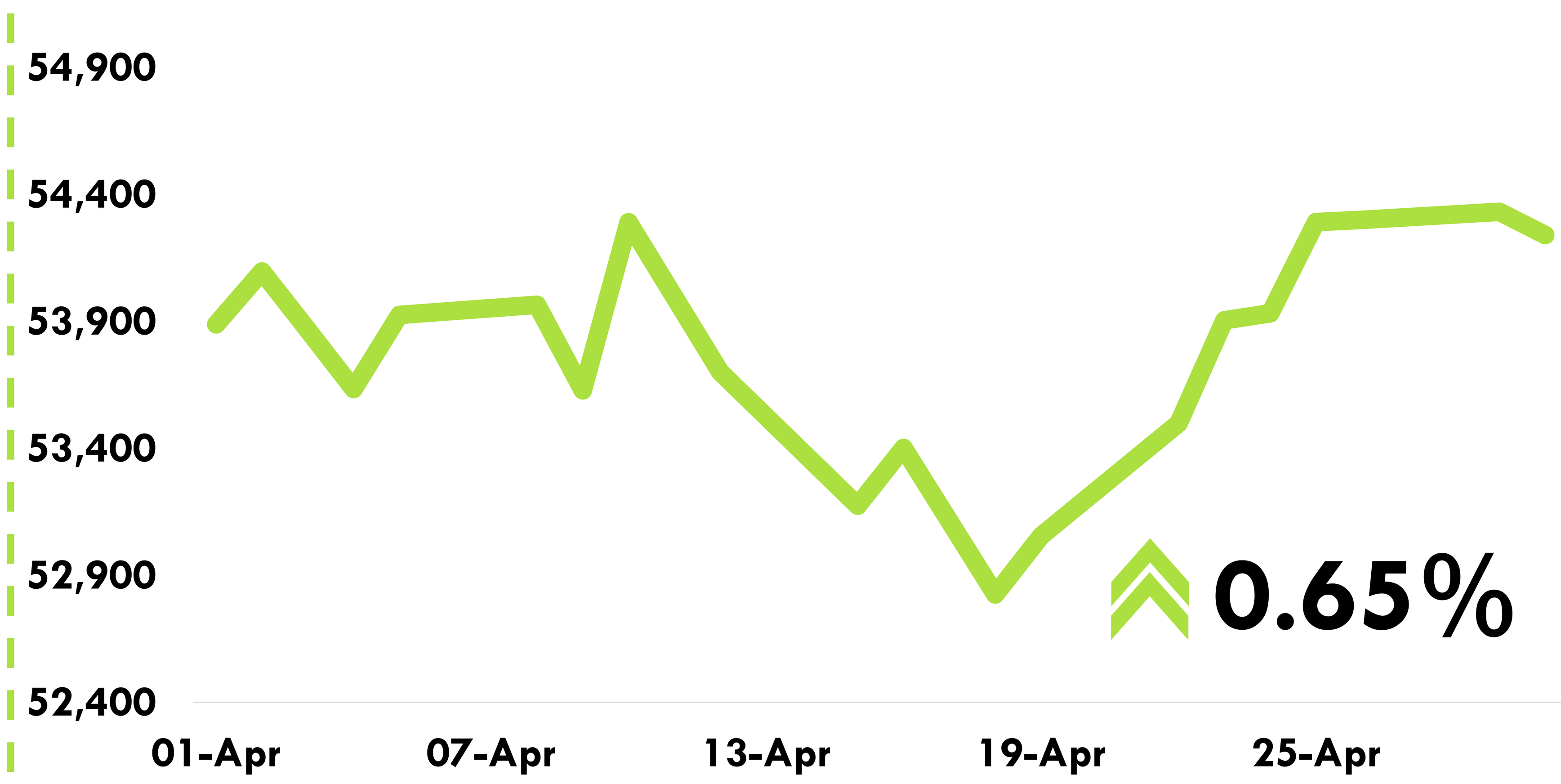


Source: NSE

FMCG Sector

In April, the pharmaceutical sector saw a mere growth of 0.7%. HUL rebranded its 'health food drinks' to 'functional nutritional drinks' (FND) amid regulatory shifts affecting health beverages. This move aims for transparency post-Ministry directives to redefine categories on e-commerce platforms. Meanwhile, ITC Ltd plans hotel expansions globally, investing significantly in greenfield projects and renovations. Uttarakhand SLA suspended manufacturing licenses for 14 Patanjali Ayurved products amidst a Supreme Court case on misleading advertisements, reflecting regulatory scrutiny in the industry.

NIFTY FMCG April'24 (in ₹)

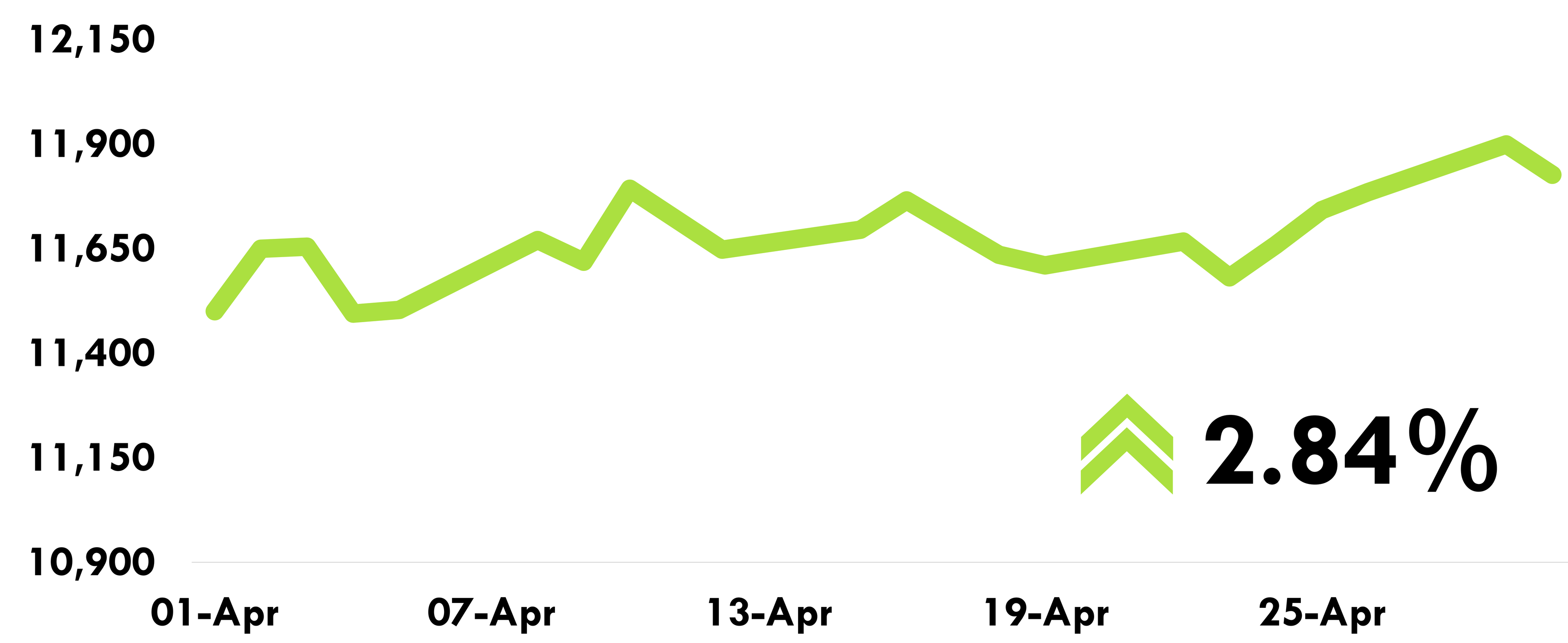


Source: NSE

Oil and Gas Sector

In April, the oil and gas sector gained 2.8% amid Iran-Israel tensions affecting crude oil prices. This impacted oil marketing firms like Hindustan Petroleum Corporation, Bharat Petroleum Corporation, and Indian Oil Corporation due to potential supply disruptions. Despite windfall taxes, upstream firms like ONGC and Oil India benefitted from higher crude prices. GAIL benefitted from increased gas demand and petrochemical prices, while Gujarat Gas faced challenges with rising spot gas prices.

NIFTY Oil & Gas April'24 (in ₹)

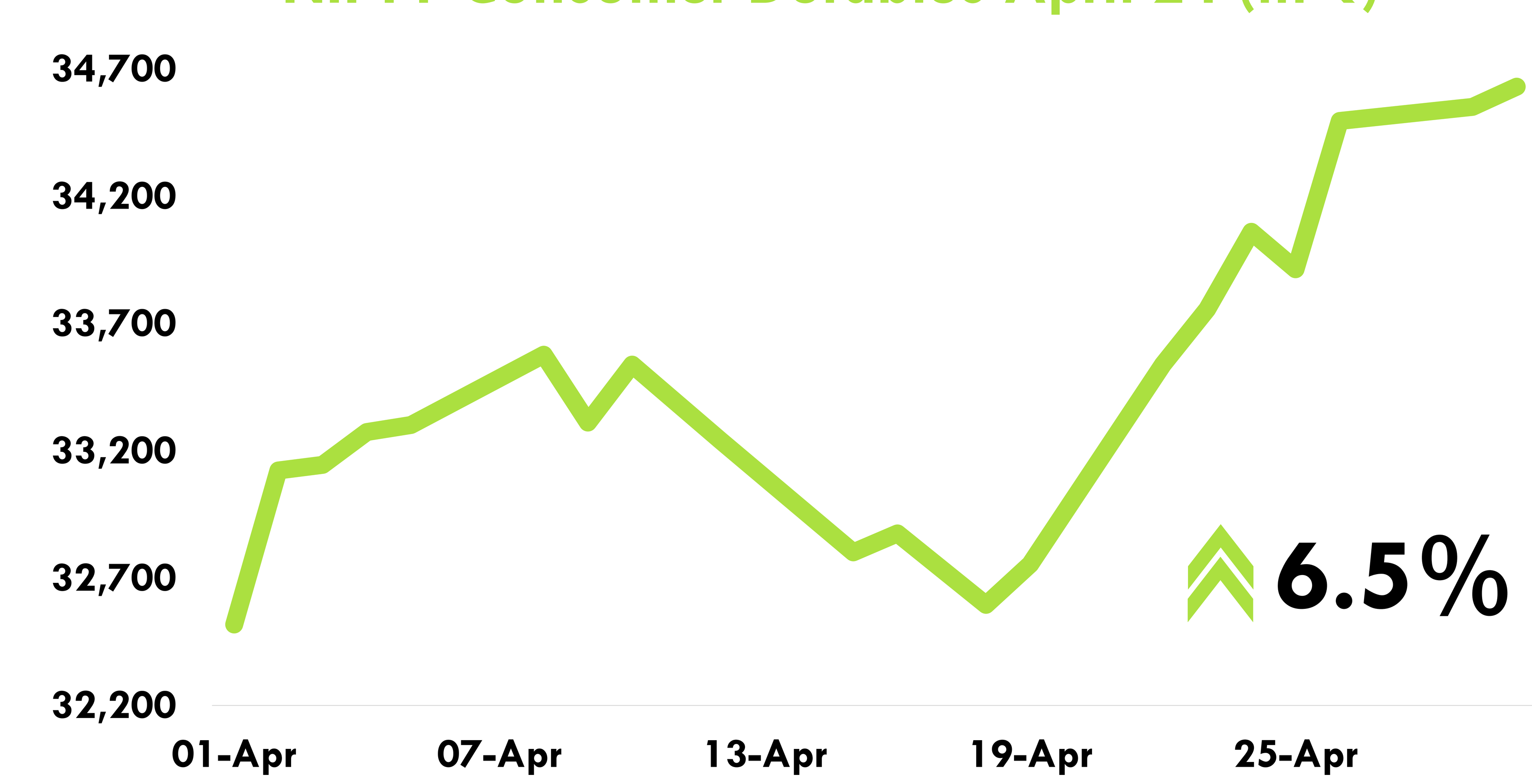


Source: NSE

Consumer Durables Sector

In April, the consumer durables sector experienced an impressive growth of 6.5%. Voltas emerged as the top performer with a surge of 28.1%, while Whirlpool saw a notable increase of 20.4%. On the other hand, Titan and Kajaria Ceramics faced a downturn during this period, reflecting varied movements within the consumer durables industry in April. Overall, the sector demonstrated mixed performance, with select companies showing significant gains and others facing declines.

NIFTY Consumer Durables April'24 (in ₹)



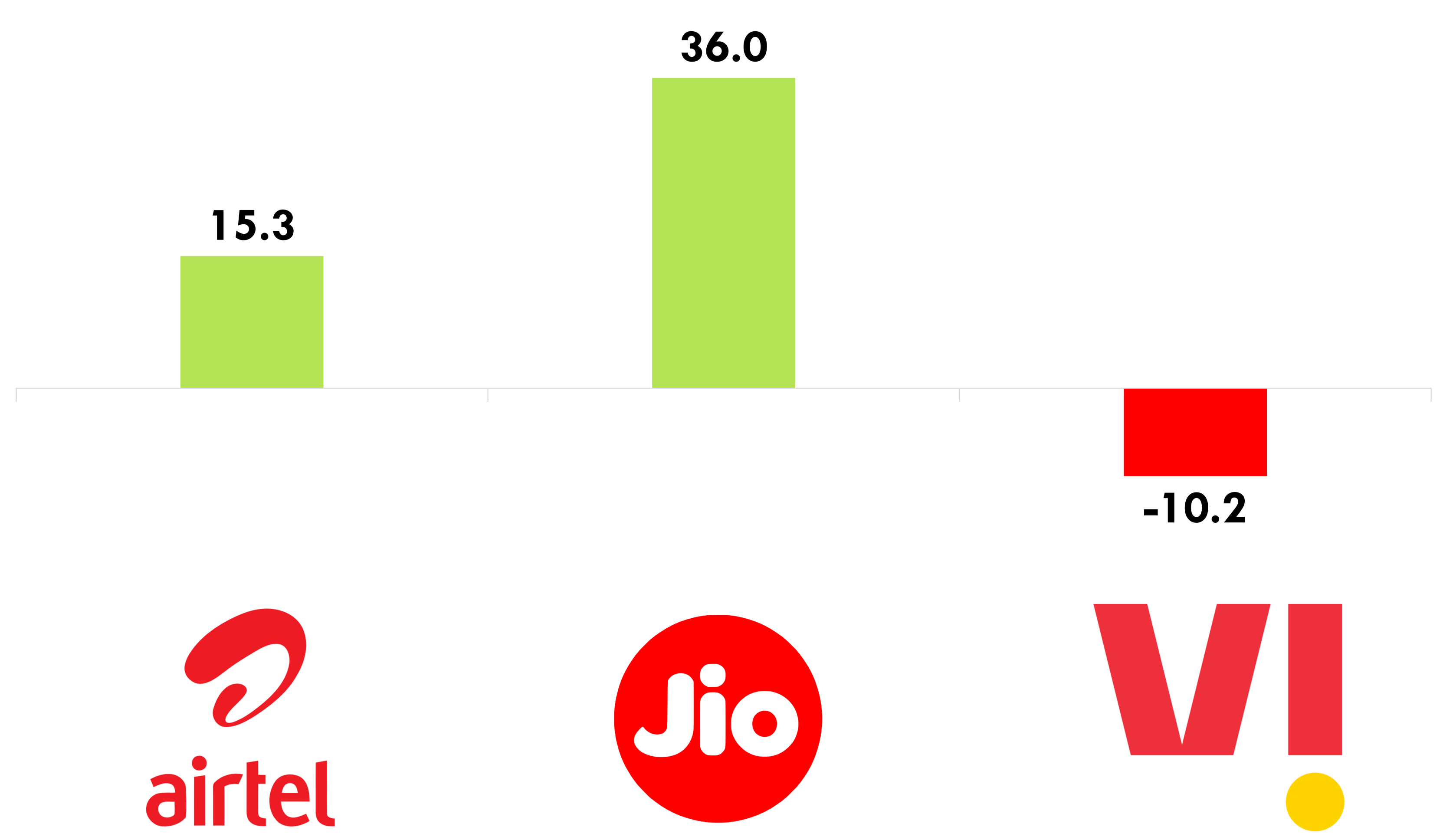
Source: NSE

SECTOR UPDATES

Telecom Sector

In April, Vi initiated an FPO worth ₹18,000cr, witnessing a 9% premium upon listing. The raised funds are earmarked for enhancing network infrastructure, encompassing the establishment of new 4G sites, amplifying existing 4G capacities, and rolling out new 5G sites. Concurrently, Bharti Airtel expanded its network footprint, targeting regions like Gandhinagar, Vadodara, and Mehsana in Gujarat, as well as Leh and Ladakh. This expansion aligns with their rural enhancement initiative, aimed at bolstering connectivity in 60,000 villages nationwide by 2024.

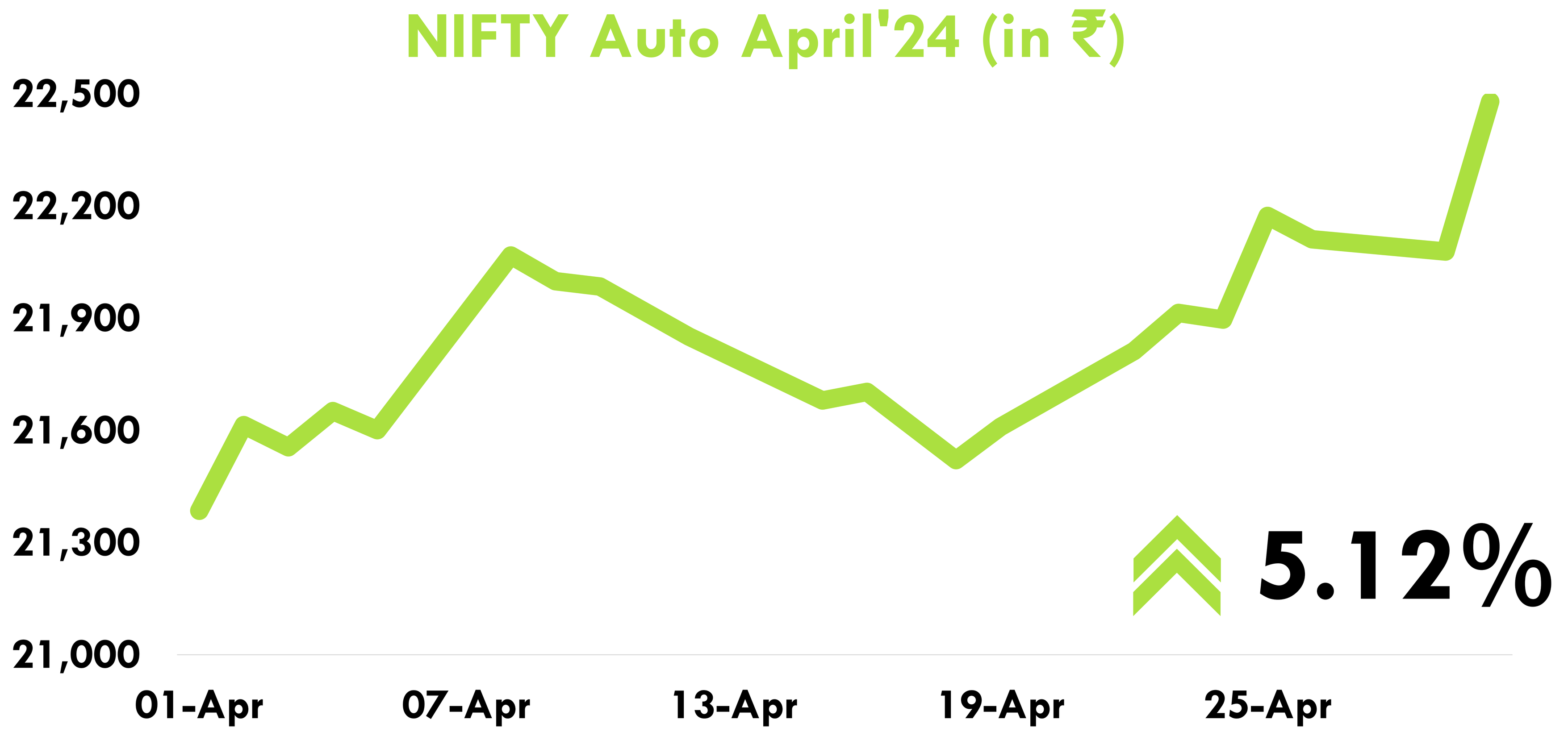
Addition During February'24 (Lakhs)



Auto Sector

In April, Nifty Auto surged by 5.1%, buoyed by market anticipation of efficient operations and robust monthly sales data from leading auto industry players. The sector also witnessed significant FPI buying. Eicher Motors Ltd. emerged as the top gainer, soaring by 15.8%, while Sona BLW Precision Forgings Ltd. faced a downturn, registering a 6.9% decline. The bullish momentum reflects investor optimism towards the auto industry's performance amidst prevailing market conditions.

NIFTY Auto April'24 (in ₹)

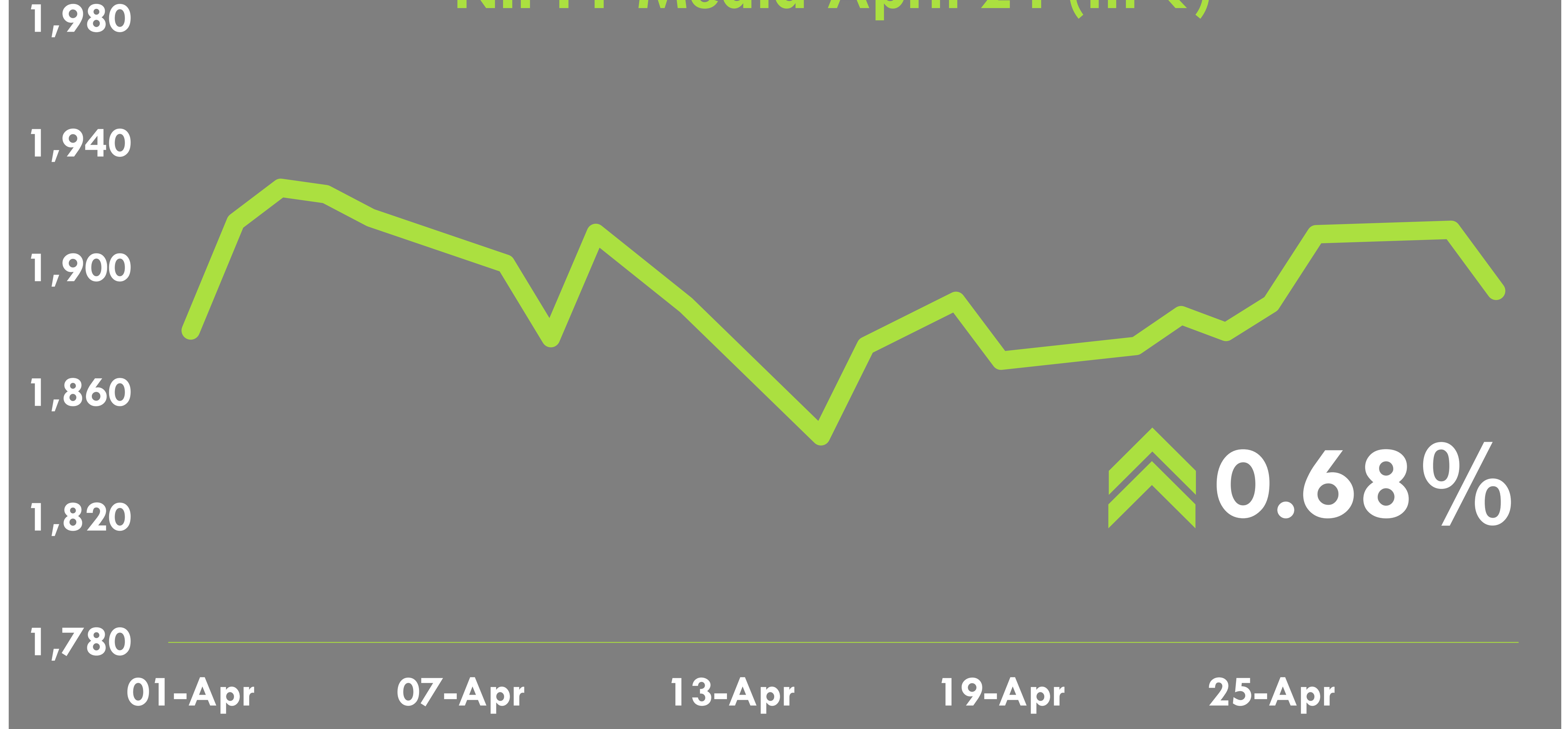


Source: NSE

Media Sector

Nifty Media witnessed a turbulent month, reflecting global uncertainties and FII selling pressure. Mid-month, the index experienced a decline largely attributed to Zee's significant drop. Nonetheless, the company's subsequent recovery towards the end of the month helped restore the index's momentum. However, a temporary recovery ensued, buoyed by positive market breadth and oversold hourly readings. Notably, Saregama India Ltd. emerged as the top gainer, soaring by 22.1%, while Nazara Technologies Ltd. recorded a decline of 8.1%. Amidst the flux, Nifty Media's trajectory reflects the market's resilience amidst volatility.

NIFTY Media April'24 (in ₹)

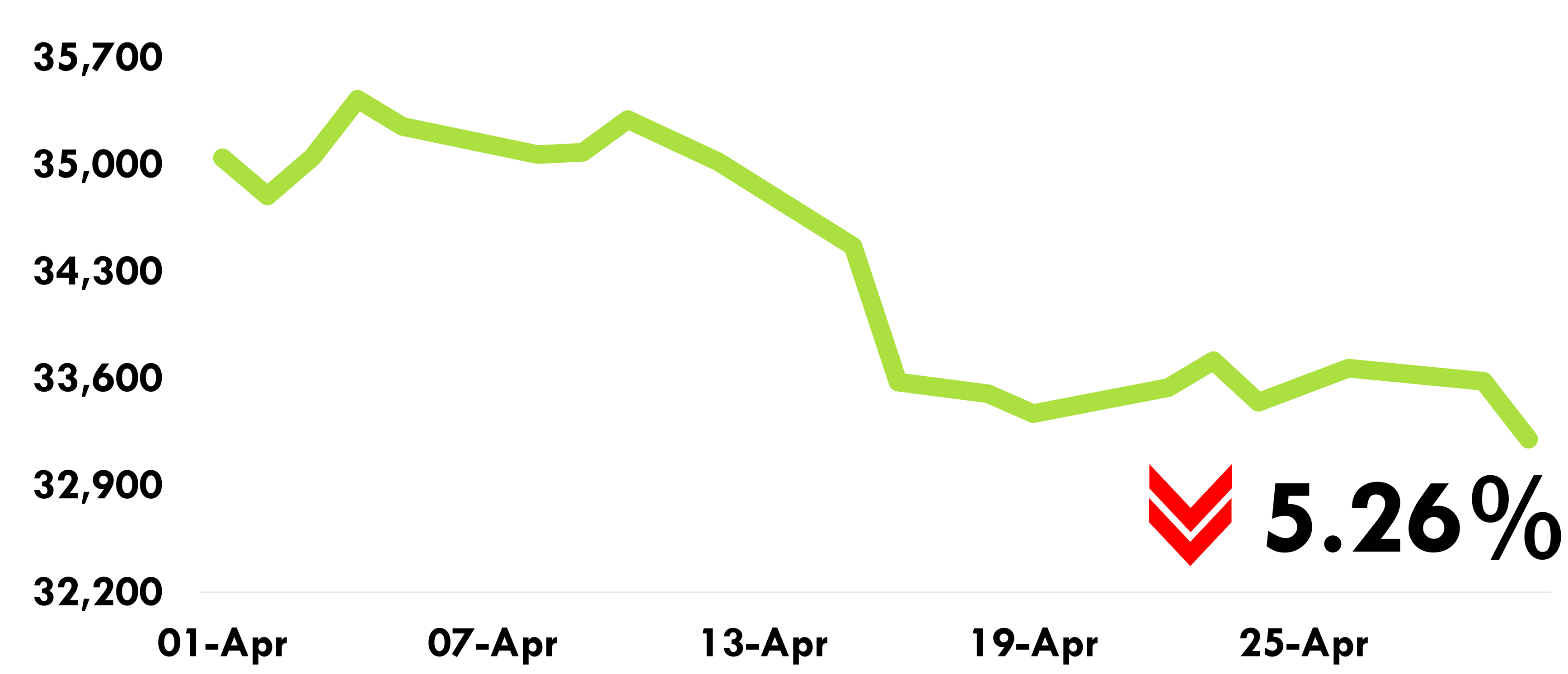


Source: NSE

IT Sector

Nifty IT saw a sharp decline of 5.3% in April, triggered by concerns over potential delays in US interest rate cuts amidst robust manufacturing data, compounded by substantial selling by FPIs within the sector. This downturn underscores the sector's vulnerability to global market shifts, emphasizing the imperative for Indian IT firms to diversify revenue streams, innovate, and enhance service offerings. Amidst these challenges, Tech Mahindra Ltd. emerged as the sole gainer, up by 3.5%, while L&T Technology Services Ltd. suffered the most, plummeting by 15.9%.

NIFTY IT April'24 (in ₹)

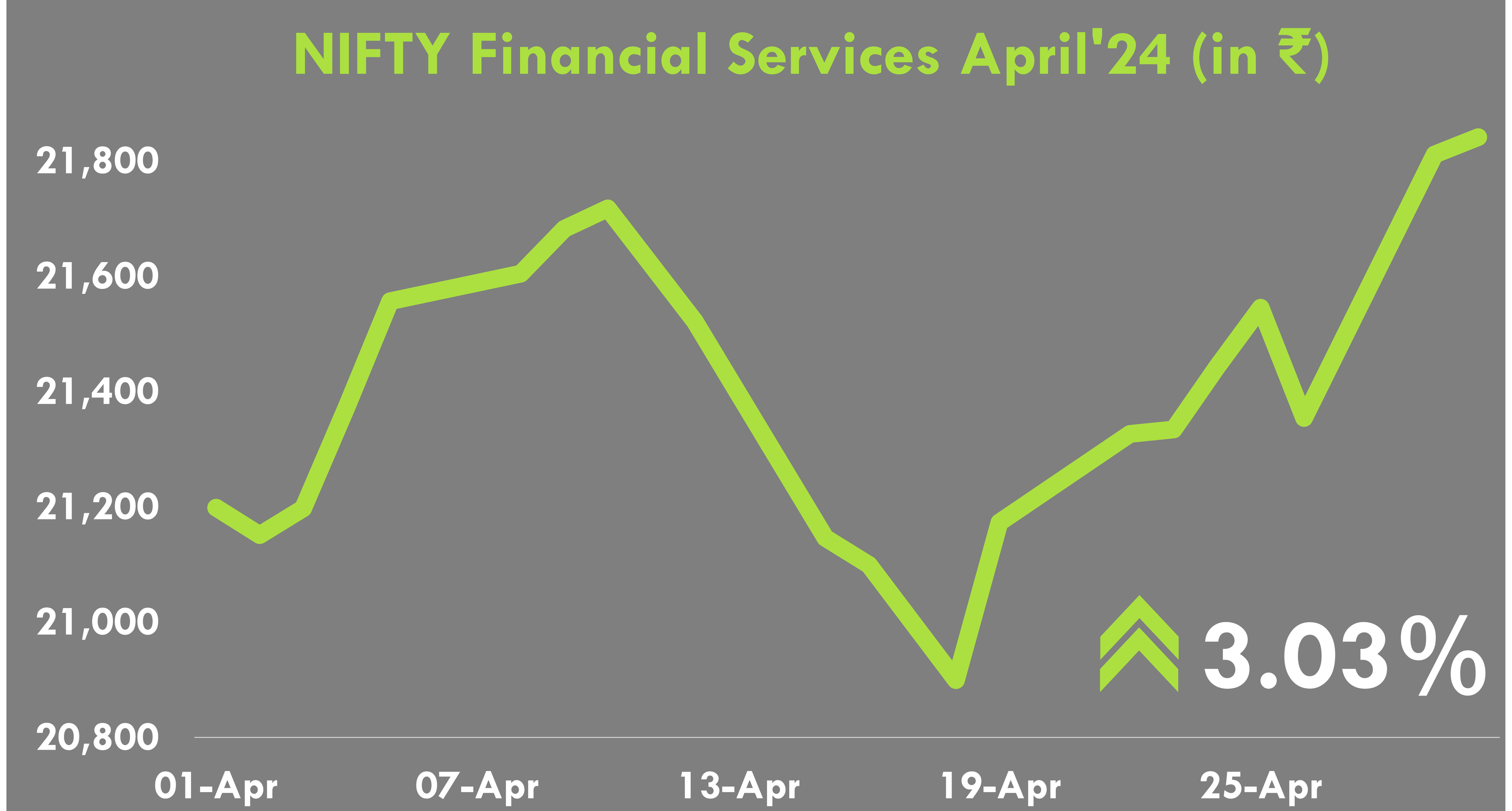


Source: NSE

SECTOR UPDATES

Financial Services Sector

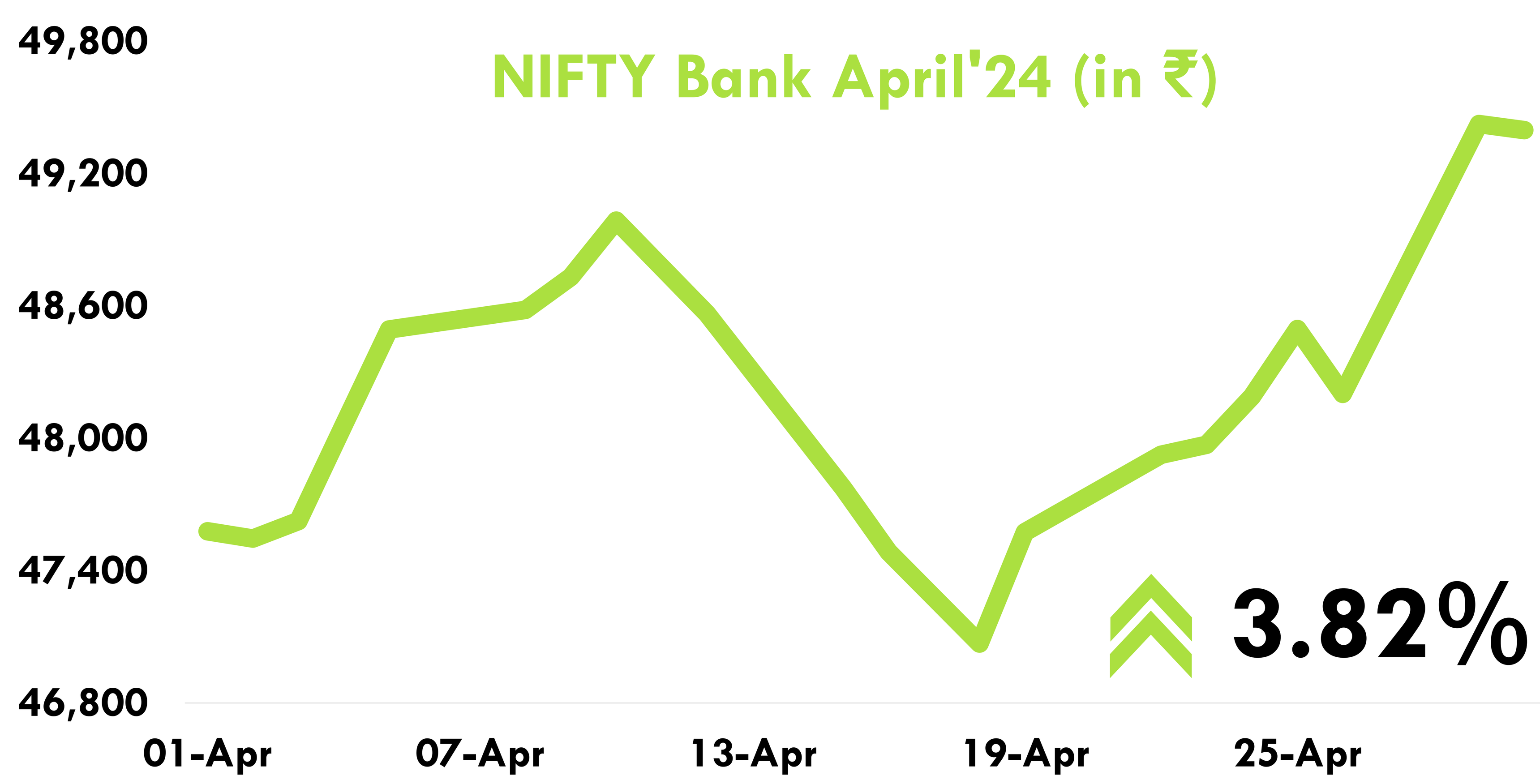
During the month of April, Nifty Financial Services witnessed an increase of 3%. This rise in the index can be attributed to strong earnings performance, with Axis Bank reporting better-than-expected performance in Q4FY24 led by an increase in net interest margins and higher treasury gains. Conversely, HDFC Life Insurance faced a downturn due to a drop in its Value of New Business (VNB) margin, pressured by rising customer preference for low-margin products over high-value policies.



Source: NSE

Banking Sector

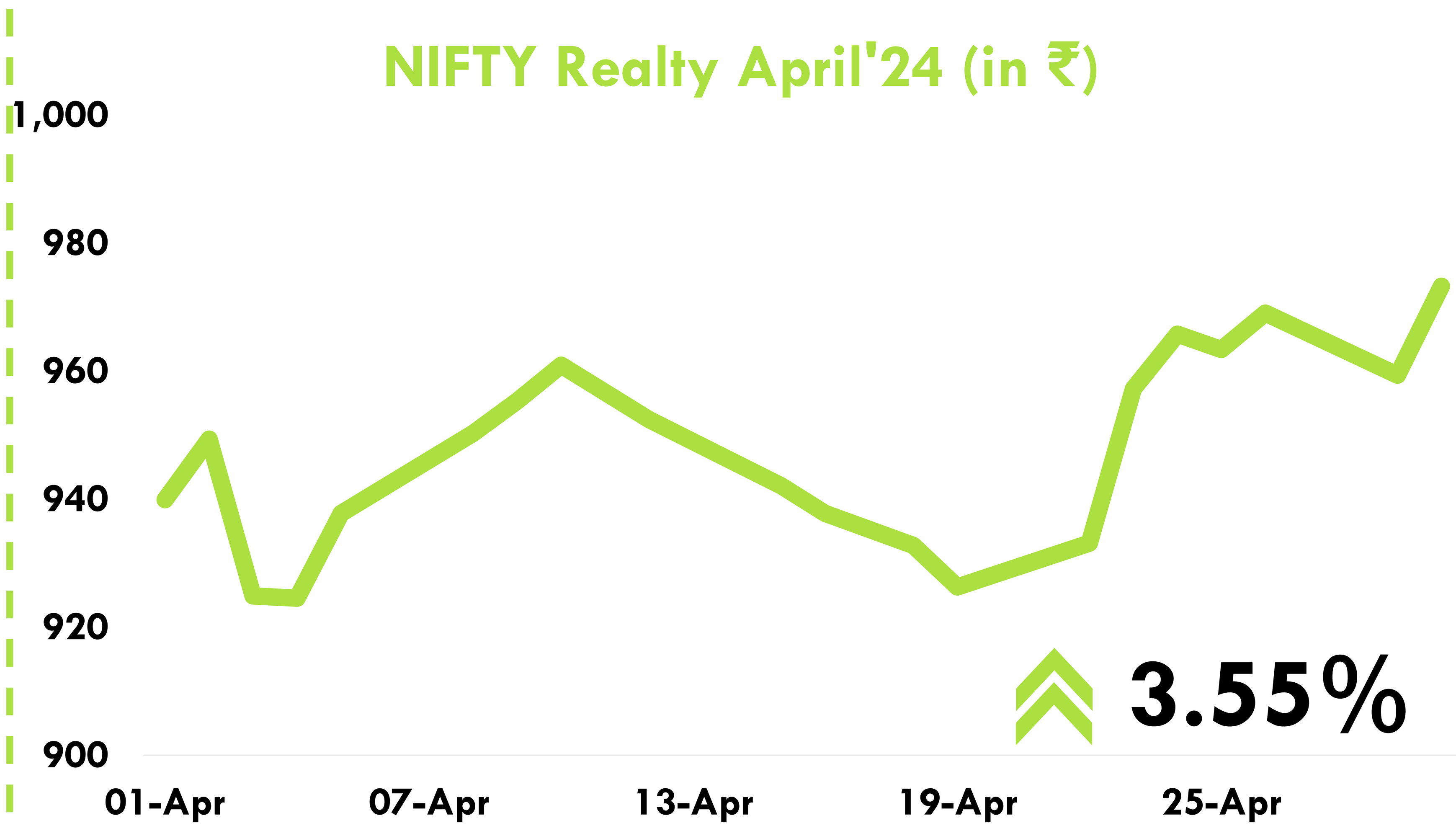
The Nifty Bank index surged by 3.8% this month, driven by robust Q4FY24 results. Major banks like HDFC Bank, Axis Bank, and ICICI Bank saw increases in net profits and net interest income, fueling this growth. SBI recorded a gain of over 7% amid reports that the state-run lender has received government approval to divest its stake in Yes Bank. Conversely, Kotak Mahindra Bank faced a downturn due to RBI barring the company from onboarding customers online and issuing credit cards.



Source: NSE

Realty Sector

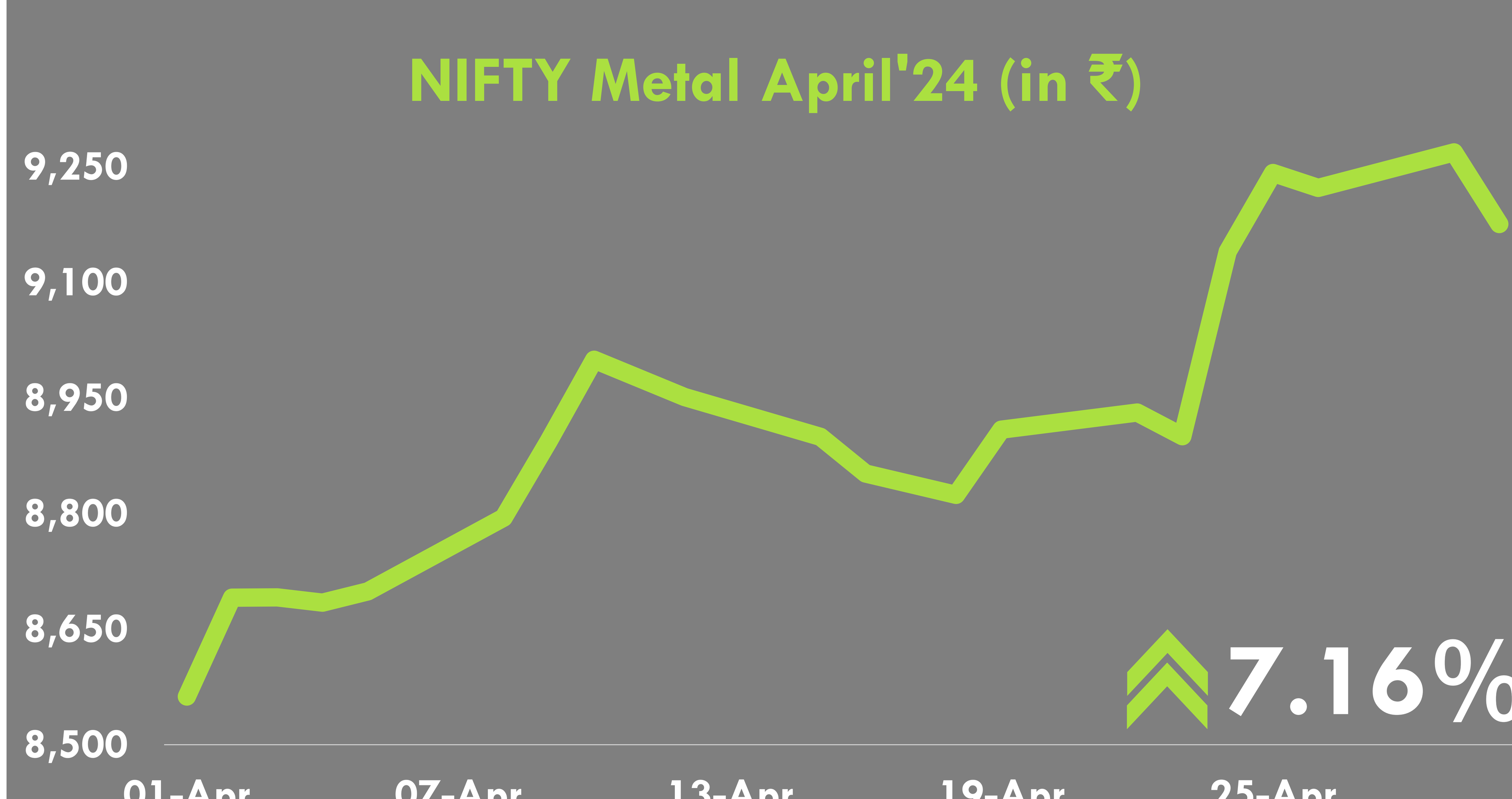
The realty index experienced a steady 3.6% increase. This growth stems from a surge in demand for both luxury and affordable housing, driven by rising consumer spending power and the RBI's decision to maintain interest rates. Individual stocks have also seen rapid gains on the back of fresh buying of land parcels and new joint ventures being formed. Sobha Ltd. and Godrej Properties emerged as the top gainers in this sector, increasing by 13.4% and 10%, while Swan Energy declined by 8.5%.



Source: NSE

Metal Sector

The Nifty Metal sector experienced an impressive 7.2% gain this month, fueled by a combination of rising base metal prices, strong quarterly performances, and a rebound in global manufacturing. India's growing capital expenditure further boosts demand, increasing investor confidence in metal commodities. Hindustan Zinc saw a significant increase of 38.6% due to robust demand for lead, driven by strong automotive sales. Additionally, Vedanta witnessed a 41.3% upsurge, reporting record annual volumes across its key businesses.



Source: NSE

TAC Infosec: IPO Triumph

Incorporated in 2016, TAC Infosec Ltd. offers risk-based vulnerability management and assessment solutions, cyber security quantification, and penetration testing for various organizations. Operating through a Software-as-a-Service (SaaS) model, the company provides cybersecurity solutions to banks, financial institutions, government regulators, and corporate offices. It is India's first cybersecurity IPO, with a book-built issue of ~₹30cr. This SME IPO comprises a fresh issue of 28.3lkh shares, each with a face value of ₹10, and a price band of ₹100-₹106. Backed by the ace investor Mr. Vijay Kedia, the company showed significant growth of 93.7% in revenue, while its PAT rose by 735.1% in FY23. The company debuted with listing gains of 173.6% at ₹290 per share. The primary utilization of the IPO proceeds will focus on acquiring TAC Security Inc (Delaware, USA), subsequently transforming it into a wholly owned subsidiary.

Creative Graphics Solution's Stellar Debut

Founded in 2014, Creative Graphics Solution India Ltd. (formerly known as Tanushii Industries Private Limited) manufactures flexographic printing plates and enjoys a virtual monopoly in the pre-press flexo process. The company has two wholly-owned subsidiaries, namely Creative Graphics Premedia Private Limited and Wahren India Private Limited, through which it provides pre-media services (design customization and print production) and packaging solutions (pharmaceutical sector), respectively. In FY23, there was a notable 33.6% increase in revenue, alongside a substantial 85.5% rise in PAT. The SME IPO, amounting to ₹54.4cr, was structured as a book-built issue. This offering consisted of 64lkh shares, each valued at ₹10. Available to the investors at an issue price of ₹80 to ₹85 per share, the company debuted at ₹175 per share, showing listing gains of 105.9%. The company intends to utilize the proceeds from the IPO to address its working capital needs, fund capital expenditures, pursue acquisitions, cover general corporate expenses, and repay existing loans.

Bharti Hexacom IPO soars

Bharti Hexacom, a New Delhi-based company with a market capitalization of ₹43,538cr, was incorporated in 1995, and is a wholly owned subsidiary of Bharti Airtel. It offers mobile services, fixed-line telephone, and broadband services to its customers distributed across various regions of northeast India and Rajasthan. The company generated ₹6,719.2cr in revenue and reported a PAT of ₹549.2cr in FY23. It has an established market leadership with a customer base of 27.1mn across its various areas of operation. Bharti Hexacom's IPO, valued at ₹4,275.2cr, was a book-built issue entirely comprising an offer for sale of 7.5cr shares with a face value of ₹5 and price band of ₹542-₹570 per share. However, upon listing, it debuted at ₹755, marking a premium of 32.5% from its issue price, being subscribed 28.6 times. The objective of the issue is primarily to enjoy the benefits of listing the share on the stock exchange, build its brand reputation, and enhance its market presence and positioning through indirect marketing.

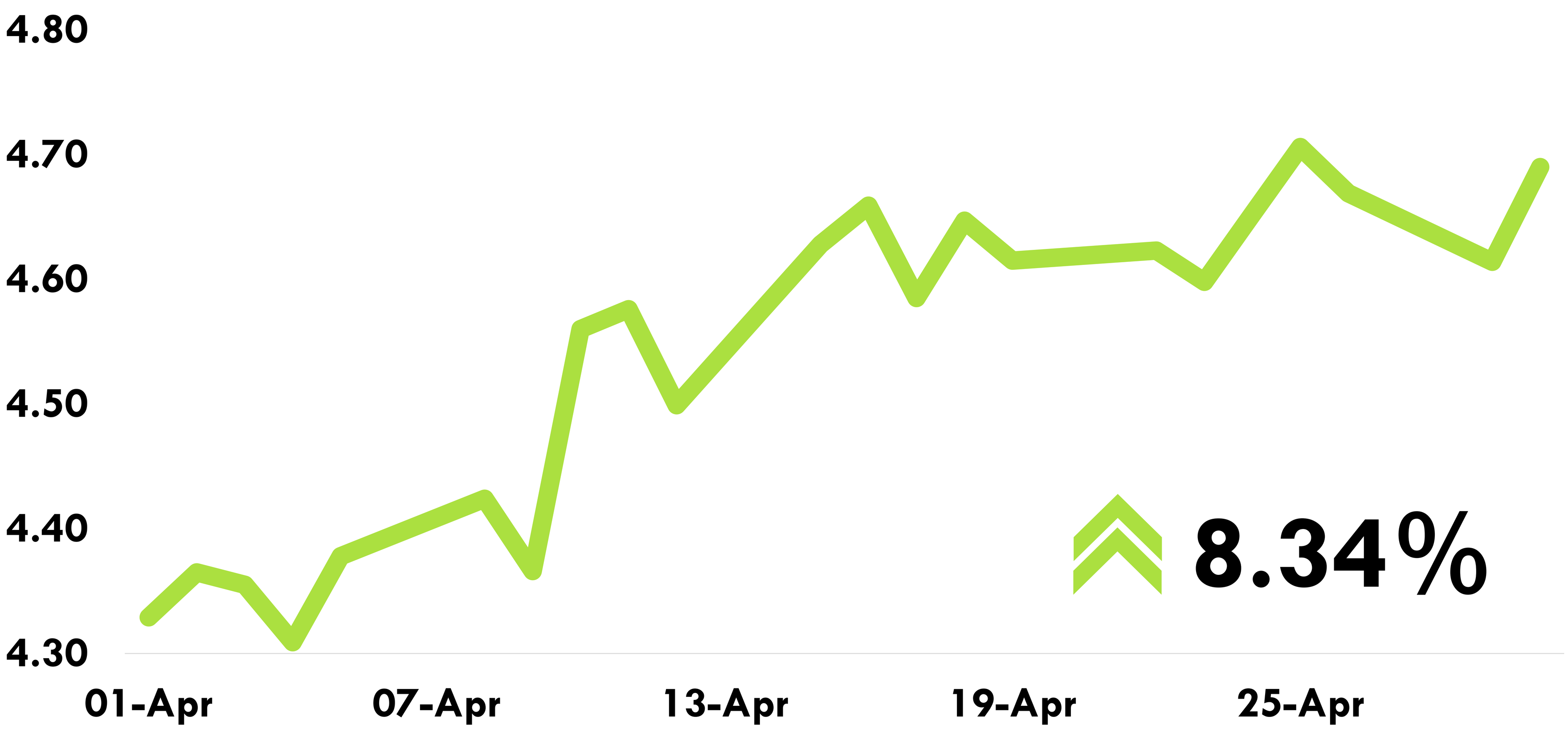
Upcoming IPOs	IPO Size (Approx.)
Aadhar Housing Finance Ltd.	₹3,000 Cr.
Indegene Ltd.	₹1,842 Cr.
Mandeep Auto Industries Ltd.	₹ 25 Cr.
Winsol Engineers Ltd.	₹ 23 Cr.

JNK India Ltd rolls out IPO

Established in 2010, JNK India specializes in designing, manufacturing, supplying, installing, and commissioning heating equipment, adhering to industry standards. Renowned for its quality manufacturing, the company exports its products worldwide, contributing to its global presence. JNK India's IPO, a book-built issue totaling ₹649.5cr, comprises a fresh issue of 0.76cr shares worth ₹300cr and an offer for sale of 0.84cr shares valued at ₹349.5cr. Priced at ₹415 per share, with a face value of ₹2, the IPO debuted at ₹621 per share, boasting a 49.6% premium. The raised capital will be allocated towards meeting working capital needs and general corporate expenses, further solidifying the company's growth trajectory.

FIXED INCOME

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



Source: US Department of the Treasury

In April, the US 10-year Treasury yield rose by 8.3% and settled near 4.7% as investors awaited upcoming economic data and clarity from the Federal Reserve meeting on future interest rate decisions. In March, the core personal consumption expenditures (PCE) index exceeded predictions, with annualized rates of 2.8% excluding food and energy and 2.7% including them. Monthly PCE increased by 0.3%, aligning with forecasts. Market sentiment indicates moderate inflation, potentially supporting rate cuts. Recent GDP data, showing slower growth and higher consumer prices, impacted Treasury yields. Uncertainty persists regarding future rate adjustments and their effects on yields ahead of the upcoming Fed meeting.

Israel's Credit Rating Downgraded

Israel experienced its first sovereign downgrade as S&P Global Ratings lowered its credit rating to A+ from AA-, citing heightened geopolitical risks in the region. The downgrade positions Israel alongside Bermuda and China, reflecting concerns over increased tensions, particularly with Iran. S&P emphasized that while a broader regional conflict is not its base scenario, such escalation could significantly impact Israel's security, economy, fiscal health, and balance of payments. All major rating agencies have issued warnings on Israel's credit since the conflict with Hamas began. S&P revised its outlook to negative on October 25 due to risks of conflict spreading into Israel, following actions by Fitch Ratings and Moody's Investors Service. Tensions escalated after Iran retaliated against a strike in Syria that killed Iranian officers. S&P projects Israel's government deficit to reach 8% of GDP by 2024 due to heightened defense spending, with persistent deficits and rising government debt expected in the medium term.

FTSE's Indian Bond Delay

FTSE Russell has decided to defer India's inclusion in its government bond index due to unresolved issues, despite acknowledging improved accessibility of Indian securities in its latest review. The index provider highlighted concerns over regulatory reporting, inflexible settlement cycles, and the tax clearance process, which are obstructing India's bonds from meeting the required "Market Accessibility Level" of 1. In contrast, JPMorgan and Bloomberg Index Services have announced plans to include Indian government securities in their emerging market indices starting from June 2024 and January 2025, respectively, anticipating substantial inflows. JPMorgan estimates potential inflows of $40bn, while Bloomberg foresees $3-4bn in inflows. Despite these optimistic projections, FTSE's more stringent criteria have postponed India's inclusion, with FTSE Russell opting to maintain India on its watch list for further assessment. This decision underscores the ongoing challenges faced by investors in accessing India's bond market, despite notable improvements. Market participants, however, view the deferral pragmatically, believing that a phased approach to inclusion will be beneficial for managing potential inflows into India's bond market.

Inflation

India's inflation rate in March eased to 4.85%, down from 5.09% in February. The central bank, despite easing headline inflation, maintained interest rates unchanged for the seventh straight meeting, aiming to bring inflation down to a target of 4%. The drop was attributed to lower fuel prices, though food inflation remained high at 8.5%. Vegetable prices surged by 28.3% and pulses by 17.7% YoY, adding pressure on authorities to manage volatile food costs amid an upcoming heatwave. Core inflation held steady at around 3.3%.

Month (2023-24)	Inflation (%)
November'23	5.55
December'23	5.69
January'24	5.10
February'24	5.09
March'24	4.85

Source: MOSPI

Greenwashing Unmasked: ESG Risks

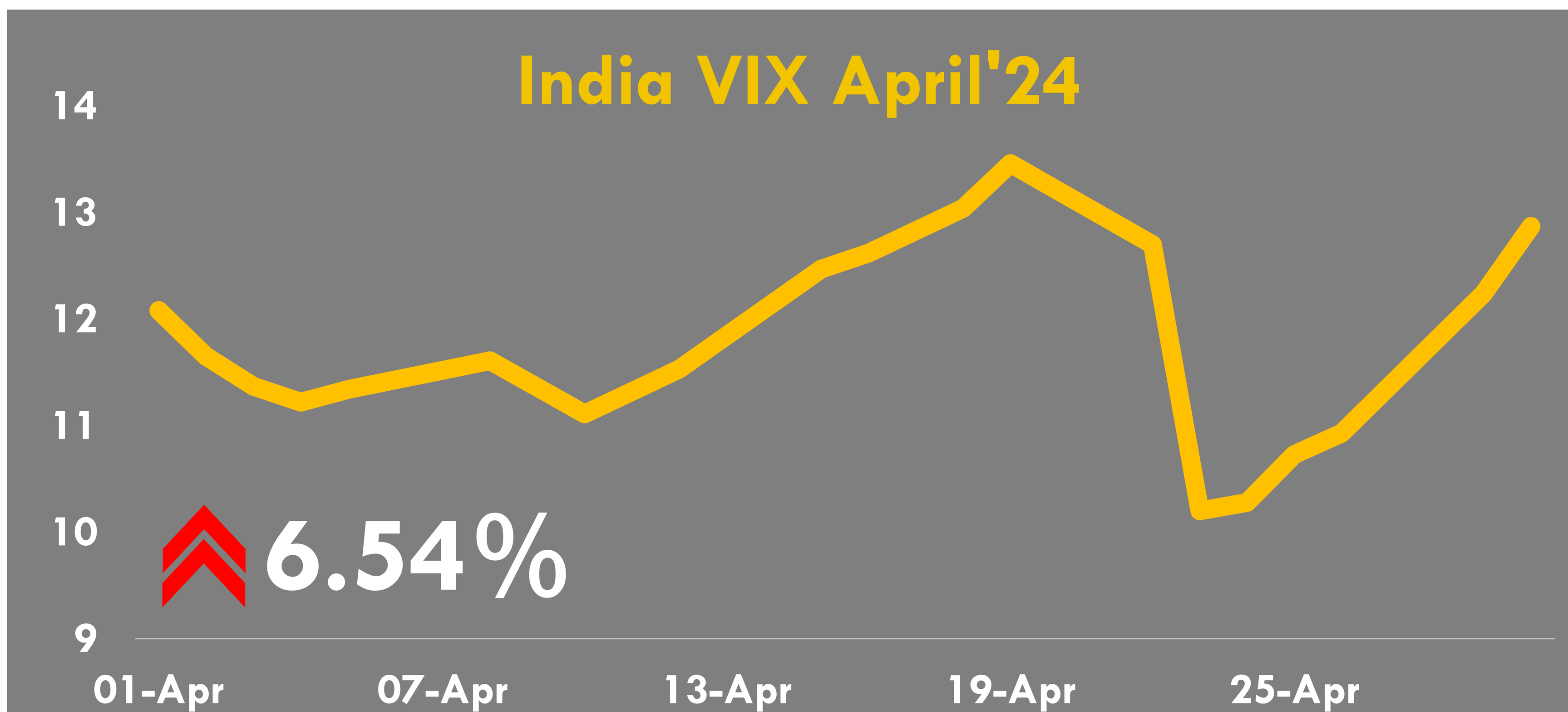
ESG initiatives' rise highlights greenwashing risks, where companies misrepresent themselves as eco-friendly or socially responsible. This deceptive practice undermines the credibility of genuine sustainability efforts, eroding trust among consumers and investors while posing reputational risks that can lead to backlash and legal implications. Moreover, greenwashing can result in the misallocation of resources, as investors may unknowingly support companies that prioritize marketing over meaningful sustainability actions. To address these risks, stakeholders, are increasingly advocating for greater transparency and accountability in ESG reporting. Notably, companies like Volkswagen and BP have faced scrutiny for greenwashing. Volkswagen's misleading "clean diesel" advertisements and BP's "Beyond Petroleum" campaign, despite a continued focus on fossil fuels, highlight the consequences of misleading sustainability claims. These cases underscore the increasing scrutiny and consequences for companies making misleading sustainability claims. Embracing authenticity and accountability is key to fostering lasting positive change and restoring confidence in corporate sustainability practices.

War Drums and Price Pumps

Against a backdrop of escalating tensions in the Middle East and the potential for Israeli retaliation against Iran, oil prices have maintained an upward trajectory. This conflict introduces significant risks to regional oil supply, sparking broader concerns about its global market impact. The looming prospect of higher oil prices carries implications for rising inflation and slowing economic growth, particularly affecting investor sentiment in emerging markets like India. A further escalation of the conflict could result in a substantial hike in oil prices, putting pressure on global equity markets. Indian exporters are contending with increased costs, including tariffs and longer delivery times, impacting margins and prompting divestment from affected sectors. Meanwhile, investors are shifting towards safe havens like gold amid this volatile geopolitical landscape, contributing to the rise in gold prices. As geopolitical tensions persist, market uncertainty remains high, creating challenges for investors and businesses alike.

Election Fever: Fiscal Tightrope

The IMF has warned of heightened risks to global efforts toward sustainable government debt levels this year due to a surge in elections worldwide. Governments historically tend to increase spending or reduce taxes during election cycles, a trend exacerbated by current political discourse favoring fiscal expansion and public spending. A reversal in global public debt last year was highlighted, mainly due to declining revenues as inflation windfalls subsided. Fiscal tightening projected for 2024 is clouded by considerable uncertainty, especially given it's dubbed the "Great Election Year," with elections in 88 economies impacting more than half the world's population. Political factors are increasingly intertwined with fiscal policy, with projections showing global public debt rising to 99% of economic output by 2029, driven notably by China and the US. Swift action is required to consolidate fiscal positions, especially amidst expected monetary policy easing through interest rate cuts later this year. Immediate measures recommended include phasing out pandemic-era support, trimming subsidies, and reforming entitlements, particularly in advanced economies with aging populations and emerging markets.



Source: NSE India

The surge in India's Nifty volatility index to 12.87, increasing by 6.5% during the month, reflects heightened market uncertainty amidst record-high market levels. Several factors have contributed to this recent surge in volatility, including geopolitical tensions in the Middle East, delays in anticipated rate cuts by the US Federal Reserve, and an optimistic electoral outlook for the incumbent government. Additionally, the reduction in lot sizes for option contracts may have influenced the decrease in VIX. Recent turbulence, stemming from traders transitioning positions from the April to May series in the F&O segment, further contributes to market fluctuations.

LCH Eases Institutional Entry

LCH (London Clearing House) has secured the required regulatory approval from French and European authorities to clear cash-settled Bitcoin futures and options contracts. LCH will use its new service, LCH DigitalAssetClear, to clear contracts traded on GFO-X, a UK-regulated digital asset derivatives exchange. LCH and GFO-X have developed the offering in close consultation with market participants to ensure their digital asset derivatives are traded and cleared through a secure, highly regulated service focused on digital asset derivatives. This development marks a crucial step in facilitating greater institutional participation in the Bitcoin market, as LCH's robust risk management framework and segregated default fund will provide increased security and reliability within a rigorously regulated environment. Furthermore, this service is the reduction of counterparty risk, which has been a significant concern within the crypto sector due to recent bankruptcies. Additionally, the service offers netting capabilities and requires minimal technical adjustments for institutions, making it a seamless integration into their existing operations.

SEBI Greenlights Next 50 Derivatives

The National Stock Exchange of India launched derivatives contracts for the Nifty Next 50 index this month after getting approval from the Securities and Exchange Board of India (SEBI). The Nifty Next 50, also known as "Junior Nifty," comprises 50 companies from the Nifty 100, excluding those in the Nifty 50. The index constituents reached a combined market capitalization of approximately ₹73 lkh cr, approximately 19% of the total market capitalization of NSE-listed stocks. Offering cash-settled derivatives that expire on the last Friday of the month, the index has a 71% correlation and a beta value of 0.95 with the Nifty 50 index. The financial services sector holds the most considerable weightage in this index, representing approximately one-quarter of its weightage. In order to encourage active participants in the futures and options contracts on the Nifty Next 50 index, the exchange has provided a transaction fee waiver on the Nifty Next 50 Index derivatives up to October 2024.

India's Forex Market Faces Turmoil

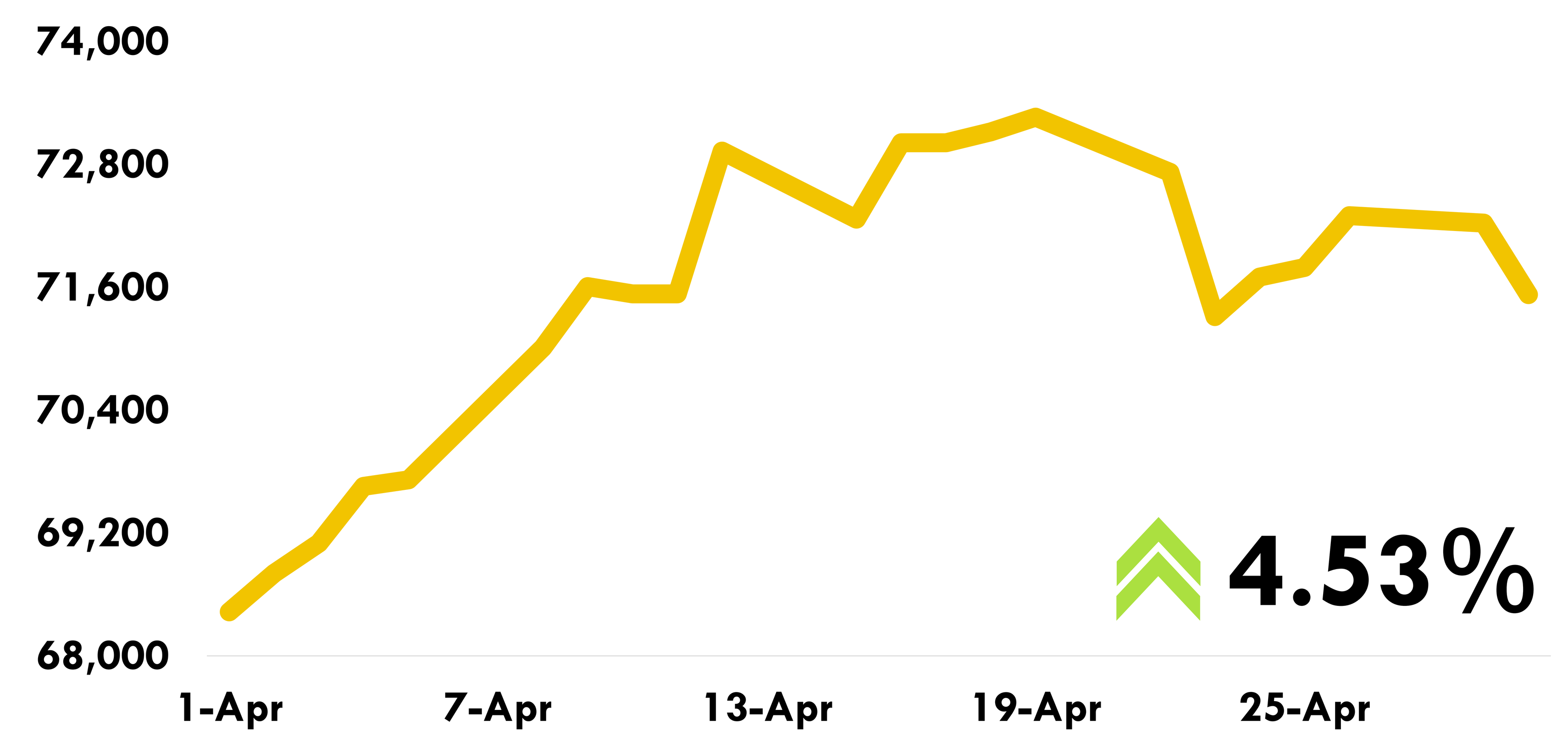
India's thriving exchange-traded currency derivatives market, fueled by retail investors and proprietary traders, has been disrupted by the Reserve Bank of India's (RBI) decision to enforce existing regulations requiring traders to demonstrate underlying foreign-currency exposure. This move contradicts the market's long-held interpretation that such proof wasn't needed for transactions below $100mn. The crackdown has significantly reduced volumes and raised concerns about India's regulatory environment, potentially harming its image as an investment destination. The RBI maintains this change is necessary to protect the market and reduce volatility in the rupee's exchange rate, a key priority for the central bank. However, traders and speculators - who comprised the majority of the market - have been forced to liquidate positions at a loss. Furthermore, the move could lead to decreased liquidity and higher costs for genuine hedgers, while also jeopardizing the future development of this market. Foreign investors, lured to India by its high-growth potential, may become more cautious due to concerns about regulatory unpredictability.

NSE Reduces Market Lot Sizes

The National Stock Exchange (NSE) has announced a reduction in lot sizes for derivatives contracts on several key indices, including the Nifty 50, Nifty Financial Services, and Nifty Midcap Select. While the impact of this move is minimal for large-scale traders, this change will benefit investors with limited capital by making market entry less risky. The lot size for the Nifty 50 will be halved, from 50 to 25, and will come into effect on 2nd May 2024 for weekly expiry contracts and 30th May 2024 for monthly expiry contracts, making the NIFTY 50's contract value considerably lower than SENSEX option contracts. The Nifty Financial Services lot size will decrease from 40 to 25 (effective from August), and Nifty Midcap Select will drop from 75 to 50 (effective from July). Smaller lot sizes will attract new investors with limited capital and encourage existing investors to trade more frequently. This will benefit discount brokerage firms who charge per order since it will directly increase order volume and revenue.

COMMODITIES

Gold Spot Price (in ₹ per 10 grams)



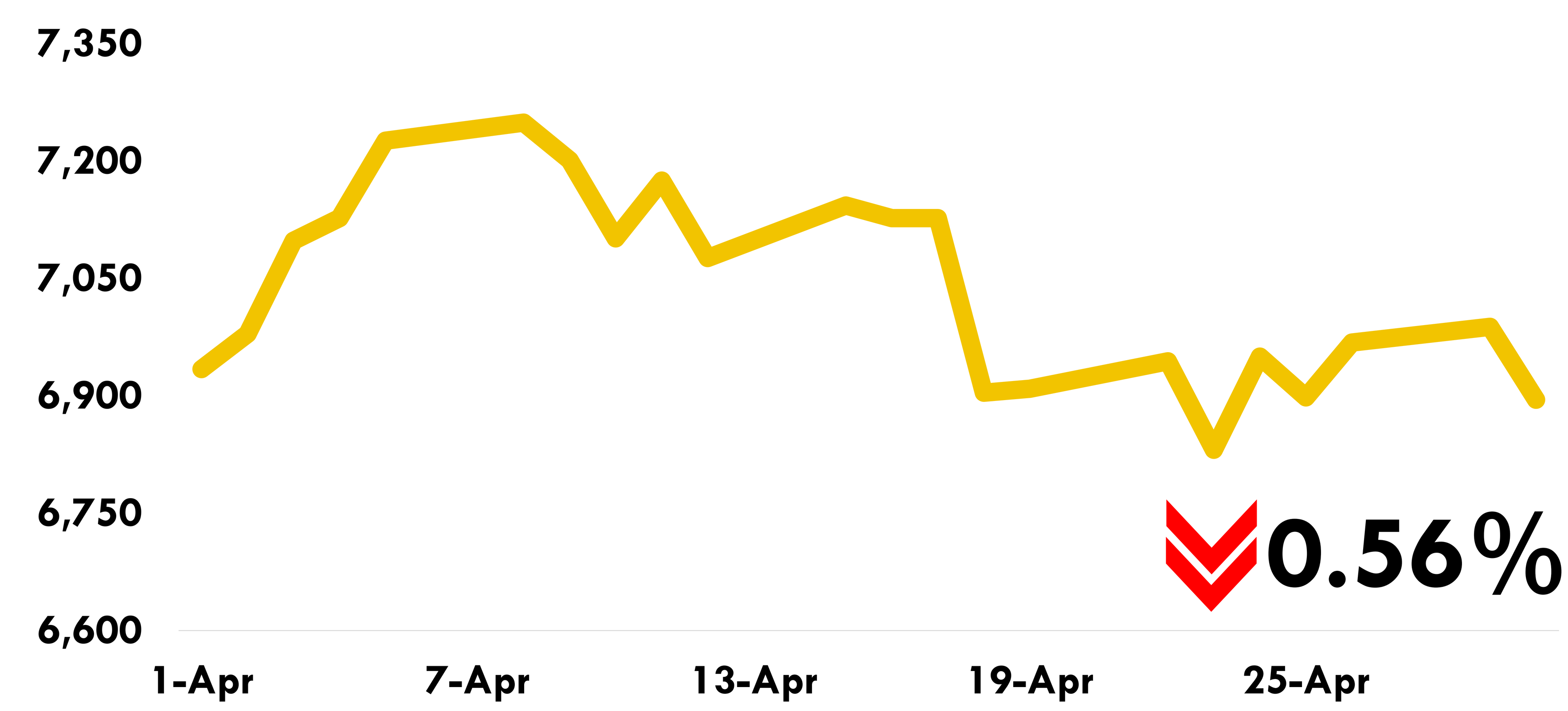
Source: MCX

The price of gold rose to ₹71,529 at the end of April, reflecting a 4.5% increase. This surge can be attributed to various factors, including China's consistent gold acquisitions over 16 months, stemming from the People's Bank of China (PBC) aiming to fortify its gold reserves amidst subdued investor interest in the precious metal. The World Gold Council (WGC) attributed the buying spree to geopolitical tensions in the Middle East, sparked by reports of a missile attack in an Iranian city, escalating the Iran-Israel conflict and Fed Chair's remarks indicating a possible delay in anticipated policy adjustments after persistent inflation readings, contributed to the rise in COMEX Gold prices.

Sizzling Silver Surge

Silver prices in India have been steadily climbing, with prices reaching an all-time high of ₹84,515/kg during the month. The surge was driven by several factors, including heightened demand for safe-haven assets due to escalating geopolitical tensions and anticipations of interest rate reductions in the US. Silver's dual role as both an investment and industrial commodity amplifies its price volatility during economic uncertainty. The primary driver behind this upward trend is the escalation of geopolitical tensions in the Middle East, leading to economic downturns that spur demand for silver, often considered a hedge against inflation. Additionally, China's aggressive silver purchases contribute to bullish market sentiment. Central bank acquisitions and global concerns over upcoming elections in major economies further boost gold's appeal, indirectly supporting silver prices. Moreover, the depreciation of the Indian rupee bolsters domestic silver prices. This positive outlook is reflected globally, with silver hitting a three-year high in international markets.

Crude Oil Spot Price (in ₹ per barrel)



Source: MCX

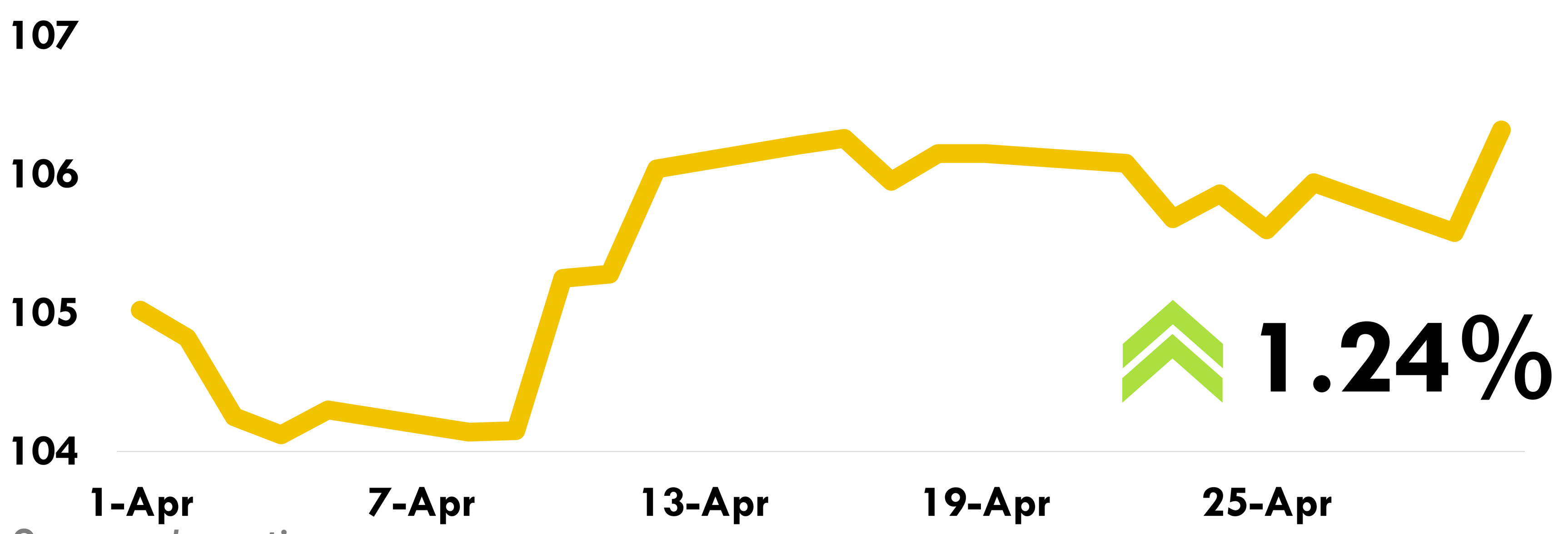
Crude oil prices saw volatility, concluding the month at ₹6895, as compared to ₹6934 in the previous month. This decline came as worries about a broader Middle East conflict eased amid Israel-Hamas peace talks in Cairo. Furthermore, U.S. inflation data dampened expectations of immediate interest rate cuts, pushing prices down. Mediation efforts between Israel and Hamas tempered geopolitical tensions. Anticipation of the upcoming U.S. Federal Reserve policy review, coupled with higher-than-expected inflation, impacted market sentiment. A stronger U.S. dollar, driven by expectations of prolonged higher interest rates, increased oil costs for non-dollar users. China's slowing industrial profit growth suggested weakening domestic demand, further impacting oil demand outlooks.

Sanctions' Metallic Echo

Aluminium posted its biggest gain since at least 1987, with nickel and copper prices also rising, following UK and US sanctions that effectively banned the trading of new Russian supplies on major exchanges. The ban, enacted by both governments, particularly impacts aluminum used in various industries. Nickel, crucial for electric vehicle batteries and steelmaking, also saw gains. Copper reached its highest level in 22 months due to expectations of a tighter market. Russia, a major producer of these metals, faces restrictions on supplying the London Metal Exchange (LME) and Chicago Mercantile Exchange (CME). The LME announced measures to segregate Russian metal and prevent post-April 13 production from entering its warehouses. Analysts anticipate the sanctions will increase prices for exchange-traded metals and create discounts for newly produced Russian metals. Despite the sanctions, Russian producers like Rusal claim unaffected global demand for their output.

CURRENCY

US Dollar Index (USD)



Source: Investing

The US Dollar Index surged to 106.32 from a low of 104.09 in the second week of the month. Initially, it gained momentum due to rising tensions between Iran and Israel, attracting some outflows. However, later in the month, the Federal Reserve's reassessment following CPI data made investors unanimously bullish. There's been a slight shift in perception regarding the impact of the US elections on the currency market, with the once prevalent anticipation of a stronger dollar in the event of a Republican sweep becoming less common.

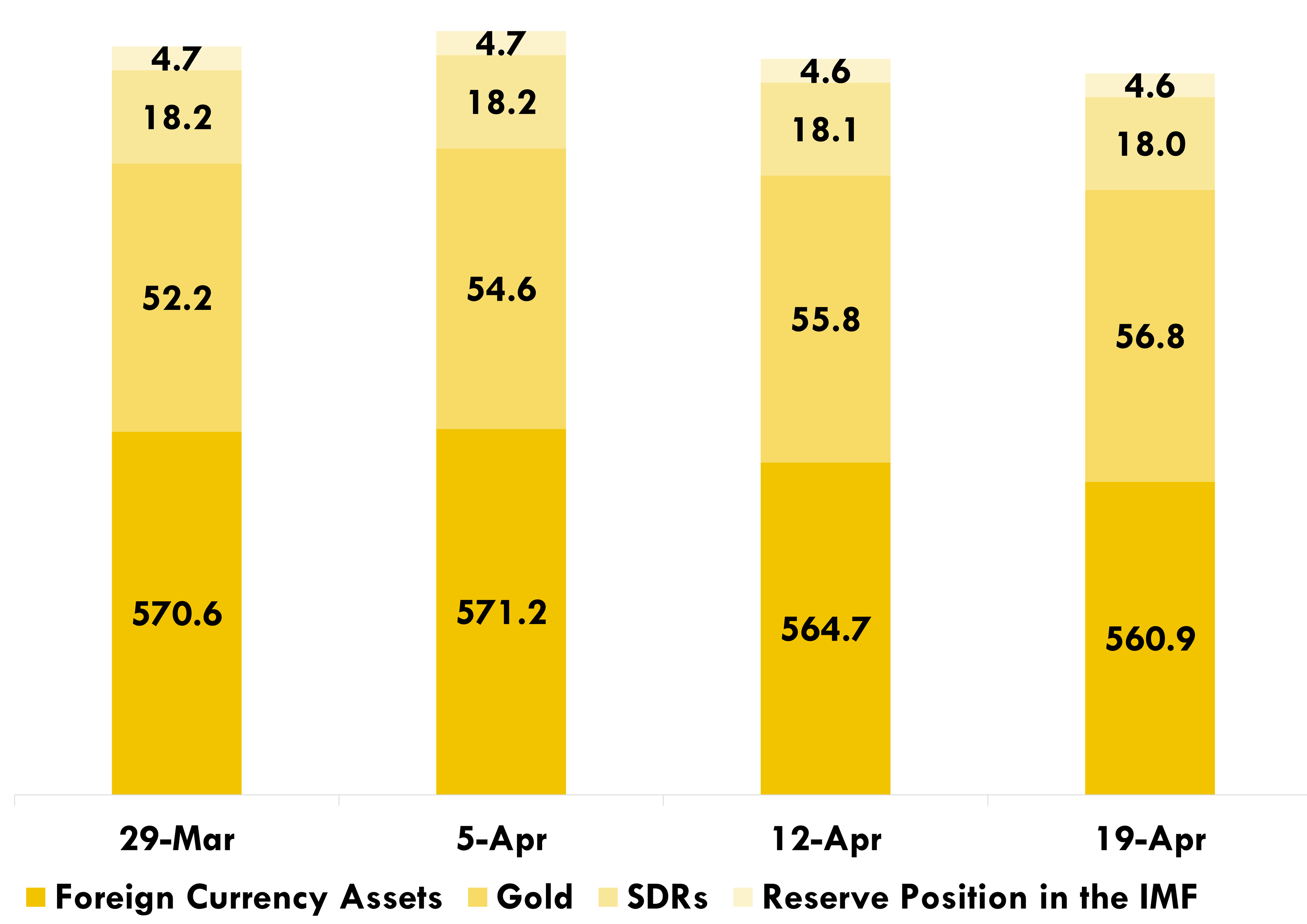
Currency Chaos in Nigeria

Nigeria's currency instability, aggravated by its heavy reliance on oil exports, has led to a turbulent economic landscape. The Naira's fluctuating value due to varying exchange rates and shortage of dollars has led to significant consequences, including a surge in inflation to nearly 30%, rendering essential goods unaffordable. This has prompted businesses to report substantial profit declines due to currency devaluation. The unpredictability has eroded investor confidence, with protests from unions highlighting widespread discontent. The currency's decline is impacting daily life, leaving consumers bewildered by rapidly changing prices and shopkeepers abandoning fixed pricing altogether. This volatility underscores the urgent need for a stable and sustainable exchange rate regime to attract investment and restore economic stability.

India's Forex Reserves Fall

India's foreign exchange reserves have experienced a steady decline, falling from $645.6bn in the previous month to $640.3bn in April. This trend reflects a strategic use of reserves by the central bank to defend the rupee against mounting pressures stemming from geopolitical uncertainties. The primary factor in this decline is a reduction in foreign currency assets, reducing as the RBI actively releases dollars into the market. This intervention aims to stabilize the rupee, which has faced volatility due to rising oil prices that increase demand for dollars to finance costlier imports. SDRs experienced a decrease of $111mn, primarily due to the rise in RBI's purchases of the US dollar.

FOREX Reserve (USD Bn)



Source: RBI

Currency	1st Apr'24	30th Apr'24	Change (%)	Trend
INR/USD	INR 83.365	INR 83.451	↑ 0.10	
INR/EUR	INR 89.8680	INR 89.3440	↓ 0.58	
USD/EUR	USD 1.0792	USD 1.0715	↓ 0.71	
JPY/USD	JPY 151.39	JPY 156.31	↑ 3.25	
CAD/USD	CAD 1.3522	CAD 1.3667	↑ 1.07	
USD/GBP	USD 1.2637	USD 1.2560	↓ 0.61	
USD/SEK	USD 0.0936	USD 0.0915	↓ 2.30	
USD/CHF	USD 1.1086	USD 1.0980	↓ 0.96	

Source: Investing

OTHER ASSET CLASSES

From Mailbox to Riches: Stamps

Rare items tend to command higher prices, and stamp collections are no exception. Beyond being merely a hobby, postage stamps serve as a great investment within the "collectibles" category for those looking to diversify their portfolios. With an estimated market size of roughly $3,012mn in 2022, the market is expected to grow at a CAGR of 5%, reaching around $4,043mn by 2028. Postage stamps, made of adhesive, are issued by various sovereign countries across the Globe, the Asia-Pacific region being one of the top contributors. Investors collect stamps to achieve long-term returns and enhance their portfolio value. However, due to the decline in the use of written letters in today's world, the stamp investing market is relatively stagnant. Stamps are typically bought through auctions and exhibitions. Currently, The Red Revenue block of four and sheet of 25 5-candarin Large Dragon stamps of China is one of the most expensive stamps valued at $18.8mn. Therefore, stamp collections offer not only a hobby but also a lucrative investment opportunity for those looking to diversify their portfolios.

Making a Sound Investment

The stability in music streaming platforms is signaling the growth prospects of "Music Royalties" as an asset class. The online music streaming market is expected to generate a revenue of $37bn by 2030, directly impacting the returns in music royalties. Investors who are trying to diversify their portfolios to earn a passive income, through a stream of cash flows over the years, consider investing in music royalties a safe choice due to its low correlation with macroeconomic factors and traditional markets. Investments can be made by directly buying a stake in an individual song or a catalog of songs, exposing investors to specific risks related to the artist or the song. However, with the increasing demand, investors can also invest in music royalties through music-focused funds, ETFs, and a few NFTs. Valuation of these assets is typically based on revenue streams such as album sales or streaming royalties. As the market is driven by the popularity and longevity of songs or artists, its growth potential is assessed based on current trends.

Popping Prosperity

Bubble tea originated in Taiwan in the late 1980s, initially sold in small stalls near schools and offices. Its popularity spread to Hong Kong and mainland China in the 1990s, leading to the emergence of various chains. This trend has continued to thrive in its birthplace and has gradually gained momentum in Western countries. The beverage, which consists of sweetened tea mixed with high-quality milk and tapioca pearls, has become a staple due to its distinctive taste. Additionally, growing trends such as culinary exploration, the search for healthier alternatives, and social media influence have propelled its popularity. This surge in popularity has resulted in the creation of half a dozen billionaires in China in recent years and has sparked opportunities for others. The global market for bubble tea was valued at $2.5bn in 2023 and is expected to reach $4.8bn by 2024. Earlier this month, a billionaire raised over $300mn by going public on the Hong Kong Stock Exchange.

From Footwear to Fortune

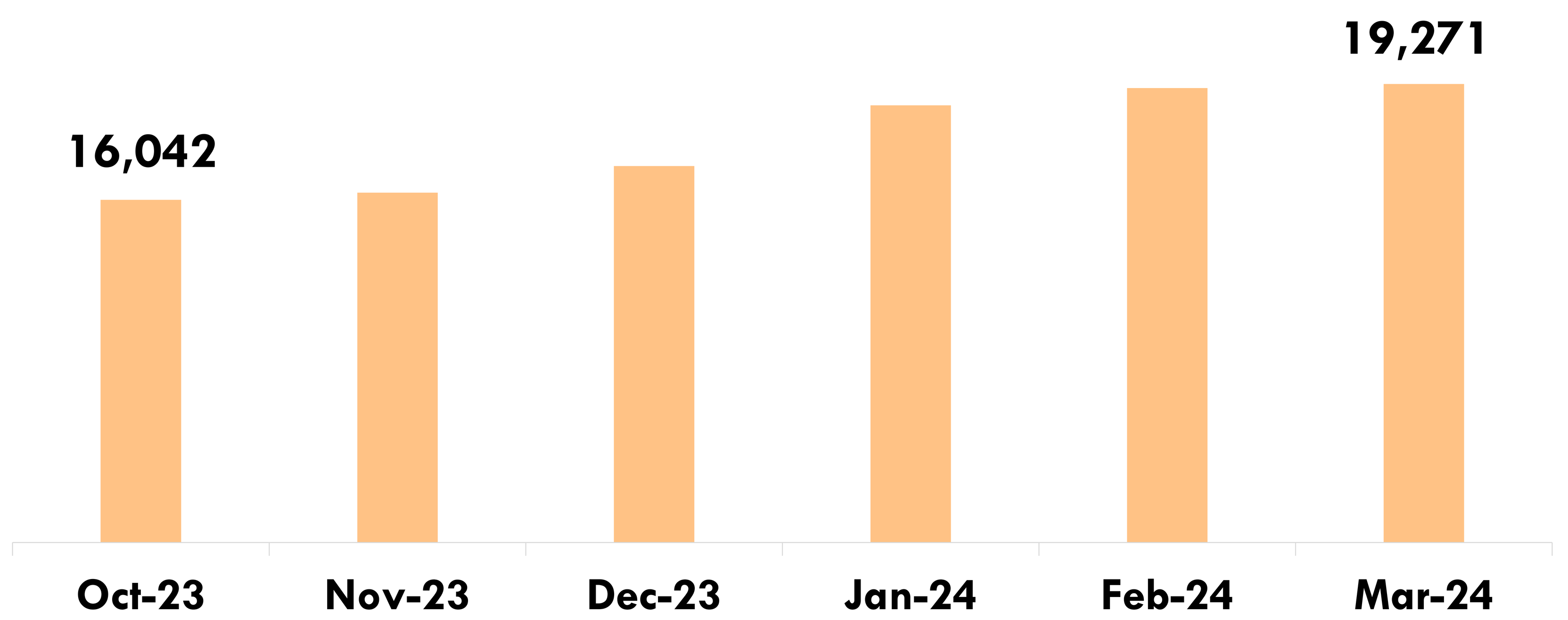
In recent years, sneakers have transcended their role as mere footwear to become symbols of a global cultural phenomenon driven by a resurgence in the market. Influenced by 90s nostalgia and desi hip-hop, they continue gaining momentum. This resurgence has elevated sneakers to an alternative asset class, promising substantial ROI. Limited-edition sneakers, vintage models, and celebrity collaborations are particularly coveted and can be purchased from platforms like StockX, Sotheby's, and GOAT, catering to sneaker enthusiasts since 2015. These platforms function similarly to stock exchanges, with daily transactions averaging around $3mn, 75% of which are sneakers. Buyers and sellers can list products for sale or bid on items, with indexes for specific brands providing approximate prices for sold models. Recently, Sotheby's auctioned off each of Michael Jordan's game-worn sneakers from his Chicago Bulls era, worn during six NBA championship victories, for a record-breaking $8mn. Sneakers present unique advantages as an asset class, including illiquidity premiums, diversification from traditional assets, and favorable risk-reward characteristics, which attract both investors and collectors.

AMC

SIPs Inflows getting Popular

Mutual Funds witnessed record-breaking growth in March, with SIP inflows reaching an all-time high of ₹19,271cr compared to ₹19,187cr in the preceding month. This significant surge depicts the shift in people's mindsets, as ordinary savers are transforming into investors. The number of SIP accounts also stood at the highest ever, 8.4cr, with 42.9lkh new registrations. Furthermore, the SIP AUM stood at ₹10.7 lkh cr, indicating the increased awareness and trust of the investors in the Indian markets. Favorable market conditions, such as fresh records of indices and increased capital inflows in the large-cap sector, point to a positive correlation between SIP inflows and broader market performance, which is ultimately strengthening India's financial landscape.

SIP Contribution Net Investments (in ₹ Cr.)



Source: AMFI

Mutual Funds Get KYC Makeover

Starting from April 1, 2024, the Securities and Exchange Board of India (SEBI) made it mandatory for investors to undergo 'Know Your Customer (KYC)' procedures prior to investing in mutual fund schemes. Previously, bank statements or utility bills sufficed as valid Proof of Identity (POI) and Proof of Address (POA) documents. However, in a bid to deter fraudulent activities involving counterfeit ID proofs, only Officially Valid Documents (OVD)-government-issued ID proofs such as Aadhaar, passport, or voter ID cards are now accepted for KYC validation. Existing investors can continue to transact with their existing SEBI registered intermediaries, however, they need to re-do their KYC once and for all with Aadhaar or with any other OVD (other than Aadhaar) every time they invest with a new fund house. Thus, aadhaar-based KYC reigns supreme for all investors as it eliminates the need to do a re-KYC each time they invest. Additionally, mobile number and email validation through a KYC Registration Agency (KRA) is required for all investors.

Equity MFs Consecutive Inflows

Net inflows in equity-oriented mutual funds stood at ₹22,691cr in March as compared to ₹26,865.8cr in February. In particular, the small-cap category marked a record outflow of ₹94cr, while the large-cap category saw the highest inflows of FY24, amounting to ₹2,128cr. This shows a shift from the small-cap to the large-cap sector, primarily due to stress tests and valuation concerns with the small-cap stocks, leading to a portfolio rebalancing. Hybrid fund inflows also experienced a significant decrease, amounting to ₹5,584cr compared to ₹18,105.1cr in the preceding month. Even after the announcement of various New Fund Offers (NFOs) by various AMCs, the inflows in such funds fell to ₹4,146cr. Though the overall equity inflows experienced turmoil, sectors, namely telecom, FMCG, services, realty, and consumer services witnessed positive inflows through Foreign Portfolio Investors (FPIs).

Tata Index Funds Debut

Tata Mutual Funds recently added six new index funds namely Tata Nifty Auto Index Fund, Tata Nifty Realty Index Fund, Tata Nifty Financial Services Index Fund, Tata Nifty MidSmall Healthcare Index Fund, Tata Nifty500 Multicap India Manufacturing 50:30:20 Index Fund and Tata Nifty500 Multicap Infrastructure 50:30:20 Index Fund to its portfolio of funds, with the last three being industry firsts. To provide long-term returns to its investors, these passive funds aim to invest in key sectors with strong growth potential and a huge inflow of investments in the current economic landscape. The minimum investment in these schemes during the NFO period is ₹5,000 and was available for subscription till 22nd April 2024. Tata AMC has co-created the benchmarks with Nifty Indices, an index provider and subsidiary of NSE. The index methodology for each fund is specific and adheres to stringent criteria, intending to diversify the portfolio and ensure adequate risk management, the fund house aims to select stocks after thorough research on the market capitalization and imposes strict concentration limits on funds.

Affordable Meds for Millions

In a move to expand access to affordable generic medicines in eastern India, Mumbai-based healthcare startup Zeno Health, backed by private equity firm STIC Investments, has acquired Kolkata's Tablt Pharmacy. This strategic merger combines Zeno's 180 omnichannel stores and Tablt's 300 franchises across West Bengal, Bihar, Jharkhand, and Odisha, which have catered to more than 2 lakh consumers so far. With this expanded reach, Zeno aims to serve over 1cr customers monthly and reduce the healthcare expenditures of their customers by 50%. Zeno is confident that the combined expertise will revolutionize healthcare in eastern India by focusing on making generic medications more accessible and affordable for people in rural and semi-urban areas. Zeno has recently raised $25mn in a Series C fund round which would be used to increase its technological infrastructure and expand its footprint. Over the next 3 years, the start-up aims to expand its stores from 180 to 500 and the number of community partners from 300 to 2000.

Adani's Cargo Dreams Set Sail

Adani Ports and Special Economic Zone (APSEZ) continues its ambitious growth trajectory, announcing plans to acquire a 95% stake in the dynamic Gopalpur Port Limited (GPL) at an enterprise value of ₹3,080cr, expanding its coastal network and bolstering its position in East India's burgeoning logistics sector. The deal includes acquiring a 56% stake from the SP Group and a 39% stake from Orissa Stevedores Limited (OSL), with a potential additional payment of ₹270cr in 5.5 years contingent upon agreed-upon performance metrics. Gopalpur Port is experiencing phenomenal growth with a 39% YoY revenue increase and a 65% rise in EBITDA margins. The port's location will provide the Adani Group with a gateway to Odisha's and neighboring states' mining, iron & steel, and alumina hubs, helping them expand their hinterland logistics footprint. The new port expands Adani's coastal network, increasing cargo capacity and providing adaptable growth based on market needs. The initial development of GPL will utilize more than 500 leased acres, with the option to expand the leased area to meet future demand.

Bringing Healthcare Closer to Home

General Atlantic has acquired a majority stake in Ujala Cygnus, a healthcare provider in North India that leverages a low-cost, high-volume model to serve smaller cities. The agreement includes a complete exit for Cygnus' early investors, Eight Roads Ventures, Somerset Indus Capital, and Evolvence Capital. This partnership will fuel Ujala Cygnus' growth, allowing them to expand their current network of 21 hospitals spread across 17 cities. It plans to use this investment to modernize facilities, upgrade clinical and infrastructure capabilities, improve medical equipment, and enhance specialist care. The investment will also help Ujala Cygnus expand its network, focusing on underserved areas and attracting healthcare professionals who desire to work closer to their origins. With a commitment to further extend its impact, Ujala Cygnus aims to pursue both organic and inorganic growth strategies, including collaborations with local hospitals through leasing and revenue-sharing models. In addition to this investment, Ujala Cygnus has recently secured term loan facilities from the Asian Development Bank where EY India was the sole financial advisor.

Dailyhunt's Magzter Marvel

VerSe Innovation, the parent company of Dailyhunt, has acquired Magzter, a global digital newsstand hosting a collection of more than 8,500 premium magazines and newspapers. This acquisition signifies Dailyhunt's strategic move into premium content and represents a pivotal moment in VerSe Innovation's journey to becoming India's foremost digital media tech conglomerate. Established in 2021, Magzter boasts over 1.1mn active paying subscribers from India alone and has amassed a user base exceeding 87mn since its inception. This expansion addresses the demand for high-quality content, particularly catering to the elites. The company also asserts itself as the world's largest and fastest-growing digital newsstand. Moreover, this acquisition signals a shift in Dailyhunt's revenue strategy, transitioning from solely relying on advertising to incorporating a mix of subscription-based revenue streams. Dailyhunt has secured over $1.5bn in funding across multiple rounds, with its latest valuation standing at $5bn after a $805mn equity round led by Canada Pension Plan Investment Board in April 2022.

STRATEGY

BigBasket, Bigger Business

BigBasket, India's leading online grocery firm, has transformed the e-commerce landscape with its innovative strategies, particularly in hyperlocal delivery, by teaming up with Kirana stores. This strategic partnership has empowered the Bengaluru-based startup to utilize the extensive reach and local knowledge possessed by Kirana stores. This move has strengthened its hyperlocal delivery network, allowing the startup to significantly expand its last-mile delivery capabilities, ensuring faster and more efficient service to customers. Moreover, this provided Kirana stores with a digital platform, enabling them to compete more effectively in the e-commerce domain. In addition to sourcing products, BigBasket also supplies items from its marketplace to thousands of these stores, hotels, and restaurants. With its lower margins, the startup aims to target higher volumes. By sourcing a majority of its fruits and vegetables directly from farmers, it can compete with other wholesalers on price as well. With an expanded delivery network, BigBasket saw a notable increase in orders, boosting revenue. The partnership also improved operational efficiency, enhancing profitability. Consequently, BigBasket solidified its position as an online grocery market leader, showcasing the power of strategic collaborations in driving business success in e-commerce.

Lenskart's Seamless Eyewear Experience

Lenskart has redefined eyewear shopping with its innovative strategies, seamlessly blending online and offline experiences to cater to diverse customer preferences. Through its omnichannel approach, Lenskart offers a comprehensive shopping journey, allowing customers to explore a vast online collection, virtually try on glasses using the 3D Try-On tool, and visit physical stores for consultations and eye checkups. The company focuses on value, offering a wide range of stylish and durable frames and lenses at competitive prices. By directly sourcing materials and eliminating middlemen markups, Lenskart ensures affordability without compromising quality. They also provide free home eye checkups, free shipping on most orders, and the option to "Try at Home" five frames before purchasing, eliminating the hassle of physical store visits and allowing customers to make informed decisions in their comfort zone. Their virtual try-on tool, AI-driven personalized product recommendations, and user-friendly mobile app contribute to a smooth and efficient buying journey. Lenskart's emphasis on excellent customer service, easy returns, and subscription offerings such as Lenskart Gold has cultivated trust and drove repeat business. This strategy enabled the company to reverse its fortunes, turning a loss of ₹100cr in FY22 to a profit of ₹260cr in FY23, with revenue doubling to ₹3,780cr.

Maruti Suzuki Rules the Roads

Maruti Suzuki, a cornerstone of the Indian automobile industry, consistently meets the evolving needs of Indian customers by providing a comfortable and safe driving experience. Synonymous with the perfect ride, Maruti cars are known for their exceptional quality, reliability, and affordability, reflecting the brand's commitment to innovation and customer satisfaction. Maruti's customer-centric approach has created a diverse range of cars tailored to Indian needs, staying ahead by introducing new models and features. Renowned for high mileage and low maintenance costs, Maruti cars are the ideal choice for Indian middle-class families. They were among the first to introduce automatic transmissions in India and have been at the forefront of introducing eco-friendly cars, including CNG and hybrid models. Maruti's deep understanding of the Indian market has led to the creation of cars perfectly suited to Indian conditions, emphasizing safety with advanced features. Maruti Suzuki's reputation for reliability, durability, and strong resale value makes it a reliable choice for buyers, supported by its extensive sales network and over 3,500 authorized service centers, ensuring prompt and efficient service, and customer satisfaction. Seven out of the top ten selling cars in India are Maruti Suzuki cars, with Swift and WagonR leading the list.

MARKETING & BRANDING

Share the Load

Ariel's latest campaign in the #ShareTheLoad series attempts to highlight the emotional burden on women, encouraging partners to contribute equally to domestic responsibilities by forming "Home Teams." Since 2015, Ariel has used their award-winning campaign to highlight inequality in Indian households. The campaign is built on research that found 65% of married women experience emotional distance from their spouses, leading to communication breakdowns and sleeplessness. This initiative has had a tremendous impact on homes, causing a noticeable shift in thinking. This campaign aims to reach audiences through multiple channels, including social media platforms like YouTube and Instagram, television ads, etc. The business impact of Ariel's campaign is evident in their increased customer support and brand affinity, demonstrating the value of brand personality for modern consumers. This campaign has sought to spark debate and boost brand perception among middle-class families. The campaign has earned more than 10 awards at Cannes and was also ranked the world's most effective campaign by WARC in 2018 and 2019.

Quaker's Nutrition Narrative

Quakers is a major player in the Indian oats market and is renowned for its commitment to nutrition. The company has released a new campaign film infused with cultural veneration, titled "Dohale Jevan Poshanchi Vaati", which addresses the importance of nutrition. This short film contributes to continuing awareness campaigns by highlighting the critical role that nutrition plays, as seen from the viewpoint of a child worried about the health of their unborn sibling. In addition to incorporating elements of ethnicity, this gripping tale underscores the value of nutrition in a child's life, particularly during the 3 to 5-year age range. Quaker's commitment to providing the right nutrition underscores their belief that a bright future begins with proper nourishment. The film was shot in the suburbs of Pune, Maharashtra, which had previously been shown to have a high rate of malnutrition. The company is focusing on social media platforms while also engaging with customers to analyze the effectiveness of this initiative. The approach has gotten a lot of positive responses, which has led to a notable increase in sales. The company made its customers aware that Quaker Oats can match all of the parameters that an Indian customer desires.

ARIEL

Cadbury

QUAKER

Celebrating the Unsung Heroes

Cadbury, a name synonymous with sweet treats and heartfelt connections, has launched a moving new campaign: #ThankYouFirstCoach. This initiative puts a much-deserved spotlight on the often-overlooked heroes of cricket—the first coaches who discover raw talent and nurture it into the dazzling skills we see on the professional field. The campaign's centerpiece is a poignant film series showcasing the deep bonds between players and the mentors who guided their earliest steps. To further amplify the message, Cadbury has launched this campaign during the Indian Premier League, outfitting stars like Surya Kumar and KL Rahul in special edition jerseys. These jerseys proudly display the names of their first coaches, a powerful statement of gratitude. Fans are invited to join the celebration with special edition Cadbury Dairy Milk chocolate boxes, encouraging everyone to take a moment to express thanks for those who first nurtured their dreams. #ThankYouFirstCoach aligns seamlessly with Cadbury's brand philosophy, known for celebrating joy, connection, and the simple sweetness of life. The campaign celebrates the transformative power of coaches, reminding us that behind every extraordinary athlete lies the dedication of someone who recognized their potential and helped them achieve greatness. Cadbury has built a strong brand identity by focusing on themes of indulgence and nostalgia, contributing to a strong brand connection with its audience.

OPINION POLL

"As per the mantra of the RBI, it should make fast growth its topmost priority, along with focusing on trust and stability. The next decade is as important for attaining the goal of developed India as it for the RBI, which will complete 100 years of existence in 2035."

- **Narendra Modi**

Prime Minister

"While the base for EV adoption in India is still expanding, figures underscore the accelerating shift towards electric mobility and highlight the market's potential for sustainable transportation solutions."

- **Manish Raj Singhania**

FADA President

"India has been the fastest growing economy in the last three consecutive financial years and this growth can continue in the coming years as well. The next 25 years will be very critical for India."

- **Nirmala Sitharaman**

Union Finance Minister

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