

## Weekly Capsule (Apr 22 – Apr 26) and Impact Analysis

News Announcement	Impact Analysis
<ul style="list-style-type: none"> <li>➤ First advance estimate of US Q1 2024 GDP comes in sharply lower at 1.6%</li> </ul>	<ul style="list-style-type: none"> <li>➤ While the impact on the nominal GDP growth was just about 40 bps, the sharp fall of 180 bps was due to high inflation</li> <li>➤ It may be recollected that the US had reported 3.4% GDP growth in Q4-2023 and 4.9% GDP growth in Q3-2023</li> </ul>
<ul style="list-style-type: none"> <li>➤ US PCE inflation for March 2024 comes in 20 bps higher than February at 2.7%</li> </ul>	<ul style="list-style-type: none"> <li>➤ While core PCE inflation was flat at 2.8%, there was a visible spike in food PCE and energy PCE inflation in March 2024</li> <li>➤ With the latest spike in PCE inflation in March 2024, the CME Fedwatch is not expecting just one rate cut in 2024</li> </ul>
<ul style="list-style-type: none"> <li>➤ Vodafone FPO sallies through with 6.36 times subscription for the issue</li> </ul>	<ul style="list-style-type: none"> <li>➤ While the retail portion was partially undersubscribed, QIB subscriptions and HNI / NII subscriptions were very robust</li> <li>➤ Ahead of its Rs18,000 crore IPO, Vodafone Idea had raised close to Rs5,400 crore from the institutional investors</li> </ul>
<ul style="list-style-type: none"> <li>➤ Delhi HC asks DGCA to deregister Go First aircraft in the next 5 days</li> </ul>	<ul style="list-style-type: none"> <li>➤ This will give respite to lessors as now Go First has to return all the 54 aircraft to the lessors, something they were demanding</li> <li>➤ The court has also restrained the airline and its reps from accessing, flying, or using the aircraft in any manner</li> </ul>
<ul style="list-style-type: none"> <li>➤ RBI lays norms for voluntary conversion of SFBs into universal banks</li> </ul>	<ul style="list-style-type: none"> <li>➤ For that, the SFBs will have to adhere to the minimum RBI requirements with respect to paid up capital and net worth</li> <li>➤ Such SBFs must be listed entities with 5-year good track record and gross NPAs under 3% and net NPAs under 1%</li> </ul>
<ul style="list-style-type: none"> <li>➤ Maruti Suzuki earmarks Rs10,000 crore for capital expenditure in FY25</li> </ul>	<ul style="list-style-type: none"> <li>➤ This capex will be for new product launches and for capacity expansions and the capex for FY25 is 47% higher than FY24</li> <li>➤ It currently produces 23.5 lakh cars across Gurugram, Manesar and Gujarat; and plans to touch 40 lakh cars capacity in future</li> </ul>
<ul style="list-style-type: none"> <li>➤ Reliance Retail has now grown bigger than ITC, HUL, D-Mart, TCPL combined</li> </ul>	<ul style="list-style-type: none"> <li>➤ For FY24, Reliance Retail reported net sales of Rs3 trillion and had a market valuation implied at close to \$100 billion</li> <li>➤ In terms of market cap, the valuation of Reliance Retail is equal to HUL and ITC, but debt component is not known</li> </ul>
<ul style="list-style-type: none"> <li>➤ Shriram Finance reports 49% growth in net profits in Q4FY24 at Rs1,946 crore</li> </ul>	<ul style="list-style-type: none"> <li>➤ Total revenues for the fourth quarter were also higher by 22.3% higher on a yoy basis at Rs9,484 crore; NII up 20% yoy</li> <li>➤ On a yoy basis, Shriram Finance also reported 21.1% growth in AUM at Rs2.25 trillion and paid dividend of Rs45/share</li> </ul>
<ul style="list-style-type: none"> <li>➤ Sandur Manganese to buy out Arjas Steel for consideration of Rs3,000 crore</li> </ul>	<ul style="list-style-type: none"> <li>➤ This will be purchased from ADV Partners, the Asia focused private equity fund, taking in 81% in an all-cash deal</li> <li>➤ This move is in line with recent plans of Sandur Manganese to foray into manufacture of special steels and value-adds</li> </ul>

<ul style="list-style-type: none"> <li>➤ India's household debt touches a new peak of 39.1% of full year GDP</li> </ul>	<ul style="list-style-type: none"> <li>➤ Surprisingly, while home loans have shown strong growth, the real thrust has come from car loans and consumption loans</li> <li>➤ The irony is that during this same period, corporate debt has just about climbed by 6% and is around 42% of GDP</li> </ul>
<ul style="list-style-type: none"> <li>➤ India FY24 GDP growth could have a lot to thank the GDP deflator for</li> </ul>	<ul style="list-style-type: none"> <li>➤ For FY24, India is expected to report 9.1% nominal GDP growth and 7.6% real growing, implying 1.5% GDP deflator</li> <li>➤ GDP deflator has 65:35 weights for WPI and CPI inflation and it is here that the -0.70% WPI inflation for FY24 has helped</li> </ul>
<ul style="list-style-type: none"> <li>➤ Government of India likely to put big focus on export related infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>➤ The exercise is on to identify infrastructure gaps to be able to touch merchandise export target of \$1 trillion by 2030</li> <li>➤ This calls for investments in roads, railways, and ports to be able to handle another 2,000 million tonnes goods movement</li> </ul>
<ul style="list-style-type: none"> <li>➤ CRISIL expects vegetable prices to stay elevated for the time being</li> </ul>	<ul style="list-style-type: none"> <li>➤ According to CRISIL, the prolonged heat wave till June could delay the onset of monsoons and impact sowing once again</li> <li>➤ Also, the pressure is likely to come from vegetables basket once again in CPI, which also has a very high weightage</li> </ul>
<ul style="list-style-type: none"> <li>➤ RBI issues draft guidelines for loan web aggregators on the internet</li> </ul>	<ul style="list-style-type: none"> <li>➤ These loan service providers (LSPs) offer services like customer acquisition, underwriting and loan recovery</li> <li>➤ The condition is that the LSP must disclose the loan details of all available borrowers to enable a smart customer decision</li> </ul>
<ul style="list-style-type: none"> <li>➤ Swiggy gets shareholder approval for its proposed Rs10,414 IPO fund raising</li> </ul>	<ul style="list-style-type: none"> <li>➤ This will include Rs3,750 crore by way of fresh issue and Rs6,664 crore by way of an offer for sale (OFS) for exit</li> <li>➤ Swiggy IPO DRHP is yet to be filed, but the going price in informal markets is at around 20% discount to last valuation</li> </ul>
<ul style="list-style-type: none"> <li>➤ Hindustan Unilever to put its focus largely on just six beauty product areas</li> </ul>	<ul style="list-style-type: none"> <li>➤ The idea here is to enable HUL to move up the value chain of beauty products, where higher margins are assured</li> <li>➤ This focus area will encompass a wide array of marquee brands like Ponds, Lakme, Dove, Vaseline; and a few more</li> </ul>
<ul style="list-style-type: none"> <li>➤ Tesla plans auto manufacturing plant in India and in Mexico by year 2025</li> </ul>	<ul style="list-style-type: none"> <li>➤ Its current capacity is 3 million units across its 4 plants, but with the 50% output spike in 2024, it will be at full capacity</li> <li>➤ The capacity expansion in India and Mexico is timed to sync with this full capacity target and in line with India EV policy</li> </ul>
<ul style="list-style-type: none"> <li>➤ RBI bars Kotak Bank from issuing fresh credit cards and onboarding customers</li> </ul>	<ul style="list-style-type: none"> <li>➤ Kotak Bank had failed to plug gaps in the online banking system and this was after several warnings by the RBI</li> <li>➤ This ban will be valid till the RBI conducts a re-examination of its IT systems and is convinced about its robustness</li> </ul>
<ul style="list-style-type: none"> <li>➤ Jio reported higher ARPU of Rs182 in the fourth quarter, but long way to go</li> </ul>	<ul style="list-style-type: none"> <li>➤ At this rate, Jio is expected to touch ARPU of Rs235 by FY27 as nearly 28% of its data traffic is currently free of cost</li> <li>➤ However, by FY27, Bharti Airtel is expected to boost its ARPU up to Rs286, so the wide ARPU edge of Airtel will remain</li> </ul>

<ul style="list-style-type: none"> <li>➤ VIX (volatility index) crashes sharply during the week to 10.2 levels</li> </ul>	<ul style="list-style-type: none"> <li>➤ The VIX or fear index fell by over 20% on Monday, which is surprising as the election outcomes are yet to be announced</li> <li>➤ VIX is implied risk in options prices and could also be a contra signal since it could be a sign of heavy call writing happening</li> </ul>
<ul style="list-style-type: none"> <li>➤ Reliance Industries reported 1.8% fall in net profits at Rs18,951 crore in Q4</li> </ul>	<ul style="list-style-type: none"> <li>➤ Revenues were up 11.1% in the fourth quarter at Rs2.37 trillion with robust growth across digital, retail and O2C</li> <li>➤ While operating profits were robust across the 3 businesses, the pressure came from higher tax impact in Q4FY24</li> </ul>

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