

## Weekly Capsule (Oct 14 – Oct 18) and Impact Analysis

News Announcement	Impact Analysis
<ul style="list-style-type: none"> <li>➤ India's imports of crude oil surged by 12% in H1FY25, as local output slumps</li> </ul>	<ul style="list-style-type: none"> <li>➤ The 12% spike in the oil import bill was only backed by 4% hike in volumes, so the balance came from higher oil prices</li> <li>➤ However, with the fall in prices towards the end of H1, the oil import bill in September 2024 was actually 3% lower yoy</li> </ul>
<ul style="list-style-type: none"> <li>➤ India's forex reserves dropped by \$10.75 billion in week to October 11</li> </ul>	<ul style="list-style-type: none"> <li>➤ The forex reserves came back to \$690 billion after having crossed the \$700 billion mark at the start of October</li> <li>➤ This sharp fall in reserves is largely due to the RBI selling dollars aggressively to defend the rupee amidst FPI selling</li> </ul>
<ul style="list-style-type: none"> <li>➤ NSDL assets under custody (AUC) went past \$6 trillion for first time in Sep-24</li> </ul>	<ul style="list-style-type: none"> <li>➤ Since the year 2014, the assets under custody with NSDL have grown by nearly 5-fold, as financialization of assets took off</li> <li>➤ While CDSL has the bulk of the number of demat accounts, it is NSDL that dominates AUC with nearly 80% market share</li> </ul>
<ul style="list-style-type: none"> <li>➤ Kotak Mahindra Bank plans to buy out the personal loan book of Stanchart</li> </ul>	<ul style="list-style-type: none"> <li>➤ The personal loan book of Standard Chartered stands at Rs4,100 crore as RBI strictures make this market tougher</li> <li>➤ Just couple of years back, Citi had exited the India consumer banking business, selling the vertical to Axis Bank</li> </ul>
<ul style="list-style-type: none"> <li>➤ Exports of software services grew to \$205.2 billion in fiscal year FY24</li> </ul>	<ul style="list-style-type: none"> <li>➤ The US was the largest destination with 54% market share, followed by UK+EU in second place with market share of 31%</li> <li>➤ Computer services remained the dominant export item, while BPO services were the dominant component of ITES exports</li> </ul>
<ul style="list-style-type: none"> <li>➤ Hindustan Zinc in talks with the centre on splitting of business of the company</li> </ul>	<ul style="list-style-type: none"> <li>➤ HZL wants to separate the business of zinc, lead, silver, and recycling business into separate listed entities on bourses</li> <li>➤ Earlier, the government had rejected this proposal as not being value accretive, but may now look to sell out of HZL</li> </ul>
<ul style="list-style-type: none"> <li>➤ RBI bans Navi Finserv and 3 others from either extending or renewing loans</li> </ul>	<ul style="list-style-type: none"> <li>➤ Apart from Navi, Asirvad Micro, Arohan, and DMI Finance have also been asked to stop sanctions and disbursal of loans</li> <li>➤ RBI has raised serious concerns about the pricing policy of these MFI companies and compliance with extant regulations</li> </ul>
<ul style="list-style-type: none"> <li>➤ India sees a deluge of NFOs in the first half of FY25 at over Rs71,000 crore</li> </ul>	<ul style="list-style-type: none"> <li>➤ The mutual fund NFO collections in H1FY25 are already higher than the full year NFO collections during FY23 and FY24</li> <li>➤ While FY25 looks set to overtake the Rs1 trillion NFO flows in FY22, there is an overt dominance of thematic funds in FY25</li> </ul>
<ul style="list-style-type: none"> <li>➤ The centre is planning to front end the devolution of funds to various states</li> </ul>	<ul style="list-style-type: none"> <li>➤ Capex at central and state level have fallen sharply and the centre plans to lean heavily on the states to drive capex</li> <li>➤ The government is genuinely worried about the capex slowing and its visible impact in core sector and IIP contraction</li> </ul>

<ul style="list-style-type: none"> <li>➤ Diplomatic equations between India and Canada have hit another low now</li> </ul>	<ul style="list-style-type: none"> <li>➤ This came after Trudeau accused Indian diplomats in Canada playing a key role in the killing of Sikh terrorist Hardeep Nijjar</li> <li>➤ Both nations sent back key diplomats and it remains to be seen if this move impacts flow of investments from Canada</li> </ul>
<ul style="list-style-type: none"> <li>➤ FPIs sell nearly \$9.4 billion in Indian equities in first 3 weeks of October</li> </ul>	<ul style="list-style-type: none"> <li>➤ The selling was heavy as FPIs gravitated towards China on valuation concerns, higher crude prices and weak Q2 results</li> <li>➤ However, October also saw the domestic players like LIC and domestic mutual funds infusing \$9 billion into Indian stocks</li> </ul>
<ul style="list-style-type: none"> <li>➤ Reliance Q2 net profits fall 4.8% yoy at Rs16,563 crore on O2C pressures</li> </ul>	<ul style="list-style-type: none"> <li>➤ The pressure largely came from a sharp fall in the benchmark Singapore Gross Refining Margins (GRMs) and logistic issues</li> <li>➤ However, if retail managed to lead on top line growth, the bottom line growth support came from a robust telecom play</li> </ul>
<ul style="list-style-type: none"> <li>➤ Hyundai Motor India mega IPO closes with 2.6 times subscription overall</li> </ul>	<ul style="list-style-type: none"> <li>➤ However, while the QIB portion got subscribed nearly 7 times, the retail and HNI / NII portion got about 0.50-0.60X response</li> <li>➤ Mega issues in the past like Paytm and LIC also struggled to get subscribed, with Paytm still trading below the IPO price</li> </ul>
<ul style="list-style-type: none"> <li>➤ Major Indian companies are likely to invest \$800 billion capex in 10 years</li> </ul>	<ul style="list-style-type: none"> <li>➤ Most of the big investments are likely to come from the Tatas, JSW group, Gautam Adani group and the Reliance Group</li> <li>➤ What is more interesting is that nearly 40% of these outlays will go towards emerging technologies, green energy etc</li> </ul>
<ul style="list-style-type: none"> <li>➤ Brent Crude continued to face pressure and struggles to break above \$80/bbl</li> </ul>	<ul style="list-style-type: none"> <li>➤ The pressure on oil was visible after OPEC sharply downsized Chinese oil import demand amid higher domestic output</li> <li>➤ Also, OPEC is expected to boost supplies in the coming months to make the best returns when prices are still elevated</li> </ul>
<ul style="list-style-type: none"> <li>➤ After retail inflation spiked to 5.5%, higher Rabi MSP could add to inflation</li> </ul>	<ul style="list-style-type: none"> <li>➤ In fact, economists are now estimating that the higher Rabi MSP promised by the government could add 20 bps to CPI</li> <li>➤ With delayed monsoon exit in India, the concern over a second spike in inflation will add to MSP impact on inflation</li> </ul>
<ul style="list-style-type: none"> <li>➤ Waaree Energies raises Rs,1277 crore or nearly 30% of IPO size from anchors</li> </ul>	<ul style="list-style-type: none"> <li>➤ The anchor placement was done at the upper price of Rs1,503 per share and was spread across a total of 92 anchor investors</li> <li>➤ Out of the total anchor book, one-third was allocated to 45 mutual fund schemes across 17 asset management companies</li> </ul>
<ul style="list-style-type: none"> <li>➤ S&amp;P Global estimates \$170 billion need for expansion of Indian aviation sector</li> </ul>	<ul style="list-style-type: none"> <li>➤ This money would be required by 2030 as Indian airlines have to take delivery of 1,700 aircraft from Airbus and Boeing</li> <li>➤ Also, the number of airports are likely to grow to 220 by year 2030 and airlines will need to pay to boost airport capacity</li> </ul>
<ul style="list-style-type: none"> <li>➤ Mizuho of Japan the frontrunner to buy out the KKR stake in Avendus India</li> </ul>	<ul style="list-style-type: none"> <li>➤ Avendus is currently valued at Rs5,000 crore and, apart from Mizuho, even Nomura of Japan is in the fray for Avendus</li> <li>➤ Avendus co-founder, Gaurav Deepak is also making a counter offer, although matching Mizuho's deep pockets may be hard</li> </ul>

<ul style="list-style-type: none"> <li>➤ SEBI to allow partnership firms and AOPs to have own demat accounts</li> </ul>	<ul style="list-style-type: none"> <li>➤ Currently, in the case of partnerships and association of persons (AOP), demat is in the name of partner or trustee</li> <li>➤ However, the AOPs and firms can only hold non-equity assets like bonds in demat form, but it will encourage digitization</li> </ul>
<ul style="list-style-type: none"> <li>➤ As investors grow, there is a queue building up for a mutual fund license</li> </ul>	<ul style="list-style-type: none"> <li>➤ While Zerodha, Bajaj Finserv, Helios, and NJ are recent entrants, now Capitalmind and Jio Blackrock have got licenses</li> <li>➤ There are many more applying for an AMC license, including Pantomath Advisors, Choice International, and AlphaGrep</li> </ul>

**Disclaimer:** The content of this newsletter published by HPMG Shares and Securities Private Limited (Weekly Capsule) are not intended to serve as a professional advice or guidance and the newsletter takes no responsibility or liability, express or implied whatsoever for any investment decision made or taken by readers of this newsletter based on its content thereof. The readers of this newsletter should exercise due caution and/or seek independent professional advice before entering into any commercial or business relationship or making any investment decision or entering into any financial obligation based on any information, statement or opinion which is contained, provided or expressed in this newsletter.