

GROUND VIEW



Road Less Travelled

INSIDE THE ISSUE



Channel checks for the tile industry: Morbi under temporary shutdown

Detailed story on pg. 2



Odisha: Iron ore miners' woes continues. MDPA shortfall notices may impact supply

Detailed story on pg. 2

RETROSPECTIVE PERSPECTIVE

- The delta of the Delta variant
- Covid new cases by country
- FPIs pull out money, but equity and debt MFs see huge inflows; retail frenzy continues
- Market buzz
- Did insanity ensue after the gold standard ended?
- Inflation, supply chain and shortages
- China's Corporate Crackdown
- End of the road for Vi?
- Oil prices could reduce ahead?
- Indians can soon invest in foreign shares
- The IPO craze on Dalal Street may be abating
- Northeast border disputes
- All that Twitters: A timeline of Govt vs
- SECTOR WATCH
- India at the Olympics

News round-up of the month

Detailed story on pg. 4-8

Channel checks for the tile industry: Morbi under temporary shutdown

by Deepak Agarwal

Our recent channel checks with Morbi-based tiles manufacturers revealed that many plants are temporarily shut down for another 10-15 days – soluble-salt plants from 10th August and double-charge plants from 15th August. According to the channel partner we spoke to, 15-20% plants will see temporary shut downs mainly because of two reasons –

1. Transporters strike, which is impacting finished goods and raw materials supply.
2. Shortage of containers.

Supply challenges and container shortage has resulted in higher inventory levels. Freight cost has increased significantly in the last 2-3 months. Before the shut downs, Morbi plants were operating at c.85% CUF.

Our checks show that c.30 new plants will be operational over the next 3-4 months, and new expansion plans of 40-60 plants will be delayed. Morbi currently has c.700 plants.

Rising input prices have already taken a toll on the tiles industry, and Morbi has not been able to pass it on to consumers (the last price hike was in April 2021).

We believe a temporary shutdown is beneficial for domestic brands like Kajaria and Somany, mainly due to the following four factors:

1. Inventory will be normalized.
2. No price war to liquidate the stock in the domestic market.
3. Not much pressure on working capital.
4. Leading national domestic brands (having plants outside Morbi) will gain market share.

However, this temporary shutdown may impact Gujarat Gas volumes for the following two reasons:

1. Delay in new capacity expansion.
2. Volumes in the short term.



Odisha: Iron ore miners' woes continues. MDPA shortfall notices may impact supply

by Vikash Singh

Why have the notices been served?

Odisha State mining department has served notices to owners of 10 mines auctioned last year regarding failure to meet the Mining Development and Production Agreement (80% production of last 3-year averages). Among those who received the notices, the most notable is Serajuddin & Co which now faces an astounding demand of Rs 60bn from the government, followed by JSW Steel (Rs 7.2bn demand), and ArcelorMittal/Nippon Steel (Rs 1.5bn). Most of these have bagged mines in last year's auctions at significantly high premiums of 110-130%, which made it difficult to sell large quantities, as they end up losing more money due to high premiums.

How is it going to impact supply?

Odisha iron ore production dropped from 145mn tonnes in FY2 to 111mn in FY21, largely driven by covid-related delays in the restarting of mining, and later, due to lower production from the auctioned mines. While we hoped production would bounce back to 138-140mn tonnes in FY22, the recent demands from the state might force some of the miners to surrender their mines (instead of paying and continuing to carry on the legacy of very high premiums). JSW is already looking at surrendering Gauna and Jajang iron ore mines. One of the miners also expects to move the courts against the demands, arguing that this particular provision was inserted in-between auctions, so it should be invalid.

What could be the total impact if the issue is unresolved?

The total dispatches from affected mines are 16mn tonnes. Even if half of them agree not to pay or surrender the mines, 8-9mn tonnes of production can be impacted, which would be hard to compensate in the near term, as reauctioning of mines could take time. Even if the case

goes to court, the Odisha government may disallow further production/dispatch unless the judgement comes through, which can have a short-term impact on supply, and may support domestic prices against falling international prices, which are now closer to domestic prices for port-based players.

Mine-wise MDPA calculation



Sl	Mining Block	Lessee	E.C. Limit in MT	Dispatch achieved against Target %
1	Nuagaon	JSW Steel Ltd	5.62	110.38%
2	Narayanposhi	JSW Steel Ltd	6.038	102.54%
3	Ganua	JSW Steel Ltd	1.2	115.72%
4	Jajang	JSW Steel Ltd	16.5	84.84%
5	Thakurani	Arcelor Mittal	5.5	95.53%
6	Balda Iron ore Block	Serajuddin & Co.	15.15	16.41%
7	Roida II Iron ore Block	Narbheram Steel & Power Ltd	3.5	28.54%
8	Mahulsukha Iron & Mn ore Block	Patnaik Minerals Ltd	0.04	100.88%
9	Gorumahisini Iron ore Block	Ghanashyam Mishra & Sons Ltd	0.75	44.37%
10	Kolmong Iron ore & Manganese Block	Yazdani Steel & Power Ltd	0.04	105.79%
11	Sijora-Kalimati Iron ore & Manganese Block	Debabrata Behera	0.19	100.56%
12	Jaribahal Iron ore Block	Kashvi International Pvt Ltd	0.998	107.03%
13	Jururi Iron ore Block	Jagat Janani Services Pvt Ltd	2.1	5.06%
14	Katasahi Manganese block	M/s Agrasen Sponge Pvt Ltd	0.019	106.43%
15	Kanther-Koira Manganese Block	PM Granite Export Pvt Ltd	0.02	6.30%
16	Kamarda Chromite Block	Tata Steel Mining Ltd	0.088	11.65%
17	Saruabil Chromite Block	Tata Steel Mining Ltd	0.35	80.05%
18	Sukinda Chromite Block	Tata Steel Mining Ltd	2.4	55.30%
19	Badampahar Iron Ore Block	GM Iron & Steel Company Ltd	15	74.48%

Source: Steelmint

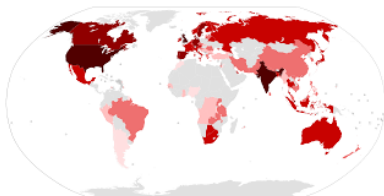
RETROSPECTIVE PERSPECTIVE

– by Roshan Sony

Snippets

The delta of the Delta variant

While India's number of cases (below 40,000 daily) and positivity rate (2-3%) stayed in check, the Delta variant played havoc globally – some have dubbed this 'the pandemic of the unvaccinated' because even countries that have 70% vaccinations are seeing rising cases. In the US, President Biden went as far as to tell his states to offer US\$ 100 vaccine incentives as cases rose rapidly. The virus, so far manageable in Africa, has begun to spread rapidly in Nigeria and Ethiopia. The Delta variant is likely to have spread to over a hundred countries and will soon become the most dominant strain globally. Among the variants of concern, Delta spreads most rapidly. The jury is still out on whether the variant causes more severe illness than other variants.



India, too, is not out of the woods yet. While cases have steadied out, all major metros, except Mumbai and Pune, are reporting an R count (viral reproduction rate) of over 1, as per the latest data assessment by the Institute of Mathematical Sciences. IMS suggests that this may be 'the precursor of a new wave', unless the R number subsides soon. However, there are some positives – rural vaccination has picked up in India with 51% of all vaccines given in rural areas. Also, c.68% of India's population above the age of six was found to have covid-19 antibodies as per the national sero survey done in June-July 2021.

Covid new cases by country

- **Rising:** US, Japan, Germany, UK, France, Italy, South Korea, Australia, Mexico, Belgium, Thailand, Canada, Turkey, Switzerland, Philippines, Nigeria, Ethiopia
- **Falling:** Brazil, Russia, Spain, Indonesia, Netherlands, Bangladesh
- **Steady at high levels:** Pakistan
- **Steady at low levels:** India, Saudi Arabia, Taiwan, Sweden, Nepal
- **Almost non-existent:** China, Poland

FPIs pull out money, but equity and debt MFs see huge inflows; retail frenzy continues

In July 2021, FPIs took out US\$ 1.52bn from Indian equities, of which US\$ 862mn was in the second half. However, inflows in equity MFs in July were humungous at Rs 201bn (vs. Rs 60bn in June 2021), while debt funds saw nearly Rs 640bn of inflows (vs. Rs 36bn in June 2021). FPIs net invested Rs 21bn as of 15 August.

Meanwhile, in more evidence of the work of the Retail Army on Dalal Street, smallcaps outperformed both midcaps and largecaps by a wide margin so far in FY21. The BSE Smallcap Index rose 30% in the first four months of FY21, while the Midcap Index increased 14%, and the Sensex 6%. NSE data showed that in 4MFY22, over 5mn new investors enrolled, which is almost 3x yoy.

Also, retail investors seem to be joining in from all over India now; new entrants came in from outside of the top-5 usual states.

The current rally has been dubbed a "mega rally" and is seen continuing by most unless a Black Swan event happens.

- **Positives** are seen as decent goods and services tax collections, automobile sales picking up, strong purchasing managers' index, good rainfall, and robust corporate earnings for the rest of the year.
- **Worries** include flagging momentum in discretionary spending by consumers, rising commodity costs, higher inflation, potential spike in infections, weakened manufacturing activity, and relatively sub-par exports.

Market buzz

Operating costs management to be in focus for the next 2-3 quarters. Which companies deal with inflationary pressures and protect their operating margins?	Rakesh Jhunjunwala makes a contra bet on the airlines sector; plans to invest in a new airline. Implications on other airline stocks.
Moody's says earnings of state-owned oil firms IOC, BPCL and HPCL will grow over the next 12-18 months as a gradual easing of pandemic restrictions drives a rebound in economic activity and fuel demand.	The market expects bond yields in India to rise by the year-end, as disagreement among the central bank's rate-setting panel members indicates that they are moving toward a more hawkish stance, a Bloomberg survey has found.
Market will look at value picks that will benefit from rapid unlocking / return to normalcy (retail, theatres, travel, tourism). Overall, too, value investing is in focus as growth stocks take on unearthly valuations.	However, there is a wide divergence about when the rate hike will take place - as early as October this year, to June next year - but there is a higher convergence of expectations in December.
Silver-backed exchange-traded funds are one of the most popular products globally and could soon be available in India. SEBI is said to be considering allowing mutual funds to launch bespoke plans that mimic the price moves of silver, which should create an affordable and liquid investment proxy for the metal.	Bullishness in IT stocks unabated. IPO grey market premiums said to be coming off due to worries about expensive valuations.

Did insanity ensue after the gold standard ended?

Nixon suspended the convertibility of the USD into gold fifty years ago on 15th August, incidentally India's Independence Day. What has followed is an era of debt-fuelled econom(ies) and more and more crises, solved relatively 'painlessly' by rampant printing of money. After the gold standard ended (incidentally, it was just supposed to be temporarily suspended), the US dollar became the world's reserve currency and a massive global credit expansion ensued. The US was able to increase its money supply exponentially, but successfully avoided hyperinflation because the rest of the world bears the burden of its monetary imbalances. Other economies also follow the US' style of monetary expansion, but since their currencies have less demand vs. the



dollar, they become weaker and at a simplistic level it increases the dependence of their economies on the USD.

While the return to a gold standard (even partial) seems impossible, given that it will probably lead to a collapse of the fragile system currently in place, the fact is, several countries have upped their gold stocks dramatically, most notably China, followed by Russia. Why have they been doing this? Interestingly, there has been a sort of mini crash in gold prices of late. In the last decade or so, several countries including BRICs have been showing signs of trying to break free from the dollar dominance.

Theory – the dollar will strengthen before it falls

The idea of a liquidity crisis at the moment seems outlandish. After all, we are literally drowning in it. But here is what one school of thought predicts, and it is worth hearing – the dollar was deliberately weakened in the Obama era to strengthen the US economy, which was flailing in the wake of the Great Financial Crisis. The thesis is that the US is not going to do so well in the second half of this year, as government handouts end, private income remains stagnant, and exports fail to pick up as much as imports. The fall in US treasury yields since March is indicative of a global flight to quality, expectations of disinflation, and slower growth ahead (possibly even a recession), which is why the dollar will strengthen for a bit before heading for a mighty crash. Once clear signs of a weak economy emerge, the government will deliberately weaken the dollar to give the economy a boost.

Inflation, supply chain and shortages

The pandemic has thrown global supply chains out of whack and for Americans, there were some rude shocks of late. The list of things that Americans may have to bang shopping carts over include olive oil, Nutella, cilantro, chicken wings, ketchup packets, foam (yes, the mattress kind), chips (tech, not the munchy variety) affecting car deliveries and smartphone launches, worker shortages in service and retail industry despite +5% unemployment (unemployment benefits may have a role to play), and last, houses (rent and owned). Analysts believe that everything from raw ingredients to labour will remain substantially more expensive in America in coming months. Many companies such as PepsiCo have already predicted an impact on their bottom lines due to higher input costs. Equity investors, complacent so far, will have to reckon with a sustained inflationary environment, as that would send the yields soaring at some point, Bloomberg quoted equity analysts as saying.



In India, too, retailers are stocking up on mobile phones like never before, as they brace for a severe supply shortage in the lead up to the festive season because chipset supplies continue to run short.

China's Corporate Crackdown

It began with Beijing targeting technology and education industries. However, now the government has unveiled a 'five-year plan' outlining tighter regulation of much of its economy. It says new rules will be introduced covering areas including national security, technology, and monopolies. Its 10-point plan says that laws will be strengthened for "important fields" such as science and technological innovation, culture and education.

End of the road for Vi?

In a sharp blow to the sector, Kumar Mangalam Birla, chairman of Vodafone Idea (Vi), stepped down as the chairman of the company. The

already battered Vi stock, nosedived after this exit (lost 37% in the last month). Birla has offered to give away his stake to a government, a company, or any entity that considered Vi worth enough to keep it operational. He wrote to the government saying investors were unwilling to participate due to a lack of clarity on the AGR (adjusted gross revenue) issue; Vi owes more than Rs 580bn to the government in AGR dues. In July, the Supreme Court had rejected Airtel and Vi's request to recalculate AGR dues owed by these companies. Meanwhile, media reports say the government is looking at coming up with long-term measures to improve the health of sector reeling under debt. This could include redefining AGR and allowing telecom companies to give up their unused spectrum for a non-punitive penalty.

Oil prices could reduce ahead?

The Opec cartel and partners such as Russia are likely to boost supply after prices climbed to 2.5-year highs recently. The White House also weighed in, urging OPEC to boost oil production, saying latest planned increases are insufficient as countries around the world emerge from the pandemic. Meanwhile, Reuters reported that crude output from seven major shale formations in the US is expected to rise to 7.91 mn bpd by August, putting pressure on oil prices.

Indians can soon invest in foreign shares

NSE and BSE are creating special platforms at the International Financial Services Centre (IFSC) in GIFT City (Gujarat) through which Indians can invest in foreign shares. Under this, Indians will be able to hold the securities through depository receipts – an instrument that represents a foreign company's publicly traded securities – in their own demat accounts at the financial centre. While the trades on NSE's platform will be guaranteed by the exchange, the absence of taxes on these transactions will be the biggest draw for local investors to trade through IFSC. Gujarat International Finance Tec-City (Gift City) is an under-construction business district near Ahmedabad in Gujarat, India.



Even as Indian funds are exploring opportunities in these IFSC centres, FIIs have apparently halted IFSC plans – several foreign financial institutions that were looking to set up investment entities in these have pushed them back pending negotiations of India's terminated bilateral trade agreements with 58 countries.

The IPO craze on Dalal Street may be abating

The stars were aligned like never before for IPOs – a combination of easy availability of funds globally, a stock market recording new peaks regularly, and strong listing gains. But now the grey market premiums are falling and listing gains are no longer a given. Could this be the beginning of the end of the IPO boom? An analysis by the Economic Times showed that majority of retail investors in IPOs are in it for the listing pop – they offload shares on the debut day.

July

- GR Infra, Clean Science, and Tatva Chintan list at c.100% premiums.
- Zomato lists at a +50% premium.

August

- Windlas Biotech shares list at loss.
- Devyani International shares close with 37% premium.
- Glenmark Life Sciences slips below issue price, ends flat.

- Others IPOs – Car Trade, Nuvoco Vistas (a Nirma Group company), Rolex Rings, Chemplast Sanmar, Aptus Value Housing Finance, and Krsnaa Diagnostics.

Northeast border disputes

Assam and Mizoram police forces clashed over a border dispute recently. Five police officers from Assam died. Internal border disputes in the north east are more than a hundred years old, with a long history of ethnic strife and disputes over issues such as forest resources and land; even rumours have set off fights, such is the thin ice of some of northeast's inter-state relationships.

A brief history

- Once upon a time, the Northeast comprised of just three large states – Assam, Tripura, and Manipur. Even when the other states were formed, none unequivocally accepted the borders or demarcations.
- Assam split into Meghalaya, Mizoram, and Nagaland and since then border disputes have prevailed.
- Nagaland was carved out in 1963. Meghalaya separated in 1972. Mizoram was declared a Union Territory in 1972 and became a state in 1987. The 'North-East Frontier Agency' became Arunachal Pradesh in 1987.

One can call the northeast a country within a country. It has always pretty much marched to its own drum beat. Legal pluralism is very prevalent here, and traditional customs heavily influence dispute resolution. Besides, here the Constitution's 'Sixth Schedule' applies (to tribal areas in Assam, Meghalaya, Tripura, and Mizoram) under which the tribal population receives considerable autonomy through councils that can (and do) enact laws related to land, agriculture, forests, and health. They even strongly influence politics and are known to have a deciding say in land disputes.

All that Twitters: A timeline of Govt vs.

- Feb: Twitter founder 'likes' tweets supporting farmers.
- May: The Ministry of Electronics and Information Technology issued new guidelines for social media companies, streaming platforms and digital publications that would make them more accountable for the content they host. Twitter says will uphold IT rules but also protect freedom of expression. It tags Bharatiya Janata Party spokesperson Sambit Patra's tweet as "manipulated media"- Patra had alleged the Congress party had created a toolkit to defame the Narendra Modi government. Delhi police visited Twitter's offices.
- June: Twitter finally appoints compliance officer. A parliamentary committee chaired by Congress leader Shashi Tharoor tells Twitter India it must comply with Indian law.
- July: In spats with Twitter, India's government begins messaging shift to rival Koo.
- August: Twitter appoints "grievance officer" to comply with India's new rules. It moves India head, Manish Maheshwari, to the US amid row with the Centre and opposition. Centre tells the Delhi High Court that Twitter has now appointed all officials and is 'in compliance' with new IT Rules.

SECTOR WATCH

Telecom	Up	Up	Up	Up
Utilities	Flat	Up	Up	Up
Auto	Down	Flat	Down	Up
Banks	Up	Up	Flat	Up
Capital goods	Up	Up	Up	Up
Consumer durables	Up	Up	Up	Up
Metal	Up	Up	Up	Up
Oil and gas	Up	Flat	Up	Up
Power	Flat	Flat	Up	Up
Realty	Down	Up	Up	Up
Teck	Up	Up	Up	Up

Note: Views, if any, expressed in this section, are the author's own.

India at the Olympics

India picks up seven medals, including one gold! from the Tokyo Olympics.

Medal	Name	Sport	Event	Date
1 Gold	Neeraj Chopra	Athletics	Men's javelin throw	7 August
2 Silver	Saikhom Mirabai Chanu	Weightlifting	Women's 49 kg	24 July
2 Silver	Ravi Kumar Dahiya	Wrestling	Men's freestyle 57 kg	5 August
3 Bronze	P. V. Sindhu	Badminton	Women's singles	1 August
3 Bronze	Lovlina Borgohain	Boxing	Women's welterweight	4 August
3 Bronze	India men's national field hockey team Dilpreet Singh, Lalit Upadhyay, Rupinder Pal Singh, P. R. Sreejesh, Surender Kumar, Sumit, Manpreet Singh (C), Nilakanta Sharma, Hardik Singh, Shamsheer Singh, Gurjant Singh, Varun Kumar, Simranjeet Singh, Birendra Lakra, Mandeep Singh, Amit Rohidas, Harmanpreet Singh, Vivek Prasad	Field hockey	Men's tournament	5 August
3 Bronze	Bajrang Punia	Wrestling	Men's freestyle 65 kg	7 August

A sad map

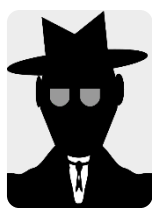


July (15-31)

INDIA

- The Union Government ends the retrospective tax regime by amending the Income Tax Act.
- India's manufacturing PMI increases to 55.3 in July 2021 vs. 48.1 in June.
- India's excess deaths during the pandemic could be a staggering 10 times the official COVID-19 toll, says research, making it modern India's worst human tragedy.
- Ministry of State of Finance said that Adani companies being investigated by SEBI.

- Pegasus Snooping Row: Opposition lawmakers accused Prime Minister Narendra Modi's government of using military-grade spyware to monitor political opponents, journalists and activists. Protests erupted in India's Parliament over spying scandal.



- Indian tax authorities raid media outlets Bharat Samachar and Dainik Bhaskar.
- From August 1, all important banking transactions such as salary, pension, and EMI to take place 24x7.
- India's biggest arms licence scam: J&K District Magistrates in CBI net.
- In a first, TRS MP Maloth Kavitha convicted for bribing voters in 2019 cash-for-votes case
- Delhi opens up quite a bit as cases fall; metro to run at 100% seating capacity.

- Maharashtra: Death toll due to floods, landslides mounts.



- IMF cuts India's GDP growth forecast from 12.5% to 9.5% for FY22.
- IndiGo's management says by 4QFY22, domestic capacity will return to pre-covid levels. It reports its highest quarterly loss in June.
- Billionaire investor Rakesh Jhunjhunwala plans 70 planes for new airline.
- Nykaa and Policybazaar to file IPO; to raise Rs 110bn between them.
- HDFC Bank hires 9 investment banks to raise up to US\$ 1bn through its first ever AT1 bonds.

- Google to pass on India's 2% equalisation levy introduced in April 2020 to its clients



whose advertisements are visible in India from October.

- Government to divest stakes in National Fertilisers, Mishra Dhatu Nigam and Rashtriya Chemical & Fertilizers through OFS route within the next quarter.
- Gold imports jump multi-fold to US\$ 7.9bn in April-June quarter.
- CCI accuses Amazon of concealing facts in deal for Future Group unit.
- IBBI amends regulations for corporate insolvency proceedings – now a resolution professional will need to weigh in about avoidance transactions pertaining to a corporate debtor.
- India's excise collections on petrol, diesel jump 88% to Rs 3.35tn in FY21.
- Ola Electric gets 100,000 bookings for its upcoming electric scooter within the first 24 hours of initiating the process. Says will deliver starting October.
- Paytm files draft papers for US\$ 2.2bn IPO.
- Anarock Capital study shows that of the Rs 7.5tn lent to real estate developers, nearly Rs 1.35tn is under severe stress with extremely poor visibility of loan servicing; Rs 5.02tn is stress-free.
- PB Fintech, the parent of SoftBank-backed Policybazaar, is looking to raise up to Rs 65bn (US\$ 870mn) through an IPO.
- Government mulls divesting 8% stake in ITC worth +Rs 200bn.
- Exports up 47% in July at US\$ 35bn, imports increased 59% to US\$ 46bn. The trade deficit in July was US\$ 11bn.
- Cabinet clears bill that raises insurance of bank deposits to Rs 500,000 from Rs 100,000 earlier.
- Core sectors output rises by 8.9%.
- Fiscal deficit at 18.2% of the annual budget.
- NCLAT suspends Twin Star's takeover of Videocon.



INTERNATIONAL

- Covid: US overtakes India amid 'pandemic of unvaccinated'.
- Stocks in Asia, the US, the UK and Europe fall on concerns that rising cases may slow a recovery.
- Death rates soar in Southeast Asia (particularly Indonesia) as virus wave spreads.
- US life expectancy in 2020 sees biggest drop since WW2.
- AstraZeneca, Pfizer jab recipients may need booster doses.
- To reach a peace deal, Taliban say Afghan president must go.

- China's Xi visits Tibet amid rising controls over religion.
- Opioid crisis: US drug giants reach US\$ 26bn settlement.
- Oil producing nations agree deal to control prices.
- China accused of cyber-attack on Microsoft Exchange servers.
- Many killed, +1mn affected as floods hit central China.
- Flash floods in Germany and Belgium after unprecedented heavy rain.
- China sees biggest Covid outbreak in months.
- Following Virgin's Branson, Jeff Bezos blasts into space aboard New Shepard rocket ship.
- UK covid restrictions ease from 19 July; no limit on how many people can meet, nightclubs can reopen and large events resume.
- Hanoi goes into lockdown as virus cases soar.
- President Biden and Iraqi Prime Minister Mustafa al-Kadhimi officially agree on ending the US's combat mission in Iraq by the end of the year.
- Nord Stream 2: US and Germany reach deal on controversial Russian gas pipeline.



August (1-15)

INDIA

- India enters its 75th year of Independence from the British rule. Prime minister announces a Rs 100 trillion infrastructure masterplan.
- Small businesses suffer as banks shut current accounts after RBI circular.
- Fuel demand picks up in July, petrol at pre-covid levels.
- Lok Sabha and Rajya Sabha proceedings disrupted as Opposition parties protest the Pegasus snooping row, farm laws and other issues.
- GST revenue collection for July at over Rs 1.16tn.
- Byju's to raise \$1.5 billion at \$21 billion valuation
- Finance minister Nirmala Sitharaman says the economy hasn't recovered to the extent that the central bank can begin tightening liquidity in the system.

- RBI keeps repo rate unchanged at 4% and GDP forecast at 9.5%. Vows to persist with easy stance as long as necessary. Raises average inflation forecast for FY22 to 5.7% from 5.1%. Says it will increase the amount of money it drains from the banking system via its variable rate reverse repurchase agreements.
- PM launches vehicle scrappage policy. Vehicles will not just be scrapped by their age, but also if they are found to be unfit in automated testing.
- Retail inflation eases to 5.59% in July. Food inflation falls to 3.96% down from 5.15%.
- Reliance Industries in talks with Subway Inc to buy its India franchise for US\$ 200-250mn.
- Markets reach all-time highs. Sensex crosses 55,000.
- Passenger vehicles sales total 264,000 units in July vs. 182,000 in July 2020 and 190,000 in July 2019: Society of Indian Automobile Manufacturers.
- The civil aviation ministry raises the upper limit and lower limit price caps on domestic flight tickets by 9-12%.
- Hazards of not reopening schools too serious to be ignored, says parliamentary panel.
- LAC: India and China disengage in Gogra, all temporary structures dismantled.
- Female labour participation rate in India falls to 16.1% during the July-September 2020 quarter, the lowest among the major economies, a government report says.
- Covaxin effective against Delta Plus variant: Indian Council of Medical Research study.
- Govt defers sale of state-run banks to next year.
- LIC may split mega IPO into two offerings.
- Sebi sets up panel to bring in T+1 settlement.
- Bharti Airtel, Reliance Jio close Rs 10bn crore spectrum trading deal.
- Sebi bars top executives of foreign and domestic broking houses (UBS India, Edelweiss Securities) for insider trading in Zee in August 2020.
- Zomato's consolidated loss widens to Rs 3.6bn in Q1FY22, from Rs 1bn yoy.
- BSE announces measures to curb excessive price movement in smaller stocks. Out of 3,656 stocks traded, 521 end at lower circuit.



- JPMorgan to convert four mutual funds with US\$ 10bn of assets into ETFs. The firm cites intraday liquidity, transparency, and potential tax benefits as reasons for the conversion from active to passive investing.
- Mahindra & Mahindra unveils new visual identity, including a new logo to differentiate its SUV portfolio.
- Tata Motors values electric vehicles business at US\$ 7bn.
- Burmans to sell 25% stake in Aviva Life Insurance.
- The Supreme Court refuses to stay an antitrust probe against e-commerce giants Amazon India and Flipkart; says they must submit to an inquiry by Competition Commission.
- Avantha promoter Gautam Thapar held in graft case.

INTERNATIONAL

- Afghanistan disaster: Taliban push into Kabul as president flees
- US census shows Hispanic and Asian-Americans drives population growth.
- New Zealand borders to remain closed for the rest of the year.
- Haiti earthquake: Rescuers search for survivors as death toll climbs to thousands.
- Ransomware attacks hit record 300mn in the first half of 2021.
- Severe floods in Turkey in the northern Black Sea region.
- People in France protest country's new health pass system for covid vaccinations.
- US to allow visitors from Hong Kong to stay for 18 months.



- Ebrahim Raisi, former head of Iran's judiciary, sworn in as new president. US urges Raisi to resume nuclear talks.
- Vitaly Shishov, Head of Belarus exiles

group, found dead in Ukraine.

- Tanker attack: UK and US blame Iran for deadly ship attack.

Source: Various media publications

Key indicators

Trend reversals

- Gold dipped.
- Rupee strengthened.
- Dollar Index flattened.
- India 10-year yields increased.
- India retail inflation fell.
- Loan growth fell.
- Sharp rise in RBI balance sheet.
- IIP growth slowed mom.
- Both manufacturing and services PMI increased.
- Exports began to pick up.
- Trade deficit increased.
- Sharp rise in car production, not so much in sales.
- Aluminium prices fall, copper and zinc prices rise.

Sensex	Up
Gold	Down
Rupee	Rising
Dollar Index	Flat
Oil (Brent)	Flat
India 10-year G-Sec Yield	Rising
Retail inflation (July, mom)	Falling
India Producer Price Index (July)	Rising
India WPI (July)	Falling
Loan growth (July 2021, mom)	Falling
RBI balance sheet (June, mom)	Rising
Current account deficit (Q1 2021)	Rising
IIP (June 2021, yoy)	Rising
Manuf. PMI (Jul 2021, mom)	Rising
Services PMI (Jul 2021, mom)	Rising
Forex reserves (Aug)	Steady
Gold reserves (Q1 2021)	Rising
Exports (Jul, mom)	Rising
Imports (Jul, mom)	Rising
Trade deficit (Jul, mom)	Increased
Car production (Jun, mom)	Increased
Car sales (Jul, mom)	Increased
Aluminium price (30-day)	Down
Copper price (30-day)	Up
Zinc price (30-day)	Rising

Disclosures and Disclaimers

PhillipCapital (India) Pvt. Ltd. has three independent equity research groups: Institutional Equities, Institutional Equity Derivatives and Private Client Group. This report has been prepared by Institutional Equities Group. The views and opinions expressed in this document may or may not match or may be contrary at times with the views, estimates, rating, target price of the other equity research groups of PhillipCapital (India) Pvt. Ltd.

This report is issued by PhillipCapital (India) Pvt. Ltd. which is regulated by SEBI. PhillipCapital (India) Pvt. Ltd. is a subsidiary of Phillip (Mauritius) Pvt. Ltd. References to "PCIPL" in this report shall mean PhillipCapital (India) Pvt. Ltd unless otherwise stated. This report is prepared and distributed by PCIPL for information purposes only and neither the information contained herein nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment or derivatives. The information and opinions contained in the Report were considered by PCIPL to be valid when published. The report also contains information provided to PCIPL by third parties. The source of such information will usually be disclosed in the report. Whilst PCIPL has taken all reasonable steps to ensure that this information is correct, PCIPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his or her own risk and PCIPL does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication to future performance.

This report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors must undertake independent analysis with their own legal, tax and financial advisors and reach their own regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. In no circumstances it be used or considered as an offer to sell or a solicitation of any offer to buy or sell the Securities mentioned in it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which we believe are reliable. PhillipCapital (India) Pvt. Ltd. or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any opinions expressed reflect judgments at this date and are subject to change without notice.

Important: These disclosures and disclaimers must be read in conjunction with the research report of which it forms part. Receipt and use of the research report is subject to all aspects of these disclosures and disclaimers. Additional information about the issuers and securities discussed in this research report is available on request.

Certifications: The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst have no known conflict of interest and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific views or recommendations contained in this research report. The Research Analyst certifies that he /she or his / her family members does not own the stock(s) covered in this research report.

Independence: PhillipCapital (India) Pvt. Ltd. has not had an investment banking relationship with, and has not received any compensation for investment banking services from, the subject issuers in the past twelve (12) months, and PhillipCapital (India) Pvt. Ltd does not anticipate receiving or intend to seek compensation for investment banking services from the subject issuers in the next three (3) months. PhillipCapital (India) Pvt. Ltd is not a market maker in the securities mentioned in this research report, although it or its affiliates may hold either long or short positions in such securities. PhillipCapital (India) Pvt. Ltd does not hold more than 1% of the shares of the company(ies) covered in this report.

Suitability and Risks: This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investors. Each investor must make its own determination as to the appropriateness of any securities referred to in this research report based upon the legal, tax and accounting considerations applicable to such investor and its own investment objectives or strategy, its financial situation and its investing experience. The value of any security may be

positively or adversely affected by changes in foreign exchange or interest rates, as well as by other financial, economic or political factors. Past performance is not necessarily indicative of future performance or results.

Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that PCIPL and the research analyst believe to be reliable, but neither PCIPL nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material and are subject to change without notice. Furthermore, PCIPL is under no obligation to update or keep the information current.

Copyright: The copyright in this research report belongs exclusively to PCIPL. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PCIPL's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

Caution: Risk of loss in trading/investment can be substantial and even more than the amount / margin given by you. Investment in securities market are subject to market risks, you are requested to read all the related documents carefully before investing. You should carefully consider whether trading/investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. PhillipCapital and any of its employees, directors, associates, group entities, or affiliates shall not be liable for losses, if any, incurred by you. You are further cautioned that trading/investments in financial markets are subject to market risks and are advised to seek independent third party trading/investment advice outside PhillipCapital/ group/ associates/ affiliates/ directors/ employees before and during your trading/investment. There is no guarantee/assurance as to returns or profits or capital protection or appreciation. PhillipCapital and any of its employees, directors, associates, and/or employees, directors, associates of PhillipCapital's group entities or affiliates is not inducing you for trading/investing in the financial market(s). Trading/Investment decision is your sole responsibility. You must also read the Risk Disclosure Document and Do's and Don'ts before investing.

Kindly note that past performance is not necessarily a guide to future performance. For Detailed Disclaimer: Please visit our website www.phillipcapital.in

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is a product of PhillipCapital (India) Pvt. Ltd. which is the employer of the research analyst(s) who has prepared the research report. PhillipCapital (India) Pvt Ltd. is authorized to engage in securities activities in India. PHILLIPCAP is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not a Major Institutional Investor.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Rosenblatt Securities Inc, 40 Wall Street 59th Floor, New York NY 10005, a registered broker dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through PHILLIPCAP. Rosenblatt Securities Inc. accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of Rosenblatt Securities Inc. and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Ownership and Material Conflicts of Interest

Rosenblatt Securities Inc. or its affiliates does not 'beneficially own,' as determined in accordance with Section 13(d) of the Exchange Act, 1% or more of any of the equity securities mentioned in the report. Rosenblatt Securities Inc, its

affiliates and/or their respective officers, directors or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities referred to herein. Rosenblatt Securities Inc. is not aware of any material conflict of interest as of the date of this publication

Compensation and Investment Banking Activities

Rosenblatt Securities Inc. or any affiliate has not managed or co-managed a public offering of securities for the subject company in the past 12 months, nor received compensation for investment banking services from the subject company in the past 12 months, neither does it or any affiliate expect to receive, or intends to seek compensation for investment banking services from the subject company in the next 3 months.

Additional Disclosures

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither PHILLIPCAP nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report.

PHILLIPCAP may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of PHILLIPCAP.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the

U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by PHILLIPCAP with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior written consent of PHILLIPCAP and PHILLIPCAP accepts no liability whatsoever for the actions of third parties in this respect.

PhillipCapital (India) Pvt. Ltd.

Registered office: 18th floor, Urmi Estate, Ganpatrao Kadam Marg, Lower Parel (West), Mumbai - 400013, India