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STAYING PUT

The idea of staying invested in the Indian markets is currently more relevant than ever before. The recent correction has made equity investing quite attractive

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a financial magazine crossing horizons

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Editor-in-Chief & Publisher: Rakesh Bhandari
Editor: Tushita Nigam
Senior Sub-Editor: Kiran V Uchil

Art Director: Sachin Kamble

Operations: Namrata Sabbani

Research Team: Sunil Jain, Vikas Salunkhe, Swati Hotkar, Nirav Chheda, Amit Bhuptani, Ayush Mehta, Ritu Poddar, Uma Gouda

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Editor: Tushita Nigam

REGISTERED OFFICE
Nirmal Bang Financial Services Pvt Ltd
601/6th Floor, Khandelwal House, Poddar Road, Malad (East) Mumbai - 400097
Tel: 022 - 6273 9600

Web: www.nirmalbang.com | beyondmarket@nirmalbang.com
Tel No: 022 - 6273 8047

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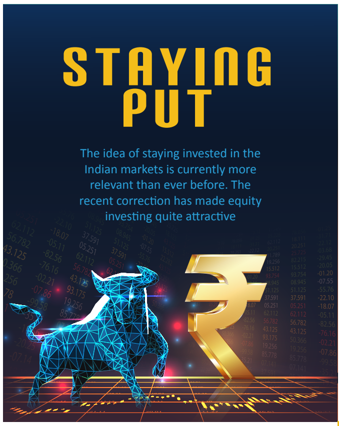


Opportunity In Volatility

Tushita Nigam
Editor

The Indian equity markets have experienced great volatility, which can be attributed to various global and domestic factors. So, investors may be feeling uncertain and anxious about how to approach their investments in such a tumultuous environment. But seasoned experts often advise investors to view market volatility as an opportunity rather than a hindrance.

In our cover story, we have discussed in detail how the Indian equity markets will ride on the Indian growth story and how investors can capitalize on the opportunity offered by volatility in the markets.

Other interesting reads include a discussion on the power sector's preparedness for summer; an analysis of the Indian government's finances, disinvestment plans and strategies to achieve fiscal targets; a deep dive into the performance of textiles, plastic pipes, poultry and wood panel industries; and the need for women to have adequate insurance plans.

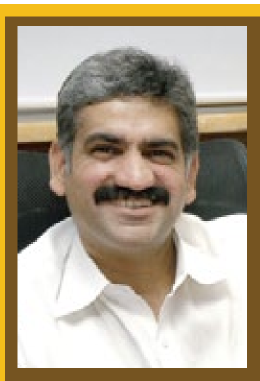
Do explore the concept of municipal bonds in the Beyond Basics section. A widely embraced model of investing world over, municipal bonds is being accepted in India too and holds great promise.

Also, don't miss the two articles in the Beyond Learning section. While one talks about the dos and don'ts of wealth creation, the other reflects on billionaire investor Charlie Munger's ageless wisdom spanning nearly a century.

Last but not the least, as another financial year comes to an end, we hope all our readers will make wise investment decisions in FY23-24 by drawing on the insights in our magazine Beyond Marke**T!**

"On the upper side, Nifty Futures is likely to touch the 17,400 level."

Nifty Futures: 17,024.55
(Last Traded Price as on 27th Mar '23)



The collapse of two major US banks - Silicon Valley Bank and Signature Bank - and the takeover of Credit Suisse by UBS have heightened fears of a global banking crisis. This has caused market volatility and uncertainty, making investors worldwide, including in India, jittery.

Both the US Federal Reserve and the European Central Bank (ECB) have increased their benchmark interest rates in an attempt to tame the persistently high inflation, considering that it is a bigger concern.

In the coming days, the Nifty Futures is likely to be range-bound with support at 16,800 and 16,900 levels. On the upper side, it is likely to touch the 17,400 level.

Market participants should be watchful of the global banking crisis, inflation data and actions taken by major central banks to keep economies in checK.

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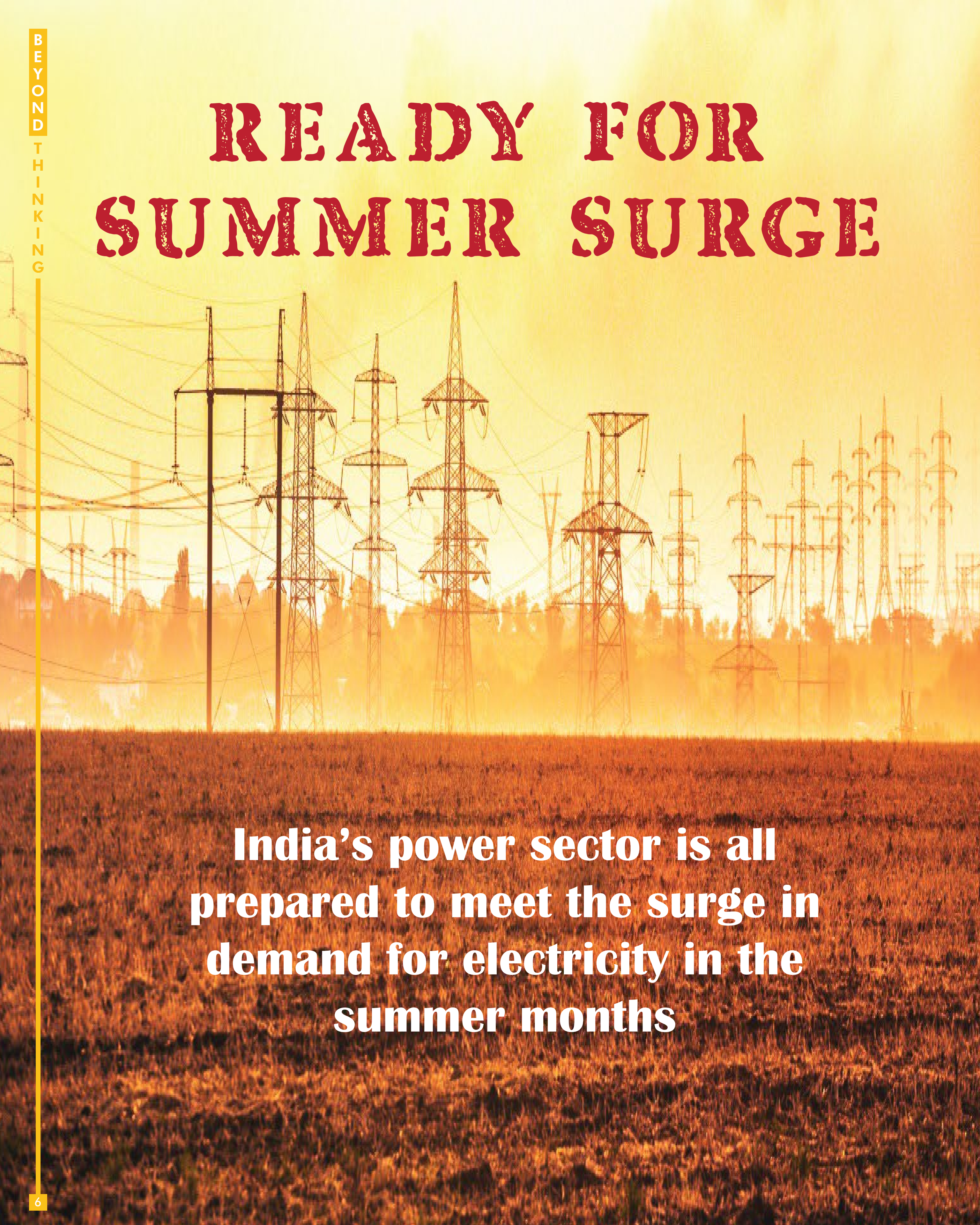
READY FOR SUMMER SURGE



India's power sector is all prepared to meet the surge in demand for electricity in the summer months

India's power sector is gearing up for the summer months, which typically bring with them a surge in electricity demand. According to a recent press release by the Press Information Bureau, the India Meteorological Department (IMD) has predicted that northeast, eastern, central, and northwest India will experience above-normal temperatures from March to May. Although no heatwaves are expected in March, certain regions of the Indo-Gangetic Plain and eastern India are anticipated to have temperatures 2-3 degrees Celsius higher than usual in the final week of the month.

SUMMER PREDICTION

Later this year, as La Niña conditions transition to an El Niño summer, the World Meteorological Organization has cautioned about a global temperature increase. There are concerns about potential power cuts during the upcoming summer nights.

According to the Central Electricity Authority's projections, peak electricity demand is expected to reach 229 GW in April of this year before decreasing as the monsoon season progresses from the southern part of the country and covers the entire country over the next three to four months.

Although the swift installation of solar farms has helped prevent daytime supply shortages, the lack of coal-fired and hydropower capacity may result in widespread outages at night, putting millions at risk.

According to Reuters, India's power availability during "non-solar hours" this April is predicted to fall by 1.7% below peak demand. The nighttime peak demand in April is expected to reach 217 GW, a 6.4% increase from the highest levels recorded during the same period last year.

With the country's economic recovery gaining momentum and the resumption of commercial and industrial activities, the government is working towards ensuring a steady power supply to meet the growing demand.

GOVERNMENT MEASURES

The Indian government has taken many steps to improve the power sector's preparedness for the summer season. For starters, the Ministry of Power has instructed state electricity boards and power utilities to take all necessary measures to ensure uninterrupted power supply to consumers.

In a review meeting held on 7th March with senior officials from the Power, Coal, and Railways Ministries, Union Power Minister RK Singh discussed various aspects related to meeting the high electricity demand.

Along with urging power companies to avoid load-shedding, Singh requested the Central Electricity Authority to create a transparent and equitable system for coal allocation to States/UTs. The Ministry has also urged power generators to ramp up their production and maintenance activities to ensure maximum availability of power during the summer months.

The Central government has introduced a High Price Day Ahead Market (HP-DAM) and Surplus Power Portal (PUShP) to increase power availability during peak demand season. HP-DAM is part of the overall strategy to ensure that all available power capacity is utilized to supply power to consumers.

Only those generating capacities that cost more than ₹ 12 per unit to produce power will be permitted to operate in HP-DAM. Generators with a production cost below ₹ 12 will have to offer power in the power exchange's Integrated Day Ahead Market (I-DAM) with a ceiling price of ₹ 12.

The Power Ministry also urged the Central Electricity Authority and Grid Controller to ensure that prices remain reasonable in the HP-DAM and take appropriate action to prevent power producers from charging exorbitant rates significantly higher than production costs.

RAILWAYS AND COAL TRANSPORTATION

The Indian Railways has also initiated many measures to prepare for an anticipated increase in coal demand from power plants during the summer season by increasing its coal transportation capacity by 11.92% in terms of tonnage.

According to the national transporter, 426.3 rakes (a train of wagons) per day were loaded for powerhouses in February, which is a 6.8% increase from the 398.9 rakes per day loaded in January.

This increase in coal transportation capacity is significant because power plants rely heavily on coal to generate electricity, and any shortage of coal can lead to power outages and disruptions in electricity supply. The Indian Railways is the primary mode of transportation for coal in the country, and it is crucial that it has the capacity to meet the demand for coal during peak seasons.

To meet the projected demand for rakes by the power sector in the coming fiscal year, the Railways has included a higher induction of coal-carrying wagons, which will increase the number of rakes that can be loaded per day. Other measures that have been taken include improving the speed of coal transportation, ensuring the availability of adequate infrastructure, and providing better services to the customers.

OTHER MEASURES

The government's push towards renewable energy sources has been a key factor in enhancing the power sector's preparedness for summer. The country has set a target of achieving 500 GW of renewable energy capacity by 2030, which includes a significant portion of solar energy. This target has stimulated the growth of the solar power sector, which has seen a remarkable increase in installations over the past few years.

India's solar energy sector has witnessed significant growth due to various policy measures and incentives, such as the National Solar Mission, which was launched in 2010. The mission aimed to achieve 20 GW of solar power capacity by 2022, which was achieved four years ahead of schedule in 2018.

The government also introduced other initiatives such as the Kisan Urja Suraksha evam Utthan Mahabhiyan (KUSUM) scheme, which aims to promote solar power in the agricultural sector, and the Solar Rooftop Photovoltaic System Subsidy Scheme, which provides financial incentives to encourage the installation of rooftop solar systems.

In addition to promoting renewable energy sources, the government has also taken measures to improve energy efficiency and reduce energy wastage. This includes the introduction of the Perform, Achieve and Trade (PAT) scheme, which provides incentives for industries to improve energy efficiency, and the introduction of Energy Conservation Building Code (ECBC), which mandates the use of energy-efficient design and technologies in new buildings.

The increased share of renewable energy in the power mix has helped reduce the dependence on fossil fuels, leading to a more reliable and sustainable power supply.

The government has also implemented several measures to improve the efficiency and reliability of the power transmission and distribution network.

The UDAY scheme (Ujwal DISCOM Assurance Yojana) launched in 2015 aims to financially turn around state-owned power distribution companies, which were facing significant losses due to high transmission and distribution losses and inadequate tariff rates. Under the scheme, the government has provided financial assistance to these companies and incentivized them to improve their operational efficiency and reduce losses.

Another important initiative is the implementation of smart metering systems across the country, which will enable real-time monitoring of power consumption and help identify areas of high energy usage. This will allow utilities to better manage their resources and reduce wastage, leading to a more efficient power supply.

Despite the government's efforts to enhance the power sector's preparedness for the summer season, several challenges still exist. One of the biggest challenges is the aging power infrastructure, which requires significant upgrades and maintenance to ensure reliable operation.

Many power plants in India are over 25 years old and require modernization to improve efficiency and reduce emissions. A lack of adequate investment in the power infrastructure has also led to a shortage of critical equipment and skilled personnel.

In addition to infrastructure challenges, the inadequate availability of fuel for power generation, especially in rural areas, is another challenge that needs to be addressed.

Coal transportation remains a challenge due to a shortage of wagons, slow logistics, and congested routes. Gas-based power plants suffer from low domestic gas production and high prices, which can affect their availability and affordability.

The government must continue investing in power infrastructure and modernize aging power plants. It can also incentivize private investment in the power sector, especially in renewable energy, to increase capacity and reduce dependence on fossil fuels. Improving the efficiency of the transmission and distribution network is also crucial to reduce technical and commercial losses and improve the reliability of power supply.

While the power sector has made significant progress, there is still a lot more that needs to be done to meet the growing demand for power. This requires a comprehensive approach, including infrastructure investments, policy reforms, and the use of innovative technologies. By addressing these challenges, the country can improve power security and promote economic growtH.

The government is on track to meet fiscal targets for the new year, despite a global banking crisis and rising inflation in the West

MOVING STRATEGICALLY

Three years back on 1st Feb '20, when the Union Finance Minister Nirmala Sitharaman stood to present the Union Budget the mood was buoyant. The Budget for 2020-21 aimed to achieve a nominal GDP growth rate of 10%, which would translate to a real GDP growth rate of 6% to 6.5%. The government targeted reducing the fiscal deficit to 3.5% of the GDP. The Budget aimed to boost infrastructure spending, with a focus on highways, railways, and airports. However, just two months later Covid struck, and the GDP, instead of growing, contracted by 7.7% while the fiscal deficit shot up to 9.5% of the GDP.

The Budget for 2022-23 too started with ambitious targets but the Ukraine war broke out within days of it being presented. Yet, the government managed to achieve most of the targets despite the war leading to an energy price spiral, inflation and supply constraints and consequent rate hikes by global central banks including the Reserve Bank of India.

As the new fiscal started in April, the government finds itself staring at a new crisis sparked by bank failures in the US and Europe including that of the storied Credit Suisse, leading many to fear that similar troubles of the last few years await us. So will the government meet the fiscal targets set just a month back in light of the worsening global scenario?

The Budget sees expenditure rising 7.4% to ₹ 45 lakh crore in 2023-24, while revenues are seen growing 12.1% to ₹ 26.32 lakh crore, including an 11.7% growth in tax revenues to ₹ 23.30 lakh crore.

THE EXPENDITURE

The government is estimated to spend ₹ 45,03,097 crore in 2023-24, an increase of 7.5% over the revised estimate of 2022-23. Out of the total expenditure, revenue expenditure is estimated to be ₹ 35,02,136 crore (1.2% increase) and capital expenditure is estimated to be ₹ 10,00,961 crore (37.4% increase). The increase in capital expenditure is due to the rise in capital outlay on transport (including railways, roads and bridges, and inland water transport) by ₹ 1,28,863 crore (36.1% increase). Expenditure on total capital outlay is estimated to be ₹ 8,37,127 crore in 2023-24, an increase of 35% over the revised estimates for 2022-23.

Out of this, ₹ 14,67,880 crore is proposed to be spent on central sector schemes (4% increase over the revised estimate of 2022-23), and ₹ 4,76,105 crore is proposed to be spent on centrally sponsored schemes (a 5.4% increase over the revised estimate of 2022-23).

Expenditure On Subsidies

In 2023-24, the total expenditure on subsidies is estimated to be ₹ 4,03,084 crore, a decrease of 28.3% from the revised estimate of 2022-23.

Allocation to food subsidy is estimated at ₹ 1,97,350 crore in 2023-24, a 31.3% decrease over the revised estimate of 2022-23. A higher level of food subsidy was budgeted in 2021-22 and 2022-23 mainly on account of the Pradhan Mantri Garib Kalyan Ann Yojana. Expenditure on fertilizer subsidy is estimated at ₹ 1,75,100 crore in 2023-24. This is a decrease of ₹ 50,120 crore (22.3%) from the revised estimate of 2022-23. In 2023-24, the expenditure on other subsidies is estimated to decrease by 30% over the revised estimate of 2022-23.

Total Receipts

Government receipts (excluding borrowings) are estimated to be ₹ 27,16,281 crore, an increase of 11.7% over the revised estimates of 2022-23. The gap between these receipts and the expenditure will be plugged by borrowings, budgeted to be

₹ 17,86,816 crore, an increase of 1.8% over the revised estimate of 2022-23.

The total indirect tax collections are estimated to be ₹ 15,29,200 crore in 2023-24. Of this, the government has estimated to raise ₹ 9,56,600 crore from GST. Out of the total tax collections under GST, 85% is expected to come from central GST (₹ 8,11,600 crore), and 15% from the GST compensation cess (₹ 1,45,000 crore).

The collections from taxes on companies are expected to increase by 10.5% in 2023-24. In 2022-23, corporate tax collection is expected to be 16% higher than the budget estimate (₹ 7,20,000 crore).

The collections from income tax are also expected to increase by 10.5% in 2023-24 to ₹ 9,00,575 crore. Income tax collection is expected to be 16.4% higher than the budget estimate in 2022-23.

In 2023-24, non-tax revenue is expected to increase by 15% over the revised estimates of 2022-23.

The disinvestment target for 2023-24 is ₹ 51,000 crore. This is a marginal increase of 2% over the revised estimate of 2022-23 (₹ 50,000 crore). In 2022-23, the receipts from disinvestment are expected to be 23% lower than the budget estimate.

However, analysts say the government estimates may be a bit rich given the likely crisis ahead. "The tax buoyancy of 1 seems slightly high (versus an expected 0.8 in FY23), given that falling nominal GDP growth is generally associated with some taxpayers falling below the minimum threshold, and the government's tax reforms, which are budgeted to lower tax revenues by ₹ 35,000 crore," HSBC said.

However, a focus on improved compliance could help boost collections to some extent.

HOW THE RUPEE CAME AND WENT

In Union Budget 2022, for every rupee in the government coffer, 58 paise came from direct and indirect taxes, 35 paise from borrowings and other liabilities, 5 paise from non-tax revenue like disinvestment and 2 paise from non-debt capital receipts; GST contributed 16 paise in every rupee revenue, while corporation tax contributed 15 paise to each rupee earned.

The government was also looking to earn 7 paise for every rupee from Union excise duty and 5 paise from customs duty. Income tax was pegged to yield 15 paise for every rupee collection. The collection from borrowings and other liabilities was 35 paise, according to the Budget 2022-23.

On the expenditure side, the biggest outlay component was interest payments at 20 paise for every rupee, followed by the states' share of taxes and duties at 17 paise. Allocation for the defence sector stood at 8 paise. Expenditure on central sector schemes was 15 paise, while the allocation for centrally-sponsored schemes was 9 paise.

The expenditure on the Finance Commission and other transfers was pegged at 10 paise. Subsidies and pension accounted for 8 paise and 4 paise, respectively, for every rupee spent. The government spent 9 paise per rupee on other expenditures.

GDP GROWTH

The nominal GDP has now been estimated to grow 17.6% in 2022-23 as against the assumption of 11.1%.

The GDP is expected to grow at 6% in 2023-24, slower than the 7% level estimated for 2022-23, according to Crisil. The estimates are 40 bps lower than the Reserve Bank of India's estimate of 6.4% and 100 bps lower than Crisil's FY23 estimate of 7%. The ratings agency said that "in fiscal 2024, the Indian economy will grow a tad slower, hemmed in by sluggish exports and the lagged impact of rate hikes manifesting fully".

It said the risks to inflation are "tilted upward" due to the predictions of El Nino over the next couple of months.

The challenges have shifted — from the pandemic to the fallouts of the Russia-Ukraine war and aggressive rate hikes by major central banks to fight inflation. Policy rates are at decadal highs across the advanced world. Slowing global growth will put the brakes on India's exports. Additionally, as policy rate hikes filter through the economy, tighter domestic financial conditions are likely to weaken demand," the report said.

Other economists have also raised doubts over the projections in the Budget. Expectations of slow growth in FY24, owing to a mix of developed markets recessions and the lagged impact of tighter monetary policy, with lower nominal GDP growth.

FISCAL DEFICIT

With the government sticking to the fiscal consolidation path, the move towards a 5.9% fiscal deficit target in the next financial year of 2023-24 from 6.4% of the GDP comes on the back of an effective compression in expenditure, including cuts in MGNREGA scheme, utilizing savings on the back of a reduction in subsidies and expectations of high revenue growth.

Though the government has not detailed its fiscal deficit targets beyond 2023-24 in the medium-term fiscal policy cum fiscal policy strategy statement, it said it intends to stick to its fiscal glide path to reach the fiscal deficit target of below 4.5% by the financial year 2025-26.

BORROWINGS

The Centre will borrow a record ₹ 15.43 lakh crore from the markets in 2023-24 to finance its fiscal deficit of 5.9% of GDP. At ₹ 15.43 lakh crore, the gross borrowing target for next year is 3.2% higher than this year's budget estimate of ₹ 14.95 lakh crore.

On a net basis, the Centre's borrowing for next year has been pegged at ₹ 11.8 lakh crore, up from ₹ 11.19 lakh crore in 2022-23.

The government's borrowing is among the most important determinants of interest rates in the economy.

Higher-than-expected government borrowings can push up rates for all bond issuers – sovereign and corporate – while interest rates can decline if the government tightens its belt and borrows less than anticipated.

In all, India is staring at a challenging fiscal, stubborn inflation rising, global banking crisis likely to bring in a recession in the West and slow domestic growth.

Yet, India remains a bright spot in the global economy, well poised to weather yet another storM.

PRETTY YARN FINE

Union Budget 2023 focuses on increasing India's production and export of textiles

The textile industry is expected to experience substantial growth and advancement in FY24, owing to the Union Budget's massive support to the sector, advancements in technology, and evolving consumer trends.

One of the oldest sectors in the country, India's textile sector is diverse, with traditional hand-spun and hand-woven textiles on one end and capital-intensive, sophisticated mills on the other. The industry's key advantage is its robust production base, which includes a broad range of fibers and yarns, from natural to synthetic and man-made.

STABLE OUTLOOK FOR FY24

Despite concerns of a potential global economic crisis triggered by the collapse of Silicon Valley Bank and its impact on other financial institutions, the textile sector in India is expected to experience stable growth in fiscal year 2023-2024, according to experts.

However, inflationary pressures and uncompetitive prices have caused a decline in revenue and margins for Indian cotton spinners over the past few quarters.

Revenue decreased by around 4% year-on-year, while margins moderated by 950 basis points, and pressure on profitability has led to a moderation in interest cover for companies across different scales. The impact is particularly harsh for smaller players, as large-scale companies benefit from cost savings on bulk purchases of raw materials.

The textile sector is a critical part of the Indian economy, accounting for more than 2% of the total GDP and over 12% of the manufacturing sector's GDP. It is also the second-largest provider of employment in India after agriculture, with approximately 45 million people employed directly and another 60 million employed indirectly through related activities.

The sector is known for its highly labour-intensive nature, employing unskilled and semi-skilled workers and providing significant employment opportunities for women, said experts.

As per the Indian Brand Equity Foundation (IBEF) data, India has emerged as the second-largest exporter of textiles and clothing globally, with a total export value of US $44.4 billion in FY22.

The Indian textile industry has been witnessing disruption by numerous start-ups, further propelling its potential to become a global market leader.

While the textile sector is likely to grow with favourable market forces, the industry could benefit from the government's support to fast track its growth.

The Indian government too has taken steps in Union Budget 2023 to boost demand in the sector.

Major textile bodies welcomed the Union Budget 2023 and termed it as one aimed at achieving strong and stable economic growth.

In a statement, the President of Tirupur Exporters Association (TEA) KM Subramanian said the Budget mentions the seven priorities "Saptarishi" that would trigger the economic growth adding that the priority for infrastructure development would reduce logistics costs. He said he appreciated the focus given to green growth.

While welcoming the increased allocation of ₹ 900 crore for ATUF (Amended Technology Upgradation Fund) scheme for 2023-24 as against ₹ 600 crore last year, Subramanian said he was hopeful that the increased allocation would help clear pending claims of ATUF.

However, there was no announcement on the continuance of the ATUF scheme in this Budget and he was hopeful that the government would announce it in the near future, a statement by Subramanian added.

If the yield of extra-long staple (ELS) cotton is improved, it could result in an increase in the production of value-added garments and reduce the need for importing ELS cotton, he said.

He further welcomed the extension of the credit guarantee scheme for MSMEs with an infusion of ₹ 9,000 crore, and collateral for ₹ 2 lakh crore loans to MSMEs effective from 1st Apr '23 as it would provide a safety net for manufacturers.

In a statement, Chairman of Southern India Mills Association (SIMA) Ravi Sam appreciated the thrust on inclusive growth and skill development that would help the labour- and capital-intensive textile industry.

The government has reviewed SIMA's proposal and has introduced a scheme to boost the production of extra-long staple cotton.

According to the statement, SIMA has the capacity to match international ELS cotton varieties and will undertake measures to enhance its production.

SIMA's Sam stated that following the introduction of BT technology exclusively for long staple cotton, the industry encountered a scarcity of extra-long staple cotton.

The demand for ELS cotton in the industry is approximately 20 lakh bales, but the country's production is limited to only 5 lakh bales, and it relies heavily on imports of superior quality ELS cotton.

This initiative towards the Atmanirbhar Bharat is expected to benefit for the whole textile value chain, including cotton farmers.

Industry experts suggest that the establishment of an agriculture accelerator fund is aimed at promoting the establishment of farm start-ups by young entrepreneurs in rural areas.

The primary objective of the fund would be to facilitate the introduction of cost-effective and innovative solutions, modern technologies to revolutionize agricultural practices, and enhance productivity.

In a similar vein, the textile industry anticipates the acquisition of a skilled workforce and the quick production of smart textiles.

SECTORAL CHALLENGES

The Covid-19 pandemic has heavily impacted the textile industry, leading to disrupted supply chains and reduced demand for textile products from customers.

However, the industry has displayed resilience and adapted to the changing environment, with many companies pivoting to produce personal protective equipment (PPE) and other medical textiles.

In recent months, domestic textile production has slowed down.

The industry's exports have also been affected by preferential tariff treatment provided to countries such as Bangladesh and Vietnam, while in certain segments, the industry is facing competition from cheap imports from China and other countries, further impacting the domestic industry.

Kumar Duraiswamy of Eastern Global Clothing, one of the major exporters from Tirupur, said that their business has been affected since August last year.

Currently, around 30%-40% of the exporters are working at only half of their capacity, but they have not resorted to layoffs.

In addition to the summer season orders from western markets, Tirupur exporters are also hoping for increased demand from West Asia, which accounts for 15% of their exports.

According to Chintan Parikh, Founder and Chairman of Ahmedabad-based Ashima, the current situation is marked by uncertainty due to the recession in the US market.

"It is difficult to forecast exports prospects in the current situation, but we are hoping for things to improve in coming months," Parikh added.

In contrast to Indian cotton spinners, apparel exporters demonstrated resilience against the macro headwinds with a 4.5% year-on-year improvement in revenue.

However, a recessionary environment in key export markets and lower export sales due to decreased discretionary consumer spending led to a sequential decline in Q2 FY23 for most companies.

In addition to this, due to higher raw material prices exerting cost pressures, operating margins remained flat with a 180 bps moderation in Q2 FY23 in comparison with Q2 FY22.

The decline in profitability for textile companies during Q2 FY23 was clearly accompanied by a significant decrease in interest cover.

This decrease can be partly attributed to the increased interest cost resulting from debt-funded capital expenditure undertaken by most players in H1 FY23.

Furthermore, during H1 FY23, most players reduced their inventory levels, in line with large retailers who also sought to reduce inventory due to weak demand and recessionary pressures in key exporting regions.

Sahil Udani, Assistant Vice-President & Sector Head, Corporate Sector Ratings, ICRA said: "We expect textile companies to report healthy growth in turnover in FY23 while the margins are expected to moderate amidst cost pressures. In Q2 FY23, revenue and margins dipped for Indian spinners amidst macro headwinds, while for the apparel segment the revenue and margins remained flat, with recessionary conditions in key markets.

"Most players (across different scales) reported a decline in inventory levels in Q2 FY23 after cotton stocks from the previous harvest season started to reduce and cotton prices saw a sharp volatility, resulting in players becoming cautious on buying," Udani said.

ICRA expects its sample set of spinners to report some moderation in performance in FY23 from FY22 levels, while the OPM is expected to be ~10% to ~11% in FY23.

However, absolute profits are projected to remain healthy, supported by a higher scale of operations, though lower than the FY22 level.

While for its sample of apparel exporters, the ratings agency expects a healthy growth in revenues in FY23, though with moderate margins of ~100 bps-300 bps in FY23 from the levels reported in FY22. The sector outlook continues to remain stable.

INDUSTRY EXPERTS VIEW

Industry experts have noted that India has emerged as a cornerstone of the global textile industry, with a promising trajectory of increasing exports of textiles and yarns, as opposed to imports.

In recent times, traceability and sustainability have become critical factors when exporting textile and apparel (T&A) products to Western markets such as the United Kingdom, the European Union, and United States.

Sustainable textile production mainly involves using methods that reduce the consumption of water and electricity, minimize the release of harmful chemicals, and incorporate at least 20% recyclable materials.

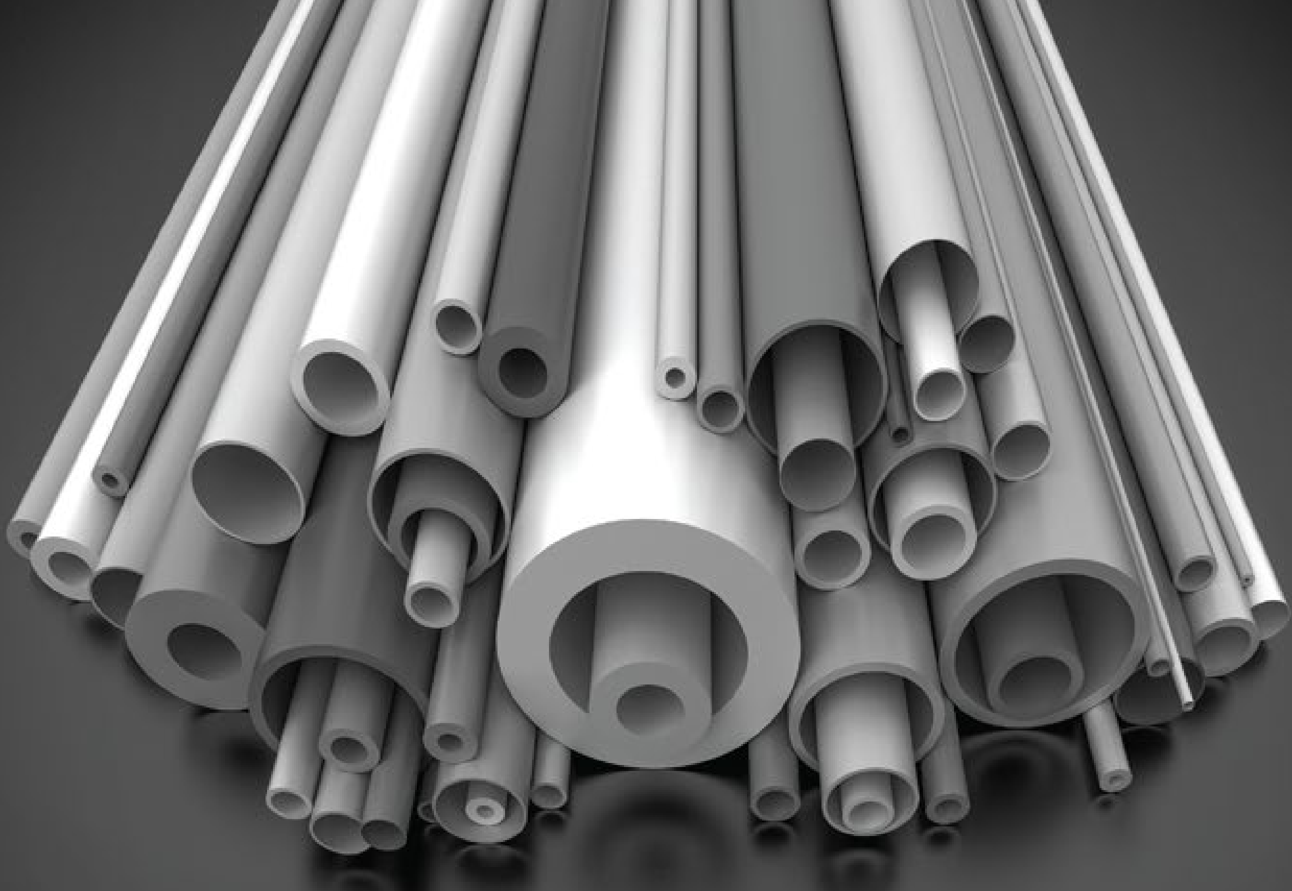
Traceability, on the other hand, refers to the ability to track a product's entire lifecycle, from its raw materials to end-users, including recycling and disposal.

Experts tracking the textile industry said that by focusing on technology integration into the textile sector, tech players who are involved in this space will be able to increase productivity and improve utilization.

This approach will not only make the country self-reliant, but it will also enable India to shift its focus towards exports, thereby establishing itself as the global backbone of the textile sector.

In addition, innovation in materials is another emerging trend in the textile industry, with companies exploring new materials and technologies to create more functional and sustainable products.

However, worrisome global uncertainties continue to pose a threat to exports of textile productS.



MAKING PIPE DREAMS A REALITY

The Indian plastic pipes industry is set for growth on shift in consumer preferences and social programmes, which will boost sales of plumbing pipes and fittings

Plastic pipes have become an integral part of the construction industry, serving a variety of purposes in residential, commercial, private sector, public sector, infrastructure, and irrigation projects. Their versatility and wide range of applications have contributed to their consistent growth and success, outpacing even the growth of the economy.

India is currently experiencing a surge in capital expenditure, with both private and public investments reaching multi-year highs. As a result, the industry is expected to deliver robust growth in the coming years.

Despite the challenges posed by the Covid-19 pandemic, the Indian plastic pipes industry has remained resilient, expanding at an impressive annual rate of 10% between FY16 and FY21. The industry was valued at approximately ₹ 400 billion to ₹ 420 billion in FY21, demonstrating its significant contribution to the Indian economy.

Today, the Indian pipes industry is in a much better situation as the capex cycle is moving up and the industry is recouping from the aftershocks of Covid-19. It is expected to deliver higher growth, particularly due to the replacement demand for metal-based pipes.

Polyvinyl chloride (PVC) is the third-largest selling plastic commodity in the world after polyethylene and polypropylene. It has several advantages over other materials, such as metal-based pipes, due to its chemical resistance, durability, low cost, and recyclability.

Industry estimates indicate that between 2022 and 2027, the Indian pipes industry is expected to grow at about 12% to 13% annually. Growth in the case of organized players is likely to be even higher, with the shift in consumer preferences and other factors allowing the organized market to grab a higher market share.

ORGANIZED PLAYERS CAPTURE LARGER MARKET SHARE

Currently, the organized sector commands close to 65% of the market share. Further, segment-wise, UPVC has 57% to 58% share and CPVC has an 80% share of the organized market.

Because of the commoditized nature of the industry, most organized players or listed companies have focused on value-added products and high-margin segments like UPVC, which is known for better quality and durability.

The polymer pipes industry is highly fragmented, with smaller and lesser-known manufacturers continuing to share a significant portion of the market. Many players have a low capability to withstand and adapt to economic uncertainty, as well as improve their operations, which can make it challenging for them to compete with larger and more established companies.

Marginal players are struggling due to factors such as increasing awareness, innovative products, effective branding by organized players, improve distribution networks, and fierce competition from integrated players. As a result, organized players are experiencing a surge in their market share, as they are better equipped to adapt to changing consumer preferences and industry trends.

In FY10, the organized players had close to 50% of the market share which has reduced to around 32% currently. Implementation of GST, volatile raw material prices, demonetization and covid-19 has altered the economics of marginal players and because of that the organized players are in a better position.

Besides the market share game between the organized and unorganized industry, what is worth noting is that structurally or organically industry is poised to grow higher.

GOVERNMENT FOCUS ON INFRASTRUCTURE

The Indian government has launched several social programmes aimed at prioritizing the development of basic needs to improve the lives of its citizens.

Programmes such as "Har Ghar Jal Yojna" and "Jal Jeevan Mission" under Prime Minister Narendra Modi's government have got very high capital allocation and priority. The primary goal of these schemes was to provide tap water to all rural homes. Jal Jeevan Mission's effort targets to provide tap water connections to all rural families by FY24 and is a critical action undertaken by the Indian government.

The rising demand for potable water in both residential and commercial settings is anticipated to spur a surge in the requirement for plumbing pipes and fittings.

Further, the Indian government has taken significant measures to boost economic growth and revive industrial activity, which had hit multi-year lows during the global pandemic.

To this end, initiatives like Atmanirbhar Bharat, coupled with the development of infrastructure such as roads, ports, and rivers, have provided a substantial impetus. As a result, there has been a massive surge in capital expenditures in the country, which bodes well for the overall economic landscape.

The government's increased focus on infrastructure is not limited to social development alone. In fact, the budget for the fiscal year 2023 has allocated a record-breaking amount of nearly ₹ 10 trillion towards capital expenditures, marking a substantial year-on-year growth of 33%.

This massive investment is set to drive the demand for pipes in various industrial applications such as gas pipelines, water treatment, water resources, and oil and gas.

As a result, this heightened capital expenditure is expected to have a cascading impact on the expansion of industries and allied sectors, which will further drive the demand for pipes.

The government's focus on developing irrigation infrastructure goes beyond just general infrastructure development. Initiatives such as connecting water bodies, protecting rivers and groundwater, and other measures to enhance water availability and productivity for the agricultural sector will support the application of plastic pipes.

In the Union Budget for the fiscal year 2023-24, the Finance Minister allocated approximately ₹ 1.25 lakh crore towards this goal. The target for agriculture credit alone is set at around ₹ 20 lakh crore, ensuring a continuous flow of capital and funds in the hands of farmers, who will likely invest in enhancing agricultural productivity.

CONSTRUCTION SECTOR GROWTH

The construction sector in India remains one of the largest and fastest-growing industries, fueled by the country's rapid development and growing population. As India continues to build its infrastructure and accommodate its burgeoning population, the need for construction has steadily risen.

Moreover, the country's expanding middle class, rising incomes, and increasing urbanization have also played a significant role in driving higher construction activity. Therefore, the construction sector in India is poised for continued growth and expansion in the coming years.

The residential construction sector in India is currently on an upswing and experiencing rapid growth. In fact, it is estimated that over the next seven years, India will see an investment of approximately $1.3 trillion in housing, resulting in the construction of around 60 million new homes.

Between 2008 and 2021, the Indian real estate sector grew at a rate of around 10% to 12% annually. However, the growth is expected to be even higher in the coming years, driven by factors such as supportive government policies and programmes like Housing for All, low interest rates, increasing urbanization, nuclear family culture, and strong per capita income growth, which are all creating a huge demand.

As a result, the real estate industry is expected to grow at a much higher rate over the next few years than it has in the last decade, potentially reaching a size of $1 trillion by the end of 2030 and growing at a rate of 15% to 17% annually.

PVC plastic pipes are widely applicable in various fields such as drain-waste-vent (DWV), sewers, water mains, and water service lines. In the housing sector, plumbing pipes account for approximately 55% of the total demand for the industry.

The PM Awas Yojana has allocated close to ₹ 79,000 crores in the budget for the fiscal year 2023-24, which represents a 65% increase compared to the previous budget. This substantial investment has created a massive market for plastic pipes, and the growth of the housing sector or construction of new houses would translate into robust demand for these pipes.

This is especially good news for organized players and companies that have established strong brand recognition and franchise in the market.

Companies that operate in the value-added segments would benefit the most from the rising demand. As a result, the outlook for PVC plastic pipes in India is very promising, and the industry is expected to witness strong growth in the coming years.

RECOVERY IN DEMAND & PRICES TO SUPPORT STOCKS

During the Covid-19 pandemic, most players in the PVC plastic pipes industry experienced a decline in demand while facing a spike in international commodity prices, particularly for raw materials such as PVC resin that are largely imported in India.

However, the situation has improved significantly with raw material prices having corrected by 50% to 60% and a recovery in demand.

As a result, companies in this sector are in a much better position today. With stable raw material prices, they can focus on scaling up their operations, and this has resulted in improved profit margins, supporting earnings growtH.

HATCHING PROFITS

India's appetite for poultry products continues to grow

The poultry industry in India has made significant strides in recent years, with two distinct trends emerging over the past two decades. Firstly, there has been a growing selection of foods that use poultry products, as is evident from the surge in poultry brands. Secondly, the industry has undergone a transformation from being unorganized to organized, leading to a more stable and efficient business.

As discretionary spending continues to rise in India, the poultry industry is poised to demonstrate steady growth in the coming months. Despite facing sluggish business during the pandemic, the industry is expected to rebound and post strong growth in the upcoming year.

Understanding the fundamentals of this niche industry is crucial to comprehending the reasons behind its projected growth. As India's appetite for poultry products continues to grow, the poultry industry is expected to post stable growth over the next one year.

THE INDUSTRY

The Indian poultry industry has undergone a significant transformation over the past two decades, with organized commercial farms dominating more than 70% of the broiler segment. This shift from backyard farming to large-scale commercialization has resulted in a vertically integrated industry, with companies managing their own hatcheries, feed mills and processing facilities.

While companies primarily source Day Old Chickens (DOCs) from contract farmers to whom they provide credit and veterinary medicines, the distribution and retailing of poultry items remains largely unorganized due to consumer preference for live birds.

The industry presents several opportunities for growth, including increasing demand for protein-rich foods, growing urbanization and increasing disposable income. However, it also faces several challenges, including rising feed and labour costs, diseases such as avian flu and lack of proper infrastructure.

In terms of cost structure, the industry's largest expense is feed, followed by labour and veterinary medicines. However, the cost of feed varies depending on the availability of raw materials such as maize and soya, which are subject to price fluctuations.

Despite these challenges, the Indian poultry industry remains a vital contributor to the economy, providing employment and meeting the growing demand for protein-rich foods.

Now, let us understand the industry's three pivotal business parameters: opportunities, challenges, and cost structure

a) Opportunities

Several industry trends are indicating a rise in business opportunities within the sector. Below are some of the noteworthy ones:

• There is a sizable discrepancy between India's current per capita consumption of eggs and chicken and the amounts recommended by the National Institute of Nutrition.

• Organized players in the poultry industry are expected to focus on the value-added segment in the coming years, due to the limited shelf life of poultry items and low pricing flexibility. Products such as kebabs, burgers, and patties, which are highly preferred by consumers, are expected to be the main focus of these companies. In order to capitalize on this opportunity, many companies are investing in processing plants to produce value-added products.

• Efforts to boost efficiency, productivity, and bio-security have led to a more consistent supply of meat at competitive prices, making poultry products a preferred choice for protein consumption.

• Many farmers in the country have made the transition from rearing traditional country birds to raising high-profit hybrid breeds. This shift has created a promising market for processed chicken and table eggs, which have the potential to be exported to other countries.

b) Challenges

Some of the important challenges faced by the poultry industry are:

• Consumers' growing preference for live birds has posed a challenge to the poultry industry due to the perishable nature of poultry products. As a result, there are limitations on the geographical mobility of poultry output.

• Limited infrastructure for cold storage and transportation is posing a challenge to the poultry industry, particularly in regards to the transportation of poultry products.

• India's poultry sector is highly dependent on maize and soybean as key inputs for chicken feed. As a result, fluctuations in the prices of these inputs could have a significant impact on the costs of poultry companies. This, in turn, could limit the control these companies have over their input and output prices, making it difficult to maintain consistent profit margins.

• Long gestation period for bird production

• Despite the availability of processed poultry products, wet markets still account for over 90% of domestic poultry sales, highlighting a clear consumer preference for live birds. The limited shelf life of poultry items further strengthens the reliance on wet markets for fresh meat.

• Seasonal nature of consumption leads to volatile demand-supply trends in the industry

c) Cost Structure

Poultry companies heavily rely on maize and soybean as key inputs, with maize accounting for almost 70% of their variable cost, while soybean makes up close to 30%. Although companies substitute maize with bajra and broken rice to a large extent, soybean remains the preferred protein source for poultry due to the lower efficacy of alternatives such as groundnut cake and rapemeal.

Sharp fluctuations in soybean prices in the past two fiscal years have led to changes in the cost structure of poultry companies. According to a research report by ratings agency ICRA, the average cost price of poultry companies increased by almost 3% in the first nine months of FY23 on a year-on-year comparison to ₹ 36 per kg. To counterbalance these costs, poultry companies are focusing on improving their operating efficiencies through better Feed Conversion Ratio (FCR), meaning that companies prefer high bird weight gain as a percentage of feed utilized.

NEAR-TERM OUTLOOK

Ratings agency ICRA has projected a steady growth rate of 8% to 10% for India's domestic poultry industry in FY24, driven by both volumes and realizations. The agency cited stable demand and increased penetration of processed chicken and value-added products as key factors contributing to the industry's revenue growth.

ICRA warns of volatile earnings for India's poultry industry due to high maize prices keeping poultry feed prices elevated, but with moderated soybean prices. This could pose profitability challenges for the industry despite steady demand and growth in value-added products.

In the last few quarters, the world has experienced numerous outbreaks of bird flu, causing significant damage to the poultry industry. However, India has so far managed to avoid the worst of it, with only a handful of localized cases reported in Kerala in December '22 and in Jharkhand in February '23. This has resulted in India's poultry industry continuing to thrive, with little to no impact from the global epidemic.

Looking forward, experts predict that Indian poultry companies will focus on forward integration in the medium-term. This strategy involves investing in meat processing plants to shift towards higher margin value-added products. By doing so, companies can reduce their reliance on raw poultry products and expand into new markets, ultimately increasing profitability.

The industry's earnings' prospects in the next one to two years remain healthy. According to a research by market research firm IMARC Group, India's poultry market size reached ₹ 19,053 crore in 2022.

The market research firm estimates that the size of India's poultry industry will grow at a compound annual growth rate (CAGR) of 10.18% in the next five years to ₹ 34,778 crore by 2028.

According to the market research firm, India's poultry industry is set to witness a surge in demand, driven by a range of factors including increasing health consciousness among consumers, evolving tastes, and a rise in protein-rich food products.

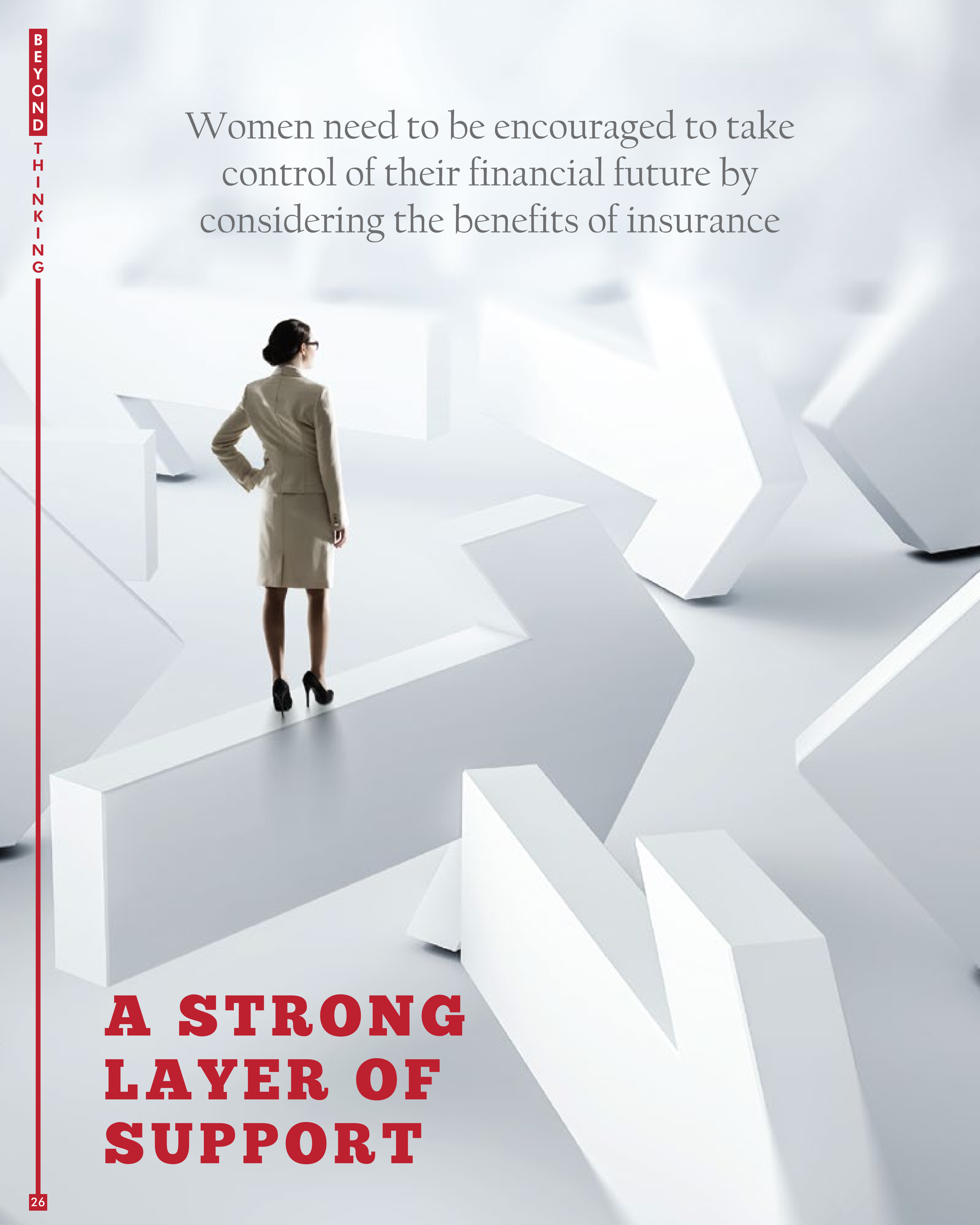
With more young people opting for eggs in their diets, as well as eggs being used as an active ingredient in various bakery products, the demand for poultry items is on the rise. In rural areas, the adoption of poultry animals is also contributing to the market growth.

The government too is taking initiatives to promote the poultry industry; the Department of Animal Husbandry and Dairying and other key agencies are encouraging poultry farming across states and providing capital funds schemes to support businesses.

Furthermore, the increasing usage of products such as eggs and meat in traditional and international cuisines is expected to provide a stable demand for poultry companies, which are likely to invest in meat processing plants to shift towards higher margin value-added products.

Overall, with the support of key authorities and a rising demand for healthier and protein-rich food products, the Indian poultry industry is poised for continued growth in the years to comE.

Women need to be encouraged to take control of their financial future by considering the benefits of insurance



A STRONG LAYER OF SUPPORT

International Women's Day is a day that holds special meaning for women around the world, as it celebrates their achievements in social, economic, cultural, and political arenas. One of the most important aspects of women's lives that is often overlooked is their financial security.

Despite significant strides in recent years, women still face unique challenges when it comes to financial planning and security. This is why International Women's Day is a perfect opportunity to encourage women to consider buying insurance at an early age.

Insurance is an important tool for financial planning and can provide women with a sense of security and peace of mind. Whether it is life insurance, health insurance, or disability insurance, having coverage can help women protect themselves and their families against unexpected financial hardships.

It's never too early for women to start thinking about their financial future and to take steps to secure it. By buying insurance at an early age, women can ensure that they have the protection they need, no matter what life may throw their way.

In today's modern era, women are actively engaged and contributing significantly in various sectors such as education, healthcare, and corporate world. They have shattered countless barriers and proven themselves successful in skillfully managing both their personal and professional lives.

Despite their tremendous achievements, one essential aspect that frequently goes unnoticed is women's financial planning, which includes ensuring adequate insurance coverage.

Over the past two years, India has undergone a massive shift in its approach towards economic growth. The ambitious goal of achieving a $5 trillion economy has now set the stage for an even greater $10 trillion potential, a vision that would not have been possible without the contribution of women.

According to the Global Gender Gap Index for 2022 released by the World Economic Forum (WEF), India ranked 135 out of 146 countries. In 2021, India was ranked 140 out of 156 countries. India has approximately 662 million (or 66.2 crore) women; in 2022, its overall score improved slightly from 2021.

India's female labour participation rate in the organized sector stood at a paltry 20% as per the 2021 data. However, this figure could see a significant enhancement with job creation, improved pay, and better safety standards, which are crucial for increasing women's participation in the workforce.

Unfortunately, as per a 2022 survey by Axis My India, a whopping 55% of women in India are either unaware of or not investing their hard-earned money. In this regard, insurance could prove to be a game-changer as it not only ensures financial security but also instills a habit of investing among Indian women. By offering financial protection and growth opportunities, insurance could pave the way for greater financial independence and empowerment for women in India.

Insurance policies are a crucial aspect of financial planning, and women should consider buying them early in life to ensure adequate protection against unforeseen circumstances. It's never too early to start thinking about insurance policies, and by purchasing them early, women can provide a safety net to their loved ones against unforeseen circumstances and secure their financial future.

It's essential for women to consider purchasing insurance policies early in life, irrespective of whether they are married or single. With a rise in the number of women working in offices, gender inequality has reduced in the last decade. Moreover, many families nowadays depend on women financially, and they may be the sole earning member of the household, pointed out Ruchika Verma, Chief Marketing Officer at Future Generali India Insurance Company.

Buying insurance early in life can make women more independent in several ways. It can reduce their worries and prepare them for any unforeseen future events. Therefore, women should consider purchasing insurance policies early in life to secure their future and achieve greater financial independence, added Verma.

The number of insurance buyers in India has slowly but surely increased over time, but the share of women purchasing insurance has not kept pace with the overall increase. While this may be a reflection of workforce demographics, according to experts, it is also perhaps true that many women still do not think of insurance as a necessity. There may be various reasons for this, and it is important to understand those and find a solution.

Experts say that whether women become increasingly financially independent or become the primary caregivers and managers of their households, it is important that they become more aware of the need to secure their future and take steps to align their savings and financial protection accordingly.

Jataveda Bhattacharya, Head of Product Design at Aegon Life Insurance, says that financial planning and decisions are still handled by men in the family – usually the spouse or the father. As a result, circumstances that can be specific to women often go unnoticed.

According to Bhattacharya, a major reason for the lower participation of women in life insurance is the lack of targeted communication aimed at informing them about the benefits of having a policy. She suggests that such communication would encourage women to consider their future needs and invest in policies that can fulfill them.

One fact that is often overlooked is that life insurance premiums are typically lower for women than for men, making it an affordable and beneficial option for them. Additionally, many insurers offer higher returns for women in savings insurance plans, providing a valuable incentive to invest in such policies.

According to experts, women face several health issues, such as breast cancer, cervical cancer, and osteoporosis. However, many women are not aware of the importance of regular screenings and preventive care. Unfortunately, preventive care is barely covered by insurance policies, leaving women with limited options for obtaining these critical services.

In addition to these challenges, women may also struggle to obtain insurance coverage due to pre-existing conditions. If a screening reveals any health issue, it may be classified as a pre-existing disease and not covered, or covered with higher premiums. This can make it difficult for women to secure the coverage they need, and when coverage is provided, it may come at a higher cost.

"Some insurance policies may not cover things such as maternity care, contraception, and breast cancer screening. So, women have to be cautious while taking their insurance policies to ensure that they have adequate coverage for their health needs," Bhattacharya reiterated.

Insurance plays an important role in financial planning and provides a safety net during unexpected events like accidents, medical emergencies, and natural disasters. It also offers financial security to dependents in the event of untimely death or disability. For women, insurance is even more essential due to various factors, including longer life expectancy, potential career breaks due to family responsibilities, and higher health care costs.

Therefore, it is essential for women to consider buying insurance at an early age. Buying insurance early ensures a lower premium rate and long-term financial security. As women grow older, the chances of developing health complications increase, and so does the insurance premium rate. Moreover, insurance providers often offer discounted rates for women, considering their lower risk profile, making it even more cost-effective for them to buy insurance early. Also women tend to live longer than men, so insurance can secure their old age.

BEAR IN MIND WHILE BUYING INSURANCE

When it comes to buying insurance, there are several factors that women should consider. Some of the most important points worth considering are:

Type Of Insurance: Consider your individual needs and choose the type of insurance that best suits your requirements.

Coverage Amount: It is important to choose a coverage amount that is sufficient to cover your financial obligations, such as debt, dependents, and other expenses.

Premium: Choose an insurance policy with a premium that fits your budget.

Policy Term: Consider your future goals and financial obligations and choose a policy term that aligns with your long-term plans.

Insurance Provider: Choose a reputable and reliable insurance provider. Research the company's history, ratings, and reviews before deciding.

Exclusions And Limitations: It is important to read the policy document carefully and understand the exclusions and limitations of the insurance policy.

Renewal And Cancellation Policy: Consider renewal and cancellation of the insurance policy you intend to buy.

TYPES OF INSURANCE FOR WOMEN

There are several types of insurance that women should have to protect themselves and their dependents. Women should be thoughtful about the insurance policies mentioned below:

Health Insurance: Health insurance is a must-have for everyone, including women as it offers financial protection against unexpected medical expenses. It covers the cost of medical treatment, hospitalization, and other medical expenses. Furthermore, women have unique health needs and may require regular check-ups, screenings, and treatments, which are often covered in health insurance.

Life Insurance: Life insurance is crucial for women who have dependents, as it provides financial assistance to their family in case of the policyholder's untimely death. Women who are the primary breadwinners in their families should also consider getting life insurance to ensure that their dependents are financially protected.

Disability Insurance: Disability insurance offers financial assistance to individuals who experience temporary or permanent disabilities that prevent them from working. Women may require long-term disability insurance to protect their income in the event of a disability that may affect their ability to work.

Critical Illness Insurance: Critical illness insurance provides financial support in case of severe illnesses such as cancer, stroke, or heart attack. Due to the increased occurrence of certain types of cancers among women, critical illness insurance can be a valuable option for women seeking financial protection against such illnesses.

Long-Term Care Insurance: Long-term care insurance can provide financial support for extended care, such as nursing home care or in-home care, which may be especially relevant for women, who tend to have a longer life expectancy and may require long-term care.

To safeguard against unforeseen financial expenses, women should consider obtaining health insurance, life insurance, disability insurance, critical illness insurance, and long-term care insurance. These insurance policies can provide financial security for both themselves and their dependents.

To ensure that women have the most suitable insurance coverage for their needs, it's preferable to seek advice from a financial advisor or insurance expert who can assist them in determining the type and amount of insurance required based on their circumstanceS.

STAYING PUT

The idea of staying invested in the Indian markets is currently more relevant than ever before. The recent correction has made equity investing quite attractive

Over the past few months, there has been a significant decline in key equity indices, with the Nifty50 experiencing a sharp drop of around 2,000 points from its peak of 18,887 in December '22. On 16th March, the index fell below the 17,000-mark, marking its lowest point since 13th October last year. The decline in the market has been largely attributed to the selling pressure exerted by Foreign Portfolio Investors (FPIs), who have sold $4.3 billion of Indian equities in the first two months of 2023. In contrast, domestic investors have stepped in as buyers to try and offset the selling pressure.

The recent market volatility has caused many investors to be swayed by short-term fluctuations and the numerous variables that can impact the market. These variables include the decline of banks in the US, ongoing geopolitical tensions, the possibility of a global economic recession, expectations of higher interest rates in the US, and the impact of the Adani-Hindenburg saga, among other news developments. Additionally, high domestic interest rates have also been a factor in the recent market trends.

These variables indeed paint a scary picture. Volatility in the market and erosion in notional wealth can shake a naive investor's faith in equity as an asset class. But is not volatility the second nature of markets? Should one get carried away by the recent volatility and resort to selling their holdings?

The variables certainly present a concerning scenario. Market volatility and erosion of notional wealth can easily rattle the faith of a novice investor in equity as an asset class. However, it is key to remember that volatility is inherent in markets. So, should we be swayed by recent fluctuations and hastily resort to selling our holdings?

At a practical level, investors who try to time the market by selling during a fall and buying in later seldom achieve their goal. For long-term wealth creation, timing the market rarely works. Taking a long-term view on equity investments is key. Staying invested and regularly adding to investments is more likely to lead to healthy risk-adjusted returns in the long-term.

Despite the recent slide in the markets since September of last year, Indian equities continue to be an attractive investment opportunity. While Indian markets are not completely immune to global happenings in the short term, they have historically bounced back sharply after a period of consolidation. This trend was observed after the crash in 2008 caused by the global financial crisis and the crash in 2020 triggered by Covid-19. These examples show that Indian markets have the potential to recover from the recent downturn and offer long-term growth prospects for investors.

The recent fall in the markets presents an opportunity for investors to increase their stakes even further, and here's why:

INDIA – A DISTINCT STORY

At this juncture it's important for domestic investors to realize that India is uniquely placed in the global economy and is currently like an oasis in a desert. Even though the global economy has been in trouble since the last few years, the Indian economy is relatively resilient given its strong macroeconomics. A stage for a multi-year virtuous cycle of economic growth is becoming apparent for India.

Health Of Corporate India: Corporate India's balance sheet is strong and has deleveraged significantly in the last two years – this is one positive that has emerged from the pandemic. Some study highlight that leverage of corporate India is at a decadal low. Corporate taxation is trending lower in India. This is an ideal platform for the private sector to take up expansion plans, helping the economy in the long-term.

Financial System: The banking system today is well-capitalized with low levels of bad debt. This provides a leeway for banks to improve its credit cycle and fund the next phase of growth in India.

Global Rejig: The world today is looking at alternatives to China for their supplies. India with its cheap labour, technological abilities, raw material availability and geographical location is favourably placed to benefit from the gradual shift in global supply chain. India is on track to bring the cost of its logistics down from ~14% of the GDP now to single digit in the coming years. This will improve India's competency in the world markets.

Interest Rates & Inflation: Interest rates in India may be close to peak levels. In a few months' time, headline growth and inflation data will start becoming conducive for a more benign rate regime and interest rates will eventually start their downward trajectory, perhaps in the next 12-18 months. This will push lower the cost of capital for corporates and at the same time aid consumption.

Government Policies: The government's resolve towards structural reform (GST, IBC, RERA, PLI, Make in India, reduction in Corporate Tax Rate, thrust on Digital India, GatiShakti, National Infrastructure Pipeline and National Monetisation Pipeline etc) is worth highlighting. Today, on a relative basis, India's policy uncertainty is perhaps at its lowest. The government is laying the foundation for a productive and non-inflationary economic growth for the future. Its policies are innovative, for the long-term and are execution-oriented.

TO FOLLOW – A CONSUMPTION BOOM

Supply-side push will have a multiplier effect on the economy and will create a conducive environment for strong growth in the long-term. From a GDP of around $3 trillion and per capita income of $2,300 as on FY22, India's GDP is likely to grow to around $10 trillion in the next decade with per capita GDP rising to around $5,000. India has a target of becoming a developed nation by 2047 with intermittent targets enroute.

Following this, India is on the cusp of a consumption boom with pivots like formalization of the economy, rising per capita income, low debt to GDP, e-commerce, low penetration across various categories of products and higher working population. The consumption boom is likely to last multiple decades.

FINALLY – VALUATIONS

Given the robust quality of earnings of Indian corporates, Indian equity markets historically have always demanded a premium as compared to global markets. Towards the fag end of calendar year 2022, valuations were way above their historical averages, making the Indian equities appear way too expensive. With correction in markets since the start of the year, Indian equities have now turned attractive.

Even FPIs, which have shied away from the Indian markets pulling out around $25 billion in the last two fiscal years, are likely to re-enter India soon, after all India has been an outlier and is emerging as one of the better performing economies in the world.

What should retail investors do? Depending on their investment horizon and risk appetite, retail investors should not let go of the opportunity. Rather, they should increase their holdings. They need to invest in a staggered manner without worrying about volatility in the markets. They must build diversified portfolios.

Retail investors who do not have time or skills to build a portfolio, should route their investments through well-managed equity schemes of mutual funds. Many investors are investing through the SIP route to take exposure to Indian equities with a long-term view.

Tracking India's economic journey offers immense opportunity for wealth creation for investors in stock markets.

It makes immense sense to believe in the validity and authenticity of India's distinct growth story. India's growth story may have just begun. And it is going to unfold in the most fascinating manner in the next decad**E.**

Demographics and lower per capita consumption support long-term fundamentals of the Wood Panel industry, but muted demand and increasing competitive intensity are near-term headwinds

SHAPED BY OPTIMISM

The Indian wood panel industry, being ancillary to the real estate sector, has performed poorly recently. A slowdown in the real estate sector due to high interest rates and lower discretionary spending towards home renovation - a direct consequence of high retail inflation - has hurt demand. Profitability on the other hand has suffered due to high raw material prices and cheaper imports, making it difficult for domestic players to hike prices.

The pain in the sector is evident from the financial results reported by listed companies for the just ended October-December period. Both revenue and profits have been muted. The stocks have echoed negative sentiments on the bourses following unexciting views from company managements.

Around same time last year, the wood panel industry had enjoyed a lot of investor attention. Coming out of the Covid pandemic, the sector was witnessing a strong revival led by pent-up demand from the real estate sector and renovation activities by households. Demand was also aided by higher exports.

But with global shipping costs sharply down, the wood panel industry is now facing competitive pressure from imports. Higher imports come at a time when the domestic real estate sector is facing a slowdown, thereby impacting demand. While the demand side remains weak, competition from cheaper imports and high timber prices are impacting margins of the wood panel sector.

Broadly, the sector comprises of four segments – plywood, medium-density fibreboard (MDF), particle boards and laminates. The difference between the first three segments lies in their manufacturing process and their end use in furniture-making; laminate uses kraft paper and is mostly used for decorative purposes.

According to industry research, from a market size of around ₹ 240 billion in FY16, the wood panel industry has grown to around ₹ 400 billion in FY22, a CAGR growth rate of around 10%. The biggest wood panel product is plywood (around 60% share overall) followed by laminates (15%), particle board (15%) and MDF (10%). MDF and particle board segments are the fastest growing market in India as they are mostly organized.

The market size of the plywood sub-segment, being 75% unorganized, has grown by ~6% from ₹ 180 billion in FY16 to ₹ 250 billion in FY22. The MDF market size with just 10% unorganized players has grown from ₹ 16 billion to ₹ 40 billion in the same period, posting an impressive CAGR of ~17%.

The market size of the particle board segment with 70% unorganized share has jumped by 11% from ₹ 27 billion in FY16 to ₹ 50 billion in FY22. The laminates segment with around 45% unorganized players has grown by a muted 6% from FY16 to FY22 from ₹ 46 billion to ₹ 65 billion.

Here, it is key to remember that the sector is mostly informal in nature. Its fortunes are linked to both residential and commercial real estate, infrastructure sector, and replacement demand for furniture.

CURRENT TRENDS

The current challenges are impacting various sub-segments of the wood panel industry differently. But broadly the demand has been lower while margin pressure is felt, which is likely to continue in the near term.

Demand Slowdown:
Slowdown in real estate activity and in-home renovation has impacted the demand in the sector. While the demand momentum in metro cities continues to be healthy, slower demand from smaller cities on account of cost inflation is a matter of concern for the sector.

Raw Materials: Issues with procurement of timber, especially in North India, and the resultant supply crunch has led to a spike in key raw material prices. Prices of chemicals and adhesives, which fell post Covid, has now started inching up in recent months offering another set of challenges to companies.

Downtrading: Companies in the formal segment saw a jump is demand in recent years as customers were seen seeking branded products. However, with rising inflation and cheaper imports the industry is seeing customers becoming brand agnostic and are migrating towards cheaper products. This has hurt the organized sector the most.

Imports: Imports of wood, especially MDF has risen in the last few months. There are estimates that import prices are around 30% lower than domestic prices. Global production is getting diverted to India due to subdued demand in Europe and USA.

The impact of imports is more in south India as it is closer to seaports; in North India the price gap narrows due to rising transportation costs. As per a report, India's imports stand at 16% of the size of the furniture market which stands at roughly $12 billion.

New Capacity Additions: Given long-term growth trend, industry players have been undertaking capacity expansion programmes to tap future opportunities. New capacity for MDF, which is the largest-growing segment within the wood panel sector, is likely to come on-stream over the next few years. This will create higher competitive intensity for the organized sector, putting pressure on realizations.

THE LONG-TERM STORY

Despite near-term challenges, the wood panel industry is poised for long-term growth. The wood panel industry supplies raw material to the furniture industry, which also uses other materials like metal, plastic, bamboo, etc. Indian wood furniture market is expected to grow 4 times from $7 billion in FY19 to $28 billion by FY35.

Further, furniture replacement cycle is shortening in India and there has been a decline in onsite fabrication work due to the inconvenience factor. Also, there has also been rising acceptance of readymade furniture among buyers.

There have been growing trends of online purchases, which is likely to sustain in the long- term. India's per capita consumption for furniture products is only $5, which is significantly lower than other countries (China $237 and USA $733).

The government is also supporting the sector and is planning to substitute imports by encouraging Indian players to expand. The government wants to make India a global hub for furniture by setting clusters near seaports.

For Indian players this opens an opportunity to export more and gain global market share. To navigate through current challenges, in terms of government support, large domestic manufacturers are demanding the imposition of import duty, especially on certain MDF products. They are also asking for a PLI scheme for furniture manufacturing to support demand. Organized players will largely benefit from this.

In recent years, equity investors have been betting on the entire buildings-material sector (paints, tiles, pipes, consumer electrical, etc) due to long-term levers such as economic growth, low per-capita consumption, urbanization, favourable demographics, rising aspirations of the middle-class, shift towards formalization, higher awareness, import substitution, infrastructure push and online sales.

The current headwinds will lead to a consolidation in the sector. The unorganized sector is witnessing more pain as they are unable to address volatility in raw material costs and manage increased working capital requirements. This is likely to benefit listed firms in the long-term.

There are a few big players, including a few listed companies that dominate the sector. Listed companies include Century Plyboards, Greenpanel Industries, Greenply Industries and Greenlam Industries and Stylam Industries. With stocks of these companies trading lower in recent weeks in line with broader markets, investors should look for bargain hunting in the sectoR.

The number of debt investment options available to investors has increased dramatically in recent years. Investors can invest in debt instruments through mutual funds, stock exchanges, and a variety of other platforms. Municipal bonds are a new category of fixed income securities available to investors.

The Nifty India Municipal Bond Index, India's first municipal bond index, was recently launched by the National Stock Exchange (NSE).

The Nifty India Municipal Bond Index tracks the performance of municipal bonds issued by Indian municipal corporations with investment grade credit ratings over a range of maturities.

Municipal bonds issued in accordance with the Securities Exchange Board of India's (SEBI's) Issue and Listing of Municipal Debt Securities Regulations, 2015 are included in the index.

Currently, the index contains 28 municipal bonds issued by ten different issuers, all of which have credit ratings in the AA range. Weights are assigned to index constituents based on their outstanding amounts.

Municipal corporations, like any other company or government, can raise funds from the capital markets by issuing bonds. This can encourage municipal corporations to fund new

JUST GETTING STARTED

Municipal bonds usher in a new era of raising funds from the capital markets by issuing bonds for civic infrastructure in India

projects and improve civic infrastructure while also encouraging them to become more financially responsible and governance-oriented.

The index is calculated using the total return methodology, which includes both the price return and the coupon return. The index has a base value of 1000 and a base date of 1st Jan '21. The index will be reviewed on a quarterly basis, and is intended to serve as a benchmark for asset managers as well as a reference index for passive funds such as Exchange-Traded Funds (ETFs), index funds, and structured products.

THE HISTORY OF MUNICIPAL BONDS IN INDIA

Only a few prominent Indian municipal corporations have previously used bonds as a source of funding. The Bengaluru Municipal Corporation was the first in India to issue municipal bonds in 1997, followed by Ahmedabad in 1998.

Since then, the Indian municipal bond market has grown steadily until the mid-2000s, with nine corporations raising approximately ₹ 1,200 crore. Municipal bond issuances came to a halt after 2005, when the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched, with a total investment of about ₹ 1 lakh crore available to municipal corporations in the form of grants from the Centre.

Municipal bond issuances in India have recently increased, with nine municipal corporations raising more than ₹ 3,800 crore between 2017 and 2021.

The government has also provided financial incentives in the form of a lump-sum grant-in-aid for municipal bond issuances under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT, 2015) Programme at the rate of ₹ 13 crore per ₹ 100 crore of bonds issued.

Municipal corporations such as Indore, Lucknow, and Ghaziabad have raised approximately ₹ 500 crore in municipal bonds through private placements on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) bond platforms in recent years.

In 2018, the Indore Corporation became the first municipal corporation to list on the NSE, and in 2021, the Ghaziabad Municipal Corporation was the first municipal corporation in India to issue green bonds.

Even though municipal bonds are rated as safe and have low credit risk, their coupon rates are frequently higher than those of government bonds with the same maturity.

MUNICIPAL ASSETS IN INDIA & HOW THE MONEY IS SPENT

The proceeds from Indian municipal corporations' taxable bonds have been used to fund the expansion of essential municipal services such as roads, water supply, and sewerage.

According to RBI data, approximately 66% of bonds issued in India have been used to finance water supply, sewerage, drainage, and water treatment projects.

In the case of tax-free bonds, the government guidelines explicitly state the areas in which bond proceeds can be used. These include potable water supply, sanitation, drainage, solid waste management, roads, and urban transportation, with the majority of corporations directing funds towards water supply, sewerage, and sanitation projects.

Looking at the big picture, it appears that almost all of the money raised by municipal bonds in India has gone towards capital expenditure and the expansion of essential municipal services.

Municipal laws in India permit corporations to borrow, but only with the permission of the respective state governments. However, these borrowings are restricted by a number of conditions imposed on the types of instruments, prescribed limits, and maximum loan repayment period.

Furthermore, the lack of a secondary market for municipal bonds has been a significant impediment to attracting a broader investor base for these securities.

In recent years, a renewed push from the Centre, via schemes such as AMRUT, has resulted in new issuances of municipal bonds from a half-dozen corporations.

The Latest Issue That Was On The Block

Indore Municipal Corporation launched India's first public issue of municipal bonds in February, with the goal of raising up to ₹ 244 crore to fund a solar power project.

This was the first time in India that a municipal body targeted individual investors.

It was also a green bond as the proceeds will be used to fund a 60 MW captive solar photovoltaic power plant in the Madhya Pradesh villages of Samraj and Ashukhedi in the Khargone district.

The face value of Indore Municipal Corporation's public issue of rated, listed, taxable, secured, redeemable, and non-convertible green municipal bonds is ₹ 1,000, with a minimum application of ₹ 10,000.

Each bond is made up of four separately transferable and redeemable principal parts (STRPP), each with a face value of ₹ 250. The green bonds have maturities of three (STRPP A), five (STRPP B), seven (STRPP C), and nine years (STRPP D). The green bonds have an annual coupon rate of 8.25%, are payable half-yearly, and have an effective yield of 8.42%.

IN A NUTSHELL

Municipal bonds are a major market in the United States, and Indian municipal bonds are just getting started.

However, given the yields on offer, it makes an attractive case for investment. In the future, we may see many more municipal companies issue bonds to retail investors, as well as fund houses start funds based on the municipal index. This new segment gives investors another way to participate in the fixed income markeT.

TECHNICAL OUTLOOK

In March, the Bears led the rally while the Nifty experienced a breakdown of cluster support at 17,200, indicating the possibility of a correction or profit booking unless it breaks the resistance level of 17,500-17,600.

During this time, there may be some minor pullbacks towards 17,600-17,800 levels, providing an opportunity to book profits at higher levels. Although the sentiment on the D-Street was cautious, the stocks were performing well and a pullback rally was observed, driving the Nifty in an upward direction.

Currently, the weekly chart suggests that the Nifty is trading in a downward sloping channel line, suggesting a cautious view. As per the channel, the Nifty might test the lower trend line of the channel, that is, the 16,800-mark, and then we may witness some pull back rally.

On the flip side, if the Nifty fails to hold the support of the 16,800-mark on closing basis, then we may witness a further extension in sell off, which might take the Nifty towards 16,600/16,300.

The overall view is cautious to negative as long as the Nifty sustains below 17,600-17,800. Market participants are advised to utilize the pull back rally to book profits. As long as Nifty fails to surpass this level, the bearish trend will persist, and the market is likely to continue its downward spiral.

Market participants are advised to be stock-specific and stay light with major long positions.

In March, the Bank Nifty experienced a significant decline from 41,700 to 38,840 before rebounding. Despite reaching a peak of 40,200, the Bank Nifty is currently experiencing profit-taking in the March series.

Technically, the Bank Nifty has an immediate support at 39,000/38,700. Any move below 39,000 on closing basis may extend its fall towards 38,700/38,300. On the flip side, resistance is placed at the 40,200-40,500 levels. From then onwards, the Bank Nifty may see some pull back rally towards 41,200-41,800 levels.

On the Nifty Options front for the March series, the highest Open Interest (OI) build up is witnessed near 17,500 and 18,000 Call strikes, whereas on the Put side, it is observed at 17,000 and 16,500 strikes.

India VIX saw a good down tick in the first half of the March series. In the second half, India VIX was seen spiking from supportive levels of 12.5-13. Owing to this, selling pressure is seen at higher levels in the markets. VIX is likely to see range-bound trade from 12-17 levels for the April series.

The Put Call Ratio-Open Interest (PCR-OI) for Nifty Options has been in the range of 0.7-1.2 in March. Going forward, it is expected to remain between 0.6 and 1.2 in April.

The markets are believed to remain under selling in the first half of April with supports placed at 17,000 and 16,500 levels. Also, the markets will continue to witness some important resistances at 17,200 and 17,500 levels.

OPTIONS STRATEGY

Long Straddle

It can be initiated by 'Buying 1 lot 13APR 17000 CE (₹ 215) and Buying 1 lot 13APR 17000 PE (₹ 220).' The premium outflow approximates 435 points, which is also your maximum loss.

One should, however, place a stop loss at 335 points (100 point loss). Maximum gain is unlimited and one should place target at 635 points (200 point gain). With some important events in the next fortnight, the index is likely to move more than 500 points in either direction, resulting in decent gains for the strategY.

MUTUAL FUND BLACKBOARD

Large Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Invesco India Largecap Fund - Growth	41.2	-3.9	22.1	9.4	11.1	12.6	725
UTI Mastershare Unit Scheme - Growth	182.7	-3.4	22.9	10.4	11.7	12.7	10,312
Canara Robeco Bluechip Equity Fund - Growth	39.8	-0.5	22.1	12.7	13.6	13.3	8,673
Nifty 50 TRI	24,725.6	0.4	26.2	12.2	13.4	12.9	--

Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Tata Mid Cap Growth Fund - Reg - Growth	236.3	-0.6	27.4	12.0	14.3	18.3	1,760
Mahindra Manulife Mid Cap Unnati Yojana -	17.1	1.4	28.6	12.6	--	--	1,061
Edelweiss Mid Cap Fund - Growth	50.0	2.7	33.2	12.2	15.7	19.6	2,531
Axis Midcap Fund - Growth	63.3	-4.1	23.4	14.3	15.8	17.9	18,920
Nippon India Growth Fund - Reg - Growth	2,056.0	4.2	31.2	13.7	16.0	16.7	13,410
Kotak Emerging Equity Fund - Reg - Growth	73.9	5.1	32.2	13.8	16.8	19.9	23,963
Nifty Midcap 150 TRI	14,068.5	4.4	34.1	12.3	16.4	18.1	--

Small Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Axis Small Cap Fund - Reg - Growth	61.0	2.0	32.4	17.7	18.4	--	11,463
Edelweiss Small Cap Fund - Reg - Growth	24.2	1.0	40.0	--	--	--	1,459
Nippon India Small Cap Fund - Reg - Growth	89.7	7.1	46.0	15.6	20.9	25.3	23,910
ICICI Prudential Smallcap Fund - Growth	52.0	5.9	39.7	13.4	15.8	16.1	4,618
Union Small Cap Fund - Reg - Growth	27.9	-1.6	35.7	11.9	14.2	--	710
Nifty Smallcap 250 TRI	10,971.2	-4.7	38.1	7.7	13.1	15.9	--

Large & Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Axis Growth Opportunities Fund - Reg - Growth	18.4	-8.2	24.4	--	--	--	8,054
Canara Robeco Emerging Equities - Growth	152.4	-1.9	25.3	11.2	15.5	20.1	15,262
Edelweiss Large & Mid Cap Fund - Growth	50.6	-1.0	25.5	11.4	13.2	14.3	1,711
Kotak Equity Opportunities Fund - Reg - Growth	199.6	4.1	26.9	12.5	14.5	15.7	11,608
Mahindra Manulife Top 250 Nivesh Yojana -	16.1	-3.2	27.6	--	--	--	1,057
NIFTY Large Midcap 250 TRI	12,012.3	1.4	29.7	11.9	14.8	15.7	--

Multicap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Mahindra Manulife Multi Cap Badhat Yojana -	19.7	-1.4	29.9	13.6	--	--	1,515
HDFC Multi Cap Fund - Reg - Growth	10.6	8.6	--	--	--	--	5,790
Kotak Multicap Fund - Reg - Growth	10.0	7.6	--	--	--	--	3,912
S&P BSE 500 TRI	28,358.9	-0.5	27.7	11.4	13.7	13.8	--

FlexiCap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Tata Flexi Cap Fund - Reg - Growth	14.7	-4.5	19.2	--	--	--	2,096
Canara Robeco Flexi Cap Fund - Growth	212.3	-2.8	22.9	12.4	14.0	13.6	8,631
PGIM India Flexi Cap Fund - Reg - Growth	24.1	-4.6	31.2	13.4	14.4	--	5,199
UTI Flexi Cap Fund - Growth	216.7	-10.2	21.3	11.4	12.4	13.8	23,945
Union Flexi Cap Fund - Growth	31.7	-1.3	26.2	11.8	12.6	11.8	1,337
Parag Parikh Flexi Cap Fund - Reg - Growth	49.1	1.2	32.2	16.5	16.9	--	29,953
S&P BSE 500 TRI	28,358.9	-0.5	27.7	11.4	13.7	13.8	--

Focused Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Focused 30 Fund - Growth	129.3	13.9	33.9	10.7	13.1	13.9	3,610
Nippon India Focused Equity Fund - Reg - Growth	76.5	1.5	31.7	10.9	14.3	17.9	5,930
ICICI Prudential Focused Equity Fund - Ret - Growth	49.6	3.8	29.1	12.0	12.8	13.2	3,921
SBI Focused Equity Fund - Growth	216.7	-6.5	20.4	10.9	13.5	14.8	26,561
S&P BSE 500 TRI	28,358.9	-0.5	27.7	11.4	13.7	13.8	--

Dividend Yield Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
ICICI Prudential Dividend Yield Equity Fund	28.8	6.4	35.8	10.9	14.3	--	1,258
Sundaram Dividend Yield Fund - Growth	84.8	1.9	25.4	10.9	14.9	13.6	383
UTI Dividend Yield Fund - Growth	102.0	-2.0	26.1	10.6	12.6	12.2	2,787
S&P BSE 500 TRI	28,358.9	-0.5	27.7	11.4	13.7	13.8	--

Contra/Value Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
IDFC Sterling Value Fund - Reg - Growth	90.0	3.8	39.8	10.7	15.9	16.3	5,145
SBI Contra Fund - Growth	223.9	13.8	42.3	14.8	15.4	14.7	8,341
Nippon India Value Fund - Reg - Growth	119.3	-1.4	29.2	11.3	13.9	15.0	4,642
S&P BSE 500 TRI	28,358.9	-0.5	27.7	11.4	13.7	13.8	--

ELSS Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
UTI Long Term Equity Fund (Tax Saving) - Growth	132.6	-4.5	23.1	9.8	11.6	12.6	2,797
Canara Robeco Equity Tax Saver Fund - Growth	110.5	-0.8	25.9	14.2	14.6	14.7	4,686
Kotak Tax Saver Fund - Reg - Growth	72.8	2.9	26.9	12.9	14.2	14.8	3,167
Mahindra Manulife ELSS Kar Bachat Yojana -	18.3	-0.2	26.8	9.9	--	--	525
Parag Parikh Tax Saver Fund - Reg - Growth	19.6	6.9	31.2	--	--	--	1,147
Tata India Tax Savings Fund - Reg - Growth	27.6	0.1	24.5	10.3	13.3	--	3,078
S&P BSE 200 TRI	9,052.5	-0.3	26.9	11.8	13.7	13.7	--

Thematic / Sector Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Mirae Asset Great Consumer Fund - Growth	56.1	6.2	25.1	12.2	15.7	16.4	1,989
ICICI Prudential Technology Fund - Growth	130.6	-18.1	42.4	20.6	17.9	19.8	8,993
Nippon India Pharma Fund - Reg - Growth	266.4	-7.7	23.6	14.5	10.4	15.1	4,268
Nippon India Banking & Financial Services Fund - Reg	372.7	6.4	26.4	8.2	13.2	13.4	3,827
S&P BSE 500 TRI	28,358.9	-0.5	27.7	11.4	13.7	13.8	--

BEYOND NUMBERS

Arbitrage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	2 Years	3 Years	
IDFC Arbitrage Fund - Reg - Growth	27.6	6.7	5.9	4.8	4.2	3.9	3,630
Kotak Equity Arbitrage Fund - Reg - Growth	31.7	6.9	6.1	5.1	4.6	4.3	21,918
Tata Arbitrage Fund - Reg - Growth	12.2	6.6	5.8	4.7	4.2	4.2	5,926
Nippon India Arbitrage Fund - Reg - Growth	22.6	6.0	5.7	4.7	4.3	4.1	9,234
Edelweiss Arbitrage Fund - Reg - Growth	16.5	6.8	6.0	5.0	4.4	4.2	5,393

Equity Savings Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
ICICI Prudential Equity Savings Fund - Reg - Growth	18.1	5.6	11.9	7.2	8.3	--	4,937
PGIM India Equity Savings Fund - Growth	40.9	3.5	11.3	6.9	7.1	8.2	143
NIFTY 50 Hybrid Composite Debt 65:35 Index	14,728.1	1.1	19.5	11.1	11.8	11.4	--

Dynamic Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
PGIM India Balanced Advantage Fund - Reg - Growth	11.4	1.1	--	--	--	--	1,403
Nippon India Balanced Advantage Fund - Reg - Growth	124.1	4.0	15.4	8.6	10.6	11.4	6,594
Tata Balanced Advantage Fund - Reg - Growth	15.1	3.9	16.6	--	--	--	6,397
Edelweiss Balanced Advantage Fund - Growth	35.8	1.2	16.7	10.4	10.2	11.0	8,780
Union Balanced Advantage Fund - Reg - Growth	15.1	2.3	16.8	9.1	--	--	1,679
NIFTY 50 Hybrid Composite Debt 65:35 Index	14,728.1	1.1	19.5	11.1	11.8	11.4	--

Hybrid Aggressive Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Canara Robeco Equity Hybrid Fund - Growth	239.8	0.0	18.4	10.8	12.3	13.5	8,236
SBI Equity Hybrid Fund - Growth	195.5	-3.0	17.4	9.9	11.1	13.5	54,493
Mirae Asset Hybrid - Equity Fund - Reg - Growth	21.5	0.1	19.8	10.3	12.0	--	6,953
NIFTY 50 Hybrid Composite Debt 65:35 Index	14,728.1	1.1	19.5	11.1	11.8	11.4	--

Multi Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Multi - Asset Fund - Growth	49.3	5.2	21.3	9.7	9.8	10.0	1,644
Nippon India Multi Asset Fund - Reg - Growth	13.3	1.7	--	--	--	--	1,134
Tata Multi Asset Opportunities Fund - Reg - Growth	16.0	3.9	20.6	--	--	--	1,489
NIFTY 50 Hybrid Composite Debt 65:35 Index	14,728.1	1.1	19.5	11.1	11.8	11.4	--

Gold Funds Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Gold Fund - Growth	18.4	14.0	11.9	13.0	9.4	5.7	1,402
Kotak Gold Fund - Reg - Growth	23.8	15.0	12.2	13.5	9.7	5.7	1,407
Nippon India Gold Savings Fund - Reg - Growth	23.7	15.0	11.7	12.9	9.2	5.6	1,447
Prices of Gold	59,233.0	15.6	13.1	14.4	10.7	7.1	--

Overnight Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Aditya Birla Sun Life Overnight Fund - Reg - Growth	1,203.7	6.3	6.3	6.2	5.2	6.63	13,400
IDFC Overnight Fund - Reg - Growth	1,187.6	6.3	6.3	6.2	5.2	6.57	2,424
Mahindra Manulife Overnight Fund - Reg - Growth	1,153.9	6.2	6.3	6.2	5.3	6.70	346
Tata Overnight Fund - Reg - Growth	1,175.2	6.2	6.3	6.2	5.2	6.60	3,236
Nippon India Overnight Fund - Reg - Growth	119.6	6.3	6.3	6.2	5.3	6.63	8,861

Liquid Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Aditya Birla Sun Life Liquid Fund - Reg - Growth	358.8	7.6	7.0	6.7	5.5	7.22	28,072
ICICI Prudential Liquid Fund - Reg - Growth	329.8	7.4	6.8	6.6	5.4	7.22	47,246
Kotak Liquid Fund - Reg - Growth	4,505.7	7.5	6.8	6.6	5.4	7.30	33,221
Nippon India Liquid Fund - Reg - Growth	5,439.0	7.5	6.8	6.6	5.4	7.35	25,358
Mahindra Manulife Liquid Fund - Reg - Growth	1,449.1	7.2	6.8	6.6	5.6	7.35	514

Ultra Short Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Ultra Short Term Fund - Reg - Growth	12.9	6.4	6.1	5.1	5.1	7.61	13,303
ICICI Prudential Ultra Short Term Fund - Growth	23.5	6.4	6.1	5.1	5.3	7.81	12,447
UTI Ultra Short Term Fund - Growth	3,622.1	6.3	5.9	4.8	5.5	7.71	2,131
Aditya Birla Sun Life Savings Fund - Reg - Growth	462.7	6.6	6.3	5.3	5.6	7.83	14,457

Money Market Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Money Manager Fund -	311.9	7.0	6.6	5.5	5.5	7.76	13,096
SBI Savings Fund - Growth	35.3	6.5	6.0	4.9	4.7	7.58	19,441
HDFC Money Market Fund - Growth	4,827.7	6.8	6.4	5.4	5.4	7.57	15,176
Nippon India Money Market Fund - Reg - Growth	3,500.8	6.9	6.6	5.6	5.2	7.62	10,718
Tata Money Market Fund - Reg - Growth	3,982.6	6.8	6.5	5.4	5.4	7.73	8,814

Low Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Low Duration Fund - Growth	48.9	5.9	5.7	4.7	5.6	7.91	14,780
ICICI Prudential Savings Fund - Reg - Growth	455.7	6.4	6.3	5.6	6.0	7.70	21,145
Nippon India Low Duration Fund - Reg - Growth	3,181.1	5.9	5.7	4.6	5.4	7.75	6,232
Mirae Asset Savings Fund - Regular Savings Plan -	1,922.8	5.8	5.6	4.6	4.9	7.76	606.0
Kotak Low Duration Fund - Std - Growth	2,846.4	6.0	5.8	4.6	5.4	8.13	7,420

Floater Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Floating Rate Fund - Reg -	292.0	6.7	6.4	5.5	6.2	7.86	12,365
Nippon India Floating Rate Fund - Reg - Growth	37.7	5.1	5.7	4.1	6.6	7.73	7,288

Short Term Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Short Term Fund - Reg - Growth	40.0	5.6	5.7	4.8	7.1	8.02	5,045
HDFC Short Term Debt Fund - Growth	26.7	5.7	5.9	4.2	6.5	7.97	11,029
Nippon India Short Term Fund - Reg - Growth	44.2	4.9	5.4	3.5	5.9	7.91	5,147
ICICI Prudential Short Term Fund - Growth	50.4	5.9	6.3	5.7	6.7	8.10	14,562
Kotak Bond Short Term Fund - Reg - Growth	44.0	4.6	5.3	3.6	5.6	7.82	12,203

Corporate Bond Fund

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Corporate Bond Fund - Reg - Growth	24.9	6.1	6.2	5.5	6.7	7.98	16,998
IDFC Corporate Bond Fund - Reg - Growth	16.2	5.7	5.6	3.1	6.6	7.73	13,935
HDFC Corporate Bond Fund - Growth	27.1	5.0	5.5	3.8	6.6	7.74	23,487
Kotak Corporate Bond Fund - Std - Growth	3,150.8	5.0	5.5	4.1	6.0	8.02	8,881

Dynamic Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential All Seasons Bond Fund - Growth	30.8	6.0	6.3	5.8	6.7	8.19	6,755
Nippon India Dynamic Bond Fund - Reg - Growth	30.8	4.2	4.7	3.1	5.1	7.75	3,340
Kotak Dynamic Bond Fund - Reg - Growth	31.1	2.5	4.2	3.0	5.7	8.09	1,992

Medium Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Medium Term Bond Fund - Growth	37.5	5.6	5.9	4.9	7.0	8.44	6,306
HDFC Medium Term Debt Fund - Growth	47.2	5.0	5.5	3.4	6.1	8.30	3,539
SBI Magnum Medium Duration Fund - Growth	42.8	5.9	6.3	4.1	6.6	8.26	7,088

Medium to Long duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Bond Fund - Growth	33.3	5.4	5.7	4.6	6.3	7.75	2,224
SBI Magnum Income Fund - Growth	59.3	5.8	5.9	4.2	6.2	7.87	1,511

Gilt Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Nippon India Gilt Securities Fund - Reg - Growth	32.0	5.3	5.4	3.5	4.5	7.58	1,159
Kotak Gilt Fund - Growth	81.4	5.9	6.1	4.1	5.3	8.00	1,699
IDFC G Sec Fund - Invt Plan - Reg - Growth	29.4	6.7	6.8	2.0	5.1	7.55	1,410

Credit Risk Fund

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Credit Risk Fund - Growth	26.4	5.1	5.9	5.1	7.2	9.02	7,584
HDFC Credit Risk Debt Fund - Reg - Growth	20.2	5.2	5.4	4.0	7.4	8.68	8,438
SBI Credit Risk Fund - Growth	37.8	5.7	5.9	4.6	6.6	8.33	2,783

Disclaimer : Mutual Fund Investments are subject to market risks. Please read the offer document carefully before investing. Past performance is no guarantee of future performance. Returns are of Growth option of Regular plans. Returns which are below 1 year period are Annualized Returns. Source: - ICRA MFI, NAV as on 20th March 2023

THE POWER OF CONSISTECY

Investors can create wealth over long term by investing systematically

Wealth can be defined as the ownership of assets that have been accumulated over time. These assets may be tangible or hard assets, such as real estate or gold, or intangible, such as mutual fund investments, equity investments, fixed deposits, corporate bonds, and other similar financial instruments. Wealth creation is a gradual process, with the exception of those who inherit wealth.

Creation of assets, which is wealth requires savings, and if is dictated by specific goals, the motivation to stay the course will be high. Goals can be short-term, medium-term, or long-term in nature. For example, building a corpus to fund your child's university fees ten years from now is a medium-term goal, while saving for a car is a short-term goal. Building a retirement corpus, which is decades away, is a long-term goal. Creation of a corpus for each of these goals requires a different investment mix to achieve the desired outcome.

The factors that will determine successful wealth creation encompass the ability to save, the selection of investments, and investment discipline.

The ideal starting point for successful wealth creation is financial planning. This entails setting goals, assessing income inflows and outflows, and determining risk appetite. These steps enable a clear identification of the end objectives, available savings after expenses, and risk-bearing capacity.

A professional financial planner is best suited for this task, as he/she takes a methodical approach and offers unbiased advice. The journey to creating wealth and achieving financial goals relies on maintaining financial discipline, making wise investment choices, and conducting annual financial reviews to make necessary adjustments.

Wealth creation is not an easy task, as noted by financial stalwart Charlie Munger, who stated, "It's not supposed to be easy. Anyone who finds it easy is stupid." Starting early and maintaining financial discipline are crucial factors for success. The most successful wealth creators begin early and remain steadfast in their discipline.

While it's acceptable to start small, beginning early and being disciplined allows the power of compounding, which Albert Einstein called the eighth wonder of the world, to work its magic. This early start develops a savings mindset, and consistent savings and investment discipline over time can contribute significantly to wealth creation, much like how individual water droplets form an ocean.

The key considerations for wealth creation are as follows:

- **Work Towards Growing The Savings Passively**

Savings are essential for creating wealth, but it's not enough to simply save money. To truly create wealth, savings must be invested in ways that align with an individual's risk tolerance, allowing his/her money to grow over time.

As investment guru Warren Buffett famously said, "If you don't find a way to make money while you sleep, you will work until you die." This means that individuals must create passive income streams that continue to grow and earn money even when they are not actively working. Investing in different asset classes can help individuals achieve this goal, but the specific investments chosen will depend on an individual's risk appetite.

In uncertain times, having a passive stream of income can be especially valuable in overcoming temporary setbacks, such as a job loss.

Inflation also erodes the value of money over time, meaning that the purchasing power of today's savings will diminish in the future. Investing savings at a rate higher than inflation is, therefore, the key to creating wealth over the long term.

By properly channeling savings into investments, individuals can create passive income streams that not only provide financial security but also enable them to grow their wealth over time.

• Add To Your Investment When There Is An Opportunity

In some instances, such as when companies distribute bonuses, there may be opportunities to save more money than usual. While it may not be feasible to invest 100% of this extra income, setting aside a percentage for savings can help create wealth over time.

It's important to remember that true wealth is not just about financial security, but also about finding a balance between financial stability and happiness. Pursuing wealth creation should not come at the expense of draining oneself emotionally and physically.

To achieve this balance, individuals should allocate a specific portion of their extra income towards savings, while still leaving room for enjoyment and happiness.

By doing so, they can work towards creating passive income streams and achieving long-term financial security, while also living a fulfilling and satisfying life in the present.

• Inculcate Discipline By Opting For SIPs

Being disciplined is the key to saving and investing successfully. However, it can be difficult to maintain this attribute consistently. One way to achieve discipline is by automating investments through Systematic Investment Plans (SIPs) in mutual funds. These plans allow for direct debits from a bank account on a chosen date for a fixed amount.

In cases where a lump sum amount is available, funds can be temporarily parked in a liquid fund before being invested through a Systematic Transfer Plan (STP). This strategy not only ensures timely investments, but also prevents non-discretionary spending.

By implementing these automated investment strategies, individuals can remain disciplined and work towards achieving their financial goals with ease.

• Risk Appetite Should Determine Asset Allocation

Risk assessment is important in determining the right risk appetite when creating wealth. Taking responsible risks is necessary for building wealth, but it's essential to consider both willingness and ability to bear risks. Sometimes, people may be willing to take high exposure to equity but cannot hold their ground when equity values decline steeply.

Therefore, it's vital to assess one's ability to bear the risk, as impatience often arises due to a mismatch between willingness and ability to absorb risks. Asset diversification is also critical, and choosing assets with an inverse correlation between asset classes can bring in an element of stability.

• Stick To Your Plan

It is common for investors to consider taking profits from their investments after experiencing significant appreciation and use it for a holiday or to upgrade their car or renovate their house.

However, it is important to remain committed to the investment and avoid getting carried away, as investment values can also experience downturns. The temptation to follow the herd mentality and move investments into high-yielding options can also be risky, as chasing high returns often involves increased risk exposure.

Ultimately, wealth creation requires a tailored approach based on individual goals and circumstances, rather than a one-size-fits-all strategy. It is essential to focus on achieving your goals using the appropriate investment strategy, rather than solely pursuing high returns that could potentially erode your wealth.

• Review Your Investments Annually

An annual review of the investments is a great practice as it will reveal how disciplined a wealth creator is and will also provide an opportunity to rebalance his/her portfolio if the mix of his/her asset class has drastically changed due to underperformance or outstanding performance. Also, it provides an opportunity to alter the portfolio if there have been any changes in taxation laws or changes in personal situation such as a pay cut.

In general, employees tend to receive annual pay hikes, and an annual review of investments can serve as a reminder to increase savings and investments as inflows grow. So it may be time to increase the SIP amount.

Saving is an integral part of wealth creation, which can lead to financial freedom. As Warren Buffett once said, "Do not save what is left after spending, but spend what is left after saving," thus emphasizing on the importance of saving.

Successful wealth creation requires starting early, identifying clear goals, being disciplined, and exercising patience. By taking these steps, you can pave the way for long-term wealth creation. So, it is crucial to start saving and investing early to increase your chances of achieving financial independence. Start early, start no**W!**

Charlie Munger's investment ideas have stood the test of time and remain just as relevant and timeless at age 99 as they were when first shared by him

REFLECTIONS ON TIMELESS INVESTMENT STRATEGIES

Charlie Munger, widely recognized as one of the world's most distinguished investors and referred to as the "learning machine," is revered by his die-hard followers for his unparalleled wit and insightful wisdom.

Born in 1924, Charlie Munger is widely regarded as one of the most rational and astute investors of our time. As the Vice-Chairman and second-in-command to Warren Buffett, the legendary value investor who chairs Berkshire Hathaway, Munger has earned a well-deserved reputation for his exceptional investment insights and financial acumen.

Charlie Munger and Warren Buffett's leadership at Berkshire Hathaway resulted in a remarkable return on investment, with the company growing from its initial value to an incredible 2,000,000% increase in value over time.

In just a single lifetime, these two men transformed the company into a financial powerhouse by investing its capital wisely in a diverse array of prosperous enterprises, and with minimal borrowing. Their remarkable achievement will undoubtedly be remembered for generations to come.

Despite being labeled by some as a "sidekick", those who truly know Charlie Munger understand that he is a fiercely independent intellectual with a unique and rare insight into both business and life. His approach to thinking is not only correct but also highly effective, making it a valuable tool for anyone looking to improve their own thought processes.

While it may be difficult to fully adopt Munger's approach to thinking, incorporating some of its core tenets can quickly help to remove mental cobwebs and improve one's overall mental clarity.

Here are few interesting thoughts and ideas of Charlie Munger that are worthy of reflection.

• Well-Managed Expectations

According to Charlie Munger, one of the secrets to leading a happy life is to have well-managed expectations. He suggests that people should strive to have reasonable expectations and approach life's outcomes with a certain level of stoicism, whether they are good or bad. Munger believes that there will always be good people around, and it's important to seek them out. Having unrealistic expectations can lead to disappointment and misery, for two main reasons.

Firstly, the world is a fragile and complicated place, and the only way to avoid disappointment is to expect it to happen. Secondly, progress is constantly moving the goalposts, and one's expectations should rise at a slower pace than the progress being made.

• The Secret Of The Long And Happy Life Is Simple

Throughout his life, Munger believed that doing simple things and doing them right was the key to success. By taking a simple idea seriously and focusing on a single thing, he could achieve his goals accurately and effectively.

He devoted himself to reading and improving his mind and thinking ability, which eventually led to his fame and fortune today. He advocates for simple thinking and simple ideas, and nothing more.

• Know What Works

According to Charlie Munger, success in life depends not on what one already knows, but on one's ability to maintain a flexible mind and learn from others.

To achieve the desired outcome, it is essential to seek out and adopt strategies that work, and then make a concerted effort to repeat them. Munger once said, “I observe what works and what doesn’t and why.”

• Big Money Is Always In Waiting, Not In Buying And Selling

Charlie Munger has always emphasized on the importance of patience in investing. He believes that many investors make the mistake of reacting to rapid market swings, sacrificing sound long-term strategies for short-term gains through buying and selling.

Munger recognizes that well-chosen stocks have the potential to increase in value many times over, but cautions that this growth takes time and requires discipline. Successful investors must be willing to weather losses and adversity along the way.

• A Continuous Learning Machine

Charlie Munger once said, “If you don’t keep learning, other people will pass you by.” For Munger, knowledge should be accessible to all, and failing to take advantage of opportunities to learn can result in stagnation and a lack of growth.

He believed that change is the only constant, and that acquiring knowledge and learning continuously is essential to staying ahead. Just as meals nourish the body, Munger saw continuous learning as a means of nourishing the mind.

• Saying No To Things Out Of Your Circle

Charlie Munger once noted that people often underestimate the importance of simple yet significant ideas.

Rather than striving to be intelligent, Munger believed in the importance of avoiding consistent stupidity.

He recognized that professionals play a different game than amateurs, and emphasized the importance of making investments only when there is full understanding.

Failing to do so can lead to disastrous results. Similar challenges arise in life, requiring individuals to make important decisions and navigate unexpected events.

Munger’s advice is to stay within the circle of one’s competence, both in investing and in life.

• Divergence Is Important

In life, it’s important to embrace divergence in order to achieve success. Simply following the herd may lead to the same results as everyone else. If you want to stand out, you must be willing to be different and do things correctly.

To exceed average expectations, divergence is the key. While consensus thinking may lead to consensus results, those who are willing to be contrarian and do the right things can achieve outstanding outcomes.

Following the crowd will not allow one to beat the market.

• Learn From Mistakes

Charlie Munger believes that making mistakes is an inevitable part of life and that it’s impossible to live a fulfilling and successful life without making many mistakes. However, he emphasizes on the importance of learning from those mistakes and using them as opportunities to improve.

Munger recognizes that failures are unavoidable, but he stresses the need to ensure that the right decisions ultimately prevail over the wrong ones. By learning from past mistakes, individuals can develop the skills and knowledge necessary to make better decisions in the future.

His philosophy is one of continuous learning and improvement, where every mistake presents an opportunity to gain valuable insights and knowledge that can be used to achieve greater success in the future.

• Time Is A Friend Of Good Business

Munger believes that time is a critical factor when investing in a business. Time can be a great friend for long-term investments, as it allows the business to grow and develop.

However, time can also be an enemy to poor businesses, as over the long run, they may face the risk of shutting down.

• Mispriced Opportunities

Charlie’s belief in investing as a parimutuel system highlights the importance of understanding the market and the competition in order to identify mispricings and make successful investments.

Value investing involves conducting thorough research and analysis to determine the intrinsic value of an investment and purchasing it when it is undervalued by the market.

This requires a deep understanding of the industry, company, and market trends. Charlie's emphasis on having an idea that is better than the rest and betting heavily when the odds are in your favour highlights the importance of having a strong conviction and confidence in your investment decisions.

However, it is important to remember that great investment ideas are rare and require extensive research and analysis to identify.

Ultimately, successful investing involves a combination of knowledge, analysis, and intuition. By staying informed, conducting thorough research, and having confidence in your investment decisions, you can increase your chances of success in the market.

• Long Attention Span

Long attention span can be a key factor in success, not just intelligence. Holding investments for 5 years rather than 5 months can give an advantage over those solely focused on short-term gains. Success is not just about intellect, but also patience and discipline.

• Stay Away From Fake Knowledge

According to Charlie Munger, even smart people are vulnerable to professional disasters caused by overconfidence, according to Charlie Munger.

Outsourcing thinking to others and relying on fake knowledge from skimming news can make people overconfident.

Accessing information from Google, Twitter or other social media platforms may seem harmless, but it often lacks depth and nuance. Therefore, it's essential to understand things from all angles to avoid professional disasters.

• Maximizing Odds Of Success

Maximizing competing variables can lead to disaster. Pick one variable and focus on it to increase your odds of success. When everything is a priority, nothing becomes a priority.

• Focus On Big Ideas

Munger emphasizes on the importance of understanding big ideas across different disciplines and applying them regularly. Relying on one model to solve all problems is short-sighted and ineffective.

He once said, "You must know the big ideas in the big disciplines, and use them routinely - all of them, not just a few. Most people are trained in one model - economics, for example - and try to solve all problems in one way. You know the old saying: to the man with a hammer, the world looks like a nail. This is a dumb way of handling problems"

• Getting Rich And Staying Happy

Munger warns against the dangers of wanting to get rich quickly, emphasizing on the importance of being content with what you have, living below your means, and giving time for your investments to grow.

He believes that these are key factors in achieving both financial success and happiness.

To conclude, Munger's wisdom is valuable, but he warns against trying to become him. While he may be remembered as a "wise ass," his investing partner Warren Buffett will be remembered as a teacher.

Charlie Munger's unique perspective cannot be replicated, and people who dismiss him are missing an important point - no one can ever be Charlie Munger or Warren Buffett.

Tren Griffin, author of "Charlie Munger: The Complete Investor," suggests: "The point is not to treat anyone like a hero, but rather to consider whether Munger, like his idol Benjamin Franklin, may have qualities, attributes, systems, or approaches to life that we might want to emulate, even in part. This same process explains why Munger has read hundreds of biographies. Learning from the success and failure of others is the fastest way to get smarter and wiser without a lot of paiN."

IMPORTANT JARGON

TRADE DEFICIT SHRINKS FURTHER

According to data released by the government on 15th March, India's trade deficit for February stood at $17.4 billion, similar to the January's print. The trade deficit has been falling sharply. February's data has been the lowest in 13 months. India's trade deficit has moderated from an average of around $24 billion a few months back to around $17 billion in the past two months.

Q. What Is A Trade Deficit?

When a country imports more than it exports, it is said to be running a trade deficit with the world. A country that does the reverse - exports more than it imports - is said to be running a trade surplus. The trade deficit is calculated for goods and services.

Q. Why Is Tracking Trade Deficit Important?

One, the trade deficit forms a part of India's current account. The current account along with the capital account (which mostly includes inflows and outflows of capital like FDI and PFI) forms India's balance of payment (BOP). Simply put, BOP is a record of all transactions of money moving in or out of a country over a period of time.

India typically runs a current account deficit while it is a surplus in the capital account. India fills the gap in the current account with its capital account (FDI and FII flow), leaving the balance of payment positive. It is sort of a financial entry. BOP and CAD are key external sector indicators of the economy.

Q. What Is India's Trade Deficit Currently?

The trade deficit numbers are compiled by the Commerce Ministry, Government of India. The CAD numbers are released by the RBI (yet to be released).

In February, India's merchandise exports fell by 8.8% as compared to last February, while merchandise imports fell by 8.2%. At a net level, India's merchandise trade balance stood at negative $17.4 billion as compared to negative $17.7 billion last February.

India's services exports jumped by 36.8% as compared to last February, while services imports increased by 12.2%. At a net level, India's services trade balance stood at positive $14.6 billion as compared to positive $13.8 billion last February.

Q. What Are The Essential Insights From The Trade Deficit Numbers?

India's merchandise trade deficit dropped to a 13-month low. On the other hand, services exports have been robust. The services surplus has improved from a pre-covid run rate of around $6.7 billion per month to $8.9 billion per month in FY22.

It has further improved from $11.1 billion in the April-November period of FY23 to around $14.6 billion/month over the past three months.

Services exports are providing some cushion to the current account deficit. CAD is expected to be around 2.1% of GDP in FY23 and 1.5% of the GDP in FY24. A question that many economists are asking is if India will become a trade surplus economy soon.

Q. Why Is This Positive?

India has always had a twin deficit problem - fiscal deficit, and current account deficit. With a CAD surplus, India's external sector will look very comfortable. This will have a positive impact on the Indian rupee and FPI flows in general.

Q. But What Is The Negative Takeaway From The Trade Deficit Numbers?

Falling imports and exports of goods are not seen as positive as it indicates that domestic and global economic activity is muted.

INDIA & THE PREDICTION OF EL NINO

A global weather forecaster has predicted the possibility of an El Nino in 2023. An El Nino typically leads to lower rainfall in India. While we will have a better picture of the possibility of El Nino only in April, some corners of the markets are worried as there could be a wider impact on the Indian economy.

Q. What Is El Nino And La Nina?

El Nino and La Nina are two opposing climatic conditions that break the normal pattern of winds and warm water movement in the Pacific Ocean. It can influence climate across the world. For India, El Nino typically creates warmer weather in the winters, hotter summers, and a deficient monsoon. On the other hand, La Nina conditions are favourable for Indian monsoon. El Nino and La Nina conditions usually recur every 2 to 7 years.

Q. What Has Been The Prediction?

Though not conclusive, the Australian Bureau of Meteorology (BoM) has said that La Nina has ended, and there is a 50%-60% chance of an El Nino in 2023. They will revisit the prediction with better data points in April.

Q. What Has Been The Historical Experience?

With La Nina conditions, India has had an above normal monsoon in the last 4 years. Now La Nina has ended. Data over the past 20-odd years indicate that when the Australian weather forecaster has called out an El Nino event in four years (2002, 2006, 2009 and 2015). In three out of these four instances of El Nino, barring in 2006, India has experienced below normal monsoon rains.

Q. What Will Be The Impact Of El Nino In India?

A weak Indian monsoon does have an adverse impact and may lead to a decline in agricultural GDP in India. As agriculture output declines due to lower water availability, it may lead to lower rural income, thereby impacting consumption.

In case of severe stress, the government may have to provide support to the rural economy. Crop failure may force farmers to default on agriculture loans and may thus impact banks' balance sheets. Also, as crop production falls, it may lead to inflation forcing the RBI to hike interest rates. Thus, the entire economy may get impacted.

Q. What Can Save Such A Situation?

Currently, India has comfortable water levels in most reservoirs. However, El Nino will impact geographies that have witnessed lower rainfall in the last few years like Bihar, Odisha, and West Bengal. The centre's crop insurance scheme will provide protection to banks to some extent. The government also has enough food stocks in its granaries to contain inflation in times of crisiS.


Beyond Market
SUNSHINE: A RAY OF HOPE
2022: YEAR OF RESILIENCE
A TOWERING PRESENCE
RAISING THE STAKES
CONFLICT OF INTEREST
THE ALCHEMY OF PARTNERSHIPS
INDIA UNPLUGGED
A GLOBAL PLIGHT
FREEDOM OF CHOICE
THE WIZARD OF DALAL STREET
SWEEPING CHANGES
MANUFACTURING SUCCESS STORIES
WEIGHED DOWN BY WOES
CATALYSTS FOR IMPROVEMENT
CHASING DREAMS
THE MEGA INFRA PUSH

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