

11/04/2021



CREDIT POLICY



NATIONAL

INTERNATIONAL

- ❖ China slaps Alibaba with \$2.8 billion fine in anti-monopoly probe
- ❖ The US debt deficit grew to USD \$71.1 billion in Feb as a decline in export
- ❖ G-20 agree to boost IMF war chest by \$650 billion amid covid-19
- ❖ Saudi Arabia \$ 7 trillion investment goal puts spot light on oil prices
- ❖ Singapore, Mauritius may be preferred route to raise fund via 'SPAC' (special purpose acquisition company)
- ❖ Steel prices hiked by Rs 5,000 a ton on global rally, iron ore rise too
- ❖ Amazon's win in union fight shows harsh realities facing labor movement
- ❖ Japan's central bank kicks off experiments on issuing digital currency
- ❖ One-time pioneer LG Electronics to close smartphone business

- ❖ NHAI files papers with SEBI for InvIT; plans to raise Rs 5,100 crore
- ❖ India finalizes air bubble pact with Sri Lanka
- ❖ IBBI notifies prepack insolvency resolution process regulations for MSMEs
- ❖ Meesho raises \$300 million from SoftBank Vision Fund as valuation races past \$2 billion
- ❖ Net direct tax mop up exceeds revised estimates at Rs 9.45 lakh crores in FY21
- ❖ Aditya Birla Fashion shakes up India's Rs 1.45 trillion ethnic wear market
- ❖ NCLT starts insolvency case against OYO unit
- ❖ Cabinet approves Rs 10,738 crore PLI scheme for solar modules, white goods
- ❖ Adani becomes 3rd Indian group to cross \$100 billion in market capitalization



M&A

- ❖ ACS approaches Atlantia with €10bn offer for Italian motorway network
- ❖ Bain nears \$8bn deal to buy Hitachi Metals
- ❖ HDFC Acquires 9.9% stake in Kerala infrastructure fund Management
- ❖ KPTL arm acquires 51% stake in Fasttel
- ❖ Twitter held talks for \$4 billion acquisition of Clubhouse
- ❖ Private lender Yes Bank targets startup sector, ties-up with GVFL
- ❖ Biotech firm Ginkgo in talks with Harry Sloan-led SPAC for over \$20 bn deal
- ❖ Canopy Growth to buy Supreme Cannabis for \$435 million



ABBREVIATION



ECB: External Commercial Borrowing is basically a loan availed by an Indian entity from a nonresident lender. It is a loan availed of from non-resident lenders with a minimum average maturity of 3 years.

MPC: The Monetary Policy Committee is constituted by the Reserve Bank of India and led by the Governor of RBI. The mission is fixing the benchmark policy interest rate (repo rate) to restrain inflation within the particular target level. It having 6 members.

QIP: Qualified Institutional Placement is largely a fund-raising tool for the listed companies. It is a process which was introduced by SEBI so as to enable the listed companies to raise finance through the issue of securities to qualified institutional buyers (QIBs).

MSF: Marginal standing facility is a window for banks to borrow from the RBI in an emergency situation when inter-bank liquidity dries by pledging G-sec at a rate higher than the repo rate.

TLTRO: Targeted Long-Term Repo Operations in this banks can invest in specific sectors through debt instruments (corporate bonds, commercial papers, and non-convertible debentures) to push the credit flow in the economy.

RBI CREDIT POLICY

- ☞ RBI MPC kept repo rate unchanged at 4 per cent
- ☞ The MSF rate and the bank rate remain unchanged at 4.25 per cent.
- ☞ The reverse repo rate stands unchanged at 3.35 per cent.
- ☞ liquidity support of ₹50,000 crore for fresh lending to AIFIs; ₹25,000 crores to NABARD; ₹10,000 crore to NHB; and ₹15,000 crore to SIDBI.
- ☞ RBI enhances aggregate ways and means advances limits to states to Rs 47,010 crores
- ☞ RBI announces a massive Rs 1 trillion G-sec purchase programs
- ☞ RBI governor announced that On-tap Targeted Long Term Repo Operations (TLTRO) scheme, extended by a period of six months to September 30, 2021, to ensure adequate liquidity support to the economy.
- ☞ To an attempt to promote digital transaction, RBI has proposed to hike the limit of the outstanding balance in wallets to Rs 2 lakh from Rs 1 lakh.

BANKING & FINANCE

- ❖ ‘RBI’s Fair Practices Code to help eradicate digital lenders acting as agents for non-registered NBFCs’
- ❖ RBI provides relief to ECB borrowers who couldn’t utilize proceeds due to pandemic
- ❖ Jana Small Finance Bank ties up with Axis Securities to offer investment services
- ❖ BOI to allot preferential shares to govt for Rs 3,000 crores capital infusion
- ❖ Banks in India have crossed the milestone of ₹150 trillion in deposits, as inflows continue at a staggering pace
- ❖ IDFC First bank has raised Rs 3,000 crores through QIP offer
- ❖ Bank NPAs to climb to 9.6-9.7% in FY21 as covid impact surfaces, says ICRA



AUTOMOBILES

- Hero Electric Aims To Train 20,000 Roadside Mechanics To Deal With EVs.
- French Carmaker Citroen Drives Into India With Rs 29.9-Lakh C5 Air-cross SUV.
- Renault joins hands with CERO Recycling for vehicle scrapping.
- PV retail sales up 28 pc, two-wheeler registrations drop 35 pc in March: FADA
- Maruti production rises significantly to 1,72,433 units in March



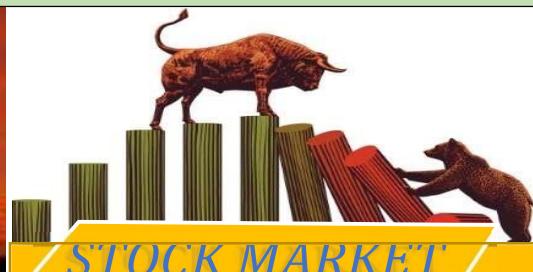
AGRICULTURE

- Poultry prices up by more than 50% in a year as animal feed drives up costs
- National Bank for Agriculture and Rural Development (NABARD) on Tuesday reported a record high 24% growth to Rs 6.57 lakh crore in the end of March 31, 2021.
- RBI clears over Rs 21,000 Cr towards CCL for wheat procurement in Punjab



OIL & GAS

- India's fuel consumption contracts 9.1 per cent in FY21; first since 1998-99.
- India will look to resume buying crude oil from Iran the moment US sanctions are eased, helping it diversify its import basket, a senior government official said.
- Hyderabad-headquartered Megha Engineering and Infrastructure (Meil) unveiled the country's first indigenously developed hydraulic rigs for the oil and gas sector on Wednesday.
- Reliance-BP seek buyers for 5.5 million standard cubic meters per day of additional gas from KG-D6.
- India to buy one-third less oil from Saudi Arabia in May.
- Saudi Aramco raised \$12.4 billion from oil pipeline stake sale.



STOCK MARKET

| Index | Price | Change | %Chg |
|----------------|----------|------------|-------|
| NIFTY 50 | 14834.90 | -38.90 | -0.26 |
| SENSEX | 49591.32 | -154.89 | -0.31 |
| NIFTY BANK | 32448.05 | -334.75 | -1.02 |
| Top Gainers | | Top Losers | |
| F&O ↗ | | 1 Week ▾ | |
| Company | Current | % Gain | |
| JSW Steel | 621.00 | 22.06 | |
| Cadila Health | 514.45 | 16.44 | |
| Dr Lal PathLab | 3,137.00 | 14.88 | |
| PI Industries | 2,558.65 | 13.73 | |
| SAIL | 94.35 | 12.52 | |

CONCEPT OF THE WEEK

DUTCH AUCTION

- In the Dutch Auction the price with the highest number of bidders is selected as the offering price so that the entire amount offered is sold at a single price.
- This price may not necessarily be the highest or lowest.
- Price generally start high and incrementally drop until a bidder accepts the going price.
- The U.S. Treasury uses a Dutch Auction to sell its securities to help finance the country's debt.
- The most prominent example of a Dutch Auction in recent time is Google in Aug. 2004. For example, let's assume Company XYZ wants to sell 10 million shares using a Dutch auction. To participate in a Dutch auction, an investor typically opens an account with Company XYZ's underwriter (usually an investment bank), obtains a prospectus, and obtains an access code or bidder identification code (Dutch auctions often occur online). Below is a table summarizing Company XYZ's Dutch auction:

| <u>Price</u> | <u>Bids</u> | <u>Shares</u> | <u>Cum. Shares</u> |
|--------------|-------------|---------------|--------------------|
| \$40 | 0 | 0 | 0 |
| \$36 | 2 | 1,000,000 | 1,000,000 |
| \$35 | 4 | 4,000,000 | 5,000,000 |
| \$34 | 10 | 5,000,000 | 10,000,000 |
| \$33 | 3 | 3,000,000 | 13,000,000 |

- When the auction closes, the underwriters calculate the highest price at which all shares will be sold.
- Here, the underwriter wound up with bids for 13 million shares, but the highest bids adding up to 10 million shares are the winning bids in a Dutch auction.

RALLY OF BITCOIN

UPCOMING IPOs

1. DOODLA DAIRY
2. INDIA PESTICIDES
3. NSDL
4. ADHAR HOUSING FINANCE
5. BAJAJ ENERGY
6. NCDEX
7. LIC
8. ANNAI INFRA DEVELOPERS

| | |
|--------|----------|
| Feb-11 | \$1 |
| Jun-11 | \$10 |
| Apr-13 | \$100 |
| Nov-13 | \$1,000 |
| Oct-17 | \$5,000 |
| Nov-17 | \$10,000 |
| Dec-20 | \$20,000 |
| Dec-20 | \$25,000 |
| Jan-21 | \$30,000 |
| Jan-21 | \$35,000 |
| Jan-21 | \$40,000 |
| Feb-21 | \$46,000 |
| Apr-21 | \$60,000 |