श्री LAKSHMISHREE

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BULL VS BEAR

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From Managing Director's Desk To Readers

Multi-modal Connectivity To Bring Operating Efficiencies in Logistics Sector

We at Lakshmishree tried to understand the detailed National Logistics Policy (NLP) and its implications for the sector. We are of the view that NLP has been developed after wide consultations with all the central ministers (~26 ministers). The NLP envisages co-ordinated logistics development among sectors to develop an inter-modal transport system to (1) reduce transit time & costs (2) enable real-time monitoring of cargos (3) encourage digitalization of paperwork in terms of placing orders to cargo dispatch (4) provide skilled manpower and (5) modernize regulatory standards.

Some Key Points are:

1. **Reducing logistics cost from current 13-14% of GDP to 8-10%:**

GOI has taken various initiatives in terms of reducing logistics costs such as (a) investing in DFC corridor (b) opening up the PPP route for development of infrastructure such as terminal, port, logistics parks and highways and (c) connecting feeder routes to rail to improve efficiency.

2. **PM Gati Shakti (national plan for multi-mode connectivity) will complement NLP in reforming the sector:**

PM Gati Shakti plan has combined various states and departments in leading to higher data collection at the macro level i.e., it gives visibility to players in terms of development happening across the sector such as road, rail, port, and air express logistics. This will be channelized to end users via NLP interface and aid in better planning of various infrastructure projects and pan-India logistics network optimization.

3. **ULIP platform brings in automation into business and thereby operational efficiency in the system:**

Online platform i.e. ULIP is expected to combine and provide all transport-related digital services (30 logistics systems from 7 ministers/departments have been integrated with ULIP) under a single window for all the stakeholders and would provide real-time monitoring of multi-modal cargo movements. It will also be utilized for inventory management, paperless document generation, track & trace, grievance redressal, risk-based import clearance, and ease of cargo movements in India.

4. **Launch of E-logs to improve interaction among sectors:**

The online portal E-logs would facilitate improved regulatory interface for interaction between sectors and promote standardization in warehousing, supply chain, and inter-operability. The E-logs portal is also expected to help the logistics industry to directly take up operational roadblocks with government agencies.

5. **Gati Shakti Vishwavidyalaya will provide logistics sector with skilled manpower:**

Under the aegis of PM Gati Shakti program and NLP, the establishment of Gati Shakti Vishwavidyalaya will provide the logistics sector with skilled manpower. The plan would focus on five major aspects: (a) transport focus (b) skill development (c) applied research (d) technology development (e) transport economics and (f) infrastructure financing.

6. **DFC boosts modal shifts from road to rail:**

It is also believed that the shift from road to rail for logistics has begun with the partial operationalization of the Western Dedicated Freight Corridor (DFC) up to Palanpur due to: (a) Faster travel time on rail (b) Assured timeline for freight transportation (c) It will enable double-stacked trains to run on this route and (d) Lower costs of rail transport vs road. The benefits of DFC operationalization are expected to be evident over the next few years once the entire DFC corridor is operationalized. Also, the transit time for Mundra and Pipavav ports has declined from 42 hours to 32 hours and 52 hours to 48 hours, respectively.

7. **Modal shift expected in some bulk cargo categories:**

Indian Railway's freight transport is dominated by a few commodities like coal, fertilizers, iron ore, and steel. GOI also allowed transportation of bulk cement through rail containers in FY22, which should boost rail freight volume growth for containers and could add incremental volume ~10-15MMT by FY25-end.

8. **PPP mode is used to develop infrastructure:**

In order to facilitate inter-modal connectivity, the NLP lays out a detailed plan to develop 300 terminals jointly with the private sector. The NLP highlights that stretching 50,000km of road with a total capex of Rs1,500bn and developing 15,000-20,000 tracks with a capex of Rs1,000bn over the next 4-5 years will help facilitate the development of infrastructure in India.

9. **Clarity on LLF policy will aid in terminal development:**

It is also said that the government is encouraging private players to develop terminals on railway land. Earlier, there was no Cabinet approval in place that allow private players to develop freight terminals and the proposed LLF fee was 6% depending on the market value of the land. With the new policies in place now, the LLF fee has been reduced to 1.5% and the same encourage private players to develop terminals for common usage, which should lead to economic benefits. The policy clarifies that private players will earn terminal access fees by sharing it with other players i.e., Rs1,16,000 per train and Rs40/ton terminal charge. A part of this has to be shared with the government in order to win the terminal in the bidding process. Also, the lease period has been extended from the current 5 years to 35 years. The new railway land license lease policy is also a positive catalyst for the privatization of rail logistics sector and the development of 300 cargo terminals as per the PM Gati Shakti framework.

Outlook – We maintain our 'optimistic' view on the logistics sector:

We maintain BUY on the logistics companies under our coverage given the following catalysts:

1. Container rail volume is expected to grow at a healthy 3-year CAGR of ~15% (FY22-FY25) with a steady improvement in rail coefficient by 430bps to 31% and facilitation of bulk commodities transport through rail.

2. Transit time is expected to fall by 40-45% with the operationalization of DFC and over 3x growth in the movement of cost-effective double stacker container trains by FY25 end should accelerate this transition.

3. The new LLF policy will act as a catalyst for privatization of rail logistics sector and development of 300 cargo terminals.

4. Increased participation of private players in terms of infrastructure development.

5. Digital adoption in business to track the cargo.

Salil Shah
Managing Director
Lakshmishree Investments & Securities Pvt Ltd

Look What Our Research Analyst Has To Say…

Synopsis of Global Equities in CY 2022

At the beginning of CY 2022, global equities showed a strong bullish trend and major global indices were trading either at or near all-time highs. However, fears of rising inflation loomed and grew even further in February 2022 due to Russia's invasion of Ukraine. As a result, crude oil prices trended higher, triggering a domino effect on other commodity prices and sharply elevating global inflation.

To tackle rising inflation, central banks around the world began raising interest rates, which led to a sharp rise in bond yields and contributed to volatility in global equity markets. Further, as the year progressed European countries began facing an energy crisis and an economic recessionary situation, with the U.S. also confronted by similar fears.

Name	Current Level	Approx % Return
Nifty50	18,191	4.90%
Dow Jones	32,875	-9.30%
FTSE 100	7,488	1.45%
CAC40	6,519	-8.70%
DAX	13,952	-12.30%
NIKKIE225	26,100	-8.50%
Shanghai	3,074	-14.50%

*** As on December 29, 2022**

Major global equity indices (as mentioned in above chart and table) remained volatile and generated negative returns. However, the Indian benchmark index NIFTY 50 generated positive returns and outperformed its global peers, including other emerging markets.

As far as the Indian equity market is concerned, the fundamental and domestic macro factors came to the rescue. Global recessionary factors have placed advanced economies on a slower growth path. The softening of oil prices has helped India reduce its fiscal burden. As India imports, approximately 85% of its total crude requirements, this decrease in price has helped reduce inflation. Additionally, the government's initiative towards “Make in India” and “China Plus One” strategy helped increase domestic production and curb imports. Further, foreign institutional investors have returned to the markets, as favorable government policies uplifted market sentiment in the second half of CY 2022.

Currency Market Behaviour

Dollar Index - 104.24.

The Dollar Index has given a fresh breakout and elevated to a multi-year high of 114.78 in CY 2022. It started cooling off from October onward and formed a bearish candlestick pattern on the monthly chart. Now it has retested its 50-WMA and is about to retest its previous breakout level of 102–103.

USD/INR - 82.84

The Indian currency INR has depreciated more than 11% in CY 2022 against the USD. It was one of the worst years for the Indian currency, mainly because of inflation, rising interest rates, crude price in the global market, and capital outflow from portfolio investors.

Further, major global central banks have followed the path of sharp interest rate-hikes and adopted a hawkish stance to curb inflation. This has led to a sharp rise in bond yields. The 10-year U.S. bond yield rose in a multifold manner and touched 4.05% in October 2022, from around 1.55% at the beginning of 2022. Likewise, the 10-year Indian bold yield rose to around 7.50% from 6.45% at the beginning of the year 2022.

Analysis of Indian Indices

Nifty50 - 18,191; 4.90% up in CY 2022.

CY 2022 was a year where Indian equities witnessed a “gloom-doom-boom”-like situation and traded in a volatile manner. Amid a volatile year, the Indian benchmark index Nifty50/Sensex managed to close on a positive note with a gain of around 4.90% in CY 2022. Currently, the long-term perspective reflects an uptrend with positive bias. However, from a short- to mid-term perspective, the index is technically showing some sort of volatile trend and correction. Hence, as per O’Neil Methodology of market direction, we downgraded the current market status in the second half of December 2022. We see it being in a correction mode, as the index has already breached its 50 DMA along with an elevated number of distribution days (at six).

Global financial markets trended in a volatile manner throughout` the year. Major reasons included Russia's invasion of Ukraine, which led to an energy supply disruption in European countries, and rising inflation across the world at multi-decade highs, which forced major global central banks to sharply increase key interest rates. As a result, there was a meltdown in global equities, fluctuations in the global currency market, and sharp increase in bond yields, disrupting the entire global financial market, including India.

The Indian benchmark index traded in a volatile manner in the broad range of 15,000–19,000 in CY 2022. The year started with significant optimism but the index formed the first lower top on the chart in the first month of 2022, after almost 18 months of continuous uptrend. The index hit a multi-month low of around 15,180 in June and set the stage for an immediate recovery in the following month. Thereon, the index once again hit a new all-time high of 18,887 on December 1, 2022.

The technical price structure of the index is quite bullish on higher timeframe charts i.e., weekly and monthly charts, as it is trending with a higher peak and higher trough price structure. However, the momentum indicator RSI is showing some sort of laggardness and range shift analysis of RSI on higher time-frame charts suggests limited upside move and a kind of sideways action in CY 2023. Apart from RSI, another technical indicator MACD is already trending in a downward slope along with negative crossover on the monthly charts. Likewise, it (MACD) is about to turn below its negative crossover on the weekly chart as well.

Further, the index is currently trending above its 100- and 200- DMA on the daily chart, and is currently around 4.72% above the 200-DMA. Analysis of weekly moving averages indicates that the index has strong downside support around its 100-WMA, which is currently placed at around 16,700.

Summary: After considering currently available macro-economic data along with technical price data, Indian equities may show resilience in comparison to the global market and it may outperform its global and emerging market peers in CY 2023.

Further, rising COVID cases across the globe may dent global and domestic market sentiments in the coming months. However, India is well positioned from this perspective. If the situation does worsen, some short- to mid-term market jolts cannot be denied in CY 2023.

Further, we expect either a limited upside moves above recent all-time high levels or a sideways kind of trading year in the broad range of 16,000–20,000 levels. We expect, in the bull case scenario, that the Indian benchmark index may witness some limited upside towards 19,500–20,000 levels. However, conversely, the index has strong support around its 100-WMA i.e., around 16,500, and fall below this level may see the index turn more volatile.

Nifty Midcap 100 - 31,300, up 2.83% in CY 2022

The Nifty Midcap 100 stayed almost flat in CY 2022 and traded sideways. After a strong rally from the lows of March 2020, the index made a high at the 33, 250 levels in the month of October 2021. After touching a high at 33,250, the index witnessed price correction in the first half of CY 2022 and fell to around the 25,000 level. However, it started to recover in July 2022 and tried to reclaim its previous all-time high levels. Hence, in the last year the index moved sideways and consolidated in the range of 25,000–33,250.

As mentioned above, this broader market index has remained trading sideways in CY 2022 and generated flat return (-0.81%). However, momentum has deteriorated substantially in the same period. Now, this index is showing a failed breakout on the monthly chart along with a bearish candle formation in December as well as a bearish “M” pattern formation on the monthly RSI. Another indicator, MACD, is already trending flat along with a negative crossover on the monthly chart.

On the weekly chart, the index showed correction from the third week of January 2022 and fell to near its 100-WMA, finding support there. In the last six months, the index has gained to reclaim its previous all-time high but momentum has deteriorated substantially. The range shift analysis of weekly RSI indicates trend change in this index.

Apart from price and momentum, it is trending above its 200-DMA by 4.72% and trending above its 100- WMA by around 9%.

Summary: The multi-timeframe analysis of this major sectoral index indicates sideways to negative trend and we expect the index to trend in a negative direction in the coming few months. It has strong resistance around 32,000–32,500 and fresh bullish moves can materialise only above these levels. Further, we expect that the index may face difficulty crossing these levels in the first half of CY 2023. As per our analysis, the index has support around the 28,500–28,000 range. However, a decisive fall below it may lead this index towards 25,000–24,000 levels in the coming few months of CY 2023.

Nifty 500 - 15,421, up by 2.83% in CY 2022

Like the Nifty Midcap index, this is another broad-market index. The NSE500 traded sideways in the last year and generated almost flat returns in CY 2022. After touching an all-time high at 16,000 it has witnessed some correction and remains trading in the broad range of 13,000–16,000 in the last 15-month period.

After touching an all-time high at 16,000 in the month of October 2021, this broad-market index formed a “double-top” price structure in the month of January 2022 and witnessed correction in the first half of CY 2022. Thereon, it started trending in a lower peak and lower trough price structure until June 2022 and fell to around 13,000, its 100-WMA. However, it found support near its 100-WMA and regained all of its lost ground in the second half of CY 2022k.

Likewise, on the monthly chart, after reclaiming its previous all-time high of 16,000 in December 2022, it failed to hold above it due to heavy selling in a market characterized by fear of rising COVIF cases across the globe. It formed a bearish engulfing candle in the same month.

Analysis of technical indicators, like monthly RSI and MACF, also indicate a sideways trend with negative bias as monthly MACF is already trending in a downward direction along with negative crossover. Likewise, weekly RSI and MACF also indicate some sort of weakness at the current juncture.

Apart from price and momentum, this index is trending above its 200-FMA by 4.5% on the daily chart and trending above its 100-WMA by 7.8% on the weekly chart.

Summary: The multi-timeframe analysis of this major sectoral index indicates further continuation of the current ongoing sideways trend in this index. However, sustainable trading above 16,000 may boost the bullish sentiment in the coming year.

We expect 16,000 to be a key level to watch for this broad index, as trading below it may remain volatile. However, sustainable trading above it may lead this index towards 17,000, followed by 18,000 in a bull-case scenario.

Nifty Smallcap 100 - 9,630; Down 14.70% in CY 2022

The Nifty Smallcap 100 has fallen around 16% in CY 2022 and underperformed the benchmark index as well as other broader indices. CY 2022 was the worst year after CY 2018. After touching an all-time high, the 12,000 level in January 2022, the index fell sharply towards 8,000 levels in June 2022 and lost almost 33% from the peak. However, it recovered in the second half of CY 2022 and moved above the 10,000 mark by December 2022%.

On the monthly chart, the index formed an “evening star” candlestick pattern in the month of February 2022. Post that, the index remained under pressure until June 2022 and retraced almost 50% of the entire gain from the low of March 2020 to the high of January 2022. Thereafter, it bounced back and retraced around 50% of the recent fall between January 2022 (i.e., 11,336 level) to June 2022 (i.e., 7904 level). The momentum indicator 14-period RSI is trending down along with negative MACD crossover on the monthly chart%.

Likewise, on the weekly chart, the index formed a “double-top” price structure in the third week of January 2022. Thereon, the index continued to form a lower peak lower trough price structure and began trading in a downward-sloping parallel channel. However, there was some trend reversal from July onward and the index saw a breakout above the upper band of the downward sloping parallel channel. This helped the index retest the 10,000 mark once again in December 2022. Further, detailed study of the weekly RSI and MACD indicates some sideways trend with negative bias at the current juncture%.

Apart from price and momentum, this index is currently hovering around the 200-DMA on the daily chart. Further, it has already breached its 100-WMA and is trending below it. However, it is still trending above the 200-WMA by around 14% on the weekly chart.

Summary: The multi-timeframe analysis of this index indicates a sideways trend with negative bias at the current juncture. The current placement of this index suggests that the 10,100–10,700 range is a critical level to watch, as the index must cross and hold these ranges to turn more bullish. However, at the current juncture, the probability of crossing these ranges is quite low.

We expect this broader index to remain trading sideways with a negative bias in the broad range of 11,000– 8,000. Further, we expect this index to comparatively underperform in CY 2023 as well.

Anshul Jain

Research Analyst

Stocks To Watch

1. Prince Pipes and Fittings

Market Data

Bloomberg	PRINCPIP IN
52 Wk H / L	748/513
Market Cap:	Rs63.0bn
Shares Outstanding	110.6mn
Free Float	37.1%
Daily Vol. 3mth:	1,334

Shareholding Pattern

	Sep-22	**Jun-22**	**Mar-22**	**Dec-21**
Promoter	62.94%	62.94%	62.94%	62.94%
FIIs	3.98%	4.15%	3.96%	4.84%
DIIs	10.34%	10.12%	9.79%	8.42%
Public/Other	22.74%	22.79%	23.31%	23.8%

Our Take…

We like Prince Pipes (PRINCPIP) and the following are some key points: a) Pipe demand has improved from December as PVC prices have stabilized post-FY-TD correction of ~35%. The company expects at least double-digit volume growth in H2FY23. It has seen re-stocking from dealers, agri demand showing green shoots (in the brief season during the ongoing quarter), and plumbing demand remaining healthy in Q3FY23. b) The company indicated margins will normalize in Q4FY23 as high-cost inventory will be consumed by Q3FY23. c) Inventory days, which went up to 85 in Q4FY22, will normalize to ~60 by the end of Q3FY23 and the company plans to maintain these levels going ahead as the availability of PVC resin has improved. PRINCPIP targets to grow pipe volume in double-digit over medium-term with sustainable margins of ~12-14%. We believe PRINCPIP has near-term demand and margin tailwinds (due to inventory losses subsiding in Q4) as agriculture market (30-35% of company's revenues) is expected to witness a rebound led by a sharp correction (FY-TD 35%) in PVC prices.

Outlook & Valuations…

PRINCPIP is among the top 5 players in India's plastic piping industry. It has plants at seven locations and manufactures pipes & fittings on a wide base of polymer resins (CPVC, UPVC, HDPE, PPR). It also has multiple collaborations, which enables it to have a wider distribution reach (via UltraTech business solutions platform) and secure CPVC supply (via Lubrizol) to benefit from the growing preference for organised playerss.
PRINCPIP is expected to witness revenue CAGR of 13%, over FY23-FY25E with healthy return ratios (RoE of 16.4% in FY25E). We maintain BUY rating on the stock with an unchanged Dec'23E target price of Rs691, set at 30x PER one-year forward.

Key Risks: Slowdown in housing market, Sharp fall in PVC resin prices, Resurgence of pandemic, Adverse product mix.

Cashflow Statement

YE Mar (Rs mn)	FY22	FY23E	FY24E	FY25E
Operating Cashflow	**-384**	**3,566**	**2,329**	**2,830**
Working Capital Changes	-3,570	1,892	-770	-761
Capex	-1,605	-1,000	-1,000	-700
Free Cashflow	**-1,989**	**2,566**	**1,329**	**2,130**
Cashflow From Investing Activities	**-1,708**	**-1,000**	**-1,000**	**-700**
Issue of Share Capital	5	-	-	-
Inc (Dec) in Borrowings	648	-1,100	-200	-100
Dividend Paid	-387	-138	-445	-531
Chg. In Cash & Cash equivalents	-1,713	1,328	685	1,499

Earnings Statement

Y/E March (Rs Mn)

Income Statement	FY22	FY23E	FY24E	FY25E
Operating Income (Sales)	**26,588**	**25,476**	**28,576**	**32,537**
Operating Expenses	22,380	23,500	24,833	28,223
EBITDA	**4,188**	**1,975**	**3,743**	**4,314**
% margins	15.8	7.8	13.1	13.3
Depreciation & Amortization	703	813	877	936
Interest Cost	139	128	36	18
Other Income	55	117	141	189
Recurring PBT	**3,401**	**1,152**	**2,972**	**3,549**
Less: Taxes	880	290	749	894
Less: Minority	-27	-	-	-
Interest / Extraordinary Items				
Net Income (Reported)	**2,494**	**861**	**2,223**	**2,655**
Net Income (Adjusted)	**2,514**	**861**	**2,223**	**2,655**

Balance Sheet

Y/E March (Rs mn)	FY22A	FY23E	FY24E	FY25E
Assets				
Total Current Assets	12,692	11,676	13,257	16,177
of which cash & cash equivalent	586	1,915	2,599	4,098
Total Current Liabilities	5,096	4,643	4,769	5,430
Net Current Assets	7,596	7,033	8,488	10,747
Investments	117	117	117	117
Net Fixed Assets	6,682	6,869	6,992	6,756
Total Assets	**19,390**	**18,562**	**20,266**	**22,951**
Liabilities				
Borrowings	1,500	400	200	100
Total Liabilities	6,738	5,186	5,111	5,672
Equity Share Capital	1,106	1,106	1,106	1,106
Face Value per share (Rs)	1	1	1	1
Reserves & Surplus	11,547	12,271	14,049	16,173
Net worth	12,653	13,376	15,155	17,278
Minority Interest	-	-	-	-
Total Liabilities & Shareholder's Equity	19,390	18,562	20,266	22,951

2. Techno Electric & Engineering

Market Data

Bloomberg	TECHNOE IN
52-week high/low	348/224
Market cap.	Rs 34.6bn
Shares Outstanding	110mn
Free Float	39.8%
Daily Volume (US$/ '000)	501

Shareholding Pattern

	Sep-22	Jun-22	Mar-22	Dec-21
Promoter	60.2%	60.18%	60.18%	60.18%
FIIs	1.62%	1.44%	1.24%	1.19%
DIIs	26.8%	27.32%	27.33%	29.79%
Public/Other	11.38%	11.06%	11.25%	8.84%

Our Take…

We are positive about Techno Electric and Engineering (TEEC) and here are some reasons why. TEEC has plans to develop ultra-scalable hyper-density data centres of 250MW by FY30 across India, starting with 36MW (capex of Rs13bn) in Chennai, followed by Delhi NCR, Maharashtra, Kolkata, Hyderabad, and Bihar. The data centre market in India is expected to grow from ~870MW to 1,800MW by FY25 (link). With its data centre business, TEEC is expecting to leverage its in-house core competency in EPC and create a robust opportunity for executing third-party data centre projects. We expect the company to benefit from growth in order inflow led by expected data centre capex in the country. We remain positive on TEEC with its asset-light business model (EPC RoCE 60% in FY22), strong order book (OB) with 3.2x book/bill, and strong balance sheet with cash of Rs12bn. We incorporate the equity value of the Chennai data centre (expected equity IRR of ~12%) and arrive at a revised SoTP-based TP of Rs490 (earlier: Rs461); maintain BUY on the stock.

Outlook & Valuation…

The stock is trading at 10.7x FY24E earnings. Using the SoTP methodology, we value the standalone EPC business at Rs311 (20x FY24E earnings), discounted cashflow from wind assets at Rs41, cash and equivalents at Rs109, and data centre business at Rs29 per share. We arrive at a target price of Rs490; maintain BUY.

Key risks: i) Delay in the ramp-up of data centre business, ii) higher than expected commodity inflation (which might impact execution and margins).

Cashflow Statement

YE Mar (Rs Mn)	FY21	FY22	FY23E	FY24E
Operating cashflow	**1,254**	**2,585**	**1,323**	**727**
Working Capital changes	-591	1,005	-487	-1,654
Capital commitments	-1	-337	-1,000	-1,200
Free Cashflow	**662**	**3,253**	**-163**	**-2,128**
Cashflow from Investing Activities	**-542**	**-1,902**	**-145**	**-255**
Issue of Share Capital	-	-	-	-
Buyback of Shares	-	-	-	-
Inc. (Dec) in Borrowings	400	-77	-	-
Interest Paid	-78	-56	-62	-68
Dividend Paid	-660	-495	-220	-330
Extraordinary Items/ Others	**591**	**-1,005**	**1,512**	**2,879**
Chg. In Cash & Bank balance	**373**	**-283**	**921**	**99**

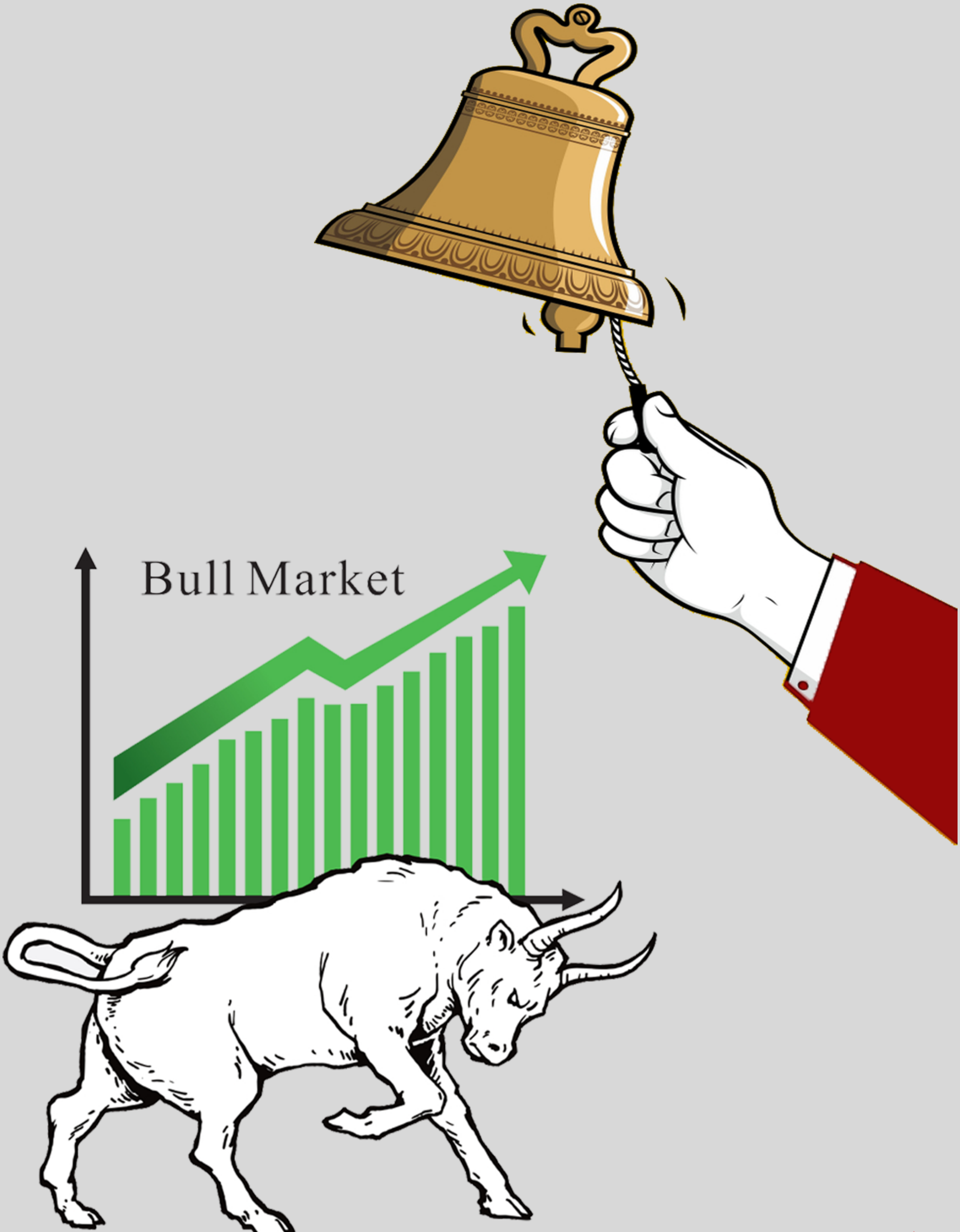
Profit & Loss Statement

As at March (Rs Mn)	FY21	FY22	FY23E	FY24E
Total Income	**8,892**	**10,739**	**12,008**	**15,434**
Operating Expenses	**6,731**	**8,517**	**9,458**	**12,102**
EBITDA	**2,161**	**2,222**	**2,550**	**3,332**
% Margins	24.3	20.7	21.2	21.6
Depreciation & Amortisation	412	413	432	455
EBIT	**1,749**	**1,809**	**2,118**	**2,877**
Gross Interest	78	56	62	68
Other income	669	1508	905	995
PBT before exceptionals	**2,339**	**3,261**	**2,960**	**3,804**
Add: Extraordinaries/Exceptionals	-	-	-	-
Add: Share in Associates				
PBT	**2,321**	**3,297**	**2,960**	**3,804**
Less: Taxes	503	658	740	951
Less: Minority Interests	18	-36	-25	-25
Net Income (Reported)	**1,818**	**2,639**	**2,245**	**2,878**
Adjusted Net Income	**1,818**	**1,814**	**2,245**	**2,878**

Balance Sheet

Year End: March (Rs Mn)	FY21	FY22	FY23E	FY24E
Assets				
Total Current Assets	15,197	20,365	22,368	25,545
Of which cash & cash eqv.	7,212	10,952	11,873	11,971
Total Current Liabilities & Provisions	4,313	5,572	6,167	7,591
Net Current Assets	**3,673**	**3,842**	**16,201**	**17,954**
Investments	734	5	5	5
Other Non-Current Assets	1,429	199	249	299
Net Fixed Assets	**4,657**	**4,581**	**5,149**	**5,894**
Goodwill	10	10	10	10
Total assets	**17,713**	**19,588**	**21,613**	**24,161**
Liabilities				
Borrowings	400	-	-	-
Deferred Tax liability	1,151	1,221	1,221	1,221
Minority Interest	0	0	0	0
Equity share Capital	220	220	220	220
Face Value per share (Rs)	2.00	2.00	2.00	2.00
Reserves & Surplus	15,942	18,147	20,173	22,720
Net worth	**16,162**	**18,367**	**20,393**	**22,940**
Total Liabilities	**17,713**	**19,588**	**21,613**	**24,161**

This Might Impact Your Investments!!



श्री LAKSHMISHREE
Gateway to your Financial Goals

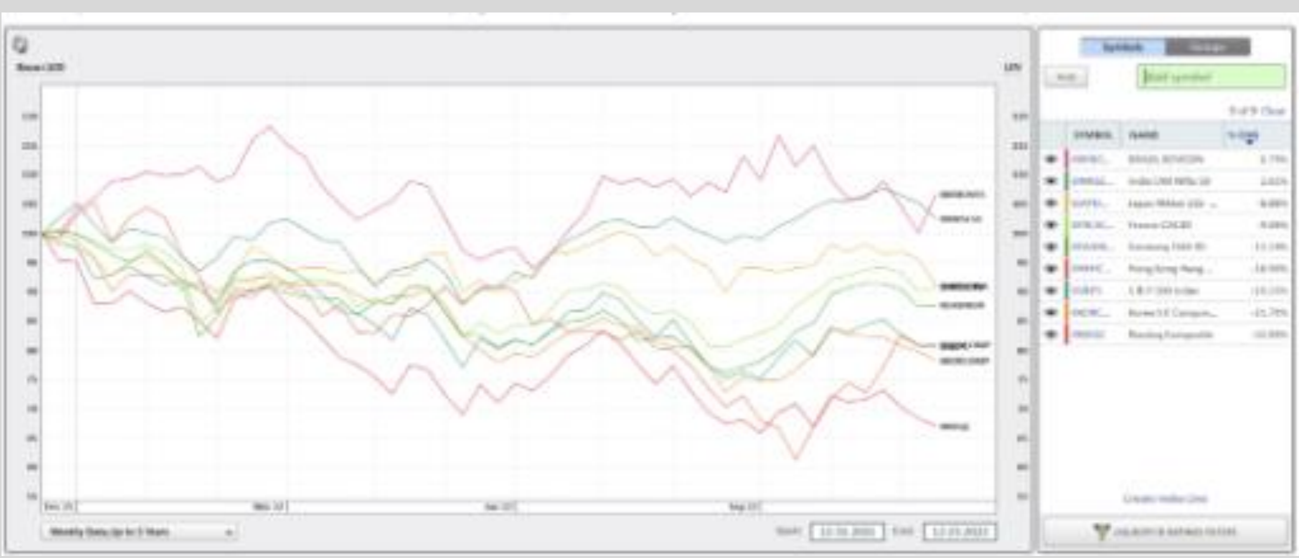
How Different Asset Classes Performed in 2022

2022 was an eventful year. We began the year with hope of the pandemic abating. In February, Russia attacked Ukraine leading to renewed geopolitical tension between Russia and the Western world. “Inflation” and the “Fed” become buzzwords in the global economy. As far as equity markets are concerned, the U.S. and Europe entered a bear market, while the Indian market's yearly performance was flattish. However, Nifty saw a couple of huge moves of ~3,000 points. Broadly, Nifty remained in the 15,200–18,800 range. Generating returns was tough. The all-time favorite IT stocks were hit badly, while the heavyweight banking stocks lent support. The Fed raising interest rates and higher U.S. bond yields kept investors fearful of the economy contracting and a reduction of liquidity in equity markets. Crypto became cryptic to manage as an asset class in 2022. There was huge erosion in marketcap of many crypto assets and the bankruptcy of FTX hit the industry hard. Crude oil, after hitting a multi-year high in H1 CY22, fell sharply in H2 CY22.

The year outside the investment world will be remembered for political uncertainty in the U.K. and Rishi Sunak becoming PM. In India, BJP won a record number of seats in Gujarat, while Japan was stunned by ex PM Shinzo Abe’s assassination. Musk buying Twitter created quite a buzz in the technology world. The Sri Lankan economy’s fall raised many questions regarding global debt. In the entertainment world, the Will Smith–Chris Rock slapping incident at the Oscars and the Depp v/s Heard trial captured headlines. In India, the Boycott Bollywood trend gained momentum, affecting many big actors and movies, while South Indian movies and stars became India’s favorites. Last but not the least, the world witnessed some emotional sporting moments. Legendary tennis player Roger Federer retired and global superstar Lionel Messi led Argentina to football glory at the FIFA world cup.

Different Asset Class Performance Equity

In the equity market, India and Brazil outperformed, while the U.S. and European markets fell sharply, especially tech stocks (Nasdaq).



In India, IT, Pharma, and Realty stocks underperformed, while Banks, Metal, and FMCG outperformed. In India, IT, Pharma, and Realty stocks underperformed, while Banks, Metal, and FMCG outperformed.

Sectors	1 week Return	1 Month Return	3 Month Return	6 Month Return	12 Month Return	YTD Return (From April 01 2022)
Nifty 50	-2.20%	-2.63%	5.87%	14.75%	5.94%	3.15%
BSE SENSEX	-2.01%	-2.77%	5.99%	14.87%	6.03%	3.41%
Nifty Midcap 100	-3.76%	-1.93%	2.87%	17.12%	4.61%	4.33%
Nifty Sml Cap100	-5.28%	-3.22%	2.92%	13.61%	-12.14%	-8.66%
Realty	-5.25%	-5.64%	0.38%	9.55%	-12.05%	-9.44%
Bank	-1.80%	-0.82%	10.39%	26.77%	22.30%	17.20%
Pharma	0.24%	-2.25%	1.62%	4.09%	-6.03%	-6.68%
IT	-0.60%	-6.42%	6.14%	2.19%	-24.76%	-21.84%
Financial Services	-1.81%	-1.50%	7.76%	21.37%	11.63%	10.39%
FMCG	-2.69%	1.45%	1.84%	18.44%	21.21%	23.30%
Energy	-4.45%	-4.00%	-1.12%	5.72%	12.43%	-1.65%
Metal	-5.60%	-1.40%	10.15%	38.46%	15.87%	-0.92%
Auto	-4.34%	-4.19%	-1.42%	7.18%	16.90%	17.66%

Gold

In 2022, gold provided returns of 12.2% in India, outperforming Indian equities during the same period. Gold performance remained flat in the international market. Depreciation of the Indian Rupee was the main factor leading to outperformance in India.

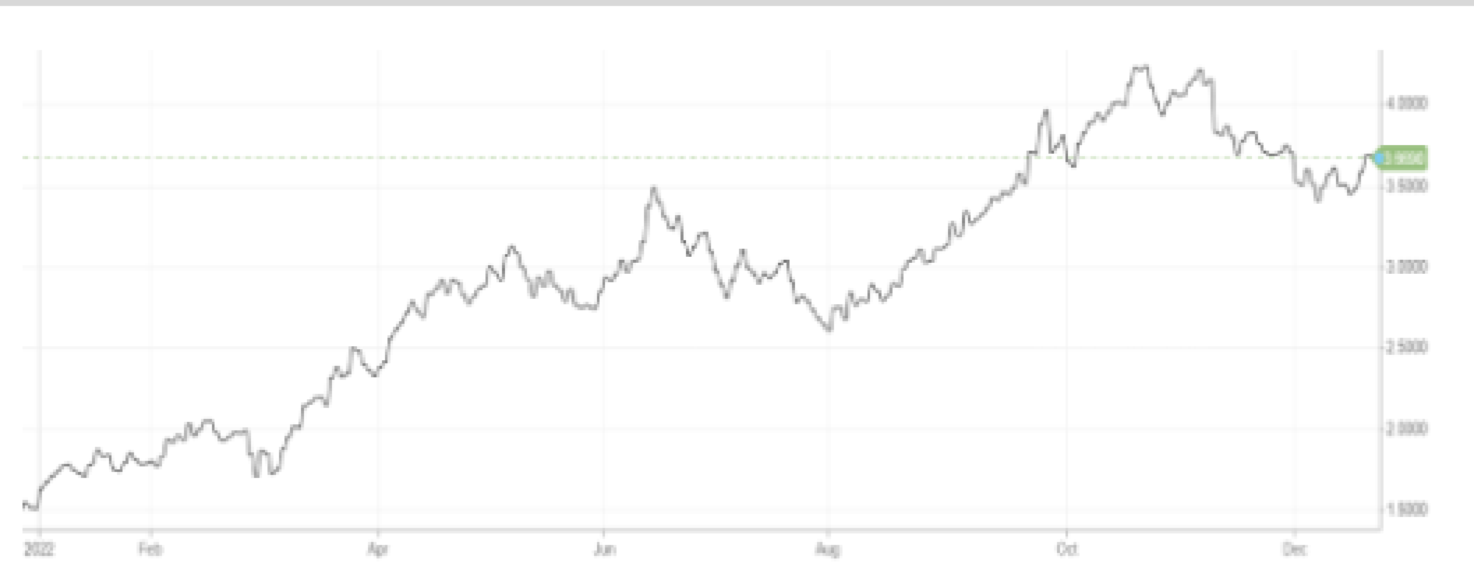
In the international market, Gold touched a high of $2052/ounce in March, but declined thereafter to below $1650/ounce, as the Dollar Index continued to strengthen on the back of consistent rate hikes by the U.S. Fed in 2022.

Central Banks across the world have been on an interest rate-hike spree to tame inflation and the U.S. Fed has been leading this race. Numerous uncertainties remain, like the possibility of a looming recession and a new variant of the COVID-19 virus strain in China.

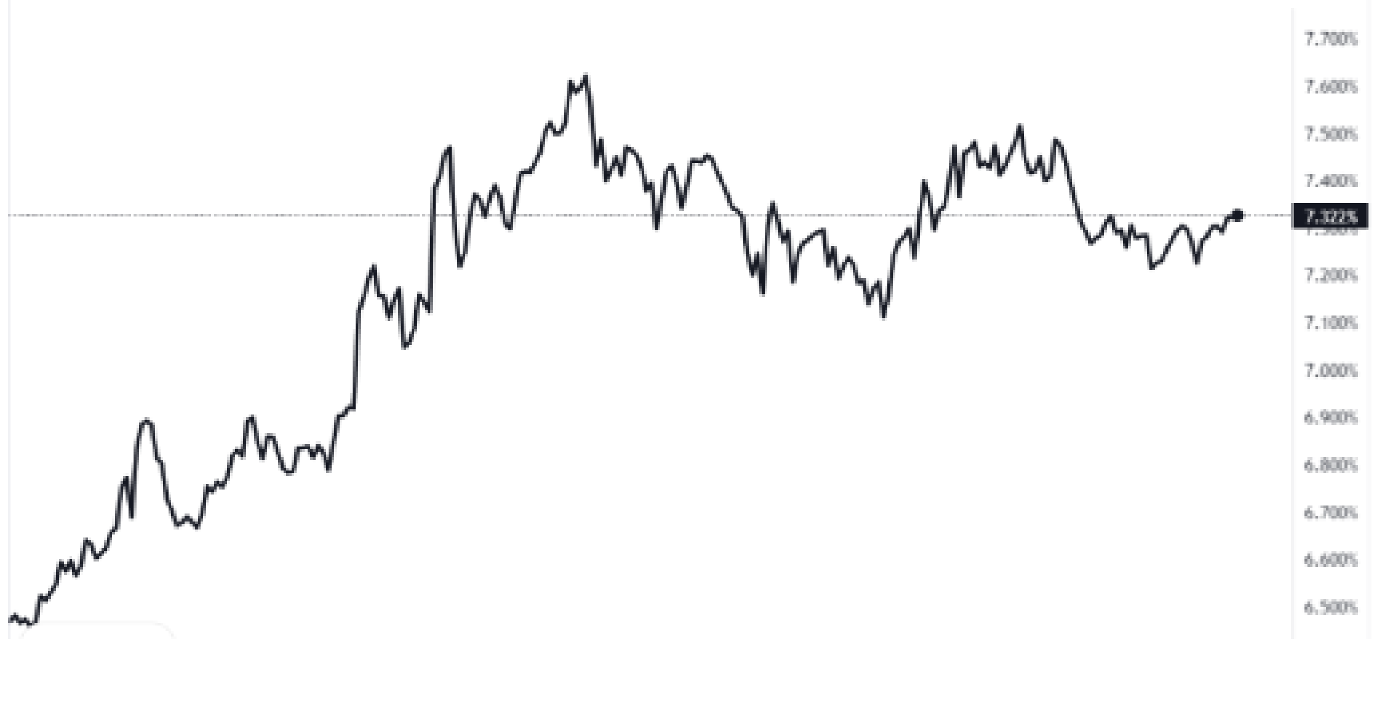
Bonds

Bond yield acts as a leading economic indicator. The shape of the yield curve indicates the health of the economy and stages of the economy. It remains steep when short-term interest is kept low in light of economic downturns/distress. The low interest rate plays a key role in stimulating the economy, leading to an uptick in growth, and eventually, the yield curve steepens with the rise of long-term rates. Similarly, when the economic cycle matures, short-term rates are high due to rate hikes by institutional bodies, while long term rates begin to rise more slowly or even decline.

In 2022, the U.S. 10-year Treasury yield was on the rise. During the beginning of the year, it was near 1.5% and went above the 4% mark in November as the U.S. Fed increased rates consistently. For 2023, the outlook for U.S. Treasuries will depend on the impending recession, the U.S. Fed's forecast of inflation, and the target for the Fed's Fund rate.



A similar situation was observed in the Indian bond market as well. The 10-year government bond yields rose 13% to 7.61% in 2022, in line with interest rate hikes by the RBI. Going forward, Indian bond yields could cool down as inflation, though above threshold levels, begins to ease in India. If inflation cools off in 2023, then rate hikes will become more controlled as well, possibly altering the fortune for bonds in India.



Crude

How crude oil prices are determined

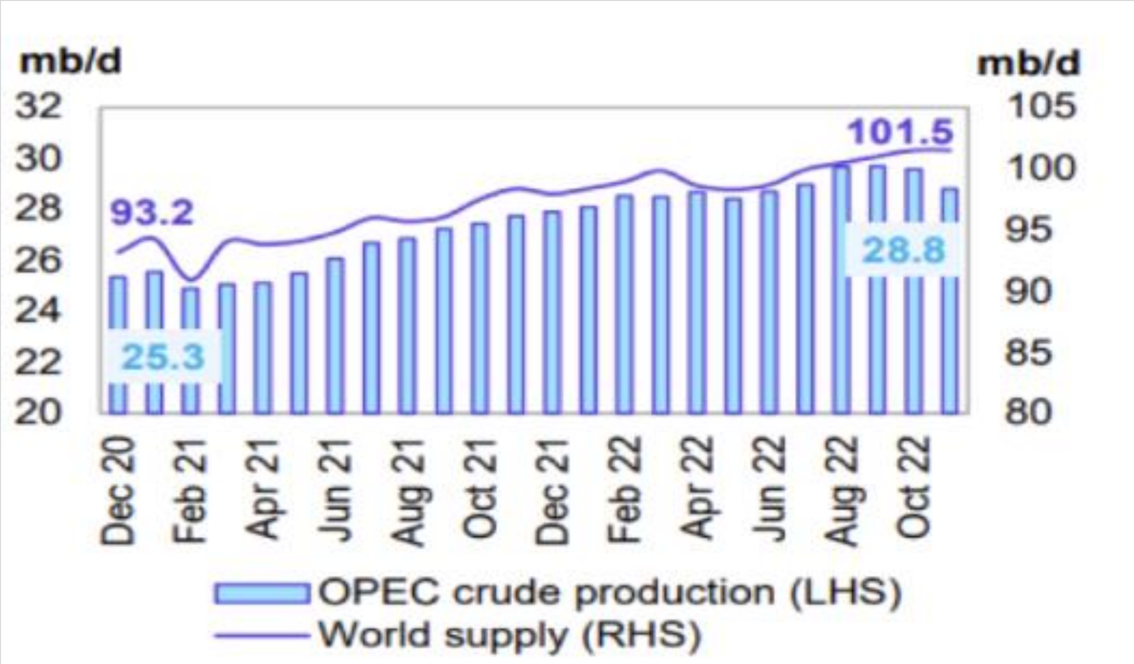
The Organization of the Petroleum Exporting Countries (OPEC) produces about 40% of the world's total crude oil, of which Saudi Arabia, Iraq, and the UAE are the major producers. Hence, the decisions taken by OPEC countries determine the crude oil prices.

World Crude Oil Demand for 2023

World oil demand	2022	1Q23	2Q23	3Q23	4Q23	2023	Change 2023/22 Growth	%
Americas	25.08	25.00	25.24	25.66	25.45	25.34	0.26	1.05
of which US	*20.54*	*20.51*	*20.52*	*20.85*	*20.87*	*20.69*	*0.15*	*0.74*
Europe	13.65	13.19	13.46	14.12	13.95	13.68	0.03	0.24
Asia Pacific	7.47	7.88	7.04	7.29	7.83	7.51	0.04	0.48
Total OECD	**46.20**	**46.07**	**45.73**	**47.07**	**47.23**	**46.53**	**0.33**	**0.72**
China	14.79	14.63	15.37	15.34	15.92	15.32	0.53	3.56
India	5.16	5.41	5.44	5.21	5.59	5.41	0.25	4.94
Other Asia	8.98	9.42	9.61	9.10	9.20	9.33	0.35	3.85
Latin America	6.41	6.48	6.48	6.70	6.54	6.55	0.15	2.29
Middle East	8.22	8.45	8.46	8.84	8.46	8.55	0.33	4.06
Africa	4.36	4.71	4.34	4.43	4.72	4.55	0.19	4.36
Russia	3.53	3.65	3.44	3.62	3.77	3.62	0.09	2.52
Other Eurasia	1.15	1.22	1.16	1.02	1.22	1.16	0.01	0.72
Other Europe	0.77	0.80	0.76	0.75	0.82	0.78	0.02	2.32
Total Non-OECD	**53.36**	**54.77**	**55.05**	**55.02**	**56.23**	**55.27**	**1.91**	**3.59**
Total World	**99.56**	**100.85**	**100.78**	**102.08**	**103.46**	**101.80**	**2.25**	**2.26**
Previous Estimate	99.57	101.26	100.83	101.76	103.40	101.82	2.24	2.25
Revision	-0.02	-0.41	-0.04	0.32	0.06	-0.02	0.00	0.00

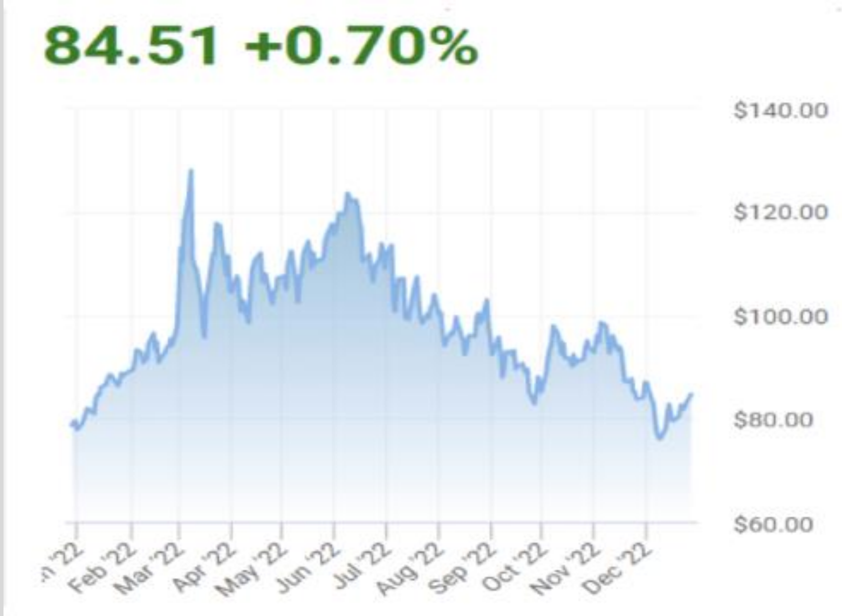
A similar situation was observed in the Indian bond market as well. The 10-year government bond yields rose 13% to 7.61% in 2022, in line with interest rate hikes by the RBI. Going forward, Indian bond yields could cool down as inflation, though above threshold levels, begins to ease in India. If inflation cools off in 2023, then rate hikes will become more controlled as well, possibly altering the fortune for bonds in India.

OPEC Crude Oil Production and World Oil Supply Development



Crude Oil Prices in 2022

Crude Oil saw heightened periods of volatility in 2022 because of the Russian invasion of Ukraine. This took Brent crude above $140/barrel. Being a major producer of crude oil, Russia's invasion of Ukraine lead to supply tensions across the globe. However, as the year passed, supply improved from other parts of the globe including OPEC and the U.S. Additionally, demand woes from an impending recessionary scenario led to crude oil coming back to $84/barrel. Looking forward to 2023, risks posed by a new variant of COVID-19 in China, along with demand slowdown can keep crude oil range-bound in the first half of 2023.

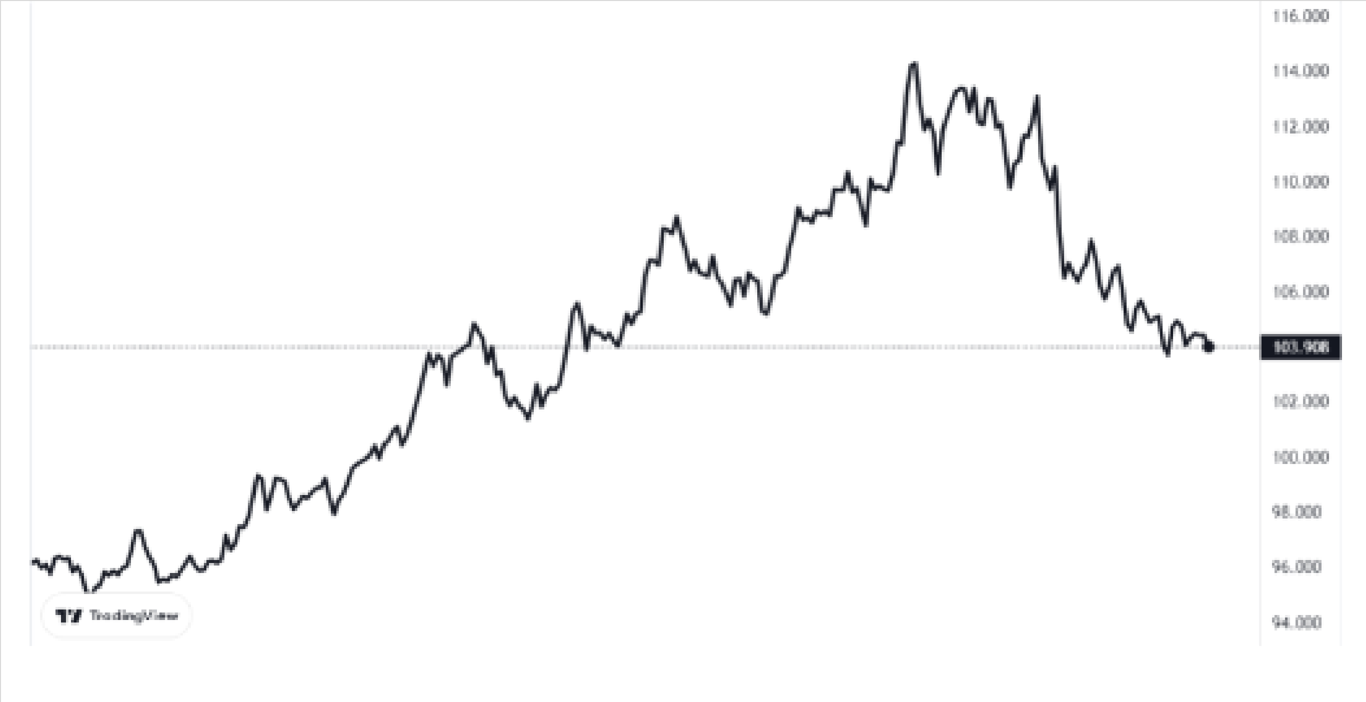


Dollar Index

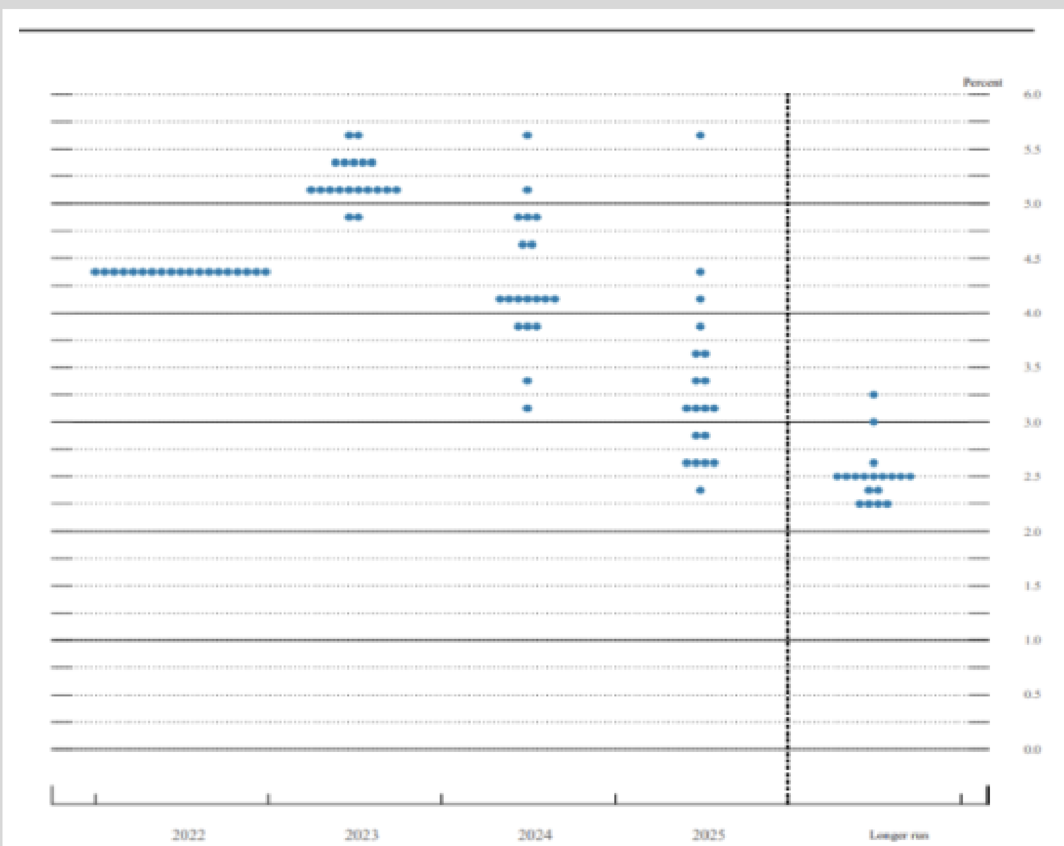
The U.S. dollar index measures the value of the USD relative to a basket of six foreign currencies. The Euro has the highest weight (~58%), followed by the Japanese Yen (~14%) and the U.K.'s Pound Sterling (~12%). The INR is not in this basket of currencies, but any change in the dollar index affects its value. With the depreciation/appreciation of INR, fund flow in India's equity market, the profitability of companies in import and export businesses, dollar-denominated corporate debt, and commodity prices are all impacted. When the dollar index rises, the INR falls relative to the USD and vice-versa.

The Year Gone By for DXY

2022 started with a bullish dollar sentiment when the U.S. Fed began its aggressive tightening cycle in March. Since then, the Fed has hiked interest rates by a total of 425 basis points, bringing the federal funds rate to 4.25–4.5%. The Fed was one of the main reasons for driving DXY higher.



The dollar index gained nearly 10.5% in 2022 but it peaked near 115 on account of hawkish sentiments from the U.S. Fed between October and November.



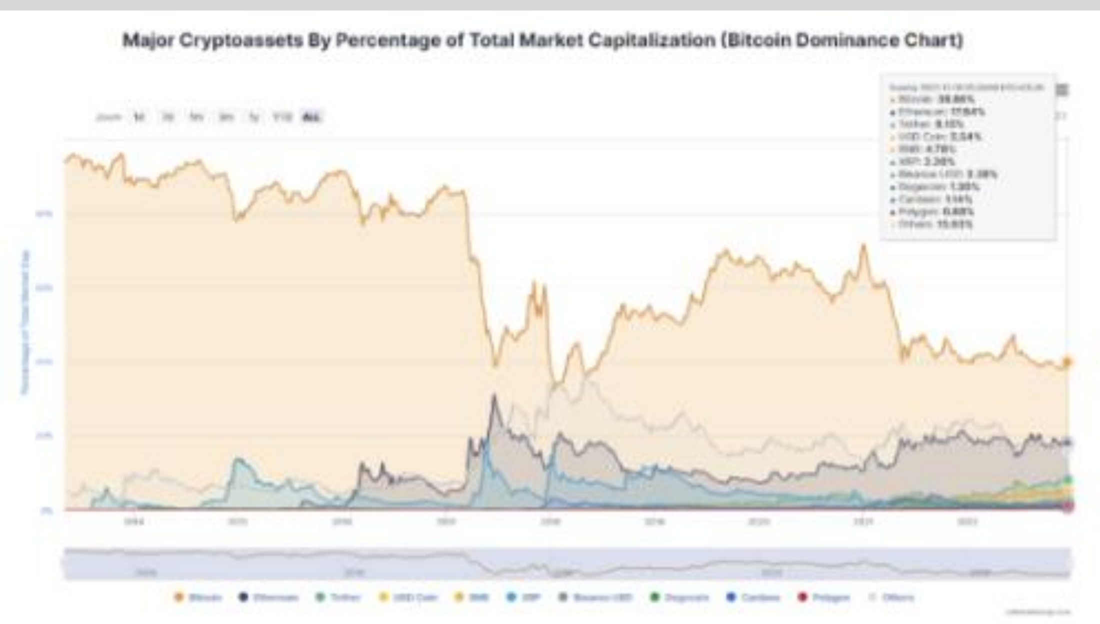
With one more rate hike of 50bps expected in February 2023, the federal funds rate will climb to near the median projections for 2023 of 5%. Post that, for 2023, the U.S. Fed can act dovish for the latter half of the year. This move is probably what is being anticipated and factored into the DXY and the dollar index could see some consolidation or even correction in 2023 going forward.

Crypto

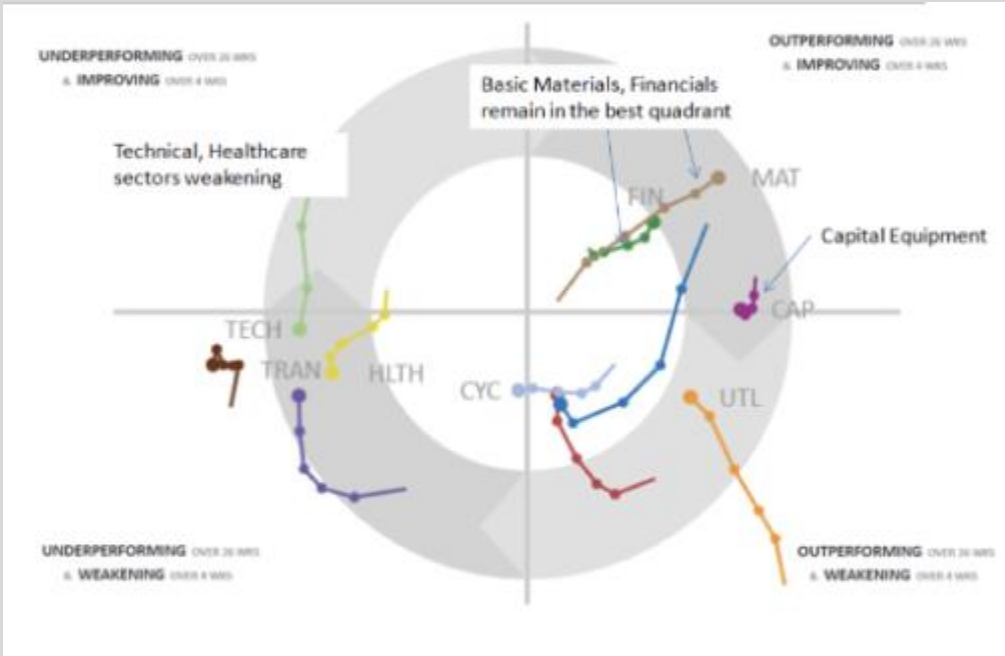
The year 2022 was turbulent for cryptocurrencies. The collapse of FTX exacerbated the situation. Once the third-biggest crypto exchange, it took just a couple of days for FTX to wipe out billions of dollars. The total market cap of the industry has fallen close to $200B since the fraud surfaced in early November.

Overall, the year saw a major crash in the crypto industry. Bitcoin, the largest cryptocurrency by market cap ($320B), was trading at $47,098 at the start of 2022. By December 25, it had fallen to $16,880. Bitcoin is a good indicator of the crypto market in general, because it is the largest cryptocurrency by market cap and the rest of the market tends to follow its trends. Ethereum, the second largest cryptocurrency, fell 67%.

Going forward, most analysts believe cryptocurrency has the potential to transform the traditional financial system. It will be interesting to see how various nations collaborate with each other in classifying digital assets, protecting user interest, and fostering a robust environment for the growth of cryptocurrencies. Several countries have introduced their own digital currencies to safeguard their people. There are some structural similarities between crypto-assets and central bank digital currencies (CBDCs), but CBDCs are best described as the digital equivalent of a country’s fiat currency. They are often seen as an alternative or competitor to cryptocurrencies. The most advanced CBDC thus far is China’s digital Yuan. India’s central bank also launched its own digital currency during the year.



As we enter into 2023 this is what the Sector Rotation Graph looks like



Financial and basic material stocks are outperforming the market and remain strong despite the weak market environment.

Tech and healthcare stocks are weakening in the current market.

Indian Rupee Goes Digital

On December 1, the Reserve Bank of India (RBI) introduced a digital rupee (DR), which is also known as the central bank's digital currency (CBDC). The RBI has authorized four scheduled commercial banks to operationalize the DR in a pilot project mode. Instead of stocking cash for payments, Indians would be able to use DRs to square accounts with other individuals and entities. Henceforth, to make cash payments, individuals, micro, medium, and small enterprises (MSMEs) or others would not need to draw cash from their accounts, by going physically to their banks or to ATMs. They could instead send or receive DRs once they have registered for this service with the banks authorized to provide this facility. It is noteworthy that users of DRs are not required to open an account in any bank.

Of course, a moot question is, why would anyone keep a sizeable amount in DRs since this is equivalent to cash and would not accrue interest as do balances in savings accounts? On the other hand, an advantage of using DRs is that these may be acquired without having a bank account. Banks would benefit as they would not have to pay interest on stocks of DR balances. For the RBI, the use of DRs would result in savings on financial costs and the oversight time spent in printing rupee notes and destroying these at periodic intervals.

The elimination of unaccounted cash holdings was one of the objectives of the November 2016 demonetization exercise. At that time, the entire volume of Indian rupees (INR) in circulation in the country amounted to about Rs 15 trillion. As of December 2, 2022, the total amount of INR cash liquidity stood at Rs 32 trillion. In other words, in December 2022, cash in the Indian economy was 2.13 times that in November 2016. Over the same time period, India's nominal gross domestic product (GDP) went up by 1.7 times. This is not to suggest that there is anything unwarranted with a somewhat higher rise in the volume of rupees in circulation compared to the growth in GDP between November 2016 and December 2022. The objective of this comparison is to demonstrate that one of the objectives of demonetization — to reduce illicit monetary transfers by contracting the volume of cash in the economy — has not been met yet.

Turning to the advantages of using DRs, current users of cash would be able to make or receive sizeable payments in DRs without complaints about torn or counterfeit notes or that the funds were not received at all. Of course, cashless transactions are possible via easy-to-use mechanisms such as Paytm and Google Pay. The distinction between DRs and other means of transferring funds is that except for DRs, all other mechanisms require both senders and receivers to have bank accounts. Those who wish to use DRs would only need to set up DR balances with banks, which would be debited or credited with the use of this facility to pay or receive funds. Banks would need to ensure fail-safe systems for the exchange of DRs to build confidence. However, this facility would work only if the users have easy and uninterrupted access to the internet. It is being suggested that transactions could be allowed without internet connectivity but that may result in multiple DR payments without adequate DR credit balances. The use of DRs should realistically be expected to spread only if it is accompanied by reliable internet connectivity throughout India. Thereafter, over time, the use of DRs could eventually spread within India and even to neighboring countries such as Nepal and Bangladesh through coordination with authorities in these countries. The extension efforts of scheduled commercial banks and publicity provided by the central and state governments could help promote the use of DRs and reduce counterfeit cash-driven activities.

Taking a step back to reflect, it is likely that individuals or others who could learn to use DRs would probably have savings accounts in scheduled banks and know how to transfer funds between bank accounts. Such individuals and MSMEs may feel that there is no additional benefit to using DRs. Potential users may be wary about transactions being tracked even though it is claimed that the use of DRs does not leave any trail. Namely, there could be ways for investigation agencies to track senders-receivers of large-value DR transfers. In this context, it was evident from the huge amounts of cash deposited following the November 2016 demonetization exercise that some individuals and small businesses prefer to use cash to remain anonymous and evade the goods and services tax or other tax liabilities. Unfortunately, far too many in India find highly inventive ways, usually with the assistance of chartered accountants, of remaining below the radar screens of investigative and tax authorities. Consequently, the RBI's DR initiative is likely to be stillborn without complementary steps to reduce the use of cash.

Large cash transfers could be discouraged and the use of DRs promoted with the gradual withdrawal of all high denomination currency notes. For instance, all notes above INR 100 could be demonetized over, say, a three-year period. Thereafter, it would be difficult to transport large bundles of 100-rupee notes without being detected, given that the reach of remotely managed camera surveillance is being systematically widened. It is likely that there would be knock-on benefits such as a decrease in the smuggling of subsidized fertilizers to neighboring countries, which is probably paid for in large denomination cash notes. The claimed objectives of demonetization could be achieved without disruptive consequences since DRs would provide an alternative for making large-value cash equivalent payments. MSMEs and individuals who need to make or receive large cash payments would not be able to claim with any credibility why they must use cash when they could just as easily use DRs.

How the energy crises in Europe is Affecting Coal

NATO nations, especially in Europe, are paying the price for a war in which they are not participating. After instigating the Russia-Ukraine war, European nations are paying through their nose. Reports say that rising natural gas prices caused by panic buying as nations rushed to fill their tanks ahead of winter has cost Europe over $1 trillion. According to the Brussels-based think tank Bruegel, European governments provided comfort to companies and consumers by funding $700 billion of the cost of importing gas.

But this is just the start. Gas prices and supplies are expected to remain elevated for a few more years. Bruegel points out that the state of emergency could last for years. European governments already have their financials stretched and may reach a snapping point if the energy market continues to remain tight. About half of European Union member states have debt exceeding the bloc's limit of 60 percent of GDP.

The next few years are going to be worst.

Europe enjoyed supplies from Russia till June 2022, after which the country decided to retaliate against sanctions by cutting gas supplies. The European Union has continued to cut its dependence on Russia from 40 percent to less than nine percent. From 2023 onwards there will be no supplies from Russia to Europe. This would mean that the countries, after consuming their gas in winter will have to start replenishing it immediately from wherever they can find gas.

European countries, in the present winter, had asked businesses and consumers to reduce usage and managed to reduce gas demand by 50 billion cubic meters this year. According to the International Energy Agency (IEA), the region still faces a potential gap of 27 billion cubic meters in 2023 assuming Russian supplies drop to zero and Chinese LNG imports return to 2021 levels.

Europe is gearing up for more supplies from countries other than Russia by setting up floating ports, but the bigger problem is limited supplies.

Gas imports into Europe are at record levels and new floating terminals in Germany will increase them further. European nations are competing with China, Japan, India, and other developing countries for gas. If the Chinese economy opens up after the current clampdown on account of rising COVID cases, gas prices could surge. Reports say that Chinese gas imports are likely to be seven percent higher in 2023, and state-owned companies have started securing LNG supplies for next year.

Record gas prices and volatility in 2022 were despite China's historic drop in demand which was equivalent to about five percent of global supply. Besides China, Japan the world's top LNG importer is even considering setting up a strategic reserve, with the government subsidizing purchases.

There are limited options that European countries have to reduce their energy bill. One such option was to go back on their promise of cutting carbon emissions. After preaching and arm-twisting developing countries against using coal as a fuel, European nations' hypocrisy stands exposed as they now consume record quantities of coal to meet their energy demand.

The justification they give for using coal for inadequate gas infrastructure is true for developing countries too. As long as Russia was supplying them with cheap gas, they advocated the use of cleaner fuel. But after supplies were tightened, the Europeans are willing to burn anything they can lay their hands on, including firewood. Shopping malls are now selling wood to cater to the demand of those who cannot pay for gas.

The desperation of European consumers is causing prices of alternate fuel to rise. Coal consumption touched record levels in 2022. According to energy experts the world's three largest coal producers – China, India, and Indonesia – will all hit production records in 2022. With not much capex announced by top miners, coal prices can shoot up if Europeans return to the coal market.

According to the International Energy Agency (IEA), the largest increase in coal demand this year is expected in India (7 percent or 70 MT), followed by the European Union (6 percent or 29 MT) and China (0.4 percent or 18 MT).

Rising fuel costs, a fast-growing economy, and a longer summer resulted in India's coal demand growing by nearly 7 percent in 2022, the highest in the world. The demand in India is largely due to a sharp increase in electricity consumption, 73 percent of which is met by coal-fired power plants in 2022.

IEA expects global demand growth for coal to touch its highest-ever level of 8,025 MT, 1.2 percent higher than the previous best of 7,997 MT in 2013.

IEA feels that tight natural gas supplies and high gas prices are driving some countries and companies to turn to relatively cheaper coal. Heat waves and droughts in some regions are also driving electricity demand which is being met by thermal plants and hydropower generation is also slowing down.

If demand for coal increases, prices will increase sharply as there are limited options for increasing supplies.

While higher coal prices are good for Coal India and other private producers in the spot market in India, it will hurt industries like power and metal that use the fuel to generate power.

In the race to hoard natural gas, economically stronger countries may be able to afford to purchase it, leaving other countries to buy alternate fuels like oil and coal.

European governments are faced with the challenge of balancing supplies between industries and households. High energy prices are taking away the competitive edge from countries like Germany and UK. Political compulsions may force the government to side with consumers than industries.

If energy prices stay elevated for a longer period, the European Union may face structural damages and global market share which in the current competitive environment may be lost forever. The Russia-Ukraine war may not have spread geographically, but it is probably causing more economic harm.

In 2023, Ukraine – Russia war could end bringing cheers to global economy

Mass deaths in a frozen winter, during Christmas, and, in a 'Happy New Year'? In a dark irony, Ukrainians have coined a word, 'Kholodomor'. It means mass death by freezing. It is a play on 'Holodomor', the 'terror famine', or, 'great famine' triggered by Joseph Stalin's policies, which created huge suffering in Soviet Russia in the early 1930s, and led to tens of thousands dying in Ukraine.

"We never expected that they would try to destroy the civilian infrastructure of our cities. It is genocidal. It is terrorism," says Vitali Klitschko, mayor of Kyiv. "They want to freeze the civilian population. They want to kill us…".

The war has taken its social and psychological toll. A United States General, Mark Milley, has stated that 100,000 Russians and 100,000 Ukrainians have died so far. Ursula von der Leyen, President of the European Commission, said that 100,000 Ukrainian troops have been killed. Later, an EU spokesperson clarified that the figure includes both killed and wounded, soldiers and civilians. However, can statistics capture the infinite tragedies and collective trauma of war?

Amidst a cruel winter, large parts of Ukraine is trapped in endless darkness, without heating or electricity, with temperature falling to -10C, and with thousands taking shelter inside metros, even as Russian missiles rain on its cities. The reconstruction of Ukraine will be a gigantic task once the war ends.

So what might be the big picture in 2023? Will the threat of a nuclear war become real? Will the world become safer, with enough gas, oil, food, economic stability, peace and harmony?

Two recent developments are signs of optimism. One, Russian President Vladimir Putin has agreed that the he is ready for talks, provided that it retains the territories it has annexed. The irony is that the annexed territories remain in control of Ukraine, with demoralized Russian forces having been decisively pushed back.

Besides, between the US, France, Italy, and Turkey, while the German Chancellor has called up Putin on phone pushing for dialogue, the possibility of a 'ceasefire in spring' has finally emerged. In a dead-end scenario, this is a positive sign.

More so, Putin has made a significant statement on December 7: "We haven't gone mad, we realize what nuclear weapons are. We have these means in more advanced and modern form than any other nuclear country, that's an obvious fact. But we aren't about to run around the world brandishing this weapon like a razor."

Certainly, Russian oil will remain a contentious subject. A price cap of $60 per barrel on seaborne oil from Russia has been imposed by the EU. The move is backed by the US, the UK, Canada, Australia, and Japan. This means that Russian oil can only be sold at $60 or less using G7/EU tankers, credit organizations, and insurance companies. What makes this effective is that most global insurance and shipping companies are controlled by the G7, Moscow will find it hard to sell oil at a higher price, and most Asian and 'developing economies might choose to toe the G7 line.

Meanwhile, a war of words has erupted between Ukraine and India, which might have its global repercussions in the days to come, with India walking a tight-rope between the US, the EU, and Russia. Ukrainian Foreign Minister Dymtro Kuleba has accused India of buying cheap oil from Russia, thereby financing its arms industry. "It is not enough just to point fingers at the EU and say, 'Oh, they are doing the same thing', because the core reason of India's opportunity to save money on oil and to buy more cheap oil and to solve its problems is not the fact that Europeans are buying Russian oil. It is the fact that Ukrainians are suffering from Russia's war and dying because of it," he said.

External Affairs Minister S Jaishankar said in the Rajya Sabha, “We do not ask our companies to buy Russian oil. We ask our companies to buy oil… what is the best option that they can get. Now it depends on what the market throws up,” he said.

The post-pandemic scenario amidst the war has created an unprecedented global food crisis, especially in Africa and poor countries, with high inflation. Somalia and Eritrea, among others, are dependent on wheat from Russia. Other products from this region include sunflower oil and soybean. Russia and Ukraine produce a third of the world’s wheat and barley with Russia controlling 19 percent and Ukraine 9 percent of the wheat export market. With the restrictions of sea routes ending, grain exports have finally begun, easing the crisis only marginally.

Surely, there is no option but dialogue and ceasefire. That would then truly mark a ‘Happy New Year’.

Mukesh Ambani has catapulted the India story to a Global platform

The year 2022 witnessed several key developments in the world of Indian business, and top among them is that the year marks two decades since Mukesh Dhirubhai Ambani became chairman of Reliance Industries, India’s largest private-sector corporation.

Taking over the RIL chairmanship at the passing of his father and Reliance Founder, Dhirubhai Ambani, Mukesh Ambani has, over these past 20 years, carved out a reputation for himself as a global businessman willing to take the big bets and make the pivots necessary to turn Reliance that ranked 104th in the 2022 Fortune Global 500 list into a global tour de force.

At the same time, this iconic corporate titan — whose grit and resilience were in full view many times over the past 20 years, recently when the COVID-19 pandemic struck in 2020 — has proved himself adept in retaining a sense of continuity at RIL while embarking on a large-scale, strategic transformation of the company. Chiefly in terms of the firm’s unwavering attention year-on-year on creating more and more wealth not just for shareholders but for India, too, in the highest traditions of stakeholder capitalism.

Predominantly focused on petrochemicals when he took control, RIL, under Mukesh Ambani, is, today, a more diversified entity with business interests now spanning across the telecom, retail, clean energy, and entertainment domains, among others. It is already the market leader in several of these new business segments, importantly in the high growth potential telecom and retail sectors.

Incidentally, the retail business is currently the second-biggest revenue contributor to Reliance after oil-to-chemicals (O2C). From a value point of view, the diversification measures undertaken under Mukesh Ambani’s watch have pushed up the market capitalization of Reliance from Rs 4,28,909 crore in 2016-17 to Rs 17,81,841 crore as on March 31, 2022 proving how effective the tactical shift has been.

This calendar year saw Reliance acquire the Indian operations of German wholesaler Metro Cash & Carry that is likely to add further power to its retail venture.

Additionally, the company launched 5G telecom services, besides making a foray into the FMCG arena this year, among various other initiatives, in a manifest demonstration of Reliance’s steadfast intent to keep developing newer revenue streams in line with its ambitious growth agenda.

Though early days yet for its clean energy business, the announcements made on this front at Reliance’s 45th AGM on August 29 about the establishment of a new giga factory for power electronics and the development of a battery manufacturing ecosystem showed just how serious the organization is about pushing the needle in the clean energy manufacturing arena, which China currently dominates.

All great businesses worldwide whose legacies have outlasted the people who started the enterprises have been able to do so owing to the putting in place of robust and sustainable systems and processes. In this regard, the announcements made at the company's AGM this year about the establishment of a strong institutional mechanism at Reliance clearly indicated how dearly this Indian corporate giant values global best practices where organization interests come before everything else and stood out as a fantastic testimony to the farsightedness of Mukesh Ambani.

A country like India with aspirations of becoming a developed nation needs its capital creators to step up in a big way for this purpose. All the while at Reliance, Mukesh Ambani has always dared to dream big and then worked hard to convert that dream into a reality because of his unswerving belief in India and the people of this nation. It is hoped that 2023 would continue to see Reliance scale higher peaks under Mukesh Ambani's leadership and, in the process, be an exemplar of how corporate groups can hasten the progress of a nation

Thank

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Registered Office:

Unit No 407, IV Floor, Marathon Icon Marathon Nextgen Campus, Ganpat Rao Kadam Marg, Mumbai-400013 Opposite Peninsula Corporate Park, Lower Parel

Contact No: (022) 43431818

Corporate Office:

57, 2nd Floor Gandhi Nagar Sigra, Varanasi, UP- 221010

Contact No: (0542) 6600000

Regional Offices:

Kolkata, Ahmedabad, Chennai, Aurangabad, Jaipur, Kanpur, Delhi, Ujjain, Varanasi NichiBagh, Varanasi Maldahiya.

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