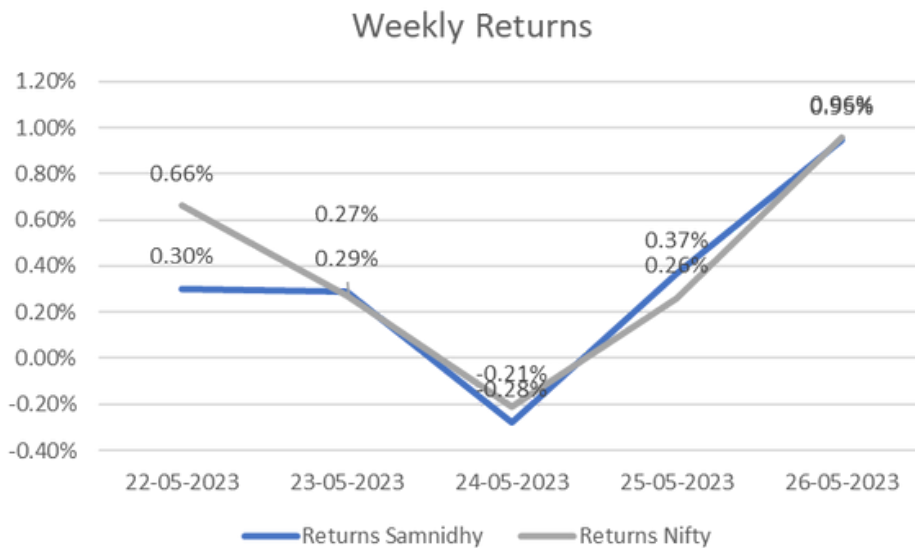


VITT – VRIDDHI

THE SAMNIDHY NEWSLETTER



SAMNIDHY FUND PERFORMANCE VS. BENCHMARK



TOP GAINERS THIS WEEK



PI Industries



Balkrishna Industries



ITC

TOP LOSERS THIS WEEK



HDFC Bank



HUL



UltraTech Cement

News & Updates

Infrastructure

ADB and the Indian Government signed a \$141.12M loan pact to develop new-gen infrastructure projects in Andhra Pradesh. The funds will support roads, water supply, and electricity networks in 3 industrial clusters, advancing the startup ecosystem and boosting the economy. It's part of a \$500M infrastructure plan for the state.

Analysis: Infrastructure development will boost the startup ecosystem, contributing to the growing economy. The industrial cluster will alleviate pressure from Hyderabad, supporting the growth of the Indian IT and startup industry.

Banking

The Reserve Bank of India has made the decision to stop printing banknotes with the denomination of 2000, despite having previously stated that they will still be accepted as legal money. According to the RBI, customers can deposit 2000-rupee bills into their accounts or swap them for bills of other denominations at any bank branch.

Analysis: Real estate, political parties, and gold and jewelry are the three industries that will be impacted by this change. There is always a tendency to accumulate money in the run-up to elections.

Pharmaceutical

The Indian government announced plans for a Production Linked Incentive (PLI) scheme to support the development of chemicals used in the pharmaceutical, petrochemical, and agrochemical sectors. It also launched the National Medical Devices Policy 2023, Assistance to Medical Device Clusters for Common Facilities, and the Medical Devices Export Promotion Council.

Analysis: GOIs proposal to introduce a Production Linked Incentive (PLI) system resulting in a significant move in the pharmaceutical industry by supporting the development of chemicals used. Thus, focusing on promoting domestic production and reducing import dependency in these critical sectors.

Industrial Manufacturing

Vedanta Ltd, has pledged its entire 64.9% stake in Hindustan Zinc as collateral to raise funds. Vedanta Resources Ltd (VRL), the parent company of Vedanta Ltd, has repaid all its loans and bonds due in April. VRL has managed to reduce its gross debt at the holding company to USD 6.8 billion. However, USD 4.1 billion debt due in FY24 raises concerns, requiring significant fundraising for refinancing.

Analysis: If the \$2 billion refinancing does not materialize within the next 2-3 months, VRL could potentially encounter a significant shortage of available funds in the latter half of fiscal 2024, resulting in a liquidity crisis.

Major Business Deal



Godrej Consumer Products Limited (GCPL) is set to acquire Raymond Consumer Care Limited's (RCCL) FMCG business

Godrej Consumer Products Limited (GCPL) is set to acquire Raymond Consumer Care Limited's (RCCL) FMCG business for 2,825 crore, aiming to establish a foothold in the deodorants and sexual health categories in India. The deal includes the transfer of Raymond's FMCG company and the trademarks of Park Avenue, KS, KamaSutra, and Premium to GCPL. This strategic move allows GCPL to expand its portfolio and growth strategy, targeting untapped markets with significant growth potential. The acquisition of Raymond's popular brands like Park Avenue and KamaSutra positions GCPL as a major player in the deodorant and sexual wellness industries, which could experience substantial long-term growth in India due to low per capita spending compared to other emerging economies.

With a distribution reach four times larger than Raymond's, GCPL aims to fully leverage the potential of these established brands. The integration of RCCL's FMCG division into GCPL's operations could lead to cost savings and synergies through streamlining production procedures, consolidating distribution systems, and pooling resources and knowledge. These synergies have the potential to enhance GCPL's operating efficiency and profitability.

Moreover, the acquisition provides GCPL with access to new markets and distribution systems. By combining RCCL's distribution network with GCPL's resources and expertise, the company can expand its market reach and strengthen its position in existing and new markets. However, challenges may arise during the integration process, such as managing staff transitions, aligning company processes, and integrating cultures. Furthermore, success in the acquired FMCG business could be influenced by market competition and evolving consumer preferences. Overall, this acquisition presents an opportunity for GCPL to grow its presence in the Indian market and capitalize on the potential of these well-established brands.