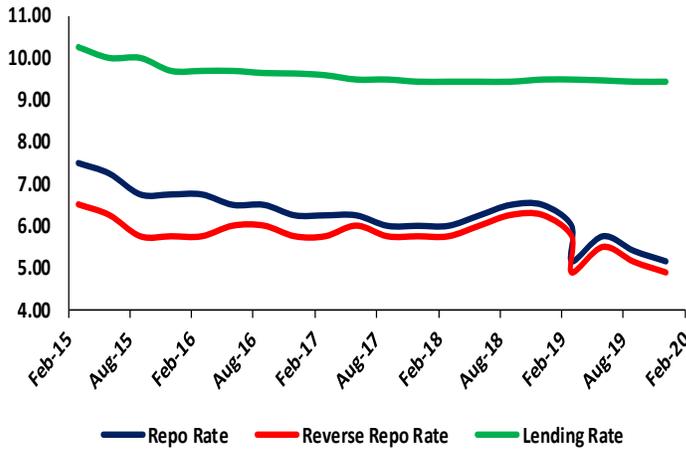
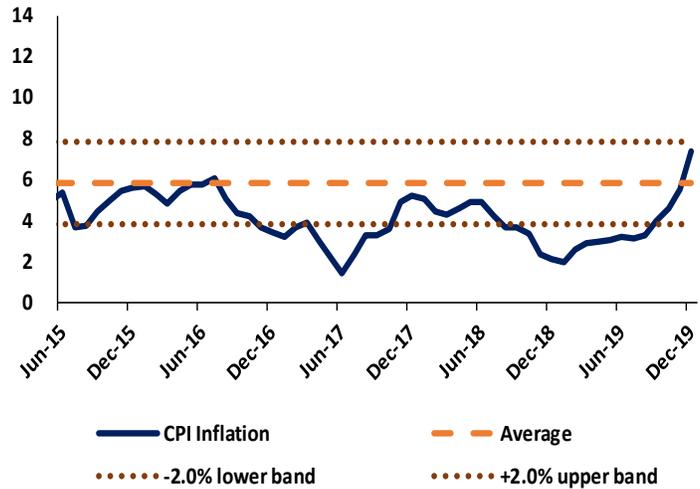


Stance remains accommodative to promote growth while ensuring inflation remains within the +/-2% band of the CPI target of 4%.

**Cut in Repo not transmitted in Lending rate**

**Surge in CPI**


Although headline inflation has surged beyond the band (given the sharp spike in onion prices), it is expected to temper over the next few weeks considering the softening of onion prices given improved availability.

However, going forward, inflation needs to be closely tracked given the cost push impact of

- upward revision in mobile pricing,
- revised pharmaceutical & drug prices, and
- new emission norms

Future monetary policy has scope for substantial action given the weak economy (despite improvement shown by high frequency indicators) and potential for rising inflation.

The Monetary Policy has also put in place several developmental and regulatory policies to

- Kick start growth
- Reinforce monetary transmission
- Broaden & deepen financial markets, and
- Improve payments and settlements

Key measures undertaken are enumerated below:

#### Liquidity Management, Monetary Transmission & Credit Flows

- Elaborate **Revised Liquidity Management Framework**
- From February 15, 2020, 1 year & 3 year **Long Term Repo Operations (LTROs)** amounting to a total of INR 1,00,000 cr for improving monetary transmission at a reasonable cost are to be undertaken. This is being done to assure the banking system of a durable liquidity environment.

**Incentivizing Bank Credit to productive sectors that have a multiplier effect on the economy.**

Banks' incremental **retail** loans from the end of January 30, 2020 extended to the automobile, residential housing and MSME sectors till July 31, 2020 to be exempt from computation for maintenance of CRR.

This facility is expected to provide a short-term stimulus to the above-mentioned sectors and the economy at large since these have multiplier effects.

**Banks, automobile & manufacturing sector are expected beneficiaries.**

**Lending to Medium sized Enterprises to be linked to external benchmarks** effective April 1, 2020 in line with the MSME. This is expected to drive monetary transmission significantly given the positive impact of the same on the MSME segment.

**Extension of One Time Restructuring of MSME advances to December 31, 2020** to significantly benefit the MSMEs which have become stresses (but still remain standard).

**Extension of date of commencement of commercial operations of commercial real estate projects (DCCO)** which have been delayed due to reasons beyond the control of promoters will enable maintenance of status of these advances without downgrades.

**RRBs to benefit as they are allowed to act as merchant acquiring banks.**

**Financial Market regulations**

- All Interest Rate Derivative (IRD) market makers to recognize all transactions undertaken, whether or not they are back to back, in their India books.
- Improvements in Margin requirements of OTC Derivatives has been proposed through legislation with respect to netting of financial transactions in the Union Budget. In response, directions for Variation margin (VM) will be issued by March 2020 and for Initial Margin (IM) by June 2020.
- Inter-operability of Depositories for G-Secs is to be made operational by July 2020.

**Digital Payments Index** to be launched from July 2020 onwards to capture the extent of digitization of payments effectively.

RBI to put in place a **framework for establishing an SRO (Self-Regulatory Organization) for Digital Payments** eco-system with a view to fostering best practices on (a) security, (b) customer protection & (c) pricing, among others. The SRO will serve as a 2-way communication channel between players and the regulator.

### Disclosures and Disclaimer

Ventura Securities Limited (VSL) is a SEBI registered intermediary offering broking, depository and portfolio management services to clients. VSL is member of BSE, NSE and MCX-SX. VSL is a depository participant of NSDL. VSL states that no disciplinary action whatsoever has been taken by SEBI against it in last five years except administrative warning issued in connection with technical and venial lapses observed while inspection of books of accounts and records. Ventura Commodities Limited, Ventura Guaranty Limited, Ventura Insurance Brokers Limited and Ventura Allied Services Private Limited are associates of VSL. Research Analyst (RA) involved in the preparation of this research report and VSL disclose that neither RA nor VSL nor its associates (i) have any financial interest in the company which is the subject matter of this research report (ii) holds ownership of one percent or more in the securities of subject company (iii) have any material conflict of interest at the time of publication of this research report (iv) have received any compensation from the subject company in the past twelve months (v) have managed or co-managed public offering of securities for the subject company in past twelve months (vi) have received any compensation for investment banking merchant banking or brokerage services from the subject company in the past twelve months (vii) have received any compensation for product or services from the subject company in the past twelve months (viii) have received any compensation or other benefits from the subject company or third party in connection with the research report. RA involved in the preparation of this research report discloses that he / she has not served as an officer, director or employee of the subject company. RA involved in the preparation of this research report and VSL discloses that they have not been engaged in the market making activity for the subject company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of VSL. This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients / prospective clients of VSL. VSL will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of clients / prospective clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. And such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document. The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by VSL, its associates, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts. The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. We do not provide tax advice to our clients, and all investors are strongly advised to consult regarding any potential investment. VSL, the RA involved in the preparation of this research report and its associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report/document has been prepared by VSL, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. VSL has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change. This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of VSL. This report or any portion hereof may not be printed, sold or distributed without the written consent of VSL. This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of VSL and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection. This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Securities Market.

#### Ventura Securities Limited

Corporate Office: 8th Floor, 'B' Wing, I Think Techno Campus, Pokhran Road no. 02, Off Eastern Express Highway, Thane (West) 400 607.  
SEBI Registration No.: INH000001634