



%

## Stocks trading at Heavy Discounts !

Russia had built up tens of thousands of troops along the Ukrainian border, an act of aggression that could spiral into the largest military conflict on European soil in decades. Putin demanded that NATO stop its eastward expansion and deny membership to Ukraine, and that NATO roll back troop deployment in countries that had joined after 1997. But as expected NATO disagreed with this and Putin decided to declare a war against Ukraine on Feb 24, 2022.



P

## IMPACT ON RUSSIA AND ITS MARKETS

This had a severe impact on the Russian Stock Market as it tumbled over 45% on 24th Feb, 2022. In addition to this, Ruble sank to a record low, plunging 40% against the US dollar. The Market Capitalisation of Russian Index (MOEX) is 773 billion USD. Since the war began, Russia's biggest bank's stock (Sberbank) has fallen approx 97%. In addition to this, Rosneft, one of the biggest Oil refining companies saw a 46% decline in the stock price. Russia has been excluded from SWIFT (Society for Worldwide Interbank Financial Telecommunications)

# WHAT is SWIFT

It is a platform for banks to exchange information about money transfers. It acts as a carrier of the messages containing payment instructions between financial institutions. Money moving from one account to another often passes through multiple banks before landing in the final destination, particularly if it involves a foreign currency.

# HOW does exclusion hit Russia

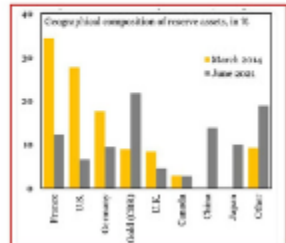
On an immediate basis, the foreign funding would be halted. This further will be a big blow to Russia's trade. It also has developed its own payment system, which currently has only 23 foreign banks connected to it.

# Sanctions placed on Russia:

- 1. Removing selected Russian banks from the Swift messaging system. The aim is to cut them off from the international financial system
- 2. Freezing the assets of Russia's central bank, to limit Russia's ability to access its overseas reserves
- 3. US and allies cut off more than half of Russia's high-tech imports to stop it developing its military capabilities
- 4. Germany has put on hold permission for the Nord Stream 2 gas pipeline from Russia to Germany to open.

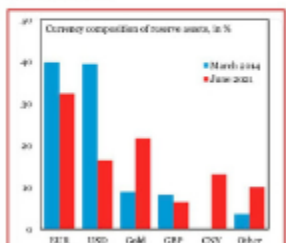
# HOW RUSSIA WAS PREPARING SINCE 2014

**ZERO HOLDINGS IN US TREASURIES**  
Russia also moved money away from holding reserves in the US and European jurisdictions. Likely in preparation for sanctions.



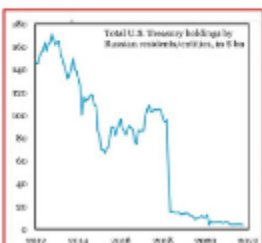
Source: Central Bank of Russia, IMF

**MOVED MONEY FROM US\$ & EUROS TO GOLD & RENMINBI**  
Russia has moved money away from the US\$ and EUR favoring gold and Renminbi.



Source: Central Bank of Russia, IMF

**MOVED AWAY HOLDINGS IN WESTERN JURISDICTIONS WHICH CAN BE FROZEN**  
Russia no longer holds US Treasuries, likely in preparation for possible sanctions.



Source: Central Bank of Russia, IMF

# ₹ | POSSIBLE IMPACT ON INDIA

India's key exports to Russia include mobile phones and pharmaceuticals while India's key imports from Russia are crude oil, coal and diamonds. Tea is a major export item from India. Russia accounted for exports of \$2.5 billion and imports of \$6.9 billion in the first nine months of FY2022.

India is the world's third-largest importer of crude oil, and rising prices push up the country's trade and current account deficit while also hurting the rupee and fuelling imported inflation.

Oil prices have surged to a 10 year high after the United States and European allies explored a Russian oil import ban, while delays in the potential return of Iranian crude to global markets sped up supply fears.

## IMPACT ON THE GLOBAL INDICES

Indices	Country	% Fall since War Began (23 <sup>rd</sup> FEB)	% Fall since All time High
MOEX	Russia	-20%	-42%
DAX	Germany	-11%	-20%
Euro Stoxx	Europe	-10%	-19%
Nifty50	India	-5%	-13%
Dow Jones	USA	-4%	-9%



## A step towards Sustainable Future

Government of India notified the first phase of its Green Hydrogen Policy on 17th February, 2022 as a step forward towards National Hydrogen Mission. It targets production of 5 million metric tonnes per annum (MMTPA) of green hydrogen by 2030 and the related development of renewable energy capacity.

Green hydrogen is generated by splitting water into hydrogen and oxygen in an electrolyser using renewable energy. The hydrogen produced can be combined with nitrogen to make ammonia, avoiding hydrocarbons in the production process. Green ammonia is used to store energy and in fertiliser manufacturing.

- The policy offers a range of incentives to lure investors to bet on the development of green hydrogen and green ammonia:
- Waiver of inter-state transmission charges for a period of 25 years will be allowed to the manufacturers of green hydrogen and green ammonia for the projects commissioned before 30 June 2025.
- Green hydrogen / ammonia manufacturers may purchase renewable power from the power exchange or set up renewable energy capacity themselves or through any other developer, anywhere.
- The manufacturer can bank his unconsumed renewable power, up to 30 days, with the distribution company and take it back when required.
- Manufacturers of green hydrogen / green ammonia shall be allowed to set up bunkers near ports for storage of green ammonia for export / use by shipping

Some of the companies that can have the benefit of this scheme are:

1. **Reliance Industries** - The company recently announced its plans to become a net carbon-zero firm by 2035. It aims to replace transportation fuels with clean electricity and hydrogen. It will invest ₹75000 crore over the next three years in renewable energy. It will build a green energy integrated complex where manufacturing units for solar cells and modules, a battery unit for energy storage, a fuel cell-making factory, and an electrolyser plant to produce green hydrogen will take place.
2. **Gas Authority of India Limited (GAIL)** - The PSU plans to build India's largest green hydrogen plant as it looks to supplement its natural gas business with carbon-free fuel. GAIL has already started mixing hydrogen in natural gas in one of the cities, on a pilot basis.
3. **Larsen and Toubro (L&T)** - The company has announced that it will set up a green hydrogen plant and is planning to be net-zero emissions by 2040. 90% of this would come from switching over to initiatives such as renewable energy, green hydrogen and biodiesel while the other 10% would be offset by creating carbon sinks.

PRSSB Ltd is NOT a SEBI registered Investment Advisor. This document is for the purpose of information only and is neither a general offer to buy or sell nor solicitation of an offer to buy or sell any stock or invest with us. The delivery of this document at any time does not imply that information herein is correct as of any time subsequent to its date. The contents of this document are provisional and may be subject to change and PRSSB Ltd has no obligation to update any or all of such information. In the preparation of the material contained in this document, the information used is based on publicly available data, certain research reports including information developed in-house. PRSSB Ltd warrants that the contents of this document are true to the best of its knowledge, however assume no liability for the relevance, accuracy or completeness of the contents herein. PRSSB Ltd (including its affiliates) and any of its Partners, officers, employees and other personnel will not accept any liability, loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this document in any manner whatsoever. This document may include certain statements which contain words or phrases such as "believe", "expect", "anticipate", "estimate", "intend", "plan", "objective", "goal", "project", "endeavor" and similar expressions or variations of such expressions that are forward-looking statements. Actual results may differ materially from those suggested by the forward looking statements due to risks, uncertainties or assumptions. Prospective investors should make an independent assessment, and consult their own counsel, business advisor and tax advisor as to legal, business and tax related matters concerning this document. The information contained in this document has been prepared for general guidance and does not constitute a professional advice and no person should act upon any information contained herein without obtaining specific professional advice. PRSSB Ltd nor its Affiliates would be held responsible for any reliance placed on the content of this document or for any decision based on it. Each existing / prospective investor, by accepting delivery of this document agrees to the foregoing. The investments are subject to several risk factors including but not limited to political, legal, social, economic and overall market risks. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this document.

