

INDIA TOP DOWN & BOTTOM UP

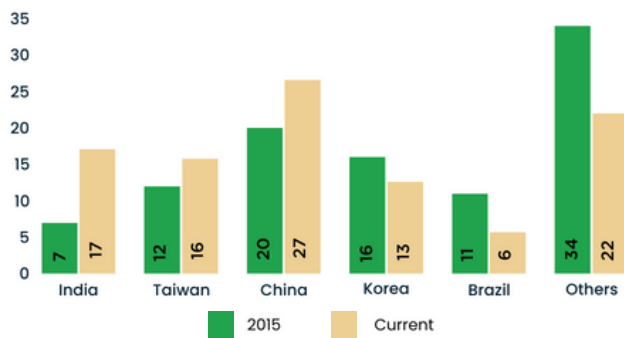


BSE Mcap: \$4.6 tn | Composite PMI: 61.2 | GST Collection: ₹1.72 tn | Forex Reserves: \$616.1 bn

INDIA UPDATE

- ▲ India surpasses Taiwan in MSCI EM index; weightage 2nd largest after China
Weightage took a leap from 7% to 17% over 8 years.

Country Wise Weights In MSCI EM INDEX (%)



- ▲ Indian FAR bonds to be part of Bloomberg EM index from September'24
Indian FAR bonds will be capped at 10% weight within the index
- ▲ India's steel trade deficit widened to ₹89 bn for Apr-Dec 23
9MFY23 steel import hit a 5-year high at 5.6 MT
- ▲ India's net direct tax collections rises 20% YoY to ₹15.6 tn upto 10 Feb 2024

- ▲ CPSEs & Govt Agencies achieved 75% of FY24 capex target in April-Dec 2023
Capex target was set at ₹7.33 tn for FY24

- ▲ Indian electronics exports to US jump two-fold to \$6.6 bn in Jan-Sep 2023
China's share of export decreased from 46% in 2018 to 24% in Jan-Sep 2023

- ▲ Indian Air Force has indigenised more than 60,000 components in last 2-3 years

- ▲ Annual PV sales in India surpasses record 4.1 mn in CY23, up 8.2% from CY22

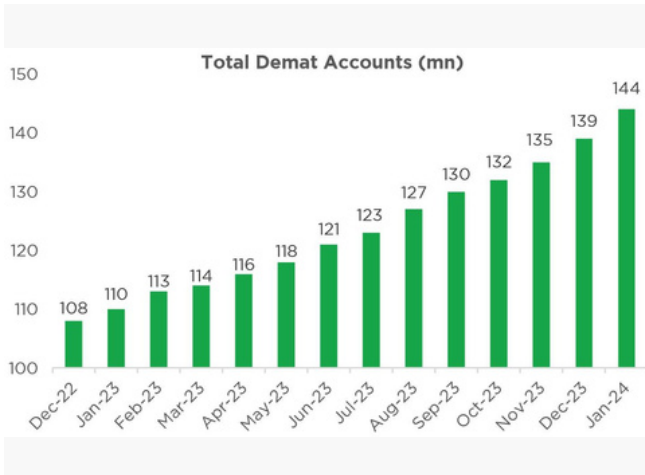
- ▲ Foreign inflows into Indian bonds spike to a 6-year high in Jan'24 at ₹198 bn

FII Equity Inflow/Outflow

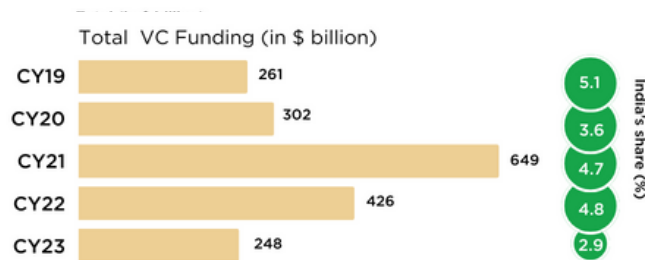
| Month | Value (₹ bn) |
|---------|--------------|
| Aug-23 | 122.6 |
| Sept-23 | -147.7 |
| Oct-23 | -245.5 |
| Nov-23 | 90.0 |
| Dec-23 | 661.3 |
| Jan-24 | -257.43 |

INDIA UPDATE (Contd..)

- ▲ Nepal and India signed an agreement to export 10,000 MW of electricity to India over the next decade
- ▲ Record 4.2 mn Demat accounts opened in Jan'24, taking total accounts to 143.9 mn



- ▲ In 2023, VC funding plummeted 63% to \$7.8 bn in India.
It fell ~47% to \$109.4 bn in the US and ~27% in China to \$42.6 bn
- ▲ India's share of total global VC funding fell to 2.9% in 2023
Lowest since CY19



COMPANY UPDATE

- ▲ Coal India to invest ₹210 bn in 2 thermal power projects
- ▲ JSW Energy puts solar panel manufacturing plan on hold over policy uncertainties and falling panel prices
Solar panel prices dropped from \$0.27-\$0.30 to \$0.10 per watt
- ▲ JSW Defence acquires 51% stake in Off-Road vehicle maker Gecko Motors
Co. secured a ₹2.5 bn order for 96 SMV's from MoD

- ▲ IndiGrid InvIT received Lol for 2 greenfield transmission projects
Combined capex of over ₹10 bn in 2 years
- ▲ ONGC won 7 blocks while Reliance-BP, Oil India and Sun Petrochem get 1 area each under OALP
- ▲ SBI raises \$600 mn via 5 year dollar bond sale at a coupon of 5% payable semi annually
Received total bids worth over \$3.5 bn
- ▲ ONGC made 2 significant natural gas discoveries in Mahanadi basin block
First discovery, Uktal, flowed over 300,000 m³ of gas per day during initial testing
- ▲ KKR-backed InvIT acquired 12 road projects from PNC Infratech for ₹90.1 bn
- ▲ TCS extends deal with UK insurance giant, Aviva for 15 yrs
- ▲ Coal India to enter into mining of critical minerals including lithium
- ▲ 631 MoUs signed with an investment commitment of ₹6.64 tn in the Tamil Nadu Global Investors Meet,'24

| Top 10 MoU (by value) | |
|-----------------------|---------------|
| Company | Amount (₹ bn) |
| Tata Power | 708 |
| Sembcorp | 362 |
| Adani Green | 245 |
| Leap Green | 220 |
| CPCL | 170 |
| Vinfast | 160 |
| Adani Connex | 132 |
| Tata Electronics | 121 |
| JSW Group | 120 |
| Hyundai | 62 |

COMPANY UPDATE (Contd..)

- ▲ MoUs for 41,299 projects worth ₹26.33 tn signed during Vibrant Gujarat Global Summit, '24

| Top 10 MoU (by value) | |
|-----------------------|---------------|
| Company | Amount (₹ bn) |
| Adani Group | 2,000 |
| Tata Power | 700 |
| Torrent Power | 474 |
| Welspun | 400 |
| Suzuki Motors | 350 |
| PFC | 250 |
| HUDCO | 145 |
| DCM Shriram | 120 |
| Zydus | 50 |
| Integrum Energy | 50 |

CAPEX

- ▲ NTPC signed MoU with Maharashtra State to develop green hydrogen projects worth ₹800 bn
- ▲ HygenCo to invest \$2.5 bn over 3 years for green hydrogen projects in India
- ▲ ReNew to invest ₹264 bn for 220 KTPA green hydrogen project in Kerala
Capacity will be used produce 1,100 KTPA of green ammonia
- ▲ THDCIL and Arunachal Govt. ink 1,200 MW Kalai Hydroelectric Project worth ₹130 bn
- ▲ Avaada Group to invest ₹400 bn for 6 GW hybrid wind-solar projects in Gujarat
- ▲ Optiemus Infracom forms JV with Gorilla glassmaker, Corning for ₹10 bn factory in TN
- ▲ Wistron and Karnataka Govt signed MoU for ₹15 bn laptop manufacturing unit
- ▲ BPCL sets FY25 capex target at ₹150 bn vs ₹100 bn target in FY24
- ▲ TVS ILP to invest ₹15 bn in FY25 to expand warehousing presence in smaller cities

ORDERBOOK UPDATE

- ▲ Techno Electric bagged orders of ₹17.5 bn in T&D segment from Sterlite Power, Powergrid & REC
- ▲ L&T won EPC order for establishing largest renewable generation plant in UAE, worth upto ₹150 bn
- ▲ L&T secured order for 508 km of electrification system works for Mumbai-Ahmedabad High Speed Rail Project
Order valued between ₹100-150 bn
- ▲ BHEL bags ₹150 bn EPC contract from NLC India for thermal power project in Odisha
- ▲ Kalpataru Projects bags order worth ₹32.4 bn
Co. also marked its foray into underground metro tunnelling segment
- ▲ L&T won ₹10.4 bn contract for Bengaluru Suburban Rail's Kanaka Line from KRIDE
- ▲ HFCL won ₹11.3 bn order to transform BSNL's optical transport network
- ▲ Solar Industries received export orders of ₹10 bn for supply of products for defence based applications

GENERAL UPDATE

- ▲ Government project announcements saw an 81% YoY decline to ₹269.8 bn in Dec'23 Quarter
Private projects showed a decrease of 77% at ₹1.9 tn for the same period
- ▲ Shortage of EPC players slows down wind energy projects in India
No. of players down to 12 from 32 in 2016-17, after Govt changed bidding norms to auction regime
- ▲ US permits import of 336,000 tonnes of steel and aluminium from India, waiving the additional duties imposed
- ▲ India's primary steel mills have increased prices by 3-5%

GENERAL UPDATE (Contd..)

- ▲ Monthly SIP inflows jumped 36% YoY to ₹188.4 bn in Jan'24

Total MF AUM crossed the ₹50 tn milestone in Dec'23

| Monthly SIP Inflows | |
|---------------------|---------------|
| Company | Amount (₹ bn) |
| Aug-23 | 158.1 |
| Sept-23 | 164.0 |
| Oct-23 | 169.3 |
| Nov-23 | 170.7 |
| Dec-23 | 176.1 |
| Jan-24 | 188.4 |

- ▲ VinFast to set up battery plant in Tamil Nadu, with 150,000 EV capacity in first phase
- ▲ Hyundai commits ₹70 bn to revamp its recently acquired plant in Talegaon
- ▲ Maruti, Hyundai, Renault & Tata Motors posted the highest-ever % share of sales from rural markets in CY23
Share of rural sales at Maruti Suzuki rose to 45%, 19% at Hyundai; 40% each at Tata Motors and Renault India
- ▲ SAEL secures \$1 bn funding for Renewable Energy projects in India
To add 2-2.5 GW of RE annually with an overall target of 10GW
- ▲ Housing inventory in Delhi-NCR falls 23% to 94,803 units as on Dec-23, at a decadal low
- ▲ Mumbai office spaces absorption at 8.5 mn sq ft in 2023, an 18% YoY growth
- ▲ Starbucks to increase stores in India from 390 to 1,000 by 2028
Plans to enter Tier 2 & Tier 3 cities

GOVT. INITIATIVE

- ▲ Govt allows direct listing of securities by Indian companies on GIFT City's Exchange
Move expected to increase foreign capital flows into the country
- ▲ Railways slashes mass transport freight rates for SUVs by 33%
- ▲ Govt approves 8 pumped storage Hydropower Projects with a capacity of 11.9 GW
Projects would entail an investment of ₹819 bn
- ▲ Centre slashes import duty on a number of mobile phone components to 10% from 15%
- ▲ India imposed anti-dumping duties on Chinese wheel loaders, gypsum tiles and laser machinery for 5 yrs
- ▲ India imposes 50% export duty on sugar-derivative molasses
Amid possibility of a decline in domestic sugar production in the current season
- ▲ Govt commits ₹450 bn investment to develop river cruise tourism by 2047
₹350 bn for cruise vessels and ₹100 bn for Terminal infrastructure
- ▲ Govt raises duty on gold & silver findings, coins to 15%
Industry complained of surge in imports of gold findings such as hooks, clasps to make jewellery
- ▲ HP Govt restricts departments from buying diesel-petrol vehicles from Jan 1, 2024

Solar Rooftop Scheme 2024

- Govt announced an outlay of ₹100 bn under the PM Suryodaya Yojana for Solar Rooftops
- 10 mn households will be enabled to obtain up to 300 units free electricity every month
- REC, the implementation agency, might have an opportunity to lend upto ₹1.2 tn
- Govt set to increase rooftop solar installation subsidy from 40% currently to 60%

INTERNATIONAL UPDATE

- ▲ US SEC approved 11 spot bitcoin ETFs
Approval paves way for entry of Bitcoin into 401(k) plans
- ▲ China cuts reserve requirement ratio for all banks by 50 bps
The move would free up \$139.5 bn to the market
- ▲ EU agrees on additional \$54 bn aid package for Ukraine

Red Sea Crisis

- Since Nov 2023, Yemen-based Houthi militia have targeted cargo ships in the Red Sea
- Red Sea region is vital for 30% of global container traffic and 12% of global trade
- Post attacks 95% vessels have rerouted around the Cape of Good Hope
- Re-routing affects 20-25% of India's total merchandise trade adding 14-20 days to journeys
- This resulted in higher freight costs, delayed deliveries and global supply chain disruptions
- Hardest hit sectors include Refined petroleum, Agri commodities, Plastics and Marine food

INDIA - ECONOMIC DATA

| Economic Indicator | Dec'23 | Nov'23 | Dec'22 |
|-------------------------|----------|---------|-----------|
| WPI | 0.7% | 0.3% | 5.0% |
| CPI Inflation | 5.7% | 5.6% | 5.7% |
| Core Sector Growth Rate | 3.8% | 7.8% | 7.4% |
| Trade Deficit (in \$) | -19.8 bn | 31.5 bn | -23.14 bn |

| Economic Indicator | Jan'24 | Dec'23 | Jan'23 | MoM | YoY |
|-------------------------|----------|----------|----------|-------|-------|
| Composite PMI | 61.2 | 58.5 | 57.5 | 4.6% | 6.4% |
| GST Collection (₹) | 1.7 tn | 1.6 tn | 1.5 tn | 4.9% | 11.0% |
| AVG USD INR | 83.3 | 83.2 | 81.8 | 0.2% | 1.9% |
| Forex Reserves (\$) | 616.1 bn | 623.2 bn | 573.7 bn | -1.1% | 7.4% |
| Merchandise Export (\$) | 38.5 bn | 33.9 bn | 38.1 bn | 13.6% | 1.1% |
| Railway Freight Traffic | 138.9 MT | 128.4 MT | 130.7 MT | 8.2% | 6.4% |
| Air Passenger Traffic | 13.7 mn | 12.7 mn | 12.7 mn | 7.9% | 7.9% |

**All the numbers are rounded to a single decimal place*

BANKING SECTOR UPDATE

Liquidity Surplus/Deficit (₹ bn)

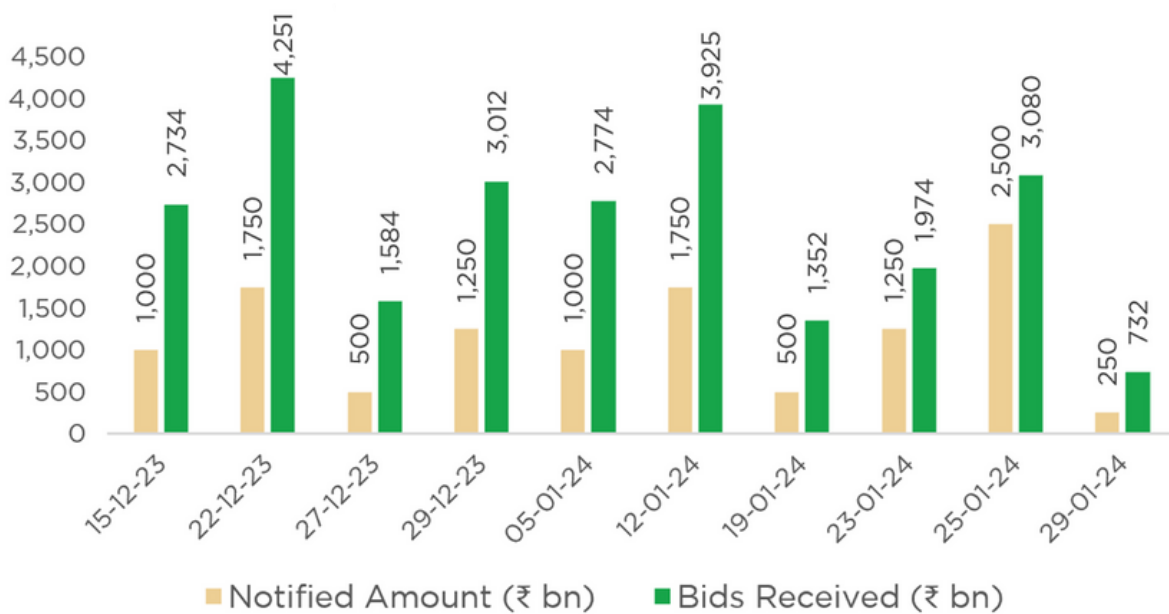


• Source - RBI Money Market Operations Daily Report

Banking system liquidity deficit breached the ₹3 tn mark to hit a 14-year high on account of the the following reasons:

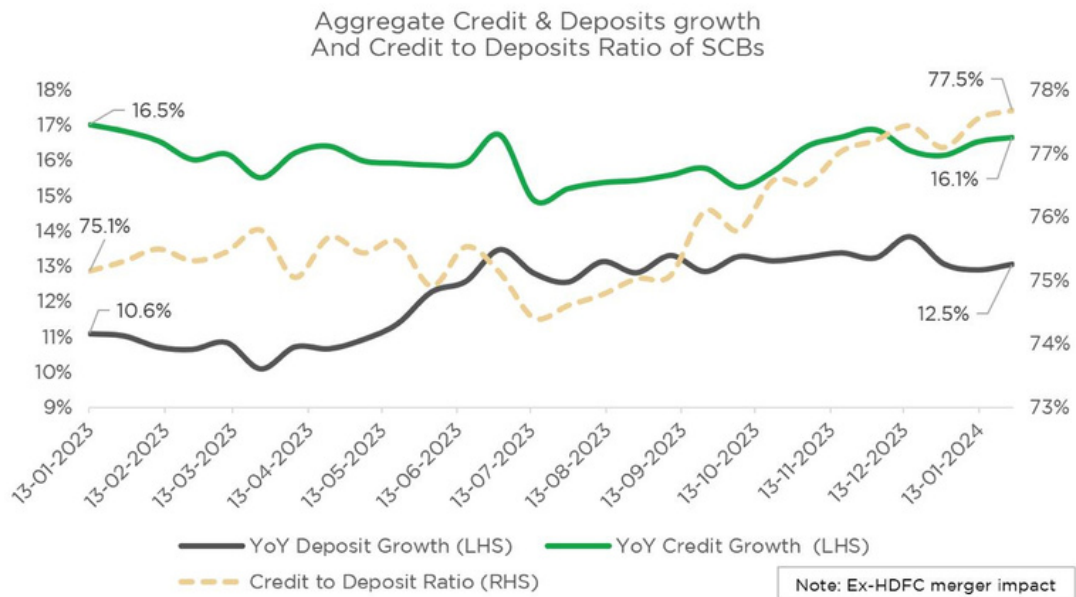
- Outflows towards GST and Advance Tax payments
- Central Govt reduced spending and accumulated cash balances with RBI
- Banks facing intense competition from NBFCs for garnering deposits
- Surge in equity investment including participation in IPOs & flows in MFs

Variable Repo Rate Auctions



- Liquidity deficit impact was also visible in call money market where call money rates were running above the repo rate
- Jan' 24 witnessed the largest liquidity infusion by RBI, through Variable Repo Rate (VRR), which is a temporary solution to provide short-term liquidity

BANKING SECTOR UPDATE (Contd..)

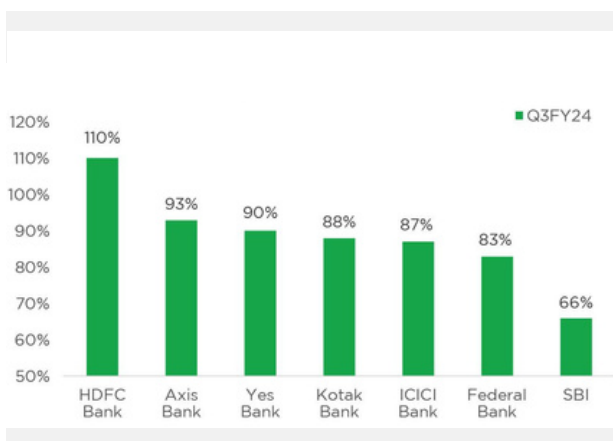


Although the wedge between bank’s credit & deposit growth has almost halved in this year, however the negative gap implies securing funds for growth would be a key monitorable for Banks going forward

| NIMs (%) | Q3FY23 | Q2FY24 | Q3FY24 |
|-----------|--------|--------|--------|
| HDFC Bank | 4.1 | 3.4 | 3.4 |
| SBI | 3.7 | 3.5 | 3.4 |
| ICICI | 4.7 | 4.5 | 4.4 |
| Axis | 4.3 | 4.1 | 4.0 |
| Kotak | 5.5 | 5.2 | 5.2 |
| PNB | 3.3 | 3.2 | 3.3 |

| CASA (%) | Q3FY23 | Q2FY24 | Q3FY24 |
|-----------|--------|--------|--------|
| HDFC Bank | 44.0 | 37.6 | 37.7 |
| SBI | 44.5 | 41.9 | 41.2 |
| ICICI | 45.3 | 40.8 | 39.4 |
| Axis | 44.5 | 44.0 | 42.1 |
| Kotak | 53.3 | 48.3 | 47.7 |
| PNB | 43.7 | 42.2 | 42.5 |

Bank Loans To Deposit Ratio (in %)



MPC Takeaways (February 2024)

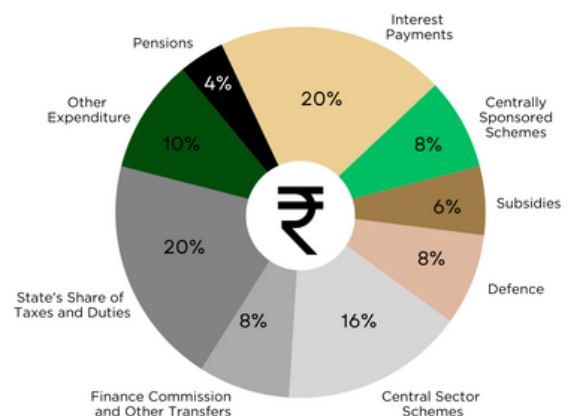
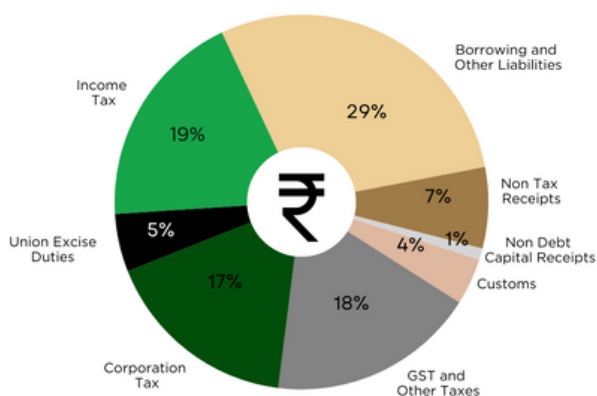
- RBI keeps Repo Rate unchanged at 6.5% and withdraws "Accommodative Stance"
- GDP growth for FY25 projected at 7%, lower than 7.3% this fiscal
- RBI projects CPI inflation at 4.5% for FY25

INTERIM BUDGET HIGHLIGHTS

- FY25 fiscal deficit target lowered to 5.1% of GDP; FY24 Revised fiscal deficit pegged at 5.8% of GDP from 5.9%
- Capex for FY25 increased by 11.1% YoY to ₹11.11 tn, amounting to 3.4% of the GDP
- Centre will borrow gross of ₹14.13 tn in FY25 compared with ₹15.43 tn for FY24
- ₹1.64 tn allocated towards fertiliser subsidy for FY25, 13% lower than RE of ₹1.88 tn
- No revisions in Income Tax rates for FY25
- PMAY (Grameen) close to achieving target of 30 mn houses, with an additional 20 mn targeted to be built in the next 5 years
- Long-term interest free loans will be provided to States for encouraging development of iconic tourist centres
- Projects for port connectivity, tourism infrastructure and amenities will be taken up in islands, including Lakshadweep
- 5 integrated Aquaparks will be set under Pradhan Mantri Matsya Sampada Yojana
- Government will provide Viability Gap Funding (VGF) for 1 GW of offshore wind energy
- The application of Nano-DAP is to be expanded in all agro-climatic zones
- Govt. to implement 3 railway corridor programmes under the PM Gati Shakti for multi-modal connectivity
- India-Middle East-Europe Corridor (IMEC) Project to be taken forward despite geopolitical disturbances

| Major schemes in force under the Interim Budget 2024 (₹ in bn) | | | Proposed allocation for various ministries under the Interim Budget 2024 (₹ in bn) | | |
|--|----------|----------|--|----------|----------|
| | 23-24 RE | 24-25 BE | Ministry | 23-24 RE | 24-25 BE |
| MGNREGA | 860 | 860 | Defence | 6,240 | 6,220 |
| Ayushman Bharat - PMJAY | 69 | 75 | Roads and Highways | 2,760 | 2,780 |
| Production Linked Incentive Scheme | 46 | 62 | Railways | 2,430 | 2,550 |
| Development of Semiconductors ecosystem | 15 | 69 | Consumer Affairs & PDS | 2,220 | 2,130 |
| Solar Power (Grid) | 48 | 85 | Home Affairs | 2,000 | 2,030 |
| National Green Hydrogen Mission | 1 | 6 | Rural Development | 1,710 | 1,770 |

Rupee Comes From (%) FY24-25 BE Rupee Goes To (%)

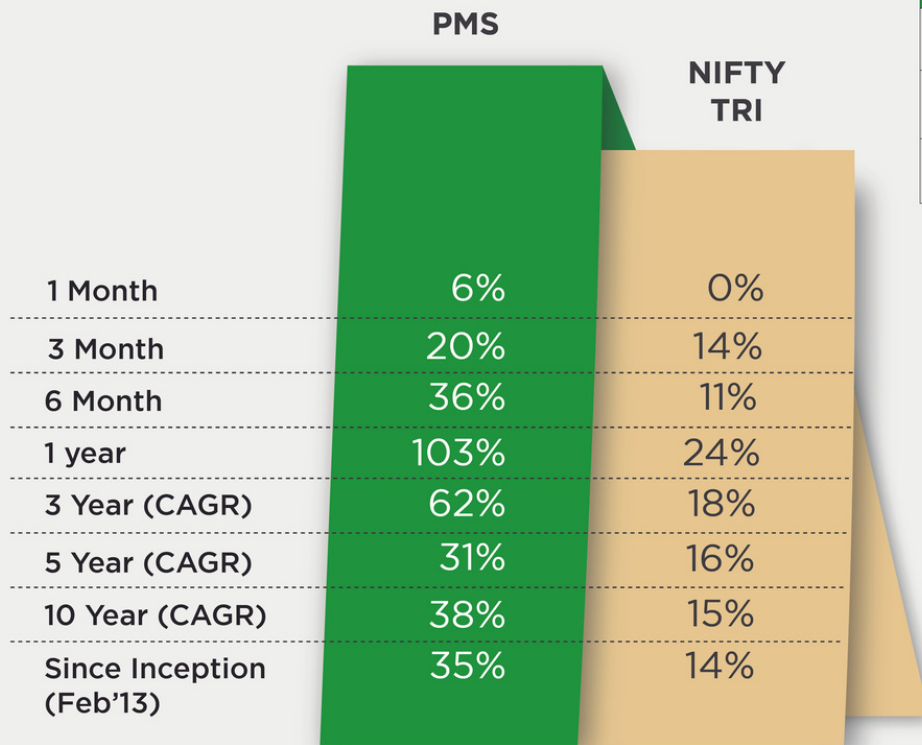


Aequitas : What's Trending

| | |
|----------------------------|---|
| Interview with ET | Siddhartha's interview with ET |
| Article in ET Markets | Coverage of Aequitas Investments by ET Markets |
| Article in Moneycontrol | Coverage on Aequitas' Contra view on Indian Equities |
| ICAI Singapore Event | Siddhartha's Keynote Speech at the ICAI Singapore Event on Valuations |
| Interview with GoodReturns | AIF Co-Fund Manager Nishith Shah's interview |

AEQUITAS

PMS PERFORMANCE SUMMARY
AS ON 31st JANUARY 2024



| Internal Rate of Return | XIRR% |
|---|-------|
| Maximum XIRR of the investment approach | 104% |
| Minimum XIRR of the investment approach | 5% |
| Median XIRR of the investment approach | 31% |

Returns over 1 year period are on a compounded annual basis; returns are adjusted for inflows/outflows and are after expenses as of 31st January 2024.

Please note that performance of your portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of

- The timing of inflows and outflows of funds
- Differences in the portfolio composition because of restrictions and other constraints.

Absolute XIRR return is computed for clients completing less than one year from reporting date.

Performance-related information provided herein is not verified by the regulator. This material is not for marketing purposes.