

# INDIA TOP DOWN & BOTTOM UP



NSE Mcap - \$4.3 tn  | Composite PMI - 59.0 | GST Collection - ₹1.64 tn | Auto Sales - 1.9 mn

## INDIA UPDATE

- ▲ After 9 stocks were added to the MSCI EM Index, India's weight hit 16.3% shattering the record set in Oct '22  
*China's weight declined from 43.2% to 28%*
- ▲ Gujarat signs MoU with AAI to develop 11 greenfield airports  
*Each airport is estimated to cost ~₹15-30 bn*
- ▲ Uttarakhand signed MoU worth ₹3.5 tn almost double of the ₹2 tn target  
*Work has already begun on implementing proposals worth ₹440 bn*
- ▲ Karnataka approved 14 projects worth ₹341 bn, likely to generate 13,000 new jobs
- ▲ Bharatmala project delayed by 6 yrs  
*Over 100% increase in estimated cost to ₹11 tn*
- ▲ Retail Food Inflation at 8.7% in Nov
- ▲ ITC to ramp up room inventory by 50% targeting to reach 18,000 keys in 5 years  
*At present ITC has 12,000 rooms across 131 hotels in 80 destinations*
- ▲ Kundan Green Energy signed MoU with the Uttarakhand to invest ₹10 bn for adding 80 MW of hydropower capacity
- ▲ Hindustan Coca-Cola Beverages (HCCB) signed an MoU with Gujarat; To invest ₹30 bn in facility for juices and aerated beverages
- ▲ Essar Group to invest ₹550 bn in energy transition, power and port projects in Gujarat
- ▲ GMR receives term loan of ₹32.2 bn to construct Vizag International Airport
- ▲ Toto Investment Managers to raise a Real Estate AIF amounting to ₹16 bn with a greenshoe option ₹8 bn  
*This would be the first real estate AIF domiciled in the GIFT City*

## COMPANY UPDATE

- ▲ JSW Infra to acquire majority stake in PNP Port from Shapoorji Pallonji Group for ₹2.7 bn  
*PNP Port operates multi-purpose jetties ~20 nm from Mumbai Anchorage*
- ▲ GMDC to spend ₹9 bn to develop underground copper mine in Gujarat  
*Site has over 700,000 tonnes of reserves consisting of copper as well as zinc and lead*

## COMPANY UPDATE (Contd..)

- ▲ Ambuja Cements to invest ₹60 bn in renewable power projects of 1000 MW capacity  
*This initiative will help the Co. to increase share of green power to 60% by FY26 from 19% currently*
- ▲ PNC Infratech L1 in M.P. Highway Project  
*Project Cost worth ₹11.7 bn*
- ▲ Varun Beverages to acquire The Beverage Co. (South Africa) for ₹13 bn
- ▲ HUDCO signs MoU with Gujarat, with State committing to ₹145 bn in financing  
*Financing for various Housing and Infra Projects in Gujarat*
- ▲ DP World to invest ₹240 bn to build logistics facilities in Gujarat  
*Plan also includes proposal to build a port at Nargol, Gujarat*
- ▲ Godrej sells 600 homes worth ₹26 bn in Gurugram Project Launch

## CAPEX

- ▲ M&M to invest ₹35 bn to ₹50 bn to enhance SUV production capacity  
*Co plans to double SUV production to ~95,000 units per month*
- ▲ Uno Minda plans to invest ₹26 bn towards capex for EV parts and 4W lighting & switches
- ▲ Tata Electronics in process for setting up ₹400 bn plant in Assam  
*Unit will assemble and package semiconductors*
- ▲ BPCL approves proposal of Polypropylene production in Kochi Refinery  
*Project with capacity of 400 KTPA, worth ₹50.4 bn*
- ▲ Adani Energy Solutions to invest ₹30 bn in T&D project  
*Project involves building energy evacuation transmission network*

FY 24 PSU Capex Status	FY 24 Target (₹Bn)	Achieved till Nov (₹Bn)	Achieved till Nov (%)
Railways	2,727	1,765	65
Roads	1,622	1,154	71
Petroleum	1,068	818	77
Power	609	335	55
Comm.	596	437	73
PMO	226	96	42
Coal	195	130	67
Steel	103	53	52
Defence	43	18	42
Civil Aviation	40	26	65
Housing	37	25	68
Mines	22	14	67
Renewable	21	1	14
Shipping	1	0	88
Overall	7,335	4,885	67

Source : Department of Public Enterprises, Ministry of Finance

## ORDERBOOK UPDATE

- ▲ KPIL awarded new orders of ₹22.6 bn, taking the total FY24 YTD Order book to ₹144.4 bn
- ▲ BEL received orders ₹39.1 bn for AMC of Radars
- ▲ NBCC receives order of ₹15 bn to construct 1469 warehouses in India
- ▲ BEL receives orders worth ₹488 mn from Indian Army for the supply of Fuses for various calibers
- ▲ Mazagaon Dock Shipbuilders signed contract worth ₹16 bn  
*Contract for supply of Offshore Patrol Vessels*
- ▲ KEC International secures order of ₹15.7 bn  
*Orders in T&D, Energy, Construction and Cables segments*

## ORDERBOOK UPDATE (Contd..)

- ▲ Ashok Leyland secures orders of 552 buses from Tamil Nadu State
- ▲ L&T wins large engineering orders in UAE and Kuwait
- ▲ GPS Renewables wins orders of ₹20 bn for CBG plants
- ▲ Techno Electric & Engineering Co. received T&D orders worth ₹17.5 bn
- ▲ L&T received EPC order in Saudi Arabia worth over ₹50 bn
- ▲ KPIL wins orders worth ₹32.5 bn  
*Projects span across T&D, Construction, Metro Rail*
- ▲ HFCL bags order of ₹11.3 bn from BSNL

## GENERAL UPDATE

- ▲ Corporate Bond issuances raise ₹9.67 tn until Dec 2023
- ▲ ITR filing increase 9% YoY to 81.8 mn for AY24
- ▲ 48 Cos. announced ₹478 bn in share buyback, highest in 6 yrs

Robust growth in UPI Transactions		
Month	Volume (in Bn)	Value (₹ Tn)
April	8.9	14.2
May	9.4	14.9
June	9.3	14.8
July	9.9	15.3
August	10.6	15.8
September	10.6	15.8
October	11.4	17.2
November	11.2	17.4

- ▲ Gold prices hit a record ₹64,200/10 gm and Silver hit new highs of ₹78,331/1 kg
- ▲ The average power purchase cost increased by 71 paise between FY22 and FY23

- ▲ Property values in top cities see highest appreciation in a decade with average price gains of 10%-15%

*Rentals too are up 10-30%, surpassing home loan EMI's in many cases*

- ▲ Ethanol blending percentage reduced to 10.24% in Nov '23 from 12.4% in Oct'23

*Blending rate for the previous ethanol supply year was 12.04%*

- ▲ Sales of Indian wearables and hearables jumped 3x over in last 3 yrs

- ▲ MF Industry saw record SIP inflows of close to ₹170 bn

*Industry AUM grew 21% to ₹49.1 tn as on 30th Nov*

- ▲ Banks GNPA at decadal low of 3.2%

- ▲ Record 13.8 mn passengers travelled by air in December

*Air traffic grew 23% YoY to 152 mn passengers in 2023*

- ▲ UPI transaction value grew 42% YoY to ₹18.2 tn in Dec 23

*Transaction volume grew 54% YoY to 12 bn in Dec 23*

## GOVT. INITIATIVE

- ▲ Govt to pump in additional ₹15 bn for FAME-II subsidy scheme

- ▲ Govt seeks Lok Sabha nod for over ₹ 1.29 tn additional spending for FY24

*Govt. expected to meet its 5.9% fiscal deficit target for FY24 despite this additional spend*

- ▲ Odisha Govt. approves 19 projects worth ₹36.6 bn, likely to generate 17,553 jobs

- ▲ Govt mandates AC cabins for truck drivers in landmark auto sector decision

- ▲ Govt. to spend ₹743 bn to develop 3,111 km of road network connecting tourist circuits

- ▲ RBI injected ₹4.5 tn through VRRs in Dec 23

## INTERNATIONAL UPDATE

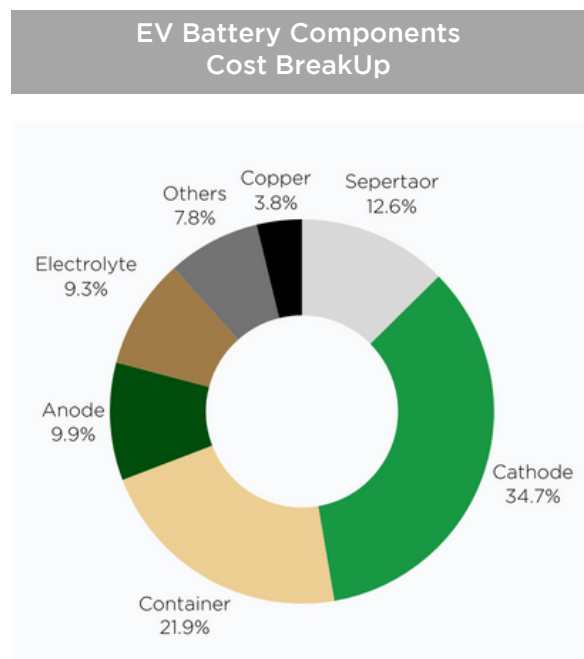
- ▲ ReNew Energy signed an MoU with ADB to secure over \$5.3 bn in debt  
*ADB aims to achieve \$100 bn in green energy funding by 2030*
- ▲ Ocean freight rates are 10% higher MoM as shippers choose to avoid the Red Sea route
- ▲ Japan's Nippon Steel to acquire U.S. Steel for US\$14.9 billion
- ▲ UK to implement carbon tax on imported goods like steel, aluminum, ceramics, cement from 2027
- ▲ UAE to initiate US\$2 bn investment in Food Parks  
*First Food Park to be setup in Kandla, Gujarat*

## KEY TRENDS IN SOME OF THE SECTORS

### 1. Lithium Ion Ecosystem taking baby steps in India

- India to invest ₹2 bn to purchase 5 Lithium Blocks in Argentina
- Govt. to pay upfront 30% of cost for critical mineral exploration projects
- VinFast to come up with \$2 bn integrated EV facility in Tamil Nadu

Company	Component	Capacity	Capex
Neogen	Electrolytes	4,000 MTPA	₹4.5 bn
Ather Industries	Electrolyte Additives	N/A	N/A
Graphite	Cathode	N/A	N/A
Himadri	Cathode	200,000 MTPA	₹48 bn
HEG	Anode	22 MWh	₹48 bn
OLA	Cell Manufacturing	20 GWh	₹32 bn
Rajesh Exports	Cell Manufacturing	5 GWh	N/A
Reliance	Cell Manufacturing	20 GWh	N/A
Exide	Cell Manufacturing	6 GWh	₹60 bn
Amara Raja	Cell Manufacturing	16 GWh	₹95 bn



### 2. Railways plans to award contracts worth ₹1 tn for train sets

- Railways have spent 70% of the ₹2.4 tn capital budget for FY24

Company	Order Receipt in Dec 2023
Jupiter Wagons	₹16.2 bn
Oriental Rail Infrastructures	₹12.1 bn
Texmaco Rail & Engineering	₹13.7 bn

## KEY TRENDS IN SOME OF THE SECTORS (Contd..)

### 3. Steel Sector 2023 Update

- Demand witnesses 15% growth YoY
- Capacity utilisation across major steel mills at 83%
- India was net importer of steel with trade deficit in sector at ₹24 bn
- Domestic Steel Prices started softening May onwards
- India's steel production for Jan - Nov stood at 128.2 mt, up 12.1% YoY
- Steel imports at 4.3 mt and exports at 4.0 mt

Steel Companies Adding - 25 mnt Capacity by FY25	
Company	Capacity Addition
Tata Steel	5.0 mnt by FY24
JSW Steel	7.3 mnt by FY25
Jindal Steel & Power	6.3 mnt by FY25
SAIL	3.0 mnt by FY24
Arcelor Mittal Nippon Steel	3.0 mnt by FY25

- Capacity addition is ~20% of total India steel production in CY23

### 4. India moving towards Premiumisation

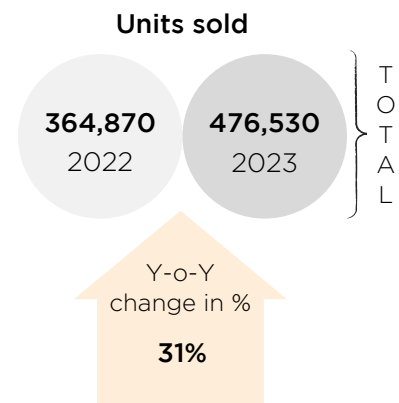
- Consumer durables see premiumisation shift, affordable segment lags
- Average car prices at ₹1.15 mn, up 40% from 2019

Tracking the trend (Y-o-Y chg for Jan-Oct 2023)						
Category	Overall Growth (%)		Premium (%)		Affordable (%)	
	Value	Volume	Value	Volume	Value	Volume
Refrigerator	-7	-4	5	3	-7	-5
Panel Television	3	-6	14	3	-4	-17
Smartphone	-2	9	47	46	-5	-4
Laptop	-17	-14	6	8	-8	-8
Washing Machine	-2	-0.5	9	10	0.1	11

Note: Y-o-Y comparison between Jan-Oct 2022 against Jan-Oct 2023  
Sources: Gfk Market Intelligence, retail point of sales offline tracking

### 5. Robust Demand in Housing Real Estate

City/Region	CY22 (Units sold)	CY23 (Units sold)	Y-o-Y chg (%)
NCR	63,710	65,625	3
Mumbai	109,370	153,870	40
Bengaluru	49,480	63,980	29
Pune	57,145	86,680	52
Hyderabad	47,485	61,715	30
Chennai	16,100	21,630	34
Kolkata	21,220	23,030	9



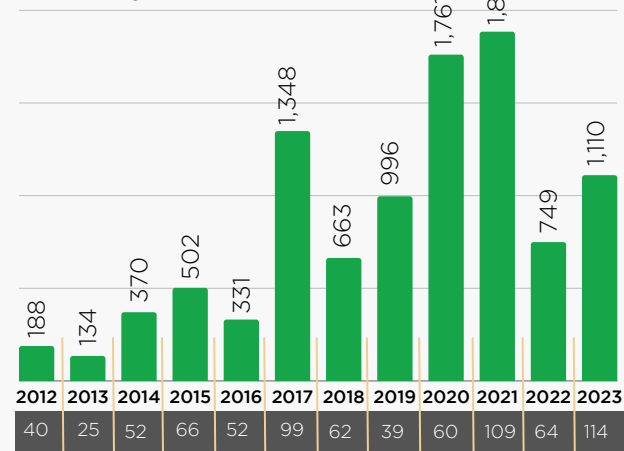
- Luxury housing sales rise by 83%

## 2023 INDIA WRAP UP: Indian Markets - Key Developments

### ▲ Fund Raising In Primary Markets

#### PUBLIC OFFERINGS

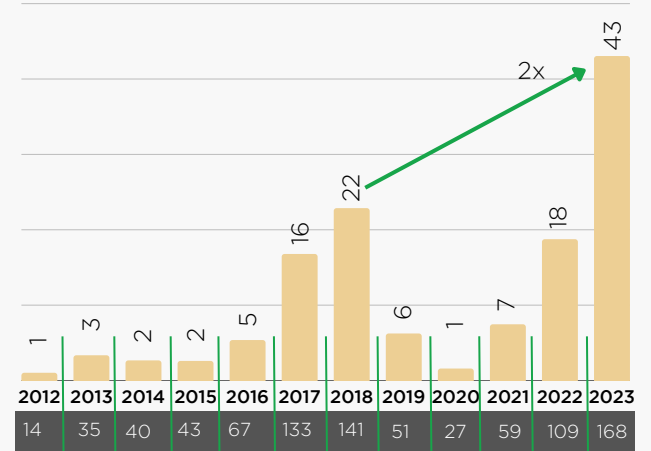
IPOs + Rights + QIPs



■ Number of Issues  
■ Amount (₹ Bn)

- Bull run bonanza yields almost ₹1 tn in exits for PE/VC investors
- ₹530 bn was raised through QIPs in 2023 of which 40% was raised by commercial banks (A 353% increase from ₹117 bn raised through QIPs in 2022)

#### SME IPO



■ Number of Issues  
■ Amount (₹ Bn)

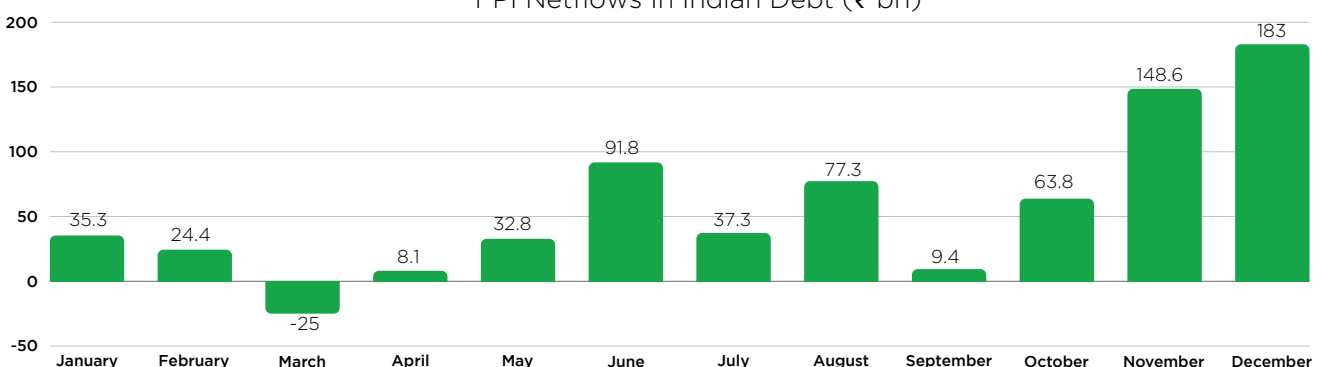
- The amount mopped up by SME IPOs this year 1.9x the previous record
- 166 SMEs raised record ₹44.7 bn through IPOs in 2023
- 109 SMEs raised close to ₹19.8 bn in 2022

### ▲ Equity & Debt Flow

#### FPI Equity Net Flows

Month [2023]	Value [Bn ₹]	Month [2023]	Value [Bn ₹]
January	-288.5	July	466.2
February	-52.9	August	122.6
March	79.4	September	-147.7
April	116.3	October	-245.5
May	438.4	November	90.0
June	471.5	December	661.3

#### FPI Netflows In Indian Debt (₹ bn)



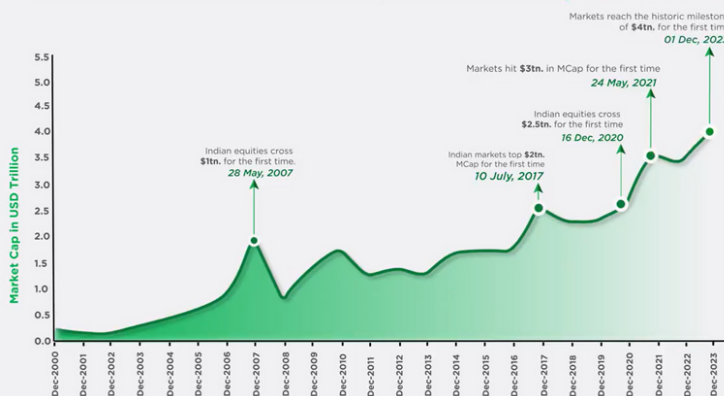
- JPMorgan includes India in emerging market debt index
- Indian gov't bonds could become part of Bloomberg indices in 2024

## 2023 INDIA WRAP UP: Indian Markets - Key Developments (Contd...)

▲ Indian Indices among the best performing asset classes in 2023

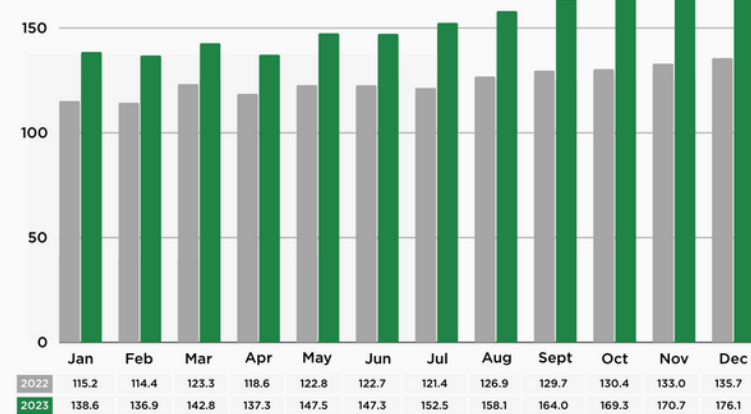
Asset Class	Closing Level	CY 23 Return (%)
Bitcoin (USD)	42,208	155.8%
Ethereum (USD)	2,293	91.9%
S&P BSE SmallCap 100	14,933	54.8%
S&P BSE MidCap 100	45,558	45.6%
Nasdaq	15,011	44.5%
Nikkei 225	33,464	30.1%
S&P 500	4,770	24.7%
NSE Nifty	21,654	19.4%
Kospi	2,655	19.3%
DAX	16,752	19.1%
S&P BSE Sensex	72,038	18.3%
Dow Jones	37,690	13.7%
Gold (USD)	2,062	12.1%
Silver (USD)	24	-0.9%
Shanghai Composite	2,975	-4.5%
Crude (Brent)	77	-6.2%
Platinum (USD)	995	-8.0%
Hang Seng	17,047	-13.8%

Indian markets cross the historic US \$4 trillion market capitalisation threshold



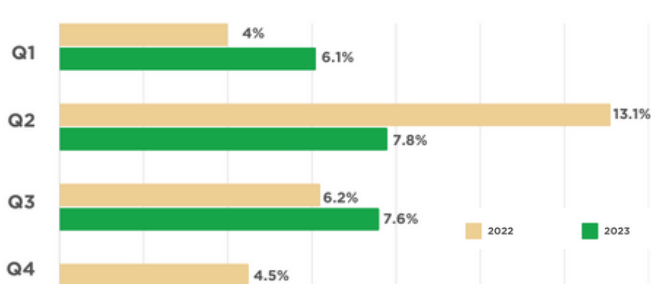
- 2023 was a phenomenal year for India with GST Collections, SIP Inflows, Auto Sales, UPI Transactions, Equity & Debt Inflow all at record high levels.
- NSE Nifty and S&P Sensex returned ~ 20% which was overstepped by BSE Small Cap & Mid Cap returning over ~ 45%.
- India's growth story remains intact with sectors like defence, infra, power and auto doing really well.
- However, we ended the year with a liquidity deficit at 8 year high of ₹2.27 tn in Dec 2023, which remains a key monitorable
- In addition, escalation of 2 major regional conflicts could also result in severe volatility going forward

SIP Inflows (₹ bn)



## 2023 INDIA WRAP UP: Indian Economy - Key Developments

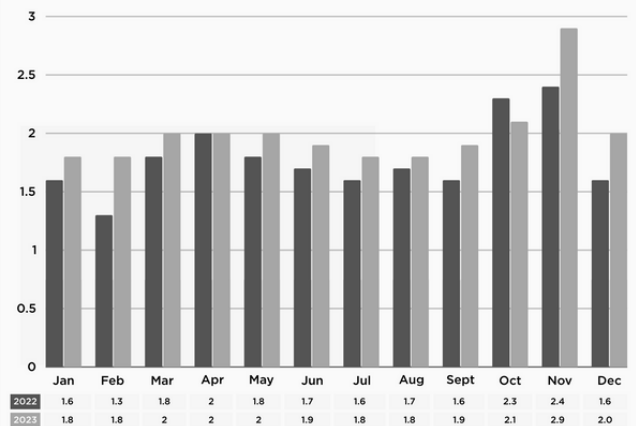
### ▲ GDP



- Remittances to India hit US\$125 bn in 2023 at 3.4% of GDP
- Remittances increased 12.4% YoY in 2023 as compared to growth of 24.3% in 2022

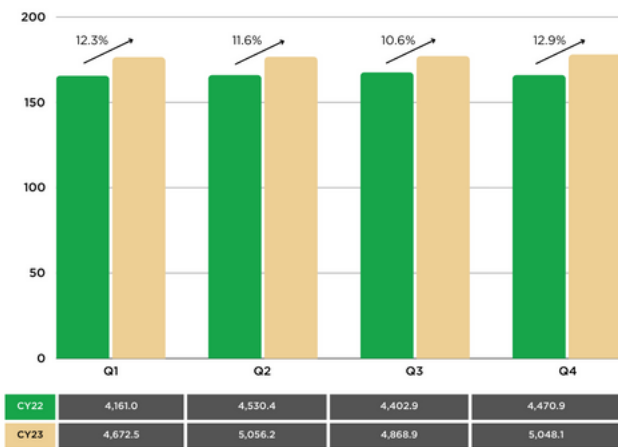
### ▲ Auto Sales (mn)

- Total auto sales for 2023 stood at 23.9 mn, up 11.7% YoY

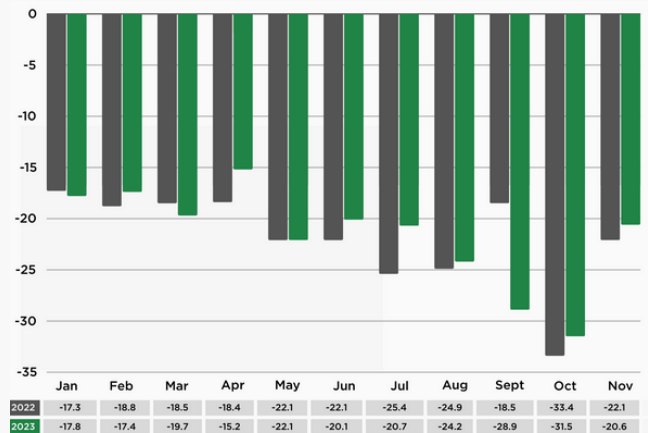


### ▲ GST Collection (₹ bn)

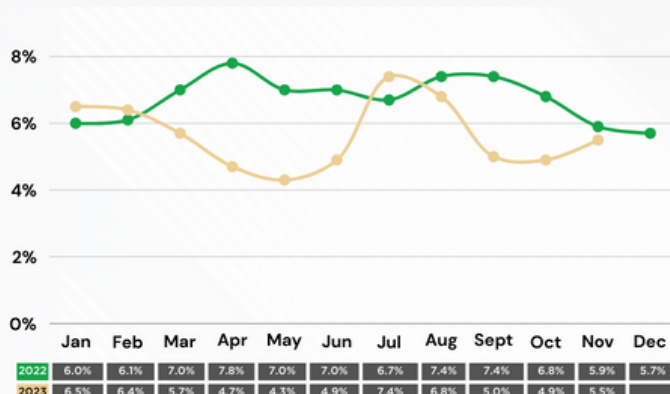
- GST collections in 2023 stood at ₹ 1.96 tn, up 11.8% YoY



### ▲ Net Import Export Data (USD bn)



### ▲ CPI Inflation



- In 2023, CPI inflation largely remained below 2022 levels
- There was a mid year spike in CPI inflation in 2023 mainly on account of a sharp rise in food inflation
- El-Nino weather patterns will be a key monitorable in 2024



Economic Indicator	Nov'23	Oct'23	Nov'22
WPI	0.3%	-0.5%	6.1%
CPI Inflation	5.6%	4.9%	5.9%
Core Sector Growth Rate	7.8%	12.1%	5.4%
Trade Deficit (in USD)	\$-20.6 bn	\$-31.5 bn	\$-22.1 bn
Merchandise Exports	\$33.9 bn	\$33.6 bn	\$34.9 bn

Economic Indicator	Dec'23	Nov'23	Dec'22	MoM	YoY
Composite PMI	59.0	57.4	57.5	2.8%	2.6%
GST Collection (₹)	₹ 1.64 tn	₹ 1.67 tn	₹ 1.49 tn	-1.8%	10.1%
Auto Sales (units)	1.9 mn	2.9 mn	1.6 mn	-33.3%	18.8%
AVG USD INR	83.2	83.4	82.4	-0.2%	1.0%
Forex Reserves	\$623.2 bn	\$597.9 bn	\$562.7 bn	4.2%	10.7%

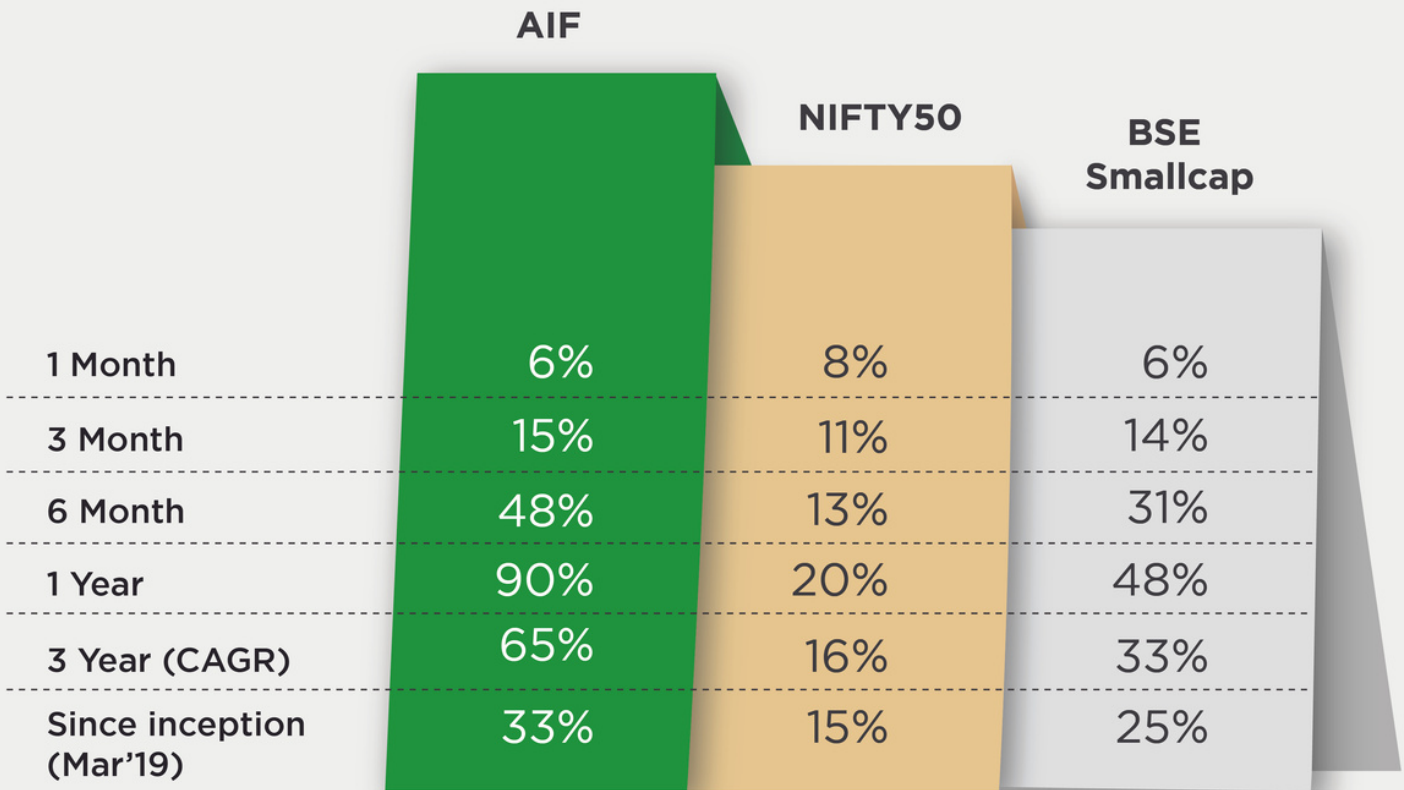
*\*\*All the numbers are rounded to a single decimal place*

#### Aequitas : What's Trending

Interview with Moneycontrol	<a href="#">Siddhartha's interview with Moneycontrol</a>
Interview with NDTV-Profit	<a href="#">Siddhartha sharing his market outlook for 2024</a>
CFA Society of India Event Video	<a href="#">Siddhartha Bhaiya on Cracking the Multibagger Code</a>
Coverage on Aequitas Investments	<a href="#">Media Coverage on Aequitas Investments</a>
Media article on our Special Series	<a href="#">Moneycontrol's feature on our 'Madness of Markets' series</a>

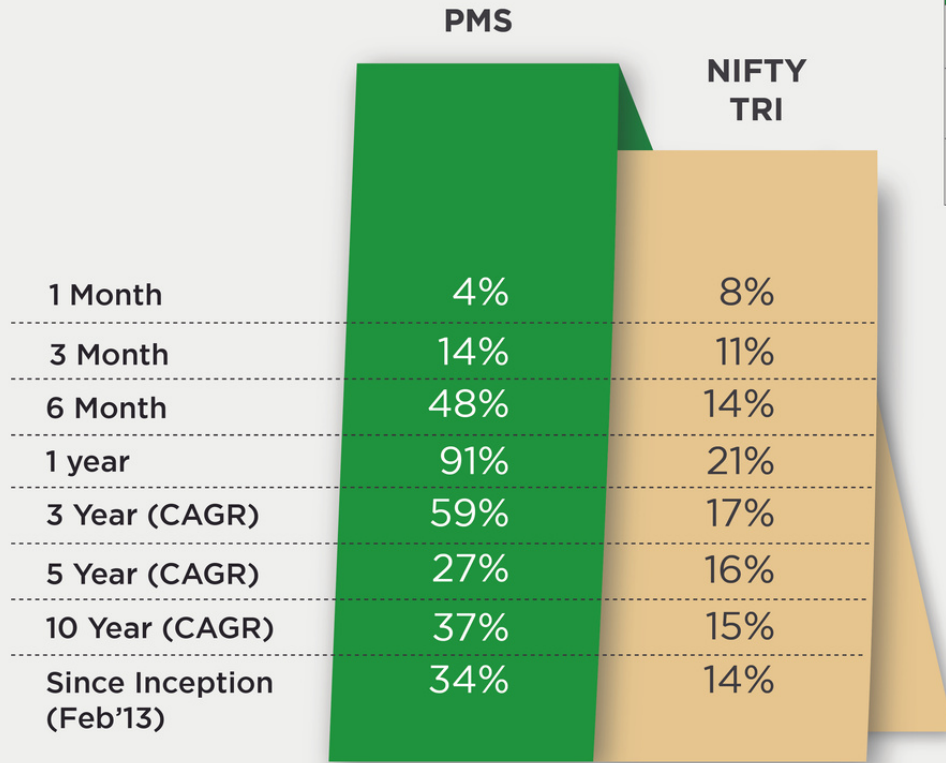
**AEQUITAS**

**AIF PERFORMANCE SUMMARY  
AS ON 31st DECEMBER 2023**



\*\*Returns are calculated post expenses and fees on 31st December 2023. Returns over 1 year period are annualized. Performance-related information provided herein is not verified by the regulator. This material is not for marketing purposes.

**PMS PERFORMANCE SUMMARY  
AS ON 31st DECEMBER 2023**



Internal Rate of Return	XIRR%
Maximum XIRR of the investment approach	94%
Minimum XIRR of the investment approach	1%
Median XIRR of the investment approach	30%

Returns over 1 year period are on a compounded annual basis; returns are adjusted for inflows/outflows and are after expenses as of 31st December 2023.

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.

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