

TOP DOWN & BOTTOM UP

BSE Mcap: ₹463.2 tn | Composite PMI: 58.3 | GST Collection: ₹1.7 tn | Forex Reserves: \$704.9 bn

THE SIGNS OF SLOWDOWN

Macro Data



- ▲ Trade Deficit widened to \$29.7 bn in August from \$24.2 bn a year ago
- ▲ India's merchandise exports declined to \$34.7 bn in August from \$38.3 bn a year ago
- ▲ Export of petroleum products saw a decline of 37.5%, while export of gems & jewellery saw a decline of 23%
- ▲ Core sector growth shrunk to 1.8% in August
- ▲ Growth in India's GST collections slumped to a 40-month low of 6.5% in September, with revenues at ₹1732 bn
- ▲ Decline in the output of coal, crude oil, natural gas, refinery products, cement and electricity
- ▲ India's manufacturing PMI hit 8-month low in Sept at 56.5 from 57.5 in August
- ▲ Services PMI in India decreased to 57.7 points in September to hit a 10-month low from 60.9 points in August of 2024




Consumption Slowdown



AUTO SEGMENT

- ▲ Auto - Premium Segment SUV sales 18% decline in first 5 months
- ▲ Even with massive discounts ahead of festive season, Auto sales were flat in September
- ▲ Tyre makers margin under pressure as price of natural rubber has increased more than 33% YoY in first five months of 2024

| Companies (unit sales in '000) | Sep-23 | Sep-24 | % Change |
|-----------------------------------|--------|--------|----------|
| Maruti Suzuki | 150.8 | 145.0 | -4% |
| Hyundai Motor | 54.2 | 51.1 | -6% |
| Tata Motors | 44.8 | 41.1 | -8% |
| Mahindra & Mahindra | 41.3 | 51.1 | 24% |
| Toyota Kirloskar Motors | 22.2 | 23.8 | 7% |
| Kia India | 20.0 | 23.5 | 17% |
| JSW MG Motor | 5.0 | 4.6 | -8% |

| Sales (April - August) | FY 24 | FY 25 | % Change |
|--|---------|---------|----------|
| Hatchback (up to ₹10L)  | 507,587 | 425,796 | -16% |
| Midsize Sedans (₹10-20L)  | 53,252 | 23,814 | -55% |
| Premium SUVs (₹20L+)  | 124,220 | 102,309 | -18% |

Consumption Slowdown



OIL CONSUMPTION

- ▲ Petrol sales rose 2.8% YoY in September while diesel dropped 2%, signalling a slowdown in India's oil demand
- ▲ In the April-August period, diesel sales rose just 1% YoY, petrol 8% and LPG 7%

RETAIL SALES

- ▲ Retail sales in August 2024 showed a moderate gain of 2% on YoY basis in August
- ▲ The first two days of the largest online discounting sales this year failed to deliver a major demand spike

| Category | YoY Growth in August |
|--|----------------------|
| Food & Grocery | 7% |
| Jewellery | 5% |
| QSR, Apparels, Consumer durables and electronics | 2% |
| Furniture | -2% |
| Beauty and wellness, Sports goods | -1% |

REAL ESTATE

- ▲ New housing launches and sales in third quarter of Calendar Year 2024 in top 9 cities showed a decline of 11% and 18% respectively

IPHONE SALES

- ▲ Apple sold just an estimated 37 mn units in the first weekend of iPhone 16 pre-sales, down more than 12% YoY

Demand for the higher priced iPhone 16 Pro devices were down sharply YoY

Infrastructure Slowdown



INFRASTRUCTURE

- ▲ PSU capex falls 14% amid sluggish investment - dragged down by slower pace of investment by Railways and NHAI between April - August'24
- ▲ Coal India production fell to 50.9 MT from 51.4 MT in September, a degrowth of 1%
- ▲ Power consumption in September remained flat at 141.4 bn units YoY. Peak power demand contracted to 230.6 GW from 239.9 GW last year
- ▲ Cement-makers across North, Central and East India have cut back on production in Q2 (July - September) by 10-15%
In view of persistent poor demand and stalled projects or delayed award of contracts, following extended Monsoon
- ▲ Steel sector facing challenges amid rising low-cost imports, limited export opportunities, seasonal weakness in demand, and unfair dumping by surplus countries like China
- ▲ HRC prices have decreased ranging between ₹47K and ₹51K per tonne from its peak of ₹77K in April'2022

Credit



| Disbursement Trend in Fintech | Volume (in mn) | % Change | Value (in ₹ Crore) | % Change | Ticket Size (in ₹) | % Change |
|-------------------------------|----------------|----------|--------------------|----------|--------------------|----------|
| Q1 FY24 | 23.0 | - | 29,556 | - | 11,246 | - |
| Q2 FY24 | 25.8 | 12.2% | 36,353 | 23.0% | 12,231 | 8.8% |
| Q3 FY24 | 26.0 | 0.8% | 39,278 | 8.0% | 13,438 | 9.9% |
| Q4 FY24 | 26.6 | 2.3% | 39,580 | 0.8% | 13,447 | 0.1% |
| Q1 FY25 | 26.4 | -0.8% | 37,676 | -4.8% | 12,997 | -3.3% |

Slowdown in Credit Growth Rate

| Category (YoY) | Q1 FY25 | Q1 FY24 |
|-------------------|---------|---------|
| Home Loan | -9% | -4% |
| LAP | 2% | 13% |
| Auto Loans | 2% | 10% |
| Two Wheeler Loans | 13% | 17% |
| Personal Loans | 3% | 36% |

INDIA UPDATE

▲ Diageo Plc announced ₹ 8.4 bn investment in India to develop new products and expand its premium spirits portfolio

▲ The banking system liquidity stood at a surplus of ₹ 798.1 bn

▲ Registrations of PV and CV fell last month with excess rainfall & floods disrupting retail sales in several states

PV sales declined by 4.5%, CV by 6.1%

▲ Life insurers recorded a 22% rise in new business premium collection of ₹ 326 bn in August

For first five months of FY25, new business premium collection rose 21% to ₹ 1,542 bn

▲ Apple has begun negotiations with Micron, Tatas and other chip manufacturers setting up plants in India for sourcing supplies worth USD 12 bn

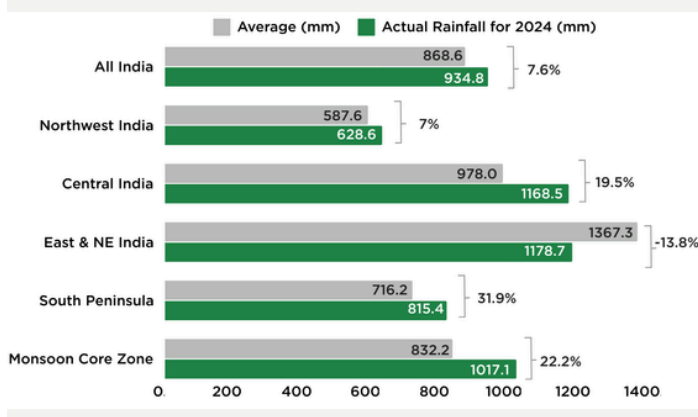
▲ Apple's iPhone exports from India reached ₹419.8 bn in first five months of FY25 - increase of 54% over FY24

★ Government imposed tariffs ranging from 12% to 30% on Welded stainless steel pipes and tubes imported from China and Vietnam

Aimed at protecting domestic steel industry and reducing dependence on cheaper imports

Monsoon Update

(June - Sept 2024)



INDIA UPDATE (Contd...)

▲ India's purchases of coking coal from Russia have surged by 53% from January to August

The sanctions-hit country sells the ingredient at a significant discount to other large suppliers

▲ NBFCs increase borrowing via bonds as bank loans become expensive

Raised ₹ 883.4 bn in Q2 FY25



The equity allocation of household savings has risen from 15% in 2020 to 25% in 2024, while bank deposit allocation has declined from 53% to 42%

★ Electricity prices in spot market declined by over 40% in August due to favorable monsoon and increased hydro and wind generation

National Electricity Plan 2032: Key Features Announced

- To expand India's transmission network from 4.85 lakh CKM in fiscal ended March 2024 to 6.48 lakh CKM by 2032
- To enhance transformation capacity from 1,251 GVA to 2,342 GVA by 2032
- Plans to set up nine higher voltage direct current transmission systems with a total capacity of 33.25 GW
- The new capacities will nearly double current operational capacity of 33.5 GW
- Approval of an additional 50 GW for the Inter State Transmission System

▲ Net direct tax collections up 16.12% to Rs 9.95 tn. Advance tax up 22.61%, PIT advance tax up 39.22%, corporate tax advance tax up 18.17%

| Tax Collections | | |
|----------------------|-------|---------------|
| Apr-Aug 2024 (₹ trn) | | Growth (in %) |
| Gross tax revenue | 11.89 | ▲ 12.0% |
| Corporate tax* | 2.39 | ▼ -5.9% |
| Income tax | 3.6 | ▲ 25.6% |
| Central GS | 3.36 | ▲ 10.4% |
| Customs | 0.84 | ▲ 11.9% |
| Excise | 0.99 | ▲ 5.1% |

*Degrowth in corporate tax indicates decline in corporate profitability, which is a sign of slowdown

▲ India's imports of finished steel from China has increased to 3.7 million tonnes during the April-August period of 2024

Overall steel imports have reached a seven-year high

▲ India's monthly oil imports from Russia declined by 18.3% in August due to lower refining activity

Signalling a temporary dip in demand amidst fluctuating global energy dynamics

★ India's steel imports surged 26.5% to nearly ₹ 612.9 bn during May-July 2024, compared to the same period last year

Top 10 product categories such as stainless-steel flats, ingots, sanitary ware, and hot rolled coils comprised 35% of the imports

▲ India has overtaken US to emerge as second-largest market for 5G smartphones after China in first half of 2024

Affordable models of Xiaomi, Vivo, Samsung and others are driving the trend

GOVT. INITIATIVES

★ Ministry of Defence has approved procurement of Future-Ready Combat Vehicles and air defence fire control radars amounting to ₹ 1447.2 bn

This will modernise the fleet and enhance surveillance capabilities

▲ Government has proposed including solar cells in the ALMM scheme

It aims to reduce imports of solar cells and boost domestic procurement

▲ Government approves the PM E-DRIVE Scheme with an outlay of ₹ 109 bn for two years

Provides subsidies for electric vehicles, aims to establish 88,500 charging stations

▲ Union Cabinet has approved the expansion of (AB-PMJAY) allocating ₹34.4 bn to fund the expansion

It will cover all senior citizens aged 70 or above

▲ Andhra Pradesh Cabinet has approved a new liquor policy aiming to generate ₹20 bn in annual revenue

It will include private retail sales and cheaper select brands

▲ Government has reduced financial support for semiconductor assembly and testing factories by lowering subsidies from 50% to 20%

100 Days of Modi Govt

- Laid the foundation stone for Vadhavan Port in Maharashtra - a ₹760 bn all-weather port
- Development of eight high-speed corridor projects with a length of over 900 km at a cost of ₹506 bn
- Eight railway projects, with an estimated total cost of approx. ₹246 bn - covering 14 districts across seven states
- Metro projects in Pune, Thane and Bengaluru worth ₹307 bn to strengthen public transport and reduce travel time
- Approved proposal of AAI for development of Lal Bahadur Shastri International Airport, Varanasi - outlay of ₹28 bn
- Transmission schemes with an aggregate capacity of 50.9 GW have been approved with a total estimated cost of ₹607 bn

PALM OIL UPDATE

- Around 95% of palm and sunflower oil requirements are imported and around 70% of soybean oil is also imported
- India's edible oil import bill surged to \$15 billion in 2023/24 from \$2.2 bn in 2006/07
- Govt raised the duty from 5.5% on crude oils to 27.5% while that for refined oils is up from 13.75% to 35.75%
- Product prices of biscuits, snacks, detergents and soaps could increase by 6-7% in the quarter after the government increased basic customs duty
- The country's imports reached a six-month low, falling to 625,000 tonnes in September compared to 946,000 tonnes in August
- The Indian government has approved a ₹101 bn program to double edible oil production in the country within seven years

COMPANY UPDATE

Power & Energy

- ADNOC has agreed a 15-year deal to supply Indian Oil with 1.0 mn tonne pa of LNG
- Reliance Industries has secured entire 10 GWh capacity offered under second tranche of ACC PLI scheme
- IREDA sought government approval to sell up to 10% stake, aims to raise about ₹45 bn to fund growth
- Reliance Power has settled a ₹38.72 bn obligation on behalf of Vidarbha Industries Power
- Epsilon Advanced Materials plans to set up a ₹90 bn anode plant in Karnataka with an annual capacity of 90,000 tonnes
This will enhance domestic battery production, supporting India's electric vehicle and energy storage sectors
- Adani Green Energy and Adani Power have signed a PPA to supply 6.6 GW of power to Maharashtra
This strengthens the state's solar and thermal energy mix supporting its energy security

Steel

- SAIL is planning to more than double capacities to nearly 4.5 mtpa at its Benga coking coal mines in Mozambique
Part of the strategy to ramp up coking coal supplies
- Tata Steel Ltd has signed a ₹54.84 bn grant funding agreement with the UK government for its ₹137.10 bn green steel project in Port Talbot

Tourism & Infrastructure

- EaseMyTrip.com has acquired a 49% stake in Pflge Home Healthcare and a 30% stake in Rollins International
This marks its entry into the medical tourism sector

Automobiles & Auto Ancillaries

- EasyMyTrip has announced foray into electric bus manufacturing with investment of ₹2 bn
Signals its diversification into the green mobility sector, reflecting a strategic shift towards sustainability

Construction & Infrastructure

- JSW Infrastructure has approved a capex of ₹24 bn for capacity expansion at its Jaigarh and Dharamtar Port
Plan to increase capacity from the existing 70 MTPA to 400 MTPA
- Century Textiles and Industries has acquired a 10-acre land parcel in Worli worth ₹10 bn from the Wadia Group
- Reliance Infrastructure's external borrowing has decreased by 87.6% to ₹4.75 bn
- KKR-backed Highway Infrastructure Trust emerged as highest bidder for two NHAI highway stretches - offer of ₹66.61 bn
- The Adani Group to acquire a 46.64% stake in ITD Cementation India, valuing it at approximately ₹58.75 bn
Enhancing its civil engineering capabilities, further strengthening its infrastructure portfolio
- Tata Steel has commissioned India's largest blast furnace for investment of ₹270 bn
Plan to increase capacity from the existing 3 MTPA to 8 MTPA

Telecommunication

- Vodafone Idea (VI) has signed a ₹302 bn contract with Nokia, Ericsson, and Samsung for network equipment
VI aims to bolster its network capacity, potentially improving coverage for over 240 mn users

CAPEX UPDATE

Power & Energy

- Coal India to spend ₹672 bn on coal fired plants near mines
It has won approvals for 4.7GW of generation to be built over 6-7 years
- Torrent Power to invest over ₹640 bn in renewable energy projects by 2030 for achieving 10 GW of installed capacity
- Tata Power plans to invest up to ₹755.5 bn to quadruple its renewable energy capacity to over 20 GW in the next 5-6 years
- REC Ltd has signed MoUs worth ₹1.12 tn to finance various renewable energy projects
It will accelerate India's transition to clean energy
- L&T Power Transmission & Distribution vertical has secured major contracts in the Middle East with an estimated value of ₹100-150 bn

Construction & Infrastructure

- CCEA approved a 309 km new railway line between Maharashtra and Madhya Pradesh costing ₹180 bn
- Cabinet has approved the fourth phase of the PMGSY with an outlay of ₹701.2 bn
Aims to construct 62,500 kms of rural roads and boost rural infrastructure and improve accessibility
- The Indian government awarded contracts for the construction of 589 km of highways in August
A sharp rise as compared to the April-July period when awards were given for a total of 563 km of roads
- Delivery of 200 Vande Bharat sleepers likely delayed
Negotiations on fresh changes in the nearly ₹600 bn supply and maintenance contract yet to reach finality

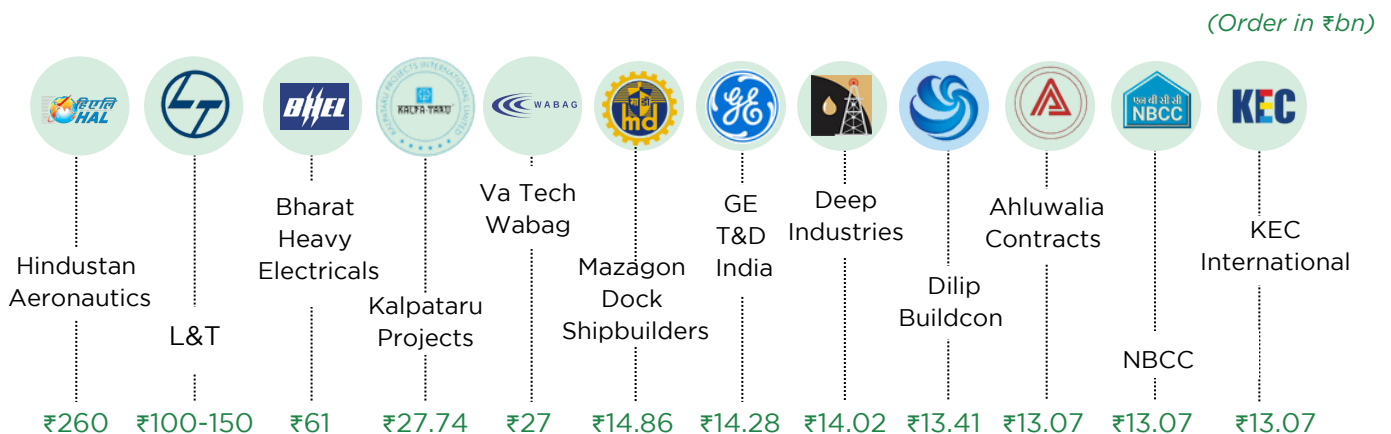
Electronics and Electricals

- Kaynes Technology to set up semiconductor facility in Gujarat with investment of ₹33 bn
- Tata Electronics has signed an MoU with Tokyo Electron to acquire equipment and services for its chip manufacturing units

Steel

- ArcelorMittal Nippon Steel India has invested ₹ 10 bn in a new production line for Magnelis steel in Gujarat
It aims to secure over 50% of the domestic steel supply market for solar projects
















ORDERBOOK INFLOW UPDATE



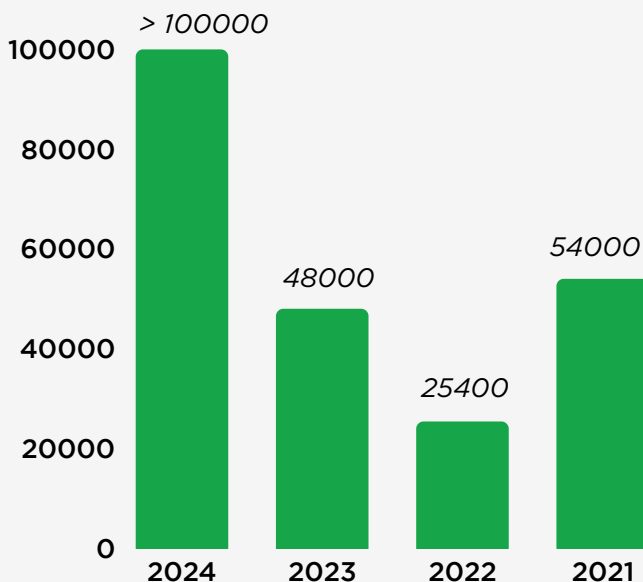
CAPITAL MARKET UPDATE

Top QIP/Preferential Allotment in Sep

(In ₹bn)

| | |
|--|------|
| Samvardhana Motherson International Ltd  | 64.4 |
| Punjab National Bank  | 50.0 |
| Prestige Estates Projects Ltd  | 50.0 |
| General Insurance Corporation Of India  | 47.0 |
| Indian Renewable Energy Development Agency Ltd  | 45.0 |
| GE T&D India Ltd  | 42.0 |
| Bank Of Maharashtra  | 35.0 |
| Hero Motocorp Ltd - Ather Energy  | 31.0 |
| Authum Investment & Infrastructure Ltd  | 30.0 |
| Spicejet Ltd  | 30.0 |
| Reliance Infrastructure Ltd  | 29.3 |
| Sona Blw Precision Forgings Ltd  | 24.0 |
| IIFL Wealth Management Ltd  | 22.5 |
| Reliance Power Ltd  | 15.2 |
| Brigade Enterprises Ltd  | 15.0 |

YTD value of shares sold by promoters via secondary market (in ₹Cr)



Capitalising on the recent market bull run, promoters year to date have sold share worth over ₹1 lakh crore, reaching an all-time high. In September quarter alone, nearly 180 companies sold more than ₹40,000 crore worth of shares



INTERNATIONAL UPDATE



Fed Cut

- The Fed’s policy-setting committee cut the federal funds rate by 50 basis points
- It’s the first cut to the federal funds rate since March 2020, bringing rates down to 4.75% to 5% from the 5.25% to 5.5% since last cut
- The S&P 500 index, a broad measure of US stock market performance, rose by 2.3% on the day of the announcement
- Yields on 10-year US Treasury bonds declined by 0.15%

▲ Indonesia’s central bank cut interest rates by 25 basis points to 6%, its first rate cut since February 2021

▲ The BoE maintained interest rates at 5% on and continued its quantitative tightening program

To reduce holdings of government bonds by an additional ₹9.20 tn over the next 12 months

China fires Economy Boosters

- Plans to issue USD 142 bn special sovereign debt primarily to stimulate consumption
- 50 bps cut in mortgage rate & reduction in down payments to stabilize property market
- Facilitation of Stock repurchase financing (USD 43 bn) & swap facilities to support capital markets (USD 71 bn)
- 50 bps cut in Banks’ RRR & capital injection into large state-owned banks (USD 142 bn) to improve liquidity
- For detailed analysis on this, please refer to [link](#)

By cutting mortgage rates, injecting liquidity into banks, and supporting capital markets, government aims to tackle its property market woes and stimulate consumption



Booster announcement was received very well by the market, inducing a rally in Hang Seng index which rose by 35% in less than 30 days!

INDIA ECONOMIC DATA

| Economic Indicator | Aug'24 | July'24 | Aug'23 |
|-------------------------|--------|---------|--------|
| WPI Growth | 1.3% | 2.0% | -0.5% |
| CPI Growth | 3.7% | 3.5% | 6.8% |
| Core Sector Growth | -1.8% | 6.1% | 13.4% |
| Trade Deficit (in bn\$) | 29.7 | 23.5 | 24.2 |



India's core sector growth for August turning negative signals underlying weaknesses in industrial output, particularly in key sectors like coal, steel, and cement. This decline raises concerns about slowing demand and investment



India's forex reserves at USD 704.9 billion offer a solid import cover of about 11 months, ensuring resilience against external shocks and currency volatility

| Economic Indicator | Sep'24 | Aug'24 | Sep'23 | MoM | YoY |
|----------------------------|--------|--------|--------|-------|-------|
| Composite PMI | 58.3 | 60.7 | 61.0 | -4.0% | -4.4% |
| GST Collection (in ₹tn) | 1.7 | 1.8 | 1.6 | -1.1% | 6.8% |
| AVG USD INR | 83.8 | 83.9 | 83.0 | -0.1% | 0.9% |
| Forex Reserves (US\$ bn) | 704.9 | 684.0 | 587.7 | 3.1% | 19.9% |
| Air Passenger Traffic (mn) | 13.3 | 13.1 | 12.3 | 1.5% | 8.0% |

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

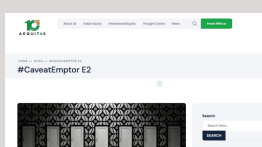
AEQUITAS: WHAT'S TRENDING



[Aequitas' take on Hyundai IPO](#)



[Siddhartha's take on market valuations](#)



[Indian companies vs Global peers. An eye opener!](#)



[Siddhartha on Cracking the Multibagger code](#)

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