INSIGHT

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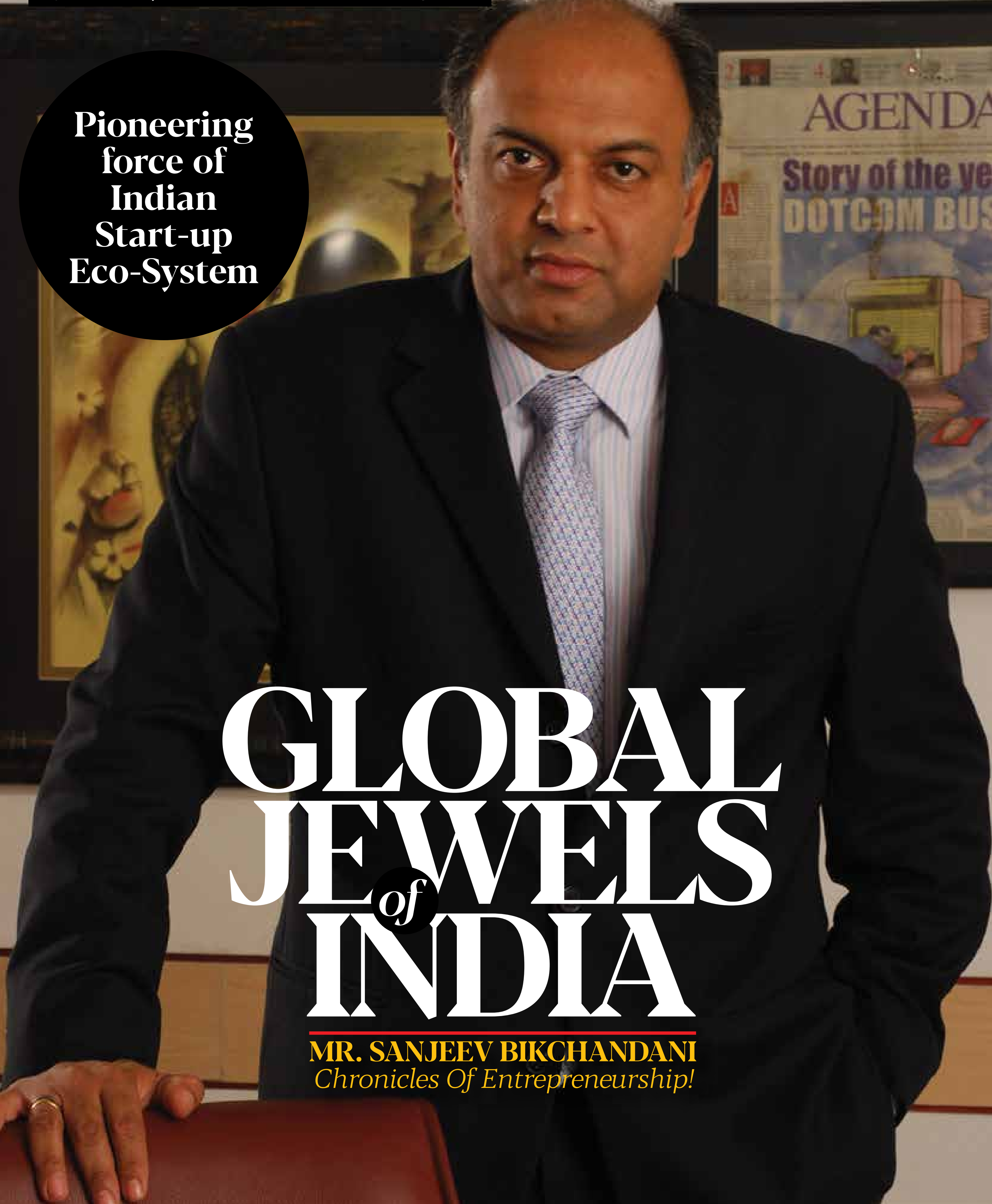

Pioneering force of Indian Start-up Eco-System

GLOBAL JEWELS of INDIA

MR. SANJEEV BIKCHANDANI

Chronicles Of Entrepreneurship!

INSIDE THIS ISSUE

Mr. Sanjeev Bikchandani,
Co-Founder, Infoedge & Ashoka University

MR. AMIT JAIN

Co-Founder, Ashika Global Family Office Services

Dear Global Investors,

We are delighted to welcome Mr. Sanjeev Bikchandani to the prestigious club of 'Self Made Global Jewels of India' in the fifth limited edition of our Global Family Office magazine. A man who revolutionized the job search industry in India by founding an iconic start-up called Naukri.com.

Mr. Bikchandani, who is also known as the "Father of the Indian Start-Up Eco-system," has not only built successful businesses in the internet age but also become a trusted mentor to new-age entrepreneurs. His guidance and support has helped countless start-ups to turn their companies into unicorns and scale their aspirations to new heights.

In the previous editions, we have covered Mr. Naveen Jain, an Indian visionary with a multi-billion-dollar empire in the Pharma and Space Exploration industries; the Haldiram Group, a global food giant valued at \$3+ Billion with a presence in 80+ countries; Ms. Aditi Kothari, Vice Chairperson of the DSP Group, one of India's oldest financial houses; and Mr. Ashish Chauhan, the MD and CEO of National Stock Exchange (NSE).

I hope that Mr. Bikchandani's life journey inspires you to take the road less travelled. And just to take a quote from his interview, "Dream big but start small."

Regards
Amit Jain

Market
OVERVIEW

There is no dearth of bad news and negative vibes and the year 2023 has certainly not produced the best of starts. However, the one important question that would be flocking in every brilliant minds is whether year 2023 would be remembered the same way as 2008 was. Prominent experts have already started to warn investors of a possible "Minsky moment" ahead, which refers to sudden collapse of the market following a long period of unsustainable speculative activity involving high debt amounts taken by investors. There is no doubt that post global financial crisis (GFC), monetary policies haven't been traditional and have been rather ultra-loose for a very long time. While the Fed was doing a course correction of its balance sheet, COVID episode just changed all equations. There are arguments that every asset prices around the world, are in a bubble and such that they could correct massively, when the bubble bursts, thus bringing in massive market crashes and harsh recession. Case in point is house prices which have gone significantly higher and, in some cases, like for instance in Australia its only one way up. Clearly, firming prices also brings in home loans tied with them and other financial instruments attached and thus when the bubble bursts, it is a recipe for disaster. The failure of three banks in US and followed by the forced merger of Credit Suisse with UBS have already unnerved investors. While people could argue that the elements of the crisis in 2008 were led by different parameters, the bottom line is that both instances are driven by asset-liability mismatches. Regulators and government in USA have so far managed to stave off the contagion from spreading, however the systemic risks do persist. Authorities in US have curtailed the panic among depositors by providing assurance and hence arrested the deposit flight from regional banks. There is a however a substantial question mark over the health of the regional banks in US, especially with their asset-liability mismatches. Thus, in times like this, the Fed would probably have to constantly open new windows and provide liquidity support. However, what has surprised investors is the Fed's decision to go ahead with 25bps rate hike as the same would further complicate the situation. At the same time, the Fed has even guided for a pause, after another 25bps probable rate hike and eventually the Fed would then observe the banking situation at hand and the credit crunch and simultaneous impact on economic growth. In any case, the Fed would have to open a window to provide liquidity to the affected banks, however that would be at the cost of credit growth in the economy, since these regional banks were the ones supporting small businesses in US and now, they would like to protect their precious capital than lend. Aware of the same, the Federal Open Market Committee (FOMC) stated that "recent developments are likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring, and inflation." It's just a matter of question which one takes precedence for Fed- inflation or banking stability. Thus, the Fed would eventually have to make a U-turn on its tightening mode and could very well be back to the old days of easing, only time will tell when. As for the present crisis at hand, no one has a proper handle, and even the optimists are turning into pessimists. The fact that the Lehman crisis was triggered by real estate segments, while the present problems with the US regional banks relates to a safe assets-bonds. However, the problem being that the historic low interest rates has also created bubble in bond markets and thus vulnerable to rate hikes.

These risks were in fact flagged by economists back in 2018 published in a paper 'Financial stability implications of a prolonged period of low interest rates' by the Bank for International Settlements' Committee on the Global Financial System (CGFS). The report contained a scenario wherein interest rates jack up from very low levels driven by higher inflation. One of its conclusions was: 'our review of stress tests, the simulation exercise on Swiss banks, and the US experience with rising rates since the GFC (Global Financial Crisis) suggest that banks may be putting themselves at more risk should interest rates rise abruptly, especially smaller banks that do not hedge their interest rate positions.' Clearly, the report foretold almost everything what's been happening today. Indeed, when suddenly rates jack up, it could have destabilising impact on banks, insurance companies and private pension funds. These instances would have probably played out earlier, however COVID just pushed back the rate tightening and the accompanying challenges with them. Thus, bank runs were an obvious outcome of the sudden hike in interest rates after periods of low interest rates. The same is argued by Mr. Ruchir Sharma, chair of Rockefeller International in his latest piece in Financial Times. He is against the intent of government to rescue the economy, banks, companies, households, industries, financial markets and even foreign markets in crisis periods. In contrast, he is in support of liquidationists who would rather let businesses fail. He argues that the present day problems are created by the governments themselves with decades of easy money, thus creating markets which are nearly five times larger than the world economy. He argues that the government rescue packages in the recent periods have artificially held down corporate default rates to unexpectedly low levels, and unfortunately these rescue packages have led to misallocation of capital and creation of zombie firms thus affecting productivity in economy. Mr. Sharma believes that as fragility in the global financial system grows, it makes the case stronger for another rescue package in the making. According to him, constant rescues undermine capitalism and while these constant interventions by governments eases the pain of crisis, but overtime lowers productivity, economic growth and living standards. Even the markets are convinced that the Fed would take a U-turn on rate hikes and soon follow it up with rate easing. Thus, these unconventional monetary policies have rather become extremely predictable and once it has started, it cannot be stopped abruptly unless risking financial crisis.

The RBI has however said in its 'State of the Economy' monthly report that the Indian economy is among the brightest spots and not affected directly by the present banking crisis at hand. Nevertheless, it cannot be immune to crisis of any sort in a globally connected world. The major risks stem from the externalities to the economy and the foreign fund flows, thus aggravating current account deficit. Besides, the decline in global asset prices will hit almost everybody in the world. Bank of America survey of global fund managers now believes 'systemic credit risk event' as the major tail risk for the markets. Majority of them however believes, US shadow banking to be the major culprit followed by US corporate debt as well as real estate. The fact that problems in banking and financial sector could have repercussions on India's IT and technology sector as well as service exports. The RBI report has assumed ~7% GDP growth for FY24, higher than consensus estimates driven by recovery in private consumption and public capex. Yet, the report itself considers private consumption to have challenges but also assumes that even if 50% of the Rs 35,000 crore tax relief proposed in Union Budget is used by tax payers for consumption and that could be a real game changer. The Government has certainly did its part on upping the ante on spending on capex and that could be gauged from the quality of expenditure. However, there are nagging risks as well, especially with regards to inflation. The present bout has been led by rising cereal prices. Government has been active in procuring wheat and releasing the same to the open market, to cool prices. The fact that it also depends a lot on how the monsoon goes and kharif sowing. The dreaded El Nino could further raise internal challenges and impact rural sentiments and income as well. So far, however, majority of the lead indicators are in positive territory and makes the case to remain optimistic on Indian economy in an otherwise morose global set up.

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EXCLUSIVE **INTERVIEW** WITH

Padma Shri Awardee Mr. Sanjeev Bikchandani, Co-Founder, Infoedge & Ashoka University

Q You began your career in Marketing after your post graduate but soon made the switch to entrepreneurship, what sparked this decision that led you to make a transformative shift from a traditional career to the road less travelled?

I had wanted to be an entrepreneur for a long time. I was waiting for the right time and opportunity. When I felt the time was right, I quit my job and became an entrepreneur.

Q What inspired you to start Info Edge Ltd, and how did you come up with the idea for Naukri.com? Can you walk us through some of the challenges you faced and how did you overcome them?

A friend and I had started two companies in partnership. One was Info Edge, which did salary surveys, and the other was Indmark, which researched trademarks. We got the idea of Info Edge when we noticed how companies would compete for talent, and we felt there was a gap in the market regarding salary information and benchmarking.

The idea of Naukri germinated when I noticed in my last job that all of my colleagues would look at appointment advertisements more than they would at the articles whenever the office copy of Business India came in. This gave me the insight that jobs are a high-interest category of information. This insight became Naukri six years later when I saw the Internet for the first time.

Q Can you tell us about the early days of Naukri.com, and how you grew the platform to become India's leading job portal? And, could you share with us a memorable experience from your early days as an entrepreneur?

In the beginning, we were bootstrapping. We had very little money. We simply took information about jobs from appointment advertisements in newspapers around the country and put them on the site. This proved to be a traffic magnet, and soon we were getting visitors to the site without having to advertise. Once that happened, we were able to charge for companies' job listings, and the business got going.

Q You have been a prominent figure in India's startup ecosystem for over two decades now. What are some of the most significant changes you've seen in the industry during this time? What do you see as the biggest opportunities and challenges facing the Indian startup ecosystem today?

There have been several enablers in the environment: penetration of mobile telephony and smartphones, cheap data access, the UPI stack, Startup India, Digital India, Jan Dhan Accounts, availability of capital, talented entrepreneurs, etc. For many of these, the government deserves credit. There is a huge opportunity in India for talented youngsters who want to found start-ups—the market, the technology, the capital, and the enabling regulations are all there.

Q How do you approach innovation and staying ahead of the curve in such a fast-paced industry in a world where technology evolves so quickly?

We do it by ensuring that we are able to attract the right talent to the company and retain them for a long time.

Q Info Edge has expanded beyond just job portals, with ventures in areas like real estate and education. Can you tell us about your strategy for diversifying the company's offerings?

We regard ourselves as an online classifieds company. While we started with jobs, we went on to solve unsolved problems in other classified verticals.

Q Info Edge Ventures has also invested in a range of startups across sectors like fintech, edtech, and healthtech. Can you tell us about the criteria you use to evaluate potential investments in these areas?

We look at the quality of the team and the quality of the idea. If there is natural traction, half the battle is won. After this, we look at the market size, the competitive dynamics, and the moat or potential moat.

Q You stepped down as CEO from Info Edge in 2010, transitioning to a mentorship role for several entrepreneurs and start-ups. What has your journey been like from entrepreneur to mentor & investor?

It took me a couple of years to get used to not having an operational role, but after that, I began to enjoy it, and investing takes up most of my time.

Q You are actively involved in several philanthropic initiatives. Can you tell us about some of these efforts and what motivated you to pursue them?

The biggest philanthropic project we support is Ashoka University. The idea came from an understanding that India lacked a high-quality Liberal Arts and Sciences institution, and therefore this was an underserved segment and there was a need gap. Today, Ashoka is well-established and going from strength to strength.

Q What are some of the core values and principles that have guided you throughout your entrepreneurial journey?

A focus on the customer, operational excellence, a people orientation and integrity, and good governance.

Q What do you hope your legacy will be, both in terms of your contributions to the business world and your broader impact on society?

Organisations and institutions that will outlive me and continue to serve their stakeholders well after I have departed from the scene.

Q What advice would you give to aspiring entrepreneurs who are looking to start their own business?

Dream big but start small.

Mutual Fund Overview

ICICI PRUDENTIAL EQUITY SAVINGS FUND

About the scheme

The scheme would take exposure in Equity for potential upside, arbitrage for hedging and accrual income and debt for accrual returns.

Investment Objective

The Scheme seeks to generate regular income through investments in fixed income securities and using arbitrage and other derivative strategies. The Scheme also intends to generate long-term capital appreciation by investing a portion of the Scheme's assets in equity and equity related instruments.

Objective of the Approach:

1. Equity: Investing in handful of stocks and aim to keep portfolio beta low.
2. Arbitrage: Exposure in arbitrage for hedging risk, maintaining equity taxation and with an aim to provide accrual income.
3. Covered Call Option: Writing call option with an aim to provide accrual income
4. Fixed income instruments with an aim to provide accrual income

Investment Strategies

Equities:

For the equity portion of the corpus, the AMC intends to invest in stocks, which are bought, typically with a medium to long-term time horizon. The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unit holders' interest. The scheme would actively rebalance the equity portion of the portfolio depending on the market scenarios.

In a scenario where equity markets are attractive, the Scheme would exploit such opportunities with increased equity participation. In a scenario where equity markets are expensive, the Scheme would reduce the equity participation and actively use arbitrage and cash to hedge the portfolio and generate low volatility returns. The scheme will decide the attractiveness and expensiveness based on market valuations like price to earnings and price to book value. Based on the valuations derived from the stated financial parameters, if the markets are expensive, then considerable equity exposure will be hedged based on the asset allocation provided. When the markets are attractively valued, then net long equity exposure will be higher.

Arbitrage Opportunities:

The market provides opportunities to derive returns from the implied cost of carry between the underlying cash market and the derivatives market. This provides opportunities to generate returns that are possibly higher than short term interest rates with minimal active price risk on equities. Implied cost of carry and spreads across the spot and futures markets can potentially lead to profitable arbitrage opportunities.

Important Information	
NAV (G) (Rs.)	18.10
IDCW (Rs.)	12.14
Inception Date	Dec 05, 2014
Fund size(Rs.Cr.)	4937
Fund Manager	Equity: Kayzad Eghlim, Mr. Dharmesh Kakkad; Debt: Manish Banthia, Ritesh Lunawat & Ms. Sri Sharma (derivatives transactions)
Entry load	N.A.
Exit Load	For units in excess of 10% of the investment, 0.25% will be charged for redemption within 7 days
Benchmark	NIFTY Equity Savings TRI
Min Investment (Rs.)	5000
Min SIP Investment (Rs.)	100

Key Ratios	
Beta (x)	1.03
Standard deviation (%)	9.22
Sharpe Ratio	0.12
Alpha (%)	-0.64
R Squared	-
Expense ratio (%)	0.99
Portfolio Turnover ratio (1 Year)	0.42
Avg Market cap (Rs. Cr.)	189403

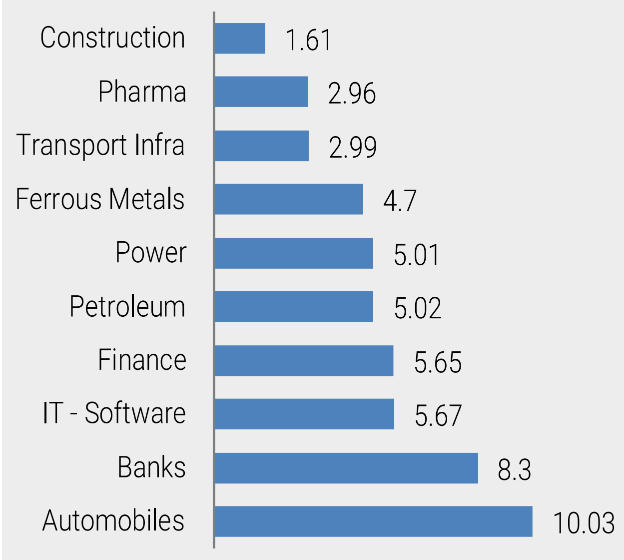
Portfolio as on Feb 28, 2023

Stocks	% of Net Assets
Reliance Ind.	5.0
Axis Bank	4.8
HDFC	4.6
NTPC	4.3
Tata Motors - DVR	3.1
Tata Steel	3.1
Adani Ports	3.0
Hero Motocorp	3.0
Sun Pharma	3.0
Infosys	3.0

Asset Allocation

Equity	Debt	Cash & Cash Eq.
17.36%	22.50%	60.14%

% SECTOR ALLOCATION



Note: All data are as on Feb 28, 2023; NAV are as on Mar 27, 2023
Source: Factsheet, Value Research

Performance of the Fund alongwith Benchmark (as on Mar 27, 2023)

	1 month	3 months	6 months	1 year	3 Years	5 Years	Since Inception
Fund (%)	-0.49	0.67	2.96	5.60	14.30	7.25	7.41
Benchmark (%)	-0.79	-0.89	1.35	2.71	12.10	8.08	

Ashika Mutual Fund Recommendation Alpha Generation

Month of Recom	Fund Name	Benchmark	NAV as on 27.03.2023	1 Year Return (%)	3 Year Return (%)	5 Year Return (%)
Feb-22	SBI Long Term Equity Fund Reg (G)	S&P BSE 500 TRI	229.2	6.7	30.4	10.6
Mar-22	Bandhan Tax Advantage Reg (G)	S&P BSE 200 TRI	96.5	0.2	37.4	11.3
Apr-22	ICICI Pru Multi Asset Fund (G)	NSE - Nifty 50 TRI	472.7	9.5	31.3	13.2
May-22	Sundaram Services Fund (G)	S&P BSE 200 TRI	20.3	-0.4	30.3	0.0
Jun-22	Tata Banking and Financial Services Fund Reg (G)	NSE - Nifty Financial Services TRI	26.1	9.8	20.9	9.8
Jul-22	Kotak Pioneer Fund (G)	S&P BSE 500 TRI	17.1	-2.9	31.2	0.0
Aug-22	Quant Large Cap Fund Reg (G)	NSE - NIFTY 100 TRI	9.0	0.0	0.0	0.0
Oct-22	HDFC Small Cap Fund (G)	NSE - NIFTY SMALLCAP 100 TRI	78.0	9.6	44.3	11.9
Dec-22	Mahindra Manulife Focused Fund Reg (G)	NSE - Nifty 500 TRI	15.5	2.9	0.0	0.0
Jan-23	Kotak Tax Saver Fund (G)	S&P BSE Sensex TRI	72.7	2.4	28.5	12.6
Feb-23	SBI Long Term Equity Fund Reg (G)	S&P BSE 500 TRI	229.2	6.7	30.4	10.6
Mar-23	Bandhan Tax Advantage Reg (G)	S&P BSE 200 TRI	96.5	0.2	37.4	11.3

Note: All data are as on Feb 28, 2023; NAV are as on Mar 27, 2023
Source: Factsheet, Value Research

Large & Mid Cap Fund

	All Data Belongs To March 27, 2023									
	NAV	AUM (Rs Cr)	3 M	6 M	1 Yr	3 Yr	5 Yr	Since Inception Return	Sharpe Ratio	Exp. Ratio
SBI Large & Midcap Fund Reg (G)	376.7	9077	(4.5)	(1.3)	4.7	31.5	12.4	13.8	0.7	1.8
Mirae Asset Emerging Bluechip Fund Reg (G)	90.5	23703	(6.3)	(2.4)	(3.0)	28.9	13.6	18.7	0.7	1.8
ICICI Pru Large & Mid Cap Fund Reg (G)	558.5	6649	(4.9)	1.6	7.0	34.0	12.3	17.7	0.8	2.0
LIC Large & Mid Cap Fund Reg (G)	22.2	1887	(7.5)	(8.5)	(6.6)	22.0	9.0	10.4	0.5	2.1
Kotak Emerging Equity (G)	72.9	23335	(4.1)	(2.3)	4.2	35.1	13.2	13.2	0.8	1.7

Value Fund

SBI Contra Fund Reg (G)	222.2	7635	(2.5)	3.7	13.0	44.4	14.5	16.9	1.2	1.9
Bandhan Sterling Value Fund Reg (G)	89.2	5164	(3.5)	0.0	2.4	44.1	10.3	15.5	0.8	2.0
Nippon India Value Fund (G)	118.5	4749	(7.1)	(2.4)	(2.0)	30.7	10.9	14.9	0.7	2.0
Kotak India EQ Contra Fund (G)	84.4	1452	(4.6)	2.5	4.3	28.9	12.2	12.8	0.7	2.2
Invesco India Contra Fund (G)	74.6	9491	(6.6)	(2.9)	0.9	26.7	10.6	13.4	0.6	1.8

Focus Fund

Axis Focused 25 Fund Reg (G)	35.8	15361	(9.7)	(11.6)	(15.7)	14.4	7.3	12.5	0.2	1.8
Mirae Asset Focused Fund Reg (G)	17.5	8644	(6.4)	(3.0)	(6.4)	27.2	0.0	15.3	0.7	1.8
SBI Focused Equity Fund Reg (G)	216.6	27819	(5.5)	(4.9)	(5.5)	21.8	10.6	18.0	0.5	1.6
DSP Focus Fund Reg Fund (G)	30.9	1807	(6.0)	(6.8)	(4.0)	20.3	7.1	9.1	0.4	2.1
Bandhan Focused Equity Fund Reg (G)	49.4	1208	(5.1)	(5.2)	(5.6)	19.2	5.1	9.8	0.4	2.2

ELSS Fund

Quant Tax Plan (G)	219.9	2692	(10.4)	(8.0)	(1.1)	48.6	19.9	15.0	1.2	2.6
Kotak Tax Saver Fund (G)	72.7	3161	(4.9)	1.1	2.4	28.5	12.6	12.1	0.7	2.1
Mirae Asset Tax Saver Fund Reg (G)	29.6	14042	(5.7)	(0.8)	(1.4)	29.2	13.4	16.1	0.7	1.7
Bandhan Tax Advantage Reg (G)	96.5	4026	(4.5)	0.1	0.2	37.4	11.3	17.1	0.8	2.0
SBI Long Term Equity Fund Reg (G)	229.2	11924	(3.6)	3.3	6.7	30.4	10.6	14.0	0.8	1.7

Flexi Cap Fund

Quant Active Fund (G)	400.1	3556	(11.7)	(7.2)	(4.0)	44.1	18.0	18.2	1.2	2.6
SBI Flexi Cap Fund Reg (G)	72.5	16160	(4.9)	(2.0)	(3.4)	25.3	9.5	12.0	0.6	1.7
Kotak Flexi Cap Fund Reg (G)	51.9	37418	(5.8)	0.8	2.0	24.5	10.2	12.8	0.5	1.6
Motilal Oswal Flexi Cap Fund Reg (G)	30.6	8911	(8.5)	(8.6)	(2.9)	15.8	3.1	13.4	0.3	1.9
Parag Parikh Flexi Cap Fund Reg (G)	48.9	28248	2.4	4.5	(0.2)	32.6	16.7	17.4	1.0	1.7

Small Cap Fund

Quant Small Cap Fund (G)	134.7	3134	(5.0)	3.3	3.6	65.7	21.5	14.5	1.4	2.7
SBI Small Cap Fund Reg (G)	106.6	15348	(5.8)	(4.7)	5.6	37.7	13.9	19.1	1.0	1.8
Axis Small Cap Fund Reg (G)	60.1	11500	(5.2)	(3.9)	(0.2)	35.3	17.1	21.2	0.8	1.9
Invesco India Smallcap Fund Reg (G)	20.5	1403	(4.4)	(2.6)	0.8	35.5	0.0	17.5	0.8	2.2
Kotak Smallcap Fund (G)	154.6	8498	(4.2)	(5.3)	(2.8)	43.6	14.7	16.3	1.0	1.9

Thematic/Sectoral Fund

	All Data Belongs To March 27, 2023									
	NAV	AUM (Rs Cr)	3 M	6 M	1 Yr	3 Yr	5 Yr	Since Inception Return	Sharpe Ratio	Exp. Ratio
Franklin Build India Fund (G)	69.2	1214	(3.3)	4.4	12.7	36.5	11.7	15.1	0.8	2.3
ICICI Pru Banking and Financial Services Fund Reg (G)	83.8	5704	(7.9)	(0.2)	6.0	26.3	7.8	15.7	0.4	2.0
Nippon India Pharma Fund (G)	269.0	4422	(5.2)	(2.1)	(6.8)	25.0	14.9	19.1	0.8	2.7
Sundaram Consumption Fund Reg (G)	58.7	1179	(6.2)	(7.5)	7.6	23.1	7.3	11.1	0.5	2.3
Aditya Birla SL Digital India Fund Reg (G)	114.7	3334	(1.4)	4.0	(16.4)	37.8	19.4	9.1	1.0	2.1

Balanced Advantage Fund

Bandhan Balanced Advantage Fund Reg (G)	17.4	2648	(3.6)	(2.2)	(1.8)	13.8	6.6	6.7	0.3	1.9
Sundaram Balanced Advantage Fund (Formerly Principal Balanced Advantage) Reg (G)	25.5	1593	(4.2)	(0.5)	2.2	10.4	5.4	7.9	1.1	2.1
Edelweiss Balanced Advantage Fund (G)	35.7	8832	(2.5)	0.5	1.3	17.2	10.2	9.8	0.8	1.7
Kotak Balanced Advantage Fund Reg (G)	14.8	14445	(1.2)	2.0	3.9	17.0	0.0	8.7	0.6	1.7
Aditya Birla SL Balanced Advantage Fund (G)	73.9	6513	(2.7)	0.8	2.9	17.3	8.2	9.1	0.6	1.8

Equity Savings Fund

Aditya Birla SL Equity Savings Fund Reg (G)	17.0	461	(2.1)	0.0	(0.6)	10.8	5.6	6.6	0.3	2.3
DSP Equity Saving Fund Reg (G)	16.5	539	(0.9)	1.4	3.5	14.1	6.1	7.4	0.5	1.4
Kotak Equity Savings Fund Reg (G)	19.5	2083	(0.3)	3.0	5.3	13.3	8.0	8.1	0.7	2.1
Nippon India Equity Savings Fund Reg (G)	12.6	182	(0.9)	2.1	3.1	11.3	0.3	3.0	0.1	1.6
SBI Equity Savings Fund Reg (G)	17.4	2305	(0.9)	0.0	1.1	13.7	7.0	7.3	0.6	1.2

Arbitrage Fund

Aditya Birla SL Arbitrage Fund Reg (G)	22.6	4340	1.5	2.9	4.7	4.1	4.8	6.1	0.1	1.1
ICICI Pru Equity Arbitrage Fund Reg (G)	29.2	11127	1.5	3.0	4.9	4.1	4.9	6.8	0.3	1.0
Kotak Equity Arbitrage Fund (G)	31.8	21566	1.6	3.1	5.2	4.3	5.0	6.8	0.5	1.0
Nippon India Arbitrage Fund (G)	22.7	9088	1.4	2.9	4.7	4.1	4.9	6.8	0.2	1.2
SBI Arbitrage Opp Fund Reg (G)	28.7	7494	1.6	3.2	5.3	4.1	4.8	6.6	0.1	0.8

Index Fund

HDFC Index Fund-NIFTY 50 Plan(G)	157.8	7399	(6.3)	(0.1)	(0.3)	25.9	11.5	14.0	0.6	0.4
ICICI Pru Nifty Next 50 Index Fund Reg (G)	32.9	2450	(11.4)	(12.0)	(8.3)	22.1	5.2	9.7	0.5	0.7
HDFC Index Fund - S&P BSE Sensex Plan	522.0	4156	(5.3)	1.1	1.4	25.4	12.4	14.4	0.6	0.4
Motilal Oswal Nasdaq 100 FOF (G)	21.5	2996	16.6	13.5	(6.9)	20.6	0.0	19.1	0.7	0.5
Motilal Oswal S&P 500 Index Fund Reg (G)	14.7	2307	2.8	9.8	(4.9)	0.0	0.0	13.9	0.0	1.1

Solutions

	All Data Belongs To March 27, 2023									
	NAV	AUM	Mod Duration (in Yrs)	AMP (IN Yrs)	3 M	6 M	1 Yr	2 Yr	Sharpe Ratio	Exp. Ratio
ICICI Pru Retirement Fund Pure Debt Plan (G)	12.9	179	0.7	12.314 (17/06/2022)	1.1	2.5	3.8	3.6	0.4	2.2
Aditya Birla SL Retirement Fund 30s Plan (G)	12.4	260	0.4	11.482 (17/06/2022)	(7.0)	(3.1)	(1.6)	1.3	0.3	2.5
HDFC Retirement Savings Fund Hybrid Equity Reg (G)	25.9	924	0.9	22.807 (20/06/2022)	(1.6)	3.8	6.2	10.7	0.8	2.3
Aditya Birla SL Bal Bhavishya Yojna Reg (G)	12.6	646	0.4	11.76 (20/06/2022)	(8.3)	(4.7)	(2.8)	0.4	0.3	2.4
ICICI Pru Child Care Gift Plan Reg	192.0	876	0.5	175.89 (20/06/2022)	(5.3)	(1.6)	(0.2)	8.2	0.5	2.4
SBI Magnum Children Benefit Fund Investment Plan Reg (G)	23.5	747	0.0	20.8499 (20/06/2022)	(1.8)	0.7	2.1	27.7	0.0	2.4

Multi Assets

HDFC Multi Asset Fund (G)	49.3	1636	0.8	44.772 (20/06/2022)	(1.3)	3.6	5.2	10.0	0.7	2.3
SBI Multi Asset Allocation Fund Reg (G)	38.9	601	1.0	35.2392 (20/06/2022)	(1.4)	1.9	4.2	9.0	0.7	1.8
ICICI Pru Multi Asset Fund (G)	472.7	15770	1.2	408.5056 (20/06/2022)	(1.4)	6.7	9.5	19.9	1.0	1.9
Axis Triple Advantage Fund (G)	27.6	1586	0.5	26.4475 (17/06/2022)	(6.1)	(3.8)	(6.9)	4.2	0.4	2.1
Nippon India Multi-Asset Fund Reg (G)	13.3	1153	0.0	12.1603 (20/06/2022)	(1.8)	4.6	1.3	9.4	0.0	1.8

Disclaimer: Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

PROMINENT HEADLINES
MARCH 2023

Let me be clear that during the financial crisis, there were investors and owners of systemic large banks that were bailed out...and the reforms that have been put in place means we are not going to do that again..... **JANET YELLEN,** *US Treasury Secretary*

ONDC will help our small retail survive the onslaught of large tech-based e-commerce companies... Like UPI democratised payment systems, ONDC will democratise benefits of e-commerce....**PIYUSH GOYAL,** *Commerce and Industry Minister*

The trends that we have in terms of high frequency data for 2022-23 for fourth quarter do indicate that achieving that growth rate in Q4 is well within the realm of possibility and therefore the 7% real GDP growth estimate for 2022-23 is very realistic....**V ANANTHA NAGESWARAN,** *Chief Economic Adviser*

A resurgent India, rising investor confidence and digital access to financial services is leading to high adoption of mutual funds....**SANJIV BAJAJ,** *Chairman and Managing Director of Bajaj Finserv*

We have been in a zerointerest regime for a multiyear period and banks have operated in certain way. Certain banks are going to have difficulty in a totally different environment... **JENS NORDVIG,** *Founder, Exante Data*

We have moved from hyper liquidity to lower liquidity regime, from low rates to higher rates that is generally not a great time for equities, especially if the Fed is trying to cool the economy....**MARC ROWAN,** *CEO, Apollo Global Management*

We would be foolhardy to expect that we can´t reach 6 per cent on and clearly that has an impact asset markets across the globe. The Fed has to work harder to inflation down, that certainly does imply recession..... **JANE FOLEY,** *Strategist, Rabobank*

Banks and semiconductors are two groups that historically have been very good leading indicators. Typically, markets can do OK if either of them is languishing. But when one of them is having an outsized move, it´s usually wise to listen... **JONATHAN KRINSKY,** *Chief Market Technician, BTIG*

Shortterm, equity markets seem to be more focused on a soft landing (for the economy) than they on cost pressures. Money markets now see the US interest rates rising to about 5.5% by September...**LUKE HICKMORE,** *Investment Director, abrdn*

The situation is stabilizing. And the US banking system remains sound. This is different from 2008. 2008 was a solvency crisis, rather what we're seeing now is contagious bank runs....**JANET YELLEN,** *Secretary, US treasury*

Our view is inflation has peaked and the Federal Reserve will one more rate hike of 25 basis points and that´s it.... **MARK MATTHEWS,** *Asia Research Head, Bank Julius Baer & Co*

And the important thing to remember is that when you are facing uncertain times, the key thing to do is to make sure that we have margins of safety in our operations, whether it is for corporates or for investors...... **ANANTHA NAGESWARAN,** *Chief Economic Adviser*

With 5G, we're going to digitize society and those jobs will be created in the country where digital infrastructure is built first. With the pace India is building out 5G, it will have the most modern digital infrastructure....**BORJE EKHOLM,** *president and CEO, Ericsson*

The FOMC is trying to thread the balance between varnishing its inflation fighting credentials while displaying cognisance the impact of the cumulative tightening in this cycle... **TAIMUR BAIG,** *Chief Economist, DBS Bank*

Ten days ago we had a series of risks and now one by one, tail risks are diminishing. like everything has been place to resolve any liquidity issues which is reassuring... **ERICK MULLER,** *Head, Product & Investment Strategy, Asset Manager, Muzinich & Co*

If 2022 was the year when US equities suffered multiple contractions, 2023 will be one when earnings downgrades will hit stock markets if US recession forecast proves to be accurate. 2024 may well be the year when markets have to deal with emerging credit problems in the private space....**CHRISTOPHER WOOD,** *Global HeadEquity Strategy, Jefferies*

A policy mistake is hands down the biggest risk in the market. Controlling inflation but also addressing the fact that there is some instability in the banking system is difficult...**MARY MANNING,** *Global portfolio manager, Alphinity Investment Management*

Tightening monetar y cycles often end abruptly when ´something breaks´ and a financial crisis triggered. If the SVB run is that something, it could mean tightening ends sooner and bond yields have peaked... **ED YARDENI,** *Founder, Yardeni Research*

Before 4G, India was only a user of telecom technology, but now India is moving fast to become a big exporter of telecom technology.... **NARENDRA MODI,** *Prime minister*

The world need to make sure that everyone – and not just people who are well off benefits from artificial intelligence. Governments and philanthropy will need to play a major role in ensuring that it reduces inequality and doesn't contribute to it.... **BILL GATES,** *Microsoft Founder and Philanthropist*

Stocks reshuffle

As a fallout of the elevated inflationary scenario in the past one year and coupled with hawkish stance by the global central banks, with particularly US Fed at the helm, there has been withdrawal of global liquidity as well as shrinking global growth prospects. The present global banking crisis at hand has also hurt sentiments immensely and no one has a proper handle whether the contagion will spread or be contained by the authorities. So far, governments and authorities have managed to contain the same. High inflation has sustained for long as an aftermath effects of the Russia-Ukraine conflict, which fails to come to an end even today. These developments have resulted in muted investor sentiments and particularly towards emerging market economies, being inter-connected in a global world, call it the curse of globalism. India Inc. also had to face severe raw material cost pressure as well as muted global demand, which has eventually taken a toll. We have reviewed our past recommendations and have taken a conscious call to average our existing positions at this point in time where the correction has been steep and which stands a better chance of regaining business strength. We believe this is the need of the hour to tactically consolidate our position in businesses which have strong cash flows, brand recall and healthy balance sheet. Accordingly, we have decided to increase position in Divis Laboratories Ltd., Container Corporation Of India Ltd. and Bayer CropScience Ltd. So, this time we refrain from taking up new ideas, rather buy into earlier recommended stocks which have corrected sharply because of global banking crisis and hawkish stance of global central banks and its subsequent consequence on the economy.

We continue to remain positive on all our recommended stocks and intend to hold at present. The companies recommended earlier are fundamentally sound and some are niche businesses with good long-term prospects. We will keep reviewing them from time to time. As and when more clarity emerges, we might think of adding some more where the value/price mismatch is disproportionately widened.

Divis Laboratories Ltd.

CMP: Rs 2,823	Rating: BUY
Company Information	
BSE Code	532488
NSE Code	DIVISLAB
Bloomberg Code	DIVI IN
ISIN	INE361B01024
Market Cap (Rs. Cr)	75,020
Outstanding shares(Cr)	26.54
52-wk Hi/Lo (Rs.)	4,640.9/2,730
Avg. daily volume (1yr. on NSE)	521,340
Face Value(Rs.)	2.0
Book Value (Rs)	468.66

Divis Lab 3 year Price Chart

Investment Rationale

The global API market is expected to grow at 6% CAGR over 2022 – 2030, on the back of advancements in API manufacturing and the rising prevalence of chronic diseases. Besides, favourable government policies for API production, favorable geo-political and trade conditions coupled with China+1 strategy, provides significant growth opportunities for Indian API companies with Divis being the key beneficiary

Divis has been building capacity in niche API segments on the back of China+1 strategy **which could provide opportunity of USD 20 bn on account of molecules going off-patent over FY23-25. Management is confident of reporting good volume growth from FY25 onwards.**

As per management, manufacturing operations are running smoothly despite of macro challenges and geo political issues. The company sees normalization in core API product portfolio. It continue to maintain leadership position in core product portfolio.

Availability and supply of raw materials were stabilized and there has been some moderation in the raw material prices. However, the prices of lithium and iodine continue to remain elevated. Further, there has been relaxation in power/fuel and freight cost as well. The inventory in the trade channel is also returning to normalcy and is expected to lead to gradual recovery in API products at industry level, thus will result in improvement in operating leverage. Overall, the easing cost pressures is expected to revive the profitability for Divis Lab going ahead.

Divis Lab is well placed to tap the opportunities in the contrast media space. The global market share of Iodine-based contrast media formulation remains with limited number of companies (around 4 to 5 companies). Company is planning to invest in technology like contrast media. The company will implement the projects in the next 6-8 quarters. The increased impetus toward diagnosis such as X-ray/MRI scan before medical treatment is driving the demand for contrast media products.

The global peptide-based therapeutics industry size is about USD 43.5 billion (CY22) with 6.5% CAGR expected over the next five years. **Divis Laboratories' strong capability in peptides, provides the company with large opportunities in peptide-based Custom synthesis segment.**

The company's strong backward integration measures and its ability to manufacture pharma products with lower impurity levels than peers puts Divis Lab in a good position across custom synthesis as well as generics segment. Company will continue to invest in base API portfolio to improve its leadership position in the industry. Divis Lab's strong backward integration enable it to minimize manufacturing cost pressures and position it in a better place than its peers.

The company got all the clearances for its Kakinada facility and capex will start at Kakinada site. It would invest Rs 1000 crore over the next 12 months and also has scope of investing up to Rs 3,000 crore. The Kakinada facility will be ready for commercialization in the next 2 years. **The company will manufacture, intermediary, API and generics from this facility. The investment at Kakinada would drive growth beyond FY25.**

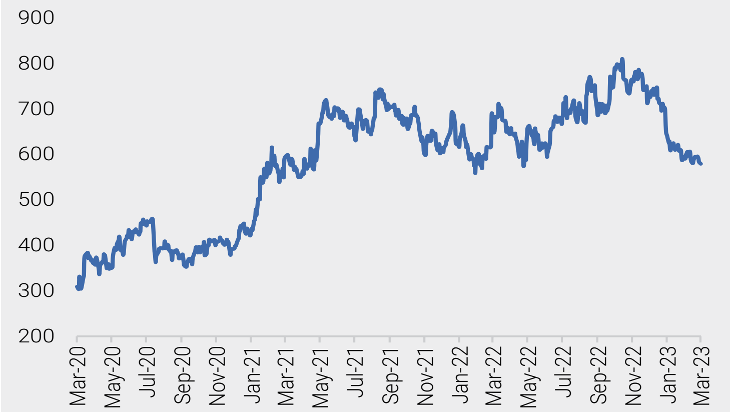
Valuation

Divis Lab 3QFY23 performance has been disappointing due to lower contribution from custom synthesis and drop in API realizations. The sales contribution from high margin custom synthesis business declined from 60% in 3QFY22 to 40% in 3QFY23 and that weighed on the overall quarterly performance. Further, the generic API portfolio is witnessing destocking and competition, leading to pricing erosion. Weak 3QFY23 performance and volatile equity market impacted the stock performance and it corrected nearly 24% from our recommendation in October 2022. Hence, we believe that at current price the scrip has factored in all the negatives and the future outlook remains promising. At CMP, the scrip is valued at P/E multiple of 36x on FY24E Bloomberg consensus EPS of Rs 77.6, which is nearly 21% discount to its 3 year average P/E multiple and looks compelling with favorable risk reward ratio. **Hence, we advise our investors to ADD the scrip at this level for better stock return. The near-term growth trigger would come from the contrast media molecules used in MRI scans. Further, the backward integration and green chemistry will help the company to achieve better yields going forward.**

Container Corporation Of India Ltd.

CMP: Rs 580	Rating: BUY
Company Information	
BSE Code	531344
NSE Code	CONCOR
Bloomberg Code	CCRI IN
ISIN	INE111A01025
Market Cap (Rs. Cr)	35390
Outstanding shares(Cr)	61
52-wk Hi/Lo (Rs.)	828.75/554.00
Avg. daily volume (1yr. on NSE)	17,80,200
Face Value(Rs.)	5
Book Value	186.1

Concor 3 yr price chart (Rs)



Investment Rationale

- Container Corporation Of India Ltd (Concor) reported stable set of numbers for Q3FY23 with sales growth of just 4% yoy/1% qoq at Rs 1,988 crore despite considerably constipated by the challenging global market conditions which adversely affected EXIM (export-import) segment. However, domestic business sustained its growth momentum (with growth of 22% yoy at Rs 719 crore). Nevertheless, EBITDA registered de-growth of 6% yoy/15% qoq at Rs 426 crore as margins contracted (due to higher empty movement, resource constraints). However, higher other income helped company to post PAT of Rs 297 crore (+3% yoy/-2% qoq). Concor not only faced lower originating volumes but lower equipment imports from Chinese ports due to shut down and non-delivery of containers from domestic companies (in other words, resource constraints) also impacted performance, apart from lower double stacking.

- Concor has paid lower LLF charges to the tune of Rs 97 crore in 3QFY23 while it has guided an annual LLF payment to the tune of Rs 380-390 crore (excluding a provision of Rs 70 crore). However, the final LLF payment could vary, depending on the annual price revisions and provisions.

- Concor has been losing EXIM market share and EXIM volumes may remain weak till 1HFY24. There could however be respite from re-opening from China and schemes like 1+1 scheme and "First Mile Last Mile" will also help in arresting some market share decline amid competition in the short lead cargo segment.

- Concor remains a major beneficiary of shift in freight movement from roads to railways, with the Phase-wise commissioning of dedicated freight corridors (DFCs). On the domestic front, the company is looking to grab market share in the bulk transportation of commodities. Concor has already delivered about 50000 tonnes of cement through its network and is looking to scale up the business by procuring more containers. Besides, higher double stacking, running rakes with higher axle loads, targeting 1 mn TeUs container run rate at Khatuwas (MMLPs), DFC connectivity to Dadri, JNPT are long term growth triggers for the stock.

Concor remains a major beneficiary of shift in freight movement from roads to railways, with the Phase wise commissioning of dedicated freight corridors (DFCs). On the domestic front, the company is looking to grab market share in the bulk transportation of commodities.

- The company expects the share of domestic business to rise to 40% from 30% now and for which Concor has outlined a 5-year investment plan of Rs 8,000-10,000 crore to expand its distribution reach, infrastructure, containers, and equipment. Capex was however at Rs 220 crore in 9MFY23 and is expected to improve slightly in 4QFY23.

- Government holds 54.8% stake in the company has been looking at ways to sell stake in the company and as well as relinquish management control to a private bidder. As per news reports, Adani group was in the fray, unfortunately the recent string of developments with the group has made an eventual outcome less hopeful. Nonetheless, considering Concor is the dominant player in the CTO business, it is still an attractive play and clarity on land policy is expected to facilitate Concor's privatisation.

Valuation

At the CMP, the scrip is trading at 23.1x FY24E EPS (Bloomberg Consensus) and is lower than 10year median valuation and has mostly priced in all the negatives. The company still has a 65-70% market share in the Container Terminal Order business in India and is a major beneficiary of the shift in freight movement from roads to railways and expansion of DFC. We advise our investors to ADD the scrip at current level for better stock return.

Bayer CropScience Ltd.

CMP: Rs 4,080	Rating: BUY
Company Information	
BSE Code	506285
NSE Code	BAYERCROP
Bloomberg Code	BYRCS IN
ISIN	INE462A01022
Market Cap (Rs. Cr)	18,450
Outstanding shares(Cr)	4.5
52-wk Hi/Lo (Rs.)	5667.75 / 3920.45
Avg. daily volume (1yr. on NSE)	15095
Face Value(Rs.)	10
Book Value (Rs)	670.5

Bayer CropScience 3Yr. Price Chart

Investment Rationale

Strong Market Position: Bayer CropScience enjoys a unique position in the market owing to its capability to offer new and innovative products. Innovation has always been a cornerstone in Bayer's product offerings. In order to strengthen its market, the company has been working on providing customer-centric solutions to Indian farmers by working closely with them. The company has extended the scope and number of demonstrations across multiple crops and geographies. These initiatives help the company to increase its market share in crop protection market.

New Launches to Drive Growth: Bayer Cropscience pursues the launch of innovative products, which are effective towards crop protection. Differentiated products have been driving the company's volume and crop protection portfolio. A large of portion of this growth will be driven by scale-up of Bayer's existing products portfolio. Moreover, after 2 years of lull, corn realization has now turned rewarding for the farmers, thus benefiting Bayer's corn hybrids portfolio, which bounced back sharply in 4QFY22. Outlook is fairly strong for corn hybrids, with all crops yielding good profits and likely pick-up in corn acreages. It is also focusing on launch of big-scale potential products and creating awareness through its channel partners. The company is also using digital tools to improve connectivity with the farmers in order to increase its product penetration.

MoU to Improve Food Quality: The Small Farmers' Agri-Business Consortium (SFAC) and Bayer CropScience Limited have signed a Memorandum of Understanding to form and promote 50 specialized Farmer Producer Organisations (FPOs). In collaboration with SFAC, Bayer has identified clusters in 10 states and will aim to assist smallholder farmers with business planning, identification of key enablers, creation of market linkages and knowledge transfer, while working to establish 50 FPOs. Collectivisation in the form of a vibrant and strong network of FPOs will not only improve farmers' incomes but also supports the building up of a robust food value chain network to aid India's food security, supporting food quality improvements and export potential.

> **Bayer CropScience enjoys a unique position in the market owing to its capability to offer new and innovative products. In order to strengthen its market, the company has been working on providing customer-centric solutions to Indian farmers by working closely with them.**

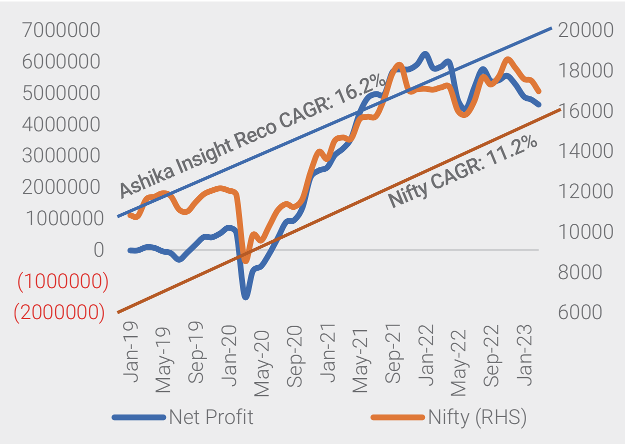
Decent 3QFY23 Result: Bayer CropScience reported decent set of numbers in 3QFY23 despite adverse climatic conditions. Both crop protection (CP) and seeds segment perform well in 3QFY23. Growth was largely driven by better performance from Maize hybrid seeds and herbicides (Glyphosate) supported by double digit liquidation growth in CP portfolio and strong recovery in Rabi corn. Better product mix has in-turn resulted into 330bps sequential improvement in gross margins, despite an inflationary RM cost scenario. EBITDA margins up 150bps YoY to 8.2%. Absolute EBITDA was up 29% YoY. Adjusted to exceptional gain, net profit was up by 42% YoY.

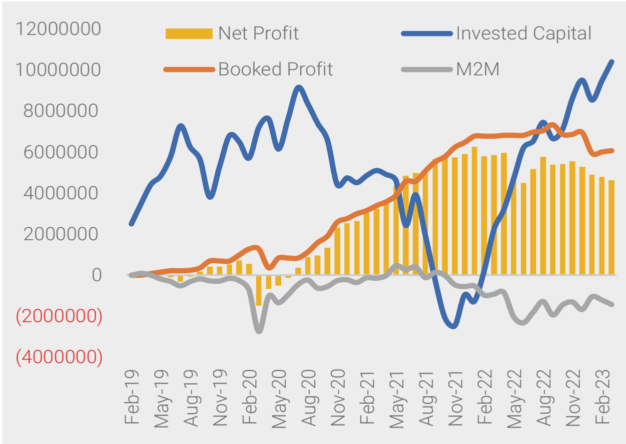
Valuation

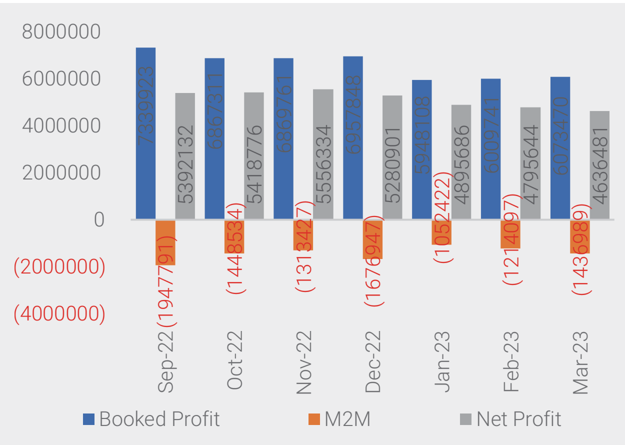
Bayer CropScience reported decent growth despite unseasonal rains and crop infestations. The growth was largely driven by Crop Protection portfolio that witnessed a surge in demand with double-digit liquidation growth. It is expected that Bayer CropScience's product launches and strong brand re-call will have a pull effect even in the ensuing quarters. Post the recent correction in the stock price the valuation premium vs peers has declined. The stock is now at a more reasonable zone from long term investment perspective with favorable risk reward ratio. Thus, we are recommending to Add the scrip. At CMP, the scrip is valued at P/E ratio of 23.3x on FY24E Bloomberg consensus EPS of Rs. 175.

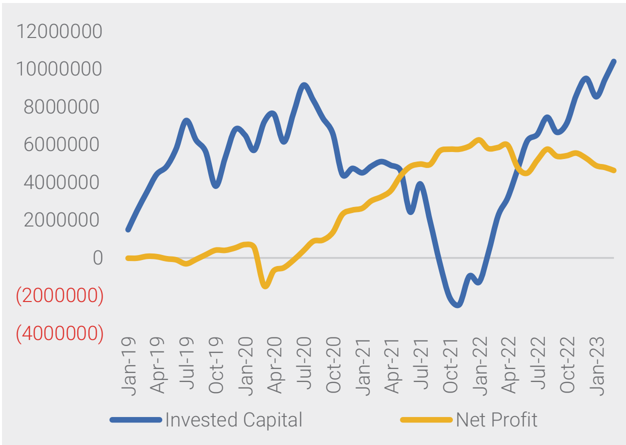
Monthly *Insight* Performance

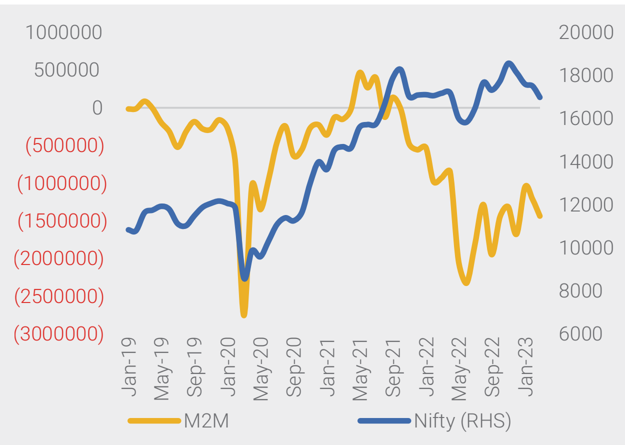
Since January 2019...
Return @CAGR 16.2%

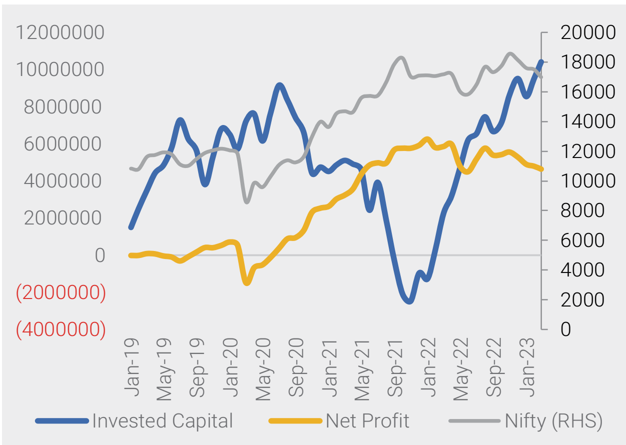












** All Figures quoted in Rs.*
Calculated as on March 27, 2023

Monthly Profit & Loss Fact Sheet (Rs.)

Date	Invested Capital	Booked Profit	M2M	Net Profit
31-Jan-19	1496513	0	(15549)	(15549)
28-Feb-19	2500555	0	(12120)	(12120)
31-Mar-19	3499100	0	87058	87058
30-Apr-19	4423753	77386	(8924)	68462
31-May-19	4843373	149734	(192232)	(42498)
30-Jun-19	5780649	212997	(312556)	(99559)
31-Jul-19	7280745	212997	(523193)	(310197)
31-Aug-19	6252245	237315	(318110)	(80795)
30-Sep-19	5638553	351653	(183965)	167688
31-Oct-19	3805452	689902	(279263)	410639
30-Nov-19	5300467	689902	(286815)	403087
31-Dec-19	6799062	689902	(159580)	530321
31-Jan-20	6506557	981148	(270658)	710490
29-Feb-20	5711903	1272382	(733289)	539092
31-Mar-20	7207537	1272382	(2755943)	(1483561)
30-Apr-20	7623497	356948	(1030982)	(674034)
31-May-20	6149806	833936	(1351330)	(517394)
30-Jun-20	7651620	833936	(956088)	(122152)
31-Jul-20	9152079	833936	(463266)	370670
31-Aug-20	8360481	1124891	(241678)	883213
30-Sep-20	7410397	1581629	(634208)	947421
31-Oct-20	6589893	1902621	(554750)	1347871
30-Nov-20	4415962	2580822	(272418)	2308404
31-Dec-20	4744368	2757455	(224457)	2532998
31-Jan-21	4512183	2992911	(360195)	2632716
28-Feb-21	4855257	3147357	(126852)	3020505
31-Mar-21	5103512	3388344	(151565)	3236779
30-Apr-21	4908741	3581795	(17805)	3563990
31-May-21	4608003	3892602	463903	4356505
30-Jun-21	2426006	4576540	266976	4843516
31-Jul-21	3924461	4576540	397901	4974441
31-Aug-21	1920864	5080743	(120808)	4959935
30-Sep-21	(262189)	5531501	137699	5669200
31-Oct-21	(2096994)	5785074	(23817)	5761257
30-Nov-21	(2471736)	6236551	(475411)	5761140
31-Dec-21	(967066)	6476478	(557270)	5919208
31-Jan-22	(1274299)	6780638	(526905)	6253733
28-Feb-22	227695	6780638	(978700)	5801938
31-Mar-22	2234090	6780638	(927092)	5853545
30-Apr-22	3191862	6822476	(847570)	5974906
31-May-22	4693522	6822476	(2027276)	4795200
30-Jun-22	6199838	6822476	(2326826)	4495650
31-Jul-22	6539891	6981380	(1806319)	5175061
31-Aug-22	7455860	7049526	(1284541)	5764985
30-Sep-22	6660708	7339923	(1947791)	5392132
31-Oct-22	7128537	6867311	(1448534)	5418776
30-Nov-22	8623447	6869761	(1313427)	5556334
31-Dec-22	9514858	6957848	(1676947)	5280901
31-Jan-23	8541674	5948108	(1052422)	4895686
28-Feb-23	9476280	6009741	(1214097)	4795644
27-Mar-23	10410838	6073470	(1436989)	4636481

**Booked Profit = Profit booked after target achieved*

***M2M = Open position marked to market as on date*

****Net profit = Booked Profit + M2M P/L*

*****Invested Capital = Stock investment as recommended (minus) Stock sold on target*

******Calculation based on Rs. 5 lac invested on each stock recommended in our monthly insight on release date*

*******All Figures quoted in Rs.*

******* Calculated as on March 27, 2023*

Monthly *Insight*

Recommendation Performance Sheet

Script	Buying Date	QTY	Bought Rate	Value	Target Price	Target Return	Booked Date	Booked Price	Value	Profit	Return	Holding Days	Annualised Return
Divi's Lab	01-Apr-23	177	2823	499671	ADD								
Container Corp	01-Apr-23	862	580	499960	ADD								
Bayer Cropscience	01-Apr-23	123	4080	501840	ADD								
Tata Consumer Products	01-Mar-23	700	714	499916	ADD								
Jubilant FoodWorks	01-Mar-23	1135	442	501203	ADD								
Crompton Greaves Cons.	01-Mar-23	1630	307	499638	ADD								
ICICI Bank	02-Feb-23	600	831	498857	964	15.9%							
Indraprastha Gas	02-Feb-23	1180	424	499833	496	17.1%							
AIA Engineering	02-Feb-23	176	2844	500624	3200	12.5%							
Bharat Electronics	02-Jan-23	4975	101	500847	115	14.2%							
Zydus Lifesciences	02-Jan-23	1195	419	500752	480	14.5%	06-Feb-23	472	563622	62870	12.6%	35	131%
KPIT Technologies	02-Jan-23	715	701	501361	800	14.1%	02-Feb-23	785	561404	60043	12.0%	31	141%
Bank of Baroda	01-Dec-22	2985	168	500818	197	17.4%	09-Dec-22	197	587030	86213	17.2%	8	785%
Balkrishna Industries	01-Dec-22	243	2053	498853	2370	15.4%	20-Jan-23	2215	538230	39377	7.9%	50	58%
Mirza International	01-Dec-22	1618	310	500806	370	19.5%							
Reliance Industries	01-Nov-22	194	2578	500110	2850	10.6%							
HDFC Bank	01-Nov-22	332	1507	500187	1750	16.2%							
Titan Company	01-Nov-22	180	2776	499638	3120	12.4%							
Divi's Lab	03-Oct-22	135	3706	500359	4110	10.9%							
Oracle Fin. Serv. Software	03-Oct-22	167	2990	499352	3460	15.7%							
Crompton Greaves Cons.	03-Oct-22	1214	413	501965	485	17.3%							
Tata Consultancy Services	01-Sep-22	158	3160	499252	3650	15.5%							
Tata Consumer Products	01-Sep-22	618	810	500803	935	15.4%							
Jubilant FoodWorks	01-Sep-22	816	612	499711	710	15.9%							
Nestle India	01-Aug-22	25	19475	486886	22200	14.0%							
Bayer Cropscience	01-Aug-22	94	5349	502839	6037	12.9%							
Whirlpool of India	01-Aug-22	280	1783	499257	2035	14.1%							
Siemens	01-Jul-22	210	2385	500870	2750	15.3%	21-Jul-22	2735	574413	73543	14.7%	20	268%
United Spirits	01-Jul-22	655	762	498984	875	14.9%	16-Sep-22	869	568868	69883	14.0%	77	66%
Ashok Leyland	01-Jul-22	3380	148	501100	170	14.7%	15-Sep-22	167	564122	63022	12.6%	76	60%
ICICI Lombard Gen. Ins.	01-Jun-22	394	1270	500416	1460	15.0%							
PI Industries	01-Jun-22	180	2784	501033	3203	15.1%	4-Aug-22	3195	575010	73977	14.8%	64	84%
Abbott India	01-Jun-22	28	18031	504867	20500	13.7%	1-Aug-22	20465	573013	68146	13.5%	61	81%
ICICI Bank	02-May-22	682	733	500096	874	19.2%	10-Aug-22	848	578316	78219	15.6%	100	57%

Script	Buying Date	QTY	Bought Rate	Value	Target Price	Target Return	Booked Date	Booked Price	Value	Profit	Return	Holding Days	Annu-alised Return
Sumitomo Chemical India	02-May-22	1175	426	501128	500	17.2%	11-Jul-22	499	586490	85361	17.0%	70	89%
NLC India	02-May-22	6160	81	500435	104	28.0%							
SAIL	01-Apr-22	5050	99	500810	115	16.0%							
Aditya Birla Fashion	01-Apr-22	1640	304	499253	350	15.0%	30-Sep-22	349	573016	73763	14.8%	182	30%
Fairchem Organics	01-Apr-22	328	1525	500265	1950	27.9%	10-Aug-22	1847	605786	105521	21.1%	131	59%
Birlasoft	02-Mar-22	1215	413	501441	ADD		20-Jan-23	296	359640	-141801	-28.3%	324	-32%
Zydus Wellness	02-Mar-22	315	1592	501623	ADD								
Johnson Cont - Hitachi AC	02-Mar-22	268	1862	499064	ADD		20-Jan-23	1108	296845	-202219	-40.5%	324	-46%
Himatsingka Seide	02-Mar-22	3050	165	504268	ADD		27-Oct-22	93	284138	-220130	-43.7%	239	-67%
Asian Paints	02-Feb-22	156	3210	500821	3690	14.9%							
Ultratech Cement	02-Feb-22	66	7588	500809	8700	14.7%							
Cipla	02-Feb-22	528	948	500363	1088	14.8%	20-Sep-22	1086	573477	73114	14.6%	230	23%
G R Infraprojects	03-Jan-22	285	1748	498180	2029	16.1%							
Birlasoft	03-Jan-22	915	549	501916	630	14.8%	20-Jan-23	297	271298	-230618	-45.9%	382	-44%
Medplus Health	03-Jan-22	480	1041	499578	1320	26.8%	27-Jan-22	1318	632510	132933	26.6%	24	405%
ICICI Bank	01-Dec-21	700	718	502343	825	15.0%	12-Jan-22	824	576506	74163	14.8%	42	128%
Fortis Healthcare	01-Dec-21	1775	283	501500	325	15.0%	19-Sep-22	324	575881	74381	14.8%	292	19%
Affle India	01-Dec-21	434	1154	500828	1380	19.6%	11-Jan-22	1378	597891	97063	19.4%	41	173%
Container Corp	01-Nov-21	758	660	500480	830	25.7%							
Sobha	01-Nov-21	640	782	500687	890	13.8%	03-Nov-21	930	595053	94366	18.8%	2	3440%
Johnson Cont - Hitachi AC	01-Nov-21	238	2102	500340	2550	21.3%	20-Jan-23	1108	263616	-236724	-47.3%	445	-39%
Aptus Value Hsg. Fin.	01-Oct-21	1575	318	500718	450	41.5%	31-Mar-22	344	541422	40704	8.1%	181	16%
Birlasoft	01-Oct-21	1225	409	500512	485	18.7%	18-Nov-21	296	362600	-137912	-27.6%	48	-210%
Himatsingka Seide	01-Oct-21	1850	270	500359	340	25.7%	27-Oct-22	93	172346	-328013	-65.6%	391	-61%
HCL Tech	01-Sep-21	420	1192	500630	1390	16.6%							
Whirlpool of India	01-Sep-21	233	2149	500645	2480	15.4%	12-Oct-21	2476	576845	76200	15.2%	41	135%
Zydus Wellness	01-Sep-21	214	2342	501225	2680	14.4%							
Jubilant Foodworks	02-Aug-21	133	3776	502266	4340	14.9%	12-Oct-21	4333	576228	73962	14.7%	71	76%
Can Fin Homes	02-Aug-21	920	545	501193	650	19.3%	08-Sep-21	649	596970	95776	19.1%	37	189%
Arvind	02-Aug-21	4750	105	500083.7	135	28.2%	19-Oct-21	135	640158	140074	28.0%	78	131%
Tech Mahindra	01-Jul-21	455	1098	499537.7	1270	15.7%	06-Aug-21	1268	576858	77320	15.5%	36	157%
Hero Motocorp	01-Jul-21	172	2910	500519.4	3390	16.5%	20-Jan-23	2751	473148	-27371	-5.5%	568	-4%
Zee Entertainment	01-Jul-21	2310	217	500975.2	250	15.3%	14-Sep-21	250	576507	75532	15.1%	75	73%
Infosys	01-Jun-21	358	1402	502062.1	1610	14.8%	26-Jul-21	1607	575245	73183	14.6%	55	97%
HDFC Ltd.	01-Jun-21	195	2571	501426	2940	14.3%	27-Oct-21	2935	572313	70887	14.1%	148	35%
Natco Pharma	01-Jun-21	472	1060	500471.3	1230	16.0%	20-Jan-23	532	251283	-249188	-49.8%	598	-30%
ICICI Bank	03-May-21	845	593	499800	720	21.4%	31-Aug-21	717	605671	105871	20.8%	120	63%
DCM Shriram	03-May-21	700	716	499833	840	17.3%	22-Jun-21	839	586992	87159	17.1%	50	125%
Indian Metals & Ferro Alloys	03-May-21	1125	445	499840	570	28.2%	22-Jun-21	550	618908	119068	23.7%	50	173%
Vardhman Textiles	01-Apr-21	375	1330	498785	1550	16.5%	12-Jul-21	1547	580249	81464	16.3%	102	58%
Kirloskar Oil Engines	01-Apr-21	2960	170	502879	208	22.4%	11-May-21	203	600051	97172	19.3%	40	176%
Amrutanjan Health Care	01-Apr-21	870	575	499864	670	16.6%	11-May-21	669	581900	82035	16.4%	40	150%
Divis Lab	01-Mar-21	147	3407	500807	3900	14.5%	27-Apr-21	3893	572315	71508	14.3%	57	91%
Supreme Industries	01-Mar-21	240	2068	496299	2350	13.6%	17-Sep-21	2350	564000	67701	13.6%	200	25%
Somany Home Innov.	01-Mar-21	1700	290	493763	370	27.4%	08-Jun-21	370	629000	135237	27.4%	99	101%
Infosys	02-Feb-21	390	1276	497754	1457	14.2%	12-Apr-21	1471	573869	76116	15.3%	69	81%

Script	Buying Date	QTY	Bought Rate	Value	Target Price	Target Return	Booked Date	Booked Price	Value	Profit	Return	Holding Days	Annu-alised Return
Kajaria Ceramics	02-Feb-21	595	839	499295	980	16.8%	16-Feb-21	972	578102	78807	15.8%	14	412%
Borosil Renewables	02-Feb-21	1810	276	500329	340	23.0%	09-Aug-21	340	615400	115071	23.0%	188	45%
BPCL	01-Jan-21	1312	383	502046	480	25.4%	02-Mar-21	469	615577	113531	22.6%	60	138%
Welspun India	01-Jan-21	7353	69	508230	84	21.5%	12-Mar-21	84	616623	108393	21.3%	70	111%
Kaveri Seed	01-Jan-21	962	525	504955	650	23.8%	10-May-21	649	624223	119268	23.6%	129	67%
Bosch	01-Dec-20	39	12842	500840	15200	18.4%	19-Jan-21	15174	591781	90941	18.2%	49	135%
Sumitomo Chemical	01-Dec-20	1750	286	501133	340	18.7%	02-Jun-21	340	595000	93867	18.7%	183	37%
Prestige Estate	01-Dec-20	1850	271	500563	312	15.3%	18-Feb-21	311	576201	75638	15.1%	79	70%
MRF	02-Nov-20	7	66042	462295	76588	16.0%	19-Nov-20	76456	535194	72899	15.8%	17	339%
Dixon	02-Nov-20	52	9586	498474	11268	17.5%	26-Nov-20	11249	584928	86455	17.3%	24	264%
Privi Speciality Chem.	02-Nov-20	910	549	499328	640	16.6%	21-Jan-21	639	581399	82071	16.4%	80	75%
Ultratech Cement	01-Oct-20	122	4095	499594	4543	10.9%	19-Oct-20	4535	553293	53699	10.7%	18	218%
Essel Propack	01-Oct-20	2025	248	501522	290	17.1%	11-Jan-21	290	586238	84715	16.9%	102	60%
Valiant Organics	01-Oct-20	168	2970	498946	3350	12.8%	09-Oct-20	3344	561832	62886	12.6%	8	575%
Mishra Dhatu Nigam	01-Sep-20	2400	209	502246	260	24.2%	30-Sep-21	191	457200	-45046	-9.0%	394	-8%
Hawkins Cooker	01-Sep-20	103	4852	499740	5890	21.4%	29-Dec-20	5671	584118	84379	16.9%	119	52%
Phillips Carbon Black	01-Sep-20	4275	117	501035	151	28.8%	25-Oct-20	148	630563	129527	25.9%	54	175%
Wipro	03-Aug-20	1770	282	499999	325	15.1%	05-Oct-20	325	574878	74880	15.0%	63	87%
Divis Lab	03-Aug-20	190	2644	502371	3050	15.4%	10-Aug-20	3058	581026	78654	15.7%	7	816%
Fine Organics	03-Aug-20	230	2177	500822	2470	13.4%	24-Aug-20	2466	567123	66300	13.2%	21	230%
ICICI Securities	01-Jul-20	1050	476	499818	620	30.2%	03-Jun-21	601	631050	131232	26%	337	28%
Apollo Tyres	01-Jul-20	4600	109	501341	130	19.3%	10-Aug-20	127	582498	81157	16.2%	40	148%
Galaxy Surfactants	01-Jul-20	335	1490	499300	1680	12.7%	04-Aug-20	1684	564130	64829	13.0%	34	139%
Nestle India	01-Jun-20	28	17571	491987	19500	11.0%	20-Aug-21	19500	546000	54013	11%	445	9%
Tech Mahindra	01-Jun-20	925	541	500453	ADD		29-Sep-20	774	715691	215238	43.0%	120	131%
Abbott India	01-Jun-20	30	16979	509375	19464	14.6%	02-Aug-21	19464	583920	74545	14.6%	427	13%
Bharti Airtel	04-May-20	985	508	500232	610	20.1%	20-May-20	606	597058	96826	19.4%	16	442%
Pfizer	04-May-20	102	4934	503304	5800	17.5%	28-Jun-21	5600	571200	67896	13.5%	420	12%
Bayer Cropscience	04-May-20	116	4287	497334	5425	26.5%	27-May-20	5281	612584	115251	23.2%	23	368%
ITC	01-Apr-20	2950	170	502363	ADD		17-Nov-21	240	708000	205637	40.9%	595	25%
Britannia Industries	01-Apr-20	184	2719	500320	ADD		29-May-20	3384	622704	122384	24.5%	58	154%
TCS	01-Apr-20	274	1827	500508	ADD		14-Sep-20	2480	679520	179012	35.8%	166	79%
HDFC Bank	01-Apr-20	586	852	499290	ADD		10-Nov-20	1361	797739	298450	59.8%	223	98%
Britannia Industries	02-Mar-20	164	3048	499888	3400	11.5%	29-May-20	3384	555019	55130	11.0%	88	46%
Aarti Industries	02-Mar-20	505	990	499799	1177	18.9%	05-May-20	1139	575018	75220	15.1%	64	86%
Metropolis Healthcare	02-Mar-20	263	1886	495946	2200	16.7%	23-Nov-20	2187	575165	79219	16.0%	266	22%
Bajaj Finance	03-Feb-20	115	4306	495178	5000	16.1%	01-Dec-20	4894	562761	67583	13.6%	302	16%
Gujarat State Petronet	03-Feb-20	2040	246	501493	300	22.0%	01-Apr-20	169	344168	-157325	-31.4%	58	-197%
Granules India	03-Feb-20	3600	140	502632	170	21.8%	07-Feb-20	164	591156	88524	17.6%	4	1607%
Concor	01-Jan-20	870	575	500239	665	15.7%	25-May-21	665	578550	78311	15.7%	510	11%
Mahanagar Gas	01-Jan-20	470	1066	501095	1164	9.2%	23-Jan-20	1162	546140	45045	9.0%	22	149%
SIS	01-Jan-20	1020	490	500147	568	15.8%	07-Feb-20	559	570119	69972	14.0%	37	138%
HDFC Life	02-Dec-19	875	571	499608	680	19.1%	17-Nov-20	671	586740	87133	17.4%	351	18%
Dr. Reddy's Lab	02-Dec-19	171	2923	499818	3503	19.8%	07-Apr-20	3554	607713	107896	21.6%	127	62%
Just Dial	02-Dec-19	875	570	499170	750	31.5%	01-Apr-20	288	251615	-247555	-49.6%	121	-150%
IRCTC	01-Nov-19	561	893	500709	1170	31.1%	30-Jan-20	1158	649638	148929	29.7%	90	121%

Script	Buying Date	QTY	Bought Rate	Value	Target Price	Target Return	Booked Date	Booked Price	Value	Profit	Return	Holding Days	Annu-alised Return
PI Industries	01-Nov-19	350	1432	501323	1613	12.6%	07-Feb-20	1612	564109	62787	12.5%	98	47%
Procter & Gamble Hygiene	01-Nov-19	40	12325	492982	14078	14.2%	16-Apr-21	14026	561034	68052	13.8%	532	9%
HDFC Bank	01-Oct-19	405	1235	500212	1395	12.9%	10-Nov-20	1361	551339	51127	10.2%	406	9%
Indian Hotels	01-Oct-19	3130	160	500595	179	11.9%	01-Apr-20	74	230525	-270071	-53.9%	183	-108%
Siemens	01-Oct-19	330	1549	511213	1680	8.4%	23-Oct-19	1689	557420	46207	9.0%	22	150%
Gujarat Gas	01-Sep-19	2800	179	501501	200	11.7%	30-Oct-19	200	559048	57547	11.5%	59	71%
Hindustan Unilever	01-Sep-19	265	1888	500371	1975	4.6%	20-Sep-19	1957	518507	18136	3.6%	19	70%
Divi's Lab	01-Aug-19	305	1636	498882	1750	7.0%	22-Oct-19	1757	535885	37003	7.4%	82	33%
ICICI Bank	01-Aug-19	1175	426	500234	473	11.1%	25-Oct-19	468	550206	49972	10.0%	85	43%
City Union Bank	01-Jul-19	2410	208	500935	254	22.2%	16-Jan-20	248	597005	96070	19.2%	199	35%
Reliance Nippon Life	01-Jul-19	2250	222	499773	265	19.3%	27-Aug-19	258	579510	79737	16.0%	57	102%
Sanofi India	01-Jul-19	87	5740	499387	6775	18.0%	29-Oct-19	6678	581029	81641	16.3%	120	50%
Asian Paints	01-Jun-19	346	1445	499797	1560	8.0%	02-Aug-19	1549	535985	36188	7.2%	62	43%
Axis Bank	01-Jun-19	614	812	498614	905	11.4%	18-Oct-21	820	503480	4866	1.0%	870	0%
Honeywell Automation	01-Jun-19	19	26087	495655	30195	15.7%	25-Oct-19	29105	552999	57344	11.6%	146	29%
MCX	01-May-19	575	868	499354	1005	15.7%	30-Aug-19	971	558147	58793	11.8%	121	36%
TCS	01-May-19	220	2259	496953	2490	10.2%	14-Sep-20	2480	545600	48647	9.8%	502	7%
Crompton Greaves Cons.	01-Apr-19	2138	234	501153	256	9.2%	20-Sep-19	251	536681	35528	7.1%	172	15%
Equitas Holdings	01-Apr-19	3637	138	500875	191	38.7%	01-Apr-20	42	152499	-348375	-69.6%	366	-69%
Page Industries	01-Apr-19	20	25219	504373	29080	15.3%	14-Aug-19	17525	350506	-153867	-30.5%	135	-82%
ITC	01-Mar-19	1800	278	500089	319	14.8%	13-Sep-21	215	387000	-113089	-23%	927	-9%
Tech Mahindra	01-Mar-19	605	824	498456	960	16.5%	29-Sep-20	774	468101	-30356	-6.1%	578	-4%
HDFC Bank	01-Feb-19	240	2101	504338	1204	-42.7%	20-May-19	2403	576686	72348	14.3%	108	48%
Pfizer	01-Feb-19	163	3066	499703	3490	13.8%	20-Sep-19	3389	552433	52730	10.6%	231	17%
Abbott India	01-Jan-19	65	7593	493527	8580	13.0%	11-Jun-19	8566	556790	63263	12.8%	161	29%
Indraprastha Gas	01-Jan-19	1850	273	504362	315	15.5%	08-Apr-19	314	581748	77386	15.3%	97	58%
United Spirits	01-Jan-19	800	623	498624	735	17.9%	14-Feb-20	711	568576	69952	14.0%	409	13%

AUTO
WELL-POISED TO GROW

Over the past few years, Indian auto industry had been going through rough phases and witnessed the worst downturn in four decades in FY21 due to simultaneous impact of a weakening economy, COVID pandemic and big regulatory cost. Further, war between Russia and Ukraine pushed the metal prices to multi-year high, impacting the margin of auto OEMs, despite price hike at regular interval. Shortage of semi-conductors also hurt their production. However, it seems that the worst might have been over for the auto industry, which is well poised to deliver strong double digit-growth in the coming years on the back of low penetration, replacement of aging vehicles and a reverse shift from shared to personal mobility. The metal prices have also corrected from high and expected to remain subdued amid tightening interest rate cycle globally, gradual recovery in China post easing of lockdown and weak global demand. Auto OEMs will get the benefits of lower metal prices, as they are unlikely to reduce vehicle prices in sync with lower raw material cost. The tide is turning again, as demand and margin recovery are fuelling a revival in earnings and driving better stock returns. PV demand is leading from the front and has already witnessed demand recovery. The momentum is expected to continue on the back of low penetration, replacement of aging vehicles, and a reverse shift from shared to personal mobility. CV segment is also in sweet spot amid the government's thrust on infrastructure spending. In the FY24 budget, the government has increased its capex by 44%, which bodes well for the CV segment, as the demand for CVs is directly linked with infrastructure spending. Two-wheelers (2Ws) segment has lagged in recovery but the abnormal 35% fall over FY19-22 has created a very favourable base for the segment, which is core to Indian personal mobility. It is expected that 2W is ripe for a replacement cycle too. As the rural is a big market for 2W, any demand revival from rural amid increase in crop MSPs and other rural incentives provided by the government will support future sales. Tractors, conversely, are at risk of a downturn after an elongated up-cycle. Hence, a modest growth is expected in the coming years. Sharp rise in government incentives along with new product launches has resulted in share of EVs (electric vehicles) both in PV and 2W is increasing. Hence, in 5 years down the line, the EV space will evolve most lucrative and potential business segment for auto OEMs. After, few

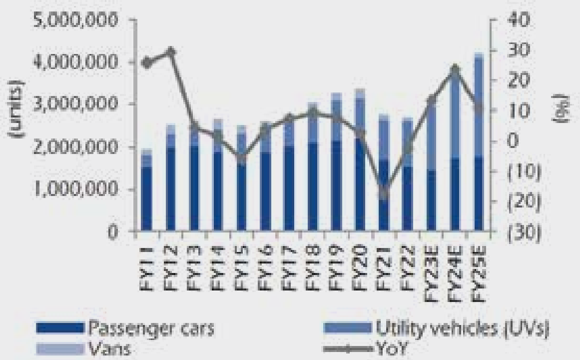
Metal prices have also corrected from high and expected to remain subdued amid tightening interest rate cycle globally, gradual recovery in China post easing of lockdown and weak global demand.

years of underperformance, the auto industry is expected to deliver healthy earnings growth in the coming years.

SUVs Drive Strong Traction in PV Segment

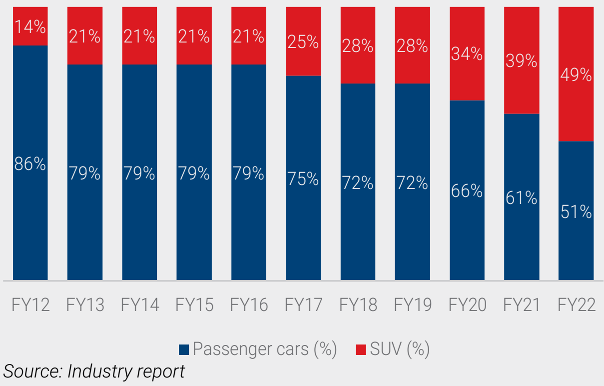
Growth in PV segment volume remained lacklustre during FY12-19, which is now expected to grow in FY23 and likely to cross the peaks witnessed in FY19. Growth would be led by continuing premiumization of the PV industry. In PV segment, the growth will be led by Sports Utility Vehicles (SUVs) and its share is expected to touch 57% in FY25E from 49% in FY22 and 28% in FY19. In the PV segment, the competition from SUV segment has increased sharply, while cars remain concentrated. The choice of available models in the SUV segment has increased from 20 options in FY11 to 57 in FY23 vs. the cars segment, which has decreased to 34 from 44 in FY11. In PV segment, the entry-level cars are in stress, as it has been noticed from volume contribution, which declined from 66% in FY19 to ~45% in 9MFY23. Further, the number of model options for hatchbacks and sedans declined from 48 models in FY19 to 34 in FY23E. The entry-level car segment continues to remain under stress since FY20, given the higher price increase, surge in used car sales (with price points close to entry-level cars), lack of new model launches relative to SUV segment and lower income group hit more in pandemic than higher income group. However, on the other hand, SUV segment has outperformed over the past 3-4 years, with contribution in overall PV segment rising to 49% in FY22 from 28% in FY19. Shift in preference towards SUV for personal intercity mobility is driven by improving standard of living of urban population, successful model launches (i.e., Tata Nexon, M&M XUV300, Hyundai Venue and Renault Triber) and the entry of new firms i.e., MG Motors and Kia Motors. The UV segment has clocked a sales CAGR of 17% over FY19-22, while the overall PV industry has declined 3% over the same period. Going forward, strong growth in SUV is expected to continue on the back of new model launches in SUV space and upper end of the consumer segment less hit during COVID-19. Hence, the future growth of PV segment will be primarily led by SUVs.

PV volume to recover in coming years



Source: Industry report

SUV share has been increasing consistently

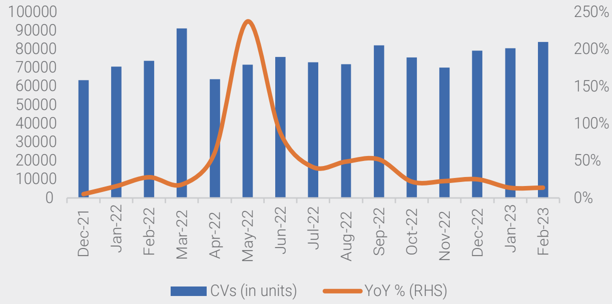


Source: Industry report

CV Segment on Recovery Path

The CV segment has been on a path to recovery since last few months. Fleet operators' sentiment continues to improve based on pick-up in economic activities. M&HCV volume witnessed sequential improvement, led by pre-buying/inventory push by the OEMs prior to BS-VI Phase-II transition. Demand for CV has been mixed, as the volume decline in segments i.e., agriculture has been offset by higher demand from industrial segments. Depending on the geographies, fleet utilization rate ranges between 75% and 78%. Infrastructure and construction-led demand continues to remain strong, resulting in better demand for higher tonnage vehicle. For last 3 months, monthly CV sales grew both YoY and MoM basis. In Feb'23, while CV sales volume grew by 14% YoY (Tata Motors, M&M, Force Motors, Ashok Leyland and SML ISUZU), while it grew by 4% on MoM basis. As per ICRA, the CV industry volume is expected to grow in the range of 7-10% in FY24 on the back of government infrastructure spending, replacement demand, back-to-school and work from office and expansion of e-commerce. The CV growth trends were visible in 3QFY23, with wholesale dispatches growing by 23% YoY (Tata Motors, M&M, Force Motors, Ashok Leyland, SML ISUZU), supported by replacement demand, improvement in macroeconomic environment and healthy traction in underlying industries i.e., steel, cement, mining, automobiles and e-commerce. Freight rates continued to hold up, which coupled with healthy freight availability, is supporting the viability of the fleet operators. In 3QFY23, the growth trends continued to be broad-based across three sub-segments including M&HCV, LCV and buses. It is expected that the domestic CV sales continue to be propelled by multiple tailwinds including replacement of ageing vehicles, pick-up in mining, infrastructure and construction activities, improvement in overall macroeconomic environment and healthy fleet utilisation levels. Furthermore, continued thrust of the government on infrastructure development, as evidenced in the increased capex outlay of Rs10 trillion in FY24 Budget, would augur well for sustained growth, especially in the heavy truck segment over the near-term. Easing of commodity prices and better operating leverage will result in improvement in financial performance of CV OEMs. Over the next few years, the capacity expansion will be limited in CV space, as the CV OEMs will invest more in new product development, electric and other alternative fuel vehicles amid tightening emission norms. Hence, the CV OEMs will be in limelight given the government's increased capex outlay, healthy freight rates and strong replacement demand.

CVs growth remain steady (Tata Motors, M&M, Force Motors, Ashok Leyland, SML ISUZU)



Source: BSE fillings, company reports

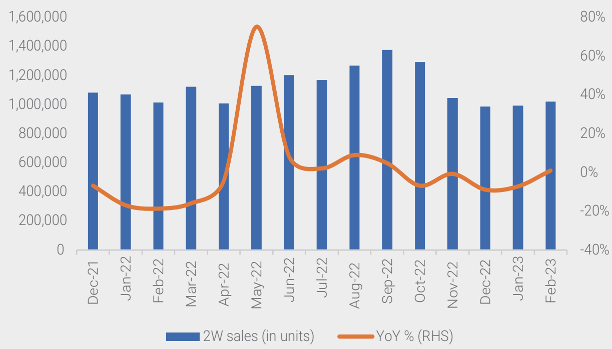
Particulars	3QFY23	2QFY23	1QFY23	4QFY22	3QFY22	2QFY22	1QFY22	4QFY21	3QFY21
CV sales volume (in units)	2,25,179	2,27,019	2,11,493	2,35,654	1,82,670	1,54,019	1,01,444	1,95,975	1,81,873
YoY (%)	23	47	108	20	0	26	246	33	49
QoQ (%)	-1	7	-10	29	19	52	-48	8	48

Source: BSE fillings, company reports; Note: Sales volume data of Tata Motors, M&M, Force Motors, Ashok Leyland, SML ISUZU

Two-wheeler Segment Sees Growing Preference for Premium Models

Demand sentiments remained muted for 2W. In Feb'23, the volume of the listed 2W players grew by 1% YoY and 3% MoM to 10,22,380 units. Sales volume seen in Feb'23 was comparatively better than Jan'23 (down 7% YoY) and Dec'22 (down 9% YoY). In 3QFY23, sale volume of the listed 2W OEMs declined by 7% YoY and 13% QoQ to 33.23 lakh units. Tepid demand can be attributed to constant hike in prices amid higher regulatory cost and higher metal prices. More than half of the 2W market is composed of budget motorcycle segment having engines below 125cc, which is heavily dependent on rural, price-sensitive markets like Bihar, Haryana, West Bengal, Uttar Pradesh, Madhya Pradesh and Rajasthan. Hence, any price hike due to additional commodity cost escalation has an adverse impact on 2W sales volume. The low and mid-segment of the market have low headroom for any sharp increase in prices. However, as the entry-level 2W is witnessing tepid demand, the demand for premium bike has been increasing at healthy pace. Now customers are preferring premium bikes (above 125cc plus) as against entry-level bikes (100/110cc). This trend is clearly visible when we compare the quarterly volume of Royal Enfield with that of Hero MotoCorp, which is a leader in the entry-level segment. It has been noticed that share of entry-level bikes has been declining, while the entire share has been captured by the premium motorcycles. It has been seen that urban demand has definitely revived after COVID-19, but not the rural markets, which is quite visible in 100cc bikes sales volume. In contrast, there is a waiting period on premium 2Ws in certain urban markets. Gradual shift in consumers' choice to bigger engine capacity 2W is what prompted two other Japanese heavyweights i.e., Suzuki Motorcycle and Yamaha to exit the budget category segment to focus on the premium segment.

2W monthly sales (only listed players) trend



Source: BSE fillings, company reports

Only listed 2W OEMs	3QFY23	2QFY23	1QFY23	4QFY22	3QFY22	2QFY22	1QFY22	4QFY21	3QFY21
2W sales volume (in units)	33,23,793	38,14,381	33,06,570	32,37,042	35,66,218	36,13,763	31,39,592	40,30,955	42,80,026
YoY (%)	-7	6	5	-20	-17	-8	66	17	15
QoQ (%)	-13	15	2	-9	-1	15	-22	-6	9

Source: BSE fillings, company reports

Steady Momentum in EV Penetration

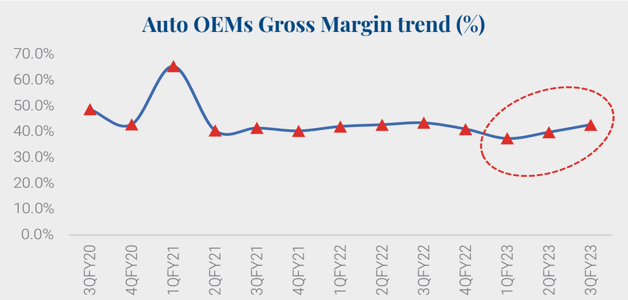
India's transition to electric mobility will be faster, as the automobile companies are making big-ticket investments to facilitate EV penetration in the country. The government has target of 30% EV penetration in private cars, 70% in CVs and 80% for 2W and 3W by 2030. Transition to EVs in the 2W and 3W segments will be much faster than anticipated. Battery swapping policy would also provide some fillip to e3W segment. Notably, the small CV segment is also showing some good progress along with buses in the commercial segment. Auto OEMs are also in investment spree in order to take the first-mover advantage in EV space. M&M, TVS and Tata Motors are among the OEMs, who committed big-ticket investment in setting up EV plants and technology in India. According to Vahan, 9,49,547 EVs were registered in 2022 in India. The share of EVs in total new cars sold in India crossed 3% for the first time in 2022, which is expected to cross the 5%-milestone in 2023. As per the industry experts, the current size of the e-LCVs, which stands at 350,000- 400,000 units in India now, is expected to grow by 7-10% till 2025. Further, rising localization of components of manufacturing EVs will help in regulating the price of vehicles. High ownership cost of EV is due to absent of local vendors in EV ecosystem and high dependency on imports. Hence, after announcing PLI scheme for auto ancillaries, several auto ancillaries companies have started working on component segments that will find applications in EVs. In the next 2-3 years, it is expected that there will be a noteworthy local vendor ecosystem for the EVs, which could drive cost economies as well. However, concerns over charging stations remain there despite government's focus on setting up adequate charging infrastructure. In order to address the issue, the government has proactively amended the guidelines for developing charging infrastructure in the country. Battery swapping is also an alternative solution for EV charging infrastructure, especially for commercial applications. The next revolution in auto industry will definitely the electric mobility and all auto OEMs and ancillary companies are positioning themselves to capitalize on this emerging opportunity.

Segment	Penetration in FY27 (%)
Two Wheeler	21-24 %
Three Wheeler	30-33%
Passenger Vehicle	6-9 %
LCV	0-3 %

Source: Industry article

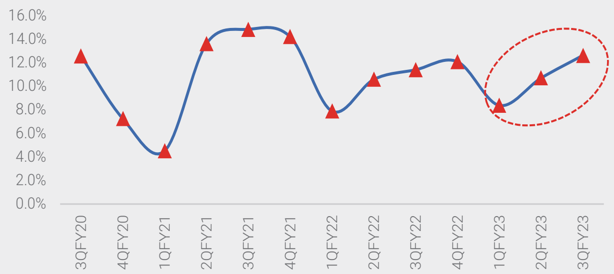
Receding Raw Material Inflation to Drive Margin

In past 2-3 years, the margin of auto OEMs continues to remain under pressure amid rising raw material prices and other regulatory cost amid weak demand. Steel (Indian HRC flat) and aluminum prices, which doubled over mid-2020 to Apr'22, have corrected steeply, led by real estate woes and COVID-led lockdowns in China and a tightening interest rate cycle. Core commodity prices have seen some stabilization since 2QFY23 and commodities such as steel/aluminum/rubber/polymer have corrected by 10-23% from their peaks. The benefit of softer raw material prices already reflected in 3QFY23 margin, as most auto OEMs reported improvement in gross as well as operating margin despite subdued sequential volume growth. As the auto OEMs had increased the prices, when the core raw material prices were on the uptrend, they are expected witness margin improvement, as the raw material prices have started to recede. Auto OEMs are unlikely to pass on the lower raw material price benefits to customers, as the implementation of OBD2 norms from Apr'23 will keep their cost at elevated level. Though the supply side challenges i.e., semi-conductor shortage has also eased to large extent but still the concern is yet to be completely over. However, the availability of chip is no so challenging and hence, capacity utilization of all the OEMs are on the peak. As supply challenges are largely behind and commodity prices are stable, the margin of auto companies is expected to improve in the coming quarters.



Source: ACE Equity

Auto OEMs EBITDA Margin start improving from 2QFY23(%)



Source: ACE Equity

LME Aluminium Price trend (USD/tonne)

Source: Bloomberg

LME Copper Price trend (USD/tonne)

Source: Bloomberg

LME Nickel Price Trend (USD/Tonne)

Source: Bloomberg

After long time of subdued performance, the demand scenario for Indian auto sector appears to be promising. The demand scenario is indeed much better what it used to be six months back from the point of view of the demand revival. Following marginal decline after a reasonable festive season, it seems that the industry is heading towards the positive zone after a long time. Further, sales volume growth was quite decent in Feb'23, despite the month being seasonally lean (due to less number of working days). After a long underperformance, the domestic auto sector is expected to enter into cyclical up-tick in the next 2-3 years, largely driven by improvement in urban demand, replacement of aging vehicles and stability in broader economy. EV is another growth area, where all auto OEMs have started investing, which would start reflecting on growth numbers in the next 3-4 years. As supply challenges are largely behind amid stable commodity prices scenario, the auto sales volume is expected to witness healthy growth over the next 2 years across segments.

Peer Set

Company Name	Mcap (Rs crs)	Revenue (Rs crs)	EBITDA (Rs crs)	PAT (Rs crs)	EBITDA Margin (%)	PAT Margin (%)	ROE (%)	ROCE (%)	D/E ratio (x)	Forward P/E (x)	Forward P/Bvps (x)	Forward EV/ EBITDA (x)
ASHOK LEYLAND	39,608.4	26,110.3	2,765.2	(358.6)	10.6	-1.4	-4.7	N/A	281.1	18.3	N/A	N/A
BAJAJ AUTO	1,09,632.5	32,136.0	5,137.8	6,165.9	16.	19.2	21.6	70.0	0.0	16.4	3.8	14.0
BHARAT FORGE	35,119.4	10,461.1	1,981.0	1,081.8	18.9	10.3	18.1	15.7	90.1	24.3	4.4	15.0
EICHER MOTORS	78,650.6	10,127.1	2,172.3	1,676.6	21.4	16.6	13.9	25.6	0.9	22.2	4.6	18.3
ESCORTS KUBOTA	24,447.3	7,053.0	951.2	736.5	13.5	10.4	11.7	12.4	0.7	22.6	2.3	20.5
HERO MOTOCORP	45,057.9	29,551.3	3,444.8	2,316.9	11.7	7.8	14.8	21.3	3.8	12.8	N/A	N/A
MAHINDRA & MAHINDRA	1,40,916.7	77,117.2	14,682.9	6,577.3	19	8.5	14.8	25.7	136.6	12.0	1.5	9.2
MARUTI SUZUKI INDIA	2,48,521.3	83,799.8	5,706.2	3,879.5	6.8	4.6	7.2	23.4	0.8	22.3	3.7	15.6
SAMVARDHANA MOTHERSON INTERN	42,420.4	62,831.7	4,499.5	873.8	7.2	1.4	5.3	7.6	63.2	14.6	1.8	6.9
TATA MOTORS	1,44,365.5	2,75,235.2	24,798.8	(11,441.5)	9.0%	-4.2%	N/A	N/A	319.9	14.0	2.8	5.1
TVS MOTOR	49,102.6	21,320.8	309.8	756.8	1.5%	3.5%	18.4	35.3	313.2	25.1	6.7	20.0

Source: Bloomberg

Management concalls

Mahanagar Gas Ltd. (MGL)

Acquisition

- MGL has signed a share purchase agreement with Unison Enviro Pvt. Ltd. (UEPL), a subsidiary of Ashoka Buildcon to acquire entire 100% stake in UEPL.

- This acquisition will help MGL to expand into newer geographical areas (GAs) in Maharashtra (1 each in Ratnagiri and Latur) and Karnataka (2).

- These 3 GAs have been acquired with total cost of Rs531 crore, which will provide new avenues for long-term growth and provide a healthy mix of overall volume, top-line and bottom-line.

- The transaction is of strategic importance to MGL, as it will help in strengthening the network beyond Maharashtra.

- MGL will continue to leverage new opportunities in CGD sector and will provide quality service to its customers.

- The deal is subject to the approval of Petroleum & Natural Gas Regulatory Board (PNGRB).

- MGL will keep UEPL as a WOS and will not consider merging with MGL. However, as MGL owns 100% stake in UEPL, it doesn't require PNGRB's nod for merger, if needed.

- The company has been seeking for a suitable acquisition opportunity for last 1½ years.

Investments on 3 GAs & Volume-mix

- Currently, the company estimates an annual investment of ~Rs100-150 crore to scale up the production in 3 acquired GAs.

- MGL has already invested Rs270 crore for this acquisition and will invest an additional Rs1000 crore in the next 7-8 years in these 3 GAs. The company will survey the GAs and will decide which pockets require more investment.

- Nearly 90% of volume will go to CNG and balance will go to industrial and commercial in Ratnagiri district and small volume will go to domestic PNG.

- Going forward, the company expects CNG to play a major part as these acquired GAs are not densely populated. The management will focus mostly on industrial and commercial customers.

- However, the company will take a call on year on year basis with regard to future volume-mix.

Funding of Acquisition

- The acquisition will be funded through internal accruals, as the company has cash reserve in balance sheet. However, for further funding, the management will take a call on year on year basis with regard to the nature of funding i.e. equity or debt.

UEPL – Key Financials

- UEPL's volume – which stood at 60,000 standard cubic meter per day (scmd) – increased to 100,000 scmd in 1HFY23.

- It has Rs135 crore equity capital with accumulated loss of Rs52 crore and net-worth of Rs84 crore as of FY22. Its borrowings stood at Rs112 crore as of FY22-end.

- The loans will be carried in the

books of UEPL. The major chunk of capex will be spent for creating CNG infrastructure in these 3 GAs.

MWP Commitment

- All the GAs are operational. The Minimum Work Programme (MWP) in Ratnagiri is 1,800 inch km, while it stood at 10 inch km and 75 inch km in Latur & Osmanabad and Chitradurga & Devanagere, respectively.
- MWP is set by the regulator and is a function of population of GAs and geographic spreads.
- Valuations are derived from projected cash flows on DCF method and other multiples.
- As MGL debt-free with healthy balance sheet, it will continue to scout for acquisitions, going forward.

MWP Commitment	Maharashtra		Karnataka
	Ratnagiri	Latur & Osmanabad	Chitradurga & Davanagere
Population (mn)	1.6	4.1	3.6
Area (sq km)	8,208	14,726	13,000
CNG Station installed	18	14	11
CNG Stations	-	30	42
Steel pipeline (inch km)	1,800	10	75

Volume Ramp-up from 3 GAs

- For FY23, the company expects little more than 0.1 mmscmd and for FY24, the management expects it could ramp up volume to 0.15- 0.20 mmscmd. There is a possibility that the company could ramp-up sales volume to 0.25 or more mmscmd by FY25.
- All the 3 GAs put together will have volume ramp-up of 1-1.1 mmscmd in the next 7-8 years.
- CNG stations are mainly on highways. Primarily volume will come from commercial goods vehicles and passenger cars. The company is also targeting some state transport undertakings.
- As 3 highways pass through Ratnagiri district, the floating traffic through highways is expected to contribute maximum to the company's sales.
- In case the price between CNG and petrol/diesel remain conducive, sales of CNG will grow faster as the conversion of vehicles to CNG will take place more rapidly.
- For these 3 GAs, sales are at 6,000 kg/day. Nearly 10-12 kg CNG sale for each small CV and ~70-80 kg CNG sale for large tonne CV. Hence, filling up 100 CVs would translate into sale of ~4,000-5,000 kg of CNG.

No Impact on Dividend Pay-out

- The management does not expect any material impact of capex in 3 GAs on dividend pay-out, as the company has sufficient treasury surplus.
- However, there could be some pressure on profit margin due to acquisition of 3 Gas, as the company has to absorb some overheads initially. The management expects the margin to start improving once the ramp-up of volume takes place.

PVR-INOX

Highlights of Post-Merger

Merger Details: Merger of PVR and INOX has created the largest film exhibition company in India with 1,674 screens across 358 properties and 114 cities in India and Sri Lanka with an aggregate seating capacity of 3.56 lakh.

The management is confident that this merger will lead to better customer service, expand reach and create new growth opportunities.

Appointed date for merger is fixed at 1st January 2023. The company will report combined financials along with the audited results of 4QFY23. In the next few months, focus will be on successfully integrating two businesses and realizing the anticipated merger synergies over 1-2 year timeframe.

2022 was impacted on account of underperformance of Hindi films and release of lower number of Hollywood films, which resulted in significant fluctuations in box office collections. The focus has shifted towards the content quality rather than solely relying on presence of stars.

Now, there is a greater acceptance of multi-language content with pan-India release, as multiple languages becoming a norm. This is a positive development for the industry, as it opens up new markets and audiences.

The line-up for 2023 looks very promising with big release slated for the next 12 months across Hindi, English and regional films.

Looking ahead, the company will open 180-200 screens every year over the next 2 years across strategic locations and key markets.

Spends Per Head (SPH) & Opportunities Ahead: During COVID, the company came up with F&B idea and since then the management has worked extensively to get a new menu, a new brand on Zomato and Swiggy, which is competitive in terms of pricing. The company is not selling the F&B products at the cinema pricing rather they are competitively priced. The merger provides a larger footprint to this idea and the company is also learning this new way of doing F&B business. However, it will take some time to make it more sizable as an independent entity. Currently, cinema accounts for major chunk of SPH. However, the company aims 5% contribution from home delivery in 2-3 years down the line. So, every 5 km there could be a cinema and every cinema would possibly have a micro target where the company would like to contribute at least 5% of the cinema SPH coming out of home delivery. Further, the company aims to improve the number of offerings with focus on volume rather than value. Besides, the company doesn't aim to sell only post-ticketed but pre-ticketed (wherein one can enter the premises and buy concessions thus allowing people who haven't come to watch movies to also buy company's USP products). Some of the large box offices are getting converted into F&B outlets.

On Merger Synergies: The major focus area for the management is to drive the revenue. F&B is going to be one of the areas, where the focus is going to be on driving long-term synergies. The company is focussing on bridging the SPH gap between both circuits. It aims to synchronize pricing and not compete in some common circuits and advertising revenue. On the cost side, the management's focus is going to be on supply chain and both INOX and PVR have done a lot of work on cutting down their independent cost during the pandemic. Reduction of F&B cost given the significant volume of buying and rationalization of duplicate overheads will be the big trigger. Overall, the management expects to realize the full potential synergy in the next 12-24 months. Over the next 6-9-month, efforts will be made to integrate and put everything on a common platform (technology, ERP and operating systems etc.), post which the synergy will play out faster. As guided, some part of the Rs225 crore annual synergies will flow in the first year itself and some will flow in the next.

Operational Strategies: The combined entity will focus on improving operating efficiency. It will also include relooking at capex plan in terms of average per screen spend as well as figuring out a way to better manage the rental cost. Overall, it will endeavour to make most cost variable in nature and reduce capex intensity in the business, as the company moves to Tier-II and Tier-III locations. While this is a part of long-term strategy, the management will be able to share a lot more in this regard with clarity and precision in the next 3-6 months.

OTT Window: Current window for Hindi films, which is predominantly the content that the company plays in theatres for 8 weeks, is similar to that of pre-COVID era. Currently, both content creators and exhibitors (PVR-INOX) are comfortable with this window. The same window applies to Hollywood films as well even though Hollywood has longer windows (beyond 8 weeks) as per international norms. For non-Hindi Indian films (Tamil, Telugu, Malayalam, Kannad, Marathi and Punjabi), windows vary from 4 to 6 weeks. The company endeavours to push these windows towards 8 weeks as well.

Footfalls or Occupancy in Multiplexes: It is subjective and different for different films. For bigger films, which show longer legs at the box office, the longer window is definitely beneficial for the company as well as for the content creators. The producers can change the window after theatrical release. Content creators tend to have considerable leverage with the streaming platforms. And in counterintuitive fashion, even the streaming platforms benefit from a longer streaming of a film at the box office. So, they are comfortable to increase the window quite often.

Content Volatility: As far as volatility of performance is concerned, the inherent DNA of PVR's business is peaks and valleys. So, while the company, as exhibitors as well as content creators, producer, distributors, all involved wants more consistency, this is not a business that one can see on a week-to-week basis, rather on a slightly longer duration, when things tend to even out.

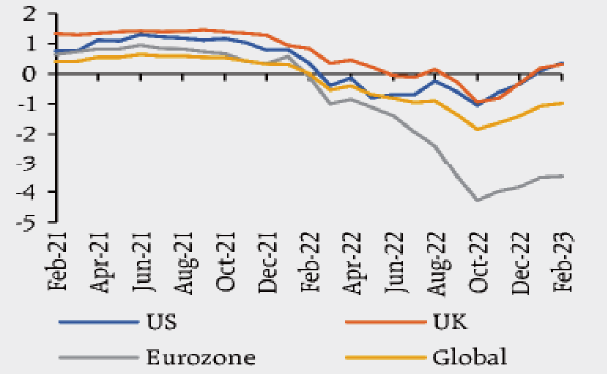
Screen Cannibalism & Occupancy: Post-COVID, occupancy in the last 12 months shouldn't be considered normal. Capex decisions were taken earlier and it takes 3-5 years for a mall to come up. Besides, the projects which the company signs and the screens that are carefully selected in terms of the market gaps and, whether the malls are being developed by quality developers like Phoenix or DLF or Lulu or Prestige. Moreover, these are all destination malls in catchments and cities, where there is no presence of high-quality cinema experience. The management believes in the long-term prospects of this business, as all these screens are in niche locations especially in Southern India, where the multiplex penetration is very low. Thus, the capex is done with a lot of thought where every property has a return criterion. With new retail formats coming up, the existing retailers are increasing their footprints in the malls and new brands are coming up every day in the country. Footfalls are steadily increasing in all the malls as well. Off-line sales are better than online sales now. So PVR and INOX are pretty much part of this upward trend in the shopping centre development.

Expansion Strategy: Out of 200 screens, which the company aims to open this year, 44% are in metros and mostly in southern India. The Southern states, where the business remains robust (~30-40%) and the regional movies are doing well are Tamil Nadu, Karnataka, Andhra Pradesh, Telangana and Kerala. In Tier-I cities, PVR has ~38% screens coming up, while ~17%-odd screens are coming up in Tier-II and Tier-III cities. The company is also looking at some new cities i.e., Patna, Ajmer, Tirupur and Machilipatnam, which are yet to witness retail and a multiplex revolution.

Economy review

The banking crisis in the United States could have tentacles spread far and wide and the contagion has chances of spreading further, which has been highlighted by a recent study by National Bureau of Economic Research (NBER). It has stated that even if 10% of uninsured depositors withdraw their money, 66 banks – accounting for assets worth $210bn – would fail in the US. Thus, it is need of the hour to protect their balance sheets, particularly the regional banks, which are mostly responsible for lending to smaller US firms. As this might lead to credit crunch, the chances of recession in the US have vastly increased. The situation is far from being under control despite the assurance of the Fed Chair. While many wanted the Fed to either hike rate by 25bps or pause, as the financial conditions have tightened, the economists expect that the tightening in lending standards is akin to a rate hike to the tune of 25-50bps, and hence, the logic warrants to go slow. However, whilst the US Fed Chair agreed with the tightening of financial conditions, it still went ahead with the rate hike to curb inflationary trends and believes there could be more hikes, if the situation so warrants. At the same time, the Fed policymakers believe that it may require one more interest rate hike and pause for the time being. With most of these regional banks have asset-liability mismatches, the panic could intensify in case the situation gets out of control with the investments in US long-term bonds lose value (following rate hikes) and increased demand for withdrawal of funds by the depositors. If the Fed provides a window to banks so that every depositor is protected, it will result in increase in the size of the Fed's balance sheet. Thus, instead of sending confusing signals, the Fed would probably watch as how the situation evolves and whether the present crisis could unfold into a systemic crisis. While the Fed has defended its move to raise rates by 475bps (since March 2022) to tame inflation, many argue that the inflationary circumstances driven by supply side measures hardly work with the monetary policies. Economists have even questioned the hawkish stance of the Fed, which so far has only favoured the banks/financial organisations and businesses at the cost of common people, as squeezing of employment opportunities would directly hit them. While the chances of recession could escalate in the US and a lot depends on how the Fed handles the present banking crisis, as this would presumably have direct/indirect impact on the emerging nations as well. For instance, media reports have already speculated the impact it would have on India's IT sector since a lot of these US banks are clients of India's IT firms, which could lead to slowdown in new order booking/renewal. However, despite the challenge of spill-over of the US banking crisis, the Reserve Bank of India (RBI) – in its State of the Economy report released in the month of March 2023 – is pretty confident that Indian economy would remain resilient amid the global uncertainties and is rather better positioned compared to several countries in the world.

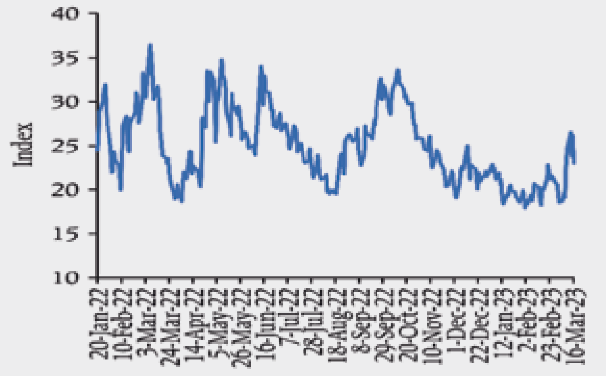
Financial Conditions Index



Source: Bloomberg, RBI Bulletin

Note: *1. The Bloomberg Financial Conditions Index is a Z-score tracking the overall level of financial stress in the money, bond, and equity markets to help assess the availability and cost of credit; 2. A positive value indicates accommodative financial conditions, while a negative value indicates tighter financial conditions relative to pre-crisis norms*

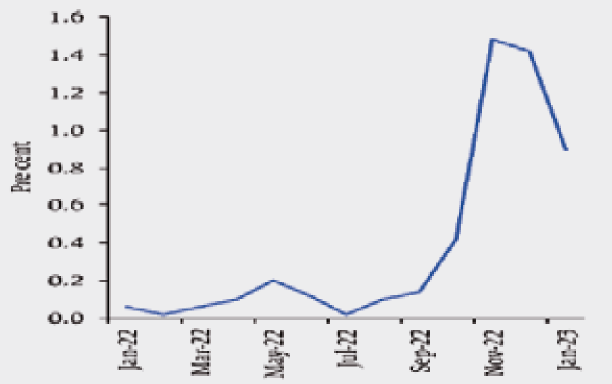
CBOE VIX



Source: FRED, RBI Bulletin

Note: *1. CBOE VIX: Chicago Board Options Exchange Volatility Index; 2. VIX measures market expectation of near-term volatility conveyed by stock index option prices.*

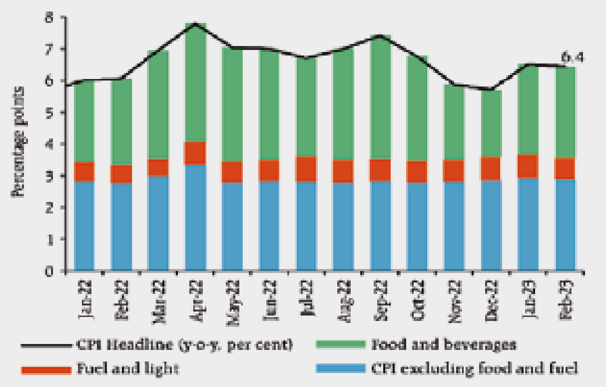
US Recession Probability



Source: Federal Reserve Economic Data (FRED), RBI Bulletin

Note: *Data up to Jan'23, updated as on March 03, 2023*

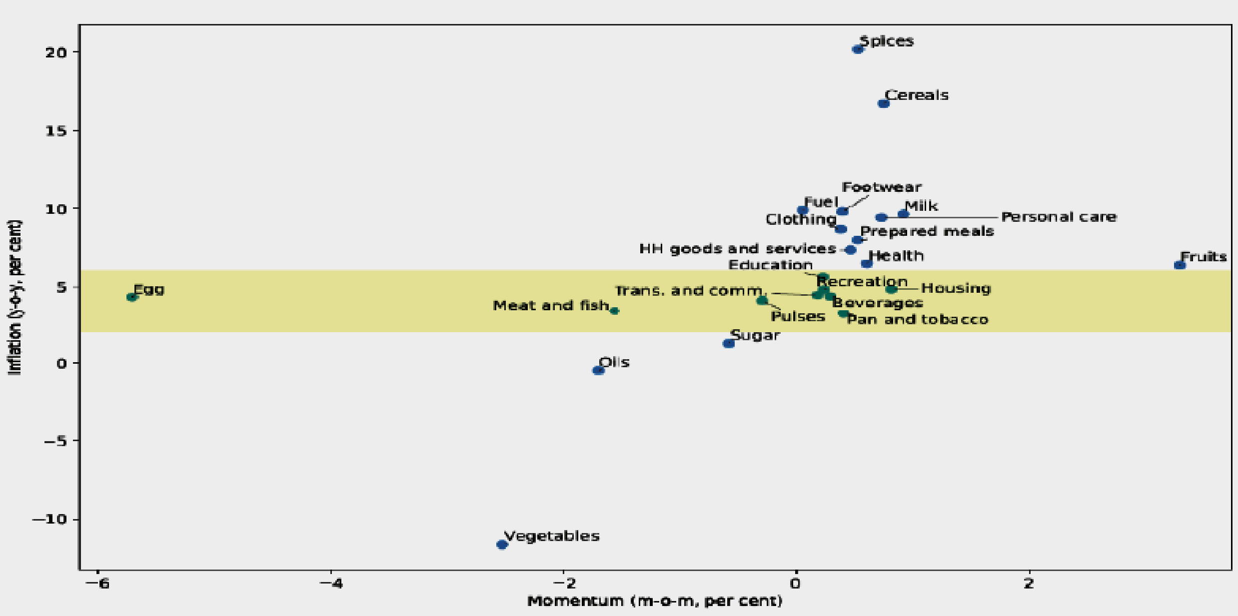
Drivers of India CPI Inflation (contribution)



Sources: National Statistical Office (NSO), RBI estimates

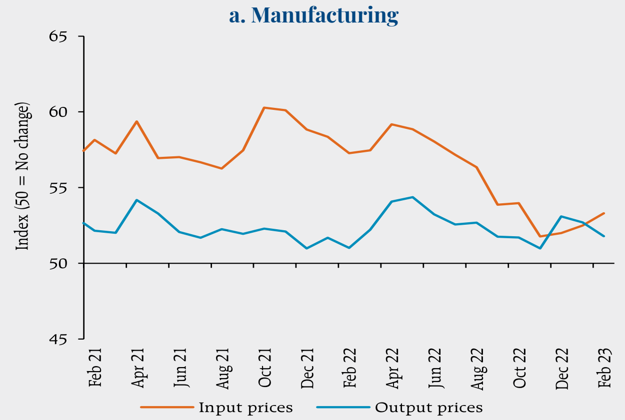
Note: *CPI inflation for April-May 2021 was computed based on imputed CPI indices for April-May 2020*

Annual Inflation (YoY) & Momentum (MoM) across sub-groups (India)

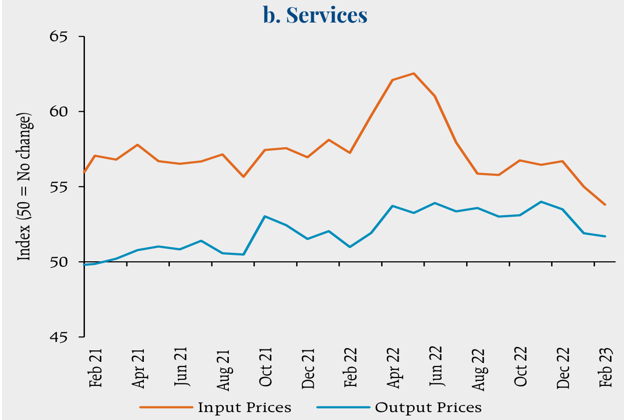


Source: NSO, RBI estimates

PMI - Input & Output Prices (India)



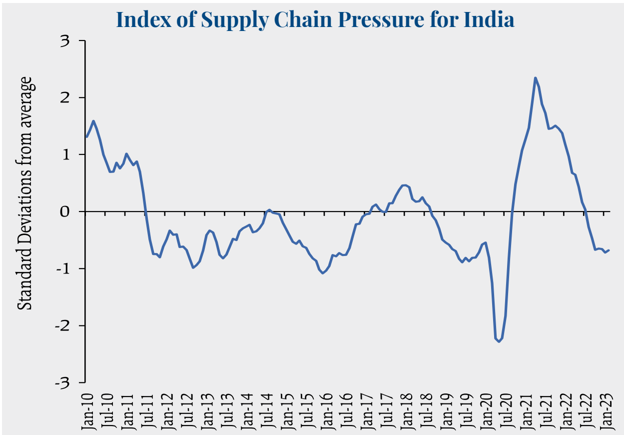
Source: S&P Global, RBI Bulletin



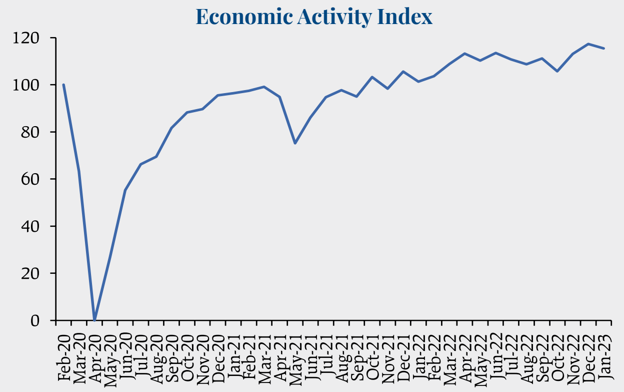
Source: S&P Global, RBI Bulletin

"Even as global growth is set to slow down or even enter a recession in 2023, India has emerged from the pandemic years stronger than initially thought," the RBI report said. The report further said a direct impact of the US banking crisis on India's economic activity could be limited, but the markets were bracing for tighter financial conditions and the crisis could present a trade-off between financial stability concerns and the conduct of disinflationary monetary policy. Nevertheless, fear is creeping back as Wall Street's fear gauge (VIX) has surged by 17.7% by March 17, 2023 over the level as of Dec'22. The yield curves are in deep inversion and the future looks a lot darker than what it seemed in February, cautions the RBI report. While the report is optimistic over the domestic economic growth, it is certainly wary of inflation, especially core inflation. Besides, it has kept CPI inflation levels for FY24 at 5% to 5.6% range, broadly in line with the guidance by the MPC, based on the assumption that southwest monsoon in India would not be severely impacted by the dreaded El Nino. However, the headline inflation moderated slightly to 6.44% in Feb'23 from 6.52% in Jan'23 and the moderation of 8bps was driven by a favourable base effect of 24bps, which more than offset the positive momentum of 17 bps. However, on MoM basis, the prices increased by 41bps in the core category. Food inflation at 6.33% in Feb'23 was marginally higher vs. 6.2% in the previous month, led by 16.7% rise in the prices of (the highest since June 2013) cereals. However, the RBI report assures that high frequency food price data points to decline in the prices of cereals (mainly wheat and atta) and key vegetables. This tempering of prices of cereals has a lot to do with the open market sales by the Food Corporation of India (FCI). However, the RBI report itself raised quite a few questions like "will the Rabi harvest survive the heat wave or the untimely rains and hailstorms? On the other hand, core inflation continues to defy the distinct softening of input costs." The RBI report has already raised apprehensions over the El Nino phenomenon, which is crucial to keep the food prices under check. Besides, the wheat stock at the FCI is currently below the prescribed buffer norms and the RBI report says that "they are being further replenished by fresh procurements during the Rabi season". Clearly, food inflation – which has recently been led by cereals – is dependent on how the Rabi harvesting goes considering that February has been hottest month on record. The Indian Meteorological Department (IMD) has even highlighted the enhanced probability of occurrence of heatwaves in central and northwest regions of India in the current summer season (March-May). So far (up to March 15, 2023), the FCI has conducted 6 e-auctions with a cumulative total of 3.38mn tonne of wheat sold (against the overall allocation of 4.5mn tonne).

However, the input cost inflation has moderated during 2HFY23, as reflected by the Wholesale Price Index (WPI) albeit the decline has been greater for industrial products than farm inputs. However, dissection of PMI data states that there is pressure on manufacturing sector than service sector, as the rate of expansion in selling prices moderated for both manufacturing and services, while the input cost pressure for manufacturing witnessed sequential pick-up.

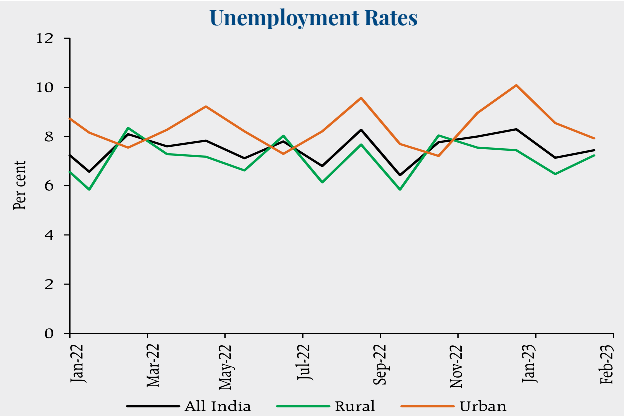


Source: RBI Bulletin



Source: RBI estimates, RBI Bulletin

Note: *The activity index is constructed by extracting the common trend underlying a set of high frequency indicators of economic activity using a Dynamic Factor Model (DFM). EAI is scaled to 100 in February 2020 and 0 in April 2020, the worst affected month due to mobility restrictions*



Source: CMIE, RBI Bulletin

The RBI now pegs real GDP for 4QFY23 and FY23 at 5.3% and 7%, respectively. The report states that the growth impulses for the economy are getting stronger, led by easing of supply chain measures (as seen from the index of supply chain pressure in India-ISPI) and rebound in services activities. Moreover, the economic activity index, which tracks the movements of a set of 27 high frequency indicators, showed that overall economic activity remained resilient despite some moderation in Jan'23. Lead indicators point towards sustained momentum in economic activities, suggests the RBI report. While e-way bill (volume) and toll collections as well as electricity generation remained high (led by increase in peak demand due to higher mean temperature), average daily consumption of fuel also remained higher. While two-wheeler sales rose by 8.8%, average room rates in tourism sector also increased on improving demand, even though hotel occupancy rates are yet to revert to pre-COVID levels. The report believes that there are signs of improvement in rural demand on the back of expectations of a bumper wheat crop and higher grain prices. While the demand for FMCG sustained in Feb'23, improvement in rural demand could mean improvement in prospects for both FMCG and two-wheelers. Unemployment rate stood at 7.5% in Feb'23 vs. 7.1% in Jan'23, led by seasonal variations in rural regions. The report dissected PMI data, and based on PMI employment sub-indices, hiring activities improved in both manufacturing and services sectors. However, merchandise exports contracted by 8.8% YoY to US$33.9mn, which is a reflection of muted global demand. Non-oil exports (which account for 80% of exports) contracted by 4.3% YoY, while petroleum product exports declined by 28.8% YoY, led by decline in diesel shipments to Europe. Imports also declined by 8.2% YoY to US$51.3bn. While the RBI report believes that this is due to easing of commodity prices, generally it can be associate with muted domestic demand. The merchandise trade deficit thus increased to US$17.4bn in Feb'23.

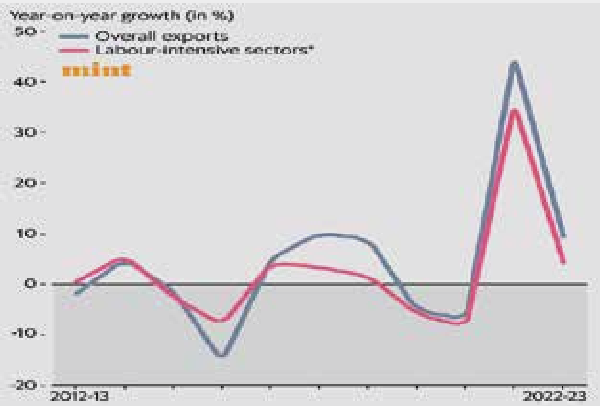
High Frequency Indicators – Services Growth (YoY / %)

Sector	Indicator	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23
Urban Demand	Passenger Vehicles Sales	28.6	28.1	7.2	17.2	11
Rural Demand	Two-Wheeler Sales	2.3	17.7	3.9	5	7.6
	Three-Wheeler Sales	70.4	103.2	37.6	103	86.1
	Tractor Sales	6.8	6.5	25.6	24.4	20
Trade, hotels, transport, communication	Commercial Vehicles Sales		16.6			
	Railway Freight Traffic	1.4	5.2	3.1	3.8	3.6
	Port Cargo Traffic	3.1	1.8	10.3	11.5	12.1
	Domestic Air Cargo Traffic*	-8	3.7	-3.6	2.4	12.3
	International Air Cargo Traffic *	-18.7	-6	-7.4	-7.5	5.6
	Domestic Air Passenger Traffic *	30.4	12.6	14.6	96.8	5.1
	International Air Passenger Traffic *	115	97.5	85.9	121.9	0.5
	GST E-way Bills (Total)	4.6	32	17.5	19.7	18.4
	GST E-way Bills (Intra State)	12	37.7	23.2	24.1	22.2
	GST E-way Bills (Inter State)	-5.9	23.1	8.6	12.8	12.4
	Tourist Arrivals	243.2	191.3	204.2		
Construction	Steel Consumption	11	12.8	15.9	4.4	11.1
	Cement Production	-4.2	29	9.5	4.6	
PMI Index#	Services	55.1	56.4	58.5	57.2	59.4

**: Data for aviation indicators for Feb'23 are calculated using DGCA statistics; #: Data in levels*

Sources: SIAM; Tractor Manufacturing Association; Indian Railways; India Port Association; Airports Authority of India; DGCA; GSTN; Ministry of Tourism; Joint Plant Committee; Ministry of Commerce & Industry, IHS Markit and RBI Bulletin

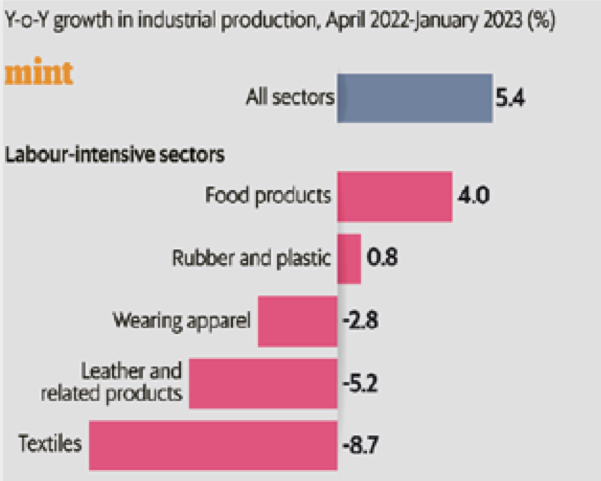
Growth in labour-intensive export items lags behind overall exports



Source: CMIE, Mint

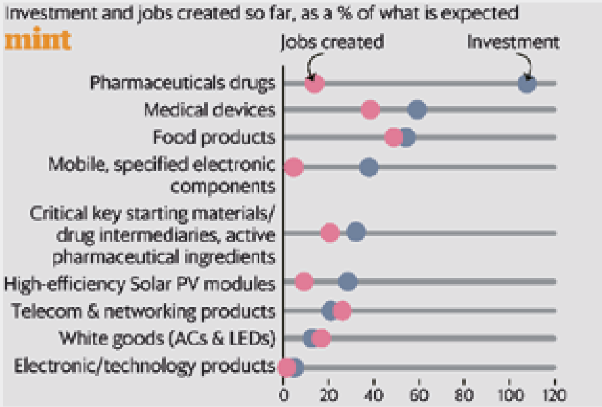
Note: *Growth rate for 2022-23 is for Apr-Jan period; *Textiles (including readymade garments), electronic goods, gems and jewellery, leather and agricultural products*

Domestic production of key labour-intensive items also trails overall industrial growth



Source: CMIE, Mint

PLI-led investments have picked up but job creation remains lacklustre



Source: DPIIT/Chief Economic Adviser Anantha Nageswaran, Mint

Budgetary allocation to most PLI sectors faces cut in FY24 (Rs crore)

mint	Budget FY23	Revised FY23	Budget FY24
Large-scale electronics, IT hardware	5,300	2,203	4,645
Pharmaceuticals	1,629	1,663	1,200
Textiles	15	8	5
Automobile	6	12	605
AC white goods	4	4	65
Telecommunications	528	90	0
Drone and drone components	0	40	33

Source: Budget documents, Mint

Expansion of trade deficit has been a major drawback on GDP, which was countered with higher government fixed investment spends. Private consumption also lost steam and the RBI report believes that private consumption could edge down further probably due to elevated inflation levels and as suggested by high frequency indicators. Besides, the RBI is also hopeful on agriculture (which depends a lot on monsoon progress), while the industry is confident of services sector, which has maintained momentum. Besides, the RBI has already cautioned of adverse base effects to play a spoilsport in 4QFY23 itself. Clearly, all is not hunky-dory, as the RBI has presented an optimistic prediction on the economy. The RBI itself has raised doubts on crucial aspects on revival in private consumption, inflationary trends and manufacturing sector. On the supply side, the RBI paper has stated that overall Gross Value Added (GVA) was driven by services and agriculture sectors, while the industrial sector decelerated on account of input cost pressure. We have already highlighted before that though the input cost has decelerated, it tends to persist for manufacturing sector and hence, 4QFY23 is unlikely to see any improvement on that front. The high frequency indicators for the services sector have remained strong, as reflected in upbeat services PMI numbers. On expenditure side, the GDP components candidly suggest that the government has to do the heavy lifting with higher consumption expenditure and public capex spend. As per the Controller General of Accounts (CGA) data, gross fiscal deficit was at higher side at 67.8% of revised estimates in Apr'22-Jan'23 period vs. 58.9% last year. Major thrust

On the supply side, the RBI paper has stated that overall Gross Value Added (GVA) was driven by services and agriculture sectors, while the industrial sector decelerated on account of input cost pressure.

has been on capex (growth of 29% YoY vs. 9.7% YoY growth in revenue expenditure), while on revenue side, tax collections (direct and indirect) have been supportive so far. A recent Mint analysis has even highlighted that the decline in merchandise exports so far has been majorly led by labour intensive sectors in FY23, as overall exports grew by ~10%, while labour-intensive industries grew by just 4%. According to a CRISIL report, textiles, gems and jewellery, leather items and footwear are some key industries with >25% exposure to the US and EU. Domestic manufacturing in these key sectors have thus suffered and more importantly, while this has not been highlighted or captured, but would play its part in India's job crisis. The Mint analysis even states the shortcomings of the PLI scheme, which holds a lot of promise on investment and more importantly on job creation. As per the available data from the Department for Promotion of Industry & Internal Trade (up to Sept'22), while PLI investments stood at 15% of the expected amount, job creation stood at 3% of the expected level. The gap between investment and job creation was high in pharmaceuticals and mobile specified electronic components. Analysis further states that "Two segments – ACC battery, and automobile and auto components, which are expected to create over 60% of the total jobs under the scheme – hadn't received any investment until then". The Mint article even raised valid questions on the PLI especially during the current challenging times. In fact, the scheme provides incentives based on incremental production and a lack of impetus on production tracking amid muted growth overseas would make the companies ineligible for the scheme. The government in anticipation of a slowdown has made cuts in budgetary allocation to several PLI sectors for FY24 and also downwardly revised estimates for many. Thus, while the scheme was announced to complement the domestic job creation, it so far hasn't helped much.

An expanding trade deficit also results in in expanding current account deficit, which doesn't bode well for the domestic currency in a challenging global environment. While FDI receipts have gone down from last year, foreign investments in securities have been dodgy. However, India's forex reserves still stand at US$560bn (import cover of >9 months) and is incidentally the 5th largest in the world and is ahead of Taiwan, South Korea, Hong Kong and Brazil. Nevertheless, the relative dependence of foreign influence on India's GDP is considered as strength during times of global turmoil. However, having said that private consumption (which accounts for >60% of GDP) needs to pick up. The RBI report assumes that even if 50% of Rs.35,000 crore tax relief proposed in Union Budget is used by tax payers for consumption, it could be a real game changer. The RBI analysis belies that "this is plausible because the proportion of an additional rupee of income that is spent on consumption by households in India is estimated at 0.54 (54 paise)". Moreover, the RBI analysis further assumes that a third of the budgeted allocation of Rs.3.2 lakh crore towards capex is spent on gross fixed capital formation. Thus, GDP growth is expected to be driven by public capex and revival in private consumption, which could lead to ~7% growth in FY24 over expected GDP of Rs.159.7 lakh crore and ahead of the consensus FY24 GDP estimates of Rs.169.7 lakh crore (assuming ~6.3% growth).

START-UP CORNER

At Ashika Capital, we are extremely passionate about fostering symbiotic relationships that are aimed at building and sustaining high-growth founder led businesses. We strongly believe that financial capital is the first stepping stone to build a scalable, sustainable and impactful business. Therefore, our endeavour is to identify great entrepreneurs in pursuit of building businesses that carry magnanimous investment potential. Here is an INSIGHT into businesses that we have worked/working with –

Sandwizzaa - India's Leading Sandwich Chain Brand

The company is focused on "serving deliciously" and is committed to offering freshly assembled, high-quality, preservative-free Sandwiches in white, brown, and multigrain bread variants, salads, sure fries, beverages, and milkshakes.

The production plant & machinery at the central kitchen is custom fabricated to suit the production requirements and strictly maintain consistency, taste, quality, and hygiene standards.

As of date, the company has 15 Company-owned QSRs. Soon it shall roll out other QSR models like express, high street and café.

Leading Health FMCG Company

An FMCG company that is helping millions of Indians transition to a low-carb diet. To help consumers embrace a healthier lifestyle, They are providing affordable & tasty alternatives for everyday Indian vegetarian food needs.

India is the diabetes & heart attack capital of the world (Indian meal consists of 80%+ carbohydrates driven by rice, wheat & lentils). Through its proprietary formulation, they have developed keto-friendly, diabetic-friendly, and high-protein Indian products like atta, namkeens, etc. Also, leading diabetic reversal hospitals & chains have already partnered to procure food from the company.

India's Leading Energy Storage Aggregator

The company is building an innovative **Energy Storage system that can store energy** that is generated during the day to be used at night when the load is higher. They are working on eliminating the high storage costs of energy by aggregating using their platform. **They are India's first startup solving this**.

They have wonderfully created a way to reduce power transfer costs by storing energy at the last mile. They are actively working towards adding more EV categories to the platform. Building for the vast spectrum of geographical and socio-economic challenges in India is preparing them to provide a robust **solution for the world**.

These are the top three business opportunities that interested stakeholders can pursue from an investment standpoint. If you are interested to know more about these companies from the perspective of business operations, investment thesis, exit opportunities and more, please drop in a line to us at vvchauhan@ashikagroup.com.

PAINTS
COMPETITION TO TEST GROWTH

Multiple macro changes are taking place in the Indian paint industry. A number of new players have announced their intention of entering into the space and some have already taken baby steps. These new entrants are none other than large industrial houses, which already have a leadership position in one or the other product used for home building and maintenance. From JSW, JK Cement to Grasim, very soon there will be new players, all of them with a long history and strong balance sheet in the paint sector. The expectation of revival in the housing sector and growing people's aspirations post-COVID pandemic have buoyed many corporates to foray into the paint industry despite the challenges from the established players and rising input cost. Barring the last two years, the existing paint companies have grown their business by double-digit every year. The Indian paint industry is estimated to have an annual turnover of ~Rs.62,000 crore. Only time will tell as it will play out over the long-term. However, on the face of it these business houses have a reasonable idea of what the distribution system means in a business and probably have done enough homework before making the foray. In the short-to-medium-term, the sector will be more impacted by a mix of headwinds and tailwinds. As per CRISIL Ratings, the domestic paint industry is expected to continue its growth momentum of 10-12% per annum over the medium-term, driven by thrust on affordable housing, shorter re-painting cycles and up-trading by existing customer, among others. As a thumb rule, the paint segment grows at 1.5x of GDP growth, which provides enough scope for new market entrants to establish their presence without necessarily impacting the current pecking order. Hence, a new entrant with strong financial flexibility and pan-India dealer network in allied products may largely capture more share of the still largely unorganized segment.

Earnings performance of paint manufacturers was lackluster in 3QFY23 with subdued volume despite the softness in input cost inflation. The paint demand is steadily recovering post steep slowdown in Oct-Nov'22, as market indicated that Dec'22 was better than Nov'22 and off-take in Jan-Feb'23 is also better than offtake in Dec'22. As the paint sector is a crude-sensitive space, recent drop in crude prices has also aided the outperformance of paint companies. As crude oil is down by ~13% YTD, effect of crude fall will reflect in the coming quarters. Moreover, with the revival of rural demand, it is expected that volume and value growth would be in double-digit. Notably, several companies expect their margin to improve, going ahead.

Snapshot of Indian Paint Industry

- The Indian paint industry, which is valued at ~Rs.62,000 crore, is expected to touch the milestone of Rs1 lakh crore over the next few years.

- Organized sector enjoys ~67% market share, which is likely to have increased over the last two years.
- Decorative paint category constitutes ~75% of overall market, including multiple categories such as exterior wall paints, interior wall paints, wood finishes and enamels. The industrial paint category accounts for the remaining market.
- Top-5 paint companies – Asian Paints, Berger Paints, Kansai Nerolac, Indigo Paints and Akzo Nobel India – account for >65% of overall paints and coating and 75% of decorative paints market.
- Asian Paints enjoys 50% share of the organized market, while Berger Paints accounts for 17%. In other words, the Top-2 players make up two-third of the organized domestic market.
- In organized segment, Asian Paints led the decorative market segment, while the industrial segment was led by Kansai Nerolac. As of 2019, the Indian paint industry saw ~12% growth in its output volume and ~15% growth in terms of total value.
- India has a per capita consumption of ~4.1 kg, which is lower than the average consumption of 4.7 kg in APAC region. Average consumption of developed nations in the region stands at ~9.7 kg.
- In 2019, the trade value of the country's paint industry was >Rs.57 trillion. Despite being the second largest industry globally, the export value of India's paint industry amounted to ~Rs.18 trillion, as opposed to the import value of ~Rs39 trillion.
- Future growth of the industry depends on several factors such as disposable incomes, stability of crude oil prices and growth in the automotive and real estate sectors.

Paint Industry to Reach Rs.1 Lakh Crore Size

According to the Indian Paint Association (IPA), India's paints and coatings industry is expected to reach the milestone of Rs.1 lakh crore in the next five years from the current Rs62,000 crore. The IPA functionaries said that the industry has seen a consistent double-digit Compound Annual Growth Rate (CAGR). There is a strong positive correlation between growth of the industry and the GDP growth given the sector's dependence on overall economic activity, including income levels, industrial production, infrastructure and construction spending. The country's paint industry has historically surpassed India's GDP growth. Roughly 50% of India's paint industry is held by a handful of large corporate companies, and the balance is shared by ~2,500 small and medium-scale companies having regional footprints. Goa is one of the fastest growing markets within India because of rapid infrastructure growth, which in turn fuels the expansion of the paints and coatings market.

New Foray

Having tapped the colour coated steel market, Sajjan Jindal-led JSW Paints was the first large corporate to enter into decorative paint business in 2019 with Rs.600 crore investment targeting the southern markets. Last year, it became the pan-India player and pumped in another Rs.750 crore. It was followed by Aditya Birla Group's Grasim Industries with Rs.10,000 crore investment plan. It plans to go pan-India with five paints manufacturing units with capacity will be 1,332 Million Litres Per Annum (MLPA). Further, the latest entrant, JK Cement announced its decision to venture into the paints business with greenfield capex of Rs.600 crore to create decorative paints capacity of ~150,000 Kilo Liter (KL) (~4% of industry capacity).

Grasim

Grasim announced capital allocation of Rs.10,000 crore to paints segment. The company has guided for completing its project of setting up a capacity of 1,332 MLPA by 4QFY24. Notably, Asian Paints has an operational capacity of 1,730 MLPA at present. Grasim will launch its paints by 4QFY24 with six manufacturing plants in Haryana, Punjab, Karnataka, Tamil Nadu, Maharashtra and West Bengal. It plans to leverage the strong distribution network of Birla White, a market leader in white cement and putty distribution. A subsidiary UltraTech Cement, Birla White has the second-largest distribution network in the paints industry with a presence across 6,000 towns in metros, Tier-I cities and rural India and its distribution network of 55,000 outlets. So far, no companies have even come close to Asian Paints and Berger Paints because setting up a pan-India distribution network is not an easy task.

JSW Paints

JSW Paints, one of the latest entrants in the paints sector, expects its revenue to reach Rs.5,000 crore by FY26 and it also expects to see its revenue to double from Rs.1,000 crore in FY22 to Rs.2,000 crore in FY23. The company also intends to add one more manufacturing in the next 3 years with an investment of Rs.750-1,000 crore. The company's journey in the paints sector has not been easy, as it faced issues with its dealers shut shop within the year. It had approached the Competition Commission of India (CCI) against unfair trade practices by its peer, but the regulator disposed its plea in the final order. The company has now challenged CCI's order in National Company Law Appellate Tribunal.

JK Paints

JK Paints and Coatings – a wholly owned subsidiary of JK Cement – has entered into a share purchase agreement with Acro Paints to acquire 60% stake in the company for Rs.153 crore, while the balance 40% shall be acquired in over 12 months. Acro Paints is a leading manufacturer of architectural and high-performance paints and coatings in Northern India. The company has two state-of-the-art manufacturing facilities at Bhiwadi (Delhi-NCR) with a post-expansion capacity of 60,000 KL in decorative and textured paints and 6,700 KL in construction chemicals. Ongoing capacity expansion is expected to be completed by 2QFY24. Acro Paint has a wide product portfolio with having presence in all categories i.e., Economy, Premium, and Luxury with 3,000 SKUs at various price points. The acquisition will also provide an opportunity to foray into the growing vertical of construction chemicals and waterproofing products, which has a current market size of >Rs.5,000 crore (growing at >10% per annum). The company aims to achieve Rs.400 crore turnover in the next 3-4 years and will incur further capex to augment the paints business. The management has earlier indicated incurring capex of Rs.600 crore for the paints business out of the internal accruals in the next 5 years and current acquisition is in line with the management strategy to build a paint business in its core North India market. The management also indicated to deepen its presence in its strong markets over the next few years and has identified specific geographies, products and channels for expansion. The company intends to leverage its White Cement and Wall Putty business by foraying into the paint business, as these businesses are complementary to each other. It has >1,00,000 dealers, 75,000 influencers and 1,500 distributors. Along with Acro's distribution network, this deep network will enable the company to reach a wider market, ensuring ready accessibility to customers in the region.

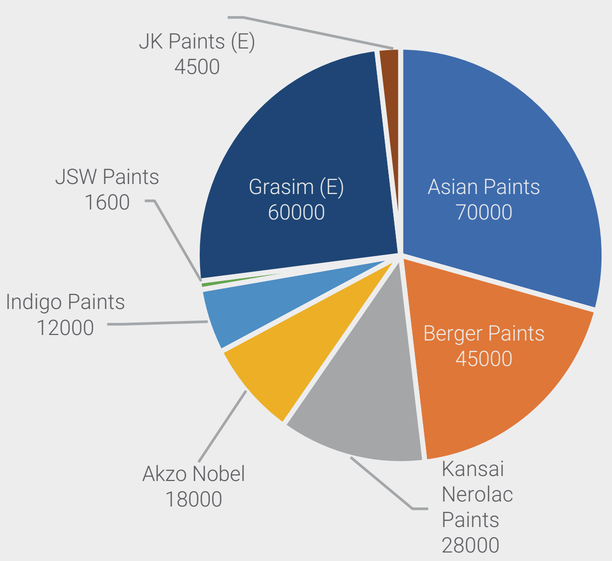
Jio Moment for Paint Industry

Ever since Grasim announced to double its investment in paint business to Rs.10,000 crore, the stocks of existing paint companies have been on the edge. Some experts are calling it as a Jio moment of the paint industry. First things first, when Jio entered the telecom market with its aggressive pricing plans, the sector was already reeling under pressure. Incumbents were staring at dwindling profits and years of accumulated debt due to intense competition. Jio changed the rules of the game and disrupted the sector. Unlike telecom, which functioned more like a utility sector, the paint business is a proxy on domestic consumption demand. It is less capital intensive as well. The leading paint companies in India are highly profitable and their debt positions are comfortable too.

Competition Intensifies

Competition in the paints business is set to intensify with entry of new players. Clearly, the competitive intensity in the once oligopolistic Indian paints sector is heating up, raising concerns of business disruption for the incumbents Asian Paints and Berger Paints India. The paint business doesn't have very high entry barriers but setting up a distribution network is a Herculean task, especially if any the company wants to take on the industry leaders. Failure of big global names in the past shows it is a difficult task for a new player to gain scalability, have efficient inventory management and strong dealership network. Besides, external factors such as crude prices (which accounts for 50% of raw materials), inflation and the performance of client industries have noticeable impact on the sector. This, however, hasn't stopped the new players from entering into this fast-growing space, be it JSW Group, JK Cement or Grasim. Apart from competition from the larger players, North India based regional players like Sirca Paints and Kamdhenu have strengthened products line as well as distribution network. With a likely rise in competitive intensity with entry of Grasim, JK Cements and JSW amid likely turnaround of Akzo, the paint firms, which are operating largely in value-for-money products, are likely to be more impacted. Asian Paints has a dealer network of 70,000, spread across the country. While second largest paint company Berger Paints has a pan-India dealer network of 45,000. Grasim, which plans to leverage its distribution network of 60,000 cement dealers, faces its own challenges. Around 60-70% of these dealers already sell paints. Again, due to space constraints these dealers would find it difficult to stock up new brands and set up new tinting machines. Moreover, the expertise required to sell paints and cement is different. Cement is a commodity that requires limited expertise compared to those needed to selling paints/waterproofing products with multiple SKUs. Cement dealers dealing in cement for a long period of time would find it difficult to master these skills.

Dealer Network

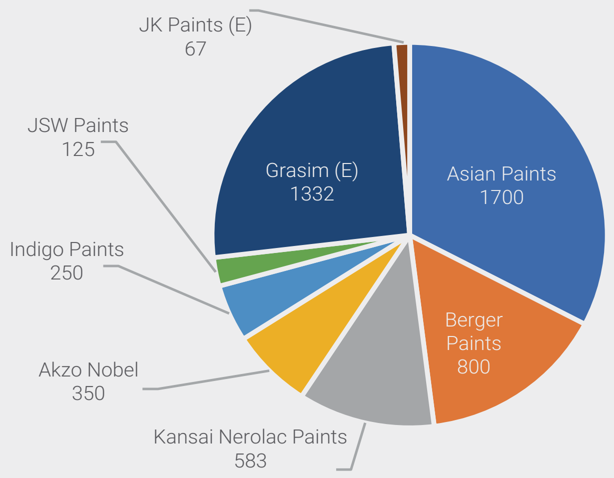


Source: News Article, Company Report

Aggressive Capacity Addition

In Oct'22, Asian Paints announced its aggressive capex plans for the coming years. The company plans to expand its existing paints capacity by 30% to 22.7 lakh KL with an investment of Rs.3,400 crore. It expects to set up a manufacturing facility for Vinyl Acetate Ethylene Emulsion (VAE) and Vinyl Acetate Monomer (VAM) in India at a capex of Rs.2,100 crore. The facility will likely have a capacity of 1 lakh tonne for VAM and 1.5 lakh tonne for VAE. It is believed that VAE would be the emulsion of future and is a key constituent to manufacture environment-friendly paints, while VAM is a key input in manufacturing VAE. The company has also announced another Rs.550 crore investment to set up a white cement plant in the UAE in partnership with two local firms, having an annual capacity of 2.65 lakh tonne. White cement is a key raw material required to manufacture powder paints and undercoats like putty. Again, in Jan'23, Asian Paints announced an investment of Rs.2,000 crore to set up a new water-based paint manufacturing facility with an annual capacity of 4 lakh KL. The company intends to set up the facility in Madhya Pradesh, which will likely be commissioned in three years once it acquires the land. With the new announcement, the capacity could now go up to 26.7 lakh KL. Currently, the company operates at a capacity of 17 lakh KL. Recently, JSW Paints announced plans to incur a capex of Rs.750-1,000 crore over the next 2-3 years, as it seeks to increase its annual production capacity by 2 lakh KL. As the company has plans to cater to the Northern and Central markets, it is exploring land parcels in Uttar Pradesh, Haryana and Madhya Pradesh. The plant will likely have both decorative and industrial paint segments. JSW Paints' manufacturing facility in Karnataka has an annual capacity of 1 lakh KL of decorative paints, while its industrial paints plant in Maharashtra has a capacity of 0.5 lakh KL. JK Cement announced a greenfield capex of Rs.600 crore to create decorative paints capacity of ~150,000 KL (4% of the industry capacity).

Capacity (KLPA)



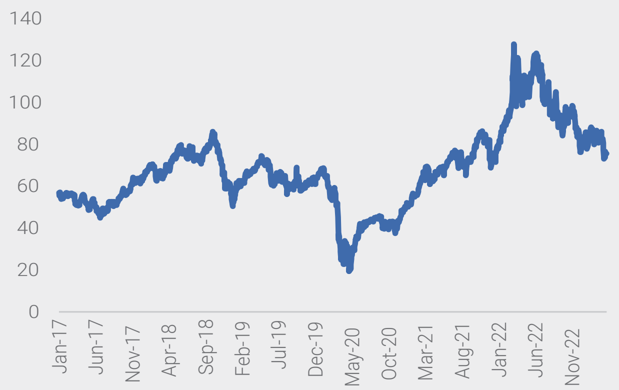
Source: News article, companies

Margin to Remain Under Pressure

The biggest hurdle for incumbents in the medium-term is new and deep-pocketed entrants in the sector and their need to expand market share. While Grasim wants to become the second largest player in the sector, JSW group is eyeing a tenth of the market by FY26. Marketing spend of the new entrants and other players is going up. Nippon and JSW are spending as much as 15-20% of sales in a bid to expand their presence. Though there is a lack of clarity about their ability to make deep inroads, it is expected that they could dent the margin of the sector as an aggressive strategy by new entrants will likely entail steps like channel push, higher discounts and promotions for dealers and even painters, which could impact the industry's profitability, at least in the medium-term.

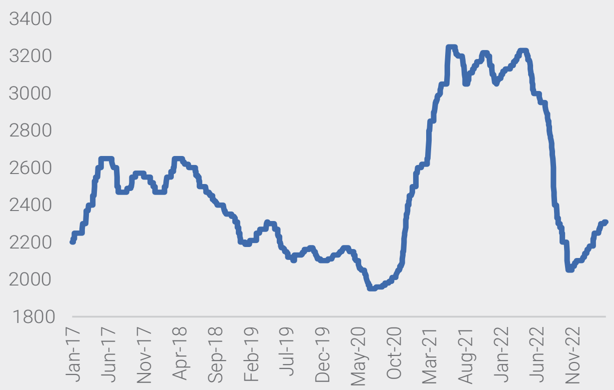
As ironical as it may seem, a larger market share by Grasim in the decorative paints industry might be good news for incumbents like Asian Paints and Berger Paints, which currently share75% of the segmental pie. If Grasim grabs a high market share by FY30, then the industry's operating margin will contract by few percentage points. Compared to that, a low market share can shave off high percentage points from margin. As per the market estimates, if Grasim gains market share aggressively, then the incumbents will do limited pricing actions in products and regions, where Grasim is gaining share. Whilst the existing players may increase advertising spend and trade schemes, it will impact their margin by only few percentage points. On the other hand, if Grasim manages to grab low market share then it may resort to aggressive pricing actions. In that case, the existing players will also adopt the same strategy to retain their market share.

Crude Oil (USD/Bbl.)



Source: Bloomberg

China Titanium Dioxide (USD/MT)



Source: Bloomberg

China HDPE (CNY/MT)

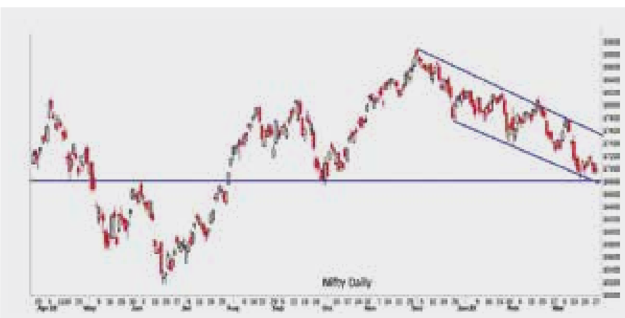
Source: Bloomberg

China Vinyl Acetate (CNY/MT)

Source: Bloomberg

Technical view

The snowball impact of steep rise in interest rate during the last 12 months is playing out since last 2 weeks. Crisis begun with collapse of Silicon Valley Bank in the US and subsequent spread of the contagion to Switzerland with the collapse of Credit Suisse. Now, the market is keenly watching the news flow and expects few more banks to go belly up in Europe in the coming days, although the sentiment improved after world's major central banks announced a joint effort to prevent the banking crisis from spreading after the Swiss bank UBS decided to acquire the troubled rival Credit Suisse in a deal brokered by the Swiss authorities. Important event to note is 25bps hike in rate to 4.75-5% by the US Fed was in-line with the expectations. It is now expected that the median terminal interest rate in the US is likely to be at 5.1% in 2023 end and 4.3% in 2024. This implies that only one more 25bps rate hike is likely over the next 9 months followed by the rate cut of 75bps in 2024. However, the US is yet to arrive at a solution to protect all the bank depositors. The investors are cautious and are likely to be in risk-off mode, till the time further clarity emerges. Domestic equity markets are engulfed with the negative sentiment. Despite limited direct impact of the US banking crisis in India, it would have some indirect impact. Further, the government's move to tax the gains from debt MFs via an amendment to the Finance Bill weighing on the investors' sentiment



Whilst the month started in an optimistic note, the positive momentum continued to retest 17,800-level. However, profit booking emerged at higher levels and the bears remained in commanding position. After repeatedly failing to cross 17,800-level, sharp sell-off led the Index to retest sub-16,750-levels. Ultimately, no respite was seen and the Nifty ended a tad above 17,000-level with a monthly loss of a 2.46%. The sell-off was triggered after Nifty failed to cross a key technical level of 17,800, which is the 61.8% retracement of the Feb'23 down-move.

However, as the majority of the global indices tumbled mirroring the weakness on Wall Street, Indian headline Indices also witnessed a bloodbath. Wall Street had its worst session of the year with all major indices plunging more than 2%, as recessionary worries reappeared and long-term predictions of higher interest rate intensified. On the sectoral front, IT index recorded the worst performance losing 7.1%, while Energy index emerged as the best sector with gains of 2.9%

Now, with back-to-back weak sessions, the momentum is in favour of the bears. However, despite this, one can remain a bit hopeful and expect important levels to remain unbroken in the coming month. However, it would be very early to jump to any conclusion and considering the recent volatility, the traders should ideally wait for the trend to establish. In such a scenario, low seen at ~16,750 in Sept'22 is the immediate support followed by sacrosanct support of 61.8% retracement of the entire rally since Jun'22 rally (High: 18,887; Low: 15,183) at 16,500. On the flip side, the bearish gap left at ~17,450-17,600 should be considered as immediate hurdles as it coincides with the 200 SMA as well. Hence, the traders at present situation should ideally prefer staying light on positions and keep accumulating quality propositions in a staggered manner.

Market has been bleeding on the back of negative global cues especially in the US banking system and the central bankers continuing to raise interest rates. Among the constituents of Nifty index, 28% stocks are currently trading above their short-term 20-day EMA level. Last month, 56% constituents of index were trading above their 20-day EMA level. This indicates internal strength of the index has weakened compared to prior month. However, the index is forming candles with long lower shadows on daily chart. The long lower shadow indicates buying interest at lower levels. Interestingly, the momentum indicators and oscillators are also supporting the overall price structure. A positive divergence was spotted on the daily RSI, which indicates limited downside. A positive divergence occurs when the price is making a lower low, while the RSI forms a higher low. However, Nifty is yet to close above its important short-term moving average i.e. 20 DMA and it is still trading significantly lower compared to 100 DMA and 200 DMA.

Overall, the Index has been making lower-highs and lower-lows since the last 3 months and it has formed bearish candle on the monthly scale, which indicates weakness in the trend. While overall chart structure suggests weakness in short-term trend, it is near to a key support zone, which requires a small follow-up action to change the market stance. Now, it requires a decisive hold above 17,450-17,600 zones to witness recovery towards 17,800-18,000 zones, while on the downside supports are drifting lower at 17,000-16,800 zones. The index is likely to hold the key support of 16,800 despite elevated global volatility, as it is the confluence of Sept'22 low (placed at 16,747) and 61.8% retracement of CY22 rally 15,183-18,887 (placed at 16,600).

Currently, Nifty has bounced back and retraced from the 61.8% retracement of previous downswing, which depicts a classical pull-back in a downtrend. Recent pull-back was due to short covering rally and on the oscillator front too, the Index is squeezing out of the oversold condition. However, for the bulls to regain strength, the bounce need to close above 17,800 levels. There is a cluster of resistance in 17,450-17,600 region including the sloping channel resistance and 200DMA at 17,465. A move above the 200 DMA will be indicative of a relative strength in uncertain market environment. Nifty has found support at the internal slopping trendline connecting the lows of Dec'22 and Feb'23. Additionally, it has been able to protect the 100 WEMA. Consecutive weekly bearish candle in a row makes the overall trend negative.

Nifty has bounced back and retraced from the 61.8% retracement of previous downswing, which depicts a classical pull-back in a downtrend. Recent pull-back was due to short covering rally and on the oscillator front too, the Index is squeezing out of the oversold condition.

Nifty has been witnessing supportive effort from the key support level of 16,800 and it has persistently witnessed recovery. As a result, weekly price action formed a small bear candle with shadows on either side, highlighting consolidation at lower band of falling channel amid oversold conditions, as weekly stochastic is currently placed at 15. technical indicators the Bollinger Bands does not indicate any major reversal in trend at the current juncture. Failure to witness a breakout or breakdown of the narrow range of 16,800-17,400 would lead to prolonged consolidation, wherein stock-specific action would prevail ahead of 4QFY23 earnings season. On the upside, 17,400-17,450 would act as immediate hurdle, as it is confluence of 200 days EMA.

India VIX, also known as the fear Index that gauges the risk perception of the investors, has cooled off below 14, which would open the door for pull-back in the market, as it has negative correlation with index. As the investors' fear subsides, the option prices tend to decline, which in turn causes VIX to decline. Decreasing volatility has can turn out to be bullish considering the current market scenario. On the technical front, Indian VIX remained negative with its successive lower low formation depicting negative outlook on volatility or risk perception. Hence, it can be concluded that volatility is expected to remain low or 'investors fear gauge' continues to be missing in the absence of any fresh trigger other than corporate earnings.

Going ahead, one can expect the Index to consolidate amidst the 50WEMA and 100WEMA (i.e. within the narrow range of 16,650-17,450) for another 1-2 weeks before taking a decisive directional bias. For a confirmed uptrend, the Nifty needs to form a higher-high by moving above the 17,800-17,850-level. The 14-period weekly RSI is at 38, which is in at close proximity of oversold reading. The MACD is below the signal line and the histogram shows bearish momentum. However, on the daily time frame, presence of bullish positive divergence indicates limited downside from the current level. At this current juncture, 16,830 will act as a crucial support zone (the current swing low), which could witness further selling pressure towards 16,650-16,600 zone. While on the upside, 17,200-17,240 would be the immediate hurdle, a surge above that level may witness short covering towards 17,400-17,450-levels. Overall, Nifty is expected to remain in 17,450-16,600-levels in the month of Apr'23.

World economic calendar
April 2023

Monday	Tuesday	Wednesday	Thursday	Friday
3	4	5	6	7
IN: S&P Global India PMI Mfg US: ISM Manufacturing CH: Caixin China PMI Mfg JN: Jibun Bank Japan PMI Mfg EC: S&P Global Eurozone Manufacturing PMI	US: Durable Goods Orders US: Factory Orders EC: PPI YoY	**IN: S&P Global India PMI Services** US: ADP Employment Change US: Trade Balance US: ISM Services Index UK: S&P Global/CIPS UK Services PMI	**IN: RBI Repurchase Rate** US: Initial Jobless Claims UK: S&P Global/CIPS UK Construction PMI CH: Caixin China PMI Services US: Continuing Claims	US: Change in Nonfarm Payrolls US: Unemployment Rate US: Change in Manufact. Payrolls JN: Leading Index CI JN: Household Spending YoY
10	11	12	13	14
JN: BoP Current Account Balance US: Wholesale Inventories MoM JN: Trade Balance BoP Basis JN: Consumer Confidence Index	CH: CPI YoY CH: PPI YoY JN: Machine Tool Orders YoY US: NFIB Small Business Optimism EC: Retail Sales MoM	**IN: Industrial Production YoY** **IN: CPI YoY** US: CPI MoM JN: Core Machine Orders MoM JN: PPI YoY	US: Initial Jobless Claims UK: Industrial Production MoM US: PPI Final Demand MoM CH: Trade Balance EC: Industrial Production SA MoM	**IN: Exports YoY** US: U. of Mich. Sentiment US: Retail Sales Advance MoM US: Industrial Production MoM US: Import Price Index MoM
17	18	19	20	21
IN: Wholesale Prices YoY US: Empire Manufacturing	CH: GDP YoY UK: Jobless Claims Change US: Housing Starts CH: Industrial Production YoY US: Net Long-term TIC Flows	JN: Industrial Production MoM UK: CPI YoY EC: CPI YoY UK: RPI MoM UK: House Price Index YoY	US: Initial Jobless Claims US: Existing Home Sales US: Leading Index US: Philadelphia Fed Business Outlook EC: Consumer Confidence	JN: Jibun Bank Japan PMI Mfg US: S&P Global US Manufacturing PMI JN: Natl CPI YoY UK: Retail Sales Inc Auto Fuel MoM UK: GfK Consumer Confidence
24	25	26	27	28
US: Dallas Fed Manf. Activity US: Chicago Fed Nat Activity Index UK: Rightmove House Prices MoM	US: Conf. Board Consumer Confidence US: New Home Sales US: Richmond Fed Manufact. Index UK: PSNB ex Banking Groups JN: PPI Services YoY	US: Durable Goods Orders US: Wholesale Inventories MoM US: Cap Goods Orders Nondef Ex Air US: Retail Inventories MoM	US: Initial Jobless Claims US: GDP Annualized QoQ US: Pending Home Sales MoM EC: Consumer Confidence US: Personal Consumption	**IN: Eight Infrastructure Industries** JN: Industrial Production MoM US: U. of Mich. Sentiment EC: GDP SA QoQ JN: Tokyo CPI Ex-Fresh Food YoY

IN: India, US: United States, EC: European Union, UK: United Kingdom, CH: China, JN: Japan

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Ashika Credit Capital Ltd.

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NSDL STAR PERFORMANCE AWARD 2018

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NSE Market Achievers Award 2018
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NSE Market Achievers Award 2017
REGIONAL RETAIL MEMBER OF THE YEAR 2017 – EASTERN INDIA

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Gyanada e-learning initiative launching soon!

Ashika Group supports charitable foundation to fuel the aspirations of young girls in India.

With our vision to develop essential 21st century capacities, computational thinking and working with computer-based systems, we will be launching our e-learning module by September,2020.

It has been designed as two sub-initiatives: **Every Child Can Code (ECCC)** *and* **Makers in the making (MIM)**.

Updates on the Gyanada Labs In-School program

Our updates for the month March 2023:

- Students are gearing up their annual assessments in school.
- Preparations for teacher training in the Month of April.
- Evaluation of the one year program in the month of May
- Preparation for after school program in the month of April

Help us change computer education for children in low income schools. Support us set up 10 Gyanada labs in to low-income schools in the coming academic year.

In the coming academic year, we aim to set up 10 Gyanada labs in 10 schools. In every school we want to set up 15 low cost Raspberry pi computers. Every Gyanada lab will impact the lives 800-1000 children every year. The labs will enable the schools to provide quality computer education that is open source and affordable.

The cost of 1 Raspberry pi enabled system is INR 15000.

The cost of 5 Raspberry pi enabled system is INR 750000

The cost of 1 child receiving computer education for a year is INR 225

Please support our mission to enable the lives of more than **8000 school children** in the coming academic year. To support kindly click here https://tinyurl.com/58tsr29a

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We, at Gyanada Foundation, engage students in practical learning. For this we provide kids with Gyanada Lab Kits. To help us fund these kits, visit: https://gyanada.org/donate.html. You can also write to us at rinsa@gyanada.org or connect with us at 9819044922. Our bank details are:

GYANADA FOUNDATION HDFC Bank, Stephen House Branch, Current A/c No. 50200002885400

IFSC CODE: HDFC0000008

MICR CODE: 700240002

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Ashika Stock Broking Ltd.
(Member: NSE, BSE, MSEI, MCX, NCDEX, ICEX Depository participant of CDSL / NSDL, Research Analyst, AMFI- Registered Mutual Fund Distributor)

CIN No. U65921WB1994PL217071
SEBI Registration No: INZ000169130
SEBI Registration No: INH000000006 (RA)

Ashika Credit Capital Ltd.
(RBI Registered NBFC)
CIN No. L67120WB1994PLC062159

Ashika Capital Ltd.
(SEBI Authorised Merchant Banker)
CIN No. U30009WB2000PLC091674
SEBI Registration No: INM000010536

Ashika Investment Managers Pvt. Ltd.
(Investment Manger to Ashika Alternative Investments, a Category III AIF registered with SEBI)
CIN number – U65929MH2017PTC297291
SEBI Registration No: IN/AIF3/20-21/0811

Ashika Global Securities Pvt. Ltd.
(RBI Registered NBFC)
CIN No. U65929WB1995PTC069046

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Phone: 033-4010 2500
Fax No: 033-4010 2543

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