

# TOP DOWN & BOTTOM UP

*In times when global tremors reach every portfolio, clarity on what is changing matters more than reacting to every move.*

## Chemicals in the Crossfire

War-driven supply breaks and price spikes are now rippling through packaging, autos, healthcare and construction

## The Long Wait for LNG

What began as a war shock is now threatening to reshape global gas balances well beyond 2026.

## India Inc: Prices Up, Packs Down

From consumer electronics to FMCG, managements are warning of inflation, price hikes & other forms of margin protection

## Fiscal Math Gets Rewritten

Higher crude, subsidy stress and tax misses are beginning to distort India's FY27 assumptions

## Slowdown Gets Louder

From capex slippage to weaker exports and jobs, more signals are starting to blink together

## Flows Turn More Fragile

FPI exits deepen, SIP stoppages stay elevated and retail participation looks less steady than before

**In a market this noisy, knowledge isn't optional  
— it's the true wealth.**



**#StayInformedStayAhead**

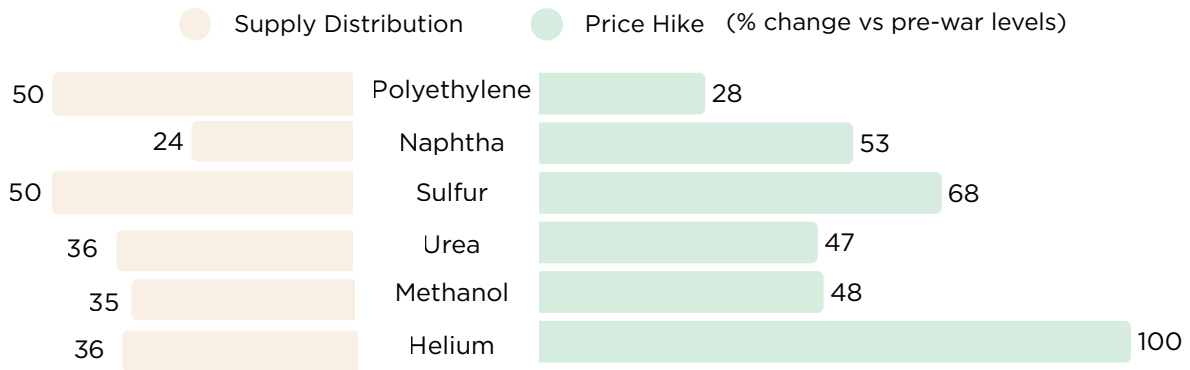
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# TOP DOWN & BOTTOM UP

BSE Mcap: ₹465.4 tn | Composite PMI: 58.2 | GST Collection: ₹2.1 tn | Forex Reserves: \$698.5 bn

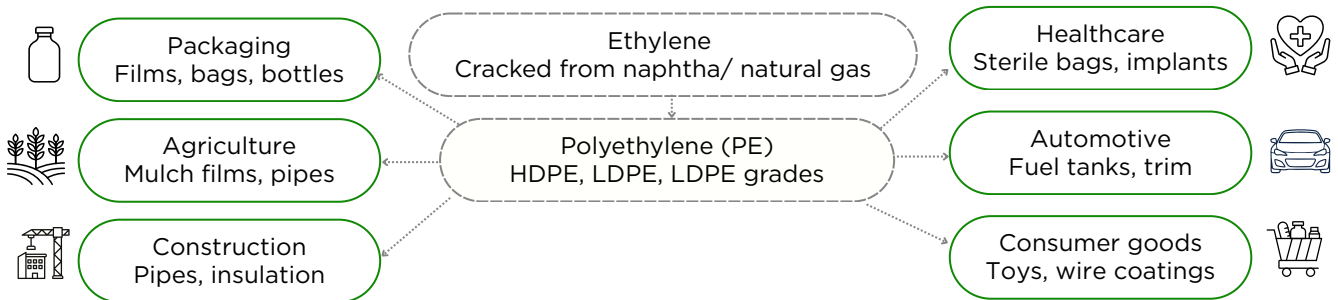
## Crisis, Ceasefire and Chemicals

### Chemical caught in the Crossfire: Price Impact & Supply disruption



Sources: S&P Global, ICIS, WEF, ChemAnalyst

### Polyethylene



▲ ICIS est. 12-18 m for Middle East PE exports to recover, even after the Strait reopens

### Price Impact

- ▲ Dow announced price hikes of \$0.25/lb (+60% hike)
- ▲ LyondellBasell issued cumulative increases of 35 c/lb (+58% hike) through May'26
- ▲ BASF implemented a 30% hike on ingredients for home-care and industrial-cleaning products

### Voices From the Value Chain

“ 75% of announced ethylene capacity adds impacted... nearly half of global ethylene and polyethylene supply is directly impacted. Supply chain disruption to take 275 days to unwind - **Dow Inc** ”

“ Variable costs to make polyethylene in Asia have doubled - **S&P Global Energy** ”

“ Overall input costs have increased due to inflation in packaging material - **HUL** ”

“ We are looking at nearly ₹100 per ton cost increase in Apr due to packing bags - **Nuvoco Vistas** ”

### Naphtha

- ▲ Naphtha is mainly used for petrochemical feedstock (70%), gasoline blending (24%), and specialized industrial solvent applications (6%)
- ▲ ME naphtha deliveries to Asia fell 85% in Mar to 583,000 tons - Kepler
- ▲ LG Chem cut operating rates to 60% at its naphtha-fed crackers in Yeosu & Daesan
- ▲ PCS declared force majeure and reduced operating rates, shutting down downstream units at TPC

### Sulfur and Sulphuric acid

- ▲ The ME is the largest supplier of sulfur to OCP (largest in phosphate-based fertilizers). OCP has cut its fertiliser output by 30%
- ▲ China (40% of the total global supply) will halt exports of sulphuric acid from May
- ▲ Russia (14% of global exports) has extended its sulfur export ban through Jun'26

### Urea

- ▲ China (1/3<sup>rd</sup> of global supply) has restricted exports, with curbs in place until Aug
- ▲ Egypt imposed a 3 mn \$90/ton export duty on nitrogen fertilizers , eff. May 4



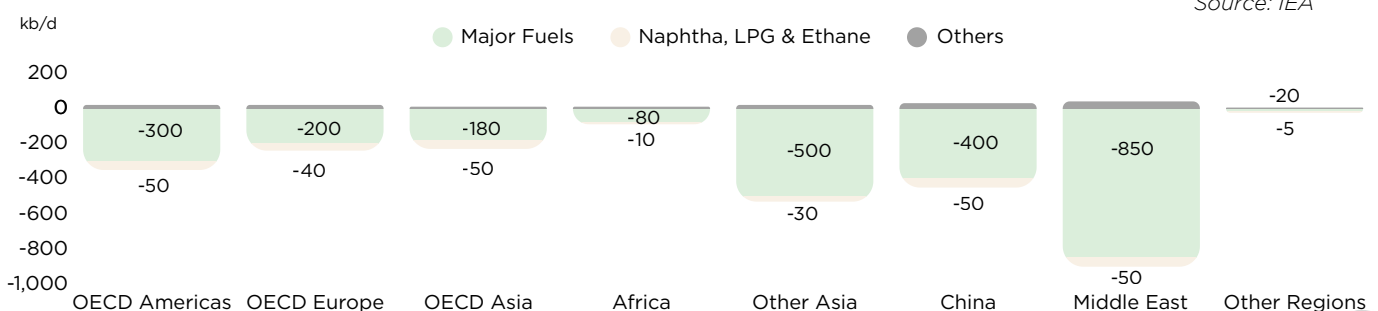
“We are losing production every day. It will take weeks or months to restart”  
 -Yara International, World's largest produce of nitrates & ammonia fertilizers

- ▲ India enters the 2026 kharif season with 54.2 It opening stock, a 4 year low

### Methanol

- ▲ Every week of methanol tightness ripples into industrial adhesives, solvents, paints, pv mfg, chemical fibers, and semiconductors markets with a 4-8 week lag
- ▲ BASF Ludwigshafen reduced methanol operational rates Mar'26 amid high gas costs
- ▲ Japan's Mitsubishi Gas Chemical announced that 4 mtpa (~4% of Global methanol production) have been suspended

### Demand Disruptions: Demand Growth Revisions for 2Q26 since Feb



Higher prices have led to steep demand destruction of naphtha, LPG, & ethane - IEA



## WAR REWRITES INDIA'S FISCAL MATH

- ▲ OMCs could face under-recoveries of around ₹800 bn on sale of LPG in FY27 - ICRA
- ▲ India's fertilizer subsidy reaches ₹2.17 tn in FY26, 17% higher than Revised est  
*FY27 Fertilizer subsidy is projected to exceed ₹2.2 tn, 25% above budget ests- CRISIL*
- ▲ Indian fuel retailers incur ₹100/l diesel, ₹20/l petrol losses  
*The excise duty cut on petrol and diesel by ₹10/l is likely to result in an annual fiscal loss of ₹1.5 tn in FY27*
- ▲ FY27 Food subsidy could exceed BE by ₹200 bn, to surpass ₹2.5 tn
- ▲ Crude at \$100/bl, India's CAD could reach 1.9%-2.2% vs Govt proj 0.7-0.8%- ICRA
- ▲ Direct Tax collection fall short by ₹810 bn, achieving ~ 96.7% of the RE FY26 target

### Impact on UltraTech

- Petcoke: \$10/ton rise → ₹70/ton EBITDA hit
- Cement bags: shortage + 10% cost rise → ₹20/ton EBITDA hit
- Diesel: 10% rise → ₹30/ton EBITDA hit

### Impact on Reliance Industries

- Transit flows down materially; Dubai crude surged to \$168; LNG briefly \$27/mmbtu; freight up 10-15x; crude premiums reportedly \$20-\$30/bbl; insurance from \$25-30k to millions of dollars.


*"Oil-to-Chemicals down 4%... but that number does not capture how difficult the environment was... physical inability to get crude, logistics cost, insurance cost, volatility... and under recoveries on fuel retailing"*  
- Reliance




## Price hikes in India

- ▲ Commercial LPG prices hiked by 48% to ₹3,071, 3<sup>rd</sup> consecutive monthly increase since Feb
- ▲ RIL increased all PVC prices by ₹ 2,000/MT except for Low K grade which is increased by ₹ 4,000/MT, PET Prices by ₹ 2,000/MT w.e.f. 1st May 2026
- ▲ IOC has hiked polymer prices ranging from ₹2,000/MT to ₹9,000/MT
- ▲ Asian Paints announces 2<sup>nd</sup> round of price hike ranging from 3-5%, while Berger Paints announced a 3<sup>rd</sup> price hikes of 3-5%
- ▲ Govt further increased international ATF prices by 5%, following a 100% hike in Apr  
*ATF now accounts for 55-60% of airline costs, vs 30-40% before the original hike*
- ▲ Pidilite has raised Fevicol prices by 12-15% as input costs surge


### Pressure Points




Rupee down **3%** since Iran war




Freight costs up **2-5x**, also due to war surcharge







Aluminium & **Copper** prices volatile



**Crude derivatives** such as plastic cost more



Higher **lead times** for raw material supplies

Category	Price increase in 2026	Company wise price hike
Air Conditioners 	14-20%	LG 9-10%, Panasonic 8-12%, Daikin 11-12%
TVs/ electronics 	15-20%	Samsung prices hiked, LG electronic prices raised
Other appliances 	5-6%	LG 5% in non AC products, Panasonic/Lloyd/Havells: select hikes indicated
Auto 	1-2%	Tata Motos 0.5-1.5% hike from April, Honda; evaluating hikes, Merc/Audi/BMW 2% from April, , CEAT -5% hike across categories

SIGNS OF SLOWDOWN

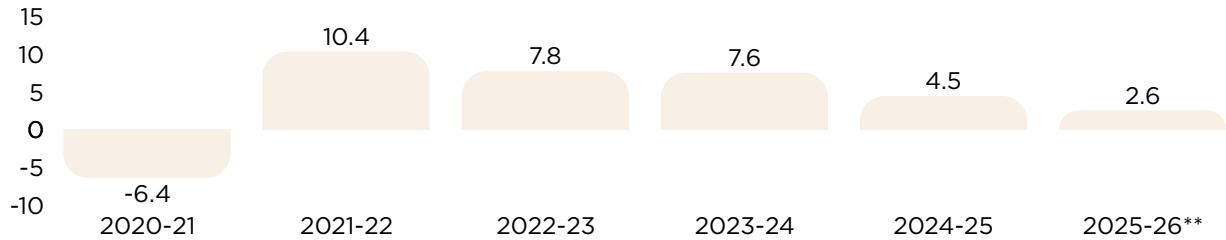
States Fall Short on Capex

By Feb FY26, 22 states had used only 55.3% of their ₹10.2 tn capital outlay, leaving nearly half unspent. In contrast, they had already utilised 75.5% of their revenue budgets on salaries, subsidies, and interest payments

*"State govt. capex growth to slow to 8-10% in FY27 vs 17% earlier, amid Fiscal Pressure (rising revenue expenditure commitments and moderation in revenue growth)" - CareEdge*

- ▲ India IIP growth at 4.1% YoY in Mar, down from 5.1% in Feb  
*Manufacturing output grew 4.3% YoY in Mar (vs 5.9% in Feb), electricity generation rose 0.8% (vs 2.3%) and mining activity rose 5.5% YoY (vs 3.1%)*
- ▲ New completions in office RE sector declined by 36% QoQ to 9.7msf in Q1 FY27

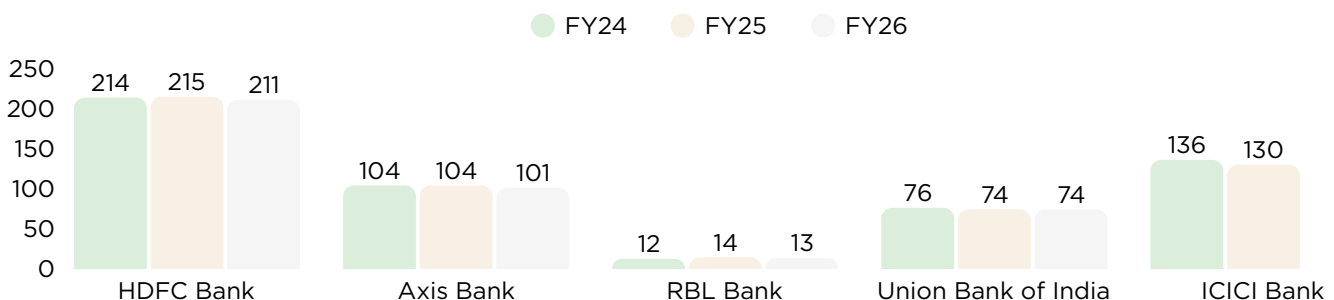
Core sector year wise growth trends (%)



\*\*All FY26 figures are provisional

- ▲ India's retail inflation rose to 3.4% in Mar  
*Airfare inflation jumped to 14.2% (vs -7% in Feb), while LPG and piped gas inflation rose to 5.3% (vs 1.6%).*
- ▲ India WPI inflation rises to 3.9% in Mar on higher crude prices
- ▲ Smartphone shipments from India fell by 3% YoY in Q1 CY27, weakest qtr in 6 yrs
- ▲ India coal output fell 0.5% in FY26 & 4% YoY in Mar, first decline since Covid
- ▲ Pharma exports fall 23% YoY to \$2.8 bn in Mar, shipments to US fell 10% YoY
- ▲ Air India plans to reduce 15-20% flight operations due to rising fuel cost
- ▲ ECB borrowings fall to \$37.5 bn in FY26 from \$50.1 bn due to weakening of the ₹
- ▲ Indian Railways targets 2% workforce rationalisation in FY27
- ▲ Indian banks are reducing their workforce

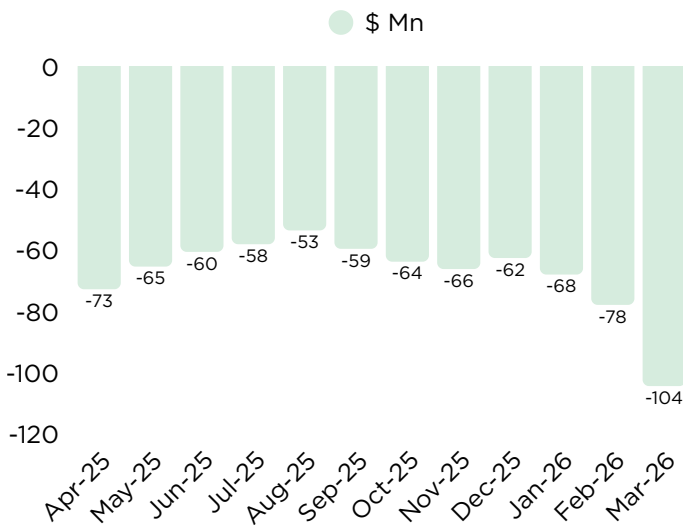
Total Employees (in '000)



INDIA UPDATE

- ▲ Indian fuel retailers incur ₹100/l diesel, ₹20/l petrol losses
- ▲ NRI deposit inflows fall 24% YoY to \$11 bn between Apr-Feb FY26
- ▲ RBI's dollar short forwards hit record \$104.2 bn in Mar

Outstanding net short forwards of dollars by RBI



- ▲ Real estate inflows jump 72% YoY to \$5.1 bn Q1 CY27  
*Developers led capital deployment with 42%, followed by REITs at ~40%*
- ▲ India allows ethanol blending in ATF, targets 5% SAF by 2030
- ▲ Non-fossil power capacity crosses 53% of India's total installed base in 2026  
*Solar has emerged as the second largest source (28.2%), followed by wind (10.5%) and hydro (9.7%)*
- ▲ India adds record 6.3GW wind capacity in 2025, ranks third globally
- ▲ CERC released new draft for market coupling across power exchanges, with Grid India acting as the operator
- ▲ US to refund \$166 bn tariffs, \$12 bn linked to Indian goods
- ▲ Centre's CPSE dividend receipts rises 10.5% to ₹784 bn in FY26, energy sector leads

- ▲ India sugar output rises 7% to 27.5MT as of 30 Apr in the 2025-26 sugar season
- ▲ India raises export duties on diesel & ATF to ₹55.5/l & ₹42/l respectively
- ▲ India curtails record 31GW renewable capacity amid grid constraints
- ▲ E-way bill generation up 13% YoY in Mar hits record 140.6 mn
- ▲ India steel consumption rises 7% to 164MT in FY26 driven by infra, construction, railways & mfg sectors
- ▲ India logs record 6.1 GW wind capacity in FY26, up 46% YoY
- ▲ India's Manufacturing PMI rose to 54.7 in Apr from 53.9 in Mar
- ▲ India-Russia urea JV to be completed in next 2 years  
*Total investment of around ₹200 bn and a mfg capacity of 2 mtpa*

- ▲ iPhone exports hit ₹2 tn in FY26, representing over 75% of smartphone exports
- ▲ Net, gross GST collections touched new highs in April

April GST Collection

Category	(in ₹ tn)	Growth (%)
Domestic	1.9	4.3
Import	0.6	25.8
Gross collection	2.4	8.7
Total refund	0.3	19.3
Net collection	2.1	7.3

- ▲ India proposes E85, E100 fuel norms, expands ethanol blending policy  
*India achieved its target of 20% ethanol blending in petrol in 2025*
- ▲ Palm oil imports fell 27% to a one-year low of 505K tonne in Apr, Sunflower oil imports more than doubled to 435K tonne
- ▲ India's fuel exports fall to lowest level in Apr (947k bpd) since 2022 on West Asia crisis

## GOVT. INITIATIVES

## Policy &amp; Regulation

- India and South Korea committed to nearly doubling bilateral trade to \$50 bn by 2030  
*Special focus on shipbuilding, agreement signed for upgrading existing shipyards, improving block fabrication facilities, and setting up a new dry dock to construct large and specialised vessels*
- MCX receives SEBI's approval to incorporate a new Coal Exchange

## State Infra &amp; Capex

- UP attracts ₹72 bn in dairy, poultry investments via MoUs
- Odisha approves ₹38.8 bn investment across 18 projects in 11 districts

## Centre Infra &amp; Capex

- Govt to set up 4 processing parks in Mah, Odisha, Guj & AP, allocates ₹5 bn
- Centre approves ₹248.2 bn rail multitracking projects in UP and AP

## Incentives &amp; Schemes

- Cabinet approves ₹129.8 bn maritime insurance pool to cut reliance on global insurers
- India approves ₹415.3 bn P&K fertiliser subsidy for kharif 2026
- Cabinet to approve ₹375 bn incentive scheme for coal gasification projects
- Cabinet approves credit guarantee scheme of ₹2.6 tn to MSME, non-MSME, airlines

## BANKING UPDATE

- ▲ RBI held ₹2 tn 7-day VRRR auction on Apr 10 amid surplus liquidity
- ▲ Bank Credit grew 16% in FY26, faster than deposits growth of 13.4%  
*CD ratio widens 255 bps to 81.4% as credit growth outpaces deposits as Mar'26*
- ▲ RBI mandates banks to report offshore rupee derivatives to boost transparency

- *New ECL norms require banks to create provisions for bad loans on day 1, effective Apr 1, 2027.*
- *Loans will be classified into three stages.*
  - *Stage 1 - Low Credit Risk, Provision based on 12-month Probability of Default (PD)*
  - *Stage 2- Increased Credit Risk, Provision based on lifetime expected losses*
  - *Stage 3 - Credit Impaired (NPAs/Defaults), Full Expected Credit Loss provisioning required*

***As per CRISIL, it may impact banks' CET-1 ratios by upto 120 bps***



COMPANY UPDATE

**Real Estate**

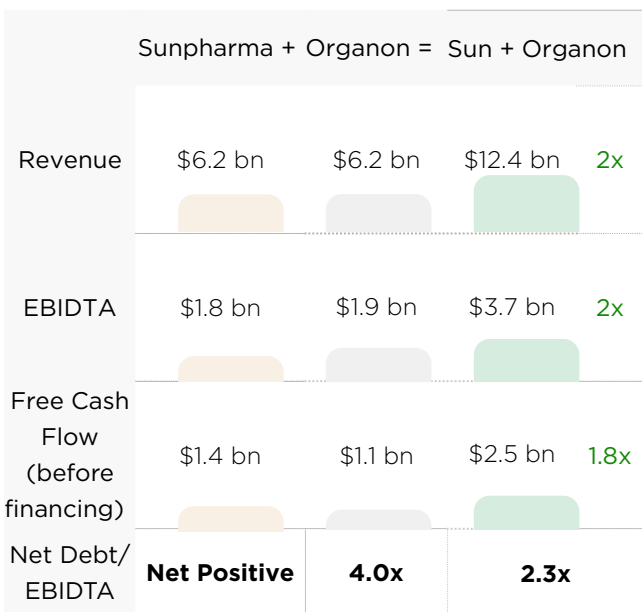
- Adani to invest ₹1 tn in Mumbai’s Motilal Nagar redevelopment over 7 years
- Prestige Estates forms JV with ABIL grp to develop 6-acre land parcel in Mumbai

**Automotive**

- Eveready commissions ₹2 bn alkaline battery plant  
*India’s first alkaline battery mfg facility, aims to increase its market share to ~25%*
- TVS expands Africa presence, enters Zambia with 8-product lineup

**M&A**

- Sun Pharma will acquire Organon at \$14/share in an all-cash deal, valuing the company at EV of \$11.75 bn  
*Largest overseas acquisition by Indian Pharma*



Source: Sun pharma

- IKS to acquire TruBridge Inc. for up to \$565 mn, funded by \$670 mn financing from Citibank, Deutsche Bank, and JPMorgan Chase

**Energy**

- GAIL to borrow ₹50-60 bn in FY27, buys 3 LNG cargoes amid shortages
- L&T signs 0.3 mtpa green ammonia supply deal with ITOCHU Corp
- RIL slashed prodn of alkylates to make LPG instead
- Coal India targets 815 MT output by FY27 amid rising power demand

**Metals**

- Lloyds Metals eyes reopening of giant copper mine in Papua New Guinea
- Vedanta aims to add up to 3 critical minerals to its portfolio over the next five years
- JSW Steel signs JV with POSCO group to est a 6 Mtpa integrated steel plant in Odisha
- Vedanta reported shutdown of 600 MW coal plant in Chhattisgarh due to a boiler explosion

**Pharma**

- Dr. Reddy’s Laboratories received approvals for generic semaglutide injection from Health Canada  
*Canada becomes the first G7 country to approve a generic semaglutide*
- Aurobindo Pharma has expanded its CMO agreement with Merck Sharp & Dohme, to invest \$150-175 mn

**Others**

- Wipro bags \$1 bn contract from Singapore’s Olam Group
- DoT cuts VI’s AGR dues by 27% to ₹640.5 bn after reassessment

CAPEX UPDATE

**Power**

- NHPC to invest ₹300 bn for 3GW hydro project in Arunachal
- India constructing 235 GW power generation capacity across resources: CEA
- NTPC to invest ₹250 bn for 1.4GW nuclear project in Bihar
- Adani Energy to invest ₹220 bn capex in FY27 with focus on transmission sector & smart metering
- ReNew to invest ₹42 bn in 6.5GW solar ignot & wafer mfg facility in AP
- GAIL to invest ₹32.9 bn in 600MW solar project in UP
- Petronet LNG plans 7 new LNG tanks to boost strategic reserves
- Solex Energy to invest ₹40 bn for solar cell manufacturing (5GW) & BESS (10GW) in Gujarat
- Tata Power to invest ₹65 bn for PV ingot-wafer facility of 10 GW
- Coal India to invest ₹1 tn over 5 yrs across gasification, renewables & thermal

**Railway**

- Ministry of Railways to invest ₹1.5 tn across 100 railway projects
- Indian Railways approves ₹1.4 bn for Kavach, signalling upgrade

**Auto**

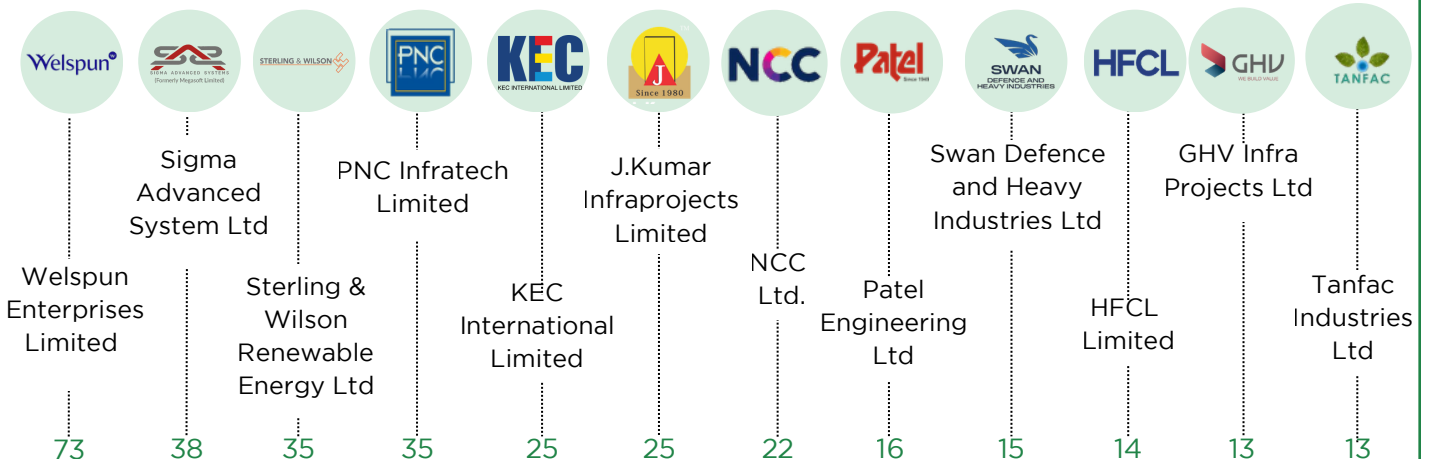
- Vingroup to invest \$8.5 bn in Maharashtra across sectors
- Maruti Suzuki to invest ₹140 bn for capacity expansion
- Eicher Motors to invest \$232 mn for capacity expansion in AP

**Others**

- UltraTech to invest ₹160 bn to achieve 240 MTPA cap by 2027-28
- Tata Semiconductor to invest ₹910 bn in India's first chip fab in Gujarat
- Adani to invest ₹330.8 bn across digital infra, power gen and cement mfg in Odisha
- Hindustan Copper to invest ₹71.9 bn over 5 years for exp of mines
- Shipping Ministry to invest ₹513.8 bn to add 62 vessels in FY27
- Ramkrishna Forgings to start ₹20 bn forged wheel plant in June 2026
- Saint-Gobain to invest ₹1 bn in India over five years
- L&T to invest \$450 bn across sectors over 5 years with key focus on green hydrogen and data centres

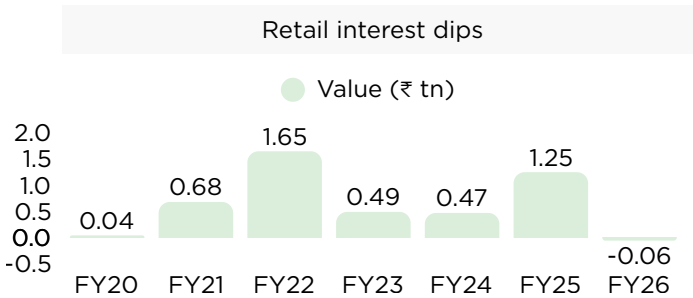
ORDER BOOK INFLOW UPDATE

(Order in ₹bn)



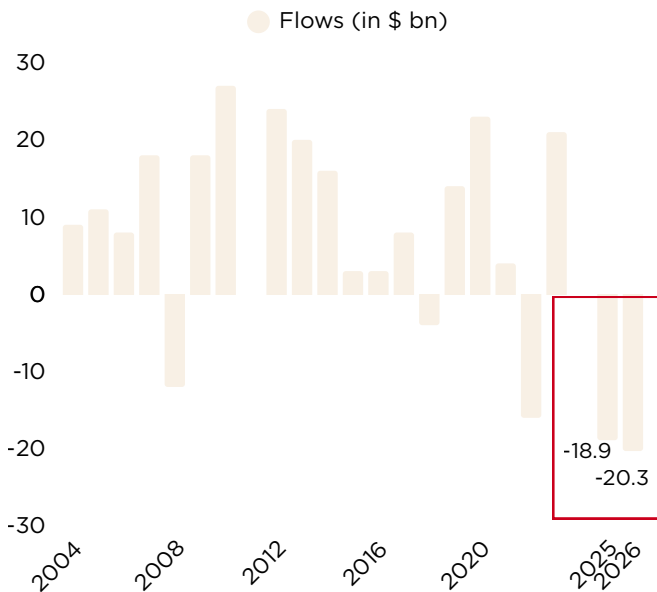
CAPITAL MARKET UPDATE

▲ Retail investors turn net sellers in FY26; ₹5.8 bn outflows



▲ Mar'26 saw record net equity inflows of ₹404.5 bn, closing AUM fell 10% MoM to ₹73 tn on M2M losses — up 12.2% for FY26

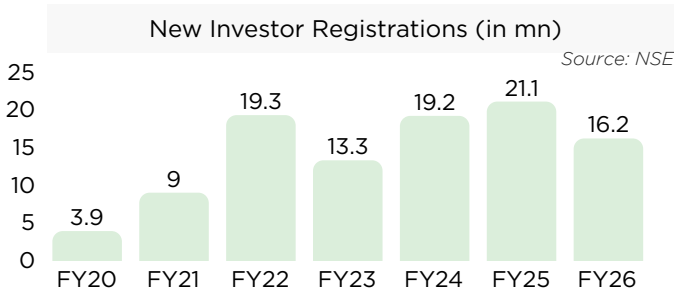
▲ FPI outflows exceed \$20 bn in first 4 months of 2026, surpassing last year's record exit



Note: 2026 data as of Apr 28  
Source: National Securities Depository

▲ MF cash holdings fall ₹31.7 bn in FY26; ratio drops to 2.55%

▲ NSE active clients decline by 3.5 mn in FY26



Source: NSE

▲ SIP stoppage ratio was 101%, 2<sup>nd</sup> consecutive year of discontinued SIPs being more than new SIPs

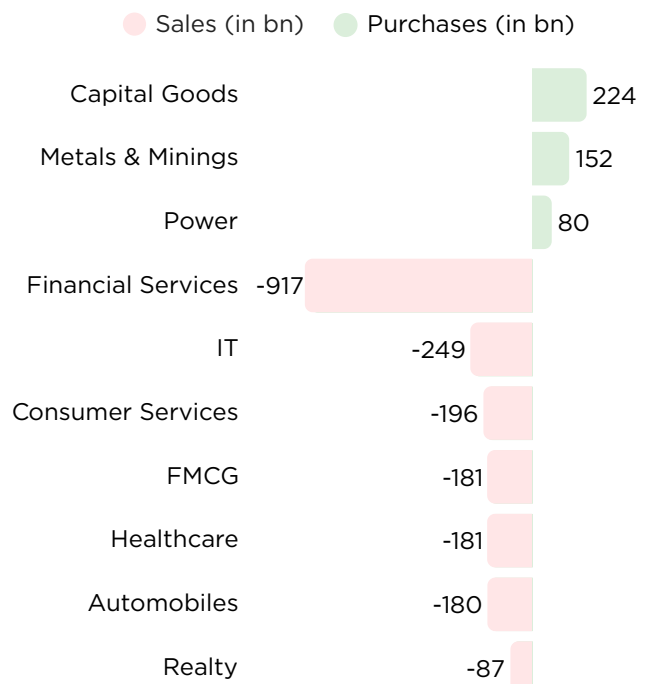
	New SIPs (mn)	Discontinued (mn)	Stoppage ratio
Mar-20	0.8	0.6	75%
Mar-21	0.9	0.6	65%
Mar-22	2.6	1.0	40%
Mar-23	2.0	1.3	67%
Mar-24	4.0	2.2	55%
Mar-25	4.9	6.3	128%
Mar-26	5.3	5.3	101%

▲ MTF book fell over 8% MoM in Mar to ₹1.06 tn, following a 2% decline in Feb

*MTF book has grown from ₹68 bn in Mar'25 to ₹1.05 tn in Mar'26 - indicating continued retail participation*

▲ FPI equity ownership plunges to 14-yr low of 16.13% in FY26

Sector-Wise FPI Equity Activity in Jan-Apr, 2026



## INTERNATIONAL UPDATE

### The Long Wait: LNG Supply Wave Pushed to 2028 and Beyond

- ▲ Global LNG deliveries fell by 10% YoY in the first 20 days of Apr
- ▲ Qatar and UAE LNG supply losses are estimated at 20 bcm for March-April alone

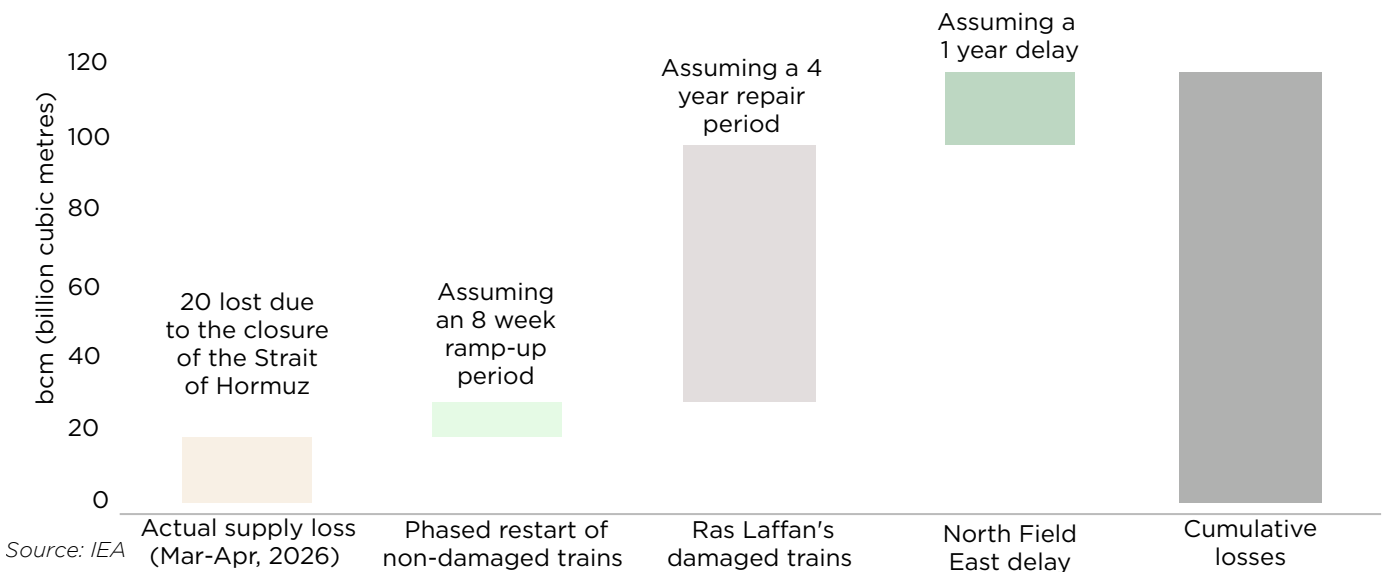
*Damage to LNG facilities, energy production and exploration activities, and refining capacity may take months, or longer, to come back online*

- Charles Schwab

*The reality is...the pricing levels at the moment are going to result in demand destruction - Woodside Energy*



120 bcm (15% of global supply) lost: Cumulative impact of the Middle East conflict on global LNG supply, 2026-2030



### Macro Update

- ▲ UAE quits OPEC in order to focus on “national interests”
- ▲ US fed kept federal fund rate unchanged at 3.50-3.75%, no change in policy stance  
*The decision was divided, with an 8-4 vote, highest level of dissent since 1992*
- ▲ Eurozone GDP rose 0.1% QoQ in Q1 2026
- ▲ Eurozone inflation soars to 3% as Iran war drives up energy prices  
*Highest since Sep'23 and above the 2% ECB target*
- ▲ Eurozone Composite PMI fell to 48.8 in Apr from 50.7
- ▲ China's industrial output up 5.7% YoY in Mar, with mining up 5.7%, manufacturing up 6% and utilities up 3.5%

### Layoffs

cognizant	4,000
Meta	8,000
Nike	1,400
RENAULT	2,400
BBC	2,000
WALT DISNEY	1,000
Snapchat	1,000

*“The industry contracted about 7.4%, These levels were last seen during the great financial crisis.” - Whirlpool*



## INDIA ECONOMIC DATA

Economic Indicator	Mar'26	Feb'26	Mar'25
WPI inflation (in%)	3.9	2.1	2.3
CPI inflation (in%)	3.4	3.2	3.3
Core Sector Growth (in%)	-0.4	2.3	3.8
Trade Deficit (in bn\$)	20.7	27.1	21.7



Core sector decline was led by fertiliser (-24.6%), crude oil (-5.7%) & coal (-4.0%), partly offset by growth in natural gas (6.4%), cement (4%) & steel (2.2%)

Economic Indicator	Apr'26	Mar'26	Apr'25	MoM	YoY
Composite PMI	58.2	57.0	59.7	2.1%	-2.5%
GST Collection (in ₹tn)	2.1	1.8	2.0	18.5%	7.3%
AVG USD INR	93.4	92.9	85.6	0.5%	9.1%
Forex Reserves (\$ bn)	698.5	688.1	688.1	1.5%	1.5%

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

## AEQUITAS: WHAT'S TRENDING

			<p><a href="#">Indian IT - From Cash Cows to Code Red?</a></p>
			<p><a href="#">GIFT City: Global Investment Opportunity</a></p>
			<p><a href="#">The Calm before the Credit Storm</a></p>
			<p><a href="#">The Fund Manager Brief @PMS Bazaar</a></p>

Note: Figures are rounded and approximate, based on latest available data.

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