TOP DOWN & BOTTOM UP

House view on the month gone by, the signals we are watching, and the risks shaping the road ahead.

EXTERNAL LENS

The Global Backdrop Has Become More Complicated

"The external environment is more layered than it was a month ago. Yields remain elevated, the US rate path no longer appears one-way, and risks around oil and inflation continue to keep the global macro backdrop uncertain."

- Subham Agarwal, Fund Manager, GIFT City

DOMESTIC LENS

Growth Continues to Hold Up Well

"Against that backdrop, the domestic picture has been relatively reassuring. India's GDP print was strong and credit momentum remains healthy. FCNR(B) deposits have also supported system liquidity and the rupee, although this has coincided with the RBI's short forward book moving to record levels."

- Niharika Jain, Fund Manager, India AIF

VALUATION LENS

The Question Is More About The Price Paid For The Growth

"Markets remain in a time-correction phase despite encouraging Q1 results. The frontline index has paused, while the broader market continues to advance at rich median valuations. With elevated oil prices, a weak monsoon and mixed macro signals keeping inflation risks alive, our caution is not around the direction of growth, but around the price the market is already paying for it."

– Pratiksha Daftari, Fund Manager, India PMS

RE-ENTERING INDIAN EQUITIES

WITH THE SAME VALUATION PRINCIPLE

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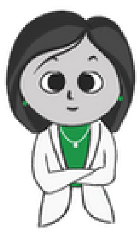


AEQUITAS LENS

TOP DOWN & BOTTOM UP

BSE Mcap: ₹485.6 tn I Composite PMI: 54.3 I GST Collection: ₹2.0 tn I Forex Reserves: $740.8 bn

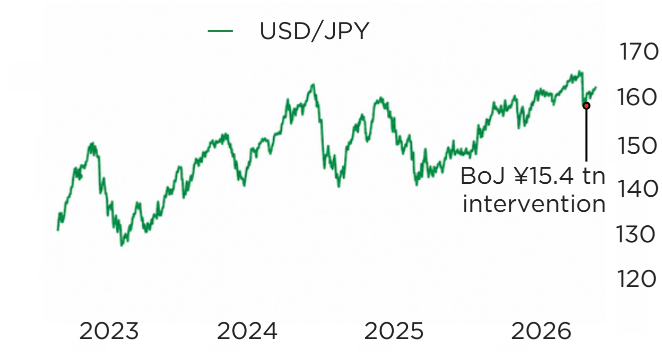
Currencies, Debt & Doubt : Safe Havens Under Stress

Yen-tervention

- USD/JPY reached ¥163.9/$ in July end, marking a 40 year low for the JPY
- To support its currency, Japan spent a record ¥15.4 tn ($96.5 bn) in July-Aug
- USA, in a co-ordinated operation with Japan, sold EUR from its international reserves to buy JPY

  First joint intervention in currency markets in 15 yrs
- USA also offered FIMA repo access: Japan can borrow US$ against its Treasuries to buy ¥, without selling them
- **'I am the house now': Bessent warns currency traders not to bet against yen**

Japan Has Intervened in FX Market



Given Japan is the largest holder of US govt debt, one of Washington's biggest concerns was avoiding a scenario where Japan would need to dump large quantities of Treasuries to finance unilateral intervention as that would push US yields up, which is already at a 19 year high

US Treasuries, Not So Treasured

- Total foreign holdings of US Treasuries fell by $72 bn to $9.3 tn in Jun'26
- Norges Bank, managing $2.3 tn of Norway's sovereign wealth assets, recommended reducing its weightage to govt bonds within its benchmark bond index from 70% to 50%

  This would cut $80 bn from its current $215 bn US Treasury holdings

"We are very reluctant to take longer duration at the moment, don't really want the term premium risk because of the continued issues we see in geopolitical risk and also uncertainty at the long end." - Blackrock

- Japan's PM said govt will pursue steps to encourage households and pension funds to make further investments in Japanese financial assets

US Treasury Holdings as on 30th June, 2026

Country	$bn	MoM (%)
Japan	1,117	-2.3
United Kingdom	940	-0.9
China Mainland	633	-3.9

All is Well !?

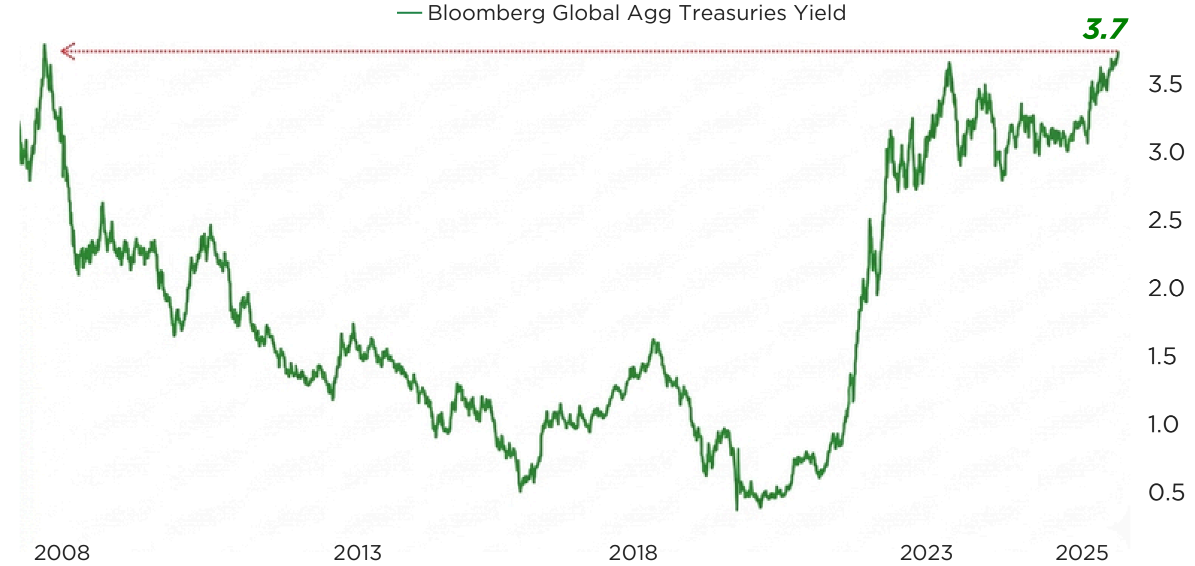
- Total USA debt has topped $40 tn for the 1st time, almost 2x in last decade

  The current debt-to-GDP ratio is 123%, near a record high

- Debt issuance by AI hyperscalers has reached $220 bn in Aug'26 compared to $12.5 bn a year back - BNP Paribas
- The ME conflict has still not resolved, and oil traded above $90/bbl as on 1 Sep’26

Bloomberg's gauge of global sovereign bonds advanced to 3.7% on 31st Aug, the highest since mid-2008 with traders pricing in an almost 70% chance that US will hike rates while an ECB hike is fully priced in.

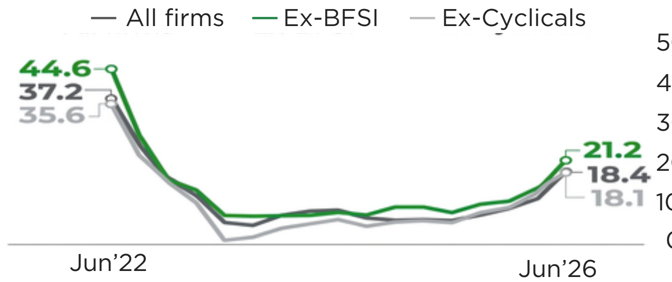
Bloomberg Gauge on Global Sovereign Bond Yields - Highest since mid-2008 (in %)



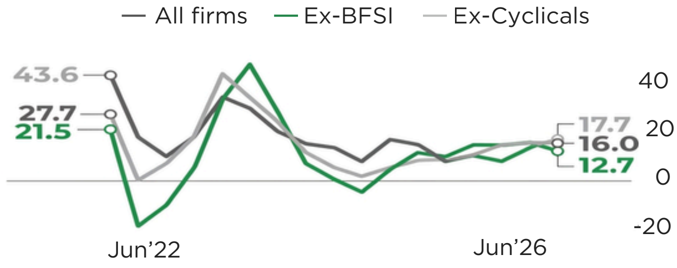
Q1FY27 RESULTS UPDATE

- For Q1FY27, Nifty 50 recorded 20% revenue growth and 18% PAT growth
  ONGC, Hindalco, RIL, JSW Steel & Bharti Airtel were the key contributors, accounting for 60% of the incremental earnings
- Nifty Midcap 100, ex energy, posted 42% PAT growth while Nifty Smallcap 100 reported a 39% increase
- **For overall listed companies**, revenue grew 18.4% YoY to ₹47.3 tn
  Fastest revenue growth in 15 quarters
- Adj Net Profit rose 16% YoY to ₹4.6 tn, however NPM declined YoY from 7.9% to 7.4% due to higher inflation
- Banks, non-bank lenders, mining and metal companies were the main drivers, together accounting for 66% of the overall growth

Top Line Gets a Boost, Net Sales Growth



Profit Growth Holds Firm, Adjusted Net Profit Growth



Source: Reuters, Capitaline, Business Standard sample of 3,458 listed cos

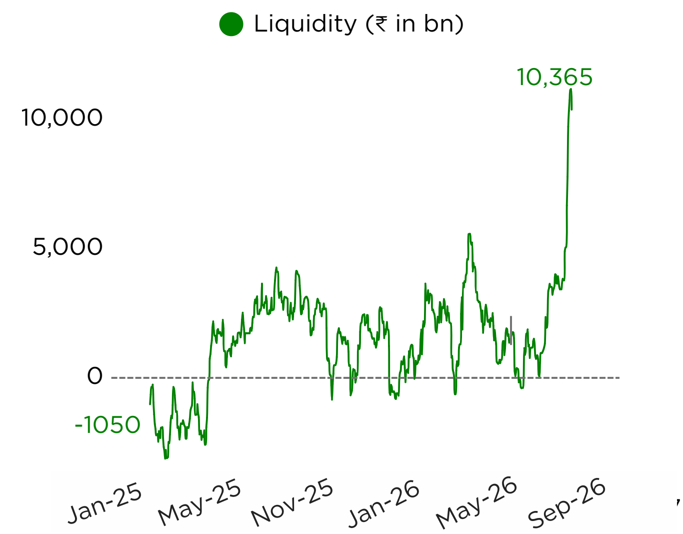
BANKING UPDATE

- RBI shortens FCNR(B) deposit swap window by 1 month to Aug 31
  Forex swap facility draws $136.4 bn, including $127.2 bn through FCNR(B) deposits

- Banking system liquidity surged to 4 yr high of ₹10.4 tn on Sep 7 driven by FCNR(B) deposits

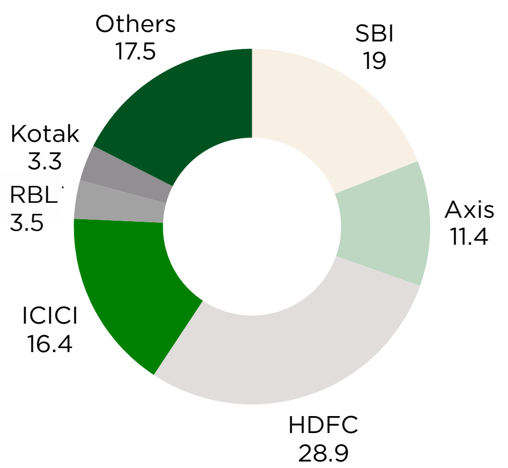
- RBI net buys $561 mn in Jun'26, marks 1st net purchase since Feb'26
  Outstanding net $ short position at $136.8 bn in Jul'26 vs $103.3 bn in Jun'26

Liquidity Surplus

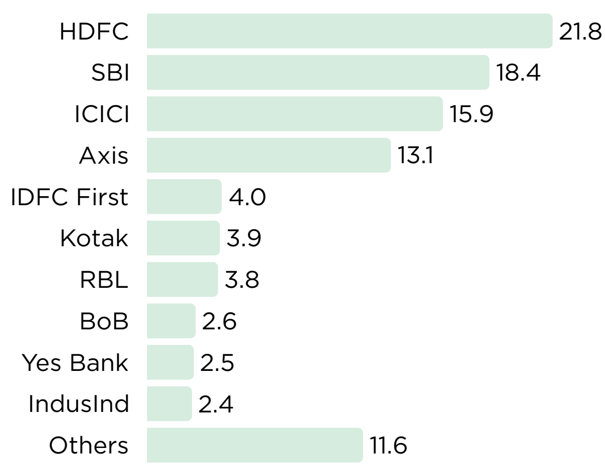


- India adds net 1.3 mn credit cards in Jul'26, up 11.5% MoM
  Credit card spending increases 7.4% YoY & 3.4% MoM to ₹2.1 tn

Spend wise Market Share (%)



Market Share - No. of Cards O/S



ORDER BOOK INFLOW UPDATE

(Order in ₹bn)

Welspun Corp	172
TCS	140
L&T	70
Sterlite Tech	47
Adani Energy Solutions Ltd	47
Sigma Advanced Systems	40
Kalpataru Projects	35
HFCL	29
Ratnamani Metals	27
Bondada Eng	19
Bajel Projects	16

CAPEX UPDATE

Auto & Ancillaries

- Maruti Suzuki to invest ₹775 bn till FY31 for capacity expansion & new products
- JSW MG & vendors plan ₹60 bn investment for doubling capacity to 220k units pa at Guj plant
- Daimler India CV to invest ₹40 bn in TN to strengthen its CV brand BharatBenz
- Escorts Kubota announces ₹20 bn investment for greenfield manufacturing plant in UP
  Plans capacity expansion of 60k tractors & 15k construction equipments p.a.
- Hero MotoCorp to triple EV capacity to 45k units per month by FY27 end

Defence & Shipbuilding

- GRSE to invest ₹26.7 bn in 3 new facilities to expand shipbuilding capacities
- BEL to invest ₹6 bn to set up a defence manufacturing facility in UP
- Centum Electronics to invest ₹5 bn to set up new aerospace & defense electronics manufacturing facility in Karnataka

Energy

- ONGC to spend ₹1 tn over next 5 yrs on deepwater exploration, targets drilling of 87 wells
- ACME Solar plans ₹150-200 bn capex for expanding RE business
- NHPC targets ₹150 bn capex in FY27 for expansion of hydro projects pipeline

Hotels & Real Estate

- Godrej Industries group signs with Haryana govt to invest ₹200 bn
- Juniper Hotels outlines ₹19.3 bn capex to double EBITDA & room inventory to 4000 keys by FY31

Metals & Industrials

- Hindustan Copper plans capital investments of over ₹70 bn over next 5-6 yrs driven by rising demand
- Jindal Stainless plans ₹26 bn capex in FY27 to strengthen downstream processing capacity
- Aditya Birla group enters Wire & Cable business with ₹18 bn investment through UltraTech Cement, launching Ultravolt
  Has current installed capacity of 1.1mn km, plans to scale it to 3x over 5 yrs

Packaging

- Hindustan National Glass to invest ₹2.8 bn at Haryana facility to double capacity to 600 tpd
- TCPL announces ₹1.3 bn capex to enter li-ion battery separator films
  Plans commercial production by Q4FY28

Pharma & Healthcare

- Manipal Health plans ₹40 bn capex to increase bed capacity by 18% to 15.4k beds over the next few yrs
- Cipla to invest ₹2 bn for capacity expansion at Bengaluru facility

Others

- BSNL outlines ₹770 bn capex over 5 yrs
  Plans to add 200k additional 4G sites & roll out 5G in strategic areas with operational breakeven target revised from FY32 to FY29
- TCS' HyperVault to develop ₹700 bn 1 GW AI data center campus in Hyderabad
- Sterlite Tech approves ₹30 bn capex for 50% Optical Fibre Cable capacity addition by end of FY29
- Hinduja Group plans ₹25 bn capex in TN across RE, auto, FS & battery

COMPANY UPDATE

Auto & Ancillaries

- Hero MotoCorp approves investment of ₹17.6 bn to raise stake in Ather Energy to 32.8% from 29.9%
- Tata Motors PV & Hyundai raise prices across portfolios w.e.f. Sep'26; Escorts Kubota hikes tractor prices across all brands in Aug'26

BFSI

- BofA to acquire 49.9% stake in Jio Credit for $1.9 bn
- L&T Finance plans to open 500 gold loan branches in FY27, increasing its network from 330 branches as of FY26
- Aditya Birla Capital enters gold loan business, plans to add 1000 branches in next 3 yrs

Defence

- HAL ties up with Adani Defence & BEML for production of Light Combat Helicopter fuselages
- Reliance Ind partners with Rolls Royce to develop domestic fighter jet engines

FMCG

- Wipro Consumer Care acquires 60% of Dermatouch for EV of ₹3.9 bn
  This marks its 18th acquisition
- Varun Beverages enters Ready-to-Drink alcoholic beverages market in India

Pharma & Healthcare

- Manipal Health will acq Kinder Women's Hospitals ops and assets for ₹1.3 bn
- Mankind Pharma inks exclusive deal with China co. to commercialise two insulin analogues in India

Hotels & Real Estate

- Lodha Developers plans 21 housing project launches worth ₹240 bn revenue potential by FY27 end
- IHCL to merge with OHL in all stock deal
  OHL shareholders will get 25 IHCL shares for every 117 OHL shares held

Information Technology

- L&T signs ₹14 bn deal to transfer its Data Center & Cloud Services business to its WOS Vyoma.AI
- Happiest Minds to merge with ITC Infotech, ITC to acquire 22.1% promoter stake for ₹13.3 bn
- Porsche signs €1.3 bn 5 yr deal with TCS
  TCS to acquire Porsche's IT consulting arm MHP for €320 mn, values at ~0.4x P/S

Power & Energy

- CESC's unit to acquire 1.4 GWp operating solar portfolio from Renew for ₹48.6 bn
- IGL & MGL raise CNG prices by ₹3.9 & ₹2 to ₹87 & ₹88, respectively
- ONGC secures USA license to resume full Venezuela operations

Others

- Canadian pension fund La Caisse acquired a 24% stake in Altius Telecom InvIT for ₹121 bn
- Hindalco commissions India's first 30k tpa Superfine PPT ATH plant, strengthens India's self-reliance in fire cable safety
- GRT Jewellers will acquire a 74.1% controlling stake in TBZ for ₹10.3 bn
- Tata Sons clears fresh capital infusion of over ₹100 bn in Air India
  N Chandrasekaran to step down as Chairman of Tata Group in Feb'27

GOVT. INITIATIVES

Sugar? Yes, Please

- "The season 2025-26 has turned out to be tighter than anticipated, with lower than expected production, healthy domestic consumption and diversion towards ethanol resulting in a drawdown to inventory" - Balrampur Chini Mills Q1FY27 earnings call
- Ex-mill prices peaked at ₹67/kg on Aug 18 while Delhi retail sugar surged 25% MoM to ₹64/kg
- Govt. now allowed duty-free import of up to 1 mt & put inventory restrictions of 15 days on bulk users using >10T/month
- While ex-mill prices had corrected to ₹47/kg following govt interventions on Sep 1, Delhi retail prices were still elevated at ₹60-62/kg since retailers holding higher-cost stock haven't cut prices at the same pace

While kharif crop sowing was trailing by only 0.4% in Aug end, IMD's Sep outlook calls for below-normal rainfall nationally, citing "strong" El Niño conditions. India's sugar production is now estimated at 30.6 MMT vs 34.3 MMT projected earlier

Centre Infra & Capex

- 396 projects worth ₹18.7 tn recommended for approval under PM Gati Shakti initiative
- Rail Ministry prepares pipeline of 54 projects worth ₹1.8 tn under PPP model
- Govt approves 5 railway & highway projects worth ₹130.4 bn
- Govt approves 31 proposals worth ₹78.8 bn under Electronics Component Mfg scheme
  Cumulative investments have now crossed ₹690 bn
- Govt rolls out scheme to promote adding PNG connections
  CGD cos to receive 200 SCM of low cost APM gas for incremental billed connection over threshold
- PNGRB approves 1800 km LPG pipeline projects worth ₹70 bn

Policy & Regulation

- Parliament passes Bill empowering CG to allow banks & payment service providers to levy charges on UPI transactions
- Parliament passes MMDRA Bill to centralize taxation on mineral bearing lands & rights
- Govt extends PM E-DRIVE scheme for e2W by a year to March 31, 2028, allocates additional ₹10 bn while halving the incentive to ₹2,500/ kWh
- Govt terminates ECLG Scheme 5.0 in 3 months post launch as the allocated ₹2.5 tn credit guarantee was fully exhausted
- CG raises export levy on diesel & petrol by ₹1 & ₹1.5 to ₹25 & ₹1.5/l, respectively
- Govt lifts export ban on wheat flour and related products w.e.f Aug 26th

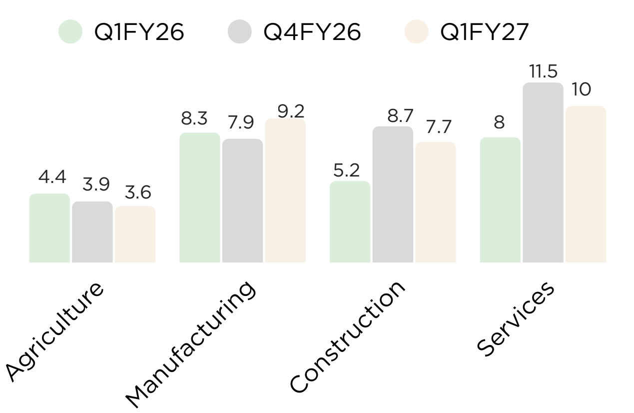
State Infra & Capex

- Andhra Pradesh SIPB approved 25 projects worth ₹2.1 tn in investments
- TN govt inks 97 MoUs for total investment commitment of over ₹670 bn
- Karnataka approved 9 new projects & 8 investment proposals worth ₹296.8 bn
- Karnataka govt clears 83 industrial projects worth ₹62.5 bn across defence, aerospace, IT & food processing
- Kerala leases 18.2 acres to Cochin Shipyard for a ₹50 bn ship block project
- Odisha govt clears 14 investment proposals worth ₹27.8 bn across food processing, textiles, chemicals, etc
- ONGC commissions gas evacuation facility at Assam enabling utilization of ~100k SCM gas / day

INDIA UPDATE

- India's real GDP grew 7.8% YoY in Q1FY27, with nominal GDP growing at 10.3%

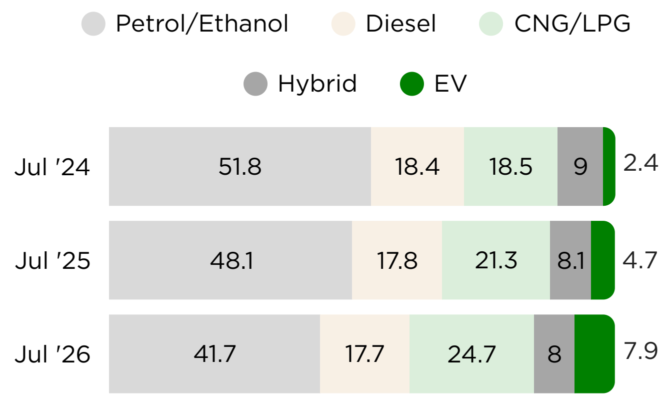
Growth Rates (%)



- CG's net direct tax collection grew 23.1% YoY to ₹8.1 tn as of Aug 10
  Corporate tax, Non-Corporate tax & STT grew 19.8%, 23.4% & 51.3%, respectively
- Aug'26 net GST collection grew 8.3% YoY to ₹1.7 tn
- Govt beats FY26 divestment target raising ₹453 bn vs estimate of ₹338 bn
  Govt has already mobilized ₹276 bn in FY27 YTD
- Govt collects ₹100.4 bn gold import duty in first 2.5 months after hike
- Gold imports grew 4.8% YoY to $4.2 bn in Jul'26 following import duty hikes in May
  Silver imports fell 66.1% to $171.7 mn
- Fresh capex announcements surged 27.7% YoY to ₹14.8 tn in Q1FY27
  New pvt sector announcements jumped more than 72% YoY to ₹13.3 tn
- Aug'26 PV wholesale sales grew 35.7% YoY to record 448.3k units
- Indian pharma market grew 10.7% YoY in Aug'26 to ₹232.7 bn
- Mumbai wholesale milk prices hiked by ₹9 to ₹102/litre

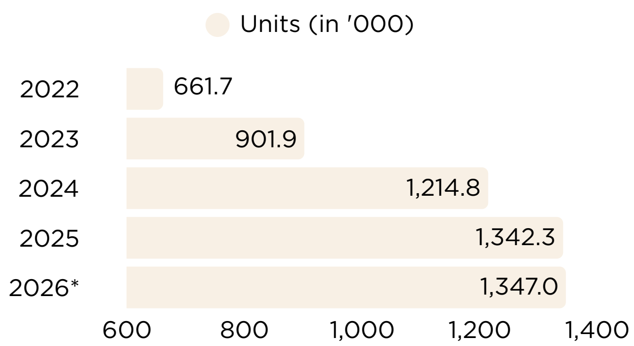
- Share of petrol in PVs decreased to record low of 41.7% in Jul'26 from 51.8% in Jul'24

Passenger Vehicle Fuel Mix (%)



- India's tyre exports grew 16% YoY to ₹77 bn in Q1FY27
- E2W registrations between Jan-Aug'26 touch 1.4 mn, surpass CY25's record of 1.3 mn units

E2W Registrations (units)



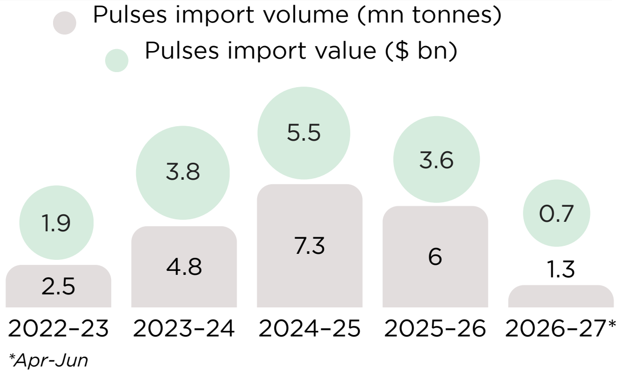
** Till August*

- Operating profit growth of private manufacturing companies improved to 21.3% YoY in Q1FY27 vs 9.4% in Q4FY26
  Operating profit growth of IT & non-IT services companies also improved to 19.9% and 12.7%
- Vegetable oil imports declined 7% YoY to 1.5 mn tonnes in Jul'26
- LPG consumption fell 17% YoY to 8.8 MT in Apr-July driven by supply disruptions & govt restrictions

INDIA UPDATE

- **Pulse imports surged 58% YoY to 1.3 MT in Q1FY27 amid El Nino fears**
  Up 22% YoY in value terms to $0.7 bn

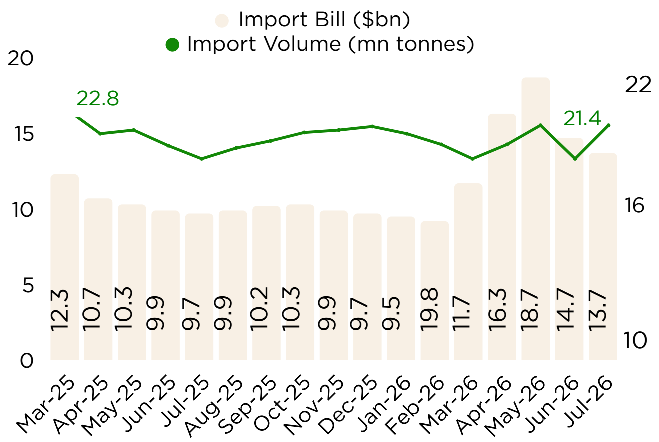
Pulse Imports



*Apr-Jun

- **India's crude oil import bill rose 41% YoY to $13.7 bn in Jul'26 with crude basket at $82/bbl vs $71 in 2025**
  Sept4, Indian crude basket at $101.1/barrel

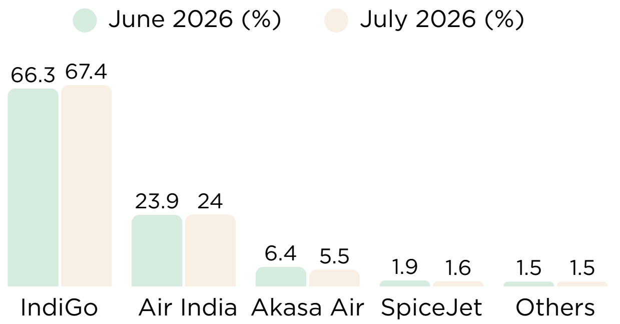
Crude Imports



- **RE bidding activity declines to 14.7 GW in FY26 from 40.6 GW amid challenges in signing PPAs & lagging transmission infra**

- **Domestic air traffic fell 4.8% YoY to 12 mn passengers in Jul'26**

Market Share of Scheduled Domestic Airlines (%)



- **₹730 bn Western DFC fully commissioned after 2 decades**
  2,800 km corridor cuts freight transit to 10-12 hrs vs ~30 hrs by road

- **India's telecom subscriber base grew 6.2 mn in Jul'26 to 1.4 bn**
  Jio led with 535.1 mn subscribers, followed by Airtel & Vodafone Idea at 384.2 mn & 130 mn, respectively

- **India's PMI Manufacturing index fell to 5 yr low of 52.8 in Aug from 53.5 in July, marks 3 consecutive months of decline**

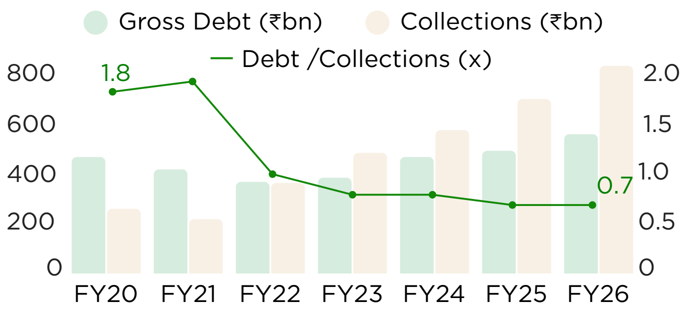
- **Infra projects worth more than ₹1.5 bn recorded cumulative cost overruns worth ₹3.4 tn**

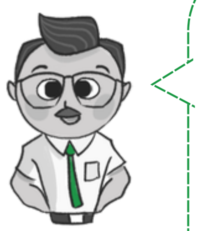
- **Solar module overcapacity drags factory utilization to 35-40%**

- **India's gem & jewellery exports rise 0.4% to $2.4 bn in Jul'26**

- **Luxury Homes priced below ₹15 mn account for 47% of top 7 cities' new launches in Q1 2026 vs 85% in Q1 2022**

Debt to Collections Ratio, Top 13 Residential Developers, FY20-26



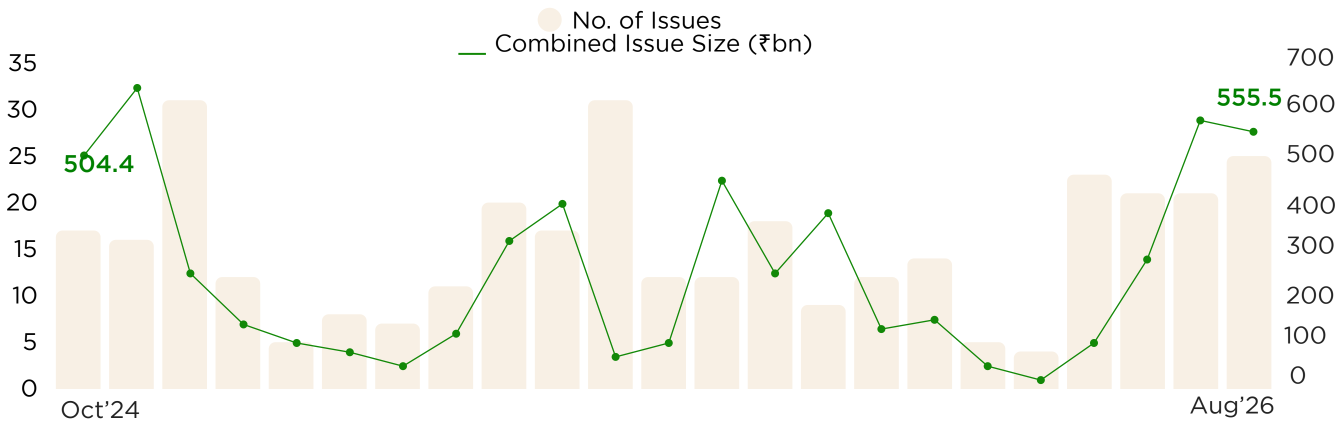


Luxury housing segment has seen strong growth post Covid, as is evident in their improving collections & reducing Debt-to-Collections Ratio. However, pre-sales of 28 major listed realty firms fell 21% to ₹400 bn in Q1FY27. Is the luxury housing market finally topping out?

CAPITAL MARKET UPDATE

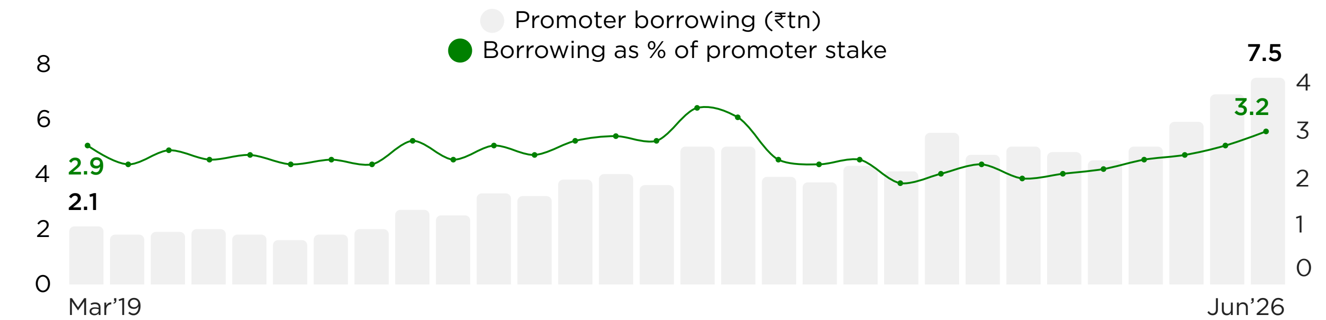
- Indian cos have raised ₹1.1 tn through mainboard IPOs, QIPs & OFS in July & Aug

Capital Call



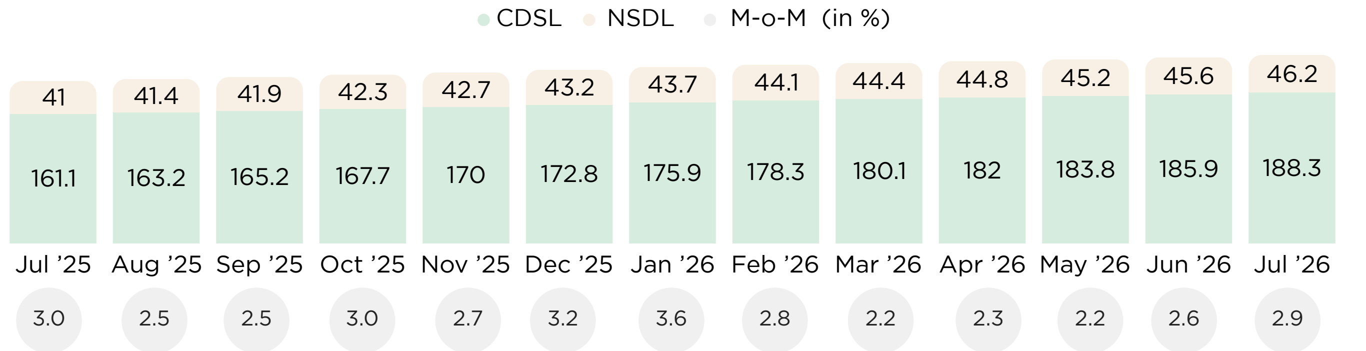
- Equity MF inflows fell 14.8% MoM to ₹247 bn in Jul'26
  Large cap fund see outflows of ₹13.2 bn, first since Dec'23 while smallcap inflows up 39% MoM to ₹ 77.7 bn
- Promoter borrowing against shares cross ₹7 tn as of Q1FY27

Promoter Borrowing Against Shares



- SEBI bars 2 entities over CAS manipulation, fines them ₹37 mn
- InvIT investor base grew 17% MoM to 653k, with distributions to unitholders increasing 15% YoY
- Active derivative traders fell 18% YoY to 8.8 mn unique active traders in FY26
- Small cap funds' avg. days to liquidate 50% portfolio fell to 11 in Jul'26 vs 15 in Jul'25
- 2.9 mn new demat additions in Jul'26, highest since Jan'26

Demat Accounts (in mn)

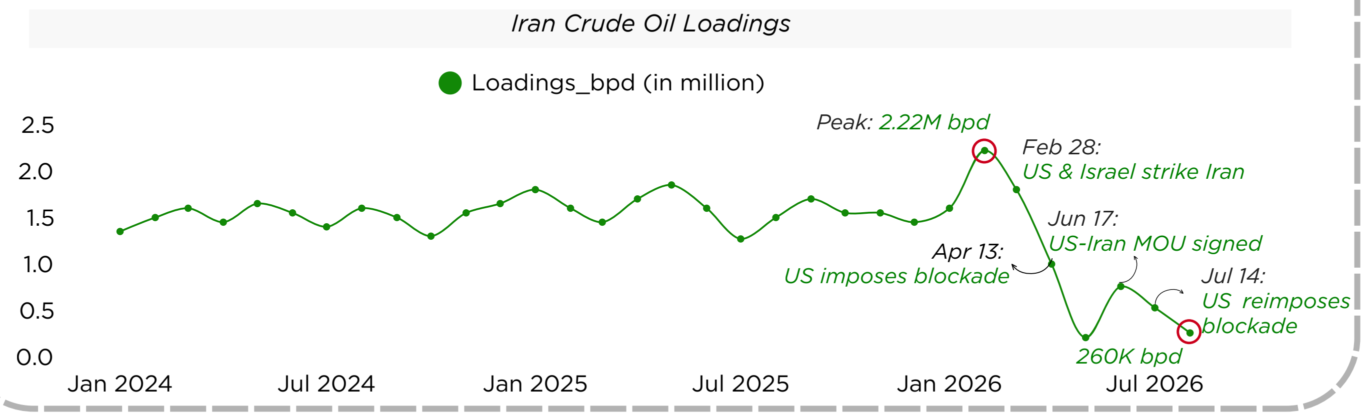


INTERNATIONAL UPDATE

USA

- US readies a 7.5% "overcapacity" tariff on China, taking effective duties to ~20%, ahead of a late-September Trump-Xi summit
- US bans certain Canadian imports as trade war deepens, covering most alcoholic drinks, some dairy and motorcycles
  50% tariff list also widened to include mattresses and motorboats
- Canada imposes retaliatory tariffs on CA$27.6 bn worth of US goods
- US Treasury to at least double long-end liquidity buybacks to $4 bn per operation
- US CPI cooled to 3.4% YoY in July (+0.1% MoM); core CPI at 2.5%

- Hormuz re-escalates: With the 60-day deal window over on Aug. 17, US forces struck Iranian launchers on Larak Island on Aug. 30 amid reported IRGC preparations to mine the Strait
  Iran retaliated against US allies overnight
- Tehran has loaded about 260k bpd for export at its ports so far this month
  Decline of more than 80% compared with 1.7 million bpd in Aug 2025



China

- China's July industrial output +4.5%, retail sales +0.6%, Fixed Assets Investment -6.7% YTD, urban unemployment up to 5.2%
- PBOC held the 1-yr LPR at 3.0% and 5-yr at 3.5% for a 15th straight month
- New home prices fell 3.2% YoY in July as the property slump drags on
- Aug manufacturing PMI at 49.8, a second month of contraction
- China records $119 bn trade surplus in Aug'26 as exports surge 25% YoY

EU

- Eurozone Q2 GDP confirmed at +0.6% QoQ, the strongest quarter since Q1 2025, led by Spain
- ECB survey: euro-area consumer inflation expectations eased in July (1-yr at 2.9%, 3-yr at 2.7%)
- Aug inflation jumped to 3.3% from 2.9%, the highest since Sep 2023
  Markets fully price a 25 bp ECB hike to 2.5% at the Sept 9-10 meeting

Rest of the World

- UK inflation rose to a four-month high of 2.9% in July on the 13% Ofgem energy price cap hike
- Japan Q2 GDP grew 1.1% annualised, missing 2% forecasts as soft domestic demand offset strong exports
- Bank of Korea raised its benchmark rate 25 bp to 3.0%, a second straight increase, and revised 2026 growth up to 3.3% from 2.6%
- Korea's leveraged-ETF crackdown bites as deposit floor tripled to KRW 30 mn, new listings frozen, margin loans at a 2026 low of KRW 27.4 tn

INDIA ECONOMIC DATA

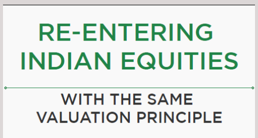
Economic Indicator	Jul'26	Jun'26	Jul'25
WPI inflation (in%)	9.8	9.9	-0.8
CPI inflation (in%)	4.5	4.4	1.6
Core Sector Growth (in%)	5.4	6.0	3.2
Trade Deficit (in bn$)	32.0	30.4	27.9

Composite PMI remained unchanged at 54.3 as the acceleration in services activity offset the continued slowdown in mfg. Mfg PMI at 52.8 declined for the 3rd consecutive month & is the weakest in 5 yrs

Economic Indicator	Aug'26	Jul'26	Aug'25	MoM	YoY
Composite PMI	54.3	54.3	63.2	0.0%	-14.1%
GST Collection (in ₹tn)	2.0	2.1	1.7	-5.4%	14.8%
AVG USD INR	95.4	95.9	87.5	-0.5%	9.0%
Forex Reserves ($ bn)	740.8	692.9	694.2	6.9%	6.7%

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

AEQUITAS: WHAT'S TRENDING



Aequitas Re-Entering Indian Equities

AI Crowding-Out: Winning The Race For Capital

GIFT City: Global Investment Opportunity

Indian IT - From Cash Cows to Code Red

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

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