

# MONTHLY NEWSLETTER

October 2023



## Soniya Goel

Director

(Equentis Wealth Advisory Services Limited)

"Women have been the backbone of our homes. They know the art of balancing for today and for the future. This naturally makes them equipped to excel in financial markets by investing wisely & managing finances with utmost care & precision. Women are not only caretakers; they are also wealth creators."



## Radhika Gupta

MD and CEO

(Edelweiss Mutual Fund)

"The one thing that is undisputed: The potential of the Indian women as a consumer - not just of beauty, but everything included financial products - is incredible!"

## WHAT'S INSIDE

### FOOD FOR THOUGHT

BE A REAL LAKSHMI AND NOT JUST A NAMESAKE

### DOES IPO INVESTING GENERATE ALPHA?

75% IPOs IN PAST ONE YEAR GAVE POSITIVE RETURNS SINCE LISTING

### AUTO H1FY24 TRENDS

ONGOING FESTIVE SEASON TO BOOST VOLUMES

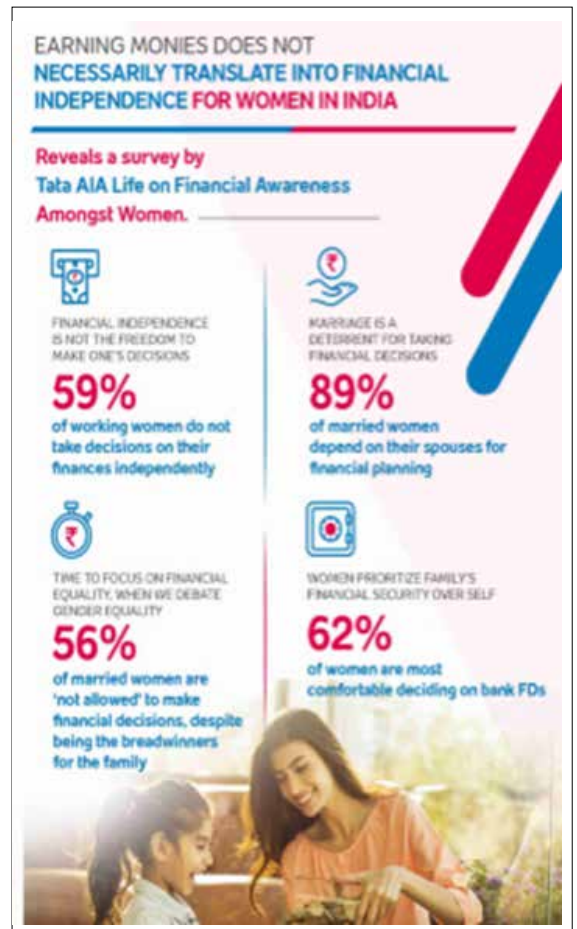
### WHAT CAUGHT OUR ATTENTION THIS MONTH!

**'Hamare Ghar Lakshmi Aayi Hai'**, are generally the first words used to welcome a baby girl in any Indian family. Considered the beauty epitome, Goddess Lakshmi stands for fortune and prosperity. Alas, except the initial referencing, women are not seen or heard anywhere in the financial spectrum. While we as a country are making considerable efforts to bring some gender parity across professional roles or actively working on schemes such as 'Beti Bachao Beti Padhao' or 'Sukanya Samridhi Yojana' at the grass root levels, when it comes to money, it is still a taboo of some sorts to include the female community in any such discussions.

### Societal conditioning at fault for women being absent from financial decision making

Over several decades every commercial around insurance /financial advisory in our country has been high on sexism, where it has always portrayed men doling out monetary advice to dependent women. Iconic ads like LIC's 'Zindagi ke saath bhi, zindagi ke baad bhi' or HDFC's 'Sar utha ke jiyo' all concurred to the stereotype fact of women being helpless and should be provided support. Dalal Street is adorned with a strong pedigree of poster boys controlling investments. In India, predominantly, it's the male fraternity that handles all the major monetary decisions, while women are not even made part of discussions that impact them directly. It is essentially an all-male dominated arena with zero to limited women participation as the receiver of financial advice, and the advisors are men.

At fault here is the social conditioning of our society which always grooms boys into the role of being the 'Man of House' where making and managing money is his domain. Instilled with this belief, it's a regular sight today where working and otherwise independent women still rely on their fathers, brothers, and husbands to manage their finances. Women are generally seen more as spenders; the maximum they are responsible for is running the monthly household budgets or investing in gold through ornaments, that too basis a pre-decided budget.



Source: TATA AIA's survey on Financial Awareness Amongst Women conducted by Erusaem among 1,000 women in age group of 25-55 years across 18 cities.

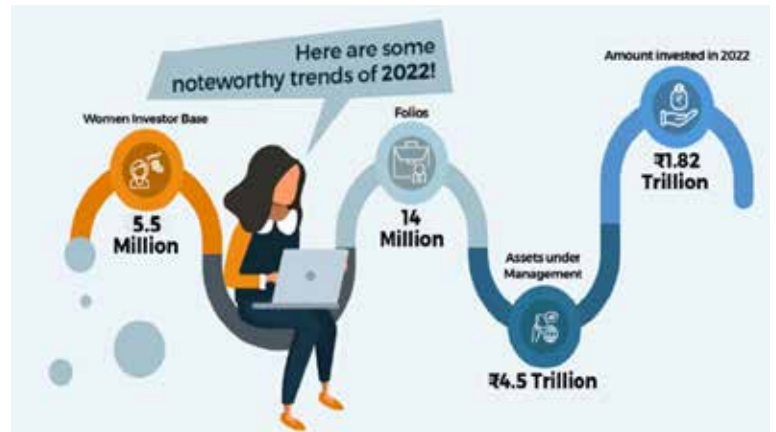


### Breaking the stereotype

Girls can't invest or manage money is a myth, and the earlier it's busted the better. What better example than our nation's finance minister and market regulatory body, Securities and Exchange Board of India, being headed by Nirmala Sitharaman and Madhabi Puri Buch, respectively. Increasing awareness about investing has seen an increasing rise in seasoned women fund managers. Morningstar India's 'Women in the Indian Mutual Fund Industry—2023' report states that ~10% of fund managers are women and managing about Rs. 4.43 lakh crore, or ~11.2% of the total mutual fund assets.

### Women need to rewire mindset for financial success.

Research and Ranking believe it's high time we start making conversations about money more common amongst women to ensure they take charge of their financial future. Financial literacy is a life skill with no other option but to imbibe it for every female looking to achieve true empowerment. It is imperative that women acknowledge the need to reduce dependence on their male counterparts and at least be equally involved in the financial decision-making process. They should not wait for life transitioning events such as medical emergencies, sudden death, separation etc. which is generally the case observed to push them to take charge of monetary aspects.



Source: Computer Age Management Services (CAMS)

Slow inroads are being made towards increasing the number of women working to achieve financial independence, mainly with the new millennial women taking charge of their money. We think the wealth management industry must evolve to understand the differentiated needs of this gender and design financial products accordingly. Increasing awareness about financial products saw the number of women investors in mutual funds increase tremendously to 5.5 million in March 2022 from 1.8 million in March 2017, as per CAMS.

### Conclusion

Learning to manage one's personal finance is a life skill of paramount importance and should not be gender defined. Finance, savings and budgeting is a natural skill women possess who are considered better at assessing risks and over the years have efficiently managed household budgets. Its time women work towards building their financial knowledge to take charge of their financial independence. Concluding with a quote from Robert Kiyosaki – 'Financial freedom is available to those who learn about it and work for it', we at Research and Ranking urge every woman to take charge of their financials and work to achieve this freedom as Money Does Matter.

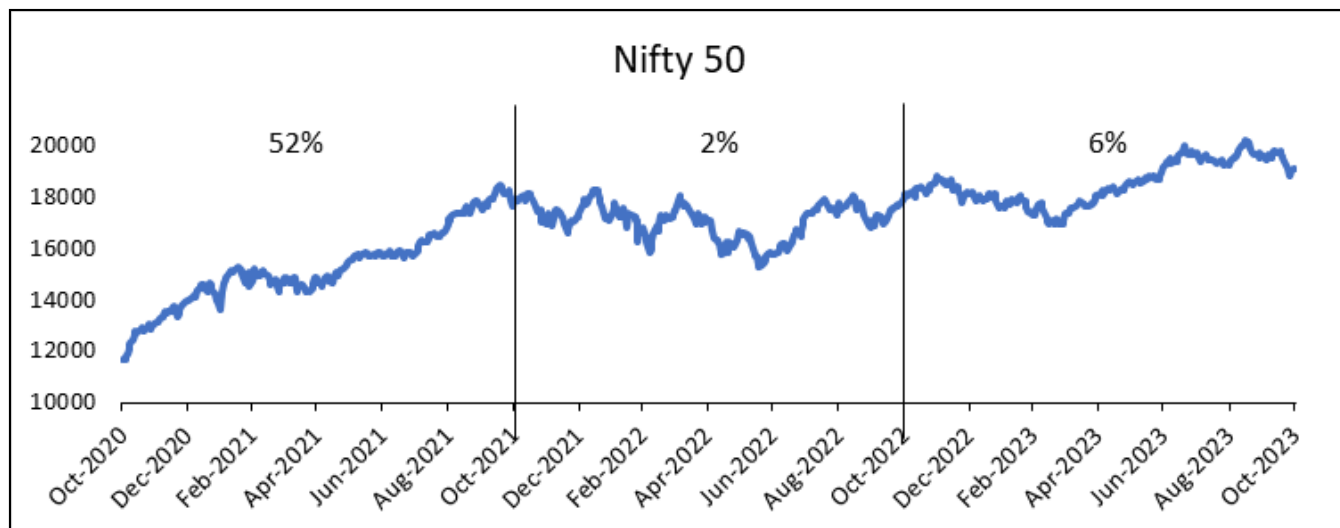
Watch our newly launched brand film that highlights this key message.

<https://www.youtube.com/watch?v=QVuyIHIG3U>

# Does IPO Investing Generate Alpha?

## 75% IPOs In Past One Year Gave Positive Returns Since Listing

The recent rally in the stock market saw many companies coming up with their IPOs. While some have done well, many have given flat to negative returns. This begs the question - how have the IPOs of the past fared over a longer term? But before we take a look at the data, let's look at the Nifty performance. If the past 3 years are to be broken in 1-year buckets, in the first bucket (Oct'20-Oct'21) Nifty had given 52% returns, but in second (Oct'21-Oct'22) and third bucket (Oct'22-Oct'23) the returns have been subdued. In such an environment where, for the 2/3 of the period, the benchmark has given negligible returns, does IPO investing generate alpha?



Source: Ace Equity, Equentis Research

In the past 3 years, 143 mainboard IPOs have come for listing. Out of these majority of the companies are from sectors such as healthcare, chemicals, capital goods and finance. Also the IPO subscription ratio has been on a higher side with some IPO getting subscribed more than 100x. While the IPO frenzy might have died down in the recent past, but the investor interest has not waned completely.

Top Sectors with IPOs		
Sector	No. of Companies	Avg of Subscription Ratio
Healthcare	16	34
Chemicals	14	59
Capital Goods	13	97
Finance	12	12
FMCG	9	54
IT	9	43

Source: Ace Equity, Equentis Research

Out of this 143 IPOs, 76% of them have given positive returns from the issue price. But with more than 60% of IPOs getting subscribed more than 10x, it is difficult to get subscription in the IPOs. Hence it is better to gauge IPO's performance from the listing price. **From the listing price 38% of the IPOs have given negative returns and 44% have underperformed Nifty. Also, only 12% of the of the IPOs have been multi-baggers and given returns of more than 100%.**

Returns from Issue Price		
Returns	No. of Companies	% of Total
Negative Returns	34	24%
0-20%	22	15%
20-40%	18	13%
40-60%	23	16%
60-80%	9	6%
80-100%	10	7%
More than 100%	27	19%
Grand Total	143	100%

Source: Ace Equity, Equentis Research

Returns from Listing Price		
Returns	No. of Companies	% of Total
Negative Returns	55	38%
0-20%	27	19%
20-40%	20	14%
40-60%	9	6%
60-80%	10	7%
80-100%	5	3%
More than 100%	17	12%
Grand Total	143	100%

Source: Ace Equity, Equentis Research

If the 6 months and 1 year performance of the IPOs from the listing price is analysed, more than half of the IPOs have given negative returns in a 6-month period and 37% of the IPOs have given negative returns in the 1-year period. While this trend may seem daunting, on a positive 19% of the IPOs have doubled from their listing price in a 1-year time frame. Also 58% of IPOs have outperformed Nifty in a 1-year period.

Returns 1 Year from Listing Price		
Returns	No. of Companies	% of Total
Negative Returns	33	37%
0-20%	8	9%
20-40%	10	11%
40-60%	12	13%
60-80%	6	7%
80-100%	4	4%
More than 100%	17	19%
Grand Total	90	100%

*Note: 53 Companies are listed for less than 1 year*

Source: Ace Equity, Equentis Research

Returns 6 Months from Listing Price		
Returns	No. of Companies	% of Total
Negative Returns	59	53%
0-20%	19	17%
20-40%	15	13%
40-60%	5	4%
60-80%	4	4%
80-100%	2	2%
More than 100%	8	7%
Grand Total	112	100%

*Note: 31 Companies are listed for less than 6 Months*

Source: Ace Equity, Equentis Research

Of the companies that have listed in the last one year, 75% have given positive returns and 38% of them have given returns more than 20% which is decent alpha as Nifty has given only 6% returns in last 1 year.

Returns from Listing Price - IPOs in Last 1 Year		
Returns	No. of Companies	% of Total
Negative Returns	13	25%
0-20%	20	38%
20-40%	10	19%
40-60%	4	8%
More than 60%	6	11%
Grand Total	53	100%

Source: Ace Equity, Equentis Research

The companies that have given double digit returns or are multi-baggers, range from various sectors such as BFSI, autos, healthcare, and consumption. While the sector might be different, one common thread is that - **the companies have India-focused businesses. In a challenging environment where many large economies struggle with inflation and de-growth, India's robust economic environment, stable policies, and improving infrastructure have propelled these businesses.** With many companies filing their DHRPs with SEBI, one can expect a decent flow of IPOs in the market. While the past data suggests a reasonable probability of generating alpha through IPO investing, factors such as valuations, market buoyancy and macro economics have to be considered.

# Auto H1FY24 Trends

## Ongoing Festive Season To Boost Volumes

Particulars	Sep-22	Sep-23	YoY (%)	H1FY23	H1FY24	YoY (%)
<b>Two-Wheeler</b>	<b>17,35,199</b>	<b>17,49,794</b>	<b>1%</b>	<b>83,98,464</b>	<b>87,39,406</b>	<b>4%</b>
Hero Moto Corp	5,19,980	5,36,499	3%	28,18,361	27,69,100	-2%
Bajaj Auto 2W	3,48,355	3,27,712	-6%	18,66,192	17,70,913	-5%
<b>Three-Wheeler</b>	<b>50,626</b>	<b>74,418</b>	<b>47%</b>	<b>1,96,612</b>	<b>3,39,690</b>	<b>73%</b>
Bajaj Auto 3W	43,392	64,846	49%	2,18,466	3,10,447	42%
M&M	5,774	7,921	37%	25,580	39,226	53%
<b>Passenger Vehicles</b>	<b>3,07,389</b>	<b>3,61,717</b>	<b>18%</b>	<b>19,36,740</b>	<b>20,70,163</b>	<b>7%</b>
Maruti India	1,52,398	1,56,538	3%	8,33,185	9,02,047	8%
Tata Motors	47,654	44,809	-6%	2,72,450	2,78,070	2%
M&M (PV)	34,508	41,267	20%	1,68,723	2,14,914	27%
<b>Tractors</b>	<b>60,321</b>	<b>54,492</b>	<b>-10%</b>	<b>3,89,815</b>	<b>4,44,340</b>	<b>14%</b>
Escorts	12,232	10,861	-11%	50,500	48,606	-4%
M&M (Tractors)	48,713	43,210	-11%	2,12,049	2,05,070	-3%
<b>Commercial Vehicle Sales</b>	<b>77,054</b>	<b>80,804</b>	<b>5%</b>	<b>4,56,199</b>	<b>4,65,063</b>	<b>2%</b>
Tata Motors	32,979	37,214	13%	1,89,468	1,81,403	-4%
Ashok Leyland	17,549	19,202	9%	84,946	91,175	7%
Volvo Eicher	6,631	7,198	9%	35,085	39,122	12%

Source: Company Data, SIAM, FADA.

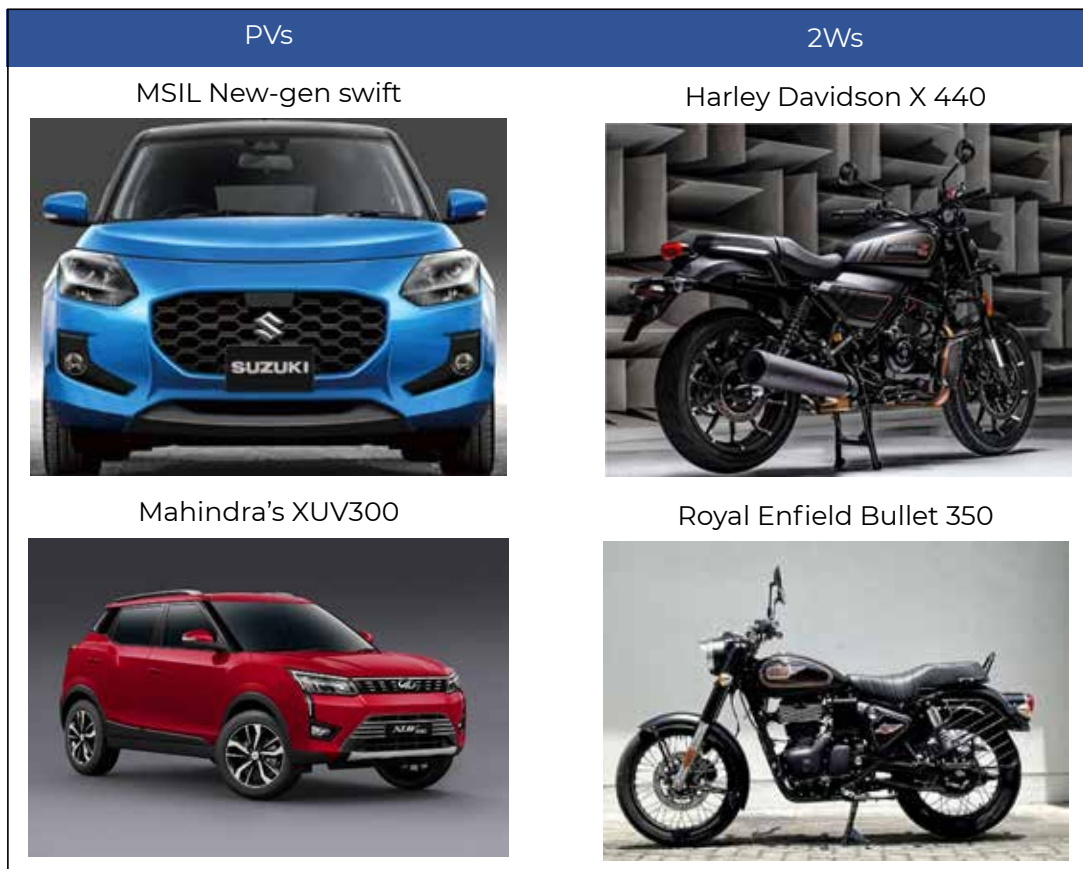
### Key takeaways

- In H1FY24, it was a strong show across segments and all the categories have witnessed growth on YoY basis, wherein tractors showcased steady growth despite a high base and 3Ws continues to prosper.
- As the PV industry was witnessing some issues such as chip shortage the PV volumes grew only ~7% in H1FY24. As per the industry experts the demand is quite strong and H2FY24 growth should be in low double digits as now the chip shortage issue is over.
- PVs continues to see high demand and finally the waiting period has normalized to ~30-90 days depending on model to model. As the industry has come out of the previous ongoing headwinds the experts believe volumes to pick-up sharply in H2FY24.
- Tactical shift in 3W Industry continues in H1FY24 i.e., ICE to EV; around ~60% 3W market is driven by EVs. The 3W segment volumes have crossed the pre-covid peak levels (H1FY19) and recorded the highest ever volumes in H1FY24.
- The 2W segment witnessed positive shifts as the festive season approaches. With the introduction of new models and attractive promotional offers, demand increased, especially in rural areas, fostering improved market sentiments.

**OEM Wise Market share trends:** According to the FADA's September'23 press release, 1) In PV segment, market share gain for Maruti Suzuki (221bps YoY to ~42.03%) and M&M (up 116bps YoY to ~9.93%) on back of their recent new model launches of Brezza, Bolero and Thar EV, inventory buildup ahead of the festive season, while Tata Motors lost market share(down 197bps YoY to ~11.73%). 2) In 2W space, Hero Motocorp broke its losing market share streak by gaining 182 bps market share to ~26.81% due to the new Harley Davidson gaining traction and quick adoption of Hero Passion, while Bajaj Auto gained marginal 62 bps share to reach at ~11.4%. 3) In EVs, Tata Motors' share stood at 85% in PVs with MG Motors at ~9% share; Okinawa/Ola Electric led the 2W EV space at 8.3k/9.6k, respectively, at 35% combined share, taking market share from Hero Electric at ~16%; 4) Tractor segment witnessed TAFE gaining share (up 89bps YoY to ~12.59%) at the expense of John Deere (down 72bps YoY to ~6.96%) with M&M still maintaining its ~40% share YoY. Though the overall tractor segment shrunk by ~10% YoY

**Festive Demand Outlook:** With ongoing festivities, all automotive categories experienced momentum in the month of October-23. Notably, 2W, 3W, PV, tractors and CV grew by 15%, 2%, 7%, 15% and 10% respectively on a MoM basis. As the festive season has unfolded, a wave of anticipation and enthusiasm is there across the automotive sector. The 2W category during the Navratri period and throughout October saw several positive trends, buoyed by festive cheer and stronger rural demand. In the 2W segment, the aura of ongoing festivals is predicted to brighten the sales atmosphere, with enhanced customer sentiment and competitive pricing playing pivotal roles. The introduction of new models will further add to the optimism. With the ongoing 42 days festive period (Navratri + Deepawali), key industry bodies have shifted their stance from cautiously optimistic to optimistic.

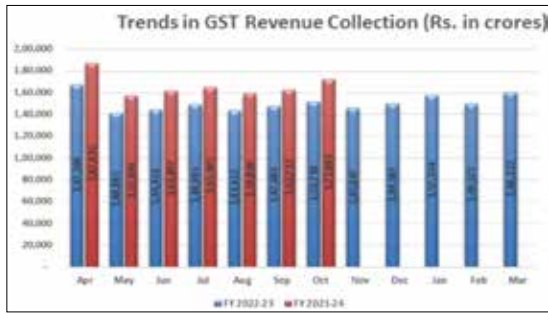
**New launches in H1FY24:** As the domestic Automobile industry witnessed strong recovery, OEMs are back in the market with the new launches. In H1FY24 we saw multiple new launches from the OEMs in order to capture the market share and meet the consumer demands. We would like to highlight some of the new launches by the OEMs.



## Conclusion

Domestic Automobile sector is witnessing steady recovery, with strong on-going festive season, new model launches, stable interest rates and rising income levels the demand for 2Ws expected to improve in the near term and demand in the PVs will continue its resilience. Apart from this, huge pending order book with PV OEMs and easing of semi-conductor chip shortage will provide strong volume numbers for upcoming quarters. The EV volumes have dropped on MoM basis due to the change in FAME incentives and are expected to recover gradually going ahead. We continue to remain positive on Auto Industry and believe industry could show cyclical upturn.

# What Caught Our Attention This Month!



Source: The Economic Times

## GST collections in October jump 13% YoY to Rs 1.72 lakh cr, second highest-ever

In Oct, GST revenue collection saw a 13% YoY increase to Rs 1.72 lakh crore driven by improved compliance.

The collection in Oct has emerged as the second highest ever after April 2023, which stood at Rs 1.87 lakh crore.

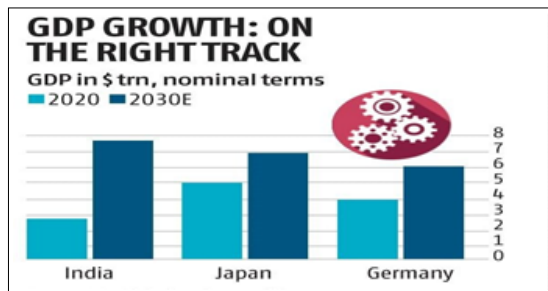
In Sept 23, India's GST collections stood at Rs 17.16 lakh cr, making it the eighth consecutive month where monthly GST collection exceeded the Rs 1.5-lakh-crore mark.

## UPI transactions soar to all-time high of Rs 17.16 lakh cr in October

In Oct 23, UPI achieved a milestone by surpassing Rs 11.4 bn transactions, reaching an all-time high of Rs 17.16 lakh cr, marking a 9% increase from Rs 15.8 lakh crore in September 23.

According to NCPI data, UPI has reported growth of 55% YoY in terms of transaction volume and 42% YoY rise in terms of value.

UPI is aiming to achieve 2 bn daily transactions by 2030, driven by the platform's growing role in facilitating credit transactions.



Source: The Print

## India set to overtake Japan as third-largest economy by 2030: S&P Global

According to S&P Global, India, the world's fifth-largest economy, is poised to surpass Japan and Germany and become the third-largest economy, driven by its youthful population and growing urban household incomes.

India's nominal GDP is projected to increase from \$3.5 trillion in 2022 to \$7.3 trillion by 2030.

India's GDP is expected to grow at a rate of 6.2-6.3% in the fiscal year ending in March 2024, making it the fastest-growing major economy for the year.

## Core sector output slows to a four-month low of 8.1% in September

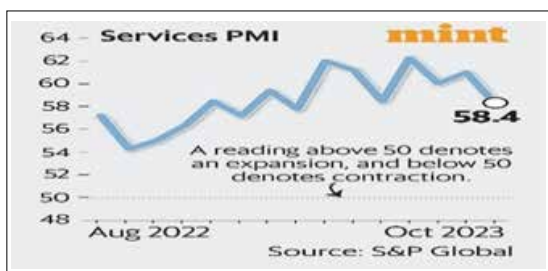
In Sep 23, India's eight core sectors registered a growth of 8.1%, marking the lowest growth rate in four months, on the account of a high base and slowdown in seven sectors.

At 8.1%, the growth in India's eight key sectors is lower than August's 14 month-high of 12.1%.

The decline in core sector growth in Sep was primarily influenced by the cement industry. Except for one, all the seven industries posted lower output growth.



Source: Business Standard



Source: Mint

## India's Service PMI drops to 7-month low in October as demand slows

In October 2023, the S&P Global India Services Purchasing Managers' Index (PMI) experienced a decline, dropping from 61 in Sept 23 to 58.4 due to reduced demand, price pressures and heightened competitive conditions.

The manufacturing activity displayed its slowest growth in eight months and services growth also showed signs of slowdown, the overall Composite PMI dropped to 58.4 in October from 61.0.

The reading has remained above the 50 mark, indicating growth rather than contraction, for the 27th consecutive month.



**Indians splurge big on festive season sales, buoying economy**

India's festive season is witnessing a surge in consumer spending on cars, smartphones, and TVs, boosting the country's rapidly growing economy.

Sales at online platforms have increased by almost a fifth in the first week of the festive sales from a year ago.

Consumer confidence hit a four-year high in September 23, as per the latest central bank data, and despite interest rate hikes this year, demand for bank loans remains close to a 12-year high.



**CRUDE OIL IMPORTS: TOP 3 SUPPLIERS**

Oil Import Volumes (million bpd)

SUPPLIER	SEP	OCT	CHANGE(%)
Russia	1.78	1.57	(-)12
Iraq	0.934	0.935	0.1
Saudi Arabia	0.484	0.797	64.7
Overall oil imports	4.16	4.5	8.1

Source: The Indian Express

**India lowers Russian oil imports over high prices in Oct, buys more from Saudi**

In Oct 23, India's imports of Russian oil decreased due to rising prices, while supply from Saudi Arabia increased, as per data from ship tracking agencies Kpler and Vortexa.

Indian refiners have been cutting down on Russian oil imports in recent months, dropping from the peak of nearly 2 mn barrels per day (bpd) due to reduced discounts. A 12% decline was seen in India's monthly Russian oil imports in October from the previous month to 1.57 mn bpd.

India boosted its imports of discounted Russian oil following Western sanctions imposed after Russia's Ukraine invasion last year.

**India among top countries with high income, wealth inequality: UNDP report**

A recent UNDP report shows that despite rapid economic growth, India faces high income and wealth inequality. Although multidimensional poverty decreased from 25% to 15% between 2015-16 and 2019-21, disparities persist, especially among women and informal workers.

In India, per capita income increased from \$442 to \$2,389 between 2000 and 2022, and poverty rates dropped from 40% to 10% between 2004 and 2019.

India is a major contributor to the global middle class, which includes those living between \$12 and \$120 a day. India is expected to account for 24% to the global middle-class growth (192 mn people).



**India's solar module manufacturing capacity may jump over 60% by 2025: ICRA**

India's solar photovoltaic (PV) module manufacturing capacity is expected to increase to over 60 GW by 2025, up from the current 37 GW, driven by improved backward integration into cell and wafer manufacturing, as per Icra report.

It is projected to further rise to nearly 100 GW due to the capacity awarded under the production-linked incentive (PLI) scheme, supported by strong policies and increasing demand for domestic solar power installations.

Icra also predicts significant growth in solar power generation capacity over the next decade as India pursues its climate transition goals, in turn leading to increased demand for solar PV modules.

## Global News Of This Month

### US third-quarter GDP grows at the fastest pace in two years

The US economy grew even faster than expected in the third quarter, driven by substantial increase in consumer spending.

GDP increased to a 4.9% annualised rate in Q3, which was more than double the 2.1% pace observed in the second quarter. This surge in GDP marked the most significant growth in the past two years.

The key driver of this economic growth was personal spending, which surged by 4% in Q3 as compared to 0.8% in Q2



Source: Business Standard

### European Central Bank holds interest rates for first time since July 2022

The ECB kept the interest rates unchanged for the first time since July 2022, concluding a sequence of rate hikes that began in July 21, as the central bank aimed to counter the increased inflationary pressures, primarily triggered by the sharp rise in energy prices following Russia's invasion of Ukraine.

The key interest rate is set to stay at an all-time high of 4%, where it was brought through 10 consecutive hikes initiated in July 2022.



### Oil prices fall to over 3-month low on signs of higher supply

Oil prices hit a more than three-month low on November 7 due to a significant increase in US crude inventories, and concerns about global crude demand stemming from mixed Chinese economic data.

Brent crude futures fell to \$81.36 a barrel, down 25 cents, and US crude futures declined to \$77.02 a barrel, down 35 cents, marked their lowest levels since July 24.



Source: Bloomberg

### US 10-year bond yields surge to 16-year high near 5%

On 23rd Oct, the yield on 10-yr US govt bonds, which serves as a benchmark for asset prices globally surpassed the 5% mark for the first time since 2007 after the Fed reiterated its hawkish stance to signalling the likelihood of additional hikes this year.

The firming up of bond yields has been influenced by factors like escalating crude oil prices, concerns about inflation, and the interest rate signals from the US Federal Reserve.

### WTO chief warns of 'really big impact' on trade if Israel-Hamas conflict widens

Ngozi Okonjo-Iweala, the chief of the World Trade Organization expressed her hope that the Israel-Hamas conflict could be ended quickly, warning it would have a "really big impact" on global trade flows especially in an already fragile global economic environment.

She mentioned that "this region is also the source of a lot of the world's energy with respect to natural gas as well as oil, which is still very much in use and all over the world. So you will see an impact on global growth, on global trade".





# THANK YOU

Contact us at:

MUMBAI OFFICE

Contact No : 022-61013838

Marathon Futurex, A-603 6th Floor, Mafatlal Mills Compound,  
N M Joshi Marg, Lower Parel East, Mumbai 400013

---

BENGALURU OFFICE

Contact No : 080-46013333

2nd floor, Attic Space – Moneta, 612, 80 Feet Rd, Koramangala  
4th Block, Bengaluru – 560034

---

## **Equentis Wealth Advisory Services Limited**

### **Investment Advisor**

**Registered Office:** Marathon Futurex, A-603 6th Floor, Mafatlal Mills Compound, N M Joshi Marg, Lower Parel East, Mumbai 400013

**Corporate Identification Number (CIN)** - U74999MH2015PLC262812

**Email:** [support@researchandraking.com](mailto:support@researchandraking.com) | **Telephone:** +91 22 61013800

**SEBI Registration No.:** INA000003874 | Type of Registration – Non-Individual | Validity: Perpetual | Membership Number of **BASL** - 1816

**Principal Officer:** Mr. Manish Goel | Email: [po@equentis.com](mailto:po@equentis.com), +91 22 61013800

**Compliance Officer:** Mr. Rakesh Gupta, Email: [compliance@equentis.com](mailto:compliance@equentis.com), +91 22 61013800

**Grievance officer:** Ms. Nishi Mehta, Email: [grievance@researchandraking.com](mailto:grievance@researchandraking.com), +91 22 61013800

**SEBI Office Details:** SEBI Bhavan BKC, Plot No.C4-A, 'G' Block Bandra-Kurla Complex, Bandra (East), Mumbai - 400051, Maharashtra | Tel : +91-22-26449000 / 40459000

**SEBI SCORES:** <https://scores.gov.in/scores/Welcome.html> | SMARTODR: <https://smartodr.in/login>

### **Disclaimers:**

1. “Research & Ranking” is the brand under which Equentis Wealth Advisory Services Limited renders its Investment Advisory Services.
2. Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
3. The information is only for consumption by the intended recipient and such material should not be redistributed.
4. Registration granted by SEBI, membership of BASL and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Copyright © 2023 Equentis Wealth Advisory Services Ltd. All Rights Reserved.