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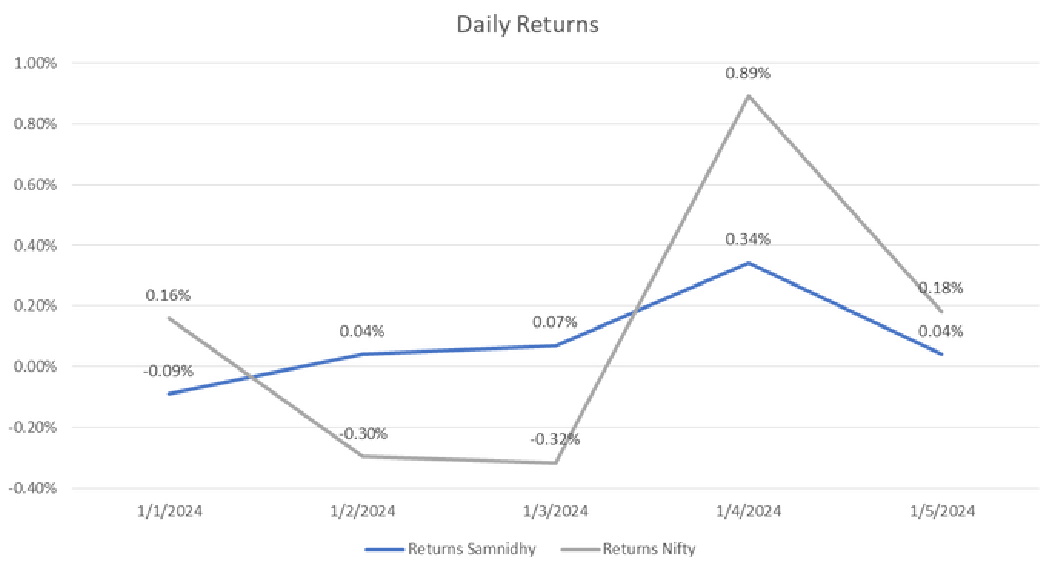
VITT-VRIDDHI

THE SAMNIDHY NEWSLETTER

SAMNIDHY FUND PERFORMANCE VS. BENCHMARK



TOP GAINERS THIS WEEK

- Bajaj Finance
- Union Bank
- Jio FSL

TOP LOSERS THIS WEEK

- TVS Motors
- HDFC Bank
- UltraTech Cement

News & Updates

Industrial Manufacturing

Hounded by USD 3.6 billion in looming debt repayments, Vedanta Resources found a crucial reprieve in the overwhelmingly positive (97%+) bondholder approval for restructuring four key debt series. This vote of confidence not only eases immediate financial pressure but also aligns with Chairman Agarwal's ambitious vision of a debt-free future for Vedanta. The successful restructuring marks a significant turnaround, buoying investor confidence and potentially paving the way for future growth and strategic investments.

Analysis: While the debt restructuring is a resounding victory for Vedanta, long-term concerns remain. The company's financial health, despite improvement, still necessitates decisive actions like non-core asset divestment to achieve true stability and sustain its ambitious debt-free vision. However, the success of this restructuring could be a crucial turning point, attracting future investments and potentially securing Vedanta's future – albeit with a dose of cautious optimism. The company's ability to translate this momentum into long-term financial stability will be key to watch in the coming months.

IT & Telecommunications

JP Morgan has designated Infosys and L&T Tech as "overweight," contributing to a positive upswing in the Indian IT sector. This surge is attributed to both a favorable base impact and the anticipated shift in the US Federal Reserve's stance towards potential rate decreases. This development is perceived as promising, especially considering the underperformance of the IT industry relative to the broader market.

Analysis: JP Morgan's decision to upgrade the Indian IT sector to "overweight" suggests that the anticipated shift in the US Federal Reserve's stance toward rate cuts is expected to play a significant role in the sector's growth. Furthermore, both Infosys and L&T Tech were elevated to "overweight" status, while TCS, HCLTech, Mphasis, and Persistent Systems were upgraded to "neutral."

Banking

India's central bank has announced a new rule for bank dividends. Under this rule, banks with strong financials—meaning they have NPA ratio of less than 6% and capital adequacy above the minimum regulatory thresholds can distribute profits to their shareholders. This is good news for the government, which owns a majority stake in many Indian banks.

Analysis: Banks with healthy balance sheets and lower NPA's will be able to pay put higher dividends which will increase the dividend payout and benefit the government which owns a majority stake in all PSU banks.

Aviation

The Aviation Working Group has downgraded India's ranking due to delays in the repossession of aircraft by foreign lessors. This could potentially lead to higher leasing costs for Indian airlines. Currently, approximately 80% of India's fleet is leased, and it is anticipated that 200 out of 789 aircraft may be grounded by March 2024. This situation is likely to result in an increased demand for leased aircraft.

Analysis: The downgrade underscores challenges within India's aviation sector, underscoring the necessity for favorable fiscal policies and streamlined leasing processes to bolster its swiftly expanding aircraft leasing market.

Major Business Deal

Merger of TV18 and E18 with Network18 forms India’s largest integrated News Media Entity

The merger between TV18 and E18 with Network18 will result in the formation of India's largest integrated news media entity. This strategic move will eliminate the holding company discount and open up opportunities for fundraising to support future growth. As a result of the merger, the combined entity will become a mid-cap company with a market capitalization of approximately Rs 15,000 crore based on current prices. This will lead to increased interest from institutional investors and indices, who will view the company more favorably. With a strong presence in both TV and digital domains and across various languages, Network18 will be empowered to consolidate and expand its business. Shareholders will have a unique chance to participate in the group's media business through a single listed entity. The exchange ratio for the merger has been determined through a valuation report prepared by PwC Business Consulting Services LLP (PWC BCS) and Ernst & Young Merchant Banking Services LLP (EY). PWC BCS was appointed by Network18, while EY was engaged by TV18 and E18 for this purpose. Additionally, fairness opinions were provided by BofA Securities India Ltd, Citigroup Global Markets India Pvt. Ltd, and HSBC Securities and Capital Markets India Pvt. Ltd, who acted as financial advisers for Network18, TV18, and E18 respectively. Khaitan & Co. is serving as the legal advisor for the merger. It is important to note that the completion of the merger is contingent upon obtaining all necessary regulatory approvals.