

March 2026

STEADY GROWTH IN A SHIFTING LANDSCAPE

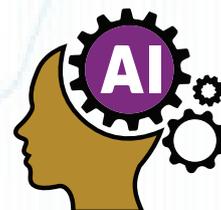
Dear Clients,

February 2026 was not a quiet month. Finance Minister Nirmala Sitharaman's Budget 2026 prioritised long-term structural reform over short-term relief. Capital expenditure reached an all-time high of ₹12.2 lakh crore (4.4% of GDP), while the fiscal deficit was held at a disciplined 4.3% for FY27. Manufacturing took centre stage through India Semiconductor Mission 2.0, the ₹10,000-crore Biopharma SHAKTI programme, and schemes covering electronics, textiles, and rare earth magnets; collectively signalling India's push up global value chains. Defence capex hit a record ₹2.2 lakh crore. A tax holiday extended to 2047 for foreign cloud providers using India-based data centres immediately drew hyperscaler interest, and the new Income Tax Act takes effect April 1, 2026. The RBI's Monetary Policy Committee unanimously held the repo rate at 5.25% for a second consecutive meeting.



On the trade front, Modi and Trump announced an interim framework on February 2 proposing to cut U.S. tariffs on Indian goods from 50% to 18%, with India committing to \$500 billion in U.S. purchases over five years. Eighteen days later, the U.S. Supreme Court struck it down, ruling that IEEPA does not authorise country-specific tariffs invalidating both the original tariffs and the negotiated terms. Trump swiftly invoked Section 122, imposing a flat 10% global import surcharge for 150 days. The deal now exists only as a joint statement of intent.

Technology markets were rattled when Anthropic released 11 open-source legal plugins - AI agents capable of handling legal review, financial modelling, HR, investment banking, and equity research with minimal human input. Indian IT stocks shed nearly ₹2 lakh crore in market cap in a single session, underscoring investor fears that automation is rapidly displacing the traditional services outsourcing model. Amid these pressures, India stepped forward to lead the global AI conversation, with PM Modi inaugurating the India AI Impact Summit 2026 alongside President Macron and UN Secretary-General Guterres. The country announced a \$1.1 billion AI venture fund, saw major private commitments, and secured broad global backing, reinforcing its role in the emerging AI supply chain.



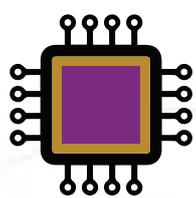
As of early March 2026, Middle East tensions have sharply escalated following a major coordinated US-Israel strike on Iran, triggering extensive Iranian missile and drone retaliation across Israel and parts of the Gulf. The conflict has driven widespread airspace disruptions, a spike in oil prices, and rising humanitarian concerns.

Our Hybrid PMS strategy remains particularly well positioned considering the ongoing geopolitical tensions. During volatile phases, the role of debt becomes critical in providing portfolio stability, income visibility, and downside cushioning, while calibrated equity exposure continues to participate in long-term growth. The embedded diversification within the hybrid framework is designed precisely for such environments where short-term uncertainty is elevated but long-term fundamentals remain intact. Investors can take comfort in the dynamic balance between debt and equity within the Hybrid PMS, while the gold exposure in our PMS helps navigate volatility while keeping portfolios aligned with long-term wealth creation objectives.

LOOKING BACK AT THE MONTH

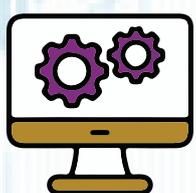
Our portfolio, much like the economy it mirrors, had its standout leaders and quiet laggards this month. State Bank of India and Syrma SGS took the lead, reflecting strength drawn from both global trends and company-specific execution. Meanwhile, Zydus Wellness and IKS experienced a phase of relatively subdued performance.

State Bank of India reported a landmark quarter with its highest-ever standalone net profit. Asset quality was the highlight, with Gross NPA falling to 1.57%, a multi-year low. The bank raised FY26 credit growth guidance to 13–15%, reinforcing its unmatched scale, improving quality, and strong earnings momentum.



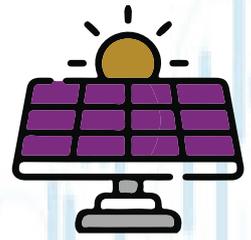
Syrma SGS emerged as a standout performer after delivering strong Q3 FY26 results. Net profit surged 108% YoY, while revenue grew over 45%, supported by broad-based demand and margin expansion. Improved operating leverage and export traction further strengthened investor confidence. Additionally, the Budget's continued thrust on the EMS ecosystem provides a supportive structural tailwind.

Zydus Wellness lagged following a sharp deterioration in profitability. Despite revenue jumping nearly 109% YoY, the company reported a net loss of ₹39.9 crore versus a profit last year, as interest and depreciation costs from expansion surged sharply, weighing heavily on the bottom line. We continue to view the weakness as transitory, with the company well-placed to benefit as operating leverage improves over time.



In the IT sector, Anthropic's Claude upgrades with department-specific legal plugins have weighed on IT services stocks, including **IKS**. IKS highlighted the resilience of its model, noting that its revenue-linked pricing allows it to retain AI-driven efficiency gains, as large enterprises continue to outsource a significant share of their IT spend.

A new addition to the Hybrid Portfolio is Waaree Energies Limited, which replaces Tata Power as our power sector exposure. While Tata Power remains largely a conventional power producer, the evolving energy landscape increasingly favours companies with deeper renewable integration and downstream capabilities. Waaree Energies, India's largest solar module manufacturer, offers vertically integrated renewable solutions spanning modules, EPC services, and independent power production, positioning it well for the next phase of energy transition-led growth.



Note: The stocks mentioned above are part of a broader stock universe of approximately 50 stocks that we actively track. Individual portfolio holdings may vary based on factors such as market conditions, portfolio strategy, and timing of entry. These stocks are highlighted for reference and may not be present in all client portfolios.

THE WAY FORWARD



As the portfolio evolves alongside changing market conditions, these actions reflect a deliberate and forward-looking reallocation, balancing near-term opportunities with long-term conviction while staying anchored to the Hybrid Portfolio's core philosophy. By adding exposure to structural growth themes, the portfolio is thoughtfully positioned for resilience today and relevance in the years ahead.

Warm regards,
Team Hedge

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