

# DSP Transcript

June 2026



**YOU DON'T GET IT!**

...was one of the worst insults of the time (dot.com). It meant you were a dinosaur incapable of lateral thought.

**John Coates, The Hour Between The Dog & The Wolf**

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**The competitive intensity in the market has gone up and the productivity will get passed back to the client largely.**

**Infosys**  
**Jayesh Sanghrajka, CFO**

# AI Capex: The Bill Comes First

Tech companies are spending huge amounts to build AI data centers, the buildings full of chips that power tools like ChatGPT or Claude. The question isn't whether AI is useful. It's whether the spending will pay off.

The costs come first, and they're big. Data centers use so much electricity that people measure them by their power use, in gigawatts (GW), the same unit used for power plants. And 1 GW of capacity costs about \$38 billion to build. The newer the chips, the more they cost so the price keeps going up. For now. Running the building costs extra on top, but that part is smaller.

And the chips don't last long. They're swapped out about every five years (How long they "last" is partly an accounting choice, too: Meta recently extended the life it assigns its chips, boosting profit, while Amazon shortened its). Not because they break, but because better chips keep coming out. AI works by breaking language into small pieces called tokens (roughly a word or part of a word), and a data center's job is to process these tokens. So the cost of running AI really comes down to the cost per token. Each new chip generation costs more to set up, but produces tokens more cheaply. So whoever runs the newest chips can charge less per token and push anyone still on old chips out of the market.

So why are the big tech companies, the "hyperscalers" like Microsoft, Google, Amazon and Meta pouring in so much money? Because right now the returns look great. Demand for AI computing is running far ahead of supply; capacity is basically sold out, so whoever owns chips and keeps them busy earns very high margins. The clearest sign is further up the chain: Nvidia, which makes the key chips, earns gross margins of around 75%, and the memory makers are posting record profits.

# AI Capex: The Bill Comes First

Where the money goes	Up-front cost
Computer chips (servers)	\$21B
Building, power & cooling	\$11B
Networking	\$5B
Land & power hook-ups	\$0.3B
<b>Total for one gigawatt</b>	<b>~\$38B</b>

Source: <https://epoch.ai/data-insights/ai-datacenter-cost-breakdown>

In India, 1 GW of capacity is often quoted at around ₹50,000 crore (about \$6 billion). But that figure covers only the building, power and cooling, not the chips, and it is far cheaper here than in most other locations. Indian construction costs run roughly half those in the US. That cost advantage is part of India's appeal. The catch is that this is only a small slice of the true all-in cost. The GPUs that go inside are imported, cost much the same worldwide, and dwarf the facility, so the part India makes cheap is the minority of the bill.

# AI Capex: The Bill Comes First



Per \$1.00 of annual infra capex	Revenue needed	Logic
Compute layer	~\$1.50 / yr	\$0.90 annualized cost + \$0.60 for a ~30% pre tax return
Model layer	~\$2.70 / yr	1.5 grossed up at ~45% gross margin
End user spend	~\$4.00 / yr	App margin on top

Source: Internal

Each layer of the AI chain has to cover what it paid the layer below, then add its own profit, so the markups stack on top of each other. Start with \$1 of yearly build cost at the bottom. The compute layer (hyper scalers) has to charge about \$1.50 to cover its costs and make a return. The model makers (Anthropic/OpenAI) buy that compute and mark it up to about \$2.70. The apps (people using the models) add one more markup, and the customer ends up paying roughly \$4. The \$1 at the bottom is the yearly cost of building the data center and chips. That same dollar grows as it moves up the chain: about \$1.50 once the compute is rented out, about \$2.70 at the model layer, and about \$4 by the time it reaches you, the customer.

But \$4 can be lower. It assumes every layer is a different company taking its own cut. Giants like Google and Meta own the whole chain, some of their own chips, their own models, and their own products like search and ads. They skip the middlemen, so they need closer to \$2.50 to \$3 per dollar built, and much of that shows up as better search or more ad income rather than as AI sales. The full 4x really only falls on the broken up chain: a lab renting compute and an app paying for its tokens.

**Core tension:** If \$1 of infrastructure capex requires 2.5x to 4x in annual spending where does that money come from? Hyperscalers are expected to spend about \$600 billion on data centers this year, and they make up only around 60% of total capex (other players and sovereign buyers are the rest). That total is already close to \$1 trillion. If it holds, consumer and enterprise spending on AI will have to reach \$2.5 trillion to \$4 trillion a year. And most bullish forecasts build in acceleration from here to roughly 1.7x (with an outlier estimate at 6X as well) capex by FY30. For scale: total global IT spending (hardware, software, services) is about \$6 trillion, and the total global labor wage bill is about \$45 trillion. The math only works if AI starts taking a share of that much larger wage budget, not just the IT budget.

Finally: the model layer's total revenue today is only about \$100 billion (ARR) annualized currently. Though it is growing fast, close to 40% a quarter. All of this capex is a bet that this one number keeps climbing.

Bain & Company reached the same conclusion: \$500 billion of annual capex would need roughly \$2 trillion a year in revenue to pay for it, and even after counting AI cost savings, the industry is still about \$800 billion a year short.

[https://www.bain.com/globalassets/noindex/2025/bain\\_report\\_technology\\_report\\_2025.pdf](https://www.bain.com/globalassets/noindex/2025/bain_report_technology_report_2025.pdf)

# AI Capex: The Bill Comes First



We continue to be confident in the long-term CapEx investments we're making. Of the AWS CapEx we intend to spend in 2026, much of which will be installed in future years, we have high confidence this will be monetized well as we already have customer commitments for a substantial portion of it and that it will yield compelling operating margins (&) ROIC.

As we've been sharing, the faster AWS grows, the more short-term CapEx we'll spend. AWS is to lay out cash for land, power, buildings, chips, servers, and networking gear in advance of when we can monetize it, typically six to 24 months before we start building customers, depending on the component. However, these CapEx investments fund assets with many year useful lives, 30-plus years for data centers, five to six years for chips servers, and networking gear.

The free cash flow and ROIC for these investments are cumulatively quite attractive a couple of years after being in service. However, in times of very high growth, like now, where the CapEx growth meaningfully outpaces the revenue growth, the early years' free cash flow is challenged until these initial tranches of capacity are being monetized and revenue growth outpaces CapEx growth.

We've been through this cycle with the first big AWS growth wave and like the results. We expect to feel similarly about this next wave with much larger potential downstream revenue and free cash flow.



# AI Capex: The Bill Comes First



We expect CapEx spend to increase to over \$40 billion as we continue to bring more capacity online. The sequential increase includes roughly \$5 billion from higher component pricing, as well as the impact from finance leases, which add variability given the full value is recorded in the period of lease commencement. And we expect the mix of short-lived assets to remain similar to Q3. For calendar year 2026, we expect to invest roughly \$190 billion in capital expenditures, which includes approximately \$25 billion from the impact of higher component pricing.

We remain confident in the return on these investments, given higher demand signals and increasing product usage, as well as the efficiencies we're already driving across the platform. Even with these additional investments and continued efforts to bring GPU, CPU, and storage capacity online faster, we expect to remain constrained at least through 2026. Despite these constraints and the continued need to balance incoming supply, we expect Azure growth to show modest acceleration in the second half of the calendar year compared with the first half.



# AI Capex: The Bill Comes First



We feel the returns for the infrastructure business, so that CPU and GPU business, are quite strong. Probably from a back-of-envelope standpoint, the way I'd think about return from that business model is in return on invested capital. And what we see is return on invested capital in the high 20s at a steady state, so once the revenues have ramped for large projects at the project level. And that doesn't take into account upsides like who knows if the GPUs don't need to be replaced over the long term and things like that, just purely in the steady state when we're at the steady state of the contracts that we have.

And if we're generally able to preserve and improve margins, in the case of things like bring your own hardware. The ROIC for those types of structures will be even higher. And again, that back-of-envelope, I'm just calculating return on invested capital as after-tax operating margin plus depreciation divided by gross investment, so total gross CapEx at the project level. Maybe that gives you a little bit of an idea. And of course, we're happy to talk more about that over the next couple quarters



## AI Capex: The Bill Comes First



We are updating our full year 2026 CapEx guidance range to \$180 billion to \$190 billion, up from our previous estimate of \$175 billion to \$185 billion to now include investment related to the acquisition of Intersect, which closed in March. We are seeing unprecedented internal and external demand for AI compute resources. The investments we are making in AI is delivering strong growth as evidenced by the record revenue and backlog growth in Google Cloud and strong performance in Google Services. Looking ahead, the strong results reinforce our conviction to invest the capital required to continue to capture the AI opportunity. And as a result, we expect our 2027 CapEx to significantly increase compared to 2026.

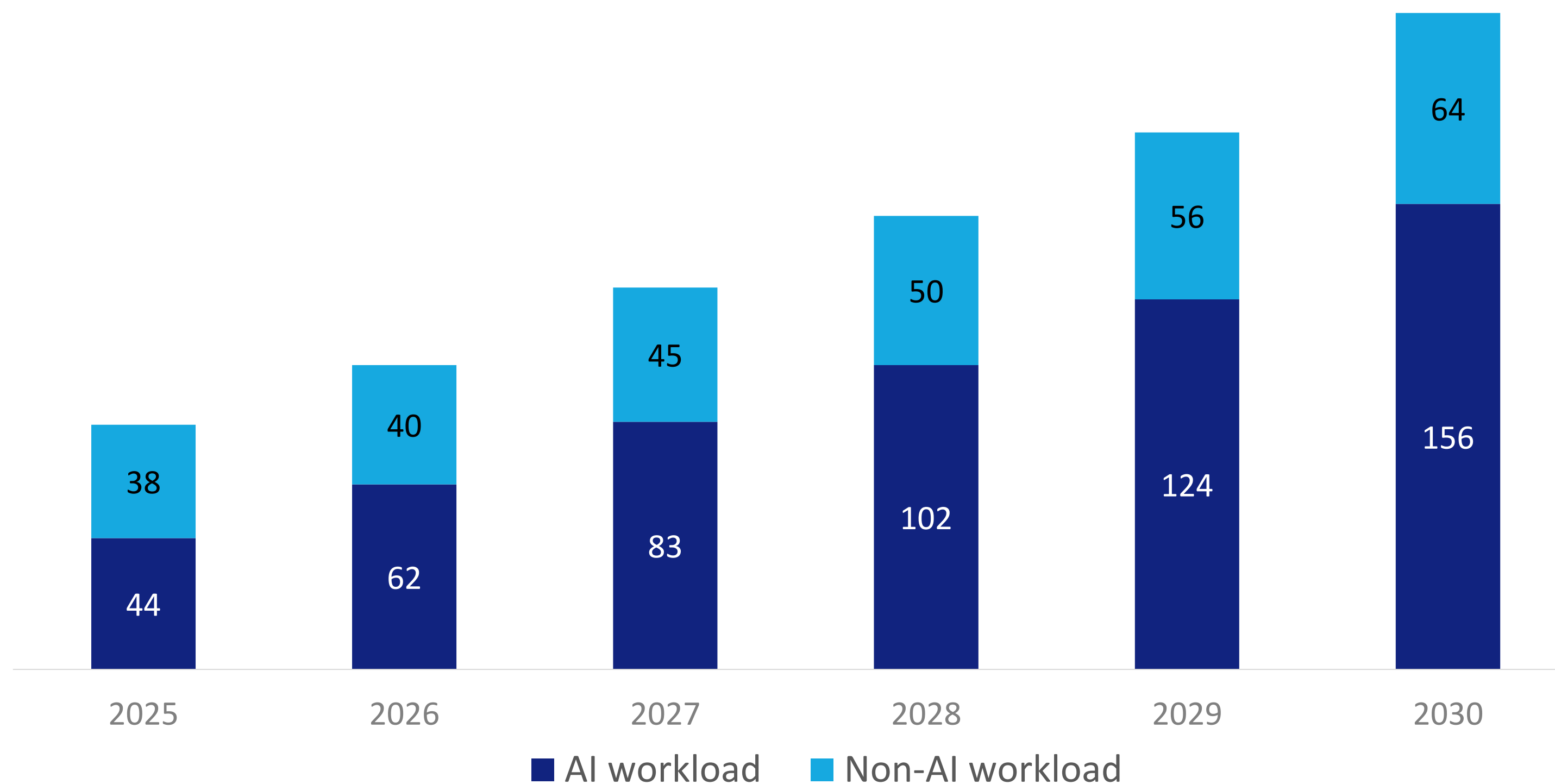


# Data Centers: Price Of Possible

Global data center capacity is expected to climb from about 100 GW today to roughly 220 GW. The exact number depends on who you ask, and on whether they are counting all data centers or just the AI ones.

India is riding the same wave: capacity is expected to grow from about 1.6 GW in 2025 to close to 8 GW by FY30. Any business with even a whiff of exposure to this theme has done rather well recently. You did not even need real revenue. A credible promise of it has been enough. Everyone is right to be excited. We wonder if everyone is right to be this excited, this soon.

Estimate of Global Data center Capacity (GW)

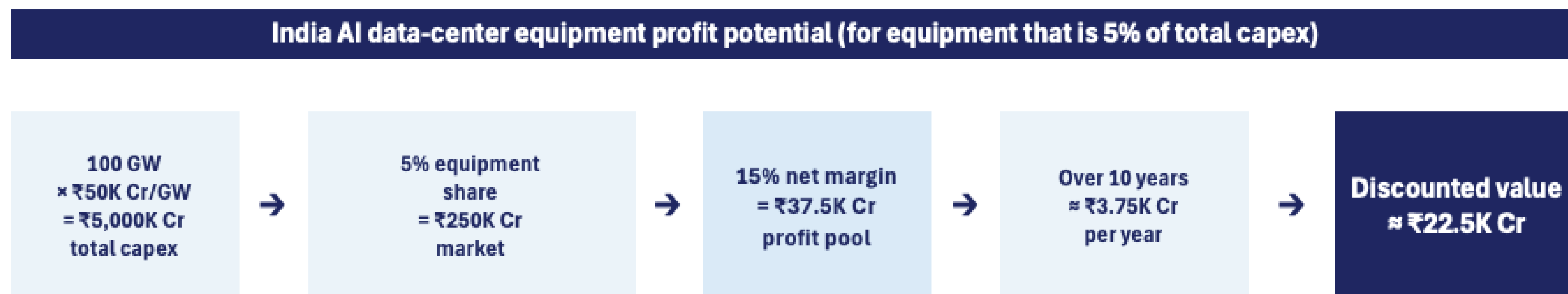


Source: <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-cost-of-compute-a-7-trillion-dollar-race-to-scale-data-centers#/>

# Data Centers: Price Of Possible

If you are buying a business mainly for its data center exposure, it helps to start at the top: size the total profit opportunity even in the most generous case, assume the company wins more than its fair share of it, and then ask whether the price still makes sense for the rest of the ordinary, run of the mill business underneath.

In a capitalist system, supply tends to answer demand, and it does so quickly. As capacity floods in, pricing and margins come under pressure, even when end demand is perfectly real. A multiple that looks palatable on today's margins can look a lot less comfortable once you rebuild it on normalized ones.



*Note: This is a hypothetical exercise for an extreme scenario of a 100 GW India data-center buildout in 10 years and 15% net margins. 100% market share.*

Source: Simulated Calculation

## Data Centers: Price Of Possible



For the full year, the Data Center business would have contributed between 30% to 35% of our overall power generation domestic revenue, and for the quarter, approximately 35%.

There is data center growth as well as growth in the CPCB IV+ segments in power generation. While we do have products that we buy from related parties, localization content for us, for both the products that go in the data centers and the ones that go in CPCB IV+, the localization content is already very high.

We are only importing some of those parts which are -- which largely don't have very significant supply chains in India. The most significant components are all localized in India. So that is not a challenge for us. And the content that we put beyond what we buy from the related parties as a percentage is also very high. So we do not see these impacting our margins as much. They have not. In fact, in the last few quarters, you have already seen how our growth has been and how our margins have been. So these transactions have not impacted our margins dramatically.



Data centers is coming up in India. As you know, India have just less than 2 gigawatt of our data center in India, and this is going to be multifold in going forward; in the next four, five years, we are talking about in that.

Data center market in India (is) a less than 2 gigawatt of data center capacity existing, and the projections is anywhere between 13 to 18 gigawatt depending upon which data you will take. And what we are talking about, anywhere between six to nine times of the capacity is in that. So every data center, hyperscaler data center, every data center, 15% of data center CapEx is Hitachi Energy addressable market. And if you look at the addressable market is expanding by anywhere six to eight times depending upon the data from the various officials et cetera in that. So it's quite substantial.



Data centers are going big. We, with the best of industry estimates, are sitting close to about 1.5 gigawatts of IT load. There are a set of people who say that we should be close to about 8 gigawatts by 2030. And this is a reality, because what we understand is there is about 3 gigawatts, which have been already in a very advanced stage of sort of getting signed up and getting rolled out in the next one and a half to two years' time. So this is going to be there.



In terms of data centers, there are two distinct business models that are possible. One is the, where you develop a sophisticated commercial real estate and based on tenancy, you collect your yields. That's one kind of data center business. We are not excited about that.

What we want to do is make sure our data center is AI enabled, which means that we will have servers and GPUs, which will enable high computing to be done and for which, obviously, global hyperscalers would be one client set, but there are also quantum computing organizations, which would be another client set.

At the moment, the thinking is that about 200 megawatts worth of data center capacity we could create over time and as you might know, initially we have created 30 megawatts and another 30 megawatts is under construction in Mapei. The first 30 is in Kanchipuram in Chennai.

Our idea is between Vizag, Bangalore and Mumbai, we should be able to put together this 200 megawatt capacity, but that will come in modules. The effort will be to see whether we can do some built to suit, meaning that we have an arrangement with both the servers, chip supplier, GPU supplier, as well as the end user. And the MOU that we have with NVIDIA is precisely towards that, that once we assure a certain capacity being created and of the type that would interest certain large organizations, they will also go into the market and generate.



## Data Centers: Price Of Possible

**DSP**

Now, what returns they would give is a little speculative at the moment because the cost of setting up the data center and how you populate the data center will drive the returns. Our guess is it should be able to give about 13%, 14% return at an optimal level, which will have combination of hyperscalers and non-hyperscalers. But we'll have to figure out as we go along. At the moment, we're trying to curate the market, develop supply chain, and also create facility from the ground up. That's the thinking.



We also have, the data center is another activity where we have got a large number of cases we are looking at, some we've already done. So, we look at it comes as a package. We look at the clients which are there. The way it is being presented here is more like a developer story because the developer creates the shell and ultimately the fit-out is done by the ultimate user.

And we are focusing largely on the hyperscaler model because that is where the demand is assured and there's no, the client quality is assured. So, we have got quite a few of them. And Mumbai, especially, has a lot of data centers coming up. We see a lot of potential in this area.



# IT Services: Cheap Enough?

In our [previous edition](#), we asked whether IT services had fallen enough to be cheap, given one of the most severe first quarter declines the sector has seen. We laid out our understanding of why companies were guiding to a 2%–4% headwind from AI. But the AI debate aside, the sector already faced headwinds. A soft US macro backdrop and GCCs steadily taking share. And most importantly, valuations still weren't cheap relative to their own pre-covid history. As before, this remains a sector of significant debate, including within our own team.

The FCF yields for stocks like Cognizant and Accenture are in double digits and for Indian listed entities close to 10 year G-sec rates.

These multiples are only justified if one believes the business model is structurally broken implying an eventual decline in profitability and/or revenue. At this point there seem to be enough takers for that bet.

## Valuation Multiples (1 Yr. Forward PE) For IT Companies

Company	Pre-Covid 10-Year Average	Current	Premium	FCF Yield (FY 27 E)
Cognizant	15.6	7.4	-52.8%	13.8%
Accenture	18.6	8.7	-53.1%	14.9%
TCS	19.7	13.5	-31.6%	7.2%
Infosys	16.7	13.5	-19.4%	7.8%
Nifty IT Index	16.7	15.8	-5.4%	
Wipro	14.5	13.1	-9.9%	8.5%
HCLT	13.6	15.4	13.2%	6.9%
TechM	12.9	17.9	38.9%	5.0%

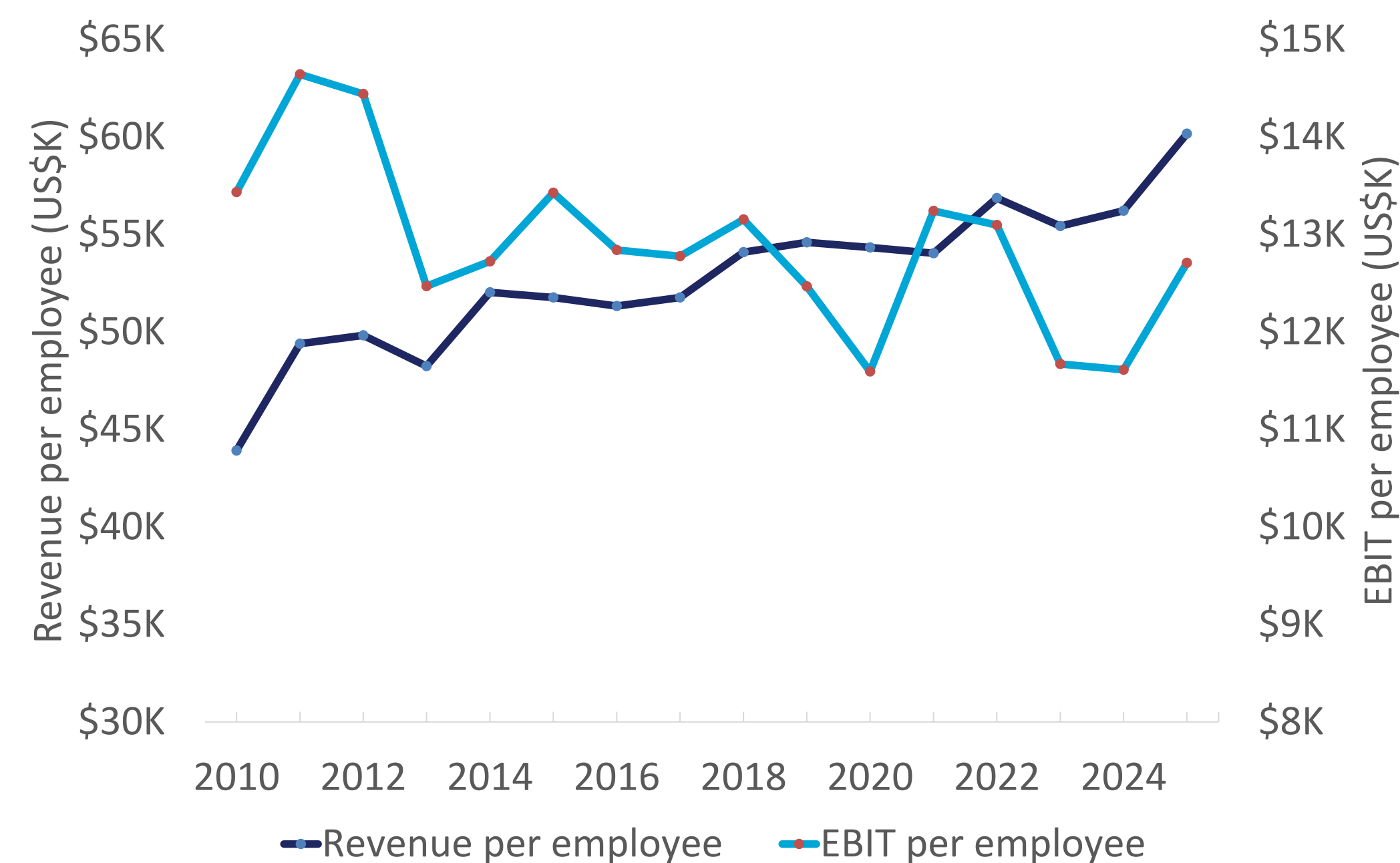
Source: Bloomberg Estimates, As on 19<sup>th</sup> Jun 2026

# IT Services: Cheap Enough?

There has been negligible net hiring across players. Companies have indicated that productivity gains allow them to grow without adding headcount. But historically while IT companies have grown revenue per employee almost monotonically, most have held EBIT per employee within a narrow band, which is why reported margins have drifted lower over the last two decades. What this means is that either employee productivity has to rise significantly, or headcount has to start growing again for EBIT growth to continue. The standard rebuttal from bulls is that every tech cycle — the internet, cloud, mobile — was meant to disrupt IT services, and the sector grew through each. There is a caveat here. Those cycles changed what was built but never the unit being sold: people, billed by time. AI is the first to go after that unit directly.

That said, falling prices and rising yields are making the risk that the business model stays relevant more attractive to underwrite.

## Infosys Revenue & EBIT Per Employee



Source: Internal, Company

## Key Debates

1. What share will outcome-based projects reach (estimated to be single digits today) and what risks and opportunities do they carry?
2. In which direction will the margins move? Where will they eventually settle?
3. How much of the productivity gains being promised today are justified by the visibility we have?

# IT Services: Cheap Enough?



If we look at the industry today and categorize it, 40% of the industry runs the risk of being disrupted by AI and can shrink 3% to 5% CAGR for a few years and can eventually be 25% of the enterprise spend. This spend is what I would call as AI disrupted, and is in traditional areas like application development support, traditional infrastructure operations, customer support, et cetera.

Then there is a 55% of the industry that can take advantage of AI like data, cybersecurity, cloud, and grow healthy at about 10% plus and grow its share of enterprise spend marginally. We would call this as AI-amplified or AI-augmented services.

Finally, there is a market that is AI native, currently at 5% of the market growing at 30% and can become 20% plus of the market in five years. This includes AI Factory, AI Engineering, custom silicon engineering and many other advanced AI services. Our AI growth strategy is customized to align to the differential growth rates of each of these three categories that I mentioned. We believe it will help us grow faster than the market. And the 3% to 5% deflation that I mentioned in the AI-disrupted services, based on the mix of services that we have, it would translate to 2% to 3% for our portfolio.



# IT Services: Cheap Enough?

**DSP**

You would expect the AI revenues to increase. You would expect some of the traditional revenues to slowly taper down, and AI revenue to overcompensate for the reduction in the revenue in other parts or other service lines. But the timelines probably can vary. I'm not able to predict the timelines on how all these different cycles will move.

Our expectation is AI will be net accretive. In the initial year, our attempt would be to ensure that arrest the degrowth while you tend to while the AI revenue increase. But of course, over a period of time, AI revenue or AI-related revenue, because it will become very difficult to classify after some time on what is AI, what is AI adjacent revenue, but ensure that they all grow, we expect them to grow much faster. At that time, the deflation in the other part may not matter materially. Like same cycle, whatever happened during the digital transformation cycle, that trend will resume.



We believe that AI will be a tailwind for us and our industry as it scales because it is a catalyst for reinvention and is creating new opportunities for growth and efficiency for our clients and for us.

The major theme of all of these programs is that we are moving clients from using AI to running on AI. We're also seeing more clients move from pilots to production and all of this is happening even as AI is still in the early innings. We are also on track to more than double our bookings from our key emerging AI and data partners compared with FY '25, including Anthropic, Databricks, Gemini, Mistral AI, NVIDIA, OpenAI, Palantir and Snowflake.



## IT Services: Cheap Enough?



We are beginning to see the emergence of AI-infused rate cards where pricing reflects a blended model of human effort and digital effort. With several clients, we are exploring tokenized rate cards that prices work along a continuum from fully human-led discovery to hybrid to increasingly autonomous agentic delivery. This model is intended to turn our outcome-based economics into true partnership that aligns value creation with shared results.

Unlike in the past where pricing was determined by the unit price, which is billing rate equivalent. The race now is about the number of units and how well we could deliver with lower number of units for the same output, for the same outcome. And that is based on how much productivity you can derive out of AI usage in your software development cycle. So we feel very confident because 40% of our software development cycle is assisted by AI. We have infused AI into our rate cards now. So when we are up for a consolidation opportunity, we seem to be in the winner's spot because we are able to share the productivity and also keep it for ourselves.



## IT Services: Cheap Enough?

**DSP**

I think a lot of the commentary in the sector has been focused a lot on things like productivity passbacks and AI deflation. I mean, I can address those as well, but if you really think about in AI and the impact that is having on businesses, you can play two ways. You can either say, I have increased productivity gains versus last year and hence I need to pass them all back to the customer, particularly in areas like testing or maintenance.

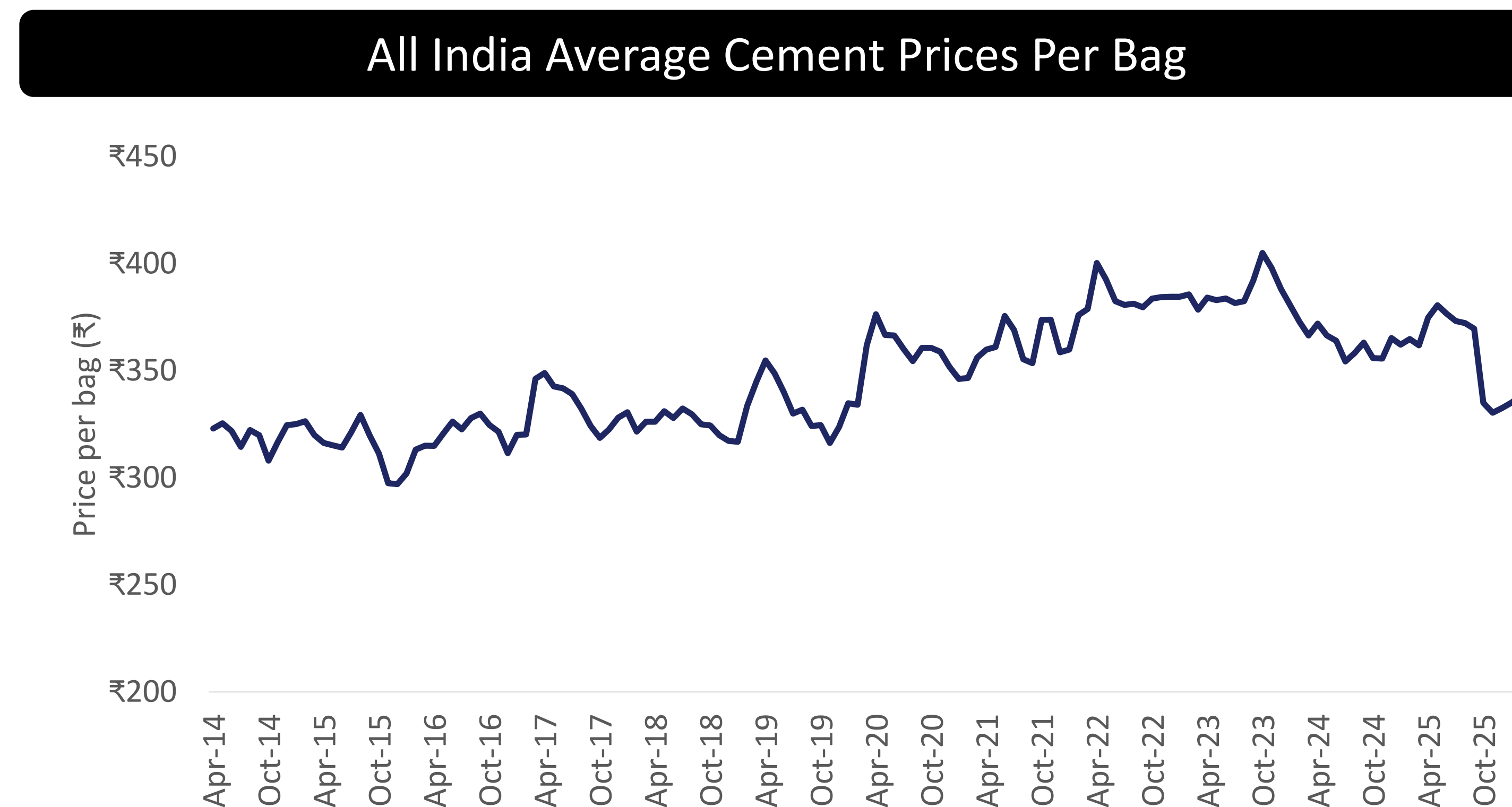
However, in our case, the pass-through to clients is very measured and structured because in most cases, we are partially passing it, but we're also using the meaningful portion of the saves in asking the client to reinvest into the expanded scope, additional automation, additional AI layers and modernization work. So, I think, it's a question of not just having the ability to tap into the spend, but also having the ability to structure a deal construct and having the ability to demonstrate to the client that you can deliver on the construct.



# Cement: Concrete Expectations

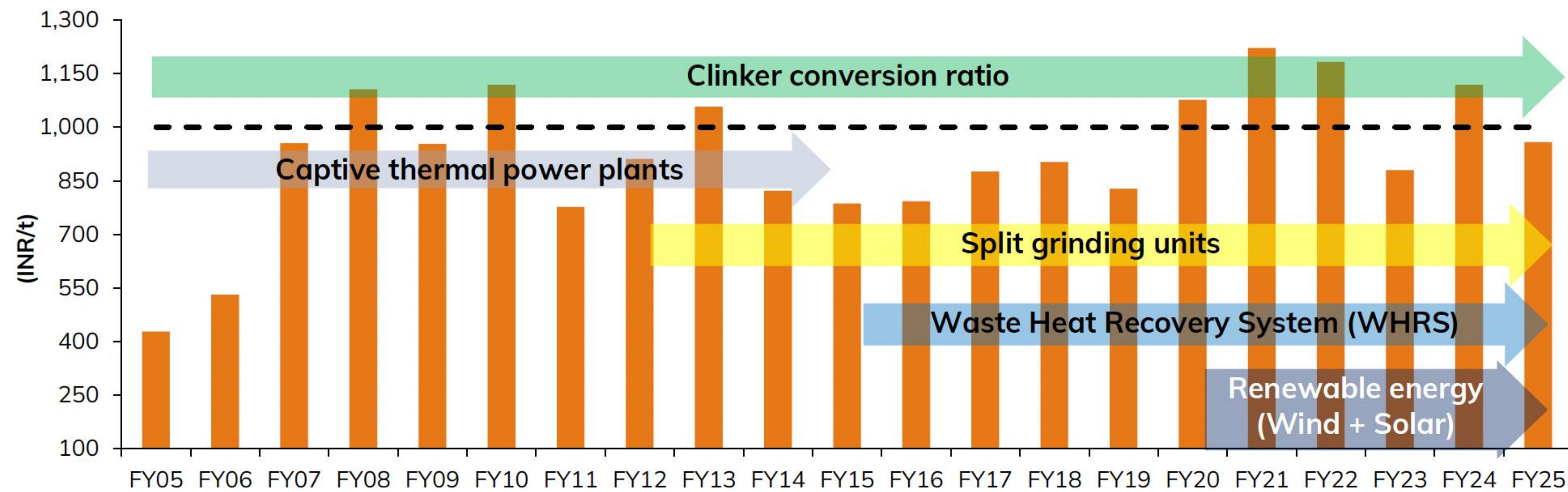
Cement prices have barely moved over the last decade. That makes sense if it's offset by significant cost savings, and there were plenty: a lower clinker factor, shorter lead distances (and so lower logistics costs), greater use of captive and green power, and the like. But companies haven't been able to retain these benefits, classic commodity-sector behavior and EBITDA per ton has stayed almost flat over the past two decades.

Competitive intensity was expected to ease as the sector consolidated. But anyone underwriting that hypothesis should look at cement globally: it has been a concentrated industry across most markets. At the regional level, there have always been two or three players slugging it out within a 300–400 km radius. National market share, in other words, doesn't mean much. Investors think in full-year or quarterly numbers, but on the ground it's a daily battle for share in micro markets.



Source: Kotak IE, Internal

## EBITDA/Ton For Cement & Cost Savings



Savings from -	INR/t
Reduction in clinker factor (A)	100
Reduced lead distance (B)	100
Reduced power consumption (Kwh/t of cement) (C)	40
Increase in share of green power (D)	100
Operating leverage gains (E)	60
<b>Total cost savings</b>	<b>400</b>

Source: I-Sec Research, Average of Top 3 Companies

**Question:** One question we keep on getting from investors over the last few months is that the other industries, industries like steel and agri and PVC have taken aggressive price hike in the face of cost pressures. But the cement industry has struggled to raise prices starting November. The price hikes have been relatively muted even as demand has been strong. What would you attribute cement's relative underperformance versus other building material industries in terms of taking price hikes?

**Answer:** Fragmentation of the industry is as sweet and small answer, that I can give you. Yeah, I think that would sum up everything.



We have usually seen, based on our past experience, that even if there is a slowdown, it takes some time to feed the slowdown in the industry. (Foreign Language) because the existing projects keep getting completed, the new projects could get deferred. And similarly, when the economy picks up, acceleration may be dynamic.

So, I think it's too early to decide whether there is a slowdown or not in April. I think the effects, in my view, will get visible in probably a couple of quarters only. So, in month-to-month I don't think we can conclude anything. So, I think maybe H2 will be the real test of what's going to happen, that it's too early to say right now.



# Cement: Concrete Expectations

**DSP**

Last financial year, we suffered to pull up our prices. We did not aggressively sell. And once the prices have established to a level where the delta between the top players and us has reduced significantly, we don't intend to give up that advantage.

We would like to have our fair and proper market share. That doesn't mean we'll go into a price war and push volumes. Profitability is the prime focus. Volume and price, price always the market gives. Volume is what we are capable to produce. This is the situation.

Now, how it will put pressure on EBITDA, we have never in history given any guidance on EBITDA per ton, we have never given you any guidance on sale price per ton, because it is not in control of any commodity manufacturer, leave aside cement. It is a completely macro-driven equation, and we would not like to allow against. We can say what our costs are, we can say what our aspirational volumes are, and balance slip, whatever will happen to everybody will happen to us as well.

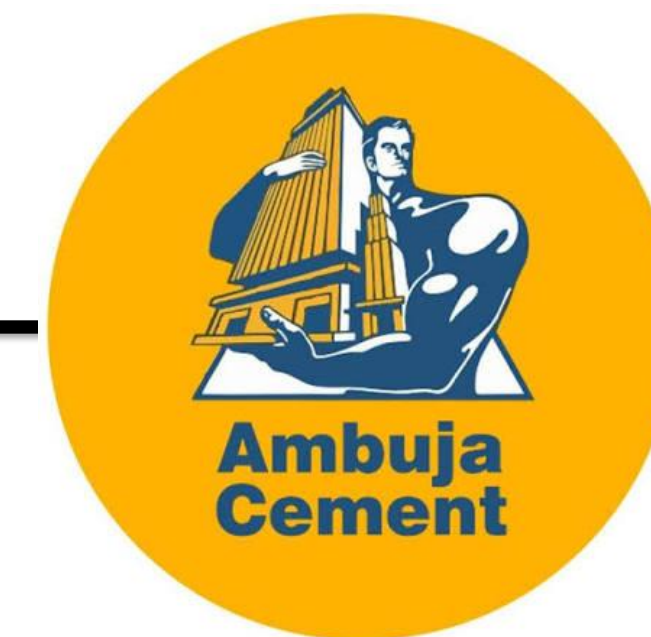


# Cement: Concrete Expectations

**DSP**

On the pricing, like industry has seen a modest improvement of, I would say, INR10, in few pockets, let us say INR15, INR20, but that is like in a very selected area, geographies; otherwise, ballpark for the quarter of March, say, around ballpark, say INR10.

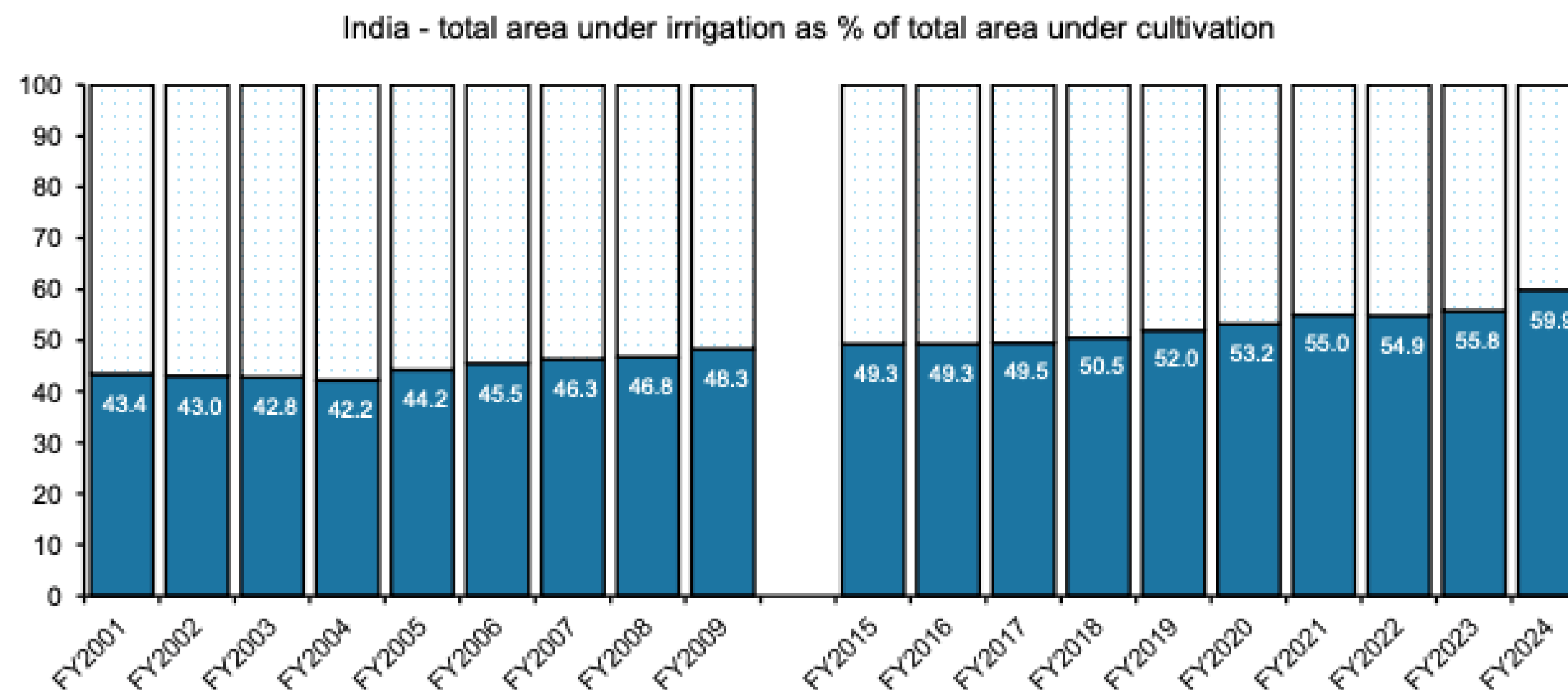
Now with the demand getting little softer, the pressure on pricing definitely is higher and despite the circumstances of cost gone up, unfortunately, industry is still under the relentless pressure and not able to pass on the price.



# Rural Demand: Rain Check

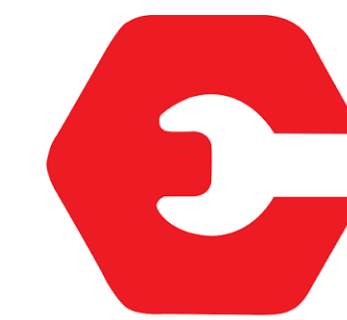
A recent research report by Bernstein argues that the old idea that India's farms live or die by the monsoon, the famous "60% dependence on rain", no longer holds true. Over the last ten years, the tight link between rainfall and crop output has steadily broken: weak monsoons in 2018-19 and 2023-24 still produced good harvests, unlike 2002, when poor rain (81% of normal) caused a sharp drop in output.

Two big changes explain this. First, far more farmland now has irrigation, about 60% today (up from ~43% in 2001, and ~67% in the major farming states). Second, farming has spread across the whole year: the rain-fed Kharif season is now only 47% of grain output (down from ~60% earlier), as along with Rabi/Winter crops a new Feb-May summer growing season adds an extra cushion. Rain still isn't irrelevant. Where and when it falls matters more than the total amount (a dry August in 2022 pushed food prices up even after a decent monsoon), the El Niño weather link is still strong, and there are real worries ahead: reservoirs are only ~28% full, raising concerns about falling groundwater.



Source: Department of Agriculture and Farmer Welfare, Bernstein

So El Niño (will have an impact) to a certain extent. The probability is about 65% to 70%. Plus, if you see the reservoir levels currently, the rains that had to happen in Q4 of the last fiscal, the January, February, March period, the rains were also much lower than what they normally are. So the reservoir levels are lesser, or the levels are lower than last year or for the last 10-year average as well.



**ESCORTS**

The government spending on rural and agriculture continues to be positive. We have seen in the past, one factor is the rains, the second factor is government spending. When government spending is very good, there is cash flow coming into the rural economy. In any household in rural, the role of agriculture income to services income is about 25%. So there is still a lot of non-agricultural income coming into rural household. So when there is non-agricultural income coming into the rural household, tractor is a great asset to own because it depreciates the least out of the multiple other assets in which someone in that household may want to dispense cash. So there is a tendency to say, let's buy a tractor because it will continue to give some kind of income and depreciate lesser than other assets, like, say, cars, which depreciate fast and give don't give that much income. So there is no science to this, but just putting all of this together, we think 5% (tractor growth) is not unreasonable.



**Mahindra**

## Rural Demand: Rain Check

DSP

IMD has forecast the southwest monsoon to be 92% of the long period average, placing it in the below normal category. And global weather agencies, including NOAA, are indicating 82% probability of El Niño emergence during the May to July period. Indian agriculture today is structurally more resilient than it was a decade ago, with nearly 55% of net sown area having access to assured irrigation, and that provides a meaningful partial buffer.



But if El Niño is what is to be go by then I will be a happy guy and I will see a double-digit growth in beverages and glucose. So I think we are all praying to the rain gods to be kind to us and not to rain and praying to Sun God to be more nicer to us.



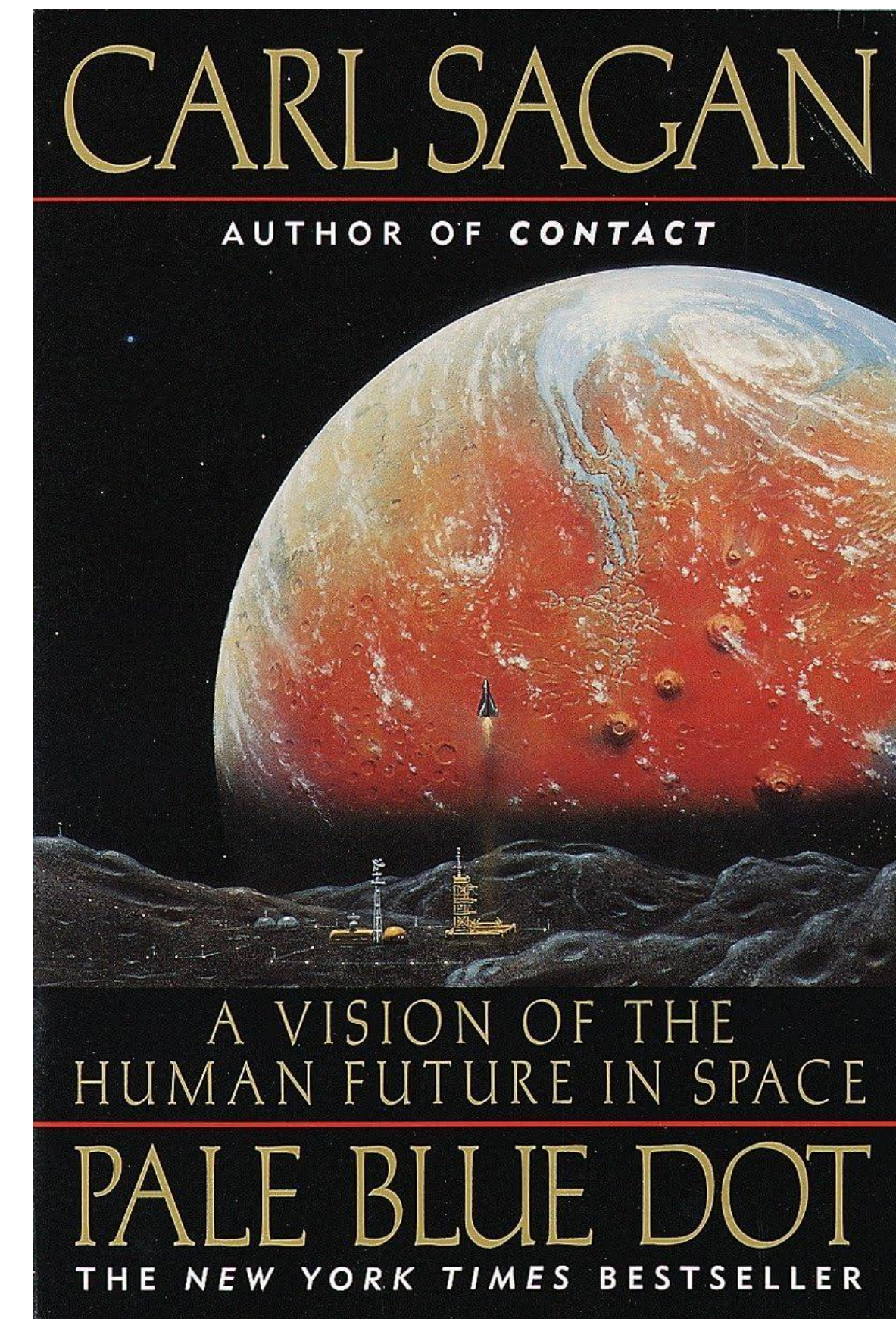
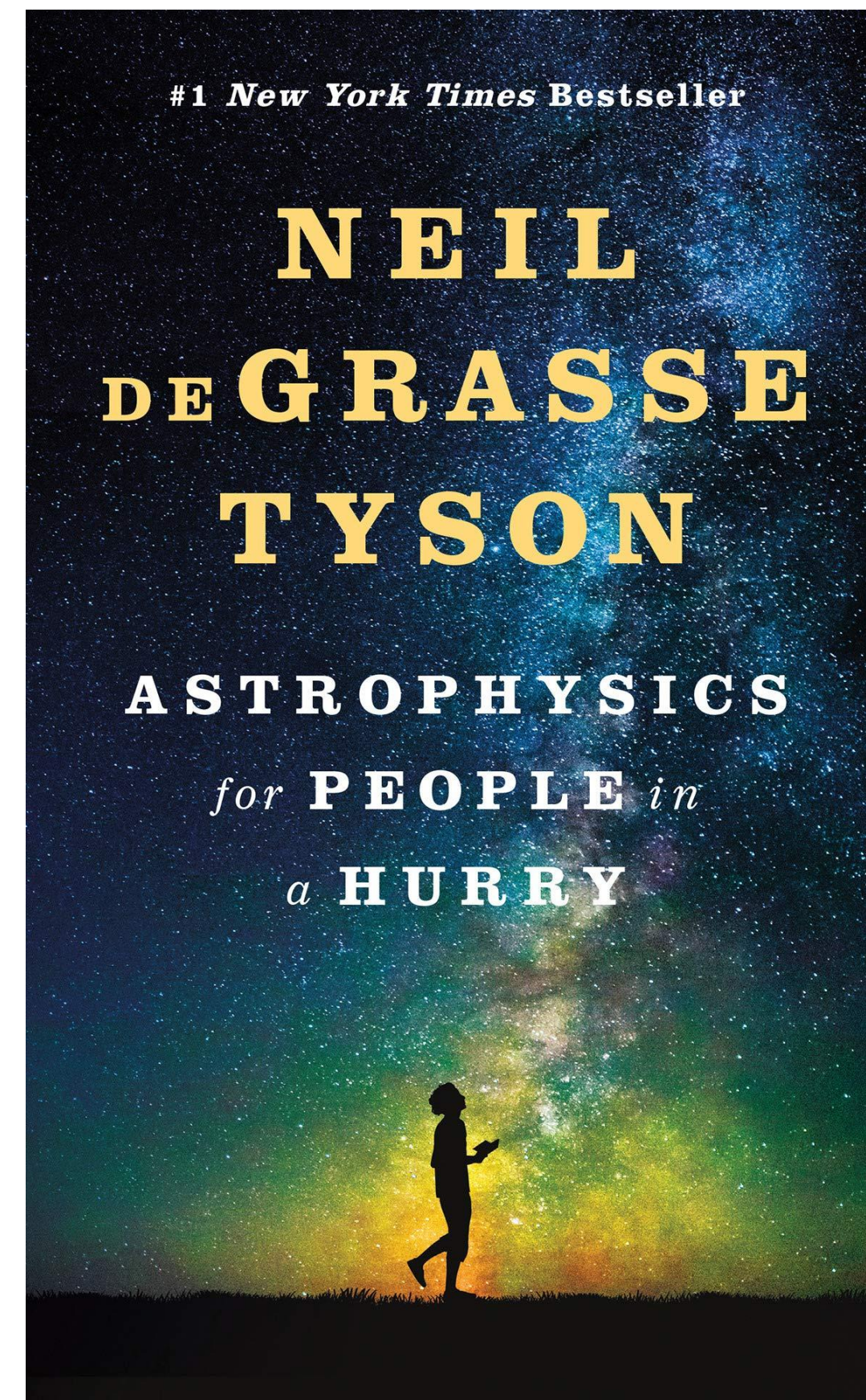
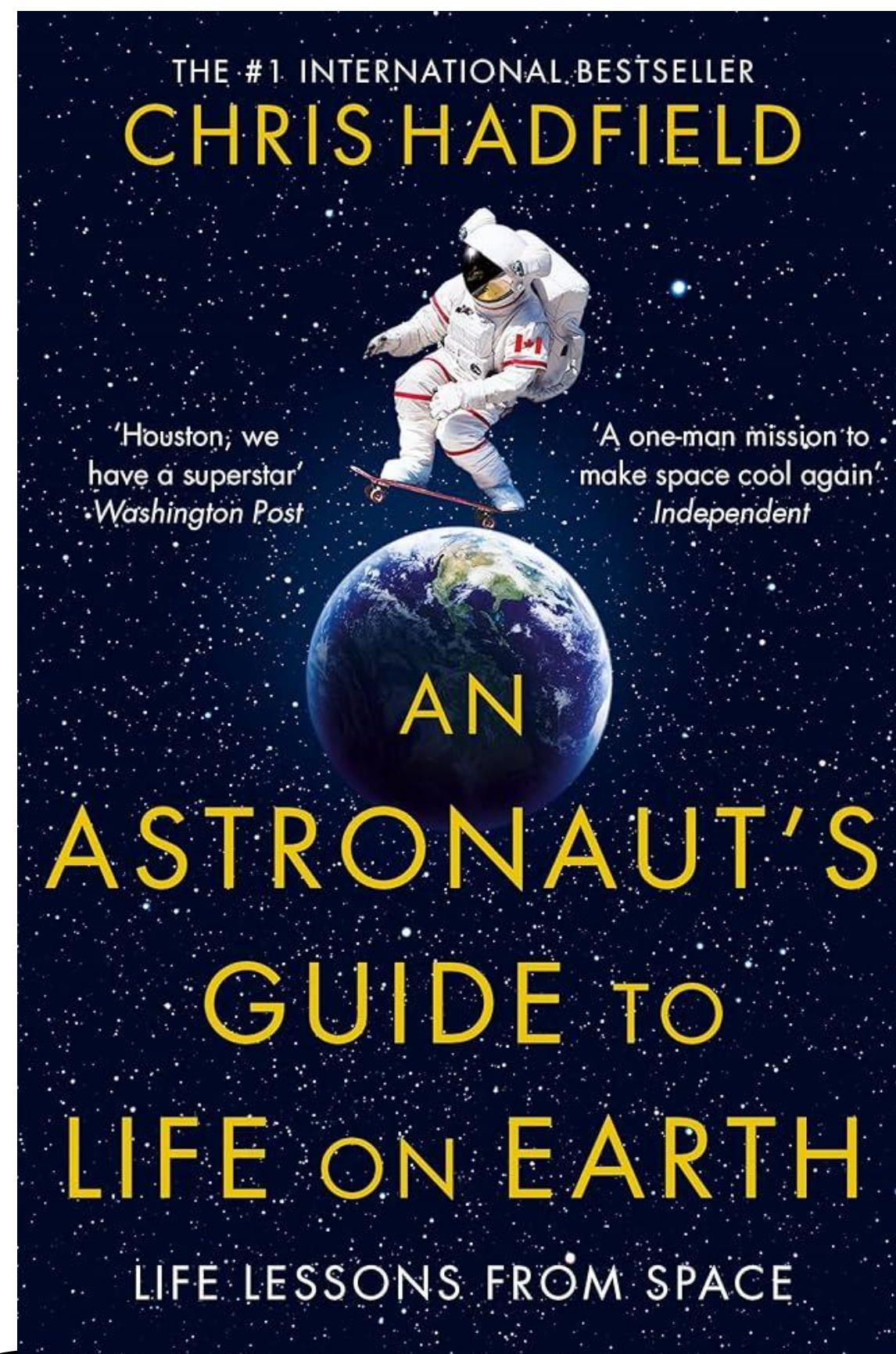
(With the) monsoon forecast for the country at 92% and below normal, I think it's important to look at other factors as well, including the reservoir levels in the country. The reservoir levels in the country are significantly above the normal levels of last year. So that sort of bodes well for the country as well.

But we remain positive that in the end, even if there is more inflation in the country, in the overall, we're still talking about headline inflations of 4% to 5%, which, as a staples company, we believe that our products are relatively low elasticity on price in comparison with other categories.



Hindustan Unilever Limited

# Read, Read, Read



*"Fear comes from not knowing what to expect & not feeling you have control over what's about to happen. When you feel helpless you are far more afraid than you would be if you knew the facts. If you are not sure what to be alarmed about, everything is alarming."*

Chris Hadfield's book presents itself as a memoir of spaceflight, but it is a manual on how to prepare for adversity and live intentionally. Neil deGrasse Tyson's *Astrophysics for People in a Hurry* is beautifully brief and easy to read, and there is also a version adapted for young adults. *Pale Blue Dot*, the most poetic and philosophical of the three, explains the fragility of our existence and how viewing our tiny world from the dark vastness of space can instill a sense of humility and grace.

# NOBODY KNOWS...

**N**o one is going to buy a big phone. You can't get your hand around it.

Steve Jobs, 2010

Source: [Link](#)



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