

Old Bridge Mutual Fund Newsletter

April 2026



OLD BRIDGE
ASSET MANAGEMENT

FY 2026 – Consolidation continues

We entered 2026 on the heels of a slowing economy, a correcting market and a global narrative around tariffs.

The last 6 yrs have seen a period of significant geopolitical uncertainties

- Covid-19 (Mar'20)
- Russia-Ukraine (Feb'22)
- Israel-Hamas (Oct'23)
- US Tariffs (Jan'25)
- The Middle East War (Feb'26)

Each of these events played a different role in impacting the Indian financial markets. Covid-19 had a pervasive impact on the global economy. The Ukraine war and the policy actions aftermath have had a more directed impact, principally on energy. The Israel-Hamas impact was negligible on the financial markets as it was localized. The tariffs may have had little impact on business fundamentals, but it did create uncertainty, impacting the financial markets.

| Financial Year end | SENSEX Index | USD INR Exchange ₹/\$ | Brent \$/bbl | Silver \$/oz | Gold \$/oz | GOI 10 yr % | US 10 yr % | Major events | SENSEX 1 yr return ₹ (%) | SENSEX 1 yr return \$ (%) | GOI 10 yr - USA 10 yr % | ₹ Depreciation YoY % YoY |
|--------------------|--------------|-----------------------|--------------|--------------|------------|-------------|------------|-------------------|--------------------------|---------------------------|-------------------------|--------------------------|
| 31-Mar-21 | 49,509 | 73 | 53 | 24 | 1,708 | 6.2 | 1.7 | Covid-19 | 68% | 74% | 4.4 | -3% |
| 31-Mar-22 | 58,569 | 76 | 77 | 25 | 1,937 | 6.8 | 2.3 | Russia-Ukraine | 18% | 14% | 4.5 | 4% |
| 31-Mar-23 | 58,992 | 82 | 70 | 24 | 1,969 | 7.3 | 3.5 | Russia-Ukraine | 1% | -7% | 3.8 | 8% |
| 28-Mar-24 | 73,651 | 83 | 75 | 25 | 2,230 | 7.1 | 4.2 | Israel-Hamas | 25% | 23% | 2.9 | 1% |
| 28-Mar-25 | 77,415 | 85 | 68 | 34 | 3,085 | 6.6 | 4.2 | Tariffs | 5% | 3% | 2.3 | 2% |
| 30-Mar-26 | 71,948 | 95 | 107 | 70 | 4,511 | 7.0 | 4.3 | Tariffs, USA-Iran | -7% | -16% | 2.7 | 11% |

Source: Bloomberg

The recent war in middle east, however, is going to have a far more durable impact on India than all the geopolitical disturbances witnessed in the last 6 yrs. It didn't help that the conflict came in the wake of a cooling Indian economy hoping to speed up. This drove the period till Mar'26, to be worst performing month, quarter and year in the last 6 yrs after Covid-19.

To put things in perspective, every \$20 increase in oil price potentially increases India's import bill by ~\$100 mn/day or INR 1,000 cr/day.

India's weighted avg. crude price was up by \$44 (63%) in the month of Mar-26!

| Per Day calculations | | Feb-26 | Mar-26 | Δ Mar-26 over Feb-26 |
|------------------------------|------------|--------|--------|----------------------------|
| India's crude import | mn barrels | 5 | 5 | |
| Avg. crude price for month | \$/barrel | 69 | 113 | 44 |
| Crude import | \$ mn | 345 | 567 | 222 |
| Avg. exchange rate for month | ₹/\$ | 91 | 93 | 2 |
| Crude import | ₹ cr | 3,150 | 5,250 | 2,100 |

Source

Petroleum Planning and Analysis Cell, Bloomberg, Old Bridge Estimates

At INR 2,100 cr/day, if the war extends itself, **over the next two months**, our import bill would see a **cost push of INR 180,000 cr from Mar-May'26***. **The consolidated PAT of India's small cap index in 2025 was INR 193,000 cr.**

* Refer Disclaimer at the end

The impact however is not limited to crude. It extends itself to natural gas, LPG, petrochemicals, fertilizers (and their downstream impact) bringing India's energy vulnerability to the fore. Absence of a crude value chain increases both logistics cost and availability of raw materials across a number of industries. The market will be inflationary, and more so on the agricultural input side. On the latter, the lack of availability of fertilizers will result in agri inflation. India consumes 30% of global fertilizers but lacks the supply chain of essential raw materials. For most of it, India is significantly dependent on middle east.

We are carrying the risk of a slowing economy impacted by inflation.

The frantic selling of rupee through continuous capital outflows (FII selling, Repatriation of significant capital by FDI providers etc.) has led to the crumbling of rupee - the rupee declined by 4% in a single month from ~91 (end of Feb'26) to ~95 (end of Mar'26).

Source – RBI

Rising import bill with falling rupee is likely to drive significant inflation in the short to medium term

A dawn far way

Inflation will be the headline for the year going forward.

It's likely to manifest in parts with softer demand, compressed margins and stretched government finances. Limited room for manoeuvrability for GOI, RBI, India Inc. or the consumer means time will be the only antidote.



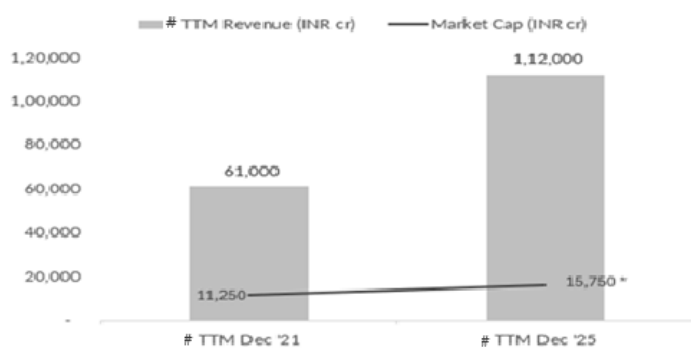
Source – Bloomberg

Portfolio positioning

We are positioned to deploy capital in assets that are income generating and less exposed to services and consumption. The latter, only if it comes at an extremely fair price. This resonates with our broader view on the market being inflationary going forward.

Business impacted by recent developments

Redington has been impacted since ~35% of the business revenues originate from the region. Till the conflict continues, we will see the impact on Redington’s fundamentals. Our initial view is that given Redington’s significant market share and rank in these markets, Redington will benefit from mean reversion as the situation resolves. We are however closely evaluating our exposure here. Over the last 4 yrs, Redington’s almost doubled its revenue on a INR 60,000 cr base, but the stock is up approximate 40%, impacted recently because of the war. Once normalcy returns to middle east, revenues reported for 12 month ending Dec’25, will be a new base.



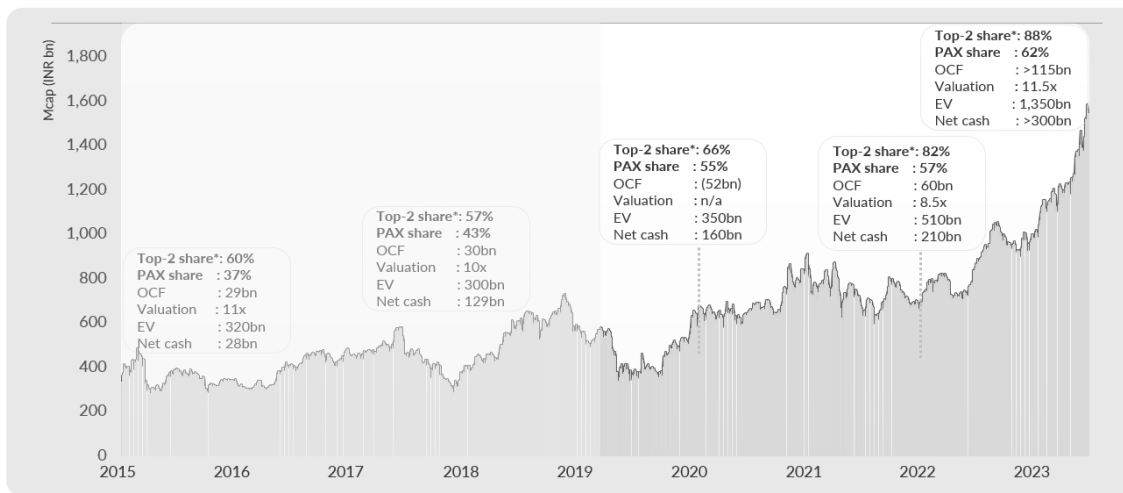
Source: ACE Equity, Published Financials. Revenue figures are rounded off to nearest 1000 multiple. Market Cap rounded off to nearest 250 multiple; *Market Cap as on 31-03-26

#TTM is Trailing Twelve Months.

Despite the current pushback by the government on the airline in Dec'25, **Indigo is our only airline that remains profitable!**

Indigo has been impacted since fuel is approximate 1/3rd of Indigo's revenue. This along with steep rupee depreciation implies pressure on cashflows which is likely to be significant. Indigo's strong market positioning, significant balance sheet cushion (35,000 cr cash on books) gives it a significant advantage over its peers to navigate through current uncertain times. With a typical capital cycle at play, Indigo's poised to be the only solvent airline in the business to benefit over the long term should the current turmoil continue, notwithstanding the short-term impact on its cashflows. It's something we have seen in the past.

India's Largest Aviation Company – Consolidator



Source: Bloomberg, Old Bridge Asset Management; *Top-2 players capacity (ASK) share in domestic market.
 Disclaimer - Valuation => EV/Trailing 12M OCF
 Data as on end of respective financial year
 Sector / security referred above are illustrative and are not recommended by Old Bridge Mutual Fund/AMC. The Fund may or may not have any present or future positions in these sectors/ Securities.
 The above statements / analysis should not be construed as an investment advice or a research report or a recommendation to buy or sell any security covered under the respective sector/s.

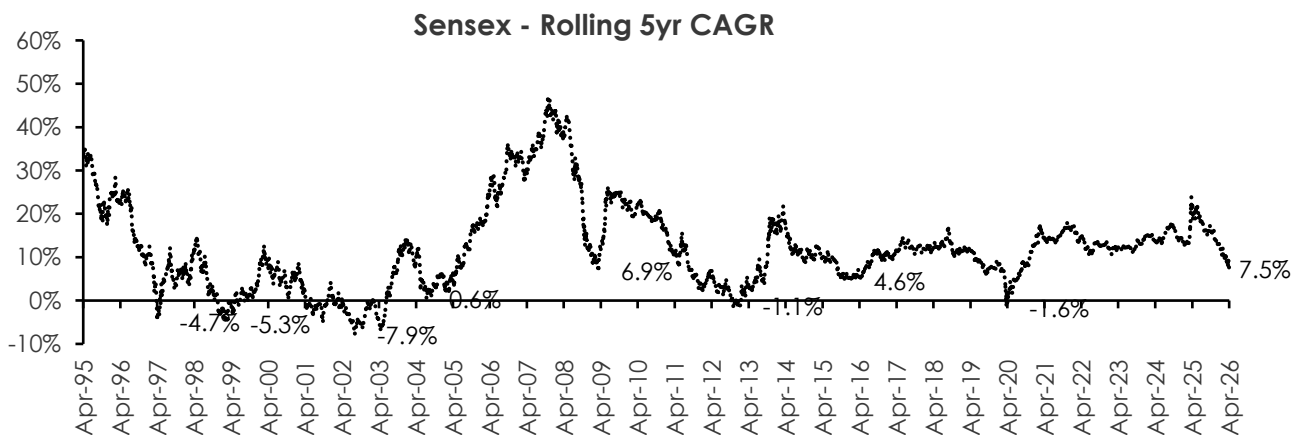
For the remaining portfolio, demand remains intact, margins lack predictability.

For instance, our exposure in Pharmaceuticals and Chemicals may see some margin pressure, but the demand for end products should remain unfazed. Ability to maintain profitability will be market and product segment specific.

Commodities may see an uptick in energy cost, but since most are \$ linked, and are seeing uptick in their prices, they are likely to benefit from the anticipated inflation.

Buy now, gain later?

A prolonged softness/delayed recovery in fundamentals will continue to provide a lid on valuations. The 5 yr CAGR on SENSEX is already down to 7.5% (~ Pre-tax FD returns over 5 yrs). While the market is appearing weak, we believe there is still some time left for it to make the bottom.



Source – Bloomberg, Ambit Institutional Equities

We believe the coming 12 months will be the best time to create a durable portfolio for the uptick after. Uncertainty will continue to be a tailwind on valuations, probably the best time to allocate!

If you missed the bus in the past, markets always give you another chance. The environment is not favourable, but the price is getting there.

Disclaimer

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