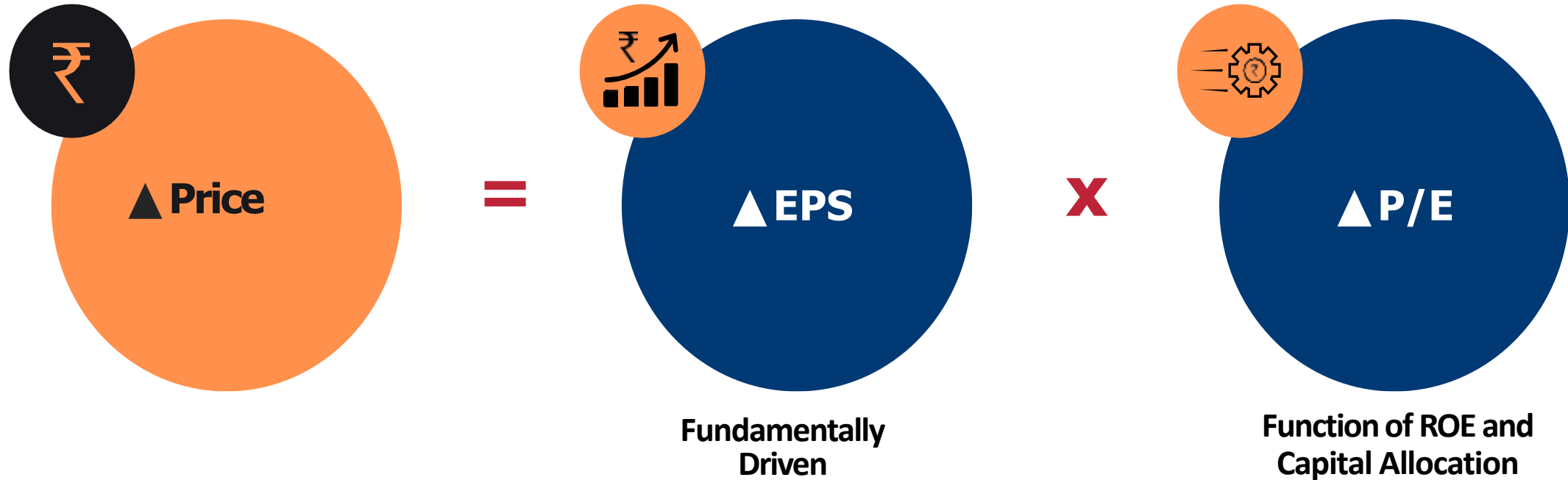


January 2025 Newsletter



Presented By:
Moneyvesta Capital

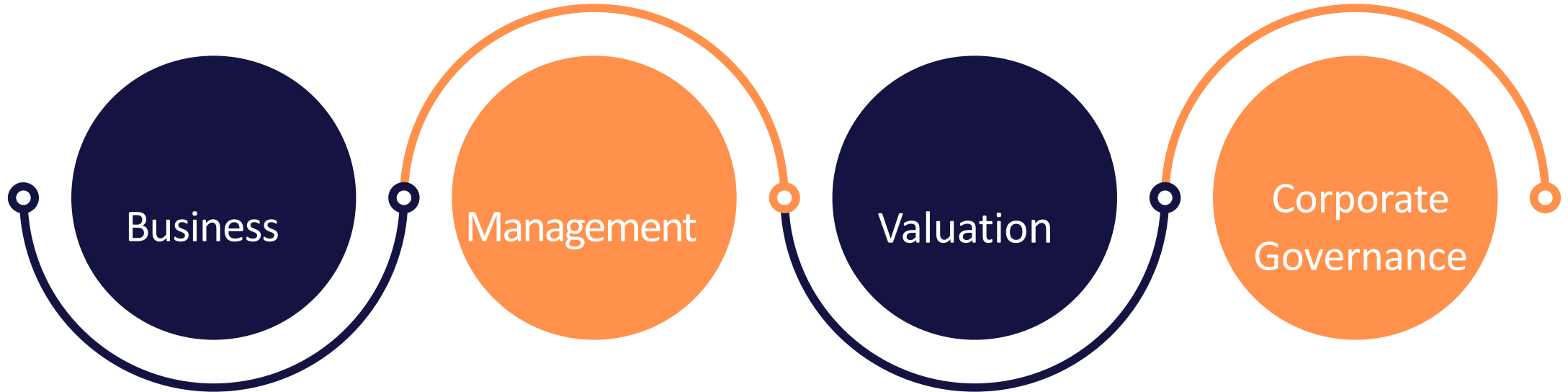
Drivers of Stock Price



Price Benefitting from Both Earnings growth & P/E rerating.
For earnings growth... Change in P/E is function of ROE and Capital Allocation.

Investment Framework

In search of companies with meaningful earnings growth and sustainable competitive advantage



Aims to Identify Prominent businesses, with Competent Management, at Reasonable Valuations

The strategies offered by the Investment Manager may or may not follow the above framework at all times. The framework is developed in order to select the right companies through a filtration process and endeavor the strategy to attain their investment objective. These models are based on various broad market parameters prevalent in the market and are dynamic in nature.

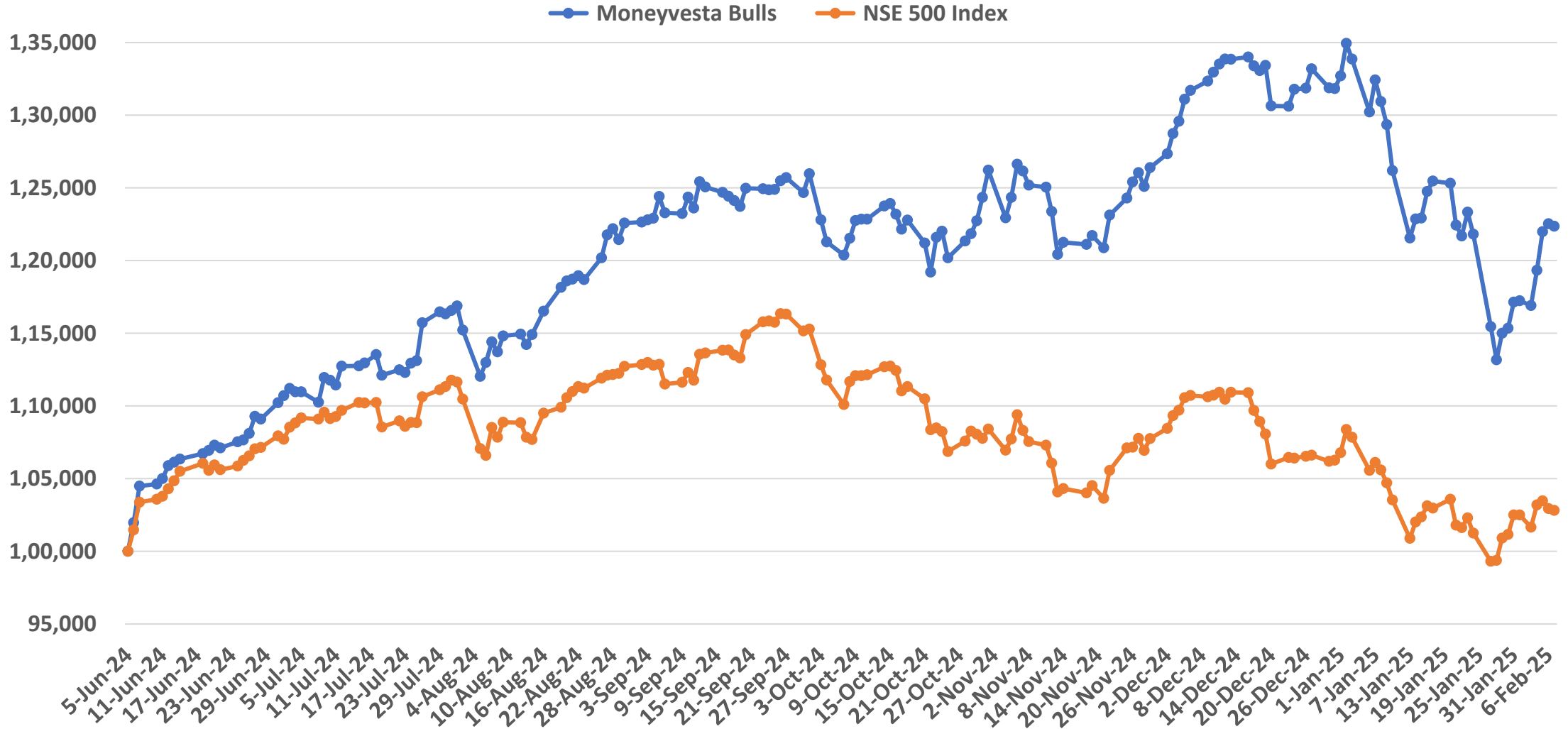
Moneyvesta Bulls

Returns

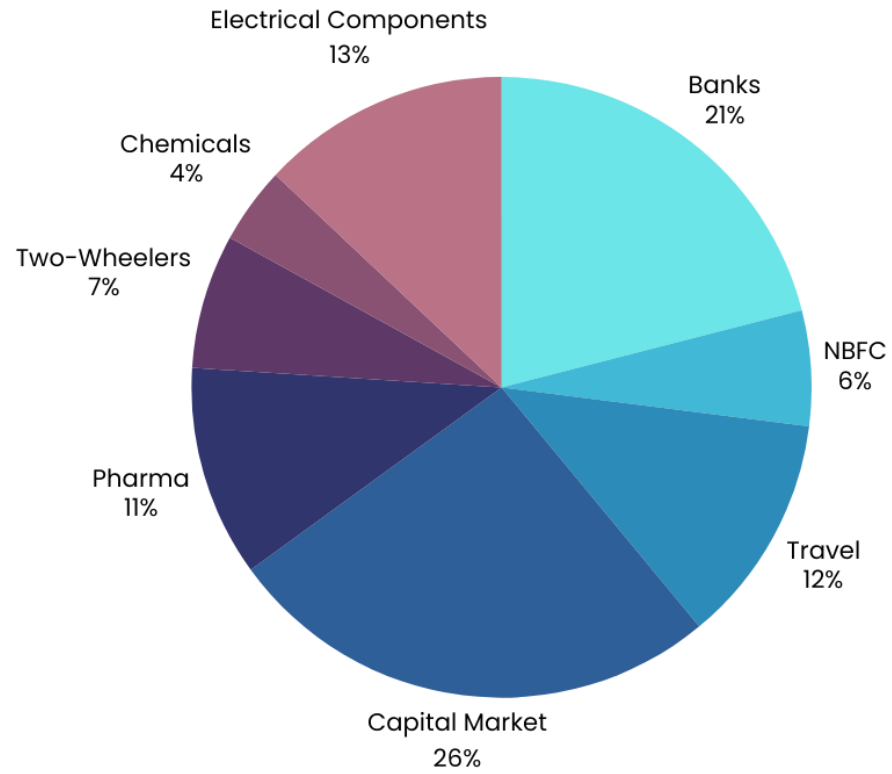
Moneyvesta Bulls Portfolio Since Inception: **+22.4%**
 Nifty 500 Index Benchmark Since Inception: **+2.8%**
Inception Date: 5th June, 2024

Fall from All Time High

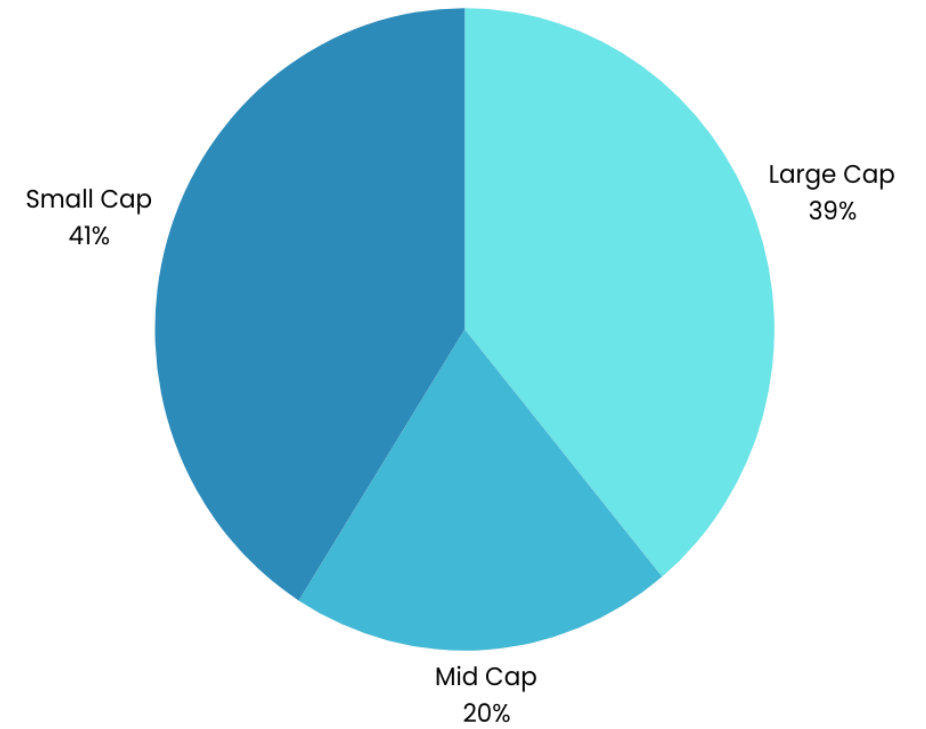
Moneyvesta Bulls Portfolio: **-9.3%**
 Nifty 500 Index Benchmark: **-11.6%**



Sector Allocation



Market Cap. Allocation



Moneyvesta Bulls

Portfolio Stocks (Strong Business at Reasonable Valuations)

S.No.	Company	10 Year Revenue CAGR (%)	10 Year PAT CAGR (%)	Debt/Equity	ROCE (%)	PEG Ratio
1)	[REDACTED]	23%	22%	#	22%	0.9
2)	[REDACTED]	11%	14%	#	21%	1.3
3)	[REDACTED]	18%	22%	#	15%	0.9
4)	[REDACTED]	29%	36%	#	22%	0.9
5)	[REDACTED]	15%	13%	0.2	28%	3.5
6)	[REDACTED]	16%	34%	0	31%	1.4
7)	[REDACTED]	29%	46%	0	43%	1.2
8)	[REDACTED]	13%	15%	0	31%	2.2
9)	[REDACTED]	17%	24%	0	24%	1.4
10)	[REDACTED]	11%	16%	0.1	38%	3.2
11)	[REDACTED]	25%	24%	0	40%	2
12)	[REDACTED]	26%	33%	0	27%	0.7
13)	[REDACTED]	8%	11%	0	27%	1.7
14)	[REDACTED]	17%	48%	0.1	27%	1.3
15)	[REDACTED]	16%	34%	0.02	31%	1.7
	Total	Median 17%	Median 24%	Median 0.1	Median 31%	Median 1.4

Note: # represent that Debt-to-equity ratio is not relevant for banks and financial companies.

Moneyvesta Little Kings

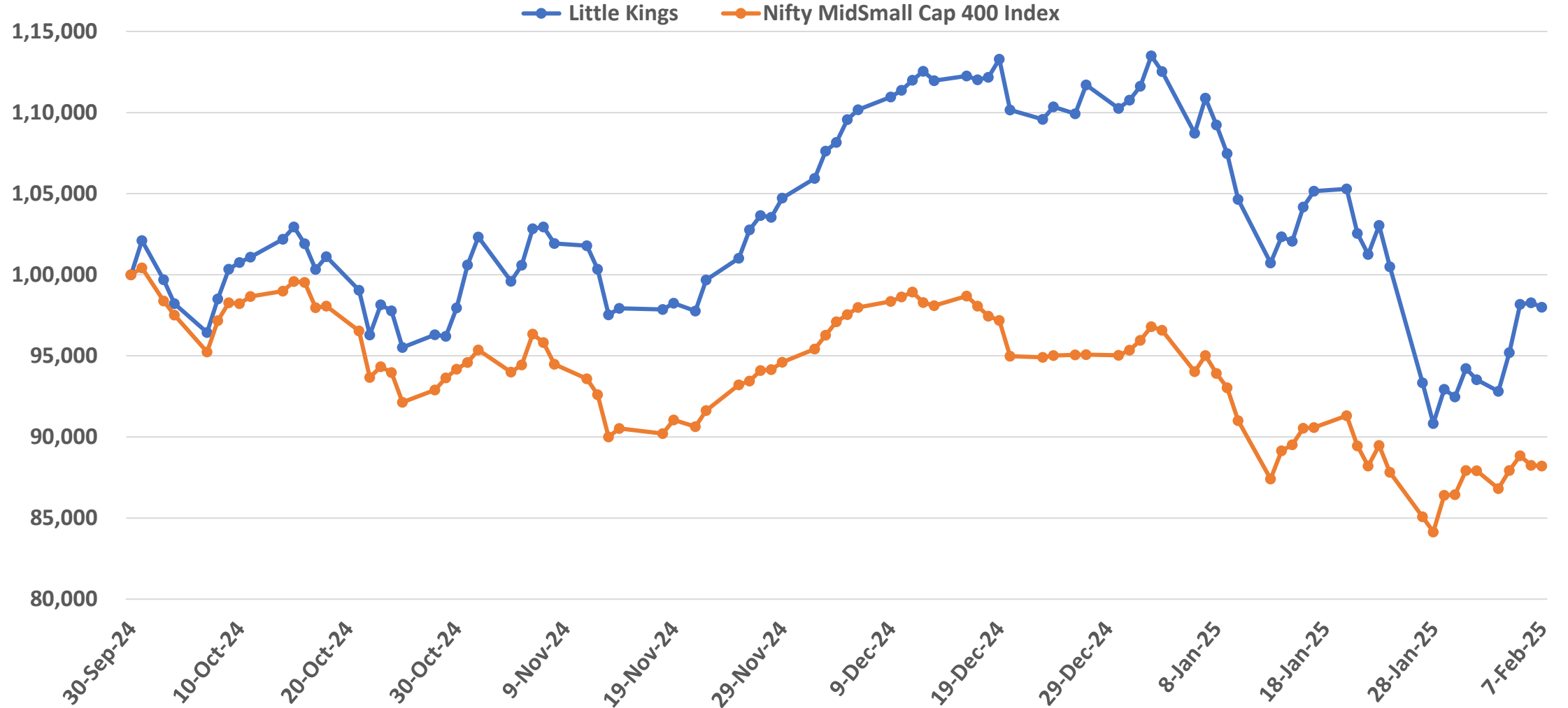


Returns

Moneyvesta Little Kings Since Inception: **-2.0%**
Nifty Mid Small Cap 400 Index Benchmark Since Inception: **-11.8%**
Inception Date: 30th Sep, 2024

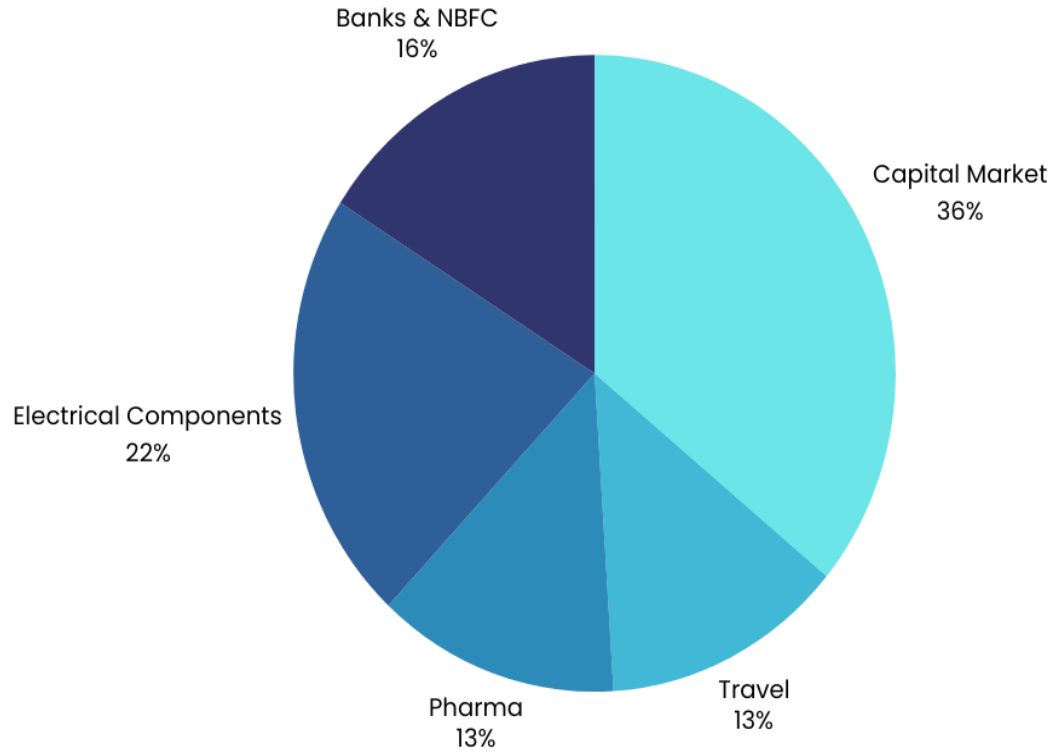
Fall from All Time High

Moneyvesta Little Kings Portfolio: **-13.7%**
Nifty MidSmallCap 400 Index Benchmark: **-12.2%**

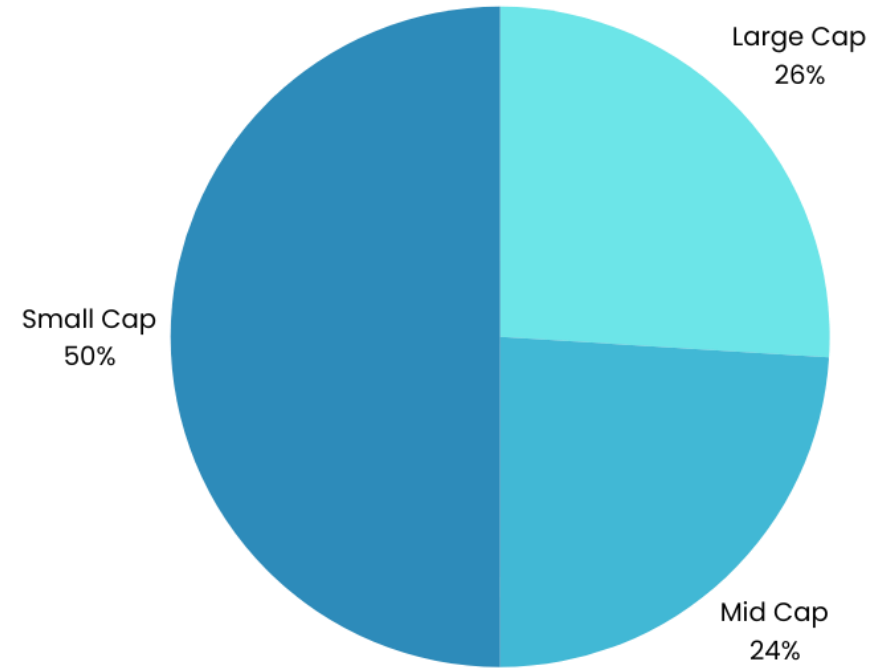


Moneyvesta Little Kings

Sector Allocation



Market Cap. Allocation



Moneyvesta Capital Services

January 2025 Newsletter

Table of Content

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Bank of Japan raises interest rates to highest in 17 years.

1) GDP

Donald Trump assumes office as the 47th President of the United States on January 20th, marking the beginning of his term in leadership and signed a flurry of executive orders, memorandums and proclamations after inauguration where the few of them are ending birthright citizenship, leaving WHO, rescinding 78 Biden-era executive actions. In addition, the Federal Reserve kept the interest rate unchanged at the 4.25%-4.50% during its January meeting 2025.

In India, RBI has reduced the repo rate by 25 bps from 6.50% to 6.25%. This is the first rate cut since May 2020, aimed to boost the economy. GDP growth for FY25 is estimated to be 6.4% showing steady economic momentum, with projection of GDP for FY26 to be 6.7%

The Bank of Japan raised its interest rate from 0.25% to 0.5% in January meeting, sighting that the inflation is holding at a desirable target level. This move highlights the central bank's plan to steadily increase rates to around 1% and also signals further rate increase but at a low levels.

China has expanded the scope of a consumer goods trade-in scheme and will give more subsidies for digital purchases this year, in an effort to revive sluggish domestic demand. Authorities had agreed to issue 3 trn. yuan (\$409.2 billion) worth of special treasury bonds in 2025, the highest annual amount on record.

2) Inflation

US inflation rate rose to 2.9% in Dec'24, from 2.7% in Nov'24 , on the back of higher food and energy prices.

India's inflation eased down to 5.2% in Dec'24, as food inflation cooling marginally from 9.0% in Nov'24 to 8.4% in Dec'24. RBI is expecting the inflation in FY25 at 4.8%, with 4.4% in Q4 FY24.

China's inflation down 0.1% y-o-y in Dec'24, vs. 0.2% y-o-y on Nov'24, stoking deflation worries in the economy.

Japan's inflation rose to 3.0% in Dec'24, The rise was primarily driven by higher energy costs following the expiration of government subsidies for electricity and gas.

Quarterly GDP (YoY growth)	Q2 CY2024	Q3 CY2024
U.S.A	3.0%	3.1%
China	4.7%	4.6%
UK	0.9%	1.0%
India	6.7% (Q1 FY25)	5.4% (Q2 FY25)
Japan	2.2%	0.9%

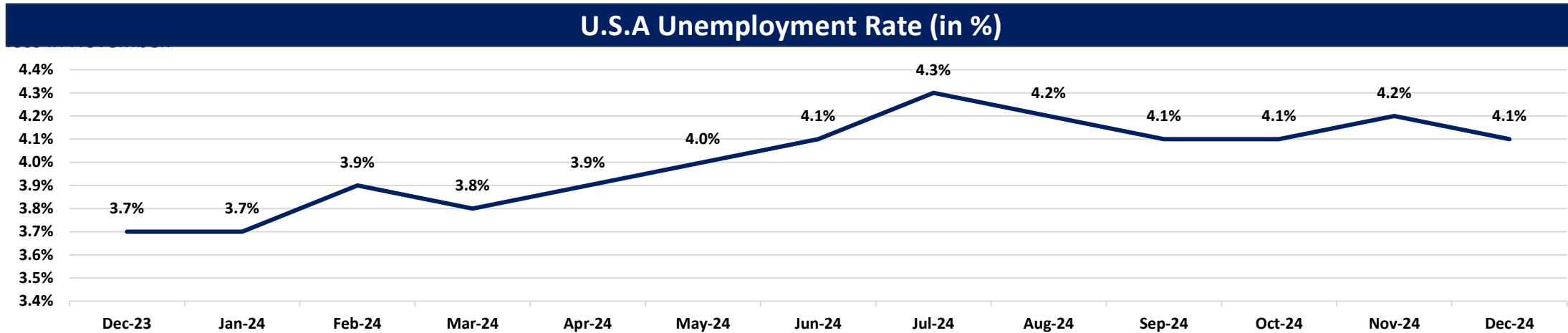
Source: HSBC Mutual Fund

Inflation (YoY)	Nov-2024	Dec-2024
U.S.A	2.7%	2.9%
China	0.2%	0.1%
Japan	2.7%	3.0%
India	5.5%	5.2%
U.K.	2.6%	2.5%

Source: CPI data site of different countries

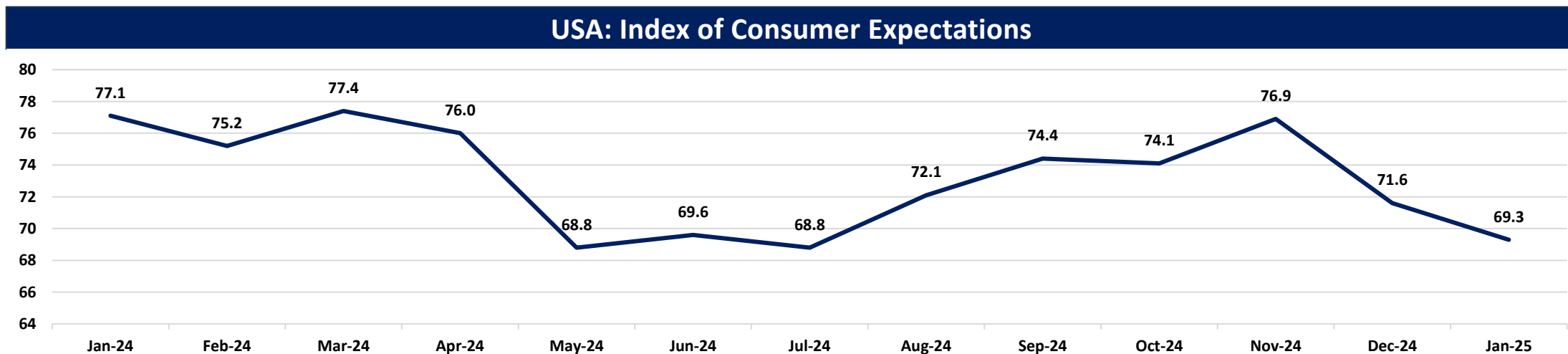
3) U.S.A Economy: Unemployment rate eased down to 4.1% in Dec'24

Total nonfarm payroll employment increased by 256,000 in December, and the unemployment rate changed little at 4.1%, as per the U.S. Bureau of Labor Statistics. Employment trended up in health care, government, and social assistance. Retail trade added jobs in Dec'24, following a job loss in Nov'24



Source: Bureau of Labor Statistics

4) Index of consumer expectations: The index went down by -3.2% m/m and down by -10.1% y/y in January'25



Source: University of Michigan, Trading Economics

Service PMI slowed due to lower demand

1) GST Collection: The GST collections for Jan'25 is approximately ₹1.95 lakh crore as reported on 1st Feb 2025, marking +12.3% YoY growth and by +10.1% sequentially . This number marks the country's highest GST revenue, since April 2024. The Central GST collection stood at Rs 36,077 crore and State GST at Rs 44,942 crores. During the month under review, Domestic transactions witnessed a robust Y-o-Y growth of 10.0% while revenues from imports rose by 19.8%.

2) Manufacturing PMI and Services PMI: Manufacturing PMI hit the six-month high in Jan'25 on the back of rising new export orders. Service PMI expanded at its slowest pace in more than two years during January, owing to lower demand and a softer increase in sales and output.

3) Vehicle Registration: The Indian automobile retail sector demonstrated robust performance in January 2025, recording a 6.6% Y/Y growth across all vehicle segments, according to the latest report from FADA. The two-wheeler segment registered a 4.2% growth, driven by new product launches, seasonal wedding demand, and enhanced financing options, despite ongoing challenges in rural liquidity and elevated interest rates.

4) Unemployment: Unemployment Rate in India rose to 8.3% in December, 2024 from 8.0% in November 2024.

Particulars	Jan-24	Aug-24	Sept-24	Oct-24	Nov-24	Dec-24	Jan-25
1) GST Collection (Lakh Cr.)	1.72	1.74	1.73	1.87	1.82	1.77	1.95
GST Collection (YoY growth)	10.4%	10.0%	6.5%	8.9%	8.5%	7.3%	12.3%
2) Manufacturing & Services							
Manufacturing PMI Index	56.5	57.5	56.5	57.5	56.5	56.4	57.7
Services PMI Index	61.8	60.9	57.7	58.5	58.4	59.3	56.5
3) Vehicle							
Two-Wheeler (YoY growth)	14.7%	6.3%	-8.5%	36.3%	15.8%	-17.6%	4.2%
Passenger Vehicle (YoY growth)	13.3%	-4.5%	-18.8%	32.1%	-13.7%	-1.9%	15.5%
Light CV (YoY growth)	-5.8%	-6.1%	-11.9%	9.1%	-4.5%	-7.1%	10.1%
Medium CV (YoY growth)	11.9%	-0.6%	4.0%	6.4%	-0.1%	-6.5%	24.9%
Heavy CV (YoY growth)	2.5%	-8.2%	-11.7%	-1.2%	-11.6%	-4.7%	-0.5%
Tractors (YoY growth)	21.2%	-11.4%	14.7%	3.1%	29.8%	25.8%	5.2%
4) Unemployment %	7.4%	8.5%	7.8%	8.7%	8.0%	8.3%	-

Source: Federation of Automobile Dealer Association (FADA) monthly reports

5) India Inflation: Slowdown in food prices eased down the Inflation in Dec'24.

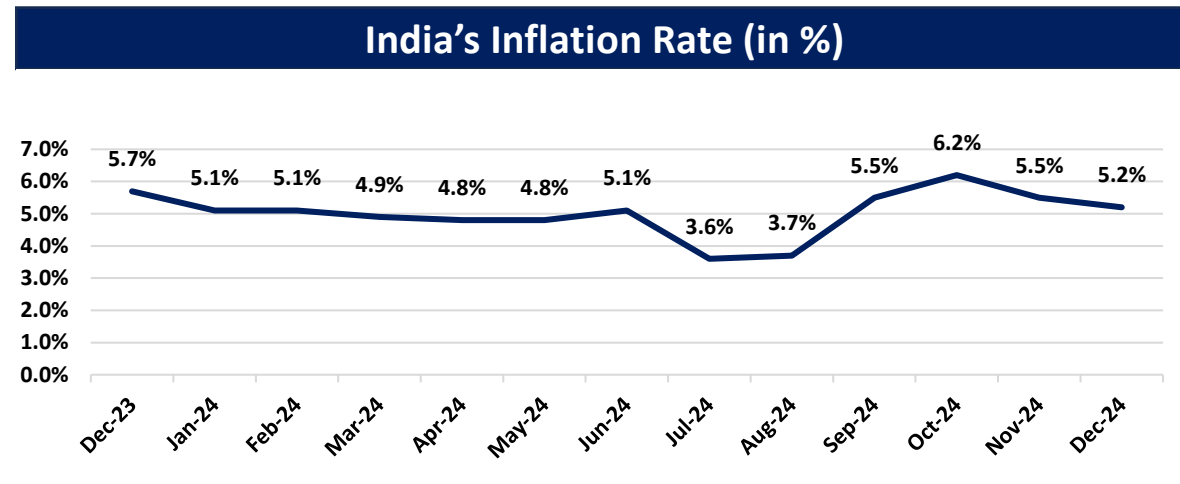
The consumer index for the month of Dec'24 eased down to +5.2% vs. +5.5% in Nov'24. Rural inflation stood at +5.8% and urban inflation stood at +4.6% in Dec'24. This figure comes under the RBI tolerance level of 2% to 6%.

India's food inflation (excluding beverages) eased to +8.4% in Dec'24, as against +9.0% in Nov'24, where among the food items, peas led the surge with a staggering y/y inflation rate of 89.1%, followed by potato, garlic and coconut oil.

Wholesale price inflation rose to 2.4% in Dec'24 from 1.9% in Nov'24 due to spike in prices of non-food articles, manufactured items as well as fuel and power.

YoY%	Nov-24 prov.	Dec-24 prov.	Change in %
CPI	5.5%	5.2%	-0.3%
Food & Beverages	8.2%	7.7%	-0.5%
Fuel & Light	-1.8%	-1.2%	0.6%
Housing	2.9%	2.7%	-0.2%
Transportation & Communication	2.6%	2.6%	0.0%
Core CPI	3.7%	3.6%	-0.1%

Source: Press Information Bureau



Source: Press Information Bureau

6) Central Government Finances: We are amidst the environment of fiscal consolidation

Fiscal Deficit: FY24 fiscal deficit narrowed to 5.6%. The Central's fiscal deficit at the end of the first eight months of FY25 touched 52.5% of BE. **The fiscal deficit for FY25 estimated to be 4.8% of the GDP. The government is targeting fiscal deficit of 4.4% in FY26.**

April-Nov'24: The government's fiscal deficit in April-November 2024 period came in at Rs. 8.5 lakh crore amounting to 52.5% of the budget estimates vis-à-vis 50.7% of BE reached during the same period last year.

Debt and Interest payment: The government has increased its gross borrowing target for FY26 by 5.7% to ₹14.8 trillion, up from the previous estimate of ₹14.0 trillion for FY25.

Subsidies: The government has provided with a total of Rs. 4.3 lakh crore towards all central subsidies for FY26. In relative terms, subsidy bill stands at 1.2% of the GDP

Capital Expenditure: The Union Budget revised its capital expenditure for FY25 to Rs. 10.2 lakh crore from Rs. 11.1 lakh crore. The capex target is going to be missed by about Rs 93,000 crore for the current financial year attributing to an election year resulting in no activity in 2-3 months. The capital expenditure for FY26 is stated to be Rs. 11.2 lakh crore, increased by +10.1% from the revised estimate of FY25.

Increase in limits for TDS and TCS: The annual limit for TDS on rent will be Rs. 6 lakh. The threshold for TCS on remittances has increased from Rs. 7 to Rs 10 lakh. TCS will not be levied on remittances for education up to the amount of loan taken from a specified financial institution. The minimum threshold for TDS or TCS has also been increased for interest and dividends.

Particulars	Budget Estimates FY25 (Rs. Lakh crore)	Actuals Apr'24- Nov'24 (Rs. Lakh crore)	% of Actuals to Budget Estimate	
			Current Year FY25	Corresp. Period FY24
Revenue Receipts	31.3	18.7	59.8%	65.3%
Net Tax Revenue	25.8	14.4	55.9%	61.6%
Non-Tax Revenue	5.5	4.3	78.3%	94.3%
Total Receipts	32.1	18.9	59.1%	64.3%
Revenue Expenditure	37.1	22.2	60.1%	59.0%
Capital Expenditure	11.1	6.6	56.6%	56.3%
Total Expenditure	48.2	5.1	46.2%	58.5%
Fiscal Deficit	16.1	27.4	56.9%	58.9%
Revenue Deficit	5.8	8.5	52.5%	50.7%
Primary Deficit	4.5	3.6	61.5%	39.8%

Source: CMIE, PNB

Indian Macros

7) Foreign Trade: Trade Deficit narrowed to \$21.9 bn as gold import eased

India's goods exports recorded a marginal 1% contraction y/y in Dec'24, reaching \$38 billion. In contrast, imports rose by 4.9% to nearly \$60 billion.

Trade deficit rose to 17% y-o-y increase, due to slight decline in the export segment.

Net gold import narrowed sequentially to \$4.7 bn, fell by almost -52.0% m/m.

Foreign Trade	Nov-24 (USD Billion)	Dec-24 (USD Billion)	Change (%) (m/m)
Net Oil Imports	12.2	10.4	-14.8%
Net Gold Imports	9.8	4.7	-52.0%
Net Non-Oil Non-Gold Imports	10.7	6.8	-36.4%
Trade Deficit	32.7	21.9	-33.0%

Source: Ministry of Commerce.

Net Gold Imports includes gold, silver, and pearls precious & semiprecious stones adjusted for gems and jewellery exports.

Nifty SmallCap 250 Drops 10.7% in January 2025 Amid High Valuation Concerns and FII Sell-Off

January'25:

- In Jan,25 Indian equity markets experienced a mixed performance, with large-cap indices like Nifty 50 and Nifty LargeCap 100 seeing modest declines of -0.6% and -1.8%, respectively, while mid-cap and small-cap indices faced sharper corrections. The Nifty MidCap 150 fell by -6.1%, and the Nifty SmallCap 250 witnessed a steep decline of -10.7%. This significant underperformance in mid and small-cap stocks can be attributed to concerns over high valuations, weak earnings, prompting profit-booking after a prolonged rally in these segments.
- Series of disappointing earnings reports from major companies heightened concerns about a slowdown in corporate profitability.

February'25:

- The tax relief measures announced by Finance Minister Nirmala Sitharaman in the Union Budget 2025 are expected to positively impact the Indian stock market by boosting consumer demand and corporate earnings. With the income tax exemption threshold raised to ₹12 lakh and higher standard deductions, the increased disposable income for the middle class is likely to enhance household spending. This could benefit consumption-driven sectors such as FMCG, retail, automobiles, and real estate, leading to a potential uptick in stock prices for companies operating in these industries.

Valuations:

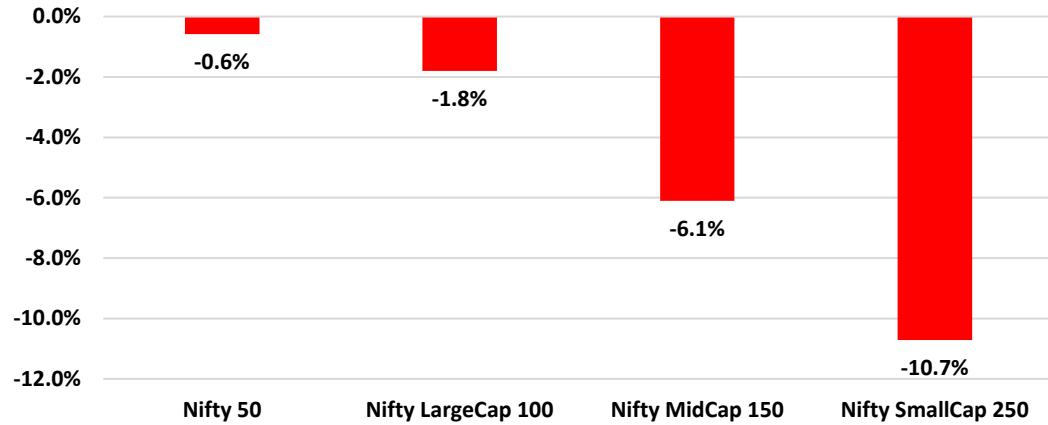
- The Nifty Index in January,2025 traded at a 1-year forward P/E ratio of 19.9, compared to its long-term average of 18.6. This indicates that the index is trading at a +7% premium to its historical average.

FIIs and DIIs:

- The markets were corrected by continued selling by foreign institutional investors (FIIs). FIIs sold Rs 16,983 crore worth of Indian stocks in January 2025. FII buying through the primary market continued. The Indian rupee's decline against the US dollar exerted pressure on foreign investors, prompting them to pull funds from the Indian market.

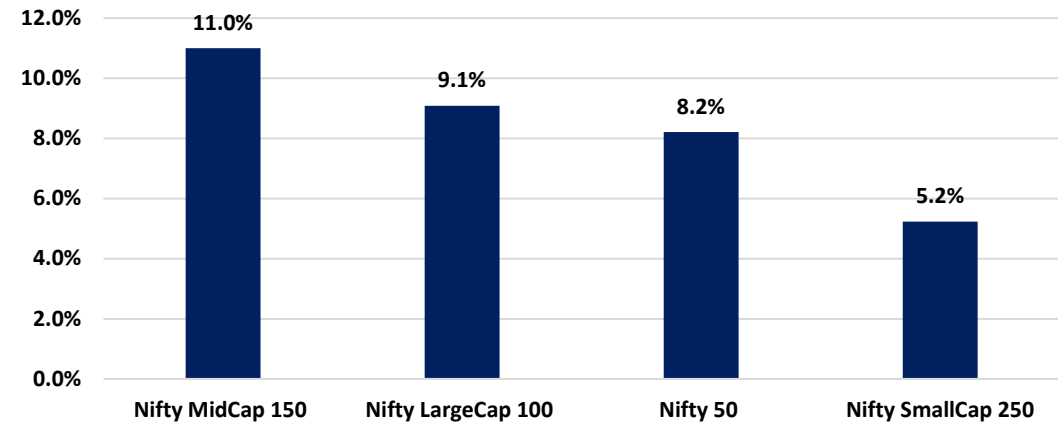
Indian Equity Market- Market Cap Based Indices

Jan'25 M/M % Change



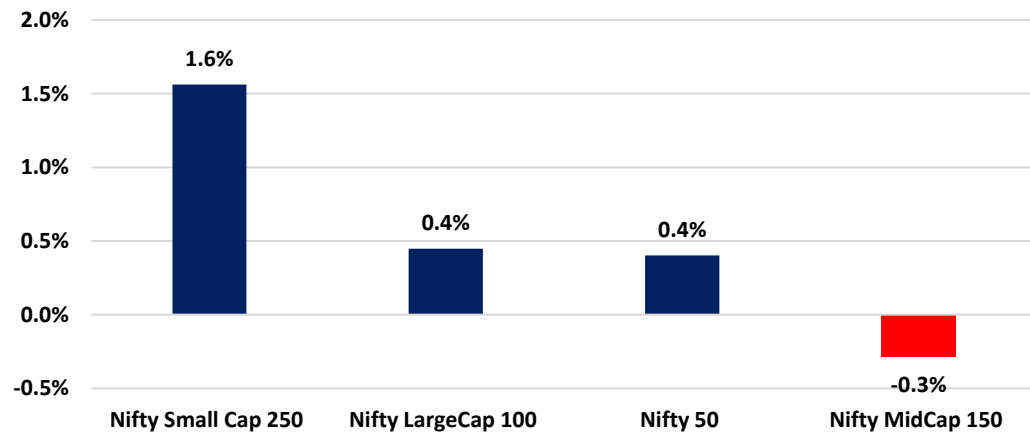
Source: Moneyvesta Capital

Jan'25 vs Jan'24 Y/Y% Change



Source: Moneyvesta Capital

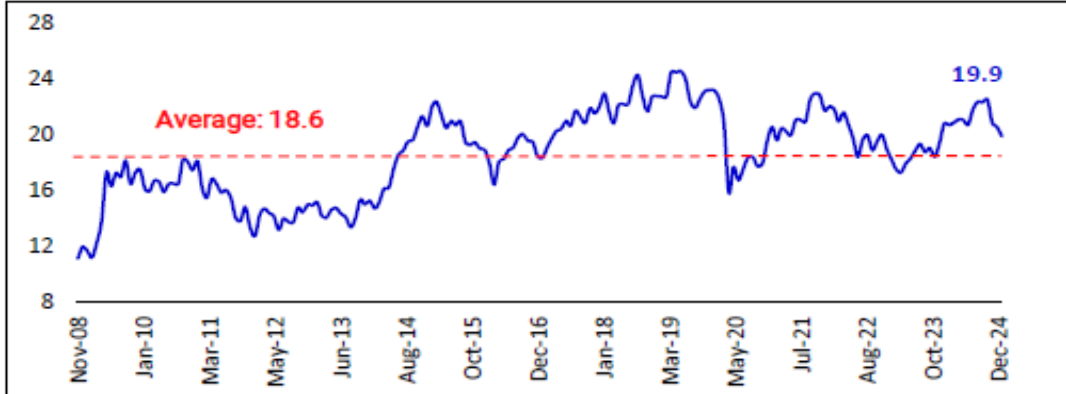
Feb'25 Month-to-Date % Change



Source: Moneyvesta Capital, (as on 06th Feb'25)

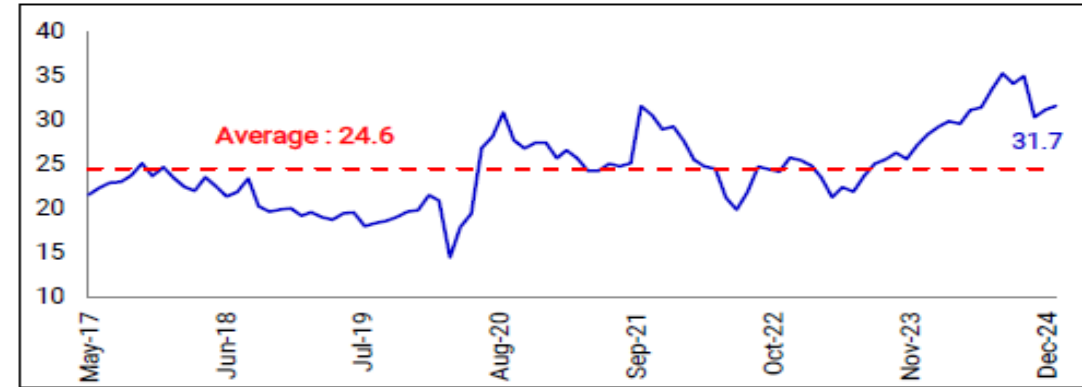
Indian Equity Market- Valuation Concerns Persist

Nifty P/E (x) – 1 Year Forward



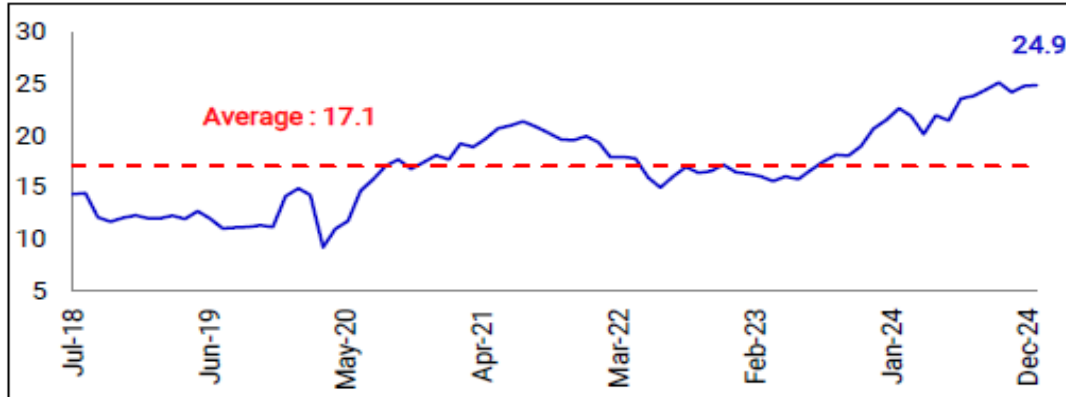
Source: Kotak Mutual Fund, Motilal Oswal, Bloomberg.

Nifty Midcap 150 P/E (x) : 1 Year Forward



Source: Kotak Mutual Fund, Motilal Oswal, Bloomberg

Nifty Smallcap 150 P/E (x) : 1 Year Forward



Source: Kotak Mutual Fund, Motilal Oswal, Bloomberg

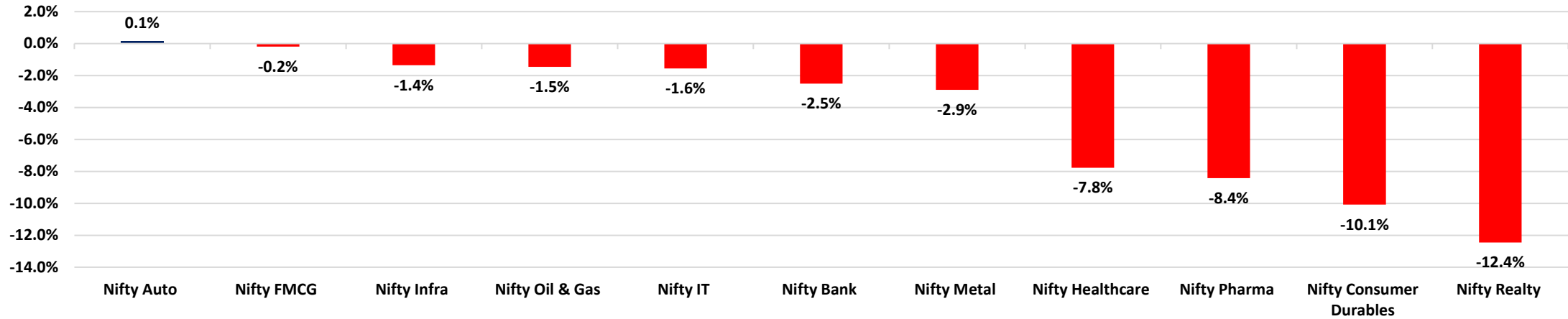
Valuations

Largecap	7% premium to historical average
Midcap	29% premium to historical average
Smallcap	45% premium to historical average

Source: Kotak Mutual Fund, Motilal Oswal, Bloomberg

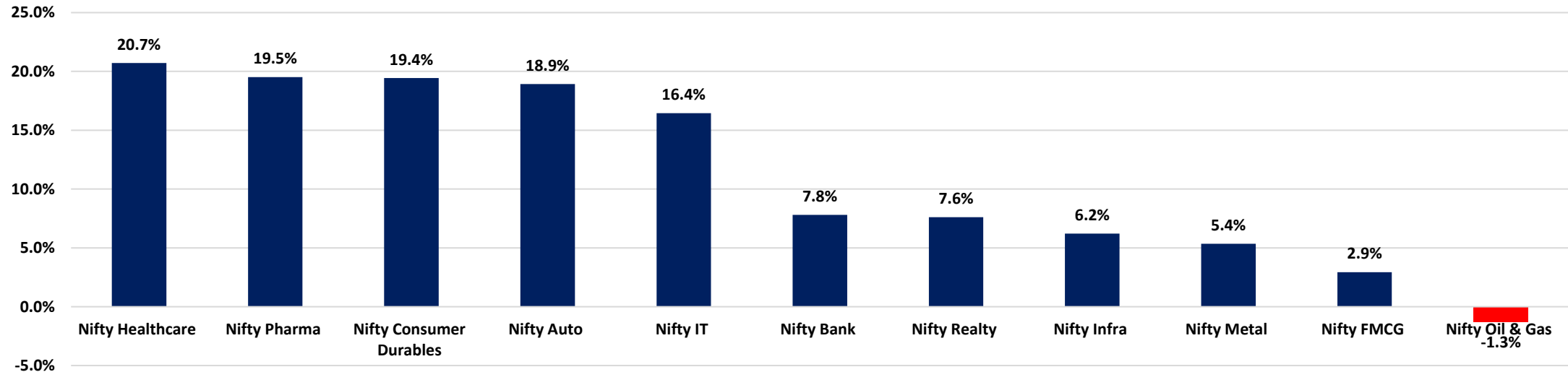
Indian Equity Market- Sectoral Indices

Sector based Indices M/M% Change – Jan'25



Source: Moneyvesta Capital

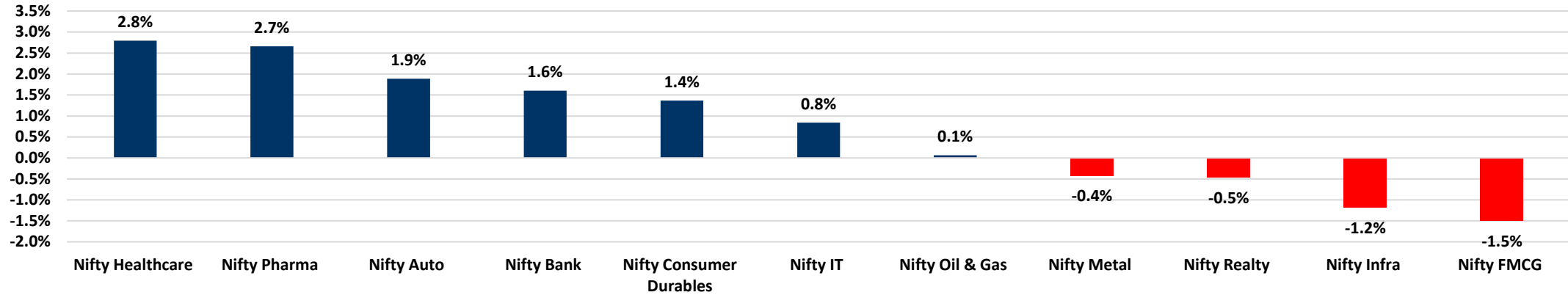
Jan'25 vs Jan'24 Y/Y % Change



Source: Moneyvesta Capital

Indian Equity Market- Sectoral Indices

Feb'25 Month-to-Date % Change



Source: Moneyvesta Capital, (as on 06th Feb'25)

Sectoral Indices Valuation vs. Long-Term Average

Sectoral Indices	P/E 31 th Dec 2024	Long Term Average P/E	Discount/Premium
Industrials	36.4	26.7	36.5%
IT Services	27.1	20.8	30.2%
Pharma	29.8	24.2	23.4%
PSU Banks	1.3	1.1	15.0%
Consumer Discretionary	58.8	54.0	8.8%
Oil & Gas	13.1	12.4	6.0%
Consumer staples	37.5	35.7	5.2%
Metals	10.4	10.1	2.7%
Auto	19.4	19.9	-2.5%
Private Banks	2.3	2.6	-8.3%

Source: HDFC Mutual Fund

Indian Equity Market- Metals

Metal Industry: Customs Duty Slashed for Metal Scrap

Current Scenario

- World crude steel production stood at 1,839.4 MnT in January-December 2024, registering -0.9% decline y-o-y, with December'24 production stood at 144.5 MnT.
- India was the 2nd largest producer of crude steel with an output of 149.6 MnT in January-December 2024, showing a y-o-y growth of +6.3%. The country accounted for 7.9% of world crude steel production during the period.
- Copper showed strength in the first fortnight of Dec'24 but witnessed a sharp decline in the second half . Prices surged to a one-month high in December, driven by China's announcement of monetary easing and a renewed focus on economic growth.
- Zinc oxide prices witnessed a downward trend in both China and India in December'24, influenced by the weak demand from key downstream sectors, particularly the rubber and tire industries.

Budget Proposals:

The government has announced significant customs duty exemptions on key metal scraps to support domestic industries and promote recycling:

- **Copper Scrap:** Basic Customs Duty reduced from 2.5% to NIL ; **Zinc Scrap & Waste:** Basic Customs Duty reduced from 5% to NIL; **Lead Scrap & Waste:** Basic Customs Duty reduced from 5% to NIL.

Outlook:

- In CY2025, the Indian metal industry expects capacity to be 195 MnT, production 158 MnT and consumption 155 MnT.
- China is increasing its copper smelting production and storage capacity for imported copper concentrates in 2025. This suggests a tighter global copper supply, as demand remains high while supply struggles due to disruptions.
- Iron-ore prices are expected to fall to between \$75 and \$120 a ton in CY2025, the survey showed, versus \$88 to \$144 a ton in CY2024, according to data from consultancy Steelhome.

Commodity	31 st December, 2024 Price (in USD)	CY23 % YoY	CY24 % YoY
Steel (per tonne)	490	-3.4%	-13.3%
Aluminium (per tonne)	2,527	-0.2%	7.7%
Copper (per tonne)	8,706	1.1%	2.7%
Zinc (per tonne)	2,974	-12.7%	12.6%
Lead (per tonne)	1,922	-13.0%	-5.4%

Budget 2025: Nirmala Sitharaman’s Tax Cuts Ignite Auto Sector Revival

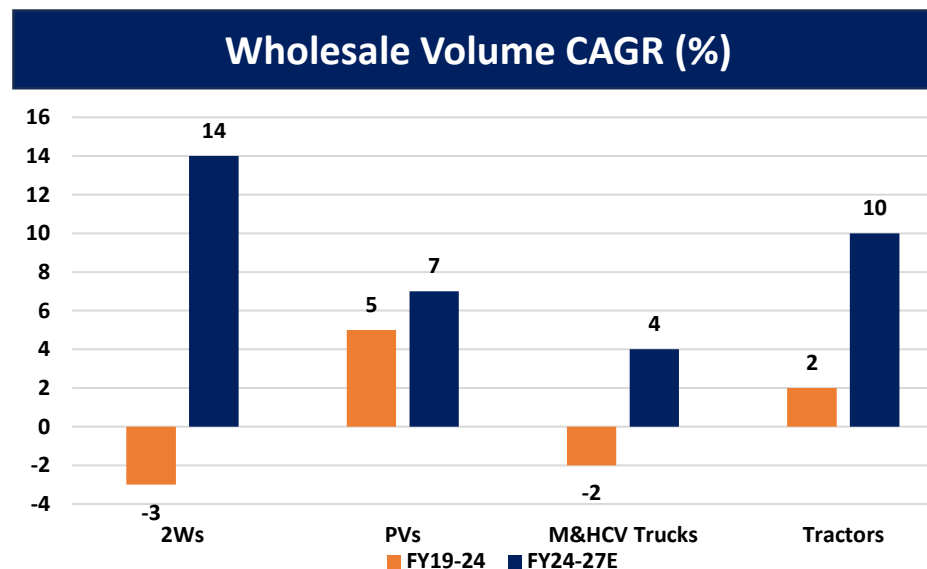
Nifty Auto Index: In January 2025, the Nifty Auto index rose by +0.1% m/m.

Current Scenario

- In CY'24 auto retail grew by +9.1% YoY, despite multiple headwinds like extreme weather, elections and uneven monsoons.
- 3W, PV and Tractor segments reached new all-time highs; 2W almost breached its CY18 peak and CV has yet to surpass its CY18 level.
- Challenges for ICE 2W included finance constraints and rising EV competition; CV struggled with election-driven uncertainty and low infra spend; PV growth led to margin pressures from higher inventory and discounts.

Segment wise updates

- In Jan'25, two-wheeler segment registered a 4.2% growth, driven by new product launches, seasonal wedding demand, and enhanced financing options, despite ongoing challenges in rural liquidity and elevated interest rates.
- Passenger vehicles emerged as the strongest performer with a 15.5% y/y increase, partially attributed to deferred December purchases.
- CV sales showed positive momentum with an 8.2% y/y increase, benefiting from higher freight rates and strong demand in the passenger carrier segment.



Source: CMIE, Moneyvesta Capital

Budget Proposal

- In February 2025, Finance Minister Nirmala Sitharaman announced significant personal income tax cuts in the Union Budget, raising the exemption limit to ₹12 lakh per annum. This move is anticipated to increase disposable income among the middle class, potentially boosting demand in the automotive sector, particularly for two-wheelers and entry-level cars.

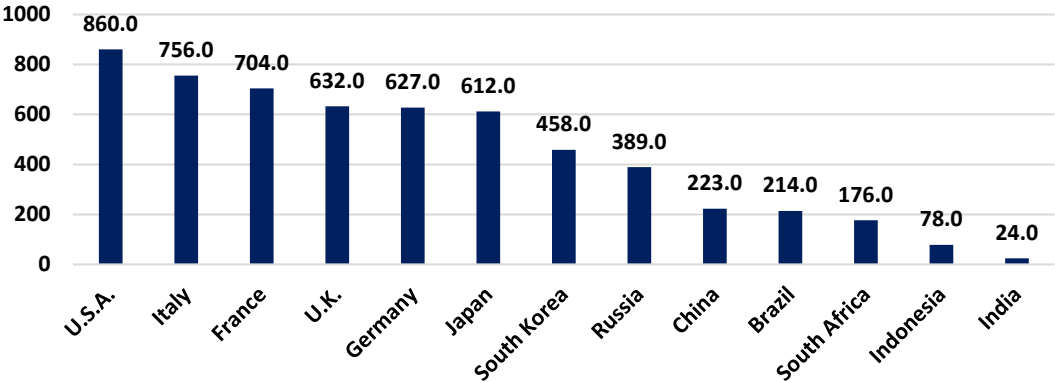
Tailwinds

- The share of SUVs in total revenue is increasing significantly. This trend reflects a growing desire among consumers to own higher-end vehicles, driving premiumization-led value growth in the market.
- EV GST rate at 5% vs 28% for ICE
- Over the last decade, average vehicle price growth has been lower than the rise in per capita income allowing for better affordability today. The future potential of upgradation by consumers is very much possible.

Indian Equity Market- Autos

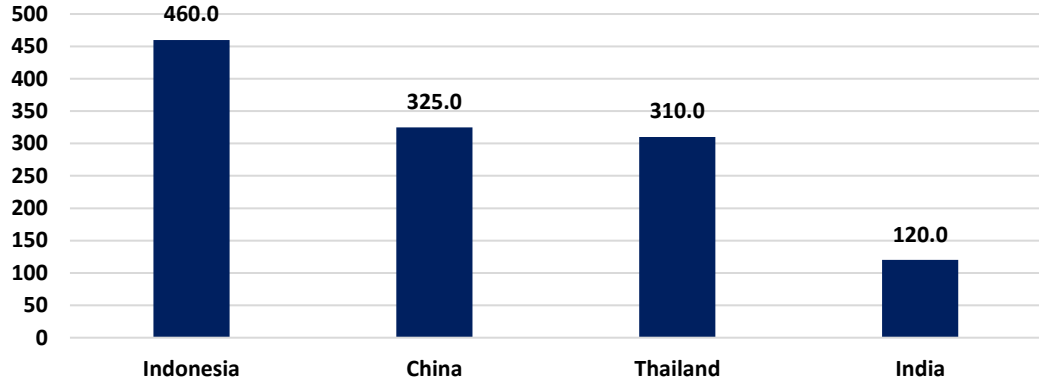
Two-wheelers and four-wheelers penetration: Penetration of 2W and 4W in India is significantly low vs. other economies, offering huge headroom for growth in future.

Four- wheeler per 1,000 population



Source: SBI Mutual Fund

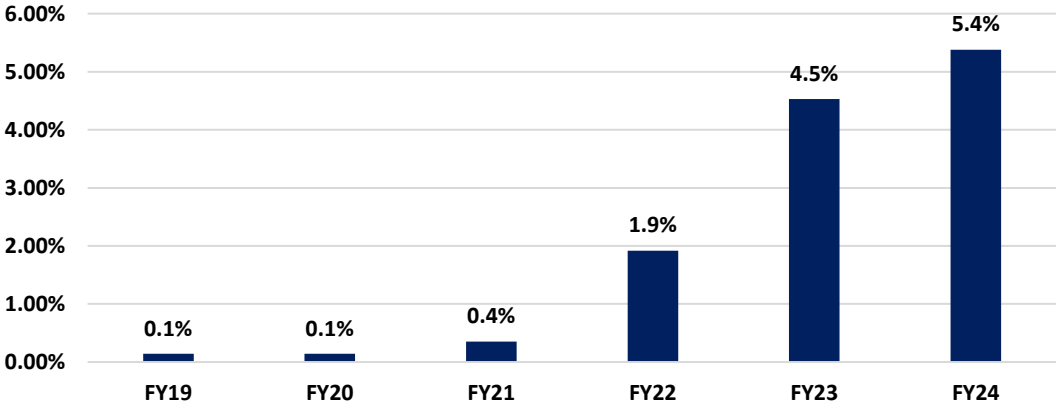
Two- wheeler per 1,000 population



Source: SBI Mutual Fund

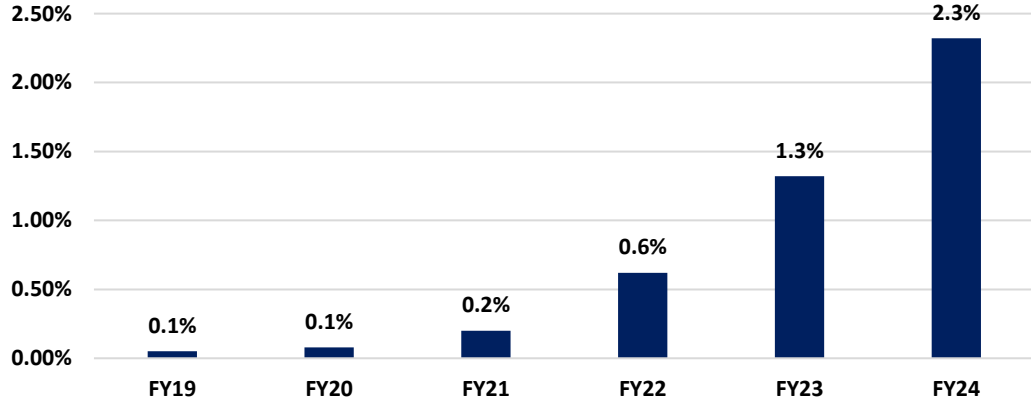
Electric Vehicles Penetration

E- Two-wheeler Penetration (% of units)



Source: SBI Mutual Fund

E- Passenger Penetration (% of units)



Source: SBI Mutual Fund

Realty Industry: Increased Tax Benefits for Multiple Self-Occupied Homes

Nifty Realty Index: The Index was fell by -12.4% m/m in the month of Jan'25.

Current Scenario

- Reuters poll indicated that home prices in India are expected to rise by +6.5% in 2025, driven primarily by demand from wealthy individuals.
- The residential segment has seen a significant surge in demand post COVID pandemic, saw +40% growth in investments to \$384.8 mn from \$274.6 mn in Q2 FY25.
- Industrial & warehousing segment witnessed fall of -72.0% in fund inflow to \$95 mn from \$340 mn. Investments in mixed use projects almost doubled to \$52.4 mn from \$27 mn in 2025.

City-specific Insights:

- **Bengaluru:** Strong demand for industrial and warehousing space driven by sectors like 3PL (Third Party Logistics), retail, and manufacturing.
- **Mumbai:** Notable dip in quarterly residential launches, but improved connectivity is expected to boost capital values.
- **Indian Retail Sector:** Rise of omnichannel strategies as brands harmonize digital/physical shopping experiences, leading to higher customer engagement/satisfaction.
- **Key Real Estate Trends:** Technology and Engineering & Manufacturing sectors were key drivers of office demand in H1 CY2024. Flex space leasing reached 2.6 million square feet across the top six cities in Q2 CY2024, the highest in any quarter.

Budget Proposals

- **Exemption for Multiple Self-Occupied Properties:** Taxpayers can now claim tax benefits for two self-occupied houses, a change from the previous rule that allowed relief for only one property. This measure reduces tax liabilities on deemed rental income and makes property ownership more attractive.
- **Higher TDS Threshold on Rent:** The annual threshold for Tax Deducted at Source (TDS) on rent has been raised from ₹2.4 lakh to ₹6 lakh. This adjustment reduces the tax burden on homeowners with lower rental income.
- **SWAMIH Fund 2.0:** Building on the success of the initial SWAMIH fund, the government has allocated ₹15,000 crore to the SWAMIH Fund 2.0. This initiative aims to complete an additional 1 lakh stalled housing units, providing relief to homebuyers awaiting possession.

Indian Equity Market- Realty



Tailwinds for industry:

- Rising Urbanization
- Rising per capita income
- Benefit from the continued premiumization and formalization of the sector
- Introduction of the RERA act leads to separate escrow accounts that need to be maintained for each project where a minimum of 70% of the money from buyers will have to be deposited and proceeds can only be used for construction of the project and cost-borne towards the land, potential refunds with interest and Buyers' redressal mechanism including compensation in case of builders delaying possession.

Headwinds for industry:

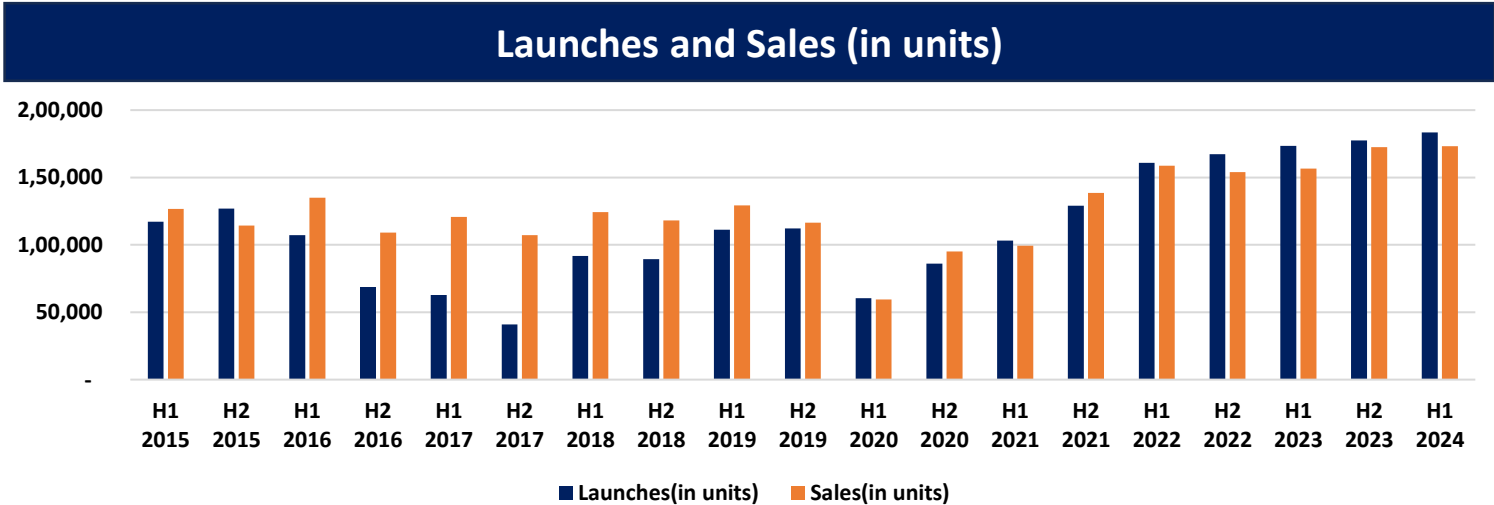
- The Real Estate sector is cyclical in nature.
- Rising inflation is driving up the cost of both construction materials and labor., putting pressure on developers' margins and making housing less affordable for buyers.
- The removal of the indexation benefit has led to higher capital gains tax on real estate investments, reducing investor returns and confidence. This policy change may slow down the property market, impact liquidity, and shift investments to other asset classes. Developers could face challenges in sales and may need to offer additional incentives to attract buyers. Overall, the change introduces uncertainty and potential negative effects on the real estate sector's growth and stability.

A) Residential Property

Three main indicators for residential property:

- New launches & Sales
- Inventory levels
- Price change

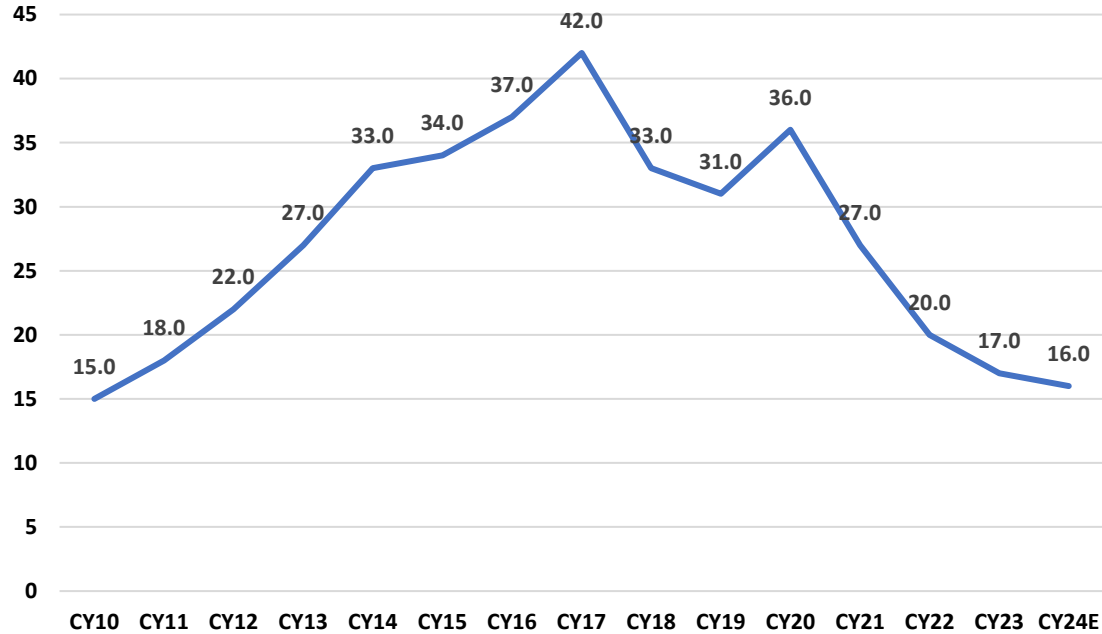
All three main indicators suggest that the realty sector made its bottom in 2017.



Source: Knight Frank, Moneyvesta Capital

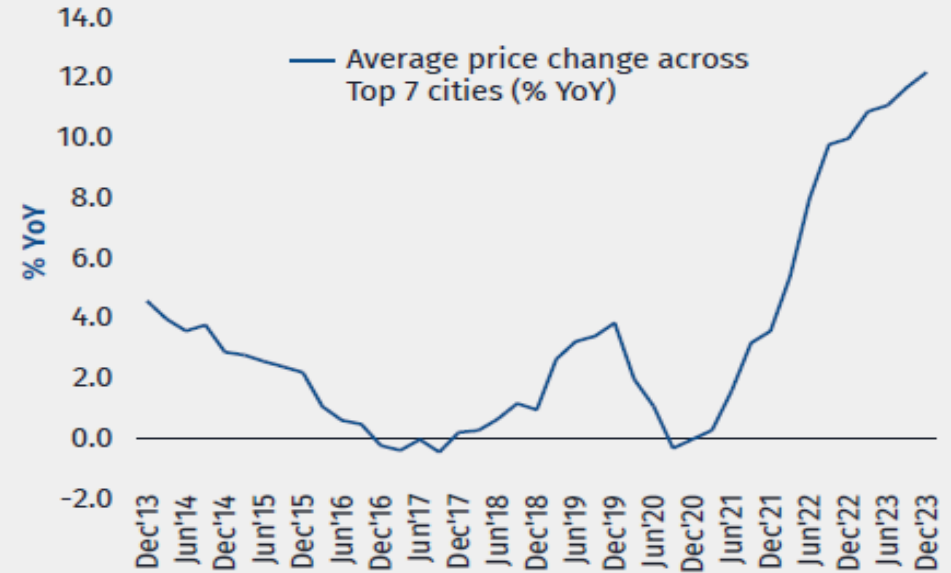
Indian Equity Market- Realty

Residential Inventory in Top-7 Cities



Source: HDFC Mutual Fund, Moneyvesta Capital

House Prices Recovery



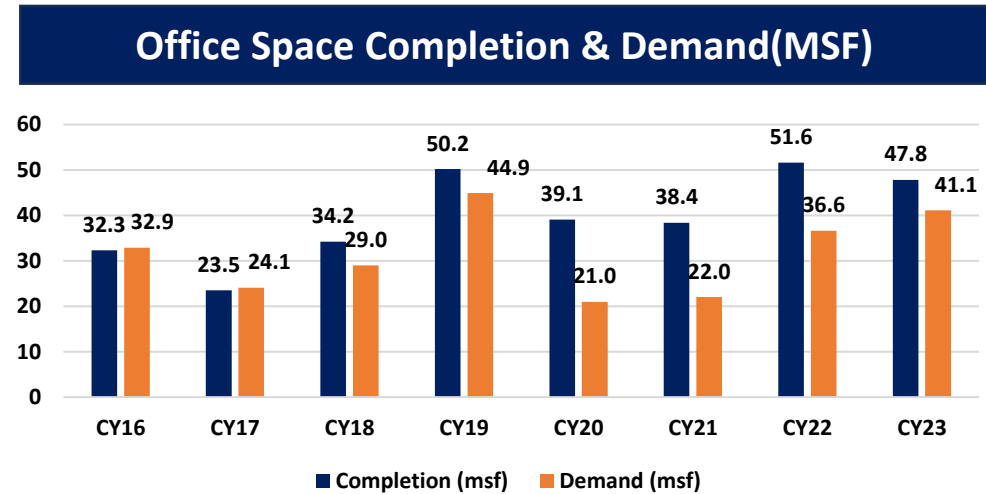
Source: HDFC Mutual Fund

- **Inventory levels declining:** Since 2016, there has been a notable decline in inventory levels, indicating faster sales and reduced unsold stock. This decline is consistent across all regions, reflecting a healthier demand-supply balance in the market.
- **House prices recovering:** house prices have been recovering significantly since 2021. This sharp increase suggests a resurgence in the real estate market, likely driven by various factors such as economic recovery, increased demand, and possibly supportive government policies.

Indian Equity Market- Realty

B) Office Space

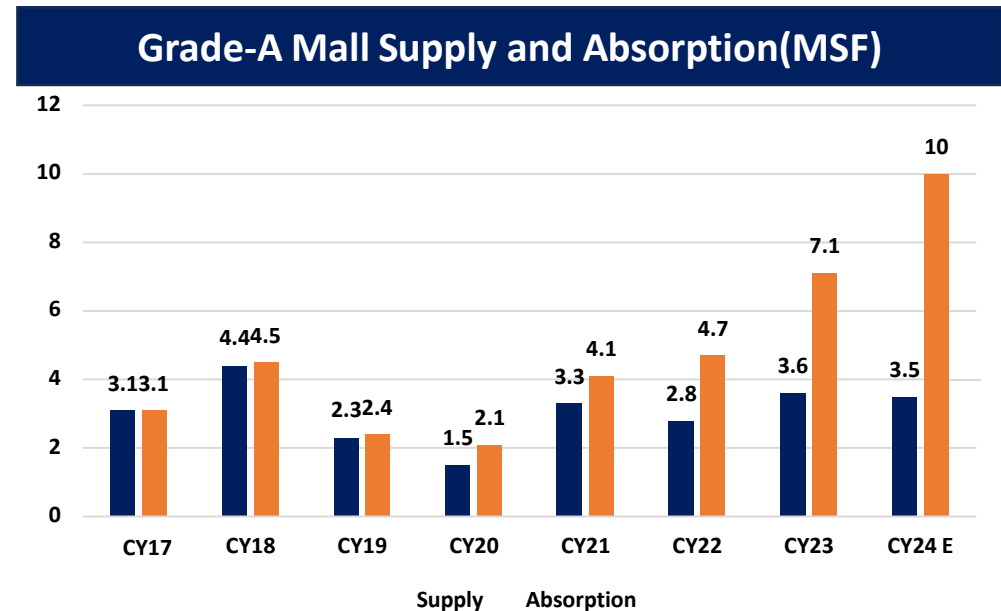
- After a decline in absorption during the peak of the COVID-19 pandemic (CY20) due to the work-from-home policy of offices, there has been a significant recovery.
- By CY23, both supply and demand have rebounded, with demand almost matching supply.



Source: HDFC Mutual Fund, IIFL, Moneyvesta Capital

C) Retail Space

- Demand (absorption) has consistently been outpacing supply in recent years, particularly notable in CY22 and CY23, where demand nearly doubled supply.
- The forecast for CY24 further accentuates this trend, with demand projected to be nearly three times the supply. This indicates a robust consumer market and a strong preference for high-quality retail spaces, driving growth in this segment.



Source: HDFC Mutual Fund, IIFL, Moneyvesta Capital

Infrastructure Industry : Government Revises FY25 Capital Expenditure Estimate from ₹11.1 Lakh Crore to ₹10.2 Lakh Crore

The government have maintained a strong fiscal support for infrastructure over the next five years, while balancing other priorities and fiscal consolidation. The government has revised the estimate of the capital expenditure from 11.1 lakh crore to 10.2 lakh crore for FY25.

The capital expenditure for the union budget for FY26 is 11.2 lakh crore, reflecting a 10% increase from the revised estimate of FY25.

Current Scenario

- Nifty Infra index was down by -1.4% m/m in the month of January.
- India's infrastructure output, opens new tab growth slowed in December that is growing only 4% y-o-y as the rise in cement output eased.
- Seven out of eight sectors that accounts for 40% of India's industrial production, recorded an improvement over Dec'2023 levels.

Budget Proposal

- Each infrastructure-related ministry will come up with a 3-year pipeline of projects that can be implemented in PPP mode. States will also be encouraged to do so and can seek support from the IIPDF (India Infrastructure Project Development Fund) scheme to prepare PPP proposals.
- The second phase of asset monetization aims to raise Rs 10 lakh crore over 2025-2030. An outlay of Rs 1.5 lakh crore is proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms.
- The Indian Railways, which moves 8.5 billion passengers annually, has been allocated Rs 2,53,424 crore, up from last year's Rs 2,44,110 crore.
- The highways allocation of Rs 2,78,192 crore is a 7.4% rise y/y.
- The maritime sector received Rs 25,000 crore as Maritime Development Fund for port revamp. The Sagarmala Programme got Rs 3,372 crore to expand ports or develop waterways.
- The civil aviation sector got Rs 2,400 crore, with UDAN (Ude Desh ka Aam Naagrik) 4.0 programme to improve regional flights. Airport development in small cities needs private capital. A new version of UDAN aims to link 120 destinations, potentially serving 40 million fliers over the next decade.
- Budget 2025 seeks to interconnect multiple ways of travel, boost clean infrastructure and rural growth.
- The private sector is expected deliver about 25 per cent of the total funding through the PPP model. Transportation projects, such as highways, ports or urban networks, need substantial private investment to succeed. These joint efforts will shape how fast new facilities emerge.

Power Sector: Budget Proposal

- The net allocation under the Budget for the Ministry of Power is INR 21,847 crore whereas the allocation for the Ministry of New and Renewable Energy is INR 26,549 crore.
- The Union Government has proposed an additional borrowing equivalent to 0.5% of the gross state domestic product for states, which augment the intra-state transmission capacity and undertake electricity distribution reforms.
- In order to promote the energy transition efforts, the Union Government has set the aim of developing at least 100 GW of nuclear capacity by 2047 and has promised amendments to Atomic Energy Act and the Civil Liability for Nuclear Damage Act. The amendments will be aimed at promoting active partnership with private sector for achieving the nuclear energy targets. To facilitate the nuclear targets, the Union Government has also proposed establishing a Nuclear Energy Mission for research & development of Small Modular Reactors (“SMR”). The proposed target is to have at least 5 indigenously developed SMRs, operational by 2033.
- In order to boost the domestic manufacturing of lithium-ion batteries for electric vehicles, the Budget proposes 35 additional capital goods to the list of exempted capital goods. Further, taking forward the basic custom duty waiver announced in the budget for 2024-2025, the waiver has been expanded to of lithium-ion battery, Lead, Zinc and 12 more critical minerals.

Outlook

- The PM Gati Shakti National Master Plan (NMP), launched in 2021, is designed to bring together various Ministries, including Railways and Roadways, to ensure integrated planning and coordinated execution of infrastructure projects. The initiative aims to provide seamless and efficient connectivity for the movement of people, goods, and services across various modes of transport, thereby enhancing last-mile connectivity and reducing travel time. This project has onboarded 44 Central Ministries and 36 States/UTs and a total of 1,614 data layers have also been integrated, by October 2024. A milestone of assessing 208 big-ticket infrastructure projects worth Rs. 15 lakh crores, of various Ministries adhering to PM Gati Shakti principles has been achieved.
- India’s goal is to achieve 450 GW renewable energy goal by 2030. The Government has decided to invite bids for 50 GW of renewable energy capacity annually for the next five years i.e., from FY 2023-24 till FY 2027-28.

Budget 2025-26: Major Customs Duty Relief on Life-Saving Drugs to Boost Accessibility

Current Scenario

- According to a Pharmarack report, the Indian pharmaceutical market (IPM) is expected to grow to ₹2.38 lakh crore in 2025. This would be an 8.2% increase from 2024.
- The ophthalmological segment is expected to grow the fastest at 10.3%.
- The 2024 Access to Medicine Index highlighted a slowdown in voluntary licensing and technology transfers within India's pharmaceutical sector.

Budget Proposals

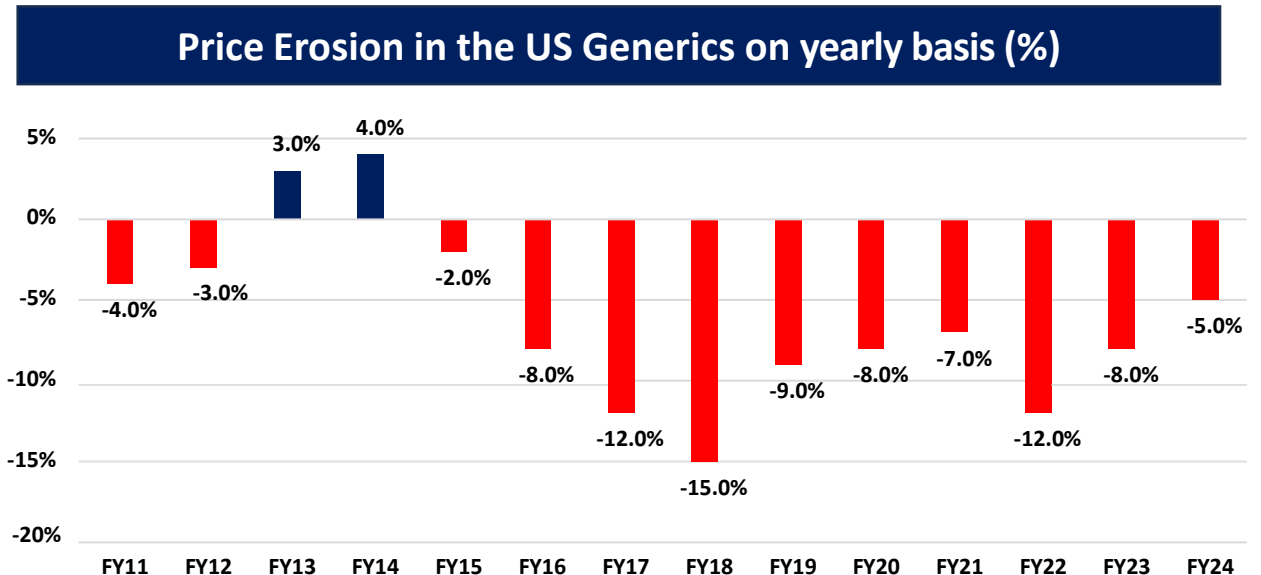
- **Life-Saving Drugs:** The government has fully exempted 36 life-saving drugs and medicines from Basic Customs Duty (BCD) and applied a concessional 5% duty rate to an additional six essential medicines.
- **Patient Assistance Programmes (PAPs):** The BCD exemption has been extended to 37 more medicines under PAPs, along with the introduction of 13 new PAPs.

Price Erosion in the U.S. Generics

Price erosion in the U.S. generics market is a significant challenge for Indian pharmaceutical companies.

Simple Generics continue to face high single-digit to double-digit price erosion, driven by increased competition, customer consolidation, and regulatory measures by the U.S. government to lower drug prices.

Outlook for complex generics, such as injectables and inhalers, is slightly more favorable, with some price recovery due to factors like drug shortages and manufacturing challenges.



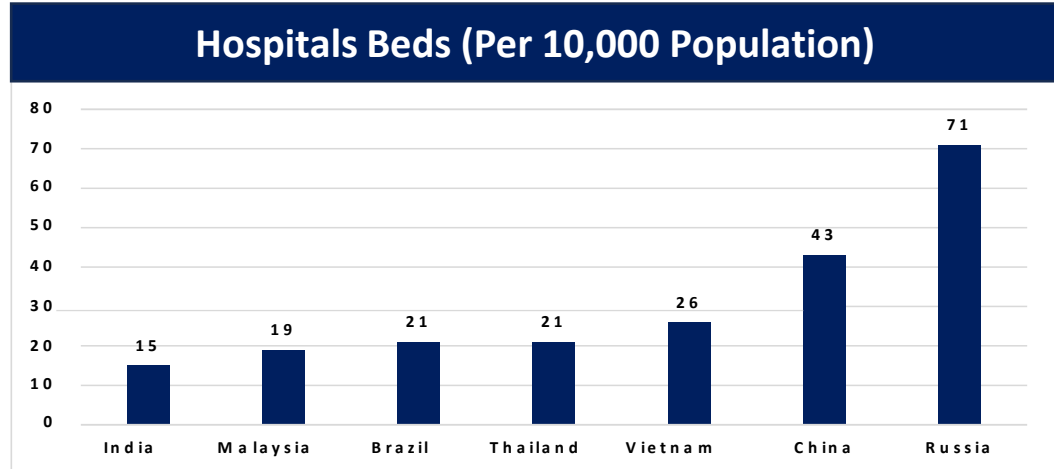
Source: Jefferies, Moneyvesta Capital

Boosting Cancer Care Accessibility: 200 New Daycare Centers Planned

Nifty Healthcare Index: The index was down by -7.8% m/m in the month of Jan'25.

A) Hospitals

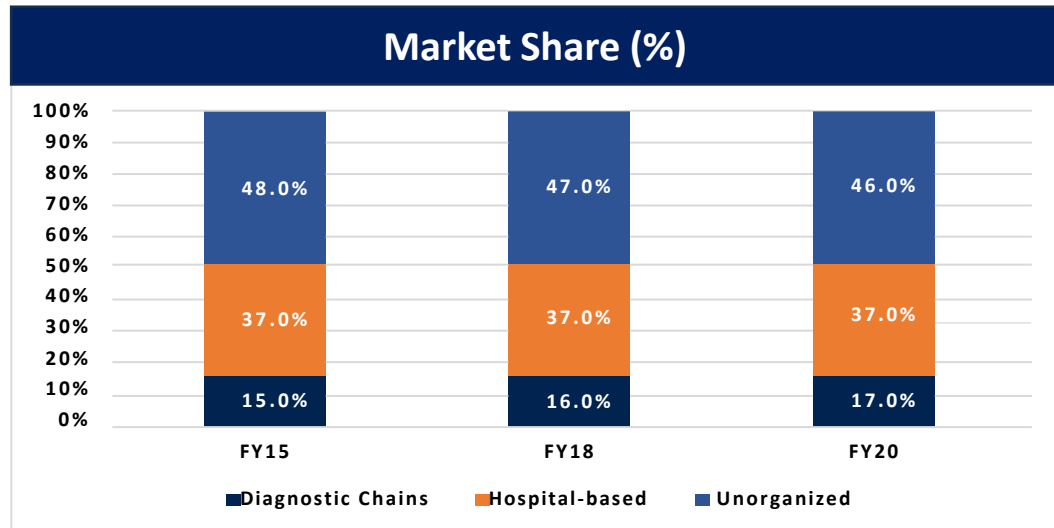
- India's hospital beds per 10,000 of the population are the lowest compared to other emerging markets, with significant under penetration.
- The hospitals segment is growing at 10.0-12.0% CAGR and has a Total Addressable Market (TAM) of ₹5.6tn as of FY23
- The hospital market in India is expected to grow at 10.0-12.0% CAGR.



Source: HDFC Mutual Fund, Moneyvesta Capital

B) Diagnostic:

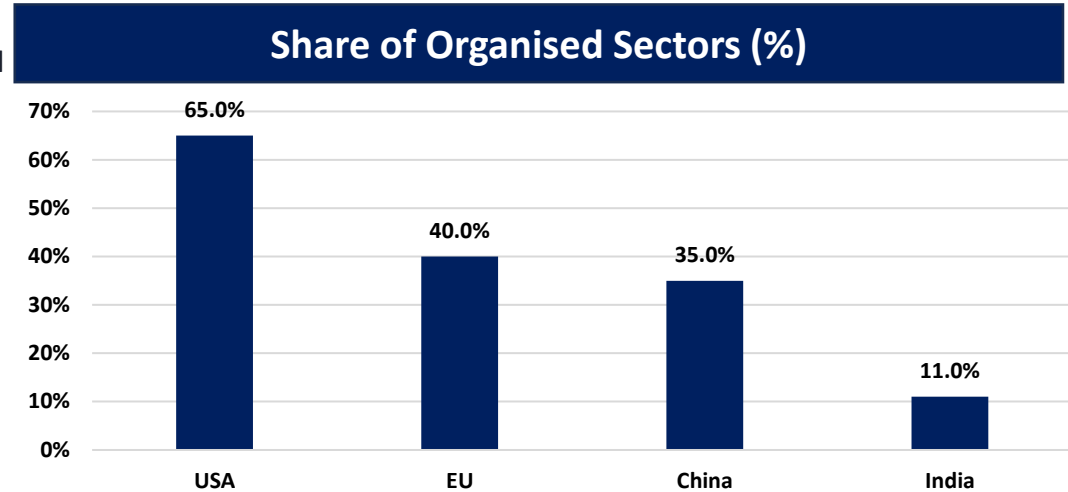
- Organized diagnostic chains are steadily gaining market share. Most organized diagnostic chains operate on hub and spoke business model, which brings economies of scale benefits.
- Diagnostic players are entering into outsourcing contracts with hospitals, whereby they would handle the entire diagnostic operations for them
- Around 150-200K labs in the country, the diagnostics industry in India is highly fragmented.



Source: HDFC Mutual Fund, Moneyvesta Capital

C) Retail Pharmacy

- The Indian Pharma sector has one of the lowest penetration of organized retail across all sectors.
- Unorganized small players still dominate the market with ~90.0% share. Organized players command 40.0%-60.0% market share in other countries like China, USA, EU.
- Moving from fragmented structure to consolidated structure.



Source: HDFC Mutual Fund, Moneyvesta Capital

D) Budget Proposals

- **Day Care Cancer Centres:** The government plans to establish Day Care Cancer Centres in all district hospitals over the next three years, with 200 centers targeted for the financial year 2025-26.
- **Private Sector driven R&D:** An allocation of ₹20,000 crore has been made to boost private sector-driven research, development, and innovation.
- **Additional Medical Seats:** The budget proposes adding 10,000 additional seats in medical colleges and hospitals in the coming year, contributing to a long-term goal of adding 75,000 seats over the next five years. This initiative aims to address the shortage of medical professionals and strengthen the healthcare workforce.

Indian Equity Market- Technology

Technology: 20,000 Cr R&D Push to Boost Semiconductors & Tech in Union Budget FY26

Nifty IT Index: IT index fell by, -1.6% m/m in the month of Jan'25 due to weak corporate earnings and no rate cut by the Fed.

Current Scenario

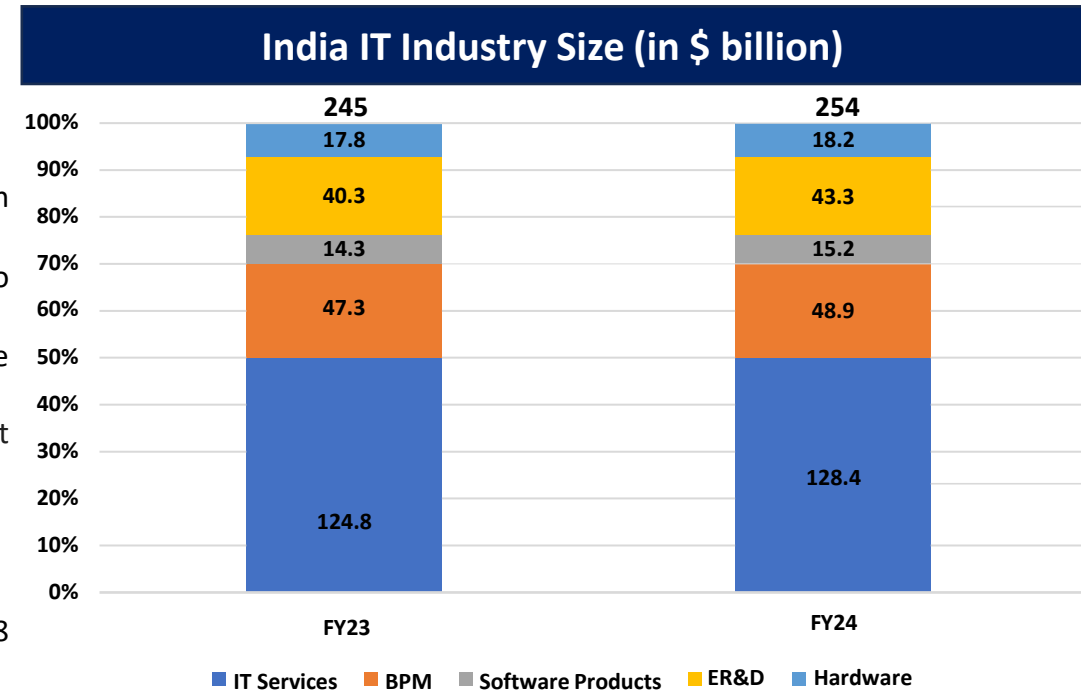
- In Q3 FY25, Indian top 5 IT companies shown the revenue growth of 4.7% y-o-y, with a profit growth of 8.3% y-o-y.
- Stronger U.S. dollar increases revenue and profitability for Indian IT firms due to higher forex gains.
- Trump proposal of corporate tax cuts and increase US discretionary spending have showed some hope of optimism on Indian IT sector.
- India's tech landscape raised \$11.3 billion from investors in 2024, marking a modest 6.0% increase from \$10.7 billion raised in the previous year.

Budget Allocation:

- IT and telecom sector gets 1.9%, which is ₹0.95 lakh crore, much less than the ₹1.18 lakh crore allotted in the previous budget.
- Rs. 20,000 crore push for private sector-led R&D will fast track advancements in semiconductors and emerging tech, making India a key player in global supply chain.

Outlook:

- Worldwide IT spending is expected to total \$5.61 trillion in CY2025, an increase of 9.8% from CY2024, according to the latest forecast by Gartner, Inc.
- Segments including data center systems, devices and software will see double-digit growth in CY2025, largely due to generative AI (GenAI) hardware upgrades.
- Job opportunities in the IT sector are anticipated to grow by 15-20% across various industries.
- Artificial Intelligence (AI) and Machine Learning (ML) are driving innovation, with 75% of Indian enterprises expected to integrate AI into their processes by 2025.
- The rollout of 5G networks is enhancing connectivity and facilitating IoT adoption, with India's 5G market projected to contribute \$17 billion to the economy by 2025.



Source: Moneyvesta Capital, NASSCOM

Indian Equity Market- Oil and Gas

Oil and Gas: Govt Allocates ₹12,100 Cr LPG Subsidy to OMCs

Current Scenario

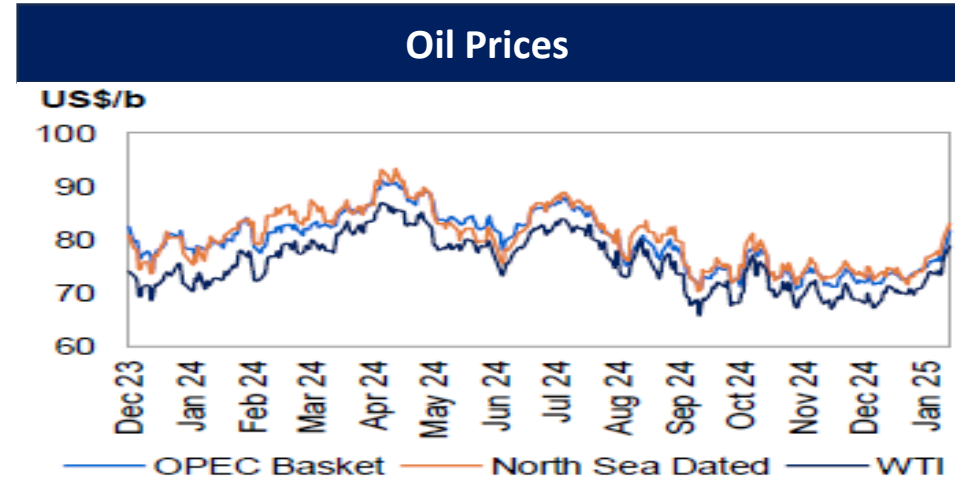
- In January 2025, OPEC's oil output declined for the second consecutive month, decreasing by 50,000 bpd to 26.53 million bpd.
- Crude oil prices on the New York Mercantile Exchange closed at \$71.7 per barrel on December 31, 2024, up +5.5% from \$68.0 per barrel on November 29, 2024.
- Total crude oil processed was 23.9 (MMT) in Dec'24, +5.2% y/y.
- The production of petroleum products rose to 25.3 MMT in December 2024, up 2.9% y/y.

Budget Allocation

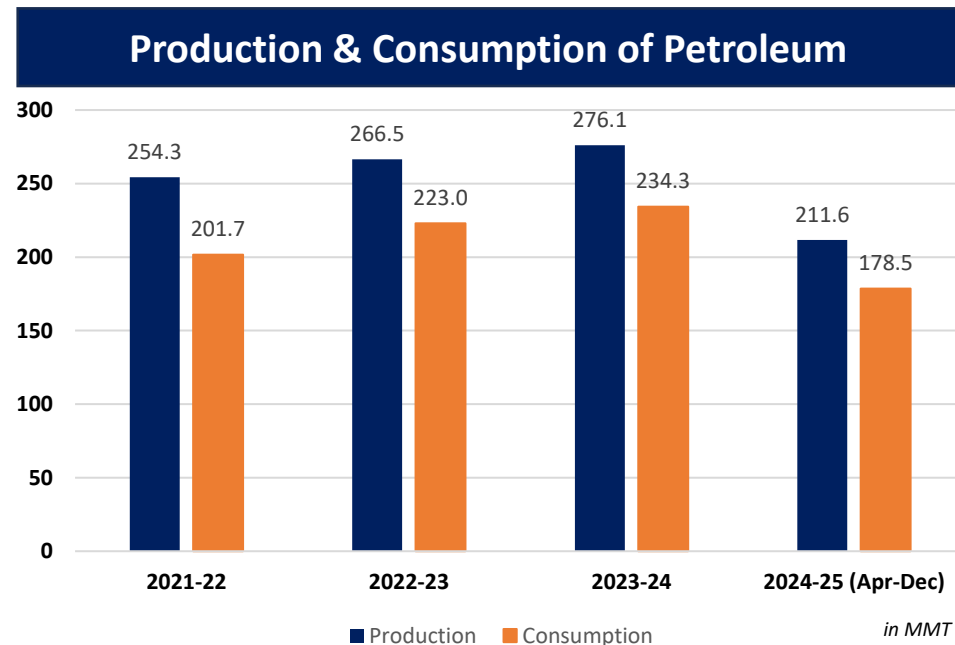
- The Union Budget 2025 allocated Rs 19,326 crore to the ministry of petroleum and natural gas, an increase of 11.3% from the allocation of last year at Rs 17,367 crore.
- The government granted Rs 12,100 crore to the oil marketing companies (OMCs) for liquified petroleum gas (LPG) subsidy in the Budget.
- For strategic oil reserves, the government issued fund of Rs 5,876 crore for fiscal 2025-26, a sharp jump from Rs 130 crore (RE) granted last year.

Outlook

- World oil demand growth is set to accelerate from 840 kb/d in 2024 to 1.1 mb/d next year, lifting consumption to 103.9 mb/d in 2025. Increases in both years will be dominated by petrochemical feedstocks, while demand for transport fuels will continue to be constrained by behavioral and technological progress.



Source: Argus, OPEC and Platts



Source: Moneyvesta Capital, Ministry of Petroleum and Natural Gas, India

FMCG Industry: Government Boosts Short-Term Loans for Farmers & Fishermen in Union Budget 2025

Current Scenario

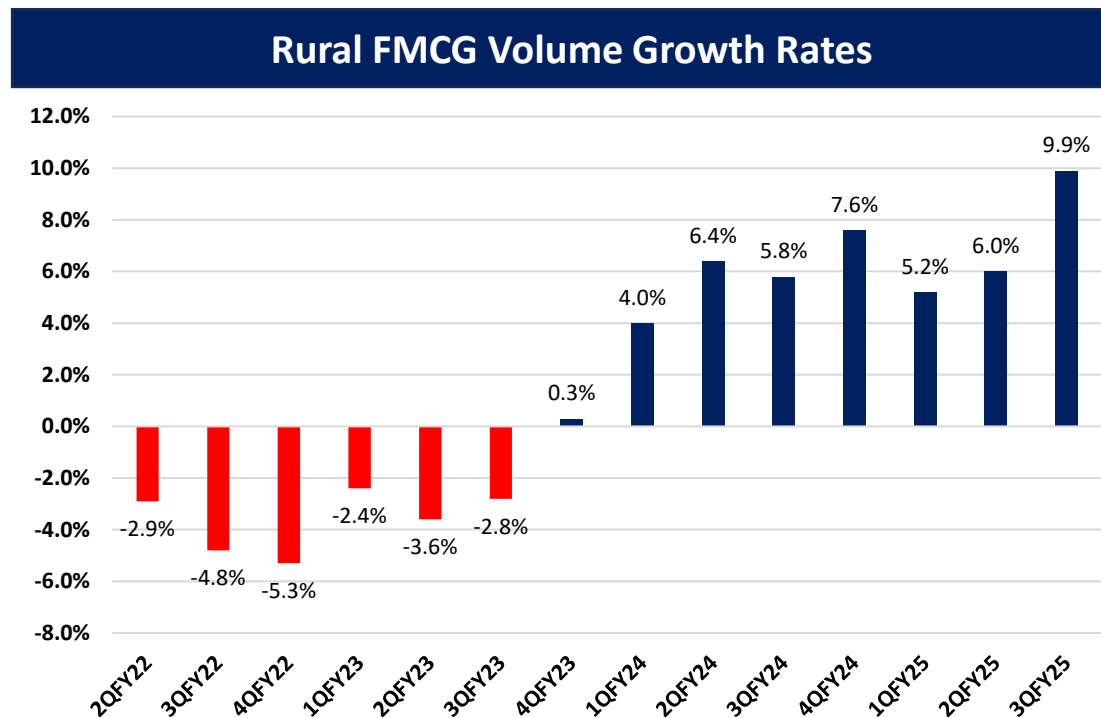
- Nifty FMCG index fell by -0.2 m/m in the month of Jan'25, as volume growth remained subdued.
- In Q3 FY25, FMCG companies reported mixed earnings, some companies showed drop in profit and some showed improvement in margins.
- During the December-January period, rural demand is generally outpacing urban demand, with a noticeable recovery in rural consumption while urban demand remains weak due to factors like inflation and low wage growth.
- Quick commerce and food delivery platforms, notably Blinkit and Swiggy Instamart, saw record orders on New Year's Eve, surpassing previous peaks during festive seasons. Bengaluru led in order volumes, with platforms like Curefoods and Rebel Foods experiencing significant growth

Budget Proposal:

- The Government of India has significantly increased budget allocations, to Rs. 1.4 lakh crore to the Ministry of Agriculture and Farmer's welfare.
- Launch a 6-year Mission with special focus on Tur, Urad and Masoor.
- Facilitate short term loans for 7.7 crore farmers, fishermen, and dairy farmers with enhanced loan of ₹5 lakh.
- Prime Minister Dhan-Dhaanya Krishi Yojana--a scheme that is likely to benefit 1.7 crore farmers in 100 districts with low crop production.

Outlook

- The growth in urban demand will be a challenge for FY26 as companies are backing premiumization to gain growth from bigger cities.
- India's quick commerce market will grow to \$6.0 billion by CY2025, a significant increase from its negligible level just three years ago.
- With growing demand of 10-minutes delivery, major players coming with Amazon taking the front seat to launch its quick commerce in India.



Source: NielsenIQ, Moneyvesta Capital

Consumer Durables: The sector to Benefit as Tax Relief will boost Disposable Income

Current Scenario

- Nifty Consumer Durables fell by -10.1% m/m in the month of Jan'25, being the second-worst performing index in the month of Jan'25.
- The consumer durables sector has witnessed a strong volume growth in recent months, driven by festive season demand, premiumization trends, and easy financing options.
- In the cables and wires segment, Q3 FY25 witnessed significant growth, with major companies like Polycab and KEI Industries reporting approximately 20% revenue growth and providing optimistic guidance of 17-20% for the future.

Budget Impact:

- The government's decision to forgo ₹1 lakh crore in personal income tax could boost demand for consumer durables, making high-end electronics more accessible to Indian consumers.
- With zero income tax liability for individuals earning up to ₹12 lakh per annum, disposable income levels are set to rise, driving consumer spending in durable products.

Outlook

- The consumer durable and electronics industry is poised for remarkable growth in CY2025, driven by adoption of premium, value added, feature-led products and will be fueled by policies like the Production-Linked Incentive (PLI) scheme on the supply side.
- The cables and wires segment is poised to grow at 2 times GDP growth in FY24-FY30 due to increased capacities, robust household demand bolstered by capital expenditure in transmission and distribution.
- Personal Care Appliances (Dryers, Trimmers and Straighteners) Market in India to increase to \$1.4 Bn by FY26 from \$435.0 Mn in FY21 at a CAGR of 21%.
- With the demand recovery in rural areas, companies are increasing their distribution with Havells introducing a Rural Vistaar project to expand its reach in rural markets, while Crompton is working on growing its rural reach in FY25.

Indian Equity Market- Banks

RBI Announces Major Liquidity Measures: Rs 60,000 Crore Government Bond Buy-back; Rs 50,000 Crore Repo Auction, and \$5 Billion Dollar-Rupee Swap

Current Scenario

RBI announced measures to inject over Rs 1.5 lakh crore into money markets, marking the largest monetary easing since the pandemic.

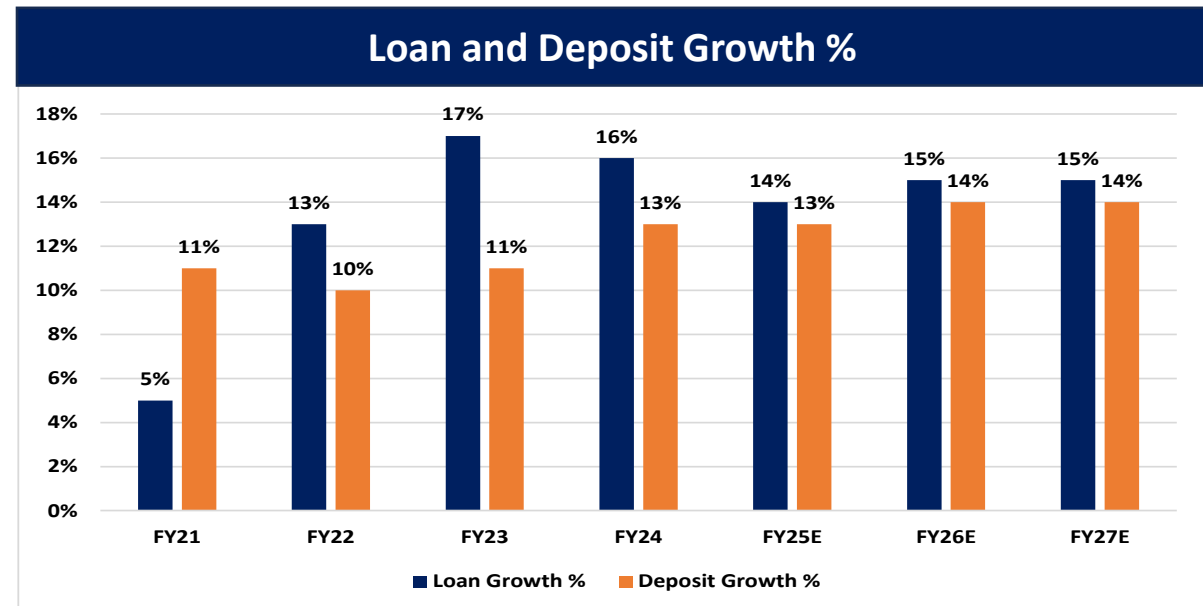
- **Government Bond Buy-back:** RBI will repurchase government bonds worth Rs 60,000 crore in three phases: Jan 30, Feb 13, Feb 20'2025. This is likely part of efforts to manage liquidity or ease the yield curve in the bond market.
- **Variable Rate Repo Auction:** On Feb 7, 2025, the RBI will conduct a long-term 56-day variable rate repo auction worth Rs 50,000 crore. This will offer liquidity to the banking system while the variable rate could help align the auction outcome with market rates.
- **US Dollar-Rupee Buy/Sell Swap:** The RBI will also carry out a US dollar-rupee buy/sell swap auction of \$5 billion with a tenure of six months. This is aimed at managing the foreign exchange market and liquidity.

Loan Growth and Deposit Growth

Over the next three years, Indian banks are expected to continue reaping the benefits of a buoyant economic environment, driven by an uptick in capital expenditure (capex) and rising demand for consumption credit.

While credit growth has been strong, it is projected to moderate to around 15.0%, as banks are likely to adhere to the Reserve Bank of India's (RBI) guidance, aligning credit expansion more closely with the pace of deposit growth.

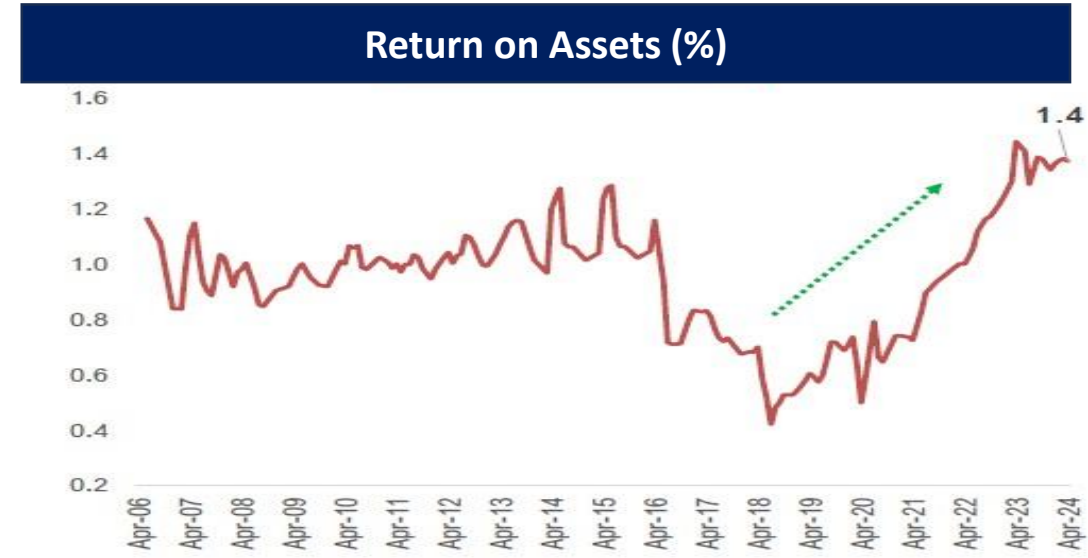
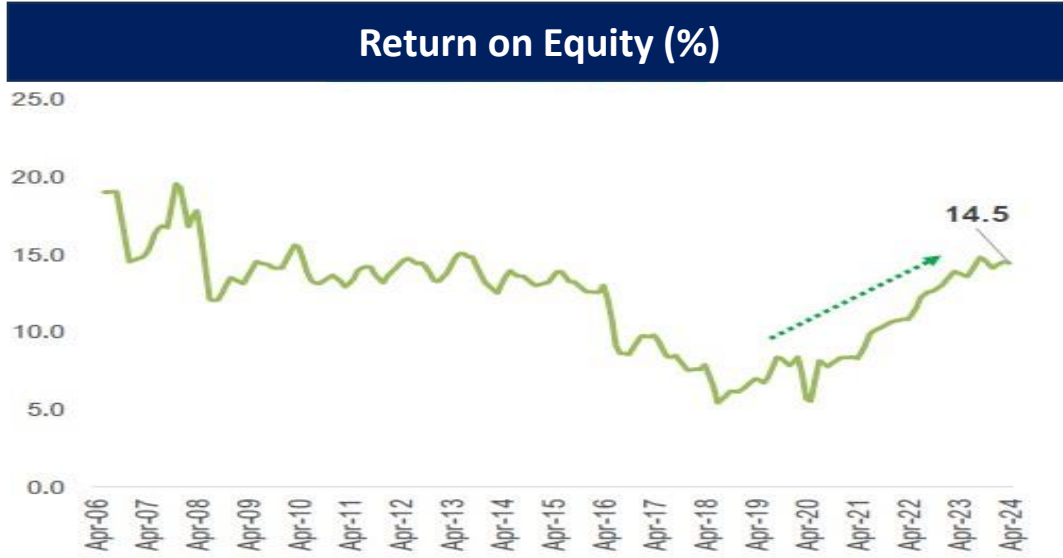
Additionally, improvements in asset quality, stable interest margins, and a robust focus on digital banking initiatives are likely to further strengthen the sector's performance during this period.



Source: Moneyvesta Capital

Indian Equity Market- Banks

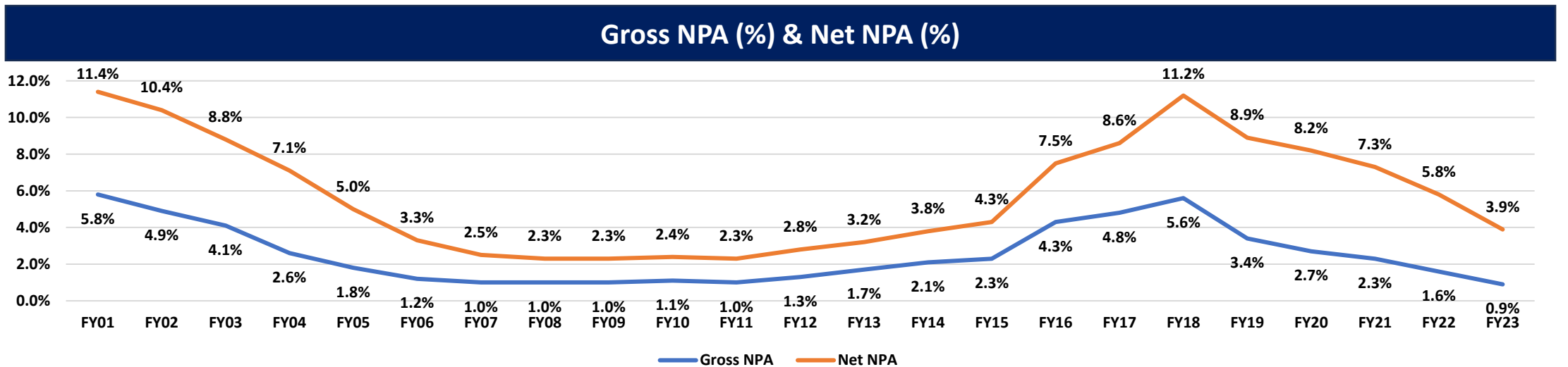
Banks: ROE% & ROA%



Source: DSP Mutual Fund

Source: DSP Mutual Fund

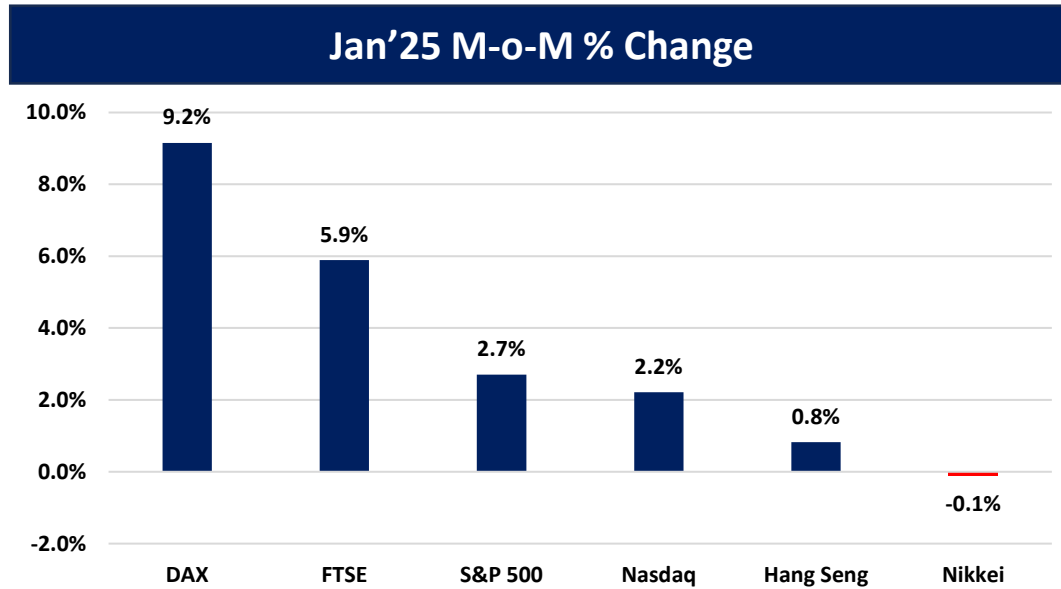
Gross NPA (%) & Net NPA (%)



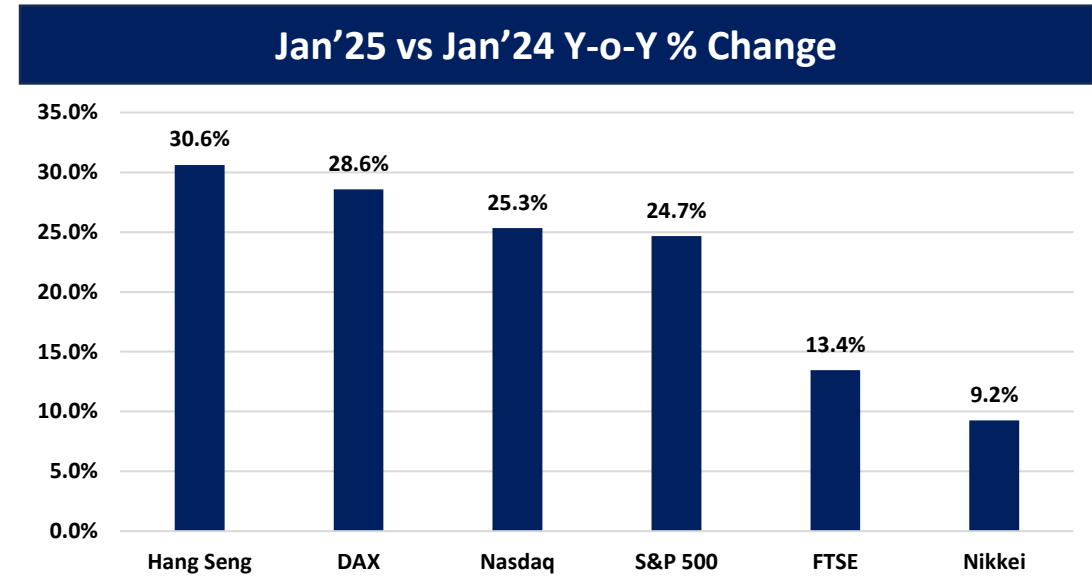
Source: Moneyvesta Capital

Global Equity Market

DAX Surges 9.2% in January 2025 on Rate Cut Hopes and Strong Corporate Earnings



Source: Moneyvesta Capital



Source: Moneyvesta Capital

Equities:

- The U.S. stock market demonstrated resilience, with the S&P 500 rising by 2.7% in January. This positive performance was achieved despite challenges such as escalating trade tensions and volatility in the technology sector. The announcement of new tariffs by President Donald Trump—25% on imports from Canada and Mexico, and 10% on Chinese goods—initially caused market jitters. However, strong corporate earnings and investor optimism about potential deregulation under the new administration contributed to the market's upward trajectory.
- Chinese markets faced headwinds due to renewed trade disputes with the U.S. The Trump administration's imposition of 10% tariffs on Chinese goods prompted concerns over economic growth.

Global Trend:

- The Bank of Japan (BoJ) raised its short-term policy rate from 0.25% to 0.5%, marking the highest level in 17 years. BOJ officials have indicated that further rate hikes will be considered if underlying inflation accelerates toward the 2% target.

Rupee hit new all-time lows during the month

Particulars	November-2024	December-2024	December Change m/m
10 Year Benchmark G-Sec Yield (%)	6.75%	6.76%	+1 bps
Repo Rate	6.50%	6.50%	-
USD/INR	84.49	85.62	Rupee depreciated 1.34%

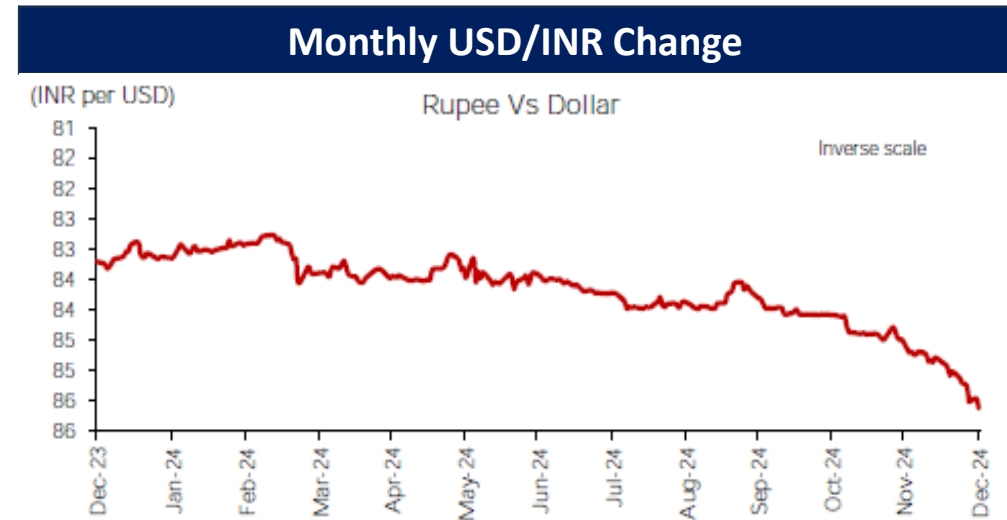
Source: HSBC Mutual Fund, Moneyvesta

1) Indian government bond yields fell below the 6.80% mark at the start of December. The yields consistently moved between 6.71% and 6.75% throughout the first half of the month before averaging just under 6.80% during the latter half. The yield eventually settled at 6.76% on December 31, slightly higher than 6.75% on November 29.

2) At the beginning of December, bond prices rose after India's GDP growth came in at 5.4%, the slowest in seven quarters, which spurred hopes of easing by the RBI. The appointment of the new governor at the central bank on December 9 gave further fillip to these expectations.

3) The Indian rupee declined a sharp -1.34% on-month against the US dollar in December, clocking its worst monthly performance in two years on account of a rising dollar index and US Treasury yields amid a hawkish stance of the US Federal Reserve and expectations of prospective policy changes by the US President-elect. Concerns over India's slowing economic growth and a widening trade deficit also added pressure on the local currency.

4) The local currency also hit new all-time lows during the month, dipping to as low as Rs 85.80 a dollar on December 27. It ended the month at Rs 85.62 to the dollar (vs Rs 84.49 on November 29).



Source: HSBC Mutual Fund

Commodity Market : Gold and Silver Drops in December

Precious Commodity	29 th November'24	31 st December'24	% Change m/m
Gold (INR/10 gms)	76,740	76,162	-0.34%
Silver Future-MCX (INR per kg)	91,209	87,233	-4.4%

Source: India Bullion and Jewellers Association

Gold: Gold prices closed at Rs 76,162 per 10 gram on December 31, down -0.34% from Rs 76,740 per 10 gram on November 29, according to the India Bullion and Jewellers Association Ltd.

Prices of the yellow metal began the month on a higher note on strong demand in the domestic market and amid geopolitical uncertainty. However, the gains were short lived, as the US dollar index strengthened after the US Fed projected a slower pace of rate cuts in 2025.

Commodity	31 st December, 2024 Price USD	CY2023 % YoY	CY2024 % YoY
Steel (per tonne)	490	-3.4%	-13.3%
Aluminium (per tonne)	2,527	-0.2%	7.7%
Copper (per tonne)	8,706	1.1%	2.7%
Zinc (per tonne)	2,974	-12.7%	12.6%
Lead (per tonne)	1,922	-13.0%	-5.4%

Source: Industrial Commodities: HDFC Mutual Fund

Crude oil: Crude oil prices on the New York Mercantile Exchange closed at \$71.7 per barrel on December 31, 2024, up +5.5% from \$68.0 per barrel on November 29, 2024, due to supply concerns amid heightened geopolitical tensions and expectations of OPEC+ extending supply cuts.

Industrial commodity: Aluminum shows a strong recovery in CY2024 (+7.7%) after a slight decline in CY2023 (-0.2%), due to increased supply constraints. Copper displays consistent growth over the two years, with a moderate YoY increase, reflecting stable industrial consumption.

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