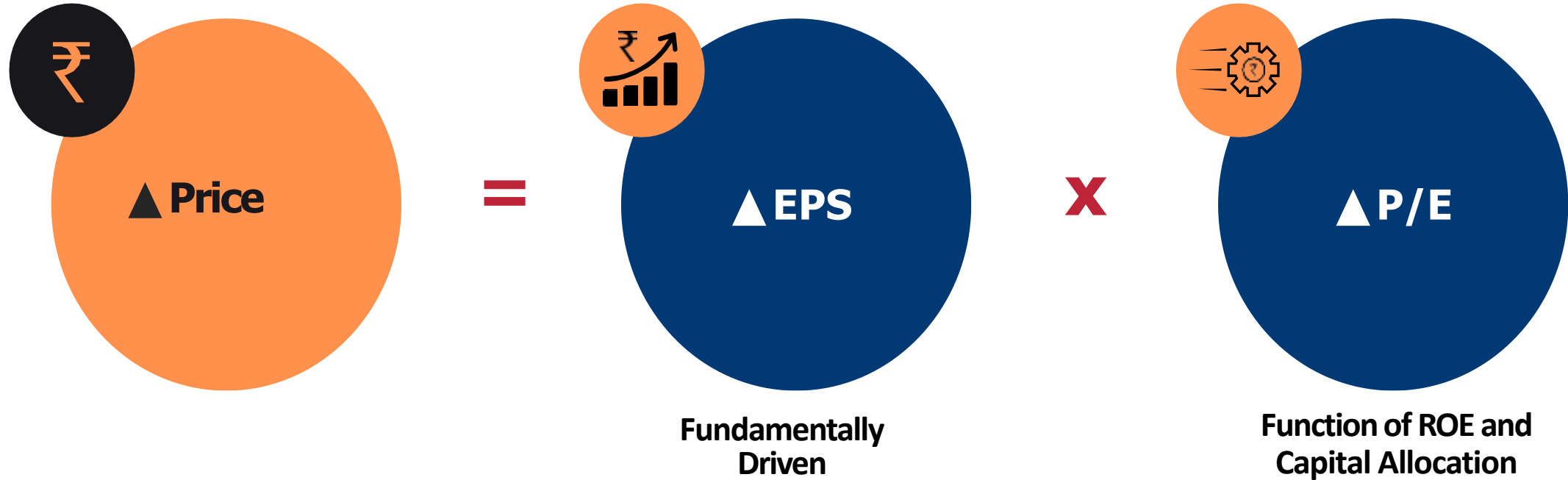


November 2024 Newsletter



Presented By:
Moneyvesta Capital

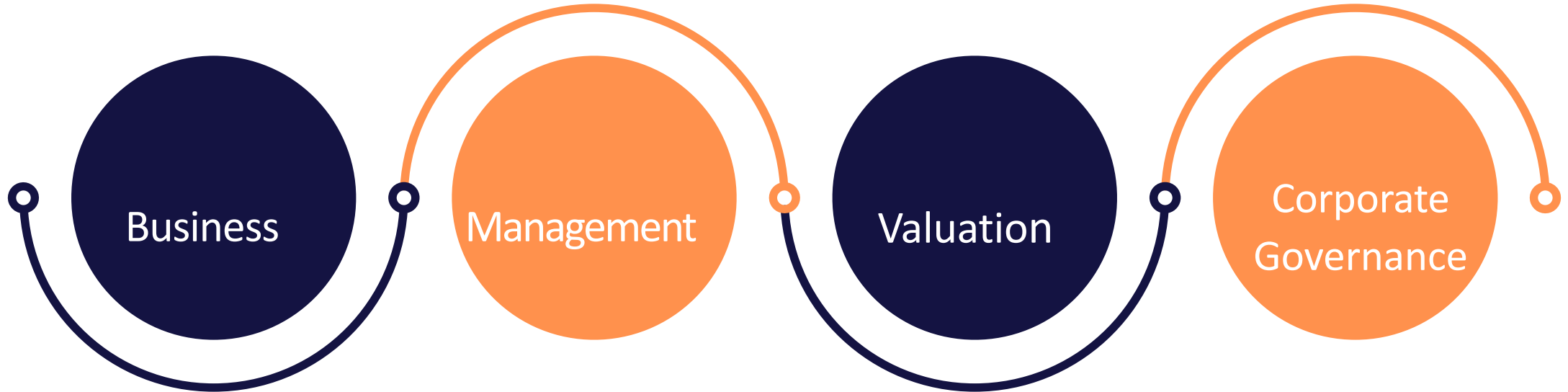
Drivers of Stock Price



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.

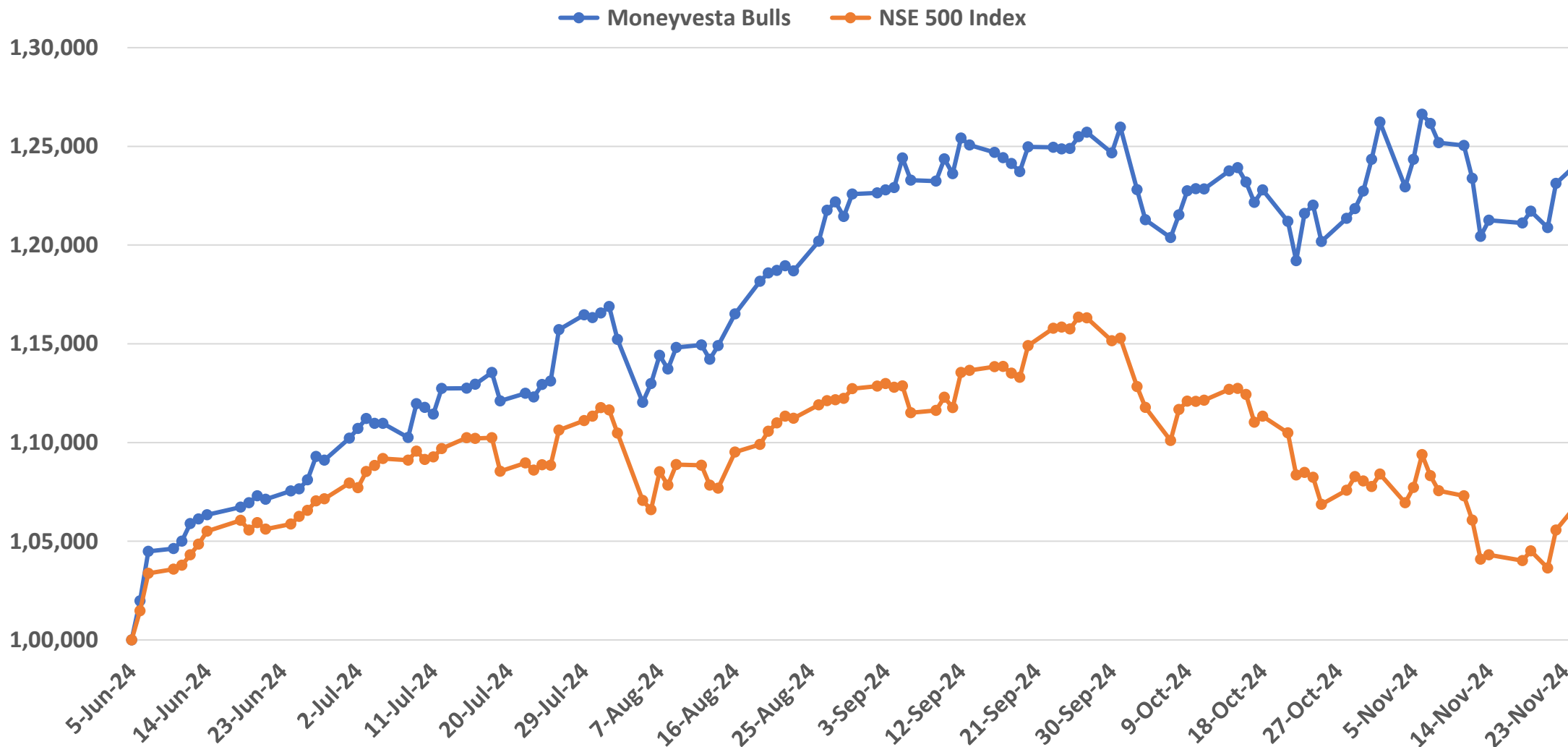
Moneyvesta Bulls

Returns

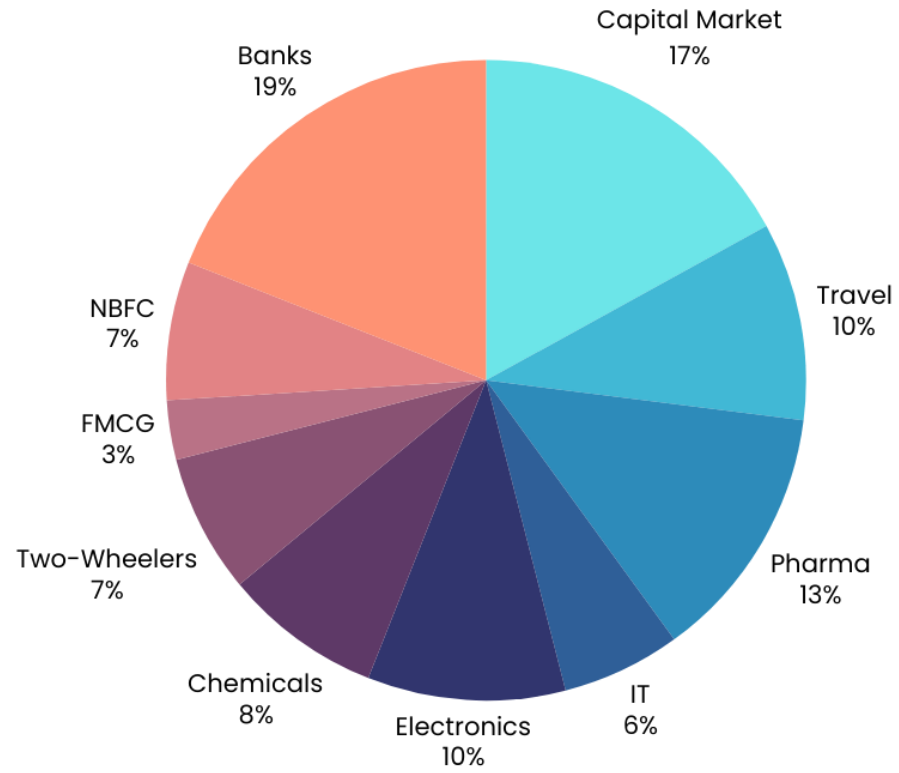
Moneyvesta Bulls Portfolio Since Inception: **+24.3%**

Nifty 500 Index Benchmark Since Inception: **+7.1%**

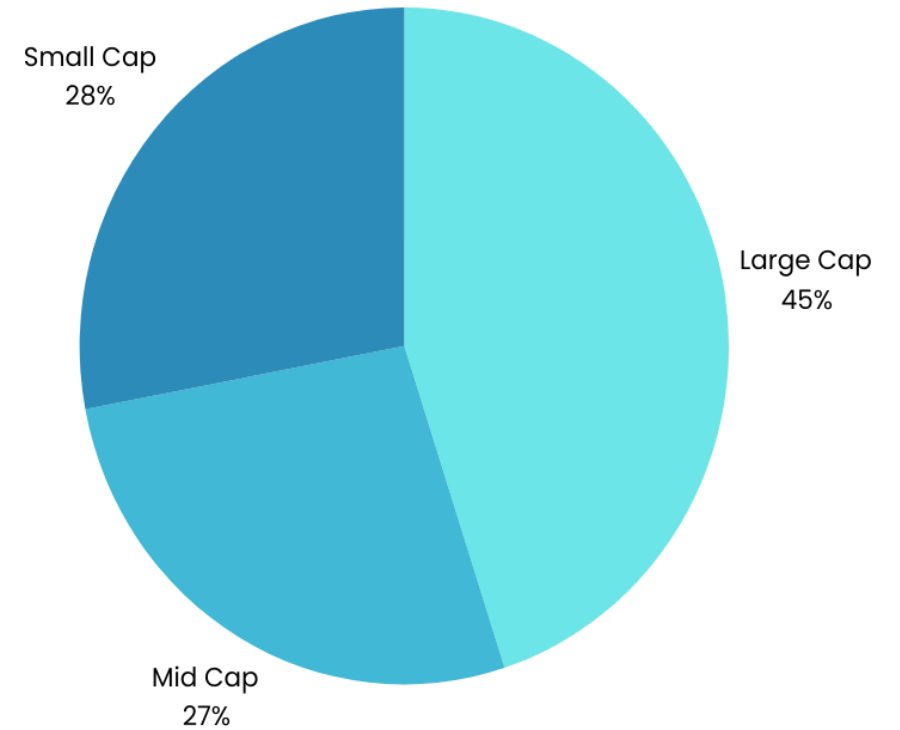
Inception Date: 5th June, 2024



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.

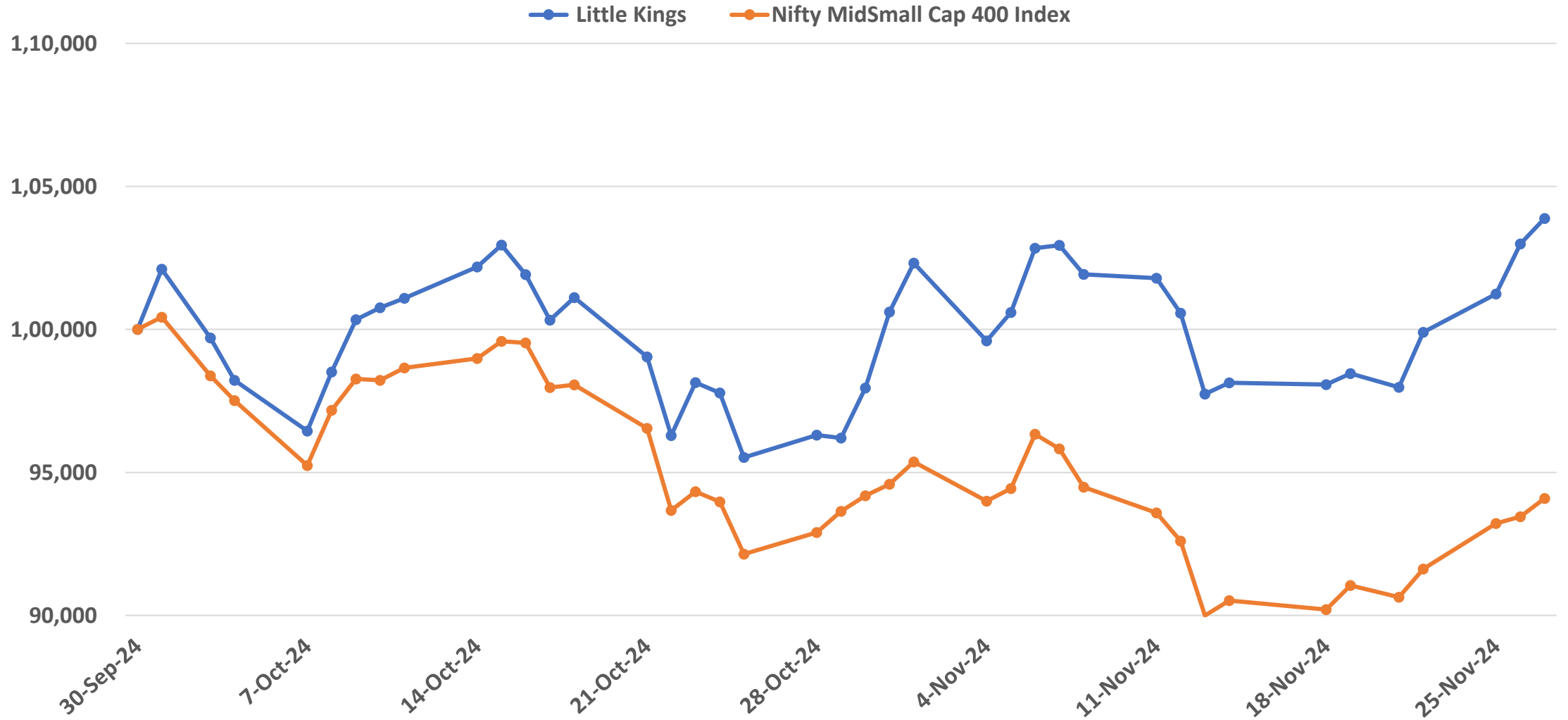
Moneyvesta Little Kings

Returns

Moneyvesta Little Kings Since Inception: **+3.9%**

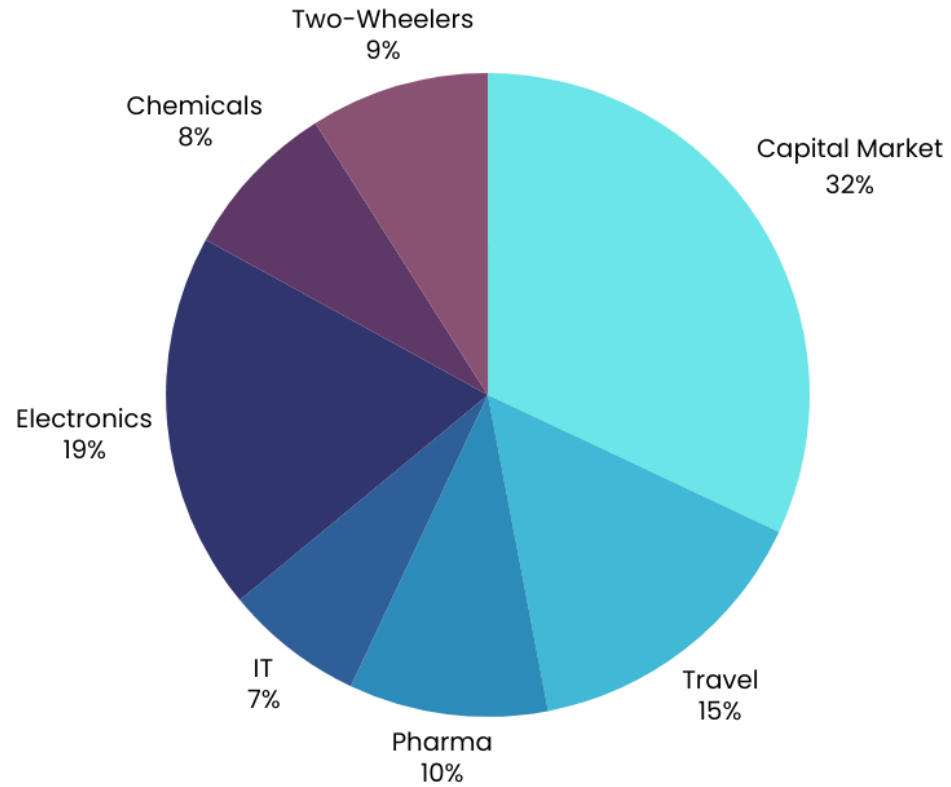
Nifty Mid Small Cap 400 Index Benchmark Since Inception: **-5.9%**

Inception Date: 30th Sep, 2024

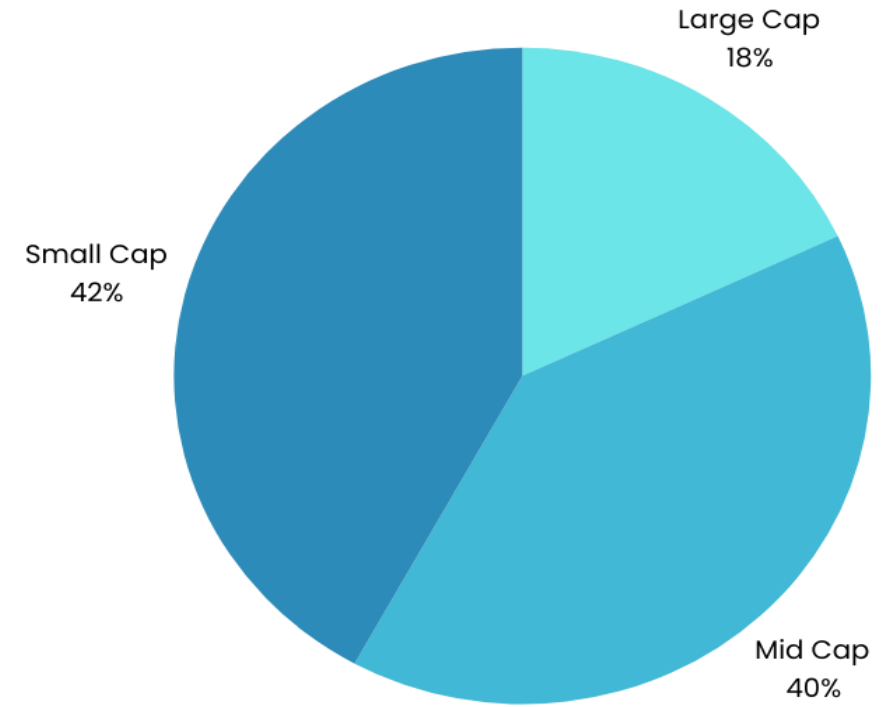


Moneyvesta Little Kings

Sector Allocation



Market Cap. Allocation



Moneyvesta Capital Services

November 2024 Newsletter

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- 1) Global Macros
- 2) Indian Macros
- 3) Equity Market
- 4) Debt & Currency Market
- 5) Commodity Market

US Fed Cut Another 25 bps to keep the Expansion on Solid Footing

1) GDP

US Federal Reserve lowered the interest rate further by 25 bps to a target range of 4.5% to 4.8%, but the Powell recent statement, “The economy is not sending any signals that we need to be in hurry to lower rates” raising speculation that if the final rate cut of 2024 will happen in December.

US GDP fell to 2.8% from 3.0% in the last quarter registering a solid pace of growth as ebbing inflation and strong wage gains driven by strong consumer spending, but was tempered by a downturn in private inventory investment and reduced residential investment.

Japan GDP marginally down by 0.2% q-o-q, in Q3 2024, with factors including the impact of a powerful typhoon, government issued “megaseismic” alert and sluggish consumer spending.

China’s GDP growth decelerated to 4.6% in Q3’24, from 4.7% in Q2’24 driven by weakness in aggregate demand because of the property downturn and strained private consumption, a slowing pace of infrastructure investment, and a relatively high base of comparison in Q3 2023. Recently, the bank unveiled a 10.0 trillion-yuan (\$1.4 trillion) debt package to ease local Govt. financing strains and stabilize flagging economic growth, as it faces pressure from the re-election of Donald Trump as U.S. president.

Quarterly GDP (YoY growth)	Q2 CY2024	Q3 CY2024
U.S.A	3.0%	2.8%
China	4.7%	4.6%
UK	0.9%	1.0%
India	7.8% (Q4 FY24)	6.7% (Q1 FY25)
Japan	2.9%	2.9%

Source: HSBC Mutual Fund

2) Inflation

US inflation rate is 2.6% in Oct’24, from 2.4% in Sept’24 , driven by higher housing and food costs.

India’s inflation surges to 6.2%, because of the 10.9% spike in food prices largely driven by rising prices of vegetables, fruits, oils and fats and also breached the central’s bank tolerance limit. Wholesale inflation was at 4-month high of 2.4%, driven by food prices, machinery, and equipment.

China’s inflation down 0.3% y-o-y in Oct’24, vs. 0.4% y-o-y on Sept’24, highlights weak domestic demand.

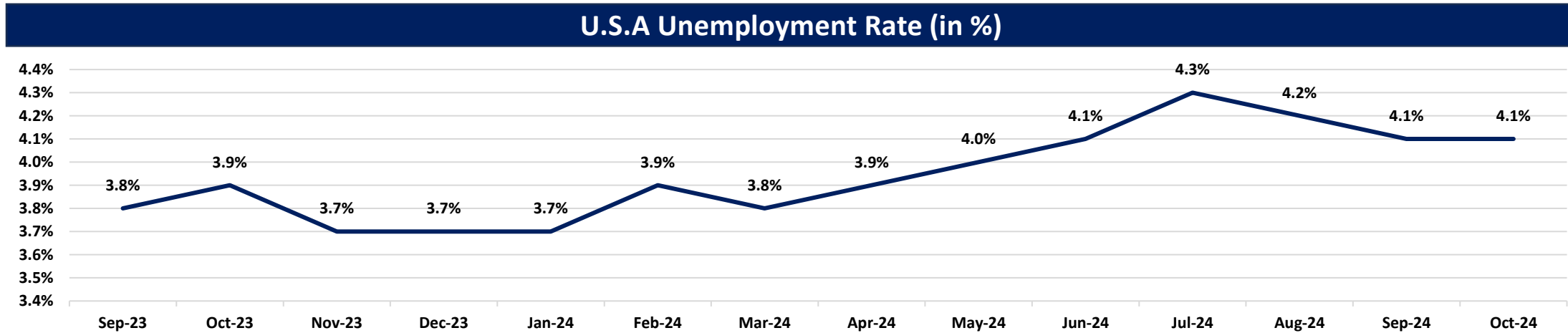
Japan’s inflation fell to 2.3% in Oct’24, indicating that economy is moving towards wage-driven inflation.

Inflation (YoY)	Sept-2024	Oct-2024
U.S.A	2.4%	2.6%
China	0.4%	0.3%
Japan	2.5%	2.3%
India	5.5%	6.2%
U.K.	1.7%	2.3%

Source: CPI data site of different countries

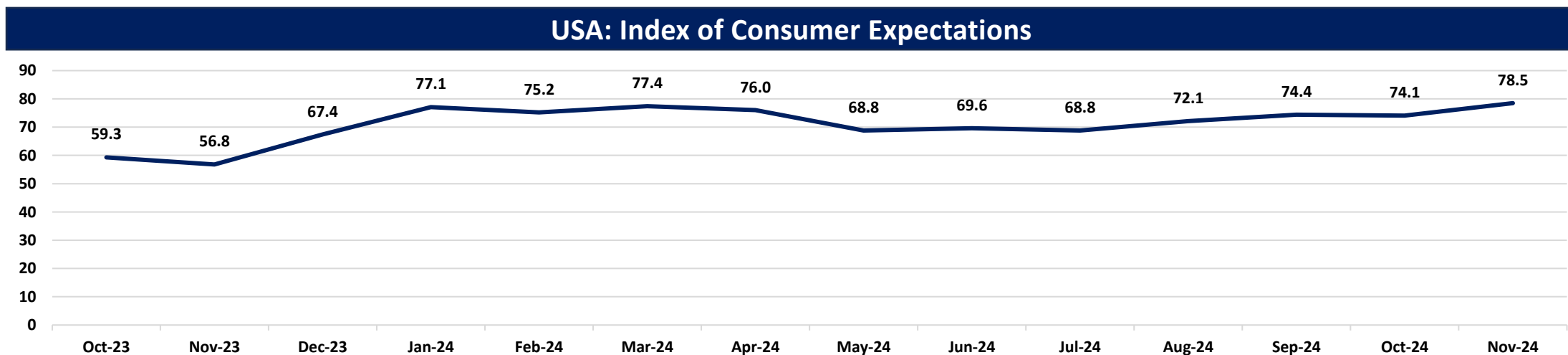
3) U.S.A Economy: Unemployment rate remained steady at 4.1%

Total nonfarm payroll employment was essentially unchanged in October (+12,000), and the unemployment rate unchanged at 4.1%. Employment continued to trend up in health care and government, while declined in manufacturing due to strike activity.



Source: Bureau of Labor Statistics

4) Index of consumer expectations: The index up by 5.9% m-o-m and up by 38.2% y-o-y



Source: University of Michigan, Trading Economics

Manufacturing PMI rises as Demand fuelled by New Orders

1) GST Collection: The GST collections for Oct'24 is approximately ₹1.87 lakh crore as reported on 1st Nov 2024, marking 8.9% YoY growth and 8.1% sequentially due to pick up in domestic sales and improved compliance. The Central GST collection stood at Rs 33,821 crore, State GST at Rs 41,864 crore, Integrated IGST at Rs 99,111 crore and cess at Rs 12,550 crore during the month.

During the month under review, GST from domestic transactions grew 10.6% to Rs 1.42 lakh crore, while revenues from tax on imports rose about 4.0% to Rs 45,096 crore.

2) Manufacturing PMI and Services PMI: Manufacturing PMI rises by 1.7% from last month as robust demand fuelled growth in new orders and international sales as well as Service PMI increases by 1.4% from last month due to strong expansion in output and consumer demand, and create jobs

3) Vehicle Registration: The Indian Auto sector witnessed a remarkable surge in retail sales during October 2024, with overall vehicle sales jumping 32.0% y-o-y basis because of major festivals and strong rural demand, with two-wheeler sales recorded an impressive 36.0% y-o-y growth backed by rural segment and PV sales robust growth of 32.0 % y-o-y due to two important festival falling in the same month.

4) Unemployment: Unemployment Rate in India increased to 10.1% in October, 2024 from 7.8% in September, 2024.

Particulars	Oct-23	May-24	Jun-24	Jul-24	Aug-24	Sept-24	Oct-24
1) GST Collection (Lakh Cr.)	1.72	1.72	1.74	1.82	1.74	1.73	1.87
GST Collection (YoY growth)		10%	7.7%	10.3%	10.0%	6.5%	8.9%
2) Manufacturing & Services							
Manufacturing PMI Index	55.5	57.5	58.3	58.1	57.5	56.5	57.5
Services PMI Index	58.4	60.2	60.5	60.3	60.9	57.7	58.5
3) Vehicle							
Two-Wheeler (YoY growth)	14.9%	2.5%	4.7%	17.2%	6.3%	-8.5%	36.3%
Passenger Vehicle (YoY growth)	6.5%	-1.0%	-6.8%	10.2%	-4.5%	-18.8%	32.1%
Light CV (YoY growth)	7.5%	7.9%	-6.5%	2.0%	-6.1%	-11.9%	9.1%
Medium CV (YoY growth)	6.4%	-10.3%	-5.5%	9.5%	-0.6%	4.0%	6.4%
Heavy CV (YoY growth)	14.7%	-3.2%	-6.0%	11.8%	-8.2%	-11.7%	-1.2%
Tractors (YoY growth)	14.6%	-1.1%	-28.4%	-12.0%	-11.4%	14.7%	3.1%
4) Unemployment %	10.1%	7.0%	9.2%	7.9%	8.5%	7.8%	10.1%

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

5) India Inflation: Higher food inflation buoyed the inflation up to breach RBI's upper tolerance limit

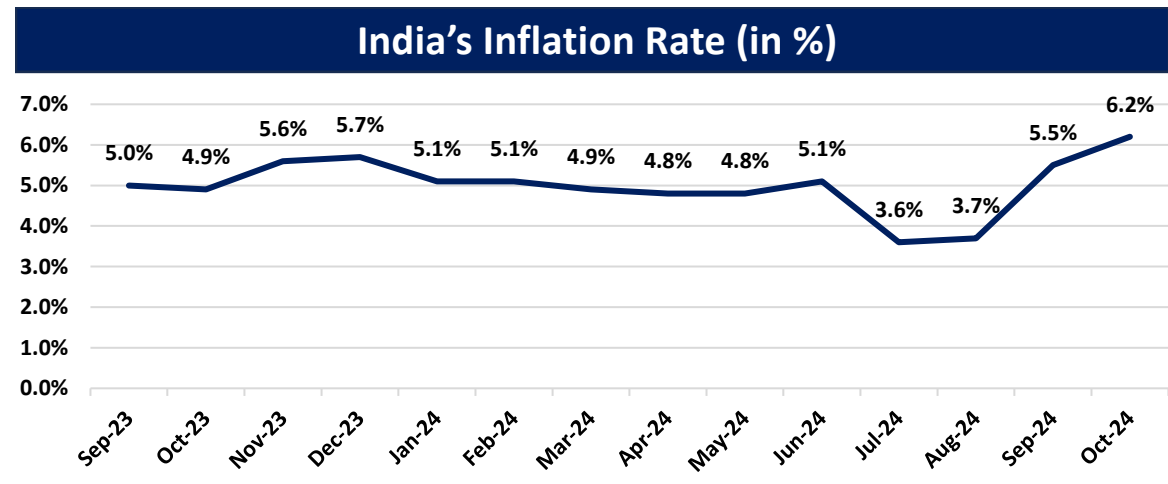
The consumer index for the month of Oct'24 rose to 6.2% vs. 5.5% in Sept'24 due to higher food prices, breaching Reserve Bank of India upper tolerance limit of 6%.

India's food inflation (excluding beverages) jumped to 10.8% in October'24, compared to 9.2% in September'24, rose by 17.4% in a single month, where vegetable prices rose 63.0% in October, compared to 48.7% in September, and also there was an increase in fruit and edible oil prices.

Wholesale price inflation rose to 2.4% in October, from 1.8% in September'24 due to increase in prices of food articles, manufactured food products, other manufacturing, manufacture of machinery and equipment, motor vehicles, trailers and semi-trailers, among others.

YoY%	Sept-24	Oct-24 (prov.)	Change in %
CPI	5.5%	6.2%	-0.7%
Food & Beverages	8.4%	9.7%	-1.3%
Fuel & Light	-1.4%	-1.6%	0.2%
Housing	2.8%	2.8%	-
Transportation & Communication	2.8%	2.7%	0.1%
Core CPI	3.7%	3.9%	-0.2%

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%. This improvement was driven by better-than-expected revenue collection from income taxes and customs duties. Non-tax revenues also exceeded expectations, primarily due to higher interest and dividend income. **The fiscal deficit for FY25 estimated to be 4.9% of the GDP. The government is targeting fiscal deficit of 4.5% by FY26.**

April-August 2024: Fiscal deficit as % of GDP declined in five months of FY25 on back of robust growth in direct tax collections primarily driven by personal income tax. Notably, corporate tax collection declined YoY in first 5 months of FY25 indicating subdued growth in corporate profits.

Debt and Interest payment: The internal debt of the Indian government is Rs. 163 lakh crores and external debt is Rs. 5 lakh crores, the total debt of Rs. 168.7 lakh crores. Govt. borrowing has surged to ₹15.4 lakh crore in FY 23-24. The Govt. estimates that its debt will increase to Rs. 185 lakh crores, or 56.8% of the GDP in FY25.

Subsidies: In FY 2024, Out of total revenue expenditure of Rs. 34.9 lakh crore government paid Rs. 4.1 lakh crore for major subsidies.

Capital Expenditure: The Union budget for FY25 allocated Rs 11.1 lakh crore for capex, indicating the government's continued emphasis on infrastructure spending. Although private sector capital expenditure remains low, there are signs of improvement.

Central Government Finances	FY23 (in Rs. bn)	FY24 (in Rs. bn)	% Y/Y	5MFY24	5MFY25	% Y/Y
Gross Tax Revenue	30,538	34,648	13.5%	11,892	13,327	12.1%
- Direct Tax	16,341	19,220	17.6%	5,993	6,769	12.9%
- Indirect Tax	14,197	15,428	8.7%	5,899	6,558	11.2%
- Less: Share of States	9,564	11,383	19%	3,852	4,589	19.1%
Net Tax Revenue	20,974	23,265	10.9%	8,039	8,738	8.7%
Non-Tax Revenue	2,862	4,019	40.4%	2,096	3,345	59.6%
Total Revenue Receipts	23,835	27,284	14.5%	10,135	12,083	19.2%
Total Capital Receipts	722	605	-16.2%	154	89	-42.4%
Total Receipts	24,557	27,889	13.6%	10,289	12,172	18.3%
Total Revenue Expenditures	34,525	34,940	1.2%	12,980	13,514	4.1%
Total Capital Expenditures	7,363	9,485	28.8%	3,738	3,010	-19.5%
Total Expenditures	41,888	44,425	6.1%	16,718	16,524	-1.2%
Gross Fiscal Deficit	17,331	16,537	-4.6%	-6428	-4352	-32.3%
Fiscal Deficit as % of GDP	6.4%	5.6%		-2.3%	-1.4%	

Source: CMIE

7) Foreign Trade: Trade Deficit rose to \$29.6 bn due to major rise in Gold Imports

The reduction in import duties in the budget along with upcoming festive season resulted in sharp rise in gold imports.

Rise in NONG imports driven by ferrous goods, transport equipment and machinery with relatively flat exports further widened the trade deficit in the month of August.

The merchandise export fell to \$34.7 bn in Aug'24, a decline from \$38.3 in August 2023, whereas merchandise import rose to \$64.4 bn, up from \$62.3 bn in Aug'23.

Foreign Trade	July-24 (USD Billion)	Aug-24 (USD Billion)	Change % (USD Billion)
Net Oil Imports	8.6	5.1	-41.5%
Net Gold Imports	2.8	10.7	283.0%
Net Non-Oil Non-Gold Imports	12.1	13.9	15.2%
Trade Deficit	23.5	29.6	26.2%

Source: Ministry of Commerce.

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

Weak Corporate Earnings, FII Selling, and High Valuations Dragged the Indices Downwards

October'24:

Some reasons for the downfall in the market:

- Foreign Institutional Investors (FIIs) have been net sellers, offloading around ₹1.1 lakh crores in the October month.
- The U.S. elections had created considerable uncertainty regarding future policies and economic direction. Investors were wary of potential volatility and policy shifts that could impact global markets, further fuelling caution in the Indian market.
- Companies have reported weaker-than-expected earnings for the second quarter of FY25. This disappointing performance has raised concerns about corporate profitability and overall economic health, prompting investors to reassess their positions.

November'24:

The market correction continued in November'24 month can be attributed to several key factors:

- Economists predict that the Reserve Bank of India may postpone a rate cut until February. This delay is attributed to concerns about rising inflation and global market instability. A delay in monetary easing can hinder growth prospects and affect market liquidity, contributing to the current correction.
- Foreign investors have reversed the selling trends in Indian equities over the last few sessions and have bought stocks worth Rs 11,100 crore in two days of trade. After purchasing stocks worth Rs 9,947.6 crore on 25th Nov'24, they followed it up with yet another pick-up worth Rs 1,157.7 crore on 26th Nov'24

Note: As on 26th Nov'24

Valuations:

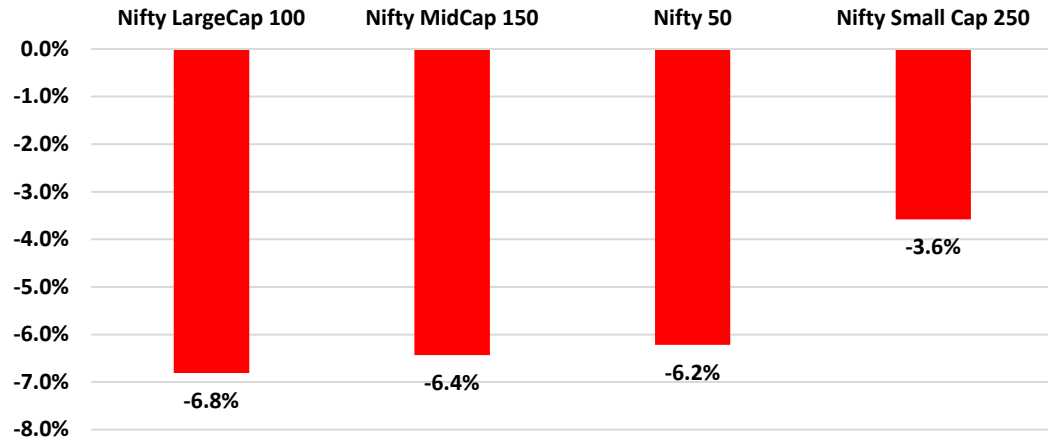
- The Nifty Index in October traded at a 1-year forward P/E ratio of 20.6, compared to its long-term average of 18.6. This indicates that the index is trading at a 11% premium to its historical average.

FIIs and DIIs:

- The markets were corrected by continued selling by foreign institutional investors (FIIs). DIIs bought more than Rs 1.0 lakh crores worth of Indian equities in October, compared with Rs 31,860 crores in September. FIIs sold Indian equities worth Rs 1.1 lakh crores in October, compared to buying Rs 57,359 crores in September.

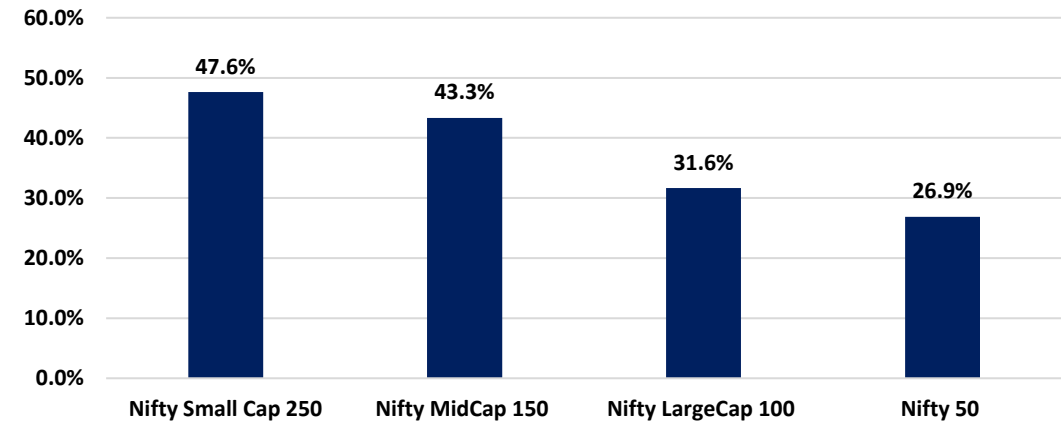
Indian Equity Market- Market Cap Based Indices

Oct'24 M/M % Change



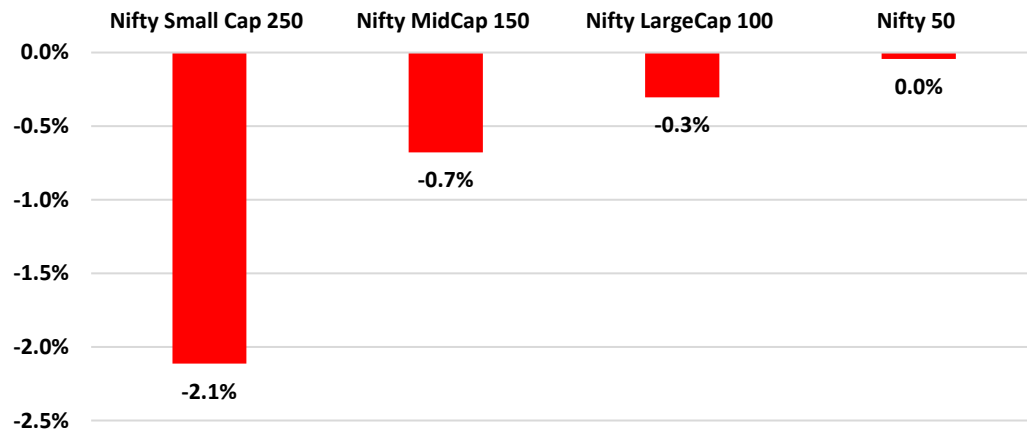
Source: Moneyvesta Capital

Oct'24 vs Oct'23 Y/Y % Change



Source: Moneyvesta Capital

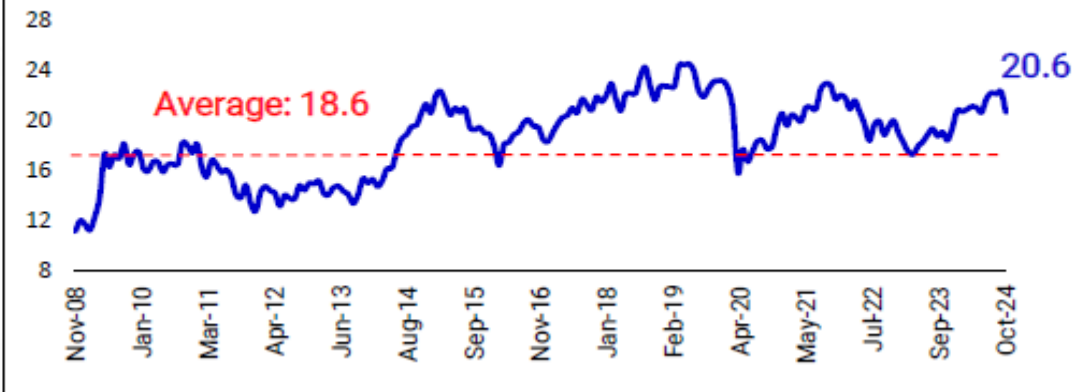
Nov'24 Month-to-Date % Change



Source: Moneyvesta Capital, (as on 26th Nov'24)

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

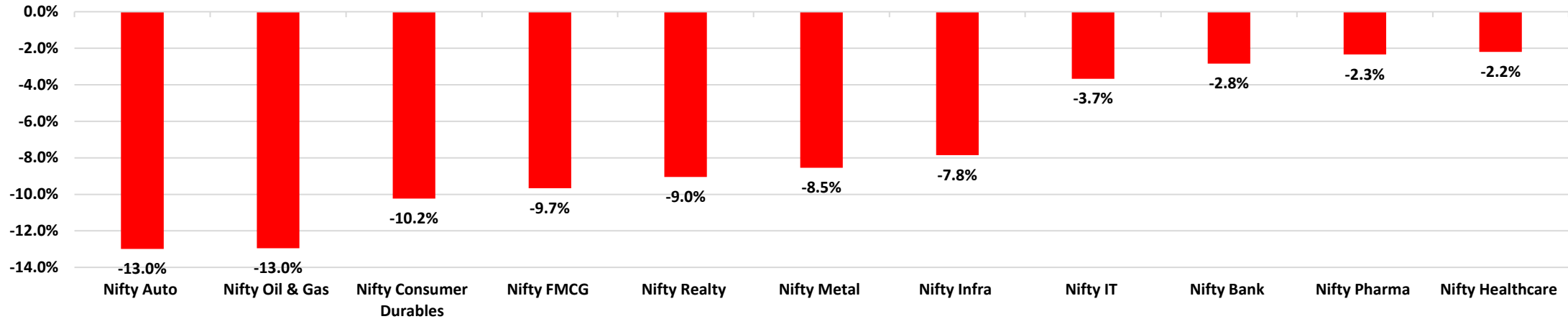
Valuations

Largecap	11% premium to historical average
Midcap	29% premium to historical average
Smallcap	32% premium to historical average

Source: Kotak Mutual Fund, Motilal Oswal, Bloomberg

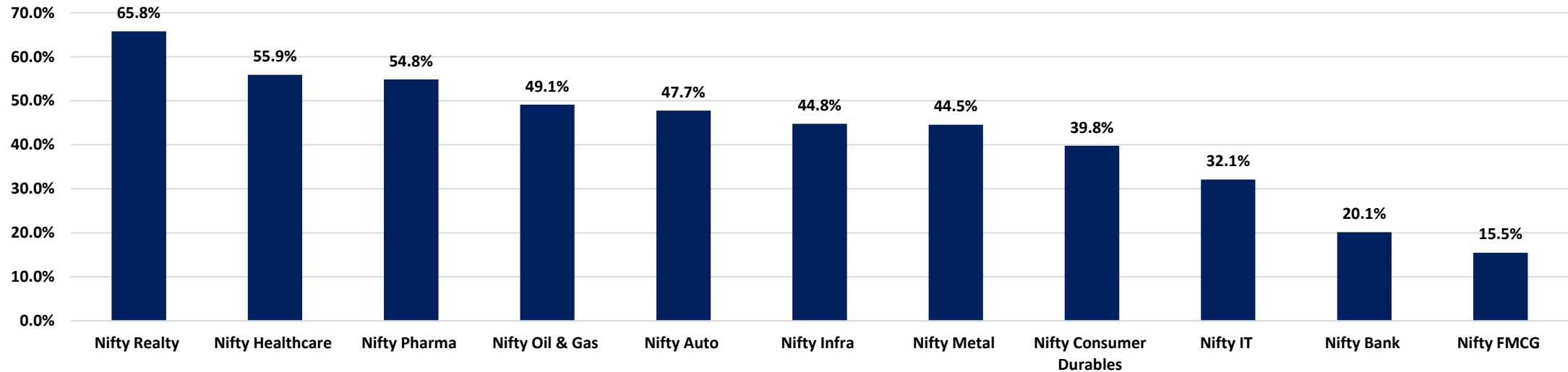
Indian Equity Market- Sectoral Indices

Sector based Indices M/M% Change – Oct'24



Source: Moneyvesta Capital

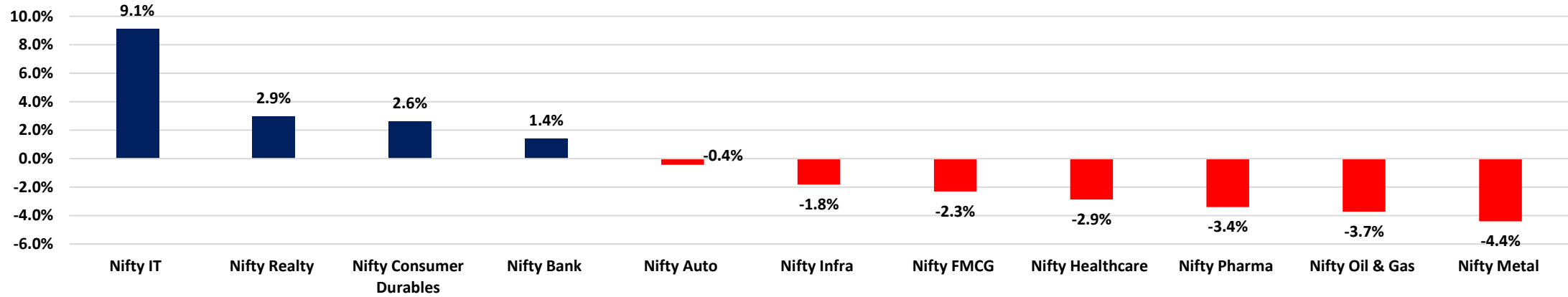
Oct'24 vs Oct'23 Y/Y % Change



Source: Moneyvesta Capital

Indian Equity Market- Sectoral Indices

Nov'24 Month-to-Date % Change



Source: Moneyvesta Capital, (as on 26th Nov'24)

Sectoral Indices Valuation vs. Long-Term Average

Sectoral Indices	P/E 30 th Sept 2024	Long Term Average P/E	Discount/Premium
IT Services	27.4	20.6	33.0%
Pharma	31.7	24.0	32.0%
Consumer Discretionary	69.6	53.6	29.8%
Metals	12.8	10.1	27.4%
Consumer staples	44.7	35.5	26.1%
Oil & Gas	15.3	12.3	24.1%
PSU Banks	1.3	1.1	20.3%
Auto	23.3	19.7	17.9%
Private Banks	2.5	2.6	-4.2%

Source: HDFC Mutual Fund

Indian Equity Market- Metals

Metal Industry: Revenue Remained Flat, but Some Improvement in Profit due to Operational Efficiencies in Q2 FY25

Nifty Metal Index: Nifty Metal Index, was down by -8.5% m/m in the month of October.

Current Scenario

- In Q2 FY25, India's crude steel production grew by +2.7% y-o-y to 36.2 MT, with consumption growth of 11.6% y-o-y and 4.2% q-o-q to 37.1 MT.
- Revenue for the metals sector in Q2 FY25 remained flat, profits soared due to operational efficiencies, cost reductions, and improved EBITDA margins. The absence of abnormal losses from the previous year, combined with some one-time gains this quarter, contributed significantly to the sector's profitability.
- World crude steel production stood at 1,546 MnT in January-October 2024, registering -1.6% decline y-o-y, with October'24 production stood at 151.2 MnT.
- India was the 2nd largest producer of crude steel with an output of 123.0 MnT in January-October 2024, showing a y-o-y growth of +5.6%. The country accounted for 7.9% of world crude steel production during the period.
- In October'24, LME aluminum saw some prices surge because of the tightening of alumina supply, which has fueled cost pressures across the aluminum industry.

Outlook:

- Global zinc consumption will likely rise by +2.6% in CY2024 but it will be outweighed by sluggish growth in the world economy.
- The second half of FY25 might be challenging for the Indian steel companies but there's optimism that China's rebound could enhance steel price globally.
- India's steel demand is expected to grow at a CAGR of 7.0% to touch 190.0 Million tonnes (MT) level by CY2030.

Commodity	30 th September, 2024 Price USD	September % Change (m-o-m)	FYTD25 % Change
Steel (per tonne)	480	+2.1%	-5.9%
Aluminium (per tonne)	2,609	+7.6%	+13.7%
Copper (per tonne)	9,767	+6.0%	+11.9%
Zinc (per tonne)	3,076	+7.5%	+28.6%
Lead (per tonne)	2,071	+2.2%	+5.4%

Source: HDFC Mutual Fund

Auto Industry: 2-Wheeler segment Outshined with Double-Digit Growth, while PV Segment struggled in Q2 FY25

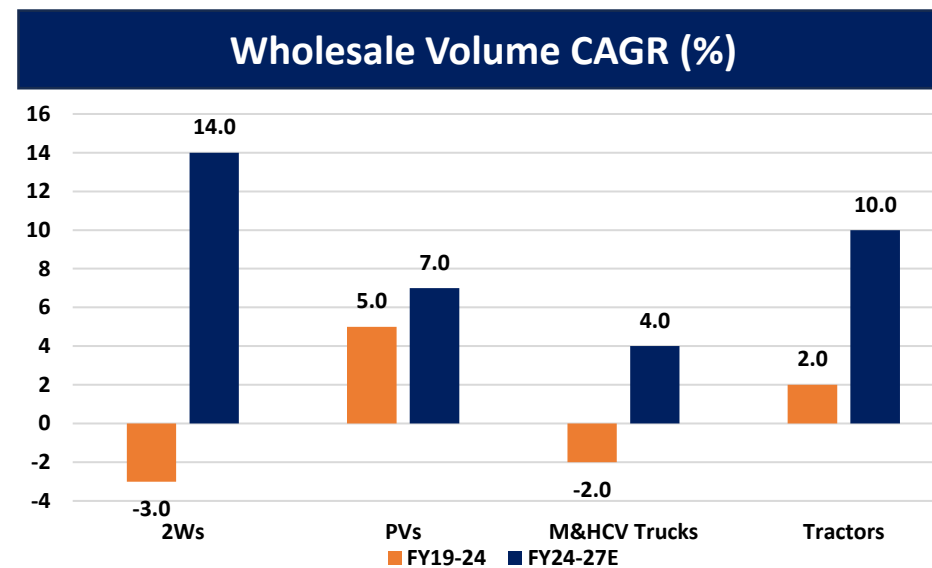
Nifty Auto Index: In October 2024, the Nifty Auto index fell by -13.0% m/m, due to weak demand from urban consumers and rising inventory levels.

Current Scenario

- The Indian Automobile industry reported a healthy overall +8.9% sales growth in Q2 FY25, reflecting its relative recovery compared to Q2FY24.
- The impact of heavy rains in key states and the 'Shradh' period felling in Q2 FY25 quarter hampered sales in specific segments.
- The post-COVID surge in car sales is on the wane due to urban market saturation and delays in new model launches. There's a shift away from entry-level cars, with some manufacturers halting production.

Segment wise performance in Q2 FY25:

- The passenger vehicle segment saw a decline of -1.8% in Q2 FY25 compared to the same period last year.
- Two-wheelers achieved sales of 51.8 lakh units in Q2 FY25, up from 46.0 lakh units in Q2 FY24, showing +12.6% growth.
- Three-wheelers recorded their highest Q2 sales ever, totaling 2.1 lakh units.
- Commercial vehicles experienced an -11.0% decline for Q2 FY25 vs. the previous year.



Source: CMIE, Moneyvesta Capital

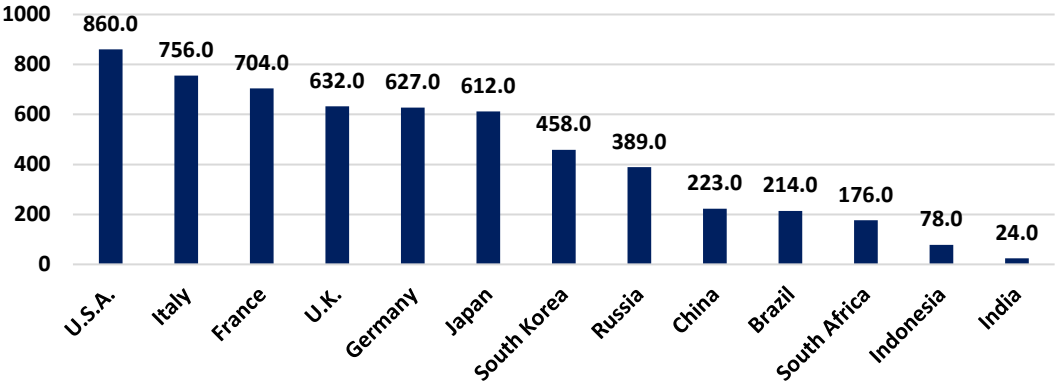
Tailwinds

- 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.
- Aggressive launch of new products by existing players spanning multiple price points and powertrains.

Indian Equity Market- Autos

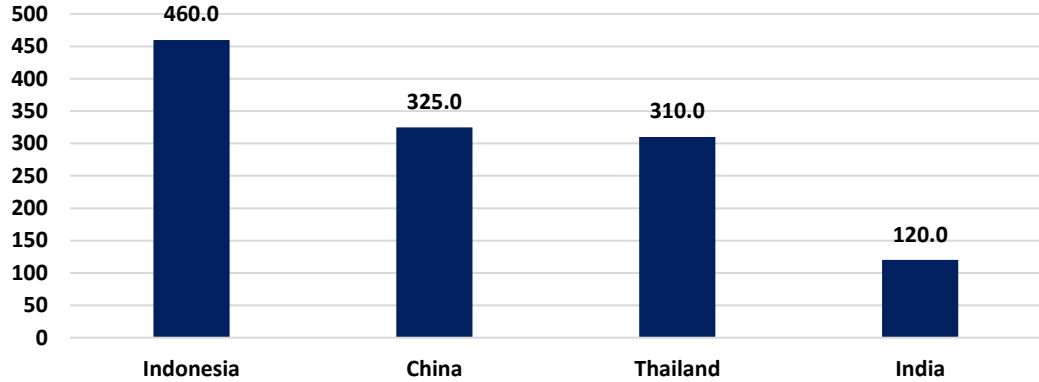
Two-wheelers and four-wheelers penetration: Penetration of 2W and 4W in India is significantly low vs. other economies, offering huge headroom for growth in future.

Four- wheeler per 1,000 population



Source: SBI Mutual Fund

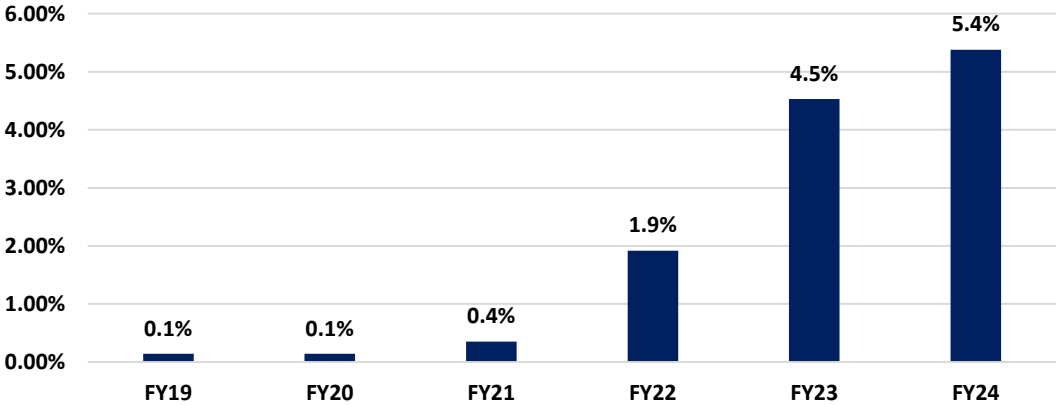
Two- wheeler per 1,000 population



Source: SBI Mutual Fund

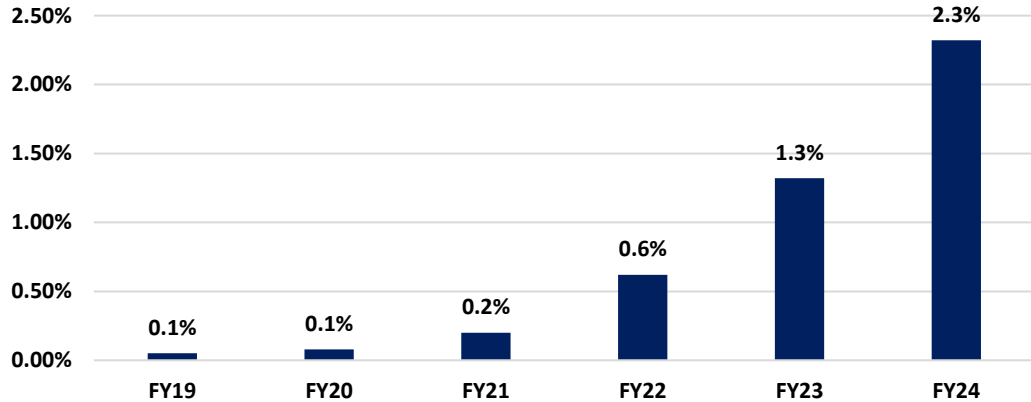
Electric Vehicles Penetration

E- Two-wheeler Penetration (% of units)



Source: SBI Mutual Fund

E- Passenger Penetration (% of units)



Source: SBI Mutual Fund

Indian Equity Market- Realty

Realty Industry: Housing Sales increased by +5.0% Y-0-Y in Q2 FY25 Due to Strong Demand for Premium Homes

Nifty Realty Index: The Index was down by -9.0% m/m in the month of Oct'24.

Current Scenario

- Institutional investments in real estate grew +45.0% to nearly \$1.1 bn in 2QFY25 with the investors benefiting from strong demand for premium homes and offices.
- 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 2Q25.
- Housing sales rose +5.0% y-o-y during July-September to 87,108 units in eight major cities as demand stayed strong in premium homes.

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.

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:

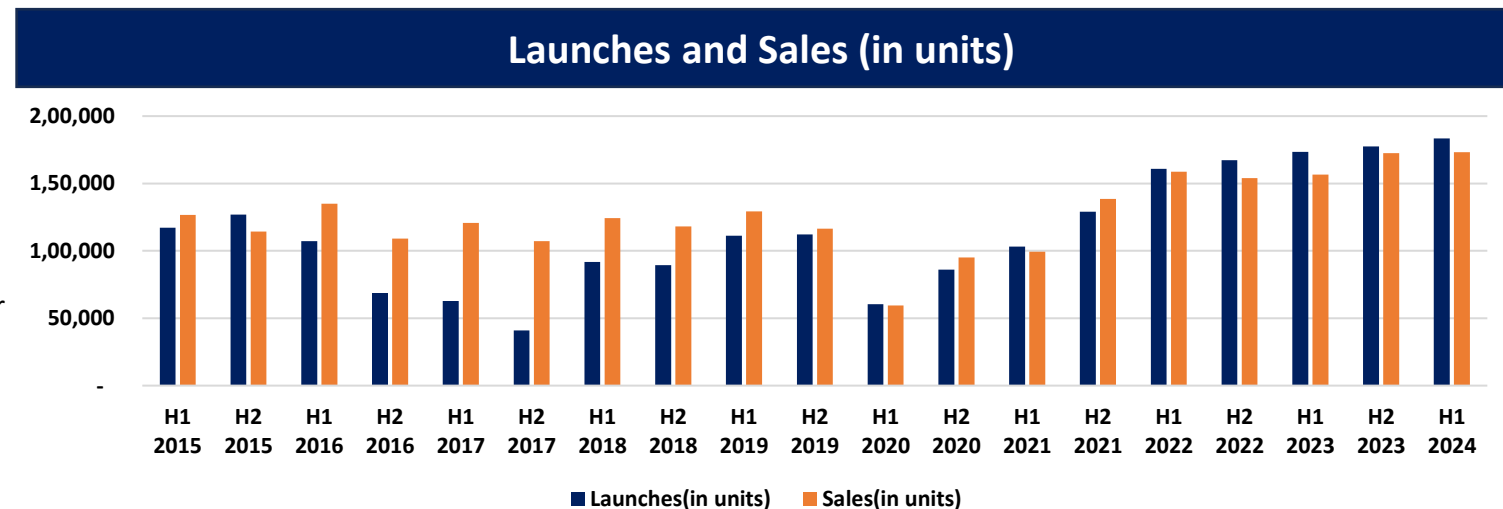
- The Real Estate sector is cyclical in nature.
- Rising inflation is driving up the cost of both construction materials and labor., putting pressure on developers' margins and making housing less affordable for buyers.
- The removal of the indexation benefit has led to higher capital gains tax on real 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

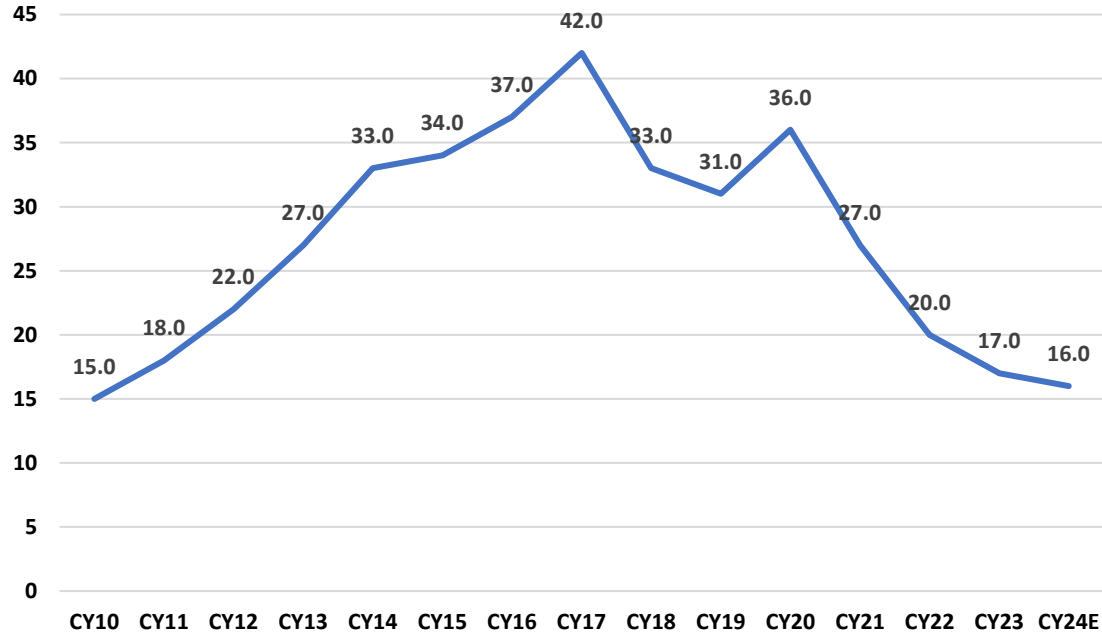
All three main indicators suggest that the realty sector made its bottom in 2017.



Source: Knight Frank, Moneyvesta Capital

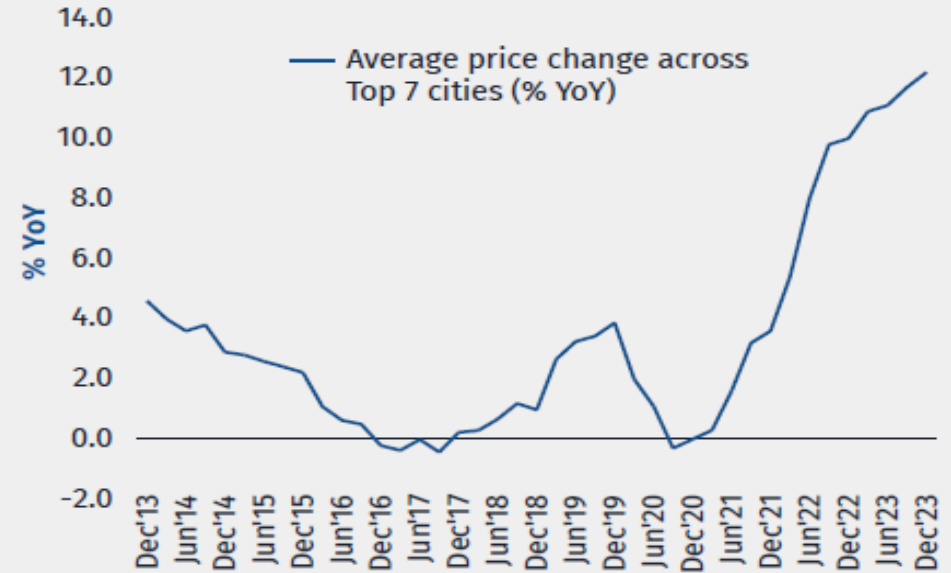
Indian Equity Market- Realty

Residential Inventory in Top-7 Cities



Source: HDFC Mutual Fund, Moneyvesta Capital

House Prices Recovery



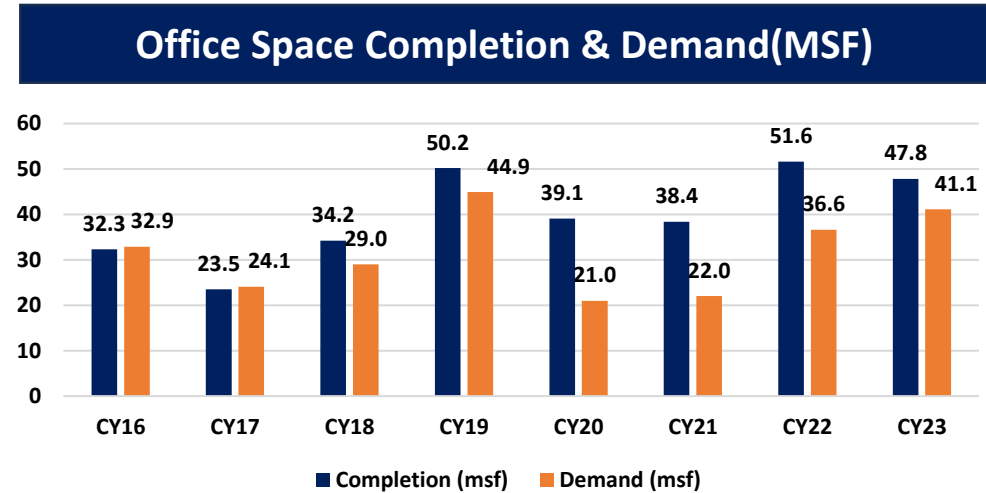
Source: HDFC Mutual Fund

- **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

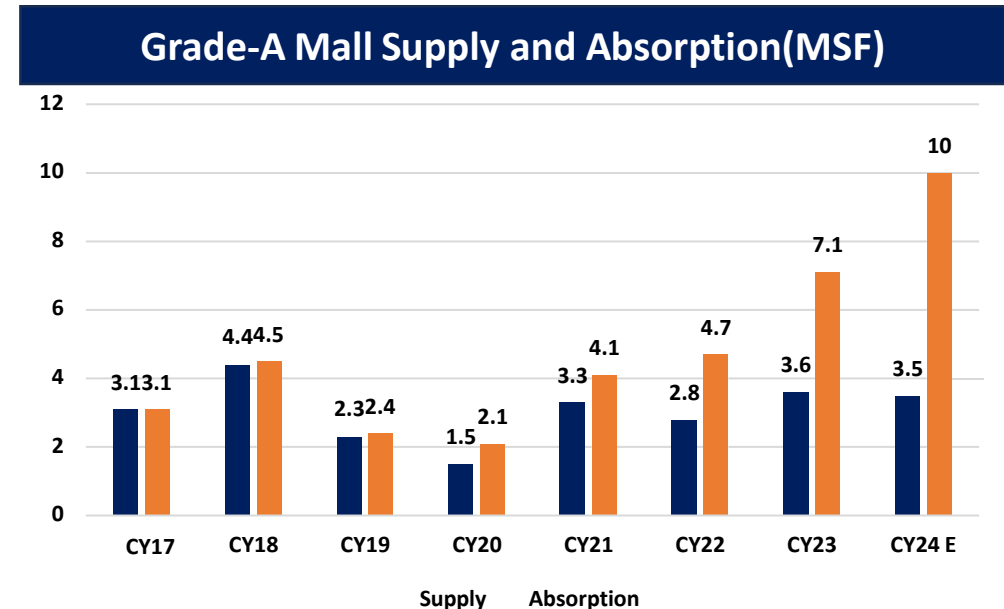
- After a decline in absorption during the peak of the COVID-19 pandemic (CY20) due to the work-from-home policy of offices, there has been a significant recovery.
- By CY23, both supply and demand have rebounded, with demand almost matching supply.



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 : Rs. 2,236 crore cost Infrastructure Project e-inaugurated in October'24 by Rajnath Singh

The government have maintained a strong fiscal support for infrastructure over the next five years, while balancing other priorities and fiscal consolidation. An allocation of ₹11.1 lakh crore for capital expenditure, which is 3.4% of GDP, has been made for FY25.

Capital expenditure as a percentage of total budget increased to 22.0% compared with 12.0% in most of the last decade. India's government debt to GDP is lower than many developed countries and developing peers.

Current Scenario:

- Nifty Infra index was down by -7.8% in the month of October.
- The infrastructure sector posted a disappointing Q2 FY25 quarter, with revenue increased by mere +3.0% in revenue y/y and profit plunging -34.0% y/y because of the slowdown in the Govt. project announcements and the monsoon season weakened demand for input materials like cement, leading to pressure on developers and producer alike.
- In October'24, defense minister Rajnath Singh e-inaugurated 75 infrastructure projects----- 22 roads, 51 bridges and two other misc. projects constructed by the Border Roads Organization at a cost of Rs. 2,236 cr. and spread across 11 border states and Union territories.

Railways:

- Capex allocation of Rs. 2.6 lakh crore in union budget for FY25.
- The Cabinet Committee on Economic Affairs (CCEA), chaired by Prime Minister Narendra Modi, has approved three significant railway projects under the Ministry of Railways, with a total estimated cost of approximately ₹6,456 crore.
- The three projects span seven districts across four states- Odisha, Jharkhand, West Bengal, and Chhattisgarh and will expand the Indian Railways network by approximately 300 kms

Roadways:

- India has about 63.7 lakh km of road network, which is the second largest in the world
- 8 national high-speed road corridor projects of length 936 km with the investment of Rs. 50,655 crore to improve logistics and connectivity across countries.
- 17 times growth in capex on roads in the last 15 years.

Airways:

- The Cabinet Committee on Economic Affairs (CCEA), approved the proposal of Airport Authority of India for the development of a new civil enclave at Bagdogra Airport, Siliguri, West Bengal with an estimated cost of Rs. 1,549 crore
- Development of civil enclave at Bihar, Patna, at an estimated cost of Rs. 1,413 crore.
- Delhi, Bangalore, Hyderabad, Lucknow, Mangalore, Guwahati and Ahmedabad airports have earmarked a capital expenditure of Rs.10,550 crore (\$ 1.2 billion), Rs.13,552 crore (\$ 1.6 billion), Rs. 6,288 crore (\$ 759 million), Rs.1,383 crore (\$ 167 million), Rs.567 crore (\$ 68.4 million), Rs.1,232 crore (\$ 148.7 million) and Rs.376 crore (\$ 45.3 million), respectively for the period 2019-25.

Indian Equity Market- Infrastructure

Water Supply and Sanitation:

- The government allocated Rs. 1.0 trillion for FY2025 for water supply and sanitation capex.
- A massive water & sanitation project costing \$110.0 mn funded by India was delivered to Maldives across 28 islands & 7.0% of the archipelagic nation's population.

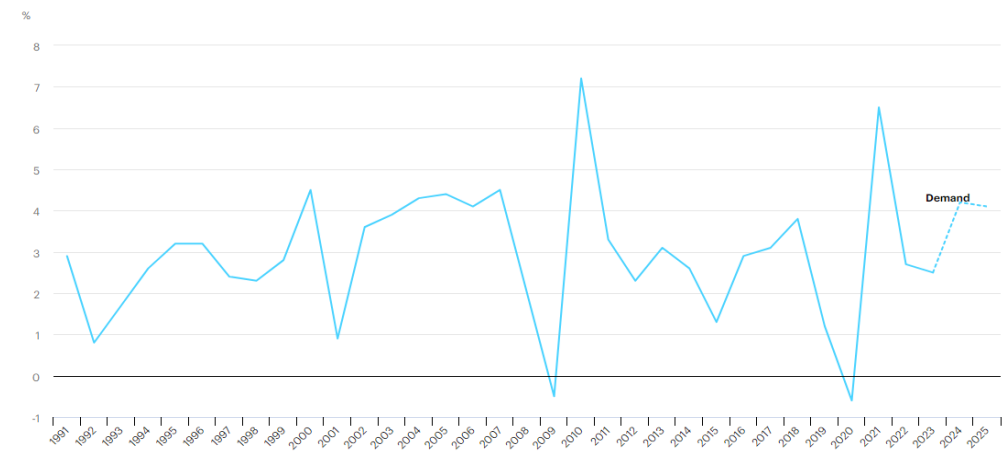
Electricity:

- The Indian national electric grid has an installed capacity of 442.0 GW as of FY24.
- India's power consumption dropped by -4.7% to 144.21 billion units in Aug'24 compared to the previous year, due to above-normal rainfall across the country. This reduced the use of cooling appliances like air conditioners.

Outlook:

- The infrastructure sector in India is poised to grow at a CAGR of 8.2% by CY2027. Despite India's significant infrastructure investments (about 3.5% of GDP), the government estimates that it requires \$1.5 trillion in infrastructure investments over the next decade.
- India, the fastest growing major economy in the world, is forecast to post an 8.0% rise in electricity consumption in FY25, matching the rapid growth it saw in FY24 supported by rapid GDP growth and increased cooling demand due to long and intense heatwaves.

Growth Rate(%) in Global Electricity Demand



Source: HDFC Mutual Fund

Pharma Industry: Impressive Growth in America Drives the Growth of Major Pharma Companies in Q2 FY25

Current Scenario

- Major pharma companies reported +10.0% growth in revenue in Q2 FY25 driven by impressive performance in North America (+10.8% growth y-o-y) and the domestic market (+9.8% growth y-o-y)
- The Indian Pharmaceutical Market (IPM) grew by +8.0% YoY, with chronic therapies seeing a +9.0% y-o-y increase.

Tailwinds

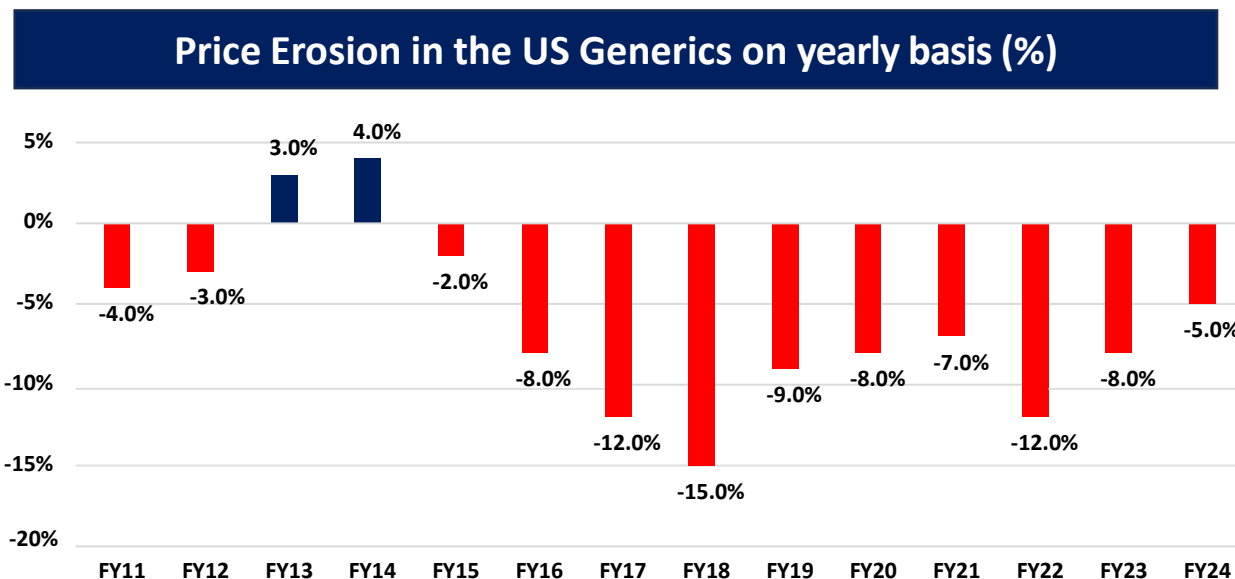
- **Domestic spending:**
 - The increasing elderly population and rising life expectancy are pivotal demographic trends that significantly impact the pharmaceutical industry.
 - India’s healthcare spending to GDP ratio is amongst the lowest. An increase in penetration will create an opportunity for the pharma sector.
- **Exports opportunity:**
 - India has export opportunities in generics, biosimilars, and CDMO.
 - ~USD 98 bn worth of small molecules will go off-patent in the next 5 years vs ~USD 38.0 bn in the preceding 5 years.

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

Indian Equity Market- Healthcare

Healthcare Industry: Occupancy rate up by 340 bps point, Major Driver for Growth in the Hospital Segment in Q2 FY25

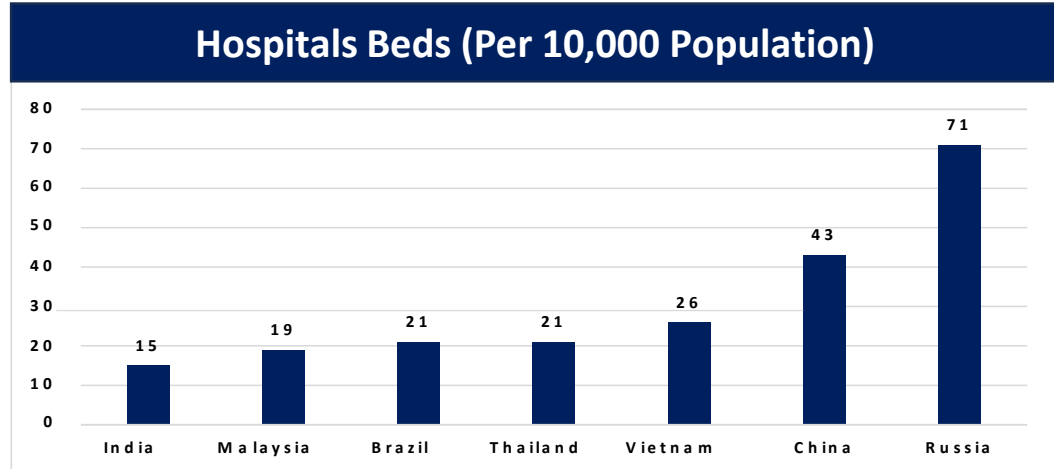
Nifty Healthcare Index: The index was down by 2.2% in the month of October, 2024.

A) Hospitals

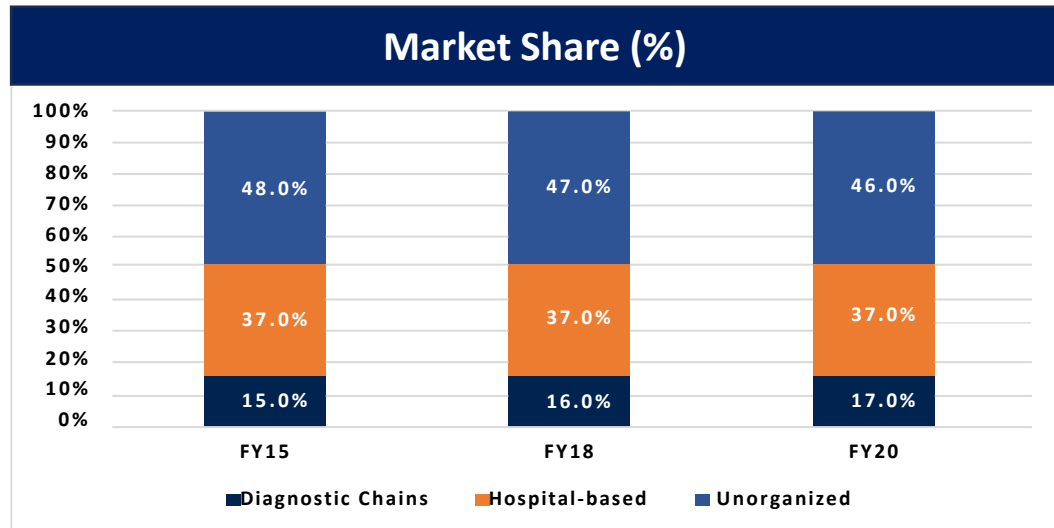
- India's hospital beds per 10,000 of the population are the lowest compared to other emerging markets, with significant under penetration.
- The hospitals segment is growing at 10.0-12.0% CAGR and has a Total Addressable Market (TAM) of ₹5.6tn as of FY23
- The hospital market in India is expected to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

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.



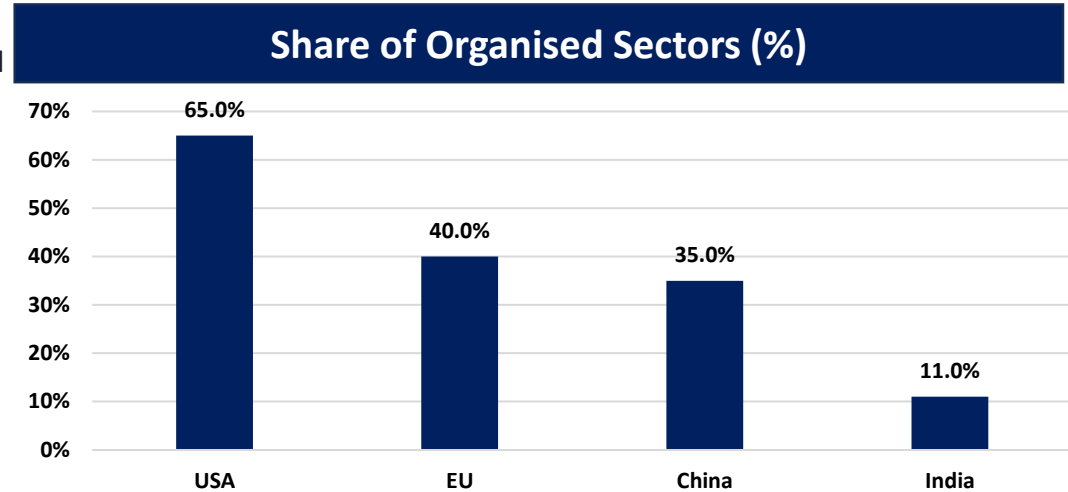
Source: HDFC Mutual Fund, Moneyvesta Capital



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

Q2 FY25 Highlights: Few sectors performed well in Q2 FY25, healthcare grew strongly with double-digit revenue growth.

- The Healthcare sector in India grew strongly in Q2 of FY25, with revenue increasing by 17.6% YoY.
- Hospital occupancy rates, which rose by 340 basis points (bps) YoY and 470 bps QoQ were a key driver behind the growth.
- In the hospital segment, insurance payers contributed 33 per cent to total revenues, marking a 23.0% YoY and 12.0% QoQ growth
- High-growth therapies, including cancer and cardiac care, continued to drive double-digit growth in the hospital sector

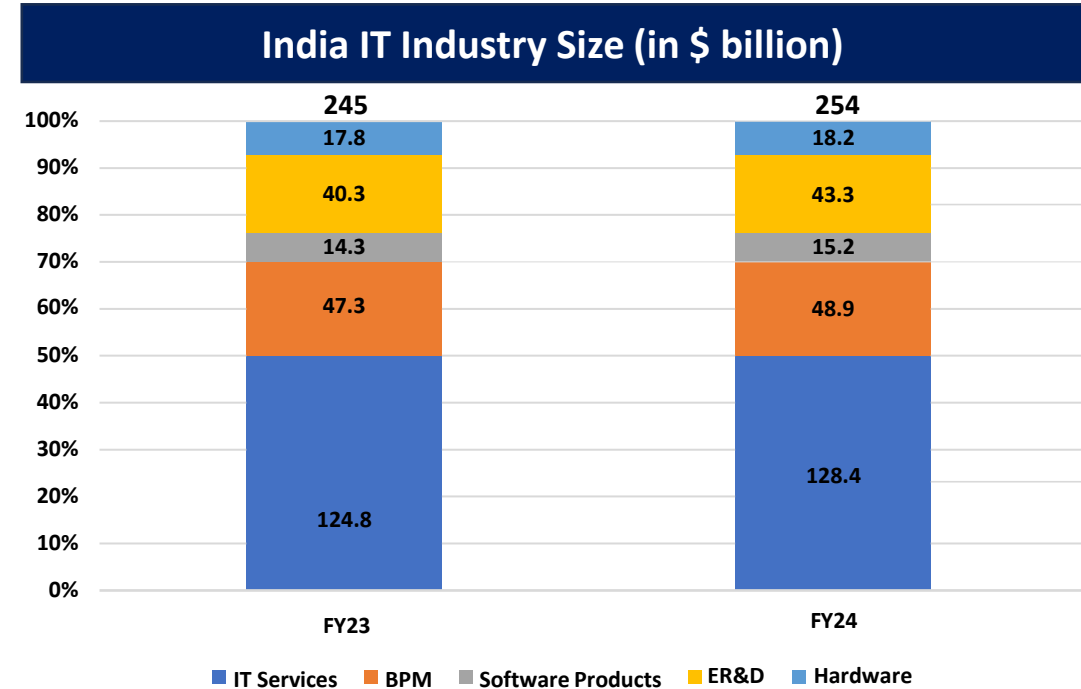
Indian Equity Market- Technology

Technology: Major IT firms Reported Slow Growth in Revenue, Revised their Revenue Guidance for FY25 Modestly in Q2 FY25

Nifty IT Index: IT index, fell by 3.7% in the month of October, because of slow growth of top 5 major IT firms.

Current Scenario:

- In Q2 FY25, Indian top 5 IT companies shown the revenue growth of 5.8% y-o-y, with a profit growth of 7.6% y-o-y.
- Management commentary portrays that the Q3 FY25 will be seasonally weak quarter and the demand to pick up from Q4 FY25 for major IT companies.
- With Fed rate cut by another 25 bps, Indian IT sector could return to positive growth in the current fiscal year as discretionary spending likely to improve in BFSI segment
- Mid-tier IT companies in India are scaling back on volume growth to focus more on margins, that is likely to be value accretive for the smaller IT companies going ahead.
- The Indian tech sector saw deals worth \$635.0 million during July-September quarter 2024, marking a 31% YoY increase.



Source: Moneyvesta Capital, NASSCOM

Outlook:

- Increased adoption of digital technologies like cloud computing and artificial intelligence with expected share of data annotation market to reach \$7.0 billion by CY2030.
- Quantum Computing, which was used in the development of vaccine, have also finds application to manage credit risk in BFSI is expected to cross \$8.6 billion by CY2027.
- RPA (Robotic process automation) have helped streamlines workflows, making the company more profitable, agile and responsive, and also improving employee satisfaction, with expecting good cost efficiency projects inputs in future.
- According to a survey by Amazon Web Services (CY2021), India is expected to have nine times more digitally skilled workers by CY2025. This increase in digital skills will support the industry's growth and enhance its global competitiveness.
- Spatial computing, is poised for growth as with the recent release of Apple's Vision Pro, as well as Microsoft's Hololens2 and Meta's Quest Pro, spatial computing devices are quickly gaining mainstream popularity.
- Hiring in the IT sector is set to see a growth of 8.5% in the FY25, owing to demand for skilled IT talent in the country, according to data from hiring platform Indeed.

Indian Equity Market- Oil and Gas

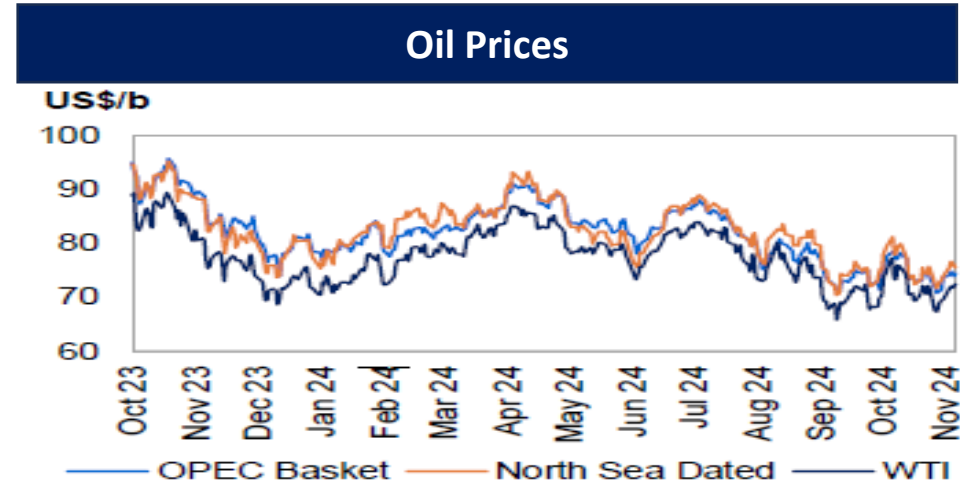
Oil and Gas: Lower Gross Margin & Weak Demand in Q2 FY25

Current Scenario

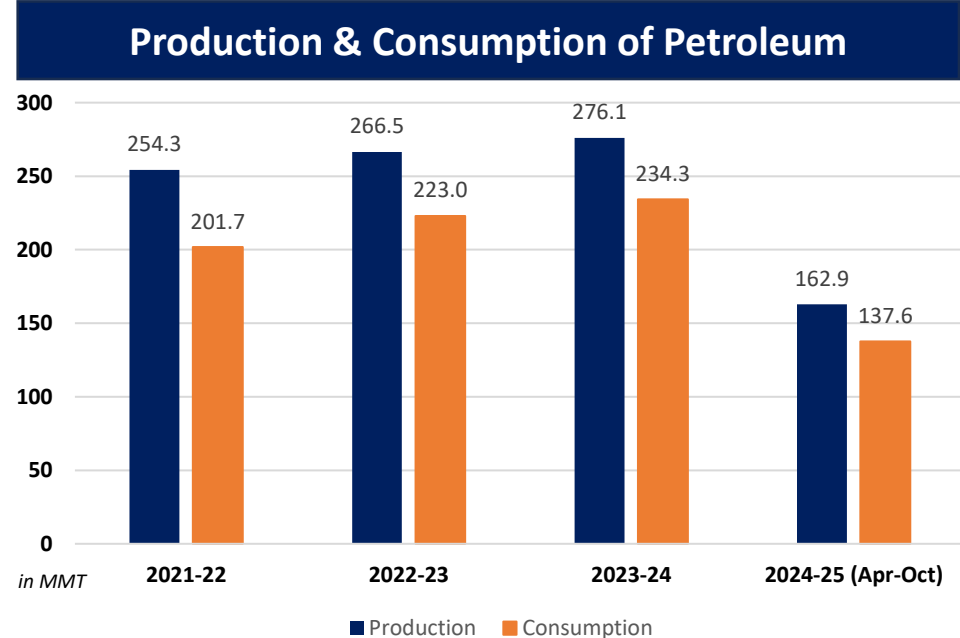
- Oil and gas companies struggled in Q2FY25, with 43% earning down that was affected by lower gross refining margins, LPG under recoveries and weaker demand.
- With recent Fed rate cut of another 25 bps and geopolitical tension, oil prices have shown a mixed cue in Oct'24
- Crude oil production in Oct'24 was 2,367.4 TMT (thousand metric tonne), which is -4.9% lower than the production of Oct'23.
- Crude oil spot prices rebounded in Oct'24 from low level in Sept'24 as concerns on demand outlook subsided but uncertainty about geopolitical developments in the Middle East persisted.
- Brent crude oil prices peaked at \$80.9/bbl early October on escalating tensions in the Middle East but subsequently eased to close the month at around \$73.0/bbl.

Outlook

- In light of the intensifying conflict in the Middle East, J.P. Morgan Commodities Research forecasts Brent could average \$80/bbl in the Q4 2024.
- Given the low levels of oil inventories, there could be sustained geopolitical premium in crude prices until the conflict is resolved.
- OPEC will likely to remain committed to stick to its production cut because of depressed prices and weak demand.



Source: Argus, OPEC and Platts



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

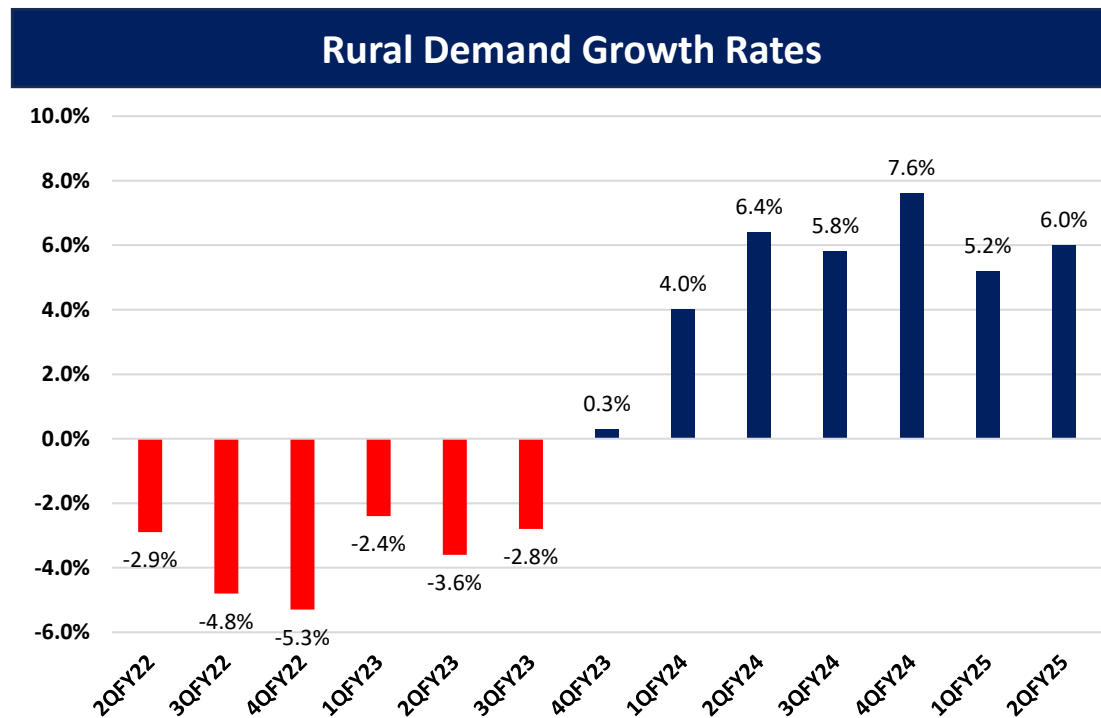
FMCG Industry: Rural Demand Rising But Urban Demand Disappointed; Margins Pressured by High Input Costs in Q2 FY25

Current Scenario

- Nifty FMCG index fell by -9.7% m/m in the month of Oct'24, as Q2 earnings was impacted by the rise in input cost such palm oil, cocoa and wheat.
- India's FMCG grew by +5.7% in value and +4.1% in volume in Q2 FY25, primarily driven by the demand in the rural segment. Rural demand grew at twice the pace of urban demand during the period.
- Weak urban demand and higher inventory in general trade weighed on urban revenue in Q2 FY25 as urban demand registered a growth of +2.8%, while rural demand rose by +6% in Q2 FY25.
- Competition has been intense with, retail feeling heat from quick commerce, jewellers from lab grown diamonds, and paint industries battling new competition.
- Despite several headwinds, the sector remains an attractive growth opportunity for medium to long term.

Outlook

- The FMCG industry's value is increasing, up by +6.0%, bolstered by a +6.4% rise in volume.
- To witness a growth rate ranging between +4.5% and +6.5% in CY2024, signifying some deceleration from the robust +9.3% growth experienced in CY2023, but the prospects are positive due to pick in rural demand as per market research firm Nielsen Report.
- 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

Indian Equity Market- Consumer Durables

Consumer Durables: Furniture Sales Shined in 2QFY25; Cables and Wires Remain Strong Long Term Structural Stories

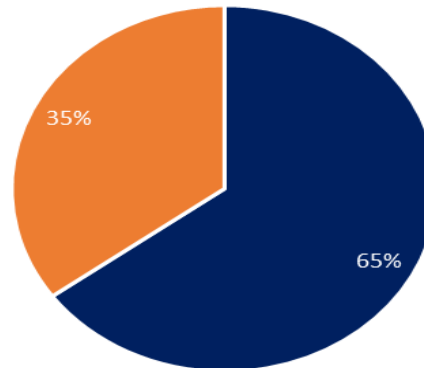
Current Scenario

- The Consumer Durable sector witnessed a strong performance in Q2FY25 mainly led by continued momentum in C&W, Air Conditioners and air coolers.
- Gross margins of most players (except C&W) improved due to price increases and cost control measures. However, EBITDA margins were restricted due to a shift in the festive season, resulting in advancement of A&P spends to Q2.
- In the cables & wires segment, domestic wires growth outpaced cables across the board. Revenue growth of most players was driven by volumes and price increases.
- Despite Q2 being a lean season for cooling products, growth in RACs and air coolers remained strong due to warm temperatures.

Outlook

- Sales of consumer durables are predicted to rebound by +14.6% in CY2024, after a -9.2% decline last year. The recovery is driven by higher sales of domestic appliances and furniture (up +12.0% and +20.0% respectively).
- 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.

Market Share in Indian Consumer Durables



■ Rural ■ Urban

Source: Moneyvesta Capital

Banks: Higher Provisions by Banks with Higher Exposure to Personal Loans; Pickup in Deposits Growth Provided Some Relief

Q2FY25 Highlights

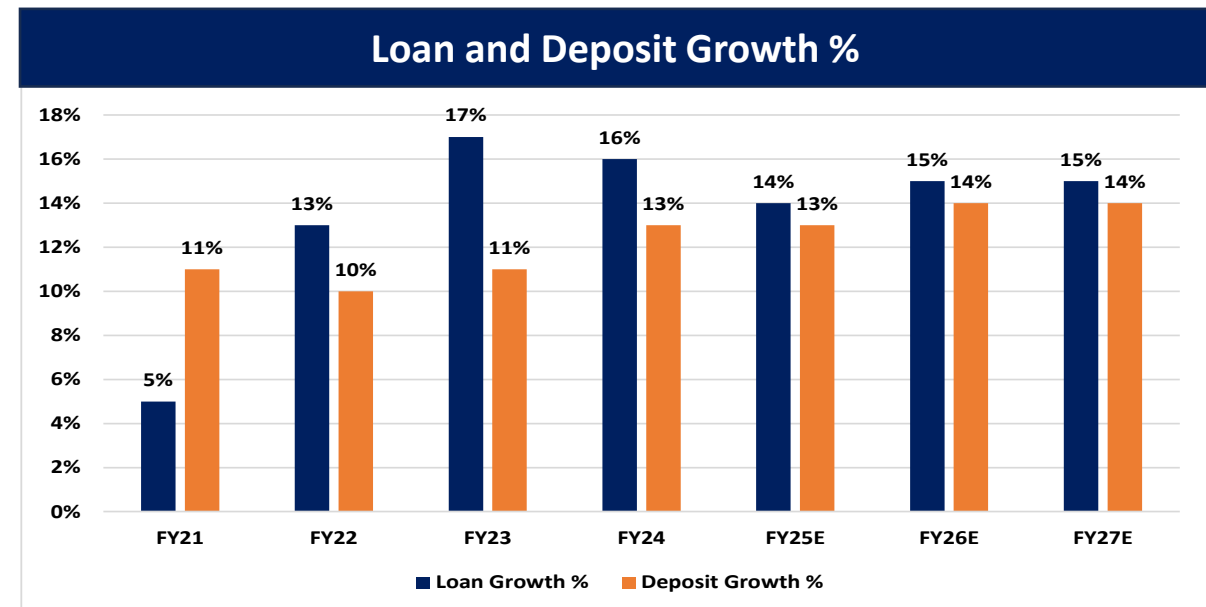
- **Increase in provisions and contingencies:** While HDFC Bank maintained a steady performance, other major private banks reported a significant rise in provisions and contingencies. This increase can primarily be attributed to the high levels of unsecured lending that these banks engaged in during previous periods. As the economic landscape evolves, banks are taking a more cautious approach, leading to enhanced provisioning to mitigate potential risks.
- **Shift in deposit growth compared to advances growth:** Deposits growth had lagged behind advances, but this quarter marked a reversal. Deposits grew at a higher rate than advances, driven by customers opting for time deposits to secure higher interest rates. This strategic move reflects a broader confidence in the banking sector and a proactive approach by customers looking to capitalize on favourable rates amidst changing market conditions.
- **High interest income growth:** In 2QFY25, most banks reported robust growth in interest income, with many achieving double-digit or high single-digit increases. The shift in customer behaviour towards FDs has also contributed positively, as banks benefit from influx of deposits while maintaining competitive lending rates.

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.

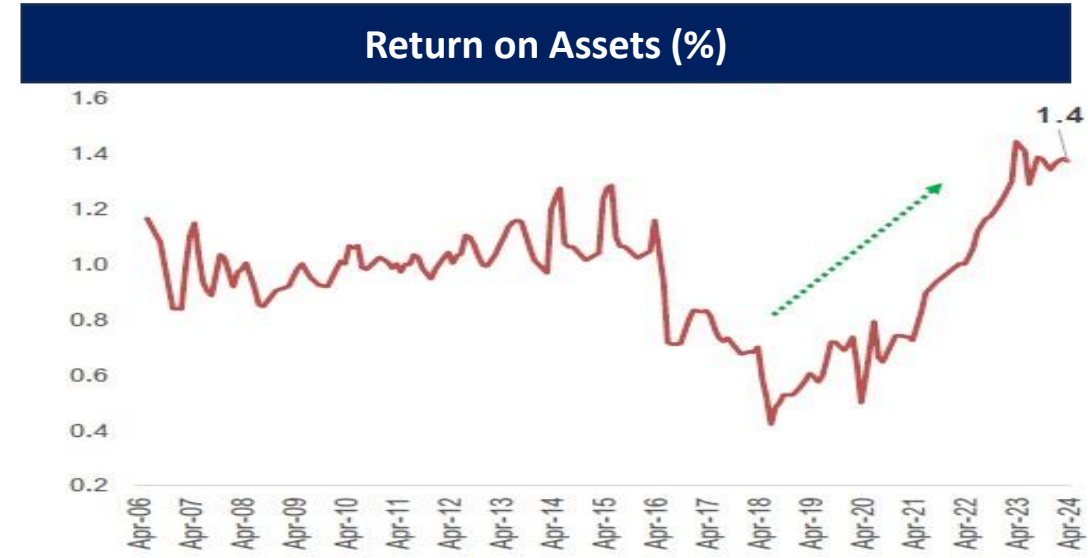
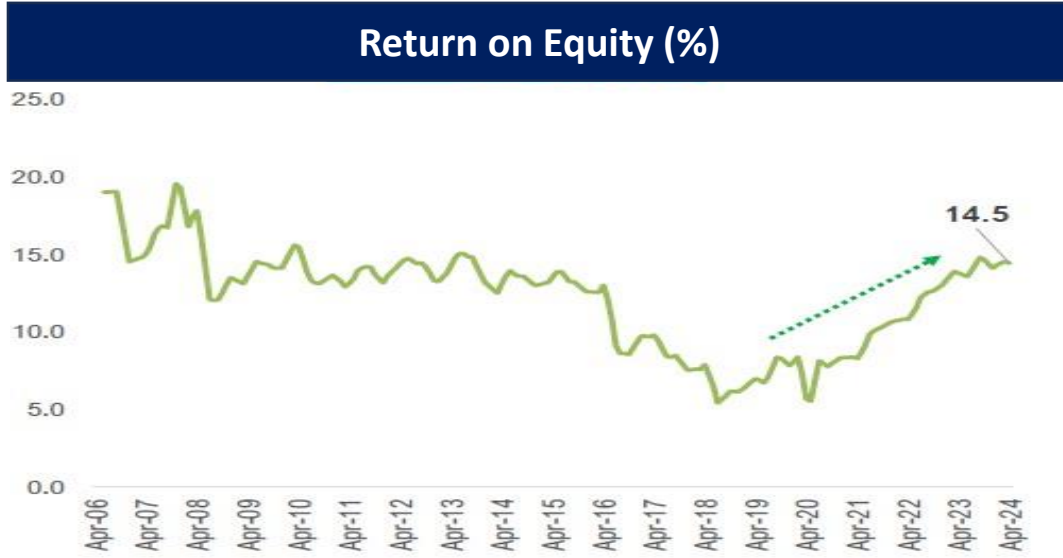
Additionally, improvements in asset quality, stable interest margins, and a robust focus on digital banking initiatives are likely to further strengthen the sector's performance during this period.



Source: Moneyvesta Capital

Indian Equity Market- Banks

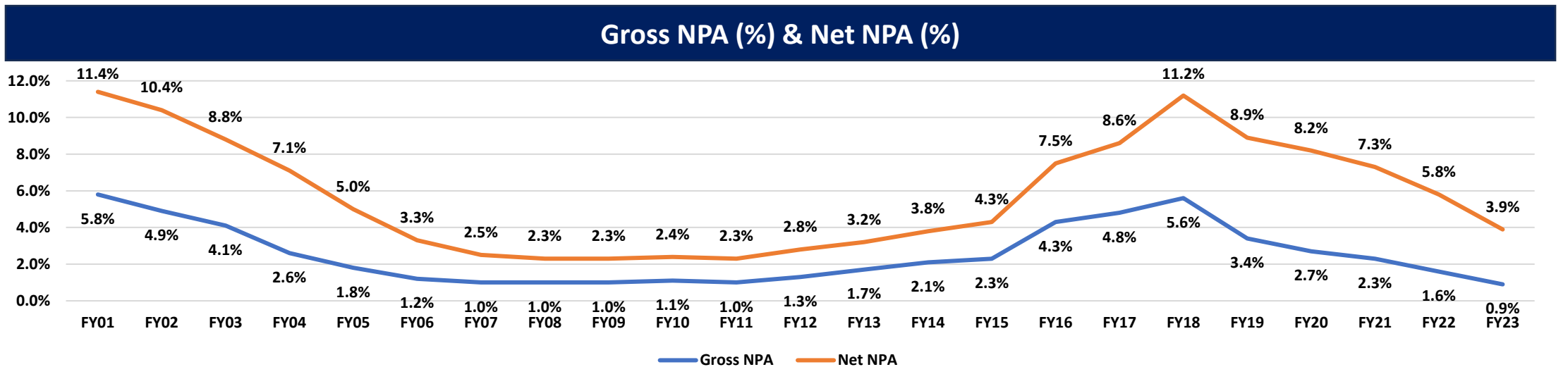
Banks: ROE% & ROA%



Source: DSP Mutual Fund

Source: DSP Mutual Fund

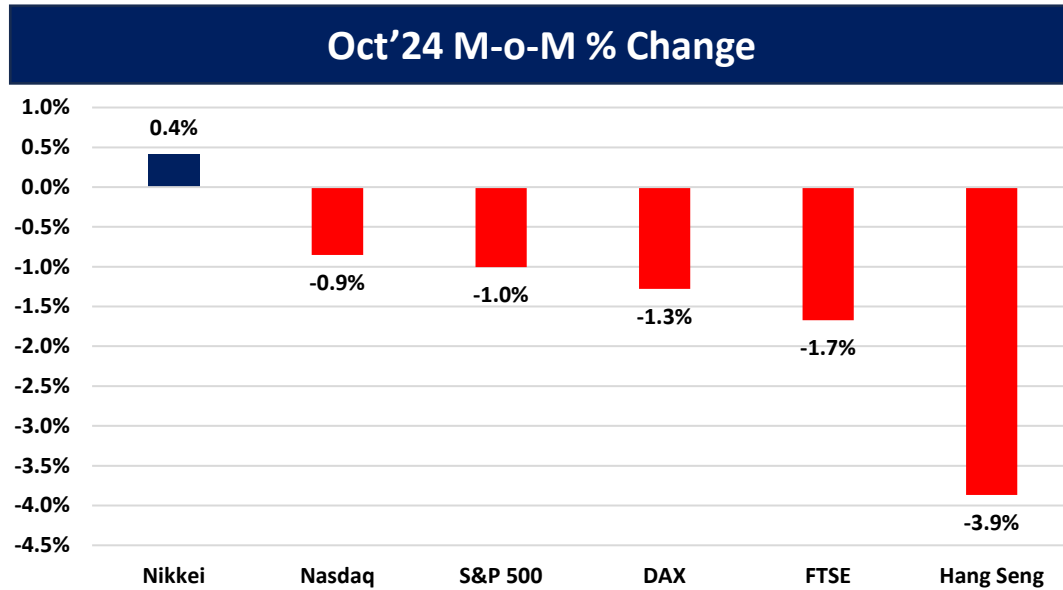
Gross NPA (%) & Net NPA (%)



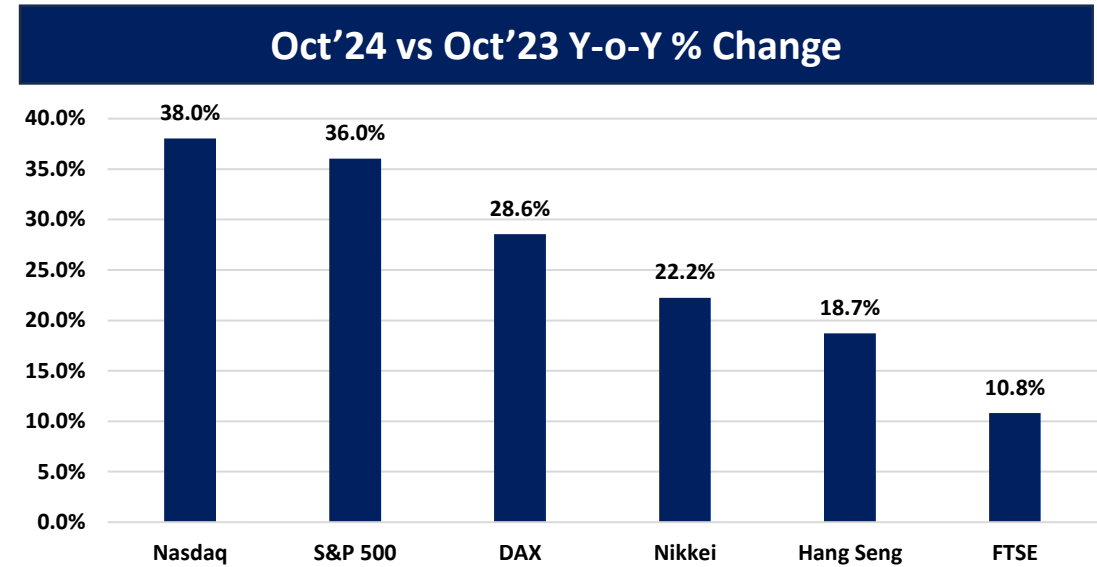
Source: Moneyvesta Capital

Global Equity Market

Global Indices Fell in Oct'24 as Political Uncertainty & Tariff Concerns Weigh on Investor Sentiment



Source: Moneyvesta Capital



Source: Moneyvesta Capital

Equities:

- The Hang Seng Index tumbled -3.9% m/m in Oct'24 amid potential implications of Donald Trump's proposed tax policies.
- The S&P 500 fell -1.0% m/m in Oct'24 due to election uncertainty; but rebounded in Nov'24 as markets rallied post Mr. Trump's victory. Optimism on potential tax cuts and economic policies fueled investor sentiment.
- The FTSE declined -1.7% in October, weighed down by concerns over the UK budget's impact on corporate profits and economic growth.

Global Trend:

- The Bank of Japan (BoJ) unanimously maintained its key short-term interest rate at around 0.25% during its October meeting, leaving it at the highest level since 2008. Japanese voters ended the ruling Liberal Democratic Party's 15 year lower-house majority, driven by discontent over inflation, living costs, and a major funding scandal, creating rare political uncertainty in Japan.
- Donald Trump focus on corporate tax cuts may bolster U.S. business investment.

Debt & Currency Market

Oct'24 Saw Indian Bond Yields Climb +9 Basis Points to 6.84%, Boosted by US Treasury Bonds

Particulars	September-2024	October-2024	October Change m/m
10 Year Benchmark G-Sec Yield (%)	6.75%	6.84%	+9 bps
Repo Rate	6.50%	6.50%	-
USD/INR	83.80	84.08	Rupee depreciated 0.3%

Source: HDFC Mutual Fund, Moneyvesta

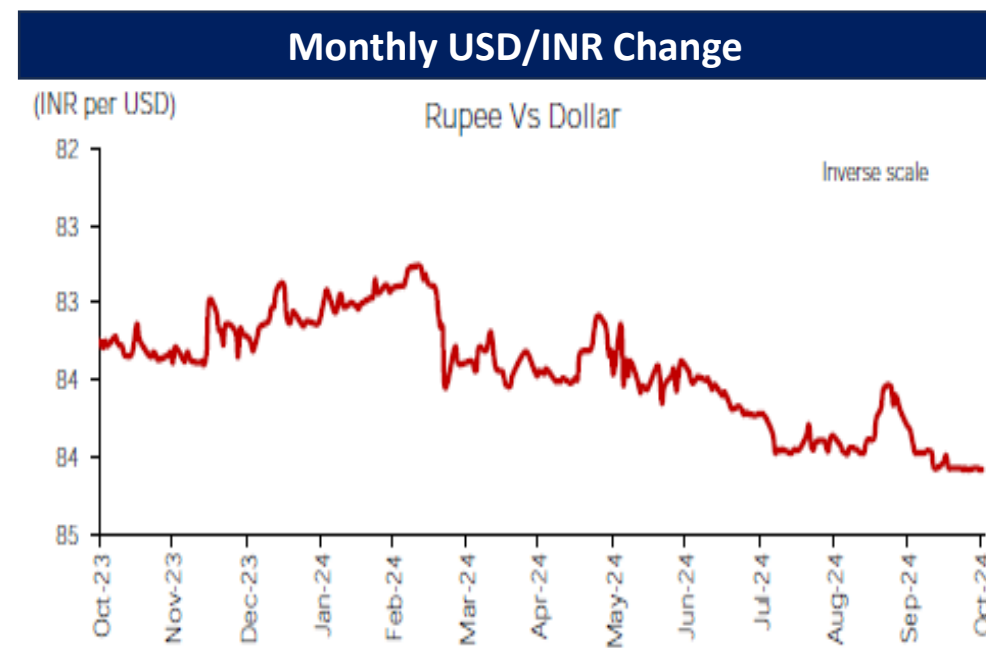
1) Indian government bond yields gained in October'24. The yield ended at 6.84% on October 31, as against 6.75% on 30th September, 2024. Bond yields began rising from the start of the month, tracking a spike in US treasury yields, as stable labour market data led to hopes of slower rate cuts by the United States Federal Reserve. On the domestic front, yields rose after the RBI Governor Shaktikanta Das said talking about rate cuts at the current juncture would be premature and risky.

2) In the middle of month, bond prices rose mainly after FTSE Russell's decision to include India's sovereign bonds in the Emerging Markets Government Bond Index.

3) Liquidity remained positive during the month, ending at INR 1.54 trillion as of 31st Oct'24 and is expected to increase further as month end Government spending picks up.

4) The Indian rupee fell substantially month-on-month against the US dollar in October 2024, driven by a massive pullout of funds by foreign portfolio investors (FPI) from the Indian equity and debt markets. The domestic unit hit a new all-time intraday low of Rs 84.11 during the month before eventually settling at Rs 84.08 per dollar on 31st October, 2024 -0.3% lower than at September-end (Rs 83.80 per dollar).

5) An intermittent spike in crude oil prices amid escalating geopolitical tensions in the Middle East also put the rupee under pressure.



Source: HSBC Mutual Fund

Commodity Market : Gold and Silver Glittered More

Precious Commodity	30 th September 2024	31 th October'24	% Change m/m
Gold (INR/10 gms)	75,197	79,557	5.8%
Silver Future-MCX (INR per kg)	90,641	94,631	4.4%

Source: India Bullion and Jewellers Association

Gold: Gold prices ended at Rs 79,557 per 10 gram on 31st October, 2024 up +5.8% from Rs 75,197 on 30th September, 2024, according to the India Bullion and Jewellers Association.

Gold prices remained high during the month on account of safe haven demand following escalating geopolitical tensions.

Commodity	30 th September, 2024 Price USD	September Change % m/m	FYTD25 % Change
Steel (per tonne)	480	2.1%	-5.9%
Aluminium (per tonne)	2,609	7.6%	13.7%
Copper (per tonne)	9,767	6.0%	11.9%
Zinc (per tonne)	3,076	7.5%	28.6%
Lead (per tonne)	2,071	2.2%	5.4%

Source: Industrial Commodities: HDFC Mutual Fund

Crude oil: Crude oil prices on the New York Mercantile Exchange closed at \$69.3 per barrel on 31st Oct'24, which was +1.6% higher vs \$68.1 per barrel on 30th Sep'24.

Industrial commodity: In Sep'24, industrial commodities experienced a notable increase, largely due to expectations of heightened demand from China following its government's latest stimulus announcements. China, a major consumer of industrial metals and other raw materials, implemented measures aimed at bolstering its economy, which has faced slowdown in growth.

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