Monthly Newsletter

March 2025

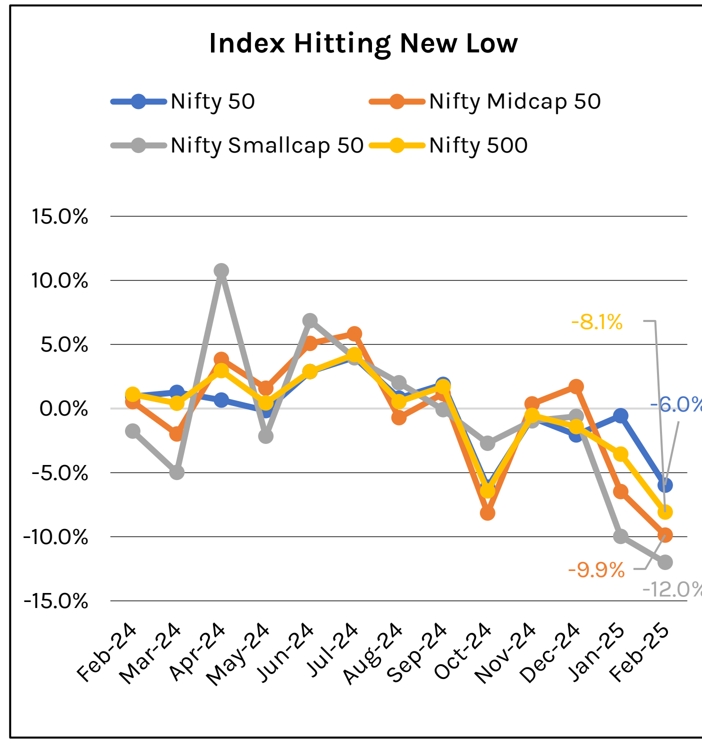
➢ Stock Market in Turmoil: Nifty Sinks to New Lows

Frightful February: Markets in Turmoil

February's brutal selloff erased ₹40 trillion in market value, with Nifty facing its longest losing streak in 30 years and broader markets seeing their worst decline since COVID-19. Investor confidence took a major hit as volatility surged.

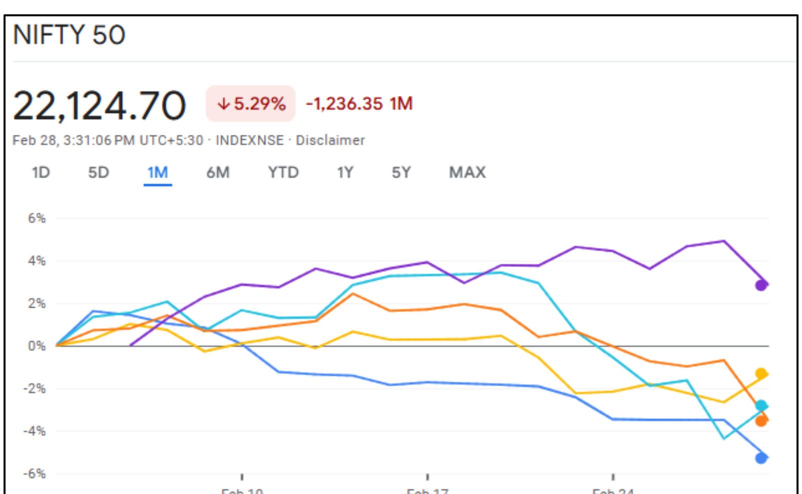
In February 2025, the Nifty 50 index witnessed a sharp decline, marking its **fifth consecutive month of losses**, a rare occurrence last seen 29 years ago. The index fell **5.97%** over the month, closing at **22,124.70** on **February 28, 2025**, with a steep single-day drop of **1.86% (-420.35 points)**. This decline also led to the formation of a new **52-week low at 22,104.85**, reflecting persistent bearish sentiment.

The market downturn was driven by **foreign institutional investor (FII) outflows**, **rising interest rates**, **weak corporate earnings**, and **global economic uncertainties**. Inflation concerns and tightening monetary policies in the U.S. further added to the selling pressure. Additionally, key sectors such as financials and IT struggled, dragging the index lower.



As February ended, the Nifty remained under heavy selling pressure, raising concerns about a potential sixth consecutive month of decline in March. The market's recovery will depend on global economic stability, corporate earnings performance, and renewed foreign investment inflows.

➢ February Market Recap: Volatility Grips Global Markets

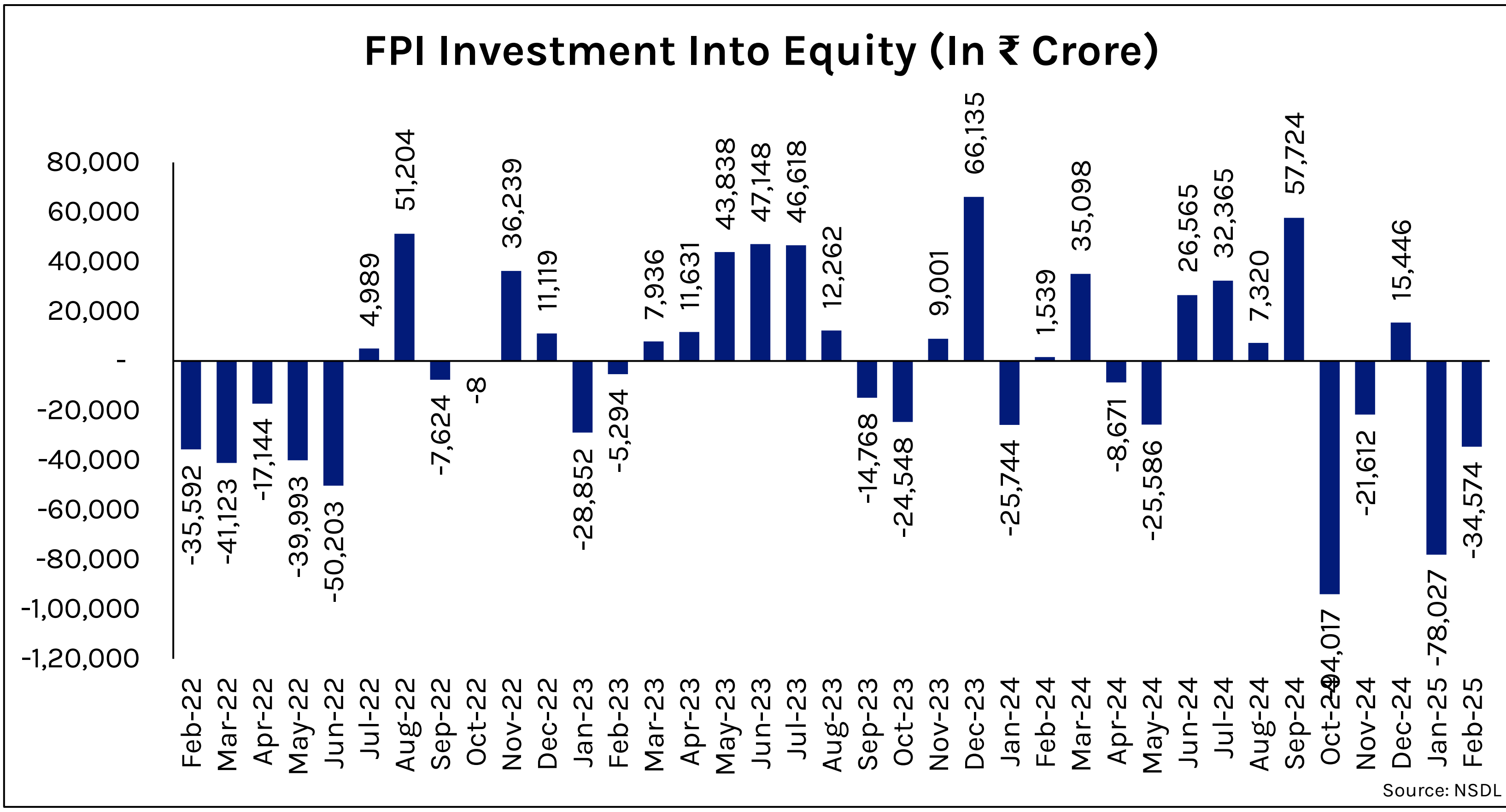


NIFTY 50	22,124.70	-1,236.35	↓5.29%
Dow Jones Industri...	43,840.91	-581.00	↓1.31%
Nasdaq Composite	18,847.28	-544.68	↓2.81%
Nikkei 225	37,155.50	-1,364.59	↓3.54%
SSE Composite Ind...	3,320.90	+91.41	↑2.83%

The U.S. stock market faced turbulence in February as economic concerns and uncertainty over Trump administration policies weighed on investor sentiment. Just over a week ago, the **S&P 500** hit an all-time high, while the **Dow** and **Nasdaq** hovered near record levels. However, as the month progressed, markets declined, with the **Nasdaq slipping 2.8%** and both the **S&P 500 and Dow losing 1.3%**. Investors found some relief after the Federal Reserve's preferred inflation measure showed a cooldown in January, easing fears about the Fed's ability to cut interest rates. Still, concerns remain over President Trump's proposed tariffs, which could fuel inflation in the future.

Globally, the **Nikkei index** fell below **37,000** for the first time since September, plunging **3.5%** to **37,155.5**, marking its steepest daily drop since September 30. With inflation concerns, policy uncertainty, and market volatility at play, investors remain on edge as they navigate the uncertain landscape.

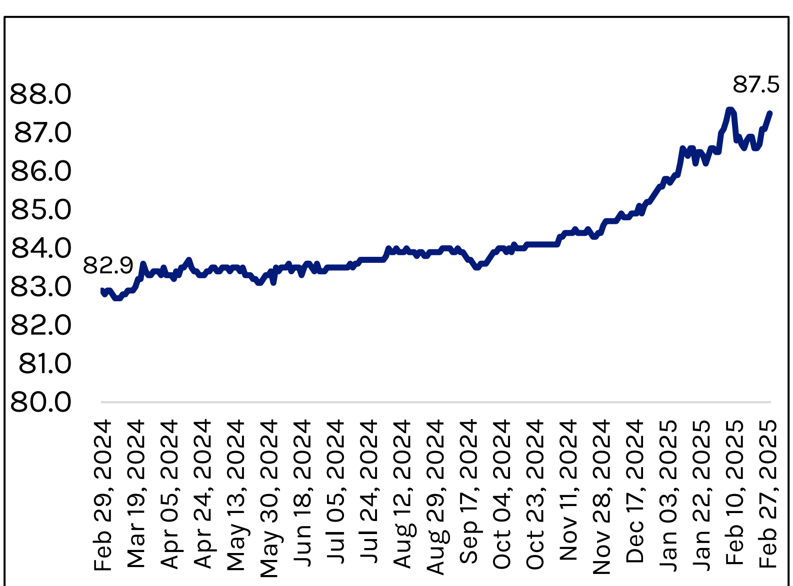
Source: BS



Foreign Institutional Investors (FIIs) recorded their highest single-day selling in February on Friday, offloading ₹11,639 crore worth of shares. So far in 2025, the average daily Foreign Portfolio Investor (FPI) outflows have stood at ₹2,708 crore, with room for further selloff given that FPIs still hold $929 billion worth of domestic equities. This is significantly higher than their holdings in South Korea ($565 billion) and China A-shares ($377 billion), based on the latest data.

February also marked the fifth consecutive month of market losses, a streak not seen since 1996. Despite this, valuations remain rich. However, March could see a market recovery, driven by better macroeconomic news and moderated FII selling. With large-cap valuations looking fair, and attractive in some sectors, aggressive FII selling is expected to ease in the coming weeks.

➢ Indian Rupee Sees Sharp Depreciation in Early 2025

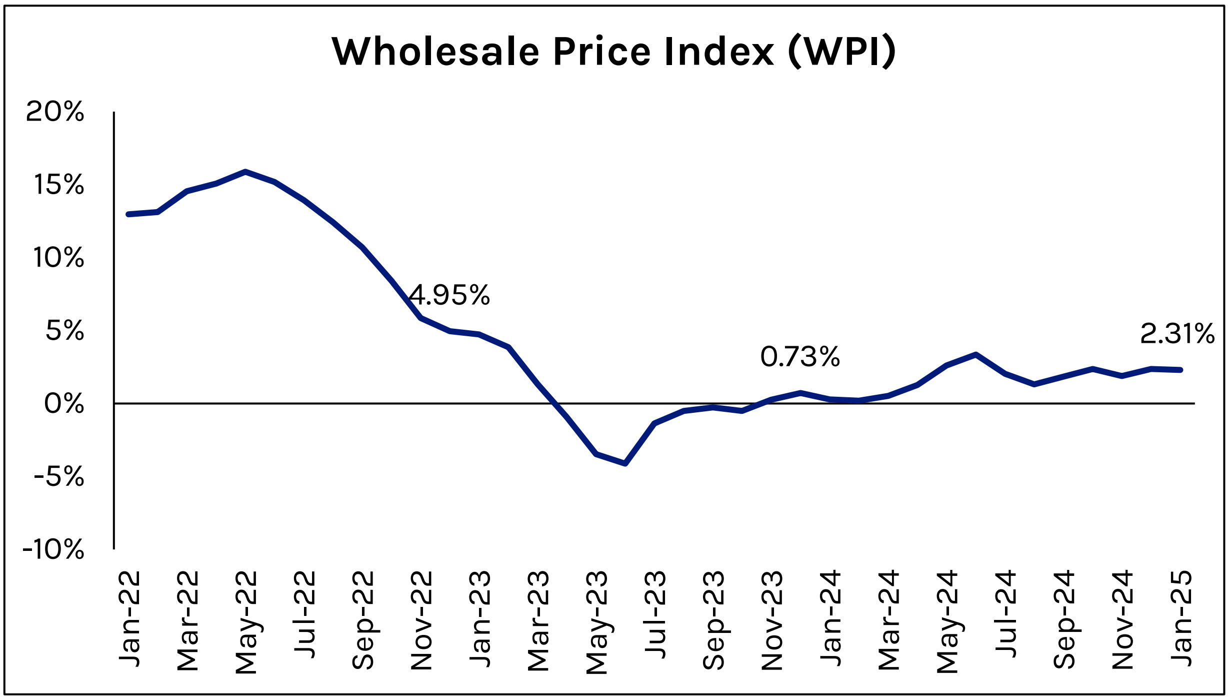


In just the first two months of 2025, the Indian rupee has already depreciated by 1.8% against the USD, surpassing the 1.5% decline seen in 2023 and covering nearly half of 2024's total 3% depreciation. This sharp decline highlights mounting pressure on the currency.

The rupee's depreciation is driven by global interest rate differentials, geopolitical tensions, trade imbalances, and foreign capital outflows. While RBI intervention may provide short-term relief, a potential U.S. Fed rate cut in 2025 could ease some pressure. However, for long-term stability, strong macroeconomic fundamentals are essential. Businesses and investors must remain cautious of exchange rate fluctuations in the evolving economic landscape.

Source: Investing.com

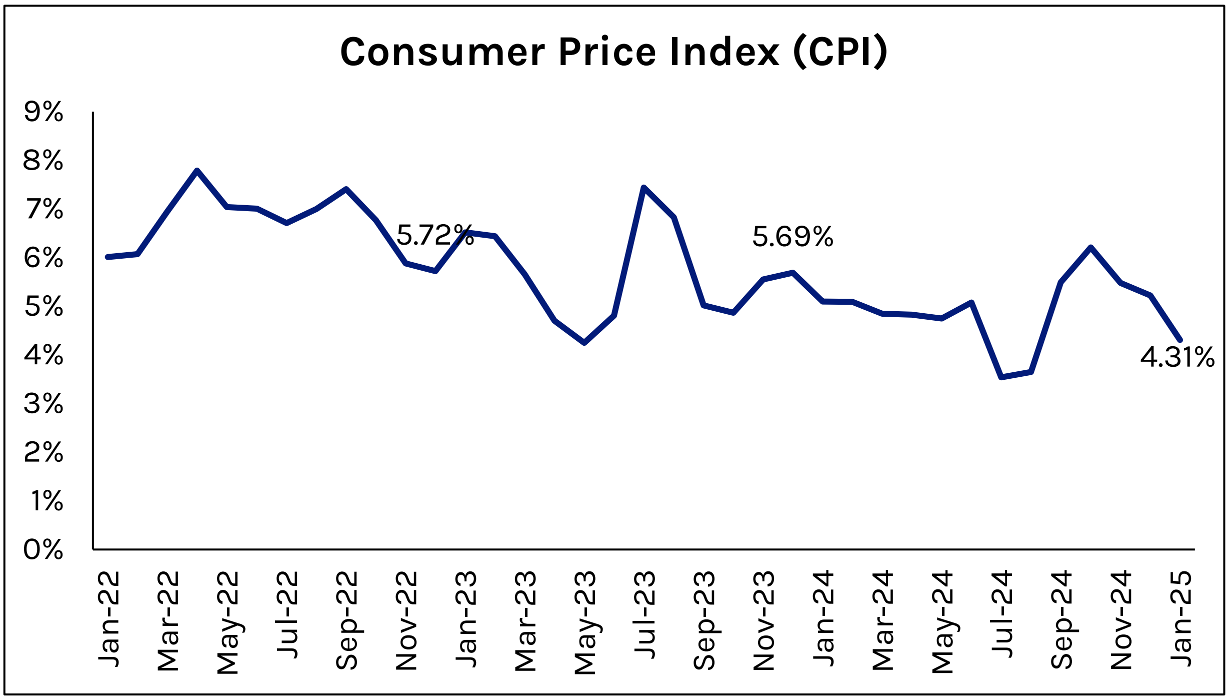
WPI Inflation Eases Slightly in January 2025



India's Wholesale Price Inflation (WPI) eased marginally from 2.4% YoY in December 2024 to 2.3% YoY in January 2025.

Food inflation hit a five-month low of 5.9% YoY, primarily due to a sharp decline in vegetable prices, which grew 8.5% in January compared to 28.7% in December. However, within the vegetable basket, onion prices surged 28.3% YoY in January, up from 16.8% YoY in December, highlighting continued price pressures in certain segments.

CPI Inflation Cools to 5-Month Low in January 2025



India's Consumer Price Index (CPI) inflation eased to a 5-month low of 4.3% YoY in January 2025, providing relief to consumers. Food inflation, as measured by the Consumer Food Price Index (CFPI), also fell to 6.0% YoY, driven by a decline in vegetable inflation (11.4% in Jan vs 26.6% in Dec 2024) and pulses inflation (2.6% in Jan vs 3.8% in Dec 2024).

Retail inflation remained below the RBI's upper tolerance level of 6%, aligning with policy expectations. According to the RBI MPC's latest estimates (Feb 7, 2025), the CPI inflation forecast for FY25 was retained at 4.8%, with quarterly projections for FY26 at 4.5% (Q1), 4.0% (Q2), 3.8% (Q3), and 4.2% (Q4).

Source: MoSPI

Market Snapshot: Sector-Wise Performance in Q3FY25

Q3FY25 corporate results showed sluggish revenue growth, but net profits improved due to lower costs. Oil & gas, mining & metals, FMCG, cement, and automobiles saw weak or no profit growth, while cement makers reported a YoY drop in sales. In contrast, capital goods, construction, and infrastructure posted strong double-digit growth, while pharma and BFSI performed well. IT services saw modest revenue growth but improved margins. Overall, cost reductions boosted profits, but revenue growth remained a challenge.

AUTOMOBILES

- Festive demand & new launches drove modest auto revenue growth; rural outpaced urban, with passenger vehicles leading.
- Brokerages expect growth to slow across segments going ahead with premium market faring better than entry level
- Margins faced pressure from forex impact, higher discounts & marketing costs but are expected to stabilize in Q4FY25.

Q3 FY25 (% chg Y-o-Y)	Net sales	Raw material	Employee expenses	Total expenditure	PBIDT	Net profit
Tata Motors	2.7	1.7	8.2	5.6	-13	-22.4
M&M	17.5	16.8	7.3	14.3	28.2	19.6
Maruti	15.7	16.9	16.7	15.9	12.9	16.2
Samvardhana Motherson	7.9	3.4	17.3	7.3	16.6	62.1
Bajaj Auto	8.2	5.8	19.9	6.8	11.8	8

CAPITAL GOODS, INFRA & POWER

- Large infra players like L&T, Kalpataru & KEC saw modest growth, while smaller firms faced revenue & profit declines.
- Bhel, ABB & Suzlon saw strong double-digit growth in Q3FY25 revenue & profit.
- Brokerages bullish on capital goods & defense (Bhel, ABB, L&T, HAL) but expect muted growth for power & EPC firms.

Q3 FY25 (% chg Y-o-Y)	Net sales	Raw material	Employee expenses	Total expenditure	PBIDT	Net profit
Larsen & Toubro	17.3	50.8	16.2	18.4	10.3	14
NTPC	5.2	4.3	0.3	0.9	3.1	-1.8
Tata Power Co	5.1	-5.4	7.8	0.6	4.5	8.2
HAL	14.8	20.7	0.3	14	21.9	14.1
Siemens	-3.3	-9.3	7.7	-2.2	15.1	21.5

FAST-MOVING CONSUMER GOODS

- Rising raw material costs (palm oil, tea, coffee, copra, edible oil) hit margins, though some firms raised prices to offset.
- Companies expect a better outlook driven by rural demand recovery, distribution expansion & pricing growth.
- Q3 revenue growth was subdued but in line, impacted by urban slowdown, weak festival demand & delayed winter.

Q3 FY25 (% chg Y-o-Y)	Net sales	Raw material	Employee expenses	Total expenditure	PBIDT	Net profit
ITC	9.3	14.3	11.1	13.1	1.9	-7.5
HUL	1.6	3	5.2	1.6	15.2	18.9
Asian Paints	-6.1	-4.2	7.9	-1.9	-18.4	-23.3
Nestle India	3.9	9.5	17.7	2.5	6.2	4.9
Britannia	7.9	17.8	-46.7	9	4.4	4.5

IT SERVICES

- Deal momentum stayed strong with major wins: TCS ($10.2B), Wipro ($3.5B), LTIM ($1.7B), Coforge & Persistent ($500M+).
- Tier-I firms saw 0.3-8% revenue growth, matching estimates, while Tier-II outperformed despite Q3 seasonality
- Tier-I IT firms saw margin improvement, while Tier-II showed mixed trends.

Q3 FY25 (% chg Y-o-Y)	Net sales	Raw material	Employee expenses	Total expenditure	PBIDT	Net profit
TCS	5.6	44.2	3.6	4	12.2	12
Infosys	7.6	8.9	3.8	6.6	10.6	11.5
HCL Tech	5.1	28.9	4.5	6.3	2.5	5.5
Tech Mahindra	1.4	-75	0.2	-4	47.9	92.6
LTIMindtree	7.1	-3.2	11	8.6	0.1	-7.1

Source: BS

Market Snapshot: Sector-Wise Performance in Q3FY25

OIL & GAS

- The sector's Q3FY25 net sales rose 0.6% YoY, while net profit fell 21.2%, marking the fourth straight earnings decline.
- PSU oil majors like IOC, ONGC, HPCL & Oil India led declines with YoY revenue contraction.
- Oil & Gas firms lagged in Q3 with flat revenues & double-digit profit decline.

Q3 FY25 (% chg Y-o-Y)	Net sales	Raw material	Employee expenses	Total expenditure	PBIDT	Net profit
Reliance	6.6	3.7	13.3	6.4	7.8	7.4
Indian Oil Corp	-2.9	0.9	-8.7	1.8	-49	-76.6
ONGC	-0.8	-5.6	3.5	-3.5	8.2	-19.4
BPCL	-2	-3.9	12.7	-3.3	12.5	19.6
GAIL India	6.2	10.7	10	10.4	24.5	27.8

PHARMA & HEALTHCARE

- Gross margins improved YoY, aided by niche launches, mild price erosion, higher domestic mix & stable raw material costs.
- Pharma firms saw 10% Q3 revenue growth, driven by domestic formulations, US stability & rupee gains; chronic segment grew twice as fast as acute.

Q3 FY25 (% chg Y-o-Y)	Net sales	Raw material	Employee expenses	Total expenditure	PBIDT	Net profit
Sun Pharma	10.5	0.1	8	11.2	13.7	15
Dr Reddy's Labs	15.8	18.6	7.1	17.2	8.3	2.4
Aurobindo Pharma	8.5	5.2	14.3	11.3	-1.4	-9.7
Cipla	7.1	2	12.1	0.7	27.2	48.7
Apollo Hospitals	13.9	14.5	12	12.5	29.2	51.8

CONSUMER & RETAIL

- Retail saw weak Q3 results due to food inflation, except for value fashion & jewelry, which performed well.
- Most firms indicated that demand remained weak
- Near-term outlook remains muted despite record festive sales; demand has plateaued, with no major Q4 improvement expected – Nuvama Research.

Q3 FY25 (% chg Y-o-Y)	Net sales	Raw material	Employee expenses	Total expenditure	PBIDT	Net profit
Titan Co	25.2	29.6	15.6	27.5	5.9	-0.6
Avenue Supermarts	17.7	17.9	30.1	18.5	7.7	4.8
Polycab India	20.4	18	33.2	19.5	16.3	10.8
Havells India	10.8	8.9	22.5	12.1	0.5	-3.3
Trent	34.3	35.1	23.1	34.4	25.6	32.8

METALS & MINING

- Mining & metal firms underperformed in Q3, posting low single-digit revenue growth & flat net profit.
- Brokerages are bullish on metals for FY26 due to higher volume growth but have trimmed FY25 earnings estimates.
- Industry EBITDA margin rose 20 bps YoY to 18.6% of net sales, the second-best in 10 quarters, aided by lower raw material & energy costs.

Q3 FY25 (% chg Y-o-Y)	Net sales	Raw material	Employee expenses	Total expenditure	PBIDT	Net profit
Hindalco	10.6	9.9	-1.2	8.3	31	60.2
Tata Steel	-3	6.6	-7	-3.1	-3	-36.4
JSW Steel	-1.3	9.8	-2.8	3.2	-23.5	-70.3
Coal India	-1	9	-3	1.2	-6	-17
UltraTech Cement	2.7	6.5	10.5	6.1	-8	-17.3

Source: BS

BANKS

- Banks outperformed in Q3FY25 with double-digit growth in revenue (gross interest income) & net profit.
- Listed banks' Q3FY25 gross interest income rose 11.2% YoY, and net profit grew 13% YoY, nearly double non-BFSI firms' growth.
- Brokerages stay bullish on banks, citing their strong earnings growth compared to the broader India Inc.

Q3 FY25 (% chg Y-o-Y)	Net Interest Income	GNPA	Net profit
SBI	4.9	-35 bps	84.3
HDFC Bank	7.7	10 bps	2.2
ICICI Bank	9.1	-34 pbs	14.8
Axis Bank	8.6	- 12 bps	3.8
Bank of Baroda	2.8	-65 bps	5.6

FINANCE & INSURANCE

- Non-bank lenders lagged behind banks in Q3FY25, posting slower growth in gross interest income & net profit.
- Non-bank lenders saw the slowest gross interest income growth in 10 quarters & the weakest net interest income growth in 17 quarters.
- Insurance firms rebounded in Q3FY25 with double-digit growth in gross premium income & net profit after a weak Q2.

Q3 FY25 (% chg Y-o-Y)	Net sales	Raw material	Employee expenses	Total expenditure	PBIDT	Net profit
SBI Life Insurance	-51.7	13.9	-52.8	76.7	-	71.2
Bajaj Finance	27.3	17.7	27.8	27	63.7	16.7
HDFC Life Insurance	-35.8	5	-37.1	44.5	-	14.6
Shriram Finance	19.9	19.8	26.9	49.5	6.1	74
ICICI Lombard	18.6	24.9	13.1	56	-	67.9

India's GDP Rebounds to 6.2% in Q3, Driven by Rural Consumption

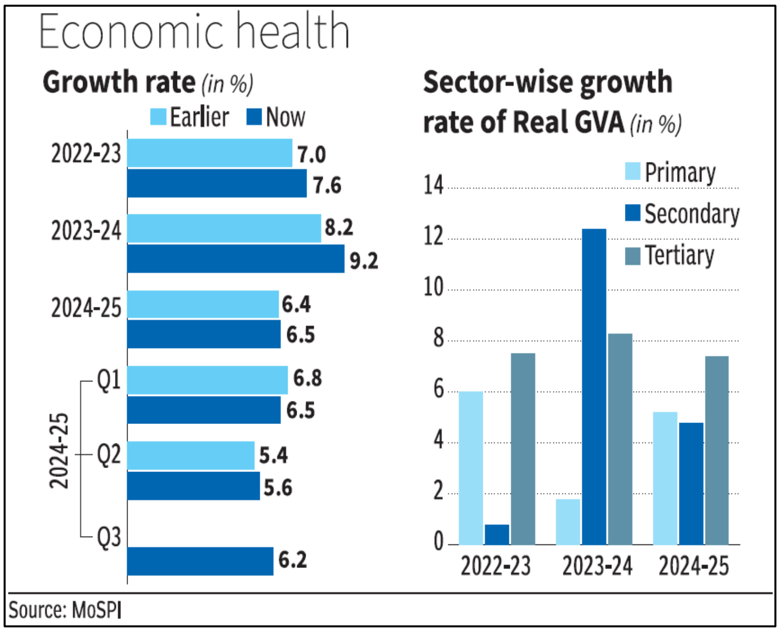
India's economy expanded by 6.2% in Q3 FY25, showing resilience driven by strong rural consumption, a favorable monsoon, and increased government expenditure. This marks a notable improvement from the revised 5.6% growth in the previous quarter.

The Mahakumbh Mela is expected to provide an additional boost in Q4, further driving consumer demand and supporting full-year GDP growth, according to Chief Economic Advisor V Anantha Nageswaran.

Revised estimates indicate that real GDP growth for FY24 stood at 9.2%, marking the highest rate in over a decade (excluding the pandemic). The services sector played a key role in driving this growth, while agriculture and manufacturing registered moderate gains.

Looking ahead, the government has raised its GDP growth projection for FY25 to 6.5%, exceeding the initial estimate of 6.4%. With an additional capital expenditure of ₹33,000 crore, the fiscal deficit is expected to be contained at 4.4% of GDP. Strong rural demand and strategic policy measures are expected to sustain economic momentum.

- ✓ Mahakumbh Mela to further boost Q4 consumption.
- ✓ Government raises FY25 GDP projection to 6.5% with fiscal discipline in focus.



Source: BI

NIFTY Market Performance Overview – February 2025

Script Name	Current Rate	30 D % Change
Top 5 NIFTY Gainer		
SHRIRAMFIN	619.0	14.5
BAJFINANCE	8,546.0	14.5
INDUSINDBK	972.3	12.1
HINDALCO	634.0	10.1
BAJAJFINSV	1,870.2	8.9
Top 5 NIFTY Losers		
TRENT	4,838.7	-11.9
TATAMOTORS	620.7	-10.9
TCS	3,478.0	-10.6
POWERGRID	251.8	-9.8
APOLLOHOSP	6,085.0	-7.8

INDEX	28 Feb 2025	01 Feb 2025	% Change
NIFTY PRIVATE BANK	24,225.2	24,373.9	-0.6%
NIFTY FINANCIAL SERVICES	23,029.0	23,231.8	-0.9%
NIFTY METAL	8,219.3	8,420.5	-2.4%
NIFTY BANK	48,344.7	49,592.6	-2.5%
NIFTY 50	22,124.7	23,528.6	-6.0%
NIFTY PHARMA	19,813.5	21,443.3	-7.6%
NIFTY HEALTHCARE INDEX	12,685.5	13,806.4	-8.1%
NIFTY INFRASTRUCTURE	7,665.6	8,365.3	-8.4%
NIFTY CONSUMER DURABLES	34,458.9	37,900.4	-9.1%
NIFTY OIL & GAS	9,590.6	10,579.8	-9.3%
NIFTY AUTO	20,498.6	22,926.2	-10.6%
NIFTY FMCG	50,689.0	56,818.1	-10.8%
NIFTY PSU BANK	5,652.1	6,344.6	-10.9%
NIFTY MIDCAP 100	47,915.2	53,953.6	-11.2%
NIFTY ENERGY	30,018.2	34,028.1	-11.8%
NIFTY MEDIA	1,386.9	1,584.3	-12.5%
NIFTY IT	37,318.3	42,680.8	-12.6%
NIFTY SMALLCAP 100	14,700.2	16,959.7	-13.3%
NIFTY REALTY	797.9	923.3	-13.6%

Source: NSE

Particular	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Nifty 50	0.93%	1.26%	0.67%	-0.16%	2.88%	3.99%	0.82%	1.88%	-6.14%	-0.71%	-2.05%	-0.55%	-5.97%
Nifty Midcap 50	0.54%	-1.98%	3.82%	1.59%	5.08%	5.82%	-0.70%	1.15%	-8.16%	0.35%	1.70%	-6.49%	-9.87%
Nifty Smallcap 50	-1.76%	-4.97%	10.75%	-2.15%	6.86%	3.95%	2.02%	-0.08%	-2.70%	-0.96%	-0.61%	-9.97%	-12.00%
Nifty 500	1.11%	0.41%	2.97%	0.44%	2.89%	4.21%	0.53%	1.72%	-6.43%	-0.53%	-1.41%	-3.55%	-8.08%