



Monthly Newsletter

April 2025



March 2025 Performance

Nifty 50

23,519.4

1,324.8 (6.0%)

BSE Sensex

77,414.9

4,329.0 (5.9%)

Nifty 500

21,339.5

1,404.0 (7.0%)

Gold

\$ 3,154.7

253.6 (8.7%)

USD INR

85.5

-1.8 (-2.0%)

Equities disappoint, gold sparkles



**FY25:
REAR
VIEW**

The financial year 2024-25 (FY25) was a tale of extremes for equity investors. A strong first half was overshadowed by volatility in the second, wiping out early gains.

The Nifty rose by 5.3%, while the Sensex gained 7.5%—both their weakest annual performances since FY23. The Nifty Midcap 100 and Smallcap 100 climbed 7.5% and 5.4%, respectively. Gold surged 37.7% to \$3,070 per ounce—its best rally since FY08—as investors sought safe-haven assets amid global uncertainty.

The rupee depreciated 2.1% but recovered most losses in March due to strong inflows into domestic equities and debt markets.

Among sectoral indices, NIFTY Private Bank gained 1.98%, led by Kotak Mahindra Bank, HDFC Bank, RBL Bank, and Federal Bank, while NIFTY PSU Bank led with a 2.16% gain.

Nifty 50 is set to break its longest monthly losing streak since 1996, rebounding over 6% in March after five consecutive months of decline. It peaked at 26,277.35 on September 27 before plunging 14% from October to February due to heavy foreign capital outflows, stretched valuations, weak earnings, and slowing economic growth.

The NSE Midcap 100 index is expected to outperform the Nifty 50 for the fifth consecutive year, driven by gains in defence, fintech, and consumer discretionary stocks, despite a 15% correction from its all-time high.

A TALE OF TWO HALVES

How key market indicators performed over the decade (in % change)

	Nifty	Sensex	Nifty midcap 100	Nifty smallcap 100	Gold (\$/Oz)	BSE mcap (₹ trn)
FY20	-26.03	-23.80	-35.90	-46.13	22.04	-37.60
FY21	70.87	68.01	102.44	125.70	8.28	90.82
FY22	18.88	18.30	25.32	28.63	13.45	59.76
FY23	-0.60	0.72	1.15	-13.81	1.64	-5.87
FY24	28.61	24.85	60.06	69.77	13.23	128.77
FY25	5.34	5.11	7.48	5.40	37.86	25.75

Nifty Midcap 100 set to beat Nifty 50 for 5th straight year

Source: BS

✓ Midcaps Lead the Charge

- NSE Midcap 100: +8.1% in FY25
- Nifty 50: +6.0%
- NSE Smallcap 100: +6.0%

- DIIs pumped ₹6 Trillion into equities
- Mutual Funds alone invested ₹4.79 Trillion
- FPIs recorded ₹2.7 Trillion net outflow but invested ₹1.2 Trillion via primary market

✓ Who's Driving the Rally?

- ✓ **Market Correction** =
- ✓ **Investment Opportunity!**

- Nifty 50 down ▼ 10% from all-time high
- Mid & Smallcaps down ▼ 15-18%
- Valuations are now attractive for long-term investors

➤ Indian Rupee's Resurgence: Factors, RBI Initiatives, and Global Performance

The Indian rupee has emerged as one of the best-performing Asian currencies in March 2025, appreciating 2% against the US dollar. Despite earlier volatility, the rupee has recovered most of its losses, supported by global trends, foreign inflows, and RBI's strategic interventions.

➤ Factors Strengthening the Rupee

- 1. Weakening US Dollar:** The US dollar index declined by 3.25% in March, marking its steepest drop since November 2022. A softer dollar has eased pressure on emerging market currencies, including the rupee.
- 2. Foreign Investor Inflows:** FII's turned net buyers in March, investing ₹3,055.76 crore in Indian equities. This reversed the trend of heavy outflows seen in January and February.
- 3. Stable Inflation & Bond Yields:** CPI inflation remained below 4% in February, boosting investor confidence. The 10-year government bond yield softened by 7 basis points to 6.62%, indicating a stable debt market.
- 4. Year-End Exporter Selling:** Increased selling of dollars by exporters amid fiscal year-end adjustments further supported the rupee.

➤ RBI's Initiatives to Stabilize the Rupee

- 1. Open Market Operations (OMO):** The RBI has injected ₹2 lakh crore into the financial system, improving liquidity.
- 2. Forex Market Interventions:** The central bank executed \$15 billion in foreign exchange swaps to maintain currency stability.
- 3. Liquidity Management:** Government spending towards the fiscal year-end is expected to ease the liquidity deficit, which stood at ₹2 trillion last week.
- 4. Controlled Depreciation Approach:** The RBI has allowed limited rupee appreciation while ensuring it remains competitive to support exports.

The rupee's recent strength is a result of favorable global trends, robust domestic liquidity, and strategic RBI interventions. While short-term volatility persists, India's stable macroeconomic fundamentals position the rupee well for long-term stability and growth. However, upcoming US policy decisions and global risk factors will remain key determinants of its future movement.

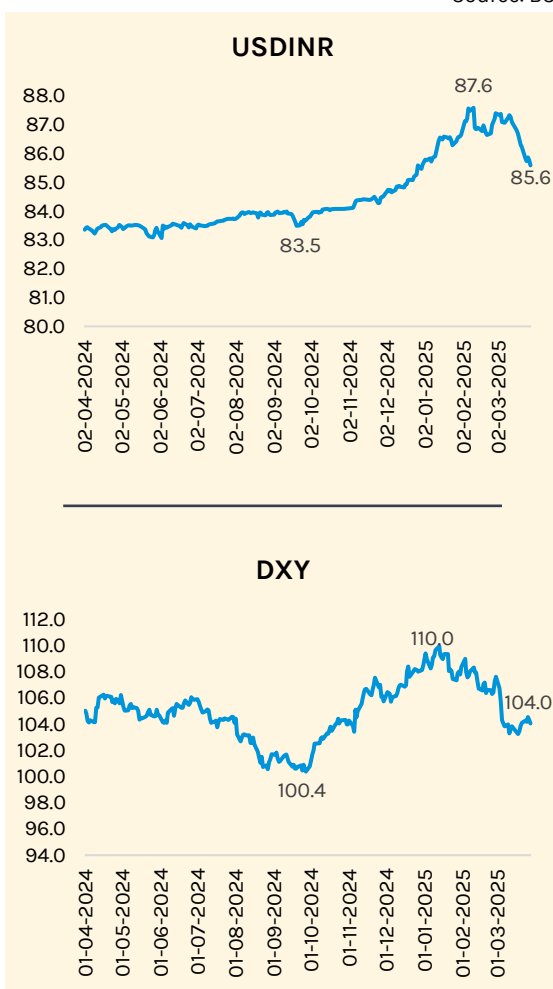
₹ RESILIENT VS \$ VIS-À-VIS PEERS

Major Asian currencies against \$

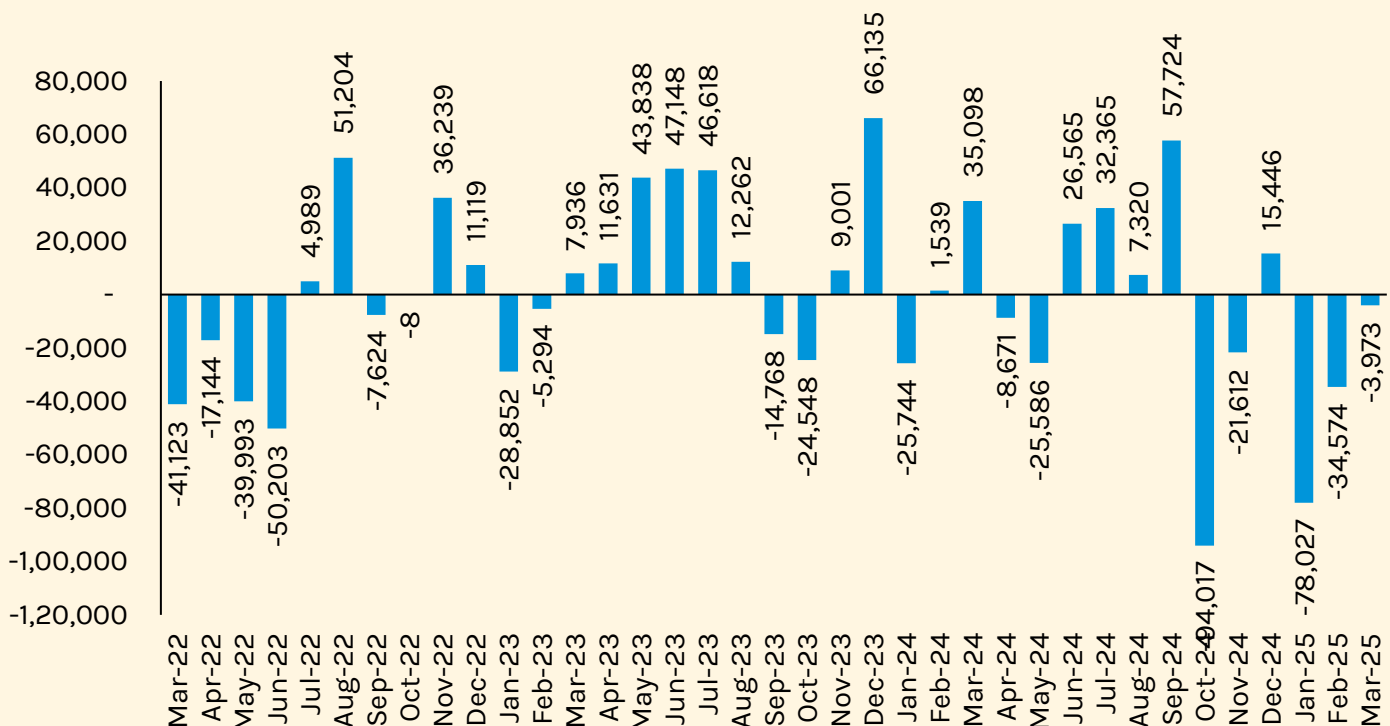
	Y-o-Y chg %
South Korean won	-8.32
Indonesian rupiah	-4.24
Vietnamese dong	-3.10
Indian rupee	-2.42
Chinese renminbi	-0.52
Japanese yen	0.42
Hong Kong dollar	0.61
Singapore dollar	0.61
Thai Baht	7.29

Source: Bloomberg

Source: BS



FPI Investment Into Equity (In ₹ Crore)



Source: NSDL

The shift in Foreign Institutional Investors' (FII) strategy from sustained selling to modest buying, observed in the week ending March 21, gained further momentum in the following week ending March 28. Looking ahead, the direction of FII flows will largely hinge on the reciprocal tariffs expected from Trump on April 2. If the tariffs are not stringent, the market rally may persist.

➤ IPO Pipeline Dries Up in March: Market Awaits Revival

Source: BS

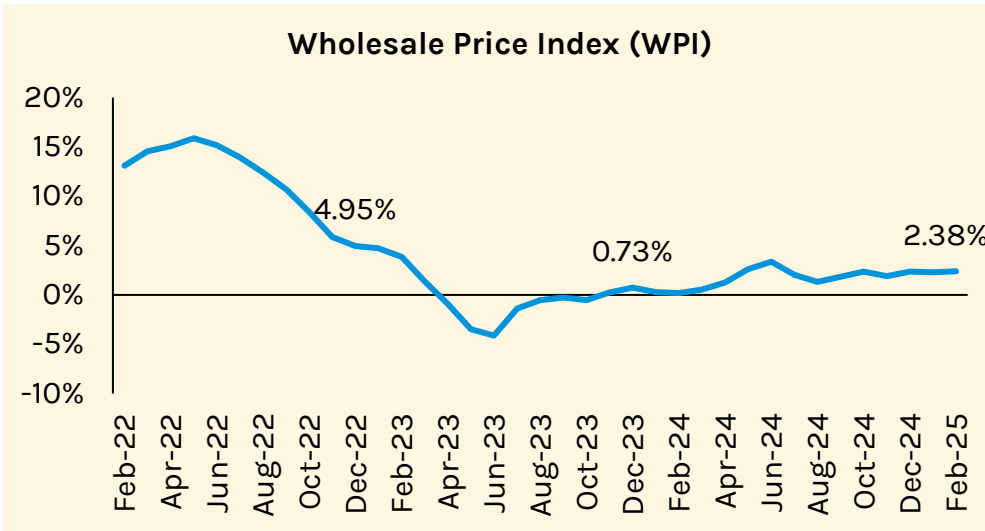
Despite a strong rebound in the equity markets, March 2025 marks the first month in nearly two years without a single Initial Public Offering (IPO). The last instance of this occurred in May 2023. The sharp sell-off in February, triggered by foreign portfolio investor (FPI) outflows, forced many companies to postpone their listing plans.

	No. of IPOs	Amount raised (₹ cr)	No. of QIPs	Amount raised (₹ cr)
2025				
Jan	6	4,845	3	3,961
Feb	3	10,878	1	700
Mar	0	0	3	4,168
2024*	22	13,120	21	18,357

- **March 2025:** No IPOs were launched, reflecting cautious sentiment among issuers.
- **Q3 FY25 (Jan-Mar):** Nine IPOs were executed, significantly lower than the 22 IPOs in the same period last year.
- **Qualified Institutional Placements (QIPs):** The number dropped to 12 in Jan-Mar 2025 from 21 a year ago, signaling a slowdown in secondary market fundraising.

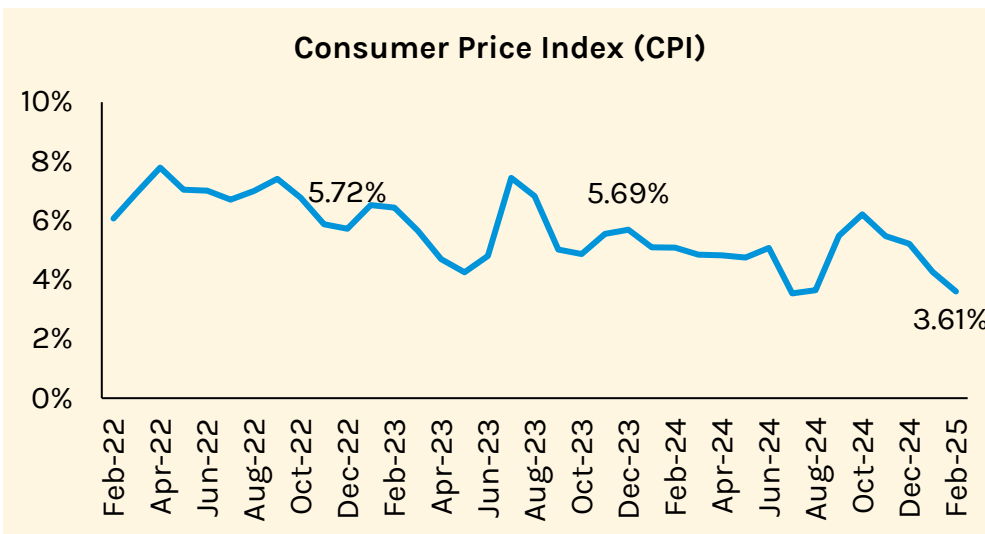
IPO & QIP Trends in Q3 FY25

➤ **WPI inflation rises to 2.38% in Feb from 2.31% in Jan on fuel and power**



February 2025 rose to 2.38 per cent, primarily due to an increase in fuel and power prices along with higher costs in the manufacturing sector, according to data released by the Ministry of Commerce and Industry on Monday. This is higher than the WPI rate in January which stood at 2.31 per cent.

➤ **India's retail inflation eases to 7-month low of 3.61% in February**



The Consumer Price Index (CPI)-based inflation remained well within the RBI's tolerance band of 2-6 per cent. A Reuters poll of 45 economists had forecast February's inflation at 3.98 per cent, but the actual figure came in lower than expected.

Source: MoSPI

This downward trend in inflation could ease consumer cost pressures and provide relief to households, particularly ahead of the summer season when food prices tend to fluctuate.

➤ **Rate cuts expected in RBI MPC**

The RBI's next Monetary Policy Committee (MPC) meeting is scheduled from April 7 to 9, 2025. In the previous MPC meeting held in February, the committee reduced the benchmark repo rate by 25 basis points, bringing it down to 6.25 per cent from 6.5 per cent. This marked the first rate cut in nearly five years and was aimed at easing monetary conditions to support economic growth.

After the CPI inflation eased to a seven-month low in February, the market expects further rate cuts by the central bank.

Broad-Based Market Performance: March 2025

Review Across Indices



Script Name	Current Rate	30 D % Change
Top 5 NIFTY Gainer		
BEL	301	22.4%
POWERGRID	290	15.8%
NTPC	358	14.8%
KOTAKBANK	2174	14.1%
ULTRACEMCO	11481	13.6%
Top 5 NIFTY Losers		
INDUSINDBK	649	-34.4%
ZOMATO	201	-9.2%
INFY	1569	-6.9%
WIPRO	262	-5.6%
TECHM	1415	-4.7%

INDEX	28 Mar 2025	01 Mar 2025	% Change
NIFTY ENERGY	33572	30092	11.6%
NIFTY PSU BANK	6263	5666	10.5%
NIFTY METAL	9093	8245	10.3%
NIFTY INFRASTRUCTURE	8458	7695	9.9%
NIFTY OIL & GAS	10550	9618	9.7%
NIFTY FINANCIAL SERVICES	25075	23118	8.5%
NIFTY HEALTHCARE INDEX	13681	12636	8.3%
NIFTY PHARMA	21138	19764	6.9%
NIFTY REALTY	851	798	6.6%
NIFTY BANK	51565	48479	6.4%
NIFTY PRIVATE BANK	25733	24275	6.0%
NIFTY MEDIA	1475	1392	6.0%
NIFTY FMCG	53590	50740	5.6%
NIFTY AUTO	21296	20592	3.4%
NIFTY CONSUMER DURABLES	35652	34658	2.9%
NIFTY IT	36886	37409	-1.4%

Source: NSE

Particular	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Nifty 50	1.3%	0.7%	-0.2%	2.9%	4.0%	0.8%	1.9%	-6.1%	-0.7%	-2.1%	-0.6%	-6.0%	6.0%
Nifty Midcap 50	-2.0%	3.8%	1.6%	5.1%	5.8%	-0.7%	1.2%	-8.2%	0.4%	1.7%	-6.5%	-9.9%	7.4%
Nifty Smallcap 50	-5.0%	10.8%	-2.2%	6.9%	4.0%	2.0%	-0.1%	-2.7%	-1.0%	-0.6%	10.0%	12.0%	8.5%
Nifty 500	0.4%	3.0%	0.4%	2.9%	4.2%	0.5%	1.7%	-6.4%	-0.5%	-1.4%	-3.6%	-8.1%	7.0%

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