

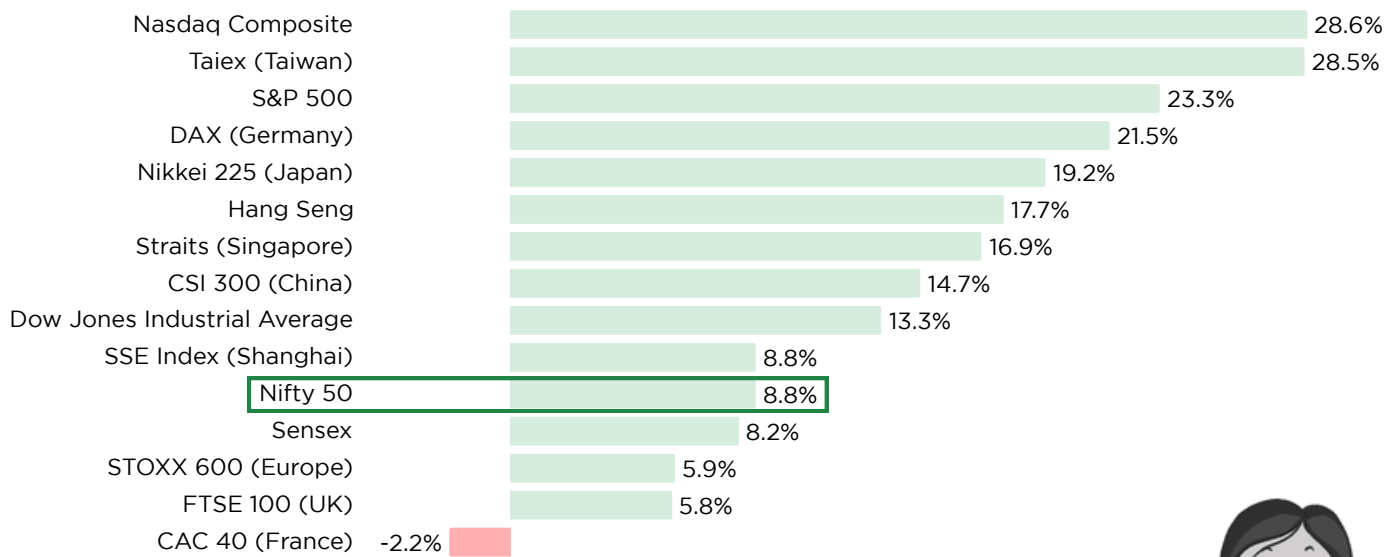
TOP DOWN & BOTTOM UP

BSE Mcap: ₹431.2 tn | Composite PMI: 59.2 | GST Collection: ₹1.8 tn | Forex Reserves: \$640 bn

2024, Year Gone By: Key Highlights

An overview of the past 12 months, highlighting key trends and developments amid shifting market dynamics. Reflecting on these can help identify challenges and opportunities as we enter 2025

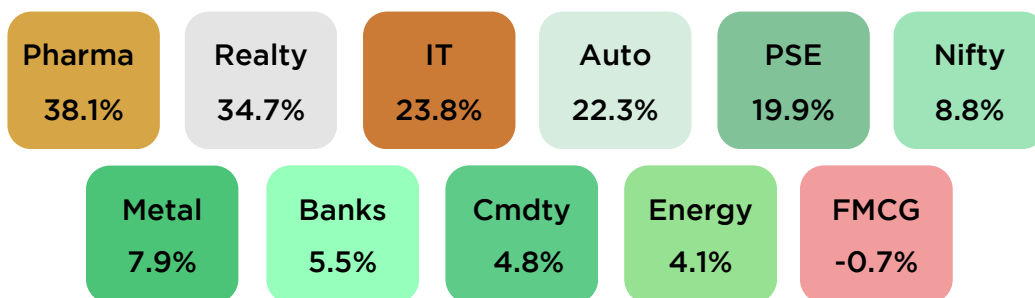
Global Index Fund Returns in 2024



Nifty 50 sees 8.8% return; 9 consecutive years of positive returns. Let's look at performance across sectors

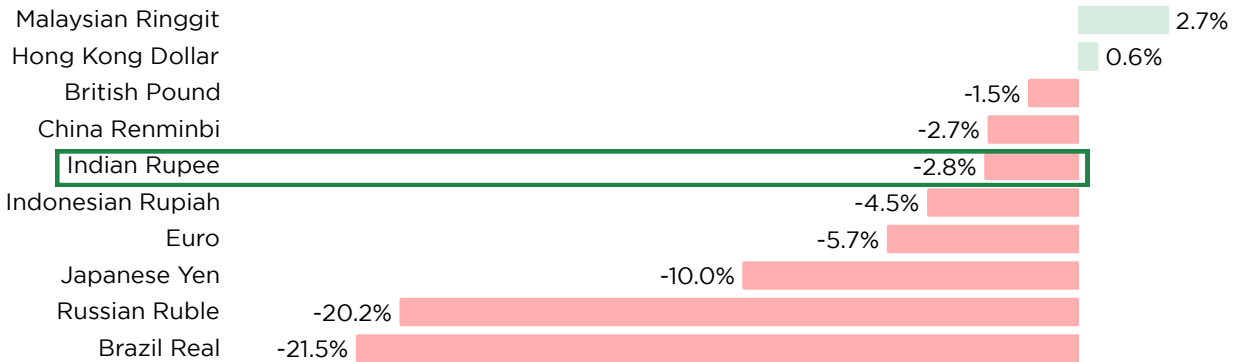


India's Market Sector Returns for 2024 (Source: NSE)

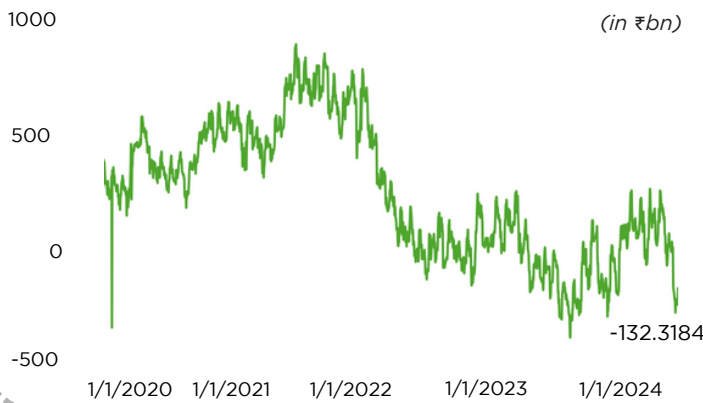


- ▲ Continuation of economic policy as Modi government elected for a third time
- ▲ H1FY25 sees 26% increase YoY in FDI, reaching \$42.1 bn
- ▲ GST collections up 8% in Dec, reaching ₹21.1 tn
- ▲ Monsoon rainfall 7.6% higher than average, reaching highest level since 2020
- ▲ Real estate continues to appreciate, seeing 60% increase in 5 years
- ▲ Apple's iPhone shipments in India have crossed \$11 bn in 2024
- ▲ GIFT City taking shape with more than 200 fund registrations

▲ Currency appreciation against USD



Net Liquidity injection by RBI



▲ Liquidity Deficit

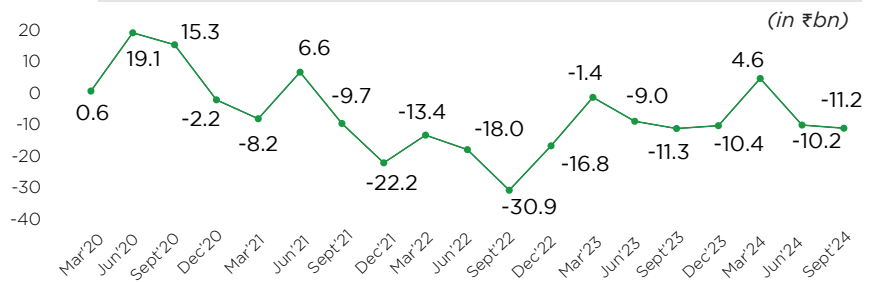
- High liquidity deficit forces RBI to infuse record funds in December via VRR auctions
- RBI has infused ₹9.4 tn through 14 VRR auctions, and ₹1.2 tn through a CRR cut
- Most VRR auctions in December by central bank were fresh ones

▲ Current account deficit narrows to \$11.2 bn in Q2FY25



Amidst the good, a few challenges to be made a note of

India Balance of Payments, Current Account



- ▲ GDP growth slows in FY25 with RBI revising est. downwards from 7.2% to 6.6%
- ▲ India Inc's operating profits grew 4% YoY in Q2FY25, the slowest in four quarters
- ▲ Coalition Government in Lok Sabha as no party could secure majority
- ▲ Road construction declines 6.6% YoY; Only 4900 km in first 8 months of FY25
- ▲ Critical Minerals Mission off track with just 24 of 48 mines auctioned
- ▲ CPI Inflation reaches high of 6.2%, hovers above RBI target, despite slowing growth
- ▲ Union government allocated ₹505.71 bn to states for capital investment from April to Nov, Target for FY25 was set at ₹1500 bn
- ▲ Net reduction of 26 mn telecom subscribers as high prices drive cancellations
- ▲ 29.5% decline in new investment projects, 53% decline in projection completion YoY in H1FY25

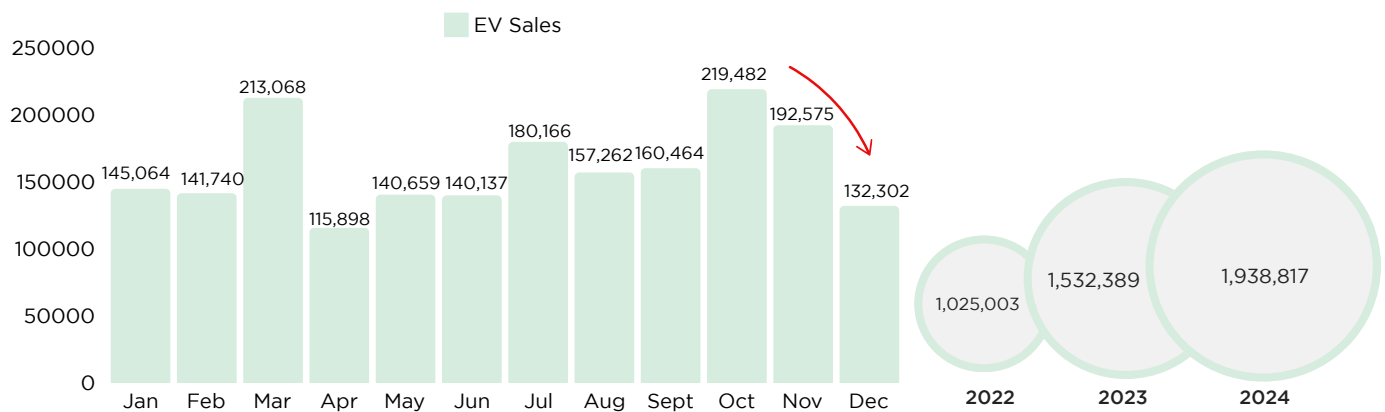
THE SIGNS OF SLOWDOWN

Consumption Slowdown



AUTO

- ▲ Honda highlights artificial demand generated by heavy discounts amidst 13% YoY reduction in industry wide sales
- ▲ November PV sales fell 14% YoY, 33% MoM due to weak post-festive demand
CV sales dropped 6% YoY
- ▲ 37% decline in EV funding from 2022 to 2024 amidst auto industrywide struggles and policy changes
- ▲ December EV sales reach 6 month low as PV demand sputters across India
December auto sales showed mixed results between PVs and 2Ws



RETAIL

- ▲ IKEA revenue grows at 5% YoY, losses grow 15% YoY to ₹13.03 bn
Cumulative loss of ₹55.5 bn since operations began
- ▲ Godrej Consumer expects flat Q3 India volume growth; soap, insecticides hit by price hikes, unseasonal rainfall

Gloom across FMCG Industry as Godrej, Dabur flag rising inflation costs, liquidity crunch, and slowing sales hammer industry



INFRASTRUCTURE

- ▲ Maharashtra shelves 3.3 GW thermal project due to land acquisition challenges and coal mine allocations

LOGISTICS

- ▲ Truck fleet occupancy dropped below 60% in November with sales down 7% year over year
- ▲ Rail freight sees 2.1% growth in FY25, far lower than conservative 4.4% growth projected in Budget



TELECOM

Telecom industry loses 26 mn users despite ₹700 bn 5G infrastructure investment in 2024, leading to subpar AGR

Tariff hikes of 10-26% drove exodus

Financial Services



- ▲ Credit growth to NBFCs declines to 7.8% in November
Steep decline in NBFC profits due to rise in cost of borrowing, defaults and slow growth
- ▲ Microfinance disbursements dropped 10% in Q2 as short term unpaid loans more than doubled to 4.4% from 2%
- ▲ Overall Mutual Fund inflows drop 75% MoM in November to ₹606 bn
Equity inflows drop 14% MoM while debt fund inflows declined 92% MoM
- ▲ SIP stoppage ratio rises for 4 consecutive months to reach 79.12% as volatility spooks investors
Third highest level ever recorded

Macro Data



India's CapEx down 12% YoY in first 8 months of FY25 compared to FY24

- ▲ Auction of 11 critical mineral blocks cancelled due to subpar demand
- ▲ Sugar prices hit 18-month low due to ample supply, causing mills to struggle with cane payments
With sugar prices modestly rising now, the worst maybe behind us
- ▲ 26.6% YoY increase in steel imports to hit record high
Steel prices dropped to pre-covid levels
- ▲ 30% of diamond processing units remained closed after Diwali in Gujarat due to sharp fall in foreign demand
Leading to 40% decline in wages
- ▲ Jewelry exports drop 10% YoY to \$19.2 bn
40% YoY drop in diamond exports in November

Global Slowdown



- ▲ OPEC cuts oil demand forecast despite reduction in prices as demand remains weak across Asia
- ▲ US Federal Budget deficit widens considerably, \$18 Bn higher than forecasted

STRAIGHT FROM THE HORSE'S MOUTH



"The demand conditions in India have been subdued for the past few months which is evident in FMCG market growth"



"Rising food inflation has been impacting demand in urban India across categories, particularly for discretionary products as consumers are tightening their purse strings"



HONDA

"What is happening compared to last year is that the industry has additional one month stock. More supply (is) happening. So actual demand, is one month lower than last year. Certain OEMs are trying to manage that stock level, but the demand is, anyway, not so strong"



"So, we are now cutting capex, because margins are not enough to do capex anymore"

adani

"Capital is no longer our constraint. Our true challenge lies in deploying our capital effectively"



THE GREAT EASTERN SHIPPING CO. LTD.

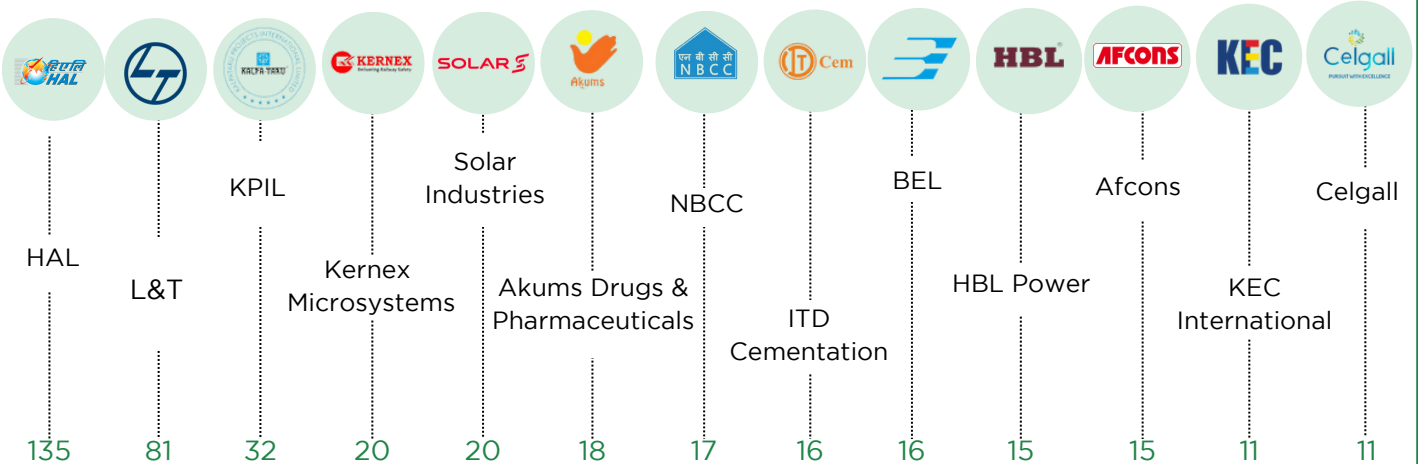
"The market scenario, which is currently sluggish due to multiple factors, including geopolitical tensions, is likely to impact the near-term performance"



"Project analysis and forecasting teams believe that this loss of momentum may impact the company's consolidated top-line for the current quarter also"

ORDERBOOK INFLOW UPDATE

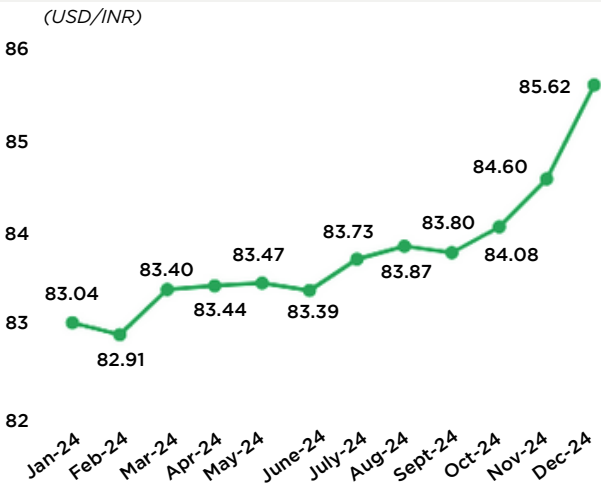
(Order in ₹bn)



INDIA UPDATE

▲ USD/INR depreciates 2.8% in 2024, closes the year at ₹85.6/\$

Sharp Currency Depreciation since Sept.



▲ India's fiscal deficit touches ₹8.5 tn, 52.5% of FY 25 target, from Apr-Nov. *Currently outpacing the 50.7% of target mark seen in same period of FY24*

▲ Coal Imports up 9%, reaching 45 million tons, in first 8 months of FY25 for power generation

▲ India considers safeguard duty amidst fears of steel oversupply from Chinese-owned Asean manufacturers

▲ Cement companies hike prices after a challenging Q2 hoping to improve margins

▲ DAC approves ₹218 bn of military equipment purchases

▲ Nearly ₹1000 Bn in e-commerce revenue recorded over holiday season with order volumes rising 17% YoY

▲ India-US 10 year bond yield gap at all time low of 2.55% despite high retail inflation

▲ Indian Pharma Cos see 9.9% growth in value in November on growth of cardiac, cancer, diabetes, and urology categories

▲ Blackstone eyeing to acquire 20% of Haldiram's at \$8 Bn valuation. *Blackstone continues FY25 buying spree as it targets deploying \$17 Bn in India over 5 years*

▲ Retail Inflation slows down to 5.5% YoY in November after October peak. *Industrial Output grew 3.5% as signs point to rate cut in February*

▲ Airbus to double sourcing from India to \$2 bn annually over next couple of years

▲ November e-way bills drop to 5 month low of 101.8 Mn as interstate goods transport slows down

▲ ForEx Reserves drop to 5 month low of \$654.9 bn

SIP Investment

Nov-23	170.7	₹bn
Dec-23	176.1	
Jan-24	188.4	
Feb-24	191.9	
Mar-24	192.7	
Apr-24	203.7	
May-24	209.0	
Jun-24	212.7	
Jul-24	233.3	
Aug-24	235.5	
Sep-24	245.1	
Oct-24	253.2	
Nov-24	253.2	
Dec-24	264.6	

▲ Quick Commerce sees surge in competition with 5 new major entrants

▲ Food subsidy for FY25 on track to surpass budget estimate by ₹200 bn

▲ NCR new housing supply up 44% in 2024 with 60% in ultra luxury category

▲ 5% drop in sales seen across 8 largest housing markets in Q2FY25

▲ FDI inflows since April 2000, surpassed \$1 trillion in 2024, driven by investments in services, technology, and chemicals

GOVT. INITIATIVES

- ▲ SJVN signs MoU to invest ₹56.6 bn in Bihar for 1000 MW pumped storage project
- ▲ Government considers ₹90 bn scheme to boost domestic manufacturing of EV battery components to reduce reliance on China
- ▲ Coal Ministry to outlay ₹85 bn to improve green energy efforts around coal
- ▲ Govt outlines ₹100 bn GPU tender to bolster AI infra
- ▲ ₹470 bn in military equipment purchases emphasize significant commitment to aerospace
HAL secures ₹260 bn to supply airplane engines with another ₹130 bn used to acquire Sukhois
- ▲ Rajasthan announces ₹300 bn investment to build 800 km of roads

Rising Rajasthan Global Investment Summit 2024

- ₹35 tn of investment in Rajasthan committed by large Cos over the next decade
 - ₹20.8 tn in green energy alone
 - Cement, Mining also see large investments
 - Adani Group commits ₹7.5 tn, Vedanta Group and Avaada Group ₹1 tn each
 - Benefits to not exceed 2% of investments made over 10 years
- ▲ Uttar Pradesh outlines 17,000 acres for multimodal logistics parks as it seeks to expand economy aggressively
Up to 30% subsidy offered for those investing at least ₹10 bn

CAPEX UPDATE

Energy and Petrochemicals

- Hero Future Energies to invest ₹110 bn, create 3,000 jobs in renewable energy projects in Karnataka
- BPCL begins developing petrochemical complex in Andhra Pradesh for ₹61 bn
- BPCL and CIL to jointly invest ₹120 bn on 1.83 mn cbm/day coal gassification project in Maharashtra
- IOC to invest ₹610 bn in Odisha for naphtha cracker project
- BPCL to invest ₹250 bn on oil production and exploration blocks in Brazil and Mozambique

Aviation

- Air India ups 2023 order of 470 airplanes to 570
Indicative of surge in air travel in India in the medium to long term

Mining & Drilling

- Vedanta Group to invest ₹1000 bn in zinc and oil production; generate 5 lakh jobs

Textiles

- Trident Group plans ₹30 bn investment in textiles, creating 3,000 new jobs

Infrastructure

- \$3.5 bn total investment, mergers, and consolidation headline concrete 2024 for cement sector

Logistics

- JSWIL allocates ₹300 bn in CapEx over the next 5 years to increase cargo handling capacity from 170mn TPA to 400 mn TPA

COMPANY UPDATE

Technology

- Amazon purchases ₹4.5 bn 38 acre land parcel to build data centre near Mumbai
- LG Electronics to sell 15% of Indian subsidiary to raise ₹150 bn in mega IPO
 - 5th largest IPO in Indian history
 - Fears that parent company can compete due to lack of exclusivity agreement
 - LG plans to invest ₹50 bn to build another factory in India

Healthcare

- Akums Group signs ₹17.6 bn deal to manufacture pharma goods for EU
- Carlyle Group divests 4.3% of its stake in healthtech firm Indegene for ₹6.36 bn

Infrastructure & Power

- UltraTech Cement acquires 8.7% of Star Cement for ₹8.51 bn
- Adani Infra acquires 30% stake in Construction firm PSP projects for ₹6.62 bn
Also placed an open market offer to acquire another 26%
- JSW expands renewable energy portfolio to 24.7 GW from 20 GW with ₹124.68 bn acquisition of O2 Power

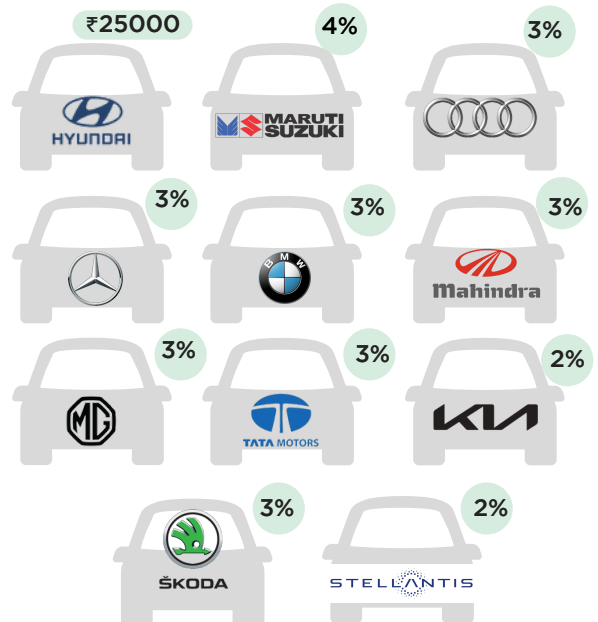
Consumer Durables

- Stove Kraft secures deal to supply cookware to IKEA worldwide

Automobiles & Auto Ancillaries

- CEAT to acquire Michelin Tyre's Camso brand for \$225 mn
- Ola electric 2W sees drop in registrations but remains market leader
Competition in the space heating up with Bajaj and TVS catching up
- Auto cos hike prices starting on New year amid rising supply chain costs
PV sales already sluggish due to weak demand

Auto Price Hikes



Financial Services

- Paytm to divest stake worth ₹23.64 bn in Japan based payments firm PayPay

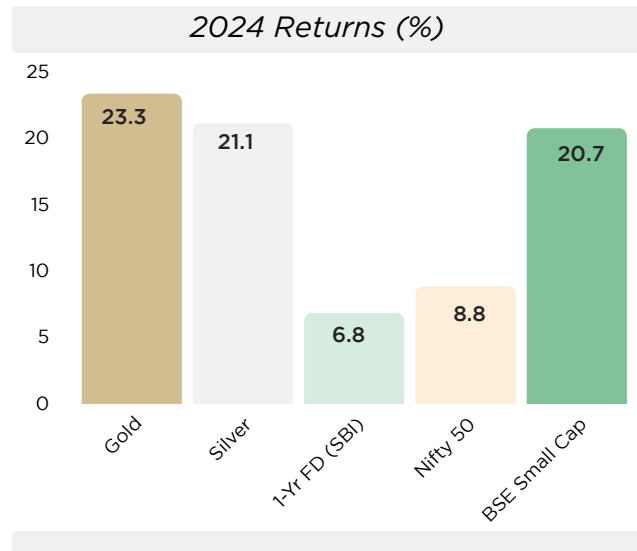
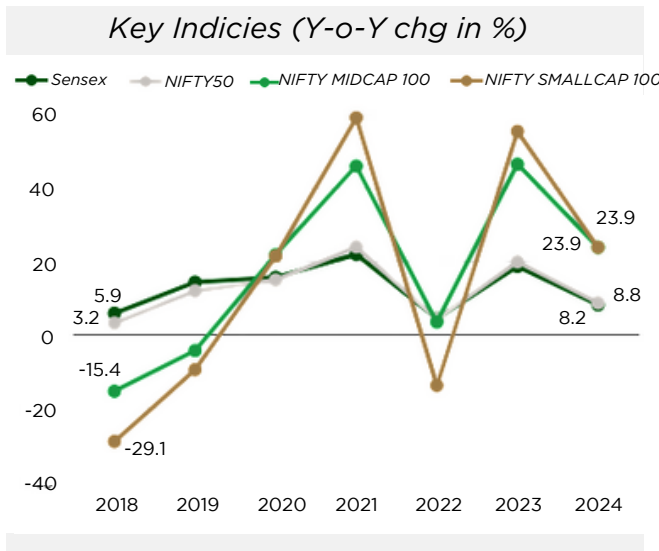
Real Estate

- Blackstone grows Indian real estate portfolio to 55 mn sqft with ₹17.25 bn acquisition of 5 mn sqft of warehousing space from LOGOS India

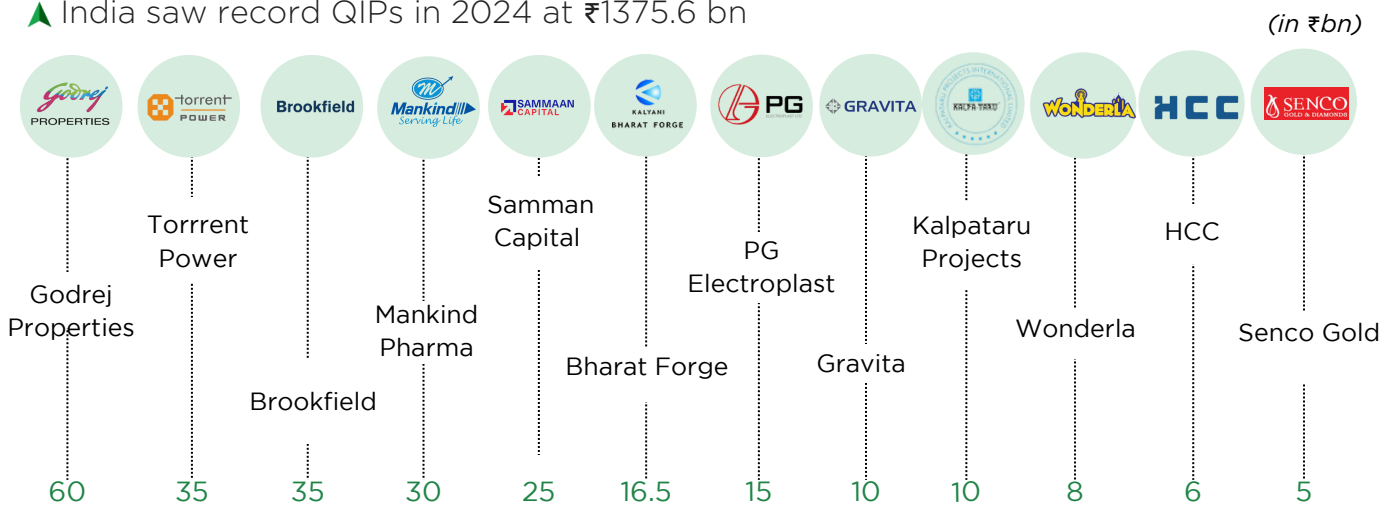
CAPITAL MARKET UPDATE

Year	SME IPOs (in ₹bn)	QIPs (in ₹bn)	Rights Issue (in ₹bn)
2018	22.9	165.9	188.3
2019	6.2	352.4	520.5
2020	1.6	808.2	649.8
2021	7.5	420.0	277.7
2022	18.8	117.4	38.8
2023	46.9	523.5	72.7
2024	87.9	1131.0	86.0

▲ EPFO approves investing in public sector InvITs and REITs, expanding investment options and member benefits



▲ India saw record QIPs in 2024 at ₹1375.6 bn



▲ Cash ADTO reported a marginal sequential increase to ₹1,107 bn in Dec-24 (+3.3% MoM/ -2.6% YoY)

▲ F&O ADTO declined sequentially and was reported at ₹295,607 bn in Dec-24 (-33.1% MoM/ -34.3% YoY)

▲ The number of derivative contracts declined MoM to 8,839 mn, (-28.0% MoM/ -20.4% YoY)



SEBI tightens SME IPO rules; limits usage of funds, size of sales, and eligibility of companies

- Operating profit of at least ₹10 mn in 2 of the past 3 years
- OFS by promoters limited to 20% of issue size
- Funds raised cannot be used to repay debt and capped at 15% for general corporate purposes
- ₹87 bn raised across 243 SME IPOs in 2024

CORPORATE GOVERNANCE

- ▲ Mishtann Foods stock collapses 40% on SEBI notice for Corporate Governance Issues
₹4 bn in market cap wiped off along with fears of financial misreporting
- ▲ Mawana Sugar under investigation by Anti Corruption Branch after potentially corrupt GST officials flagged
- ▲ SEBI orders forensic audit of TARC from FY21 to FY23
Price drops 20% as allegations of possible misconduct swirl
- ▲ SEBI shuts IPO of Trafiskol ITS Technologies after investigations find purchases from shell entity

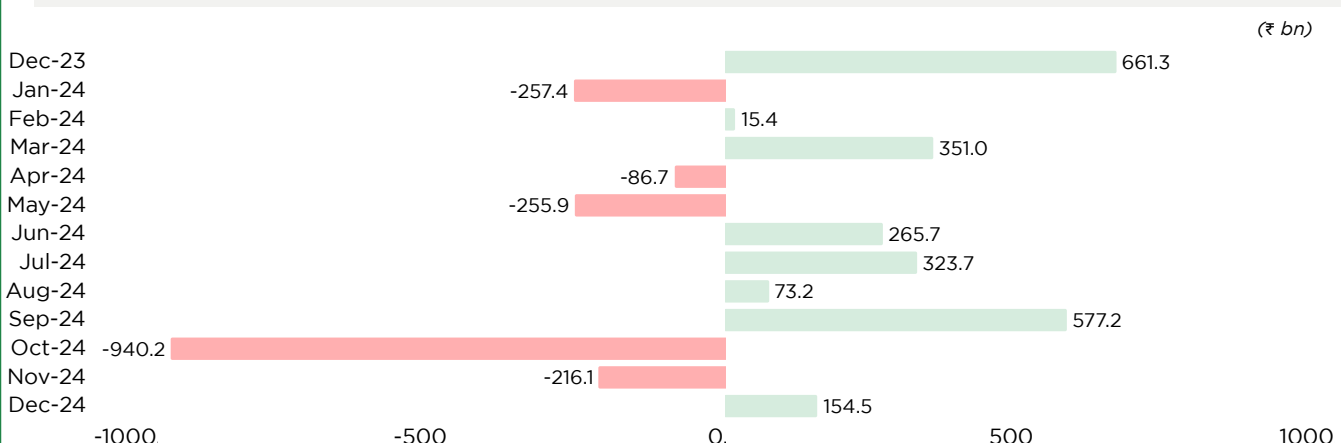
INTERNATIONAL UPDATE

- ▲ China bans exports of critical minerals gallium, germanium, and antimony to the US
Trade tensions escalating after the US cracked down on China's chip sector
- ▲ Saudi Arabia cuts oil prices by \$0.80 per barrel due to slowing demand in Asia

China Monetary Policy

- First shift in monetary policy 14 years, from 'Prudent' to 'Moderately loose'
- Fiscal policy changed from 'Proactive' to 'More proactive'
- Administration bracing for second trade war with Trump
- Hoping to stimulate production boom that never materialized post covid
- Aimed at stimulating domestic consumption and tackling deflationary pressures

FPI Equity Net Flows



INDIA ECONOMIC DATA



India's merchandise trade deficit widens to a record \$37.8 bn in November amidst surge in gold imports

Economic Indicator	Nov'24	Oct'24	Nov'23
WPI Growth	1.9%	2.4%	0.4%
CPI Growth	5.5%	6.4%	5.6%
Core Sector Growth	4.3%	3.1%	7.9%
Trade Deficit (in bn\$)	37.8	27.1	20.6
Air Passenger Traffic (mn)	14.2	13.8	12.7



India's trade deficit widens to \$32.8 bn in Nov on amidst surge in gold imports

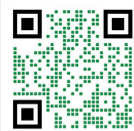
Economic Indicator	Dec'24	Nov'24	Dec'23	MoM	YoY
Composite PMI	59.2	58.6	58.5	1.0%	1.2%
GST Collection (in ₹tn)	1.8	1.8	1.7	-2.8%	7.3%
AVG USD INR	85.0	84.4	83.3	0.7%	2.1%
Forex Reserves (US\$ bn)	640	658	623	-2.7%	2.7%

*All the numbers are rounded to a single decimal place

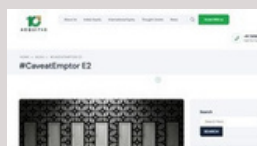
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