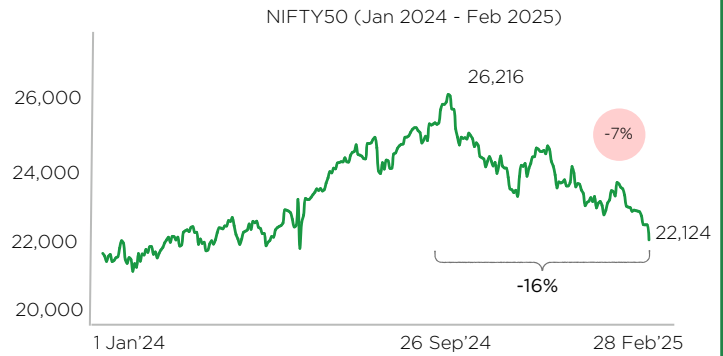
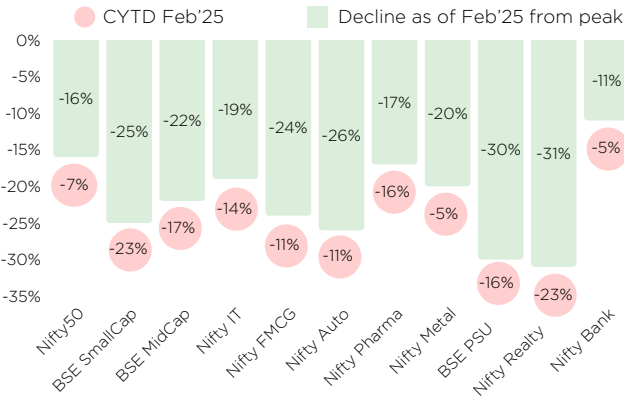


# TOP DOWN & BOTTOM UP

BSE Mcap: ₹384.6 tn | Composite PMI: 58.8 | GST Collection: ₹1.8 tn | Forex Reserves: \$639 bn

## THE SIGNS OF SLOWDOWN

Nifty50 endures longest weekly losing run in 30 yrs with 5th consecutive monthly decline

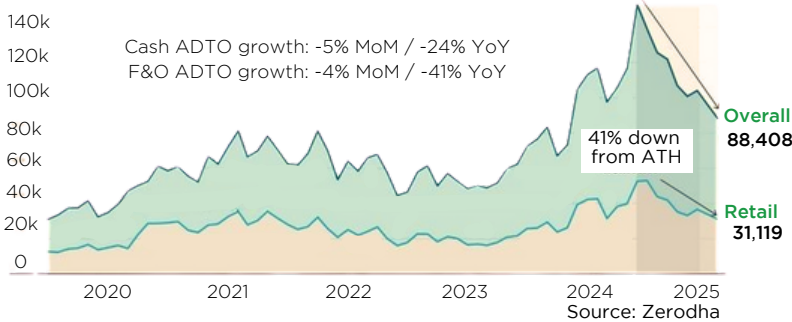


- This market downturn has wiped over ₹90 tn off the total market capitalisation of BSE-listed firms, reducing it to ₹384 tn
- Nifty 50 has been among the worst-performing major equity benchmarks globally in this period (CYTD Feb'25), shedding 15.6%
- 1,000 actively traded stocks have plunged 50-92% from their 52-week highs
- Newly listed stocks from 2024 are down an average of 37% from their peaks, with nearly half already trading below issue price

### Capital Markets



Average daily turnover on NSE in INR crores 42% down from ATH



Cash market average daily turnover dips below ₹1 tn in Feb 2025, lowest since Nov-2023

ADTO in F&O has extended its decline to hit a two-year low at 185.4 tn, its lowest level since Dec-22

"Across brokers, there's a more than 30% drop in activity....if this continues, the govt will not make even ₹400 bn in STT in FY26, atleast 50% below the ₹800 bn estimate" - Nithin Kamath, Zerodha



### Capital Expenditure



- ▲ Tata Steel may pause future expansion plans due to weak steel prices and rising Chinese imports
- ▲ Samvardhana Motherson reduces its FY25 capex from ₹50 bn to ₹45 bn due to weak demand and delayed capacity addition in international markets  
*Follows similar capex cuts by JSL, Airtel and Britannia*

Government

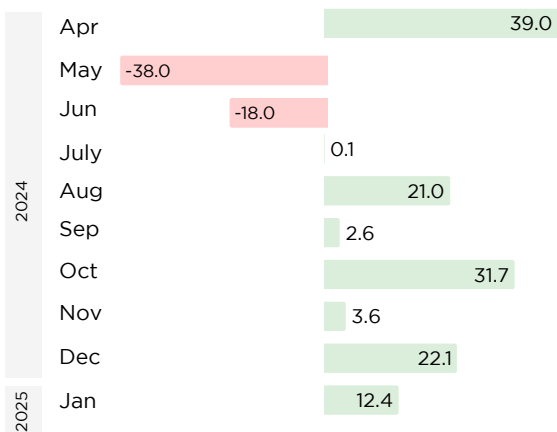


- ▲ Govt faces uphill task in meeting capex estimates in FY25  
*Needs to spend over ₹2.6 tn during Feb and March to meet lower revised capex estimate of ₹10.2 tn for FY25*
- ▲ Corporate tax collections have contracted marginally by 0.6% YoY in April-Jan FY25 while net tax revenues rose by 1.3% vs estimate of 9.9%

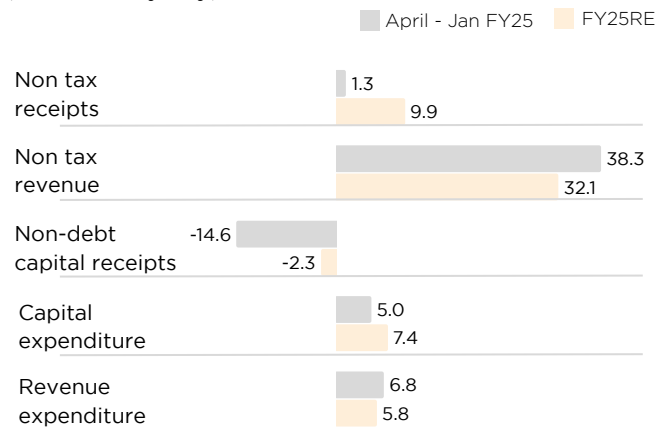
Capex Rises

Centre's expenditure

(FY25 growth, %, y-o-y)



(Growth, %, y-o-y)



- ▲ Coal India's Feb-25 production has decreased by 0.9% YoY and offtake decreased by 4.9% YoY
- ▲ Government halts new PLI schemes as existing ones yield limited results  
*Only 113 bn (6%) of 1.95 tn incentives has been disbursed till Sep 2024*
- ▲ PSUs have activated only 251 out of 4,523 planned EV charging stations
- ▲ Bullet train project faces fresh delays, with just 49% work done due to design, procurement, and supply hurdles from Japan  
*Initially planned for 2023, then 2026, project is now expected to start partial operations by 2030*
- ▲ IAF Chief criticizes HAL for delays in Tejas Mk1A delivery, citing lack of urgency  
*HAL assures production of 11 planes by year end*
- ▲ EPC companies raise concern over longer payment cycles for water projects
- ▲ Cargo growth at major ports slowed in 10MFY25  
*Govt-owned major ports have seen a growth of just 3% in 10MFY25, dragged down by a 19% drop in iron ore cargo and falling crude oil consignments*

Real Estate



- ▲ Real estate project registrations declined to 19,760 in 2024 from 22,143 in 2023 and 25,230 in 2022
- ▲ Prestige has warned of a inventory buildup in the luxury housing segment, particularly in the above ₹40 mn category

## Banking



### Overall, bank credit growth (excl. food credit) moderated to 11.4% in Jan-25, down sharply from 20.4% a year earlier

- Retail credit growth decelerated to 11.8% in Jan 2025—the slowest pace since March 2021—compared with 28.6% in Jan 2024
- Growth in credit card outstanding fell to a 35-month low of 13%, while other personal loans saw an 8.7% increase
- Advances against gold jewellery surging 76.9% YoY in Jan-25
- Segments such as housing, vehicle, and education loans experienced a significant slowdown
- Certain industrial sectors saw contraction in credit growth, including ports (-23.8%), telecommunications (-9.3%), and fertilisers (-8%)



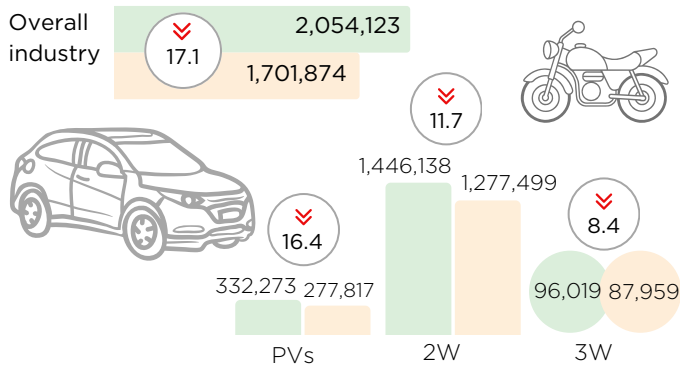
## Automobile



- ▲ SIAM reached a consensus that PV sales could inch up 0.07% in FY25 and major carmakers could grow only marginally by 1-2% in FY26
- ▲ As per FADA, dealers reported weak market sentiment in entry level segments. Inventory levels remain elevated at 50-52 days

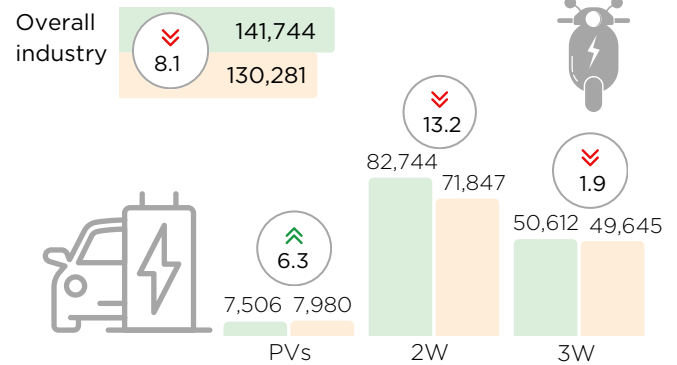
### Weakening Demand

**Overall industry** Feb 2024 Feb 2025 ↗ Change %



PVs: Passenger vehicle, 2W: 2-wheeler, 3W: 3-wheeler

**Electric** Feb 2024 Feb 2025 ↗ Change %



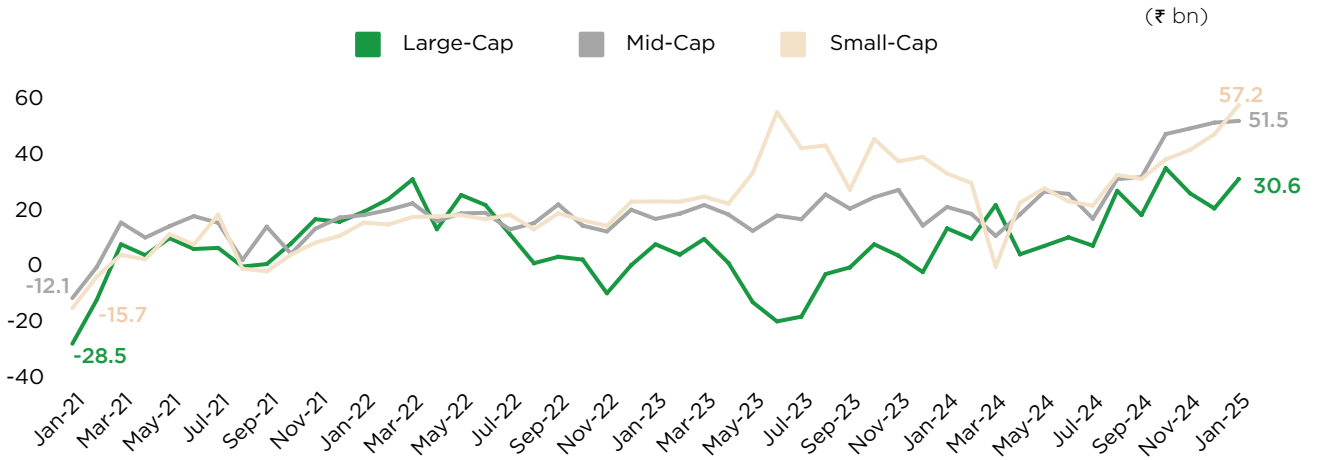
## Consumption



- ▲ Large FMCG firms grew 6.9% in value and 4.4% in volume, lagging behind smaller players  
*Inflation and urban slowdown led consumers to switch to cheaper options from regional brands*
- ▲ Colgate-Palmolive CEO highlights intense discounting in India's consumer goods market, driven by sluggish urban demand
- ▲ Britannia plans to pause capex next fiscal due to slow urban demand after spending ₹11.4 bn in FY23 and ₹4.1 bn in FY24
- ▲ Britannia raises prices by 2%, targeting 4.5% by fiscal-end, while Dabur & Nestle plan selective price hikes
- ▲ January fuel demand was its lowest since Oct, down more than 1% from Dec. Diesel consumption fell nearly 4% MoM

CAPITAL MARKET UPDATE

Monthly Inflows into largecap, midcap, smallcap funds



- ▲ Small-cap mutual funds hit record allocation in micro-cap stocks, allocation climbing to 31% in Jan-25 from 25% in Jan-24
- ▲ FPIs withdraw ₹346 bn from equities in Feb, total outflow hits ₹1.1 tn in 2025

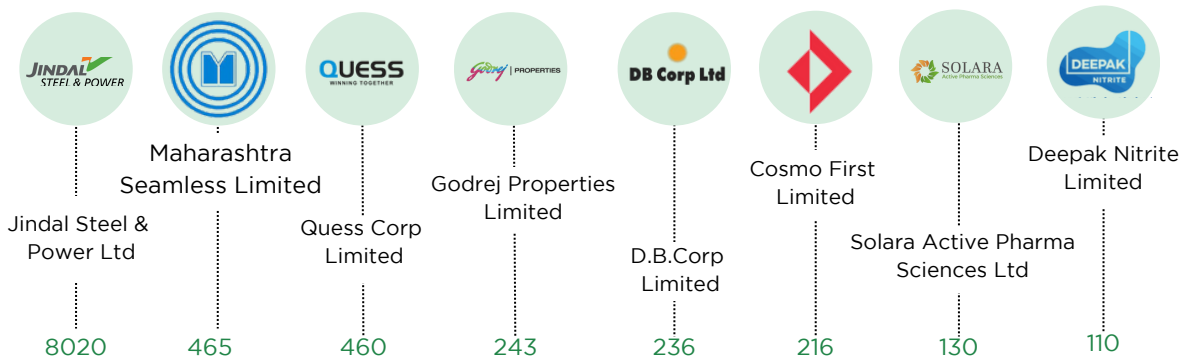
Monthly FII Inflows/ Outflows in Indian stocks & bonds (in bn)	
October	-964
November	-214
December	259
January	-772
February	-243
<b>Total Outflow since Oct 2024</b>	<b>-1,934</b>

Source: RBI & NSDL



- ▲ CDSL registers 150 mn demat accounts in 2024, 2.5x growth from 60 mn in 2022
- ▲ MSCI removes Adani Green Energy and adds Hyundai Motors India in its Global Standard Index  
*Hyundai Motors India's IPO in Oct 2024 was largest IPO in Indian markets history, raising ₹279 bn*
- ▲ ICICI Prudential Asset Management plans IPO with Prudential Plc selling 10-15% stake for up to ₹100 bn
- ▲ After months of continuous selling by promoters, Feb-25 saw notable insider buying transactions

(Size in ₹ mn)



**BANKING UPDATE**

- ▲ The daily average liquidity deficit in February was ₹1.66 lakh crore
- ▲ RBI's net short positions in the forward book hit record high of \$77.5 bn as of Jan 31  
*Further, RBI has announced Fx swaps of 25bn USD in Feb & Mar-25*
- ▲ RBI conducts OMO, VRR & FX Swaps to address system liquidity & stabilize INR

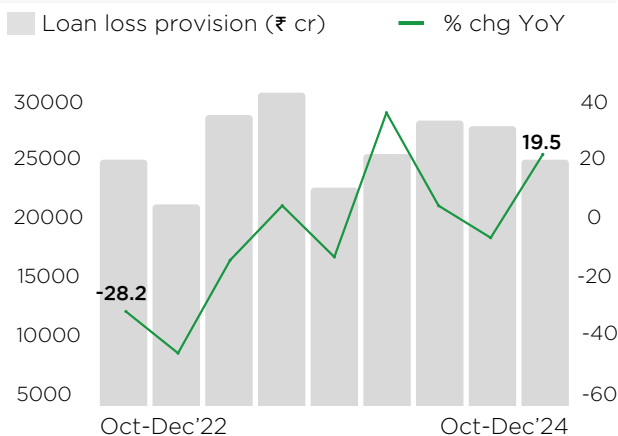
**Durable Liquidity Injection by RBI**

Operation Type	Notified Amount (In Cr)	Bids Received (In Cr)	Maturing/Reversing Date
OMO*	20,000	1,20,626	-
OMO	40,000	1,81,116	-
OMO	40,000	1,87,503	-
56 day VRR^	50,000	1,08,702	Apr 4, 2025
49 day VRR	75,000	99,692	Apr 4, 2025
FX Swap	\$5 bn	\$25.59 bn	Aug 4, 2025
FX swap	\$10 bn	\$16.23 bn	Mar 6, 2028
OMOs in Jan (on screen)	59,000		
OMO	100,000	NA	Mar 12 & Mar 18, 2025
FX swap (3 years)	\$10 bn	NA	Mar 24, 2025

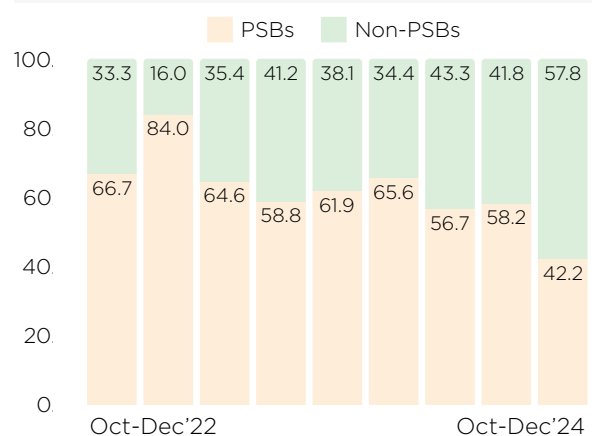
OMO\*=Open Market Operations , VRR^= Variable Rate Repo

- ▲ In a significant policy reversal, RBI restores risk weights on NBFC loans from 125% to as low as 75% for certain microfinance loans
- ▲ Microfinance sector NPAs hit record of ₹500 bn at the end of December last year, reaching a 13% ratio of gross loans  
*Microfinance loan book shrinks 3.5% to ₹3.85 tn in December quarter*
- ▲ In Dec quarter, NPA provisions for 29 banks rose by 20% YoY, reaching ₹233 bn  
*Driven by sharp increase in provisioning by private sector banks, particularly for retail loan category, including unsecured loans*

**Provisioning Trend**



**Share of Banks in Provisioning (%)**



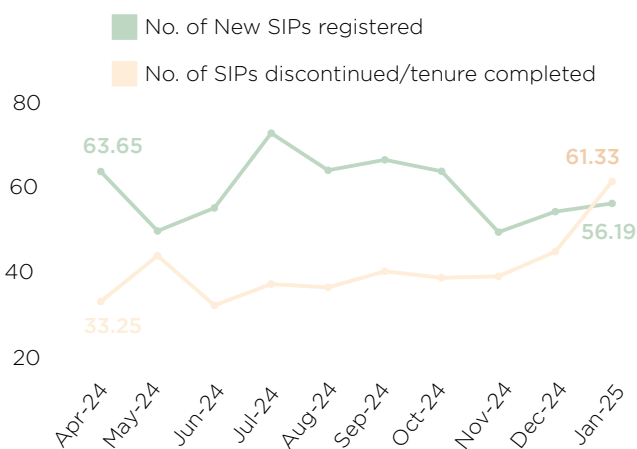
\*Data for a sample of 29 banks, Source: Company Data

- ▲ Issuances of Certificate of Deposits by banks jumped about 44% YoY to ₹9.57 tn during Apr-24 to Feb-25 (up to Feb 7)  
*Surge comes as banks struggle to attract deposits amid competition from higher-yielding alternatives like MFs & bonds*

INDIA UPDATE

- ▲ Net direct tax collection grew 14.7% YoY to ₹17.78 tn, driven by 21% growth in personal income tax and 6% growth in corporate tax (Until Feb 10)
- ▲ India's Q3 GDP growth quickens to 6.2%, FY25 output still seen at 4-year low  
*Growth in last quarter was driven by rural consumption*
- ▲ India's trade deficit widened to \$23 bn in January, up from \$16.6 bn YoY
- ▲ At ₹11.7 tn, fiscal deficit in April-Jan touches 74.5% of annual estimates
- ▲ Out of total SIP registrations in 2023 only 52% remained active by the end of 2024; thus translating to a 48% closure rate within 2 years of registration
- ▲ SIP stoppage ratio surged to 109% in Jan, indicating a significant increase in SIP cancellations compared to new registrations  
*SIP closures were higher by 514,000 than new registrations in Jan*

SIP Accounts (in lakh)



- ▲ Oxfam report highlighted that the poorest 50% population contribute 64% of total GST revenue while earning just 13% of national income  
*Hinted at people getting back freebies from their own contribution to GST*

- ▲ Delhi Govt announces no fuel for vehicles older than 15 years after March 31
- ▲ India's palm oil imports in Jan-25 were lowest in nearly 14 years, a 45% decrease from Dec-24  
*Palm oil imports are expected to hit a five-year low in 2024/25 due to negative refining margins and a shift towards more competitively priced oils like soy oil*
- ▲ FinMin grants Indian Railways a two-year moratorium on ₹794 bn loan repayment
- ▲ Retailers reported a 5% YoY growth in Jan 2025 led by food & grocery at 13%, QSR and CDIT grew by 6%

Indian quick commerce firms' monthly cash burn hits ₹13-₹15 bn



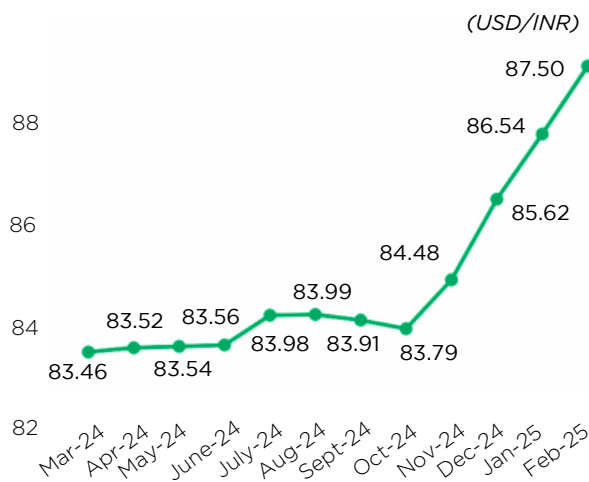
- ▲ Telangana hikes beer price by 15%  
*UBL received ₹1.3 bn in pending dues over 40 days*
- ▲ India's spirits market growth halved to 2.2% in 2024 due to higher taxes and inflation
- ▲ India's sugar production dropped 12% to 19.7 mn tonnes
- ▲ Coffee prices hit 50-year high as climate change drives costs up  
*Global prices more than double in a year*
- ▲ Gold ETFs recorded net inflows \$435mn in Jan-25, significantly higher than the average inflows of US\$112mn over the previous 12 months
- ▲ Indian pharmaceutical market (IPM) grew by 7.5% in Feb-25

INDIA UPDATE

▲ Indian rupee hits record low in Feb 2025, closes at 87.5 per US Dollar. In past 5 months, INR has depreciated more than 4% against dollar

*Rupee depreciation continues amid escalating US Trade tariffs, foreign outflows, RBI's forward dollar position and economic growth concerns*

Sharp Currency Depreciation



▲ India's manufacturing PMI falls to 14-month low of 56.3 in February

BMC Budget Highlights

- BMC's FY25-26 budget estimate is ₹744.3 bn, up 14% from last FY
- Property tax collection is projected at ₹52 bn, with ₹225.7 bn outstanding as of March 2024
- State government owes ₹97.5 bn, including ₹65.8 bn for education grants
- Coastal Road Project, sewage treatment, and roads receive ₹55.2 bn, ₹55.4 bn, and ₹51 bn, respectively
- BMC to introduce solid waste management user charges to boost waste management revenue

Deals & Acquisitions



- ▲ KKR acquires a 54% stake in cancer care chain HCG from CVC Capital Partners for ₹35 bn
- ▲ Bain Capital is set to acquire a controlling stake in Manappuram Finance
- ▲ Epsilon to sell 24.9% stake in EPL to Indorama for ₹19 bn
- ▲ Torrent Investments to acquire 67% stake in Gujarat Titans for ₹50 bn
- ▲ 360 ONE Asset to acquire a 15% stake in Bharti AXA Life Insurance
- ▲ Blackstone-backed Nexus Select Trust acquires Vega City mall in Bengaluru for ₹9 bn
- ▲ Airtel confirm talks with Tata Group to merge their DTH segments

India's DTH industry struggles to retain its subscriber base, with a decline in revenue as consumer shift to flexible digital content



- ▲ PE firms Blackstone, Brookfield & Warburg Pincus are in talks to acquire a majority stake in Gland Pharma from China's Shanghai Fosun Pharmaceutical Co at \$3 bn valuation
- ▲ Akzo Nobel to sell its powder coatings business and R&D Centre for ₹21.4 bn to its parent company  
*Akzo to acquire IP rights for its decorative paints business in India, Bangladesh, Bhutan, and Nepal for ₹11.5 bn from parent co.*

COMPANY UPDATE

Insurance & Bank

- RBI lifts restrictions on Kotak Mahindra Bank, allowing resumption of digital onboarding of new customers and issuance of credit cards
- LIC lost ₹1.45 tn in equity value in two months, with its portfolio dropping from ₹14.9 tn in Dec 2024 to ₹13.4 tn by Feb 2025

IRDAI allows insurers to invest in equity derivatives to hedge the volatility in equity markets



Auto

- TVS Motor to invest ₹20 bn to set up GCC centre in Karnataka

Pharma

- Dr Reddy's subsidiary partners with Shanghai Henlius on development of a cancer drug  
*To pay \$131.6 mn for drug development*

Power

- Shakti Pumps partners with ReNew Photovoltaic for ₹13 bn DCR solar module supply

Oil & Gas

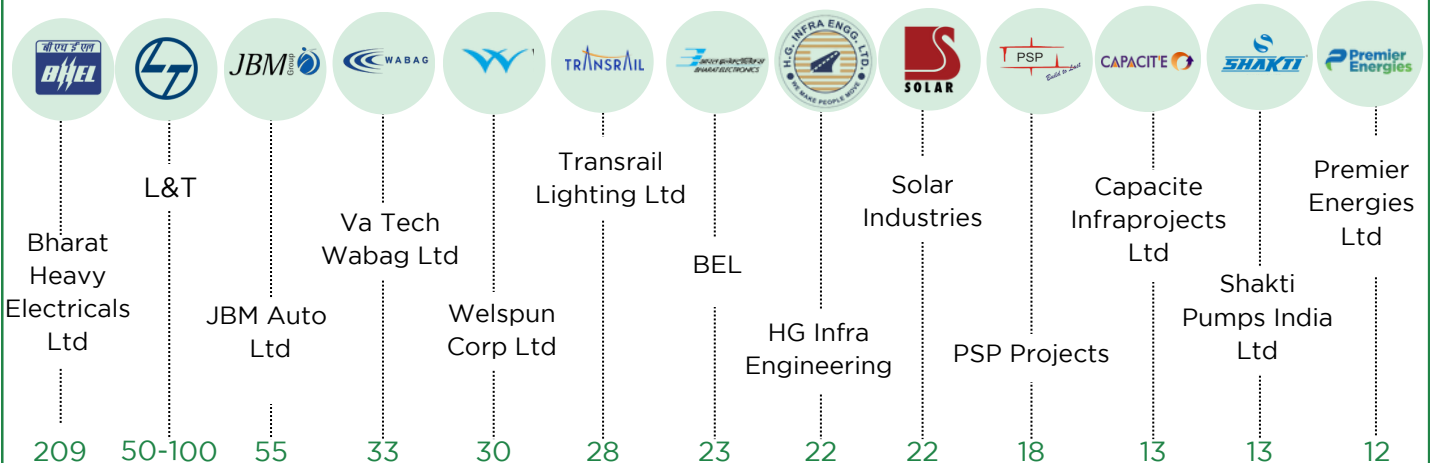
- ONGC NTPC Green to acquire Ayana Renewable Power for ₹195 bn  
*ONGC aims 10 GW renewable energy portfolio by 2030*
- IOCL signs 14-year & BPCL signs 5-year LNG supply deal with ADNOC for 1.2 mtpa & 0.45 mtpa respectively
- Following a favorable order from Delhi HC in gas migration dispute, Govt. has raised demand of \$2.8 bn on Reliance & its partners
- India launched its largest oil and gas bid round, 25 blocks on offer covering 1.91 lakh sqkm

Real Estate

- Mahindra Lifespaces partners with Livingstone Infra for a ₹16.5 bn GDV redevelopment project in Mumbai; also secures another project for ₹9.5 bn GDV
- Arkade Developers secures 6.5-acres in Dahisar, Mumbai for ₹17 bn GDV & a ₹7.4 bn GDV in Malad, Mumbai for residential redevelopment project
- Arvind Smartspaces Ltd has signed a 150-acre residential project in Ahmedabad with a ₹6 bn top-line potential
- WeWork India parent companies Embassy Buildcon & WeWork Inc to divest 25% stake in WeWork India via IPO

ORDER BOOK INFLOW UPDATE

(Order in ₹bn)





## CAPEX UPDATE

- ▲ UltraTech Cement to enter wires and cables business, with an initial capex of ₹18 bn to be spent over two years
- ▲ Reliance Consumer Products opens new Campa bottling plant in Guwahati spanning over 6 lakh sq. ft., boosting Northeast presence
- ▲ Sajjan Jindal family to dilute 14% stake in JSW Infrastructure to fund ₹390 bn capex  
*Focus of capex on port expansions and logistics*
- ▲ Maersk plans to invest \$5 bn in Indian ports and landside infrastructure  
*Maersk to also repair sizeable number of ships and source methanol from India*
- ▲ Dalmia Bharat to invest ₹35 bn in Maharashtra, Karnataka to expand cement capacity
- ▲ Volvo Group to invest ₹14 bn to establish its fourth global manufacturing hub in Bengaluru
- ▲ NALCO has firmed up a ₹300 bn expansion plan by FY30 – its first major capex in recent times; includes setting up a ₹170 bn aluminium smelter-capacity
- ▲ BPCL boosts its capital spending by 42% to ₹185 bn in 2025-26, with significant investments in refining, marketing, and petrochemicals
- ▲ Uflex to invest 7.5 bn on new Mexico unit & a recycling plant at Noida
- ▲ ACME Solar plans ₹170 bn capex by 2026 for renewable expansion  
*Co has secured grid connectivity for 4430 MW of under construction capacity*
- ▲ Som Distilleries to set up greenfield brewery, distillery and manufacturing capacity for ₹6 bn in UP

## INTERNATIONAL UPDATE

### Action at the White House



- US President, Trump signed an executive action imposing a 25% tariff on all imports from Mexico and most goods from Canada, along with an additional 10% tariff on Chinese goods
- Announced plans to impose a 25% tariff on all foreign steel and aluminium imports, effective March 12, 2025
- Trump also plans new auto tariffs by April 2, targeting imports that make up half of the US auto market
- US administration to charge Chinese-owned cargo ships as well as third-country flagged vessels built in China, \$1 mn or more per port-of-call in US
- Trump pulls the plug on military aid to Ukraine
- White House on 5th Mar announced a one-month exemption from newly imposed 25% tariffs on vehicle imports from Mexico and Canada

### Reaction

- China has announced fresh 10-15% duties on several US agricultural and food products, set to take effect from March 10
- Canada to impose 25% tariffs on \$107 bn worth of U.S. goods
- India plans to cut tariffs on 30 products to avoid US reciprocal duties

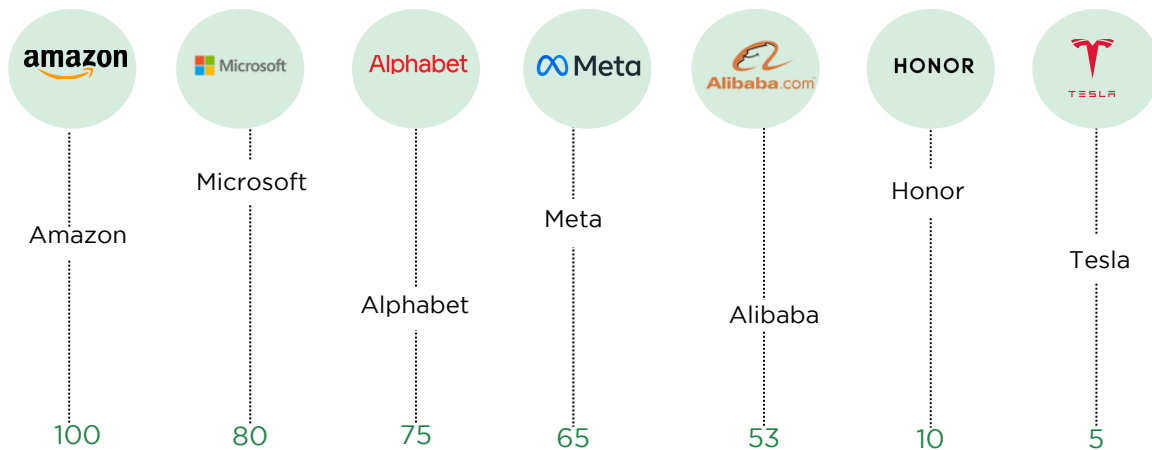
INTERNATIONAL UPDATE

Warren Buffett calls Trump's tariffs a tax on goods, says "the tooth fairy doesn't pay 'em!"  
*Punitive duties could trigger inflation and hurt consumers*



- ▲ Major shift in BP's investment strategy; cutting its RE investments by more than \$5 bn annually and redirecting funds to boost oil and gas spending to \$10 bn per year
- ▲ SoftBank Vision Funds post \$2.3 bn investment loss in Q3FY25; significant shift from previous two quarters, which saw gains
- ▲ Nissan to call off \$60 bn merger talks with Honda, raising concerns over its own turnaround  
*Nissan aims to layoff 9,000 employees*
- ▲ Bank of England cut its interest rate by 25 bps  
*This is third cut in six months*
- ▲ Japan's 10-year JGB yield hits 1.5%, highest since 2009  
*In Feb, Yen appreciated 3.1% against USD*
- ▲ Apple announces \$500 bn commitment in the US over the next four years

Tech Giants' AI Investments announced in \$bn



- ▲ DeepSeek offers 75% discount on its reasoning model during off-peak hours; new R2 model to release before May
- ▲ Tencent releases Hunyuan Turbo S to rival DeepSeek as competition heats up in China; claims it to be faster than Deepseek
- ▲ China's SASAC urged central state-owned enterprises to enhance quality of listed cos, improve market cap management, support value investments
- ▲ Chinese animated movie "Ne Zha 2" becomes the highest-grossing animated film globally, earning \$2 bn in 33 days
- ▲ China announced significant bank recapitalization plan; involves injecting at least \$55 bn into China's largest banks, with potential to reach up to \$138 bn

## INDIA ECONOMIC DATA

Economic Indicator	Jan'25	Dec'24	Jan'24
WPI inflation (in%)	2.3	2.4	0.3
CPI inflation (in%)	4.3	5.2	5.1
Core Sector Growth (in%)	4.6	4.0	4.2
Trade Deficit (in bn\$)	23.0	21.9	17.5
Air Passenger Traffic (mn)	14.6	14.9	13.1

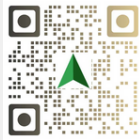


Forex Reserves continued to decline from a high of \$705 bn in Sep'24, largely due to RBI's interventions to stabilize the rupee

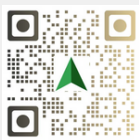
Economic Indicator	Feb'25	Jan'25	Feb'24	MoM	YoY
Composite PMI	58.8	57.7	60.6	1.9%	-3.0%
GST Collection (in ₹tn)	1.8	2.0	1.7	-6.1%	9.1%
AVG USD INR	87.0	86.2	83.0	0.9%	4.9%
Forex Reserves (US\$ bn)	638.7	630.6	619.0	1.3%	3.2%

\*All the numbers are rounded to a single decimal place

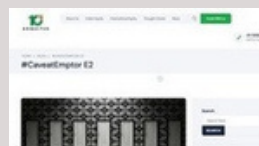
## AEQUITAS: WHAT'S TRENDING



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[Siddhartha: Why is the Indian Market Falling?](#)



[Indian companies vs Global peers. An eye opener!](#)



[Siddhartha's take on re-entering Indian market](#)

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