

TOP DOWN & BOTTOM UP

BSE Mcap: ₹423.8 tn | Composite PMI: 57.7 | GST Collection: ₹2.0 tn | Forex Reserves: \$630 bn

The Golden Opportunity

In economic uncertainty and market declines, gold shines as a safe-haven, making it a compelling choice for diversification in early 2025

Gold vs Nifty 50 vs S&P500



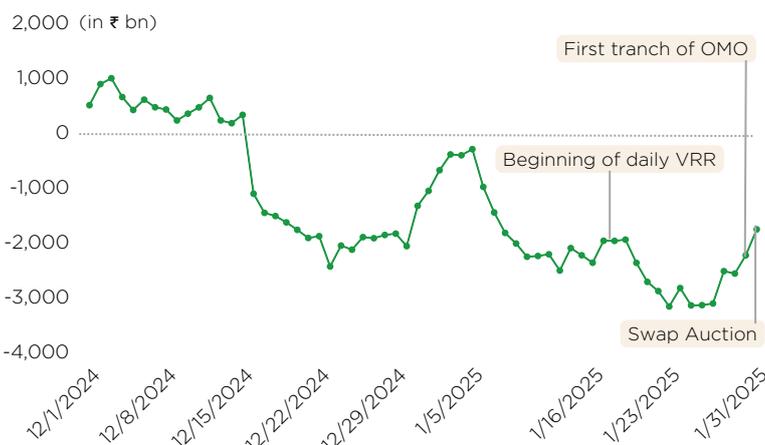
Gold has outperformed both S&P 500 and Nifty50 in the last 25 years since 2000

- Gold outperformed S&P 500 in USD terms, growing 9.99x vs. 4.34x for S&P 500
- Gold also outperformed the Nifty50 in INR terms, increasing 19.32x vs. 15.67x for Nifty50. [Click to read our detailed analysis : Should I Invest in Gold?](#)



THE SIGNS OF SLOWDOWN

RBI Liquidity



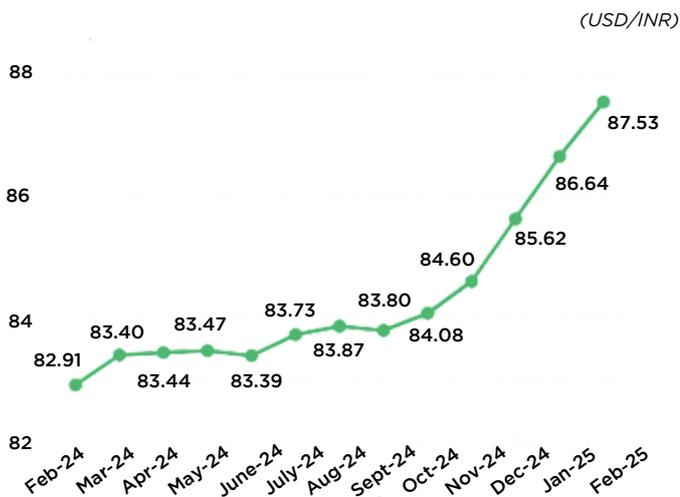
Continuous liquidity deficit in system since 16-Dec-24

- Banking system liquidity deficit touched more than ₹3 tn in January *Due to FII selling and RBI's interventions in the forex market to stabilize the rupee*
- RBI's forex forward book climbed to near 4-yr high on rupee angst, aggregate negative position in FX hit \$68 bn in Dec 2024

Steps taken by RBI to address the concern:

- Injected ~ ₹11.5 tn into the banking system through VRR in December & January *However, this did not sufficiently ease liquidity pressure*
- Started conducting daily VRR auctions starting Jan 16, 2025
- Announced OMO purchases worth ₹60 bn in 3 tranches *RBI receives six fold bids worth ₹1.2 tn at OMO first auction*
- Conducted a \$5 bn swap auction on Jan 31, 2025

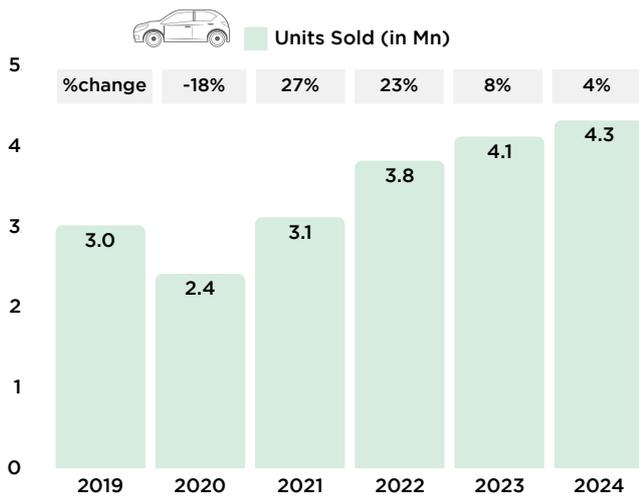
Sharp Currency Depreciation



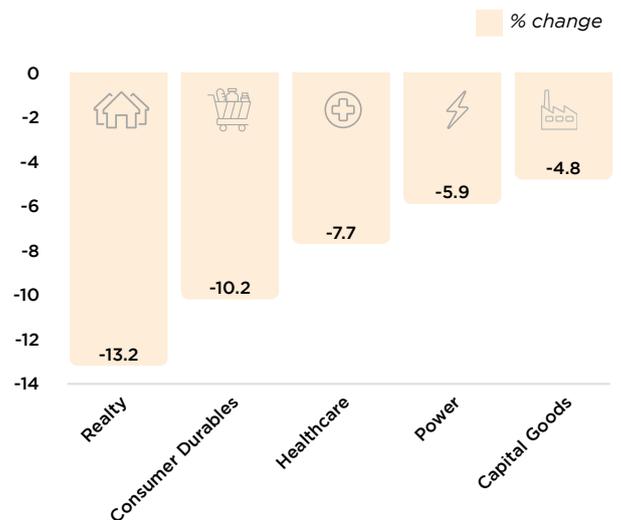
Rupee Appreciation/Depreciation against USD (in%)



PV sales growth slowest in 4 years



Worst performing BSE sectoral indices in January 2025



Economy

- ▲ NBFCs hit 5-year high in ECB fundraising (₹3.64 tn) in 2024 amid bank lending slowdown and global rate cuts
Could be negatively impacted with the prevailing rupee depreciation
- ▲ India's steel imports hit 6 yr high of 7.4 MT in Apr-Dec period while exports drop amid strong domestic demand
Our steel trade deficit widens to ₹313.5 bn
- ▲ State farm loan waiver dues, including ₹208.65 bn from Telangana, hamper banks' ability to extend agricultural credit
- ▲ Indian Railways earned ₹2.04 tn in FY24 (up only 4% YoY), with ₹1.33 tn from freight and 1.18 bn tonnes cargo loaded
- ▲ Number of derivative contracts declined 32% MoM to 5978M and Contracts per Trading day dropped 38% MoM to 260M
Caused by increased regulations on derivative contracts
- ▲ Mid and small-cap promoters reduced stakes in 384 companies amid index gains of 22-24% in 2024. [Click to read our article on: Why Indian Stock Market is Falling?](#)

BUDGET 2025 : HIGHLIGHTS

- ▲ **Expenditure:** Estimated to spend ₹50.65 tn in FY26, 7.4% higher than RE FY25. Interest payments account for 25% of the total expenditure, and 37% of revenue receipts
- ▲ **Receipts (ex-borrowings):** Estimated at ₹34.96 tn, about 11.1% higher than RE FY25
- ▲ **GDP:** Estimated nominal GDP growth rate of 10.1% in FY26
- ▲ **Deficits:** Revenue deficit in FY26 is targeted at 1.5% of GDP, lower than RE FY25 estimate of 1.9%. Fiscal deficit in FY26 is targeted at 4.4% of GDP, lower than RE FY25 of 4.8%
- ▲ **Debt:** In FY26, outstanding liabilities are estimated to be 56.1% of the GDP



For FY25, RE for capex has been reduced to ₹10.2 tn compared to BE of ₹11.1 tn as key infrastructure ministries were unable to meet targets

Analysis of Budgetary Allocations & their Growth (%)

Revenue Estimates - Aggressive Growth Assumptions

STT	42%
Interest receipts	40%
Personal Income Tax	14%
Dividends and Profits	12%
GST	11%
Corporation Tax	10%

Expense Estimates - Aggressive Incremental Allocations

Other General Economic Services	332%
Grants to State Governments	226%
Jal Shakti	93%
Labour & Employment	76%
Housing and Urban Affair	52%

Revenue Estimates - Modest Growth Assumptions

Union Excise Duty	4%
Customs	2%
Other Non Tax Revenue	1%

Expense Estimates - Modest Incremental allocations

Communications	-28%
LPG Subsidy	-18%
Chemicals and fertilizers	-13%
Railways	0%
Road Transport and Highways	2%
Defence	6%

*Growth Rates calculated on basis of RE of FY25

New Slab Rates under the New Regime	
Income (₹ mn)	Tax Rate
0 - 0.4	Nil
0.4 - 0.8	5%
0.8 - 1.2	10%
1.2 - 1.6	15%
1.6 - 2.0	20%
2.0 - 2.4	25%
Above 2.4	30%



Government would forgo ₹1 tn on direct taxes, this is expected to augur consumption with increased disposable income in hands of the tax payers.

BUDGET 2025 HIGHLIGHTS

Category	Item	Customs Duty Change	Price Impact*
Electronics & Mobile 	Mobile Phone Batteries & Components	Exempted 28 items	₹
	LED/LCD TVs	Duty reduction on open cells & components	₹
	EV Batteries & Components	Lower duties on lithium-ion scrap & cobalt	₹
	Interactive Flat Panel Displays	Increased from 10% to 20%	₹₹₹₹
	Smart Meters / Solar Cells	Duty increase	₹₹₹₹
Healthcare 	Life-Saving Drugs	Exempted 36 essential medicines	₹
	Medical Equipment	Various items exempted from BCD	₹
Industrial Materials 	Wet Blue Leather	Exempt from BCD	₹
	PVC Products (Flex Films & Sheets)	Duty increase	₹₹₹₹
Textiles & Footwear 	Knitted Fabrics	Increased to 20% or ₹115 per kg	₹₹₹₹
	Imported Footwear	Duty increase	₹₹₹₹
Marine Products 	Frozen Fish Paste (Surimi)	Reduced from 30% to 5%	₹
Luxury Items 	Imported Yachts / Candles	Duty increase	₹₹₹₹

*Cheaper : ₹ Costlier : ₹₹₹₹

▲ Other Key Points

- Annual limit for TDS on rent raised from ₹2,40,000 to ₹6,00,000
- FDI in insurance sector increased from 74% to 100%
- Taxpayers can now claim tax benefits for two self-occupied houses
- TCS on LRS remittances increased from ₹0.7 mn to ₹1 mn. No TCS on education loans
- UDAN scheme will improve connectivity to 120 new destinations and carry 40 mn passengers in next 10 years

Q3FY25 RESULTS OVERVIEW

	YoY	QoQ
Revenue Growth	3.6%	2.1%
PAT Growth	5.1%	11.3%

*For results till 30th Jan 2025 (477 Companies)

STRAIGHT FROM THE HORSE'S MOUTH



"Oil availability, affordability concerns due to high consumption. Diversifying sources of oil supply key for India"
- Pankaj Jain, Secretary



"In the next four to six or eight quarters, we could actually see rural demand bouncing back in a big way"



Hindustan Unilever Limited

"Demand slowdown in the consumer goods market could continue. In Q3 downtrading took place with small packs growing ahead of large packs"



"For 9M FY25, order inflow up by 16%. With strong pipeline of ₹5.51 tn in Q4, believe would surpass order inflow guidance of 10%. India expected to pick up in Q4 & international pipeline also remains healthy"



"We will definitely be revising, or at least taking a relook on our capex, it will be a very cautious approach"



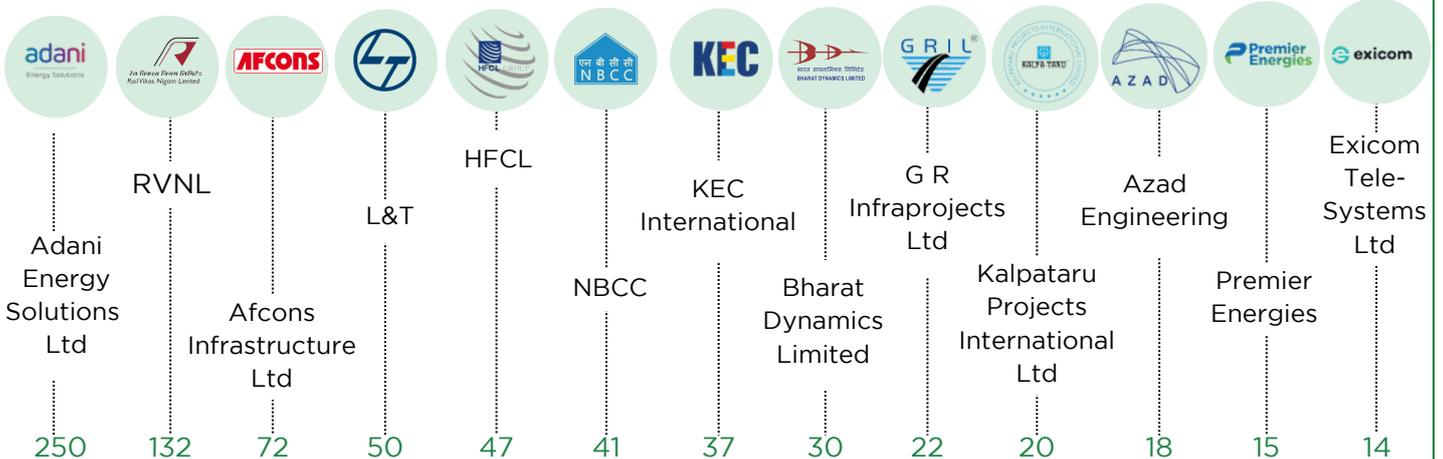
"Discretionary spending stayed subdued and consumer sentiment, though better than the previous quarter, remained below pre-Covid and FY23 levels"



"Situation remains volatile, tough to say when growth will return. Engineering division's business topline muted due to metal price impact"

ORDER BOOK INFLOW UPDATE

(Order in ₹bn)



WORLD OF ARTIFICIAL INTELLIGENCE

- ▲ Microsoft to invest \$3 bn in India for cloud/AI infrastructure and skill 10 mn people in AI over next 2-5 years. Google adds \$1 bn to existing \$2 bn investment commitment in AI startup Anthropic
- ▲ SoftBank exploring \$25 bn investment in OpenAI in addition to \$15 bn investment in StarGate JV
- ▲ China's AI industry projected to invest \$1.4 tn by 2030
- ▲ Indian Finance ministry directs restriction on use of AI tools over sovereign concerns

DeepSeek AI: China's Disruptive Force in Global AI

- ▲ Released on January 20, 2025, DeepSeek-R1 matches OpenAI's o1 in scientific problem-solving, and undercuts ChatGPT's pricing by over 95%
- ▲ DeepSeek's mobile app became most downloaded free app on Apple's App Store in U.S., surpassing ChatGPT. India leads with 15.6% share across platforms
- ▲ DeepSeek's ascent triggered 3.1% single-day decline in Nasdaq as investors questioned viability of high-cost AI infrastructure (Jan 27, 2025)
- ▲ Reducing Hardware Infra: Despite 671B parameters, only 37B activate per task, hence reducing hardware dependency
- ▲ OpenAI launches o3 mini in response to DeepSeek as well as Deep Research feature

INDIA UPDATE

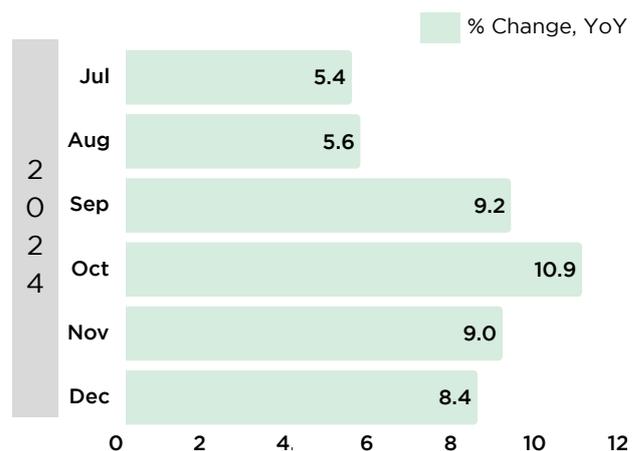
▲ RBI MPC Highlight

- Repo rate cut by 25 bps, reducing it from 6.5% to 6.25% with 'Neutral' monetary policy stance
- SDF rate adjusted to 6.0%
- MSF rate and bank rate will be 6.50%
- FY25 Inflation projected at 4.8% and FY26 at 4.2%
- Real GDP growth projected at 6.4% in FY25 and 6.7% in FY26

SIP Investment



Consumer Food Price Index



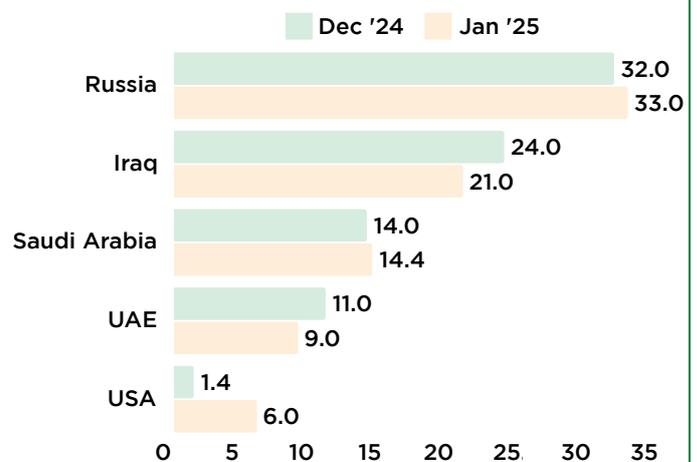
INDIA UPDATE

- ▲ Lenovo to double India production to 12M smartphones/laptops in FY25 from 6.4M units last year
- ▲ India's Munouth Group to export lithium-ion cells to US-based Anker, boosted by a 25% US duty on Chinese imports from 2026
- ▲ Tata Punch becomes India's highest-selling car in 2024 with 202,030 units, ending Maruti Suzuki's 40-year market dominance
- ▲ EV sales in India grew 20% in 2024 to nearly 100,000 units, reaching 2.4% market share amid price cuts
Tata Motors leading at 62% market share despite JSW MG's 125% growth
- ▲ India allows export of 1 mn tonnes of sugar for 2024-25 season after previous ban
- ▲ India's gas consumption rose 11% in 2024, driving 21% increase in LNG imports amid strong sectoral growth
- ▲ India hits 217.62 GW non-fossil fuel-based capacity, targeting 500 GW by 2030
- ▲ India's used-car sales hit 5.4M units in 2024, surpassing new car sales (4.1M), expected to reach 10.8M by 2030
- ▲ India to add 20 mtpa capacity in LNG as average utilisation rises to 56% in Apr-Nov period compared to 50% a year prior
- ▲ India exports to US grow 5.57%, reaching \$60 bn in Apr-Dec 2025
Bilateral trade between India-USA reaches \$93.4 bn while India-China at \$94.6 bn
- ▲ India's palm oil imports expected to drop to 370,000 tons in January 2025, a 5-year low, due to negative refining margins and high prices vs soy oil

- ▲ India plans multi-city Olympics 2036 bid with Ahmedabad as main hub, investing ₹60 bn in sports infrastructure
- ▲ Apple's iPhone exports from India reached a record \$12.8 bn in 2024, up 42% Y-o-Y, with domestic production rising to \$17.5 bn
- ▲ India's direct tax collection rises 15.88% to ₹16.90 tn, driven by personal income and corporate taxes
- ▲ India to finalize four major defense deals worth ₹1.5 tn, including Rafale jets and Scorpene submarines, before March 2025

India's January Russian crude oil purchases surge despite sanctions

India's crude imports share (%)



- ▲ Asset management companies launched 239 NFOs in 2024 raising ₹1.18 tn (up 85% YoY)
With high risk thematic funds taking centre stage
- ▲ India's apparel exports grew 11.6% to \$11.31 bn in Apr-Dec FY24, with strong growth in US, UK, and German markets
- ▲ India adds 28.5 GW of renewable energy capacity in 2024, compared to 13 GW in 2023

CAPEX UPDATE

Auto

- ₹420 bn lithium refinery and battery manufacturing project in Nagpur kicked off between Vardaan Lithium and Maharashtra Govt
- Mahindra opens an EV plant in Chakan with a ₹45 bn investment for Electric Origin SUVs
- VinFast enters India, launching electric SUV, with \$500 mn investment

Data Centre

- Amazon (₹600 bn), Tillman (₹150 bn), and Blackstone (₹45 bn) commit ₹800 bn for data centers in Telangana
- Blackstone to invest \$11 bn and AWS to invest \$8.3 bn in cloud infrastructure and data centres in Maharashtra
- Reliance plans world's largest 3 GW AI data centre in Jamnagar

Oil & Gas

- BPCL to invest \$121 mn in Indonesia's Nunukan oil and gas block, of which it holds 16.23% stake
- Argentina to export 10 MTPA of LNG as well as Lithium and other critical minerals to India after strategic MoU signed between the two

Ports and Ship building

- Odisha plans ₹40 bn ship recycling hub near Paradip port and two new private ports with 40 mn tonnes capacity each

Others

- L&T plans ₹480 bn investment for six green ammonia plants in Gujarat's Kandla port for global exports
- RIL to set up 5,000 acre integrated industrial township in Navi Mumbai

Manufacturing

- JSW Group signs ₹3 tn MoU with Maharashtra for steel, green energy, and EV projects
- Ultratech plans capex of ₹30 bn for FY25 and ₹90 bn for FY26
- L&T Semiconductor plans \$10 bn investment in silicon fabrication plant by 2031 after hitting \$1 bn yearly revenue
- Nitin Spinners announces ₹11 bn investment to expand production capacity
- Dixon Technologies plans to set up \$3 billion display fabrication facility in India

Metal

- Vedanta to build ₹1 tn aluminium refinery in Odisha
- Bokaro steel plant to see 2.3 MTPA capacity increase with ₹200 bn investment
- JSW makes ₹26 bn investment to enter copper mining
Also, Indian companies directed by Centre to explore sourcing copper and coking coal from Mongolia
- AM/NS India to invest \$1 bn in two steel lines in Gujarat

Power

- Torrent Power to invest ₹180 bn for thermal power plant in Madhya Pradesh; set to create 7,000 jobs
- Avaada Group pledges ₹207 bn investment in Odisha for 3500 MW of green energy power generation capacity and equipment manufacturing
- Borosil Renewables plans 50% solar glass capacity expansion following import controls

Real Estate

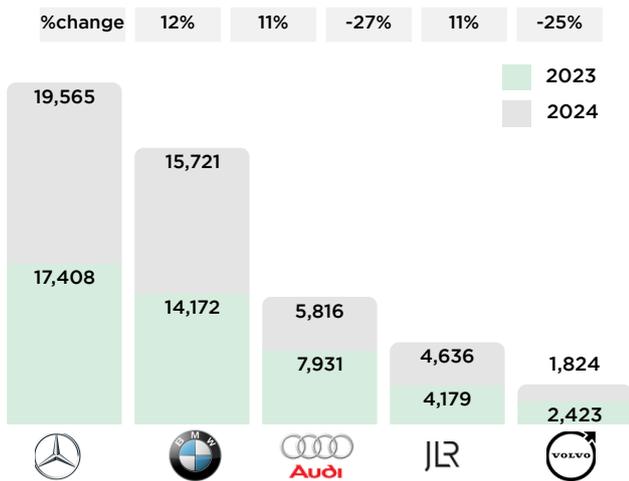
- Emaar to invest in Gurugram luxury housing project with ₹34 bn revenue potential

COMPANY UPDATE

Auto

- Hyundai partners with TVS Motor to enter India's e-3W including cargo vehicle and micro four-wheeler concepts

Mixed emotions of luxury car sales in India



Data Centre

- L&T wins order to build Uzbekistan's first AI enabled and sustainable 10 MW data centre in Tashkent

Manufacturing

- Tata Electronics acquires 60% stake in Apple manufacturer Pegatron India, following its Wistron acquisition in March 2024

Power

- JSW Energy acquires bankrupt KSK Mahanadi's 3,600 MW power plant for ₹159.85 bn, beating Adani and NTPC
- Tata Power reportedly bids to acquire 51% stake in two UP power distribution companies under privatization plan
- Visaka Industries's solar roofing product receives ALMM Certification
- Waaree Energies' US subsidiary begins 1.6 GW solar module production in Brookshire, Texas

Real Estate

- Omaxe to invest ₹28 bn to develop real estate projects with ₹50 bn revenue potential
 - Brigade Enterprises acquires 20-acre land in Bengaluru for ₹27 bn residential project
 - Arkade Developers redeveloping 3 projects spanning 5 acres in western suburbs of Mumbai to generate ₹21.5 bn
 - Oberoi to develop 11K sqft slum rehabilitation project in Bandra Reclamation, getting 320K sqft of free sale area
 - Arvind SmartSpaces enters Mumbai market with 92-acre project near Khopoli, expecting ₹15 bn revenue potential
- Also to develop 440 acre mega industrial park with revenue potential of ₹13.5 bn*

- Mahindra Lifespace acquires 8.2 acres in Bengaluru for ₹10 bn GDV residential project

Others

- Airtel adds 26M 4G/5G users, boosting market share to 38.6%; Jio adds 19M users with 41.6% market share in 2024
- Reliance Jio launches JioCoins on Polygon blockchain to reward JioSphere browser users
- Whirlpool parent to reduce 20% stake in Indian subsidiary from 51%
- Bajaj Healthcare receives exclusive rights from Threotech LLC to manufacture and sell Magnesium L Threonate (Magtein) in India

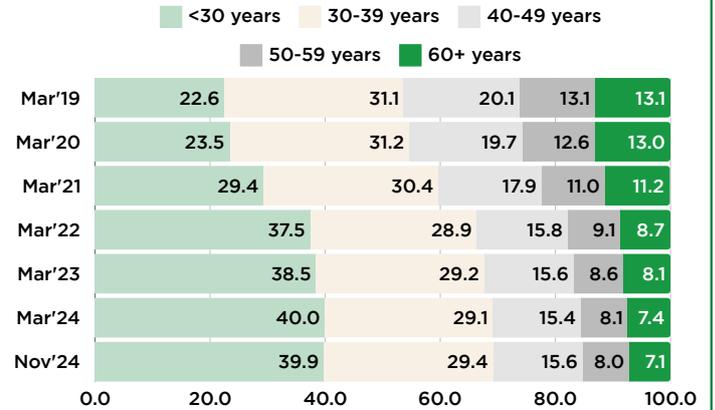
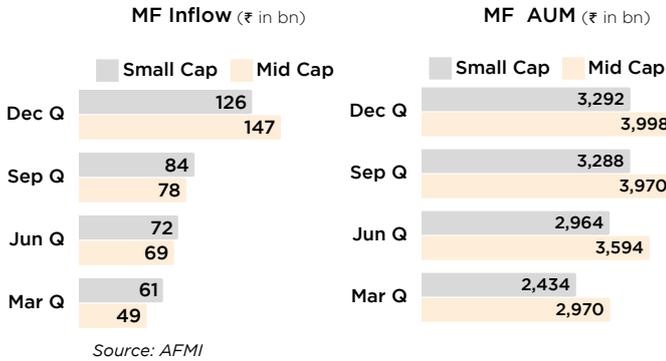
Tracking Quick Commerce Growth
Gross order value *(in ₹ mn)

Year	FY24	Q1FY25	Q2FY25	% Change YoY
Blinkit*	124,690	49,230	61,320	77%
Instamart*	80,680	27,240	33,280	50%
Zepto	\$1.2 bn	-	-	150%

CAPITAL MARKET UPDATE

Inflows into small, mid-cap MF schemes remain strong despite SEBI's concerns

Trading gets younger as half of new investors are now under 30 (in %)



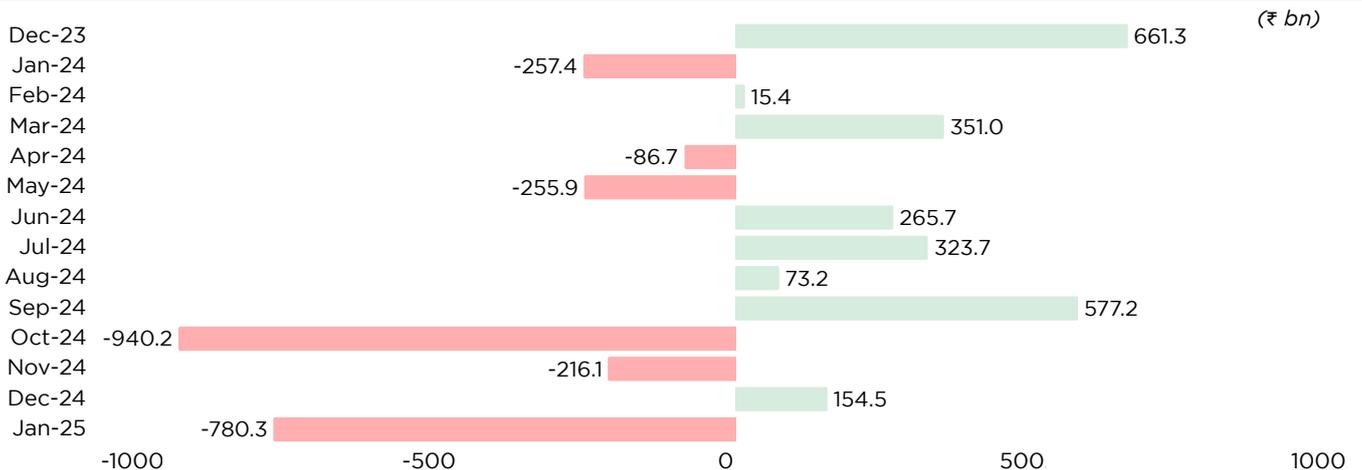
Derivative Contracts (in mn)



Derivative Contracts/ Trading Day (in mn)



FPI Equity Net Flows



GOVT. INITIATIVES

- ▲ Jet fuel (ATF) prices reduced by 1.52% and commercial LPG by ₹14.5 per 19-kg cylinder in Delhi after hikes in prior months
- ▲ The Union Cabinet extended the PM Fasal Bima Yojana and Weather-Based Crop Insurance Scheme till 2025-26
Comes with a ₹695.16 bn outlay and approved an ₹8.25 bn innovation fund to enhance yield and weather data systems
- ▲ Govt approves ₹2.46 bn PLI claims for Tata Motors and M&M for their EV sales in FY24.
- ▲ Government disburses ₹15.96 bn for six PLI sectors in April-September 2024
- ▲ Karnataka implements duty on beer, raising prices by ₹10-45 per 650 ml bottle
- ▲ FinMin approves ₹250 bn incentive scheme for electronics component manufacturing, targeting \$50-60bn production over 5-6 years
- ▲ Govt introduces ₹43 bn PLI scheme for specialty steel manufacturing
- ▲ Oil Ministry diverts natural gas from LPG production to city gas retailers - positive for CGD companies
- ▲ Centre outlines ₹570 bn investment plan for mega shipbuilding hub and Kandla Port expansion
- ▲ FCI to sell rice at fixed rate of ₹28/kg to distilleries for ethanol production, replacing variable pricing
- ▲ Centre approves National Critical Mineral Mission with ₹163 bn allocation
- ▲ Delhi Subsidy Bill up 600% in 10 yrs
Delhi projected to slip into revenue deficit by 2025-26; first time in three decades

INTERNATIONAL UPDATE

▲ Ceasefire

Israel and Hamas have agreed to a ceasefire deal from 19th Jan 2025, bringing an end to more than 15 months of war

- A six-week initial ceasefire phase includes gradual withdrawal of Israeli forces from central Gaza, return of displaced Palestinians to northern Gaza
- Red Sea continues to be classified as a high-risk area, maintaining elevated insurance premiums for vessels operating there



▲ Fed-Meeting (FOMC)

Fed unanimously decided to maintain federal funds rate in range of 4.25% to 4.5%, marking a pause after three consecutive rate cuts

Key highlights:

- Unemployment rate has stabilized at around 4.1%
- Inflation has eased to 2.6% significantly from its previous highs, still remains elevated compared to Fed's long-term target of 2%
- GDP growth for 2024 expected to exceed 2%

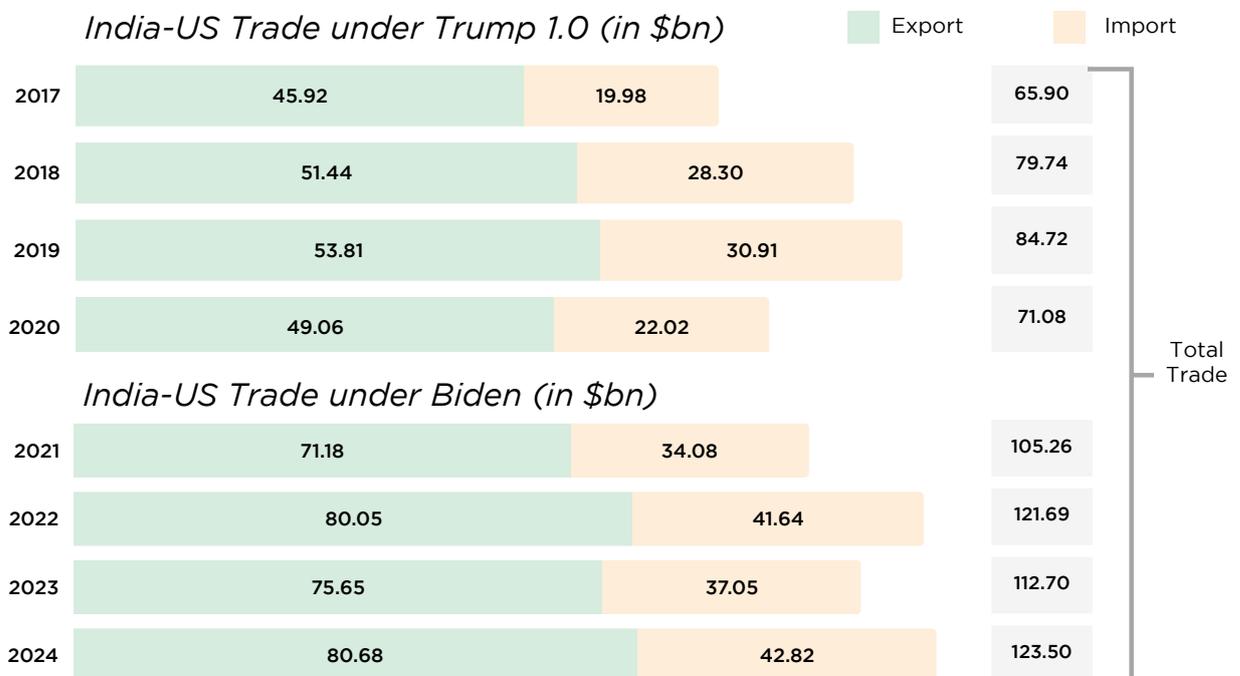


INTERNATIONAL UPDATE

▲ **Trump - Opening Moves Since his Inauguration in Jan 2025**

- **New Tariffs:** 25% tariff to imports from Mexico (currently on hold) and Canada, and 10% tariff on Chinese goods
Reciprocated by retaliatory tariffs from China and Canada
- **USAID Suspension:** USAID projects worth ~\$40 bn have been freezed for 90 days
- **WHO Exit:** U.S. exited World Health Organization, citing sovereignty concerns
- **\$500B Stargate Project:** A public-private initiative with OpenAI, Oracle, and SoftBank to build AI infrastructure
- **Asylum System Overhaul:** Illegal migrants to face immediate deportation
- **Others:** Ending birthright citizenship, Defining sex as binary, Ending DEI programs and shifting to 'Merit, Excellence and Intelligence' in workplaces

India-US Trade and FDI (in \$ bn)



- ▲ Germany's Q4 2024 insolvencies hit 4,215 (+36% YoY), affecting 38,000 jobs, driven by high rates, subsidy cuts, and rising costs, with services up 47%.
- ▲ Vietnam surpasses Japan as China's third-largest export market with \$162B in 2024, driven by electronics components assembly
- ▲ iPhone's global market share drops to 18%; sales down 5% in China owing to restrictions on AI features
Samsung leads with market share of 19%, Xiaomi is at 14%.
- ▲ BlackRock's Q4 2024 assets reached record \$11.6 trillion, with Q3 net income up 21% to \$1.67 bn
- ▲ US sanctions on Russian oil forces China and India to seek new suppliers
- ▲ Bank of Japan raised its key interest rate to 0.5%, highest since 2008, amid strong inflation
- ▲ Bank of England cut its interest rate by 25 bps and Bank of Mexico cut by 50 bps

INDIA ECONOMIC DATA

Economic Indicator	Dec'24	Nov'24	Dec'23
WPI Growth	2.4%	1.9%	0.7%
CPI Growth	5.2%	5.5%	5.7%
Core Sector Growth	4.0%	4.3%	3.8%
Trade Deficit (in bn\$)	21.9	37.8	19.8
Air Passenger Traffic (mn)	15.3	14.3	14.9



In first 3 quarters of FY25, major ports have handled 620 mt of cargo, growing 2.7% YoY. This is primarily due to a decline in crude oil volumes at central government-owned ports

Economic Indicator	Jan'25	Dec'24	Jan'24	MoM	YoY
Composite PMI	57.7	59.2	57.9	-2.5%	-0.3%
GST Collection (in ₹tn)	2.0	1.8	1.7	10.3%	13.4%
AVG USD INR	86.3	85.0	83.1	1.5%	3.8%
Forex Reserves (US\$ bn)	629.6	640.0	616.7	-1.6%	2.1%

*All the numbers are rounded to a single decimal place

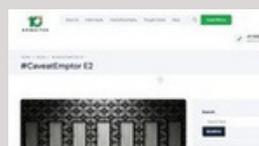
AEQUITAS: WHAT'S TRENDING



[Aequitas's take on Gold: Immortal Asset](#)



[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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