

# IN GEOPOLITICAL IMBALANCE, STEADY WINS



**When geopolitics creates  
instability, balance beats bets**

## Beyond Market

it's simplified...

**NIRMAL BANG**  
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### **Crackdown On Speculation**

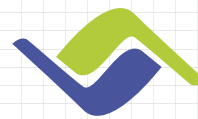
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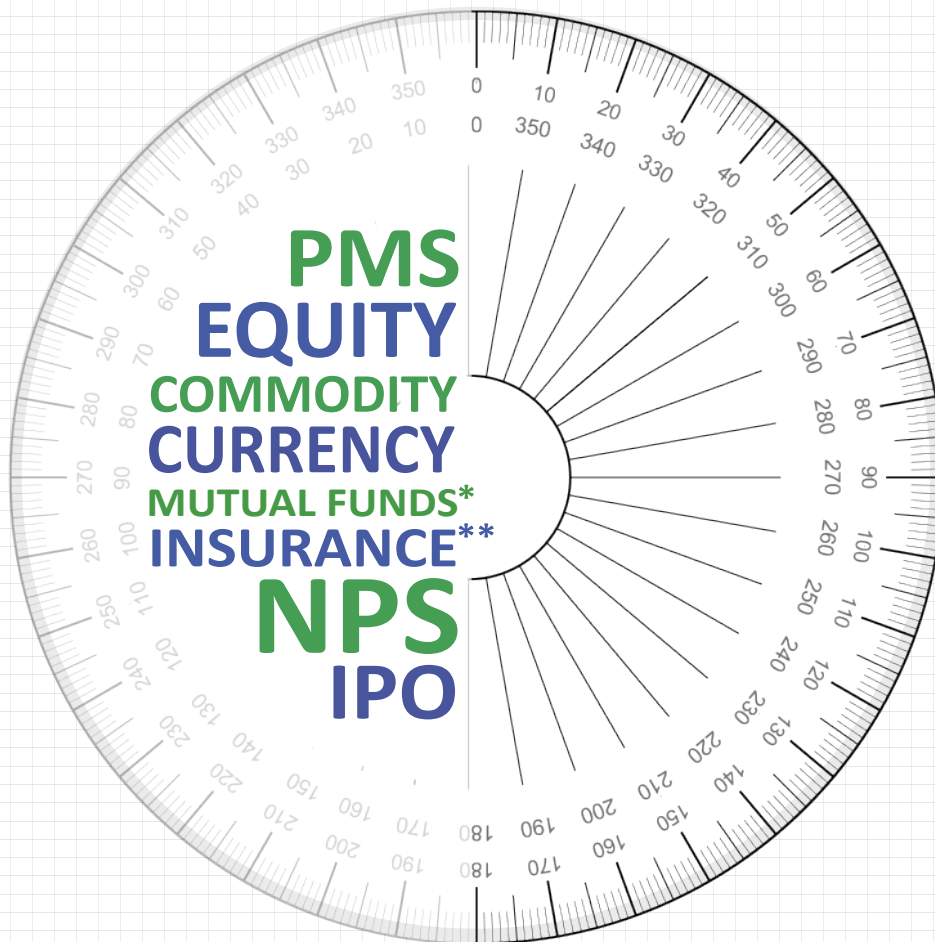
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**Tushita Nigam**  
Editor

## GEOPOLITICAL TREMORS

Unrest among countries destabilizes both citizens and economies, with geopolitical tensions historically impacting stock markets - often negatively - prompting caution among investors. So, where does this leave one's portfolio? Should investors follow Warren Buffett's advice to be greedy when others are fearful, or step back entirely? Read this issue's cover story to explore the options when the going gets tough.

Skim through this issue to find attention-grabbing articles on the current state of the Indian economy, the Securities & Exchange Board of India's (SEBI's) phased norms for index derivatives aimed at curbing speculation and reducing systematic risks, an update on the 'Make in India' initiative a decade since its inception, the expanding footprint of India's semiconductor market internationally, and consolidation trends in the cement industry.

Midway through the issue, find articles on the welcome shift to profit-sharing as payments to Bollywood stars, an analysis of the tyre market and auto sector, which remain constrained despite the festive season, and the likely benefits offered by emerging niche technologies such as AI, IoT, and automation for both individuals and businesses.

In the Beyond Numbers section, the performance of top mutual fund schemes by category provides insights into funds that can be considered from an investment perspective, while the Technical Outlook offers a clearer view of market trends in the coming days.

**"In the coming days,  
the Indian stock  
markets are likely  
to remain  
range-bound."**

**Nifty Futures: 24,364**

(Last Traded Price as on 28th Oct, 2024)



**T**he Federal Reserve is expected to continue lowering interest rates. However, the US economy is not seeing any major slowdown.

FY25 Q2 earnings results of India Inc have been lower than expected, impacted primarily by reduced government expenditures and heavy rainfall across India.

In the coming days, the Indian stock markets are likely to remain range-bound. The Nifty Futures has support at 24,200 and 24,000 levels. On the upper side, it may touch the 25,000 level.

In the days ahead, market participants should keep a close watch on the remaining quarterly earnings results of corporate India. They should also monitor the outcome of the Presidential election in the US as well as the geopolitical scenario, especially in the backdrop of the ongoing turmoil in the Middle East, as these events are likely to impact the market.

*Dalit? Bang*

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India's economy grapples with industrial production contraction, rising inflation, sluggish GST growth, stagnant auto sales, and a surge in real estate investment

# UNDER SCRUTINY



## India's Industrial Production Contracts In August

India's industrial production in August contracted for the first time on an annualized basis since October '22, as reported by the Ministry of Statistics and Programme Implementation (MoSPI).

On a month-on-month (MoM) basis, the Index of Industrial Production (IIP) slipped by 0.1% in August, compared to a growth of 4.7% recorded in July. This highlights the ongoing challenges faced by the manufacturing sector amid fluctuating economic conditions.

Among the three major sectors - mining, manufacturing, and electricity - mining experienced a significant contraction of 4.3% due to heavy rainfall impacting operations. Electricity production also declined by 3.7%; however, the manufacturing sector managed a modest growth of 1%. The IIP for August stood at 145.6, slightly down from 145.8 in the same month last year (2023).

Notably, certain industries within the manufacturing landscape exhibited resilience. The manufacturing of basic metals contributed positively at 3%, followed by electrical equipment, which grew by 17.7%. In contrast, primary goods and consumer non-durables registered declines of 2.6% and 4.5%, respectively, while capital goods and intermediate goods increased by 0.7% and 3%. Additionally, the infrastructure/construction goods sector rose by 1.9%.

## India's September CPI Inflation Rises To 5.49%

The country's Consumer Price Index (CPI)-based inflation climbed to a nine-month high of 5.49% in September. In August, the CPI stood at 3.65%. This steep rise was driven by high food prices, according to official data released earlier this month. The previous high was recorded in December '23, when the CPI reached 5.69%. In September of last year, the retail inflation rate was 5.02%.

"Year-on-year (y-o-y) inflation based on the All India Consumer Price Index (CPI) for September '24 is 5.49%. The corresponding inflation rates for rural and urban areas are 5.87% and 5.05%,

respectively. The increase in the inflation rate for September '24 is likely due to the high base effect and weather conditions," stated the Ministry of Statistics and Programme Implementation (MoSPI).

The y-o-y inflation rate based on the All India Consumer Food Price Index (CFPI) is 9.24% (provisional) for September '24, with corresponding rates of 9.08% for rural and 9.56% for urban areas.

## September GST Collection Reaches ₹1.73 Lakh Crore

The gross Goods and Services Tax (GST) revenue in September of this year recorded its slowest growth in 40 months on a year-on-year basis. The GST collection stood at ₹1,73,240 crore, marking a two-month low and the second lowest monthly collection so far in FY25.

However, it is worth noting that GST collections for the April to September period of this fiscal year are still 9.5% higher compared to the same period a year ago. In terms of total GST collections so far in FY25, they account for 53% of the total FY24 collections.

Regarding net collections - arrived at after adjusting for refunds - these were just 3.9% higher than a year ago.

Seven states experienced negative revenue growth, with the highest contraction seen in Manipur at 33%. Ten other states, including Telangana (1%), Rajasthan (2%), Uttar Pradesh (3%), and Tamil Nadu,

Maharashtra, and West Bengal at 5% each, reported growth below the national average of 6%.

Remarkably, Haryana recorded the highest revenue increase at 24%, followed by Delhi at 20%. The GST collections for September are based on business activities undertaken in August and reported in September.

### Indian Auto Sales Decline In H1 FY25

The country's passenger vehicle (PV) market has experienced slower-than-expected growth in the first half of this fiscal year (H1 FY25), with a modest growth rate of just 0.5%. This is significantly below the initial expectations of 3% to 4% forecasted by the Society of Indian Automobile Manufacturers (SIAM), according to data released by the industry body.

This lower growth is expected to pull down the overall annual growth forecast, setting the stage for tempered expectations for the full year, even as automakers look to ongoing festival sales to boost sales and generate positive news.

SIAM's President, Shailesh Chandra, expressed disappointment over the first half's performance, noting that a series of unforeseen events in May, June, and September dampened momentum. He cited factors such as elections, heatwaves, and heavy rains in certain regions as responsible for the flat growth.

Chandra indicated that while the second half (H2 FY25) could bring stronger growth, the full-year numbers are unlikely to reach the initial target of 5% to 8%, with growth now expected to settle south of 5%.

In the April to September period of this year, dispatches of passenger vehicles from automakers increased only marginally by 0.5%, totaling 20.81 lakh units compared to 20.71 lakh units dispatched during the same period last year. SIAM data showed that in September, passenger vehicle dispatches decreased by 1.4% year-on-year.

However, the festival sales in early October have shown promising signs, with a 30% to 35% increase in vehicle registrations compared to September, keeping hopes alive for a rebound in the second half of the year, as Chandra pointed out.

Despite the challenges faced in the first half of this fiscal year, SIAM remains cautiously optimistic about a gradual recovery in the second half, buoyed by festival sales and new model launches. Nonetheless, full-year growth is likely to fall short of initial projections, and the industry is bracing itself for this outcome.

### Indian Real Estate: Equity Investments Up 46% In January-September Period

The country's real estate sector saw equity investments rise by 46% to US \$8.9 billion during the January-September period of this year, according to real estate consultant CBRE. These

equity investments in real estate are the highest since the 2018 calendar year, CBRE reported.

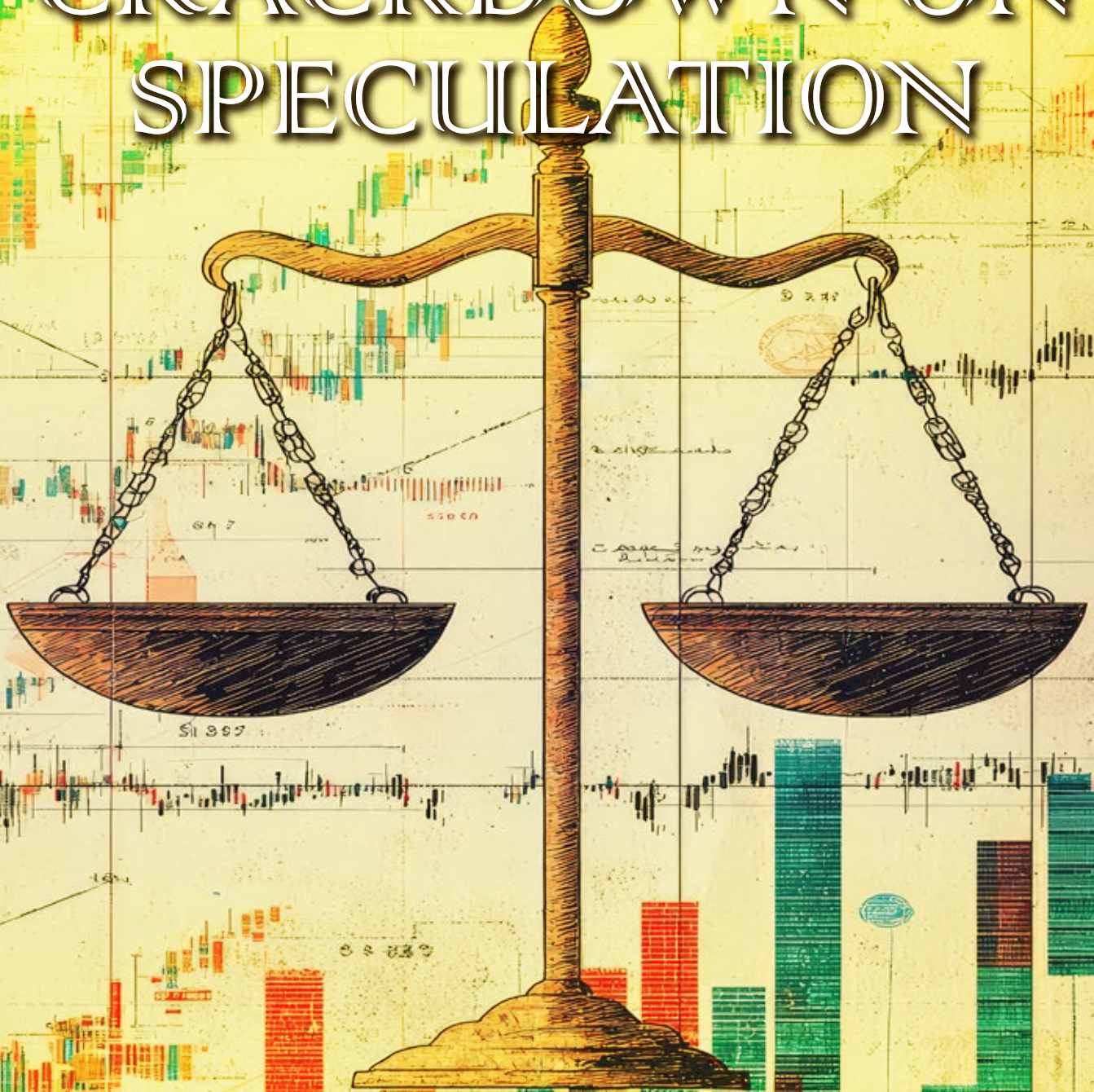
Equity investments include those from private equity, pension funds, sovereign wealth funds, institutional investors, real estate developers, real estate fund-cum-developers, investment banks, corporate groups, and REITs, among others. Equity investments in real estate stood at US \$5.8 billion in 2018, US \$6.4 billion in 2019, US \$6 billion in 2020, US \$5.9 billion in 2021, US \$7.8 billion in 2022, and US \$7.4 billion in the 2023 calendar year.

Anshuman Magazine, Chairman and CEO for India, South-East Asia, Middle-East, and Africa at CBRE, noted that investment activity in the Indian real estate market scaled a new peak in the January to September period this year, driven by a resurgence in capital deployment during the June quarter. He stated, "Sustained capital inflows are expected in both traditional and emerging sectors in the upcoming quarters, with institutional and collective vehicle investors, along with developers, expected to drive the overall capital flows."

Equity investments in real estate amounted to US \$2.6 billion during the July-September period this year. It is noteworthy that domestic investors - predominantly developers - took the lead, accounting for around 79% of equity capital inflows during this period.



# CRACKDOWN ON SPECULATION



SEBI's new rules for index derivatives are significant as it will discourage individuals from spending their household savings on speculative activities while upholding market integrity





On 1st October, markets regulator the Securities and Exchange Board of India (SEBI) introduced new rules for index derivatives, with six key changes to be implemented in a phased manner between 20th November, 2024 and 1st February, 2025. These guidelines, which are slightly more lenient than the initial recommendations from SEBI's July consultation paper, apply only to index derivatives - not stock derivatives.

The six changes include: (1) an increase in lot size, (2) a limit of one weekly expiry per exchange, (3) intraday monitoring of position limits, (4) upfront collection of options premia, (5) removal of calendar spread benefits on expiry days, and (6) an increase in margins for near contract expiry.

SEBI's objective is twofold: to raise entry barriers for derivative transactions and to curb market volatility caused by speculative activity closer to expiry dates. The former aims to limit retail participation in the derivatives market, while the latter addresses systemic risks.

Before delving into the specifics, it's essential to understand the context that prompted SEBI to implement these changes.

## THE BACKDROP

The primary aim of SEBI's new changes to index derivatives is to protect investors and ensure market stability. Both regulators and the government have expressed concerns over the increasing participation of small investors in the Futures and Options (F&O) market.

To raise awareness about the pitfalls or risks of speculating in derivatives, SEBI has conducted several studies. In a report released in January '23, SEBI highlighted that 9 out of 10 individual traders incurred huge losses in the F&O market. An updated version of this study was published in September '24.

Key findings from these studies reveal that:

- (1) a growing number of traders from smaller cities are entering the derivatives market,
- (2) more young investors are speculating in F&O, and
- (3) despite repeated losses, individual traders continue to speculate, thus forming a habit.

An important point to consider is who benefits from these losses made by individual traders. Profits are typically made by foreign portfolio investors and the proprietary desks of domestic brokerages, while individual traders bear the brunt of transaction costs in the form of brokerages, exchange fees, securities transaction taxes, and stamp duties.

Though gains and losses are a routine part of stock markets, this situation impacts capital formation in the economy. Derivatives markets should aid capital formation, but the money lost through speculation could have been used more productively. Additionally, when retail investors are hurt, it impacts the long-term equity culture in the economy.

It is important to discourage small traders from using household savings for speculation. Also, equally crucial is the need to safeguard market integrity. The primary role of derivatives markets is efficient price discovery, which happens when investors hedge their positions based on future price expectations.

However, excessive demand from individual traders is artificially inflating asset prices. There are also concerns about volatility, especially on expiry days, where large market swings occur despite stable underlying assets, posing systemic risks.

## THE CHANGES

Here are the six changes

introduced by SEBI for index derivatives and their potential impact:

**1. Increase In Lot Size:** SEBI has recommended raising the contract size from ₹5 lakh - ₹10 lakh currently to ₹15 lakh - ₹20 lakh.

**Impact:** Higher lot sizes will increase absolute margin requirements, likely dissuading smaller traders who previously benefitted from smaller lot sizes.

**2. Only One Weekly Expiry Per Exchange:** Currently, every day sees an expiry of some index on either BSE or NSE. Under the new rule, only one weekly expiry per exchange is allowed, with other indices having monthly expiries. Weekly contracts account for around 65% of premiums index options.

**Impact:** This will reduce speculative activities and trading volumes, though there could be a spill over of trading activity from discontinued index into the continuing index.

**3. Intraday Monitoring of Position Limits:** SEBI has mandated at least four snapshots of client positions during the trading day, instead of monitoring at the end of the day.

**Impact:** This will prevent unnoticed open positions but will lower volumes and increase compliance workloads for stock exchanges.

**4. Upfront Collection Of Options Premia:** Currently, upfront margins are collected

for futures contracts and from sellers of options contracts from the end client.

Additionally, at an aggregate level, clearing corporations block collateral at the broker level for options buy trades. Now, SEBI requires that upfront margins also be paid by buyers of options contracts at the end client level.

**Impact:** The move will reduce leverage positions in the market, leading to decreased trading volumes. At the same time compliance requirements will increase for brokers and clearing corporations.

**5. Removal Of Calendar Spread Benefit On Expiry Days:** Currently, the margin requirement is significantly lower for traders taking offsetting positions on a future expiry day. This results in volume spikes on expiry days and distorts the underlying asset price. Under the new rule prescribed by SEBI, this benefit will no longer be available on expiry days.

**Impact:** The new changes will require traders to put up higher margins. Additionally, the new rule will encourage participants to roll over their positions early rather than wait until expiry day.

**6. Increase In Margin For Near Contract Expiry:** The Extreme Loss Margin (ELM) - an additional margin that exchanges charge as a safety measure above the normal margin to account for volatility on expiry day - is currently set at 2% for index derivatives and 3.5% for stock derivatives. An additional 2% ELM will now be

applicable on short options contracts on expiry day.

**Impact:** An additional ELM margin will help contain risks associated with leveraged short options. This measure will protect both investors and the broader market from significant downside risks.

## IN CONCLUSION

Now, the new changes will lead to filtering out of speculative elements leading to some fall in volumes. But it remains to be seen by how much.

SEBI's new F&O rules are significant as they aim to discourage individuals from using their household savings for speculative activities, while also upholding market integrity. Given the heightened activity in this space, particularly among small traders, changes to F&O regulations were long overdue. The new rules are expected to filter out speculative elements, leading to a potential decline in trading volumes, although the extent of this decrease remains to be seen.

At the same time, these changes are unlikely to disrupt the derivatives market, as participants adapt to the new regulations. The implementation will occur in a phased manner between 20th November, 2024 and 1st February, 2025, providing ample time for the markets to adjust. However, if participation by individual traders does not decline, SEBI may introduce additional measures.



# PROGRESS OR PENDING PROMISES?

Growth is on the move  
with Make in India, but  
some targets are still  
in the slow lane



Micromax was the number two mobile brand in India after Samsung and among top 5 globally in 2014 when the government launched the 'Make in India' scheme with the aim to make India a global manufacturing hub.

Ten years down the line, Micromax, once a promising Indian mobile phone maker, stands replaced by Apple, which registered \$12.1 billion in iPhone exports from the country, doubling from 2022-23.

Micromax's decline came as it could not keep up with technology upgrade and was swept away by agile Chinese players, even as the government flagship scheme offered incentives to push manufacturing.

As 'Make in India' enters the second decade, it is crucial to assess both its achievements and challenges in shaping India's manufacturing sector.

The initiative was designed to boost the country's manufacturing sector with a goal to elevate the sector's share of the GDP to 25% by 2025, create 100 million new jobs, and attract foreign investments to improve global competitiveness.

## THE JOURNEY

The 'Make in India' initiative aims to transform India into a global manufacturing hub by attracting investments, improving ease of doing business, and boosting domestic production.

One of its key objectives is to modernize infrastructure and simplify regulatory processes. Over the years, the government took several measures to improve the ease of doing business, which included streamlining regulations and reducing bureaucratic hurdles. The initiative initially focused on 25 key sectors, ranging from automobiles and textiles to pharmaceuticals and defence. In its second phase, dubbed 'Make in India 2.0', it was expanded to 27 sectors, with a renewed focus on driving industrial growth.

The initial phase focused on expanding investment promotion and simplifying regulations. However, the second phase saw a shift toward fiscal measures, with the government raising tariffs,

providing tax cuts for new manufacturing enterprises, and launching production-linked incentive (PLI) schemes in sectors like electronics, pharmaceuticals, and automobiles.

Larger firms benefited more from these policies due to higher incentives and easier access to subsidies, while smaller firms struggled to meet the thresholds required for such schemes. This dynamic led to visible headline investments but failed to significantly boost the manufacturing sector's share in GDP or create sufficient jobs.

## THE ACHIEVEMENTS

The programme has shown positive results, with India's exports reaching an all-time high of \$778 billion in the financial year 2023-24. In terms of foreign investments, FDI inflows have increased by 119% over the past decade, reaching \$667 billion compared to \$304 billion in the previous 10 years. More than 90% of the total FDI during this period has come through the automatic route. India is currently receiving FDI inflows of \$70-80 billion annually and is expected to reach \$100 billion per year in the near future.

The PLI scheme, which covers sectors such as electronics and pharmaceuticals, has seen a strong response, attracting investments worth ₹1.23 lakh crore by March '24.

The government has relaxed FDI norms in sectors such as defence, railways, insurance,



and telecom. Defence manufacturing has grown with major contracts being awarded to Indian companies like Tata, L&T, and Bharat Forge with production reaching ₹1.27 lakh crore in 2023-24 and exports spreading across 90 countries.

The government has made strides in improving the ease of doing business through the Jan Vishwas law, which was introduced to decriminalize minor offences across various laws. This move aims to further reduce regulatory burdens on businesses.

The PM Gati Shakti initiative was launched in 2021 to strengthen infrastructure, connecting various modes of transport with an aim to create a \$5 trillion economy by 2025.

The development of industrial corridors, including the Delhi-Mumbai Industrial Corridor, facilitated the creation of world-class infrastructure to support manufacturing.

India has also made strides in the renewable energy sector, becoming the fourth-largest renewable energy producer globally, with a capacity of 203.1 GW in 2024.

The mobile phone manufacturing sector stands out as a success story since the country now ranks as the second-largest mobile manufacturer globally. Mobile exports surged from ₹1,556 crore in 2014 to ₹1.2 lakh crore in 2024, driven by partnerships with major global players like Apple and its suppliers.

Investments in the semiconductor sector have grown, with five fabrication plants currently under development.

Initiatives like the indigenous Vande Bharat trains are among the key accomplishments.

### THE FAILURES

Despite these successes, the 'Make in India' initiative has faced several challenges. The growth rate of the manufacturing sector has slowed down, with the sector's contribution to the GDP stagnating at around 17% to 18% - far from the 25% target.

Moreover, manufacturing employment fell from 12.6% in 2011-12 to 11.4% in 2022-23, with informal sector employment also seeing a significant decline. The real Gross Value Added (GVA) growth rate for manufacturing slowed from 8.1% in 2001-12 to 5.5% during 2012-23.

India's exports have struggled as well, with the country's share in global exports increasing only marginally, rising from 1% in 2005-06 to just 1.8% by 2022-23.

The manufacturing sector's share of exports dropped, and if not for the growth in mobile phone exports, the numbers would have been more concerning. Furthermore, India's fixed investment growth in the manufacturing sector has been slow, with Gross Fixed Capital Formation falling drastically between 2012-13 and 2019-20.

### THE REASONS

The relative collapse in private investment in India is attributed to weak demand and excess production capacity in the manufacturing sector. Between 2011 and 2021, unused capacity in Indian factories surged, exacerbated by the Covid-19 crisis, and though it stabilized in 2022, it remains significantly higher than in 2011.

This weak demand stems from a shrinking middle class, which had once driven growth in the 1990s and 2000s, but increasing inequality has left only a small segment of the population benefiting from economic growth.

Bottlenecks in infrastructure and supply chains, particularly in logistics, continue to affect manufacturing efficiency. India's logistics costs remain significantly higher than those of other developed countries, hindering the competitiveness of Indian-made products in global markets. Additionally, while the regulatory environment has improved, many sectors still face bureaucratic delays and challenges.

Banks, dealing with the fallout of bad loans from overconfident investments made in the 2000s, are hesitant to lend to businesses, further stifling investment.

### CHINESE DEPENDENCE

Additionally, India's manufacturing sector struggles with competitiveness, particularly against Chinese firms. India's reliance on

Chinese imports, including solar panels and pharma ingredients, highlights its dependence on foreign technology and components.

Despite government efforts to boost domestic production, India still imports the majority of its solar panel components from China, and the pharmaceutical industry remains reliant on Chinese active ingredients.

In 2024, China regained its position as India's top trading partner, with a widening trade deficit as India's exports to China remain focused on raw materials, while imports are of manufactured goods.

## THE WAY FORWARD

The government's protectionist approach, particularly with tariffs, has pushed companies to establish manufacturing facilities in India. However, the success of these policies, particularly whether they will lead to globally competitive industries, remains an empirical question.

Experts say as for the long-term impact, it is essential to assess the effectiveness of the initiative through cost-benefit analysis. While the PLI schemes have drawn significant government expenditure, it is unclear whether the overall economic gains justify these costs.

Macroeconomic models, which can analyze the broader effects of these interventions, are vital for understanding the real impact. Without a transparent and thorough assessment of these policies,

including the rationale and assumptions behind them, it is difficult to gauge whether the initiative is on track or if it requires adjustments.

There is also a lack of critical evaluation from businesses due to their vested interests in the financial incentives offered by the government.

Consequently, the conversation between the state and industries often revolves around lobbying for more benefits instead of advocating for meaningful reforms.

The challenge for India lies in fine-tuning its industrial policy, which is a complex task for any nation, especially one with limited administrative capacity. The initiative's success depends on ongoing, careful analysis and the willingness to make course corrections based on that evaluation, rather than relying on narratives of success that may not align with the broader economic reality.

Experts say several measures can be taken to address these challenges. A greater focus on research and development is essential, mainly in electric vehicles, semiconductors, and clean energy sectors.

Investing in R&D hubs and offering tax incentives for innovation will foster technological advancements that could boost the manufacturing sector. The government must also deepen domestic value chains by promoting the local production of key components, reducing the dependency on imports in high-tech sectors. Further, small and medium enterprises

need greater support to integrate into global supply chains. Expanding skill development programmes to meet the demands of modern industries will help address the gap between job creation and output growth.

Lastly, encouraging green manufacturing practices and sustainable production methods will enhance India's global standing and align with the growing international demand for environmentally friendly products.

Experts say there is a need to rethink industrial policy to better align trade and industrial strategies, focusing on promoting domestic value addition and learning.

Protectionist measures should aim at achieving dynamic comparative advantages rather than relying on cash subsidies for short-term gains. India should pursue investment-driven growth and technological advancement, supported by domestic R&D to encourage adaptive research and the indigenization of imported technologies.

As 'Make in India' moves into its second decade, the initiative needs to be recalibrated to address existing challenges. Strengthening partnerships between the government and the private sector, improving infrastructure, and focusing on high-tech and green sectors will be essential for driving the next phase of growth in Indian manufacturing. As the Micromax story shows failure can be swift if right decisions are not taken in time.



# CHIP IN TO WIN IT

India's gearing up to chip its way into global semiconductor dominance by 2030



The 2020 pandemic exposed the fragility of the global semiconductor supply chain, disrupting industrial production worldwide. A shortage of critical components forced many countries and companies to hit pause, underscoring the dangers of over-reliance on certain markets, especially China. In response, nations began diversifying supply lines to reduce risk.

India seized this opportunity, positioning itself as a key player amid the shifting tides of global trade. By rolling out policies with attractive subsidies, tax breaks, and grants, India aims to boost domestic semiconductor production and lessen its dependence on imports, emerging as a viable alternative to China.

For investors, this strategic pivot offers a golden opportunity. Those who spot the key winners in the semiconductor value chain could reap rewards in the long term.

## INDIA'S CHIP BOOM

According to Union Minister of State for Commerce & Industry Jitin Prasada, "The Indian semiconductor market is undergoing a transformative journey, with projections indicating it will reach ₹8.8 lakh crore (approximately \$110 billion) by 2030. This significant growth reflects a staggering Compound Annual Growth Rate (CAGR) of 26.3%."

A perfect storm of factors is fuelling India's semiconductor growth - rising tech adoption, a burgeoning digital economy, and government initiatives all play a part. The government has laid out a clear roadmap for developing the domestic industry, and they're not just talking — they're investing. One standout move is the ₹76,000 crore (roughly \$10 billion) Semicon India Programme, designed to turbocharge the local semiconductor manufacturing sector with incentives and support.

## DRIVER FOR THE CHIP SURGE

Several factors are driving India's booming semiconductor demand, each building toward a tech-powered future:

**5G Rollout:** One of the biggest catalysts for semiconductor demand is the rollout of 5G. With an estimated 1 billion users by

2030, the need for cutting-edge chips to power both network infrastructure and devices is set to skyrocket.

## Green Energy Initiatives:

India's ambitious goal of achieving 500 GW of renewable energy capacity by 2030 is another semiconductor booster. Chips are the unsung heroes in renewable systems, quietly optimizing power in everything from solar inverters to smart grids.

## Electric Vehicle (EV) Growth:

With India racing toward an electric future, the projected 10 million EVs on the road by 2030 will fuel semiconductor demand even further. Power management, battery systems, and energy-efficient electronics are all key players in this EV revolution.

## Data Center Expansion & WBG Semiconductors: As

India's digital economy booms, data centres are set to grow at an impressive 23% CAGR through 2030. This expansion of data centres, combined with the rise of wide-bandgap semiconductors like silicon carbide (SiC) and gallium nitride (GaN), will drive demand for high-power, efficient chips that are critical to modern data centres and high-tech applications.

**Consumer Electronics:** India's growing appetite for consumer electronics, from smartphones to smart appliances, adds another layer to this demand. With rising demand for automotive components and industrial tech, semiconductor companies have a wide-open opportunity to ramp up

production and sales.

## BACKING THE CHIP REVOLUTION

The Indian government is pulling out all the stops to boost domestic semiconductor manufacturing, with the ₹76,000 crore Semicon India Programme leading the charge. This ambitious initiative offers financial assistance like production-linked incentives and infrastructure support to chip manufacturers, putting India firmly on the map in the global semiconductor race.

Backing up this push is an additional ₹17,000 crore in subsidies, covering up to 50% of project costs for eligible semiconductor ventures. This level of support is unprecedented, highlighting the government's commitment to building a robust semiconductor ecosystem that could reshape India's tech landscape.

## THE INDIA SEMICONDUCTOR MISSION (ISM)

The India Semiconductor Mission (ISM) is firing on all cylinders, driving industry growth with a focus on infrastructure, talent development, and global partnerships. With a vision to make India a powerhouse in electronic systems design and manufacturing (ESDM), the mission is targeting the creation of at least 20 semiconductor manufacturing units while also establishing research and training centres to build a skilled workforce. This holistic approach is key to

developing a sustainable ecosystem that will boost long-term growth in the sector. The government's proactive stance is evident from initiatives like the Production-Linked Incentive (PLI) scheme, which sweetens the deal for domestic manufacturers with financial incentives. This not only reduces entry barriers for new players but also encourages established companies to ramp up operations in India.

On top of that, policies like import duty exemptions on semiconductor equipment and materials give India a competitive edge, enabling it to attract investments. These measures are paving the way for India's self-reliance in semiconductor production, slashing dependency on imports and positioning the country as a major player in the global chip market.

## GOING SOLO

Building a robust domestic semiconductor industry in India is essential for diversifying the global supply chain, currently dominated by China, Taiwan, and South Korea. By developing a reliable semiconductor manufacturing base, India can enhance global supply chain resilience, reduce overreliance on specific regions, and mitigate risks from geopolitical tensions.

India's "Make in India" initiative aims to reduce dependence on foreign chip imports and establish domestic production capabilities. In FY22-23, India imported semiconductors worth ₹1,297

billion, underscoring the urgent need for local production to address trade deficits and strengthen supply chains.

A separate ₹2,500 crore investment will establish a fabless chip company in India, targeting the design of 15 semiconductor products by 2027. This aligns with India's broader mission to boost local capacity and decrease reliance on imports. The fabless model allows the company to circumvent the high capital expenditures associated with traditional fabrication plants, enabling it to direct resources toward designing high-demand chips in sectors poised for growth, such as automotive, IoT, and consumer electronics.

## INDIA: THE NEW CHIP EXPORT HUB

India is making a concerted effort to position itself as a major exporter of semiconductors, with the global market projected to grow from \$544.78 billion to \$929 billion by 2030. As demand surges for advanced semiconductors in AI, IoT, and EVs, India has significant growth opportunities for its skilled workforce. India's growing semiconductor capabilities could enable it to capture a larger share of this lucrative market, driving economic growth and fostering technological advancement.

Strategically located manufacturing hubs near Mumbai and Gujarat offer efficient export infrastructure, supporting India's goal to meet 10% of global semiconductor



demand by 2030. India's integrated circuit (IC) design talent, comprising nearly 20% of the global workforce with over 35,000 professionals, provides a strong foundation for expanding semiconductor manufacturing and design.

Top institutions like IITs and NITs produce around 20,000 engineers annually, many specializing in semiconductor technology. Industry collaborations, including those with Intel and Qualcomm,

enhance practical skills through internships and workshops, bolstering India's export potential as it builds out semiconductor manufacturing and design capabilities.

### IN A NUTSHELL

India's semiconductor sector is set for exponential growth, driven by strong government focus, demographic advantage, and global diversification efforts, among other factors. Companies

across the value chain - including chip design, manufacturing, assembly, testing, and exports - are set to benefit immensely in the coming years.

For instance, firms specializing in advanced packaging technologies, like 3D packaging and system-in-package (SiP) solutions, are gaining traction and attracting investment, further enhancing India's potential in the global market.



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# CEMENTING DOMINANCE

Cement giants strengthen market grip amid industry consolidation





India's cement industry is experiencing a wave of consolidation, with major players acquiring mid-sized and smaller companies to increase market share.

This raises a few key questions:

- a) What is driving this consolidation?
- b) Does the industry naturally benefit from having fewer players to record higher earnings?
- c) And lastly, what does this mean for retail investors?

Here's a concise look at these questions:

## UNDERSTANDING COMMODITIZED BUSINESS

Cement is a commoditized business. Certain elements within a business contribute to it becoming commoditized.

According to the Boston Consulting Group's (BCG) research paper *Escaping the Doghouse: Winning in Commoditized Markets* by Eric Boudier, Martin Reeves, Anders Porsborg-Smith, and Amin Venjara, commoditization occurs when the market perceives products as substitutable.

The research paper notes two factors that drive commoditization. The first is the emergence of a standard design or technology in the marketplace. Initially, multiple technologies compete to become the market standard. As the market matures, companies converge on one standard, creating greater parity across offerings, the paper points out.

The second factor is an increase in pricing and product feature transparency. These factors can be easily understood through a few examples.

Let us consider the first factor, the emergence of a standard design or technology. When a product is standardized, it can be replicated by anyone within or outside the same industry. This results in low entry barriers for the industry, as seen in the cement industry.

To manufacture cement, a company does not require a long list of permissions or need to comply with copyrights. The ingredients for cement production are the same, and almost all

companies have access to them. There is no monopoly over the resources needed to produce cement. Therefore, what distinguishes one company from another is primarily how well it brands its cement.

This is both the biggest challenge and advantage of operating in a commoditized business. If a company successfully brands its product in such a market, it can stand out and generate more revenues than its peers.

However, this strategy can become a daunting challenge when most players in a sector adopt similar approaches.

In the research paper *Escaping the Doghouse: Winning in Commoditized Markets*, the authors highlight three warning signs of being in a commoditized business:

### 1. Increasing Price Sensitivity

As switching costs drop, consumers become more aware of product qualities and focus more on price, gaining higher negotiating power.

### 2. Increasing Price Competition

Companies start to cut prices to attract customers, leading to a downward spiral in prices throughout the market and squeezing margins across the board.

### 3. Industry Consolidation

As companies struggle to survive, larger firms acquire smaller ones to gain advantages in scale, reach, and capability.

Interestingly, these three

warning signs have played out exactly in the same way in India's cement industry. Increased competition has led to volatility in cement prices, and the rationale behind recent acquisitions is to gain greater pricing power.

Fewer players provide greater pricing power compared to a large number of competitors.

Therefore, consolidation in India's cement industry can be seen as a way to eliminate competition and enhance the prospects of higher earnings by allowing companies to sell cement at elevated prices.

## THE CONSOLIDATION WAVE

A recent study by CareEdge Ratings highlights the rapid pace of consolidation in the cement sector, as reflected in the growing market share of the top four cement companies.

CareEdge Ratings reports that the top four companies - UltraTech, Ambuja, ACC, and Shree Cement - are expected to command 60% of production capacity within the next two years, up from 50% in the previous fiscal year.

It also noted that these companies held a consolidated market share of 35% in FY12, which increased to 50% in the previous fiscal year. The analysis projects that their combined market share will likely reach 60% by the end of FY26.

Since April '14, an estimated 18 cement deals have taken place, involving a capacity of 195 million tonnes. Analysts

report that nearly 116 million tonnes changed hands between FY23 and July '24.

Analysts say that major companies have gained 40% of capacity through acquisitions and inorganic growth. In contrast, the capacity market share of the next 25 largest cement companies in India has dropped from 46% in FY12 to 39%.

The market share of smaller cement companies dropped from 19% in FY12 to 11% in FY24. CareEdge Ratings estimates that mergers and acquisitions involving nearly 60 million tonnes of cement capacity could transpire in the medium term.

CareEdge Ratings Director Ravleen Sethi, in a media report, stated that the competitive gap between top and mid-sized players may widen due to the larger companies' broader presence and superior cost efficiencies. This emphasizes the increasing intensity of consolidation in the cement industry.

This wave of consolidation benefits retail investors. One of the key advantages of investing in India's cement sector is its integral role in the country's growth story.

Infrastructure is an important component of India's growth story, and sustaining construction activities is essential to improving it. This drives strong demand for cement, positioning India's cement companies to benefit.

The Union Budget outlines a

capital expenditure of ₹11 trillion to support housing demand and other infrastructure-driven projects.

A recent study by ratings agency, India Ratings indicates that factors like rural market recovery, improved monsoons, and moderating inflation favour cement companies.

The study indicates that cement companies will see margin expansion in the second half of the current fiscal, supported by lower input costs.

Demand for cement is expected to rise, with volumes projected to grow by 5% to 7% year-on-year. Ratings agency, India Ratings also anticipates a demand increase in the second half of FY24-25, with overall volume growth likely to be in the 5% to 7% range for the fiscal year.

Given these circumstances, analysts recommend that retail investors stay invested in large cement players with lean balance sheets, strong cash flow from operations, diversified geographical presence, and a robust brand presence in both rural and urban areas.

Following the consolidation, these large players are unlikely to encounter stiff competition and could emerge as dominant forces in their regions.

However, investors should keep in mind that brand resonance will be crucial for a large company as the consolidation wave reaches its final stage.




# BOLLYWOOD

Hindi Cinema

## STAR SALARIES ON A DIET: PROFIT SHARES TAKE THE SPOTLIGHT

Bollywood stars are trading fat paychecks for profit shares - because who knew a pay cut could be the key to staying in the game?





n India, cinema and cricket are two of our most beloved religions, with Bollywood and cricket pitches serving as the holy sites where fans pray for a blockbuster or a six! Anyone who has grown up in the country knows this cultural truth all too well.

Gone are the days when cricket had a defined season or when Hindi films reigned supreme, commanding our weekends in theatres like a sacred ritual. While cricket has adapted brilliantly, thanks to the electrifying Indian Premier League (IPL), the Hindi film industry seems to be stuck in its ways, like a stubborn child refusing to embrace change.

Today, the Hindi film industry finds itself in a bit of a pickle, with fewer films making it to the big screen. This stagnation stems from mounting production challenges that lead to delays, all of which are intrinsically tied to the financing of these films. Let's understand this situation by digging deeper into this financial conundrum.

### BUDGET BUSTERS

Trade analysts highlight that the Hindi film industry is currently grappling with one major challenge: soaring production costs. This has led to a staggering number of big-budget films being shelved - close to 40 in just the past year and a half, compared to an average of 10 to 15 before the coronavirus pandemic, according to media reports and trade analysts' estimates.

Several factors contribute to this trend. First, the astronomical remuneration of A-list actors has skyrocketed, often consuming 45% to 55% of a film's budget. For instance, if a film costs ₹100 crore to make, around ₹45 crore to ₹55 crore goes directly to the star's salary. With box office failures on the rise, producers are increasingly hesitant to gamble on such high salaries.

But it doesn't stop there; the entourage costs of these A-list stars are equally jaw-dropping. Some actors demand daily expenses that can range from ₹20 lakh to ₹25 lakh, outpacing even the writers' paychecks. Imagine needing a separate food truck just for a star's dietary whims and fancies – it is a hefty burden on any production budget!

This rise in star salaries can largely be traced back to the

pandemic, during which streaming platforms made hefty investments to keep viewers entertained while they were stuck at home. They showered stars with cash, hoping to build an impressive library of content. However, post-pandemic, many of these films flopped and only a few of the films managed to retain subscribers' interest, revealing the impracticality of prioritizing sheer volume over profitability.

To make matters worse, even mid-range actors tripled their fees upon returning to films, capitalizing on the inflated salaries they had secured during their time in web series at the time of the pandemic. Cinematographers and crew members followed suit, demanding salaries up to seven times higher than before.

### THE ENORMOUS PRICE TAG

In simple terms, high salaries for A-list actors, their entourage costs, expensive promotion and marketing, lack of confidence in scripts, and declining star power have made filmmaking increasingly costly.

All in all, these shifts have drastically altered the economics of Hindi filmmaking, leaving big-budget films in the lurch. As a result, many projects are getting the axe before they even get off the ground.

### PROFIT-SHARING – THE NEW SCRIPT FOR SUCCESS

While challenges still loom large, some A-list actors are adopting a more realistic

approach by agreeing to reduce their fees on a project-to-project basis. According to media reports and trade analysts' estimates, some A-list stars have agreed to cut their remuneration by nearly 30% compared to pre-pandemic levels, opting instead to take a portion of their remuneration from the film's profits. This shift is helping some films get off the ground.

Let's break it down. If a big-budget film today costs ₹150 crore and an A-list actor previously charged ₹50 crore, a 30% reduction brings that fee down to ₹35 crore. Instead of demanding the full amount upfront, the actor might accept a basic fee of ₹10 crore, with the remaining ₹25 crore tied to the film's success. This

allows producers to focus on managing the rest of the budget, covering crew salaries (minus the star's fees), locations, technology, and production costs - all of which are more manageable.

In this scenario, if only the star's salary is paid while the rest of the crew goes unpaid. Now with the changes in A-stars' reduced remuneration, it creates a win-win for most stakeholders in the industry.

### SELLING THE SHOW – RIGHTS AND REVENUES

Producers can offset costs by selling various rights associated with the film - such as music, satellite, overseas, and streaming rights. The revenue from these sales

provides essential capital to kick start production. Finally, a film's profit is the money left after all expenses, hinging on its box office success.

### A BRIGHT FUTURE?

This new arrangement brings accountability in filmmaking, making stars more invested in the project or committed to a film. If they don't stay committed to the film, they risk losing out on the profit-linked portion of their pay.

Talent management agencies believe this model is the most sustainable path forward. They argue it could help the industry emerge from its current slump, where only a handful of films are resonating with audiences and theatre footfall are dwindling.

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# TREAD LIGHTLY

**Soaring rubber prices leave  
tyre makers in a costly squeeze**



# R

ising natural rubber prices are weighing heavily on Indian tyre companies. After surpassing the ₹200 per kg mark in June - the highest in over a decade - domestic natural rubber prices have remained elevated. In the July-September period, prices rose over 20%, hurting tyre makers' margins, as natural rubber accounts for 20% to 45% of a tyre's weight.

Six months ago, the tyre sector faced challenges from both falling exports and rising raw material costs. While exports are now gradually recovering due to improving demand from key markets like the US and Europe, concerns persist that elevated rubber prices are here to stay, owing to shifts in demand-supply dynamics. The last time natural rubber breached the ₹200 per kg mark was in 2011, amid higher demand, but prices averaged below ₹150 per kg for the next decade.

Will rubber prices follow the previous upcycle or is this upcycle different?

According to ratings agency, Crisil, between fiscal years 2010-2011 and 2022-2023, global production grew by 35%, while demand expanded 40%, leading to a supply crunch and higher prices. "With further rise in demand and restricted supply, the prices of natural rubber are expected to remain elevated, impacting the margins of tyre manufacturers well beyond fiscal

2025. The deficit in the natural rubber market is expected to triple in 2024 as smaller tappable (crop) area and lower yield, along with a potential increase in demand, test the supply side," Crisil said in a note in September.

Tyre makers' margins are negatively correlated with rubber prices. In the April-June quarter of this fiscal year, the operating margin of top listed Indian tyre manufacturers dropped by 200 basis points to 14%, down from 16% in fiscal 2023-24, as natural rubber prices shot up 22% year-on-year.

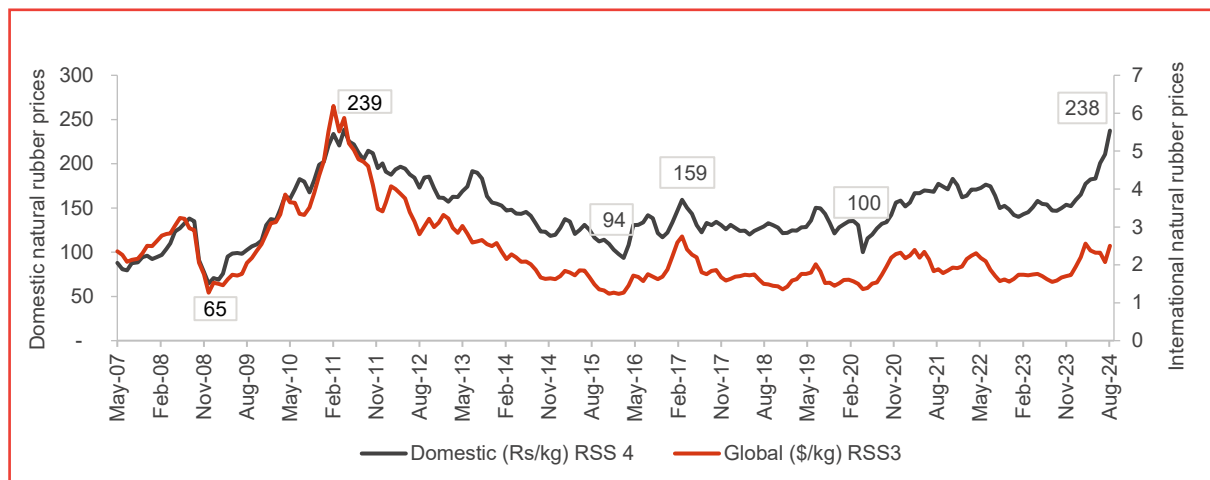
Operating margins are now expected to shrink further in fiscal year 2024-25 by another 200-400 basis points due to persistently high rubber prices.

## THE BASICS

The tyre industry is highly raw material-intensive, using over 200 materials, primarily natural rubber and crude oil derivatives.

Raw material costs account for

## Natural Rubber Prices



Source : Rubber Board, Ministry Of Commerce And Industry, CRISIL MI&A Research

55% to 65% of revenue. A typical tyre is composed of natural rubber (up to 45% by weight) and crude-based derivatives like carbon black (23%), nylon tyre cord fabric (12%), synthetic rubber (10%), and others (10%).

The industry is dominated by four publicly listed companies - MRF, Apollo Tyres, JK Tyre, and CEAT - which command around 65% of the market share.

Global players such as Bridgestone, Michelin, Goodyear, Continental, and Yokohama are increasingly eyeing the Indian market, while a few regional players serve local demand.

The Indian tyre industry caters to two segments: tyres for new vehicles supplied to original equipment manufacturers (OEMs) and replacement tyres for older vehicles.

Around 67% of demand comes from replacement tyres, with the remaining 33% from OEMs, largely for the automobile sector.

Currently, the Indian tyre industry is valued at about \$11 billion, comprising 28 companies with 62 manufacturing plants nationwide. Exports account for 25% of sales, amounting to \$2.9 billion in fiscal year 2022-23.

### NEAR-TERM OUTLOOK

Given that higher natural rubber prices have a huge bearing on the profitability of tyre makers, it remains to be seen if the industry can pass

these costs onto customers without losing market share.

The tyre industry has generally shown pricing discipline, and if this holds, manufacturers' realizations could improve in time. However, for now, margin pressures are inevitable.

In the short term, demand conditions are favourable. The upcoming festive season and a good monsoon outlook bode well for the industry. Ratings agency ICRA projects 8% to 10% revenue growth for seven major tyre manufacturers in fiscal 2024-25, driven by stable domestic demand.

Domestic tyre demand is expected to grow by 5% to 7% in FY25, led by a steady replacement market, while OEM demand is likely to moderate.

A gradual recovery in exports also benefits the sector. India exports tyres to over 170 countries, with major markets including the EU, US, Brazil, UAE, and the UK. Industry body, the Automotive Tyre Manufacturers' Association (ATMA) has set an export target of \$5 billion, aiming to position India among the top three global tyre hubs by 2030.

Currently, India's tyre exports stand at \$3 billion, having doubled since fiscal 2019-2020.

### LONG-TERM OUTLOOK

In the long term, the tyre industry is set to play a key role in India's goal to become a manufacturing hub. The

sector is optimistic about future demand, driven by policy reforms and the government's continued focus on infrastructure development. The industry aims to double its revenue to \$22 billion by 2032.

A growing trend of premiumization across product categories in the domestic market will benefit technologically sound tyre companies.

Pricing discipline, maintained over the years, along with efforts to deleverage, has strengthened their financial position and balance sheets. With these factors in play, the long-term outlook for wealth creation in listed tyre companies remains positive.

### IN CONCLUSION

In conclusion, while higher input costs present near-term challenges, it remains to be seen how tyre makers will mitigate the impact of a prolonged supply shortage.

They may explore alternative supplies or reduce costs through imports from cheaper sources.

With lower plant capacity utilization and no major capital expenditures planned in the near term, tyre prices are expected to remain supportive.

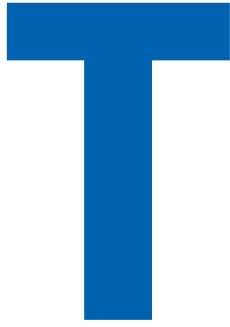
If the tyre industry maintains its pricing discipline, margin contraction may be less severe than anticipated, positioning the Indian tyre sector well from a medium- to long-term perspective.



A hand is holding a small blue toy car, positioned as if about to drop it onto a series of five stacks of gold coins. The stacks of coins are arranged in a descending staircase pattern from left to right. The background is blurred, showing what appears to be an office or retail environment with people and shelves.

# WAITING FOR FIREWORKS

Can discounts ignite India's auto market, or will high inventory and headwinds snuff out the spark?



The Indian automotive market experienced mixed performance in September, according to data from the Federation of Automobile Dealers Associations (FADA). While two-wheeler sales demonstrated notable growth, passenger vehicle sales continued to face challenges. Overall retail sales for the month declined by 9.26% year-on-year, reflecting weakened consumer sentiment.

Two-wheeler sales fell by 10% month-on-month and 8.5% year-on-year, influenced by seasonal factors such as the Shraddh period, heavy rainfall, and reduced consumer inquiries, which delayed purchases.

Three-wheeler sales saw modest growth, driven by increased demand for e-rickshaws and customer engagement, although many buyers postponed their purchases in anticipation of the festive season.

Commercial vehicles recorded a 1.46% month-on-month increase, but year-on-year sales declined by 10.45%. Positive momentum from infrastructure projects in certain regions was overshadowed by overall weak demand, attributed to reduced government spending and prolonged monsoon conditions.

Passenger vehicle sales struggled a lot, with Maruti Suzuki reporting a 20% decline, Hyundai Motor India down 25%, and Tata Motors by 19%. Mahindra & Mahindra, however, achieved a slight increase of 0.4%. Factors such as heavy rainfall, seasonal religious observances, and economic concerns - including inflation and fluctuating fuel prices - further dampened consumer spending.

### INVENTORY PILE-UP

The persistently low demand has led to increased inventory levels at dealerships, prompting manufacturers to reduce dispatches to manage excess stock.

Current inventory levels have reached a historically high mark of 80-85 days, equivalent to 7,90,000 vehicles valued at ₹79,000 crore, compared to 70-75 days and 7,80,000 vehicles valued at ₹77,800 crore in August. This backlog continues to impact sales, prompting carmakers to moderate production to tackle the high inventory issue.

The decline in rural demand for automobiles is particularly concerning, as these areas are crucial markets for two-wheeler and car manufacturers like Hero Motocorp, Maruti Suzuki, Mahindra & Mahindra, and Tata Motors.

Over the past three months, automobile dealerships have raised alarms about escalating inventory levels, which are nearing critical thresholds. This situation is primarily driven by climate change and weak consumer sentiment, despite the approaching festive season.

### CLIMATE CHANGE HITS HOME

The effects of climate change are most evident in states like Kerala and Telangana, where prolonged heavy rains have significantly dampened demand. Erratic weather patterns have played a major role in the poor sales figures; in August, India experienced 15.9% more rainfall than the average.

This monsoon season began with extreme heat waves that delayed the rains, followed by heavy downpours that led to flood-like conditions in several areas. Such weather anomalies have directly impacted India's auto retail market, as noted by the FADA.

The auto industry faces substantial challenges due to the combined effects of climate change and low consumer confidence. As weather patterns become increasingly unpredictable, the automotive market must adapt

to mitigate their impact on sales and inventory levels.

## ELECTRIC DREAMS

To navigate the challenges posed by climate change and fluctuating consumer preferences, automakers should prioritize the development and promotion of electric and hybrid vehicles.

This approach can alleviate risks associated with rising fuel prices and stricter environmental regulations. Furthermore, adopting sustainable practices to reduce carbon emissions will enhance brand reputation and attract eco-conscious consumers.

Diversifying supply chains is another essential strategy, helping to minimize reliance on regions vulnerable to climate-related disruptions. Automakers can also leverage data analytics to more accurately forecast and respond to demand shifts driven by unpredictable weather patterns.

Collaborating with governments and stakeholders to build infrastructure for sustainable transportation, such as expanding electric vehicle charging networks, will be critical for long-term growth.

In response to declining sales in rural markets, banks and financial institutions are introducing special festive season offers, including lower interest rates, free insurance, and extended repayment terms. As rural consumers increasingly favour smaller-ticket purchases,

demand for used entry-level cars and tractors is on the rise in upcountry regions. According to FADA, dealers sold 62,542 tractors in September, a 14.7% increase from 54,529 units a year earlier.

To adapt to these shifting preferences, companies must take a comprehensive approach, including customizing products to meet local needs, strengthening distribution networks, and utilizing digital platforms.

Emphasizing value, fostering community engagement, and providing dependable after-sales service can enhance brand loyalty. Additionally, understanding seasonal and weather patterns will aid in managing inventory and optimizing marketing strategies.

## ELECTRIC SETBACK

In line with global trends, India's electric passenger vehicle market has also seen a significant decline in demand. Following a sharp 36% drop in battery electric vehicle (BEV) sales in Europe in August - the steepest decline since January '17 - India reported electric car, SUV, and MPV sales falling to a 19-month low in September '24.

Sales totaled just 5,733 units, marking a 9% decrease from 6,298 units sold in September '23. Sales had peaked at 9,661 units in March '24, coinciding with the conclusion of the FAME II scheme, but have since trended downward, dropping to around 7,500 units before falling further to

6,630 units in August (down 5% y-o-y), as per data on Vahan website.

## DISCOUNT DILEMMA

Dealers are reporting stagnant performance, reflecting underwhelming market sentiment. Despite the introduction of discounts and promotional offers to stimulate demand, these incentives have not yet led to significant sales improvements, suggesting that consumers might still be hesitant to make purchases.

On a positive note, inventory levels are expected to decrease in October, coinciding with the festive season when Indians usually make significant purchases.

According to the Federation of Automobile Dealers Associations, many buyers have postponed their purchases until October, hoping for larger discounts. However, rising inventory costs and the necessity for deeper discounts are severely impacting auto dealers' profit margins. With inventory levels already at record highs, buyers are anticipating even greater discounts.

While the near-term outlook for automobile retail is cautiously optimistic due to the upcoming festive season, FADA has urged original equipment manufacturers (OEMs) to implement immediate corrective measures to avert a financial setback. The association has also called on the Reserve Bank of India (RBI) to issue an advisory to banks, mandating stricter channel funding

policies based on dealer consent and actual collateral.

### WEATHERING THE CHALLENGES AHEAD

The Indian automotive market is grappling with a complex array of challenges, including the effects of climate change,

low consumer confidence, and inventory management issues, place significant pressure on automakers and dealers.

As the festive season approaches, there is cautious optimism that demand may rebound, particularly with the introduction of special offers

and discounts. However, high inventory levels and the need for deeper discounts could further strain dealer margins.

With appropriate corrective actions, the industry can weather these difficulties and position itself for long-term recovery.



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# TECH TREASURES



With AI, IoT, and automation heralding a new gold rush, several segments are on the brink of explosive growth



any listed technology giants are facing challenges due to their scale, a lack of new innovations, slowing growth in the Western world, and increasing competition. But, smaller technology companies with niche offerings are experiencing a starkly different trajectory.

Let's take a deep dive into some of the small wonders that have differentiated technology and are thriving in their respective markets.

### VISA MANAGEMENT TECHNOLOGY

Visa management technology is a specialized system designed to streamline the complex process of visa applications and approvals. By digitizing tasks like document verification, appointment scheduling, and biometric data collection, it significantly reduces processing times and errors, making international travel more accessible.

Governments, travel agencies, and individuals benefit from this efficient and secure solution, which helps maintain compliance with evolving immigration policies. This technology also ensures better resource allocation, improved customer satisfaction, and stronger border security, while travel businesses enjoy smoother operations and increased client trust.

The demand for visa management technology is set to grow as global mobility increases and regulatory complexities become more stringent. As international travel continues to rise, integrating advanced technologies like AI and blockchain can further enhance the efficiency and transparency of visa management, making it a critical enabler for global connectivity and economic growth.

### ELECTRONIC MANUFACTURING SERVICE (EMS)

Electronic Manufacturing Service plays a key role in providing comprehensive solutions for the design, assembly, and testing of electronic components across various industries, including consumer electronics, automotive, healthcare, and telecommunications.

EMS companies handle complex processes such as PCB

assembly, prototyping, and supply chain management, allowing businesses to focus on product innovation while outsourcing manufacturing.

This efficient model enables cost savings of up to 30% and reduces lead times by 20%. As a result, EMS is widely adopted by manufacturers seeking to optimize production in a competitive global market.

Thus, growth prospects of the EMS sector are improving, driven by the increasing demand for smart devices, electric vehicles, and IoT products.

Further, the Indian government's push for domestic manufacturing and the 'Make in India' initiative enhances opportunities for EMS providers.

With the global electronics market expected to reach \$3 trillion and the IoT market surpassing \$1 trillion by 2030, the EMS sector stands as a vital investment avenue with significant potential for growth.

### INTEGRATING DIGITAL TECHNOLOGY AND DESIGN

Integrating digital technology and design merges advanced digital tools with traditional design processes, enhancing creativity and efficiency across industries.

These technologies streamline workflows, facilitate real-time collaboration, and improve visualization, allowing designers to quickly iterate and produce high-quality products. It is particularly

impactful in sectors like architecture, product design, and manufacturing, where it helps to design products and processes.

As Indian industries increasingly leverage these advanced design technologies, they can enhance efficiency and competitiveness in both local and global markets.

Industries such as automotive, aerospace, and manufacturing leverage these technologies to create more efficient and sustainable solutions, driving the shift towards smarter production methods.

The push towards smart cities, digital infrastructure, and Industry 4.0, further strengthens the prospects for this sector, positioning it as a lucrative opportunity for investors seeking exposure to technological advancements in design and manufacturing.

### **GOVERNMENT DIGITAL PROCESSING TECHNOLOGIES**

Government digital processing involves specialized technologies that automate and enhance public service delivery, improving operational efficiency for governments.

By streamlining processes such as tax collection, identity verification, and public welfare distribution, this technology enables faster, more secure, and transparent services for citizens.

Governments leverage these digital solutions to reduce operational costs and improve governance, making public

services more accessible and efficient.

This transformation also helps in increasing transparency, minimizing bureaucratic delays, and enhancing citizen satisfaction.

The Indian government's initiatives, such as Digital India and increased adoption of digital infrastructure, provide substantial opportunities for growth.

Investing in companies that provide digital solutions for government processes can lead to potential long-term returns, as the need for streamlined, transparent, and efficient governance continues to rise in India and other emerging markets.

### **GEOSPATIAL TECHNOLOGY**

Geospatial technology encompasses specialized tools and methodologies for capturing, analyzing, and managing spatial data.

Users, including government agencies, urban planners, and businesses, leverage geospatial technology for better resource allocation, strategic planning, and improved service delivery, making it an invaluable asset for effective management of spatial information.

In the Indian context prospects in the geospatial technology sector are promising, driven by the rising demand for location-based services and advancements in satellite mapping technologies.

As India continues to invest in

smart city initiatives and digital infrastructure, the adoption of geospatial technology is expected to increase, providing significant opportunities for investors.

Companies focused on geospatial solutions are well-positioned to capitalize on this trend, making it a lucrative investment avenue.

### **SIMULATOR AND DRONE TECHNOLOGIES**

Simulators create realistic training environments for sectors such as defense, aviation, and emergency services, enabling personnel to practice critical skills without the inherent risks of real-world scenarios.

In contrast, anti-drone technology focuses on detecting, tracking, and neutralizing unauthorized drones, safeguarding sensitive areas like airports, military installations, and public events.

These technologies significantly improve safety, security, and operational readiness for users, including government agencies, corporations, and security firms. There are few listed Indian companies that are working on such technologies and look promising from a long-term perspective.

### **CORPORATE EXPENSE AND MANAGEMENT SOLUTIONS**

These are specialized technologies aimed at streamlining financial operations by tracking and controlling employee spending



and other functions. These tools automate expense reporting, enhance budget management.

By simplifying the reimbursement process and minimizing errors, they enable finance and HR teams to operate more efficiently and maintain compliance. Today, many Indian organizations across various sectors utilize these solutions.

As businesses continue to embrace digital transformation and seek to optimize their financial and HR functions, investing in companies operating in this space could be good investments.

### TRAVEL AND HOSPITALITY MANAGEMENT SOLUTIONS

Travel and hospitality management solutions are specialized technologies designed to optimize operations within the travel and tourism sectors. These systems streamline booking processes, manage reservations, and enhance customer experiences through automation.

Beneficial to both businesses and travellers, these solutions provide tools for itinerary management, customer relationship management, and real-time updates, ultimately improving service delivery.

As Indian travel companies increasingly adopt these advanced management solutions to better serve customers and streamline their processes, investors have an opportunity to capitalize on this growth. The ongoing

digital transformation in the travel industry positions this sector as a lucrative investment avenue.

### SUPERCOMPUTING

Supercomputing data technology represents a breakthrough in high-performance computing, capable of processing massive datasets at extraordinary speeds.

This technology is instrumental in facilitating complex simulations and analytics across diverse fields, including climate modeling, financial risk assessment, and drug discovery, reducing processing times by up to 90%.

Its value is evident in sectors that rely on rapid, data-driven decision-making, with 70% of organizations experiencing improved insights.

Rising demand for advanced data analytics, artificial intelligence (AI), and machine learning is expected to drive super-computing, pointing towards significant opportunities for investors.

### CYBER SECURITY

Cybersecurity is another interesting area. It involves a specialized technology designed to protect computer systems and networks from cyber attacks, safeguarding sensitive data and ensuring operational integrity.

It is crucial across various sectors, including healthcare, finance, and government, where the protection of personal information and

critical infrastructure is paramount. Cybersecurity solutions include firewalls, encryption, intrusion detection systems, and employee training programs.

India is still a nascent market and the demand for cybersecurity professionals and solutions is expected to surge as companies invest in protecting their digital assets and maintaining regulatory compliance.

Thus, investing in companies specializing in cybersecurity services and technologies presents a valuable opportunity.

### GAMING TECHNOLOGY

Gaming technologies are exciting niches within the entertainment industry that leverage interactive software to provide immersive experiences, ranging from video games to virtual reality.

The gaming technologies sector offers immense social, educational, and entertainment value. Growth drivers include the rapid penetration of smartphones, which have expanded gaming access globally, and the booming popularity of eSports.

Advancements in augmented reality (AR) and virtual reality (VR) technologies are further enhancing gaming experiences.

The future potential of gaming is immense, with the technology's influence extending beyond entertainment into sectors like education, healthcare, and



virtual experiences.

This democratization of gaming, coupled with major tech companies investing heavily in cloud infrastructure, is likely to push India's gaming market towards exponential growth in the future.

With the emergence of Web 3.0 and the metaverse, gaming technology is expected to play a central role in shaping virtual worlds, offering substantial opportunities for investors.

### CONSUMER INTELLIGENCE PLATFORMS

Consumer intelligence platforms are innovative technologies designed to analyze consumer behaviour and preferences, providing valuable insights for marketing strategies and advertising initiatives.

By aggregating and processing large volumes of data from various sources - such as social media, e-commerce transactions, and customer feedback - these platforms enable businesses to understand customer trends and sentiments.

Companies across industries, including retail, e-commerce, and hospitality, utilize insights on consumer behaviour to tailor their products, optimize campaigns, and enhance customer engagement, ultimately driving satisfaction and loyalty.

As businesses increasingly rely on data-driven decision-making to remain competitive, the demand for advanced

analytics and consumer insights is on the rise. Investing in companies that develop or leverage consumer intelligence technologies can offer significant returns as the market continues to expand, reflecting the ongoing shift toward data-centric marketing strategies.

### FINANCIAL TECHNOLOGY (FINTECH)

Fintech represents a niche sector that leverages technology to deliver a wide range of financial services. It is employed across various industries, including banking, insurance, and investment management.

Fintech solutions streamline financial transactions, making it easier for consumers and businesses to manage their finances.

Users benefit from features such as online banking, peer-to-peer payment systems, and investment platforms that often offer lower fees and better loan rates.

The rapid adoption of mobile devices has significantly increased the demand for fintech solutions, as consumers seek accessible and efficient financial services.

The push for digitalization in financial services, accelerated by the pandemic, is transforming how people engage with their finances.

The future potential of fintech is bright, with innovations in areas such as blockchain, artificial intelligence, and big data analytics expected to

enhance service offerings and security.

### ENTERPRISE DIGITAL TRANSFORMATION

Enterprise digital transformation is the process of integrating digital technologies to enhance operational efficiency, improve customer experiences, and foster innovation within organizations.

The enterprise digital transformation technology leverages cloud computing, artificial intelligence (AI), and data analytics to streamline processes and facilitate informed decision-making.

Industries such as retail, healthcare, and finance utilize these solutions to stay competitive in a rapidly changing market, achieving cost reductions while automating various business operations to increase productivity.

This rapid growth presents significant investment opportunities in companies that provide digital transformation services and solutions.

Overall, niche technologies, relative to front-line IT stocks, could be good options, especially given the growth potential stemming from the vast untapped opportunities in the Indian market.

Investors who understand each of these technologies and stocks in their respective niches can further research and investigate to uncover the right gemS.

# MUTUAL FUND BLACKBOARD

## Large Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Baroda BNP Paribas Large Cap Fund - Growth	222.3	39.7	15.3	18.5	15.2	14.0	2,440
ICICI Prudential Bluechip Fund - Growth	107.3	37.7	17.0	20.3	15.8	14.7	66,207
Invesco India Largecap Fund - Growth	67.9	39.3	13.6	19.0	14.7	13.8	1,290
Kotak Bluechip Fund - Reg - Growth	558.5	34.1	13.0	18.5	14.6	13.8	9,806
Nippon India Large Cap Fund - Reg - Growth	87.4	36.1	19.0	20.9	16.1	15.0	34,432
Nifty 100 TRI	34400.2	33.5	12.7	17.9	14.6	13.6	--

## Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Mid Cap Fund - Growth	97.3	57.6	23.8	29.9	20.1	20.2	7,755
Mahindra Manulife Mid Cap Fund - Reg - Growth	33.1	50.2	23.5	28.1	--	--	3,442
Mirae Asset Midcap Fund - Reg - Growth	35.1	38.0	18.5	26.8	--	--	17,788
Nippon India Growth Fund - Reg - Growth	4041.4	49.7	24.8	30.0	20.3	19.0	35,209
Tata Mid Cap Growth Fund - Reg - Growth	428.2	41.2	20.2	25.6	17.8	17.9	4,637
Nifty Midcap 150 TRI	26382.9	44.2	22.6	29.3	19.0	19.7	--

## Small Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Small Cap Fund - Reg - Growth	44.3	41.5	23.5	32.6	--	--	4,293
Mahindra Manulife Small Cap Fund - Reg - Growth	19.9	50.9	--	--	--	--	5,479
Quant Small Cap Fund - Growth	262.9	50.1	25.7	45.8	26.4	20.8	26,645
LIC MF Small Cap Fund - Reg - Growth	31.7	47.4	24.0	28.7	17.5	--	370
Nifty Smallcap 250 TRI	21823.0	45.7	23.2	30.9	16.1	17.0	--

## Large & Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Large & Mid Cap Fund - Growth	85.8	41.1	17.2	21.9	16.7	15.7	3,781
Kotak Equity Opportunities Fund - Reg - Growth	335.8	40.2	19.7	22.9	16.7	16.6	26,175
Mahindra Manulife Large & Mid Cap Fund	26.9	35.8	15.5	--	--	--	2,628
Tata Large & Mid Cap Fund - Reg - Growth	527.2	32.3	16.8	20.3	15.8	15.0	8,677
UTI Large & Mid Cap Fund - Growth	176.7	46.4	19.9	24.7	16.2	15.0	4,086
NIFTY Large Midcap 250 TRI	20406.1	38.9	17.7	23.6	16.9	16.8	--

## Multicap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan Multi Cap Fund - Reg - Growth	16.9	37.4	--	--	--	--	2,541
HDFC Multi Cap Fund - Reg - Growth	18.8	39.9	--	--	--	--	17,941
HSBC Multi Cap Fund - Reg - Growth	18.4	48.5	--	--	--	--	4,239
Mahindra Manulife Multi Cap Fund - Reg - Growth	34.7	41.0	18.1	25.5	18.3	--	4,869
Nippon India Multi Cap Fund - Reg - Growth	292.7	43.3	25.5	25.8	18.9	15.8	39,622
NIFTY 500 Multicap 50:25:25 TRI	20567.8	39.3	17.9	24.1	16.3	16.1	--

## FlexiCap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HSBC Flexi Cap Fund - Growth	215.5	44.4	16.9	21.0	13.9	13.9	5,165
ICICI Prudential Flexicap Fund - Reg - Growth	18.6	41.1	19.6	--	--	--	17,761
Mirae Asset Flexi Cap Fund - Reg - Growth	15.1	31.5	--	--	--	--	2,384
Parag Parikh Flexi Cap Fund - Reg - Growth	80.6	38.2	16.4	25.4	20.1	18.7	82,441
WhiteOak Capital Flexi Cap Fund - Reg - Growth	16.6	37.6	--	--	--	--	4,235
S&P BSE 500 TRI	45714.0	36.0	15.1	20.6	15.6	14.8	--

## Focused Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Axis Focused 25 Fund - Growth	54.2	31.1	4.0	12.7	11.7	13.3	14,470
Bandhan Focused Equity Fund - Reg - Growth	84.9	44.6	15.3	18.3	12.2	12.6	1,794
HDFC Focused 30 Fund - Growth	217.1	42.3	22.5	23.4	15.8	14.4	15,109
Nippon India Focused Equity Fund - Reg - Growth	118.3	30.2	13.9	21.5	14.3	15.0	8,979
UTI Focused Fund - Reg - Growth	15.6	34.5	14.8	--	--	--	2,942
S&P BSE 500 TRI	45714.0	36.0	15.1	20.6	15.6	14.8	--

## Dividend Yield Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
ICICI Prudential Dividend Yield Equity Fund	51.5	47.3	24.1	27.0	16.6	15.7	5,066
Tata Dividend Yield Fund - Reg - Growth	17.8	32.1	16.1	--	--	--	1,048
Nifty 500 TRI	36008.2	36.4	15.2	20.5	15.5	14.7	--

## Contra/Value Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan Sterling Value Fund - Reg - Growth	149.7	37.9	20.3	26.6	15.9	16.8	10,601
SBI Contra Fund - Growth	391.1	43.6	25.2	31.3	19.6	17.5	41,327
Nippon India Value Fund - Reg - Growth	225.1	50.0	21.4	25.4	17.7	17.1	8,962
S&P BSE 500 TRI	45714.0	36.0	15.1	20.6	15.6	14.8	--

## ELSS Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan ELSS Tax saver Fund - Reg - Growth	151.6	30.1	15.7	23.4	15.7	16.4	7,354
Kotak ELSS Tax Saver Fund - Reg - Growth	116.2	35.9	17.7	21.2	15.9	15.9	6,502
Mahindra Manulife ELSS Tax Saver Fund - Reg	27.7	28.5	13.3	18.8	12.9	--	983
Parag Parikh ELSS Tax Saver Fund - Reg - Growth	30.7	33.4	17.6	23.7	--	--	4,362
Tata ELSS Tax Saver Fund - Reg - Growth	44.2	36.2	15.6	19.2	14.6	15.9	4,926
Nifty 500 TRI	36008.2	36.4	15.2	20.5	15.5	14.7	--

## Thematic / Sector Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
ICICI Prudential Banking and Financial Services	122.9	25.1	11.0	14.0	11.1	14.2	8,899
Nippon India Pharma Fund - Reg - Growth	511.4	49.4	19.5	28.9	21.3	15.7	8,769
Tata Digital India Fund - Reg - Growth	51.1	44.4	10.6	29.3	26.1	--	12,052
ICICI Prudential Business Cycle Fund - Reg - Growth	23.4	46.1	21.4	--	--	--	12,039
Mirae Asset Great Consumer Fund - Growth	96.3	39.1	20.1	21.3	17.8	17.2	4,496
Quant Quantamental Fund - Reg - Growth	23.3	46.2	27.9	--	--	--	2,635
Nifty 500 TRI	36008.2	36.4	15.2	20.5	15.5	14.7	--

## Arbitrage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	2 Years	3 Years	
Bandhan Arbitrage Fund - Reg - Growth	31.0	6.6	7.2	7.4	7.3	6.0	6,876
Edelweiss Arbitrage Fund - Reg - Growth	18.5	6.5	7.0	7.5	7.3	6.2	12,233
Invesco India Arbitrage Fund - Growth	30.5	6.7	7.2	7.5	7.5	6.5	17,657
Kotak Equity Arbitrage Fund - Reg - Growth	35.8	6.5	7.2	7.7	7.5	6.4	53,683
Tata Arbitrage Fund - Reg - Growth	13.7	6.5	7.0	7.4	7.2	6.0	11,672
Nifty 50 Arbitrage Index	2382.5	4.7	5.9	7.1	7.4	6.2	--

## Equity Savings Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Equity Savings Fund - Reg - Growth	23.8	16.5	8.9	10.8	9.4	9.0	509
HDFC Equity Savings Fund - Growth	63.8	17.6	9.7	11.7	9.3	9.6	5,302
Kotak Equity Savings Fund - Reg - Growth	25.1	18.3	11.3	11.4	9.8	9.5	7,644
NIFTY 50 Hybrid Composite Debt 65:35 Index	19849.0	20.6	10.0	14.3	12.5	11.7	--

## Index Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC NIFTY Next 50 Index Fund - Reg - Growth	16.5	62.4	--	--	--	--	1,809
Motilal Oswal Nifty Midcap 150 Index Fund	36.2	43.0	21.4	28.0	--	--	1,949
Motilal Oswal Nifty Next 50 Index Fund	24.5	62.0	18.6	--	--	--	309
Motilal Oswal Nifty Smallcap 250 Index Fund	37.2	43.8	21.5	29.1	--	--	829
Nippon India Nifty Midcap 150 Index Fund	23.6	42.9	21.4	--	--	--	1,638
Tata Nifty Midcap 150 Momentum 50 Index Fund	18.4	52.7	--	--	--	--	619
Nifty 500 TRI	36008.2	36.4	15.2	20.5	15.5	14.7	--

## Dynamic Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Balanced Advantage Fund - Growth	49.9	25.3	11.2	15.7	12.4	11.5	12,690
HDFC Balanced Advantage Fund - Growth	501.9	32.6	20.7	21.1	16.1	14.8	96,536
Nippon India Balanced Advantage Fund - Reg	169.9	23.5	11.4	13.2	10.5	10.8	8,950
Tata Balanced Advantage Fund - Reg - Growth	20.0	20.4	11.1	13.6	--	--	10,453
NIFTY 50 Hybrid Composite Debt 65:35 Index	19849.0	20.6	10.0	14.3	12.5	11.7	--

## Hybrid Aggressive Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Baroda BNP Paribas Aggressive Hybrid Fund	27.6	31.9	13.4	16.9	14.4	--	1,200
Kotak Equity Hybrid Fund - Growth	60.7	32.6	15.2	18.9	14.6	--	6,715
Mirae Asset Aggressive Hybrid Fund - Reg - Growth	31.1	27.2	11.6	15.9	12.9	--	9,481
Tata Hybrid Equity Fund - Reg - Growth	434.7	27.1	12.1	15.4	11.5	11.6	4,312
NIFTY 50 Hybrid Composite Debt 65:35 Index	19849.0	20.6	10.0	14.3	12.5	11.7	--

## Multi Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HSBC Multi Asset Allocation Fund - Reg - Growth	11.7	--	--	--	--	--	2,058
Mirae Asset Multi Asset Allocation Fund	11.3	--	--	--	--	--	1,705
Nippon India Multi Asset Fund - Reg - Growth	20.5	35.6	15.5	--	--	--	4,344
Tata Multi Asset Opportunities Fund - Reg - Growth	22.7	27.2	13.7	--	--	--	3,400
UTI Multi Asset Allocation Fund - Growth	72.3	37.4	17.7	16.3	12.0	10.2	4,060
WhiteOak Capital Multi Asset Allocation Fund	12.9	24.5	--	--	--	--	843
NIFTY 50 Hybrid Composite Debt 65:35 Index	19849.0	20.6	10.0	14.3	12.5	11.7	--



**Gold Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Gold Fund - Growth	23.7	26.9	16.3	14.0	13.5	9.6	2,496
Kotak Gold Fund - Reg - Growth	30.6	26.9	16.1	13.7	13.5	9.4	2,123
Nippon India Gold Savings Fund - Reg - Growth	30.4	27.1	16.3	13.9	13.4	9.4	2,038
Prices of Gold	77909.0	28.9	17.8	15.3	14.8	11.0	--

**Overnight Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Bandhan Overnight Fund - Reg - Growth	1315.7	6.2	6.3	6.3	6.7	6.7	947
Tata Overnight Fund - Reg - Growth	1301.8	6.2	6.2	6.3	6.6	6.7	4,645

**Liquid Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
HDFC Liquid Fund - Growth	4886.4	6.5	7.1	6.9	7.3	7.2	58,554
Mahindra Manulife Liquid Fund - Reg - Growth	1620.6	6.6	7.1	7.0	7.4	7.2	1,016
Nippon India Liquid Fund - Reg - Growth	6077.9	6.5	7.1	6.9	7.3	7.2	26,469

**Ultra Short Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Ultra Short Term Fund - Growth	26.3	7.0	7.0	7.4	6.1	7.6	13,757
Kotak Savings Fund - Reg - Growth	40.8	6.9	6.9	7.1	5.9	7.5	13,329

**Money Market Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Money Market Fund - Growth	5424.5	7.2	7.3	7.6	6.3	7.5	24,979
Tata Money Market Fund - Reg - Growth	4479.9	7.2	7.3	7.7	6.4	7.5	24,637

**Low Duration Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Low Duration Fund - Growth	54.9	7.3	7.3	7.4	5.9	7.9	17,268
Kotak Low Duration Fund - Std - Growth	3178.0	7.4	7.3	7.2	5.7	7.9	9,292
Nippon India Low Duration Fund - Reg - Growth	3555.1	7.5	7.2	7.3	5.8	7.8	6,981

**Short Term Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Short Term Fund - Growth	56.8	8.1	8.3	8.1	6.3	7.8	19,746
Nippon India Short Term Fund - Reg - Growth	49.8	8.8	8.6	8.3	5.7	7.6	7,122

**Corporate Bond Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Kotak Corporate Bond Fund - Std - Growth	3560.2	9.2	9.1	8.6	5.9	7.5	13,846
SBI Corporate Bond Fund - Reg - Growth	14.6	8.7	8.7	8.0	5.6	7.5	20,177

**Dynamic Bond Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Dynamic Debt Fund - Growth	85.6	9.8	10.9	9.9	5.4	7.1	784
Kotak Dynamic Bond Fund - Reg - Growth	35.8	11.4	12.4	11.2	6.0	7.2	2,783

**Medium Duration Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HSBC Medium Duration Fund - Reg - Growth	19.2	8.2	8.8	8.6	5.6	7.6	834
ICICI Prudential Medium Term Bond Fund - Growth	42.2	8.6	8.8	8.4	6.1	8.2	5,983
SBI Magnum Medium Duration Fund - Growth	48.3	8.3	8.7	8.2	5.9	7.8	6,800

**Long Duration Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Nippon India Nivesh Lakshya Fund - Reg - Growth	17.1	11.3	13.1	13.4	7.1	7.0	8,820

**Gilt Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Bandhan Government Securities Fund Investment Plan	34.0	9.6	14.0	13.3	6.2	7.0	3,079
Kotak Gilt Fund - Growth	92.7	9.7	12.1	10.3	5.7	7.0	3,979

**Gilt Funds With 10 Year Constant Duration**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Constant Maturity Gilt Fund Growth	23.1	10.3	11.1	10.5	5.7	6.9	2,404

**Credit Risk Funds**

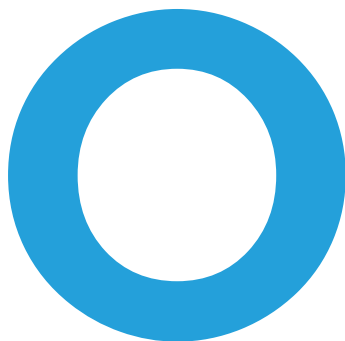
SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Credit Risk Fund - Growth	30.0	9.7	9.5	9.1	6.8	8.6	6,468
SBI Credit Risk Fund - Growth	43.0	7.2	8.4	8.0	6.5	8.6	2,345

**Banking & PSU Bond Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Banking and PSU Debt Fund - Reg - Growth	21.7	8.4	8.6	8.1	5.8	7.4	5,748
HSBC Banking and PSU Debt Fund - Growth	22.9	7.3	7.5	7.5	4.8	7.4	4,204

**Disclaimer :** Mutual Fund Investments are subject to market risks. Please read the offer document carefully before investing. Past performance is no guarantee of future performance. Returns are of Growth option of Regular plans. Returns which are below 1 year period are Annualized Returns. Source: - ICRA MFI, NAV as on 22nd October 2024.

# TECHNICAL OUTLOOK



October has not only been the worst month for Bulls but also the most challenging pre-Diwali phase for investors in recent years, with the Nifty correcting over 6% in a month. It corrected more than 2,100 points from a high of 26,277 mark up to 24,070 level.

Following such a correction, a bounce back is likely, although its magnitude may depend on the outcome of India Inc's quarterly results.

The Nifty appears likely to respect the 24,000 level in the immediate future, reducing the chance of a sharp sell-off. Technically, if the Nifty manages to hold on to the 24,000 level on a closing basis, we might see a bounce back rally towards 24,600, i.e. 100-DMA, followed by 25,000 /25,400.

However, if it slides below 24,000, which is the psychological mark, it could trigger further weakness in the near term, potentially pulling it down towards 200-DMA, i.e. 23,500.

Momentum indicator RSI shows that the Nifty is trading below the 40 mark and is

about to enter the oversold zone, reducing the likelihood of a substantial sell-off, with the anticipation of a bounce back rally.

Given this setup, it is advisable for traders and investors to avoid major short positions as long as the Nifty sustains above the 24,000 psychological mark, focusing instead on stock-specific trades with strict stop-losses.

Technically, the Bank Nifty faces immediate resistance at 51,900. A close above this level could extend the upward rally towards 52,300/52,800. On the flip side, support is positioned at 51,000/50,400. Overall, the technical outlook remains sideways to positive as long as the Bank Nifty doesn't break the support level on a closing basis.

On the Nifty Options front for the November series, the highest Open Interest (OI) build up is witnessed near 25,000 and 25,500 Call strikes, whereas on the Put side, it is observed at the 24,000 and 23,500 strikes.

The markets have seen a healthy correction in October after four months of linear upward move. All sectors have seen a decent correction with deeper cuts in mid- and small-cap stocks. Automobile, Realty and Banking sectors have seen short formation in the October series. We expect to see short covering in these sectors for the November series.

India VIX, which measures the immediate 30-day volatility in the market, has remained in the range of 11 to 15 for the October series. We expect VIX to remain in the same range.

The Put Call Ratio-Open Interest (PCR-OI) for Nifty Options has been in the range of 0.6-1.25 in October. Going forward, it is expected to remain between 0.7 and 1.5 in the coming month.

The markets are likely to witness short covering action in the November series with resistances placed at 25,000 and 25,500 levels; also, the markets will continue to witness some important support at 24,000 and 23,500 levels.

## OPTIONS STRATEGY

### Long Straddle

It can be initiated by 'Buying 1 lot 28NOV 24500 CE (₹400) and Buying 1 lot 28NOV 24500 PE (₹370)'. The total outflow of premium comes to around 770 points, which is also your maximum loss. One can keep a SL at 600 points (170 point loss from total premium).

Maximum gain is unlimited; one can place Target at 1,100 points (330 points gain from total premium).

With the current options OI positions for NIFTY, we expect the index to move more than 1,000 points in either direction.



# IN GEOPOLITICAL IMBALANCE, STEADY WINS



**When geopolitics creates instability,  
balance beats bets**





One of the key challenges for investors is navigating geopolitical issues, which are often unpredictable and difficult to time. For instance, the ongoing tensions between Iran and Israel remain an albatross around investors' necks across geographies. Such conflicts keep financial markets, including India's, on edge.

Tensions in the Middle East are particularly worrying for the entire world as they can disrupt crude oil supplies, driving up prices and adding volatility to stock markets, leaving investors anxious about their portfolios.

In light of this, a common question arises: how can investors navigate the persistent uncertainties posed by geopolitical tensions? This article explores how to approach investing in such turbulent times.

## THE HISTORY

Before discussing strategies for navigating volatile markets, it's important to first understand the types of geopolitical developments and their impact on investments.

Geopolitical tensions are not new to stock markets. In 1815, Nathan Rothschild famously made a fortune from knowing the outcome of the Battle of Waterloo before others. More recently, notable events include the Kargil War between India and Pakistan (1999), 9/11 terrorist attacks on the Twin Towers in New York leading to the US-Afghanistan conflict (2001), the Iraq War (2003), the US bombing of Syria (2017), the North Korean crisis (2017), US-China trade tensions (2020), India-China border clashes, and the Russia-Ukraine war.

These conflicts typically involve two or more nations. However, non-state actors, like in the 9/11 attacks, the 26/11 Mumbai attacks, and the recent Hamas assault on civilians in Israel, also disrupt global stability. For instance, Houthi rebels have caused disruptions through firing, bombing and hijacking ships in the Red Sea, raising fears, inflating costs for freight and insurance, and delaying trade.

Nation-specific events, like economic sanctions on Iran or Russia, can affect commodity prices worldwide, especially when the targeted nation is a major supplier. Internal unrest, such as

recent turmoil in Bangladesh or Sri Lanka's 2019 crisis, can topple governments and stall economic growth. Yet, such disruptions may benefit sectors in other countries, as seen when unrest in Bangladesh helped textile industries in Vietnam and India.

Geopolitical tensions can shape markets in both the short and medium term. Some industries, like tourism, may suffer during conflicts, while others, such as defence suppliers, prosper. Gold often rises as a safe haven asset. Such swift changes in various securities and commodities can leave investors uncertain.

Hence, an investor requires a clear strategy to navigate such intricacies in an efficient manner. Here are a few things you can consider and which may be of great help:

## WHEN IN DOUBT, STAY OUT

The old adage, "When in doubt, stay out," is a conservative approach many investors follow during geopolitical tensions. Most novice investors find it difficult to assign probabilities to various possible situations and invest accordingly. This strategy works when there is uncertainty about the outcome of a conflict, as it helps protect capital. Investors who hold cash during market corrections may emerge as winners.

However, there are two key drawbacks. If markets rise despite volatility in an ongoing geopolitical situation, investors sitting on cash may miss the opportunity to re-enter, while inflation erodes the long-term

value of their wealth.

Secondly, this approach does not address existing investments in the stock market. If an investor maintains status quo, and holds on the positions, those assets may decline in value. Selling everything to move into cash may also trigger tax implications, and it is better to stay out. So, while staying out protects cash, it has its downsides.

### PREDICT AND BET

Some investors prefer to predict geopolitical outcomes and position their portfolios accordingly. More aggressive investors might even use options in the futures market. While this strategy sounds appealing, few speculators get it right. Market moves often defy expectations in both pace and quantum of price move, leading to potential losses.

The biggest risk here is permanent loss of capital, as portfolios designed on geopolitical bets may not align with long-term financial goals of the investors. Hence,

investors should be cautious of this risk.

### TIGHT-FISTED BUYING

Smart investors with conviction often avoid predicting geopolitical outcomes and instead focus on individual businesses. They invest in high-quality companies with strong management, robust balance sheets, and solid governance. These businesses tend to weather volatility well and can be bought and held.

This strategy, however, demands conviction, which can be hard to maintain. Many investors succumb to loss-aversion and sell when the going gets tough.

### MULTI-ASSET VALUATION

Another approach is diversifying across asset classes, such as stocks, bonds, and commodities, to limit portfolio downside. Relative valuation of asset classes can serve well for investors to invest with a certain amount of clarity. While this strategy may not deliver the best returns, it also avoids the worst,

providing a more balanced, diversified outcome.

### SO, WHAT SHOULD INVESTORS DO?

Of the four approaches discussed, the first two carry high risks, which investors are better off avoiding.

However, a more balanced approach marries the third and fourth strategies - building a valuation-driven, multi-asset portfolio of high-quality, liquid assets, which can emerge as winners in the medium-term.

This approach factors in both the best and worst-case scenarios, adjusting the allocation across asset classes accordingly.

As corporate profits and prices shift, so too should the allocation to specific stocks of these companies.

This rule-based approach helps eliminate emotional decision-making and strikes a balance between capital preservation and growth, increasing the likelihood of effective returns.



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# IMPORTANT JARGON

## RABI CROP MSP HIKED

The Indian government has raised the minimum support price (MSP) for rabi crops (winter-sown crops) for the 2025-26 marketing season. While the increase in MSP will ensure remunerative prices to farmers, it may lead to slightly higher food inflation.

### Q. What Is MSP?

MSP is the minimum price at which the government procures produce from farmers. It buys food grains for its Public Distribution System (PDS) and other welfare programmes at this rate.

MSP provides farmers with the assurance that their produce will sell at least at the minimum support price, if not higher, protecting them from price fluctuations. Farmers base their sowing decisions - whether to continue with the same crop or diversify - on MSP.

### Q. How Many Crops Are Covered Under Minimum Support

### Price?

The central government sets the MSP for 22 agricultural crops: 14 kharif crops, six rabi crops, and two commercial crops. In addition to this, it also fixes the Fair and Remunerative Price (FRP) for sugarcane.

### Q. For Which Rabi Crops Has The Government Announced MSP?

The rabi crops that will benefit from the hike in MSP include wheat, gram, barley, masur, mustard and safflower. Wheat is the major rabi crop, accounting for 60% to 65% of the total rabi harvest.

## Q. How Much Has The MSP Been Raised For The 2025-26 Marketing Year?

The government has announced a 2.4% to 7% hike in MSP for upcoming rabi crops, which will enter the market early next calendar year.

The highest increase is for rapeseed and mustard at ₹300 per quintal, followed by lentil (masur) at ₹275 per quintal.

For crops such as gram, wheat, safflower and barley, the increases are ₹210 per quintal, ₹150 per quintal, ₹140 per quintal, and ₹130 per quintal, respectively. The highest increase is for barley (7% year-on-year), followed by wheat (6.6%).

The hikes for lentil (4.3%) and safflower (2.4%) are lower compared to the average of the last five years.

## Q. Why Is The Hike In Wheat MSP Making News?

Since wheat is a major rabi crop, this MSP hike has been higher than the average hikes over the last five years. Last year's rabi sowing activity was flat across crops due to poor monsoon rains, and even lower for wheat, necessitating a push for farmers to grow more.

Research reports indicate that the current wheat stock in public godowns is low since the year 2008, except for 2022.

Notably, 35% to 40% of the wheat crop is purchased by the government at MSP, while for the rest of the wheat and other

crops, market prices are generally higher, leading farmers to sell in the open market.

## Q. How Are Farmers Likely To Respond To The MSP Hike?

MSP hike is sentimentally positive for the farming community. The government considers three factors before fixing MSP: cost of production, level of procurement at MSP, and market traded price.

With remunerative crop prices, an above normal monsoon this season, and comfortable water levels in major reservoirs of the country, rabi sowing is expected to increase significantly.

The MSP hike will ensure surplus for farmers, translating into higher rural spending, thus giving a push to rural consumption demand in the country.

## Q. Why Is Minimum Support Price Hike Being Criticized By Some?

While such price support for crops is a trend across countries, some feel that too much focus on MSP shifts attention away from farm fundamentals like improving per acre yields and reducing cultivation costs.

This focus detracts from sustainable means to boost farm productivity and farmers' incomes.

Also, the political logic of the rabi MSP hike could be to please farmers ahead of the upcoming Assembly elections in Maharashtra and

Jharkhand.

## Q. Will End Consumers Experience Inflation Due To The MSP Hike?

Yes, certainly. MSPs are an important driver of food price inflation.

According to one media report, while chana and masur have a weight of 0.5% in the basket, mustard oil accounts for 1.3% of the consumer price index (CPI). Wheat and atta together have a 2.73% weightage. Thus, these four crops contribute nearly 4.5% to the CPI.

One research suggests the overall inflationary impact of MSP hikes on CPI inflation could be around 0.18% to 0.20% over a year.

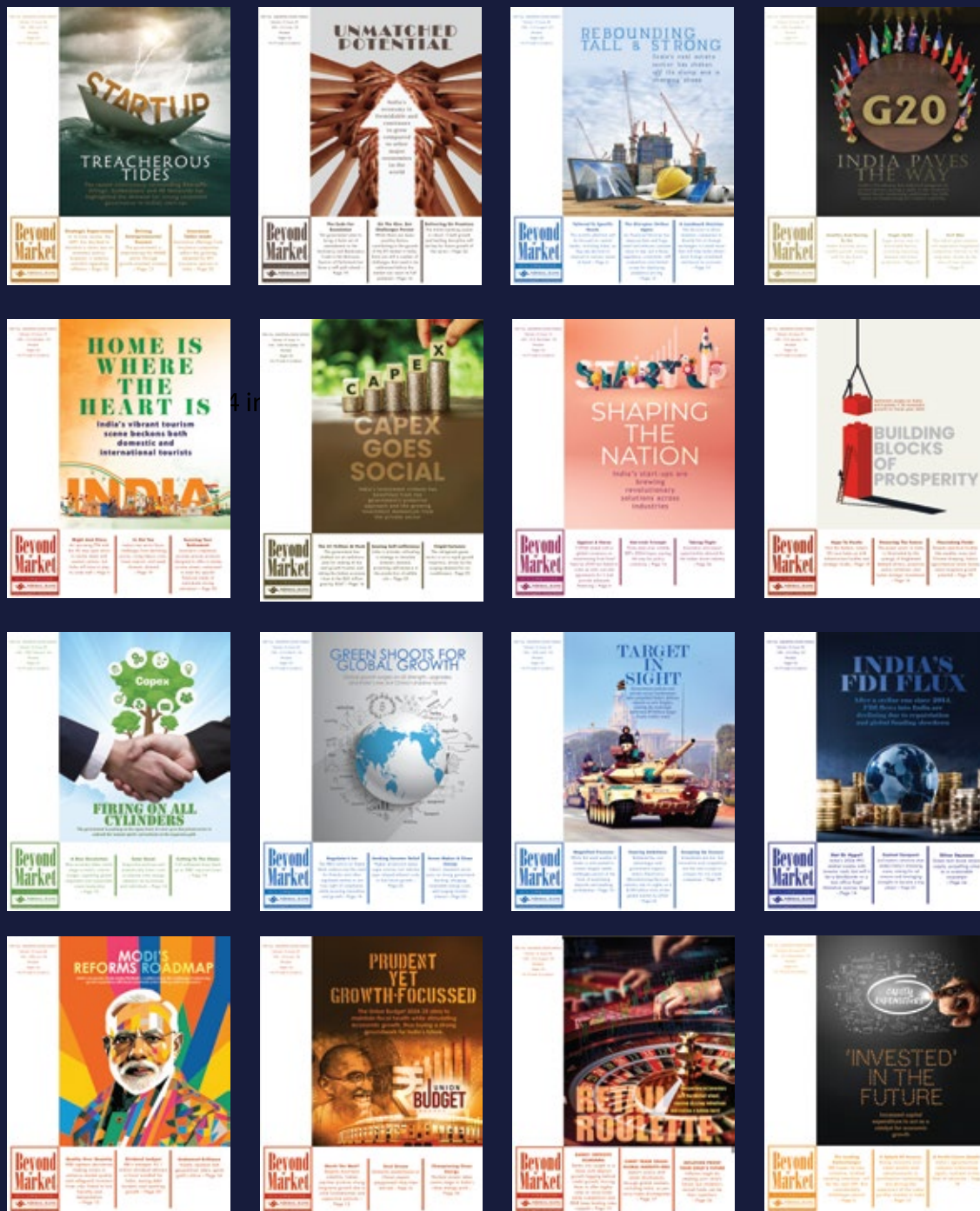
Current data show that due to higher food inflation, CPI inflation rose to a nine-month high of 5.5% in September, after staying below 4% for the previous two months.

## Q. What Should We Watch For, Moving Forward?

With good kharif and rabi output, most leading economists expect food inflation to trend lower in the coming months.

However, since CPI inflation influences the decisions of the Reserve Bank of India's (RBI) six-member Monetary Policy Committee (MPC), key factors to monitor from an agriculture perspective will be trends in Rabi crop sowing, crop yields, and government supply-side measures to mitigate the impact of MSP hike on food inflation.





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