

TRUMP'S TARIFF TANTRUMS

As Donald Trump prepares to announce reciprocal tariffs, India faces a strategic dilemma - retaliate or reform - to safeguard its trade interests



Beyond Market

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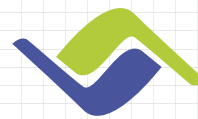
Union Budget 2025-26 raises healthcare funding by nearly 10% to ₹99,858 crore - ushering in major expansions while key public health priorities take a back seat - Page 16

Data Domination

Digitalization and policy are accelerating India's data centre expansion, positioning it for global prominence - Page 24

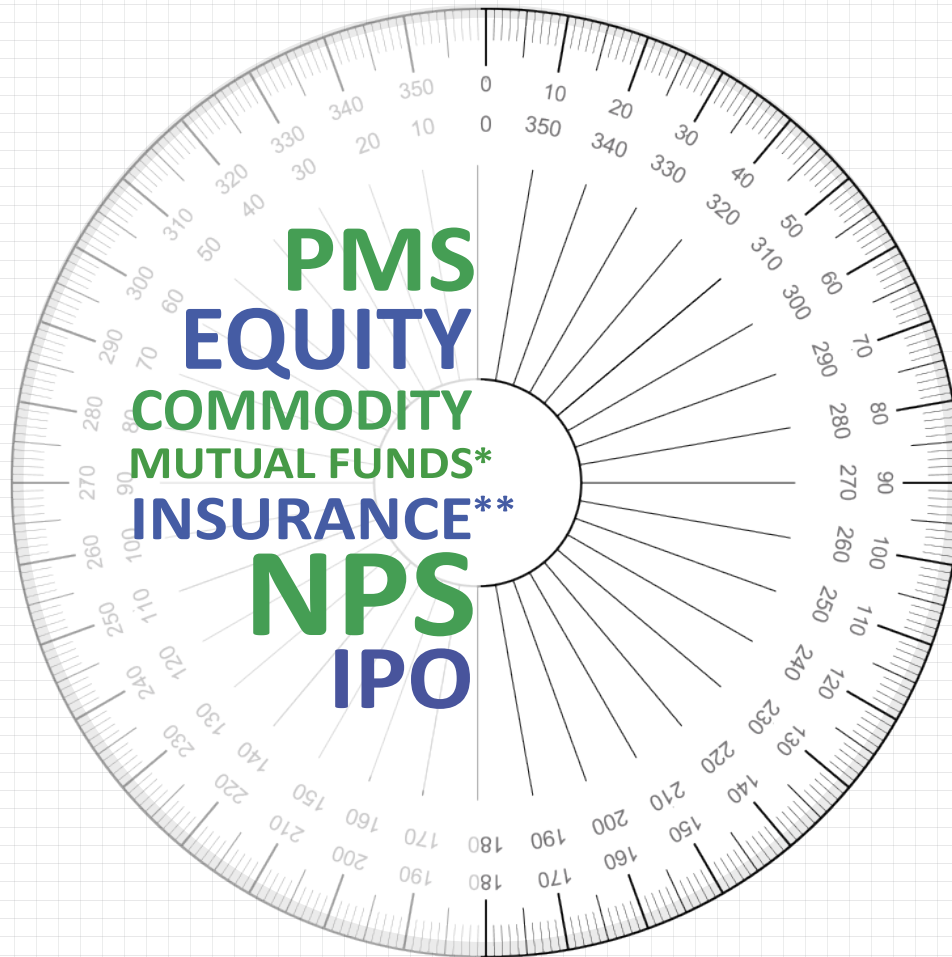
A Blend Of Flexibility & Finesse

SEBI's SIFs blend mutual fund ease with PMS flair, delivering advanced strategies at a pocket-friendly ₹10 lakh entry - Page 31



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DB Corner – Page 5

BEYONDTHINKING

Trump's Tariff Tantrums

As Donald Trump prepares to announce reciprocal tariffs, India faces a strategic dilemma - retaliate or reform - to safeguard its trade interests

– Page 6

Metal Might

Amid a 25% US tariff and a global glut, India's steel sector surges with bold capacity expansions, defies mounting pressures, and calls for government intervention – Page 10

Crackdown Chaos

Microfinance falters following clampdown by Karnataka, yet a bounce back beckons – Page 13

Funding Flourishes, Priorities Plummet

Union Budget 2025-26 raises healthcare funding by nearly 10% to ₹99,858 crore - ushering in major expansions while key public health priorities take a back seat – Page 16

Data Domination

Digitalization and policy are accelerating India's data centre expansion, positioning it for global prominence – Page 20

Sacred Splurge

In the business of belief, sacred journeys yield divine dividends, boosting religious tourism - Page 24

Reels, Streams, And Money Dreams

After fending off piracy, India's music companies are now jamming as streaming and viral short-form videos turn clicks into cash – Page 28

BEYONDBASICS

A Blend Of Flexibility & Finesse

SEBI's SIFs blend mutual fund ease with PMS flair, delivering advanced strategies at a pocket-friendly ₹10 lakh entry – Page 31

Diversify With Debt

Indian investors can choose from diverse bond funds for stability and income, while managing potential risks – Page 34

BEYONDNUMBERS

Technical Outlook – Page 39

Mutual Fund Blackboard – Page 40

BEYONDLARNING

Buffett's Guide To Real Gains

Buffett's latest letter champions learning from mistakes, real earnings, and long-term thinking over market noise – Page 45

BEYONDBUZZ

Important Jargon – Page 49



Tushita Nigam
Editor

TARIFF TOUSLE

With Donald Trump taking office, a string of changes has been introduced over the last few months. While the US President is set to stir things up across the globe, one major development is the indication of reciprocal tariffs on India - following similar moves on Canada and Mexico. These changes are expected to be implemented by 2nd April, so we now wait and watch what unfolds.

In this issue, we decipher how these tariffs might impact various sectors - whether imposed on individual products or entire product classes - and examine their effects on GDP, stock markets, employment, and the Make in India initiative. Read on to discover the potential gainers and losers and how these changes could reshape India's global trade scenario.

Skim through the issue for other intriguing reads: the Indian steel sector amid tariff hikes and capacity expansions; the microfinance sector, which needs stricter regulation and monitoring; the healthcare sector's funding increase in the Union Budget 2025-26; and the boost in religious tourism following recent large-scale events like the Kumbh Mela and the inauguration of the Ram Mandir in Ayodhya.

You'll also find articles on digitalization and policy changes in the data centre industry, spotlighting new investments in this space, and on how the music industry is gaining momentum as short-form videos take the digital world by storm.

SEBI's newly introduced Special Investment Fund (SIF) is discussed in detail in the Beyond Basics section, along with bond funds. Are these investment avenues right for you? Read the articles to find out.

Lastly, we wish all our readers a prosperous financial new year. May your investments grow consistently and continually.

**"If the Nifty Futures
closes above 23,800,
then it is likely to
touch 24,600 and
25,400, thereafter."**

Nifty Futures: 23,595

(Last Traded Price As On 27th Mar '25)



The United States is currently negotiating reciprocal tariffs with other countries, creating uncertainty about inflation and a potential slowdown in the US economy.

Meanwhile, in India, measures by the Reserve Bank of India (RBI) have led to a stronger rupee and Foreign Institutional Investors (FIIs) emerging as net buyers in the equity markets.

In the coming days, the Nifty Futures has support at the 23,400 level. If it closes above 23,800, then it is likely to touch 24,600 and 25,400, thereafter.

Going forward, investors and traders can anticipate the RBI's decision on a rate cut and liquidity improvements in the banking system, while also monitoring the global roll-out of reciprocal tariffs by the US and their impact.

Dilip Bang

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TRUMP'S TARIFF TANTRUMS

As Donald Trump prepares to announce reciprocal tariffs, India faces a strategic dilemma - retaliate or reform - to safeguard its trade interests





ou don't have the cards," US President Donald Trump told Ukrainian President Volodymyr Zelensky before forcing his unceremonious exit from the White House following a televised spat. While the spectacle captured global attention, Trump's disruption lies not just in geopolitics but also in trade. The transactional President is reshuffling the global economic deck, with a high-stakes tariff poker game that promises to upend the world's trade order.

On 2nd April, Trump plans to announce reciprocal tariffs, targeting countries that maintain high tariffs or non-tariff barriers (NTBs) against American goods. Although narrower in scope than his earlier global tariff proposal, this strategy still aims to levy significant tariffs on key US trading partners - including the EU, Mexico, Japan, South Korea, Canada, India, and China. Only nations with zero tariffs on US goods and a trade surplus in America's favour will escape unscathed.

India finds itself in Trump's crosshairs. India has already attempted to placate Washington by selectively lowering tariffs in sectors of strategic interest.

Tariffs on satellite ground installations, valued at \$92 million in US exports in 2023, were scrapped. Import duties on synthetic flavouring essences dropped from 100% to 20%, and tariffs on fish hydrolysate for aquatic feed fell from 15% to 5%. India also eliminated tariffs on certain waste and scrap items, with US exports in this category amounting to \$2.5 billion last year.

Yet, these gestures may not be enough. India enjoys a trade surplus with the US, its largest trading partner. Bilateral trade crossed \$190 billion in 2023, with Indian exports to the US rising 40% since 2018 to \$123 billion, while services trade expanded by 22% to \$66 billion. US exports to India, worth \$70 billion last year, included crude oil, LNG, coal, medical devices, scientific instruments, scrap metals, turbojets, computers, and almonds.

Amid the simmering tensions, the Trump-Modi meeting last month set an ambitious target - Mission 500 - aiming to elevate bilateral trade from under \$200 billion in 2023 to \$500 billion by 2030. However, this aspiration may be undermined if reciprocal tariffs disrupt trade flows and erode mutual trust.

INDIA'S TARIFF: A COMPLEX WEB

India's tariff profile reflects a complex and protectionist legacy. After reducing average tariffs from 80% in 1990 to 13% by 2008, India reversed course under the Make in India push.

Tariffs have since climbed to an average of 18% - higher than China, South Korea, Indonesia, and Thailand. India's trade-weighted import duties remain among the highest globally at 12%, compared to 2.2% in the US, 3% in China, and 1.7% in Japan, according to WTO data.

These high tariffs increase costs for firms integrated into global value chains, weakening India's competitiveness and forcing domestic consumers to pay more for imported goods. Despite India's growing export performance, especially in services, its share of global exports remains a modest 1.5%.

Manufacturing tariffs in India average 13.4%, significantly above those in the US and Europe, while agricultural tariffs are even steeper.

Many goods face exceptionally high tariffs, with several HS 4-digit categories subject to rates exceeding 50%.

This protectionist posture has hampered India's domestic manufacturing by raising costs for companies reliant on imported inputs - ironically undermining the very goals of the Make in India initiative.

India's tariff system also features 65 different ad valorem rates and 145 unique specific tariffs reported to the WTO in 2024. Additional cesses layered on top of standard Most Favoured Nation (MFN) rates and the introduction of Quality Control Orders (QCOs) create unpredictability for importers.

Moreover, India's tariff bindings with the WTO exceed applied rates, allowing the government to raise tariffs without breaching international commitments - adding yet another layer of uncertainty.

India's key exports to the US include textiles, pharmaceuticals, marine products, gems and jewellery, and electronics, while its imports primarily consist of mineral fuels, pearls, nuclear reactors, and electrical machinery.

COUNTING THE COSTS

Given the differing trade profiles between the two nations, the precise impact remains unclear. Should Washington proceed with reciprocal tariffs, India's exports to the US could decline by 3% to 3.5% as per market consensus.

Market experts also warn that annual export losses may be very high, with vulnerable sectors including automobiles, agriculture, chemicals, metal products, jewellery, and pharmaceuticals.

If India-US trade negotiations become protracted or acrimonious, the cumulative

loss could swell to US \$10 billion to US \$20 billion. A weakening rupee may cushion some of the blow, but this reprieve is unlikely to fully offset the economic fallout.

Moreover, the risk of steep export barriers looms large, particularly if Washington retaliates against India's protectionist measures, such as QCOs on polyester and viscose. Such actions could undermine investor confidence and tarnish India's reputation as a reliable trade partner.

Ironically, India may benefit from US tariffs on aluminium and steel. While India runs a minor trade deficit of \$13 million in aluminium goods and \$406 million in steel goods, its share of US steel imports remains small at 1%.

Nonetheless, India remains among the top 10 sources for aluminium, although its share has declined from 3% to 2.8% between 2018 and 2024.

THE FTA TIGHTROPE

The global shift towards regionalized trade offers India an opportunity to strengthen its economic position through emerging regional frameworks, including Free Trade Agreements (FTAs) with the UK and EU, and a potential Bilateral Trade Agreement (BTA) with the US.

Strengthening these alliances would consolidate India's economic interests and mitigate the risks posed by Trump's tariff gambit.

Simultaneously, global supply chain diversification,

accelerated by tensions between the US and China, positions India as a plausible alternative manufacturing destination.

Leveraging its relatively low cost of capital and strategic location, India could capitalize on the "China-plus-one" approach to attract investment and boost its manufacturing base.

Yet, caution is warranted. The Global Trade Research Initiative (GTRI) has warned that pursuing an India-US FTA under the shadow of reciprocal tariffs may not be in India's best interest.

US demands could extend beyond tariff cuts to sensitive areas such as opening government procurement to US companies and reducing agricultural subsidies - positions India has long resisted.

As a viable alternative, India could propose a "Zero-for-Zero" tariff deal, eliminating duties on most industrial goods from the US in exchange for similar concessions on Indian exports.

Identifying tariff lines where India already offers duty-free imports under existing FTAs would ensure minimal disruption to domestic industries while advancing strategic trade objectives.

THE CHINA CONUNDRUM

India's trade imbalance with China complicates its positioning. In 2024, the US faced a trade deficit exceeding \$1 trillion with its top 10

partners, with China, Mexico, and Vietnam contributing \$591 billion. India ran a \$46 billion surplus with the US but an \$85 billion deficit with China, underscoring how India's US exports fuel its Chinese imports. Similar trends with Mexico and Vietnam highlight China's indirect gains from US markets.

China, seeking to offset tensions with the US, is now extending an olive branch to India. Engaging strategically with both Washington and Beijing could allow India to secure favourable trade deals while boosting domestic manufacturing by integrating itself deeper into regional supply chains.

However, India must tread carefully to avoid the pitfalls of trade dependency, particularly the risk of Chinese dumping that could destabilise its domestic industries.

THE IT VULNERABILITY

India's \$283 billion IT industry, a key driver of economic growth, faces renewed uncertainty amid Trump's tariff poker. The US accounts for over 60% of India's IT services exports, and fears of a US recession are already slowing deal renewals. The number of renewals fell from 1,374 in 2023 to 1,226 in 2024, with further declines likely in 2025.

Clients are adopting a cautious stance, prioritizing short-term stability and delaying large renewals until market conditions improve.

Large deals (\$250 million to

\$500 million) fell by 57% in Q4 2024 compared to the same period in 2023, while smaller contracts dominate the market. The shift towards shorter, smaller contracts reflects the industry's need to remain flexible amid emerging technologies such as AI and cloud computing.

With shrinking deal sizes, Indian IT firms are reassessing their execution models, and attrition rates have crept up to 14% to 15%. Subcontracting and staffing strategies are under review to adapt to evolving deal structures, adding pressure to an already stressed sector.

RETALIATE OR REFORM?

Faced with these challenges, India has two options: retaliate or reform. Retaliatory measures - such as raising tariffs on US goods, taxing American digital firms, or issuing compulsory licences for patented drugs - could provoke further US action, escalating the trade dispute. Such measures would be counterproductive and harm India's export competitiveness.

Alternatively, India could pursue a more strategic approach by rationalizing its tariff policies. While reducing import duties under external pressure may seem counterintuitive, liberalizing tariffs could enhance India's productivity by encouraging competition and attracting superior technology and practices. Lower tariffs would push inefficient domestic firms to innovate or exit, reallocating resources to more productive enterprises.

Simplifying tariff structures, eliminating arbitrary cesses, and reducing regulatory uncertainty would strengthen India's trade competitiveness while creating a more transparent and predictable investment climate. At the same time, aligning its tariff regime with global standards would enhance India's negotiating power in trade talks, allowing it to extract better terms from trading partners.

India's economic strategy over the past decade has relied on shielding a few powerful conglomerates through high tariffs and regulatory barriers. However, Trump's potential return could disrupt this model as India faces pressure to reduce tariffs and increase US imports.

India is caught between competing imperatives - protecting domestic industries and securing deeper access to global markets.

Instead of retaliating, India could quietly reduce its dependence on the US markets by diversifying its trade relationships and focusing on strengthening domestic industries. This long-term approach would prepare India for future trade challenges without risking unnecessary confrontation.

India has historically embraced economic reforms during crises, most notably in the year 1991 when liberalization followed a severe financial crunch. Now, amid Trump's tariff war and global trade disruptions, India faces another pivotal moment.

METAL MIGHT

Amid a 25% US tariff and a global glut, India's steel sector surges with bold capacity expansions, defies mounting pressures, and calls for government intervention



The global steel sector is making headlines as the United States has imposed a 25% import tariff on steel products worldwide to boost domestic production. Although India exports less than 1,00,000 metric tonnes per year to the US - less than 4% of its total steel exports - the indirect impact of the tariff on India remains a major concern.

Major US suppliers, including Canada, Brazil, Mexico, and several Asian countries such as South Korea, Japan, Taiwan, China, and Vietnam, could divert their steel production, potentially keeping the sales realizations of Indian steel in check. Moreover, a higher global surplus may drive down steel prices, affecting domestic prices.

In recent months, steel prices have been trending lower due to increased global surplus, which has intensified competition and reduced profitability in the domestic market. Consequently, the tariff imposed by US is expected to hit the steel sector in India indirectly.

CURRENT STATUS

India's steel sector has emerged as a bright spot in the global arena. With current steel production around 175 million tonnes and domestic production at about 145 million tonnes, the country consumes roughly 137 million tonnes - importing the difference.

According to data from ratings agency CareEdge, over the past decade (FY13-14 to FY23-24), India's steel capacity grew at a CAGR of approximately 4.60%, while domestic consumption rose at about 6.30%. In the FY20-24 period, capacity expanded at roughly 3% CAGR, whereas consumption surged by around 8%, benefiting the domestic industry.

To meet growing demand, India has turned net importer in FY23-24 and the current fiscal year, with major imports coming from Japan, China, and South Korea.

Competition in the steel sector is inevitable. As a standardized commodity, steel can be shipped globally, and the influx of cheaper, even low-quality, imports has forced domestic players to lower prices, thereby reducing realizations.

PROTECTION MEASURES

With Chinese steel demand in doldrums and the US market effectively closed off, there is concern that surplus steel could flood the Indian market. Traditionally, the Indian government intervenes with tariff and non-tariff measures to protect domestic producers.

The industry has already requested a safeguard duty on imports, and while the government has initiated a safeguard duty investigation on certain steel products, no final decision has been made yet.

There is precedent for such action: in August '16, the government imposed an anti-dumping duty of US \$474 per tonne to US \$557 per tonne on steel imports from six nations (China, South Korea, Japan, Russia, Brazil and Indonesia) in a bid to shield domestic manufacturers from cheaper imports, and again in June '20, it levied duties of US \$13.07 per tonne to US \$173.01 per tonne on specific steel products from China, Vietnam, and Korea. A similar move is anticipated in the near future.

OUTLOOK

The domestic industry is eagerly awaiting protective measures as the stakes continue to rise. The steel sector, closely tied to GDP growth, has recently outpaced the economic growth rate and remains a bright spot in steel demand.

Key demand drivers include construction, infrastructure,

engineering, and the automotive industry.

Long products like bars, wires, and wire rods, primarily used in construction, account for about 55% of total steel demand, while flat products such as hot rolled coils (HRC) and cold rolled coils (CRC) serve the automotive, pipe, and consumer durable sectors.

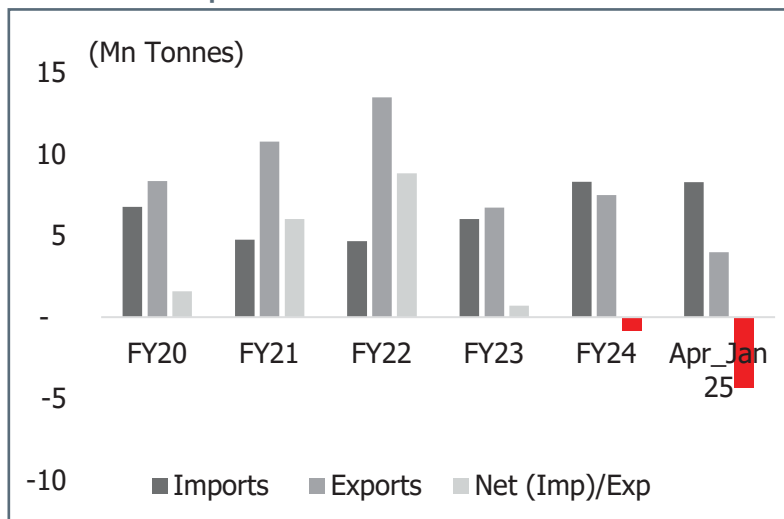
Private players have embarked on huge capacity expansion plans.

According to ratings agency ICRA, approximately 26.3 million tonnes per annum were commissioned between FY20-21 and FY23-24, with an additional 27.5 million tonnes per annum of new capacity expected between FY24-25 and FY26-27. The industry is poised to see an all-time high capacity addition of 15.6 million tonnes per annum in FY24-25 alone.

IN CONCLUSION

While the government is expected to impose a

India: A Net Importer Of Steel



Source: CareEdge Ratings

Domestic Steel Scenario (Million Tonnes)

Year	Capacity	Production	Consumption
FY19	142	111	99
FY20	157	109	100
FY21	161	103	95
FY22	167	120	106
FY23	167	127	120
FY24	172	144	136
FY30e	242	210-220	190-210

Source: Joint Plant Committee (JPC)

safeguard duty, global steel prices will eventually influence domestic prices.

Currently, steel imported from China is priced at ₹47,000 per tonne, which is lower than ₹1,700 per tonne from the domestic prices.

Similarly, steel from FTA countries like Japan, South Korea, Mauritius, and the ASEAN bloc is priced at ₹44,000 per tonne, which is about ₹4,500 lower per tonne than domestic steel.

Any safeguard duty is likely to raise import prices, potentially

making domestic steel more lucrative.

Steel mills rely on strong per-tonne realizations to meet current obligations and fund capital expenditures without much leverage on their balance sheets.

If margins of steel mills shrink, the confidence of investors and lenders could wane, delaying future capital projects.

As the world's second-largest steel producer and consumer after China, India - having overtaken Japan in 2018 - has set ambitious targets: a crude steel production capacity of 300 million tonnes and a per capita consumption goal of 160 kilograms by FY30-31, up from around 80 kilograms currently, compared to the global average of 230 kilograms.

Despite these roadblocks, India remains a bright spot in the global steel sector. The extent to which the Indian government will address the indirect impacts of the tariff imposed by the US on the global steel sector remains to be seen.

CRACKDOWN CHAOS

Microfinance falters
following clampdown by
Karnataka, yet a bounce
back beckons



India's microfinance sector has been facing challenges in recent months. The state government of Karnataka has passed a law tightening its grip on unregistered microfinance and money-lending institutions following a series of suicides linked to exploitative lending and aggressive loan recovery tactics by some unregistered lenders. Although the intention of the state government is laudable - and the law applies only to the informal microfinance sector - the organized, formal sector is bearing the brunt of its effects.

Microfinance in India is undertaken by a host of entities, including scheduled commercial banks (SCBs), co-operative banks, non-banking financial companies (NBFCs), and microfinance institutions (MFIs) registered as NBFCs, all of which are regulated by the Reserve Bank of India (RBI).

How, then, is the new law impacting the formal sector? While the current crisis is limited to Karnataka, there is precedent in other regions, with many borrowers expecting some relief from the government. Many borrowers, despite their ability to repay, are delaying payments. Consequently, repayment and collection efficiency have already dipped nationwide, leading to a jump in bad loans for all microfinance lenders.

This scenario disrupts the sector's fundamentals. On one hand, borrowers' credit discipline deteriorates as they fail to repay, anticipating government relief; on the other, microfinance lenders become more cautious in their lending, thereby hampering overall growth.

To remind, the sector has witnessed significant growth over the past few decades.

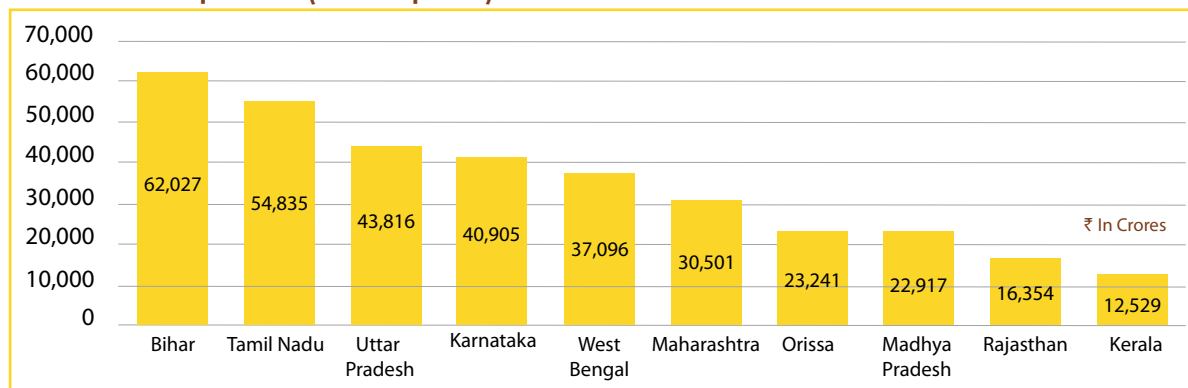
According to one report, India's microfinance industry has grown by more than 2000% in the past 12 years, with its business soaring from ₹17,264 crore in March '12 to ₹3.93 lakh crore as of November '24.

Microfinance comprises three major components: micro savings, microinsurance, and microcredit. The latter involves providing collateral-free loans of up to ₹1 lakh to poor and low-income households in urban and rural areas. These loans, offered for shorter durations with higher repayment frequencies than traditional loans, also carry higher interest rates.

Today, MFIs operate in over 700 districts across various states, catering to the financial needs of nearly 8 crore borrowers.

From an operational standpoint, MFIs borrow from banks and lend these funds as microfinance, adhering to norms set by the RBI and the state government. Many of these MFIs are now listed on

AUM Across Top States (30th Sept '24)



Source: India Ratings & Research

stock exchanges. Prominent players in the microfinance industry include CreditAccess Grameen, Fusion Finance, Spandana Sphoorty, ESAF Small Finance Bank, and Ujjivan Small Finance Bank.

CURRENT TREND

Among the host of entities that provide microfinance, NBFC-MFIs are the largest providers, accounting for around 40% of the system portfolio, followed by private banks (32%), small finance banks (16%) and normal NBFCs (12%).

In recent months, due to the deteriorating health of the sector, many MFIs have slowed down their lending activities and tightened recovery actions.

As a result, the gross loan portfolio in the microfinance segment of system credit has shrunk by 3.5% year-on-year (y-o-y) to ₹3.85 trillion during the third quarter of FY25 (October-December FY25), down from ₹4.08 trillion in the July-September quarter of FY25.

Meanwhile, while the loan book has been declining, bad loans have risen due to deteriorating economic activities at the ground level and disruption in the farm sector.

Approximately 6.92% of the loans have not been serviced for at least 30 days; delinquencies exceeding 90 days stand at 3.9%, and those over 180 days at 9.46%, reflecting a sharp year-on-year increase in bad loans.

A HISTORICAL PERSPECTIVE

Historically, non-performing assets of MFIs have fared better than those of traditional banks. However, intermittent flare-ups in bad debt have been observed in some states.

In such situations, vote-bank politics often come into play, leading borrowers to anticipate some form of government relief.

Besides borrower repayment issues, the sector also faces challenges such as over-leveraging of borrowers, inadequate disclosures, lack of customer awareness, high pricing, customer-protection concerns, issue of fake loans, local-level interference, and insufficient regulation and oversight.

As a result, India's microfinance sector is no stranger to crisis. Similar situations have occurred in other parts of the country.

For instance, the aftermath of the 2010 Andhra Pradesh microfinance crisis led to the Andhra Pradesh Microfinance Institutions (Regulations of Money Lending) Act (2011), and Assam promulgated the Assam Microfinance Institutions (Regulations of Money Lending) Act in 2021.

IN CONCLUSION – WHAT NOW?

Every time the microfinance sector has faced challenges, it has eventually bounced back. However, scrutiny of the formal sector is even higher this time around. MFIs have tightened lending norms and

improved loan recovery efforts, and many expect consolidation in the sector, which could benefit the formal segment.

The new law by the state of Karnataka aims to protect borrowers from excessive interest rates and harsh recovery practices employed by microfinance lenders.

While, the formal sector is being regulated by the RBI, such practices are already in place. To point out, the new law does not apply to banking or Non-Banking Finance Companies (NBFCs) registered with RBI. Thus, there will be no hindrance in their operation. There is no scope of any misuse or misinterpretation of the law.

For the sector to bounce back from the current crisis, time will be needed. Most experts expect improvements in lending and bad loans by the second quarter of the next financial year (FY25-26).

The matter of the health of the microfinance sector has even reached India's parliament.

However, the central government has stated that it will not step in now, as the RBI is already engaging with MFIs through established audit mechanisms and data monitoring systems, as well as with Self-Regulatory Organizations (MFIN and Sadhan) to ensure compliance with its strict guidelines.

With a strong and planned regulatory framework, the microfinance sector in India is expected to recover sooner than expected.

FUNDING FLOURISHES, PRIORITIES PLUMMET

Union Budget 2025-26 raises healthcare funding by nearly 10% to ₹99,858 crore – ushering in major expansions while key public health priorities take a back seat





The Indian government has allocated ₹99,858 crore for the healthcare sector in the Union Budget 2025-26, reflecting a 9.78% increase from the previous fiscal year. Finance Minister Nirmala Sitharaman, in her budget presentation on 1st February, emphasized expanding healthcare infrastructure, medical education, digital health, and disease surveillance. However, despite the higher allocation, several critical public health areas remain overlooked.

The Ministry of Health and Family Welfare has seen a significant budget increase, with the majority allocated to its core functions and a smaller portion for health research. Over the past decade, healthcare spending has nearly tripled. Key allocations focus on flagship programmes like Ayushman Bharat, health infrastructure, and the National Health Mission, while digital and mental health initiatives have also received dedicated support. Leading institutions, including AIIMS and ICMR, have been granted additional funding, with AIIMS Delhi receiving a substantial share.

The government plans to establish 200 daycare cancer centres in FY26 and expand oncology care by setting up similar facilities in district hospitals over the next three years. Medical education has also seen increased investment, with 10,000 new medical seats to be added in the coming year, contributing to the goal of 75,000 additional seats over the next five years.

Sitharaman highlighted that undergraduate and postgraduate medical education seats have already risen by 1.1 lakh over the past decade, marking a 130% increase. However, the budget lacked major announcements on public-private partnerships in medical education, alternative financing for students, or faculty expansion, all of which are key for sustainable growth in healthcare education.

Despite increased allocations, public health spending in India still falls short of the National Health Policy (2017) target of 2.5% of GDP. Currently, India spends around 1.2% to 1.5% of GDP on public healthcare, significantly lower than countries like China (3%), Brazil (4%), and developed nations such as the UK (7.6%) and Germany (9.9%). This underinvestment has led to a high out-of-pocket expenditure, with individuals bearing nearly 50% of healthcare costs compared to the global average of 18%.

The budget did not include efforts to bridge this gap through additional funding mechanisms. Proposals for a dedicated healthcare cess and higher taxes on tobacco and sugary products, which could have generated revenue for critical healthcare programmes, were not included. Without a substantial increase in public spending, India's healthcare system may continue to struggle with infrastructure gaps, limited access to quality care, and financial burdens on households.

Health insurance coverage remains limited, especially among middle-class families and informal sector workers. The government did not reduce GST on health insurance premiums from 18% to 5%, missing an opportunity to enhance affordability. It also chose not to raise the tax deduction limit under Section 80D from ₹25,000 to ₹50,000, which could have encouraged more people to invest in health coverage. However, by increasing the income tax exemption threshold from ₹7 lakh to around ₹12 lakh, the budget is expected to boost disposable income, potentially leading to greater health insurance adoption.

STRENGTHENING HEALTH INFRASTRUCTURE AND DIGITAL HEALTH

The Covid-19 pandemic highlighted major gaps in healthcare infrastructure, showcasing the need for investments in hospital capacity, disease surveillance, and workforce expansion. A FICCI-EY report estimates that

the country needs 3 million additional hospital beds and over 5 million doctors by 2047. Additionally, out-of-pocket spending accounts for about 60% of total health expenditures, a stark contrast to countries like China and Brazil, where the burden is significantly lower.

India can strengthen its healthcare infrastructure by drawing lessons from successful global models. Singapore's healthcare system, for example, balances public and private sector involvement to provide high-quality services while keeping costs affordable. Adopting a similar approach could help India expand access without overburdening public resources.

WHO's targeted global health initiatives, such as programmes for malaria and tuberculosis, have demonstrated how focused interventions can drive significant health improvements. India can implement similar strategies to address its public health challenges effectively.

While the National Health Mission (NHM) received ₹37,226.92 crore, its share in the total healthcare budget has remained relatively stagnant over the years, indicating limited prioritization of primary healthcare improvements.

Ensuring the availability of high-quality healthcare facilities and addressing systemic inefficiencies requires more than intent and technology - it demands

sustained investment and structural reforms.

Digital health initiatives saw modest allocations, with ₹340.11 crore for the National Digital Health Mission and ₹79.6 crore for mental health services, although experts had expected greater investment in telemedicine infrastructure and AI-driven healthcare solutions.

The PLI scheme for pharmaceuticals received ₹2,445 crore, continuing the government's push for domestic manufacturing of Active Pharmaceutical Ingredients (APIs) and medical technology.

Additionally, about 36 life-saving drugs were exempted from Basic Customs Duty (BCD), making them more affordable for patients. However, industry leaders had called for greater R&D incentives, such as weighted tax deductions for drug discovery and increased export incentives under the RoDTEP (Remission of Duties and Taxes on Exported Products) scheme, which were not included.

With ₹20,000 crore allocated for tourism, the government is positioning India as a global medical tourism hub through its 'Heal in India' initiative. By streamlining visa processes and improving infrastructure at top tourist destinations, the government aims to attract more international patients seeking high-quality, affordable treatment.

Despite these efforts, industry experts had expected the establishment of specialized

medical tourism zones with tax incentives, similar to Special Economic Zones (SEZs), which were not mentioned in the budget.

PREVENTIVE HEALTHCARE: AN OVERLOOKED PRIORITY

The Union Budget 2025-26 falls short in addressing key issues such as public health spending targets, insurance affordability, and preventive healthcare measures. While curative healthcare dominates budgetary discussions, preventive healthcare remains the most cost-effective strategy for improving public health.

The budget's emphasis on cancer treatment infrastructure is a positive step, but there were no major announcements on expanding vaccination programmes, public nutrition initiatives, or non-communicable disease (NCD) prevention measures - key areas requiring attention.

Although the PLI scheme and the 'Heal in India' initiative signal the government's long-term vision, stakeholders continue to advocate for greater investments in R&D, primary healthcare, and financial incentives to drive meaningful change in India's healthcare landscape.

Achieving universal healthcare in India requires huge investment in infrastructure, workforce, and policy reforms. Expanding hospital capacity must be accompanied by efforts to attract skilled professionals to rural areas, where many government hospitals remain underutilized due to staff shortages.

Offering competitive incentives can help bridge this gap. In addition to this, digital health solutions, mainly telemedicine, need further expansion to improve access in remote areas. Strengthening the healthcare workforce through the establishment of more medical colleges and incentives for rural service is essential. Policy reforms should focus on expanding universal health insurance and

increasing public health funding from 1% to 2.5% of GDP by 2025 to enhance infrastructure and services.

To build a resilient and inclusive healthcare system, India must shift its focus from short-term allocations to comprehensive, long-term strategies that prioritize preventive care, infrastructure expansion, and equitable access. While the budget lays

the groundwork for progress in key areas, bridging the gaps in public health spending, workforce development, and digital healthcare adoption remains crucial.

A balanced approach that integrates policy reforms, financial incentives, and tech-driven solutions will help realize the vision of universal healthcare and ensure better health outcomes for all.



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DATA DOMINATION

Digitalization and policy are accelerating India's data centre expansion, positioning it for global prominence

DATA DOMINATION



The data centre (DC) industry is witnessing an unprecedented boom worldwide, driven by rapid digital transformation, rising internet penetration, and the increasing adoption of advanced technologies such as artificial intelligence (AI) and cloud computing. India is emerging as a key player in this expansion, with its data centre market poised to attract substantial investments over the next five years. As the country advances towards a \$1 trillion digital economy by 2030, this sector presents immense growth opportunities, supporting various industries and boosting export potential.

WHAT IS A DATA CENTRE?

A data centre is a physical facility that houses and manages critical data, applications, and IT systems, serving as a central hub for storing, processing, and sharing data via physical or virtual servers. Equipped with advanced cooling, power backup, and security systems, it ensures uninterrupted operations. Data centres underpin modern digital services, including the internet, cloud computing, and AI technologies, making them indispensable for industries such as healthcare, finance, retail, and education.

INDIA'S DATA CENTRE MARKET: POISED FOR HIGHER GROWTH

India's data centre market is experiencing explosive growth, driven by digital transformation, increasing internet penetration, supportive government policies, and the adoption of advanced technologies like AI and 5G. Despite generating 28% of global data, India currently holds only a 1% share of global data centre infrastructure, highlighting a significant gap and immense potential for expansion.

According to a Cushman & Wakefield report, India's current data centre capacity across the top seven cities stands at 977 MW, with under-construction capacity expected to reach 1.03 GW by 2028. The colocation market is set to grow at a CAGR of 24.68% from 2023 to 2029, driven by demand from sectors like IT, healthcare, finance, and e-commerce, alongside increasing adoption of cloud services and AI-driven applications. Investments in the sector are skyrocketing, with commitments exceeding \$100 billion by 2027.

Notably, firms like Panchshil Realty and Blackstone Group have announced plans to develop hyperscale data centres, including a 500 MW facility in Navi Mumbai, with investments exceeding ₹20,000 crore.

KEY DEMAND DRIVERS

1. Digital Transformation

India's rapid digitalization is driving new demands on data centre infrastructure. Traditional application architectures struggle to handle the sheer velocity, volume, and variety of data, necessitating robust and scalable data centre solutions.

The rise of the Internet of Things (IoT) further emphasizes the need for decentralized data centres and enhanced data security in a borderless enterprise landscape. Additionally, the increasing use of big data analytics, video streaming, and blockchain-based applications is pushing enterprises toward more reliable and efficient data centre infrastructure.

2. Burgeoning Data Localization

With countries implementing data localization laws, India is also reinforcing its policies to ensure data generated within its borders is stored and processed domestically. The Personal Data Protection Bill mandates strict guidelines on data residency, encouraging enterprises to expand their local data centre presence.

Given the projected \$1 trillion digital economy by 2030,

India must scale up its data centre capacity to accommodate the surge in data volume. This is further reinforced by regulations for financial, healthcare, and e-commerce sectors, requiring data to be processed within Indian borders to ensure compliance and security.

3. AI Revolution

India is fast emerging as a global AI leader, with the data centre colocation market experiencing rapid growth. AI applications, including machine learning (ML), deep learning, and natural language processing (NLP), are generating unprecedented amounts of data, necessitating increased storage and computational capabilities. The CBRE report highlights that AI adoption is a primary driver of India's projected \$100 billion investment in data centres by 2027.

Large enterprises and government-backed AI initiatives are creating demand for high-performance computing infrastructure, leading to increased investment in AI-specific data centres that cater to advanced analytics and automation.

4. Government Support And Policy Initiatives (Expanded)

The Indian government has played a pivotal role in fostering the growth of the data centre industry through strategic policies and initiatives. Recognizing the sector's importance in the digital economy, the government has introduced several schemes to attract

investments and promote innovation.

- **Data Centre Incentivization Scheme (DCIS):** This scheme provides fiscal and non-fiscal incentives for companies using domestic equipment in data centres, such as servers, storage, and cooling systems. By encouraging local manufacturing, DCIS aims to reduce import dependency, boost the domestic supply chain, and create job opportunities.

- **Data Centre Economic Zones (DCEZs):** The government plans to establish four dedicated zones to host hyperscale data centres, cloud service providers, and IT firms. These zones will offer tax breaks, streamlined approvals, and world-class infrastructure, positioning India as a global data hub.

- **National Informatics Centre (NIC) Data Centres:** NIC has set up state-of-the-art facilities in Delhi, Pune, Hyderabad, and Bhubaneswar, along with 37 smaller centres across states. These centres support e-governance and ensure secure data management for government operations.

- **RBI Mandate On Financial Data Storage:** The Reserve Bank of India mandates that all financial data be stored locally, ensuring data sovereignty and boosting demand for domestic data centres.

- **State-Level Incentives:** States like Maharashtra, Tamil Nadu, and Uttar Pradesh offer land subsidies, tax breaks, and power concessions to attract

data centre investments. These initiatives, combined with national policies, create a favourable ecosystem for growth.

In addition to these measures, the government is also focusing on improving digital infrastructure, such as high-speed internet connectivity and reliable power supply, to support the growing demand for data centres. The combination of central and state-level initiatives underscores the government's commitment to positioning India as a global leader in the data centre industry.

These efforts are expected to drive significant investments, create employment opportunities, and contribute to the country's digital transformation journey. They would help create a robust ecosystem of hyperscale data centres, cloud service providers, and allied industries, aligning with India's data localization and digital infrastructure goals.

5. Rising Internet Penetration

At the beginning of FY24, India had an internet user base of 751.5 million, representing an internet penetration rate of 52.4%. By the end of the decade, India is expected to reach 90% internet penetration, further fuelling data consumption and increasing demand for reliable data storage and processing facilities.

The proliferation of mobile devices, social media

platforms, and e-commerce activities is contributing to an exponential increase in data traffic, necessitating robust and scalable data centre infrastructure.

6. New Technology Demand

Cloud service providers play a key role in data centre growth as businesses increasingly shift to cloud-based platforms. The demand for high-performance, scalable, and secure data centres continues to rise, with 5G deployment acting as a catalyst for increased data traffic and processing requirements. Edge computing, which brings computation closer to data sources, is further accelerating the need for decentralized data centres across India.

INDIA AS A GLOBAL DATA CENTRE HUB AND EXPORT OPPORTUNITY

India has the potential to

become a global data centre hub, leveraging its unique advantages such as lower construction, land, and power costs compared to other countries.

These cost efficiencies, combined with a rapidly growing digital economy and supportive government policies, make India an attractive destination for data centre investments. Currently, India accounts for 20% of global data production but hosts only 3% of the world's data centre capacity. This gap highlights immense growth opportunities. By 2026, India's data centre capacity is expected to double.

India's strategic location, skilled workforce, and robust digital infrastructure further enhance its appeal. As global data consumption surges, Indian companies are well-positioned to tap into this opportunity by offering data

storage and processing services to international markets.

This growth not only strengthens India's digital aspirations but also cements its position as a key player in the global data infrastructure landscape.

IN A NUTSHELL

India's data centre industry is at a critical juncture, poised for massive growth driven by digitalization, AI, and government policy support. With over \$100 billion in projected investments by 2027, this sector will shape India's digital future.

The rapid expansion of data centre infrastructure, combined with advancements in cloud computing, 5G, and AI, will cement India's position as a key global data hub, fostering economic growth and technological leadership.

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In the business of belief, sacred journeys yield divine dividends, boosting religious tourism

India is a land of religions. While faith enriches believers spiritually, large-scale religious events also have a tangible economic impact, driving huge business across key sectors and contributing to economic growth.

In recent years, this trend gained momentum with the construction of Lord Ram's temple in Ayodhya and culminated in the Maha Kumbh Mela this year.

A thriving parallel economy has emerged around such events, prompting analysts and economists to coin the term "Religious Tourism" to describe their economic influence. Let us understand how these events provide a strong boost to the locations where they take place.

POST-PANDEMIC STORY

According to a report titled 'Sacred Journeys: Unfolding the Evolution and Growth of Pilgrimage and Spiritual Tourism in India' by consulting firm KPMG, religious tourism accounts for over 60% of domestic travel in India. In 2022, a total of 1,433 million domestic tourists visited pilgrimage sites across the country, while 6.64 million foreign visitors arrived. In comparison, the number of

domestic tourists stood at 677 million in 2021 and just 1.05 million in 2020, according to the KPMG report.

This growth in religious tourism can be attributed to two key factors. First, India is home to a vast number of spiritual and holy sites. The KPMG report states that the country has approximately 4,50,000 spiritual and heritage sites, with countless more yet to be explored. The report also highlights that 60% of domestic travel in India is driven by spiritual tourism. Additionally, real estate services firm Colliers estimates that spiritual tourism commands a 30% market share in India's travel and tourism sector.

The second factor is the post-pandemic impact. Studies by reputable organizations indicate that many people have turned to religion or deepened their faith after experiencing the profound uncertainties of the Covid-19 pandemic. Research by the Pew Research Center in the US found that nearly three in ten American adults reported that the pandemic strengthened their faith, while about four in ten said it reinforced family bonds.

The Pew Research Center notes, "Some previous studies have found an uptick in religious observance after people experience a calamity. And a Pew Research Center report published in October '20 showed that roughly a third (35%) of Americans say the pandemic carries one or more lessons from God." The study further states, "In nearly

every country surveyed, those who say religion is very important in their lives are more likely to say both their own faith and that of their compatriots has grown due to the pandemic."

This trend is particularly evident in India. Hotel chains across the country have noted that the pandemic played a significant role in strengthening people's religious faith.

In an interview with 'Moneycontrol.com,' hotelier Roni Madhvani, who invests in properties catering to religious tourism, stated, "As vaccination picked up pace (during the pandemic), the occupancies at our properties gradually rose to over 80% with higher average daily rates. Since then, occupancies at religious destinations have remained at elevated levels. The pandemic has created a renewed appreciation for spirituality, faith, and seeking solace, leading to a pent-up demand for religious travel."

A new term has also emerged among travellers to describe this phenomenon: "Praycation" - a blend of "prayer" and "vacation." This concept combines religious travel with leisure activities. In India, destinations such as Varanasi, Tirupati, Puri, Amritsar, Haridwar, Shirdi, Rishikesh, Mathura, Mahabaleshwar, and Madurai have seen a notable increase in visitors. Interestingly, millennials and younger travellers are particularly drawn to praycations, reflecting a shift in how spirituality and travel intersect in the post-pandemic

world.

THE IMPACT

In the context of these facts, let us now understand the impact of religious tourism on the economy by focusing on the recent Maha Kumbh Mela, which attracted spiritual tourists from both India and abroad.

The Maha Kumbh Mela had a budget of nearly ₹12,670 crore and was initially estimated to draw 40 crore visitors. However, it surpassed expectations by attracting an impressive 65 crore devotees by the end of the 45-day event on 26th February.

Uttar Pradesh Chief Minister Yogi Adityanath estimated that the Maha Kumbh Mela will add more than ₹3 lakh crore to the state's economy.

Additionally, Chief Economic Advisor V Anantha Nageswaran highlighted the event's role in enhancing the nation's economic performance, noting that it will help achieve the 6.5% GDP growth target for FY25.

Media reports indicate that the Uttar Pradesh government made substantial investments in infrastructure, leading to noteworthy job creation and new business opportunities across various sectors. Official data shows that the Uttar Pradesh government invested ₹5,400 crore in infrastructure, while the central government contributed an additional ₹2,100 crore. In total, ₹7,500 crore was allocated for development projects - including roads, flyovers, and

underpasses in Prayagraj - to accommodate the massive influx of tourists.

The hospitality sector was one of the major beneficiaries of the Kumbh Mela. In its latest earnings call, India's largest hotel company, Indian Hotels, stated that, in addition to concerts and an extended wedding season, the Mahakumbh gathering was expected to drive profitability for the company in the ongoing quarter. The company mentioned that it operates or is developing 66 hotels in spiritual destinations and plans to further expand its portfolio in these areas.

Analysts estimated that more than three lakh people were employed in hotels, guesthouses, and other


lodging facilities, with nearly 60,000 accommodations - ranging from budget to luxury hotels - operating at full capacity. These establishments cumulatively earned over ₹15,000 crore, while local eateries and food vendors reportedly earned more than ₹5,000 crore during the event.

Beyond hospitality, the travel sector also experienced a big boost from the surge in tourists. Official government data revealed that Indian Railways operated 1,500 special trains, contributing ₹20,000 crore in revenue.

Additionally, government buses and private operators generated an extra ₹11,990 crore, while local taxi and cab-booking platforms such as Ola and Uber generated

approximately ₹4,000 crore. Government estimated that the Maha Kumbh Mela would bolster the country's economy. Press Information Bureau's website said, the event is believed to have contributed up to ₹2 lakh crore to India's economy. The website notes that Uttar Pradesh's GDP is anticipated to grow by over 1%, with trade in daily essentials projected at ₹17,310 crore, the hotel and travel sectors at ₹2,800 crore, and religious materials and flowers generating ₹2,000 crore and ₹800 crore, respectively.


These facts demonstrate that religious tourism not only boosts the economy of individual states but also contributes meaningfully to the national economy.




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REELS, STREAMS, AND MONEY DREAMS

After fending off piracy, India's music companies are now jamming as streaming and viral short-form videos turn clicks into cash





usic companies in India are experiencing interesting times. After struggling for years with piracy and intense competition, these labels are now recording healthy revenue growth thanks to new digital streams. One such emerging source is short-form videos.

In an era when attention spans are dwindling, platforms like YouTube Shorts and Instagram Reels have become indispensable parts of daily entertainment for many Indians - statistics confirm this trend.

Music, in particular, has benefited greatly from the surge in short-form video consumption. It is estimated that these videos will boost music label revenues significantly over the next three to five years, primarily because the background music is owned by the labels themselves. In this context, let us explore how music companies are set to benefit from the rising popularity of short-form videos.

THE JOURNEY

Music, one of the oldest forms of art, is integral to nearly every culture and holds a special place in India, where it is central to rituals and celebrations throughout the year.

Over time, music companies with diverse catalogues spanning multiple languages have enjoyed steady revenue growth. Initially, music was sold in the form of vinyl records and cassettes, but the digital revolution that began in the late 1990s transformed the industry, culminating in the emergence of audio streaming platforms in recent years.

According to the report 'The Music Economy Creator - The Rise of Music Publishing in India' by EY India, over 20,000 to 25,000 original songs are created each year by more than 40,000 music creators, excluding remixes and contributions from the unorganized sector.

The report notes that music is integral to streaming, films, television, radio, gaming, and social media, generating over ₹12,000 crore in revenues in India - approximately 6% of the Media and Entertainment industry. Recorded music revenues for labels surpassed ₹2,500 crore (US \$312 million) in 2022, while music publishing revenues are projected to reach around ₹884

crore (US \$100 million) in 2022-23.

Intriguing statistics further underscore the potential of India's music industry: more than 10 million live events and weddings feature music; over 1,000 radio stations air music; there are more than 15,000 music concerts; over 750 million phones are equipped with radio and music capabilities; 1,450 TV shows are dedicated to music; Indians spend over 20 hours per week listening to music (compared to about 18 hours globally); nine major music streaming platforms are in operation; four of the top 10 subscribed YouTube channels are music channels; and T-Series' YouTube channel is the most-subscribed globally, boasting 233 million subscribers and over 212 billion total views.

These figures highlight the vast potential of the music industry in India. A key advantage for music companies is that a massive portion of their libraries has been digitized - a treasure trove that provides established labels like Saregama, Tips Music, and T-Series with a robust revenue stream.

Today, India's music companies benefit immensely from audio streaming platforms such as Spotify, Gaana, JioSaavn, and YouTube Music. According to a FICCI-EY media and entertainment sector report, the domestic streaming audio market is expected to grow from 7-8 million paid subscribers to 15 million by 2026, underscoring the

substantial revenue potential of digital music.

SHORT-FORM VIDEOS

Now, let us understand how short-form videos could become the next major revenue driver for music companies.

Analysts believe that monetizing music featured in the background of short-form videos (SVFs) holds immense potential. Studies show that over 45 million users in India create and share at least one short-form video per month, and it is estimated that 7% to 10% of content consumption on social media platforms consists primarily of short-form videos. As these platforms become the chief source of entertainment across various sectors, their consumption is on the rise - particularly among the 25 to 34 age group, which accounts for 21.5% of all social media users.

At present, music labels earn a lump-sum fee from short-video platforms for the music used in their videos. Analysts predict that this business model will evolve as social media platforms shift increasingly toward ad-driven models. According to RedSeer Strategy Consultants, the short-form video advertising industry has the potential to grow from US \$80 million to US \$90 million in 2023 to US \$3 billion to US \$6 billion by 2030, meaning that revenue from short-form videos for music labels is set to increase significantly. Furthermore, studies indicate that the average adult's attention span

has dropped to around eight seconds - a trend driven by increased technology use and high social media consumption.

Research by Luminate, a leading data and insights company in entertainment, reveals that Gen Z viewers spend 21% more hours and 18% more money on music annually compared to the average listener, and they are 28% more likely to subscribe to premium music services. With over 45 crore Indians under the age of 30, these trends strongly favour India-based music labels.

Analysts believe that India's music industry is at a pivotal moment with the rapid adoption of digital music. According to a report by RedSeer Strategy Consultants, Indian short-form video (SFV) platforms have already generated over \$200 million in revenue, with more than 63% of SFV engagement coming from tier 2 and

beyond cities - demonstrating their widespread penetration. Estimates suggest that short video apps currently have an active user base of over 250 million, projected to grow to 650 million by 2025, with 50% of these users being monetizable.

At present, short-form video advertising accounts for 1% to 2% of total digital advertising in India. A report by ShareChat and Moj indicates that short-form videos have become a staple in the daily lives of Indian consumers, with 81% actively watching bite-sized content and 47% influenced by it during their purchasing decisions.

Music - especially film soundtracks and independent releases - forms an integral part of these videos. Given these trends, music companies that invest in original artists and own their music rights are well-positioned to achieve meaningful revenue growth from short-form videos.



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SEBI's SIFs blend mutual fund ease with
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ome April, a new asset class introduced by the Securities and Exchange Board of India (SEBI), known as Specialized Investment Funds (SIFs), will be rolled out for investors. This product is intended to bridge the gap between mutual funds and portfolio management services (PMS) in terms of flexibility in portfolio construction.

This new product will cater to investors willing to take higher risks and seek greater portfolio flexibility, which mutual funds cannot offer due to regulatory restrictions and the higher entry barrier in PMS funds. SIFs will have a minimum investment of ₹10 lakh compared to ₹50 lakh for a PMS and will offer advanced strategies, such as long-short equity strategies.

SIFs can help the ₹67 lakh crore mutual fund industry become more innovative and create high-return products under the regulatory ambit. Going forward, SIFs will serve as a key link for the mutual fund industry by providing diversification through an increased number of clients and by striking a balance between investor safety and industry growth.

NEED TO SET UP THIS NEW CATEGORY

Apart from combining the flexibility of mutual funds and PMS, SIFs also aim to curtail the proliferation of unregistered and unauthorized investment management services that often pose a significant risk of capital loss for investors. Numerous incidents across the country have shown that investors fall prey to entities offering high returns, only to lose their entire capital.

The current range of investment products with varying risk-reward profiles is intended to meet the investment needs of retail, high net-worth, and institutional investors. The regulatory framework and prudential norms governing these investment vehicles become progressively more flexible from mutual funds to PMS to alternative investment funds (AIFs), in accordance with the investment profile and investment size of these products.

Over the years, a gap has emerged between mutual funds and PMS in terms of portfolio flexibility, creating an opportunity for a new investment product. Countries with mature financial markets, such as the United States of America and Australia, have permitted similar products - for example, liquid alternatives

or “hedge fund lite” in the US and inverse funds in Australia.

WHAT ARE SIFs AND HOW WILL THEY FUNCTION

There are two ways for a registered mutual fund to turn into an SIF. The first is the sound track method. For this to work, the mutual fund must have been in existence for more than three years and have managed an average of at least ₹10 billion in assets over the last three years.

Alternatively, the asset management company (AMC) may hire a Chief Investment Officer (CIO) for the SIF. The CIO must have managed funds for at least 10 years and maintained an average AUM of at least ₹5,000 crores. Also, the SIF must have an extra fund manager who has managed funds for at least three years and overseen at least ₹500 crores in AUM.

SEBI also stated that AMCs must assign each SIF its own brand name and logo, separate from that of the standard mutual fund, so that investors can easily distinguish between them. This is to protect the brand identity of the mutual fund business. It is the responsibility of the AMC to ensure that an investor's total investment across all of the SIF's investment plans is at least ₹10 lakh at the Permanent Account Number (PAN) level. Although the AMC must ensure that the ₹10 lakh limit is not breached, it may offer systematic investment choices such as the systematic investment plan (SIP), the systematic withdrawal plan (SWP), and the systematic

transfer plan (STP).

All of the SIFs' closed-end and interval investment strategies must have their units traded on recognized stock markets so that investors can exit when desired.

INVESTMENT STRATEGIES UNDER SIFs

SEBI has given the go-ahead for seven different investment plans to be launched under SIFs in the debt, equity, and mixed sectors. There are three main equity schemes that SEBI has allowed: the Equity Long-Short Fund, the Equity Ex-Top 100 Long-Short Fund, and the Sector Rotation Long-Short Fund.

The Equity Long-Short Fund will have at least 80% equity exposure and no more than 25% short exposure through unhedged swap bets in equity. The second approach, the Equity Ex-Top 100 Long-Short Fund, will focus on stocks that are not in the top 100 by market value and requires at least 65% equity exposure, with non-large-cap stocks allowed a maximum short

exposure of 25% through unhedged options. The third approach, the Sector Rotation Long-Short Fund, requires at least 80% of its investments to be in stocks, spread across no more than four categories.

In the debt market, two strategies are employed: the Long-Short Fund and the Sector Long-Short Fund. There are also two hybrid market options: the Active Asset Allocator Long-Short Fund and the Hybrid Long-Short Fund.

There will be strict limits on how much these strategies can invest in debt and money market securities issued by a single seller. Investments in securities with ratings of AAA, AA, or A cannot constitute more than 20% of the net asset value (NAV), while investments in securities with ratings of AA or below are limited to 10% of the NAV. These limits can be increased by up to 5% of the NAV, but only with permission from the mutual fund's directors and the AMC board.

The strategies may also have up to 25% exposure to

exchange-traded derivative products, provided they are not used for portfolio trimming or hedging.


IN A NUTSHELL

Last but not least, SEBI has launched an innovative product called SIFs, which is set to transform India's financial growth possibilities. Consider SIFs as a link between the more exclusive, high-stakes environment of PMS and the widely accessible universe of mutual funds. Unlike PMS - which sometimes feels out of reach for high net-worth individuals - SIFs, with a lower entry bar, invite a wider audience.

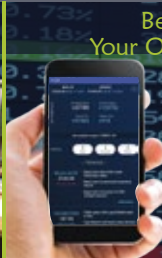
Even better, the guidelines established by the market regulator help to maintain a robust safety net.


Fundamentally, they are about striking the ideal balance between ensuring safety and pursuing more ambitious outcomes. SIFs are opening doors to tailored opportunities, making the financial market appear more dynamic and transparent.

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DIVERSIFY WITH DEBT

Indian investors can choose from diverse bond funds for stability and income, while managing potential risks



yclicality is an inherent characteristic that shapes the performance of asset classes. While broad economic conditions influence most asset classes, each is also affected by unique factors. During an expansionary phase, equities tend to perform well as corporate earnings exceed expectations, driving market rallies. In fixed income, the interest rate environment plays a crucial role - when interest rates have a downward bias, as is currently the case, bond prices tend to rise.

Meanwhile, during periods of heightened economic uncertainty - whether due to geopolitical tensions or financial instability - precious metals, particularly gold, often outperform as investors seek safe-haven assets.

Understanding the nuances of each asset class and making strategic investment adjustments requires professional expertise. Diversification remains one of the most effective ways to manage risk and hedge against market volatility. As legendary investor John Templeton wisely noted, "The only investors who shouldn't diversify are those who are right 100% of the time."

The importance of having bonds in one's portfolio cannot be understated, particularly in times of equity market turbulence driven by weak earnings, foreign investor withdrawals, and geopolitical uncertainty. In such conditions, bonds play an important role in providing stability and preserving capital, reinforcing their significance in a well-balanced investment portfolio.

WHAT ARE BOND FUNDS?

In India, bond funds - also known as debt mutual funds - primarily invest in fixed-income instruments such as government bonds, corporate bonds, treasury bills, and commercial paper. Investment decisions are guided by the scheme's objective, which is clearly outlined in the scheme information document provided by the fund house.

The primary objectives of bond funds as an investment category are capital preservation, regular income, and reduced volatility compared to equities. Bond funds can be classified based on tenure/duration, investment strategy, or the type of securities held. This allows investors to choose funds that align with their

risk tolerance and financial goals.

BOND FUNDS CATEGORIZED BY TENURE/DURATION

- **Liquid Mutual Funds:** These funds invest in short-term money market instruments with a maximum maturity of 91 days. Securities include treasury bills, commercial paper, certificates of deposit, and overnight securities. This scheme is best suited for investors looking to park excess funds for a short period while ensuring capital safety, liquidity, and better returns than a regular savings account.

- **Ultra-Short Duration Funds:** These funds invest in securities with a duration of three to six months. They are ideal for investors seeking short-term parking of funds, offering returns that exceed those of liquid funds and traditional savings/fixed deposits while maintaining high liquidity.

- **Low Duration Funds:** These funds invest in securities with a maturity of six to twelve months, offering stable returns with lower risk. They typically include government securities, treasury bills, corporate bonds, and commercial paper, making them suitable for investors willing to take moderate interest rate risk for higher returns than savings accounts and fixed deposits.

- **Short-Term Debt Funds:** Investing in fixed-income securities with durations between one and three years, these funds are suited for investors seeking higher returns than fixed deposits

with moderate risk exposure.

- **Medium Duration Funds:** These funds invest in instruments with a duration of three to four years, providing a steady income source with relatively lower risk than equities and higher returns than short-term debt funds.

- **Medium To Long-Duration Funds:** These funds primarily invest in instruments with durations of four to seven years. The interest rate movements affect the performance of these funds and when the interest rates fall, these funds tend to benefit. Thus, these funds are best suited for those who are seeing higher yields than short-duration funds but with lower risk compared to equities.

- **Long-Duration Funds:** These funds invest in instruments with durations exceeding seven years, carrying high interest rate risk. While long-term bonds rally in a falling interest rate environment, they may experience short-term volatility due to fluctuating yields. They are best suited for investors with a long-term horizon who can tolerate interest rate risks.

BOND FUNDS CATEGORIZED BY INVESTMENT STRATEGY

- **Dynamic Bond Funds:** These funds offer fund managers the flexibility to adjust the duration of securities in response to interest rate movements, aiming to maximize returns. When interest rates are expected to decline, longer-duration instruments are favoured, and vice versa

when rates are expected to rise. Unlike traditional long-term debt funds, dynamic bond funds offer less volatility due to active duration adjustments in response to changing market conditions.

- **Floating Rate Funds:** Also known as floater funds, these invest primarily in debt securities with periodically reset interest rates, helping to mitigate interest rate risk. Returns are typically linked to a benchmark, such as the Mumbai Inter-Bank Offer Rate (MIBOR), plus a predetermined spread.

- **Fixed Maturity Plans (FMPs):** These closed-ended funds invest in debt instruments matching the scheme's tenure. They offer stable returns with minimal interest rate risk and lower expense ratios. FMPs are open for investment only during the New Fund Offer (NFO) period and are suitable for investors seeking higher returns than fixed deposits with lower risk.

- **Hybrid Bond Funds:** These funds invest at least 60% in debt securities and the remainder in equities. While carrying more risk than pure debt funds, they are generally safer than pure equity funds. Over the long term, their returns tend to surpass traditional debt funds, making them suitable for investors willing to accept moderate risk in exchange for potential equity-driven growth. The debt component helps cushion market fluctuations, reducing overall volatility compared to equity-only investments.

BOND FUNDS CATEGORIZED

BY SECURITIES HELD

- **Credit Risk Funds:** These funds allocate at least 65% of assets to low-rated corporate bonds (typically AA or below) in pursuit of higher yields. Due to the higher risk, the returns tend to be higher than corporate bond funds. These funds are suitable for investors willing to take on additional credit risk over a medium to long-term horizon.

- **Corporate Bond Funds:** These funds primarily invest in high-rated corporate debt securities, with at least 80% of the portfolio in AA+ and above-rated securities. They carry some interest rate risk and credit risk but offer higher yields than government bonds and lower than credit risk funds.

- **Gilt Funds:** Investing 100% in government securities, these funds eliminate credit risk but remain sensitive to interest rate fluctuations, making them ideal for long-term investors prioritizing safety and stability.

- **Banking & PSU Debt Funds:** At least 80% of assets are invested in banks, PSUs, and public financial institutions, making them a low-risk option for investors seeking safety with a medium-term horizon.

WHY CONSIDER BOND FUNDS?

- **Diversification Tool:** Debt funds help reduce overall portfolio risk, offering a variety of options suited to different investment needs.

- **Flexible Investment Durations:** Ranging from

ultra-short-term to long-term funds, investors can align their investments with financial goals and liquidity needs.

- **Choice Across Risk**

Spectrum: From gilt funds prioritizing safety to credit risk funds offering higher yields, investors can choose based on their risk appetite.

- **Professional Management:**

Expert fund managers ensure adherence to the scheme's objectives while managing credit and interest rate risks.

- **Liquidity:** Except for FMPs, most debt mutual funds provide an easy exit option, offering greater flexibility than bank fixed deposits.

RISKS ASSOCIATED WITH

BOND FUNDS

Interest rate risk: Bond funds' performance fluctuates with interest rate movements. In a falling interest rate environment, bond prices tend to rise and vice versa. Furthermore, when the interest rates rise, the long tenure bonds tend to be more severely impacted on the downside.

Credit risk: Bonds with lower credit ratings come with higher returns but with a risk of default. Hence, evaluating the credit risk and investing in a scheme that aligns with the individual credit risk is crucial.

Liquidity risk: Some mutual fund schemes may invest in securities with low liquidity,

leading to redemption delays during market stress.

Bond funds are a valuable component of a well-diversified portfolio, offering capital preservation, steady income, and reduced volatility compared to equities. With a range of options, investors can choose funds aligned with their financial goals, risk appetite, and investment horizon. Consulting a financial advisor can help in selecting suitable debt schemes and building an optimal portfolio.

In today's volatile financial environment, bond funds provide stability and serve as a hedge against equity market fluctuations, making them an essential part of a balanced investment portfolio.



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TECHNICAL OUTLOOK

A

fter a challenging period of five consecutive months of negative returns from October '24 to February '25, the Nifty finally showed signs of relief in March '25, delivering positive returns.

The Indian benchmark index, the Nifty 50, has delivered a 6.49% gain in March '25 so far. This reversal is a welcome respite for investors, indicating a potential shift in market sentiment. The Nifty's ability to bounce back after a prolonged downturn suggests underlying strength and resilience.

Technically, the Nifty's monthly chart reveals a significant development. After touching the lower trend line of an upward rising channel at 21,964, the index staged a strong reversal in March, surging to 23,869.

This move indicates a potential trend continuation, with the Nifty likely to retest its highs. The upward channel, which has been in place for several years, suggests a bullish bias, and this recent reversal reinforces that view. The Nifty may face a hurdle at the 23,800 mark, which could act as a temporary resistance

level. However, if the index manages to close above this level, it could extend the positive rally further. A successful close above 23,800 could see the Nifty testing the 24,400-24,600 range, offering potential upside opportunities.

The Nifty's support zone has been identified in the 22,700-23,000 range. This zone is expected to act as a crucial floor for the index, providing a buying opportunity for investors. A breach of this support zone could lead to further downside, while a bounce from this range could propel the Nifty higher.

Investors and traders should monitor the Nifty's progress, as a continued move higher could present opportunities for long-term investment and short-term trading gains,

The Bank Nifty faces immediate resistance at 52,000; a close below this level could trigger a buying rally toward 52,600 or even 53,200, while support is placed at 50,800 and 50,200.

For Nifty Options in the April series, the highest Open Interest (OI) buildup is seen near the 24,000 and 24,500 Call strikes, whereas on the Put side, it is observed at the 23,500 and 23,000 strikes. The bullish movement in March was driven by a lot of short covering from the lows, which helped drive the index higher. Most stocks experienced similar short covering, making the continuation of the

trend a strong possibility for early April. High open interest may fuel further short covering, potentially pushing the indices even higher. The banking and automobile sectors are expected to witness further buying.

India VIX, which measures the immediate 30-day volatility in the market, has remained in range, and may stay between 12 and 15 for the April series. The Put Call Ratio-Open Interest (PCR-OI) for Nifty Options has been in the range of 0.7-1.3 in March and is expected to remain within that range in April.

The markets are believed to witness short covering action with supports placed at 24,000 and 24,500 levels; also, the markets will continue to witness some important resistances at 23,500 and 23,000 levels.

OPTIONS STRATEGY

Long Straddle

It can be initiated by 'Buying 1 lot 09APR 23600 CE (₹340) and Buying 1 lot 09APR 23600 PE (₹185)'. The total outflow of premium comes to around 525 points, which represents your maximum loss. A SL can be set at 400 points (a 125-point loss from total premium). Maximum gain is unlimited; one can place the Target at 775 points (250 points gain from total premium). With the current options OI positions for Nifty, the momentum may continue, which could make this strategy profitable.

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	203.7	6.5	14.4	21.7	14.1	11.4	2,263
ICICI Prudential Bluechip Fund - Growth	101.4	8.5	16.3	25.6	14.8	13.0	60,177
Invesco India Largecap Fund - Growth	62.3	10.0	13.2	22.4	13.1	11.2	1,229
Kotak Bluechip Fund - Reg - Growth	523.8	9.5	13.4	22.9	13.6	11.6	8,718
Nippon India Large Cap Fund - Reg - Growth	82.4	9.0	18.7	26.6	14.9	12.9	34,212
Nifty 100 TRI	32323.1	7.6	12.3	23.1	13.7	12.0	--

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	88.6	21.2	22.1	33.2	17.8	16.4	7,729
Mahindra Manulife Mid Cap Fund - Reg - Growth	30.1	14.9	21.3	30.2	18.0	--	3,067
Mirae Asset Midcap Fund - Reg - Growth	31.0	7.7	15.4	29.2	--	--	13,831
Nippon India Growth Fund - Reg - Growth	3640.0	17.6	22.7	31.9	18.9	16.4	30,276
Tata Mid Cap Growth Fund - Reg - Growth	384.7	10.9	17.4	27.5	16.2	14.0	3,955
Nifty Midcap 150 TRI	23985.2	12.0	21.2	32.6	17.2	16.9	--

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	38.5	10.8	17.2	34.3	--	--	3,719
Mahindra Manulife Small Cap Fund - Reg - Growth	16.9	9.2	--	--	--	--	3,157
Quant Small Cap Fund - Growth	229.6	3.8	20.9	49.1	24.2	18.6	22,832
LIC MF Small Cap Fund - Reg - Growth	27.7	16.8	17.1	32.5	15.2	--	434
Nifty Smallcap 250 TRI	18882.4	9.3	17.9	35.3	13.9	14.3	--

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	78.5	12.8	15.4	25.1	15.0	13.0	3,334
Kotak Equity Opportunities Fund - Reg - Growth	307.6	11.4	17.1	25.8	15.7	14.0	22,853
Mahindra Manulife Large & Mid Cap Fund	24.1	1.9	13.2	25.5	--	--	2,243
Tata Large & Mid Cap Fund - Reg - Growth	485.8	8.0	15.7	24.3	14.5	12.3	7,420
UTI Large & Mid Cap Fund - Growth	163.0	15.4	19.8	29.6	14.8	12.5	3,789
NIFTY Large Midcap 250 TRI	18877.6	9.9	16.8	27.9	15.6	14.6	--

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	15.5	9.1	16.3	--	--	--	2,219
HDFC Multi Cap Fund - Reg - Growth	17.0	9.4	20.2	--	--	--	14,651
HSBC Multi Cap Fund - Reg - Growth	16.5	9.2	--	--	--	--	3,892
Mahindra Manulife Multi Cap Fund - Reg - Growth	31.3	8.3	16.1	28.3	17.0	--	4,449
Nippon India Multi Cap Fund - Reg - Growth	265.9	12.3	22.0	31.1	16.8	13.4	35,354
NIFTY 500 Multicap 50:25:25 TRI	18804.9	9.4	16.1	28.7	14.8	14.0	--

FlexiCap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HSBC Flexi Cap Fund - Growth	194.0	9.9	14.7	24.7	12.5	11.4	4,183
ICICI Prudential Flexicap Fund - Reg - Growth	16.7	7.7	17.0	--	--	--	14,946
Mirae Asset Flexi Cap Fund - Reg - Growth	14.2	9.1	--	--	--	--	2,324
Parag Parikh Flexi Cap Fund - Reg - Growth	78.0	14.1	17.1	29.7	19.1	16.9	88,005
WhiteOak Capital Flexi Cap Fund - Reg - Growth	15.6	14.5	--	--	--	--	4,006
S&P BSE 500 TRI	42309.8	8.0	14.1	25.4	14.4	12.9	--

Focused Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Axis Focused 25 Fund - Growth	50.4	7.6	5.7	15.4	10.6	10.8	11,557
Bandhan Focused Equity Fund - Reg - Growth	78.9	15.3	14.6	21.7	11.0	10.8	1,595
HDFC Focused 30 Fund - Growth	210.9	16.7	22.9	31.4	15.3	13.9	15,516
Nippon India Focused Equity Fund - Reg - Growth	108.5	8.7	12.9	26.5	13.2	12.7	7,480
UTI Focused Fund - Reg - Growth	14.2	7.5	14.2	--	--	--	2,362
S&P BSE 500 TRI	42309.8	8.0	14.1	25.4	14.4	12.9	--

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	48.2	10.5	21.1	33.2	15.8	14.7	4,575
Tata Dividend Yield Fund - Reg - Growth	16.1	5.6	13.3	--	--	--	839
Nifty 500 TRI	33358.7	8.4	14.1	25.3	14.3	12.8	--

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	136.9	6.8	16.4	33.0	14.2	13.9	8,996
SBI Contra Fund - Growth	351.1	7.8	21.3	35.2	17.7	14.5	39,590
Nippon India Value Fund - Reg - Growth	205.8	12.6	19.4	30.0	16.7	14.7	7,615
S&P BSE 500 TRI	42309.8	8.0	14.1	25.4	14.4	12.9	--

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	140.1	4.7	13.5	29.0	14.0	13.3	6,232
Kotak ELSS Tax Saver Fund - Reg - Growth	104.7	6.4	13.9	24.0	14.8	12.7	5,412
Mahindra Manulife ELSS Tax Saver Fund - Reg	26.1	7.8	12.5	23.8	12.6	--	839
Parag Parikh ELSS Tax Saver Fund - Reg - Growth	29.6	13.8	17.4	27.8	--	--	4,477
Tata ELSS Tax Saver Fund - Reg - Growth	40.5	10.9	13.6	23.1	13.3	13.0	4,053
Nifty 500 TRI	33358.7	8.4	14.1	25.3	14.3	12.8	--

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	119.7	13.8	14.4	21.6	11.3	12.4	8,843
Nippon India Pharma Fund - Reg - Growth	484.3	16.6	18.9	28.0	20.0	13.5	7,637
Tata Digital India Fund - Reg - Growth	44.7	5.9	6.2	29.9	20.3	--	11,068
ICICI Prudential Business Cycle Fund - Reg - Growth	21.8	8.1	19.9	--	--	--	11,029
Mirae Asset Great Consumer Fund - Growth	83.6	9.5	16.5	23.9	14.9	14.0	3,643
Quant Quantamental Fund - Reg - Growth	20.6	-1.7	22.3	--	--	--	1,802
Nifty 500 TRI	33358.7	8.4	14.1	25.3	14.3	12.8	--

Arbitrage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	2 Years	3 Years	
Bandhan Arbitrage Fund - Reg - Growth	31.8	6.5	6.7	7.2	7.4	6.5	7,877
Edelweiss Arbitrage Fund - Reg - Growth	19.0	6.7	6.8	7.2	7.5	6.6	13,644
Invesco India Arbitrage Fund - Growth	31.3	6.6	6.7	7.2	7.5	6.9	19,341
Kotak Equity Arbitrage Fund - Reg - Growth	36.8	6.7	6.9	7.4	7.7	6.8	58,923
Tata Arbitrage Fund - Reg - Growth	14.1	6.4	6.6	7.1	7.3	6.5	12,682
Nifty 50 Arbitrage Index	2470.4	8.6	7.9	7.6	8.0	7.0	--

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	24.0	10.3	9.7	11.7	9.2	8.5	569
HDFC Equity Savings Fund - Growth	62.8	6.2	9.4	13.8	8.9	9.3	5,460
Kotak Equity Savings Fund - Reg - Growth	24.7	7.2	10.2	12.9	9.4	8.8	7,897
NIFTY 50 Hybrid Composite Debt 65:35 Index	19419.3	8.0	10.0	17.6	12.1	10.7	--

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	14.4	7.7	15.1	--	--	--	1,564
Motilal Oswal Nifty Midcap 150 Index Fund	32.8	11.0	20.0	31.1	--	--	1,801
Motilal Oswal Nifty Next 50 Index Fund	21.4	7.9	15.2	23.6	--	--	270
Motilal Oswal Nifty Smallcap 250 Index Fund	32.0	8.0	16.4	33.2	--	--	702
Nippon India Nifty Midcap 150 Index Fund	21.4	10.9	20.0	--	--	--	1,417
Tata Nifty Midcap 150 Momentum 50 Index Fund	15.7	6.2	--	--	--	--	654
Nifty 500 TRI	33358.7	8.4	14.1	25.3	14.3	12.8	--

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	47.8	7.8	10.6	16.3	11.9	9.9	11,697
HDFC Balanced Advantage Fund - Growth	484.5	10.0	19.7	26.2	15.3	13.8	90,375
Nippon India Balanced Advantage Fund - Reg	166.0	8.7	11.6	15.5	10.6	9.3	8,431
Tata Balanced Advantage Fund - Reg - Growth	19.4	5.6	10.3	15.4	--	--	9,754
NIFTY 50 Hybrid Composite Debt 65:35 Index	19419.3	8.0	10.0	17.6	12.1	10.7	--

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	25.8	7.0	12.8	18.6	13.5	--	1,091
Kotak Equity Hybrid Fund - Growth	56.5	11.8	12.9	22.2	13.1	11.7	6,324
Mirae Asset Aggressive Hybrid Fund - Reg - Growth	29.7	9.7	11.4	18.9	12.3	--	8,170
Tata Hybrid Equity Fund - Reg - Growth	409.4	6.5	11.6	18.7	10.8	9.0	3,733
NIFTY 50 Hybrid Composite Debt 65:35 Index	19419.3	8.0	10.0	17.6	12.1	10.7	--

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	10.7	9.4	--	--	--	--	1,915
Mirae Asset Multi Asset Allocation Fund	11.2	12.5	--	--	--	--	1,737
Nippon India Multi Asset Fund - Reg - Growth	19.8	12.9	14.8	--	--	--	4,950
Tata Multi Asset Opportunities Fund - Reg - Growth	21.5	7.4	11.8	18.7	--	--	3,337
UTI Multi Asset Allocation Fund - Growth	69.6	11.0	16.8	18.7	11.2	9.4	4,979
WhiteOak Capital Multi Asset Allocation Fund	13.2	16.6	--	--	--	--	1,441
NIFTY 50 Hybrid Composite Debt 65:35 Index	19419.3	8.0	10.0	17.6	12.1	10.7	--

Gold Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Gold Fund - Growth	26.8	33.0	18.5	15.4	15.2	11.6	3,303
Kotak Gold Fund - Reg - Growth	34.6	33.4	18.6	15.4	15.4	11.7	2,655
Nippon India Gold Savings Fund - Reg - Growth	34.4	33.2	18.6	15.2	15.0	11.5	2,623
Prices of Gold	88153.0	34.7	19.8	16.5	16.5	13.0	--

Overnight Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Bandhan Overnight Fund - Reg - Growth	1350.0	6.1	6.1	6.4	6.5	6.3	681
Tata Overnight Fund - Reg - Growth	1335.8	6.2	6.1	6.4	6.5	6.3	3,610

Liquid Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
HDFC Liquid Fund - Growth	5023.7	6.4	6.5	6.9	7.2	7.2	70,413
Mahindra Manulife Liquid Fund - Reg - Growth	1666.7	6.5	6.7	7.0	7.3	7.3	1,324
Nippon India Liquid Fund - Reg - Growth	6249.0	6.5	6.6	6.9	7.2	7.3	33,917

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	27.1	6.7	7.0	7.2	6.5	7.7	13,589
Kotak Savings Fund - Reg - Growth	41.9	6.5	6.7	7.0	6.4	7.6	12,726

Money Market Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Money Market Fund - Growth	5582.0	7.2	7.3	7.5	6.8	7.6	27,399
Tata Money Market Fund - Reg - Growth	4611.1	7.3	7.3	7.6	6.9	7.5	28,157

Low Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Low Duration Fund - Growth	56.3	6.7	6.8	7.3	6.4	7.9	18,131
Kotak Low Duration Fund - Std - Growth	3262.2	6.5	6.9	7.2	6.2	7.9	11,755
Nippon India Low Duration Fund - Reg - Growth	3653.5	6.8	7.1	7.3	6.3	7.8	7,276

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	58.5	7.6	7.3	7.8	7.1	7.8	20,112
Nippon India Short Term Fund - Reg - Growth	51.3	7.6	7.3	7.9	6.3	7.7	6,340

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	3665.7	7.7	7.2	8.2	6.6	7.4	14,449
SBI Corporate Bond Fund - Reg - Growth	15.1	7.4	7.1	7.9	6.2	7.6	20,672

Dynamic Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Dynamic Debt Fund - Growth	87.9	8.2	5.8	8.3	6.4	7.1	804
Kotak Dynamic Bond Fund - Reg - Growth	36.6	8.8	5.5	8.5	6.6	7.2	3,001

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	19.9	8.6	7.3	8.2	6.3	7.9	656
ICICI Prudential Medium Term Bond Fund - Growth	43.5	8.6	7.7	8.3	6.9	8.4	5,690
SBI Magnum Medium Duration Fund - Growth	49.8	7.7	7.1	8.0	6.6	7.9	6,515

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	17.6	9.3	6.0	9.3	7.7	7.1	9,489

Gilt Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Bandhan Government Securities Fund Investment Plan	34.8	9.5	5.2	8.8	6.5	7.2	3,550
Kotak Gilt Fund - Growth	95.1	9.4	5.6	8.5	6.7	7.2	4,055

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	24.0	10.5	7.6	9.4	6.9	6.9	2,531

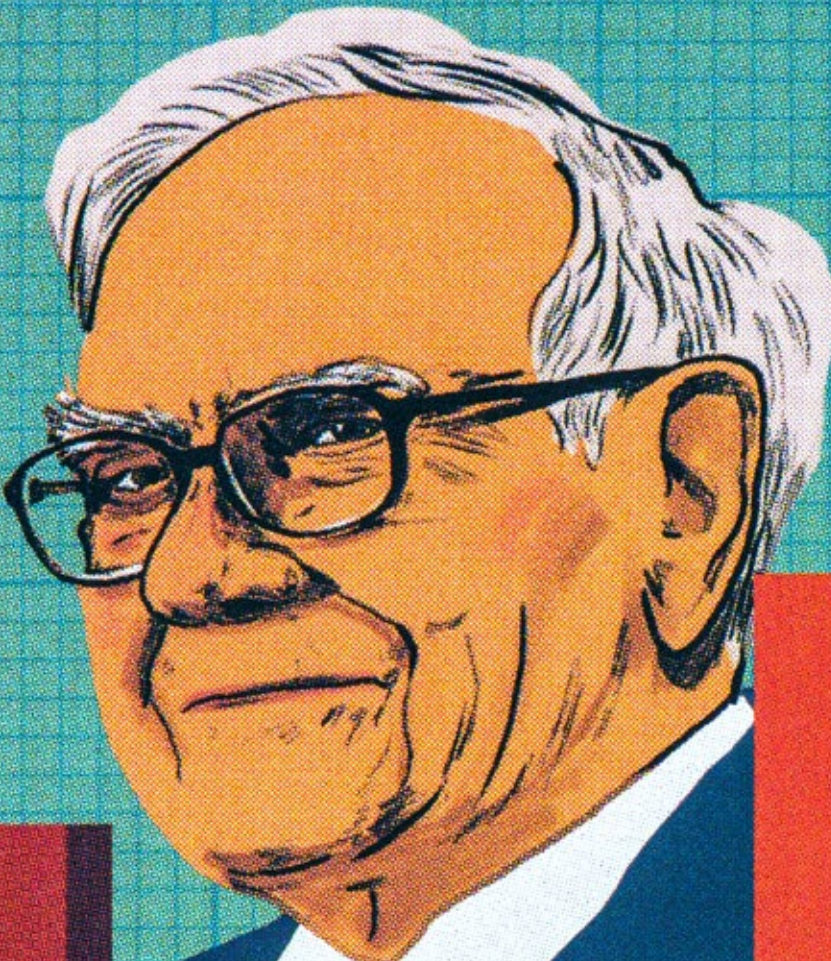
Credit Risk Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Credit Risk Fund - Growth	30.8	8.1	7.1	8.1	7.1	8.7	6,187
SBI Credit Risk Fund - Growth	44.4	7.7	7.5	8.1	7.1	8.7	2,259

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	22.3	7.0	6.6	7.6	6.3	7.4	5,837
HSBC Banking and PSU Debt Fund - Growth	23.6	7.2	6.9	7.2	5.3	7.4	4,246

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 20th Mar 2025 .



Buffett's latest letter champions learning from mistakes, real earnings, and long-term thinking over market noise

BUFFETT'S GUIDE TO REAL GAINS



n his recently released letter to shareholders, Warren Buffett once again showcases his timeless wisdom, blending sharp business acumen with candid reflections on success and failure. From challenging the overuse of EBITDA as a profitability metric to emphasizing the true value of paying taxes, Buffett's letter is a masterclass in pragmatic investing and ethical business practices.

Here are few nuggets of wisdom we like from his latest letter to shareholders.

EMBRACING MISTAKES

In his latest letter to shareholders, Warren Buffett underscores the importance of acknowledging mistakes in business and investing. Known for his transparency and humility, Buffett revealed that he has used the words "mistake" or "error" 16 times in his letters between 2019 and 2023.

This candid approach is not merely self-reflective but serves as a broader lesson for investors and managers alike. "I've made plenty of mistakes, and I'll make plenty more. But I've learned from them, and that's what matters," Buffett writes, encapsulating his belief in the constructive power of failure.

Buffett's philosophy is grounded in the idea that mistakes are inevitable but not futile. He advocates for a culture where managers openly acknowledge their errors, viewing them as learning opportunities rather than setbacks. By fostering this culture at Berkshire Hathaway, he ensures that decision-making processes are continually refined. This approach also mitigates the dangers of ego and denial, which can exacerbate poor decisions and lead to larger business pitfalls.

The letter reiterates that learning from mistakes contributes to long-term success. Buffett's acknowledgment of his own missteps serves as a reminder that even the most seasoned investors are not infallible. His advice to managers - embrace mistakes, analyze them, and pivot strategies accordingly - reflect his enduring wisdom. By normalizing discussions about errors, Buffett not only strengthens Berkshire's internal practices but also sets a powerful example for the broader business community.

THE POWER OF GREAT DECISIONS

Buffett emphasizes the profound impact of a few well-chosen decisions on long-term success. He reiterates that not every decision needs to be a home run, but a single outstanding choice can generate exponential returns over time. Illustrating this principle, he states, "GEICO, for example, was a \$7 million company when we bought it in 1996. Today, it's worth over \$50 billion. That's the power of a great decision."

Buffett highlights pivotal choices, such as investing in GEICO, recruiting Ajit Jain to lead Berkshire's insurance operations, and collaborating with Charlie Munger, as key moves that shaped Berkshire Hathaway's success.

These decisions weren't merely lucky breaks but were built on a foundation of deep analysis, patience, and a long-term perspective. His letter illustrates how calculated risks, combined with discipline and foresight, have consistently yielded substantial gains.

A crucial takeaway from Buffett's latest insights is his advice to investors: prioritize quality over quantity. Rather than making numerous mediocre decisions, focus on a few high-quality ones.

This philosophy aligns with his broader strategy of avoiding unnecessary trades and resisting the impulse to react to market noise. Instead, he suggests waiting patiently for the right opportunity and

acting decisively when it arises. Buffett's wisdom, freshly articulated in his latest letter, reinforces the idea that exceptional results often stem from a handful of extraordinary decisions.

EDUCATION VERSUS ABILITY

Buffett challenges the misconception that formal education is a prerequisite for success. A long-time advocate for real-world wisdom over academic credentials, he recounts the story of Ben Rosner, a retailing genius who never went beyond the sixth grade.

"Ben Rosner was a brilliant retailer who built a successful business from scratch. He never finished elementary school, but he had a natural talent for business," Buffett writes, highlighting how innate ability and street smarts can often outshine academic accolades.

Buffett's message is clear: talent, work ethic, and integrity often trump formal education. While education provides valuable knowledge, it is not the sole determinant of a person's potential.

Instead, Buffett values a strong work ethic, an unyielding passion for learning, and the courage to take risks - attributes he considers indicative of success than degrees or diplomas.

The letter also emphasizes how Berkshire Hathaway's hiring philosophy reflects this belief. Buffett and his long-time business partner, Charlie Munger, often look

beyond résumés, seeking individuals who demonstrate grit, curiosity, and strong ethical standards. For Buffett, real-world experience, practical wisdom, and the ability to adapt are invaluable traits.

As Buffett underscores, by prioritizing character and capability over credentials, Berkshire has built a team that consistently drives long-term growth and success.

INSURANCE AND CLIMATE CHANGE

Buffett addresses the evolving challenges that climate change presents to the insurance industry. He acknowledges that while environmental catastrophes are becoming more frequent and severe, insurers can still thrive if they adapt wisely.

"Climate change is a real and growing threat, but it's also a manageable risk for insurers. We're working hard to price our policies correctly and to prepare for the challenges ahead," Buffett writes.

His letter emphasizes the critical need for insurers to remain agile and resilient. Properly pricing policies is key to maintaining profitability, even as claims from natural disasters rise.

Buffett's insights reflect a pragmatic approach - accepting climate change as an inevitable factor while focusing on strategic adaptation.

His message to investors and industry leaders is clear:

vigilance, smart underwriting, and a forward-looking mindset are essential to navigating the uncertainties of a changing climate.

EBITDA LIMITATIONS

Buffett once again challenges the widespread use of EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) as a measure of profitability. He argues that EBITDA can present an overly optimistic view of a company's financial health by ignoring critical expenses.

"EBITDA is a flawed metric that can lead investors astray. We focus on earnings after all expenses, including depreciation and taxes," he writes, underscoring his preference for a more conservative and realistic approach to evaluating business performance.

Buffett's criticism is rooted in the belief that depreciation and interest expenses are not mere accounting formalities but real costs that affect a company's bottom line.

Depreciation, for instance, represents the wear and tear on physical assets, which eventually need replacement - an undeniable cash outflow. Ignoring such expenses, he suggests, can create a misleading picture of profitability, especially in capital-intensive industries.

By focusing on net earnings after all expenses, including depreciation, amortization, and taxes, Buffett aims to provide shareholders with a more accurate assessment of a

company's true earning power.

It not only offers a clearer picture of sustainable profitability but also aligns with Berkshire Hathaway's broader philosophy of valuing businesses based on tangible, cash-generating abilities.

This disciplined approach has helped Berkshire Hathaway avoid overvalued investments and maintain a robust portfolio grounded in financial reality.

His perspective serves as a reminder to investors to look beyond surface metrics and examine financial statements in greater depth.

TAX PAYMENTS AND COMPANY VALUE

Buffett reinforces the idea that paying substantial taxes is not a detriment to a company's value but a testament to its success.

Highlighting Berkshire Hathaway's \$26.8 billion tax contribution last year, he writes, "Paying taxes is a sign of prosperity, not a burden. We're happy to pay our fair share and contribute to the country's growth."

His perspective challenges the common corporate narrative that prioritizes tax minimization as a strategic objective.

Instead, he argues that companies should focus on sustainable growth, operational excellence, and value creation for shareholders.

His letter emphasizes that an overemphasis on tax avoidance can distract from building long-term business strength and contributing positively to the broader economy. For Buffett, taxes are a natural outcome of profitable operations and a healthy sign of robust earnings.

By paying taxes responsibly, Berkshire not only supports public infrastructure and social programs but also reinforces its reputation as a principled corporate citizen.

Buffett's approach reflects his broader investment philosophy: prioritize real economic gains and ethical practices over short-term financial manoeuvres.

His latest letter serves as a reminder to investors and corporate leaders alike that enduring value comes from building prosperous businesses that contribute to society, not just maximizing net profits through aggressive tax strategies.

PUBLIC AND PRIVATE COMPANIES

Buffett reiterates his long-held view that public and private companies are fundamentally the same - they are both ownership stakes in businesses.

"We don't distinguish between public and private companies. We look for great businesses with strong fundamentals, regardless of whether they're publicly traded or not," he writes, underscoring his pragmatic approach to

investing.

The legendary investor's investment philosophy is rooted in evaluating businesses based on intrinsic value, not market status. Whether a company is listed on the stock exchange or privately held, what matters is its competitive advantages, consistent earnings power, and strong management.

He emphasizes that the focus should always be on business's fundamentals, such as its profitability, return on equity, and ability to generate free cash flow.

Warren Buffett points to Berkshire Hathaway's diverse portfolio, which includes both publicly traded stocks like Apple and wholly-owned private businesses such as See's Candies and BNSF Railway.

This approach allows Berkshire to capitalize on opportunities across the investment spectrum, maintaining flexibility and discipline.

By not being swayed by the public market's volatility or the allure of private equity exclusivity, Buffett demonstrates the power of a consistent, value-driven strategy.

Warren Buffett's recent letter reminds investors that the ultimate goal is to own pieces of great businesses - regardless of their public or private status - where long-term growth and shareholder value are the primary metrics of investing success.



IMPORTANT JARGON

INDIA'S SUGAR STOCKS ARE AT COMFORTABLE LEVELS

Recently, an important industry lobby for the sugar sector forecasted ample availability of sugar in the country despite some concerns over production in the current sugar season. The sugar marketing season runs from October to September. Sugar companies listed on the stock exchanges have rallied on hopes that more sugar would now be available for exports as well as for diversion to ethanol production. Both the verticals help the sector in terms of liquidity and better financial management.

Q. What Announcement Was Made By The Industry Lobby?

The Indian Sugar and Bio-Energy Manufacturers Association (ISMA), an industry lobby for the sugar and bio-energy industry in India, has estimated a final sugar production of 26.4 million tonnes (after ethanol diversion) for the 2024-25 season. This figure is significantly lower than the 27.2 million tonnes it had estimated earlier. While lower production is a cause for concern, the industry body has added that production figures will ensure adequate sugar availability for domestic consumption.

Q. What Is The Math Behind Sugar Supplies In The Country?

The opening stock of sugar was 8 million tonnes (as of 1st Oct '24) when the new sugar season began. After factoring in the diversion of sugar for ethanol production, net sugar production is expected to be around 26.4 million tonnes in the ongoing sugar year. Domestic consumption is forecasted at around 28 million tonnes for the year, while exports are forecasted at 1 million

tonnes. With these figures, ISMA projects a closing stock (which becomes the opening stock for the next season) of 5.4 million tonnes by 30th Sept '25. Sugar stocks lasting for a couple of months for domestic consumption is considered comfortable.

Q. What Is The Update On Sugarcane Crushing In The Country?

As on 15th Mar '15, India has produced around 23.8 million tonnes of sugar, with about 200 sugar mills (38% of the total) still operational. Uttar Pradesh, Maharashtra, and Karnataka account for 80% of the country's sugar production, while other states like Tamil Nadu and Gujarat play a small but important role. Cane crushing is expected in these states until April. Uttar Pradesh is witnessing improved cane

recovery this crushing season, while Maharashtra, Karnataka, and Tamil Nadu are experiencing lower yield.

Q. What Factors Are Fuelling The Dispute Over Projected Opening Stock Levels For The Next Sugar Season?

While ISMA represents private players, another lobby - the National Federation of Cooperative Sugar Factories Association, which represents cooperative players in the sector - has projected a significantly lower sugar production figure of 25.9 million tonnes for the ongoing sugar season. They argue that pest infestation on standing cane crops in Uttar Pradesh and adverse weather conditions in Maharashtra and Karnataka have led to lower cane supplies to mills for this crushing season.

Q. How Does This Impact Sugar Mills?

The sugar industry is heavily regulated. For instance, there are fixed limits within which sugar mills can acquire cane from farmers, and mills cannot procure cane beyond those limits. Additionally, mills cannot reject any cane crop that comes up for crushing. Thus, mills must keep crushing until the last cane arrives.

Another important regulation is the timely payment of cane dues to farmers, which although not strictly followed on the ground, has heavy consequences for the health of mills. Cane procurement and conversion, are therefore, extremely important for the sector.

Q. What Is The Update On

Cane Dues To Farmers?

The sugar industry is vital, directly benefiting 5.5 crore farmers and their families. Faster cane payments become paramount for their stability.

According to ISMA, nearly 80% of cane payments for the current season were cleared by mid-March '25, compared to 69% by mid-January '24. Additionally, 99.9% of cane payments for the 2023-24 season have been completed. This is positive for the rural economy and for the health of the sugar industry, as cane is the primary raw material and accounts for most of the cost for the sugar mills.

Q. What Is The Cost Of Canes For Mills?

The government, Centre or the State decides the price at which mills acquire cane from farmers. The Centre announces a recommendatory price called the sugarcane Fair and Remunerative Price (FRP).

States can either use this FRP or establish their own State Advised Price (SAP). While most states use the FRP as recommended by the central government, a few states like Uttar Pradesh, Punjab, Haryana and Uttarakhand have their own SAP.

For the ongoing sugar season – October '24 – September '25 (SS25) - the FRP for sugarcane stands at ₹340 per quintal, up from ₹315 per quintal in the previous sugar year.

The Uttar Pradesh SAP remains at ₹370 per quintal, the same as in the previous season. Higher cane costs translate into higher production costs

for mills.

Q. What Is The Way Forward For Mills To Remain Financially Strong?

Given the heavy regulation in the sector, mills earn only when sugar prices stay robust or when costs are stable and low.

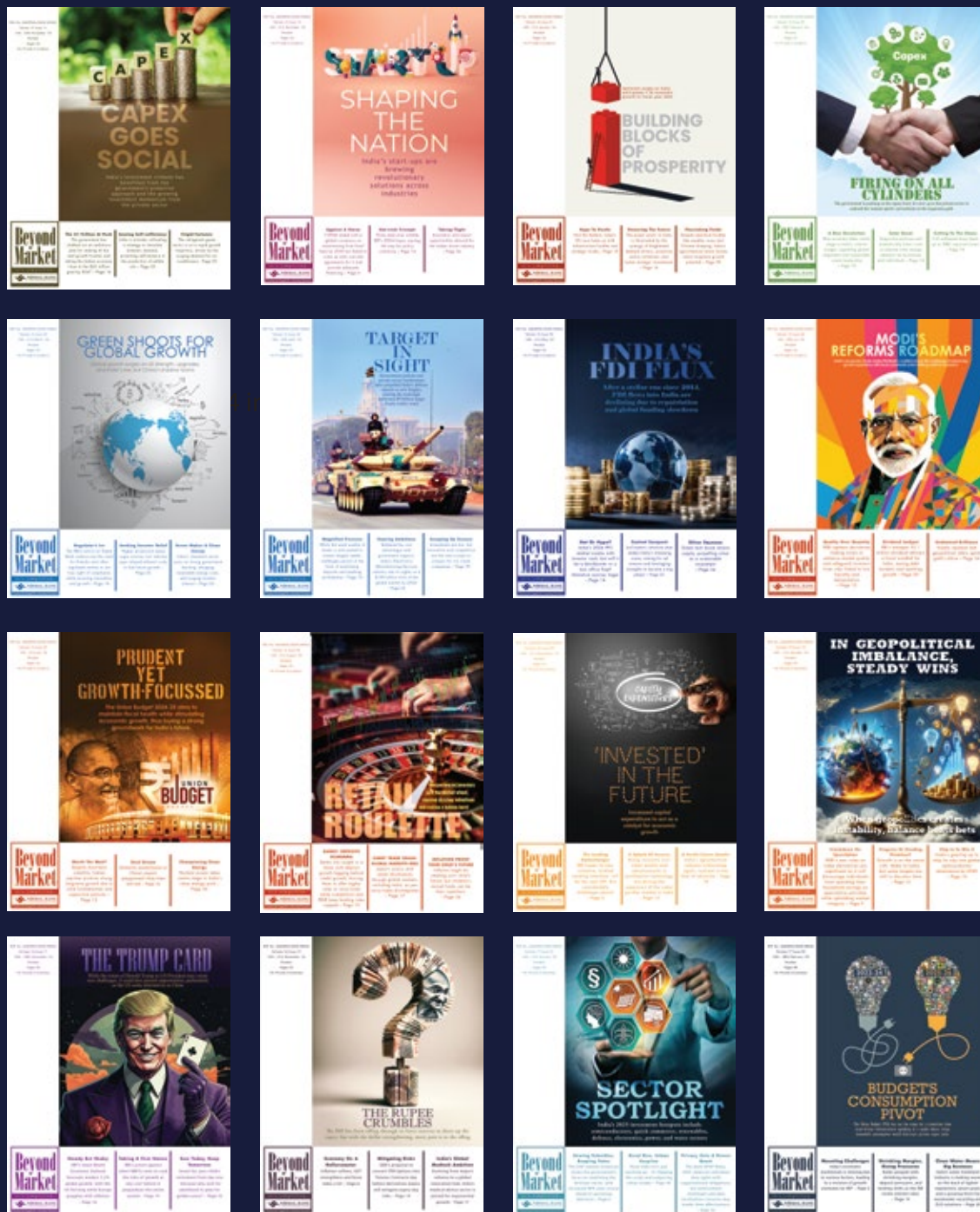
Additionally, mills benefit from higher revenues generated by alternative streams such as exports and ethanol sales. Despite the increase in FRP and SAP over the past two years - from ₹305 per quintal in 2022-23 to ₹340 per quintal in 2024-25 - retail sugar prices have shown only a modest 5% rise during the same two-year period.

In 2024, the average retail price of sugar stood at ₹44.7 per kilogram, up from ₹42.52 per kilogram in 2022, and sugar prices further fell to around ₹36 per kilogram in December as sugar availability increased with the start of the cane crushing season.

Q. What Impact Have Exports Had On The Sector?

Fearing lower sugar stock levels, the government's decision on 20th Jan '25, to allow the export of 1 million tonnes of sugar for the current season has significantly benefited the industry.

This move has helped balance out domestic sugar stocks while providing financial stability to millers. Exports have been crucial for stabilizing domestic prices, and controlling inflation, while enabling mills to manage operational expenses more efficiently.



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