Midnight News Update – Mar 24th 2025

The bulls were back in full flows with Nifty and Sensex giving 4.2% returns in the week, the best in last 4 years. While Sensex gained 3,076 points in the week, the Nifty rallied 953 points. This rally was on the back of attractive and signs of economic recovery. However, the real trigger came from indications that the US may open the liquidity taps once again. The rally was broad-based with midcaps and small caps gaining by 7.27% and 8.14% respectively. Among sectoral indices, IT and FMCG were somewhat subdued.

India's 10-year benchmark yields dropped to 6.62%, the lowest in 3 years. The fall in yields is on the back of hopes of further monetary easing by RBI. The rupee also appreciated sharply in the week to ₹85.99/$, its best show in last 2 years. FPIs poured money into debt, buying government securities under the Fully Accessible Route (FAR) worth ₹8,560 crore this week. The bond markets are now factoring in a 25 bps rate cut in April and another 25 bps cut in June. With debt flows strong, RBI had to intervene to mop up dollars.

DLF will invest ₹20,000 crore in next few years to complete its ongoing residential projects. These projects will generate ₹43,000 crore surplus cash. DLF has a strong franchise in housing and in rent-yielding commercial projects. DLF is best known for its recent ultra-luxury project in Gurugram, "The Dahlias" with revenue potential of ₹35,000 crore. DLF currently has ₹9,000 crore in cash and receivables of ₹30,000 crore. DLF has an operational portfolio of 44 million SFT of rental assets, with the occupancy levels of 93%.

Sebi Chair, Tuhin Kanta Pandey, believes that FPIs must learn to live the current taxation system in India, as there was no point in unsettling the system. He underlined that if India had relatively higher taxation costs, it also offered unmatched portfolio growth to these FPIs. MSCI India has delivered 11% in dollar terms over the last 5 years CAGR. Pandey warned that any attempt to misrepresent income by the FPIs to reduce the tax liability would be dealt strictly. LTCG tax rates at 12.5% have been blamed for FPI sell-off.

Government approved the long-awaited infusion of ₹11,440 crore into Rashtriya Ispat Nigam Ltd (RINL), which operates Vizag Steel Plant. This infusion was essential for survival. Government provided the entire capital to RINL; and has released ₹6,783 crore in January 2025, while balance will be released in tranches by October 2025. Plans to privatize Vizag Steel are on hold. Net worth of RINL has eroded to ₹(4,538) crore due to accumulated losses. In FY24, RINL reported total sales of ₹23,129 crore, and needs working capital.

ICICI Bank is likely to attract inflows of $450 million, due to increased weightage in FTSE and MSCI indices. This will be due to the merger of ICICI Securities into ICICI Bank in the ratio of 67:100, which lead to the removal of I-Sec from these indices. ICICI Bank will also see a significant float adjustment. Apart from ICICI Bank, other companies to see inflows include Kotak Bank, Zomato, ITC Hotels, Bajaj Housing, Brookfield, and Gland Pharma. Most of these stocks have rallied quite sharply in last few days on back of this news.

IT majors; Wipro, TCS and Infosys may have another challenging year in FY26; amidst weak client spending in the US. According to a Reuters report, signals are of ongoing caution in IT budgets and delay in decision making. These could impact the recovery in IT stocks. Even in the latest week, IT was the only sector that was subdued, despite the Nifty rallying by 4.2%. IT spending caution has been triggered by the economic uncertainty and trade tensions. Latest Fed projections lowered GDP growth for 2025 by 40 bps to 1.7%.

Quick commerce may have grown into a $3.5 billion market, but its actual impact is much bigger. Quick commerce is projected to grow 40% CAGR to $9 billion by 2028. One big advantage in Q-Commerce is the loyalty and the shopping frequency; which goes as high as 12 times in a month. Quick commerce started with groceries, but is now catching on for personal care & household care products, kitchen appliances, and gifts. Quick commerce purchases are better targeted, growing exponentially with rich ad potential.

GROWING TOGETHER

Disclaimer: The content of this newsletter published by HPMG Shares and Securities Private Limited (Mid Night News Update) are not intended to serve as a professional advice or guidance and the newsletter takes no responsibility or liability, express or implied whatsoever for any investment decision made or taken by readers of this newsletter based on its content thereof. The readers of this newsletter should exercise due caution and/or seek independent professional advice before entering into any commercial or business relationship or making any investment decision or entering into any financial obligation based on any information, statement or opinion which is contained, provided or expressed in this newsletter.