

Midnight News Update – Apr 04th 2025

Trump-imposed reciprocal tariffs took effect late on Wednesday, with India seeing a 27% reciprocal tariffs on goods exported to the US. For now, pharma and a few critical sectors have been kept out of the ambit of reciprocal tariffs. Trump has accused India of charging tariffs to the tune of nearly 52% on US products landing in India. Stock markets reacted negatively to the imposition of tariffs, with Sensex falling 322 points from previous close. These tariffs will be effective immediately. This move can widen trade deficit.

Amidst the tariff concerns, there is a word of encouragement coming from analysts at Bernstein. Their view is that; India would be able to safely navigate these tariffs and could also benefit from much higher tariffs imposed by the US on China. Reciprocal tariffs have been imposed on countries that run the biggest trade surplus with the US. Indian tariffs at 27% are higher than EU at 20%, Japan at 24% and South Korea at 29%. For China, the tariff would go as high as 54%; including the 20% tariffs already imposed on China.

Mutual funds have sold equities worth ₹16,000 crore in the last 6 trading sessions of March 2025. It is not clear if this selling is a response to the Trump tariffs or to a shortfall in liquidity amidst redemption pressures? It can also be an attempt to make hay in this brief rally. However, the mutual funds remained net buyers for March 2025 to the tune of ₹6,900 crore. Ironically, the cash holdings of mutual funds has risen to ₹1.46 trillion, so it is obviously not liquidity requirements. Fund managers are largely playing safe.

The sell-off in the equity markets that began in October 2024 has resulted in more than half of the IPOs of FY25 quoting at a discount to their issue price. With several large IPOs seeing the end of their anchor lock-in period, more pressure is likely on these stocks as anchors would try to rush for the exits amidst the uncertain scenario. Among the biggest laggards are; Godavari Biorefineries falling 58% from the issue price, even as Carraro India and Western India Carriers have fallen a tad over 56% over the IPO issue price.

After white goods and PCs, it is the turn of 2-wheelers to be delivered and registered on same day. Ola Electric announced it will commence Hyper Delivery for same day registration and delivery of electrical vehicles (EVs). This will enable Ola to move the vehicle registration process in-house. The company has started its pilot in Bengaluru and plans to extend the facility to other cities as well. In the last few quarters, Quick Commerce has been the defining story and this can take Q-Commerce to a new level altogether.

For fiscal year 2024-25, Indian government received total dividend of ₹74,000 crore from central public sector enterprises (CPSEs). This is much higher than the revised estimate of ₹55,000 crore and is the best ever single-fiscal collection via dividends. This is 16% higher than FY24. Coal India Ltd made the biggest contribution to the government dividend kitty at ₹10,252 crore; followed by ONGC at ₹10,002 crore, TCIL at ₹3,762 crore, Hindustan Zinc at ₹3,619 crore and BPCL at ₹3,562 crore. CPSEs pay at least 30% of PAT.

In a significant move, Infosys Ltd has accused Cognizant Technology Solutions of overcharging its clients by reducing its own output. The fresh charges were filed by Infosys Ltd in a US district court against the New Jersey based Cognizant Technology Solutions. Cognizant, ostensibly, leveraged its monopoly powers to restrain the competition. This was a strategy to maintain their dominance in the healthcare software market. This is the first time that we are seeing two reputed global IT companies taking on each other.

RBI sent a letter of displeasure to Bajaj Finance pertaining to its co-branded credit card operations. The RBI communication has expressed disappointment that Bajaj Finance had failed to proactively identify operational gaps and vulnerabilities. According to RBI, this also posed a grave risk to the customers and to the organization. While Bajaj was technical supposed to be a customer solicitation tactic, it ended up playing a pivotal role in the co-branding arrangement, which also gave them access to sensitive data.



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