Monthly Update

March 2025

Hem Securities
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1-Market Highlights:

- The last few weeks have brought global trade front and center, with the US announcing a flurry of tariff hikes on several countries for reorientation towards more favorable trade agreements, leverage in deal negotiations, and anticipated higher revenues for strained fiscal balances.
- As of now, US President Donald Trump has paused reciprocal tariffs for 90 days for most countries, except for China, while keeping a 10% baseline tariff in place for all.
- Weak global cues, growth concerns, and stretched valuations triggered sharp FPI outflows, marking the steepest in any comparable period.
- In contrast, DIIs remained steady buyers for the 20th month in a row, with net inflows of Rs 6 lakh crore this fiscal. A rebound took shape in March, aided by improved valuations, a dovish Fed, and rupee strength—the Nifty 50 bounced back 6% after a drop in February. Cautious sentiments hit small- and mid-caps harder.
- The INR gained 2% in March, emerging as one of Asia's best-performing currencies, buoyed by renewed FPI inflows. This, along with valuation gain, resulted in forex reserves rising by US$15.6 bn in the first half of March, reaching a three-month high of US$654 bn.

Market performance (%)

INDEX	1M	3M	1Y
NIFTY 50	6.3%	-0.5%	5.3%
SENSEX 30	5.8%	-0.9%	5.1%
NIFTY MIDCAP 150	7.7%	-9.6%	7.6%
NIFTY SMALLCAP 250	9.1%	-14.9%	5.4%

Source: NSE As of 28th March 2025

- **FII/DII Activity**

Foreign institutional investors turned net buyers for the first time in two months, reversing a period of sustained outflows.

INR cr.*	1M	3M	6M	1Y
FII	2,014	-1,44,349	-3,21,751	-3,99,940
DII	37,586	1,89,031	3,74,964	6,08,035

Source: NSE *FII Cash As of 28th March 2025

- **Global Market**

Global equity markets lost steam in February and stayed volatile in March amid rising geopolitical tensions, trade uncertainties, and stagflation concerns. China outperformed, fueled by AI optimism, tech momentum, and expected policy support. Risk-off sentiment lowered bond yields in the US and EU, while Japan's yields rose on persistent inflation and a hawkish BoJ.

INDEX	1M	3M	6M	1Y
DOW JONES	-4.2%	-1.3%	-0.8%	5.5%
FTSE	-2.6%	5.0%	4.2%	7.9%
HANG SENG	0.8%	15.3%	9.4%	39.8%
DAX	-1.7%	11.3%	14.7%	19.9%
NASDAQ	-8.2%	-10.4%	-4.9%	5.6%

Source: Investing.com As of 31st March 2025

- **Sectoral Performance**

The government's emphasis on growth and consumption means that industrial and infrastructure expenditures will probably continue. In order to increase GDP per capita, more manufacturing development—particularly for better-valued products—should maintain high employment, raise the average income, and permit higher consumption. When contrasted with other sectors supported by increased government expenditure in areas like housing and infrastructure, a few specific bottom-up consumption segments also appear appealing. The table shows the top 3 and bottom 3 sector performances in March 2025:

TOP 3 (%)	1M	3M	6M	1Y
S&P BSE Power	14.3%	-5.7%	-24.3%	-1.7%
S&P BSE Capital Goods	13.6%	-8.0%	-14.9%	2.9%
S&P BSE Infra	12.4%	-7.0%	-20.5%	-0.4%

BOTTOM 3 (%)	1M	3M	6M	1Y
S&P BSE IT	-1.5%	-17.2 %	-15.6%	1.3%
S&P BSE Consumer Durables	2.7%	15.2%	-20.0%	4.0%
S&P BSE Auto	4.0%	-8.7%	-23.4%	-2.9%

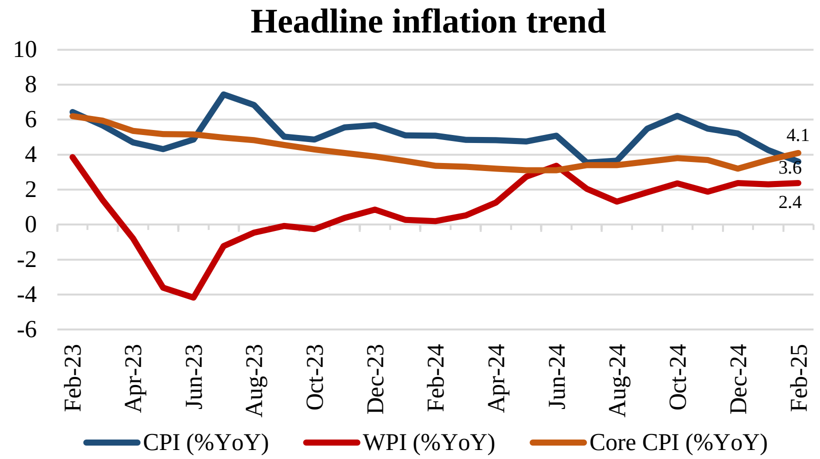
Source: BSE As of 28th March 2025

- **Important Events**

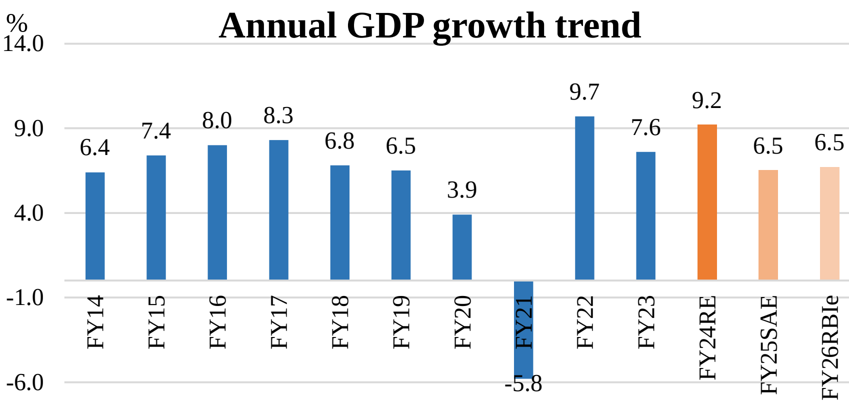
1- The RBI's Monetary Policy Committee (MPC), in an expected and unanimous decision, reduced the policy repo rate by 25bps to 6%, marking the second consecutive rate cut. The stance was also reverted from 'neutral' to 'accommodative' after six months, indicating focus on supporting growth amid rising global uncertainties, and easing inflationary pressures. This was reflected in downward revisions to both growth and inflation forecasts for the current fiscal year. GDP growth for FY26 was trimmed by 20bps to 6.5%, as improved consumption demand was weighed down by global trade disruptions, and volatile financial markets. FY26 inflation forecast was lowered to 4%, with sub-4% inflation expected in the first three quarters, rising slightly to 4.3% in FY27, indicating stable alignment with the 4% target.

2- Retail inflation eased to a 7-month low of 3.6% YoY in February (from 4.3% in Jan), driven by lower food inflation due to strong mandi arrivals, seasonal price corrections, and a high base. However, core inflation rose to 4.1%, led by double-digit increases in personal care items and rising gold demand. TOP crop (tomato, onion, potato) arrivals remained steady, with March data showing further price cooling. In contrast, wholesale inflation rose to 2.4% YoY, driven by a 25-month high in manufactured goods inflation (2.9%) and slower fuel deflation, offsetting food inflation moderation.

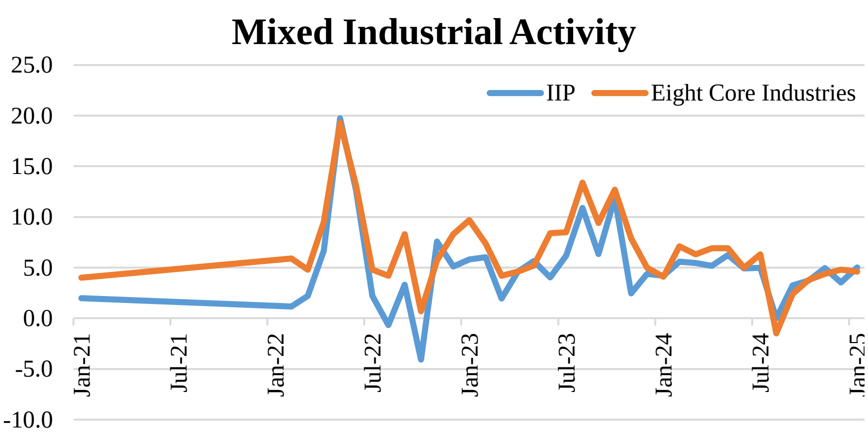
2- Economic Developments:



Source: Mospi



Source: CSO, RE = Revised Estimate, SAE= Second Advance Estimate



Source: Mospi, EAI

3-Market Outlook:

1. In April 2025, Indian equity markets experienced a significant rebound following the U.S. administration's decision to delay the implementation of new tariffs for 90 days on most countries, excluding China. This move alleviated some global trade tensions, leading to a rally in global markets. Indian benchmarks, the Nifty 50 and Sensex, rose by approximately 2.1% and 2.09%, respectively, surpassing their early April levels. Sectors such as electronics, auto manufacturing, and financials led the gains, reflecting investor optimism about potential easing of trade tensions and sector-specific exemptions.
2. The RBI lowered the repo rate by 25 bps to 6.00%, marking a second consecutive cut to support growth amid global challenges like rising U.S. tariffs. With an accommodative stance, economists anticipate further cuts of 50–100 bps this year. At the same time, the government is ramping up infrastructure spending, averaging ₹1.2 lakh crore per month.
3. In March 2025, net inflows into Indian equity mutual funds dropped to an 11-month low at around ₹251 billion, marking a 14.4% month-on-month decline. This downturn is attributed to diminished contributions to sectoral and thematic funds, which saw a dramatic 97% year-on-year fall. Market volatility and tariff concerns have led to increased investor caution. Despite the slowdown, mutual funds registered their 49th straight month of positive inflows, indicating underlying investor confidence.
4. The recent escalation in global trade tensions—particularly the United States' decision to raise tariffs on Chinese goods and impose a 10% baseline tariff on most other countries—has repositioned India as a key player in global supply chains. With China facing heavy retaliatory tariffs and rising geopolitical risks, multinational companies are increasingly accelerating their China+1 diversification strategy, making India a prime beneficiary.
5. The current price setback provides an opportunity for long-term investors looking to bet on India's transformation to consider taking advantage of the drawdown and adding exposure to the Indian market and add selective stock ideas. We expect the growth momentum to become better gradually in

2025, as government spending picks up again and consumer sentiment stays resilient. This should enable better earnings growth, amid an improving economic backdrop that may also find support from favorable monetary and fiscal policies.

4-Our Portfolio Management Services:

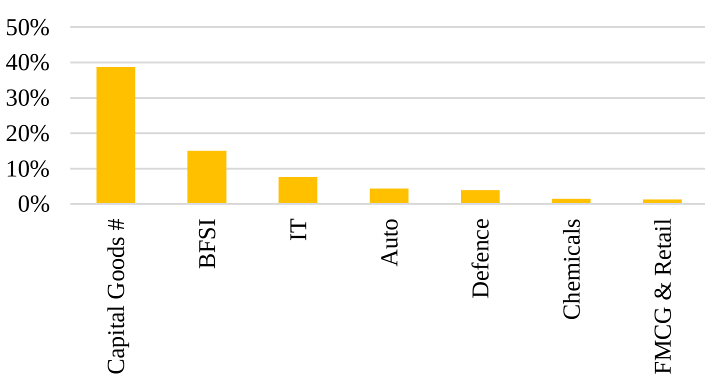
Strategy 1: DREAM

- Investments in equities cash segment with a mix of stable and growth-oriented companies having strong fundamentals.
- Our Multi-cap strategy rests on two pillars- Steady picks for large cap for resilience, stability, and long-term wealth and Growth for Small & Mid-caps for capturing new opportunities & potential multi-baggers.
- In order to minimize concentration risks, we believe in sector diversification.
- We make dedicated efforts to find attractively valued firms with sustainable business models to capture new and dynamic opportunities.

Performance as on 31th March 2025:

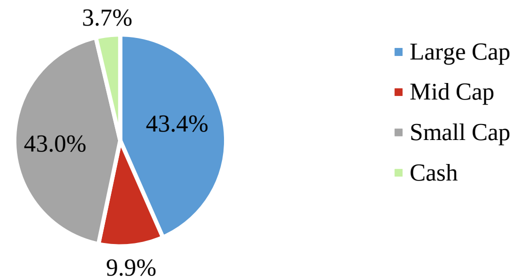
	1Y	2Y	3Y	Since inception (CAGR)
HEM PMS	**12.09%**	**30.75%**	**18.13%**	**24.07%**
S&P BSE 500	**4.79%**	**20.40%**	**12.32%**	**17.54%**

Sectoral Mix



Inception date: 4th March, 2020. Returns presented are not verified by SEBI

Market Capital Diversification



Our Top 10 Holdings in DREAM

Hindustan Aeronautics Ltd.	Gravita India Ltd.
Bharat Electronics Ltd.	Agarwal Industrial Corporation
ICICI Bank Ltd.	Mahindra & Mahindra Ltd.
PG Electroplast Ltd.	Coforge Ltd.
InterGlobe Aviation Ltd.	ITD Cementation India Ltd.

Strategy 2: IRSS

1- Niche SME & Small Cap based PMS launched in February 2022.
2- We came No. 1 in India according to PMS Bazaar in June 2024.
3- Exclusive selection of potential multi baggers from SME & Small cap space.
4- It is a high risk & high return strategy and therefore suitable for investors having high risk appetite

Performance as on 31th March 2025:

	1Y	2Y	3Y	Since inception (CAGR)
HEM IRSS	**10.93%**	**26.42%**	**29.00%**	**27.47%**
S&P BSE 500	**4.79%**	**20.40%**	**12.32%**	**12.11%**

Inception Date: 18th Feb 2022.Returns presented are not verified by SEBI. Please read Disclaimer and T&C before investing.

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#Capital Goods Includes Railways, Constructions, Logistics and EMS

*The data presented are indicative in nature and can change without prior notice.

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