MEHTA
REWARDING RELATIONSHIPS
Jan 2025 Edition | Volume: 23 | Issue: 23

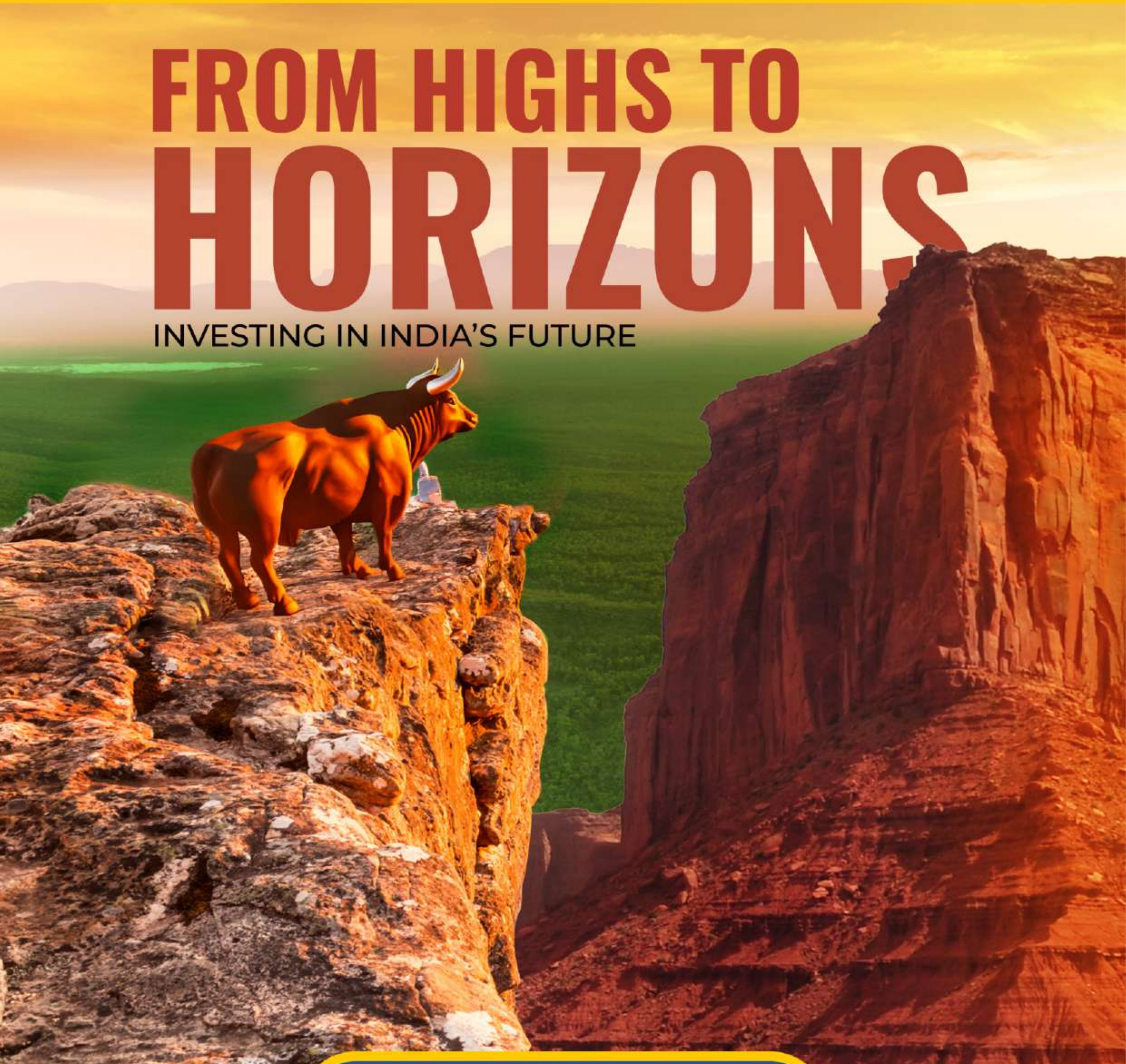
MCONNECT

A QUARTERLY MAGAZINE

30 SAAL BEMISAAL REWARDING RELATIONSHIPS

FROM HIGHS TO HORIZONS

INVESTING IN INDIA'S FUTURE



STOCK OF THE QUARTER

Investment Idea	SBI Cards & Payment Services ltd

FUND OUTLOOK	MARKET OUTLOOK
Mr Gaurav Mehta Chief Strategist and CIO- Alternatives SBI Funds Management Ltd	**Mr Sailesh Raj Bhan** CIO, Equity Investment Nippon India Mutual Fund

FUND OF THE QUARTER

SBI Equity Hybrid Fund	Nippon India Multi Cap Fund

WE BELIEVE THESE SECTORS ARE SET TO SHINE BRIGHT THIS YEAR, DRIVING GROWTH AND OPPORTUNITIES IN THE MARKET

CLEAN ENERGY

INFRASTRUCTURE

ARTIFICIAL INTELLIGENCE / DATA CENTRE

WASTE WATER MANAGEMENT

E-COMMERCE/QUICK COMMERCE

ELECTRONICS MANUFACTURING SERVICES

Disclaimer : Sectors mentioned above are purely for education purposes only.

CHAIRMAN DESK

2024 has been a remarkable year for India, marked by historic achievements in the capital markets that underscore the nation's economic resilience. The theme, "From Highs to Horizons: What's Next for India?" reflects on progress while anticipating future opportunities.

CA Rakeshh Mehta
Chairman, Mehta Equities,
Mehta Group

Stock Market Performance: A Year of Contrasts

India's stock markets delivered respectable returns of 9.1% (NSE Nifty 50) and 8.2% (S&P BSE Sensex). The year began with record-breaking highs, driven by strong domestic inflows and excess liquidity. However, markets faced corrections in the latter half due to disappointing H1FY25 corporate earnings and FII selling pressure. FY25 till January 16, 2025, recorded significant flows: FII cash outflows of -₹2.9 lac cr, offset by robust DII cash inflows of +₹4.6 lac cr.

Key Trends in 2024

- **Volatility and Valuations:** A tug of war between bulls and bears, driven by global macroeconomic factors and geopolitical tensions like the Russia-Ukraine conflict and Israel-Hamas war. Valuations peaked, making India's markets among the most expensive globally.
- **Retail Investor Growth:** The number of dematerialised (demat) accounts in 2024 rose by 46 million, marking an average addition of 3.8 million accounts per month. This represented a 33% increase from the previous year, bringing the total tally to 185.3 million by December 2024, with one in four new accounts owned by women—a testament to inclusivity and vibrancy.
- **FII Exodus:** From April 2024 to December 2024, FPIs pulled out ₹2.5 lac cr, influenced by high valuations, geopolitical risks, and global investment preferences. DIIs, however, counterbalanced this with inflows of ₹4.1 lac cr, showcasing strong domestic support.
- **Gold's Performance:** Amid stock market corrections, gold emerged as a standout performer, delivering over 20% domestic and 27% international returns—its third consecutive year of growth.

2025 Outlook: Poised for Growth

With a new government in place and strong macroeconomic fundamentals, 2025 promises to be a year of steady growth. Key drivers include:

- **Geopolitical Dynamics:** Factors like the US-China relationship, the US Fed's interest rate trajectory, and tariff policies will influence markets.
- **Corporate Earnings Revival:** Local corporate performance and supportive government policies will be critical.
- **Increased Government Spending:** H2FY25 is expected to see higher public expenditure, boosting economic activity.
- **Market Projections:** Nifty and Sensex are expected to surpass 27,000 and 90,000, respectively, by year-end.

Investment Strategies

- **Set Realistic Goals:** Target a steady CAGR of around 15% over the next three years.
- **Focus on Quality:** Large-cap stocks will remain a cornerstone, with selective mid- and small-cap investments.
- **Stick to a Plan:** SIPs and staggered investments are ideal for navigating market fluctuations.
- **Seek Trusted Advice:** Partner with credible advisors to navigate complexities.

India's growth story inspires confidence. As we step into 2025, let's embrace opportunities with optimism, resilience, and a commitment to long-term success.

Thank you

SBI FUNDS MANAGEMENT LIMITED

EQUITY OUTLOOK

Mr. Gaurav Mehta
Chief Strategist and CIO- Alternatives, SBI Funds Management

Gaurav Mehta joined SBI Funds Management (SBIFM) in November 2018 as an Equity Analyst in SBI Mutual Fund and later started managing few equity funds. With effect from October 2021, Gaurav was designated as CIO – Alternatives where he is responsible for managing the equity portion of the Portfolio Management Services & Alternative Investment Funds business. Gaurav has over 15 years' experience in Indian Financial Markets having worked with Ambit Investment Advisors, Ambit Capital, and Edelweiss Capital. Gaurav has completed B.Tech (Chemical Engineering) from IIT, Bombay and holds a post graduate diploma in Management from IIM, Lucknow. Gaurav is also a Charter holder of the CFA Institute, USA

1. PMS
   - SBI ESG
   - SBI Aeon Alpha
2. AIF
   - SBI Optimal Equity Fund (Long-Short Strategy)

CY24 was a year of two very different halves for Indian equities. While the first half was characterized by unbridled optimism, the second half saw some normalization in market sentiment. There was a marked change in market complexion in the latter part of the year. Sector wise, cyclical sectors such as Real Estate, Power, Autos, Industrials, Metals, PSUs and Capital Goods amongst others saw strong outperformance in the first half of the year while defensive sectors such as Information Technology, Healthcare and Consumers underperformed significantly. In the second half, however, there was a significant role reversal with defensive sectors topping the charts as cyclical sectors significantly underperformed.

A similar dynamic was at play from a style standpoint too. While Value stocks did very well in the first half, and Quality stocks underperformed, the second half saw a comeback for Quality as Value took a backseat. For the year, momentum stayed a consistent performer and the best performing style. A continued normalization in market excesses, however, could pose a risk to Momentum stocks in 2025.

Also, market breadth started to deteriorate as the year progressed as evinced in a declining proportion of BSE500 stocks outperforming the BSE500 index.

Cyclical sectors outperformed significantly in 1HCY24

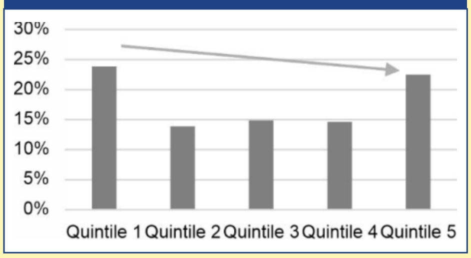
Source: Bloomberg, SBIFM Research

While defensive sectors did well in the second half

Source: Bloomberg, SBIFM Research

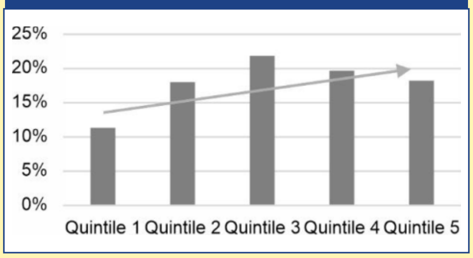
Value stocks outperformed in the first half only to falter in the second...

Value Quintile Performances, 1HCY24



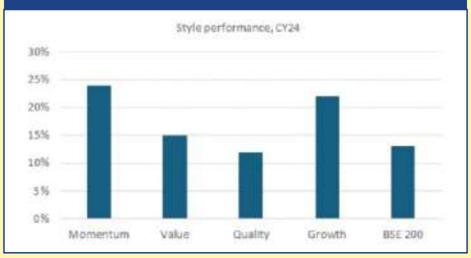
Value Quintile Performances, 2HCY24

Quality Quintile Performances, 1HCY24



Quality Quintile Performances, 2HCY24

Momentum was the best performing style in Cy24



Source: Bloomberg, FactSet, SBIFM Research

Breadth has started to narrow as proportion of stocks outperforming BSE500 decline

Source: Bloomberg, FactSet, SBIFM Research

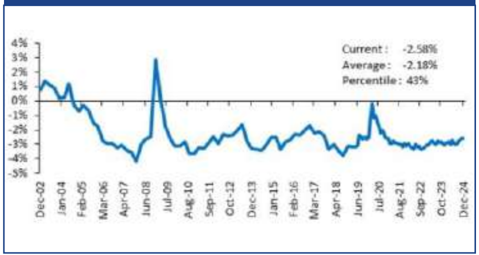
... while Quality stocks outperformed in the second half after underperforming in the first

We believe this shift in market complexion towards a more defensive positioning has been brought about by a combination of expensive starting valuations, stretched market sentiment earlier this year and slowdown in near term corporate earnings. The recent consolidation has been a welcome change with some moderation in headline index valuations as measured by earnings yield spread over bond yields as also some easing in equity market sentiment readings

on our proprietary measure. Yet on both counts we are not yet at levels denoting complete normalization of excesses. More importantly, broader market valuations stay significantly more elevated versus large cap indices, as measured through BSE500 market cap relative to Sensex market cap. **We therefore expect the current consolidation to continue entering CY2025.**

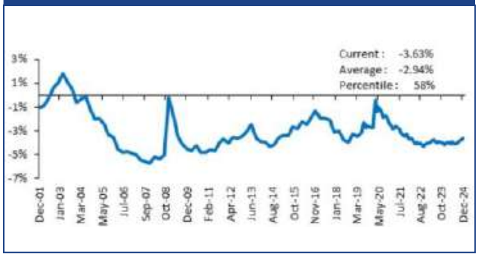
Large cap valuations have moderated on account of falling yields and market correction, not cheap yet.

Sensex trailing earnings yield minus bond yield (%)



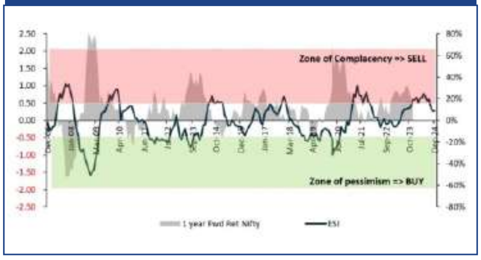
Source: Bloomberg, SBIFM Research

Sensex cyclically adjusted earnings yield minus bond yield



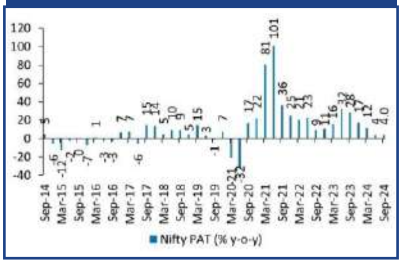
Source: Bloomberg, SBIFM Research

Equity Market Sentiment has eased some, not neutral yet



Source: Bloomberg, FactSet, SBIFM Research; Note: ESI stands for Equity Sentiment Index

Slowdown in earnings print...



Source: FactSet, MOSL, Bloomberg, SBIFM Research. Earnings revisions index measures the breadth of earnings revisions in BSE100 Index.

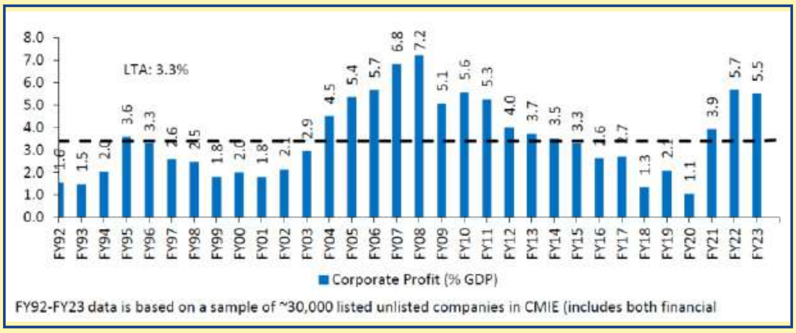
...as well as downgrades in earning expectations

Source: FactSet, MOSL, Bloomberg, SBIFM Research. Earnings revisions index measures the breadth of earnings revisions in BSE100 Index.

Valuations down the market cap spectrum stay significantly stretched relative to large cap indexes

Source: Bloomberg, SBIFM Research

From a longer-term standpoint, however, the Indian equity story continues to be underpinned by earnings upcycle, short term slowdown notwithstanding. India's corporate profits as a proportion of GDP have reverted higher over the past 4 years after secularly declining for 12 years between 2008-2020. We believe a revival in manufacturing, rising per capita GDP and an eventual recovery in the global economy on the other side of the current slowdown should be tailwinds to continue supporting a constructive earnings growth outlook over the mid-long term.



The current turbulence, however, should bring the focus back on fundamentals. We remain of the view that increasingly the market will become more discerning and move back towards companies which have strong business models, long-term earnings growth visibility and sustainable cashflows. We therefore expect 2025 to be a year of significant deviation from the trend as markets become very selective amidst narrowing market breadth, as against the undiscriminating and broad-based up move of the past few years.

2024 - THE YEAR GONE BY AND 2025 WAY FORWARD

Mr. Sailesh Raj Bhan
CIO, Equity Investment
Nippon India Mutual Fund

As we have headed in the year 2025 with renewed expectations, it's time for what are the possibilities going ahead. 2024 turned out to be year of elections as many countries across continents elected new lawmakers. Stable growth, policy normalization by most Central Banks, geopolitical worries in Middle East, Russia-Ukraine etc were the key events during the year. Equities, Precious Metals registered strong performance backed by supportive policy environment, resilient growth, and robust corporate earnings.

Trends that shaped the markets in CY'2024 include

- Change in the political landscape
- Geopolitical unrest
- Stimulus by China
- Lower earnings by Indian companies
- Divergent moves by global central banks

A quick recap of 2024

- The Indian markets commenced CY24 on a robust note, with the Nifty reaching new highs and gaining approximately 21% in the first nine months and ended on a spectacular note for the 9th straight year in a row in CY'24.
- The heightened volatility within the year in India can be attributed to –
    - a slowdown in the economy with weaker corporate earnings which was
    - Led by manufacturing with overall capex's share falling with growing demand in the consumption segment.
    - Other factors like geopolitical tensions, fluctuating inflation—particularly food inflation, volatile high-frequency indicators in India, the US presidential elections, and the steep valuations of Indian markets.
- Despite the year's volatility, global equities have shown strong performance in CY24YTD, with regions, including the US, Japan, China, and India, have seen significant gains, indicating widespread investor confidence and resilience
- Indian bond markets also ended CY'24 on an upbeat note registering 2nd consecutive yearly drop in the Government of India (GOI) bond yields.
- 10-year Government of India (GOI) bond yield fell 38 basis points (bps) YTD to 6.79% as on 27th Dec'24.
- Gold emerged continued strong performance in CY'24 with MCX gold rising 19.5% YTD (as of Dec 27, 2024)

Equity Outlook

- On the domestic front, weaker near-term growth trends, weak corporate earnings, elevated valuations, Foreign Portfolio Investment (FPI) outflows led to sharp fall in recent 2-3 months. Globally, Geopolitical uncertainty persists, the impact of trade wars, the uncertainty over pace of interest cuts along with currency volatility on overall basis have had a huge impact on the global growth.
- The market has primarily been driven by an investment cycle rather than consumption. India is on a multi-year capex cycle involving government, private, and household spending.
- Post the recent corrections overall valuations appear to be moderating in relative terms. Given the anticipated demand pick up we expect the muted earnings growth of last 2 quarters to improve and FY26 earnings growth may be better than nominal GDP growth. Some of the potential triggers for demand revival may include - Rural Agricultural recovery (Rabbi crops), extended wedding/festive season, higher Government spending and moderating inflation.
- The new Policy actions in the United States (US) post new government may lay the trend towards global growth shift in the next 1-2 years
- Investors are likely to take cues from global trade & monetary policies especially the United States (US). From a domestic perspective corporate earnings maybe a key market trigger.
- In the current context Large Cap oriented categories appear better placed to manage the likely near-term uncertainties
- Asset allocation products across hybrid space can aid in better risk management
- Small and Mid cap allocations can be considered with a long-term horizon through staggered investments approach (Systematic Investments) to manage volatility.

Fixed Income Outlook

- Going forward, Indian bonds are likely to be supported by domestic growth moderation, expectations of easing inflationary pressure in coming months and improved demand (bond inclusion). That said, the sharp rise in geo-political uncertainty (US Tariffs & fiscal dynamics, strong dollar resulting in pressure on INR, China stimulus, commodities including crude oil, war etc) is likely to keep financial markets volatile in near term.
- RBI Policy focus is likely to be growth, while trying to align inflation around its medium-term target (4%).
- We expect RBI's next move to be rate cut, as there may be more clarity on growth trajectory (FY25 advance GDP estimates), inflation trends (Dec'24 print will be out, with estimates for Jan'25 print), fiscal consolidation (Budget FY26) and some stability on foreign flows and INR by that time.
- That said, movement in DXY and UST along with global uncertainty is likely to have major implications on Indian currency outlook, inflation, RBI's currency & rate management and core system liquidity trajectory.
- Active Liquidity Management is likely to remain crucial given the uncertainty related to currency volatility.
- Focus shifting to growth while aligning inflation to 4-4.5% comfort range
- Policy rates expected to trend lower though quantum and pace of rate cuts will based on global policy shifts, strength of US Dollar, domestic inflation etc.
- Intermediate duration space 3–5-year corporate bonds & 5 to 10 year appears to be well placed to benefit from the likely rate moderation.
- Accordingly investors can consider a combination of intermediate duration production with duration around 3 years (60%-70% allocation can be considered) & Long duration funds (greater than 7-year centric portfolio duration).

Key Variables outlook

1 Economy

Economic growth may remain stable amid policy normalisation by major central banks. Downside risk emerges from elevated policy uncertainty.

2 Inflation

The return of inflation to near central bank targets have paved the way for a much-needed policy pivot, although vigilance remains the key. Any imposition of tariffs by various countries is likely to push inflation higher.

3 US dollar

Tax cuts and deregulation may attract capital inflows to US markets, while immigration controls could tighten the labour market, potentially keeping interest rates elevated. Tariffs might strengthen the US dollar. Meanwhile, Large US fiscal and current account deficits could start to exert downward pressure on the currency.

4 Commodities

In CY'25, major commodity prices are likely to be driven by the extent to which Ex-China's growth stabilises and China's growth accelerates.

5 Global Trade

Global trade is likely to be impacted on any intensification of protectionist policies exacerbating trade tensions, reducing market efficiency, and further disrupting supply chains.

6 Geopolitics

In addition to the continued war between Russia and Ukraine and the Middle East tensions, the course of China's relations with other world powers and its neighbours would be closely watched.

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MCONNECT
A QUARTERLY MAGAZINE

FUND OF THE QUARTER

SBI MUTUAL FUND
A PARTNER FOR LIFE

NAV : ₹ 270.20
as on 14-01-2025

SBI EQUITY HYBRID FUND - REGULAR PLAN -GROWTH

Investment Objective

Earlier known as Magnum open-end, the scheme seeks capital appreciation from a balanced portfolio of equity and debt securities

Category
Hybrid: Aggressive

Benchmark
CRISIL Hybrid 35+65 Aggressive Index

Fund Manager
Rama Iyer Srinivasan,
Rajeev Radhakrishnan,
Mansi Sajeja,
Pradeep Kesavan

Exit Load
For units in excess of 10% of the investment,
1% will be charged for redemption within 365 days

AUM
₹ 71,635.79 (Cr.)
as on 15-06-0037

Corpus
7644.12 Crores
Current Nav
19.87

Fund Details

Returns(%) - Since Inception	13.93
Inception Date	01-12-1995
Expense Ratio (%)	1.4
Fund Status	Open Ended Scheme
Minimum Investment	1,000
Minimum Topup	1,000
Minimum SIP Amount	500
Risk Status	Very High

Returns (%)

	1 Mon	3 Mon	6 Mon	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund	-5.14	-4.78	-2.52	10.58	9.05	12.88	11.4
AK Hybrid Aggressive TRI	-1.25	0.58	8.28	20.48	9.76	12.91	10.91
Hybrid: Aggressive	-5.98	-6.27	-3.03	11.87	11.03	15.12	11.26
Rank within Category	7	4	15	20	23	21	11
Number of Funds within Category	30	30	30	30	30	29	20

NAV Movement

Equity Holdings (Top 10)

Holdings	Assets(%)
ICICI Bank Ltd.	5.92
Bharti Airtel Ltd.	5.62
Divis Laboratories Ltd.	4.26
HDFC Bank Ltd.	4.22
Infosys Ltd.	3.85
State Bank of India	3.82
Solar Industries India Ltd.	3.79
Reliance Industries Ltd.	3.57
Interglobe Aviation Ltd.	3.46
MRF Ltd.	2.94

Debt Holdings (Top 10)

Holdings	Assets(%)
7.30% CGL 2053	2.14
7.10% CGL 2034	2.12
Adani Airport Holdings Ltd.	1.27
7.34% CGL 2064	0.98
7.18% CGL 2037	0.76
Bharti Telecom Ltd.	0.74
TVS Holdings Ltd.	0.62
7.54% CGL 2036	0.53
State Bank of India(AT1 Bond under Basel III)	0.51
Tata Communications Ltd.	0.48

FUND OF THE QUARTER

Asset Allocation

Asset Class	Allocation (%)
Equity	73.44
Others	2.8
Debt	18.48
Cash & Cash Equivalents	5.28

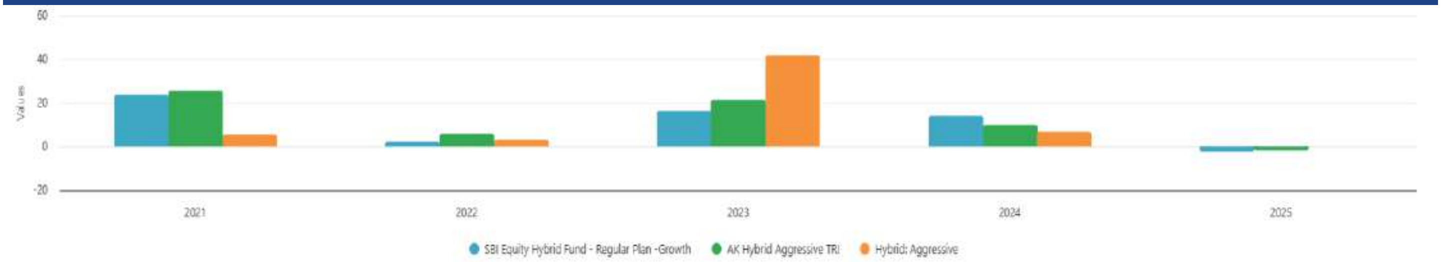
Portfolio Behavior

Mean	10.94
Sharpe Ratio	0.42
Alpha	1.01
Beta	0.96
Standard Deviation	9.09
Sortino	0.65

Market Cap Distribution

	Holdings (%)
Large Cap	53.46
Mid Cap	18.69
Small Cap	3.71
Others	24.14

Yearly Performance (%)



Standard Performance AS ON 31st October 2024

	Scheme SBI Equity Hybrid Reg Gr		Benchmark CRISIL Hybrid 35+65 Aggressive Index		Additional Benchmark Nifty 50 TRI		Category Average	
Period	Returns (%)	Rs. 10,000 invested	Returns (%)	Rs. 10,000 invested	Returns (%)	Rs. 10,000 invested	Returns (%)	Rs. 10,000 invested
1 Year	14.21	11,421	12.81	11,281	7.04	10,704	30.51	13,051
3 Year	10.78	13,594	11.85	13,993	9.56	13,151	13.58	14,653
5 Year	13.65	18,961	14.59	19,759	14.71	19,862	16.57	21,525
10 Year	11.82	30,557	11.98	31,017	12.2	31,618	12.09	31,309
Inception	15.51	7,08,348	0.00	10,000	13.83	4,59,607	13.74	4,48,990

SIP Returns (Monthly SIP of Rs. 10,000)

	3 Year			5 Year			10 Year			15 Year		
Scheme Name	Invested Amt	Current Value	XIRR (%)	Invested Amt	Current Value	XIRR (%)	Invested Amt	Current Value	XIRR (%)	Invested Amt	Current Value	XIRR (%)
SBI Equity Hybrid Reg Gr	3,60,000	4,31,399	12.77	6,00,000	8,34,184	13.55	12,00,000	22,74,180	12.45	18,00,000	52,52,551	13.25
NIFTY 50 TRI	3,60,000	4,32,958	13.03	6,00,000	8,76,430	15.61	12,00,000	24,84,061	14.12	18,00,000	52,76,518	13.3
Hybrid: Aggressive	3,60,000	4,47,937	15.48	6,00,000	8,91,522	16.23	12,00,000	23,82,935	13.21	18,00,000	52,46,160	13.1

For more info, please contact : Mr Vinay Tiwari (+91-9967794884 | vinaytiwari@mehtagroup.in)

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Nippon india Mutual Fund
Wealth sets you free

NAV : ₹ 274.23
as on 14-01-2025

NIPPON INDIA MULTI CAP FUND GROWTH PLAN-GROWTH OPTION

Investment Objective

The scheme aims to invest in stocks across those sectors and industries where Indias strong inherent potential is increasinglybecoming visible to the world, which are driving our economy and whose fundamental future growth is influenced by ongoingeconomic reforms, FDI inflows and infrastructural changes.

Category
Equity: Multi Cap

Benchmark
Nifty 500 Multicap 50:25:25 TRI

Fund Manager
Sailesh Raj Bhan, Ashutosh Bhargava

Exit Load
For units more than 10% of the investments, an exit load of 1% if redeemed within 12 months.

AUM
₹ 39,385.20 (Cr.)

ISIN
INF204K01489

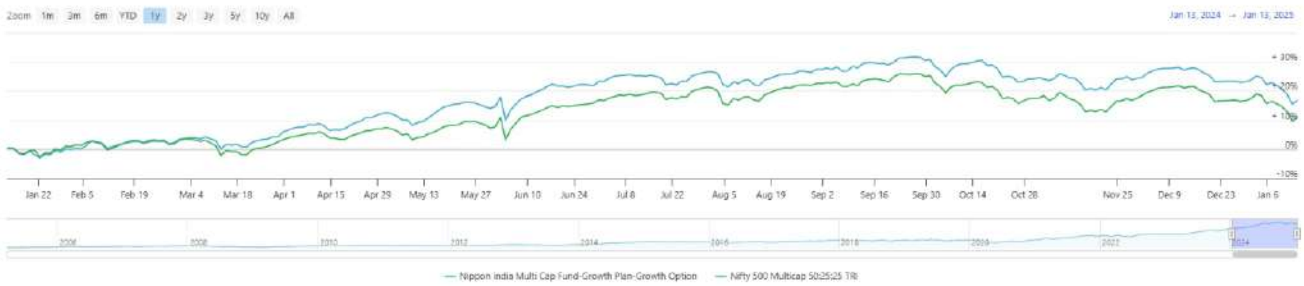
Fund Details

Returns(%) - Since Inception	18.19
Inception Date	25-03-2005
Expense Ratio (%)	1.55
Fund Status	Open Ended Scheme
Minimum Investment	100
Minimum Topup	100
Minimum SIP Amount	100
Risk Status	Very High

Returns (%)

	1 Wk	1 Mon	3 Mon	6 Mon	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fund	-4.83	-8.42	-9.83	-6.5	-5.09	16.77	21.37	22.45	13.99
NIFTY500 MULTICAP 50:25:25 TRI	-4.66	-8.44	-9.49	-6.6	-4.85	11.04	14.14	20.89	14.72
Equity: Multi Cap	-5.18	-8.22	-8.65	-4.09	-5.4	14.49	16	20.74	14.58
Rank within Category	9	18	20	20	10	10	1	3	4
Number of Funds within Category	29	28	27	25	29	23	13	8	6

NAV Movement



Portfolio Holdings (Top 10)

Holdings	Assets(%)
HDFC Bank Limited	6.45
ICICI Bank Limited	3.99
Axis Bank Limited	3.06
Infosys Limited	3
Reliance Industries Limited	2.98
GE Vernova T&D India Limited	2.86
Linde India Limited	2.71
EIH Limited	2.45
State Bank of India	2.37
The Indian Hotels Company Limited	2.24

Sector Allocation (Top 10)

Holdings	Assets(%)
Banks	16.46
Leisure Services	7.13
Electrical Equipment	6.65
Finance	5.23
Pharmaceuticals & Biotechnology	5.22
Auto Components	5.2
Power	5.09
IT - Software	4.23
Capital Markets	3.99
Consumer Durables	3.85

FUND OF THE QUARTER

Asset Allocation

Asset Class	Allocation (%)
Equity	98.8
Others	-0.13
Cash & Cash Equivalents	1.33
Total	100.00

Portfolio Behavior

Mean	24.3
Sharp Ratio	1.27
Alpha	7.96
Beta	0.88
Standard Deviation	13.55
Sortino	2.54

Market Cap Distribution

	Holdings (%)
Large Cap	43.06
Mid Cap	25.22
Small Cap	30.52
Others	1.2
Total	100.00

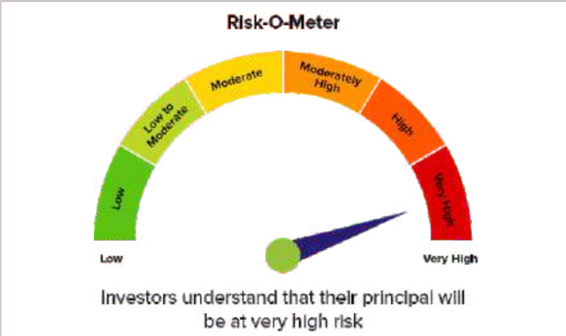
Standard Performance AS ON 31st October 2024

	Scheme Nippon India Multi Cap Gr Gr		Benchmark Nifty 500 Multicap 50:25:25 TRI		Additional Benchmark Nifty 50 TRI		Category Average	
Period	Returns (%)	Value of Rs. 10,000 invested	Returns (%)	Value of Rs. 10,000 invested	Returns (%)	Value of Rs. 10,000 invested	Returns (%)	Value of Rs. 10,000 invested
1 Year	25.59	12,559	19.17	11,918	7.04	10,704	41.51	14,151
3 Year	25.62	19,822	17.94	16,407	9.56	13,151	19.16	16,920
5 Year	24.17	29,513	22.81	27,941	14.71	19,862	22.73	27,846
10 Year	14.57	38,984	15.35	41,712	12.2	31,618	15.82	43,435
Since inception	18.54	3,05,321	0.00	10,000	13.83	1,35,133	22.83	6,23,763

SIP Returns (Monthly SIP of Rs. 10,000)

	3 Years			5 Years			10 Years			15 Years		
Scheme Name	Invested Amt	Current Value	XIRR (%)	Invested Amt	Current Value	XIRR (%)	Invested Amt	Current Value	XIRR (%)	Invested Amt	Current Value	XIRR (%)
Nippon India Multi Cap Gr Gr	3,60,000	5,06,009	24.69	6,00,000	11,68,646	27.84	12,00,000	31,70,963	18.71	18,00,000	73,16,412	17.09
NIFTY500 MULTICAP 50:25:25 TRI	3,60,000	4,75,645	19.99	6,00,000	10,24,923	22.22	12,00,000	29,39,427	17.29	18,00,000	67,46,605	16.16
Equity: Multi Cap	3,60,000	4,87,555	21.8	6,00,000	10,38,332	22.7	12,00,000	30,09,011	17.66	18,00,000	72,77,753	16.96

Riskometer

Fund Name & BenchMark	Scheme Riskometer (Current risk as per latest month end portfolio)	Benchmark Riskometer
Fund Name: Nippon India Multi Cap Fund-Growth Plan-Growth Option **Benchmark:** Nifty 500 Multicap 50:25:25 TRI		

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STOCK OF THE QUARTER

SBI card

SBI Cards and Payment Services Ltd

Industry	Credit Card
CMP	₹ 731.25
Recommendation	Buy on decline

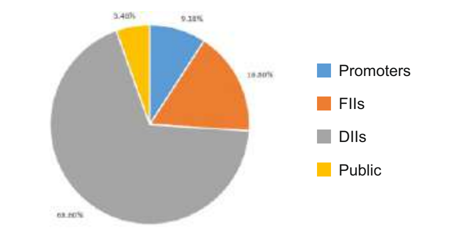
KEY DATA

BSE Code	543066
NSE Code	SBICARD
52 Week High (₹)	817.05
52 Week Low (₹)	649
Market Cap (₹ Cr)	69,568
Face Value	10

INDUSTRY SNAPSHOT

Customers	Domestic
Market Presence	Domestic
Govt Regulations	High
Msearch View	Positive

SHAREHOLDING PATTERN



PROMOTERS/MANAGEMENT

MR. CHALLA SREENIVASULU SETTY	CHAIRPERSON
MR. ABHIJIT CHAKRAVORTY	EXECUTIVE DIRECTOR-CEO-MD
MS. RASHMI MOHANTYX	CHIEF FINANCIAL OFFICER

KEY RATIOS

PE	31.5
EPS	25
ROE	22%
ROCE	12.5%

PRICE CHART

RESEARCH ANALYST

Rajan Shinde
rajan.shinde@mehtagroup.in
022-61507142

Report Dated : 09 Jan, 2025

ABOUT THE COMPANY

SBI Cards and Payment Services Ltd (SBI Cards), a subsidiary of the State Bank of India (SBI) is the first and only pure player in credit card business which got listed on the stock exchanges in India in march 2022. SBI Cards is a non-deposit accepting systemically important nonbanking financial company registered with the RBI. It is India's leading issuer of credit cards offering a wide range of value-added payment products and services. With over 20 million credit cards, they are the second largest credit card issuer in the country operating in more than 130 cities in the country.

INVESTMENT RATIONALE

- **Second largest credit card issuer in India:** SBI Cards is the second-largest credit card issuer in India, with 1.96 crore cards in force, growing steadily at over 9 lakh cards per quarter. As a subsidiary of SBI, it benefits from SBI's trusted brand image, extensive branch network, and large customer base, reducing customer acquisition costs. SBI Cards focuses on expanding in tier-2 and tier-3 cities while also targeting the super-premium segment through partnerships like the Singapore Airlines co-branded travel card. These factors reinforce its growth and market presence in the credit card industry.
- **Expanding market opportunity in India:** India's credit card market remains underpenetrated, with only 4.62% of the population using credit cards. Backed by its affiliation with SBI and a vast distribution network, SBI Cards is well-positioned to capitalize on the growing adoption of credit cards, driven by the shift toward digital payments and the government's push for a cashless economy. With increasing retail spends per card rising to Rs. 1.58 lakh in Q2 FY2024, SBI Cards leverages contactless cards, mobile payment integrations, and partnerships with digital platforms to tap into the expanding market for digital and cashless transactions.
- **Diversified revenue model with strong fee-based income:** SBI Cards' revenue model is well-diversified, with income streams from finance charges, annual fees, interchange fees, and late payment charges. The company's total card spends grew to Rs. 81,893 crores (3% YoY), while receivables increased by 23% YoY to Rs. 55,601 crores in Q2 FY2025. Per card receivables rose by 12.55%, reaching Rs. 28,387. Total revenue for the quarter grew by 8% YoY to Rs. 4,556 crores. With strong liquidity (coverage ratio at 108%) and strategic co-branded card partnerships with brands like Amazon and Vistara, SBI Cards leverages its focused credit card business model to strengthen customer relationships and drive growth.
- **Customer segmentation and product diversification:** SBI Cards offers a diverse range of credit cards, from entry-level to super-premium, tailored to segments like travel, shopping, lifestyle, and fuel. These cards provide benefits such as cashback, rewards and co-branded perks, enabling SBI Cards to effectively cater to various income groups and lifestyles, thereby capturing a broad market share.

RISK

- Economic Slowdown.
- Cybersecurity risk.

MVIEW

We believe SBI Cards offers lucrative investment opportunity, driven by its position as India's second-largest credit card issuer with 1.96 crore cards in force. We think company's consistent growth of over 9 lakh cards per quarter highlights its robust market presence. Leveraging its affiliation with SBI, a trusted banking brand, SBI Cards benefits from reduced customer acquisition costs and unparalleled access to a vast and growing customer base, particularly in underpenetrated tier-2 and tier-3 cities. We also believe India's credit card penetration, at just 4.62% of the population, offers significant growth potential as digital payments and cashless transactions rise. SBI Cards' partnerships with premium brands like Singapore Airlines and platforms like Amazon and Vistara enhance its appeal across diverse income groups and consumer segments, from entry-level to super-premium. So in our view SBI Cards could be good long term investment and Hence, we recommend investors to invest in SBI cards for 12-18 month's view for healthy market returns.

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FINANCIALS

SBI card

Particulars (in ₹ Cr.)	2022	2023	2024	1H 2025
Interest Income	10679	13670	16986	8780
Interest Expenses	1027	1648	2595	1555
Net Interest Income	**9652**	**12023**	**14390**	**7225**
Expenses:				
Operating & Admin expenses	5185	6683	7555	3444
Employee expenses	473	562	570	283
Miscellaneous expenses	2296	2198	3335	0
Total Expenditure	7953	9444	11460	3727
Operating Profit	**1698**	**2579**	**2931**	**3498**
Other income	623	615	498	259
Depreciation	149	164	197	100
Tax	383	799	931	428
Deferred Tax	173	-27	-107	-82
Net Profit	**1616**	**2258**	**2408**	**3312**
EPS	17	24	25	35
Equity Capital	943	946	951	951
Face Value	10	10	10	10
O/S	94	95	95	95

SOURCE : CAPITALLINE AND MSEARCH DATABASE

TECHNICAL OUTLOOK FOR SBI CARDS

SBI Cards is currently navigating a consolidation phase within the 650–780 price zone. The stock continues to trade comfortably above its key support level of 650, reflecting stability despite subdued momentum.

A closer look at the technical indicators reveals that the RSI (14) is hovering around 56 on the daily timeframe, suggesting a continuation of the sideways consolidation trend in the near term. Meanwhile, the Average Directional Index (ADX) stands at 17.9, reinforcing the presence of weak trend conditions and indicating that the consolidation phase may persist for a while longer.

Immediate resistance is identified at 790, with a subsequent resistance zone at 940–950. A breakout above these levels could signal a robust upward movement.

For investors, the 650–680 price range presents an attractive buying opportunity. The stock's ongoing consolidation phase appears to be driven by accumulation, highlighting its potential as a value buy. Upside targets of 1010 and 1170 are projected for the stock once it resumes its upward trajectory.

Riyank Arora
Technical Analyst
Mehta equities Ltd.

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WEALTH CREATORS AND WEALTH DESTROYERS IN 2024

WEALTH CREATORS

Company	01 Jan 2024	31 Dec 2024	Returns
GE Vernova T&D	₹528.5	₹2075.9	293%
KFin Technolog.	₹482.95	₹1537.25	218%
Motil.Oswal.Fin.	₹315.01	₹953.8	203%
Oracle Fin.Serv.	₹4338.85	₹12789.45	195%
Anant Raj	₹298.35	₹855.35	187%
Kaynes Tech	₹2669.05	₹7417.3	178%
Dixon Technologies	₹6460.35	₹17936.3	178%
Hitachi Energy	₹5457.3	₹14412.2	164%
PB Fintech.	₹800.9	₹2108.85	163%
Godfrey Phillips	₹2092.55	₹5227.7 (31 Dec 2024Price))	150%

WEALTH DESTROYERS

Company	01 Jan 2024	31 Dec 2024	Returns
Zee Entertainmen	₹285.05	₹121.29	-57%
Vodafone Idea	₹17	₹7.94	-53%
RBL Bank	₹284.6	₹158	-44%
CreditAcc. Gram.	₹1594.15	₹886.55	-44%
Ujjivan Small	₹57	₹33.81	-41%
Equitas Sma. Fin	₹107.6	₹64.02	-41%
Honasa Consumer	₹426.85	₹255.2	-40%
IndusInd Bank	₹1598.85	₹960.15	-40%
Tanla Platforms	₹1100.35	₹672.15	-39%
Rajesh Exports	₹377.5	₹230.62	-39%

*Stocks above are from Nifty 500 Index.
*All above prices are closing prices of respective dates.
*Stocks mentioned are not recommendation, its only for study purposes.

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MUHURAT TRADING & INVESTMENT IDEAS

SAMVAT 2081

Performance Status as on 31st Dec, 2024

S. No.	Samvat 2081 Trading and Investment Idea Nov-24	Recommend Price Date 18th Oct 2024 (INR)	Peak rate Post Recommendation (INR)	Price as on 31st Dec, 2024	Return as on 31st Dec, 2024	Peak Gain
1	Godrej Consumer Products Ltd	1344	1344	1082.45	-19%	0%
2	Tata Power Company Ltd	453	465.55	392.4	-13%	3%
3	Hindalco Industries Ltd	737	765.45	601.7	-18%	4%
4	Larsen & Toubro Ltd	3571	3963.5	3608	1%	11%
5	ITC Ltd*	481	493	483.65	1%	2%
6	State Bank of India	812	875.45	795.05	-2%	8%
7	Ola Electric Mobility Ltd	87	102.5	85.75	-1%	18%
8	One 97 Communications Ltd	699	1062.95	1017.45	46%	52%
9	Steel Authority of India Ltd	127	131.19	113.1	-11%	3%
10	JSW Infrastructure Ltd	320	338.5	317.95	-1%	6%
11	Suzlon Energy Ltd	73	73.5	62.23	-15%	1%
12	L G Balakrishnan & Bros Ltd	1304	1385.95	1256.2	-4%	6%
13	Imagicaaworld Entertainment Ltd	80	80.44	70.33	-12%	1%
14	Morepen Laboratories Ltd	86	91.7	78.3	-8%	7%
15	SpiceJet Ltd	60	64	55.4	-8%	6%
16	TVS Supply Chain Solutions Ltd	187	196.9	178.35	-5%	5%
17	Sunteck Realty Ltd	588	593.95	507.65	-14%	1%
18	Lemon Tree Hotels Ltd	123	159	152.95	24%	29%
19	Usha Martin Ltd	421	437.8	376.2	-11%	4%
20	Granules India Ltd	595	628	591.65	-1%	6%
21	Piramal Enterprises Ltd	1048	1275	1103.85	5%	22%

* ITC prices are before the demerger of the ITC hotel business.

AVG RETURNS	-3%	9%
NIFTY RETURNS	-5%	NA

MEHTA

REWARDING RELATIONSHIPS

OUR SERVICES

BROKING

- **EQUITIES -** BSE, NSE & MSEI
- **DERIVATIVES -** NSE & BSE
- **COMMODITIES -** MCX & NCDEX
- **CURRENCY -**NSE

WEALTH MANAGEMENT

- **DEMAT SERVICES -**CDSL
- **PMS & AIF**
- **LOAN AGAINST SHARES**
- **DISTRIBUTION -** MUTUAL FUNDS /IPO/BONDS

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PRASHAN
TH TAPSE

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Buy: > 20% within the next 12 Months
Accumulate: 5% to 20% within the next 12 Months
Sell : < -20% within the next 12 Months
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