

15th March 2025 - 1st Letter to investors - Amid market correction.

The Indian economy is expected to bounce back strongly from the recent lows.

Inflation has cooled off from 6.21% in Oct 2024 to 3.61% in February 2025 and is expected to remain down due to a good monsoon season and a good harvest (knowing that 46% of India's CPI basket is just Food).

The cooling inflation also opens the door for RBI to cut interest rates, increase liquidity, and allow credit growth. This means that India's credit window is starting to open up after a long time. If credit window is utilised with caution, this could lead another multi-year rally for the Indian equity markets.

Moreover the relatively slow growth of GDP and corporate profits in Q2 and 3 of FY25 dampened the investor sentiment and brought down the high valuations of Nifty 50 from 23x PE at 26,000 levels to 20x PE at 22,000 levels (which is around 19x 1 Year Forward PE). This means the overheated benchmarks too corrected and swept the high growth stocks with them. The good thing is that numbers are beginning to change.

This translates to a really healthy correction where you can invest some money and get reasonable value. However please make sure to contact me so that I can help you create a strategic plan which helps you to manage your personal finances and investments in a balanced way. Markets can remain down for extended periods of time and this is where we as investors need to manage our overall finances.

Thank you for trusting us.

Sincerely,

Chaitanya Sabharwal and Shashank Jha