

OMNISCIENCE CAPITAL NEWSLETTER

May 2025

WHAT'S INSIDE →



Watch our exclusive webinar to unveil two new smallcases, capturing high-conviction, forward-looking investment themes. Discover the rationale, strategy, and opportunities behind these expertly curated portfolios. Watch [here...](#)

1. Omni Commercial Czars Theme
2. Omni Manufacturing Magnates Theme

MAY MONTH OVERVIEW

May 2025

GROWTH VECTOR: MANUFACTURING & SERVICES

Manufacturing & Service sector are pillars of Indian economy, driven by key initiatives like Make in India, PLI, PPP, FDI inflows, Ease of doing Business etc.

To capture this growth, we have launched 2 new smallcases.

Discover the rationale, strategy, and opportunities behind these expertly curated portfolios in the full webinar [here...](#)



OMNIVIEW – MAY 2025

To gain from risky assets train yourself for higher risk tolerance: Even Buffett Agrees

In the 60th Annual Meeting of Berkshire Hathaway on May 3rd 2025, Buffett said the following: *“But if it makes a difference to you whether your stocks are down 15% or not, you need to get a somewhat different investment philosophy **because the world is not going to adapt to you. You’re going to have to adapt to the world.**”*



Dr. Vikas V. Gupta

Investors must understand that risk profile is a very tricky issue. Most advisors, practically 100%, would accept a potential client’s risk profile as a given. If someone is conservative, then they would advise them to allocate less to risky asset classes like equities and more to “safer” asset classes like fixed deposits or other forms of fixed income.

This is because advisors will not take the compliance risk of advising a higher allocation to a risky asset class if the advisor has a relatively conservative risk profile. However, this could turn out to be a very risky asset allocation in the long run.

Risk profile is composed of two different things: a) Hard aspect: The risk-taking capacity based on their financial circumstances, investment horizon etc.; b) Soft Aspect: The psychological response handling capacity when the actual risk takes place.

An example of the hard aspect would be if someone has unstable income, high family expenses compared to the income, high debt and near-term liabilities. In this situation there is no flexibility, and one has no choice but to accept their low risk-taking capacity at this point of time, until things change.

An example of the soft aspect would be having a stable income with relatively low family expenses compared to the income, low or no debt, and no major upcoming major expenses in the near term, but still not being psychologically comfortable to allocate to volatile asset class like equities.

In the first situation, it is a hard constraint but in the second situation one doesn't have a hard constraint beyond their control but rather a soft constraint which is within their control to change over a period of time.

The psychologically constrained, but situationally unconstrained, are the people who could invest in a risky asset class like equities because it is rewarding. However, if their portfolio value drops by 15% to 20% they become psychologically uncomfortable. These are the people Buffett is talking about.

These people could continue labeling themselves as "conservative" and get advised to not allocate to risky asset classes like equities. Or they could choose to train themselves to become "moderate" and eventually "aggressive". This second choice can only be taken by the investor himself or herself. No advisor will make that for him or her.

Today, a person has a long-expected life working until the age of 60 or 65 and living on the retirement corpus for the next 35-40 years until nearly 90-100. Such long retirement duration requires one to consider the impact of inflation, healthcare costs rising faster than general inflation, and the possibility of running out of capital at an age when they can no longer go back to work.

In this situation, a so-called "conservative" asset allocation which most advisors would advise based on the risk profile will turn out to be a very risky choice. But one will find out about it in old age when the advisor is no longer reachable, and one is out of money. For such cases, a higher savings rate, a higher allocation to equities during the working life and a higher allocation to equities even during retirement might be required. That would be the less risky choice when viewed from a lifetime perspective. But it will look risky now.

How to prepare for such a situation?

An investor can choose to train themselves to have a more aggressive risk profile. This would require educational and experiential training.

Educating about equities would need one to become knowledgeable about how equities work. How do equities generate returns and what are the sources of returns? Are there differences between returns from an unlisted business and a listed company? Unlisted companies don't have volatility, so how do you define risk? Why isn't the same definition of risk applicable for listed businesses for the long-term investor? What is the intrinsic value of a business? Should one buy when Mr. Market is selling a company below its intrinsic value? When should one sell a company? The Scientific Investor would become knowledgeable about equities over time through addressing such questions.

Experience can only be had if one invests in equities. One can start with an amount they are comfortable losing as a form of "tuition fees" to be paid for the learning. Using their knowledge of equities gained in the education part of the training, they can start allocating to equities. As the portfolio fluctuates, one would be able to observe their own psychological response as well as start developing an understanding of the market dynamics in the short, medium and long-term.

Eventually, over a few years, the combined education and experience will allow the motivated but conservative investor to transform themselves into a moderate and then aggressive investor. Thus adapting themselves to reality, as Buffett suggests.

The Scientific Investor needs to learn to have an **original** investment process and portfolio, **character** to put money into that portfolio, and the **patience** to remain invested until the investment thesis works out.

To help the investor further during the learning phase, we suggest the following based on our Scientific Investing Framework:

1. Eliminate highly leveraged and loss-making companies, i.e., Capital Destroyers
2. Eliminate companies with low return on capital, i.e., Capital Eroders
3. Eliminate companies with extremely high valuation ratios, i.e., Capital Imploders
4. Eliminate slow growing companies
5. Allocate only 4%-5% in a single company.
6. Allocate less than 30%-40% in a single industry.
7. Review the portfolio for fundamentals and valuation as per above criteria every quarter and definitely annually.
8. Realign the portfolio when the above conditions are no longer met by any stocks in the portfolio.

The Scientific Investing Framework will help with the education part of implementing Buffett's advice. The experiential part the investor has to do himself or herself by investing real money, however, small. Happy Training & Transformation!

RELEASING: THE RISE OF INDUSTRIAL INDIA – A NEW GROWTH VECTOR
STARRING: MANUFACTURING
SUPPORTED BY: CONSTRUCTION & UTILITIES
DIRECTED BY: AMRIT KAAL PHASE 3



Ashwini Kr. Shami

“A good player goes where the ball is. A great player goes where the ball is going to be.”
This is the essence of Growth Vector investing which, by definition, identifies long-term growth opportunities before Mr. Market identifies it and prices it to perfection.

Many of Omniscience’s growth vectors identified 3-5 years back have moved from the ‘great’ to the ‘good’ category as they have been repriced generously for the high-growth opportunity that these growth vectors offer. It is therefore important to identify and focus on the next ‘great’ growth vectors.

Before discussing the next growth vectors let us revisit the contours of India growth story for a long-term equity investor. We understand that equity market returns are closely linked to economic growth over the long term. As the Amrit Kaal vision is transforming Indian economy, it has, potentially, entered an age of massive expansion and fast economic growth. The foundation of this transformation is based on two pillars – Investments in Capital Assets activating a Virtuous Cycle of growth and a Supportive Policy Framework. Rearchitecting of the global supply chain ecosystem and the favorable Indian demographics are two additional tailwinds supporting India’s rapid transformation to a developed nation.

The first two phases of this transformation through the Amrit Kaal vision focused on building the digital in phase 1 and the physical infrastructure in phase 2, which is still ongoing. The digital infra created a nationwide marketplace with initiatives such as GST, ONDC, etc. and broadened it further to include everyone through UPI, Jan-Dhan accounts, Aadhar and an affordable telecom infrastructure. The Gati Shakti initiative focuses on remodeling the physical infra to increase logistics efficiency and make it future-ready. This phase is still ongoing and an important growth vector.

The third phase of Amrit Kaal will focus on growth of Industrial and Services sectors. One way to think about this is to look at other highly industrialized countries and understand the share of services and industries in their economy. While every country has its unique strengths, data from the largest 15 countries show that agriculture accounts for an insignificant share except for China and Brazil where it is around 7%. It is likely that share of agriculture in GDP for India, which is currently around 17-18%, will go to a high single-digit number over the next decade or so. This shall be an outcome of higher growth rates in the Industrial and Services sectors compared to agri.

The exhibit below presents component-wise breakup for the largest 15 countries. This exhibit could help in building an intuition on the future split of India’s GDP. One can observe 4 pools here.

- Pool 1: US, UK, France and Spain can be categorized as services-oriented economies with nearly 80% services share.
- Pool 2: China, South Korea and Mexico are heavily exports oriented economies and have around 35% share coming from Industries. In the current tariff-oriented world it is less likely that India or any economy could sustain these levels.
- Pool 3: Canada, Australia and Brazil have share of industries at around 25% which is higher than the Services oriented countries of the first pool. However, these have a significant share of raw material exports revenue in their GDP.
- Pool 4: Japan and Germany which have Industries share around 30% are highly industrialized economies with strong exports focus and this is where India would likely be in a decade’s time.

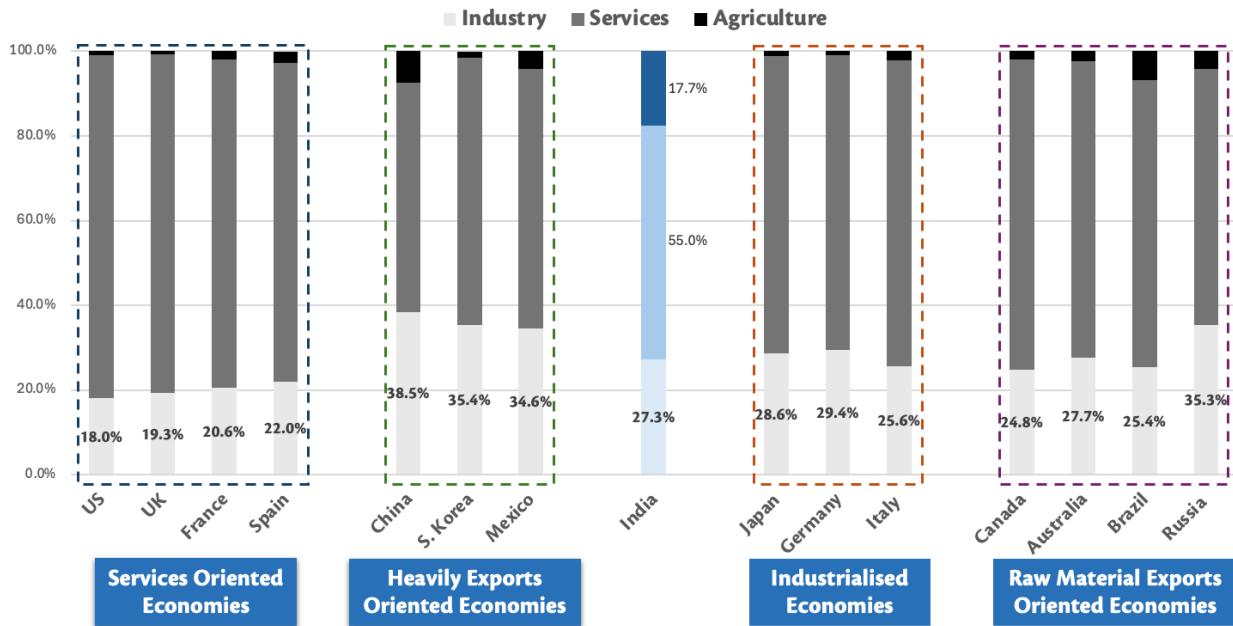


Exhibit: Component wise breakup of GDP for the 15 largest global economies as of 2023

Lower Agri share and higher Industrial and Services share sets up the case for higher growth rates, higher than the overall GDP growth, for these two segments. India is likely to be a \$10-\$12 trillion economy in the next 10 years and a more than 30% share for Industries, implies a size of \$3 to \$3.5 trillion, a 3X opportunity from the current level.

Industrial sector has three further sub-segments – Manufacturing, Construction and Utilities. The investment universe for the industrial sector is vast. There are more than 900 companies with a market capitalization of more than 1000 Cr which we consider investible. These 900+ companies can be classified into more than 10 sub industries such as Automobiles, Defence, Pharma, Machinery, Consumer Goods, etc. This broad universe provides opportunity to mine multiple sub-growth vectors. For instance, Engineering and Construction or Power are two sub-industries where we see mispricing against the good growth potential that these industries offer.

On an overall basis, various initiatives over the last 10 years such as Make in India Initiative, Performance Linked Incentives (PLI) and development of 11 Industrial corridors have set up the industrial sector for long-term growth. India Manufacturing PMI (Purchasing Managers' Index) data indicates that the overall trend for the manufacturing in India is strong. The most recent PMI index number came at 58.2. Over the last three years Manufacturing PMI has averaged between 55 and 60 indicating strong expansionary trend.

Apple, which is one of the largest and most quality conscious company across the world with a high brand value, has declared that 100% of US-destined iPhones will be manufactured in India. While that is understandable given the high US tariff differential between China and India, the announcement of Samsung considering shifting production from Vietnam to India indicates that it is more about the production efficiency which is now possible in India rather than tariff differentials.

The recently announced UK-India FTA also emphasizes UK importing manufactured goods from India. The US-India trade deal is also likely going to facilitate US FDI into India for manufacturing goods for US and the rest of the world. These are just initial indicators, and we expect that the next 5 years and the decade would see a huge shifting to India as a Maker for the World.

MACROECONOMIC INDICATORS

ECONOMIC ACTIVITY:

Macro Trends	Current	Previous	Latest Reported Date
S&P Global Manufacturing PMI	58.2	58.1	May 02, 2025
India Nikkei Services PMI	59.1	57.7	Apr 23, 2025
Bank loan growth(%)	11.0%	11.1%	Apr 18, 2025
Deposit growth (%)	10.1%	10.2%	Apr 18, 2025
India Industrial Production YoY	3.0%	5.0%	Apr 28, 2025 (Mar)
Trade Balance (E-I) (Billion USD)	-22	-14	Apr 15, 2025 (Mar)
Railway Freight Activity Index (IRFA)	65.0	62.9	Sep 2024
Monetary:			
WPI (YoY)	2.05%	2.38%	Apr 15, 2025 (Mar)
CPI (YoY)	3.34%	3.61%	Apr 15, 2025 (Mar)
Repo Rate	6.00%	6.25%	Apr 09, 2025
Bank Rate	6.25%	6.50%	Apr 09, 2025

GDP:

Particulars	Q2FY25	Q3FY25 (E)	FY25 (E)	FY26 (E)
Nominal GDP growth (%)	8.0%	9.9%	9.9%	10.1%
Real GDP growth (%)	5.6%	6.2%	6.5%	6.7%

OTHER KEY INDICATORS:

Particulars	Apr 30, 2025	Mar 31, 2025	Change
India 10-yr Bond Yield	6.35%	6.58%	-23 bps
USD/INR	84.60	85.45	1.00%
FX Reserves (Billion USD)	686	659	4.15%
FII Net Buy/-Sell (Rs Cr)	2,735	2,014	2,735 (YTD)
DII Net Buy/-Sell (Rs Cr)	28,228	37,586	28,228 (YTD)
Commodities:			
10g Gold	97,355	93,700	3.9%
1 Kg Silver	1,00,000	1,04,000	-3.8%
Crude Oil (USD/Bbl)	58	72	-18.6%
Lithium (CNY/T)	68,000	74,273	-8.4%
Cobalt (USD/T)	33,700	34,016	-0.9%

Particulars	Month	2025	2024	Δy-o-y (%)
GST Collection (Rs Cr)	Apr	2,36,716	2,10,267	12.6%
UPI Transactions Value (Rs trillion)	Apr	23.9	19.6	21.9%
No of UPI Transactions (Volume in Cr)	Apr	1,789	1,330	34.5%
Power Generation (BUs)	Feb	122	119	2.4%

Source: Omniscience Research, <https://in.investing.com/economic-calendar/>, <https://www.npci.org.in/what-we-do/upi/product-statistics>, <https://tradingeconomics.com>

OmniScience Smallcases: Valuation Metrics as of 30th Apr 2025

Name	P/E	P/BV	Div. Yield
Omni Bank on Bharat	9.9	1.2	1.60%
Omni Capital Enablers	10.1	1.3	1.80%
Omni Super Dividend	10.5	1.5	3.30%
Omni Commercial Czars	11.5	1.6	2.17%
Omni Supreme India	12.0	1.5	1.80%
Omni Royals - LargeCap	12.3	2.0	2.10%
Omni Fintech, Digital Bank & Payments	13.2	1.8	1.40%
Omni UP & Ayodhya	13.4	1.7	1.60%
Omni Knights - MidCap	13.4	1.7	1.60%
Omni Amrit Kaal	13.6	1.7	1.50%
Omni Power - Electrifying India	15.2	1.8	1.80%
Omni Supertrons - Smallcap	17.1	2.2	1.20%
Omni Future of Mobility	19.3	2.5	1.50%
Omni Manufacturing Magnates	21.1	3.2	0.98%
Omni DX- Digital Transformation	22.4	4.1	1.90%
Omni Bullet Train	22.8	3.1	1.20%
Omni AI-Tech Global	22.9	4.2	2.00%
Omni Bharat Defence	32.8	3.9	1.00%
Benchmarks			
Equity Largecap	26.5	4.6	1.15%
Equity Midcap	32.4	4.6	0.82%
Equity Smallcap	38.5	4.5	0.54%
Equity Multicap	28.2	4.5	1.03%

Source: Omniscience Research, <https://omniscience.smallcase.com>

Equities Market: Performance as of 30th Apr 2025

Total Returns (%)	1 Month	1 Yr	5 Yr
Nifty 50	3.5%	9.0%	21.2%
Nifty Midcap 150	4.0%	5.7%	32.0%
Nifty Smallcap 250	1.7%	-2.4%	34.6%

Equities Market: Valuation Metrics as of 30th Apr 2025

Sectoral Indices	P/E	P/B	Div. Yield
Nifty PSU Bank	6.9	1.3	2.26%
Nifty Oil & Gas	13.4	1.7	2.75%
Nifty Bank	14.0	2.4	0.95%
Nifty Private Bank	16.4	2.4	0.55%
Nifty Financial Services	17.3	3.0	0.83%
Nifty Metal	19.9	2.5	2.42%
Nifty Auto	21.8	4.7	0.91%
Nifty 50	21.9	3.6	1.29%
Nifty 500	24.1	3.8	1.17%
Nifty IT	26.9	7.4	3.02%
Nifty Smallcap 100	29.5	4.0	0.77%
Nifty Midcap 100	32.8	4.7	0.85%
Nifty Pharma	32.8	5.3	0.64%
Nifty Healthcare Index	38.5	6.0	0.52%
Nifty Realty	43.0	5.1	0.41%
Nifty FMCG	44.9	10.8	1.95%
Nifty Consumer Durables	74.4	15.1	0.38%

Report of the Month: The Great Indian Railways

₹50 Trillion Opportunity by 2030

On the occasion of Indian Railways Day, we are delighted to present our latest research report on one of India's fastest-growing growth vectors — *The Great Indian Railways*.

India is rapidly transforming its railways with bullet trains, indigenously developed semi-high-speed trains, station modernisation, new lines, and dedicated freight corridors. An estimated ₹50 lakh crore (~\$600B) capital investment by 2030 will drive network expansion, capacity upgrades, and rolling stock modernisation.

With capex growing at a CAGR of over 20%, and logistics costs targeted to reduce from 14% to 7–8% of GDP, Indian Railways is poised to become a \$600B growth engine—creating a vast addressable market across its ecosystem.

What you can expect from this report:

- How Railways represent a ₹50 Trillion investment opportunity by 2030
- Indian Railways' *Amrit Kaal Vision 2047*
- Key drivers behind the modernisation of Indian Railways
- Data-driven insights on the impact of PM Gati Shakti, Dedicated Freight Corridors, and Budgetary Capex Boost
- TAM and growth opportunities in Rolling Stock, EPCs, and related sectors



[Download Report...](#)

Video of the Month:

The Great Indian Railways: \$600 Billion Growth Vector by 2030!

In a world often clouded by noise and negativity, we sometimes overlook the quiet, powerful stories of progress unfolding around us. At Omniscience Capital, we believe it's time to pause, reflect, and celebrate the India that's rising — one idea, one innovation, one milestone at a time.

This year, we begin a new tradition: Celebrating India through the lens of its remarkable achievements.

✦ Our first celebration: Railway Day

Railway Day in India is celebrated on April 16 to mark the first passenger train journey, which took place on April 16, 1853, between Boree Bunder (Mumbai) and Thane. Covering 34 kilometers, this historic event laid the foundation for India's vast railway network. The day highlights the Indian Railways' role as a lifeline of the nation, connecting people, boosting the economy, and fostering unity across diverse regions. It's a tribute to the system's growth into one of the world's largest railway networks, serving millions daily and symbolizing progress and accessibility.

Join us for an exclusive webinar: "The Great Indian Railways" — a deep dive into one of the world's largest and most inspiring infrastructure stories. Stay tuned. Let's celebrate the journey, together.

Watch it [here...](#)



**The Great Indian Railways: \$600
Billion Growth Vector by 2030!**



OmniScience in the NEWS

1 [OmniScience's Ashwini Shami explains why the rally in PSU banks could be sharper](#)

Given that public sector financials—including banks and housing finance companies—are trading at a significant discount to their intrinsic value, and at much steeper discounts compared to their private sector peers, Ashwini Shami believes the rally is likely to be sharper in public sector units.

Read more [here...](#)



2 [Dr. Vikas Gupta, CEO & Chief Investment Strategist at OmniScience Capital on the 'Defence sector'](#)

"In the backdrop of a potential India-Pak war it is not surprising that the Defence stocks are rallying. In the case of a war, even if limited to 2-4 weeks, the demand for defence equipment, including arms, ammunition and weapons, could be substantial and result in significant orders to Defence companies.

Read more [here...](#)



3 [Nvidia had crashed 20% in 6 months. But why is it not a value buy?](#)

"The PE multiple of the stock is now at 36x compared to 55x in October 2024. The company is attractive at the present level from a long-term perspective but I think it is better to buy a basket of AI stocks than simply bet on Nvidia which is now at the crux of the AI wave. However, someone will eventually dent their market share," says Vikas Gupta.

Read more [here...](#)



4 [Indian Solar Companies Could Gain As ASEAN Loses Edge Over Trump's Tariffs](#)

Amid high volatility in the Indian stock market, experts are betting high on power sector stocks. They believe India's power demand is expected to increase from March to May 2025 from 220 GW to 270 GW.

Read more [here...](#)



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