OMNISCIENCE CAPITAL
SCIENCE OF ALPHA FROM SAFETY

OMNIVISTA

JULY – 2025

In this episode, **Dr. Vikas Gupta**, CEO and Chief Investment Strategist at Omniscience Capital, unveils the **Scientific Investing** approach built on decades of deep research on value investing philosophy and the first principles of investment management. Watch full video **here...**

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JULY MONTH OVERVIEW

GROWTH VECTOR: POWER

India's electricity demand is projected to triple by 2035 to 4 trillion units, led by industry, transport, and digital infrastructure, with a potential Rs 65-70 lakh crore capex opportunity.

Power Trio: EVs, Data Centers & Railways likely to Consume 500 TWh (~12-13% of the total 4000 TWh) by 2035.

Read our full report **here...**

OMNIVIEW – JUL 2025

How investments unlock in the Scientific Investing Portfolio

We have consistently shared how stocks are selected using the Scientific Investing Framework. In this article we will explain the typical process through which the value is unlocked in the Scientific Investing Portfolio. We will summarize briefly the Scientific Investing Framework and then move on to how value is unlocked after the investment.

Dr. Vikas V. Gupta

The Scientific Investing Framework selects stocks from the full investment universe by eliminating, mitigating or minimizing exposure to stocks with high fundamental risks. Capital destroyers- stocks with weak balance sheets and consistently loss-making- are eliminated, followed by Capital Eroders- stocks with no competitive advantages, and Capital Imploders—stocks which are extremely overvalued, are all removed, thus reducing the fundamental risk exposure to the portfolio. From the remaining, stocks with strong balance sheets, persistent competitive advantages, large growth opportunities driven by external growth vectors, and which are available at significant discount to their intrinsic values are selected. Typically, the portfolio has exposure to 5-7 growth vectors with multiple companies providing exposure to each growth vector.

Once we have invested in this multi-growth vector portfolio, how does it unlock?

While no formula can be set to decide how value will unlock in this portfolio, we share a typical path that we have seen happen and which logically makes sense and likely to happen in the future. Of course, there is no guarantee that this will happen everytime in the future.

Typically, the portfolio will have exposure to several industries, sectors and themes (growth vectors). Since all of them are at a discount to intrinsic value, they are all currently not favored by Mr. Market. However, different stocks are at different stages of unlocking.

For example, the 2020 superstox portfolio had Defence, Railways, Digital Transformation (DX) or IT, Power, Capital Enablers (Financials), and Mining. First to unlock in this portfolio was DX. This was driven by the high demand for digital transformation services. The IT companies were available at PE ratios in the mid-20s. As the high growth rates, which were earlier were not visible on the income statements, became visible, Mr. Market was willing to pay more. From June 2021, in response to the higher earnings and revenue growth and optimistic growth outlooks for the future coming from the managements of various IT companies, Mr. Market repriced the IT stocks from mid-20s to the mid-30s, thus delivering returns to the portfolio.

Next was the Defence unlocking starting June 2022. As the growth rates of these companies started becoming visible, some of these companies which were at single digit PEs started moving towards a PE of 20s and even 30s or more.

Next the Railways growth vector started unlocking from September 2022. These companies were also available mostly at single digit PEs. These moved to 20s and then still higher over the next few years.

In March 2022, markets were trending down, however, the above growth vectors were delivering against the market trend. The portfolio was rebalanced to take advantage of new growth vectors, and some new stocks were added. This automatically trimmed some of the appreciated holdings from the above growth vectors to create space for some prominent private banks, housing finance company and PSU bank.

Some of the Capital Enablers had already started unlocking from April 2021 onwards. These were stocks which were neglected by the markets with high cash or investments on the books with low adjusted-for-cash PEs and started moving from being significantly undervalued to extremely overvalued.

The Power growth vector started unlocking starting from Oct 2022, significant unlocking happened from mid-2023 to mid-2024. However, these companies are still at a significant discount to their intrinsic values.

In August 2023, there was replacements in Defence and Capital Enablers, thus, booking profits from fairly or overvalued companies while still benefiting from the growth vectors. PSU banks got more exposure.

In August 2024, Defence exposure was reduced further while increasing exposure to Power companies and starting exposure to Business Services growth vector.

In December 2024, there was a major rejig to the portfolio with exposure to the DX growth vector completely eliminated in light of slow expected growth over the next couple of years and high valuations relative to that. New exposure to Logistics, Housing Finance, and Infrastructure and EPC growth vectors was taken. These were companies with high future expected growth but available at significant discount to their intrinsic values.

Thus, we see how specific growth vectors start unlocking and slowly the portfolio is rebalanced to either keep exposure to the growth vector but with substitution of different stocks to maintain the undervalued nature of the portfolio while booking profits in overvalued companies, or, if most companies providing exposure to the growth vector have become overvalued, companies providing exposure to new growth vectors are substituted in the portfolio while exiting the overvalued growth vector. Thus, the portfolio keeps delivering relatively more consistent returns through periodic unlocking compared to a portfolio which might be concentrated in fewer growth vectors or industries.

This diversification across growth vectors and industries also provides a relatively more stable portfolio while delivering more consistent returns.

THE DIGITAL ENERGY LEAP: A DEFINING MOMENT FOR INDIA'S POWER SECTOR

Ashwini Kr. Shami

27th Jun 2025 would remain a key moment in India's Power Sector. No, I am not referring to the date of launch of our recent report on power sector – Watt's the Future: India's 4 trillion Unit Electricity Consumption by 2035. I am referring to 27th June order issued by the Ministry of Power on the Constitution of a Task Force for the Development of a roadmap for India Energy Stack and a plan of action for Utility Intelligence Platform (UIP).

The first leg of the power transformation was led by National Smart Grid Mission (NSGM) established in 2015. NSGM key initiatives included- 11 pilot projects worth around 25,000 crores, Smart Meter deployment for automation and efficiency, Smart Grids for renewable energy integration, loss reduction, where under Revamped Distribution Sector Scheme (RDSS) the aim is to reduce AT&C losses to 12-15% with an outlay of 3 lac crore; the scheme has sanctioned more than 20 crore smart meters) and cost reduction which is implemented through Energy Efficiency Services Limited (EESL), a JV of 4 power PSUs is focusing on energy efficient technologies, implementing the world's largest energy efficiency portfolio across lighting (SLNP-1.34 crore streetlights, UJALA-474 crore LEDs), AC (energy efficient Fans, ACs & Cooking stoves), electric mobility and smart metering.

India Energy Stack (IES) is the UPI moment for the Power sector and the next leg of the power transformation. What is being envisaged is a Digital Public Infrastructure for the complete electricity value chain. The power sector faces complex challenges and needs rapid transformation to keep pace with changes happening in the ecosystem. Changes in the power ecosystem include exponential growth in renewable energy, emergence of prosumers (enterprises and households, both producing and consuming electricity through solar installations, rise of new-age mega power consumers such as Electric Vehicles and Data Centers, grid and transmission integration with traditional generators (which will continue to account for more than 50% in the next decade), reduction of AT&C loses and the aim to achieve Net Zero commitment by 2070.

IES, approved under RDSS, aims to provide standardization and interoperability across multiple segments of Power sector. REC Ltd is the program Nodal Agency and FSR Global is the knowledge partner for the initiative along with various domain experts such as Nandan Nilekani, Pramod Verma (former chief architect Aadhaar), Dr. R S Sharma (former CEO NHA), Prof. Zakir Hussain (IIT Bombay). Task force is expected to come up with a proof of concept for the UIP in three months and prepare RFP and further development of the UIP within a period of 1 year and a road map for all India rollout of India Energy Stack.

IES will have three key modules- the first module of Data Sources with data registries, protocols and APIs to facilitate data sharing among entities such as utilities and exchanges. The second layer is of the core data stack for data orchestration, unified energy data store and a data access layer which will feed into the Utility Intelligence platform that will have Application Layer and Solution Layer. IES will address deep rooted structural challenges and will provide – data interoperability, integration of legacy systems, promote innovation, provide access to real-time data and analytics and ensure policy agility and consumer empowerment.

Omni Power sector report highlighted the massive growth opportunity in the power space with India's consumption expected to triple in the coming decade. It also highlighted the changing mix of power generation as the renewable sources dominate. The report also highlights power sector ecosystem of more than 250 companies which provide a large and rich pool of investment opportunities. The IES development is a step in the right direction to boost the effectiveness and efficiency of various technological developments, policy implementations and investments.

MACROECONOMIC INDICATORS

ECONOMIC ACTIVITY:

Macro Trends	Current	Previous	Latest Reported Date
S&P Global Manufacturing PMI	58.4	57.6	Jul 01, 2025
India Nikkei Services PMI	60.4	58.8	Jul 03, 2025
Bank loan growth(%)	9.6%	9.8%	Jun 27, 2025
Deposit growth (%)	10.4%	10.0%	Jul 04, 2025
India Industrial Production YoY	1.2%	2.6%	Jun 30, 2025 (May)
Trade Balance (E-I) (Billion USD)	-22	-26	Jun 16, 2025 (May)
Monetary:			
WPI (YoY)	0.39%	0.85%	Jun 16, 2025 (May)
CPI (YoY)	2.82%	3.16%	Jun 12, 2025 (May)
Repo Rate	5.50%	6.00%	Jun 06, 2025
Bank Rate	5.75%	6.25%	Jun 06, 2025

GDP:

Particulars	Q3FY25	Q4FY25 (P)	FY25 (P)	FY26 (E)
Nominal GDP growth (%)	9.9%	10.8%	9.8%	10.1%
Real GDP growth (%)	6.4%	7.4%	6.5%	6.7%

OTHER KEY INDICATORS:

Particulars	Jun 30, 2025	May 31, 2025	Change
India 10-yr Bond Yield	6.31%	6.20%	+11 bps
USD/INR	85.7	85.5	-0.20%
FX Reserves (Billion USD)	698	693	0.75%
FII Net Buy/-Sell (Rs Cr)	7,489	11,773	21,997 (YTD)
DII Net Buy/-Sell (Rs Cr)	72,674	67,642	1,68,545 (YTD)
Commodities:			
10g Gold	98,740	97,850	0.9%
1 Kg Silver	1,07,700	99,900	7.8%
Crude Oil (USD/Bbl)	65	61	7.1%
Lithium (CNY/T)	61,397	60,727	1.1%
Cobalt (USD/T)	33,335	33,719	-1.1%

Particulars	Month	2025	2024	Δy-o-y (%)
GST Collection (Rs Cr)	Jun	1,84,597	1,73,813	6.2%
UPI Transactions Value (Rs trillion)	Jun	24.0	20.1	19.8%
No of UPI Transactions (Volume in Cr)	Jun	1,840	1,389	32.5%
Power Generation (BUs)	May	145	145	0.1%

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 Jun 2025

Product Name	P/E	P/BV	Div. Yield
Omni Super Dividend	8.7	1.4	3.45%
Omni Capital Enablers	9.4	1.3	1.88%
Omni Bank on Bharat	9.5	1.2	1.66%
Omni Royals - LargeCap	12.3	1.9	1.86%
Omni Commercial Czars	12.4	1.7	2.38%
Omni Flexicap Superstox	12.4	1.6	1.76%
Omni Power - Electrifying India	13.0	1.9	2.05%
Omni Fintech, Digital Bank & Payments	13.3	1.9	1.45%
Omni Knights - MidCap	13.4	1.8	1.54%
Omni UP & Ayodhya	13.9	1.8	1.68%
Omni Amrit Kaal	14.1	1.8	1.49%
Omni Supertrons - Smallcap	17.2	2.2	1.21%
Omni Future of Mobility	18.5	2.6	1.49%
Omni Bharat Defence	22.5	3.0	1.21%
Omni Bullet Train	22.7	3.0	1.44%
Omni DX- Digital Transformation	23.2	4.2	1.62%
Omni AI-Tech Global	24.2	4.6	1.66%
Omni Manufacturing Magnates	24.7	3.5	0.87%
Benchmarks			
Equity Largecap	24.0	3.6	1.26%
Equity Midcap	37.6	5.0	0.78%
Equity Smallcap	48.3	6.0	0.42%
Equity Multicap	28.1	4.1	1.05%

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

Equities Market: Performance as of 30th Jun 2025

Total Returns (%)	1 Month	1 Yr	5 Yr
Nifty 50	3.4%	7.5%	21.3%
Nifty Midcap 150	4.2%	6.1%	32.3%
Nifty Smallcap 250	5.8%	4.6%	35.4%

Equities Market: Valuation Metrics as of 30th Jun 2025

Sectoral Indices	P/E	P/B	Div. Yield
Nifty PSU Bank	7.3	1.2	2.5%
Nifty Oil & Gas	14.1	1.8	2.7%
Nifty Bank	15.2	2.4	0.9%
Nifty Financial Services	18.0	3.1	0.9%
Nifty Private Bank	18.1	2.5	0.5%
Nifty Metal	19.4	2.7	2.1%
Nifty 50	23.0	3.7	1.2%
Nifty Auto	24.9	4.7	1.1%
Nifty 500	25.3	4.0	1.1%
Nifty IT	28.8	7.7	2.6%
Nifty Pharma	31.6	5.4	0.7%
Nifty Smallcap 250	33.9	4.2	0.6%
Nifty Midcap 150	35.3	5.4	0.8%
Nifty Healthcare Index	37.5	6.2	0.6%
Nifty FMCG	41.4	10.2	2.0%
Nifty Realty	49.1	5.6	0.3%
Nifty Consumer Durables	69.4	14.7	0.3%

Source: Omniscience Research, https://www.niftyindices.com/reports/monthly-reports

Report of the Month- Watt's The Future: India's 4 Trillion Unit Electricity Consumption by 2035

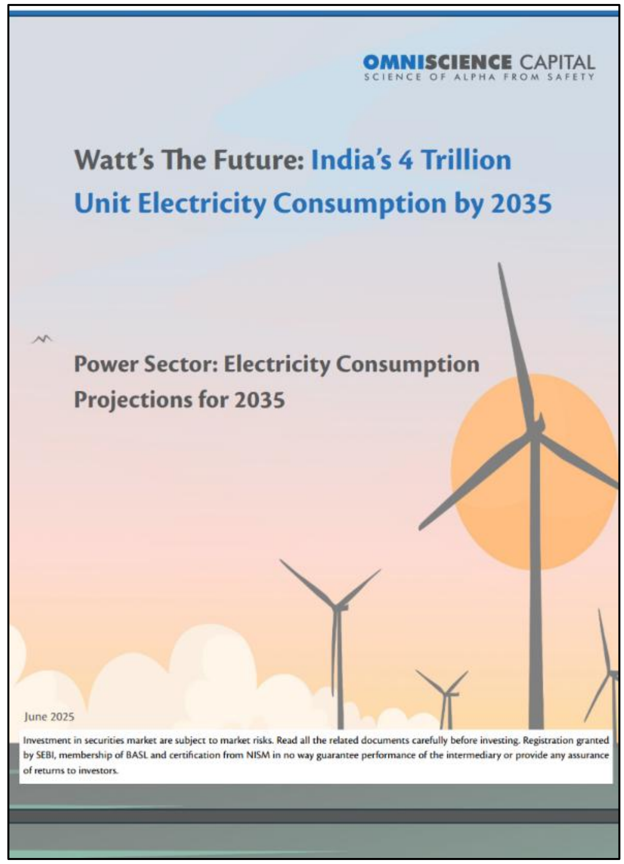
India's power sector is entering a historic growth phase, set to become the backbone of the country's $10 trillion economic ambition by 2035.

With electricity consumption projected to nearly triple—from 1.4 trillion units in 2023 to over 4 trillion units by 2035—this transformation is being powered by structural shifts in industry, urbanization, digitalization, and electrification of transport.

As the country pushes forward with "Make in India", data center expansion, electric mobility, and digital infrastructure rollouts, electricity is no longer just a utility—it is the currency of India's industrial and digital rise.

What you can expect from this report:

- Sector-wise electricity consumption projections till 2035.
- Impact of EVs, Data Centers & Railways.
- India's per capita consumption vs global benchmarks.
- Commercial & Transport: The fastest-growing power consumers.
- Valuation insights across the power ecosystem.
- Capex opportunities in India's power journey.



Download Report...

🎥 What is Scientific Investing? How to invest through analytics and a data-driven approach?

In this insightful podcast by Upsurge_club Dr. Vikas Gupta—CEO & Chief Investment Strategist at OmniScience Capital - shares his journey and the principles of scientific investing. He discusses the mindset needed for successful investing, emphasizing patience, discipline, and emotional control.

Vikas breaks down key parameters for stock selection, including how to assess fair value and build a well-balanced portfolio. He warns against the common pitfall of prioritizing safety over returns and shares real-life examples from his evolving investment approach.

He also explores the impact of AI on businesses, macroeconomic influences on investing, and the need for clear exit strategies. Packed with practical advice, this episode is a must-listen for anyone looking to invest with greater clarity and discipline.

Watch it here…

What is Scientific Investing? How to invest through analytics and a dat…

OmniScience in the NEWS

1 **India's Power Demand To Triple By 2035, Led By EVs, Railways & Data Centres**
Ashwini Shami, EVP at OmniScience Capital, said: "India's electricity demand reaching four trillion units by 2035 is a signal of the country's accelerating industrial growth, digital transformation, and rising quality of life. This trend unlocks significant investment potential in energy infrastructure, renewable energy, and modernising the grid."
Read more here…

abp LIVE

2 **Will the dream run of defence stocks continue?**
India could increase its defence budget from around 2% now to 3% or even 4%. When India's GDP touches $10 trillion, the defence budget is expected to grow to more than $300 billion, which implies a 16-17 per cent annualised growth till 2035, according to Vikas Gupta, CEO of Omniscience Capital.
Read more here…

THEWEEK

3 **Daily Voice: OmniScience's Ashwini Shami believes strong earnings momentum to continue in these 4 sectors for Q1FY26**
June quarter (Q1FY26) earnings season will kick off next month. Ashwini Shami of OmniScience Capital expects the financial services companies which dominate the large-cap segment to continue to deliver strong earnings growth.
Read more here…

moneycontrol

4 **Nifty 50 jumps 8% YTD: Five key risks that could derail Indian stock market rally in H2CY25**
"The US inflation and consequently the Fed rate cut constraints are the only risks, in our opinion, to watch out for," said Vikas Gupta, CEO and Chief Investment Strategist at OmniScience Capital. Gupta, however, believes the chances of a spike in US inflation are low because of the US-China trade deal.
Read more here…

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