

Market View

Prices are determined by demand and supply and this is best illustrated with the example of Bitcoin, the poster boy of the Crypto world.

For the last decade and a half, Crypto has been the elegant solution looking for a good problem to solve. The genius of Bitcoin lies in its mathematical formula that limits the number of bitcoins that can be issued. The limited quantity of these coins that will ever exist are mostly held by die hard believers/Crypto millionaires - the so called "whales" who are reluctant sellers and the buyers don't have much choice but to bid up the price.

So, while all of us non believers can debate the \$3.5 Trillion Market cap that crypto assets enjoy with Bitcoin alone accounting for \$2.1 trillion, the reality is that the price will be determined by the last buyer and the willing seller of a scarce asset. Not so different from the equity that a company issues or the art that an artist creates over a lifetime.

Stock prices in the short term are driven by sentiment — the desperate buyer chasing new highs or the panic seller reacting to new lows. In the long term the earnings and cash flows drive the valuation of all businesses. As all market manipulators have found out, cornering a market is easier than exiting the cornered market by trying to convince others of the value of the stock, created by artificial scarcity. It's all demand and supply in the short term and the cash flows in the long term and the appeal of the asset.



Indian Market Perspective

Which brings us to India's valuations — a subject of special interest to us and we assume, to our readers as well.

Our take on the "elevated" valuations in Indian markets is simple: Demand is steady and growing due to Mutual funds, Direct retail, EPF and NPS and so is supply via promoters, insiders and management, PE funds and IPOs or other equity issuances.

India's \$4.3 trillion equity market is currently held between promoters (50%), FII's (17% and falling), DII's (17% and rising) and retail investors (9% and rising).

With a \$4.3 trillion economy and a 20% savings rate, there is \$800 billion in annual savings if a 5% of that flows into equities, that's \$40 billion per year — more than enough to sustain valuations at elevated levels and the sellers/under allocators/non believers remorseful for a long time.

The same has happened in the US over the past decade where the passive and retail funds have increasingly bought the free float from the markets. That market doesn't have so many IPOs (companies are staying private for longer time) and large companies have done aggressive buybacks, further shrinking the free float.

In our view, the current valuations will get sustained over the next many years and any meaningful corrections should be used to add equity exposure.



Stock NSE

What price would you be willing to pay for a monopolistic business with 75% EBITDA and 50% PAT margins, expected to grow at 10–15% over the next few years?

This is NSE — the best capital market play in the country in our view. While its trailing PE of 50x may appear expensive, it still looks like a steal when compared to other local listed peers. NSE is a compounding machine and deserves a place in long-term portfolios.

Although uncertainties around its listing and regulatory scrutiny on the F&O segment persist, the business remains fundamentally strong and firmly in growth mode.

We're not in the "any price is a good price" camp, but we do get excited about high-quality businesses with the ability to grow consistently and compound capital over long periods.

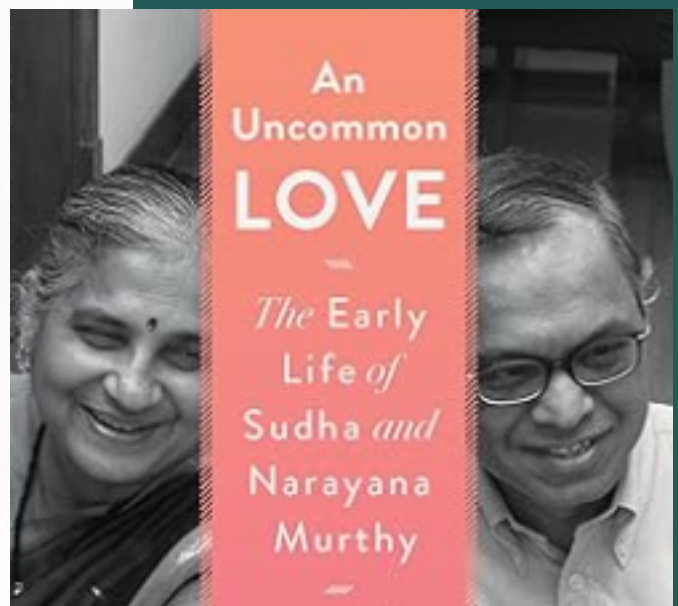
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Book

An Uncommon Love is a inspirational tale of ambition and affection, where code meets courage, where two of India's most iconic individuals - Sudha and Narayana Murthy prove that true love can survive everything from distance to disagreement and even a start-up!

This book chronicles the early lives of Sudha and Narayana Murthy, the founders of Infosys and the highs and lows of their entrepreneurial journey, while capturing the evolution of their relationship in a beautiful and emotional narrative.

What makes it truly special is its honesty, a story of one of India's most iconic company and a power couple.



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Cinderella Man is your ringside ticket to one of the most soulful underdog stories ever told. It's not just about boxing gloves and knockout blows; it's about grit, grace and the sheer will to rise when life keeps knocking you down.

Based on a true story, this movie chronicles the life and career of boxer James J. Braddock during the 1920s, set against the backdrop of the Great Depression.

This is a sweat-and-tears journey of a man who fights not just in the ring but for his family, his dignity and his survival. It's the kind of story that leaves you inspired and humbled. Watch it on Disney+ Hotstar.

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Movie



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