StaG TIMES

SEPTEMBER 2025 | SENORA ASSET MANAGEMENT | EDITION NO. XIV

An India focused Large Cap AIF CAT III

"The stock market is a device for transferring money from the impatient to the patient."
~ Warren Buffett

MONTHLY PERFORMANCE OF INDICES
Nifty: 24,426.85 (-1.38%)
Sensex : 79,809.65 (-1.69%)

Mridul Jalan
Co-Founder & CIO

Stock	Returns
GAINERS	
Maruti	2.22%
Bharti Airtel	1.95%
ETERNAL	1.82%
Indigo	1.59%
ICICI Bank	0.83%
Hindustan Unilever	0.72%
Jubilant Food	0.57%
United Spirits	0.14%
Chola Finance	0.10%
LOSERS	
Jio Finance	-0.08%
SBI	-0.13%
Reliance	-0.43%
Bank of Baroda	-0.49%
Tata Power	-0.68%
ABB	-0.68%
Ambuja Cement	-0.72%
Axis Bank	-0.75%
Tata Motors	-1.31%

CONTRIBUTION TABLE

As we write this, the market finds itself in the middle of a tussle.

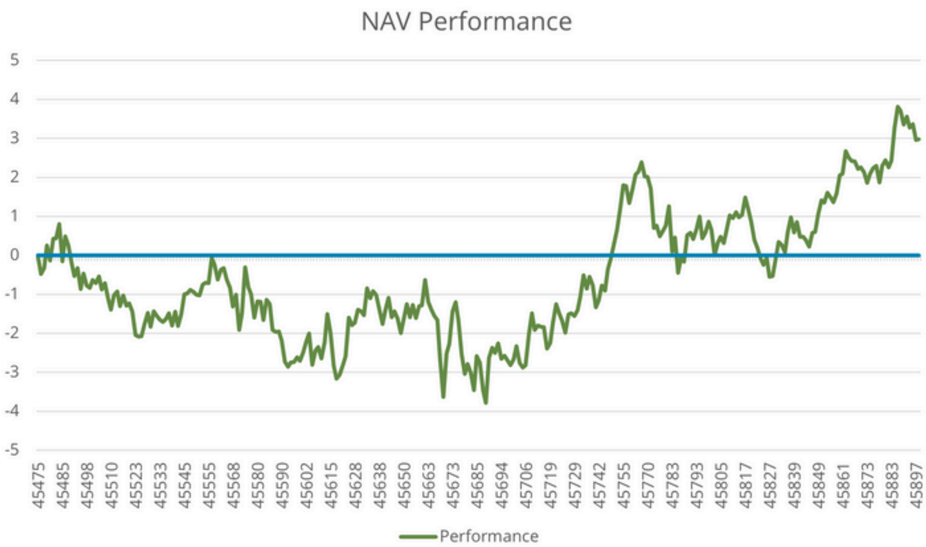
On one side lies the "Trump trauma", tariffs and sanctions weighing on global trade and export-focused sectors. Such events create uncertainty, and investors dislike uncertainty. This has made India one of the worst-performing markets globally in recent months. Add to this: 1-year returns in negative territory, 2-year SIP returns nearly flat, FII holdings at decade lows, and FIIs net short in futures, it has inevitably created self-doubt among investors.

On the other side, however, the **domestic demand story is turning around** after a sluggish year. The recent GST reforms could prove a much-needed shot in the arm. The revival trend is visible across key indicators:

- July 2025: Manufacturing PMI rose to **59.1,** a 16-month high
- August 2025: Services PMI climbed to **62.1,** a 15-year high
- Inflation remains under control with **CPI at 1.5%** and **WPI at 0.6%**
- IMF upgraded India's FY26 growth forecast from **6.2%** to **6.4%**
- Government capex frontloaded, up **52% in 1QFY26** vs. a contraction of (-35%) in 1QFY25
- India received its much-awaited **sovereign rating upgrade,** affirming balance sheet strength and stability

The medium- to long-term visibility is strong, but the path to it will not be linear. Market movements are complex, often irrational in the short term, and nearly impossible to predict with precision. That's why it's critical to look beyond short-term noise and stay anchored to process, unless one is a trader with the skill to time volatility.

At Senora, our focus is unwavering: to build a portfolio **second to none in quality** and **best-in-class in growth** at the right valuations. This ensures that during phases of consolidation, such as the past 12 months, we deliver **moderate returns with limited downside,** and in bullish cycles, we capture **superior upside with conviction.**



NAV CHART

SEPTEMBER 2025
PORTFOLIO CONSTRUCT, PERFORMANCE & KEY DEVELOPMENTS

Our portfolio remained stable through August, with no changes in holdings, aside from minor weight adjustments driven by price movements. Performance-wise, the portfolio declined **0.5%** on a gross level, yet managed to **outperform the Nifty by ~100 bps.**

Our **detailed analysis and views on the quarterly results** of each portfolio stock have already been published and are available on our website. You can also click here to directly navigate to the same.

The portfolio remains **fully aligned to the Indian economy,** with no exposure to US-linked themes, consistent with our negative stance on the US economy and its related sectors.

Portfolio Snapshot

Insights from Reliance AGM

We also attended the Reliance AGM, which reaffirmed our conviction in India's corporate growth trajectory. Key takeaways include:

- **Jio Listing Plan:** Reliance aims to list Jio by the first half of CY26, enabling better price discovery and unlocking value. With Jio's strong balance sheet and limited capital requirements, the methodology of listing (IPO vs. demerger, as seen with Jio Financial) will be a critical point to watch.
- **AI Ambitions:** Reliance announced strategic tie-ups with Meta and Google in artificial intelligence. We see Reliance Technology as the next big B2C growth opportunity under its umbrella.
- **Broad-Based Growth:** Confidence in the Retail, O2C, and Energy businesses points to strong earnings tailwinds, further supporting our constructive view on Reliance.

PORTFOLIO SPOTLIGHT
STATE BANK OF INDIA (SBI)

SBI Overview

State Bank of India (SBI) is the country's largest and oldest public sector bank, with a **balance sheet size of ₹66.76 lakh crore as of FY25.** SBI's business extends well beyond traditional lending and deposits:

- **Core strength:** Strong interest spreads through lending.
- **Complementary growth:** Substantial fee-based income from financial services and cross-selling.

Why We're Bullish on SBI

1. Market Leadership
- Holds ~23% of assets and ~24% of loans and deposits in India.
- Retail lending dominance: 32.6% in education loans, 27.7% in housing, and 19.3% in auto loans.
- Manages 50% of India's currency chest and 62% of government business.

2. Diversified Financial Conglomerate
- Strong subsidiaries: SBI Life, SBI General, SBI Mutual Fund, and SBI Card.
- Cross-selling opportunities drive multiple revenue streams.

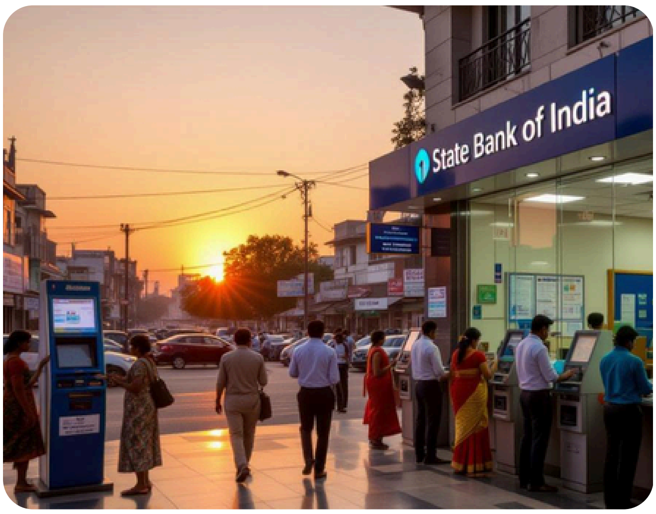
3. Scale & Stability
- Over 22,000 branches, 65,000 ATMs, 76,000 correspondent outlets, and 480 million customers.
- 57.14% government ownership provides confidence and credibility.

4. Asset Quality Turnaround
- Gross NPAs declined from 6.15% (FY20) to 1.82%.
- Net NPAs reduced from 2.23% to 0.47%, cutting provisions, boosting profits, and improving RoE and RoA.

5. Digital Leadership (YONO)
- Flagship app with 9.04 crore users.
- 66% of new savings accounts in Q1 FY26 were opened digitally.

Current Context

- SBI has underperformed peers over the past year, staying largely flat due to muted system credit growth (~11%), funding cost pressures, and competitive pricing.
- However, with RBI rate cuts, direct tax relief, and GST reforms, we expect a revival in consumption and credit demand, particularly among lower-income segments where SBI has unmatched reach.



Income Statement				
Y/E MAR (RS MN)	FY24A	FY25A	FY26E	FY27E
Net Interest income	15,98,758	16,69,651	16,95,604	18,81,358
Other income	5,16,822	6,16,831	6,60,379	6,94,934
Total Income	21,15,580	22,86,482	23,55,983	25,76,292
Operating expenses	12,48,608	11,80,690	12,01,803	12,82,415
PPOP	8,66,972	11,05,792	11,54,180	12,93,877
Provisions & contingencies	49,142	1,53,079	1,40,151	1,97,289
PBT	8,17,830	9,52,713	10,14,029	10,96,588
Tax expense	2,07,063	2,43,706	2,56,549	2,77,437
Reported PAT	6,10,767	7,09,007	7,57,480	8,19,151
Adjusted PAT	6,10,766	7,09,006	7,57,480	8,19,151
Diluted EPS (Rs)	68.4	79.4	82.1	88.7

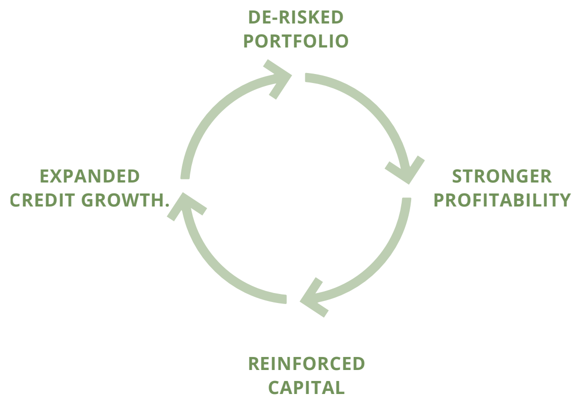
Key Financial Ratios				
YEAR TO	FY24A	FY25A	FY26E	FY27E
NIM	3.28%	3.09%	3.20%	3.10%
Cost-income	55.70%	51.60%	52.60%	51.10%
RoA	1.04%	1.10%	1.10%	1.00%
RoE	20.32%	19.87%	16.50%	15.30%

Balance Sheet				
Y/E MAR (RS MN)	FY24A	FY25A	FY26E	FY27E
Share capital	8,925	8,925	9,231	9,231
Reserves & surplus	37,63,541	44,02,697	52,83,798	59,53,228
Net worth	**37,72,466**	**44,11,622**	**52,93,029**	**59,62,459**
Deposits	4,91,60,768	5,38,21,895	5,94,19,832	6,66,65,981
Borrowings	59,75,609	56,35,725	59,06,332	62,37,593
Interest bearing liab.	5,51,36,377	5,94,57,621	6,53,26,164	7,29,03,574
Other liabilities & prov.	28,88,097	28,91,291	41,11,844	44,08,466
Total liabilities & equity	**6,17,96,939**	**6,67,60,533**	**7,47,31,037**	**8,32,74,499**
Net advances	3,70,39,709	4,16,33,121	4,68,01,711	5,29,44,149
Investments	1,67,13,397	1,69,05,727	1,85,82,600	2,02,97,874
Cash, other balances	31,08,020	34,02,297	35,92,939	38,29,840
Fixed assets	4,26,173	4,41,076	5,78,238	6,35,072
Other assets	45,09,642	43,78,312	51,75,549	55,67,924
Total assets	**6,17,96,939**	**6,67,60,533**	**7,47,31,037**	**8,32,74,499**

Investment Thesis

- Hidden Value in Subsidiaries: Initial investment of ₹6,500 crore in SBI Life, SBI Cards, and SBI Mutual Fund has grown to nearly ₹4 trillion.
- Core Bank Undervalued: Even after valuing subsidiaries, the core banking business trades at a ~50% discount to private peers.

A virtuous cycle has been created:



Key Drivers Ahead

- Continued asset quality improvement.
- Rising exposure to high-growth segments.
- Strong digital adoption through YONO.
- Management's confidence in outperforming both nominal and industry credit growth.

Our View

SBI trades at 6x core profits, while one listed subsidiary is valued at only 1x P/B.

With an ROA of 1% and ROE of 20%, SBI matches top private banks on profitability while outperforming them on asset quality.

Its vast scale, government backing, and leadership in both physical and digital banking make SBI one of the most compelling large-cap opportunities in India's financial sector.

MARKET VIEW

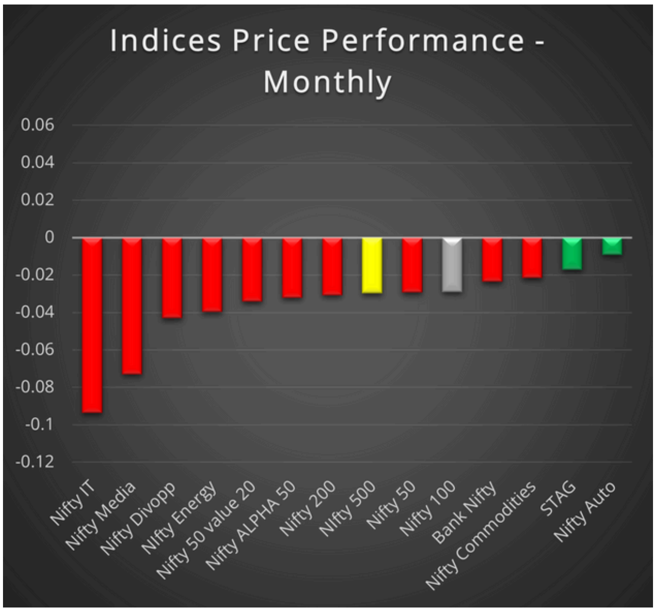
These datapoints reaffirm that while global uncertainty may inject volatility, India's medium- to long-term trajectory remains robust. In such an environment, we remain focused on process, quality, and growth at reasonable valuations, an approach that ensures resilience in consolidation phases and outperformance during strong cycles.

TECHNICAL VIEW – NIFTY

- **Immediate supports:** 24,300 and 24,700
- **Key resistances:** 25,670 (recent swing high) and 26,250–26,300 (all-time high zone)
- **Trend bias:** Positive above 24,700; however, volatility is expected in the near term due to global developments and FII positioning
- **Tactical trigger:** Sustained close above 25,800 could pave the way for a rally towards 26,500+

Since Inception	
GAINERS	
Stock	**Returns**
ETERNAL	59.16%
INDIGO	33.60%
BHARTIARTL	29.41%
MARUTI	21.26%
HINDUNILVR	17.75%
ICICIBANK	14.76%
LOSERS	
TATAMOTORS	-29.72%
AXISBANK	-18.69%
BANKBARODA	-17.13%
ABB	-15.26%
AMBUJACEM	-14.28%
TATAPOWER	-13.43%
JIOFIN	-12.51%
RELIANCE	-10.80%
SBIN	-5.07%
CHOLAFIN	-0.67%

Monthly	
GAINERS	
Stock	**Returns**
MARUTI	17.31%
HINDUNILVR	5.50%
ETERNAL	2.00%
SBIN	0.75%
TATAMOTORS	0.46%
LOSERS	
Stock	**Returns**
ABB	-9.27%
TATAPOWER	-5.93%
ICICIBANK	-5.64%
JIOFIN	-5.33%
AMBUJACEM	-4.98%
INDIGO	-4.48%
RELIANCE	-2.37%
AXISBANK	-2.17%
BANKBARODA	-2.12%
CHOLAFIN	-1.56%
BHARTIARTL	-1.33%



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