



**Invest in the things  
that make your day!**

Invest in your everyday with  
**HDFC NON-CYCLICAL  
CONSUMER FUND**

(An open-ended equity scheme  
following non-cyclical  
consumer theme)





# Factors driving India's consumption in the coming decades



## India's consumption at an inflection point

Countries like China saw a sharp acceleration in consumption post crossing US\$2,000 mark in per capita income



## Demographic Dividend

India has the largest and one of the youngest populations in the world with declining dependency ratio



## Premiumization

Changing income pyramid and higher disposable income leading to premiumization



## Formalization

Shift from unorganized to organized at a faster pace on account of factors like Demonetization, GST, Corporate tax cuts and higher digitization



## Digitization

Changing consumption landscape - improving access to products and services

# Multiple catalysts to infuse growth



**Aggregate consumption in India lagged economic growth post-Covid**



**Mass consumption to witness potential recovery on the back of:**

- ✓ Income tax relief
- ✓ Higher welfare spends
- ✓ Lower inflation
- ✓ Prospects of above average monsoon



**Signs of revival in consumption – both rural and urban**



**Lower crude & edible oil prices to push margins higher**



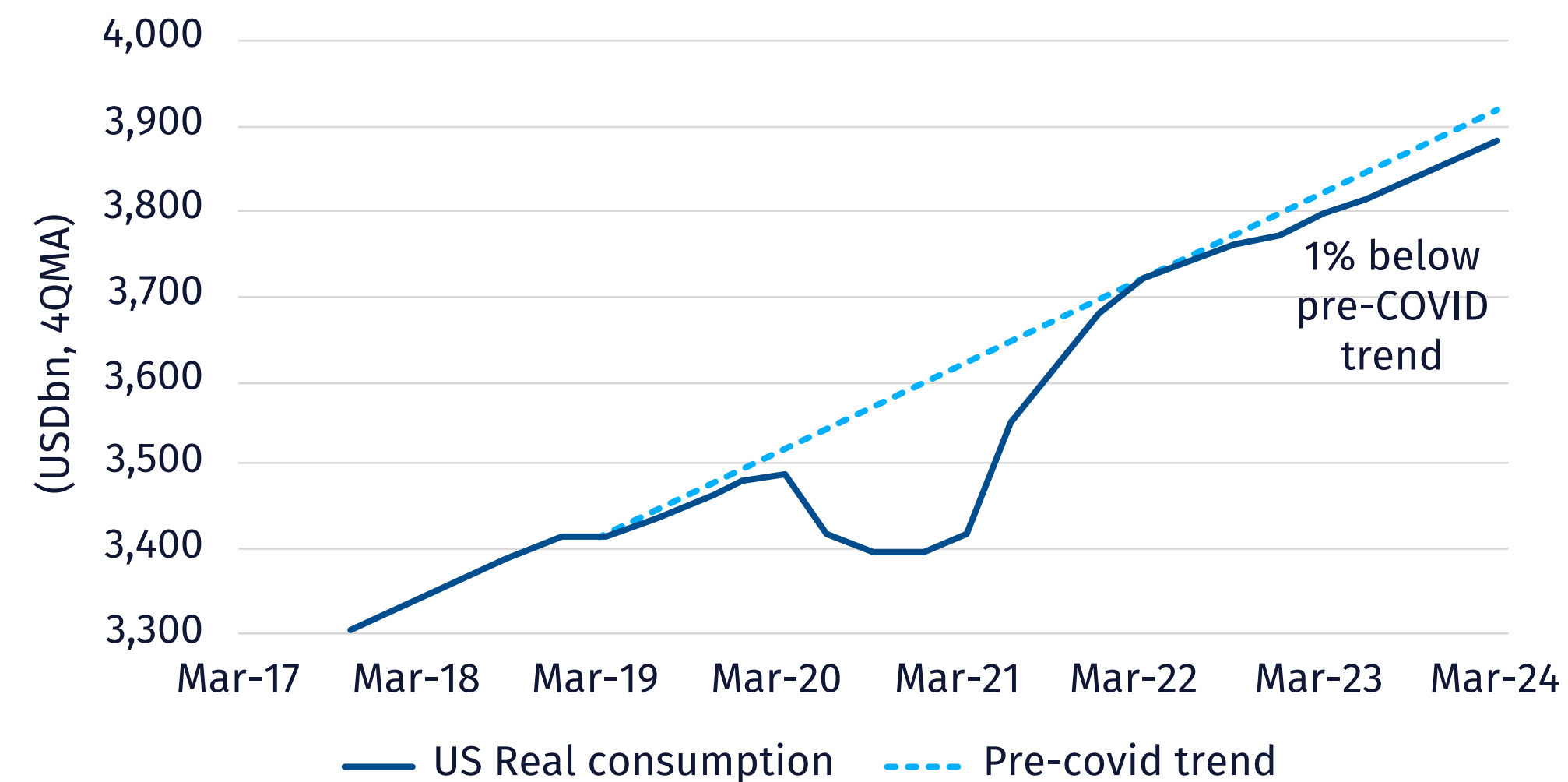
**Supportive macroeconomic factors: Lower interest rates, High liquidity, higher services exports**

# US vs India -

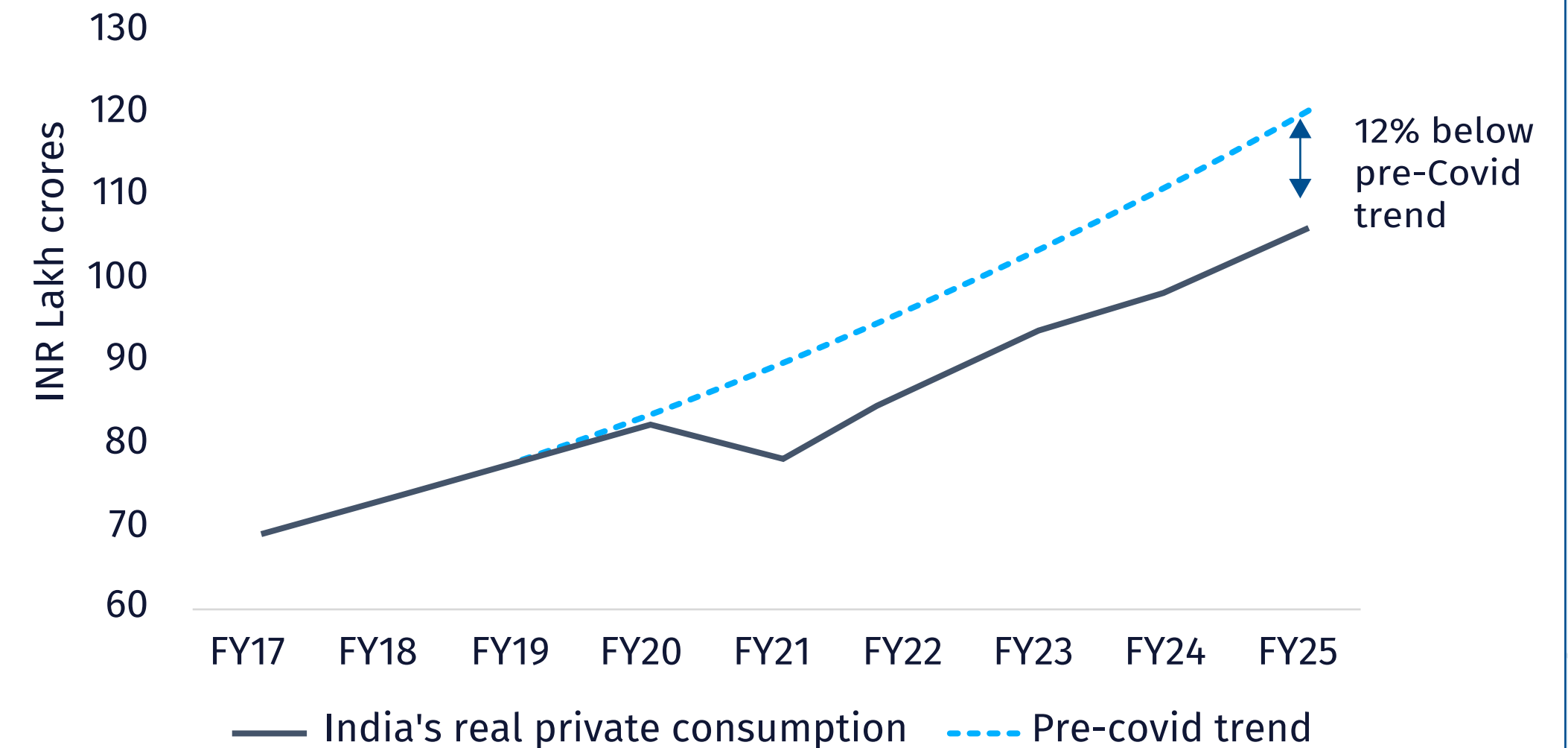
## Consumption trends below pre-pandemic levels in india

- ✓ US consumption trends recovered to pre-pandemic levels helped by strong 'Stimulus and Relief Package' also known as CARES act which included One-time, direct cash payment of US\$1,200 per person plus US\$500 per child.
- ✓ India Consumption trends have not yet recovered to pre-pandemic levels.

### While US consumption trends have recovered to pre-pandemic levels



### India Consumption trends is yet to recover to pre-pandemic levels



Source: Nuvama Institutional Equities

**Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

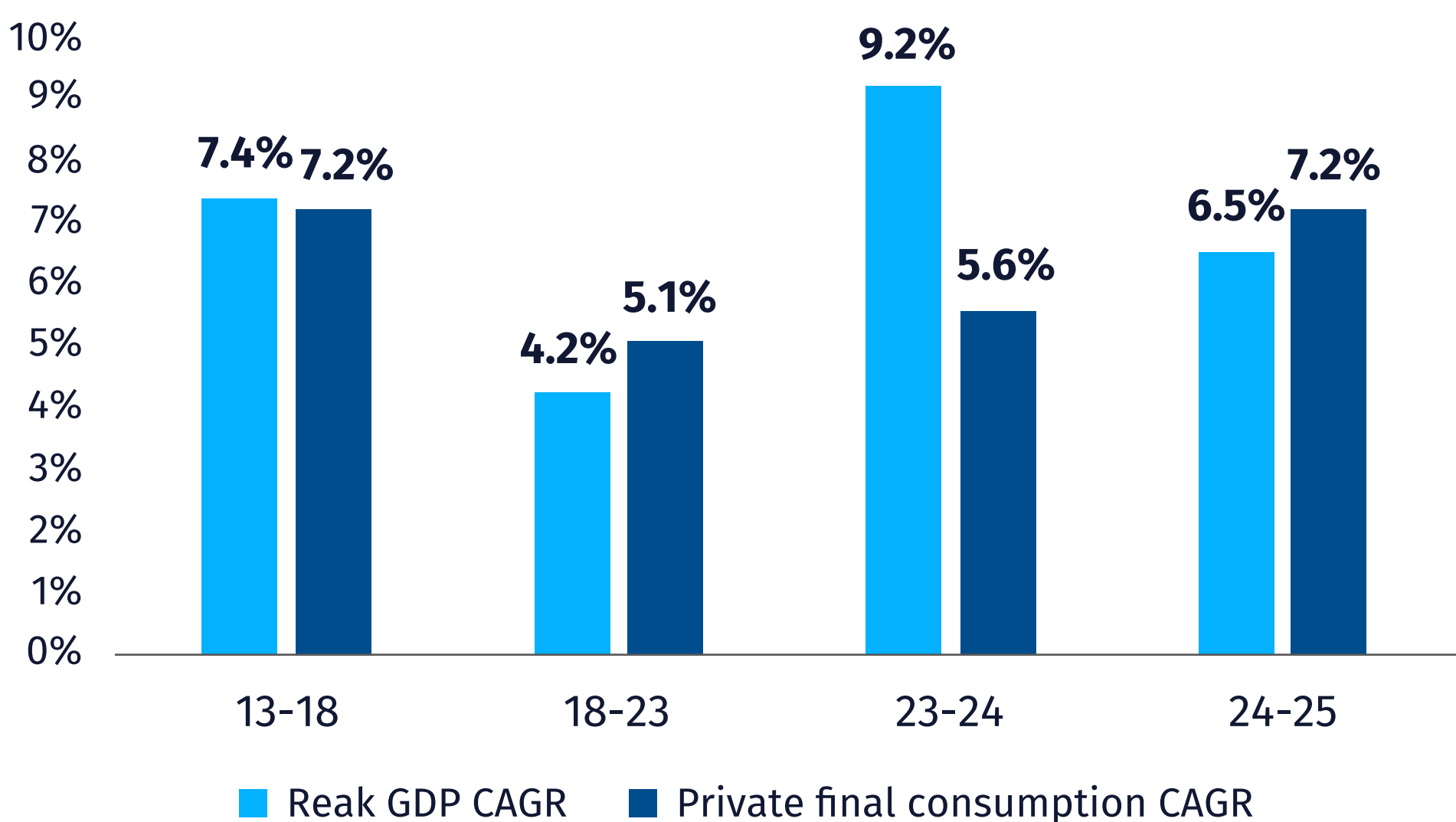
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# Consumption remains a major contributor to GDP

- ✓ Domestic Private Consumption contributes 59% of India’s GDP and has grown faster than Nominal GDP in the last 10 years
- ✓ Major constituents of Private consumption are Foods & Beverages, Clothing and Footwear, Housing and Fuels, Transportation, Healthcare, Communication, Education, Restaurants and Hotels etc

## Consumption growth was slower in FY24, but grew faster in FY25



Source: CMIE ; GDP = Consumption + Investment + Government Spending + ( Export – Import)

## Private Final Consumption breakdown by category, India vs US

Private Final Consumption by categories, US\$ per capita	India			USA
	FY12	FY22	FY22 share of consumption	2022
Food, Beverages and Tobacco	274	421	32%	3,797
Clothing and Footwear	52	79	6%	1,460
Housing, Water, Electricity, Gas and Other Fuels	135	172	13%	10,370
Furnishing, Household Equipment and Routine Household Maintenance	26	39	3%	1,562
Health	30	67	5%	8,101
Transport	124	212	16%	3,776
Recreation and Culture	8	11	1%	3,747
Restaurants and Hotels	19	18	1%	3,725
Others	155	278	21%	13,477
Total	825	1,296	100%	51,582

Source: MOSPI, US BEA, UN Population Database, Bloomberg. Currency rates used: (USD/INR) FY12 - 47.9; FY22 - 78.64

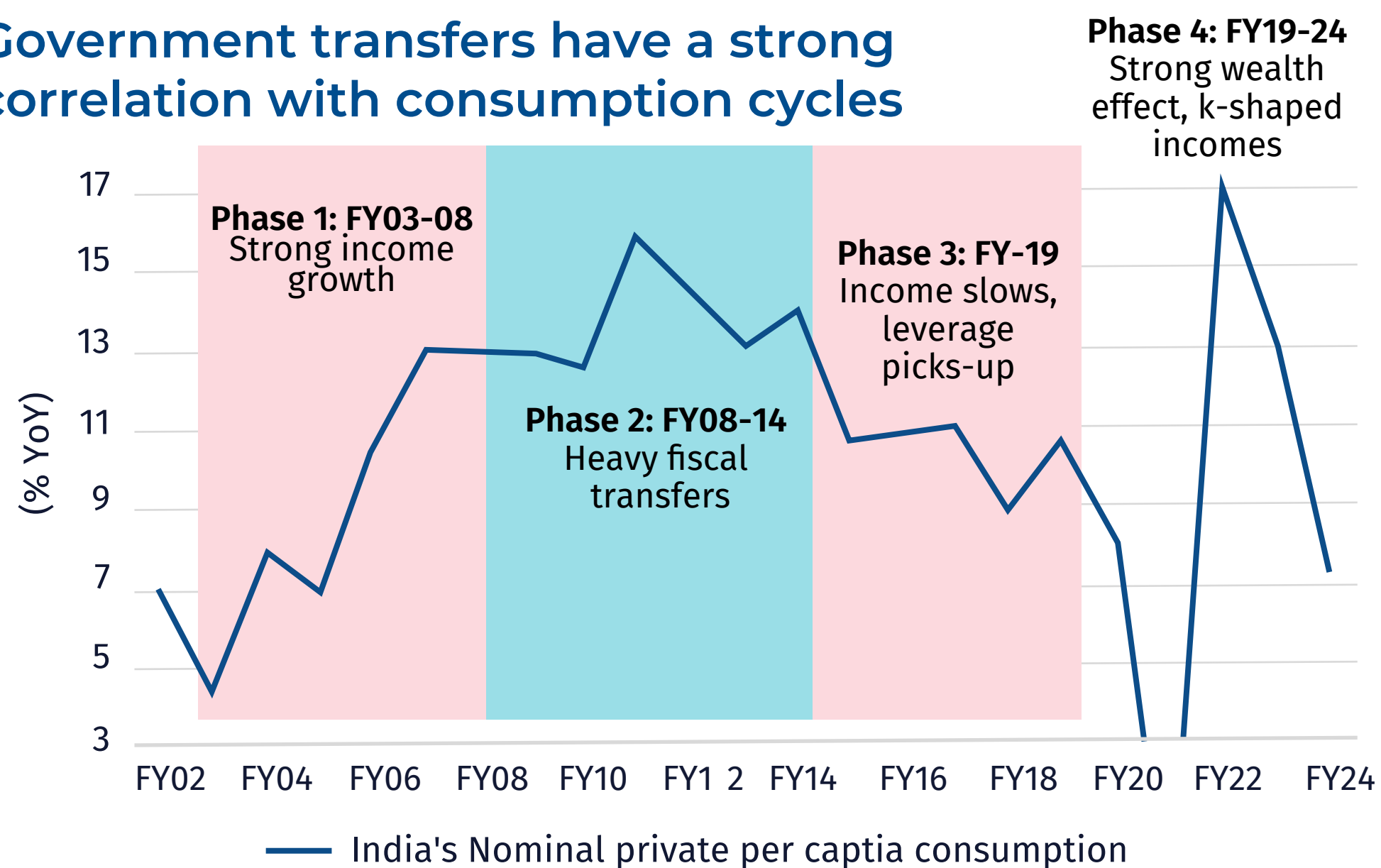
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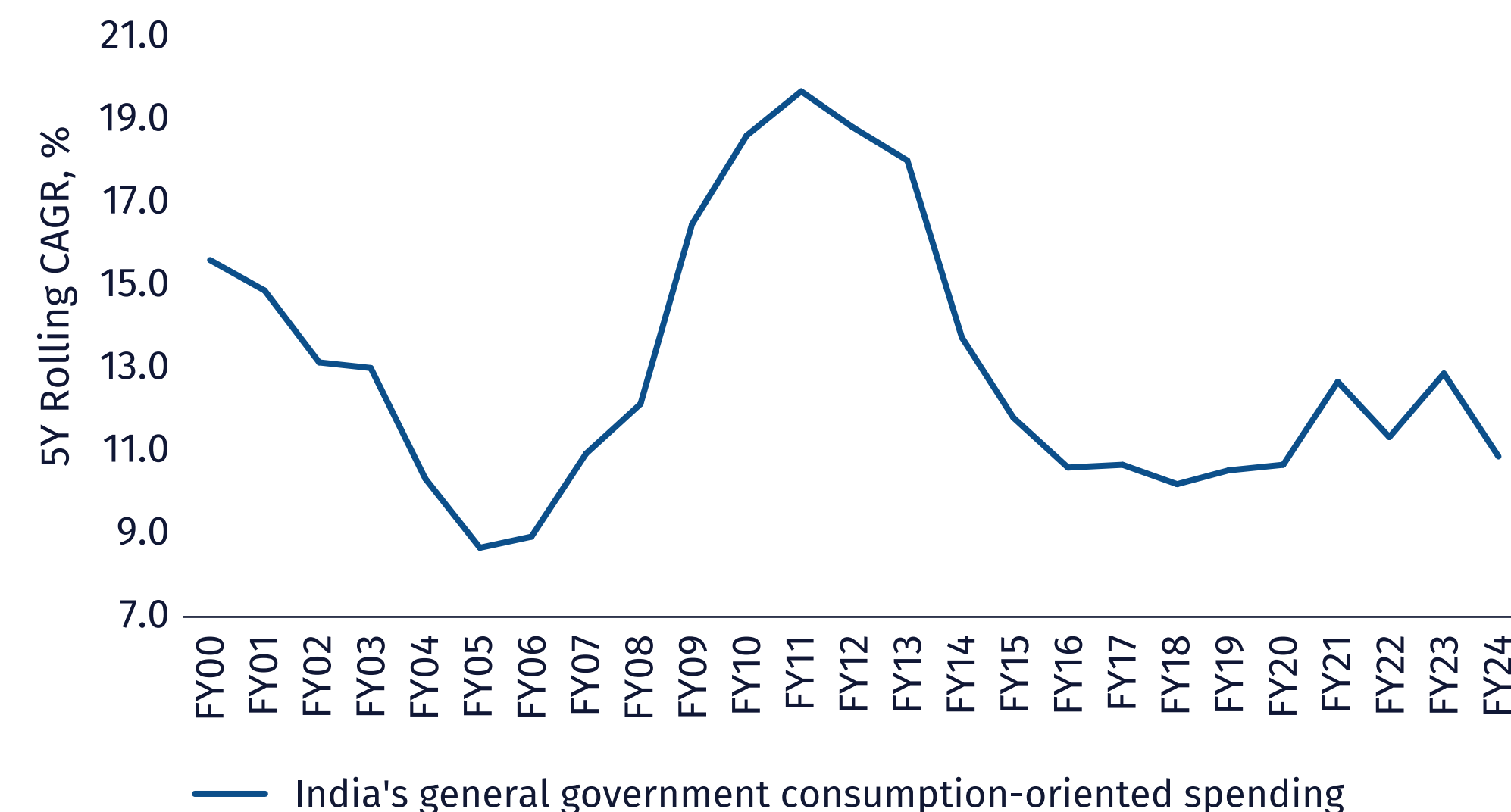
# Government spending has high correlation to consumption cycles

- Historically, consumption growth in India has high correlation with welfare spending by government.
- High government fiscal transfers for welfare spending during FY08-14 (MGNREGA scheme, higher MSP growth etc.) led to a strong consumption cycle.
- India is seeing higher spending growth in FY26 budgets

## Government transfers have a strong correlation with consumption cycles



## Government consumption - oriented spending



Source: Nuvama Institutional Equities

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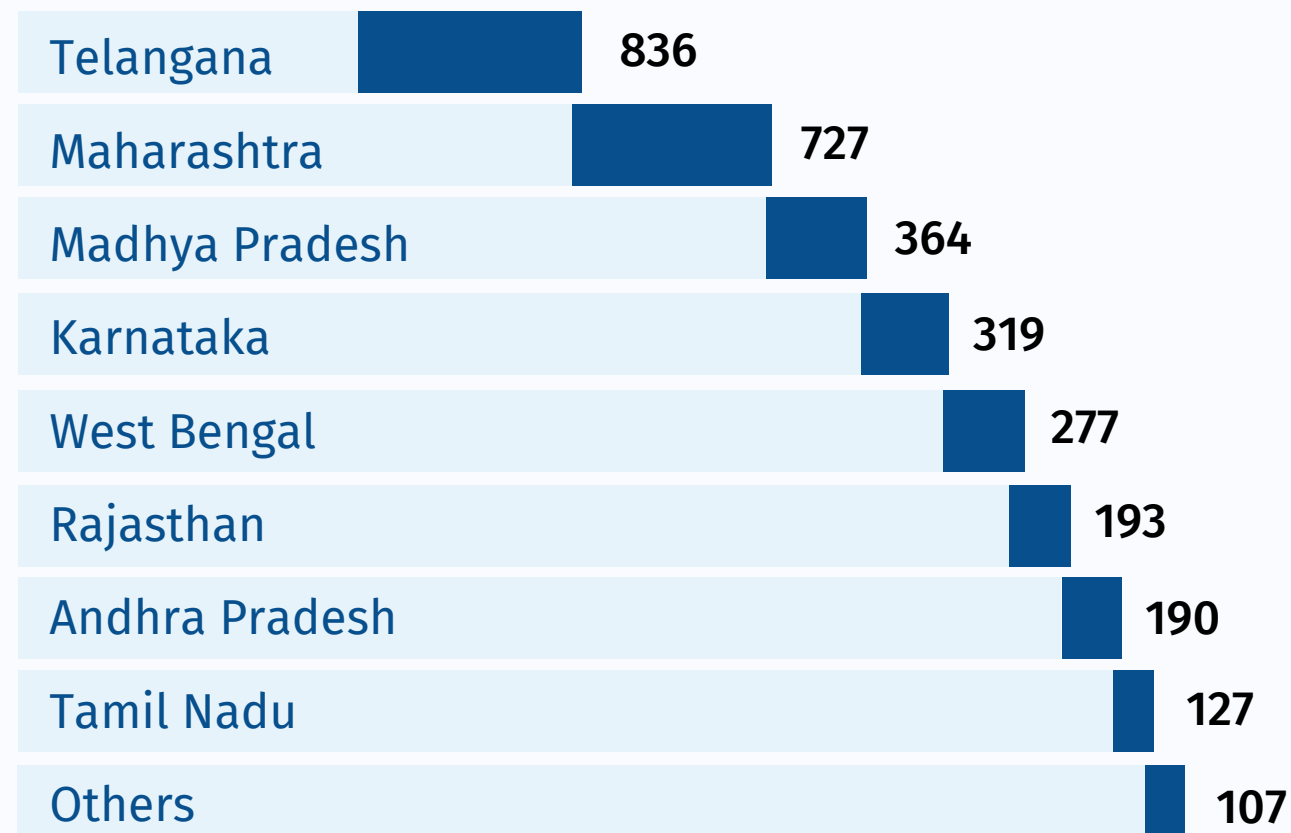
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# State governments led increase in welfare spending gaining momentum

- ✓ Large states including Maharashtra, Madhya Pradesh, Karnataka, Telangana, Andhra Pradesh etc have announced welfare schemes worth > Rs 3 lakh crores in the last few months
- ✓ Union Budget 2025 saw increase in revenue expenditure vs interim budget

## State Governments have announced welfare schemes worth >Rs 3 Lakh crores in the last few months



Rs 3 Lakh crores >

## Welfare schemes in major states in India- most of them announced in last 1 year

### Madhya Pradesh

Financial assistance for women under Ladli Behna Yojana at ₹ **1,250 per month**.  
Free electricity up to 100 units for women from an economically disadvantaged background

### Maharashtra

Mukhya Mantri Majhi Ladaki Bahin Yojana will offer ₹ **1,500 per month** to poor women.  
Under Mukhhya Mantri Yuva Karya- prashikshan Yojana, each trainee will be given a stipend of \*10k/month.

### Telangana

\* 2500 per month for women under Mahalakshmi Scheme.  
Financial Assistance of Rs15,000 per acre for farmers.

### Karnataka

\*2,000 monthly assistance to woman of under Gruha Lakshmi scheme.  
Upto 200 units of free electricity to every Karnataka household.

Source: Avendus Spark

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# Income Tax Cuts – more money in Consumer hands

- ✓ Reduction in slab rates and rebate upto Rs12 Lakh could mean that a significant portion of the population has <5% tax liability
- ✓ As per Budget, this move leads to Rs 1 Lakh crore of tax foregone
- ✓ Higher salaries have reflected starting April 2025 for most employees

Returned Income Range	Number of returns filed	Total returned income reported	Average returned income
		(In Rs crores)	(In Rs lakhs)
0	4,90,408	0	0.00
>0 and <=5 Lakh	5,23,85,897	20,41,642	3.90
>5 Lakh and <=10 L	1,32,55,362	9,21,549	6.95
>10 L and <=15 L	41,65,166	5,04,296	12.11
>15 L and <=25 L	28,81,670	5,45,197	18.92
>25 L and <=50 L	16,10,556	5,50,100	34.16
>50 L and <=1 Cr	4,55,589	3,12,451	68.58
>1 Cr	2,16,638	6,27,278	289.55
Total	7,54,61,286	55,02,514	

Income tax slabs	Income Tax Rates
Upto Rs. 4,00,000	NIL
Rs. 4,00,001 - Rs. 8,00,000	5%
Rs. 8,00,001 - Rs. 12,00,000	10%
Rs. 12,00,001 - Rs. 16,00,000	15%
Rs. 16,00,001 - Rs. 20,00,000	20%
Rs. 20,00,001 - Rs. 24,00,000	25%
Above Rs. 24,00,000	30%

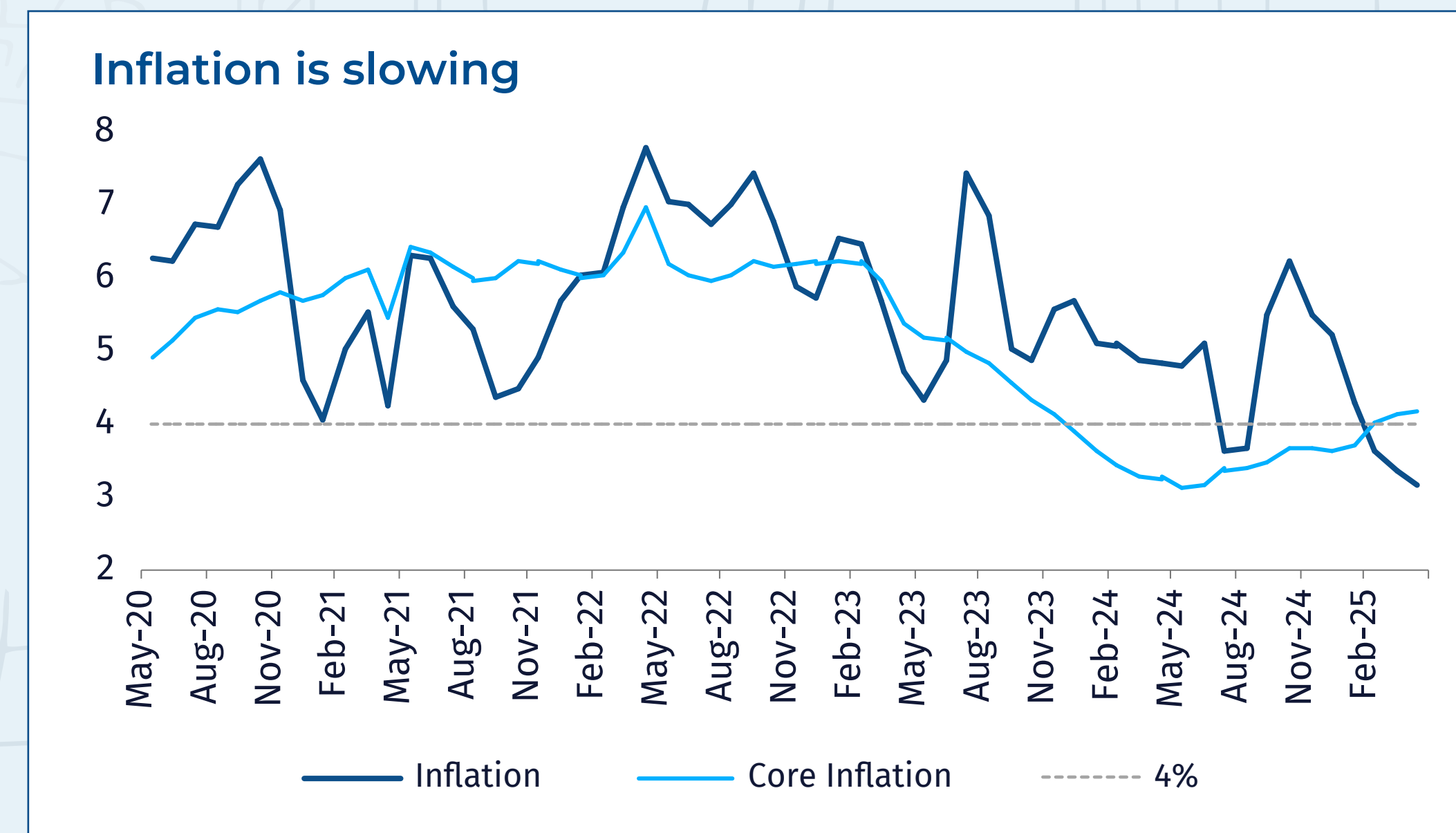
Source: Incometaxindia.gov.in, India Budget 2025

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# Low inflation and good monsoon to uplift consumption outlook

- ✓ High inflation has historically led to lower consumption growth
- ✓ The rise in inflation post the pandemic has now slowed down, with CPI Inflation reporting 2.1% YoY for June 2025
- ✓ IMD forecast for Monsoon 2025 is 'above normal', another potential boost to mass consumption



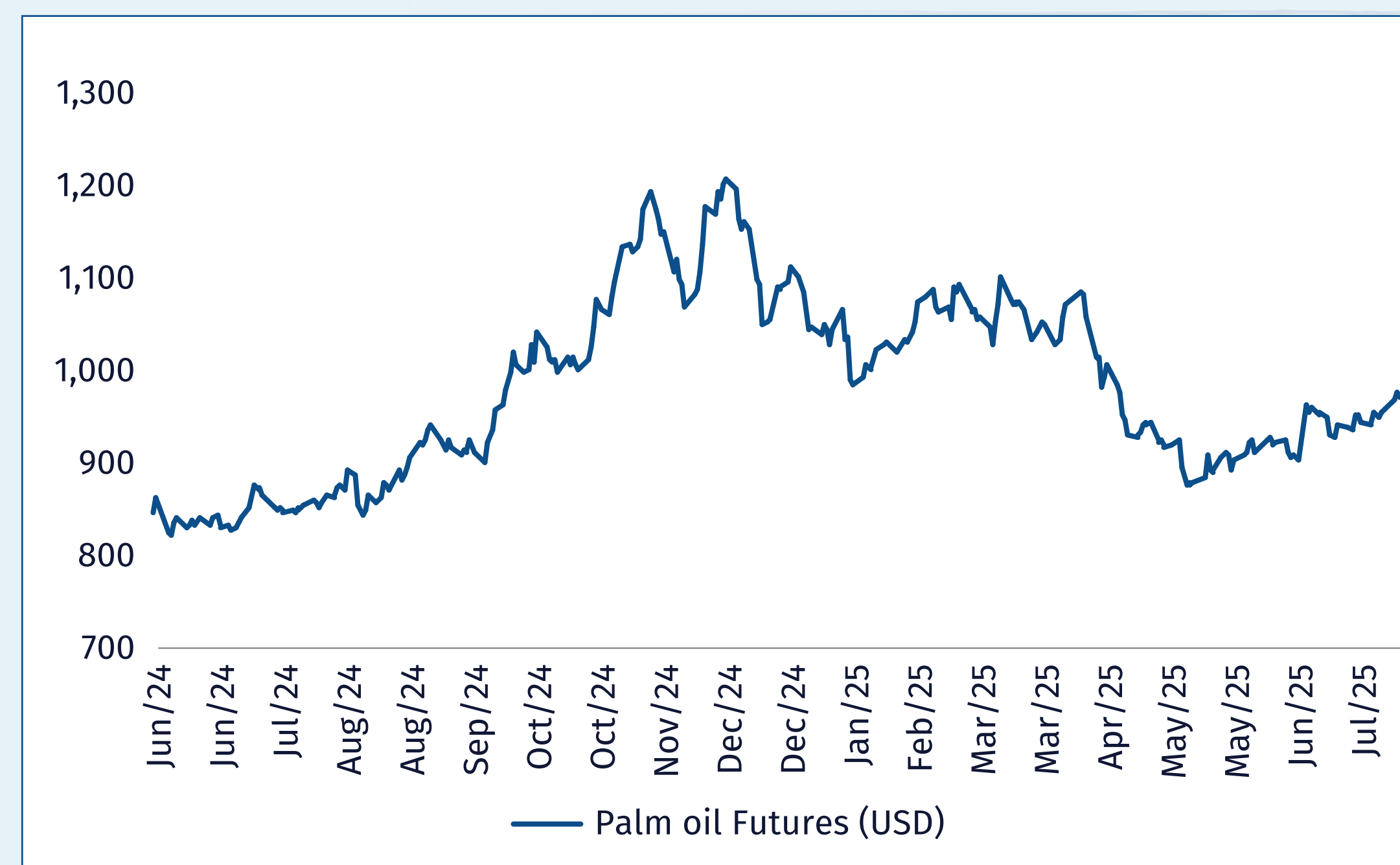
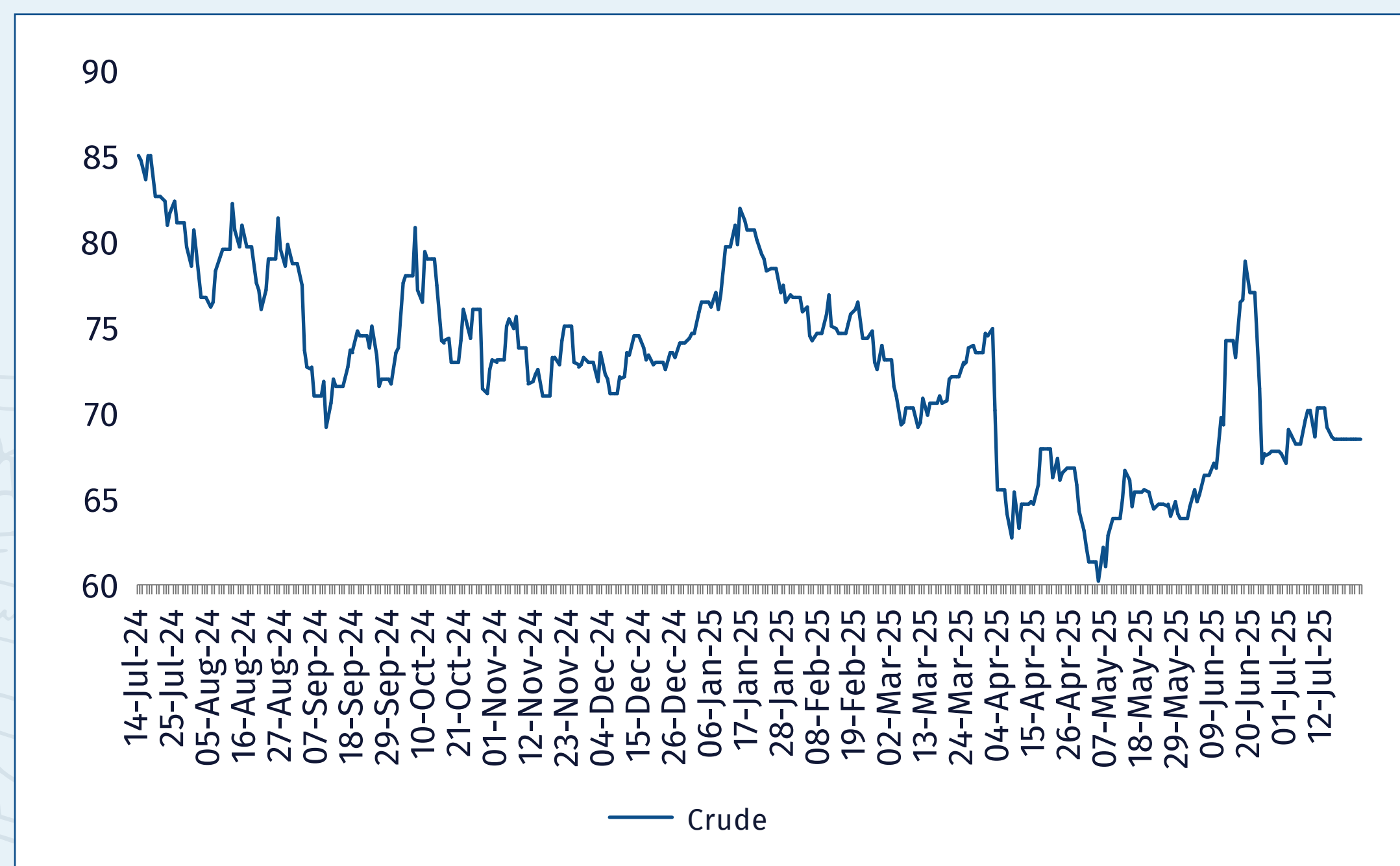
Source: CMIE

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# Crude and margins

- ✓ Crude oil prices have continued to stay low following OPEC's decision to increase oil supply. Weak demand outlook could contain crude oil price hikes
- ✓ Decrease in Palm oil costs on account of duty cut and falling international prices
- ✓ Indian consumer facing businesses are dependent on Crude and Palm Oil for input costs indirectly, and fall in prices tends to support margins



Source: Bloomberg

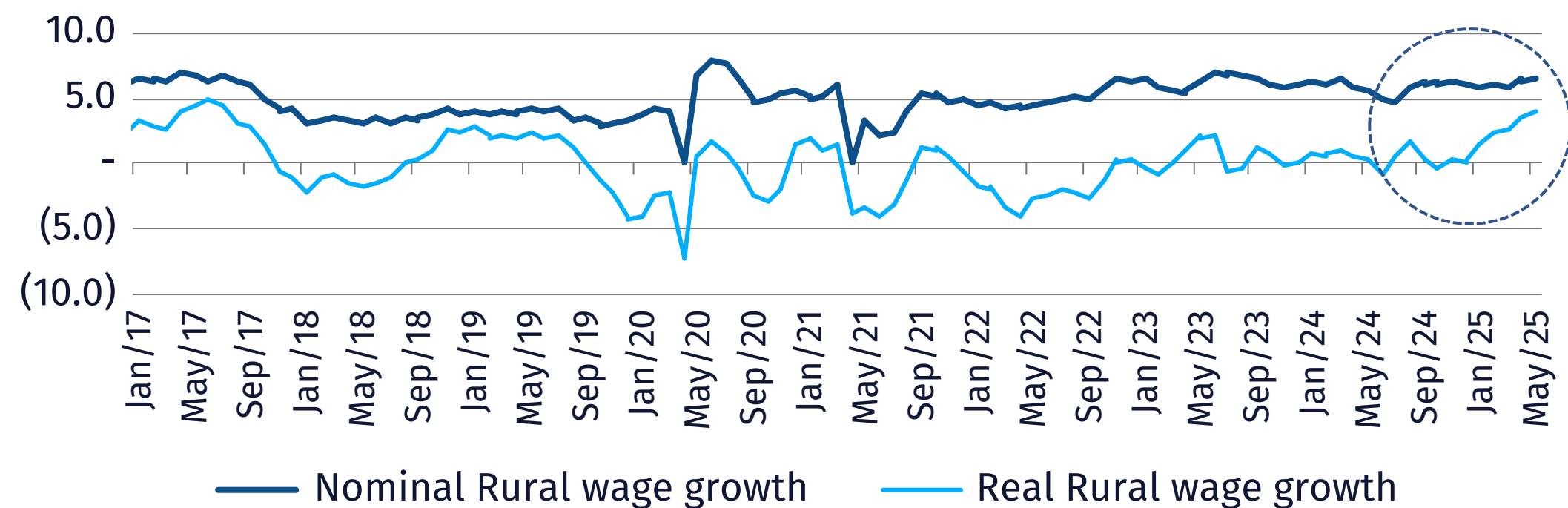
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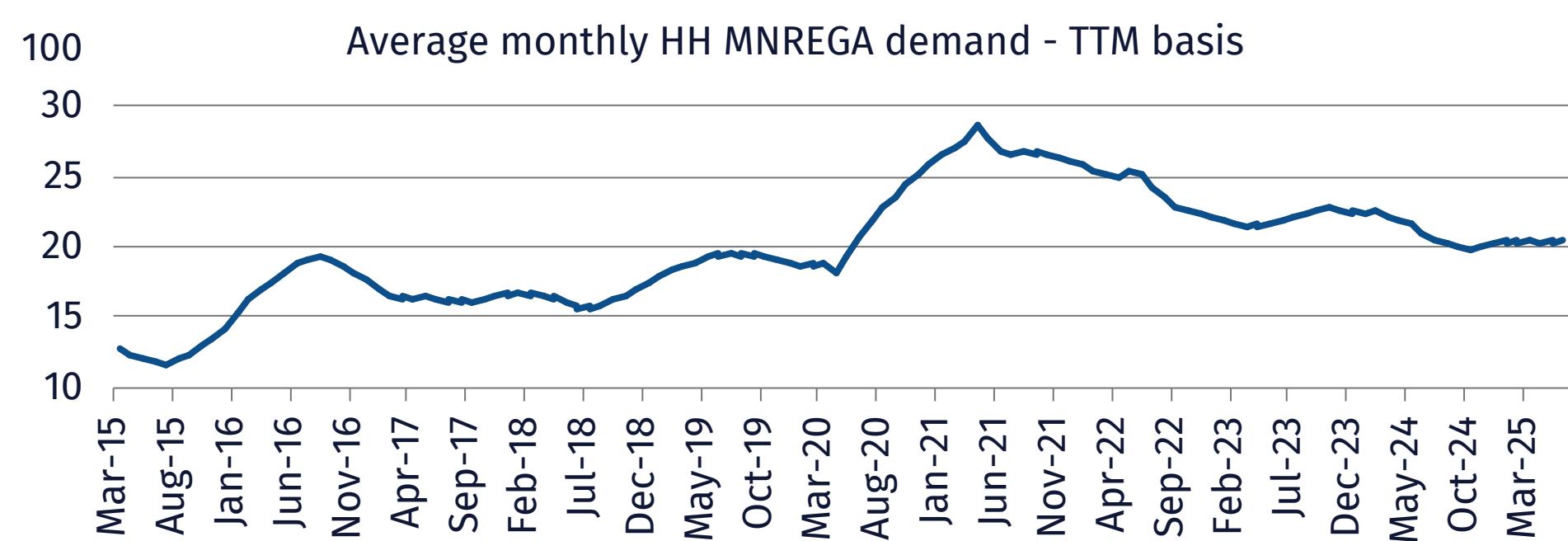


# Macro indicators bottoming out

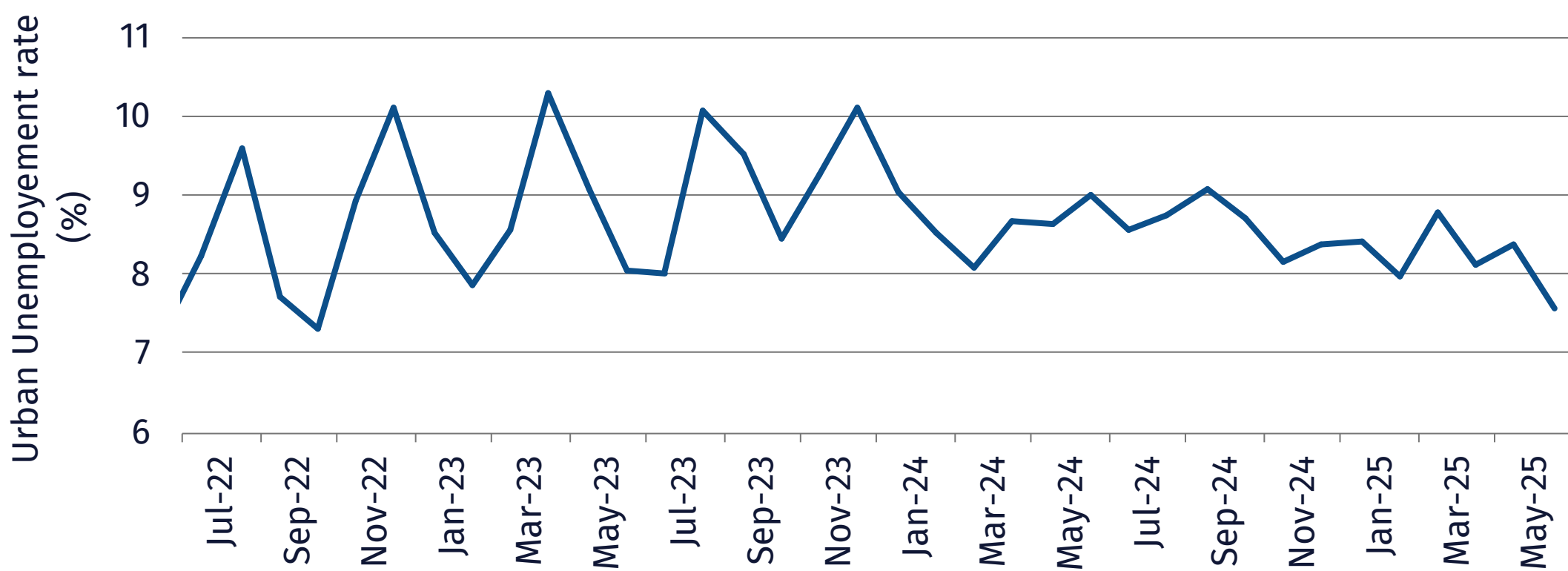
While nominal wage growth stays in mid single digits, real wage growth improves



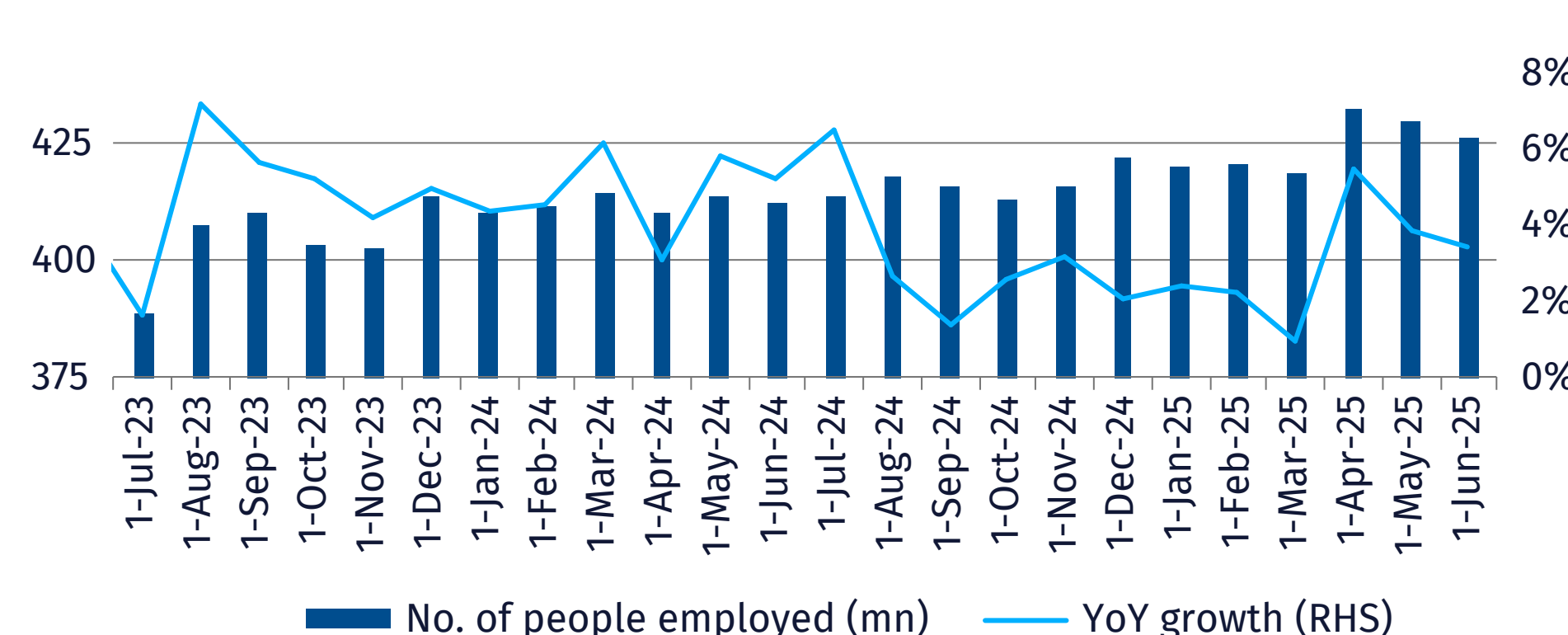
Household demand for MNREGA has contracted which indicates increased economic activity



Urban unemployment has been coming down



Total number of employed people is increasing



Source: CMIE

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# Signs of revival in consumption

*During-the quarter, Indian FMCG sector witnessed a sequential recovery in demand with uptick in volume growth particularly in urban markets...*

*...With the refreshed strategic vision and favourable macroeconomic conditions such as above average monsoon, good agricultural output, easing inflation and consumption-focused government measures, we expect revenue growth to regain momentum and trend higher in the coming quarters.*

**FMCG major, business update for Q1FY26 dated July 4, 2025**

*During the quarter, the sector exhibited consistent demand patterns, marked by improving trends in rural markets and steady urban sentiment. We expect gradual improvement in the quarters ahead, supported by easing inflation, a favourable monsoon season and policy stimulus. Amidst this backdrop, underlying volume growth in the India business continued to improve sequentially to reach a multi-quarter high, driven by positive trends in the core franchises and continuous scale up of new businesses.*

**FMCG major, business update for Q1FY26 dated July 3, 2025**

*Our Standalone business is likely to deliver high-single digit value growth on the back of mid-single digit UVG. Volume growth has been strongly competitive and is sequentially improving... As guided during our latest Investor Meet (May 2025), we expect performance to improve sequentially in FY26.*

**FMCG major, business update for Q1FY26 dated July 4, 2025**

Source: Extracts from Individual Company updates. The fund may or may not invest in the companies quoted above.

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# What is Non-Cyclical Consumer theme

Demand for non-cyclical consumer goods and services remains relatively stable across different phases of the economic cycle. Sectors such as FMCG, Consumer Durables, Consumer Services, healthcare services are part of the theme

		Non-Cyclical	Cyclical
<b>Fast Moving Consumer Goods (FMCG)</b>	Packaged Foods	✓	
	Home and Personal Care (HPC)	✓	
<b>Consumer Discretionary</b>	Consumer Durables	✓	
	Consumer Services - Retail, Leisure, etc.	✓	
	Quick Service Restaurants (QSRs)	✓	
	Media, Entertainment & Publications	✓	
	Automobile and Auto Components		✓
	Realty		✓
<b>Others</b>	Telecommunications	✓	
	Healthcare services	✓	
	Power		✓

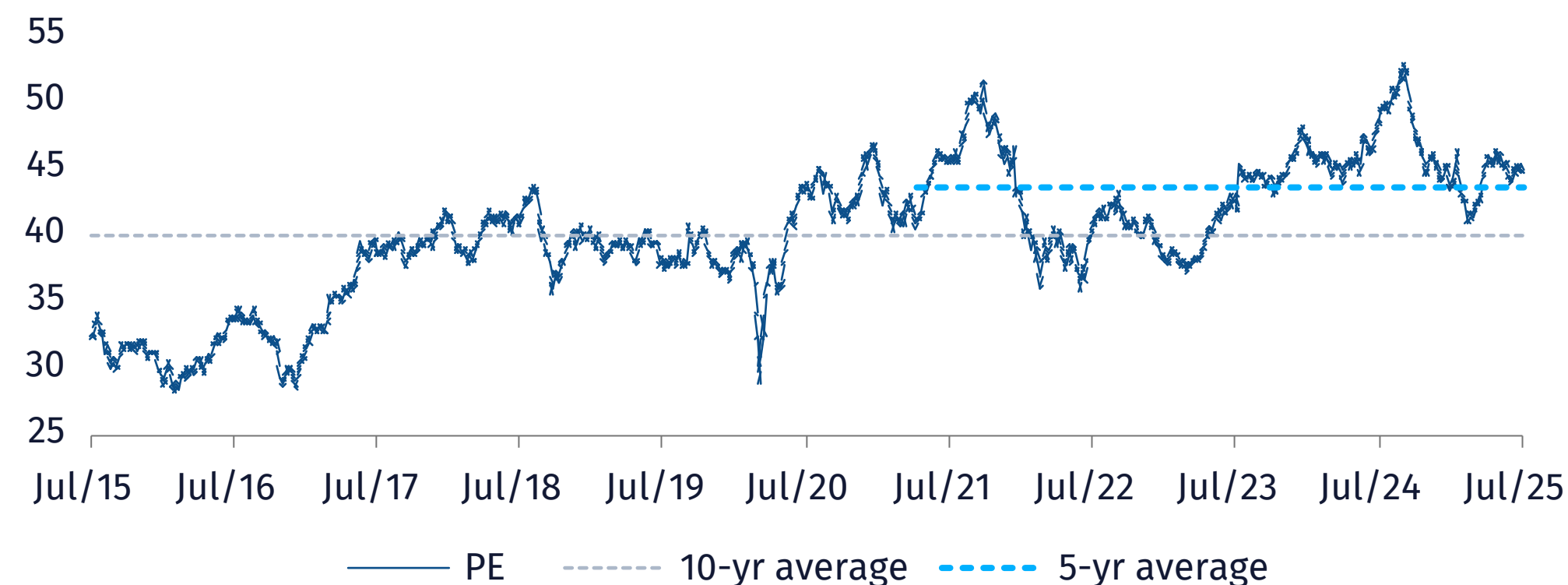
**Sectors such as Automobiles, Power and Realty are relatively more cyclical and hence are excluded**

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# Valuation - Trading in-line with last 5 years average PE multiple

- ✓ Consumption sector valuations are at 45x 1 yr Fwd P/E Ratio which is broadly in line with (2% above) last 5 years average
- ✓ Earnings growth surprise and higher visibility has led to valuation re-rating in the consumption stocks in the last 10 years. Also, during 2013-21, lower interest rate regime led to multiple expansion
- ✓ Reasons for higher valuation of the Consumption stocks compared to other sectors:
  - Higher margin and lower capital intensity leading to higher return on equity (ROE) and dividend payout
  - Higher visibility of earnings for longer period on account of brand loyalty and relatively lower technological disruption risks Strong balance sheet with lower leverage
  - Relatively low government's intervention
  - Lower risk from Global macro slowdown as majority of the companies are focused on domestic market

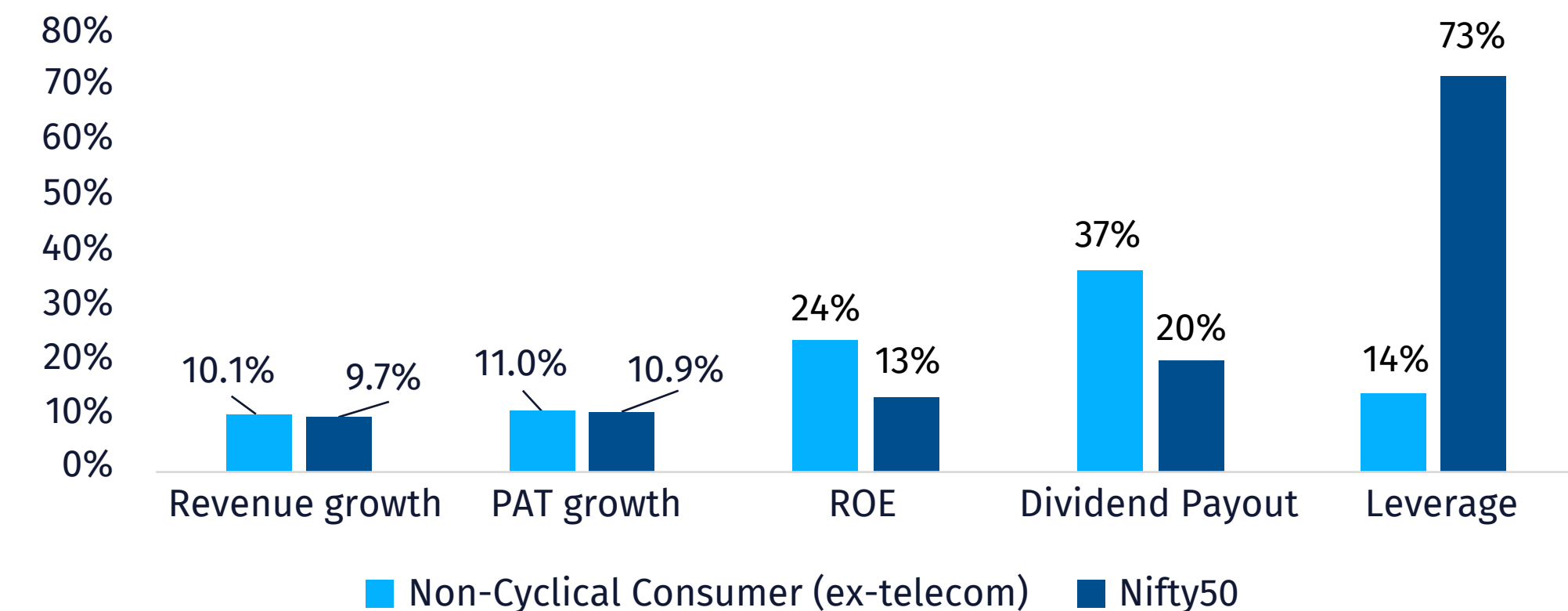
## Consumption stocks universe – 1 year forward P/E at ~2% premium to 5 years average valuation



Source: Kotak Research, Bloomberg

## Fundamentals of Consumption stocks remain strong

Key Financial parameters – 10 Years CAGR/average



Source: Capitaline; Financials of companies in Non-cyclical Consumer portfolio (ex- Telecom) used for analysis

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*Introducing*

# HDFC Non-Cyclical Consumer Fund

Investment team at HDFC MF has a significant experience and understanding of the consumption sector  
We follow bottom-up stock selection approach for portfolio construction

## Core Portfolio

Core of the portfolio (at least 80%) will be invested in stocks that represent the non-cyclical consumer theme within the basic industries like Consumer Goods, Consumer Services, Telecom, Healthcare, Media, Entertainment and Publication.

## Multicap Strategy

Consumption space offers depth and diversity – the scheme would invest across segments and market capitalization

## Focus on Leaders

Seek to invest in companies which are leaders and/or are gaining market shares due to superior execution, scale, better adoption of technology etc.

## Secular growth/ Re-rating

Equally focussed on

- Companies which are likely to witness steady and secular growth
- Companies which are likely to see a turnaround in profitability and have potential of being re-rated

HDFC Mutual Fund/AMC is not guaranteeing returns on investments made in this scheme.  
The current investment strategy is subject to change depending on the market conditions

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# Portfolio positioned to gain from changing consumption trends

Stock	Weight / Number
AUM	INR 1,004 crores
Number of stocks	45
Top 10 stocks	54%
Equity (%)	99.2%
Of which:	
Largecap	62%
Midcap and Smallcap	37%
Cash and Cash Equivalents	0.8%
Benchmark	NIFTY India Consumption Index (Total Returns Index)
Fund Manager	Amit Sinha (since July 12, 2023)

Data as on June 30, 2025. For complete portfolio details refer to the monthly portfolio on [www.hdfcfund.com](http://www.hdfcfund.com)

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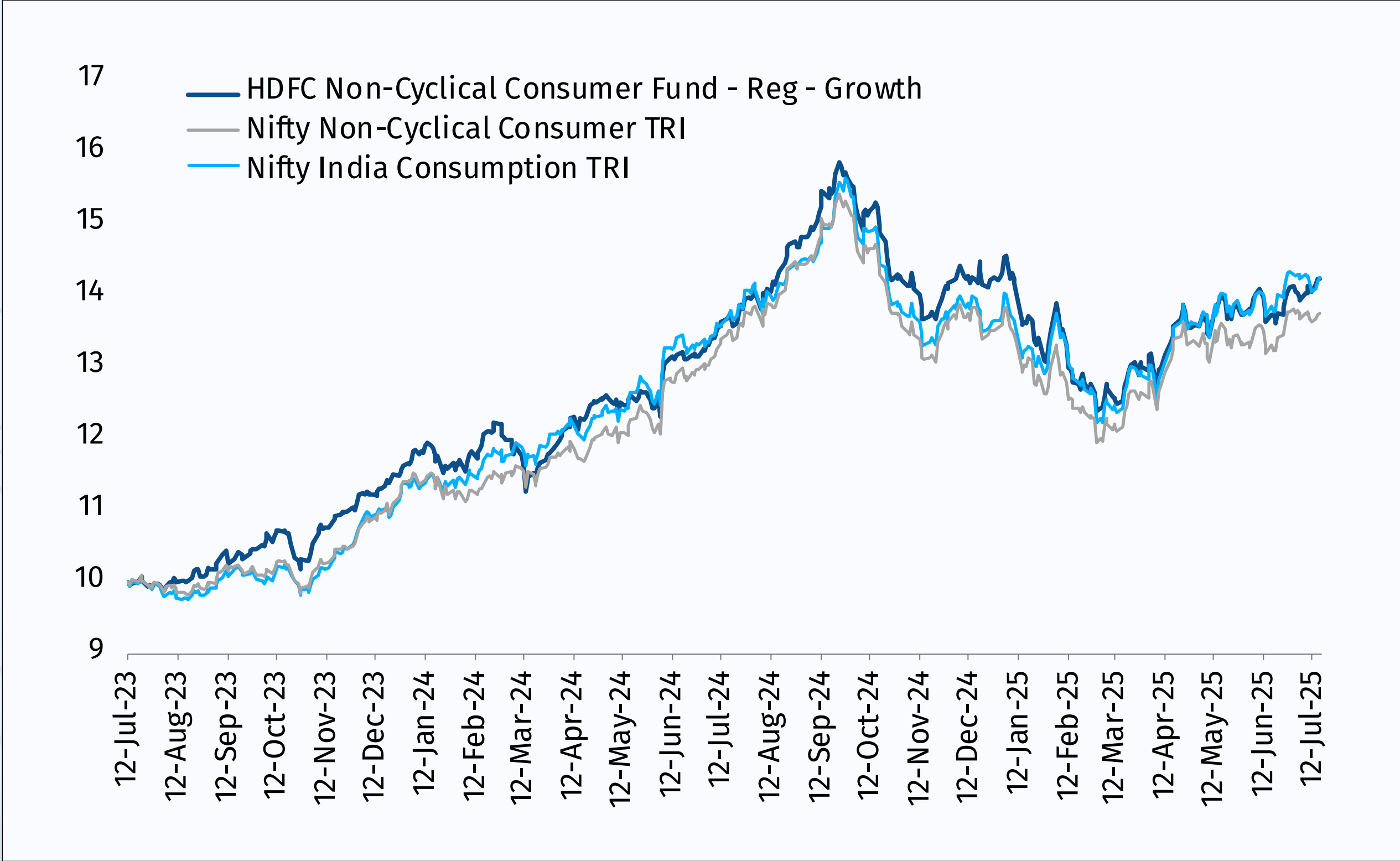
## Top Sectors:

Sector	Weight
Retailing	24.1
Diversified FMCG	11.3
Beverages	10.3
Consumer Durables	10.2
Leisure Services	10.2
Personal Products	7.2
Automobiles	6.8
Telecom - Services	3.6
Food Products	3.1
Healthcare Services	3.0

## Top Stocks:

Company	Weight
Eternal Limited	8.7
Hindustan Unilever	7.3
Vishal Mega Mart	7.0
United Spirits	5.9
Chalet Hotels	5.2
Godrej Consumer Products	4.9
Trent	4.1
Titan Company	3.9
Varun Beverages	3.8
ITC	3.7

# Performance over time



Period	HDFC Non-Cyclical Consumer Fund*	NIFTY Consumption TRI	NIFTY Non-Cyclical Consumer TRI
1-year	4.05%	3.82%	2.11%
2-year	19.33%	19.13%	16.98%
Since Inception (July 12, 2023)	19.20%	19.08%	17.14%

Source: MFI Explorer. Returns as on July 15, 2025. Scheme Benchmark is Nifty India Consumption TRI. For comparison with the theme universe, we have shown returns of Nifty Non Cyclical Consumer TRI. For Returns in the SEBI prescribed format, refer slide 24. **Disclaimer: Past performance may or may not be sustained in future and is not a guarantee of any future returns.** \*The above returns are of CAGR for the Regular Plan - Growth Option. HDFC Mutual Fund/AMC is not guaranteeing any returns on investments made in this Fund. In view of the individual circumstances and risk profile, each investor is advised to consult his / her professional advisor before making a decision to invest in the Scheme. Historical performance indications and financial market scenarios are not reliable indicators of current or future performance. HDFC Mutual Fund/AMC is not guaranteeing returns on investments made in the Scheme. The Fund may or may not have any present or future positions in the Stocks/Sectors.

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Risks	Mitigants
Growth in the aggregate consumption is dependent on the growth in India's economy	<ul style="list-style-type: none"><li>• India is currently witnessing high growth, and growth expectations from government and multilateral agencies are high</li><li>• Consumption of basic items don't move significantly basis small changes in incomes</li><li>• Companies have products across the price ladder in case of up-trading/down-trading</li></ul>
Sharp inflation in raw material	<ul style="list-style-type: none"><li>• Relatively strong pricing power observed in leading companies to pass on price increases to the consumers</li></ul>
Private labels (In-house brands of large retailers) gaining higher share	<ul style="list-style-type: none"><li>• Preference for branded products remains high in India which has led to lower growth of private labels in the past despite modern trade/ e-commerce gaining significance</li></ul>
Competitive intensity going up and/or technological disruption	<ul style="list-style-type: none"><li>• Relatively strong moats such as distribution, brand equity, in-house R&amp;D which are difficult to penetrate</li></ul>

**Sectoral Funds carry higher risk, thus one should take controlled exposure to such funds**

# Why invest in HDFC Non-Cyclical Consumer Fund

## ▶ Consumption theme is likely to unfold in India with key fundamental drivers in place:

- Inflection point in per capita income as we cross the US\$2,500 mark
- Demographic Dividend and Higher Urbanization
- Premiumization across consumer categories
- Higher formalization, and
- Digitization



**Stable earnings and  
ROE profile of  
Non-Cyclical Consumer  
companies**

## ▶ Supporting near term factors such as

- Improving macroeconomic factors (low inflation & lower input cost prices),
- Increase in welfare spends led by state governments,
- Above normal monsoons and
- Recovery In consumption (both rural and urban)



**Relatively lower risk  
and volatility in  
earnings growth  
compared to other  
sectors**



## ▶ Lower exposure to risks from Global macroeconomic slowdown and uncertainty



**Fund is well positioned  
to aim to benefit from  
consumption growth,  
having invested across  
consumer segments and  
market capitalisation**





Particulars	HDFC Non-Cyclical Consumer Fund
Type of Scheme	An open ended equity scheme following non-cyclical consumer theme
Investment Objective	To generate long-term capital appreciation by investing predominantly in equity and equity related securities of companies with a focus on non-cyclical consumer theme. <b>There is no assurance that the investment objective of the Scheme will be realized.</b>
Benchmark Index	NIFTY India Consumption Index (Total Returns Index)
Fund Manager \$	Mr. Amit Sinha
Investment Plans	<ul style="list-style-type: none"><li>• Direct Plan</li><li>• Regular Plan</li></ul>
Investment Options	Under Each Plan: Growth, Income Distribution cum Capital Withdrawal – Payout and Reinvestment of IDCW
Minimum Application Amount	<b>Purchase / Additional Purchase:</b> Rs. 100/- and any amount thereafter (in multiples of Rs.1) Note: Allotment of units will be done after deduction of applicable stamp duty and transaction charges, if any.
Load Structure	<b>Entry Load :</b> Nil <b>Exit Load :</b> In respect of each purchase/switch-in of units, an Exit load of 1% is payable if units are redeemed/switched-out within 1 year from the date of allotment. No Exit Load is payable if units are redeemed / switched-out after 1 year from the date of allotment.

\$ Fund Manager Overseas investment – Mr. Dhruv Muchhal (since July 12, 2023)  
For further details, refer SID and KIM available on [www.hdfcfund.com](http://www.hdfcfund.com) and at Investor Service Centres of HDFC Mutual Fund

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Under normal circumstances, the asset allocation (% of Net Assets) of the Scheme's portfolio will be as follows:

Types of Instruments	Minimum Allocation (% of Net Assets)	Maximum Allocation (% of Net Assets)
Equity and Equity related instruments of Non-Cyclical Consumer companies	80	100
Equity and Equity related instruments of companies other than above	0	20
Units of REITs and InvITs	0	10
Debt securities*, money market instruments and Fixed Income Derivatives	0	20
Units of Mutual Fund @	0	20

@ The Scheme may invest in the schemes of Mutual Funds i.e. such investments shall not exceed 5% of the net asset value of the mutual fund, in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time

\* including securitised debt, other structured obligations (SO), credit enhanced debt (CE), debt instruments with special features such as subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption (also referred to as "perpetual debt instruments")

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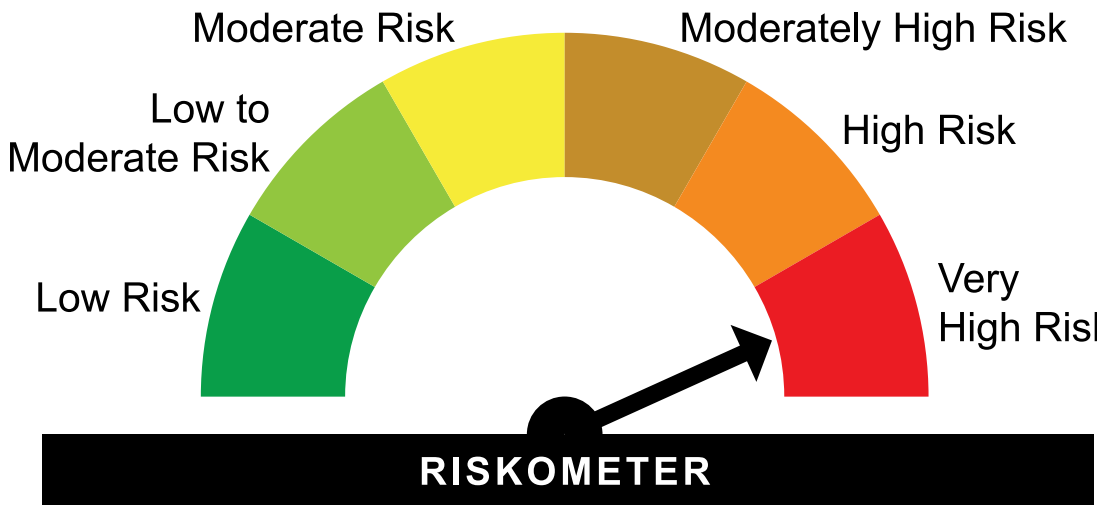
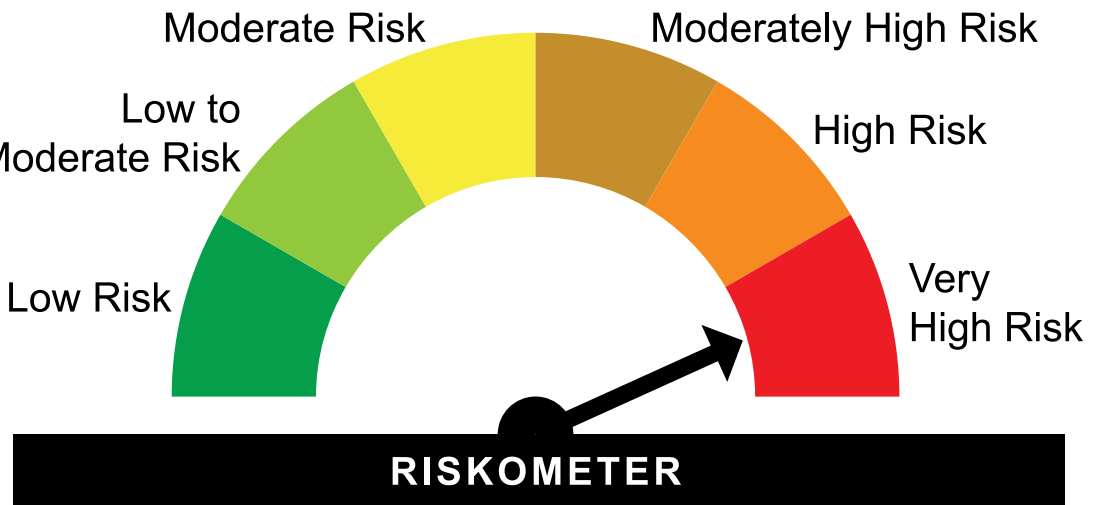
Performance<sup>^</sup>

NAV as at June 30, 2025 ₹14.138 (per unit)

Date	Period	Scheme Returns (%)	Benchmark Returns (%) #	Additional Benchmark Returns (%) ##	Value of ₹ 10,000 invested		
					Scheme (₹)	Benchmark (₹) #	Additional Benchmark (₹) ##
Jun 28, 24	Last 1 Year	7.41	7.34	7.49	10,746	10,738	10,754
Jun 12, 23	Since Inception	19.22	19.92	16.37	14,138	14,302	13,481

Returns greater than 1 year period are compounded annualized (CAGR). Inception Date: July 12, 2023. The Scheme is managed by Amit Sinha since inception. # NIFTY India Consumption Index (TRI) ##NIFTY 50 (TRI). Returns greater than 1 year period are compounded annualized (CAGR). Different plans viz. Regular Plan and Direct Plan have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged in the Regular Plan.

<sup>^</sup>**Past performance may or may not be sustained in future and is not a guarantee of any future returns.** Load is not taken into consideration for computation of performance. Returns are as on June 30, 2025.

<b>HDFC Non-Cyclical Consumer Fund (An open ended equity scheme following non-cyclical consumer theme) is suitable for investors who are seeking*:</b>	<b>Riskometer#</b>	<b>Name of the Benchmark and Riskometer#</b>
<ul style="list-style-type: none"><li>• To generate long-term capital appreciation/ income</li><li>• Investment in equity and equity related securities of companies with a focus on non-cyclical consumer theme.</li></ul>		<p>NIFTY India Consumption Index (Total Returns Index)</p> 
<p>*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them. #For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. <a href="http://www.hdfcfund.com">www.hdfcfund.com</a></p>	<p><b>RISKOMETER</b> <i>The risk of the scheme is very high</i></p>	<p><b>RISKOMETER</b> <i>The risk of the benchmark is very high</i></p>

The Scheme being thematic in nature carries higher risks versus diversified equity mutual funds on account of concentration and theme specific risks.

Scheme and Benchmark Riskometer as on June 30, 2025



Views expressed herein are as of 30<sup>th</sup> July 2025 involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied herein. The views explain general market trends in the securities market and are based on information already available in publicly accessible media. Stocks/Sectors referred are illustrative and should not be construed as an investment advice or a research report or a recommendation by HDFC Mutual Fund ("the Fund") / HDFC Asset Management Company Limited (HDFC AMC) to buy or sell the stock or any other security covered under the respective sector/s. The Fund may or may not have any present or future positions in these sectors. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.** The Fund/ HDFC AMC is not indicating or guaranteeing returns on any investments. Readers should seek professional advice before taking any investment related decisions. The current investment strategies are subject to change. For complete portfolio/details refer to our website [www.hdfcfund.com](http://www.hdfcfund.com)

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,  
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

Mission: To be the wealth creator for every Indian

Vision: To be the most respected asset manager in the world



**Thank You**

