

Overview:

For the month ended November 2025, the Nifty 50 index was up by 1.87% over the previous month. The Nifty Midcap 100 index gained 2.03%, while the Nifty Smallcap 100 index declined 3.00%. Midcaps outperformed largecaps and smallcaps. Within sectors, auto, banks, financial services, technology, pharma, and healthcare outperformed Nifty 50, while media, metals, realty, consumer durables, and oil & gas underperformed.

Sr. No.	Index Name	Nov-25
		M-o-M Change
1	NIFTY 50	1.87%
2	NIFTY Midcap 100	2.03%
3	NIFTY Smallcap 100	-3.00%
4	NIFTY Auto	3.60%
5	NIFTY Bank	3.42%
6	NIFTY Financial Services	2.77%
7	NIFTY FMCG	-1.09%
8	NIFTY IT	4.74%
9	NIFTY Media	-4.56%
10	NIFTY Metal	-3.01%
11	NIFTY Pharma	3.71%
12	NIFTY Private Bank	2.63%
13	NIFTY PSU Bank	4.03%
14	NIFTY Realty	-4.69%
15	NIFTY Consumer Durables	-1.90%
16	NIFTY Oil & Gas	0.37%
17	NIFTY Healthcare Index	2.30%

Source: National Stock Exchange of India

Foreign funds (FIIs /FPIs) were net sellers in November 2025 at USD0.42bn and domestic institutions were net buyers at USD8.67bn. In CY2025, foreign investors were net sellers of USD16.39bn, while domestic institutions were net buyers of USD81.4bn. This domestic buying is 38% higher than the same period in CY2024, when domestic institutions bought USD59.05bn. The sharp increase in domestic flow shows strong and broad-based participation from mutual funds, insurance companies, retail investors and banks. Because of this large rise in domestic investments, domestic institutions now hold around 18.26% of Indian equities, surpassing foreign ownership for the first time in nearly 13 years. Monthly SIP (systematic investment plan) inflows into active equity schemes from areas beyond the top 30 cities crossed INR100bn (USD1.13bn) in October 2025. For comparison, SIP inflows from these towns were only INR2.83bn. Indian mutual funds monthly consistent inflow through SIPs by retail investors stands USD3.3bn per month and smaller towns are now accounting for 1/3rd of this inflow.

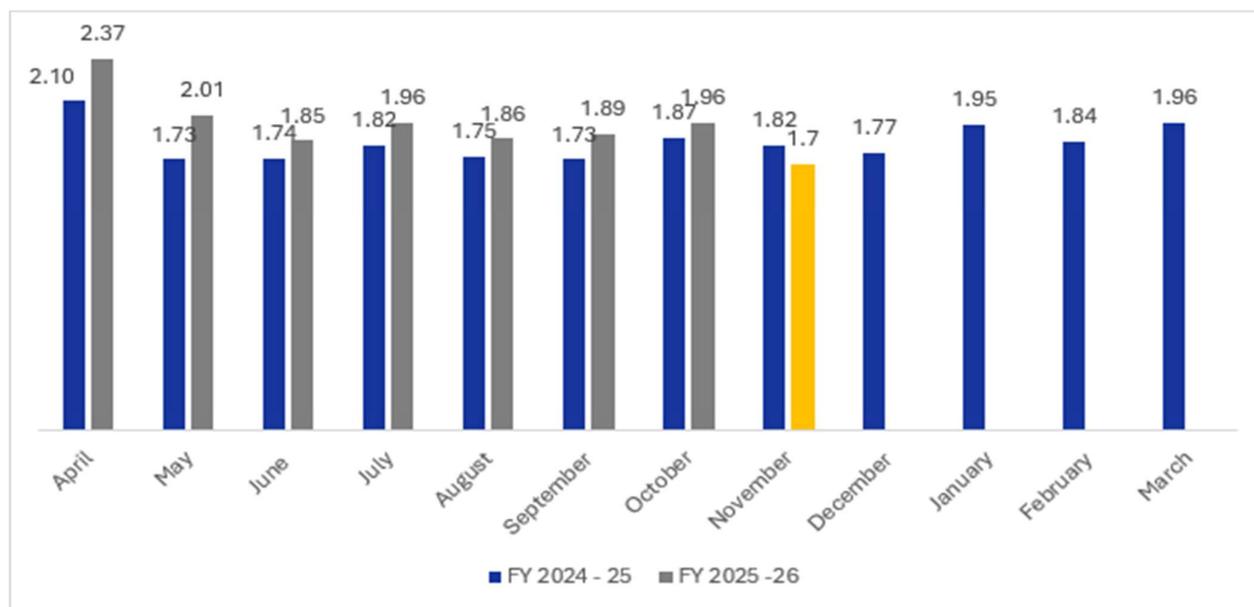
Fig: Fund flows

(USD mn)	Curr	MTD	CYTD
FII - Cash	-56	-425	-16,393
DII - Cash	464	8,674	81,352
FII - Debt	-7	-447	920

Source: Axis Capital Research

On the macroeconomic front, Goods and Services Tax (GST) revenue for November 2025 stood at INR1.70 trillion, down 6.59% YoY. The slowdown in GST growth is not due to a collapse in demand. It happened because the GST tax rate across items was reduced. In CY2025, total GST collections were INR21.35 trillion, which is 8% higher than the INR19.75 trillion collected during the same period in CY2024.

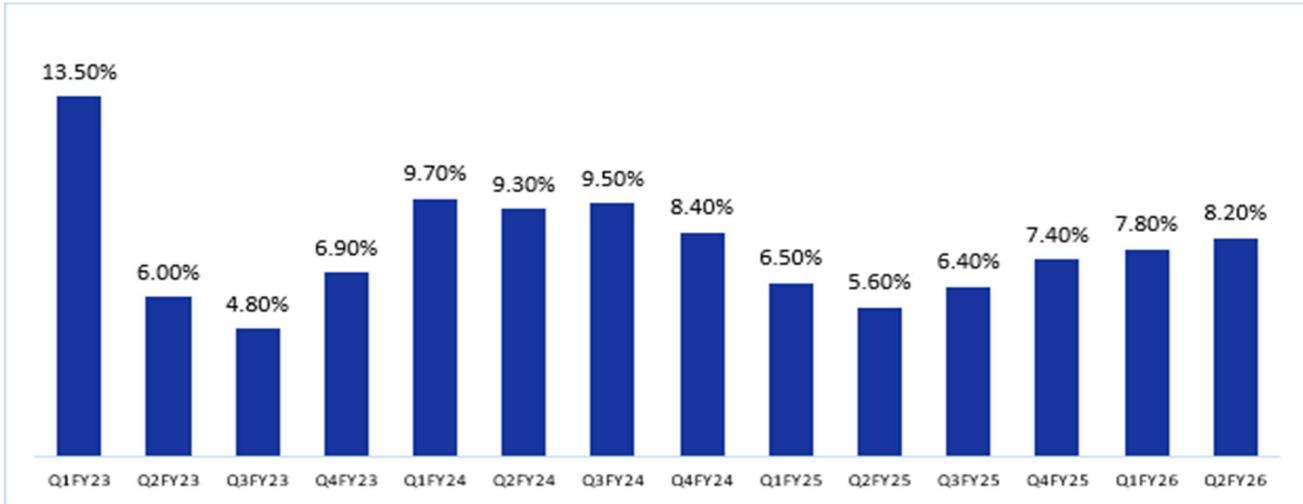
Fig: GST collections trend (in INR Trillion)



Source: EquiPoise Capital Research, GOI

India's GDP grew by a stellar 8.2% in quarter two FY2026, marking the fastest growth in six quarters and coming in well above market expectations. The economy expanded on the back of stronger rural demand and continued government capital spending, even though private corporate investment was still soft.

Fig: Quarterly Real GDP Growth Rate



Source: pib.gov.in, EquiPoise Capital Research

India’s economic growth was supported by a strong rebound in manufacturing (9.1%), steady momentum in services (9.2%), and healthy expansion in construction (7.2%), while agriculture grew modestly at 3.5%. The sharp rise in financial, real estate and professional services (10.2%) also contributed. Signs of fiscal resilience are visible, with income tax up 13% and corporate tax up 9% during July - October, signaling recovery.

On the demand side, private consumption rose 7.9%, helped by GST rate rationalization and festive demand, while investment increased 7.3% due to government-led capex and early signs of private-sector recovery.

Our view:

India’s primary market has been hyperactive this year. Equity supply crossed INR773bn in November 2025 taking FYTD2026 supply to INR4tn. Supply in November 2025 was driven by blockbuster IPOs viz LG Electronics, Tata Capital, Lenskart, Groww, Pine Labs, Physicswallah etc. Equity capital market transactions FYTD2026 were at INR2.4tn led by OFS (45%) with roughly equal fresh issue (18%), QIP (20%), and rights (17%). Promoter/Private Equity block deals rebounded to INR278bn in November 2025 supported by strong market P/E, taking FYTD2026 figure to INR1.6tn, which should match FY25 at the current run-rate. IPO pipeline remains strong in December 2025 as well, which should bring equity supply to INR5.7tn in FY2026 vs INR5.8tn last year. The elevated supply is matched by DII inflows of INR4.8tn (annualized INR7.4tn) driven by steady SIP flows and strong insurance flows while foreign funds remain in sell mode. The IPO listings and more importantly the over subscriptions i.e. the overwhelming demand for these IPOs clearly show that exits for foreign - portfolio investors, venture capital funds and private equity funds have been smooth. In the long run this will only reinforce foreign investors’ conviction in the Indian economy and markets.

While India seems to be behind in jumping onto the AI bandwagon, it does present, now, a hedge against an orderly reversal of AI stock euphoria as India’s growth has been mainly driven by domestic cyclical demand largely from old economy sectors. In the last ten years, India’s sectoral market cap share, relative to US and China, has eroded the most for the technology sector - as it did not participate strongly in the investment boom of the new-age tech sectors. However, the bulk of relative gain can be seen in primary and secondary sectors such as materials, industrials, utilities, energy along with financials (tertiary sector). AI boom has resulted in a surge in private capex on computing equipment in the US economy. Even, the percentage of private capex on computing equipment to total private capex in the US economy appears to be nearing the “dot com” bubble era seen in the year 2000. Trailing P/E of the Nasdaq composite was at par with the Nifty 50 in November 2022 at 21x. Ever since, the former has expanded significantly to a peak at 39x, before only recently correcting to 36x. Could growing concerns, in terms of over-investment-led misallocation of capital by AI stocks (US’ magnificent-7), exacerbated by the high expectations thus bound to stock valuations, prompt flows to diversify away - towards growth stories that are non-AI capex boom related? India - driven by earnings upgrades in traditional sectors such as banks, energy, industrials, and discretionary consumption presents that perfect opportunity to derisk, hedge and diversify.

Fig: Impact of US tariff on India’s exports



Source: Ministry of Commerce & Industry

We believe that notwithstanding strong economy (India GDP growth of 8.2%), record low inflation, strong foreign exchange reserves, resilient domestic fund flows and an expected earnings upgrade cycle, the Indian markets are facing two strong headwinds - 1) global investors focused on AI theme and 2) highest US tariffs on India. US mid-term elections in 2026 could likely result in the focus shifting away from tariffs and towards domestic economy issues like jobs, earnings, inflation and income. However, external sector demand remains a key risk for India export stories to US like textiles, IT services and pharma. Falling US exports and surge in imports due to resilient domestic demand (especially for gold) has resulted in trade deficit surging for October 2025. While lowering of

GST has seen surge in domestic consumption, we believe gradual diversification into other export markets outside US should support exports.

India - US bilateral trade agreement is extremely critical for Indian equity market. Our portfolio continues to focus on infrastructure, telecom, engineering, trade, and capital goods sectors. We continue to maintain underweight on technology services, metals, energy, and real estate.

We maintain that India's long term growth story, despite all the global uncertainties, is intact and corrections present an opportunity for long term investors.

Ashish A. Wakankar
Founder and Chief Investment Officer
EquiPoise Capital Management Private Limited

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