

Monthly Communication

November 2025

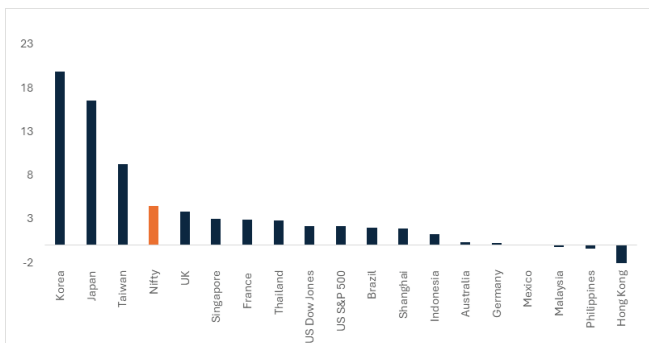
Market update

Equity Market Performance

It was a good month for equity markets for October with the Nifty advancing 4.5%. Broader markets were slightly better with the Mid-cap and Small-cap indices gaining 5.8% and 4.7%, respectively. All sectoral indices ended higher. Sectoral performance was led by Realty (+9.2%), IT (+6.7%), and Oil & Gas (+6.4%). On the other hand, Capital Goods (3.1%), FMCG (2.7%), and Auto (1.0%) were the top laggards.

Global equities delivered a mixed performance in October. South Korea (+19.9%), Japan (+16.6%), and Taiwan (+9.3%) emerged as top performers, whereas Hong Kong (-3.5%), Philippines (-0.4%), and Malaysia (-0.2%) lagged behind. The United States and China have recently taken significant steps to ease long-standing trade tensions. The U.S. Federal Reserve cut its benchmark interest rate by 25 basis points. This marks the second rate cut of the year, following a similar move in September. There was also optimism with respect to trade relations between US and India.

Global and regional indices 1 Month performance (%)



Source: Bloomberg, Kotak Institutional Equities (Data as on 31st October 2025 in local currency)

Macro Update

Institutional Flows

Foreign Portfolio Investors (FPIs) turned net buyers during the month investing \$2 billion (₹36.6 billion) in Indian equities. Domestic Institutional Investors (DIIs) continued to provide strong support, investing \$5.9 billion (₹519.3 billion) during the same period.

Primary Market Activity

The primary market witnessed robust activity in October 2025. Mainboard IPOs raised ₹404.0 billion through 17 issues, marking the highest monthly tally in FY26. Simultaneously, the SME IPO segment mobilized ₹13.8 billion across 35 issues. The surge in activity during October 2025 can be attributed towards favorable market conditions, strong investor sentiment, and companies aiming to capitalize on liquidity

before potential policy shifts.

Macro & Economic Developments

The Reserve Bank of India's Monetary Policy Committee (MPC) unanimously kept the policy repo rate unchanged at 5.5%, maintaining a neutral stance. SEBI released a consultation paper aimed at improving fee transparency and investor protection in the mutual fund industry. Additionally, easing global trade tensions have contributed to a more stable economic outlook. These developments reflect a balanced and responsive approach to monetary and regulatory policy.

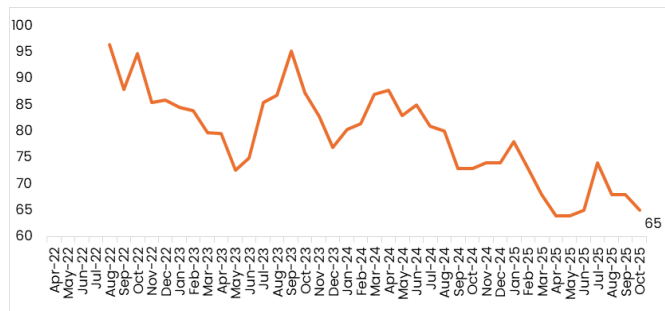
India's economy sustained its strong growth momentum, with QIFY26 GDP expanding by 7.8%, up from 6.5% in QIFY25. IMF revised India's FY2026 GDP growth forecast to 6.6% from 6.4%, citing robust domestic demand and strong industrial output.

The headline Inflation in September 2025 came in at the lowest since June 2017. Food Inflation remained negative for the fourth consecutive month. CPI inflation for the month of September 2025 was at 1.54% while WPI inflation registered 0.13% YoY, reflecting subdued wholesale price trends. CPI Inflation this month also indicates improved agricultural supply and seasonal moderation in food prices.

Industrial activity remained steady, with the Index of Industrial Production (IIP) rising 4.0% in September. External trade indicators also showed improvement – exports grew 4.5% YoY during April–September 2025, while imports increased by a modest 3.5% YoY, resulting in a trade deficit of \$16.6 billion compared to \$8.60 billion last year. This reflects resilient manufacturing activity and a lower import intensity in the economy.

The USD/INR exchange rate remained steady at 88. Brent crude prices fell at \$65/bbl, compared to \$68/bbl in the month of August. Gold and silver prices continued their upward momentum, reaching new all-time highs. This sustained increase is largely driven by heightened safe-haven demand amid ongoing global economic and geopolitical uncertainties. However, prices of precious metals have reacted sharply post hitting their all-time highs.

Brent Crude



Source: Bloomberg, Kotak Institutional Equities

India's tax and digital economy metrics remained healthy. Gross GST collections stood at ₹1.95 trillion in October 2025, up 9.0% YoY and 4.6% MoM. Net GST collections amounted to ₹1.69 trillion, registering 7.1% YoY growth. This has come as a positive surprise, given the sharp cuts in GST that became effective from September 22, 2025.

Digital payments continued their rapid expansion — UPI transactions reached 20.7 billion in volume (+24.8% YoY) and ₹27.3 trillion in value (+9.6% YoY), highlighting deepening digital penetration and scalability across user segments.

Market Outlook

Indian equity markets had a good month enthused by visible domestic consumer demand growth propelled by the huge GST cuts initiated by the government. Reconciliatory words by President Trump and Prime Minister Modi also led to expectations of a trade deal soon. Early signs of better-than-expected corporate results for the July/September quarter also added to positiveness.

We have been constructive on Indian equities past few months and continue to do so. We do believe that we are heading into 4-6 quarters of good economy and earnings growth, something that the markets have been waiting for for quite some time now. The steps taken by the Central Bank-RBI and the government to boost the economy will also start to have a meaningful impact over the next couple of quarters.

At the same time non conclusive outcome on the US-India trade tariff issue continues to be an important factor to watch out for. The huge supply of equity paper by way of a record number of IPOs and PE/promoter selling also should restrict sharp up moves in the markets.

Bouts of corrections will be the order of the day, and we would recommend investing on every such opportunity.