

Dear Investor,

In September, broader market indices delivered mixed performances, with large caps showing stability and midcaps outperforming. The **Nifty Next 50** led with a **3.21%** gain, indicating renewed investor interest in quality mid-sized companies, while the **Nifty 50** posted a modest **0.77%** rise, reflecting consolidation at the top end. Broader indices like the **Nifty 500** and **Nifty Midcap 150** advanced moderately, suggesting balanced market participation. **Smallcaps** gained **1.18%**, though momentum appeared to taper off, and **microcaps** slipped **0.38%**, hinting at selective profit-taking and a shift toward larger, more stable names. Overall, market sentiment remained positive but with signs of rotational shifts across market capitalizations.

Index	August 2025	September 2025	1M Change (%)
Nifty 50	24,426	24,611	0.76%
Nifty Next 50	65,745	67,845	3.19%
Nifty 500	22,462	22,734	1.21%
Nifty Midcap 150	20,750	21,038	1.39%
Nifty Smallcap 250	16,506	16,692	1.13%
Nifty Microcap 250	22,997	22,885	-0.49%
Nifty India FPI 150	1506	1,523	1.13%

FII & DII Flows

In September 2025, Foreign Institutional Investors (FIIs) remained net sellers in the Indian equities, offloading ₹35,301 crore worth of shares. This marks continued caution among foreign investors amid global uncertainty and elevated US yields. In contrast, Domestic Institutional Investors (DIIs) provided strong support to the market, recording net purchases of ₹65,344 crore during the month. The robust domestic inflows underscore the resilience of local sentiment and sustained retail participation through mutual funds, which helped cushion the market against FII outflows.

IPO Highlights

Two new listings — **TechD Cybersecurity Ltd.** and **Anondita Medicare Ltd.** — dominated the market buzz this week, both delivering exceptional listing gains of nearly 99.5% from their issue prices.

TechD Cybersecurity Ltd,

The company offers a full suite of services, including vulnerability assessments, managed security operations, compliance audits, and digital forensics. Backed by veteran investor Vijay Kedia, TechD reported an impressive 98% revenue growth in FY25, with profits crossing ₹8 crore. The SME IPO saw robust investor participation, and proceeds are earmarked for strategic expansion, including the establishment of the proposed “TechDefence Cyber Valley.”

TechD Cybersecurity Ltd :

A healthcare manufacturing firm specializing in male condoms (under the brand ‘Cobra’) and latex surgical gloves. In FY25, Anondita posted outstanding financial performance, with revenues rising to ₹77 crore and net profit soaring 327% year-on-year to ₹16.4 crore. Its IPO was oversubscribed more than 300.89 times and listed at a premium, reflecting strong market confidence. Leveraging its robust manufacturing capabilities, international certifications, and partnerships in health and family welfare programs.

In the month of October, the primary market will have the following offerings:

Name	Industry	Subscription Period	Listing Date	Market Cap	PE
Canara HSBC	Insurance	10th Oct - 14th Oct	17th Oct	10,070	86.3
Midwest	Natural stones	15th Oct - 17th Oct	24th Oct	3,851	28.9
Shlokka Dyes	Dyes & pigments	30th Sep - 14th Oct	17th Oct	195	19.5
SK Minerals & Additives	Minerals & chemicals	10th Oct - 14th Oct	17th Oct	155	14.2
Sihora Industries	Textiles	10th Oct - 14th Oct	17th Oct	35	18.8

Economic Updates

GST Reforms and Fiscal Momentum

India's GST revenues rose 9.1% year-on-year to ₹1.89 lakh crore in September, driven by steady economic activity. Collections for April–August totaled ₹10.04 lakh crore, up 9.9% from last year. The GST Council also approved a major tax reform, reducing the four existing slabs to two — 5% and 18%. The 12% and 28% rates were scrapped, making many goods cheaper. The new structure, effective September 22, 2025, excludes tobacco-related products, which will continue under higher rates.

Sector in Focus: Auto & Auto Ancillaries

India's auto sales rose 5.2% in September, driven by tax cuts and festive demand. Two-wheeler and passenger vehicle sales grew 6.5% and 5.8%, respectively. Sales surged after new GST rates took effect on September 22, with record highs during the Navratri festival, up 34% year-on-year. FADA expects further growth through Diwali, supported by a good monsoon, strong harvest, and stable lending rates. The Nifty Auto index delivered a strong 6.34% return over the past month, outperforming broader market benchmarks. The rally was supported by robust festive season demand expectations, steady volume growth across segments. Auto manufacturers, particularly in the passenger and two-wheeler categories, benefited from improving rural sentiment and sustained urban demand. The sector's performance reflects growing optimism around earnings momentum and cyclical recovery within India's consumption-driven economy.

RBI Monetary Policy: Steady and Balanced

Reserve Bank of India (RBI) released its Monetary Policy Report (October 2025) following the 57th meeting of the Monetary Policy Committee held from September 29 to October 1, 2025. RBI has kept the repo rate unchanged at 5.50% with a neutral stance. It signals a balanced approach that supports economic momentum while ensuring financial stability. The report further highlights resilient domestic demand, supportive financial conditions, and a stable external sector, reflecting a cautiously optimistic outlook for the Indian economy.

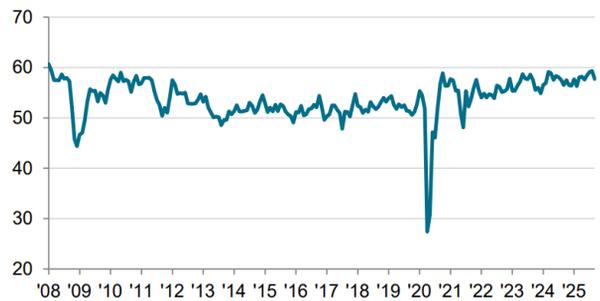
Credit Rating: Moody's Reaffirms India's Baa3

Moody's has reaffirmed India's Baa3 (stable) credit rating, citing strong growth and solid external finances. It warned that high debt and slow fiscal consolidation remain key weaknesses. The US's high tariffs may slightly hurt exports but won't affect short-term growth. An upgrade would require better debt affordability and structural reforms; a downgrade could follow weaker growth or fiscal slippage. India's fiscal deficit is 4.4% of GDP, and while the government remains committed to gradual debt reduction, recent tax cuts may limit revenue gains.

Manufacturing Momentum Eases Slightly

India's manufacturing growth eased in September to its slowest pace in four months, with the HSBC Manufacturing PMI falling to 57.7 from 59.3 in August, according to S&P Global. The slowdown was driven by weaker output and new orders amid rising competition, though export demand outside the U.S. improved. Despite these challenges business confidence rose to a seven-month high, supported by optimism over GST rate cuts and expectations of stronger domestic demand ahead.

HSBC India Manufacturing PMI
sa, >50 = improvement since previous month



Sources: HSBC, S&P Global PMI.
Data were collected 10-24 September 2025.

Global Trade

US Tariffs Hit Pharma Sector

US President Donald Trump has announced new tariffs, including a 100% tariff on “branded or patented pharmaceutical products”, exempting only companies building plants in the US. The announcement made via a Truth Social post without an accompanying executive order — has caused confusion in India's pharmaceutical industry over what the US means by “branded” drugs.

Small & Mid-cap Update

Small-cap focused funds recorded a healthy net inflow of ₹4,362.91 crore, underscoring investors' continued preference for high-growth opportunities in the broader market. Despite bouts of volatility and the steady inflow indicates that investors remain optimistic about the long-term potential of smaller companies. Strong liquidity, upbeat IPO sentiment, GST-led consumption boost, and stable monetary policy create a favorable environment for small-cap stocks. However, cost pressures and export headwinds may keep gains sector-specific, favoring domestic consumption-driven small caps.

Outlook

Outlook for coming month remains positive, supported by GST reforms, festive demand, and the RBI's steady policy stance. Growth is expected to stay strong driven by robust consumption, improving manufacturing momentum, and stable credit flows. Market sentiment remains constructive, with healthy domestic inflows offsetting foreign outflows. Among sectors, the auto and auto ancillary industry is expected to perform well in coming months backed by festive buying and strong vehicle demand. On the IPO front, LG Electronics India Ltd. is generating strong investor interest ahead of its planned listing. The company's financial performance underscores its solid fundamentals — revenues rose 14% year-on-year, while profit after tax surged 46% in FY25, reflecting improved operational efficiency and strong demand across product segments.. The healthy earnings momentum and robust profitability trends make its IPO an attractive proposition in the current market environment. Overall, the economy is set to maintain steady momentum, underpinned by resilient domestic fundamentals and policy stability.

Newsroom

1. SKG Portfolio company - Chandan Healthcare
https://nsearchives.nseindia.com/corporate/CHANDAN_13102025143808_Press_Release.pdf