

# TOP DOWN & BOTTOM UP

*Markets Applaud the Highs — Investors Study the Foundation and Its Sustainability. When the surface shines brightest, what lies beneath matters most.*

## Highs, Deficits & Hidden Stress

Nifty soars and GDP prints 8.2%, even as trade, taxes and the rupee flash warning lights

## Savings Shift to Markets

Market inflows grow 2× faster than deposits as households favour MFs and equities

## AI's Infinite Money Glitch

The web of deals, stretched asset lives & renowned investors' warnings questions the AI trade run

## Credit, Capex and Cooldowns

Stressed loan sales spike, state capex underdelivers while fuel, freight & cards all hint at a softer demand curve

## India's Big-Bet Buildout

From ports, power & data centers to metals & cement, multi-billion projects sketch India's next capacity wave

## World Beyond Borders

US trade pacts, China's stimulus pivot and Europe raises barriers — a quiet reset with big consequences

**In a market this noisy, knowledge isn't optional — it's the true wealth.**



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# TOP DOWN & BOTTOM UP

BSE Mcap: ₹471.7 tn | Composite PMI: 59.7 | GST Collection: ₹1.7 tn | Forex Reserves: \$ 686.2 bn

## Highs & Headwinds

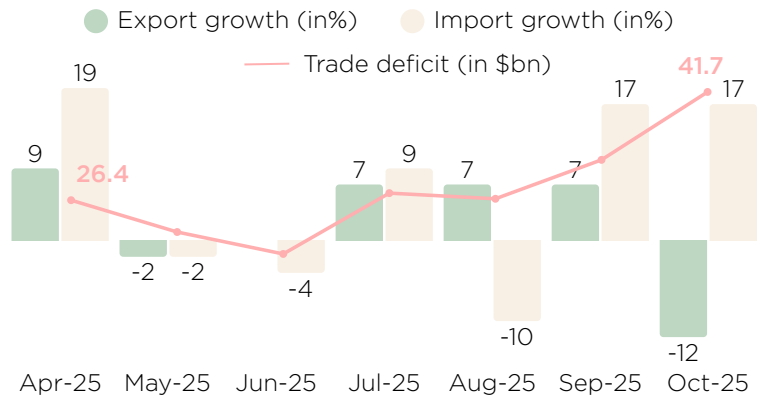
While Nifty recorded an all time high of 26,310, India's Q2FY26 GDP growth stood at 8.2%, with mfg & services growing at 9.1% & 9.2% resp. Here's what the month really looked like beneath the celebration.



### Mind the Gap(s)

#### Trade deficit increasing

- ▲ India's merchandise trade deficit hit \$41.7 bn in Oct'25
- ▲ Exports fell 11.8% in Oct'25 to an 11m low of \$34.4 bn, led by gems & jewellery (-29.5%), org & inorg chems (-21.0%), engg goods (-16.7%)
- ▲ Imports rose by 16.7% to \$76.1 bn



#### Declining tax revenue

- ▲ Fiscal deficit in Apr-Oct FY26 widened to ₹8.3 tn, 52.6% of BE vs 46.5% a year ago
- ▲ GST rate rationalization and higher IT slabs (up to ₹1.2 mn) have together softened tax cashflows

##### Indirect tax

- Net GST rev in Nov'25 inched up 1.3% YoY to ₹1.5 tn, 29% below Apr's record ₹2.1 tn
- Gross domestic GST revenue fell 2.3% YoY to ₹1.24 tn
- Import related IGST rose 10.2% to ₹459.8 bn

##### Direct tax

- Net tax revenue in H2 must grow 31% YoY in Nov-Mar'26 to meet budget estimate

| Gross Tax                     | Net Tax | Corp. Tax | Income Tax |
|-------------------------------|---------|-----------|------------|
| <b>H1FY26 growth</b>          |         |           |            |
| 2.8%                          | -2.8%   | 1.1%      | 4.7%       |
| <b>H2FY26 required growth</b> |         |           |            |
| 21.4%                         | 30.3%   | 17.2%     | 24.3%      |

"Personal income tax .. ask of 24% in the remaining months to meet the FY26 BE appears challenging...CGST collections need to rise by 18% during the last 5M FY26, suggests a miss" - Chief Economist, ICRA Ltd.

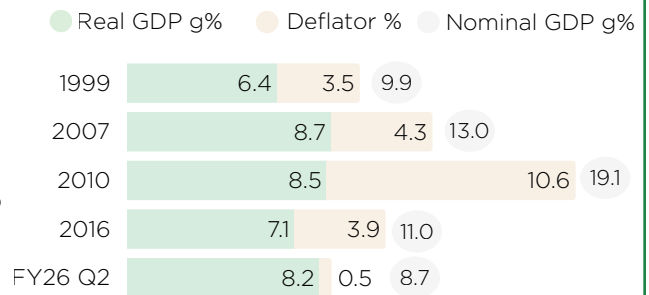


#### Weakening Indicators?

- ▲ IIP grew just 0.4% in Oct, a 14m low with mfg (~78% of index) rising just 1.8%
- ▲ Manufacturing PMI in India decreased to 56.60 points in Nov, a 9M low

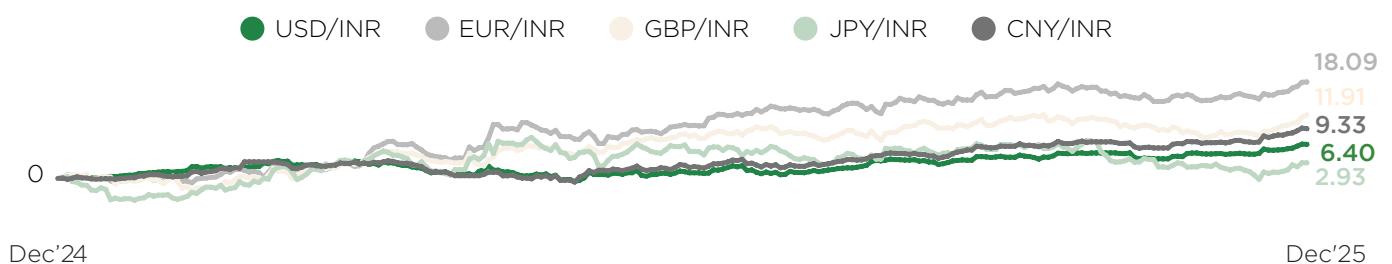
## Deflator Contribution Falls

- ▲ In the last 25 years, whenever the GDP was high, the deflator contributed ~30-50% of Nominal GDP
- ▲ Currently, the Gap between real and nominal GDP growth is narrowest at 0.5%, forming 6%
- ▲ IMF gives India a 'C' for GDP data quality, citing outdated stats



## Rupee Reckoning

- ▲ Wide trade gap & outflows has depreciated INR against all major currencies



"Nominal GDP growth is falling short by 1-1.5 %. GST Rev could be lower, which means that there may have to be a close monitor on the expenditure side" - Chief Economist, Bank of Baroda



*"Are we celebrating headline growth while the system quietly runs out of cash? Remember: Revenue is vanity, profit is sanity, but cash flow is reality"*

## SIGNS OF SLOWDOWN

- ▲ Centre will slow renewable energy tenders & cancel unviable projects as generation exceeds grid absorption
- ▲ States have spent 33.5% of their budgeted capex in Apr-Oct FY26  
*Outlay of ~ ₹3 tn against budgeted ~ ₹9 tn*

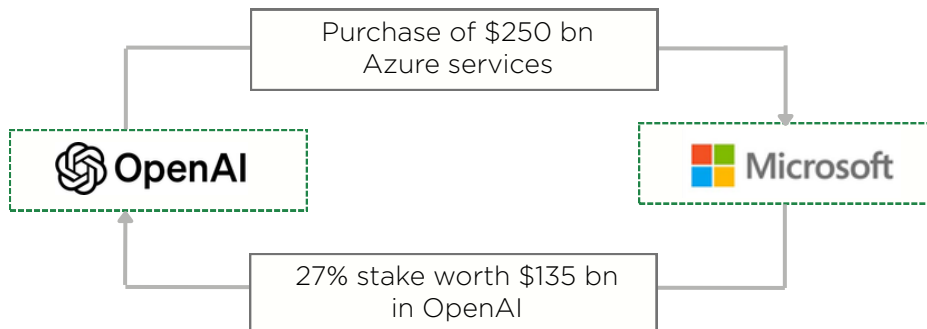
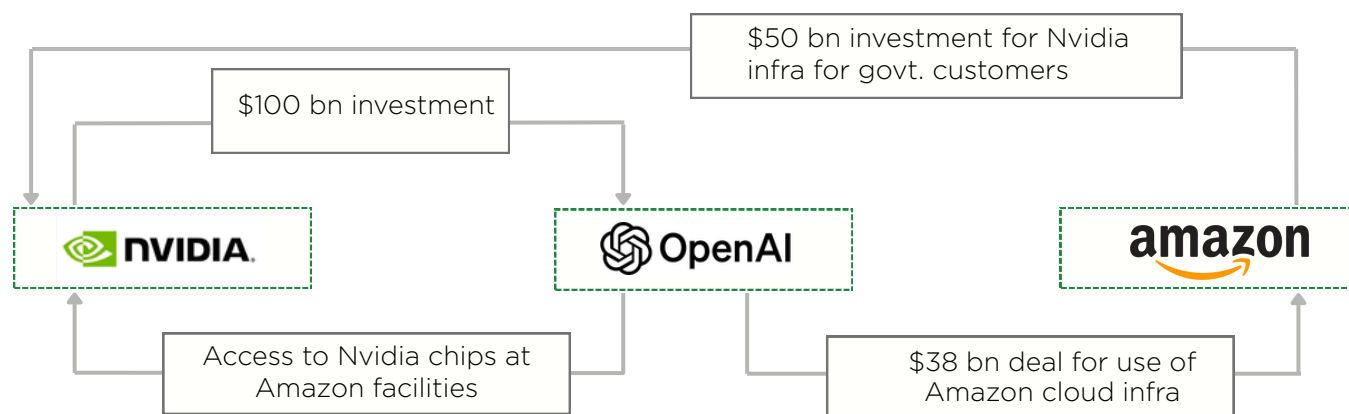
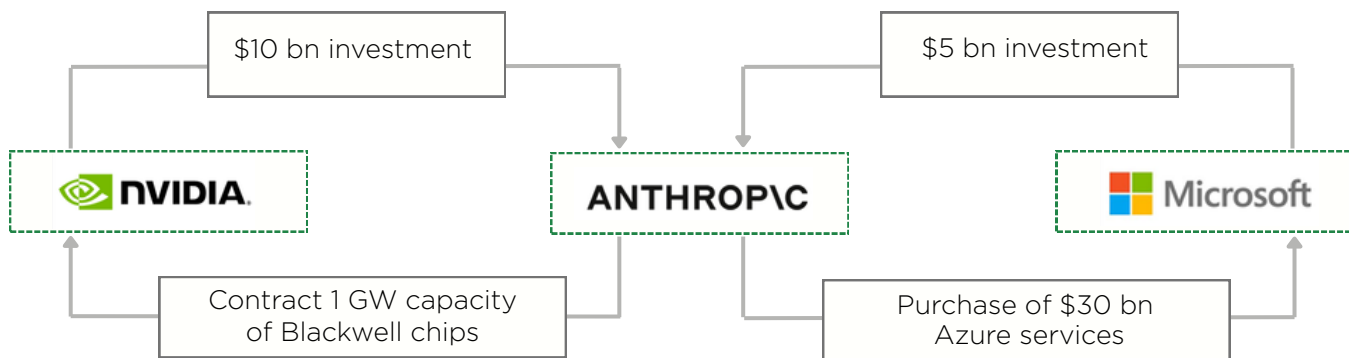
| Top 4 states   | % of capex spent | Bottom 4 states | % of capex spent |
|----------------|------------------|-----------------|------------------|
| Haryana        | 85.1             | Punjab          | 24.2             |
| Telangana      | 80.1             | Uttar Pradesh   | 19.4             |
| Kerala         | 52.9             | Chattisgarh     | 17.5             |
| Madhya Pradesh | 47.8             | West Bengal     | 17.3             |

- ▲ India trims coal production amid high inventory and lower thermal demand  
*100 MT of coal available at pitheads in addition to 21 day stock present at power plants during Nov*
- ▲ Institutional investments in India's real estate declined by 10% to \$4.7 bn in 9MCY2025
- ▲ India's petroleum-product consumption growth in Apr-Oct dropped to 1.2% from 2.7% LY
- ▲ E-way bills fell ~4% MoM in Oct to 126.9 mn

New credit card originations have fallen 42% over eight quarters - from 7.6 mn in Q2FY24 to 4.4 mn in Q2FY26



## CIRCULAR DEALS: THE INFINITE MONEY GLITCH



### Nvidia Q3 Update

| What you see?  | What you don't see?  |
|--|--|
| Revenue up 62% & profit up 65% in 3QFY25 compared to last year | Inventories up 96% & receivables up 45% compared to FY24 end |

*Peter Thiel & Softbank sold off their entire stake in Nvidia*

## Warning Bells

*"Given what's already been spent on AI, market has to generate about \$4 trillion in revenues .... right now it's tens of billions .... I'm looking at how do we make up that difference and I don't see a way we get there" -Aswath Damodaran*

*"If you mean it's [AI] like the Internet bubble, where in the end something very profound happened... absolutely. There are a ton of these investments that will be dead ends " -Bill Gates*

*"Understating depreciation by extending useful life of assets artificially boosts earnings -one of the more common frauds of the modern era. ....estimate they will understate depreciation by \$176 billion 2026-2028 . .... I am not claiming Nvidia is Enron. It is clearly Cisco." -Michael Burry*

| Company   | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-----------|------|------|------|------|------|------|
| Meta      | 3    | 4    | 4.5  | 4.5  | 4.5  | 5.5  |
| Google    | 3    | 4    | 4    | 6    | 6    | 6    |
| Oracle    | 5    | 5    | 5    | 5    | 6    | 6    |
| Microsoft | 3    | 4    | 6    | 6    | 6    | 6    |
| Amazon    | 4    | 4    | 5    | 5    | 6    | 5    |

## RESULTS UPDATE

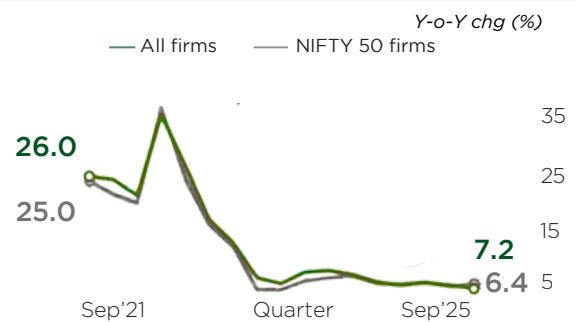
▲ All listed cos' PAT grew by ~10.8% YoY in Q2, the fastest pace in six quarters, while sales grew at ~7.2% YoY

▲ However, PAT for Nifty 50 grew only ~1.2% YoY, the weakest in 12 quarters, while sales grew at ~6.4% YoY

*Profit uptick of bigger firm lags*



*Deeper sales slowdown for Nifty 50 firms*



▲ Results were driven by Cement, Metal & Mining and Oil & Gas, with PAT growing ~64% YoY

|  |  |
|--|--|
|  | "We are seeing YTD value growth of almost 25% YoY. However, volume growth is minimal, almost zero primarily due to rising gold prices" |
|  | "The temporary suspension of QCO is both concerning & discouraging... anticipate further rise in low quality, cheap imports"           |
|  | "Private sector share in the domestic order book increased from 21% to 30% (Mar-Sep'25), reflecting improved activity"                 |
|  | "The structural reforms in income tax and GST by the government has lifted customer sentiment and spurt consumption."                  |

## IMPACT OF GST: COMMENTARY FROM THE GROUND

|  |   |
|--|---|
|  | "This quarter we had a disruption in Sep because of the GST implementation but I think this is the lull before the storm"   |
|  | "GST changes has resulted in expensive input costs for convertors, blockage of working capital, & opening up the market to further cheap imports"                             |
|  | "Due to this reduced GST, festive season and some pent-up demand post GST announcement, the PV industry has seen a sharp growth at 5% in Sep and more sharply in Oct at 17%." |

## BANKING UPDATE

### MPC Meeting

- MPC cuts repo rate by 25 bps to 5.25%, maintaining policy stance at 'neutral'
- RBI will conduct OMO purchases of govt bonds of ₹1 tn & \$/₹ Buy/Sell swap of \$5 bn
- FY26 inflation estimate decreases to 2.0% from 2.6%
- FY26 GDP growth forecast revised to 7.3% from 6.8%

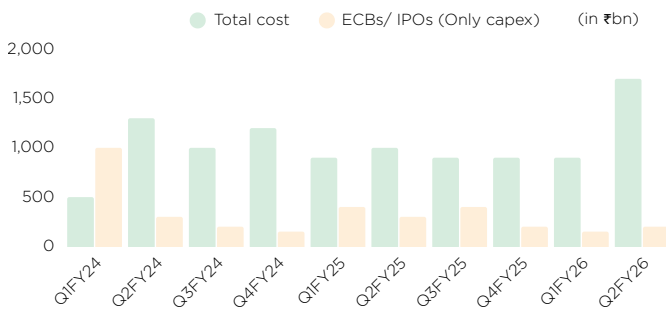
▲ Stressed loans sale by banks rose 53% QoQ to ₹67 bn

| Segment              | Q1FY26 | Q2FY26 | % Change |
|----------------------|--------|--------|----------|
| Retail bad loans     | 17.0   | 31.2   | 83%      |
| Corporate bad loans  | 26.9   | 36.0   | 34%      |
| Total bad loans sold | 43.9   | 67.2   | 53%      |
| Total dues involved  | 168.8  | 373.8  | 121%     |

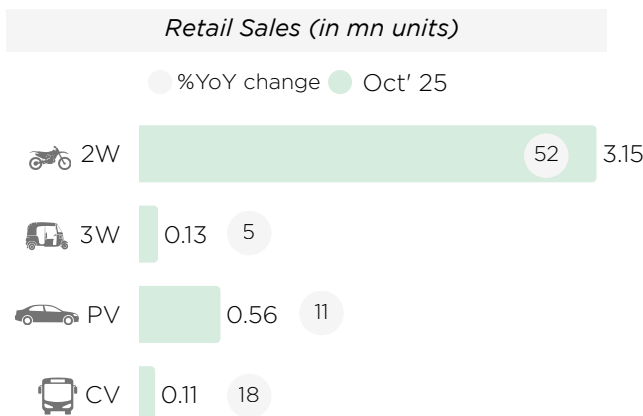
## INDIA UPDATE

▲ India's current account deficit shrank to 1.3% of GDP in Q2FY26

▲ Private sector capex projects surged 47% YoY in Q2FY26, reaching ₹1.9 tn



▲ Overall auto retail sales grew by a robust 40.5% YoY  
**Nov 2025 PV car wholesales up 18.6% YoY at ~421K units**



▲ India added 25.7 GW of gross power generation capacity in H1FY26, up 140% YoY

▲ Defence to double pace of R&D  
**To spend ₹328 bn in the next 5 years**

▲ Health insurance premiums grew 38.3% YoY to ₹37.4 bn in October

▲ Life insurers' new business premium grew 12% YoY to ₹340 bn in Oct'25  
**Led by SBI Life (+20.3%), Axis Max Life (+15%) & LIC (+12.5%)**

▲ India Inc witnessed buoyant deal activity, 999 deals worth \$44.3bn signed in Q2FY26  
**Growth led by M&A & PE deals, up 80% and 41% QoQ respectively**

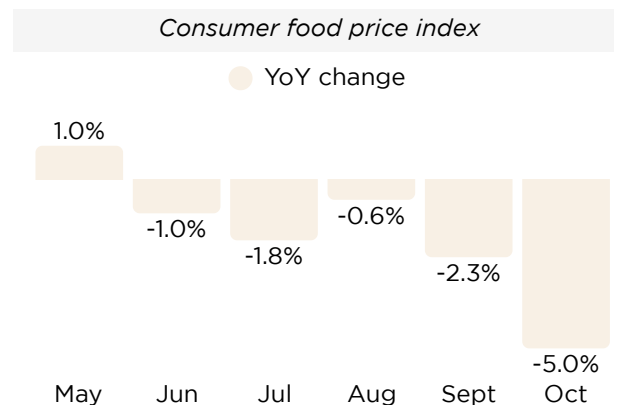
▲ Daily railway freight increased to 4.4 MT from 4.2 MT last year with cumulative loading over 1 bn tonnes

▲ 12 major ports handled 437.4 MT of cargo in H1FY26, up 5.7% YoY

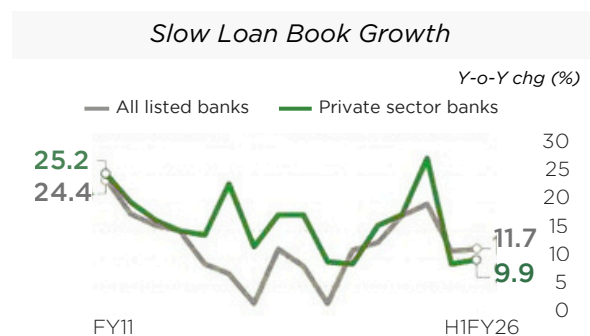
▲ Foodgrain production rose 8% in FY25 to a record 357.7 mn tonnes  
**Rabi crops farming completed on 62% of normal area as on 28 Nov'25**

▲ India's urea imports jumps 2x to 5.8 mn tonnes till Oct YTD on higher domestic demand

▲ Consumer food price index dropped 5% YoY in October  
**5th consecutive month of YoY decrease in food price index**



▲ Private banks' credit growth at 9.9% in H1FY26 while all banks' credit growth at 11.7%



▲ Sugar production in Oct & Nov up 43% YoY at 4.1 mn tonnes driven by Mah output

▲ Russian oil imports at five month high of 1.8 mn bpd in Nov

## GOVT. INITIATIVE

## Labor Code

- CG has implemented the four labour codes w.e.f. 21 Nov 2025 (cleared in 2020), replacing 29 central labour laws and significantly easing compliance
- Wage definition revised: Basic Pay must be at least 50% of total CTC, likely increasing PF and gratuity outgo
- Gig/platform workers formally recognised; aggregators to contribute 1-2% to a Social Security Fund; PF, ESIC & insurance benefits extended
- Minimum wages will now apply nationwide to all workers (not just notified industries) and will be linked to a CG-set national floor wage, ensuring no state can fix wages below this threshold
- Retrenchment/layoff threshold for prior govt approval raised from 100 to 300 workers, giving employers greater flexibility
- Fixed-term employees become eligible for gratuity after 1 yr of service (earlier 5 yrs), aiding project-based workforces

"These measures will boost formalisation of the labour force by at least 15% and increase social sector coverage to 85%" - SBI report



## Incentives &amp; Schemes

- Cabinet clears ₹450 bn to support exports amidst tariff based headwinds  
*Package includes ₹250 bn export mission, ₹200 bn credit guarantee, and RBI's 4-month moratorium*
- ₹72.8 bn scheme launched to build 6,000 mtpa rare-earth magnet capacity in India.
- Centre allocates additional ₹70 bn to FCI for grain management expenses  
*Pushes total food subsidy budget for FY26 to ₹2.1 tn*
- Govt to clear ₹80 bn in pending exporters' dues under the revamped IES scheme

## Infrastructure &amp; Capex

- Cabinet approves Pune metro expansion  
*Capex of ₹98.6 bn*
- Railway line expansion in Guj & Mah worth ₹27.8 bn approved

## Policy &amp; Regulation

- Cabinet cuts royalty rates for graphite, caesium, rubidium & zirconium to 1-4% from 12%
- CG introduced 2 new bills to replace GST cess on tobacco products
- Government suspends QCOs on polymer intermediates (14) & steel products (55)  
*To address raw material shortages*

## Anti Dumping Duty

- CG imposes a 5yr ADD on hot-rolled flat steel from Vietnam
- DGTR has provisionally recommended ADD on LAM Coke imports from 6 countries
- Investigation into polyester textured yarn and halobutyl rubber initiated  
*Major player - Reliance group*

## COMPANY UPDATE

## Pharma

- Eli Lilly sells anti-obesity drug worth nearly ₹1 bn in Oct-25  
*India's highest selling drug by value*
- Novo Nordisk partners with Emcure Pharma to launch weight loss medicine in India  
*Cuts prices by 37%*
- Indian pharma firms win bids by China govt to supply bulk generic drugs  
*Includes Cipla, Natco Pharma, Zydus Lifesciences*

## Financials

- M&M partners with leading Canadian insurer Manulife to launch a 50:50 life-insurance JV  
*Total Capital commitment ₹72 bn*
- Nippon Life will partner with DWS Group to launch an AIF franchisee  
*DWS intends stake of upto 40%*
- SBI to sell 6% stake in mutual fund arm via IPO

## Real Estate &amp; Infra

- Reliance Industries will build a 1 GW AI data centre in Andhra Pradesh
- Brookfield REIT to acquire commercial office in Bengaluru for ₹131 bn
- Ajmera Realty to launch projects worth ₹120 bn in Mumbai's Wadala
- NHAI transfers 366km highway on TOT contract to IRB Infrastructure Trust, raises ₹92.7 bn
- KEC International has been barred by Power Grid from participating in new tenders for 9 months wef Nov 18, 2025

## Oil &amp; Gas

- Mitsubishi Corp buys stake in India's KIS Group, debuts into biogas segment
- NTPC will enter the coal gasification segment, targeting 5-10 mtpa of synthetic natural gas

## Telecom

- Supreme Court allows CG to offer relief on Vodafone Idea's entire AGR dues upto FY16-17
- Bharti Airtel to buy 5% additional stake in Indus Towers

## Others

- Adani Enterprises to raise up to ₹250bn through rights issue
- Adani Group enters into BESS, will set up a 1,126 MW facility in Gujarat
- Adani Enterprises' WOS will acquire 72.8% stake in a flight training & simulation company at an EV of ₹8.2 bn
- Tata Steel to sell Jajpur ferro alloy plant to IMFA for ₹6.1 bn  
*The acquisition would add 99 MVA of furnace capacity for IMFA*
- UP's power regulator delays Adani's \$2 bn project over cost concerns
- HAL signed \$1 bn deal with GE Aerospace to procure engines for Tejas jets
- Swiggy's board approves fundraise of upto ₹100 bn
- Adani's Kutch Copper inks MoU with Caravel Minerals for Australia project
- Delhivery moves over ₹190 bn in goods amid record festive surge

## CAPEX UPDATE

## Power

- Adani Group plans to invest ₹630 bn in energy projects in Assam to setup 3.2 GW thermal plant & 2 pumped storage plants
- ReNew will invest ₹600 bn in green energy projects in Andhra Pradesh  
*Will set up a 6 GW PV ingot-wafer plant, 2 GW pumped hydro project, 300 ktpa green ammonia facility and 5 GW hybrid projects*
- Tata Power to invest ₹250 bn in renewable projects by FY27  
*Setting up 1.5 GW capacity projects in FY26 + 2.5 GW in FY27*
- Coal India signs JV to set up 1.6 GW thermal power plant, will invest ₹210 bn
- Hero Future Energies inks ₹300 bn MoU with Andhra Pradesh for 4 GW renewables
- Hinduja Group to invest ₹200 bn in Andhra Pradesh across energy & EV projects
- Tata Power to invest ₹110 bn in a Pumped Hydro Storage Project in Pune
- CESC Ltd will invest ₹45 bn to set up a solar cell and battery pack facility in Odisha

## Metal

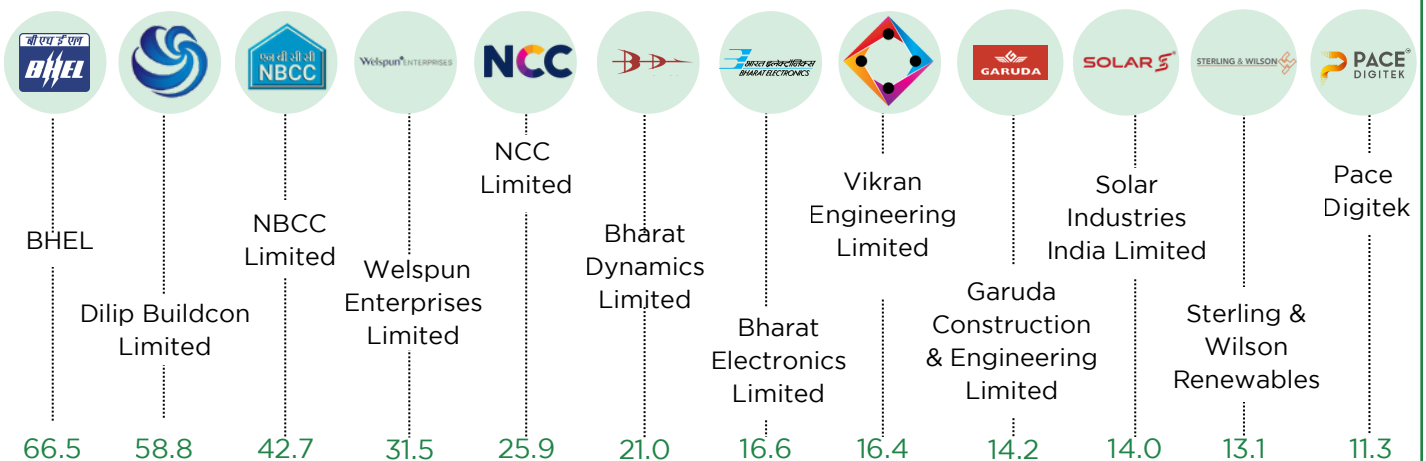
- Hindalco to invest ₹102 bn in its Odisha Aluminium unit  
*Will increase total capacity by 52% to 563 KT by FY29*
- Govt announces 9.8 mtpa capacity expansion plan for SAIL's Rourkela Steel Plant

## Others

- Reliance-Brookfield JV will invest \$11 bn to build a 1 GW AI data-centre park in Andhra Pradesh
- TCS & TPG will jointly invest up to ₹180 bn in their AI data centre JV HyperVault  
*TPG has committed ₹88.2 bn*
- AM Green to invest ₹100 bn in Andhra Pradesh biorefineries for producing sustainable aviation fuel
- JK Tyre will invest ₹50bn to ramp up capacity and exports
- JK Lakshmi Cement will invest ₹18.2 bn to expand production capacity in Chhattisgarh  
*Will add 2.3 mtpa of clinker and 1.2 mtpa of cement grinding capacity*

## ORDER BOOK INFLOW UPDATE

(Order in ₹bn)



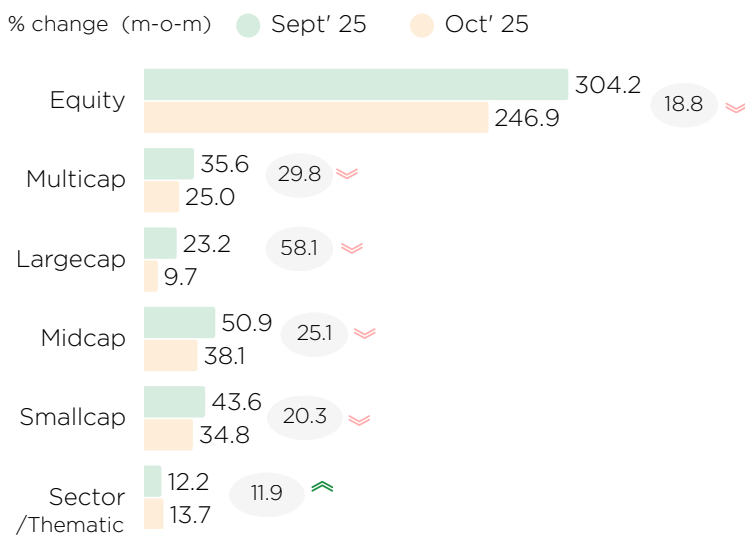
## CAPITAL MARKET UPDATE

▲ DII ownership in NSE listed cos hit 18.3% in Q2 FY26, as FPI share fell to 16.7% on record outflows

*Equity MF SIP inflows from smaller towns crossed ₹100 bn in Oct*

▲ MF equity AUM hits record ₹50.8 tn (up 30% from Feb's ₹39.2 tn); PMS AUM reaches all-time high ₹40 tn in Sep 2025

MF inflows (in ₹ bn)

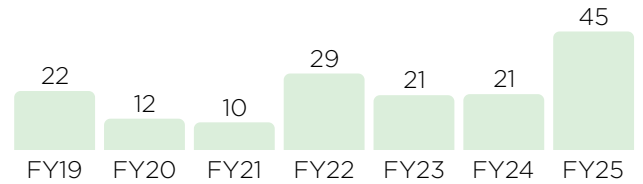


▲ Annual IPO fundraising to exceed ₹1.6 tn in Dec'25

*Funds raised through OFS component in CY2025 YTD surged to a new high of ~ ₹958 bn*

▲ From the fresh issue raised till Oct, 29% to be used for debt repayment & 26% for capex (BoB report)

Flow of savings to MFs & equity (as % of bank deposits)



▲ For every ₹100 in bank deposits, households put ₹45 in MFs and equities in FY25

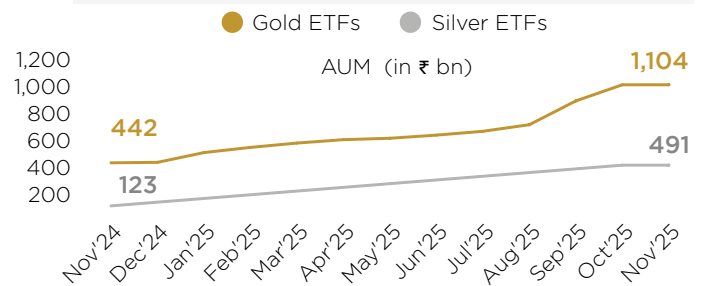
*Market inflows grew twice as fast as bank deposits in FY25*

▲ In Q3 QTD, individual investors have sold ₹196 bn equity marking biggest quarterly selloff

▲ SEBI classifies REITs as 'equity' wef 1st Jan, 2026

*InvIT continue to be treated as hybrid instruments*

Gold & Silver ETF AUM increased 8% & 15% MoM



*"IPOs are increasingly becoming exit vehicles for early investors rather than as engines for raising long-term capital" -CEA V Anantha Nageswaran*



### Promoter & Significant Shareholder Stock Sale

| Company                     | Seller                            | Stake | Value (in ₹ bn) |
|-----------------------------|-----------------------------------|-------|-----------------|
| airtel                      | Promoters                         | 1.4%  | 175.5           |
| adani wilmar                | Adani                             | 20.0% | 71.5            |
| Mphasis<br>The Next Applied | Blackstone                        | 9.5%  | 47.3            |
| Bank of Maharashtra         | Govt. of India                    | 6.0%  | 24.9            |
| BAJAJ<br>Housing Finance    | Promoters                         | 2.0%  | 15.9            |
| one97                       | SAIF Partners & Elevation Capital | 2.1%  | 15.4            |

## INTERNATIONAL UPDATE

USA 

- ▲ Trump ended the 43-day federal shutdown on Nov 12
- ▲ US will cut tariffs on imported Swiss products to 15% from 39%  
*Swiss companies pledge to invest \$200 bn in USA by the end of 2028, with at least \$67 bn of the \$200 bn to come in 2026*
- ▲ US manufacturing PMI dropped to 51.9 in November from 52.5 last month
- ▲ USA rolls back reciprocal tariffs on agri products like tea, coffee and spices  
*Tariffs still applicable on Indian exports like shrimp, rice & seafood*
- ▲ US & UK sign deal, US exempts UK-made drugs and medical tech from tariffs  
*In return, UK will raise the net price it pays for new US medicines by 25%*

**US - Saudi Summit**

- Saudi raises its planned US investment to \$1 tn from \$600 bn, with US officially designating Saudi as a "Major Non-NATO Ally"  
*Approve strategic defense package including F-35 jets and ~300 tanks*
- Saudi Aramco signed 17 MoUs with major U.S. companies, carrying a potential value of more than \$30 bn

China 

- ▲ China lifted its ban on Nexperia chips, restoring supplies to German automakers
- ▲ China's Oct factory output rose 4.9% and retail sales 2.9% YoY
- ▲ China's exports fell 1.1% YoY in Oct, with U.S. shipments dropping 25%

Rest Of the World 

- ▲ Japan approves \$135 bn stimulus package, includes general account outlays of \$112 bn and \$17 bn tax cuts  
*Govt estimates the package to lift GDP by an avg of 1.4% p.a for 3 yrs*
- ▲ Samsung Electronics, Hyundai Motors & LG Group pledged \$464 bn in domestic investments in South Korea

**UK Budget**

- Income tax & National Insurance thresholds frozen until FY31, elevating tax burden without rate hikes
- Increased tax on dividend income, property income and savings income by 2% each
- "Mansion tax" of £2,500 p.a. for properties worth > £2 mn, and £7,500 for properties worth > £5 mn



Liner operator CMA CGM warned of a tougher period going forward as demand slackens and market capacity increases

## INDIA ECONOMIC DATA

| Economic Indicator       | Oct'25 | Sept'25 | Oct'24 |
|--------------------------|--------|---------|--------|
| WPI inflation (in%)      | -1.21  | 0.13    | 2.36   |
| CPI inflation (in%)      | 0.25   | 1.44    | 6.21   |
| Core Sector Growth (in%) | 0.0    | 3.3     | 3.8    |
| Trade Deficit (in bn\$)  | 41.7   | 32.2    | 26.2   |

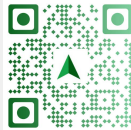
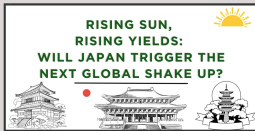


Degrowth in coal, crude oil, natural gas, electricity & steel balanced the growth in refinery products, fertilizers & cement

| Economic Indicator      | Nov'25 | Oct'25 | Nov'24 | MoM    | YoY  |
|-------------------------|--------|--------|--------|--------|------|
| Composite PMI           | 59.7   | 60.4   | 58.6   | -1.2%  | 1.9% |
| GST Collection (in ₹tn) | 1.7    | 2.0    | 1.7    | -15.0% | 0.6% |
| AVG USD INR             | 88.9   | 88.4   | 84.4   | 0.5%   | 5.3% |
| Forex Reserves (\$ bn)  | 686.2  | 689.7  | 658.1  | -0.5%  | 4.3% |

\*All the numbers are rounded to a single decimal place

## AEQUITAS: WHAT'S TRENDING



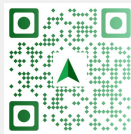
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