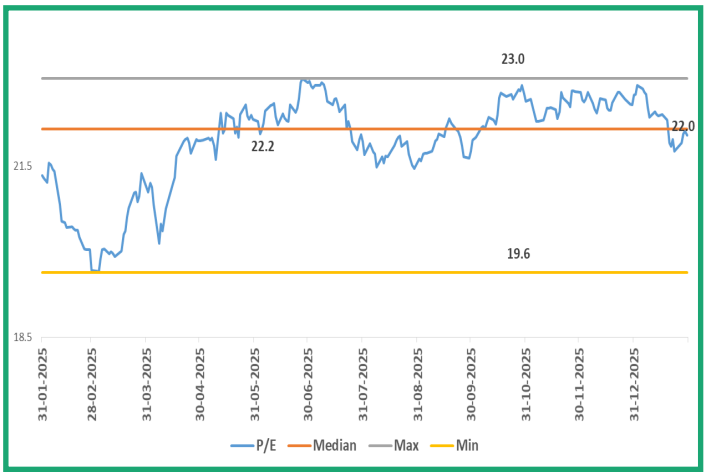
Monthly Market Wrap

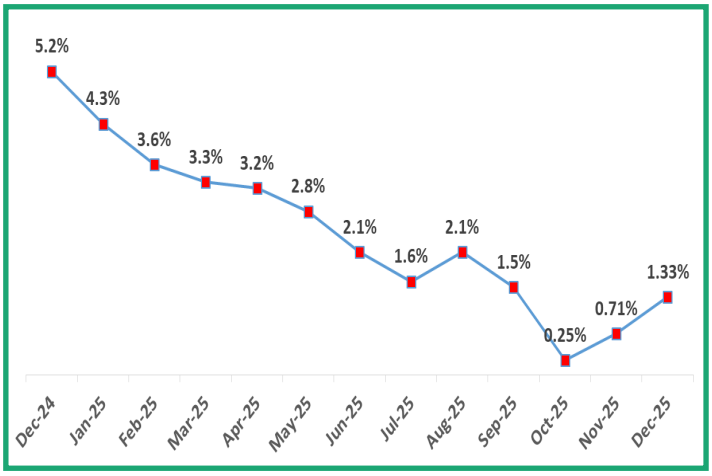
January 2026

NIFTY 50 P/E



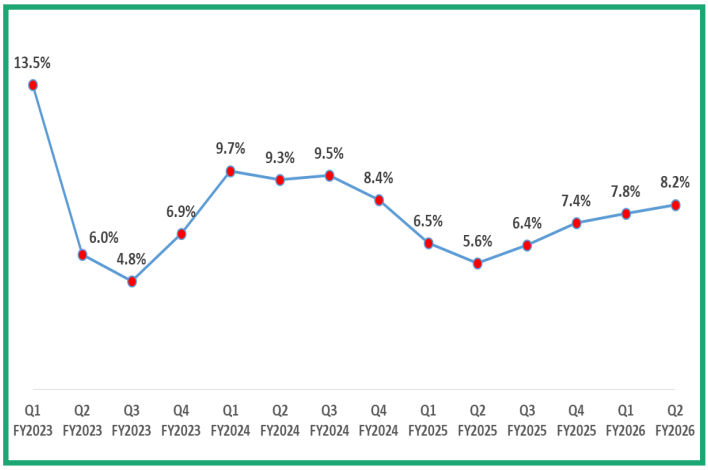
Source: Bloomberg, GEPL Capital

INDIA'S INFLATION (CPI)



Source: MOSPI, GEPL Capital

QUARTERLY GDP GROWTH RATES



Source: MOSPI, GEPL Capital

- **INDEX MOVEMENT**

⇒ Indian equity markets underwent a corrective phase in January 2026, with the Nifty and Sensex declining by nearly 3-3.5% during the month. The correction was marked by persistent selling pressure, led by sustained FII outflows, rupee weakness, and elevated crude oil prices.

⇒ The sell-off was broad-based, with most sectoral indices closing in negative territory. However, the Metals sector emerged as a notable outperformer, gaining 5.9% during the month, followed by PSU Banks, which advanced 5.7%. Reflecting this relative resilience, the Nifty PSE index recorded a gain of approximately 3.22% in January 2026.

- **MAJOR ECONOMIC NEWS**

⇒ India and European Union signed an Free Trade Agreement which is dubbed as **"mother of all deals"**. This deal will link India to world's largest trading bloc of 27 countries and more than 450 mn consumers.

⇒ The Defense Procurement Board has cleared the acquisition of 114 additional Rafale jets deal with an value of Rs. 3.25 lakh crore, marking it one of India's largest fighter jet deal.

⇒ The US Fed Reserve has kept the benchmark rates unchanged at 3.5-3.75% in its January policy meeting, after three consecutive rates cuts in late CY25.

- **KEY COMPANY SPECIFIC NEWS**

⇒ Adani Green reaffirmed that it remains on schedule to commission India's largest single-site battery energy storage system in the coming months, and plans to scale up BESS capacity by over 2x in the next financial year.

⇒ HPCL has entered into a 10-year LNG supply agreement with UAE-based ALNG for the annual procurement of 5 million tonnes of LNG.

⇒ NLC India has signed a ₹25,000 crore agreement with the Gujarat government to develop large-scale renewable energy projects.

- **FIIs & DIIs DATA**

(in Cr)	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25
FIIs	-41,435	-34,350	-17,500	-2,347	-35,301
DIIs	69,221	79,620	77,084	52,794	65,344

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INDEX	CURRENT	52W H	52W L	30 D % CHNG
Nifty 50	25320.65	26373.2	21743.65	-3.1
Bank Nifty	59610.45	60437.35	47702.9	0.05
CPSE Index	6813.35	6904.35	5284.25	7.04
NIDEFENCE	8184	9195.15	5025.35	5.64
NIFTY PVT BANK	28553.15	29059	23783.15	-0.58
NIFTYCONSR	34387.55	40472.45	32205.3	-6.44
NIFTYDigital	9018.65	9723.25	7334.4	-4.29
NIFTYHEALTH	13893.85	15144.95	12561.7	-5.1
NIFTYLARGEMID250	16309	17077.75	13526.3	-3.24
NIFTYMICRO250	21268.75	24841.45	18526.65	-5.66
NIFTYMIDSE	13400.05	14118.4	10382.55	-2.74
NIFTYOILGAS	11791.7	12445.7	9327.5	-3.59
NIMID150	21490.9	22650.05	17269.5	-3.53
NIMS400	19365.95	20668.15	15832.85	-4.21
NISML250	15763.45	18077.35	13314.7	-5.52
NISML50	8189.35	9282.7	6776.05	-4.84
NIfty 500	23079.5	24144.2	19519.85	-3.32
NIfty Energy	35138.05	36938.9	29313.2	-0.53
Nifty Financial Services	27330.85	28065.5	22819.9	-1.02
Nifty 100	25902	26975.15	22177.35	-2.95
Nifty 200	14093.05	14700.95	11941.45	-3.03
Nifty Auto	26750.35	29179.1	19316.65	-5.11
Nifty Capital Market	4649.3	4887.85	2885.1	-0.15
Nifty Commodities	9649.95	9868.8	7502.95	1.42
Nifty FMCG	51215.2	58485.05	49741.65	-7.68
Nifty IPO	1942.1	2268.1	1617.15	-5.21
Nifty IT	38036.15	43431.8	30918.95	0.4
Nifty India Tourism	7704.85	9497.2	7446.9	-10.45
Nifty Infra	9153.2	9792.6	7589.95	-4.82
Nifty MNC	30419.45	31140	23981.05	-0.49
Nifty Media	1385.2	1786.15	1313.85	-4.12
Nifty Metal	11827.55	12509.75	7690.2	5.91
Nifty MidCap 50	16693.25	17572.45	13269.65	-3.25
Nifty Next 50	67839.85	70833.65	56192.45	-2.2
Nifty PSE	10171.25	10277.85	7956.45	3.22
Nifty PSU Bank	9019.35	9175.55	5530.35	5.7
Nifty Pharma	21715.1	23492.55	19121.1	-4.44
Nifty Realty	783	1049.7	742.2	-10.81
Nifty Rural	15581.55	16378.35	12891.5	-3.64
Nifty Service	33128.45	34216.65	29070.85	-1.57
NiftyConsu	11469	12716.2	10090.65	-6.68

NIFTY 50

TOP 5 MONTHLY GAINER

NAME	CLOSE	MONTHLY CHG%
HINDCOPPER	685.90	32.34
NATIONALUM	385.45	22.64
OIL	501.8	20.2
UNIONBANK	180.76	17.56
MRPL	176.5	16.12

TOP 5 MONTHLY LOSER

NAME	CLOSE	MONTHLY CHG%
ONESOURCE	1,194.50	-34.03
NEWGEN	582.00	-31.13
COHANCE	381.3	-27.87
SYNGENE	473.45	-27.27
GODFRYPHLP	2,035.50	-26.31

January 2026

UNION BUDGET HIGHLIGHTS FY2026-27

Dear Investor,

The Union Budget for FY27 comes against the backdrop of an optimistic Economic Survey that positions India as a global growth outlier and highlights progress in reducing the debt-to-GDP ratio. However, the budget itself does not fully reinforce this narrative. Instead of delivering a decisive growth push, it reflects continued fiscal restraint—creating a gap between intent and immediate economic impact.

The positives are strategic, but long-term.
The budget clearly pivots toward employment generation and inclusive growth. Services are positioned as the primary job engine, supported by initiatives in healthcare, tourism, MSME development, and selective manufacturing scale-ups. Infrastructure efficiency is emphasized through inland waterways, logistics upgrades, rail corridors, container facilities, and ship-repair ecosystems. Strategic self-reliance features prominently via proposals for rare-earth corridors and chemical parks.

There is also a notable decentralization thrust—targeting tier-2 and tier-3 cities and temple towns—to broaden economic participation beyond major metros. While directionally sound, these measures are largely medium-to-long term in impact.

The key concern lies in fiscal arithmetic.
Despite tax collection shortfalls, the government has stayed firmly committed to fiscal consolidation. Total expenditure growth trails nominal GDP growth (~10%), resulting in a persistent fiscal drag on the economy.

- FY27 total expenditure is budgeted at INR 53.4 trillion, up just 7.7% over FY26 revised estimates.
- FY26 spending itself was cut due to revenue weakness, and FY25 actuals undershot estimates, raising the risk of further slippage.
- Capital expenditure for FY27 rises 11.5%, but FY26 capex growth over FY25 actuals was only 4.2%, underscoring a subdued investment push.
- Interest payments continue to crowd out spending flexibility, limiting growth in non-interest expenditure.

Revenue assumptions remain conservative.
Gross tax collections are projected to grow 8%, below nominal GDP growth, implying lower tax buoyancy. Indirect taxes, including GST, are expected to grow weakly, while direct tax projections are healthier but follow a history of overestimation. Persistent revenue shortfalls could force additional spending restraint.

Market implications.
Equity markets reacted negatively post-budget—triggered by the STT hike but driven by deeper concerns around the absence of near-term growth stimulus. Long-term reforms are positive but insufficient to offset slowing sales and earnings momentum in the near term .

For bond markets, higher market borrowings, slower fiscal consolidation, and reliance on RBI dividends increase the risk of upward pressure on yields.

Investor-specific takeaways.

- Lower tax incidence on share buybacks benefits cash-rich companies, especially IT services and MNC consumer names.
- Higher NRI investment limits in listed companies (individual: 10%, aggregate: 24%) aim to offset FII outflows, though impact may be moderate given global alternatives.

In summary, the FY27 budget sets the right long-term direction—employment intensity, decentralization, and strategic autonomy—but falls short on near-term economic support. By prioritizing consolidation over counter-cyclical stimulus, it risks prolonging subdued growth amid private capex hesitancy and global headwinds.

We will continue to monitor execution and align portfolios with evolving risks and opportunities.

January 2026

UNION BUDGET HIGHLIGHTS FY2026-27

⇒ The government has proposed to tax share buy-backs as capital gains instead of dividend income, with promoters facing an additional tax on both short- and long-term capital gains, over and above the regular capital gains tax.

⇒ The government has proposed a five-year tax holiday on foreign-sourced income for eligible non-resident individuals visiting India for notified government schemes, effective from FY27.

⇒ The government has clarified that income tax exemption on capital gains from Sovereign Gold Bonds (SGB) redemption will apply only to bonds subscribed at original issuance and held till maturity, effective from FY27.

⇒ The government has proposed to rationalise TCS on LRS remittances exceeding ₹10 lakh by introducing more uniform rates across categories:

Purpose of Remittance	TCS Rate	
	On or before 31st Mar 2026	1st Apr 2026 onwards
For education (Source - loan from prescribed financial institution)	No TCS	No Change
For education, other than (i) above, or for medical treatment	5% of amount in excess of ₹ 10 lacs	2% of amount remitted in excess of ₹ 10 lacs
Overseas tour package including expenses for travel or hotel stay or boarding or lodging or any such similar or related expenditure.	5% up ₹ 10 lacs; 20% of amount exceeding ₹ 10 lacs.	2% of amount remitted.
Any other purpose	20% of amount exceeding ₹ 10 lacs.	No change

⇒ Tax holidays until 2047 for foreign companies providing cloud services globally via India-based data centres.

⇒ India Semiconductor Mission 2.0 to deepen equipment, materials, IP and talent ecosystem.

⇒ Electronics Components Manufacturing Scheme outlay proposed to rise to ₹40,000 crore.

⇒ Rare Earth Corridors to be developed across mineral-rich states such as Odisha, Kerala, Andhra Pradesh, and Tamil Nadu. Long-term focus on energy security and critical minerals.

⇒ The Budget provides a major policy push to Carbon Capture, Utilisation & Storage (CCUS) with a proposed outlay of ₹20,000 crore over the next five years, signalling India's intent to decarbonise hard-to-abate sectors while safeguarding industrial growth.

⇒ The Budget proposes the restructuring of Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) companies as the first step in strengthening Public Sector NBFCs.

⇒ Clear reaffirmation of fiscal discipline with fiscal deficit estimated to be 4.3% of GDP in FY27. Debt-to-GDP ratio placed on a declining path, targeted at 50±1% by FY31, currently it is estimated to be 55.6% of GDP in 2026-27.

Monthly Market Wrap

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Name	Designation	Certification	Email	Contact
Vidnyan Sawant	AVP - Technical Research	NISM, Research Analyst	info@geplcapital.com	91 (22) 31019911

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Reg./Corp. Office : D-21 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400 001 Contact No +91 22 66182400

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For research related queries email at research@geplcapital.com