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**GST**

**2025**

# GST 2.0: A CONSUMPTION BONANZA

The tax overhaul sets the stage for sustained consumption-led growth, potentially reshaping sectoral demand patterns and influencing India's economic trajectory in the coming years

## Beyond Market

it's simplified...

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### **Credit Credence**

S&P's first upgrade in 18 years affirms India's resilience, fiscal discipline, and credibility, boosting investor confidence

- Page 10

### **Fertilizer Fault Line**

Strong rains may boost sowing, but without fertilizer self-sufficiency, India remains hostage to global uncertainties

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### **Glittering Giants**

From family jewellers to organized giants, India's gold market is getting a modern shine

- Page 24

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# Beyond Market

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Volume 17 | Issue: 09, 16th - 30th September '25

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Printed and published by Mr  
Rakesh Bhandari on behalf of  
Nirmal Bang Financial Services  
Pvt Ltd, printed at Uchitha  
Graphic Printers Pvt Ltd. 65,  
Ideal Ind. Estate, Senapati  
Bapat Marg, Lower Parel,  
Mumbai - 400013 and  
published at Nirmal Bang  
Financial Services Pvt Ltd,  
601/6th Floor, Khandelwal  
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**Tushita Nigam**  
Editor

## GST 2.0: POPULIST MOVES, ECONOMIC HOPES

**G**ST 2.0 is now in motion. With just two tax slabs, the government is aiming to boost consumption without unsettling the economy. How this will play out remains to be seen. You can read about this populist move in the cover story of this issue.

Moving on to the other articles, you will find interesting reads on: the credit rating agency S&P upgrading India's credit rating for the first time in 18 years; the shortage of fertilizers in India and its impact on the agricultural sector; the sugar sector receiving a boost with the removal of quantity restrictions on ethanol production; record-breaking toll revenues driven by increased connectivity and travel; the transformation of the jewellery sector; the festive shopping spree this season with consumers ready to splurge; and the fragrance and aroma chemicals industry seeing increased demand across sectors.

The Beyond Basics section focuses on two noteworthy articles: one highlighting the growing interest in gold and silver funds, and the other examining the advantages to insurance policyholders arising from changes in the GST structure for insurance products.

As you skim through the issue, you will also come across a short coverage of Nirmal Bang's newly launched interview podcast series - The Billionaire Code. This series is a tribute to India's most trusted and impactful Mutual Fund Distributors, showcasing their stories of resilience, vision, and wealth creation. Our host, Mr. Rakesh Bhandari, takes listeners through their journeys, and the first episode features Mr. Sadashiv Phene, an MFD who has dedicated 40 years to serving investors and has single-handedly amassed an AUM of ₹1,500 crores. Read on to hear these compelling stories of struggle and success.

**“On the upper side,  
if Nifty Futures  
crosses 25,150,  
market participants  
can expect  
higher levels.”**

## **Nifty Futures: 24,695**

(Last Traded Price As On 29th September, 2025)



**T**o simplify the tax system and provide relief to consumers, the government recently revamped the GST structure and reduced rates mainly on common man consumption items to revive demand.

Negotiations between India and the US are progressing, but the US's imposition of H1B visa restrictions and increased tariffs on branded / patented drugs has kept uncertainty alive in the bilateral trade talks.

In the coming days, the Indian stock markets look good with Nifty Futures having support at 24,650 and 24,500 levels. On the upper side, if it crosses 25,150, market participants can expect higher levels, thereafter.

Going forward, watch for developments in India-US tariff negotiations and monitor the revival of demand during the festive season following the GST cuts as both are likely to impact the market.

*Dilip Singh*

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**G S T**



2025

# GST 2.0: A CONSUMPTION BONANZA

The tax overhaul sets the stage for sustained consumption-led growth, potentially reshaping sectoral demand patterns and influencing India's economic trajectory in the coming years



The onset of Navratri starts a major festive buying season in India, but this year it brought a windfall for consumers.

On 12th September, India launched the most radical overhaul of the goods and services tax (GST) since the system's inception in 2017. In one sweep, the government compressed a patchwork of rates into two slabs of 5% and 18%, doing away with the 28% slab, and exempted or softened taxes on a long list of essentials, with the aim to boost demand, lighten inflation and spur investment. Along with tidying the tax, the reform seeks to provide a fiscal jolt to an economy that has shown signs of fatigue in recent quarters.

By leaving almost ₹2 lakh crore with consumers and cutting the effective tax burden on spending to around 10%-11%, down from 14%-15%, the government is betting on the fact that lower prices will reignite demand across a swathe of sectors, from soaps to scooters.

Finance Minister Nirmala Sitharaman was quick to emphasize the populist thrust. With 99% of goods now placed under either a nil rate, 5% or 18% slab, she argued, the benefits would accrue disproportionately to the middle class and the poor.

Experts, for their part, see the move as a classic Keynesian boost at a time when global headwinds are dampening exports and corporate capex has been hesitant.

The stakes are high. For nearly a decade, India's policymakers have struggled with a conundrum: how to engineer faster household consumption without loosening the fiscal screws too much. The new GST architecture represents an ambitious attempt to solve that puzzle.

### A CONSUMPTION STIMULUS

Though cast as a tax rationalization, GST 2.0 is effectively a consumption stimulus. Together with earlier income-tax cuts, economists reckon the measures could lift private consumption by as much as 1.6% of GDP in FY26.

That scale is not trivial: in an economy of India's size, it could add 60-70 basis points to headline GDP growth.

The reforms are expected to shave 55-75 basis points off consumer-price inflation, pulling the forecast for FY26 down to 3.1% from 3.5%.

Food staples, including bread, milk products, edible oils, noodles, and biscuits, have become cheaper, easing household budgets and giving families more space to spend on discretionary goods.

The fiscal arithmetic, however, looks less dramatic than the headline numbers suggest. Revenue foregone from the lower rates is pegged at ₹45,000 crore - ₹85,000 crore annually, modest relative to India's ₹50 lakh crore revenue base.

With higher consumption expected to buoy collections, and robust cess inflows cushioning the Centre, analysts reckon the fiscal deficit will widen by no more than five basis points. For a government keen to signal prudence to investors and rating agencies, that is an acceptable price.

### WINNERS AND LOSERS

Automobiles, a bellwether of discretionary consumption, stand to gain the most. Entry-level cars and two-wheelers, now taxed at 18% instead of 28%, will see price cuts of 7%-8%. That is timely: sales in the first half of FY26 were weak, with small cars and motorcycles hit the hardest.

Larger vehicles such as SUVs and MPVs will also see modest relief, with effective taxes lowered to 40% from

43%-50%. The exceptions are premium motorcycles, where GST has been hiked to 40% from 31%.

The result will be a tailwind for mass-market manufacturers like Maruti Suzuki and Tata Motors, and a headwind for niche players like Eicher Motors.

FMCG companies are passing on tax savings directly to consumers. Multinationals such as Hindustan Unilever, Nestlé, and Procter & Gamble, alongside domestic champions like ITC, Dabur and Amul, have already announced price cuts across soaps, shampoos, chocolates, dairy and packaged foods.

Amul has reduced ghee prices by ₹40 per litre, while Mother Dairy has cut milk rates by ₹2 per litre, translating into monthly savings of ₹60 for households consuming a litre daily.

Patanjali Nutrela soya chunks are cheaper by ₹20 per kilo, while edible oils, paneer, frozen foods, and packaged goods have also been repriced lower.

By lowering retail prices by 5%-10% or offering more products for the same price, they hope to stimulate demand in both urban and rural markets.

FMCG experts expect 200-300 basis points of volume growth in FY26, a meaningful shift in a sector where growth often hovers in single digits.

Cement, another sensitive sector, also emerges a winner.

GST has been slashed to 18% from 28%, translating into a price reduction of ₹25 per 50-kg bag – ₹30 per 50-kg bag. The offsetting rise in coal's GST rate, to 18% from 5%, is neutralized by scrapping the green energy cess.

With construction demand poised to recover after the monsoon season, companies such as UltraTech Cement and Shree Cement should see stronger earnings in coming times.

Consumer durables, from refrigerators to dishwashers, have become more affordable, thanks to rate cuts from 28% to 18%. Expect festive-season advertising blitzes as firms like Voltas, Havells and Blue Star jostle for urban buyers.

Hospitality too receives a boost: hotels with tariffs below ₹7,500 now attract only 5% GST, down from 12%. Mid-range chains such as Lemon Tree stand to benefit, alongside domestic tourism in the holiday season.

The textile and footwear industries gain as well. Synthetic yarn, woven fabrics and towels will now attract only 5% GST, aiding companies from the sector like Vardhman and Welspun.

Footwear priced below ₹2,500 is taxed at the same rate, a fillip for Bata India and Relaxo. That said, premium brands face pain: GST on high-end apparel rises to 18% from 12%, threatening margins for Raymond and Vedant Fashions.

Insurance premiums, which

moved from 12%–18% with input tax credit to nil without it, are unlikely to decrease fully.

Short-term trade and supply chain disruptions may occur as distributors and retailers adjust inventory to the new rates, but these effects are expected to be temporary.

Grocery retailers and quick commerce platforms, including DMart, Vishal Mega Mart, and Star (Trent), are set to benefit from larger cart sizes.

Quick-service restaurants (QSRs) may see gross margin gains of 70–80 basis points for chains like Domino's, and 20–40 basis points for other QSRs.

Food delivery platforms, however, face an 18% GST on delivery charges, affecting 10%–20% of their revenue, which may be absorbed by platforms or partially passed on to restaurants and customers.

However, not all sectors are winners. In power, for instance, solar projects will become cheaper as cells are taxed at 5% instead of 12%, but coal-fired generation will bear a heavier GST burden.

Thermal utilities such as NTPC may pass on higher costs, but the optics of penalizing coal while subsidising renewables reflect the government's decarbonisation agenda.

## A POLITICAL AND ECONOMIC WAGER

The government is effectively injecting a fiscal stimulus via

the tax system rather than through higher public spending.

This approach avoids the bureaucracy and leakage risks of subsidies, while still delivering relief to households. It also stresses the government's preference for market-led growth.

Yet risks remain. By tilting so strongly towards consumption, the government may crowd out incentives for savings and investment.

Critics argue that India's growth model needs more capex, not just consumerism, to sustain a 7%–8% trajectory. Others worry about transitional disruptions.

### CREDIT AND MARKETS

The reforms are also likely to lift credit demand. Retail loan growth is forecast to accelerate to 11%–12% in FY26, up from earlier estimates of 10%–11%.

Lenders like HDFC Bank, ICICI Bank and Bajaj Finance are well positioned to ride this wave, as consumers finance cars, durables and lifestyle upgrades.

Rising demand should also keep corporate credit afloat, though banks may need to monitor asset quality closely if borrowers overextend.

Equity markets have already cheered the reforms. Auto and FMCG stocks surged in the days following the announcement, while cement and discretionary consumption indices also recorded notable

gains.

### LEARNING FROM FOREIGN NATIONS

Internationally, India's GST 2.0 sits in an unusual place. Many countries have moved towards single-rate VAT systems for simplicity and neutrality.

India, by contrast, has retained multiple slabs, albeit fewer than before, to balance revenue needs with social equity.

Essential goods remain taxed lightly or exempted, while "luxury" or environmentally unfriendly goods face higher rates.

Interestingly, the reform mirrors past episodes in other emerging markets where VAT cuts were used as countercyclical tools. Brazil and Turkey have occasionally lowered indirect taxes on consumer durables to jump-start demand.

But few have done so at India's scale. Whether GST 2.0 succeeds could thus offer lessons for other large democracies facing similar trade-offs.

### THE ROAD AHEAD

The original GST roll-out in the year 2017 promised simplicity but delivered complexity, with five slabs, hundreds of exemptions, and compliance headaches.

The latest rationalization improves matters but does not yet create a truly uniform system. Businesses still face uncertainty about classification

disputes, especially for hybrid goods. Input credit chains, though strengthened, remain patchy.

If consumption surges as expected, political appetite for deeper reform may rise. For now, GST 2.0 is a carefully calibrated compromise: stimulative enough to spark demand, restrained enough to keep the fiscal balance credible.

### A CAUTIOUS OPTIMISM

With the festive season, the timing could not be more deliberate. Lower prices on sweets, garments and scooters promise to buoy consumer spirits.

Retailers are already reporting stronger footfalls in urban centres, while rural distributors are stocking up in anticipation of higher demand.

If the gambit works, FY26 could mark a decisive revival of household spending after years of post-pandemic fragility.

But India has been here before. Earlier rounds of tax cuts, such as the corporate rate reduction in 2019, delivered less bang for the buck than hoped.

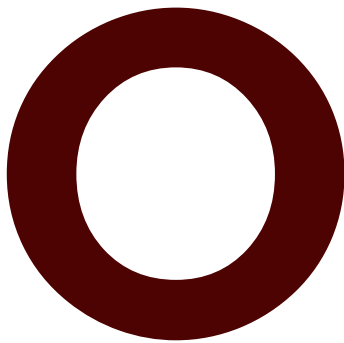
Structural bottlenecks such as uneven rural incomes, weak job creation, high household debt may blunt the impact of GST 2.0 as well.

Industry experts caution that the stimulus may end up front-loading consumption rather than creating a sustained cycle.

# CREDIT CREDENCE

S&P's first upgrade  
in 18 years affirms  
India's resilience,  
fiscal discipline,  
and credibility,  
boosting investor  
confidence





On 14th Aug '25, Standard & Poor's (S&P) raised India's sovereign credit rating from BBB- to BBB, nudging the country one notch higher within the investment-grade bracket. While at first glance this may appear to be a small, technical adjustment, the implications are far-reaching.

For the first time in 18 years, a global rating agency has formally acknowledged India's strengthened fundamentals, resilience in the face of repeated global shocks, and its readiness to step into a more influential role in the global economy.

For retail investors, the rating upgrade is not simply a matter of national pride or financial jargon buried in analyst reports. It directly affects the cost of capital for Indian companies, the attractiveness of Indian assets to foreign funds, and the valuation trajectory of equities over the medium term. More importantly, it sends a reassuring signal that India is increasingly seen not just as a fast-growing economy, but also as a credible borrower with institutional strength and fiscal discipline. This credibility is critical because in global finance, perception shapes capital flows as much as raw numbers do.

### **UNDERSTANDING SOVEREIGN RATINGS AND WHY THEY MATTER**

A sovereign credit rating functions like a report card for a nation's financial health. It captures the ability and willingness of a government to meet its debt obligations. Agencies such as S&P, Moody's, and Fitch assign these ratings to help global investors quickly assess relative risk.

Ratings are not just symbolic. They have direct consequences for borrowing costs, both for governments and for private companies. A higher rating typically lowers perceived risk, reduces yields on government bonds, and sets a benchmark for corporate borrowing rates. Conversely, a lower rating pushes borrowing costs higher and can even deter certain classes of institutional investors from participating.

India's sovereign rating had been stagnant at BBB- since 2007 - the lowest rung of the investment-grade ladder. This meant India was only a notch above "junk" status, a precarious position for a

country seeking to finance its ambitious infrastructure and development needs. The recent upgrade to BBB provides more breathing space and, symbolically, marks India's transition from a story of "potential" to one of recognized resilience.

### **WHY THE UPGRADE NOW?**

S&P's upgrade was based on a triad of strengths: growth, fiscal prudence, and monetary stability. These elements reflect both short-term performance and structural improvements that underpin India's long-term prospects.

### **Strong And Resilient Growth**

Between FY22 and FY24, India recorded an average real GDP growth of 8.8%, making it the fastest-growing major economy in Asia. This outperformance was not accidental - it reflected the combined effect of a strong domestic demand base, targeted policy reforms, and rapid digitalization that has boosted productivity across sectors.

Even as growth moderates, S&P expects India to sustain around 6.8% annually over the next three years. This remains significantly above peers such as China, where growth is slowing, and far ahead of advanced economies grappling with near-stagnation. For investors, this level of consistent growth provides a stable foundation for earnings visibility and confidence in long-term capital deployment.

### **Fiscal Consolidation And Debt Trajectory**

Fiscal sustainability is often the Achilles' heel for emerging markets. Ratings agencies have long flagged India's high deficits and debt levels. However, recent years have shown progress.

- The Centre's fiscal deficit narrowed to 4.8% of GDP in FY25 and is targeted to fall further to 4.4% in FY26.
- General government deficits are projected to decline steadily.
- The debt-to-GDP ratio, though elevated at around 81%, is now on a downward slope.

For agencies wary of fiscal slippage, this combination of gradual deficit reduction and stabilizing debt was a critical factor. It suggests that India is willing to prioritize fiscal discipline without undermining growth - a balance many emerging economies struggle to achieve.

### **Policy Credibility And Inflation Control**

Inflation has historically been India's most persistent macroeconomic vulnerability. However, in recent years the Reserve Bank of India (RBI) has demonstrated its ability to anchor inflation expectations effectively.

In July '25, consumer price inflation fell to 1.6%, comfortably within the RBI's target band of 2%–6%. This came after several years of food and fuel price shocks. The improvement highlights not only effective monetary policy but also better supply-side management,

including the use of digital platforms to improve logistics and distribution.

For ratings agencies, this track record reinforced the view that India's policy institutions have matured and are capable of delivering macroeconomic stability in turbulent times.

### **A VOTE OF CONFIDENCE: WHY S&P STANDS APART**

The upgrade is particularly noteworthy because it makes S&P more optimistic on India than its peers.

- Fitch Ratings continues to hold India at BBB-, with concerns about high fiscal deficits.
- Moody's Investors Service maintains India at Baa3 (equivalent to BBB-), also pointing to a heavy debt burden relative to other emerging markets.

S&P's decision to move first reflects a stronger conviction in India's reform momentum and macroeconomic management. It signals a shift in the global narrative: despite global shocks - from the pandemic to commodity crises - India has emerged as a rare emerging market that combines high growth with stability.

### **WHAT IT MEANS FOR THE ECONOMY AND INVESTORS**

#### **Lower Cost Of Capital**

One of the most direct benefits of an upgrade is cheaper borrowing. The yields on India's 10-year government bonds eased after the

announcement, reducing the cost at which the government raises funds. Since sovereign yields serve as benchmarks for corporate borrowing, this translates into lower financing costs for companies.

For capital-intensive sectors such as infrastructure, power, and manufacturing, where projects are financed over decades, even a modest reduction in borrowing costs can significantly improve project viability and profitability.

#### **Boost To Infrastructure Ambitions**

India is currently executing one of the most ambitious infrastructure programmes in the world. From highways and ports to renewable energy and digital networks, the scale of investment is staggering. These projects rely heavily on long-term capital, often sourced internationally.

The ratings upgrade makes India a more attractive destination for global infrastructure funds, multilateral agencies, and sovereign wealth funds. For retail investors, this translates into improved earnings visibility for infrastructure developers, construction companies, and lenders that fund these projects.

#### **Stronger Foreign Flows**

The upgrade improves India's standing with global sovereign wealth funds, pension funds, and passive index-tracking investors. Many such funds have mandates requiring them to invest only in securities

rated "investment grade." A higher rating increases India's weight in such portfolios.

Already, foreign inflows into Indian debt markets have risen, and S&P followed up the sovereign action by upgrading 10 Indian financial institutions. For equity investors, stronger foreign participation can mean greater liquidity, stronger demand for Indian assets, and higher valuations over time.

**Intangible But Valuable: Confidence**

Finally, the upgrade enhances India's credibility premium. For nearly two decades, investors heard about India's growth story but saw no corresponding improvement in its credit rating. With this upgrade, that disconnect has narrowed. It reassures both domestic and global investors

that India is not only a fast-growing economy but also one that is financially disciplined and resilient to external shocks.

In an uncertain global environment, such confidence is often worth more than any single fiscal statistic.

**IN A NUTSHELL**

India's first sovereign credit rating upgrade in nearly two decades is much more than a technical adjustment. It is a verdict on resilience, reform, and readiness for the future. For the economy, it means lower borrowing costs and stronger access to foreign capital. For companies, it improves the viability of long-term infrastructure projects. For investors, it enhances confidence in the sustainability of India's growth

story.

Yet, it is not the final word. India remains just two notches above "junk" status, and the upgrade comes with implicit warnings about fiscal risks, revenue mobilization, and global trade tensions. To move further up the ladder, India must deepen tax reforms, strengthen fiscal transparency, accelerate infrastructure execution, and safeguard macroeconomic stability.

For retail equity investors, the message is clear: India is no longer viewed only as a high-growth bet but increasingly as a credible, disciplined economy. That combination - growth plus stability - is precisely what global capital prizes. If India sustains this momentum, the next upgrade could come far sooner than 18 years.



**EXPLORE A GAMUT OF INVESTMENT OPPORTUNITIES**



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# FERTILIZER FAULT LINE

Strong rains may boost sowing, but without fertilizer self-sufficiency, India remains hostage to global uncertainties



he fertilizer sector is under pressure this kharif (summer sowing) season. Reports of urea shortages, India's most widely used fertilizer, meeting over half of (55%) total chemical fertilizer demand, are emerging across states, led by a surge in sowing after abundant monsoon rains.

A similar shortage of di-ammonium phosphate (DAP), the second most widely used fertilizer in India after urea, was reported during the last rabi (winter sowing) season.

The recurring shortages are concerning. While both the government and private sector are working to address the issues, much of the sector's vulnerability stems from the ongoing geopolitical situation and disruptions in global supply chains. After the Covid pandemic, fertilizer prices rose sharply, but they corrected towards the end of FY23–24, only to rise again due to escalating geopolitical tensions and volatility in global markets. The Russia–Ukraine conflict and Israel–Iran tensions have driven up fertilizer prices in the international market.

However, the timely availability of fertilizers is essential for both the farming community and the country's food security.

How can India shield itself from future global uncertainties? The key lies in achieving self-sufficiency in fertilizer production. That said, complete independence is challenging, as the raw materials required for fertilizer manufacturing are scarce and must be imported.

India's annual fertilizer consumption totals around 70 million metric tonnes (MT), making it the second-largest consumer and third-largest producer of fertilizers globally. Around 87% of India's annual urea consumption, which totals about 39 MT, is met through domestic production.

However, approximately 78% of the liquefied natural gas (LNG) required as feedstock for urea production is imported. Further, a shortfall in production leads to India importing 5–6 MT of urea each year. For DAP, about 60% of the 11 MT demand is fulfilled through imports. In the case of Muriate of Potash (MOP), India relies entirely on imports.

Fertilizers provide essential nutrients for crop growth, including

nitrogen (N), phosphorus (P), potassium (K), and sulphur (S), among others. These can be either natural or chemical. Urea contains only nitrogen (N), while di-ammonium phosphate (DAP) contains 18% nitrogen and 46% phosphorus.

Given the importance of the sector, India has made significant strides in fertilizer production over the past decade. Total fertilizer production has risen from around 39 MT in 2014–15 to over 55 MT in 2024–25. Urea production has increased from 22 MT to 32 MT during the same period. Similarly, DAP and NPKS production has grown from 11 MT to 16 MT. Import dependency for DAP has decreased from 65% in 2021–22 to approximately 52%.

This growth has been driven by supportive government policies and active private sector involvement. Currently, the private sector accounts for the largest share of fertilizer production at 57.77%, followed by the cooperative sector at 24.81% and the public sector at 17%.

This growth has been driven by supportive government policies and active private sector involvement. Currently, the private sector accounts for the largest share of fertilizer production at 57.77%, followed by the cooperative sector at 24.81% and the public sector at 17%.

Could further liberalization of policies help boost private sector production even more?

The government's recent

decision to reduce the Goods and Services Tax (GST) from 18% to 5% on key raw materials like ammonia, sulphuric acid, and nitric acid - essential for fertilizer production - addresses the sector's inverted duty structure, where raw materials are more expensive than importing the final product. This change is expected to encourage domestic manufacturers to increase production in the coming years.

However, more needs to be done. The fertilizer sector remains highly regulated, with the government's top priority being to ensure that fertilizers, especially urea and DAP, are available to farmers at affordable prices.

### FARMERS' INTEREST VS INDUSTRY

The prices at which fertilizers are sold are unsustainable. For instance, the price of urea is fixed at ₹242 per 45 kg bag (excluding neem coating and applicable taxes), a rate unchanged since 2012. Any increase in the cost of production or imports is covered by the government as a subsidy.

As a result, the urea industry is heavily reliant on government subsidies, which typically account for 80%–85% of its sales. One study shows that the retail price of urea is about one-tenth of its production cost.

For other fertilizers, the selling price is approximately one-third of the cost. For DAP, the government ensures prices

remain affordable at around ₹1,350 per bag, well below the cost of production, with the subsidy covering the difference.

As a result, the government has allocated ₹1.68 trillion for fertilizer subsidies in the current fiscal year, though there could be a potential shortfall. Likewise, under its subsidy regime, the government ensures that urea and around 24 grades of N, P, K, and S fertilizers are available to farmers at subsidized prices through manufacturers and importers.

It is worth noting that in recent years, the government has made subsidy reimbursements in a timely manner, helping maintain the working capital cycle for the industry. This has contributed to the steady profitability of fertilizer companies.

### BALANCED USE OF FERTILIZERS

Reimbursing the industry every year is expensive and an unsustainable proposition. The government is aware that the use of chemical fertilizers in India is heavily skewed towards urea and DAP. Over-reliance on these fertilizers has degraded soil health over time.

The ideal nitrogen, phosphorus, and potassium (NPK) ratio for soil should be 4:2:1, but excessive use of nitrogen through urea has led to a distorted ratio of 10.9:4.4:1 in 2023–24. To address this, the use of alternative chemically or organically produced nutrients

is essential.

To this effect, the government has been encouraging a few things, such as the promotion of nano fertilizers, neem-coated urea, bio-fertilizers and organic nutrients.

The government is promoting nano fertilizers as part of its push for sustainable agricultural practices. These fertilizers release nutrients slowly and steadily into the soil, ensuring more efficient absorption by plants with minimal wastage.

Another initiative is the promotion of neem-coated urea. The neem coating slows the release of nitrogen into the soil, allowing the plant to absorb it according to its needs, thereby reducing nitrogen loss.

The government is also focusing on promoting biofertilizers and organic nutrients to reduce its dependence on chemical fertilizers and encourage balanced nutrient application. Additionally, it offers incentives to state governments that successfully reduce their chemical fertilizer consumption.

In the long run, these measures will help ease the burden on the fertilizer industry and promote sustainable agriculture. However, meaningful change will take time.

### IN A NUTSHELL

In the interim, India is trying to address its vulnerability to global market fluctuations. As



# ETHANOL ADVANTAGE

Removing quantitative and feedstock restrictions on ethanol production will benefit sugar mills, and higher ethanol prices would further amplify these gains





he spotlight is on India's ethanol sector, as the government has allowed sugar mills to decide which feedstock to use for the 2025–26 Ethanol Supply Year (November–October). Mills can produce ethanol from sugar, sugarcane juice, sugar syrup, or B-heavy and C-heavy molasses without any restrictions on quantity.

For India, ethanol blending is turning out to be a key pillar of its energy security strategy. With 85% of its crude oil requirement being imported, higher ethanol use for blending helps reduce import dependency. To point out, any jump in crude oil prices leads to a surge in the import bill, with secondary impacts in the form of a weakening of the Indian Rupee, leading to higher inflation. Ethanol blending is all about insulating India's macro parameters.

But are the gains of ethanol blending visible? In 2014, ethanol blending was merely 1.53%. Today it has reached 20%. Over the past 11 years, ethanol procurement has enabled ₹1.21 lakh crore in income for farmers, reduced crude imports by 23.86 million metric tonnes (MT), and saved ₹1.40 lakh crore in foreign exchange for the country. Most importantly, India has achieved the 20% ethanol blending target five years ahead of the original 2030 schedule.

The mandate of blending petrol with 20% ethanol is here to stay, and in the medium to long term, the blending rate is only going to increase. This is an opportunity for all the parties involved, especially distilleries. India's sugar mills and distilleries like Bajaj Hindusthan Sugar, Balrampur Chini Mills, Shree Renuka Sugars, Praj Industries, and CIAN Agro have been large players involved in ethanol production in the last few years.

Currently, ethanol is produced from first-generation feedstock like sugarcane and grains (maize and damaged rice and wheat). Ethanol can also be produced from second-generation feedstock like bagasse, bamboo, rice husk, wheat straw, and even grass. The latter is in a nascent stage in India.

Around 62% of the total ethanol used for blending is produced using grains like rice and maize. The rest comes from sugarcane-based feedstock. E20 blending would require around 11 billion litres of ethanol every year. The current capacity of

ethanol production in the country is around 18 billion litres. India's distillery capacity was around 3 billion litres in 2018.

Till August '25, around 8.2 billion litres of ethanol have already been supplied to the oil marketing companies (OMCs), as against 6.14 billion litres supplied in the entire last supply year. There are around 500 distillers currently functioning in the country. Most of the projects are located in UP, Maharashtra, Karnataka, Tamil Nadu, and Gujarat.

It may be remembered that the country's ethanol blending programme was initially started with cane-based feedstock, and only much later were other feedstocks like grains allowed for ethanol production. The logic to sacrifice sugar for ethanol production was to handle the surplus sugar situation in the sector.

Higher surplus leads to a fall in sugar prices, impacting mills' margins. But sugar sacrificed for ethanol production improves the financial health of sugar mills. It ensures stable sugar prices in the market and timely payouts to farmers. A somewhat similar situation is visible in the sugar sector right now.

Is the sugar sector excited about the ethanol opportunity in the country? Yes and no. Yes, because ethanol has been a great diversification source for the sugar sector. And no, because ethanol pricing has stayed at the same level for

## Procurement By OMCs (Feedstock-wise)

Ethanol Supply Year	Damaged Food Grain	FCI Rice	Maize	Sugarcane Juice	B-Heavy Molasses	C-Heavy Molasses	Total
2019-20	159	0	0	148	681	741	1730
2020-21	393	22	0	390	1830	389	3024
2021-22	226	458	0	803	2494	101	4081
2022-23	319	737	315	1284	2353	56	5064
2023-24	1156	1	2865	639	1488	576	6725
2024-25 (till August 2025)	627	961	3673	1616	1193	137	8205

Source: Ministry Of Petroleum & Natural Gas (MoPNG) (in million litres)

the last two years, even as the cost of production and acquisition cost of cane has risen. This has made ethanol production unattractive due to depressed margins.

Currently, the average procurement cost of ethanol for ESY 2024–25 is ₹71.32 per litre (inclusive of transportation and GST). Pricing based on the feedstock is: sugarcane juice (₹65.6 per litre), maize (₹71.9 per litre, from ₹52.92 in ESY 2021–22), B-heavy molasses (₹60.7 per litre), and C-heavy molasses (₹58.0 per litre, from ₹46.66 in ESY 2021–22).

During the same period, the Fair and Remunerative Price (FRP) for sugarcane has been increased by 11%, while ethanol procurement has remained unchanged.

The current FRP is ₹355 per quintal. In states like Uttar Pradesh, the State Advised Price (SAP) for cane is even higher, making ethanol supply less lucrative.

This is the reason why, despite the government allowing 4 MT of sugar diversion for ethanol for the ongoing ESY25, sugar mills achieved only 3.4 MT. The removal of restrictions on sugar diversion for ethanol will be beneficial for distilleries only if ethanol prices are revised.

Ethanol production will continue as the next sugar season, starting October '25, is expected to be a sugar surplus season. Preliminary estimates, as per the sugar lobby Indian Sugar and Bio-Energy Manufacturers Association (ISMA), suggest that India's gross sugar production for SY2026 will increase by around 18% to 34.9 million MT (last year it was 29.5 million MT). Out of this, 4 MT would be diverted towards ethanol and 1 MT towards sugar exports. Sugar consumption is expected to be around 28 MT.

With the previous year's surplus of 5 MT, SY2026 would end in a surplus upwards of 6 MT. This surplus is considered more than comfortable.

So, one can expect the sugar industry to sacrifice around 4 MT of sugar for ethanol production in the next year. This is despite ethanol prices remaining unchanged, as mills currently keep the ethanol vertical going to maintain healthy cash flow despite lower profitability. Importantly, the country's ethanol blending programme does not suffer due to the sugar industry's lower enthusiasm.

This is because feedstocks are ample. Take, for instance, maize. It clocked an output of

around 42 MT in 2025, way more than the 10-year average of 30 MT. To highlight, maize-based ethanol has jumped from 0% in ESY 2021–22 to 42% in ESY 2024–25. The same is true for food grains. Rice stocked with the Food Corporation of India is around 54 MT, way more than the normal surplus required for the country at around 13 MT.

India is eventually expected to adopt E25, E27, and E30 in the long run. For this, a new ethanol policy framework is needed, which could possibly upwardly revise the procurement prices. This would increase the enthusiasm of the sugar industry.

In another development, the Supreme Court recently dismissed a petition challenging the nationwide roll-out of E20. With this, the fears that E20 fuel might hurt mileage or damage vehicle engines have been laid to rest. Automakers have already started to come out with E20-compatible vehicles. It has also been clarified by the government that usage of E20 fuel will have no impact on the validity of vehicle insurance. This, along with the freedom of feedstock and quantity for ethanol production, reinforces the government's push for ethanol blending.

# TOLL TALES

FASTag efficiency and highway growth are paving the way for India's record-breaking toll revenues



India's national road toll collection recently touched an all-time high. According to official data, in August '25, tolls on national highways reached ₹7,053 crore, marking the second-highest monthly collection ever recorded. This amount is about 26% higher than the collection in August '24. This is a noteworthy milestone, considering that there were disruptions in the form of heavy rains in many parts of India. So, what could be the reasons for such a high toll collection?

### THE JOURNEY

In the past three years, there have been notable changes in the toll collection business in India. It has been a robust upward trajectory, reflecting a combination of infrastructure expansion, technological advancements in tolling, and rising vehicular movement. According to official data, between fiscal years 2021-22 and 2024-25, toll revenues have scaled unprecedented heights, largely driven by the nationwide adoption of FASTag electronic toll systems and a substantial increase in tolled highways.

Government data shows that India's total toll collection rose steadily from ₹38,069 crore in FY22 to ₹72,931 crore in FY25, almost doubling in three years. User-fee collection on national highways also surged by 12.5% in FY25 alone compared to the previous year, reaching an all-time high. In FY24, toll revenue was ₹64,810 crore, up from ₹54,068 crore in FY23. Though growth in toll collection moderated year-on-year, the absolute revenue collected by the government continues to grow.

The volume of toll usage has also expanded significantly. Toll transactions rose from 3.8 billion in FY23 to ~4.2 billion in FY24, underscoring increased highway traffic flow. Toll collections saw surges of 53% in FY23 and nearly 20% in FY24, fuelled by infrastructure development and higher user-fee rates.

### Contribution Of Key States To National Road Toll Collection

- Historically, Uttar Pradesh has been the highest toll revenue generator, collecting over ₹7,000 crore till February '25, driven by heavy freight traffic and extensive highway networks.
- Rajasthan, Maharashtra, Gujarat, and Karnataka trail closely

behind, with significant industry, agriculture, and regional transport demand supporting high toll volumes.

- Tamil Nadu leads in FASTag adoption and the number of toll transactions, reflecting strong digital payment uptake and dense highway networks, followed by Karnataka and Uttar Pradesh in transaction numbers.

- Southern states together account for more than a quarter of national FASTag transactions, reflecting regional economic vitality and highway usage.

For FY24, total toll collections surged 35% year-on-year to ₹64,810 crore, well above government estimates. These trends have continued into FY26. In Q1 FY26, momentum was maintained, with toll collections rising nearly 20% y-o-y, reaching more than ₹21,000 crore through FASTag on national and state highways combined.

### GROWTH FACTORS

Several factors have contributed to the month-on-month growth in national road toll collections.

#### • Highway Toll Networks

The total length of tolled national highways has expanded from 26,000 km in FY19 to over 45,000 km by late 2023, a 75% increase. New toll plazas and highway projects under government programmes like Bharatmala are adding more tollable stretches regularly. This expansion has directly

contributed to higher national road toll collection.

• **FASTag Adoption**

Rapid adoption of FASTag has contributed significantly to growth in toll collections. Experts estimate over 6.9 crore FASTags have been issued to users, amounting to a penetration rate of about 97%, vastly reducing wait times and improving efficiency at toll plazas nationwide. User satisfaction surveys show 78% of FASTag users reported great time savings. From 2022 to mid-2025, there were 13.69 billion FASTag transactions across India, with southern states alone accounting for around 27% (3.71 billion).

Official data shows that the FASTag system now covers 1,228 toll plazas, including state toll plazas, up from 770. In the first quarter of FY26, FASTag toll collections grew by 20% to ₹21,000 crore vis à vis the same period in FY25. Also, the launch of the FASTag Annual Pass in August '25 saw over 5 lakh users availing it within four days, indicating strong continued interest in new FASTag initiatives.

• **Higher Freight and Passenger Traffic**

Increased commercial vehicle movement, especially before festivals, significantly raises toll revenue. Freight traffic is a major contributor, as many trucks use highways daily, paying higher toll amounts compared to private vehicles.

• **Revised Rates**

Toll rates were revised

upwards starting 1st Apr '25, with annual revisions typically around 5%. Also, an annual toll pass was launched in August '25, priced at ₹3,000 for 200 toll crossings within a year, mostly targeting private vehicles. This pass could boost revenues further by pushing frequent highway usage.

• **The Government's Role**

The Ministry of Road Transport and Highways (MoRTH) built 12,349 km of national highways in 2023-24, an upturn over past years. This aids increased tolling on newly constructed or upgraded highways.

**THE FUTURE OUTLOOK**

The future growth of India's national road toll collection rests on increasing modernization, infrastructure development, and favourable government policies. Increasingly, India is moving towards a robust cashless toll collection system, which will provide an accurate picture of revenues earned. In this context, technology will play a critical role.

Experts believe an important contributor will be the deployment of the Multi-Lane Free Flow (MLFF) tolling system. According to official communications, MLFF will be installed at 25 national highway toll plazas in FY26. MLFF allows vehicles to cross toll points without halting. The Choryasi Fee Plaza in Gujarat is slated to become India's first fully operational barrier-free toll plaza, establishing a standard for broader MLFF adoption nationwide. Besides

this, the FASTag system will continue to be critical to India's toll infrastructure.

Going ahead, MoRTH plans to extend FASTag's usage beyond tolls to cover services such as electric vehicle charging, parking payments, and insurance, aiming for a unified digital travel experience across India's highways. Meanwhile, India's toll road infrastructure sector is expanding steadily.

As per market research firm IMARC Group, India's toll roads infrastructure market size reached US \$385.7 million in 2024. The firm estimates it will reach US \$448.9 million by 2033, amounting to a CAGR of 1.7% between 2025 and 2033.

IMARC notes: "Increase in traffic volume, driven by economic development and urbanization has also increased toll revenues, making toll roads a viable investment option. The use of public-private partnership models has drawn in private investments, enabling the construction and upkeep of toll road projects, further increasing India's toll roads infrastructure market share." Increasing private investments will improve road quality, which in turn will encourage more road travel.

It is estimated that India will have a national highway network of over 1,46,342 km by 2025, up from 1,46,145 km in 2023. Importantly, the government aims to expand this to 1,85,000 km by 2030. This shows that the scope of growth for toll collection is immense in the coming years.

# GLITTERING GIANTS



From family jewellers to organized giants, India's gold market is getting a modern shine

# G

one are the days when jewellery shopping was simply about honouring an old family connection with a trusted local jeweller. Today, India's jewellery sector has undergone a noticeable transformation. Over the past three years, the industry has become significantly more organized. This transformation has been driven by three key elements: regulatory reforms, changing consumer behaviour, and the growing dominance of organized players. Let us explore these elements in greater detail.

## CUSTOMS DUTY IMPACT

One of the most important reforms in recent years is the government's decision to reduce customs duty on gold imports. In the past, high import duties kept gold prices in India well above global benchmarks. This price gap encouraged smuggling, which supplied a significant share of the market. By cutting customs duty, policymakers have narrowed the gap between global and domestic prices and ensured that gold flows through legitimate supply routes.

This policy shift offers several advantages. Lower customs duty allows jewellers to source gold at more competitive rates, directly benefiting consumers through better pricing. Standardized pricing also improves transparency across markets, reducing regional price discrepancies. Additionally, lower procurement costs ease the working capital pressure on retailers. Experts note that organized jewellers benefit the most, as reduced customs duty enhances their margins while enabling them to offer competitive jewellery products.

Reduced smuggling also boosts tax collection. For the government, improved traceability of the gold supply chain enhances transparency across the sector. For consumers, this translates into better quality assurance and stable pricing. Experts believe that such reforms significantly strengthen the credibility of organized jewellers in India.

## DISCLOSURE NORMS

Another major reform has been the mandatory use of Permanent Account Number (PAN) cards for gold purchases above specified thresholds. Since gold has long been considered a store of unaccounted wealth, the government introduced

stricter monitoring mechanisms to track large cash-based transactions. Mandatory PAN requirements serve a dual purpose: curbing black money circulation and improving the transparency of purchases.

Although initially perceived as a hurdle, especially for smaller and semi-urban retailers reliant on cash transactions, this PAN-based regulation has ultimately been transformative. It reduces the informal market's advantage, levels the playing field for organized players, and reassures consumers that their purchases are recognized, documented and legally sound.

In addition to this, PAN-based monitoring facilitates the creation of customer databases, an asset that global jewellery retailers leverage extensively. Organized players in India can now map consumer preferences more precisely, customize product offerings, and adopt targeted marketing strategies backed by verified purchase data. Thus, disclosure norms have introduced accountability while balancing the interests of all stakeholders.

## GOLD HALLMARKING

The mandatory hallmarking of gold jewellery has been another significant step in formalizing India's jewellery sector. For decades, a serious trust deficit existed between jewellers and customers due to variations in purity, rampant under-caratage, and a lack of quality control.

With hallmarking now compulsory, customers can be assured that every ornament bears a verifiable stamp of purity certified by authorized agencies. This has virtually eliminated the ambiguity consumers once faced, especially in smaller towns or with lesser-known jewellers. Organized players have leveraged hallmarking as a brand promise, using it to build long-term customer trust by assuring consistent quality.

On a broader level, hallmarking has aligned Indian jewellery practices with international standards. This is particularly important for exports, where quality certification underpins competitiveness. The regulation has reduced disputes, strengthened India's credibility in global markets, and opened new revenue streams for jewellers aspiring to expand internationally.

### **ORGANIZED GOLD RETAILING**

The shift towards organized retailing marks a major development in an industry that was historically fragmented. Traditionally, Indian jewellery consumption was dominated by family-run jewellers, often trusted within their communities but operating with limited accountability, highly localized branding, and inconsistent practices in billing, pricing, and quality.

Organized retail, in contrast, brings scale, professionalism, and consumer-focused innovation. National and regional chains such as

Tanishq, Malabar Gold & Diamonds, Kalyan Jewellers, and Joyalukkas have expanded beyond home markets, introducing uniform standards in design, purity, and pricing.

### **Key advantages of organized retailing include:**

- Transparent pricing structures based on standardized gold rates
- Technology-driven billing systems and digital payments, enhancing accountability
- A wide variety of designs curated in-house and through global collaborations
- After-sales services such as buyback offers, exchange schemes, and lifetime maintenance policies
- Strong branding campaigns that build emotional connections and reinforce trust

Organized jewellers also invest in consumer education, highlighting the importance of certified products. This enhances credibility and elevates the industry's overall perception. For younger consumers especially, organized retailers represent professionalism, authenticity, and aspirational value. These are critical elements, which are valued in the purchase of discretionary items like gold.

### **EMERGING RURAL MARKETS**

India's rural economy continues to play a central role in gold consumption. A substantial share of demand originates from rural households, where jewellery is not just adornment but also investment, security, and a status symbol. The entry of

organized retail chains into hinterland areas represents a critical and strategic shift.

Traditionally, rural markets were dominated by local jewellers offering familiarity and personalized service. However, rising rural incomes, government-led financial inclusion programmes, and digital penetration are reshaping business dynamics. Villagers and semi-urban consumers are increasingly exposed to branding through media, mobile internet, and the presence of organized outlets in tier-II, tier-III, and beyond these areas.

### **Organized jewellers are adopting strategies to penetrate rural markets effectively. They are:**

- Launching smaller-format stores with curated collections to manage costs
- Designing jewellery collections aligned with regional traditions and buying preferences
- Running trust-building campaigns focused on hallmarking, buyback schemes, and transparent pricing
- Using mobile exhibitions, roadshows, and targeted marketing to reach remote areas

Experts believe that such efforts ensure rural consumers have access to quality-certified products comparable to urban centres. With weddings and festivals driving large rural gold purchases, the scale of opportunity is vast for organized players. Also, installment and gold-saving schemes tailored to rural

incomes help foster long-term relationships with consumers from these markets.

**THE ROAD AHEAD**

Experts believe these developments are likely to usher in a new chapter for India's jewellery sector. These changes are not merely

regulatory reforms but catalysts accelerating the industry's growth.

As reforms take deeper root, India's gold ecosystem will shift from an informal, opaque system to a more formal, transparent one, while retaining its cultural ethos. India's jewellery sector is

poised for sustained growth, driven by rising incomes, growing aspirations, and the adoption of technology to enhance retail efficiency. Organized retailers are no longer just sellers of gold and gems; they are custodians of cultural heritage and trust, combining tradition with transparency.

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# THE BIG

## FESTIVE SPLURGE

Festive 2025 promises record-breaking sparkle, driven by GST 2.0, upbeat consumers, and a digital-first shopping spree

India's retail sector is preparing for its most important quarter of the year. With Diwali, Dussehra, and the wedding season approaching, consumer surveys and industry trackers indicate strong demand. Higher household confidence, rising adoption of e-commerce and quick commerce, the roll-out of GST 2.0, and unprecedented marketing spending are creating conditions for record sales across categories.

The JioStar Festive Sentiment Survey 2025 shows that 92% of consumers plan to maintain or increase spending during the festive season. The average budget per household is about ₹16,500, with apparel accounting for roughly a third of purchases, mobiles around 27%, and electronics nearly 18%. This reflects a rebound in discretionary spending after two years of uneven sentiment, when inflationary pressures had made consumers cautious.

Interestingly, spending patterns vary across regions. In Tier-I cities, consumers continue to prioritize electronics and lifestyle products. In Tier-II and Tier-III towns, however, apparel and home-related categories drive growth. Analysts attribute this to rising disposable incomes, easier access to credit, and the spread of organized retail outlets. For many households outside metros, festivals are also opportunities to make long-delayed purchases, whether upgrading a refrigerator or buying new gold jewellery.

The survey also highlights a generational divide. Younger consumers, particularly those under 35, are more willing to spend on premium gadgets and branded fashion. In comparison, older consumers remain conservative, focusing on gold, household durables, and vehicles. This split is shaping how retailers position their festive offerings.

## E-COMMERCE AND QUICK COMMERCE

E-commerce remains the most dynamic channel for festive spending. Datum Intelligence estimates that online festive sales will grow 27% compared with last year, crossing ₹1.2 lakh crore. The LocalCircles Festive Shopping Survey 2025 suggests that the share of "online-first" shoppers has more than doubled in the past year, rising by 115%. This shows how Indian consumers increasingly view e-commerce as their primary channel for

festive shopping rather than just a supplement to offline retail.

A major driver of this shift is the rapid rise of quick commerce. What began as instant grocery delivery has expanded into festive essentials. Consumers are now using apps for snacks and beverages, gifting, home décor, and even electronics accessories. Quick commerce is expected to account for about 12% of total festive spending in 2025. For urban households, the ability to order and receive goods within minutes has become an expectation, not a luxury.

Consultancy firm Redseer projects that total e-commerce gross merchandise value during the 30–35 days of Diwali could exceed ₹1.15 lakh crore. Redseer also points to a new "dual-peak" pattern in demand. The first wave occurs during Navratri, when consumers take advantage of early sales and auspicious days. The second wave comes just before Diwali, when last-minute discounts and gifting needs push demand sharply higher. This pattern forces retailers and logistics providers to prepare for two bursts of peak activity, rather than one concentrated window.

## POLICY TAILWINDS: GST 2.0

The government's GST 2.0 reform, implemented in September, is already influencing demand. The two-slab structure has made budget apparel, small cars, and two-wheelers cheaper, while raising taxes on

premium apparel priced above ₹2,500. Retailers in the value segment expect higher volumes, while those in the premium category are adjusting by offering deeper festive discounts.

The automobile sector is a key beneficiary. The Federation of Automobile Dealers Associations (FADA) has reported higher inquiries, particularly for entry-level cars and two-wheelers. Dealers expect the festive season to deliver double-digit growth compared with last year, reversing the slowdown that persisted through mid-2025.

This festive season is also notable for the intensity of marketing activity. According to Exchange4Media and GroupM projections, advertising expenditure is expected to rise by ₹5,400 crore during the festive months. This is higher than last year and reflects a strong tilt towards digital channels.

The Storyboard18 Festive AdEx Report 2025 projects that digital ad spending will grow by 20%–25% year-on-year. Brands are prioritizing connected TV ads, short-form video, and influencer-led campaigns. Influencer marketing alone is expected to absorb 12%–14% of digital budgets, with creator fees rising up to 30% compared with 2024. Companies are also experimenting with localized influencer campaigns in Tier-II and Tier-III cities to reach new consumer groups.

Offline campaigns remain relevant, especially for jewellery and automobile

companies, but the momentum is shifting to digital-first strategies. With consumers spending more time on mobile apps, social media platforms, and streaming services, festive campaigns are increasingly designed to reach shoppers where they browse and transact.

## SECTOR PERFORMANCE

Apparel and fashion are projected to lead festive spending, accounting for nearly one-third of household budgets. Analysts expect double-digit growth compared with last year, supported by GST 2.0 benefits for budget apparel and aggressive discounting by premium brands. With both metros and smaller towns (from Tier-II and Tier-III regions) showing strong demand, total festive apparel sales are likely to cross ₹65,000 crore this season.

Mobiles and electronics will continue to be high-growth categories. Smartphones alone are expected to capture 27% of festive household budgets, with demand for 5G-enabled devices at an all-time high. Consumer electronics such as TVs, refrigerators, and washing machines are projected to grow by 15%–18% year-on-year, with festive sales in this sector estimated to reach nearly ₹55,000 crore.

Jewellery remains a dependable performer. Gold jewellery and coin sales are expected to grow 20%–25% this season, buoyed by cultural demand during Dhanteras and the perception of gold as a safe investment. Industry

trackers estimate total festive jewellery sales could exceed ₹40,000 crore, with Tier-II and Tier-III cities driving a large share of growth.

Automobiles are set for a strong rebound. Two-wheelers and entry-level cars, made cheaper under GST 2.0, are already seeing robust bookings. FADA projects festive auto sales growth of 12%–15% over 2024, with the sector likely to clock sales worth more than ₹45,000 crore during the Diwali-Dussehra window.

Premium retail and lifestyle categories such as watches, handbags, footwear, fragrances, and cosmetics are expected to grow 18%–20% year-on-year. With younger consumers prioritizing branded fashion and premium gifting, organized players such as Shoppers Stop are forecasting record quarterly profits.

Groceries, FMCG, and personal care will benefit from the rapid growth of quick commerce and changing consumption habits. While not as flashy as big-ticket categories, these essentials are expected to grow 10%–12% over last year, supported by bundled offers, festival-specific packaging, and wider urban adoption. Industry trackers suggest total festive FMCG sales could cross ₹30,000 crore.

Home and durables are another key driver. From appliances and furniture to décor and kitchenware, this category benefits from families timing big-ticket purchases with festivals. Analysts project

festive sales in this segment to grow 14%–16% compared with 2024, supported by financing schemes and strong demand in Tier-II and Tier-III cities.

**EARLY INDICATORS**

The Independence Day shopping period provided an early signal of this trend. According to the Retailers

Association of India (RAI), sales during that week rose 8%–10% compared with 2024, with strong growth in both malls and high streets. For many analysts, this confirmed that consumers were prepared to spend more aggressively in the second half of the year.

For retailers, the festive quarter is both an opportunity

and a test. Product assortments must reflect changing consumer priorities, including the growing importance of groceries, home appliances, and personal care alongside apparel and electronics. Logistics networks must scale to meet higher expectations for same-day or next-day delivery, especially as quick commerce expands.

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# AROMATIC ASCENT

Fragrance chemistry blends raw material might with India's global sway and consumer surge





The Indian fragrances and aroma chemicals sector is quietly becoming one of the most compelling long-term investment themes in the country. What sets it apart is the rare combination of commanding global raw material dominance, a booming domestic consumption market, and its alignment with powerful megatrends such as the shift to natural ingredients, sustainability, and premiumization.

From toothpaste and packaged food to perfumes, beverages, and medicines, fragrance and flavour inputs are woven into daily life. India's unique position in mint, spice oleoresins, and other extracts, coupled with its cost advantages and rising consumption base, makes this sector a niche opportunity.

### INDIA'S RAW MATERIAL SUPREMACY: MINT AND OLEORESINS

India today occupies a commanding position in the global raw material supply chain for fragrances and flavour chemicals, particularly in mint extracts and spice oleoresins. As of FY24, the country accounted for 81% of global mint oil production, which translates to about 39,000 metric tonnes valued at roughly \$635 million. The cultivation of *mentha arvensis*, or corn mint, has made India the world's largest producer and exporter of mint oil and its derivatives such as menthol and dementholized mint oil (DMO).

Roughly a quarter to a third of total production is exported, and India's share in global DMO output is equally dominant at 81%. In 2023 alone, India exported over 15,000 tonnes of menthol products worth more than \$233 million, highlighting the critical role it plays as a supplier to the world.

A similar story is playing out in spice oleoresins. Spice oleoresins are concentrated extracts of spices, capturing both the volatile oils (which give aroma) and the non-volatile resinous fractions (which give flavour, pungency, and colour). Because they deliver standardized flavour and longer shelf life compared to raw spices, they are widely used across industries.

India controls around 60% of global spice oleoresins supply, exporting to food, flavour, and fragrance industries worldwide. The global oleoresins market was valued at \$1.49 billion in

2023 and is projected to grow at over 5% annually to reach \$2.34 billion by 2032, with India at the centre of this growth.

A cost advantage reinforces this dominance: low labour rates of about one dollar per hour compared to five dollars in China, a large skilled workforce, abundant raw materials sourced locally, and close proximity between farms, factories, and ports that reduce logistics costs and import dependency. These structural factors create a competitive edge that few other regions can match.

### THE GLOBAL OPPORTUNITY: EXPANDING NATURAL INGREDIENTS MARKET

This dominance in raw materials aligns perfectly with one of the strongest consumer megatrends of our time, the shift towards natural and sustainable ingredients. Across food, beverages, cosmetics, and pharmaceuticals, consumers are increasingly choosing clean-label, organic, and plant-based products, often willing to pay a premium for them. This has created a powerful demand pull for natural fragrance and flavour inputs.

The global natural fragrance ingredients market was valued at \$4.5 billion in 2023 and is projected to grow at a Compound Annual Growth Rate (CAGR) of more than 7% to reach \$7.3 billion by 2030. India's abundant agricultural base and low-cost production structure make it one of the most reliable and cost-efficient suppliers to this expanding

market.

The specialty chemicals segment, which includes essential oils and aroma chemicals, is largely export-driven, with nearly 80% of Indian output shipped abroad. Multinational companies are increasingly adopting a “China Plus One” strategy to diversify their sourcing away from China, and India, with its scale, quality standards, and competitive costs, has become the most natural beneficiary of this shift.

### DOMESTIC DEMAND: THE FMCG GROWTH ENGINE

If exports form the foundation of the growth story, domestic demand is fast becoming the growth multiplier. The Indian fast-moving consumer goods sector, which is a primary consumer of fragrances, flavours, and aroma chemicals, is on a remarkable trajectory.

The sector was valued at nearly \$143 billion in 2024 and is projected to more than double to over \$317 billion by 2034, growing at an annual rate of more than 8%. Within this, the Indian beauty and personal care market is projected to grow from \$21 billion to \$34 billion by 2028, registering a growth of nearly 50% between FY21 and FY26.

What is even more striking is the trend of premiumization, where consumers are trading up to higher quality and branded products. For the first time, rural India has begun outpacing urban markets in the consumption of

“affordable premium” FMCG products, with rural volumes growing at 9% this year compared to 6% in urban areas. This is a structural shift driven by rising incomes, lifestyle changes, and an aspiration for better-quality goods.

For fragrance and flavour producers, this translates into a persistent and expanding demand for essential oils, natural extracts, and aroma chemicals, all of which are vital in premium personal care, packaged food, and wellness products.

The domestic market also benefits from cultural familiarity. From traditional ayurvedic remedies to modern-day cosmetics, the Indian consumer has long associated fragrances and natural extracts with wellness and trust. This cultural layer strengthens brand loyalty and accelerates adoption, giving companies that tap into local preferences a durable edge.

### LARGE, RESILIENT, AND EXPANDING END-USE MARKETS

Globally, the end-use markets that drive demand for fragrances and aroma chemicals are both large and resilient. The global food industry was valued at over \$9 trillion in 2024 and is projected to grow at over 6% annually through 2029. The beverages sector is expected to reach nearly \$4 trillion by 2029, while the beauty and personal care industry, valued at \$646 billion in 2024, is projected to expand to \$770 billion by the same year.

Pharmaceuticals, particularly the over-the-counter segment, are also increasingly using flavours and extracts for innovation and product differentiation.

All these sectors share a common thread: they are increasingly prioritizing natural, sustainable, and wellness-linked ingredients. Clean-label foods, functional beverages, aromatherapy, ingestible beauty, and holistic wellness products are creating structural demand for fragrance and flavour inputs. What makes this particularly attractive for investors is the resilience of demand.

Even during macroeconomic disruptions, consumers continue to spend on food, beverages, personal care, and basic healthcare, making the sector relatively insulated from cyclical shocks.

### MOVING UP THE VALUE CHAIN: INNOVATION AND R&D

Indian companies are no longer content with being raw material suppliers. Many are actively investing in research and development to move up the value chain, creating specialty blends, aroma chemicals, and proprietary formulations. This shift is driven by the need to cater to the complex requirements of FMCG majors, to meet increasingly stringent global regulations, and to capture higher-margin opportunities.

Over time, such strategic shifts can help Indian firms develop into global niche leaders, not just suppliers, mirroring the

trajectory of Indian IT services that transformed from cost centres to innovation hubs.

### POLICY TAILWINDS AND THE CHINA+1 ADVANTAGE

The global supply chain realignment has already begun to benefit Indian fragrance and aroma chemical exporters. Multinationals seeking to reduce their dependence on China are increasingly sourcing from India, strengthening its role in global supply chains.

The Indian government has supported this shift through policy initiatives such as the Production Linked Incentive Scheme, infrastructure investments, and incentives for food processing and chemical manufacturing. These measures, combined with India's structural cost

advantages, have created the platform for long-term export growth.

### A LONG RUNWAY FOR GROWTH

What makes this sector especially compelling is its dual growth engine. On the one hand, there is the domestic consumption boom, with India projected to have the world's largest middle-class population by 2040 and rising disposable incomes driving demand for premium FMCG, beauty, wellness, and food products.

On the other, there is India's increasing role in global supply chains, thanks to its natural resource base, competitive manufacturing costs, and strong export linkages. Together, these forces create a multi-decade

compounding opportunity.

The potential is not confined to traditional applications. Emerging categories such as functional foods, nutraceuticals, natural homecare products, and aromatherapy are opening fresh avenues of demand.

### IN A NUTSHELL

Overall, the Indian fragrances and aroma chemicals sector represents a unique convergence of natural advantages, global megatrends, and domestic consumption power. With its dominance in mint and spice oleoresins, competitive manufacturing base, booming FMCG demand, and increasing relevance in global supply chains, the sector has all the ingredients for long-term compounding.

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# GST: BENEFIT TO SOME, BURDEN TO OTHERS



GST exemption reshapes India's insurance landscape by offering relief to customers, while putting pressure on insurers



In September '25, during the 56th GST Council meeting, the Indian government notified that individual life insurance and individual health insurance premiums (including term insurance, ULIPs, endowments, family floater health plans, senior citizen health policies, and corresponding reinsurance) would be exempted from GST (Goods & Services Tax), which had earlier been 18%.

### IMPLICATIONS FOR CUSTOMERS

#### Lower Premium Outgo

Because 18% GST was applied on top of premiums, its removal means that policyholders will now pay only the base premium for individual life & health insurance. That could translate into ~12%–15% savings for many customers.

Example: A health insurance premium of ₹15,000 per year earlier cost ₹17,700 with 18% GST; after the change, it drops nearer to ₹15,000.

#### Improved Affordability & Higher Penetration

The reduced cost may encourage individuals who earlier found insurance expensive, especially in rural, semi-urban, or “missing middle” segments, to buy life or health insurance. This helps towards the government’s stated goal of “Insurance for All by 2047.” Existing policyholders may increase sum assured or opt for better more comprehensive covers since some budget headroom opens up.

#### Clarity & Trust Expectations

Regulator (IRDAI) has asked insurers to pass on the benefits to policyholders. That means the savings from the tax cut should reflect in premium reductions or at least no increase in base premiums immediately.

Policyholders will need to watch whether insurers actually reduce premiums or keep base premiums the same and pocket the difference (which would go against the intent).

### IMPLICATIONS FOR THE INSURANCE SECTOR (INSURERS, AGENTS, INDUSTRY)

#### Loss of Input Tax Credit (ITC) & Operational Costs

Insurers now cannot claim ITC on many expenses (commissions, reinsurance, distribution, professional fees, other input services) associated with individual policies. This increases their operating costs.

There is also the reversal of accumulated ITC that companies had built up for policies before the exemption date. That is a one-time cost.

#### Margin Pressure & Premium Revisions

Owing to the increased cost burden (due to loss of ITC), some insurers may seek to increase base premiums of new or renewed policies by 3%–5% to offset the impact, though this would reduce the consumer benefit of GST removal.

Companies expect the impact on their profitability to be limited (in many cases less than 1% in terms of embedded value – roughly a measure of long-term value in life insurance).

#### Product Design, Pricing, and Marketing

Insurers may need to reprice products, possibly redesign benefits or adjust commission structures.

Marketing messaging may highlight the tax savings to attract customers. Insurers may also emphasize more protection-oriented products (term insurance, health) in their portfolio.

#### Competitive Dynamics

Players with lower expense ratios and better reinsurance and cost control will be at an

advantage. Those with higher commissions, higher operating expenses, or weaker distribution might struggle more.

The change may encourage new entrants or new products targeted at lower cost segments, rural markets, among others because the entry barrier (premium cost) drops somewhat.

### TRADE OFFS, RISKS AND CHALLENGES

While the move is broadly seen as positive, there are several trade offs and risks to monitor.

**Benefit Leakage:** If insurers do not fully pass on savings, or increase base premiums to compensate for loss of ITC, then the real savings for consumers may be less than expected.

**Group Insurance & Other Segments Left Out:** The exemption does not currently cover group and corporate insurance policies. Those remain taxed, which means the premium relief doesn't extend to those insured via employers. This creates non-uniform benefits.

**Regulatory Oversight:** IRDAI has asked for benefit pass-through, but ensuring compliance and monitoring whether prices are adjusted may be demanding in practice.

**Margin Squeeze:** For insurers, particularly smaller ones or those with high expense ratios, the margin pressure could be material. If they cannot absorb the cost, they may need to cut

commissions, reduce benefit features, or scale back operations.

#### Potential Premium Hikes:

Though premiums are likely to drop, the erosion of ITC may force adjustments in pricing in some products after the initial period. Reports suggest possible hikes of 3%–5% in some cases.

#### Revenue Loss For

**Governments:** Exempting GST on a large base of insurance premiums will reduce tax collections, both central and state, which might affect fiscal budgets. This has been acknowledged.

#### Cost Of Claims / Hospital

**Expenses:** Indirectly, healthcare providers and hospitals also benefit if their input costs are reduced elsewhere (if other GST cuts apply), which could bring down claim costs. But that depends on the supply chain of healthcare and whether such tax reliefs are passed through.

A marginal impact of ITC loss can benefit policyholders significantly.

### MACRO IMPLICATIONS

**Insurance Penetration & Financial Inclusion:** India has traditionally had relatively low insurance penetration, especially in health & life cover. By reducing cost, this move has the potential to widen coverage, reduce underinsurance, and thereby reduce risk exposure of households.

**Consumer Demand & Trust:** If

consumers perceive policies to be more affordable and transparent, demand could rise. The lack of GST could reduce resistance to buying insurance.

#### Long-term Industry Growth:

With a larger base of policyholders, greater renewals, and possibly larger sum assured (higher cover), insurance companies may achieve scale, which can offset margin pressures.

#### Regulatory & Tax Policy

**Signalling:** This move signals that the government is willing to ease indirect tax burdens, especially on social protection like health and life cover products. It could lead to further tax rationalization in other related sectors.

**Product Innovation:** Insurers might innovate on lower-cost distribution (digital, telemedicine tie ups, reduced underwriting loads) to exploit the lower-cost environment and reach underserved segments.

### QUANTITATIVE ESTIMATES & EXAMPLES

If a life or health insurance policy had a premium of, say, ₹50,000 per annum, under 18% GST the total cost was ₹50,000 x 1.18 = ₹59,000. After exemption, the customer pays ₹50,000 (versus ₹59,000), saving ₹9,000, i.e. ~15.25%.

Some reports suggest that the loss of ITC would increase insurer costs by 2.5% to 7%. But even accounting for that, net benefit to the customer remains sizable.



# SHIFTING TIDES



Gold And Silver Funds  
Move From The Sidelines  
To Centre Stage



Gold and silver are no longer glittering sidelines in the investment universe. In 2025, they have moved to the centre of the conversation, as flows into precious metal funds and ETFs rise sharply across global markets and slowly gain traction in India.

The rally in both metals has been remarkable: on average, gold and silver mutual funds in India are up 50% in the past year, the highest among all Indian fund categories.

What makes this phase different from past cycles is the way investors are accessing these assets. While jewellery and physical bars still dominate in India, financial products such as funds and exchange-traded funds (ETFs) are becoming the favoured vehicles for investors seeking transparency, liquidity, and regulatory protection. The once tactical trade is increasingly being viewed as a strategic allocation in investment portfolios by investors.

### CENTRAL BANKS AND THE “GOLD PUT”

In 2025, gold has been strong because of both long-term and short-term factors. Since 2022, central banks, especially those from emerging markets, have been buying more gold than ever before.

This trend has been so consistent that market commentators describe it as the “Gold Put,” a dependable bid under prices that has redefined bullion’s role. The shift accelerated after the Russia–Ukraine war, when the dollar was used as a sanctions tool.

Since then, gold has been positioned not merely as a hedge against inflation or equity volatility, but as an alternative reserve asset to US Treasuries.

Adding to this, the dollar lost traction in 2025, falling from its February peak, most likely due to soft US jobs data and the likelihood of interest rate cuts. Political pressure on the Fed to ease policy sooner only added to the uncertainty.

From an investment standpoint, gold ETFs allow investors to benefit from these global trends without the hassle of storage or purity concerns.

### INDIA’S GOLD MARKET AT A CROSSROADS

India’s relationship with gold is special. Domestic prices reached a psychological barrier when they crossed ₹1 lakh per 10 grams this year. Unsurprisingly, jewellery demand fell in the June quarter, marking one of the weakest consumption periods since the pandemic in 2020.

Buyers in price-sensitive markets like India and China appear to have postponed purchases or switched to smaller, lighter products. This period of subdued physical demand coincided with renewed interest in ETFs and fund products, as households even engaged in profit-taking, selling old jewellery to capitalize on high prices, with the expectation of buying back later.

### SILVER: THE CLIMATE HEDGE COMES OF AGE

Silver, meanwhile, has emerged as a surprise performer. Its year-on-year returns of more than 51% have outpaced gold, and the reasons lie in its evolving industrial profile. Ten years ago, solar energy accounted for only a small fraction of silver demand.

Today, that share is approaching one-fifth and is expected to climb further as renewable energy capacity expands. Add in electric vehicles, semiconductors, and 5G networks, and silver’s role as the “metal of the green economy” is firmly established.

This demand story intertwines

with constrained supply. Less than a third of silver comes from primary mines; the remainder comes from copper and zinc mining operations. This means supply is largely inelastic, regardless of rising prices. The result: 2025 marks the fifth consecutive year of deficit in the global silver market.

For Indian investors, silver ETFs are a relatively new but fast-growing option. Traditionally, silver has been a rural and semi-urban favourite due to its affordability compared to gold.

Now, instead of storing heavy bars and coins, investors can buy fractional units of ETFs backed by LBMA-approved bars. This digital transition makes silver accessible in ways that align with modern investing habits.

### SHIFTING BEHAVIOUR AND THE RISE OF FUNDS

What stands out in both gold and silver is the shift in investor behaviour. Historically, investments in precious metals (especially gold) were driven by fear; people rushed to buy when crises struck. Today, flows are being shaped by a broader appreciation of asset allocation.

Institutional investors, corporate treasuries, and family offices are including gold and silver funds not as tactical plays but as part of systematic, diversified strategies.

For retail investors too, the appeal lies not only in returns but in the reduced volatility

they bring when blended into a larger portfolio.

The case for ETFs over physical holdings has become stronger. Liquidity on exchanges, regulatory oversight, and the elimination of storage costs make them superior to buying coins or jewellery.

With gold and silver now at all-time highs, fractional ownership through funds also provides a lower entry point for smaller investors.

### MANAGING THE RISKS

However, risks remain. Silver's industrial use means that any slowdown in renewable energy or electronics could keep prices subdued.

Gold has benefited from central bank and ETF activity, but could face hurdles if geopolitical tensions ease or the Federal Reserve restores credibility to its guidance.

In India, sustained high prices could continue to dampen jewellery demand, even as financial products gain traction. While flows into gold and silver funds are rising, their total AUM remains a small fraction of equity and debt categories. There does not appear to be herd behaviour at the moment, but a flood of speculative inflows could test stability in the future.

### OUTLOOK FOR FUNDS AND ETFs

Markets expect gold and silver prices to remain elevated, supported by structural demand. For investors, rather

than trying to time the highs, it is wiser to build an asset allocation process that intentionally includes some exposure to precious metals.

Gold can be considered a hedge against currency and geopolitical risks, while silver provides thematic exposure to the clean energy transition.

### IN A NUTSHELL

In conclusion, gold and silver combined could represent 5% to 10% of a well-diversified portfolio, adding both stability and growth.

Together, gold and equities smooth the overall return profile, reducing the odds of extreme drawdowns. Simply put, gold and silver funds don't just add sparkle to your portfolio; they add resilience.

As of September '25, the narrative around precious metals has changed. They are no longer simply hedges against disaster or decorative adornments. They are strategic anchors for portfolios navigating an uncertain global order. Central bank hoarding, ETF inflows, and industrial demand are rewriting their roles.

For Indian investors, this is a turning point: gold and silver funds are moving from the fringes to the mainstream, signalling that the financialization of these ancient assets is well underway.

In a decade likely to be defined by volatility, that transformation may prove to be their most enduring value.

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Nirmal Bang

**MR SADASHIV PHENE**  
Mutual Fund  
Distributor



# W

Welcome to the Billionaire Code podcast series where we meet select Mutual Fund Distributors (MFDs) who have accumulated assets under management (AUM) of over ₹100 crores and have been part of thousands of families' wealth creation stories.

In the first episode of the series, we're meeting someone who is very contrarian, a rule breaker who has accumulated over ₹1,500 crores AUM without any sales team, without any back-end team. He conducts 10-12 meetings daily all by himself. He is connected with thousands of families. He has over 4,000 clients. He has been watching this industry grow for 40 years. The person we're meeting today is a case study in himself. Let's meet **Mr. Sadashiv Phene** and learn about his journey as a successful MFD.

Edited excerpts from his interview with **Mr. Rakesh Bhandari**, Director, Nirmal Bang.



**Rakesh Bhandari:** You started in financial services 40 years ago when you were less than 20 years old. Did you ever think you would reach ₹1,500+ crores (AUM)? Did you have this vision when you started?

**Sadashiv Phene:** Actually when I started, I didn't have such ideas because at that time we didn't have a developed capital market here. Most instruments were fixed return instruments like fixed deposits; more popular were PPF, and government-backed programmes. LIC was there, Unit Trust of India was there, and mostly fixed return instruments or fixed price mechanism-based instruments were available. People were very happy with all those things. Returns were also nice, inflation was lower. So, everybody was happy with the returns they were getting. That was the scenario at that time.

Everything was fixed. This much interest will be received - fixed. This many years, and this much to invest - that's it. All capital market-related instruments were absolutely out (of consideration), meaning, share market was also like a no-no thing for the common man.

**Q.** As you moved forward in your journey, it

happened automatically. But you never decided initially that you would always do this. When did you realize that you wanted to do only this?

Over time. After 5-6 years, you get that chaska, you know. Investors are happy, they keep demanding, they keep asking for investments. When you give them money back - when (their investments) mature or whenever they need money based on their requirements - when they get money, the kind of happiness I could see on their faces and in their families', was unmatched. That was the chaska for me to continue with all these things only.

Wow, like you're building someone's wealth and they're becoming happy. Normally when people see others' money growing, we become happy. I didn't know at that time that my money would also grow because of this reason.

**Q. Do you remember your first client? How did the conversation happen?**

Actually, I first started with insurance-related things. The person who sent me for development was a retired LIC person at the top level. He had also been abroad for developing insurance business in Malaysia and all. So, he called me to explain how everything works. His daughter was my first client.

**Q. How did you convince her?**

Convincing didn't happen like that. While talking, I just asked what she had done regarding insurance. At that time we sold insurance to her because that was the start. Later all other things came because UTI (Unit Trust of India) was there, postal savings - fixed return postal savings was a hot cake at that time. NSC (National Saving Certificates), Kisan Vikas Patra - money would double in 5 years. Indira Vikas Patra and all that. PPF was very popular for tax saving and people would invest ₹60,000 or ₹30,000 - ₹50,000 every year without asking to save tax. Everyone was happy.

**Q. So, you picked up mutual funds alongside?**

I picked up alongside. The same year my journey



started, there was a market-linked product of UTI - the first market-linked product launched was called Master Share. My journey started from there.

Master Share was a totally market-linked product, meaning there was no buyback from UTI. It had to be sold in the share market only. If you wanted to buy shares, yes. This was a one-time launch and it used to be traded in the share market. And that journey started.

I had given this to my clients. At that time, most clients were not ready to buy it because there was no guarantee. "This is gambling, what guarantee that money will be made, will it grow or not, who will sell it?" - all kinds of questions. Still, I kept on. I was very young, very energetic, and I knew it's a bundle of shares. So I tried to explain that it's a bundle of shares, you're getting it cheap, take it.

**Q. What lessons do you carry from the Harshad Mehta era?**



To access the full interview, please scan the QR code provided or tune into Nirmal Bang's YouTube channel @NirmalBangGroup.

# TECHNICAL OUTLOOK

# T

he Indian benchmark saw a recovery within a broad consolidation phase after hitting a high near 25,659. Price action gained strong momentum in early September as demand increased, forming higher highs and higher lows, commonly known as the “three white soldiers” candlestick pattern on the weekly chart, triggering a bullish reaction until mid-September.

Currently, Nifty has logged seven consecutive negative sessions, though the declines have not been steep. The index is undergoing a corrective phase, with price encountering multiple resistances near the 78.6% retracement level (High: 26,277; Low: 21,743), i.e., the 25,280 mark on closing basis.

Nifty is trading below the short-term moving averages (50- and 100-DMA), which suggests caution. A further decline towards 24,540, the 61.8% retracement level, remains possible. Failure to hold this golden ratio support could extend the sell-off towards 24,160, aligning with the 200-DMA, from where a bounce-back rally may emerge.

The momentum indicator RSI(14) stands at 52.26, holding above the neutral 50 mark, indicating momentum continues to favour the bulls.

On the upside, resistance is placed near the 78.6% retracement level at 25,300, followed by the previous swing highs around 25,500. A breakout above these levels could pave the way for a retest of the 25,669 peak and eventually the 26,000–26,200 zone in the medium term.

Overall, while short-term volatility may persist, the broader trend structure indicates strength. Till Nifty sustains above the 24,160–24,200 support zone, the outlook stays sideways to bullish, with potential for higher levels once key resistances are cleared.

Bank Nifty saw an immediate breakdown after a higher-highs and higher-lows formation, facing more pressure compared to Nifty. Immediate support lies at 54,000. A close below this could trigger further declines towards 53,200/52,600. Resistance is seen at 55,500, and a breakout above this level may resume upward momentum towards 57,000/57,600.

In Nifty Options for the October series, the highest OI build-up is seen near 25,000 and 25,500 Call strikes, while on the Put side, it is observed at the 24,500 and 24,000 levels.

The September series remained largely sideways, with selling pressure emerging in the latter half. With just a few days left until expiry, high OI levels suggest the index may continue to see range-bound trading in October.

India VIX, which measures the immediate 30-day volatility in the market, has remained in the 9-11 range and is likely to remain within the 9 and 15 range in the October series.

The Put-Call Ratio - Open Interest (PCR-OI) for Nifty Options has ranged between 0.6 and 1.2 in September and is likely to remain within 0.6 to 1.40 levels in October. Markets may witness buying interest near support zones at 24,500 and 24,000, with resistance likely at 25,000 and 25,500.

## OPTIONS STRATEGY

### Long Straddle

A Long Straddle can be initiated by buying 1 lot of 28OCT 24700 CE (₹425) and 1 lot of 28OCT 24700 PE (₹215). The outflow of premium comes to around 640 points, which also represents the maximum possible loss in this strategy. A stop-loss may be set at 500 points (that is, a 140-point loss from the total premium). The maximum gain is unlimited, with a target of 920 points (a 280-point gain from the total premium). Considering current OI positions in Nifty Options, this strategy has the potential to be profitable.

# MUTUAL FUND BLACKBOARD

## Large Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Aditya Birla Sun Life Frontline Equity Fund -	529.4	-3.2	15.9	20.9	13.8	12.9	29,866.7
Baroda BNP Paribas Large Cap Fund - Growth	219.5	-6.9	16.3	19.7	15.2	12.8	2,646.2
Canara Robeco Bluechip Equity Fund - Growth	63.3	-2.5	15.6	19.2	15.3	14.0	16,280.5
Kotak Bluechip Fund - Reg - Growth	575.7	-2.6	15.8	19.9	14.5	13.0	10,235.1
Nippon India Large Cap Fund - Reg - Growth	92.5	0.7	20.1	26.4	15.9	14.9	45,012.2
Nifty 100 TRI	35,338.2	-3.6	14.4	20.0	13.9	13.8	--

## Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Mid Cap Fund - Growth	101.0	-2.2	24.1	30.2	21.3	18.0	11,297.3
Kotak Emerging Equity Fund - Reg - Growth	137.8	0.8	21.8	28.5	20.8	18.2	56,988.3
Mahindra Manulife Mid Cap Fund - Reg - Growth	32.9	-7.3	22.9	27.9	19.7	--	3,904.6
Nippon India Growth Fund - Reg - Growth	4,176.0	-2.4	24.5	30.2	21.8	18.0	38,386.0
Tata Mid Cap Growth Fund - Reg - Growth	432.9	-5.8	20.6	25.3	19.0	15.5	4,945.9
Nifty Midcap 150 TRI	27,348.0	-3.8	22.8	29.4	20.0	18.6	--

## Small Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan Small Cap Fund - Reg - Growth	47.2	-3.3	29.3	31.8	--	--	14,561.7
Edelweiss Small Cap Fund - Reg - Growth	44.0	-5.9	20.2	29.8	--	--	4,921.0
HDFC Small Cap Fund - Growth	143.8	0.6	23.7	31.6	18.9	18.9	36,294.1
ITI Small Cap Fund - Reg - Growth	28.6	-3.6	26.2	25.4	--	--	2,622.4
Tata Small Cap Fund - Reg - Growth	40.5	-7.5	21.1	30.7	--	--	11,415.8
TRUSTMF Small Cap Fund - Reg - Growth	10.6	--	--	--	--	--	1,056.0
Nifty Smallcap 250 TRI	21,801.0	-7.1	23.3	30.3	18.6	16.1	--

## Large & Mid Cap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan Core Equity Fund - Reg - Growth	135.6	-2.7	24.3	26.7	17.4	16.3	10,230.7
DSP Equity Opportunities Fund - Reg - Growth	615.6	-4.4	20.0	24.0	16.6	15.5	15,356.1
Edelweiss Large & Mid Cap Fund - Growth	86.4	-5.1	17.3	22.8	16.3	14.6	4,041.8
Kotak Equity Opportunities Fund - Reg - Growth	343.4	-3.1	18.9	23.4	17.4	15.6	27,654.7
Tata Large & Mid Cap Fund - Reg - Growth	517.5	-7.9	14.0	20.6	15.7	13.5	8,501.3
UTI Large & Mid Cap Fund - Growth	178.7	-4.4	21.5	26.6	16.6	14.1	4,861.1
NIFTY Large Midcap 250 TRI	21,084.1	-3.6	18.7	24.8	17.0	16.3	--

## Multicap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Groww Multicap Fund - Reg - Growth	10.5	--	--	--	--	--	162.9
HDFC Multi Cap Fund - Reg - Growth	19.1	-5.1	21.5	--	--	--	18,270.9
ICICI Prudential Multicap Fund - Growth	792.0	-4.6	20.5	25.8	15.6	14.7	15,281.5
Mahindra Manulife Multi Cap Fund - Reg - Growth	35.3	-4.5	19.5	26.4	19.3	--	5,622.3
Nippon India Multi Cap Fund - Reg - Growth	303.5	-1.6	22.7	31.8	18.8	15.3	46,215.7
NIFTY 500 Multicap 50:25:25 TRI	21,071.1	-4.3	18.9	25.1	16.8	15.7	--

### FlexiCap Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bajaj Finserv Flexi Cap Fund - Reg - Growth	14.8	-0.7	--	--	--	--	5,409.5
Helios Flexi Cap Fund - Reg - Growth	14.9	3.1	--	--	--	--	3,938.7
Mirae Asset Flexi Cap Fund - Reg - Growth	15.8	-1.1	--	--	--	--	3,012.2
Parag Parikh Flexi Cap Fund - Reg - Growth	86.0	4.8	21.6	23.5	19.6	18.2	1,15,040.1
WhiteOak Capital Flexi Cap Fund - Reg - Growth	17.4	-0.8	19.1	--	--	--	5,743.7
BSE 500 TRI	46,794.4	-4.2	16.3	22.2	15.3	14.8	--

### Focused Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Focused 30 Fund - Growth	235.7	3.7	22.9	30.1	17.8	15.1	22,444.4
Nippon India Focused Equity Fund - Reg - Growth	122.1	-2.8	14.8	23.4	15.6	14.1	8,419.9
BSE 500 TRI	46,794.4	-4.2	16.3	22.2	15.3	14.8	--

### Dividend Yield Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
ICICI Prudential Dividend Yield Equity Fund	53.4	-1.4	24.5	30.1	17.7	16.1	5,779.1
UTI Dividend Yield Fund - Growth	177.1	-6.3	20.5	22.7	15.3	14.3	3,793.6
Nifty 500 TRI	36,948.3	-4.0	16.5	22.2	15.2	14.7	--

### Contra/Value Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bandhan Sterling Value Fund - Reg - Growth	147.3	-7.4	17.3	28.2	16.4	15.6	9,840.6
SBI Contra Fund - Growth	381.1	-5.6	20.3	30.5	20.1	16.2	46,654.0
BSE 500 TRI	46,794.4	-4.2	16.3	22.2	15.3	14.8	--

### ELSS Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Bajaj Finserv ELSS Tax Saver Fund - Reg - Growth	11.2	--	--	--	--	--	62.0
Bandhan ELSS Tax saver Fund - Reg - Growth	152.7	-5.7	15.7	24.4	15.7	14.9	6,899.2
Groww ELSS Tax Savings Fund - Reg - Growth	20.1	-7.0	14.6	17.7	11.7	--	51.4
Parag Parikh ELSS Tax Saver Fund - Reg - Growth	32.3	1.7	18.4	22.2	--	--	5,524.5
Nifty 500 TRI	36,948.3	-4.0	16.5	22.2	15.2	14.7	--

### Thematic / Sector Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Canara Robeco Consumer Trends Fund - Reg - Growth	111.1	-6.9	15.5	22.3	17.6	16.1	1,912.6
ICICI Prudential Business Cycle Fund - Reg - Growth	24.9	3.1	23.3	--	--	--	13,642.9
Mirae Asset Great Consumer Fund - Growth	97.0	-6.6	17.2	23.3	16.7	16.5	4,552.5
Nippon India Pharma Fund - Reg - Growth	512.2	-1.8	23.1	18.6	18.2	12.8	8,357.0
Tata Digital India Fund - Reg - Growth	46.2	-12.8	15.8	20.2	16.8	--	11,519.9
Nifty 500 TRI	36,948.3	-4.0	16.5	22.2	15.2	14.7	--

## Arbitrage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	2 Years	3 Years	
Bandhan Arbitrage Fund - Reg - Growth	32.8	5.0	5.9	6.4	7.0	6.9	8,369.2
Edelweiss Arbitrage Fund - Reg - Growth	19.6	5.1	6.0	6.5	7.0	7.0	15,930.9
Invesco India Arbitrage Fund - Growth	32.3	5.3	6.0	6.5	7.1	7.1	25,149.8
Kotak Equity Arbitrage Fund - Reg - Growth	37.9	5.2	6.1	6.6	7.2	7.1	72,273.6
Tata Arbitrage Fund - Reg - Growth	14.5	5.3	6.2	6.5	7.0	6.9	18,596.3
Nifty 50 Arbitrage Index	2,555.0	6.2	6.9	7.5	7.5	7.4	-

## Equity Savings Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
DSP Equity Savings Fund - Reg - Growth	21.9	3.5	10.2	11.3	8.8	--	3,590.6
HDFC Equity Savings Fund - Growth	66.5	2.8	10.5	13.0	9.4	9.9	5,691.3
Kotak Equity Savings Fund - Reg - Growth	26.7	3.8	11.9	12.0	10.0	9.4	8,486.9
NIFTY 50 Hybrid Composite Debt 65:35 Index	20,775.3	1.0	12.2	15.0	12.2	11.8	--

## Fund Of Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Asset Allocator Fund Of Funds	18.7	7.3	16.5	--	--	--	4,510.9
ICICI Prudential Asset Allocator Fund (FOF)	122.0	6.2	14.5	16.2	12.8	12.4	27,257.7
ICICI Prudential Thematic Advantage Fund (FOF)	227.5	2.9	20.6	26.9	17.8	16.1	5,976.7
Kotak Income Plus Arbitrage FOF - Reg - Growth	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Nippon India Asset Allocator FoF - Reg - Growth	22.0	8.2	20.1	--	--	--	1,051.9
Nifty 500 TRI	36,948.3	-4.0	16.5	22.2	15.2	14.7	--

## Balanced Advantage Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Edelweiss Balanced Advantage Fund - Growth	51.1	-1.3	12.4	14.5	12.1	10.7	12,725.3
Mirae Asset Balanced Advantage Fund - Reg	14.2	2.3	12.5	--	--	--	1,880.8
Nippon India Balanced Advantage Fund - Reg	178.9	1.5	12.7	14.5	11.0	10.7	9,317.1
Tata Balanced Advantage Fund - Reg - Growth	20.5	-0.6	11.0	13.0	--	--	9,825.9
NIFTY 50 Hybrid Composite Debt 65:35 Index	20,775.3	1.0	12.2	15.0	12.2	11.8	--

## Hybrid Aggressive Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Baroda BNP Paribas Aggressive Hybrid Fund	27.8	-3.2	14.6	17.5	14.3	--	1,222.8
Edelweiss Aggressive Hybrid Fund - Growth	64.1	0.0	17.7	20.9	14.7	12.7	3,044.7
Kotak Equity Hybrid Fund - Growth	63.4	0.4	15.8	20.2	15.3	13.4	7,853.4
UTI Aggressive Hybrid Fund - Growth	402.6	-2.4	16.6	20.8	13.4	12.4	6,301.6
NIFTY 50 Hybrid Composite Debt 65:35 Index	20,775.3	1.0	12.2	15.0	12.2	11.8	--

## Multi Asset Allocation Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
Nippon India Multi Asset Allocation Fund	22.7	9.6	20.4	19.0	--	--	6,959.5
Tata Multi Asset Opportunities Fund - Reg - Growth	24.0	4.2	15.0	17.7	--	--	4,047.7
UTI Multi Asset Allocation Fund - Growth	75.5	1.5	19.2	16.6	12.3	10.8	5,940.7
WhiteOak Capital Multi Asset Allocation Fund	14.6	13.3	--	--	--	--	3,421.7
NIFTY 50 Hybrid Composite Debt 65:35 Index	20,775.3	1.0	12.2	15.0	12.2	11.8	--

### Gold Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		1 Year	3 Years	5 Years	7 Years	10 Years	
HDFC Gold ETF Fund of Fund - Growth	34.1	49.8	29.7	16.2	19.0	14.3	4,914.7
Kotak Gold Fund - Reg - Growth	43.8	49.6	29.6	16.4	19.2	14.3	3,506.1
Nippon India Gold Savings Fund - Reg - Growth	43.7	49.7	29.7	16.5	18.9	14.1	3,439.5
Prices of Gold	1,12,602.0	51.9	31.6	17.9	20.5	15.6	--

### Overnight Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
Kotak Overnight Fund - Reg - Growth	1,390.4	5.3	5.3	5.3	6.1	5.4	7,177.5
Tata Overnight Fund - Reg - Growth	1,373.9	5.3	5.3	5.3	6.0	5.5	4,292.0

### Liquid Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		2 Weeks	1 Month	3 Months	1 Year	YTM	
ICICI Prudential Liquid Fund - Reg - Growth	391.7	5.7	5.5	5.6	6.8	5.9	49,438.5
Mahindra Manulife Liquid Fund - Reg - Growth	1,721.7	5.7	5.5	5.6	6.8	5.9	1,207.1
Nippon India Liquid Fund - Reg - Growth	6,456.8	5.7	5.5	5.6	6.8	6.0	30,964.8

### Ultra Short Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Savings Fund - Reg - Growth	557.0	6.3	7.8	7.9	7.5	6.8	21,521.3
Kotak Savings Fund - Reg - Growth	43.5	5.7	7.1	7.1	7.0	6.4	15,667.2

### Money Market Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Money Manager Fund	376.1	6.0	7.7	7.8	7.6	6.2	29,271.7
UTI Money Market Fund - Reg - Growth	3,134.8	6.0	7.8	7.8	7.6	6.2	20,513.4

### Low Duration Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Bandhan Low Duration Fund - Reg - Growth	39.2	5.5	7.6	7.5	7.2	6.5	6,608.4
ICICI Prudential Savings Fund - Reg - Growth	552.7	6.0	8.1	8.0	7.7	6.8	27,162.0
UTI Low Duration Fund - Reg - Growth	3,604.7	5.9	8.0	7.8	7.4	6.7	3,124.8

### Short Term Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
HDFC Short Term Debt Fund - Growth	32.5	4.5	8.5	8.0	7.8	6.9	18,235.6
ICICI Prudential Short Term Fund - Growth	61.1	5.0	8.5	8.1	7.8	7.3	22,313.7
Nippon India Short Term Fund - Reg - Growth	53.6	4.4	8.6	8.2	7.6	7.0	8,935.1

### Corporate Bond Funds

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Aditya Birla Sun Life Corporate Bond Fund	114.2	3.2	7.4	7.6	7.8	7.2	27,803.2
HDFC Corporate Bond Fund - Growth	32.9	3.2	7.8	7.6	7.8	7.1	35,821.4

**Dynamic Bond Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential All Seasons Bond Fund - Growth	37.3	3.2	7.1	7.6	7.8	7.6	14,848.3
Nippon India Dynamic Bond Fund - Reg - Growth	37.5	-0.5	7.0	7.1	7.7	6.9	4,362.5

**Medium Duration Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Axis Strategic Bond Fund - Growth	28.4	4.9	8.8	8.4	8.1	7.8	1,887.9
ICICI Prudential Medium Term Bond Fund - Growth	45.6	6.1	9.1	8.7	7.9	7.9	5,704.5
SBI Magnum Medium Duration Fund - Growth	51.8	3.9	7.6	7.6	7.7	7.6	6,516.0

**Gilt Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
Bandhan Government Securities Fund Investment Plan	35.1	0.4	1.6	3.0	7.4	7.2	2,916.3
ICICI Prudential Constant Maturity Gilt Fund	24.9	0.4	7.5	7.8	8.5	6.8	2,534.5
Kotak Gilt Fund - Growth	95.0	-3.9	-0.1	2.4	6.4	7.4	3,572.0
Nippon India Nivesh Lakshya Fund - Reg - Growth	17.8	-1.5	2.6	4.3	8.2	7.3	9,533.3

**Credit Risk Funds**

SCHEME NAME	NAV	Historic Return (%)					AUM (Cr)
		3 Months	6 Months	1 Year	3 Years	YTM	
ICICI Prudential Credit Risk Fund - Growth	32.4	7.8	10.3	8.8	8.2	8.1	5,992.9
Nippon India Credit Risk Fund - Reg - Growth	35.7	7.5	9.8	9.2	8.4	8.3	990.5

**Disclaimer :** Mutual Fund Investments are subject to market risks. Please read the offer document carefully before investing. Past performance is no guarantee of future performance. Returns are of Growth option of Regular plans. Returns which are below 1 year period are Annualized Returns. Source: - ICRA MFI, NAV as on 24th September, 2025.



# IMPORTANT JARGON

## SEBI BOARD MEET: IPO NORMS RELAXED FOR LARGE ISSUERS, FPIs APEASED

On 12th September, SEBI proposed a number of important changes. These changes relate to Initial Public Offerings (IPOs) and Foreign Portfolio Investors (FPIs), among other proposals. While the former will encourage large issuers to pursue listings in India, the latter will strengthen India's attractiveness for FPIs.

### Q. What Is The SEBI's Announcement On IPOs?

SEBI, has proposed relaxed norms for large issuers that want to tap the Indian market. It has lowered the Minimum Public Offer (MPO) requirement in an IPO while extending the timeline for meeting the Minimum Public Shareholding (MPS) requirement for such large issuers.

### Q. What Is The Minimum Public Offer (MPO) Requirement In An IPO?

According to IPO rules, a company needs to offer the public a minimum number of shares in an IPO. It is calculated as a percentage of the post-listing market capitalization (number of outstanding shares multiplied by the IPO offer price) of the company. This ensures a minimum float is available for trading in the secondary market. Also, shares are not cornered by a few investors, thus making them less susceptible to manipulation.

### Q. What Is the Minimum Public Shareholding Requirement Post-IPO?

After an IPO, the company has to ensure that a specific level of shares remains with the public post-listing. The current norm for smaller companies is to have an MPS of 25%, which must be

achieved within 3 years from the date of listing. For larger companies, an MPS of 10% needs to be achieved within 2 years and 25% within 5 years from the date of listing.

### Q. So, What Challenges Do Large Issuers Face With MPO and MPS?

Several Indian companies have achieved significant scale. Large issuers face challenges in undertaking substantial dilution of equity shares through IPOs. Such large offerings in absolute terms are difficult for the market to absorb. These constraints can act as a deterrent for large issuers considering listing in India. Further, such issuers also face challenges in meeting the MPS requirements within the prescribed timelines. Here again, there is a race against time to meet the norms, which may impact price discovery in the market. These concerns warranted certain relaxations for large issuers.

### Q. What Will the New Norms Be Now?

For companies with post-issue market cap of more than ₹50,000 crore and less than ₹1,00,000 crore, the MPO will be ₹1,000 crore plus at least 8% of the post-issue market cap. The MPS norm would be to achieve 25% within 5 years from the date of listing.

For companies with a post-issue market cap of more than ₹1,00,000 crore but less than ₹5,00,000 crore, the MPO will be ₹6,250 crore plus at least 2.75% of the post-issue market cap. An MPS of 15% needs to be achieved within 5 years and 25% within 10 years from the date of listing.

For companies with post-issue market cap above ₹5,00,000 crore, the MPS remains the same as for the earlier bracket, but the MPO will be ₹15,000 crore plus and at least 1% of the post-issue market cap. The new norms safeguard liquidity and ensure investor protection.

### Q. How Will The Move Impact The Secondary Market?

For large issuers, equity dilution post listing in absolute terms remains high. This can lead to an oversupply of shares in the market. It becomes a challenge when multiple companies at the same time want to tap the market to meet the MPS requirement, especially during volatile market conditions. Also, anticipation of further dilution impacts share prices in the secondary market, despite strong company fundamentals.

### Q. What Has SEBI

### Announced for Foreign Portfolio Investors?

For FPIs, the regulator has launched a new website ([www.indiamarketaccess.in](http://www.indiamarketaccess.in)) for current and prospective FPIs. The website will provide a gateway for seamless entry and compliance in India's securities markets. It will offer a step-by-step FPI registration guidance, SEBI/RBI regulations, and taxation and repatriation guidance. The portal will also consolidate information previously spread across multiple regulations and institutions.

### Q. What Other Important Announcement Has SEBI Made for Foreign Portfolio Investors?

For low-risk FPIs & venture capital funds, SEBI has proposed to introduce (SWAGAT-FI) framework: Single Window Automatic and Generalized Access for Trusted Foreign Investors. The framework will simplify access and unify registration for such low risk and trusted FPIs. This category of FPIs would include sovereign and government entities, among other large FPI entities. The new framework will reduce compliance issues, enhance investor ease, and strengthen India's attractiveness for long-term FPIs.

### SEBI ON NOMINEE AND TAX TREATMENT

Recently, SEBI issued a circular streamlining the process of transferring securities from nominees to legal heirs. The move is aimed at easing compliance and removing tax-related hurdles in succession cases.

### Q. What Is The Legal Status Of A Nominee?

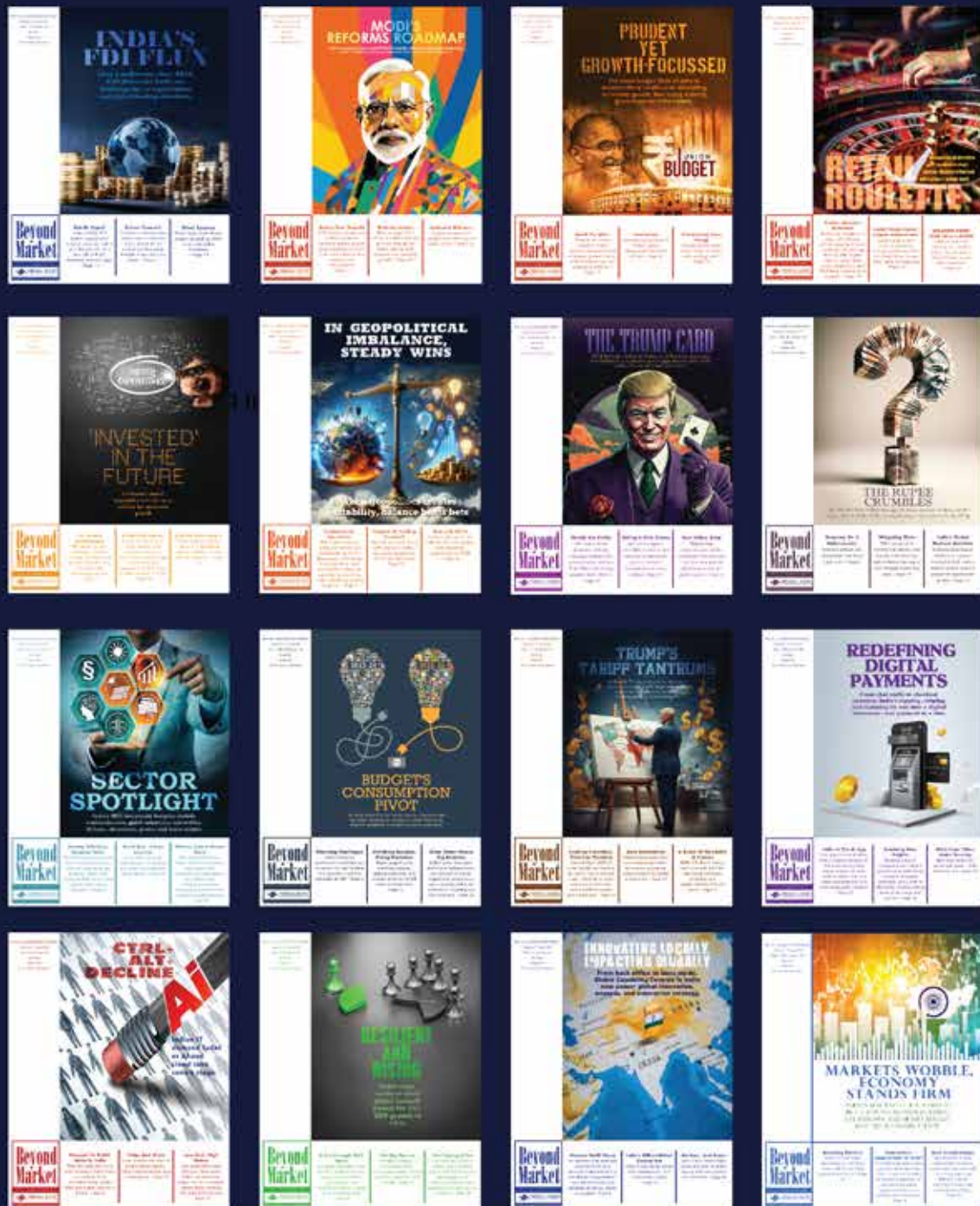
Legally, a nominee (which needs to be mentioned for all financial asset-related matters from bank account opening to Demat opening) is not the real owner of the asset. Nominees are not the ultimate beneficiaries of the transfer of securities. On the passing of the investor, the nominee holds the asset in custody. Later, the asset is transferred to the real owner based on the succession instrument, such as a Will/Trust.

### Q. What Is The Issue Here?

Now the problem is that the nominee who facilitates the transfer of securities from the original security holder to the legal heir was being assessed by the IT department for capital gains tax. They were charged with capital gain tax, which they later had to claim as a refund, inconveniencing the nominee.

### Q. What Has The SEBI Announced Regarding Nominees?

SEBI stated in its circular that the payment of tax by the nominee in such a situation is not appropriate. To resolve this, SEBI formed a Working Group that engaged directly with the tax department. SEBI now wants to ensure that such transfers are correctly reported to the tax authorities and not taxed as capital gains. SEBI has directed all reporting entities – such as registrars and transfer agents, companies, depositories, and depository participants - to use a certain code from 1st January when reporting such transactions to the tax authorities.



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RNI Reg. No. MAHENG/2009/28962

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