

October 2025

WINDS OF CHANGE: NAVIGATING POLICIES AND OPPORTUNITIES

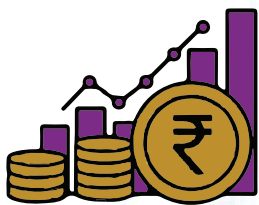
Dear Clients,

The financial landscape in September was marked by supportive monetary reforms, setting the tone for consumption revival and portfolio recalibration. The Government's **GST 2.0** rollout streamlined the indirect tax structure by lowering taxes on essentials, consumer products, and insurance, making them more affordable, while imposing a higher tax on luxury and sin goods, balancing consumer relief with fiscal responsibility. The reform not only simplifies compliance and reduces costs but also boosts demand across sectors, empowering MSMEs and driving economic growth during the upcoming festive season.



Simultaneously, the **U.S. Federal Reserve**, responded to labor market weakness with a 25-bps rate cut in September. The Fed also signaled additional easing ahead, with policy now balancing support for growth against inflation risks.

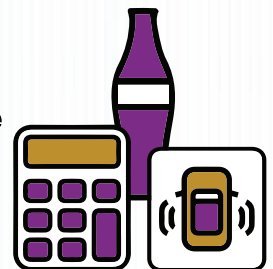
Together, these twin reforms '**domestic tax rationalization and global liquidity easing**' creates a favorable environment for risk assets and unlock fresh opportunities in emerging markets like India amidst global uncertainties.



Even though the RBI's monetary policy meeting on October 1 kept the repo rate unchanged, it raised the FY26 GDP growth estimate to 6.8% from 6.5% earlier, while cutting the inflation forecast to 2.6% from 3.1%. This combination of steady rates, an improved growth outlook, and lower inflation guidance reflects a balanced approach that reassures markets and signals continued policy support for India's economic momentum.

OUR PLAYERS IN FOCUS

This month witnessed strong performances from **Muthoot Finance** and **Pricol**, driven by favorable market dynamics in gold loans and the auto sector respectively, while Varun Beverages faced challenges due to geopolitical disruptions and sectoral pressures.



Muthoot Finance, a leader in gold loans, has benefited significantly from the surge in gold prices during uncertain times, as gold serves as a safe haven asset and increases the value of collateral for gold loans. This dynamic, alongside the supportive RBI guideline, has led to record loan growth and underpinned Muthoot's standout performance through the quarter.

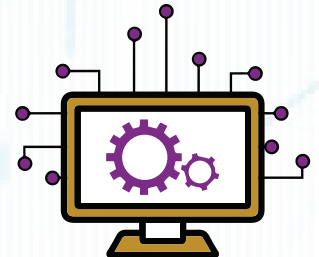
Pricol's strong September performance was boosted by the government's GST 2.0 rate cuts on vehicles, which reduced tax burdens, lowered prices, and are expected to accelerate auto sales in the coming months. This shift in passenger-vehicle demand directly benefits automotive component suppliers like Pricol, positioning it well for sustained growth.

Varun Beverages' weak performance this month was impacted by disruptions in Nepal due to ongoing civil unrest and protests, which led Indian FMCG companies including, Dabur and Britannia, to pause operations and advise staff safety measures. While Nepal contributes roughly 3% of their revenue, the unrest caused short-term supply chain disruptions. Additionally, the FMCG index declined by over 5% after initial gains from GST rate cuts faded.



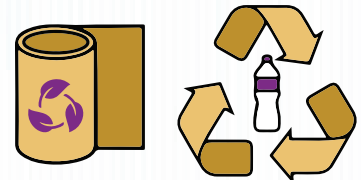
This month, we included **Inventurus Knowledge Solutions Ltd. (IKS)**, a Mumbai-based healthcare enablement leader with nearly 95% U.S. revenue, offering AI-driven, end-to-end solutions across revenue cycle, clinical, and coding services. With a scalable outcome-linked model and strong financial growth, it is well placed to capture the fast-growing \$323B U.S. provider enablement market. IKS addresses rising administrative costs, clinician shortages, and increasing healthcare data complexity by being a comprehensive platform across the patient journey.

Initially, we liked to take a pie of dollar appreciation by including **ITBEES ETF** as it benefits Indian IT exporters. However, we decided it would be more appropriate to shift to a more strategic bet on **IKS**, since their management reassured that the recent \$100,000 US H-1B fee has no impact on them.



Mahindra & Mahindra also joined our portfolio this month due to its impressive leadership in both SUVs and tractors segments, where they hold resilient market share. The recent launch of their purpose-built electric SUVs, marks a significant step to the Indian EV market, strengthening its premium positioning and future-proofing the brand. Strong revenue and profit growth driven by improved product mix further underscores Mahindra's growth potential.

We have decided to exit **Arrow Greentech** and **Ganesha Ecosphere** this month. We invested in Arrow Greentech with confidence in its leadership position in water-soluble products. However, the recent weak quarter saw a significant



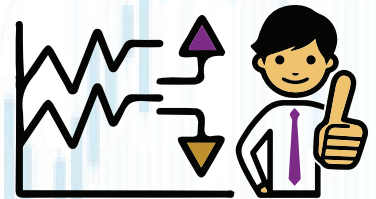
dip in their high-tech segment revenues, and its performance did not meet our expectations, prompting us to exit and redeploy capital to investments with better risk-reward profiles. In Ganesha Ecosphere, we entered due to its leadership in PET bottle recycling and strong government mandates supporting the recycled PET sector. However, we decided to exit the stock as the company faced several

headwinds including slow implementation of these mandates, a sharp rise in raw material prices, and falling crude oil prices which made virgin polyester cheaper thus slowing the adoption.

Note: The stocks mentioned above are part of a broader stock universe of approximately 50 stocks that we actively track. Individual portfolio holdings may vary based on factors such as market conditions, portfolio strategy, and timing of entry. These stocks are highlighted for reference and may not be present in all client portfolios.

STRATEGIC VIEW: READINESS AMID VOLATILITY

With supportive domestic policy tailwinds and global liquidity easing, our focus remains on identifying resilient businesses aligned with consumption, sustainability, and digitization. While the board will continue to shift with every policy and global development, our discipline lies in staying proactive: entering high-conviction growth names while rotating out of segments facing cyclical or operational headwinds.



Portfolio positioning continues to balance structural growth themes with tactical readiness, ensuring preparedness to play both offense and defense, with a view toward sustainable long-term returns.

Thank you for your continued trust. We move forward with clarity, confidence, and discipline.

**Warm regards,
Team Hedge**

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